

India Strategy



Braving the storm!

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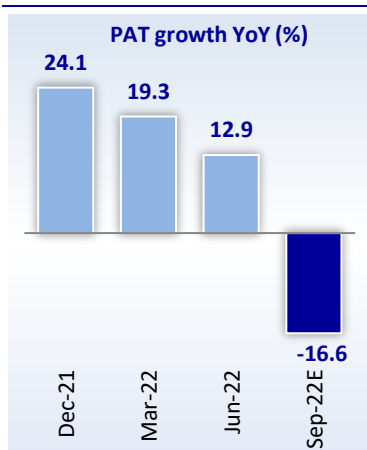
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BSE Sensex: 58,222**Nifty 50: 17,332****PAT growth for the MOFSL universe (YoY %)****Braving the storm!****India Shining amidst a challenging backdrop**

- India has emerged as a shining star in CY22 with healthy outperformance amid varied global headwinds on macros, inflation, rates, currency and geopolitics. While most global equity markets are down 20-25% in YTD'CY22, India is flat and steady (in local currency).
- This outperformance is driven by several key factors such as: a) strong corporate earnings growth over the last two years (Nifty profits up 70% during FY20-22) and expectations of a healthy performance over FY22-24; b) resilient domestic equities inflow (YTD DII equity inflow of USD29b) and c) deft macroeconomic management by the RBI and the government that has helped India stand out in an otherwise volatile and panic-stricken world.
- The 2QFY23E corporate earnings will be reported amid this volatile environment.

2QFY23E earnings highlights

- We expect MOFSL earnings to decline 17% while Nifty earnings to remain flat YoY in 2QFY23. The aggregate performance is adversely impacted by a sharp drag from global commodities. Excluding Metals and O&G, we expect MOFSL and Nifty to post a solid 30% earnings growth each, fueled by BFSI and Autos. Apart from Metals & O&G, the earnings will be dragged by Cement and Healthcare.
- Sectors focused on domestic consumption/investments are likely to outperform the sectors dependent on global demand/cyclicals/commodities.
- Margins are projected to decline 310bp YoY for MOFSL Universe (ex-OMCs). With softening of commodity prices, 2HFY23 should see a good rebound.
- We have reduced our FY23 Nifty EPS estimate by 3% to INR817 (earlier: INR843), driven by cuts in Metals and O&G earnings. We now expect the Nifty EPS to grow 11%/21% in FY23/FY24, respectively. Financials alone are likely to account for two-thirds of the incremental FY23E earnings in Nifty.

Volatility to remain high; trends to emerge better

- Going forward, as we enter the festive season, we expect domestic demand recovery to continue and propel discretionary consumption in India after a pandemic-induced hiatus of two years.
- Coordinated rate hike cycle across the globe is now moving closer towards its final leg, in our view, as we expect inflation to peak barring a major unforeseen spike-up in geopolitical dynamics.
- We expect the RBI to hike repo rate by another 60bp over the next two MPC meetings with terminal repo rate at 6.5%. Commodity costs have moderated since July'22 and augur well for a commodity consumer such as India. That said, given the multiple moving parts (rates, currency, bonds, and geopolitics), we expect volatility to remain elevated but directionally, we believe, trends will get better.
- In this context, we expect domestic equity inflows to remain robust and at the margin, as global climate gets better, FII selling can moderate too.



Valuations at LPA but premium v/s EM at a new high

- Nifty is now trading at a P/E of 18.8x 12-month forward earnings, in line with its long period averages (LPA). However, the premium v/s emerging markets has expanded notably (MSCI India trading at a premium of 141% v/s MSCI EM) given the relative strength in corporate earnings as well as better macro management (rates/currency/fiscal spending) by the RBI/government, in our view.
- Valuations are at a multi-year high premium over EM countries and thus could induce volatility backed by global developments. That said, the context has changed meaningfully and thus the relevance of looking at relative country valuations on the lens of LPA has diminished.
- Our preferred ideas are a combination of companies: a) which can benefit from consistent earnings growth, b) which can address bigger market size with long-term growth runway and favorable industry structure as well as some inherent moats and c) where valuations have corrected meaningfully and offer an attractive risk-reward equation.

Model portfolio

- We maintain our **OW stance** on **BFSI, AUTO, Consumer & IT** and **UW stance** on **Energy, Pharma and Utilities**. In **Financials**, we are further raising our weights in **ICICI Bank** and **IndusInd Bank** while we reintroduce **Federal Bank**. **IndusInd's** business growth is likely to accelerate as key businesses, viz. Vehicle and MFI, undergo recovery. **Federal Bank's** loan growth is gaining momentum while robust liability franchise along with high mix of retail deposits remains a key enabler. In **Non-Lending Financials**, we are adding **CAMS** to the model portfolio. **CAMS** is a leader with 70% market share in the duopoly industry of MF RTA.
- **CONSUMPTION**: We maintain our **OW stance** and further raise weights in **ITC** and add Metro Brands while keeping weights intact in **HUL, Titan, JUBI** and **GCPL**. **Metro** offers a long runway for growth and has demonstrated ability to run an efficient footwear 'Retail' network.
- **INVESTMENTS/CAPEX**: We further raise our weights in **L&T, Ultratech** and **Macrotech** by 100bp each as they would benefit from the incipient capex revival. In **Autos**, we are adding **Motherson Sumi Wiring**, the market leader in the Indian wiring harness industry. The company offers a linear growth story as it leverages on structural trends in the automotive market to drive strong growth, sustain high capital efficiency (>40%) and high dividend payout.
- We replace **Hindalco** with **Coal India**. Energy crisis in Europe has spiked global thermal coal prices as Europe increased thermal coal purchases manifold in the last six months. In **Midcaps**, we are adding **Mahindra Lifespace (MLDL)** and **Zee**. Mahindra group's renewed vigor for growth and new management's focused business development strategy would enable continued scale in **MLDL**. In **Zee**, we see the potential for value accretion given the high ROCE and growing linear business as well as strong wherewithal in the OTT business.
- We have carried out the aforementioned additions/weight increases by reducing weights in **Energy and Healthcare**.

Top picks:

- **Largecaps**: **ICICI Bank, IndusInd Bank, SBI, Infosys, ITC, Maruti Suzuki, Titan Company, Ultratech Cement, Apollo Hospitals, Bharti Airtel, and L&T.**
- **Midcaps**: **Ashok Leyland, Jubilant Foodworks, Macrotech Developers, Metro Brands, Vinati Organics, Angel One, Lemon Tree Hotel, CAMS and VRL Logistics, and Federal Bank.**

India continues to outshine its peers

- India has emerged as a shining star in CY22, with healthy outperformance amid varied global headwinds on macros, inflation, rates, currency and geopolitics. While most global equity markets are down 20-25% in YTD'CY22, India is resilient (in local currency).
- MSCI India and MSCI China were closely following each other until Sep'20. In the last two years, however, the gap widened and became a gulf.
- Ongoing inflationary pressures have led to global banks raising rates by over 100bp in CY22.
- Domestic equities inflow has been resilient despite a sharp bout of FII selling (YTD DII equity inflow of USD29b).

Exhibit 1: YTD performance of global equity indices in USD terms (%)

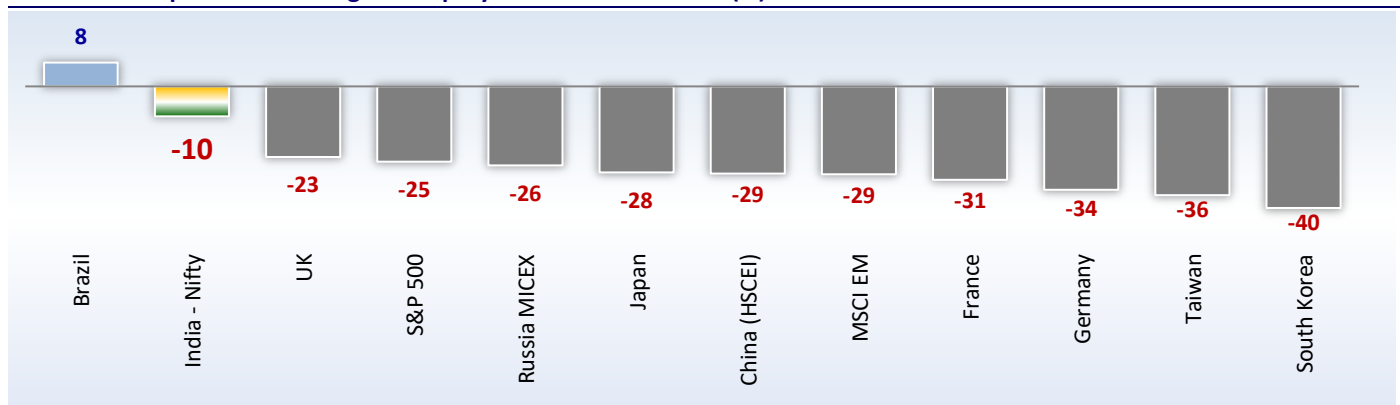


Exhibit 2: YTD performance of global equity indices in local currency terms (%)

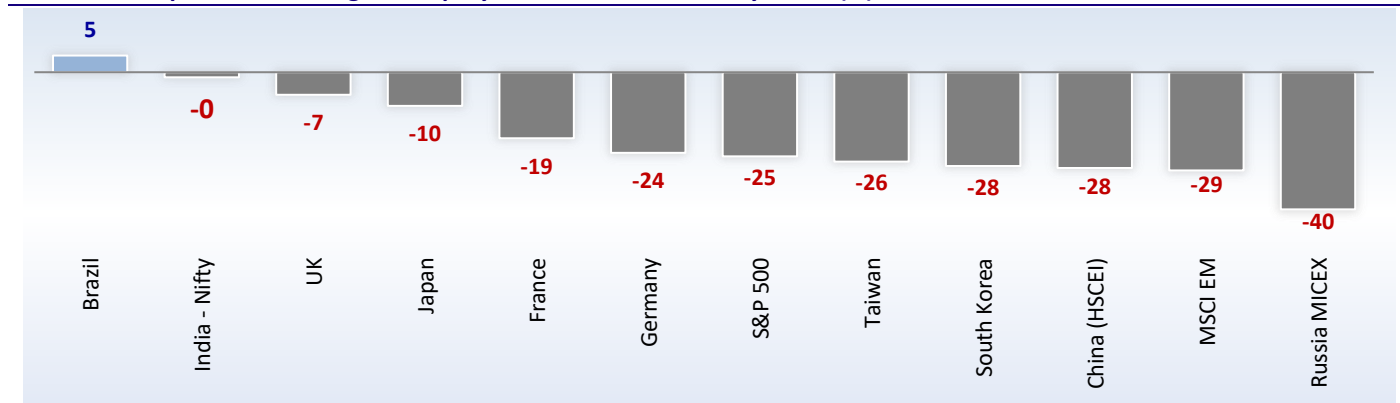


Exhibit 3: MSCI India v/s MSCI China: Gap widens in CY22

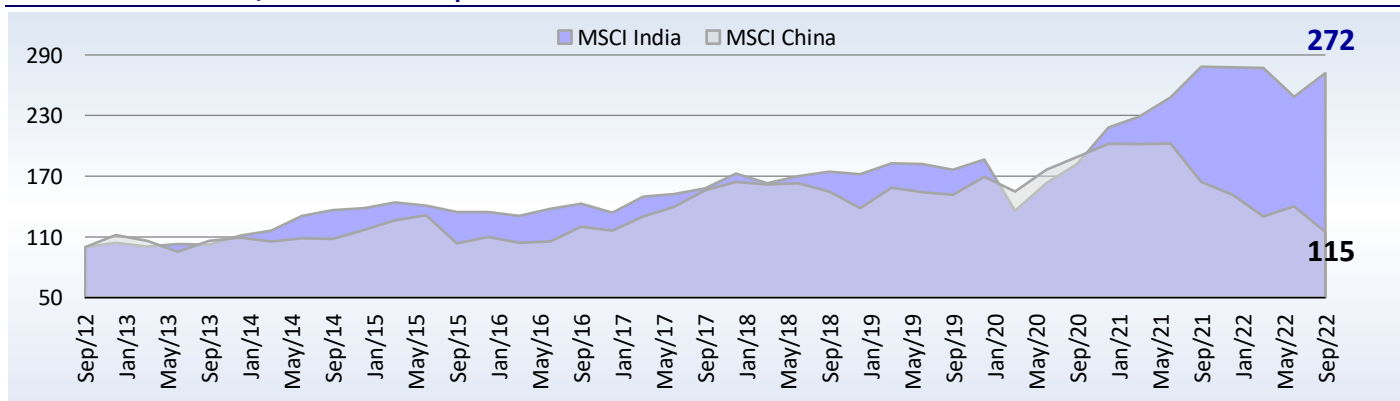
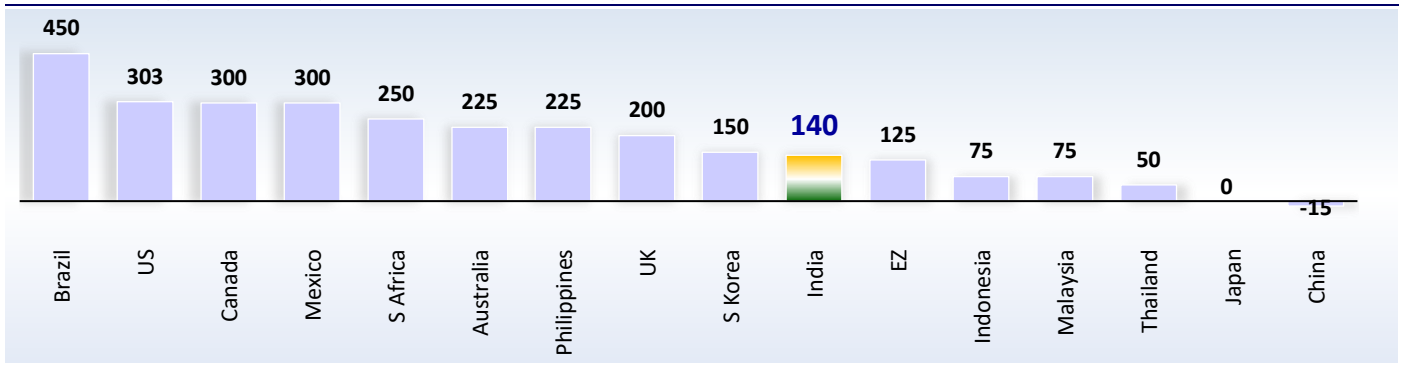
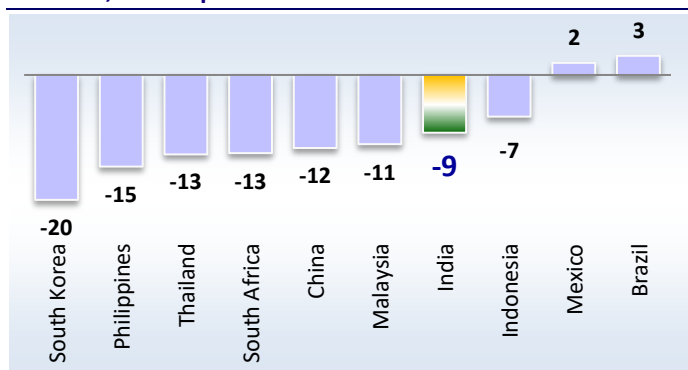
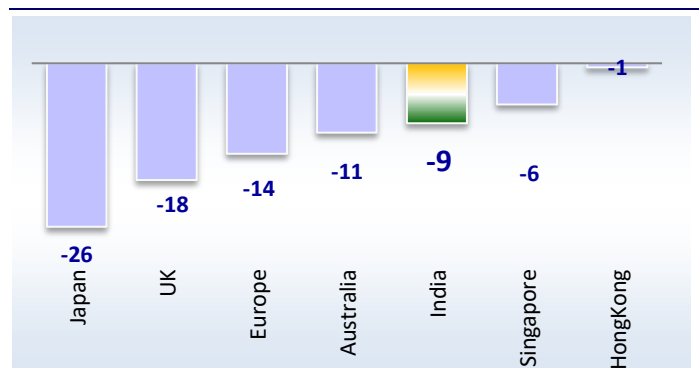
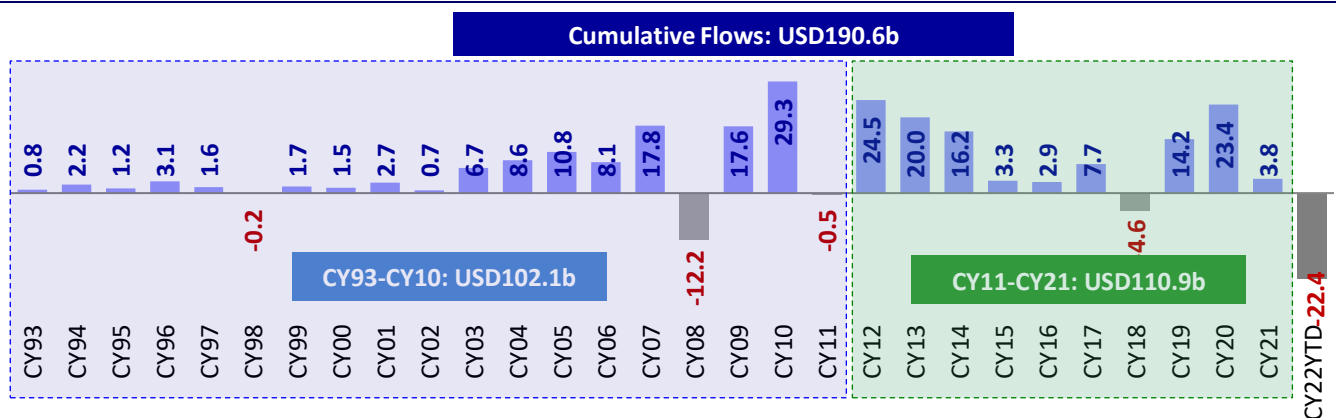
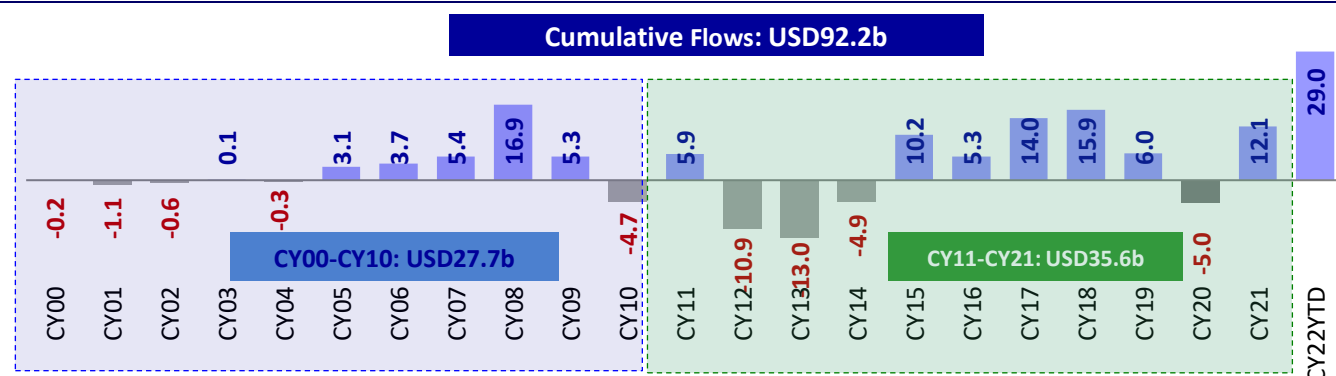


Exhibit 4: Steep rate hikes by central banks across the globe**Exhibit 5: India v/s emerging markets: INR depreciates by ~9% YTD, but outperforms EM currencies****Exhibit 6: India v/s developed markets: JPY, GBP, and EUR witness the steepest fall among most developed market currencies in CY22**

KRW (South Korea), PHP(Philippines), THB(Thailand), ZAR (South Africa), CNY(China), MYR (Malaysia), INR (India), IDR (Indonesia), MXN (Mexico), BRL (Brazil)

Exhibit 7: FIIs sell USD22.4b of Indian equities YTD'CY22**Exhibit 8:more than compensated by domestic inflows of USD29b**

2QFY23 PREVIEW

Domestic cyclical to drive earnings...

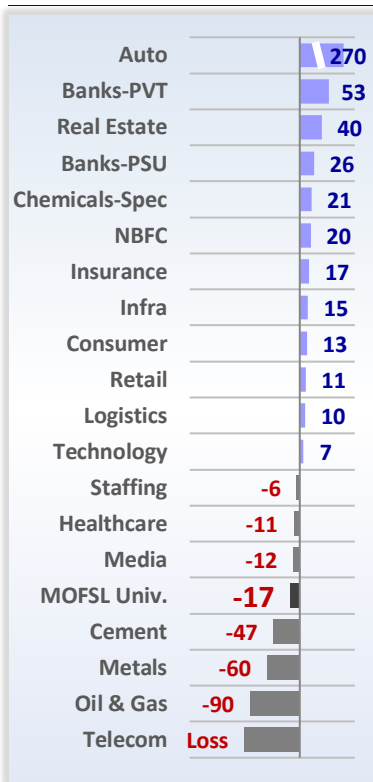
Expect BFSI and Autos to lead incremental profit in 2QFY23

Of the 15 major sectors under MOFSL's coverage, 11 sectors to see a decline in gross margin YoY

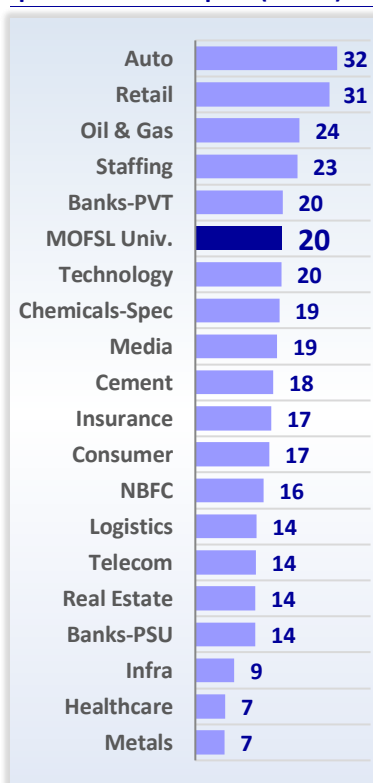
...while, Global cyclical drag!

- Markets witnessed elevated volatility in 2QFY23 triggered by global and macro headwinds. The US Fed raised interest rates by 75bp driving a broader risk-off in the global equity markets with Dollar index rising 17% YTD'CY22. The Indian currency depreciated 2.3% in Sep'22 even as Forex reserves decline USD96b in YTD'CY22. The RBI hiked its key policy rate (repo) by 50bp to 5.9% on 30th Sep'22 and revised its GDP growth forecast down to 7.0% from 7.2% earlier.
- At our recently concluded 18th MOFSL Annual Global Investor Conference, corporates across the sectors highlighted the potential for margin expansion in 2HFY23E as the benefits of recent compression in commodity prices manifest themselves in P&L going forward. The lean balance sheets of both corporate India and Indian Banking sector are encouraging corporates to come out and talk about CAPEX after several years of indifference.
- **Nifty corporate earnings will be flat in 2QFY23** after eight quarters of growth. Metals and OMCs will mainly cause the 17% earnings decline for the MOFSL universe in 2QFY23. Excluding these, MOFSL Universe earnings are likely to grow 25% YoY. Nifty earnings, excluding Metals and OMC are expected to post 26% growth YoY.
- **1HFY23 snapshot:** On 1HFY23 basis, Nifty is expected to post 10% earnings growth and 17% CAGR over 1HFY20-1HFY23E. MOFSL Universe should report a 3% YoY decline in 1HFY23E but 14% CAGR over 1HFY20-1HFY23E. Excluding OMC's, MOFSL Universe should post a 18% YoY growth in 1HFY23E and 21% CAGR over 1HFY20-1HFY23E while similar numbers for Nifty Ex OMC would be 18% and 20%, respectively.
- **The three OMCs (BPCL/HPCL/IOC) are likely to report a loss of INR263b** in 2QFY23 against a profit of INR110b in 1QFY22. Excluding these, the Oil & Gas universe is likely to report a 9% profit growth against a 90% decline YoY.
- **BFSI has been the key earnings driver in the past** and it will again lead the show with 53%/26%/20% growth in Private Banks/PSU Banks/NBFC earnings.
- **Autos** universe is likely to report a 3.7x YoY jump in earnings on low base.
- **Telecom** (loss of INR33b), Cement (-47% earnings decline YoY), Media (-12%), Healthcare (-11%), Staffing (-6%) are the sectors that are likely to report a decline in earnings.
- We expect EBITDA/PBT for the MOFSL universe to decline 8%/15% YoY, respectively. Excluding Metals and OMCs, EBITDA/PBT for the MOFSL universe is likely to grow 17%/25% YoY, respectively.
- Sales for the MOFSL universe are expected to grow 20% YoY. Excluding Metals and OMCs, sales are likely to grow 22% YoY.
- However, gross margin for most sectors are expected to contract on a YoY basis. In 2QFY23, 11 out of the 15 major sectors under MOFSL's coverage to see a decline in gross margin YoY.

Sectoral PAT growth for the quarter-ended Sep'22 (YoY %)



Sectoral sales growth for the quarter-ended Sep'22 (YoY %)



Key sectoral trends and highlights

- The **Private Banks** universe should report a 13%/53%/53% YoY growth in PPOP/PBT/PAT, respectively. Loan growth is projected to remain strong. We forecast loans to grow 18%/19% YoY in FY23/FY24, respectively.
- Our **NBFC** coverage universe is likely to report a PBT/PAT growth of 20%/20% YoY, respectively. We forecast a strong YoY growth in earnings for SHTF, BAF, and LICHF, while we estimate a decline in earnings for M&M Financials, Repco, ICICI Securities and Muthoot Finance.
- **PSU Banks** are likely to deliver an NII/PPOP growth of 14%/12% YoY. PAT is projected to grow 26% YoY. We forecast earnings for PSBs to remain healthy, led by a pick-up in margins and moderation in opex. While we remain watchful of future yields movement, the same stood stable over 2QFY23.
- The **O&G** universe is expected to report sales/EBITDA/PAT growth of 24%/-55%/-90% YoY. Excluding OMCs, PAT is expected to grow 9% YoY due to lower refining margin as well as negative marketing margin for the OMCs.
- The **MOFSL Auto** universe is likely to report a 3.7x YoY surge in profit (up 8.8x QoQ), aided by a decimated base. In absolute terms, the profits will be at six quarter high for Autos. Excluding TTMT, the same will report a 39% YoY growth. For the second quarter in a row, we estimate margins to improve led by price hikes and operating leverage despite cost inflation. Volumes in 2QFY23 recovered across segments on low base of 2QFY22, supported by some improvement in supply of semiconductors.
- The **MOFSL Technology** universe should deliver median revenue growth of 4.2% QoQ and 15.4% YoY in CC terms in 2QFY23E. Growth in EBIT/PAT (5.9%/9.1% QoQ) should be aided by seasonal margin improvement, although the impact is muted due to continued supply-side pressures.
- Our **Consumer** universe is expected to report strong cumulative growth numbers – +17% on topline, +14% on EBITDA, and +13% on PAT. The prices of key commodities such as crude and palm oil have eased in the recent weeks, but they are unlikely to benefit margins in 2Q as the decline came in only towards the end of the quarter.
- The **Metals** universe is likely to report a weak quarter as lower ASP with higher input costs in some cases will lead to a severe contraction in profitability. The sector is likely to report a 60% decline in PAT and 43% decline in EBITDA YoY. Sales are likely to grow by 7% YoY.
- Earnings for our **Healthcare** universe are expected to decelerate further, with the second consecutive quarter of YoY decline.
- The **MOFSL Cement** universe should report an EBITDA/PBT/PAT decline of 33%/48%/47%, respectively. Aggregate EBITDA margin is likely to contract 890bp YoY to 11.8%. Excluding GRASIM, the Cement universe will witness an even steeper contraction. EBITDA/PAT is expected to decline 42%/66% YoY.
- The **Telecom** universe should report a loss for the 21st consecutive quarter, largely led by IDEA. Subsequently, we expect 2-3% ARPU increase across the telcos driving 3% sequential revenue growth for Bharti/RJio each and 1% for VIL.

Exhibit 9: Nifty/MOFSL universe to post -17%/0% YoY earnings growth in 2QFY23 (INR b)

	Sales	Gr. (%)	EBIDTA	Gr. (%)	PBT	Gr. (%)	PAT	Gr. (%)	PAT Delta	Delta	EBITDA Margin (%)
Sector	Sep'22	YoY	Sep'22	YoY	Sep'22	YoY	Sep'22	YoY	INR b	Share (%)	Change (YoY bp)
PAT growth sectors	4,572	26	1,551	21	1,029	50	789	55	279	-93	-140
Automobiles (23)	2,288	32	257	63	145	134	111	270	81	-27	209
Others (17)	541	38	94	60	56	142	43	232	30	-10	239
Banks-Private (12)	621	20	487	13	386	53	289	53	101	-34	-468
Real Estate (8)	85	14	23	13	17	31	19	40	5	-2	-8
Banks-PSU (6)	708	14	478	12	255	31	186	26	38	-13	-108
Chemicals-Specialty (9)	69	19	14	20	12	21	9	21	2	-1	21
NBFC (20)	260	16	198	15	158	20	131	20	22	-7	-27
Med/Low growth sectors	3,467	19	637	13	572	9	431	9	36	-12	-96
Insurance (6)	565	17	24	731	16	20	15	17	2	-1	362
Infrastructure (3)	43	9	11	-1	5	11	3	15	0	0	-274
Consumer (19)	765	17	173	14	165	14	124	13	14	-5	-61
Retail (16)	315	31	42	23	26	15	19	11	2	-1	-84
Logistics (5)	62	14	10	10	7	12	6	10	1	0	-61
Technology (13)	1,718	20	376	7	352	7	264	7	17	-6	-258
PAT de-growth sectors	11,211	17	1,138	-36	464	-62	284	-68	-614	206	-849
Staffing (3)	89	23	3	-2	2	-10	2	-6	0	0	-89
Healthcare (20)	618	7	129	-5	103	-9	81	-11	-10	3	-267
Media (3)	35	19	8	-2	6	-15	5	-12	-1	0	-490
Cement (11)	436	18	52	-33	32	-48	24	-47	-21	7	-895
Metals (10)	2,678	7	389	-43	244	-56	168	-60	-248	83	-1253
Oil & Gas (15)	6,800	24	295	-55	73	-86	38	-90	-348	116	-750
Telecom (4)	556	14	262	17	3	LP	-33	Loss	13	-4	122
MOFSL universe (223)	19,251	20	3,325	-8	2,065	-15	1,504	-17	-299	100	-524
Nifty (49)	11,948	17	2,742	3	1,822	1	1,334	0	-4		-309
Sensex (30)	7,644	15	2,211	6	1,546	10	1,126	7	72		-258

Exhibit 10: Expect a two-year PBT/PAT CAGR of 9%/9% for the MOFSL universe (INR b)

	PBT (INR b)				Growth (%)			PAT (INR b)				Growth (%)		
Sector	Sep'20	Sep'21	Jun'22	Sep'22	YoY	Two-year CAGR	QoQ	Sep'20	Sep'21	Jun'22	Sep'22	YoY	Two-year CAGR	QoQ
Automobiles (23)	98	62	52	145	134	21	178	76	30	13	111	270	21	779
Cement (11)	55	62	60	32	-48	-24	-46	39	45	44	24	-47	-23	-46
Chemicals-Specialty (9)	10	10	14	12	21	14	-10	7	8	10	9	21	14	-11
Consumer (19)	135	145	160	165	14	11	3	102	109	121	124	13	10	2
Financials (44)	487	591	699	814	38	29	16	366	459	533	622	36	30	17
Banks-Private (12)	243	251	355	386	53	26	9	183	189	267	289	53	26	8
Banks-PSU (6)	118	195	182	255	31	47	40	82	148	133	186	26	50	40
Insurance (6)	15	14	15	16	20	5	6	13	13	14	15	17	7	7
NBFC (20)	112	132	147	158	20	19	7	88	109	118	131	20	22	11
Healthcare (20)	102	114	93	103	-9	0	11	79	91	71	81	-11	1	13
Infrastructure (3)	3	5	11	5	11	28	-53	2	3	8	3	15	38	-56
Logistics (5)	4	7	7	7	12	30	5	3	5	5	6	10	29	5
Media (3)	6	7	9	6	-15	5	-36	4	5	7	5	-12	7	-32
Metals (10)	204	555	494	244	-56	9	-51	137	416	334	168	-60	11	-50
Oil & Gas (15)	358	517	370	73	-86	-55	-80	283	386	241	38	-90	-63	-84
Oil Ex OMCs (12)	207	373	608	425	14	43	-30	172	276	426	301	9	32	-29
Real Estate (8)	6	13	16	17	31	75	11	5	14	15	19	40	88	25
Retail (16)	0	23	30	26	15	LP	-13	0	17	22	19	11	LP	-13
Staffing (3)	2	2	2	2	-10	1	-2	1	2	2	2	-6	17	-12
Technology (13)	289	330	326	352	7	10	8	215	247	242	264	7	11	9
Telecom (4)	-46	-23	-24	3	LP	LP	LP	-56	-46	-48	-33	Loss	Loss	Loss
Others (17)	18	23	40	56	142	77	40	10	13	30	43	232	108	42
MOFSL universe (223)	1,731	2,442	2,361	2,065	-15	9	-13	1,276	1,803	1,651	1,504	-17	9	-9
Nifty (49)	1,270	1,805	1,939	1,822	1	20	-6	966	1,338	1,368	1,334	0	17	-2
Sensex (30)	1,008	1,409	1,559	1,546	10	24	-1	773	1,054	1,114	1,126	7	21	1

Sales/PAT for the MOFSL universe to grow 20%/-17% YoY in 2QFY23, respectively

Exhibit 11: Expect sales for the MOFSL universe to grow 20% YoY in 2QFY23

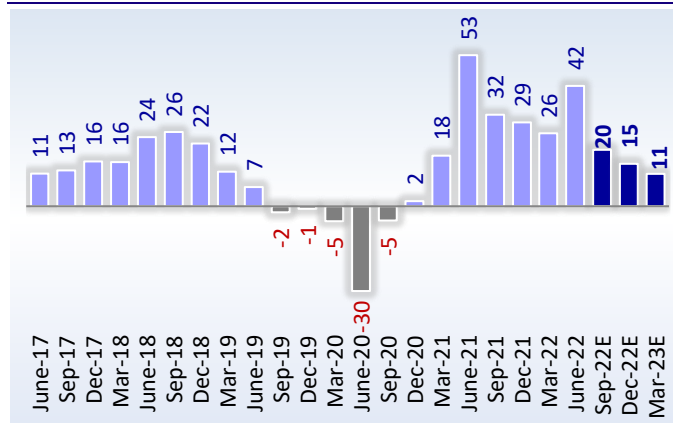


Exhibit 12: Expect earnings for the MOFSL universe to decline 17% YoY in 2QFY23, led by Metals and OMCs

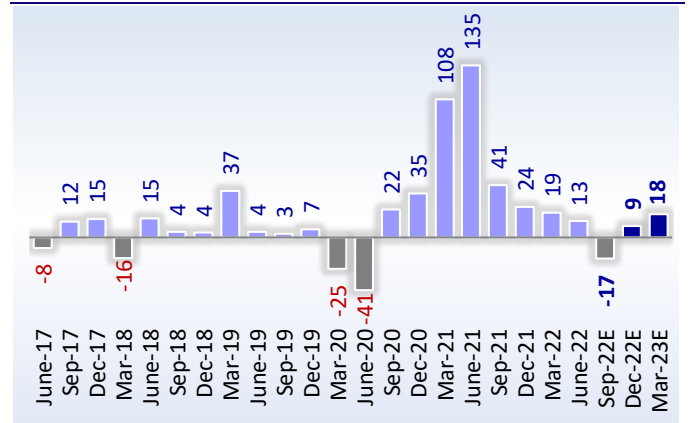
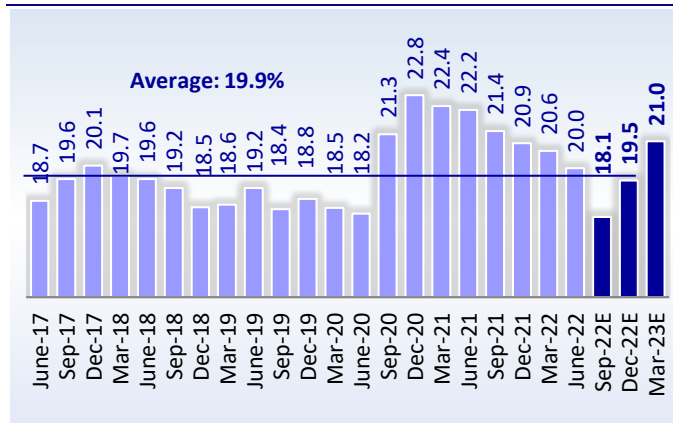
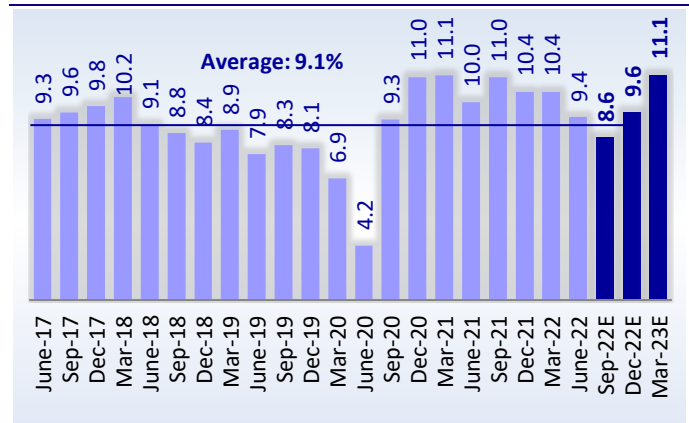


Exhibit 13: Expect EBITDA margin to decline 330bp YoY to 18.1% in 2QFY23



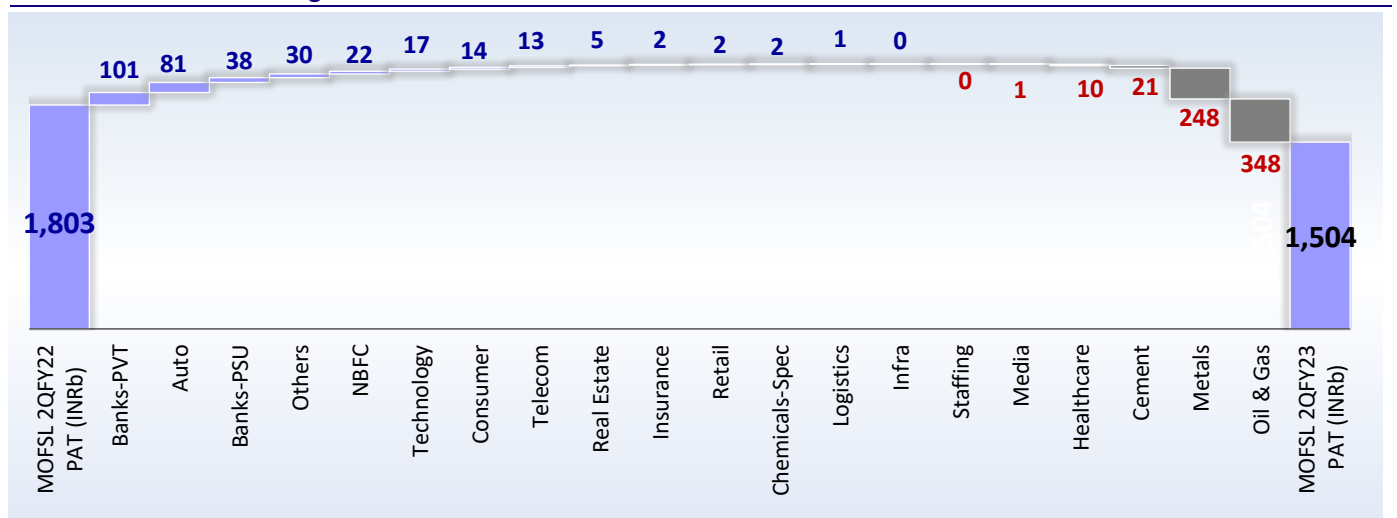
Source: MOFSL, excluding Financials and OMCs

Exhibit 14: Expect PAT margin to decline 240bp YoY to 8.6% in 2QFY23



Source: MOFSL, excluding Financials and OMCs

Exhibit 15: Expect Financials and Autos to lead aggregate earnings growth in 2QFY23, while Oil & Gas, Metals, Cement, Healthcare will act as a drag



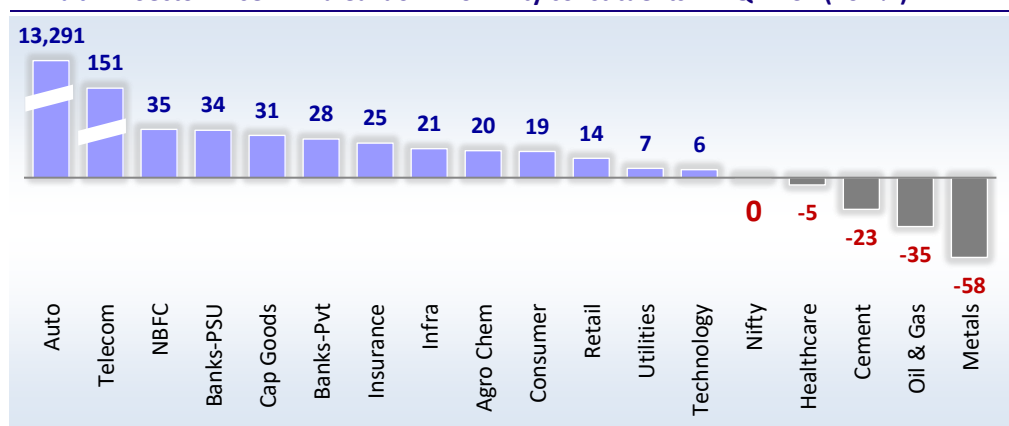
Source: MOFSL

Exhibit 16: Sectoral quarterly PAT trend (INR b) – MOFSL universe to report a 9% sequential decline in PAT

Sector	Mar-20	June-20	Sep-20	Dec-20	Mar-21	June-21	Sep-21	Dec-21	Mar-22	June-22	Sep-22E	Dec-22E	Mar-23E
Automobiles	-8	-95	76	141	148	8	30	59	85	13	111	126	159
Banks-Private	96	139	183	192	191	180	189	259	292	267	289	325	338
Banks-PSU	-26	47	82	87	100	123	148	164	152	133	186	206	241
insurance	20	18	13	11	4	4	13	8	16	14	15	18	21
NBFC	61	77	88	85	87	56	109	113	126	118	131	128	133
Cement	31	23	39	44	54	51	45	32	41	44	24	28	49
Chemicals-Specialty	8	5	7	8	9	9	8	8	10	10	9	11	11
Consumer	85	71	102	110	104	90	109	118	115	121	124	134	136
Healthcare	54	66	79	81	70	85	91	80	72	71	81	92	96
Infrastructure	2	1	2	5	4	3	3	3	6	8	3	4	5
Logistics	3	-1	3	4	3	3	5	6	5	5	6	6	7
Media	-4	2	4	8	6	5	5	8	5	7	5	9	9
Metals	123	-13	137	244	345	373	416	353	408	334	168	233	357
Oil & Gas	214	162	283	296	393	301	386	415	448	241	38	414	513
Real Estate	7	-3	5	10	13	-6	14	16	18	15	19	21	26
Retail	4	-9	0	14	11	-5	17	26	16	22	19	28	21
Staffing	2	1	1	1	2	1	2	2	2	2	2	2	2
Technology	205	189	215	234	227	239	247	256	263	242	264	283	294
Telecom	-49	-46	-56	-48	-41	-55	-46	-45	-25	-48	-33	-26	-26
Others	9	-13	10	18	11	-3	13	36	26	30	43	45	66
MOFSL universe	837	622	1,276	1,544	1,743	1,462	1,803	1,915	2,080	1,651	1,504	2,087	2,459

Nifty earnings to grow 27% Ex-Metals & O&G

- We expect EBITDA/PBT/ PAT for Nifty constituents to grow by a mere 3%/1%/ 0% YoY dragged by Metals and OMC. Excluding Metals and O&G, EBITDA/PBT/PAT is likely to grow 15%/25%/ 27% YoY, respectively.
- The EBITDA margin for Nifty companies, excluding Financials and OMC, is likely to decline 200bp to 20.2%.
- Fourteen companies are likely to report PAT growth above 30% YoY.
- Nine Nifty companies are expected to report a YoY decline in PAT, while one (BPCL) is expected to post losses.
- With this, 1HFY23 Nifty earnings will be up 10% YoY. Over 1HFY20-1HFY23, Nifty is expected to post 17% earnings CAGR.

Exhibit 17: Sector-wise PAT breakdown for Nifty constituents in 2QFY23E (YoY %)

Source: MOFSL

Autos, Telecom,
and NBFCs are
likely to lead Nifty
earnings

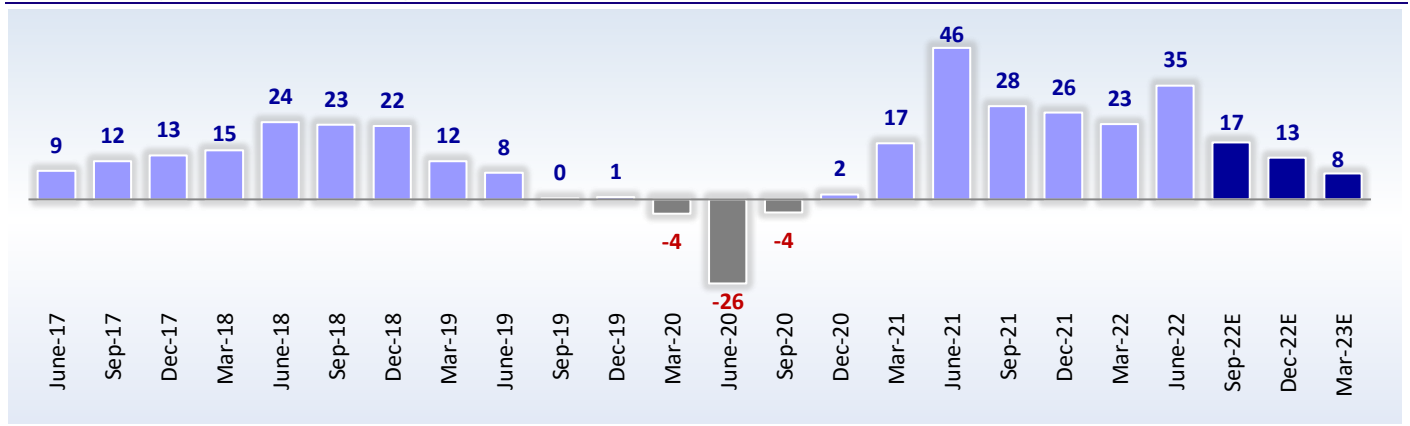
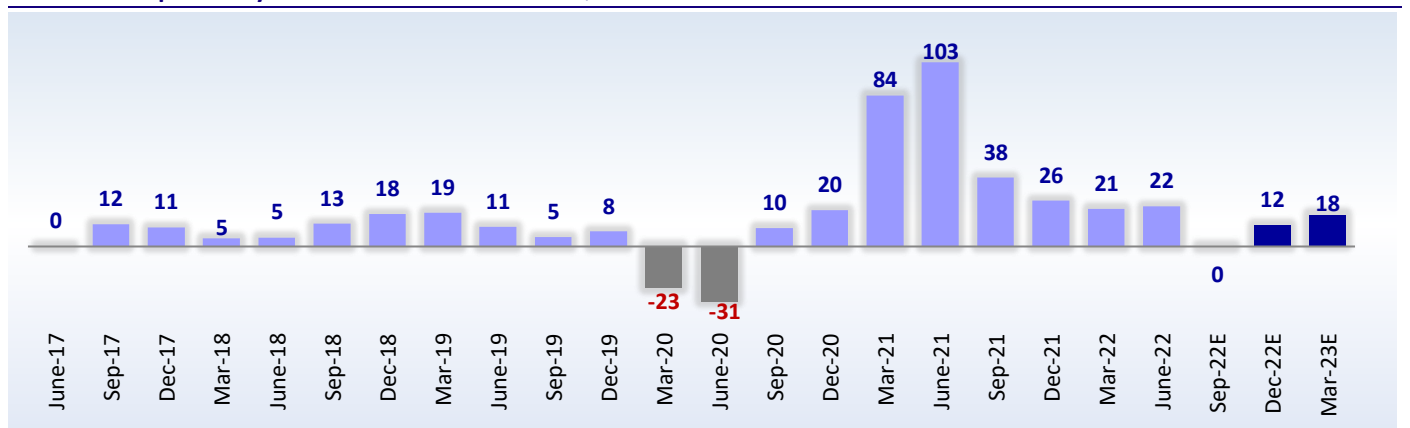
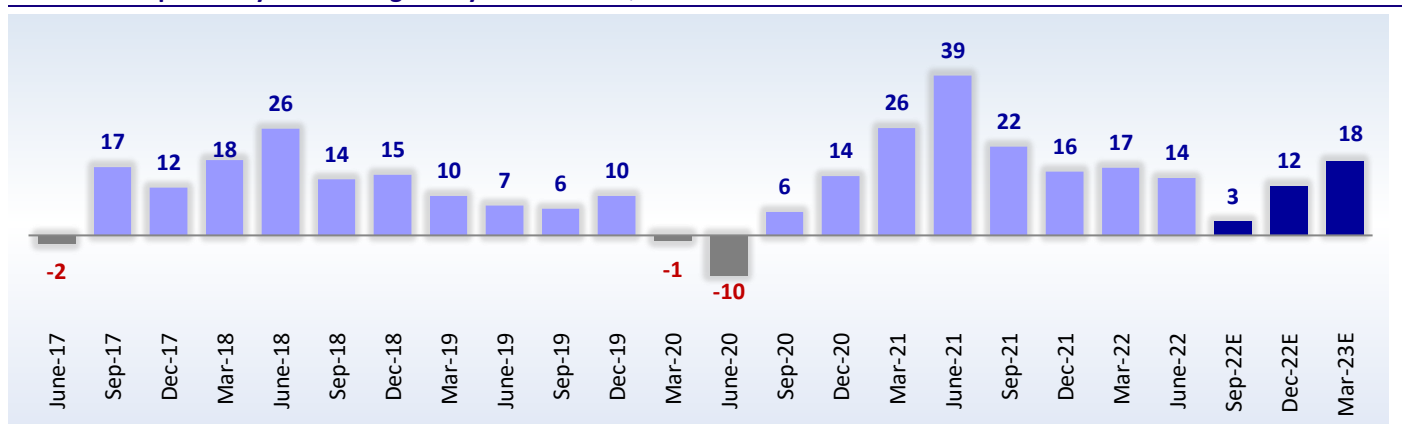
Exhibit 18: Expect Nifty revenue to grow 17% YoY in 2QFY23**Exhibit 19: Expect Nifty PAT to remain flat YoY in 2QFY23****Exhibit 20: Expect Nifty EBITDA to grow by 3% YoY in 2QFY23**

Exhibit 21: Nifty earnings snapshot for 2QFY23E (INR b)

Company	Sector	Sales	Growth (%)		EBIDTA	Growth (%)		PBT	Growth (%)		PAT	Growth (%)	
		Sep'22	YoY	QoQ	Sep'22	YoY		Sep'22	YoY		Sep'22	YoY	
Bajaj Auto	Automobiles	99	15.3	24.2	17	33.5		19	26.7		15	24.8	
Eicher Motors	Automobiles	36	62.0	7.2	9	86.9		9	88.1		7	85.2	
Hero MotoCorp	Automobiles	88	4.0	4.8	10	-4.6		10	-8.7		7	-8.7	
Mahindra & Mahindra	Automobiles	202	51.9	3.1	25	49.8		29	36.8		23	34.6	
Maruti Suzuki	Automobiles	294	43.0	10.8	27	214.9		25	312.8		19	297.1	
Tata Motors	Automobiles	854	39.1	18.7	95	135.2		9	LP		8	LP	
Axis Bank	Banks-Private	97	23.3	3.8	68	14.8		57	35.3		42	35.5	
HDFC Bank	Banks-Private	204	15.6	4.9	176	11.7		141	18.8		105	19.3	
ICICI Bank	Banks-Private	143	22.0	8.0	114	14.9		98	36.5		75	35.5	
IndusInd Bank	Banks-Private	43	18.2	4.9	36	10.8		24	57.8		18	55.9	
Kotak Mahindra Bank	Banks-Private	52	28.2	9.8	36	16.1		32	19.1		24	19.1	
State Bank	Banks-PSU	336	7.8	7.8	204	12.7		139	33.2		103	34	
HDFC Life Insur.	Insurance	132	15.0	42.0	2	-5.0		3	19.7		3	18.6	
SBI Life Insurance	Insurance	182	23.8	64.5	16	532.2		3	31.5		3	32.3	
Bajaj Finance	NBFC	57	32.2	7.5	44	33.6		37	85.2		27	85.5	
Bajaj Finserv	NBFC	164	-9.1	3.0	164	-9.1		32	14.2		15	31.5	
HDFC	NBFC	45	10.7	2.3	43	13.2		39	15.4		42	15.6	
Larsen & Toubro	Capital Goods	397	14.2	10.8	47	18.3		38	26.5		23	30.7	
Grasim Industries	Cement	73	48.4	0.9	11	42.8		15	23.7		11	21.3	
Ultratech Cement	Cement	134	11.6	-11.6	17	-38.1		9	-56.0		6	-54.9	
Asian Paints	Consumer	92	30.0	7.2	18	98.5		17	104.8		13	106.6	
Britannia	Consumer	40	12.0	9.2	6	4.8		5	4.9		4	8.4	
Hind. Unilever	Consumer	149	17.0	4.3	35	10.9		33	11.4		24	11.4	
ITC	Consumer	158	24.2	-8.6	54	16.1		56	15.5		42	14.1	
Nestle	Consumer	43	12.0	7.7	10	3.7		9	2.2		6	3.1	
Tata Consumer	Consumer	33	9.6	-0.1	4	5.8		4	8.0		3	5.1	
Apollo Hospitals	Healthcare	41	9.1	6.9	5	-15.6		3	-23.2		2	-25.5	
Cipla	Healthcare	57	3.2	6.0	13	4.1		11	5.7		8	9.7	
Divis Labs	Healthcare	22	9.7	-3.3	8	-0.1		8	1.0		6	3.0	
Dr Reddy's Labs	Healthcare	56	-3.6	11.5	12	-8.9		11	-15.6		8	-14.8	
Sun Pharma	Healthcare	110	15.5	2.9	27	4.8		23	-1.7		19	-5.7	
Adani Ports	Infrastructure	47	32.0	0.5	29	32.9		20	33.8		16	21.0	
Hindalco	Metals	501	5.1	-13.7	55	-26.4		33	-35.5		23	-33.1	
JSW Steel	Metals	399	22.6	4.6	35	-66.4		8	-90.8		6	-91.1	
Tata Steel	Metals	628	3.9	-1.0	56	-65.9		22	-83.5		18	-84.6	
BPCL	Oil & Gas	950	16.5	-21.5	-89	PL		-112	PL		-84	PL	
ONGC	Oil & Gas	334	37.2	-21.1	194	46.4		137	22.7		102	20.5	
Reliance Inds.	Oil & Gas	1,882	12.3	-14.2	299	15.0		213	10.9		142	3.9	
Titan Company	Retail	87	16.6	-7.5	11	15.7		10	15.8		8	17.3	
HCL Technologies	Technology	244	18.3	4.1	53	6.0		45	8.2		34	4.0	
Infosys	Technology	365	23.3	5.9	84	6.9		80	7.8		59	9.3	
TCS	Technology	551	17.5	4.4	141	7.2		139	7.0		104	7.9	
Tech Mahindra	Technology	131	20.3	3.0	20	-2.2		17	-11.0		12	-8.5	
Wipro	Technology	225	14.6	4.7	44	3.5		38	2.2		30	1.0	
Bharti Airtel	Telecom	336	18.7	2.5	170	23.1		44	90.5		15	150.6	
Coal India	Metals	295	26.7	-15.9	85	113.0		79	117.8		58	97.9	
NTPC	Utilities	316	10.0	-17.5	89	15.6		44	6.1		35	7.1	
Power Grid Corp	Utilities	102	5.9	-3.5	90	6.0		46	17.7		36	6.5	
UPL	Others	122	15.7	13.0	24	18.2		12	18.4		9	19.6	
Nifty universe		11,948	17.4	-3.0	2,742	3.4		1,822	1.0		1,334	-0.3	

Note: For Financials, sales represent net interest income, and EBITDA represents operating profit.

Expect profit growth for MOFSL/Nifty universe at 14%/15% in 2HFY23

- We expect PAT for the MOFSL universe to grow 14% in 2HFY23 driven by Autos, Banks, Oil & Gas and Technology.
- Oil & Gas, which was the key laggard in 1HFY23, will also contribute to earnings growth. Metals will continue to drag earnings in 2HFY23.
- We expect Nifty universe to grow at a faster pace by 15% in 2HFY23 v/s 10% growth in 1HFY23.
- The key contributors to Nifty's 1HFY23 growth were: ONGC, Coal India, Reliance Industries, ICICI Bank, and HDFC Bank – these five stocks contributed 141% of earnings growth. Key laggards were: BPCL, JSW Steel, and Tata Steel.
- Key contributors to Nifty's 2HFY23 growth will be: Tata Motors, ONGC, SBI, Reliance Industries and JSW Steel, contributing 75% of the earnings delta.

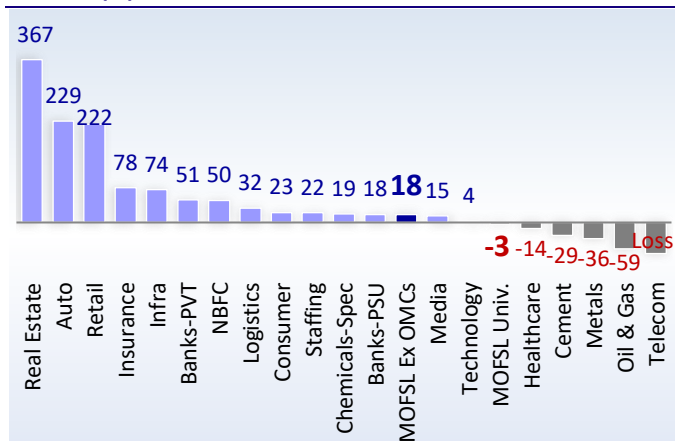
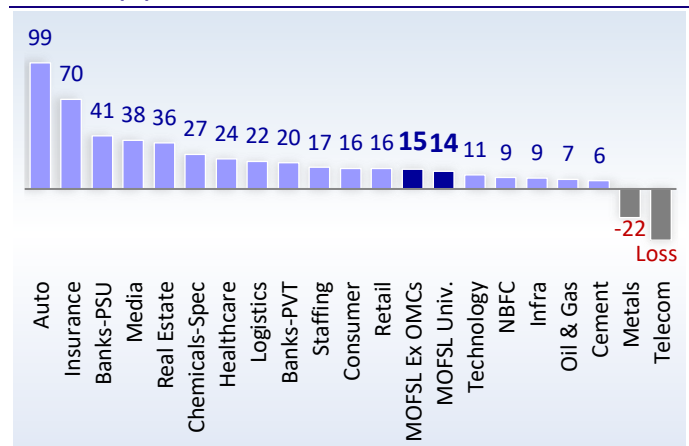
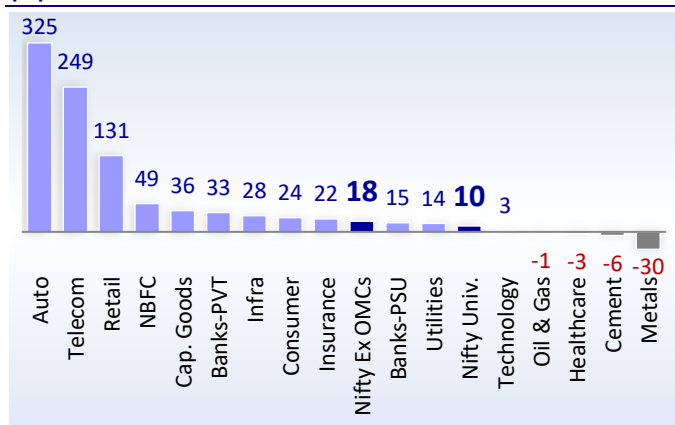
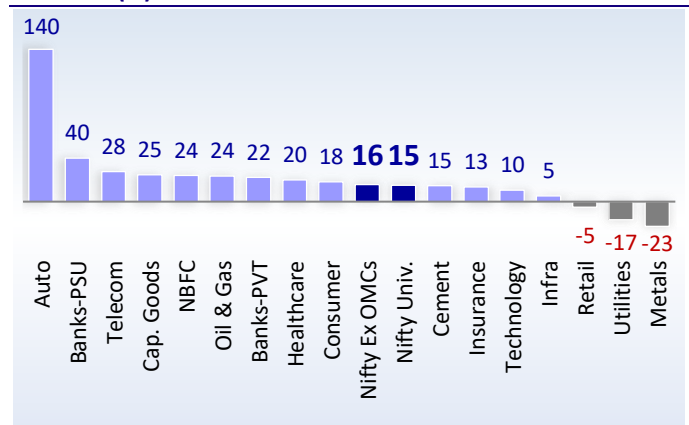
Exhibit 22: Sectoral PAT growth for MOFSL universe in 1HFY23 (%)**Exhibit 23: Sectoral PAT growth for MOFSL universe in 2HFY23E (%)****Exhibit 24: Sectoral PAT growth for Nifty universe in 1HFY23 (%)****Exhibit 25: Sectoral PAT growth for Nifty universe in 2HFY23E (%)**

Exhibit 26: Expect 17% PAT CAGR for MOFSL's universe over FY22-24

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)			PAT (INR b)			PAT Grw / CAGR (%)				PAT Delta Share (%)
	(FY22-24)	(FY22-24)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	(FY22-24)	(FY22-24)
High PAT CAGR (>20%)	17	21	24.8	24.8	26.4	2,500	3,624	4,677	31	45	29	37	75
Auto (23)	19	34	10.0	11.3	12.8	195	429	679	-30	120	58	87	17
Retail (16)	31	40	12.3	13.8	14.0	48	90	115	538	89	29	56	2
Real Estate (8)	15	25	25.9	27.8	30.8	53	80	117	59	53	46	49	2
Staffing (3)	22	21	4.3	3.7	4.2	7	8	12	36	20	50	34	0
Financials (47)	14	16	36.9	36.6	38.4	2,063	2,745	3,415	38	33	24	29	47
Banks-PVT (12)	20	18	82.2	78.7	79.1	955	1,261	1,527	29	32	21	26	20
Banks-PSU (6)	15	15	70.2	66.9	69.7	610	818	1,082	81	34	32	33	16
Insurance (7)	11	49	1.3	1.8	2.3	82	141	192	7	71	37	53	4
NBFC (22)	15	13	79.1	77.5	77.5	417	525	614	20	26	17	21	7
Media (3)	20	25	28.3	29.3	30.6	23	29	37	14	28	26	27	0
Infrastructure (3)	14	14	28.0	28.7	27.7	15	20	24	29	37	18	27	0
Logistics (5)	17	20	15.7	16.1	16.7	19	25	30	105	27	22	24	0
Others (18)	18	36	16.5	19.1	21.9	79	198	247	81	151	25	77	6
Medium PAT CAGR (0-20%)	14	13	14.9	12.0	14.5	3,814	3,591	4,708	27	-6	31	11	31
Consumer (19)	14	18	22.9	23.4	24.7	432	515	610	12	19	19	19	6
Chemicals-Specialty (9)	12	18	20.5	21.7	22.6	34	42	48	16	23	14	19	0
Healthcare (20)	12	13	22.4	21.4	22.8	328	341	418	10	4	23	13	3
Technology (13)	14	11	24.2	22.6	23.2	1,005	1,083	1,227	17	8	13	10	8
Oil & Gas (15)	15	13	11.2	8.1	10.9	1,793	1,424	2,180	45	-21	53	10	13
Ex OMCs (12)	14	19	15.7	15.5	17.1	1,354	1,673	1,868	73	24	12	17	18
Cement (11)	11	6	20.0	15.7	18.4	222	186	225	17	-16	21	1	0
Negative PAT CAGR	5	0	28.4	23.6	25.9	1,368	959	1,195	161	-30	25	-7	-6
Metals (10)	3	-6	25.0	18.8	20.6	1,543	1,091	1,248	117	-29	14	-10	-10
Telecom (4)	11	16	46.5	47.2	50.1	-174	-131	-54	Loss	Loss	Loss	Loss	4
MOFSL (227)	14	13	20.1	17.5	19.9	7,683	8,174	10,580	42	6	29	17	100
Nifty (50)	13	14	23.1	21.7	23.6	5,830	6,532	7,914	40	12	21	17	NA
Sensex (30)	13	13	30.0	28.6	29.7	4,397	4,999	5,831	36	14	17	15	NA

Note: For Banks, sales represent net interest income, and EBITDA represents operating profit; Sensex and Nifty Numbers are free float

Source: MOFSL

Exhibit 27: Top upgrades/downgrades for Nifty for FY23E

(INR)	Current EPS (INR)			EPS UPGRADE / DOWNGRADE (%)	
	FY22	FY23E	FY24E	FY23E	FY24E
ONGC	39.9	50.9	63.7	11.5	8.3
Asian Paints	33.4	53.7	64.5	8.5	5.7
IndusInd Bank	62.1	99.8	122.2	6.6	7.8
Bajaj Finance	116.5	181.9	223.1	4.9	4.6
ICICI Bank	33.7	43.8	52.0	3.8	1.5
Grasim Industries	111.5	110.2	110.3	3.4	2.5
Kotak Mahindra Bank	60.9	70.1	82.4	3.0	1.8
Britannia	63.0	67.8	80.7	2.9	2.6
Mahindra & Mahindra	43.0	57.1	79.7	2.6	8.7
Axis Bank	42.5	59.2	72.2	2.2	1.6
Bharti Airtel	5.6	11.6	18.2	-4.3	0.0
HDFC	62.4	71.0	82.2	-4.4	-2.2
Hero MotoCorp	123.8	142.4	184.0	-5.0	-3.5
JSW Steel	85.5	54.6	109.2	-5.8	25.3
Reliance Inds.	86.4	108.0	114.2	-7.0	-3.5
UPL	63.5	69.0	75.4	-7.0	-5.3
Hindalco	61.3	43.9	48.7	-11.6	-9.6
Tata Steel	33.0	15.0	15.7	-15.6	2.2
Tata Motors	-28.2	4.3	24.7	-19.9	-6.6
BPCL	52.0	-38.9	41.0	PL	3.7

Source: MOFSL

Exhibit 28: Absolute FY23E PAT change for Nifty constituents (INR b)

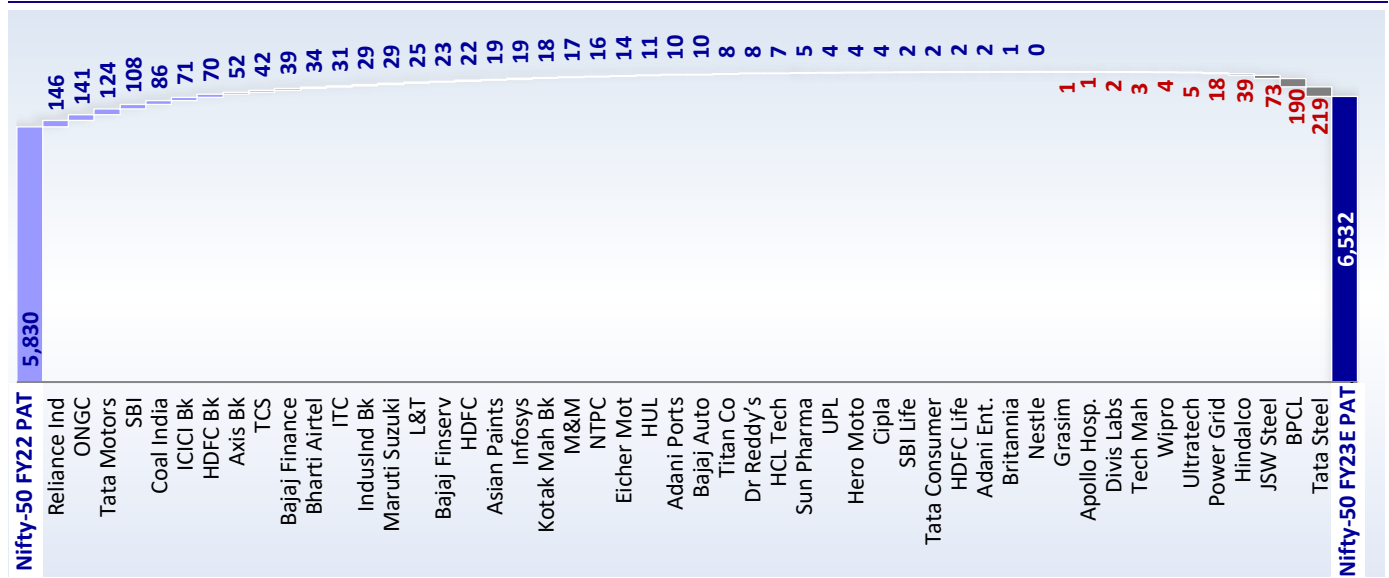


Exhibit 29: Absolute FY24E PAT change for Nifty constituents (INR b)

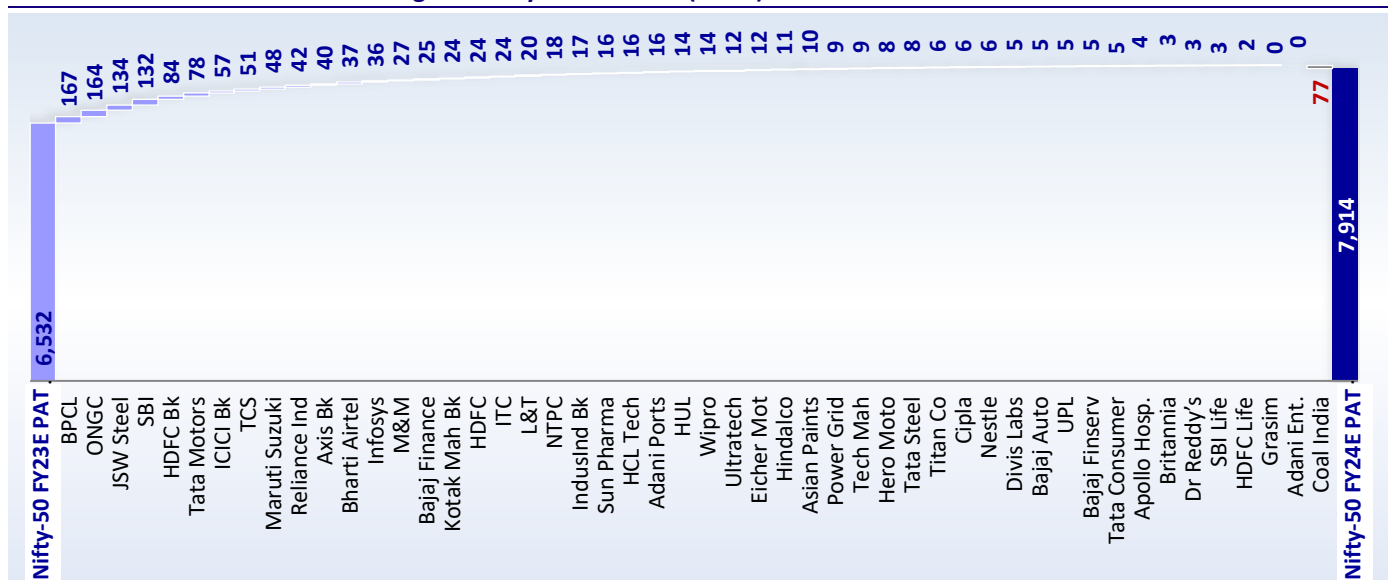


Exhibit 30: Nifty performance – Expect FF PAT CAGR (FY22-24E) of 16%

Company	Sales (INR b)			Sales CAGR % 22-24	EBITDA Margin (%)			EBITDA CAGR % 22-24	PAT (INR b)			PAT CAGR % 22-24	Contbn to Delta %
	FY22	FY23E	FY24E		FY22	FY23E	FY24E		FY22	FY23E	FY24E		
High PAT Growth (20%+)	16,103	19,793	21,687	16	25	26	28	23	1,659	2,408	3,115	37	70
Tata Motors	2,785	3,388	3,912	19	9	11	12	37	-108	16	95	LP	10
Bharti Airtel	1,165	1,366	1,519	14	49	51	53	18	31	65	102	80	3
Maruti Suzuki	883	1,133	1,352	24	6	9	11	62	39	68	115	72	4
Eicher Motors	101	149	176	32	21	25	27	47	17	30	42	59	1
IndusInd Bank	150	175	206	17	87	84	84	15	48	77	95	40	2
Asian Paints	291	371	409	19	17	20	21	35	32	51	62	39	1
Bajaj Finance	175	228	282	27	82	80	79	25	70	110	135	38	3
Mahindra & Mahindra	574	795	961	29	12	12	14	38	51	68	95	36	2
Axis Bank	331	409	500	23	75	71	73	21	130	182	222	30	4
Tata Consumer	124	137	151	10	14	14	16	18	10	12	16	30	0
State Bank	1,207	1,390	1,605	15	62	59	63	16	354	461	594	30	12
Bajaj Finserv	218	268	316	20	74	67	59	7	46	69	74	27	1
Titan Company	288	366	440	24	12	13	13	27	23	31	37	26	1
ONGC	5,318	6,719	6,573	11	16	18	22	29	512	653	817	26	15
ICICI Bank	475	577	686	20	83	80	80	19	233	305	361	24	6
Larsen & Toubro	1,565	1,789	2,001	13	12	12	12	16	86	111	131	23	2
Hero MotoCorp	292	340	374	13	12	12	14	22	25	29	37	22	1
Adani Ports	159	192	224	19	61	63	64	22	60	70	86	20	1
Medium PAT Growth (0-20%)	21,944	25,837	28,268	13	24	23	24	13	3,301	3,719	4,200	13	43
HDFC Bank	720	852	1,019	19	89	85	85	16	370	440	524	19	7
ITC	563	676	723	13	34	35	36	17	151	182	205	17	3
Dr Reddy's Labs	212	231	255	10	21	23	24	16	29	37	40	17	1
HDFC	171	190	219	13	96	96	96	13	128	151	174	16	2
Kotak Mahindra Bank	168	208	244	20	72	69	69	18	121	139	164	16	2
HDFC Life Insur.	454	548	663	21	2	2	2	10	12	14	16	16	0
Cipla	217	234	261	10	22	23	24	14	28	32	38	16	0
SBI Life Insurance	584	696	850	21	3	3	3	22	15	17	20	15	0
Reliance Inds.	7,000	8,486	9,201	15	16	17	16	15	584	731	772	15	9
Apollo Hospitals	147	164	194	15	15	13	14	12	10	9	13	14	0
JSW Steel	1,464	1,694	1,865	13	27	18	26	12	207	133	267	14	3
Sun Pharma	383	447	508	15	26	25	26	15	75	81	97	13	1
Britannia	141	158	170	10	16	15	16	12	15	16	19	13	0
Hind. Unilever	512	589	645	12	24	24	25	13	89	99	113	13	1
Bajaj Auto	330	393	435	15	16	17	17	21	53	63	68	13	1
Nestle	147	167	188	13	24	22	24	11	23	24	29	12	0
Infosys	1,216	1,463	1,606	15	26	24	25	12	221	240	276	12	3
TCS	1,918	2,231	2,410	12	28	26	27	11	384	426	477	11	4
NTPC	1,327	1,477	1,600	10	30	30	31	11	164	180	198	10	2
UPL	462	529	584	12	22	22	22	13	49	53	58	9	0
HCL Technologies	857	997	1,087	13	24	22	22	9	135	142	158	8	1
Ultratech Cement	526	604	639	10	22	18	20	5	57	52	64	6	0
Divis Labs	90	91	102	7	43	39	41	4	29	27	33	6	0
Tech Mahindra	446	532	577	14	18	16	17	9	56	53	62	5	0
Wipro	791	909	982	11	21	20	20	8	122	118	132	4	0
Coal India	1,097	1,274	1,241	6	23	30	22	6	174	259	183	2	0
PAT de-growth (<0%)	8,483	9,457	9,115	4	18	11	14	-9	863	395	590	-17	-13
Grasim Industries	209	281	284	17	15	16	15	16	73	73	73	-1	0
Power Grid Corp.	416	431	396	-3	88	87	97	3	142	123	133	-3	0
Hindalco	1,951	2,051	2,054	3	15	11	12	-7	136	98	108	-11	-1
BPCL	3,468	4,212	4,023	8	5	-1	4	-4	109	-81	86	-11	-1
Tata Steel	2,440	2,482	2,357	-2	26	16	17	-20	402	183	191	-31	-10
Nifty (PAT free float)	46,530	55,087	59,069	13	23	22	24	14	3,218	3,614	4,357	16	100

Valuations at LPA but premium vs. EM at new high

- Nifty is now trading at a P/E 18.8x 12 month forward earnings, in-line with long period averages.
- However, the premium vs. emerging markets has expanded substantially (MSCI India trading at a premium of 141% vs. MSCI EM) given the relative strength in corporate earnings as well as better macro management (Rates/currency/Fiscal spending) by RBI/Government, in our view.
- Valuations are at a multi-year high premium v/s EM countries and thus could induce volatility on the back of global developments. That said, the context has changed meaningfully and thus the relevance of looking at relative country valuations on the lens of LPA has diminished.

Exhibit 31: 12-month forward Nifty P/E (x)

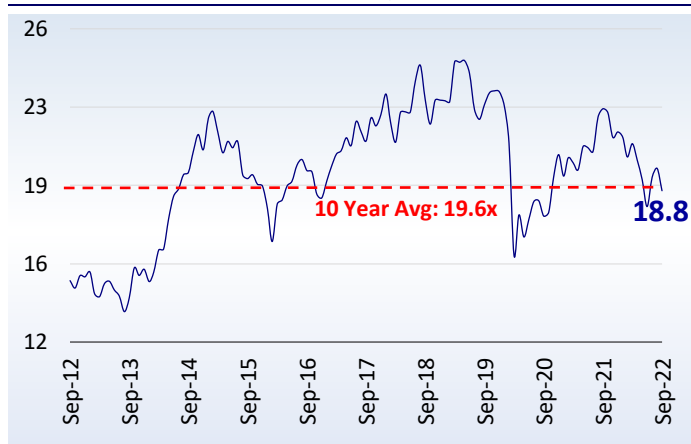


Exhibit 32: 12-month forward Nifty P/B (x)

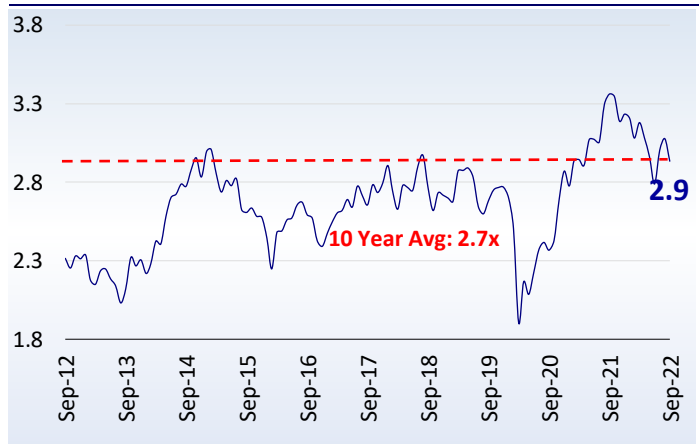


Exhibit 33: Trailing Nifty P/E (x)

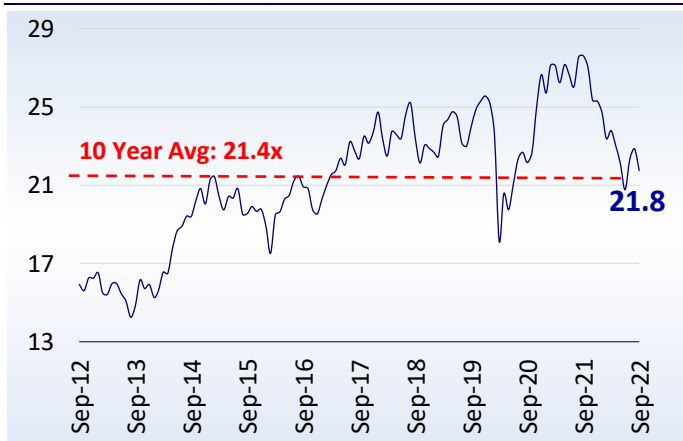


Exhibit 34: Trailing Nifty P/B (x)



Exhibit 35: Market capitalization-to-GDP ratio declines from its FY22 highs, but above the 100% level

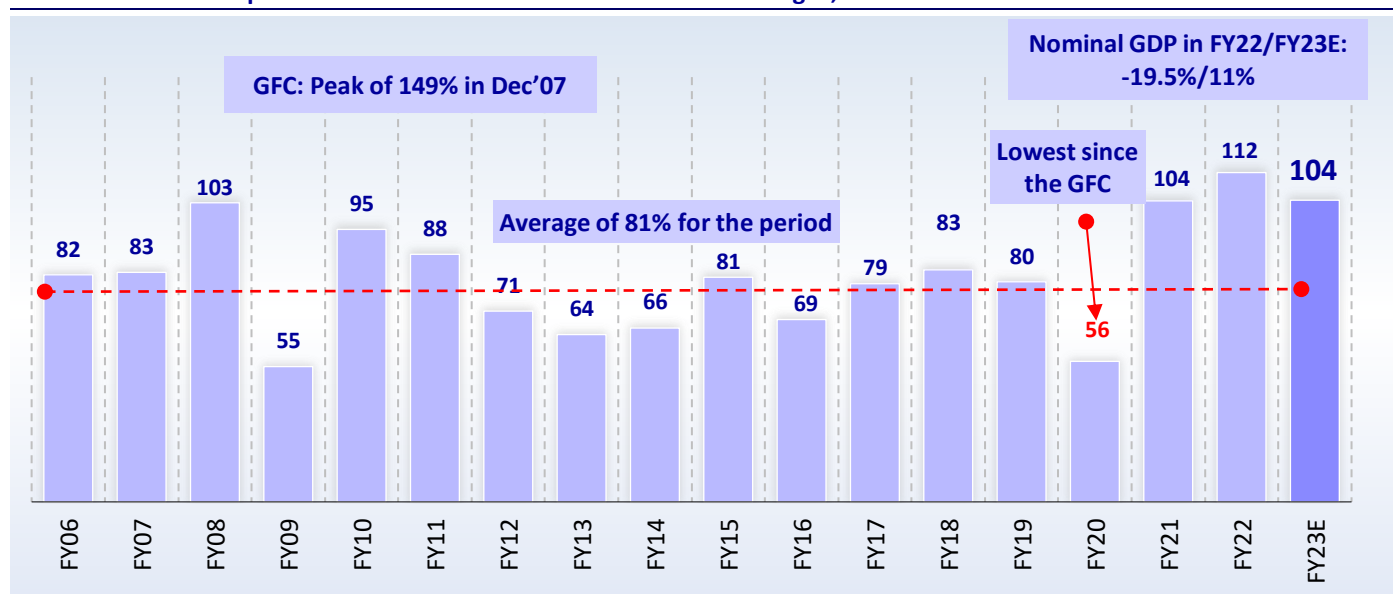


Exhibit 36: Performance of MSCI EM v/s MSCI India over the last 12 months

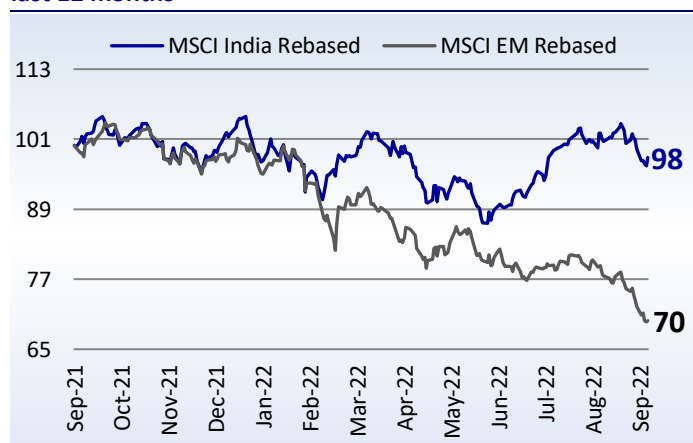


Exhibit 37: MSCI India outperforms MSCI EM by 185% over the last 10 years

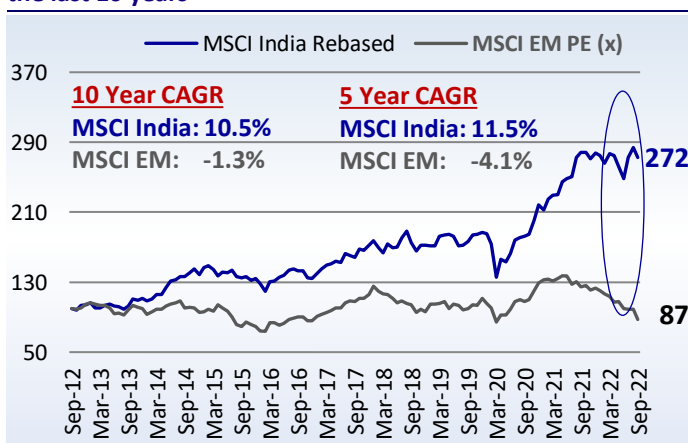


Exhibit 38: Trailing P/E (x) for MSCI India v/s MSCI EM

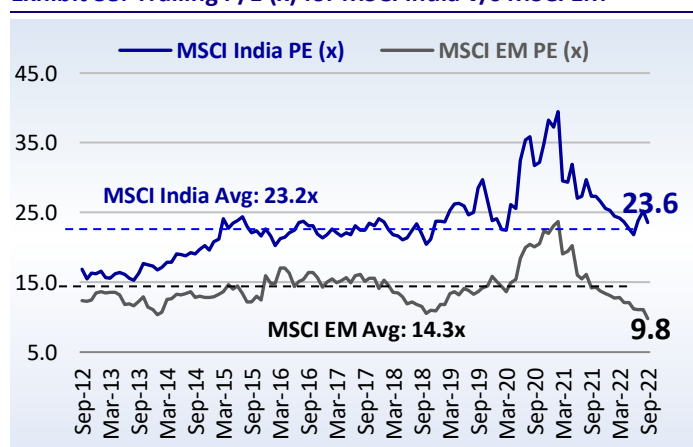
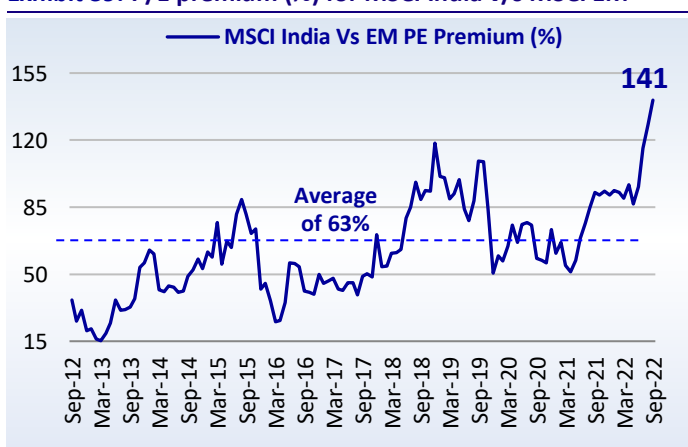


Exhibit 39: P/E premium (%) for MSCI India v/s MSCI EM





SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE
Financials	34.2	37.0	2.8	Overweight
Private Banks	20.7	21.0	0.3	Neutral
ICICI Bank	6.8	9.0	2.2	Buy
HDFC Bank	7.0	6.0	-1.0	Buy
IndusInd Bank	0.9	4.0	3.1	Buy
Federal Bank	0.3	2.0	1.7	Buy
PSU Bank	2.5	7.0	4.5	Overweight
SBI	2.2	5.0	2.8	Buy
Bank of Baroda	0.3	2.0	1.7	Buy
Diversified Financials	11.1	9.0	-2.1	Underweight
HDFC	4.6	3.0	-1.6	Buy
SBI Life Insurance	0.6	2.0	1.4	Buy
Angel One	0.0	2.0	2.0	Buy
CAMS	0.0	2.0	2.0	Buy
Consumption / Retail	13.9	14.0	0.1	Neutral
ITC	3.3	4.0	0.7	Buy
HUL	2.6	3.0	0.4	Buy
Titan Company	1.2	3.0	1.8	Buy
Godrej Consumer	0.4	2.0	1.6	Buy
Jubilant Foodworks	0.3	2.0	1.7	Buy
Technology	12.6	13.0	0.4	Neutral
Infosys	5.9	7.0	1.1	Buy
TCS	3.5	4.0	0.5	Buy
HCL Technologies	1.1	2.0	0.9	Buy
Cap Goods, Infra & Cement	7.5	10.0	2.5	Overweight
Larsen & Toubro	2.6	5.0	2.4	Buy
Ultratech Cement	0.8	3.0	2.2	Buy
Macrotech Developers	0.0	2.0	2.0	Buy
Energy/Telecom	14.2	9.0	-5.2	Underweight
Reliance Industries	9.2	6.0	-3.2	Buy
Bharti Airtel	2.1	3.0	0.9	Buy
Auto	5.4	7.0	1.6	Overweight
Maruti	1.3	3.0	1.7	Buy
Ashok Leyland	0.2	2.0	1.8	Buy
Motherson Sumi Wiring	0.0	2.0	2.0	Buy
Healthcare	3.8	2.0	-1.8	Underweight
Apollo Hospitals	0.5	2.0	1.5	Buy
Metals / Utilities	5.2	2.0	-3.2	Underweight
Coal India	0.5	2.0	1.5	Buy
Midcaps/Smallcaps	3.1	6.0	2.9	Overweight
Restaurant Brands Asia	0.0	1.0	1.0	Buy
VRL Logistics	0.0	1.0	1.0	Buy
Metro Brands	0.0	1.0	1.0	Buy
Zee Ent.	0.3	1.0	0.7	Buy
Mahinda Lifespace	0.0	1.0	1.0	Buy
Lemon Tree Hotels	0.0	1.0	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		

Sectors & Companies

BSE Sensex: 58,222

Nifty 50: 17,332

October 2022

MOFSL Universe: 2QFY23 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 3 October 2022, unless otherwise stated.**

MOFSL Universe: 2QFY23 aggregate performance highlights

Exhibit 1: Quarterly Performance - MOFSL Universe (INR b)

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Sep-22	Var. % YoY	Var. % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Automobiles (23)	2,288	32.4	9.7	257	62.7	49.2	111	269.8	779.0
Cement (11)	436	17.8	-8.3	52	-32.9	-36.6	24	-47.3	-46.5
Chemicals-Specialty (9)	69	19.2	-8.3	14	20.5	-8.4	9	21.1	-10.8
Consumer (19)	764	16.7	-1.2	173	13.6	0.6	124	12.9	2.2
Financials (44)	2,154	16.6	13.5	1,187	15.0	16.8	622	35.5	16.8
Banks-Private (12)	621	20.0	5.2	487	13.2	12.6	289	53.4	8.4
Banks-PSU (6)	708	13.7	6.6	478	11.9	24.9	186	26.0	39.5
Insurance (6)	565	17.4	43.7	24	731.5	171.3	15	17.0	6.9
NBFC (20)	260	15.6	3.9	198	15.2	3.2	131	19.7	11.1
Healthcare (20)	618	6.8	5.6	129	-5.4	10.4	81	-10.9	13.1
Infrastructure (3)	43	8.9	-19.3	11	-1.1	-32.8	3	14.9	-56.0
Logistics (5)	62	14.0	1.6	10	9.8	3.5	6	9.7	4.8
Media (3)	35	18.7	-13.5	8	-2.3	-32.6	5	-11.6	-32.1
Metals (10)	2,678	6.6	-7.1	389	-42.8	-39.1	168	-59.5	-49.5
Oil & Gas (15)	6,800	23.8	-17.6	295	-54.6	-53.8	38	-90.2	-84.4
Oil Ex OMCs (12)	3,090	23.9	-15.5	580	23.6	-26.7	301	9.2	-29.3
Real Estate (8)	85	13.7	-3.5	23	13.4	2.3	19	39.8	24.8
Retail (16)	318	31.6	0.3	43	23.8	-6.9	20	11.9	-12.0
Staffing (3)	89	23.3	3.7	3	-1.9	2.6	2	-5.8	-12.1
Technology (13)	1,718	19.6	4.7	376	7.0	5.8	264	6.9	9.0
Telecom (4)	556	13.9	2.1	262	16.9	8.3	-33	Loss	Loss
Others (17)	541	38.4	7.2	94	60.5	19.6	43	231.6	41.6
MOFSL Universe (223)	19,251	19.8	-5.5	3,325	-8.1	-8.6	1,504	-16.6	-8.9
Nifty (49)	11,948	17.4	-3.0	2,742	3.4	-3.9	1,334	-0.3	-2.5
Sensex (30)	7,644	15.0	-2.5	2,211	5.6	-0.4	1,126	6.9	1.1

For Banks: Sales = Net Interest Income, EBITDA = Operating Profits. LP: Loss to Profit; PL: Profit to Loss

Exhibit 2: Quarter-wise sales growth (% YoY)

Sales for MOFSL Universe is likely to grow 20% YoY led by O&G, Autos and BFSI

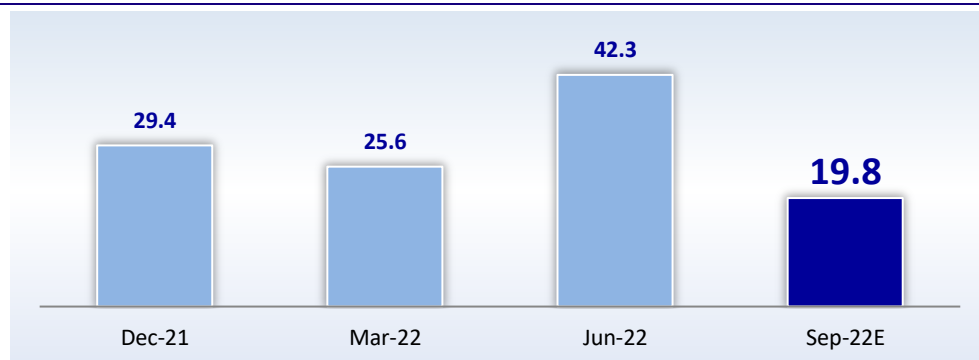


Exhibit 3: Quarter-wise net profit growth (% YoY)

PAT to decline 17% YoY led by Metals and OMCs



Annual performance - MOFSL universe (INR Billion)

Sector	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Auto (23)	7,483	9,233	10,619	18.1	23.4	15.0	751	1,042	1,355	-2.6	38.8	30.0	195	429	679	-29.6	120.4	58.4
Cement (11)	1,603	1,870	1,964	21.0	16.6	5.0	321	293	362	3.4	-8.6	23.3	222	186	225	16.7	-16.0	21.2
Chemicals-Spec. (9)	242	280	307	44.6	15.7	9.3	50	61	69	15.9	22.4	14.2	34	42	48	16.1	22.7	14.5
Consumer (19)	2,636	3,097	3,404	18.5	17.5	9.9	603	724	840	13.2	20.0	16.1	432	515	610	11.7	19.2	18.5
Financials (47)	11,837	13,472	15,379	9.9	13.8	14.2	4,365	4,933	5,910	8.2	13.0	19.8	2,063	2,745	3,415	37.6	33.1	24.4
Banks-PVT (12)	2,136	2,563	3,080	13.5	20.0	20.2	1,756	2,018	2,436	8.5	14.9	20.8	955	1,261	1,527	29.0	32.1	21.1
Banks-PSU (6)	2,529	2,903	3,338	7.8	14.8	15.0	1,775	1,941	2,327	7.4	9.4	19.9	610	818	1,082	80.8	34.1	32.3
Insurance (7)	6,217	6,915	7,707	9.0	11.2	11.4	78	128	174	8.8	63.4	36.6	82	141	192	7.2	71.4	36.8
NBFC (22)	956	1,092	1,254	13.6	14.2	14.8	756	846	972	9.2	12.0	14.9	417	525	614	20.4	26.0	16.9
Healthcare (20)	2,288	2,536	2,865	11.2	10.9	13.0	513	542	653	5.4	5.6	20.5	328	341	418	10.3	3.9	22.8
Infrastructure (3)	170	193	221	11.5	13.8	14.5	48	56	61	9.1	16.7	10.7	15	20	24	29.1	37.2	17.7
Logistics (5)	218	257	296	24.6	18.0	15.2	34	41	49	67.1	20.6	19.6	19	25	30	105.1	26.7	22.0
Media (3)	129	160	186	16.2	23.4	16.3	37	47	57	8.9	27.7	21.8	23	29	37	14.2	28.5	26.5
Metals (10)	10,519	11,098	11,209	50.1	5.5	1.0	2,625	2,090	2,308	66.0	-20.4	10.4	1,543	1,091	1,248	117.0	-29.3	14.5
Oil & Gas (15)	27,750	36,329	36,587	53.9	30.9	0.7	3,103	2,938	3,979	31.9	-5.3	35.4	1,793	1,424	2,180	44.7	-20.6	53.1
Ex OMCs (12)	14,890	19,453	19,418	52.5	30.6	-0.2	2,335	3,024	3,312	48.1	29.5	9.5	1,354	1,673	1,868	73.0	23.6	11.6
Real Estate (8)	320	369	422	27.1	15.3	14.3	83	103	130	25.4	23.9	26.6	53	80	117	59.3	52.8	45.9
Retail (16)	963	1,364	1,659	37.6	41.7	21.6	119	188	233	80.7	58.5	23.7	48	90	115	537.6	88.8	28.7
Staffing (3)	302	374	451	21.7	23.8	20.4	13	14	19	8.0	8.0	35.9	7	8	12	36.0	19.6	50.4
Technology (13)	5,884	6,954	7,594	19.6	18.2	9.2	1,422	1,572	1,763	13.2	10.6	12.1	1,005	1,083	1,227	17.3	7.7	13.2
Telecom (4)	1,995	2,251	2,477	7.6	12.8	10.0	927	1,062	1,241	16.3	14.5	16.9	-174	-131	-54	Loss	Loss	Loss
Others (18)	1,637	2,189	2,264	34.8	33.7	3.4	270	417	496	26.7	54.9	18.8	79	198	247	80.9	151.4	24.8
MOFSL (227)	75,978	92,027	97,901	32.0	21.1	6.4	15,282	16,121	19,526	21.1	5.5	21.1	7,683	8,174	10,580	41.5	6.4	29.4
*Ex OMCs (224)	63,118	75,151	80,732	28.1	19.1	7.4	14,513	16,207	18,858	22.6	11.7	16.4	7,244	8,424	10,268	45.7	16.3	21.9

For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits; *MOFSL

Valuations - MOFSL universe

Sector	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			EARN. CAGR (FY22-FY24)
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	
Auto (23)	66.6	30.2	19.1	4.1	3.8	3.3	17.3	12.0	8.8	6.1	12.5	17.4	86.8
Cement (11)	26.6	31.7	26.2	3.1	2.9	2.7	18.6	20.4	16.4	11.5	9.2	10.4	0.9
Chemicals-Specialty (9)	48.7	39.7	34.7	9.7	8.1	6.8	33.5	27.4	23.8	19.8	20.4	19.6	18.5
Consumer (19)	56.1	47.1	39.7	12.5	11.9	11.1	39.6	32.9	28.2	22.3	25.3	28.0	18.8
Financials (47)	23.7	17.8	14.3	2.8	2.5	2.1	N.M	N.M	N.M	11.7	13.8	15.0	28.7
Banks-PVT (12)	23.4	17.7	14.7	3.1	2.7	2.3	N.M	N.M	N.M	13.3	15.4	16.0	26.5
Banks-PSU (6)	10.9	8.1	6.1	1.0	0.9	0.8	N.M	N.M	N.M	9.5	11.6	13.7	33.2
Insurance (7)	100.0	58.3	42.7	12.7	10.6	8.9	N.M	N.M	N.M	12.7	18.3	20.8	53.1
NBFC (22)	27.9	22.2	19.0	3.4	3.0	2.7	N.M	N.M	N.M	12.1	13.7	14.2	21.4
Healthcare (20)	28.8	27.7	22.6	4.3	3.6	3.2	18.3	17.2	14.0	14.8	13.2	14.2	12.9
Infrastructure (3)	20.8	15.2	12.9	1.6	1.5	1.3	8.5	6.3	5.2	7.7	9.7	10.4	27.1
Logistics (5)	40.6	32.0	26.3	5.5	5.0	4.4	21.7	17.8	14.5	13.5	15.6	16.9	24.3
Media (3)	24.2	18.8	14.9	2.7	2.5	2.3	14.9	11.2	8.9	11.2	13.3	15.3	27.5
Metals (10)	5.3	7.6	6.6	1.5	1.4	1.2	3.7	4.8	4.2	28.6	18.5	18.8	-10.0
Oil & Gas (15)	11.7	14.7	9.6	1.5	1.4	1.3	8.7	9.2	6.6	12.8	9.6	13.4	10.3
Ex OMCs (12)	14.1	11.4	10.2	1.6	1.5	1.3	9.8	7.4	6.5	11.5	12.9	13.0	17.4
Real Estate (8)	45.6	29.9	20.5	2.9	2.6	2.4	32.0	25.3	19.5	6.3	8.8	11.5	49.3
Retail (16)	167.5	88.7	68.9	19.9	16.9	14.0	67.6	42.6	34.3	11.9	19.1	20.3	55.9
Staffing (3)	31.4	26.3	17.5	4.1	3.6	3.1	16.8	15.1	10.8	12.9	13.6	17.7	34.1
Technology (13)	25.8	23.9	21.1	7.3	7.0	6.7	17.4	15.7	14.0	28.2	29.3	31.8	10.5
Telecom (4)	-32.6	-43.3	-105.9	20.6	21.2	31.5	9.5	7.7	6.1	-63.0	-48.9	-29.8	Loss
Others (18)	63.4	25.2	20.2	4.5	3.9	3.4	20.1	12.9	10.5	7.1	15.5	16.7	77.1
MOFSL (227)	23.6	22.1	17.1	3.4	3.1	2.8	9.3	8.7	7.1	14.4	14.1	16.3	17.3
MOFSL Ex OMCs (224)	24.7	21.3	17.4	3.5	3.2	2.8	9.5	8.4	7.1	14.2	15.0	16.3	19.1

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Amara Raja Batt.	481	Neutral	25,359	12.0	-3.2	2,656	-1.2	1.8	1,336	-7.3	1.7
Apollo Tyres	264	Buy	59,033	16.3	-0.7	7,007	9.8	1.6	1,745	-1.2	-8.5
Ashok Leyland	150	Buy	81,272	82.3	12.5	5,153	282.6	60.9	1,941	LP	229.3
Bajaj Auto	3516	Neutral	99,427	15.3	24.2	16,821	33.5	29.7	14,547	24.8	24.0
Balkrishna Inds	1869	Neutral	26,258	26.3	-3.7	5,252	-4.5	-1.9	3,321	-16.8	3.9
Bharat Forge	692	Buy	17,791	11.5	1.1	4,699	5.9	2.1	2,782	-8.3	13.1
Bosch	15636	Neutral	36,475	25.0	2.9	4,888	36.7	8.7	3,694	-0.7	10.5
CEAT	1567	Buy	27,460	12.0	-2.6	1,850	-16.0	11.9	196	-53.8	101.0
Eicher Motors	3464	Buy	36,435	62.0	7.2	8,781	86.9	5.7	6,910	85.2	13.2
Endurance Tech.	1403	Buy	21,900	16.0	3.6	2,608	0.3	9	1,271	-4.7	14.3
Escorts Kubota	2059	Neutral	18,637	12.1	-7.5	2,026	-3.6	0.5	1,636	-7.4	11.0
Exide Inds.	154	Buy	37,835	15.0	-3.0	4,017	-2.8	3.9	2,314	-1.3	2.2
Hero Motocorp	2526	Buy	87,942	4.0	4.8	10,174	-4.6	8.1	7,250	-8.7	16.1
Mahindra & Mahindra	1252	Buy	2,02,175	51.9	3.1	24,867	49.8	6.2	22,702	34.6	54.3
Mahindra CIE	284	Buy	27,084	29.5	0.0	3,214	19.7	5.6	1,723	18.4	-8.7
Maruti Suzuki	8544	Buy	2,93,743	43.0	10.8	26,924	214.9	40.8	18,874	297.1	86.4
Samvardhana Motherson	73	Buy	1,68,472	16.9	-4.4	11,830	9.3	9.9	2,222	57.6	57.3
Motherson Wiring	88	Buy	18,380	31.3	10.0	2,546	43.0	25.5	1,605	40.8	27.4
MRF	80699	Neutral	54,114	12.0	-3.3	5,386	5.2	12.6	1,470	-19.8	30.8
Sona BLW Precis.	459	Neutral	6,401	9.3	8.6	1,581	2.4	10.9	865	-1.9	14.1
Tata Motors	398	Buy	8,53,526	39.1	18.7	95,240	135.2	199.4	7,543	LP	LP
Tube Investments	2698	Buy	19,964	19.8	2.0	2,159	12.0	5.8	1,494	23.0	11.2
TVS Motor	995	Neutral	68,592	22.6	14.2	7,213	33.5	20.3	3,907	49.7	21.9
Automobiles			22,88,273	32.4	9.7	2,56,892	62.7	49.2	1,11,346	269.8	779.0
ACC	2297	Neutral	39,023	4.1	-12.7	2,070	-70.9	-51.3	577	-87.2	-74.0
Ambuja Cements	489	Neutral	36,236	11.9	-9.3	4,086	-41.9	-40.3	1,934	-56.2	-77.3
Birla Corporation	931	Buy	20,680	21.8	-6.2	1,871	-30.0	-27.8	-36	PL	PL
Dalmia Bharat	1555	Buy	29,634	17.4	-10.3	3,752	-31.7	-36.0	207	-86.1	-89.4
Grasim Industries	1640	Buy	73,201	48.4	0.9	11,445	42.8	-13.3	11,487	21.3	42.1
India Cements	254	Sell	13,332	12.0	-7.8	44	-96.7	-85.7	-677	PL	Loss
J K Cements	2550	Neutral	21,454	16.9	-1.0	2,849	-19.8	-28.8	1,163	-37.6	-39.3
JK Lakshmi Cem.	568	Buy	13,813	23.5	-10.9	1,141	-29.8	-47.4	380	-50.4	-62.4
Ramco Cements	741	Neutral	16,416	9.9	-7.4	2,157	-45.2	-28.3	466	-78.4	-58.5
Shree Cement	20703	Neutral	38,177	19.1	-9.2	5,403	-39.9	-34.0	2,080	-63.7	-34.1
Ultratech Cement	6241	Buy	1,34,054	11.6	-11.6	16,796	-38.1	-45.7	5,925	-54.9	-62.7
Cement			4,36,019	17.8	-8.3	51,613	-32.9	-36.6	23,505	-47.3	-46.5
Alkyl Amines	2908	Neutral	4,536	30.1	-4.2	1,099	45.7	-5.1	756	39.8	-7.6
Atul	8924	Neutral	14,773	18.2	0.0	2,314	5.8	-0.7	1,541	7.9	-5.7
Clean Science	1704	Neutral	2,410	57.3	3.0	892	29.8	-2.3	702	31.2	11.6
Deepak Nitrite	2050	Neutral	18,304	8.9	-11.1	2,975	-23.0	-16.4	1,870	-26.5	-20.3
Fine Organic	6640	Neutral	5,794	34.9	-23.0	1,409	93.5	-31.4	994	98.9	-36.8
Galaxy Surfactants	2986	Buy	9,012	2.7	-22.2	1,221	72.2	-17.5	774	84.5	-22.9
Navin Fluorine	4465	Neutral	4,545	40.1	17.5	1,210	44.8	21.1	900	44.9	14.0
NOCIL	259	Buy	4,696	25.2	-7.7	982	98.5	-3.0	648	112.5	-1.2
Vinati Organics	2081	Buy	5,217	39.5	3.0	1,475	46.1	12.7	1,144	40.6	13.1
Chemicals-Specialty			69,287	19.2	-8.3	13,577	20.5	-8.4	9,329	21.1	-10.8
Asian Paints	3302	Neutral	92,248	30.0	7.2	17,954	98.5	15.4	12,502	106.6	17.9
Britannia	3768	Neutral	40,403	12.0	9.2	5,851	4.8	16.8	4,138	8.4	23.7
Colgate	1579	Neutral	14,336	6.0	19.8	4,157	3.7	27.7	2,804	4.2	28.0
Dabur	557	Buy	30,430	8.0	7.8	5,964	-3.9	9.7	4,820	-4.4	9.5
Emami	499	Buy	8,953	13.5	15.0	2,373	-14.4	36.9	1,958	-22.7	34.7
Godrej Consumer	884	Buy	33,851	7.0	8.3	5,772	-15.0	8.4	3,793	-21.0	9.3
Hind. Unilever	2622	Buy	1,48,850	17.0	4.3	34,730	10.9	7.0	24,356	11.4	6.4
Indigo Paints	1491	Buy	2,451	25.0	9.4	429	83.5	21.6	274	101.9	37.4

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
ITC	324	Buy	1,58,086	24.2	-8.6	53,590	16.1	-5.1	42,179	14.1	1.2
Jyothy Labs	188	Neutral	6,361	10.0	8.6	789	17.6	31.9	531	26.0	22.3
Marico	529	Buy	24,916	3.0	-2.6	4,410	4.3	-16.5	3,099	0.3	-16.5
Nestle	18992	Neutral	43,485	12.0	7.7	9,871	3.7	16.2	6,409	3.1	17.6
P&G Hygiene	13989	Buy	11,747	11.0	55.1	2,861	-5.1	326.4	2,108	-3.4	395.3
Page Industries	49498	Neutral	12,249	13.0	-8.7	2,695	15.4	-9.5	1,849	15.2	-10.7
Pidilite Inds.	2656	Neutral	30,991	18.0	-0.1	5,316	-3.3	0.4	3,464	-7.6	-2.2
Tata Consumer	778	Buy	33,236	9.6	-0.1	4,375	5.8	-4.3	2,945	5.1	7.7
United Breweries	1669	Sell	18,255	28.0	-25.1	2,197	32.7	-22.2	1,195	48.2	-26.1
United Spirits	827	Neutral	23,489	-4.0	8.3	3,298	-17.8	10.2	1,928	-14.0	-29.5
Varun Beverages	1070	Buy	29,353	22.4	-40.8	6,153	24.4	-50.8	3,194	33.0	-59.4
Consumer			7,63,691	16.7	-1.2	1,72,784	13.6	0.6	1,23,546	12.9	2.2
Ajanta Pharma	1288	Buy	9,222	4.2	-3.0	2,305	-12.3	-8.4	1,677	-9.2	-4.8
Alembic Pharma	615	Sell	13,882	7.4	10.0	1,777	-30.9	55.0	915	-45.9	97.8
Alkem Lab	3278	Neutral	28,940	3.4	12.3	4,717	-24.4	72.6	3,696	-32.7	96.4
Apollo Hospitals	4363	Buy	40,568	9.1	6.9	5,193	-15.6	5.8	1,993	-25.5	18.0
Aurobindo Pharma	535	Buy	63,875	7.5	2.4	10,603	-10.7	3.5	6,368	-8.4	8.3
Biocon	292	Neutral	22,570	22.6	5.5	4,694	5.2	7.5	1,815	-24.2	0.7
Cipla	1131	Neutral	56,979	3.2	6.0	12,763	4.1	11.6	7,807	9.7	13.7
Divis Labs	3727	Buy	21,812	9.7	-3.3	8,245	-0.1	-2.6	6,348	3.0	-3.2
Dr Reddy's Labs	4420	Buy	55,581	-3.6	11.5	12,172	-8.9	17.8	8,451	-14.8	3.1
Eris Lifescience	732	Buy	4,352	21.0	9.2	1,358	-2.9	5.1	990	-16.4	6.4
Gland Pharma	2134	Buy	10,022	-7.2	17.0	3,137	-16.7	16.2	2,580	-14.6	12.6
Glenmark Pharma	401	Neutral	30,946	-1.7	11.4	5,663	-4.0	19.8	2,655	-3.8	40.0
GSK Pharma	1415	Neutral	9,136	-2.2	22.6	2,485	-3.7	66.9	1,860	-2.5	60.0
IPCA Labs.	935	Buy	16,362	5.9	3.2	3,518	-8.7	24.1	2,239	-17.0	41.8
Laurus Labs	512	Buy	16,390	36.2	6.5	4,950	43.4	9.0	2,894	41.9	14.6
Lupin	723	Neutral	40,372	-1.3	7.8	2,907	-51.3	77.3	461	-84.9	LP
Solara Active Pharma	431	Buy	3,534	-12.0	7.1	233	-67.5	85.9	-188	PL	Loss
Sun Pharma	945	Buy	1,09,552	15.5	2.9	26,840	4.8	2.4	19,325	-5.7	0.9
Torrent Pharma	1580	Neutral	23,136	8.3	0.2	6,802	3.1	0.9	3,502	10.8	6.5
Zydus Lifesciences	409	Neutral	41,094	8.6	0.9	8,590	-0.2	3.1	5,446	-7.1	2.9
Healthcare			6,18,326	6.8	5.6	1,28,953	-5.4	10.4	80,834	-10.9	13.1
G R Infraproject	1232	Buy	19,000	11.8	-23.3	2,993	7.7	-38.5	1,685	3.4	-47.5
IRB Infra	209	Neutral	15,700	7.1	-18.4	7,005	-2.4	-34.0	857	102.5	-76.4
KNR Constructions	228	Buy	8,000	5.9	-10.2	1,500	-10.5	-9.1	913	-4.1	-9.5
Infrastructure			42,700	8.9	-19.3	11,498	-1.1	-32.8	3,455	14.9	-56.0
Blue Dart Express	9014	Neutral	12,584	12.0	-2.7	1,913	-3.7	0.3	1,132	-9.8	-3.4
Concor	693	Buy	20,940	14.8	5.8	4,918	15.3	4.1	3,139	18.8	7.7
Mahindra Logistics	531	Neutral	11,829	16.1	-1.4	639	27.7	-2.8	146	48.7	7.8
Transport Corp.	789	Buy	9,472	14.8	4.9	1,156	10.6	11.1	827	9.6	6.3
VRL Logistics	602	Buy	7,064	11.0	-1.5	1,176	3.8	2.8	509	3.0	3.2
Logistics			61,889	14.0	1.6	9,801	9.8	3.5	5,752	9.7	4.8
PVR	1754	Neutral	6,813	517.2	-29.2	66	LP	-96.1	-608	Loss	PL
Sun TV	505	Buy	8,473	2.2	-29.0	5,338	2.5	-30.1	3,655	-7.1	-25.7
Zee Entertainment	252	Buy	19,346	-2.2	4.8	2,483	-39.8	5.3	1,541	-46.0	32.8
Media			34,631	18.7	-13.5	7,887	-2.3	-32.6	4,588	-11.6	-32.1
Coal India	215	Buy	2,95,179	26.7	-15.9	85,434	113.0	-32.9	58,132	97.9	-34.2
Hindalco	381	Buy	5,00,775	5.1	-13.7	55,476	-26.4	-34.2	23,064	-33.1	-43.4
Hindustan Zinc	266	Neutral	78,061	27.5	-16.8	41,836	25.4	-18.6	26,297	30.4	-15.0
JSPL	420	Buy	1,19,755	-12.0	-8.2	15,017	-67.3	-49.8	4,609	-82.2	-68.5
JSW Steel	624	Neutral	3,98,536	22.6	4.6	35,001	-66.4	-18.8	6,350	-91.1	-24.2
Nalco	69	Buy	30,037	-16.4	-20.6	5,319	-52.8	-38.8	3,099	-58.6	-46.4
NMDC	126	Neutral	34,046	-49.9	-28.6	11,955	-61.6	-37.0	9,705	-58.5	-33.9

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
SAIL	76	Buy	2,48,497	-7.4	3.4	2,595	-96.3	-88.7	-7,302	PL	PL
Tata Steel	98	Neutral	6,27,708	3.9	-1.0	56,049	-65.9	-62.6	17,577	-84.6	-77.5
Vedanta	268	Neutral	3,45,515	13.7	-10.5	80,304	-22.5	-21.2	26,854	-42.4	-39.3
Metals			26,78,108	6.6	-7.1	3,88,985	-42.8	-39.1	1,68,384	-59.5	-49.5
Aegis Logistics	264	Neutral	21,833	243.7	-2.3	1,515	10.4	3.3	902	-4.5	-41.5
BPCL	309	Neutral	9,50,117	16.5	-21.5	-88,951	PL	Loss	-84,134	PL	Loss
Castrol India	112	Buy	11,667	8.7	-6.0	3,101	18.1	8.4	2,225	19.7	7.9
GAIL	85	Buy	3,56,979	65.9	-5.0	19,434	-44.1	-55.5	15,544	-45.7	-46.7
Gujarat Gas	493	Buy	42,278	16.6	-18.2	6,848	63.4	12.9	4,418	80.0	15.9
Gujarat State Petronet	227	Buy	3,783	-15.4	-9.9	3,159	-17.0	-12.3	2,072	-37.3	-12.0
HPCL	216	Neutral	9,53,845	14.8	-16.7	-1,05,295	PL	Loss	-90,987	PL	Loss
Indraprastha Gas	386	Neutral	33,934	85.3	6.2	7,020	32.4	13.7	4,870	21.6	15.7
IOC	67	Buy	18,06,330	33.4	-19.5	-90,212	PL	PL	-88,277	PL	Loss
Mahanagar Gas	802	Buy	14,883	79.3	2.3	3,041	0.8	6.5	1,980	-3.1	6.9
MRPL	60	Neutral	1,95,169	47.4	-39.6	10,349	LP	-78.0	3,149	LP	-88.4
Oil India	180	Buy	44,554	34.6	-25.3	21,828	139.0	-17.2	14,865	194.7	-4.4
ONGC	132	Buy	3,34,082	37.2	-21.1	1,93,629	46.4	-25.3	1,02,404	20.5	-32.7
Petronet LNG	199	Buy	1,48,720	37.5	4.3	10,431	-19.6	-2.0	6,567	-20.2	-6.3
Reliance Inds.	2374	Buy	18,81,763	12.3	-14.2	2,99,149	15.0	-21.3	1,42,172	3.9	-20.8
Oil & Gas			67,99,936	23.8	-17.6	2,95,045	-54.6	-53.8	37,770	-90.2	-84.4
Oil Ex OMCs			30,89,645	23.9	-15.5	5,79,504	23.6	-26.7	3,01,168	9.2	-29.3
Brigade Enterpr.	518	Buy	8,557	13.7	-5.2	2,314	20.3	-0.5	526	-80.1	-34.4
DLF	348	Neutral	16,522	11.6	14.6	5,824	27.1	40.8	6,239	64.6	33.0
Godrej Properties	1165	Neutral	2,838	119.5	16.0	-440	Loss	Loss	1,435	301.8	229.9
Macrotech Developers	927	Buy	21,439	0.9	-19.9	5,036	28.5	7.9	3,322	15.7	-6.4
Mahindra Lifespace	471	Buy	1,150	94.1	21.6	-208	PL	Loss	244	LP	-54.9
Oberoi Realty	911	Buy	9,269	22.9	1.5	4,259	14.1	-13.5	5,758	116.0	42.8
Prestige Estates	455	Buy	18,350	36.5	-5.3	4,351	11.1	-5.8	1,247	64.3	28.0
Sobha	641	Buy	6,763	-17.4	16.3	1,733	-32.3	-18.9	150	-69.0	9.1
Real Estate			84,887	13.7	-3.5	22,869	13.4	2.3	18,920	39.8	24.8
Aditya Birla Fashion	332	Buy	30,863	50.2	7.4	4,182	33.4	-10.7	472	701.0	-49.7
Avenue Supermarts	4426	Neutral	1,06,186	36.3	5.8	9,464	41.6	-6.1	5,877	40.7	-8.6
Barbeque Nation	1076	Neutral	3,203	45.0	1.7	604	46.2	-14.3	25	-18.2	-84.3
Bata India	1783	Neutral	8,002	30.3	-15.1	1,992	67.1	-18.6	819	120.2	-31.4
Campus Activewear	572	Buy	3,217	21.2	-4.7	563	-78.8	-8.8	276	-89.6	-3.9
Devyani Intl.	192	Buy	7,530	45.9	6.9	1,815	47.2	10.2	774	82.2	3.5
Jubilant Foodworks	615	Buy	12,768	16.0	2.9	3,179	11.2	4.4	1,252	2.0	-1.8
Metro Brands	936	Buy	4,772	47.0	-6.1	1,470	51.8	-19.6	784	42.3	-25.5
Relaxo Footwear	1014	Neutral	6,598	-7.6	-1.1	994	-14.9	15.4	517	-24.8	33.6
Restaurant Brands	132	Buy	3,705	51.0	10.0	446	74.1	34.1	-154	Loss	Loss
Sapphire Foods	1477	Buy	5,680	37.1	4.0	1,121	98.0	1.6	316	LP	-17.2
Shoppers Stop	745	Neutral	9,370	48.4	-0.5	1,593	125.5	-1.9	206	LP	-9.5
Titan Company	2576	Buy	87,370	16.6	-7.5	11,204	15.7	-6.3	7,520	17.3	-4.8
Trent	1389	Buy	18,077	77.1	9.4	2,838	28.3	-6.7	943	-30.5	-8.1
V-Mart Retail	2827	Buy	5,032	48.9	-14.4	285	38.2	-67.8	-240	Loss	PL
Westlife Development	719	Neutral	5,203	35.0	-3.3	812	82.7	-7.0	173	LP	-26.5
Retail			3,17,575	31.6	0.3	42,562	23.8	-6.9	19,560	11.9	-12.0
Quesst Corp	631	Buy	41,357	28.1	3.9	1,572	0.8	2.4	684	-10.7	1.1
SIS	421	Buy	27,709	14.0	3.5	1,218	-1.0	0.9	648	3.6	-21.5
Team Lease Serv.	3092	Neutral	19,502	28.0	3.8	283	-17.2	11.8	221	-13.8	-16.6
Staffing			88,567	23.3	3.7	3,073	-1.9	2.6	1,553	-5.8	-12.1
Coforge	3330	Neutral	19,503	24.3	6.6	3,434	23.2	17.5	2,056	35.3	37.0
Cyient	780	Buy	14,078	26.7	12.6	2,112	1.8	8.5	1,141	-5.9	-1.7
HCL Technologies	931	Buy	2,44,303	18.3	4.1	52,570	6.0	5.4	33,944	4.0	3.4

