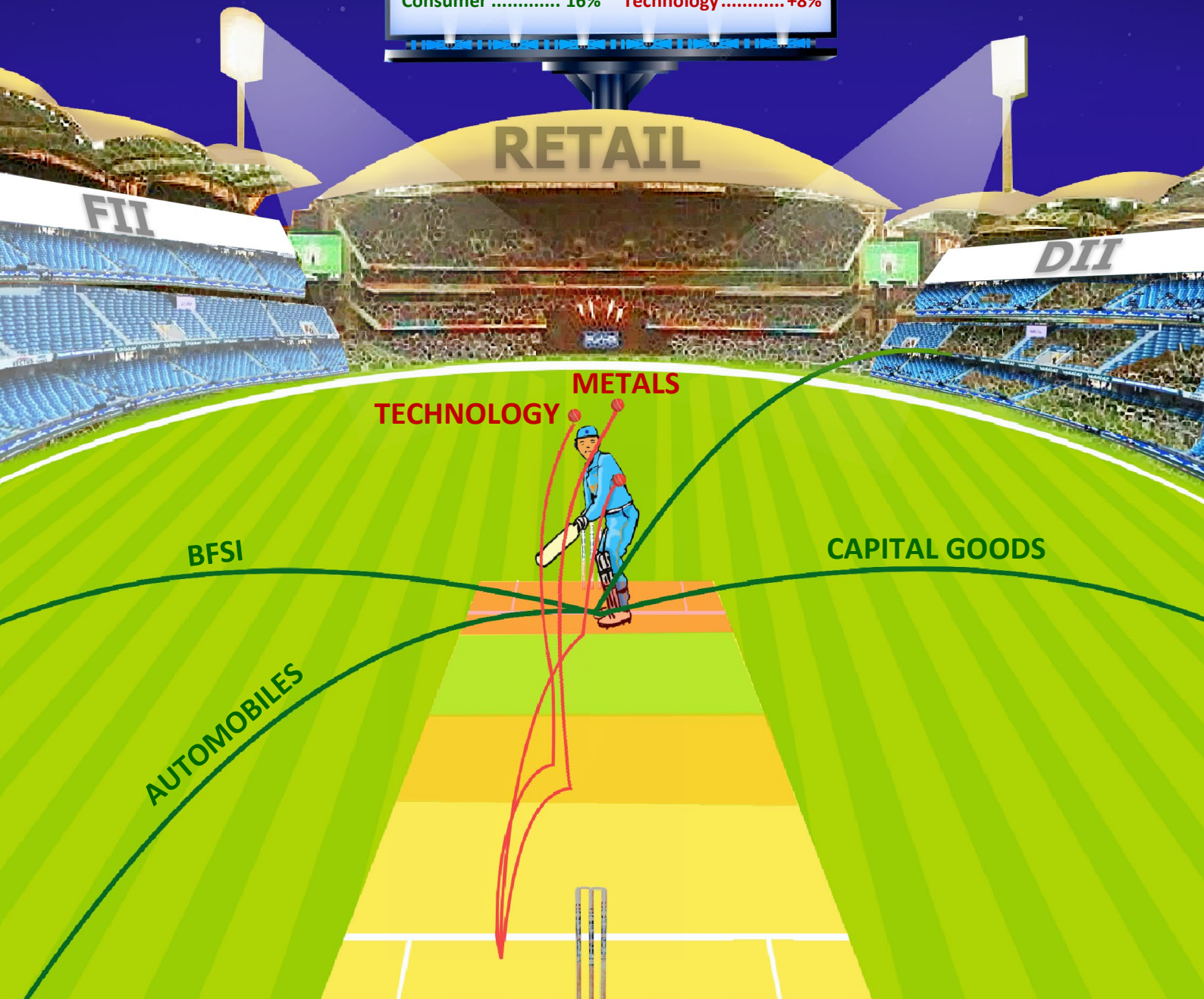


FY23 SCORECARD

MOFSL Universe earnings growth (10%)

Auto.....	107%	Metals	-44%
Retail	65%	Cement.....	-20%
PSU Banks.....	55%	Oil & Gas	-13%
Private Banks	38%	Healthcare.....	-3%
Consumer	16%	Technology	+8%



Indian Performers League

Gautam Duggad - Research Analyst (Gautam.Duggad@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Content: Indian Performers League

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MOFSL Universe: 4QFY23 Highlights & Ready Reckoner



AUTOMOBILES – Pg39

Signs of growth moderation visible in some segments



CEMENT - Pg56

Fuel cost headwinds behind; demand outlook positive



CHEM. SPECIALTY - Pg66

Demand likely to remain subdued



CONSUMER - Pg75

Weak demand persists, material costs provide relief



FIN. BANKS - Pg90

Earnings growth likely to stay intact



INSURANCE - Pg109

APE growth to be healthy, VNB margins to sustain



LENDING - Pg111

Demand remains robust; NIM pressure to continue



NON LENDING - Pg123

Results likely to be a mixed bag across segments



HEALTHCARE - Pg131

Earnings growth momentum to strengthen further



INFRA - Pg146

Execution set to accelerate in the seasonally strongest quarter; order awarding picks up



LOGISTICS - Pg150

A spurt in logistics activity to drive revenue growth, margins to improve QoQ



METALS - Pg155

Removal of export duty, strong domestic demand and opening up of China bring relief



OIL & GAS - Pg168

Marketing margins robust, refining margins to improve QoQ



REAL ESTATE - Pg182

Ending FY23 on a high note amid macro concerns



RETAIL - Pg191

Demand pressure persists



RETAIL (DIS.) - Pg201

Healthy topline growth; however, on a low base



TECHNOLOGY - Pg208

Weak macro to weigh on 4Q earnings growth



TELECOM - Pg219

Anticipate moderate growth with elevated capex



OTHERS - Pg226

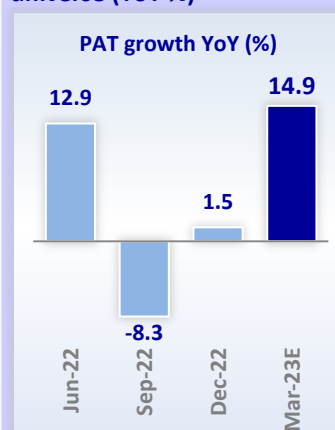
India Strategy

BSE Sensex: 58,992

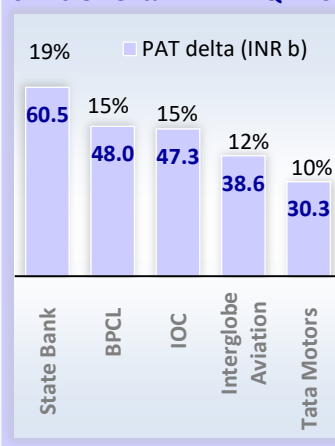
Nifty 50: 17,360



PAT growth for the MOFSL universe (YoY %)



Top 5 MOFSL universe companies to account for 72% of incremental PAT in 4QFY23



Indian Performers League

4Q earnings healthy but lopsided; BFSI and Autos to take the lead

FY23 opens up a Pandora's Box of hardships...

A plethora of challenges, e.g., geopolitical tensions with the onset of Russia-Ukraine conflict, weak global macros, higher inflation, and significant FII outflows from India plagued FY23 to the core. The fiscal year turned out to be highly volatile and ended with higher interest rates, reallocation of FII flows from India to other emerging markets (trading at a discount to India), domestic consumption slowdown in 2HFY23 as well as the US and European banking crises. The intent of the global central banks to raise interest rates aggressively – to curb inflation and slow down growth – appears to have started playing out, as evident from the economic growth contraction across countries even as inflation remains stubbornly high.

...but when things look black, there's always a silver lining

The only solace in an otherwise hard time can be derived from the fact that corporate earnings were healthy during 9MFY23. Therefore, despite multiple headwinds at play, Nifty outperformed the world markets during the first nine months of FY23 and closed flat by end of the fiscal year. This was primarily underpinned by an expected resilient 12% YoY earnings growth for Nifty in FY23E on a high base of 34% YoY growth in FY22.

Value theme remains in vogue; BFSI, Automobiles, and Utilities outperform

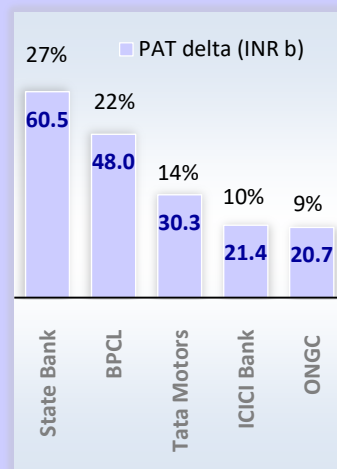
In an era of higher interest rates, growth stocks suffered the most – especially the stocks that disappointed on profit expectations and those with long-duration cash flows. Hence, this marked the comeback of **Value** as a theme. Sectors with reasonable valuations (P/E <20x) and resilient earnings, viz., Financials, Automobiles and Utilities outperformed while global commodities (Metals and O&G), Healthcare and Technology dragged. Consumer sector's performance was disproportionately led by ITC, the best performing Nifty stock in FY23. Among Nifty companies in FY23: ITC, M&M, Britannia, NTPC and HUL were the top 5 performers while Wipro, Tech Mahindra, Divi's Lab, Hindalco and Bajaj Finserv were the key laggards. Further, FY23 was a year of reality check for the new age technology companies (Nykaa, Zomato, PB Fintech, Delhivery, etc.) as well, which saw significant price correction in the range of 20-60% YoY, after the euphoria in FY22.

FY24 offers a challenging pitch for corporate earnings

As we usher in FY24, there are three important variables that will dominate investor conversations on corporate earnings in our view.

First, after a spectacular run for five years where the earnings surged ~5x to INR2.1t in FY23 from INR450b in FY18, the growth in BFSI earnings will now normalize as the bulk of the benefits of lower credit costs from asset quality clean-up and recovery is behind. This coupled with higher deposit costs and consequent cap on NIMs will result in earnings normalization. **Second**, the domestic consumption slowdown has become well-entrenched in both Staples as well as Discretionary sectors with a very few exceptions. Thus, the onset and progress of monsoon assume importance given the subdued rural consumption backdrop. **Third**, the weak global growth and higher

Five Nifty companies to account for 82% of incremental PAT in 4QFY23



THEME 2023 REPORTS

India Strategy: Automobiles – Back from the brink



THEME 2023 REPORTS

India Strategy: Bank v/s IT: Their roles in alpha creation!



interest rates coupled with flux in the US and European Banking sectors have earnings implications for globally-linked sectors such as Commodities and Technology, which together comprised ~40% of Nifty profit pool in FY23.

FII flows may not reverse in the near term; DII flows resilient

FII outflow stood at USD6b in FY23 after an outflow of USD17b in FY22; while DIIs saw an all-time high net inflow of USD31b in FY23 (USD27b inflows in FY22). We do not see any reversal in the direction of FII flows in the near term given the challenging global macros coupled with still rising interest rates in the US. Any respite in the US inflation print and pause by the US Fed in the forthcoming policy meeting can augur well, in our view.

Absolute valuations reasonable; relative premium elevated

After a flat FY23, Nifty now trades at ~18x one-year forward P/E, which is a decent climb-down from the level of 21x seen at the beginning of FY23. Sectors which began the year at elevated valuations - IT, Consumer, and select Private Financials – have seen moderation in the valuations multiples during the year. That said, while absolute valuations are reasonable and well within the range of long period average (LPA) multiples, the relative valuations for MSCI India are still at an 82% premium v/s MSCI EM. This compares with the LPA of 67%. While the RBI has raised rates by 250bp, the 10-year yield has increased ~50bp in FY23. Given this context, we believe the relative equity v/s bond valuations are now far more palatable than at the beginning of FY23.

Earnings highlights – 4QFY23 | BFSI and Autos continue to lead the charge; Metals remain a drag

- We expect MOFSL earnings to rise 15% YoY while Nifty earnings are likely to grow 14% YoY in 4QFY23. Earnings growth would be fueled by BFSI and Auto sectors, which are likely to rise 37% and 70% YoY and contribute ~70% and ~20% of incremental YoY earnings for MOFSL Universe in 4QFY23, respectively. IT, Consumer and O&G sectors are expected to post 11%, 10% and 16% YoY growth, respectively, during the quarter.
- Earnings performances for both MOFSL Universe as well as Nifty in 4QFY23 are likely to be lopsided and led by a few heavyweights. Five companies within MOFSL Universe (SBI, IOC, BPCL, Indigo and Tata Motors) are expected to contribute 72% of the incremental YoY accretion in earnings. Similarly within Nifty, five companies (SBI, ICICI Bank, ONGC, Tata Motors, and BPCL) are likely to contribute 82% of the incremental YoY accretion in earnings.
- Sales and EBITDA of MOFSL Universe are likely to grow 9% and 13%, while for Nifty, we expect Sales and EBITDA to rise 9% and 16%, respectively.
- The aggregate performance of MOFSL Universe is likely to be marred by a sharp drag from Metals, which is likely to report a 35% YoY earnings decline. Excluding global commodities (i.e. Metals and O&G), the MOFSL Universe and Nifty should post 31% and 23% YoY earnings growth, respectively, in 4QFY23.
- Cement and Specialty Chemicals are expected to report 8% and 6% YoY earnings decline while Healthcare should post a modest 9% YoY growth in 4QFY23.
- EBITDA margin is projected to contract 1000bps YoY for MOFSL Universe (ex-OMCs and Financials) to 19.6%. The EBITDA margin for Nifty companies, excluding Financials and OMC, is likely to stay flat YoY to 21.9% during the quarter.



- **FY23 earnings highlights:** The MOFSL Universe is likely to post sales/EBITDA/PAT growth of 23%/7%/10% YoY in FY23. While Auto and BFSI are the key growth drivers, with 107% and 56% YoY earnings growth, global commodities such as Metals and O&G will be the prime drags with 44% and 13% earnings decline YoY, respectively.
- **Reduce FY24 Nifty EPS estimate by 1.5%:** We have maintained our FY23 Nifty EPS at INR812 but cut our FY24/FY25 EPS estimates by 1.5%/2.2% to INR978/INR1,119. We now forecast the Nifty EPS to grow 12% in FY23. Financials alone are likely to account for 82% of the incremental FY23E earnings growth for Nifty. Ex-BFSI, we expect Nifty FY23 earnings to grow by a measly 6%; while ex-Metals and O&G, Nifty FY23 earnings are expected to post 23% YoY growth.

MOFSL Top Ideas:

- **Large-caps – ICICI Bank, ITC, L&T, M&M, Infosys, Ultratech and ONGC.**
- **Mid-caps – Ashok Leyland, Vedant Fashion, Metro Brands, MMFS, APL Apollo, and Godrej Properties.**

Model portfolio: Key changes

The correction and breather in markets, especially broader markets, have thrown up interesting opportunities and made the risk-reward relatively more favorable. We have carried out several important changes in our model portfolio that are detailed below. We maintain our **OW stance on Financials, Capex and Autos** and **upgrade Consumption to OW**. We are **Neutral on IT and Healthcare** while we retain our **UW stance on Metals, Energy and Utilities** even as we reduce our **UW view on Energy**.

- **Financials:** We reiterate our OW stance on Financials and remain significantly OW on PSU Banks. After the underperformance over the last three years, we are raising weights in HDFCB, which has maintained solid momentum in business growth. Deposit growth has been particularly impressive and this positions the bank well ahead of the merger while also enabling healthy growth trends for the merged entity. Stable CASA ratio amid heightened competition for liabilities and steady trends in Retail and Commercial Banking will support fee income and margins. Within NBFC, we are adding Mahindra Financials to the model portfolio. We believe that the various strategic initiatives undertaken by the management, if executed correctly, have the potential to script a credible transformation.
- **IT:** There is no change in our stance. We are neutral with the entire weight being allocated to large-caps: Infosys, TCS and HCL Tech.
- **Consumption:** In Staples, we continue to maintain our weights in ITC, Britannia and GCPL. In discretionary, our long-standing preference with Titan remains. We are reintroducing **Indian Hotels** to the portfolio. Hotels' business cycle remains favorable and Indian Hotels is poised for strong growth fueled by improvement in ARR and occupancy, higher income from management contracts and launch of new brands. We are also adding **Vedant Fashions** in our model portfolio. It has established itself as a strong and dominant brand within the highly underpenetrated and unorganized ethnic wear segment (~20% branded). We expect the company to report a revenue/PAT CAGR of 21% /22% over FY23-25, driven by 15% footprint additions, limited competition, growing cultural pull and a strong brand recall.
- **Automobiles:** We are adding M&M to the model portfolio since we find its risk-reward quite attractive as core valuations are cheap at 12.5x/11.0x FY24E/FY25E Core EPS. While the tractor business may see some near-term headwinds, the

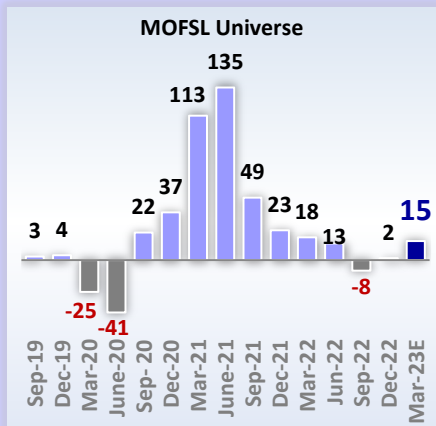
recent stock price correction is largely factoring in the weak tractor cycle in FY24E. We are also adding BHFC to the portfolio, which has been expanding its revenue/profit pool through the addition of aluminum forging, a new industrial and defense (ex-guns) segment. This will not only diversify its revenue streams further but also be the key driver of consolidated revenue over the next five years.

- **Oil & Gas:** We are raising our weights in **Reliance Industries** as we believe its valuations now offer a better risk-reward after the recent underperformance. Petrochem margins (PE/PP/PVC) have improved 3%/10%/9% QoQ on the back of improved demand from China and would benefit the standalone segment.
- **Real Estate:** Post-sharp correction and underperformance, we are now adding **Godrej Properties** to the model portfolio. With 60% correction in stock price since Jan'22 and the best ever year from business development perspective, the risk-reward of the stock is relatively more attractive now, in our view. The company also expects FY24 to be another strong year for business development.

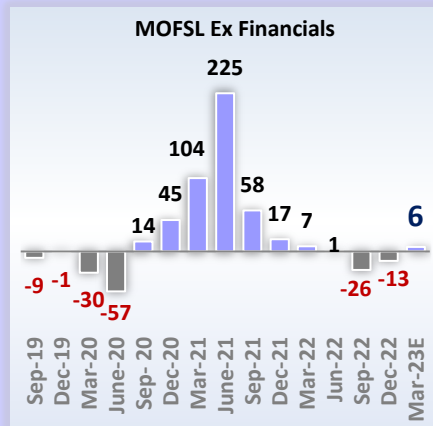
Corporate earnings at a glance: BFSI and Autos to propel earnings growth

BFSI and Autos drive the quarter; excluding BFSI, profits would grow 6% YoY each for both MOFSL Universe and Nifty.

