

Market snapshot



Equities - India	Close	Chg. %	CY23.%
Sensex	71,424	-0.4	17.8
Nifty-50	21,572	-0.2	19.4
Nifty-M 100	48,063	0.5	51.8
Equities-Global	Close	Chg. %	CY23.%
S&P 500	4,850	0.2	26.1
Nasdaq	15,360	0.3	46.3
FTSE 100	7,488	0.3	0.1
DAX	16,683	0.8	18.9
Hang Seng	5,002	-2.4	-23.5
Nikkei 225	36,547	1.6	37.8
Commodities	Close	Chg. %	CY23.%
Brent (US\$/Bbl)	82	1.2	-0.3
Gold (\$/OZ)	2,022	-0.4	11.3
Cu (US\$/MT)	8,255	-0.2	-1.1
Almn (US\$/MT)	2,116	-0.4	-9.6
Currency	Close	Chg. %	CY23.%
USD/INR	83.1	0.0	0.4
USD/EUR	1.1	-0.1	1.8
USD/JPY	148.1	0.0	13.0
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.2	0.00	-0.1
10 Yrs AAA Corp	7.7	0.00	0.0
Flows (USD b)	20-Jan	MTD	CY23YTD
FII	-0.1	6.96	21.4
DII	-0.09	1.47	22.3
Volumes (INRb)	20-Jan	MTD*	YTD*
Cash	877	1147	1147
F&O	1,77,399	3,78,035	3,78,035

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

ICICI Bank: Another remarkable quarter; remains preferred pick

- ❖ ICICI Bank (ICICIB) reported a strong performance in 3QFY24, with 24% YoY growth in net earnings (inline) despite making AIF provisions of INR6.3b. NIMs contracted 10bp QoQ to 4.43% (better than estimate).
- ❖ Credit growth was healthy at 19% YoY/4% QoQ, led by continued traction in Retail, SME and BB segments. Deposit growth was also steady at 19% YoY/2.9% QoQ.
- ❖ On the asset quality side, slippages were slightly elevated amid seasonally higher slippages from the Kisan Credit Card (KCC) segment. GNPA ratio decreased 18bp QoQ while NNPA remained largely flat. The bank maintains a total contingency buffer of INR131b (1.1% of loans), which provides comfort.
- ❖ We slightly raise our EPS estimates by 1.6%/0.9% for FY24/FY25 and expect ICICIB to deliver RoA/RoE of 2.3%/18.3% in FY25. **We maintain BUY with a TP of INR1,230.**



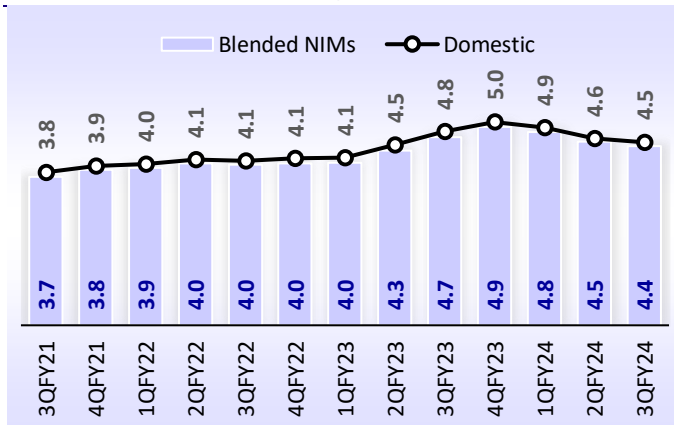
Research covered

Cos/Sector	Key Highlights
ICICI Bank	Another remarkable quarter; remains preferred pick
Reliance Ind.	Retail & Telecom businesses drive operating performance
Zee Entertainment	Sony terminates merger with Zee
MRPL	Downgrade to sell amid volatile performance
Other updates	Hind. Unilever Kotak Mah. Bank UltraTech Cem. Hindustan Zinc Union Bank Colgate IDFC First Bank Persistent Systems One 97 Coforge Metro Brands CreditAcc. Gram. 360 ONE Atul RBL Bank Zensar Home First Finan. Spandana Sphoorty Shoppers Stop Sunteck Realty Cipla Oberoi Realty J K Cements Can Fin Homes Sunteck Realty Galaxy Surf. EcoScope



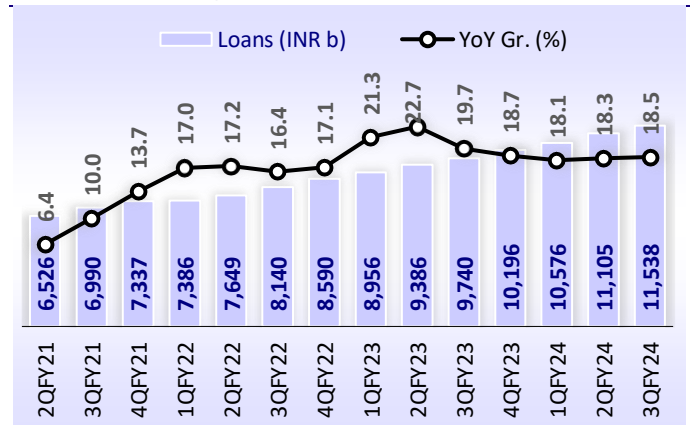
Chart of the Day: ICICI Bank (Another remarkable quarter; remains preferred pick)

Domestic NIM moderated 10bp QoQ to 4.4%



Source: MOFSL, Company

Overall loan book grew 18% YoY (~4% QoQ)



Source: MOFSL, Company



Kindly click on textbox for the detailed news link

1

ZEE spent Rs 366.6 crore on compliances for its merger with Sony

If the Sony-Zee merger was completed, the combined entity would have owned over 70 TV channels, two video streaming services and two film studios

2

Modi's first decision after Ayodhya visit: Scheme to install solar rooftops on 1 crore houses

'Pradhanmantri Suryoday Yojana' will target installing solar rooftops on 1 crore houses, the PM said, in a social media post on X, adding that this will not only reduce the electricity bill of the poor

3

Oil prices rise on geopolitical tensions, world's uncertain growth outlook; Brent settles at \$79.46

The experts have suggested that the oil fundamentals will continue to drag on the prices as the world's growth outlook remains uncertain

4

Coffee prices rise at faster pace on growing demand, unseasonal rains

The increase in coffee prices has accelerated due to factors like unseasonal rainfall, a labor shortage, and growing demand, particularly among urban youth after the COVID-19 pandemic, according to experts. The unseasonal rainfall has caused damage to coffee crops, and a shortage of labor has slowed

5

JSW Group to invest \$5 billion in EV projects in eastern India

JSW Group plans to invest 400 billion rupees in EV manufacturing projects in Odisha, India. Electric models accounted for 2% of India's car sales last year, with Tata Motors leading the market. The government aims to achieve a 30% share of EV sales by 2023. JSW Group will allocate 250 billion rupees for an EV battery manufacturing plant and an EV components plant in the initial phases.

6

Coal India arm CCL mulls JV with Jharkhand govt for expansion of Tenughat Thermal Power Station

The first unit of 210 MW was put under commercial operation in September 1996 and second unit in September 1997. Tenughat Vidyut Nigam Limited (TVNL) intends to set up 2X660 MW coal fired supercritical units of extension project (Stage II)

7

Soaring credit card dues a new source of concern for RBI

Despite the RBI's imposition of higher risk weights on unsecured lending, credit card outstanding has grown by 34 percent year-on-year as of end-November. The outstanding dues amount to Rs 2.4 lakh crore, accounting for 5 percent of retail loans.



ICICI Bank

Estimate change

TP change

Rating change

Bloomberg	ICICIBC IN
Equity Shares (m)	6984
M.Cap.(INRb)/(USDb)	7076.5 / 85.2
52-Week Range (INR)	1044 / 796
1, 6, 12 Rel. Per (%)	-2/-7/-4
12M Avg Val (INR M)	15872

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	744	846
OP	491	577	664
NP	319	407	461
NIM (%)	4.7	4.8	4.6
EPS (INR)	45.8	58.2	66.0
EPS Gr (%)	36.0	27.2	13.3
ABV/Sh (INR)	267	316	373
Cons. BV/Sh (INR)	306	365	435

Ratios

RoE (%)	17.5	18.9	18.3
RoA (%)	2.1	2.4	2.3

Valuations

P/BV (x) (Cons)	3.3	2.8	2.3
P/ABV (x)	3.0	2.6	2.2
P/E (x)	17.6	13.9	12.2

*Adjusted for Investment in subsidiaries

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	0.0	0.0	0.0
DII	36.8	36.7	37.4
FII	55.2	55.3	54.2
Others	8.0	8.0	8.5

FII Includes depository receipts

CMP: INR1,008

TP: INR1,230 (+22%)

Buy

Another remarkable quarter; remains preferred pick

Earnings inline despite AIF provisioning

- ICICI Bank (ICICIBC) reported a strong performance in 3QFY24, with 24% YoY growth in net earnings (inline) despite making AIF provisions of INR6.3b. NIMs contracted 10bp QoQ to 4.43% (better than estimate).
- Credit growth was healthy at 19% YoY/4% QoQ, led by continued traction in Retail, SME and BB segments. Deposit growth was also steady at 19% YoY/2.9% QoQ.
- On the asset quality side, slippages were slightly elevated amid seasonally higher slippages from the Kisan Credit Card (KCC) segment. GNPA ratio decreased 18bp QoQ while NNPA remained largely flat. The bank maintains a total contingency buffer of INR131b (1.1% of loans), which provides comfort.
- We slightly raise our EPS estimates by 1.6%/0.9% for FY24/FY25 and expect ICICIBC to deliver RoA/RoE of 2.3%/18.3% in FY25. **We maintain BUY with a TP of INR1,230.**

Business growth remains balanced; NIM decline to moderate in 4Q

- ICICIBC's 3QFY24 PAT grew 24% YoY to INR102.7b (in line), led by healthy revenue growth and controlled opex even as provisioning increased due to the recent RBI circular related to AIF exposure. The bank reported annualized RoA of 2.3% and RoE of 18.5%. For 9MFY24, PAT stood at INR301.8b, up 32.5% YoY.
- NII grew 13% YoY (in line), aided by healthy loan growth of 18.5% YoY/3.9% QoQ. NIMs moderated 10bp QoQ to 4.43%. Other income grew 21% YoY to INR60.9b, led by healthy core fees (19% YoY growth), while treasury gains stood at modest INR1.2b.
- Opex rose 22% YoY (2% lower than our estimate), leading to 11% YoY growth in PPOP to INR146b (4% higher than our estimate). Core PPOP grew 10.3% YoY.
- On the business front, advances grew 18.5% YoY/3.9% QoQ, led by 19%/21% YoY growth in Domestic/Retail loans. Among retail, housing led the growth, while growth in unsecured credit (PL/CC) too remained strong. Unsecured loan mix has increased to ~14% of total loans. SME book increased by 28% YoY, while BB grew 32% YoY.
- On the liability front, deposits grew 19% YoY (+3% QoQ), while CASA deposits saw 4% YoY growth (flat QoQ). The average CASA mix, thus, declined 140bp QoQ to 39.4% (CASA ratio at 39.6% as of Dec'23).
- Fresh slippages inched up to INR57b amid seasonally higher slippages from the KCC portfolio. The GNPA ratio declined 18bp QoQ to 2.3%, NNPA remained largely flat at 0.44% and PCR declined to 81%. The bank maintains a total contingency buffer of INR131b/1.1% of loans.

Highlights from the management commentary

- NIMs declined by 10bp to 4.43%. ICICIB expects FY24 margins to be at the similar levels as last year (FY23 NIMs at 4.47% with 1H23 at 4.16% and 2H23 at 4.78%). The management expects some moderation in margins but at a slower pace vs. 3QFY24.
- On unsecured loans, the bank has refined credit parameters and has increased pricing on PL by 20-25bp. The bank expects growth to moderate from the current levels.
- The competitive intensity remains high across products, but the bank is focusing on being disciplined in pricing and working on the relationship value of clients, rather than solely focusing on loan growth.

Valuation and view

ICICIB reported another steady quarter, driven by healthy NII and controlled provisions underpinned by robust asset quality. The stable mix of a high-yielding portfolio (Retail/Business Banking) and continued traction in BB, SME, and secured retail is enabling broad-based growth, which helps to retain business diversification. NIMs declined 10bp QoQ and the management expects the moderation to continue in the coming quarters, albeit at a smaller pace. Asset quality trends remain steady reflecting in the healthy GNPA/NNPA ratios. The additional contingency provisioning buffer (1.1% of loans) provides further comfort. We increase our EPS estimates by 1.6%/0.9% for FY24/FY25, with RoA/RoE of 2.3%/18.3% in FY25. We expect the bank to sustain a ~15% CAGR in PAT over FY24-26E. **Reiterate BUY with a revised SoTP-based TP of INR1,230 (2.5x Sep'25E ABV + INR206 for subs).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24 3QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	132.1	147.9	164.6	176.7	182.3	183.1	186.8	192.0	621.3	744.1	184.9	1%
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	23.8	13.4	8.7	30.9	19.8	12.3	
Other Income	46.7	50.5	50.2	50.9	54.4	57.8	61.0	60.9	198.3	234.0	58.7	4%
Total Income	178.8	198.4	214.9	227.5	236.6	240.8	247.8	252.9	819.6	978.2	243.6	2%
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.6	100.5	106.5	328.7	400.8	102.1	-2%
Operating Profit	103.1	116.8	132.7	138.3	141.4	142.3	147.2	146.4	490.9	577.4	141.4	4%
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	21.8	10.9	5.9	25.1	17.6	6.6	
Provisions	11.4	16.4	22.6	16.2	12.9	5.8	10.5	7.3	66.7	36.5	8.8	19%
Profit before Tax	91.7	100.4	110.1	122.1	128.5	136.5	136.7	139.1	424.2	540.8	132.6	3%
Tax	22.6	24.8	27.0	30.8	32.0	33.9	34.0	34.3	105.2	134.1	32.8	4%
Net Profit	69.0	75.6	83.1	91.2	96.5	102.6	102.7	104.9	319.0	406.7	99.9	3%
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	35.8	23.6	15.0	36.7	27.5	20.1	
Operating Parameters												
Deposit	10,503	10,900	11,220	11,808	12,387	12,947	13,323	13,863	11,808	13,863	13,381	0%
Loan	8,956	9,386	9,740	10,196	10,576	11,105	11,538	12,011	10,196	12,011	11,573	0%
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	18.8	18.7	17.4	10.9	17.4	19.3	(52)
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	18.3	18.5	17.8	18.7	17.8	18.8	(37)
Asset Quality												
Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.5	2.3	2.3	2.9	2.3	2.5	(24)
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.4	(1)
PCR (%)	79.9	81.3	82.6	83.5	83.1	83.1	81.3	81.6	82.8	81.6	82.8	(149)

Source: MOFSL, Company



Reliance Industries

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR2,742 **TP: INR3,130 (+14%)** **Buy**

Retail & Telecom businesses drive operating performance

Bloomberg	RELIANCE IN
Equity Shares (m)	6766
M.Cap.(INRb)/(USDb)	18358.3 / 221
52-Week Range (INR)	2793 / 1986
1, 6, 12 Rel. Per (%)	5/-4/2
12M Avg Val (INR M)	16512

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	8,795	9,236	10,288
EBITDA	1,429	1,601	1,811
Adj PAT	667	682	817
EBITDA (%)	16%	17%	18%
EPS (INR)	98.6	100.9	120.7
EPS Gr. (%)	14%	2%	20%
BV/Sh. (INR)	1,274	1,373	1,491

Ratios

Net D/E	0.3	0.4	0.3
RoE (%)	8.3	8.0	8.9
RoCE (%)	8.1	7.7	8.4

Valuations

P/E (x)	27.8	27.2	22.7
P/BV (x)	2.2	2.0	1.8
EV/EBITDA (x)	14.8	13.6	11.8
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	0.8	0.0	0.0

Shareholding pattern (%)

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

FII Includes depository receipts

- Reliance Industries (RIL)'s consolidated revenue/EBITDA/PAT grew 4%/15%/9% YoY to INR2.2t/INR407b/INR173b in 3QFY24 (6% miss/in line/in line) led by growth across segments. A fall in Brent oil prices led to a revenue miss, while healthy margins in the telecom and retail segments resulted in 190bp YoY margin expansion.
- RJio's revenue/EBITDA rose 2.5% QoQ each (in line) in 3QFY24, led by 2.5% subscriber additions while ARPU was flat QoQ. PAT was up 3% QoQ, in line with the EBITDA growth. Pan-India rollout of 5G was completed as targeted in Dec'23.
- Reliance Retail posted healthy revenue/EBITDA growth of 24%/31% YoY (in line) fueled by 21% area additions. PAT was up 31% YoY, in line with the EBITDA growth.
- Standalone EBITDA stood at INR175.6b in 3QFY24 (8% below our estimate) because of lower gas price realization and a lower downstream margin. O2C's earnings in 4QFY24 may improve sequentially since 3Q earnings were hit by maintenance shutdowns. Over the next 1.5 years, we are building in healthy O2C profitability as: 1) the refining net capacity additions in CY24 are (0.6mnbpod) trailing oil demand growth of 1.2mnbpod (IEA), 2) CY23 was the last year of substantial supply growth (~5%; CY20-24) for olefins, and 3) there are low inventories for oil products and PE/PP globally. Consequently, we believe that re-stocking can lead to a sharp uptick in margins.
- Net debt increased marginally to INR1.19t in 3Q from INR1.18t in 2QFY24. Capex for the quarter narrowed sequentially to INR301b from INR388b in 2Q (INR1.09t in 9MFY24).
- Using SoTP, we value the Refining and Petrochemical segment at 7.5x FY26E EV/EBITDA to arrive at a valuation of INR976/share for Standalone. We ascribe an equity valuation of INR810/sh to RJio and INR1,523/sh to Reliance Retail (factoring in the recent stake sale) as well as INR37/sh towards the new energy business **We reiterate our BUY rating with a TP of INR3,130.**

RJio – growth driven by subscriber additions (in line)

- RJio's revenue/EBITDA rose 2.5% QoQ each (in line) in 3QFY24, led by 2.5% subscriber additions while ARPU was flat QoQ. PAT was up 3% QoQ, in line with the EBITDA growth.
- It has completed the fastest rollout of 5G services in India as per its target of completion by Dec'23 with 90m 5G subscribers, while Airfiber will be completed by 1HCY24.
- We expect revenue/EBITDA CAGR of 11%/15% over FY24-26, factoring in 5%/4% CAGR for subs/ARPU over the same period. The long-term outlook remains intact with market share gains from VIL, tariff hikes, and new growth opportunities such as Jiofiber, Airfiber, and JioBharat along with other digital avenues triggered by the 5G rollout.

Reliance Retail – broad-based growth; grocery outperforms

- Reliance Retail's revenue/EBITDA grew 24%/31% YoY to INR744b/INR63b (in line) with a 50bp YoY margin improvement. Core revenue/EBITDA (excluding Connectivity) jumped 30%/33% YoY according to our calculations. PAT was up 31% YoY, in line with the EBITDA growth.
- The growth was propelled by footprint additions. Reliance Retail added 252 new stores (and closed 128 stores) to reach 18,774 stores (+47% YoY) with a total area of 72.9m (+21% YoY). There was a marginal improvement in revenue/sqft.
- The Grocery business jumped 41% YoY, while Consumer Electronics/Fashion & Lifestyle rose 19%/28% YoY. Digital & New Commerce grew 31% YoY in 3QFY24, increasing its contribution to 19% from 18% in 3QFY23.
- Revenue and EBITDA are likely to register 24% and 28% CAGR, respectively, over FY24-26 (retained estimates) led by accelerated store additions across segments, a recovery in store productivity, and aggressive foray into digital & new commerce.

Standalone – lower gas realization and downstream margins lead to a miss

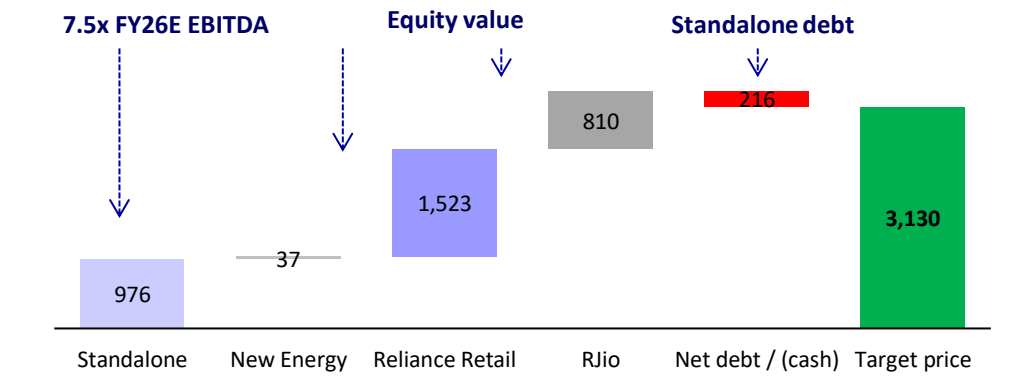
- Revenue came in at INR1,277b (+1% YoY), while EBITDA was at INR175.6b (est. of INR189.9b, +18% YoY) during the quarter. Reported PAT in 3QFY24 was up 19% on a YoY basis.
- Polymer margin contracted with muted demand globally in a well-supplied market.
- EBITDA/mt stood at USD86 (+3% YoY; our est. at USD 102/mt), with production meant for sale at 16.4mmt (+1% YoY).
- Reported PAT was at INR99.2b (est. of INR104.4b, +19% YoY) in 3QFY24.
- Gas price realization for KG-D6 contracted to USD9.66/mmBtu in 3QFY24 from USD11.32/mmBtu in 3QFY23.
- Oil & Gas exploration EBITDA increased 52% YoY to INR57.8b.
- **For 9MFY24**, revenue stood at INR3,877b (-5% YoY), EBITDA was at INR542.4b (+14% YoY), while PAT stood at INR307.6b (+1% YoY).
- Production meant for sale stood at 50.7mmt (+3% YoY), while EBITDA/mt was at USD94.4 (-2% YoY).
- EBITDA was 73% of our FY24E EBITDA of INR741.3b during 9MFY24.
- **Key macro performance highlights:**
- Global oil demand rose 1.7mnbopd YoY to 102mnbopd in 3QFY24, with strong demand originating mainly from America and Asia.
- Global refinery throughput was higher by 0.5mb/d YoY to 81.7mb/d in 3QFY24.
- Crude oil benchmarks declined YoY due to concerns of global economic slowdown and seasonally lower demand.
- ✓ Crude supply remained adequate despite headline production cuts by OPEC+ countries.

Valuation and view

- Segment-wise, the Consumer business continues to post double-digit EBITDA growth, with both RJio and Reliance Retail likely to record 15%/28% EBITDA CAGR over FY24-26. The growth would be driven by the retail sector's footprint additions and new categories, while the telecom business continues to focus on subscriber growth. In O2C, we see refining and petchem segments picking up from the current levels, as net capacity additions for both segments are tapering off on a YoY basis. Moreover, FY25 would see the full benefit from the ramped-up volumes at the MJ Field.

- We value Reliance Retail's core business at 35x EV/EBITDA on FY26E and connectivity at 5x to arrive at our valuation of INR1,732. Reliance Retail's value in RIL share comes to **INR1,523/sh** (for its 87.9% stake). Our premium valuation multiples capture the opportunity for rapid expansion in its retail business and the aggressive rollouts of the digital platforms.
- We have broadly kept our estimates unchanged for FY25/FY26, factoring in 11%/ 15% revenue/EBITDA CAGR during FY24-26. RJio is valued at an EV/EBITDA multiple of 12x on FY26E EBITDA. The potential tariff hikes, market share gains from VIL, and opportunities in Digital offer an option value of INR120 (Exhibit 15), thereby arriving at a valuation of **INR810/sh** (adjusted for its 66% stake).
- According to IEA estimates, global oil demand growth is projected to remain strong led by transportation fuels. Global oil demand for CY24 is likely to be at 103mnbopd (up 1.2mnbopd YoY). Gasoil cracks are anticipated to remain firm due to the strength in jet fuel demand and the limited availability of heavy crude. Further voluntary cuts by OPEC+ and geopolitical tensions are expected to keep price and margin high.
- The global downstream chemical markets are likely to remain well-supplied in the near term. However, domestic demand is expected to remain resilient amid strong economic activities. RIL also has an edge over its peers, as a majority of its focus lies in the domestic market for Polymer and Polyester products.
- LNG demand remains stagnant as milder winter in NE Asia and Europe has resulted in a lower-than-expected depletion of inventory. LNG prices in near-term are likely to be guided by the severity of the winter. Price-sensitive demand from China and Southeast Asia is anticipated to support the market. The ceiling price for KG-D6 is at USD9.96/mmBtu for 2HFY24.
- We model a capex of INR450b for FY25 and FY26 in the Standalone business, considering RIL's investments in new-age greener businesses (such as solar energy and a hydrogen ecosystem in India).
- Consolidated gross debt rose to INR3.1t in 3QFY24 (from INR2.95t in 2Q), with cash & cash equivalents at INR1.9t. Net debt stood at INR1.19t (according to the management).
- We have built in an FY24/25 capex of INR1.2t/INR900b, modeling INR400b/INR310b in Telecom, INR550b/INR450b in the Standalone business and the rest in Others, considering RIL's investments in new-age greener businesses.
- Using SoTP, we value the Refining and Petrochemical segment at 7.5x FY26E EV/EBITDA to arrive at a valuation of INR976/share for Standalone. We ascribe an equity valuation of INR810/share to RJio and INR1,523/share to Reliance Retail and INR37/share towards the new energy business **We reiterate our BUY rating with a TP of INR3,130.**

RIL – SoTP valuation (INR/share)



Consolidated - Quarterly Earning Model (INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24 3QE	Var. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	2,193	2,301	2,172	2,129	2,076	2,319	2,251	2,590	8,795	9,236	2,402	-6%
YoY Change (%)	56.7	37.3	17.4	2.7	-5.4	0.8	3.6	21.6	25.6	5.0	13.6	
EBITDA	380	312	352	384	381	410	407	404	1,429	1,601	411	-1%
Margins (%)	17.3	13.6	16.2	18.1	18.4	17.7	18.1	15.6	16.2	17.3	16.5	
Depreciation	89	97	102	115	118	126	129	126	403	498	125	3%
Interest	40	46	52	58	58	57	58	36	196	210	52	11%
Other Income	22	35	31	29	38	38	39	-2	118	113	28	38%
PBT before EO expense	273	205	230	241	243	265	258	240	948	1,006	263	-2%
Extra-Ord expense	-9	-2	-1	0	0	0	0	0	-12	0	0	
PBT	282	206	231	241	243	265	258	240	960	1,006	263	-2%
Rate (%)	27.7	23.6	22.8	11.6	25.2	25.2	24.6	23.9	21.6	24.7	25.5	
MI & Profit/Loss of Asso. Cos.	15.5	19.3	19.5	20.0	21.7	24.3	22.2	6.9	74.3	75.1	19	
Reported PAT	188	138	159	193	160	174	173	176	679	682	176	-2%
Adj PAT	182	137	158	193	160	174	173	176	679	682	176	-2%
YoY Change (%)	48.3	0.1	-2.6	19.1	-12.0	27.0	9.2	-9.0	16.2	0.5	11.3	
Margins (%)	8.3	6.0	7.3	9.1	7.7	7.5	7.7	6.8	7.7	7.4	7.3	

E: MOFSL Estimates

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	1,464.8	1,373.5	1,258.5	1,186.4	1,226.3	1,373.8	1,277.0	1,370.1	5,283.2	5,247.1	1,365.9	-7%
YoY Change (%)	70.0	41.7	13.2	-8.4	-16.3	0.0	1.5	15.5	24.7	-0.7	8.4	
EBITDA	209.5	117.9	149.0	180.1	174.9	191.9	175.6	198.8	656.5	741.3	189.9	-8%
Margin (%)	14.3	8.6	11.8	15.2	14.3	14.0	13.7	14.5	12.4	14.1	13.9	
Depreciation	22.5	26.1	25.3	27.3	38.8	43.8	45.7	42.6	101.2	171.0	42.7	
Interest	26.2	29.2	33.5	37.5	36.0	32.4	29.8	38.5	126.3	136.7	33.7	
Other Income	25.3	33.3	25.8	27.9	27.3	29.3	29.7	16.7	112.3	103.0	26.0	
PBT before EO expense	186.2	95.9	116.0	143.2	127.4	145.0	129.8	134.4	541.3	536.6	139.5	-7%
Extra-Ord expense	-8.7	-1.7	-1.1	-0.5	0.0	0.0	0.0	0.0	-11.9	0.0	0.0	
PBT	194.9	97.6	117.1	143.7	127.4	145.0	129.8	134.4	553.2	536.6	139.5	-7%
Tax	43.9	28.4	33.4	5.5	31.2	32.9	30.5	33.8	111.2	128.4	35.1	
Rate (%)	22.5	29.1	28.5	3.8	24.4	22.7	23.5	25.2	20.1	23.9	25.2	
Reported PAT	151.0	69.2	83.7	138.2	96.3	112.1	99.2	100.5	442.0	408.1	104.4	-5%
Adj PAT	142.3	68.0	82.9	137.8	96.3	112.1	99.2	100.5	430.2	408.1	104.4	-5%
YoY Change (%)	65.5	-26.3	-18.4	24.2	-32.3	64.9	19.6	-27.0	10.1	-5.1	24.6	
Margin (%)	9.7	4.9	6.6	11.6	7.9	8.2	7.8	7.3	8.1	7.8	7.6	
Key Assumptions												
Production meant for sale (mmt)	16.9	16.2	16.2	17.1	17.2	17.1	16.4	17.0	66.4	67.7	16.5	-1%
EBITDA/mt (USD)	139.6	66.7	83.4	100.7	95.1	101.9	86.0	104.1	97.6	96.8	101.6	-15%



Zee Entertainment

BSE SENSEX 71,424 S&P CNX 21,572

CMP: INR231 TP: INR200 (-13%) Downgrade to Neutral



Stock Info

Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	222.3 / 2.7
52-Week Range (INR)	300 / 170
1, 6, 12 Rel. Per (%)	-10/-4/-16
12M Avg Val (INR M)	3586
Free float (%)	96.0

Financial Snapshot- Standalone entity

Y/E Mar (INR b)	FY23	FY24E	FY25E
Sales	80.9	86.6	97.3
EBITDA	11.0	9.5	13.4
Adj. PAT	4.6	4.8	7.4
EBITDA Margin (%)	13.6	11.0	13.7
Adj. EPS (INR)	4.8	5.0	7.7
EPS Gr. (%)	-59.0	4.6	54.3
BV/Sh. (INR)	111.6	113.4	119.2

Ratios

Net D:E	-0.1	0.0	0.0
RoE (%)	4.2	4.4	6.6
RoCE (%)	4.3	5.1	6.7
Payout (%)	137.6	51.0	23.5

Valuations

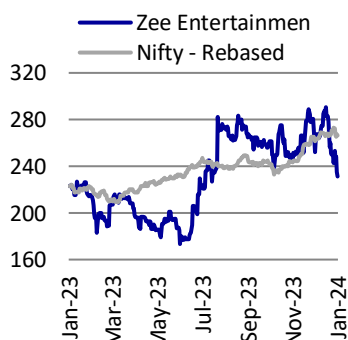
P/E (x)	48.6	46.4	30.1
P/B (x)	2.1	2.0	1.9
EV/EBITDA (x)	19.6	23.2	16.6
Div. Yield (%)	1.3	0.6	0.6
FCF Yield (%)	-0.6	-1.0	-0.2

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	4.0	4.0	4.0
DII	43.6	42.2	37.5
FII	28.2	35.0	37.3
Others	24.2	21.8	21.2

FII Includes depository receipts

Stock Performance (1-year)



Sony terminates merger with Zee

Fallout of merger

After more than two years of deliberation, Sony has terminated its merger co-operation agreement (MCA) with Zee and sought a termination fee of USD90m from the company for an alleged breach of the MCA. Zee has said that it would evaluate all its options, including a legal action. Surprisingly, it has mentioned that Mr. Punit Goenka, Zee's MD and CEO, had agreed to step down, a key bone of contention between the two parties. As a result, we downgrade our rating on the stock to Neutral.

Why are we downgrading?

When the merger was announced in Dec'21, we had [upgraded the stock to BUY](#) after retaining the Neutral rating for a long period, as we believed it would create a strong entity and benefit Zee in three ways:

1. Improve product bouquet with 75 channels across a wide array of genres and languages, garnering a dominant revenue market share of >35%.
2. Expansion in OTT space (INR100b market). The combined Zee-Sony entity would be able to create a niche in a market which is dominated by big players like JioCinema, Netflix, Amazon Prime, and Hotstar.
3. Improve the perception of the company's governance with Sony's majority shareholding as well as board composition.

Zee individually may find it challenging to improve on each of these factors. The company's performance has been abysmal for the last four years as ad revenue declined 14% over FY20-23 due to weak market conditions and continued market share loss over the last 4-5 years, from over 20% to sub-17-18%. At a time when the industry is seeing a shift toward OTT, Zee5 individually would be on a weak footing, playing the second fiddle in a market dominated by strong players like Disney, Netflix, Amazon Prime, and Reliance Industries-led Network18. This is unlike the linear TV market, in which it has maintained its position among the top two players for a prolonged period.

What are the options for Zee?

We do not expect a recovery in earnings in the near term. Zee has not stated whether it will pursue the merger while the litigation with Sony could hinder improvements in operations or explore a merger with other players. Media reports indicate that Disney is exploring a potential India exit (Article link: [Click Here](#)), while a deal with RIL was also explored earlier. It is unclear what path Zee may take going ahead and there is limited clarity on the long-term outlook of the business.

Valuation and view

The linear TV business garners ~30% EBITDA margin vs. consolidated EBITDA margin of low-teens, highlighting the profitability of the business even in the current downcycle (revenue down 10% over FY20-23). But there is no clarity on its OTT business’s growth and profitability, especially after the termination of the merger, with an annualized EBITDA loss of INR12b (14% of overall revenue). The merger could have created a linear TV business with EBITDA of INR40-45b, which could have boosted OTT investments and the company’s competitive position.

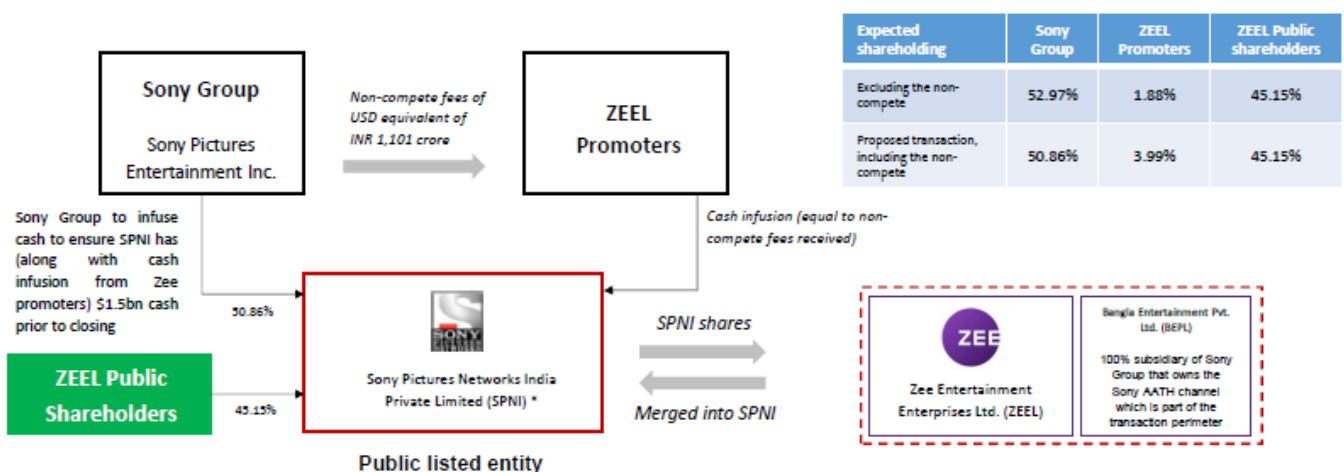
But the big question is: where is the bottom of the stock price, which would make it look compelling? If we assume zero value for the OTT business and assign 10x to current Linear TV EBITDA (1HFY24 annualized), the stock would be valued at INR230 per share. However, if we assume no material recovery in OTT’s profitability and ascribe 15x on FY26E PAT of INR10.7b (factors some recovery in linear TV business and adjustments for recent one-offs), the stock would be valued at INR167 per share. As a result, we downgrade the stock to Neutral with a TP of 200 (18x on one-year forwards P/E).