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Infosys	1394	Buy	3,65,038	23.3	5.9	83,546	6.9	6.5	59,273	9.3	10.6
L&T Infotech	4454	Neutral	47,379	25.8	4.8	8,765	19.5	5.5	6,645	20.4	4.7
L&T Technology	3491	Buy	19,850	23.5	5.9	4,069	16.5	1.5	2,833	23.2	3.3
Mindtree	3120	Neutral	33,125	28.1	6.1	6,791	28.0	3.2	4,969	24.6	5.4
Mphasis	2007	Buy	35,115	22.4	2.9	6,215	19.9	3.6	4,267	19.4	6.1
Persistent Systems	3201	Neutral	20,123	48.9	7.1	3,381	50.7	1.4	2,084	28.8	-1.5
TCS	2986	Buy	5,50,851	17.5	4.4	1,40,738	7.2	6.1	1,04,111	7.9	9.4
Tech Mahindra	1006	Neutral	1,30,936	20.3	3.0	19,509	-2.2	3.8	12,255	-8.5	8.3
Wipro	395	Neutral	2,25,347	14.6	4.7	44,078	3.5	6.2	29,601	1.0	15.5
Zensar Tech	210	Buy	12,130	15.5	0.8	1,067	-33.8	-21.6	499	-47.1	-33.5
Technology			17,17,779	19.6	4.7	3,76,276	7.0	5.8	2,63,677	6.9	9.0
Bharti Airtel	803	Buy	3,36,281	18.7	2.5	1,69,969	23.1	2.8	14,880	150.6	-1.9
Indus Towers	197	Neutral	69,462	1.0	0.7	36,731	1.4	62.4	15,373	-1.4	222.1
Tata Comm	1163	Neutral	44,466	6.5	3.2	11,315	1.7	5.1	3,960	-4.0	-27.2
Vodafone Idea	9	Neutral	1,05,296	11.9	1.1	43,933	13.7	1.5	-66,851	Loss	Loss
Telecom			5,55,504	13.9	2.1	2,61,947	16.9	8.3	-32,638	Loss	Loss
APL Apollo Tubes	1063	Buy	39,113	26.8	13.7	2,532	13.9	30.6	1,521	15.8	42.0
BSE	602	Neutral	1,812	-0.3	4.7	517	-4.2	14.4	406	-21.9	24.7
Coromandel International	987	Buy	88,673	44.2	54.8	9,663	30.0	41.0	6,866	32.2	37.6
EPL	172	Buy	9,083	4.4	9.2	1,466	-8.1	16.7	429	-15.4	24.3
Godrej Agrovet	520	Buy	23,085	7.2	-8.0	1,577	-17.2	-2.4	822	-24.7	-0.6
Indiamart Inter.	4465	Buy	2,399	31.5	6.8	693	-16.7	7.9	678	-17.6	45.1
Indian Hotels	337	Buy	11,945	64.0	-5.7	3,354	360.5	-11.2	1,320	LP	-25.4
Info Edge	3805	Neutral	5,383	53.1	6.0	1,635	53.8	0.2	1,520	49.7	2.4
Interglobe Aviation	1795	Neutral	1,23,072	119.4	-4.3	21,960	773.8	231.4	4,778	LP	LP
Kaveri Seed	421	Buy	1,466	-0.6	-78.6	97	51.5	-96.1	186	44.9	-92.4
Lemon Tree Hotel	88	Buy	1,949	101.2	1.5	928	174.0	0.5	183	LP	5.2
MCX	1248	Buy	1,210	45.5	11.3	618	82.8	25.5	561	71.9	35.3
P I Industries	2964	Buy	16,197	19.6	5.0	3,640	24.7	5.3	2,720	18.5	3.7
SRF	2479	Neutral	35,555	25.2	-8.7	8,902	36.1	-12.7	5,535	53.0	-12.5
Tata Chemicals	1094	Neutral	42,050	39.1	5.3	9,871	97.1	-2.8	5,423	156.1	-8.5
Trident	36	Buy	15,476	-6.9	-7.2	2,192	-44.9	-13.4	915	-59.0	-25.4
UPL	665	Neutral	1,22,242	15.7	13.0	24,173	18.2	3.2	8,910	19.6	-14.7
Others			5,40,712	38.4	7.2	93,817	60.5	19.6	42,774	231.6	41.6

PL: Profit to Loss; LP: Loss to Profit

Ready reckoner: Quarterly performance

	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Financials											
AU Small Finance	594	Buy	10,248	36.1	5.0	4,826	23.0	22.5	3,153	13.2	17.7
Axis Bank	723	Buy	97,440	23.3	3.8	68,047	14.8	15.6	42,442	35.5	2.9
Bandhan Bank	259	Neutral	22,819	17.9	-9.2	18,253	15.2	0.3	5,587	LP	-37.0
DCB Bank	100	Neutral	4,050	25.3	8.3	2,228	27.2	34.1	1,010	55.5	4.0
Equitas Holdings	99	Buy	6,025	24.5	3.8	2,782	39.8	3.7	1,184	187.4	22.1
Federal Bank	116	Buy	16,869	14.0	5.1	10,359	13.6	6.4	6,006	30.5	0.0
HDFC Bank	1413	Buy	2,04,415	15.6	4.9	1,76,492	11.7	14.8	1,05,355	19.3	14.6
ICICI Bank	848	Buy	1,42,626	22.0	8.0	1,13,965	14.9	10.5	74,684	35.5	8.2
IndusInd Bank	1156	Buy	43,254	18.2	4.9	35,652	10.8	3.9	17,882	55.9	9.6
Kotak Mahindra Bank	1784	Neutral	51,560	28.2	9.8	36,239	16.1	30.2	24,192	19.1	16.8
RBL Bank	111	Buy	10,950	19.6	6.5	5,505	-20.3	4.0	2,035	560.8	1.2
SBI Cards	880	Buy	10,714	16.6	-0.7	12,457	17.7	-3.5	5,926	71.8	-5.5
Banks-Private			6,20,970	20.0	5.2	4,86,803	13.2	12.6	2,89,457	53.4	8.4
Bank of Baroda	128	Buy	92,404	22.1	4.5	58,032	2.4	28.2	25,008	19.8	15.3
Canara Bank	222	Buy	72,169	15.0	6.4	64,529	15.2	-2.3	19,706	47.9	-2.5
Indian Bank	189	Buy	47,376	16.0	4.5	36,157	10.4	1.4	12,228	12.3	0.8
Punjab National Bank	35	Neutral	81,346	28.0	7.8	57,307	42.5	6.5	9,793	-11.4	217.5
State Bank	520	Buy	3,36,316	7.8	7.8	2,03,801	12.7	59.8	1,02,517	34.4	68.9
Union Bank	43	Buy	78,712	15.3	3.8	58,320	-4.0	7.1	16,869	10.5	8.2
Banks-PSU			7,08,323	13.7	6.6	4,78,146	11.9	24.9	1,86,120	26.0	39.5
HDFC Life Insur.	519	Neutral	1,31,633	15.0	42.0	1,557	-5.0	-37.0	3,251	18.6	-11.0
ICICI Lombard	1127	Buy	54,102	20.0	-2.2	-1,856	Loss	Loss	3,818	-14.5	9.4
ICICI Pru Life	510	Buy	1,05,523	13.6	53.3	7,764	61.0	96.6	2,943	-33.8	89.0
Max Financial	753	Buy	58,943	10.6	43.7	NA	NA	NA	964	35.8	5.9
SBI Life Insurance	1238	Buy	1,81,542	23.8	64.5	16,248	532.2	496.1	3,264	32.3	24.2
Star Health	703	Buy	32,897	14.0	33.5	114	LP	-92.7	1,119	LP	-47.5
Insurance			5,64,640	17.4	43.7	23,826	731.5	171.3	15,359	17.0	6.9
AAVAS Financiers	2229	Sell	1,923	18.2	6.8	1,463	18.8	26.5	1,121	21.7	25.7
Angel One	1364	Buy	4,447	48.6	5.8	2,569	43.1	5.8	1,927	43.4	6.1
Bajaj Finance	7172	Buy	56,701	32.2	7.5	44,141	33.6	3.7	27,470	85.5	5.8
Cams Services	2475	Buy	2,478	8.9	4.7	1,117	5.6	14.1	757	4.3	17.1
Can Fin Homes	481	Buy	2,522	31.5	0.7	2,163	32.8	0.6	1,539	24.5	-5.1
Chola. Inv & Fin.	700	Buy	15,547	22.5	4.9	11,202	28.0	5.6	5,721	-5.7	1.1
HDFC	2283	Buy	45,477	10.7	2.3	42,986	13.2	2.0	41,853	15.6	19.0
Home First Fin.	872	Buy	1,005	56.5	6.9	720	20.7	3.0	534	18.9	4.1
ICICI Securities	512	Buy	8,225	-4.0	3.5	3,905	-17.1	6.4	2,929	-16.6	7.1
IIFL Wealth Mgt	1877	Buy	3,848	22.4	2.6	2,131	50.8	2.4	1,795	25.1	14.2
L&T Fin.Holdings	72	Buy	14,916	2.1	-2.7	10,997	-0.2	-4.8	3,600	61.4	37.8
LIC Housing Fin	402	Buy	16,662	42.7	3.5	14,890	57.1	2.8	8,173	229.7	-11.7
M & M Financial	180	Buy	16,249	8.8	4.5	9,943	-2.2	5.1	4,785	-53.2	114.7
Manappuram Finance	96	Buy	10,139	2.8	6.0	5,711	-5.3	12.2	3,510	-5.1	24.5
MAS Financial	720	Buy	1,109	37.2	5.1	753	24.5	6.5	488	27.2	4.8
Muthoot Finance	1029	Neutral	16,512	-8.9	7.2	11,304	-20.1	10.4	8,357	-15.9	4.2
PNB Housing	391	Neutral	3,719	-20.0	0.9	3,512	-18.9	-2.5	2,282	-3.0	-3.3
Repco Home Fin	233	Neutral	1,367	-12.4	3.0	1,108	-16.0	2.7	596	-30.6	-3.9
Shriram City Union	1688	Buy	10,850	20.7	1.5	6,553	13.1	-0.5	3,232	14.5	0.1
Shriram Transport Fin.	1170	Buy	25,895	20.8	1.1	21,328	24.2	1.0	10,310	33.7	6.8
NBFC			2,59,590	15.6	3.9	1,98,495	15.2	3.2	1,30,979	19.7	11.1

PL: Profit to Loss; LP: Loss to Profit; For Banks: Sales = Net Interest Income, EBITDA = Operating Profits; For Life Insurance: Sales = Net Premium, EBITDA = Operating Profits

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Automobiles						66.6	30.2	19.1	4.1	3.8	3.3	6.1	12.5	17.4
Amara Raja Batt.	481	Neutral	29.9	32.2	41.4	16.1	14.9	11.6	1.8	1.7	1.6	11.7	11.7	14.0
Apollo Tyres	264	Buy	11.2	16.1	23.8	23.5	16.4	11.1	1.3	1.2	1.1	5.5	7.6	10.5
Ashok Leyland	150	Buy	0.1	3.2	7.3	1,424	47	20.7	6.0	5.7	4.8	0.4	12.5	25.2
Bajaj Auto	3,516	Neutral	183.6	221.5	239.7	19.2	15.9	14.7	3.8	4.0	3.9	20.5	24.3	26.7
Balkrishna Inds	1,869	Neutral	76.6	74.4	89.8	24.4	25.1	20.8	5.2	4.6	4.0	22.9	19.4	20.5
Bharat Forge	692	Buy	21.7	26.1	32.1	31.9	26.5	21.5	4.9	4.3	3.7	16.9	17.3	18.5
Bosch	15,636	Neutral	412.8	452.3	603.1	37.9	34.6	25.9	4.3	4.0	3.6	11.9	11.9	14.5
CEAT	1,567	Buy	19.6	34.4	111.1	79.9	45.6	14.1	1.9	1.9	1.7	2.4	4.2	12.6
Eicher Motors	3,464	Buy	61.3	111.2	154.5	56.5	31.1	22.4	7.5	6.3	5.1	13.9	22.1	25.2
Endurance Tech.	1,403	Buy	34.5	39.3	54.4	40.6	35.7	25.8	5.0	4.6	4.1	13.0	13.4	16.7
Escorts Kubota	2,059	Neutral	69.2	68.1	83.6	29.7	30.2	24.6	3.0	2.8	2.8	12.1	9.5	11.8
Exide Inds.	154	Buy	9.9	11.2	14.0	15.6	13.8	11.0	1.2	1.2	1.1	7.9	8.4	9.7
Hero Motocorp	2,526	Buy	123.8	142.4	184.0	20.4	17.7	13.7	3.2	3.1	2.9	16.0	17.7	21.6
M & M	1,252	Buy	43.0	57.1	79.7	29.1	21.9	15.7	3.8	3.4	2.8	13.9	16.4	19.6
Mahindra CIE	284	Buy	13.8	18.6	22.1	20.5	15.3	12.8	2.1	1.9	1.7	10.4	12.8	13.7
Maruti Suzuki	8,544	Buy	128.4	223.8	381.2	66.5	38.2	22.4	4.8	4.4	3.9	7.0	11.3	17.1
Motherson Wiring	88	Buy	1.5	1.9	2.6	60.3	45.4	33.5	24.8	19.0	14.0	50.3	47.4	48.1
MRF	80,699	Neutral	1,578.4	1,851.2	3,701.0	51.1	43.6	21.8	2.4	2.3	2.1	4.9	5.5	10.1
Samvardhana Moth.	73	Buy	1.2	2.2	4.1	60.1	32.8	17.8	2.4	2.3	2.1	5.0	7.1	12.3
Sona BLW Precis.	459	Neutral	5.8	7.0	10.0	78.9	65.2	46.0	13.4	11.6	9.8	20.6	19.1	23.1
Tata Motors	398	Buy	-28.2	4.3	24.7	-14.1	93.0	16.1	3.4	3.2	2.7	-21.7	3.6	18.3
Tube Investments	2,698	Buy	50.5	58.9	78.9	53.4	45.8	34.2	16.9	13.5	10.6	37.2	32.8	34.7
TVS Motor	995	Neutral	18.9	32.0	39.9	52.5	31.1	24.9	9.8	7.8	6.1	20.0	27.9	27.5
Cement						26.6	31.7	26.2	3.1	2.9	2.7	11.5	9.2	10.4
ACC	2,297	Neutral	100.5	50.0	88.4	22.8	45.9	26.0	3.0	3.1	2.8	14.1	6.6	11.3
Ambuja Cements	489	Neutral	10.7	9.3	11.3	45.6	52.3	43.3	4.4	4.2	4.1	22.3	17.0	19.2
Birla Corporation	931	Buy	56.0	29.6	60.7	16.6	31.5	15.3	1.2	1.2	1.1	7.5	3.7	7.3
Dalmia Bharat	1,555	Buy	39.6	32.1	40.6	39.3	48.4	38.3	1.9	1.8	1.8	5.2	3.8	4.6
Grasim Industries	1,640	Buy	111.5	110.2	110.3	14.7	14.9	14.9	2.2	2.1	2.0	11.5	14.4	11.6
India Cements	254	Sell	1.3	-3.3	6.0	200.4	-76.4	41.9	1.4	1.3	1.3	0.7	-1.8	3.1
J K Cements	2,550	Neutral	87.9	83.4	94.6	29.0	30.6	27.0	4.6	4.1	3.7	17.0	14.1	14.3
JK Lakshmi Cem.	568	Buy	32.5	30.0	38.0	17.5	18.9	15.0	2.7	2.4	2.2	16.9	13.6	15.3
Ramco Cements	741	Neutral	25.0	13.5	26.3	29.7	54.8	28.2	2.7	2.6	2.4	9.7	4.8	8.8
Shree Cement	20,703	Neutral	629.7	372.5	500.6	32.9	55.6	41.4	4.3	4.1	3.8	14.0	7.5	9.4
Ultratech Cement	6,241	Buy	196.3	179.1	220.6	31.8	34.8	28.3	3.6	3.3	3.0	12.0	9.9	11.2
Chemicals-Specialty						48.7	39.7	34.7	9.7	8.1	6.8	19.8	20.4	19.6
Alkyl Amines	2,908	Neutral	44.0	58.8	74.2	66.1	49.5	39.2	15.0	12.2	9.9	25.2	27.2	27.9
Atul	8,924	Neutral	198.7	241.5	256.9	44.9	37.0	34.7	6.0	5.2	4.6	14.3	15.1	14.1
Clean Science	1,704	Neutral	21.5	30.6	41.5	79.2	55.7	41.1	23.6	17.3	12.8	34.9	35.9	35.8
Deepak Nitrite	2,050	Neutral	78.2	80.6	85.8	26.2	25.4	23.9	8.4	6.5	5.3	37.5	28.9	24.5
Fine Organic	6,640	Neutral	81.8	112.5	111.5	81.2	59.0	59.5	21.2	17.0	14.1	29.5	32.0	25.9
Galaxy Surfactants	2,986	Buy	74.1	91.7	88.9	40.3	32.5	33.6	6.7	5.8	5.1	18.3	19.2	16.2
Navin Fluorine	4,465	Neutral	53.8	80.0	108.1	83.0	55.8	41.3	11.9	10.2	8.5	15.2	19.6	22.4
NOCIL	259	Buy	10.6	13.3	14.5	24.5	19.5	17.9	3.0	2.8	2.5	13.0	14.8	14.7
Vinati Organics	2,081	Buy	33.7	44.5	59.0	61.7	46.8	35.3	11.7	9.7	8.0	20.6	22.7	24.8
Consumer						56.1	47.1	39.7	12.5	11.9	11.1	22.3	25.3	28.0
Asian Paints	3,302	Neutral	33.4	53.7	64.5	99.0	61.5	51.2	22.9	20.0	17.8	24.0	34.7	36.8
Britannia	3,768	Neutral	63.0	67.8	80.7	59.8	55.6	46.7	35.5	37.1	32.0	49.7	65.2	73.6
Colgate	1,579	Neutral	38.5	38.7	43.8	41.1	40.8	36.1	24.8	24.8	24.8	72.1	60.7	68.6
Dabur	557	Buy	10.3	10.9	13.0	54.0	51.1	42.9	11.8	10.7	9.7	22.7	21.9	23.7
Emami	499	Buy	19.1	17.7	21.9	26.2	28.2	22.8	10.7	10.3	9.5	44.1	37.2	43.4
Godrej Consumer	884	Buy	17.5	16.7	23.6	50.4	52.8	37.5	7.8	7.3	6.6	17.1	14.3	18.5
Hind. Unilever	2,622	Buy	37.7	42.2	48.2	69.6	62.2	54.4	12.6	13.0	13.4	18.4	20.6	24.2
Indigo Paints	1,491	Buy	17.7	27.5	38.7	84.4	54.3	38.6	10.9	9.1	7.4	13.9	18.3	21.1
ITC	324	Buy	12.2	14.8	16.7	26.5	22.0	19.5	6.5	6.2	5.7	25.0	28.9	30.7
Jyothy Labs	188	Neutral	4.3	5.2	7.4	43.5	36.0	25.5	4.8	4.6	4.3	11.1	13.0	17.4

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Marico	529	Buy	9.5	10.0	12.4	55.7	52.9	42.5	20.4	20.6	20.2	37.2	38.7	48.0
Nestle	18,992	Neutral	240.8	244.2	301.3	78.9	77.8	63.0	87.8	90.3	89.7	113.2	114.5	142.7
P&G Hygiene	13,989	Buy	180.5	228.4	304.0	77.5	61.3	46.0	61.6	55.9	49.9	80.7	95.7	114.7
Page Industries	49,498	Neutral	481.0	716.1	817.5	102.9	69.1	60.5	50.7	43.6	39.2	49.3	63.1	64.8
Pidilite Inds.	2,656	Neutral	23.5	29.8	41.2	113.0	89.1	64.5	21.1	18.8	16.3	19.9	22.3	27.0
Tata Consumer	778	Buy	10.6	12.8	17.2	73.6	61.0	45.2	4.7	4.4	4.1	6.6	7.5	9.5
United Breweries	1,669	Sell	14.1	20.7	28.5	118	80	58.6	11.2	9.8	9.0	9.9	13.0	16.1
United Spirits	827	Neutral	12.5	13.8	15.4	66	60	53.8	12.3	11.6	11.0	18.6	19.2	20.5
Varun Beverages	1,070	Buy	10.7	21.1	25.7	100.1	50.7	41.5	17.0	13.1	10.2	18.3	29.3	27.7
Financials														
Banks-Private						23.4	17.7	14.7	3.1	2.7	2.3	13.3	15.4	16.0
AU Small Finance	594	Buy	18.0	21.4	25.9	33.0	27.8	22.9	5.0	3.6	3.1	16.6	15.1	14.7
Axis Bank	723	Buy	42.5	59.2	72.2	17.0	12.2	10.0	1.9	1.8	1.6	12.0	15.4	16.9
Bandhan Bank	259	Neutral	0.8	23.8	34.8	332.0	10.9	7.5	2.4	2.0	1.7	0.7	20.2	24.6
DCB Bank	100	Neutral	9.2	14.3	18.0	10.8	7.0	5.6	0.8	0.7	0.6	7.8	11.0	12.5
Equitas Holdings	99	Buy	8.2	14.2	22.0	12.1	7.0	4.5	0.8	0.7	0.7	7.3	11.0	15.4
Federal Bank	116	Buy	9.2	11.7	14.0	12.6	10.0	8.3	1.3	1.2	1.0	10.8	12.3	13.3
HDFC Bank	1,413	Buy	66.8	79.4	94.5	21.1	17.8	15.0	3.3	2.8	2.4	16.7	17.0	17.3
ICICI Bank	848	Buy	33.7	43.8	52.0	25.2	19.3	16.3	3.5	3.0	2.5	15.0	16.8	17.0
IndusInd Bank	1,156	Buy	62.1	99.8	122.2	18.6	11.6	9.5	1.9	1.6	1.4	10.6	15.1	16.1
Kotak Mahindra Bank	1,784	Neutral	60.9	70.1	82.4	29.3	25.5	21.7	3.7	3.2	2.8	12.7	12.7	13.0
RBL Bank	111	Buy	-1.2	14.6	20.7	-89.1	7.6	5.4	0.5	0.5	0.5	-0.6	6.7	9.0
SBI Cards	880	Buy	17.2	25.2	35.7	51.3	34.8	24.7	10.7	8.3	6.3	23.0	26.9	29.2
Banks-PSU						10.9	8.1	6.1	1.0	0.9	0.8	9.5	11.6	13.7
Bank of Baroda	128	Buy	14.0	20.1	27.1	9.1	6.4	4.7	0.8	0.7	0.6	8.5	11.5	13.8
Canara Bank	222	Buy	32.8	48.0	61.5	6.8	4.6	3.6	0.7	0.6	0.5	9.1	12.4	14.0
Indian Bank	189	Buy	33.2	42.0	52.8	5.7	4.5	3.6	0.6	0.5	0.5	11.2	13.2	14.7
Punjab National Bank	35	Neutral	3.2	4.0	6.1	11.0	8.9	5.8	0.4	0.4	0.4	3.7	4.5	6.6
State Bank	520	Buy	39.6	51.7	66.5	13.1	10.1	7.8	1.6	1.4	1.2	13.0	15.0	16.7
Union Bank	43	Buy	7.9	10.2	15.1	5.5	4.2	2.8	0.4	0.4	0.4	8.3	10.2	13.9
Insurance						100.0	58.3	42.7	12.7	10.6	8.9	12.7	18.3	20.8
HDFC Life Insur.	519	Neutral	5.7	6.7	7.7	90.9	77.5	67.3	3.3	2.8	2.4	23.8	17.3	18.1
ICICI Lombard	1,127	Buy	25.9	32.2	40.8	43.5	35.0	27.6	6.1	5.4	4.8	15.4	16.4	18.5
ICICI Pru Life	510	Buy	5.3	6.9	8.2	97.1	73.8	61.9	2.3	2.0	1.7	8.7	14.4	16.8
Life Insurance Corp.	621	Buy	6.5	11.4	17.3	95.2	54.2	35.9	0.7	0.7	0.6	NM	10.2	12.0
Max Financial	753	Buy	8.1	10.2	10.5	92.7	74.1	71.7	2.3	1.9	1.6	19.8	19.5	20.0
SBI Life Insurance	1,238	Buy	15.1	17.3	20.0	82.2	71.6	61.8	3.1	2.6	2.1	18.7	20.3	21.4
Star Health	703	Buy	-18.1	11.8	18.2	-38.9	59.8	38.6	8.8	5.8	5.0	-25.7	11.7	14.0
NBFC						27.9	22.2	19.0	3.4	3.0	2.7	12.1	13.7	14.2
AAVAS Financiers	2,229	Sell	45.2	55.6	70.6	49.3	40.1	31.6	6.3	5.4	4.6	13.7	14.5	15.8
Aditya Birla Cap	110	Buy	7.1	5.8	7.0	15.5	18.9	15.6	1.7	1.5	1.4	11.7	8.5	9.2
Angel One	1,364	Buy	75.4	92.7	105.7	18.1	14.7	12.9	7.1	5.4	4.3	46.0	41.9	37.0
Bajaj Finance	7,172	Buy	116.5	181.9	223.1	61.6	39.4	32.1	10.0	8.2	6.8	17.7	22.9	23.1
Cams Services	2,475	Buy	58.7	63.3	75.7	42.2	39.1	32.7	18.7	16.0	13.7	49.3	44.1	45.1
Can Fin Homes	481	Buy	35.4	45.8	51.0	13.6	10.5	9.4	2.1	1.8	1.5	16.6	18.2	17.1
Chola. Inv & Fin.	700	Buy	29.1	32.2	39.0	24.1	21.7	17.9	4.9	4.1	3.4	22.5	20.5	20.6
HDFC	2,283	Buy	62.4	71.0	82.2	36.6	32.1	27.8	3.4	3.2	2.9	12.7	13.0	13.5
Home First Fin.	872	Buy	21.5	25.4	32.1	40.5	34.3	27.2	4.9	4.3	3.7	12.8	13.3	14.6
ICICI Securities	512	Buy	42.9	38.8	42.6	11.9	13.2	12.0	6.8	5.8	4.9	65.0	47.3	44.2
IIFL Wealth Mgt	1,877	Buy	65.2	81.0	90.7	28.8	23.2	20.7	5.6	5.3	5.0	19.8	23.4	25.0
Indostar Capital	158	Buy	-54.1	16.5	29.7	-2.9	9.6	5.3	0.7	0.7	0.6	-22.2	7.4	12.1
L&T Fin.Holdings	72	Buy	4.2	5.9	7.5	17.1	12.2	9.7	0.9	0.8	0.8	5.4	7.1	8.4
LIC Housing Fin	402	Buy	41.6	60.7	68.7	9.7	6.6	5.9	0.9	0.8	0.7	10.1	12.9	13.3
M & M Financial	180	Buy	8.0	12.1	15.1	22.4	14.8	11.9	1.5	1.4	1.3	6.6	9.5	11.1
Manappuram Finance	96	Buy	15.7	16.6	18.5	6.1	5.7	5.2	1.0	0.9	0.8	17.0	15.8	15.5
MAS Financial	720	Buy	28.9	37.4	48.9	24.9	19.2	14.7	3.1	2.7	2.4	13.2	15.2	17.4
Muthoot Finance	1,029	Neutral	98.6	85.2	97.7	10.4	12.1	10.5	2.3	2.0	1.7	23.5	17.4	17.4

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
PNB Housing	391	Neutral	49.6	54.0	55.3	7.9	7.2	7.1	0.7	0.6	0.6	8.9	8.9	8.4
Repco Home Fin	233	Neutral	30.6	42.7	51.9	7.6	5.5	4.5	0.7	0.6	0.5	8.9	11.3	12.3
Shriram City Union	1,688	Buy	162.8	196.5	250.2	10.4	8.6	6.7	1.3	1.1	1.0	12.7	13.8	15.6
Shriram Transport Fin.	1,170	Buy	100.1	151.6	151.5	11.7	7.7	7.7	1.2	1.1	1.0	11.5	14.9	13.3
Healthcare						28.8	27.7	22.6	4.3	3.6	3.2	14.8	13.2	14.2
Ajanta Pharma	1,288	Buy	53.7	57.1	67.5	24.0	22.5	19.1	5.1	4.3	3.7	22.1	20.8	20.9
Alembic Pharma	615	Sell	35.0	19.3	31.2	17.6	32.0	19.7	2.3	2.2	2.0	13.9	6.9	11.0
Alkem Lab	3,278	Neutral	138.1	107.9	150.9	23.7	30.4	21.7	4.5	4.1	3.6	20.6	14.2	17.5
Apollo Hospitals	4,363	Buy	68.1	62.1	88.9	64.1	70.3	49.1	10.8	9.2	7.8	19.1	14.6	17.7
Aurobindo Pharma	535	Buy	44.0	44.5	52.9	12.2	12.0	10.1	1.3	1.2	1.1	11.1	10.1	11.0
Biocon	292	Neutral	7.4	8.3	14.4	39.7	35.0	20.3	4.2	2.1	2.0	11.0	8.0	10.0
Cipla	1,131	Neutral	35.3	40.0	47.2	32.0	28.3	24.0	4.4	3.9	3.4	14.5	13.8	14.2
Divis Labs	3,727	Buy	110.4	103.2	123.3	33.8	36.1	30.2	8.4	7.2	6.2	27.9	21.6	22.2
Dr Reddy's Labs	4,420	Buy	175.9	221.3	239.0	25.1	20.0	18.5	3.9	3.2	2.8	16.0	17.6	16.2
Eris Lifescience	732	Buy	29.5	30.4	39.7	24.8	24.1	18.4	5.3	4.5	3.8	23.3	20.2	22.3
Gland Pharma	2,134	Buy	73.7	72.3	91.1	28.9	29.5	23.4	4.9	4.2	3.6	18.6	15.3	16.5
Glenmark Pharma	401	Neutral	34.6	38.1	43.0	11.6	10.5	9.3	1.2	1.1	1.0	12.1	11.2	11.4
GSK Pharma	1,415	Neutral	33.9	34.5	39.0	41.8	41.1	36.3	9.0	8.4	7.7	21.6	20.4	21.1
IPCA Labs.	935	Buy	36.3	32.1	43.0	25.7	29.2	21.7	4.3	3.8	3.3	18.1	13.9	16.4
Laurus Labs	512	Buy	15.5	21.3	27.6	33.1	24.0	18.6	8.2	6.4	4.9	27.9	29.8	30.0
Lupin	723	Neutral	19.1	12.0	23.2	37.8	60.5	31.2	2.7	2.6	2.4	6.7	4.4	8.0
Solara Active Pharma	431	Buy	-15.2	-9.5	13.0	-28.4	-45.5	33.2	1.0	1.0	1.0	-3.5	-2.3	3.1
Sun Pharma	945	Buy	31.3	33.5	40.2	30.2	28.2	23.5	4.7	4.1	3.6	15.9	15.6	16.2
Torrent Pharma	1,580	Neutral	34.3	42.5	53.6	46.0	37.2	29.4	9.0	7.3	6.3	19.7	21.6	22.8
Zydus Lifesciences	409	Neutral	21.6	22.4	22.5	19.0	18.3	18.2	2.5	2.2	2.0	14.7	12.7	11.5
Infrastructure						20.8	15.2	12.9	1.6	1.5	1.3	7.7	9.7	10.4
G R Infraproject	1,232	Buy	79.0	91.4	110.4	15.6	13.5	11.2	2.7	2.3	1.9	19.2	18.4	18.5
IRB Infra	209	Neutral	6.0	12.1	13.7	34.9	17.3	15.2	1.0	1.0	0.9	3.7	5.7	6.2
KNR Constructions	228	Buy	12.8	15.2	17.8	17.8	15.1	12.8	2.9	2.4	2.0	17.5	17.4	17.3
Logistics						40.6	32.0	26.3	5.5	5.0	4.4	13.5	15.6	16.9
Blue Dart Express	9,014	Neutral	173.8	199.6	235.2	51.9	45.2	38.3	22.4	16.3	12.2	50.5	41.8	36.5
Concor	693	Buy	17.4	22.5	27.5	39.7	30.8	25.2	3.9	3.7	3.5	10.1	12.4	14.4
Mahindra Logistics	531	Neutral	2.5	9.2	14.6	216.6	57.5	36.3	6.4	6.0	5.2	3.0	10.8	15.4
Transport Corp.	789	Buy	37.6	42.9	50.8	21.0	18.4	15.5	4.3	3.5	2.9	22.0	20.5	20.2
VRL Logistics	602	Buy	18.1	24.8	30.8	33.2	24.3	19.6	8.2	6.5	4.5	25.6	29.8	46.0
Media						24.2	18.8	14.9	2.7	2.5	2.3	11.2	13.3	15.3
PVR	1,754	Neutral	-68.7	33.7	66.8	-25.5	52.0	26.3	7.8	6.8	5.4	-26.2	14.0	22.9
Sun TV	505	Buy	41.7	42.8	47.3	12.1	11.8	10.7	2.5	2.3	2.1	21.9	20.1	19.6
Zee Entertainment	252	Buy	10.8	10.5	14.6	23.3	23.9	17.2	2.2	2.1	1.9	9.9	9.1	11.7
Metals						5.3	7.6	6.6	1.5	1.4	1.2	28.6	18.5	18.8
Coal India	215	Buy	28.2	42.1	29.6	7.6	5.1	7.3	3.1	2.4	2.0	40.3	46.2	28.0
Hindalco	381	Buy	61.3	43.9	48.7	6.2	8.7	7.8	1.6	1.4	1.2	28.0	16.8	16.3
Hindustan Zinc	266	Neutral	23.1	26.4	28.4	11.5	10.1	9.4	3.3	3.4	3.5	29.3	33.3	37.0
JSPL	420	Buy	86.0	50.2	63.7	4.9	8.4	6.6	1.2	1.0	0.9	25.9	13.2	14.6
JSW Steel	624	Neutral	85.5	54.6	109.2	7.3	11.4	5.7	2.2	2.0	1.5	36.2	18.5	30.3
Nalco	69	Buy	16.1	9.8	17.5	4.3	7.0	3.9	1.0	0.9	0.8	25.4	13.8	22.6
NMDC	126	Neutral	33.4	15.8	15.1	3.8	8.0	8.3	1.1	1.0	0.9	30.2	12.9	11.7
SAIL	76	Buy	33.4	8.2	14.4	2.3	9.3	5.3	0.6	0.6	0.5	27.7	6.1	10.1
Tata Steel	98	Neutral	33.0	15.0	15.7	3.0	6.5	6.3	1.1	1.0	0.9	44.6	15.9	15.0
Vedanta	268	Neutral	46.7	42.1	48.2	5.8	6.4	5.6	1.5	1.5	1.4	27.2	23.8	25.8
Oil & Gas						11.7	14.7	9.6	1.5	1.4	1.3	12.8	9.6	13.4
Aegis Logistics	264	Neutral	10.7	13.3	14.4	24.7	19.9	18.4	4.0	3.5	3.1	17.4	18.8	17.7
BPCL	309	Neutral	52.0	-38.9	41.0	5.9	-7.9	7.5	1.2	1.5	1.3	20.6	-17.0	18.5
Castrol India	112	Buy	7.7	9.5	10.3	14.6	11.8	10.9	6.7	5.8	5.0	49.6	53.0	49.5
GAIL	85	Buy	15.4	12.6	13.5	5.5	6.7	6.3	1.0	0.9	0.8	20.0	14.3	14.0
Gujarat Gas	493	Buy	18.8	21.1	20.8	26.2	23.4	23.7	6.1	4.9	4.2	25.8	23.3	19.0
Gujarat State Petronet	227	Buy	17.4	14.7	20.3	13.1	15.4	11.2	1.5	1.4	1.3	12.2	9.4	11.8

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
HPCL	216	Neutral	47.9	-97.4	42.2	4.5	-2.2	5.1	0.8	1.2	1.1	18.4	-43.7	22.4
Indraprastha Gas	386	Neutral	18.8	19.8	20.2	20.5	19.5	19.1	3.9	3.4	3.0	26.2	18.7	16.8
IOC	67	Buy	9.3	-0.7	5.9	7.1	-95.2	11.3	1.4	1.6	1.8	21.0	-1.6	15.0
Mahanagar Gas	802	Buy	60.4	67.6	73.2	13.3	11.9	11.0	2.2	2.0	1.8	17.5	17.6	17.2
MRPL	60	Neutral	8.2	15.8	4.2	7.3	3.8	14.3	3.0	2.1	1.9	52.0	65.3	14.1
Oil India	180	Buy	34.4	55.8	63.6	5.2	3.2	2.8	0.7	0.6	0.5	13.9	19.9	20.1
ONGC	132	Buy	39.9	50.9	63.7	3.3	2.6	2.1	0.7	0.6	0.5	21.3	23.4	25.2
Petronet LNG	199	Buy	22.3	18.9	26.1	8.9	10.5	7.6	2.2	2.0	1.8	26.7	20.1	24.8
Reliance Inds.	2,374	Buy	86.4	108.0	114.2	27.5	22.0	20.8	2.0	1.8	1.7	7.9	9.0	8.8
Real Estate						45.6	29.9	20.5	2.9	2.6	2.4	6.3	8.8	11.5
Brigade Enterpr.	518	Buy	14.3	9.7	21.2	36.2	53.3	24.4	3.6	3.4	3.0	11.1	6.6	13.1
DLF	348	Neutral	6.7	15.3	26.1	51.8	22.7	13.3	1.7	1.6	1.5	4.6	7.3	11.5
Godrej Properties	1,165	Neutral	12.6	28.5	51.2	92.3	40.9	22.8	3.7	3.4	3.0	4.1	8.7	14.0
Macrotech Developers	927	Buy	25.0	29.8	45.2	37.1	31.1	20.5	3.7	3.3	2.9	14.4	11.2	15.1
Mahindra Lifespace	471	Buy	1.1	11.2	8.5	423.7	42.1	55.1	4.1	3.7	3.4	1.0	9.2	6.4
Oberoi Realty	911	Buy	28.8	54.2	50.9	31.6	16.8	17.9	3.2	2.7	2.4	10.6	17.3	14.0
Prestige Estates	455	Buy	15.0	15.8	18.6	30.3	28.8	24.5	1.9	1.8	1.6	7.1	6.3	6.9
Sobha	641	Buy	12.1	13.1	36.0	52.8	49.1	17.8	2.5	2.4	2.1	4.7	4.9	12.6
Retail						167.5	88.7	68.9	19.9	16.9	14.0	11.9	19.1	20.3
Aditya Birla Fashion	332	Buy	-1.3	3.5	5.4	-258.2	95.3	61.5	11.2	10.0	8.6	-4.4	11.1	15.1
Avenue Supermarts	4,426	Neutral	23.0	41.3	51.5	192.1	107.2	85.9	20.2	16.9	14.0	11.5	17.8	18.5
Barbeque Nation	1,076	Neutral	-6.6	7.9	19.9	-163.0	136.3	54.1	10.8	10.0	8.5	-6.7	7.4	15.7
Bata India	1,783	Neutral	8.0	31.9	39.5	222.5	55.9	45.2	12.6	10.3	8.4	5.8	20.3	20.5
Campus Activewear	572	Buy	4.1	6.4	8.5	139.2	88.9	66.9	39.2	27.3	19.4	28.1	30.7	29.0
Devyani Intl.	192	Buy	1.5	2.6	3.3	131.9	74.9	58.6	33.8	23.1	16.5	43.9	36.7	32.9
Jubilant Foodworks	615	Buy	6.6	7.9	10.1	93.1	77.9	61.0	20.9	19.6	16.6	22.4	25.2	27.3
Metro Brands	936	Buy	7.8	13.9	16.6	120.2	67.6	56.5	19.7	15.5	12.4	20.0	26.2	24.9
Relaxo Footwear	1,014	Neutral	9.3	10.4	13.8	108.4	97.1	73.3	14.3	12.9	11.4	14.0	14.0	16.5
Restaurant Brands	132	Buy	-4.3	-1.5	1.0	-30.9	-85.2	125.6	6.1	6.5	6.2	-19.6	-7.7	4.9
Sapphire Foods	1,477	Buy	7.2	23.5	30.4	204.1	62.8	48.6	9.3	8.1	7.0	6.2	13.8	15.4
Shoppers Stop	745	Neutral	-12.2	12.2	13.4	-61.2	60.9	55.4	63.3	31.0	19.9	-72.6	68.3	43.8
Titan Company	2,576	Buy	26.2	34.9	41.9	98.2	73.7	61.4	24.5	20.7	17.0	27.7	30.5	30.4
Trent	1,389	Buy	1.2	12.4	18.4	1,168	112	75.4	19.5	16.5	13.4	1.8	17.0	20.9
V-Mart Retail	2,827	Buy	6.4	28.7	68.6	439	99	41.2	6.0	5.7	5.0	1.4	5.9	12.9
Westlife Development	719	Neutral	-0.1	5.6	8.2	-6,712.6	128.1	88.0	24.2	20.3	16.5	-0.4	17.3	20.7
Staffing						31.4	26.3	17.5	4.1	3.6	3.1	12.9	13.6	17.7
Qess Corp	631	Buy	17.6	24.5	41.4	35.8	25.8	15.2	2.9	2.7	2.4	11.5	14.9	22.7
SIS	421	Buy	19.4	20.5	26.7	21.7	20.5	15.7	1.4	1.2	1.0	14.8	13.8	15.4
Team Lease Serv.	3,092	Neutral	65.1	69.7	100.1	47.5	44.4	30.9	7.5	6.0	5.0	16.3	15.0	17.6
Technology						25.8	23.9	21.1	7.3	7.0	6.7	28.2	29.3	31.8
Coforge	3,330	Neutral	110.9	136.5	159.6	30.0	24.4	20.9	7.4	6.3	5.3	26.0	27.9	28.0
Cyient	780	Buy	47.8	50.2	61.9	16.3	15.5	12.6	2.7	2.7	2.5	17.2	17.5	20.4
HCL Technologies	931	Buy	49.8	52.3	58.3	18.7	17.8	16.0	4.1	4.1	4.2	21.9	23.0	25.9
Infosys	1,394	Buy	52.4	57.2	65.7	26.6	24.4	21.2	7.8	7.5	7.1	29.2	31.3	34.5
L&T Infotech	4,454	Neutral	130.8	158.1	183.5	34.1	28.2	24.3	8.9	7.5	6.3	28.5	28.8	28.2
L&T Technology	3,491	Buy	90.5	112.4	133.1	38.6	31.1	26.2	8.8	7.6	6.5	25.0	26.3	26.7
Mindtree	3,120	Neutral	100.1	124.8	143.3	31.2	25.0	21.8	9.4	7.8	6.5	33.8	34.1	32.6
Mphasis	2,007	Buy	75.1	92.9	107.3	26.7	21.6	18.7	5.5	4.9	4.5	21.5	24.2	25.3
Persistent Systems	3,201	Neutral	91.3	119.7	141.5	35.1	26.7	22.6	7.3	6.0	5.1	22.6	25.0	25.1
TCS	2,986	Buy	104.0	116.5	130.5	28.7	25.6	22.9	12.3	11.9	11.5	43.7	47.0	51.0
Tech Mahindra	1,006	Neutral	62.6	59.7	69.7	16.1	16.8	14.4	3.3	3.1	3.0	21.5	19.2	21.2
Wipro	395	Neutral	21.9	21.5	24.0	18.0	18.3	16.4	3.3	3.2	3.1	20.2	17.7	19.3
Zensar Tech	210	Buy	18.3	12.0	17.0	11.5	17.5	12.3	1.7	1.6	1.5	16.3	9.8	13.0
Telecom						-33	-43	-105.9	20.6	21.2	31.5	-63.0	-48.9	-29.8
Bharti Airtel	803	Buy	5.6	11.6	18.2	143.7	69.1	44.1	6.7	5.1	4.5	5.0	8.4	10.8
Indus Towers	197	Neutral	23.6	19.3	25.0	8.3	10.2	7.9	2.4	2.2	2.0	33.5	22.6	26.3
Tata Comm	1,163	Neutral	51.8	64.5	82.1	22.4	18.0	14.2	35.7	12.0	6.5	283.3	99.5	59

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Vodafone Idea	9	Neutral	-9.9	-9.3	-8.6	-0.9	-1.0	-1.0	-0.5	-0.3	-0.3	NM	NM	NM
Others						63.4	25.2	20.2	4.5	3.9	3.4	7.1	15.5	16.7
APL Apollo Tubes	1,063	Buy	20.2	25.1	35.0	52.7	42.4	30.3	13.0	9.9	7.7	28.2	26.4	28.5
BSE	602	Neutral	18.1	16.4	20.2	33.2	36.7	29.8	3.1	3.0	2.9	9.2	8.1	9.7
Coromandel Int.	987	Buy	52.1	65.2	68.0	19.0	15.1	14.5	4.6	3.7	3.1	26.6	26.9	23.1
EPL	172	Buy	6.8	6.8	10.6	25.4	25.2	16.2	3.0	2.9	2.6	12.2	11.6	16.9
Godrej Agrovet	520	Buy	21.6	19.6	22.2	24.0	26.5	23.4	4.4	4.1	3.7	19.2	16.0	16.6
Indiamart Inter.	4,465	Buy	97.1	88.9	124.7	46.0	50.2	35.8	7.3	6.4	5.6	17.1	13.6	16.7
Indian Hotels	337	Buy	-1.8	5.4	7.3	-184.4	62.8	46.4	6.8	6.2	5.5	-4.8	10.3	12.6
Info Edge	3,805	Neutral	34.1	49.5	58.4	111.6	76.8	65.1	3.5	3.3	3.2	4.8	4.3	4.7
Interlobe Aviation	1,795	Neutral	-160.5	33.6	96.6	-11.2	53.4	18.6	-11.4	-14.5	-67.1	206.9	-24.0	-128.7
Kaveri Seed	421	Buy	36.4	45.0	50.3	11.6	9.4	8.4	1.9	1.6	1.4	16.8	18.9	18.2
Lemon Tree Hotel	88	Buy	-1.0	1.3	1.7	-90.2	66.6	51	8.2	7.4	6.4	-8.7	11.7	13.5
MCX	1,248	Buy	28.1	44.7	58.6	44.4	27.9	21.3	4.5	4.3	4.2	10.1	15.8	20.0
P I Industries	2,964	Buy	55.5	74.0	93.4	53.4	40.1	31.7	7.4	6.3	5.3	14.7	16.9	18.2
Piramal Enterprises	829	Buy	31.1	58.3	66.5	26.7	14.2	12.5	1.2	1.1	1.0	4.2	7.9	8.5
SRF	2,479	Neutral	61.1	79.6	85.1	40.6	31.1	29.1	8.6	7.1	5.9	23.6	25.0	22.2
Tata Chemicals	1,094	Neutral	49.6	81.2	69.4	22.1	13.5	15.8	1.5	1.4	1.3	7.8	10.8	8.5
Trident	36	Buy	1.6	1.2	2.1	22.2	30.1	17.4	4.7	4.1	3.3	22.6	14.5	21.0
UPL	665	Neutral	63.5	69.0	75.4	10.5	9.6	8.8	1.5	1.3	1.1	24.5	22.2	20.4

Sector and Companies Preview Compendium

Automobiles

Cement

Chemicals-Specialty

Consumer

Financials

Banks-Private

Banks-PSU

Life Insurance

NBFC

Healthcare

Infrastructure

Logistics

Metals

Oil & Gas

Real Estate

Retail

Staffing

Technology

Telecom

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 3 October 2022, unless otherwise stated.**

Automobiles

Company

Amara Raja Batt.
Apollo Tyres
Ashok Leyland
Bajaj Auto
Balkrishna Inds
Bharat Forge
Bosch
CEAT
Eicher Motors
Endurance Tech.
Escorts Kubota
Exide Inds.
Hero Motocorp
Mahindra & Mahindra
Mahindra CIE
Maruti Suzuki
Motherson Wiring
MRF
Samvardhana Motherson
Sona BLW Precis.
Tata Motors
Tube Investments
TVS Motor

Chip supplies easing, festive season critical for 2Ws and Tractors

Margin to improve for the 2nd straight quarter despite a residual cost push

- Volumes in 2QFY23 recovered across segments on a low base of 2QFY22, aided by some improvement in semiconductor supplies. Wholesale volumes for PVs grew 25% YoY and 5% QoQ, CVs grew 37% YoY and 7% QoQ, 2Ws grew 5% YoY and 12.5% QoQ, and Tractors grew 7% YoY (but fell 15% QoQ).
- For the second quarter in a row, we expect EBITDA margin to improve by 310bp YoY and 130bp QoQ for MOFSL's Auto OEM Universe, led by price hikes and operating leverage, despite the residual impact of an increase in RM cost. Except HMCL and MM, all other OEMs are likely to report a YoY improvement in margin (a QoQ improvement for all OEMs).
- We expect a 12%/22%/7%/14%/19%/26% volume CAGR (FY22-24E) for 2Ws/ PVs/ Tractors/3Ws/LCVs/M&HCVs.
- We revise our FY23 EPS estimate for select companies to reflect: a) forex and commodity price-related changes, b) weakness in export markets, and c) an increase in interest rates. We lower our FY23 estimate for TTMT (-20%), MOTHERSO (-13%), and HMCL (-5%). There are no major upgrades to our EPS estimates for FY23.

Supply-side issues easing, festive season critical for 2Ws and Tractors

Volumes in 2QFY23 recovered across segments on a low base of 2QFY22, aided by some improvement in semiconductor supplies. The demand momentum sustained in PVs and CVs, while 2Ws and Tractors saw some signs of a recovery. Wholesale volumes for PVs grew 25% YoY and 5% QoQ, CVs grew 37% YoY and 7% QoQ, 2Ws grew 5% YoY and 12.5% QoQ, and Tractors grew 7% YoY (but fell 15% QoQ). Tractor is the only segment to witness a QoQ drop in volumes as OEMs were focused on inventory correction in 1QFY23. Exports overall have been under pressure for OEMs as well as Auto Component suppliers due to various frictions in the global trade.

Price hikes and operating leverage to drive margin improvement despite cost inflation

For the second quarter in a row, we expect EBITDA margin to improve by 310bp YoY and 130bp QoQ for MOFSL's Auto OEM Universe, led by price hikes and operating leverage, despite the residual impact of an increase in RM cost. Except HMCL and MM, all other OEMs are likely to report a YoY margin improvement (QoQ improvement for all OEMs). 2QFY23 will see an increase in commodity costs on account of the lag impact of steel price and crude derivatives. The same was more than offset by some softening in other commodities and price hikes, resulting in a gross margin expansion of 50bp YoY and 90bp QoQ.

Some major headwinds recede, but new ones emerge

After operating through several headwinds in the last three-to-four years, some of these headwinds are turning into tailwinds. While demand recovery is expected to sustain on a low base, commodity prices have started to moderate, with benefits expected to accrue from 3QFY23. Increase in interest and weakening global macros can be an emerging concern for demand. We expect a 12%/22%/7% volume CAGR (FY22-24) for 2Ws/PVs/Tractors. For 3Ws/LCVs/M&HCVs, we expect a volume CAGR of 14%/19%/26% over FY22-24.

Valuation and view

We revise our FY23 EPS estimate for select companies to reflect: a) forex and commodity price-related changes, b) weakness in export markets, and c) an increase in interest rates. We lower our FY23 estimate for TTMT (-20%), MOTHERSO (-13%), and HMCL (-5%). There are no major upgrades to our EPS estimates for FY23. We prefer companies with: a) a higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) Balance Sheet strength. **MSIL** and **AL** are our top OEM picks. Among Auto Component stocks, we prefer **BHFC** and **APTY**. We also prefer **HMCL** as a pure play on a demand recovery in the domestic 2W space.

Exhibit 1: Summary of expected quarterly performance

Exhibit 1: Summary of expected quarterly performance											
Sector	CMP (INR)	Rating	Sales (INR m)			EBDITA (INR m)			Net profit (INR m)		
			Sep-22	YoY	QoQ	Sep-22	YoY	QoQ	Sep-22	YoY	QoQ
Automobiles											
Amara Raja Batt.	481	Neutral	25,359	12.0	-3.2	2,656	-1.2	1.8	1,336	-7.3	1.7
Apollo Tyres	264	Buy	59,033	16.3	-0.7	7,007	9.8	1.6	1,745	-1.2	-8.5
Ashok Leyland	150	Buy	81,272	82.3	12.5	5,153	282.6	60.9	1,941	LP	229.3
Bajaj Auto	3516	Neutral	99,427	15.3	24.2	16,821	33.5	29.7	14,547	24.8	24.0
Balkrishna Inds	1869	Neutral	26,258	26.3	-3.7	5,252	-4.5	-1.9	3,321	-16.8	3.9
Bharat Forge	692	Buy	17,791	11.5	1.1	4,699	5.9	2.1	2,782	-8.3	13.1
Bosch	15636	Neutral	36,475	25.0	2.9	4,888	36.7	8.7	3,694	-0.7	10.5
CEAT	1567	Buy	27,460	12.0	-2.6	1,850	-16.0	11.9	196	-53.8	101.0
Eicher Motors	3464	Buy	36,435	62.0	7.2	8,781	86.9	5.7	6,910	85.2	13.2
Endurance Tech.	1403	Buy	21,900	16.0	3.6	2,608	0.3	9	1,271	-4.7	14.3
Escorts Kubota	2059	Neutral	18,637	12.1	-7.5	2,026	-3.6	0.5	1,636	-7.4	11.0
Exide Inds.	154	Buy	37,835	15.0	-3.0	4,017	-2.8	3.9	2,314	-1.3	2.2
Hero Motocorp	2526	Buy	87,942	4.0	4.8	10,174	-4.6	8.1	7,250	-8.7	16.1
Mahindra & Mahindra	1252	Buy	2,02,175	51.9	3.1	24,867	49.8	6.2	22,702	34.6	54.3
Mahindra CIE	284	Buy	27,084	29.5	0.0	3,214	19.7	5.6	1,723	18.4	-8.7
Maruti Suzuki	8544	Buy	2,93,743	43.0	10.8	26,924	214.9	40.8	18,874	297.1	86.4
Samvardhana Motherson	73	Buy	1,68,472	16.9	-4.4	11,830	9.3	9.9	2,222	57.6	57.3
Motherson Wiring	88	Buy	18,380	31.3	10.0	2,546	43.0	25.5	1,605	40.8	27.4
MRF	80699	Neutral	54,114	12.0	-3.3	5,386	5.2	12.6	1,470	-19.8	30.8
Sona BLW Precis.	459	Neutral	6,401	9.3	8.6	1,581	2.4	10.9	865	-1.9	14.1
Tata Motors	398	Buy	8,53,526	39.1	18.7	95,240	135.2	199.4	7,543	LP	LP
Tube Investments	2698	Buy	19,964	19.8	2.0	2,159	12.0	5.8	1,494	23.0	11.2
TVS Motor	995	Neutral	68,592	22.6	14.2	7,213	33.5	20.3	3,907	49.7	21.9
Automobiles			22,88,273	32.4	9.7	2,56,892	62.7	49.2	1,11,346	269.8	779.0

Exhibit 2: Volume snapshot in 1QFY23 ('000 units)

	2QFY23E	2QFY22	YoY (%)	1QFY23	QoQ (%)	1HFY23E	1HFY22	YoY (%)
Two-wheelers	5,478	5,221	4.9	4,872	12.5	10,350	8,765	18.1
Three-wheelers	222	191	16.6	171	29.9	393	353	11.5
Passenger Cars	454	447	1.7	516	-11.9	970	863	12.4
UVs and MPVs	667	452	47.5	554	20.2	1,221	809	51.0
Total PVs	1,121	899	24.7	1,070	4.7	2,191	1,672	31.0
M&HCVs	85	61	38.8	82	3.9	166	96	72.8
LCVs	175	128	36.7	162	8.1	337	215	56.9
Total CVs	260	189	37.3	244	6.7	503	311	61.9
Tractors	236	222	6.6	278	-14.8	514	451	13.9
Total (excl. Tractors)	7,081	6,500	8.9	6,356	11.4	13,438	11,101	21.1

Source: Company, MOFSL

Exhibit 3: Commodity prices soften slightly (indexed)

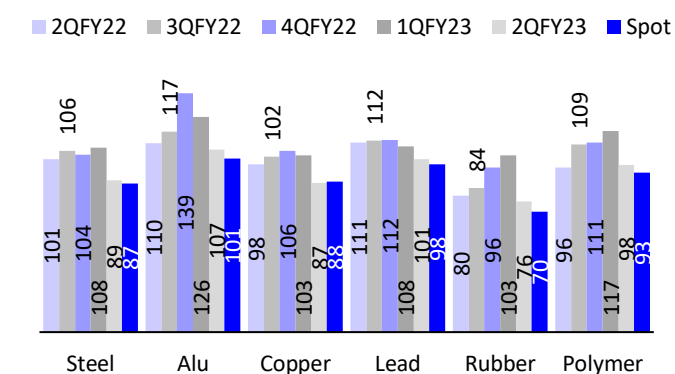


Exhibit 4: Trend in key currencies v/s the INR (average, indexed)

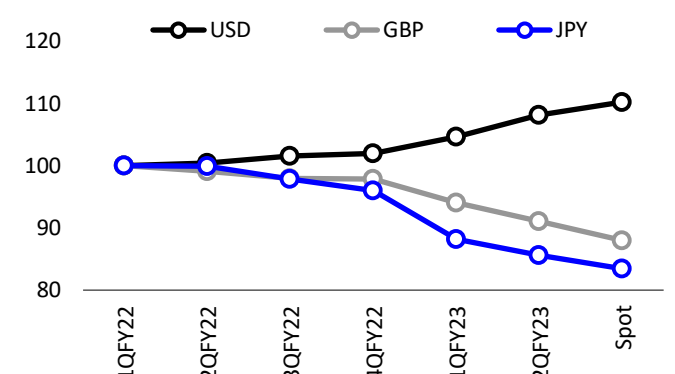
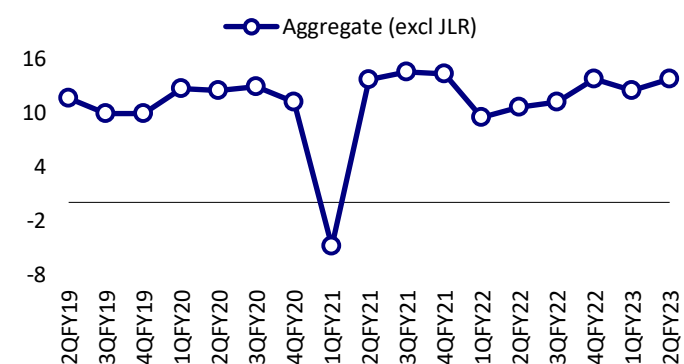
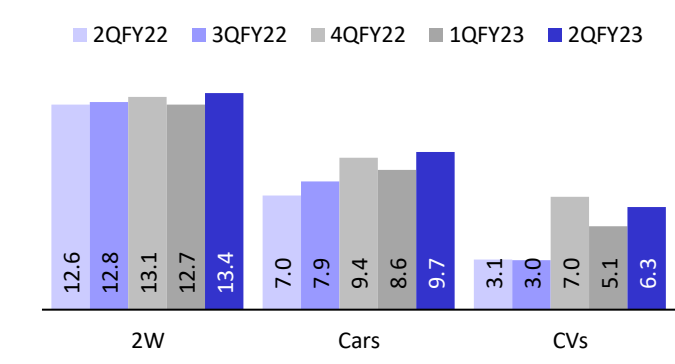


Exhibit 5: Margin to improve on a YoY and QoQ basis



Source: MOFSL

Exhibit 6: Trend in segment-wise EBITDA margin (%)



Source: MOFSL

Exhibit 7: QoQ increase in RM cost, operating leverage drives margin decline

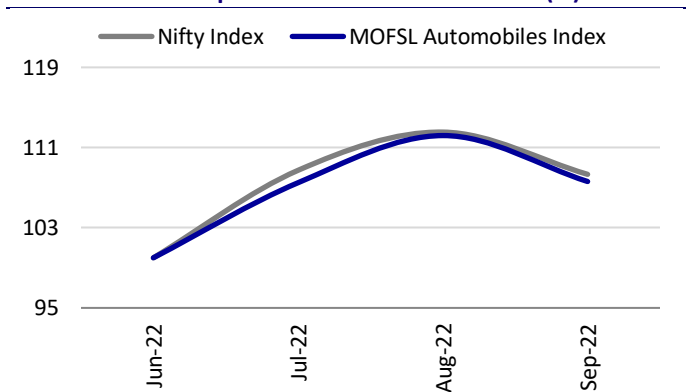
	Volumes ('000 units)					EBITDA margin (%)					Adj. PAT (INR m)		
	2QFY23E	2QFY22	YoY (%)	1QFY23	QoQ (%)	2QFY23	2QFY22	YoY (bp)	1QFY23	QoQ (bp)	2QFY23	YoY (%)	QoQ (%)
BJAUT	1,151	1144	0.6	933.6	23.3	16.9	14.6	230	16	70	14,547	24.8	24.0
HMCL	1,428	1439	-0.7	1,390.2	2.7	11.6	12.6	-100	11	40	7,250	-8.7	16.1
TVS Motor	1,027	917	12.1	906.8	13.3	10.5	9.7	90	10	50	3,907	49.7	21.9
MSIL	517	380	36.3	467.9	10.6	9.2	4.2	500	7	200	18,874	297.1	86.4
MM	273	191	43.3	272.0	0.5	12.3	12.5	-20	12	40	22,702	34.6	54.3
TTMT India CV**	101	87	15.7	101.1	0.0	6.3	3.1	320	5	90	4,752	NA	57.3
TTMT India PV**	143	84	69.3	130.4	9.6	6.9	5.2	170	6	70	2,111	NA	1,407.8
TTMT (JLR) *	102	78	30.3	82.6	23.4	13.2	7.3	590	6	690	124	-132.6	-121.0
TTMT (Cons)						11.2	6.6	460	4	670	7,543	-117.0	-111.6
Ashok Leyland	45	28	64.5	39.7	14.2	6.3	3.0	330	4	190	1,941	-333.1	229.3
Eicher (RE)	208	123	68.3	187.2	11.0	24.8	20.3	460	24	60	6,809	98.3	17.4
Eicher (VECV)	18	15	16.3	17.5	0.7	6.3	5.4	90	5	110	766	332.8	23.1
Eicher (Consol)						24.8	20.3	460	24	60	6,910	85.2	13.2
Agg. (ex JLR)	4,936	4428	11.5	4,473	10.4	13.7	10.6	310	12.4	130	82,993	77.6	48.5

Source: *JLR (in GBP m), ** PBT numbers in adj. PAT column Company, MOFSL

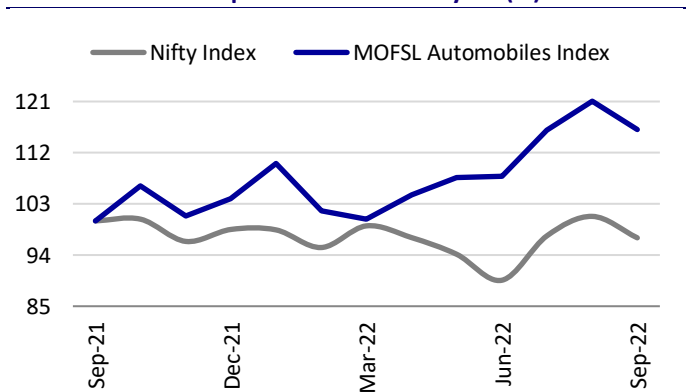
Exhibit 8: Revised estimates

	FY23E			FY24E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Bajaj Auto	221.5	226.0	-2.0	239.7	250.4	-4.3
Hero MotoCorp	142.4	149.9	-5.0	184.0	190.8	-3.5
TVS Motor	32.0	31.2	2.4	39.9	36.4	9.7
Eicher Motors*	111.2	109.3	1.8	154.5	150.6	2.6
Maruti*	230.7	230.7	0.0	381.2	382.8	-0.4
M&M (incl. MVML)	57.1	55.7	2.6	79.7	73.3	8.7
Tata Motors*	4.3	5.3	-19.9	24.7	26.5	-6.6
Ashok Leyland	3.2	3.1	2.6	7.3	7.2	0.5
Escorts Kubota	68.1	70.1	-2.8	83.6	81.0	3.3
Amara Raja	32.2	31.6	2.1	41.4	45.1	-8.1
Exide Industries	11.2	11.2	0.0	14.0	13.2	6.1
Bosch	453	452	0.3	621	603	3.0
Endurance Tech.*	39.3	38.6	1.7	54.4	55.6	-2.2
Mahindra CIE*	18.6	19.2	-3.2	22.1	22.3	-0.8
Bharat Forge*	26.1	26.5	-1.6	32.1	33.3	-3.3
Samvardhana Motherson Int'l*	2.2	2.5	-12.8	4.1	4.6	-11.7
Sona BLW Precision Forgings	7.0	7.2	-2.7	10.0	11.1	-10.4
Ceat	34.4	34.4	0.0	111.1	106.4	4.4
Apollo Tyres*	16.1	16.1	0.0	23.8	23.8	0.0
Balkrishna Ind.	74.4	76.6	-2.8	89.8	98.4	-8.7
MRF	1,851.2	1,851.2	0.0	3,701.0	3,701.0	0.0
Motherson Sumi Wiring India	1.9	1.9	0.0	2.6	2.5	3.6
Tube Investments of India	58.9	58.9	0.0	78.9	76.7	2.9

*Source: Company, MOFSL

Exhibit 9: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 10: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Automobiles						66.6	30.2	19.1	4.1	3.8	3.3	6.1	12.5	17.4
Amara Raja Batt.	481	Neutral	29.9	32.2	41.4	16.1	14.9	11.6	1.8	1.7	1.6	11.7	11.7	14.0
Apollo Tyres	264	Buy	11.2	16.1	23.8	23.5	16.4	11.1	1.3	1.2	1.1	5.5	7.6	10.5
Ashok Leyland	150	Buy	0.1	3.2	7.3	1,424	47	20.7	6.0	5.7	4.8	0.4	12.5	25.2
Bajaj Auto	3,516	Neutral	183.6	221.5	239.7	19.2	15.9	14.7	3.8	4.0	3.9	20.5	24.3	26.7
Balkrishna Inds	1,869	Neutral	76.6	74.4	89.8	24.4	25.1	20.8	5.2	4.6	4.0	22.9	19.4	20.5
Bharat Forge	692	Buy	21.7	26.1	32.1	31.9	26.5	21.5	4.9	4.3	3.7	16.9	17.3	18.5
Bosch	15,636	Neutral	412.8	452.3	603.1	37.9	34.6	25.9	4.3	4.0	3.6	11.9	11.9	14.5
CEAT	1,567	Buy	19.6	34.4	111.1	79.9	45.6	14.1	1.9	1.9	1.7	2.4	4.2	12.6
Eicher Motors	3,464	Buy	61.3	111.2	154.5	56.5	31.1	22.4	7.5	6.3	5.1	13.9	22.1	25.2
Endurance Tech.	1,403	Buy	34.5	39.3	54.4	40.6	35.7	25.8	5.0	4.6	4.1	13.0	13.4	16.7
Escorts Kubota	2,059	Neutral	69.2	68.1	83.6	29.7	30.2	24.6	3.0	2.8	2.8	12.1	9.5	11.8
Exide Inds.	154	Buy	9.9	11.2	14.0	15.6	13.8	11.0	1.2	1.2	1.1	7.9	8.4	9.7
Hero Motocorp	2,526	Buy	123.8	142.4	184.0	20.4	17.7	13.7	3.2	3.1	2.9	16.0	17.7	21.6
Mahindra & Mahindra	1,252	Buy	43.0	57.1	79.7	29.1	21.9	15.7	3.8	3.4	2.8	13.9	16.4	19.6
Mahindra CIE	284	Buy	13.8	18.6	22.1	20.5	15.3	12.8	2.1	1.9	1.7	10.4	12.8	13.7
Maruti Suzuki	8,544	Buy	128.4	223.8	381.2	66.5	38.2	22.4	4.8	4.4	3.9	7.0	11.3	17.1
Motherson Wiring	88	Buy	1.5	1.9	2.6	60.3	45.4	33.5	24.8	19.0	14.0	50.3	47.4	48.1
MRF	80,699	Neutral	1,578.4	1,851.2	3,701.0	51.1	43.6	21.8	2.4	2.3	2.1	4.9	5.5	10.1
Samvardhana Motherson	73	Buy	1.2	2.2	4.1	60.1	32.8	17.8	2.4	2.3	2.1	5.0	7.1	12.3
Sona BLW Precs.	459	Neutral	5.8	7.0	10.0	78.9	65.2	46.0	13.4	11.6	9.8	20.6	19.1	23.1
Tata Motors	398	Buy	-28.2	4.3	24.7	-14.1	93.0	16.1	3.4	3.2	2.7	-21.7	3.6	18.3
Tube Investments	2,698	Buy	50.5	58.9	78.9	53.4	45.8	34.2	16.9	13.5	10.6	37.2	32.8	34.7
TVS Motor	995	Neutral	18.9	32.0	39.9	52.5	31.1	24.9	9.8	7.8	6.1	20.0	27.9	27.5

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Amara Raja Batteries

Neutral
CMP: INR481 | TP: INR540 (+12%)
EPS CHANGE (%): FY23 | 24E: 2 | -8

- The strong revenue growth is driven by price hikes, good replacement, and OEM demand, despite weak exports
- Lead prices declined by 7%/10% QoQ in 2Q/on a spot basis, the benefit of both will reflect in 3QFY23

Quarterly performance

(InR m)

Y/E March (INR m)	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	18,859	22,642	23,651	21,807	26,200	25,359	26,016	27,170	86,958	1,04,745
YoY change (%)	63.8	17.0	20.7	3.7	38.9	12.0	10.0	24.6	21.6	20.5
RM Cost (as a percentage of sales)	68.9	70.1	70.3	72.1	73.4	72.5	72.3	71.8	70.4	72.5
Staff Cost (as a percentage of sales)	6.3	5.8	5.5	5.5	5.1	5.2	5.2	5.1	5.7	5.2
Other Exp. (as a percentage of sales)	11.6	12.2	12.3	12.3	11.5	11.8	12.0	11.9	12.1	11.8
EBITDA	2,499	2,689	2,840	2,199	2,609	2,656	2,747	3,038	10,226	11,051
Margin (%)	13.2	11.9	12.0	10.1	10.0	10.5	10.6	11.2	11.8	10.6
Depreciation	963	986	1,021	987	963	980	1,020	1,129	3,957	4,092
Interest	32	36	38	46	46	40	40	39	151	165
Other Income	166	264	190	160	170	160	150	120	780	600
PBT after EO	1,670	1,932	1,971	1,325	1,770	1,796	1,837	1,990	6,898	7,393
Tax	431	491	524	340	455	460	470	507	1,786	1,893
Tax Rate (%)	25.8	25.4	26.6	25.6	25.7	25.6	25.6	25.5	25.9	25.6
Adj. PAT	1,239	1,441	1,447	985	1,315	1,336	1,367	1,482	5,113	5,500
YoY change (%)	97.7	-28.5	-25.1	-48.0	6.1	-7.3	-5.5	50.4	-21.0	7.6

E: MOFSL estimates

Apollo Tyres

Buy
CMP: INR264 | TP: INR325 (+23%)
EPS CHANGE (%): FY23 | 24E: 0 | 0

- Replacement demand is seeing a recovery, with support from a growth in OEM sales, but exports are weak
- RM cost is higher by 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%
- Margin in the EU business will be adversely impacted by higher SR prices, but the same will be partially offset by higher prices
- The benefit of a decline in RM cost will reflect from 3QFY23

Consolidated quarterly earning model

(InR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenue	45,845	50,773	57,075	55,783	59,420	59,033	64,099	61,068	2,09,476	2,43,620
YoY change (%)	59.1	18.2	12.4	11.0	29.6	16.3	12.3	9.5	21.2	16.3
EBITDA	5,668	6,380	7,429	6,264	6,898	7,007	8,586	8,638	25,741	31,130
Margin (%)	12.4	12.6	13.0	11.2	11.6	11.9	13.4	14.1	12.3	12.8
Depreciation	3,404	3,397	3,443	3,753	3,437	3,675	3,900	4,024	13,997	15,036
Interest	1,046	1,036	1,083	1,279	1,182	1,250	1,250	1,338	4,444	5,020
Other Income	405	289	170	372	106	195	200	356	1,235	858
PBT before EO expense	1,623	2,236	3,073	1,603	2,384	2,277	3,636	3,633	8,535	11,931
Extra-Ord. expense	9	44	5	0	0	0	0	0	59	0
PBT	1,613	2,192	3,068	1,603	2,384	2,277	3,636	3,633	8,476	11,931
Tax	336	454	833	467	478	532	845	883	2,091	2,738
Rate (%)	20.8	20.7	27.2	29.2	20.0	23.4	23.2	24.3	24.7	22.9
Reported PAT	1,278	1,738	2,235	1,136	1,906	1,745	2,791	2,750	6,387	9,192
Adj. PAT	1,285	1,766	2,238	1,135	1,907	1,745	2,791	2,750	6,432	9,192
YoY change (%)	-195.5	37.2	-40.4	-60.6	48.4	-1.2	24.7	142.2	-2.2	42.9
Margin (%)	2.8	3.5	3.9	2.0	3.2	3.0	4.4	4.5	3.1	3.8

E: MOFSL estimates

Ashok Leyland**Buy****CMP: INR150 | TP: INR185 (+23%)****EPS CHANGE (%): FY23|24E: 3|0.5**

- Demand for M&HCVs remains strong, whereas improving semiconductor supplies has benefitted the LCV segment
- The QoQ improvement in margin is driven by: a) price increases, and c) operating leverage
- Discounts have been stable QoQ, despite seasonality
- Our EPS upgrade is driven by volumes.

Standalone quarterly performance**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	17,987	27,543	34,077	48,719	39,651	45,295	42,765	53,995	1,28,326	1,81,706
Growth (%)	371.6	41.7	2.0	10.6	120.4	64.5	25.5	10.8	27.4	41.6
Realizations (INR'000)	1,641	1,619	1,624	1,795	1,822	1,794	1,705	1,869	1,690	1,801
Change (%)	-3.9	10.9	12.7	13.0	11.0	10.9	4.9	4.1	11.2	6.6
Net operating revenue	29,510	44,579	55,352	87,443	72,229	81,272	72,895	1,00,933	2,16,883	3,27,329
Change (%)	353.4	57.2	15.0	24.9	144.8	82.3	31.7	15.4	41.7	50.9
RM/sales (%)	74.1	76.7	77.9	78.2	79.3	78.0	76.5	76.2	77.3	77.4
Staff/sales (%)	14.4	9.0	7.8	5.0	6.2	5.7	6.2	4.7	7.8	5.6
Other exp./sales (%)	16.2	11.3	10.2	7.9	10.1	10.0	10.0	9.9	10.3	10.0
EBITDA	-1,401	1,347	2,239	7,760	3,203	5,153	5,291	9,299	9,945	22,945
EBITDA Margin (%)	-4.7	3.0	4.0	8.9	4.4	6.3	7.3	9.2	4.6	7.0
Interest	707	871	668	765	689	700	650	648	3,011	2,687
Other Income	134	209	176	242	256	220	230	214	761	920
Depreciation	1,835	1,843	1,897	1,954	1,824	1,900	1,950	2,030	7,528	7,704
PBT before EO Item	-3,809	-1,157	-149	5,284	946	2,773	2,921	6,835	168	13,474
EO Exp./Inc.)	17	-2	-420	-4,703	-130	0	0	0	-5,108	-130
PBT after EO	-3,826	-1,155	271	9,987	1,077	2,773	2,921	6,835	5,276	13,605
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	36.8	30.0	30.0	28.9	-2.7	30.0
Adj. PAT	-2,806	-832	-374	4,184	589	1,941	2,045	4,857	172	9,432
Change (%)	-27.6	-42.7	-338.6	96.7	-121.0	-333.1	-646.8	16.1	-105.7	5,373.5

E: MOFSL estimates

Bajaj Auto**Neutral****CMP: INR3,516 | TP: INR4,000 (14%)****EPS CHANGE (%): FY23|24E:-2|-4**

- 2W domestic demand is showing signs of a recovery, whereas exports remain weak
- The entire benefit of a correction in RM cost and a weaker USD:INR to reflect in 3QFY23
- Semiconductor shortages have started to ease, benefitting the production of Premium Motorcycles and EVs
- Expect margin to improve on a QoQ basis, driven by price hikes, a weak USD:INR, and operating leverage

Quarterly performance**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	1,195	1,292	4,308	4,572
Growth (YoY %)	127.0	8.6	-9.6	-16.5	-7.2	0.6	1.2	32.3	8.4	6.1
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	86,382	85,950	86,125	76,601	86,065
Growth (YoY %)	5.6	10.9	12.0	11.1	16.8	14.7	12.5	5.5	9.7	12.4
Net Sales	73,860	86,206	90,217	79,748	80,050	99,427	1,02,715	1,11,282	3,30,032	3,93,473
Change (%)	139.9	20.5	1.3	-7.2	8.4	15.3	13.9	39.5	19.0	19.2
RM/Sales (%)	73.0	74.9	74.7	71.9	72.2	72.2	71.8	71.8	73.7	72.0
Staff cost/Sales (%)	4.9	4.1	3.8	3.8	4.7	3.9	3.9	3.7	4.1	4.0
Oth. Exp./Sales (%)	6.9	6.5	6.3	7.1	6.9	7.0	7.0	7.0	6.7	7.0
EBITDA	11,198	12,596	13,721	13,656	12,970	16,821	17,867	19,534	51,171	67,192
EBITDA margin (%)	15.2	14.6	15.2	17.1	16.2	16.9	17.4	17.6	15.5	17.1
Other Income	3,293	3,183	2,728	2,889	3,193	3,050	3,100	3,132	12,092	12,476
Extraordinary Inc.	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	30	30	27	87	130
Depreciation	641	656	698	697	673	700	725	732	2,692	2,830
PBT after EO	13,827	16,521	15,733	18,972	15,447	19,141	20,212	21,908	65,054	76,708
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	24.1	22.8	24.0
Adj. PAT	10,612	11,653	12,142	12,257	11,733	14,547	15,361	16,634	46,665	58,275
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	24.8	26.5	35.7	2.5	24.9

E: MOFSL estimates

Balkrishna Industries**Neutral****CMP: INR1,869 | TP: INR2,125 (14%)****EPS CHANGE (%): FY23 | 24E: -3 | -9**

- Expect volumes to grow with the commencement of production at its Bhuj plant
 - The adverse impact of a sharp increase in logistic and commodity costs will continue
 - The impact of RM cost increases will continue in 2QFY23, with an estimated 3-4% QoQ increase
- Our EPS downgrade reflects adverse forex movements. We have not yet changed our volume estimates

Standalone quarterly earning model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes (t)	68,608	72,748	70,320	77,119	83,153	79,295	81,571	77,398	2,88,795	3,21,417
YoY change (%)	80.1	18.8	17.6	13.4	21.2	9.0	16.0	0.4	27.1	11.3
Realizations (INR'000/t)	266.5	285.9	295.6	315.3	327.9	331.1	327.8	325.1	291.5	328.0
YoY change (%)	7.8	12.8	18.2	22.5	23.0	15.8	10.9	3.1	15.4	12.5
Net Revenue	18,281	20,798	20,790	24,319	27,263	26,258	26,742	25,165	84,187	1,05,427
YoY change (%)	94.1	34.0	38.9	39.0	49.1	26.3	28.6	3.5	46.7	25.2
Total Expenditure	13,004	15,299	15,865	18,744	21,908	21,006	20,965	19,119	62,912	82,999
EBITDA	5,277	5,499	4,924	5,575	5,355	5,252	5,776	6,045	21,275	22,428
Margin (%)	28.9	26.4	23.7	22.9	19.6	20.0	21.6	24.0	25.3	21.3
Depreciation	1,041	1,085	1,145	1,167	1,262	1,275	1,325	1,285	4,438	5,147
Interest	21	18	18	21	27	25	25	23	79	101
Other Income	632	1,031	626	497	223	500	500	547	2,786	1,770
PBT before EO expense	4,847	5,427	4,387	4,884	4,288	4,452	4,926	5,284	19,545	18,950
Rate (%)	26.2	26.4	25.1	24.1	25.4	25.4	25.4	25.4	25.5	25.4
Reported PAT	3,312	3,772	3,286	3,737	3,197	3,321	3,675	3,942	14,107	14,135
Adj. PAT	3,575	3,992	3,286	3,707	3,197	3,321	3,675	3,942	14,566	14,135
YoY change (%)	193.5	17.6	2.1	-0.4	-10.6	-16.8	11.8	6.3	26.1	-3.0
Margin (%)	19.6	19.2	15.8	15.2	11.7	12.6	13.7	15.7	17.3	13.4

E: MOFSL estimates

Bharat Forge**Buy****CMP: INR692 | TP: INR830 (+20%)****EPS CHANGE (%): FY23 | 24E: -2 | -3**

- The strong growth is being driven by continued traction in the domestic business and higher steel prices
- We are yet to factor in for Sanghvi Forgings, JS Auto and the US Aluminum Forging business
- RM cost inflation is impacting EBITDA margin on a YoY basis
- Our EPS downgrade for has been led by the lowering of assumptions for the export CV business and Oil & Gas revenue

Standalone quarterly**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Tonnage	53,512	57,094	53,365	57,543	57,915	59,949	58,702	62,670	2,21,514	2,39,235
Change (%)	200.0	40.0	4.8	3.1	8.2	5.0	10.0	8.9	33.9	8.0
Realization (INR'000/t)	256.4	279.5	300.2	290.9	303.8	296.8	302.6	302.0	281.9	301.3
Change (%)	7.1	29.3	47.7	24.3	18.5	6.2	0.8	3.8	27.7	6.9
Net operating income	13,718	15,956	16,021	16,741	17,594	17,791	17,763	18,925	62,436	72,073
Change (%)	221.3	81.0	54.7	28.1	28.2	11.5	10.9	13.0	71.0	15.4
EBITDA	3,910	4,437	4,034	4,307	4,600	4,699	4,758	5,171	16,687	19,229
EBITDA margin (%)	28.5	27.8	25.2	25.7	26.1	26.4	26.8	27.3	26.7	26.7
Non-Operating Income	333	322	358	662	259	300	300	281	1,675	1,140
Interest	406	142	118	407	263	275	275	251	1,073	1,065
Depreciation	1019	1026	1031	1042	1064	1000	1080	931	4,118	4,075
Forex loss/(gain)	-4	-307	-45	-4	250	0	0	0	-360	250
PBT after EO items	2,206	4,009	4,247	3,499	3,252	3,724	3,703	4,270	13,959	14,949
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.3	25.3	25.5	22.8	25.3
Rep. PAT	1,667	3,118	3,374	2,620	2,436	2,782	2,766	3,182	10,778	11,167
Change (%)	-396.0	343.9	263.9	27.5	46.2	-10.8	-18.0	21.5	245.4	3.6
Adj. PAT	2,143	3,033	2,633	2,639	2,459	2,782	2,766	3,182	10,448	11,191
Change (%)	-480.6	318.7	172.0	28.1	14.8	-8.3	5.0	20.6	227.5	7.1

E: MOFSL estimates

Bosch**Neutral****CMP: INR15,636 | TP: INR16,150 (3%)****EPS CHANGE (%): FY23|24E: 0|0**

- Strong revenue growth led by a low base in the CV and PV segment
- Adverse forex movement will be more than diluted by operating leverage

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,435	29,180	31,091	33,110	35,444	36,475	34,822	37,592	1,17,816	1,44,332
YoY change (%)	146.4	17.7	2.6	2.9	45.1	25.0	12.0	13.5	21.2	22.5
RM Cost (as a percentage of sales)	58.9	62.8	60.8	64.6	64.6	64.0	63.5	63.9	61.9	64.0
Staff Cost (as a percentage of sales)	11.1	8.7	9.4	7.7	7.6	7.6	7.6	7.5	9.1	7.6
Other Expenses (as a percentage of sales)	17.5	16.3	18.3	14.5	15.0	15.0	18.0	14.4	16.6	15.6
EBITDA	3,066	3,575	3,575	4,354	4,495	4,888	3,796	5,344	14,570	18,522
Margin (%)	12.5	12.3	11.5	13.2	12.7	13.4	10.9	14.2	12.4	12.8
Depreciation	671	829	851	892	648	900	950	1,072	3,243	3,570
Interest	32	15	169	73	36	35	30	29	289	130
Other Income	990	1,244	803	926	566	900	100	1,134	3,963	2,700
PBT before EO expense	3,353	3,975	3,359	4,315	4,377	4,853	2,916	5,377	15,001	17,522
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	3,353	3,975	3,359	4,315	4,377	4,853	2,916	5,377	15,001	17,522
Tax	756	255	1,009	809	1,035	1,159	696	1,294	2,829	4,183
Tax Rate (%)	22.5	6.4	30.0	18.7	23.6	23.9	23.9	24.1	18.9	23.9
Reported PAT	2,598	3,720	2,350	3,506	3,342	3,694	2,219	4,083	12,172	13,339
Adj. PAT	2,598	3,720	2,350	3,506	3,342	3,694	2,219	4,083	12,172	13,339
YoY change (%)	390.4	33.5	-24.6	1.4	28.7	-0.7	-5.5	16.5	23.1	9.6

E: MOFSL estimates

Ceat**Buy****CMP: INR1567 | TP: INR1,750 (+12%)****EPS CHANGE (%): FY23|24E: 0|4**

- Replacement demand is seeing a recovery, with support from growth in OEM sales, but exports are weak
- RM cost is higher by 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%
- Ramp-up at its new OTR plant will aid domestic and export volumes
- Benefit of a decline in RM cost to reflect from 3QFY23

Consolidated quarterly earning model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	19,064	24,518	24,133	25,920	28,184	27,460	27,029	27,251	93,634	1,09,923
YoY change (%)	70.2	23.9	8.6	13.2	47.8	12.0	12.0	5.1	23.0	17.4
RM cost (%)	61.1	63.1	66.0	66.5	68.3	67.0	65.5	63.5	64.4	66.1
Employee cost (%)	9.3	7.0	7.1	6.6	6.1	6.5	6.7	6.8	7.4	6.5
Other expenses (%)	20.9	20.9	21.3	19.7	19.7	19.8	19.8	20.1	20.6	19.9
EBITDA	1,662	2,203	1,341	1,875	1,653	1,850	2,173	2,624	7,098	8,299
Margin (%)	8.7	9.0	5.6	7.2	5.9	6.7	8.0	9.6	7.6	7.6
Depreciation	965	1,206	1,086	1,096	1,114	1,125	1,130	1,159	4,352	4,528
Interest	460	496	548	566	521	575	600	611	2,070	2,308
Other Income	39	28	32	33	28	35	35	42	114	140
PBT before EO expense	276	529	-260	246	45	185	478	895	790	1,603
Exceptional item	0	5	65	59	7	0	0	-7	129	0
PBT	276	524	-326	187	38	185	478	903	661	1,603
Tax Rate (%)	41.8	29.2	10.7	5.2	31.0	32.0	32.0	32.0	36.7	32.0
Minority Int. and Profit of Asso. Cos.	-79	-49	-91	-75	-67	-70	-75	-89	-294	-300
Reported PAT	240	420	-200	253	92	196	400	702	712	1,390
Adj. PAT	240	423	-159	290	97	196	400	697	794	1,390
YoY change (%)	-255	-77	-111	-81	-59	-54	-352	141	-83	75
Margin (%)	1.3	1.7	-0.7	1.1	0.3	0.7	1.5	2.6	0.8	1.3

Eicher Motors

Buy

CMP: INR3,464 | TP: INR3,825 (+10%)

EPS CHANGE (%): FY23|24E: 2|3

- The ramp-up in exports has been strong, while a domestic recovery is aided by the Hunter launch and easing semiconductor supplies
- Price hikes and operating leverage will dilute the impact of higher RM cost
- Expect VECV margin to improve driven by an operating deleverage
- EPS upgrade driven by volume upgrades in RE

Consolidated quarterly performance

INR m	FY22				FY23					
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Net Operating income	19,743	22,496	28,807	31,933	33,975	36,435	39,644	40,388	1,02,978	1,50,441
Growth (%)	141.3	5.4	1.9	8.6	72.1	62.0	37.6	26.5	18.1	46.1
EBITDA	3,630	4,699	5,824	7,571	8,311	8,781	9,914	10,729	21,723	37,734
EBITDA Margin (%)	18.4	20.9	20.2	23.7	24.5	24.1	25.0	26.6	21.1	25.1
PAT	2,765	3,634	4,202	5,564	5,769	6,494	7,323	7,990	16,165	27,575
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-338	-417	-817	-1,268	-602	-2,840
Recurring PAT	2,371	3,732	4,561	6,101	6,107	6,910	8,141	9,258	16,766	30,416
Growth (%)	-529.8	8.7	-14.4	8.3	157.5	85.2	78.5	51.7	21.2	81.4

Standalone Royal Enfield

(INR m)	FY22				FY23E				FY22	FY23E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Royal Enfield ('000 units)	124	123	170	186	187	208	227	229	602	852
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	68.3	34.1	23.5	-1.6	41.4
Net Realization (INR '000/unit)	154.3	176.8	167.4	172.1	173.5	173.9	173.1	174.9	168.1	173.9
Change (YoY %)	14.9	25.3	19.2	20.5	12.4	-1.6	3.4	1.6	19.4	3.4
Net operating income	19,078	21,819	28,385	31,947	32,479	36,136	39,346	40,094	1,01,229	1,48,055
Growth (%)	148.0	2.8	1.2	9.3	70.2	65.6	38.6	25.5	17.4	46.3
EBITDA	3,345	4,427	5,814	7,550	7,882	8,979	10,112	10,501	21,136	37,473
EBITDA Margin (%)	17.5	20.3	20.5	23.6	24.3	24.8	25.7	26.2	20.9	25.3

Endurance Technologies

Buy

CMP: INR1,403 | TP: INR1,630 (+16%)

EPS CHANGE (%): FY23|24E: 2|-2

- Expect India business to benefit from an improvement in 2W industry volumes as well as the start of ABS supplies
- EU business impacted by a slow recovery and delayed pass-through of energy cost
- The QoQ improvement in margin due to the benefit of cost pass-through and operating leverage
- We expect potential risk to the EU business due to an uncertain macro environment and forex movements

Consolidated quarterly

Y/E March	FY22				FY23				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	16,937	18,876	18,891	20,788	21,138	21,900	21,420	23,455	75,491	87,913
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	16.0	13.4	12.8	15.8	16.5
RM Cost (as a percentage of sales)	53.8	58.6	60.8	60.4	60.4	60.5	59.6	59.1	58.6	59.9
Staff Cost (as a percentage of sales)	11.5	8.7	8.8	8.1	8.8	8.5	8.8	8.1	9.2	8.5
Other Exp. (as a percentage of sales)	20.3	18.9	19.6	19.1	19.4	18.7	18.4	18.7	19.5	19.1
EBITDA	2,443	2,600	2,032	2,571	2,398	2,608	2,690	3,309	9,646	11,005
Margin (%)	14.4	13.8	10.8	12.4	11.3	11.9	12.6	14.1	12.8	12.5
Depreciation	983	940	914	981	991	1,010	1,050	1,014	3,817	4,066
Interest	15	18	14	17	19	14	14	17	64	64
Other Income	127	82	75	127	47	110	130	143	410	430
PBT before EO expense	1,573	1,724	1,179	1,700	1,434	1,694	1,756	2,421	6,176	7,305
Exceptional Item	315	0	0	0	103	0	0	0	315	103
PBT after EO	1,258	1,724	1,179	1,700	1,331	1,694	1,756	2,421	5,861	7,202
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	25.0	25.0	24.7	21.4	24.4
Rep. PAT	966	1,333	946	1,362	1,034	1,271	1,317	1,823	4,608	5,444
Adj. PAT	1,213	1,333	946	1,362	1,112	1,271	1,317	1,823	4,855	5,522
YoY change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	-4.7	39.2	33.9	-4.1	13.7

E: MOFSL estimates

Escorts Kubota**Neutral****CMP: INR2,059 | TP: INR1,850 (-10%)****EPS CHANGE (%): FY23|24E: -3|3**

- 2QFY23 saw a good build-up in volumes in anticipation of a good festive season
- The QoQ margin improvement is driven by price hikes
- Considering the weak monsoon in its key markets, we see a risk to our 2HFY23 volume estimates
- We are yet to factor in benefits from the Kubota alliance

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	16,715	16,623	19,575	18,696	20,149	18,637	20,158	20,594	71,608	79,537
YoY change (%)	57.4	1.4	-3.0	-15.4	20.5	12.1	3.0	10.2	3.3	11.1
Total Expenditure	14,383	14,522	16,929	16,181	18,133	16,610	17,647	17,858	62,014	69,993
EBITDA	2,332	2,101	2,646	2,515	2,016	2,026	2,511	2,736	9,594	9,544
Margin (%)	14.0	12.6	13.5	13.5	10.0	10.9	12.5	13.3	13.4	12.0
Depreciation	314	329	325	330	364	360	365	357	1,298	1,446
Interest	30	36	33	29	26	30	30	34	127	120
Other Income	472	639	400	538	354	550	575	596	2,049	2,075
PBT	2,461	2,374	2,688	2,695	1,981	2,186	2,691	2,940	10,219	10,053
Rate (%)	24.8	25.6	25.0	25.0	25.6	25.2	25.2	25.2	25.1	25.2
Adj. PAT	1,852	1,767	2,015	2,022	1,475	1,636	2,014	2,201	7,656	7,524
YoY change (%)	101.0	-23.1	-28.2	-25.5	-20.4	-7.4	-0.1	8.8	-12.4	-1.7
Margin (%)	11.1	10.6	10.3	10.8	7.3	8.8	10.0	10.7	10.7	9.5

E: MOFSL estimates

Exide Industries**Buy****CMP: INR154 | TP: INR215 (+40%)****EPS CHANGE (%): FY23|24E: 0|6**

- Strong revenue growth is driven by price hikes and good replacement and OEM demand, despite weak exports
- Lead prices fell 7%/10% QoQ in 2Q/on a spot basis, the benefit of both will reflect in 3QFY23

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,864	32,900	31,967	34,086	38,994	37,835	36,761	37,827	1,23,817	1,51,417
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	15.0	15.0	11.0	23.3	22.3
Gross operating income	24,864	32,900	31,967	34,086	38,994	37,835	36,761	37,827	1,23,817	1,51,417
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	15.0	15.0	11.0	23.3	22.3
RM (%)	68.5	67.2	69.0	72.0	72.1	71.0	70.0	69.8	69.3	70.8
Employee cost (%)	7.4	6.5	6.4	5.6	5.5	5.7	5.8	5.8	6.4	5.7
Other Exp. (%)	13.6	13.8	13.0	12.2	12.5	12.7	12.7	12.9	13.1	12.7
Total Cost	22,258	28,767	28,240	30,596	35,127	33,818	32,532	33,484	1,09,861	1,34,961
EBITDA	2,606	4,134	3,726	3,490	3,866	4,017	4,230	4,343	13,956	16,456
EBITDA Margin (%)	10.5	12.6	11.7	10.2	9.9	10.6	11.5	11.5	11.3	10.9
Change (%)	75.5	5.4	-7.5	-15.4	48.4	-2.8	13.5	24.4	3.0	17.9
Non-Operating Income	152	109	150	392	322	270	280	207	803	1,079
Interest	109	86	83	106	64	90	90	86	384	330
Depreciation	1,009	1,012	1,041	1,065	1,091	1,100	1,150	1,171	4,126	4,512
PBT after EO Exp.	1,640	3,145	2,753	49,649	3,034	3,097	3,270	3,293	57,186	12,694
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.4	25.3	25.3	25.2	18.1	25.3
Adj. PAT	1,254	2,344	2,041	2,250	2,263	2,314	2,442	2,463	8,394	9,482
Change (%)	185.4	2.4	-15.5	-7.8	80.5	-1.3	19.7	9.5	10.7	13.0

Hero MotoCorp

Buy

CMP: INR2,526 | TP: INR3,100 (+23%)

EPS CHANGE (%): FY23|24E: -5 |-3.5

- Expect volumes to improve QoQ as it started building inventory for the festive season and easing semiconductor supplies
- Price hikes and operating leverage to drive margin expansion QoQ
- EPS downgrade to reflect a weak 2HFY23

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes ('000 units)	1,024	1,439	1,292	1,189	1,390	1,428	1,362	1,364	4,944	5,544
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	5.4	14.7	-14.6	12.1
Net Realization	53,559	58,760	61,010	62,425	60,370	61,577	61,485	61,674	59,152	61,275
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	4.8	0.8	-1.2	11.2	3.6
Net Op. Revenue	54,871	84,534	78,833	74,217	83,925	87,942	83,765	84,099	2,92,455	3,39,732
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	4.0	6.3	13.3	-5.0	16.2
Gross Op. Revenue	54,871	84,534	78,833	71,044	83,925	87,942	83,765	75,134	2,92,455	3,39,732
Change (%)	84.7	-9.8	-19.4	-14.6	53.0	4.0	6.3	13.3	-5.0	16.2
RM Cost (as a percentage of sales)	72.5	72.3	71.0	69.3	72.8	70.8	70.0	69.9	71.2	70.9
Staff Cost (as a percentage of sales)	7.9	6.0	6.6	6.4	6.4	6.2	6.4	6.3	6.6	6.3
Other Exp. (as a percentage of sales)	10.2	9.1	10.3	13.1	9.6	11.5	11.0	11.4	10.6	10.9
EBITDA	5,148	10,664	9,600	8,276	9,408	10,174	10,588	10,361	33,688	40,532
EBITDA Margin (%)	9.4	12.6	12.2	11.2	11.2	11.6	12.6	12.3	11.5	11.9
Other Income	1,386	1,569	1,216	1,398	530	1,150	1,200	1,270	5,569	4,150
Interest	61	65	65	67	70	60	60	60	258	250
Depreciation	1,630	1,639	1,644	1,585	1,630	1,650	1,650	1,685	6,498	6,615
PBT before EO Exp./(Inc.)	4,844	10,529	9,107	8,022	8,238	9,614	10,078	9,886	32,501	37,817
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	24.6	24.6	24.9	23.9	24.6
Adj. PAT	3,654	7,944	6,861	6,271	6,245	7,250	7,600	7,421	24,730	28,516
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-8.7	10.8	18.4	-16.6	15.3

MRF

Neutral

CMP: INR80,699 | TP: INR82,000 (2%)

EPS CHANGE (%): FY23|24E: 0 |0

- Replacement demand is seeing a recovery, with support from growth in OEM sales, but exports remain weak
- RM cost rose 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%. The benefit of a decline in RM cost to reflect from 3QFY23

Standalone quarterly earning model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	41,277	48,317	48,299	52,003	55,989	54,114	55,060	56,138	1,89,895	2,21,302
YoY change (%)	69.8	15.4	5.8	9.8	35.6	12.0	14.0	8.0	19.3	16.5
Total Expenditure	36,405	43,194	43,442	46,728	51,207	48,728	48,821	48,608	1,69,769	1,97,363
EBITDA	4,872	5,122	4,856	5,275	4,783	5,386	6,240	7,530	20,126	23,939
Margin (%)	11.8	10.6	10.1	10.1	8.5	10.0	11.3	13.4	10.6	10.8
Depreciation	3,007	2,958	2,946	3,103	2,969	3,200	3,225	3,275	12,014	12,670
Interest	621	566	628	656	635	650	650	683	2,470	2,618
Other Income	924	887	690	649	341	450	550	615	3,149	1,955
PBT before EO expense	2,168	2,485	1,973	2,165	1,519	1,986	2,915	4,187	8,791	10,607
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,168	2,485	1,973	2,165	1,519	1,986	2,915	4,187	8,791	10,607
Tax	555	652	514	598	395	516	758	1,088	2,318	2,758
Rate (%)	25.6	26.2	26.1	27.6	26.0	26.0	26.0	26.0	26.4	26.0
Minority Interest and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,613	1,834	1,458.3	1,568	1,123	1,470	2,156.7	3,098	6,473	7,849
Adj. PAT	1,613	1,834	1,458.3	1,568	1,123	1,470	2,156.7	3,098	6,473	7,849
YoY change (%)	845.8	-54.5	-71.5	-50.6	-30.4	-19.8	47.9	97.6	-48.2	21.3
Margin (%)	3.9	3.8	3.0	3.0	2.0	2.7	3.9	5.5	3.4	3.5

E: MOFSL estimates

Mahindra & Mahindra**Buy****CMP: INR1252 | TP: INR1450 (+16%)****EPS CHANGE (%): FY23|24E: 3|9**

- The strong recovery in Auto volumes has been aided by a strong order book for SUVs and improving semiconductor supplies
- Expansion in QoQ margin aided by price hikes and reducing share of introductory price offers on new models
- Demand for Tractors during the upcoming festive season and 2HFY23 needs to be monitored
- EPS upgrade to be led by an upgrade in Auto segment volumes as it plans to expand capacity substantially

Quarterly performance (incl. MVML)**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,73,223	2,65,841	2,65,227	8,20,248	10,76,262
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	24.1	15.9	16.1	31.2
Net Realization	6,29,763	6,98,078	7,11,834	7,48,478	7,21,130	7,39,963	7,29,630	7,48,496	7,00,349	7,38,868
Growth YoY (%)	7.4	3.0	3.0	13.3	14.5	6.0	2.5	0.0	11.3	5.5
Net Op. Income	1,17,628	1,33,054	1,52,428	1,71,240	1,96,126	2,02,175	1,98,393	1,98,522	5,74,460	7,95,215
Growth YoY (%)	110.4	15.5	9.1	28.2	66.7	51.9	30.2	15.9	29.2	38.4
RM Cost (as a percentage of sales)	69.6	72.8	74.7	76.4	76.6	76.0	75.5	74.9	73.7	75.8
Staff (as a percentage of sales)	7.5	6.0	5.8	4.4	4.3	4.2	4.3	4.3	5.8	4.3
Oth. Exp. (as a percentage of sales)	9.0	8.8	7.7	9.0	7.2	7.5	7.7	8.7	8.6	7.7
EBITDA	16,317	16,598	18,048	19,455	23,410	24,867	24,799	24,645	70,423	97,722
EBITDA Margin (%)	13.9	12.5	11.8	11.4	11.9	12.3	12.5	12.4	12.3	12.3
Other income	2,052	11,048	5,248	2,387	2,386	12,000	4,500	2,220	20,759	21,106
Interest	714	425	533	558	698	575	500	498	2,230	2,271
Depreciation	5,586	5,807	6,313	6,805	6,806	7,000	7,250	7,402	24,511	28,458
EO Income/(Exp.)	-785	-2,550	0	1,248	-410	0	0	0	-2,087	-410
PBT after EO	11,284	18,865	16,451	15,727	17,882	29,292	21,549	18,966	62,355	87,690
Tax	2,728	4,548	2,919	2,808	3,581	6,591	4,849	4,710	13,002	19,730
Effective Tax Rate (%)	24.2	24.1	17.7	17.9	20.0	22.5	22.5	24.8	22.5	22.5
Reported PAT	8,556	14,317	13,532	12,919	14,302	22,702	16,701	14,256	49,352	67,959
Change (%)	1,162.1	785.1	155.0	426.9	67.2	58.6	23.4	10.3	401.5	37.7
Adj. PAT	9,340	16,870	13,532	11,670	14,710	22,702	16,701	14,256	51,440	68,368
Change (%)	2,294.9	30.6	-20.7	16.9	57.5	34.6	23.4	22.2	26.4	32.9

E: MOFSL estimates

Mahindra CIE**Buy****CMP: INR284 | TP: INR330 (+16%)****EPS CHANGE (%): CY22|23E: -3|-1**

- Strong growth in the India business is led by a sharp recovery in volumes for its key customers (MM and TTMT)
- EU impacted by supply-chain issues and the difficulty in pass-through of higher energy cost
- Expect cost-cutting initiatives in India and the EU to aid margin
- Domestic sales growth offsets impact in the EU

Consolidated quarterly performance**(INR m)**

(INR m)	CY21				CY22				CY21	CY22E
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,894	20,425	20,907	20,641	25,709	27,072	27,084	26,616	83,867	1,06,480
YoY change (%)	31.7	177.7	23.4	5.4	17.4	32.5	29.5	28.9	38.6	27.0
EBITDA	2,868	2,598	2,685	2,022	2,794	3,044	3,214	3,335	10,173	12,387
Margin (%)	13.1	12.7	12.8	9.8	10.9	11.2	11.9	12.5	12.1	11.6
Depreciation	883	886	835	827	866	893	915	932	3,431	3,606
Interest	142	131	133	127	85	44	130	118	533	377
Other Income	194	116	74	172	282	357	125	111	556	875
Share of profit from associates				12	4	11	4	6	12	25
PBT before EO expense	2,037	1,697	1,791	1,241	2,126	2,464	2,294	2,396	6,766	9,279
EO Exp./(Inc.)	1,425	0	-293	128	0	0	0	0	1,260	0
PBT after EO exp.	612	1,697	2,084	1,113	2,126	2,464	2,294	2,396	5,505	9,279
Tax Rate (%)	83.6	19.7	20.1	29.0	24.2	23.8	25.0	25.5	28.9	24.6
Adj. PAT	1,526	1,362	1,456	892	1,614	1,889	1,723	1,791	5,236	7,017
YoY change (%)	143.5	-205.9	139.7	-20.2	5.8	38.7	18.4	100.6	390.9	34.0

Maruti Suzuki**Buy****CMP: INR8,544 | TP: INR11,250 (+32%)****EPS CHANGE (%): FY23|24E:-3|0**

- Easing of supply-chain constraints and a low channel inventory is aiding wholesales
- Expect EBIT margin to improve on a QoQ basis due to: a) price hikes, b) forex benefits, and c) operating leverage
- Expect the benefit of lower raw material cost to reflect in the P&L in 3QFY23.
- Success in its recent and upcoming product launches is a key monitorable

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2QE	3QE	4QE		
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	497.4	526.9	1,652.5	2,009.7
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	15.5	7.8	13.3	21.6
Realization (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,67,734	5,62,057	5,59,047	5,34,324	5,63,722
Change (%)	-6.3	13.5	14.1	12.2	12.7	4.9	4.1	2.2	10.8	5.5
Net operating revenue	1,77,707	2,05,389	2,32,460	2,67,400	2,64,998	2,93,743	2,79,588	2,94,573	8,82,956	11,32,901
Change (%)	332.7	9.6	-0.9	11.3	49.1	43.0	20.3	10.2	25.5	28.3
RM Cost (as a percentage of sales)	74.8	75.8	75.3	73.5	74.6	73.5	73.0	72.7	74.8	73.4
Staff Cost (as a percentage of sales)	6.0	4.7	4.2	3.8	4.4	3.7	4.0	3.7	4.6	3.9
Other Cost (as a percentage of sales)	14.6	15.3	13.8	13.5	13.8	13.6	13.6	14.2	14.2	13.8
EBITDA	8,211	8,549	15,590	24,268	19,121	26,924	26,408	27,493	57,012	99,945
EBITDA Margin (%)	4.6	4.2	6.7	9.1	7.2	9.2	9.4	9.3	6.5	8.8
Depreciation	7,432	7,561	6,400	6,472	6,514	6,700	6,900	6,703	27,865	26,817
EBIT	779	988	9,190	17,796	12,607	20,224	19,508	20,789	29,147	73,128
EBIT Margin (%)	0.4	0.5	4.0	6.7	4.8	6.9	7.0	7.1	3.3	6.5
Interest	222	225	252	560	274	250	250	251	1,259	1,025
Non-Operating Income	5,078	5,227	3,280	4,744	885	4,750	4,750	4,806	17,935	15,191
PBT	5,635	5,990	12,218	21,980	13,218	24,724	24,008	25,344	45,823	87,294
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	23.7	23.7	23.8	17.8	23.7
PAT	4,408	4,753	10,113	18,389	10,128	18,874	18,328	19,311	37,663	66,641
Adjusted PAT	4,408	4,753	10,113	18,389	10,128	18,874	18,328	19,311	37,663	66,641
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	297.1	81.2	5.0	-11.0	76.9

Samvardhana Motherson**Buy****CMP: INR73 | TP: INR100 (+37%)****EPS CHANGE (%): FY23|24E:-13|-12**

- SMRPBV business continues to be impacted by supply-side issues and a weakening in US Class 8 volumes
- The Indian PV industry is driving domestic growth
- Margin to improve QoQ due to a partial recovery of higher energy prices in SMRPBV
- We cut our FY24 EPS estimate to factor in risk to the EU business and EUR depreciation against the INR

Consolidated quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,64,080	1,44,150	1,64,350	1,71,610	1,76,147	1,68,472	1,80,426	1,97,599	6,44,200	7,22,644
YoY change (%)	0.0	0.0	0.0	0.0	7.4	16.9	9.8	15.1	10.6	12.2
RM Cost (as a percentage of sales)	0.0	0.0	0.0	0.0	58.8	56.7	56.7	0.0	0.0	0.0
Staff Cost (as a percentage of sales)	0.0	0.0	0.0	0.0	24.3	24.0	22.0	0.0	0.0	0.0
Other Exp. (as a percentage of sales)	91.7	92.5	92.5	92.9	10.8	93.0	91.9	90.2	92.4	92.2
Total Expenditure	1,50,410	1,33,330	1,52,030	1,59,390	1,65,379	1,56,642	1,65,744	1,78,221	5,95,170	6,65,985
EBITDA	13,670	10,820	12,320	12,220	10,768	11,830	14,682	19,379	49,030	56,659
Margin (%)	8.3	7.5	7.5	7.1	6.1	7.0	8.1	9.8	7.6	7.8
Depreciation	7,780	7,640	7,600	7,370	7,324	7,700	7,900	8,066	30,390	30,990
Interest	1,208	1,313	1,294	1,612	1,694	1,750	1,700	1,656	5,115	6,800
Other income	1,548	871	1,227	1,412	978	600	500	572	4,957	2,650
PBT after EO Expense	6,225	2,738	4,653	4,175	2,729	2,980	5,582	10,228	18,002	21,519
Tax rate (%)	173.4	350.5	212.8	228.1	34.0	30.0	30.0	28.9	58.1	30.0
Min. Int. and share of profit	70	-630	80	190	389	-136	-100	-154	-290	0
Reported PAT	3,140	1,410	2,270	1,220	1,412	2,222	4,007	7,422	8,040	15,063
Adj. PAT	3,142	1,410	2,270	1,412	1,412	2,222	4,007	7,422	8,234	15,063
YoY change (%)	-142.4	-51.7	-65.6	-74.0	-55.1	57.6	76.5	425.6	-22.2	82.9

E: MOFSL estimates

Motherson Sumi Wiring India

Buy
CMP: INR88 | TP: INR102 (+17%)
EPS CHANGE (%): FY23|24E: 0|4

- Strong YoY growth on a low base led by the easing semiconductor supplies for PVs and a cyclical recovery in CVs, 2Ws, and Tractors
- Expect the EPS upgrade in FY24 to be led by an upgrade in revenue as its biggest customer will witness a strong product lifecycle
- Improvement in EBITDA margin led by a strong operating leverage and a softening in copper prices

Quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,139	14,000	14,596	16,615	16,709	18,380	17,645	18,829	56,350	71,564
YoY change (%)	455.7	29.7	8.3	10.0	50.0	31.3	20.9	13.3	36.2	27.0
RM Cost (as a percentage of sales)	64.1	64.4	64.1	63.8	64.9	64.8	64.0	63.6	64.1	64.3
Staff Cost (as a percentage of sales)	19.2	16.8	16.4	15.5	16.4	15.1	16.0	15.5	16.8	15.7
Other Expenses (as a percentage of sales)	6.9	6.1	5.8	6.1	6.6	6.3	6.3	6.3	6.2	6.4
EBITDA	1,093	1,780	2,002	2,420	2,028	2,546	2,416	2,752	7,303	9,742
Margin (%)	9.8	12.7	13.7	14.6	12.1	13.9	13.7	14.6	13.0	13.6
Depreciation	233	240	230	343	277	300	320	335	1,055	1,232
Interest	76	80	100	20	69	75	75	81	285	300
Other income	46	80	79	93	77	50	50	51	300	228
PBT before EO expense	830	1,540	1,750	2,150	1,759	2,221	2,071	2,386	6,263	8,437
Extra-Ord. expense	0	0	0	654	0	0	0	0	654	0
PBT after EO Expense	830	1,540	1,750	1,496	1,759	2,221	2,071	2,386	5,609	8,437
Tax rate (%)	27	26	24.6	31	28	28	27.8	27	27	28
Reported PAT	610	1,140	1,320	1,036	1,260	1,605	1,496	1,735	4,107	6,096
Adj. PAT	610	1,140	1,320	1,596	1,260	1,605	1,496	1,735	4,670	6,096
YoY change (%)	-172.6	72.7	9.5	6.0	106.5	40.8	13.3	8.7	83.9	30.5

E: MOFSL estimates

Sona Comstar

Neutral
CMP: INR459 | TP: INR525 (15%)
EPS CHANGE (%): FY23|24E: -3|-10

- Revenue growth led by execution and ramp-up of new orders in the EV business
- Weakness in the underlying EU and China market to restrict growth in 2QFY23
- RM cost pass-through and operating leverage to drive margin on a QoQ basis
- EPS cut led by the lowering of revenue estimates due to macro uncertainties in its key end markets

Consolidated quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net operating revenue	5,007	5,857	4,941	5,500	5,892	6,401	7,300	8,938	21,306	28,532
Change (%)	226.5	52.4	1.0	2.0	17.7	9.3	47.7	62.5	36.0	33.9
RM Cost (as a percentage of sales)	43.4	46.3	42.5	44.9	45.5	45.3	44.8	44.7	44.4	45
Staff Cost (as a percentage of sales)	8.6	7.5	8.5	7.3	7.3	7.3	7.2	6.8	7.9	7.1
Other Cost (as a percentage of sales)	20.3	19.9	22.5	23.2	23.0	22.8	22.5	21.8	21.5	22.4
EBITDA	1,387	1,544	1,305	1,354	1,425	1,581	1,865	2,388	5,591	7,262
EBITDA Margin (%)	27.7	26.4	26.4	24.6	24.2	24.7	25.6	26.7	26.2	25.5
Depreciation	334	355	357	374	400	415	440	478	1,420	1,733
EBIT	1,054	1,189	949	980	1,025	1,166	1,425	1,911	4,171	5,529
EBIT Margin (%)	21.0	20.3	19.2	17.8	17.4	18.2	19.5	21.4	19.6	19.4
Interest	86	29	33	35	29	35	35	37	183	136
Non-Operating Income	2	6	50	143	10	15	15	13	200	54
PBT	1,102	1,166	966	1,223	1,006	1,146	1,405	1,887	4,456	5,446
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	24.6	24.5	24.5	24.4	18.9	24.5
Adjusted PAT	722	882	864	912	758	865	1,061	1,425	3,399	4,112
Change (%)		22.3	3.5	29.4	5.0	-1.9	22.7	56.3	39.1	21.0

E: MOFSL estimates

Tata Motors

Buy

CMP: INR398 | TP: INR510 (+28%)

EPS CHANGE (%): FY23|24E: -20|-7

- The strong growth in the India business continues in PVs and CVs
- JLR volumes to improve YoY and QoQ due to some improvement in semiconductor supplies, though we estimate volumes to be marginally lower than the management's guidance of 90k units (excluding JVs)
- Expect India EBITDA margin to improve QoQ due to price hikes and operating leverage. Expect EBIT margin for JLR to improve substantially on a YoY and QoQ basis due to improving mix and operating leverage.
- EPS downgrade is due to reduction in JLR volumes, higher interest cost, and the translation impact of GBP:INR

Consolidated quarterly performance

INR b	FY22				FY23				FY22	(INR b) FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
JLR Volumes (incl. JV; '000 units)	97.1	78.3	83.1	89.1	82.6	102.0	112.9	116.3	347.7	413.7
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	61,352	63,960	64,439	63,790	62,274	63,520
JLR EBITDA Margin (%)	9.0	7.3	12.0	12.6	6.3	13.2	15.0	15.8	10.3	13.1
India CV Volumes ('000 units)	49.5	87.4	100.7	119.8	101.1	101.1	107.5	133.3	357.4	443.0
India CV Realizations (INR'000/unit)	1571.0	1259.9	1230.8	1590.8	1619.1	1617.7	1611.3	1660.4	1405.0	1629.2
India CV EBITDA Margin (%)	1.1	3.1	2.6	6.1	5.4	6.3	7.0	8.2	3.8	6.9
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.4	142.9	124.4	130.0	372.1	527.6
India PV Realizations (INR '000/unit)	819.9	882.0	863.8	857.0	895.1	899.1	890.1	889.7	858.0	893.7
India PV EBITDA Margin (%)	4.0	5.2	4.2	7.0	6.2	6.9	7.0	7.6	5.3	7.0
Net Consol. Op. Income	664.1	613.8	722.3	784.4	719.3	853.5	886.4	929.2	2784.5	3388.4
Growth (%)	107.6	14.7	-4.5	-11.5	8.3	39.1	22.7	18.5	11.5	21.7
Consol. EBITDA	52.6	40.5	67.6	87.4	31.8	95.2	112.1	128.5	248.1	367.7
EBITDA Margin (%)	7.9	6.6	9.4	11.1	4.4	11.2	12.7	13.8	8.9	10.9
Depreciation	62.0	61.2	60.8	64.3	58.4	63.0	63.0	60.7	248.4	245.1
Other Income	5.8	8.7	7.0	9.0	8.9	7.0	6.5	6.4	30.5	28.8
Interest Expenses	22.0	23.3	24.0	23.9	24.2	25.0	24.0	21.6	93.3	94.8
PBT before EO	-25.8	-34.7	-7.0	3.7	-49.6	8.7	26.1	49.2	-63.7	34.5
EO Exp./(Inc.)	0.0	0.0	-0.9	7.1	-14.9	0.0	0.00	0.0	6.30	-14.94
PBT after EO Exp.	-25.8	-34.7	-6.1	-3.4	-34.7	8.7	26.1	49.2	-70.0	49.4
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	-43.8	15.0	15.0	13.3	-60.4	54.6
PAT	-43.2	-44.8	-13.4	-11.0	-49.9	7.4	22.2	42.7	-112.3	22.4
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.6	-0.3	-0.3	-0.2	-1.3	-1.3
Share in profit of Associate	-1.3	0.6	-1.1	1.1	0.4	0.4	0.5	0.8	-0.7	2.0
Reported PAT	-44.5	-44.4	-15.2	-10.3	-50.1	7.5	22.5	43.2	-114.4	23.2
Adj. PAT	-44.5	-44.4	-16.0	-3.2	-65.0	7.5	22.5	43.2	-108.1	16.4
Growth (%)	-47.2	1301.9	-149.6	-105.6	46.0	-117.0	-240.3	-1454.1	-5109.7	-115.1

E: MOFSL estimates

Tube Investments

Buy
CMP: INR2698 | TP: INR3000 (+11%)
EPS CHANGE (%): FY23|24E: 0|3

- The Engineering business will benefit from a recovery in the 2W industry as well as a ramp-up in exports.
- Our estimates do not factor in any material contribution from e-3Ws, e-Tractors, e-CVs, or the optic lens business
- Expect EBITDA margin to decline on a YoY basis due to higher RM cost

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	12,567	16,667	17,014	17,345	19,570	19,964	20,445	20,460	63,495	80,439
YoY change (%)	231.8	53.3	29.9	17.2	55.7	19.8	20.2	18.0	49.2	26.7
EBITDA	1,576	1,928	1,865	1,744	2,040	2,159	2,311	2,440	8,743	8,951
Margin (%)	12.5	11.6	11.0	10.1	10.4	10.8	11.3	11.9	13.8	11.1
Depreciation	354	360	369	367	325	335	375	387	1,450	1,421
Interest	30	29	38	22	36	32	32	32	118	132
Other Income	109	97	153	377	120	200	250	261	736	831
PBT before EO expense	1,302	1,637	1,611	1,731	1,800	1,992	2,154	2,283	7,911	8,229
Tax	332	423	406	368	457	499	539	565	1,472	2,060
Tax Rate (%)	25.5	25.8	25.2	21.2	25.4	25.0	25.0	24.8	18.6	25.0
Adj. PAT	970	1,214	1,204	1,364	1,343	1,494	1,615	1,717	4,710	6,169
YoY change (%)	-284.3	26.6	12.5	-2.1	38.5	23.0	34.1	25.9	62.6	31.0

E: MOFSL estimates

TVS Motor Company

Neutral
CMP: INR995 | TP: INR935 (-6%)
EPS CHANGE (%): FY23|24E: 2|10

- Its domestic 2W business has seen a recovery, but it is seeing some stress on the export front
- Improving semiconductor supplies will benefit Premium Motorcycle volumes
- Expect EBITDA margin to improve QoQ due to price hikes and a favorable USD:INR
- The EPS upgrade in FY24 is driven by volume benefit due to Ronin

Standalone quarterly performance

(INR m)

Y/E March (INR m)	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	657.8	916.7	878.7	856.5	906.8	1,027.4	967.9	1,012.7	3,309	3,915
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	10.2	18.2	8.4	18.3
Realization (INR'000/unit)	59.8	61.1	64.9	64.6	66.3	66.8	67.1	66.2	62.8	66.6
Growth (%)	11.5	15.0	19.2	12.5	10.8	9.3	3.3	2.5	14.3	6.1
Net Sales	39,344	55,969	57,064	55,303	60,087	68,592	64,942	67,016	2,07,680	2,60,637
Growth (%)	174.8	21.5	5.8	3.9	52.7	22.6	13.8	21.2	24.0	25.5
RM (as a percentage of sales)	75.7	76.2	76.3	76.2	76.1	75.8	75.0	74.9	76.1	75.5
Emp. cost (as a percentage of sales)	6.6	5.3	5.2	5.1	5.3	4.9	5.0	4.8	5.5	5.0
Other exp. (as a percentage of sales)	10.7	8.8	8.6	8.6	8.6	8.8	8.8	8.8	9.1	8.8
EBITDA	2,738	5,404	5,683	5,568	5,995	7,213	7,271	7,670	19,392	28,149
EBITDA Margin (%)	7.0	9.7	10.0	10.1	10.0	10.5	11.2	11.4	9.3	10.8
Interest	300	350	279	330	376	400	400	425	1,259	1,601
Depreciation	1,431	1,544	1,546	1,593	1,520	1,585	1,640	1,664	6,114	6,409
Other Income	16	35	57	82	222	50	60	48	190	380
PBT after EO Exp.	722	3,769	3,915	3,727	4,321	5,278	5,291	5,630	12,132	20,519
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	26.0	26.0	26.1	26.3	26.0
Adjusted PAT	754	2,610	2,883	2,745	3,205	3,907	3,916	4,160	8,992	15,188
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	49.7	35.8	51.5	46.9	68.9

Cement

Company

ACC
Ambuja Cements
Birla Corporation
Dalmia Bharat
Grasim Industries
India Cements
JK Cement
JK Lakshmi Cement
The Ramco Cements
Shree Cement
UltraTech Cement

Continued margin pressure, but recovery expected in 2H

With cost pressure at its peak, profitability should bottom out

- We expect profitability of our Cement Coverage Universe (excluding GRASIM) to come under stress, led by significant cost increases (39% YoY increase in variable cost/t). Average EBITDA/t at INR614 is expected to drop 47% YoY (**at a 36-quarter's low**). Aggregate EBITDA is expected to decline 42% YoY (**at 2QFY19 levels**), while OPM should drop 10.4pp YoY to 11.1% (**at historical low levels**). Profit is estimated to drop 66% YoY.
- Aggregate sales volume for our Coverage Universe is expected to increase 9% YoY, supported by sustained demand from infrastructure projects and recovery in individual housing demand. We expect 11-15% YoY volume growth for ACEM, BCORP, SRCM, DALBHARA, JKLC, and TRCL. ACC, ICEM, JKCE, and UTCCEM are expected to report a volume growth of 5-9% YoY. Average realization is expected to increase 3% YoY, leading to a revenue growth of 13% YoY.
- Revenue of GRASIM is expected to increase 48% YoY, led by: 1) volume/realization growth of 27%/18% in the VSF segment, and 2) volume/realization growth of 2%/49% in the Chemical segment. EBITDA for the company should increase 43% YoY, led by a 2x growth in EBITDA for the Chemical segment. Profit is expected to increase 21% YoY.

Average Cement price down 4% QoQ; exit-price marginally better v/s quarter average

- Our channel checks indicate that all-India average Cement price is down 4% QoQ in 2QFY23 (up 5% YoY), led by a 1-6% price drop across regions. Price dropped 4-6% QoQ across regions, except in the South, where it dropped 1% QoQ.
- There was a price hike in most regions in Sep'22. We believe that the average exit Cement price in Sep'22 was 1% higher than the quarter average, largely driven by price hike in the east region in later part of the month. Dealers have indicated further price hikes of INR5-20/bag across regions in Oct '22.