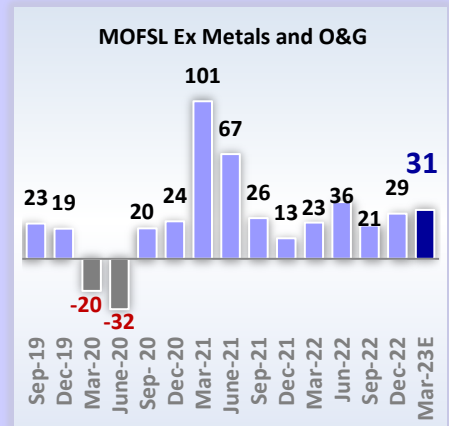
PAT expected to rise 15% for MOFSL Universe



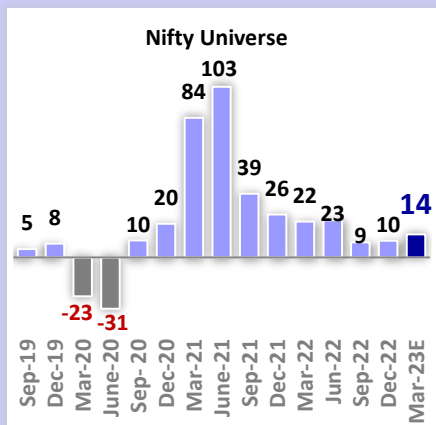
PAT expected to rise 6% for MOFSL Universe, excluding Financials



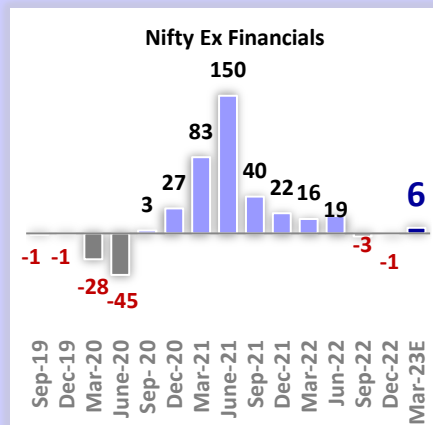
PAT to rise 31% for MOFSL Universe, sans Metals and O&G



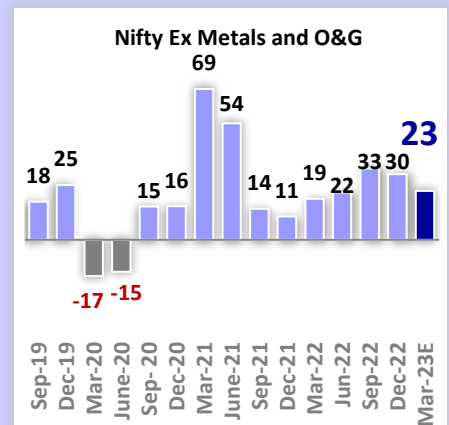
PAT growth for the Nifty Universe likely at 14%



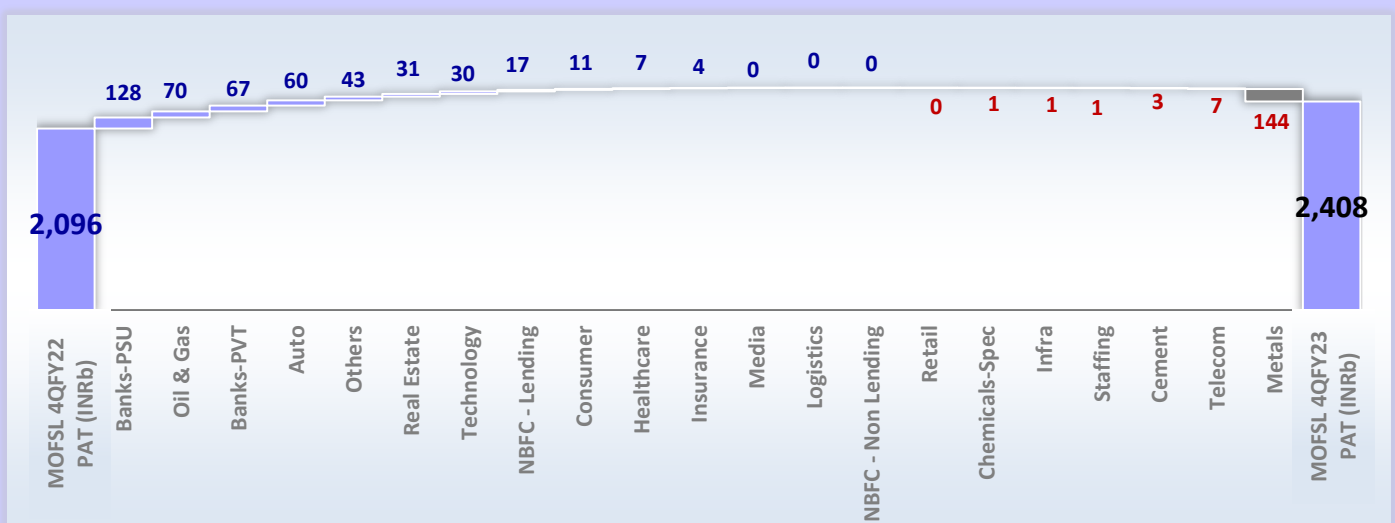
PAT to grow 6% for the Nifty Universe, sans Financials



PAT to rise 23% for the Nifty Universe, sans Metals and O&G

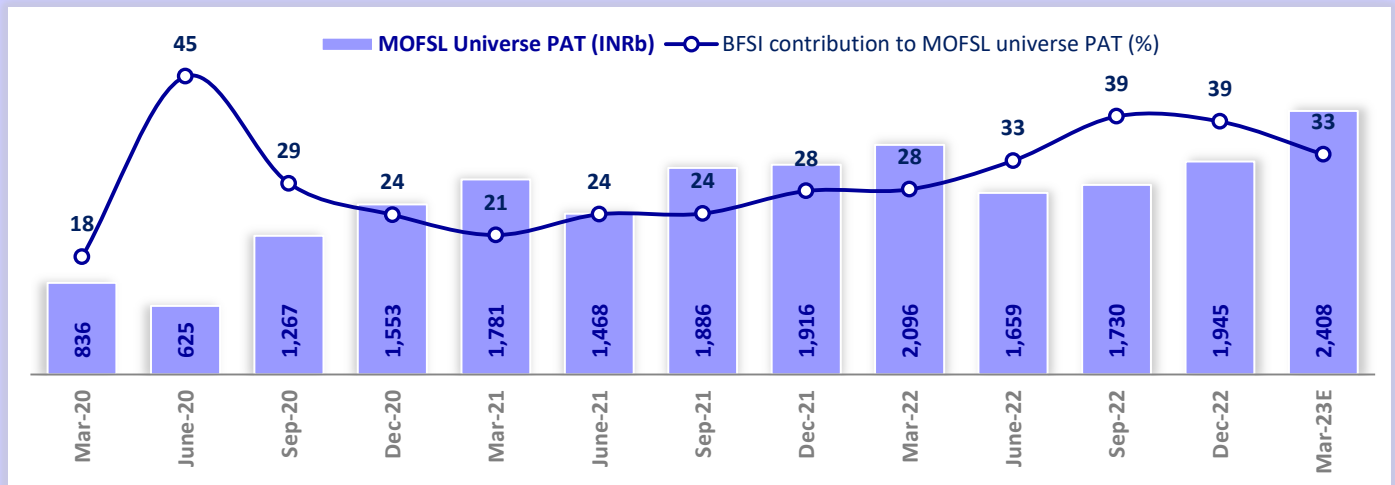


Performance for MOFSL Universe to be driven by Financials and Autos, whereas Metals to drag aggregate performance in 4QFY23

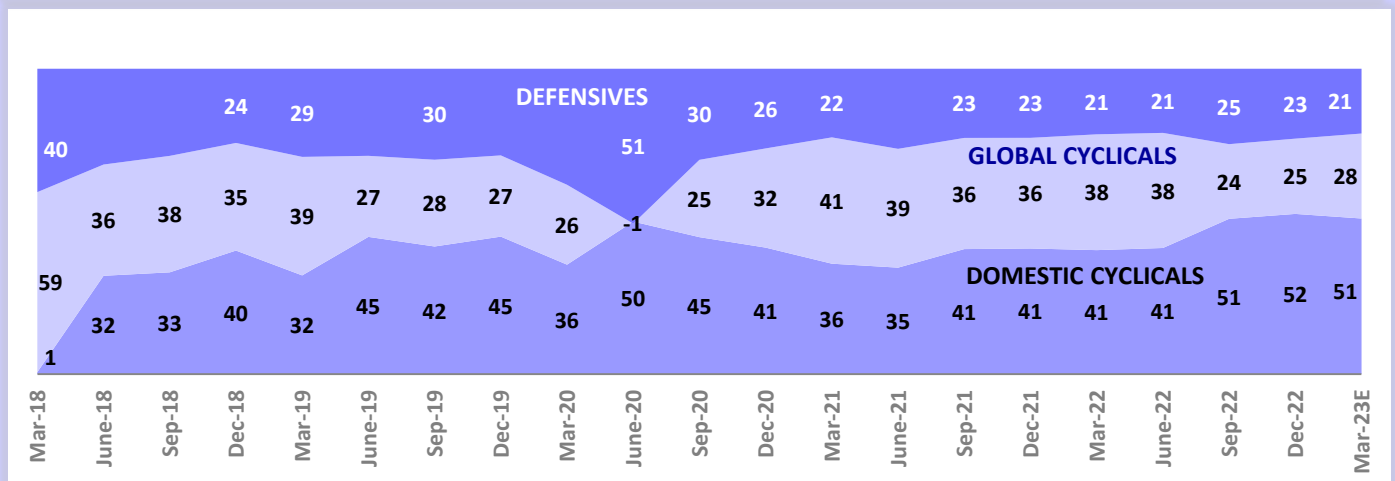


Corporate earnings at a glance: BFSI and Autos to propel earnings growth

Financials' contribution off its Sep'22 high; but still accounts for over one-third of the overall profit pool in 4QFY23



MOFSL (ex-OMCs) PAT Share (%): Domestic cyclicals to drive earnings; while, Global cyclicals drag!



MODEL PORTFOLIO

Model portfolio: Key changes

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MOFSL: MODEL PORTFOLIO

SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE	PAT YoY / CAGR (%)			
					FY23E	FY24E	FY25E	FY23- FY25
Financials	35.3	35.0	-0.3	Neutral				
Private Banks	21.8	21.0	-0.8	Neutral				
ICICI Bank	6.9	8.0	1.1	Buy	37	18	16	17
HDFC Bank	8.0	8.0	0.0	Buy	19	20	20	20
Axis Bank	2.7	3.0	0.3	Buy	64	21	20	20
IndusInd Bank	0.8	2.0	1.2	Buy	56	28	28	28
PSU Bank	2.6	6.0	3.4	Overweight				
SBI	2.2	4.0	1.8	Buy	52	23	17	20
Bank of Baroda	0.4	2.0	1.6	Buy	88	23	16	20
Diversified Financials	10.9	8.0	-2.9	Underweight				
Bajaj Finance	1.7	4.0	2.3	Buy	64	19	27	23
SBI Life Insurance	0.6	2.0	1.4	Buy	9	-5	7	1
M & M Financial	0.0	2.0	2.0	Buy	83	15	20	17
Consumption / Retail	13.8	13.0	-0.8	Neutral				
ITC	3.8	5.0	1.2	Buy	22	17	13	15
Titan Company	1.2	2.0	0.8	Buy	41	21	25	23
Britannia Industries	0.6	2.0	1.4	Neutral	26	11	14	12
Godrej Consumer	0.4	2.0	1.6	Buy	-7	38	19	28
Indian Hotels	0.3	2.0	1.7	Buy	-461	24	24	24
Technology	13.0	12.0	-1.0	Neutral				
Infosys	5.8	6.0	0.2	Buy	11	13	16	14
TCS	3.7	4.0	0.3	Buy	11	16	15	16
HCL Technologies	1.3	2.0	0.7	Buy	10	16	13	15
Energy/Telecom	12.9	12.0	-0.9	Neutral				
Reliance Industries	9.0	8.0	-1.0	Buy	9	15	10	12
Bharti Airtel	2.1	2.0	-0.1	Buy	115	33	56	44
ONGC	0.7	2.0	1.3	Buy	26	23	-7	7
Cap Goods, Infra & Cement	7.7	8.0	0.3	Neutral				
Larsen & Toubro	2.9	5.0	2.1		23	28	19	23
Ultratech Cement	1.0	2.0	1.0	Buy	-9	33	19	26
Godrej Properties	0.1	1.0	0.9	Neutral	142	55	-2	23
Auto	5.2	7.0	1.8	Overweight				
Mahindra & Mahindra	1.2	3.0	1.8	Buy	43	26	12	19
Bharat Forge	0.2	2.0	1.8	Buy	-27	97	28	59
Ashok Leyland	0.2	2.0	1.8	Buy	7059	80	24	50
Healthcare	3.6	4.0	0.4	Neutral				
Apollo Hospitals	0.5	2.0	1.5	Buy	-23	60	42	51
Sun Pharma	1.2	2.0	0.8	Buy	14	17	14	15
Metals / Utilities	5.5	2.0	-3.5	Underweight				
Tata Steel	0.9	2.0	1.1	Neutral	-77	47	11	28
Midcaps/Smallcaps	2.9	7.0	4.1	Overweight				
Vedant Fashions	0.0	1.0	1.0	Buy	32	22	23	22
Metro Brands	0.0	1.0	1.0	Buy	73	21	25	23
Zee Ent.	0.2	1.0	0.8	Buy	-47	86	19	48
Poonawalla Fincorp	0.0	1.0	1.0	Buy	95	62	41	51
Lemon Tree	0.0	1.0	1.0	Buy	-266	16	75	42
Jubilant Foodworks	0.2	1.0	0.8	Buy	-9	13	38	25
APL Apollo Tubes	0.0	1.0	1.0	Buy	17	47	27	37
TOTAL	100	100			16	21	14	17

LP: Loss to Profit

MARKETS

India resilient amid abnormal macro volatilities!

- India outperformed the world markets during the first nine months of FY23 and closed flat by end of the fiscal year.
- Nifty-50 clearly outperformed the emerging markets and the world indices in CY22. Despite multiple global headwinds and continued FII outflow, Nifty closed flat in FY23.
- The Nifty delivered -0.6%/26.4%/11.4%/11.8% CAGR on 1/3/5/10-year basis.
- Though India underperformed with respect to China by a thin margin (-75bp); it outperformed other EMs by a wide margin (+550bp) YoY in FY23.

Exhibit 1: World equity indices in FY23 in USD terms (%)

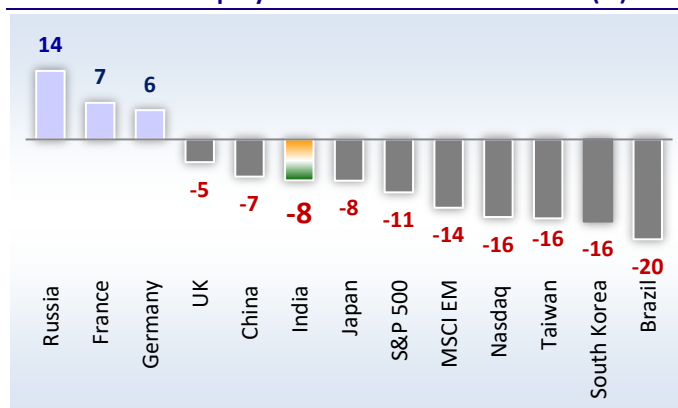


Exhibit 2: World equity indices in FY23 in local currency terms (%)

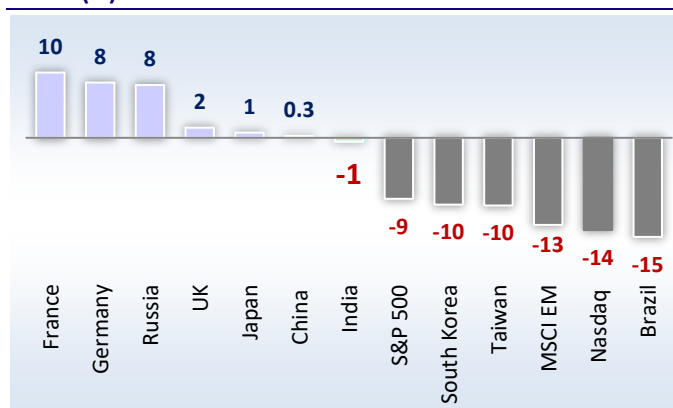


Exhibit 3: FIIs witness outflow for two consecutive years

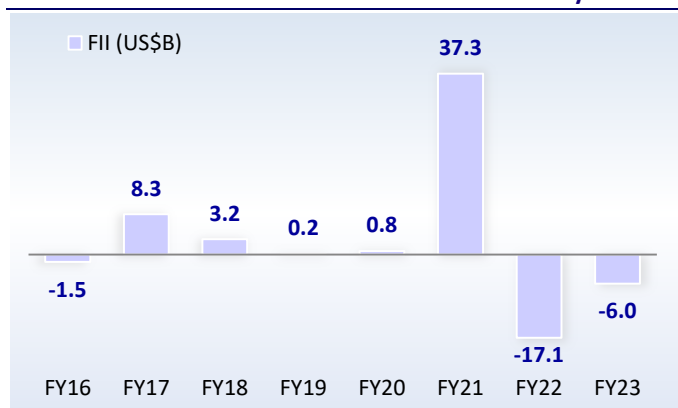


Exhibit 4: DII equity inflow the highest ever in FY23

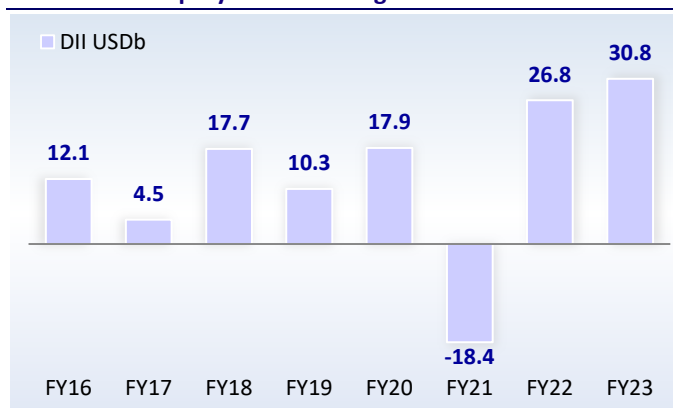
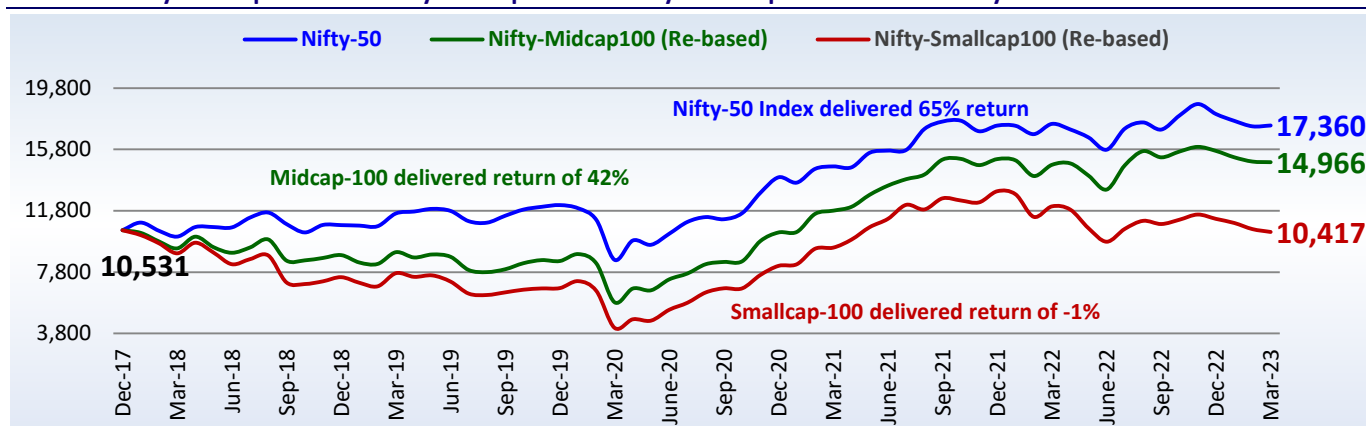


Exhibit 5: Nifty-50 outperformed Nifty-Midcap100 and Nifty-Smallcap100 in the last five years



4QFY23 PREVIEW

Expect BFSI,
& Autos to lead
earnings growth
in 4QFY23

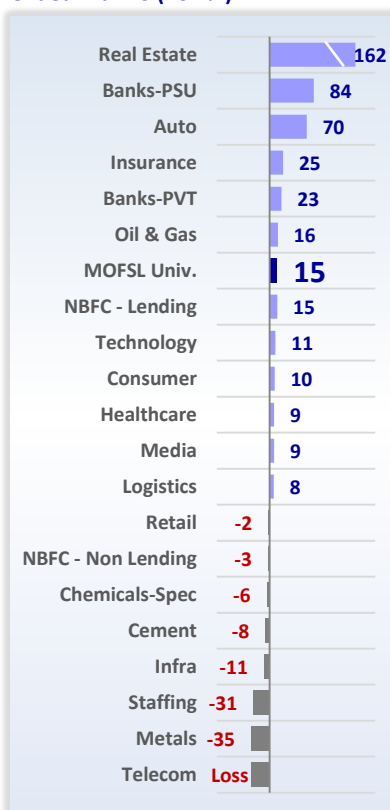
Of the 17 major
sectors under
MOFSL Coverage,
nine sectors to see
a contraction in
EBITDA margin YoY

BFSI and Autos to drive earnings...

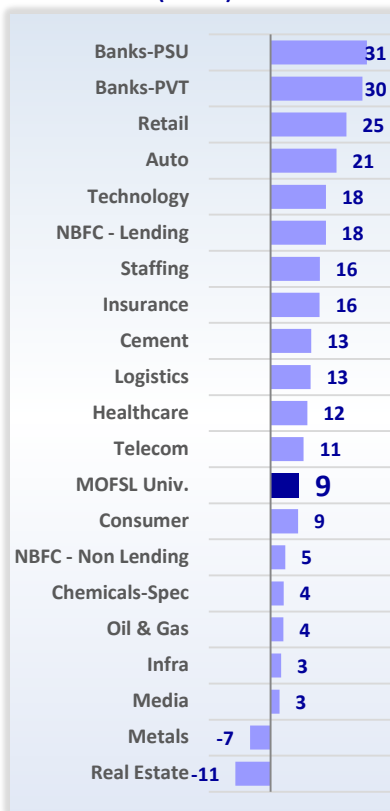
...while, Metals would continue to drag during the quarter!

- After outperforming the global markets in CY22, the Indian market took a breather in CY23YTD on the backdrop of weak global macros, FII outflows, rising interest rates, banking crises in the US/Europe and slowdown in consumption in India. While Nifty is down 4% YTD'23, NSE Midcap 100 and NSE Smallcap 100 indices are down 5% and 8%, underscoring the pain in broader markets.
- **BFSI continues to lead earnings:** Corporate earnings growth in 4QFY23E is expected to be healthy and would be mainly led by financials. BFSI will drive ~70% of the incremental YoY earnings growth for MOFSL Universe in 4QFY23E aided by healthy business growth, NIM expansion, and benign credit costs, even as opex could remain high due to continuous investments in businesses. Aggregate earnings will be lopsided with five companies within MOFSL Universe (SBI, IOC, BPCL, Indigo and Tata Motors) accounting for 72% of the incremental YoY accretion in earnings.
- **Autos** universe is likely to report a 70% YoY jump in earnings driven by Tata Motors, excluding which the sector is still likely to clock a solid 34% YoY growth. We estimate margin expansion to continue for the third successive quarter, with 90bp YoY expansion in EBITDA margin for our Auto OEM Universe (ex-TTMT), fueled by benefits of RM cost moderation.
- **Technology** is likely to report a decent 11% YoY earnings growth. Our IT Services Coverage Universe is expected to deliver a median revenue growth of 0.8% QoQ and 9.2% YoY in constant currency (CC) terms in 4QFY23. Major currencies that appreciated against USD will provide tailwinds. While the BFSI sector has been resilient for the last few quarters, recent industry developments have added to caution on its tech spending trends.
- **Global cyclicals to play a spoilsport:** The aggregate performance for MOFSL Universe is likely to be marred by a sharp drag from global commodities such as Metals and O&G (ex-OMCs), which is likely to see a 35% and 8% YoY earnings decline, respectively. Excluding Metals and O&G, the MOFSL Universe should post a solid 31% earnings growth during the quarter.
- Telecom (loss of INR29b), Metals (-35% YoY), Cement (-8% YoY), Infra (-11%) and Retail (-2%) are projected to report an earnings decline during the quarter.
- **4QFY23 snapshot:** We expect EBITDA/PBT/PAT for the MOFSL Universe to rise 13%/15%/15% YoY in 4QFY23. Excluding Metals and O&G, EBITDA/PBT/PAT for the MOFSL Universe should grow 22%/30%/31% YoY. Sales for the MOFSL Universe are forecasted to grow 9% YoY. Excluding Metals and O&G, sales are likely to improve 18% YoY.
- EBITDA margins for Metals, Technology, Telecom, Cement and Specialty Chemicals are likely to contract on a YoY basis. In 4QFY23, seven out of the 15 major sectors under MOFSL Coverage are likely to see a margin contraction YoY.
- **Nifty earnings to grow at 14% in 4QFY23:** SBI, Axis Bank, ICICI Bank, HDFC Bank and ONGC are likely to drive Nifty earnings, while Tata Steel, Reliance Industries, Hindalco, Power Grid Corp and JSW Steel would drag the same. Nifty earnings, excluding Metals and O&G, are expected to grow 23% YoY during the quarter.
- **FY23E snapshot:** MOFSL Universe and Nifty are likely to record 10% YoY and 12% YoY earnings growth, respectively, in FY23E. Excluding Metals and O&G, MOFSL Universe and Nifty should post 38% YoY and 29% YoY growth, respectively.