Valuation based on P/E

Valuation	FY24E (EV/EBITDA)	FY26E PAT	FY26E PAT
EBITDA/PAT (INR b)	22	11	11
Multiple (x)	10	15	18
EV (INR b)	221	160	192
Shares O/S (m)	961	961	961
Target Price (INR)	230	167	200
CMP (INR)	231	231	231
Upside (%)	-0.25	-27.83	-13.40

Source: MOFSL, Company

Erstwhile draft scheme of arrangement



Source: Company



Estimate change	
TP change	
Rating change	

CMP: INR175 TP: INR135 (-23%) Downgrade to SELL

Downgrade to sell amid volatile performance

Bloomberg	MRPL IN
Equity Shares (m)	3630
M.Cap.(INRb)/(USDb)	306.5 / 3.7
52-Week Range (INR)	186 / 49
1, 6, 12 Rel. Per (%)	39/94/182
12M Avg Val (INR M)	752

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	874	955	970
EBITDA	69	63	62
Adj. PAT	31	25	25
Adj. EPS (INR)	17.6	14.4	14.1
EPS Gr. (%)	16.5	-17.8	-2.2
BV/Sh.(INR)	69.6	80.6	91.4

Ratios

Net D:E	1.0	0.7	0.5
RoE (%)	27.9	19.2	16.4
RoCE (%)	14.4	12.4	11.7
Payout (%)	23.4	23.4	23.4

Valuation

P/E (x)	10.0	12.1	12.4
P/BV (x)	2.5	2.2	1.9
EV/EBITDA (x)	6.3	6.5	6.3
Div. Yield (%)	2.0	1.6	1.6
FCF Yield (%)	15.4	12.6	13.4

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	88.6	88.6	88.6
DII	1.6	1.1	0.3
FII	2.6	1.5	1.1
Others	7.3	9.6	10.1

FII Includes depository receipts

- MRPL missed our EBITDA and PAT estimates due to lower-than-estimated reported GRM of USD5/bbl in 3QFY24. Refining throughput was in line with our estimate at 4.4mmt.
- Phase 3 units and Hydrocracker Unit 1 safely restarted during the quarter post mandatory maintenance shutdown for 45 days in 2QFY24. Opex also moderated during the quarter after being adversely impacted in 2Q because of the shutdown and reduced throughput.
- MRPL clocked its highest ever monthly gross crude input of 1558tmt/month in Dec'23. During the quarter, the company also procured and processed 20tmt of High Sulphur Fuel Oil for the first time.
- SG GRM has rebounded to USD7.2/bbl during 4QFY24'td after declining 42% QoQ to USD5.5/bbl in 3QFY24. The SG GRM trend highlights that a sustained good performance remains a concern, given the highly volatile macro environment. We forecast a GRM of USD8/bbl from 4QFY24 onwards, which is on the higher side compared to the company's historical performance.
- Considering the underperformance in 3QFY24, we cut our EBITDA/PAT estimates by 7%/11% for FY24 and **downgrade the stock to sell**. The stock is currently trading at FY25E P/BV of 2.2x, which is significantly above its long-term average of ~1.3x. Additionally, the dividend yield is expected to be at a meagre 2% in FY24 at the current price.

Miss due to lower-than-estimated GRM

- Refining throughput was in line with our est. at 4.4mmt (down 1% YoY)
- Reported GRM came in below our est. at USD5/bbl (vs. our est. of USD8.3/bbl)
- Resultant EBITDA was below our est. at INR11.9b (vs. est. EBITDA of INR16.6b)
- PAT was also below our est. at INR3.9b (vs. our est. of INR7.3b) due to lower-than-estimated other income.
- Total borrowings for MRPL increased to INR140.1b at the end of 3QFY24 from INR139.8b at the end of 2QFY24.
- There was a decrease in the Domestic Refinery transfer Price (RTP) for MRPL because of SAED and RIC (Road and Infrastructure Cess) imposed by the Government in July'22.
- The estimated windfall tax implication on RTP was INR2.5b, while the actual windfall tax paid on exports was INR1.9b in 3QFY24.
- The company has declared an interim dividend of INR1/share during the quarter.
- For 9MFY24**, EBITDA stood at INR54.9b (vs. INR44.4b in 9MFY24), with PAT at INR24.6b (vs. PAT of INR7.3b in 9MFY23).
- Refining throughput was down 6% YoY at 12mmt.
- Reported GRM at USD10.6/bbl, up 34% YoY.

Valuation and view – downgrade to SELL

- MRPL aspires to capture the domestic retail market to the tune of 1mmtpa. The company has already initiated advertising for 1,800 retail outlets, which are expected to be completed soon. Additionally, MRPL expects to add 500 outlets over the next three years. In Phase 1, the focus will be on South India, followed by expansion into West and North India in Phase II.
- The stock is currently trading at an FY25E P/BV of 2.2x, well above its long-term average of ~1.3x. Additionally, the dividend yield is expected to be at a meagre 2% in FY24 at the current price. Our GRM assumption of USD8/bbl from 4QFY24 onwards is also on the higher side compared to the company’s historical performance.
- We value the stock at 5.5x Dec’25E EBITDA of INR62b to arrive at our TP of INR135. **We downgrade the stock to SELL.**

Standalone - Quarterly Earnings

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	(%)	
Net Sales	322.9	246.1	265.6	254.0	211.7	192.3	246.8	223.6	1,088.6	874.4	234.3	5%
YoY Change (%)	185.8	85.0	30.1	2.4	-34.4	-21.9	-7.1	-12.0	56.1	-19.7	-11.8	
EBITDA	54.4	-15.3	5.4	33.9	20.6	22.4	11.8	14.1	78.3	69.0	16.6	-29%
Margin (%)	16.8	-6.2	2.0	13.4	9.7	11.7	4.8	6.3	7.2	7.9	7.1	
Depreciation	3.0	3.0	3.0	3.0	2.9	3.0	3.3	3.1	11.9	12.3	3.2	
Forex loss	7.2	4.6	2.5	-1.0	-0.1	1.0	0.2	0.0	13.4	1.2	0.3	
Interest	3.0	3.2	3.4	3.3	2.7	3.1	2.7	2.2	12.9	10.7	2.7	
Other Income	0.4	0.3	0.6	0.9	0.5	0.7	0.4	0.5	2.1	2.2	0.6	
PBT before EO expense	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	9.4	42.4	46.9	11.0	-46%
PBT	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	9.4	42.4	46.9	11.0	-46%
Tax	14.5	-7.9	-1.0	10.4	5.5	5.5	2.0	3.2	16.0	16.2	3.7	
Rate (%)	34.8	30.5	34.8	35.3	35.0	34.0	34.5	34.0	37.8	34.4	34.0	
Reported PAT	27.1	-17.9	-1.9	19.1	10.1	10.6	3.9	6.2	26.4	30.8	7.3	-47%
YoY Change (%)	LP	Loss	PL	-37.4	-62.6	LP	LP	-67.6	-11.8	16.7	LP	
Margin (%)	8.4	-7.3	-0.7	7.5	4.8	5.5	1.6	2.8	2.4	3.5	3.1	
Key Assumptions												
Refining throughput (mmt)	4.3	4.0	4.5	4.4	4.4	3.2	4.4	4.0	17.1	16.0	4.3	3%
Reported GRM (USD/bbl)	24.5	-4.5	3.9	15.1	9.8	17.1	5.0	8.0	9.7	10.0	8.3	-40%



Hindustan Unilever

Estimate changes	↔
TP change	↓
Rating change	↔

CMP: INR2,565 **TP: INR2900 (+13%)** **Buy**

Bloomberg	HUVR IN
Equity Shares (m)	2349
M.Cap.(INRb)/(USDb)	6027.6 / 72.6
52-Week Range (INR)	2770 / 2393
1, 6, 12 Rel. Per (%)	-1/-13/-23
12M Avg Val (INR M)	3976

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	625.4	673.0	727.7
Sales Gr. (%)	3.2	7.6	8.1
EBITDA	149.0	162.6	178.2
EBITDA mrg. (%)	23.8	24.2	24.5
Adj. PAT	104.6	115.1	126.0
Adj. EPS (INR)	44.5	49.0	53.6
EPS Gr. (%)	2.5	10.1	9.4
BV/Sh.(INR)	218.2	223.7	230.8

Ratios

RoE (%)	20.6	22.2	23.6
RoCE (%)	28.4	30.4	32.5
Payout (%)	94.3	91.8	89.5

Valuations

P/E (x)	57.6	52.3	47.8
P/BV (x)	11.7	11.4	11.0
EV/EBITDA (x)	40.2	36.8	33.5
Div. Yield (%)	1.6	1.8	1.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	61.9	61.9	61.9
DII	12.0	11.6	11.8
FII	13.9	14.5	14.0
Others	12.1	12.1	12.3

FII Includes depository receipts

Performance subdued; all eyes on rural recovery

- Hindustan Unilever (HUVR)'s performance was below expectations in 3QFY24. The company reported a 2% volume growth (estimate of 2%) and nearly flat revenue growth (estimate of 4%). Volume recovery is being delayed, especially in rural areas, despite price cuts and consumer promotions. The trend of urban growth outpacing rural areas, and the premium segment outperforming the mass market, has continued.
- The benign raw material inflation continued to drive gross margin (up 400bp YoY, down 100bp QoQ), despite partial benefits being passed on to consumers. The gross profit was up 8% YoY; however, higher A&P (up 35% YoY) offset the benefits and resulted in flat EBITDA. Management is increasing brand investments to stimulate volume growth in preparation for the volume recovery phase and to counter local competition.
- Volume recovery is slower than expected so far, but price cuts across categories (mass segment is highly price-sensitive), benign headline inflation, and government's initiatives should aid rural demand in 2024. HUVR is one of the best growth recovery plays. **Reiterate BUY with a revised TP of INR 2,900.**

Miss on estimates; flat growth on all fronts

- **HUVR reported flat net sales** YoY at INR151.9b (est. INR159b). EBITDA was flat YoY at INR35.4b (est. INR39.0b). PBT too was flat YoY at INR34.6b (est. INR37.8b), while PAT (bei) was down 2% YoY to INR25.4b (est. INR28.2b).
- Underlying volumes grew 2% YoY (est. 2%), sustaining the similar trend.
- **Segmental performance:** Home Care (36% of total sales) revenue was down 1.3% YoY to INR54.5b (4-year CAGR: 12.0%), Personal Care (38%) revenue was flat YoY at INR57.0b (4-year CAGR: 7%), while Food & Refreshment business sales (25%) rose 0.9% YoY to INR37.3b (4-year CAGR: 19%).
- **Segmental EBIT:** Home Care margin contracted 150bp YoY to 17.7%, while Personal Care margin improved 50bp YoY to 25.6%; Food & Refreshment segment margin expanded 120bp YoY to 19% during the quarter.
- Overall gross margin expanded 400bp YoY, while it was down 120bp QoQ to 51.5% (est. 52.0%).
- As a percentage of sales, an increase in ad spending (+260bp YoY to 10.5%), and other expenses (+150bp YoY to 13.4%), as well as stable staff costs of 4.3% resulted in a flat EBITDA margin of 23.3% (est. 24.6%).
- During 9MFY24, HUVR's Net sales/EBITDA/Adj. PAT grew 3%/6%/4% YoY.

Management conference call highlights

- The impact of uneven monsoon on Kharif crops was adverse and hit agricultural yields and rural incomes. Concerns persist over lower reservoir levels for Rabi crops despite recovering crop sowing rates.

- Urban markets consistently outpaced rural markets, growing at 3% vs. rural growth of 1%. Urban-rural disparities are evident in consumption patterns across different sales channels and price segments, with modern trade outpacing traditional trade.
- The premium portfolio remains the primary driver of growth, expanding at a rate more than 2.5x that of the mass portfolio.
- HUVR has a direct reach to 3m outlets; the distribution network covers 2.3m outlets, while Shakti Entrepreneurs handle the remainder in rural areas.

Valuation and view

- We cut our EPS estimates by ~3-4% for FY24/FY25 to reflect the slower demand recovery, and higher competitive intensity that elevates A&P spending.
- As highlighted in our [annual report note](#) earlier in Jun'23, HUVR continues to exhibit remarkable nimbleness, despite its size, led by: 1) its WIMI and cluster-based approach, 2) technological edge over its peers; and 3) strategy of funneling cost savings back into the business for growth.
- We continue to believe that HUVR is one of the best plays in rural recovery. The compounding of earnings should continue with a high probability of scaling the F&R portfolio along with strong competitiveness in the home care segment.
- Buoyed by improving commentary on rural recovery and moderating commodity costs, we are optimistic that HUVR will rebound with its healthy earnings trajectory. **We Reiterate BUY with a revised TP of INR 2,900.**

Quarterly performance (Standalone)

(INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY14 3QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Domestic volume growth (%)	6.0	4.0	5.0	4.0	3.0	2.0	2.0	2.0	4.8	2.3	2.0	
Net sales	142.7	147.5	152.3	148.9	151.5	152.8	151.9	154.9	591.4	611.0	159.0	-4.5%
YoY change (%)	19.8	15.9	16.3	10.6	6.1	3.6	-0.3	4.0	12.8	3.3	4.4	
Gross Profit	67.6	67.6	72.3	72.5	75.6	80.6	78.2	80.4	280.0	314.7	82.7	
Margin %	47.4	45.8	47.5	48.7	49.9	52.7	51.5	51.9	47.3	51.5	52.0	
EBITDA	32.5	33.8	35.4	34.7	35.2	36.9	35.4	36.7	136.3	144.3	39.0	-9.3%
YoY change (%)	14.0	7.8	7.9	7.0	8.4	9.4	0.1	5.8	6.0	5.8	10.4	
Margins (%)	22.8	22.9	23.2	23.3	23.2	24.2	23.3	23.7	23.0	23.6	24.6	
Depreciation	2.6	2.5	2.6	2.6	2.6	2.7	2.8	2.8	10.3	10.8	2.7	
Interest	0.3	0.3	0.3	0.2	0.5	0.7	0.8	0.8	1.0	2.8	0.4	
Other income	1.4	1.2	2.3	1.6	1.9	2.8	2.9	1.9	6.4	55.5	1.9	
PBT	31.0	32.2	34.8	33.5	34.0	36.4	34.6	35.0	131.4	186.0	37.8	-8.5%
Tax	8.0	5.8	8.7	8.7	8.9	9.1	9.1	9.4	31.2	36.6	9.7	
Rate (%)	25.7	17.9	25.1	26.1	26.2	25.1	26.4	26.7	23.7	19.6	25.5	
PAT bei	22.9	23.8	25.8	24.7	25.0	26.7	25.4	25.7	97.2	102.8	28.2	-9.9%
YoY change (%)	16.7	8.8	12.6	8.2	9.2	12.1	-1.5	3.9	9.8	5.7	9.2	
Extraordinary Inc/(Exp)	-0.1	-0.3	-1.0	0.8	-0.4	-0.1	-0.3	0.0	-1	-1	0.0	
Reported Profit	22.9	26.2	25.1	25.5	24.7	27.2	25.2	25.7	99.6	102.8	28.2	

E: MOFSL Estimates



Kotak Mahindra Bank

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR1,810 TP: INR2,000 (+10%) Neutral

AIF provisions, treasury loss contribute to slight earnings miss

Margins stable QoQ

- Kotak Mahindra Bank (KMB) reported standalone PAT growth of 7.6% YoY to INR30b (11% miss) due to AIF provisions (INR1.9b) and treasury loss. Consolidated PAT stood at ~INR42.7b (7% YoY growth).
- NII grew 16% YoY to INR65.5b (in line; up 4.1% QoQ). NIMs stood stable QoQ at 5.22%. Opex grew 14% YoY to INR42.8b, thereby, resulting in a 19% YoY growth in PPOP at INR45.7b (5% miss).
- Advances grew 16% YoY/3% QoQ to INR3.6t, while deposits grew 19% YoY/2% QoQ, led by term deposits. CASA mix moderated 60bp QoQ to 47.7%.
- Fresh slippages declined 10% QoQ to INR11.7b. GNPA ratio stood largely stable at 1.7%, while Net NPA improved 3bp QoQ to 0.34%. PCR improved 150p QoQ to 80.6%.
- We cut our FY24/FY25 PAT estimates by 3.2%/2.7%. We estimate RoA/RoE at 2.4%/14.4% by FY25E. We **maintain our Neutral stance on the stock with a TP of INR2,000.**

Loan book grew 16% YoY; Asset quality ratios stable

- KMB reported a standalone PAT of INR30b (up 7.6% YoY; 11% miss), due to higher provisions as the bank provided INR1.9b toward AIF exposure. Consol PAT grew 7% YoY to INR42.7b.
- While NII grew 16% YoY (in line), margins stood stable at 5.22%. Other income grew 18% YoY (down 1% QoQ). Treasury loss stood at INR1.7b vs. a treasury gain of INR1.5b in 2QFY24.
- Opex growth was slightly higher than expected at 14% YoY (5% higher than MOSLe) and was driven by an increase in commercial and marketing expenses and employee-related expenses, thus, resulting in a 19% YoY growth in PPOP at INR45.7b (5% miss).
- Loan book grew 16% YoY (up 3% QoQ) led by healthy traction across segments. KMB reported healthy sequential trends in Personal loans, CV/CE and Credit Cards. Deposits grew 19% YoY (up 2% QoQ), led by term loans, which grew 33% YoY (up 3% QoQ), while the CASA mix moderated 60bp QoQ to 47.7%. Mix of unsecured loans increased to 11.6% and the management expects it to rise to mid-teens by FY24-end.
- Fresh slippages declined 10% QoQ to INR11.7b. GNPA ratio stood largely stable at 1.7%, while Net NPA improved 3bp QoQ to 0.34%. PCR improved 150p QoQ to 80.6%. KMB has o/s Covid provisions of INR2.95b.
- SMA-2 advances stood at INR2.1b (6bp of advances), while the outstanding restructured portfolio stood at INR4.6b (13bp of advances).
- **Subs performance:** Kotak Securities reported net earnings growth of 27% YoY, while KIL reported a PAT growth of 83% YoY.

Bloomberg	KMB IN
Equity Shares (m)	1980
M.Cap.(INRb)/(USD\$)	3591.3 / 43.2
52-Week Range (INR)	2064 / 1644
1, 6, 12 Rel. Per (%)	-3/-16/-17
12M Avg Val (INR M)	8480

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	215.5	257.2	291.4
OP	148.5	190.2	214.6
NP	109.4	131.0	148.0
Cons. NP	150.9	178.3	205.3
NIM (%)	5.1	5.2	5.1
EPS (INR)	55.1	65.9	74.5
EPS Gr. (%)	27.5	19.7	12.9
ABV. (INR)	398	459	529
Cons. BV. (INR)	563	651	753

Ratios

Cons. RoE (%)	13.5	13.7	13.7
RoE (%)	14.1	14.7	14.4
RoA (%)	2.4	2.5	2.4

Valuations

P/BV (X) (Cons.)	3.2	2.8	2.4
P/ABV (X) (Adj.)	3.1	2.7	2.3
P/E(X) (Adj.)	22.4	18.7	16.6

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	25.9	25.9	26.0
DII	21.4	20.0	21.8
FII	39.7	41.0	39.3
Others	12.9	12.9	13.0

FII Includes depository receipts

Highlights from the management commentary

- The bank expects RoA to sustain at ~2-2.1% going forward.
- Unsecured retail advances (incl. Retail Micro Finance) as a % of net advances stood at 11.6% as on 3QFY24 vs. 9.3% in 3QFY23 and the portfolio continues to hold well.
- The provision of INR649m in respect of Security Receipts is classified as Non Performing Investments (NPI) during the quarter, which was earlier accounted as Mark-to-Market losses under Other Income. Accordingly, this has no impact on profit after tax.
- LCR stood at 120% for the bank and 127% for the group level in 3QFY24.

Valuation and view

KMB delivered a mixed quarter with a miss in earnings due to high provisions (AIF exposure); however, NIMs remained stable at 5.2% QoQ. Asset quality remained stable with slippages declining sequentially. KMB carries additional Covid-related provisions of ~INR2.95b. The bank continues to guide for steady growth trend and aims to improve the mix of unsecured loans to mid-teens, expressing confidence in the quality of the underlying portfolio. We cut our FY24/FY25 PAT estimates by 3.2%/2.7% and estimate bank to deliver RoA/RoE of 2.4%/14.4% by FY25. We **maintain our Neutral stance on the stock with a TP of INR2,000 (2.5x Sep'25E ABV).**

Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	47.0	51.0	56.5	61.0	62.3	63.0	65.5	66.4	215.5	257.2	65.1	1%
% Change (Y-o-Y)	19.2	26.8	30.4	35.0	32.7	23.5	15.9	8.8	28.1	19.4	15.2	
Other Income	12.4	18.3	19.5	21.9	26.8	23.1	23.0	24.8	70.8	97.7	24.1	-5%
Total Income	59.4	69.3	76.0	82.9	89.2	86.1	88.5	91.2	286.3	355.0	89.2	-1%
Operating Expenses	31.6	33.6	37.5	36.4	39.7	40.0	42.8	42.2	137.9	164.7	40.9	5%
Operating Profit	27.8	35.7	38.5	46.5	49.5	46.1	45.7	49.0	148.5	190.2	48.3	-5%
% Change (Y-o-Y)	-3.7	14.3	42.5	39.1	77.8	29.2	18.6	5.4	23.2	28.1	25.5	
Provisions	0.2	1.4	1.5	1.5	3.6	3.7	5.8	3.2	4.6	16.3	3.8	53%
Profit before Tax	27.6	34.3	37.0	45.0	45.9	42.4	39.9	45.8	143.9	174.0	44.5	-10%
Tax	6.9	8.5	9.1	10.0	11.3	10.5	9.8	11.3	34.5	43.0	11.0	-10%
Net Profit	20.7	25.8	27.9	35.0	34.5	31.9	30.1	34.5	109.4	131.0	33.6	-11%
% Change (Y-o-Y)	26.1	27.0	31.0	26.3	66.7	23.6	7.6	-1.2	27.6	19.8	20.3	
Deposits (INRb)	3,165	3,252	3,447	3,631	3,863	4,010	4,086	4,234	3,631	4,234	4,149	
Loans (INRb)	2,802	2,940	3,107	3,199	3,286	3,483	3,596	3,726	3,199	3,726	3,622	
Deposit growth (%)	10.4	11.5	12.9	16.5	22.0	23.3	18.6	16.6	16.5	16.6	20.4	
Loan growth (%)	28.8	25.1	22.9	17.9	17.3	18.5	15.7	16.5	17.9	16.5	16.6	
Asset Quality												
Gross NPA (%)	2.24	2.08	1.90	1.78	1.77	1.72	1.73	1.66	1.78	1.66	1.63	
Net NPA (%)	0.62	0.55	0.43	0.37	0.40	0.37	0.34	0.32	0.37	0.32	0.34	
PCR (%)	72.6	73.7	77.6	79.3	78.0	79.1	80.6	80.7	79.3	80.7	79.4	

E: MOFSL Estimates



UltraTech Cement

Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR10,094 TP: INR12,000 (+19%) Buy

Profitability in line with estimate; outlook positive

Variable cost is expected to decline further in 1HCY24

Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	2913.9 / 35.1
52-Week Range (INR)	10526 / 6604
1, 6, 12 Rel. Per (%)	0/12/21
12M Avg Val (INR M)	2828

Financials Snapshot (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Sales	705.1	761.9	844.4
EBITDA	127.8	154.7	180.8
PAT	69.9	88.1	105.8
EPS (INR)	242.1	305.1	366.4
GR. (%)	38.0	26.0	20.1
BV/Sh (INR)	2,078.8	2,338.9	2,650.4

Ratios

ROE (%)	12.2	13.8	14.7
RoCE (%)	11.5	12.8	13.8

Valuations

P/E (X)	41.7	33.1	27.5
P/BV (X)	4.9	4.3	3.8
EV/EBITDA (X)	23.0	18.9	15.7
Div Yield (%)	0.4	0.4	0.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	60.0	60.0	60.0
DII	13.8	15.2	17.6
FII	18.9	17.3	14.8
Others	7.3	7.5	7.7

FII Includes depository receipts

- UTCEM's 3QFY24 operating performance was largely in line with our estimates. EBITDA stood at INR32.5b (est. INR33.8b) and EBITDA/t came in at INR1,191 (est. INR1,236). PAT at INR17.8b was 7% below our estimate on account of lower-than-estimated other income and higher interest costs.
- The management remains optimistic about demand growth prospects and expects capacity utilization to improve to ~80-85% in 4Q (77% in 3Q). Demand has recovered in most of the markets, except the North region, since mid-Dec'23. The cost has been falling and the average fuel cost should further drop by 7-8% over the next six months. Capex is pegged at INR90b for FY24/FY25 each given the accelerated expansion plans.
- We largely maintain our estimates and reiterate **BUY** rating on the stock, given its: a) leadership position, b) robust expansion plans without leveraging the balance sheet, and c) structural cost improvement measures. We value UTCEM at 18x FY26E EV/EBITDA to arrive at our TP of INR12,000.

Grey cement realization up 3% QoQ; EBITDA/t stood at INR1,191

- Consolidated revenue/EBITDA/PAT stood at INR167b/INR32.5b/INR17.8b (up 8%/ 39%/ 68% YoY and down 0.4%/4%/7% vs. our estimates). Consolidated sales volume grew 6% YoY to 27.3mt. RMC/white cement revenue grew 13%/29% YoY during the quarter.
- Grey cement realization was flat YoY (up 3% QoQ; ~1% below our estimate). Blended realization was up 2% YoY/QoQ (in line with estimate). Opex/t was down 3% YoY (in line with estimates), led by a 9%/1% decline in variable/freight costs. Other expenses and employee cost per tonne rose 13%/5% YoY. EBITDA/t was up 32% YoY and OPM improved 4.4pp YoY to 19%.
- In 9MFY24, revenue was up 13% YoY, primarily led by an increase in volume. EBITDA grew 21% YoY, while OPM rose 120bp to 17.5%. EBITDA/t grew 7% YoY to INR1,055 led by lower opex (down 2% YoY). Net debt stood at INR55.4b vs. INR27b at Mar'23. Capex in 9MFY24 stood at INR69.2b.

Highlights from the management commentary

- Industry volume growth should be 3-4% in 3QFY24, partly impacted by elections in four major states, fiscal challenges in Bihar/West Bengal, and other regional headwinds. The management estimates industry growth of 8-9% YoY in FY24.
- Cement prices improved in 3QFY24; however, due to a demand slowdown, prices corrected in Dec'23. Prices should improve when demand rebounds.
- Blended fuel consumption cost stood at USD150/t vs. USD162 in 2Q. Avg. fuel cost stood at INR2.05/kcal vs. INR2.18 in 2Q. Fuel cost is expected to decline further by 7-8% in the next six months.

Valuation and view

- We estimate a consolidated volume CAGR of ~10% over FY23-26 and EBITDA/t of INR1,090/INR1,220/INR1,300 in FY24/FY25/FY26 (vs. INR1,005 in FY23). We estimate its ROE/ROCE to improve to 15%/14% in FY26 vs. 10%/9% in FY23, aided by profitability improvement and low-cost expansion.
- The stock trades at 19x/16x FY25E/FY26E EV/EBITDA (v/s its 10-years' average EV/EBITDA of 16x). We value UTCM at 18x FY26E EV/EBITDA to arrive at our TP of INR12,000. We reiterate our **BUY** rating on the stock.

Consolidated quarterly performance

	(INR b)											
	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	(%)	
Net sales	151.6	138.9	155.2	186.6	177.4	160.1	167.4	200.3	632.4	705.1	168.1	(0)
YoY change (%)	28.2	15.6	19.5	18.4	17.0	15.3	7.9	7.3	20.2	11.5	8.3	
Total expenditure	120.7	120.3	131.9	153.4	146.9	134.6	134.9	161.0	526.2	577.3	134.3	0
EBITDA	30.9	18.7	23.4	33.2	30.5	25.5	32.5	39.3	106.2	127.8	33.8	(4)
Margin (%)	20.4	13.4	15.0	17.8	17.2	15.9	19.4	19.6	16.8	18.1	20.1	(65)
Depreciation	7.0	7.1	7.2	7.6	7.5	8.0	7.8	7.9	28.9	31.2	7.9	(1)
Interest	2.2	2.0	2.2	1.9	2.1	2.3	2.6	2.8	8.2	9.9	2.3	16
Other income	1.1	1.5	1.3	1.2	1.7	1.7	1.4	2.1	5.0	6.9	1.7	(19)
PBT before EO expense	22.9	11.0	15.2	24.9	22.6	16.9	23.5	30.6	74.1	93.6	25.3	(7)
'Extra-Ord expense	-	-	-	-	-	-	-	-	-	-	-	
PBT after EO Expense	22.9	11.0	15.2	24.9	22.6	16.9	23.5	30.6	74.1	93.6	25.3	(7)
Tax	7.1	3.4	4.6	8.2	5.8	4.1	5.8	7.9	23.4	23.6	6.1	(6)
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	31.0	31.2	30.5	33.0	25.5	24.3	24.7	25.9	31.6	25.2	24.3	
Reported PAT	15.8	7.6	10.6	16.7	16.9	12.8	17.7	22.7	50.7	70.0	19.2	(8)
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.2	0.0	0.1	0.0	
Adj. PAT	15.9	7.6	10.6	16.7	16.9	12.8	17.8	22.5	50.7	70.0	19.1	(7)
YoY change (%)	-6.7	-42.5	-9.7	12.7	6.3	69.6	67.9	35.0	-10.6	38.0	80.9	

Key operating parameters

Income Statement (INR/t)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY23	FY24E	FY24	Var.
											3QE	(%)
Volume (mt)	25.0	23.1	25.9	31.7	30.0	26.7	27.3	33.6	106.2	117.6	27.3	-
Change (YoY %)	16.3	6.7	11.8	14.4	19.6	15.5	5.6	6.1	12.9	10.8	5.6	
Realization (including RMC)	6,056	6,014	6,002	5,893	5,920	5,999	6,127	5,957	5,957	5,997	6,154	(0)
Change (YoY %)	10.2	8.3	6.9	3.5	-2.2	-0.2	2.1	1.1	6.5	0.7	2.5	
RM cost	912	873	868	1,001	983	935	972	956	919	962	921	6
Power and fuel	1,603	1,861	1,884	1,676	1,629	1,643	1,529	1,499	1,742	1,572	1,558	(2)
Staff cost	254	299	268	226	236	304	281	241	258	264	287	(2)
Freight and forwarding	1,314	1,318	1,345	1,325	1,369	1,316	1,325	1,379	1,320	1,350	1,342	(1)
Other expenditure	737	855	733	615	686	846	828	713	722	763	809	2
Total expenditure	4,820	5,206	5,099	4,844	4,903	5,044	4,936	4,789	4,961	4,910	4,917	0
EBITDA	1,236	808	903	1,049	1,018	956	1,191	1,168	996	1,087	1,236	(4)
YoY change (%)	(19.5)	(35.6)	(13.6)	(5.5)	(17.7)	18.3	31.9	11.4	(18.6)	9.1	36.9	

Sources: Company reports, MOFSL estimates



Union Bank of India

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	UNBK IN
Equity Shares (m)	6835
M.Cap.(INRb)/(USDb)	1051.1 / 12.7
52-Week Range (INR)	145 / 60
1, 6, 12 Rel. Per (%)	20/55/55
12M Avg Val (INR M)	1833

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	327.7	366.5	397.3
OP	254.7	288.4	309.2
NP	84.3	141.4	167.5
NIM (%)	2.8	2.9	2.9
EPS (INR)	12.3	19.9	22.6
EPS Gr. (%)	56.1	60.9	13.8
BV/Sh. (INR)	110	123	141
ABV/Sh. (INR)	94	113	132
RoE (%)	12.2	17.6	17.6
RoA (%)	0.7	1.1	1.1

Valuations

P/E(X)	11.5	7.2	6.3
P/BV (X)	1.3	1.2	1.0
P/ABV (X)	1.5	1.3	1.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	77.0	77.0	83.5
DII	12.3	12.7	8.4
FII	4.0	2.9	1.6
Others	6.8	7.2	6.5

FII Includes depository receipts

CMP: INR142 TP: INR165 (+16%) Buy

In-line earnings; loan growth surges

Asset quality improves further

- Union Bank of India (UNBK) reported a healthy 60% YoY growth in PAT at INR35.9b (in line), driven by controlled provisions, healthy other income, and lower opex.
- NII grew 6% YoY to INR91.7b (3% miss) as NIMs moderated 10bp to 3.08%.
- Loan book grew strongly by 14% YoY/7.3% QoQ, led by robust growth in the Corporate and Agri segments. Deposits grew 10% YoY/3% QoQ. The CD ratio, thus, increased to 73.5% (up 2.9% QoQ).
- Asset quality ratios improved notably, with GNPA/NNPA ratios declining by 155bp/22bp YoY to 4.8%/1.1%. Restructured book declined to 1.6%.
- We maintain our FY24/FY25 earnings estimates and expect RoA/RoE of 1.1%/17.6% by FY25. **Retain BUY with a revised TP of INR165.**

Margins decline 10bp QoQ to 3.08%; RoA sustains at 1.07%

- UNBK reported 60% YoY growth in PAT at INR35.9b (in line) in 3QFY24, driven by a 42% YoY decline in provisions to INR17.5b (8% lower than our estimate). For 9MFY24, PAT rose 83% YoY to INR103.4b.
- NII grew 6% YoY to INR91.7b (flat QoQ, 3% miss) as margin declined 10bps QoQ to 3.08% (still above the management's guidance of 3%). Other income grew 13% YoY as treasury gains remained healthy at INR6.1b. Total income, thus, increased by 9% YoY to INR129.4b.
- Operating expenses grew 7% YoY to INR57b (4% below our estimate). PPOp grew 10% YoY to INR73b (in line). C/I ratio remains broadly flat at 43.8%.
- Advances jumped 14% YoY/7.3% QoQ to INR8.6t, supported by traction across Corporate, Agri and Overseas credit. Deposits grew 10% YoY (3.1% QoQ), with CASA deposits increasing 5.6% YoY, leading to a slight moderation in the domestic CASA ratio to 34.4%.
- Fresh slippages were flat at INR26.8b, which, along with healthy recoveries/upgrades and write-offs, resulted in an improvement in asset quality ratios. GNPA/NNPA ratios improved 155bp/22bp YoY to 4.8%/1.1%, while PCR decreased 230bps QoQ to 78.4%.
- SMA book increased to ~INR50.8b due to an increase in SMA-0 bucket. Restructured loans declined to 1.6% of loans.

Highlights from the management commentary

- UNBK has earlier made wage provisions to reflect a 15% wage hike, which has now increased to 17%. Hence, the bank in 3Q provided INR2.33b for 11 months. The bank has been providing INR1.3b per month for the extra wage provision, i.e., INR3.9b in 3Q.
- The bank expects to sustain margins at ~3%; the bank's current margins are already above the guided range.
- Advances growth is expected to be 10-12% and deposits growth is expected to be around ~8-10%.