High cost fuel inventory drives a sharp increase in Opex

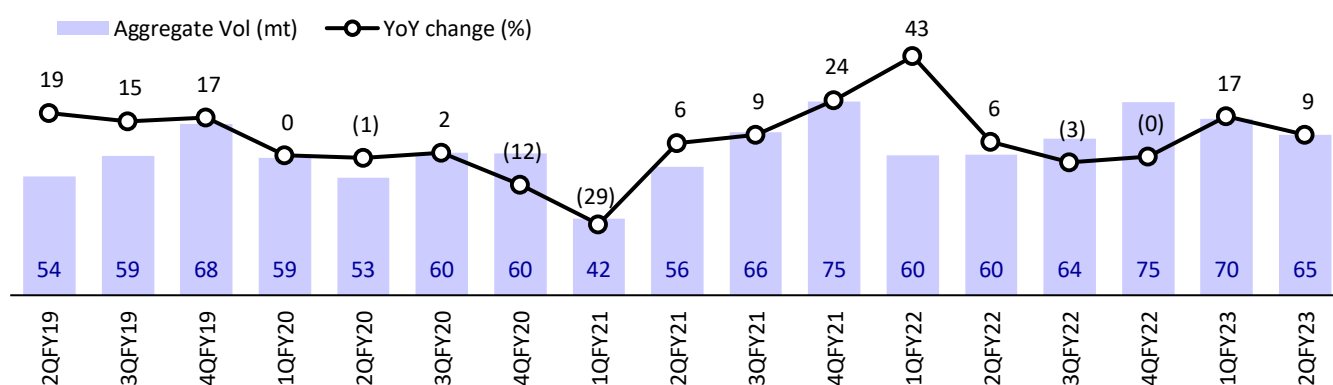
- Average Opex/t for our Coverage Universe is expected to increase 17% YoY (and 3% QoQ), led by consumption of high cost fuel inventory, which will drive a steep 39% YoY (and 6% QoQ) increase in variable cost.
- Freight cost/t is expected to increase 3% YoY, while other expense/t remains flat. Employee cost/t should decline 9% YoY on a higher volume.
- The 97% YoY drop in ICEM's EBITDA will be the highest among our Coverage Universe, followed by a 71% drop for ACC. ACEM, SRCM, TRCL, and UTCCEM are expected to report an EBITDA decline of 38-45% YoY. BCORP, DALBHARA, and JKLC should report an EBITDA decline of 30-32% YoY. JKCE is estimated to report the lowest decline of 20% YoY in EBITDA.
- EBITDA/t of ICEM is expected to decline 97% YoY, followed by a 73% drop for ACC. ACEM, BCORP, DALBHARA, JKLC, SRCM, TRCL, and UTCCEM are expected to report EBITDA/t decline of 37-48% YoY. JKCE is expected to see a 26% YoY drop in EBITDA/t.

Price hikes and easing cost pressure should drive recovery

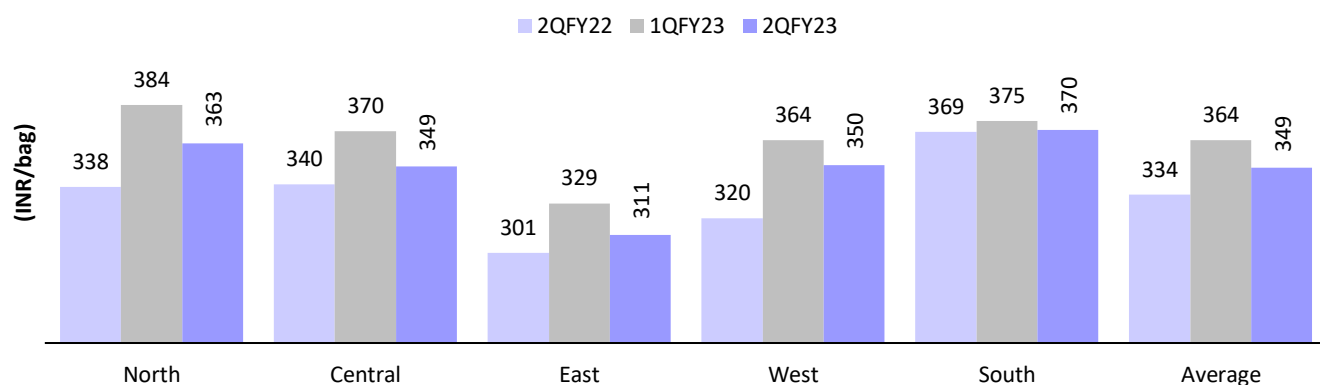
- Energy cost should start easing out as petcoke prices have corrected over the past few months (current petcoke prices are down 10-20% from the 1HFY23 average). We believe the benefits will start reflecting from 3QFY23.
- In the recent past, we have seen run-up in Cement stock prices on rising hopes of a [further consolidation](#) in the Cement industry. In anticipation of an increase in M&A activities, mid/small cap cement stocks were re-rated. We believe that valuations have become expensive after a sharp run-up in the recent past and we are selective in our picks. We reiterate Buy rating on UTCHEM in largecap and DALBHARA and BCORP in midcap. We also like GRASIM (a diversified play) in the largecap space.

Exhibit 1: Summary of expected quarterly performance

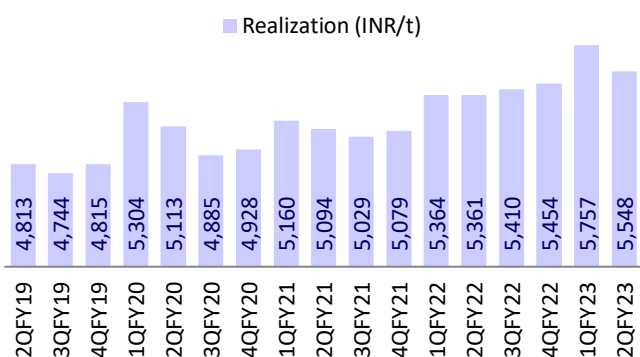
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
ACC	2297	Neutral	39,023	4.1	-12.7	2,070	-70.9	-51.3	577	-87.2	-74.0
Ambuja Cements	489	Neutral	36,236	11.9	-9.3	4,086	-41.9	-40.3	1,934	-56.2	-77.3
Birla Corporation	931	Buy	20,680	21.8	-6.2	1,871	-30.0	-27.8	-36	PL	PL
Dalmia Bharat	1555	Buy	29,634	17.4	-10.3	3,752	-31.7	-36.0	207	-86.1	-89.4
Grasim Industries	1640	Buy	73,201	48.4	0.9	11,445	42.8	-13.3	11,487	21.3	42.1
India Cements	254	Sell	13,332	12.0	-7.8	44	-96.7	-85.7	-677	PL	Loss
J K Cements	2550	Neutral	21,454	16.9	-1.0	2,849	-19.8	-28.8	1,163	-37.6	-39.3
JK Lakshmi Cem.	568	Buy	13,813	23.5	-10.9	1,141	-29.8	-47.4	380	-50.4	-62.4
Ramco Cements	741	Neutral	16,416	9.9	-7.4	2,157	-45.2	-28.3	466	-78.4	-58.5
Shree Cement	20703	Neutral	38,177	19.1	-9.2	5,403	-39.9	-34.0	2,080	-63.7	-34.1
Ultratech Cement	6241	Buy	1,34,054	11.6	-11.6	16,796	-38.1	-45.7	5,925	-54.9	-62.7
Cement			4,36,019	17.8	-8.3	51,613	-32.9	-36.6	23,505	-47.3	-46.5

Exhibit 2: Expect aggregate sales volume for our coverage universe to grow 9% YoY

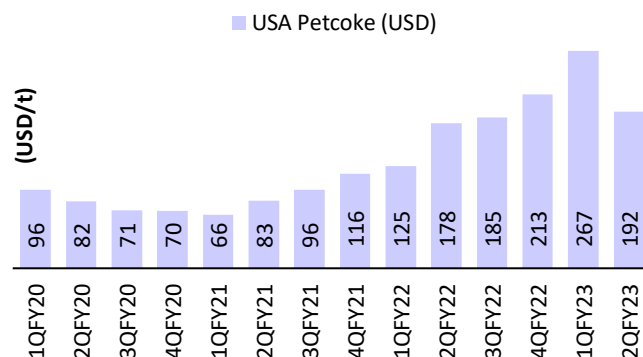
Source: MOFSL, Company

Exhibit 3: Pan-India average price down 4% QoQ as prices declined 1-6% across regions (lowest decline in South India)

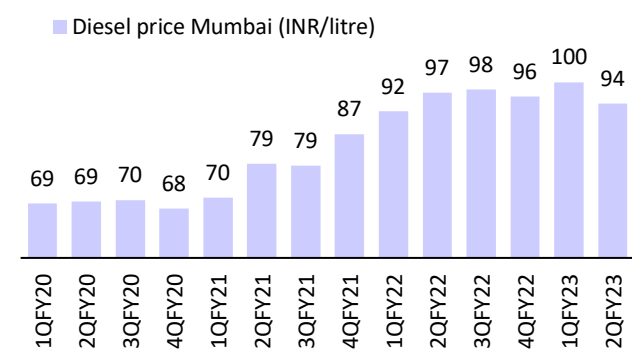
Source: MOFSL, Industry

Exhibit 4: Expect blended realization to increase 3% YoY

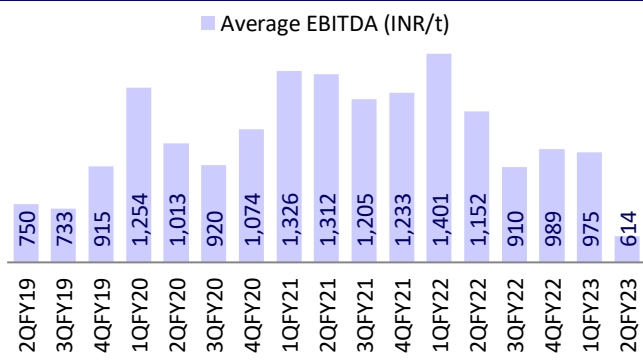
Source: Industry, MOFSL

Exhibit 5: Average USA Petcoke price down 28% QoQ

Source: MOSFL, Industry

Exhibit 6: Average diesel prices down 6% YoY /3% QoQ

Source: Bloomberg, MOFSL

Exhibit 7: Expect average EBITDA/t to decline 47% YoY

Source: Company, MOFSL

Exhibit 8: Key operating parameters

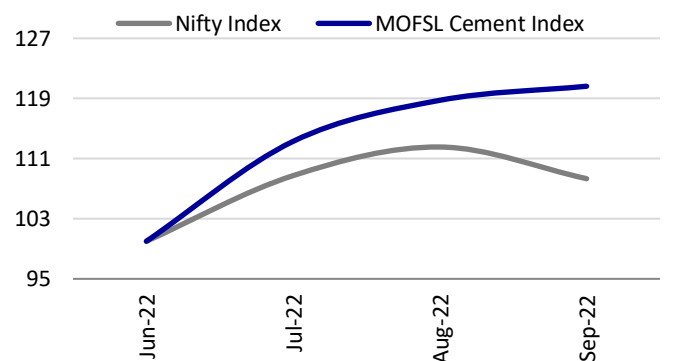
Companies	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	2QFY23	YoY (%)	QoQ (%)	2QFY23	YoY (INR)	QoQ (INR)	2QFY23	YoY (INR)	QoQ (INR)
ACC	7.0	6.0	(7.9)	5,603	(103)	(307)	297	(785)	(265)
Ambuja Cements	6.9	10.9	(7.0)	5,272	51	(131)	594	(540)	(332)
Birla Corporation	3.8	15.4	(4.0)	5,481	289	(126)	496	(321)	(164)
Dalmia Bharat	5.8	13.1	(7.0)	5,139	188	(186)	651	(426)	(294)
India Cements	2.5	5.3	(7.0)	5,365	322	(48)	18	(548)	(97)
JK Cement	3.6	9.0	1.9	5,910	400	(173)	785	(281)	(339)
JK Lakshmi Cem.	2.6	10.7	(8.0)	5,389	561	(178)	445	(257)	(334)
The Ramco Cements	3.1	14.8	(6.0)	5,276	(234)	(79)	693	(760)	(215)
Shree Cement	7.0	11.0	(6.5)	5,442	370	(160)	770	(651)	(321)
UltraTech Cement	23.2	7.3	(7.3)	5,773	220	(283)	723	(531)	(513)
Sector aggregate/avg.	65.4	9.3	(6.5)	5,548	186	(209)	614	(537)	(360)

Exhibit 9: Valuation summary

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Cement						26.6	31.7	26.2	3.1	2.9	2.7	11.5	9.2	10.4
ACC	2,297	Neutral	100.5	50.0	88.4	22.8	45.9	26.0	3.0	3.1	2.8	14.1	6.6	11.3
Ambuja Cements	489	Neutral	10.7	9.3	11.3	45.6	52.3	43.3	4.4	4.2	4.1	22.3	17.0	19.2
Birla Corporation	931	Buy	56.0	29.6	60.7	16.6	31.5	15.3	1.2	1.2	1.1	7.5	3.7	7.3
Dalmia Bharat	1,555	Buy	39.6	32.1	40.6	39.3	48.4	38.3	1.9	1.8	1.8	5.2	3.8	4.6
Grasim Industries	1,640	Buy	111.5	110.2	110.3	14.7	14.9	14.9	2.2	2.1	2.0	11.5	14.4	11.6
India Cements	254	Sell	1.3	-3.3	6.0	200.4	-76.4	41.9	1.4	1.3	1.3	0.7	-1.8	3.1
J K Cements	2,550	Neutral	87.9	83.4	94.6	29.0	30.6	27.0	4.6	4.1	3.7	17.0	14.1	14.3
JK Lakshmi Cem.	568	Buy	32.5	30.0	38.0	17.5	18.9	15.0	2.7	2.4	2.2	16.9	13.6	15.3
Ramco Cements	741	Neutral	25.0	13.5	26.3	29.7	54.8	28.2	2.7	2.6	2.4	9.7	4.8	8.8
Shree Cement	20,703	Neutral	629.7	372.5	500.6	32.9	55.6	41.4	4.3	4.1	3.8	14.0	7.5	9.4
Ultratech Cement	6,241	Buy	196.3	179.1	220.6	31.8	34.8	28.3	3.6	3.3	3.0	12.0	9.9	11.2

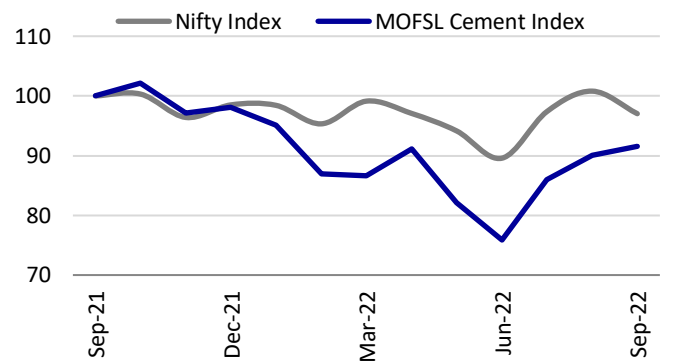
Source: Company, MOFSL

Exhibit 10: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 11: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

ACC**Neutral****CMP: INR2,297 | TP: INR2,515 (+10%)****EPS CHANGE (%): CY22|23: -9.4|--**

- Expect sales volume to increase 6% YoY, whereas cement realization should increase by 1%.
- Expect EBITDA/t at INR297 v/s INR1,083/INR563 in 3QCY21/2QCY22.
- Variable cost/freight cost per tonne to increase 31%/2% YoY. OPEX/t is expected to increase 15% YoY.
- Other Income is estimated to decline due to reduction in cash balance, used for working capital (WC) requirements and ongoing expansions.

Standalone performance**(INR m)**

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Cement Sales (mt)	7.97	6.84	6.57	7.49	7.71	7.56	6.96	7.67	28.89	29.90
Change (YoY %)	21.5	43.7	1.2	(2.9)	(3.3)	10.5	6.0	2.4	13.2	3.5
Cement Realization	4,835	5,198	5,096	5,081	5,092	5,296	5,137	5,212	5,044	5,129
Change (YoY %)	4.2	0.7	1.1	4.4	5.3	1.9	0.8	2.6	2.8	1.7
Change (QoQ %)	(0.7)	7.5	(2.0)	(0.3)	0.2	4.0	(3.0)	1.5		
Net Sales	42,919	38,848	37,489	42,258	44,265	44,684	39,023	43,164	1,61,514	1,71,137
Change (YoY %)	22.6	49.4	6.0	2.0	3.1	15.0	4.1	2.1	17.2	6.0
EBITDA	8,594	8,747	7,113	5,551	6,337	4,253	2,070	4,951	30,004	17,612
Margin (%)	20.0	22.5	19.0	13.1	14.3	9.5	5.3	11.5	18.6	10.3
Depreciation	1,424	1,456	1,497	1,596	1,531	1,638	1,646	1,692	5,973	6,507
Interest	112	134	171	129	130	149	149	133	546	560
Other Income	432	447	640	529	576	529	502	494	2,048	2,100
PBT before EO Item	7,489	7,604	6,085	4,355	5,252	2,995	778	3,620	25,533	12,645
EO Income/(Expense)	-	(381)	-	(548)	-	-	-	-	(929)	-
PBT after EO Item	7,489	7,223	6,085	3,807	5,252	2,995	778	3,620	24,604	12,645
Tax	1,915	1,885	1,594	1,007	1,358	774	201	905	6,401	3,237
Rate (%)	25.6	26.1	26.2	26.5	25.9	25.8	25.8	25.0	26.0	25.6
Reported PAT	5,574	5,338	4,490	2,800	3,894	2,222	577	2,716	18,203	9,408
Adjusted PAT	5,574	5,624	4,490	3,211	3,894	2,222	577	2,716	18,899	9,408
Change (YoY %)	59.3	90.1	12.4	(25.2)	(30.1)	(60.5)	(87.2)	(15.4)	28.2	(50.2)

Ambuja Cements**Neutral****CMP: INR489 | TP: INR530 (+8%)****EPS CHANGE (%): CY22|23: -2.8|--**

- Expect sales volume to increase 11% YoY and blended realization to improve 1%.
- Expect EBITDA/t to fall 48%/36% YoY/QoQ to INR594.
- Expect variable cost/t to increase 45% YoY and OPEX/t should increase 14%.
- In 2Q, higher dividend from ACC led to higher other income

Standalone performance**(INR m)**

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Volume (mt)	7.24	6.42	6.20	7.16	7.49	7.39	6.87	7.43	27.02	29.18
Change (YoY %)	25	53	9	2	3	15	11	4	19	8
Cement Realization (INR/t)	4,943	5,206	5,150	5,138	5,147	5,356	5,195	5,221	5,105	5,230
Change (YoY %)	3	2	4	4	4	3	1	2	4	2
Net Sales	36,214	33,712	32,373	37,351	39,252	39,935	36,236	39,516	1,39,650	1,54,939
Change (YoY %)	28	55	13	6	8	18	12	6	23	11
EBITDA	9,768	9,597	7,032	5,679	7,904	6,845	4,086	6,515	32,075	25,350
Margin (%)	27.0	28.5	21.7	15.2	20.1	17.1	11.3	16.5	23.0	16.4
Depreciation	1,254	1,304	1,257	1,698	1,515	1,539	1,559	1,656	5,512	6,269
Interest	204	239	215	252	214	251	251	193	909	908
Other Income	552	1,610	362	332	367	5,878	320	224	2,856	6,789
PBT before EO Item	8,861	9,665	5,922	4,061	6,543	10,933	2,595	4,891	28,509	24,962
Extraordinary Inc./ (Exp.)	0	0	0	-657	0	447	0	0	-657	447
PBT after EO Exp./ (Inc.)	8,861	9,665	5,922	3,404	6,543	11,380	2,595	4,891	27,853	25,409
Tax	2,215	2,434	1,510	888	1,591	901	662	1,778	7,047	4,931
Rate (%)	25.0	25.2	25.5	26.1	24.3	7.9	25.5	36.3	25.3	19.4
Reported Profit	6,646	7,231	4,412	2,517	4,952	10,479	1,934	3,114	20,805	20,478
Adj. PAT	6,646	7,231	4,412	2,990	4,952	8,534	1,934	3,114	21,278	18,533
Change (YoY %)	66.5	59.5	0.2	(39.9)	(25.5)	18.0	(56.2)	4.1	18.9	(12.9)

Birla Corporation**Buy****CMP: INR931 | TP: INR1,275 (+37%)****EPS CHANGE (%): FY23|24: --|-1.2**

- Estimate volume growth of 15% YoY, partly aided by newly added capacity at Yawatmal, Maharashtra.
- Realization should increase 6% YoY (decline 2% QoQ).
- EBITDA/t to decline 39%/25% YoY/QoQ to INR496
- Expect OPEX/t to rise 14% YoY on a 29% rise in variable cost. Freight cost/t to increase 1% YoY.
- Higher depreciation and Interest expenses, owing to commissioning of new capacity in 1QFY23.

Consolidated performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales volume (mt)	3.35	3.27	3.35	4.24	3.93	3.77	4.00	4.38	14.22	16.08
Change (YoY %)	39.0	0.3	(5.6)	1.7	17.3	15.4	19.4	3.2	6.2	13.1
Cement Realization (INR/t)	4,943	4,878	4,934	5,071	5,344	5,184	5,164	5,129	4,961	5,203
Change (YoY %)	0.2	(0.0)	3.4	4.4	8.1	6.3	4.7	1.1	2.2	4.9
Change (QoQ %)	1.8	(1.3)	1.2	2.8	5.4	(3.0)	(0.4)	(0.7)		
Net Sales	17,491	16,978	17,501	22,642	22,038	20,680	21,674	23,627	74,612	88,018
Change (YoY %)	43.1	2.6	(1.5)	6.2	26.0	21.8	23.8	4.3	10.0	18.0
EBITDA	3,436	2,673	2,225	2,767	2,593	1,871	2,591	3,521	11,100	10,577
Margin (%)	19.6	15.7	12.7	12.2	11.8	9.0	12.0	14.9	14.9	12.0
Depreciation	984	982	1,007	997	1,145	1,280	1,290	1,284	3,969	4,999
Interest	639	632	608	547	703	820	840	841	2,427	3,204
Other Income	93	133	69	693	143	180	175	206	988	704
Profit before Tax	1,906	1,192	678	1,916	888	-49	636	1,602	5,692	3,077
EO (Income)/Expense	-	-	(70)	341	117	-	-	-	271	117
Profit before Tax after EO	1,906	1,192	748	1,576	771	-49	636	1,602	5,421	2,961
Tax	491	336	144	465	152	-13	165	495	1,435	800
Rate (%)	25.7	28.2	19.2	29.5	19.7	26.0	26.0	30.9	26.5	27.0
Reported PAT	1,415	855	605	1,111	619	-36	471	1,107	3,986	2,161
Adj. PAT	1,415	855	661	1,382	736	-36	471	1,107	4,313	2,277
Margin (%)	8.1	5.0	3.8	6.1	3.3	-0.2	2.2	4.7	5.8	2.6
Change (YoY %)	115.3	(48.7)	(55.7)	(16.0)	(48.0)	(104.2)	(28.8)	(19.9)	(21.0)	(47.2)

Dalmia Bharat**Buy****CMP: INR1,555 | TP: INR1,815 (+17%)****EPS CHANGE (%): FY23|24: -1.3|-1.1**

- Expect sales volume to grow 13% YoY. Expect a 4% QoQ fall in realization due to weak pricing in East India.
- Expect EBITDA/t to decline 40% YoY and 31% QoQ to INR651.
- Expect OPEX/t to increase 16% YoY on a 41%/6% rise in variable/freight costs.
- Other income to decline 43% YoY due to reduction in cash balance, owing to expansion plans and higher WC.

Consolidated performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales volume (mt)	4.9	5.1	5.7	6.6	6.2	5.8	6.1	6.9	22.3	25.0
Change (YoY %)	33.6	6.3	-1.7	2.8	26.8	13.1	7.0	4.5	7.7	12.0
Realization (INR/t)	5,299	4,951	4,796	5,121	5,326	5,139	5,139	5,076	5,038	5,168
Change (YoY %)	2.0	2.7	1.6	4.3	0.5	3.8	7.1	-0.9	3.2	2.6
Change (QoQ %)	8.0	-6.6	-3.1	6.8	4.0	-3.5	0.0	-1.2		
Net Sales	25,910	25,250	27,340	33,800	33,020	29,634	31,345	35,022	1,12,300	1,29,021
Change (YoY %)	36.3	9.2	-0.1	7.3	27.4	17.4	14.6	3.6	11.1	14.9
EBITDA	7,130	5,490	4,090	6,830	5,860	3,752	5,039	7,283	23,540	21,934
Margin (%)	27.5	21.7	15.0	20.2	17.7	12.7	16.1	20.8	21.0	17.0
Depreciation	2,970	3,030	3,020	3,340	3,120	3,180	3,140	3,155	12,360	12,595
Interest	560	510	440	460	440	480	520	724	1,970	2,164
Other Income	260	460	300	530	220	260	320	450	1,550	1,250
PBT before EO Expense	3,860	2,410	930	3,560	2,520	352	1,699	3,854	10,760	8,425
Extra-Ord. expense	0	-600	0	-3,340	0	0	0	0	-3,940	0
PBT after EO Expense	3,860	3,010	930	6,900	2,520	352	1,699	3,854	14,700	8,425
Tax	970	880	340	910	640	95	459	1,081	3,100	2,275
Rate (%)	25.1	29.2	36.6	13.2	25.4	27.0	27.0	28.0	21.1	27.0
Reported PAT (pre-minority)	2,890	2,130	590	5,990	1,880	257	1,240	2,773	11,600	6,151
Minority + associate	90	40	60	50	-80	50	80	80	240	130
PAT Adj. for EO items	2,800	1,490	530	2,600	1,960	207	1,160	2,693	7,420	6,021
Change (YoY %)	45.1	-35.5	-70.2	-0.8	-30.0	-86.1	118.9	3.6	-11.7	-18.9

Grasim Industries

Buy

CMP: INR1,640 | TP: INR1,880 (+15%)

EPS CHANGE (%): FY23|24: +4.3|+0.8

- Expect revenue for the VSF/Chemical segment to grow 50%/66% on a 18%/49% YoY growth in realization.
- Expect EBITDA for the VSF segment to decline 20% YoY due to cost pressure.
- Chemical segment EBITDA to grow 2x YoY, supported by better realization.
- Expect an EBITDA/kg of INR19 for the VSF segment v/s INR33 in 2QFY22.
- OPM for the Chemical segment should improve 10.7pp YoY (decline of 4.5pp QoQ).
- Higher other income is backed by higher dividend income from UTCM.

Standalone performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	37,627	49,330	57,847	63,764	72,530	73,201	69,642	65,666	2,08,568	2,81,039
Change (YoY %)	181.7	66.7	56.5	45.1	92.8	48.4	20.4	3.0	68.4	34.7
EBITDA	7,402	8,012	9,221	7,526	13,202	11,445	10,361	9,051	32,162	44,059
Margin (%)	19.7	16.2	15.9	11.8	18.2	15.6	14.9	13.8	15.4	15.7
Depreciation	2,018	2,075	2,218	2,829	2,551	2,590	2,624	2,732	9,140	10,498
Interest	581	551	534	806	867	840	890	944	2,472	3,540
Other Income	649	7,024	406	874	437	7,343	450	850	8,953	9,080
PBT before EO Items	5,453	12,411	6,875	4,764	10,221	15,357	7,296	6,226	29,503	39,101
Extraordinary Inc./ (Exp.)	0	0	0	-691	0	0	0	0	-691	0
PBT after EO Items	5,453	12,411	6,875	4,073	10,221	15,357	7,296	6,226	28,812	39,101
Tax	993	2,942	1,985	-4,063	2,136	3,870	1,839	1,540	1,857	9,384
Rate (%)	18.2	23.7	28.9	-99.7	20.9	25.2	25.2	24.7	6.4	24.0
Reported PAT	4,459	9,469	4,890	8,136	8,086	11,487	5,458	4,686	26,955	29,717
Adj. PAT	4,459	9,469	4,890	3,488	8,086	11,487	5,458	4,686	22,306	29,717
Margin (%)	11.9	19.2	8.5	5.5	11.1	15.7	7.8	7.1	10.7	10.6
Change (YoY %)	-275.7	188.6	47.8	-28.3	81.3	21.3	11.6	34.4	150.2	33.2

India Cements

Sell

CMP: INR254 | TP: INR165 (-35%)

EPS CHANGE (%): FY23|24: -0.4|+0.2

- Expect volume to grow 5% YoY and blended realization to grow 6% YoY (decline 1% QoQ).
- Estimate blended EBITDA/t at INR18 v/s INR566/INR115 in 2QFY22/1QFY23.
- Variable/other cost per ton is expected to increase 38%/4% YoY. While freight cost should decline 2% YoY in an effort to reduce lead distance.
- Expect OPEX/t to increase 19% YoY.

Standalone performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales volume (mt)	1.95	2.36	2.11	2.66	2.67	2.48	2.29	2.81	9.07	10.25
Change (YoY %)	36.2	12.0	(11.3)	(11.1)	37.4	5.3	8.5	5.6	1.9	13.0
Realization (INR/t)	5,257	5,043	5,258	5,239	5,413	5,365	5,398	5,349	5,196	5,380
Change (YoY %)	(0.8)	(0.7)	7.7	8.1	3.0	6.4	2.7	2.1	4.2	3.5
Change (QoQ %)	8.4	(4.1)	4.3	(0.4)	3.3	(0.9)	0.6	(0.9)		
Net Sales	10,225	11,902	11,085	13,920	14,462	13,332	12,341	15,009	47,131	55,144
Change (YoY %)	35.1	11.3	(4.5)	(4.0)	41.4	12.0	11.3	7.8	6.2	17.0
EBITDA	1,620	1,336	1,041	615	308	44	471	1,928	4,611	2,751
Margin (%)	15.8	11.2	9.4	4.4	2.1	0.3	3.8	12.8	9.8	5.0
Depreciation	545	564	546	543	522	525	530	542	2,198	2,119
Interest	545	511	501	483	586	570	560	541	2,040	2,258
Other Income	31	32	58	47	80	55	50	39	167	225
PBT before EO expense	561	293	52	-365	-720	-996	-569	884	540	-1,401
Extra-Ord. expense	0	0	0	0	0	0	0	0		
PBT	561	293	52	-365	-720	-996	-569	884	540	-1,401
Tax	186	73	19	-128	-1,481	-319	-182	123	151	-1,859
Rate (%)	33.3	24.9	36.2	35.0	205.7	32.0	32.0	13.9	27.9	132.7
Reported PAT	374	220	33	-237	761	-677	-387	762	390	458
Adj. PAT	374	220	33	-237	-720	-677	-387	762	390	-1,023
Change (YoY %)	120.6	(69.2)	(94.7)	(133.1)	(292.4)	(408.3)	(1,271.8)	NM	(82.4)	(362.3)
Margin (%)	3.7	1.8	0.3	(1.7)	(5.0)	(5.1)	(3.1)	5.1	0.8	(1.9)

JK Cement**Neutral****CMP: INR2,550 | TP: INR2,710 (+6%)****EPS CHANGE (%): FY23|24: +7.1|+2.7**

- Expect Gray/White Cement volume to grow 10%/5% YoY.
- Expect EBITDA/t at INR785 v/s INR1,066/INR1,124 in 2QFY22/1QFY23.
- Realization for Gray/White Cement is expected to increase 8%/7% YoY.
- Expect variable cost to increase 27% YoY and OPEX/t to rise 15% YoY.

Standalone performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales volume (mt)	3.03	3.33	3.32	3.93	3.56	3.63	3.76	4.02	13.61	14.97
Change (YoY %)	71.4	18.5	4.8	1.0	17.7	9.0	13.2	2.3	16.9	10.0
Realization (INR/t)	5,398	5,510	5,842	5,770	6,084	5,910	5,884	5,820	5,641	5,921
Change (YoY %)	(1.2)	(0.1)	5.1	9.5	12.7	7.3	0.7	0.9	3.8	5.0
Change (QoQ %)	2.4	2.1	6.0	(1.2)	5.4	(2.8)	(0.4)	(1.1)		
Net Sales	16,337	18,355	19,404	22,690	21,664	21,454	22,121	23,411	76,786	88,650
Change (YoY %)	69.3	18.4	10.2	10.5	32.6	16.9	14.0	3.2	21.3	15.5
Total Expenditure	12,341	14,805	15,696	18,863	17,663	18,605	18,502	18,945	61,705	73,716
EBITDA	3,996	3,550	3,708	3,827	4,001	2,849	3,619	4,465	15,081	14,934
Margin (%)	24.5	19.3	19.1	16.9	18.5	13.3	16.4	19.1	19.6	16.8
Depreciation	657	687	719	757	744	760	770	824	2,820	3,099
Interest	560	591	653	689	617	630	650	693	2,493	2,590
Other Income	273	480	264	412	222	280	300	530	1,428	1,332
PBT before EO expense	3,052	2,752	2,600	2,792	2,862	1,739	2,499	3,478	11,195	10,577
Extra-Ord. expense	0	260	0	1,300	155	0	0	0	1,560	155
PBT	3,052	2,492	2,600	1,492	2,707	1,739	2,499	3,478	9,635	10,422
Tax	969	803	926	630	896	575	827	1,193	3,329	3,490
Rate (%)	31.8	32.2	35.6	42.2	33.1	33.1	33.1	34.3	34.5	33.5
Reported PAT	2,083	1,688	1,673	863	1,811	1,163	1,672	2,285	6,307	6,931
Adj. PAT	2,083	1,865	1,673	1,882	1,915	1,163	1,672	2,285	7,503	7,035
Change (YoY %)	168.1	(16.6)	(29.8)	(21.4)	(8.0)	(37.6)	(0.1)	21.4	(3.7)	(6.2)

JK Lakshmi**Buy****CMP: INR568 | TP: INR640 (+13%)****EPS CHANGE (%): FY23|24: -0.3|-0.2**

- Sales volume is expected to grow 11% YoY, but fall 8% QoQ. Realization is expected to decline 3% QoQ.
- EBITDA/t is estimated at INR445 v/s INR702/INR779 in 2QFY22/1QFY23.
- Expect variable/freight cost per tonne to rise 31%/13% YoY. Expect OPEX/t to increase 20% YoY.
- Other income is estimated to decline due to lower yields.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales volume (mt)	2.66	2.32	2.46	3.14	2.79	2.56	2.64	3.52	10.58	11.51
Change (YoY %)	40	(3)	(9)	8	5	11	7	12	7	9
Realization (INR/t)	4,633	4,828	4,853	4,763	5,567	5,389	5,339	5,275	4,766	5,386
Change (YoY %)	7.0	10.2	9.7	4.6	20.2	11.6	10.0	10.7	7.5	13.0
Change (QoQ %)	2	4	1	(2)	17	(3)	(1)	(1)		
Net Sales	12,315	11,182	11,934	14,976	15,510	13,813	14,112	18,550	50,408	61,985
Change (YoY %)	49	7	0	13	26	24	18	24	15	23
EBITDA	2,161	1,626	1,464	2,762	2,170	1,141	1,460	2,595	8,013	7,366
Margin (%)	17.5	14.5	12.3	18.4	14.0	8.3	10.3	14.0	15.9	11.9
Depreciation	460	470	468	507	473	480	495	514	1,905	1,962
Interest	257	237	251	219	247	210	195	173	963	824
Other Income	169	163	164	176	74	80	100	105	673	359
PBT before EO expense	1,613	1,081	910	2,213	1,524	531	870	2,014	5,817	4,939
Extra-Ord. expense	0	0	0	234	0	0	0	0	234	0
PBT	1,613	1,081	910	1,979	1,524	531	870	2,014	5,583	4,939
Tax	426	316	318	262	515	151	248	494	1,321	1,408
Rate (%)	26.4	29.2	34.9	13.2	33.8	28.5	28.5	24.5	23.7	28.5
Reported PAT	1,187	765	592	1,717	1,009	380	622	1,520	4,262	3,531
Adj. PAT	1,187	765	748	1,130	1,009	380	622	1,520	3,831	3,531
Change (YoY %)	167.2	(5.0)	(26.9)	(28.3)	(15.0)	(50.4)	(16.8)	34.5	(0.5)	(7.8)

The Ramco Cements

Neutral

CMP: INR741 | TP: INR815 (+10%)

EPS CHANGE (%): FY23|24: -0.9 |+2.3

- Expect volumes to rise 15% YoY while realization to decline 4% YoY
- Cement EBITDA/t is estimated at INR609 v/s INR1,350/INR867 in 2QFY22/1QFY23.
- Expect OPEX/t to increase 13% YoY, largely due to higher variable cost/t (up 35% YoY).
- Interest cost and depreciation to rise on YoY due to commissioning of new plant at Kurnool, Andhra Pradesh.

Quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (mt)	2.14	2.71	3.01	3.19	3.31	3.11	3.24	3.49	11.05	13.15
Change (YoY %)	10.4	22.6	15.0	(0.6)	54.6	14.8	7.6	9.3	10.7	19.0
Cement Realization (INR/t)	5,648	5,386	5,138	5,346	5,298	5,166	5,216	5,288	5,359	5,244
Change (YoY %)	6.9	(3.1)	0.9	5.4	(6.2)	(4.1)	1.5	(1.1)	2.6	(2.1)
Change (QoQ %)	11.4	(4.6)	(4.6)	4.0	(0.9)	(2.5)	1.0	1.4		
Net Sales	12,287	14,931	15,491	17,091	17,725	16,416	16,918	18,517	59,800	69,575
Change (YoY %)	17.9	18.8	15.7	4.8	44.3	9.9	9.2	8.3	13.5	16.3
EBITDA	3,640	3,938	2,309	2,951	3,007	2,157	2,708	3,394	12,838	11,266
Margin (%)	29.6	26.4	14.9	17.3	17.0	13.1	16.0	18.3	21.5	16.2
Depreciation	956	985	992	1,075	1,064	1,130	1,505	1,565	4,008	5,263
Interest	243	294	253	334	475	495	490	605	1,124	2,065
Other Income	60	79	68	99	69	90	78	99	306	336
PBT before EO expense	2,501	2,738	1,132	1,641	1,537	622	790	1,323	8,012	4,273
PBT	2,501	2,738	1,132	1,641	1,537	622	790	1,323	8,012	4,273
Tax	811	(2,432)	306	400	414	157	199	305	(915)	1,076
Rate (%)	32.4	21.4	27.1	24.4	27.0	25.2	25.2	23.1	-11.4	25.2
Reported PAT	1,690	5,171	826	1,241	1,123	466	591	1,018	8,927	3,198
Adj. PAT	1,690	2,152	826	1,232	1,123	466	591	1,018	5,899	3,198
Change (YoY %)	54.2	(8.7)	(59.0)	(42.5)	(33.6)	(78.4)	(28.4)	(17.4)	(22.5)	(45.8)
Margin (%)	13.8	14.4	5.3	7.2	6.3	2.8	3.5	5.5	9.9	4.6

Shree Cement

Neutral

CMP: INR20,703 | TP: INR19,850 (-4%)

EPS CHANGE (%): FY23|24: -3.7|-2.4

- Expect volume to increase 11% YoY (down 6% QoQ).
- Blended realization to improve 7% YoY (but decline ~3% QoQ).
- Expect EBITDA/t at INR770 v/s INR1,421/INR1,091 in 2QFY22/1QFY23.
- Expect variable cost/t to increase 82% YoY, resulting in a 28% rise in OPEX/t.
- In 1QFY23, the company reported MTM loss of INR961m on investments; we are expecting other income of INR1.1b in 2Q.

Standalone quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (mt)	6.84	6.32	6.55	8.03	7.50	7.02	7.14	8.40	27.74	30.06
Change (YoY %)	38.7	-3.2	-8.6	-2.3	9.7	11.0	9.0	4.6	3.3	8.4
Blended Realization (INR/t)	5,043	5,073	5,422	5,105	5,602	5,442	5,342	5,336	5,166	5,279
Change (YoY %)	6.9	9.6	17.4	6.7	11.1	7.3	-1.5	4.5	10.0	2.2
Change (QoQ %)	5.4	0.6	6.9	-5.8	9.7	-2.9	-1.8	-0.1		
Net Sales	34,495	32,059	35,518	40,988	42,027	38,177	38,146	44,822	1,43,297	1,63,172
Change (YoY %)	48.3	6.1	7.3	4.3	21.8	19.1	7.4	9.4	13.7	13.9
Total Expenditure	24,360	23,077	27,262	31,882	33,839	32,775	31,552	34,981	1,06,819	1,33,146
EBITDA	10,135	8,982	8,255	9,106	8,188	5,403	6,594	9,841	36,478	30,026
Margin (%)	29.4	28.0	23.2	22.2	19.5	14.2	17.3	22.0	25.5	18.4
Depreciation	2,325	2,505	2,521	3,013	3,279	3,329	3,350	3,600	10,365	13,559
Interest	535	556	551	536	573	573	573	596	2,178	2,316
Other Income	1,392	1,500	1,101	1,381	-216	1,100	1,200	1,357	5,373	3,441
PBT before EO Exp.	8,667	7,420	6,284	6,938	4,120	2,600	3,871	7,001	29,309	17,591
PBT	8,667	7,420	6,284	6,938	4,120	2,600	3,871	7,001	29,309	17,591
Tax	2,049	1,643	1,364	486	964	520	852	1,814	4,382	4,150
Rate (%)	23.6	22.1	21.7	7.0	23.4	20.0	22.0	25.9	18.9	23.6
Reported PAT	6,617	5,777	4,920	6,452	3,156	2,080	3,019	5,187	23,766	13,441
Adj. PAT	6,617	5,734	4,920	5,450	3,156	2,080	3,019	5,187	22,721	13,441
Change (YoY %)	78.5	6.8	-21.4	-29.0	-52.3	-63.7	-38.6	-4.8	-1.3	-40.8

UltraTech Cement

Buy

CMP: INR6,241 | TP: INR7,515 (+20%)

EPS CHANGE (%): FY23|24: +0.4|-1.2

- Expect sales volumes to rise 7% YoY on a 7%/4% increase in White/Gray Cement volumes.
- RMC revenue should increase 27% YoY but decline 13% QoQ.
- Expect EBITDA/t at INR723 v/s INR1,254/INR1,236 in 2QFY22/1QFY23.
- Expect variable/freight cost per tonne to increase 25%/4% YoY. Opex/t is estimated to rise 17% YoY.
- Interest expense is estimated to decline 10% YoY on a reduction in debt.
- Other income is estimated to decline 33% YoY.

Consolidated performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (mt)	21.53	21.64	23.13	27.69	25.04	23.22	24.70	29.49	94.01	102.45
Change (YoY %)	47.0	7.9	-3.1	-0.3	16.3	7.3	6.8	6.5	8.8	9.0
Blended Realn. (INR/t)	5,495	5,553	5,614	5,694	6,056	5,773	5,827	5,902	5,595	5,892
Change (YoY %)	4.9	7.2	9.3	9.8	10.2	4.0	3.8	3.7	8.1	5.3
Change (QoQ %)	6.0	1.1	1.1	1.4	6.4	-4.7	0.9	1.3		
Net Sales	1,18,298	1,20,168	1,29,849	1,57,673	1,51,640	1,34,054	1,43,940	1,74,057	5,25,988	6,03,690
Change (YoY %)	54.2	15.7	5.9	9.5	28.2	11.6	10.9	10.4	17.6	14.8
Total Expenditure	85,224	93,021	1,05,656	1,26,945	1,20,691	1,17,258	1,21,409	1,37,027	4,10,845	4,96,385
EBITDA	33,075	27,147	24,194	30,728	30,949	16,796	22,531	37,029	1,15,144	1,07,304
Margin (%)	28.0	22.6	18.6	19.5	20.4	12.5	15.7	21.3	21.9	17.8
Depreciation	6,598	6,774	6,742	7,034	6,952	7,102	7,252	7,054	27,148	28,360
Interest	3,261	2,300	1,823	2,063	2,158	2,060	1,960	1,748	9,447	7,926
Other Income	2,049	1,401	705	924	1,087	937	1,037	1,103	5,078	4,165
PBT before EO expense	25,265	19,474	16,334	22,555	22,926	8,571	14,356	29,330	83,627	75,183
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	
PBT after EO Expense	25,265	19,474	16,334	22,555	22,926	8,571	14,356	29,330	83,627	75,183
Tax	8,269	6,371	-760	-1,980	7,114	2,657	4,450	9,388	11,901	23,609
Rate (%)	32.7	32.7	-4.7	-8.8	31.0	31.0	31.0	32.0	14.2	31.4
Reported PAT	16,995	13,103	17,094	24,535	15,812	5,914	9,906	19,942	71,726	51,574
Minority Interest	-31	-33	17	-71	-75	-11	-11	-37	118	-125
Adj. PAT	17,026	13,135	11,725	14,779	15,887	5,925	9,917	19,979	56,665	51,700
Change (YoY %)	91.7	8.0	-25.7	-18.5	-6.7	-54.9	-15.4	35.2	3.1	-8.8

Specialty Chemicals

Company

Alkyl Amines
Atul
Clean Science
Deepak Nitrite
Fine Organic
Galaxy Surfactants
Navin Fluorine
NOCIL
Vinati Organics

Margins expected to be flattish...

...some demand cut back could be seen

- Brent prices averaged USD100.7/bbl in 2QFY23, increasing -11% QoQ (+37% YoY), primarily driven by a decline in Sep'22 (of USD10.5/bbl MoM), on the back of global recessionary trends and demand concerns (also propagated by the OPEC+ in its Sep'22 meeting). It scaled to a record high of USD139/bbl in Mar'22 – last seen seven years ago.
- The prices of organic compounds such as Propylene/Butadiene/Toluene stood at -19%/-27%/-13% QoQ, respectively. Prices of other key raw materials for specialty chemical companies, such as Acetic Acid/Acetone/Aniline/Phenol, stood at -9%/ flat/-6%/-10% QoQ, respectively.
- We forecast our coverage universe to report: a) sales of +19% YoY /-8% QoQ, b) EBITDA of +20% YoY/-8% QoQ, and c) PAT of +21% YoY /-11% QoQ in 2QFY23E. Realization for the sector is expected to come down from their peak levels of 4QFY22 and 1QFY23 as we move more towards a normalized macro environment globally.
- Aggregate gross margin was 140bp down in 1QFY23, while aggregate EBTIDAM was down 90bp during the quarter, due to higher input costs and continuing freight challenges. However, demand was robust with positive commentaries from the management on the overall demand environment. Some demand cut back could be seen during 2QFY23, while margins are also expected to be flattish.
- Despite the aforesaid challenges, we reiterate our belief that the industry as a whole stands to benefit in the long term due to: a) accelerated capex, providing longevity to revenue growth, b) backward/forward integration – moving away from the commodity vagaries and capturing more of the value chain, and c) import substitution, thereby capturing market share and growing faster than the global chemical industry.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Alkyl Amines	2908	Neutral	4,536	30.1	-4.2	1,099	45.7	-5.1	756	39.8	-7.6
Atul	8924	Neutral	14,773	18.2	0.0	2,314	5.8	-0.7	1,541	7.9	-5.7
Clean Science	1704	Neutral	2,410	57.3	3.0	892	29.8	-2.3	702	31.2	11.6
Deepak Nitrite	2050	Neutral	18,304	8.9	-11.1	2,975	-23.0	-16.4	1,870	-26.5	-20.3
Fine Organic	6640	Neutral	5,794	34.9	-23.0	1,409	93.5	-31.4	994	98.9	-36.8
Galaxy Surfactants	2986	Buy	9,012	2.7	-22.2	1,221	72.2	-17.5	774	84.5	-22.9
Navin Fluorine	4465	Neutral	4,545	40.1	17.5	1,210	44.8	21.1	900	44.9	14.0
NOCIL	259	Buy	4,696	25.2	-7.7	982	98.5	-3.0	648	112.5	-1.2
Vinati Organics	2081	Buy	5,217	39.5	3.0	1,475	46.1	12.7	1,144	40.6	13.1
Chemicals-Specialty			69,287	19.2	-8.3	13,577	20.5	-8.4	9,329	21.1	-10.8

Recommendations and view (snapshot of FY23 and ahead)

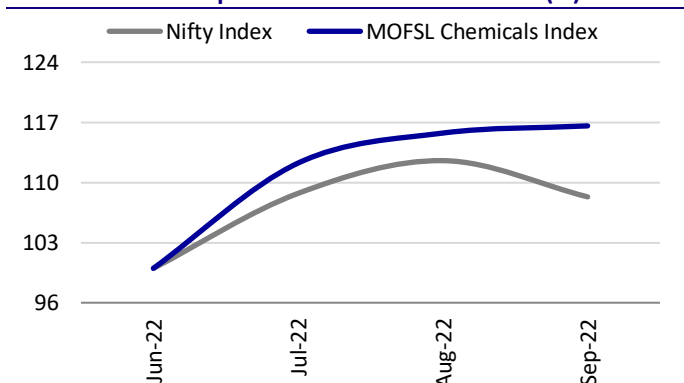
- **Alkyl Amines (AACL):** Ongoing expansions will boost its aliphatic amines capacity by ~30% (capex: INR3b, with expected completion by FY23-end). The current capacity stands at 90-100ktpa for aliphatic amines. The closure of global capacities and higher-than-expected revenue CAGR pose upside risks to our call, while downward risks stem from an increase in domestic competition
- **Atul (ATLP):** ATLP is implementing projects at a total investment of INR17.5b in the parent company, Atul Products, Amal Specialty, and Atul Finserv. At full capacity, revenue is expected to touch INR60b. It has been focusing on key aspects such as: a) enhancing people productivity and manufacturing efficiencies, b) deploying technologies in every function, and c) working with customers on ideas of high potential.
- **Clean Science (CLEAN):** Continuing its R&D pursuit, it forayed into the Hindered Amine Light Stabilizers (HALS) series (estimated global market size of USD1b). CLEAN is the first company to develop the HALS series in India. Unit III will be the company's first production line dedicated to the HALS series (expected to be commercialized in 2HFY23), while additional production lines will be installed in Unit IV. CLEAN has acquired land for Unit IV, which will focus on stabilizers and other downstream intermediates that are useful in Pharma and Agro industries.
- **Deepak Nitrite (DN):** The company has committed to a capital investment of INR15b over the next two years in new upstream/downstream products (MIBK, MIBC, and polycarbonate), besides debottlenecking projects at its existing product lines, bolstered by strong end-use demand, an expanding Indian economy, and a China+1 strategy. It also plans to get into new chemistries including fluorination and photo chlorination. The management aims to become the largest player in Solvents, with a play on import substitution.
- **Fine Organic (FINEORG):** FINEORG has been constantly enhancing its Food Emulsifiers through continued R&D and process integration. This segment witnessed a larger offtake during the COVID-19 pandemic. Growing awareness and demand for healthier and organic food are likely to propel usage of emulsifiers in India. Ramp-up in utilization (of additional capacities by FY23) to optimal levels as well as a strong demand outlook from the Indian Food Emulsifiers market should help FINEORG grow at a faster rate than the industry.
- **Galaxy Surfactants (GALSURF):** Continued focus on R&D (with an annual expenditure of INR400-500m) and increased wallet share from existing customers is likely to drive volume growth and expand EBITDA margin. Capex guidance stood at INR1.5b each for FY23/FY24, similar to that in FY22. Expansion of products is expected to be across the board, but the focus will mainly be on Specialty Care Products.
- **Navin Fluorine (NFIL):** The board has approved a debottlenecking capex of INR800m for a new molecule in HPP, which is expected to be completed by Jul'23 (revenue potential of INR1.5b). cGMP-3 debottlenecking is to be completed in 3QFY23. The business case for cGMP-4 is being prepared for board approval. The management expects MPP to hit peak annual revenue in the next three years. The plant will be commissioned in phases from 2QFY23. The same for other projects may be achieved within two years of commissioning.
- **NOCIL:** Management believes that some near-term demand slowdown may occur and has guided that the optimal utilization for its expanded capacity could

be delayed by three to six months (earlier guidance of full utilization by Sep'23). We have been conservative always and have guided for the same by end-FY24. The management guided for debottlenecking its existing units in the near term, even as it evaluates its plans for the next three-to-five years. Specialized products constituted 25% of total revenue, with limited room for further expansion (industry standard is 12%).

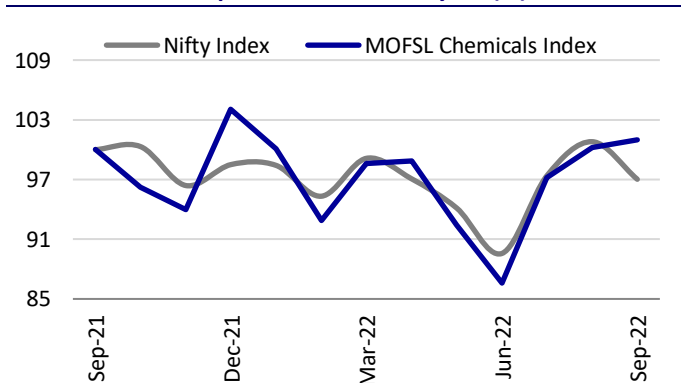
- **Vinati Organics (VO):** VO has guided for sales growth of 25-30% YoY in FY23E and FY24E, led by commissioning of an antioxidant plant, and foray into niche chemicals through Veeral Organics (MEHQ, Guaiacol, and Iso Amylene). Veeral Additives will commence production of AOs from Butyl Phenol, thus resulting in forward integration. Post amalgamation, VO would become the largest and the only doubly integrated manufacturer of AOs in India. The latter is right now imported into the country and the domestic market is seeing huge demand for PP, LLDPE, etc. (which is expected to grow at 8% YoY).

Exhibit 2: Comparative valuations

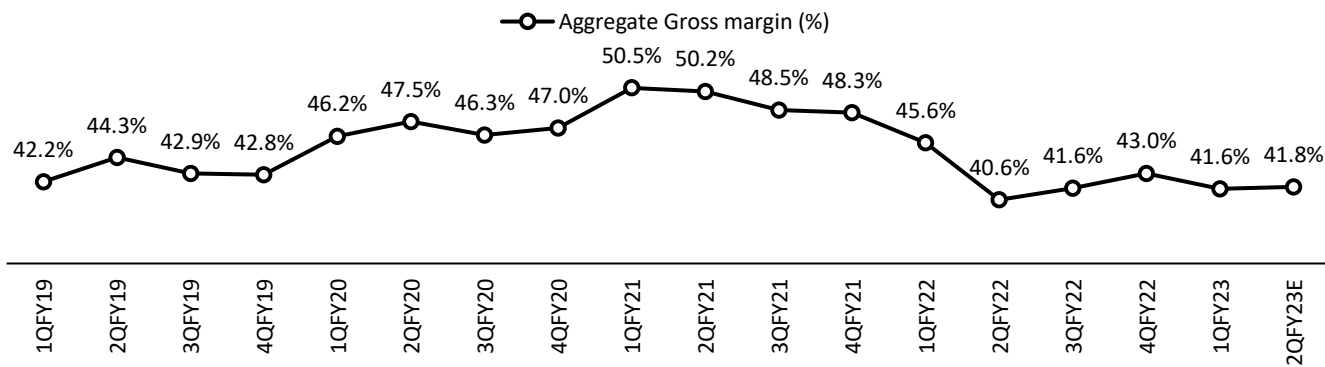
Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Chemicals-Specialty						48.7	39.7	34.7	9.7	8.1	6.8	19.8	20.4	19.6
Alkyl Amines	2,908	Neutral	44.0	58.8	74.2	66.1	49.5	39.2	15.0	12.2	9.9	25.2	27.2	27.9
Atul	8,924	Neutral	198.7	241.5	256.9	44.9	37.0	34.7	6.0	5.2	4.6	14.3	15.1	14.1
Clean Science	1,704	Neutral	21.5	30.6	41.5	79.2	55.7	41.1	23.6	17.3	12.8	34.9	35.9	35.8
Deepak Nitrite	2,050	Neutral	78.2	80.6	85.8	26.2	25.4	23.9	8.4	6.5	5.3	37.5	28.9	24.5
Fine Organic	6,640	Neutral	81.8	112.5	111.5	81.2	59.0	59.5	21.2	17.0	14.1	29.5	32.0	25.9
Galaxy Surfactants	2,986	Buy	74.1	91.7	88.9	40.3	32.5	33.6	6.7	5.8	5.1	18.3	19.2	16.2
Navin Fluorine	4,465	Neutral	53.8	80.0	108.1	83.0	55.8	41.3	11.9	10.2	8.5	15.2	19.6	22.4
NOCIL	259	Buy	10.6	13.3	14.5	24.5	19.5	17.9	3.0	2.8	2.5	13.0	14.8	14.7
Vinati Organics	2,081	Buy	33.7	44.5	59.0	61.7	46.8	35.3	11.7	9.7	8.0	20.6	22.7	24.8

Exhibit 3: Relative performance – three-months (%)

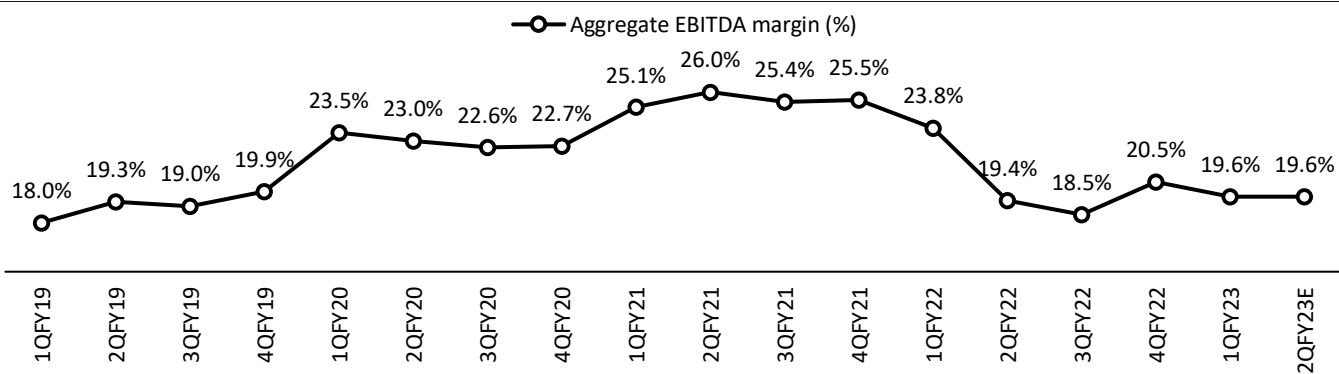
Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 1: Gross margin is expected to be flattish during 2QFY23

Source: Company, MOFSL

Exhibit 2: EBITDAM snapshot for our coverage universe

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Alkyl Amines

Neutral

CMP: INR2908 | TP: INR2968 (+2%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth of 30% YoY, led by better demand from the end user industries.
- Key monitorable – export-led revenue after the expansion of the ACN plant that is pivotal to revenue growth.
- Expect EBITDA margin to be flat at 24.2% in 2QFY23 v/s 24.5% in 1QFY23 – as Acetic Acid prices cool off.
- Watch out for an increase in domestic competition, with continued expansion by its immediate competitor.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,918	3,487	3,767	4,256	4,735	4,536	4,582	4,661	15,428	18,514
YoY Change (%)	59.8	19.7	16.3	11.4	20.8	30.1	21.7	9.5	24.2	20.0
Gross Margin (%)	48.9%	45.7%	44.7%	44.2%	50.9%	50.2%	45.4%	41.4%	45.8%	47.0%
EBITDA	1,109	755	666	736	1,158	1,099	1,093	1,017	3,265	4,367
Margins (%)	28.3	21.6	17.7	17.3	24.5	24.2	23.8	21.8	21.2	23.6
Depreciation	76	77	79	116	118	119	122	114	348	472
Interest	11	10	10	8	8	9	8	12	38	38
Other Income	20	42	46	34	42	41	42	31	142	156
PBT before EO expense	1,043	709	623	646	1,075	1,011	1,005	922	3,021	4,013
PBT	1,043	709	623	646	1,075	1,011	1,005	922	3,021	4,013
Tax	258	169	164	182	256	255	254	246	772	1,010
Rate (%)	24.7	23.8	26.3	28.2	23.8	25.2	25.3	26.6	25.6	25.2
Reported PAT	785	541	459	464	819	756	751	677	2,249	3,003
YoY Change (%)	48.8	-17.4	-45.7	-49.9	4.3	39.8	63.7	45.8	-23.8	33.5
Margins (%)	20.0	15.5	12.2	10.9	17.3	16.7	16.4	14.5	14.6	16.2

Atul

Neutral

CMP: INR8924 | TP: INR8991 (+1%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenues to remain flat QoQ (+18% YoY) and EBITDA margin at 15.7% (v/s 15.8% in 1QFY23).
- Watch out for EBIT mix further improving in the Life Science segment after introduction of new products.
- Margins expected to be flattish in the current quarter, in line with raw material price movements.
- Delay in implementation and ramping up of its new capacity expansions may adversely impact growth.

Consolidated - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	10,802	12,500	13,803	13,704	14,769	14,773	14,487	13,344	50,809	57,373
YoY Change (%)	63.5	24.7	44.9	22.8	36.7	18.2	5.0	-2.6	36.2	12.9
Gross Margin (%)	52%	47%	51%	47%	49%	49%	50%	50%	49%	49%
EBITDA	2,361	2,187	2,515	2,052	2,330	2,314	2,923	3,439	9,114	11,005
Margin (%)	21.9	17.5	18.2	15.0	15.8	15.7	20.2	25.8	17.9	19.2
Depreciation	433	440	454	441	473	516	532	608	1,767	2,129
Interest	21	18	19	34	16	81	99	163	92	358
Other Income	296	211	31	222	359	316	244	229	760	1,147
PBT before EO expense	2,204	1,940	2,072	1,800	2,200	2,032	2,536	2,897	8,016	9,665
PBT	2,204	1,940	2,072	1,800	2,200	2,032	2,536	2,897	8,016	9,665
Tax	572	495	530	452	577	511	639	706	2,050	2,433
Rate (%)	26.0	25.5	25.6	25.1	26.2	25.2	25.2	24.4	25.6	25.2
Minority Interest and Profit/Loss of Asso. Cos.	19	17	27	18	11	20	20	20	82	82
Reported PAT	1,652	1,461	1,569	1,366	1,635	1,541	1,918	2,212	6,047	7,314
YoY change (%)	37.1	-16.1	-18.4	-22.9	1.4	7.9	26.6	66.4	-8.9	21.5
Margin (%)	14.9	11.4	11.0	9.7	11.1	10.4	13.2	16.6	11.6	12.5

Clean Science

Neutral

CMP: INR1704 | TP: INR1660 (-3%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth to be flattish QoQ with demand and realizations remaining stable during the quarter.
- Expect EBITDAM to dip 200bp QoQ to 37%, although Phenol prices are down and could benefit in the coming quarters
- Key monitorable – performance of the two new products started during 3QFY22 and HALS production update.
- Key risks – raw material price volatility along with supply chain constraints could dampen margins.

Consolidated - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	1,463	1,532	1,808	2,046	2,341	2,410	2,525	2,405	6,849	9,680
YoY Change (%)	29.6	9.2	44.2	52.8	60.0	57.3	39.6	17.5	33.7	41.3
Gross Margin (%)	71.2%	68.6%	65.0%	65.2%	61.0%	59.2%	66.4%	73.2%	67.2%	65.0%
EBITDA	713	687	761	837	913	892	1,149	1,305	2,999	4,259
Margin (%)	48.8	44.9	42.1	40.9	39.0	37.0	45.5	54.3	43.8	44.0
Depreciation	58	61	60	70	85	84	85	74	249	328
Other Income	65	86	75	74	18	130	104	164	300	416
PBT before EO expense	721	712	776	839	847	939	1,167	1,393	3,048	4,346
PBT	721	712	776	839	847	939	1,167	1,393	3,048	4,346
Tax	175	177	196	215	218	237	294	345	763	1,094
Rate (%)	24.2	24.9	25.3	25.7	25.7	25.2	25.2	24.8	25.0	25.2
Reported PAT	546	535	580	624	629	702	873	1,048	2,285	3,252
YoY Change (%)	30.3	-1.4	18.2	17.4	15.2	31.2	50.6	68.0	15.2	42.3
Margin (%)	37.3	34.9	32.1	30.5	26.9	29.1	34.6	43.6	33.4	33.6

Deepak Nitrite

Neutral

CMP: INR2050 | TP: INR1887 (-8%)

EPS CHANGE (%): FY23|24: 0|0

- Expect EBITDA margin of 16.3% in 2QFY23 (v/s 17.3% in 1QFY23) led by softening of phenol + Acetone spreads.
- Unexpected surge in Brent in the past couple of months that could lead to margin risk in 2QFY23.
- Demand recovery in OBA and DASDA (performance chemicals); overall recovery expected in FY23.
- Watch out for: Fine & Specialty Chemicals segment as margins could remain strong in 2QFY23 as well.

Consolidated - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	15,262	16,814	17,223	18,724	20,580	18,304	17,938	17,279	68,022	74,101
YoY Change (%)	126.3	70.3	39.5	28.0	34.8	8.9	4.2	-7.7	56.0	8.9
Gross Margin (%)	46.3%	37.4%	37.0%	38.2%	33.9%	31.6%	41.8%	43.2%	39.5%	37.4%
EBITDA	4,515	3,865	3,519	4,103	3,560	2,975	4,823	5,137	16,002	16,494
Margin (%)	29.6	23.0	20.4	21.9	17.3	16.3	26.9	29.7	23.5	22.3
Depreciation	436	441	455	446	419	549	562	612	1,777	2,143
Interest	109	92	68	71	86	56	51	11	340	204
Other Income	83	84	258	35	96	128	203	114	460	541
PBT	4,053	3,417	3,253	3,622	3,151	2,498	4,412	4,627	14,345	14,688
Tax	1,026	873	829	950	805	628	1,114	1,150	3,678	3,697
Rate (%)	25.3	25.6	25.5	26.2	25.5	25.2	25.2	24.9	25.6	25.2
Reported PAT	3,026	2,543	2,425	2,672	2,346	1,870	3,299	3,477	10,666	10,991
YoY Change (%)	205.8	49.4	12.0	-7.9	-22.5	-26.5	36.0	30.1	37.5	3.0
Margin (%)	19.8	15.1	14.1	14.3	11.4	10.2	18.4	20.1	15.7	14.8

Fine Organic

Neutral

CMP: INR6640 | TP: INR6135 (-8%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to grow 35% YoY (-23% QoQ) and EBITDA margin to contract 300bps QoQ to 24.3%.
- Key monitorable – new capex announcements and foray into new territories through customer additions.
- Resolution of the geopolitical crisis and other headwinds in the global macro environment to have negative impact.
- Delay in the ramp up in the utilization levels of additional capacities could hamper long-term growth visibility.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,599	4,296	4,682	6,007	7,526	5,794	5,734	5,088	18,584	24,142
YoY Change (%)	52.8	61.6	57.0	86.7	109.1	34.9	22.4	-15.3	65.7	29.9
Gross Margin (%)	31.1%	33.6%	32.8%	42.3%	41.3%	38.6%	35.4%	35.4%	35.7%	38.0%
EBITDA	499	728	797	1,461	2,056	1,409	859	528	3,485	4,852
Margin (%)	13.9	17.0	17.0	24.3	27.3	24.3	15.0	10.4	18.8	20.1
Depreciation	95	98	101	106	111	113	115	103	399	442
Interest	13	12	12	13	11	22	20	26	51	79
Other Income	60	62	66	144	166	52	49	13	332	280
PBT	451	681	750	1,486	2,099	1,327	774	411	3,368	4,611
Tax	101	181	193	385	526	334	195	106	861	1,161
Rate (%)	22.5	26.6	25.7	25.9	25.1	25.1	25.2	25.7	25.6	25.2
Reported PAT	349	500	557	1,101	1,573	994	579	305	2,507	3,451
YoY Change (%)	22.2	69.5	98.8	281.2	350.2	98.9	3.9	-72.2	118.1	37.7
Margin (%)	9.7	11.6	11.9	18.3	20.9	17.1	10.1	6.0	13.5	14.3

Galaxy Surfactants

Buy

CMP: INR2986 | TP: INR4000 (+34%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth of 3% YoY/-22% QoQ, backed by lower volumes in the Specialty Products segment.
- Key monitorable – Update on demand cutback in AMET, India and RoW regions that the company serves.
- Expect EBITDA margin to be at 13.5% QoQ with absolute EBITDA/kg declining QoQ
- Supply issues may subside but elevated RM and feedstock prices may continue to pose a challenge.

Consolidated - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	8,264	8,773	9,291	10,529	11,589	9,012	8,537	8,806	36,857	37,943
YoY Change (%)	36.1	22.1	37.7	34.4	40.2	2.7	-8.1	-16.4	32.4	2.9
Gross Margins (%)	31.7%	26.5%	27.4%	33.0%	30.8%	30.0%	29.2%	29.7%	29.8%	30.0%
EBITDA	1,085	709	764	1,450	1,480	1,221	1,123	1,235	4,007	5,059
Margins (%)	13.1	8.1	8.2	13.8	12.8	13.5	13.2	14.0	10.9	13.3
Depreciation	168	181	177	184	189	201	197	192	711	779
Interest	29	37	28	34	44	32	29	18	129	124
Other Income	45	50	18	12	-20	47	47	115	125	190
PBT	933	541	576	1,244	1,227	1,035	945	1,140	3,293	4,346
Tax	164	122	120	260	223	261	238	372	665	1,094
Rate (%)	17.6	22.5	20.8	20.9	18.2	25.2	25.2	32.6	20.2	25.2
Reported PAT	768	419	456	984	1,004	774	707	768	2,628	3,252
YoY Change (%)	36.0	-48.7	-46.5	25.1	30.7	84.5	54.9	-21.9	-13.0	23.8
Margins (%)	9.3	4.8	4.9	9.3	8.7	8.6	8.3	8.7	7.1	8.6

Navin Fluorine

Neutral

CMP: INR4465 | TP: INR4324 (-3%)

EPS CHANGE (%): FY23|24: 0|0

- Built in revenue of INR4.5b on sustained run rate in High Value business and commissioning of HPP in 2QFY23.
- Key monitorable – update on the commissioning of the MPP plant (any delay could be detrimental).
- EBITDA margin to improve 250bp QoQ – led by growth in higher value business and commissioning of HPP plant
- Watch out for: Quarterly run rate in CRAMs, and sustainable performance of Legacy business.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,139	3,244	3,670	3,984	3,868	4,545	5,151	6,635	14,036	20,199
YoY Change (%)	53.3	5.4	23.7	22.9	23.3	40.1	40.4	66.6	23.9	43.9
Gross Margin (%)	55%	55%	56%	52%	55%	57%	55%	52%	55%	55%
EBITDA	780	835	981	958	999	1,210	1,390	1,774	3,554	5,373
Margin (%)	24.8	25.8	26.7	24.0	25.8	26.6	27.0	26.7	25.3	26.6
Depreciation	109	110	112	112	115	119	123	106	443	463
Interest	4	3	4	6	3	3	3	7	17	17
Other Income	76	85	72	141	142	116	76	70	375	404
PBT before EO expense	743	808	937	982	1,023	1,203	1,340	1,730	3,470	5,296
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	743	808	937	982	1,023	1,203	1,340	1,730	3,470	5,296
Tax	179	187	246	194	234	303	338	458	805	1,333
Rate (%)	24.1	23.2	26.2	19.8	22.8	25.2	25.2	26.5	23.2	25.2
Reported PAT	564	621	692	788	790	900	1,001	1,272	2,664	3,963
Adj. PAT	564	621	692	788	790	900	1,001	1,272	2,664	3,963
YoY Change (%)	9.4	-7.8	17.8	11.0	39.9	44.9	44.8	61.5	6.2	48.7
Margin (%)	18.0	19.1	18.8	19.8	20.4	19.8	19.4	19.2	19.0	19.6

NOCIL

Buy

CMP: INR259 | TP: INR319 (+23%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth of 25% YoY to INR4.7b (-8% QoQ) on robust demand from the domestic Tyre industry.
- Key monitorable – new capex announcements in the Specialty segment.
- EBITDA margins to be at 20.9% QoQ; absolute EBITDA/mt to decline QoQ.
- Probable risk of higher dumping from China as ADD was rejected by the Government of India in 4QFY22.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,445	3,752	3,889	4,627	5,089	4,696	4,332	4,121	15,713	18,238
YoY Change (%)	223.4	69.3	41.6	43.7	47.7	25.2	11.4	-10.9	69.9	16.1
Gross Margin (%)	49.4%	40.6%	40.7%	50.0%	46.4%	47.3%	39.5%	36.9%	45.3%	42.9%
EBITDA	727	495	500	1,105	1,012	982	744	661	2,826	3,398
Margin (%)	21.1	13.2	12.8	23.9	19.9	20.9	17.2	16.0	18.0	18.6
Depreciation	102	104	105	160	134	125	128	89	471	475
Interest	2	2	3	4	3	2	2	4	11	11
Other Income	10	22	9	11	10	14	11	16	51	51
PBT before EO expense	632	411	400	952	885	868	624	585	2,396	2,963
PBT	632	411	400	952	885	868	624	585	2,396	2,963
Tax	161	106	102	268	229	220	158	140	636	746
Rate (%)	25.5	25.8	25.3	28.1	25.8	25.3	25.2	23.8	26.6	25.2
Reported PAT	471	305	299	685	656	648	467	446	1,760	2,217
YoY Change (%)	300.3	83.4	35.4	90.1	39.4	112.5	56.1	-34.9	103.4	26.0
Margin (%)	13.7	8.1	7.7	14.8	12.9	13.8	10.8	10.8	11.2	12.2
Operating metrics										
Total Volume Sold (mt)	13,163	13,669	13,770	13,770	15,289	16,142	16,991	19,543	54,371	67,964
Implied Realization (INR/mt)	262	274	282	336	333	291	255	211	289	268

Vinati Organics**Buy****CMP: INR2081 | TP: INR2656 (+28%)****EPS CHANGE (%): FY23|24: +3|+2**

- Expect revenue growth of 3%/39% QoQ/YoY at INR5.2b, driven by surge in demand for ATBS
- Key drivers – Ramp up of Antioxidants plant to aid sales growth in FY23.
- EBITDA margins to be at 28.3% (from 25.8% in 1QFY23), with gross margin at 48.5% for 2QFY23.
- Demand pick up for ATBS and IBB to drive revenue; watch out for new product announcements and capex updates.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,864	3,741	3,690	4,861	5,063	5,217	5,065	4,915	16,155	20,260
YoY Change (%)	66.8	70.5	65.1	73.7	31.0	39.5	37.3	1.1	69.3	25.4
Gross Margin (%)	44.6%	47.6%	48.9%	46.1%	45.5%	48.5%	48.1%	45.8%	46.7%	47.0%
EBITDA	1,015	1,010	928	1,388	1,309	1,475	1,518	1,615	4,341	5,917
Margin (%)	26.3	27.0	25.1	28.6	25.8	28.3	30.0	32.9	26.9	29.2
Depreciation	110	113	115	117	128	131	138	154	455	550
Interest	0	0	0	2	5	5	6	4	3	20
Other Income	176	136	146	151	187	191	182	205	609	765
PBT before EO expense	1,081	1,033	959	1,420	1,363	1,530	1,557	1,662	4,493	6,112
PBT	1,081	1,033	959	1,420	1,363	1,530	1,557	1,662	4,493	6,112
Tax	272	220	126	409	351	386	392	409	1,026	1,538
Rate (%)	25.1	21.3	13.2	28.8	25.7	25.2	25.2	24.6	22.8	25.2
Reported PAT	809	814	833	1,011	1,012	1,144	1,164	1,253	3,466	4,573
YoY Change (%)	11.9	31.1	29.8	42.7	25.0	40.6	39.8	24.0	28.7	31.9
Margin (%)	20.9	21.7	22.6	20.8	20.0	21.9	23.0	25.5	21.5	22.6

Consumer

Asian Paints

Britannia Industries

Colgate-Palmolive India

Dabur India

Emami

Godrej Consumer Products

Hindustan Unilever

Indigo Paints

ITC

Jyothy Laboratories

Marico

Nestle India

Page Industries

Pidilite Industries

P&G Hygiene and Healthcare

Tata Consumer Products

United Breweries

United Spirits

Varun Beverages

Discretionary demand strong; rural recovery uncertain

We expect 2QFY23 to report strong cumulative growth numbers – +16.7% on topline, +13.6% on EBITDA, and +12.9% on PAT – for the 19 consumer companies under our coverage universe. Three-year sales/EBITDA/PAT CAGR is 12.7%/9.1%/5.2%, respectively. Sales growth in 2QFY23 will largely be led by price hikes as volumes for most categories remain negatively impacted by grammage reduction, high CPI inflation, and a sustained slowdown in rural demand. However, the prices of key commodities such as crude and palm oil have eased in the recent weeks, but they are unlikely to benefit margins in 2QFY23 as the decline came in only towards the end of the quarter. We expect companies to take sharp price cuts to pass on the benefits of lower input costs to consumers and boost volumes in 2HFY23. While the monsoon was above its long-term average (LTA) overall, the East and North-East/North-West parts of India received lesser rainfall (17%/1% below their LTA), suggesting that rural recovery in these regions may be delayed. The area for Kharif sowing was nearly in line with LTAs and companies are hopeful of a rural recovery post-harvest.

Discretionary portfolio to witness better demand than Staples

Among the large companies, we expect APNT to report 30% YoY sales growth on the back of strong demand (12% domestic decorative volume growth) and 99%/107% EBITDA/PAT growth, respectively. We expect a healthy quarter for Staples, driven by premiumisation in urban India; however, rural demand continues to be lackluster. Moreover, higher input costs are also expected to affect the margins. For HUVVR, we expect YoY sales/EBITDA/adj. PAT growth of 17.0%/10.9%/11.4%, respectively. HUVVR's volume growth of 5% is likely to be the best among staples peers under our coverage on a like-to-like basis. ITC is likely to post YoY sales/EBITDA/adj. PAT growth of 24.2%/16.1%/14.1%, respectively, backed by healthy cigarette demand (three-year average volume CAGR of ~3%), full resumption of travel benefiting hotels and higher realizations in paper & paperboards business. GCPL is expected to report revenue growth of 7% with EBITDA margin of 17.1%. Among the Alcobev players, UBBL is projected to deliver robust sales performance on a weak base while UNSP is expected to report flattish sales YoY. However, earnings growth is likely to be lackluster for both owing to steep increase in input costs. Among other discretionary, VBL, INDIGOPN, and PIDI are likely to report strong YoY revenue growth.

Key input costs move southwards

Overall inflation in the commodity basket has been 12.6% YoY, while it has moderated 6.7% sequentially in 2QFY23. Barring few commodities such as liquid paraffin, wheat, tea, maize and glass, all other commodities have seen a sequential decline in prices. Key commodities such as crude and palm oil have seen a sequential correction of 12.2% and 38%, respectively (34% and 59%, respectively, from its recent highs). Companies were compelled to pass on a significant part of the input cost inflation to consumers with price hikes taken during 4QFY22 and 1QFY23; however, with the recent correction in the prices, we expect the benefits will be quickly passed on to consumers. Even so, gross margins are likely to remain under pressure, as the impact of lower input costs will notably flow through only in 2HFY23. HDPE/LLP costs – which affect packaging/hair oil companies adversely – were on an increasing trend until Jun'22/Jul'22. VAM prices had softened in 2QFY23,

down 6.6%/24.6% YoY/QoQ. This is likely to positively impact PIDI's gross margins in 2HYFY23. The correction in palm oil prices is likely to favor HUVR, GCPL, and food companies (though to a lesser extent) in 2HFY23 if prices remain at these levels. Among other agri commodities, barley price (INR2,989/quintal) has remained flat YoY as well as QoQ; however, it is near its all-time high (INR3,250/quintal).

Top picks in the Consumer space

ITC, GCPL, and VBL: A revival in cigarette demand, improvement in the hotels business coupled with lower input cost pressures than peers and attractive valuations make ITC a top pick from a one-year perspective. The appointment of the new CEO at GCPL offers scope for a transformative change, especially if the company is able to grow its domestic business strongly and continue on its optimal capital allocation strategies. We like VBL owing to: a) increased penetration in newly acquired territories of South and West India, b) higher acceptance of newly launched products, and c) growing refrigeration in rural and semi-rural areas.

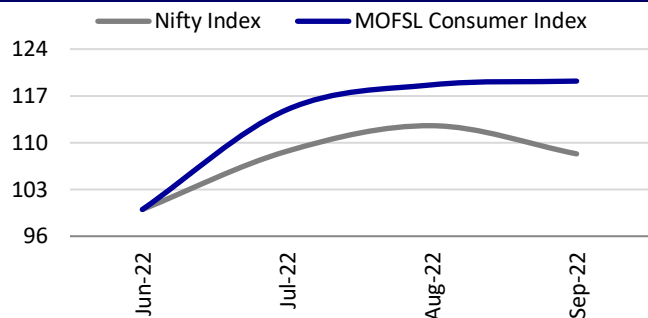
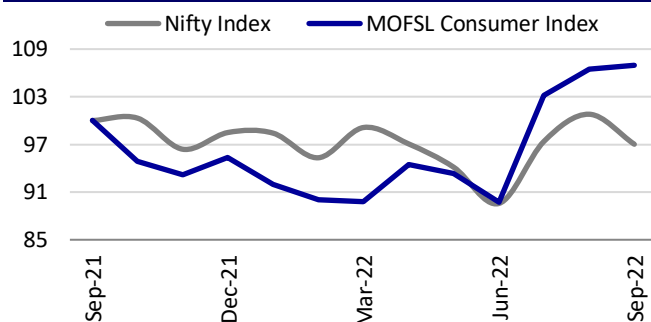
Exhibit 1: Overall performance – Discretionaries likely to outperform Staples

Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net profit (INR m)		
			Sep'22	Variance YoY (%)	Variance QoQ (%)	Sep'22	Variance YoY (%)	Variance QoQ (%)	Sep'22	Variance YoY (%)	Variance QoQ (%)
Consumer	(INR)	Rating									
Asian Paints	3,302	Neutral	92,248	30.0	7.2	17,954	98.5	15.4	12,502	106.6	17.9
Britannia	3,768	Neutral	40,403	12.0	9.2	5,851	4.8	16.8	4,138	8.4	23.7
Colgate	1,579	Neutral	14,336	6.0	19.8	4,157	3.7	27.7	2,804	4.2	28.0
Dabur	557	Buy	30,430	8.0	7.8	5,964	-3.9	9.7	4,820	-4.4	9.5
Emami	499	Buy	8,953	13.5	15.0	2,373	-14.4	36.9	1,958	-22.7	34.7
Godrej Consumer	884	Buy	33,851	7.0	8.3	5,772	-15.0	8.4	3,793	-21.0	9.3
Hind. Unilever	2,622	Buy	1,48,850	17.0	4.3	34,730	10.9	7.0	24,356	11.4	6.4
Indigo Paints	1,491	Buy	2,451	25.0	9.4	429	83.5	21.6	274	101.9	37.4
ITC	324	Buy	1,58,086	24.2	-8.6	53,590	16.1	-5.1	42,179	14.1	1.2
Jyothy Labs	188	Neutral	6,361	10.0	8.6	789	17.6	31.9	531	26.0	22.3
Marico	529	Buy	24,916	3.0	-2.6	4,410	4.3	-16.5	3,099	0.3	-16.5
Nestle	18,992	Neutral	43,485	12.0	7.7	9,871	3.7	16.2	6,409	3.1	17.6
P&G Hygiene	13,989	Buy	11,747	11.0	55.1	2,861	-5.1	326.4	2,108	-3.4	395.3
Page Industries	49,498	Neutral	12,249	13.0	-8.7	2,695	15.4	-9.5	1,849	15.2	-10.7
Pidilite Inds.	2,656	Neutral	30,991	18.0	-0.1	5,316	-3.3	0.4	3,464	-7.6	-2.2
Tata Consumer	778	Buy	33,236	9.6	-0.1	4,375	5.8	-4.3	2,945	5.1	7.7
United Breweries	1,669	Sell	18,255	28.0	-25.1	2,197	32.7	-22.2	1,195	48.2	-26.1
United Spirits	827	Neutral	23,489	-4.0	8.3	3,298	-17.8	10.2	1,928	-14.0	-29.5
Varun Beverages	1,070	Buy	29,353	22.4	-40.8	6,153	24.4	-50.8	3,194	33.0	-59.4
Consumer			7,63,691	16.7	-1.2	1,72,784	13.6	0.6	1,23,546	12.9	2.2

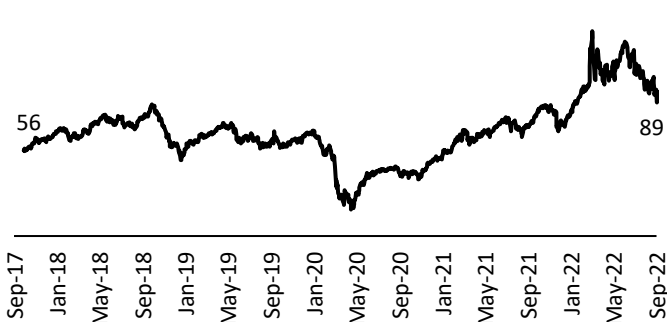
Exhibit 2: Expect most of the companies to post single-digit volume growth in 2QFY23

Quarter ending (growth %)	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E
Asian Paints (Dom. Deco.)	14.0	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0	34.0	18.0	8.0	37.0	12.0
Britannia (Biscuits)	3.0	3.0	0.0	21.0	9.0	3.0	8.0	1.0	5.0	6.0	4.0	-2.0	3.0
Colgate (Toothpaste)	4.0	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	-4.0	-1.0	3.0
Dabur	4.8	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	2.0	5.0	4.0
Emami	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	0.0	9.6	7.0
Hindustan Unilever	5.0	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	0.0	6.0	5.0
ITC (Cigarettes)	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	26.0	13.0
Marico (Dom.)	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0	-5.0	2.0
Pidilite	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0	45.0	105.0	25.0	9.4	20.2	44.0	2.0

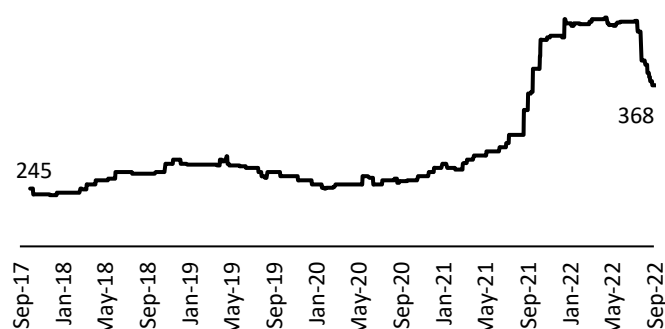
Source: Company, MOFSL

Exhibit 3: Relative performance – three-months (%)**Exhibit 4: Relative performance – one-year (%)**

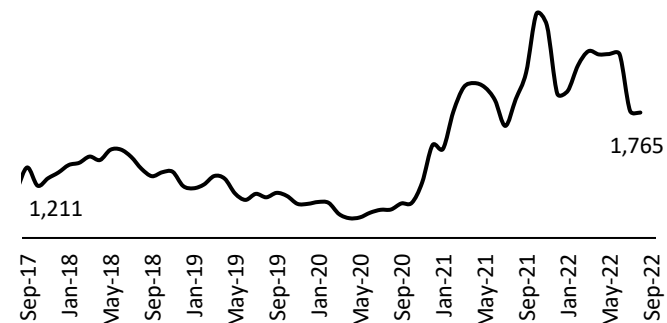
Source: Bloomberg, MOFSL

Exhibit 5: Crude prices rose 35.8% YoY and declined 12.2% QoQ**Brent Crude Index**

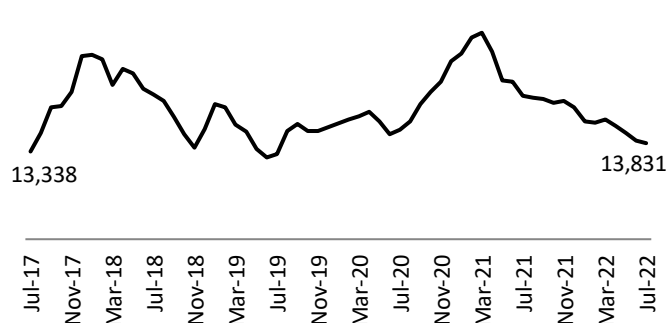
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 rose 21.9% YoY and declined 10.3% QoQ**TiO2 price (INR/kg)**

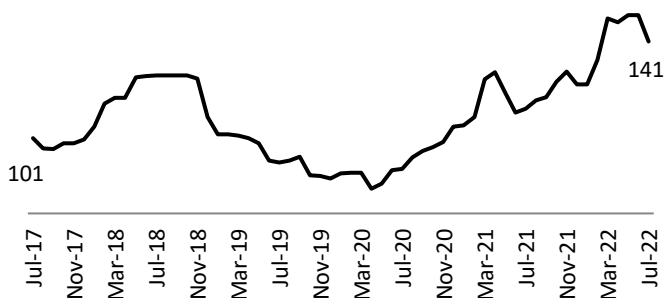
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (until Aug'22) declined 6.6% YoY and 24.6% QoQ**VAM prices (USD/MT)**

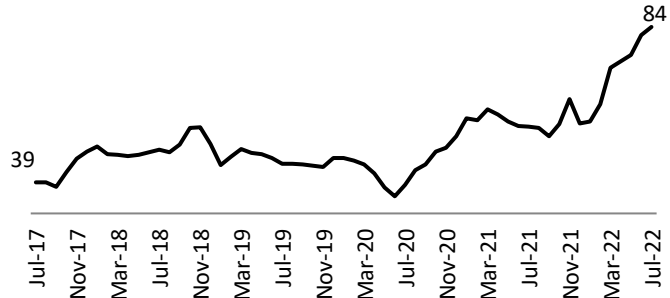
Source: Bloomberg, MOFSL

Exhibit 8: Copra prices (until Jul'22) declined 4.3% YoY and 16.7% QoQ**Cochin/Kochi Coconut Oil (INR/100kg)**

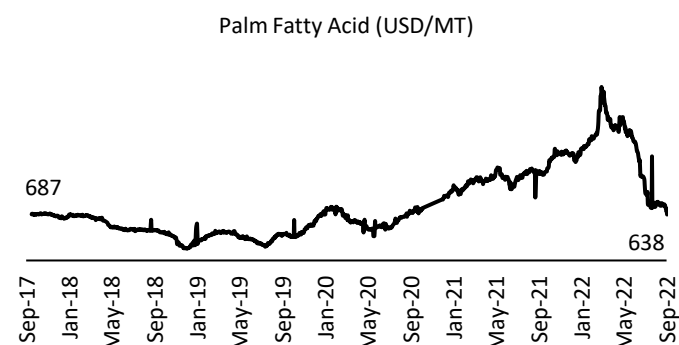
Source: Company, MOFSL

Exhibit 9: HDPE prices (until Jul'22) rose 21.5% YoY and declined 6.6% QoQ**HDPE (INR/kg)**

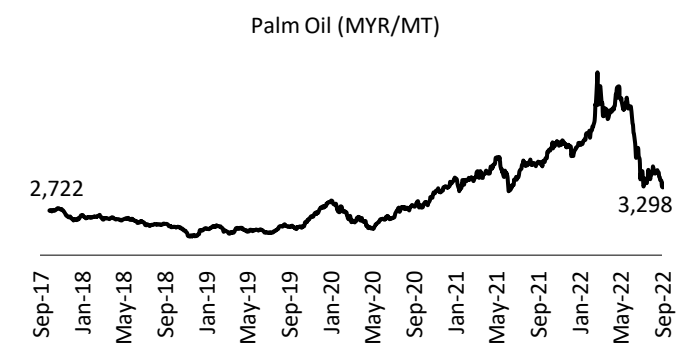
Source: Company, MOFSL

Exhibit 10: LLP prices (until Jul'22) rose 55.7% YoY and 8.8% QoQ**Liquid Paraffin (INR/ltr)**

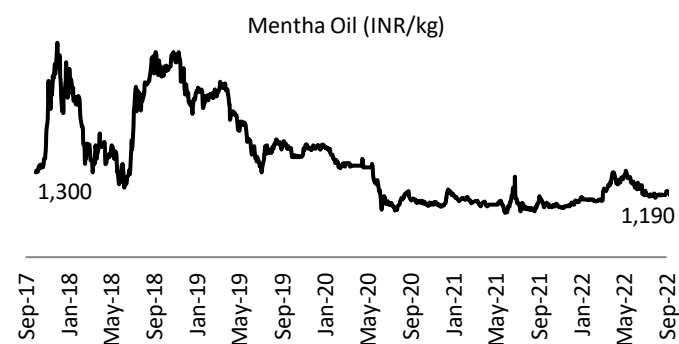
Source: Company, MOFSL

Exhibit 11: PFAD prices fell 27.5% YoY and 46% QoQ

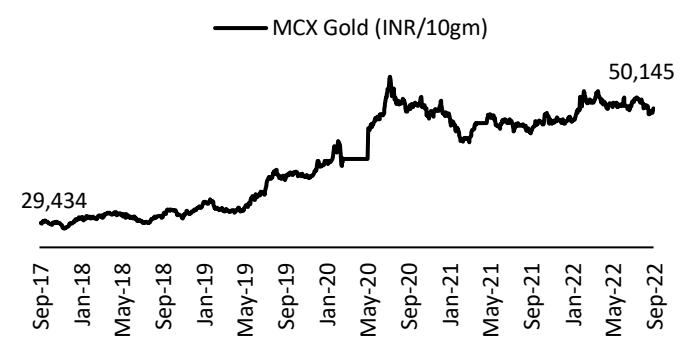
Source: Bloomberg, MOFSL

Exhibit 12: Malaysian palm oil prices declined 10.3% YoY and 38.3% QoQ

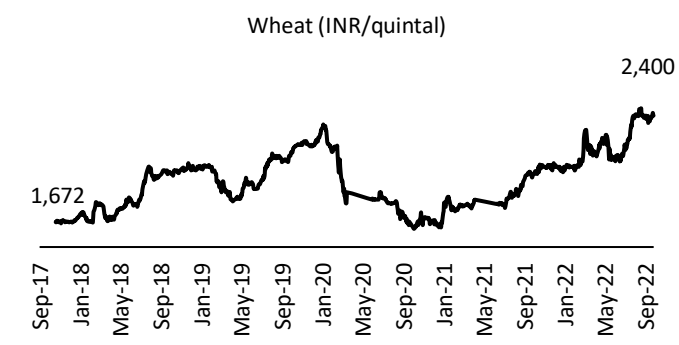
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices rose 6.1% YoY and fell 6.2% QoQ

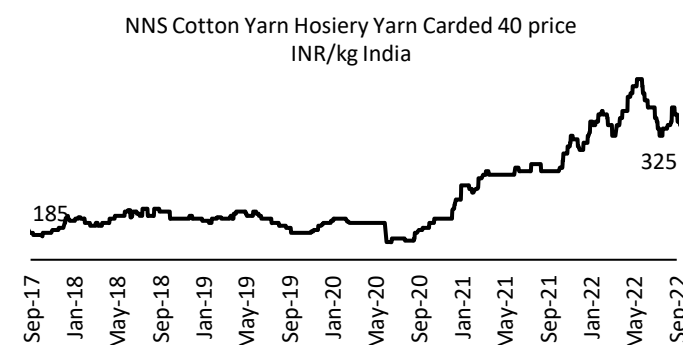
Source: Bloomberg, MOFSL

Exhibit 14: Domestic gold prices rose 7.7% YoY and remained flat QoQ

Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices rose 23.5% YoY and 8.8% QoQ

Source: Bloomberg, MOFSL

Exhibit 16: Yarn prices rose 23.5% YoY and fell 9.5% QoQ

Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Consumer						56.1	47.1	39.7	12.5	11.9	11.1	22.3	25.3	28.0
Asian Paints	3,302	Neutral	33.4	53.7	64.5	99.0	61.5	51.2	22.9	20.0	17.8	24.0	34.7	36.8
Britannia	3,768	Neutral	63.0	67.8	80.7	59.8	55.6	46.7	35.5	37.1	32.0	49.7	65.2	73.6
Colgate	1,579	Neutral	38.5	38.7	43.8	41.1	40.8	36.1	24.8	24.8	24.8	72.1	60.7	68.6
Dabur	557	Buy	10.3	10.9	13.0	54.0	51.1	42.9	11.8	10.7	9.7	22.7	21.9	23.7
Emami	499	Buy	19.1	17.7	21.9	26.2	28.2	22.8	10.7	10.3	9.5	44.1	37.2	43.4
Godrej Consumer	884	Buy	17.5	16.7	23.6	50.4	52.8	37.5	7.8	7.3	6.6	17.1	14.3	18.5
Hind. Unilever	2,622	Buy	37.7	42.2	48.2	69.6	62.2	54.4	12.6	13.0	13.4	18.4	20.6	24.2
Indigo Paints	1,491	Buy	17.7	27.5	38.7	84.4	54.3	38.6	10.9	9.1	7.4	13.9	18.3	21.1
ITC	324	Buy	12.2	14.8	16.7	26.5	22.0	19.5	6.5	6.2	5.7	25.0	28.9	30.7
Jyothy Labs	188	Neutral	4.3	5.2	7.4	43.5	36.0	25.5	4.8	4.6	4.3	11.1	13.0	17.4
Marico	529	Buy	9.5	10.0	12.4	55.7	52.9	42.5	20.4	20.6	20.2	37.2	38.7	48.0
Nestle	18,992	Neutral	240.8	244.2	301.3	78.9	77.8	63.0	87.8	90.3	89.7	113.2	114.5	142.7
P&G Hygiene	13,989	Buy	180.5	228.4	304.0	77.5	61.3	46.0	61.6	55.9	49.9	80.7	95.7	114.7
Page Industries	49,498	Neutral	481.0	716.1	817.5	102.9	69.1	60.5	50.7	43.6	39.2	49.3	63.1	64.8
Pidilite Inds.	2,656	Neutral	23.5	29.8	41.2	113.0	89.1	64.5	21.1	18.8	16.3	19.9	22.3	27.0
Tata Consumer	778	Buy	10.6	12.8	17.2	73.6	61.0	45.2	4.7	4.4	4.1	6.6	7.5	9.5
United Breweries	1,669	Sell	14.1	20.7	28.5	118	80	58.6	11.2	9.8	9.0	9.9	13.0	16.1
United Spirits	827	Neutral	12.5	13.8	15.4	66	60	53.8	12.3	11.6	11.0	18.6	19.2	20.5
Varun Beverages	1,070	Buy	10.7	21.1	25.7	100.1	50.7	41.5	17.0	13.1	10.2	18.3	29.3	27.7

Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

Asian Paints Neutral

CMP: INR3,302 | TP: INR3,470 (+5%)

EPS CHANGE (%): FY23|24: 8.5|5.7

- Expect 12% YoY volume growth
- Expect GM to show only slight sequential improvement as higher cost inventory is consumed during the quarter
- TiO2 prices down 10.3%/12.1% YoY/QoQ
- Watch out for commentary on demand outlook in the festive season

Quarterly Performance (Consol.)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	37.0	12.0	5.0	10.0	31.0	12.5
Net Sales	55.9	71.0	85.3	78.9	86.1	92.2	99.8	93.1	291.0	371.2
Change (%)	91.1	32.6	25.6	18.7	54.1	30.0	17.0	18.0	34.0	27.6
Gross Profit	21.5	24.7	31.3	30.5	32.5	35.1	40.4	39.4	108.0	147.3
Gross Margin (%)	38.4	34.7	36.8	38.7	37.7	38.0	40.5	42.4	37.1	39.7
EBITDA	9.1	9.0	15.4	14.4	15.6	18.0	21.4	20.0	48.0	74.9
Margin (%)	16.4	12.7	18.1	18.3	18.1	19.5	21.5	21.5	16.5	20.2
Change (%)	88.7	-28.5	-13.7	9.5	70.3	98.5	38.8	38.6	-1.1	56.0
Interest	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	1.0	1.2
Depreciation	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.4	8.2	8.7
Other Income	0.9	1.4	0.7	0.8	1.0	1.2	1.1	1.1	3.8	4.3
PBT	7.8	8.2	13.8	13.0	14.2	16.7	20.0	18.4	42.7	69.4
Tax	2.0	2.2	3.6	3.2	3.7	4.2	5.0	5.4	11.0	18.4
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	26.1	25.2	25.2	29.4	25.8	26.5
Adjusted PAT	5.7	6.1	10.3	9.9	10.6	12.5	15.0	13.4	32.0	51.5
Change (%)	161.5	-29.0	-18.5	13.8	84.6	106.6	45.3	35.4	-0.2	60.9

E: MOFSL Estimates

Britannia Industries Neutral

CMP: INR3,768 | TP: INR 3,900 (+4%)

EPS CHANGE (%): FY23|24: 2.9|2.6

- Expect 3% volume growth in the base business in 2QFY23
- EM to improve sequentially on better GMs and cost-saving initiatives
- Commentary on hinterland demand to be a key focus
- RM cost outlook and commentary on ICD are the key monitorables

Consol. Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Base business volume growth (%)	1.0	5.0	6.0	4.0	-2.0	3.0	7.0	7.0	3.9	3.8
Net Sales	34.0	36.1	35.7	35.5	37.0	40.4	40.4	39.9	141.4	157.7
YoY change (%)	-0.5	5.5	12.9	13.4	8.7	12.0	13.0	12.3	7.6	11.5
Gross Profit	13.2	13.5	13.6	13.5	13.6	15.2	15.4	15.6	53.8	59.8
Margins (%)	38.7	37.5	37.9	38.0	36.9	37.5	38.0	39.1	38.0	37.9
EBITDA	5.5	5.6	5.4	5.5	5.0	5.9	6.2	6.2	22.0	23.3
Margins (%)	16.3	15.5	15.1	15.5	13.5	14.5	15.3	15.6	15.6	14.8
YoY growth (%)	-22.8	-17.3	-11.7	8.8	-9.6	4.8	14.9	13.4	-12.3	5.8
Depreciation	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	2.0	2.4
Interest	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	1.4	1.7
Other Income	0.6	0.5	0.6	0.5	0.6	0.6	0.7	0.8	2.2	2.6
PBT	5.3	5.2	5.1	5.2	4.6	5.5	5.8	5.9	20.8	21.8
Tax	1.4	1.4	1.4	1.4	1.3	1.3	1.4	1.4	5.6	5.5
Effective Tax Rate (%)	27.2	27.0	26.9	27.2	27.8	24.5	24.5	24.5	27.0	25.2
Adjusted PAT	3.9	3.8	3.7	3.8	3.3	4.1	4.4	4.5	15.2	16.3
YoY change (%)	-28.7	-23.0	-18.1	5.1	-13.5	8.4	17.8	18.4	-18.0	7.6

E: MOFSL Estimates

Colgate**Neutral****CMP: INR1,579 | TP: INR1,610 (+2%)****EPS CHANGE (%): FY23|24: -1.0|0.3**

- Expect volume growth of 3% YoY in 2QFY23
- Expect EBITDA margin to improve sequentially despite GM pressure
- Expect GM to remain flat YoY due to higher material costs
- Key monitorables: Volume growth, RM cost, A&P spends, and performance of new launches and the Naturals category

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Toothpaste Volume Gr %	8.0	4.0	1.0	-4.0	-1.0	3.0	4.0	6.0		
Net Sales (inclg. OOI)	11,660	13,524	12,801	13,013	11,968	14,336	13,697	14,077	50,998	54,078
YoY change (%)	12.0	5.2	3.9	1.4	2.6	6.0	7.0	8.2	5.3	6.0
Gross Profit	8,062	9,038	8,526	8,696	7,938	9,533	9,150	9,410	34,323	36,031
Gross margin (%)	69.1	66.8	66.6	66.8	66.3	66.5	66.8	66.8	67.3	66.6
EBITDA	3,552	4,008	3,806	4,294	3,257	4,157	4,041	4,224	15,660	15,678
Margins (%)	30.5	29.6	29.7	33.0	27.2	29.0	29.5	30.0	30.7	29.0
YoY growth (%)	15.3	-2.1	2.7	1.8	-8.3	3.7	6.2	-1.6	3.7	0.1
Depreciation	447	449	439	438	442	467	474	493	1,773	1,875
Interest	15	15	15	14	13	17	15	14	59	59
Financial other Income	52	65	57	89	115	75	68	67	263	326
PBT	3,142	3,609	3,408	3,931	2,918	3,749	3,619	3,784	14,090	14,070
Tax	810	917	885	1,015	727	945	912	960	3,627	3,545
Effective Tax Rate (%)	25.8	25.4	26.0	25.8	24.9	25.2	25.2	25.4	25.7	25.2
Adj PAT	2,332	2,692	2,523	2,916	2,190	2,804	2,707	2,824	10,463	10,524
YoY change (%)	17.7	-1.8	1.6	3.0	-6.1	4.2	7.3	-3.2	4.2	0.6

E: MOFSL Estimates

Dabur**Buy****CMP: INR557 | TP: INR660 (+18%)****EPS CHANGE (%): FY23|24: -0.9|-5.3**

- Expect 4% YoY volume growth in 2QFY23
- Commentary on rural demand as well as international business a key monitorable
- Expect GM pressure on higher input costs
- Demand outlook for Herbal, Immunity products and juices to be watched out for

Quarterly Performance (Consolidated)**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic FMCG vol. growth (%)	34.4	10.0	2.0	2.0	5.0	4.0	5.0	8.0	10.1	
Net sales	26,115	28,176	29,418	25,178	28,224	30,430	32,065	28,264	1,08,887	1,18,983
YoY change (%)	31.9	12.0	7.8	7.7	8.1	8.0	9.0	12.3	14.1	9.3
Gross profit	12,562	13,761	14,222	11,946	12,943	14,089	15,391	14,094	52,490	56,517
Margin (%)	48.1	48.8	48.3	47.4	45.9	46.3	48.0	49.9	48.2	47.5
EBITDA	5,520	6,207	6,275	4,536	5,437	5,964	6,573	6,051	22,538	24,025
Margins (%)	21.1	22.0	21.3	18.0	19.3	19.6	20.5	21.4	20.7	20.2
YoY growth (%)	32.5	9.0	9.3	2.5	-1.5	-3.9	4.8	33.4	12.5	6.6
Depreciation	613	633	632	651	676	684	720	673	2,529	2,753
Interest	75	83	111	118	122	112	111	110	386	454
Other income	848	1,124	967	991	1,006	1,068	1,113	1,104	3,932	4,290
PBT	5,681	6,616	6,500	4,759	5,645	6,237	6,855	6,372	23,555	25,108
Tax	1,297	1,558	1,455	954	1,231	1,403	1,542	1,448	5,264	5,624
Effective Tax Rate (%)	22.8	23.6	22.4	20.0	21.8	22.5	22.5	22.7	22.3	22.4
Adjusted PAT	4,373	5,044	5,033	3,792	4,403	4,820	5,301	4,758	18,242	19,281
YoY change (%)	28.0	4.7	2.3	0.4	0.7	-4.4	5.3	25.5	7.7	5.7

E: MOFSL Estimates

Emami**Buy****CMP: INR499 | TP: INR575 (+15%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 7% YoY increase in domestic volumes in 2QFY23 aided by the addition of Dermicool (excluded in the base)
- Watch out for commentary on the outlook on incremental impact of material prices beyond 2QFY23.
- Expect 530bp/860bp YoY decline in GM/EM from a high base
- Outlook for volume growth and growth in rural India are the key monitorables

Consol. Quarterly performance**(INR m)**

Y/E MARCH	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	38.0	6.2	0.0	0.0	9.6	7.0	8.0	8.0	11.1	2.1
Net Sales	6,610	7,888	9,719	7,704	7,783	8,953	10,982	8,722	31,920	36,440
YoY change (%)	37.3	7.4	4.1	5.4	17.8	13.5	13.0	13.2	10.8	14.2
Gross Profit	4,363	5,425	6,549	4,805	4,872	5,685	7,138	5,737	21,142	23,433
Gross margin (%)	66.0	68.8	67.4	62.4	62.6	63.5	65.0	65.8	66.2	64.3
EBITDA	1,697	2,772	3,415	1,639	1,733	2,373	3,514	2,527	9,524	10,147
Margins (%)	25.7	35.1	35.1	21.3	22.3	26.5	32.0	29.0	29.8	27.8
YoY change	38.0	7.8	0.4	0.7	2.1	-14.4	2.9	54.1	7.9	6.5
Depreciation	234	236	242	230	242	264	278	293	942	1,077
Interest	6	8	18	18	25	9	16	16	51	66
Other Income	107	376	166	303	63	226	208	232	953	729
PBT	1,564	2,904	3,322	1,694	1,530	2,325	3,428	2,450	9,483	9,732
Tax	175	410	491	-259	120	407	651	525	817	1,703
Rate (%)	11.2	14.1	14.8	-15.3	7.8	17.5	19.0	21.4	8.6	17.5
PAT before Amortization	1,404	2,532	2,864	2,013	1,454	1,958	2,816	1,961	8,813	8,189
YoY change (%)	44.4	18.7	5.7	34.8	3.5	-22.7	-1.7	-2.6	20.6	-7.1

E: MOFSL Estimates

Godrej Consumer**Buy****CMP: INR884 | TP: INR1,075 (+22%)****EPS CHANGE (%): FY23|24: 2.7|1.3**

- Demand for out-of-home categories, such as Hair Color, to improve
- Sharply lower palm oil prices and lower inventory to lead to sequential GM/ EM improvement
- Commentary on new product launches a key monitorable
- Watch out for the commentary on GAUM and Indonesia

Quarterly Performance (Consolidated)**(INR b)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales (including OOI)	28.9	31.6	33.0	29.2	31.2	33.9	37.3	34.7	122.8	137.1
YoY change (%)	24.4	8.5	8.1	6.8	8.0	7.0	13.0	18.9	11.3	11.7
Gross Profit	15.1	15.8	16.7	14.4	14.6	16.3	19.2	18.5	62.0	68.5
Margin (%)	52.2	49.8	50.7	49.5	46.6	48.1	51.5	53.3	50.5	50.0
EBITDA	6.1	6.8	7.0	5.0	5.3	5.8	7.0	7.1	24.0	25.3
Margins (%)	21.1	21.5	21.2	17.2	17.0	17.1	18.8	20.6	19.5	18.4
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-15.0	0.4	42.2	0.3	5.5
Depreciation	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2.1	2.3
Interest	0.3	0.2	0.3	0.3	0.4	0.3	0.3	0.3	1.1	1.3
Other Income	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.9	1.2
PBT	5.4	6.1	6.1	4.0	4.6	4.9	6.2	6.3	21.6	21.9
Tax	1.3	1.3	1.0	0.2	1.1	1.1	1.4	1.2	3.7	4.8
Adj PAT	4.2	4.8	5.1	3.8	3.5	3.8	4.8	5.1	17.9	17.1
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-21.0	-6.9	32.2	1.6	-4.5

E: MOFSL Estimate

Hindustan Unilever**Buy****CMP: INR2,622 | TP: INR3,110 (+19%)****EPS CHANGE (%): FY23|24: 1.8|0.6**

- Expect 5% YoY domestic volume growth despite muted performance from rural markets.
- GM to contract 370bp YoY, led by higher material costs. GM and EM to expand sequentially
- Outlook on the Nutrition business and rural v/s urban demand
- Key Monitorables: Outlook on RM cost, discretionary, and out-of-home demand

Quarterly performance (Standalone)**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	9.0	4.0	2.0	0.0	6.0	5.0	6.0	5.0	3.0	5.5
Net sales	119.2	127.2	130.9	134.6	142.7	148.9	150.5	146.8	511.9	588.9
YoY change (%)	12.8	11.2	10.4	11.0	19.8	17.0	15.0	9.1	11.3	15.0
Gross Profit	60.1	65.7	68.2	66.7	67.6	71.3	75.1	76.9	260.7	290.9
Margin %	50.4	51.6	52.1	49.5	47.4	47.9	49.9	52.4	50.9	49.4
EBITDA	28.5	31.3	32.8	32.5	32.5	34.7	36.6	37.3	125.0	141.1
YoY change (%)	7.7	9.2	14.9	9.7	14.0	10.9	11.5	15.0	10.4	12.8
Margins (%)	23.9	24.6	25.0	24.1	22.8	23.3	24.3	25.4	24.4	24.0
Depreciation	2.4	2.7	2.6	2.6	2.6	2.8	2.9	3.0	10.3	11.2
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.3	1.0	1.2
Other income	0.7	1.1	0.9	1.2	1.4	1.3	1.2	1.5	3.9	5.3
PBT	26.6	29.5	30.9	30.7	31.0	32.9	34.6	35.5	117.7	134.0
Tax	5.7	7.7	7.8	8.0	8.0	8.6	9.0	9.3	29.2	34.8
Rate (%)	21.5	26.0	25.3	26.1	25.7	26.0	26.0	26.2	24.8	26.0
PAT bei	19.6	21.9	22.9	22.8	22.9	24.4	25.6	26.2	88.5	99.1
YoY change (%)	4.8	7.5	17.5	8.6	16.7	11.4	11.7	14.6	9.0	12.0
Reported Profit	20.6	21.9	22.4	23.3	22.9	24.4	25.6	26.2	88.2	99.0

E: MOFSL Estimates

Note: Quarterly PAT (bei) is as reported by the company while FY21/FY22 PAT (bei) is adjusted PAT

Indigo Paints**Buy****CMP: INR1,491 | TP: INR1,740 (+17%)****EPS CHANGE (%): FY23|24: 7.7|2.5**

- Expect 25 % sales growth, supported by healthy demand and price hikes
- Expect GM to remain largely flat QoQ due to price hikes
- Outlook on demand and expansion in new urban markets
- Commentary on progress on expansion to larger cities

Quarterly Performance (Consol.)**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,560	1,961	2,655	2,884	2,240	2,451	3,186	3,176	9,060	11,053
Change (%)	49.2	26.7	26.6	13.4	43.6	25.0	20.0	10.1	25.3	22.0
Gross Profit	710	818	1,138	1,258	1,012	1,115	1,497	1,526	3,925	5,151
Gross Margin (%)	45.5	41.7	42.9	43.6	45.2	45.5	47.0	48.0	43.3	46.6
EBITDA	202	234	387	538	353	429	605	645	1,360	2,032
Margin (%)	12.9	11.9	14.6	18.6	15.7	17.5	19.0	20.3	15.0	18.4
Change (%)	6.1	-19.6	22.8	25.2	74.9	83.5	56.5	20.0	11.0	49.4
Interest	3	3	3	5	4	3	3	5	13	15
Depreciation	74	77	79	83	84	85	87	104	313	360
Other Income	30	30	23	25	5	24	24	37	109	90
PBT	156	185	328	474	269	366	540	572	1,143	1,747
Tax	40	49	85	128	70	92	136	142	302	440
Effective Tax Rate (%)	25.5	26.6	26.0	27.1	26.0	25.2	25.2	24.8	26.5	25.2
Adjusted PAT	116	135	243	346	199	274	404	430	840	1,307
Change (%)	38.2	-28.0	29.4	39.1	71.5	101.9	66.0	24.4	18.6	55.5

E: MOFSL Estimates

ITC

Buy

CMP: INR324 | TP: INR370 (+14%)

EPS CHANGE (%): FY23|24: 2.0|1.7

- Expect 13% volume growth in Cigarettes, and a three-year average of ~3%.
- Watch out for Hotels revenue growth and profitability as leisure and business travel return to normal
- Expect GM expansion of 230bp QoQ on better cigarette mix and reduction in lag from Hotels
- Outlook on the Agri, paper & packaging and Hotel businesses are the key monitorables

Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2QE	3QE	4QE		
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	26.0	13.0	5.0	-3.0	15.4	10.3
Net Sales	122.2	127.3	158.6	155.3	172.9	158.1	166.0	178.8	563.4	675.8
YoY change (%)	37.1	12.6	32.5	16.8	41.5	24.2	4.7	15.2	23.9	20.0
Gross Profit	64.3	72.8	81.4	82.5	88.1	84.3	92.6	102.7	292.9	367.7
Margin (%)	52.6	57.2	51.3	53.1	51.0	53.3	55.8	57.4	52.0	54.4
EBITDA	39.9	46.2	51.0	52.2	56.5	53.6	60.8	63.1	189.5	234.1
Growth (%)	50.8	12.9	18.2	16.8	41.5	16.1	19.3	20.9	22.0	23.5
Margins (%)	32.7	36.3	32.2	33.6	32.7	33.9	36.6	35.3	33.6	34.6
Depreciation	4.0	4.0	4.1	4.5	4.1	4.2	4.5	4.8	16.5	17.6
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.4
Other Income	4.3	6.8	8.1	6.7	3.1	7.1	8.2	8.6	25.9	27.0
PBT	40.2	48.8	54.9	54.4	55.4	56.4	64.4	66.9	198.3	243.0
Tax	10.0	11.8	13.4	12.5	13.7	14.2	16.2	17.1	47.7	61.2
Effective Tax Rate (%)	25.0	24.2	24.3	23.0	24.7	25.2	25.2	25.5	24.1	25.2
Adj PAT	30.1	37.0	41.6	41.9	41.7	42.2	48.2	49.8	150.6	181.9
YoY change (%)	28.6	13.7	12.7	11.8	38.4	14.1	16.0	18.8	15.5	20.8

Jyothy Labs.