Sectoral PAT growth for the quarter-ended Mar'23 (YoY %)



Sectoral sales growth for the quarter-ended Mar'23 (YoY %)



Key sectoral trends and highlights

- The **Private Banks** Universe to report PPOP growth of ~26% YoY (4.5% QoQ) and **PAT growth of ~23% YoY (5.6% QoQ)**. Earnings should remain healthy, aided by healthy business growth, healthy margins, and benign credit costs. However, opex could remain high due to continuous investments in business. **We estimate 18% loan growth for private banks in FY23/FY24 each.**
- Our **NBFC - Lending** Coverage Universe is likely to report a PBT/PAT growth of 17%/15% YoY. We expect disbursements to remain healthy across vehicle financing, driven by strong demand and sectoral tailwinds.
- **PSU Banks** are likely to deliver NII/PPoP growth of 31%/33% YoY (5.7% QoQ each) and **PAT growth of ~84% YoY (10.9% QoQ)** in 4QFY23E. Earnings growth is likely to remain healthy for PSBs, aided by healthy margins and a constant reduction in the credit cost. However, opex is likely to remain elevated as banks provide for wage revisions, which could slightly impact the operating profitability.
- The **O&G** Universe is expected to report sales/EBITDA/PAT growth of 4%/22%/16% YoY. Brent prices averaged USD81.2/bbl (-19% YoY, -8% QoQ) in 4QFY23. SG GRM increased during the quarter, led by stronger product cracks. PE, PP, and PVC margins also increased on QoQ basis. CGD margins are likely to decline sequentially
- The **MOFSL Autos** Universe is likely to report a 70% YoY jump in earnings driven by Tata Motors, excluding which the sector is likely to clock a 34% YoY growth. We estimate margins to improve for the second successive quarter, with 110bp YoY (+40bp QoQ) expansion in EBITDA margin for our Auto OEM Universe (ex-TTMT), fueled by benefits of RM cost moderation.
- The **MOFSL Technology** Universe is likely to deliver a median revenue growth of 0.8% QoQ and 9.2% YoY in constant currency (CC) terms in 4QFY23E. The major currencies that have appreciated against USD (EUR +5.2% and GBP +3.8%) will provide necessary tailwinds.
- Our **Consumer** Universe is forecasted to report the following growth numbers: sales/EBITDA/PAT are likely to rise 9%/14%/10%. In terms of volume growth, our FMCG universe is likely to see another subdued quarter in 4QFY23, especially as there are no clear signs of revival in rural demand.
- The **Metals** Universe is likely to report a weak quarter. Surging inflation, tightening global liquidity, imposition of export duties, fears of recession and on-going conflict between Russia and Ukraine had severely impacted the Metals sector over the last three quarters. The sector is likely to report a 35% decline in PAT and 27% decline in EBITDA YoY. Sales are also forecasted to decline 7% YoY.
- Earnings for our **Healthcare** Universe are likely to rise 9% in 4QFY23, after three quarters of decline amid weak growth.
- The **MOFSL Cement** Universe should report an EBITDA/PBT/PAT decline of 2%/8%/8%. Aggregate EBITDA margin is likely to contract 230bp YoY to 14.9%.
- The **Telecom** Universe should report a loss for the 23rd consecutive quarter, largely led by VIL. Subsequently, we expect 1-2% ARPU increase across the telcos, driving 2-3% sequential revenue growth for Bharti and RJio and flat revenue for VIL.

Exhibit 6: MOFSL/Nifty universe to post 15%/14% YoY earnings growth in 4QFY23 (INR b)

Sector	Sales	Gr. (%)	EBITDA	Gr. (%)	PBT	Gr. (%)	PAT	Gr. (%)	PAT Delta	PAT	EBITDA Margin. %
	Mar-23	YoY	Mar-23	YoY	Mar-23	YoY	Mar-23	YoY	INR b	Share (%)	Chg bp YoY
PAT growth sectors	5,568	23	1,684	32	1,194	54	926	56	333	38	206
Real Estate (9)	105	-11	29	7	26	14	50	162	31	2	480
Banks-PSU (6)	854	31	601	33	388	94	280	84	128	12	110
Automobiles (24)	2,546	21	306	31	189	60	146	70	60	6	86
Insurance (6)	692	16	31	28	20	29	20	25	4	1	42
Banks-Private (13)	772	30	590	26	484	25	362	23	67	15	-219
Others (15)	599	27	126	75	87	167	68	174	43	3	581
Med/Low growth sectors	10,933	7	1,984	18	1,576	16	1,166	13	136	48	165
Oil & Gas (15)	7,289	4	1,007	22	716	20	518	16	70	22	200
NBFC - Lending (16)	269	18	216	16	179	17	136	15	17	6	-107
Technology (12)	1,844	18	421	15	390	14	293	11	30	12	-65
Consumer (19)	757	9	182	14	172	14	127	10	11	5	115
Healthcare (22)	674	12	140	15	104	1	82	9	7	3	57
Media (3)	38	3	9	-7	7	-12	6	9	0	0	-273
Logistics (5)	62	13	9	6	7	10	6	8	0	0	-93
PAT de-growth sectors	4,585	0	982	-15	487	-29	316	-33	-157	13	-390
Retail (17)	334	25	41	16	22	3	17	-2	0	1	-94
NBFC - Non Lending (6)	24	5	11	-6	11	-4	9	-3	0	0	-526
Chemicals-Specialty (9)	72	4	13	-6	12	-8	9	-6	-1	0	-200
Cement (11)	534	13	80	-2	53	-8	37	-8	-3	2	-234
Infrastructure (3)	49	3	13	4	7	-17	5	-11	-1	0	15
Staffing (3)	96	16	3	-9	2	-20	1	-31	-1	0	-90
Metals (10)	2,889	-7	542	-27	377	-34	269	-35	-144	11	-532
Telecom (4)	588	11	279	8	3	-54	-32	Loss	-7	-1	-103
MOFSL Universe (228)	21,086	9	4,650	13	3,257	15	2,408	15	312	100	72
Nifty (49)	13,293	9	3,557	16	2,473	18	1,799	14	221		157
Sensex (30)	9,384	11	2,799	18	1,903	18	1,369	13	152		174

Exhibit 7: Expect a two-year PBT/PAT CAGR of 18%/16% for the MOFSL Universe (INR b)

Sector	PBT (INR b)				Growth (%)			PAT (INR b)				Growth (%)		
	Mar-21	Mar-22	Dec-22	Mar-23	YoY	Two-year CAGR	QoQ	Mar-21	Mar-22	Dec-22	Mar-23	YoY	Two-year CAGR	QoQ
Automobiles (24)	177	118	177	189	60	4	7	148	86	140	146	70	-1	5
Cement (11)	76	57	32	53	-8	-17	64	54	41	23	37	-8	-16	61
Chemicals-Specialty (9)	12	13	12	12	-8	1	-2	9	10	9	9	-6	1	-2
Consumer (19)	136	151	174	172	14	12	-1	104	115	131	127	10	10	-3
Financials (47)	520	768	999	1,082	41	44	8	378	591	749	806	37	46	8
Banks-Private (13)	252	387	455	484	25	39	6	192	295	343	362	23	37	6
Banks-PSU (6)	159	200	352	388	94	56	10	100	152	252	280	84	67	11
Insurance (6)	2	15	16	20	29	202	24	4	16	17	20	25	121	18
NBFC - Lending (16)	98	153	164	179	17	35	9	75	119	129	136	15	35	6
NBFC - Non Lending (6)	9	12	11	11	-4	13	1	7	9	8	9	-3	14	2
Healthcare (22)	91	103	110	104	1	7	-5	72	75	84	82	9	7	-3
Infrastructure (3)	7	8	6	7	-17	1	23	4	6	4	5	-11	8	25
Logistics (5)	4	7	6	7	10	39	14	3	5	5	6	8	34	12
Media (3)	8	8	9	7	-12	-1	-14	6	5	6	6	9	1	-9
Metals (10)	497	570	231	377	-34	-13	64	385	414	132	269	-35	-16	104
Oil & Gas (15)	492	595	458	716	20	21	56	393	448	337	518	16	15	54
Oil Ex OMCs (12)	289	449	433	449	0	25	4	224	346	311	318	-8	19	2
Real Estate (9)	18	23	24	26	14	21	7	14	19	20	50	162	89	156
Retail (17)	16	22	32	22	3	17	-31	11	17	24	17	-2	22	-30
Staffing (3)	2	2	1	2	-20	-5	17	2	2	2	1	-31	-10	-18
Technology (12)	306	341	381	390	14	13	3	227	263	284	293	11	13	3
Telecom (4)	-23	6	-37	3	-54	LP	LP	-41	-25	-59	-32	Loss	Loss	Loss
Others (15)	20	32	68	87	167	109	28	11	25	54	68	174	151	25
MOFSL Universe (228)	2,358	2,825	2,684	3,257	15	18	21	1,781	2,096	1,945	2,408	15	16	24
Nifty (49)	1,705	2,103	2,204	2,473	18	20	12	1,297	1,579	1,592	1,799	14	18	13
Sensex (30)	1,317	1,610	1,780	1,903	18	20	7	1,003	1,217	1,265	1,369	13	17	8

Sales/PAT for the MOFSL Universe to grow 9%/15% YoY in 4QFY23

Exhibit 8: Expect sales for the MOFSL universe to grow 9% YoY in 4QFY23

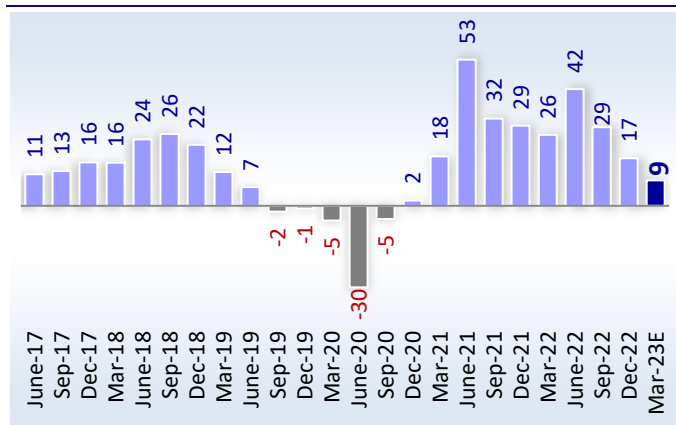


Exhibit 9: Expect earnings for the MOFSL universe to grow 15% YoY in 4QFY23, led by BFSI & Autos

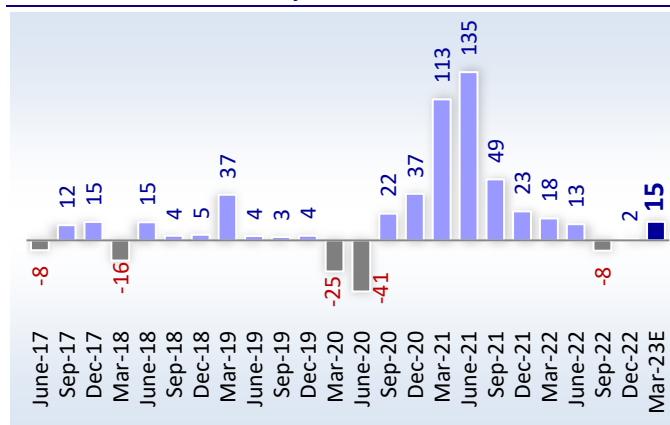


Exhibit 10: Expect EBITDA margin to contract 100bp YoY to 19.6% in 4QFY23 for MOFSL Ex OMC's and Financials

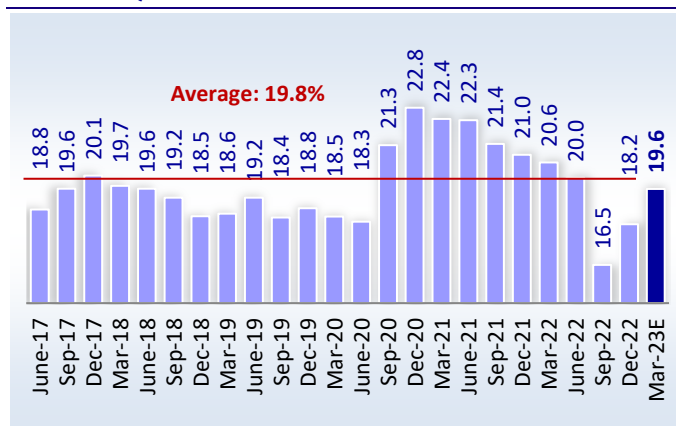
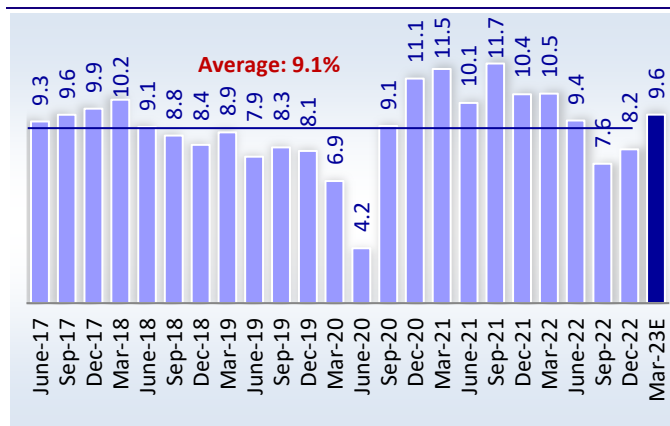


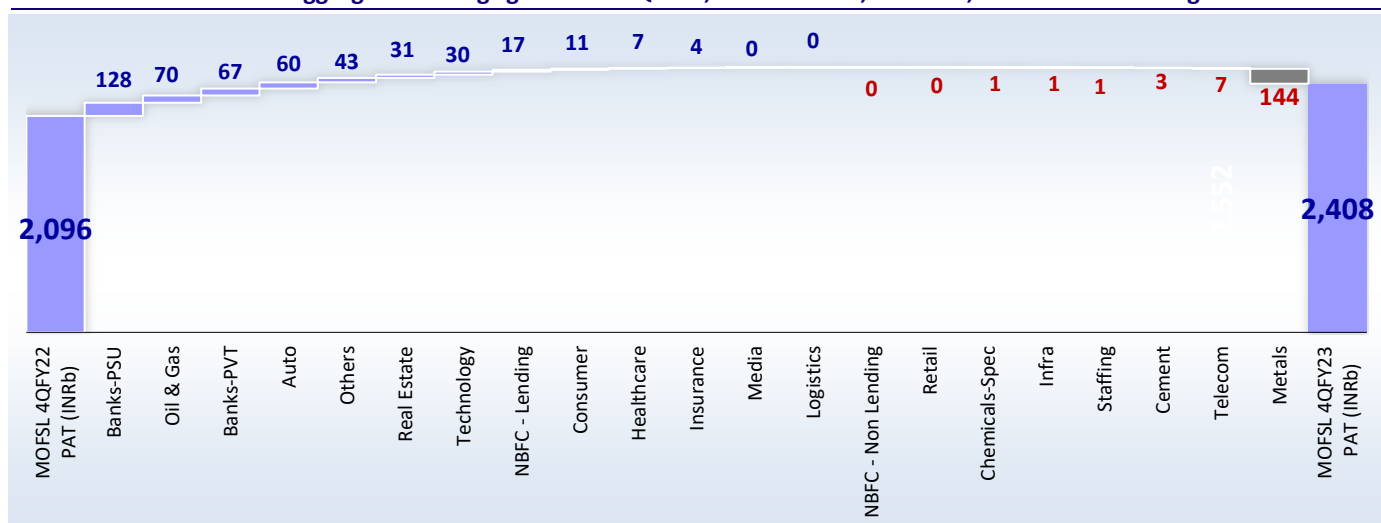
Exhibit 11: Expect PAT margin to decline 85bp YoY to 9.6% for MOFSL Ex OMC's and Financials



Source: MOFSL, excluding Financials and OMCs

Source: MOFSL, excluding Financials and OMCs

Exhibit 12: Banks to lead aggregate earnings growth in 4QFY23; while Metals, Telecom, and Cement to drag



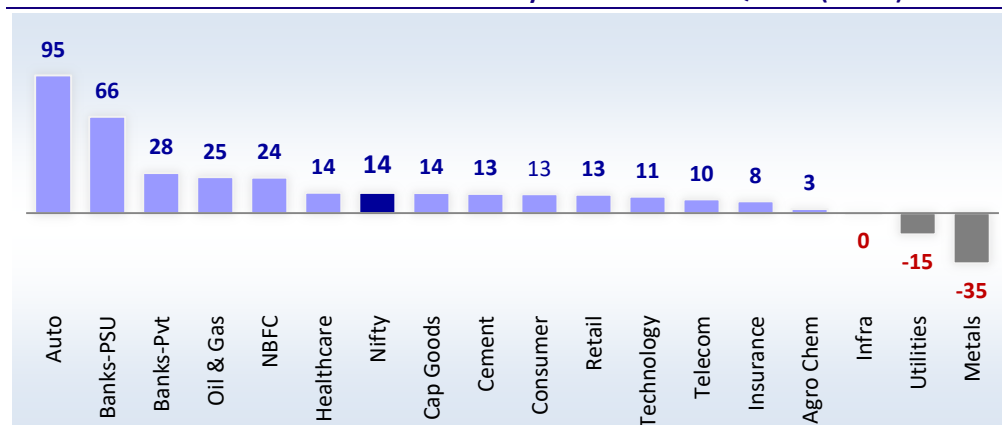
Source: MOFSL

Exhibit 13: Sectoral quarterly PAT trend (INR b) – MOFSL universe to report a 15% YoY/24% QoQ rise in PAT

Sector	Mar-20	June-20	Sep-20	Dec-20	Mar-21	June-21	Sep-21	Dec-21	Mar-22	June-22	Sep-22	Dec-22	Mar-23E
Automobiles	-8	-95	77	141	148	8	31	59	86	13	97	140	146
Banks-Private	97	140	184	193	192	174	190	262	295	272	306	343	362
Banks-PSU	-26	47	82	87	100	123	148	150	152	133	226	252	280
Insurance	20	18	13	11	4	4	13	8	16	14	15	17	20
NBFC - Lending	58	73	83	81	75	51	103	106	119	113	124	129	136
NBFC - Non Lending	1	4	6	6	7	7	8	9	9	8	8	8	9
Cement	31	22	39	44	54	50	44	32	41	44	21	23	37
Chemicals-Specialty	8	5	7	8	9	9	8	8	10	10	9	9	9
Consumer	85	71	102	110	104	90	109	118	115	121	123	131	127
Healthcare	54	67	81	82	72	87	92	82	75	72	90	84	82
Infrastructure	2	1	2	5	4	3	3	3	6	8	4	4	5
Logistics	3	-1	3	4	3	4	5	5	5	5	5	5	6
Media	-4	2	4	8	6	5	5	8	5	7	5	6	6
Metals	123	-13	124	246	385	373	416	353	414	333	139	132	269
Oil & Gas	214	162	283	296	393	301	385	418	448	242	275	337	518
Real Estate	8	-3	5	10	14	6	12	18	19	14	15	20	50
Retail	4	-9	0	17	11	-6	16	27	17	23	21	24	17
Staffing	2	1	1	1	2	1	2	2	2	2	1	2	1
Technology	203	190	218	234	227	239	247	256	263	242	264	284	293
Telecom	-49	-46	-56	-48	-41	-55	-46	-45	-25	-48	-42	-59	-32
Others	10	-13	9	17	11	-4	95	37	25	30	24	54	68
MOFSL Universe	836	625	1,267	1,553	1,781	1,468	1,886	1,916	2,096	1,659	1,730	1,945	2,408

Expect Nifty earnings to grow 14% YoY in 4QFY23

- We expect Sales/EBITDA/PBT/PAT for Nifty constituents to improve 9%/16%/18%/14% YoY propelled by Autos, BFSI and OMC; excluding Metals and O&G, Sales/EBITDA/ PBT/PAT is likely to grow 17%/22%/27%/23% YoY.
- SBI, Coal India, BPCL, ONGC, TATA Motors and HDFC Bank are likely to fuel Nifty earnings, while Tata Steel, Hindalco and JSW Steel would drag the same.
- Aggregate earnings will be lopsided with five companies within Nifty (SBI, ICICI Bank, BPCL, ONGC and Tata Motors) accounting for 82% of the incremental YoY accretion in earnings.
- Sixteen companies are likely to report PAT growth of above 30% YoY.
- Ten Nifty companies are expected to report a YoY decline in PAT.