Valuation and view

UNBK reported a steady quarter characterized by healthy revenue, loan growth, and controlled provisions. NIMs moderated slightly but remained above the guided range. Continued improvements in the CD ratio and residual re-pricing of MCLR loans will keep NIMs trend steady over the coming quarters. Fresh slippages remained well under control, while healthy recoveries and upgrades resulted in an improvement in asset quality ratios. Barring some increase in SMA-0 bucket, asset quality was healthy. A consistent decline in restructured assets (1.6%) provides a healthy outlook on asset quality. We largely maintain our earnings estimates and expect FY25 RoA/RoE of 1.1%/17.6%. **We reiterate our BUY rating with a revised TP of INR165 (premised on 1.1x Sep'25E ABV).**

Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	75.8	83.1	86.3	82.5	88.4	91.3	91.7	95.1	327.7	366.5	94.2	-3%
% Change (YoY)	8.1	21.6	20.3	21.9	16.6	9.9	6.3	15.3	17.9	11.8	9.2	
Other Income	28.2	32.8	32.7	52.7	39.0	37.0	37.7	39.9	146.3	153.6	36.0	5%
Total Income	104.0	115.8	119.0	135.2	127.4	128.2	129.4	135.1	474.0	520.1	130.2	-1%
Operating Expenses	49.5	50.0	52.8	67.0	55.6	56.0	56.6	63.5	219.3	231.7	59.0	-4%
Operating Profit	54.5	65.8	66.2	68.2	71.8	72.2	72.8	71.6	254.7	288.4	71.2	2%
% Change (YoY)	5.1	8.3	29.8	23.6	31.8	9.8	9.9	4.9	16.4	13.2	7.6	
Provisions	32.8	40.8	30.4	29.4	20.1	17.7	17.5	18.9	133.3	74.1	18.9	-8%
Profit before Tax	21.7	25.0	35.8	38.9	51.7	54.5	55.3	52.7	121.4	214.3	52.3	6%
Tax	6.1	6.5	13.4	11.1	19.4	19.4	19.4	14.7	37.0	72.9	16.7	16%
Net Profit	15.6	18.5	22.4	27.8	32.4	35.1	35.9	38.0	84.3	141.4	35.6	1%
% Change (YoY)	32.0	21.1	106.8	93.3	107.7	90.0	59.9	36.7	61.2	67.7	58.5	
Operating Parameters												
Deposit (INR b)	9,928	10,433	10,650	11,177	11,281	11,376	11,725	12,071	11,177	12,071	11,780	
Loan (INR b)	6,764	7,275	7,564	7,618	7,705	8,036	8,621	8,662	7,618	8,662	8,198	
Deposit Growth (%)	9.3	14.1	13.6	8.3	13.6	9.0	10.1	8.0	8.3	8.0	10.6	
Loan Growth (%)	15.7	25.2	22.6	15.3	13.9	10.5	14.0	13.7	15.3	13.7	8.4	
Asset Quality												
Gross NPA (%)	10.2	8.5	7.9	7.5	7.3	6.4	4.8	4.5	7.5	4.5	5.9	
Net NPA (%)	3.3	2.6	2.1	1.7	1.6	1.3	1.1	1.0	1.8	1.0	1.1	
PCR (%)	69.9	70.6	74.6	78.8	79.8	80.7	78.4	79.8	78.1	79.8	81.5	

E:MOFSL Estimates



Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	CLGT IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	689.8 / 8.3
52-Week Range (INR)	2550 / 1435
1, 6, 12 Rel. Per (%)	5/30/49
12M Avg Val (INR M)	824

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	56.5	61.0	65.8
Sales Gr. (%)	8.1	8.0	7.8
EBITDA	18.7	19.5	21.0
EBITDA Margin (%)	33.1	31.9	31.9
Adj. PAT	13.2	13.7	14.8
Adj. EPS (INR)	48.5	50.2	54.4
EPS Gr. (%)	24.7	3.5	8.2
BV/Sh.(INR)	70.9	80.2	92.5
Ratios			
RoE (%)	72.4	66.5	63.0
RoCE (%)	70.6	65.0	61.7
Payout (%)	83.6	81.6	77.3
Valuation			
P/E (x)	52.3	50.5	46.6
P/BV (x)	35.8	31.6	27.4
EV/EBITDA (x)	36.4	34.8	32.1
Div. Yield (%)	1.6	1.6	1.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	51.0	51.0	51.0
DII	5.9	5.9	7.8
FII	24.6	24.1	21.1
Others	18.5	19.4	20.1

FII Includes depository receipts

CMP: INR2,536 TP: INR2,400 (-5%) Neutral

Unchanged volume trend; margins at all-time high

- Colgate (CLGT) delivered a healthy price-led 8% YoY revenue growth (est. 6%). However, overall volumes experienced a marginal decline (est. +2%). The value growth of toothpaste was in double-digits, while toothbrushes posted YoY decline (weak volume, unfavorable mix). Volume growth for toothpaste was flat to positive. Despite numerous product innovations and marketing efforts, the rebound in volume remains uninspiring.
- The divergence between naturals and traditional oral care products was negligible industry-wide. Despite oral care being less price-sensitive compared to other categories, CLGT implemented a price hike, particularly in the premium segment, by the end of 2QFY24 (mainly in premium) in this market environment.
- Benefiting from softening raw material costs and a revenue growth driven by higher prices, CLGT achieved a record gross margin, reaching 72.2% (up 630bp YoY). In line with the industry trend, the A&P spend was high at 20% YoY. Despite this, CLGT experienced a sharp 550bp YoY expansion in the EBITDA margin, reaching 33.5%. EBITDA grew 30% YoY (-5% was the base).
- We anticipate challenges in FY25, considering our belief that the company may struggle to maintain the current elevated margins. Moreover, the volume pickup in the oral care products will also be slower than the other categories and this is attributed to limited opportunities for penetration and lower frequency of product usage in the oral care segment.
- The recent rally captures the near-term triggers and valuation at 50.5x and 46.6x of P/E on FY25/FY26 does not offer room for valuation play. We maintain our NEUTRAL rating on the stock.

In-line sales; all-time high gross margin

- Colgate (CLGT) sales grew 8.1% YoY to INR13.9b (est. INR13.7b).
- Domestic revenue was up 8.8% YoY; volume was flat to negative (est +2%).
- While some FMCG companies have initiated price cuts to pass on RM benefits (home care, skin cleansing, etc.), Colgate is retaining the benefits and implemented price increases for some products (at premium end).
- However, the pricing strategy is similar within the oral care peers. Thereby, compared to other FMCG companies (seeing price cuts), Colgate's revenue performance stands on the higher side.
- Gross margins increased 630bp YoY and 340bp QoQ to 72.2% (est. 68.4%), reaching an all-time high margin.
- Employee, A&P and other expenses were up 11%, 20%, and 2% YoY.
- As percentage of sales, other expenses stood at 16.1% (down 90bp YoY), advertising expenses at 14.6% (up 150bp YoY), and staff cost at 7.9% (up 20bp YoY).
- EBITDA margin expanded ~550bp YoY to 33.6%.
- EBITDA grew 29.6% YoY to INR4.7b (est. INR4.2b).
- PBT grew 35.6% YoY to INR4.4b (est. INR3.9b).

- Adj. PAT grew 35.7% YoY to INR3.3b (est. INR2.9b).
- In 9MFY24 Net sales/EBITDA/adj. PAT growth stood at 8.3%/25.0%/29.1% YoY.

Other takeaways

- Overall volume growth declined marginally; the toothpaste segment saw flat to marginal positive volume growth.
- The price hike was implemented at the end of 2QFY24; full benefits were visible in 3QFY24.
- Toothpaste clocked double-digit revenue growth, whereas toothbrush sales experienced a decline.
- The toothbrush mix was unfavorable, registering a decline in volume growth.
- Volume trajectory is gradually seeing progression, but there is still a degree of caution regarding the recovery in rural markets.
- In categories such as oral care, changes in price and volume are relatively less sensitive compared to home care. Therefore, implementing price cuts may not significantly contribute to the recovery of volumes.
- Natural segment (industry-wide) has witnessed a similar trend with no divergence between natural products and others.
- Gross margin achieved in 9MFY24 (68-69%) are more sustainable than those achieved in 3QFY24 (72%).
- The company remained focused on volume recovery instead of further expanding its operating margin.

Valuation and view

- With a beat on EBITDA margin, we raise our FY24 and FY25 estimates by 5-3% EPS.
- The sales/EBITDA/PAT CAGR for the 10-year period ending FY23 stood at 5%/9%/8%. Despite this, the overall growth seems stagnant, anticipated muted volume growth in the future. Additionally, due to high oral care penetration and competition from herbal players, CLGT has struggled to achieve volume growth for several years. Moreover, premiumization in general trade and traction in personal care have been slow.
- FY25 will be a testing period to check margin trajectory. It seems both gross margin and EBITDA margin have elevated to unsustainable levels. The ongoing debate between prioritizing growth vs. maintaining margins will persist, and to accelerating the growth, margins mat at risk.
- Given the likelihood of continued weak topline and earnings growth in the future, it is unlikely that the stock will undergo a re-rating. We reiterate our Neutral rating on the stock with a **TP of INR2,400** (target multiple of 45x Dec'25E EPS, close to a five-year average).

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Volume Gr %	-4.0	-2.5	-2.5	-4.5	3.0	-1.0	-1.0	0.0	-3.4	0.3	2.0	
Net Sales (inclgd. OOI)	11,968	13,875	12,913	13,506	13,237	14,711	13,957	14,574	52,262	56,471	13,744	1.5%
<i>YoY change (%)</i>	-2.9	8.1	10.7	-0.1	10.6	6.0	8.1	7.9	3.8	8.1	6.4	
COGS	4,031	5,029	4,407	4,475	4,179	4,594	3,883	4,287	17,942	16,983	4,345	
Gross Profit	7,938	8,846	8,506	9,031	9,058	10,117	10,073	10,288	34,320	39,488	9,400	7.2%
<i>Gross margin (%)</i>	66.3	63.8	65.9	66.9	68.4	68.8	72.2	70.6	65.7	69.9	68.4	
Other operating Expenses	4,681	4,766	4,891	4,512	4,877	5,295	5,389	5,279	18,850	20,794	5,170	
<i>% to sales</i>	39.1	34.3	37.9	33.4	36.8	36.0	38.6	36.2	36.1	36.8	37.6	
EBITDA	3,257	4,080	3,615	4,519	4,181	4,821	4,684	5,008	15,470	18,694	4,230	10.7%
<i>Margins (%)</i>	27.2	29.4	28.0	33.5	31.6	32.8	33.6	34.4	29.6	33.1	30.8	
<i>YoY growth (%)</i>	-12.1	-3.3	1.8	12.8	28.4	18.2	29.6	10.8	-0.1	20.8	17.0	
Depreciation	442	439	437	431	438	443	414	474	1,748	1,768	482	
Interest	13	13	13	11	11	11	15	14	49	50	14	
Financial other Income	115	113	104	204	150	210	179	162	536	701	135	
PBT	2,918	3,741	3,269	4,281	3,883	4,578	4,434	4,682	14,209	17,577	3,869	14.6%
Tax	727	961	837	1,100	951	1,178	1,133	1,119	3,724	4,375	987	
<i>Rate (%)</i>	24.9	25.7	25.6	25.7	24.5	25.7	25.6	23.9	26.2	24.9	25.5	
Adj PAT	2,167	2,780	2,432	3,175	2,883	3,401	3,301	3,563	10,584	13,202	2,882	14.5%
<i>YoY change (%)</i>	-12.8	-11.6	4.3	18.0	33.1	22.3	35.7	12.2	-0.7	24.7	18.5	

E: MOFSL Estimates



IDFC First Bank

Estimate change

TP change

Rating change



Bloomberg	IDFCFB IN
Equity Shares (m)	6618
M.Cap.(INRb)/(USDb)	619.8 / 7.5
52-Week Range (INR)	101 / 52
1, 6, 12 Rel. Per (%)	-2/0/28
12M Avg Val (INR M)	3153

Financial and Valuation Summary (INR b)

Y/E March	FY23	FY24E	FY25E
NII	126.4	164.1	198.5
OP	49.3	62.5	81.9
NP	24.4	30.3	39.7
NIM (%)	5.9	6.3	6.3
EPS (INR)	3.8	4.5	5.8
BV/Sh. (INR)	39	47	53
ABV/Sh. (INR)	37	45	51

Ratios

RoE (%)	10.4	10.5	11.7
RoA (%)	1.1	1.2	1.3

Valuations

P/E(X)	23.2	19.5	15.1
P/BV (X)	2.3	1.9	1.7
P/ABV (X)	2.4	2.0	1.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	37.5	39.4	36.4
DII	10.4	9.5	13.9
FII	24.3	24.5	19.8
Others	27.9	27.5	30.0

FII Includes depository receipts

CMP: INR88

TP: INR85 (-3%)

Neutral

Higher provisions dent earnings; cost ratios stay elevated

Liability franchise growing steadily

- IDFC First Bank (IDFCFB) reported 3QFY24 PAT of INR7.2b (up 18.4% YoY, 8% miss) due to higher provisions and opex.
- NII grew 30.5% YoY, led by healthy loan growth and improvement in margins (up 10bp QoQ at 6.42%). Other income grew 31.6% YoY to INR15.2b. Opex grew 33.5% YoY to INR42.4b, resulting in a 115bp QoQ increase in the C/I ratio to 73.1%.
- Loan book (incl. credit subs) grew 27%YoY/4.2% QoQ. Deposit growth was robust at 37% YoY, with CASA mix increasing 40bp QoQ to 46.8%.
- **We estimate the bank to deliver a ~30% earnings CAGR over FY24-26, with RoA/RoE of 1.3%/13.5% in FY26. Maintain Neutral with a revised TP of INR85.**

Margins improve 10bp QoQ; Asset quality ratios stable

- IDFCFB reported 3QFY24 PAT of INR7.2b (up 18.4% YoY; 8% miss), led by higher provisions and operating expenses. Provisions increased by 45.4% YoY to INR6.5b (17% higher than our estimate).
- NII grew 30.5% YoY to INR42.9b (in line), driven by healthy loan growth (up 27% YoY) and improved margins at 6.42% (up 10bp QoQ). The bank expects the margins to remain stable and has introduced Guidance 2.0 with an RoA target of 1.9-2.0% by FY29.
- Other income grew 32% YoY with steady 31% YoY growth in core fees. Opex grew 33.5% YoY, with C/I ratio staying elevated at 73.1%. PPop rose 24% YoY to INR15.6b (in line).
- On the business front, gross loans and advances grew 24.5% YoY/3.4% QoQ, led by 47.4%/29.3% YoY growth in Rural/Retail finance. The SME & Corporate book also grew 15.6% YoY. Within retail, growth was led by housing (19% YoY), vehicle finance (31% YoY), consumer loan (37.6% YoY) and cards (57% YoY). The share of consumer and rural finance stood at 71% as on 3QFY24.
- Deposit grew 37% YoY (up 6.6% QoQ), along with healthy growth in CASA deposits. CASA ratio thus improved 40bp QoQ to 46.8%.
- Asset quality remained stable, with GNPA ratio declining by 7bp QoQ to 2.0% and NNPA ratio remaining unchanged at 0.68%. PCR moderated slightly to ~67%. SMA book rose marginally to 0.85% (0.77% in 2QFY24), while restructured book declined to 0.35% of funded assets in 3QFY24.

Highlights from the management commentary

- IDFCB has unveiled Guidance 2.0, under which it targets a 24.8% CAGR in deposits and 20.3% CAGR in loans over FY24-29.
- The bank has guided for 1.9-2.0% RoA and 17-18% RoE by FY29.

- Cost-income ratio is higher at 73.1%, as the bank is in the expansion phase. The drag is mainly coming from the liability side of the book and the bank expects it improve successively from FY25-end.
- In credit cards, the bank expects to break-even by FY25 and report profit by FY26.

Valuation and view

IDFCFB delivered a mixed quarter, with a miss in earnings (due to higher provisions) and improvements in margins sequentially. Deposit traction remained robust, while CASA mix improved sequentially, defying the systemic trend. RoA stood at 1.16% as high opex remained a drag. We believe that the C/I ratio may remain elevated in the near term, mainly due to the need for deposit mobilization at a healthy run rate and continued investments in business, technology, and branches. We estimate margins to remain stable, benefiting from steady loan growth, limited deposit re-pricing, and further replacement of high-cost borrowings in FY25. We estimate the bank to deliver a ~30% earnings CAGR over FY24-26, with RoA/RoE of 1.3%/13.5% in FY26.

Maintain Neutral with a revised TP of INR85 (1.6x Sep'25E ABV).

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	27.5	30.0	32.9	36.0	37.5	39.5	42.9	44.2	126.4	164.1	41.8	3%
% Change (Y-o-Y)	25.9	32.1	27.3	34.7	36.1	31.6	30.5	23.0	30.2	29.8	27.2	
Other Income	8.6	10.6	11.5	14.0	14.1	14.3	15.2	15.8	44.7	59.4	15.0	1%
Total Income	36.1	40.6	44.4	49.9	51.6	53.8	58.0	60.0	171.0	223.5	56.8	2%
Operating Expenses	26.6	28.9	31.8	34.4	36.6	38.7	42.4	43.3	121.7	160.9	40.7	4%
Operating Profit	9.4	11.7	12.6	15.6	15.0	15.1	15.6	16.8	49.3	62.5	16.0	-2%
% Change (Y-o-Y)	-5.1	68.7	63.8	88.6	59.0	29.2	23.9	7.8	50.2	26.8	27.1	
Provisions	3.1	4.2	4.5	4.8	4.8	5.3	6.5	5.8	16.6	22.4	5.6	17%
Profit before Tax	6.4	7.4	8.1	10.8	10.2	9.8	9.1	11.0	32.7	40.1	10.4	-13%
Tax	1.6	1.9	2.1	2.7	2.6	2.3	1.9	3.0	8.3	9.8	2.6	-27%
Net Profit	4.7	5.6	6.0	8.0	7.7	7.5	7.2	8.0	24.4	30.3	7.8	-8%
% Change (Y-o-Y)	NM	266.1	115.1	134.2	61.3	35.2	18.4	-0.4	NM	24.4	28.5	
Operating Parameters												
Deposit (INR b)	1,133	1,234	1,330	1,446	1,544	1,712	1,825	1,909	1,446	1,909	1,792	
Deposit Growth (%)	24.1	36.8	43.4	36.9	36.2	38.7	37.2	32.0	36.9	32.0	34.7	
Loan (INR b)	1,326	1,402	1,457	1,564	1,674	1,781	1,855	1,919	1,518	1,919	1,865	
Loan Growth (%)	22.0	37.1	25.2	26.0	26.3	27.0	27.3	22.7	28.8	26.4	26.8	
Asset Quality												
Gross NPA (%)	3.4	3.2	3.0	2.5	2.2	2.1	2.0	2.0	2.6	2.1	2.1	
Net NPA (%)	1.3	1.1	1.0	0.9	0.7	0.7	0.7	0.6	0.9	0.6	0.7	
PCR (%)	62.0	66.3	66.0	66.4	68.1	68.2	66.9	69.1	66.4	69.1	68.6	

Source: MOFSL, Company



Persistent Systems

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR7,922 TP: INR8,110 (+2%) Neutral

Bloomberg	PSYS IN
Equity Shares (m)	76
M.Cap.(INRb)/(USDb)	609.4 / 7.3
52-Week Range (INR)	7965 / 3951
1, 6, 12 Rel. Per (%)	11/49/64
12M Avg Val (INR M)	2292

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	98.1	113.7	133.1
EBIT Margin (%)	14.6	15.2	16.1
Adj. PAT	11.3	13.7	16.9
Adj. EPS (INR)	146.4	177.7	219.4
PAT	10.8	13.7	16.9
EPS (INR)	140.1	177.7	219.4
EPS Gr.(%)	17.7	21.4	23.4
BV/Sh.(INR)	614.6	732.1	877.1

Ratios

RoE (%)	26.1	26.8	27.7
RoCE (%)	21.4	22.2	23.4
Payout (%)	35.0	35.0	35.0

Valuations

P/E (x)	54.1	44.6	36.1
P/BV (x)	12.9	10.8	9.0
EV/EBITDA (x)	33.7	27.8	22.3
Div. Yield (%)	0.6	0.8	1.0

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	31.1	31.1	31.3
DII	28.7	28.0	25.9
FII	23.3	22.9	22.4
Others	18.0	18.0	20.4

FII Includes depository receipts

Growth outlook already baked into the price

Growth momentum continues; led by strong business mix

- Persistent Systems (PSYS) delivered 3QFY24 revenue of USD300.6m, up 3.1% QoQ in CC terms, in line with our estimate. Deal win TCW was at a record high (USD 521m), aided by strong wins and renewals in North America. EBITDA margin at 17.7% (up 90bp QoQ) beat our estimates; the improvement was attributed to seasonality in IP business and SG&A optimization.
- PSYS's 3QFY24 revenue performance was positive, although the growth was skewed toward Healthcare and Life (up 16% QoQ); the other two verticals reported muted growth. Despite a seasonal furlough, the deal TCW recorded yet another quarter of strong growth, up 8.8% QoQ (vs +26% QoQ in 2Q), translating to 1.7x BTB.
- 3Q revenue growth was aided by IP seasonality and earlier deal ramp-ups in Healthcare; however, the healthy deal pipeline and strong conversion should lead to a balanced growth in 4Q. Additionally, the insulated service mix and lower dependency on discretionary spends are also leading to strong renewals and conversion, unlike its peers. The management was confident of delivering a top-quartile growth, while remaining cautiously positive on the macro outlook. We believe, the strong deal wins and continued momentum in its growth vectors are the strong foundations for FY25E/FY26E growth. We are building in USD revenue CAGR of 16% over FY24E-FY26E.
- PSYS saw a sharp margin improvement of 90bp on account of strong annuity-based (IP) revenues and SG&A optimization. The management was confident of achieving further improvement in margin, led by enhanced productivity, resulting from previous fresher and lateral hires. Additionally, it anticipates leveraging SG&A optimization from its earlier strategic investments. PSYS further reiterated its aspiration of 200-300bp EBITDA margin improvement over the next two to three years. We expect EBIT margin at 15.2%/16.1% in FY25/FY26, which will lead to FY24-26E PAT CAGR of 22%.
- The stock is currently trading at a rich valuation of 36x FY26E EPS, leaving little room for further upside, despite the strong growth delivery. We believe PSYS' valuation appropriately factors in the favorable growth along with the adverse macro environment. We value the stock at 37x FY26E EPS. We reiterate **Neutral** as we see limited upside from the current levels.

Strong execution on margins; recorded highest-ever deal TCW

- Persistent Systems' 3QFY24 revenue stood at USD300.6m (in line with our estimate), up 3.1% QoQ in CC terms. It reported USD growth of 3.0% QoQ.

- Growth was again led by the healthcare sector, which was up 16.4% QoQ vs 7.0% QoQ reported in 2Q. Hi-Tech and BFSI segments experienced a growth of 0.1% and a decline of 0.5% QoQ, respectively.
- In terms of regional performance, North America & APAC grew 3.7% and 4.0% QoQ, respectively, while Europe was weak, down 3.5% QoQ.
- 3Q saw the highest ever TCV of USD 521m, up 9% QoQ and 18% YoY (1.7x Book to Bill).
- Net headcount was up 494 (up 2.3% QoQ); utilization was up 90bp QoQ at 81.5%; TTM Attrition moderated further to 11.9% (down 160bp QoQ)
- EBITDA margin stood at 17.7%, up 90bp QoQ. It was above our estimate of 17.0%, clocking a sharp recovery from 2Q wage hike impact.
- Adj. PAT stood at INR 2.9b (up 8.7% QoQ), above our estimate of INR 2.7b on account of a margin beat.
- The company has proposed a stock split of 1:2. The board has declared an interim dividend of INR 32 per share.

Key highlights from the management commentary

- The demand environment remains fluid with account mining and new deal wins serving as the major drivers for growth. Both existing and newly acquired accounts played a significant role in driving top-line growth in 3Q. While there are some green shoots on the discretionary spends, it is not yet substantial.
- North America has witnessed strong deal wins in 3Q, aided by robust deal pipeline. About 75% of the deal TCV is attributed to North America and it has witnessed a higher number of renewals that lead to stronger ACV and TCV in 3Q.
- The robust healthcare growth in 3Q is driven by the substantial contribution from medical devices, with pharma and healthcare provider businesses taking the lead in the US region. Additionally, the company has made strategic investments in the payer domain, which is expected to get materialized over the course of time.
- The improvement in margin was led by seasonality in the IP business, contributing an 80bp increase (includes +30 bp rise in utilization). Additionally, there was a +60 bp improvement attributed to SG&A optimization. However, this was partially offset by furloughs and ramp-ups in the onsite mix (led to increase in subcon).

Improvement in growth already priced in; maintain Neutral

- While its peers have struggled to deliver positive growth and outlook, PSYS has maintained its growth momentum with sharp execution on margins during the quarter.
- The deal TCVs were strong in 3Q and it is building a strong foundation for growth in FY25/FY26. The company's: 1) strong performance in recent years, 2) healthy order book, and 3) strong deal pipeline indicate an encouraging demand trend.
- The stock is currently trading at 36x FY26E EPS. Our TP is based on 37x FY26E EPS. We reiterate our **Neutral** rating as we believe the positives have already been captured and the stock offers limited upside from its current levels.

Quarterly performance (IFRS)												(INR m)
Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%/bp)
Revenue (USD m)	241.5	255.6	264.4	274.6	282.9	291.7	300.6	310.0	1,036	1,185	300.0	0.2
QoQ (%)	11.1	5.8	3.4	3.9	3.0	3.1	3.0	3.1	35.3	14.4	2.8	22bp
Revenue (INR m)	18,781	20,486	21,694	22,545	23,212	24,117	24,982	25,732	83,506	98,043	24,987	0.0
QoQ (%)	14.7	9.1	5.9	3.9	3.0	3.9	3.6	3.0			3.6	-2bp
YoY (%)	52.7	51.6	45.4	37.6	23.6	17.7	15.2	14.1	46.2	17.4	15.2	-2bp
GPM (%)	33.8	33.5	33.8	33.9	34.2	33.1	33.8	33.9	33.8	33.7	33.0	80bp
SGA (%)	16.1	15.5	15.3	15.5	16.0	16.3	16.1	15.7	15.6	16.0	16.0	11bp
EBITDA	3,333	3,680	4,016	4,163	4,229	4,052	4,418	4,683	15,191	17,383	4,248	4.0
EBITDA margin (%)	17.7	18.0	18.5	18.5	18.2	16.8	17.7	18.2	18.2	17.7	17.0	69bp
EBIT	2,688	2,987	3,332	3,466	3,466	3,308	3,631	3,886	12,472	14,290	3,473	4.5
EBIT Margin (%)	14.3	14.6	15.4	15.4	14.9	13.7	14.5	15.1	14.9	14.6	13.9	63bp
Other income	131	-31	192	-60	90	250	262	103	233	705	100	162.1
ETR (%)	24.9	25.6	24.1	26.2	22.0	26.0	26.5	25.0	25.2	24.9	25.0	
PAT	2,116	2,200	2,676	2,515	2,774	2,633	2,861	2,991	9,507	11,259	2,680	6.8
QoQ (%)	5.3	4.0	21.6	-6.0	10.3	-5.1	8.7	4.5			1.8	689bp
YoY (%)	33.3	36.0	51.7	25.1	31.1	19.7	6.9	18.9	36.2	18.4	0.1	678bp
EPS (INR)	27.7	28.8	31.1	32.9	29.8	34.2	37.2	38.9	120.5	140.1	34.8	6.8



One 97 Communications

Estimate change

TP change

Rating change

Bloomberg	PAYTM IN
Equity Shares (m)	649
M.Cap.(INRb)/(USD\$)	498.7 / 6
52-Week Range (INR)	998 / 503
1, 6, 12 Rel. Per (%)	26/-16/23
12M Avg Val (INR M)	3950

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Revenue from Op	79.9	108.6	141.0
Contribution			
Profit	39.0	60.7	77.9
Adjusted EBITDA	(1.8)	9.5	15.3
EBITDA	(16.3)	(5.7)	3.6
PAT	(17.8)	(8.5)	(0.3)
EPS (INR)	(28.0)	(13.2)	(0.5)
EPS Gr. (%)	(24.1)	(52.7)	NM

Ratios

Contribution			
Margin %	48.8	55.9	55.3
Adjusted			
EBITDA Margin %	(2.2)	8.8	10.9
EBITDA Margin (%)	(20.4)	(5.3)	2.5
RoE (%)	(13.1)	(6.6)	(0.3)
RoA (%)	(9.9)	(4.8)	(0.2)

Valuations

P/E(X)	(28.0)	(59.3)	NM
P/BV (X)	3.8	3.9	4.0
P/Sales (X)	6.2	4.6	3.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	0.0
DII	6.1	4.1	1.9
FII	63.7	60.9	72.8
Others	30.2	24.3	25.3

FII Includes depository receipts

CMP: INR785

TP: INR975 (+24%)

Buy

Steady performance amid high uncertainty

Adj. EBITDA beat estimates; business metrics tracking well despite curtailment in postpaid disbursements

- Paytm reported a net loss of INR2.2b (vs. est. of INR2.6b loss) in 3QFY24. Total revenue grew 38% YoY/13% QoQ to INR28.5b (broadly in line), driven by healthy growth in GMV and an increase in merchant subscription revenues, partly offset by some moderation in disbursements.
- Net payment margin grew 63% YoY/6% QoQ to INR7.5b, which, along with healthy financial services and commerce revenue, resulted in contribution margin of ~53% (vs. est. of 55%).
- We increase our adj. EBITDA earnings estimate by 19%/2% for FY24/FY25, and we expect Paytm to turn profitable in FY26 and expect it to report EBITDA of INR3.6b by FY25. **We retain our BUY rating on the stock.**

GMV beat estimates; Healthy traction in high-ticket PL, ML segments

- Paytm reported a loss of INR2.2b in 3QFY24 vs. a loss of INR2.9b in 2QFY24 (vs. est. of INR2.6b loss). 3QFY24 GMV grew 47% YoY/13% QoQ to INR5.1t (6% beat). Loan disbursements moderated as Paytm curtailed disbursements in small-ticket BNPL (17% QoQ decline). The other two lending products Merchant and Personal Loans posted healthy growth of 9% and 14% QoQ respectively.
- Total revenue growth was healthy at 38% YoY/13% QoQ to INR28.5b (broadly in line), led by an increase in GMV and growth in subscription revenues.
- Revenue from payment and financial services grew 43% YoY/10% QoQ to INR22.9b (broadly in line), with 36% YoY/6% QoQ growth in Financial services revenue and healthy growth in payments to merchants at 69% YoY/17% QoQ. Mix of Financial services in total revenues has seen some moderation amid slower disbursements to 21% vs 23% in 2Q24.
- Revenue from commerce and cloud services grew at a healthy pace of 22% YoY (up 21% QoQ) to INR5.1b. The majority of the cloud business is now advertising services and co-branded credit cards, while marketing cloud business continues to decline. The number of active cards increased by 0.14m to ~1.01m.
- Payment processing margin moderated but remained in the 7-9bp range because of the festive season and the rise in usage of non-UPI instruments like EMIs and cards. Thus, net payment margin grew 63% YoY/6% QoQ to INR7.5b, aided by healthy subscription revenue as the number of subscription devices increased to 10.6m from 9.2m in 2Q.
- Direct expenses stood at 47% of total revenues (43% in 2QFY24), mainly driven by an increase in payment processing charges and opex. Contribution profit stood at INR15.2b, with contribution margin of 53% (est. 55%).
- Adjusted EBITDA stood at INR2.2b vs. INR1.5b in 2QFY24. Adjusted EBITDA margin improved to 7.7% from 6.1% in 2QFY24.

Highlights from the management commentary

- Disbursements under Paytm postpaid moderated on expected lines and the next quarter will have the full impact.
- Paytm has more than 20m whitelist users and the company aims to expand the list of potential customers as well as platform partners. 3Q saw disbursements of INR4.9b in the high-ticket PL segment, with INR2b in Dec'23 itself.
- The Postpaid business has higher opex, and thus the moderation in the disbursement run rate will have a limited impact on EBITDA.

Valuation and view

Paytm reported a steady quarter amid high uncertainty, with sustained momentum in GMV. However, disbursements saw some moderation. Strong traction in subscription devices further supported healthy revenue growth and helped the company build a robust pipeline for its merchant loan business. Contribution margin moderated slightly on seasonally high payment processing charges, but the management expects to sustain it in mid-50s. Adjusted EBITDA came in better than our estimates. We estimate a 25% CAGR in disbursements over coming years, led by continued traction in PL & ML segments. The company is already seeing healthy demand in high-ticket segments. We estimate Paytm to achieve EBITDA breakeven in 2HFY25 and start reporting profits in FY26. **We value Paytm based on 20x FY28E EBITDA and discount the same to FY26E at a discount rate of ~15%. We thus value the stock at INR975, which implies 4.2x FY26E P/Sales.**

Quarterly performance

	(INR b)											
	FY23				FY24E				FY23	FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Payment Services to Consumers	5.2	5.5	5.1	5.2	5.5	5.8	6.0	7.5	21.1	24.8	6.1	-0.0
Payment Services to Merchants	5.6	6.2	6.4	9.2	8.4	9.2	10.8	10.7	27.4	39.1	9.8	0.1
Financial Services and Others	2.7	3.5	4.5	4.8	5.2	5.7	6.1	6.4	15.4	23.4	6.1	0.0
Payment and Financial Services	13.5	15.2	16.0	19.2	19.2	20.7	22.9	26.5	63.8	89.3	22.0	0.0
% Change (Y-o-Y)	95.4	80.6	43.2	58.6	42.4	36.1	43.0	38.5	65.5	39.9	37.5	0.1
Commerce and Cloud Services	3.3	3.8	4.2	3.9	4.1	4.2	5.1	4.6	15.2	18.1	4.9	0.0
% Change (Y-o-Y)	64.8	54.6	23.8	22.7	22.0	12.5	22.4	17.9	37.6	18.9	17.5	0.3
Revenue from Operations	16.8	19.1	20.6	23.4	23.4	25.2	28.5	31.5	79.9	108.6	27.3	0.0
% Change (Y-o-Y)	88.7	76.2	41.7	51.5	39.3	31.6	38.2	35.0	60.6	36.0	32.1	0.2
Direct Expenses	9.5	10.7	10.2	10.5	10.4	10.9	13.3	13.3	40.9	47.9	12.4	0.1
Contribution Profit	7.3	8.4	10.5	12.8	13.0	14.3	15.2	18.2	39.0	60.7	14.9	0.0
% Change (Y-o-Y)	197.4	223.4	131.0	138.1	79.3	69.2	45.1	41.9	160.4	55.7	41.9	0.1
Indirect Expenses	10.0	10.1	10.2	10.5	12.2	12.7	13.0	13.3	40.8	51.2	12.8	0.0
Adjusted EBITDA	-2.7	-1.7	0.3	2.3	0.8	1.5	2.2	5.0	-1.8	9.5	2.0	0.1
EBITDA	-6.3	-5.4	-3.3	-1.3	-2.9	-2.3	-1.6	1.1	-16.3	-5.7	-1.8	-0.1
PAT	-6.4	-5.7	-3.9	-1.7	-3.6	-2.9	-2.2	0.1	-17.8	-8.5	-2.6	-0.2
% Change (Y-o-Y)	68.5	20.4	-49.6	-77.9	-44.5	-48.9	-43.9	-108.2	-25.9	-52.1	-32.9	0.3
Operating Parameters												
GMV (INRt)	3.0	3.2	3.5	3.6	4.1	4.5	5.1	4.9	13.2	18.5	4.8	0.1
Disbursements (INR b)	55.5	73.1	99.6	125.5	148.5	162.1	155.4	142.6	353.8	608.5	126.4	0.2
GMV Growth (%)	101.5	62.6	38.4	39.8	36.8	41.5	47.4	34.2	55.2	40.0	39.2	
Disbursements Growth (%)	778.8	481.8	356.6	253.3	167.3	121.7	56.0	13.6	364.2	72.0	27.0	
Asset Quality												
Contribution Margin	43.3	44.0	50.8	55.0	55.7	56.6	53.3	57.8	48.8	55.9	54.6	-121
Adjusted EBITDA Margin (%)	-16.3	-8.7	1.5	10.0	3.6	6.1	7.7	15.7	-2.2	8.8	7.5	20
EBITDA Margin (%)	-37.7	-28.1	-16.0	-5.5	-12.5	-9.2	-5.5	3.5	-20.4	-5.3	-6.7	117

E: MOFSL Estimates



Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR6,278 TP: INR6,600 (+5%) Neutral

Retaining FY24 guidance implies a strong 4Q exit

Reiterate Neutral due to full valuations

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	387.7 / 4.7
52-Week Range (INR)	6789 / 3565
1, 6, 12 Rel. Per (%)	2/22/33
12M Avg Val (INR M)	2636

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	92.4	105.2	118.2
EBITDA Margin (%)	16.7	18.1	18.3
PAT	8.6	11.9	13.8
EPS (INR)	140.1	193.1	223.6
Adj. PAT	8.8	11.9	13.8
Adj. EPS (INR)	140.6	190.3	220.3
Adj. EPS Gr. (%)	7.7	35.3	15.8
BV/Sh. (INR)	558.5	653.8	764.3

Ratios

RoE (%)	26.3	31.1	30.9
RoCE (%)	23.7	26.4	26.8
Payout (%)	55.0	50.0	50.0

Valuations

P/E (x)	44.6	33.0	28.5
P/BV (x)	11.2	9.6	8.2
EV/EBITDA (x)	24.5	19.8	17.2
Div Yield (%)	1.2	1.5	1.8

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	0.0	26.6	40.1
DII	54.3	37.2	26.5
FII	34.4	24.8	21.0
Others	11.4	11.4	12.5

FII Includes depository receipts

- Coforge (COFORGE) reported 3QFY24 revenue growth of 1.8% QoQ in CC terms, above our estimates. Reported revenue stood at USD282.0m (up 1.4% QoQ/12.0% YoY). The growth was driven by BFS with 3.3% QoQ growth, while the other two verticals – TTH and Insurance – were weak, declining 2.4% and 1.3% QoQ, respectively.
- The company reported a robust order intake of USD354m in 3QFY24 with three large deals (1 NN+ 2 Renewals). These took the overall deals signed in 9MFY24 to USD1.2b (BTB of 1.4x), and resulted in a robust 12-month executable order book of USD974m (+16.8% YoY). However, given the extreme furlough impact in 3QFY24, management now expects FY24 USD CC revenue growth to be at the lower range of the guidance range (13-16% YoY).
- While management reiterated its view that the overall macro demand outlook remains tight, with the CY24 budget likely to remain stable vs. the previous year, the company continues to gain wallet share. This has been evident in their retaining guidance, which we saw as a potential risk due to the increased furloughs during 3Q. With guidance retained at 13%-16% YoY in CC, we expect the company to be a little ahead of its lower band. This should also help them generate a tailwind heading into FY25. We expect COFORGE to deliver a revenue CAGR of 12.4% for FY23-26.
- Further, despite the 3Q EBITDA margin missing our estimates slightly due to furloughs, management was very confident of delivering significant margin improvement in 4QFY24 (+150-200bp QoQ), which should help them exit the year at ~20% EBITDA margin (ahead of the profile a year ago). Management also highlighted the view that the FY25 EBITDA margin will be up YoY. We continue to see this as achievable propelled by multiple tailwinds. We have raised our FY25/FY26 EPS estimates by 1-3% to factor in the 3Q results. This would lead to a 19.2% INR PAT CAGR over FY23-26E.
- We, however, believe that the robust outlook is already factored into the price, and we do not see any potential upside from here. **Our TP of INR6,600 implies 30x FY26E EPS. We reiterate our NEUTRAL rating on fair valuations.**

Performance mixed; guidance maintained

- **COFORGE posted USD revenue growth of 1.8% QoQ in CC, against our estimates of 0.7% CC. Reported USD growth was 1.4% QoQ.**
- Growth was fueled by BFS (+3.3% QoQ), while TTH and Insurance reported a decline of 2.4% and 1.3% QoQ, respectively.
- There was a strong order intake of USD354m (+13% QoQ); further, the 12M executable orders rose 16% YoY to USD974m. COFORGE signed three large deals during the quarter.
- EBITDA margin (pre-RSU) stood at 18.0%, up 40bp QoQ vs. our estimate of 18.5% for the quarter.