Neutral

CMP: INR188 | TP: INR180 (-4%)

EPS CHANGE (%):FY23|24: 3.4|11.9

- Expect standalone net sales to grow 10% YoY
- Expect GM/EM expansion of 80bp YoY each and sequential improvement of 160bp/220bp resp.
- Expect out-of-home categories to see better demand
- Key monitorables: Update on detergent and HI portfolio performance and new launches

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,219	5,783	5,287	5,374	5,858	6,361	6,027	6,287	21,663	24,851
YoY change (%)	21.8	15.7	12.6	10.3	12.2	10.0	14.0	17.0	14.9	14.7
Gross Profit	2,250	2,296	2,170	2,154	2,280	2,576	2,534	2,709	8,869	10,419
Margins (%)	43.1	39.7	41.0	40.1	38.9	40.5	42.0	43.1	40.9	41.9
EBITDA	650	671	605	568	598	789	814	880	2,495	3,063
EBITDA growth %	-16.9	-24.5	-24.2	-18.6	-8.0	17.6	34.4	54.9	-21.2	22.8
Margins (%)	12.5	11.6	11.4	10.6	10.2	12.4	13.5	14.0	11.5	12.3
Depreciation	206	206	210	164	113	185	193	172	785	867
Interest	17	18	18	14	13	21	22	17	67	106
Other Income	48	52	43	46	51	47	38	42	190	267
PBT	476	500	420	437	524	629	637	733	1,832	2,356
Tax	75	79	66	52	90	99	115	139	271	436
Effective Tax Rate (%)	15.7	15.7	15.7	11.8	17.1	15.7	18.0	19.0	14.8	18.5
Adjusted PAT	401	421	354	385	434	531	523	594	1,561	1,921
YoY change (%)	-20.5	-30.6	-32.2	-23.7	8.2	26.0	47.6	54.1	-27.0	23.0

E: MOFSL Estimates

Marico**Buy****CMP: INR529 | TP: INR620 (+17%)****EPS CHANGE (%): FY23|24: -5.7|-2.1**

- Expect flat domestic volumes YoY
- Rural slowdown could affect domestic performance
- Expect a YoY expansion in GM on lower RM prices
- Outlook on Saffola edible oils is a key monitorable

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	21.0	8.0	0.0	1.0	-5.0	2.0	6.0	4.0	7.0	1.8
Net Sales	25,250	24,190	24,070	21,610	25,580	24,916	25,755	22,536	95,120	98,787
YoY Change (%)	31.2	21.6	13.4	7.4	1.3	3.0	7.0	4.3	18.2	3.9
Gross Profit	10,360	10,270	10,520	9,610	11,520	11,212	11,796	10,322	40,760	44,850
Gross margin (%)	41.0	42.5	43.7	44.5	45.0	45.0	45.8	45.8	42.9	45.4
EBITDA	4,810	4,230	4,310	3,460	5,280	4,410	4,687	4,063	16,810	18,441
Margins (%)	19.0	17.5	17.9	16.0	20.6	17.7	18.2	18.0	17.7	18.7
YoY Change (%)	3.0	8.7	4.4	8.5	9.8	4.3	8.8	17.4	5.7	9.7
Depreciation	330	330	360	370	360	380	396	424	1,390	1,560
Interest	80	100	100	110	100	111	117	131	390	459
Other Income	270	250	220	240	170	250	264	262	980	946
PBT	4,670	4,050	4,070	3,220	4,990	4,170	4,438	3,770	16,010	17,368
Tax	1,020	890	900	650	1,220	1,001	999	949	3,460	4,168
Rate (%)	21.8	22.0	22.1	20.2	24.4	24.0	22.5	25.2	21.6	24.0
Adjusted PAT	3,560	3,090	3,100	2,500	3,710	3,099	3,370	2,721	12,250	12,900
YoY Change (%)	7.6	4.0	1.0	5.0	4.2	0.3	8.7	8.8	5.5	5.3

E: MOFSL Estimates

Nestlé India**Neutral****CMP: INR18,992 | TP: INR18,500 (-3%)****EPS CHANGE (%): CY22|23: -2.3|0.3**

- Expect growth momentum in sales to continue
- Expect higher contribution from out-of-home consumption
- Expect 120bp/180bp YoY GM/EM contraction on higher agri commodity prices, respectively
- Watch out for commentaries on demand and material costs

Quarterly performance**(INR b)**

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	36.1	34.8	38.8	37.4	39.8	40.4	43.5	43.1	147.1	166.7
YoY Change (%)	8.6	14.0	9.6	8.9	10.2	16.1	12.0	15.2	10.2	13.4
COGS	15.0	14.9	17.2	16.1	17.8	18.6	19.8	19.1	63.2	75.3
Gross Profit	21.1	19.8	21.6	21.3	22.0	21.8	23.7	23.9	83.9	91.5
Margin (%)	58.5	57.0	55.7	57.0	55.4	54.0	54.5	55.6	57.0	54.9
Operating Exp	11.8	11.5	12.1	12.8	12.7	13.3	13.8	14.8	48.2	54.7
EBITDA	9.3	8.3	9.5	8.5	9.3	8.5	9.9	9.1	35.7	36.8
Margins (%)	25.8	24.0	24.5	22.8	23.4	21.0	22.7	21.1	24.3	22.1
YoY Growth (%)	16.2	9.9	5.9	12.4	0.1	1.8	3.7	7.0	10.9	3.1
Depreciation	0.9	1.0	1.0	1.1	1.0	1.0	1.1	1.4	3.9	4.6
Interest	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.5	2.0	1.7
Other income	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	1.2	1.0
PBT	8.1	7.2	8.4	7.3	8.1	7.3	8.6	7.5	31.0	31.5
Tax	2.1	1.9	2.2	1.6	2.1	1.9	2.2	1.8	7.7	7.9
Effective Tax Rate (%)	25.8	26.8	25.9	21.4	26.0	25.3	25.2	24.2	25.0	25.2
Adjusted PAT	6.0	5.2	6.2	5.7	6.0	5.5	6.4	5.7	23.2	23.6
YoY Change (%)	13.1	5.4	3.2	23.6	(0.3)	3.9	3.1	(0.9)	10.8	1.4

E: MOFSL Estimates

Page Industries

Neutral

CMP: INR49,498 | TP: INR48,300 (-2%)

EPS CHANGE (%): FY23|24: 2.3|0.5

- Strong sales momentum to continue in 2QFY23
- Expect marginal YoY GM expansion due to price increases and lower yarn cost YoY
- Need to watch out for athleisure demand momentum, given improved mobility
- Watch out for commentary on traction in Kids' wear and rural expansion

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,015	10,840	11,898	11,111	13,413	12,249	13,445	13,033	38,865	52,140
YoY change (%)	76.1	46.4	28.3	26.2	167.4	13.0	13.0	17.3	37.2	34.2
Gross Profit	2,895	5,941	6,335	6,603	7,311	6,860	7,664	7,677	21,775	29,511
Gross margin (%)	57.7	54.8	53.2	59.4	54.5	56.0	57.0	58.9	56.0	56.6
EBITDA	342	2,334	2,507	2,671	2,978	2,695	2,985	2,927	7,855	11,585
Margins (%)	6.8	21.5	21.1	24.0	22.2	22.0	22.2	22.5	20.2	22.2
YoY change	L/P	41.2	10.9	57.3	770.7	15.4	19.0	9.6	49.2	47.5
Depreciation	159	165	167	164	180	202	204	241	655	826
Interest	73	74	77	97	85	82	89	96	322	352
Other Income	36	54	71	49	33	60	81	97	210	271
PBT	145	2,148	2,334	2,460	2,746	2,471	2,773	2,687	7,088	10,678
Tax	36	543	589	555	675	623	699	694	1,722	2,691
Effective Tax Rate (%)	24.6	25.3	25.2	22.6	24.6	25.2	25.2	25.8	24.3	25.2
PAT	109	1,605	1,746	1,905	2,070	1,849	2,075	1,993	5,365	7,987
YoY change (%)	L/P	44.8	13.6	64.9	1,790.9	15.2	18.8	4.6	57.5	48.9

E: MOFSL Estimates

P&G Hygiene

Buy

CMP: INR13,989 | TP: INR17,550 (+25%)

EPS CHANGE (%): FY21|22: 0.9|1.3

- Expect sales growth of 11% YoY in 1QFY23
- Expect YoY EM recovery, partly led by ad spend normalization
- Whisper sales likely to be affected as high CPI inflation could slow conversions into the category
- A&P spends and price hikes are the key monitorables

Standalone – Quarterly Earnings

(INR m)

Y/E June	FY22				FY23				FY21	FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			
Net Sales	10,583	10,930	8,913	7,573	11,747	12,132	10,071	9,200	35,741	37,998	43,150
YoY Change (%)	4.8	7.3	17.3	-3.7	11.0	11.0	13.0	21.5	19.1	6.3	13.6
Gross profit	7,041	7,127	5,275	3,974	6,461	7,037	6,043	5,703	24,148	23,416	25,243
Margin (%)	66.5	65.2	59.2	52.5	55.0	58.0	60.0	62.0	67.6	61.6	58.5
EBITDA	3,013	2,965	1,650	671	2,861	3,437	2,443	1,357	6,972	8,299	10,097
Growth	31.4	15.5	21.0	-10.4	-5.1	15.9	48.0	102.2	12.2	19.0	21.7
Margins (%)	28.5	27.1	18.5	8.9	24.4	28.3	24.3	14.7	19.5	21.8	23.4
Depreciation	127	129	131	142	130	132	133	136	477	529	531
Interest	6	29	68	8	13	13	15	15	61	112	55
Other Income	58	69	60	56	100	100	100	99	394	243	399
PBT	2,938	2,875	1,511	577	2,818	3,392	2,395	1,304	6,828	7,902	9,910
Tax	756	754	381	152	710	855	604	329	1,759	2,042	2,497
Effective Tax Rate (%)	25.7	26.2	27.0	26.3	25.2	25.2	25.2	25.2	21.3	26.2	25.2
Adj PAT	2,183	2,121	1,130	426	2,108	2,537	1,792	976	5,068	5,859	7,412
YoY Change (%)	27.3	16.4	8.4	-13.1	-3.4	19.6	58.5	129.2	13.2	15.6	26.5
Margins (%)	20.6	19.4	12.7	5.6	17.9	20.9	17.8	10.6	14.2	15.4	17.2

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR2,656 | TP: INR2,610 (-2%)****EPS CHANGE (%): FY23|24: -1.1|0.0**

- Expect 2% volume growth in the domestic C&B segment
- Expect a YoY contraction in GM on sharp YoY RM inflation with QoQ expansion due to price increases
- Commentary on revival in real estate – a potential further positive for demand
- Outlook for raw material prices, especially VAM prices, is a key monitorable

Consolidated – Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23				FY22E	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	19.4	26.3	28.5	25.1	31.0	31.0	31.4	30.0	99.2	123.4
YoY change (%)	120.6	39.7	24.0	12.1	60.1	18.0	10.0	19.7	36.0	24.4
Gross Profit	9.5	11.9	12.4	10.9	12.9	13.0	14.1	15.0	44.8	55.1
Margin (%)	49.1	45.4	43.6	43.5	41.7	42.0	45.0	50.0	45.1	44.6
EBITDA	3.5	5.5	5.5	4.0	5.3	5.3	6.2	6.3	18.5	23.1
YoY change (%)	423.7	7.2	(14.3)	(13.0)	52.3	(3.3)	13.1	57.0	9.9	25.2
Margins (%)	17.9	20.9	19.3	16.0	17.1	17.2	19.8	21.0	18.6	18.7
Depreciation	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8	2.4	2.7
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.6
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4
PBT	2.9	4.9	4.8	3.4	4.7	4.6	5.5	5.5	16.0	20.3
Tax	0.7	1.2	1.3	0.9	1.2	1.2	1.4	1.4	4.1	5.1
Effective Tax Rate (%)	25.1	23.6	26.4	26.9	24.6	25.2	25.2	25.7	25.4	25.2
Adj PAT	2.2	3.7	3.6	2.5	3.5	3.5	4.1	4.1	11.9	15.1
YoY change (%)	1,303.0	5.4	-20.1	-19.6	64.4	-7.6	14.8	63.0	6.1	26.8
Margins (%)	11.1	14.3	12.5	9.9	11.4	11.2	13.0	13.5	12.0	12.3

E: MOFSL Estimates

Tata Consumer Products**Buy****CMP: INR778 | TP: INR870 (+12%)****EPS CHANGE (%): FY23|24: -4|-2**

- Expect revenue for the India Foods business to grow by 22% YoY. Expect 1% volume growth in the India branded tea business
- Expect Nourishco to perform well, aided by geographical expansion
- Tea prices to be a key monitorable
- Update on new product launches in the India Foods business

Consolidated - Quarterly Earning Model**(INRb)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	30.1	30.3	32.1	31.8	33.3	33.2	35.4	35.3	124.3	137.2
YoY Change (%)	10.9	9.1	4.5	4.5	10.6	9.6	10.4	11.1	7.1	10.4
Total Expenditure	26.1	26.2	27.5	27.3	28.7	28.9	30.2	30.2	107.1	117.9
EBITDA	4.0	4.1	4.6	4.4	4.6	4.4	5.2	5.1	17.2	19.3
Margins (%)	13.3	13.6	14.4	14.0	13.7	13.2	14.7	14.5	13.8	14.0
Depreciation	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	2.8	3.0
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.7	0.6
Other Income	0.3	0.4	0.3	0.5	0.4	0.5	0.4	0.5	1.4	1.7
PBT before EO expense	3.4	3.6	4.0	4.0	4.0	3.9	4.7	4.7	15.1	17.3
Extra-Ord expense	0.0	-0.2	-0.1	-0.2	-0.2	0.0	0.0	0.0	-0.5	-0.2
PBT	3.4	3.5	3.9	3.8	3.8	3.9	4.7	4.7	14.6	17.1
Tax	1.0	0.9	1.0	1.0	1.0	1.1	1.3	1.3	3.8	4.6
Rate (%)	28.1	23.7	24.9	23.6	25.5	27.0	27.0	27.0	25.0	26.7
Minority Interest	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.8	1.0
Profit/Loss of Asso. Cos.	-0.4	0.2	0.0	-0.5	0.0	0.3	0.0	-0.2	-0.6	0.2
Reported PAT	1.9	2.7	2.7	2.2	2.6	2.9	3.1	3.0	9.4	11.7
Adj PAT	1.9	2.8	2.7	2.3	2.7	2.9	3.1	3.0	9.7	11.9
YoY Change (%)	-28.8	3.3	23.4	104.3	45.4	5.1	14.4	30.9	11.8	21.6
Margins (%)	6.3	9.2	8.6	7.3	8.2	8.9	8.9	8.6	7.8	8.6

E: MOFSL estimates

United Breweries

Sell
CMP: INR1,669 | TP: INR1,310 (-21%)
EPS CHANGE (%): FY23|24: 12.5|13.2

- Expect strong revenue growth YoY; however, slower sequentially due to the peak summer season in 1Q
- Expect EM expansion of 40bp YoY
- Expect GM to be negatively impacted due to higher barley and glass bottle prices
- RM costs and on-trade performance to be the key monitorables

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,180	14,262	15,809	17,069	24,367	18,255	17,073	18,598	58,384	78,293
YoY Change (%)	120.6	58.4	22.6	10.6	117.9	28.0	8.0	9.0	37.7	34.1
Gross Profit	5,404	7,380	7,899	8,310	10,784	8,397	7,939	8,834	29,123	36,216
Margin (%)	48.3	51.7	50.0	48.7	44.3	46.0	46.5	47.5	49.9	46.3
EBITDA	954	1,656	2,096	2,603	2,825	2,197	2,069	2,330	7,402	9,683
YoY Change (%)	L/P	309.6	6.7	-0.4	196.1	32.7	-1.3	-10.5	84	30.8
Margins (%)	8.5	11.6	13.3	15.3	11.6	12.0	12.1	12.5	12.7	12.4
Depreciation	552	556	529	532	575	630	650	700	2,172	2,556
Interest	39	47	37	25	8	30	40	22	148	100
Other Income	61	46	60	130	104	60	60	89	298	313
PBT	425	1,098	1,590	2,176	2,345	1,597	1,439	1,697	5,117	7,340
Tax	117	291	421	547	554	403	396	498	1,376	1,850
Effective Tax Rate (%)	27.4	26.5	26.5	25.1	23.6	25.2	27.5	29.3	26.9	25.2
Adj PAT	308	806	906	1,630	1,617	1,195	1,043	1,199	3,741	5,491
YoY Change (%)	L/P	1,911.2	-11.6	2.5	424.3	48.2	15.2	-26.4	136.3	46.8
Margins (%)	2.8	5.7	5.7	9.5	6.6	6.5	6.1	6.4	6.4	7.0

E: MOFSL Estimates

United Spirits

Neutral
CMP: INR827 | TP: INR810 (+2%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Updates from the company on their negotiations with states for price increases
- Updates on the sale of Popular brands which was to conclude at the end of Sep'22
- Material cost pressures to lead to 360bp YoY impact on GM
- The outlook for ENA/glass and price increase granted by states are the key monitorables

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth %	60.5	3.5	3.7	5.0	17.9	-6.0	-20.0	-7.0	11.9	-12.6
Total revenues	16,151	24,468	28,847	24,351	21,693	23,489	24,751	23,950	93,817	93,883
YoY change (%)	56.8	14.0	15.9	9.5	34.3	-4.0	-14.2	-1.6	18.9	0.1
Gross Profit	7,205	11,023	12,727	10,166	8,882	9,748	11,138	10,789	41,121	40,557
Margin (%)	44.6	45.1	44.1	41.7	40.9	41.5	45.0	45.1	43.8	43.2
EBITDA	1,677	4,014	4,907	4,267	2,992	3,298	4,338	4,112	14,865	14,739
Margins (%)	10.4	16.4	17.0	17.5	13.8	14.0	17.5	17.2	15.8	15.7
EBITDA growth (%)	L/P	48.8	27.9	3.6	78.4	-17.8	-11.6	-3.6	50.5	-0.8
Depreciation	554	655	662	671	653	700	700	743	2,542	2,796
Interest	198	230	338	127	166	120	120	103	893	509
Other income	106	35	16	258	251	100	150	155	415	656
PBT	1,031	3,164	3,923	3,727	2,424	2,578	3,668	3,420	11,845	12,090
Tax	168	921	1,012	633	-313	650	924	831	2,734	2,092
Effective Tax Rate (%)	16.3	29.1	25.8	17.0	-12.9	25.2	25.2	24.3	23.1	17.3
Adj. PAT	863	2,243	2,911	3,094	2,737	1,928	2,744	2,589	9,111	9,998
YoY change (%)	L/P	74.7	26.6	27.0	217.1	-14.0	-5.8	-16.3	97.3	9.7

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR1070 | TP: INR1,230 (+15%)
EPS CHANGE (%): CY22|23: +4|+9

- Expect CSD sales volumes to grow 20% YoY in 3QCY22
- Expect EBITDA margin to remain flattish at ~21% YoY
- Update on penetration levels and distribution in South and West India
- Update on new product launches and market acceptance of Sting and Mountain Dew Ice

Consolidated - Quarterly Earning Model

(INRm)

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	22,409	24,498	23,982	17,343	28,275	49,548	29,353	19,990	88,232	1,27,166
YoY Change (%)	33.7	49.4	33.0	30.3	26.2	102.3	22.4	15.3	36.8	44.1
Total Expenditure	18,593	18,790	19,035	15,268	22,965	37,042	23,201	17,554	71,686	1,00,762
EBITDA	3,816	5,708	4,947	2,076	5,310	12,506	6,153	2,435	16,546	26,404
Margins (%)	17.0	23.3	20.6	12.0	18.8	25.2	21.0	12.2	18.8	20.8
Depreciation	1,347	1,288	1,385	1,293	1,313	1,531	1,530	1,550	5,313	5,924
Interest	579	468	427	373	470	464	450	500	1,847	1,884
Other Income	57	244	369	9	85	105	369	9	679	568
PBT before EO expense	1,947	4,197	3,504	419	3,612	10,616	4,542	394	10,066	19,165
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,947	4,197	3,504	419	3,612	10,616	4,542	394	10,066	19,165
Tax	579	1,009	925	93	901	2,596	1,136	99	2,606	4,732
Rate (%)	29.8	24.0	26.4	22.1	25.0	24.5	25.0	25.0	25.9	24.7
Minority Interest & P/L of Asso. Cos.	75	106	178	161	169	146	213	193	520	721
Reported PAT	1,293	3,082	2,401	165	2,542	7,874	3,194	102	6,941	13,712
Adj PAT	1,293	3,082	2,401	165	2,542	7,874	3,194	102	6,941	13,712
YoY Change (%)	153.5	118.9	56.9	-183.6	96.7	155.5	33.0	-38.0	113.5	97.6
Margins (%)	5.8	12.6	10.0	1.0	9.0	15.9	10.9	0.5	7.9	10.8

E: MOFSL Estimates

Financials: Banks and Insurance

2QFY23 earnings estimate (INR b)

PAT (INR b)	2Q FY23E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	3.2	13.2	17.7
AXSB	42.4	35.5	2.9
BANDHAN	5.6	NM	-37.0
DCBB	1.0	55.6	4.0
EQUITAS	1.2	187.4	22.1
FB	6.0	30.5	0.0
HDFCB	105.4	19.3	14.6
ICICIBC	74.7	35.5	8.2
IIB	17.9	55.9	9.6
KMB	24.2	19.1	16.8
RBK	2.0	NM	1.2
Private Total	283.5	53.1	8.7
PSU Banks			
BOB	25.0	19.8	15.3
CBK	19.7	47.9	-2.5
INBK	12.2	12.3	0.8
PNB	9.8	-11.4	217.5
SBIN	102.5	34.4	68.9
UNBK	16.9	10.5	8.2
PSU Total	186.1	26.0	39.5
Banks Total	469.7	41.1	19.1
Other Financials			
SBICARD	5.9	71.8	-5.5
Life Insurance			
HDFCLIFE	3.3	18.6	-11.0
IPRULIFE	2.9	-33.8	89.0
SBILIFE	3.3	32.3	24.2
MAXF	1.0	35.8	5.9
Life Total	10.4	-57.8	-33.1

Earnings progression on track amidst volatile macro

Credit growth + NIMs showing resilience; liabilities gaining focus

- **Credit growth showing significant strength:** Systemic loan is witnessing a continuous revival, with credit growth accelerating to ~16% YoY in Sep'22 (nine-year high), led by continued traction in the Retail and SME segment, while the Corporate segment is also seeing a revival, led by improved working capital requirements. **Home, Vehicle, Unsecured, and Small Business continue to do well, while the demand for CV is also improving.** Credit Cards business is seeing a healthy momentum, with spends remaining strong.
- We believe that deposit growth will be a key focus over the next few quarters, given the RBI's stance on further rate hikes and tightening liquidity. Deposits rates are likely to increase to aid liability accretion and fund credit growth. The rise in cost of deposits would be key to assessing the margin trajectory over FY24.
- While any material change in the demand environment needs to be monitored, given the challenging macro, we **estimate loans to grow by 13%/14% YoY in FY23/FY24. We expect our Banking Coverage Universe to deliver ~41% YoY growth in PAT in 2QFY23, while PPoP to grow at a modest ~13% YoY.**
- **Estimating 29% CAGR in earnings over FY22-24E:** Our estimates indicate steady traction in earnings over FY23/FY24. We **expect Private/PSU Banks to report an earnings growth of ~32%/~34% YoY in FY23.** Our Banking Coverage Universe is likely to report an earnings growth of ~33% YoY in FY23 and 25% in FY24, after posting a growth of ~45% in FY22.
- **Asset quality and credit cost to remain controlled:** We estimate slippages ex of restructuring to remain controlled, which along with healthy recoveries and upgrades, will result in a continuous improvement in asset quality. While the performance of restructured and ECLGS book will be closely monitored, we expect credit cost to remain under control, while the balance sheet strengthens further.

Private Banks – PAT to grow ~53% YoY in 2QFY23

- **We estimate Private Banks to report a PPoP growth of ~13% YoY (+13% QoQ) and PAT growth of ~53% YoY (+8.7% QoQ) in 2QFY23.** Earnings are likely to remain healthy, led by higher business growth, NIM expansion, and a sustained reduction in credit cost.
- **Loan growth is projected to remain strong.** We **forecast Private Banks loan growth at 18%/19% over FY23/FY24.** We estimate ICICIBC to deliver a loan growth of ~23% YoY over 2QFY23 and KMB/AXSB to grow by ~25%/18%. HDFCB/IIB reported a strong growth of ~23%/~18% YoY.
- **Margins to witness positive bias in near term,** supported by pick up in loans growth and rising interest rates as floating rate loan portfolio gets repriced. However, we remain watchful of a rise in cost of funds to assess the margin impact over the medium term. **We forecast NII growth of ~20% YoY,** with KMB ~28%, AXSB ~23%, ICICIBC ~22%, IIB ~18%, and HDFCB at 16% in 2QFY23.
- **Slippages ex of restructuring to remain controlled.** Slippages ex of restructuring are likely to remain controlled across segments, barring BANDHAN, which can see elevated stress due to the recognition of floods/restructuring/SMA impact. Overall, we expect a continuous improvement in asset quality. The performance of the restructured and ECLGS book will be a key monitorable.

PSBs – Operating performance continues to improve

- We forecast earnings for PSBs to remain healthy, led by pick up in margins and moderation in opex. While we remain watchful of future yields movement, it stood stable over 2QFY23.
- Recovery in loan growth is likely to continue, however, traction in deposits and any increase in cost of funds would be key to assess the margin trajectory. This will be further supported by a sustained reduction in credit cost as the asset quality performance for PSBs remains steady.
- **PSBs are likely to deliver a NII/PPoP growth of 14%/12% YoY (+6.6%/+24.9% QoQ), while PAT will grow by ~26% YoY (+39.5% QoQ) in 2QFY23.**

Small Finance Banks – A quarter of modest performance

- We expect AUBANK to report a modest performance, impacted by continued margin pressure and higher Opex, even as advances are likely to grow 6% QoQ vs 5.6% QoQ in 1QFY23. Provisions would remain controlled, thus, earnings are likely to grow ~13% YoY to INR3.15b in 2QFY23 (23% CAGR over FY22-24E).
- EQUITAS is likely to report a PPOP/PAT growth of 40%/187% YoY albeit on a low base of 2QFY22, impacted by the second wave of Covid-19.

Life Insurers – VNB margins to remain healthy

- We expect premium growth to remain healthy (albeit on a low base) on strong demand for Annuity, Guaranteed, and Credit Life products. Protection and ULIP is likely to see a gradual recovery amid a volatile market.
- HDFCLIFE will post an APE growth of 9% YoY, while SBILIFE will see a growth of 4%. MAXF would see a decline of 10% YoY while IPRU will see a decline of 4%.
- We project VNB growth to be in the range of 12-14% YoY for SBILIFE, HDFCLIFE, and IPRU, while MAXF would see a decline of 16%. VNB margin to remain healthy across players.

SBICARD: Spends momentum healthy; rising cost to affect margins

- The momentum in Credit Card spends and new account sourcing is likely to remain healthy over 2QFY23, which will keep fee income robust.
- Asset quality outlook remains robust, which coupled with negligible restructuring book, will aid improvement in credit cost.
- However, margins could witness a slight pressure, owing to a low revolve rate and increasing cost of funds, which could impact the overall profitability. The impact of new RBI guidelines on inactive cards would be a near-term watch.

Other monitorables

- **The performance of the restructured and ECLGS book:** Commentaries on slippages, especially MSME, the performance of the restructured and ECLGS book, and provisioning guidance are key focus areas.
- **Outlook on growth and margins:** Commentaries on the growth outlook, revival in capex, and margin, amid rising interest rates, higher inflation, and a challenging macro, are key monitorables.
- **Deposit traction** to be other key monitorable amidst liquidity tightening and rise in funding cost/bulk deposits mix to meet the demand.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to movement in bond yields are key focus areas.
- **Technological spends and elevated Opex:** Outlook on technological spends and investments in the business could affect normalization in Opex.

Our top picks – ICICIB, SBIN, IIB, FB, and SBILIFE

ICICIB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	475	577	686
OP	393	464	552
NP	233	305	361
NIM (%)	4.0	4.2	4.3
EPS (INR)	33.7	43.8	52.0
EPS Gr. (%)	39.2	30.3	18.6
ABV/Sh. (INR)	223	267	316
Cons. BV/Sh. (INR)	262	306	358

Ratios

RoE (%)	15.0	16.8	17.0
RoA (%)	1.8	2.0	2.1

Valuations

P/BV (x) (Cons.)	3.2	2.8	2.4
P/ABV (x)	3.0	2.5	2.1
P/E (x)	20.0	15.4	12.9

*Adjusted for investment in subsidiaries

ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~80% as of 1QFY23 – the highest in the industry – and carries COVID-related provisions of INR85b (~0.9% of loans). Slippages have moderated over the past few quarters and we expect these to subside further. ICICIB is well-cushioned, with higher provisions on its Balance Sheet, and has guided at normalization in credit costs from FY23.
- Steady mix of a high-yielding book such as Retail/Business banking, deployment of excess liquidity, and a low-cost liability franchise is aiding margin expansion, which improved to ~4.1%. Around 70% of its book is floating in nature, with ~43%/6% linked to repo/other EBLR, which will aid margin. We expect margins to remain healthy as growth in the SME and high-yielding Retail segment pick up.
- The bank is becoming a new growth leader in the SME and Retail segments, aided by continued investments in technology and partnerships with new ecosystem players. We expect a 19% loan CAGR over FY22-24 for the bank.
- ICICIB has room for further re-rating as it continues on its journey to deliver consistent solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate an RoA/RoE of 2.1%/17.0% for FY24. Adjusted for subsidiaries, the standalone bank trades at 2.1x FY24E ABV.

SBIN: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	1,207	1,390	1,605
OP	753	816	1,014
NP	317	410	521
NIM (%)	2.9	3.0	3.1
EPS (INR)	35.5	45.9	58.4
EPS Gr. (%)	55.2	29.3	27.3
ABV (INR)	256	296	346
Cons. BV. (INR)	328	377	440

Ratios

RoE (%)	13.0	15.0	16.7
RoA (%)	0.7	0.8	0.9

Valuations

P/BV (x) Cons.	1.6	1.4	1.2
P/ABV (x)*	1.2	1.1	0.9
P/E (x)*	8.9	6.9	5.4

*Adjusted for investment in subsidiaries

SBIN (Buy)

- SBIN has demonstrated a strong improvement in asset quality, which has been resilient over the past few quarters, aided by improved underwriting and significant mobilization in customer engagement by the recovery team. Fresh slippages moderated to a low of 1%, beating private peers, while PCR improved to 75%. This, coupled with controlled restructuring (1% of loans) and a low SMA book (25bp of loans), will drive a sustained reduction in credit cost to 0.8%.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate book (as the un-utilized limit continues to moderate), will support loan growth. Stable margin, deployment of liquidity, and reversal in the rate cycle (as ~75% of loans are floating in nature) will enable a recovery in NII.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~45%). This puts it in a better position to manage funding cost in a rising rate regime. While there could be some increase in the cost of deposits, margin is likely to remain stable.
- SBIN appears well positioned to report a strong uptick in earnings. We estimate a FY24 RoA/RoE of 0.9%/16.7%. Subsidiaries account for ~32% of the total SoTP. Adjusted for subsidiaries, the bank trades at 0.9x FY24E ABV.

IIB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	150	175	206
OP	131	147	174
NP	48	77	95
NIM (%)	3.9	4.1	4.2
EPS (INR)	62.1	99.8	122.2
EPS Gr. (%)	55.4	60.7	22.5
BV/Sh. (INR)	618	707	819
ABV/Sh. (INR)	604	695	806
Ratios			
RoE (%)	10.6	15.1	16.1
RoA (%)	1.3	1.8	1.9
Valuations			
P/E (x)	18.6	11.6	9.5
P/BV (x)	1.9	1.6	1.4
P/ABV (x)	1.9	1.7	1.4

FB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	59.6	68.9	83.0
OP	37.6	42.9	53.2
NP	18.9	24.5	29.5
NIM (%)	3.2	3.3	3.4
EPS (INR)	9.2	11.7	14.0
EPS Gr. (%)	15.6	26.3	20.3
BV/Sh. (INR)	89.4	99.5	111.5
ABV/Sh. (INR)	81.6	91.2	102.4
Ratios			
RoE (%)	10.8	12.3	13.3
RoA (%)	0.9	1.0	1.1
Valuations			
P/E (x)	12.6	10.0	8.3
P/BV (x)	1.3	1.2	1.0
P/ABV (x)	1.4	1.3	1.1

SBILIFE: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
Net Premium	584	696	850
Sh. PAT	15.1	17.3	20.0
NBP gr- unwtld.(%)	23.4	25.0	23.0
NBP gr. – APE (%)	24.9	26.3	26.9
Premium gr. (%)	16.9	19.5	22.1
VNB margin. (%)	25.9	30.1	29.7
RoEV (%)	18.7	20.3	21.4
Total AUM (INR t)	2.7	3.0	3.8
VNB	37.0	53.9	67.7
EV per share	396	477	579
Valuations			
P/EV (x)	3.1	2.6	2.1
P/EVOP (x)	18.0	14.2	11.6

IIB (Buy)

- IIB's consistent efforts in strengthening its liability franchise have been yielding results with Retail deposits mix increasing to 41%. LCR ratio too remains healthy at ~124%. We expect IIB to deliver 17% deposit CAGR over FY22-24E, while the bank has suggested increasing the mix of Retail deposits to 45-50%.
- Loan growth is witnessing strong traction across segments with healthy pick up in both Corporate and Retail loans. The focus remains on scaling up its key focus businesses and investing on new growth engines. We estimate loans to grow at 19% CAGR over FY22-24E. Improving business activity and a recovery in its core CV and MFI segments will aid overall portfolio growth.
- Asset quality risks are receding, with a gradual reduction in stress from the MFI and CV book. The restructuring book too moderated to 2.1% of loans, which will keep slippages under control. A healthy PCR of 72% and provisions buffer of 1.2% of loans will result in a moderation in credit cost to 1.3% by FY24.
- We thus expect IIB to deliver 40% earnings CAGR over FY22-24E, leading to RoA/RoE of 1.9%/16.1% in FY24E. IIB currently trades at 1.4x FY24E ABV.

FB (Buy)

- Asset quality ratios have improved, led by healthy recoveries and upgrades and moderation in slippages. CE stood healthy ~95% in 1QFY23, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segment and a high restructuring book, we nevertheless expect slippages/credit costs to moderate to 1.3%/0.7% in FY24.
- CASA and retail TD constitute over 94% of total deposits. The bank has a lower cost of funds advantage v/s other mid-sized banks. This, along with a focus on cross-selling liability products to Corporate clients to garner salary accounts and a pick-up in loan growth, is likely to support margin.
- FB has been taking a cautious approach towards building its loan mix to higher-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 1QFY23 (from 28.4% in FY19). We expect loan growth to remain healthy, resulting in a further improvement in its overall operating performance.
- We expect an RoA/RoE of 1.1%/13.3% by FY24. FB currently trades at 1.1x FY24E ABV.

SBILIFE (Buy)

- SBILIFE is seeing strong traction in premium growth across segments, with Individual WRP delivering a robust 29% growth over FY23 till date – much higher than the industry and other listed peers. Both the agency and banca channels are contributing to growth. We estimate a 27% APE CAGR over FY22-24, led by continued momentum in Non-PAR Savings and Protection products.
- The share of ULIP is likely to pick up while trends in Protection and Non-PAR segments are likely to remain healthy. This will continue to support VNB margin.
- Persistency ratios are likely to remain healthy across cohorts, while cost ratios may increase moderately on a revival in business growth. However, cost leadership is likely to continue.
- We estimate 35% VNB CAGR over FY22-24, with operating RoEV to sustain ~22% by FY24. We forecast margins to remain steady at ~30% over FY22-24. SBILIFE currently trades at 2.1x FY24E EV.

Exhibit 1: 2QFY23 earnings estimates

	CMP		NII (INR m)			Op. profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Sep'22	Variance YoY (%)	Variance QoQ (%)	Sep'22	Variance YoY (%)	Variance QoQ (%)	Sep'22	Variance YoY (%)	Variance QoQ (%)
Financials											
AU Small Finance	594	Buy	10,248	36.1	5.0	4,826	23.0	22.5	3,153	13.2	17.7
Axis Bank	723	Buy	97,440	23.3	3.8	68,047	14.8	15.6	42,442	35.5	2.9
Bandhan Bank	259	Neutral	22,819	17.9	-9.2	18,253	15.2	0.3	5,587	NM	-37.0
DCB Bank	100	Neutral	4,050	25.3	8.3	2,228	27.2	34.1	1,010	55.6	4.0
Equitas Holdings	99	Buy	6,025	24.5	3.8	2,782	39.8	3.7	1,184	187.4	22.1
Federal Bank	116	Buy	16,869	14.0	5.1	10,359	13.6	6.4	6,006	30.5	0.0
HDFC Bank	1,413	Buy	204,415	15.6	4.9	176,492	11.7	14.8	105,355	19.3	14.6
ICICI Bank	848	Buy	142,626	22.0	8.0	113,965	14.9	10.5	74,685	35.5	8.2
IndusInd Bank	1,156	Buy	43,254	18.2	4.9	35,652	10.8	3.9	17,882	55.9	9.6
Kotak Mahindra Bank	1,784	Neutral	51,560	28.2	9.8	36,239	16.1	30.2	24,192	19.1	16.8
RBL Bank	111	Buy	10,950	19.6	6.5	5,505	-20.3	4.0	2,035	NM	1.2
Banks – Private			610,256	20.0	5.3	474,347	13.1	13.1	283,532	53.1	8.7
Bank of Baroda	128	Buy	92,404	22.1	4.5	58,032	2.4	28.2	25,008	19.8	15.3
Canara Bank	222	Buy	72,169	15.0	6.4	64,529	15.2	-2.3	19,706	47.9	-2.5
Indian Bank	189	Buy	47,376	16.0	4.5	36,157	10.4	1.4	12,228	12.3	0.8
Punjab National Bank	35	Neutral	81,346	28.0	7.8	57,307	42.5	6.5	9,793	-11.4	217.5
State Bank of India	520	Buy	336,316	7.8	7.8	203,801	12.7	59.8	102,517	34.4	68.9
Union Bank	43	Buy	78,712	15.3	3.8	58,320	-4.0	7.1	16,869	10.5	8.2
Banks – PSU			708,323	13.7	6.6	478,146	11.9	24.9	186,121	26.0	39.5
Total Banks			1,318,579	16.6	6.0	952,492	12.5	18.8	469,653	41.1	19.1
HDFC Life Insurance	519	Neutral	131,633	15.0	42.0	3,303	19.7	-9.8	3,251	18.6	-11.0
ICICI Prudential Life	510	Buy	105,523	13.6	53.3	3,136	-33.9	101.4	2,943	-33.8	89.0
SBI Life Insurance	1,238	Buy	181,542	23.8	64.5	3,312	31.5	23.8	3,264	32.3	24.2
Max Financial	753	Buy	58,943	10.6	43.7	NM	NM	NM	964	35.8	5.9
Life Insurance			477,641	-67.1	-63.2	9,751	-59.5	-77.9	10,422	-57.8	-33.1
SBI Cards	880	Buy	10,714	16.6	-0.7	12,457	17.7	-3.5	5,926	71.8	-5.5

Note: For Life Insurance - NII represents net premium income, PPOP represents the shareholder's PBT, and PAT represents the shareholder's profits

Exhibit 2: Loan growth has recovered strongly to 16.2%

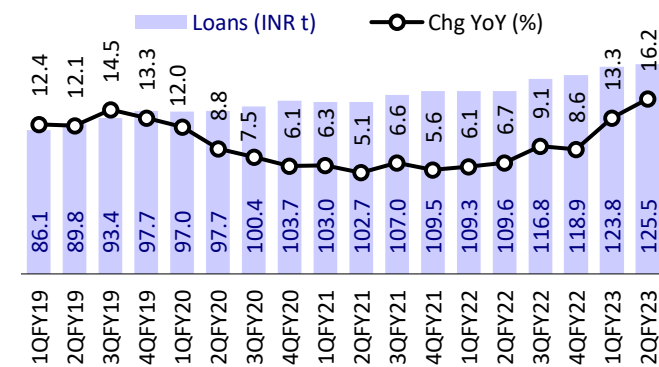


Exhibit 3: Deposit growth modest at 9.5%

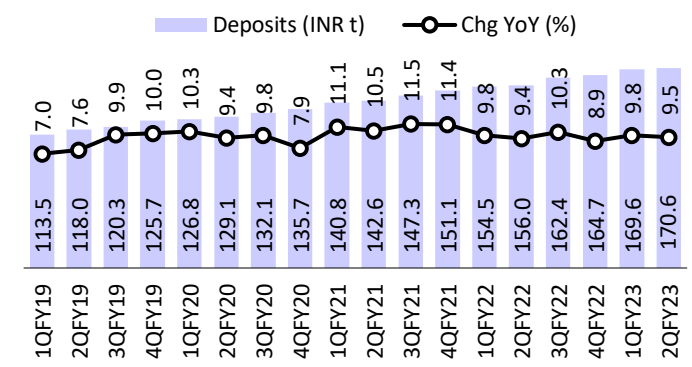


Exhibit 4: Margins to exhibit a positive bias, supported by rising interest rate and healthy pick up in business growth

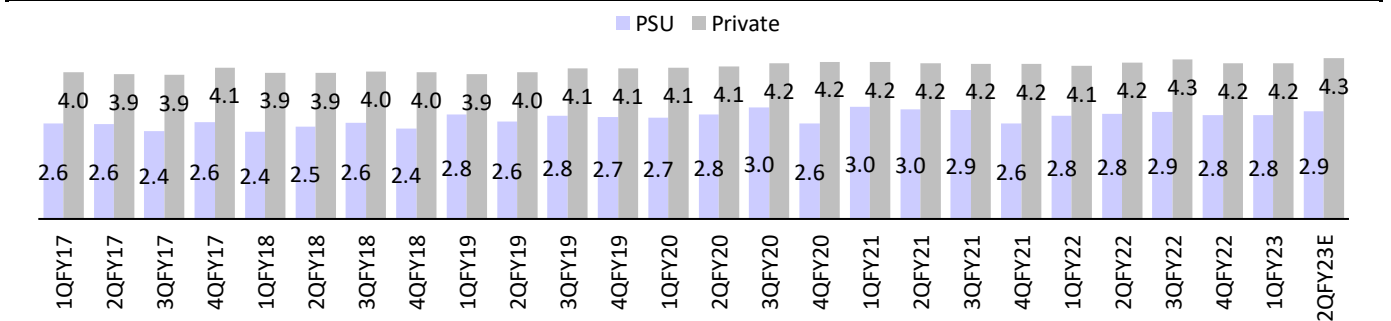


Exhibit 5: Earnings progression on track; raising aggregate earnings by 2%/1% implying ~29% CAGR over FY22-24E

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Private Banks						
AXSB	177.8	218.2	181.8	221.6	2.2%	1.6%
BANDHAN	44.0	59.3	38.3	56.0	-12.9%	-5.4%
DCBB	4.3	5.7	4.4	5.6	4.2%	-1.3%
HDFCB	440.7	530.3	440.1	523.9	-0.1%	-1.2%
ICICIBC	296.6	361.9	304.7	361.5	2.8%	-0.1%
IIB	77.1	92.4	77.3	94.7	0.2%	2.4%
KMB	93.8	110.7	97.7	113.5	4.2%	2.5%
FB	24.3	30.2	24.5	29.5	0.7%	-2.5%
RBK	8.0	11.8	8.7	12.4	8.8%	4.6%
AUBANK	13.8	17.9	13.8	17.2	0.3%	-3.6%
EQUITAS	5.0	7.4	4.9	7.5	-2.6%	2.1%
Total Private Banks	1,185.3	1,445.7	1,196.3	1,443.4	0.9%	-0.2%
YoY growth	31.2%	22.0%	32.4%	20.7%		
PSU Banks						
BOB	100.6	138.5	103.8	140.1	3.3%	1.1%
CBK	84.9	109.0	87.1	111.5	2.6%	2.3%
INBK	53.2	66.2	52.3	65.8	-1.7%	-0.5%
PNB	40.4	60.3	43.7	67.1	8.0%	11.3%
SBIN	399.8	528.0	409.6	521.3	2.4%	-1.3%
UNBK	62.6	89.4	69.6	103.5	11.1%	15.7%
Total PSU Bank	741.4	991.5	766.0	1,009.3	3.3%	1.8%
YoY growth	29.5%	33.7%	33.8%	31.8%		
Total for Banks	1,926.7	2,437.1	1,962.3	2,452.7	1.8%	0.6%
YoY growth	30.5%	26.5%	32.9%	25.0%		
Other Financials						
SBICARD	26.3	37.3	23.8	33.6	-9.5%	-9.9%

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

Exhibit 6: Snapshot of additional provision buffers as on 1QFY23

As of 1QFY23	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,011	50.1	68.2	118.3	1.7
DCBB	298	0.7	-	0.7	0.2
HDFCB**	13,951	96.3	14.5	110.8	0.8
ICICIBC	8,956	85.0	-	85.0	0.9
IIB***	2,480	30.0	-	30.0	1.2
IDFCFIRST	1,326	0.9	-	0.9	0.1
KMB	2,802	4.8	-	4.8	0.2
AUBANK	487	1.4	-	1.4	0.3

*AXSB holds total provisions of INR118b, including standard and additional, other than NPA

**Floating provisions for HDFCB stands at INR14.51b

***For IIB, floating provisions (INR0.7b) are included in the PCR

Source: MOFSL, Company

Restructuring book remains controlled for large banks, but it is relatively higher for mid-sized banks

Exhibit 7: Snapshot of restructuring book across banks

INR b	Restructured book					
	Absolute	Mar'21	Sep'21	Dec'21	Mar'22	Jun'22
AXSB	34.0	0.30%	0.66%	0.63%	0.52%	0.45%
BANDHAN	58.3	0.76%	11.18%	8.22%	5.77%	6.42%
DCBB	18.2	4.26%	6.80%	6.81%	6.42%	6.09%
HDFCB	107.5	0.57%	1.50%	1.40%	1.14%	0.76%
ICICIB	73.8	0.54%	1.27%	1.19%	1.00%	0.80%
IIB	52.1	1.80%	3.60%	3.30%	2.60%	2.10%
KMB	10.8	0.19%	0.54%	0.54%	0.44%	0.39%
FB	33.7	1.07%	2.49%	2.45%	2.44%	2.22%
RBK	17.4	1.58%	3.66%	3.44%	3.27%	2.89%
AUBANK	10.4	1.85%	3.60%	3.10%	2.50%	2.10%
BOB	196.7	1.34%	2.95%	2.65%	2.44%	2.46%
SBIN	287.9	0.73%	1.24%	1.20%	1.13%	1.02%
INBK	165.8	1.64%	5.85%	5.09%	4.73%	4.17%
PNB	147.0	NA	2.60%	2.76%	2.36%	1.98%
UNBK	212.4	1.10%	3.69%	3.32%	2.99%	2.92%
BOI	104.1	NA	3.61%	2.97%	2.63%	2.35%
CBK	180.0	NA	2.85%	2.78%	2.77%	2.41%

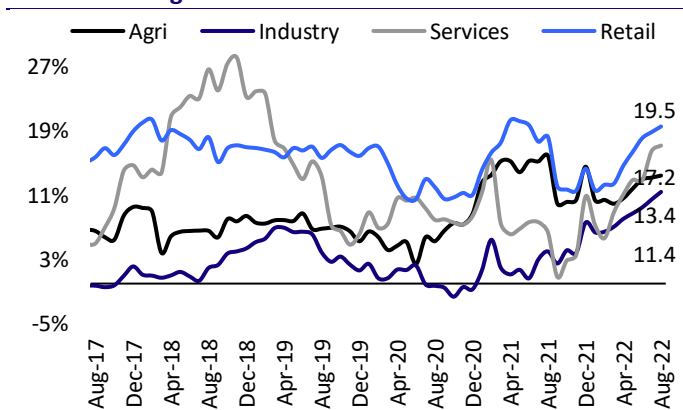
Source: MOFSL, Company

Exhibit 8: SMA book across banks as of 1QFY23

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	48bp	
BOI	NA	20bp	31bp
CBK	72bp	19bp	38bp
INBK	NA	40bp	21bp
PNB	NA	NA	26bp
SBIN	NA	18bp	6bp
UNBK	33bp	6bp	14bp
BANDHAN	470bp	240bp	560bp
KMB	NA	NA	6bp

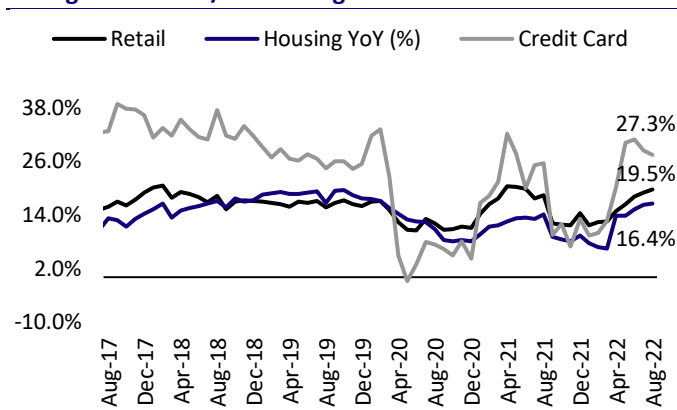
Source: MOFSL, Company

Exhibit 9: Retail loan growth improves to 19.5%; Retail mix at 31.6% in Aug'22



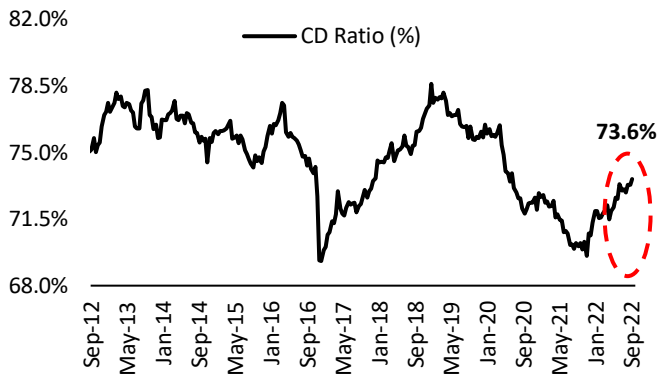
Source: MOFSL, RBI

Exhibit 10: Credit Card growth ~27% YoY; Housing/Vehicle loan growth ~16%/20% in Aug'22



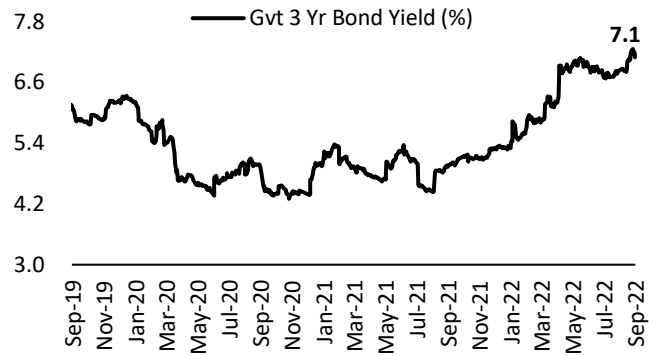
Source: MOFSL, RBI

Exhibit 11: CD ratio picks up to 73.6% as of 9th Sep'22; expect it to improve gradually



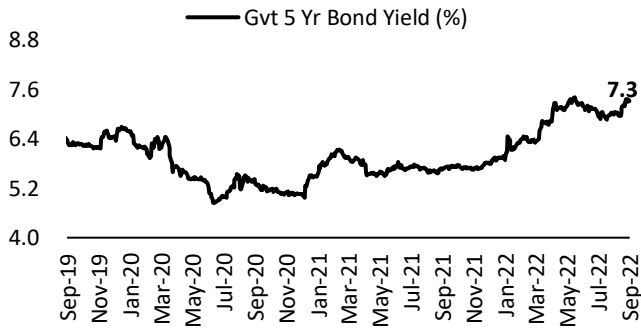
Source: MOFSL, RBI

Exhibit 12: Three-year G-Sec yield increases 14bp over 2QFY23 to its current ~7.1%



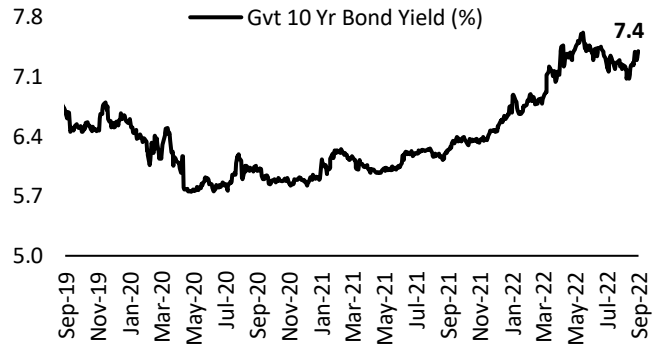
Source: MOFSL, BBG

Exhibit 13: Five-year G-Sec yield increases by 6bp in 2QFY23 to its current ~7.3%



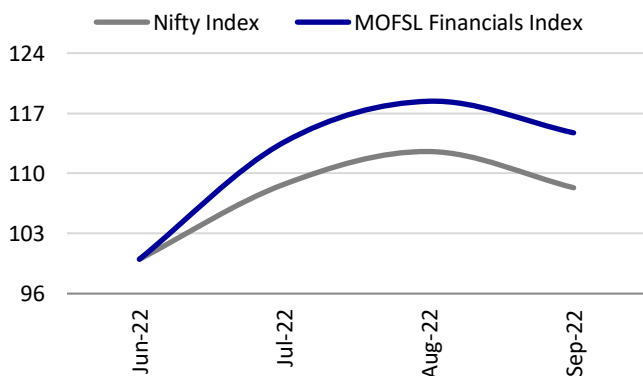
Source: MOFSL, BBG

Exhibit 14: 10-year G-Sec yield moderates by 5bp in 2QFY23 to its current ~7.4%



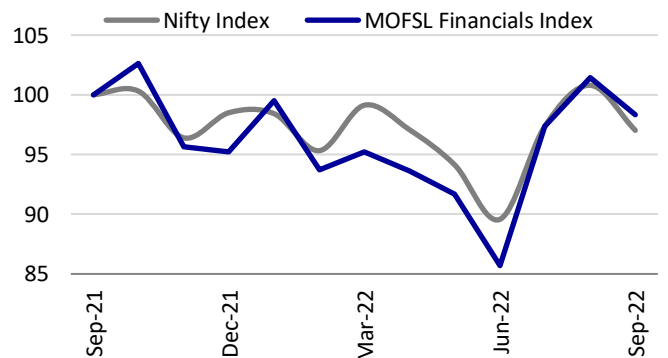
Source: MOFSL, BBG

Exhibit 15: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 16: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 17: Valuation summary

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Financials														
Banks-Private						23.4	17.7	14.7	3.1	2.7	2.3	13.3	15.4	16.0
AU Bank	594	Buy	18.0	21.4	25.9	33.0	27.8	22.9	5.0	3.6	3.1	16.6	15.1	14.7
Axis Bank	723	Buy	42.5	59.2	72.2	17.0	12.2	10.0	1.9	1.8	1.6	12.0	15.4	16.9
Bandhan Bank	259	Neutral	0.8	23.8	34.8	332.0	10.9	7.5	2.4	2.0	1.7	0.7	20.2	24.6
DCB Bank	100	Neutral	9.2	14.3	18.0	10.8	7.0	5.6	0.8	0.7	0.6	7.8	11.0	12.5
Equitas Holdings	99	Buy	8.2	14.2	22.0	12.1	7.0	4.5	0.8	0.7	0.7	7.3	11.0	15.4
Federal Bank	116	Buy	9.2	11.7	14.0	12.6	10.0	8.3	1.3	1.2	1.0	10.8	12.3	13.3
HDFC Bank	1,413	Buy	66.8	79.4	94.5	21.1	17.8	15.0	3.3	2.8	2.4	16.7	17.0	17.3
ICICI Bank	848	Buy	33.7	43.8	52.0	25.2	19.3	16.3	3.5	3.0	2.5	15.0	16.8	17.0
IndusInd Bank	1,156	Buy	62.1	99.8	122.2	18.6	11.6	9.5	1.9	1.6	1.4	10.6	15.1	16.1
Kotak Mahindra Bank	1,784	Neutral	60.9	70.1	82.4	29.3	25.5	21.7	3.7	3.2	2.8	12.7	12.7	13.0
RBL Bank	111	Buy	-1.2	14.6	20.7	-89.1	7.6	5.4	0.5	0.5	0.5	-0.6	6.7	9.0
SBI Cards	880	Buy	17.2	25.2	35.7	51.3	34.8	24.7	10.7	8.3	6.3	23.0	26.9	29.2
Banks-PSU						10.9	8.1	6.1	1.0	0.9	0.8	9.5	11.6	13.7
Bank of Baroda	128	Buy	14.0	20.1	27.1	9.1	6.4	4.7	0.8	0.7	0.6	8.5	11.5	13.8
Canara Bank	222	Buy	32.8	48.0	61.5	6.8	4.6	3.6	0.7	0.6	0.5	9.1	12.4	14.0
Indian Bank	189	Buy	33.2	42.0	52.8	5.7	4.5	3.6	0.6	0.5	0.5	11.2	13.2	14.7
Punjab National Bank	35	Neutral	3.2	4.0	6.1	11.0	8.9	5.8	0.4	0.4	0.4	3.7	4.5	6.6
State Bank	520	Buy	39.6	51.7	66.5	13.1	10.1	7.8	1.6	1.4	1.2	13.0	15.0	16.7
Union Bank	43	Buy	7.9	10.2	15.1	5.5	4.2	2.8	0.4	0.4	0.4	8.3	10.2	13.9
Insurance						100.0	58.3	42.7	12.7	10.6	8.9	12.7	18.3	20.8
HDFC Life	519	Neutral	5.7	6.7	7.7	90.9	77.5	67.3	3.3	2.8	2.4	23.8	17.3	18.1
ICICI Lombard	1,127	Buy	25.9	32.2	40.8	43.5	35.0	27.6	6.1	5.4	4.8	15.4	16.4	18.5
ICICI Pru Life	510	Buy	5.3	6.9	8.2	97.1	73.8	61.9	2.3	2.0	1.7	8.7	14.4	16.8
Life Insurance Corp.	621	Buy	6.5	11.4	17.3	95.2	54.2	35.9	0.7	0.7	0.6	NM	10.2	12.0
Max Financial	753	Buy	8.1	10.2	10.5	92.7	74.1	71.7	2.3	1.9	1.6	19.8	19.5	20.0
SBI Life	1,238	Buy	15.1	17.3	20.0	82.2	71.6	61.8	3.1	2.6	2.1	18.7	20.3	21.4
Star Health	703	Buy	-18.1	11.8	18.2	-38.9	59.8	38.6	8.8	5.8	5.0	-25.7	11.7	14.0

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

AU Small Finance Bank

Buy
CMP: INR594 | TP: INR680 (+14%)
EPS CHANGE (%): FY23 | 24: +0.3 | -3.6

- Expect margin to compress to ~5.8%.
- Expect business growth to see a healthy traction.
- CoF and C/I ratio are expected to remain high.
- Asset quality and movement in restructuring to be key monitorables.

Quarterly performance

(INR m)

	FY22				FY23				FY22	FY23E
	1Q*	2Q*	3Q*	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,248	10,799	11,541	32,341	42,347
% Change (Y-o-Y)	40.4	34.3	29.6	42.8	34.8	36.1	31.6	23.2	36.7	30.9
Other Income	2,148	1,919	2,756	3,114	1,592	2,372	3,112	3,656	9,937	10,732
Total Income	9,388	9,451	10,961	12,479	11,352	12,620	13,911	15,197	42,278	53,079
Operating Expenses	4,570	5,526	6,376	7,656	7,411	7,794	8,146	8,593	24,128	31,943
Operating Profit	4,818	3,925	4,584	4,823	3,941	4,826	5,765	6,604	18,150	21,136
% Change (Y-o-Y)	8.1	-11.1	-48.8	40.1	-18.2	23.0	25.8	36.9	-14.7	16.4
Provisions	2,072	46	560	932	384	610	770	890	3,610	2,654
Profit before Tax	2,747	3,878	4,025	3,891	3,557	4,215	4,996	5,714	14,541	18,482
Tax Provisions	715	1,093	1,004	430	878	1,062	1,259	1,458	3,242	4,657
Net Profit	2,032	2,785	3,020	3,461	2,679	3,153	3,737	4,256	11,298	13,825
% Change (Y-o-Y)	1.2	-13.5	-36.9	104.8	31.8	13.2	23.7	23.0	-3.5	22.4
Operating Parameters										
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	571.6	617.3	678.3	525.8	678.3
Loan (INR b)	339.6	358.5	401.8	461.0	486.5	515.9	556.7	601.7	461.0	601.7
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	46.4	39.4	29.0	46.2	29.0
Loan Growth (%)	29.4	31.6	32.6	33.2	43.3	43.9	38.5	30.5	33.2	30.5
Asset Quality										
GNPA (%)	4.3	3.2	2.6	2.0	2.0	2.0	1.9	1.9	2.0	1.9
NNPA (%)	2.3	1.7	1.3	0.5	0.6	0.6	0.5	0.5	0.5	0.5
PCR (%)	48.8	48.6	50.8	75.0	71.7	72.0	72.5	73.2	75.0	73.2

*YoY growth is not comparable due to gain from the Aavas stake sale

Axis Bank

Buy
CMP: INR723 | TP: INR875 (+21%)
EPS CHANGE (%): FY23 | 24: +2.2 | +1.6

- Expect credit costs to remain steady. Slippages to be key.
- Restructuring and BB & below pool to remain a key focus area.
- Margin to witness expansion. Cost ratio another key.
- Expect business growth to see a healthy traction.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	77.6	79.0	86.5	88.2	93.8	97.4	105.6	112.5	331.3	409.4
% Change (Y-o-Y)	11.1	7.8	17.4	16.7	20.9	23.3	22.1	27.6	13.3	23.6
Other Income	33.6	38.0	38.4	42.2	30.0	38.7	42.5	48.6	152.2	159.8
Total Income	111.2	117.0	124.9	130.4	123.8	136.1	148.1	161.1	483.5	569.2
Operating Expenses	49.3	57.7	63.3	65.8	65.0	68.1	70.8	74.0	236.1	277.8
Operating Profit	61.9	59.3	61.6	64.7	58.9	68.0	77.3	87.2	247.4	291.4
% Change (Y-o-Y)	5.9	-11.0	17.4	12.7	-4.8	14.8	25.4	34.8	7.0	17.8
Provisions	33.0	17.4	13.3	9.9	3.6	11.3	15.0	18.4	73.6	48.3
Profit before Tax	28.8	41.9	48.3	54.8	55.3	56.7	62.3	68.7	173.8	243.1
Tax	7.2	10.6	12.1	13.6	14.0	14.3	15.7	17.2	43.6	61.3
Net Profit	21.6	31.3	36.1	41.2	41.3	42.4	46.6	51.5	130.3	181.8
% Change (Y-o-Y)	94.2	86.2	223.7	53.8	91.0	35.5	29.0	25.1	97.7	39.6
Operating Parameters										
Deposit (INR t)	7.1	7.4	7.7	8.2	8.0	8.3	8.8	9.3	8.2	9.3
Loan (INR t)	6.1	6.2	6.6	7.1	7.0	7.3	7.7	8.2	7.1	8.2
Deposit Growth (%)	16.0	18.1	20.3	17.7	12.6	12.4	13.7	13.5	17.7	13.5
Loan Growth (%)	12.0	10.1	16.7	15.2	14.0	18.1	16.0	15.5	15.2	15.5
Asset Quality										
Gross NPA (%)	3.9	3.5	3.2	2.8	2.8	2.7	2.5	2.4	3.0	2.4
Net NPA (%)	1.2	1.1	0.9	0.7	0.6	0.6	0.6	0.6	0.8	0.6
PCR (%)	69.8	70.2	72.0	74.7	77.3	77.0	76.5	76.8	74.3	76.8

Bandhan Bank**Neutral****CMP: INR259 | TP: INR320 (+23%)****EPS CHANGE (%): FY23|24: -12.9|-5.4**

- Expect NIM to witness compression to ~7.3%.
- Expect business growth to see a pick up.
- We stay watchful of credit costs and slippages, especially from the SMA and restructuring book, which could stay elevated.
- Commentaries around CE, Restructuring and SMA book are key monitorables.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	21.1	19.4	21.2	25.4	25.1	22.8	25.3	25.9	87.1	99.2
% Change (YoY)	16.7	0.6	2.6	44.6	18.9	17.9	19.1	2.2	15.2	13.9
Other Income	6.2	5.3	7.1	9.6	3.3	6.1	8.1	10.4	28.2	27.9
Total Income	27.3	24.6	28.4	35.0	28.4	29.0	33.4	36.3	115.4	127.2
Operating Expenses	7.7	8.8	8.9	9.8	10.2	10.7	10.9	11.3	35.2	43.2
Operating Profit	19.6	15.8	19.5	25.2	18.2	18.3	22.5	25.0	80.1	84.0
% Change (YoY)	23.5	-1.7	1.4	53.5	-7.0	15.2	15.2	-0.8	18.4	4.8
Provisions	14.6	56.1	8.1	0.0	6.4	10.8	8.5	7.0	78.8	32.8
Profit Before Tax	5.0	-40.3	11.4	25.2	11.8	7.5	14.0	18.0	1.3	51.2
Tax	1.2	-10.2	2.9	6.1	2.9	1.9	3.5	4.6	0.0	12.9
Net Profit	3.7	-30.1	8.6	19.0	8.9	5.6	10.4	13.4	1.3	38.3
% Change (YoY)	-32.1	NM	35.8	NM	137.6	NM	21.5	-29.6	-94.3	NM
Operating Parameters										
Deposits (INR b)	773	819	845	963	931	960	1,055	1,146	963	1,146
Loans (INR b)	748	745	803	940	909	931	1,025	1,110	940	1,110
Deposit Growth (%)	27.6	23.8	18.7	23.5	20.3	17.2	24.8	19.0	23.5	19.0
Loan Growth (%)	7.2	1.6	4.6	15.1	21.6	25.0	27.6	18.1	15.1	18.1
Asset Quality										
Gross NPA (%)	8.2	10.8	10.8	6.5	7.3	7.7	6.7	6.1	6.5	6.1
Net NPA (%)	3.3	3.0	3.0	1.7	1.9	2.8	2.4	2.2	1.7	2.2
PCR (%)	61.8	74.1	74.4	75.5	74.9	65.0	66.0	66.2	75.5	66.2

Bank of Baroda**Buy****CMP: INR128 | TP: INR150 (+17%)****EPS CHANGE (%): FY23|24: +3.3|+1.1**

- Expect earnings and business growth to see a healthy traction.
- Expect slippages to moderate and asset quality to stay steady.
- Opex trajectory, particularly employee costs, is a key focus area. Expect credit costs to remain stable.
- Movement in its watch-list and stressed pool are key monitorables.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	78.9	75.7	85.5	86.1	88.4	92.4	94.6	97.2	326.2	372.6
% Change (YoY)	15.8	2.1	14.4	21.2	12.0	22.1	10.7	12.8	13.2	14.2
Other Income	28.6	35.8	25.2	25.2	11.8	22.0	23.7	33.2	114.8	90.7
Total Income	107.5	111.5	110.7	111.3	100.2	114.4	118.3	130.3	441.1	463.3
Operating Expenses	51.5	54.8	55.9	55.0	54.9	56.4	57.6	59.5	217.2	228.4
Operating Profit	56.0	56.7	54.8	56.4	45.3	58.0	60.8	70.8	223.9	234.9
% Change (YoY)	38.6	5.8	7.9	-9.6	-19.2	2.4	10.8	25.7	5.6	4.9
Provisions	40.1	27.5	25.1	37.4	16.8	24.6	26.2	28.8	130.0	96.5
Profit before Tax	16.0	29.2	29.8	19.0	28.4	33.4	34.5	42.1	93.9	138.4
Tax	3.9	8.3	7.8	1.2	6.7	8.4	8.7	10.7	21.1	34.6
Net Profit	12.1	20.9	22.0	17.8	21.7	25.0	25.8	31.3	72.7	103.8
% Change (YoY)	NM	24.4	107.1	NM	79.4	19.8	17.5	76.1	777.3	42.8
Operating Parameters										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,327	10,577	10,894	11,296	10,459	11,296
Loan (INR b)	6,684	6,938	7,322	7,772	7,996	8,238	8,443	8,704	7,772	8,704
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	10.9	10.2	11.4	8.0	8.2	8.0
Loan Growth (%)	(2.7)	3.6	4.8	10.0	19.6	18.7	15.3	12.0	10.0	12.0
Asset Quality										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	6.0	5.7	5.4	6.6	5.4
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.5	1.4	1.4	1.7	1.4
PCR (%)	67.9	67.1	70.6	75.3	75.9	76.0	76.2	75.7	75.3	75.7

Canara Bank

Buy

CMP: INR222 | TP: INR300 (+35%)

EPS CHANGE (%): FY23|24: +2.6|+2.3

- Expect business growth to remain steady.
- Credit costs to stay elevated. Restructuring book a key monitorable.
- Expect asset quality and slippages to moderate.
- Expect margin to expand to ~2.8%. Treasury performance to remain modest.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	61.6	62.7	69.4	70.1	67.8	72.2	76.9	81.3	263.8	298.2
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	15.0	10.8	16.0	9.5	13.0
Other Income	41.6	42.7	36.1	44.6	51.8	44.2	44.3	44.5	165.0	184.8
Total Income	103.2	105.4	105.6	114.7	119.6	116.3	121.3	125.8	428.8	483.0
Operating Expenses	48.3	49.4	47.5	52.7	53.5	51.8	52.4	53.7	184.4	211.4
Operating Profit	54.8	56.0	58.0	62.0	66.1	64.5	68.9	72.1	244.4	271.6
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	15.2	18.7	16.3	24.2	11.1
Other Provisions	34.6	33.6	22.4	37.1	36.9	35.1	34.8	34.7	141.3	141.6
Exceptional Item	NA	NA	0.0	NA	NA	NA	NA	NA	13.5	NA
Profit before Tax	20.2	22.4	35.6	24.9	29.2	29.4	34.0	37.4	89.6	130.0
Tax	8.4	9.1	7.0	8.3	8.9	9.7	11.6	12.7	32.8	42.9
Net Profit	11.8	13.3	28.6	16.7	20.2	19.7	22.5	24.7	56.8	87.1
% Change (Y-o-Y)	189.8	199.9	310.5	64.8	71.7	47.9	-21.4	48.2	122.0	53.3
Operating Parameters										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,407	11,625	11,951	10,864	11,951
Loan (INR b)	6,485	6,496	6,922	7,036	7,469	7,666	7,824	8,021	7,036	8,021
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	10.5	11.4	10.0	7.5	10.0
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	18.0	13.0	14.0	10.1	14.0
Asset Quality										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.5	6.3	6.1	7.5	6.1
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.3	2.2	2.0	2.7	2.0
PCR (%)	61.5	63.9	65.2	66.5	66.2	66.5	67.2	68.2	65.9	68.2

DCB Bank

Neutral

CMP: INR100 | TP: INR100 (+0%)

EPS CHANGE (%): FY23|24: +4.2|-1.3

- Expect credit costs to remain steady on potential stress in the SME/LAP segment.
- The C/I ratio may remain under pressure.
- Expect asset quality to witness an improvement QoQ. The performance of the restructuring book will be a key focus area.
- NIM expansion and loan growth would be closely monitored.

Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	3,087	3,233	3,450	3,805	3,740	4,050	4,267	4,611	13,575	16,667
% Change (Y-o-Y)	0.6	-3.2	3.1	22.3	21.1	25.3	23.7	21.2	5.5	22.8
Other Income	1,212	977	1,183	1,148	924	1,096	1,312	1,414	4,520	4,746
Total Income	4,299	4,211	4,634	4,953	4,664	5,146	5,579	6,025	18,095	21,413
Operating Expenses	2,277	2,459	2,645	2,744	3,002	2,917	2,973	3,001	10,126	11,894
Operating Profit	2,022	1,751	1,988	2,208	1,661	2,228	2,606	3,024	7,970	9,519
% Change (Y-o-Y)	5.8	-17.8	-28.8	9.8	-17.8	27.2	31.0	36.9	-10.0	19.4
Provisions	1,565	863	970	676	350	876	986	1,322	4,074	3,533
Profit before Tax	457	888	1,019	1,532	1,311	1,352	1,620	1,702	3,895	5,985
Tax	119	239	265	398	340	342	413	449	1,020	1,544
Net Profit	338	649	754	1,134	971	1,010	1,207	1,253	2,875	4,441
% Change (Y-o-Y)	-57.5	-21.1	-21.7	45.6	187.8	55.6	60.1	10.4	-14.4	54.5
Operating Parameters										
Deposit (INR b)	306.0	317.7	322.3	346.9	350.8	362.1	372.7	393.8	346.9	393.8
Loan (INR b)	252.9	268.5	276.6	291.0	298.1	311.3	319.5	337.5	291.0	337.5
Deposit Growth (%)	4.0	10.4	11.7	16.8	14.6	14.0	15.6	13.5	16.8	13.5
Loan Growth (%)	0.9	7.9	9.3	13.0	17.9	15.9	15.5	16.0	13.0	16.0
Asset Quality										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	4.0	3.9	3.6	4.3	3.6
Net NPA (%)	2.8	2.6	2.6	2.0	1.8	1.8	1.7	1.5	2.0	1.5
PCR (%)	43.3	45.0	48.0	55.6	57.8	57.0	57.5	58.2	55.6	58.2

Equitas Holdings

Buy

CMP: INR99 | TP: INR130 (+31%)

EPS CHANGE (%): FY23|24: -2.6|+2.1

- Expect NIM to moderate to ~9.0%.
- Focus to remain on movement in asset quality in the MSME book, CE and the restructuring book.
- Expect elevated credit costs to keep earnings growth modest.
- Expect a pick-up in business growth. Management commentary will be a key monitorable.

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	4,610	4,838	5,411	5,525	5,806	6,025	6,397	6,567	20,385	24,800
% Change (YoY)	14.0	4.9	11.8	23.2	25.9	24.5	18.2	18.9	13.4	21.7
Other Income	1,036	1,521	1,339	1,481	1,332	1,497	1,665	1,742	5,376	6,236
Total Income	5,646	6,359	6,749	7,006	7,138	7,522	8,062	8,309	25,761	31,035
Operating Expenses	4,002	4,370	4,502	4,167	4,456	4,740	5,135	5,419	17,041	19,750
Operating Profit	1,644	1,989	2,247	2,839	2,682	2,782	2,927	2,890	8,719	11,286
% Change (YoY)	15.8	-5.5	-20.7	13.6	63.1	39.8	30.3	1.8	-1.7	29.4
Provisions	1,501	1,421	784	1,232	1,416	1,199	1,256	924	4,938	4,795
Profit before Tax	142	568	1,463	1,607	1,266	1,583	1,671	1,966	3,781	6,490
Tax	23	156	382	412	296	399	421	517	974	1,634
Net Profit	119	412	1,081	1,195	970	1,184	1,250	1,449	2,807	4,857
% Change (YoY)	-79.3	-60.0	-2.3	5.9	713.4	187.4	15.6	21.3	-26.9	73.0
Operating Parameters										
AUM (INR b)	178	190	197	206	217	224	237	257	206	247
Deposits (INR b)	171	181	179	190	204	215	225	241	190	241
Loans (INR b)	167	178	183	194	205	214	225	242	194	242
AUM Growth (%)	15	13	13	15	22	18	20	25	15	20
Deposit Growth (%)	45	40	13	16	19	19	26	27	16	27
Loan Growth (%)	16	12	9	15	22	20	23	25	15	25
Asset Quality										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.1	4.0	3.9	3.9	37.1	3.9
Net NPA (%)	2.4	2.5	2.5	2.5	2.2	2.1	2.0	1.9	2.5	1.9
PCR (%)	51.2	50.1	46.8	42.7	48.5	48.0	49.6	52.5	42.7	52.5

Federal Bank

Buy

CMP: INR116 | TP: INR145 (+25%)

EPS CHANGE (%): FY23|24: +0.7|-2.5

- Expect business growth to see a gradual recovery.
- Asset quality and loans under restructuring are key monitorables.
- Expect credit costs to stay steady on exposure to SMEs.
- Expect NIM to improve slightly to ~3.3%. Watchful of commentary on cost of funds going ahead.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	14.2	14.8	15.4	15.3	16.0	16.9	17.6	18.4	59.6	68.9
% Change (YoY)	9.4	7.2	7.1	7.4	13.1	14.0	14.1	20.5	7.7	15.5
Other Income	6.5	4.9	4.8	4.7	4.5	4.7	5.0	5.4	20.9	19.6
Total Income	20.7	19.7	20.2	19.9	20.6	21.6	22.6	23.8	80.5	88.5
Operating Expenses	9.3	10.6	11.1	11.9	10.8	11.2	11.5	12.1	42.9	45.6
Operating Profit	11.3	9.1	9.1	8.0	9.7	10.4	11.1	11.7	37.6	42.9
% Change (YoY)	21.5	-3.6	-4.4	-11.0	-14.1	13.6	21.1	46.7	-1.1	14.1
Provisions	6.4	2.9	2.1	0.8	1.7	2.3	2.7	3.3	12.2	10.0
Profit before Tax	4.9	6.2	7.0	7.2	8.1	8.1	8.3	8.4	25.4	32.9
Tax	1.3	1.6	1.8	1.8	2.1	2.1	2.1	2.1	6.5	8.4
Net Profit	3.7	4.6	5.2	5.4	6.0	6.0	6.2	6.3	18.9	24.5
% Change (YoY)	-8.4	49.6	29.1	13.1	63.5	30.5	18.8	16.2	18.8	29.6
Operating Parameters										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,891	1,972	2,080	1,817	2,080
Loan (INR b)	1,298	1,344	1,407	1,449	1,517	1,611	1,645	1,717	1,449	1,717
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	10.0	12.4	14.5	5.2	14.5
Loan Growth (%)	7.0	9.4	12.1	9.9	16.9	19.9	16.9	18.5	9.9	18.5
Asset Quality										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.5	2.5	2.4	2.8	2.4
Net NPA (%)	1.2	1.1	1.1	1.0	0.9	0.9	0.9	0.8	1.0	0.8
PCR (%)	65.7	66.2	66.6	66.3	65.8	66.8	66.0	66.2	66.3	66.2

HDFC Bank**Buy****CMP: INR1,413 | TP: INR1,800 (+27%)****EPS CHANGE (%): FY23|24: -0.1|-1.2**

- Expect business growth to see continuous traction.
- Asset quality in Agri/Unsecured book and slippages to be the other key monitorables.
- Margin expansion will be an important metric.
- Commentary around Credit Cards, traction in fee income, and the merger with HDFC are key monitorables.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	170.1	176.8	184.4	188.7	194.8	204.4	219.2	233.3	720.1	851.7
% Change (Y-o-Y)	8.6	12.1	13.0	10.2	14.5	15.6	18.9	23.6	11.0	18.3
Other Income	62.9	74.0	81.8	76.4	63.9	84.8	90.9	96.8	295.1	336.4
Total Income	233.0	250.9	266.3	265.1	258.7	289.2	310.1	330.1	1,015.2	1,188.1
Operating Expenses	81.6	92.8	98.5	101.5	105.0	112.7	117.3	125.0	374.4	460.0
Operating Profit	151.4	158.1	167.8	163.6	153.7	176.5	192.8	205.1	640.8	728.1
% Change (Y-o-Y)	18.0	14.4	10.5	5.3	1.5	11.7	14.9	25.4	11.7	13.6
Provisions	48.3	39.2	29.9	33.1	31.9	35.4	32.3	39.5	150.6	139.0
Profit before Tax	103.1	118.8	137.8	130.4	121.8	141.1	160.6	165.6	490.2	589.1
Tax	25.8	30.5	34.4	29.9	29.8	35.8	37.6	45.8	120.5	149.1
Net Profit	77.3	88.3	103.4	100.6	92.0	105.4	123.0	119.8	369.6	440.1
% Change (Y-o-Y)	16.1	17.6	18.1	22.8	19.0	19.3	18.9	19.2	18.8	19.1
Operating Parameters										
Deposit	13,458	14,063	14,459	15,592	16,048	16,735	17,315	18,243	15,592	18,243
Loan	11,477	11,988	12,609	13,688	13,951	14,800	15,093	16,029	13,688	16,029
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.2	19.0	19.8	17.0	16.8	17.0
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	23.5	19.7	17.1	20.8	17.1
Asset Quality										
Gross NPA (%)	1.5	1.4	1.3	1.2	1.3	1.3	1.3	1.3	1.2	1.3
Net NPA (%)	0.5	0.4	0.4	0.3	0.4	0.3	0.4	0.3	0.3	0.3
PCR (%)	67.9	70.9	70.8	72.7	72.9	73.0	72.4	72.4	72.7	72.4

ICICI Bank**Buy****CMP: INR848 | TP: INR1,050 (+24%)****EPS CHANGE (%): FY23|24: +2.8|-0.1**

- Expect loan growth to see healthy traction and margin to witness expansion to 4.1%.
- Commentary on asset quality is a key monitorable.
- Expect credit costs to remain stable and slippages to moderate.
- Traction in credit card and overall business to be key.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	109.4	116.9	122.4	126.0	132.1	142.6	149.6	153.2	474.7	577.4
% Change (YoY)	17.8	24.8	23.4	20.8	20.8	22.0	22.2	21.5	21.7	21.7
Other Income	40.0	48.0	49.9	47.4	46.7	49.4	53.9	57.5	185.2	207.4
Total Income	149.3	164.9	172.2	173.4	178.8	192.0	203.5	210.6	659.8	784.8
Operating Expenses	60.4	65.7	70.7	70.5	75.7	78.0	81.9	85.5	267.3	321.1
Operating Profit	88.9	99.1	101.5	102.9	103.1	114.0	121.6	125.1	392.5	463.8
% Change (YoY)	-17.5	20.0	15.1	20.5	15.9	14.9	19.8	21.5	7.8	18.2
Provisions	28.5	27.1	20.1	10.7	11.4	15.7	17.6	18.1	86.4	62.8
Profit before Tax	60.4	72.0	81.4	92.2	91.7	98.3	104.0	107.0	306.1	401.0
Tax	14.3	16.9	19.5	22.1	22.6	23.6	25.0	25.1	72.7	96.2
Net Profit	46.2	55.1	61.9	70.2	69.0	74.7	79.1	81.9	233.4	304.7
% Change (YoY)	77.6	29.6	25.4	59.4	49.6	35.5	27.6	16.8	44.1	30.6
Operating Parameters										
Deposit	9,262	9,774	10,175	10,646	10,503	10,959	11,669	12,296	10,646	12,296
Loan	7,386	7,649	8,140	8,590	8,956	9,406	9,855	10,222	8,590	10,222
Deposit Growth (%)	15.5	17.3	16.4	14.2	13.4	12.1	14.7	15.5	14.2	15.5
Loan Growth (%)	17.0	17.2	16.4	17.1	21.3	23.0	21.1	19.0	17.1	19.0
Asset Quality										
Gross NPA (%)	5.2	4.8	4.1	3.6	3.4	3.2	2.9	2.7	3.6	2.7
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.7	0.6	0.5	0.8	0.5
PCR (%)	78.4	80.3	80.2	79.5	79.9	80.1	80.3	80.7	79.2	80.7

IndusInd Bank

Buy

CMP: INR1,156 | TP: INR1,450 (+25%)

EPS CHANGE (%): FY23|24: +0.2|+2.4

- Expect loan growth to see a healthy pickup while deposit traction would be closely monitored.
- Expect margin to remain stable ~4.2%.
- Expect asset quality to remain under watch. MFI slippages and restructuring book to be key monitorables.
- Credit costs to witness a gradual moderation as the focus remains on maintaining higher PCR.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	35.6	36.6	37.9	39.9	41.3	43.3	45.0	45.6	150.0	175.1
% Change (YoY)	7.7	11.6	11.4	12.7	15.8	18.2	18.6	14.4	10.9	16.7
Other Income	17.2	18.4	18.8	19.0	19.3	20.1	20.7	21.3	74.1	81.5
Total Income	52.9	55.0	56.7	58.9	60.6	63.4	65.7	66.9	224.1	256.6
Operating Expenses	21.7	22.8	23.6	25.1	26.3	27.7	27.9	28.1	93.1	110.1
Operating Profit	31.2	32.2	33.1	33.8	34.3	35.7	37.8	38.8	131.0	146.5
% Change (YoY)	6.6	12.9	11.8	8.0	9.9	10.8	14.2	14.7	10.3	11.9
Provisions	17.8	17.0	16.5	14.6	12.5	11.7	10.4	8.5	66.6	43.2
Profit before Tax	13.4	15.2	16.6	19.2	21.8	23.9	27.4	30.2	64.3	103.3
Tax	3.3	3.7	4.2	5.2	5.5	6.0	6.9	7.6	16.3	26.0
Net Profit	10.2	11.5	12.4	14.0	16.3	17.9	20.5	22.6	48.0	77.3
% Change (YoY)	99.1	72.9	49.5	51.2	60.5	55.9	64.9	61.5	64.0	60.8
Operating Parameters										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,027	3,158	3,263	3,418	2,933	3,418
Loan (INR b)	2,107	2,208	2,286	2,391	2,480	2,596	2,682	2,833	2,391	2,833
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.3	14.6	14.7	16.5	14.6	16.5
Loan Growth (%)	6.4	9.7	10.4	12.4	17.7	17.6	17.3	18.5	12.4	18.5
Asset Quality										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.4	2.2	2.1	1.8	2.3	1.8
Net NPA (%)	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.5	0.6	0.5
PCR (%)	71.6	71.6	71.7	72.3	72.0	73.0	73.0	73.4	72.3	73.4

Indian Bank

Buy

CMP: INR189 | TP: INR230 (+22%)

EPS CHANGE (%): FY23|24: -1.7|-0.5

- Expect loan growth to remain modest.
- Stress in the SME and restructuring book are key monitorables.
- Expect margin to improve to ~3.2%. Treasury performance to remain modest.
- Expect asset quality to remain stable and credit costs to be steady.

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	39.9	40.8	44.0	42.6	45.3	47.4	49.1	50.8	167.3	192.6
% Change (YoY)	3.1	-1.5	1.9	27.6	13.5	16.0	11.7	19.3	6.8	15.1
Other Income	18.2	19.7	15.6	15.7	16.0	17.5	18.9	20.2	69.2	72.6
Total Income	58.1	60.5	59.5	58.3	61.4	64.9	68.0	70.9	236.4	265.2
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.7	29.4	31.5	109.3	115.3
Operating Profit	34.2	32.8	32.9	27.4	35.6	36.2	38.6	39.5	127.2	149.9
% Change (YoY)	24.1	11.3	15.5	14.8	4.3	10.4	17.3	44.2	16.0	17.8
Other Provisions	25.6	25.5	24.9	19.1	22.2	22.6	23.7	23.3	95.1	91.8
Profit before Tax	8.6	7.3	7.9	8.2	13.5	13.6	14.9	16.2	32.0	58.1
Tax	-3.2	-3.6	1.1	-1.6	1.3	1.4	1.5	1.6	-7.4	5.8
Net Profit	11.8	10.9	6.9	9.8	12.1	12.2	13.4	14.5	39.4	52.3
% Change (YoY)	220.0	164.2	34.1	-42.4	2.7	12.3	94.5	47.6	31.3	32.6
Operating Parameters										
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	5,981	6,159	6,381	5,936	6,381
Loans (INR b)	3,644	3,604	3,743	3,892	3,994	4,076	4,174	4,301	3,892	4,301
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	8.4	9.5	7.5	10.3	7.5
Loan Growth (%)	7.3	6.1	3.2	7.3	9.6	13.1	11.5	10.5	7.3	10.5
Asset Quality										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.8	7.5	7.2	8.5	7.2
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	2.0	1.9	1.8	2.3	1.8
PCR (%)	66.5	68.1	72.2	74.9	75.5	75.7	75.9	76.5	74.9	76.5

Kotak Mahindra Bank**Neutral****CMP: INR1,784 | TP: INR2,000 (+12%)****EPS CHANGE (%): FY23|24: +4.2|+2.5**

- Expect loan growth to see a strong traction. Traction in unsecured loans to be seen.
- Commentaries around stress in the SME book and other unsecured loans are key monitorables.
- Expect liability franchise to remain strong and margins to expand to 5%.
- Expect asset quality and credit costs to exhibit steady trends.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	39.4	40.2	43.3	45.2	47.0	51.6	53.6	55.7	168.2	207.9
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	28.2	23.8	23.3	9.6	23.6
Other Income	13.5	18.1	13.6	18.3	12.4	17.8	18.7	21.0	63.5	69.9
Total Income	52.9	58.3	57.0	63.5	59.4	69.4	72.3	76.7	231.7	277.8
Operating Expenses	24.0	27.1	30.0	30.1	31.6	33.1	33.9	35.0	111.2	133.6
Operating Profit	28.9	31.2	27.0	33.4	27.8	36.2	38.4	41.7	120.5	144.2
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	16.1	42.0	24.9	2.5	19.6
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	4.1	4.6	5.5	6.9	14.5
Profit before Tax	21.9	27.0	28.3	36.5	27.6	32.1	33.7	36.2	113.6	129.6
Tax Provisions	5.4	6.6	7.0	8.8	6.9	7.9	8.2	8.9	27.9	31.9
Net Profit	16.4	20.3	21.3	27.7	20.7	24.2	25.5	27.4	85.7	97.7
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	19.1	19.6	-1.1	23.1	14.0
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,257	3,397	3,584	3,117	3,584
Loans (INRb)	2,174	2,350	2,529	2,713	2,802	2,930	3,092	3,255	2,713	3,255
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.7	11.3	15.0	11.3	15.0
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	24.7	22.3	20.0	21.3	20.0
Asset Quality										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.2	2.2	2.1	2.3	2.1
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	64.8	67.5	71.3	73.2	72.6	72.0	73.2	74.2	73.2	74.2

Punjab National Bank**Neutral****CMP: INR35 | TP: INR35 (-1%)****EPS CHANGE (%): FY23|24: +8.0|+11.3**

- Expect loan growth to remain modest.
- SMA, slippages, and restructuring book are key monitorables.
- Expect margin to remain stable ~2.8%.
- Expect asset quality to remain under pressure.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	72.3	63.5	78.0	73.0	75.4	81.3	84.6	86.6	286.9	328.0
% Change (YoY)	6.7	-24.9	-6.5	5.3	4.3	28.0	8.5	18.6	-6.1	14.3
Other Income	38.9	32.8	27.0	24.5	25.4	27.1	29.9	31.0	123.2	113.3
Total Income	111.2	96.3	105.0	97.5	100.8	108.4	114.5	117.6	410.1	441.4
Operating Expenses	47.2	56.1	54.3	44.9	47.0	51.1	55.4	59.5	202.5	213.0
Operating Profit	64.0	40.2	50.8	52.6	53.8	57.3	59.2	58.1	207.6	228.3
% Change (YoY)	21.2	-27.1	-17.2	-6.6	-15.9	42.5	16.5	10.3	-6.3	10.0
Other Provisions	49.8	32.6	33.5	48.5	47.9	44.4	41.5	37.0	164.5	170.9
Profit before Tax	14.2	7.6	17.2	4.1	5.9	12.9	17.6	21.0	43.2	57.5
Tax	4.0	-3.5	6.0	2.1	2.8	3.1	4.2	3.7	8.6	13.8
Net Profit	10.2	11.1	11.3	2.0	3.1	9.8	13.4	17.4	34.6	43.7
% Change (YoY)	231.8	78.0	122.7	-65.6	-69.9	-11.4	19.0	762.8	71.0	26.3
Operating Parameters										
Deposits	10,976	11,154	11,273	11,462	11,367	11,531	11,772	12,150	11,462	12,150
Loans	6,613	6,732	6,928	7,282	7,426	7,529	7,684	7,901	7,282	7,901
Deposit Growth (%)	2.1	4.3	4.2	3.6	3.6	3.4	4.4	6.0	3.6	6.0
Loan Growth (%)	0.8	3.2	4.9	8.0	12.3	11.8	10.9	8.5	8.0	8.5
Asset Quality										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.3	10.9	10.4	10.1	11.8	10.1
Net NPA (%)	5.8	5.5	4.9	4.8	4.3	4.2	3.9	3.8	4.9	3.8
PCR (%)	62.9	63.2	65.2	62.2	64.8	64.5	64.6	64.4	61.5	64.4

RBL Bank**Buy****CMP: INR111 | TP: INR150 (+35%)****EPS CHANGE (%): FY23|24: +8.8|+4.6**

- Expect business growth to see an uptick. Margin likely to remain stable at 4.4%.
- Expect credit costs to see a gradual moderation.
- Expect asset quality to witness a gradual improvement. We remain watchful on its exposure to MFI/Credit Cards.
- Guidance on future outlook will be a key monitorable.

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	9,695	9,155	10,104	11,313	10,277	10,950	11,261	11,845	40,267	44,333
% Change (Y-o-Y)	-6.9	-1.8	11.3	24.9	6.0	19.6	11.4	4.7	6.3	10.1
Other Income	6,534	5,929	5,830	5,114	6,136	6,004	6,401	6,269	23,405	24,810
Total Income	16,229	15,083	15,934	16,427	16,413	16,954	17,662	18,114	63,673	69,143
Operating Expenses	8,567	8,174	9,626	9,853	11,122	11,449	11,572	11,416	36,220	45,560
Operating Profit	7,661	6,910	6,308	6,574	5,291	5,505	6,089	6,698	27,453	23,583
% Change (Y-o-Y)	11.1	1.4	-21.2	-10.8	-30.9	-20.3	-3.5	1.9	-5.9	-14.1
Provisions	13,844	6,515	4,239	4,007	2,530	2,784	3,153	3,430	28,604	11,896
Profit before Tax	-6,182	395	2,069	2,568	2,761	2,721	2,937	3,268	-1,151	11,687
Tax	-1,588	87	508	589	750	686	740	766	-404	2,942
Net Profit	-4,595	308	1,561	1,978	2,012	2,035	2,197	2,502	-747	8,745
% Change (Y-o-Y)	NM	-78.6	6.1	162.6	NM	NM	40.7	26.5	NM	NM
Operating Parameters										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	813.8	837.5	869.1	790.1	869.1
Loan (INR b)	565.3	560.1	581.4	600.2	602.7	618.7	646.4	684.2	600.2	684.2
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	7.7	13.7	10.0	8.0	10.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.6	10.5	11.2	14.0	2.4	14.0
Asset Quality										
Gross NPA (%)	5.0	5.4	4.8	4.4	4.1	3.8	3.6	3.4	4.4	3.4
Net NPA (%)	2.0	2.1	1.9	1.3	1.2	1.1	1.0	1.2	1.3	1.2
PCR (%)	60.9	61.7	62.9	70.4	72.5	72.0	72.3	66.3	70.4	66.3

State Bank of India**Buy****CMP: INR520 | TP: INR625 (+20%)****EPS CHANGE (%): FY23|24: +2.4|-1.3**

- Expect credit costs to remain modest.
- Expect loan growth to see a healthy traction and remain healthy.
- Expect asset quality to continue to see a steady improvement
- Expect margin to improve to ~3.1%. Opex, fee income, and increase in cost of deposits to be key monitorables.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	276.4	311.8	306.9	312.0	312.0	336.3	359.9	381.5	1,207.1	1,389.7
% Change (YoY)	3.7	10.7	6.5	15.3	12.9	7.8	17.3	22.3	9.0	15.1
Other Income	118.0	82.1	86.7	118.8	23.1	89.5	91.8	128.2	405.6	332.6
Total Income	394.4	393.9	393.6	430.8	335.1	425.8	451.7	509.7	1,612.7	1,722.4
Operating Expenses	204.7	213.1	208.4	233.6	207.6	222.0	226.5	250.0	859.8	906.1
Operating Profit	189.7	180.8	185.2	197.2	127.5	203.8	225.2	259.7	752.9	816.3
% Change (YoY)	5.1	9.8	6.9	0.1	-32.8	12.7	21.6	31.7	5.2	8.4
Provisions	100.5	1.9	69.7	72.4	43.9	64.3	71.5	75.5	244.5	255.2
Exception items	NA	74.2	NA	NA	NA	NA	NA	NA	74.2	NA
Profit before Tax	89.2	104.7	115.5	124.8	83.6	139.5	153.8	184.2	434.2	561.0
Tax Provisions	24.2	28.5	31.2	33.7	22.9	37.0	40.7	50.8	117.5	151.5
Net Profit	65.0	76.3	84.3	91.1	60.7	102.5	113.0	133.3	316.8	409.6
% Change (YoY)	55.3	66.7	62.3	41.3	-6.7	34.4	34.0	46.3	55.2	29.3
Operating Parameters										
Deposits (INR t)	37.2	38.1	38.5	40.5	40.5	41.4	42.7	44.2	40.5	44.2
Loans (INR t)	24.3	24.4	25.8	27.3	28.2	29.1	29.9	31.0	27.3	31.0
Deposit Growth (%)	8.8	9.8	8.8	10.1	8.7	8.7	11.0	9.0	10.1	9.0
Loan Growth (%)	5.8	6.5	8.9	11.6	15.8	19.0	15.9	13.5	11.6	13.5
Asset Quality										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.9	3.8	3.6	3.4	4.0	3.4
Net NPA (%)	1.8	1.5	1.3	1.0	1.0	1.0	0.9	0.8	1.0	0.8
PCR (%)	67.9	70.1	71.2	75.0	75.1	75.3	75.5	75.8	75.0	75.8

Union Bank of India

Buy

CMP: INR43 | TP: INR55 (+27%)

EPS CHANGE (%): FY23|24: +11.1|+15.7

- Expect loan growth to witness steady traction.
- Expect margin to improve slightly to 3.1%. Opex and treasury performance to remain modest.
- SMA and restructuring book are key monitorables.
- Expect steady improvement in asset quality.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	70.1	68.3	71.7	67.7	75.8	78.7	81.7	85.4	277.9	321.7
% Change (YoY)	9.5	8.5	8.9	25.3	8.1	15.3	13.9	26.2	12.5	15.8
Other Income	27.8	39.8	25.2	32.4	28.2	28.6	29.2	31.8	125.2	117.7
Total Income	97.9	108.1	97.0	100.1	104.0	107.3	110.9	117.2	403.1	439.4
Operating Expenses	46.1	47.3	46.0	44.9	49.5	49.0	49.8	50.9	184.4	199.2
Operating Profit	51.8	60.7	51.0	55.2	54.5	58.3	61.1	66.3	218.7	240.2
% Change (YoY)	28.4	25.7	-3.2	11.3	5.1	-4.0	19.9	20.1	11.2	9.8
Provisions	34.0	37.2	25.5	36.2	32.8	32.4	32.0	36.1	132.9	133.2
Profit before Tax	17.8	23.5	25.5	19.0	21.7	26.0	29.1	30.3	85.8	107.0
Tax	6.0	8.2	14.6	4.6	6.1	9.1	11.4	10.9	33.5	37.5
Net Profit	11.8	15.3	10.9	14.4	15.6	16.9	17.8	19.3	52.3	69.6
% Change (YoY)	254.9	195.4	49.3	8.3	32.0	10.5	63.7	34.3	80.0	32.9
Operating Parameters										
Deposit (INR b)	9,085	9,140	9,375	10,324	9,928	10,212	10,621	11,067	10,324	11,067
Loan (INR b)	5,846	5,810	6,168	6,610	6,764	6,957	7,096	7,304	6,610	7,304
Deposit Growth (%)	1.8	3.2	6.2	11.8	9.3	11.7	13.3	7.2	11.8	7.2
Loan Growth (%)	0.5	0.3	5.8	11.8	15.7	19.7	15.0	10.5	11.8	10.5
Asset Quality										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.2	9.7	9.2	9.0	11.1	9.0
Net NPA (%)	4.7	4.6	4.1	3.7	3.3	3.1	3.0	2.9	3.8	2.9
PCR (%)	68.7	66.6	67.5	69.5	69.9	70.0	69.5	70.3	68.7	70.3

SBI Cards and Payment Services

Buy

CMP: INR880 | TP: INR1,100 (+25%)

EPS CHANGE (%): FY23|24: -9.5|-9.9

- Expect credit costs to remain steady.
- Expect asset quality to moderate.
- Impact of new RBI guidelines to be closely monitored.
- Pressure on margin and revolver book to be another key monitorable.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	9.2	9.2	10.0	10.0	10.8	10.7	11.4	11.9	37.9	44.7
% Change (Y-o-Y)	-18.7	-9.1	9.9	20.6	16.7	16.6	14.0	18.8	-2.3	17.9
Other Income	13.0	15.2	18.7	17.5	18.8	20.2	19.7	20.4	64.8	79.0
Total Income	22.2	24.4	28.6	27.5	29.5	30.9	31.0	32.2	102.7	123.7
Operating Expenses	11.7	13.8	17.2	15.8	16.6	18.5	17.8	19.0	58.5	71.9
Operating Profit	10.5	10.6	11.4	11.7	12.9	12.5	13.2	13.3	44.3	51.8
% Change (Y-o-Y)	4.0	-7.2	22.9	24.8	22.5	17.7	15.4	13.1	11.8	17.0
Provisions	6.4	5.9	6.3	3.9	4.5	4.5	5.4	5.4	22.6	19.8
Profit before Tax	4.1	4.6	5.2	7.8	8.4	8.0	7.8	7.8	21.7	32.0
Tax	1.1	1.2	1.3	2.0	2.1	2.0	2.0	2.0	5.6	8.2
Net Profit	3.0	3.4	3.9	5.8	6.3	5.9	5.8	5.9	16.2	23.8
% Change (Y-o-Y)	-22.5	67.3	84.0	231.1	105.8	71.8	50.8	1.1	64.2	47.3
Operating Parameters										
Loan (INRb)	230.4	253.9	279.7	301.9	320.8	333.6	358.0	392.4	301.9	392.4
Loan Growth (%)	5.1	15.8	18.0	28.7	39.2	31.4	28.0	30.0	28.7	30.0
Asset Quality										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.2	2.1	2.1	2.1	2.2	2.1
Net NPA (%)	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.7
PCR (%)	78.2	73.7	65.9	65.3	65.1	68.2	67.5	67.7	65.3	67.7

HDFC Life**Neutral****CMP: INR519 | TP: INR600 (+16%)****EPS CHANGE (%): FY23|24: -0.3|+0.6**

- New business premium to see a healthy growth. Expect strong trends in Annuity/PAR.
- Expect expense ratio to see an uptick – in line with a pick-up in business growth. Expect RoEV to stay healthy.
- Expect VNB growth to remain modest and margin to expand.
- Improvement in persistency ratio is another monitorable.

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	12.9	20.8	21.2	25.7	15.6	23.3	27.1	36.3	80.5	102.3
Growth (%)	25.8%	24.0%	19.4%	7.8%	21.0%	12.2%	28.1%	40.9%	17.4%	27.0%
Renewal premium	38.9	50.3	55.4	73.4	46.2	62.4	68.8	82.4	218.1	259.8
Growth (%)	20.1%	16.8%	21.1%	15.6%	18.8%	23.9%	24.2%	12.2%	18.0%	19.1%
Single premium	24.8	45.2	46.0	45.1	32.2	46.2	51.0	63.1	161.0	192.4
Growth (%)	54.9%	7.7%	40.2%	8.0%	29.8%	2.2%	11.0%	40.0%	21.5%	19.5%
Gross premium income	76.6	116.3	122.5	144.2	94.0	131.9	146.9	181.7	459.6	554.5
Growth (%)	30.6%	14.2%	27.3%	11.7%	22.7%	13.4%	19.9%	26.0%	19.1%	20.6%
PAT	3.0	2.7	2.7	3.6	3.7	3.3	3.3	4.2	12.1	14.2
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	20.8%	18.6%	19.3%	18.3%	-11.2%	17.4%
Key metrics (INRb)										
New business APE	15.6	25.5	26.0	30.5	19.0	27.9	32.2	42.3	96.6	121.5
Growth (%)	30.3	19.4	20.4	5.8	22.0	9.5	24.0	38.8	18.1	25.7
VNB	4.1	6.8	6.9	9.0	5.1	7.6	8.9	12.1	26.7	33.6
Growth (%)	40.2	23.9	21.8	15.2	25.0	12.5	27.6	34.7	22.4	25.8
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,101	2,235	2,339	2,042	2,339
Growth (%)	29.5	27.0	17.6	17.4	10.4	9.9	14.8	14.6	17.4	14.6
Key Ratios (%)										
VNB Margins (%)	26.2	26.6	26.7	29.4	26.8	27.3	27.5	28.5	27.4	27.7
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	205.0	203.0	200.4	175.6	200.4

ICICI Prudential Life**Buy****CMP: INR510 | TP: INR630 (+24%)****EPS CHANGE (%): FY23|24: +6.6|+6.6**

- New business premiums to remain modest.
- Expect expense ratio to move in line with a pick-up in business growth.
- Expect VNB growth to remain modest and margin to remain healthy.
- Expect growth in the Non-Linked Savings business to remain healthy and a recovery in the Protection business.

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	8.8	15.6	15.5	19.8	10.4	17.6	18.1	21.6	59.7	67.7
Growth (%)	40.3%	33.1%	13.7%	-2.4%	18.0%	13.0%	16.8%	9.2%	15.0%	13.5%
Renewal premium	41.4	55.7	54.4	68.0	38.9	53.9	62.2	77.9	219.6	232.9
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	-5.9%	-3.3%	14.2%	14.5%	-2.4%	6.1%
Single premium	18.5	24.1	23.5	29.3	23.3	27.3	30.8	33.9	95.4	115.2
Growth (%)	89.1%	34.4%	11.4%	-7.3%	25.9%	13.3%	30.8%	15.8%	18.6%	20.8%
Gross premium	68.7	95.3	93.4	117.1	72.6	98.7	111.0	133.4	374.6	415.8
Growth (%)	19.5%	9.2%	2.1%	-3.2%	5.7%	3.6%	18.8%	13.9%	4.8%	11.0%
PAT	-1.9	4.4	3.1	1.8	1.6	2.9	3.2	2.2	7.5	9.9
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-33.8%	2.1%	21.7%	-21.5%	31.5%
Key metrics (INRb)										
New Business APE	12.2	19.8	19.3	26.1	15.2	18.9	21.1	31.9	77.3	87.1
Growth (%)	48.1	34.9	15.8	4.0	24.7	-4.4	9.6	22.2	19.7	12.7
VNB	3.6	5.2	5.2	7.8	4.7	5.7	6.4	9.8	21.7	26.7
Growth (%)	78.1	28.4	20.3	31.1	31.6	11.6	24.0	26.9	33.5	23.2
AUM	2,232	2,371	2,376	2,405	2,301	2,409	2,512	2,619	2,405	2,619
Growth (%)	31.3	30.6	16.0	12.3	3.1	1.6	5.7	8.9	12.3	8.9
Key Ratios (%)										
VNB Margins (%)	29.4	26.0	26.7	29.7	31.0	30.4	30.2	30.8	28.0	30.6
Solvency ratio (%)	194	200	202	205	204	200	198	195	205	195

SBI Life**Buy****CMP: INR1,238 | TP: INR1,500 (+21%)****EPS CHANGE (%): FY23|24: -3.2|-2.8**

- New business premiums to see healthy trends.
- Expect margin to expand YoY though moderate sequentially. VNB growth to remain robust.
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy while ULIP to see an uptick

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First year premium	14.0	36.1	40.7	38.5	25.7	36.9	48.3	53.0	129.4	163.9
Growth (%)	29%	56%	24%	5%	83%	2%	19%	37%	25%	27%
Renewal premium	50.3	77.8	96.5	108.4	57.6	101.7	108.7	115.8	333.0	383.8
Growth (%)	10%	9%	14%	15%	14%	31%	13%	7%	12%	15%
Single premium	19.4	33.3	44.3	28.1	30.2	45.5	45.5	33.1	125.2	154.3
Growth (%)	-2%	-8%	105%	0%	56%	37%	3%	18%	22%	23%
Gross premium income	83.8	147.2	181.6	175.1	113.5	184.1	202.6	201.9	587.6	702.0
Growth (%)	10%	12%	31%	10%	35%	25%	12%	15%	17%	19%
PAT	2.2	2.5	3.6	6.7	2.6	3.3	4.4	7.0	15.1	17.3
Growth (%)	-43%	-18%	56%	26%	18%	32%	21%	4%	3%	15%
Key metrics (INRb)										
New Business APE	16.2	39.7	45.7	41.3	29.0	41.4	52.9	56.0	141.9	179.3
Growth (%)	27.6	46.5	30.6	4.0	79.0	4.3	15.8	35.6	24.9	26.3
VNB	3.8	10.4	11.7	11.1	8.8	11.9	15.7	17.6	37.0	53.9
Growth (%)	46.2	92.6	53.9	0.9	131.6	14.3	33.8	58.3	39.1	45.7
AUM	2,316	2,442	2,569	2,674	2,624	2,762	2,893	3,039	2,674	3,039
Growth (%)	32.1	31.0	22.6	21.1	13.3	13.1	12.6	13.7	21.1	13.7
Key Ratios (%)										
VNB margins (%)	23.7	26.2	25.6	26.8	30.4	28.7	29.6	31.4	25.9	30.1
Solvency ratio (%)	215.0	212.0	209.0	205.0	221.0	215.0	210.0	204.8	204.8	204.8

Max Financial**Buy****CMP: INR753 | TP: INR950 (+26%)****EPS CHANGE (%): FY23|24: +8.4|+1.7**

- Premium growth to remain under pressure, commentary on revival in NBP growth to be key.
- Expect VNB growth and margin to witness sequential expansion though lower on YoY basis.
- Expect the proprietary channel to exhibit healthy trends, while banca channel will continue to witness pressure.
- Expect Non-PAR growth to remain healthy and ULIP to see some pick up

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
First Year premium	8.0	12.3	15.4	17.4	9.2	10.8	15.8	22.7	53.2	58.4
Growth (%)	29.5%	8.9%	28.7%	-7.6%	14.2%	-12.1%	2.3%	30.1%	10.0%	9.9%
Renewal premium	22.4	34.6	34.2	53.8	26.2	40.4	44.4	53.5	145.1	164.6
Growth (%)	21.2%	17.9%	18.8%	19.0%	16.7%	16.8%	29.8%	-0.6%	19.0%	13.4%
Single premium	4.4	6.4	6.3	8.8	5.7	7.7	7.9	8.8	25.9	30.1
Growth (%)	56.5%	37.4%	15.3%	25.5%	30.1%	19.9%	25.3%	0.4%	29.8%	16.3%
Gross premium	34.8	53.3	56.0	80.0	41.0	58.9	68.2	85.0	224.1	253.1
Growth (%)	26.6%	17.6%	21.0%	12.6%	17.8%	10.6%	21.7%	6.2%	17.9%	12.9%
PAT	0.8	0.7	1.2	1.5	0.9	1.0	1.1	1.4	3.9	4.4
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	18.2%	35.8%	-4.0%	-8.9%	-26.1%	13.3%
Key metrics (INRb)										
New Business APE	8.8	12.8	15.9	18.4	10.1	11.6	16.6	23.2	55.8	61.4
Growth (%)	32.4	11.2	30.0	-4.2	15.3	-9.8	4.0	26.4	12.5	10.2
VNB	1.7	3.7	4.0	5.9	2.1	3.1	4.4	6.8	15.3	16.5
Growth (%)	52.2	15.1	13.1	27.1	23.8	-15.9	11.7	16.2	22.3	8.1
AUM (INRb)	937	1,001	1,025	1,075	1,071	1,135	1,185	1,245	1,075	1,245
Growth (%)	28.4	28.7	20.6	18.9	14.3	13.4	15.7	15.8	18.9	15.8
Key Ratios (%)										
VNB Margins (%)	19.7	29.2	24.9	31.9	21.1	27.2	26.7	29.3	27.4	26.9
Solvency ratio (%)	197.0	211.0	207.0	201.0	196.0	194.0	192.0	189.5	201.0	189.5

Financials - NBFCs

Company

Aavas Financiers
 Bajaj Finance
 Can Fin Homes
 Chola Inv. & Fin.
 HDFC
 HomeFirst
 LIC Housing Finance
 L&T Finance Holdings
 M&M Financial Services
 Manappuram Finance
 MAS Financial Services
 Muthoot Finance
 PNB Housing Finance
 Repco Home Finance
 Shriram City Union
 Shriram Transport Finance

Healthy loan growth and stable asset quality

No major impact on margins in 1H; however, 2HFY23 will be key

- We expect our coverage universe of NBFC – Lending Financials to deliver 16% /16%/21% YoY growth in NII/PPoP/PAT, respectively, in 2QFY23. While we forecast a strong YoY earnings growth for BAF, SHTF, and LICHF, we estimate a YoY decline for MMFS (because of higher credit costs than the base quarter) and MUTH (driven by moderation in loan growth and relatively lower margins).
- While the narrative around a sharp spike in short-term interest rates has gained headlines, it has not adversely impacted the margins for our NBFC coverage universe because of lower proportion of short-term borrowings and well-matched fixed rate assets/liabilities.
- Seasonal weakness in asset quality, usually expected in the 1H of the fiscal year, was notably absent in 1HFY23. We expect asset quality to remain broadly stable for the vehicle financiers (with MMFS having already reported a ~270bp QoQ improvement in 30+ dpd) while we expect HFCs to report a minor sequential improvement (except for LICHF, where we expect slippages from the restructured pool).
- Discussions with NBFCs/HFCs seem to suggest that while the incremental cost of borrowings (CoB) have gone up by 50-70bp, the weighted average CoB has increased by 15-30bp QoQ. Companies with high liquidity on their balance sheets now have lower levels of surplus cash and will benefit from the reduction in the negative carry.
- Large HFCs, particularly HDFC, have raised their prime lending rates (PLRs) to transmit the increase in repo rates to customers. However, the affordable HFCs have been measured in increasing their lending rates and while they have managed to maintain stable spreads in 1HFY23, we expect them to partly absorb the higher borrowing costs in 2H. For the cohort of vehicle financiers, we expect margins to sequentially decline by 10-20bp with the least impact on SHTF, followed by CIFC and MMFS. For the gold financiers, we expect NIMs to improve by 60-80bp QoQ, driven by higher blended yields, partly driven by their focus on lower ticket sizes and partly by the run-off in the higher-ticket lower yield teaser rate loan book.
- Disbursements continued to remain healthy across vehicle and housing finance, driven by strong demand and sectoral tailwinds. We expect a ~14% YoY/3.5% QoQ loan growth in 2QFY23 for our coverage universe. Gold loan demand has still not picked up in the lower ticket size (<INR80K) and the banks/gold loan fintech continue to remain aggressive in this space. For MGFL in particular, we expect a sequential decline of 2-3% in the gold loan book, driven by run-off in the higher-ticket size gold loans.
- RBI has affected repo rate hikes of 190bp between May and Sep'22. What generally gets discussed is the impact of rising interest rates on the margin profile of the NBFC/HFCs. However, we are of the view that further repo rate hikes of 50-70bp are possible in 2HFY23, which can negatively impact the demand for mortgages if banks/large HFCs continue to transmit the entire repo rate increase to their customers. Until now, the natural recourse has been to increase the tenure when the PLR was increased. However, with the likely 50-70bp increase in repo rates in 2HFY23, the lenders would now need to start increasing the EMIs which could also lead to higher delinquencies.
- We continue to favor: a) franchises with strong balance sheets and b) those companies that can change their asset/liability mix to mitigate the impact on margins. Our top picks are CIFC, MMFS, and HomeFirst.

HFCs: Minor improvement in asset quality and small sequential growth in disbursements across large and affordable lenders; HDFC will continue to exhibit transitory impact on NIM

- Home loans have continued to experience healthy demand despite increasing interest rates amidst inflation concerns. We expect HDFC and LICHF (aided by their lower CoF) to deliver strong retail home loan disbursements. HDFC has seen some resolutions in the non-individual book through sale to ARC, leading to an improvement in asset quality but which will also keep the non-individual loan growth muted. We expect that the transitory impact on margins, owing to the lag in transmitting higher borrowing costs to the customer, will continue in 2QFY23 as well.
- While we expect asset quality to improve for HDFC (with sequential decline in credit costs), we model slippages from the restructured loan pool for LICHF.
- We expect Affordable Housing Financiers (AHFCs) under our coverage to report a minor sequential improvement in disbursements in 2QFY23. AHFCs have been able to maintain largely stable spreads in 2QFY23 on the back of smaller quantum of interest rate hikes mitigating the impact on weighted average borrowing costs. We expect asset quality to improve for the housing financiers, leading to an improvement in GS3 and the 1+dpd metrics.

Vehicle Financiers – Strong disbursements; margin impact remains limited

- MMFS has already reported its quarterly disbursements for 2QFY23 at ~INR117.5b (up 24% QoQ). For SHTF, we estimate disbursements to remain broadly stable sequentially, while we expect a 13% QoQ growth for CIFC.
- PVs (particularly cars and UVs) continue to exhibit strong demand as is evident from their long waiting periods. M&HCV volumes have continued to demonstrate recovery in the last six to nine months. Used CV sales also have continued to benefit from the momentum in the sales of new commercial vehicles.
- MMFS has reported a ~100bp QoQ improvement in its GS3 (despite the impact on reposessions, following the RBI ban in the last week of the quarter). For CIFC and SHTF, we expect asset quality to exhibit minor improvement (or remain stable). Vehicle financiers as a cohort still remain the most vulnerable to margin compression in 2HFY23, but the impact in 1HFY23 has not been insignificant.

Gold financiers – Gold loan growth still muted but expect yields/margins to improve leading to improvement in profitability

- Demand in the lower-than-INR100K ticket segment has still not improved and banks/gold loan fintechs continue to remain aggressive in the ticket-size above INR100K.
- While we expect a sequential decline of ~2%-3% in the gold loan portfolio for MGFL, we expect it to grow ~2% sequentially for MUTH. Yields have started to improve for both MUTH and MGFL, driven by their focus on lower-ticket, high-yield gold loans and run-off in the low-yield teaser rate loan portfolio. For MUTH/MGFL, we expect NIM to improve by 80/60bp QoQ, leading to improved profitability.

Diversified financiers: Healthy disbursements and strong asset quality; Good start to festive season but demand likely to taper off post festivities

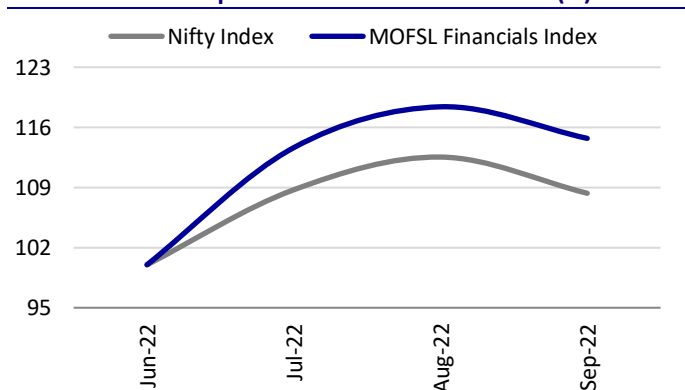
- For LTFH, we expect strong growth in retail loans but since the wholesale segment likes real-estate and infrastructure will continue to moderate, the consolidated loan could largely remain flat on a sequential basis. We expect credit costs to moderate for LTFH, leading to a QoQ improvement in profitability.
- We expect BAF to report a healthy ~28% YoY/5% QoQ growth in its AUM. We forecast margins to remain stable for BAF along with a further improvement in asset quality. We forecast SCUF to report sequentially stable disbursements and deliver a 17% YoY growth in AUM. Further, we expect its margins to remain stable and model a ~10-20bp improvement in its Gross Stage 3 loans.

Exhibit 1: Quarterly performance

Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	2229	Sell	1,923	18.2	6.8	1,463	18.8	26.5	1,121	21.7	25.7
Bajaj Finance	7172	Buy	56,701	32.2	7.5	44,141	33.6	3.7	27,470	85.5	5.8
Can Fin Homes	481	Buy	2,522	31.5	0.7	2,163	32.8	0.6	1,539	24.5	-5.1
Chola. Inv & Fin.	700	Buy	15,547	22.5	4.9	11,202	28.0	5.6	5,721	-5.7	1.1
HDFC*	2283	Buy	45,477	10.7	2.3	42,986	13.2	2.0	41,853	15.6	19.0
Home First Fin.	872	Buy	1,005	56.5	6.9	720	20.7	3.0	534	18.9	4.1
L&T Fin.Holdings	72	Buy	14,916	2.1	-2.7	10,997	-0.2	-4.8	3,600	61.4	37.8
LIC Housing Fin	402	Buy	16,662	42.7	3.5	14,890	57.1	2.8	8,173	229.7	-11.7
M & M Financial	180	Buy	16,249	8.8	4.5	9,943	-2.2	5.1	4,785	-53.2	114.7
Manappuram Finance	96	Buy	10,139	2.8	6.0	5,711	-5.3	12.2	3,510	-5.1	24.5
MAS Financial	720	Buy	1,109	37.2	5.1	753	24.5	6.5	488	27.2	4.8
Muthoot Finance	1029	Neutral	16,512	-8.9	7.2	11,304	-20.1	10.4	8,357	-15.9	4.2
PNB Housing	391	Neutral	3,719	-20.0	0.9	3,512	-18.9	-2.5	2,282	-3.0	-3.3
Repco Home Fin	233	Neutral	1,367	-12.4	3.0	1,108	-16.0	2.7	596	-30.6	-3.9
Shriram City Union	1688	Buy	10,850	20.7	1.5	6,553	13.1	-0.5	3,232	14.5	0.1
Shriram Transport Fin.	1170	Buy	25,895	20.8	1.1	21,328	24.2	1.0	10,310	33.7	6.8
NBFC			2,40,592	15.9	3.9	1,88,773	15.6	3.0	1,23,572	20.7	11.2

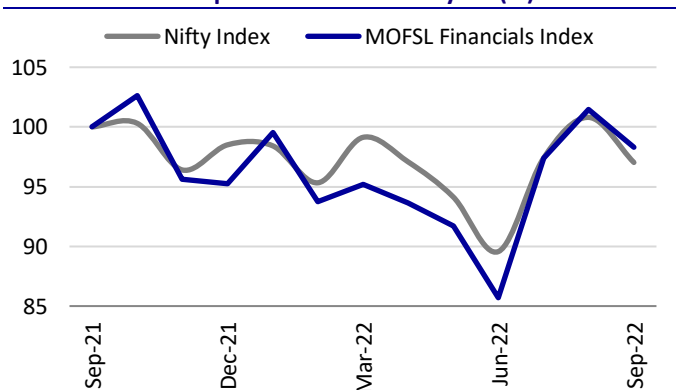
Note: For HDFC, Net Profit refers to core PAT excluding exceptional

Exhibit 2: Relative performance — three-months (%)



Source: Bloomberg, MOFSL

Exhibit 3: Relative performance — one-year (%)



Source: Bloomberg, MOFSL

Exhibit 4: EPS estimate changes for FY23-24

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
AAVAS	54.5	68.3	55.6	70.6	2.1	3.4
BAF	173.5	213.3	181.9	223.1	4.9	4.6
CANF	43.4	48.9	45.8	51.0	5.4	4.3
CIFC	30.9	36.5	32.2	39.0	4.4	6.9
HDFC	74.3	84.1	71.0	82.2	-4.4	-2.3
HomeFirst	25.3	31.8	25.4	32.1	0.4	0.9
LTFH	5.9	7.5	5.9	7.5	-	-
LICHF	60.7	68.7	60.7	68.7	-	-
MMFS	11.8	13.1	12.1	15.1	2.8	15.7
MASFIN	38.8	50.6	37.4	48.9	-3.6	-3.2
MUTH	85.8	98.1	85.2	97.7	-0.7	-0.4
MGFL	16.7	18.8	16.6	18.5	-0.6	-1.6
PNBHOUSI	51.0	55.1	54.0	55.3	5.9	0.3
REPCO	43.9	51.1	42.7	51.9	-2.8	1.7
SCUF	195.6	247.3	196.5	250.2	0.5	1.2
SHTF	151.5	146.3	151.6	151.5	0.1	3.5

Source: MOFSL, Company, Note: HDFC's numbers are for the core mortgage business only

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aavas Financiers

Sell

CMP INR2,229 | TP: INR1,980 (-11%)

EPS CHANGE (%): FY23|24: 2.1|3.4

- Expect AUM/disbursement to grow 23%/28% YoY.
- Expect asset quality to remain largely stable sequentially with GS3 at 1.04% (v/s 1.08% in 1QFY23)
- Expect NIM to improve ~10bp QoQ and estimate upfront assignment income of ~INR435m.
- Expect opex to remain elevated, driven by investments in technology/distribution and increments to employees

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,630	2,787	2,830	3,041	3,148	3,432	3,706	3,983	11,288	14,270
Interest Expenses	1,128	1,160	1,251	1,237	1,347	1,508	1,674	1,900	4,775	6,429
Net Income	1,502	1,627	1,579	1,804	1,802	1,923	2,032	2,083	6,513	7,840
YoY Growth (%)	29	26	12	37	20	18	29	15	26	20
Other income	90	468	599	612	380	607	685	608	1,768	2,281
Total Income	1,592	2,095	2,178	2,416	2,182	2,531	2,717	2,691	8,281	10,121
YoY Growth (%)	31	34	13	37	37	21	25	11	28	22
Operating Expenses	673	864	910	1,059	1,026	1,068	1,116	1,161	3,506	4,371
YoY Growth (%)	28	36	37	43	53	24	23	10	37	25
Operating Profits	919	1,231	1,268	1,357	1,156	1,463	1,601	1,530	4,775	5,750
YoY Growth (%)	33	33	0	33	26	19	26	13	22.3	20.4
Provisions	170	47	113	-104	9	34	55	51	226	149
Profit before Tax	749	1,183	1,155	1,461	1,147	1,428	1,546	1,479	4,549	5,601
Tax Provisions	150	262	264	304	254	307	332	316	981	1,210
Profit after tax	599	921	891	1,157	892	1,121	1,214	1,164	3,568	4,391
YoY Growth (%)	20	39	4	32	49	22	36	1	23.2	23.1

Bajaj Finance

Buy

CMP INR7,172 | TP: INR8,300 (+16%)

EPS CHANGE (%): FY23|24: 4.9|4.6

- Opex to remain elevated with CIR at ~36%
- Company reported AUM growth of 31% YoY/ 7% QoQ
- Expect margins and spreads to decline by ~10bp QoQ
- Expect ~15bp QoQ decline in credit costs in 2QFY23.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	59,542	66,873	72,623	73,659	79,197	85,532	91,520	99,140	272,698	355,389
Interest expenses	22,536	23,976	25,345	25,626	26,451	28,832	32,292	40,280	97,482	127,855
Net Interest Income	37,007	42,898	47,277	48,034	52,745	56,701	59,228	58,860	175,215	227,534
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	32.2	25.3	22.5	26.2	29.9
Other Operating Income	7,888	10,447	12,728	12,643	13,630	12,670	12,854	13,077	43,707	52,231
Net Income	44,895	53,345	60,005	60,677	66,376	69,370	72,082	71,937	218,922	279,766
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	30.0	20.1	18.6	26.8	27.8
Operating Expenses	13,733	20,297	20,814	21,006	23,801	25,229	25,986	23,817	75,850	98,833
Operating Profit	31,162	33,048	39,192	39,671	42,575	44,141	46,096	48,121	143,072	180,933
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	33.6	17.6	21.3	19.6	26.5
Provisions and Cont.	17,503	13,003	10,512	7,016	7,547	7,019	8,423	9,652	48,034	32,641
Profit before Tax	13,659	20,045	28,680	32,655	35,028	37,122	37,674	38,469	95,038	148,292
Tax Provisions	3,634	5,235	7,427	8,460	9,065	9,652	9,795	10,044	24,756	38,556
Net Profit	10,025	14,810	21,253	24,195	25,963	27,470	27,879	28,425	70,282	109,736
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	85.5	31.2	17.5	59.0	56.1

Can Fin Homes**Buy****CMP INR481 | TP: INR580 (+21%)****EPS CHANGE (%): FY23|24: 5.4|4.3**

- Estimate disbursements of ~INR19b (down ~15% YoY).
- PAT expected to grow by 24% YoY, driven by healthy loan growth and benign credit costs.
- Expect margins and spreads to decline by ~10bp QoQ, driven by rising CoF.
- Watch out for commentary on loan growth, margins, credit costs and progress on the appointment of a new CEO.

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,492	4,626	5,020	5,558	6,065	6,368	6,655	7,051	19,697	26,139
Interest Expenses	2,680	2,708	2,961	3,185	3,561	3,846	4,115	4,398	11,535	15,920
Net Interest Income	1,812	1,918	2,059	2,373	2,504	2,522	2,540	2,653	8,162	10,219
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	38.2	31.5	23.3	11.8	2.3	25.2
Other income	16	53	64	55	51	61	66	56	188	234
Total Income	1,828	1,971	2,124	2,428	2,555	2,583	2,606	2,709	8,350	10,453
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	39.8	31.1	22.7	11.6	3.1	25.2
Operating Expenses	303	342	403	482	405	420	436	497	1,530	1,758
YoY Growth (%)	40.8	35.8	17.1	12.4	33.8	22.7	8.1	3.1	23.4	14.9
Operating Profits	1,526	1,628	1,720	1,946	2,150	2,163	2,169	2,213	6,820	8,695
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	40.9	32.8	26.1	13.7	-0.6	27.5
Provisions	65	-62	164	302	-37	100	250	197	469	510
Profit before Tax	1,460	1,690	1,557	1,643	2,187	2,063	1,919	2,015	6,351	8,185
Tax Provisions	372	454	400	414	565	524	488	511	1,640	2,087
Profit after tax	1,088	1,236	1,157	1,229	1,622	1,539	1,432	1,505	4,711	6,098
YoY Growth (%)	16.8	-3.7	-12.3	19.8	49.0	24.5	23.8	22.4	3.3	29.4

Cholamandalam Inv. & Fin.**Buy****CMP INR700 | TP: INR830 (+19%)****EPS CHANGE (%): FY23|24: 4.4|6.9**

- Estimate disbursements/AUM to grow by 73%/26% YoY.
- Estimate consolidated GS3 to improve by ~20bp QoQ (and GS3 in Vehicle Finance to remain largely stable)
- Estimate spreads and margins to contract by ~20bp QoQ
- Watch out for guidance on loan growth and margins.