Exhibit 14: Sector-wise PAT breakdown for Nifty constituents in 4QFY23E (YoY %)


Source: MOFSL

Autos and BFSI are likely to lead Nifty earnings

Exhibit 15: Expect Nifty's revenue to grow 9% YoY in 4QFY23

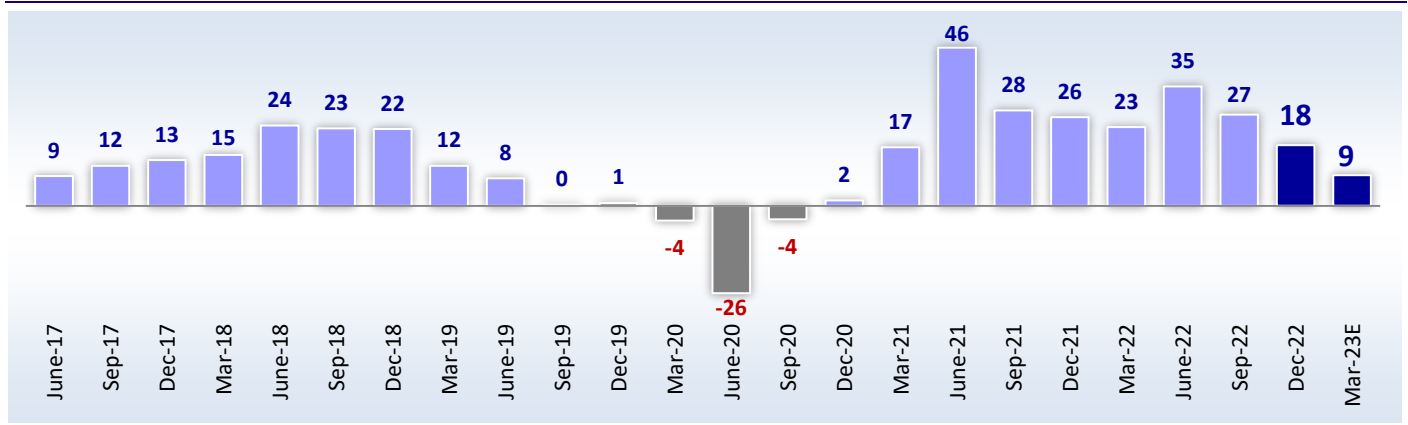


Exhibit 16: Expect Nifty's EBITDA to improve 16% YoY during the quarter

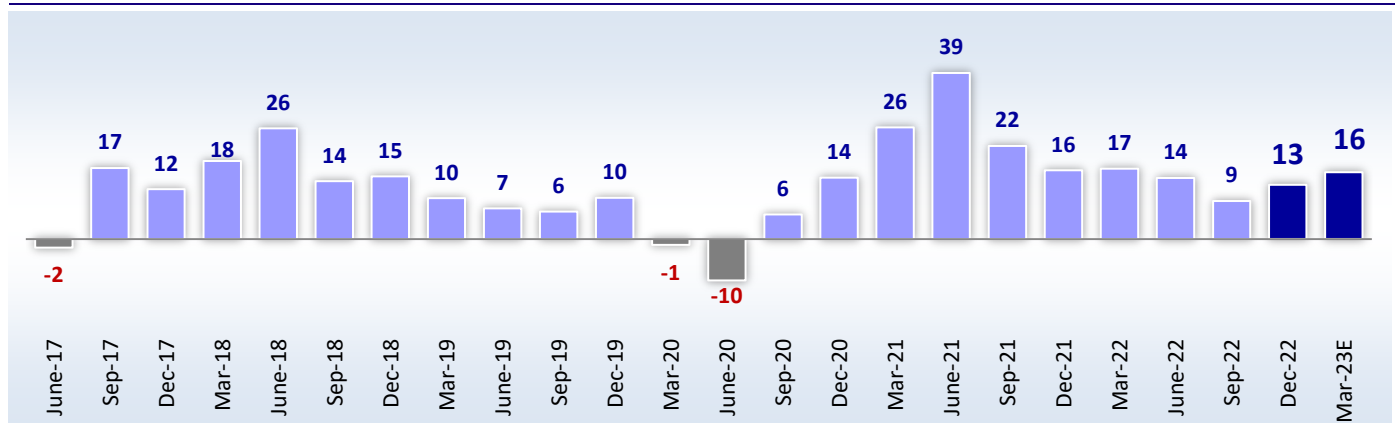


Exhibit 17: Expect Nifty's PAT to rise 14% YoY in 4QFY23

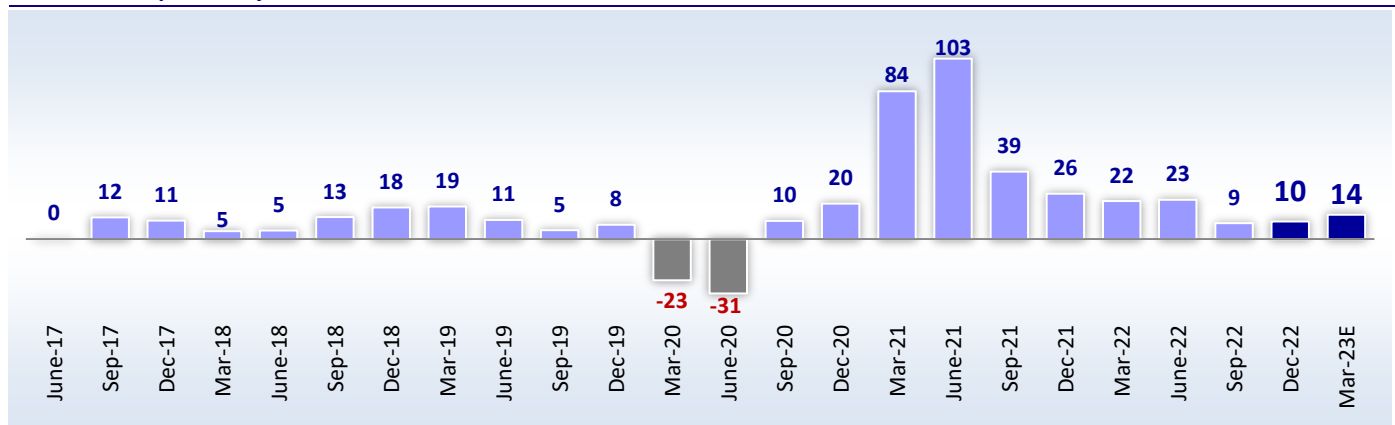


Exhibit 18: Nifty's earnings snapshot for 4QFY23E (INR b)

Company	Sector	Sales	Growth (%)	EBITDA	Growth (%)	PBT	Growth (%)	PAT	Growth (%)
		Mar-23	YoY	Mar-23	YoY	Mar-23	YoY	Mar-23	YoY
Bajaj Auto	Automobiles	82	3.0	15	12.9	17	9.9	13	8.1
Eicher Motors	Automobiles	38	17.8	9	16.7	9	21.1	9	39.7
Hero MotoCorp	Automobiles	82	10.2	10	19.0	10	21.8	7	17.6
Mahindra & Mahindra	Automobiles	222	29.0	28	42.6	21	45.8	16	35.1
Maruti Suzuki	Automobiles	332	24.0	36	48.7	36	63.5	28	54.2
Tata Motors	Automobiles	976	24.4	113	29.6	32	770.7	27	LP
Axis Bank	Banks-Private	125	41.4	98	51.4	80	45.3	60	45.6
HDFC Bank	Banks-Private	239	26.6	196	19.6	163	25.2	121	20.3
ICICI Bank	Banks-Private	175	38.6	140	36.5	122	32.1	92	30.4
IndusInd Bank	Banks-Private	47	19.2	38	13.9	28	47.9	21	50.7
Kotak Mahindra Bank	Banks-Private	60	33.1	42	26.9	40	9.1	30	8.9
State Bank	Banks-PSU	403	29.0	269	36.5	208	66.8	152	66.4
HDFC Life Insur.	Insurance	181	26.4	5	-17.5	4	32.5	4	13.6
SBI Life Insurance	Insurance	203	16.7	12	-5.0	7	1.6	7	5.3
Bajaj Finance	NBFC - Lending	63	30.5	51	29.0	43	30.5	31	30.1
Bajaj Finserv	NBFC - Lending	253	34.0	253	34.0	58	68.8	20	51.5
HDFC	NBFC - Lending	51	10.4	51	9.5	47	10.8	38	10.2
Larsen & Toubro	Capital Goods	579	9.6	71	9.6	63	12.5	41	13.9
Grasim Industries	Cement	62	-2.0	7	-4.6	4	-6.9	3	-8.1
Ultratech Cement	Cement	190	20.8	33	7.5	25	10.7	17	18.3
Asian Paints	Consumer	86	9.4	17	20.3	16	19.8	11	12.1
Britannia	Consumer	40	12.6	7	28.7	7	25.6	5	39.2
Hind. Unilever	Consumer	153	13.3	36	12.4	35	13.2	25	11.0
ITC	Consumer	160	3.3	62	18.9	64	18.0	47	12.8
Nestle	Consumer	43	9.0	10	2.6	8	2.3	6	3.4
Tata Consumer	Consumer	35	10.3	5	8.9	4	5.2	3	25.1
Apollo Hospitals	Healthcare	44	24.2	5	14.0	3	27.3	2	14.6
Cipla	Healthcare	58	9.5	13	39.0	11	60.8	8	38.3
Divis Labs	Healthcare	18	-29.8	4	-59.7	4	-59.3	3	-62.8
Dr Reddy's Labs	Healthcare	60	15.2	15	39.0	11	-38.5	9	45.2
Sun Pharma	Healthcare	112	19.2	29	36.3	25	45.0	21	32.7
Adani Ports	Infrastructure	45	17.6	28	18.9	17	6.9	15	-0.3
Coal India	Metals	363	10.9	123	-1.7	117	25.9	87	30.3
Hindalco	Metals	535	-4.0	61	-16.4	34	-31.8	23	-43.7
JSW Steel	Metals	455	-3.1	72	-21.8	40	-32.4	29	-26.7
Tata Steel	Metals	576	-16.9	69	-54.0	32	-73.6	23	-77.2
BPCL	Oil & Gas	1,060	1.8	119	97.9	96	124.8	72	201.5
ONGC	Oil & Gas	381	10.3	210	12.7	146	24.7	109	23.3
Reliance Inds.	Oil & Gas	2,089	0.8	367	17.2	239	7.6	162	-0.3
Titan Company	Retail	87	12.0	11	21.2	9	18.2	7	12.7
HCL Technologies	Technology	272	20.3	61	16.3	52	20.1	39	9.7
Infosys	Technology	390	20.7	93	18.1	89	17.7	66	15.3
TCS	Technology	592	17.0	159	14.8	155	16.2	116	16.9
Tech Mahindra	Technology	138	13.6	21	1.8	18	-3.4	13	-13.3
Wipro	Technology	236	12.9	47	9.3	40	7.5	31	0.2
Bharti Airtel	Telecom	368	16.7	190	18.6	49	19.1	20	9.5
NTPC	Utilities	239	-27.4	96	-5.0	49	-23.7	52	-7.5
Power Grid Corp.	Utilities	130	35.1	109	32.8	57	54.4	33	-23.8
UPL	Others	168	6.2	39	7.4	26	28.1	19	2.9
Nifty Universe		13,293	9.0	3,557	15.7	2,473	17.6	1,799	14.0

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

Exhibit 19: Expect 19% PAT CAGR for the MOFSL Universe over FY23-25

Sector	Sales CAGR (%)	EBITDA CAGR (%)	EBITDA Margin (%)			PAT Grw / CAGR (%)			PAT Delta (INR b)		PAT Delta Share (%)
	(FY23-25)	(FY23-25)	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	(FY23-25)	(FY23-25E)	(FY23-25)
High PAT CAGR (>25%)	13	20	16.6	18.2	18.8	221	117	37	73	663	19
Telecom (4)	9	15	44.9	48.6	49.8	Loss	Loss	LP	LP	207	6
Staffing (3)	17	31	3.3	3.7	4.1	-7	43	45	44	7	0
Auto (24)	12	24	10.5	12.3	12.9	107	64	18	39	378	11
Retail (17)	22	25	13.2	13.7	14.0	65	32	29	30	59	2
Media (3)	14	18	26.1	28.0	28.3	4	30	18	24	13	0
Medium PAT CAGR (15-25%)	8	15	17.9	19.5	20.3	20	20	14	17	2,663	75
Logistics (5)	16	20	14.6	15.1	15.5	11	21	23	22	10	0
Others (15)	6	15	17.3	20.2	20.5	164	27	14	21	81	2
Cement (11)	6	22	14.1	17.6	18.5	-20	26	15	20	79	2
Chemicals-Specialty (9)	11	19	18.6	20.9	21.4	11	22	16	19	16	0
Healthcare (22)	13	16	20.9	21.7	22.2	-3	21	17	19	136	4
Consumer (19)	12	17	23.1	24.7	25.3	16	20	16	18	193	5
Financials (51)	14	17	38.1	38.8	39.9	56	17	19	18	1,256	35
Banks-PVT (13)	18	20	75.4	76.2	77.6	38	21	20	21	606	17
Banks-PSU (6)	12	15	66.8	68.6	70.4	55	28	20	24	502	14
Insurance (7)	12	1	4.2	3.5	3.4	284	-7	12	2	13	0
NBFC - Lending (19)	16	16	79.6	78.3	79.4	55	1	19	9	124	3
NBFC - Non Lending (6)	11	14	50.7	52.7	53.6	2	17	14	15	11	0
Real Estate (9)	14	26	28.4	31.3	34.7	91	3	33	17	37	1
Oil & Gas (15)	4	12	8.7	9.9	9.9	-13	32	1	16	502	14
Ex OMCs (12)	4	9	14.0	15.5	15.5	10	18	2	9	274	8
Technology (12)	11	14	22.7	23.2	23.9	8	15	15	15	352	10
Low PAT CAGR (<15%)	4	9	16.7	18.6	18.4	-43	22	4	13	249	7
Metals (10)	4	9	16.6	18.4	18.2	-44	23	4	13	243	7
Infrastructure (3)	12	9	28.9	27.7	27.2	37	10	14	12	5	0
MOFSL (232)	8	15	17.6	19.2	19.9	10	24	15	19	3,574	100
Nifty (50)	8	14	20.9	22.5	23.3	12	20	13	17	2,316	NA
Sensex (30)	11	15	26.5	27.5	28.5	16	21	16	19	2,018	NA

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

Exhibit 20: Top upgrades/downgrades for Nifty in FY23E

(INR)	Current EPS (INR)			EPS UPGRADE / DOWNGRADE (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Ultratech Cement	178.5	237.6	281.6	1.4	11.6	12.2
Coal India	50.8	35.1	34.0	-5.9	6.4	10.6
State Bank	60.4	74.1	86.5	0.1	3.7	3.7
ICICI Bank	45.9	54.3	63.1	-1.6	2.8	2.4
Dr Reddy's Labs	253.5	254.6	283.9	2.1	2.7	2.8
Asian Paints	42.4	55.4	62.9	0.7	1.7	1.7
Reliance Inds.	94.1	108.1	118.7	2.6	1.2	0.2
Eicher Motors	104.6	135.7	166.9	2.1	0.8	-2.1
Grasim Industries	101.0	101.3	99.0	0.5	0.8	0.3
HDFC Bank	79.6	95.4	114.4	0.1	0.6	1.4
Tata Motors	-5.5	26.1	32.1	3.3	-3.6	-3.9
Maruti Suzuki	276.7	351.1	414.9	5.5	-4.3	-4.8
Apollo Hospitals	52.4	83.9	122.8	-8.8	-4.4	-3.5
Bajaj Auto	205.5	229.1	253.2	-3.5	-5.0	-4.9
Tech Mahindra	57.0	63.2	75.5	-2.5	-7.3	-5.3
Mahindra & Mahindra	61.6	77.7	87.0	-1.2	-9.1	-15.2
UPL	70.2	75.1	84.6	-9.3	-11.0	-11.2
JSW Steel	11.5	69.7	71.8	-6.9	-12.4	-27.2
Hindalco	44.9	51.9	57.1	-5.4	-25.8	-28.6
Tata Steel	7.6	11.1	12.4	-12.9	-29.7	-30.9
Nifty (50)	812	978	1,119	0.0	-1.5	-2.2

LP: Loss to Profit; Source: MOFSL

Exhibit 21: Absolute FY23E PAT change for Nifty constituents (INR b)

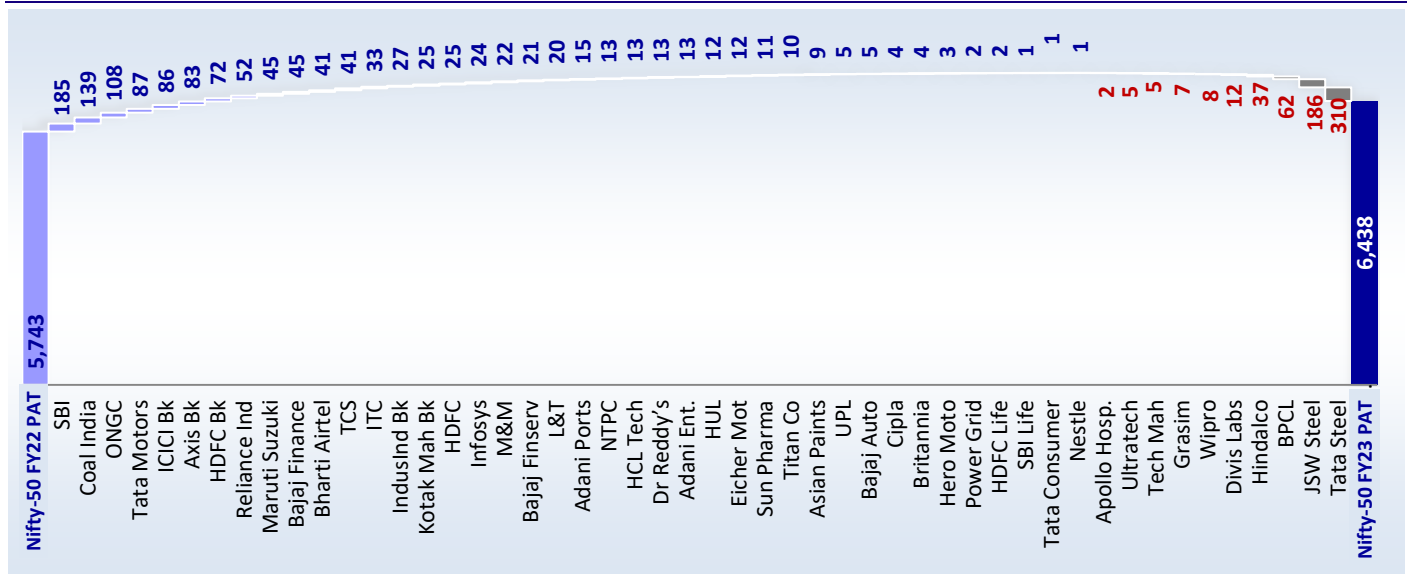


Exhibit 22: Absolute FY24E PAT change for Nifty constituents (INR b)