- Utilization dropped 60bp QoQ to 79.4%; net employee addition was muted and attrition dipped 90bp QoQ to 12.1%.
- Adj PAT was at INR2.4b (+31.6% QoQ) vs. our expectations of INR2.7b. The miss was due to lower other income during 3QFY24.
- FY24 revenue guidance was maintained in the range of 13-16% YoY CC, while adjusted EBITDA (Pre-RSU) would be at similar level as FY23.
- The Board declared a dividend of INR19 per share.

Key highlights from the management commentary

- The demand environment continues to be challenging, with clients evaluating their budgets. The IT budgets are likely to be flat or improve slightly over CY23. However, the budget might have a positive bias in the latter half of the year once the macro challenges recede.
- The third quarter had an extreme furlough impact, which hit the TTH and Insurance verticals. The top-10 clients are banking-heavy accounts, where the furlough impact has been higher than anticipated.
- Given the extreme furlough impact in 3QFY24, and pain within the ex-BFS vertical, the fourth quarter requires a significant heavy lifting to reach the middle or upper-end of the guidance band. Management was comfortable delivering FY24 growth at the lower end of the guidance band of 13-16%.
- The margin is expected to see a sharp improvement of 150-200bp in 4Q, partly driven by the reversal of furlough impact. The third quarter had a furlough impact of 40-50bp on margin.

Valuation and view: Guidance maintained; but valuations remain full

- We expect the large deal ramp-ups and healthy funnel to support its growth despite the near-term challenges. These would help the company achieve its FY24 revenue guidance.
- Strong execution, robust client mining, and continued investment in S&M have helped the company gain wallet share and deliver industry-leading growth.
- However, we believe that the robust outlook is already factored into the price and we do not see any potential upside from here on. **Our TP of INR6,600 implies 30x FY26E EPS. We reiterate our NEUTRAL rating on fair valuations.**

Quarterly Performance (Ind-AS)

Y/E March (Consolidated)	FY23				FY24				FY23	FY24E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY24	
Rev. (USD m)	239	247	252	264	272	278	282	292	1,002	1,124	280	0.7
QoQ (%)	2.7	3.4	1.9	5.0	2.8	2.3	1.4	3.4	15.6	12.2	0.7	73bp
Revenue (INR m)	18,294	19,594	20,558	21,700	22,210	22,762	23,233	24,206	80,146	92,411	23,321	-0.4
YoY (%)	25.2	24.9	24.0	24.5	21.4	16.2	13.0	11.5	24.6	15.3	13.4	-43bp
GPM (%)	30.4	32.0	33.4	34.1	30.7	32.5	33.1	34.5	32.5	32.7	33.0	5bp
SGA (%)	13.9	13.7	14.9	14.5	14.7	14.9	15.1	14.5	14.3	14.8	14.5	60bp
EBITDA (INR m)	2,922	3,449	3,615	4,076	3,316	3,473	4,012	4,672	14,062	15,473	4,035	-0.6
EBITDA Margin (%)	16.0	17.6	17.6	18.8	14.9	15.3	17.3	19.3	17.5	16.7	17.3	-3bp
EBIT (INR m)	2,292	2,835	2,991	3,359	2,559	2,701	3,201	3,849	11,477	12,310	3,265	-2.0
EBIT Margin (%)	12.5	14.5	14.5	15.5	11.5	11.9	13.8	15.9	14.3	13.3	14.0	-22bp
Other income	-76	-150	83	-487	-152	-295	-257	-121	-630	-825	233	-210.2
ETR (%)	22.2	17.7	23.3	18.3	20.1	21.9	17.5	23.0	20.4	20.8	21.5	-18.5
Minority Interest	-222.0	-195.0	-77.0	-19.0	-104.0	-69.0	-48.0	-83.0	-513.0	-304.0	-69.5	-31.0
Adj. PAT	1,501	2,016	2,282	2,327	1,818	1,809	2,380	2,787	8,126	8,795	2,677	-11.1
QoQ (%)	-29.3	34.3	13.2	2.0	-21.9	-0.5	31.6	17.1			48.0	-1639bp
YoY (%)	10.3	32.7	21.1	9.6	21.2	-10.3	4.3	19.8	18.0	8.2	17.3	-1299bp
Adj. EPS (INR)	24.2	32.5	36.7	37.4	29.2	29.0	38.1	44.6	130.6	140.6	42.9	-11.2



Metro Brands

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD\$)	309.8 / 3.7
52-Week Range (INR)	1441 / 736
1, 6, 12 Rel. Per (%)	-12/0/14
12M Avg Val (INR M)	188

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	21.3	23.8	29.4
EBITDA	6.8	6.9	9.1
Adj. PAT	3.6	3.2	4.4
EBITDA Margin (%)	31.9	29.0	30.9
Adj. EPS (INR)	13.3	11.7	16.1
EPS Gr. (%)	70.7	(12.1)	38.2
BV/Sh. (INR)	58.3	65.8	76.2

Ratios

Net D:E	0.2	0.3	0.3
RoE (%)	25.7	19.3	23.3
RoCE (%)	18.4	13.6	15.4
Payout (%)	37.4	37.2	37.2

Valuations

P/E (x)	87.7	99.8	72.2
EV/EBITDA (x)	47.8	47.3	36.0
EV/Sales (X)	15.2	13.7	11.1
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	0.9	1.4	1.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	74.2	74.2	74.2
DII	6.0	6.1	4.9
FII	2.7	2.3	3.2
Others	17.2	17.5	17.6

FII Includes depository receipts

CMP: INR1,140 TP: INR1,380 (+18%)

Buy

Soft earnings; recovery likely in FY25

- Metro Brands (METRO) reported weak revenue growth of 6% YoY (12% miss) as same-store sales declined 10% due to a high base last year (Covid) and a soft demand and pricing environment. A higher growth contribution of INR3000+ ASP products boosted gross margins, which resulted in adj. EBITDA margin/PAT margin of 33.6%/18% (in line).
- In the near term, we believe that the risk of soft demand, potential losses in Fila, and a moderation in margins could weigh on growth. But, in the long term, healthy store economics, steady store adds and a growth opportunity in Fila/Foot Locker should drive a CAGR of 22%/32% in revenue/PAT over FY24-26. We reiterate our BUY rating on the stock.

PAT down 13% (big miss) dragged by lower revenues and CBL loss

- Consolidated revenues grew 6% YoY to INR6.4b (12% miss) mainly drive by footprint addition as revenue/sqft remained a drag due to higher base.
- Excluding CBL revenue, revenue grew 5% YoY to INR6.3b.
- The company added net 23 stores in 3QFY24 taking the total store count to 840 stores. Excluding FILA, the company added net 31 stores.
- Gross profit increased 7% YoY to INR3.8b while margins saw an expansion of 70bps YoY to 59.9%.
- EBITDA witnessed a decline of 3% YoY to INR2b (17% miss) as the higher Gross margins were offset by higher employee and other expenses. Adjusting for CBL loss, EBITDA was up 3% YoY to INR2.1b with 33.6% margin.
- PAT witnessed a decline of 13% YoY to INR981m (25% miss). However, adjusting CBL loss, PAT remained flat YoY at INR1.1b.
- For 9MFY24, revenues reported a growth of 12% YoY to INR17.7b, while EBITDA grew by merely 1% to INR5.4b dragged by lower margins from Cravatex and higher opex. PAT for 9MFY24 reported a decline of 13% YoY to INR2.6b dragged by losses from CBL.

Key takeaways from management commentary

- **Guidance:** The management has reiterated its guidance of 55-57% gross margins, +30% EBITDA margin and 15-17% NP margin. Revenue growth would be ~18%, led by store adds and SSSG.
- **SSSG could remain weak in 4QFY24:** There has not been any economic headwind for target customers. The decline in same-store sales was due to a high base of last year's post-Covid demand, which could impact 4QFY24 as well.
- **Fila inventory** stands at INR300m on cost and is expected to be liquidated by Jun'24.
- **Foot Locker-** Expects the productivity to be similar/higher compared to Metro. The company would open 3,000/5,000 sqft stores in metro and Tier 1 cities.

Valuation and view

- At P/E of 57x on FY26E EPS, METRO trades at rich valuations, considering: 1) a strong runway for growth, largely funded through internal sources, given its strong OCF-to-EBITDA ratio of over 50%; and b) superior store economics reflected in the balance sheet and a healthy RoIC of +50%.
- In the near term, we believe that the risk of soft demand, potential losses in Fila, and a moderation in margins could weigh on growth. But, in the long term, healthy store economics, steady store adds and growth opportunity in Fila/Foot Locker should drive growth.
- We factor in a CAGR of 22%/32% in revenue/PAT over FY24-26 and assign PE of 60x on FY26E PAT of METRO's existing portfolio. A combination of superior store economics and a strong runway of growth should allow METRO to garner rich valuations going ahead.
- We have not factored in Fila and Foot Locker earnings, but we believe they have revenue potential of INR15-20b over the next 3-5 years (i.e., 30-40% share of METRO). Since both the brands are at the initial stage of investing, we value Fila/Foot Locker at a ~75% discount to the potential value, which creates an option value of INR150 (Exhibit 2), thus arriving at a valuation of INR1,380 per share.

Consolidated - Quarterly Earning

Y/E March	(INR m)											
	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Var (%)
Revenue	5,080	4,763	5,987	5,441	5,825	5,557	6,355	6,078	21,271	23,815	7,207	-11.8
YoY Change (%)	286.6	46.7	23.8	35.0	14.7	16.7	6.1	11.7	58.4	12.0	20.4	
Total Expenditure	3,251	3,292	3,935	4,006	3,959	4,003	4,365	4,593	14,483	16,921	4,811	-9.3
EBITDA	1,829	1,472	2,052	1,436	1,866	1,554	1,990	1,485	6,788	6,895	2,396	-17.0
EBITDA Margin (%)	36.0	30.9	34.3	26.4	32.0	28.0	31.3	24.4	31.9	29.0	33.3	1.9
Depreciation	390	414	504	502	543	572	586	600	1,810	2,300	593	-1.1
Interest	134	148	173	175	185	197	204	223	631	809	201	1.3
Other Income	93	118	146	187	144	162	160	161	544	626	153	3.9
PBT	1,397	1,027	1,521	946	1,282	946	1,359	823	4,891	4,411	1,756	-22.6
Tax	345	253	394	267	353	275	379	228	1,257	1,235	457	-17.1
Rate (%)	24.7	24.6	25.9	28.2	27.5	29.1	27.9	27.7	25.7	28.0	26.0	
MI & Profit/Loss of Asso. Cos.	5	5	2	8	0	0	0	0	20	0	0	
PAT before MI	1,052	774	1,128	680	929	671	981	595	3,634	3,176	1,300	-24.5
Adj PAT post MI	1,058	779	1,130	688	929	671	981	595	3,654	3,176	1,300	-24.5
YoY Change (%)	-973	41	11	-1	-12	-14	-13	-13	70.4	-13.1	15	

E: MOFSL Estimates



CreditAccess Grameen

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	CRE DAG IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	266.7 / 3.2
52-Week Range (INR)	1796 / 834
1, 6, 12 Rel. Per (%)	-1/19/64
12M Avg Val (INR M)	461

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	31.2	38.4	46.4
Total Income	34.3	41.8	50.2
PPoP	23.8	28.9	34.7
PAT	14.8	17.9	21.4
EPS (INR)	93	113	135
EPS Gr. (%)	79	21	20
BV (INR)	415	527	662

Ratios (%)

NIM	14.4	14.1	13.9
C/I ratio	30.5	30.8	30.9
Credit cost	1.8	1.8	1.8
RoA	5.9	5.6	5.4
RoE	25.3	23.9	22.6

Valuations

P/E (x)	18.1	14.9	12.5
P/BV (x)	4.1	3.2	2.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	66.7	66.7	73.7
DII	15.8	15.8	12.6
FII	12.0	11.5	9.6
Others	5.6	11.8	4.2

FII Includes depository receipts

Please refer our thematic report on MFI:

Unlocking growth; empowering lives!



CMP: INR1,675 TP: INR1,985 (+18%) Buy

Earnings in line; higher credit costs offset by lower opex

NIM stable QoQ, but asset quality deteriorates due to TN floods

- CreditAccess Grameen (CREDAG) delivered a healthy operational performance in 3QFY24, with ~64% YoY growth in PAT to ~INR3.5b. NII jumped 49% YoY to ~INR8b, with a stable NIM (reported) of ~13.1%.
- PPop grew 59% YoY to ~INR6b, with scale benefits and positive operating leverage resulting in a cost-income ratio (CIR) of ~30% (PY: ~36%). Even with ~50bp reduction in lending rates from Dec'23 onwards, management maintained its NIM guidance of 12.7-12.8% and CIR of 31-32%. We model NIM (calc.) and CIR of ~14.1% and ~31%, respectively, in FY25E.
- Implementation of the Core Banking Solution (CBS) impacted hurt disbursements and customer acquisition in 3QFY24 resulting in customer acquisitions of ~270K (PQ: ~330K). Disbursements were affected in Nov'23 but exhibited a robust recovery in Dec'23.
- GNPA/NNPA deteriorated ~20bp/5bp QoQ to ~0.97%/~0.3% due to floods in Tamil Nadu and higher steady-state PAR from non-Karnataka states. This also led to annualized credit costs rising ~45bp QoQ to 2.3% (PQ: 1.8% and PY: 2.2%).
- We estimate a CAGR of 24%/37% in AUM/PAT over FY23-FY26, leading to an RoA/RoE of ~5.4%/23% in FY26. Despite cyclical tailwinds, the upcoming general election this year is a near-term risk for the sector. We strongly believe that the magnitude and frequency of loan waivers (if any) will be much lower than in the past.
- While the current valuation of 2.5x Mar'26E P/BV is not inexpensive, CREDAG will continue to deliver robust return ratios, aided by a strong underlying business model. **We reiterate our BUY rating with a revised TP of INR1,985 (based on a target multiple of 3.0x Mar'26E P/BV).**

Highlights from the management commentary

- Management guided that the CoB has peaked out and will remain stable in the near term.
- The company reiterated its FY24 AUM growth guidance of 25%. It does not expect to raise equity capital for 2-3 years and will go for a capital raise when the CRAR is below 20%.

Valuation and view

- CREDAG is primed to dominate the segment by: a) providing the lowest-cost organized financing, b) improving operational efficiency through continuous technology enhancement, and c) integrating risk management in every process to drive superior asset quality and lower credit costs.
- CREDAG's robust execution has been vindicated by its resilience across various credit cycles and external disturbances. With a strong capital position (Tier-1 of ~24%), the company can very well navigate any potential disruptions in the future and also capitalize on the growth opportunity over the medium term. **Reiterate our BUY rating on the stock with a revised TP of INR1,985 (based on 3.0x Mar'26 P/BV).**

CRE DAG: Quarterly Performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	3QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	7,363	7,713	8,548	9,648	11,052	11,874	12,444	13,168	33,271	48,537	12,510	-1
Interest Expenses	2,798	2,732	3,142	3,456	3,849	4,239	4,415	4,849	12,129	17,352	4,641	-5
Net Interest Income	4,565	4,981	5,406	6,192	7,203	7,635	8,029	8,319	21,143	31,185	7,869	2
YoY Growth (%)	35.1	35.1	31.2	34.2	57.8	53.3	48.5	34.4	33.5	47.5	45.6	
Other Income	233	434	540	1,015	656	602	509	1,322	2,237	3,088	499	2
Total Income	4,798	5,415	5,946	7,206	7,858	8,237	8,537	9,641	23,379	34,274	8,368	2
YoY Growth (%)	30.4	38.9	32.0	29.3	63.8	52.1	43.6	33.8	32.4	46.6	40.7	
Operating Expenses	1,909	2,067	2,160	2,177	2,420	2,611	2,520	2,916	8,315	10,464	2,733	-8
Operating Profit	2,889	3,348	3,785	5,029	5,438	5,626	6,018	6,725	15,064	23,810	5,634	7
YoY Growth (%)	33.5	53	38	36	88	68	59	34	40	58	49	
Provisions & Loan Losses	1,009	1,054	894	1,053	764	959	1,262	954	4,010	3,939	963	31
Profit before Tax	1,880	2,294	2,891	3,976	4,674	4,668	4,756	5,771	11,054	19,871	4,671	2
Tax Provisions	493	529	733	1,010	1,189	1,197	1,222	1,458	2,794	5,067	1,191	3
Net Profit	1,387	1,766	2,158	2,966	3,485	3,470	3,533	4,312	8,261	14,804	3,480	2
YoY Growth (%)	583.6	196.5	84.5	85.3	151.3	96.6	63.7	45.4	131.5	79.2	61.2	
AUM Growth (%)	23.3	24.0	21.9	26.7	39.7	36.0	31.5	26.2	29.0	27.7	32.6	
NIM (%)	11.3	12.4	12.6	12.8	13.4	13.8	14.0	13.3	12.5	14.4	13.7	
Cost to Income Ratio (%)	39.8	38.2	36.3	30.2	30.8	31.7	29.5	30.2	35.6	30.5	32.7	
Tax Rate (%)	26.2	23.0	25.3	25.4	25.4	25.7	25.7	25.3	25.3	25.5	25.5	
Key Parameters (%)												
Yield on loans	18.4	19.1	19.6	19.7	20.7	21.1	21.0					
Cost of funds	9.1	9.2	9.6	9.5	9.6	9.8	9.8					
Spread	9.3	9.9	10.0	10.2	11.1	11.3	11.2					
NIM	11.1	12.0	11.9	12.2	13.0	13.1	13.1					
Credit cost	2.5	2.6	2.1	2.2	1.4	1.7	2.2					
Cost to Income Ratio (%)	39.8	38.2	36.3	30.2	30.8	31.7	29.5					
Tax Rate (%)	26.2	23.0	25.3	25.4	25.4	25.7	25.7					
Performance ratios (%)												
GLP/Branch (INR m)	93	98	103	118	119	120	123					
GLP/Loan Officer (INR m)	14.8	15.3	15.0	18.3	18.1	16.9	17.9					
Borrowers/Branch	2,195	2,255	2,281	2,387	2,422	2,452	2,478					
Borrowers/Loan Officer	349	351	333	371	367	345	360					
Balance Sheet Parameters												
Gross loan portfolio (INR B)	156.2	165.4	177.9	210.3	218.1	224.9	233.8	265.4	210.3	265.4		
Change YoY (%)	23.3	24.0	21.9	26.7	39.7	36.0	31.5	26.2	26.7	26.2		
Disbursements (INR B)	24.2	43.8	48.5	71.7	47.7	49.7	53.4	84.3	188.1	235.1		
Change YoY (%)	126.9	12.5	2.7	23.8	97.5	13.5	10.3	17.6	21.6	25.0		
Borrowings (INR B)	118.8	123.1	135.7	164.1	168.2	177.6	190.7	211.7				
Change YoY (%)	21.5	22.4	18.5	27.0	41.6	44.3	40.5	29.0				
Borrowings/Loans (%)	84.0	81.0	82.8	86.2	84.9	85.0	86.3	88.2				
Debt/Equity (x)	2.9	2.8	3.0	3.2	3.1	3.1	3.1	3.2				
Asset Quality (%)												
GS 3 (INR M)	4,584	3,400	2,887	2,368	1,817	1,657	2,197					
G3 %	3.1	2.2	1.7	1.2	0.9	0.8	1.0					
NS 3 (INR M)	1,667	1,187	985	812	552	509	650					
NS3 %	1.2	0.8	0.6	0.4	0.3	0.2	0.3					
PCR (%)	63.6	65.1	65.9	65.7	69.6	69.3	70.4					
ECL (%)	3.0	2.3	1.9	0.0	1.6	1.6	1.8					
Return Ratios - YTD (%)												
ROA (Rep)	3.1	4.0	4.6	5.5	5.8	5.6	5.5					
ROE (Rep)	13.4	16.1	18.8	24.0	26.4	24.7	23.6					

E: MOFSL Estimates

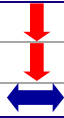


360ONE WAM

Estimate change

TP change

Rating change



Bloomberg	360ONE IN
Equity Shares (m)	356
M.Cap.(INRb)/(USD\$)	225.4 / 2.7
52-Week Range (INR)	735 / 395
1, 6, 12 Rel. Per (%)	-4/13/10
12M Avg Val (INR M)	285

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Net Revenues	17.4	21.0	24.1
Opex	8.9	10.0	11.0
Core PBT	8.5	11.0	13.1
PAT	7.6	9.1	11.0
EPS	21.5	25.7	30.9
EPS Grw (%)	16.2	19.6	20.2
BV	91.5	96.6	102.8

Ratios

PBT margin (bp)	21.1	22.6	24.0
PAT margin (bp)	19.1	18.7	20.1
RoE (%)	24.0	27.3	31.0
Div. Payout (%)	80.0	80.0	80.0

Valuations

P/E (x)	29.3	24.5	20.4
P/BV (x)	6.9	6.5	6.1
Div. Yield (%)	2.7	3.3	3.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	20.8	21.5	23.2
DII	6.4	3.8	3.1
FII	61.9	63.9	23.0
Others	10.8	10.8	50.8

FII Includes depository receipts

CMP: INR629

TP: INR770 (+22%)

Buy

Profitability in line; yields on ARR assets flat sequentially

- 360ONE's total revenue grew 6% YoY to INR4.4b in 3QFY24, in line with our estimate, mainly driven by a 9% QoQ jump in ARR income (in line) to INR3.4b. However, TBR income fell 13% QoQ to INR1b.
- Total opex rose 24% YoY to ~INR2.3b, which was 6% higher than our estimate. Increased employee costs (6% above estimate) led to higher opex in 3QFY24.
- Employee costs jumped 30% YoY. Total ESOP cost came in at INR120m (up 109% YoY and up 33% QoQ). During the quarter, 360ONE's cost-to-income ratio increased ~760bp YoY to 52.5% (vs. our estimate of 48%).
- PBT for the quarter was broadly in line at ~INR2.4b. PAT grew 13% YoY to INR1.9b in 3QFY24.
- For 9MFY24, Revenue/PAT grew 9%/12% YoY to INR12.7b/INR5.7b.
- Total AUM rose 32% YoY to INR4.54t, led by a continued focus on scaling up the ARR assets. ARR AUM was up 33% YoY to INR2.21t.
- The board has approved an interim dividend of INR4 per share.
- We have revised down our EPS estimates by 3.4%/1% for FY25/FY26 to factor in higher cost on account of additional headcount (including senior level hires) in the ultra HNI segment and cost relating to new business initiatives (mid-market segment and global platform). **We retain our BUY rating on the stock with a one-year TP of INR770 (based on 25x Mar'26E EPS).**

ARR asset yields stable

- On a closing AUM basis, ARR assets grew 33% YoY to INR2.2t. TBR assets increased 31% YoY to INR2.3t.
- AUM for 360ONE plus (IIFL ONE) grew 90% YoY and 22% QoQ to INR675b, led by a sharp rise in non-discretionary AUM (up 177% YoY and up 37% QoQ) to INR488b. However, discretionary AUM declined 11% YoY and 2% QoQ to INR97b.
- Retentions on ARR assets stood at 64bp in 3QFY24 vs. 78bp in 3QFY23. Retentions on ARR assets for wealth management stood at 60bp (vs. 75bp in 3QFY23) and for asset management segment they stood at 72bp (vs. 83bp in 3QFY23).
- Retentions in IIFL-ONE were flat QoQ to 19bp (27bp in 3QFY23) as retentions on non-discretionary AUM came in at 17bp (27bp in 3QFY23).
- Retentions in AIF improved sequentially to 93bp (104bp in 3QFY23) as retentions on Listed Equity AUM improved sequentially to 149bp.

Highlights from the management commentary

- The next six to nine months is going to be an investment phase for 360ONE WAM. The company recently added 35 new hires to its wealth sales team. Typically, wealth sales teams mature and achieve breakeven within 15 to 18 months.

- The company expects CIR to reduce to 47-47.5% by the end of FY25 from the 49% currently. Furthermore, from FY26, the CIR is projected to decrease further to 45%.
- The launch of the HNI proposition for the new businesses is progressing as planned. This initiative has the potential to contribute INR 100b (65-70% from HNI and rest from global platform). Yields from these new businesses are expected to fall within the range of 70-75bp.

Valuation and view: Decent 3Q performance; reiterate BUY

360ONE is looking to diversify its presence in terms of client segment (mass affluent) and geography (lower tier cities). It is also building a global platform. Resultant investments into team building has kept the costs at elevated levels. The benefits of these investments are likely to be back ended. **We retain our BUY rating with a one-year TP of INR770 (based on 25x Mar'26E EPS).**

Quarterly performance

Y/E March	FY23				FY24E				FY24E	3Q Act. Vs		INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		FY24E Est. (%)	YoY	QoQ	
Net Revenues	3,747	3,825	4,150	3,929	4,060	4,270	4,400	4,662	17,392	4,521	-3	6%	3%
Change (%)	32.2	21.7	9.7	-7.1	8.4	11.6	6.0	18.6	11.1	9.0			
ARR Assets Income	3,017	2,843	3,053	2,797	3,240	3,110	3,390	3,628	13,368	3,421	-1	11%	9%
TBR Assets Income	730	982	1,097	1,132	820	1,160	1,010	1,033	4,023	1,100	-8	-8%	-13%
Operating Expenses	1,670	1,794	1,863	1,850	2,090	2,140	2,310	2,380	8,920	2,172	6	24%	8%
Change (%)	9.1	3.7	-16.1	-21.3	25.1	19.3	24.0	28.6	24.2	16.6			
Cost to Income Ratio (%)	44.6	46.9	44.9	47.1	51.5	50.1	52.5	51.1	51.3	48.0	446bps	760bp	238bp
Operating Profits	2,077	2,031	2,286	2,079	1,970	2,130	2,090	2,282	8,472	2,349	-11	-9%	-2%
Change (%)	59.3	43.7	46.4	10.7	-5.1	4.9	-8.6	9.8	0.1	2.8			
Other Income	-60	225	-54	-78	290	140	270	150	850	100			
Profit Before Tax	2,017	2,255	2,232	2,001	2,260	2,270	2,360	2,432	9,322	2,449	-4	6%	4%
Change (%)	33.6	19.1	12.7	-6.6	12.1	0.7	5.7	21.5	9.6	9.7			
Tax	449	512	517	447	403	408	429	437	1,678	563	-24	-17%	5%
Tax Rate (%)	22.2	22.7	23.2	22.3	17.8	18.0	18.2	18.0	18.0	23.0		-498bp	20bp
PAT	1,568	1,744	1,715	1,554	1,857	1,862	1,931	1,994	7,644	1,886	2	13%	4%
Change (%)	34.2	21.5	12.0	-6.2	18.4	6.8	12.6	28.3	16.2	10.0			
PAT Margins (%)	41.9	45.6	41.3	39.6	45.7	43.6	43.9	42.8	44.0	41.7	217bps	255bp	28bp
Key Operating Parameters (%)													
AUM (INR B)	3,147	3,333	3,447	3,408	3,827	4,125	4,539	4,665	3,827	4,241	7	32%	10%
Change (%)	33.8	29.9	31.2	30.2	21.6	23.8	31.7	36.9	12.3	23.0			
ARR Assets	1,429	1,550	1,665	1,672	1,904	2,025	2,208	2,334	1,904	2,141	3	33%	9%
TBR Assets	1,718	1,783	1,782	1,737	1,923	2,100	2,331	2,331	1,923	2,100	11	31%	11%
Yield on AUM - Calculated (%)	0.52	0.47	0.49	0.46	0.45	0.43	0.41	0.41	0.45	0.43			
ARR Assets	0.84	0.76	0.76	0.67	0.72	0.63	0.64	0.64	0.72	0.66			
TBR Assets	0.20	0.22	0.25	0.26	0.18	0.23	0.18	0.18	0.18	0.21			



Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR6,488 TP: INR6,795 (+3%) Neutral

Decline in earnings, led by lower realization and loss in some subsidiaries

Bloomberg	ATLP IN
Equity Shares (m)	30
M.Cap.(INRb)/(USDb)	191.5 / 2.3
52-Week Range (INR)	7779 / 6120
1, 6, 12 Rel. Per (%)	-7/-9/-32
12M Avg Val (INR M)	351
Free float (%)	54.9

Financials and Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	46.7	51.8	57.2
EBITDA	6.4	7.5	9.0
PAT	3.3	4.2	5.3
EPS (INR)	111.8	141.7	179.3
EPS Gr. (%)	-33.8	26.7	26.5
BV/Sh.(INR)	1,681.9	1,807.3	1,964.6

Ratios

Net D:E	0.0	0.0	0.0
RoE (%)	6.9	8.1	9.5
RoCE (%)	6.8	7.8	9.1
Payout (%)	15.0	15.0	15.0

Valuations

P/E (x)	58.9	46.5	36.8
P/BV (x)	3.9	3.6	3.4
EV/EBITDA (x)	30.3	26.2	21.8
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	0.2	-0.7	0.9

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	45.1	45.1	45.1
DII	26.1	26.5	24.2
FII	8.1	7.7	8.9
Others	20.8	21.2	21.8

FII Includes depository receipts

- Atul (ATLP) reported revenue in line with our estimates in 3QFY24. While revenue in the Life Science Chemicals segment declined 31% YoY, it increased by 2% YoY in the Performance & Other Chemicals segment. **Gross margin came in at 47.1% (down 10bp YoY), while EBITDAM declined 30bp YoY to 13.3% during the quarter.**
- Management highlighted that realization was lower for the company with increased volumes in the domestic market partly compensating for the weak demand in the export market. Decline in earnings this quarter is attributed to lower prices and underperformance of certain subsidiaries.
- **The Life Science Chemicals' contribution to EBIT dipped notably to 39% (from 82% in 3QFY23)**, whereas the contribution of Performance & Other Chemicals to overall EBIT jumped to 61% in 3QFY24 (from 16% in 3QFY23). Lower price realization and subdued demand in LATAM markets resulted in weak performance in the Life Science Chemicals segment.
- In case of **Performance and Other Chemicals segment**, lower price realization and poor export demand was partly compensated by a better domestic demand. There was also loss in some of the subsidiaries, partly due to the stabilization of operations that adversely impacted the performance of the segment.
- **The stock is trading at 46.5x FY25E EPS of INR141.7 and 26.2x FY25E EV/EBITDA.** We value the stock at 40x Dec'25E EPS to arrive at our TP of INR6,795. On a one-year forward basis, ATLP trades at 42.5x. We maintain our **Neutral** rating on the stock.

Beat on EBITDA and margin; pressure on both segments continue

- Revenue stood at INR11.4b (down 10% YoY). Life Science chemicals revenue stood at INR3.4b (down 31% YoY). Performance chemicals revenue was at INR8.4b (up 2% YoY)
- Gross margin stood at 47.1% (down 10bp YoY) and EBITDA margin was at 13.3% (down 30bp YoY). EBIT margin contracted for Life Science Chemicals significantly on a YoY basis. Life Science Chemicals margin stood at 12.6% (down 10pp YoY); EBIT at INR424m. Performance Chemicals margin stood at 7.8% (up 520bp YoY); EBIT at INR657m.
- **EBITDA came in at INR1.5b (est. of INR1.1b, down 12% YoY).** PAT stood at INR721m (est. of INR565m, down 30% YoY), **resulting in EPS of INR24.4.** **Contribution from the subsidiaries/JVs remained negative** (loss at INR377m in 3QFY24, vs. a loss of INR340m in 3QFY23 and a loss of INR121m in 2QFY24).
- **For 9MFY24**, revenue stood at INR35.1b (down 17% YoY), EBITDA at INR4.9b (down 22% YoY), and PAT at INR2.7b (down 36% YoY). EBITDAM stood at 13.9% (down 90bp YoY).

➤ For Life Science Chemicals, revenue stood at INR10.5b (down 32% YoY), EBIT at INR1.4b (down 59% YoY), while EBITM stood at 13% (down 840bp YoY). For Performance & Other Chemicals, revenue stood at INR25.8b (down 10% YoY), EBIT at INR2.3b (up 1% YoY), while EBITM was at 8.8% (up 100bp YoY).

Valuation and view – reiterate Neutral

- We highlight that the continued weakness in the agrochemical industry would have a negative impact on the earnings in the short to medium term. ATLP is facing short-term challenges due to a global economic slowdown and overvaluation as a commodity chemical firm. We expect ongoing earnings fluctuations to continue.
- **The stock is trading at 46.5x FY25E EPS of INR141.7 and 26.2x FY25E EV/EBITDA.** We value the stock at 40x Dec’25E EPS to arrive at our TP of INR6,795. On a one-year forward basis, ATLP trades at 42.5x. We maintain our **Neutral** rating on the stock.
- The upside risk could be a faster-than-expected ramp-up of new projects and products. Downside risks include weaker-than-expected revenue growth and margin compression.