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	23,712	23,468	24,095	24,390	26,123	28,213	30,752	33,677	95,668	1,18,764
Interest Expenses	11,038	10,778	10,460	10,712	11,309	12,666	14,376	16,793	42,988	55,143
Net Interest Income	12,674	12,690	13,634	13,679	14,814	15,547	16,376	16,884	52,680	63,621
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	22.5	20.1	23.4	13.3	15.5
Other Income	958	1,239	1,208	1,927	1,587	1,767	1,815	2,073	5,720	7,241
Total Income	13,632	13,929	14,842	15,606	16,401	17,314	18,192	18,957	58,400	70,863
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	24.3	22.6	21.5	16.8	16.5
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,112	6,380	6,922	20,687	25,211
Operating Profit	9,927	8,750	9,525	9,120	10,604	11,202	11,812	12,035	37,712	45,652
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	28.0	24.0	32.0	10.4	13.8
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	3,470	2,191	2,305	8,803	10,953
Profit before Tax	4,407	8,165	7,043	9,294	7,617	7,732	9,621	9,729	28,909	34,699
Tax Provisions	1,139	2,100	1,805	2,398	1,961	2,010	2,501	1,771	7,442	8,244
Net Profit	3,268	6,065	5,238	6,896	5,657	5,721	7,120	7,958	21,467	26,456
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-5.7	35.9	15.4	41.7	10.8

HDFC**Buy****CMP INR2,283 | TP: INR2,830 (+24%)****EPS CHANGE (%): FY23|24: -4.4|-2.3**

- AUM growth likely to be healthy (~16% YoY). Expect disbursements in individual loans to remain strong.
- Estimate margins to largely remain stable sequentially
- PPOP is likely to grow ~13% YoY and estimate credit costs of ~30bp.
- Watch out for outlook on margins, home loan demand, and asset quality in the non-individual segment

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,06,471	1,06,831	1,11,569	1,13,716	1,20,030	1,29,350	1,40,607	1,51,029	4,38,586	5,41,016
Interest Expense	65,219	65,735	68,731	67,708	75,561	83,873	91,421	1,00,345	2,67,392	3,51,201
Net Interest Income	41,252	41,096	42,838	46,009	44,469	45,477	49,186	50,684	1,71,194	1,89,815
YoY Change (%)	23.7	14.1	7.0	14.2	7.8	10.7	14.8	10.2	14.4	10.9
Assignment Income	2,675	1,278	2,247	4,361	2,825	2,629	3,000	3,753	10,560	12,206
NII (incl. assignment income)	43,926	42,373	45,085	50,370	47,294	48,105	52,186	54,437	1,81,754	2,02,021
YoY Change (%)	24.8	12.6	2.1	12.8	7.7	13.5	15.7	8.1	12.5	11.2
Other Operating Income	614	895	811	984	754	815	856	1,290	3,337	3,715
Core Income	44,540	43,268	45,896	51,354	48,048	48,920	53,042	55,726	1,85,091	2,05,736
YoY Change (%)	24.9	12.7	2.3	12.8	7.9	13.1	15.6	8.5	12.5	11.2
Operating Expenses	5,507	5,299	4,780	5,142	5,888	5,934	5,640	5,753	20,727	23,216
YoY Change (%)	38.9	44.8	-11.0	3.1	6.9	12.0	18.0	11.9	15.3	12.0
Core Operating profits	39,033	37,970	41,116	46,212	42,160	42,986	47,402	49,973	1,64,364	1,82,520
YoY Change (%)	23.1	9.3	4.2	13.9	8.0	13.2	15.3	8.1	12.2	11.0
Provisions	6,860	4,520	3,930	4,010	5,140	4,369	4,151	3,728	19,320	17,388
Core PBT	32,173	33,450	37,186	42,202	37,020	38,617	43,251	46,244	1,45,044	1,65,132
YoY Change (%)	12.0	10.1	10.9	26.5	15.1	15.4	16.3	9.6	15.1	13.8
Profit on Sale of Inv./MTM on Inv.	6,652	1,444	1,256	2,660	1,929	300	500	2,253	11,978	4,982
Dividend income	164	11,713	1,955	1,279	6,865	13,600	1,200	1,000	15,110	22,665
Other Income	57	104	86	85	84	99	99	115	331	398
PBT	39,046	46,711	40,482	46,225	45,898	52,616	45,050	49,612	1,72,463	1,93,177
YoY Change (%)	8.3	32.3	7.9	17.8	17.5	12.6	11.3	7.3	16.4	12.0
Provision for Tax	9,039	8,906	7,875	9,222	9,210	10,845	9,296	9,864	35,041	39,215
PAT	30,007	37,805	32,607	37,003	36,688	41,772	35,755	39,747	1,37,422	1,53,962
YoY Change (%)	-1.7	31.7	11.4	16.4	22.3	10.5	9.7	7.4	14.3	12.0

Home First Finance Company**Buy****CMP INR872 | TP: INR1,025 (+18%)****EPS CHANGE (%): FY23|24: 0.4|0.9**

- Estimate robust AUM growth of ~36% YoY/7% QoQ
- Model stable spreads, margins compression of ~10bp QoQ, and sequentially lower assignment income
- Asset quality improvement with GS3 declining ~20bp QoQ
- Watch out for outlook on loan growth, margins, asset quality and scale-up of the co-lending partnership

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,155	1,206	1,270	1,389	1,547	1,686	1,807	1,958	5,117	6,997
Interest expenses	532	564	552	538	607	681	768	936	2,157	2,993
Net Interest Income	623	642	717	851	940	1,005	1,039	1,022	2,960	4,005
YoY Growth (%)	23.6	40.3	36.9	54.9	50.8	56.5	44.8	20.1	45.4	35.3
Other Income	265	255	247	172	147	126	191	413	840	876
Net Income	888	897	964	1,023	1,086	1,130	1,229	1,435	3,800	4,881
YoY Growth (%)	12.6	69.4	72.0	26.2	22.3	26.0	27.4	40.3	41.3	28.4
Operating Expenses	282	301	313	364	387	411	437	560	1,262	1,795
Operating Profit	607	596	651	659	699	720	793	875	2,538	3,086
YoY Growth (%)	6.0	102.0	127.7	29.5	15.3	20.7	21.8	32.8	52.7	21.6
Provisions and Cont.	130	33	60	27	36	31	38	85	250	191
Profit before Tax	476	563	591	632	663	688	755	789	2,288	2,895
Tax Provisions	125	114	132	30	151	155	170	176	402	651
Net Profit	351	449	459	602	512	534	585	613	1,886	2,244
YoY Growth (%)	-9.1	213.0	188.6	92.3	46.0	18.9	27.4	1.9	250.2	190.9

L&T Finance Holdings

Buy
CMP INR72 | TP: INR90 (+25%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Overall, we expect the loan book to remain stable QoQ with moderation in real estate and infrastructure segment
- Anticipate the credit costs to decline to ~2.7% (annualized) in 2QFY23 (v/s 3.6% in 1QFY23)
- NIM could decline ~30bp QoQ, driven by rise in cost of funds and rundown in high-margin wholesale business.
- Watch out for commentary on how it plans to rundown the wholesale segments and utilization of capital gains from the sale of the AMC business

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	30,083	29,028	28,744	29,188	29,466	29,613	29,761	30,227	1,17,042	1,19,067
Interest Expenses	15,089	14,417	14,066	13,923	14,132	14,697	15,285	15,531	57,494	59,645
Net Interest Income	14,994	14,611	14,678	15,265	15,334	14,916	14,476	14,696	59,548	59,422
Change YoY (%)	13.8	4.9	-7.1	-5.5	2.3	2.1	-1.4	-3.7	0.8	-0.2
Other Operating Income	1,318	1,490	1,964	1,281	1,318	1,372	564	986	6,053	4,240
Net Operating Income	16,313	16,101	16,642	16,546	16,652	16,288	15,040	15,682	65,601	63,662
Change YoY (%)	15.8	6.0	-4.6	-8.4	2.1	1.2	-9.6	-5.2	1.3	-3.0
Other income	614	826	1,284	1,204	1,474	1,500	1,400	1,517	3,928	5,891
Total Income	16,926	16,928	17,925	17,749	18,126	17,788	16,440	17,199	69,529	69,553
Change YoY (%)	2.9	4.5	-3.8	-10.3	7.1	5.1	-8.3	-3.1	-2.2	0.0
Operating Expenses	5,485	5,905	6,167	6,389	6,577	6,791	6,537	6,946	23,946	26,850
Change YoY (%)	31.4	28.8	25.5	5.1	19.9	15.0	6.0	8.7	21.3	12.1
Operating Profits	11,441	11,023	11,759	11,360	11,549	10,997	9,903	10,253	45,582	42,703
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	0.9	-0.2	-15.8	-9.7	-11.2	-6.3
Provisions	9,062	7,830	7,418	6,524	7,989	6,100	4,200	4,350	30,833	22,640
Profit before Tax	2,379	3,193	4,341	4,837	3,560	4,897	5,703	5,903	14,750	20,063
Tax Provisions	609	963	1,261	1,423	948	1,298	1,540	1,632	4,256	5,417
Profit after tax	1,770	2,230	3,080	3,414	2,612	3,600	4,163	4,272	10,494	14,646
Change YoY (%)	20.1	-10.0	7.0	28.3	47.5	61.4	35.2	25.1	10.6	39.6

LIC Housing Finance

Buy
CMP INR402 | TP: INR485 (+21%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect loan growth at 10% YoY, with a largely stable mix.
- Estimate provisions of INR4.8b v/s INR3.1b QoQ.
- Expect CoF and yields to increase by ~50bp QoQ, leading to largely stable spreads at ~1.8%.
- Watch out for commentaries on asset quality in the developer segment, slippages from restructured pool, and guidance on credit costs

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	48,253	46,734	50,006	51,893	52,502	56,702	59,538	60,644	1,96,885	2,29,387
Interest Expenses	35,500	35,060	35,460	35,518	36,400	40,040	43,844	45,125	1,41,537	1,65,410
Net Interest Income	12,753	11,674	14,546	16,375	16,102	16,662	15,693	15,520	55,348	63,977
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	42.7	7.9	-5.2	5.5	15.6
Fees and other income	338	416	698	1,193	407	472	716	686	2,646	2,282
Net Income	13,091	12,090	15,244	17,568	16,509	17,134	16,409	16,206	57,994	66,259
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	41.7	7.6	-7.8	7.5	14.3
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,244	2,401	2,791	9,994	9,465
Operating Profit	10,276	9,481	13,174	15,069	14,481	14,890	14,008	13,415	48,000	56,794
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	57.1	6.3	-11.0	2.3	18.3
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	4,800	4,200	3,444	20,218	15,521
Profit before Tax	1,929	3,090	9,619	13,144	11,404	10,090	9,808	9,971	27,782	41,273
Tax Provisions	395	611	1,945	1,958	2,149	1,917	1,863	1,912	4,909	7,842
Net Profit	1,534	2,479	7,673	11,186	9,255	8,173	7,944	8,059	22,873	33,431
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	229.7	3.5	-28.0	-16.3	46.2

Mahindra Financial Services**Buy****CMP INR180 | TP: INR240 (+33%)****EPS CHANGE (%): FY23|24: 2.8|15.7**

- Reported disbursements and business assets grew ~82% and 16% YoY in 2QFY23.
- Expect ~15bp QoQ contraction in margins.
- Estimate credit costs of INR3.5b (~2% annualized)
- Guidance on asset quality and credit costs and updates on engagement with RBI to get the ban revoked on the usage of third-party agents for collections

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Operating Income	21,760	25,079	25,317	24,424	24,863	26,314	28,163	31,414	96,580	1,10,754
Other Income	111	145	114	239	122	175	200	233	609	731
Total income	21,871	25,224	25,430	24,664	24,986	26,489	28,363	31,647	97,189	1,11,485
YoY Growth (%)	-17.6	-4.8	-1.2	-6.5	14.2	5.0	11.5	28.3	-7.6	14.7
Interest Expenses	10,179	10,151	9,514	9,514	9,320	10,065	11,072	14,051	39,359	44,508
Net Income	11,691	15,073	15,916	15,150	15,666	16,424	17,291	17,596	57,830	66,977
YoY Growth (%)	-15.9	5.6	12.4	-2.2	34.0	9.0	8.6	16.2	-0.1	15.8
Operating Expenses	4,203	4,910	5,294	6,170	6,208	6,481	6,776	6,904	20,577	26,369
Operating Profit	7,488	10,163	10,623	8,979	9,458	9,943	10,515	10,693	37,253	40,608
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	26.3	-2.2	-1.0	19.1	-10.4	9.0
Provisions	28,186	-3,668	-1,474	639	6,453	3,476	5,000	5,462	23,683	20,391
Profit before Tax	-20,698	13,831	12,096	8,341	3,005	6,467	5,515	5,231	13,570	20,218
Tax Provisions	-5,411	3,602	3,158	2,333	776	1,681	1,434	1,406	3,682	5,297
Net Profit	-15,288	10,229	8,939	6,008	2,229	4,785	4,081	3,825	9,888	14,921
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-114.6	-53.2	-54.3	-36.3	195.0	50.9

MAS Financial**Buy****CMP INR720 | TP: INR830 (+15%)****EPS CHANGE (%): FY23|24: -3.6|-3.2**

- Expect AUM to grow 5% QoQ/ ~28% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Expect margins to improve by ~10bp QoQ, led by improvement in yields
- Expect provisions of INR99m in 2QFY23 (up ~17% QoQ).

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	1,485	1,567	1,718	1,804	1,983	2,111	2,293	2,760	6,575	9,148
Interest Income	1,283	1,352	1,473	1,590	1,677	1,811	1,974	2,531	5,695	7,992
Gain on assignments	149	155	175	147	157	169	184	313	642	822
Other operating Income	53	61	70	67	150	132	135	-84	237	333
Interest expenses	699	759	831	905	928	1,003	1,103	1,590	3,195	4,624
Total income	786	808	887	899	1,055	1,109	1,190	1,170	3,379	4,524
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	34.3	37.2	34.3	30.2	2.6	33.9
Operating Expenses	149	203	280	294	348	355	378	304	921	1,385
Operating Profits	636	605	607	605	707	753	813	866	2,458	3,139
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	11.1	24.5	33.9	43.2	-8.2	27.7
Provisions	141	90	68	38	85	99	99	113	341	395
Profit before tax	495	515	539	567	623	654	714	753	2,117	2,744
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	27.0	32.5	32.8	9.7	29.6
Tax Provisions	127	132	138	142	157	167	182	194	538	700
Net Profit	368	383	401	426	465	488	532	560	1,578	2,044
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.3	27.2	32.6	31.5	10.0	29.5

Muthoot Finance**Neutral****CMP INR 1,029 | TP: INR1,140 (+11%)****EPS CHANGE (%): FY23|24: -0.7|-0.4**

- Estimate standalone AUM growth of ~2% QoQ, driven by weak gold loan demand and high competition from banks/gold loan fintechs.
- Estimate ~80bp sequential expansion in margins.
- CIR expected to moderate to 33% (from the peak of ~35% in the previous quarter)
- Watch out for commentaries on gold loan demand and margin guidance for FY23.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from operations	26,837	27,920	28,394	26,410	24,816	26,305	27,620	28,722	1,09,560	1,07,462
Other operating income	301	385	288	289	223	245	270	500	1,263	1,238
Total Operating income	27,138	28,304	28,682	26,699	25,039	26,550	27,890	29,221	1,10,823	1,08,699
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-6.2	-2.8	9.4	5.0	-1.9
Other income	11	29	36	85	54	43	50	73	161	220
Total Income	27,149	28,333	28,718	26,784	25,093	26,593	27,939	29,294	1,10,984	1,08,919
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-6.1	-2.7	9.4	5.0	-1.9
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,793	10,576	11,424	38,358	41,208
Net Income	17,327	18,539	19,185	17,575	15,677	16,801	17,363	17,870	72,626	67,711
Operating Expenses	3,989	4,397	4,519	5,357	5,435	5,497	5,287	5,158	18,262	21,376
Operating Profit	13,338	14,142	14,666	12,218	10,241	11,304	12,077	12,713	54,364	46,335
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-20.1	-17.7	4.0	6.6	-14.8
Provisions	337	744	889	-700	-577	26	226	577	1,270	253
Profit before Tax	13,001	13,398	13,777	12,918	10,818	11,278	11,850	12,136	53,094	46,082
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,921	3,057	3,113	13,551	11,889
Net Profit	9,712	9,940	10,289	9,603	8,020	8,357	8,793	9,023	39,543	34,193
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-15.9	-14.5	-6.0	6.2	-13.5

Manappuram Finance**Buy****CMP INR96 | TP: INR125 (+30%)****EPS CHANGE (%): FY23|24: -0.6|-1.6**

- Expect gold AUM to decline by ~2.5% QoQ and consolidated AUM to remain flat sequentially
- Factored in a margin expansion of ~60bp QoQ and spread expansion of ~50bp in the consolidated loan book.
- Expect credit costs to decline to ~1.3% in 2QFY23 (v/s 1.7% in 1QFY23)
- Watch out for commentaries on demand in gold loans and asset quality in the MFI and Vehicle segments.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	15,216	14,787	14,461	13,933	14,612	15,488	15,953	16,421	58,397	62,474
Interest Expenses	4,931	4,924	5,311	4,948	5,046	5,349	5,723	6,034	20,114	22,152
Net Interest Income	10,285	9,863	9,151	8,985	9,566	10,139	10,230	10,387	38,284	40,322
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-7.0	2.8	11.8	15.6	-3.6	5.3
Other income	521	758	607	980	416	672	690	1,396	2,866	3,173
Total Income	10,806	10,621	9,758	9,965	9,981	10,811	10,920	11,783	41,149	43,495
Operating Expenses	3,720	4,593	5,228	4,912	4,890	5,100	5,289	5,939	18,453	21,219
Operating Profit	7,086	6,028	4,530	5,053	5,091	5,711	5,631	5,843	22,697	22,276
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-28.2	-5.3	24.3	15.6	-17.6	-1.9
Provisions	1,223	1,078	1,048	1,514	1,283	1,000	563	531	4,862	3,377
Profit before Tax	5,864	4,950	3,482	3,539	3,808	4,711	5,068	5,312	17,835	18,900
Tax Provisions	1,495	1,252	872	930	989	1,201	1,292	1,337	4,548	4,819
Net Profit	4,369	3,699	2,610	2,610	2,819	3,510	3,776	3,975	13,287	14,080
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.5	-5.1	44.7	52.3	-23.0	6.0

PNB Housing Finance**Neutral****CMP INR391 | TP: INR425 (+9%)****EPS CHANGE (%): FY23|24: 5.9|0.3**

- Rebalancing portfolio towards Retail to moderate AUM growth (-7% YoY).
- Expect provisions to increase to INR567m in 2QFY23 (v/s INR483m in 1QFY23), driven by slippages in wholesale.
- Spreads likely to decline ~10bp sequentially to 1.8%.
- Watch out for commentaries on asset quality of the corporate loan book and disbursement trajectory

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	16,114	14,999	14,112	12,995	12,987	13,766	15,005	17,344	58,220	59,101
Interest Expenses	11,029	10,348	9,961	9,307	9,303	10,047	10,951	12,654	40,645	42,954
Net Interest Income	5,085	4,651	4,151	3,688	3,684	3,719	4,054	4,690	17,575	16,147
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.6	-20.0	-2.4	27.2	-15.9	-8.1
Other income	815	865	844	1,264	1,133	1,050	1,000	1,043	3,787	4,227
Total Income	5,900	5,516	4,995	4,951	4,817	4,769	5,054	5,733	21,363	20,373
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-18.4	-13.5	1.2	15.8	-15.4	-4.6
Operating Expenses	1,152	1,186	1,163	1,258	1,214	1,257	1,326	1,435	4,760	5,231
YoY Growth (%)	10.6	11.1	16.7	-13.1	5.4	6.0	14.0	14.0	4.5	9.9
Operating Profits	4,748	4,330	3,832	3,693	3,603	3,512	3,728	4,299	16,603	15,142
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-24.1	-18.9	-2.7	16.4	-19.7	-8.8
Provisions	1,595	1,418	1,295	1,455	483	567	1,036	1,310	5,764	3,396
Profit before Tax	3,153	2,912	2,537	2,238	3,120	2,945	2,692	2,989	10,840	11,746
Tax Provisions	720	560	653	542	761	663	606	613	2,475	2,643
Profit after tax	2,433	2,352	1,885	1,695	2,359	2,282	2,086	2,376	8,365	9,103
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-3.0	-3.0	10.7	40.1	-8.0	8.8

Repco Home Finance**Neutral****CMP INR233 | TP: INR250 (+7%)****EPS CHANGE (%): FY23|24: -2.8|1.7**

- Expect disbursements to grow 42% YoY.
- Estimate loan book to remain flat sequentially with balance transfers continuing to remain elevated
- Expect spreads to contract ~10bp QoQ, led by higher CoF.
- Watch out for commentary around the asset quality and guidance on disbursements/AUM growth

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,205	3,304	3,211	3,084	2,980	3,129	3,301	3,493	12,804	12,903
Interest Expenses	1,757	1,744	1,719	1,680	1,653	1,762	1,877	2,047	6,899	7,339
Net Income	1,448	1,560	1,492	1,405	1,327	1,367	1,424	1,447	5,905	5,564
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-8.4	-12.4	-4.5	3.0	8.4	-5.8
Other income	19	42	44	158	90	84	84	160	262	419
Total Income	1,467	1,602	1,536	1,563	1,417	1,451	1,509	1,607	6,166	5,983
YoY Growth (%)	11.5	13.4	-2.4	0.9	-3.4	-9.4	-1.8	2.8	5.4	-3.0
Operating Expenses	246	283	344	368	339	344	349	363	1,241	1,395
YoY Growth (%)	4.5	10.2	17.9	2.0	37.8	21.3	1.6	-1.3	8.4	12.4
Operating Profits	1,221	1,318	1,192	1,195	1,078	1,108	1,159	1,244	4,926	4,588
YoY Growth (%)	13.0	14.1	-7.0	0.6	-11.7	-16.0	-2.8	4.1	4.7	-6.8
Provisions	783	169	765	613	237	299	250	183	2,331	970
Profit before Tax	437	1,149	427	582	841	808	909	1,060	2,595	3,619
Tax Provisions	116	290	112	161	220	212	236	279	680	948
Profit after tax	321	859	315	420	621	596	673	781	1,915	2,671
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	93.2	-30.6	113.8	85.8	-33.4	39.4

Shriram City Union Finance**Buy****CMP INR1,688 | TP: INR2,220 (+32%)****EPS CHANGE (%): FY23|24: 0.5|1.2**

- Estimate disbursements of ~INR79b, leading to AUM of ~INR356b (up 23% YoY/ ~3% QoQ).
- Spreads and NIMs likely to decline ~20bp QoQ.
- Credit costs expected to decline to 2.5% (v/s 2.7% in 1QFY23).
- Watch out for commentaries on growth and asset quality in the MSME, 2W, and PL segments. Outcome of pilots done from merger perspective will be interesting.

Quarterly Performance**(INR m)**

Y/E MARCH	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	14,539	15,147	15,891	16,566	17,504	18,204	18,750	19,015	62,142	73,473
Interest expenses	5,746	6,158	6,486	6,936	6,810	7,354	7,869	8,207	25,325	30,239
Net Interest Income	8,793	8,989	9,406	9,630	10,694	10,850	10,881	10,808	36,817	43,234
Y-o-Y Growth (%)	3.1	5.6	7.3	12.2	21.6	20.7	15.7	12.2	7.1	17.4
Fees and Other Income	417	696	1,124	942	923	800	1,237	1,151	3,162	4,110
Net Operating Income	9,210	9,685	10,530	10,571	11,617	11,650	12,118	11,959	39,979	47,344
Y-o-Y Growth (%)	5.0	10.0	14.7	13.7	26.1	20.3	15.1	13.1	10.9	18.4
Operating Expenses	3,517	3,890	4,472	4,628	5,028	5,097	5,168	5,069	16,507	20,363
Operating Profit	5,693	5,795	6,058	5,944	6,589	6,553	6,950	6,890	23,472	26,981
Y-o-Y Growth (%)	0.5	3.1	8.1	7.8	15.7	13.1	14.7	15.9	4.8	15.0
Provisions	2,901	2,029	2,184	1,762	2,276	2,185	2,272	2,629	8,876	9,361
Profit before Tax	2,792	3,766	3,873	4,182	4,313	4,368	4,678	4,261	14,596	17,620
Tax Provisions	712	943	948	1,148	1,085	1,136	1,216	1,090	3,751	4,527
Net Profit	2,080	2,823	2,925	3,034	3,228	3,232	3,462	3,170	10,845	13,092
Y-o-Y Growth (%)	8.2	9.9	4.6	7.6	55.2	14.5	18.3	4.5	7.3	20.7

Shriram Transport Finance**Buy****CMP INR1,170 | TP: INR1,570 (+34%)****EPS CHANGE (%): FY23|24: 0.1|3.5**

- Expect sequentially stable disbursements and AUM growth of ~10% YoY and ~3% QoQ
- Estimate decline in credit costs to ~2.3% (v/s 2.5% in 1QFY23).
- Estimate margins to decline by ~10bp sequentially
- Watch out for commentaries on AUM growth, margins, asset quality and progress on the announced merger.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	44,793	45,784	46,607	49,282	50,197	51,703	52,737	52,630	1,86,463	2,07,266
Interest expenses	24,981	24,352	23,973	24,037	24,579	25,808	27,099	29,999	97,343	1,07,486
Net Interest Income	19,812	21,432	22,634	25,244	25,618	25,895	25,638	22,630	89,120	99,781
Change YoY (%)	7.9	5.2	5.5	19.3	29.3	20.8	13.3	-10.4	10.4	12.0
Other Operating Income	1,688	1,194	1,672	1,535	1,251	1,314	1,577	2,069	6,089	6,211
Other Income	34	50	45	60	45	54	49	65	191	213
Net Income	21,534	22,676	24,351	26,839	26,913	27,263	27,264	24,765	95,399	1,06,205
Change YoY (%)	14.7	8.6	10.3	21.4	25.0	20.2	12.0	-7.7	13.8	11.3
Operating Expenses	4,791	5,507	5,275	5,725	5,793	5,935	6,072	6,270	21,298	24,070
Operating Profit	16,743	17,169	19,076	21,114	21,120	21,328	21,192	18,495	74,101	82,135
Change YoY (%)	12.0	8.9	14.7	27.1	26.1	24.2	11.1	-12.4	15.8	10.8
Provisions	14,396	6,762	9,843	7,608	8,052	7,488	6,964	4,500	38,609	27,004
Profit before Tax	2,347	10,407	9,233	13,506	13,069	13,840	14,228	13,995	35,493	55,131
Tax Provisions	648	2,694	2,427	2,645	3,416	3,529	3,628	3,540	8,413	14,114
Net Profit	1,699	7,712	6,806	10,861	9,653	10,310	10,600	10,455	27,079	41,018
Change YoY (%)	-46.9	12.7	-6.5	43.9	468.0	33.7	55.7	-3.7	8.9	51.5

NBFC – Non Lending

Company

Angel One

CAMS

ICICI Lombard

ICICI Securities

IIFL Wealth

Star Health

Healthy momentum seen across cap markets, GI and MF

Profitability improvement across coverage, led by scale benefits

- Capital market activity picked up momentum in 2QFY23 across most parameters (volumes, orders) except client addition. Volumes in F&O for both equities and commodities continue to surge, while cash volumes recovered. We expect all the companies under coverage to see a sequential uptick in revenues and profits.
- General Insurance industry saw growth momentum slowing down albeit previous quarters had the advantage of the base effect. Although the Health segment slowed down, it remained healthy at 14% YoY in Aug'22. The Motor segment too saw steady growth of 12% in Jul/Aug'22. Health claim ratios are likely to be elevated with monsoon-related ailments and sticky COVID-related consumables/tests. We expect both STARHEAL/ICICIGI to report growth in profits.
- MF AUM for the industry grew MoM in Jul/Aug on the back of SIP volumes and positive MTM, leading to increased share of equity in industry AUM. CAMS and IIFLWAM should see benefits from these trends.
- We remain excited about the long-term growth potential of the non-lending financials, given the broader themes of financialization and digitalization of savings. Our top picks in this space are ANGELONE, IIFLWAM, and STARHEAL.

Incremental demat account addition slows down but volumes see a strong recovery in cash segment; F&O volumes continue to surge

The retail segment cash ADTO at NSE grew 9%/28%/5% MoM in Jul/Aug/Sep 2022. On the other hand, F&O volumes saw 1.5%/25%/ 11% MoM increase in Jul/Aug/Sep 2022. This was in spite of high volatility in markets on the back of global inflation concerns. Incremental demat account addition in Jul/Aug were at 1.5/2.6m vs average of 2.3/2.9m in 1QFY23/FY22. Although Aug 2022 saw a recovery in client addition for ANGELONE, the average numbers for 2QFY23 will still be lower than in FY22. However, the number of orders has remained healthy with per day orders at 3.6m in Aug 2022, a new high for the company. We expect a recovery in revenues and profitability for ANGELONE. For ISEC, we expect revenue growth to rebound on the back of recovery in cash volumes, seasonal uptick in life insurance distribution revenues and improvement in IB revenues.

General Insurance sector sees healthy premium growth; health claim ratio remain elevated; opex to see benefits of scale

Overall GWP for the industry grew 16%/12% YoY in Jul/Aug'22, driven by 20%/14% YoY growth in the Health segment and 12%/12% growth in the Motor segment. For ICICIGI, the premium growth in Jul/Aug'22 was at 29%/21%, driven by Health segment growth of 39%/40%. Motor segment growth was muted at 2% each month. STARHEAL saw a growth of 9%/13%, driven by retail growth of 23%/25% as group health business declined 61%/56%. Health segment claim ratios are likely to sustain (vs expectation of decline) as monsoon-related ailments and sticky COVID-related consumables/tests keep the severity of claims higher. Opex ratios are expected to see benefits from operating leverage.

Mutual funds AUM improves, led by SIP flows and positive MTM; IIFLWAM to see benefits of transition to ARR

MF industry AUM saw a MoM growth of 2%/5% in Jul/Aug'22, driven by SIP flows which were at INR127b for Aug'22 (a new high) and a positive MTM with Nifty yielding 12.5% return cumulatively for Jul and Aug. Resultantly, the share of equity in overall AUM for the industry was at 45% in Aug'22 up from 43% for 1QFY23. CAMS will be a clear beneficiary and will see improved revenues and profitability. IIFLWAM should see better traction in its ARR assets, driven by healthy MF distribution. Profitability improvement should continue, led by sustained benefits of transition to ARR.

Exhibit 1: Quarterly performance

Sector	CMP (INR)	Rating	Revenue/NEP (INR m)			EBIDTA/PBT/UP (INR m)			Net profit (INR m)		
			Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)
Angel One	1364	BUY	4,447	48.6	5.8	2,569	43.1	5.8	1,927	43.4	6.1
CAMS	2,475	BUY	2,478	8.9	4.7	1,117	5.6	14.1	757	4.3	17.1
ICICI Lombard	1,127	BUY	54,102	20.0	-2.2	-1,856	Loss	Loss	3,818	-14.5	9.4
ICICI Securities	512	BUY	8,225	-4.0	3.5	3,905	-17.1	6.4	2,929	-16.6	7.1
IIFL Wealth	1,877	BUY	3,848	22.4	2.6	2,131	50.8	2.4	1,795	25.1	14.2
Star Health	703	BUY	32,897	14.0	33.5	114	LP	-92.7	1,119	LP	-47.5
Non Lending NBFC			88,778	17.6	8.3	7,979	184.2	-9.2	12,345	26.3	-0.4

Exhibit 2: Change in estimates

Company	Old estimates (INR)			New estimates (INR)			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Angel One	86.7	97.9	117.1	92.7	105.7	125.0	6.9	7.9	6.7
CAMS	63.1	75.8	89.0	63.3	75.7	88.9	0.4	-0.1	-0.1
ICICI Lombard	33.2	41.8	51.8	32.2	40.8	50.0	-3.0	-2.2	-3.5
ICICI Securities	34.7	37.7	NA	38.8	42.6	46.7	11.8	12.9	NA
IIFL Wealth	79.4	89.0	100.0	81.0	90.7	101.8	1.9	1.9	1.9
Star Health	12.0	18.7	24.3	11.8	18.2	23.4	-2.0	-2.8	-3.7

Exhibit 3: Demat account cross 100m mark in Aug 2022

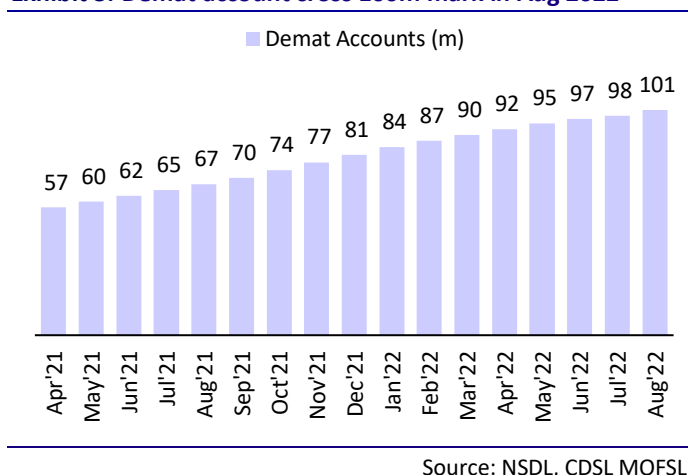


Exhibit 4: NSE F&O volumes surge across all days

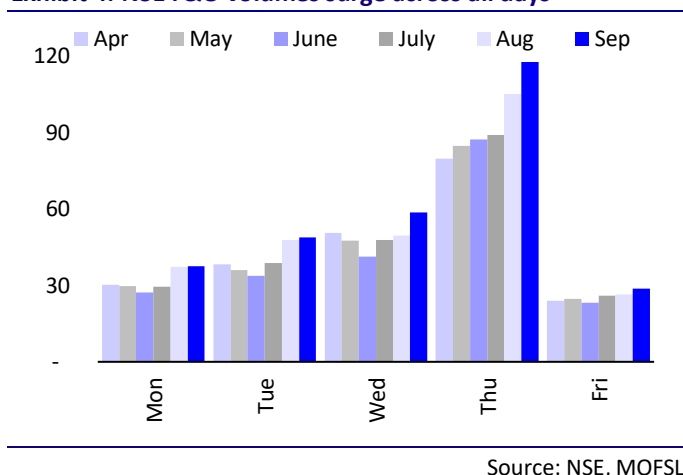
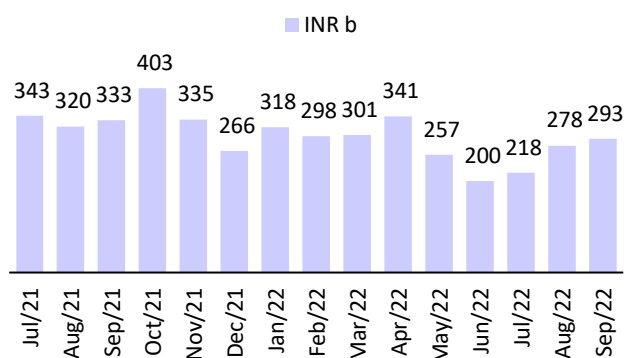
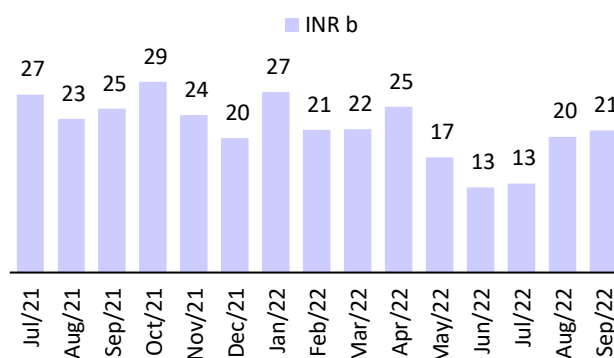
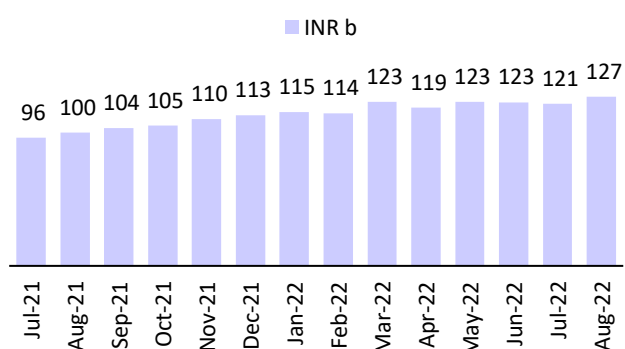


Exhibit 5: NSE Cash volumes recover from the low

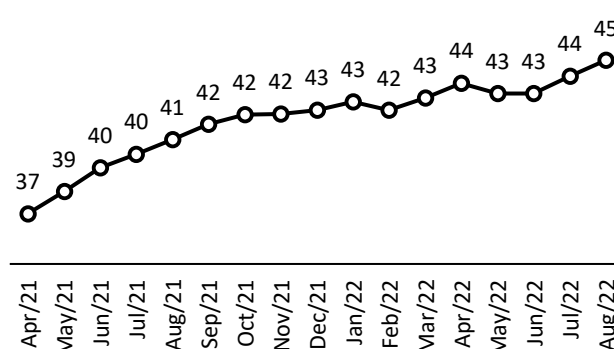
Source: NSE, MOFSL

Exhibit 6: BSE Cash volumes recover from the low

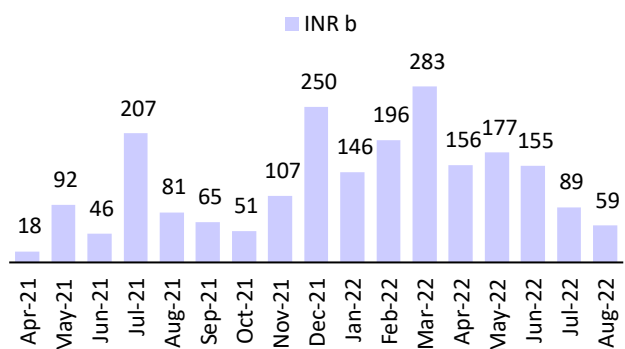
Source: BSE, MOFSL

Exhibit 7: SIP flows remain strong

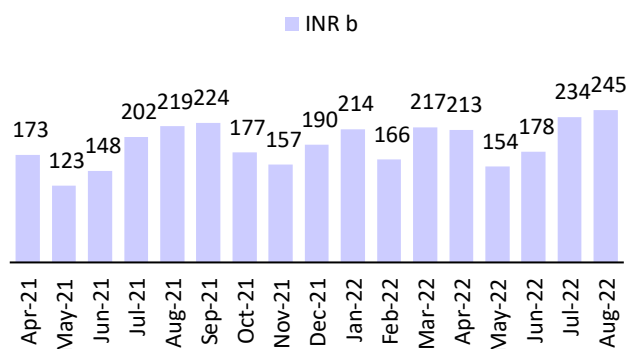
Source: AMFI, MOFSL

Exhibit 8: Share of equities surge in MF AUM (%)

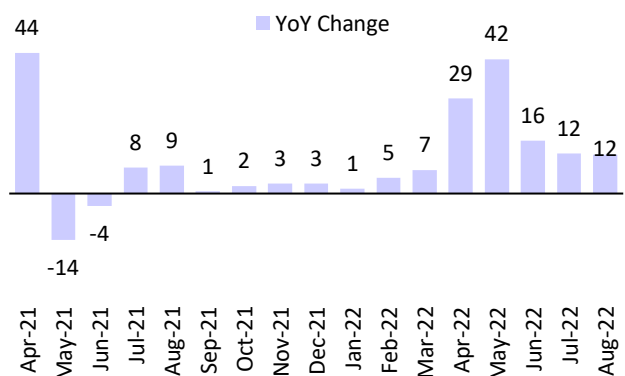
Source: MCX, MOFSL

Exhibit 9: Net equity flows decline because of redemptions

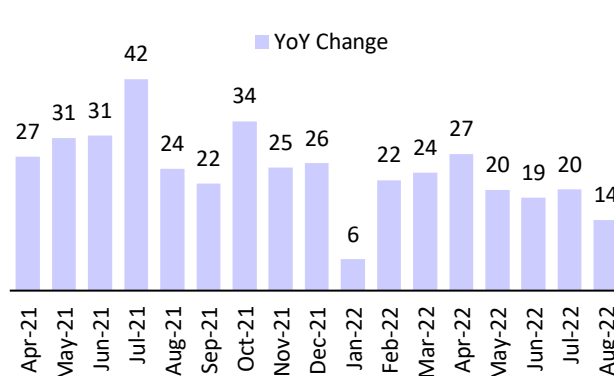
Source: AMFI, MOFSL

Exhibit 10: Strong recovery seen in Gen Insurance premium

Source: GIC, MOFSL

Exhibit 11: Motor premium growth remains healthy (%)

Source: GIC, MOFSL

Exhibit 12: Health segment growth declines (%)

Source: GIC, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Angel One

Buy
CMP INR1,364 | TP: INR2,100 (54%)
EPS CHANGE (%): FY23|24: 6.9|7.9

- With continued growth momentum in F&O ADTO, Angel's revenue growth to remain strong YoY.
- Although gross customer acquisition run rate saw flattish to positive trends, activation rate dipped.
- Interest income is expected to be lower, led by subdued MTF book and higher interest costs.
- Cost-to-income ratio is expected to be flat QoQ but improve on a YoY basis.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue from Operations	2,600	2,992	3,512	4,064	4,203	4,447	4,466	4,472	13,167	17,588
Other Income	807	888	936	1,031	948	1,030	1,086	1,098	3,662	4,162
Total Income	3,407	3,880	4,448	5,095	5,151	5,477	5,552	5,570	16,829	21,750
Change YoY (%)	110.4	83.3	100.5	68.9	51.2	41.2	24.8	9.3	87.6	29.2
Operating Expenses	1,744	2,040	2,191	2,298	2,660	2,842	2,881	2,861	8,273	11,245
Change YoY (%)	88.9	89.9	94.6	48.0	52.5	39.3	31.5	24.5	76.9	35.9
Depreciation	41.0	45.3	48.3	52.3	64.5	65.5	66.5	67.5	186.8	264.0
PBT	1,622	1,795	2,209	2,744	2,427	2,569	2,604	2,641	8,369	10,241
Change YoY (%)	151.1	80.1	111.2	92.8	49.6	43.1	17.9	-3.7	103.5	22.4
Tax Provisions	408	451	562	696	611	642	651	656	2,117	2,560
Net Profit	1,214	1,343	1,647	2,048	1,816	1,927	1,953	1,985	6,253	7,681
Change YoY (%)	151.8	80.2	124.7	101.0	49.6	43.4	18.6	-3.1	109.7	22.8

CAMS

Buy
CMP INR2,475 | TP: INR3,000 (+21%)
EPS CHANGE (%): FY23|24: 0|0

- Positive MTM and inflows in the industry are expected to drive AUM growth for CAMS
- Higher share of equities should be beneficial for the yields
- Profitability should improve sequentially, led by scale benefits and favorable AUM mix
- Commentary on new business segments such as insurance repository and account aggregator will be vital

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue from Operations	2,012	2,276	2,377	2,432	2,366	2,478	2,572	2,706	9,097	10,123
Change YoY (%)	35.4	33.0	27.8	21.7	17.6	8.9	8.2	11.3	28.9	11.3
Employee expenses	724	809	832	853	933	895	913	959	3,218	3,700
Operating expenses	192	221	228	274	267	273	278	286	905	1,104
Other Expenses	167	189	184	183	188	193	199	197	733	777
Total Operating Expenses	1,083	1,218	1,244	1,310	1,388	1,361	1,390	1,442	4,855	5,581
Change YoY (%)	11.4	25.2	19.6	18.3	28.2	11.7	11.8	10.1	18.6	14.9
EBITDA	929	1,057	1,133	1,122	979	1,117	1,182	1,264	4,241	4,542
Other Income	45	44	41	43	44	50	60	64	173	219
Depreciation	106	119	134	157	136	140	140	143	516	560
Finance Cost	18	18	18	18	18	18	18	18	71	71
PBT	850	965	1,023	989	869	1,009	1,084	1,167	3,827	4,129
Change YoY (%)	63.5	45.9	35.2	22.3	2.3	4.6	6.1	17.9	39.4	7.9
Tax Provisions	217	239	249	251	223	252	271	286	957	1,032
Net Profit	633	726	773	738	646	757	813	880	2,870	3,097
Change YoY (%)	58.6	48.2	37.0	22.7	2.2	4.3	5.2	19.2	39.8	7.9

ICICI Lombard

Buy

CMP INR1,127 | TP: INR1,430 (+27%)

EPS CHANGE (%): FY23|24: -3|-2

- Premium growth to be strong, driven by health (more so Group segment) and Motor TP
- Integration of Bharti Axa and increasing investments in the retail health channel will be key
- Claim ratios to moderate sequentially while expense ratio to be flattish
- Combined ratio to be in the guided range of 103-104%

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net earned premium	31,521	32,503	33,119	33,178	34,682	39,678	42,860	40,393	1,30,321	1,57,614
Total Income	38,312	38,082	38,541	46,363	39,783	45,218	48,617	46,428	1,61,299	1,80,145
Change YoY (%)	40.4	32.1	26.0	32.9	3.8	18.7	26.1	0.1	32.6	11.7
Incurred claims	28,192	22,699	23,035	23,893	24,999	28,172	30,002	28,776	97,819	1,11,949
Total Operating Expenses	37,771	33,510	35,811	36,268	36,615	41,535	44,437	42,720	1,43,359	1,65,307
Underwriting profit	-6,249	-1,007	-2,692	-3,090	-1,933	-1,856	-1,577	-2,327	-13,038	-7,693
PBT	2,583	5,939	4,209	4,104	4,651	5,091	5,747	5,508	16,835	21,096
Tax Provisions	640	1,472	1,034	979	1,161	1,273	1,437	1,404	4,125	5,274
Net Profit	1,943	4,467	3,175	3,125	3,490	3,818	4,310	4,104	12,710	15,822
Change YoY (%)	-51.2	7.4	1.3	-9.6	79.6	-14.5	35.7	31.3	-13.7	24.5
Key Parameters (%)										
Claims ratio	89.4	69.8	69.6	72.0	72.1	71.0	70.0	71.2	75.1	71.0
Expense ratio	29.6	30.7	29.4	27.1	29.9	29.0	28.5	29.2	29.1	29.1
Combined ratio	123.5	105.3	104.5	103.2	104.1	103.5	102.5	104.4	108.8	103.6

ICICI Securities

Buy

CMP INR512 | TP: INR640 (25%)

EPS CHANGE (%): FY23|24: 12|13

- Broking revenue to improve, led by recovery in Cash volumes and sustained increase in F&O volumes.
- Distribution income to improve sequentially; life insurance segment gains from a seasonally low base in 1Q.
- Investment banking revenue is expected to improve to as advisory segment saw a pick up.
- Cost-to-income ratio is expected to see moderation.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue from Operations	7,453	8,564	9,416	8,917	7,935	8,213	8,501	9,766	34,350	34,416
Other Income	24	2	3	6	12	12	12	14	35	50
Total Income	7,477	8,566	9,419	8,923	7,948	8,225	8,513	9,780	34,385	34,466
Change YoY (%)	36.8	25.9	51.9	20.7	6.3	-4.0	-9.6	9.6	33.0	0.2
Operating Expenses	3,310	3,856	4,321	4,369	4,277	4,320	4,363	4,796	15,856	17,755
Change YoY (%)	15.3	25.1	64.8	46.6	29.2	12.0	1.0	9.8	37.2	12.0
PBT	4,167	4,709	5,099	4,554	3,671	3,905	4,150	4,985	18,529	16,710
Change YoY (%)	60.6	26.5	42.5	3.2	-11.9	-17.1	-18.6	9.5	29.5	-9.8
Tax Provisions	1,060	1,197	1,295	1,149	934	976	1,037	1,229	4,700	4,178
Net Profit	3,107	3,512	3,804	3,405	2,736	2,929	3,112	3,755	13,828	12,533
Change YoY (%)	60.9	26.3	42.5	3.3	-11.9	-16.6	-18.2	10.3	29.5	-9.4

IIFL Wealth & Asset Management

Buy
CMP INR1,877 | | TP: INR2,300 (+23%)
EPS CHANGE (%): FY23|24: 2.0|2.0

- Revenue to see a sequential increase, led by strength in the ARR income, which was driven by MTM gains and sustained inflows.
- Overall yields likely to remain steady as we expect the product mix to be steady QoQ
- Cost-to-income ratio is expected to improve, led by scale benefits as employee expense remains stable.
- Outlook on the new business ventures in terms of mass affluent segment and entry into new geographies will be keenly watched

Quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	2,834	3,143	3,781	4,228	3,750	3,848	3,971	4,207	13,987	15,776
Change (%)	42.6	48.3	58.1	59.2	32.3	22.4	5.0	-0.5	52.8	12.8
ARR Assets Income	1,936	2,222	2,451	2,524	2,560	2,765	2,986	3,242	9,133	11,552
TBR Assets Income	898	921	1,330	1,704	1,190	1,083	985	965	4,854	4,223
Operating Expenses	1,531	1,730	2,220	2,350	1,670	1,717	1,822	1,841	7,831	7,050
Change (%)	17.8	29.2	46.2	54.3	9.1	-0.8	-17.9	-21.7	37.9	-10.0
Cost to Income Ratio (%)	54.0	55.0	58.7	55.6	44.5	44.6	45.9	43.8	56.0	44.7
Operating Profits	1,304	1,413	1,561	1,878	2,080	2,131	2,149	2,366	6,156	8,726
Change (%)	89.3	80.9	78.8	65.8	59.5	50.8	37.7	26.0	77.2	41.7
Other Income	206	480	420	265	-60	200	225	235	1,371	600
Profit Before Tax	1,510	1,893	1,981	2,143	2,020	2,331	2,374	2,601	7,527	9,326
Change (%)	38.1	67.8	54.9	59.0	33.8	23.1	19.8	21.3	55.2	23.9
Tax	341	458	449	487	449	536	546	614	1,735	2,145
Tax Rate (%)	22.6	24.2	22.7	22.7	22.2	23.0	23.0	23.6	23.1	23.0
PAT	1,169	1,435	1,532	1,657	1,571	1,795	1,828	1,987	5,792	7,181
Change (%)	42.0	64.6	58.8	60.3	34.5	25.1	19.3	19.9	56.9	24.0
PAT Margins (%)	41.2	45.6	40.5	39.2	41.9	46.6	46.0	47.2	41.4	45.5

Star Health

Buy
CMP INR703 | TP: INR830 (18%)
EPS CHANGE (%):FY23|24: 0|0

- Retail health premium growth expected to be strong at 20%+; while Group health segment to see decline
- Expense ratio to decline both on a YoY as well as QoQ basis
- Claims ratio to remain stable as high monsoon-related claims impact performance.
- Combined ratio to taper down materially, on both YoY and QoQ basis.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net earned premium	22,430	24,167	25,283	26,212	26,871	27,791	26,529	31,665	98,092	1,12,876
Total Income	23,301	25,138	26,184	27,404	28,090	29,084	27,899	33,357	1,02,887	1,18,451
Change YoY (%)	109.2	62.6	78.3	266.1	20.6	15.7	6.6	21.7	111.0	15.1
Incurred claims	20,415	20,696	26,442	17,848	17,811	18,342	16,979	20,217	85,401	73,348
Total Operating Expenses	26,590	29,326	34,407	28,384	25,303	27,677	26,033	31,728	1,18,707	1,10,740
Underwriting profit	-4,160	-5,159	-9,124	-2,172	1,568	114	496	-62	-20,615	2,136
PBT	-2,805	-2,325	-7,682	-1,158	2,880	1,492	2,232	2,409	-13,966	9,017
Tax Provisions	-705	-618	-1,899	-337	747	373	558	576	-3,559	2,254
Net Profit	-2,100	-1,706	-5,783	-820	2,132	1,119	1,674	1,833	-10,407	6,763
Claims ratio	91.0	85.6	104.6	68.1	66.3	66.0	64.0	63.8	87.1	65.0
Expense ratio	17.1	18.4	17.1	15.7	18.2	16.1	15.9	13.8	17.0	15.7
Combined ratio	121.1	117.3	135.7	98.4	98.2	95.6	93.4	91.0	117.9	94.1

Healthcare

Company

Alembic Pharma.
Alkem Lab.
Ajanta Pharma
Apollo Hospitals
Aurobindo Pharma
Biocon
Zydus Lifesciences.
Cipla
Divi's Lab.
Dr. Reddy's Lab.
Eris Lifesciences
Gland Pharma
Glenmark Pharma.
Granules India
GSK Pharma.
IPCA Lab.
Jubilant Pharmova
Laurus Labs
Lupin
Solara
Strides Pharma.
Sun Pharma.
Torrent Pharma.

Intensity of EBITDA/earnings decline to reduce YoY in 2Q

Better outlook in DF/US to be offset by increased opex to some extent

While it would be the fourth consecutive quarter for the pharma universe under our coverage to report YoY earnings decline (-7.3%), the intensity of deceleration is likely to be lower than 1QFY23. We expect 9.7% YoY sales growth to INR558b, led by improving growth in domestic formulation (DF) YoY and marginal pick-up in the US sales on an aggregate basis. However, the existing inventory of higher cost raw material and elevated logistics cost are likely to weigh on profitability resulting in 2%/6% YoY decline in EBITDA/PAT for companies under our coverage (excluding Apollo Hospitals) for 2QFY23, respectively. APHS' Hospital performance is projected to be stable YoY at EBITDA level. However, incremental spend on Apollo 24/7 is likely to reduce the profitability for APHS. Accordingly, we expect APHS' sales to grow 9% YoY, while EBITDA/PAT to decline 16%/26% YoY in 2QFY23, respectively.

DF: Non-COVID therapies and inflation-linked price hikes to drive growth

We expect DF segment sales to grow 9% YoY to INR177b on an aggregate basis for the companies under our coverage. COVID-related therapies, especially Anti-Infectives, declined as the pandemic eased in India during the quarter. Gastro, Respiratory and Pain therapies are likely to witness low-to-mid-teens growth led by a low base of last year. Simultaneously, the promotional activities have picked-up pace considerably via both, physical as well as virtual connect. Companies are also adding MRs to cater to the increased demand. Further, inflation-linked price hikes (~10% YoY) for National List of Essential Medicines (NLEM) portfolio would also lead to better profitability. Company-wise, we expect ERIS to report 21% YoY growth in DF revenue in 2QFY23 – the highest under our coverage universe – backed by continued outperformance in core therapies and addition of Oaknet portfolio. We forecast TRP/SUNP/CDH to deliver 15%/14%/12% YoY growth in DF sales, respectively, owing to: a) growth in chronic portfolio (TRP), b) low base of 2QFY22 and expansion in domestic market with addition of MRs (SUNP), and c) growth in core brands and biosimilars portfolio (CDH).

US: Expect the US sales to be back on growth track

The YoY dip in the US sales for companies under our coverage is expected to get arrested and in fact, grow 5% in 2QFY23E to USD1.9b. Particularly, we expect new launches and market share gains in complex products, g-Revlimid for DRRD/CIPLA/ZYDUSLIF. Market share gains in g-Albuterol/Ianreotide would also drive 20% YoY sales growth for Cipla. We forecast SUNP to deliver 21% YoY growth aided by strong specialty sales growth and new launches. We project ALPM to deliver 11% YoY growth in the US sales due to low base of last year. However, the backlog of regulatory compliance remains a concern in the medium term. TRP's US business is expected to decline 14% YoY due to the lack of new launches and high price erosion in its portfolio. The ANDA approvals for our coverage companies slightly dropped to 49 in 2QFY23 from 53 in 1QFY23. The number of tentative approvals as a percentage of total approvals tapered QoQ at ~20% in 2QFY23. The new launches (including but not limited to gRevlimid) would provide scope for incremental business though.

However, while sales outlook is improving, regulatory risk is also on the rise. Notably, there have been more than 17 inspections in the past three months and companies are in the process of addressing the observations highlighted in Form 483 issued during inspections.

CIPLA/TRP/LAURUS to outperform the healthcare pack

We expect CIPLA/ TRP/LAURUS to outperform the rest of our coverage companies with 10%/11%/42% earnings growth YoY, respectively, for 2QFY23. The outperformance will be fuelled by better traction in existing products/new launches and Oaknet merger (ERIS). We project ALKEM/SUNP/IPCA/DRRD to report earnings decline of 32%/17%/12%/15% YoY, respectively, led by: a) higher COVID led base and superior product mix in 2QFY22, b) higher costs due to MR additions and other expenses (SUNP), c) lower profitability and higher tax rate (IPCA), and d) high earnings base of last year due to COVID (DRRD).

Estimates cut for DIVI, TRP and GLXO; raised for ARBP and SUNP

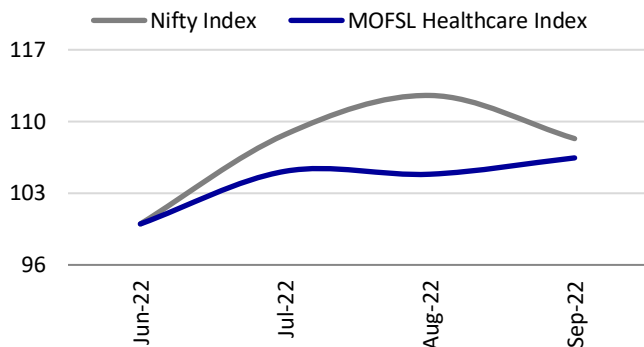
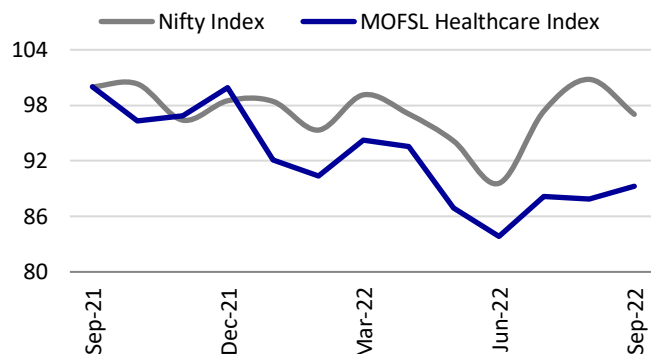
We have lowered our FY23E/FY24E EPS for DIVI by 3.7%/4.2%, respectively, factoring in the reducing sales prospects from Custom synthesis. We have also reduced our FY23E/FY24E EPS for TRP by 3.4%/3%, respectively, largely due to lower operating leverage. We have cut our FY23E/FY24E EPS for GLXO by 3.5%/3.4%, to factor sale of brands. However, we have raised our FY23E EPS for ARBP/SUNP by 3.9%/2.4%, respectively, considering the steady launches and favorable currency impact.

Top Ideas: APHS (improving business prospects in Hospitals/strong traction in Apollo 24/7), DRRD (Niche launches in US generics, steady growth in DF), LAURUS (Superior execution in Custom synthesis/Non-ARV formulation)

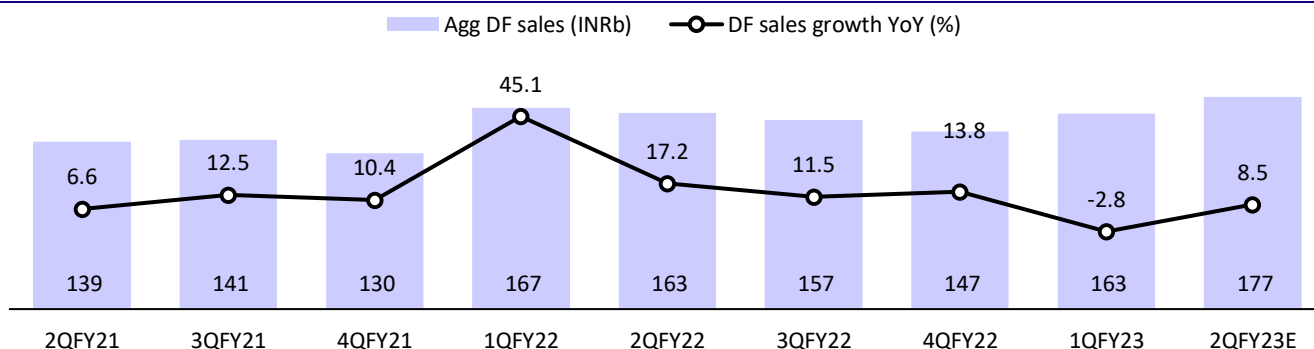
Exhibit 1: Summary of quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Ajanta Pharma	1288	Buy	9,222	4.2	-3.0	2,305	-12.3	-8.4	1,677	-9.2	-4.8
Alembic Pharma	615	Sell	13,882	7.4	10.0	1,777	-30.9	55.0	915	-45.9	97.8
Alkem Lab	3278	Neutral	28,940	3.4	12.3	4,717	-24.4	72.6	3,696	-32.7	96.4
Apollo Hospitals	4363	Buy	40,568	9.1	6.9	5,193	-15.6	5.8	1,993	-25.5	18.0
Aurobindo Pharma	535	Buy	63,875	7.5	2.4	10,603	-10.7	3.5	6,368	-8.4	8.3
Biocon	292	Neutral	22,570	22.6	5.5	4,694	5.2	7.5	1,815	-24.2	0.7
Cipla	1131	Neutral	56,979	3.2	6.0	12,763	4.1	11.6	7,807	9.7	13.7
Divis Labs	3727	Buy	21,812	9.7	-3.3	8,245	-0.1	-2.6	6,348	3.0	-3.2
Dr Reddy's Labs	4420	Buy	55,581	-3.6	11.5	12,172	-8.9	17.8	8,451	-14.8	3.1
Eris Lifescience	732	Buy	4,352	21.0	9.2	1,358	-2.9	5.1	990	-16.4	6.4
Gland Pharma	2134	Buy	10,022	-7.2	17.0	3,137	-16.7	16.2	2,580	-14.6	12.6
Glenmark Pharma	401	Neutral	30,946	-1.7	11.4	5,663	-4.0	19.8	2,655	-3.8	40.0
GSK Pharma	1415	Neutral	9,136	-2.2	22.6	2,485	-3.7	66.9	1,860	-2.5	60.0
IPCA Labs.	935	Buy	16,362	5.9	3.2	3,518	-8.7	24.1	2,239	-17.0	41.8
Laurus Labs	512	Buy	16,390	36.2	6.5	4,950	43.4	9.0	2,894	41.9	14.6
Lupin	723	Neutral	40,372	-1.3	7.8	2,907	-51.3	77.3	461	-84.9	LP
Solara Active Pharma	431	Buy	3,534	-12.0	7.1	233	-67.5	85.9	-188	PL	Loss
Sun Pharma	945	Buy	1,09,552	15.5	2.9	26,840	4.8	2.4	19,325	-5.7	0.9
Torrent Pharma	1580	Neutral	23,136	8.3	0.2	6,802	3.1	0.9	3,502	10.8	6.5
Zydus Lifesciences	409	Neutral	41,094	8.6	0.9	8,590	-0.2	3.1	5,446	-7.1	2.9
Healthcare			6,18,326	6.8	5.6	1,28,953	-5.4	10.4	80,834	-10.9	13.1

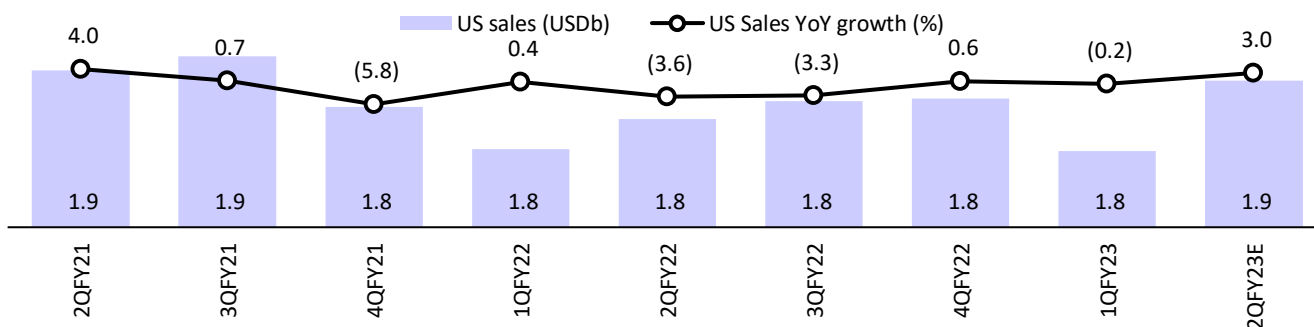
Source: Company, MOFSL

Exhibit 2: Relative performance – three months (%)**Exhibit 3: Relative performance – one-year (%)**

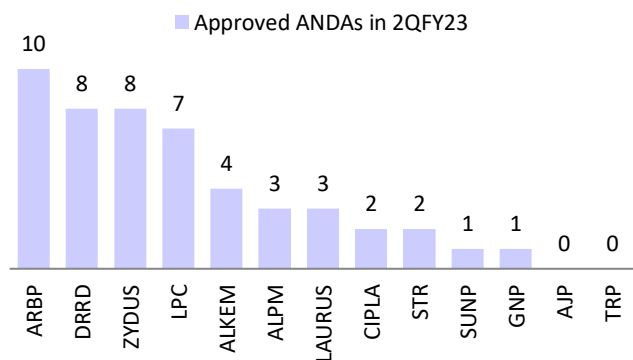
Source: Bloomberg, MOFSL

Exhibit 4: DF sales growth to be ~9% YoY in 2QFY23E as chronic therapies get back on the growth path

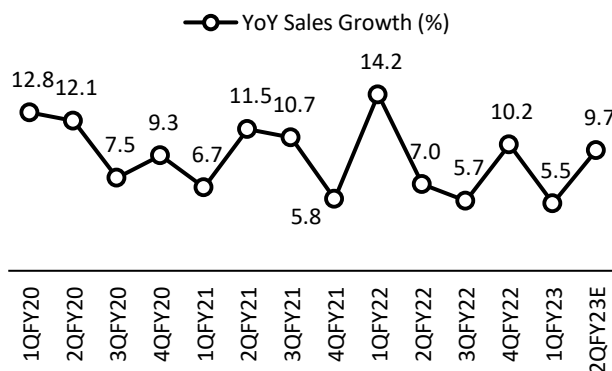
Source: MOFSL, Company

Exhibit 5: Expect the US sales to grow 3% YoY in 2QFY23

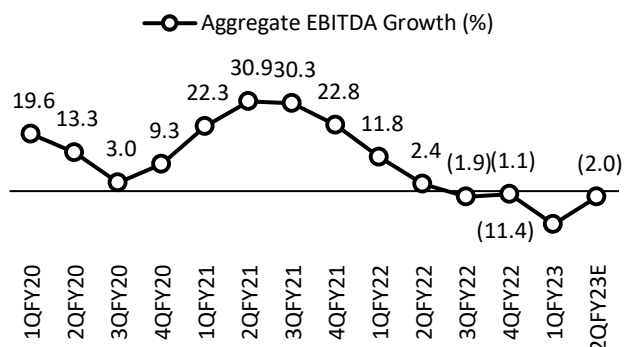
Source: MOFSL, Company

Exhibit 6: 49 ANDAs approved on an aggregate basis for our coverage universe in 2QFY23

Source: MOFSL, Company

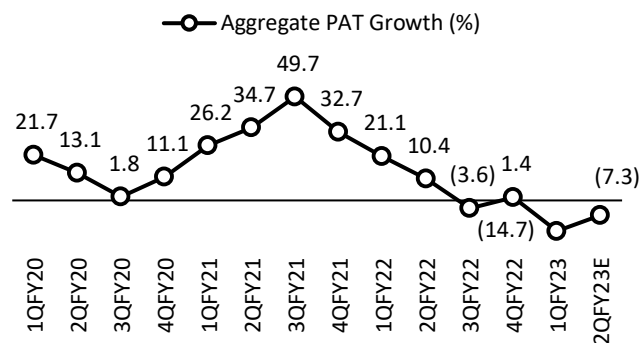
Exhibit 7: Expect sales to grow 9.7% YoY for 2QFY23

Source: MOFSL, Company

Exhibit 8: YoY EBITDA decline in 2QFY23E to be lesser than in 1QFY23

Source: MOFSL, Company

*Sales, EBITDA, PAT YoY growth figures exclude GLAND and JUBLPHRM due to limited historical data. It also excludes APHS data.

Exhibit 9: ...also, PAT to witness similar trend for 2QFY23E

Source: MOFSL, Company

Exhibit 10: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Healthcare						28.8	27.7	22.6	4.3	3.6	3.2	14.8	13.2	14.2
Ajanta Pharma	1,288	Buy	53.7	57.1	67.5	24.0	22.5	19.1	5.1	4.3	3.7	22.1	20.8	20.9
Alembic Pharma	615	Sell	35.0	19.3	31.2	17.6	32.0	19.7	2.3	2.2	2.0	13.9	6.9	11.0
Alkem Lab	3,278	Neutral	138.1	107.9	150.9	23.7	30.4	21.7	4.5	4.1	3.6	20.6	14.2	17.5
Apollo Hospitals	4,363	Buy	68.1	62.1	88.9	64.1	70.3	49.1	10.8	9.2	7.8	19.1	14.6	17.7
Aurobindo Pharma	535	Buy	44.0	44.5	52.9	12.2	12.0	10.1	1.3	1.2	1.1	11.1	10.1	11.0
Biocon	292	Neutral	7.4	8.3	14.4	39.7	35.0	20.3	4.2	2.1	2.0	11.0	8.0	10.0
Cipla	1,131	Neutral	35.3	40.0	47.2	32.0	28.3	24.0	4.4	3.9	3.4	14.5	13.8	14.2
Divis Labs	3,727	Buy	110.4	103.2	123.3	33.8	36.1	30.2	8.4	7.2	6.2	27.9	21.6	22.2
Dr Reddy's Labs	4,420	Buy	175.9	221.3	239.0	25.1	20.0	18.5	3.9	3.2	2.8	16.0	17.6	16.2
Eris Lifescience	732	Buy	29.5	30.4	39.7	24.8	24.1	18.4	5.3	4.5	3.8	23.3	20.2	22.3
Gland Pharma	2,134	Buy	73.7	72.3	91.1	28.9	29.5	23.4	4.9	4.2	3.6	18.6	15.3	16.5
Glenmark Pharma	401	Neutral	34.6	38.1	43.0	11.6	10.5	9.3	1.2	1.1	1.0	12.1	11.2	11.4
GSK Pharma	1,415	Neutral	33.9	34.5	39.0	41.8	41.1	36.3	9.0	8.4	7.7	21.6	20.4	21.1
IPCA Labs.	935	Buy	36.3	32.1	43.0	25.7	29.2	21.7	4.3	3.8	3.3	18.1	13.9	16.4
Laurus Labs	512	Buy	15.5	21.3	27.6	33.1	24.0	18.6	8.2	6.4	4.9	27.9	29.8	30.0
Lupin	723	Neutral	19.1	12.0	23.2	37.8	60.5	31.2	2.7	2.6	2.4	6.7	4.4	8.0
Solara Active Pharma	431	Buy	-15.2	-9.5	13.0	-28.4	-45.5	33.2	1.0	1.0	1.0	-3.5	-2.3	3.1
Sun Pharma	945	Buy	31.3	33.5	40.2	30.2	28.2	23.5	4.7	4.1	3.6	15.9	15.6	16.2
Torrent Pharma	1,580	Neutral	34.3	42.5	53.6	46.0	37.2	29.4	9.0	7.3	6.3	19.7	21.6	22.8
Zydus Lifesciences	409	Neutral	21.6	22.4	22.5	19.0	18.3	18.2	2.5	2.2	2.0	14.7	12.7	11.5

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Ajanta Pharma

Buy
CMP: INR1,288 | TP: INR1,500 (+17%)
EPS CHANGE (%): FY23|24: 2.7|0.9

- Expect DF sales growth of 11.5% YoY, driven by Opthal/ Derma therapies
- Expect 5% YoY decline in the US sales given the lack of product approvals/launches
- Expect Africa (Branded + Institutional) sales to drop 6% YoY for 2QFY23, partly on high base of last year
- Watch out for an outlook on Chantix/Vimovo, price erosion, ANDA approvals/launches in the US

Consol. - Quarterly perf.

Y/E March	FY22				FY23E				FY22	FY23E	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE
Net Sales	7,479	8,848	8,379	8,703	9,509	9,222	9,516	10,006	33,410	38,252	9,222
YoY Change (%)	11.9	23.6	11.9	15.0	27.1	4.2	13.6	15.0	15.6	14.5	4.2
EBITDA	2,201	2,628	2,396	2,197	2,518	2,305	2,407	2,849	9,424	10,079	2,305
YoY Change (%)	-1.4	-4.2	-0.9	-15.3	14.4	-12.3	0.5	29.6	-5.6	7.0	-12.3
Margins (%)	29.4	29.7	28.6	25.2	26.5	25.0	25.3	28.5	28.2	26.4	25.0
Depreciation	309	315	317	312	318	330	340	354	1,253	1,342	330
EBIT	1,892	2,313	2,079	1,886	2,200	1,975	2,067	2,495	8,171	8,737	1,975
YoY Change (%)	-3.1	-6.0	-2.2	-17.6	16.2	-14.6	-0.5	32.3	-7.4	6.9	-14.6
Interest	15	4	10	73	9	11	13	14	102	47	11
Other Income	76	145	240	295	48	200	225	394	757	866	200
PBT before EO expense	1,954	2,454	2,309	2,107	2,239	2,164	2,279	2,875	8,826	9,557	2,164
Extra-Ord expense	-250	-150	0	131	20	0	0	0	-269	20	0
PBT	2,204	2,604	2,309	1,977	2,219	2,164	2,279	2,875	9,095	9,537	2,164
Tax	467	645	392	465	472	487	536	698	1,968	2,193	487
Effective Rate (%)	21.2	24.8	17.0	23.5	21.3	22.5	23.5	24.3	21.6	23.0	22.5
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,737	1,959	1,918	1,512	1,746	1,677	1,744	2,176	7,127	7,343	1,677
Adj PAT	1,540	1,847	1,918	1,612	1,762	1,677	1,744	2,176	6,918	7,359	1,677
YoY Change (%)	4.2	8.5	8.6	1.2	14.4	-9.2	-9.1	35.0	5.8	6.4	-9.2

Alembic Pharma

Sell
CMP: INR615 | TP: INR590 (-4%)
EPS CHANGE (%): FY23|24: (0.6)|1.9

- Expect 11% YoY growth in the US sales to USD52m.
- Outlook on raw materials/logistics costs is the key
- DF sales growth expected to be subdued at ~5% YoY due to Anti-Infectives/Gastro therapies
- Update on F-3 Karkhadi USFDA compliance

Quarterly perf. (Consol.)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	13,260	12,923	12,717	14,157	12,621	13,882	14,249	13,568	53,058	54,319
YoY Change (%)	-1.1	-11.3	-3.2	10.6	-4.8	7.4	12.0	-4.2	-1.6	2.4
EBITDA	2,360	2,572	2,557	2,831	1,147	1,777	2,194	1,944	9,972	7,062
YoY Change (%)	-42.1	-42.0	-30.0	-17.1	-51.4	-30.9	-14.2	-31.3	-36.0	-29.2
Margins (%)	17.8	19.9	20.1	20.0	9.1	12.8	15.4	14.3	18.8	13.0
Depreciation	532	546	559	581	521	530	540	522	2,218	2,113
EBIT	1,829	2,026	1,997	2,250	626	1,247	1,654	1,422	7,754	4,949
YoY Change (%)	-59.3	-58.4	-51.5	-42.7	-65.8	-38.5	-17.2	-36.8	-43.6	-36.2
Interest	21	46	43	67	88	95	98	103	177	383
Other Income	19	22	13	103	11	14	22	35	505	81
PBT before EO expense	1,826	2,003	1,967	2,286	548	1,166	1,578	1,354	8,081	4,647
Extra-Ord expense	0	0	0	1,880	1,150	0	0	0	1,880	1,150
PBT	1,826	2,003	1,967	406	-602	1,166	1,578	1,354	6,201	3,497
Tax	342	395	325	-17	-15	216	300	234	1,045	734
Rate (%)	18.7	19.7	16.5	-4.3	2.5	18.5	19.0	17.3	16.8	21.0
MI & P/L of Asso. Cos.	-162	-86	-122	69	72	35	12	-19	-300	100
Reported PAT	1,646	1,693	1,764	355	-659	915	1,266	1,139	5,457	2,662
Adj PAT	1,646	1,693	1,764	1,785	463	915	1,266	1,139	6,889	3,784
YoY Change (%)	-45.4	-49.2	-39.7	-28.8	-71.9	-45.9	-28.2	-36.2	-41.5	-45.1

Alkem Labs

Neutral

CMP: INR3,278 | TP: INR3,290 (+0%)

EPS CHANGE (%): FY23|24: 1.7|1.6

- Expect India business to grow 4% YoY, due to COVID-related high base
- Expect the US sales to grow 13% YoY at USD53m
- Outlook on other international business given currency volatility will be monitored
- Watch out for an outlook on approvals/new launches/price erosion in the DF/US

Quarterly Perf. (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	27,314	27,999	26,190	24,839	25,764	28,940	29,621	28,173	1,06,342	1,12,498
YoY Change (%)	38.1	18.5	13.0	13.3	-5.7	3.4	13.1	13.4	20.2	5.8
EBITDA	5,929	6,243	4,985	3,372	2,732	4,717	5,095	4,443	20,529	16,987
YoY Change (%)	16.9	4.0	-5.8	-9.1	-53.9	-24.4	2.2	31.7	2.2	-17.3
Margins (%)	21.7	22.3	19.0	13.6	10.6	16.3	17.2	15.8	19.3	15.1
Depreciation	705	728	775	831	763	770	780	784	3,040	3,097
EBIT	5,223	5,515	4,210	2,541	1,970	3,947	4,315	3,659	17,490	13,890
YoY Change (%)	18.6	4.0	-8.5	-16.0	-62.3	-28.4	2.5	44.0	38.7	-19.9
Margins (%)	19.1	19.7	16.1	10.2	7.6	13.6	14.6	13.0	16.4	12.3
Interest	129	120	106	170	265	270	280	297	524	1,112
Other Income	467	420	535	205	514	490	510	521	1,627	2,035
PBT before EO Exp	5,561	5,815	4,639	2,576	2,219	4,167	4,545	3,883	18,592	14,814
EO Exp/(Inc)	0	0	0	150	700	0	0	0	150	700
PBT after EO Exp	5,561	5,815	4,639	2,427	1,519	4,167	4,545	3,883	18,443	14,114
Tax	759	230	-694	1,345	204	425	509	344	1,640	1,482
Rate (%)	13.6	4.0	-15.0	55.4	13.5	10.2	11.2	8.8	8.8	10.0
PAT (pre Minority Interest)	4,802	5,584	5,334	1,082	1,315	3,742	4,036	3,540	16,803	12,632
Minority Interest	121	95	77	6	38	46	28	227	300	339
Reported PAT	4,681	5,489	5,257	1,076	1,276	3,696	4,008	3,313	16,503	12,293
Adj Net Profit	4,681	5,489	4,052	2,293	1,882	3,696	4,008	3,313	16,516	12,899
YoY Change (%)	17.1	16.3	-3.8	-27.7	-59.8	-32.7	-1.1	44.5	2.6	-21.9

Apollo Hospitals

Buy

CMP: INR4,363 | TP: INR5,110 (+17%)

EPS CHANGE (%): FY23|24: (1.0)|(5.5)

- Expect hospitals Sales/EBITDA to be flat/grow 4% YoY
- Expect Pharmacy business to grow 35% YoY to INR15.8b
- Watch out for an incremental spend on online Apollo 24/7 segment
- Outlook for traction in international patients segment within hospitals space.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	37,602	37,171	36,389	35,464	37,956	40,568	42,175	43,477	1,46,626	1,64,177
YoY Change (%)	73.2	34.6	31.9	23.7	0.9	9.1	15.9	22.6	38.9	12.0
EBITDA	5,199	6,150	5,870	4,632	4,908	5,193	5,609	6,126	21,851	21,836
YoY Change (%)	1,365.2	105.1	50.4	12.5	-5.6	-15.6	-4.4	32.2	92.1	-0.1
Margins (%)	13.8	16.5	16.1	13.1	12.9	12.8	13.3	14.1	14.9	13.3
Depreciation	1,406	1,448	1,490	1,664	1,478	1,490	1,510	1,682	6,007	6,160
Interest	947	954	937	949	927	930	920	915	3,786	3,692
Other Income	246	56	172	307	161	150	155	158	781	624
PBT before EO expense	3,093	3,805	3,615	2,327	2,663	2,923	3,334	3,688	12,839	12,608
Extra-Ord expense/(Income)	-2,941	0	0	0	0	0	0	0	-2,941	0
PBT	6,034	3,805	3,615	2,327	2,663	2,923	3,334	3,688	15,780	12,608
Tax	986	1,156	1,242	1,387	-695	760	867	956	4,770	1,888
Rate (%)	16.3	30.4	34.4	59.6	-26.1	26.0	26.0	25.9	30.2	15.0
Minority Interest & P/L of Asso. Cos.	42	-25	-60	-30	120	170	-50	10	-74	250
Reported PAT	5,007	2,674	2,433	970	3,238	1,993	2,517	2,722	11,084	10,470
Adj PAT	2,859	2,674	2,433	1,822	1,690	1,993	2,517	2,722	9,787	8,922
YoY Change (%)	NA	902.8	81.3	19.5	-40.9	-25.5	3.5	49.4	1,024.9	-8.8

Aurobindo Pharma**Buy****CMP: INR535 | TP: INR630 (+18%)****EPS CHANGE (%): FY22|23: 3.9|2.4**

- Expect the US sales to be stable YoY to USD408m as new launches to be offset by ongoing price erosion in the US
- Watch out for an outlook on the EU business, given currency volatility
- Expect the EU sales to decline 4% YoY, on high base of last year
- Watch out for an update on the progress of Biosimilars and niche product development

Quarterly performance (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	57,020	59,419	60,022	58,094	62,359	63,875	65,789	71,169	2,34,555	2,63,193
YoY Change (%)	-3.8	-8.4	-5.7	-3.2	9.4	7.5	9.6	22.5	-5.3	12.2
EBITDA	12,094	11,867	10,163	9,744	10,247	10,603	11,053	11,524	43,868	43,427
YoY Change (%)	-8.2	-17.2	-25.7	-23.6	-15.3	-10.7	8.8	18.3	-18.7	-1.0
Margins (%)	21.2	20.0	16.9	16.8	16.4	16.6	16.8	16.2	18.7	16.5
Depreciation	2,797	2,942	2,991	2,536	2,795	2,700	2,800	2,904	11,265	11,199
EBIT	9,297	8,925	7,172	7,208	7,452	7,903	8,253	8,619	32,603	32,227
YoY Change (%)	-12.4	-24.1	-34.3	-28.5	-19.8	-11.4	15.1	19.6	-24.8	-1.2
Interest	129	104	161	92	146	132	120	113	486	511
Other Income	813	947	452	292	406	450	550	553	2,504	1,959
PBT before EO expense	9,981	9,768	7,463	7,408	7,712	8,221	8,683	9,059	34,620	33,675
Forex loss/(gain)	-286	-19	-198	-197	283	0	0	0	-700	283
Exceptional (expenses)/income	0	0	348	-1,628	-600	0	0	0	-1,280	-600
PBT	10,267	9,787	8,009	5,977	6,829	8,221	8,683	9,059	34,040	32,793
Tax	2,477	2,709	1,895	175	1,586	1,809	1,867	1,920	7,256	7,182
Rate (%)	24.1	27.7	23.7	2.9	23.2	22.0	21.5	21.2	21.3	21.9
Minority Interest	90	111	71	41	40	45	55	60	313	200
Reported PAT	7,700	6,967	6,043	5,761	5,204	6,368	6,761	7,079	26,471	25,411
Adj PAT	7,483	6,954	5,626	5,737	5,881	6,368	6,761	7,082	25,800	26,091
YoY Change (%)	-7.4	-13.2	-26.5	-27.4	-21.4	-8.4	20.2	23.4	-18.5	1.1
Margins (%)	13.1	11.7	9.4	9.9	9.4	10.0	10.3	10.0	11.0	9.9

Biocon**Neutral****CMP: INR292 | TP: INR310 (+6%)****EPS CHANGE (%): FY22|23: (0.3)|(3.8)**

- Expect 45% YoY growth in Biologics sales on ramp-up in launches/geographic expansion and low base of last year.
- Expect Syngene sales to grow 12% YoY in 2QFY23.
- Outlook on newer contracts for existing biosimilar products, especially Semglee, post-formulary coverage
- Watch out for a progress on regulatory compliance at Malaysia/Bengaluru/Telangana sites

Quarterly performance (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	17,610	18,404	21,743	24,088	21,397	22,570	26,085	28,996	81,845	99,048
YoY Change (%)	5.4	5.5	17.5	31.0	21.5	22.6	20.0	20.4	15.2	21.0
EBITDA	3,890	4,464	5,653	5,916	4,367	4,694	6,495	8,398	19,923	23,954
YoY Change (%)	-5.7	9.0	42.0	35.8	12.3	5.2	14.9	42.0	20.4	20.2
Margins (%)	22.1	24.3	26.0	24.6	20.4	20.8	24.9	29.0	24.3	24.2
Depreciation	1,950	2,020	2,060	2,120	2,170	2,200	2,250	2,223	8,150	8,843
EBIT	1,940	2,444	3,593	3,796	2,197	2,494	4,245	6,175	11,773	15,111
YoY Change (%)	-21.0	5.5	69.5	50.8	13.2	2.1	18.2	62.7	25.1	28.3
Interest	200	230	150	106	200	250	780	971	686	2,201
Other Income	470	1,050	480	674	780	390	410	420	2,674	2,000
Extraordinary Income	0	-700	-770	-410	-380	0	0	0	-1,880	-380
PBT	1,650	2,054	2,683	3,428	1,967	2,634	3,875	5,623	9,815	14,909
Tax	570	470	490	586	300	580	891	1,658	2,116	3,429
Rate (%)	34.5	22.9	18.3	17.1	15.3	22.0	23.0	29.5	21.6	23.0
Minority Interest	240	200	325	455	230	240	265	729	1,220	1,464
PAT	840	1,384	1,868	2,387	1,437	1,815	2,719	3,236	6,479	10,016
Adj PAT	1,207	2,394	2,497	2,727	1,801	1,815	2,719	3,236	8,825	10,016
YoY Change (%)	-18.9	33.9	49.4	141.5	49.3	-24.2	8.9	18.7	45.2	13.5

Cipla

Neutral

CMP: INR1,131 | TP: INR1,040 (-8%)

EPS CHANGE (%): FY23|24: 1.3|1.5

- Expect the US sales at USD170m (up 20% YoY) driven by new launches/market share gains in Albuterol/Lenalidomide
- Watch out for an update on ARV tenders for Low and Middle Income Countries (LMIC)
- Expect DF sales to grow moderately by 5% YoY. The Anti-infectives segment is the key drag on growth.
- Watch out for an update on niche pipeline including Peptide assets/Inhalation Assets/gAbraxane/gRevlimid

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	54,532	55,198	54,789	52,603	53,752	56,979	61,979	61,085	2,17,121	2,33,796
YoY Change (%)	25.5	9.6	6.0	14.2	-1.4	3.2	13.1	16.1	13.3	7.7
EBITDA	12,947	12,262	12,310	9,497	11,434	12,763	14,379	14,262	47,016	52,838
YoY Change (%)	23.4	4.2	0.0	19.3	-11.7	4.1	16.8	50.2	10.6	12.4
Margins (%)	23.7	22.2	22.5	18.1	21.3	22.4	23.2	23.3	21.7	22.6
Depreciation	2,611	2,531	2,475	2,903	2,544	2,600	2,750	3,070	10,520	10,964
EBIT	10,336	9,731	9,835	6,594	8,889	10,163	11,629	11,192	36,496	41,874
YoY Change (%)	32.5	6.8	0.1	29.0	-14.0	4.4	18.2	69.7	14.6	14.7
Interest	296	380	207	181	178	190	220	248	1,064	837
Other Income	649	607	913	640	1,034	550	600	666	2,809	2,850
Profit before Tax	10,689	9,958	10,541	7,053	9,746	10,523	12,009	11,609	38,242	43,887
One-time (expense)/income	-734	0	0	-2,575	0	0	0	0	-3,309	0
PBT after EO expense	9,955	9,958	10,541	4,478	9,746	10,523	12,009	11,609	34,933	43,887
Tax	2,837	2,838	2,952	711	2,680	2,789	3,242	3,358	9,338	12,069
Rate (%)	26.5	28.5	28.0	10.1	27.5	26.5	27.0	28.9	24.4	27.5
Minority Interest	-29.2	6.4	302.7	146.5	201.6	-72.5	-77.0	-352.1	427.2	-300.0
Reported PAT	7,147	7,114	7,287	3,621	6,864	7,807	8,844	8,603	25,168	32,118
Adj PAT	7,881	7,114	7,287	6,100	6,864	7,807	8,844	8,603	28,382	32,118
YoY Change (%)	36.4	6.9	-2.6	47.6	-12.9	9.7	21.4	41.0	18.0	13.2

Divi's Laboratories

Buy

CMP: INR3,727 | TP: INR4,280 (+15%)

EPS CHANGE (%): FY23|24: (3.7)|(4.2)

- Expect sales growth momentum to slow down to 9.7% YoY for the quarter.
- Watch out for an outlook on the Capex plans over the next two years including Kakinada project.
- Expect moderation in profitability on a YoY basis due to change in product mix.
- Watch out for an update on product pipeline in the API space and additional contracts in the custom synthesis segment

Quarterly Performance

(INR m)

Y/E March	FY22E				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	19,606	19,875	24,932	25,184	22,545	21,812	22,930	24,121	89,598	91,407
YoY Change (%)	13.3	13.6	46.5	40.8	15.0	9.7	-8.0	-4.2	28.6	2.0
EBITDA	8,521	8,252	11,003	11,044	8,467	8,245	9,080	9,674	38,819	35,466
YoY Change (%)	21.7	9.0	51.7	54.2	-0.6	-0.1	-17.5	-12.4	33.9	-8.6
Margins (%)	43.5	41.5	44.1	43.9	37.6	37.8	39.6	40.1	43.3	38.8
Depreciation	733	774	799	810	837	833	840	876	3,115	3,386
EBIT	7,788	7,478	10,204	10,234	7,630	7,412	8,240	8,798	35,704	32,080
YoY Change (%)	21.0	7.5	55.3	58.4	-2.0	-0.9	-19.2	-14.0	35.1	-10.2
Interest	3	2	2	1	0	0	0	-1	8	0
Other Income	163	191	166	212	320	330	350	326	733	1,325
PBT before EO Income	7,948	7,667	10,368	10,446	7,950	7,741	8,590	9,124	36,429	33,406
Forex gain/(Loss)	196	-71	-31	312	564	0	0	0	406	564
PBT	8,145	7,596	10,337	10,757	8,514	7,741	8,590	9,124	36,835	33,970
Tax	2,574	1,532	1,314	1,811	1,493	1,393	1,589	1,639	7,231	6,115
Rate (%)	31.6	20.2	12.7	16.8	17.5	18.0	18.5	18.0	19.6	18.0
PAT	5,571	6,065	9,022	8,946	7,021	6,348	7,001	7,485	29,605	27,855
Adj. PAT	6,391	6,165	8,336	8,413	6,556	6,348	7,001	7,485	29,303	27,390
YoY Change (%)	32.6	16.0	68.8	68.5	2.6	3.0	-16.0	-11.0	46.1	-6.5

Dr Reddy's Labs**Buy****CMP: INR4,420 | TP: INR5,120 (+16%)****EPS CHANGE (%): FY22|23: 0.6|1.8**

- Expect the US sales to grow 2% YoY to USD260m, driven by launches including Lenalidomide
- India revenue to grow moderately at 3% YoY on high base of last year. Gastro/Cardiac to be the key drag on sales.
- High base and political turmoil to drag Russia/CIS business by 25% YoY, while it would be slightly better QoQ.
- Watch out for an outlook on the PSAI segment, given the global supply disruption

Quarterly Performance - IFRS**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	49,194	57,632	53,197	52,204	49,853	55,581	58,490	67,029	2,12,227	2,30,953
YoY Change (%)	11.4	17.7	9.9	10.4	1.3	-3.6	9.9	28.4	11.9	8.8
EBITDA	9,025	13,357	12,018	10,521	10,337	12,172	13,979	15,476	44,921	51,964
YoY Change (%)	-18.9	9.3	15.9	4.4	14.5	-8.9	16.3	47.1	0.5	15.7
Margins (%)	18.3	23.2	22.6	20.2	20.7	21.9	23.9	23.1	21.2	22.5
Amortization	2,905	2,985	2,976	2,959	3,050	3,057	3,041	3,092	11,825	12,241
EBIT	6,120	10,372	9,042	7,562	7,287	9,115	10,938	12,384	33,096	39,724
YoY Change (%)	-23.4	16.0	26.4	9.4	19.1	-12.1	21.0	63.8	3.8	20.0
Other Income	1,305	2,309	714	1,255	2,829	1,582	1,620	1,871	5,583	7,903
PBT before EO expenses	7,425	12,681	9,756	8,817	10,116	10,698	12,558	14,255	38,679	47,627
One-off income/(expense)	0	0	-47	-6,334	4,537	0	0	0	-6,381	4,537
Profit before Tax	7,425	12,681	9,709	2,483	14,653	10,698	12,558	14,255	32,298	52,163
Tax	1,717	2,761	2,644	1,608	2,779	2,247	2,951	3,692	8,730	11,669
Rate (%)	23.1	21.8	27.2	64.8	19.0	21.0	23.5	25.9	27.0	22.4
Reported Profit	5,708	9,920	7,065	875	11,874	8,451	9,607	10,563	23,568	40,494
Adjusted PAT	5,708	9,920	7,112	6,525	8,197	8,451	9,607	10,563	29,265	36,819
YoY Change (%)	-1.5	34.2	19.6	38.7	43.6	-14.8	35.1	61.9	22.8	25.8
Margins (%)	11.6	17.2	13.4	12.5	16.4	15.2	16.4	15.8	13.8	15.9

Eris Lifesciences**Buy****CMP: INR732 | TP: INR850 (16%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 21% growth YoY in 2QFY23 on account of superior execution and addition of Oaknet business
- Oaknet merger and additional marketing spend to drag EBITDA margin on a YoY as well as QoQ basis
- Watch out for an outlook on insulin off-take and insulin Glargine launch
- Watch out for an update on launch pipeline over the next 12–15 months

Consolidated - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,493	3,597	3,322	3,059	3,986	4,352	4,384	4,305	13,470	17,027
YoY Change (%)	19.1	9.0	7.0	10.0	14.1	21.0	32.0	40.7	11.2	26.4
Total Expenditure	2,228	2,199	2,104	2,091	2,694	2,994	2,885	2,784	8,621	11,357
EBITDA	1,265	1,398	1,217	969	1,292	1,358	1,499	1,521	4,850	5,670
Margins (%)	36.2	38.9	36.6	31.7	32.4	31.2	34.2	35.3	36.0	33.3
Depreciation	145	150	169	184	234	236	245	255	647	970
Interest	8	11	10	13	72	63	60	61	41	257
Other Income	59	70	52	81	27	35	55	53	261	170
PBT before EO expense	1,171	1,308	1,090	853	1,013	1,094	1,249	1,258	4,422	4,614
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,171	1,308	1,090	853	1,013	1,094	1,249	1,258	4,422	4,614
Tax	104	124	82	54	82	104	119	134	364	438
Rate (%)	8.9	9.5	7.5	6.3	8.1	9.5	9.5	10.6	8.2	9.5
Reported PAT	1,067	1,184	1,008	800	931	990	1,131	1,124	4,058	4,175
Adj PAT	1,067	1,184	1,008	800	931	990	1,131	1,124	4,058	4,175
YoY Change (%)	19.8	9.9	11.8	17.2	-12.7	-16.4	12.2	40.5	14.3	2.9
Margins (%)	30.5	32.9	30.3	26.1	23.4	22.7	25.8	26.1	30.1	24.5

GSK Pharma**Neutral****CMP: INR1,415 | TP: INR1,530 (8%)****EPS CHANGE (%): FY23|24: (3.5)|(3.4)**

- Expect 2% YoY decline in 2QFY23 due to high base on account of sales of certain brands
- Watch out for an outlook on new launches from parent portfolio
- Growth in Derma/Anti-Infectives is expected to be offset by decline in Vaccines/hormones
- Watch out for an outlook on the benefits of price hike in the portfolio under NLEM.

Quarterly Performance (Consolidated)**(INR m)**

Y/E March (Standalone)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	7,184	9,341	8,159	8,096	7,451	9,136	8,345	8,176	32,780	33,108
YoY Change (%)	10.8	6.2	3.0	8.8	3.7	-2.2	2.3	1.0	12.0	1.0
Total Expenditure	5,857	6,761	6,181	6,344	5,962	6,651	6,242	6,462	25,142	25,317
EBITDA	1,327	2,581	1,978	1,752	1,489	2,485	2,103	1,714	7,639	7,791
YoY Change (%)	16.3	26.0	9.5	11.8	12.2	-3.7	6.3	-2.2	27.7	2.0
Margins (%)	18.5	27.6	24.2	21.6	20.0	27.2	25.2	21.0	23.3	23.5
Depreciation	175	174	179	154	158	162	168	171	682	659
EBIT	1,152	2,406	1,799	1,599	1,331	2,323	1,935	1,543	6,957	7,132
YoY Change (%)	24.8	31.6	10.3	15.0	15.6	-3.5	7.5	-3.5	33.9	2.5
Margins (%)	16.0	25.8	22.1	19.7	17.9	25.4	23.2	18.9	21.2	21.5
Interest	8	4	6	3	7	8	10	15	20	40
Other Income	317	150	103	188	276	165	165	84	757	689
PBT before EO Expense	1,461	2,552	1,897	1,784	1,600	2,480	2,090	1,611	7,694	7,781
Tax	388	644	335	585	438	620	512	375	1,953	1,945
Rate (%)	26.6	25.2	17.7	32.8	27.4	25.0	24.5	23.3	48.6	25.0
Adjusted PAT	1,073	1,908	1,562	1,198	1,162	1,860	1,578	1,236	5,742	5,836
YoY Change (%)	36.3	35.7	21.3	-2.3	8.3	-2.5	1.0	3.1	24.9	1.6
Margins (%)	14.9	20.4	19.1	14.8	15.6	20.4	18.9	15.1	17.5	17.6
One-off Expense/(Income)	-138	-134	59	-11,404	0	0	0	0	-11,618	0
Reported PAT	1,211	2,042	1,504	12,602	1,162	1,860	1,578	1,236	17,360	5,836

Gland Pharma**Buy****CMP: INR2,134 | TP: INR3,000 (41%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect QoQ improvement in sales to INR10b, while COVID-led high base to result in 7% YoY decline for 2QFY23E.
- Watch out for an outlook on the product approvals and launches in China
- Watch out for an update on business prospects from new launches/products under supply shortage at industry level.
- Watch out for an update on supply normalcy of ancillary material and key APIs

Consol. - Quarterly perf.**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,539	10,804	10,633	11,030	8,569	10,022	11,859	12,775	44,007	43,225
YoY Change (%)	30.5	29.9	23.7	24.2	-25.7	-7.2	11.5	15.8	27.1	-1.8
Total Expenditure	7,176	7,039	7,144	7,547	5,870	6,885	7,744	8,138	28,906	28,637
EBITDA	4,363	3,765	3,489	3,484	2,699	3,137	4,115	4,637	15,102	14,589
YoY Change (%)	5.7	26.5	32.0	6.3	-38.1	-16.7	17.9	33.1	16.0	-3.4
Margins (%)	37.8	34.9	32.8	31.6	31.5	31.3	34.7	36.3	34.3	33.8
Depreciation	253	261	278	311	349	325	330	315	1,103	1,319
Interest	10	10	12	20	9	10	10	22	52	51
Other Income	618	512	457	652	744	615	610	538	2,239	2,507
PBT before EO expense	4,718	4,006	3,656	3,805	3,085	3,417	4,385	4,839	16,186	15,726
One-off income/(expense)	0	0	0	0	0	0	0	0	0	0
PBT	4,718	4,006	3,656	3,805	3,085	3,417	4,385	4,839	16,186	15,726
Tax	1,212	986	925	946	793	837	1,083	1,139	4,069	3,853
Rate (%)	25.7	24.6	25.3	24.9	25.7	24.5	24.7	23.5	25.1	24.5
Reported PAT	3,506	3,020	2,730	2,859	2,292	2,580	3,302	3,700	12,117	11,873
Adj PAT	3,506	3,020	2,730	2,859	2,292	2,580	3,302	3,700	12,117	11,873
YoY Change (%)	11.8	38.0	33.8	9.8	-34.6	-14.6	20.9	29.4	21.5	-2.0

Glenmark Pharma**Neutral****CMP: INR401 | TP: INR420 (5%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 9% YoY growth in DF sales driven by the non-COVID therapies
- Watch out for an outlook on R&D spends for Niche products over next 12-15M.
- Expect the US sales to be stable at USD102m on YoY basis.
- Watch out for an update on resolution of USFDA regulatory issues

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues (Core)	29,649	31,474	30,024	30,191	27,773	30,946	33,058	33,347	1,21,339	1,25,123
YoY Change (%)	26.4	6.6	7.7	5.6	-6.3	-1.7	10.1	10.5	10.9	3.1
EBITDA	5,736	5,902	5,222	5,022	4,726	5,663	6,116	6,298	21,881	22,803
YoY Change (%)	20.0	3.6	-10.4	-4.1	-17.6	-4.0	17.1	25.4	1.6	4.2
Margins (%)	19.3	18.8	17.4	16.6	17.0	18.3	18.5	18.9	18.0	18.2
Depreciation	1,131	1,232	1,189	1,315	1,468	1,430	1,450	1,279	4,867	5,627
EBIT	4,605	4,670	4,032	3,707	3,258	4,233	4,666	5,019	17,014	17,176
YoY Change (%)	26.2	0.2	-13.8	-10.1	-29.2	-9.4	15.7	35.4	-0.6	1.0
Margins (%)	15.5	14.8	13.4	12.3	11.7	13.7	14.1	15.1	14.0	13.7
Interest	756	689	667	869	600	610	620	635	2,981	2,464
Other Income	197	128	139	152	172	170	180	128	617	650
PBT before EO Expense	4,047	4,109	3,504	2,990	2,830	3,793	4,226	4,513	14,650	15,362
One-off loss/(gain)	-389	259	74	293	-1,250	0	0	0	237	-1,250
PBT after EO Expense	4,436	3,850	3,430	2,697	4,080	3,793	4,226	4,513	14,412	16,612
Tax	1,370	1,102	1,033	971	1,969	1,138	1,247	1,294	4,476	5,648
Rate (%)	30.9	28.6	30.1	36.0	48.3	30.0	29.5	28.7	31.1	34.0
Reported PAT	3,065	2,577	2,219	1,556	2,111	2,655	2,979	3,218	9,417	10,964
Adj PAT	2,796	2,761	2,271	1,923	1,896	2,655	2,979	3,218	9,752	10,749
YoY Change (%)	35.9	1.9	-17.9	-17.8	-32.2	-3.8	31.2	67.3	-1.2	10.2
Margins (%)	9.4	8.8	7.6	6.4	6.8	8.6	9.0	9.7	8.0	8.6

Ipca Laboratories**Buy****CMP: INR935 | TP: INR1,160 (+24%)****EPS CHANGE (%): FY23|24: 0.0| 0.0**

- Recovery in exports business to aid margins growth QoQ
- Expect DF growth to be moderate at 8% YoY. Pain/ Cardiac/Anti-Malarials drag growth due to high base of last year
- Watch out for an outlook on the DF/CIS businesses and the product launches in the UK.
- Watch out for an update on API pipeline given trial run started at Dewas

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues (Core)	15,658	15,444	14,305	12,891	15,857	16,362	16,333	15,328	58,298	63,880
YoY Change (%)	2.0	13.5	1.5	15.6	1.3	5.9	14.2	18.9	7.6	9.6
EBITDA	4,165	3,852	3,078	2,413	2,835	3,518	3,577	3,102	13,509	13,031
YoY Change (%)	-29.2	6.9	-16.1	5.4	-31.9	-8.7	16.2	28.6	-12.5	-3.5
Margins (%)	26.6	24.9	21.5	18.7	17.9	21.5	21.9	20.2	23.2	20.4
Depreciation	559	570	587	609	617	610	615	598	2,324	2,440
EBIT	3,607	3,282	2,492	1,804	2,218	2,908	2,962	2,504	11,184	10,591
YoY Change (%)	-32.9	6.5	-20.5	2.2	-38.5	-11.4	18.9	38.8	-16.2	-5.3
Interest	18	11	14	34	69	40	45	41	77	196
Other Income	210	181	129	145	221	199	200	190	666	810
PBT before EO Expense	3,799	3,452	2,607	1,915	2,369	3,067	3,117	2,653	11,773	11,206
One-off (gain)/ Expense	0	-196	0	-220	142	0	0	0	416	142
PBT after EO Expense	3,799	3,256	2,607	1,695	2,227	3,067	3,117	2,653	11,357	11,064
Tax	708	679	573	288	743	828	842	613	2,248	3,026
Rate (%)	18.6	19.7	22.0	15.0	31.3	27.0	27.0	23.1	19.1	27.0
Reported PAT	3,091	2,577	2,033	1,408	1,484	2,239	2,275	2,040	9,110	8,035
Minority Interest	-24	-75	-64	-106	0	0	0	0	-269	0
Adj PAT after Minority Int	3,067	2,697	1,970	1,485	1,579	2,239	2,275	2,040	9,218	8,133
YoY Change (%)	-31.2	6.7	-25.8	-7.9	-48.5	-17.0	15.5	37.4	-18.1	-11.8

Laurus Labs

Buy

CMP: INR512 | TP: INR680 (+33%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect sales growth to be 36% YoY driven by the CS business ■ Custom Synthesis business expected to become 4x YoY
- Watch out for an outlook on ANDA fillings/approvals/ launches pace for the formulation business ■ Watch out for an update on pricing in ARV tenders and new contracts in CDMO segment.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	12,785	12,035	10,288	14,248	15,389	16,390	17,080	18,551	49,356	67,410
YoY Change (%)	31.2	5.7	-20.2	0.9	20.4	36.2	66.0	30.2	2.5	36.6
EBITDA	3,954	3,451	2,853	3,967	4,542	4,950	4,919	5,273	14,224	19,684
YoY Change (%)	42.0	-7.7	-33.1	-16.0	14.9	43.4	72.4	32.9	-8.3	38.4
Margins (%)	30.9	28.7	27.7	27.8	29.5	30.2	28.8	28.4	28.8	29.2
Depreciation	585	632	640	657	708	730	780	807	2,515	3,025
EBIT	3,368	2,819	2,213	3,310	3,834	4,220	4,139	4,466	11,709	16,659
YoY Change (%)	46.7	-12.7	-40.9	-20.9	13.8	49.7	87.1	34.9	-13.0	42.3
Margins (%)	26.3	23.4	21.5	23.2	24.9	25.7	24.2	24.1	23.7	24.7
Interest	266	221	231	306	293	310	308	332	1,024	1,243
Other Income	59	28	53	13	18	55	85	112	153	270
PBT before EO expense	3,161	2,626	2,035	3,017	3,559	3,965	3,916	4,246	10,839	15,685
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	3,161	2,626	2,035	3,017	3,559	3,965	3,916	4,246	10,839	15,685
Tax	744	586	485	698	1,033	1,070	940	1,193	2,514	4,237
Rate (%)	23.6	22.3	23.8	23.1	29.0	27.0	24.0	28.1	23.2	27.0
Reported PAT	2,416	2,040	1,550	2,317	2,525	2,894	2,976	3,052	8,322	11,448
Adj PAT	2,416	2,040	1,550	2,317	2,525	2,894	2,976	3,052	8,322	11,448
YoY Change (%)	40.7	-15.8	-43.2	-22.0	4.5	41.9	92.1	31.7	-15.4	37.6
Margins (%)	18.9	16.9	15.1	16.3	16.4	17.7	17.4	16.5	16.9	17.0

Lupin

Neutral

CMP: INR723 | TP: INR650 (-10%)

EPS CHANGE (%): FY23|24: (0.0)|(0.0)

- Expect the US sales to decline (19% YoY) to USD150m due to increased competition. We expect 25% growth QoQ. ■ Watch out for an update on g-Suprep market share/sales; Update on g-Spiriva-related queries raised by the USFDA.
- Expect DF business to post INR16b sales (5% YoY); Watch out for an outlook on DF business with the launch of new divisions ■ Watch out for an update on remediation measures post receipt of OAI status for Tarapur facility from the USFDA

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	38,968	40,913	41,609	38,830	37,438	40,372	43,670	48,784	160,321	170,264
YoY Change (%)	10.5	6.7	5.4	2.6	-3.9	-1.3	5.0	25.6	6.2	6.2
EBITDA	5,542	5,963	5,640	2,823	1,639	2,907	5,590	7,061	19,968	17,197
YoY Change (%)	9.0	2.6	-23.2	-60.1	-70.4	-51.3	-0.9	150.1	-21.1	-13.9
Margins (%)	14.2	14.6	13.6	7.3	4.4	7.2	12.8	14.5	12.5	10.1
Depreciation	2,088	2,116	2,034	1,982	1,928	1,950	2,000	2,032	8,220	7,910
EBIT	3,454	3,847	3,606	842	-289	957	3,590	5,029	11,748	9,286
YoY Change (%)	17.7	4.4	-26.5	-82.9	-108.4	-75.1	-0.4	497.5	-28.6	-21.0
Interest	335	344	334	415	428	400	380	395	1,428	1,602
Other Income	278	728	341	157	56	95	150	174	1,504	475
EO Exp/(Inc)	-4,106	26,279	1,942	1,435	-684	0	0	0	-25,550	-684
PBT	7,503	-22,048	1,671	-852	23	652	3,360	4,808	37,374	8,843
Tax	2,023	-1,099	-3,820	4,267	891	124	648	948	1,372	2,611
Rate (%)	27.0	5.0	-228.7	-501.1	3,907.5	19.0	19.3	19.7	3.7	29.5
Minority Interest	-55	-32	-14	-61	-23	-15	-24	-30	-183	-91
Reported PAT	5,425	-20,980	5,477	-5,179	-891	513	2,687	3,831	-15,280	6,140
Adj PAT	2,426	3,057	2,695	521	-1,552	461	2,687	3,835	8,699	5,432
YoY Change (%)	111.0	44.9	-32.8	-88.5	-164.0	-84.9	-0.3	635.7	-26.2	-37.6
Margins (%)	6.2	7.5	6.5	1.3	-4.1	1.1	6.2	7.9	5.4	3.2

Solara

Buy

CMP: INR431 | TP: INR495 (15%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect sales run-rate to gradually improve QoQ, while it would continue to decline on YoY basis
- Watch out for an update on new launches and market share gains in existing products
- Better sales to drive profitability on improving operating leverage
- Watch out for an update on utilization of Vizag facility

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	4,056	4,016	1,003	3,608	3,301	3,534	3,713	4,031	12,683	14,578
YoY Change (%)	16.4	1.0	-76.5	-18.8	-18.6	-12.0	270.0	11.7	-21.6	14.9
EBITDA	914	719	-968	135	126	233	316	492	800	1,166
YoY Change (%)	9.1	-26.4	-191.9	-86.3	-86.3	-67.5	-132.6	263.6	-79.3	45.8
Margins (%)	22.5	17.9	-96.5	3.7	3.8	6.6	8.5	12.2	6.3	8.0
Depreciation	277	284	284	278	281	287	289	291	1,123	1,148
Interest	190	170	178	215	225	210	200	193	753	828
Other Income	59	33	47	61	70	75	85	91	200	321
PBT before EO expense	507	298	-1,384	-297	-311	-189	-88	98	-876	-490
Extra-Ord expense	6	1	15	13	0	0	0	0	35	0
PBT	501	297	-1,399	-310	-311	-189	-88	98	-911	-490
Tax	0	0	0	-328	-147	0	0	0	-328	-147
Rate (%)	0.0	0.0	0.0	105.8	47.1	0.0	0.0	-0.4	36.0	30.0
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1
Reported PAT	501	297	-1,399	18	-164	-188	-88	99	-581	-341
Adj PAT	507	298	-1,383	32	-164	-188	-88	99	-547	-341
YoY Change (%)	20.0	-47.5	-310.2	-94.4	-132.4	-163.2	-93.6	214.5	-124.7	-37.6

Sun Pharma

Buy

CMP: INR945 | TP: INR1,100 (+16%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect the US sales to grow to USD426m (21% YoY) on strong execution in specialty portfolio/market share gains
- Watch out for an outlook on Specialty portfolio scale-up across key markets
- DF sales to rise 14% YoY to INR36b due to low base of 2QFY22 and expansion in domestic market with addition of MRs
- Update on progress of clinical trials for additional indication(s) for Illumya; Update on g-Revlimid launch

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY22				FY22				FY22	FY22
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	96.7	94.8	98.1	93.9	106.4	110.3	114.5	117.4	383.5	448.6
YoY Change (%)	29.5	12.1	11.8	11.3	10.1	16.3	16.6	25.1	15.7	17.0
EBITDA	26.9	25.6	25.7	21.2	26.2	27.0	29.5	25.9	99.4	108.7
YoY Change (%)	63.5	15.7	12.7	7.7	-2.6	5.5	15.0	22.4	22.6	9.4
Margins (%)	27.8	27.0	26.2	22.6	24.6	24.5	25.8	22.1	25.9	24.2
Depreciation	5.0	5.3	5.5	5.6	5.9	6.0	6.1	6.3	21.4	24.3
EBIT	21.9	20.3	20.1	15.6	20.3	21.1	23.4	19.6	78.0	84.4
YoY Change (%)	90.3	18.4	15.3	10.5	-7.1	3.7	16.3	25.5	29.3	8.3
Interest	0.4	0.4	0.2	0.4	0.1	0.1	0.2	0.4	1.3	0.8
Net Other Income	2.0	2.9	3.1	1.7	1.2	1.8	1.9	4.9	9.8	9.7
PBT before EO Exp	23.6	22.9	23.1	17.0	21.4	22.7	25.2	24.1	86.5	93.3
Less: EO Exp/(Inc)	5.5	1.5	-1.6	37.7	-1.5	0.0	0.0	0.0	43.2	-1.5
PBT	18.0	21.4	24.7	-20.8	22.8	22.7	25.2	24.1	43.3	94.8
Tax	4.0	2.0	3.4	1.5	1.9	2.5	3.0	3.3	10.8	10.7
Rate (%)	16.8	8.6	14.5	8.6	8.8	11.0	12.0	13.8	12.4	11.5
PAT (pre Minority Interest)	14.1	19.4	21.3	-22.2	21.0	20.2	22.2	20.7	32.6	84.0
Minority Interest	-0.4	0.4	0.7	0.5	0.3	0.7	0.8	0.2	1.3	2.0
Reported PAT	14.4	19.0	20.6	-22.8	20.6	19.5	21.4	20.6	31.2	82.0
Adj Net Profit*	20.0	20.5	19.0	15.8	19.2	19.5	21.4	20.6	75.3	80.6
YoY Change (%)	74.1	24.8	6.7	8.6	-4.0	-4.8	12.4	30.1	24.9	7.1

Torrent Pharmaceuticals**Neutral****CMP: INR1,580 | TP: INR1,580 (0%)****EPS CHANGE (%): FY23|24: (2.7)|(2.3)**

- Expect the US sales to decline 14% YoY due to ongoing price erosion to USD33m
- Watch out for an update on the resolution of regulatory issues at Indrad/Dahej
- Expect DF sales growth to grow 15% YoY to INR13b, led by Chronic portfolio
- Watch out for the progress on the Curatio acquisition and new launches/ business growth in the LATAM segment

Quarterly performance (Consolidated)**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
INR b	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	21.3	21.4	21.1	21.3	23.1	23.1	24.5	25.2	85.1	96.0
YoY Change (%)	3.8	5.9	5.7	10.0	8.2	8.3	16.3	19.2	6.3	12.8
EBITDA	6.8	6.6	5.4	5.6	6.7	6.8	7.4	7.8	24.3	28.7
YoY Change (%)	0.0	3.9	-11.4	-3.6	-0.4	3.1	37.6	38.2	-2.8	18.1
Margins (%)	31.7	30.9	25.5	26.3	29.2	29.4	30.2	30.5	28.6	29.9
Depreciation	1.7	1.7	1.7	1.6	1.6	1.6	1.6	2.2	6.6	6.9
EBIT	5.1	4.9	3.7	4.0	5.2	5.2	5.8	5.6	17.7	21.8
YoY Change (%)	-0.8	4.7	-15.7	-4.3	1.4	5.9	55.9	39.6	-21.9	23.0
Margins (%)	24.0	23.0	17.6	18.7	22.5	22.5	23.6	21.9	20.8	22.7
Interest	0.7	0.7	0.6	0.6	0.6	0.6	0.5	1.0	2.6	2.7
Other Income	0.4	0.5	0.5	0.6	0.3	0.5	0.6	0.6	2.0	1.9
PBT before EO Expense	4.8	4.7	3.6	4.0	4.9	5.1	5.8	5.1	17.1	21.0
One-off expenses	0.0	0.0	0.0	4.9	-0.4	0.0	0.0	0.0	4.9	-0.4
PBT after EO Expense	4.8	4.7	3.6	-0.9	5.3	5.1	5.8	5.1	12.3	21.4
Tax	1.5	1.6	1.1	0.3	1.8	1.6	1.8	1.5	4.5	6.7
Rate (%)	31.8	33.1	30.3	7.8	36.0	31.5	31.7	29.2	26.2	32.1
Reported PAT	3.3	3.2	2.5	-1.2	3.5	3.5	4.0	3.6	7.8	14.6
Adj PAT	3.3	3.2	2.5	2.7	3.3	3.5	4.0	3.6	11.6	14.4
YoY Change (%)	-2.1	1.9	-16.2	-17.7	-0.4	10.8	58.9	36.4	-8.4	23.8
Margins (%)	15.5	14.8	11.8	12.5	14.2	15.1	16.1	14.3	13.7	15.0

Zydus Lifesciences**Neutral****CMP: INR409 | TP: INR385 (-6%)****EPS CHANGE (%): FY23|24: 1.3|1.3**

- Expect the US sales to grow at 6% YoY to USD210m due to the growth in current portfolio, g-Revlimid and new injectables launches
- Update on outlook of the consumer healthcare segment
- Expect DF sales to increase 12% YoY to INR14b with contribution from COVID product sales subsiding and being offset by growth in small molecules and biosimilars
- Watch out for an update on pipeline for complex products in the US for FY23/24; Outlook on g-Asacol given delay in competition is also a key monitorable

Quarterly Performance (Consolidated)**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	40.0	37.8	36.4	38.6	40.7	41.1	43.2	46.5	152.7	171.5
YoY Change (%)	9.9	-0.9	-4.1	5.3	1.8	8.6	18.6	20.3	5.3	12.3
Total Expenditure	30.3	29.2	28.9	30.0	32.4	32.5	34.1	36.9	117.4	135.9
EBITDA	9.7	8.6	7.5	8.6	8.3	8.6	9.1	9.6	35.2	35.6
YoY Change (%)	19.2	-0.3	-6.9	1.4	-14.3	-0.2	21.0	11.2	11.0	1.0
Margins (%)	24.3	22.7	20.6	22.3	20.5	20.9	21.1	20.6	23.1	20.8
Depreciation	1.7	1.8	1.8	1.9	1.8	1.8	1.9	1.9	7.1	7.4
EBIT	8.0	6.8	5.7	6.8	6.5	6.8	7.2	7.6	28.1	28.1
YoY Change (%)	25.1	-1.2	-8.3	0.2	-18.3	0.4	25.2	13.0	13.9	0.1
Margins (%)	20.0	17.9	15.8	17.5	16.0	16.5	16.7	16.4	18.4	16.4
Interest	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	1.3	1.3
Other Income	0.3	0.5	0.6	0.8	0.7	0.6	0.6	0.5	2.2	2.3
PBT before EO Income	8.0	7.0	6.0	7.2	6.8	7.0	7.5	7.8	29.1	29.1
EO Exp/(Inc)	0.0	1.0	0.0	1.4	0.0	0.0	0.0	0.0	0.7	0.0
PBT after EO Income	8.0	6.0	6.0	5.7	6.8	7.0	7.5	7.8	28.4	29.1
Tax	1.6	1.0	1.1	1.1	1.2	1.5	1.6	1.8	5.1	6.1
Rate (%)	19.6	16.6	18.1	19.1	17.4	21.0	21.5	23.7	18.0	21.0
Min. Int/Adj on Consol	-0.5	0.0	0.1	-0.5	-0.4	-0.1	0.1	0.3	-0.8	-0.1
Reported PAT	6.0	5.1	5.1	4.1	5.3	5.4	6.0	6.3	22.4	22.9
Adj PAT	6.0	5.9	5.1	5.3	5.3	5.4	6.0	6.3	22.1	23.0
YoY Change (%)	31.5	1.4	-3.9	19.1	-11.4	-7.1	17.7	18.3	8.9	4.0
Margins (%)	14.9	15.5	13.9	13.7	13.0	13.3	13.8	13.4	14.5	13.4

Infrastructure

Company

G R Infraprojects

IRB Infrastructure Developers

KNR Constructions

Execution to be muted due to monsoon

Decline in input costs to support margins

Execution to be slow in 2QFY23 led by monsoon; project awarding muted

- The execution is expected to be slow in 2QFY23 due to heavy monsoon in several parts of the country.
- Project awarding by agencies like NHAI has been soft so far in FY23 with only ~700 kms of projects being awarded to date against full-year target of 6,500 kms.

FASTag toll collections continue its upswing; asset monetization hits slow track

- FASTag collections have been robust and growing at 1-2% MoM over the last few months. Improving traffic movement and FASTag implementation are leading to strong toll collections.
- Asset monetization is the key focus area for NHAI to raise funds outside of budgetary resources. However, the movement has been slow on this front as far as ToT projects are concerned. NHAI is yet to hand over certain road projects to the private sector for operation, months after the financial bids were opened.
- The Ministry of Road transport has identified a list of projects aggregating to 1,750 km to be monetized during FY23.

Execution for our coverage universe to increase 9% YoY

- We expect execution for our coverage universe to rise 9% YoY, but decline 19% QoQ.
- Several companies have received appointed dates for HAM projects in the last few months, which will support execution going forward.

Softening in input prices to support margins

- The prices of steel and cement have declined ~20%/10%, respectively, during the last few months. Steel prices have been under pressure post-Government measures to curb exports and improve domestic supplies. The positive impact of the reduction in input costs would be more visible in 2HFY23 with most contractors expected to see improvement in profitability.
- We project operating profit to remain flat YoY for our coverage universe on higher input costs.
- We expect net profit for our universe to grow 15% YoY.