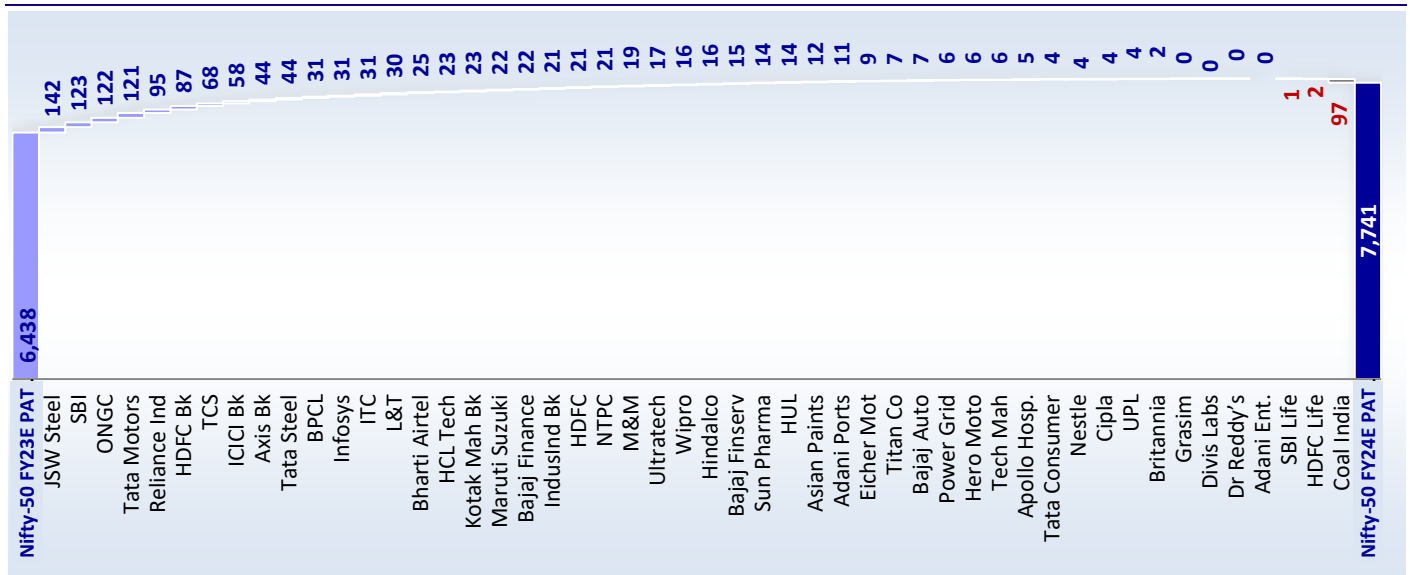


Exhibit 23: Nifty performance – Expect FF PAT CAGR (FY23-25E) of 17%

Company	Sales (INR b)			Sales CAGR % 23-25	EBITDA Margin (%)			EBITDA CAGR % 23-25	PAT (INR b)			PAT CAGR % 23-25	Contbn to Delta %
	FY23E	FY24E	FY25E		FY23E	FY24E	FY25E		FY23E	FY24E	FY25E		
High PAT Growth (20%+)	21,672	23,717	25,742	9	22	25	26	20	2,035	2,816	3,361	29	57
Tata Motors	3,376	4,130	4,354	14	9	12	12	33	-21	100	123	LP	6
JSW Steel	1,645	1,910	2,032	11	11	19	19	48	28	170	175	150	6
Apollo Hospitals	167	199	240	20	13	13	14	27	8	12	17	51	0
Bharti Airtel	1,399	1,567	1,718	11	51	52	53	13	76	101	158	44	4
BPCL	4,611	4,224	4,248	-4	3	4	4	13	47	78	85	34	2
IndusInd Bank	177	210	258	21	82	82	82	21	75	96	123	28	2
Tata Steel	2,380	2,320	2,504	3	13	15	16	11	92	136	151	28	3
Eicher Motors	142	165	190	16	24	25	25	18	29	37	46	26	1
Tata Consumer	137	150	161	9	13	15	15	16	11	15	17	26	0
Ultratech Cement	636	685	748	8	17	20	21	21	52	69	81	26	1
Larsen & Toubro	1,829	2,074	2,326	13	12	12	13	18	106	135	161	23	2
Bajaj Finance	230	282	348	23	81	79	81	22	115	137	174	23	3
Titan Company	389	464	554	19	12	13	13	22	33	40	50	23	1
Maruti Suzuki	1,187	1,385	1,539	14	9	10	11	22	84	106	125	22	2
Bajaj Finserv	266	325	394	22	79	75	71	15	67	82	100	22	1
Asian Paints	343	384	441	13	18	21	21	22	41	53	60	22	1
Axis Bank	437	522	608	18	75	76	79	21	213	257	308	20	4
HDFC Bank	874	1,036	1,225	18	82	82	83	19	442	529	634	20	8
State Bank	1,447	1,683	1,855	13	59	62	64	17	539	661	772	20	10
Medium PAT Growth (0-20%)	34,074	36,694	39,318	7	20	22	22	12	4,010	4,630	5,108	13	47
Nestle	169	191	226	16	22	23	23	20	24	28	34	19	0
Adani Ports	196	231	264	16	63	64	64	16	75	86	103	17	1
ICICI Bank	619	715	831	16	80	80	81	17	319	377	439	17	5
Kotak Mahindra Bank	215	244	283	15	67	69	71	18	146	169	198	16	2
TCS	2,255	2,496	2,791	11	27	27	28	14	425	493	568	16	6
Sun Pharma	436	496	552	13	26	26	27	14	86	100	114	15	1
Hero MotoCorp	337	371	405	10	12	12	12	13	28	34	37	15	0
Tech Mahindra	533	577	631	9	15	16	17	15	50	56	67	15	1
ITC	657	735	808	11	36	38	39	14	184	215	242	15	3
Divis Labs	76	79	87	7	31	29	33	12	17	17	23	15	0
Hind. Unilever	595	645	723	10	23	25	25	15	101	115	133	15	1
HCL Technologies	1,020	1,157	1,291	13	22	23	23	14	148	171	194	15	2
Infosys	1,483	1,635	1,817	11	24	24	25	12	245	276	319	14	3
HDFC	190	215	243	13	96	95	96	13	153	174	198	14	2
Wipro	909	987	1,078	9	19	20	21	13	114	130	146	13	1
Britannia	163	177	196	10	17	17	18	12	19	21	24	12	0
Reliance Inds.	8,757	9,796	10,486	9	16	16	16	11	636	732	803	12	7
NTPC	1,644	1,736	1,872	7	28	29	29	9	177	198	219	11	2
Bajaj Auto	357	398	435	10	18	19	18	12	58	65	72	11	1
Cipla	228	247	268	9	23	24	24	11	33	36	40	11	0
UPL	538	583	621	7	22	22	22	7	54	57	65	10	0
ONGC	6,975	6,961	6,952	0	14	17	16	9	522	644	597	7	3
Dr Reddy's Labs	241	279	311	14	26	24	24	8	42	42	47	6	0
Power Grid Corp.	451	468	486	4	85	85	84	3	144	151	159	5	1
SBI Life Insurance	670	794	952	19	3	3	2	4	16	16	17	1	0
Mahindra & Mahindra	846	1,003	1,084	13	12	13	14	19	74	93	104	19	1
Hindalco	2,209	2,173	2,317	2	11	13	13	11	100	115	127	13	1
Adani Enterprises	1,305	1,305	1,305	0	5	5	5	0	21	21	21	0	0
PAT de-growth (<0%)	2,182	2,212	2,404	5	21	15	13	-18	393	295	286	-15	-5
Grasim Industries	264	276	312	9	13	13	11	1	66	67	65	-1	0
HDFC Life Insur.	554	659	788	19	2	1	1	-14	14	12	12	-8	0
Coal India	1,363	1,277	1,303	-2	31	22	21	-20	313	216	209	-18	-4
Nifty (PAT free float)	57,927	62,623	67,463	8	21	23	23	14	3,569	4,295	4,915	17	100

Valuations fair and trading near LPA

- Nifty's 12-month forward P/E is trading at 17.8x v/s its LPA of 19.9x and its 12-month forward P/B stood at 2.8x, at a premium of 4% to the Nifty's historical average of 2.7x.
- Further upside from hereon will be a function of stability in global and local macros and continued earnings delivery v/s near-term expectations.

Exhibit 24: Markets down 8% from life-time highs, valuations at 11% discount to LPA

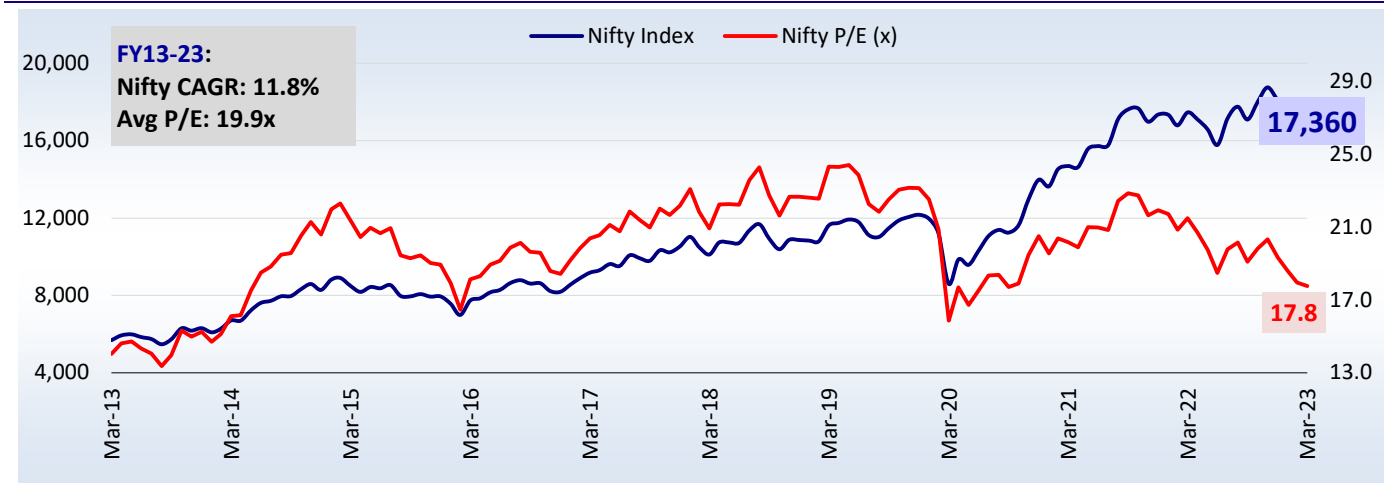


Exhibit 25: 12-month forward Nifty P/B (x)



Exhibit 26: 12-month forward Nifty RoE (%)

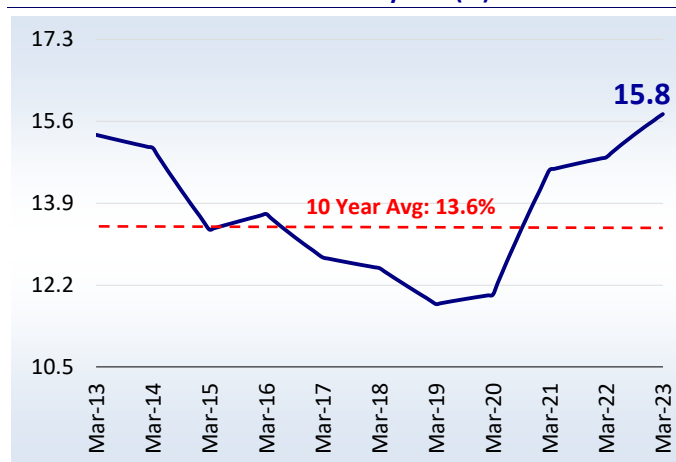


Exhibit 27: Trend in India's market-cap-to-GDP (%)

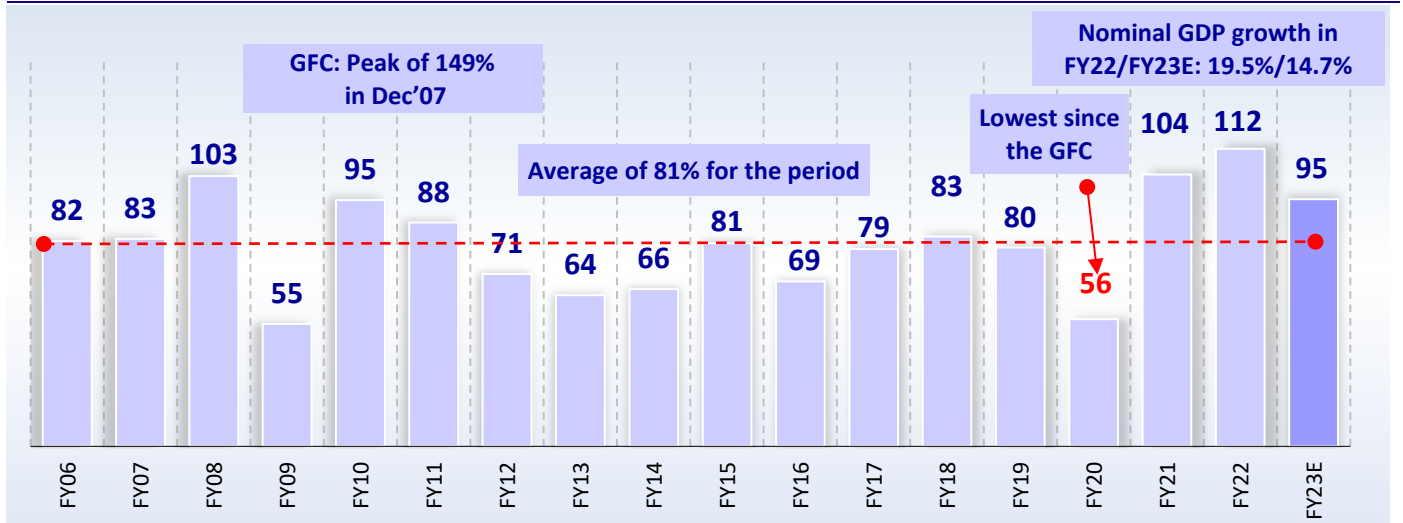


Exhibit 28: Performance of MSCI EM v/s MSCI India over the last 12 months

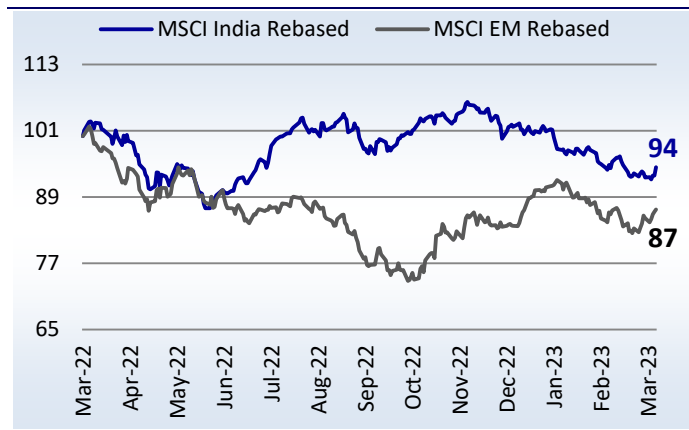


Exhibit 29: MSCI India outperforms MSCI EM by 170% over the last 10 years

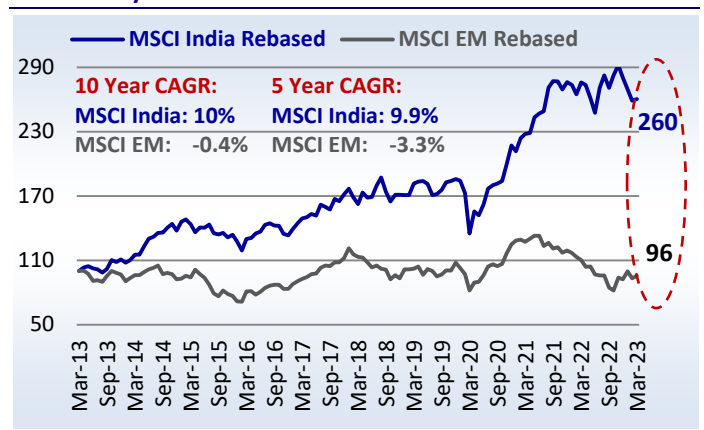


Exhibit 30: Trailing P/E (x) for MSCI India v/s MSCI EM

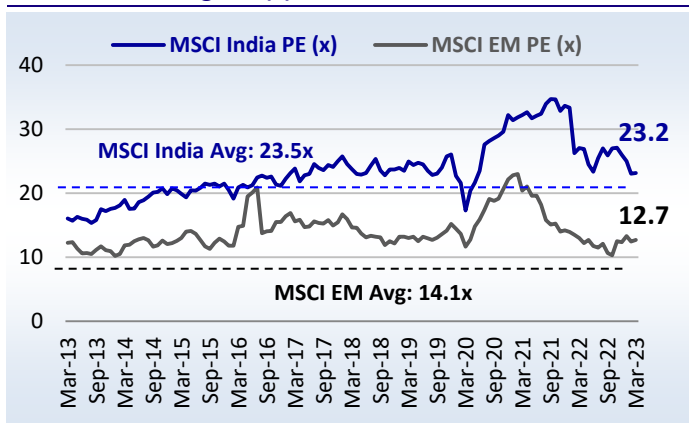
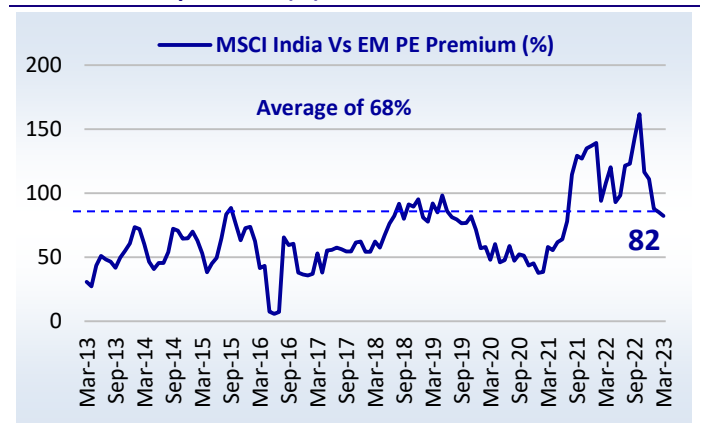


Exhibit 31: P/E premium (%) for MSCI India v/s MSCI EM



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Sectors & Companies

BSE Sensex: 58,992

Nifty 50: 17,360

April 2023

MOFSL Universe: 4QFY23 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 31 March 2023, unless otherwise stated.**

MOFSL Universe: 4QFY23 aggregate performance highlights

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

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Mar-23	Var. % YoY	Var. % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Automobiles (24)	2,546	21.3	7.9	306	30.6	12.8	146	70.3	4.7
Cement (11)	534	13.1	13.7	80	-2.2	34.0	37	-7.8	60.7
Chemicals-Specialty (9)	72	4.2	0.7	13	-6.0	-1.8	9	-5.6	-2.0
Consumer (19)	757	8.8	-0.7	182	14.3	1.2	127	9.7	-3.4
Financials (47)	2,611	24.6	8.8	1,448	27.0	6.5	806	36.5	7.7
Banks-Private (13)	772	29.6	5.8	590	26.0	4.6	362	22.7	5.6
Banks-PSU (6)	854	31.1	5.7	601	33.2	5.7	280	84.1	10.9
Insurance (6)	692	15.8	19.4	31	27.7	217.8	20	25.4	18.2
NBFC - Lending (16)	269	17.8	3.3	216	16.3	4.1	136	14.6	5.8
NBFC - Non Lending (6)	24	4.7	1.6	11	-6.2	-2.6	9	-3.1	2.4
Healthcare (22)	674	11.9	-0.2	140	15.0	-3.3	82	8.7	-2.6
Infrastructure (3)	49	3.4	14.8	13	4.0	10.6	5	-10.8	25.4
Logistics (5)	62	12.9	4.5	9	6.1	13.0	6	8.0	11.9
Media (3)	38	2.9	-2.8	9	-7.5	-10.5	6	8.7	-9.2
Metals (10)	2,889	-6.6	6.6	542	-27.2	34.8	269	-34.9	103.8
Oil & Gas (15)	7,289	4.1	-7.2	1,007	21.7	34.8	518	15.7	53.7
Oil Ex OMCs (12)	3,398	5.8	-3.3	661	6.7	4.9	318	-8.0	2.1
Real Estate (9)	105	-11.4	4.9	29	6.8	-3.3	50	162.4	155.7
Retail (17)	334	24.5	-11.9	41	15.6	-17.5	17	-2.1	-29.8
Staffing (3)	96	15.9	2.0	3	-8.6	5.2	1	-30.8	-18.5
Technology (12)	1,844	17.9	1.6	421	14.6	1.3	293	11.3	2.8
Telecom (4)	588	10.7	1.8	279	8.3	12.3	-32	Loss	Loss
Others (15)	599	26.7	2.8	126	74.8	14.6	68	173.6	24.6
MOFSL Universe (228)	21,086	9.2	0.5	4,650	12.9	14.4	2,408	14.9	23.8
Nifty (49)	13,293	9.0	1.2	3,557	15.7	9.9	1,799	14.0	13.0
Sensex (30)	9,384	10.9	1.7	2,799	17.7	6.4	1,369	12.5	8.2

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 9.2% YoY led by O&G and BFSI

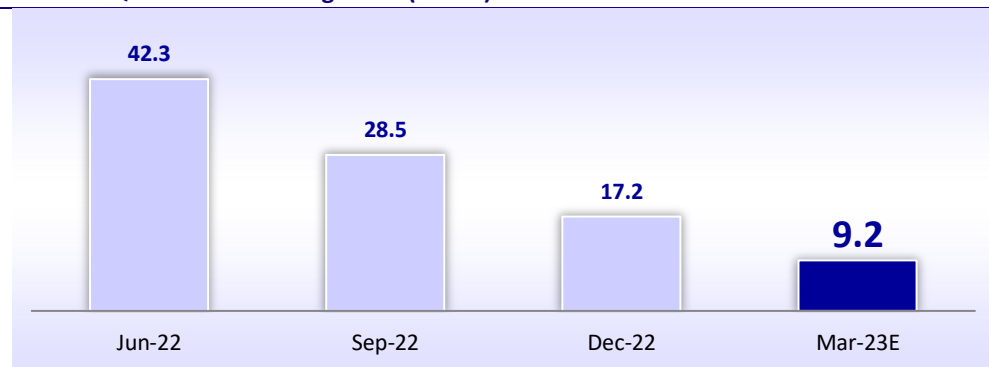
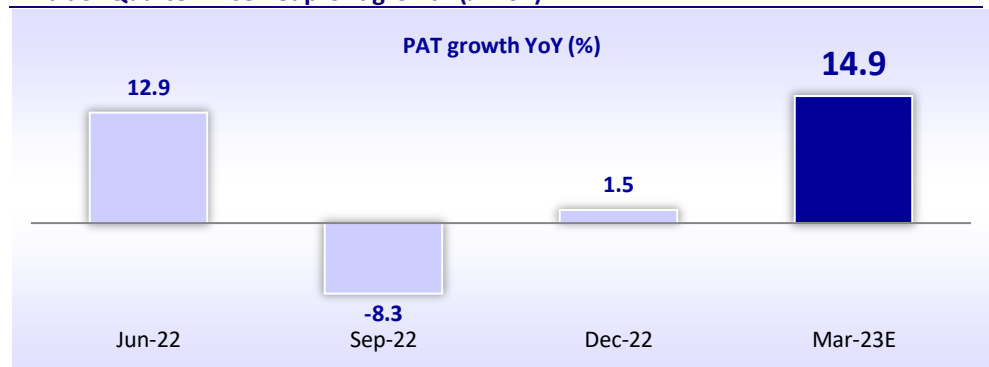


Exhibit 3: Quarter-wise net profit growth (% YoY)

PAT for MOFSL Universe is likely to grow 14.9% YoY led by BFSI and Autos



Annual performance - MOFSL universe (INR Billion)

Sector	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Auto (24)	9,403	11,004	11,875	25.5	17.0	7.9	991	1,357	1,530	31.3	36.9	12.8	402	660	779	106.7	64.3	18.1
Cement (11)	2,000	2,060	2,255	24.7	3.0	9.5	281	362	417	-12.3	28.6	15.3	176	222	255	-20.4	25.6	15.3
Chemicals-Specialty (9)	294	324	363	21.1	10.3	12.1	55	68	78	10.3	23.6	15.1	38	46	53	10.6	22.4	15.7
Consumer (19)	3,049	3,384	3,805	15.6	11.0	12.4	703	837	964	16.6	19.0	15.1	502	601	695	16.1	19.8	15.6
Financials (51)	14,101	16,086	18,285	17.6	14.1	13.7	5,366	6,249	7,287	21.2	16.5	16.6	3,245	3,783	4,501	55.6	16.6	19.0
Banks-PVT (13)	2,787	3,295	3,895	24.8	18.2	18.2	2,100	2,511	3,021	17.4	19.5	20.3	1,324	1,607	1,930	38.5	21.3	20.2
Banks-PSU (6)	3,068	3,522	3,874	21.3	14.8	10.0	2,050	2,417	2,729	15.5	17.9	12.9	943	1,208	1,445	54.6	28.2	19.6
Insurance (7)	7,061	7,901	8,926	13.6	11.9	13.0	300	278	306	284.2	-7.4	10.3	315	294	328	283.6	-6.7	11.5
NBFC-Lending (19)	1,090	1,263	1,473	18.3	15.8	16.6	868	989	1,169	17.0	13.9	18.2	630	636	754	55.4	0.9	18.6
NBFC-Non Lending (6)	95	106	118	11.1	11.3	11.3	48	56	63	7.9	15.8	13.1	33	39	44	1.7	16.9	13.9
Healthcare (22)	2,613	2,966	3,312	9.3	13.5	11.6	547	642	734	3.4	17.4	14.3	327	396	464	-2.5	20.8	17.2
Infrastructure (3)	184	206	231	8.1	12.0	12.5	53	57	63	11.6	7.5	10.3	20	22	25	36.5	10.0	14.1
Logistics (5)	237	274	318	15.6	15.9	16.0	35	41	49	8.0	19.5	19.9	21	26	31	10.6	20.8	22.5
Media (3)	152	174	196	17.0	14.4	12.6	40	49	56	6.1	22.7	14.0	24	31	36	4.3	30.2	17.8
Metals (10)	11,274	11,366	12,082	7.2	0.8	6.3	1,866	2,094	2,201	-28.9	12.2	5.1	874	1,071	1,117	-43.8	22.6	4.3
Oil & Gas (15)	36,665	38,668	39,961	32.1	5.5	3.3	3,192	3,845	3,974	2.9	20.5	3.3	1,473	1,946	1,974	-13.1	32.1	1.5
Ex OMCs (12)	19,619	20,354	21,070	31.8	3.7	3.5	2,743	3,150	3,270	17.5	14.9	3.8	1,380	1,626	1,654	9.9	17.8	1.7
Real Estate (9)	374	453	486	12.3	21.2	7.2	106	142	169	22.8	33.5	18.8	101	104	139	90.8	2.8	33.2
Retail (17)	1,372	1,695	2,028	41.0	23.5	19.7	181	232	284	46.5	27.9	22.8	84	111	143	65.3	31.9	28.8
Staffing (3)	365	424	503	20.7	16.3	18.6	12	16	21	-7.3	31.1	31.6	6	9	13	-7.5	43.0	44.9
Technology (12)	7,024	7,781	8,663	19.6	10.8	11.3	1,597	1,803	2,070	12.5	13.0	14.8	1,083	1,245	1,435	7.8	14.9	15.3
Telecom (4)	2,285	2,500	2,737	14.5	9.4	9.5	1,026	1,215	1,363	10.7	18.4	12.2	-181	-84	26	Loss	Loss	LP
Others (15)	2,243	2,312	2,512	40.0	3.1	8.7	388	468	515	55.9	20.6	10.1	178	227	259	163.6	27.3	14.4
MOFSL (232)	93,633	1,01,677	1,09,613	22.9	8.6	7.8	16,439	19,478	21,774	7.1	18.5	11.8	8,374	10,415	11,948	9.8	24.4	14.7
MOFSL Ex OMCs (229)	76,588	83,363	90,722	20.9	8.8	8.8	15,990	18,782	21,070	9.7	17.5	12.2	8,281	10,095	11,628	15.3	21.9	15.2

For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits.