Consolidated - Quarterly Snapshot

	(INR m)											
Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Gross Sales	14,769	14,873	12,683	11,952	11,820	11,937	11,378	11,548	54,275	46,683	11,041	3%
YoY Change (%)	36.7	19.0	-8.1	-12.8	-20.0	-19.7	-10.3	-3.4	6.8	-14.0	-12.9	
Gross Margin (%)	48.5%	47.1%	47.2%	45.8%	46.5%	44.1%	47.1%	46.4%	47.2%	46.0%	43.3%	3.8%
EBITDA	2,330	2,203	1,723	1,494	1,823	1,552	1,517	1,539	7,749	6,431	1,102	38%
Margin (%)	15.8	14.8	13.6	12.5	15.4	13.0	13.3	13.3	14.3	13.8	10.0	3.4
Depreciation	473	491	504	511	519	540	612	631	1,978	2,302	543	
Interest	16	19	22	22	20	19	21	20	79	80	21	
Other Income	359	319	229	242	82	221	150	177	1,149	630	204	
PBT before EO expense	2,200	2,011	1,425	1,203	1,365	1,215	1,034	1,066	6,840	4,679	742	39%
PBT	2,200	2,011	1,425	1,203	1,365	1,215	1,034	1,066	6,840	4,679	742	39%
Tax	577	544	394	297	364	325	334	269	1,812	1,291	198	
Rate (%)	26.2	27.0	27.6	24.7	26.7	26.7	32.3	25.2	26.5	27.6	26.7	
Minority Interest and P/L of Asso. Cos.	11	13	-3	16	20	22	21	23	38	86	22	
Reported PAT	1,635	1,481	1,029	922	1,021	912	721	821	5,066	3,474	565	27%
YoY change (%)	1.4	3.7	-32.1	-30.6	-37.6	-38.4	-30.0	-11.0	-15.2	-33.8	-45.1	
Margin (%)	11.1	10.0	8.1	7.7	8.6	7.6	6.3	7.1	9.2	7.1	5.1	1.2
Segmental Revenue (INR mn)												
Life Science Chemicals	4,847	5,742	4,917	4,086	3,502	3,620	3,378	3,652	19,592	14,152	3,361	1%
Performance & Other chemicals	10,570	9,913	8,280	8,299	8,745	8,684	8,406	8,558	37,062	34,393	8,168	3%
Others	113	94	159	130	117	165	109	204	496	596	156	-30%
Segmental EBIT (INR mn)												
Life Science Chemicals	795	1,418	1,107	906	522	417	424		4,227	1,364		
Performance & Other chemicals	1,302	730	213	157	890	722	657		2,403	2,269		
Others	-0	-24	26	11	18	41	-3		12	57		
Segmental EBIT Margin (%)												
Life Science Chemicals	16.4%	24.7%	22.5%	22.2%	14.9%	11.5%	12.6%		21.6%	9.6%		
Performance & Other chemicals	12.3%	7.4%	2.6%	1.9%	10.2%	8.3%	7.8%		6.5%	6.6%		
Others	-0.3%	-25.7%	16.0%	8.2%	15.5%	25.0%	-2.6%		2.3%	9.5%		



RBL Bank

Estimate change	
TP change	
Rating change	

Bloomberg	RBK IN
Equity Shares (m)	600
M.Cap.(INRb)/(USD\$)	160.1 / 1.9
52-Week Range (INR)	301 / 132
1, 6, 12 Rel. Per (%)	-8/15/39
12M Avg Val (INR M)	2465

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	50.0	60.6	71.1
OP	22.0	29.1	35.6
NP	8.8	11.4	15.5
NIM (%)	4.8	5.2	5.2
EPS (INR)	14.7	19.0	25.8
EPS Gr. (%)	NM	29.2	35.5
BV/Sh. (INR)	226	241	259
ABV/Sh. (INR)	215	234	251

Ratios

RoE (%)	6.7	8.1	10.3
RoA (%)	0.8	0.9	1.1

Valuations

P/E(X)	17.7	13.7	10.1
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.2	1.1	1.0

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	0.0
DII	19.8	19.5	22.6
FII	28.3	30.0	26.5
Others	52.0	53.4	50.8

FII Includes depository receipts

CMP: INR265 TP: INR270 (+2%) Neutral

Adjusted PAT in-line; AIF-related provisions dent earnings

NIMs to remain stable

- RBL Bank (RBK) reported 3QFY24 PAT of INR2.33b (26% miss) as the bank made a contingent provision of INR1.15b with respect to AIF investments pursuant to the RBI circular. Adjusted for this provision, PAT stood at INR3.19b (vs. our estimate of INR3.16b).
- NII grew 21% YoY to INR15.4b (in line; up 4.8% QoQ). NIMs moderated by 2bp QoQ to 5.52% in 3QFY24.
- Advances growth was healthy at 20% YoY/4.7% QoQ, led by healthy growth in the retail segment. Deposit growth stood at 13.5% YoY/3.3% QoQ. The CASA ratio moderated 195bp QoQ to 33.8%.
- Fresh slippages increased to INR6.7b. Gross NPA/NNPA ratios were largely flat at 3.12%/0.80%, while PCR declined 56bp QoQ to 75.1%.
- We cut our FY24/FY25 earnings estimates by 10%/9% and estimate FY25 RoA/RoE of 1.1%/10.3%. We reiterate our **Neutral stance with a revised TP of INR270 (1.0x Sep'25E ABV)**.

Business growth healthy; Asset quality ratios stable

- RBK reported a PAT of INR2.3b (up 11.5% YoY, 26% miss) due to higher provisions (AIF exposure). Adjusted for the provisions, PAT stood at INR3.19b (vs. our estimate of INR3.16b).
- Other income grew 25.7% YoY (broadly in line), led by a 24.4% YoY increase in fee income and treasury gains of INR467m (vs. INR282m in 2QFY24). Opex rose 17.3% YoY (up 7.6% QoQ). The C/I ratio, thus, increased ~60bp QoQ to 67.1%. PPop grew ~35% YoY to INR7.7b (in line).
- Advances grew 20% YoY (up 4.7% QoQ) to INR799b, driven by ~32.6% YoY growth in retail loans vs. 6% YoY growth in wholesale book. Rural vehicle finance grew 38.5% QoQ, while housing /retail agri grew 24.4%/20% QoQ. Credit card book grew 6.6% QoQ, with the mix of cards standing at 20% of loans.
- Deposits grew 13.5% YoY, led by 18.5% YoY growth in term deposits (up 6.4% QoQ). CASA deposits grew 4.6% YoY (down 2.3% QoQ). The CASA mix, thus, moderated 195bp QoQ to 33.8%.
- Fresh slippages stood at INR6.7b. Gross NPA/NNPA ratios were largely flat at 3.12%/0.80%, while PCR declined 56bp QoQ to 75.1%. Restructuring book moderated to 0.6% of loans vs. 0.9% in 2QFY24.

Highlights from the management commentary

- Advances growth would remain healthy at 20% YoY, led by retail business.
- Gross slippages** stood at INR6.66b, of which Cards at INR3.7b, MFI at INR1b, and Other retail assets at INR1.5b.
- RBL has taken entire provisions on AIF investments at INR1.15b on the total exposure at INR1.20b. Excluding that provisions, the bank's PAT would have increased 53% YoY and RoA would be 1.03%.

Valuation and view

RBK reported an in-line performance, adjusted for one-off provisions pursuant to the recent RBI circular on AIF exposure, which led to a decline in earnings. The business is seeing healthy growth and the management anticipates the momentum to remain consistent, driven by retail loans. Deposit growth was healthy, though the CASA ratio moderated. The bank has guided for advances growth of ~20% YoY, led by retail business. Deposits are also expected to grow at a similar pace. Asset quality remained stable with a decline in restructured book. We cut our FY24/FY25 earnings estimates by 10%/9% to factor in higher provisions/opex and estimate FY25 RoA/RoE of 1.1%/10.3%. We reiterate **our Neutral rating on the stock with a revised TP of INR270 (1.0x Sep'25E ABV)**.

Quarterly performance

(INR m)

	FY23				FY24E				FY23	FY24E	FY24E vs. our	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	Est
Net Interest Income	11,890	11,743	12,770	13,570	14,222	14,750	15,459	16,140	49,973	60,570	15,205	2%
% Change (Y-o-Y)	22.6	28.3	26.4	19.9	19.6	25.6	21.1	18.9	24.1	21.2	19.1	
Other Income	6,136	5,833	6,184	6,741	6,854	7,044	7,776	7,950	24,894	29,624	7,386	5%
Total Income	18,026	17,576	18,954	20,311	21,076	21,794	23,234	24,090	74,867	90,195	22,591	3%
Operating Expenses	12,735	12,453	13,282	14,373	14,601	14,484	15,582	16,446	52,843	61,114	14,751	6%
Operating Profit	5,291	5,124	5,672	5,938	6,475	7,310	7,652	7,644	22,025	29,081	7,840	-2%
% Change (Y-o-Y)	-30.9	-25.9	-10.1	-9.7	22.4	42.7	34.9	28.7	-19.8	32.0	38.2	
Provisions	2,530	2,415	2,927	2,347	2,662	6,404	4,581	3,341	10,219	16,987	3,614	27%
Profit before Tax	2,761	2,709	2,745	3,591	3,813	906	3,071	4,303	11,805	12,093	4,226	-27%
Tax	750	693	655	880	932	-2,035	740	1,047	2,978	685	1,065	-31%
Net Profit	2,012	2,016	2,090	2,711	2,881	2,941	2,331	3,256	8,827	11,409	3,161	-26%
% Change (Y-o-Y)	NM	NM	33.9	37.0	43.2	45.9	11.5	20.1	NM	29.2	51.3	
Operating Parameters												
Deposit (INR b)	792.2	794.0	817.5	848.9	856.4	897.8	927.5	981.3	848.9	981.3	940.6	
Loan (INR b)	602.7	629.4	666.8	702.1	730.9	763.2	799.5	835.5	702.1	835.5	796.1	
Deposit Growth (%)	6.4	5.0	11.0	7.4	8.1	13.1	13.5	15.6	7.4	15.6	15.1	
Loan Growth (%)	6.6	12.4	14.7	17.0	21.3	21.3	19.9	19.0	17.0	19.0	19.4	
Asset Quality												
Gross NPA (%)	4.1	3.8	3.6	3.4	3.2	3.1	3.1	3.0	3.4	3.0	3.0	
Net NPA (%)	1.2	1.3	1.2	1.1	1.0	0.8	0.8	0.7	1.1	0.7	0.8	
PCR (%)	72.5	67.8	68.0	68.1	69.6	75.6	75.1	75.6	68.1	75.6	75.3	

E: MOFSL Estimates



Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR561 TP: INR570 (+2%) Neutral

Tepid quarter due to hi-tech weakness

Adjusted margin now at more sustainable level

Bloomberg	ZENT IN
Equity Shares (m)	226
M.Cap.(INRb)/(USDb)	127.2 / 1.5
52-Week Range (INR)	644 / 216
1, 6, 12 Rel. Per (%)	-4/14/138
12M Avg Val (INR M)	912

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	49.0	52.7	59.0
EBIT Margin (%)	14.7	13.1	13.4
PAT	6.2	5.6	6.5
EPS (INR)	27.3	24.6	28.5
EPS Gr. (%)	89.8	-9.7	15.9
BV/Sh. (INR)	149.3	165.4	184.1

Ratios

RoE (%)	19.6	15.8	16.5
RoCE (%)	15.7	13.3	14.0
Payout (%)	30.3	30.3	30.3

Valuations

P/E (x)	20.6	22.8	19.7
P/BV (x)	3.8	3.4	3.0
EV/EBITDA (x)	12.9	12.8	10.8
Div Yield (%)	1.5	1.3	1.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	49.2	49.2	49.2
DII	16.5	16.5	11.5
FII	17.1	16.7	10.8
Others	17.2	20.9	28.6

FII Includes depository receipts

- ZENT reported a weak performance in 3QFY24 as revenue declined 3.2% QoQ in CC due to continued pressure in hi-tech vertical and higher furloughs. However, it was above our estimate of 4.4% QoQ decline. Deal TCV rose 28% YoY to USD168m but fell 14% sequentially from its peak in 3QFY24. Adjusted EBITDA margin was in line with our estimate of 16.2%, with reported EBITDA margin down 140bp QoQ due to the reversal of bad debt provisions.
- ZENT management expressed optimism on growth in most of its verticals, but it sees constraints in hi-tech (26% of revenues) segment, including extended furloughs. The weakness in hi-tech has impacted the overall growth of the company, leading to YoY decline in revenue for the last five quarters. We continue to see muted growth in 4Q as well, resulting in a weak exit and in turn impacting FY25 revenue growth. Given the challenging near-term macro outlook, especially in key verticals like Hi-Tech and Manufacturing (52% of 3Q revenues), we expect FY25 revenue growth to be 7.1%, before picking up in FY26. We factor in a modest USD revenue CAGR of 5.5% over FY23-26E.
- ZENT reported a write-back on a cost for the third straight quarter, with 3Q benefitting by 110bp. Adjusting that, the company has now returned to our comfortable margin range of around 16% (guidance of 14-16%), although this will act as a drag in the near-term YoY comparison given the high base. The management continues to target mid-teen EBITDA margin and reinvest above that level for growth. We expect ZENT to deliver 17.7% EBITDA margin in FY24 (including one-off benefits), but normalize to 15.9%/15.6% in FY25/FY26. This will result in an INR PAT CAGR of 26% over FY23-26E (partially on low FY23 base).
- We remain on the sidelines for the stock, especially given the headwinds on growth. Considering near-term challenges in a significant portion of its portfolio and limited upside on margins, we see current valuations at 20x FY26E EPS as fair. Our TP of INR570 implies 20x FY26E EPS. **Retain Neutral.**

Beat on revenues, in line margin performance

- USD revenue stood at USD144.7m, down 3.2% QoQ CC vs. our estimates of a 4.4% QoQ decline.** Reported USD revenue declined 3.0 % QoQ.
- Hi-Tech (-8.0% QoQ CC), Healthcare (-5.6% QoQ CC) and Manufacturing (-1.9% QoQ CC) reported weak growth, while BFS was muted at 0.1% QoQ CC.
- EBITDA margin stood at 17.2% (down 140bp QoQ) vs. our estimates of 16.1%. The decline in margin was offset by reversal of PDD (+100bp QoQ), hence adjusted EBITDA margin was 16.2% (in line with our estimate).**
- Net headcount was again down (-105 QoQ), LTM attrition was at 12.0% (down 110bps QoQ), utilization declined 240bp QoQ to 80.7%, and offshore revenue share rose 50bp QoQ.
- PAT of INR1,616m (-7.0% QoQ) beat our estimates of INR1,237m, led by a margin beat and forex gains.

Key highlights from the management commentary

- The furlough impact was deeper and wider in 3Q, which led to a significant decline in the performance of the hi-tech and healthcare verticals. ZENT expects the furlough impact to reverse for other verticals (except for hi-tech) in 4Q.
- The management believes that the verticals (except hi-tech) have bottomed out and should start contributing to revenue growth. Apart from furloughs, 3Q saw multiple deal closures, which affected the verticals.
- The company has announced a new vertical, Healthcare. It has started exploring the med-tech and life science segments that have a broader scope for innovations compared to the payer segment, which is highly saturated. The company's provider segment is large and focuses on selective deals
- The management reiterated its aspiration to keep the margin guidance band of 14-16%, while anything over and above would be re-invested to drive future growth. The company was working around few large deals, which had an impact on margins in 3Q.

Valuation and view

- The weakening global environment and worsening economic conditions in key economies are making the growth recovery difficult for the company in the near to medium term.
- The stock is trading at 20x (FY26E), in line with its small-cap peers. We believe ZENT's growth story is already factored into the price and it is trading at full valuation, leaving limited upside potential from its current level. **Maintain Neutral.**

Quarterly performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	Est. 3QFY24	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE				
Revenue (USD m)	156	155	146	148	149	150	145	148	604	592	143	1.0
QoQ (%)	1.8	-0.6	-5.9	1.1	1.2	0.6	-3.7	2.0	6.1	-2.1	-4.6	92bp
Revenue (INR m)	12,034	12,346	11,976	12,127	12,272	12,408	12,041	12,246	48,483	48,967	11,938	0.9
YoY (%)	28.5	17.5	8.6	5.1	2.0	0.5	0.5	1.0	14.2	1.0	-0.3	86bp
GPM (%)	26.6	25.3	27.4	31.9	33.6	31.8	31.1	32.9	27.8	32.4	32.8	-170bp
SGA (%)	15.3	16.8	16.1	17.4	14.9	13.2	13.9	16.8	16.4	14.7	16.7	-284bp
EBITDA	1,361	1,054	1,349	1,759	2,301	2,308	2,076	1,974	5,523	8,659	1,922	8.0
EBITDA Margin (%)	11.3	8.5	11.3	14.5	18.8	18.6	17.2	16.1	11.4	17.7	16.1	114bp
EBIT	871	562	852	1,408	1,878	1,942	1,764	1,631	3,693	7,215	1,540	14.5
EBIT Margin (%)	7.2	4.6	7.1	11.6	15.3	15.7	14.6	13.3	7.6	14.7	12.9	175bp
Other income	149	209	183	209	224	306	356	135	750	1,021	131	171.1
ETR (%)	26.4	26.3	26.1	26.2	25.7	22.7	23.8	26.0	26.2	24.4	26.0	
Adj. PAT	751	568	765	1,193	1,562	1,738	1,616	1,307	3,277	6,223	1,237	30.7
QoQ (%)	-42.1	-24.4	34.7	55.9	30.9	11.3	-7.0	-19.1			-28.8	
YoY (%)	-25.6	-39.8	-15.8	-8.0	108.0	206.0	111.2	9.5	-21.2	89.9	61.7	
EPS (INR)	3.3	2.5	3.4	5.2	6.8	7.6	7.1	5.7	14.4	27.3	5.4	30.7



Home First Finance

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	HOMEFIRS IN
Equity Shares (m)	88
M.Cap.(INRb)/(USD\$b)	89.2 / 1.1
52-Week Range (INR)	1061 / 655
1, 6, 12 Rel. Per (%)	0/17/18
12M Avg Val (INR M)	252

Financials Snapshot (INR b)

Y/E MARCH	FY24E	FY26E	FY26E
NII	5.3	6.7	8.5
PPOP	4.3	5.2	6.7
NP	3.1	3.7	4.8
EPS (INR)	34.5	41.9	54.2
EPS Gr. (%)	33.1	21.5	29.3
BV/Share	237	276	326

Ratios

NIM (%)	6.3	6.0	5.9
C/I ratio (%)	35.8	36.0	33.6
RoAA (%)	3.8	3.6	3.7
RoAE (%)	15.6	16.4	18.1

Valuations

P/E (x)	29.2	24.1	18.6
P/BV (x)	4.2	3.7	3.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	23.6	30.2	33.5
DII	11.7	10.0	6.5
FII	24.8	17.0	9.4
Others	39.8	42.2	50.6

FII Includes depository receipts

CMP: INR1009 **TP: INR1180 (+17%)** **Buy**

Earnings in line despite NIM compression; BT-outs moderate

Bounce rates rose QoQ but remain within a range

- Home First Finance's 3QFY24 PAT grew 35% YoY to INR788m (in line), while its 9MFY24 PAT rose ~35% YoY to INR2.2b. NII rose ~21% YoY to INR1.34b (in line). Non-interest income (25% beat) jumped 140% YoY, led primarily by higher assignment income and treasury income.
- Opex (in line) grew 38% YoY to INR611m while PPOP grew ~35% YoY to INR1.1b. Credit costs of INR70m (in line) translated into annualized credit costs of ~30bp (PQ: ~40bp).
- HomeFirst continued to build its distribution by taking steps to strengthen its presence in UP and MP. It has also been investing in technology and analytics to improve its underwriting and credit assessment capabilities. Steady execution has positioned HomeFirst well to capture the significant opportunity in the affordable housing segment.
- We model an AUM/PAT CAGR of ~31%/~28% over FY23-FY26E. Asset quality should strengthen, and credit costs are likely to remain benign over FY25-FY26E. **Reiterate BUY with a TP of INR1,180 (based on 3.6x FY26E BV).**

Business momentum strong with sequential decline in BT-out rate

- Disbursements grew 29% YoY to ~INR10b, resulting in 34% YoY AUM growth to ~INR90.1b. Management targets to scale up its AUM to ~INR200b by Mar'27, through the expansion of touchpoints/branches and market share gains by leveraging its technological prowess.
- In 3QFY24, the company undertook direct assignments of INR1.3b (up ~102% YoY) and co-lending transactions of ~INR610m (up 127% YoY). It expects the share of co-lending to rise to ~10% (3QFY24: ~6%) of the disbursement mix.
- BT-out rate (annualized) declined sequentially but remained elevated at ~7.5% (PQ: ~8.6% and PY: ~4.8%). Management attributed this improvement to customer retention efforts, and anticipates its decline to historical levels.

Spreads and NIM contract due to a moderation in yields and rise in CoF

- Reported yields moderated ~10bp QoQ to 13.5%, while the CoB rose ~10bp QoQ to 8.2%. Reported spreads contracted ~20bp QoQ to 5.3%. Portfolio yields declined due to: a) lower yields on NHB borrowings deployed for lending, and b) lower interest rates under co-lending.
- Reported NIM contracted ~35bp QoQ to 5.7%. Incremental CoF (excl. NHB borrowings) stood at 8.7%. Overall marginal CoF (incl. NHB borrowings) stood at 8.4% in 3QFY24. We model a NIM of 6.3%/6.0%/5.9% in FY24/FY25/FY26.

Marginal improvement in asset quality; bounce rate rises in 3QFY24/Jan'24

- GS3 improved ~5bp to 1.7%, and NS3 remained stable at 1.2% as of Dec'23. PCR declined ~40bp QoQ to ~30% in 3QFY24.
- 1+dpd remained stable at 4.5% while bounce rates inched up to ~15% in 3QFY24 and ~15.3% in Jan'24 (vs. ~14.2% in 2QFY24). Management shared that it has already recovered ~11% out of the ~15% customers who bounced in Jan'24.
- We model credit costs of ~35bp/30bp in FY25/FY26E.

Highlights from the management commentary

- Management guided for spreads between 5.0% and 5.25%. The business model works best from a growth perspective with this range of spreads.
- The company guided for CoB to increase by ~10bp and it expects the CoB to stabilize at ~8.3% in the next quarter.
- Bounce rates rose QoQ but remained within a ~100-150bp range, and the increase in bounce rates is not specific to any particular region.

Valuation and view

- HomeFirst has invested in building a franchise, which positions the company well to capitalize on the strong growth opportunity in affordable housing finance. The company continues to expand its distribution network in a contiguous manner, covering Tier I and II cities within its existing states.
- We estimate HomeFirst to deliver a ~31% AUM CAGR over FY23-FY26, along with NIM (as a % of average AUM) of 6.3%/6.0%/5.9% in FY24/FY25/FY26. We expect cost efficiencies to kick in and drive a sustained improvement in its operating cost ratios.
- HomeFirst's asset quality is likely to strengthen and credit costs are expected to remain low over FY24-FY26, as the company prioritizes early bucket collections, thus driving improvement in asset quality. **We reiterate our BUY rating on the stock with a TP of INR1,180 (premised on 3.6x Mar'26E BVPS).**
- **Key downside risks:** a) a sharp contraction in spreads and margins in order to sustain the business momentum, and b) higher BT-outs leading to lower AUM growth.

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	3Q FY24E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,547	1,727	1,902	2,047	2,313	2,491	2,646	2,827	7,222	10,277	2,641	0
Interest expenses	607	712	796	929	1,068	1,170	1,302	1,423	3,043	4,963	1,261	3
Net Interest Income	940	1,016	1,106	1,118	1,246	1,321	1,344	1,404	4,179	5,314	1,379	-3
YoY Growth (%)	50.8	58.2	54.2	31.4	32.6	30.1	21.4	25.6	41.2	27.1	24.7	
Other Income	147	167	152	266	285	289	364	379	734	1,317	292	25
Net Income	1,086	1,182	1,258	1,384	1,530	1,610	1,708	1,783	4,913	6,631	1,671	2
YoY Growth (%)	22.3	31.8	30.5	35.4	40.9	36.1	35.7	28.8	29.3	35.0	32.8	
Operating Expenses	387	441	443	475	553	565	611	644	1,746	2,372	587	4
Operating Profit	699	741	816	910	977	1,044	1,097	1,139	3,167	4,258	1,084	1
YoY Growth (%)	15.3	24.3	25.3	38.1	39.8	40.9	34.5	25.3	24.8	34.4	32.9	
Provisions and Cont.	36	50	60	70	77	80	70	76	215	303	70	0
Profit before Tax	663	692	756	840	900	964	1,027	1,063	2,952	3,955	1,014	1
Tax Provisions	151	149	170	200	209	221	239	228	669	898	228	5
Net Profit	512	543	586	640	691	743	788	835	2,283	3,058	786	0
YoY Growth (%)	46.0	20.9	27.6	6.4	34.9	36.9	34.5	30.4	21.1	33.9	34.1	
Key Operating Parameters (%)												
Other income to Net Income Ratio	13.5	14.1	12.1	19.2	18.6	17.9	21.3	21.3	14.9	19.9		
Credit Cost	0.26	0.33	0.37	0.40	0.41	0.40	0.32	0.33	1.67	1.7		
Cost to Income Ratio	35.7	37.3	35.2	34.3	36.1	35.1	35.7	36.1	35.5	35.8		
Tax Rate	22.7	21.5	22.5	23.8	23.2	23.0	23.3	21.5	22.7	22.7		
Balance Sheet Parameters												
AUM (INR m)	58,319	62,750	67,512	71,980	77,760	83,654	90,137	96,802	71,980	96,802		
Change YoY (%)	35.8	35.9	35.2	33.8	33.3	33.3	33.5	34.5	33.8	34.5		
Loans (INR m)	47,222	51,454	55,955	59,957	65,194	70,253	75,479		59,957	80,792		
Change YoY (%)	39.1	41.5	41.5	39.3	38.1	36.5	34.9		39.3	34.7		
Borrowings (INR m)	48,387	52,282	58,045	59,556	68,215	72,792	82,514		48,135	69,481		
Change YoY (%)	22.9	30.5	44.5	32.5	41.0	39.2	42.2		38.8	44.3		
Loans/Borrowings (%)	97.6	98.4	96.4	100.7	95.6	96.5	91.5		125	116		
Asset Quality Parameters (%)												
GS 3 (INR m)	1,020	1,001	1,008	974	1,077	1,233	1,295		974	1,300		
Gross Stage 3 (% on Assets)	2.1	1.9	1.8	1.6	1.6	1.7	1.7		1.6	1.59		
NS 3 (INR m)	791	737	715	643	743	859	908		643	897		
Net Stage 3 (% on Assets)	1.66	1.42	1.27	1.06	1.13	1.21	1.19		1.1	1.10		
PCR (%)	22.4	26.4	29.1	34.0	31.0	30.3	29.9		34.0	31.0		
ECL (%)	0.98	0.98	0.96	0.96	0.94	0.91	0.89		0.96	0.94		
Return Ratios (%)												
ROAA (Rep)	3.9	3.8	3.8	3.9	3.9	3.8	3.7		3.9	3.8		
ROAE (Rep)	12.8	13.1	13.7	14.4	15.0	15.6	15.8		13.5	15.6		

E: MOFSL Estimates



Spandana Sphoorty

Estimate change	↓
TP change	↑
Rating change	↔

CMP: INR1152 TP: INR1400 (+22%) Buy

Muted operating performance; asset quality deteriorates

NIM declined ~85bp QoQ; Teething issues in transition from monthly to weekly

Bloomberg	SPANDANA IN
Equity Shares (m)	71
M.Cap.(INRb)/(USD\$b)	82.3 / 1
52-Week Range (INR)	1243 / 470
1, 6, 12 Rel. Per (%)	14/49/81
12M Avg Val (INR M)	161

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	12.6	16.1	20.2
Total Income	15.8	19.3	23.6
PPoP	9.4	11.3	13.8
PAT	5.1	6.4	8.1
EPS (INR)	72	90	114
EPS Gr. (%)	4,024	24	27
BV (INR)	509	598	712

Ratios (%)

NIM	14.0	13.6	13.5
C/I ratio	40.5	41.6	41.4
Credit cost	2.8	2.3	2.0
RoA	4.7	4.6	4.6
RoE	15.2	16.2	17.3

Valuations

P/E (x)	16.0	12.9	10.1
P/BV (x)	2.3	1.9	1.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	59.9	60.4	63.0
DII	13.4	13.0	9.0
FII/FI/FIL	19.1	18.7	19.6
Others	7.6	7.9	8.4

FII Includes depository receipts

- PAT grew 79% YoY to ~INR1.27b (in line) in 3QFY24, driven by other income despite elevated high credit costs. 9MFY24 PAT stood at INR3.7b (vs. INR932m loss in 9MFY23). In 3QFY24, NII was up 46% YoY but flat QoQ at ~INR3.2b (in line).
- PPop declined 7% QoQ to INR2.4b because of lower assignment income of ~INR200m (vs. INR420m in 2QFY24). Spandana continued to pursue customer acquisition-led growth with the addition of ~340K customers (down 3% QoQ). The total borrower count rose ~10% QoQ to 2.96m.
- Spandana has refined its processes by adopting the right tools and technologies. The new management team has fortified governance and risk controls and scaled up multiple technology-related initiatives to further refine the JLG processes.
- Spandana trades at 1.6x Mar'26E P/BV, with RoA/RoE of 4.6%/17% in FY26E. Given the strong opportunity in the microfinance sector, we think Spandana is poised for a further rerating if it executes well on its stated goal of quality growth. **Maintain BUY with a TP of INR1,400 (premised on 2.0x FY26E BV).**

Customer acquisition along with strategic shifts will drive growth

- AUM grew ~52% YoY to ~INR104b. Disbursements rose ~8% YoY and 1% QoQ to INR25.4b. Oct'23 disbursements were impacted because of company's focus on collections after rolling out 'Project Parivartan'.
- The management excluded Haryana from its list of focus states. It will focus on Bihar, Rajasthan, Uttar Pradesh, West Bengal, Tamil Nadu, and Gujarat. We expect the AUM CAGR of ~31% over FY23-26.

NIM compression due to yield decline and improvement in leverage

- Reported yields declined ~40bp QoQ to ~24.1%. It included interest reversals of INR60m from forwards flows into the NPA bucket. CoF declined ~25bp QoQ to ~12.3%, resulting in a ~10bp QoQ decline in spreads to 11.7%.
- The management shared that it has not cut lending rates but is voluntarily offering lower interest rates to its higher vintage customers. There has been no formal communication from the RBI regarding lending rates.
- NIM declined ~85bp QoQ to ~13.3%, largely driven by an increase in finance costs due to improvements in leverage. We estimate NIM to decline to 13.6%/13.5% in FY25/FY26 (vs. FY24E: 14%).

Highlights from the management commentary

- It has guided for FY25 AUM of ~INR150b, with credit costs of <2%, RoA of >4.5% and RoE of 17-18%.
- Customers are mature and understand that there is nothing called a loan waiver. Central elections should not disrupt collections in the MFI sector.
- The management has guided for stressed pool of ~INR600m from the legacy book (pre-Apr'21) over the next 2-3 quarters.

'Project Parivartan' led to the deterioration in asset quality

- GS3 rose to 1.6% from 1.4% in 2Q. ~56% of GNPA pool was attributable to the Parivartan branches. NS3 stood at ~0.5% (up ~5bp QoQ). PCR remained stable at ~70%. The management expects teething issues from Project Parivartan to be resolved in the next 3-4 months.
- Gross collection efficiency (including arrears) declined to 99.9% (vs. 100.3% in 2Q) and net collection efficiency stood at 97.2% (vs. 97.7% in 2Q).
- Annualized credit costs in 3QFY24 stood at 3.1% (vs. ~4.2% in 2QFY24 and ~3.0% 3QFY23). Credit costs (new book) stood at ~1.4% in 9MFY24 and credit costs for direct assignment, ARC sales and legacy cases contributed another ~1.5% to credit costs. As a result, credit costs stood at ~2.9% in 9MFY24. We model credit costs of 2.8%/2.3%/2.0% in FY24/FY25/FY26.

Valuation and view

- The new management has successfully navigated various disruptions and consequent asset quality stress. With strengthened processes, Spandana is now ready to capitalize on the strong opportunity in the MFI sector and deliver an AUM CAGR of ~31% over FY23-FY26E.
- We estimate Spandana to deliver FY26 RoA/RoE of 4.6%/17%, aided by: a) operating leverage resulting in decline in operating cost ratios, and b) decline in credit costs from FY25 onward.
- **Key downside risks:** 1) Poor execution on asset quality could increase the credit cost; and 2) Inability to retain talent in the senior/middle management teams.

SPANDANA: Quarterly Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24E	3QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,440	2,765	3,377	4,193	4,929	5,436	5,663	6,050	12,775	22,078	5,969	-5
Interest Expenses	968	914	1,207	1,490	1,995	2,277	2,502	2,664	4,579	9,439	2,665	-6
Net Interest Income	1,472	1,851	2,170	2,703	2,934	3,159	3,161	3,386	8,196	12,640	3,305	-4
YoY Growth (%)	-41.9	-7.7	14.5	76.8	99.3	70.6	45.7	25.3	2.9	54.2	52.3	
Other Income	149	337	373	1,137	344	966	905	918	1,995	3,133	626	45
Total Income	1,621	2,188	2,543	3,840	3,277	4,125	4,067	4,304	10,192	15,773	3,931	3
YoY Growth (%)	-44.4	-11.2	20.6	100.9	102.2	88.5	59.9	12.1	8.4	54.8	54.6	
Operating Expenses	1,114	1,088	1,136	1,232	1,386	1,549	1,662	1,790	4,570	6,387	1,690	-2
Operating Profit	506	1,100	1,406	2,608	1,891	2,576	2,405	2,514	5,621	9,386	2,241	7
YoY Growth (%)	-77.6	-35.2	13.6	351.3	273.5	134.1	71.0	-3.6	-2.6	67.0	59.3	
Provisions & Loan Losses	3,517	258	446	1,222	286	901	701	647	5,443	2,535	450	56
Profit before Tax	-3,011	843	960	1,386	1,605	1,675	1,703	1,867	178	6,851	1,791	-5
Tax Provisions	-814	291	247	330	411	423	429	477	54	1,740	460	-7
Net Profit	-2,197	552	714	1,055	1,195	1,252	1,274	1,390	124	5,111	1,331	-4
YoY Growth (%)	-501.0	-194.1	58.3	269.0	-154.4	126.9	78.5	31.7	-82.3	4,023.7	86.4	
Key Parameters (%)												
Yield on loans	18.3	21.0	22.7	23.5	24.7	25.5	24.8	24.2				
Cost of funds	11.1	10.5	10.9	10.6	12.8	12.9	12.7	13.0				
Spread	7.2	10.5	11.8	12.9	11.9	12.6	12.0	11.2				
NIM	11.0	14.0	14.6	15.2	14.7	14.8	13.8	13.5				
Credit cost	26.4	2.0	3.0	6.9	1.4	4.2	3.1	2.6				
Cost to Income Ratio (%)	68.8	49.7	44.7	32.1	42.3	37.6	40.9	41.6				
Tax Rate (%)	27.0	34.5	25.7	23.8	25.6	25.3	25.2	25.5				
Performance ratios (%)												
AUM/Branch (INR m)	53	55	61	69	68	70	66					
AUM/Loan Officer (INR m)	9.0	9.1	10.2	10.9	10.8	11.5	12.4					
Borrowers/Branch	1,907	1,946	2,009	1,842	1,850	1,798	1,906					
Borrowers/Loan Officer	257	258	257	226	226	213	231					
Balance Sheet Parameters												
AUM (INR B)	55.1	57.8	68.5	85.1	88.5	97.8	104.0	117.7				
Change YoY (%)	-25.4	-23.4	2.3	29.3	60.5	69.2	51.8	38.3				
Disbursements (INR B)	13.3	13.9	23.6	30.5	16.6	25.1	25.4	36.1				
Change YoY (%)	513.9	5.3	422.3	120.5	25.5	80.7	7.7	18.1				
Borrowings (INR B)	32.4	37.6	52.0	66.1	68.7	0.0	0.0					
Change YoY (%)	-37.3	-26.6	7.5	59.8	112.3	-100.0	-100.0					
Borrowings/Loans (%)	58.7	65.0	75.9	77.6	77.6	0.0	0.0					
Debt/Equity (x)	1.1	1.3	1.7	2.0	2.0	2.3	2.3					
Asset Quality (%)												
GS 3 (INR M)	3,670	4,260	3,640	1,660	1,370	1,270	1,550					
G3 %	6.7	7.4	5.3	2.1	1.6	1.4	1.6					
NS 3 (INR M)	1,770	2,220	1,730	510	410	380	460					
NS3 %	3.4	4.0	2.6	0.7	0.5	0.4	0.5					
PCR (%)	51.8	47.9	52.5	69.3	70.1	70.1	70.3					
ECL (%)	5.0	4.8	4.0	2.9	2.5	2.4	2.6					
Return Ratios - YTD (%)												
ROA (Rep)	-13.2	3.4	3.8	4.8	5.0	4.8	4.5					
ROE (Rep)	-29.7	7.8	9.8	13.9	15.1	15.2	14.9					

E: MOFSL Estimates



Shoppers Stop

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SHOP IN
Equity Shares (m)	109
M.Cap.(INRb)/(USDb)	70.8 / 0.9
52-Week Range (INR)	819 / 403
1, 6, 12 Rel. Per (%)	-4/-12/24
12M Avg Val (INR M)	118

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	40.0	42.2	47.9
EBITDA	7.0	7.4	8.6
Adj. PAT	1.2	1.0	1.3
EBITDA Margin (%)	17.5	17.5	17.9
Adj. EPS (INR)	14.5	12.4	15.0
EPS Gr. (%)	NM	-14.4	20.9
BV/Sh. (INR)	24.7	36.3	50.6

Ratios

Net D:E	9.7	6.9	5.4
RoE (%)	73.4	36.9	31.9
RoCE (%)	11.5	9.7	9.9
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	47.5	55.5	45.9
EV/EBITDA (x)	14.2	13.5	11.8
EV/Sales (x)	2.5	2.4	2.1
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	4.3	2.4	4.0

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	65.6	65.6	65.5
DII	22.0	21.6	20.4
FII	6.9	6.8	7.0
Others	5.6	6.3	7.1

FII Includes depository receipts

CMP: INR690 TP: INR695 (+1%) Neutral

Softening growth hurts earnings; focus on new format "Intune"

- Shoppers Stop (SHOP) reported a moderate 2% YoY EBITDA growth (in line) to INR2.2b in 3QFY24, as the 7% YoY revenue growth was offset by gross margin contraction of 120bp YoY. The margin decline was attributed to weak demand despite the festive season and continued muted performance within Private Labels.
- Management has indicated that the softness in demand is likely to persist for another quarter and anticipates a reversal in FY25. This, along with steady store additions, particularly in the recently launched value retail format "Intune", and growth in the beauty segment, could drive growth in the coming period. We expect a 9%/11% CAGR in revenue/EBITDA over FY23-25. We value SHOP at 10x FY26E EV/EBITDA to arrive at our TP of INR695. **Reiterate Neutral.**

EBITDA flat YoY (in line) due to muted demand

- SHOP's standalone revenue grew 7% YoY to INR12.1b (in line) in 3QFY24, mainly driven by store additions and expansion of Intune.
 - LFL growth YoY (calculated) is estimated to be flat (~1% YoY).
 - Private Brands' revenue declined 6% YoY to INR1.9b, whereas the Beauty segment reported 13% YoY growth.
 - Revenue from Intune stood at INR110m, with a gradual improvement in items per ticket and ATV.
- Gross margin contracted 120bp YoY to 39.7% (est. 40.9%), mainly due to a drop in the share of private labels and some impact of EOSS.
- Employee costs/other expenses grew 9%/4% YoY during the quarter.
- Hence, EBITDA grew merely by 2% YoY to INR2.2b (in line), dragged by a contraction in gross margin. EBITDA margin contracted 90bp YoY to 17.8%.
- Other income dipped 86% YoY to INR33m, while finance cost rose 12% YoY.
- PAT, at INR356m, declined 43% YoY due to lower other income and reduced operating profits (a big miss).
- SHOP's 9MFY24 revenue grew moderately, while EBITDA remained flat YoY, with margins declining 60bp YoY to 17%. PAT for 9MFY24 declined 49% YoY hit by lower operating profits and lower other income.