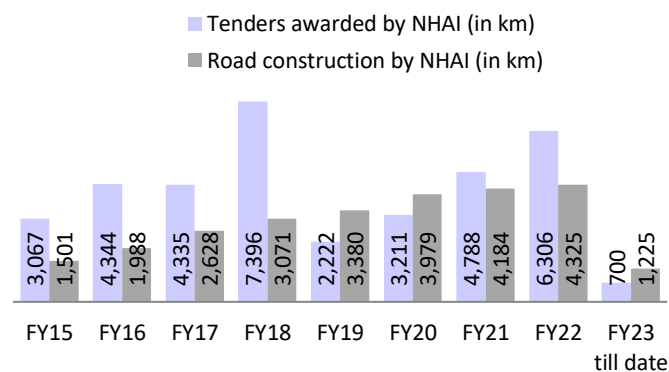
Companies with decent balance sheets are our preferred plays

- KNRC is our top pick in the sector. We like KNRC owing to its net cash Balance Sheet on account of its: a) already monetized HAM projects, b) superior focus on working capital management over growth, and c) robust execution capabilities.

Exhibit 1: Summary of expected quarterly performance

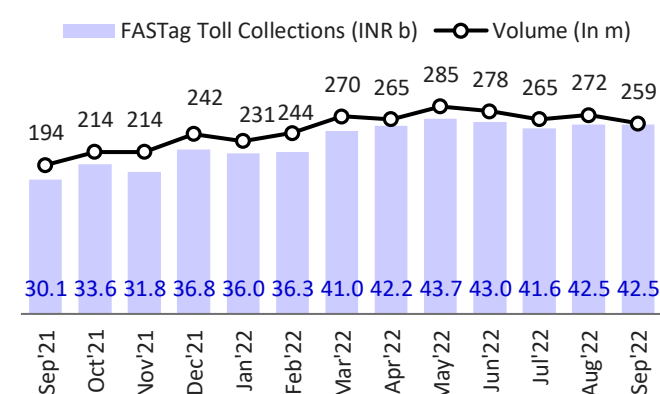
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
G R Infraproject	1232	Buy	19,000	11.8	-23.3	2,993	7.7	-38.5	1,685	3.4	-47.5
IRB Infra	209	Neutral	15,700	7.1	-18.4	7,005	-2.4	-34.0	857	102.5	-76.4
KNR Constructions	228	Buy	8,000	5.9	-10.2	1,500	-10.5	-9.1	913	-4.1	-9.5
Infrastructure			42,700	8.9	-19.3	11,498	-1.1	-32.8	3,455	14.9	-56.0

Exhibit 2: Trends in NHAI awarding and construction



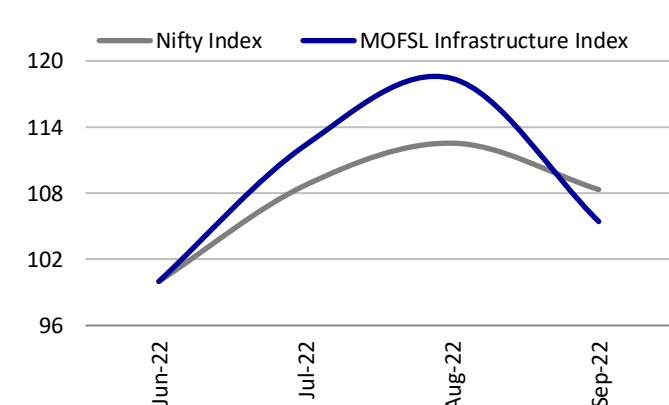
Source: NHAI, MOFSL

Exhibit 3: FASTag toll collections strong



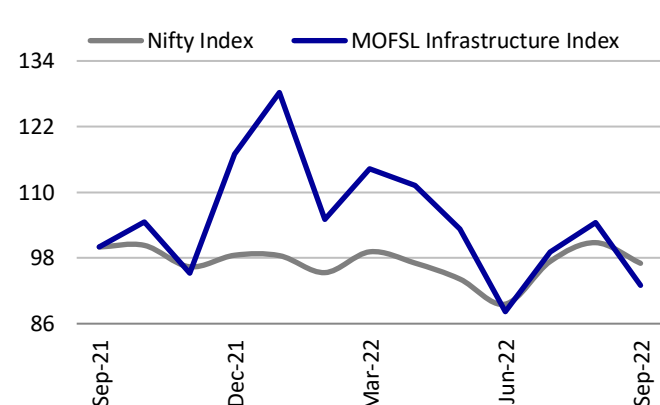
Source: NPCI, MOFSL

Exhibit 4: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 5: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 6: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Infrastructure						20.8	15.2	12.9	1.6	1.5	1.3	7.7	9.7	10.4
G R Infraproject	1,232	Buy	79.0	91.4	110.4	15.6	13.5	11.2	2.7	2.3	1.9	19.2	18.4	18.5
IRB Infra	209	Neutral	6.0	12.1	13.7	34.9	17.3	15.2	1.0	1.0	0.9	3.7	5.7	6.2
KNR Constructions	228	Buy	12.8	15.2	17.8	17.8	15.1	12.8	2.9	2.4	2.0	17.5	17.4	17.3

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter / financial year under review.

G R Infraprojects

Buy
CMP: INR1,232 | TP: INR1,630 (+32%)
EPS CHANGE (%): FY23 | 24: - | -

- Expect a 12% YoY increase in revenue to INR19b.
- Expect adjusted PAT to increase 3.4% YoY.
- Expect EBITDA at ~INR3b, with EBITDA margin of 15.8%.
- Commentary on new project awarding and monetization of assets through the InvIT route are key monitorables.

Standalone quarterly performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E
Net Sales	21,332	16,995	18,184	22,681	24,767	19,000	21,000	22,046	79,192	86,813
YoY Change (%)	73.2	45.5	(17.9)	(13.7)	16.1	11.8	15.5	(2.8)	9.3	9.6
EBITDA	3,454	2,779	2,548	4,030	4,864	2,993	3,339	3,562	12,811	14,758
Margin (%)	16.2	16.4	14.0	17.8	19.6	15.8	15.9	16.2	16.2	17.0
Depreciation	666	710	823	617	634	765	765	896	2,816	3,060
Interest	388	311	297	273	269	275	275	306	1,269	1,126
Other Income	302	339	351	331	320	300	300	303	1,324	1,222
PBT before EO expense	2,702	2,098	1,779	3,470	4,281	2,252	2,599	2,663	10,050	11,795
Extra-Ord. expense	-	-	(31)	-	-	-	-	-	(31)	-
PBT	2,702	2,098	1,779	3,470	4,281	2,252	2,599	2,663	10,050	11,795
Tax	666	467	459	819	1,069	567	654	670	2,411	2,960
Rate (%)	24.7	22.3	25.8	23.6	25.0	25.2	25.2	25.2	24.0	25.1
Reported PAT	2,036	1,630	1,290	2,652	3,211	1,685	1,945	1,993	7,608	8,834
Adj. PAT	2,036	1,630	1,321	2,652	3,211	1,685	1,945	1,993	7,639	8,834
YoY Change (%)	186.8	15.6	(58.9)	7.2	57.7	3.4	47.3	(24.9)	(2.1)	15.6
Margin (%)	9.5	9.6	7.3	11.7	13.0	8.9	9.3	9.0	9.6	10.2

IRB Infrastructure Developers

Neutral
CMP: INR209 | TP: INR230 (+9%)
EPS CHANGE (%): FY23 | 24: - | -

- Expect 22% YoY growth in Construction revenue and a decline of ~27% YoY from BOT projects.
- Expect adjusted PAT at INR857m.
- Expect operating margin to contract 460bp YoY to ~45%.
- Watch out for new order wins in the Construction segment and overall toll collection trends.

Quarterly performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E
Net Sales	16,257	14,652	12,791	14,336	19,246	15,700	17,300	18,302	58,037	70,547
YoY Change (%)	59.0	30.4	(17.3)	(10.7)	18.4	7.1	35.2	27.7	9.5	21.6
Total Expenditure	9,258	7,476	5,407	7,920	8,639	8,695	9,439	9,851	30,062	36,624
EBITDA	6,999	7,176	7,384	6,416	10,606	7,005	7,861	8,451	27,975	33,923
Margin (%)	43.1	49.0	57.7	44.8	55.1	44.6	45.4	46.2	48.2	48.1
Depreciation	1,364	1,652	1,924	1,889	2,031	2,000	1,850	1,748	6,828	7,629
Interest	4,675	4,770	5,471	3,990	3,850	3,900	4,500	4,542	18,906	16,792
Other Income	448	392	2,187	2,491	708	575	575	574	5,517	2,432
PBT	1,407	1,147	2,176	3,028	5,434	1,680	2,086	2,735	7,758	11,935
Tax	349	368	487	679	1,468	423	526	646	1,882	3,063
Rate (%)	24.8	32.1	22.4	22.4	27.0	25.2	25.2	23.6	24.3	25.7
Share of profit in Associates	(340)	(356)	(962)	(604)	(334)	(400)	(400)	(450)	(2,262)	(1,584)
Reported PAT	719	423	727	1,745	3,632	857	1,160	1,639	3,614	7,288
Adj. PAT	719	423	727	1,745	3,632	857	1,160	1,639	3,614	7,288
YoY Change (%)	NA	NA	4.6	79.0	405.1	102.5	59.6	(6.1)	208.5	101.7
Margin (%)	4.4	2.9	5.7	12.2	18.9	5.5	6.7	9.0	6.2	10.3

KNR Constructions**Buy****CMP: INR228 | TP: INR310 (+36%)****EPS CHANGE (%): FY23 | 24: - | -**

- Expect revenue of INR8b (+6% YoY). The execution to be impacted adversely due to monsoon.
- Expect adjusted PAT of INR913m (-4% YoY) on lower margins.
- Expect EBITDA at INR1.5b (-10% YoY). Expect operating margin to contract 340bp YoY due to slower execution during monsoon.
- Updates on new order inflows and irrigation receivables are key monitorables.

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	7,400	7,556	7,663	10,107	8,906	8,000	8,500	10,597	32,726	36,003
YoY Change (%)	54.4	25.7	11.7	8.0	20.4	5.9	10.9	4.8	21.1	10.0
Total Expenditure	5,967	5,880	6,074	8,027	7,256	6,500	6,877	8,530	25,949	29,163
EBITDA	1,433	1,675	1,589	2,080	1,650	1,500	1,624	2,067	6,777	6,841
Margin (%)	19.4	22.2	20.7	20.6	18.5	18.8	19.1	19.5	20.7	19.0
Depreciation	269	320	358	399	327	330	330	339	1,346	1,326
Interest	79	72	64	60	69	60	60	63	274	252
Other Income	48	105	78	185	91	110	110	121	417	432
Extra-Ord. expense	0	0	214	0	0	0	0	0	214	0
PBT	1,133	1,389	1,246	1,806	1,345	1,220	1,344	1,787	5,574	5,695
Tax	403	437	452	679	336	307	338	452	1,970	1,433
Rate (%)	35.5	31.4	36.3	37.6	25.0	25.2	25.2	25.3	35.3	25.2
Reported PAT	730	952	1,008	1,128	1,008	913	1,005	1,335	3,818	4,261
Adj. PAT	730	952	794	1,128	1,008	913	1,005	1,335	3,604	4,261
YoY Change (%)	83.5	61.9	2.3	46.5	38.1	-4.1	26.7	18.3	42.4	18.2
Margin (%)	9.9	12.6	10.4	11.2	11.3	11.4	11.8	12.6	11.0	11.8

Logistics

Company

Blue Dart Express
Container Corporation of India
Mahindra Logistics
Transport Corporation of India
VRL Logistics

Volumes robust with the onset of the festive season...

...lower fuel prices to support margins

Daily e-way bill generations increased in Jul-Aug'22; rail traffic robust

- Logistics activity picked-up well in 2QFY23. The daily e-way bill generations jumped ~18% YoY in Jul-Aug'22 to ~2.5m. Several segments such as manufacturing and e-commerce have seen strong volume growth.
- During 2QFY23, traffic handled by the Indian Railways grew 8.4% YoY to 357 MT. Indian Railways recorded the best ever September monthly freight loading of ~116 MT in 2022 (+9% YoY).
- EXIM container volumes handled by the Railways grew 8.5% YoY in Jul-Aug'22. The Railways' market share in EXIM containers improved to 36% in Aug'22 (from 33% in Aug'21). Domestic container volumes handled by the Railways saw a steep rise, up ~18% YoY in Jul-Aug'22.
- Port volumes have been strong and grew 11.9% YoY during July-Aug'22 to 126 MT. The improving trade and lower freight rates supported volumes.

Freight rates stable; lower diesel prices to support margins

- Freight rates were stable in the last few months led by robust end-use demand.
- Diesel prices have been steady post-price cut in May'22. This should support margin performance of the industry in 2QFY23.

Operating performance to remain robust

- We expect our coverage universe to report: a) 14% YoY sales growth (+4% QoQ), b) 10% YoY EBITDA growth (+4% QoQ), and c) 10% YoY PAT growth (+9% QoQ).
- We forecast companies such as VRLL to report a sales growth of 11% YoY. The addition of new branches will result in higher volumes, thus boosting revenue. Increasing scale and operational efficiencies will keep its margins elevated.

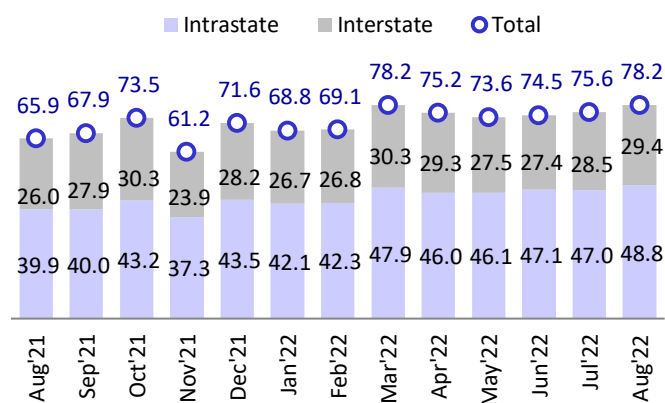
Companies embarking on new capex to capture the rising volumes

- With a shift towards organized sector (~90% of the logistics sector is unorganized) driven by stricter implementation of GST and mandatory e-invoicing, the addressable market size for the organized operators will increase significantly. In order to garner higher market share, companies have aggressive investment plans for growing their fleet and storage facilities.
- VRLL has decided to buy 1,600 vehicles over the next 12-18 months to replace its outgoing fleet and to add new capacity. The company has also entered into an agreement to sell its bus business for INR2.3b, which is subject to requisite approvals. CCRI is planning for a capex of INR80b over the next three-to-four years towards infrastructure, rolling stock, containers, and equipment. TRPC is looking to add a new ship to its fleet in FY23E and expects a capex of INR2.5b every year for the next few years. BDE is looking to add two new aircraft in the near term to boost its air fleet capacity.
- Mahindra Logistics has entered into an agreement with Rivigo to buy its B2B express business. This would enhance the former's last mile delivery capability.

Exhibit 1: Summary of expected quarterly performance

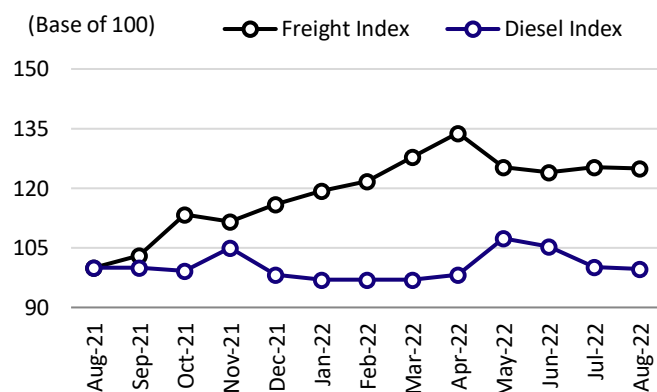
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Blue Dart Express	9014	Neutral	12,584	12.0	-2.7	1,913	-3.7	0.3	1,132	-9.8	-3.4
Concor	693	Buy	20,940	14.8	5.8	4,918	15.3	4.1	3,139	18.8	7.7
Mahindra Logistics	531	Neutral	11,829	16.1	-1.4	639	27.7	-2.8	146	48.7	7.8
Transport Corp.	789	Buy	9,472	14.8	4.9	1,156	10.6	11.1	827	9.6	6.3
VRL Logistics	602	Buy	7,064	11.0	-1.5	1,176	3.8	2.8	509	3.0	3.2
Logistics			61,889	14.0	1.6	9,801	9.8	3.5	5,752	9.7	4.8

Exhibit 2: e-way bill generations (m)



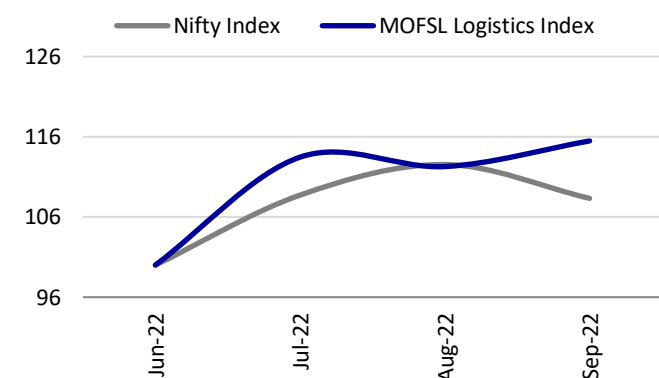
Source: GSTN, MOFSL

Exhibit 3: Movement in freight rates v/s diesel prices



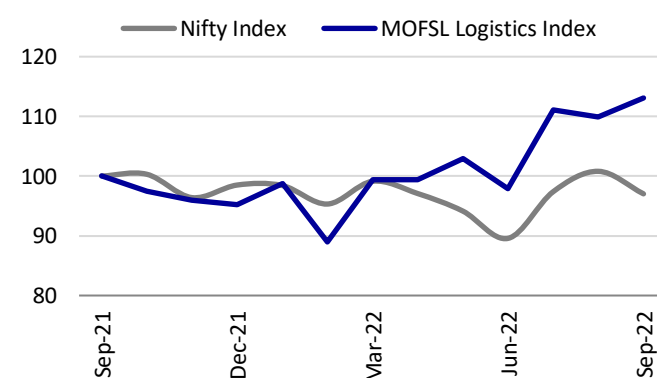
Source: IFTRT, MOFSL

Exhibit 4: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 5: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 6: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Logistics						40.6	32.0	26.3	5.5	5.0	4.4	13.5	15.6	16.9
Blue Dart Express	9,014	Neutral	173.8	199.6	235.2	51.9	45.2	38.3	22.4	16.3	12.2	50.5	41.8	36.5
Concor	693	Buy	17.4	22.5	27.5	39.7	30.8	25.2	3.9	3.7	3.5	10.1	12.4	14.4
Mahindra Logistics	531	Neutral	2.5	9.2	14.6	216.6	57.5	36.3	6.4	6.0	5.2	3.0	10.8	15.4
Transport Corp.	789	Buy	37.6	42.9	50.8	21.0	18.4	15.5	4.3	3.5	2.9	22.0	20.5	20.2
VRL Logistics	602	Buy	18.1	24.8	30.8	33.2	24.3	19.6	8.2	6.5	4.5	25.6	29.8	46.0

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter / financial year under review.

Blue Dart Express

Neutral
CMP: INR9,014 | TP: INR8,380 (-7%)
EPS CHANGE (%): FY23 | 24: - | -

- Expect revenue to increase 12% YoY to INR12.6b aided by an improvement in volumes.
- Expect adjusted PAT to decline ~10% YoY to INR1.1b.
- Expect EBITDA at INR1.9b, with EBITDA margin improving 50bp QoQ to 15.2% due to a fall in aviation turbine fuel (ATF) prices.
- Movement in ATF prices is a key monitorable.

Standalone quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,648	11,236	12,548	11,659	12,933	12,584	12,798	12,983	44,090	51,298
YoY Change (%)	108.8	30.0	21.2	20.7	49.6	12.0	2.0	11.4	34.4	16.3
EBITDA	834	1,986	2,039	2,179	1,908	1,913	2,009	2,128	7,038	7,958
Margin (%)	9.6	17.7	16.2	18.7	14.7	15.2	15.7	16.4	16.0	15.5
YoY Change (%)	-170.6	34.6	17.6	25.3	128.7	-3.7	-1.4	-2.3	86.9	13.1
Depreciation	430	433	430	394	397	420	450	470	1,687	1,737
Interest	68	59	54	59	47	55	55	60	241	217
Other Income	58	64	78	85	102	75	75	75	285	327
PBT before EO expense	394	1,558	1,632	1,811	1,566	1,513	1,579	1,674	5,395	6,332
Extra-Ord. expense	0	360	0	0	0	0	0	0	360	0
PBT	394	1,198	1,632	1,811	1,566	1,513	1,579	1,674	5,035	6,332
Tax	100	303	410	457	394	381	398	422	1,271	1,596
Rate (%)	25.4	25.3	25.1	25.2	25.2	25.2	25.2	25.2	25.2	25.2
Reported PAT	294	895	1,222	1,354	1,172	1,132	1,181	1,252	3,764	4,736
Adj. PAT	294	1,254	1,222	1,354	1,172	1,132	1,181	1,252	4,124	4,736
YoY Change (%)	NA	66.0	43.0	52.0	298.9	-9.8	-3.3	-7.6	237.6	14.8
Margin (%)	3.4	11.2	9.7	11.6	9.1	9.0	9.2	9.6	9.4	9.2

Container Corp. of India (CONCOR)

Buy
CMP: INR693 | TP: INR860 (+24%)
EPS CHANGE (%): FY23 | 24: -1 | -1

- Expect volumes to increase 10% YoY.
- Expect EBITDA margin to remain stable YoY at 23.5%, with the partial commissioning of the DFC and the management's focus on high-margin long-haul routes.
- Expect EXIM/domestic volumes to grow 8%/20% YoY, respectively.
- Progress on commissioning of the DFC and LLF guidelines is a key monitorable.

Standalone quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	18,075	18,239	19,200	20,430	19,783	20,940	22,904	25,643	75,945	89,270
YoY Change (%)	52.0	21.4	9.5	5.3	9.4	14.8	19.3	25.5	18.9	17.5
EBITDA	4,335	4,265	4,556	4,127	4,723	4,918	5,455	6,200	17,283	21,296
Margin (%)	24.0	23.4	23.7	20.2	23.9	23.5	23.8	24.2	22.8	23.9
YoY Change (%)	172.6	36.3	22.5	118.4	9.0	15.3	19.7	50.2	67.3	23.2
Depreciation	1,303	1,362	1,324	1,309	1,312	1,297	1,297	1,281	5,298	5,187
Interest	139	135	132	140	139	150	150	161	546	600
Other Income	555	750	632	694	629	725	725	752	2,631	2,831
PBT before EO expense	3,448	3,518	3,733	3,372	3,901	4,196	4,733	5,510	14,071	18,340
Extra-Ord. expense	0	1	0	0	0	0	0	0	1	0
PBT	3,448	3,517	3,733	3,372	3,901	4,196	4,733	5,510	14,070	18,340
Tax	899	876	867	804	988	1,057	1,193	1,384	3,447	4,622
Rate (%)	26.1	24.9	23.2	23.8	25.3	25.2	25.2	25.1	24.5	25.2
Reported PAT	2,549	2,641	2,865	2,568	2,913	3,139	3,540	4,126	10,623	13,718
Adj. PAT	2,549	2,641	2,865	2,568	2,913	3,139	3,540	4,126	10,624	13,718
YoY Change (%)	313.4	40.8	20.5	158.1	14.3	18.8	23.6	60.7	81.1	29.1
Margin (%)	14.1	14.5	14.9	12.6	14.7	15.0	15.5	16.1	14.0	15.4

Mahindra Logistics**Neutral****CMP: INR531 | TP: INR515 (-3%)****EPS CHANGE (%): FY23|24: -|-**

- Expect revenue to increase 16% YoY to INR11.8b.
- Expect adjusted PAT at INR146m (+49% YoY) on higher revenue and other income.
- Expect EBITDA at INR639m (+28% YoY) along with a flat operating margin QoQ.
- Outlook on MM Auto segment sales in 3QFY23 is a key focus area.

Quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,832	10,191	11,179	10,885	11,999	11,829	12,856	13,002	41,408	49,686
YoY Change (%)	115.2	22.4	6.8	11.8	35.9	16.1	15.0	19.4	26.9	20.0
EBITDA	406	500	477	514	657	639	668	715	1,843	2,679
Margin (%)	4.6	4.9	4.3	4.7	5.5	5.4	5.2	5.5	4.5	5.4
YoY Change (%)	NA	34.1	-10.0	11.5	61.8	27.7	40.3	38.9	37.3	45.4
Depreciation	303	328	357	393	409	401	401	394	1,417	1,606
Interest	62	68	75	91	89	93	93	99	298	374
Other Income	21	20	26	63	31	45	45	56	136	177
PBT	61	123	71	94	190	189	219	277	263	875
Tax	31	31	21	31	53	48	55	70	113	226
Rate (%)	50.2	24.7	28.8	32.9	28.1	25.2	25.2	25.2	42.8	25.8
Minority Interest/Associates	3	5	6	11	-1	4	4	5	25	12
Reported PAT	33	98	57	74	135	146	168	213	176	662
Adj. PAT	33	98	57	74	135	146	168	213	176	662
YoY Change (%)	NA	-34.6	-68.9	-51.7	310.9	48.7	195.1	187.5	-46.4	276.8
Margin (%)	0.4	1.0	0.5	0.7	1.1	1.2	1.3	1.6	0.4	1.3

Transport Corporation of India**Buy****CMP: INR789 | TP: INR915 (+16%)****EPS CHANGE (%): FY23|24: -|-**

- Expect revenue to rise ~15% YoY to INR9.5b, led by growth in Freight/Supply chain/Seaways segments.
- Expect adjusted PAT at INR827m (+10% YoY).
- Expect EBITDA at INR1.2b (+11% YoY); operating margin is likely to improve 70bp QoQ on lower fuel prices.
- Outlook on return payloads from Myanmar and purchase of a new ship are the key monitorables.

Quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	6,961	8,251	8,377	8,977	9,029	9,472	9,633	9,856	32,567	37,991
YoY Change (%)	71.6	18.4	3.8	0.6	29.7	14.8	15.0	9.8	16.2	16.7
EBITDA	758	1,045	1,092	1,193	1,041	1,156	1,166	1,186	4,087	4,548
Margin (%)	10.9	12.7	13.0	13.3	11.5	12.2	12.1	12.0	12.6	12.0
YoY Change (%)	147.3	67.9	37.0	34.6	37.4	10.6	6.8	-0.6	56.5	11.3
Depreciation	247	256	255	371	289	310	310	325	1,130	1,234
Interest	47	33	26	22	23	22	22	20	128	87
Other Income	41	29	53	76	53	55	55	76	199	239
PBT before EO expense	504	785	864	875	782	879	889	917	3,028	3,466
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	504	785	864	875	782	879	889	917	3,028	3,466
Tax	64	96	108	109	93	141	142	147	377	523
Rate (%)	12.7	12.3	12.5	12.4	11.9	16.0	16.0	16.0	12.4	15.1
Minority Interest	-6.0	-7.5	-7.5	-9.8	-8.4	-7.5	-7.5	-7.5	-32.1	-30.9
Profit/Loss of Asso. Cos	35	73	72	97	98	96	97	100	277	391
Reported PAT	469	754	821	854	777	827	836	863	2,896	3,303
Adj. PAT	469	754	821	854	777	827	836	863	2,896	3,303
YoY Change (%)	1,049	106.0	57.0	27.0	65.9	9.6	1.9	1.1	80.8	14.1
Margin (%)	6.7	9.1	9.8	9.5	8.6	8.7	8.7	8.8	8.9	8.7

VRL Logistics

Buy

CMP: INR602 | TP: INR860 (+43%)

EPS CHANGE (%): FY23|24: +4|-

- Expect revenue to increase 11% YoY to INR7.1b, with strong growth in the Goods Transport segment.
- Expect adjusted PAT to grow to INR509m.
- Expect EBITDA at INR1.2b. Margin to expand 70bp QoQ on higher utilization and lower fuel prices.
- Progress on newer branch additions and capex on fleet additions are key monitorables.

Quarterly performance

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	4,138	6,364	6,784	6,651	7,171	7,064	7,191	7,403	23,936	28,829
YoY Change (%)	158.5	44.9	20.4	10.8	73.3	11.0	6.0	11.3	35.8	20.4
EBITDA	361	1,133	1,290	1,258	1,144	1,176	1,233	1,332	4,042	4,886
Margin (%)	8.7	17.8	19.0	18.9	16.0	16.7	17.2	18.0	16.9	16.9
YoY Change (%)	-206.5	30.3	30.6	31.5	217.2	3.8	-4.4	5.9	63.3	20.9
Depreciation	377	396	444	463	390	400	400	400	1,680	1,590
Interest	95	98	118	120	123	140	140	149	431	552
Other Income	35	18	49	66	30	45	45	65	168	185
PBT before EO expense	-76	657	778	741	661	681	738	848	2,099	2,928
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	-76	657	778	741	661	681	738	848	2,099	2,928
Tax	-16	162	173	179	167	172	186	214	498	738
Rate (%)	20.5	24.7	22.2	24.2	25.3	25.2	25.2	25.2	23.7	25.2
Reported PAT	-60	495	605	562	494	509	552	634	1,601	2,190
Adj. PAT	-60	495	605	562	494	509	552	634	1,601	2,190
YoY Change (%)	NA	60	52.2	51.2	NA	3	-8.7	12.9	255.3	36.8
Margin (%)	-1.5	7.8	8.9	8.4	6.9	7.2	7.7	8.6	6.7	7.6

Metals

Company

Coal India

Hindalco Industries

Hindustan Zinc

Jindal Steel & Power

JSW Steel

NMDC

National Aluminum Co.

Steel Authority of India

Tata Steel

Vedanta

A wash out quarter, ferrous most impacted

We expect a weak quarter for the entire metals sector as lower ASP with higher input costs in some cases will lead to a severe contraction in profitability. The steel sector is expected to be significantly impacted as full impact of price correction which started in last week of May'22 gets reflected leading to a 15-22% QoQ correction in ASP across the board. While there is a benefit in terms of lower coking coal and iron ore prices for some of the players, higher thermal coal costs in the quarter will offset some of the gains here. We expect our metals and mining coverage universe to report 42%/39% YoY/QoQ reduction in EBITDA and a steep 60%/50% YoY/QoQ reduction in PAT. The overall correction in ASP has somewhat been arrested by higher volume growth, but cost push in terms of thermal coal, especially for non-ferrous companies is likely to adversely impact the profitability.

Surging inflation, tightening global liquidity, fears of recession, no sight to the end of conflict between Russia-Ukraine, and continued struggle of China with the pandemic, have set a stage for a weak economic outlook globally. IMF has lowered its global GDP forecast to 3.2% for CY22 (0.4% lower than April'22 forecasts). In this background, metal companies report the weakest quarter since the recovery from the pandemic in 2QFY21.

Steel: Second quarter is traditionally the weakest quarter in a financial year in terms of demand for steel as construction activity is at its lowest point in the year with monsoon in progress. This quarter was also marred by both domestic and international events, leading to a continuous fall in steel prices. Announcement of imposition of export duty had a significant effect on trade activity as it remained subdued for around 10 days since the announcement. This further spurred the correction in domestic steel prices, which were already on a correction mode due to falling international prices.

Domestic HRC prices continued to correct through the quarter with a reduction of INR 3000/2000/t in Jul/Aug, before rebounding marginally in September on production disruption at POSCO and slight improvement in sentiments in China, owing to targeted stimulus, though in smaller quantities.

In terms of key inputs, iron ore prices continued to slide in August with NMDC announcing a reduction of INR 500/t in July, following a massive INR 1850/t reduction in May-Jun period. However, there was no further reduction in iron ore prices by NMDC and in fact, the company raised prices in August by INR 100/t with a roll over in Sep'22. Coking coal prices have however, continued to slide, albeit, from a very high base and its benefit should be visible in 3Q. Lastly, thermal coal prices remained elevated at over USD 150/t with Europe increasing purchases of S. African coal to partly compensate outgoing Russian coal/NG.

For our Metal coverage universe, we expect revenue to grow ~7% on a YoY basis, but expect EBITDA/PAT to decline by 43%/60%, given the sharp jump in input costs, especially for steel companies. Sequentially, we expect revenue/ EBITDA/PAT to decline by 7%/39%/50%. COAL, JSP and HNDL are our top picks.

Non-ferrous: The quarter is negatively impacted by both falling LME as well as rising thermal coal costs. Availability of domestic coal remained a challenge. Major non-ferrous metals such as Copper/Aluminum/Zinc/Nickel/Lead prices were down QoQ 19%/18%/17%/24%/10%, respectively, as demand continued to remain subdued. A substantial chunk of thermal coal produced by COAL was diverted to the power sector and South African coal was mopped up by European power plants leaving domestic non-ferrous companies with lower linkage materialization and higher priced imported coal. We believe the cost push is likely to peak out in 2Q.

Mining: COAL continued to reduce coal availability for e-auction, leading to higher premiums in the quarter. Ever since the Russia-Ukraine conflict has broken out, e-auction premium for coal has been over 290% for all the quarters starting Mar'22. We note that the reforms in e-auction process brought by COAL, in terms of unifying all the e-auctions have also contributed to higher premiums.

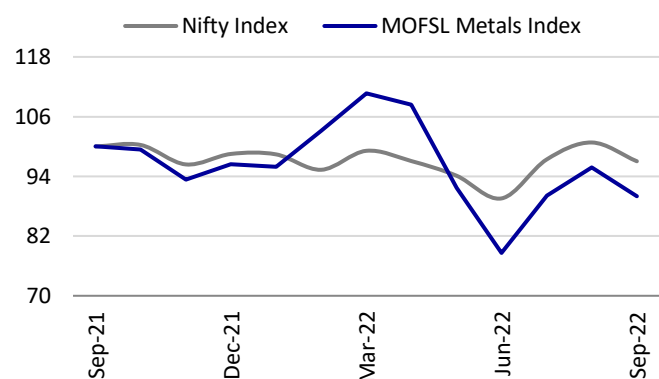
Ferrous: Lower ASP to erode any benefit of lower input costs

- The quarter started on a weak note with the fallout of the imposition of export duty on steel, iron ore, and pellets on May'22. This was accentuated by falling global commodity prices.
- HRC prices in the domestic market reduced by almost INR 5000/t in Jul, INR 2000/t in Aug.. Average trade price in 2QFY23 were at 57,6000/t, down INR 12,300/t QoQ. However, the significant impact of drop in steel prices in the export market led to a correction of INR 21000/t in the realization in export market, topped with 15% export duty, which worked out to ~INR 7000/t on average in the quarter.
- Reduction in coking coal prices compensated the crash in steel ASP in the quarter but is not significant as there is a lag of 60 days in the consumption of material from the date of purchase. Hence, the benefit of the same will accrue in 3QFY22.
- The domestic steel prices are now at a premium of INR 4000/t over the landed cost of imports from FTA countries. The export prices are now at a discount of ~INR 9000/t v/s domestic prices.
- We, however, note that the domestic volumes have picked up in the quarter due to the pent up demand in 2Q which had arisen due to minimal trade activities immediately after the imposition of export duty.
- We expect ASP for major steel companies to correct between 15-22% on QoQ basis with EBITDA/PAT reduction of over 39% /50% on QoQ basis, driven by weak topline and higher costs.

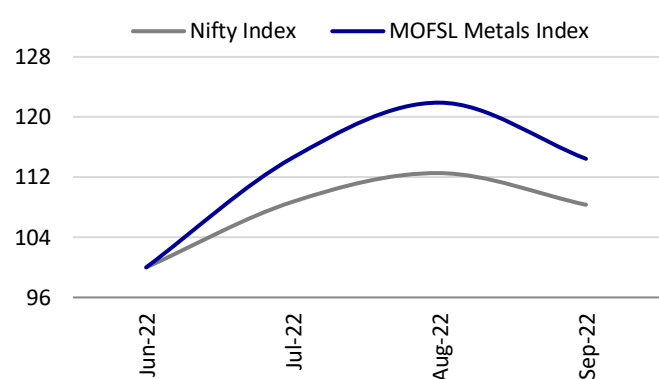
Correction in LME driven by global slowdown

- Copper/aluminum/zinc/nickel/lead prices were down 19%/18%/17%/24%/10% on QoQ basis, driven by global slowdown in demand. China continued to follow its policy of zero covid strategy (ZCS), leading to disruption in demand and global supply chain. In addition, the Russia-Ukraine conflict, inflation in the US and recession fears in Europe does not bode well for the commodities demand.

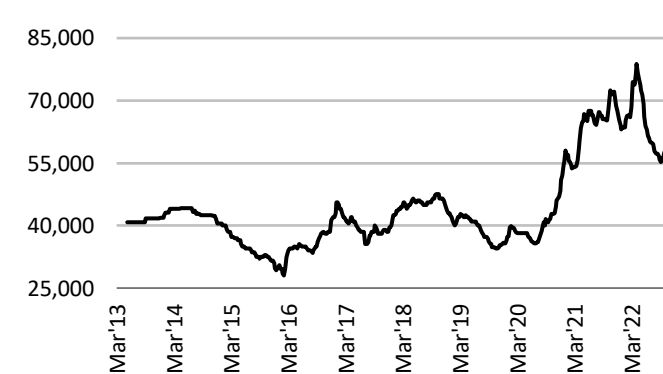
- In addition, rising thermal coal prices are likely to adversely impact the profitability of HNDL, HZL, and VED as we believe the e-auction gains of COAL will ultimately be reflected in the additional costs of these companies.
- We expect e-auction premium for COAL to surge to ~300% in 2Q v/201% in 1Q. However, we believe the e-auction volumes in 2Q should be down by ~49% QoQ with overall dispatch volumes down 13% QoQ, leading to 34% reduction in the EBITDA on QoQ.

Exhibit 1: Relative performance – three months (%)

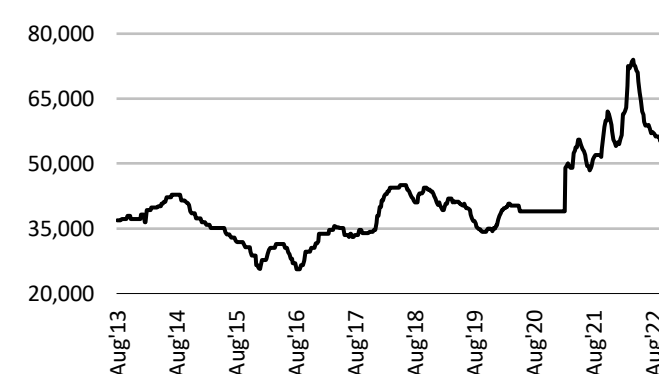
Sources: Bloomberg, MOFSL

Exhibit 2: Relative performance – one year (%)

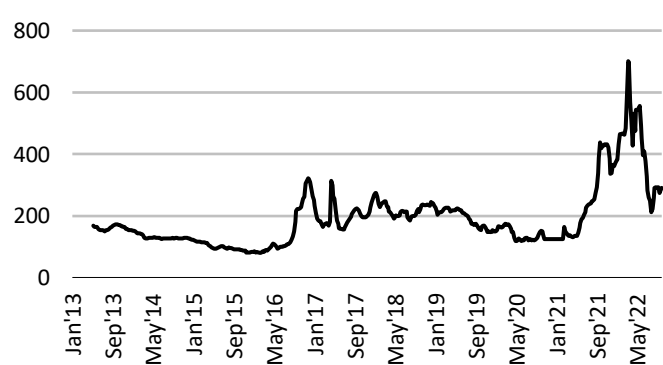
Sources: Bloomberg, MOFSL

Exhibit 3: Domestic HRC prices fell 18% QoQ

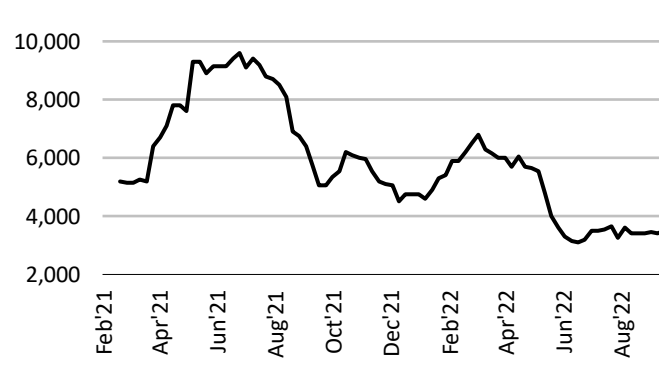
Source: Steelmint

Exhibit 4: Primary Rebar prices corrected by 15% QoQ

Source: Steelmint

Exhibit 5: Coking Coal prices declined 44% QoQ

Source: Steelmint

Exhibit 6: Domestic iron ore prices (NMDC fines 64% Fe) fell 36% QoQ

Source: Steelmint

Key assumptions (all amounts in INR b, except volumes and per tonne)

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23E	4QFY23E	Abs YoY	YoY (%)	Abs QoQ	QoQ (%)
TATA												
Standalone												
Sales - mt	3.99	4.42	4.25	4.97	3.89	4.73	4.42	4.51	0.31	7.1	0.85	21.8
Realization/t	69,413	73,937	75,210	73,805	82,401	66,906	65,226	67,609	-7,031	-9.5	-15,495	-18.8
EBITDA/t	33,327	30,385	28,631	24,616	24,622	11,688	16,722	17,990	-18,697	-61.5	-12,934	-52.5
TSE												
Sales - mt	2.36	2.14	2.16	2.40	2.14	2.03	2.25	2.25	2.13	-5.4	-0.12	-5.4
EBITDA/t (USD)	88	211	182	241	366	94	76	91	-117	-55.4	-272	-74.3
Consol												
Consol sales vol - mt	7.11	7.39	7.01	8.01	6.62	7.68	7.58	7.71	0	4.0	1	16.1
Consol Revenue	535	604	608	693	634	628	606	614	24	3.9	-7	-1.0
Consol EBITDA	161	165	159	150	150	56	99	96	-109	-65.9	-94	-62.6
Consol EBITDA/t	22,659	22,268	22,673	18,764	22,618	7,294	13,032	12,429	-14,974	-67.2	-15,323	-67.7
Consol PAT	91	114	98	100	78	18	43	48	-96	-84.6	-60	-77.5
JSTL												
Standalone Sales - mt	3.61	3.79	4.00	5.11	4.03	5.13	5.35	6.04	1.34	35.3	1.10	27.3
Standalone Realization/t	71,909	73,879	72,125	70,472	77,184	61,359	61,488	63,555	-12,520	-16.9	-15,825	-20.5
Standalone EBITDA/t	26,291	22,884	16,993	13,517	8,318	5,706	11,586	18,577	-17,178	-75.1	-2,612	-31.4
Consol Revenue	289	325	381	469	381	399	431	483	74	22.6	18	4.6
Consol EBITDA	103	104	91	92	43	35	80	139	-69	-66.4	-8	-18.8
Consol PAT	59	72	44	32	8	6	38	80	-65	-91.1	-2	-24.2
SAIL												
Sales - mt	3.33	4.28	3.84	4.71	3.15	4.20	4.30	4.40	-0.08	-1.9	1.05	33.2
Realization/t	62,045	62,680	65,745	65,304	76,184	59,166	58,646	60,646	-3,514	-5.6	-17,019	-22.3
EBITDA/t	19,728	16,395	8,881	9,196	7,295	618	2,872	12,697	-15,777	-96.2	-6,677	-91.5
Consol Revenue	206	268	252	308	240	248	252	267	-20	-7.4	8	3.4
Consol EBITDA	66	70	34	43	23	3	12	56	-68	-96.3	-20	-88.7
Consol PAT	39	43	17	24	8	-7	0	32	-50	-117.0	-15	-194.1
JSP												
Sales- standalone	1.61	2.13	1.82	2.08	1.74	1.88	2.18	2.23	-0.25	-11.6	0.14	8.2
Realization/t	64,501	62,259	65,686	66,494	73,842	62,506	60,706	63,206	247	0.4	-11,336	-15.4
EBITDA/t	28,098	21,216	17,404	14,695	19,028	7,360	11,416	15,208	-13,855	-65.3	-11,667	-61.3
Consol Revenue	106	136	125	143	130	120	134	142	-16	-12.0	-11	-8.2
Consol EBITDA	45	46	33	31	34	15	25	34	-31	-67.3	-19	-56.3
Consol PAT	25	26	16	19	15	5	12	19	-21	-82.2	-10	-68.5
NMDC												
Sales - mt	8.99	8.99	9.84	12.28	7.80	8.69	11.14	12.15	-0.30	-3.3	0.89	11.4
Realization/t	7,248	7,561	5,967	5,456	6,111	3,918	3,909	4,161	-3,643	-48.2	-2,193	-35.9
EBITDA/t	4,644	3,466	2,654	2,184	2,434	1,376	1,148	1,179	-2,091	-60.3	-1,058	-43.5
Revenue	65	68	59	67	48	34	44	51	-34	-49.9	-14	-28.6
EBITDA	42	31	26	27	19	12	13	14	-19	-61.6	-7	-37.0
PAT	32	23	20	20	15	10	10	12	-14	-58.5	-5	-33.9
HNDL												
Aluminum sales - kt	303	338	325	336	333	345	325	325	7	2.1	12	3.6
Copper sales - kt	80	110	110	105	101	108	98	102	-2	-1.8	7	6.9
Al(incl. Utkal) EBITDA - USD/t	1,052	1,296	1,389	1,601	1,304	506	84	261	-790	-60.9	-797	-61.2
Copper EBITDA - USD/t	442	432	453	489	726	482	447	461	50	11.5	-244	-33.6
Novelis vol- kt	973	968	930	987	962	1,000	1,000	1,000	32	3.3	38	4.0
Novelis adj EBITDA- USD/t	508	553	506	430	561	510	519	528	-43	-7.7	-51	-9.0
Consol Revenue	414	477	503	558	580	501	479	491	24	5.1	-79	-13.7
Consol EBITDA	61	75	74	73	84	55	45	50	-20	-26.4	-29	-34.2
Consol PAT	26	35	34	41	41	23	15	18	-11	-33.1	-18	-43.4
HZL												
Zinc vol (India) - kt	187	164	212	214	206	184	199	205	20	12.5	-22	-10.5
Lead vol (India) - kt	49	47	47	49	54	58	56	57	11	23.9	4	7.9
Silver vol- t	160	152	173	162	177	187	178	183	35	22.9	10	5.6
Revenue	65	61	80	88	94	78	79	82	17	27.5	-16	-16.8
EBITDA	36	33	44	50	51	42	42	45	8	25.4	-10	-18.6
PAT	21	20	27	29	31	26	26	28	6	30.4	-5	-15.0
VED												
Aluminum sales - kt	534	569	573	586	556	580	589	598	11	2.0	24	4.4

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23E	4QFY23E	Abs YoY	YoY (%)	Abs QoQ	QoQ (%)
Aluminum EBITDA - USD/t	945	1,102	874	1,183	524	254	437	444	-848	-76.9	-270	-51.5
Oil and Gas - kbpoed	165	165	159	154	148	148	147	147	-18	-10.7	0	-0.2
EBITDA - USD/bbl	10.0	10.5	11.5	14.1	14.5	13.9	13.0	11.7	3.4	32.5	-0.6	-4.1
Zinc Intl - sales - kt	60	64	53	59	68	64	64	64	0	0	-4	-5.9
Zinc Intl - EBITDA - USD/t	906	630	926	1,051	1,121	703	675	752	-630	-100.0	-1,121	-100.0
Consol Revenue	284	304	341	398	386	346	340	352	42	13.7	-41	-10.5
Consol EBITDA	100	104	108	136	102	80	96	100	-23	-22.5	-22	-21.2
Consol PAT	45	47	43	62	44	27	37	48	-20	-42.4	-17	-39.3
NACL												
Aluminum sales - kt	91	126	114	126	123	113	112	112	-13	-10.5	-10	-8.3
Aluminum EBITDA - USD/t	650	902	862	1,310	899	692	662	654	-210	-23.3	-207	-23.0
Alumina sales - kt	286	318	356	272	223	254	221	366	-64	-20.1	31	14.0
Alumina EBITDA - USD/t	69	120	176	197	9	-36	18	78	-157	-130.2	-46	-494.2
Revenue	25	36	38	43	38	30	29	34	-6	-16.4	-8	-20.6
EBITDA	6	11	12	16	9	5	6	8	-6	-52.8	-3	-38.8
PAT	3	7	8	10	6	3	4	5	-4	-58.6	-3	-46.4
COAL												
Sales - mt	161	147	174	181	178	155	175	186	7	5.1	-23	-13.1
NSR - FSA INR/t	1,394	1,382	1,370	1,474	1,443	1,440	1,416	1,466	58	4.2	-3	-0.2
E-auction premium	13	15	42	65	201	300	180	100	285	1,856.1	99	49.4
EBITDA/t	302	267	393	504	689	552	406	542	285	106.5	-137	-19.9
Consol Revenue	253	233	284	327	351	295	310	318	62	26.7	-56	-15.9
Consol Adj EBITDA	46	40	74	125	127	85	72	102	45	113.0	-42	-32.9
Consol PAT	32	29	46	67	88	58	46	67	29	97.9	-30	-34.2

Exhibit 7: Sales volume (mt) likely to be higher QoQ

Sales	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23E	4QFY23E	Abs YoY	YoY (%)	Abs QoQ	QoQ (%)
TATA	3.99	4.42	4.25	4.97	3.89	4.73	4.42	4.51	0.31	7.1	0.85	21.8
JSTL	3.61	3.79	4.00	5.11	4.03	5.13	5.35	6.04	1.34	35.3	1.10	27.3
JSPL	1.61	2.13	1.82	2.08	1.74	1.88	2.18	2.23	-0.25	-11.6	0.14	8.2
SAIL	3.33	4.28	3.84	4.71	3.15	4.20	4.30	4.40	-0.08	-1.9	1.05	33.2
Total	12.54	14.62	13.91	16.87	12.81	15.95	16.25	17.17	1.33	9.1	3.14	24.5

Sources: MOFSL, Company

Exhibit 8: Sharp erosion in ASP (INR/t) on QoQ across the board

ASP	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23E	4QFY23E	Abs YoY	YoY (%)	Abs QoQ	QoQ (%)
TATA	69,413	73,937	75,210	73,805	82,401	66,906	65,226	67,609	-7,031	-9.5	-15,495	-18.8
JSTL	71,909	73,879	72,125	70,472	77,184	61,359	61,488	63,555	-12,520	-16.9	-15,825	-20.5
JSPL	64,501	62,259	65,686	66,494	73,842	62,506	60,706	63,206	247	0.4	-11,336	-15.4
SAIL	62,045	62,680	65,745	65,304	76,184	59,166	58,646	60,646	-3,514	-5.6	-17,019	-22.3

Sources: MOFSL, Company

Exhibit 9: Correction in ASP to erode EBITDA/t (INR/t) in the quarter

EBITDA/t	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23E	4QFY23E	Abs YoY	YoY (%)	Abs QoQ	QoQ (%)
JSW Steel	26,291	22,884	16,993	13,517	8,318	5,706	11,586	18,577	-17,178	-75.1	-2,612	-31.4
Tata Steel	33,327	30,385	28,631	24,616	24,622	11,688	16,722	17,990	-18,697	-61.5	-12,934	-52.5
SAIL	19,728	16,395	8,881	9,196	7,295	618	2,872	12,697	-15,777	-96.2	-6,677	-91.5
JSPL	28,098	21,216	17,404	14,695	19,028	7,360	11,416	15,208	-13,855	-65.3	-11,667	-61.3

Sources: MOFSL, Company

Exhibit 10: Key commodity prices

Key commodity prices		1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	Abs YoY	% YoY	Abs QoQ	% QoQ
Non Ferrous / Oil											
Copper-LME	USD/t	9,682	9,372	9,696	9,992	9,539	7,754	-1,618	-17	-1,785	-19
Aluminum-LME	USD/t	2,395	2,648	2,765	3,273	2,883	2,356	-293	-11	-527	-18
Zinc-LME	USD/t	2,913	2,991	3,371	3,752	3,936	3,278	286	10	-658	-17
Nickel-LME	USD/t	17,354	19,111	19,784	28,347	29,018	22,105	2,995	16	-6,912	-24
Lead-LME	USD/t	2,123	2,341	2,330	2,335	2,207	1,977	-365	-16	-230	-10
Alumina-Spot	USD/t	277	316	417	411	377	339	23	7	-37	-10
Aluminum Scrap	USD/t	1,602	1,705	1,726	2,048	1,932	1,674	-31	-2	-258	-13
Al. Scrap Spread	USD/t	793	943	1,038	1,225	951	681	-262	-28	-270	-28
Silver	USD/oz	27	24	23	24	23	19	-5	-20	-3	-14
Brent	USD/bbl	69	73	79	100	113	99	26	36	-14	-12
China Dom Steel											
China Rebar	RMB/t	5,224	5,328	5,108	4,859	4,847	4,164	-1,165	-22	-683	-14
China HRC	RMB/t	5,673	5,744	5,131	4,998	4,941	4,077	-1,667	-29	-864	-17
China Wire Rod	RMB/t	5,698	5,855	5,578	5,303	5,329	4,604	-1,251	-21	-726	-14
India Steel											
India HRC FOB	USD/t	974	897	837	809	872	597	-299	-33	-274	-31
Mumbai HRC	INR/t	65,034	65,738	68,877	67,354	69,962	57,662	-8,077	-12	-12,300	-18
Mumbai HRC	USD/t	882	887	929	895	906	723	-165	-19	-184	-20
Billet Raigarh	INR/t	41,620	41,780	43,458	50,011	50,689	48,147	6,367	15	-2,542	-5
Wire Rod - Dom	INR/t	50,655	50,751	56,484	59,144	65,912	57,750	6,999	14	-8,162	-12
Mumbai TMT Primary	INR/t	53,127	50,769	57,904	62,250	67,465	57,135	6,365	13	-10,331	-15
Mumbai TMT Secondary	INR/t	48,326	47,628	50,810	59,274	59,555	55,051	7,423	16	-4,504	-8
TMT Spreads - Prime-Sec	INR/t	4,801	3,141	7,094	2,976	7,910	2,084	-1,057	-34	-5,827	-74
Cold Roll Coil	INR/t	79,314	77,615	74,054	72,162	79,485	67,046	-10,569	-14	-12,438	-16
Galvanized Plan	INR/t	82,846	82,596	82,985	78,531	82,992	69,238	-13,358	-16	-13,754	-17
Color Coated	INR/t	88,781	91,385	92,227	86,377	91,331	77,923	-13,462	-15	-13,408	-15
Durgapur SG Pig Iron	INR/t	38,712	38,888	42,157	49,757	52,042	46,514	7,626	20	-5,528	-11
Other											
N. Europe Dom HRC	EUR/t	1,045	1,187	1,006	1,060	1,188	815	-372	-31	-373	-31
USA Dom HRC	USD/t	1,500	1,863	1,841	1,294	1,368	870	-994	-53	-499	-36
South Korea HRC FOB	USD/t	1,002	1,024	936	850	868	636	-388	-38	-231	-27
China HRC FOB	USD/t	939	976	865	815	832	611	-365	-37	-220	-27
Vietnam HRC CNF	USD/t	971	963	880	845	825	621	-342	-36	-204	-25
Vietnam HRC CNF	INR/t	71,638	71,355	65,230	63,580	63,666	49,567	-21,787	-31	-14,099	-22
Coking Coal											
HCC Prem India CNF	USD/t	159	283	395	507	482	271	-12	-4	-211	-44
PCI Coal CNF India	USD/t	141	208	273	408	455	265	57	27	-189	-42
India CNF South Africa RB1	USD/t	61	87	110	169	201	157	70	81	-44	-22
Iron ore/Pellet/Metallics											
62% CNF China - Aus	USD/t	199	166	109	140	139	104	-61	-37	-35	-25
K'taka Fines Fe 60%	INR/t	4,097	3,873	3,153	3,050	3,157	1,985	-1,888	-49	-1,172	-37
NMDC 64 %Fines (C'garh)	INR/t	5,685	5,893	4,535	4,593	4,510	2,877	-3,017	-51	-1,633	-36
NMDC 65%-Lumps	INR/t	6,735	6,643	5,290	4,920	4,845	3,353	-3,290	-50	-1,492	-31
Domestic Pellet	INR/t	14,090	13,163	10,719	11,181	9,413	7,156	-6,008	-46	-2,257	-24
Sponge Iron- Raigarh	INR/t	29,201	29,536	30,199	35,226	33,246	32,948	3,413	12	-298	-1
Ferro Alloys and Ores											
China Chrome Ore (40-42%)	USD/t	155	174	162	194	288	243	69	40	-44	-15
Odisha Chrome Ore (E-Auction)	INR/t	18,669	20,298	20,531	18,103	19,867	16,065	-4,233	-21	-3,802	-19
Global Mn Ore 38%	\$/dmtu	4.68	4.73	4.83	4.98	5.30	4.63	-0.11	-2	-0.67	-13
Mn Ore India Mn 44% Fe 5%	\$/dmtu	5.10	5.38	5.68	6.36	7.80	6.03	0.65	12	-1.77	-23
Balaghat Mn 37.5%, Fe 7%	INR/t	14,553	15,334	15,570	15,390	17,260	14,772	-562	-4	-2,488	-14

Key commodity prices		1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	Abs YoY	% YoY	Abs QoQ	% QoQ
Silico manganese	INR/t	92,055	94,910	1,08,221	1,06,238	92,055	77,750	-17,159	-18	-14,304	-16
Ferro Manganese	INR/t	90,223	99,643	1,15,492	1,04,727	97,215	80,902	-18,741	-19	-16,312	-17
Key Currencies											
EUR/USD	EUR/USD	1.21	1.18	1.14	1.12	1.06	1.01	-0.17	-15	-0.06	-5
USD/CNY	USD/CNY	6.46	6.47	6.39	6.35	6.61	6.85	0.38	6	0.24	4
USD/GBP	USD/GBP	0.72	0.73	0.74	0.75	0.80	0.85	0.12	17	0.05	7
USD/INR	USD/INR	73.75	74.09	74.13	75.24	77.19	79.81	5.72	8	2.62	3
GBP/INR	GBP/INR	103.11	102.08	99.91	100.88	96.92	93.81	-8.28	-8	-3.11	-3
EUR/INR	EUR/INR	88.88	87.32	84.75	84.40	82.18	80.34	-6.98	-8	-1.84	-2

Sources: MOFSL, Bloomberg; Steelmint

Exhibit 11: Summary of expected quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Coal India	215	Buy	2,95,179	26.7	-15.9	85,434	113.0	-32.9	58,132	97.9	-34.2
Hindalco	381	Buy	5,00,775	5.1	-13.7	55,476	-26.4	-34.2	23,064	-33.1	-43.4
Hindustan Zinc	266	Neutral	78,061	27.5	-16.8	41,836	25.4	-18.6	26,297	30.4	-15.0
JSPL	420	Buy	1,19,755	-12.0	-8.2	15,017	-67.3	-49.8	4,609	-82.2	-68.5
JSW Steel	624	Neutral	3,98,536	22.6	4.6	35,001	-66.4	-18.8	6,350	-91.1	-24.2
Nalco	69	Buy	30,037	-16.4	-20.6	5,319	-52.8	-38.8	3,099	-58.6	-46.4
NMDC	126	Neutral	34,046	-49.9	-28.6	11,955	-61.6	-37.0	9,705	-58.5	-33.9
SAIL	76	Buy	2,48,497	-7.4	3.4	2,595	-96.3	-88.7	-7,302	PL	PL
Tata Steel	98	Neutral	6,27,708	3.9	-1.0	56,049	-65.9	-62.6	17,577	-84.6	-77.5
Vedanta	268	Neutral	3,45,515	13.7	-10.5	80,304	-22.5	-21.2	26,854	-42.4	-39.3
Metals			26,78,108	6.6	-7.1	3,88,985	-42.8	-39.1	1,68,384	-59.5	-49.5

Exhibit 12: Valuation Summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Metals						5.3	7.6	6.6	1.5	1.4	1.2	28.6	18.5	18.8
Coal India	215	Buy	28.2	42.1	29.6	7.6	5.1	7.3	3.1	2.4	2.0	40.3	46.2	28.0
Hindalco	381	Buy	61.3	43.9	48.7	6.2	8.7	7.8	1.6	1.4	1.2	28.0	16.8	16.3
Hindustan Zinc	266	Neutral	23.1	26.4	28.4	11.5	10.1	9.4	3.3	3.4	3.5	29.3	33.3	37.0
JSPL	420	Buy	86.0	50.2	63.7	4.9	8.4	6.6	1.2	1.0	0.9	25.9	13.2	14.6
JSW Steel	624	Neutral	85.5	54.6	109.2	7.3	11.4	5.7	2.2	2.0	1.5	36.2	18.5	30.3
Nalco	69	Buy	16.1	9.8	17.5	4.3	7.0	3.9	1.0	0.9	0.8	25.4	13.8	22.6
NMDC	126	Neutral	33.4	15.8	15.1	3.8	8.0	8.3	1.1	1.0	0.9	30.2	12.9	11.7
SAIL	76	Buy	33.4	8.2	14.4	2.3	9.3	5.3	0.6	0.6	0.5	27.7	6.1	10.1
Tata Steel	98	Neutral	33.0	15.0	15.7	3.0	6.5	6.3	1.1	1.0	0.9	44.6	15.9	15.0
Vedanta	268	Neutral	46.7	42.1	48.2	5.8	6.4	5.6	1.5	1.5	1.4	27.2	23.8	25.8

The tables below provides snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Coal India

Buy
CMP: INR 215 | TP: INR 265 (+23%)

- Management commentary on coal available for E-auction is critical for the profitability of the company
- Coal India closed H1 with a production of 229 MT up 19.7% YoY
- Management guidance on FY23 Coal production and dispatch along with capex, dividend, and diversification.
- Management commentary on the ongoing wage negotiation and possibility of FSA price hike is important

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	252.8	232.9	284.3	327.1	350.9	295.2	310.3	318.0	1,097.1	1,274.4
Change YoY (%)	36.8	10.1	20.0	22.5	38.8	26.7	9.1	-2.8	21.9	16.2
Change QoQ (%)	-5.3	-7.9	22.1	15.0	7.3	-15.9	5.1	2.5		
Adj. EBITDA	45.9	40.1	73.9	124.7	127.3	85.4	72.1	102.3	284.5	387.2
Change YoY (%)	63.9	18.0	26.2	56.4	177.6	113.0	-2.4	-17.9	42.1	36.1
Change QoQ (%)	-42.5	-12.5	84.1	68.8	2.1	-32.9	-15.6	41.9		
EBITDA per tonne	285.9	272.1	425.0	691.7	716.5	553.0	412.0	550.1	429.6	558.5
Depreciation	10.4	9.3	10.4	14.1	9.9	9.7	10.8	15.6	44.3	46.1
OBR	-2.6	0.7	5.6	33.9	4.8	0.1	1.1	1.5	37.6	7.5
Interest	1.5	1.4	1.3	1.2	1.5	1.4	1.3	1.2	5.4	5.5
Other Income	6.8	7.8	6.5	17.9	9.7	5.3	4.4	7.1	39.0	26.6
PBT	43.4	36.5	63.1	93.4	120.8	79.5	63.3	91.2	236.2	354.7
Tax	11.6	7.1	17.5	26.2	32.4	21.3	17.0	24.5	62.4	95.2
Tax Rate (%)	26.8	19.5	27.7	28.1	26.9	26.9	26.9	26.9	26.4	26.9
Reported PAT	31.7	29.4	45.6	67.2	88.3	58.1	46.3	66.7	173.9	259.4
Adjusted PAT	31.7	29.4	45.6	67.2	88.3	58.1	46.3	66.7	173.8	259.4
Change YoY (%)	52.7	-0.4	47.9	46.2	178.3	97.9	1.5	-0.7	36.8	49.3
Change QoQ (%)	-30.9	-7.4	55.2	47.3	31.6	-34.2	-20.4	44.1		

Hindalco Industries

Buy
CMP: INR 381 | TP: INR 480 (+26%)

- Commentary on thermal coal cost and availability of linkage is important
- Management guidance on Novelis EBITDA/t and demand for downstream products is critical
- Clarity on the energy costs and hedges in Europe for Novelis will be crucial
- We await management guidance on domestic capex and commissioning timelines

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	414	477	503	558	580	501	479	491	1,951	2,051
Change (YoY %)	63.6	52.6	43.8	37.7	40.2	5.1	-4.7	-12.0	48.0	5.1
Change (QoQ %)	2.1	15.2	5.5	10.9	4.0	-13.7	-4.3	2.4		
Total Expenditure	352	401	429	485	496	445	434	440	1,667	1,816
EBITDA	61	75	74	73	84	55	45	50	283	235
Change (YoY %)	218.8	55.9	41.8	29.4	37.5	-26.4	-39.5	-31.2	63.4	-17.2
Change (QoQ %)	8.6	22.9	-2.2	-0.9	15.4	-34.2	-19.6	12.7		
As % of Net Sales	14.8	15.8	14.7	13.1	14.5	11.1	9.3	10.2	14.5	11.4
Interest	8	13	9	8	9	7	8	7	38	31
Depreciation	16	16	17	18	17	17	17	18	67	69
Other Income	3	4	2	3	2	1	1	1	11	5
PBT (before EO item)	39	51	50	50	60	33	21	26	190	140
Extra-ordinary Income	6	0	2	-3	0	-2	-2	-2	6	-7
PBT (after EO item)	45	51	52	48	61	30	19	23	196	133
Current Tax	7	11	10	10	11	8	5	6	38	29
Deferred Tax	6	5	5	-1	9	2	1	1	16	13
Total Tax	13	16	15	9	20	10	6	7	54	42
% Tax	33.1	31.9	31.0	18.3	32.6	29.4	27.4	28.7	27.5	31.9
Reported PAT	32	35	37	39	41	21	13	16	142	91
Adjusted PAT	26	35	34	41	41	23	15	18	136	98
Change (YoY %)	-1,852.7	78.7	55.5	115.1	55.1	-33.1	-55.3	-55.2	174.2	-36.1
Change (QoQ %)	37.6	31.2	-0.8	20.1	-0.8	-43.4	-33.7	20.5		

Hindustan Zinc**Neutral****CMP: INR 266 | TP: INR 255 (-4%)**

- Guidance on production and dispatches is important
- We await clarity on Govt sale of HZL stake and VED management thoughts on participating in the same
- Guidance on dividend is crucial
- Lastly, we await management commentary on acquisition of Zinc International business from the promoters.

Quarterly Performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	65.3	61.2	79.9	88.0	93.9	78.1	78.7	82.5	294.4	333.1
Change (YoY %)	63.7	8.2	32.4	26.6	43.7	27.5	-1.5	-6.2	30.1	13.1
Change (QoQ %)	-6.0	-6.3	30.5	10.1	6.7	-16.8	0.8	4.9		
EBITDA	35.6	33.4	43.7	49.6	51.4	41.8	41.9	45.1	162.3	180.2
Change (YoY %)	125.8	13.0	33.7	28.0	44.4	25.4	-4.2	-9.1	39.0	11.0
Change (QoQ %)	-8.3	-6.3	31.0	13.5	3.5	-18.6	0.1	7.7		
As % of Net Sales	54.5	54.5	54.7	56.4	54.7	53.6	53.2	54.6	55.1	54.1
Finance cost	0.9	0.8	0.5	0.7	0.4	0.7	0.7	0.6	2.9	2.4
DD&A	6.6	7.0	7.4	8.2	7.3	7.2	7.5	7.7	29.2	29.6
Other Income	3.5	3.1	2.8	2.8	3.1	3.6	3.6	3.6	12.2	13.8
PBT (before EO item)	31.6	28.6	38.6	43.6	46.7	37.6	37.3	40.4	142.3	161.9
EO exp. (income)	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
PBT	30.2	28.6	38.6	43.6	46.7	37.6	37.3	40.4	141.0	161.9
Total Tax	10.4	8.5	11.6	14.3	15.8	11.3	11.2	12.1	44.7	50.4
% Tax	34.4	29.5	30.0	32.8	33.8	30.0	30.0	30.0	31.7	31.1
Reported PAT	19.8	20.2	27.0	29.3	30.9	26.3	26.1	28.3	96.3	112
Adjusted PAT	21.2	20.2	27.0	29.3	30.9	26.3	26.1	28.3	97.6	112
Change (YoY %)	55.8	4.0	22.8	17.9	46.1	30.4	-3.4	-3.4	22.3	14.3
Change (QoQ %)	-14.8	-4.7	33.9	8.4	5.6	-15.0	-0.8	8.4		

Jindal Steel & Power**Buy****CMP: INR 420 | TP: INR 495 (+18%)**

- Expect standalone sales volumes at 1.88mt
- Management commentary on further debt reduction will be the key to watch out for
- Expect consolidated EBITDA/t to drop to INR 7,974 due to rising input costs.
- Management guidance on FY23 production and sales will be important along with capex plans.

Quarterly Performance (Consolidated)**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net sales	106.1	136.1	125.2	143.4	130.5	119.8	133.7	142.2	510.9	526.1
Change (YoY, %)	42	52	19	21	23	-12	7	-1	31	3
Change (QoQ %)	-11	28	-8	14	-9	-8	12	6		
EBITDA	45.4	45.9	33.1	30.7	29.9	15.0	25.5	34.4	155.1	104.9
Change (YoY, %)	118	63	-28	-42	-34	-67	-23	12	5	-32
Change (QoQ %)	-14	1	-28	-7	-3	-50	70	35		
EBITDA/t (Consol)	28,192	21,569	18,188	14,761	17,200	7,974	11,704	15,456	20,306	13,061
Interest	5.6	4.8	4.7	3.7	3.6	3.7	3.7	3.7	18.9	14.7
Depreciation	6.0	6.1	6.1	2.7	6.0	5.4	5.5	5.6	21.0	22.5
Other income	0.3	0.0	0.1	0.0	0.2	0.2	0.2	0.2	0.5	1.0
PBT (before EO item)	34.1	35.1	22.4	24.3	25.0	6.1	16.5	25.4	115.8	73.1
Extra-ordinary income	0.0	0.0	2.4	2.7	0.6	0.0	0.0	0.0	5.2	0.6
PBT (after EO item)	34.1	35.1	24.8	27.0	21.2	6.1	16.5	25.4	121.0	69.3
Total tax	8.9	9.2	6.1	4.9	5.7	1.5	4.1	6.4	29.2	17.8
Reported PAT	25.2	25.8	18.7	22.1	19.9	4.6	12.4	19.1	91.7	56.0
MI - Loss/(Profit)	-0.3	0.0	0.0	-0.2	0.2	0.0	0.0	0.0	-0.5	0.2
Adjusted PAT	25.4	25.8	16.3	19.5	14.6	4.6	12.4	19.1	87.0	50.7
Change (YoY, %)	1975	213	-32	-34	-42	-82	-24	-2	39	-42
Change (QoQ %)	-13	2	-37	20	-25	-69	169	54		

JSW Steel

Neutral

CMP: INR 624 | TP: INR 560 (-10%)

- Management commentary on expansion timelines will be critical
- Management commentary on divestment of Italy operations will be interesting
- Performance of overseas subsidiaries on rising costs will be crucial.
- Management commentary on ramping up production of captive iron ore mines

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	289	325	381	469	381	399	431	483	1,464	1,694
Change (YoY %)	145.3	70.7	74.2	74.1	31.8	22.6	13.3	3.0	83.9	15.7
Change (QoQ %)	7.3	12.5	17.1	23.2	-18.8	4.6	8.2	12.0		
EBITDA	103	104	91	92	43	35	80	139	390	298
Change (YoY %)	666.1	144.9	53.6	8.8	-58.1	-66.4	-12.3	51.8	95.2	-23.7
Change (QoQ %)	21.7	1.4	-12.3	0.6	-53.1	-18.8	128.8	74.1	0.0	0.0
EBITDA (INR per ton)	29,608	27,198	23,355	17,903	9,597	6,279	13,370	21,416	23,872	13,188
Interest	10	9	13	18	14	11	11	11	50	46
Depreciation	12	12	18	18	18	18	18	18	60	72
Other Income	2	9	2	2	2	2	2	3	15	9
PBT (before EO Item)	83	92	62	58	13	8	54	114	296	189
EO Items	0	0	0	-7	0	0	0	0	-7	0
PBT (after EO Item)	83	92	62	51	13	8	54	114	288	189
Total Tax	27	26	17	17	4	3	16	34	88	57
% Tax	32.8	28.4	28.0	33.9	34.1	31.5	29.7	29.9	30.6	30.2
Reported PAT	56	66	45	34	9	6	38	80	200	132
MI (Profit)/Loss	0.0	-0.1	-1.6	-1.1	0.0	-0.1	-0.2	-0.2	-2.7	-0.5
Share of P/(L) of Ass.	3.2	6.0	0.2	-0.3	-0.2	0.7	0.8	0.8	9.2	2.1
Adjusted PAT	59	72	44	32	8	6	38	80	207	133
Change (YoY %)	-1,152.4	443.7	62.5	-25.5	-85.8	-91.1	-11.9	148.3	165.7	-35.4
Change (QoQ %)	36.1	21.4	-39.2	-25.8	-74.1	-24.2	504.2	109.3		

NMDC

Neutral

CMP: INR 126 | TP: INR 128 (+2%)

- Management guidance on FY23 volumes is critical
- Timelines on demerger of the steel plant division is important
- We will look forward to the steel plant commissioning timelines
- Any update on prospective buyers for the steel plant

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Iron ore Production (mt)	8.9	8.8	10.6	13.9	8.9	8.7	11.1	12.2	42.2	40.9
Iron ore Sales (mt)	9.0	9.0	9.8	12.3	7.8	8.7	11.1	12.2	40.1	39.8
Avg NSR (INR/t)	7,248	7,561	5,967	5,456	6,111	3,918	3,909	4,161	6,455	4,420
Net Sales	65.1	67.9	58.7	67.0	47.7	34.0	43.5	50.6	258.8	175.8
Change (YoY %)	236.1	204.7	34.9	-2.1	-26.8	-49.9	-25.9	-24.6	68.4	-32.1
Change (QoQ %)	-4.9	4.3	-13.5	14.1	-28.9	-28.6	27.9	16.1		
Adj EBITDA	41.7	31.1	26.1	28.8	19.0	12.0	12.8	14.3	127.8	58.0
Change (YoY %)	452.7	202.3	-5.6	-32.0	-54.5	-61.6	-51.1	-50.3	45.3	-54.6
Change (QoQ %)	-1.6	-25.4	-16.1	10.4	-34.2	-37.0	6.9	12.1		
EBITDA per ton (INR/t)	4,644	3,466	2,654	2,347	2,434	1,376	1,148	1,179	3,188	1,459
Interest	0.0	0.0	0.1	0.3	0.2	0.1	0.1	0.1	0.4	0.4
Depreciation	0.6	0.6	0.6	1.1	0.8	0.6	0.6	0.6	2.9	2.7
Other Income	1.4	0.9	1.5	3.3	1.5	1.4	1.5	1.7	7.2	6.0
PBT (before EO Item)	42.6	31.4	27.0	30.8	19.4	12.7	13.6	15.2	131.8	60.9
Extra-ordinary item	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	2.0	0.0
PBT (after EO Item)	42.6	31.4	27.0	32.8	19.4	12.7	13.6	15.2	133.8	60.9
Total Tax	10.7	8.0	6.5	10.7	4.8	3.0	3.2	3.6	35.8	14.6
% Tax	25.1	25.5	24.0	32.5	24.5	23.3	23.9	23.9	26.8	24.0
Reported PAT	31.9	23.4	20.5	20.1	14.7	9.7	10.3	11.6	95.9	46.3
Adjusted PAT	31.9	23.4	20.5	22.2	14.7	9.7	10.3	11.6	97.9	46.3
Change (YoY %)	497.7	202.4	-2.8	-30.3	-54.0	-58.5	-49.7	-47.6	48.5	-52.7
Change (QoQ %)	0.3	-26.6	-12.4	8.1	-33.7	-33.9	6.3	12.5		

Nalco**Buy****CMP: INR 69 | TP: INR 86 (+25%)**

- We will watch out for any extra ordinary income/loss in the quarter
- We await performance of the aluminum division given its high fixed cost structure

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,746	35,922	37,733	43,408	37,833	30,037	28,574	34,288	1,41,808	1,30,732
Change (YoY %)	79.2	51.3	58.6	53.8	52.9	-16.4	-24.3	-21.0	58.3	-7.8
Change (QoQ %)	-12.3	45.2	5.0	15.0	-12.8	-20.6	-4.9	20.0		
EBITDA	5,808	11,273	11,905	16,186	8,687	5,319	6,223	8,260	45,172	28,490
Change (YoY %)	350.0	308.6	174.4	71.5	49.6	-52.8	-47.7	-49.0	153.4	-36.9
Change (QoQ %)	-38.5	94.1	5.6	36.0	-46.3	-38.8	17.0	32.7		
As % of Net Sales	23.5	31.4	31.6	37.3	23.0	17.7	21.8	24.1	31.9	21.8
Interest	18	18	19	176	39	107	73	90	231	309
Depreciation	1,491	1,518	1,515	3,842	1,497	1,495	1,545	1,545	8,366	6,082
Other Income	317	424	720	1,513	629	450	450	450	2,974	1,979
PBT (before EO Item)	4,616	10,161	11,091	13,681	7,781	4,167	5,055	7,075	39,549	24,078
PBT (after EO Item)	4,616	10,161	11,091	13,681	7,781	4,167	5,055	7,075	39,549	24,078
Total Tax	1,139	2,684	2,783	3,424	1,994	1,068	1,295	1,813	10,029	6,170
% Tax	24.7	26.4	25.1	25.0	25.6	25.6	25.6	25.6	25.4	25.6
Reported PAT	3,477	7,477	8,309	10,257	5,786	3,099	3,760	5,262	29,520	17,907
Adjusted PAT	3,477	7,477	8,309	10,257	5,786	3,099	3,760	5,262	29,520	17,907
Change (YoY %)	1,991.0	595.9	246.5	63.2	66.4	-58.6	-54.7	-48.7	197.4	-39.3
Change (QoQ %)	-44.7	115.0	11.1	23.4	-43.6	-46.4	21.3	40.0		

SAIL**Buy****CMP: INR 76 | TP: INR 88 (+16%)**

- Management Guidance on FY2023 production and sales target will be critical.
- Management guidance on handling the coal costs will be critical
- Management guidance on volume growth and steel demand is crucial
- Guidance on capex and debt target for FY23 will be important.

SAIL Quarterly Performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales (mt)	3.3	4.3	3.8	4.7	3.2	4.2	4.3	4.4	16.2	16.1
Change (YoY %)	48.7	1.8	-7.4	8.3	-5.2	-1.9	12.0	-6.6	8.1	-0.6
ASP (INR/t)	62,045	62,680	65,745	65,304	76,184	59,166	58,646	60,646	64,042	62,776
Change (YoY %)	53.1	55.8	37.5	22.0	22.8	-5.6	-10.8	-7.1	38.5	-2.0
Net Sales	206	268	252	308	240	248	252	267	1,035	1,008
Change (YoY %)	127.7	58.5	27.3	32.1	16.4	-7.4	-0.1	-13.2	49.7	-2.6
Change (QoQ %)	-11.4	30.0	-5.9	21.8	-21.9	3.4	1.5	5.8		
NSR to RM Spread (INR/t)	45,342	41,261	36,531	30,167	39,776	26,596	29,748	39,718	37,743	33,626
EBITDA	66	70	34	43	23	3	12	56	213	94
Change (YoY %)	NA	269.2	-32.8	-29.6	-64.9	-96.3	-63.8	29.0	67.5	-56.0
Change (QoQ %)	6.7	6.9	-51.4	27.0	-46.9	-88.7	375.9	352.4		
EBITDA/t (INR/t)	19,728	16,395	8,881	9,196	7,295	618	2,872	12,697	13,197	5,844
EBITDA /t (USD/t)	267	221	118	122	95	8	37	163	177	75
Interest	5	4	3	4	4	4	4	5	17	18
Depreciation	10	11	10	11	12	10	11	11	43	44
Other Income	1	2	2	5	3	3	3	3	10	11
PBT (before EO Inc.)	51	58	23	32	10	-10	0	43	164	43
EO Income(exp)	0	0	-4	0	0	0	0	0	-4	0
PBT (after EO Inc.)	51	58	19	32	10	-10	0	43	160	43
Total Tax	13	14	5	8	3	-2	0	11	40	11
% Tax	25.2	25.2	25.3	24.7	25.2	25.0	25.0	25.0	25.1	25.1
Reported PAT	39	43	14	24	8	-7	0	32	120	32
Adjusted PAT	39	43	17	24	8	-7	0	32	123	32
Change (YoY %)	NA	1,621.4	-33.3	-32.4	-79.8	PL	LP	32.4	139.8	-73.6
Change (QoQ %)	7.9	11.8	-60.1	40.5	-67.8	PL	LP	NA		

Tata Steel

Neutral

CMP: INR 98 | TP: INR 91 (-7%)

- Management guidance on Tata Steel Europe operations and impact of GBP depreciation vs USD
- Management guidance on transition to green steel in Europe and technology/financing thereof
- We await details on revival of NINL and timelines for reopening of the iron ore mine and blast furnace
- Management commentary or commissioning of Kalinganagar expansion program

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	534.9	604.0	607.8	693.2	634.3	627.7	605.9	613.6	2,440	2,482
Change (YoY %)	110.0	55.1	45.1	38.7	18.6	3.9	-0.3	-11.5	56.1	1.7
Change (QoQ %)	7.0	12.9	0.6	14.1	-8.5	-1.0	-3.5	1.3		
EBITDA	161.1	164.6	158.9	150.3	149.7	56.0	98.8	95.9	635	400
Change (YoY %)	2,886.8	164.9	66.1	6.0	-7.1	-65.9	-37.8	-36.2	108.1	-36.9
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-0.4	-62.6	76.3	-3.0		
(% of Net Sales)	30.1	27.2	26.1	21.7	23.6	8.9	16.3	15.6	26.0	16.1
EBITDA(USD/t)	307	301	303	249	293	94	167	159	272	176
Interest	18.1	10.2	15.3	11.0	12.2	13.0	12.6	12.2	54.6	50.0
Depreciation	23.2	22.9	22.4	22.4	22.4	22.4	22.7	22.7	91.0	90.1
Other Income	1.6	2.7	0.6	2.9	2.7	1.5	1.5	1.5	7.8	7.2
PBT (before EO Inc.)	121.4	134.2	121.8	119.8	117.9	22.2	65.0	62.5	497	268
EO Income(exp)	-1.8	5.2	-1.9	-2.7	-0.4	-1.0	-1.0	-1.0	-1.3	
PBT (after EO Inc.)	119.5	139.3	119.8	117.1	117.5	21.2	64.1	61.5	496	268
Total Tax	23.1	15.7	25.7	20.3	41.9	5.3	22.4	15.4	84.8	85.0
% Tax	19.0	11.7	21.1	16.9	35.6	23.9	34.5	24.6	17.1	31.8
Reported PAT	96.5	123.6	94.2	96.8	75.5	15.9	41.6	46.1	411	183
Adj. PAT (after MI & asso)	90.9	114.0	97.7	100.3	78.0	17.6	43.3	47.8	402	183
Change (YoY %)	NA	650.9	153.6	31.4	-14.1	-84.6	-55.7	-52.3	386.8	-54.5
Change (QoQ %)	19.0	25.4	-14.3	2.7	-22.2	-77.5	146.4	10.4		

Vedanta

Neutral

CMP: INR 268 | TP: INR 255 (-5%)

- Management update on opening of thermal coal mines and the production in FY23/24 is critical
- Measures taken up to reduce the aluminum cost on a structural basis will be crucial
- Revival of volume growth in the oil and gas business and plans of the management for the same is important
- Management guidance on the sale of zinc international business to HZL is critical to ascertain additional dividend

Quarterly (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	284.1	304.0	341.0	398.2	386.2	345.5	340.3	351.6	1,327.3	1,423.6
Change (YoY %)	77.9	44.0	50.0	41.2	35.9	13.7	-0.2	-11.7	50.8	7.3
Change (QoQ %)	0.7	7.0	12.2	16.8	-3.0	-10.5	-1.5	3.3		
Total Expenditure	184	200	233	262	284	265	245	251	879	1,045
EBITDA	100.2	103.6	108.1	136.3	102.0	80.3	95.6	100.5	448.2	378.3
Change (YoY %)	150.9	58.7	39.4	50.9	1.8	-22.5	-11.6	-26.3	64.1	-15.6
Change (QoQ %)	10.9	3.4	4.3	26.1	-25.2	-21.2	19.0	5.2		
As % of Net Sales	35.3	34.1	31.7	34.2	26.4	23.2	28.1	28.6	33.8	26.6
Finance cost	11.8	10.7	12.2	13.3	12.1	11.5	11.2	13.3	48.0	48.0
DD&A	21.2	21.2	22.7	23.8	24.6	24.3	23.9	20.5	89.0	93.3
Other Income	7.4	6.7	5.8	6.1	7.3	6.2	6.4	5.8	26.0	25.7
PBT (before EO item)	74.5	78.5	79.0	105.3	72.6	50.8	66.8	72.5	337.3	262.7
EO exp. (income)	2.8	0.5	1.1	3.4	0.0	0.0	0.0	0.0	7.7	0.0
PBT (after EO item)	71.7	78.1	77.9	102.0	72.6	50.8	66.8	72.5	329.6	262.7
Total Tax	19.2	19.9	24.4	29.1	16.7	15.2	20.0	21.7	92.6	73.7
% Tax	26.7	25.5	31.3	28.5	23.0	30.0	30.0	30.0	28.1	28.1
Reported PAT	52.5	58.1	53.5	72.9	55.9	35.6	46.7	50.7	237.1	189.0
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	10.6	12.0	11.9	14.6	11.7	8.7	9.3	2.7	49.1	32.5
Adjusted PAT	44.8	46.6	42.7	61.6	44.2	26.9	37.5	48.0	188	156
Change (YoY %)	349.9	119.9	41.2	89.9	-1.3	-42.4	-12.3	-22.1	103.2	-20.0
Change (YoY %)	37.9	4.1	-8.4	44.4	-28.3	-39.3	39.5	28.2		

Oil & Gas

Company name

Aegis Logistics

BPCL

Castrol India

GAIL

Gujarat Gas

Gujarat State Petronet

HPCL

Indraprastha Gas

IOCL

Mahanagar Gas

MRPL

Oil India

ONGC

Petronet LNG

Reliance Industries

Refining margin turns upside down; Gas margin to be strong...

...marketing margin improves but still negative

- Brent has averaged USD100.7/bbl (+37% YoY) in 2QFY23. SG GRM turned upside down during the quarter, led by weaker product cracks. PE, PP, and PVC margins also contracted both on YoY and sequential basis. CGD margin is likely to be better on a sequential basis (GUJGA's margin to be the most preferable).
- We expect our coverage universe to report: a) 24% YoY growth and 18% QoQ decline in sales (+24% YoY and -16% QoQ excluding OMC), b) 55% YoY and 54% QoQ decline in EBITDA (+24% YoY and -27% QoQ excluding OMC), and c) 90% YoY and 84% QoQ decline in PAT (+9% YoY and -29% QoQ excluding OMC) due to lower refining margin as well as negative marketing margin for the OMCs. We expect better EBITDA/scm margin for CGDs on a QoQ basis (especially for GUJGA).
- **RIL – O2C and Retail to drive growth in 2QFY23:** We expect a consolidated EBITDA of INR299b (+15% YoY/-21% QoQ), led by growth in the O2C, Jio and Retail segments. We expect an EBITDA of INR126b (+2% YoY/-43% QoQ) for the O2C segment, INR114b (+27% YoY/+4% QoQ) for RJio, and INR39b (+33% YoY/+1% QoQ) for the Retail segment.
- **OMCs:** SG GRM declined to USD7.1/bbl (from USD21.4/bbl QoQ in 1QFY23), led by a decline in product cracks. Because of the decline in crude oil prices, retail auto fuel margin is expected to be better at -INR1.2-12.4/liter in 2QFY23. **We maintain our BUY rating on IOCL and our Neutral rating on BPCL and HPCL.**

Brent crude price declines amid fears of demand cutback and global recessionary trends

- Brent crude price averaged USD100.7/bbl in 2QFY23, declining 11% QoQ due to fears of demand cutback and likely global recession.
- However, we expect Brent to remain elevated as the current tense geopolitical environment remains intact, and OPEC+ continues to implement production cuts according to the scheduled plan.
- The premium enjoyed by Brent over WTI increased to USD9/bbl in 2QFY23 (from USD5/bbl in 1QFY23), while Arab L-H premium also inched up to USD3.2/bbl.

SG GRM at USD7.1/bbl during the quarter

- Singapore GRM turned upside down QoQ in 2QFY23 to USD7.1/bbl, led by a decrease in product cracks.
- Petrol/diesel cracks saw gradual decline as the quarter went by with cracks declining 69%/16% during the quarter, respectively. ATF cracks declined USD5/bbl QoQ to USD34.1/bbl. Cracks for LPG/FO declined to -USD38 per bbl/-USD21.9 per bbl in 1QFY23 from -USD37.6 per bbl/-USD2.5 per bbl in 1QFY23, respectively.
- Refineries also witnessed a decline in their refining throughput. HPCL's throughput remained flattish while it declined for IOCL in 2QFY23. MRPL's refining throughput also contracted during the quarter.

Petchem margins decline in 2QFY23

- Petchem margins declined significantly as PE/PP/PVC margins were down 18%/15%/38% on a sequential basis, respectively.

CGDs' margins to be better in 2QFY23

- While GUJGA/IGL/MAHGL's volumes are expected to be -15%/+10%/+3% on a sequential basis, EBITDA/scm is likely to be +32%/+2%/+2% during the quarter, respectively. GUJGA's volumes would see a decline as there was a planned shutdown at Morbi units for a month.
- While high Spot LNG prices and revision in APM gas prices would keep their margins modest in the medium term, CGDs' had taken a hike in retail prices to pass on the rise in input gas prices and to somewhat keep their margins intact.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Aegis Logistics	264	Neutral	21,833	243.7	-2.3	1,515	10.4	3.3	902	-4.5	-41.5
BPCL	309	Neutral	9,50,117	16.5	-21.5	-88,951	PL	Loss	-84,134	PL	Loss
Castrol India	112	Buy	11,667	8.7	-6.0	3,101	18.1	8.4	2,225	19.7	7.9
GAIL	85	Buy	3,56,979	65.9	-5.0	19,434	-44.1	-55.5	15,544	-45.7	-46.7
Gujarat Gas	493	Buy	42,278	16.6	-18.2	6,848	63.4	12.9	4,418	80.0	15.9
Gujarat State Petronet	227	Buy	3,783	-15.4	-9.9	3,159	-17.0	-12.3	2,072	-37.3	-12.0
HPCL	216	Neutral	9,53,845	14.8	-16.7	-1,05,295	PL	Loss	-90,987	PL	Loss
Indraprastha Gas	386	Neutral	33,934	85.3	6.2	7,020	32.4	13.7	4,870	21.6	15.7
IOC	67	Buy	18,06,330	33.4	-19.5	-90,212	PL	PL	-88,277	PL	Loss
Mahanagar Gas	802	Buy	14,883	79.3	2.3	3,041	0.8	6.5	1,980	-3.1	6.9
MRPL	60	Neutral	1,95,169	47.4	-39.6	10,349	LP	-78.0	3,149	LP	-88.4
Oil India	180	Buy	44,554	34.6	-25.3	21,828	139.0	-17.2	14,865	194.7	-4.4
ONGC	132	Buy	3,34,082	37.2	-21.1	1,93,629	46.4	-25.3	1,02,404	20.5	-32.7
Petronet LNG	199	Buy	1,48,720	37.5	4.3	10,431	-19.6	-2.0	6,567	-20.2	-6.3
Reliance Inds.	2374	Buy	18,81,763	12.3	-14.2	2,99,149	15.0	-21.3	1,42,172	3.9	-20.8
Oil & Gas			67,99,936	23.8	-17.6	2,95,045	-54.6	-53.8	37,770	-90.2	-84.4
Oil Ex OMCs			30,89,645	23.9	-15.5	5,79,504	23.6	-26.7	3,01,168	9.2	-29.3

Source: MOFSL

Exhibit 2: Oil and gas product prices, cracks, and margins (USD/bbl)

(USD/bbl)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)
Oil							
WTI	70.6	77.3	94.5	108.7	91.8	30	(16)
Brent	73.4	79.6	100.4	113.7	100.7	37	(11)
Dubai	71.7	78.3	95.6	108.1	96.9	35	(10)
Arab Light-Heavy	1.5	1.5	1.5	1.4	3.2	107	126
Gas							
Henry Hub (USD/mmBtu)	4.3	4.7	4.6	7.5	7.9	84	7
Oil to Gas	17.3	17.1	21.6	15.3	12.8	(26)	(16)
Exchange Rate (INR/USD)	74.1	74.9	75.2	77.2	79.8	8	3
Product Cracks (v/s Dubai)							
LPG	(9.3)	(11.3)	(21.5)	(37.6)	(38.5)	(312)	(2)
Gasoline	9.7	12.9	15.4	29.8	9.2	(5)	(69)
Diesel	5.0	10.8	17.4	40.9	34.2	587	(16)
Jet/Kero	5.2	10.3	15.6	39.1	34.1	554	(13)
Naphtha	1.9	3.4	1.5	(12.7)	(19.4)	FALSE	(53)
Fuel Oil	(3.0)	(6.5)	(7.9)	(2.5)	(21.9)	(620)	(779)
SGRM	3.8	6.1	8.0	21.4	7.1	88	(67)

Source: Company, MOFSL

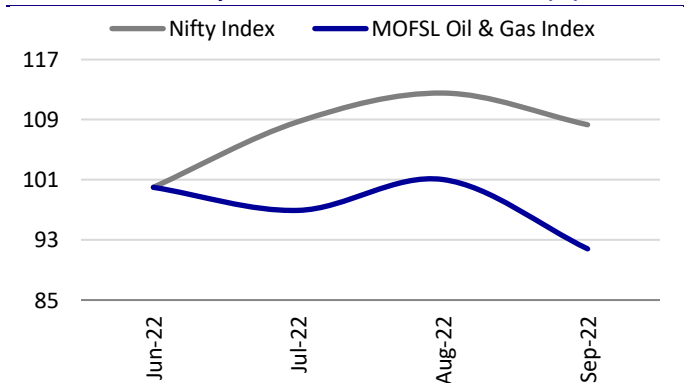
Valuation and view (excluding OMCs and RIL)

- **PLNG:** The current spot LNG price environment has resulted in lower spot cargo orders being placed over the last few months. The spot LNG prices are expected to normalize over the next five-to-six months.
- **CGDs – margins to be better in 2QFY23:** We expect EBITDA margin/scm for GUJGA/IGL/MAHGL to be at INR9/INR8.8/INR9.3 in 2Q (from INR6.8/INR8.6/INR9.1/scm in 1QFY23), respectively. We expect volumes of 8.3/8.65/3.5mmcmd for GUJGA/IGL/MAHGL v/s 9.8/7.89/3.4mmcmd in 1QFY23, respectively.
- **ONGC – delay in KG-DWN-98/2 continues:** Production delay at the KG-DWN-98/2 field continues amid restrictions on international movements due to the pandemic. OPAL's performance remains steady and ONGC is improving process efficiencies to keep its profits intact. The effect of windfall tax on profitability would be a key monitorable.

Our key assumptions

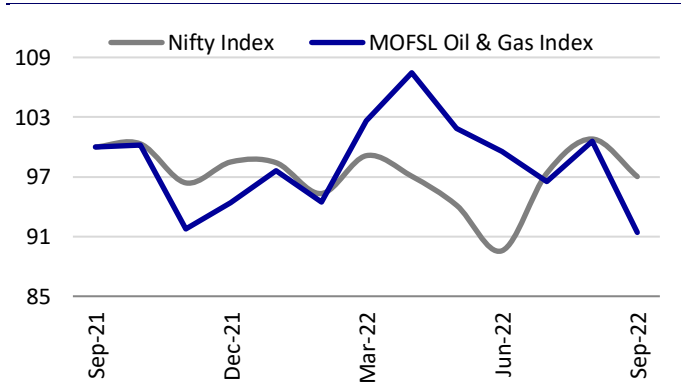
- We assume crude prices at USD100/USD90 per bbl for FY23E/FY24E. Average crude price for 2QFY23 stood at USD100.7/bbl (in FY22, it was at USD80.6 per bbl v/s USD44.4 per bbl in FY21).
- We expect the regional benchmark Singapore GRM to stabilize at ~USD5-6/bbl over the medium-to-long term.

Exhibit 3: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Prices/margin decline in 2QFY23 – SG GRM turns upside down

Exhibit 5: Brent up 37% YoY and -11% QoQ

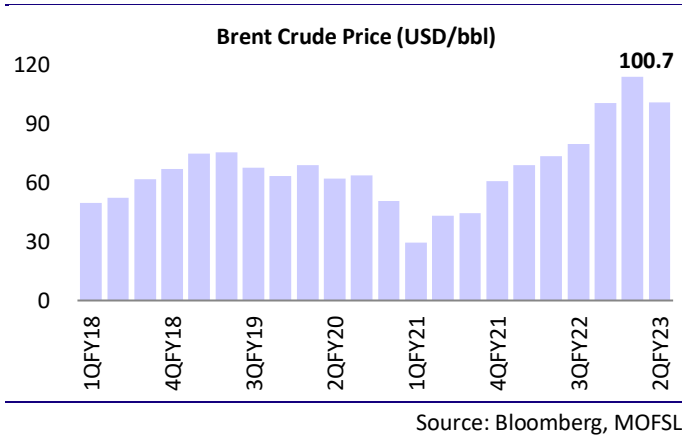


Exhibit 6: Brent premium to WTI expands to USD9.0/bbl

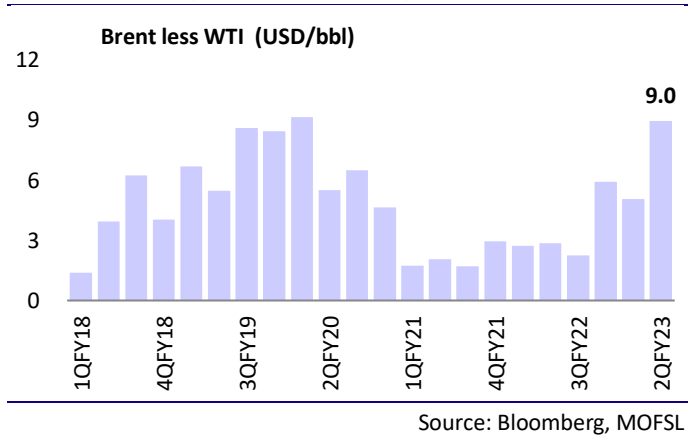


Exhibit 7: Reuters SG GRM (average) declines QoQ to USD7.1/bbl (v/s USD21.4/bbl in 1QFY23)

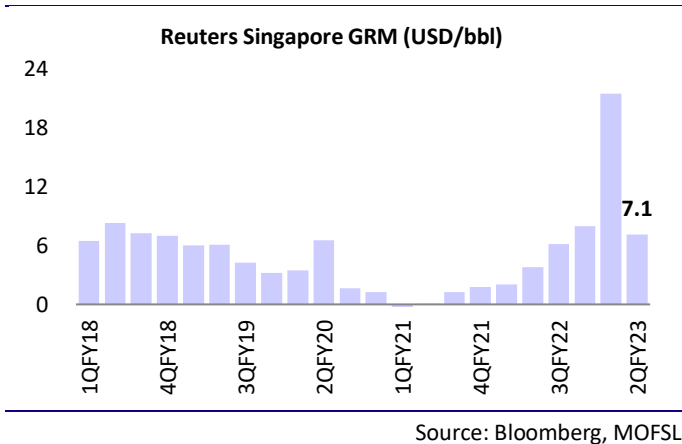


Exhibit 8: All the product cracks decline in 2QFY23 (USD/bbl)

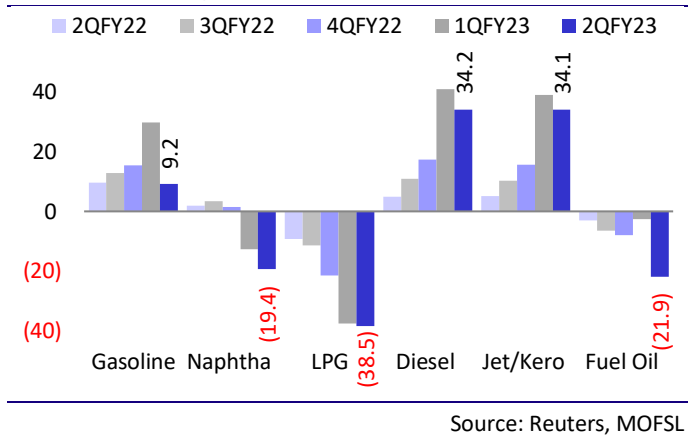


Exhibit 9: Crude differentials increase QoQ for Arab L-H at USD3.2/bbl but decrease to USD3.8/bbl for Brent-Dubai

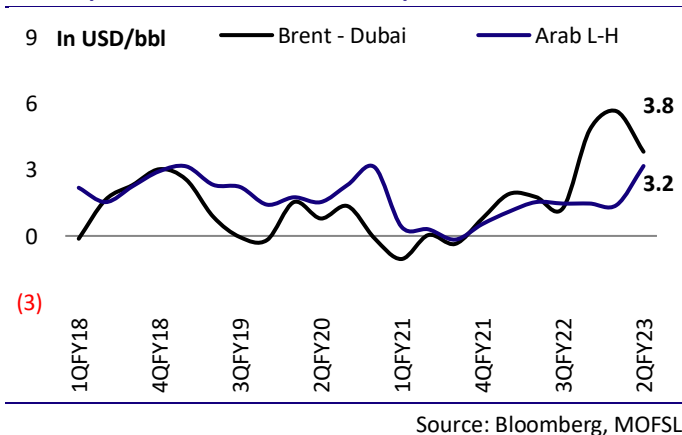


Exhibit 10: Spreads over Naphtha for PE, PP, and PVC decline QoQ

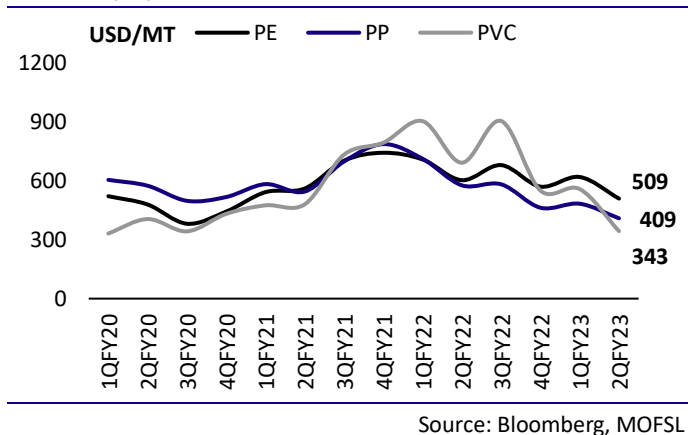
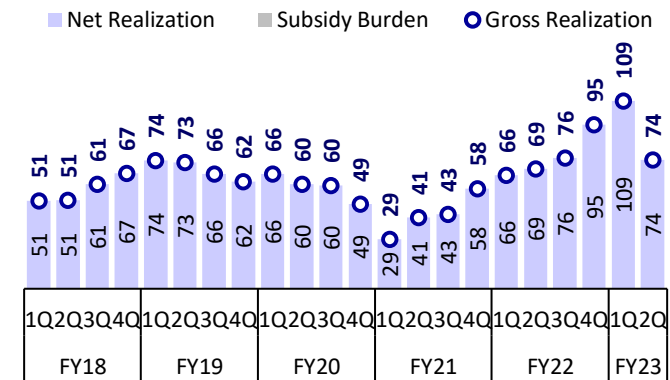
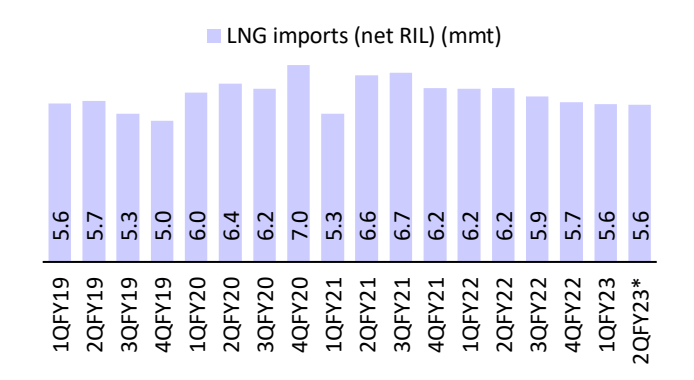


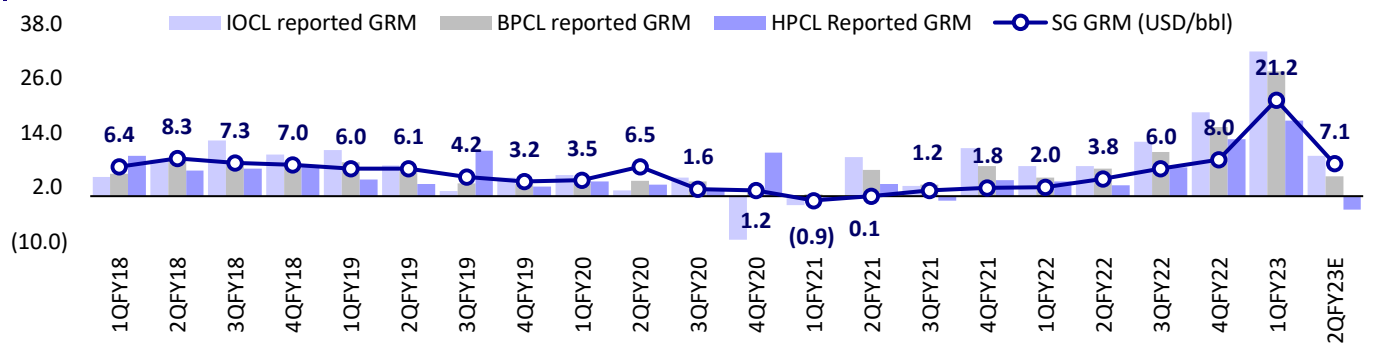
Exhibit 11: Expect realization net of windfall tax at USD74/bbl for ONGC in 2QFY23

Source: Company, MOFSL

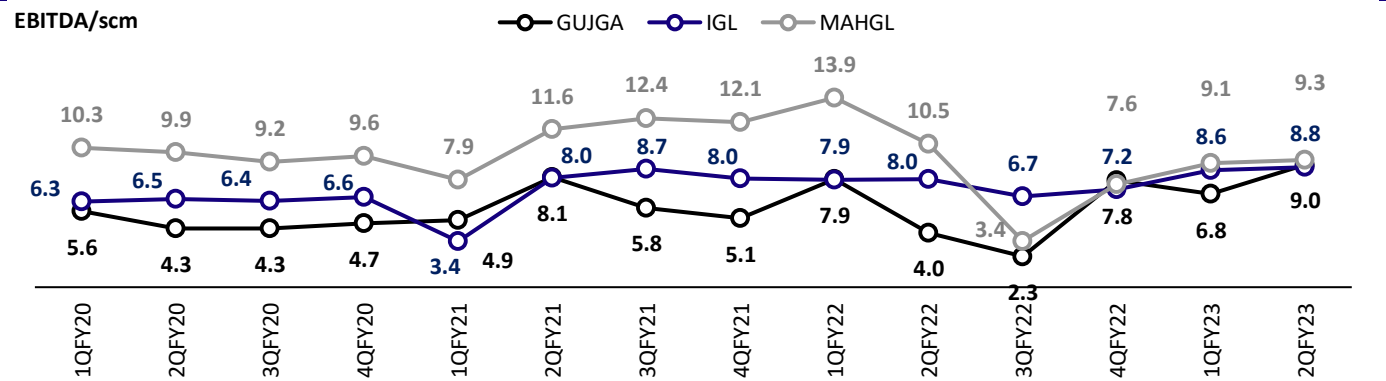
Exhibit 12: Expect LNG imports (mmt) to remain flat QoQ and to drop 10% YoY in 2QFY23

*Sep'22 data extrapolated for 2QFY23E

Source: PPAC, MOFSL

Exhibit 13: GRM snapshot for OMCs (USD/bbl)

Source: MOFSL, Company

Exhibit 14: EBITDA/scm snapshot for CGDs (INR)

Source: MOFSL, Company

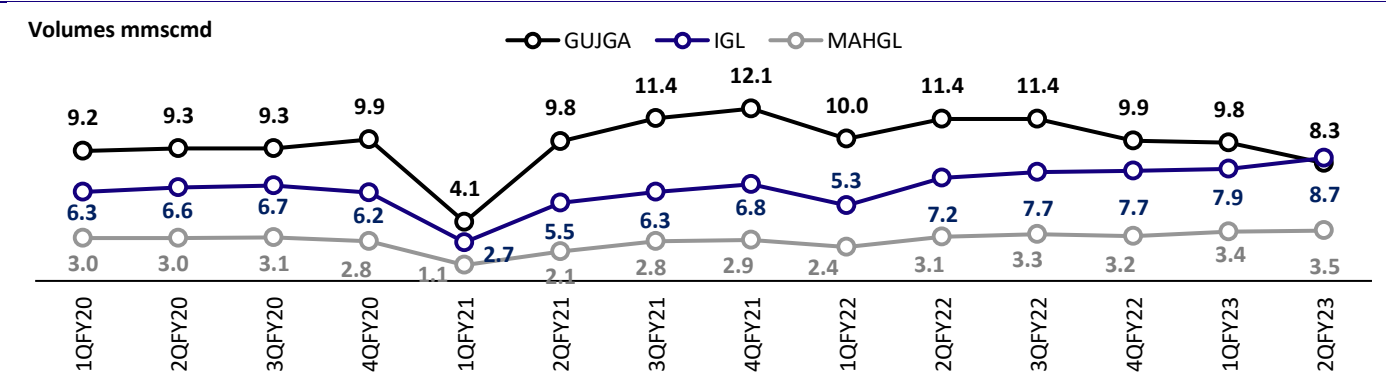
Exhibit 15: Volume snapshot for CGDs (mmscmd)

Exhibit 16: Comparative valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Oil & Gas						11.7	14.7	9.6	1.5	1.4	1.3	12.8	9.6	13.4
Aegis Logistics	264	Neutral	10.7	13.3	14.4	24.7	19.9	18.4	4.0	3.5	3.1	17.4	18.8	17.7
BPCL	309	Neutral	52.0	-38.9	41.0	5.9	-7.9	7.5	1.2	1.5	1.3	20.6	-17.0	18.5
Castrol India	112	Buy	7.7	9.5	10.3	14.6	11.8	10.9	6.7	5.8	5.0	49.6	53.0	49.5
GAIL	85	Buy	15.4	12.6	13.5	5.5	6.7	6.3	1.0	0.9	0.8	20.0	14.3	14.0
Gujarat Gas	493	Buy	18.8	21.1	20.8	26.2	23.4	23.7	6.1	4.9	4.2	25.8	23.3	19.0
Gujarat State Petronet	227	Buy	17.4	14.7	20.3	13.1	15.4	11.2	1.5	1.4	1.3	12.2	9.4	11.8
HPCL	216	Neutral	47.9	-97.4	42.2	4.5	-2.2	5.1	0.8	1.2	1.1	18.4	-43.7	22.4
Indraprastha Gas	386	Neutral	18.8	19.8	20.2	20.5	19.5	19.1	3.9	3.4	3.0	26.2	18.7	16.8
IOC	67	Buy	9.3	-0.7	5.9	7.1	-95.2	11.3	1.4	1.6	1.8	21.0	-1.6	15.0
Mahanagar Gas	802	Buy	60.4	67.6	73.2	13.3	11.9	11.0	2.2	2.0	1.8	17.5	17.6	17.2
MRPL	60	Neutral	8.2	15.8	4.2	7.3	3.8	14.3	3.0	2.1	1.9	52.0	65.3	14.1
Oil India	180	Buy	34.4	55.8	63.6	5.2	3.2	2.8	0.7	0.6	0.5	13.9	19.9	20.1
ONGC	132	Buy	39.9	50.9	63.7	3.3	2.6	2.1	0.7	0.6	0.5	21.3	23.4	25.2
Petronet LNG	199	Buy	22.3	18.9	26.1	8.9	10.5	7.6	2.2	2.0	1.8	26.7	20.1	24.8
Reliance Inds.	2,374	Buy	86.4	108.0	114.2	27.5	22.0	20.8	2.0	1.8	1.7	7.9	9.0	8.8

Source: MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aegis Logistics

Neutral
CMP: INR264 | TP: INR264 (+0%)
EPS CHANGE (%): FY23|24: 0|0

- Expect normalized EBITDA to grow once the pent-up demand is there
- Watch out for commissioning of the bottling plant at Pipavav and updates on the new station in the Auto Gas segment.
- Recovery in volumes from the in Haldia terminal is a key monitorable after the exit of BPCL.
- Commissioning of Kandla LPG terminal and further updates on AGIS-Vopak JV remain key.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	6,781	6,352	12,141	21,036	22,355	21,833	22,052	21,093	46,310	87,333
YoY Change (%)	6.5	-2.3	-21.4	108.0	229.7	243.7	81.6	0.3	20.5	88.6
EBITDA	1,051	1,372	1,490	1,431	1,466	1,515	1,757	1,859	5,344	6,596
Margin (%)	15.5	21.6	12.3	6.8	6.6	6.9	8.0	8.8	11.5	7.6
Depreciation	187	189	206	211	289	293	305	309	794	1,196
Interest	41	36	44	98	103	105	106	107	218	421
Other Income	80	92	81	135	861	144	147	157	387	1,310
PBT	903	1,239	1,321	1,257	1,314	1,260	1,494	1,600	4,720	5,668
Tax	181	226	228	236	240	318	376	495	871	1,428
Rate (%)	20.1	18.2	17.3	18.7	18.2	25.2	25.2	30.9	18.4	25.2
MI & P/L of Asso. Cos.	56	69	75	74	41	41	41	151	274	274
Reported PAT	666	944	1,018	947	1,034	902	1,076	954	3,575	3,966
YoY Change (%)	123.3	65.7	43.0	44.8	131.4	-4.5	5.8	0.7	60.1	23.9
Margins (%)	9.8	14.9	8.4	4.5	6.9	4.1	4.9	4.5	7.7	5.1

BPCL

Neutral
CMP: INR309 | TP: INR304 (-2%)
EPS CHANGE (%): FY23|24: -436|+4

- Expect refinery throughput at 10mmt (+39% YoY/+3% QoQ) as utilization ramps up at the Kochi refinery.
- Expect marketing sales volumes of 11mmt (+11% YoY/-6% QoQ), with export sales being flattish YoY.
- Expect reported GRMs at USD4.36/bbl, with blended gross marketing margin at -INR5.2/liter.
- Watch out for the product prices of the company with Brent declining from the highs of last quarter.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	709.2	815.4	1,010.5	1,040.6	1,210.7	950.1	1,050.7	1,006.7	3,576	4,218.1
YoY Change (%)	82.9	62.6	51.4	35.3	70.7	16.5	4.0	-3.3	54	18.0
EBITDA	32.6	44.8	42.9	60.3	-49.4	-89.0	39.6	40.5	181	-58.3
Margins (%)	4.6	5.5	4.2	5.8	-4.1	-9.4	3.8	4.0	5	-1.4
Depreciation	11.4	11.7	11.7	14.9	16.1	16.4	16.2	17.6	50	66.4
Interest	4.9	3.9	4.5	6.5	6.2	6.7	6.8	6.8	20	26.5
Other Income	4.5	5.9	6.8	5.8	4.4	6.8	6.9	8.9	23	26.9
PBT	36.8	36.0	32.8	42.7	-76.9	-112.4	23.4	24.9	148	-141.0
Tax	4.8	9.0	8.2	18.9	-14.0	-28.3	5.9	6.3	41	-30.1
Adj PAT	17.7	26.9	24.6	23.8	-62.9	-84.1	17.5	18.7	93	-110.9
YoY Change (%)	-14.9	15.5	-19.5	-53.4	-456.2	-412.3	-28.9	-21.7	-26	-219.1
Key Assumptions										
Refining throughput (mmt)	6.8	7.2	8.0	8.1	9.7	10.0	10.0	10.0	30.1	39.6
Reported GRM (USD/bbl)	4.1	6.0	9.7	15.3	27.5	4.4	5.5	5.5	10.5	10.6
Marketing sales volume exclud exports (mmt)	9.6	9.9	11.2	11.8	11.8	11.0	11.6	12.3	42.5	46.6
Marketing GM incld inv (INR/litre)	5.8	6.1	4.1	4.6	-9.1	-5.2	4.2	4.2	5.1	-1.5

Castrol (India)**Buy****CMP: INR112 | TP: INR134 (+20%)****EPS CHANGE (%): CY22|23: 0|0**

- Expect volumes at 55m liters (+10% YoY/-2% QoQ).
- Expect EBITDA margin to expand YoY on account of higher realization and higher volumes.
- Expect realization at ~INR212/liter (-1% YoY/-4% QoQ).
- Operating margin expansion, product launches, and OEM tie-ups remain key.

Quarterly Performance

Y/E December	CY21				CY22E				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volume (m litres)	61.0	45.0	50.0	51.5	59.0	56.0	55.0	58.3	208	228
Realization	187	198	215	212	209	222	212	205	202	212
Net Sales	11,387	8,896	10,732	10,906	12,357	12,417	11,667	11,977	41,921	48,419
YoY Change (%)	65.5	81.3	21.5	16.6	8.5	39.6	8.7	9.8	39.9	15.5
EBITDA	3,401	1,975	2,625	2,659	3,172	2,861	3,101	3,826	10,660	12,959
YoY Change (%)	96.6	107.2	-8.9	3.2	-6.7	44.9	18.1	43.9	30.9	21.6
Margins (%)	29.9	22.2	24.5	24.4	25.7	23.0	26.6	31.9	25.4	26.8
Depreciation	215	199	204	209	202	196	213	252	827	862
Interest	6	7	6	5	7	5	3	9	24	24
Other Income	143	133	84	124	150	137	90	143	484	520
PBT before EO expense	3,323	1,902	2,499	2,569	3,113	2,797	2,975	3,708	10,293	12,593
PBT	3,323	1,902	2,499	2,569	3,113	2,797	2,975	3,708	10,293	12,593
Tax	887	502	640	683	829	735	750	860	2,712	3,173
Rate (%)	26.7	26.4	25.6	26.6	26.6	26.3	25.2	23.2	26.3	25.2
PAT	2,436	1,400	1,859	1,886	2,284	2,063	2,225	2,848	7,581	9,420
YoY Change (%)	94.6	114.1	-9.1	0.5	-6.2	47.3	19.7	51.0	30.1	24.3

GAIL**Buy****CMP: INR85 | TP: INR122 (+43%)****EPS CHANGE (%): FY23|24: -24|+3**

- Expect transmission volumes of 107mmscmd (+2% YoY/+2% QoQ), with EBITDA/scm at -2% YoY and +21% QoQ.
- Expect petchem volumes of ~39kmt, with realizations of -3% YoY and -25% QoQ
- A recovery in demand from Power, Refining, and Petchem sectors to drive growth post-normalization of spot LNG prices in FY23.
- Key monitorable: the commissioning status of the petchem plants in PATA and Usar.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,73,866	2,15,153	2,57,756	2,69,682	3,75,721	3,56,979	4,44,847	7,22,148	9,16,457	18,99,695
Change (%)	43.8	57.7	66.8	73.4	116.1	65.9	72.6	167.8	61.5	107.3
EBITDA	24,113	34,751	42,281	37,145	43,657	19,434	23,858	27,164	1,38,290	1,14,114
% of Net Sales	13.9	16.2	16.4	13.8	11.6	5.4	5.4	3.8	15.1	6.0
Depreciation	5,086	5,244	5,322	5,461	6,030	6,030	6,030	3,289	21,112	21,378
Interest	466	424	394	461	481	422	392	441	1,744	1,737
Other Income	1,976	7,740	6,518	4,235	1,798	7,904	6,656	5,135	20,469	21,492
PBT	20,537	36,823	43,084	35,459	38,944	20,886	24,092	28,569	1,35,903	1,12,491
Tax	5,238	8,194	10,204	8,628	9,792	5,342	6,162	7,018	32,263	28,314
Rate (%)	25.5	22.3	23.7	24.3	25.1	25.6	25.6	24.6	23.7	25.2
PAT	15,299	28,630	32,880	26,831	29,152	15,544	17,930	21,551	1,03,640	84,177
Change (%)	498.8	130.9	121.1	40.6	90.5	-45.7	-45.5	-19.7	111.9	-18.8
Extraord.: Tax Prov. Write Back	0	0	0	776	0	0	0	0	776	0
Adj PAT	15,299	28,630	32,880	26,055	29,152	15,544	17,930	21,551	1,02,864	84,177
Change (%)	498.8	130.9	127.3	33.3	90.5	-45.7	-45.5	-17.3	110.1	-18.2

Gujarat Gas

Buy

CMP: INR493 | TP: INR584 (+18%)

EPS CHANGE (%): FY23|24: +6|-7

- Expect volumes of 8.3mmscmd (-27% YoY/-15% QoQ) as Morbi units were shut down for a month
- Normalization in spot LNG prices after 3QFY23 remains a key near-term monitorable.
- Expect EBITDA margin at INR9.0/scm (-31% YoY, -30% QoQ).
- Growth in CNG and commissioning of gas supply in newer Gas remains crucial for volume growth.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	30,109	36,249	51,444	46,694	51,701	42,278	47,458	50,221	1,64,562	1,91,657
YoY Change (%)	178.0	44.2	81.6	36.0	71.7	16.6	-7.7	7.6	66.8	16.5
EBITDA	7,229	4,190	2,375	6,974	6,066	6,848	4,889	5,344	20,763	23,148
Margin (%)	24.0	11.6	4.6	14.9	11.7	16.2	10.3	10.6	12.6	12.1
Depreciation	905	947	969	1,021	1,032	1,095	1,100	1,057	3,849	4,284
Interest	159	124	140	145	136	96	98	51	568	381
Other Income	213	178	353	176	190	250	251	241	907	933
PBT	6,377	3,297	1,619	5,867	5,089	5,907	3,942	4,478	17,134	19,415
Tax	1,616	843	400	1,424	1,278	1,489	993	1,127	4,278	4,887
Rate (%)	25.3	25.6	24.7	24.3	25.1	25.2	25.2	25.2	25.0	25.2
Reported PAT	4,762	2,454	1,219	4,443	3,811	4,418	2,949	3,350	12,856	14,529
Adj. PAT	4,762	2,454	1,219	4,533	3,811	4,418	2,949	3,350	12,946	14,529
YoY Change (%)	711.7	-48.3	-68.8	30.5	-20.0	80.0	141.8	-26.1	2.1	12.2
Total volume (mmscmd)	10.0	11.4	11.4	9.9	9.8	8.3	9.3	10.3	10.7	9.4
CNG	1.5	2.0	2.2	2.2	2.4	2.5	2.7	2.8	2.0	2.6
PNG – Industrial/Commercial	7.9	8.8	8.6	6.8	6.8	5.2	6.1	7.0	8.0	6.2
PNG – Households	0.6	0.6	0.7	0.8	0.6	0.6	0.6	0.6	0.7	0.6
EBITDA (INR/scm)	7.9	4.0	2.3	7.8	6.8	9.0	5.7	5.7	5.5	6.8

Gujarat State Petronet

Buy

CMP: INR227 | TP: INR319 (+40%)

EPS CHANGE (%): FY23|24: 0|0

- Expect transmission volumes of ~27mmscmd (-28% YoY/-8% QoQ) on account of higher spot LNG prices.
- Implied tariff is likely to increase 21% YoY led by revised tariff rates.
- While higher spot LNG prices would impact the volumes in near term, spot LNG prices are expected to taper off in the longer term, which would increase the volumes.
- Commissioning of Phase II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain key.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	4,397	4,474	3,991	3,730	4,200	3,783	3,353	3,785	16,591	15,121
YoY Change (%)	9.1	-3.4	-13.1	-5.3	-4.5	-15.4	-16.0	1.5	-3.5	-8.9
EBITDA	3,744	3,806	3,365	3,062	3,602	3,159	2,748	3,154	13,976	12,663
YoY Change (%)	8.2	0.0	-15.5	-11.1	-3.8	-17.0	-18.3	3.0	-4.9	-9.4
Margins (%)	85.2	85.1	84.3	82.1	85.8	83.5	81.9	83.3	84.2	83.7
Depreciation	481	491	494	494	479	523	527	560	1,960	2,089
Interest	140	86	53	34	14	18	11	22	313	66
Other Income	38	904	39	64	40	151	159	255	1,045	605
PBT before EO expense	3,161	4,133	2,856	2,598	3,149	2,769	2,369	2,827	12,748	11,113
Extra-Ord expense	14	0	0	0	0	0	0	0	14	0
PBT	3,148	4,133	2,856	2,598	3,149	2,769	2,369	2,827	12,735	11,113
Tax	828	829	723	577	794	697	596	717	2,958	2,800
Rate (%)	26.3	20.1	25.3	22.2	25.2	25.2	25.2	25.4	23.2	25.2
Reported PAT	2,319	3,304	2,133	2,020	2,355	2,072	1,773	2,110	9,777	8,313
YoY Change (%)	16.8	21.9	-13.8	-2.8	1.1	-37.3	-16.9	4.4	5.7	-15.1
Margins (%)	53.0	73.8	53.5	54.2	56.1	54.8	52.9	55.7	59.0	55.0
Key Operating Parameters										
Transmission Volume (mmscmd)	36.8	37.5	31.9	29.3	29.5	27.0	30.0	33.6	33.9	30.0
Implied Tariff (INR/mscm)	1,282	1,260	1,343	1,394	1,523	1,523	1,215	1,139	1,314	1,350

HPCL**Neutral****CMP: INR216 | TP: INR203 (-6%)****EPS CHANGE (%): FY23|24: +231|-4**

- Expect refining throughput at 4.8mmt (+91% YoY/+1% QoQ) as HPCL ramps-up its utilization rate post-completion of its Mumbai refinery expansion.
- Expect marketing sales volumes at 10.1mmt (+11% YoY), led by strong MS and HSD demand.
- Expect reported GRM at -USD3/bbl, with gross marketing margin at -INR5.2/liter.
- Higher capex (resulting in ballooning debt) and execution risk at the Visakhapatnam refinery remain huge concerns.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	724.4	830.6	966.0	975.7	1,144.5	953.8	1,079.2	955.5	3,496.8	4,133.0
YoY Change (%)	92.1	60.4	40.7	30.4	58.0	14.8	11.7	-2.1	50.1	18.2
EBITDA	32.6	30.1	18.7	21.9	-115.5	-105.3	30.3	30.2	103.3	-160.2
Margins (%)	4.5	3.6	1.9	2.2	-10.1	-11.0	2.8	3.2	3.0	-3.9
Depreciation	9.1	9.5	10.2	10.8	10.9	11.4	11.6	11.4	39.7	45.3
Forex loss	0.7	-1.1	-1.4	0.9	9.5	7.0	0.0	0.0	-1.0	16.5
Interest	2.5	1.5	2.4	3.3	3.3	3.0	3.0	2.6	9.7	11.9
Other Income	3.7	3.4	4.1	16.0	3.4	5.2	5.3	6.8	27.2	20.6
PBT before EO expense	24.0	23.6	11.6	22.8	-135.8	-121.6	21.0	23.1	82.0	-213.4
PBT	24.0	23.6	11.6	22.8	-135.8	-121.6	21.0	23.1	82.0	-213.4
Tax	6.0	4.4	2.9	4.9	-33.9	-30.6	5.3	5.8	18.2	-53.4
Rate (%)	25.1	18.5	25.1	21.4	24.9	25.2	25.2	25.2	22.2	25.0
Adj PAT	18.0	19.2	8.7	18.0	-102.0	-91.0	15.7	17.3	63.8	-160.0
YoY Change (%)	-36.2	-22.4	-63.1	-40.5	-668.1	-573.0	80.7	-3.9	-40.1	-350.7
Key Assumptions										
Refining throughput (mmt)	2.5	2.5	4.2	4.7	4.8	4.8	5.5	6.9	14.0	22.0
Reported GRM (USD/bbl)	3.3	2.4	6.4	12.5	16.6	-3.0	5.0	5.0	6.2	5.9
Marketing sales volume incl exports (mmt)	8.8	9.1	10.5	10.7	10.7	10.1	10.3	10.0	39.1	10.3
Marketing GM incl inv (INR/litre)	5.8	5.9	3.0	2.7	-9.9	-5.2	4.5	4.5	4.3	-1.5

Indraprastha Gas**Neutral****CMP: INR386 | TP: INR406 (+5%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect total volumes of 8.65mmscmd (+20% YoY / +10% QoQ), led by pent-up demand
- Expect EBITDA/scm to remain flat at INR8.8 as spot LNG price remains high.
- Key monitorable would be increase in sales volumes from new Gas – existing and the newly awarded ones.
- Passing on APM price increase / OMCs demanding higher commissions to sell CNG poses huge risk to IGL's margins.

Quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	12,574	18,312	22,155	24,059	31,939	33,934	30,212	24,930	77,100	1,21,015
Change (%)	96.9	40.3	53.2	55.2	154.0	85.3	36.4	3.6	56.0	57.0
EBITDA	3,809	5,302	4,696	5,005	6,175	7,020	4,603	2,748	18,811	20,546
EBITDA (INR/scm)	7.9	8.0	6.7	7.2	8.6	8.8	6.5	4.5	7.4	7.2
Change (%)	356.4	30.2	-6.2	1.8	62.1	32.4	-2.0	-45.1	26.8	9.2
Depreciation	778	805	835	753	857	889	898	877	3,171	3,520
Interest	29	26	28	49	24	31	33	31	132	119
Other Income	298	775	304	774	307	408	412	488	2,150	1,616
PBT before EO	3,299	5,246	4,137	4,977	5,602	6,508	4,085	2,328	17,659	18,523
Tax	857	1,241	1,051	1,361	1,394	1,638	1,028	618	4,509	4,668
Rate (%)	26.0	23.6	25.4	27.3	24.9	25.2	25.2	26.5	136.7	89.0
PAT	2,443	4,005	3,085	3,616	4,209	4,870	3,057	1,710	13,150	13,855
PAT (INR/scm)	5.0	6.0	4.4	5.2	5.9	6.1	4.3	2.8	5.2	4.8
Change (%)	667.2	30.1	-7.9	9.2	72.3	21.6	-0.9	-52.7	30.8	5.4
Gas volumes (mmscmd)										
CNG	3.65	5.30	5.63	5.66	5.93	6.46	5.52	4.33	5.06	5.56
PNG	1.67	1.94	2.02	2.09	1.96	2.19	2.19	2.51	1.93	2.21
Total	5.32	7.24	7.66	7.74	7.89	8.65	7.71	6.84	6.99	7.77

IOC

Buy

CMP: INR67 | TP: INR82 (+23%)

EPS CHANGE (%): FY23|24: -116|+4

- Expect refinery throughput of ~17mmt (+11% YoY / -10% QoQ)
- Petchem segment to be subdued as well as PE/PP cracks remain weak on a sequential basis
- Expect reported GRM at USD8.9/bbl, with gross marketing margin at -INR4.9/liter
- Refining margins to aid IOCL the most among peers; valuation also the most attractive

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,187	1,354	1,668	1,773	2,243	1,806	2,183	2,259	5,982	8,492
YoY Change (%)	90.2	58.2	56.8	43.3	89.0	33.4	30.9	27.4	58.2	42.0
EBITDA	111.3	106.3	98.6	116.3	13.6	(90.2)	82.3	83.3	432	89
Margins (%)	9.4	7.8	5.9	6.6	0.6	(5.0)	3.8	3.7	7.2	1.0
Depreciation	26.3	27.1	27.8	28.9	28.5	29.7	30.0	29.4	110	118
Interest	12.6	9.9	9.8	16.1	17.2	13.4	14.0	4.1	48	49
Other Income	5.6	14.3	13.8	9.5	6.8	15.4	12.6	21.1	43	56
PBT before EO expense	78.0	83.7	74.8	80.8	-25.3	-118.0	50.9	70.8	317	(22)
PBT	78.0	83.7	74.8	80.8	-25.3	-118.0	50.9	70.8	317	(22)
Rate (%)	23.8	24.0	21.6	25.5	21.2	25.2	25.2	25.2	24	21
Adj PAT	59.4	63.6	58.6	60.2	-19.9	-88.3	38.1	53.0	242	(17)
YoY Change (%)	210.9	2.1	19.2	-31.4	PL	-238.8	(35.1)	(12.0)	11	(107)
Margins (%)	5.0	4.7	3.5	3.4	-0.9	-4.9	1.7	2.3	4.0	(0.2)
Key Assumptions										
Refining throughput (mmt)	16.7	15.3	17.4	18.3	18.9	17.0	18.0	18.0	67.7	71.9
Reported GRM	6.6	6.6	12.0	18.5	31.8	8.9	5.0	5.0	10.9	12.7
Domestic sale of refined products (mmt)	17.2	17.2	19.2	20.1	21.3	19.1	20.0	20.9	73.7	81.3
Marketing GM incld inv per litre (INR/litre)	6.2	7.0	3.4	2.3	-7.7	-4.9	4.3	4.3	4.7	(1.0)

Mahanagar Gas

Buy

CMP: INR802 | TP: INR951 (+19%)

EPS CHANGE (%): FY23|24: -1|0

- Expect a volume growth of 13% YoY (+3% QoQ) to 3.5mmscmd, with CNG volumes up 15% YoY and flat QoQ.
- APM price revision and demand for higher commissions to sell CNG by OMCs raise concerns on current high margin.
- Expect EBITDA margin/scm of INR9.3 (-11% YoY/+3% QoQ).
- The addition of MRUs, which could be a game changer for the company, is a key monitorable.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	
Net Sales	6,155	8,301	10,278	10,868	14,548	14,883	14,499	12,464	56,393
YoY Change (%)	135.1	63.8	54.2	51.4	136.4	79.3	41.1	14.7	58.4
EBITDA	3,040	3,018	1,031	2,155	2,856	3,041	2,836	1,758	10,491
EBITDA/SCM	13.9	10.5	3.4	7.6	9.1	9.3	8.9	6.3	8.5
Margins (%)	49.4	36.4	10.0	19.8	19.6	20.4	19.6	14.1	18.6
Depreciation	453	473	482	555	537	572	578	579	2,266
Interest	17	20	15	23	23	22	23	15	83
Other Income	186	226	218	227	200	199	201	187	786
PBT	2,756	2,751	752	1,804	2,496	2,646	2,436	1,351	8,929
Tax	716	708	184	486	644	666	613	324	2,247
Rate (%)	26.0	25.7	24.5	26.9	25.8	25.2	25.2	24.0	25.2
Reported PAT	2,041	2,043	568	1,318	1,852	1,980	1,823	1,026	6,681
YoY Change (%)	351.0	41.5	-73.9	-38.1	-9.3	-3.1	221.0	-22.1	11.9
Margins (%)	33.2	24.6	5.5	12.1	12.7	13.3	12.6	8.2	11.8
Sales Volumes (mmscmd)									
CNG	1.6	2.2	2.4	2.3	2.5	2.6	2.5	2.2	2.4
PNG - Domestic	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PNG - Industrial/ Commercial	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.5
PNG - Total	0.8	0.9	0.9	0.9	0.9	1.0	1.0	0.9	0.9
Total Volumes	2.4	3.1	3.3	3.2	3.4	3.5	3.4	3.1	3.4

MRPL**Neutral****CMP: INR60 | TP: INR68 (+12%)****EPS CHANGE (%): FY23|24: -2 |+17**

- Expect refinery throughput of ~3.22mmt (flat YoY/-25% QoQ).
- Watch out for its Phase IV expansion plans, which may further weaken the Balance Sheet.
- Expect reported GRM at USD5.2/bbl, taking inventory losses into account and a decline in SG GRM.

Standalone - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,12,981	1,32,433	2,04,089	2,48,038	3,22,897	1,95,169	2,30,988	2,39,108	6,97,271	9,88,162
YoY Change (%)	152.6	114.2	156.7	82.6	185.8	47.4	13.2	-3.6	118.2	41.7
EBITDA	3,660	-764	17,172	29,410	47,140	10,349	13,469	13,165	49,306	84,122
Margin (%)	3.2	-0.6	8.4	11.9	14.6	5.3	5.8	5.5	7.1	8.5
Depreciation	2,131	2,124	2,895	2,205	2,956	3,245	3,277	3,374	10,877	12,853
Forex loss	1,085	-556	0	0	0	0	0	0	0	0
Interest	1,983	1,790	2,360	3,940	3,022	2,955	2,984	2,742	12,073	11,702
Other Income	210	227	430	265	367	59	60	-252	983	234
PBT before EO expense	-1,329	-3,896	12,347	23,530	41,530	4,208	7,267	6,797	27,338	59,801
PBT	-1,329	-3,896	12,347	23,230	41,530	4,208	7,267	6,797	27,038	59,801
Tax	-466	-1,470	6,484	-6,852	14,454	1,059	1,829	1,711	-2,469	19,053
Rate (%)	35.1	37.7	52.5	-29.5	34.8	25.2	25.2	25.2	-9.1	31.9
Reported PAT	-863	-2,425	5,864	30,082	27,075	3,149	5,438	5,086	29,582	40,748
YoY Change (%)	-83.5	-776.7	-875.6	1,039.0	-3,237.3	-229.8	-7.3	-83.3	-492.9	36.2
Margin (%)	-0.8	-1.8	2.9	12.3	8.4	1.6	2.4	2.1	4.3	4.1
Key Assumptions										
Refining throughput (mmt)	3.1	3.2	4.4	4.4	4.3	3.2	3.9	4.3	15.0	15.7
Reported GRM (USD/bbl)	4.5	2.2	9.3	15.7	24.5	5.2	6.0	6.0	7.9	10.4

Oil India**Buy****CMP: INR180 | TP: INR243 (+35%)****EPS CHANGE (%): FY23|24: +9|+6**

- Oil realization to decline ~35% YoY and remain flattish QoQ, in line with the movement in crude oil prices.
- Expect oil volumes at 0.78mmt (+5% YoY/+2% QoQ) and gas sales of 0.62bcm (-7% YoY/-5% QoQ).
- Increase in production at the Baghjan field is a key monitorable over the medium term.
- OINL has taken significant provisions in the US Shale assets in FY21, which will make provisions in Mozambique and Russia blocks in future.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	30,037	33,112	37,367	44,786	59,676	44,554#	37,587	50,373	1,45,302	1,92,189
Change (%)	72.2	52.7	75.8	73.6	98.7	34.6	0.6	12.5	68.6	32.3
EBITDA	12,298	9,134	12,672	19,585	26,364	21,828	17,788	28,491	53,689	94,471
% of Net Sales	40.9	27.6	33.9	43.7	44.2	49.0	47.3	56.6	37.0	49.2
Change (%)	523.6	23.9	-1,450.8	361.1	114.4	139.0	40.4	45.5	324.3	76.0
D,D&A	3,975	4,202	4,678	2,113	3,868	4,057	4,798	5,340	14,968	18,063
Interest	2,221	1,870	1,748	1,993	2,042	1,591	1,487	1,543	7,831	6,662
OI (incl. Oper. other inc)	671	3,676	9,685	4,943	623	3,684	3,721	6,563	18,975	14,591
PBT before exceptional	6,774	6,738	15,932	20,421	21,077	19,864	15,224	28,171	49,865	84,336
PBT after exceptional	6,774	6,738	15,932	20,421	21,077	19,864	15,224	28,171	49,865	84,336
Tax	1,694	1,693	3,483	4,121	5,522	5,000	3,832	6,874	10,992	21,227
Rate (%)	25.0	25.1	21.9	20.2	26.2	25.2	25.2	24.4	22.0	25.2
PAT	5,079	5,045	12,449	16,300	15,555	14,865	11,392	21,298	38,873	63,109
Change (%)	-304.3	111.1	37.8	92.3	206.2	194.7	-8.5	30.7	123.2	62.3
Adj. PAT	5,079	5,045	12,449	16,300	15,555	14,865	11,392	21,298	38,873	63,109
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.72	0.74	0.73	0.73	0.76	0.78	0.77	0.76	2.92	3.07
Gas sales (bcm)	0.61	0.67	0.63	0.56	0.59	0.62	0.62	0.58	2.47	2.42
Net Oil Realization	67.2	71.4	78.6	98.1	112.7	73.2#	53.9	88.7	78.8	82.1

Net of windfall tax

ONGC**Buy****CMP: INR132 | TP: INR186 (+40%)****EPS CHANGE (%): FY23|24: +11|+8**

- Expect net realizations to grow ~7% YoY but decrease ~31% QoQ, in line with movement in crude oil prices.
- Gas production from the KG Basin remains crucial. Any further delays could dampen near-term sentiment.
- Expect 1% YoY and 2% QoQ lower oil sales, with gas sales up 4% QoQ.
- Outlook for various field developments remain key for volume growth going forward.

Standalone - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	230.2	243.5	284.7	345.0	423.2	334.1#	333.1	440.3	1,103.5	1,530.7
YoY Change (%)	76.9	44.0	67.3	62.8	83.8	37.2	17.0	27.6	61.9	38.7
EBITDA	121.5	132.3	159.7	185.9	259.3	193.6	201.3	274.7	599.4	928.9
Margin (%)	52.8	54.3	56.1	53.9	61.3	58.0	60.4	62.4	54.3	60.7
Depreciation	53.2	46.4	54.6	76.4	57.1	61.5	66.7	73.7	230.5	259.0
Interest	6.2	5.8	5.8	5.8	6.4	6.6	6.5	6.4	23.6	25.9
Other Income	5.3	31.5	14.9	13.4	7.6	11.4	11.5	14.6	65.2	45.0
PBT before EO expense	67.5	111.5	114.2	117.1	203.4	136.8	139.5	209.2	410.4	689.0
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	67.5	111.5	114.2	117.1	203.4	136.8	139.5	209.2	410.4	689.0
Tax	24.2	-72.0	26.6	28.5	51.4	34.4	35.1	52.7	7.3	173.6
Rate (%)	35.8	-64.5	23.3	24.4	25.3	25.2	25.2	25.2	1.8	25.2
Reported PAT	43.3	183.5	87.6	88.6	152.1	102.4	104.4	156.5	403.1	515.4
Adj PAT	43.3	85.0	87.6	88.6	152.1	102.4	104.4	156.5	403.1	515.4
YoY Change (%)	774.0	133.4	596.6	86.0	250.8	20.5	19.1	76.7	291.2	27.9
Margin (%)	18.8	34.9	30.8	25.7	35.9	30.7	31.3	35.6	36.5	33.7
Key Assumptions (USD/bbl)										
Net Oil Realization	65.6	69.4	75.7	95.0	108.5	74.4#	55.2	89.9	76.4	82.0
Crude Oil Sold (mmt)	5.1	5.0	5.1	5.1	5.0	4.9	5.2	5.2	20.3	20.3
Gas Sold (bcm)	4.1	4.3	4.3	4.1	4.1	4.3	4.2	4.2	16.8	16.9
VAP Sold (tmt)	784	777	724	772	671	794	794	794	3,057	3,052

Net of windfall tax

Petronet LNG**Buy****CMP: INR199 | TP: INR298 (+50%)****EPS CHANGE (%): FY23|24: 0|0**

- We model in Dahej/Kochi utilization at 89%/19%.
- Higher spot LNG prices (are dampening demand) is a key near-term monitorable.
- Expect total PLNG volumes to decline 13% YoY (flattish QoQ).
- Ramp-up at Kochi terminal and total volume guidance remains key.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	85,979	1,08,131	1,25,972	1,11,604	1,42,638	1,48,720	1,20,868	1,11,220	4,31,686	5,23,447
YoY Change (%)	76.1	73.4	71.9	47.3	65.9	37.5	-4.1	-0.3	65.9	21.3
EBITDA	10,543	12,969	17,322	11,691	10,644	10,431	11,337	12,128	52,523	44,540
Margins (%)	12.3	12.0	13.8	10.5	7.5	7.0	9.4	10.9	12.2	8.5
Depreciation	1,916	1,936	1,936	1,896	1,912	2,032	2,052	2,051	7,685	8,047
Interest	800	794	776	803	779	861	869	900	3,173	3,409
Other Income	685	816	719	852	1,418	1,241	1,229	979	3,073	4,866
PBT	8,512	11,055	15,328	9,844	9,371	8,779	9,644	10,156	44,738	37,950
Tax	2,155	2,825	3,893	2,342	2,362	2,212	2,430	2,141	11,215	9,563
Rate (%)	25.3	25.6	25.4	23.8	25.2	25.2	25.2	21.1	25.1	25.2
Reported PAT	6,357	8,230	11,435	7,501	7,009	6,567	7,214	8,015	33,524	28,387
Adj PAT	6,357	8,230	11,435	7,501	7,009	6,567	7,214	8,015	33,524	28,387
YoY Change (%)	22.2	-11.2	30.2	20.3	10.3	-20.2	-36.9	6.9	13.7	-15.3
Margins (%)	7.4	7.6	9.1	6.7	4.9	4.4	6.0	7.2	7.8	5.4
Key Assumptions										
Total Volumes (TBtu)	209.0	240.0	208.0	190.0	208.0	208.0	223.5	214.8	847.0	854.3
Dahej utilization (%)	88%	102%	89%	80%	89%	89%	95%	88%	90%	90%
Kochi utilization (%)	24%	24%	19%	19%	19%	19%	23%	31%	21%	23%

Reliance Industries

Buy
CMP: INR2374 | TP: INR2,814 (+19%)
EPS CHANGE (%): FY23|24: -16| -10

- Expect consolidated EBITDA at INR299b (+15% YoY/-21% QoQ), driven primarily by growth in the O2C segment.
- Expect production meant for sale at 14mmt (-17% YoY). Expect EBITDA/mt at USD56 (-31% QoQ).
- Expect EBITDA at INR126b (+2% YoY/-43% QoQ) for the O2C segment.
- Further clarity on INR750b announcements in the new energy business, growth in Retail store additions, and any further pricing action in Telecom are key monitorables.

Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,399	1,676	1,850	2,074	2,193	1,882	2,112	2,083	7,000	8,269
YoY Change (%)	58.6	50.7	57.0	38.6	56.7	12.3	14.1	0.4	49.9	18.1
EBITDA	234	260	297	314	380	299	352	369	1,105	1,400
Margins (%)	16.7	15.5	16.1	15.1	17.3	15.9	16.7	17.7	15.8	16.9
Depreciation	69	72	77	80	89	87	88	93	298	357
Interest	34	38	38	36	40	41	42	39	146	162
Other Income	42	42	40	25	22	42	42	52	149	158
PBT before EO expense	173	192	223	223	273	213	265	288	810	1,039
Extra-Ord expense	0	0	-28	0	0	0	0	0	-28	0
PBT	173	192	251	223	273	213	265	288	839	1,039
Rate (%)	20.0	19.6	18.7	19.7	28.5	25.3	24.7	24.9	19.4	25.9
Minority Interest & P/L of Asso. Cos.	15.7	17.6	18.6	16.7	15.5	16.9	16.9	16.9	68.6	66.2
Reported PAT	123	137	185	162	180	142	182	199	607	704
Adj PAT	123	137	162	162	180	142	182	199	584	731
YoY Change (%)	46.7	43.0	22.9	29.6	46.3	3.9	12.3	23.1	33.8	25.1
Margins (%)	8.8	8.2	8.8	7.8	8.2	7.6	8.6	9.6	8.3	8.8

Real Estate

Company

Brigade Enterpr.

DLF

Godrej Properties

Macrotech Developers

Mahindra Lifespace

Oberoi Realty

Prestige Estates

Sobha

To sustain sales momentum despite seasonality

Expect our Coverage Universe to better the industry's performance

As per Knight Frank, the top eight cities registered an 8% QoQ decline in housing sales in 3QCY22. Rising demand for larger homes led to an increase in the share of units, with a ticket size of over INR10m, to 28% as compared to 22% a year ago. Driven by a growing preference for quality developers, our Coverage Universe is expected to perform better than industry, with pre-sales of INR139b, up 2% QoQ. The strong traction is expected to gain strength with the onset of the festive season, led by the heightened intent of customers to own a home and a healthy launch pipeline from large developers. Property registrations in Mumbai remained steady at 28,250 units, up 16% YoY, but down 10% QoQ, as the spillover effect from Mar'22 sales waned down.

OBER, DLF, and PEPL to witness a sequential growth in pre-sales

LODHA: In recent operational update, company informed that it has achieved bookings of INR31b, up 58% YoY/12% QoQ. As per our checks, the company has launched three new projects in Vikhroli, Malad, and Mahalaxmi, along with four phase launches at its existing projects.

OBER: Since receiving its OC in 1QFY23, the company's ultra-luxurious project 360 West has witnessed an uptick in sales traction. As per media reports, the project saw a sale of three units in 2QFY23. This, coupled with steady demand across other projects, can help the company in reporting pre-sales of INR8.5b, up 3% YoY. Volume can reach 0.5msf in 2QFY23.

DLFU: We expect DLFU to report bookings of INR22b, up 46% YoY and 8% QoQ. Sales in 2QFY23 will be driven by the significantly strong response to launches of three new projects at: a) Panchkula, b) Sector 63, Gurugram, and c) DLF phase V, Gurugram, with a cumulative development potential of 3msf. As per our checks, DLFU has already sold a large part of the 900 units launched across these projects.

GPL: After reporting two back-to-back record quarters in terms of new bookings, GPL's pre-sales in 2QFY23 can decline by 15% QoQ to INR22b. While the launch pipeline for FY23 remains strong, the quantum of launches in 2Q is expected to remain moderate, especially in its core markets of Pune and Bengaluru.

PEPL: While there were no project launches, a strong response to new phase launches at Prestige City, Bengaluru and a tower launch in Mumbai will help the company to report pre-sales of INR32b, up 52% YoY and 6% QoQ.

BRGD: On the back of four project launches at its recently concluded Brigade Expo, it can sustain its bookings run-rate of INR8b in 2QFY23. The management aims to achieve over 20% growth in bookings from launches of 9.5msf in FY23.

SOBHA: We expect SOBHA to report new bookings of INR11.5b, up 12% YoY, led by sustained sales momentum at projects launched in 1QFY23. As per our checks, the company has sold more than 60% inventory in its new project (Sobha Sentosa) in East Bengaluru.

MLIFE: After reporting its best quarterly sales of INR6b in 1QFY23, we expect the sales run-rate to normalize to INR3.5b, up 16% YoY. Launches in 2QFY23 include a smaller project in Pimpri (Pune), along with two more projects in Chennai.

Key things to watch out for during the 2QFY23 call

LODHA: New deal addition in 2QFY23 and incremental insights from head of key business segment.

OBER: Progress on the management's efforts to diversify its presence beyond Mumbai. With the onset of the festive season, we will watch out for the exact timeline for the launch of the project along Pokhran Road in Thane and other projects acquired recently.

DLFU: On the back of healthy growth in bookings, led by a strong response to its launches, the management may revise its FY23 guidance of INR80b. We also await incremental insights on the back to office from key tenants in its Annuity portfolio.

GPL: While the launch pipeline is extremely strong (21msf) for FY23, it has remained moderate in 1HFY23. We will watch out for commentary on how (or rather how much) the pipeline will materialize in 2HFY23

PEPL: We await granular details around its proposed Real Estate fund, which will take care of new project acquisitions, and pre-leasing trends across its ongoing Annuity portfolio.

BRGD: We expect the management to provide visibility on its business development pipeline and launches in 2HFY23 (in order to achieve an over 20% growth in bookings in the current fiscal).

SOBHA: Commentaries around efforts to monetize its existing land bank along with the launch pipeline for 2HFY23.

MLIFE: We await details on the progress of its new business development pipeline and commentary on kick-starting leasing at its Industrial cluster in Ahmedabad.

Near-term uncertainty around interest rate hikes

While the intent to own a home and affordability remains in favor, we expect the managements to touch upon the negative impact of the recent increase in mortgage rates on housing demand and their strategies to mitigate the same. The RBI has so far raised the repo rate by 190bp. As per consensus, we can witness two additional rate hikes over the next few months. We notice that developers like LODHA and GPL are already offering fixed EMI and pre-EMI offers at some of their key projects to attract buyers. With Home loan rates approaching 8.5%, we expect additional measures around mitigating its impact.

LODHA is our top pick, followed by PEPL

While a rising interest rate scenario is likely to have a sentimental impact on the sector in the near term, in a scenario of: 1) higher construction costs and cost of capital, and 2) constrained industry growth, larger developers will further consolidate their market share.

We see re-rating potential in companies which will provide growth visibility on the back of continued business development through robust cash flow potential. We prefer **LODHA** and **PEPL** with TP of INR1,570 and INR675 respectively.

Exhibit 1: Expected financial performance summary

Sector	CMP (INR)	Rating	Revenue (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Sep'22	Variance YoY (%)	QoQ (%)	Sep'22	Variance YoY (%)	QoQ (%)	Sep'22	Variance YoY (%)	QoQ (%)
Brigade Enterprise	517	Buy	8.6	14	-5	2.3	20	-1	0.5	338	-40
DLF	348	Neutral	16.5	12	15	5.8	27	41	6.2	65	33
Godrej Properties	1164	Neutral	2.8	119	16	-0.4	-22	210	1.4	302	230
Macrotech Developers	926	Buy	21.4	1	-20	6.3	-19	-30	3.3	49	22
Mahindra Lifespace	470	Buy	1.2	94	22	-0.2	-327	-35	0.2	-790	-68
Oberoi Realty	911	Buy	9.3	23	2	4.3	14	-13	5.8	116	43
Prestige Estates	456	Buy	18.3	36	-5	4.4	11	-6	1.2	64	-39
Sobha	641	Buy	6.8	-17	16	1.7	-32	-19	0.1	-69	9
Real Estate			84.9	14	-3	24.2	1	-10	18.9	82	21

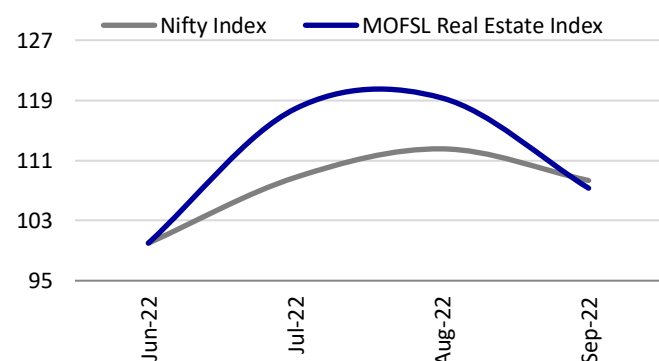
Source: Company, MOFSL

Exhibit 2: Expected operational performance summary

Sector	CMP (INR)	Rating	Pre-sales (INR m)			Volume (MSF)			Collections (INR m)		
			Sep'22	Variance YoY (%)	QoQ (%)	Sep'22	Variance YoY (%)	QoQ (%)	Sep'22	Variance YoY (%)	QoQ (%)
Brigade Enterprise	517	Buy	8.0	-3.6	-1.7	1.3	-3.1	2.8	10.0	6.7	-17.4
DLF	348	Neutral	22	46	8	-	-	-	16	10	49
Godrej Properties	1164	Neutral	22	-15	-13	3.1	-15	8	22	27	22
Macrotech Developers	926	Buy	31	57	12	2.0	9	-11	22	15	-16
Mahindra Lifespace	470	Buy	3.5	16	-42	0.5	39.3	-16.4	3	65	4
Oberoi Realty	911	Buy	9.0	9	18	0.5	2	13	7	22	17
Prestige Estates	456	Buy	32	52	6	3.9	8	6	17	3	-12
Sobha	641	Buy	11.5	11.6	0.4	1.4	3.4	2.5	8.5	17.3	-4.3
Real Estate			139	25	2	13	0	2	101	15	3

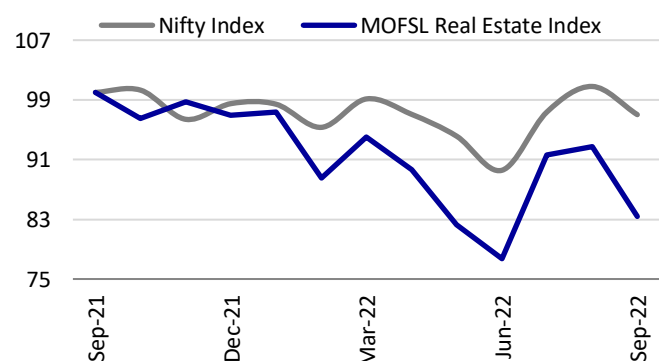
Source: Company, MOFSL

Exhibit 1: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 2: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 3: Operational snapshot of our Real Estate Coverage Universe

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	YoY (%)	QoQ (%)
Sales (INR b)												
Brigade Enterprise	2.5	5.8	9.2	10.2	4.8	8.3	6.8	10.3	8.1	8.0	-3.6	-1.7
DLF	1.5	8.5	10.2	10.6	10.1	15.1	20.2	27.3	20.4	22.0	45.5	7.8
Godrej Properties	15.0	11.0	15.0	26.0	5.0	26.0	15.0	32.0	25.2	22.0	-15.4	-12.7
Macrotech*	5.0	11.0	19.0	25.0	10.0	20.0	26.0	35.0	28.1	31	57	12
Mahindra Lifespace	0.4	1.2	2.0	3.5	1.5	3.0	2.5	3.3	6.0	3.5	15.5	-41.9
Oberoi Realty	0.0	3.0	10.0	20.0	2.0	8.0	20.0	9.0	7.6	9	13	18
Prestige Estates	4.6	11.2	20.3	18.5	7.3	21.1	42.7	32.7	30.1	32.0	51.5	6.2
Sobha	4.9	6.9	8.9	10.7	6.8	10.3	10.5	11.1	11.5	11.5	11.6	0.4
Aggregate Sales (INR b)	33.9	58.6	94.5	124.4	47.6	111.9	143.7	160.6	137.1	139	24	1
Volume (msf)												
Brigade Enterprise	0.4	1.0	1.5	1.7	0.8	1.3	1.1	1.5	1.2	1.3	-3.1	2.8
DLF	0.2	1.2	0.9	0.9	0.8	1.4	1.2	2.4	-	-		
Godrej Properties	2.5	1.7	2.4	4.2	0.8	3.6	2.2	4.2	2.8	3.1	-15.1	8.0
Macrotech	0.6	1.1	1.6	1.8	0.7	1.8	2.4	3.0	2.2	2.0	8.7	-11.1
Mahindra Lifespace	0.1	0.2	0.3	0.5	0.2	0.4	0.3	0.4	0.7	0.5	39.3	-16.4
Oberoi Realty	0.0	0.1	0.5	1.1	0.1	0.4	1.0	0.5	0.4	0.5	13.4	13.0
Prestige Estates	0.7	1.8	3.0	2.8	1.1	3.6	5.6	4.9	3.6	3.9	8.2	6.1
Sobha	0.7	0.9	1.1	1.3	0.9	1.3	1.3	1.3	1.4	1.4	3.4	2.5
Aggregate Volume (msf)	5.1	7.9	11.4	14.3	5.3	13.8	15.1	18.2	12.3	12.5	-9.3	1.8
Collections (INR b)												
Brigade Enterprise	4	5	7	11	7	9	11	13	12	10	6.7	-17.4
DLF	3	5	6	8	6	14	12	13	11	16	14.3	49.3
Godrej Properties	4	7	13	20	13	17	19	29	18	22	29.4	22.2
Macrotech	4	11	15	21	17	19	21	28	26	24	25	-9
Mahindra Lifespace	1	1	3	3	2	2	5	3	3	3	63.7	3.7
Oberoi Realty	1	2	7	6	5	4	10	10	6	7	62.5	16.6
Prestige Estates	7	11	14	18	10	16	24	25	16	17	6.3	6.5
Sobha	3	5	6	7	5	7	8	11	9	9	17.3	-4.3
Aggregate Collections (INR b)	27.1	48.2	71.1	93.6	65.9	87.8	110.4	131.6	99.6	107.7	23	8

*Actual for Macrotech Source: Company, MOFSL

Exhibit 4: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Real Estate						45.6	29.9	20.5	2.9	2.6	2.4	6.3	8.8	11.5
Brigade Enterpr.	518	Buy	14.3	9.7	21.2	36.2	53.3	24.4	3.6	3.4	3.0	11.1	6.6	13.1
DLF	348	Neutral	6.7	15.3	26.1	51.8	22.7	13.3	1.7	1.6	1.5	4.6	7.3	11.5
Godrej Properties	1,165	Neutral	12.6	28.5	51.2	92.3	40.9	22.8	3.7	3.4	3.0	4.1	8.7	14.0
Macrotech Developers	927	Buy	25.0	29.8	45.2	37.1	31.1	20.5	3.7	3.3	2.9	14.4	11.2	15.1
Mahindra Lifespace	471	Buy	1.1	11.2	8.5	423.7	42.1	55.1	4.1	3.7	3.4	1.0	9.2	6.4
Oberoi Realty	911	Buy	28.8	54.2	50.9	31.6	16.8	17.9	3.2	2.7	2.4	10.6	17.3	14.0
Prestige Estates	455	Buy	15.0	15.8	18.6	30.3	28.8	24.5	1.9	1.8	1.6	7.1	6.3	6.9
Sobha	641	Buy	12.1	13.1	36.0	52.8	49.1	17.8	2.5	2.4	2.1	4.7	4.9	12.6

Source: MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Brigade Enterprise

Buy
CMP: INR517 | TP: INR720 (39%)
EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to rise by 14% YoY to INR8.5b in 2QFY23
- New bookings in 2QFY23 can decline by 4% YoY to INR8.5b
- Expect EBITDA to touch INR2.3b, with a margin of 27%

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,828	7,527	9,210	9,423	9,025	8,557	9,503	10,132	29,988	37,216
YoY change (%)	88.3	142.2	42.9	19.1	135.8	13.7	3.2	7.5	53.8	24.1
Total Expenditure	2,715	5,603	6,635	7,371	6,698	6,243	6,875	7,305	22,324	27,121
EBITDA	1,113	1,924	2,575	2,052	2,327	2,314	2,628	2,827	7,663	10,095
Margin (%)	29.1	25.6	28.0	21.8	25.8	27.0	27.7	27.9	25.6	27.1
Depreciation	845	881	871	908	751	950	950	975	3,505	3,626
Interest	1,132	1,128	1,082	1,094	1,061	952	952	901	4,436	3,866
Other Income	87	234	122	224	178	185	185	186	667	734
PBT before EO expense	-777	149	744	274	693	597	910	1,138	389	3,337
Extra-Ord. expense	209	158	0	200	-97	0	0	0	567	-97
PBT	-986	-9	744	74	790	597	910	1,138	-177	3,435
Tax	-117	135	287	192	184	150	229	300	497	864
Rate (%)	11.9	-1,504.4	38.6	257.7	23.3	25.2	25.2	26.4	-280.4	25.2
MI and Profit/Loss of Asso. Cos.	-468	-265	-312	-442	-271	-80	250	612	-1,487	511
Reported PAT	-401	120	768	325	877	526	431	225	812	2,059
Adj. PAT	-216	2,649	768	10	802	526	431	225	3,637	1,986
YoY change (%)	-58.9	-1,650.9	372.6	-34.0	-470.8	-80.1	-43.9	-48.5	51.6	-45.4
Margin (%)	-5.7	35.2	8.3	4.6	8.9	6.2	4.5	2.2	12.1	5.3

DLF

Neutral
CMP: INR348 | TP: INR385 (+11%)
EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to rise by 11% YoY to INR16.5b in 2QFY23
- Expect pre-sales to rise by 46% YoY to INR22b. Expect collections to match the sales run-rate in 2QFY23
- Expect EBITDA margin to improve by 200bp YoY

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	11,395	14,809	15,497	15,473	14,416	16,522	17,210	20,693	57,174	68,841
YoY change (%)	107.7	-8.0	0.4	-9.7	26.5	11.6	11.1	33.7	5.6	20.4
Total Expenditure	7,441	10,226	10,284	11,797	10,280	10,698	11,058	12,770	39,748	44,806
EBITDA	3,954	4,583	5,213	3,675	4,137	5,824	6,153	7,922	17,426	24,036
Margin (%)	34.7	30.9	33.6	23.8	28.7	35.3	35.8	38.3	30.5	34.9
Depreciation	379	373	374	369	373	378	394	398	1,494	1,543
Interest	1,749	1,759	1,455	1,282	1,052	1,013	875	590	6,246	3,530
Other Income	1,027	756	1,372	1,049	747	1,074	1,119	1,536	4,205	4,475
PBT before EO expense	2,853	3,207	4,757	3,073	3,458	5,507	6,003	8,469	13,891	23,437
Extra-Ord. expense	0	0	-2,244	0	0	0	0	0	-2,244	0
PBT	2,853	3,207	7,001	3,073	3,458	5,507	6,003	8,469	16,135	23,437
Tax	828	944	600	838	876	1,386	1,510	2,125	3,210	5,897
Rate (%)	29.0	29.4	8.6	27.3	25.3	25.2	25.2	25.1	33.2	33.2
Minority Interest and Profit/Loss of Asso. Cos.	1,346	1,526	1,883	1,820	2,111	2,117	2,723	2,892	6,567	9,842
Reported PAT	3,371	3,790	8,283	4,055	4,692	6,239	7,215	9,237	19,492	27,382
Adj. PAT	3,371	3,790	6,232	4,055	4,692	6,239	7,215	9,237	17,447	27,382
YoY change (%)	-577.1	33.7	38.1	-15.7	39.2	64.6	15.8	127.8	51.9	56.9
Margin (%)	29.6	25.6	40.2	26.2	32.5	37.8	41.9	44.6	30.5	39.8

Source: Company, MOFSL

Godrej Properties**Neutral****CMP: INR1,164 | TP: INR1,300 (11%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue to more than double to INR2.8b in 2QFY23
- After reporting two record quarters, we expect GPL's pre-sales to moderate by 13% QoQ to INR22b
- PAT can touch INR1.4b led by higher other income and contribution from JVs

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	862	1,293	2,788	13,306	2,447	2,838	3,122	5,785	18,249	14,192
YoY change (%)	19.2	44.5	63.5	207.6	184.0	119.5	12.0	-56.5	138.6	-22.2
Total Expenditure	1,497	1,855	2,839	10,727	2,589	3,279	3,644	4,095	16,917	13,606
EBITDA	-635	-562	-51	2,580	-142	-440	-522	1,690	1,332	586
Margin (%)	-73.7	-43.4	-1.8	19.4	-5.8	-15.5	-16.7	29.2	7.3	4.1
Depreciation	51	52	55	57	55	56	51	52	214	214
Interest	417	411	417	430	345	569	569	841	1,675	2,324
Other Income	1,758	2,049	1,882	1,919	1,817	1,891	1,853	2,002	7,608	7,563
PBT before EO expense	655	1,024	1,359	4,013	1,276	825	710	2,799	7,051	5,611
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	655	1,024	1,359	4,013	1,276	825	710	2,799	7,051	5,611
Tax	186	226	290	956	325	204	176	698	1,658	1,403
Rate (%)	28.4	22.1	21.4	23.8	25.4	24.8	24.7	24.9	23.5	25.0
Minority Interest and Profit/Loss of Asso. Cos.	-299	-441	-679	-469	-516	814	1,036	2,367	-1,887	3,701
Reported PAT	170	357	390	2,589	435	1,435	1,571	4,468	3,506	7,909
Adj. PAT	170	357	390	2,589	435	1,435	1,571	4,468	3,506	7,909
YoY change (%)	NM	NM	NM	NM	155.7	301.8	303.3	72.6	816.8	125.6
Margin (%)	19.7	27.6	14.0	19.5	17.8	50.6	50.3	77.2	19.2	55.7

Source: Company, MOFSL

Macrotech Developers**Buy****CMP: INR926 | TP: INR1,570 (+70%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue growth to remain flattish in 2QFY23
- Expect the company to achieve pre-sales of INR31b, up 55% YoY
- Expect EBITDA margin to increase by 500bp YoY due to a change in the product mix

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	16,054	21,238	20,594	34,446	26,758	21,439	23,821	23,267	92,332	95,284
YoY change (%)	221	135.8	36	36	67	1	16	-32	69.5	3.2
Total Expenditure	12,295	17,320	15,737	25,733	22,091	16,403	17,532	17,102	71,085	73,128
EBITDA	3,759	3,918	4,858	8,713	4,667	5,036	6,289	6,164	21,247	22,156
Margin (%)	23.4	18.4	23.6	25.3	17.4	23.5	26.4	26.5	23.0	23.3
Adj. EBITDA (as per co.)	5,370	7,780	6,980	12,300	9,030	6,324	7,577	7,452	32,430	30,383
Margin (%)	33.5	36.6	33.9	35.7	33.7	29.5	31.8	32.0	35.1	31.9
Depreciation	186	184	187	190	196	192	192	189	748	769
Interest	2,451	1,562	1,573	1,218	1,193	1,014	968	977	6,803	4,152
Other Income	1,070	778	893	719	0	710	710	937	3,460	2,357
PBT before EO expense	2,191	2,950	3,991	8,023	3,278	4,540	5,839	5,935	17,156	19,591
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,191	2,950	3,991	8,023	3,278	4,540	5,839	5,935	17,156	19,591
Tax	588	719	1,131	2,643	559	1,203	1,547	1,883	5,080	5,192
Rate (%)	26.8	24.4	28.3	32.9	17.0	26.5	26.5	31.7	0.3	0.3
Minority Interest and Profit/Loss of Asso. Cos.	-5	-2	-3	0	6	15	15	15	-10	52
Reported PAT	1,608	2,234	2,864	5,380	2,713	3,322	4,276	4,037	12,085	14,348
Adj. PAT (as per co.)	1,220	2,870	2,790	5,730	3,550	3,322	4,276	4,037	12,610	15,185
YoY change (%)	-188	362.9	123	97	191	16	53	-30	270.9	20.4
Margin (%)	7.6	13.5	13.5	16.6	13.3	15.5	18.0	17.4	13.7	15.9

Source: Company, MOFSL

Mahindra lifespace**Neutral****CMP: INR470 | TP: INR550 (17%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue to increase by 2x to INR1.1b in 2QFY23
- After reporting its best quarter in terms of pre-sales in 1Q, we expect bookings to normalize to INR3.5b in 2QFY23

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Income from Operations	1,482	592	243	1,618	946	1,150	1,411	1,721	3,936	5,227
YoY change (%)	935.0	92.5	-62.6	188.9	-36.2	94.1	479.9	6.4	136.7	32.8
Total Expenditure	13,821	501	631	1,974	1,265	1,358	1,659	1,836	4,830	6,119
EBITDA	-12,339	92	-388	-357	-320	-208	-248	-116	-895	-892
Margin (%)	-832.5	15.5	-159.4	-22.1	-33.8	-18.1	-17.6	-6.7	-22.7	-17.1
Depreciation	15	14	14	23	24	24	24	23	65	94
Interest	12	21	17	15	18	51	55	80	65	203
Other Income	60	65	90	-67	228	44	48	47	147	366
PBT before EO expense	-12,306	122	-329	-462	-134	-239	-279	-172	-878	-823
Extra-Ord. expense	0	0	0	-968	-338	0	0	0	-968	338
PBT	-12,306	122	-329	506	204	-239	-279	-172	90	-1,161
Tax	-54	107	-80	-597	76	-61	-67	-70	-624	-121
Rate (%)	0.4	87.8	24.3	-117.9	37.0	25.4	23.9	40.5	-695.2	-5.0
Minority Interest and Profit/Loss of Asso. Cos.	-16	-50	499	265	625	422	516	782	830	2,346
Reported PAT	-12,268	-35	250	1,368	754	244	304	680	1,545	-3,386
Adj. PAT	-12,268	-35	250	-742	541	244	304	680	-6,153	-3,210
YoY change (%)	6,040.0	-73.4	-323.6	172.4	-104.4	-789.8	21.5	-191.7	-699.3	NM
Margin (%)	-827.7	-6.0	102.8	-45.9	57.2	21.2	21.5	39.5	-156.3	-61.4

Oberoi Realty**Buy****CMP: INR911 | TP: INR1,100 (+21%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue to grow by 23% YoY to INR9.3b in 2QFY23
- Expect pre-sales to rise by 13% YoY on a higher base
- Expect EBITDA margin to decline by 350bp YoY due to change in the product mix

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	2,843	7,543	8,320	8,235	9,131	9,269	10,801	14,192	26,940	43,394
YoY change (%)	140.8	138.6	0.4	4.2	221.2	22.9	29.8	72.3	-37.9	61.1
Total Expenditure	1,594	3,811	5,005	4,717	4,209	5,010	5,789	8,118	15,126	23,126
EBITDA	1,249	3,731	3,316	3,518	4,922	4,259	5,012	6,075	11,813	20,268
Margin (%)	43.9	49.5	39.8	42.7	53.9	46.0	46.4	42.8	43.9	46.7
Depreciation	101	101	99	97	98	100	100	102	398	399
Interest	173	171	200	316	326	326	326	325	860	1,303
Other Income	105	143	142	195	217	206	206	195	585	824
PBT before EO expense	1,080	3,602	3,159	3,300	4,715	4,040	4,792	5,843	11,140	19,391
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	1,080	3,602	3,159	3,300	4,715	4,040	4,792	5,843	11,140	19,391
Tax	290	954	837	984	1,137	1,111	1,318	1,608	3,065	5,335
Rate (%)	26.9	26.5	26.5	29.8	24.1	27.5	27.5	27.5	27.5	27.5
Minority Interest and Profit/Loss of Asso. Cos.	17	18	2,353	8	453	2,829	1,698	679	2,396	5,658
Reported PAT	806	2,666	4,675	2,324	4,031	5,758	5,171	4,914	10,471	19,714
Adj. PAT	806	2,666	4,675	2,324	4,031	5,758	5,171	4,914	10,471	19,714
YoY change (%)	187.2	93.5	62.9	-19.0	400.0	116.0	10.6	111.5	24.7	88.3
Margin (%)	28.4	35.3	56.2	28.2	44.1	62.1	47.9	34.6	38.9	45.4

Source: Company, MOFSL

Prestige Estates

Buy

CMP: INR456 | TP: INR675 (48%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to grow by 36% YoY to INR18.3b in 2QFY23
- Expect EBITDA margin to decline by 550bp on account of a change in the product mix
- Expect the company to sustain pre-sales of over INR30b, led by a strong response to its launches

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	14,158	13,445	13,776	24,003	19,385	18,350	19,114	19,608	65,382	76,457
YoY change (%)	11.2	-28.3	-25.4	5.8	36.9	36.5	38.7	-18.3	-10.0	16.9
Total Expenditure	10,704	9,527	9,739	19,008	14,768	13,999	14,793	15,016	48,978	58,575
EBITDA	3,454	3,918	4,037	4,995	4,617	4,351	4,321	4,592	16,404	17,881
Margin (%)	24.4	29.1	29.3	20.8	23.8	23.7	22.6	23.4	25.1	23.4
Depreciation	1,130	1,145	1,130	1,305	1,468	1,303	1,303	1,137	4,710	5,211
Interest	1,319	1,800	1,577	1,739	1,847	1,970	1,970	2,071	6,435	7,858
Other Income	576	478	184	893	733	605	630	553	2,131	2,521
PBT before EO expense	1,581	1,451	1,514	2,844	2,035	1,684	1,679	1,937	7,390	7,334
Extra-Ord. expense	0	0	0	8,079	1,497	0	0	0	8,079	1,497
PBT	1,581	1,451	1,514	-5,235	3,532	1,684	1,679	1,937	-689	5,837
Tax	505	485	481	1,527	996	337	168	204	2,998	1,705
Rate (%)	31.9	33.4	31.8	-29.2	28.2	20.0	10.0	10.5	-435.1	29.2
Minority Interest and Profit/Loss of Asso. Cos.	503	207	100	1	487	100	93	0	811	680
Reported PAT	573	759	933	-6,763	2,049	1,247	1,418	1,733	-4,498	3,452
Adj. PAT	573	759	933	3,673	974	1,247	1,418	1,733	38,735	4,512
YoY change (%)	3,481.3	27.3	58.9	93.2	70.0	64.3	52.0	-52.8	1,004.3	-88.4
Margin (%)	4.0	5.6	6.8	15.3	5.0	6.8	7.4	8.8	59.2	5.9

Source: Company, MOFSL

Sobha

Neutral

CMP: 640 | TP: INR850 (33%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to fall by 17% YoY to INR6.7b in 2QFY23
- Expect EBITDA to decline by 32% on the back of a 500bp drop in margin
- Expect pre-sales to increase by 11% YoY to INR11.6b

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,123	8,191	6,682	7,313	5,816	6,763	7,608	7,991	27,309	28,177
YoY change (%)	46.4	56.9	-2.4	32.1	13.5	-17.4	13.9	9.3		
Total Expenditure	3,109	5,631	4,407	5,270	3,680	5,030	5,540	5,486	18,417	19,736
EBITDA	2,014	2,560	2,275	2,043	2,136	1,733	2,068	2,505	8,892	8,442
Margin (%)	39.3	31.3	34.0	27.9	36.7	25.6	27.2	31.4	32.6	30.0
Depreciation	175	179	178	189	159	197	196	197	721	749
Interest	1,840	1,864	1,948	1,845	1,897	1,424	1,549	1,544	7,497	6,413
Other Income	127	132	293	355	136	101	114	71	907	423
PBT before EO expense	126	649	442	364	216	214	437	835	1,581	1,702
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	126	649	442	364	216	214	437	835	1,581	1,702
Tax	18	166	115	114	79	64	109	192	413	445
Rate (%)	14.3	25.6	26.0	31.3	36.6	30.0	25.0	23.0	26.1	26.1
Minority Interest and Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	108	483	327	250	137	150	328	643	1,168	1,258
Adj. PAT	108	483	327	250	137	150	328	643	1,168	1,258
YoY change (%)	63.6	198.1	51.4	39.7	26.9	-69.0	0.3	157.2	87.4	7.7
Margin (%)	2.1	5.9	4.9	3.4	2.4	2.2	4.3	8.0	4.3	4.5

Retail

Company

Aditya Birla Fashion and Retail

Avenue Supermarts

Bata India

Campus Activewear

Metro Brands

Relaxo Footwear

Shoppers Stop

Trent

V-Mart Retail

Seeing a K-shaped recovery**Gradual recovery**

The Retail sector is clearly witnessing a K-shaped recovery. Even as the strong performance of the higher ASP or Premium category continues, the lower ASP or Value retailers are struggling, with sales still below pre-COVID levels, impacted by inflationary pressures as well as an increase in ASP. However, a few retailers have softened prices or introduced fresh SKUs at lower prices to drive growth. Our channel checks indicate that Jul'22 and Aug'22 have seen a MoM improvement in footfalls. Sales in Sep'22 are likely to remain soft seasonally due to the *Shradh* season. Also, the layover impact of the postponement of EOSS by a majority of retailers in 1QFY23 has resulted in a growth in 2QFY23, but with some margin dilution.

Healthy SSSG by Premium categories

Within our Retail coverage, TRENT is expected to report a strong performance, led by growth in existing stores (strong SSSG), the scale up in the recently added stores, and aggressive store additions. DMART (Grocery) reported a standalone revenue growth of 36% YoY, led by area additions. We expect a 50.2% YoY growth in revenue for ABFRL (34% higher v/s 2QFY20 levels). Contribution from Unlimited and new store additions should result in 48.9% revenue growth for VMART, but on a like-to-like basis the same is expected to remain below pre-COVID levels. Within the Footwear segment, METROBRA and CAMPUS are expected to deliver strong double-digit growth on a YoY basis. RLXF could see tepid growth as inventory unwinding may take a few months.

Improved pace of store additions

The pace of store additions is expected to pick up after remaining soft in 1QFY23 as the companies look to meet their year-end store addition targets. TRENT is expected to add seven/15 Westside/Zudio stores in 2QFY23. DMART is expected to add eight stores.

Expect an impact on margin

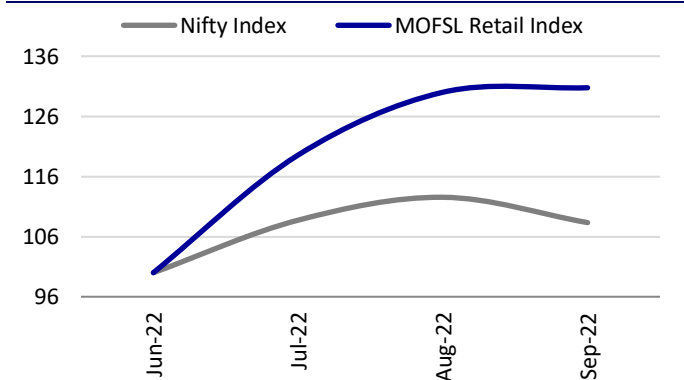
The cooling off in raw material prices has resulted in pricing changes by retailers to revive demand. With the postponement of EOSS to 2QFY23, resumption of costs as the business inches towards normalcy and inflationary pressure are expected to soften the operating margin of companies.

Maintain our stance on TRENT and ABFRL

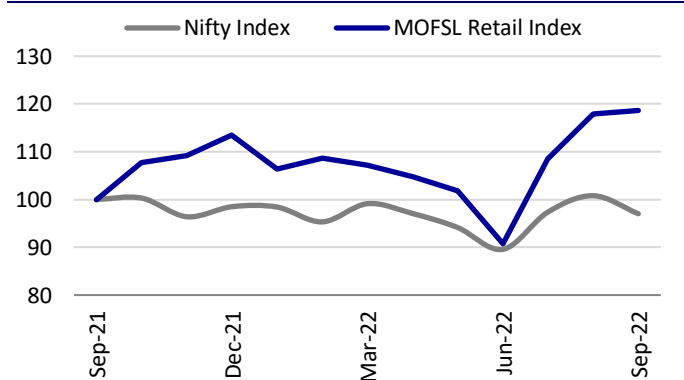
We reiterate our Buy rating on ABFRL and VMART given their comfortable valuations, growth equations vis-à-vis peers, and strong opportunities in the Value Retail segment. TRENT, with its strong growth proposition and Balance Sheet strength, remains a strong candidate (Buy). SHOP's recent aggressive growth and improved store economics presents a sound opportunity, but execution remains key (Neutral). Reliance Retail remains richly valued, given its growth potential.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Rating	Sales (INR m)			EBDITA (INR m)			Net profit (INR m)		
			Sep-22	Var. YoY (%)	Var. QoQ (%)	Sep-22	Var. YoY (%)	Var. QoQ (%)	Sep-22	Var. YoY (%)	Var. QoQ (%)
Aditya Birla Fashion	332	Buy	30,863	50.2	7.4	4,182	33.4	-10.7	472	701.0	-49.7
Avenue Supermarts	4426	Neutral	1,06,186	36.3	5.8	9,464	41.6	-6.1	5,877	40.7	-8.6
Barbeque Nation	1076	Neutral	3,203	45.0	1.7	604	46.2	-14.3	25	-18.2	-84.3
Bata India	1783	Neutral	8,002	30.3	-15.1	1,992	67.1	-18.6	819	120.2	-31.4
Campus Activewear	572	Buy	3,217	21.2	-4.7	563	-78.8	-8.8	276	-89.6	-3.9
Devyani Intl.	192	Buy	7,530	45.9	6.9	1,815	47.2	10.2	774	82.2	3.5
Jubilant Foodworks	615	Buy	12,768	16.0	2.9	3,179	11.2	4.4	1,252	2.0	-1.8
Metro Brands	936	Buy	4,772	47.0	-6.1	1,470	51.8	-19.6	784	42.3	-25.5
Relaxo Footwear	1014	Neutral	6,598	-7.6	-1.1	994	-14.9	15.4	517	-24.8	33.6
Restaurant Brands	132	Buy	3,705	51.0	10.0	446	74.1	34.1	-154	Loss	Loss
Sapphire Foods	1477	Buy	5,680	37.1	4.0	1,121	98.0	1.6	316	LP	-17.2
Shoppers Stop	745	Neutral	9,370	48.4	-0.5	1,593	125.5	-1.9	206	LP	-9.5
Titan Company	2576	Buy	87,370	16.6	-7.5	11,204	15.7	-6.3	7,520	15.8	-6.2
Trent	1389	Buy	18,077	77.1	9.4	2,838	28.3	-6.7	943	-30.5	-8.1
V-Mart Retail	2827	Buy	5,032	48.9	-14.4	285	38.2	-67.8	-240	Loss	PL
Westlife Development	719	Neutral	5,203	35.0	-3.3	812	82.7	-7.0	173	LP	-26.5
Retail			3,17,575	31.6	0.3	42,562	23.8	-6.9	26,146	16.0	-12.2

Exhibit 2: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 3: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

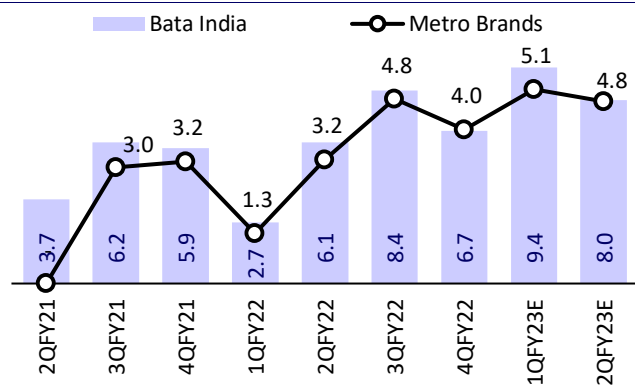
Exhibit 4: Financial snapshot of our Retail Coverage Universe

	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	YoY (%)	QoQ (%)
Total Revenue (INR b)											
ABFRL	10.3	20.8	18.2	8.1	20.5	29.9	22.8	28.7	30.9	50.2	7.4
DMART	53.1	75.4	74.1	51.8	77.9	92.2	87.9	100.4	106.2	36.3	5.8
SHOP	2.9	7.1	6.7	2.0	6.3	9.5	7.1	9.4	9.4	48.4	-0.5
TRENT	4.5	7.3	7.7	3.3	10.2	13.5	11.9	16.5	18.1	77.1	9.4
Rel. Retail	390.9	359.9	447.6	366.6	432.0	548.9	551.8	556.9	594.3	37.6	6.7
VMART	1.8	4.7	3.5	1.8	3.4	6.9	4.6	5.9	5.0	48.9	-14.4
BATA	3.7	6.2	5.9	2.7	6.1	8.4	6.7	9.4	8.0	30.3	-15.1
METROBRA	-	3.0	3.2	1.3	3.2	4.8	4.0	5.1	4.8	47.0	-6.1
CAMPUS	-	-	2.8	1.4	2.7	4.3	3.5	3.4	3.2	21.2	-4.7
RLXF	5.8	6.7	7.5	5.0	7.1	7.4	7.0	6.7	6.6	-7.6	-1.1
Aggregate revenue (INR b)	472.9	491.1	577.2	444.0	569.5	725.9	707.2	742.4	786.4	38.1	5.9
YoY growth (%)	-0.2	-6.7	30.4	26.8	20.4	47.8	22.5	67.2	38.1	86.2	-43.4
	419.8	415.6	503.1	392.2	491.7	633.7	619.3	642.0	680.2	38.3	5.9
Gross Profit (INR b)											
ABFRL	4.9	10.9	9.8	4.1	11.0	16.3	12.7	16.1	15.9	44.8	-1.0
DMART	7.7	11.7	11.0	6.8	11.6	14.2	13.1	16.4	16.5	42.0	0.7
SHOP	0.9	2.7	2.7	0.8	2.4	3.9	2.8	4.0	3.8	59.4	-3.3
TRENT	1.8	4.1	4.1	1.8	5.3	6.9	5.8	8.2	8.5	59.8	4.2
Rel. Retail	96.4	88.8	110.4	90.4	106.6	135.4	136.1	137.4	146.6	37.6	6.7
VMART	0.5	1.7	1.0	0.6	1.0	2.6	1.6	2.2	1.6	58.5	-25.0
BATA	1.9	3.2	3.1	1.5	3.2	4.4	3.8	5.3	4.5	39.0	-15.5
METROBRA	-	1.8	1.7	0.7	1.9	2.9	2.3	3.0	2.7	44.4	-11.1
CAMPUS	-	-	1.3	-	-	2.1	1.7	1.7	1.6	NM	-4.0
RLXF	3.5	4.0	4.2	2.7	3.9	4.0	3.8	3.6	3.6	-8.5	-0.7
Aggregate gross profit (INR b)	117.7	128.8	149.5	110.8	149.7	192.7	183.9	197.8	205.4	37.3	3.8
YoY growth (%)	-100.0	-100.0	37.4	31.9	27.1	49.6	23.0	78.5	37.3		
Gross margin (%)											
ABFRL	47.5	52.4	53.6	50.7	53.4	54.7	55.7	55.8	51.5	-190bp	-430bp
DMART	14.5	15.5	14.8	13.1	14.9	15.4	15.0	16.3	15.6	60bp	-80bp
SHOP	32.5	38.6	40.9	38.7	38.2	40.6	40.1	42.2	41.0	280bp	-120bp
TRENT	40.9	56.4	53.2	53.6	52.1	51.2	49.1	49.3	47.0	-510bp	-230bp
Rel. Retail	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	0bp	0bp
VMART	28.8	36.7	29.8	31.0	30.7	37.0	34.9	37.3	32.7	200bp	-460bp
BATA	50.4	51.6	53.1	56.2	52.9	52.7	57.6	56.6	56.4	350bp	-20bp
METROBRA	N.A	57.9	54.8	55.7	57.5	59.1	57.3	59.7	56.5	-100bp	-320bp
CAMPUS	N.A	N.A	48.8	-	-	49.2	48.4	49.6	50.0	5000bp	40bp
RLXF	61.4	58.9	56.8	54.5	54.8	53.2	54.2	54.1	54.3	-50bp	20bp
Aggregate gross margin (%)	24.9	26.2	25.9	25.0	26.3	26.5	26.0	26.6	26.1	-20bp	-50bp
EBITDA (INR b)											
ABFRL	-0.1	3.6	2.4	-1.7	3.1	5.8	3.7	4.7	4.2	33.4	-10.7
DMART	3.3	6.9	6.1	2.2	6.7	8.7	7.4	10.1	9.5	41.6	-6.1
SHOP	-0.3	0.9	1.0	-0.6	0.7	1.8	0.8	1.6	1.6	125.5	-1.9
TRENT	0.1	1.8	1.4	-0.3	2.2	2.9	1.5	3.0	2.8	28.3	-6.7
Rel. Retail	20.1	30.9	36.2	19.4	29.1	38.2	37.1	38.4	40.2	38.1	4.9
VMART	-0.0	1.0	0.3	-0.0	0.2	1.4	0.5	0.9	0.3	38.2	-67.8
BATA	0.2	1.2	1.1	-0.3	1.2	1.7	1.6	2.4	2.0	67.1	-18.6
METROBRA	-	1.0	0.8	0.1	1.0	1.7	1.3	1.8	1.5	51.8	-19.6
CAMPUS	-	-	0.7	0.3	0.5	0.9	0.8	0.6	0.6	23.5	-8.8
RLXF	1.3	1.5	1.6	0.7	1.2	1.2	1.1	0.9	1.0	-14.9	15.4
Aggregate EBITDA (INR b)	24.4	48.8	51.6	19.8	45.9	64.3	55.8	64.4	63.6	38.7	-1.3
YoY growth (%)	114.8	227.2	55.2	241.7	87.6	31.7	8.2	226.2	38.7		
EBITDA margin (%)											
ABFRL	-0.7	17.6	12.9	-20.8	15.3	19.5	16.3	16.3	13.6	-170bp	-270bp
DMART	6.2	9.1	8.3	4.3	8.6	9.4	8.4	10.0	8.9	30bp	-110bp
SHOP	-11.9	13.4	14.2	-31.2	11.2	19.2	10.8	17.2	17.0	580bp	-20bp
TRENT	1.4	24.8	17.7	-9.7	21.7	21.6	12.9	18.4	15.7	-600bp	-270bp
Rel. Retail	5.1	8.6	8.1	5.3	6.7	7.0	6.7	6.9	6.8	0bp	-10bp
VMART	-0.2	22.1	9.5	-1.1	6.1	19.6	11.0	15.1	5.7	-40bp	-940bp
BATA	4.9	19.1	19.0	-11.8	19.4	20.0	24.4	25.9	24.9	550bp	-100bp

	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	YoY (%)	QoQ (%)
METROBRA	N.A	32.3	26.6	11.1	29.8	34.7	32.2	36.0	30.8	100bp	-520bp
CAMPUS	N.A	N.A	23.6	18.4	17.2	21.4	22.3	18.3	17.5	30bp	-80bp
RLXF	22.0	22.1	21.8	13.3	16.4	16.4	15.9	12.9	15.1	-130bp	220bp
Aggregate EBITDA margin (%)	5.2	9.9	8.9	4.4	8.1	8.9	7.9	8.7	8.1	0bp	-60bp
PAT (INR b)											
ABFRL	-1.9	0.6	-2.0	-3.5	0.1	1.9	0.3	0.9	0.5	701.0	-49.7
DMART	2.0	4.5	4.1	1.0	4.2	5.5	4.3	6.4	5.9	40.7	-8.6
SHOP	-1.0	-0.2	-0.4	-1.2	-0.0	0.5	-0.2	0.2	0.2	-783.3	-9.5
TRENT	-0.5	0.8	0.6	-0.8	1.3	1.3	0.7	1.0	0.9	-25.0	-8.1
Rel. Retail	13.6	12.5	15.6	9.4	11.0	14.0	14.1	15.7	16.7	51.8	6.7
VMART	-0.2	0.5	-0.0	-0.3	-0.1	0.6	-0.0	0.2	-0.2	69.9	-217.5
BATA	-0.4	0.3	0.3	-0.7	0.4	0.7	0.6	1.2	0.8	120.2	-31.4
METROBRA	-	0.7	0.4	-0.1	0.6	1.0	0.7	1.1	0.8	42.3	-25.5
CAMPUS	-	-	0.1	0.1	0.2	0.5	0.4	0.3	0.3	29.6	-3.9
RLXF	0.8	0.9	1.0	0.3	0.7	0.7	0.6	0.4	0.5	-24.8	33.6
Aggregate PAT (INR b)	12.3	20.5	19.8	4.1	18.2	26.9	21.6	27.4	26.4	45.2	-3.8
YoY growth (%)	-35.5	-6.3	36.6	4.5	47.3	30.9	8.9	574.0	45.2		

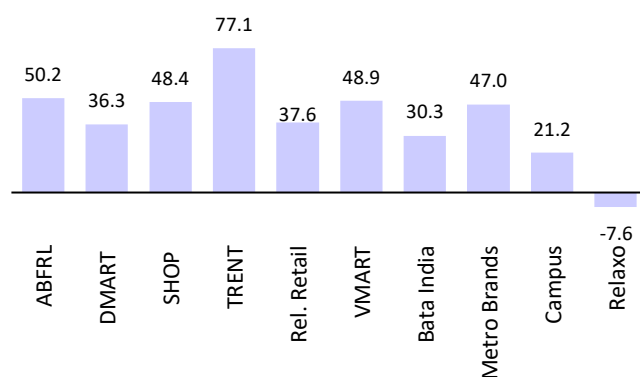
Source: Company, MOFSL

Exhibit 5: Aggregate revenue growth (YoY %)



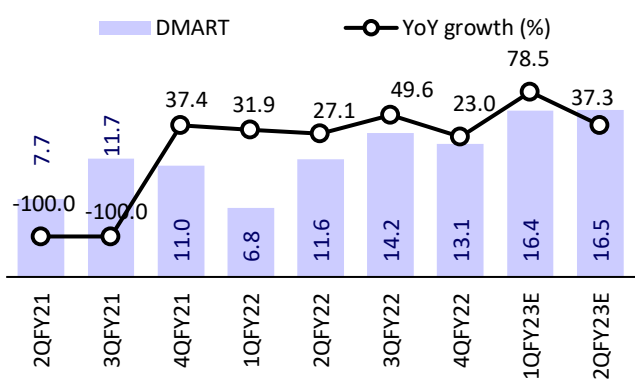
Source: Company, MOFSL

Exhibit 6: Expected revenue growth in 2QFY23 (YoY %)



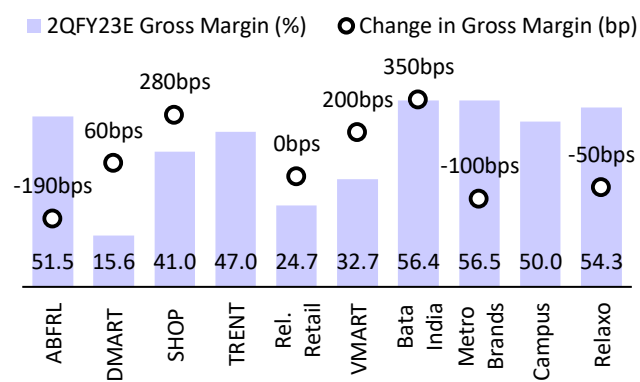
Source: Company, MOFSL

Exhibit 7: Aggregate growth in gross profit (YoY %)



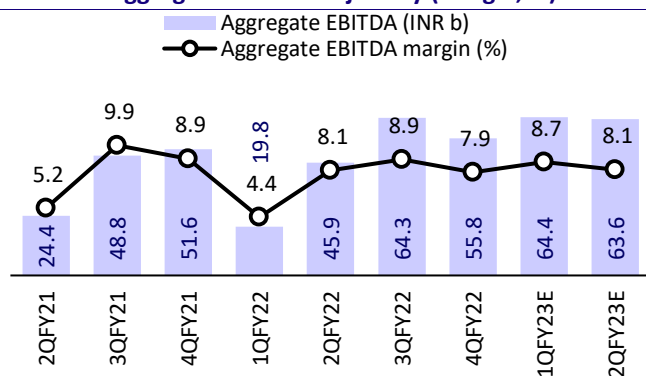
Source: Company, MOFSL

Exhibit 8: Change in gross margin (YoY %)



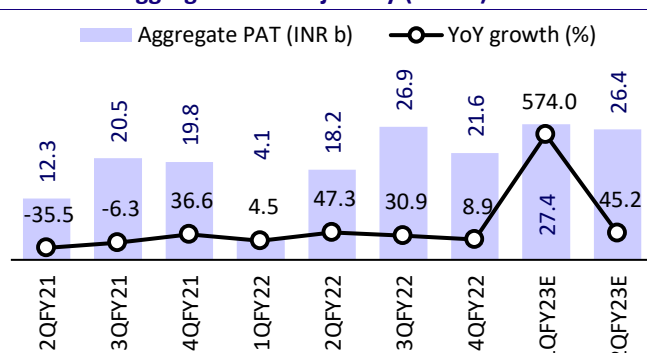
Source: Company, MOFSL

Exhibit 9: Aggregate EBITDA trajectory (margin, %)



Source: Company, MOFSL

Exhibit 10: Aggregate PAT trajectory (YoY %)



Source: Company, MOFSL

Exhibit 11: Retail coverage KPI snapshot

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	2QFY23E
Total store count													
Madura Stores	2,544	2,656	2,699	2,662	2,686	2,813	2,866	2,874	2,917	3,036	3,091	3,112	3,227
Pantaloons	331	343	342	342	339	344	346	342	347	361	377	375	390
DMart	189	196	214	216	220	221	234	238	246	263	284	294	302
Shoppers Stop	84	89	84	84	85	84	84	83	80	83	88	90	92
Westside	161	167	165	166	166	169	174	184	191	197	200	203	210
Zudio	80	93	96	100	105	119	152	156	166	197	254	268	283
V-Mart	239	257	266	266	264	274	279	282	368	374	380	391	403
Store additions													
Madura Stores	38	112	43	-37	24	127	53	8	43	119	55	21	115
Pantaloons	17	12	-1	0	-3	5	2	-4	5	14	16	-2	15
DMart	5	7	18	2	4	1	13	4	8	17	21	10	8
Shoppers Stop	1	5	-5	0	1	-1	0	-1	-3	3	5	2	2
Westside	6	6	-2	1	0	3	5	10	7	6	3	3	7
Zudio	13	13	3	4	5	14	33	4	10	31	57	14	15
V-Mart	12	18	9	0	-2	10	5	3	86	6	6	11	12
Total store additions	92	173	65	-30	29	159	111	24	156	196	163	59	174

Source: Company, MOFSL

Exhibit 12: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Retail						167.5	88.7	68.9	19.9	16.9	14.0	11.9	19.1	20.3
Aditya Birla Fashion	332	Buy	-1.3	3.5	5.4	-258.2	95.3	61.5	11.2	10.0	8.6	-4.4	11.1	15.1
Avenue Supermarts	4,426	Neutral	23.0	41.3	51.5	192.1	107.2	85.9	20.2	16.9	14.0	11.5	17.8	18.5
Barbeque Nation	1,076	Neutral	-6.6	7.9	19.9	-163.0	136.3	54.1	10.8	10.0	8.5	-6.7	7.4	15.7
Bata India	1,783	Neutral	8.0	31.9	39.5	222.5	55.9	45.2	12.6	10.3	8.4	5.8	20.3	20.5
Campus Activewear	572	Buy	4.1	6.4	8.5	139.2	88.9	66.9	39.2	27.3	19.4	28.1	30.7	29.0
Devyani Intl.	192	Buy	1.5	2.6	3.3	131.9	74.9	58.6	33.8	23.1	16.5	43.9	36.7	32.9
Jubilant Foodworks	615	Buy	6.6	7.9	10.1	93.1	77.9	61.0	20.9	19.6	16.6	22.4	25.2	27.3
Metro Brands	936	Buy	7.8	13.9	16.6	120.2	67.6	56.5	19.7	15.5	12.4	20.0	26.2	24.9
Relaxo Footwear	1,014	Neutral	9.3	10.4	13.8	108.4	97.1	73.3	14.3	12.9	11.4	14.0	14.0	16.5
Restaurant Brands	132	Buy	-4.3	-1.5	1.0	-30.9	-85.2	125.6	6.1	6.5	6.2	-19.6	-7.7	4.9
Sapphire Foods	1,477	Buy	7.2	23.5	30.4	204.1	62.8	48.6	9.3	8.1	7.0	6.2	13.8	15.4
Shoppers Stop	745	Neutral	-12.2	12.2	13.4	-61.2	60.9	55.4	63.3	31.0	19.9	-72.6	68.3	43.8
Titan Company	2,576	Buy	26.2	34.9	41.9	98.2	73.7	61.4	24.5	20.7	17.0	27.7	30.5	30.4
Trent	1,389	Buy	1.2	12.4	18.4	1,168	112	75.4	19.5	16.5	13.4	1.8	17.0	20.9
V-Mart Retail	2,827	Buy	6.4	28.7	68.6	439	99	41.2	6.0	5.7	5.0	1.4	5.9	12.9
Westlife Development	719	Neutral	-0.1	5.6	8.2	-6,712.6	128.1	88.0	24.2	20.3	16.5	-0.4	17.3	20.7

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Avenue Supermarts

Neutral

CMP: INR4,426 | TP: INR4,100 (-7%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Standalone revenue grew 36% YoY to INR103.8b in 2QFY23, 75% over 2QFY20 levels, but 6% below our estimate
- Adjusted for store additions, revenue was 10% below 2QFY20 levels on a like-to-like basis
- DMART added eight stores in 2QFY23, taking its total store count to 302
- Expect the company to add 40 stores in FY23

Consolidated quarterly earnings

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	51,831	77,889	92,178	87,865	1,00,381	1,06,186	1,24,717	1,36,968	3,09,763	4,68,252
YoY change (%)	33.5	46.8	22.2	18.5	93.7	36.3	35.3	55.9	28.3	51.2
Total Expenditure	49,589	71,204	83,513	80,472	90,298	96,721	1,13,539	1,25,553	2,84,778	4,26,112
EBITDA	2,242	6,686	8,665	7,393	10,082	9,464	11,178	11,415	24,985	42,140
Change (YoY %)	100.6	102.9	25.7	20.7	349.7	41.6	29.0	54.4	43.3	68.7
Depreciation	1,074	1,160	1,283	1,463	1,447	1,458	1,469	1,458	4,981	5,834
Interest	108	124	140	166	172	161	161	151	538	645
Other Income	315	275	260	326	291	206	206	224	1,175	929
PBT	1,374	5,677	7,502	6,089	8,754	8,051	9,753	10,031	20,641	36,589
Tax	420	1,499	1,976	1,821	2,325	2,174	2,633	2,708	5,717	9,841
Rate (%)	30.6	26.4	26.3	29.9	26.6	27.0	27.0	27.0	27.7	26.9
Reported PAT	954	4,178	5,525	4,268	6,429	5,877	7,120	7,323	14,924	26,749
Adj. PAT	954	4,178	5,525	4,268	6,429	5,877	7,120	7,323	14,924	26,749
YoY change (%)	137.9	110	23.6	3.1	574.2	41	28.9	71.6	36	79

E: MOFSL estimates

ABFRL

Buy

CMP: INR332 | TP: INR380 (+15%)

EPS CHANGE (%): FY23|24: (24.2)|0.2

- Expect a revenue growth of 34% to INR30.9b from 2QFY20 levels
- Expect revenue from the Ethnic Wear segment to touch INR1.2b in 2QFY23 (up ~2x YoY)
- Expect revenue from Madhura/Pantaloons to grow by 31%/ 22% in 2QFY23 from 2QFY20 levels
- Expect Madhura to add 68 EBO stores in 2QFY23

Consolidated quarterly earning model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	8,120	20,543	29,871	22,828	28,748	30,863	32,990	27,780	81,362	1,20,380
YoY change (%)	151.4	99.8	43.9	25.3	254.1	50.2	10.4	21.7	55.0	48.0
Total Expenditure	9,807	17,408	24,050	19,098	24,063	26,681	27,217	23,748	70,363	1,01,708
EBITDA	-1,687	3,135	5,821	3,730	4,684	4,182	5,773	4,032	10,999	18,671
Change (YoY %)	-53.2	-4,203.8	59.7	58.5	-377.6	33.4	-0.8	8.1	374.5	69.8
Depreciation	2,378	2,416	2,509	2,668	2,703	2,836	2,857	2,947	9,970	11,342
Interest	852	876	884	895	944	881	881	817	3,507	3,522
Other Income	243	252	243	267	311	163	163	15	1,006	653
PBT	-4,674	96	2,671	435	1,349	629	2,199	283	-1,473	4,460
Tax	-1,156	37	727	127	411	157	550	71	-266	1,188
Rate (%)	24.7	38.5	27.2	29.3	30.4	25.0	25.0	25.0	18.0	26.6
Reported PAT	-3,518	59	1,944	308	938	472	1,649	212	-1,207	3,272
Adj. PAT	-3,518	59	1,944	308	938	472	1,649	212	-1,207	3,272
YoY change (%)	-14.3	-103.1	232.6	-115.7	-126.7	701.0	-15.2	-30.9	-83.6	-371.0

E: MOFSL estimates

Bata India**Neutral****CMP: INR1,783 | TP: INR1,925 (+8%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect a 30% YoY growth in revenue to INR8b (up 11% from pre-COVID levels)
- Expect PAT to touch INR819m in 2QFY23
- Expect EBITDA margin to expand by ~500bp YoY led by an improvement in gross margin

Consolidated quarterly earnings**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	2,670	6,141	8,413	6,652	9,430	8,002	9,459	7,902	23,877	34,793
YoY change (%)	97.7	66.9	36.7	12.8	253.1	30.3	12.4	18.8		
Total Expenditure	2,986	4,949	6,727	5,031	6,983	6,010	6,814	5,910	19,692	25,717
EBITDA	-315	1,192	1,686	1,621	2,447	1,992	2,645	1,992	4,185	9,076
Margin (%)	-11.8	19.4	20.0	24.4	25.9	24.9	28.0	25.2	17.5	26.1
Depreciation	501	586	616	718	693	737	737	781	2,420	2,948
Interest	230	220	233	245	249	275	275	301	928	1,100
Other Income	122	115	135	187	93	112	112	131	560	448
PBT	-924	502	973	846	1,597	1,092	1,745	1,041	1,397	5,476
Tax	-229	130	249	216	404	273	436	260	367	1,373
Rate (%)	24.8	25.9	25.6	25.6	25.3	25.0	25.0	25.0	26.3	25.1
MI and Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0		
Reported PAT	-695	372	723	630	1,194	819	1,309	781	1,030	4,102
Adj. PAT	-695	372	723	630	1,194	819	1,309	781	1,030	4,102
YoY change (%)	-31	-184	133	114	-272	120	81	24	-222	298
Margin (%)										

E: MOFSL estimates

Campus Activewear**Buy****CMP: INR572 | TP: INR640 (+12%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect revenue to grow by 21% YoY to INR3.2b in 2QFY23
- Expect PAT margin to expand by ~60bp YoY to 8.6%
- Expect EBITDA margin to decline QoQ to 17.5% due to the impact of seasonality on sales

Consolidated quarterly earnings**(INR m)**

Y/E March	FY22			FY23			FY22	FY23E
	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	4,335	3,523	3,377	3,217	5,259	4,230	11,942	16,082
YoY change (%)	NA	28.1	136.4	21.2	21.3	20.0	N.A	34.7
Total Expenditure	3,407	2,739	2,760	2,654	3,997	3,300	9,527	12,710
EBITDA	928	784	617	563	1,262	930	2,415	3,372
EBITDA margin (%)	21.4	22.3	18.3	17.5	24.0	22.0	20.2	21.0
Depreciation	138	154	145	145	145	142	532	577
Interest	47	59	56	56	56	33	195	200
Other Income	5	3	6	6	6	16	24	32
PBT	749	573	422	368	1,067	771	1,713	2,627
Tax	201	177	135	92	267	193	469	657
Rate (%)	26.9	30.9	32.0	25.0	25.0	25.0	27.4	25.0
MI and Profit and Loss of Asso. Cos.								
Reported PAT	547	396	287	276	800	578	1,244	1,971
Adj. PAT	547	396	287	276	800	578	1,244	1,971
YoY change (%)	NA	295	-80	-90	46	46	NA	58.4

E: MOFSL estimates

Metro Brands

Buy

CMP: INR936 | TP: INR1,090 (+16%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect revenue to grow by 47% YoY to INR4.8b in 2QFY23
- Expect PAT to grow by 42% YoY to INR784m
- Expect EBITDA to improve by 100bp YoY, led by an improvement in operating efficiency

Consolidated quarterly earnings

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	1,314	3,246	4,838	4,032	5,080	4,772	5,805	5,398	13,429	21,054
YoY change (%)	N.A	N.A	59.0	26.3	286.6	47.0	20.0	33.9	67.9	56.8
Total Expenditure	1,168	2,278	3,159	2,733	3,251	3,302	3,933	3,819	9,338	14,305
EBITDA	146	968	1,679	1,298	1,829	1,470	1,872	1,579	4,092	6,749
EBITDA margin (%)	11.1	29.8	34.7	32.2	36.0	30.8	32.3	29.2	30.5	32.1
Depreciation	315	336	344	347	390	401	411	422	1,342	1,624
Interest	113	123	123	145	134	156	160	174	504	626
Other Income	159	174	120	134	93	147	150	197	586	586
PBT	-123	683	1,332	940	1,397	1,059	1,451	1,179	2,831	5,086
Tax	-3	132	323	250	345	275	377	325	702	1,322
Rate (%)	2.7	19.4	24.3	26.6	24.7	26.0	26.0	27.6	24.8	26.0
Reported PAT	-120	551	1,009	690	1,052	784	1,074	854	2,130	3,764
Adj. PAT	-120	551	1,009	690	1,052	784	1,074	854	2,130	3,764
YoY change (%)	N.A	N.A	55	67	-979	42	6	24	227	76.7

E: MOFSL estimates

Relaxo Footwear

Neutral

CMP: INR1,014 | TP: INR1,020 (+1%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect revenue to decline by 7.6% YoY on account of the slowdown seen in the Value Retail segment
- Expect a lower EBITDA margin (at 15.1%) on account of lower demand
- Expect inventory unwinding to take time, given the recent revision in pricing
- Expect PAT to touch INR517m in 2QFY23

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	4,971	7,144	7,435	6,982	6,672	6,598	7,889	7,529	26,533	28,687
YoY change (%)	36.7	24.1	10.6	-6.6	34.2	-7.6	6.1	7.8	12.5	8.1
Total Expenditure	4,310	5,976	6,219	5,871	5,810	5,604	6,250	6,175	22,375	23,839
EBITDA	662	1,168	1,216	1,111	861	994	1,639	1,354	4,158	4,848
Margin (%)	13.3	16.4	16.4	15.9	12.9	15.1	20.8	18.0	15.7	16.9
Depreciation	275	283	291	287	298	340	375	449	1,135	1,462
Interest	37	36	41	39	69	30	30	30	153	159
Other Income	53	71	55	59	42	65	65	65	237	237
PBT before EO expense	403	919	940	844	536	689	1,299	940	3,106	3,465
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	403	919	940	844	536	689	1,299	940	3,106	3,465
Tax	93	233	239	215	149	172	325	220	779	866
Rate (%)	23.1	25.3	25.4	25.5	27.8	25.0	25.0	23.4	25.1	25.0
Minority Interest and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	310	687	701	629	387	517	974	721	2,327	2,598
Adj. PAT	310	687	701	629	387	517	974	721	2,327	2,598
YoY change (%)	27.8	-8.5	-22.2	-38.4	24.9	-24.8	39.0	14.5	-20.2	11.7
Margin (%)	6.2	9.6	9.4	9.0	5.8	7.8	12.4	9.6	8.8	9.1

E: MOFSL estimates

Shoppers Stop

Neutral

CMP: INR745 | TP: INR780 (5%)

EPS CHANGE (%): FY23 | 24: 0 | 0

- Expect revenue to grow by 48.4% YoY in 2QFY23 (9% above pre-COVID levels)
- Expect revenue from the Beauty space to grow by 69% YoY in 2QFY23 (14% above pre-COVID levels)
- Expect the company to add two stores in 2QFY23, taking the total count to 92
- Expect a sequential margin decline of 20bps which could be attributable to impact of EOSS.

Standalone - Quarterly earning model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Revenue from Operations	2,011	6,316	9,513	7,099	9,419	9,370	10,943	8,612	24,938	38,344
YoY change (%)	272.9	116.0	34.4	5.8	368.4	48.4	15.0	21.3	44.6	53.8
Total Expenditure	2,638	5,610	7,683	6,332	7,795	7,777	8,754	7,367	22,263	31,693
EBITDA	-628	706	1,829	767	1,624	1,593	2,189	1,245	2,675	6,651
EBITDA margin (%)	-31.2	11.2	19.2	10.8	17.2	17.0	20.0	14.5	10.7	17.3
Depreciation	878	903	812	927	846	888	895	924	3,520	3,552
Interest	509	520	497	528	511	513	513	514	2,054	2,051
Other Income	641	676	146	198	56	83	83	110	1,661	332
PBT before EO expense	-1,373	-41	666	-490	323	275	864	-83	-1,238	1,380
PBT	-1,523	-41	666	-490	323	275	864	-83	-1,388	1,380
Tax	-346	-10	164	-329	95	69	216	-21	-521	360
Rate (%)	22.7	25.6	24.6	67.1	29.5	25.0	25.0	25.0	37.5	26.1
Reported PAT	-1,178	-30	502	-161	228	206	648	-62	-867	1,020
Adj PAT	-1,028	-30	502	-161	228	206	648	-62	-717	1,020
YoY change (%)	-7.6	-97.3	-342.3	-34.8	-122.2	-783.3	29.2	-61.6	-73.3	-242.3

E: MOFSL estimates

Trent

Buy

CMP: INR1,389 | TP: INR1,600 (15%)

EPS CHANGE (%): FY23 | 24: 14.8 | 6.6

- Expect revenue to grow by 77% YoY in 2QFY23, led by strong SSSG, maturity of newly opened stores, and new store additions
- Expect revenue from Westside/TRENT to grow by 55%/2.3x YoY, led by improved throughput and footprint additions
- Expect Westside/Zudio to add seven/15 new stores each in 2QFY23
- Expect EBITDA margin to contract sequentially, impacted by EOSS

Standalone quarterly earning model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	3,273	10,204	13,478	11,853	16,529	18,077	20,569	18,641	38,807	73,815
YoY change (%)	239.8	125.7	85.8	53.2	405.0	77.1	52.6	57.3	89.5	90.2
Total Expenditure	3,591	7,991	10,561	10,329	13,488	15,239	16,291	15,675	32,472	60,692
EBITDA	-318	2,213	2,917	1,523	3,041	2,838	4,278	2,966	6,335	13,123
EBITDA margin (%)	-9.7	21.7	21.6	12.9	18.4	15.7	20.8	15.9	16.3	17.8
Depreciation	622	666	734	809	1,202	922	922	985	2,831	4,031
Interest	686	726	734	787	925	951	951	951	2,933	3,779
Other Income	523	949	296	1,021	415	295	295	295	2,790	1,300
PBT before EO expense	-1,102	1,769	1,746	949	1,330	1,260	2,700	1,324	3,362	6,613
Extra-Ord. expense	0	-130	0	-2	0	0	0	0	-132	0
PBT	-1,102	1,639	1,746	947	1,330	1,260	2,700	1,324	3,230	6,613
Tax	-265	383	417	199	303	317	680	333	734	1,633
Reported PAT	-838	1,256	1,329	749	1,026	943	2,020	991	2,496	4,980
Adj. PAT	-838	1,356	1,329	750	1,026	943	2,020	991	2,598	4,980
YoY change (%)	-39.9	-381.9	66.8	22.1	-222.5	-30.5	52.0	32.1	-658.3	91.7

E: MOFSL estimates

V-Mart Retail

Buy

CMP: INR2,827 | TP: INR3,890 (+38%)

EPS CHANGE (%): FY23 | 24: (41.1) | (13.9)

- Despite lower footfalls, expect a 48.9% YoY growth in revenue on improved ASP
- Expect the company to add 15 stores in 2QFY23, taking the total store count to 406
- Expect EBITDA margin to contract sequentially, impacted by lower demand

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	1,774	3,380	6,920	4,588	5,879	5,032	7,719	5,611	16,662	24,241
YoY change (%)	127.3	92.6	47.2	30.4	231.4	48.9	11.5	22.3	54.9	45.5
Total Expenditure	1,794	3,173	5,567	4,085	4,992	4,747	6,136	5,239	14,618	21,114
EBITDA	-20	206	1,353	503	887	285	1,583	372	2,043	3,127
EBITDA margin (%)	-1.1	6.1	19.6	11.0	15.1	5.7	20.5	6.6	12.3	12.9
Depreciation	255	272	404	376	402	405	410	411	1,307	1,628
Interest	156	169	212	235	247	247	247	212	772	953
Other Income	45	41	26	28	41	40	40	40	140	160
PBT	-385	-195	764	-80	278	-327	965	-211	104	706
Tax	-98	-53	193	-54	74	-87	256	-56	-12	187
Rate (%)	25.4	27.3	25.2	67.4	26.5	26.5	26.5	26.5	-12.0	26.5
Reported PAT	-287	-141	571	-26	205	-240	709	-155	116	519
Adj. PAT	-287	-141	571	-26	205	-240	709	-155	116	519
YoY change (%)	-14.6	-25.4	19.3	77.2	-171.2	69.9	24.2	492.4	-287.7	345.4

E: MOFSL estimates

Retail (Discretionary)

Company name

Barbeque Nation Hospitality

Devyani International

Jubilant FoodWorks

Restaurants Brand Asia

Sapphire Foods

Titan Company

Westlife Development

Topline momentum strong; dine-in revival to aid growth

Robust demand momentum continues

- For our coverage universe (TTAN, JUBI, DEVYANI, SAPPHIRE, WLDL, RBA, and BARBEQUE), we expect revenue to grow 20.9% YoY, on the back of a robust demand environment.
- Aggregate EBITDA for our coverage companies is expected to grow 24.1% YoY and decline marginally by 2.5% sequentially. We expect its aggregate Adj. PAT to grow by 27.1% YoY to INR9.9b.
- Most of the QSR players should benefit from the price hikes implemented in 1QFY23. Key commodities such as palm oil correcting from its recent highs, will also help margins to recover to normal levels.
- TTAN's revenue is expected to grow by 16.6% YoY. The Jewelry segment is expected to post revenue growth of 14.6% YoY (three-year CAGR at 27.3%). Demand momentum continues to be robust led by festive demand and stable gold prices during the quarter (unlike fears of an increase following upward revision of gold import duty on 1st July). The Jewelry segment margin is expected to decline marginally by 20bp/60bp YoY/QoQ. Watches/Eyewear business is expected to grow 20%/7% respectively, while a three-year CAGR remains depressed at 4.7/3.5%, respectively. We expect TTAN's EBITDA to report a growth of 15.7% YoY and EBITDA margin of 12.8% (v/s 12.9% YoY and 12.7% QoQ).
- All our coverage companies within the Food Service Industry (FSI) – JUBI, DEVYANI, SAPPHIRE, WLDL, RBA, and BARBEQUE – are likely to deliver a strong SSSG in their domestic businesses, led by: a) growth in the dine-in channel, led by improved footfall in malls and high street, and b) sustained performance of the delivery channels. All restaurant players would continue to expand their store networks in line with previously given guidance.
- We expect a strong 45.9%/37.1% YoY revenue growth for DEVYANI/SAPPHIRE. We expect WLDL/RBA to post revenue growth of 35%/51% YoY. Growth in the dine-in channel would significantly benefit DEVYANI, SAPPHIRE, WLDL, and BARBEQUE, with high visibility in the channel. JUBI is expected to post revenue growth of 16% YoY.

Branded players to continue aggressive expansion

- Branded players, in both Jewelry and FSI, are seeing an improved post-COVID opportunity with a) the shutting down of smaller unorganized players during COVID-19, leading to market share gains, b) shift towards trusted brands, c) a pickup in in-home consumption and delivery channel, and d) increased adoption of technology by consumers, benefitting larger players (who have invested in technology).
- We believe in the long-term potential and the structural opportunity for all the aforesaid players. We are bullish on TTAN, owing to a) expected gains from the unorganized sector and b) strong wedding and festive demand (as the gold prices were not adversely impacted by the hike in import duty, demand momentum continues to be strong). We recommend a BUY rating on JUBI, owing to its strong unparalleled moats of delivery, value, and technology. We also prefer DEVYANI and SAPPHIRE, owing to their strong growth outlook, robust fundamentals of KFC, and the turnaround of Pizza Hut. Our positive stance on RBA is driven by its [multiple levers to unlock growth](#), supported by cheap valuations.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Barbeque Nation	1076	Neutral	3,203	45.0	1.7	604	46.2	-14.3	25	-18.2	-84.3
Devyani Intl.	192	Buy	7,530	45.9	6.9	1,815	47.2	10.2	774	82.2	3.5
Jubilant Foodworks	615	Buy	12,768	16.0	2.9	3,179	11.2	4.4	1,252	2.0	-1.8
Restaurant Brands	132	Buy	3,705	51.0	10.0	446	74.1	34.1	-154	Loss	Loss
Sapphire Foods	1477	Buy	5,680	37.1	4.0	1,121	98.0	1.6	316	LP	-17.2
Titan Company	2576	Buy	87,370	16.6	-7.5	11,204	15.7	-6.3	7,520	15.8	-6.2
Westlife Development	719	Neutral	5,203	35.0	-3.3	812	82.7	-7.0	173	LP	-26.5

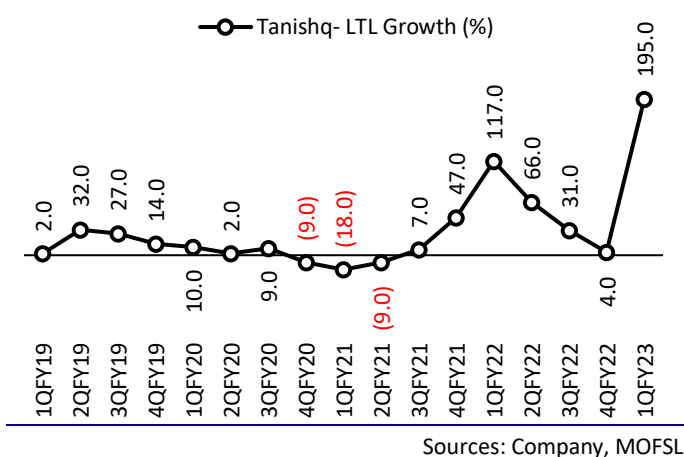
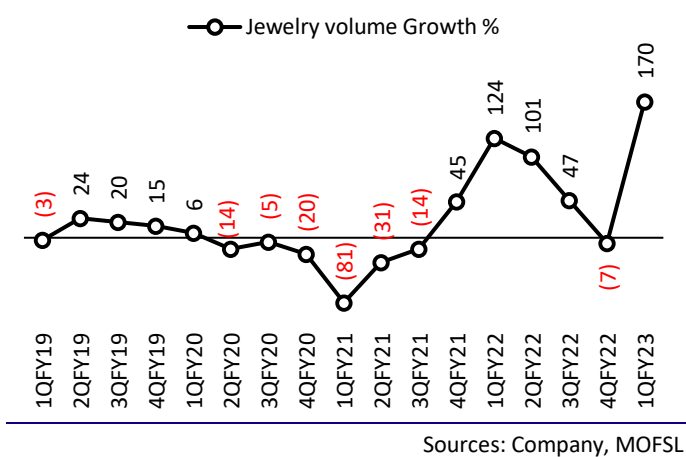
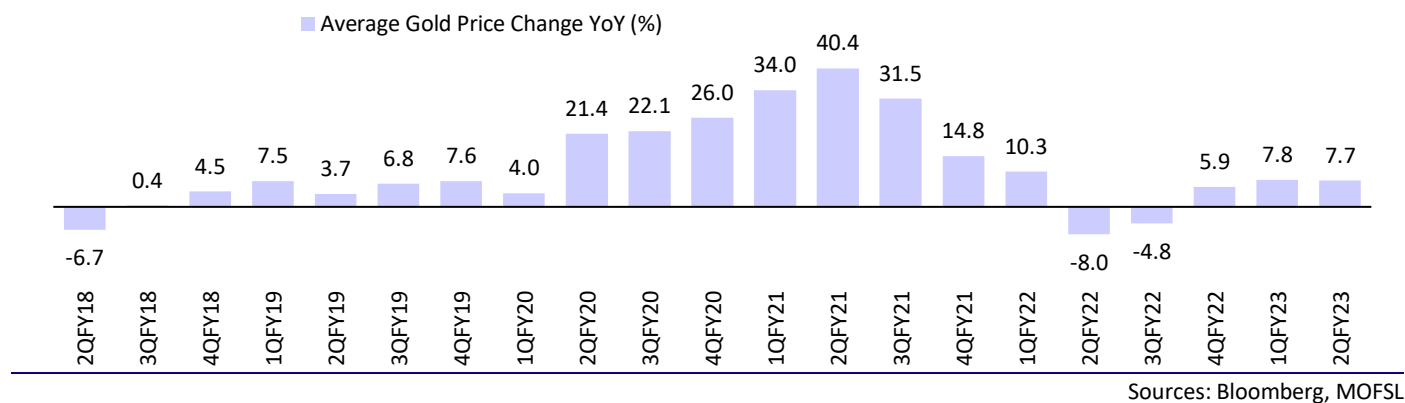
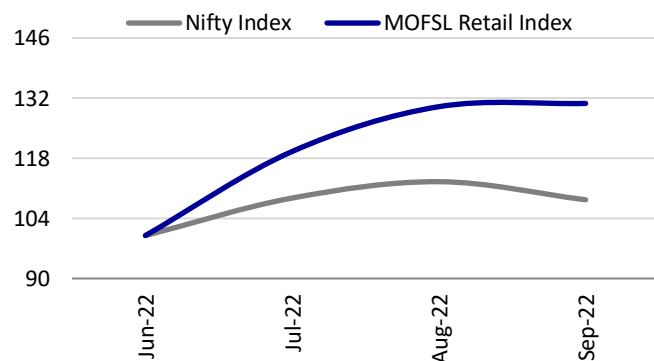
Exhibit 2: LTL sales growth remains robust...**Exhibit 3: ...supported by high jewelry volumes****Exhibit 4: Average gold prices increased 7.7% YoY and remained flat QoQ in 2QFY23**

Exhibit 5: Forecasting strong SSSG performance by the restaurant players in 2QFY23E

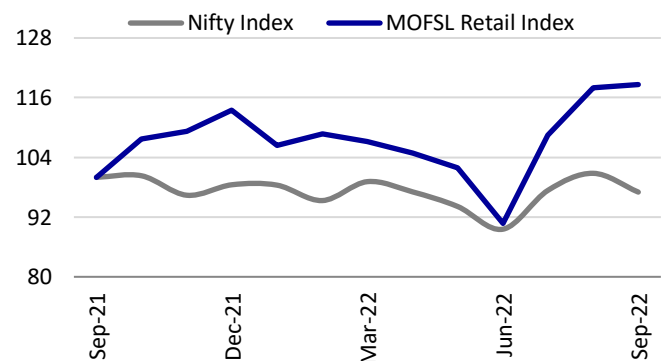
	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E
No. of stores									
Domino's	1,264	1,314	1,360	1,380	1,435	1,495	1,567	1,617	1,685
Pizza Hut (Devyani)	258	273	297	317	351	391	413	438	461
Pizza Hut (Sapphire)		161	162	171	188	209	219	234	250
Total PH	-	434	459	488	539	600	632	672	711
KFC (Devyani)	214	240	264	284	309	339	364	389	416
KFC (Sapphire)		196	203	208	219	250	263	278	296
Total KFC	-	436	467	492	528	589	627	667	712
McDonald's (WLDL)	311	304	305	305	310	316	326	334	342
Burger King	261	270	265	270	274	294	315	333	346
Barbeque Nation	162	163	164	166	167	174	185	192	205
Net store addition									
Domino's	-90	50	46	20	55	60	72	50	60
Pizza Hut (Devyani)	-	15	24	20	34	40	22	25	25
Pizza Hut (Sapphire)			1	9	17	21	10	15	15
Total PH	-	-	25	29	51	61	32	40	40
KFC (Devyani)	-	26	24	20	25	30	25	25	25
KFC (Sapphire)			7	5	11	31	13	15	15
Total KFC	-	-	31	25	36	61	38	40	40
McDonald's (WLDL)	-9	-7	1	0	5	6	10	8	11
Burger King	2	9	-5	5	4	20	21	18	18
Barbeque Nation	0	1	1	2	1	7	11	7	10
SSSG (%)									
Domino's*	-18.8	-0.2	13.7	120.4	29.4	7.5	5.8	27.0	8.0
Pizza Hut (Devyani)	-37.3	-11.0	13.4	216.1	73.5	24.7	2.3	17.0	6.0
Pizza Hut (Sapphire)		-19.0		135.4		22.0	3.0	23.0	12.0
KFC (Devyani)	-51.6	-13.0	19.6	158.0	72.0	23.8	3.0	30.0	19.0
KFC (Sapphire)		-10.0		149.0		29.0	15.0	33.0	7.0
McDonald's (WLDL)	-40.7	-24.0	10.5	183.0	83.7	44.0	23.0	76.0	25.0
Burger King	-48.6	-34.8	-4.9	270.0	140.0	65.0	17.0	90.0	20.0
Barbeque Nation	-66.9	-21.2	19.9	960.0	184.0	42.7	5.5	110.0	39.0

*Like-for-like (LFL) growth

Sources: Companies, MOFSL

Exhibit 6: Relative performance – three-months (%)

Sources: Bloomberg, MOFSL

Exhibit 7: One-year relative performance (%)

Sources: Bloomberg, MOFSL

Exhibit 8: Comparative valuation summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Retail														
Barbeque Nation	1,076	Neutral	-6.6	7.9	19.9	-163.0	136.3	54.1	10.8	10.0	8.5	-6.7	7.4	15.7
Devyani Intl.	192	Buy	1.5	2.6	3.3	131.9	74.9	58.6	33.8	23.1	16.5	43.9	36.7	32.9
Jubilant Foodworks	615	Buy	6.6	7.9	10.1	93.1	77.9	61.0	20.9	19.6	16.6	22.4	25.2	27.3
Restaurant Brands	132	Buy	-4.3	-1.5	1.0	-30.9	-85.2	125.6	6.1	6.5	6.2	-19.6	-7.7	4.9
Sapphire Foods	1,477	Buy	7.2	23.5	30.4	204.1	62.8	48.6	9.3	8.1	7.0	6.2	13.8	15.4
Titan Company	2,576	Buy	26.2	34.9	41.9	98.2	73.7	61.4	24.5	20.7	17.0	27.7	30.5	30.4
Westlife Development	719	Neutral	-0.1	5.6	8.2	-6,712.6	128.1	88.0	24.2	20.3	16.5	-0.4	17.3	20.7

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Barbeque Nation Hospitality

Neutral

CMP: INR1,076 | TP: INR1,180 (+9.7%)

EPS CHANGE (%): FY23|24: -36.7|3.2

- Expect 39% SSSG with 10 stores additions in 2QFY23
- Watch out for commentary on new stores performance and further capex guidance
- Dine-in recovery remains strong, driving incremental sales
- Watch out for commentary on SSSG, delivery, and ext. kitchens

Quarterly Performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
SSSG (%)	960.0	184.0	42.7	5.5	182.0	39.0	14.0	30.0	64.7	26.8
No. of stores	166	167	174	185	195	205	215	225	185	225
Net Sales	1,020	2,209	2,867	2,510	3,149	3,203	3,727	3,564	8,606	13,643
YoY change (%)	939.1	190.3	47.1	10.9	208.8	45.0	30.0	42.0	69.7	58.5
Gross Profit	600	1,450	1,886	1,622	2,103	2,114	2,497	2,372	5,558	9,086
Margin (%)	58.9	65.6	65.8	64.6	66.8	66.0	67.0	66.6	64.6	66.6
EBITDA	-178	413	657	445	705	604	827	754	1,337	2,889
EBITDA growth %	N/M	N/M	59.6	-2.1	N/M	46.2	25.9	69.2	188.3	116.0
Margin (%)	-17.5	18.7	22.9	17.7	22.4	18.9	22.2	21.1	15.5	21.2
Depreciation	289	304	340	340	352	450	550	588	1,273	1,939
Interest	166	153	172	162	175	170	180	201	653	725
Other Income	74	85	45	59	30	50	50	56	263	186
PBT	-559	41	190	2	208	34	147	21	-326	411
Tax	-120	10	44	-3	48	9	38	8	-69	103
Rate (%)	21.5	24.9	23.2	-109.0	23.1	26.0	26.0	38.9	21.1	25.2
Adjusted PAT	-439	31	146	5	160	25	109	13	-257	307
YoY change (%)	N/M	L/P	L/P	-92.4	N/M	-18.2	-25.6	168.6	-	-

E: MOFSL Estimates

Devyani International

Buy

CMP: INR192 | TP: INR235 (+22%)

EPS CHANGE (%): FY23|24: -0.2|0.1

- KFC is expected to deliver 19% SSSG and 25 store additions
- Watch out for commentary on KFC businesses seasonality and impact on ADS
- Pizza Hut to deliver 6% SSSG along with 25 store additions
- Watch out for commentary on PH ADS and delivery contribution

Quarterly Performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
KFC - No. of stores	284	309	339	364	391	416	441	464	364	464
PH - No. of stores	317	351	391	413	436	461	486	513	413	513
KFC - SSSG (%)	158.0	72.0	23.8	3.0	63.6	19.0	5.0	16.0	49.4	41.6
PH - SSSG (%)	216.1	73.5	24.7	2.3	31.5	6.0	8.0	7.0	45.4	32.5
Net Sales	3,528	5,161	6,244	5,907	7,047	7,530	8,752	9,042	20,840	32,371
YoY change (%)	280.6	124.4	64.7	36.4	99.8	45.9	40.2	53.1	83.6	55.3
Gross Profit	2,511	3,664	4,457	4,209	5,010	5,399	6,257	6,438	14,842	23,104
Margin (%)	71.2	71.0	71.4	71.3	71.1	71.7	71.5	71.2	71.2	71.4
EBITDA	616	1,233	1,478	1,397	1,647	1,815	2,083	2,111	4,760	7,656
EBITDA growth %	-444.6	175.5	67.5	19.7	167.5	47.2	40.9	51.2	109.7	60.8
Margin (%)	17.4	23.9	23.7	23.6	23.4	24.1	23.8	23.3	22.8	23.6
Depreciation	482	526	558	648	637	680	720	772	2,213	2,809
Interest	324	328	296	322	328	340	355	374	1,270	1,397
Other Income	47	52	39	24	90	65	65	59	161	279
PBT	-144	431	663	451	771	860	1,073	1,024	1,438	3,728
Tax	0	6	9	-335	24	86	270	254	-320	634
Rate (%)	0.2	1.3	1.4	-74.1	3.1	10.0	25.2	24.8	-22.2	17.0
Adjusted PAT	-143	425	654	786	748	774	802	770	1,757	3,094
YoY change (%)	N/M	L/P	L/P	271.2	L/P	82.2	22.7	-2.0	L/P	76.1

E: MOFSL Estimates

Jubilant FoodWorks**Buy****CMP: INR615 | TP: INR740 (+20%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 8% LFL growth for the quarter
- GM/EM to marginally contract on a sequential/YoY basis by 30bp/120bp
- Expect net additions of 60 Domino's outlets in 2QFY23
- Watch out for commentary on new ventures

Quarterly Standalone Perf.**(INR m)**

Y/E March	FY22				FY23E				Consol.	Consol.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
No of stores (Dominos)	1,380	1,435	1,495	1,567	1,625	1,685	1,745	1,817	1,567	1,817
LFL growth (%)	120.4	29.4	7.5	5.8	28.3	8.0	6.0	7.0	26.4	8.0
Net Sales	8,790	11,007	11,935	11,579	12,403	12,768	13,606	12,916	43,961	51,693
YoY change (%)	131.1	36.6	12.9	12.9	41.1	16.0	14.0	11.5	32.7	17.6
Gross Profit	6,788	8,613	9,262	8,905	9,514	9,832	10,504	10,052	34,062	39,901
Gross margin (%)	77.2	78.2	77.6	76.9	76.7	77.0	77.2	77.8	77.5	77.2
EBITDA	2,115	2,860	3,174	2,897	3,045	3,179	3,497	3,323	11,088	13,044
EBITDA growth %	778.7	33.2	13.9	16.2	44.0	11.2	10.2	14.7	43.8	17.6
Margins (%)	24.1	26.0	26.6	25.0	24.6	24.9	25.7	25.7	25.2	25.2
Depreciation	890	902	1,006	1,031	1,050	1,150	1,210	1,273	3,931	4,683
Interest	418	416	446	450	459	460	465	466	1,761	1,850
Other Income	80	93	109	124	106	105	125	123	414	458
PBT	887	1,635	1,831	1,539	1,642	1,674	1,947	1,706	5,810	6,969
Tax	206	407	457	374	366	422	491	478	1,452	1,756
Rate (%)	23.2	24.9	25.0	24.3	22.3	25.2	25.2	28.0	25.0	25.2
Adjusted PAT	681	1,228	1,374	1,165	1,276	1,252	1,456	1,228	4,358	5,213
YoY change (%)	L/P	59.6	9.8	11.7	87.3	2.0	6.0	5.4	89.1	19.6

E: MOFSL Estimates

Restaurants Brand Asia**Buy****CMP: INR132 | TP: INR165 (+25%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Burger King to deliver 51% YoY domestic sales growth, led by 20% SSSG and 18 store additions
- Dine-in business recovery to further aid sales
- Resumption in consumer mobility to aid the dine-in channel and mall footfalls
- Watch out for commentary on Indonesia business recovery.

Quarterly Standalone Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
SSSG (%)	270.0	140.0	65.0	17.0	66.0	20.0	25.0	35.0	70.0	49.5
No. of stores	270	274	294	315	328	346	365	385	315	385
Net Sales	1,497	2,454	2,799	2,687	3,369	3,705	4,058	4,107	14,903	22,523
YoY change (%)	-72.7	153.7	71.5	37.1	125.0	51.0	45.0	52.9	48.4	51.1
Gross Profit	976	1,605	1,849	1,776	2,236	2,483	2,727	2,765	9,406	14,581
Margin (%)	65.2	65.4	66.1	66.1	66.4	67.0	67.2	67.3	63.1	64.7
EBITDA	15	256	328	302	332	446	637	551	966	2,476
EBITDA growth %	L/P	7,973.2	115.9	23.6	2,064.8	74.1	94.2	82.2	287.3	156.2
Margin (%)	1.0	10.4	11.7	11.3	9.9	12.0	15.7	13.4	6.5	11.0
Depreciation	329	334	344	351	461	470	500	550	2,336	2,670
Interest	167	167	168	178	196	190	210	247	954	843
Other Income	37	43	32	94	97	60	55	64	224	276
PBT	-444	-202	-152	-132	-227	-154	-18	-182	-2,099	-761
Tax	0	0	0	0	0	0	0	0	0	0
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted PAT	-444	-202	-152	-132	-227	-154	-18	-182	-2,099	-761
YoY change (%)	-	-	-	-	-	-	-	-	-	-

E: MOFSL Estimates

Sapphire Foods

Buy

CMP: INR1,477 | TP: INR1,710 (+16%)

EPS CHANGE (%): FY23|24: -3.5|-0.2

- KFC to deliver 7% SSSG along with 15 store additions
- PH to deliver 12% SSSG along with 15 store additions
- Watch out for commentary on Sri Lanka business
- Watch out for commentary on ADS and delivery

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
KFC - No. of stores	208	219	250	263	281	296	311	323	263	323
PH - No. of stores	171	188	209	219	235	250	265	289	219	289
KFC - SSSG (%)	149.0	NA	29.0	15.0	65.0	7.0	1.0	8.0	31.0	16.0
PH - SSSG (%)	-29.0	NA	22.0	3.0	47.0	12.0	1.0	16.0	42.0	14.0
Net Sales	3,031	4,142	5,075	4,968	5,463	5,680	6,448	6,495	17,216	24,085
YoY change (%)	173.0	76.9	52.0	45.9	80.3	37.1	27.0	30.7	68.8	39.9
Gross Profit	2,130	2,884	3,510	3,414	3,707	3,864	4,417	4,477	11,938	16,465
Margin (%)	70.3	69.6	69.2	68.7	67.9	68.0	68.5	68.9	69.3	68.4
EBITDA	341	566	1,145	998	1,104	1,121	1,322	1,300	3,050	4,848
EBITDA growth %	L/P	70.7	93.1	78.8	223.9	98.0	15.5	30.3	145.2	58.9
Margin (%)	11.2	13.7	22.6	20.1	20.2	19.7	20.5	20.0	17.7	20.1
Depreciation	534	512	513	576	609	650	700	723	2,135	2,683
Interest	172	190	185	233	197	200	220	243	781	860
Other Income	109	95	78	98	59	80	100	118	380	356
PBT	-256	-41	525	286	356	351	502	451	514	1,661
Tax	8	10	16	21	-25	35	75	81	54	166
Rate (%)	-	-	2.9	7.3	-7.1	10.0	15.0	17.9	10.5	10.0
Adjusted PAT	-264	-51	510	265	381	316	427	371	460	1,495
YoY change (%)	-	-	1,678.2	-	L/P	L/P	-16.3	39.9	-	225.1

E: MOFSL Estimates

Titan Company

Buy

CMP: INR2,576 | TP: INR2,970 (+15%)

EPS CHANGE (%): FY23|24: 1.0|0.0

- Expect 14.6% YoY growth on the Jewelry segment over a normalized base. Three-year revenue CAGR at 27.3%
- Robust YoY revenue growth of 20% in watches and wearables.
- Margin likely to remain flattish YoY as well as sequentially.
- Watch out for outlook on international business expansion.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	34,730	74,930	1,00,370	77,960	94,430	87,370	98,074	86,149	2,87,990	3,66,024
YoY change (%)	75.5	64.6	31.7	4.0	171.9	16.6	-2.3	10.5	33.1	27.1
Gross Profit	7,780	18,750	25,360	19,690	24,050	22,454	26,480	23,897	71,580	96,881
Margin (%)	22.4	25.0	25.3	25.3	25.5	25.7	27.0	27.7	24.9	26.5
EBITDA	1,370	9,680	14,420	8,760	11,960	11,204	13,080	10,116	34,230	46,360
EBITDA growth %	L/P	209.3	70.0	7.2	773.0	15.7	-9.3	15.5	98.5	35.4
Margin (%)	3.9	12.9	14.4	11.2	12.7	12.8	13.3	11.7	11.9	12.7
Depreciation	950	1,040	980	1,020	1,030	1,070	1,160	1,147	3,990	4,407
Interest	490	510	570	610	650	660	675	694	2,180	2,679
Other Income	460	550	570	760	440	580	620	658	2,340	2,298
PBT	390	8,680	13,440	7,890	10,720	7,520	11,865	8,934	30,400	41,573
Tax	210	2,270	3,320	1,260	2,820	2,534	2,990	2,133	7,060	10,476
Rate (%)	53.8	26.2	24.7	16.0	26.3	25.2	25.2	23.9	23.2	25.2
Adjusted PAT	180	6,410	10,120	6,630	7,900	7,520	8,875	6,801	23,340	31,097
YoY change (%)	L/P	268.4	90.9	16.7	#	17.3	-12.3	2.6	138.4	33.2

E: MOFSL Estimates

Westlife Development

Neutral

CMP: INR701 | TP: INR675 (-4%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 25% SSSG in 2QFY23, driven by omni-channel focus
- Dine-in channel recovery to continue while convenience channels to stay elevated compared to pre-COVID levels
- Expect 11 new store additions in 2QFY23
- Watch out for commentary on addition of new stores and performance of gourmet menu

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
SSSG %	183.0	83.7	44.0	23.0	97.0	25.0	10.0	11.0	83.4	34.5
No. of McDonald's restaurants	305	310	316	326	331	342	351	361	326	361
Net Sales	2,592	3,854	4,768	4,551	5,379	5,203	5,698	5,590	15,765	21,871
YoY Change (%)	176.0	84.0	46.7	27.3	107.6	35.0	19.5	22.8	59.9	38.7
Gross profit	1,695	2,495	3,165	2,959	3,459	3,408	3,761	3,687	10,314	14,314
Margin (%)	65.4	64.7	66.4	65.0	64.3	65.5	66.0	66.0	65.4	65.5
EBITDA	25	444	793	629	873	812	940	916	1,892	3,541
YoY Change (%)	L/P	L/P	81.4	34.6	3,380.8	82.7	18.5	45.6	303.1	87.1
Margins (%)	1.0	11.5	16.6	13.8	16.2	15.6	16.5	16.4	12.0	16.2
Depreciation	332	338	348	346	358	380	400	418	1,364	1,556
Interest	203	204	210	209	215	240	260	278	826	994
Other Income	64	40	43	131	18	40	55	62	277	175
PBT	-446	-59	279	205	318	232	335	282	-21	1,167
Tax	-112	-15	70	52	82	58	84	69	-4	294
Rate (%)	N/M	N/M	25.3	25.4	25.8	25.2	25.2	24.6	19.4	25.2
Adj PAT	-334	-44	208	153	236	173	251	213	-17	873
YoY Change (%)	-	-	L/P	L/P	L/P	L/P	20.4	39.1	-	L/P
Margins (%)	-12.9	-1.1	4.4	3.4	4.4	3.3	4.4	3.8	-0.1	4.0

E: MOFSL Estimates

Staffing

Security & Intelligence
Services India

TeamLease Services

Quess Corp

Growth to remain strong; recovery in margin to take time

Expect growth to stay strong in 2QFY23

- We expect our Staffing Coverage Universe to deliver a sales/EBITDA/PAT growth/(dip) of 23%/(2%)/(9%) YoY in 2QFY23.
- We expect growth to stay strong and broad-based though the slowdown in hiring in IT Services will impact growth to some extent.
- Margin will remain largely flat, with the recovery expected to be gradual.