Valuations - MOFSL universe

Sector	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			EARN. CAGR (FY22-FY24)
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
Auto (24)	32.1	19.5	16.5	3.8	3.3	2.9	12.6	8.8	7.4	11.8	17.2	17.7	84.3
Cement (11)	35.4	28.2	24.4	3.0	2.8	2.5	22.8	17.7	14.9	8.5	10.0	10.2	0.0
Chemicals-Specialty (9)	35.8	29.2	25.3	6.7	5.6	4.8	24.9	19.9	17.0	18.7	19.3	19.0	16.3
Consumer (19)	48.1	40.1	34.7	11.9	11.2	10.5	33.7	28.3	24.5	24.7	28.0	30.3	18.0
Financials (51)	15.6	13.4	11.3	2.4	2.1	1.8	N.M	N.M	N.M	15.5	15.6	16.0	34.7
Banks-PVT (13)	18.3	15.1	12.5	2.9	2.4	2.1	N.M	N.M	N.M	15.6	16.0	16.4	29.6
Banks-PSU (6)	7.8	6.1	5.1	1.0	0.9	0.8	N.M	N.M	N.M	13.1	14.8	15.5	40.8
Insurance (7)	22.9	24.6	22.0	7.5	5.9	4.8	N.M	N.M	N.M	32.5	24.0	21.7	89.2
NBFC - Lending (19)	17.8	17.6	14.9	2.7	2.4	2.1	N.M	N.M	N.M	15.1	13.4	14.1	25.2
NBFC - Non Lending (6)	18.8	16.1	14.1	4.8	4.3	3.9	N.M	N.M	N.M	25.6	26.9	27.7	9.0
Healthcare (22)	27.1	22.5	19.2	3.3	3.0	2.6	16.1	13.5	11.5	12.3	13.2	13.8	8.5
Infrastructure (3)	15.8	14.3	12.6	1.5	1.4	1.3	6.7	5.7	4.9	9.6	9.7	10.0	22.6
Logistics (5)	29.9	24.8	20.2	4.1	3.7	3.4	16.8	13.8	11.1	13.7	15.1	16.7	15.6
Media (3)	19.5	15.0	12.7	2.2	2.0	1.9	11.0	8.8	8.0	11.2	13.5	14.6	16.5
Metals (10)	10.1	8.2	7.9	1.7	1.5	1.3	5.9	5.2	4.9	16.7	18.2	16.9	-17.0
Oil & Gas (15)	14.6	11.0	10.9	1.4	1.3	1.2	8.7	7.1	6.6	9.7	11.7	10.9	7.2
Ex OMCs (12)	14.0	11.9	11.7	1.5	1.4	1.3	8.5	7.3	6.7	10.8	11.6	10.8	13.8
Real Estate (9)	24.9	24.2	18.2	2.5	2.3	2.1	26.0	19.4	15.8	10.2	9.6	11.5	40.0
Retail (17)	82.5	62.5	48.5	14.3	11.7	9.7	38.8	30.1	24.4	17.4	18.7	20.1	47.7
Staffing (3)	22.8	16.0	11.0	2.5	2.3	1.9	12.2	9.1	6.6	11.0	14.1	17.5	15.0
Technology (12)	25.4	22.1	19.1	7.5	7.3	7.0	16.4	14.5	12.7	29.5	32.9	36.8	11.3
Telecom (4)	-28.8	-61.8	199.0	68.1	28.1	26.6	8.5	6.5	5.2	-236.8	-45.6	13.4	Loss
Others (15)	26.0	20.4	17.9	4.4	3.7	3.1	12.9	10.5	9.2	17.1	18.0	17.5	83.2
MOFSL (232)	21.8	17.5	15.3	3.1	2.8	2.5	8.7	7.2	6.3	14.3	15.8	16.2	16.9
MOFSL Ex OMCs (229)	21.8	17.9	15.5	3.2	2.9	2.5	8.7	7.2	6.3	14.7	16.0	16.3	18.5

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Amara Raja Batt.	579	Neutral	26,228	20.3	-0.5	3,785	72.2	-4.6	2,061	109.2	-7.5
Apollo Tyres	320	Buy	63,223	13.3	-1.6	9,733	55.4	6.6	3,382	197.8	15.8
Ashok Leyland	139	Buy	1,18,638	35.7	31.4	12,135	56.4	52.2	6,230	48.9	74.6
Bajaj Auto	3884	Neutral	82,115	3.0	-11.8	15,417	12.9	-13.2	13,253	8.1	-11.1
Balkrishna Inds	1952	Neutral	23,717	-2.5	7.1	4,978	-13.6	17.6	2,731	-26.3	174.5
Bharat Forge	770	Buy	20,456	22.2	4.8	5,279	22.6	7.0	3,046	15.4	6.5
Bosch	19339	Neutral	38,102	15.1	4.1	5,535	27.1	37.1	4,157	18.6	30.4
CEAT	1450	Buy	29,031	12.0	6.5	3,037	62.0	27.8	1,061	266.2	197.3
Craftsman Auto	3246	Buy	7,915	21.0	5.9	1,701	10.6	7.6	537	4.4	4.7
Eicher Motors	2950	Buy	37,604	17.8	1.1	8,833	16.7	3.0	8,523	39.7	15.0
Endurance Tech.	1242	Buy	22,012	5.9	5.1	2,664	3.6	11	1,295	-4.9	19.6
Escorts Kubota	1892	Neutral	21,985	17.6	-2.9	1,995	-20.7	4.8	1,779	-12.0	-4.6
Exide Inds.	178	Buy	36,909	8.3	8.4	4,318	23.7	7.8	2,536	-8.0	13.6
Hero Motocorp	2347	Buy	81,752	10.2	1.8	9,845	19.0	6.5	7,374	17.6	3.7
Mahindra & Mahindra	1159	Buy	2,22,298	29.0	2.7	27,605	42.6	-1.9	15,762	35.1	-22.3
Mahindra CIE	351	Buy	24,401	-5.1	8.6	3,444	23.3	17.8	1,872	16.0	12.6
Maruti Suzuki	8293	Buy	3,31,682	24.0	14.2	36,097	48.7	27.4	28,365	54.2	20.6
Samvardhana Motherson	67	Buy	2,15,252	25.4	6.4	16,479	34.9	4.6	4,585	224.7	0.9
Motherson Wiring	48	Buy	18,508	11.4	9.7	2,165	-10.5	21.0	1,390	-12.9	30.9
MRF	84047	Sell	58,270	12.1	5.3	6,921	31.2	26.2	2,751	75.5	62.6
Sona BLW Precis.	413	Neutral	7,070	28.5	3.2	1,917	41.6	3.0	1,097	20.4	2.5
Tata Motors	421	Buy	9,75,503	24.4	10.2	1,13,253	29.6	17.4	27,113	LP	-8.3
Tube Investments	2544	Buy	18,584	7.1	8.7	2,410	38.2	12.4	1,595	16.9	15.8
TVS Motor	1077	Neutral	65,059	17.6	-0.6	6,790	21.9	3.0	3,661	33.4	3.8
Automobiles			25,46,314	21.3	7.9	3,06,336	30.6	12.8	1,46,154	70.3	4.7
ACC	1667	Neutral	47,308	6.9	4.3	4,827	-23.8	27.6	2,532	-35.0	49.9
Ambuja Cements	365	Neutral	44,045	12.2	6.7	7,770	-1.7	24.1	4,663	-5.8	13.2
Birla Corporation	887	Buy	24,066	6.3	19.4	2,454	-11.3	69.9	485	-64.9	LP
Dalmia Bharat	1964	Buy	38,213	13.1	13.9	6,827	0.0	6.0	2,362	-9.2	17.5
Grasim Industries	1633	Buy	62,475	-2.0	0.8	7,178	-4.6	50.5	3,204	-8.1	99.1
India Cements	185	Sell	14,022	0.7	15.0	-634	PL	Loss	-1,388	Loss	Loss
J K Cements	2923	Buy	26,064	10.9	7.1	3,392	-10.8	39.2	1,356	-31.0	27.8
JK Lakshmi Cem.	791	Buy	17,624	17.7	18.4	2,234	-19.1	40.0	1,306	15.6	77.5
Ramco Cements	756	Neutral	22,648	32.5	12.7	2,947	-0.2	3.5	690	-44.0	2.4
Shree Cement	26177	Neutral	46,977	14.6	15.5	9,499	4.3	34.2	4,780	-12.3	72.7
Ultratech Cement	7620	Buy	1,90,455	20.8	22.7	33,021	7.5	41.4	17,489	18.3	65.3
Cement			5,33,897	13.1	13.7	79,516	-2.2	34.0	37,480	-7.8	60.7
Alkyl Amines	2158	Neutral	3,992	-6.2	2.8	768	4.5	10.2	512	10.2	12.0
Atul	6961	Neutral	12,351	-9.9	-2.6	1,242	-39.5	-27.9	804	-39.5	-21.9
Clean Science	1264	Neutral	2,396	17.1	0.9	1,084	29.5	0.2	811	30.0	-3.3
Deepak Nitrite	1842	Neutral	20,200	7.9	1.5	3,334	-18.7	6.0	2,204	-17.5	5.4
Fine Organic	4307	Neutral	6,733	12.1	-10.2	1,429	-2.2	-18.2	1,082	-1.7	-17.6
Galaxy Surfactants	2333	Buy	11,143	5.8	3.1	1,481	2.2	-3.9	1,037	5.4	-2.4
Navin Fluorine	4265	Neutral	5,895	48.0	4.6	1,650	72.3	6.1	1,050	33.3	-1.5
NOCIL	206	Buy	3,577	-22.7	9.8	433	-60.8	18.5	230	-66.3	22.9
Vinati Organics	1808	Buy	5,349	10.0	5.2	1,828	31.7	11.6	1,384	36.9	10.4
Chemicals-Specialty			71,635	4.2	0.7	13,250	-6.0	-1.8	9,114	-5.6	-2.0
Asian Paints	2762	Neutral	86,327	9.4	0.0	17,368	20.3	7.8	11,098	12.1	1.2
Britannia	4322	Neutral	39,984	12.6	-4.7	7,075	28.7	-13.5	5,262	39.2	-5.2
Colgate	1507	Neutral	13,808	6.1	6.9	3,931	-8.5	8.8	2,685	-7.9	10.4
Dabur	545	Buy	27,834	10.5	-8.5	5,452	20.2	-10.6	4,182	10.3	-12.3
Emami	358	Buy	7,845	1.8	-20.2	1,813	10.6	-38.4	1,221	-39.3	-52.6
Godrej Consumer	968	Buy	31,729	8.8	-11.8	6,258	24.6	-18.5	3,834	-0.1	-30.8
Hind. Unilever	2559	Buy	1,52,565	13.3	0.2	36,463	12.4	3.1	25,352	11.0	-1.8

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Indigo Paints	1009	Buy	3,176	10.1	12.9	513	-4.5	26.6	349	1.0	33.1
ITC	383	Buy	1,60,451	3.3	-1.1	62,136	18.9	-0.2	47,256	12.8	-6.1
Jyothy Labs	191	Neutral	6,986	30.0	16.7	1,048	84.4	24.1	782	102.9	26.8
Marico	480	Buy	22,290	3.1	-9.8	4,163	20.3	-8.7	2,777	11.1	-15.3
Nestle	19692	Neutral	43,390	9.0	1.9	9,546	2.6	-2.3	6,214	3.4	-1.7
P&G Hygiene	13358	Neutral	9,715	9.0	-14.6	2,080	26.1	-28.4	1,516	34.2	-26.9
Page Industries	37933	Neutral	10,995	-1.0	-10.1	1,723	-35.5	-10.6	1,077	-43.5	-12.9
Pidilite Inds.	2354	Neutral	26,885	7.2	-10.3	5,232	30.4	5.5	3,233	29.8	5.6
Tata Consumer	710	Buy	35,011	10.3	0.8	4,840	8.9	6.7	2,896	25.1	-1.1
United Breweries	1425	Sell	18,627	9.1	15.6	2,062	-20.8	169.0	1,263	-22.5	458.1
United Spirits	756	Neutral	23,336	-4.2	-16.1	2,998	-29.7	-18.5	1,732	-44.0	-22.5
Varun Beverages	1387	Buy	36,220	28.1	63.6	7,041	32.6	129.0	3,783	48.8	406.0
Consumer			7,57,173	8.8	-0.7	1,81,742	14.3	1.2	1,26,511	9.7	-3.4
Ajanta Pharma	1209	Buy	9,070	4.2	-6.7	1,885	-14.2	-12.9	1,487	-7.7	-13.4
Alembic Pharma	496	Neutral	12,553	-11.3	-16.8	1,960	-30.8	-21.2	967	-45.9	-27.0
Alkem Lab	3398	Neutral	27,123	9.2	-10.8	4,308	27.7	-28.1	3,138	36.8	-31.0
Apollo Hospitals	4309	Buy	44,050	24.2	3.3	5,280	14.0	4.5	2,089	14.6	28.7
Aurobindo Pharma	518	Neutral	63,211	8.8	-1.3	9,459	-2.9	-0.9	4,698	-18.1	-2.5
Biocon	206	Neutral	38,998	61.9	32.6	9,203	55.6	33.5	2,545	-6.7	41.7
Cipla	901	Neutral	57,605	9.5	-0.9	13,202	39.0	-6.2	8,438	38.3	-3.7
Divis Labs	2826	Neutral	17,669	-29.8	3.5	4,446	-59.7	8.9	3,127	-62.8	14.1
Dr Reddy's Labs	4622	Neutral	60,138	15.2	-11.2	14,622	39.0	-28.9	9,476	45.2	-27.7
Eris Lifescience	572	Buy	3,985	30.2	-5.9	1,217	25.6	-11.3	665	-16.8	-33.6
Gland Pharma	1269	Buy	9,045	-18.0	-3.6	2,709	-22.2	-6.5	2,171	-24.1	-6.4
Glenmark Pharma	465	Neutral	33,535	11.1	-3.2	6,106	21.6	-1.6	2,849	48.1	28.0
Granules India	291	Buy	11,355	10.2	-0.9	2,269	17.8	-1.9	1,404	26.5	12.9
GSK Pharma	1324	Neutral	8,793	8.6	9.6	2,456	40.2	7.4	1,816	51.5	3.2
IPCA Labs.	810	Buy	14,388	11.6	-6.9	1,998	-17.2	-13.8	1,080	-27.3	-9.1
Laurus Labs	293	Buy	15,260	7.1	-1.2	4,130	4.1	2.3	2,137	-7.8	5.2
Lupin	648	Sell	40,380	4.0	-6.6	4,871	72.5	-12.4	1,672	220.6	-0.7
Piramal Pharma	68	Buy	18,162	-14.8	5.8	1,827	-54.1	52.6	-157	PL	Loss
Solara Active Pharma	328	Buy	4,069	12.8	3.1	472	248.7	4.9	41	31.3	790.7
Sun Pharma	983	Buy	1,11,886	19.2	1.7	28,867	36.3	4.5	20,999	32.7	1.6
Torrent Pharma	1537	Neutral	24,949	17.2	0.2	7,744	39.3	4.8	3,600	35.0	12.5
Zydus Lifesciences	492	Neutral	47,909	24.0	9.8	10,813	25.6	7.6	7,386	39.8	12.1
Healthcare			6,74,136	11.9	-0.2	1,39,841	15.0	-3.3	81,628	8.7	-2.6
G R Infraproject	1003	Buy	21,249	-6.3	11.9	3,152	-21.8	13.8	2,009	-24.3	15.3
IRB Infra	25	Neutral	17,611	22.8	16.3	8,040	25.3	8.0	1,853	6.2	31.1
KNR Constructions	254	Buy	9,871	-2.3	18.9	1,834	-11.8	17.5	1,069	-5.2	37.6
Infrastructure			48,731	3.4	14.8	13,027	4.0	10.6	4,930	-10.8	25.4
Blue Dart Express	6204	Neutral	13,133	12.6	-1.8	1,553	-28.8	3.1	877	-35.2	0.9
Concor	581	Buy	21,949	7.4	10.4	5,090	23.3	19.4	3,475	35.3	17.2
Mahindra Logistics	354	Neutral	13,769	26.5	3.6	663	28.9	5.7	53	-28.9	278.3
TCL Express	1493	Buy	3,284	10.1	4.5	524	4.4	13.8	389	8.3	21.5
Transport Corp.	628	Buy	9,907	10.4	2.5	1,210	1.4	5.7	831	-2.7	-3.1
Logistics			62,042	12.9	4.5	9,039	6.1	13.0	5,626	8.0	11.9
PVR	1534	Neutral	10,064	87.4	7.0	1,909	LP	48.7	785	LP	211.6
Sun TV	416	Buy	8,401	0.8	-2.0	5,440	-1.7	-5.1	3,866	-4.4	-7.1
Zee Entertainment	212	Buy	19,520	-16.0	-7.5	1,956	-59.8	-42.1	1,045	-51.5	-43.7
Media			37,985	2.9	-2.8	9,305	-7.5	-10.5	5,696	8.7	-9.2
Coal India	214	Buy	3,62,695	10.9	3.1	1,22,512	-1.7	9.0	87,357	30.3	13.2
Hindalco	405	Buy	5,35,139	-4.0	0.7	61,058	-16.4	72.1	23,162	-43.7	70.3
Hindustan Zinc	293	Neutral	84,554	-3.9	7.5	44,470	-10.4	20.0	27,651	-5.6	28.3
JSPL	546	Buy	1,47,700	3.0	18.6	28,060	-8.6	18.0	13,581	-30.3	51.4