Highlights from the management commentary

- Overall LFL growth declined 1% for 3QFY24, despite a healthy LFL growth of 4% and revenue growth of 9% seen during the festive period.
- Margin contraction was mainly due to inventory clean up (60bp GM impact), higher discounts within private labels, and operating deleverage.
- Management has suggested a mid-single-digit growth range for revenue growth for 4QFY24 and aims to achieve a LFL growth ranging between mid-high single-digit in the long term with resumption of demand.
- SHOP would look to grow Intune through its own stores initially and later explore the franchise model after attaining scale.
- SHOP opened four new stores under beauty and departmental stores and targets to add 56 stores in FY24, of which 32 have already been added.

Valuation and view

- SHOP's focus on: 1) opening smaller stores (30k sqft vs. existing average of 50k sqft) to improve store efficiency; 2) reviving the Private Label mix; and 3) focusing on the high-growth and margin-accretive Beauty segment could drive growth. It plans to step up on the pace of store additions with 12/15 additions in the departmental/beauty segments.
- Its recent foray into the value segment category through 'In-Tune' is a welcome move, which witnessed healthy traction and good EBITDA margin. The aggressive expansion plan of reaching 164 stores by FY26E from 10 currently could be a key lever for growth and re-rating going forward. However, it will be crucial to expand design and private label merchandising capabilities to enhance the value proposition.
- Sustained weakness in discretionary demand has continued to hinder revenue growth, with a weak SSSG. Sustaining high single-digit SSSG will be crucial for driving overall growth and re-rating potential of the company.
- The stock is currently trading at a healthy valuation of 11.8x EV/EBITDA on FY25E. We expect a 9%/11% CAGR in revenue/EBITDA to reach INR47.9b/INR8.6b over FY23-25.
- We value SHOP at 10x FY26E EV/EBITDA to arrive at our TP of INR695. **Reiterate Neutral.**

Standalone - Quarterly Earning

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24 Est. 3QE	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Total Revenue from Operations	9,419	10,082	11,317	9,165	9,816	10,252	12,068	10,022	39,984	42,156	11,918	1
YoY Change (%)	368.4	59.6	19.0	29.1	4.2	1.7	6.6	9.3	60.3	5.4		
Total Expenditure	7,795	8,411	9,196	7,594	8,093	8,654	9,914	8,138	32,996	34,798	9,684	2
EBITDA	1,624	1,672	2,121	1,571	1,723	1,598	2,154	1,884	6,988	7,359	2,235	-4
EBITDA Margin (%)	17.2	16.6	18.7	17.1	17.6	15.6	17.8	18.8	17.5	17.5	18.8	
Depreciation	846	927	999	1,044	1,050	1,081	1,112	1,162	3,816	4,405	1,095	2
Interest	511	514	515	551	541	548	579	460	2,092	2,127	563	3
Other Income	56	39	244	222	73	105	33	349	561	561	105	-68
PBT before EO expense	323	270	851	197	204	74	496	612	1,641	1,387	682	-27
Extra-Ord expense	0	20	0	0	0	-49	0	0	20	-49	0	
PBT	323	250	851	197	204	25	496	612	1,621	1,338	682	-27
Tax	95	68	230	35	55	8	141	146	429	349	171	
Rate (%)	29.5	27.3	27.1	17.6	26.9	29.9	28.3	23.8	26.4	26.1	25.0	
Reported PAT	228	181	621	163	149	18	356	466	1,192	989	512	-31
Adj PAT	228	201	621	163	149	67	356	466	1,212	1,038	512	-31
YoY Change (%)	-122.2	-766.9	23.7	-200.9	-34.4	-66.8	-42.7	186.7	-269.1	-14.4	-17.5	

E: MOFSL Estimates



Sunteck Realty

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR452 **TP: INR640 (+42%)** **Buy**

On track to achieve the guidance on bookings

P&L performance to improve in 4QFY24

- Sunteck Realty (SRIN) reported 3QFY24 pre-sales of INR4.5b, up 15% YoY/ QoQ each (in line). For 9MFY24, bookings stood at INR12.4b, up 16% YoY.
- Including the proceeds from the recent stake sale, collections rose 44% YoY and doubled sequentially to INR4.4b. For 9MFY24, collections remained flat at INR9.4b, and SRIN generated a net surplus of INR2b during this period.
- Its Uber luxury projects at BKC generated sales of INR840m (vs. nil in 3QFY22), while the upper mid-income projects recorded a 39% decline in bookings to INR1.8b. However, the lower mid-income projects posted strong bookings of INR1.4b, up 113% YoY.
- Aided by strong surplus cash, the net debt reduced to INR490m in 3Q from INR2.6b in 2QFY24.
- **P&L performance:** Revenue decreased 52% YoY, but increased 70% QoQ to INR424m. It reported an operating loss of INR148m vs. EBITDA of INR180m in 3QFY23. Net loss stood at INR98m vs. PAT of INR21m in 3QFY23.
- We expect the financial performance to improve significantly in 4QFY24, as the company is on track to deliver the Maxx World project in Naigaon. This project can add INR7.5-8.0b to its revenue.

Key management commentary

- **Launches:** Towards the end of the quarter, SRIN launched one tower at Kalyan and effected bookings of INR730m. On an annual basis, SRIN can generate INR2.5-3.0b pre-sales from the project. It will launch the third tower at Mira Road along with a new phase launch at Naigaon in 4Q, which will help the company in meeting its target of INR20b sales. With the launch of the Napean Sea Road project in FY25, SRIN can surely achieve 25% growth in pre-sales.
- **Business development:** The company is acquiring adjacent plots at the Napean Sea Road project, which will double the project size. SRIN is also in talks for a few new projects in South Mumbai and Bandra, which could be announced soon. Further, key approvals for the Borivali project are likely to be received soon. Management is confident that all these projects will help it add INR100b of new GDV to the existing pipeline.
- **Commercial:** In FY25, SRIN will launch the residential towers at Avenue 5, and cash flows from the same will be utilized towards funding capex for the office assets.

Valuation and view

- We expect Sunteck to deliver a healthy 25% pre-sales CAGR over FY23-26, fueled by a ramp-up in launches from both new and existing projects. Further, its sound balance sheet, strong cash flows, and recent partnership with IFC would spur project additions and drive sustainable growth.
- We value its residential segment based on the NPV of existing pipelines and its commercial segment based on an 8% cap rate on FY25E EBITDA. We also assign INR14b of value to future project additions through the IFC platform to arrive at our TP of INR640, indicating 42% upside potential.

Bloomberg	SRIN IN
Equity Shares (m)	140
M.Cap.(INRb)/(USDb)	66.3 / 0.8
52-Week Range (INR)	512 / 271
1, 6, 12 Rel. Per (%)	2/13/4
12M Avg Val (INR M)	278

Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	8.5	14.1	18.3
EBITDA	1.9	3.5	4.9
EBITDA (%)	22.2	24.8	26.5
PAT	1.3	2.4	3.3
EPS (INR)	9.1	16.4	22.8
EPS Gr. (%)	NA	80.9	39.4
BV/Sh. (INR)	197.9	212.7	234.1

Ratios

Net D/E	0.0	0.1	0.0
RoE (%)	4.7	8.0	10.2
RoCE (%)	5.2	8.0	9.9
Payout (%)	16.6	9.2	6.6

Valuations

P/E (x)	49.9	27.6	19.8
P/BV (x)	2.3	2.1	1.9
EV/EBITDA (x)	35.2	19.8	14.0
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	63.3	67.2	67.1
DIIDIIDIIDII	7.3	7.0	6.7
FIIIFIIIFII	20.3	16.7	19.0
Others	9.2	9.3	7.2

Quarterly performance

Y/E March (INR m)	FY23				FY24E				FY23	FY24E	FY24E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	1,435	807	893	489	706	250	424	7,133	3,624	8,513	459	-7
YoY Change (%)	-35.4	68.8	43.4	219.2	-50.8	-69.1	-52.5	1,359.4			-48.7	
Total Expenditure	983	707	713	579	780	391	573	4,883	2,982	6,627	755	
EBITDA	452	100	180	-91	-75	-141	-148	2,250	642	1,886	-296	NA
Margins (%)	31.5	12.4	20.2	-18.6	-10.6	-56.5	-34.9	31.5	17.7	22.2	-64.6	
Depreciation	21	23	22	25	18	22	24	7	92	72	21	
Interest	198	176	196	289	173	158	171	142	859	644	151	
Other Income	52	70	81	80	178	113	185	108	284	584	10	
PBT before EO expense	285	-29	44	-324	-87	-208	-158	2,208	-24	1,755	-458	NA
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	285	-29	44	-324	-87	-208	-158	2,208	-24	1,755	-458	NA
Tax	62	-10	42	-62	-27	-64	-55	584	31	439	74	
Rate (%)	21.7	36.3	95.3	19.2	31.0	30.5	34.9	26.5	-125.6	25.0	-16.2	
MI & Profit/Loss of Asso. Cos.	-27	-42	-19	17	7	-6	-6	-6	-70	-10	-14	
Reported PAT	250	23	21	-279	-67	-139	-97	1,629	15	1,326	-519	NA
Adj PAT	250	23	21	-279	-67	-139	-97	1,629	15	1,326	-519	NA
YoY Change (%)	NA	-90.6	-11.4	NA	-75.8	105.7	-29.9	NA	NA	NA	273.8	
Margins (%)	17.4	2.9	2.3	-57.1	-9.6	-55.6	-22.9	22.8	0.4	15.6	-113.1	
Operational metrics												
Pre-sales	3,330	3,360	3,960	5,370	3,860	3,950	4,550	7,972	16,020	20,332	4,550	0
Collections	2,840	3,310	3,040	3,300	2,880	2,140	4,380	3,926	12,490	13,326	2,951	48

Source: MOFSL, Company

BSE SENSEX
71,424S&P CNX
21,572

CMP: INR1313

Conference Call Details

Date: 25th January 2024

Time: 4:30 pm IST

Dial-in details:

Diamond Pass: [Link](#)

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	256.7	280.3	307.0
EBITDA	60.1	66.7	75.2
Adj. PAT	38.3	42.9	48.8
EBIT Margin (%)	19.3	19.8	20.8
Cons. Adj. EPS (INR)	47.4	53.1	60.5
EPS Gr. (%)	25.7	12.0	13.9
BV/Sh. (INR)	323.2	370.3	424.8
Ratios			
Net D:E	-0.1	-0.2	-0.3
RoE (%)	14.7	14.3	14.2
RoCE (%)	15.3	15.1	15.0
Payout (%)	10.6	11.3	9.9
Valuations			
P/E (x)	27.7	24.7	21.7
EV/EBITDA (x)	16.9	14.8	12.7
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	3.1	3.4	3.6
EV/Sales (x)	4.0	3.5	3.1

Performance better than estimates

- Cipla's 3QFY24 revenue increased 13.7% YoY to INR66b (our est. INR64.8b).
- DF sales (43% of sales) grew 11.5% YoY to INR28.6b.
- The US sales (29% of sales) grew 19.8% YoY to INR19b (USD230m, up 17.9% in CC terms). Growth was led by volume traction in key assets of Lanreotide and Albuterol, coupled with a robust demand in the base business.
- SAGA sales (12% of sales) jumped 19.9% YoY to INR8.2b.
- API sales (2% of sales) declined 26.5% YoY to INR1.1b.
- EM sales (11% of sales) declined by 2% YoY to INR7.5b.
- Gross margin expanded 90bp YoY to 66.4% (our est. 65.0%), driven by lower raw material costs.
- EBITDA margin improved 220bp YoY to 26.5% (our est. 24.0%), due to better gross profit and lower employee costs and other expenses (down 20bp/120bp YoY as a % of sales).
- EBITDA increased 24.2% YoY to INR17.5b (our est. INR15.5b).
- After adjusting for the impairment charges and forex gains of INR1.4b, PAT grew 49.4% YoY to INR12b (our est. INR9.7b), due to higher other income and lower depreciation.
- During 9MFY24, Cipla's revenue/EBITDA/PAT rose 15%/26%/44% to INR196b/INR50b/INR33b.

Other highlights:

- Cipla successfully filed gSymbicort and the generic inhaled asset.
- It is awaiting approval for one peptide asset launch, and plans to launch four peptide assets in FY25.
- In Indian markets, Cipla outperformed IPM by 80bp to 9.1% YoY, in terms of growth.
- The overall chronic therapy grew 11.1% YoY vs. 9.5% YoY for IPM. This was led by Cipla's superior growth in respiratory/cardiac/urology (+11.3%/11.1%/15.9% YoY) vs. IPM (+5.1%/8.8%/12.1% YoY).
- The net cash available as of Dec'23 was INR71b.

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	Est. 3QE	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Revenues	53.8	58.3	58.1	57.4	63.3	66.8	66.0	60.5	227.5	256.7	64.8	2.0
YoY Change (%)	-1.4	5.6	6.0	9.1	17.7	14.6	13.7	5.5	4.8	12.8	11.5	
Total Expenditure	42.3	44.4	44.0	45.7	48.3	49.4	48.6	50.2	176.4	196.6	49.2	
EBITDA	11.4	13.9	14.1	11.7	14.9	17.3	17.5	10.3	51.1	60.1	15.5	12.4
YoY Change (%)	-11.7	13.3	14.3	23.6	30.7	24.8	24.2	-12.2	8.8	17.4	10.4	
Margins (%)	21.3	23.8	24.2	20.4	23.6	26.0	26.5	17.0	22.5	23.4	24.0	
Depreciation	2.5	3.0	2.7	3.5	2.4	2.5	2.3	3.2	11.7	10.4	2.7	
EBIT	8.9	10.9	11.4	8.3	12.5	14.9	15.1	7.1	39.4	49.6	12.9	
YoY Change (%)	-14.0	12.0	15.4	25.5	41.1	36.4	33.3	-14.5	8.0	25.9	13.6	
Margins (%)	16.5	18.7	19.5	14.4	19.8	22.3	22.9	11.7	17.3	19.3	19.9	
Interest	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	1.1	1.0	0.3	
Other Income	1.0	1.0	1.1	1.3	1.4	1.8	1.3	0.9	4.5	5.3	1.2	
Profit before Tax	9.7	11.6	12.2	9.3	13.7	16.4	16.1	7.7	42.8	54.0	13.8	
One-time (expense)/income	0.0	-0.6	0.0	-1.8	0.0	-0.4	-1.4	0.0	-2.5	-1.8	0.0	
PBT after EO expense	9.7	11.0	12.2	7.5	13.7	15.9	14.7	7.7	40.4	52.1	13.8	6.8
Tax	2.7	3.0	4.1	2.2	3.8	4.4	4.1	3.0	12.0	15.2	3.9	
Rate (%)	27.5	26.0	33.7	24.0	27.5	26.8	25.1	39.0	28.1	28.2	27.9	
Minority Interest	0.2	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.3	0.4	0.2	
Reported PAT	6.9	7.9	8.0	5.3	10.0	11.3	10.6	4.6	28.0	36.5	9.7	8.9
Adj PAT	6.9	8.5	8.0	7.1	10.0	11.7	12.0	4.6	30.5	38.3	9.7	23.4
YoY Change (%)	-12.9	19.8	9.9	16.1	45.1	37.7	49.4	-34.5	7.4	25.7	21.1	

E: MOFSL Estimates;

BSE SENSEX
71,424S&P CNX
21,572

CMP: INR1504

Neutral

Conference Call Details

Date: 23rd January 2023

Time: 16:00 IST

Dial-in details:

+91-22 6280 1244

Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	43.6	52.9	69.1
EBITDA	22.1	27.0	33.3
EBITDA Margin (%)	50.5	51.1	48.1
PAT	15.3	18.4	23.8
EPS (INR)	42.2	50.7	65.4
EPS Gr. (%)	-19.5	20.3	28.8
BV/Sh. (INR)	376.0	424.7	488.1
Ratios			
RoE (%)	11.8	12.7	14.3
RoCE (%)	10.3	11.5	13.5
Payout (%)	4.7	3.9	3.1
Valuations			
P/E (x)	34.3	28.5	22.2
P/BV (x)	3.9	3.4	3.0
EV/EBITDA (x)	24.9	19.9	15.8
Div yld (%)	0.1	0.1	0.1

Weak show from the Residential business

Mall and hotel assets reported strong performance

Operational performance

- The company's pre-sales grew 25% YoY but declined 18% QoQ (51% below our estimate) to INR7.9b in 3QFY24. For 9MFY24, bookings stood at INR22b, down 12% YoY.
- The new project at Thane generated bookings of INR2.1b. The traction across other key projects at Goregaon and Mulund remained in line with the historical run-rate as they generated sales of INR1.2b and INR2b, respectively.
- The decline in sales at Sky City (Borivali) and 360 West hit the overall performance, as the company failed to sustain its usual quarterly run-rate of INR9-10b despite the new launch at Thane.
- The Sky City project recorded sales of 40 units worth INR1.5b vs. 73 units in 2QFY24.
- Price realization remained steady across all projects.
- **Leasing segment:** Rental revenue from office assets grew 7% YoY/QoQ each to INR389m due to 400bp increase in occupancy at Commerz II. The Oberoi mall posted a strong performance as revenue increased 19%/22% YoY/QoQ to INR443m. The EBITDA from the annuity portfolio came in at INR779m with blended margin of 94%.
- The momentum in the Hospitality segment also sustained, as it achieved the highest ARR of INR13,600 (up 7%/14% YoY/QoQ); the business generated revenue of INR492m, up 16%/23% YoY/QoQ. Occupancy remained steady at 82%. EBITDA came in at INR205m with a margin of 42% (vs. 35% in 2QFY24).
- **Cash flow performance**
- Collections doubled YoY to INR9b in 3QFY24.
- During the quarter, net debt stood at INR21b with D/E of 0.15x.

P&L highlights

- Revenue decreased 35% YoY to INR10.5b; Oberoi reported an EBITDA of INR5.1b, down 46% YoY with margin of 48%.
- Consequently, its PAT declined 49% YoY to INR3.6b.

Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	9,131	6,886	16,295	9,614	9,100	12,174	10,536	11,832	41,926	43,642	11,310	-7%
YoY Change (%)	221.2	-8.7	95.8	16.8	-0.3	76.8	-35.3	23.1	55.6	4.1	-30.6	
Total Expenditure	4,209	3,782	6,891	5,927	4,362	5,792	5,443	5,991	20,808	21,588	5,639	
EBITDA	4,922	3,104	9,404	3,687	4,737	6,382	5,094	5,841	21,117	22,054	5,671	-10%
Margins (%)	53.9	45.1	57.7	38.3	52.1	52.4	48.3	49.4	50.4	50.5	50.1	757bp
Depreciation	98	101	102	97	113	113	114	120	398	460	120	
Interest	326	363	381	621	615	565	501	386	1,691	2,066	442	
Other Income	217	232	220	337	236	264	292	212	1,006	1,004	260	
PBT	4,715	2,873	9,141	3,306	4,245	5,968	4,771	5,547	20,036	20,531	5,370	-11%
Tax	1,137	692	2,260	-896	1,046	1,421	1,192	1,577	3,193	5,235	1,369	
Rate (%)	24.1	24.1	24.7	(27)	24.6	23.8	25.0	28	15.9	25.5	25.5	
MI & Profit/Loss of Asso. Cos.	453	1,006	144	601	17	21	22	0	2,204	38	0	
Reported PAT	4,031	3,186	7,026	4,803	3,216	4,568	3,602	3,970	19,046	15,334	4,000	
Adj PAT	4,031	3,186	7,026	4,803	3,216	4,568	3,602	3,970	19,046	15,334	4,000	-10%
YoY Change (%)	400.0	19.5	50.3	106.7	-20.2	43.4	-48.7	-17.3	81.9	-19.5	-43.1	
Margins (%)	44.1	46.3	43.1	50.0	35.3	37.5	34.2	33.6	45.4	35.1	35.4	
Operational metrics												
Residential												
Sale Volume (msf)	0.25	0.37	0.22	0.16	0.15	0.22	0.24	0.89	0.8	1.5	0.54	-55%
Sale Value (INRm)	7,611	11,557	6,307	6,732	4,760	9,650	7,869	28,032	32,203	50,311	16,099	-51%
Collections (INRm)	5,574	8,780	4,277	8,537	11,091	11,013	8,915	10,812	27,167	41,831	10,458	-15%
Realization (INR/sft)	30,797	31,234	28,465	41,196	32,630	43,700	32,630	31,322	41,097	33,478	29,888	9%

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

Source: MOFSL, Company

JK Cement

Conference Call Details

Date: 23rd January 2024

Time: 16:00 IST

Dial-in details:

+ 91 22 6280 1143

+ 91 22 7115 8044

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	115.6	125.8	138.2
EBITDA	21.4	22.9	25.5
Adj. PAT	8.3	9.0	11.6
EBITDA Margin (%)	18.5	18.2	18.5
Adj. EPS (INR)	107.3	116.1	150.1
EPS Gr. (%)	94.5	14.4	29.2
BV/Sh. (INR)	694	779	899
Ratios			
Net D:E	0.6	0.5	0.3
RoE (%)	16.5	15.8	17.9
RoCE (%)	11.1	10.9	12.7
Payout (%)	18.6	21.5	20.0
Valuations			
P/E (x)	37.1	34.3	26.5
P/BV (x)	5.7	5.1	4.4
EV/EBITDA(x)	15.7	14.5	12.7
EV/ton (USD)	163	149	146
Div. Yield (%)	0.5	0.6	0.8
FCF Yield (%)	1.8	4.1	5.0

CMP: INR3,984

Buy

Robust performance; EBITDA/t at INR1,330 (Consol.)

- JK Cement (JKCE) reported consolidated EBITDA of INR6.3b in 3QFY24, higher than our estimate of INR5.8b. EBITDA beat was led by lower-than-estimated variable cost and higher white cement realization. EBITDA/t came in at INR1,330 (est. INR1,230). Adj. PAT stood at INR2.8b (est. INR2.3b).
- Consolidated grey/white cement volumes stood at 4.2mt/0.55mt, up 14%/13% YoY. Grey cement realization was up 6% YoY/4% QoQ (in line) while, white cement realization declined 2% YoY; up 9% QoQ (4% above our estimate).
- We have a BUY rating on the stock;** we would review our assumptions post the conference call.

Opex/t declined 7% YoY; OPM at 21% (up 11pp YoY)

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR29.3b/INR6.3b/INR2.8b (up 20%/2.5x/7x YoY and in line/up 7%/22% vs. our estimate). Sales volumes stood at 4.7mt (up 14% YoY). Blended realization was at INR6,238/t (up 6% YoY; 1% above our estimates) in 3QFY24. Other operating income jumped 58% YoY/2% QoQ to INR917m in 3QFY24.
- Opex/t declined 7% YoY (1% below our estimate), mainly led by an 18% decline in variable costs. Freight cost/other expenses/employee cost per tonne was up 5%/1%/9% YoY. OPM was up 11pp YoY to 21% (est. 20%) and EBITDA/t was up 123% YoY to INR1,330. Other income doubled YoY to INR385m.
- In 9MFY24, revenue grew 22% YoY, driven by 21% volume growth and 1% increase in realization. EBITDA grew 55% YoY to INR15b and OPM was up 4pp YoY to ~18%. EBITDA/t grew 29% YoY to INR1,080. Adj. PAT grew 87% YoY to INR6b. Consolidated net debt stood at INR30b vs. INR29.1b as of Mar'23. Net debt to EBITDA stood at 1.6x vs. 2.2x in FY23.

Highlights from the management commentary

- The company commissioned its greenfield grinding unit of 1.5mtpa at Ujjain, Madhya Pradesh in Nov'23. Another greenfield GU expansion in Prayagraj, Uttar Pradesh, with a 2mtpa capacity, is on track to be commissioned in 2QFY25.
- It announced an expansion of 6mtpa, which includes - 1) brownfield clinker expansion of 3.3mtpa at Panna (line-2), 2) grinding capacities of 1mtpa each at Panna, Hamirpur, and Prayagraj; and 3) 3mtpa greenfield grinding unit at Bihar. The capex for this expansion will be INR28.5b and will be completed within 24 months in phases. The project will be funded through a mix of internal accruals and debt (up to INR18.5b).
- JKCE's blended ratio stood at 66% and trade mix was at 62% in 3QFY24. Premium products sale, as a percentage of trade sale, stood at 12% in 3Q. JKCE's green energy/thermal substitution rate (TSR) stood at 50%/14.6% YTD vs. 44%/13.9% in FY23.

Valuation and view

- Continuing its expansion journey, JKCE announced the next lag of expansion of 6mtpa to reach ~30mtpa (grey cement) by FY26E from its current 22.2mtpa.
- We have a **BUY** rating on the stock; however, we would like to review our assumptions post the con-call on 23rd Jan'24 at 4:00 pm.

Standalone quarterly performance

(INR b)

Y/E March	FY23				FY24				FY24 3QE	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	22.7	22.4	24.4	27.8	27.6	27.5	29.3	31.1	29.5	(0)	20	7
YoY Change (%)	32.4	18.0	20.0	18.1	21.7	23.1	20.5	11.8	20.9			
Total Expenditure	18.7	19.2	21.9	24.3	23.5	22.9	23.1	24.7	23.6	(2)	6	1
EBITDA	4.0	3.1	2.5	3.5	4.1	4.7	6.3	6.4	5.8	7	153	34
Margin (%)	17.8	14.0	10.2	12.6	14.8	17.0	21.3	20.5	19.8	148	1,115	434
Depreciation	1.1	1.1	1.2	1.3	1.3	1.4	1.4	1.4	1.4	0	19	2
Interest	0.7	0.7	0.8	1.0	1.1	1.2	1.1	1.2	1.2	(2)	45	(1)
Other Income	0.2	0.1	0.2	0.4	0.3	0.3	0.4	0.2	0.3	28	105	31
PBT before EO expense	2.5	1.5	0.7	1.6	2.0	2.4	4.1	4.0	3.6	14	490	67
Extra-Ord. expense	-	-	-	-	0.2	-	-	-	-			
PBT	2.5	1.5	0.7	1.6	1.8	2.4	4.1	4.0	3.6	14	490	67
Tax	0.9	0.4	0.3	0.5	0.7	0.7	1.3	1.6	1.3			
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-			
Rate (%)	35.8	27.6	46.2	30.5	37.2	26.9	30.6	40.4	35.0			
Reported PAT	1.6	1.1	0.4	1.1	1.1	1.8	2.8	2.4	2.3	22	628	58
Adj. PAT	1.6	1.1	0.4	1.1	1.2	1.8	2.8	2.4	2.3	22	628	58
YoY Change (%)	(15.3)	(26.1)	(73.2)	(43.1)	(23.7)	59.8	628.0	112.3	496.3			

E: MOFSL estimates

Per tonne analysis (INR/t)

Net realization	6,149	6,138	5,879	5,947	5,968	6,068	6,238	6,007	6,193	1	6	3
Sales Volume (mt)	3.7	3.6	4.1	4.7	4.6	4.5	4.7	5.2	4.8	(1)	14	4
RM Cost	968	1,009	995	975	1,003	1,010	818	1,085	990	(17)	(18)	(19)
Employee Expenses	425	419	386	360	397	403	423	365	395	7	9	5
Power and Fuel	1,399	1,581	1,680	1,659	1,493	1,396	1,383	1,188	1,346	3	(18)	(1)
Freight and Handling Outward	1,252	1,270	1,250	1,264	1,262	1,182	1,307	1,190	1,245	5	5	11
Other Expenses	1,012	997	971	941	932	1,048	979	948	990	(1)	1	(7)
Total Expenses	5,055	5,277	5,282	5,199	5,087	5,039	4,909	4,776	4,966	(1)	(7)	(3)
EBITDA	1,094	861	597	748	881	1,029	1,329	1,231	1,227	8	123	29

Can Fin Homes

CMP: INR769

Neutral

Conference Call Details

Date: 23rd Jan 2024

Time: 15:30 IST

Dial-in details:

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	12.6	13.5	15.7
PPP	10.8	11.6	13.7
PAT	7.5	8.3	9.8
EPS (INR)	56.5	62.3	73.9
EPS Growth (%)	21	10	19
BVPS (INR)	326	384	453
Ratios (%)			
NIM	3.8	3.6	3.6
C/I ratio	16.6	16.4	15.2
RoAA	2.1	2.1	2.1
RoE	18.8	17.5	17.7
Payout	7.1	7.2	6.8
Valuation			
P/E (x)	13.6	12.3	10.4
P/BV (x)	2.4	2.0	1.7
Div. Yield (%)	0.5	0.6	0.7

In-line earnings; higher credit costs offset by lower opex

Sequential expansion in NIM but asset quality deteriorates further

- CANF's 3QFY24 PAT grew ~27% QoQ to ~INR2b (in line). NII grew 31% YoY to ~INR3.3b (in line). 9MFY24 PAT rose 19% YoY to ~INR5.4b.
- Opex grew ~13% YoY and declined ~6% QoQ to INR494m (14% below our estimate). PPOp grew 35% YoY to INR2.9b (in line).
- CANF reported its last quarter of slippages from the restructured pool, which led to deterioration in asset quality. Annualized credit costs stood at ~40bp (PQ: 0.9% and PY: 0.1%) mainly toward new slippages into NPA.
- 3QFY24 RoA/RoE healthy at 2.3%/19.4%.

Sluggish disbursements persist; Loan book run-off stable QoQ

- Disbursements declined 23% YoY to INR18.8b (est. ~INR19.9b). A sequential decline in new sanctions and disbursements was due to its allocation of resources toward process improvements and stemming the slippages from the restructured pool.
- Advances grew ~13% YoY and ~2% QoQ to ~INR341b. Annualized run-off in advances stood at ~14% (flat QoQ), which was lower than ~16% YoY.

Margin improves sequentially; share of CP declined

- NIM (reported) improved ~5bp QoQ to 3.7%. Reported spreads also rose ~5bp QoQ to 2.7%, due to yields rising by ~10bp QoQ. The last tranche of CANF's back book got repriced in 3QFY24.
- Bank borrowings in the mix rose to 60% (PQ: ~57%), while NHB borrowings remained stable at ~19%. The proportion of CPs declined to 5% (PQ: ~7%).

Asset quality deterioration driven by slippages from restructured pool

- Asset quality deteriorated as GS3/NS3 rose ~15bp/5bp QoQ to ~0.9%/0.5%. PCR on stage 3 loans rose ~170bp QoQ to ~46%. GS3 (excluding restructuring) stood at 0.6% (FY23: 0.55%).
- The entire restructured pool exited restructuring in Nov'23 and there have even been closures of restructured loans, which led to a decline in provisions on the restructured pool.

Sourcing higher-ticket home loans; reduction in loans sourced from DSA

- Average ticket size (ATS) of incremental housing loans rose to INR2.5m (2Q and 1Q at INR2.2m).
- DSA channel in the sourcing mix declined to 79% (2Q: ~82% and 1Q: ~85%).

Valuation and view

CANF's loan growth and disbursements were weak in the last two quarters primarily because of the impact of the Ambala incident and the company's efforts directed toward process improvements across the board. This should be the last quarter of asset quality deterioration and we expect improvements in asset quality from hereon. CANF might look to use its levers on margins to demonstrate healthier loan growth from FY25 onward. We may revise our estimates and TP after the earnings conference call on 23rd Jan'24.