QUESS to lead the sequential growth trajectory in revenue

- QUESS is likely to lead the sequential growth trajectory in revenue, aided by broad-based demand in General as well as Specialized Staffing.
- We expect headcount additions to stay strong in 2QFY23.

Margin to remain flat, recovery to be gradual

- We expect margins for our coverage companies in 2QFY23 to stay flat QoQ on account of elevated costs.
- Margin recovery will take time and occur gradually towards the end of FY23.

Long-term outlook is positive

- The Staffing sector has already passed the peak of uncertainty as the economy has opened up and witnessed a good rebound. The market shift towards organized players will be one of the key growth drivers. This makes Staffing an attractive long term play.
- We maintain our positive stance on the sector, with a Buy rating on QUESS and SIS and a Neutral rating on TEAM.

Exhibit 1: Expect a 3.7% QoQ growth in revenue

Company	Revenue (INR b)					EBITDA (INR b)				
	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
SIS	27.7	26.8	3.5%	24.3	14.0%	1.2	1.2	0.9%	1.2	-1.0%
TeamLease	19.5	18.8	3.8%	15.2	28.0%	0.3	0.3	11.8%	0.3	-17.2%
Quess	41.4	39.8	3.9%	32.3	28.1%	1.6	1.5	2.4%	1.6	0.8%
Aggregate	88.6	85.4	3.7%	71.8	23.3%	3.1	3.0	2.6%	3.1	-1.9%
Company	EBITDA margin (%)					Adjusted PAT (INR b)				
	2QFY23E	1QFY23	QoQ (bp)	2QFY22	YoY (bp)	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
SIS	4.4	4.5	-10.0	5.1	-70.0	0.6	0.8	-21.5%	0.7	-5.2%
TeamLease	1.5	1.3	10.0	2.2	-80.0	0.2	0.3	-16.6%	0.3	-13.8%
Quess	3.8	3.9	-10.0	4.8	-100.0	0.7	0.7	1.1%	0.8	-10.7%
Aggregate	3.5	3.5	-	4.4	-90.0	1.6	1.8	-12.1%	1.7	-9.0%

Source: Company, MOFSL

Exhibit 2: Revisions to our estimates

Sector	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
SIS	20.5	26.7	20.8	27.1	-1.4%	-1.4%
TeamLease	69.7	100.1	75.3	103.4	-7.4%	-3.2%
Qess	24.5	41.4	25.3	41.7	-3.2%	-0.6%

Source: Company, MOFSL

Exhibit 3: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Qess Corp	631	Buy	41,357	28.1	3.9	1,572	0.8	2.4	684	-10.7	1.1
SIS	421	Buy	27,709	14.0	3.5	1,218	-1.0	0.9	648	3.6	-21.5
Team Lease Serv.	3092	Neutral	19,502	28.0	3.8	283	-17.2	11.8	221	-13.8	-16.6
Staffing			88,567	23.3	3.7	3,073	-1.9	2.6	1,553	-5.8	-12.1

Source: Company, MOFSL

Exhibit 4: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Staffing						31.4	26.3	17.5	4.1	3.6	3.1	12.9	13.6	17.7
Qess Corp	631	Buy	17.6	24.5	41.4	35.8	25.8	15.2	2.9	2.7	2.4	11.5	14.9	22.7
SIS	421	Buy	19.4	20.5	26.7	21.7	20.5	15.7	1.4	1.2	1.0	14.8	13.8	15.4
Team Lease Serv.	3,092	Neutral	65.1	69.7	100.1	47.5	44.4	30.9	7.5	6.0	5.0	16.3	15.0	17.6

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

SIS Buy

CMP INR421 | TP: INR510 (+21%)

EPS CHANGE (%): FY23|24: -1.4|-1.4

- Expect strong growth aided by a broad-based performance
- The outlook on the FM business remains a key monitorable
- Expect margin to remain largely flat on a QoQ basis

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	23,793	24,309	26,008	26,480	26,782	27,709	29,485	30,114	1,00,590	1,14,089
Change (YoY %)	9.8	12.7	10.3	8.3	12.6	14.0	13.4	13.7	10.2	13.4
Total Expenditure	22,580	23,079	24,711	25,236	25,575	26,491	28,148	28,652	95,606	1,08,865
EBITDA	1,214	1,231	1,297	1,244	1,207	1,218	1,337	1,462	4,985	5,224
Margin (%)	5.1	5.1	5.0	4.7	4.5	4.4	4.5	4.9	5.0	4.6
Depreciation	270	264	283	298	286	294	305	309	1,116	1,194
Interest	246	247	245	246	247	232	232	232	984	928
Other Income	39	26	35	49	67	50	50	50	150	200
PBT	738	745	804	748	742	742	850	971	3,035	3,302
Tax	212	112	38	-183	-80	100	115	131	179	266
Rate (%)	28.8	15.0	4.7	-24.4	-10.7	13.5	13.5	13.5	5.9	8.1
Minority Interest and P/L of Asso. Cos.	-6	-8	-3	43	4	6	6	8	26	24
Adjusted PAT	519	626	763	974	825	648	741	848	2,882	3,060
Change (YoY %)	31.2	25.1	12.0	171.0	59.0	3.6	-2.9	-13.0	48.8	6.2
Margin (%)	2.2	2.6	2.9	3.7	3.1	2.3	2.5	2.8	2.9	2.7

TeamLease Neutral

CMP INR3092 | TP: INR3200 (+3%)

EPS CHANGE (%): FY23|24: -7.4|-3.2

- Expect a revenue growth of ~3.8% QoQ and 28% YoY
- Expect a marginal improvement in margin on a QoQ basis
- Expect some slowdown in IT and General Staffing
- Commentary on margin remains a key monitorable

Consolidated quarterly performance (INR m)

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	13,768	15,236	17,621	18,174	18,794	19,502	21,497	22,718	64,798	93,992
Change (YoY %)	21%	34.9%	38%	36%	37%	28%	22%	25%	33%	45%
Total Expenditure	13,473	14,894	17,244	17,764	18,541	19,219	21,132	22,241	63,375	81,132
Reported EBITDA	295	342	377	410	253	283	365	477	1,424	12,860
Margin (%)	2.1%	2.2%	2.1%	2.3%	1.3%	1.5%	1.7%	2.1%	2.2%	13.7%
Reported EBIT	203	230	279	304	163	193	275	387	1,016	12,454
Margin (%)	1.5%	1.5%	1.6%	1.7%	0.9%	1.0%	1.3%	1.7%	1.6%	13.3%
Interest	8	14	10	8	7	10	10	10	40	37
Other Income	46	54	51	47	123	50	50	50	197	273
PBT before EO expense	240	270	319	343	279	233	315	427	1,173	12,690
Extra-Ord. expense	-26	750	0	-6	0	0	0	0	718	0
Reported PBT	266	-480	319	350	279	233	315	427	456	12,690
Tax	-3	14	17	33	14	12	16	21	61	62
Rate (%)	-1%	-3%	5%	10%	5%	5%	5%	5%	13%	0%
Reported PAT	269	-493	302	316	265	221	300	406	395	12,628
Change (YoY %)	57%	-365%	31%	61%	-1%	-145%	-1%	28%	-50%	3101%
Margin (%)	2.0%	-3.2%	1.7%	1.7%	1.4%	1.1%	1.4%	1.8%	0.6%	13.4%
Adjusted PAT	243	257	302	310	265	221	300	406	1,112	1,192
Change (YoY %)	42%	19%	31%	15%	9%	-14%	-1%	31%	25%	7%
Margin (%)	1.8%	1.7%	1.7%	1.7%	1.4%	1.1%	1.4%	1.8%	1.7%	1.3%

Quess**Buy****CMP INR631 | TP: INR750 (+19%)****EPS CHANGE (%): FY23|24: -3.2|-0.6**

- Expect the strong revenue growth to sustain in 2QFY23
- Expect margin to remain largely flat on a QoQ basis
- Growth to remain broad-based across business lines
- Commentary on margin remains a key monitorable

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	29,869	32,278	36,850	37,920	39,793	41,357	48,205	48,442	1,36,918	1,77,797
Change (YoY %)	24.0	23.4	31.2	26.2	33.2	28.1	30.8	27.7	26.3	29.9
Total Expenditure	28,540	30,719	35,061	36,079	38,259	39,785	46,133	46,262	1,30,400	1,70,439
EBITDA	1,329	1,559	1,788	1,842	1,534	1,572	2,073	2,180	6,518	7,359
Margin (%)	4.4	4.8	4.9	4.9	3.9	3.8	4.3	4.5	4.8	4.1
Depreciation	497	486	494	643	610	578	578	578	2,120	2,343
EBIT	831	1,073	1,295	1,199	924	994	1,495	1,602	4,397	5,015
Margin (%)	2.8	3.3	3.5	3.2	2.3	2.4	3.1	3.3	3.2	2.8
Interest	218	195	184	195	204	240	192	192	792	828
Other Income	48	74	29	47	72	51	51	51	198	226
PBT before EO expense	662	952	1,140	1,050	792	805	1,354	1,461	3,803	4,413
Recurring Tax	356	186	254	270	115	121	203	219	1,066	659
Rate (%)	53.7	19.5	22.3	25.7	14.6	15.0	15.0	15.0	28.0	14.9
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	0
Adjusted PAT	306	766	885	780	677	684	1,151	1,242	2,738	3,755
Extraordinary items	-140	354	0	14	0	0	0	0	228	0
Reported PAT	446	412	885	766	677	684	1,151	1,242	2,510	3,755
Change (YoY %)	22.4	-17.4	94.3	NA	51.7	65.9	30.0	62.1	240.3	49.6
Margin (%)	1.5	1.3	2.4	2.0	1.7	1.7	2.4	2.6	1.8	2.1

Technology

Coforge

Cyient

HCL Tech.

Infosys

L&T Infotech

L&T Technology

Mindtree

Mphasis

Persistent Systems

TCS

Tech Mahindra

Wipro

Zensar Tech.

Continued margin pressure and FX to drag Q2 earnings

Commentary on weakening macro and adverse FX to be monitored

- Our IT Services coverage universe should deliver median revenue growth of 4.2% QoQ and 15.4% YoY in CC terms in 2QFY23E. Growth in EBIT/PAT (5.9%/9.1% QoQ) should be aided by seasonal margin improvement, although the impact is muted due to continued supply side pressure.
- With a weakening macro environment and looming fears of recession, we will be watchful of any moderation in the demand commentary across both Tier I and Tier II companies in the IT Services space. While our recent discussions with various managements indicate continued spends on technology services, we expect some impact across sectors (led by Retail and Manufacturing) for the remaining part of the year. The growth deficit in Tier I players v/s Tier II peers will further narrow in 2QFY23. We see a limited change in the FY23 revenue growth guidance of INFO, HCLT, COFORGE, and LTTS in 2Q, given the unchanged demand commentary.
- Despite 2Q being a seasonally strong quarter, revenue growth of Tier I companies should be ranging from 2.0% to 4.3% QoQ CC. While Tier II players are expected to grow in the (0.2) -5.1% range, CYL is expected to grow by 11.1% QoQ CC due to a meaningful contribution from recent acquisitions. Reported USD growth will be hit by 1.0-2.5% due to FX headwinds.
- Though slow-down in the US and Europe and a highly inflationary environment will impact 2HFY23 and FY24, on the longer term, demand would remain intact. We are trimming our FY23/FY24 INR EPS despite a positive impact due to the 300bp+ depreciation in INR (to 81.5/USD).
- The commentary on demand and impact of the weakening macro-economic outlook on deal conversion will be key monitorables.

INFO/CLY to lead revenue growth within the Tier I/midcap space

- We expect narrow revenue growth in the Tier I IT space, with INFO leading with a revenue growth of 4.3% QoQ CC, followed by WPRO/TCS at 4.2%/ 3.5%. HCLT/TECHM is expected to deliver 2.8%/2.0% QoQ CC growth.
- Among Tier II players, we expect CYL to grow 11.1% QoQ CC, buoyed by gains of ~900bp from recent acquisitions. We expect MTCL/PSYS/COFORGE to grow by ~5% CC.

Margin to remain mixed bag; Tier I players to see some margin recovery

- Operating leverage should result in some margin improvement in 2QFY23, although the gain will be modest due to continued supply-side pressure with elevated attrition and individual impact from wage hikes. While margins for Tier I companies will expand in the 10bp to 40bp range QoQ, Tier II pack will operate in a wider range (-90bp to 160bp). However, Zensar should see large 240bp sequential contraction on salary hikes along with revenue decline.
- Among Tier I players, margin recovery to remain muted for INFO and TECHM due to elevated supply pressures. In the Tier II pack, ZENT/PSYS/LTTS/CLY/MTCL to see a margin dip of -240/-90/-80/-80/-70bp QoQ, respectively, on account of wage hikes.

- Attrition levels are expected to remain at elevated and supply will continue to stay constrained, leading to increased replacement costs. Freshers becoming billable should provide near term respite in terms of margin.
- We see pricing flow through as a key monitorable over the next few quarters as the commentary from across the universe is indicating partial price comfort on deals/renewals. The pricing should start reflecting in profits with some lag.
- INR has meaningfully appreciated against EUR and GBP as these currencies have depreciated against USD. This will have a meaningful impact on FY23 and FY24 earnings for our coverage companies.

Strong PAT growth despite FX headwinds on account of non-operational factors

- We expect our Tier I IT coverage universe to see a 9.6% QoQ PAT growth, and a 5.9% YoY growth. INFO/WPRO to see double digit QoQ PAT growth (10.8%/16.2%), driven by lower tax rate/interest income. While TCS/ TECHM/ HCLT should see 9.4%/8.2%/3.4% QoQ PAT growth.
- Tier II players are expected to report a relatively slower PAT growth than Tier I players at 4.6% QoQ, but YoY growth is expected to remain strong at 18.3%, driven by strong revenue growth (and margin expansion for a few names). COFORGE to see exceptional PAT growth (~29% QoQ), driven by strong margin recovery while ZENT will continue to struggle (33.5% QoQ decline in profits) due to declining revenues and the adverse impact of wage hike on margin (-240bps).

Prefer TCS/INFO/HCLT/MPHL

- NIFTY IT has underperformed NIFTY by 21% in last 6-months. With valuations correcting meaningfully over last one year (IT services sector P/E at 21.6x, down 35% from the peak and 30% YoY), we maintain our positive stance on the IT Services sector due to a favorable medium to long term demand outlook despite near term pain.
- We continue to prefer Tier I players over their Tier II counterparts, given their relative valuation attractiveness and diversified client portfolio. Among Tier I players, we prefer TCS, HCLT, and INFO. We expect INFO to deliver a top quartile growth, backed by strong deal wins and price revisions. HCLT is one of the key beneficiaries of Cloud adoption at scale, given its expertise in IMS. TCS remains best positioned to benefit from the long-term structural tailwinds in Tech Services and should see a relative pickup in growth, aided by the base effect and increased aggression.
- Among Tier II IT, we prefer MPHL and LTTS. We expect LTTS to deliver strong growth over the medium term (despite near-term hiccups), led by robust demand for ER&D services. MPHL continues to gain market share in a relatively stable BFSI space. Spends by its top clients continue to rise, while weakness in its Digital Risk business will be compensated by the bottoming out in the DXC business.

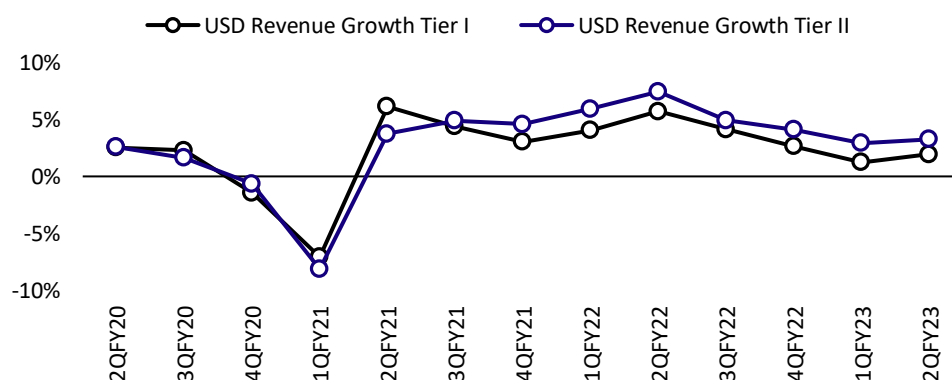
Exhibit 1: Expect Tier I revenue (USD) to grow by 2.1% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
TCS	6,912	6,780	1.9	6,333	9.1	551	528	4.4	469	17.5
INFO	4,580	4,444	3.1	3,998	14.6	365	345	5.9	296	23.3
WPRO	2,809	2,736	2.7	2,580	8.9	225	215	4.7	197	14.6
HCLT	3,065	3,025	1.3	2,791	9.8	244	235	4.1	207	18.3
TECHM	1,643	1,633	0.6	1,473	11.6	131	127	3.0	109	20.3
Tier I aggregate	19,009	18,617	2.1%	17,174	10.7	1,516	1,449	4.6%	1,277	18.8
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	2QFY23E	1QFY23	QoQ	2QFY22	YoY	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
TCS	23.5	23.1	40.0	25.6	-210.0	104	95	9.4	97	7.9
INFO	20.2	20.1	10.0	23.6	-340.0	59	54	10.8	54	9.4
WPRO	15.1	14.8	30.0	17.8	-270.0	30	26	16.2	29	1.5
HCLT	17.3	17.0	30.0	19.0	-170.0	34	33	3.4	33	3.5
TECHM	11.1	11.0	10.0	15.2	-410.0	12	11	8.2	13	-7.4
Tier I aggregate	19.4	19.1	30.0	22.0	-260.0	240	219	9.6	226	5.9

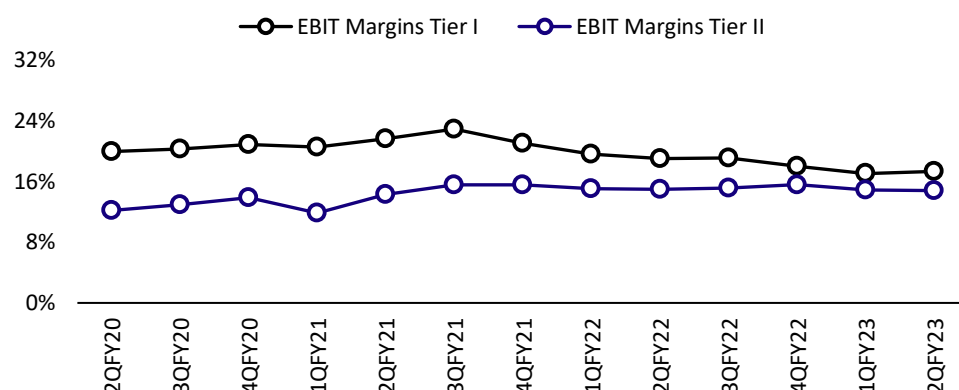
Exhibit 2: Expect Tier II revenue (USD) to grow by ~3% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
LTI	594	580	2.5	509	16.8	47	45	4.8	38	25.8
LTTS	249	240	4.0	217	14.6	20	19	5.9	16	23.5
MTCL	416	399	4.1	350	18.7	33	31	6.1	26	28.1
MPHL	441	436	1.1	385	14.4	35	34	3.6	28	23.4
COFORGE	245	239	2.5	213	15.0	20	18	6.6	16	24.3
PSYS	252	242	4.5	182	38.5	20	19	7.1	14	48.9
ZENT	152	156	-2.4	142	7.3	12	12	0.8	11	15.5
CYL	177	162	9.3	150	17.7	14	13	12.6	11	26.7
Tier II aggregate	2,526	2,453	3.0	2,149	17.5	201	191	5.6	159	26.7
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	2QFY23E	1QFY23	QoQ	2QFY22	YoY	2QFY23E	1QFY23	QoQ (%)	2QFY22	YoY (%)
LTI	16.2	16.0	20.0	17.2	-100.0	6.6	6.3	4.7	5.5	20.4
LTTS	17.5	18.3	-80.0	18.4	-90.0	2.8	2.7	3.3	2.3	23.2
MTCL	18.5	19.2	-70.0	18.2	30.0	5.0	4.7	5.4	4.0	24.6
MPHL	15.4	15.3	10.0	15.9	-50.0	4.3	4.0	6.1	3.6	19.4
COFORGE	14.2	12.5	160.0	14.0	20.0	2.2	1.7	28.6	1.7	32.9
PSYS	13.4	14.3	-90.0	13.9	-50.0	2.1	2.1	-1.5	1.6	28.8
ZENT	4.8	7.2	-240.0	10.9	-610.0	0.5	0.8	-33.5	1.0	-47.9
CYL	10.7	11.5	-80.0	14.0	-330.0	1.1	1.2	-1.7	1.2	-5.9
Tier II aggregate	15.0	15.3	-30.0	16.0	-100.0	24.7	23.6	4.6	20.8	18.3

Source: Company, MOFSL

Exhibit 3: Growth to remain resilient

Source: MOSL, Company

Exhibit 4: Tier 1 companies should see higher margin recovery

Source: MOSL, Company

Exhibit 5: Cross-currency growth and impact on our expectations for 2QFY23

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	3.5	1.9	-150
INFO	4.3	3.1	-120
WPRO	4.2	2.7	-150
HCLT	2.8	1.3	-140
TECHM	2.0	0.6	-130
LTI	3.5	2.5	-100
LTTS	4.7	4.0	-70
MTCL	5.1	4.1	-100
MPHL	1.9	1.1	-80
COFORGE	5.0	2.5	-250
PSYS	5.1	4.5	-50
ZENT	-0.2	-2.4	-220
CYL	11.1	9.3	-180

Source: Company, MOFSL

Exhibit 6: Currency highlights (INR) in 2QFY23

	Rates (INR)				Change (QoQ %)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	79.81	85.39	93.38	54.43	3.47	3.86	-3.80	-1.39
Closing	81.35	78.91	93.55	52.55	3.00	-3.93	-2.11	-3.57

Source: Bloomberg, MOFSL

Exhibit 7: Currency highlights (USD) in 2QFY23

	Rates (USD)			Change (QoQ %)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.07	1.17	0.68	0.38	-7.03	-4.70
Closing	0.97	1.15	0.65	-6.73	-4.96	-6.38

Source: Bloomberg, MOFSL

Exhibit 8: Changes in our estimates

	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
TCS	117	131	117	133	-0.6	-1.9
INFO	57	66	57	68	-0.4	-2.8
WPRO	22	24	22	24	-1.3	-1.5
HCLT	52	58	52	58	1.1	-0.1
TECHM	60	70	61	74	-2.7	-5.7
LTI	158	184	161	187	-1.7	-2.0
LTTS	112	133	111	128	1.3	3.7
MTCL	125	143	124	144	0.9	-0.2
MPHL	93	107	93	108	0.3	-0.8
COFORGE	136	160	138	165	-1.1	-3.2
PSYS	120	141	119	143	0.8	-0.9
ZENT	12	17	14	19	-12.0	-9.9
CYL	50	62	52	64	-3.4	-3.9

Source: Company, MOFSL

Exhibit 9: Expected quarterly performance summary

Companies	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Sep'22E	Variance YoY (%)	Variance QoQ (%)	Sep'22E	Variance YoY (%)	Variance QoQ (%)	Sep'22E	Variance YoY (%)	Variance QoQ (%)
TCS	3005	Buy	550.9	17.5	4.4	129.4	7.9	6.2	104.1	7.9%	9.4%
INFO	1413	Buy	365.0	23.3	5.9	73.7	5.7	6.6	59.4	9.4%	10.8%
WPRO	394	Neutral	225.3	14.6	4.7	34.0	-2.6	6.7	29.8	1.5%	16.2%
HCLT	933	Buy	244.3	18.3	4.1	42.2	7.7	5.7	33.9	3.5%	3.4%
TECHM	1008	Neutral	130.9	20.3	3.0	14.5	-12.0	3.6	12.4	-7.4%	8.2%
LTI	4460	Neutral	47.4	25.8	4.8	7.7	18.4	6.0	6.6	20.4%	4.7%
LTTS	3602	Buy	19.9	23.5	5.9	3.5	17.2	1.2	2.8	23.2%	3.3%
MTCL	3160	Neutral	33.1	28.1	6.1	6.1	30.5	2.4	5.0	24.6%	5.4%
MPHL	2087	Buy	35.1	23.4	3.6	5.4	19.4	3.9	4.3	19.4%	6.1%
COFORGE	3361	Neutral	19.5	24.3	6.6	2.8	26.1	20.5	2.2	32.9%	28.6%
PSYS	3239	Neutral	20.1	48.9	7.1	2.7	44.0	0.3	2.1	28.8%	-1.5%
ZENT	212	Buy	12.1	15.5	0.8	0.6	-49.1	-33.2	0.5	-47.9%	-33.5%
CYL	792	Buy	14.1	26.7	12.6	1.5	-3.3	5.0	1.1	-5.9%	-1.7%
Sector aggregate (INR b)			1,718	19.7	4.7	324	6.0	5.9	264	6.9%	9.1%

Source: Company, MOFSL

Exhibit 10: Comparative valuation

EXHIBIT 10: Comparative valuation															
Company	CMP (INR)	M-cap (INR b)	Target Price	Upside/Downside	EPS (INR)			EPS CAGR (%)	Dividend yield (%)	P/E (x)			RoE (%)		
					FY22	FY23E	FY24E	FY22-24E	FY22	FY22	FY23E	FY24E	FY22	FY23E	FY24E
TCS	3,005	10,994	3,530	17%	104.0	116.5	130.5	12.0	3.4	28.9	25.8	23.0	43.7	47.0	51.0
INFO	1,413	5,946	1,640	16%	52.2	57.1	65.7	12.2	2.2	27.1	24.7	21.5	29.2	31.3	34.5
HCLT	933	2,531	1,170	25%	49.8	52.3	58.3	8.2	4.7	18.7	17.8	16.0	21.9	23.0	25.9
WPRO	394	2,163	410	4%	21.9	21.5	24.0	4.7	1.5	18.0	18.3	16.4	20.2	17.7	19.3
TECHM	1,008	981	980	-3%	62.6	59.7	69.7	5.5	4.5	16.1	16.9	14.5	21.5	19.2	21.2
LTI	4,460	782	4,400	-1%	130.8	158.1	183.5	18.4	1.2	34.1	28.2	24.3	28.5	28.8	28.2
MTCL	3,160	521	3,150	0%	100.1	124.8	143.3	19.7	1.2	31.6	25.3	22.0	33.8	34.1	32.6
MPHL	2,087	393	2,470	18%	75.1	92.9	107.3	19.6	2.2	27.8	22.5	19.4	21.5	24.2	25.3
LTTS	3,602	380	4,130	15%	90.5	112.4	133.1	21.2	1.0	39.8	32.1	27.1	25.0	26.3	26.7
PSYS	3,239	248	3,400	5%	91.3	119.7	141.5	24.5	1.0	35.5	27.1	22.9	22.6	25.0	25.1
COFORGE	3,361	205	3,510	4%	110.9	136.5	159.6	20.0	1.5	30.3	24.6	21.1	26.0	27.9	28.0
CYL	792	88	990	25%	47.8	50.2	61.9	13.8	3.6	16.6	15.8	12.8	17.2	17.5	20.4
ZENT	212	48	260	23%	18.3	12.0	17.0	-3.5	3.5	11.5	17.6	12.4	16.3	9.8	13.0

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Coforge

Neutral
CMP INR3361 | TP: INR3510 (4%)
EPS CHANGE (%): FY23|24: -1.1|-3.2

- Growth should continue to remain strong in 2QFY23E. Expect around 150-200bp cross-currency impact on revenue due to high exposure to Europe.
- The BFS vertical is expected to do well for the company. Insurance will bounce back.
- Expect good margin recovery from 1QFY23 wage hikes.
- The management's FY23 guidance will be a key monitorable.

Quarterly performance (Ind AS)

Y/E March (Consolidated)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Rev. (USD m)	200	213	222	232	239	245	249	260	866	993
QoQ (%)	15.8	6.6	4.1	4.9	2.7	2.5	1.9	4.3	38.0	14.6
Revenue (INR m)	14,616	15,694	16,581	17,429	18,294	19,503	20,396	21,276	64,320	79,469
YoY (%)	38.3	36.0	39.3	38.2	25.2	24.3	23.0	22.1	37.9	23.6
GPM (%)	29.9	32.1	32.4	33.3	30.4	31.7	33.0	33.3	32.0	32.2
SGA (%)	13.7	13.5	12.9	13.0	13.9	13.6	13.5	13.5	13.3	13.6
EBITDA (INR m)	2,229	2,788	3,068	3,339	2,922	3,434	3,877	4,108	11,424	14,340
EBITDA margin (%)	15.3	17.8	18.5	19.2	16.0	17.6	19.0	19.3	17.8	18.0
EBIT (INR m)	1,705	2,190	2,502	2,755	2,292	2,761	3,173	3,373	9,152	11,599
EBIT margin (%)	11.7	14.0	15.1	15.8	12.5	14.2	15.6	15.9	14.2	14.6
Other income	52	-77	-122	-119	-76	98	102	106	-266	230
ETR (%)	18.2	21.1	15.1	13.0	22.2	22.5	22.5	22.5	16.5	22.5
Minority Interest	-76.0	-148.0	-135.0	-171.0	-222.0	-159.4	-163.6	-163.6	-530.0	-708.6
Adj. PAT	1,361	1,519	1,885	2,123	1,501	2,056	2,374	2,533	6,888	8,464
QoQ (%)	-1.1	11.6	24.1	12.6	-29.3	37.0	15.5	6.7		
YoY (%)	39.0	25.8	54.5	54.3	10.3	35.3	26.0	19.3	44.0	22.9
Adj. EPS (INR)	21.9	24.5	30.4	34.2	24.2	33.2	38.3	40.9	110.9	136.5

Cyient

Buy
CMP INR792 | TP: INR990 (+25%)
EPS CHANGE (%): FY23|24: -3.4|-3.9

- Expect ~11% CC growth on a QoQ basis, led by acquisitions. Organic growth should be ~2%.
- Services growth to remain impacted on account of weakness in railways. DLM to continue to decline.
- Margins to remain muted due to wage hikes. Expect one-time transaction costs due to acquisitions.
- The impact of the semiconductor shortage on CLM growth in FY23 and normalization of the Rail vertical will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	144	150	158	157	162	177	192	197	608	727
QoQ (%)	-4.3	4.6	5.2	-0.8	3.1	9.3	8.7	2.6	9.2	19.6
Revenue (INR m)	10,582	11,116	11,834	11,812	12,501	14,078	15,707	16,113	45,344	58,400
YoY (%)	6.7	10.8	13.3	8.0	18.1	26.7	32.7	36.4	9.7	28.8
GPM (%)	35.9	38.4	36.3	38.3	36.8	36.0	37.0	37.6	37.3	36.9
SGA (%)	18.2	19.8	18.4	20.2	21.2	21.0	20.0	19.7	19.1	20.4
EBITDA	1,878	2,074	2,128	2,136	1,946	2,112	2,670	2,884	8,216	9,612
EBITDA margin (%)	17.7	18.7	18.0	18.1	15.6	15.0	17.0	17.9	18.1	16.5
EBIT	1,388	1,557	1,641	1,707	1,435	1,506	2,010	2,208	6,293	7,159
EBIT margin (%)	13.1	14.0	13.9	14.5	11.5	10.7	12.8	13.7	13.9	12.3
Other income	147	58	105	377	160	56	79	81	687	375
ETR (%)	25.1	25.0	24.6	26.1	27.2	27.0	27.0	27.0	25.2	27.0
Adj. PAT	1,150	1,212	1,316	1,541	1,161	1,141	1,525	1,670	5,219	5,497
QoQ (%)	3.9	5.4	8.6	17.1	-24.7	-1.7	33.7	9.5		
YoY (%)	41.3	44.4	37.9	39.3	0.9	-5.9	15.9	8.4	40.5	5.3
EPS (INR)	10.5	11.1	12.1	14.1	10.6	10.4	13.9	15.2	47.8	50.2

HCL Technologies

Buy

CMP INR933 | TP: INR1170 (+25%)

EPS CHANGE (%): FY23 | 24: 1.1 | -0.1

- 2QFY23E CC growth will be good and the management commentary should remain positive.
- Services business should see good growth.
- Margins should improve in 2QFY23E despite wage hikes.
- Any revision in outlook on margin and the P&P business in FY23 will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	2,720	2,791	2,978	2,993	3,025	3,065	3,164	3,171	11,481	12,425
QoQ (%)	0.9	2.6	6.7	0.5	1.1	1.3	3.2	0.2	12.8	8.2
Revenue (INR b)	201	207	223	226	235	244	259	259	857	997
YoY (%)	12.5	11.1	15.7	15.0	16.9	18.3	15.9	14.8	13.6	16.4
GPM (%)	39.2	38.2	38.2	36.8	35.8	35.6	37.0	36.2	38.1	36.2
SGA (%)	12.8	13.0	12.4	12.7	12.9	12.5	12.7	12.7	12.7	12.7
EBITDA	49	50	54	52	50	53	59	57	202	218
EBITDA margin (%)	24.5	24.0	24.1	23.1	21.3	21.5	22.7	21.9	23.6	21.9
EBIT	39	39	43	41	40	42	48	46	162	176
EBIT margin (%)	19.6	19.0	19.1	18.0	17.0	17.3	18.4	17.6	18.9	17.6
Other income	2	2	2	3	3	2	3	3	8	11
ETR (%)	21.7	20.5	22.2	16.7	24.3	24.0	24.0	24.0	20.3	24.1
Adjusted PAT	32	33	34	36	33	34	38	37	135	142
QoQ (%)	34.7	1.5	5.5	4.4	-8.7	3.4	12.6	-3.8		
YoY (%)	10.0	3.9	0.3	50.6	2.1	4.0	11.1	2.3	13.7	4.9
EPS	11.8	12.0	12.7	13.3	12.1	12.5	14.1	13.6	49.8	52.3

Infosys

Buy

CMP INR1413 | TP: INR1640 (+16%)

EPS CHANGE (%): FY23 | 24: -0.4 | -2.8

- Expect good demand commentary from INFO with good deal conversions.
- In CC terms, INFO should deliver a USD revenue growth of 4.3% QoQ, although adverse cross-currency movements will drag reported growth.
- Expect weaker-than-expected margins as supply side challenges continue to remain elevated.
- Commentary on deal wins and margins will be a key monitorables.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	3,782	3,998	4,250	4,280	4,444	4,580	4,559	4,645	16,310	18,229
QoQ (%)	4.7	5.7	6.3	0.7	3.8	3.1	-0.5	1.9	20.3	11.8
Revenue (INR m)	279	296	319	323	345	365	373	380	1,216	1,463
YoY (%)	17.9	20.5	22.9	22.7	23.6	23.3	17.0	17.7	21.1	20.2
GPM (%)	33.7	33.1	32.8	31.0	29.3	29.8	30.6	31.1	32.6	30.2
SGA (%)	10.0	9.5	9.3	9.4	9.2	9.6	9.7	9.8	9.6	9.6
EBITDA	74	78	84	79	78	84	88	91	315	341
EBITDA margin (%)	26.6	26.4	26.3	24.4	22.8	22.9	23.6	24.0	25.9	23.3
EBIT	66	70	75	70	69	74	78	81	280	302
EBIT margin (%)	23.7	23.6	23.5	21.6	20.1	20.2	20.9	21.3	23.0	20.6
Other income	6	5	5	6	6	7	7	7	21	26
ETR (%)	27.5	27.1	26.7	24.5	28.8	26.0	26.0	26.0	26.4	26.6
PAT	52	54	58	57	54	59	62	65	221	240
QoQ (%)	2.3	4.4	7.2	-2.1	-5.7	10.6	5.4	3.9		
YoY (%)	22.3	11.9	11.8	12.0	3.2	9.3	7.6	14.2	14.2	8.7
EPS (INR)	12.2	12.9	13.8	13.5	12.8	14.1	14.9	15.5	52.2	57.1

LTI Neutral

CMP INR4460 | TP: INR4400 (-1%)

EPS CHANGE (%): FY23|24: -1.7|-2.0

- Expect sequential revenue growth to be in low single-digits. It should see ~100bp cross-currency impact on the revenues.
- Expect margins to remain flat in 2QFY23E on a QoQ basis on account of elevated attrition.
- The BFS vertical to remain strong for the company in 2QFY23E.
- Commentary around the deal pipeline and wins remain a key monitorable.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	470	509	553	570	580	594	616	634	2,103	2,425
QoQ (%)	5.1	8.3	8.6	3.1	1.7	2.5	3.6	2.9	25.9	15.3
Revenue (INR m)	34,625	37,670	41,376	43,016	45,228	47,379	50,402	51,850	1,56,687	1,94,859
YoY (%)	17.4	25.6	31.2	31.6	30.6	25.8	21.8	20.5	26.7	24.4
GPM (%)	31.0	31.0	31.0	30.0	29.1	29.5	30.0	30.4	30.7	29.8
SGA (%)	12.3	11.5	10.9	10.3	10.7	11.0	11.0	11.2	11.2	11.0
EBITDA	6,478	7,332	8,311	8,464	8,308	8,765	9,576	9,934	30,585	36,584
EBITDA margin (%)	18.7	19.5	20.1	19.7	18.4	18.5	19.0	19.2	19.5	18.8
EBIT	5,682	6,482	7,426	7,445	7,243	7,675	8,417	8,742	27,036	32,077
EBIT margin (%)	16.4	17.2	17.9	17.3	16.0	16.2	16.7	16.9	17.3	16.5
Other income	1,039	938	811	1,151	1,267	1,184	1,260	1,296	3,939	5,008
ETR (%)	26.1	25.6	25.6	25.8	25.5	25.0	25.0	25.0	25.8	25.1
Adj. PAT	4,968	5,517	6,125	6,375	6,344	6,645	7,258	7,528	22,985	27,775
QoQ (%)	1.7	11.1	11.0	4.1	-0.5	4.7	9.2	3.7		
YoY (%)	19.3	20.8	18.0	30.5	27.7	20.4	18.5	18.1	22.2	20.8
EPS (INR)	28.3	31.4	34.9	36.3	36.1	37.8	41.3	42.8	130.8	158.1

LTTS Buy

CMP INR3602 | TP: INR4130 (+15%)

EPS CHANGE (%): FY23|24: 1.3|3.7

- Expect the growth to be good at 4.7%CC in 2QFY23E
- Vertical commentary should start seeing some moderation in Industrial Products and Plant Engineering.
- Expect muted EBIT margin on wage hikes and continued supply pressures.
- Commentary around the impact of the macro environment on deal wins and any changes to its FY23 guidance remain key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	206	217	225	232	240	249	255	265	880	1,008
QoQ (%)	4.2	5.7	3.5	3.1	3.2	4.0	2.3	3.8	19.5	14.5
Revenue (INR m)	15,184	16,077	16,875	17,561	18,737	19,850	20,844	21,641	65,697	81,072
YoY (%)	17.3	22.4	20.5	21.9	23.4	23.5	23.5	23.2	20.6	23.4
GPM (%)	33.4	33.3	33.7	33.0	33.0	32.5	33.0	32.9	33.3	32.8
SGA (%)	12.4	11.6	12.0	11.3	11.6	12.0	11.7	11.7	11.8	11.7
EBITDA	3,177	3,493	3,675	3,804	4,010	4,069	4,440	4,586	14,149	17,105
EBITDA margin (%)	20.9	21.7	21.8	21.7	21.4	20.5	21.3	21.2	21.5	21.1
EBIT	2,623	2,964	3,144	3,274	3,434	3,474	3,814	3,937	12,005	14,659
EBIT margin (%)	17.3	18.4	18.6	18.6	18.3	17.5	18.3	18.2	18.3	18.1
Other income	334	180	259	314	340	357	375	390	1,087	1,462
ETR (%)	26.6	26.6	26.7	26.6	27.1	26.0	26.0	26.0	26.6	26.3
PAT	2,162	2,300	2,488	2,620	2,742	2,833	3,098	3,199	9,570	11,873
QoQ (%)	11.2	6.4	8.2	5.3	4.7	3.3	9.4	3.3		
YoY (%)	84.3	39.0	33.7	34.7	26.8	23.2	24.5	22.1	44.3	24.1
EPS (INR)	20.4	21.8	23.6	24.8	26.0	26.8	29.3	30.3	90.5	112.4

Mindtree**Neutral****CMP INR3160 | TP: INR3150 (0%)****EPS CHANGE (%): FY23|24: 0.9|-0.2**

- Growth will continue to remain strong with good growth in top client. Retail will continue to be impacted.
- Expect a strong order book and demand patterns.
- Margins to remain soft on the full impact of wage hikes. Attrition should remain stable.
- Outlook on deal wins, top client, and margins are key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	311	350	366	384	399	416	424	438	1,411	1,677
QoQ (%)	7.7	12.8	4.7	4.7	4.0	4.1	2.0	3.4	31.1	18.9
Revenue (INR m)	22,917	25,862	27,500	28,974	31,211	33,125	34,687	35,863	1,05,253	1,34,885
YoY (%)	20.1	34.3	35.9	37.4	36.2	28.1	26.1	23.8	32.1	28.2
GPM (%)	29.0	28.9	30.4	30.1	31.0	29.9	30.5	30.6	29.6	30.5
SGA (%)	8.8	8.4	8.8	9.1	9.9	9.4	9.4	9.5	8.8	9.5
EBITDA (INR m)	4,645	5,307	5,921	6,083	6,581	6,791	7,319	7,581	21,956	28,271
EBITDA margin (%)	20.3	20.5	21.5	21.0	21.1	20.5	21.1	21.1	20.9	21.0
EBIT (INR m)	4,063	4,697	5,289	5,487	5,982	6,128	6,625	6,864	19,536	25,599
EBIT margin (%)	17.7	18.2	19.2	18.9	19.2	18.5	19.1	19.1	18.6	19.0
Other income	589	623	581	778	273	497	520	538	2,571	1,828
ETR (%)	26.2	25.0	25.5	24.5	24.6	25.0	25.0	25.0	25.2	24.9
PAT	3,434	3,989	4,375	4,731	4,716	4,969	5,359	5,551	16,529	20,595
QoQ (%)	8.2	16.2	9.7	8.1	-0.3	5.4	7.9	3.6		
YoY (%)	61.2	57.2	34.0	49.1	37.3	24.6	22.5	17.3	48.8	24.6
EPS (INR)	20.8	24.2	26.5	28.7	28.6	30.1	32.5	33.6	100.1	124.8

Mphasis**Buy****CMP INR2087 | TP: INR2470 (+18%)****EPS CHANGE (%): FY23|24: -0.4|-0.2**

- Expect continued strength in the Direct business, although Digital Risk will continue to remain soft.
- Expect the decline to continue in the DXC business, although the pace of decline should start moderating.
- Expect margin to largely remain flat QoQ.
- Outlook with regard to BFSI growth in FY23 remains a key monitorable.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	363	385	414	431	436	441	446	455	1,593	1,778
QoQ (%)	6.0	6.1	7.5	4.0	1.2	1.1	1.3	1.9	21.7	11.6
Revenue (INR m)	26,909	28,693	31,237	32,777	34,113	35,115	36,517	37,205	1,19,616	1,42,950
YoY (%)	17.6	17.8	26.2	29.8	26.8	22.4	16.9	13.5	23.0	19.5
GPM (%)	28.4	28.8	29.7	29.8	29.8	29.7	30.1	30.3	29.2	30.0
SGA (%)	10.2	10.7	12.0	12.2	12.2	12.0	11.8	11.8	11.3	12.0
EBITDA	4,895	5,185	5,530	5,772	6,001	6,215	6,683	6,899	21,382	25,798
EBITDA margin (%)	18.2	18.1	17.7	17.6	17.6	17.7	18.3	18.5	17.9	18.0
EBIT	4,271	4,528	4,704	4,973	5,205	5,408	5,843	6,043	18,476	22,499
EBIT margin (%)	15.9	15.8	15.1	15.2	15.3	15.4	16.0	16.2	15.4	15.7
Other income	310	277	90	184	125	281	292	298	861	996
ETR (%)	25.8	25.6	25.4	24.0	24.6	25.0	25.0	25.0	25.2	24.9
PAT	3,397	3,574	3,575	3,921	4,020	4,267	4,601	4,756	14,467	17,643
QoQ (%)	7.2	5.2	0.0	9.7	2.5	6.1	7.8	3.4		
YoY (%)	23.5	19.5	9.8	23.7	18.3	19.4	28.7	21.3	18.9	22.0
EPS (INR)	17.9	18.8	18.9	20.4	21.2	22.5	24.2	25.0	75.1	92.9

Persistent Systems**Neutral****CMP INR3239 | TP: INR3400 (5%)****EPS CHANGE (%): FY23|24: 0.8|-0.9**

- Expect strong (~5%) growth to continue in 2QFY23E.
- Wage hike impact should be largely recouped with FX, Utilization, and lower Visa cost.
- Expect strong deal wins for 2QFY23E. Healthcare should see growth higher than the company average.
- Medium-term growth and margin outlook should be key monitorables.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	166.8	182.3	199.1	217.3	241.5	252.5	261.1	269.7	766	1,025
QoQ (%)	9.2	9.3	9.2	9.1	11.1	4.5	3.4	3.3	35.2	33.9
Revenue (INR m)	12,299	13,512	14,917	16,379	18,781	20,123	21,356	22,065	57,107	82,324
QoQ (%)	10.5	9.9	10.4	9.8	14.7	7.1	6.1	3.3		
YoY (%)	24.1	34.1	38.7	47.1	52.7	48.9	43.2	34.7	36.4	44.2
GPM (%)	33.5	33.5	33.8	33.7	33.8	32.8	33.3	33.9	33.6	33.5
SGA (%)	16.6	16.9	16.9	16.5	16.1	16.0	15.9	15.9	16.7	16.0
EBITDA	2,090	2,244	2,511	2,812	3,333	3,381	3,716	3,972	9,656	14,401
EBITDA margin (%)	17.0	16.6	16.8	17.2	17.7	16.8	17.4	18.0	16.9	17.5
EBIT	1,740	1,873	2,083	2,300	2,688	2,696	2,990	3,221	7,996	11,596
EBIT margin (%)	14.1	13.9	14.0	14.0	14.3	13.4	14.0	14.6	14.0	14.1
Other income	365	303	281	371	131	101	214	221	1,321	666
ETR (%)	24.6	25.7	25.4	24.8	24.9	25.5	25.5	25.5	25.1	25.4
PAT	1,587	1,618	1,764	2,010	2,116	2,084	2,387	2,564	6,978	9,151
QoQ (%)	15.2	1.9	9.1	13.9	5.3	-1.5	14.5	7.5		
YoY (%)	76.3	58.6	45.9	45.9	33.3	28.8	35.3	27.6	54.8	31.1
EPS (INR)	19.8	21.2	23.1	26.3	27.7	27.3	31.2	33.6	91.3	119.7

TCS**Buy****CMP INR3005 | TP: INR3530 (+17%)****EPS CHANGE (%): FY23|24: -0.6|-1.9**

- In CC terms, growth should remain strong, but reported growth will have some impact from cross-currency movements.
- Expect strong demand commentary to continue.
- Margin in 2QFY23 should see some recovery from wage hikes that impacted 1QFY23 margin
- Deal wins and impact of macro weakness on growth will be key monitorables.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
IT Services Revenue (USD m)	6,154	6,333	6,524	6,696	6,780	6,912	6,953	7,132	25,707	27,777
QoQ (%)	2.8	2.9	3.0	2.6	1.3	1.9	0.6	2.6	15.9	8.1
Overall Revenue (INR b)	454	469	489	506	528	551	569	583	1,918	2,231
QoQ (%)	3.9	3.2	4.3	3.5	4.3	4.4	3.2	2.6		
YoY (%)	18.5	16.8	16.4	15.8	16.2	17.5	16.3	15.3	16.8	16.3
GPM (%)	40.4	40.4	40.0	40.1	38.4	38.5	39.1	39.7	40.2	38.9
SGA (%)	14.8	14.8	15.0	15.2	15.3	15.0	14.8	14.8	15.0	15.0
EBITDA	127	131	134	138	133	141	150	157	530	580
EBITDA margin (%)	27.9	28.0	27.4	27.4	25.1	25.5	26.3	26.9	27.7	26.0
EBIT	116	120	122	126	122	129	138	145	485	535
EBIT margin (%)	25.5	25.6	25.0	25.0	23.1	23.5	24.3	24.9	25.3	24.0
Other income	6	10	10	7	6	9	10	10	32	35
PBT	122	130	132	134	128	139	148	155	517	569
ETR (%)	25.8	25.6	25.7	25.5	25.5	25.0	25.0	25.0	25.6	25.1
Adj. PAT	90	97	98	100	95	104	111	116	384	426
Exceptional items	0	0	0	0	0	0	0	0	0	0
Reported PAT	90	97	98	100	95	104	111	116	384	426
QoQ (%)	-2.7	6.9	1.6	1.6	-4.4	9.4	6.5	4.8		
YoY (%)	28.1	28.6	12.4	7.3	5.4	7.9	13.1	16.7	18.1	10.9
EPS (INR)	24.4	26.0	26.4	27.2	26.0	28.5	30.3	31.8	104.0	116.5

Tech Mahindra**Neutral****CMP INR1008 | TP: INR980 (-3%)****EPS CHANGE (%): FY23|24: -2.7|-5.7**

- Expect weak growth in 2QFY23 due to slow growth in enterprise. Communications should grow ~2.5-3.0%. Cross-currency impact should be ~150bp
- Expect operating margin to be largely flat QoQ despite some wage hike.
- Expect deal wins to be within the USD500-700m quarterly band.
- Outlook on margin and growth in the Telecom vertical in FY23 will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,384	1,473	1,534	1,608	1,633	1,643	1,651	1,697	5,998	6,623
QoQ (%)	4.1	6.4	4.1	4.9	1.5	0.6	0.5	2.8	17.4	10.4
Revenue (INR b)	102	109	115	121	127	131	135	139	446	532
YoY (%)	12.0	16.1	18.7	24.5	24.6	20.3	17.9	14.6	17.9	19.1
GPM (%)	31.7	31.7	30.1	29.3	28.3	28.3	29.1	30.1	30.6	29.0
SGA (%)	13.3	13.3	12.1	12.1	13.5	13.4	13.0	13.0	12.7	13.2
EBITDA	19	20	21	21	19	20	22	24	80	84
EBITDA margin (%)	18.4	18.3	18.0	17.2	14.8	14.9	16.1	17.1	18.0	15.8
EBIT	15	17	17	16	14	15	17	19	65	64
EBIT margin (%)	15.2	15.2	14.8	13.2	11.0	11.1	12.4	13.4	14.6	12.0
Other income	2	2	2	3	1	2	2	2	10	8
ETR (%)	23.9	29.4	26.9	17.5	22.8	26.5	26.5	26.5	24.4	25.7
Adj. PAT	14	13	14	15	11	12	14	15	56	53
QoQ (%)	11.7	-1.1	2.2	10.0	-24.8	8.3	13.7	10.4		
YoY (%)	39.2	25.7	4.5	24.3	-16.4	-8.5	1.8	2.1	22.1	-5.0
Extra-Ordinary Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	14	13	14	15	11	12	14	15	56	53
EPS (INR)	15.3	15.1	15.5	16.9	12.8	13.8	15.7	17.4	62.6	59.7

Wipro**Neutral****CMP INR394 | TP: INR385 (4%)****EPS CHANGE (%): FY23|24: -1.3|-1.5**

- Growth in 2QFY23E should remain within the management's guidance band provided in 1QFY23.
- Margin should see some improvement despite continued supply pressures.
- Expect Q3 demand commentary to stay positive.
- The management's guidance for 3QFY23 and deal wins will be a key monitorable.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
IT Services Revenue (USD m)	2,415	2,580	2,640	2,722	2,736	2,809	2,816	2,873	10,356	11,233
QoQ (%)	12.2	6.9	2.3	3.1	0.5	2.7	0.2	2.0	27.3	8.5
Overall Revenue (INR b)	183	197	203	209	215	225	232	236	791	909
QoQ (%)	12.4	7.8	3.3	2.7	3.2	4.7	2.9	1.9		
YoY (%)	22.4	30.1	29.6	28.4	17.9	14.6	14.2	13.4	27.7	14.9
GPM (%)	30.1	30.1	29.7	29.1	27.7	27.9	27.5	28.2	29.7	27.8
SGA (%)	12.9	12.8	12.8	12.8	13.4	13.3	12.9	12.8	12.8	13.1
EBITDA	41	43	43	43	42	44	45	48	170	179
EBITDA margin (%)	22.4	21.6	21.4	20.7	19.3	19.6	19.6	20.3	21.5	19.7
IT Services EBIT (%)	17.8	17.8	17.6	17.0	15.0	15.3	15.3	16.1	17.5	15.4
EBIT margin (%)	17.8	17.8	17.5	16.8	14.8	15.1	15.1	15.8	17.5	15.2
Other income	6	3	2	2	2	4	4	4	13	15
ETR (%)	16.1	22.0	21.3	17.1	23.6	22.5	22.5	22.5	19.1	22.8
PAT	32	29	30	31	26	30	30	32	122	118
QoQ (%)	8.7	-9.3	1.3	4.0	-17.0	15.5	2.9	6.2		
YoY (%)	35.2	18.9	0.0	3.9	-20.7	1.0	2.6	4.8	13.2	-3.4
EPS (INR)	5.9	5.3	5.4	5.6	4.7	5.4	5.6	5.9	21.9	21.5

Zensar Technologies**Buy****CMP INR212 | TP: INR260 (+23%)****EPS CHANGE (%): FY23|24: -12.0|-9.9**

- Revenues will be impacted by softness in HTM and adverse FX headwinds.
- Supply-side issues, wage hikes, hiring costs, and lower growth will impact margins.
- Europe and BFSI to remain strong for the company.
- The management's outlook on medium-term growth and margins will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	127	142	147	153	156	152	151	154	569	613
QoQ (%)	5.8	11.6	3.7	4.1	1.8	-2.4	-0.9	2.4	15.3	7.7
Revenue (INR m)	9,368	10,506	11,025	11,538	12,034	12,130	12,343	12,637	42,437	49,143
YoY (%)	-1.2	12.2	21.6	31.6	28.5	15.5	12.0	9.5	15.7	15.8
GPM (%)	34.8	30.6	29.6	30.2	26.6	24.6	26.5	27.2	31.2	26.2
SGA (%)	16.4	15.2	15.3	16.0	15.3	15.8	15.8	15.6	15.7	15.6
EBITDA	1,726	1,612	1,584	1,642	1,361	1,067	1,321	1,468	6,564	5,217
EBITDA margin (%)	18.4	15.3	14.4	14.2	11.3	8.8	10.7	11.6	15.5	10.6
EBIT	1,300	1,144	1,110	1,161	871	582	839	988	4,715	3,280
EBIT margin (%)	13.9	10.9	10.1	10.1	7.2	4.8	6.8	7.8	11.1	6.7
Other income	95	142	152	634	149	97	99	101	1,023	446
ETR (%)	26.5	25.5	26.9	27.2	26.4	26.5	26.5	26.5	26.6	26.5
Adj. PAT	1,010	944	909	1,297	751	499	689	800	4,160	2,740
QoQ (%)	11.6	-6.5	-3.7	42.7	-42.1	-33.5	38.1	16.1		
YoY (%)	38.9	7.5	-7.9	43.3	-25.6	-47.1	-24.2	-38.3	19.0	-34.1
EPS (INR)	4.4	4.2	4.0	5.7	3.3	2.2	3.0	3.5	18.3	12.0

Telecom

Company

Bharti Airtel

Indus Towers

RJio

Tata Communications

Vodafone Idea

Modest growth in the absence of tariff hike; focus on 5G rollout

SIM consolidation and migration to 4G drive ARPU; weaker players losing

There are three key trends playing out in the telecom market. Dual sim card consumers have been gradually consolidating toward the usage of single sim card, as the pricing disparity among players has now significantly reduced and there is continued price increase across all the players. Secondly, 2G consumers continue to migrate to 4G. The pace of shift had reduced in the previous quarters, due to the chip set shortage resulting in increasing smartphone prices, but it has now cooled off. Further tariff hikes in Dec'21 had also slowed down but has not stabilized. Thirdly, weaker players such as VIL are continuing to see market share loss with an average of 3-4m subscriber loss qoq, which continues to drive gains for Bharti and RJio. Subsequently, we expect 2-3% ARPU increase across the telcos, driving 3% sequentially revenue growth for Bharti and RJio and 1% for VIL.

Gross subscriber base improves while Active subscriber loses

The SIM consolidation and an increase in 4G subscriber base should drive subscriber adds across the industry. RJio's gross subscriber additions were 2.9m in Jul'22, while it was flat for Bharti. However, VIL saw gross subscriber churn of 1.5m. RJio and Bharti should witness market share gains from the SIM card consolidation. In the month of Jul'22, both saw 20bp/10bp improvement in the market share to 36.2%/31.7% while VIL lost market share by 20bps to 22.2%. The active subscriber base reduced by 4.4m MoM to 1,013m in Jul'22. However, this is expected to recover in Jul-Aug'22 and the telcos are likely to see a subscriber growth of 1-3% in 2QFY23E due to the SIM card consolidation and limited scope for arbitrage in pricing. RJio, which cleaned up inactive subscribers over the last few quarters, should see improvement in the number of subscribers. We expect a marginal rise (3%/1% QoQ) in subscribers for RJio/ Bharti.

Expect incremental EBITDA growth in the range of 55-60%

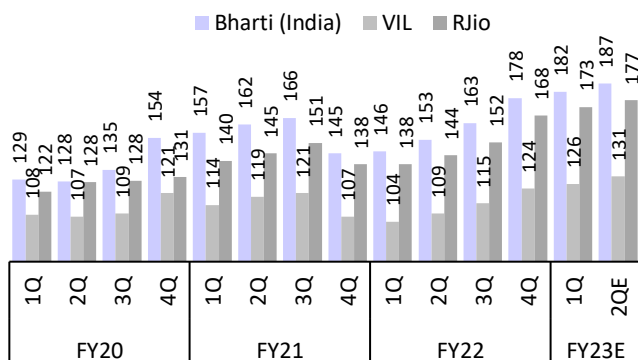
We expect healthy revenue and EBITDA growth with an incremental EBITDA margin of 60% for RJio/Bharti and 54% for VIL, led by subscriber additions and improving ARPU. We estimate the expansion in EBITDA margin of Bharti's India Wireless/Rjio/VIL to be 20bp/30bp/10bp to 51.4%/ 50.4%/41.7%, respectively. We expect 30bp expansion in EBITDA margin to 20.6% in 2QFY23 on Pre-IND AS 116 basis.

5G in focus

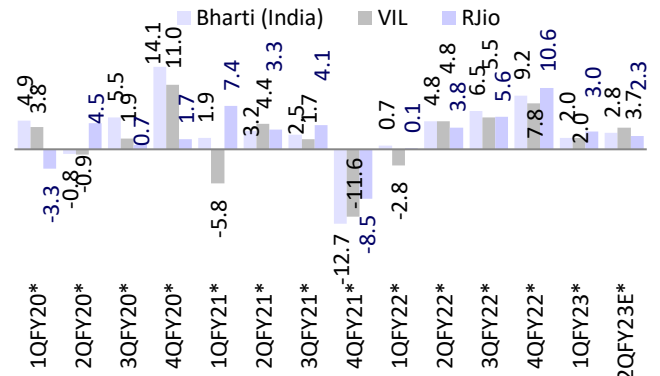
The quarter saw the conclusion of 5G auction with all the three telcos participating actively across the spectrum bands as sub GHz, mid band, and high bands. Bharti and VIL spent INR431b/INR188b, with both refraining from subs GHz, while RJio was the most aggressive, acquiring across the three set of bands. Both Bharti and RJIO have aggressive roll out targets. RJIO is planning to roll out 5G telecom services across India by Dec'23, while Airtel is planning to cover the entire nation by Mar'24. VIL has not laid out any plan for the rollout yet. We expect increased capex for both Bharti and RJio, possibly increasing 20-25% annually, excluding the spectrum acquisition cost.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ	Sep-22	Var % YoY	Var % QoQ
Bharti Airtel	803	Buy	3,36,281	18.7	2.5	1,69,969	23.1	2.8	14,880	150.6	-1.9
Indus Towers	197	Neutral	69,462	1.0	0.7	36,731	1.4	62.4	15,373	-1.4	222.1
Tata Comm	1163	Neutral	44,466	6.5	3.2	11,315	1.7	5.1	3,960	-4.0	-27.2
Vodafone Idea	9	Neutral	1,05,296	11.9	1.1	43,933	13.7	1.5	-66,851	Loss	Loss
Telecom			5,55,504	13.9	2.1	2,61,947	16.9	8.3	-32,638	Loss	Loss

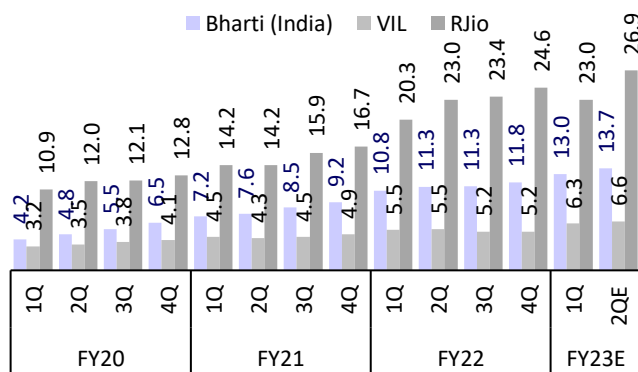
Exhibit 2: Player-wise QoQ ARPU trends (INR)

Sources: Company, MOFSL

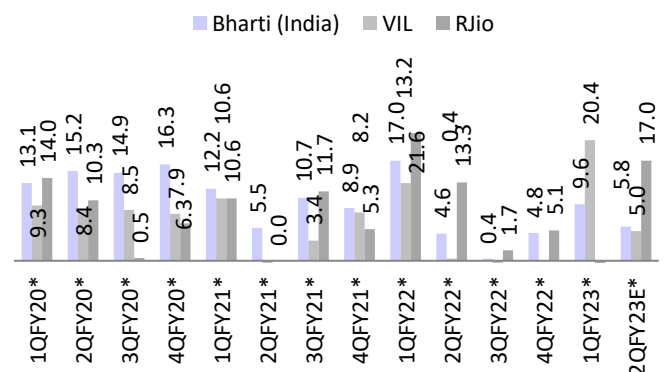
Exhibit 3: Player-wise QoQ ARPU growth trends (%)

**Represents performance of the Vodafone Idea merged entity

Sources: Company, MOFSL

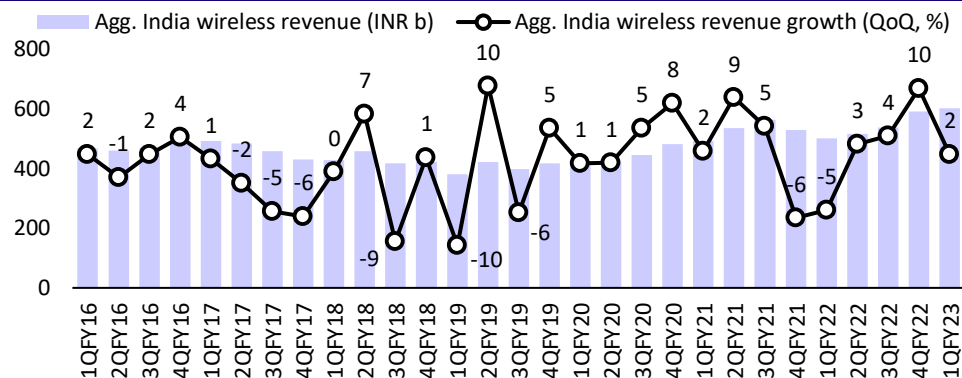
Exhibit 4: Player-wise QoQ data on traffic trends (b GB)

Sources: Company, MOFSL

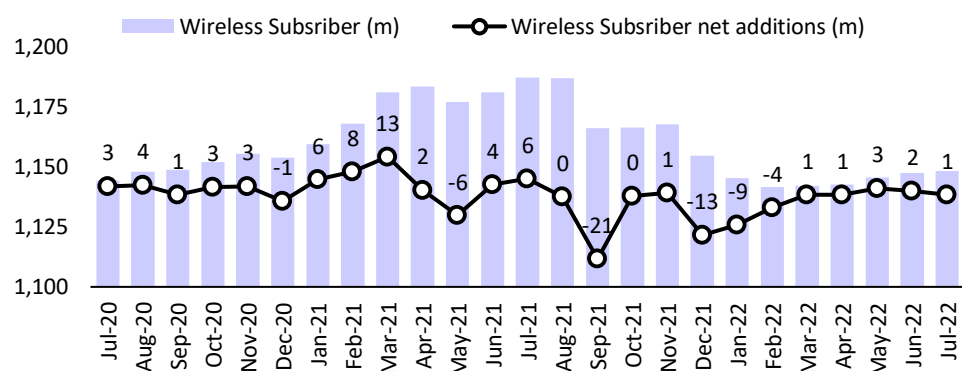
Exhibit 5: Player-wise QoQ growth trends in data traffic (%)

*Represents performance of the Vodafone Idea merged entity

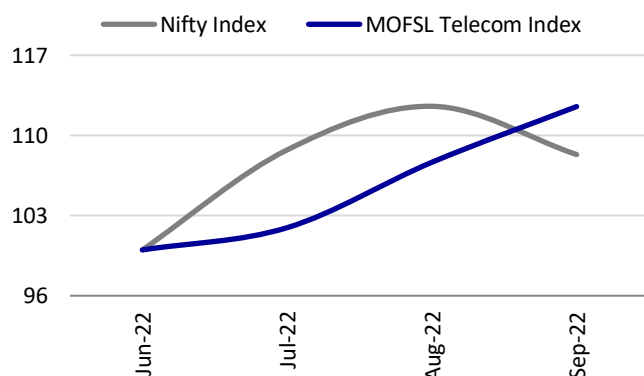
Sources: Company, MOFSL

Exhibit 6: Aggregate India Wireless revenue and growth trends (QoQ, %)

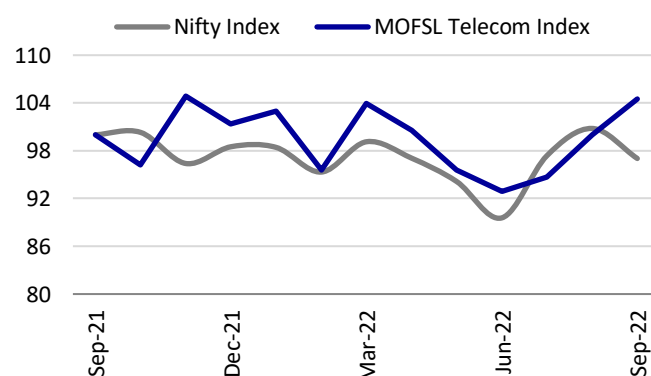
Sources: TRAI, MOFSL

Exhibit 7: Aggregate India Wireless subscriber and growth trends (MoM, %)

Sources: TRAI, MOFSL

Exhibit 8: Relative performance – three-months (%)

Sources: Bloomberg, MOFSL

Exhibit 9: Relative performance – one-year (%)

Sources: Bloomberg, MOFSL

Exhibit 10: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Telecom						-33	-43	-105.9	20.6	21.2	31.5	-63.0	-48.9	-29.8
Bharti Airtel	803	Buy	5.6	11.6	18.2	143.7	69.1	44.1	6.7	5.1	4.5	5.0	8.4	10.8
Indus Towers	197	Neutral	23.6	19.3	25.0	8.3	10.2	7.9	2.4	2.2	2.0	33.5	22.6	26.3
Tata Comm	1,163	Neutral	51.8	64.5	82.1	22.4	18.0	14.2	35.7	12.0	6.5	283.3	99.5	59
Vodafone Idea	9	Neutral	-9.9	-9.3	-8.6	-0.9	-1.0	-1.0	-0.5	-0.3	-0.3	NM	NM	NM

Exhibit 11: Wireless KPI comparison

	FY20				FY21				FY22				FY23E		YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2QE	(%)	(%)
EOP Wireless SUBS (m)																
Bharti (India)	277	279	283	284	280	294	308	321	321	323	323	326	329	331	2.2	0.4
VIL	320	311	304	291	280	272	270	268	255	253	247	244	241	238	-5.8	-1.0
RJio	331	355	370	388	398	406	411	426	441	430	421	410	422	432	0.6	2.3
Avg. Wireless Subs (m)																
Bharti (India)	280	278	281	283	282	287	301	315	321	322	323	324	328	330	2.4	0.7
VIL	327	316	308	298	285	276	271	269	262	254	250	246	242	240	-5.7	-1.1
RJio	319	343	363	379	393	402	408	419	433	435	425	416	416	427	-1.8	2.6
ARPU (INR/month)																
Bharti (India)	129	128	135	154	157	162	166	145	146	153	163	178	182	187	22.0	2.8
VIL	108	107	109	121	114	119	121	107	104	109	115	124	126	131	20.4	3.7
RJio	122	128	128	131	140	145	151	138	138	144	152	168	173	177	23.0	2.3
MOU/Sub (min)																
Bharti (India)	888	848	898	965	994	1,005	1,027	1,053	1,044	1,053	1,061	1,081	1,092	1,115	5.9	2.1
VIL	690	669	674	688	678	673	673	657	641	630	620	610	616	626	-0.6	1.6
RJio	821	789	760	771	756	773	796	820	815	835	901	962	784	1004	20.2	28.0
Wireless traffic (B min)																
Bharti (India)	737	717	759	822	820	861	925	997	1,002	1,020	1,030	1,051	1,073	1,100	7.8	2.5
VIL	676	631	624	616	579	555	547	529	503	480	465	449	448	450	-6.4	0.4
RJio	786	813	826	876	891	932	975	1030	1060	1090	1150	1200	979	1283	17.7	31.0
Data usage/Sub (Gb)																
Bharti (India)	11.9	13.1	13.9	15.0	16.7	16.4	16.8	16.8	18.9	19.1	18.7	19.2	20.0	20.7	8.3	3.4
VIL	7.4	8.2	9.0	9.7	11.0	10.6	10.9	11.7	13.3	13.5	12.8	12.9	14.9	15.6	16.0	5.0
RJio	11.4	11.7	11.1	11.3	12.0	11.8	13.0	13.3	15.6	17.6	18.3	19.7	18.4	21.1	19.6	14.3
Data traffic (B Gb)																
Bharti (India)	4.2	4.8	5.5	6.5	7.2	7.6	8.5	9.2	10.8	11.3	11.3	11.8	13.0	13.7	21.9	5.8
VIL	3.2	3.5	3.8	4.1	4.5	4.3	4.5	4.9	5.5	5.5	5.2	5.2	6.3	6.6	20.0	5.0
RJio	10.9	12.0	12.1	12.8	14.2	14.2	15.9	16.7	20.3	23.0	23.4	24.6	23.0	26.9	17.1	17.0

Sources: Company, MOFSL

Exhibit 12: Quarterly financials

	FY20				FY21				FY22				FY23E		YoY	QoQ
	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2QE*	(%)	(%)
Revenue (INR b)																
Bharti (India wireless)	109	110	112	130	129	138	148	141	143	152	161	176	181	187	23.1	3.1
Bharti (consolidated)	207	211	213	237	239	251	265	257	269	283	299	315	323	336	18.7	4.0
VIL	113	108	111	118	107	108	109	96	92	94	97	102	103	105	12.0	2.3
RJio	117	131	140	148	166	175	185	174	180	187	193	209	216	226	20.4	4.7
EBITDA (INR b)																
Bharti (India wireless)	39	40	40	51	52	59	65	67	70	75	79	89	92	96	28.8	4.2
Bharti (consolidated)	83	89	87	102	104	111	121	123	130	138	147	160	165	170	23.1	3.0
VIL	37	33	34	44	41	42	43	44	37	39	38	46	45	45	15.9	-1.0
RJio	47	51	56	62	70	75	81	83	86	90	95	105	109	114	26.6	4.1
EBITDA Margin (%)																
Bharti (India wireless)	35.7	36.3	35.9	39.2	40.6	42.6	43.7	47.5	49.2	49.2	49.4	50.6	50.9	51.4	228bps	50bps
Bharti (consolidated)	39.9	41.9	40.8	42.9	43.5	44.2	45.5	47.9	48.3	48.8	49.2	50.9	51.1	50.5	179bps	-52bps
VIL	32.4	30.9	30.8	37.3	38.4	38.5	39.3	45.9	40.5	41.1	39.3	45.4	43.9	42.5	143bps	-141bps
RJio	40.0	39.1	40.0	41.6	42.3	42.9	43.9	47.8	47.9	48.0	49.2	50.3	50.7	50.4	244bps	-26bps
PAT (INR b)																
Bharti (consolidated)	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	8.5	7.6	2.8	11.3	8.3	20.1	15.2	15.5	36.9	2.2
VIL	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(45.3)	(70.2)	(73.2)	(71.3)	(72.3)	(65.6)	(66.3)	(66.0)	-7.5	-0.4
RJio	9	10	14	23	25	28	33	34	35	35	36	42	45	45	26.9	-1.3
EPS (INR)																
Bharti	(5.6)	(44.9)	(2.0)	(9.7)	(29.2)	(1.4)	1.6	1.4	0.5	2.1	1.5	3.6	2.7	2.8	34.5	2.2
VIL	(5.6)	(58.3)	(2.2)	(4.1)	(8.9)	(2.5)	(1.6)	(2.4)	(2.5)	(2.5)	(2.5)	(2.0)	(2.1)	(2.1)	-17.2	-0.4
RJio	0.2	0.2	0.3	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.0	26.9	-1.3

*Represents performance of the Vodafone Idea merged entity Sources: Company, MOFSL

The tables below provide a snapshot of the actual and estimated numbers of companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

Bharti Airtel

Buy
CMP: INR809 | TP: INR910 (+12%)
EPS CHANGE (%): FY23 | 24: -4.3 | 0

- Expect 3% revenue growth sequentially, led by an increase in ARPU (2%) and subs addition (1%).
- Expect India Wireless/Airtel Africa to see a sequential revenue growth of 3%/2% QoQ, respectively
- Expect Home services, digital TV, and enterprise services to grow sequentially by 5%/2%/3%, respectively.
- Subs churn expected to be 3%

Consolidated - Quarterly Earnings Model

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	269	283	299	315	328	336	346	356	1,165	1,366
YoY Change (%)	12.2	13.0	12.6	22.3	22.2	18.7	15.8	12.9	15.8	17.2
Total Expenditure	139	145	152	155	163	166	168	171	590	668
EBITDA	130	138	147	160	165	170	178	185	575	698
YoY Change (%)	24.7	24.8	22.0	30.1	27.3	23.1	20.9	15.4	26.8	21.4
Depreciation	77	82	85	86	88	91	92	95	331	366
Net Finance cost	42	40	44	41	45	41	40	39	166	165
Other Income	7	7	8	7	4	6	6	7	30	22
PBT before EO expense	17	23	26	41	36	44	52	58	108	190
Extra-Ord expense	0	-7	0	-9	0	0	0	0	-17	0
PBT	18	30	26	50	36	44	52	58	125	190
Tax	8	10	10	13	11	15	18	20	42	65
Rate (%)	47.0	34.0	37.5	26.2	31.3	35.0	35.0	35.0	33.5	34.3
Minority Interest & P/L of Asso. Cos.	7	9	8	17	9	14	16	21	41	60
Reported PAT	3	11	8	20	16	15	18	16	43	65
Adj PAT	3	6	8	19	15	15	18	16	35	64
YoY Change (%)	-161.1	-179.8	-370.7	477.4	469.4	150.6	118.7	-11.8	-405.0	81.8

E: MOFSL Estimates

Indus Towers

Neutral
CMP: INR201 | TP: INR215 (+7%)
EPS CHANGE (%): FY23 | 24: 0 | 0

- Expect the number of tenants to increase by 2% sequentially and rental rates to remain flat.
- Expect revenue to be flattish sequentially for 2QFY23.
- Expect tower additions of 1,000 in 2QFY23.
- EBITDA margin expected to increase sequentially (Q1 margin deteriorated, led by VIL provision)

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue from operations	67,970	68,765	69,274	71,163	68,973	69,462	70,009	70,591	2,77,172	2,79,035
YoY Change (%)	11.7	8.1	2.8	9.6	1.5	1.0	1.1	-0.8	8.4	8.7
Total Expenditure	32,803	32,532	32,287	30,543	46,354	32,731	32,917	32,831	1,28,165	1,44,832
EBITDA	35,167	36,233	36,987	40,620	22,619	36,731	37,092	37,760	1,49,007	1,34,202
YoY Change (%)	15.0	17.9	4.1	19.0	-35.7	1.4	0.3	-7.0	18.4	2.5
Depreciation	13,198	13,161	13,244	13,649	13,393	13,600	13,600	13,808	53,252	54,402
Interest	3,768	3,665	3,793	3,747	3,720	3,321	3,321	2,922	14,973	13,283
Other Income	569	927	939	1,090	925	735	735	544	3,525	2,939
PBT	18,770	20,334	20,889	24,314	6,431	20,544	20,906	21,575	84,307	69,456
Tax	4,617	4,749	5,181	6,029	1,658	5,171	5,262	5,430	20,576	17,521
Rate (%)	24.6	23.4	24.8	24.8	25.8	25.2	25.2	25.2	24.4	25.2
Reported PAT	14,153	15,585	15,708	18,285	4,773	15,373	15,644	16,144	63,731	51,934
Adj PAT	14,153	15,585	15,708	18,285	4,773	15,373	15,644	16,144	63,731	51,934
YoY Change (%)	26.3	37.8	15.5	34.1	-66.3	-1.4	-0.4	-11.7	26.8	4.4

E: MOFSL Estimates

Reliance Jio

CMP: INR | TP: INR
EPS CHANGE (%): FY23|24: -9.4|-3.5

- Expect revenue to grow 3% sequentially, led by flat ARPU and subs growth.
- Expect EBITDA margin to remain flat at 50.4% in 2QFY23.
- Expect subscriber additions of 12m in 2QFY23 (3% QoQ)

Quarterly Earning Model

Y/E March	FY22				FY23E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Net Revenue	180	187	193	209	219	226	234	246	770	925
YoY Change (%)	8.7	7.2	4.6	20.4	21.6	20.4	21.1	17.7	10.1	20.1
Total Expenditure	94	97	98	104	109	112	115	119	394	456
EBITDA	86	90	95	105	110	114	119	127	376	469
Margins (%)	47.9	48.0	49.2	50.3	50.1	50.4	50.7	51.5	48.9	50.7
Depreciation	31	32	36	37	42	44	45	47	136	179
Finance Cost	8	11	13	12	10	10	10	11	44	41
Other Income	0	0	2	0	1	1	1	1	2	3
PBT	47	47	48	56	58	60	64	70	198	252
Tax	12	12	12	14	15	15	16	18	50	64
Rate (%)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PAT	35	35	36	42	43	45	48	52	148	188
Margins (%)	19.5	18.8	18.7	20.0	19.8	19.8	20.4	21.2	19.2	20
YoY Change (%)	0.4	0.2	0.1	0.2	0.2	0.3	0.3	0.2	23%	27%

Tata Communications

Neutral
CMP: INR1,190 | TP: INR1,060 (-11%)
EPS CHANGE (%): FY23|24: 0|0

- Expect the decline in Voice revenue to continue, led by decrease in voice volumes.
- Expect core services revenue to grow 1.5% sequentially
- Expect revenue from Digital Services/Incubation Services to grow 9%/15% sequentially in 2QFY23, respectively.
- Expect an improved deals pipeline to drive revenue.

Cons. Quarterly Earnings Model

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Revenue	41,028	41,740	41,849	42,630	43,105	44,466	45,666	46,955	1,67,247	1,80,192
YoY Change (%)	-6.8	-5.2	-0.9	4.7	5.1	6.5	9.1	10.1	-2.2	7.7
Total Expenditure	31,167	30,612	31,024	32,177	32,335	33,151	33,771	34,528	1,24,980	1,33,785
EBITDA	9,861	11,129	10,825	10,453	10,770	11,315	11,895	12,427	42,267	46,407
YoY Change (%)	-5.3	-3.9	3.5	3.0	9.2	1.7	9.9	18.9	-0.8	9.8
Depreciation	5,318	5,416	5,425	5,887	5,369	5,631	5,631	5,894	22,045	22,525
Interest	962	908	835	898	799	747	717	687	3,603	2,950
Other Income	134	364	188	2,635	2,340	342	342	342	3,321	3,366
PBT before EO expense	3,714	5,169	4,754	6,304	6,943	5,279	5,889	6,188	19,940	24,298
Exceptional (gain)/loss	-56	-127	-85	209	0	0	0	0	-60	0
PBT	3,771	5,296	4,839	6,095	6,943	5,279	5,889	6,188	20,000	24,298
Tax	793	1,038	958	2,433	1,591	1,329	1,482	1,557	5,221	5,960
Rate (%)	21.0	19.6	19.8	39.9	22.9	25.2	25.2	25.2	26.1	24.5
MI & P/L of Asso. Cos.	17	4	-72	12	-86	-10	-10	67	-39	-39
Reported PAT	2,961	4,254	3,952	3,651	5,438	3,960	4,417	4,563	14,817	18,377
Adj PAT	2,905	4,126	3,867	3,860	5,438	3,960	4,417	4,563	14,758	18,377
YoY Change (%)	8.3	-5.9	20.6	29.5	87.2	-4.0	14.2	18.2	11.4	24.5

E: MOFSL Estimates

Vodafone Idea**Neutral****CMP: INR9 | TP: INR9 (0%)****EPS CHANGE (%): FY23|24: -0.6|-0.7**

- Expect ARPU benefit of 3% sequentially in 2QFY23 to support revenue growth of 1% sequentially.
- ARPU expect to grow to INR 131.5 from INR in 1QFY23
- Expect subscriber base to decline by 3.5m (net) in 2QFY23. EOD subscriber expected at 237m by 2QFY23.
- Expect subscriber churn of 3.5%

Consolidated - Quarterly Earnings Model**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	92	94	97	102	104	105	107	109	385	425
YoY Change (%)	-14.1	-12.8	-10.8	6.6	13.7	11.9	10.1	6.5	-8.2	10.5
Total Expenditure	54	55	59	56	61	61	60	60	225	243
EBITDA	37	39	38	46	43	44	47	49	160	183
YoY Change (%)	-9.5	-7.0	-11.0	5.5	16.7	13.7	23.3	4.6	-5.4	14.1
Depreciation	60	59	57	59	58	59	59	59	236	235
Share in Profits from Associates	0	0	0	0	0	0	0	0	0	0
Net Finance Costs	52	51	53	53	58	52	52	52	209	215
PBT before EO expense	-75	-71	-72	-65	-73	-67	-64	-63	-284	-267
Extra-Ord expense	-2	0	0	0	0	0	0	0	-2	0
PBT	-73	-71	-72	-66	-73	-67	-64	-63	-282	-267
Tax	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	0.1	0.0
Rate (%)	0.0	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	0.2	0.0	0.0
Reported PAT	-73	-71	-72	-66	-73	-67	-64	-63	-282	-267
Adj PAT	-75	-71	-72	-65	-73	-67	-64	-63	-284	-267
YoY Change (%)	35.4	10.8	15.9	8.3	-2.7	-6.4	-11.1	-4.3	17.1	-6.1

E: MOFSL Estimates

Others | Various Sectors

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

APL Apollo Tubes

Buy

CMP INR1,063 | TP: INR1,280 (+20%)

EPS CHANGE (%): FY23 | 24: -8 | -3

- Expect volume growth of 41% YoY and 42% QoQ in 2QFY23
- Expect EBITDA to increase by 14% YoY, assuming an EBITDA/MT of INR4,204 (down 19% YoY)
- Demand outlook on structural steel tubes and utilization level of the Raipur plant are key focus areas
- Prices of primary steel (HRC) remain a key monitorable

Consolidated quarterly earnings model

Y/E March	FY22				FY23				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Gross Sales	25,343	30,839	32,304	42,147	34,386	39,113	38,676	42,011	1,30,633	1,54,186
YoY change (%)	128.4	40.0	24.2	62.9	35.7	26.8	19.7	-0.3	53.7	18.0
Total Expenditure	22,796	28,617	30,281	39,486	32,446	36,582	35,583	38,600	1,21,181	1,43,210
EBITDA	2,547	2,222	2,023	2,661	1,939	2,532	3,093	3,411	9,453	10,976
Margin (%)	10.0	7.2	6.3	6.3	5.6	6.5	8.0	8.1	7.2	7.1
Depreciation	265	273	272	279	294	310	340	360	1,090	1,304
Interest	128	107	109	101	100	110	115	115	445	440
Other Income	102	114	79	110	83	125	87	121	405	416
PBT before EO expense	2,256	1,956	1,721	2,391	1,629	2,237	2,725	3,057	8,323	9,648
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,256	1,956	1,721	2,391	1,629	2,237	2,725	3,057	8,323	9,648
Tax	572	495	442	625	422	564	687	770	2,133	2,443
Rate (%)	25.3	25.3	25.7	26.1	25.9	25.2	25.2	25.2	25.6	25.3
Minority Interest and Profit/Loss of Asso. Cos.	211	148	123	136	136	152	0	0	617	288
Reported PAT	1,474	1,313	1,156	1,630	1,071	1,521	2,039	2,287	5,573	6,917
Adj. PAT	1,474	1,313	1,156	1,630	1,071	1,521	2,039	2,287	5,573	6,917
YoY change (%)	778.1	42.5	-12.4	36.7	-27.3	15.8	76.3	40.3	54.7	24.1
Margin (%)	5.8	4.3	3.6	3.9	3.1	3.9	5.3	5.4	4.3	4.5

E: MOFSL estimates

BSE

Neutral

CMP INR605 | TP: INR660 (9%)

EPS CHANGE (%): FY23 | 24: -3.8 | -3.8

- Revenue likely to see a sequential improvement of 5%
- QoQ increase in equity transaction volumes to be offset by muted primary market activity
- Revenue from services to corporate to remain muted, led by decline in IPO activities amid volatile equity markets.
- Operating leverage to drive EBITDA margins on a QoQ basis

Cons. Quarterly perf.

Y/E March	FY22				FY23				FY22	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Revenue from operations	1,527	1,818	1,840	1,922	1,731	1,812	1,912	2,067	7,107	7,522
YoY Change (%)	47.9	41.6	55.7	29.8	13.4	-0.3	3.9	7.5	42.7	5.8
Total Expenditure	1,063	1,278	1,262	1,349	1,279	1,295	1,321	1,422	4,952	5,317
EBITDA	464	540	578	573	452	517	591	645	2,156	2,205
Margins (%)	30.4	29.7	31.4	29.8	26.1	28.5	30.9	31.2	30.3	29.3
Depreciation	116	117	123	127	104	127	129	115	483	475
Interest	42	52	52	76	76	55	56	34	222	222
Investment income	331	440	346	412	247	284	298	345	1,529	1,174
PBT before EO expense	637	811	750	782	519	619	705	840	2,980	2,683
Liquidity enhancement expense	94	79	89	88	93	100	110	87	350	390
PBT	543	733	660	694	426	519	595	753	2,630	2,293
Tax	161	280	244	139	135	153	175	224	823	687
Rate (%)	29.6	38.2	36.9	20.1	31.7	29.5	29.5	29.7	31.3	30.0
P/L of Asso. Cos.	136	176	169	161	109	136	170	194	642	610
Reported PAT	519	629	586	716	400	502	590	724	2,449	2,216
YoY Change (%)	59.8	36.6	86.2	125.4	-22.9	-20.1	0.7	1.2	60.0	-8.6
Margins (%)	27.7	28.6	26.0	30.5	18.8	22.4	24.6	28.4	40.7	35.1

Coromandel International

Buy

CMP INR987 | TP: INR1,240 (+26%)

EPS CHANGE (%): FY23|24: +4|+1

- Expect Fertilizer manufacturing volumes to grow by 12% and trading volumes to decline by 26% YoY in 2QFY23
- Expect revenue from the Crop Protection segment to grow by 9% YoY in 2QFY23
- Expect EBITDA/MT for Fertilizer manufacturing (NPK, DAP and SSP) to be ~INR6,000
- Raw material and product pricing scenario are key monitorables

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	36,639	61,475	50,726	42,268	57,291	88,673	70,907	56,975	1,91,109	2,73,846
YoY change (%)	14.0	33.3	43.6	49.6	56.4	44.2	39.8	34.8	34.8	43.3
Total Expenditure	31,808	54,043	45,288	38,471	50,437	79,010	64,799	53,063	1,69,610	2,47,309
EBITDA	4,831	7,432	5,439	3,797	6,854	9,663	6,108	3,912	21,499	26,537
Margin (%)	13.2	12.1	10.7	9.0	12.0	10.9	8.6	6.9	11.2	9.7
Depreciation	423	421	429	454	446	460	530	540	1,727	1,976
Interest	171	192	178	214	266	250	220	214	755	949
Other Income	218	189	269	768	536	217	309	883	1,443	1,945
PBT before EO expense	4,455	7,008	5,101	3,897	6,678	9,170	5,667	4,041	20,460	25,556
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	4,455	7,008	5,101	3,897	6,678	9,170	5,667	4,041	20,460	25,556
Tax	1,104	1,819	1,298	992	1,703	2,308	1,426	1,017	5,213	6,454
Rate (%)	24.8	26.0	25.4	25.4	25.5	25.2	25.2	25.2	25.5	25.3
Minority Interest and P/L of Asso. Cos.	-27	-4	-13	7	-15	-5	-14	8	-37	-26
Reported PAT	3,378	5,193	3,816	2,898	4,991	6,866	4,254	3,017	15,285	19,128
Adj. PAT	3,378	5,193	3,816	2,898	4,991	6,866	4,254	3,017	15,285	19,128
YoY change (%)	34.8	-11.8	14.3	85.9	47.8	32.2	11.5	4.1	15.0	25.1
Margin (%)	9.2	8.4	7.5	6.9	8.7	7.7	6.0	5.3	8.0	7.0

E: MOFSL estimates

EPL

Buy

CMP INR172 | TP: INR210 (+22%)

EPS CHANGE (%): FY23|24: -13 |-6

- Expect AMESA, Americas, and Europe to record mid-single to low double-digit growth, and EAP to decline by 5%
- Expect revenue to grow by 4% YoY. Expect EBITDA to decline by 8% on higher raw material prices
- The outlook on capex plans and commodity prices will be a key monitorable
- Update on customer acquisition and cost control measures are key focus areas

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	7,991	8,701	8,834	8,802	8,318	9,083	9,717	9,652	34,328	36,770
YoY change (%)	7.8	13.0	14.9	8.6	4.1	4.4	10.0	9.7	11.1	7.1
Total Expenditure	6,542	7,107	7,447	7,471	7,062	7,617	8,044	7,853	28,567	30,577
EBITDA	1,449	1,594	1,387	1,331	1,256	1,466	1,673	1,798	5,761	6,193
Margin (%)	18.1	18.3	15.7	15.1	15.1	16.1	17.2	18.6	16.8	16.8
Depreciation	619	622	642	631	652	660	680	702	2,514	2,694
Interest	89	97	103	114	122	110	100	95	403	427
Other Income	53	14	31	22	42	15	35	25	120	117
PBT before EO expense	794	889	673	608	524	711	928	1,026	2,964	3,189
Extra-Ord. expense	0	0	0	0	11	0	0	0	0	11
PBT	794	889	673	608	513	711	928	1,026	2,964	3,178
Tax	189	297	82	107	141	192	251	277	675	861
Rate (%)	23.8	33.4	12.2	17.6	27.5	27.0	27.0	27.0	22.8	27.1
Minority Interest and Profit/Loss of Asso. Cos.	-26	-85	-20	-14	-38	-90	-24	-17	-145	-169
Reported PAT	579	507	571	487	334	429	653	732	2,144	2,148
Adj. PAT	579	507	571	487	345	429	653	732	2,144	2,159
YoY change (%)	-4.3	-24.3	-19.5	-14.3	-40.4	-15.4	14.4	50.3	-16.0	0.7
Margin (%)	7.2	5.8	6.5	5.5	4.1	4.7	6.7	7.6	6.2	5.9

E: MOFSL estimates

Godrej Agrovet**Buy****CMP INR520 | TP: INR600 (+15%)****EPS CHANGE (%): FY23|24: -14|-25**

- Expect volumes in the Animal Feed business to grow by 7% YoY and 2% QoQ
- The performance outlook on Astec, Palm Oil, and domestic Crop Protection will be a key focus area
- Raw material (such as maize and soybean) and palm oil prices are key monitorables
- Expect revenue/EBIT in the Palm Oil segment to decline by 15%/19% YoY

Consolidated quarterly earnings model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	19,928	21,541	20,785	20,808	25,099	23,085	22,395	22,336	83,061	92,915
YoY change (%)	28.2	25.0	36.2	42.3	25.9	7.2	7.7	7.3	32.5	11.9
Total Expenditure	18,232	19,636	19,423	19,115	23,483	21,509	20,667	20,225	76,407	85,884
EBITDA	1,695	1,904	1,362	1,693	1,616	1,577	1,728	2,110	6,654	7,031
Margin (%)	8.5	8.8	6.6	8.1	6.4	6.8	7.7	9.4	8.0	7.6
Depreciation	408	424	445	457	449	455	485	495	1,733	1,884
Interest	130	156	165	180	216	210	210	220	631	856
Other Income	104	56	104	532	77	59	110	110	797	355
PBT before EO expense	1,262	1,381	857	1,587	1,028	971	1,143	1,505	5,086	4,647
Extra-Ord. expense	0	0	173	0	0	0	0	0	173	0
PBT	1,262	1,381	684	1,587	1,028	971	1,143	1,505	4,914	4,647
Tax	327	376	175	346	279	244	288	379	1,224	1,189
Rate (%)	26.0	27.2	25.6	21.8	27.1	25.2	25.2	25.2	24.9	25.6
Minority Interest and Profit/Loss of Asso. Cos.	-126	-87	-142	18	-77	-96	-156	20	-337	-309
Reported PAT	1,060	1,093	651	1,223	827	822	1,011	1,106	4,026	3,767
Adj. PAT	1,060	1,093	778	1,223	827	822	1,011	1,106	4,199	3,767
YoY change (%)	19.7	2.1	26.4	116.1	-22.0	-24.7	29.8	-9.5	33.8	-10.3
Margin (%)	5.3	5.1	3.7	5.9	3.3	3.6	4.5	5.0	5.1	4.1

E: MOFSL estimates

IndiaMART**Buy****CMP: INR4456 | TP: INR5390 (+21%)****EPS CHANGE (%): FY23|24: 2.0|4.1**

- Expect strong revenue growth to continue in 2QFY23
- Expect ARPU to improve after remaining muted for the last four quarters
- Expect some improvement in margin
- Pick-up in paid subscribers and margin are key monitorables

Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	1,816	1,824	1,881	2,014	2,246	2,399	2,526	2,681	7,535	9,852
Change (YoY %)	18.6	11.8	8.4	12.1	23.7	31.5	34.3	33.1	12.5	30.8
Total Expenditure	930	992	1,093	1,442	1,604	1,706	1,795	1,877	4,457	6,982
EBITDA	886	832	788	572	642	693	731	805	3,078	2,870
Margin (%)	48.8	45.6	41.9	28.4	28.6	28.9	28.9	30.0	40.8	29.1
Depreciation	32	28	30	29	63	46	48	52	119	209
Interest	14	14	13	13	12	13	13	13	54	51
Other Income	294	314	219	295	10	246	320	332	1,122	908
PBT before EO expense	1,134	1,104	964	825	577	880	989	1,072	4,027	3,518
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	1,134	1,104	964	825	577	880	989	1,072	4,027	3,518
Tax	240	264	231	193	40	202	227	247	928	716
Rate (%)	21.2	23.9	24.0	23.4	6.9	23.0	23.0	23.0	23.0	20.4
Minority Interest and Profit/Loss of Asso. Cos.	15	18	31	58	70	0	0	0	122	70
Reported PAT	879	822	702	574	467	678	761	826	2,977	2,732
Adj. PAT	879	822	702	574	467	678	761	826	2,977	2,732
Change (YoY %)	18.6	17.8	-12.5	-13.8	-46.9	-17.6	8.5	43.9	2.4	-8.2
Margin (%)	48.4	45.1	37.3	28.5	20.8	28.2	30.1	30.8	39.5	27.7

Indian Hotels

Buy

CMP INR337 | TP: 370 (+10%)

EPS CHANGE (%): FY23|24: 0|+7

- Expect revenue/EBIDTA margin to grow by 64%/~28% in 2QFY23
- Performance update on the new business and international hotels
- The demand scenario in key markets, improvement of occupancy, and ARR are key focus areas
- Update on corporate and inbound tourist bookings are a key monitorable

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	3,446	7,284	11,112	8,721	12,661	11,945	15,335	13,592	30,562	53,533
YoY change (%)	139.9	183.8	98.5	41.8	267.5	64.0	38.0	55.9	94.0	75.2
Total Expenditure	4,934	6,555	7,895	7,131	8,882	8,591	9,991	9,248	26,515	36,712
EBITDA	-1,488	728	3,218	1,590	3,779	3,354	5,344	4,345	4,048	16,822
Margin (%)	-43.2	10.0	29.0	18.2	29.8	28.1	34.8	32.0	13.2	31.4
Depreciation	1,025	1,018	999	1,019	1,026	1,050	1,090	1,133	4,061	4,299
Interest	1,097	1,139	1,249	792	624	600	580	570	4,277	2,374
Other Income	258	239	227	828	271	300	300	400	1,552	1,271
PBT before EO expense	-3,354	-1,189	1,197	607	2,401	2,004	3,974	3,042	-2,738	11,420
Extra-Ord. expense	-203	108	102	-164	91	0	0	0	-156	91
PBT	-3,150	-1,297	1,095	771	2,309	2,004	3,974	3,042	-2,582	11,329
Tax	-450	-113	232	-26	648	661	1,311	1,004	-358	3,625
Rate (%)	14.3	8.7	21.2	-3.4	28.1	33.0	33.0	33.0	13.9	32.0
Minority Interest and Profit/Loss of Asso. Cos.	73	22	103	55	-39	23	108	58	253	150
Reported PAT	-2,773	-1,206	760	742	1,701	1,320	2,554	1,980	-2,477	7,554
Adj. PAT	-2,926	-1,125	837	619	1,769	1,320	2,554	1,980	-2,594	7,623
YoY change (%)	-15.1	-54.2	NA	NA	NA	NA	205.2	219.8	NA	NA
Margin (%)	-84.9	-15.4	7.5	7.1	14.0	11.0	16.7	14.6	-8.5	14.2

E: MOFSL estimates

Info Edge

Neutral

CMP: INR3805 | TP: INR4060 (7%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect the strong performance in the Recruitment vertical to continue
- The Real Estate vertical should perform well due to a revival in the sector
- The outlook for investee companies is a key monitorable

Standalone quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue	3,197	3,517	4,161	4,555	5,077	5,383	5,702	5,855	15,430	22,017
YoY (%)	14.1	37.3	52.8	51.6	58.8	53.1	37.0	28.5	39.1	42.7
Salary costs	1,518	1,605	1,868	2,039	2,244	2,418	2,536	2,576	7,030	9,775
Ad and Promotion costs	459	617	806	967	876	996	1,026	1,054	2,849	3,952
Other Expenses	223	232	278	270	326	334	354	363	1,003	1,376
EBITDA	997	1,063	1,209	1,280	1,631	1,635	1,786	1,862	4,549	6,914
EBITDA Margin (%)	31.2	30.2	29.1	28.1	32.1	30.4	31.3	31.8	29.5	31.4
Depreciation	103	99	99	97	99	108	114	117	398	438
EBIT Margin (%)	28.0	27.4	26.7	26.0	30.2	28.4	29.3	29.8	26.9	29.4
Other Income	410	440	428	421	419	458	513	527	1,699	1,916
PBT bef. Extra-ordinary items	1,290	1,392	1,527	1,595	1,942	1,974	2,174	2,260	5,804	8,350
Provision for Tax	281	377	342	388	457	454	500	520	1,387	1,931
ETR (%)	21.7	27.1	22.4	24.3	23.6	23.0	23.0	23.0	23.9	23.1
PAT bef. Minority interest	1,010	83,557	3,364	1,207	1,484	1,520	1,674	1,740	89,137	6,419
EOI	0	82,542	2,178	0	0	0	0	0	84,720	0
Adjusted PAT	1,010	1,015	1,185	1,207	1,484	1,520	1,674	1,740	4,417	6,419
QoQ (%)	38.5	0.6	16.8	1.8	23.0	2.4	10.1	3.9		
YoY (%)	21.3	98.5	69.7	65.6	47.0	49.7	41.2	44.2	63.2	45.3
EPS (INR)	7.8	7.8	8.6	9.3	11.5	11.8	12.9	13.5	34.1	49.5

InterGlobe Aviation**Neutral****CMP INR 1,795 | TP: INR 2003 (+12%)****EPS CHANGE (%): FY23|24: -7|0**

- Expect RPK at 22b (flat QoQ) as the seasonal effect comes into play, with PLF at 85% (up from 79.6% in 1QFY23) and an ASK of 25.8b (up 63% YoY)
- Outlook on the replacement of older aircraft, with new aircraft deliveries from Airbus. Also, expansion to new Tier II and III routes will aid better yields going forward
- Expect yields at INR4.7 (up 13% YoY), led by a reversal in demand since Apr'22 and pricing of 15-day forward tickets also sustaining
- The most significant monitorable will be sustainability of international travel, which remains key in the near term

Quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	30,069	56,085	92,948	80,207	1,28,553	1,23,072	1,19,257	1,29,605	2,59,309	5,00,487
YoY change (%)	292.2	104.6	89.3	28.9	327.5	119.4	28.3	61.6	77.1	93.0
EBITDAR	-14,176	2,513	19,053	1,030	6,627	21,960	20,966	35,107	8,420	84,660
Margin (%)	-47.1	4.5	20.5	1.3	5.2	17.8	17.6	27.1	3.2	16.9
Net Rentals	523	649	1,273	673	653	387	289	295	3,116	1,624
EBITDA	-14,698	1,864	17,780	357	5,974	21,573	20,676	34,812	5,303	83,035
Margin (%)	-48.9	3.3	19.1	0.4	4.6	17.5	17.3	26.9	2.0	16.6
Depreciation	13,171	12,479	12,336	12,693	11,696	11,813	11,931	11,142	50,678	46,582
Interest	5,555	5,688	6,011	6,326	6,566	6,632	6,698	6,542	23,580	26,437
Other Income	1,631	1,899	1,851	1,864	1,634	1,650	1,666	2,310	7,245	7,260
PBT	-31,793	-14,404	1,285	-16,797	-10,654	4,778	3,713	19,438	-61,710	17,276
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	25.2	17.6	0.0	25.2
Reported PAT	-31,793	-14,404	1,285	-16,797	-10,654	4,778	2,778	16,021	-61,710	12,922
EPS	-82.6	-37.4	3.3	-43.6	-27.7	12.4	7.2	41.6	-160.3	33.6
YoY change (%)	11.6	20.6	-120.5	44.9	-66.5	-133.2	116.2	-195.4	5.9	-120.9

Kaveri Seed**Buy****CMP INR421 | TP: INR500 (+19%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue in the Cotton segment to grow by 20% in 2QFY23
- Product launches in Cotton and non-Cotton segments will be a key monitorable
- Outlook for the Rabi season

Quarterly consolidated earnings**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	6,298	1,476	1,261	666	6,856	1,466	1,299	730	9,700	10,351
YoY change (%)	-12.5	10.1	6.3	3.6	8.9	-0.6	3.1	9.6	-6.4	6.7
Total Expenditure	4,302	1,412	1,187	775	4,390	1,369	1,211	839	7,674	7,808
EBITDA	1,996	64	74	-109	2,466	97	89	-109	2,025	2,544
Margin (%)	31.7	4.3	5.9	-16.4	36.0	6.6	6.8	-14.9	20.9	24.6
Depreciation	48	50	55	57	48	49	51	52	209	200
Interest	0	0	0	0	0	0	0	0	1	1
Other Income	151	151	68	43	75	150	70	45	413	340
PBT before EO expense	2,099	165	87	-123	2,493	198	108	-116	2,228	2,683
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,099	165	87	-123	2,493	198	108	-116	2,228	2,683
Tax	52	37	16	-5	44	12	6	-7	100	55
Rate (%)	2.5	22.3	18.7	4.1	1.8	6.0	6.0	6.0	4.5	2
Minority Interest and Profit/Loss of Asso. Cos.	-10	0	6	1	-11	0	7	1	-3	4
Reported PAT	2,037	128	76	-118	2,438	186	108	-108	2,125	2,624
Adj. PAT	2,037	128	76	-118	2,438	186	108	-108	2,125	2,624
YoY change (%)	-31.0	-45.3	-16.1	32.2	19.7	44.9	40.8	-8.0	-31.6	23
Margin (%)	32.4	8.7	6.1	-17.7	35.6	12.7	8.3	-14.8	21.9	25.3

E: MOFSL estimates

Lemon Tree Hotels

Buy

CMP INR88 | TP: INR110 (+25%)

EPS CHANGE (%): FY23|24: +25|+6

- Expect revenue/EBIDTA margin to grow by 2x/~48% YoY in 2QFY23
- Key monitorables are the demand scenario in key markets and an improvement in ARR and occupancy
- Capex status of Aurika Mumbai is a key focus area
- An update on the management contract pipeline is a key monitorable

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	422	969	1,437	1,195	1,920	1,949	2,450	2,373	4,022	8,693
YoY change (%)	3.7	103.6	110.1	25.7	355.6	101.2	70.6	98.5	59.8	116.1
Total Expenditure	422	630	804	827	997	1,021	1,193	1,170	2,683	4,381
EBITDA	-1	339	633	368	924	928	1,258	1,203	1,339	4,312
Margin (%)	-0.2	35.0	44.1	30.8	48.1	47.6	51.3	50.7	33.3	49.6
Depreciation	262	262	254	265	245	250	270	275	1,043	1,040
Interest	432	446	438	424	429	450	530	532	1,740	1,941
Other Income	21	19	24	76	3	5	25	69	140	102
PBT before EO expense	-673	-351	-36	-245	252	233	482	465	-1,304	1,432
Extra-Ord. expense	0	0	0	153	48	0	0	0	153	48
PBT	-673	-351	-36	-397	204	233	482	465	-1,456	1,385
Tax	-75	-14	20	-3	71	58	72	70	-72	272
Rate (%)	11.2	4.1	-56.2	0.7	34.9	25.0	15.0	15.0	5.0	19.6
MI and P/L of Asso. Cos.	-196	-128	-37	-148	-5	-9	59	74	-510	119
Reported PAT	-401	-208	-19	-246	138	183	351	321	-874	994
Adj. PAT	-401	-208	-19	-132	174	183	351	321	-760	1,041
YoY change (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin (%)	-95.2	-21.5	-1.3	-11.0	9.1	9.4	14.3	13.5	-18.9	12.0

E: MOFSL estimates

MCX

Buy

CMP INR1,287 | TP: INR1,580 (+30%)

EPS CHANGE (%): FY23|24: 9.1|9.2

- Futures ADTO expected to decline sequentially as volumes continue to shift towards the option segment
- Increased volatility in commodity prices globally to drive volumes in the options segment
- Benefits from transaction fees on option premium (started from 3QFY22) will continue to play out
- EBITDA margin to normalize from abnormally high levels of 4QFY22

MCX Quarterly Performance

(INR m)

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	876	832	896	1,065	1,088	1,210	1,261	1,255	3,668	4,815
Yo-Y Gr. (%)	20.0	-30.5	-11.2	9.8	24.2	45.5	40.9	17.9	-6.1	31.3
EBITDA	369	338	382	532	493	618	673	759		
Other Income	213	161	145	146	93	149	164	184	665	590
PBT bef. Exceptional items	515	432	460	650	527	708	777	857	2,057	2,868
Tax	116	100	111	79	106	142	155	171	407	574
Rate (%)	22.5	23.2	24.1	12.2	20.1	20.0	20.0	19.9	19.8	20.0
PAT	398	327	344	366	415	561	616	687	1,435	2,280
Y-o-Y Gr. (%)	-29.5	-44.2	-52.1	-4.7	4.3	71.9	79.4	87.5	-36.3	58.9

PI Industries

Buy

CMP INR2,964 | TP: INR3,630 (+22%)

EPS CHANGE (%): FY23|24: -2|0

- Expect the CSM business to grow by ~22% YoY
- Expect the domestic business to grow by 14% YoY
- An update on the Pharma Intermediate segment will be a key monitorable
- Product launches in the domestic and CSM segments will be a key focus area

Quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,938	13,542	13,563	13,952	15,432	16,197	16,547	16,994	52,995	65,171
YoY change (%)	12.6	17.0	16.7	16.5	29.3	19.6	22.0	21.8	15.8	23.0
Total Expenditure	9,449	10,622	10,598	10,902	11,976	12,557	12,652	13,006	41,571	50,191
EBITDA	2,489	2,920	2,965	3,050	3,456	3,640	3,895	3,988	11,424	14,979
Margin (%)	20.8	21.6	21.9	21.9	22.4	22.5	23.5	23.5	21.6	23.0
Depreciation	487	492	503	536	560	580	610	630	2,018	2,380
Interest	34	34	33	27	36	40	37	34	128	147
Other Income	277	277	260	200	241	280	280	300	1,014	1,101
PBT before EO expense	2,245	2,671	2,689	2,687	3,101	3,300	3,528	3,624	10,292	13,553
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,245	2,671	2,689	2,687	3,101	3,300	3,528	3,624	10,292	13,553
Tax	405	370	466	649	516	574	617	645	1,890	2,353
Rate (%)	18.0	13.9	17.3	24.2	16.6	17.4	17.5	17.8	18.4	17.4
Minority Interest and Profit/Loss of Asso. Cos.	-32	5	-3	-6	-39	6	-3	-7	-36	-43
Reported PAT	1,872	2,296	2,226	2,044	2,624	2,720	2,914	2,986	8,438	11,244
Adj. PAT	1,872	2,296	2,226	2,044	2,624	2,720	2,914	2,986	8,438	11,244
YoY change (%)	28.7	5.5	13.9	13.7	40.2	18.5	30.9	46.1	14.3	33.3
Margin (%)	15.7	17.0	16.4	14.7	17.0	16.8	17.6	17.6	15.9	17.3

E: MOFSL estimates

SRF

Neutral

CMP INR2,479 | TP: INR2,527 (+2%)

EPS CHANGE (%): FY23|24: -2|-3

- Expect the Chemicals/Packaging segment to grow by 53%/12% YoY and the Technical Textiles space to decline by 5%
- Outlook on the Specialty Chemicals and Fluorochemicals business will be a key focus area
- Update on raw material and the supply chain scenario
- Update on Technical Textile and Packaging business will be a key monitorable

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	26,994	28,390	33,459	35,494	38,947	35,555	37,274	39,876	1,24,337	1,51,653
YoY change (%)	74.7	35.1	55.9	36.1	44.3	25.2	11.4	12.3	48.0	22.0
Total Expenditure	20,350	21,846	24,980	26,128	28,749	26,652	28,279	30,132	93,305	1,13,812
EBITDA	6,644	6,544	8,479	9,366	10,198	8,902	8,995	9,744	31,032	37,840
Margin (%)	24.6	23.0	25.3	26.4	26.2	25.0	24.1	24.4	25.0	25.0
Depreciation	1,230	1,303	1,324	1,316	1,307	1,420	1,500	1,550	5,172	5,777
Interest	275	234	294	357	325	320	300	280	1,159	1,225
Other Income	138	111	107	72	99	120	115	117	428	451
PBT before EO expense	5,277	5,118	6,968	7,765	8,665	7,282	7,310	8,031	25,128	31,289
Extra-Ord. expense and DO	-72	-206	-335	-114	249	0	0	0	-727	249
PBT	5,349	5,324	7,303	7,879	8,416	7,282	7,310	8,031	25,856	31,040
Tax	1,396	1,500	2,247	1,823	2,336	1,748	1,755	1,767	6,966	7,605
Rate (%)	26.5	29.3	32.3	23.5	27.0	24.0	24.0	22.0	27.7	24.3
Reported PAT	3,953	3,825	5,055	6,057	6,080	5,535	5,556	6,264	18,889	23,435
Adj. PAT	3,881	3,619	4,720	5,943	6,329	5,535	5,556	6,264	18,162	23,684
YoY change (%)	108.7	11.2	55.9	59.6	63.1	53.0	17.7	5.4	53.1	30.4
Margin (%)	14.4	12.7	14.1	16.7	16.2	15.6	14.9	15.7	14.6	15.6

E: MOFSL estimates

Tata Chemicals

Neutral

CMP INR1,094 | TP: INR1,220 (+12%)

EPS CHANGE (%): FY23|24: +9 |+5

- The current demand scenario in Soda Ash in TTCH's key markets is a focus area
- An energy cost update on the Europe business is a key monitorable
- Expect EBITDA growth of ~3.7x/2.2x/49% YoY in Kenya/India/North America businesses
- Pricing outlook on Soda Ash is a key focus area

Consolidated quarterly earnings model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	29.8	30.2	31.4	34.8	40.0	42.0	40.9	40.2	126.2	163.1
YoY change (%)									23.8	29.2
Total Expenditure	23.8	25.2	26.0	28.2	29.8	32.2	31.9	31.9	103.2	125.8
EBITDA	6.0	5.0	5.5	6.6	10.2	9.9	9.0	8.3	23.0	37.3
Margin (%)	20.2	16.6	17.4	18.9	25.4	23.5	22.0	20.6	18.3	22.9
Depreciation	2.0	2.0	2.0	2.1	2.1	2.1	2.2	2.2	8.1	8.6
Interest	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	3.0	3.2
Other Income	0.5	0.6	0.4	1.1	0.5	0.6	0.4	0.5	2.6	1.9
PBT before EO expense	3.8	2.7	3.1	4.9	7.7	7.5	6.5	5.8	14.5	27.4
Extra-Ord. expense	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.4	0.0
PBT	3.8	2.6	3.1	4.6	7.6	7.5	6.5	5.8	14.2	27.4
Tax	0.9	0.7	0.7	0.4	1.6	1.8	1.6	1.4	2.7	6.4
Rate (%)	22.8	27.5	21.2	9.3	20.4	24.5	24.5	24.5	18.9	23.4
MI and Profit/Loss of Asso. Cos.	0.0	-0.1	-0.5	-0.2	0.2	0.2	0.0	0.0	-0.8	0.3
Reported PAT	2.9	2.0	3.0	4.4	5.9	5.4	4.9	4.4	12.3	20.7
Adj. PAT	2.9	2.1	3.0	4.6	5.9	5.4	4.9	4.4	12.6	20.7
YoY change (%)	2,068.7	200.5	87.1	3,833.7	105.9	156.1	63.0	-4.3	392.9	63.7
Margin (%)	9.7	7.0	9.6	13.3	14.8	12.9	12.0	11.0	10.0	12.7

E: MOFSL estimates

Trident

Buy

CMP INR36 | TP: INR41 (15%)

EPS CHANGE (%): FY23|24: -2|-0

- Expect revenue from the Textile segment to fall 10%, but see the Paper business growing by 10% YoY
- The demand scenario in the US market for Home Textiles is a key monitorable
- Key monitorables are the prices of paper and yarn
- Overall order book for the Textiles business

Standalone quarterly earnings model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	14,770	16,626	19,577	18,471	16,671	15,476	18,668	20,179	69,444	70,994
YoY change (%)	108.6	41.9	51.8	36.8	12.9	-6.9	-4.6	9.2	53.7	2.2
Total Expenditure	11,036	12,651	15,545	15,308	14,140	13,285	15,521	16,177	54,540	59,123
EBITDA	3,734	3,975	4,032	3,163	2,530	2,192	3,147	4,002	14,904	11,871
Margin (%)	25.3	23.9	20.6	17.1	15.2	14.2	16.9	19.8	21.5	16.7
Depreciation	874	867	775	810	760	865	835	910	3,326	3,370
Interest	250	199	224	185	180	235	260	310	857	985
Other Income	29	101	35	59	46	135	185	125	223	491
PBT before EO expense	2,638	3,010	3,067	2,228	1,636	1,227	2,237	2,907	10,944	8,007
Extra-Ord. expense	0	0	252	0	0	0	0	0	252	0
Forex (gain)/loss	-62	-54	3	-113	-11	0	0	0	-225	-11
PBT	2,700	3,063	2,813	2,341	1,648	1,227	2,237	2,907	10,917	8,018
Tax	665	775	721	605	410	312	568	738	2,767	2,028
Rate (%)	24.6	25.3	25.6	25.9	24.9	25.4	25.4	25.4	25.3	25.3
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	2,035	2,288	2,091	1,736	1,238	915	1,669	2,169	8,150	5,990
Adj. PAT	1,973	2,234	2,346	1,623	1,227	915	1,669	2,169	8,176	5,979
YoY change (%)	1,219.7	120.8	134.5	66.3	-37.8	-59.0	-28.9	33.6	171.7	-26.9
Margin (%)	13.4	13.4	12.0	8.8	7.4	5.9	8.9	10.7	11.8	8.4

E: MOFSL estimates

UPL**Neutral****CMP INR665 | TP: INR740 (11%)****EPS CHANGE (%): FY23|24: -7|-5**

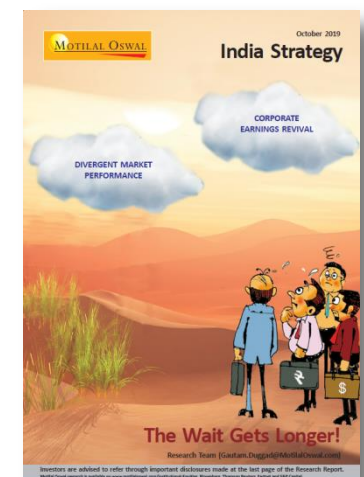
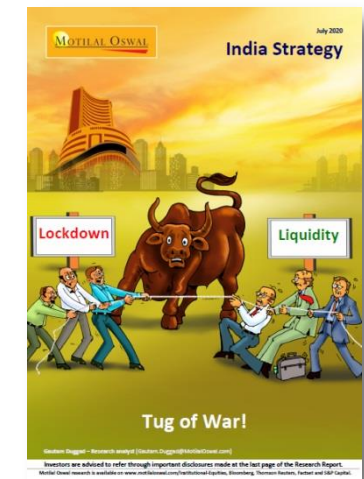
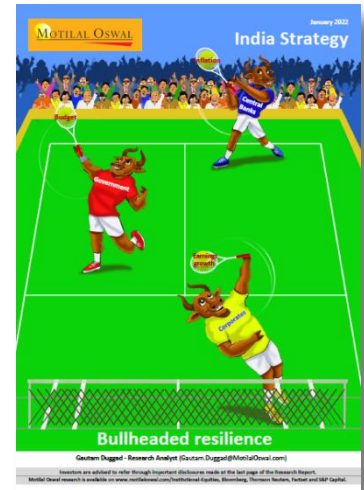
- Expect mid-teens revenue growth in North America, LatAm, India, and RoW, and low single-digits in the EU
- Expect revenue/EBITDA to grow by 16%/18% YoY
- Key monitorables are its debt level, capex plan, and the price trend in raw materials

Consolidated quarterly earnings model**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	85.2	105.7	113.0	158.6	108.2	122.2	125.0	173.4	462.4	528.9
YoY change (%)	8.7	18.2	23.8	24.0	27.1	15.7	10.6	9.3	19.5	14.4
Total Expenditure	66.5	85.2	86.3	122.7	84.8	98.1	95.1	133.6	360.8	411.5
EBITDA	18.6	20	26.7	35.9	23	24	30	40	101.7	117.3
Margin (%)	21.9	19.4	23.6	22.6	21.7	19.8	23.9	22.9	22.0	22.2
Depreciation	5.5	5.7	6.0	6.4	5.9	5.9	6.3	6.7	23.6	24.7
Interest	6.1	3.6	5.3	8.0	5.2	6.3	6.0	5.5	23.0	23.0
Other Income	0.5	0.5	0.7	1.2	0.7	0.5	0.7	0.7	2.8	2.6
Exch. difference on trade rec./payable	0.9	1.1	2.2	2.1	2.0	0.0	0.0	0.0	6.4	2.0
PBT before EO expense	6.6	10.5	13.9	20.5	11.1	12.5	18.3	28.3	51.6	70.3
Extra-Ord. expense	0.6	0.4	0.5	1.7	0.8	0.0	0.0	0.0	3.2	0.8
PBT	6.0	10.1	13.3	18.9	10.3	12.5	18.3	28.3	48.3	69.5
Tax	-1.5	2.5	1.7	2.7	0.6	2.1	3.0	4.7	5.3	10.3
Rate (%)	-25.3	24.6	12.5	14.1	5.7	16.5	16.5	16.5	10.9	14.9
MI and P/L of Asso. Cos.	0.8	1.3	2.3	2.4	1.0	1.5	2.6	2.9	6.8	8.0
Reported PAT	6.8	6.3	9.4	13.8	8.8	8.9	12.7	20.8	36.3	51.1
Adj. PAT	10.2	7.5	12.0	18.9	10.4	8.9	12.7	20.8	48.5	52.8
YoY change (%)	50.4	12.0	28.1	58.7	2.9	19.6	5.0	9.9	39.9	8.7
Margin (%)	11.9	7.1	10.7	11.9	9.7	7.3	10.1	12.0	10.5	10.0

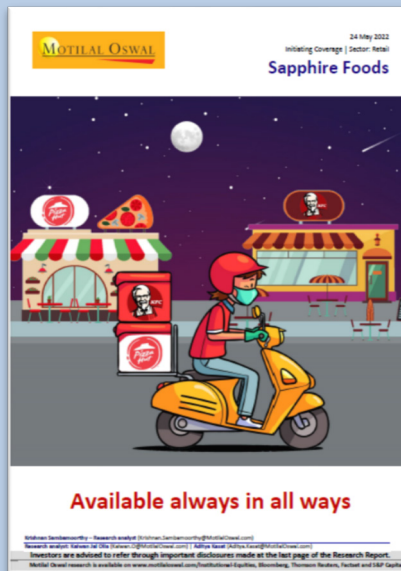
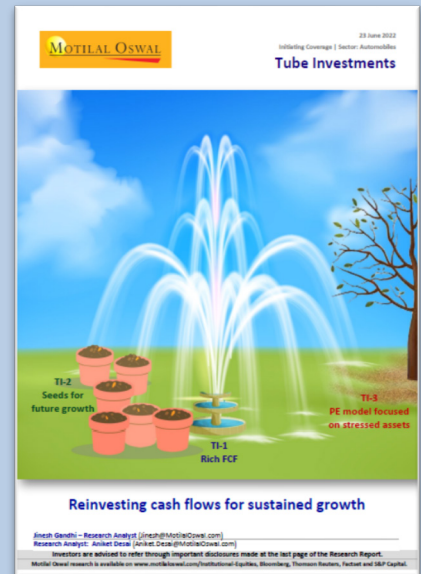
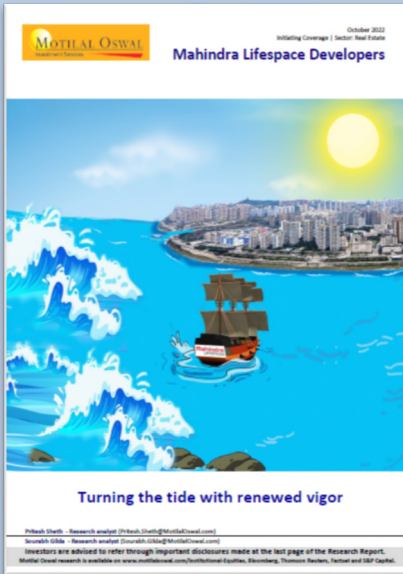
E: MOFSL estimates

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