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
JSW Steel	688	Neutral	4,54,599	-3.1	16.2	71,799	-21.8	57.9	29,118	-26.7	494.2
Nalco	78	Neutral	31,214	-28.1	-5.1	4,409	-72.8	-4.1	2,369	-76.9	-12.0
NMDC	112	Buy	52,433	-21.8	40.9	16,267	-43.6	42.6	12,733	-42.5	40.8
SAIL	83	Neutral	2,92,086	-5.0	16.6	32,858	-24.5	58.2	13,196	-41.3	437.3
Tata Steel	105	Neutral	5,75,667	-16.9	0.8	69,187	-54.0	70.9	22,875	-77.2	LP
Vedanta	275	Neutral	3,53,129	-11.3	3.6	91,470	-32.9	29.4	37,304	-39.5	139.0
Metals			28,89,217	-6.6	6.6	5,42,089	-27.2	34.8	2,69,346	-34.9	103.8
Aegis Logistics	379	Neutral	21,775	3.5	4.3	2,255	57.6	4.3	1,278	34.9	1.9
BPCL	344	Neutral	10,59,612	1.8	-11.1	1,19,382	97.9	172.8	71,877	201.5	266.8
Castrol India	111	Buy	13,044	5.6	10.9	3,133	-1.2	25.0	2,281	-0.1	18.0
GAIL	105	Buy	4,14,681	53.8	17.2	15,136	-59.3	479.2	9,376	-64.0	281.6
Gujarat Gas	460	Buy	43,700	-6.4	18.6	4,589	-34.2	-21.2	2,644	-41.7	-28.8
Gujarat State Petronet	265	Buy	3,712	-0.5	6.5	3,148	2.8	16.6	2,061	2.0	20.6
HPCL	237	Neutral	9,99,724	2.5	-8.8	43,335	98.3	108.9	20,728	15.5	1,102.1
Indraprastha Gas	429	Sell	37,919	57.6	2.2	4,535	-9.4	5.8	2,939	-18.7	5.6
IOC	78	Buy	18,31,358	3.3	-10.6	1,83,970	45.7	247.5	1,07,502	78.5	2,299.6
Mahanagar Gas	984	Buy	15,829	45.7	-5.3	2,570	19.3	0.4	1,624	23.2	-5.6
MRPL	53	Neutral	2,25,402	-9.1	-15.1	9,195	-68.7	71.6	1,854	-93.9	LP
Oil India	252	Buy	57,273	27.9	6.5	29,980	53.1	5.0	18,017	10.5	3.2
ONGC	151	Buy	3,80,608	10.3	-1.4	2,09,593	12.7	2.7	1,09,268	23.3	-1.1
Petronet LNG	229	Neutral	94,473	-15.3	-40.1	9,006	-23.0	-46.2	5,017	-33.1	-57.5
Reliance Inds.	2331	Buy	20,89,480	0.8	-3.8	3,67,460	17.2	4.3	1,61,514	-0.3	2.3
Oil & Gas			72,88,589	4.1	-7.2	10,07,288	21.7	34.8	5,17,981	15.7	53.7
Oil Ex OMCs			33,97,896	5.8	-3.3	6,60,601	6.7	4.9	3,17,873	-8.0	2.1
Brigade Enterpr.	474	Buy	9,494	0.8	15.7	2,557	24.6	23.0	968	49.5	70.1
DLF	357	Neutral	16,333	5.6	9.3	5,507	49.8	15.4	7,429	83.2	43.2
Godrej Properties	1031	Neutral	8,226	-38.2	319.2	1,363	-47.2	LP	6,802	162.8	1,106.0
Macrotech Developers	931	Buy	25,717	-25.3	45.0	5,976	-31.4	48.0	6,444	12.5	114.8
Mahindra Lifespace	353	Buy	2,972	83.7	59.0	187	LP	LP	1,015	LP	84,466.8
Oberoi Realty	843	Buy	10,187	23.7	-37.5	4,908	39.5	-47.8	25,234	986.0	259.2
Phoenix Mills	1301	Buy	6,855	38.4	0.2	3,741	55.2	-2.7	1,504	43.5	-15.3
Prestige Estates	403	Buy	17,585	-26.7	-24.1	4,104	-17.8	-28.5	624	-74.5	-51.2
Sobha	431	Buy	7,176	10.8	-17.3	1,125	3,779.5	26.7	402	4.3	26.3
Real Estate			1,04,546	-11.4	4.9	29,469	6.8	-3.3	50,421	162.4	155.7
Aditya Birla Fashion	214	Buy	27,835	21.9	-22.4	2,353	-36.9	-46.0	-1,369	PL	PL
Avenue Supermarts	3403	Neutral	1,18,657	35.0	2.6	9,693	31.1	0.4	6,166	44.5	4.6
Barbeque Nation	635	Neutral	3,062	22.0	-6.7	567	27.3	-8.5	15	200.3	-70.5
Bata India	1419	Neutral	7,337	10.3	-18.5	1,678	3.5	-18.6	522	-17.1	-37.2
Campus Activewear	334	Buy	3,786	7.4	-18.7	802	2.3	-12.7	442	4.8	-8.6
Devyani Intl.	145	Buy	8,033	36.0	1.6	1,776	27.1	2.1	577	-26.6	-27.7
Jubilant Foodworks	440	Buy	12,631	9.1	-4.1	2,579	-11.0	-11.1	614	-47.3	-30.7
Metro Brands	794	Buy	5,125	27.1	-14.4	1,542	18.8	-24.8	694	0.6	-38.4
Relaxo Footwear	849	Neutral	7,375	5.6	8.3	1,129	1.6	56.3	602	-4.3	100.3
Restaurant Brands	90	Buy	3,837	42.8	3.8	460	52.2	-3.8	-177	Loss	Loss
Sapphire Foods	1218	Buy	5,995	20.7	0.6	1,069	7.2	-8.3	106	-60.0	-67.6
Shoppers Stop	648	Neutral	8,843	24.6	-21.9	1,143	48.9	-46.1	-283	Loss	PL
Titan Company	2515	Buy	87,280	12.0	-24.8	10,621	21.2	-21.1	7,472	12.7	-18.1
Trent	1375	Buy	20,271	71.0	-6.7	2,769	81.8	-17.5	589	-21.4	-63.4
V-Mart Retail	2157	Buy	5,260	14.7	-32.3	476	-5.3	-54.1	-257	Loss	PL
Vedant Fashions	1139	Buy	3,316	11.9	-24.9	1,587	10.2	-29.3	967	9.0	-35.7
Westlife Foodworld	684	Neutral	5,703	25.3	-6.7	924	46.9	-9.5	224	46.4	-38.3
Retail			3,34,345	24.5	-11.9	41,170	15.6	-17.5	16,906	-2.1	-29.8
Quesst Corp	370	Neutral	45,405	19.7	1.7	1,526	-17.2	4.8	579	-25.8	35.1
SIS	321	Buy	30,021	13.4	3.4	1,344	8.0	6.3	587	-39.7	-43.3

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Team Lease Serv.	2235	Neutral	20,264	11.5	0.9	324	-21.0	2.5	263	-15.0	-9.3
Staffing			95,690	15.9	2.0	3,194	-8.6	5.2	1,429	-30.8	-18.5
Coforge	3817	Neutral	21,675	24.4	5.4	4,252	27.3	17.6	2,775	30.7	21.6
Cyient	993	Buy	17,309	46.5	7.0	3,081	44.2	10.7	1,550	0.6	-4.7
HCL Technologies	1086	Buy	2,71,834	20.3	1.8	60,594	16.3	-4.6	39,439	9.7	-3.7
Infosys	1428	Buy	3,89,599	20.7	1.7	93,052	18.1	0.3	65,564	15.3	-0.4
LTI Mindtree	4758	Neutral	87,827	22.0	1.9	16,422	12.9	12.9	11,855	6.7	9.7
L&T Technology	3377	Buy	20,770	18.3	1.4	4,516	18.7	2.4	3,186	21.6	4.9
Mphasis	1796	Neutral	34,869	6.4	-0.6	6,126	6.1	-0.8	4,191	6.9	1.7
Persistent Systems	4609	Neutral	22,479	37.2	3.6	4,203	49.5	4.7	2,763	37.5	3.3
TCS	3206	Buy	5,92,115	17.0	1.7	1,58,958	14.8	2.8	1,16,424	16.9	7.0
Tech Mahindra	1102	Neutral	1,37,587	13.6	0.2	21,258	1.8	-0.8	13,052	-13.3	0.7
Wipro	365	Neutral	2,35,570	12.9	1.4	47,252	9.3	1.2	30,944	0.2	1.4
Zensar Tech	274	Buy	11,946	3.5	-0.3	1,476	-10.1	9.4	818	-36.9	6.9
Technology			18,43,579	17.9	1.6	4,21,189	14.6	1.3	2,92,561	11.3	2.8
Bharti Airtel	749	Buy	3,67,575	16.7	2.7	1,90,206	18.6	3.1	20,375	9.5	2.2
Indus Towers	143	Neutral	67,959	-4.5	0.5	35,968	-11.5	209.4	14,707	-19.6	LP
Tata Comm	1245	Neutral	46,519	9.1	2.7	11,212	7.3	4.1	3,279	-15.0	-16.8
Vodafone Idea	6	Neutral	1,05,804	3.3	-0.4	42,057	-9.5	0.6	-70,366	Loss	Loss
Telecom			5,87,857	10.7	1.8	2,79,442	8.3	12.3	-32,005	Loss	Loss
APL Apollo Tubes	1204	Buy	49,138	16.6	13.6	3,249	22.1	19.1	2,101	28.9	24.2
Coromandel International	879	Buy	54,289	28.4	-34.7	4,158	9.5	-46.7	3,061	5.6	-41.9
EPL	162	Buy	9,857	12.0	4.3	1,654	24.2	11.0	568	16.6	-9.6
Godrej Agrovet	413	Buy	22,028	5.9	-5.2	828	-51.1	-39.2	117	-90.5	-81.8
Indiamart Inter.	5028	Buy	2,648	31.5	5.3	661	15.5	-5.9	643	12.0	5.1
Indian Hotels	324	Buy	15,785	81.0	-6.4	5,066	218.6	-15.2	2,647	327.5	-30.8
Info Edge	3728	Neutral	5,589	22.7	0.7	2,049	60.1	-5.5	1,800	49.1	LP
Interglobe Aviation	1912	Neutral	1,51,882	89.4	1.7	42,892	4,064.2	34.7	21,785	LP	53.6
Kaveri Seed	477	Buy	728	9.4	-49.4	-100	Loss	PL	-100	Loss	PL
Lemon Tree Hotel	77	Buy	2,573	115.3	10.2	1,468	298.4	16.1	523	LP	30.8
P I Industries	3027	Buy	15,224	9.1	-5.6	3,826	25.4	-7.8	3,090	51.2	-12.2
SRF	2406	Neutral	38,757	9.2	11.7	9,229	-1.5	8.8	5,592	-5.9	6.3
Tata Chemicals	972	Neutral	44,603	28.1	7.5	10,018	52.5	8.7	4,955	7.0	24.5
Trident	28	Buy	17,319	-6.2	7.0	2,820	-10.8	6.2	1,433	-11.7	6.1
UPL	717	Neutral	1,68,398	6.2	23.1	38,565	7.4	27.1	19,432	2.9	45.1
Others			5,98,817	26.7	2.8	1,26,383	74.8	14.6	67,645	173.6	24.6

PL: Profit to Loss; LP: Loss to Profit

Ready reckoner: Quarterly performance

	CMP (INR)	RECO	NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Financials											
AU Small Finance	579	Buy	12,226	30.5	6.1	6,135	27.2	10.4	4,291	24.0	9.2
Axis Bank	858	Buy	1,24,668	41.4	8.8	97,903	51.4	5.5	59,962	45.6	2.4
Bandhan Bank	196	Neutral	22,984	-9.5	10.5	17,506	-30.6	-8.9	8,290	-56.4	185.3
DCB Bank	107	Neutral	4,712	23.9	5.7	2,213	0.2	14.0	1,290	13.7	13.3
Equitas Small Fin.	67	Buy	6,755	22.3	4.3	3,062	7.9	9.7	1,783	49.2	4.8
Federal Bank	132	Buy	20,316	33.2	3.8	13,499	69.1	5.9	8,374	54.9	4.2
HDFC Bank	1610	Buy	2,38,985	26.6	4.0	1,95,565	19.6	2.8	1,20,974	20.3	-1.3
ICICI Bank	877	Buy	1,74,664	38.6	6.1	1,40,474	36.5	5.8	91,555	30.4	10.1
IDFC First Bank	55	Buy	34,852	30.6	6.1	13,339	61.4	5.8	6,444	88.0	6.6
IndusInd Bank	1068	Buy	47,500	19.2	5.7	38,486	13.9	4.4	21,108	50.7	7.5
Kotak Mahindra Bank	1734	Neutral	60,159	33.1	6.4	42,395	26.9	10.1	30,149	8.9	8.0
RBL Bank	141	Buy	12,128	7.2	5.6	6,070	-7.7	7.0	2,205	11.5	5.5
SBI Cards	740	Buy	11,741	17.6	2.6	13,021	11.1	7.0	5,516	-5.0	8.3
Banks-Private			7,71,690	29.6	5.8	5,89,669	26.0	4.6	3,61,940	22.7	5.6
Bank of Baroda	169	Buy	1,13,905	32.3	5.3	81,662	44.9	-0.8	43,115	142.4	11.9
Canara Bank	285	Buy	93,749	33.8	9.0	76,168	22.8	9.6	30,782	84.7	6.8
Indian Bank	288	Buy	56,968	33.9	3.6	40,992	49.7	0.9	16,252	65.1	16.4
Punjab National Bank	47	Neutral	95,985	31.4	4.6	63,147	19.9	10.5	12,649	527.6	101.1
State Bank	524	Buy	4,02,546	29.0	5.7	2,69,219	36.5	6.8	1,51,675	66.4	6.8
Union Bank	66	Buy	91,208	34.7	5.7	69,377	25.7	4.8	25,028	73.9	11.5
Banks-PSU			8,54,362	31.1	5.7	6,00,566	33.2	5.7	2,79,501	84.1	10.9
HDFC Life Insur.	499	Neutral	1,80,619	26.4	25.6	4,559	-17.5	38.1	4,060	13.6	28.8
ICICI Lombard	1069	Buy	49,778	-0.5	-11.1	-3,739	Loss	Loss	3,404	8.9	-3.4
ICICI Pru Life	436	Buy	1,22,850	8.2	29.8	19,021	66.3	262.5	2,043	10.6	-7.4
Max Financial	635	Neutral	93,789	17.3	49.3	NA	NA	NA	2,655	72.4	-9.7
SBI Life Insurance	1100	Buy	2,03,420	16.7	6.1	12,139	-5.0	308.9	7,079	5.3	132.8
Star Health	519	Buy	41,919	13.6	35.4	-708	Loss	PL	812	LP	-61.4
Insurance			6,92,376	15.8	19.4	31,272	27.7	217.8	20,053	25.4	18.2
AAVAS Financiers	1606	Neutral	2,128	18.0	2.2	1,462	7.8	3.3	1,170	1.1	9.1
Bajaj Finance	5615	Buy	62,665	30.5	5.8	51,172	29.0	5.4	31,485	30.1	5.9
Can Fin Homes	529	Buy	2,567	8.2	2.0	2,155	10.7	1.2	1,523	23.9	0.5
Chola. Inv & Fin.	762	Buy	16,862	23.3	5.5	11,137	22.1	3.1	7,502	8.8	9.6
HDFC	2627	Buy	50,795	10.4	4.9	50,590	9.5	11.3	38,391	10.2	2.7
Home First Fin.	745	Buy	1,144	34.5	3.4	844	28.1	3.4	630	4.8	7.6
L&T Fin.Holdings	82	Buy	17,924	17.4	-1.6	12,582	10.8	0.8	4,832	41.6	6.7
LIC Housing Fin	329	Buy	15,778	-3.6	-1.7	13,679	-9.2	0.9	7,987	-28.6	66.3
M & M Financial	232	Buy	15,561	8.0	0.2	9,315	3.7	-6.7	5,080	-15.4	-19.2
Manappuram Finance	124	Buy	11,490	27.9	5.3	6,378	26.2	7.8	4,229	62.1	7.5
MAS Financial	804	Buy	1,312	45.9	5.1	856	41.5	3.5	551	29.3	7.4
Muthoot Finance	979	Neutral	17,893	4.0	5.0	12,862	5.3	1.9	9,304	-3.1	3.2
PNB Housing	513	Neutral	6,363	72.5	-11.3	6,026	63.2	-10.6	2,902	71.2	7.8
Poonawalla Fincorp	293	Buy	3,384	35.5	12.4	2,024	75.8	29.9	1,688	89.4	12.2
Repco Home Fin	180	Neutral	1,395	-0.7	0.6	1,153	-3.5	4.8	811	93.1	0.5
Shriram Finance	1260	Buy	41,809	19.9	2.9	33,282	23.1	0.8	18,325	32.0	3.1
NBFC - Lending			2,69,071	17.8	3.3	2,15,515	16.3	4.1	1,36,410	14.6	5.8
360 One WAM	431	Buy	4,285	1.3	3.3	2,373	26.4	3.8	2,031	22.6	18.4
Angel One	1163	Buy	5,099	25.5	10.3	3,213	17.1	6.3	2,403	17.3	5.2
BSE	431	Neutral	1,812	-5.7	-3.8	369	-35.6	-24.9	409	-30.3	4.2
Cams Services	2032	Buy	2,402	-1.2	-1.4	1,005	-10.4	-7.1	672	-8.9	-8.6
ICICI Securities	428	Buy	8,698	-2.5	-1.1	3,593	-21.1	-4.8	2,754	-19.1	-2.0
MCX	1516	Neutral	1,405	32.0	-2.1	140	-73.7	-57.3	257	-29.9	-33.7
NBFC - Non Lending			23,701	4.7	1.6	10,694	-6.2	-2.6	8,527	-3.1	2.4

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	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Automobiles						32.1	19.5	16.5	3.8	3.3	2.9	11.8	17.2	17.7
Amara Raja Batt.	579	Neutral	45.1	48.0	51.2	12.9	12.1	11.3	2.0	1.8	1.6	16.0	15.3	14.7
Apollo Tyres	320	Buy	17.7	25.6	30.8	18.0	12.5	10.4	1.5	1.3	1.2	8.4	11.2	12.2
Ashok Leyland	139	Buy	4.2	7.6	9.4	33	18	14.8	5.1	4.2	3.5	16.1	25.2	25.8
Bajaj Auto	3,884	Neutral	205.5	229.1	253.2	18.9	17.0	15.3	4.6	4.5	4.4	22.9	26.7	28.9
Balkrishna Inds	1,952	Neutral	52.9	80.2	92.2	36.9	24.3	21.2	5.0	4.4	3.9	14.1	19.2	19.6
Bharat Forge	770	Buy	16.4	32.2	41.3	47.1	24.0	18.7	5.1	4.3	3.6	11.2	19.6	21.2
Bosch	19,339	Neutral	488.7	640.8	726.6	39.6	30.2	26.6	5.0	4.6	4.2	13.1	15.9	16.5
CEAT	1,450	Buy	43.3	118.1	138.2	33.5	12.3	10.5	1.7	1.5	1.4	5.3	13.3	13.7
Craftsman Auto	3,246	Buy	104.7	177.8	218.3	31.0	18.3	14.9	5.1	4.0	3.2	17.7	24.5	24.0
Eicher Motors	2,950	Buy	104.6	135.7	166.9	28.2	21.7	17.7	5.5	4.5	3.7	20.9	22.8	23.1
Endurance Tech.	1,242	Buy	34.2	49.1	57.5	36.4	25.3	21.6	4.1	3.7	3.3	11.8	15.4	16.1
Escorts Kubota	1,892	Neutral	59.2	70.1	88.3	32.0	27.0	21.4	2.6	2.6	2.4	8.3	10.1	11.6
Exide Inds.	178	Buy	11.2	12.9	15.7	15.9	13.8	11.3	1.3	1.2	1.1	8.4	9.1	10.1
Hero Motocorp	2,347	Buy	139.3	169.0	184.8	16.8	13.9	12.7	2.8	2.7	2.6	17.2	19.9	20.7
Mahindra & Mahindra	1,159	Buy	61.6	77.7	87.0	18.8	14.9	13.3	3.1	2.7	2.3	17.8	19.4	18.7
Mahindra CIE	351	Buy	18.1	22.8	27.0	19.4	15.4	13.0	2.6	2.3	2.0	13.3	15.8	16.5
Maruti Suzuki	8,293	Buy	276.7	351.1	414.9	30.0	23.6	20.0	4.1	3.7	3.3	13.6	15.6	16.4
Motherson Wiring	48	Buy	1.1	1.7	1.9	43.9	28.1	24.9	16.0	11.6	9.2	39.8	47.8	41.1
MRF	84,047	Sell	1,605.3	3,066.4	4,003.7	52.4	27.4	21.0	2.4	2.2	2.0	4.7	8.5	10.2
Samvardhana M.	67	Buy	2.0	3.9	4.9	33.2	17.4	13.7	2.1	1.9	1.8	6.5	11.6	13.5
Sona BLW Precis.	413	Neutral	6.6	8.7	10.8	62.7	47.4	38.2	10.6	9.2	7.9	18.0	20.7	22.2
Tata Motors	421	Buy	-5.5	26.1	32.1	-77.1	16.1	13.1	3.6	3.0	2.4	-4.7	20.3	20.4
Tube Investments	2,544	Buy	66.6	81.2	99.0	38.2	31.3	25.7	12.5	9.8	7.8	36.6	35.0	33.7
TVS Motor	1,077	Neutral	30.5	41.4	48.5	35.4	26.0	22.2	8.5	6.6	5.3	26.7	28.6	26.4
Cement						35.4	28.2	24.4	3.0	2.8	2.5	8.5	10.0	10.2
ACC	1,667	Neutral	50.8	79.3	98.6	32.8	21.0	16.9	2.2	2.1	1.9	6.8	10.2	11.7
Ambuja Cements	365	Neutral	12.0	11.3	10.7	30.4	32.4	34.1	2.6	2.5	2.0	17.6	13.1	10.3
Birla Corporation	887	Buy	2.0	45.5	67.8	435.1	19.5	13.1	1.1	1.1	1.0	0.3	5.7	8.0
Dalmia Bharat	1,964	Buy	35.2	48.0	64.8	55.7	40.9	30.3	2.2	2.1	2.0	4.1	5.3	6.9
Grasim Industries	1,633	Buy	101.0	101.3	99.0	16.2	16.1	16.5	2.1	2.1	2.0	10.0	8.8	5.8
India Cements	185	Sell	-16.0	3.4	7.7	-11.6	53.7	24.1	0.9	0.9	0.9	-8.2	1.7	3.7
J K Cements	2,923	Buy	55.6	87.3	109.9	52.6	33.5	26.6	4.9	4.4	3.9	9.6	13.8	15.6
JK Lakshmi Cem.	791	Buy	30.9	44.0	53.6	25.6	18.0	14.7	3.4	2.9	2.5	14.0	17.4	18.2
Ramco Cements	756	Neutral	11.0	21.3	30.6	68.6	35.5	24.7	2.7	2.5	2.3	3.9	7.3	9.7
Shree Cement	26,177	Neutral	349.2	512.1	619.2	75.0	51.1	42.3	5.2	4.8	4.4	7.1	9.7	10.8
Ultratech Cement	7,620	Buy	178.5	237.6	281.6	42.7	32.1	27.1	4.0	3.7	3.3	9.8	12.0	12.8
Chemicals-Specialty						35.8	29.2	25.3	6.7	5.6	4.8	18.7	19.3	19.0
Alkyl Amines	2,158	Neutral	45.2	61.0	77.2	47.7	35.3	28.0	9.5	7.9	6.5	21.5	24.4	25.5
Atul	6,961	Neutral	161.6	208.9	241.3	43.1	33.3	28.8	4.3	3.8	3.4	10.3	12.1	12.5
Clean Science	1,264	Neutral	27.8	30.5	33.5	45.4	41.5	37.8	13.2	10.4	8.4	33.1	28.0	24.6
Deepak Nitrite	1,842	Neutral	61.5	88.8	95.5	30.0	20.7	19.3	6.2	4.9	4.1	22.7	26.5	23.1
Fine Organic	4,307	Neutral	182.9	168.1	159.3	23.5	25.6	27.0	9.8	7.7	6.4	48.6	33.7	25.9
Galaxy Surfactants	2,333	Buy	111.2	86.6	107.3	21.0	27.0	21.7	4.4	3.9	3.5	22.9	15.4	16.9
Navin Fluorine	4,265	Neutral	70.3	107.8	134.3	60.7	39.6	31.8	9.9	8.2	6.8	17.4	22.7	23.5
NOCIL	206	Buy	8.6	12.4	14.5	24.0	16.6	14.2	2.3	2.1	1.9	9.7	13.1	14.1
Vinati Organics	1,808	Buy	46.8	57.1	77.7	38.6	31.7	23.3	8.4	6.9	5.6	23.8	23.9	26.5
Consumer						48.1	40.1	34.7	11.9	11.2	10.5	24.7	28.0	30.3
Asian Paints	2,762	Neutral	42.4	55.4	62.9	65.1	49.9	43.9	18.0	16.7	14.7	28.5	34.7	35.7
Britannia	4,322	Neutral	79.1	87.6	99.9	54.7	49.3	43.3	41.6	37.0	32.8	75.3	79.4	80.3
Colgate	1,507	Neutral	37.1	42.7	46.9	40.6	35.3	32.1	23.6	23.6	23.6	58.1	66.9	73.6
Dabur	545	Buy	10.3	11.8	14.2	52.8	46.3	38.4	10.5	9.6	8.7	20.8	21.6	23.8
Emami	358	Buy	15.9	20.5	21.9	22.6	17.5	16.4	7.8	7.3	6.8	34.2	43.0	43.1