Quarterly performance

INR m

Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	Act vs est. (%)
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	6,065	6,522	7,046	7,521	8,181	8,652	8,948	9,256	27,154	35,038	8,972	0
Interest Expenses	3,561	4,010	4,529	4,908	5,330	5,484	5,660	5,959	17,009	22,434	5,698	-1
Net Interest Income	2,504	2,512	2,517	2,613	2,851	3,168	3,288	3,297	10,146	12,604	3,274	0
YoY Growth (%)	38.2	31.0	22.2	10.1	13.9	26.1	30.6	26.2	24.3	24.2	30.1	
Other income	51	54	51	122	60	58	71	141	277	330	71	0
Total Income	2,555	2,566	2,568	2,735	2,911	3,226	3,359	3,438	10,423	12,934	3,345	0
YoY Growth (%)	39.8	30.2	20.9	12.7	13.9	25.7	30.8	25.7	24.8	24.1	30.3	
Operating Expenses	405	405	438	517	435	524	494	691	1,765	2,144	577	-14
YoY Growth (%)	33.8	18.3	8.7	7.3	7.4	29.5	12.7	33.7	15.3	21.5	31.7	
Operating Profits	2,150	2,161	2,129	2,218	2,476	2,702	2,865	2,747	8,658	10,790	2,767	4
YoY Growth (%)	40.9	32.7	23.8	14.0	15.2	25.0	34.6	23.9	26.9	24.6	30.0	
Provisions	-37	132	84	238	137	722	308	-87	418	1,080	155	99
Profit before Tax	2,187	2,028	2,045	1,980	2,339	1,980	2,557	2,834	8,240	9,710	2,612	-2
Tax Provisions	565	611	530	322	504	399	556	726	2,028	2,185	627	-11
Profit after tax	1,622	1,417	1,515	1,658	1,835	1,581	2,001	2,109	6,212	7,525	1,985	1
YoY Growth (%)	49.0	14.6	30.9	34.9	13.1	11.5	32.1	27.2	31.9	21.1	31.1	
Key Parameters (%)												
Yield on loans	8.9	9.3	9.6	9.8	10.2	10.5	10.6	10.6				
Cost of funds	5.7	6.2	6.6	6.9	7.3	7.3	7.3	7.5				
Spread	3.3	3.1	2.9	2.9	3.0	3.2	3.3	3.2				
NIM	3.7	3.6	3.4	3.4	3.6	3.8	3.9	3.8				
Credit cost	-0.1	0.2	0.1	0.3	0.2	0.9	0.4	-0.1				
Cost to Income Ratio (%)	15.8	15.8	17.1	18.9	14.9	16.2	14.7	20.1				
Tax Rate (%)	25.8	30.1	25.9	16.3	21.6	20.2	21.7	25.6				
Balance Sheet Parameters												
Loans (INR B)	275.4	288.2	301.2	315.6	325.1	333.6	340.5	355.3				
Growth (%)	23.9	22.2	20.0	18.2	18.0	15.7	13.1	12.6				
AUM mix (%)												
Home loans	89.6	89.5	89.2	89.1	89.1	89.1	89.1	89.1				
Non-housing loans	10.4	10.5	10.8	10.9	10.9	10.9	10.9	10.9				
Salaried customers	74.3	74.1	73.6	73.1	72.7	72.4	72.1	72.1				
Self-employed customers	25.7	25.9	26.3	26.9	27.2	27.5	27.8	27.8				
Disbursements (INR B)	17.2	22.5	24.4	25.4	19.7	20.2	18.8					
Change YoY (%)	92.6	1.7	-1.1	-6.2	14.2	-10.1	-23.1					
Borrowing mix (%)												
Banks	54.0	54.0	51.0	53.9	54.0	57.0	60.0					
NHB	22.0	22.0	23.0	22.5	22.0	19.0	19.0					
Market borrowings	22.0	22.0	24.0	22.1	23.0	23.0	20.0					
Deposits	2.0	2.0	2.0	1.5	1.0	1.0	1.0					
Asset Quality												
GNPL (INR m)	1,798	1,787	1,811	1,738	2,052	2,540	3,088					
NNPL (INR m)	819	1,012	893	829	1,096	1,420	1,674					
GNPL ratio %	0.65	0.62	0.60	0.55	0.63	0.76	0.91					
GNPL ratio %	0.30	0.35	0.30	0.26	0.34	0.43	0.49					
PCR %	54	43	51	52	47	44	46					
Return Ratios (%)												
ROA (Rep)	2.4	2.1	2.2	2.3	2.2	1.9	2.3					
ROE (Rep)	20.0	16.8	17.3	18.2	19.2	16.0	19.4					

E: MOFSL Estimates



Galaxy Surfactants

BSE SENSEX 71,683 S&P CNX 21,622

CMP: INR2,727 TP: INR3,760 (+38%)

Buy



Stock Info

Bloomberg	GALSURF IN
Equity Shares (m)	35
M.Cap.(INRb)/(USDb)	96.7 / 1.2
52-Week Range (INR)	2989 / 2218
1, 6, 12 Rel. Per (%)	-2/-7/-4
12M Avg Val (INR M)	67
Free float (%)	29.1

Financials Snapshot (INR b)

Y/E March	FY24E	FY25E	FY25E
Sales	40.8	46.5	53.2
EBITDA	5.4	6.1	6.9
PAT	3.4	4.0	4.6
EPS (INR)	95	111	130
EPS Gr. (%)	-11.3	17.0	16.6
BV/Sh.(INR)	607	695	799

Ratios

Net D:E	-0.1	-0.2	-0.2
RoE (%)	16.7	17.1	17.4
RoCE (%)	15.9	16.9	17.4
Payout (%)	20.5	20.5	20.5

Valuations

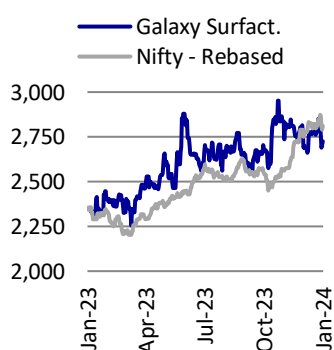
P/E (x)	28.6	24.5	21.0
P/BV (x)	4.5	3.9	3.4
EV/EBITDA (x)	17.5	15.2	13.1
Div. Yield (%)	0.7	0.8	1.0
FCF Yield (%)	4.1	2.5	3.0

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	70.9	70.9	70.9
DII	12.4	12.6	12.7
FII	3.6	3.1	2.8
Others	13.0	13.4	13.6

FII Includes depository receipts

Stock Performance (1-year)



Robust volume growth subject to macroeconomic stability

- GALSURF is one of the leading players in the world of Surfactants and Specialty Care ingredients, exclusively focused on catering to the Home and Personal Care industry. Nine out of the 10 Indian consumers incorporate GALSURF's Surfactants or Specialty Care products at least once in their daily routine.
- We hosted the company for investor meetings. Below are the key highlights from the same.

Management confident of robust volume growth

- India has been one of the brighter spots for the company in terms of volume growth coming out of COVID. Volumes have grown in the range of ~9-11% over FY21-23, and this momentum has continued into 1HFY24, with GALSURF posting a strong double-digit growth in India.
- Volumes have declined in the AMET region in the past couple of years due to various ongoing issues, including currency depreciation and other geopolitical reasons. However, there was revival seen with growth in the mid-single digits in 1HFY24.
- Growth in the RoW region was strong in FY22, but waned in FY23, with volumes declining 4.6%. The US faced challenges such as supply chain disruptions and fluctuations in interest rate during this period. Inventory destocking is another phenomenon that was witnessed by GALSURF coupled with demand cutbacks toward the end of CY22.
- The management has already guided for a volume growth of 6-8% with bias toward the upper band of the guided range. Management highlighted that 8-10% volume growth could also be achieved going forward provided that the global economic growth is supportive and there are no further macroeconomic shocks.
- The B2C segment is growing at a much faster rate, particularly in smaller markets that are expanding at a faster rate than traditional ones. Smaller players account for 30-35% of the company's overall volumes, and Indian volumes within this segment are growing at 10-15%. This trend suggests that the B2C segment has the potential to significantly contribute to robust volume growth.

Other highlights

- Fatty Alcohol is one of the main RMs of the company and contracts are structured around quarterly adjustments, reflecting changes in raw material prices. In these contracts, 55-60% is pass-through, a mechanism typically implemented with a one-quarter lag.
- The company does not consider customization of products under new products developed (but these customized products definitely add value to the customers). New products contribute 4-5% to the overall revenues on a five-year rolling basis and GALSURF has introduced 3-4 products in the past three years. A dedicated R&D center is in place for the purpose of product developments.

- The company engages in co-development projects, often with a lead time of 2-2.5 years. In this business model, GALSURF conducts R&D, after which it develops the product to be supplied. The qualification process is quite stringent, with product approval for quality taking 6-12 months in some cases.
- Freight and container rates have shot up significantly due to the ongoing Red Sea issue and this rise in rates usually takes a couple of quarters to settle down. Management expects the same this time as well. And this is going to be the case for everyone with delays in delivery and increased logistical costs in India. Customers do consider and take into account all such issues as it is a global event.
- Asset turns are generally in the range of 2.5-3x for GALSURF. Capex guidance remains at INR1-1.5b with INR350-400m being maintenance capex.

Valuation and view – maintain Buy

- The continued focus on R&D (with an annual expenditure of INR400-500m) and increased wallet share from its existing customers should drive volume growth. Margin is also expected to expand gradually.
- We estimate a volume CAGR of 8% over FY23-26E. This growth is led by robust volumes in the domestic market and a recovery in the Specialty Care Products volumes in developed markets, where indications of growth have already begun to emerge.
- The stock is currently trading at ~25x FY25E EPS of INR111.5 and ~15x FY25E EV/EBITDA. We value the company at 30x Dec'25E EPS to arrive at a TP of INR3,760. **We reiterate our BUY rating on the stock.**

India's debt growth stable in 2QFY24

Household debt estimated at a new high in the quarter

- India's non-financial sector (NFS) debt grew 13.1% YoY in 2QFY24 (quarter-ending Sep'23), the highest in five quarters. Outstanding NFS debt touched USD5.7t (or INR476t) in 2QFY24, equivalent to 167.8% of GDP, compared to 165.9% of GDP in 1QFY24 and 162.8% of GDP in 2QFY23. In real terms, however, total debt (using GDP deflator) grew 11.6% YoY in 2QFY24, similar to that in 1QFY24, which was the highest in the past 17 quarters.
- Within NFS debt, non-government non-financial (NGNF) debt also grew 11.5% YoY in 2QFY24, while government debt jumped 14.7% YoY over the quarter. Within the NGNF sector, household (HH) debt spiked 19.7% YoY in 2QFY24 – marking the highest growth in a decade – driven by a decade-high growth of 21.5% YoY in the non-mortgage debt segment. Our estimates suggest that household debt was 38.3% of GDP in 2QFY24, marking the new peak, beating 37.8% of GDP in 4QFY21. Corporate debt, however, rose by just 5.1% YoY during the quarter, similar to that in 1QFY24.
- An analysis of NGNF debt by sources/lenders suggests that NBFCs posted a strong lending growth of 25.8% YoY in 2QFY24, the highest in 21 quarters and compared to 22.1% YoY in 1QFY24, while HFCs' outstanding loans are estimated to have grown at 18-quarter high of 14.6% YoY in 2QFY24. Scheduled commercial banks (SCBs), corporate bond issuances, and external borrowings also grew decently though weaker than in the previous few quarters; however, commercial papers (CPs) issuances by the non-financial sector contracted in 2QFY24.

India's NFS debt stood at USD5.7t (or INR476t) in 2QFY24, vs. USD5.6t/USD5.2t (INR460t/INR421t) in 1QFY24/2QFY23

India's NFS debt grew 13.1% YoY; stood at a six-quarter high of 167.8% of GDP in 2QFY24: Our estimates suggest that India's NFS debt stood at USD5.7t (or INR476t) in 2QFY24, vs. USD5.6t/USD5.2t (INR460t/INR421t) in 1QFY24/2QFY23 (*Exhibit 1*). Although NFS debt grew by a five-quarter high of 13.1% YoY in 2QFY24, NGNF growth remained unchanged at 11.5% YoY (vs. 11.3% YoY in 1QFY24), despite the increase in government debt, which was at a seven-quarter high of 14.7% YoY during the quarter (vs. 12.8% YoY). In 2QFY24, for the third consecutive quarter, the NGNF sector's contribution to NFS debt growth was lower than that of the government, with the former accounting for ~43% of the rise in NFS debt.

Compared to 13.1% nominal growth, NFS debt in real terms (using GDP deflator) grew 11.6% YoY in 2QFY24, similar to that in 1QFY24, which was the highest in the past 17 quarters (*Exhibit 2*). Further, since India's annualized nominal GDP grew at a 10-quarter low of 9.7% in 2QFY24, India's NFS debt inched up to 167.8% of GDP, compared to 165.9%/162.8% of GDP in 1QFY24/2QFY23 (*Exhibit 3*).

Exhibit 1: India's domestic NFS debt estimates

	USD t				As a percentage of GDP ¹			YoY (%)	
	FY20	FY21	FY22	FY23	2QFY23	1QFY24	2QFY24	1QFY24	2QFY24
Households* (HH)	0.9	1.0	1.1	1.2	35.1	37.2	38.3	19.2	19.7
Non-financial corporate ² (NFC*)	1.3	1.4	1.5	1.4	44.8	43.1	42.9	5.3	5.1
General government	2.0	2.4	2.7	2.8	82.8	85.6	86.6	12.8	14.7
Central government	1.3	1.6	1.8	1.9	55.2	58.3	58.8	14.8	17.0
State governments ³	0.7	0.8	0.9	0.9	27.6	27.3	27.7	8.8	10.1
Non-financial sector (NFS)	4.2	4.9	5.3	5.5	162.8	165.9	167.8	12.1	13.1
Non-government non-financial (NGNF)	2.2	2.5	2.6	2.6	79.9	80.3	81.2	11.3	11.5

Source: Reserve Bank of India (RBI), Ministry of Finance (MoF), Comptroller and Auditor General (CAG), Bloomberg, Company reports, MOFSL

¹ Annualized nominal GDP = Sum of the last four quarters to smoothen the sharp changes in nominal GDP on a quarterly basis

² Estimates included in this report are based on our calculations. Bank for International Settlements also provides India's HH and NFC debt estimates, which are available up to 1QFY24 and different from our estimates. *Please see Appendix at the end of the report for methodology.

³ Debt estimates of state governments (based on fiscal deficit of 27 states) are prepared by us

**Tata Communications: Maintain our aspiration for double-digit margin for Kaleyra in the medium-term; Amur Swaminathan, CEO**

- Kaleyra margin at 5% in Q3, won't read too much into it
- Maintain our aspiration for double-digit margin for Kaleyra in the medium-term
- Underlying data revenue grew 6.6% YoY
- Saw a slowdown in data revenue relative to last few quarters
- Peak order booking was in H1FY24

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- We are ahead of guidance of 300 hotels by FY25 end
- Planning 2 hotels in Lakshwadeep, agreements signed 10 months ago
- Spiritual tourism has gained a lot of recognition, is largely crisis resistant
- Ayodhya will see a Vivanta, Taj, Ginger and a selections hotel brand over time
- Will invest about Rs. 2,000-2,500 cr on Taj sea rock

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- Hope to end FY24 with AUM of ~₹10,000 cr; targeting AUM of ₹20,000 cr by FY27, 2x of FY24 levels
- Aim to improve RoE 50-70 bps every year; targeting 17%+ RoE by FY27
- UP as a whole is a big market for the future; have accelerated distribution in UP
- On track to deliver 30%+ AUM growth in FY24

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- Don't see any major impact from RBI's cautionary stance on unsecured loans on growth or costs of borrowings
- Will maintain guidance of 35%-40% growth; to continue to grow 7-8% QoQ
- 6 months down the line expect to unveil vision 2030
- New book performing well on asset quality as compared to expectations

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Ramkrishna Forgings: Have ₹590 cr of net debt now, target is to be debt-free over the next two years; Naresh Jalan, CEO

- Demand trend intact in both domestic and export market
- FY24 volumes expected to be at 1.45 lk tonnes
- Rs. 590 cr of net debt now, target is to be debt free over the next two years
- By FY25, revenues should go up to Rs. 5,000 cr
- Commodity prices will be important to track

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- Export demand has not picked up and Red Sea conflict is impacting us
- Exports will be 10-12% of mix in FY24 vs 15% earlier
- FY24 guidance maintained at 20% volume growth
- FY24 EBITDA/t seen at Rs.19,000-20,000
- Capex plan has been upped to Rs.3,600 vs Rs.3,200 cr earlier owing to advancement of capex & inorganic growth

[→ Read More](#)**Aster DM: Board has already decided on 70-80% dividend outflow; Dr Azad Moopen, MD**

- Board has already decided on 70-80% dividend outflow
- Funds could be utilized for additional shareholder reward such as dividend
- Have a leverage of \$80m on the stock, would like to reduce it
- Promoters have increased stake in India biz
- Could exit through the public markets
- Olympus could exit with another PE entering

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Automobiles																
Amara Raja Ener.	Neutral	808	780	-3	47.8	53.7	56.4	11.8	12.5	5.0	16.9	15.0	2.4	2.1	14.6	14.8
Apollo Tyres	Buy	525	535	2	27.9	33.0	36.6	63.1	18.0	11.0	18.8	15.9	1.9	1.7	13.0	13.8
Ashok Ley.	Buy	174	215	23	8.8	10.9	12.1	95.6	23.8	11.2	19.8	16.0	4.9	3.9	27.5	27.4
Bajaj Auto	Neutral	7114	6160	-13	282.6	315.2	351.2	31.9	11.6	11.4	25.2	22.6	7.2	6.5	29.9	30.2
Balkrishna Inds	Neutral	2763	2475	-10	71.7	94.9	118.1	37.5	32.3	24.5	38.5	29.1	6.4	5.6	17.4	20.5
Bharat Forge	Buy	1224	1385	13	27.7	40.2	44.6	138.2	45.0	11.1	44.2	30.5	7.4	6.1	17.9	22.0
Bosch	Neutral	23023	20115	-13	557.7	715.6	815.4	15.5	28.3	14.0	41.3	32.2	5.5	5.0	14.1	16.3
CEAT	Buy	2913	2960	2	173.9	181.9	202.6	235.2	4.6	11.3	16.8	16.0	2.9	2.5	18.7	16.7
Craftsman Auto	Buy	4800	6050	26	186.8	232.4	289.2	58.8	24.4	24.4	25.7	20.7	5.8	4.6	25.3	24.9
Eicher Mot.	Neutral	3698	3815	3	147.5	167.2	195.2	38.4	13.4	16.8	25.1	22.1	5.7	4.8	24.6	23.6
Endurance Tech.	Buy	2074	2160	4	48.5	61.9	72.0	39.8	27.7	16.4	42.8	33.5	5.9	5.1	14.5	16.3
Escorts Kubota	Neutral	2934	2900	-1	90.3	104.4	119.9	75.9	15.6	14.9	32.5	28.1	3.9	3.5	12.7	13.1
Exide Ind	Buy	321	355	10	12.9	15.8	18.4	21.7	22.3	16.5	24.8	20.3	2.3	2.1	9.1	10.3
Hero Moto	Buy	4403	4590	4	199.7	215.7	242.4	37.2	8.0	12.4	22.0	20.4	4.7	4.3	22.7	22.0
M&M	Buy	1624	2005	23	89.4	94.4	104.7	37.8	5.6	11.0	18.2	17.2	3.8	3.2	22.5	20.2
CIE Automotive	Buy	490	555	13	22.3	26.5	30.7	23.3	19.2	15.8	22.0	18.5	3.2	2.8	15.5	16.3
Maruti Suzuki	Buy	9974	12055	21	443.3	460.9	508.2	63.1	4.0	10.3	22.5	21.6	4.2	3.3	18.7	15.1
MRF	Sell	145312	104185	-28	5,385.85	3,360.85	5,929.5	197.0	-0.5	10.6	27.0	27.1	3.6	3.2	14.4	12.6
Samvardh. Motherson	Buy	107	120	12	4.3	5.1	5.7	85.5	20.0	10.9	25.1	20.9	3.0	2.7	12.4	13.5
Motherson Wiring	Buy	63	70	12	1.4	1.8	2.1	27.7	27.7	15.3	44.5	34.8	16.6	13.3	41.5	42.3
Sona BLW Precis.	Neutral	587	595	1	8.9	11.6	13.8	31.4	29.4	19.5	65.7	50.8	12.9	11.0	21.1	23.4
Tata Motors	Buy	819	900	10	43.2	49.5	61.1	1,907.3	14.7	23.4	19.0	16.5	5.2	3.9	31.4	26.6
TVS Motor	Neutral	2012	1780	-12	43.9	53.5	62.5	44.5	21.8	16.8	45.8	37.6	12.2	9.5	30.0	28.4
Tube Investments	Buy	4059	3945	-3	59.2	73.2	83.6	46.0	23.7	14.2	68.5	55.4	15.9	12.8	25.8	25.6
Aggregate								85.2	12.7	14.7	24.5	21.7	4.9	4.1	20.0	18.8
Banks - Private																
AU Small Finance	Buy	747	850	14	25.2	33.4	46.1	14.6	32	38.0	29.6	22.4	4.1	3.4	14.5	16.6
Axis Bank	Buy	1121	1250	12	76.7	93.9	114.6	7.5	22.4	22.1	14.6	11.9	2.3	1.9	17.0	17.5
Bandhan Bank	Neutral	229	270	18	20.4	25.7	30.9	50.0	26	20.3	11.2	8.9	1.7	1.5	15.9	17.7
DCB Bank	Neutral	148	150	1	17.3	21.1	25.2	15.5	22.3	19.2	8.6	7.0	0.9	0.8	11.9	13.1
Equitas Small Fin.	Buy	113	130	15	7.3	8.7	11.4	50.6	19.2	30.9	15.4	12.9	2.1	1.9	14.8	15.5
Federal Bank	Buy	146	175	20	16.7	18.5	21.7	17.2	10.3	17.6	8.7	7.9	1.2	1.1	15.1	14.5
HDFC Bank	Buy	1479	1950	32	79.8	96.2	115.8	0.6	20.6	20.4	18.5	15.4	2.6	2.3	14.6	15.8
ICICI Bank	Buy	1008	1230	22	58.2	66.0	77.1	27.2	13.3	16.8	17.3	15.3	3.0	2.6	18.9	18.3
IDFC First Bk	Neutral	88	85	-3	4.5	5.8	7.7	19.1	29.3	31.1	19.4	15.0	1.9	1.7	10.5	11.7
IndusInd	Buy	1534	1900	24	116.0	140.5	170.5	20.8	21.2	21.4	13.2	10.9	1.9	1.6	15.4	16.2
Kotak Mah. Bk	Neutral	1806	2000	11	89.7	103.3	121.3	18.2	15.2	17.4	20.1	17.5	2.8	2.4	14.7	14.4
RBL Bank	Neutral	269	270	0	19.0	25.8	34.9	29.2	35.5	35.1	14.1	10.4	1.1	1.0	8.1	10.3
SBI Cards	Buy	745	900	21	25.7	35.1	47.0	7.5	36.5	33.8	29.0	21.2	5.9	4.7	22.3	24.5
Aggregate								26.3	19.6	20.3	17.3	14.4	2.6	2.3	15.1	15.7
Banks - PSU																
BOB	Buy	232	280	21	32.8	39.3	47.1	20.5	19.7	19.8	7.1	5.9	1.1	1.0	17.1	17.7
Canara Bank	Buy	477	550	15	79.1	95.4	114.2	35.3	20.6	19.7	6.0	5.0	1.0	0.9	19.7	19.7
Indian Bank	Buy	459	525	14	59.8	71.6	86.9	41.1	19.7	21.3	7.7	6.4	1.1	1.0	16.4	17.0
Punjab Natl.Bank	Neutral	105	90	-14	6.4	10.1	14.6	180.6	57.5	44.8	16.4	10.4	1.1	1.0	7.4	10.6
SBI	Buy	632	800	27	70.7	90.5	106.3	13.3	28	17.5	8.9	7.0	1.4	1.2	17.3	18.9
Union Bank (I)	Buy	142	165	16	19.9	22.6	26.7	60.9	14	18.0	7.1	6.3	1.2	1.0	17.6	17.6
Aggregate								27.7	26	20	8	6.7	1.3	1.1	14.8	16.4
NBFCs																
AAVAS Financiers	Neutral	1525	1700	11	62.7	76.4	95.9	15.2	21.9	25.6	24.3	20.0	3.2	2.8	14.1	14.8
Aditya Birla Cap	Buy	174	220	26	10.8	13.9	17.5	27.3	28.6	25.4	16.1	12.5	1.8	1.6	12.3	13.5
Angel One	Buy	3246	4000	23	131.6	163.8	199.6	22.4	24.5	21.9	24.7	19.8	9.5	7.4	43.6	41.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Bajaj Fin.	Buy	7301	8900	22	238.0	306.3	389.4	25.0	28.7	27.1	30.7	23.8	5.9	4.8	22.5	22.4
Cams Services	Buy	2763	3310	20	68.8	84.9	103.4	18.5	23.3	21.8	40.1	32.6	15.0	13.0	40.1	42.7
Can Fin Homes	Neutral	769	840	9	56.3	62.3	73.9	20.7	10.7	18.6	13.7	12.3	2.4	2.0	18.8	17.6
Cholaman.Inv.&Fn	Buy	1261	1450	15	41.5	55.4	68.8	27.9	33.7	24.1	30.4	22.8	5.4	4.4	20.6	21.4
CreditAccess	Buy	1669	1985	19	93.2	112.6	134.6	79.2	20.9	19.5	17.9	14.8	4.0	3.2	25.3	23.9
Fusion Micro	Buy	630	720	14	54.0	72.1	88.7	40.1	33.4	23.0	11.7	8.7	2.2	1.8	20.9	22.4
HDFC Life Insur.	Neutral	608	700	15	7.4	11.3	14.0	17.7	51.6	24.3	81.8	53.9	2.8	2.4	17.8	17.5
Home First Fin.	Buy	985	1180	20	34.5	41.9	54.2	33.1	21.5	29.3	28.5	23.5	4.1	3.6	15.6	16.4
ICICI Pru Life	Buy	491	580	18	2.4	3.3	4.8	-56.9	33.7	46.7	202.0	151.2	1.7	1.5	16.4	16.6
ICICI Lombard	Buy	1475	1650	12	39.7	48.6	55.4	12.7	22.4	14.1	37.2	30.4	6.2	5.5	17.7	19.2
ICICI Securities	Under Review	757	-		50.7	56.0	63.8	45.5	10.4	14.0	14.9	13.5	7.1	6.0	52.2	48.3
IIFL Finance	Buy	642	800	25	50.9	65.0	81.4	29.1	27.6	25.4	12.6	9.9	2.3	1.9	19.8	21.0
360 ONE WAM	Buy	637	770	21	21.5	25.7	30.9	16.2	19.6	20.2	29.7	24.8	7.0	6.6	24.0	27.3
IndoStar	Buy	218	195	-11	8.4	17.6	29.1	-49.0	108.0	65.7	25.8	12.4	0.9	0.9	3.6	7.1
L&T Fin Holdings	Buy	167	195	17	9.7	11.7	15.5	48.5	20.6	32.2	17.2	14.3	1.8	1.6	10.7	11.9
Life Insurance Corp.	Buy	936	960	3	44.9	42.6	58.4	-22.0	-5.1	37.1	20.9	22.0	0.8	0.8	19.8	12.6
LIC Hsg Fin	Buy	578	660	14	82.2	84.1	92.2	56.4	2.3	9.7	7.0	6.9	1.0	0.9	15.7	14.3
Manappuram Fin.	Buy	176	205	16	26.5	30.1	35.9	49.4	13.8	19.3	6.7	5.9	1.3	1.1	21.1	20.1
MAS Financial	Buy	1046	1100	5	45.6	58.2	71.3	24.1	27.5	22.5	22.9	18.0	3.4	2.9	15.8	17.3
Max Financial	Neutral	888	970	9	13.3	16.3	22.5	44.3	23.0	37.9	67.0	54.5	2.0	1.6	20.2	19.6
M&M Fin.	Buy	281	330	17	14.6	22.2	27.8	-9.2	52.2	25.1	19.3	12.7	2.0	1.8	10.6	14.9
Muthoot Fin	Neutral	1410	1350	-4	101.0	115.0	130.9	16.7	13.9	13.8	14.0	12.3	2.3	2.0	17.9	17.7
Piramal Enterp.	Buy	896	1200	34	56.8	78.0	106.3	-24.2	37.3	36.3	15.8	11.5	0.7	0.7	4.2	5.8
PNB Housing	Buy	873	1025	17	59.2	74.1	92.1	-4.5	25.2	24.3	14.8	11.8	1.5	1.4	11.8	12.1
Poonawalla Fincorp	Buy	490	580	18	13.0	18.5	26.6	67.5	42.7	43.6	37.8	26.5	4.5	4.0	13.5	16.0
Repco Home Fin	Neutral	407	460	13	61.2	64.8	71.4	29.4	5.8	10.2	6.6	6.3	0.9	0.8	14.2	13.2
Spandana Sphoorty	Buy	1152	1400	22	72.0	90.0	114.0	4,023.6	25.0	26.7	16.0	12.9	2.3	1.9	15.2	16.2
Shriram Finance	Buy	2301	2400	4	195.8	222.8	268.5	22.6	13.8	20.5	11.8	10.3	1.8	1.5	15.8	15.9
SBI Life Insurance	Buy	1443	1700	18	20.3	23.8	26.1	17.8	17.5	9.6	71.2	60.6	2.6	2.1	21.2	20.4
Star Health Insu	Buy	574	730	27	14.3	19.6	24.5	34.0	37.2	25.4	40.3	29.4	4.5	3.9	11.9	14.3
Aggregate								3.8	22.9	23.5	19.6	16.0	3.0	2.6	15.0	16.0
Chemicals																
Alkyl Amines	Neutral	2358	2490	6	28.9	50.0	66.3	-35.3	72.8	32.7	81.5	47.1	9.4	8.1	12.1	18.5
Atul	Neutral	6489	6795	5	111.8	141.7	179.3	-33.8	26.7	26.5	58.0	45.8	3.9	3.6	6.9	8.1
Clean Science	Neutral	1481	1430	-3	21.8	27.1	33.3	-21.6	24.6	22.8	68.0	54.6	13.1	11.0	20.9	21.9
Deepak Nitrite	Neutral	2316	2230	-4	64.6	78.6	92.7	3.4	21.6	18.0	35.8	29.5	6.5	5.4	19.7	20.1
Fine Organic	Sell	4543	3530	-22	108.3	102.5	100.3	-43.8	-5.4	-2.2	41.9	44.3	7.6	6.5	19.8	15.8
Galaxy Surfact.	Buy	2705	3760	39	95.3	111.5	129.9	-11.3	17.0	16.6	28.4	24.3	4.5	3.9	16.7	17.1
Navin Fluorine	Neutral	3440	3520	2	56.1	83.4	106.3	-25.9	48.7	27.4	61.3	41.2	7.0	6.2	12.1	15.9
NOCIL	Neutral	268	250	-7	8.1	10.3	13.3	-8.7	26.0	29.4	32.9	26.1	2.7	2.6	8.6	10.1
Vinati Organics	Buy	1707	2065	21	30.5	42.3	54.7	-31.6	38.6	29.5	56.0	40.4	7.1	6.2	13.3	16.3
Aggregate								-20.6	24.4	20.3	46.2	37.2	6.1	5.3	13.1	14.4
Capital Goods																
ABB India	Buy	4756	5460	15	56.7	68.8	81.8	75.2	21.2	19.0	83.8	69.2	16.7	13.7	21.9	21.7
Bharat Electronics	Neutral	193	180	-7	4.7	5.3	6.0	14.4	12.1	14.2	41.1	36.7	9.0	7.9	22.0	21.5
Cummins India	Buy	2081	2250	8	45.5	54.4	64.1	10.2	19.6	17.8	45.8	38.3	9.8	8.9	22.4	24.4
Hitachi Energy	Sell	6059	4150	-32	28.4	74.5	109.4	28.1	162.5	46.8	213.5	81.3	19.2	15.6	9.0	19.1
Kalpataru Proj.	Buy	723	820	13	36.3	55.8	65.8	20.7	53.5	18.0	19.9	13.0	2.0	1.7	10.6	14.4
KEC International	Neutral	617	640	4	16.9	30.0	43.6	146.5	77.7	45.4	36.5	20.6	3.8	3.3	10.9	17.1
Kirloskar Oil	Buy	692	840	21	23.9	29.9	36.9	27.9	25.1	23.5	29.0	23.1	3.9	3.5	14.1	15.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Larsen & Toubro	Buy	3634	3900	7	97.6	120.9	146.9	28.6	23.9	21.5	37.2	30.1	5.6	4.9	15.0	17.5
Siemens	Buy	4078	4600	13	55.1	65.0	77.5	55.5	17.9	19.3	74.0	62.8	11.1	9.8	15.9	16.6
Thermax	Neutral	3063	3000	-2	50.6	61.0	72.1	26.4	20.5	18.2	60.5	50.2	8.1	7.2	14.0	15.2
Triveni Turbine	Buy	406	520	28	7.9	10.6	14.0	30.6	34.3	31.7	51.3	38.2	13.7	10.9	29.6	31.8
Aggregate								29.6	23.8	20.9	44.7	36.1	7.1	6.2	15.8	17.2
Cement																
Ambuja Cem.	Neutral	541	490	-9	13.3	11.8	13.5	5.0	-11.8	15.0	40.5	46.0	3.5	2.8	14.9	10.7
ACC	Neutral	2290	2300	0	89.3	110.6	118.5	69.7	23.8	7.2	25.6	20.7	2.8	2.5	11.3	12.6
Birla Corp.	Buy	1458	1800	23	49.1	72.9	88.5	948.6	48.4	21.4	29.7	20.0	1.8	1.7	6.2	8.6
Dalmia Bhar.	Buy	2207	2800	27	43.5	64.3	89.1	19.1	47.8	38.5	50.7	34.3	2.5	2.4	5.1	7.2
Grasim Inds.	Buy	2082	2590	24	94.7	97.3	106.2	-3.8	2.7	9.2	22.0	21.4	2.7	2.6	4.3	2.9
India Cem	Sell	252	185	-26	-5.6	6.4	7.8	-63.4	LP	22.7	NM	39.5	1.4	1.4	-3.1	3.6
J K Cements	Buy	3984	4400	10	107.3	132.1	169.2	94.5	23.1	28.1	37.1	30.2	5.7	5.0	16.5	17.7
JK Lakshmi Ce	Buy	892	1010	13	37.1	46.7	53.8	21.8	25.8	15.2	24.0	19.1	3.3	2.9	14.6	16.1
Ramco Cem	Neutral	957	1130	18	19.3	30.4	38.2	32.9	57.2	25.7	49.5	31.5	3.2	2.9	6.5	9.6
Shree Cem	Neutral	27612	27000	-2	584.7	581.6	713.9	79.7	-0.5	22.7	47.2	47.5	5.0	4.6	11.0	10.1
Ultratech	Buy	9997	12000	20	242.1	305.1	366.4	38.0	26.0	20.1	41.3	32.8	4.8	4.3	12.2	13.8
Aggregate								27.2	18.4	17.4	34.7	29.3	3.5	3.1	10.1	10.5
Consumer																
Asian Paints	Neutral	3140	3340	6	58.7	61.3	67.2	32.8	4.4	9.6	53.5	51.2	17.4	15.8	33.9	32.3
Britannia	Neutral	5163	5240	1	88.5	98.2	111.2	10.1	10.9	13.3	58.4	52.6	34.8	31.7	60.0	63.0
Colgate	Neutral	2534	2400	-5	48.5	50.2	54.4	24.6	3.5	8.4	52.3	50.5	35.8	31.6	72.4	66.5
Dabur	Buy	538	685	27	11.3	12.8	14.6	17.6	13.1	14.2	47.7	42.2	9.5	8.7	21.0	21.5
Emami	Buy	510	690	35	19.5	21.6	24.6	10.6	10.9	14.1	26.2	23.6	9.3	8.3	36.3	37.3
Godrej Cons.	Buy	1125	1330	18	18.6	22.9	26.4	8.2	23.2	15.2	60.5	49.2	7.9	7.5	13.4	15.7
HUL	Buy	2469	2900	17	44.5	49.0	53.6	2.5	10.1	9.4	55.5	50.4	11.3	11.0	20.6	22.2
ITC	Buy	468	535	14	16.3	18.4	20.0	8.4	12.6	9.1	28.7	25.5	8.2	7.8	29.2	31.3
Indigo Paints	Buy	1462	1800	23	30.4	40.7	49.0	25.1	34.0	20.2	48.1	35.9	7.8	6.7	17.3	20.0
Jyothy Lab	Neutral	518	475	-8	10.0	11.4	12.8	57.6	14.4	11.6	51.9	45.3	11.0	9.9	22.4	23.0
Marico	Buy	524	660	26	11.4	12.6	13.9	12.5	10.6	10.4	46.2	41.8	15.7	14.8	36.2	36.6
Nestle	Neutral	2480	2670	8	29.8	36.0	40.3	20.3	20.7	12.1	83.1	68.9	81.8	68.3	142.6	108.0
Page Inds	Neutral	37446	37560	0	549.0	625.9	739.8	7.2	14.0	18.2	68.2	59.8	25.8	22.0	37.9	36.8
Pidilite Ind.	Neutral	2677	2790	4	36.5	43.4	49.5	44.6	19.0	14.2	73.4	61.7	16.5	14.4	24.0	24.9
P&G Hygiene	Neutral	17291	16780	-3	251.9	293.7	339.2	31.6	16.6	15.5	68.7	58.9	54.6	46.1	82.9	85.0
Tata Consumer	Buy	1151	1350	17	14.4	18.2	20.5	26.1	26.6	12.6	80.2	63.3	6.2	4.7	8.1	9.0
United Brew	Sell	1840	1480	-20	19.2	26.7	34.9	54.0	39.0	30.9	95.9	69.0	11.5	10.5	12.4	15.9
United Spirits	Neutral	1109	1060	-4	14.8	17.7	20.5	16.2	20.1	15.7	75.1	62.5	11.9	12.2	15.9	19.5
Varun Beverages	Buy	1259	1370	9	15.9	19.8	24.4	37.6	24.9	23.2	79.4	63.6	23.6	17.7	34.2	31.8
Aggregate								14.9	11.1	10.9	47.5	42.8	12.1	11.3	25.5	26.3
EMS																
Avalon Tech	Buy	530	640	21	8.6	15.2	21.5	-5.2	76.7	41.3	61.7	34.9	5.8	5.0	9.9	15.4
Cyient DLM	Buy	660	830	26	7.9	14.3	23.5	97.4	81.4	63.9	83.6	46.1	5.5	4.9	10.8	11.2
Data Pattern	Neutral	1883	2050	9	31.5	43.2	60.4	42.3	37.1	39.7	59.8	43.6	7.9	6.7	14.1	16.6
Kaynes Tech	Buy	2687	3130	16	28.2	44.9	62.5	72.4	59.3	39.1	95.2	59.8	13.9	11.3	15.8	20.8
Syrma SGS Tech.	Buy	606	760	25	8.1	12.0	18.8	20.3	48.3	56.3	74.7	50.4	6.4	5.7	8.9	11.9
Aggregate								42.6	54.1	46.5	75.6	49.1	8.0	6.9	10.6	14.0
Healthcare																
Alembic Phar	Neutral	945	750	-21	28.6	33.8	38.0	31.0	18.2	12.5	33.0	27.9	3.9	3.5	12.1	12.9
Alkem Lab	Neutral	4882	4540	-7	149.2	173.0	183.7	40.7	15.9	6.2	32.7	28.2	5.6	4.9	18.4	18.5
Ajanta Pharma	Buy	2200	2475	12	61.1	74.4	89.5	24.2	21.7	20.3	36.0	29.6	7.0	6.0	21.1	21.9
Apollo Hospitals	Buy	6125	6580	7	63.7	92.5	132.2	32.2	45.3	42.9	96.2	66.2	12.1	10.3	13.8	17.4
Aurobindo	Neutral	1145	1110	-3	51.2	58.7	67.5	33.2	14.6	15.0	22.4	19.5	2.3	2.0	10.6	11.0
Biocon	Neutral	274	240	-12	7.2	13.1	16.9	14.9	82.5	28.8	38.2	20.9	1.8	1.7	4.7	8.3
Cipla	Buy	1313	1540	17	47.4	53.1	60.5	25.7	12.0	13.9	27.7	24.7	4.0	3.5	14.6	14.3
Divis Lab	Neutral	3652	3580	-2	60.9	81.1	97.4	-6.1	33.2	20.0	59.9	45.0	7.0	6.3	12.1	14.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Dr Reddy's	Neutral	5633	5400	-4	296.7	308.8	324.9	21.2	4.1	5.2	19.0	18.2	3.4	2.9	19.5	17.2
ERIS Lifescience	Neutral	894	900	1	33.0	33.5	40.7	18.6	1.6	21.4	27.1	26.7	4.8	4.3	19.1	17.0
Gland Pharma	Buy	1940	2200	13	54.4	65.7	74.5	7.8	21.0	13.3	35.7	29.5	3.6	3.2	10.6	11.5
Glenmark	Neutral	875	800	-9	24.1	39.3	48.0	82.2	63.2	22.1	36.3	22.3	2.4	2.2	6.8	10.1
GSK Pharma	Neutral	2270	1780	-22	38.1	42.1	46.4	6.1	10.5	10.1	59.5	53.9	18.3	16.4	30.8	30.4
Global Health	Buy	1091	1100	1	18.0	21.7	25.6	48.3	20.7	17.9	60.6	50.2	10.4	8.9	18.4	19.0
Granules India	Buy	417	475	14	19.4	27.1	34.9	-10.2	40.0	28.5	21.5	15.4	3.0	2.6	15.3	18.1
IPCA Labs	Neutral	1077	1080	0	24.5	36.9	49.0	17.7	50.8	32.7	44.0	29.2	4.3	3.8	10.2	13.9
Laurus Labs	Buy	402	500	24	9.1	16.9	19.0	-38.2	84.5	12.5	44.0	23.8	4.8	4.1	11.6	18.7
Lupin	Sell	1410	1070	-24	36.0	40.7	48.3	318.2	13.0	18.8	39.2	34.7	4.5	4.0	12.3	12.3
Max Healthcare	Buy	749	790	5	14.4	17.5	21.3	24.3	21.3	22.3	52.1	42.9	7.7	6.5	15.9	16.5
Piramal Pharma	Buy	144	160	11	1.4	3.0	4.6	-335.6	112.1	54.2	101.0	47.6	2.1	2.0	2.5	4.9
Sun Pharma	Buy	1326	1450	9	39.5	45.6	53.7	10.4	15.5	17.7	33.6	29.1	5.0	4.4	15.9	16.0
Torrent Pharma	Neutral	2532	2160	-15	50.1	66.3	79.5	34.7	32.4	19.9	50.5	38.2	10.3	5.1	23.3	26.9
Zydus Lifesciences	Neutral	703	710	1	32.6	33.7	36.1	45.4	3.5	7.1	21.6	20.9	3.4	3.0	17.3	15.4
Aggregate								24.2	19.3	16.6	34.6	29.0	4.6	4.1	13.3	14.0
Infrastructure																
G R Infraproject	Buy	1163	1390	20	74.8	85.4	98.6	-15.0	14.1	15.4	15.5	13.6	1.9	1.7	13.0	13.0
IRB Infra	Neutral	49	41	-17	1.2	1.6	1.8	0.0	32.4	16.5	41.3	31.2	2.1	2.0	5.3	6.7
KNR Constructions	Buy	271	325	20	15.8	18.4	20.4	7.4	16.0	11.3	17.1	14.8	2.4	2.1	15.1	15.1
Aggregate											25.7	21.2	2.1	1.9	8.2	9.2
Logistics																
Adani Ports	Buy	1193	1410	18	40.2	46.5	56.5	14.8	15.7	21.5	29.7	25.7	4.9	4.3	17.7	17.9
Blue Dart Express	Buy	7013	8300	18	134.1	199.5	251.7	-13.2	48.8	26.2	52.3	35.2	11.6	9.4	23.6	29.6
Concor	Buy	873	990	13	21.7	25.5	29.5	13.2	17.2	15.7	40.2	34.3	4.5	4.2	11.4	12.6
Mahindra Logistics	Neutral	436	420	-4	-3.0	9.1	19.2	-182.2	LP	111.4	NM	48.1	6.0	5.5	-4.0	11.9
Transport Corp.	Buy	856	990	16	46.6	56.0	65.9	11.9	20.4	17.7	18.4	15.3	3.2	2.7	18.9	19.1
TCI Express	Buy	1358	1600	18	39.1	46.3	53.5	7.6	18.2	15.5	34.7	29.4	7.3	6.0	22.9	22.5
VRL Logistics	Buy	714	890	25	14.6	24.5	32.8	-22.2	67.3	34.1	48.7	29.1	6.0	5.3	12.7	19.4
Aggregate											31.9	26.9	5.0	4.4	15.6	16.3
Media																
PVR Inox	Neutral	1522	1495	-2	24.1	56.8	85.1	-197.1	135.8	49.9	63.2	26.8	2.0	1.8	3.2	7.1
Sun TV	Buy	666	790	19	46.2	49.2	51.8	8.7	6.5	5.4	14.4	13.5	2.7	2.5	18.4	18.3
Zee Ent.	Neutral	232	200	-14	5.0	7.7	11.1	5.1	50.3	44.8	46.4	30.1	2.0	1.9	4.4	6.6
Aggregate								22.8	26.9	22.0	24.9	19.6	2.3	2.1	9.0	10.8
Metals																
Coal India	Buy	399	430	8	41.1	41.1	45.9	-10.1	0.2	11.5	9.7	9.7	3.5	3.0	36.3	30.9
Hindalco	Buy	561	750	34	47.3	56.7	64.1	4.4	19.8	13.1	11.9	9.9	1.6	1.4	14.2	14.9
Hind. Zinc	Neutral	315	310	-2	18.3	23.4	26.4	-26.4	28.0	12.6	17.2	13.4	9.3	6.9	56.7	59.1
JSPL	Buy	729	900	23	48.1	56.6	80.4	32.2	17.6	42.0	15.2	12.9	1.7	1.5	11.8	12.5
JSW Steel	Neutral	808	910	13	42.3	65.3	73.7	187.7	54.4	12.8	19.1	12.4	2.7	2.3	14.7	19.8
Nalco	Neutral	135	130	-4	5.8	8.8	10.9	-26.2	52.2	24.4	23.5	15.4	1.8	1.7	7.9	11.4
NMDC	Buy	213	240	13	18.6	21.5	24.5	11.5	15.4	13.8	11.4	9.9	2.4	2.1	22.6	23.0
SAIL	Neutral	115	120	4	2.6	7.9	10.5	-45.0	208	33.4	45.0	14.6	0.8	0.8	1.9	5.7
Tata Steel	Neutral	134	130	-3	4.5	10.9	12.6	-36.6	143	15.8	29.8	12.3	1.8	1.7	5.9	14.2
Vedanta	Neutral	265	240	-9	10.2	20.4	23.7	-63.8	99	16.5	25.9	13.0	3.8	4.0	11.7	30.0
Aggregate								-9.4	34.3	15.7	15.5	11.5	2.2	2.0	14.5	17.5
Oil & Gas																
Aegis Logistics	Neutral	370	345	-7	14.5	15.7	16.6	-1.2	8.6	5.6	25.6	23.6	3.4	3.1	13.7	13.6
BPCL	Neutral	483	475	-2	128.1	76.4	76.6	1,259.2	-40.3	0.3	3.8	6.3	1.5	1.3	44.3	22.2
Castrol India	Buy	179	220	23	8.5	8.6	10.0	2.9	1.6	15.9	21.1	20.8	8.6	7.9	42.5	39.6
GAIL	Buy	166	195	17	12.7	12.7	16.3	57.4	0.1	28.0	13.1	13.1	1.6	1.5	14.2	13.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Gujarat Gas	Buy	555	575	4	15.8	18.7	21.2	-28.7	18.2	13.4	35.1	29.7	4.9	4.4	14.7	15.7
Gujarat St. Pet.	Buy	348	400	15	22.8	19.0	19.7	35.8	-16.7	4.1	15.3	18.4	1.9	1.8	13.2	10.1
HPCL	Neutral	469	450	-4	111.6	80.8	78.7	-326.8	-27.6	-2.6	4.2	5.8	1.5	1.3	41.7	24.0
IOC	Buy	148	162	9	28.6	16.3	15.6	236.5	-43.1	-4.3	5.2	9.1	1.3	1.2	26.1	13.3
IGL	Sell	443	350	-21	27.1	25.9	25.9	31.1	-4.4	0.3	16.4	17.1	3.7	3.2	24.4	20.0
Mahanagar Gas	Buy	1314	1590	21	133.7	109.6	114.9	67.2	-18.0	4.8	9.8	12.0	2.6	2.3	29.2	20.6
MRPL	Sell	175	135	-23	17.6	14.4	14.1	16.8	-18.2	-2.1	10.0	12.1	2.5	2.2	27.9	19.2
Oil India	Buy	420	485	15	59.4	61.6	68.0	-5.4	3.7	10.3	7.1	6.8	1.2	1.1	19.8	16.4
ONGC	Buy	242	270	12	42.7	45.0	50.9	40.7	5.4	13.0	5.7	5.4	1.0	0.9	18.4	17.4
PLNG	Neutral	246	255	3	23.0	20.2	21.6	6.3	-12.0	6.7	10.7	12.2	2.2	2.0	21.7	17.2
Reliance Ind.	Buy	2713	3130	15	100.9	120.7	138.8	2.3	19.7	15.0	26.9	22.5	2.0	1.8	8.0	8.9
Aggregate								71.8	-7.3	10.1	12.4	13.4	1.8	1.6	14.2	12.0
Real Estate																
Brigade Enterpr.	Buy	977	1000	2	17.3	35.7	40.2	42.6	106.7	12.8	56.6	27.4	5.6	4.7	10.4	18.7
DLF	Neutral	776	650	-16	14.5	21.5	17.2	26.8	48.7	-19.9	53.7	36.1	3.4	3.1	9.1	12.4
Godrej Propert.	Buy	2308	2300	0	26.7	43.0	48.5	19.4	61.2	12.8	86.4	53.6	6.5	5.8	7.7	11.4
Oberoi Realty	Neutral	1504	1140	-24	42.2	49.2	66.9	-19.5	16.8	35.9	35.7	30.5	4.0	3.6	11.8	12.3
Macrotech Devel.	Buy	1128	1200	6	15.1	24.9	27.9	-5.1	64.5	11.9	74.5	45.3	7.9	6.9	11.0	16.2
Mahindra Lifespace	Buy	558	575	3	0.5	7.5	6.0	-82.7	1,348.6	-19.6	1,083.8	74.8	4.8	4.5	0.4	6.2
Sunteck Realty	Buy	453	640	41	9.1	16.4	22.8	NA	80.2	39.0	49.9	27.6	2.3	2.1	4.7	8.0
Sobha	Buy	1476	1400	-5	16.1	40.8	83.6	48.6	154.1	104.7	91.8	36.1	5.4	4.8	6.1	14.1
Prestige Estates	Buy	1288	1300	1	27.6	19.7	25.5	43.3	-28.5	29.2	46.7	65.4	4.4	4.2	9.9	6.5
Phoenix Mills	Neutral	2494	2000	-20	57.7	71.7	100.8	41.3	24.2	40.6	43.2	34.8	4.8	4.2	11.6	12.8
Aggregate								26.1	41.7	9.5	56.6	40.0	5.2	4.7	9.2	11.7
Retail																
Avenue Supermarts	Buy	3674	4700	28	39.8	54.8	73.9	8.6	37.7	34.8	92.2	67.0	12.8	10.7	14.9	17.4
Aditya Birla Fashion	Neutral	226	230	2	-6.3	-5.6	-7.1	796.3	Loss	Loss	NM	NM	5.5	6.3	-16.9	-14.6
Bata India	Neutral	1508	1620	7	27.7	35.3	47.0	10.3	27.4	33.3	54.5	42.7	11.0	8.7	22.2	22.8
Barbeque-Nation	Neutral	622	700	13	-6.8	3.2	5.1	-273.3	LP	58.0	NM	192.0	6.5	6.3	-7.1	3.3
Campus Activewe.	Buy	277	300	8	4.1	4.3	6.6	7.9	3.9	54.9	67.2	64.7	12.5	10.5	18.6	16.2
Devyani Intl.	Buy	182	220	21	1.2	2.1	2.7	-48.2	71.8	31.4	149.7	87.2	20.4	16.5	14.3	20.9
Jubilant Food.	Buy	523	630	21	5.6	7.5	9.1	-7.6	33.7	20.7	92.6	69.3	14.3	15.6	15.4	22.5
Metro Brands	Buy	1139	1380	21	11.7	16.1	20.5	-12.1	38.2	27.0	97.4	70.5	17.3	14.9	19.3	23.3
Raymond	Buy	1789	2500	40	111.0	127.0	160.3	17.5	14.4	26.3	16.1	14.1	2.6	2.2	19.7	16.8
Relaxo Footwear	Neutral	868	980	13	8.6	13.7	19.7	38.4	59.9	43.2	101.1	63.2	10.7	9.5	11.0	16.0
Restaurant Brands	Buy	131	140	7	-2.5	-0.9	2.1	-48.9	Loss	LP	NM	NM	9.0	9.6	-15.8	-6.3
Sapphire Foods	Buy	1477	1700	15	15.9	27.1	40.7	-6.5	70.8	50.0	93.1	54.5	6.9	6.1	7.7	11.9
Shoppers Stop	Neutral	710	695	-2	12.4	15.0	14.2	-14.4	20.9	-5.5	57.2	47.3	17.9	13.0	36.9	31.9
Titan Company	Buy	3785	4300	14	44.9	54.9	67.8	22.0	22.4	23.3	84.3	68.9	23.0	19.1	30.1	30.4
Trent	Buy	3193	3300	3	25.3	35.1	46.0	127.3	38.8	31.0	126.2	90.9	30.4	22.4	29.5	30.3
V-Mart Retail	Neutral	2045	1905	-7	-58.7	18.2	55.9	1,252.5	LP	207.5	NM	112.4	5.0	4.8	NM	4.3
Vedant Fashions	Neutral	1092	1240	14	18.2	22.4	27.2	3.0	23.0	21.6	60.0	48.8	16.4	13.7	28.8	29.7
Westlife Foodworld	Neutral	840	860	2	7.6	11.9	16.9	6.6	56.0	42.1	110.0	70.5	19.1	15.0	19.0	23.9
Aggregate								9.6	36.3	30.5	96.3	70.6	15.2	13.0	15.8	18.4
Technology																
Cyient	Buy	2244	2640	18	70.5	87.4	102.9	34.7	24.0	17.8	31.8	25.7	6.6	6.0	21.6	24.4
HCL Tech.	Buy	1544	1880	22	58.9	67.5	78.3	7.5	14.5	16.1	26.2	22.9	6.5	6.6	24.6	28.6
Infosys	Buy	1649	1750	6	59.3	67.8	79.4	3.1	14.2	17.2	27.8	24.3	9.0	9.0	32.5	37.1
LTI Mindtree	Neutral	5649	6600	17	157.9	179.2	220.0	4.0	13.5	22.7	35.8	31.5	8.6	7.4	26.0	25.3
L&T Technology	Buy	5416	6220	15	125.0	151.1	177.7	13.1	20.9	17.6	43.3	35.8	10.9	9.4	25.9	28.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Mphasis	Neutral	2587	2930	13	82.6	97.6	117.2	-5.0	18.1	20.2	31.3	26.5	5.7	5.2	19.0	20.8
Coforge	Neutral	6278	6600	5	140.6	190.3	220.3	7.7	35.3	15.8	44.6	33.0	11.2	9.6	26.3	31.1
Persistent Sys	Neutral	7924	8110	2	146.4	177.6	219.2	17.7	21.3	23.4	54.1	44.6	12.9	10.8	26.1	26.8
TCS	Buy	3861	4250	10	125.7	146.8	170.1	9.0	16.8	15.9	30.7	26.3	16.0	16.6	51.5	61.9
Tech Mah	Neutral	1385	1180	-15	41.8	51.1	67.8	-27.0	22.3	32.7	33.2	27.1	4.3	4.2	13.1	15.7
Wipro	Neutral	478	520	9	20.6	22.9	27.3	-0.6	11.5	19.2	23.2	20.8	3.5	3.5	14.7	16.7
Zensar Tech	Neutral	561	570	2	27.3	24.6	28.5	90.1	-9.9	15.9	20.6	22.8	3.8	3.4	19.6	15.8
Aggregate								4.5	15.3	17.4	30.5	26.5	9.1	9.0	29.7	34.0
Telecom																
Bharti Airtel	Buy	1123	1200	7	20.4	30.5	36.9	49.9	49.8	21.0	55.1	36.8	5.9	5.1	12.4	14.8
Indus Towers	Neutral	216	190	-12	18.9	19.4	21.8	111.8	2.9	12.4	11.4	11.1	2.2	1.8	21.5	18.2
Vodafone Idea		15			-10.5	-8.3	-7.4	3.4	Loss	Loss	NM	NM	-0.5	-0.4	NM	NM
Tata Comm	Neutral	1740	1750	1	44.6	54.6	78.2	-26.6	22.5	43.1	39.0	31.9	21.3	13.9	66.1	53
Aggregate								Loss	LP	12,867.3	-65	13,890	26.9	27.1	-41.2	0.2
Others																
APL Apollo Tubes	Buy	1540	1850	20	29.5	48.8	61.0	27.7	65.3	25.0	52.1	31.5	11.6	8.8	24.5	31.6
BSE	Neutral	2241	2600	16	64.2	60.6	73.3	308.9	-5.6	20.9	34.9	37.0	11.4	10.4	32.6	28.1
Coromandel Intl	Buy	1176	1430	22	63.1	70.2	74.3	-7.9	11.3	5.9	18.7	16.8	3.7	3.2	21.5	20.3
EPL	Buy	200	270	35	7.6	11.7	14.3	5.4	54.4	21.7	26.3	17.0	3.0	2.8	11.8	17.0
Godrej Agrovet	Neutral	542	510	-6	17.3	20.5	22.4	33.3	18.3	9.5	31.3	26.4	4.2	3.9	13.8	15.3
Havells India	Buy	1373	1560	14	20.5	26.2	31.3	19.6	27.6	19.6	66.9	52.5	11.5	10.1	17.3	19.3
Indiamart Inter.	Buy	2574	3000	17	51.9	65.6	86.2	11.8	26.5	31.4	49.6	39.2	6.7	5.9	14.3	15.9
Indian Hotels	Buy	479	500	4	8.3	9.8	10.8	18.0	17.5	10.5	57.6	49.0	7.5	6.6	13.9	14.3
Interglobe	Neutral	3044	3295	8	177.4	229.8	244.5	-2,259.8	30	6	17.2	13	217.7	12.5	-237.3	178.4
Info Edge	Neutral	5026	4720	-6	62.8	68.6	81.7	97.5	9.1	19.2	80.0	73.3	5.5	5.1	6.2	13.1
Kajaria Ceramics	Buy	1379	1620	17	27.9	34.4	40.7	30.3	23.5	18.2	49.5	40.1	8.7	8.0	18.2	20.6
Lemon Tree Hotel	Buy	134	150	12	1.7	3.4	4.0	9.3	106.2	16.4	81.1	39.3	10.7	8.4	14.1	23.9
MCX	Neutral	3211	3160	-2	19.1	76.7	90.2	-34.6	301.3	17.7	168.1	41.9	10.9	10.4	6.5	25.4
One 97	Buy	784	975	24	-13.2	-0.5	15.5	-52.7	Loss	LP	NM	NM	3.9	4.0	-6.6	-0.3
Qess Corp	Neutral	495	560	13	22.3	37.2	40.8	94.9	66.7	9.7	22.2	13.3	2.1	1.9	12.8	19.7
PI Inds.	Buy	3382	4300	27	103.0	122.4	143.5	27.3	18.9	17.2	32.8	27.6	6.0	5.0	19.8	19.7
SIS	Buy	517	530	2	25.5	35.5	45.4	9.8	39.0	28.1	20.3	14.6	1.3	1.1	15.0	17.9
SRF	Neutral	2289	2250	-2	51.1	75.9	91.3	-33.0	48.7	20.3	44.8	30.2	5.9	5.1	13.9	18.3
Tata Chemicals	Neutral	1050	1060	1	56.4	54.2	62.2	-38.5	-3.8	14.7	18.6	19.4	1.3	1.2	7.1	6.5
Team Lease Serv.	Buy	3114	3678	18	77.7	112.4	135.3	19.3	44.8	20.3	40.1	27.7	5.6	4.7	14.8	18.2
Voltas	Buy	1023	1150	12	14.8	20.9	27.7	29.1	41.3	32.5	69.2	49.0	5.8	5.3	8.4	10.9
UPL	Neutral	553	600	9	13.8	34.4	59.8	-76.5	149.5	74.0	40.1	16.1	1.0	0.9	3.8	9.0
Zomato	Buy	133	145	9	0.3	1.0	2.6	-123.4	266.0	154.0	476.7	130.3	5.8	5.6	1.2	4.4



Index	1 Day (%)	1M (%)	12M (%)
Sensex	-0.4	1.3	17.8
Nifty-50	-0.2	2.0	19.7
Nifty Next 50	0.0	7.6	30.7
Nifty 100	-0.2	2.9	20.4
Nifty 200	-0.1	3.8	24.8
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	-0.2	6.4	47.0
Amara Raja Ener.	-1.1	8.7	40.7
Apollo Tyres	4.3	21.7	68.4
Ashok Leyland	1.2	2.6	21.1
Bajaj Auto	-0.6	11.5	98.6
Balkrishna Inds	4.7	13.6	24.3
Bharat Forge	-0.8	4.1	42.1
Bosch	-0.7	7.1	35.8
CEAT	12.3	25.6	80.5
Craftsman Auto	2.9	-7.8	38.1
Eicher Motors	-0.1	-5.5	17.4
Endurance Tech.	-0.7	18.0	45.2
Escorts Kubota	-1.4	-1.5	40.2
Exide Inds.	-1.7	11.9	72.4
Hero Motocorp	0.0	15.4	60.3
M & M	-1.9	-1.4	23.5
CIE Automotive	-0.2	5.4	30.8
Maruti Suzuki	-0.6	-1.1	18.2
MRF	4.3	23.9	62.3
Sona BLW Precis.	0.4	9.1	43.9
Motherson Sumi	-2.0	16.5	47.1
Motherson Wiring	1.6	4.2	22.3
Tata Motors	-0.6	16.1	103.1
TVS Motor Co.	-1.2	3.2	107.4
Tube Investments	4.9	13.6	53.5
Banks-Private	0.7	-3.3	9.6
AU Small Fin. Bank	2.3	-1.7	21.3
Axis Bank	0.4	1.0	20.5
Bandhan Bank	1.5	-4.0	-3.2
DCB Bank	0.3	17.5	19.5
Equitas Sma. Fin	-1.3	1.7	27.4
Federal Bank	-0.7	-5.0	8.4
HDFC Bank	0.6	-10.8	-11.0
ICICI Bank	1.0	0.2	15.9
IDFC First Bank	2.3	0.4	47.8
IndusInd Bank	-1.6	-1.3	27.7
Kotak Mah. Bank	2.4	-1.1	2.5
RBL Bank	1.3	0.3	58.2
SBI Cards	-0.6	-2.0	-1.0
Banks-PSU	1.9	9.4	43.2
BOB	0.8	6.0	29.6
Canara Bank	2.2	12.0	49.6
Indian Bank	3.8	7.0	60.3
Punjab Natl.Bank	2.7	20.9	84.4
St Bk of India	0.6	-0.8	6.6
Union Bank (I)	4.3	21.8	74.5
NBFCs	0.6	-3.1	9.4
Angel Broking	-2.8	2.1	150.6

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	0.0	4.4	27.7
Nifty Midcap 100	0.5	9.2	54.5
Nifty Smallcap 100	0.2	7.7	62.2
Nifty Midcap 150	0.3	8.6	50.9
Nifty Smallcap 250	0.5	8.9	56.4
Aditya Birla Capital Ltd	-0.3	10.9	19.6
Bajaj Fin.	-0.2	-2.6	24.6
Cholaman.Inv.&Fn	-0.4	1.8	78.6
Can Fin Homes	-3.2	1.9	47.4
Cams Services	-1.4	4.2	19.3
CreditAcc. Gram.	-0.5	0.7	82.3
Fusion Microfin.	-1.5	9.4	53.5
Home First Finan	-2.4	-0.7	33.6
Indostar Capital	4.2	34.1	43.2
IIFL Finance	-2.2	3.6	30.6
L&T Fin.Holdings	-0.8	11.2	76.2
LIC Housing Fin.	-1.1	12.5	48.3
M & M Fin. Serv.	-0.3	4.8	20.1
Muthoot Finance	-1.6	-2.4	33.8
Manappuram Fin.	-1.3	7.2	52.4
MAS Financial Serv.	6.6	18.7	27.7
ICICI Sec	-0.8	5.0	51.5
360 One	1.4	-0.6	32.7
PNB Housing	-0.5	11.5	95.8
Repc Home Fin	-1.7	6.0	71.4
Shriram Finance	-0.1	15.0	80.0
Spandana Sphoort	0.2	15.8	101.0
Insurance			
HDFC Life Insur.	-1.3	-5.6	3.0
ICICI Pru Life	-0.7	-3.5	4.4
ICICI Lombard	-0.9	4.2	27.7
Life Insurance	3.9	23.1	34.1
Max Financial	-1.8	-4.7	6.4
SBI Life Insuran	0.1	2.3	11.3
Star Health Insu	1.5	9.8	8.1
Chemicals			
Alkyl Amines	-0.7	3.9	-11.3
Atul	-1.7	-4.8	-12.7
Clean Science	-1.2	2.3	4.2
Deepak Nitrite	-1.6	4.5	22.8
Fine Organic	-0.9	0.6	-16.9
Galaxy Surfact.	-1.0	0.4	14.7
Navin Fluo.Intl.	0.9	-7.5	-15.3
NOCIL	-1.6	4.5	20.7
Vinati Organics	-0.3	0.4	-12.9
Capital Goods	-1.5	22.1	87.6
A B B	-0.8	3.6	62.9
Bharat Electron	0.8	15.6	90.0
Cummins India	-1.4	9.1	43.9
Hitachi Energy	-1.3	20.2	87.4
K E C Intl.	-1.3	1.7	27.4
Kalpataru Proj.	-0.5	12.7	30.6
Kirloskar Oil	-0.2	8.9	114.4
L&T	-0.3	6.3	61.5



Company	1 Day (%)	1M (%)	12M (%)
Siemens	-1.6	4.2	33.1
Thermax	-0.5	2.5	56.1
Triveni Turbine	3.3	0.4	47.7
Cement			
Ambuja Cem.	0.7	10.3	4.4
ACC	0.6	9.8	-2.8
Birla Corp.	1.6	6.8	53.3
Dalmia Bhar.	-0.3	1.1	20.0
Grasim Inds.	0.4	1.7	26.8
India Cem	-0.6	1.4	16.9
J K Cements	-1.5	5.8	40.3
JK Lakshmi Ce	2.2	6.3	20.9
Ramco Cem	-0.3	-4.2	35.5
Shree Cem	3.5	-2.3	13.0
Ultratech	-1.0	1.1	39.3
Consumer	-1.2	2.5	27.5
Asian Paints	-0.8	-4.8	12.6
Britannia	0.5	4.3	19.6
Colgate-Palm.	1.8	7.0	69.1
Dabur	-0.7	0.6	-4.9
Emami	1.8	2.3	20.0
Godrej Cons.	-2.0	7.3	20.8
HUL	-3.8	-3.5	-3.1
ITC	-0.7	3.9	40.0
Indigo Paints	-0.6	1.3	18.6
Jyothy Lab	-2.3	9.7	155.8
Marico	-1.2	-1.4	3.7
Nestle	-1.4	-1.2	29.2
Page Inds	-0.7	1.0	-7.0
Pidilite Ind.	-0.4	3.6	11.4
P&G Hygiene	0.1	1.4	27.1
Tata Consumer	-1.0	17.8	55.7
United Brew	-0.2	9.4	17.4
United Spirits	2.4	4.6	34.9
Varun Beverages	-0.5	0.6	104.5
EMS			
Kaynes Tech	-1.7	-2.1	239.9
Avalon Tech	0.5	2.9	
Syrma SGS Tech.	-0.8	-9.9	123.4
Cyient DLM	-1.3	3.0	
Data Pattern	-2.1	-2.5	50.7
Healthcare	-0.9	6.9	36.7
Alembic Phar	0.1	24.5	70.4
Alkem Lab	-1.7	0.0	60.9
Apollo Hospitals	0.5	13.3	42.9
Ajanta Pharma	0.1	16.0	90.0
Aurobindo	-0.4	10.8	157.3
Biocon	-0.8	12.9	11.8
Zydus Lifesci.	-2.3	6.0	60.6
Cipla	-0.9	6.5	24.9
Divis Lab	-1.2	0.8	9.2
Dr Reddy's	-0.6	1.0	29.5
ERIS Lifescience	0.3	2.2	41.5
Gland Pharma	-1.4	7.0	39.9

Company	1 Day (%)	1M (%)	12M (%)
Glenmark	-0.4	10.8	109.4
Global Health	-0.5	18.3	140.9
Granules	-1.4	10.7	32.9
GSK Pharma	-1.1	34.5	76.1
IPCA Labs	-2.0	1.5	25.0
Laurus Labs	-2.5	3.5	15.8
Lupin	-1.3	14.9	86.9
Max Healthcare	2.3	15.2	70.8
Piramal Pharma	0.1	15.5	30.2
Sun Pharma	-0.7	7.6	28.7
Infrastructure	0.0	9.4	45.8
Torrent Pharma	2.8	17.9	60.0
G R Infraproject	0.5	-0.4	-5.7
IRB Infra.Devl.	4.2	26.6	61.4
KNR Construct.	3.6	5.2	3.7
Logistics			
Adani Ports	3.5	17.9	54.0
Blue Dart Exp.	1.4	-4.4	-1.9
Container Corpn.	1.7	5.1	23.8
Mahindra Logis.	0.4	13.8	-10.6
Transport Corp.	-1.1	6.8	36.7
TCI Express	1.9	-1.4	-26.8
VRL Logistics	-2.1	-3.9	28.9
Media	0.1	2.2	25.7
PVR INOX	1.3	-13.0	-5.5
Sun TV	-0.7	-1.9	37.2
Zee Ent.	-1.5	-8.2	3.9
Metals	0.3	4.5	13.9
Hindalco	0.7	2.3	14.5
Hind. Zinc	0.0	2.7	-10.7
JSPL	0.1	4.6	21.4
JSW Steel	-1.0	-4.0	9.0
Nalco	1.3	29.8	61.2
NMDC	0.9	16.1	67.0
SAIL	0.7	10.8	25.6
Tata Steel	-0.2	3.2	8.9
Vedanta	-0.6	5.3	-20.0
Oil & Gas	0.1	15.4	20.4
Aegis Logistics	-3.4	4.0	6.9
BPCL	0.4	9.9	39.5
Castrol India	0.0	22.9	48.6
GAIL	-1.1	20.8	68.1
Gujarat Gas	0.2	26.5	20.3
Gujarat St. Pet.	8.0	21.7	29.4
HPCL	0.6	28.5	90.6
IOC	-0.4	23.3	78.6
IGL	-0.6	11.4	4.4
Mahanagar Gas	-0.5	14.2	52.1
MRPL	-1.2	41.4	201.6
Oil India	1.9	16.5	78.4
ONGC	0.0	19.1	59.7
PLNG	1.3	18.2	10.7
Reliance Ind.	-0.8	7.4	21.9



Company	1 Day (%)	1M (%)	12M (%)
Real Estate	-0.8	16.9	101.6
Brigade Enterpr.	0.9	13.4	114.8
DLF	-1.1	15.1	110.4
Godrej Propert.	-1.5	22.1	87.6
Mahindra Life.	-1.3	7.8	50.2
Macrotech Devel.	-0.3	22.8	101.1
Oberoi Realty Ltd	-1.0	8.9	80.9
Sobha	1.6	52.3	139.0
Sunteck Realty	-2.2	3.7	23.2
Phoenix Mills	-2.7	12.9	78.7
Prestige Estates	0.8	16.1	190.6
Retail			
Aditya Bir. Fas.	0.9	3.9	-13.0
Avenue Super.	-1.5	-7.3	4.6
Bata India	-0.6	-7.7	-3.8
Campus Activewe.	-0.1	-1.8	-31.2
Barbeque-Nation	0.9	-4.8	-30.3
Devyani Intl.	-0.5	-3.8	12.5
Jubilant Food	-1.6	-7.0	2.6
Metro Brands	-2.2	-10.1	33.4
Raymond	-0.3	4.7	18.7
Relaxo Footwear	-0.3	-3.3	3.4
Restaurant Brand	7.8	19.2	17.4
Sapphire Foods	3.4	4.3	13.6
Shoppers St.	2.4	6.6	5.0
Titan Co.	-0.7	6.5	59.6
Trent	-0.5	8.3	170.0
V-Mart Retail	-1.5	4.7	-27.3
Vedant Fashions	0.3	-15.8	-10.5
Westlife Food	-1.0	4.0	20.6
Technology	-1.0	5.6	24.3
Cyient	1.3	1.9	156.7
HCL Tech.	-1.5	7.2	39.4
Infosys	-0.6	7.3	8.1
LTIMindtree	0.1	-6.2	32.5
L&T Technology	0.5	7.3	67.6
Mphasis	1.5	-1.4	27.8
Coforge	-2.1	4.0	53.0
Persistent Sys	0.7	13.2	83.2
TCS	-2.1	2.1	14.8
Tech Mah	-0.3	11.0	32.4
Wipro	-1.5	10.6	18.6
Zensar Tech	0.7	-2.1	157.2
Telecom	0.6	13.1	43.0
Bharti Airtel	-0.1	15.7	47.0
Indus Towers	-2.2	19.3	25.8
Idea Cellular	-0.7	14.5	106.9
Tata Comm	0.1	2.1	29.3
Utilities	1.4	8.8	33.5
Coal India	4.1	13.2	75.7
NTPC	-0.1	3.5	82.7
Power Grid Corpn	0.8	4.4	41.7

Company	1 Day (%)	1M (%)	12M (%)
Others			
APL Apollo Tubes	-0.5	-2.6	28.7
BSE	-1.5	-3.0	329.9
Coromandel Intl	-0.5	-0.9	35.9
EPL Ltd	0.9	3.5	24.1
Indiamart Inter.	-2.3	-4.0	13.1
Godrej Agrovet	0.1	-0.9	19.1
Havells	-0.5	3.0	19.2
Indian Hotels	-0.6	12.9	62.1
Interglobe	0.5	6.5	45.0
Info Edge	-1.4	0.6	36.9
Kajaria Ceramics	-0.7	2.3	31.1
Lemon Tree Hotel	-0.3	15.7	81.0
MCX	0.2	3.1	103.8
One 97	1.5	27.7	42.6
Piramal Enterp.	0.0	1.2	7.2
PI Inds.	-0.7	0.4	4.5
Quess Corp	1.0	0.5	30.6
SIS	8.4	11.7	37.9
SRF	-0.8	-3.4	8.8
Tata Chemicals	-2.2	6.4	7.8
Team Lease Serv.	0.2	9.9	26.4
Voltas	-2.5	10.4	31.3
UPL	-0.2	-3.4	-25.1
Zomato Ltd	-1.4	6.7	158.7

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

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.

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