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Godrej Consumer	968	Buy	16.3	22.5	26.8	59.4	43.1	36.1	8.0	7.3	6.9	13.9	17.8	19.8
Hind. Unilever	2,559	Buy	42.9	48.8	56.4	59.6	52.4	45.3	12.6	13.0	13.4	20.9	24.4	29.0
Indigo Paints	1,009	Buy	21.4	29.5	37.1	47.1	34.2	27.2	6.4	5.4	4.5	14.5	17.1	18.0
ITC	383	Buy	14.9	17.4	19.7	25.7	22.0	19.5	7.4	6.9	6.4	29.4	32.5	34.2
Jyothy Labs	191	Neutral	6.2	7.9	9.5	30.6	24.0	20.2	4.5	4.2	4.0	15.4	18.2	20.3
Marico	480	Buy	9.9	11.4	12.9	48.4	42.2	37.3	18.0	16.7	15.6	37.7	41.1	43.2
Nestle	19,692	Neutral	247.9	289.2	348.3	79.4	68.1	56.5	77.2	80.6	78.0	105.2	115.8	140.2
P&G Hygiene	13,358	Neutral	174.8	269.2	315.1	76.4	49.6	42.4	54.6	49.2	39.9	74.1	104.4	104.1
Page Industries	37,933	Neutral	538.5	636.4	794.6	70.4	59.6	47.7	34.6	31.8	28.9	49.2	53.3	60.6
Pidilite Inds.	2,354	Neutral	25.9	33.1	40.8	90.8	71.1	57.7	17.1	15.6	14.0	19.7	22.9	25.6
Tata Consumer	710	Buy	11.8	16.0	18.9	59.9	44.5	37.6	4.0	3.8	3.4	7.0	8.9	9.4
United Breweries	1,425	Sell	17.5	25.9	35.2	82	55	40.5	8.7	8.0	7.2	11.1	15.1	18.7
United Spirits	756	Neutral	13.2	15.8	18.9	58	48	40.0	9.4	8.9	8.1	16.3	18.6	20.2
Varun Beverages	1,387	Buy	23.1	30.7	38.4	60.2	45.2	36.2	17.7	13.1	9.9	32.6	33.3	31.2
Financials														
Banks-Private						18.3	15.1	12.5	2.9	2.4	2.1	15.6	16.0	16.4
AU Small Finance	579	Buy	22.1	26.8	33.8	26.1	21.6	17.1	3.5	3.0	2.6	15.6	15.1	16.3
Axis Bank	858	Buy	69.4	81.8	95.9	12.4	10.5	9.0	2.2	1.7	1.5	8.2	18.3	17.9
Bandhan Bank	196	Neutral	13.8	25.5	32.4	14.2	7.7	6.0	1.7	1.4	1.2	12.2	20.1	21.7
DCB Bank	107	Neutral	14.5	17.1	20.8	7.3	6.3	5.1	0.8	0.7	0.6	11.2	11.9	13.0
Equitas Small Fin.	67	Buy	4.8	7.2	9.5	14.1	9.3	7.0	1.5	1.3	1.1	12.1	14.9	17.1
Federal Bank	132	Buy	14.0	16.6	19.7	9.4	8.0	6.7	1.3	1.1	1.0	14.7	15.2	15.8
HDFC Bank	1,610	Buy	79.6	95.4	114.4	20.2	16.9	14.1	3.2	2.7	2.3	17.0	17.5	17.9
ICICI Bank	877	Buy	45.9	54.3	63.1	19.1	16.2	13.9	3.1	2.6	2.2	17.5	17.5	17.3
IDFC First Bank	55	Buy	3.6	4.7	6.3	15.5	11.8	8.7	1.4	1.3	1.1	9.8	11.4	13.6
IndusInd Bank	1,068	Buy	97.0	124.5	158.9	11.0	8.6	6.7	1.5	1.3	1.1	14.7	16.4	17.9
Kotak Mahindra Bank	1,734	Neutral	73.6	85.0	99.8	23.6	20.4	17.4	3.1	2.7	2.3	13.6	13.5	13.7
RBL Bank	141	Buy	13.9	18.9	24.7	10.2	7.5	5.7	0.6	0.6	0.6	6.4	8.3	10.0
SBI Cards	740	Buy	23.4	30.9	40.9	31.6	23.9	18.1	7.1	5.6	4.4	25.2	26.2	27.1
Banks-PSU						7.8	6.1	5.1	1.0	0.9	0.8	13.1	14.8	15.5
Bank of Baroda	169	Buy	26.4	32.5	37.8	6.4	5.2	4.5	0.9	0.8	0.7	14.8	15.8	15.9
Canara Bank	285	Buy	57.9	72.8	91.4	4.9	3.9	3.1	0.7	0.6	0.5	14.8	16.1	17.2
Indian Bank	288	Buy	43.8	56.1	66.4	6.6	5.1	4.3	0.8	0.7	0.6	13.7	15.5	16.0
Punjab National Bank	47	Neutral	2.4	5.9	7.9	19.7	7.9	5.9	0.5	0.5	0.5	2.7	6.5	8.2
State Bank	524	Buy	60.4	74.1	86.5	8.7	7.1	6.1	1.4	1.1	1.0	17.6	18.2	17.8
Union Bank	66	Buy	11.9	16.3	20.7	5.6	4.1	3.2	0.6	0.6	0.5	11.8	14.7	16.8
Insurance						22.9	24.6	22.0	7.5	5.9	4.8	32.5	24.0	21.7
HDFC Life Insur.	499	Neutral	6.4	5.4	5.4	77.7	92.8	92.7	2.7	2.3	1.9	20.5	18.1	18.2
ICICI Lombard	1,069	Buy	33.3	40.4	49.5	32.1	26.5	21.6	5.1	4.6	4.0	16.9	18.3	19.7
ICICI Pru Life	436	Buy	6.0	6.7	7.5	72.0	65.2	57.8	1.7	1.5	1.3	15.2	16.1	15.9
Life Insurance Corp.	535	Buy	39.0	34.9	38.4	13.7	15.3	13.9	0.6	0.5	0.5	4.0	11.8	11.0
Max Financial	635	Neutral	16.3	16.2	19.7	38.9	39.1	32.2	1.6	1.4	1.1	18.3	20.0	20.4
SBI Life Insurance	1,100	Buy	16.5	15.7	16.8	66.7	70.1	65.5	2.3	1.9	1.6	19.5	19.5	20.0
Star Health	519	Buy	10.3	16.8	22.0	50.4	30.8	23.6	4.3	3.8	3.3	10.3	13.1	14.9
NBFC - Lending						17.8	17.6	14.9	2.7	2.4	2.1	15.1	13.4	14.1
AAVAS Financiers	1,606	Neutral	53.2	65.1	86.0	30.2	24.7	18.7	3.9	3.4	2.9	13.9	14.7	16.6
Aditya Birla Cap	154	Buy	8.4	9.8	11.7	18.4	15.7	13.1	2.0	1.8	1.6	12.0	12.2	12.8
Bajaj Finance	5,615	Buy	190.6	227.3	288.3	29.5	24.7	19.5	6.4	5.2	4.2	23.9	23.2	23.9
Can Fin Homes	529	Buy	45.6	51.1	60.8	11.6	10.3	8.7	1.9	1.6	1.4	18.1	17.2	17.4
Chola. Inv & Fin.	762	Buy	31.2	38.0	46.6	24.4	20.0	16.4	4.4	3.7	3.1	19.9	20.1	20.4
HDFC	2,627	Buy	70.8	80.4	92.2	37.1	32.7	28.5	3.7	3.3	3.0	13.0	13.2	13.5
Home First Fin.	745	Buy	25.7	31.8	40.4	28.9	23.4	18.4	3.6	3.2	2.7	13.4	14.4	15.8
Indostar Capital	104	Buy	14.5	10.2	18.1	7.2	10.2	5.7	0.5	0.4	0.4	6.5	4.3	7.3

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
L&T Fin.Holdings	82	Buy	6.5	8.4	10.0	12.7	9.7	8.2	1.0	0.9	0.8	7.8	9.4	10.2
LIC Housing Fin	329	Buy	45.6	63.4	71.9	7.2	5.2	4.6	0.7	0.6	0.6	9.9	12.7	13.1
M & M Financial	232	Buy	14.7	16.8	20.2	15.8	13.8	11.5	1.7	1.6	1.5	11.4	12.1	13.3
Manappuram Finance	124	Buy	17.8	20.9	24.7	6.9	5.9	5.0	1.1	1.0	0.8	16.8	17.2	17.7
MAS Financial	804	Buy	36.9	46.9	59.4	21.8	17.1	13.5	3.1	2.7	2.3	15.0	16.7	18.4
Muthoot Finance	979	Neutral	87.3	97.0	105.6	11.2	10.1	9.3	1.9	1.6	1.4	17.8	17.3	16.5
Piramal Enterprises	678	Buy	443.6	79.7	95.9	1.5	8.5	7.1	0.5	0.5	0.5	30.9	5.9	6.7
PNB Housing	513	Neutral	62.7	75.0	89.8	8.2	6.8	5.7	0.8	0.7	0.6	10.2	11.0	11.8
Poonawalla Fincorp	293	Buy	7.5	12.1	17.1	39.0	24.1	17.1	3.6	2.2	1.9	9.6	11.2	12.0
Repco Home Fin	180	Neutral	47.1	53.1	59.3	3.8	3.4	3.0	0.4	0.4	0.4	12.4	12.4	12.3
Shriram Finance	1,260	Buy	173.7	195.8	223.8	7.3	6.4	5.6	1.1	1.0	0.8	16.6	15.7	15.8
NBFC - Non Lending						18.8	16.1	14.1	4.8	4.3	3.9	25.6	26.9	27.7
Angel One	1,163	Buy	104.3	116.6	133.5	11.2	10.0	8.7	4.5	3.5	2.9	46.3	39.3	36.3
BSE	431	Neutral	12.4	18.6	21.4	34.7	23.1	20.1	2.2	2.1	2.0	6.2	9.1	10.1
Cams Services	2,032	Buy	56.8	68.3	82.2	35.8	29.8	24.7	13.3	11.5	9.9	39.9	41.6	43.1
ICICI Securities	428	Buy	35.0	39.6	43.6	12.2	10.8	9.8	4.9	4.2	3.7	43.0	41.9	39.9
360 ONE WAM	431	Buy	19.8	22.4	25.2	21.7	19.2	17.1	5.0	4.7	4.5	23.2	25.2	26.9
MCX	1,516	Neutral	33.4	49.3	62.3	45.4	30.7	24.3	5.3	5.1	4.9	11.9	17.0	20.7
Healthcare						27.1	22.5	19.2	3.3	3.0	2.6	12.3	13.2	13.8
Ajanta Pharma	1,209	Buy	51.3	59.9	70.0	23.5	20.2	17.3	4.2	3.6	3.1	18.9	19.2	19.4
Alembic Pharma	496	Neutral	21.5	29.7	34.5	23.1	16.7	14.4	1.8	1.7	1.5	7.4	10.2	10.9
Alkem Lab	3,398	Neutral	107.7	146.7	179.3	31.6	23.2	19.0	4.2	3.7	3.2	14.1	17.1	18.2
Apollo Hospitals	4,309	Buy	52.4	83.9	122.8	82.3	51.4	35.1	9.3	7.9	6.5	12.4	17.2	20.3
Aurobindo Pharma	518	Neutral	37.6	44.6	48.8	13.8	11.6	10.6	1.1	1.1	1.0	8.6	9.5	9.5
Biocon	206	Neutral	6.5	13.8	17.9	31.7	15.0	11.5	1.5	1.4	1.3	6.3	9.8	11.9
Cipla	901	Neutral	40.5	45.1	49.9	22.3	20.0	18.1	3.1	2.7	2.4	14.1	13.8	13.4
Divis Labs	2,826	Neutral	64.5	65.2	84.9	43.8	43.3	33.3	5.8	5.3	4.8	13.9	12.8	15.1
Dr Reddy's Labs	4,622	Neutral	253.5	254.6	283.9	18.2	18.2	16.3	3.3	2.8	2.5	20.0	16.9	16.2
Eris Lifescience	572	Buy	27.6	35.7	37.0	20.7	16.0	15.5	3.6	3.1	2.6	18.5	20.6	18.3
Gland Pharma	1,269	Buy	56.5	68.9	78.3	22.5	18.4	16.2	2.6	2.3	2.0	12.2	13.1	13.1
Glenmark Pharma	465	Neutral	30.4	38.6	46.3	15.3	12.0	10.0	1.3	1.2	1.1	9.0	10.4	11.3
Granules India	291	Buy	21.7	25.3	30.7	13.4	11.5	9.5	2.3	2.0	1.6	18.9	18.4	18.7
GSK Pharma	1,324	Neutral	39.4	39.4	42.5	33.6	33.6	31.2	7.7	7.1	6.6	22.8	21.1	21.0
IPCA Labs.	810	Buy	22.3	29.9	37.7	36.4	27.1	21.5	3.5	3.1	2.8	9.9	12.2	13.7
Laurus Labs	293	Buy	16.8	18.1	22.5	17.4	16.2	13.0	3.8	3.2	2.6	24.1	21.5	22.2
Lupin	648	Sell	6.6	22.0	30.3	98.8	29.5	21.4	2.4	2.2	2.0	2.4	7.8	9.9
Piramal Pharma	68	Buy	-1.0	1.4	2.9	-65.8	49.2	23.6	1.3	1.2	1.2	-1.9	2.5	5.1
Solara Active Pharma	328	Buy	-6.0	13.6	26.3	-54.4	24.1	12.5	0.8	0.8	0.8	-1.4	3.2	6.1
Sun Pharma	983	Buy	35.7	41.7	47.6	27.6	23.6	20.7	4.2	3.7	3.2	16.5	16.6	16.4
Torrent Pharma	1,537	Neutral	39.0	52.2	64.2	39.4	29.4	23.9	7.1	6.2	3.1	19.9	22.5	25.8
Zydus Lifesciences	492	Neutral	24.9	25.6	26.9	19.7	19.2	18.2	2.6	2.4	2.2	14.0	12.9	12.3
Infrastructure						15.8	14.3	12.6	1.5	1.4	1.3	9.6	9.7	10.0
G R Infraproject	1,003	Buy	89.0	92.8	106.1	11.3	10.8	9.5	1.9	1.6	1.4	17.9	15.8	15.5
IRB Infra	25	Neutral	1.3	1.4	1.7	19.6	17.4	14.7	1.2	1.1	1.0	6.0	6.5	7.3
KNR Constructions	254	Buy	14.0	16.5	17.6	18.1	15.4	14.4	2.6	2.3	2.0	15.9	15.8	14.5
Logistics						29.9	24.8	20.2	4.1	3.7	3.4	13.7	15.1	16.7
Blue Dart Express	6,204	Neutral	161.7	187.4	247.0	38.4	33.1	25.1	12.1	9.5	7.3	35.3	32.2	32.9
Concor	581	Buy	20.3	24.6	29.1	28.6	23.6	20.0	3.1	3.0	2.8	11.2	12.9	14.5
Mahindra Logistics	354	Neutral	4.5	11.8	19.0	78.3	30.0	18.6	4.2	3.8	3.2	5.4	13.2	18.6
TCI Express	1,493	Buy	36.5	43.8	51.5	40.9	34.1	29.0	9.4	7.7	6.3	24.4	24.7	23.7
Transport Corp.	628	Buy	41.4	46.5	56.5	15.2	13.5	11.1	2.8	2.4	2.0	19.9	18.7	19.0
Media						19.5	15.0	12.7	2.2	2.0	1.9	11.2	13.5	14.6
PVR	1,534	Neutral	18.9	49.8	85.5	81.2	30.8	17.9	6.3	5.2	4.1	8.1	18.5	25.5

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Sun TV	416	Buy	43.0	44.4	47.9	9.7	9.4	8.7	1.9	1.7	1.6	20.2	18.6	18.7
Zee Entertainment	212	Buy	5.7	10.6	12.6	37.1	19.9	16.8	1.9	1.8	1.6	5.1	9.1	10.1
Metals						10.1	8.2	7.9	1.7	1.5	1.3	16.7	18.2	16.9
Coal India	214	Buy	50.8	35.1	34.0	4.2	6.1	6.3	2.2	1.9	1.6	53.2	31.1	26.1
Hindalco	405	Buy	44.9	51.9	57.1	9.0	7.8	7.1	1.4	1.2	1.1	17.0	16.9	16.0
Hindustan Zinc	293	Neutral	25.3	26.6	26.3	11.6	11.0	11.2	9.5	6.2	4.6	45.2	67.8	47.2
JSPL	546	Buy	43.5	64.9	67.8	12.5	8.4	8.1	1.4	1.2	1.1	11.6	15.1	13.9
JSW Steel	688	Neutral	11.5	69.7	71.8	60.1	9.9	9.6	2.6	2.1	1.8	4.2	23.3	19.9
Nalco	78	Neutral	6.7	11.4	15.8	11.7	6.9	5.0	1.1	1.0	0.9	9.6	15.4	19.5
NMDC	112	Buy	15.5	18.5	16.2	7.2	6.0	6.9	1.6	1.5	1.4	23.9	25.8	20.6
SAIL	83	Neutral	4.7	10.1	11.7	17.6	8.2	7.1	0.6	0.6	0.5	3.6	7.4	8.0
Tata Steel	105	Neutral	7.6	11.1	12.4	13.8	9.4	8.4	1.1	1.1	1.0	8.3	11.6	12.1
Vedanta	275	Neutral	30.3	37.1	40.4	9.1	7.4	6.8	1.9	1.9	1.7	19.0	25.5	25.9
Oil & Gas						14.6	11.0	10.9	1.4	1.3	1.2	9.7	11.7	10.9
Aegis Logistics	379	Neutral	14.9	14.3	15.4	25.4	26.4	24.6	4.9	4.3	3.8	21.0	17.5	16.6
BPCL	344	Neutral	22.5	37.2	40.5	15.3	9.2	8.5	1.3	1.2	1.1	8.8	13.5	13.7
Castrol India	111	Buy	8.2	8.3	9.0	13.4	13.3	12.3	5.8	5.3	4.9	46.2	41.6	41.4
GAIL	105	Buy	8.5	14.4	14.4	12.4	7.3	7.3	1.1	1.0	0.9	9.6	14.5	13.1
Gujarat Gas	460	Buy	20.6	21.3	24.0	22.3	21.6	19.1	4.6	3.9	3.3	22.8	19.5	18.6
Gujarat State Petronet	265	Buy	16.4	18.6	19.3	16.1	14.2	13.7	1.6	1.5	1.3	10.5	10.8	10.2
HPCL	237	Neutral	-46.7	48.2	44.4	-5.1	4.9	5.3	1.1	0.9	0.8	-18.8	19.8	16.0
Indraprastha Gas	429	Sell	20.1	20.2	21.5	21.3	21.3	20.0	3.8	3.4	3.0	19.0	16.7	15.9
IOC	78	Buy	8.3	12.0	11.9	9.4	6.5	6.6	0.8	0.7	0.7	8.3	11.2	10.5
Mahanagar Gas	984	Buy	69.2	77.0	78.3	14.2	12.8	12.6	2.4	2.2	2.0	18.0	18.0	16.5
MRPL	53	Neutral	2.5	5.6	5.7	20.9	9.4	9.2	2.4	2.0	1.7	12.1	23.5	20.2
Oil India	252	Buy	60.4	41.0	39.6	4.2	6.1	6.4	0.8	0.8	0.7	21.4	13.1	11.8
ONGC	151	Buy	40.6	50.2	46.5	3.7	3.0	3.2	0.7	0.6	0.5	19.1	21.0	17.2
Petronet LNG	229	Neutral	20.8	18.8	19.1	11.0	12.2	12.0	2.3	2.1	1.9	22.0	18.0	16.8
Reliance Inds.	2,331	Buy	94.1	108.1	118.7	24.8	21.6	19.6	1.8	1.7	1.5	7.9	8.4	8.5
Real Estate						24.9	24.2	18.2	2.5	2.3	2.1	10.2	9.6	11.5
Brigade Enterpr.	474	Buy	14.6	24.4	32.2	32.5	19.5	14.7	3.0	2.6	2.2	9.7	14.4	16.4
DLF	357	Neutral	12.4	18.2	30.7	28.8	19.6	11.6	1.7	1.6	1.4	6.0	8.3	12.8
Godrej Properties	1,031	Neutral	30.5	47.1	43.9	33.8	21.9	23.5	3.0	2.6	2.4	9.3	12.9	11.2
Macrotech Developers	931	Buy	29.7	43.6	43.9	31.3	21.3	21.2	3.6	3.2	2.8	11.6	15.7	14.1
Mahindra Lifespace	353	Buy	9.6	10.8	13.9	36.8	32.7	25.4	2.7	2.5	2.3	7.8	8.0	9.5
Oberoi Realty	843	Buy	108.6	35.1	44.6	7.8	24.0	18.9	2.1	2.0	1.8	32.0	8.6	10.0
Phoenix Mills	1,301	Buy	47.4	49.4	74.8	27.4	26.3	17.4	3.0	2.7	2.3	11.7	10.6	14.3
Prestige Estates	403	Buy	8.7	13.7	14.7	46.5	29.4	27.4	1.6	1.5	1.4	3.5	5.2	5.3
Sobha	431	Buy	9.9	45.0	66.1	43.4	9.6	6.5	1.6	1.4	1.2	3.8	15.6	19.4
Retail						82.5	62.5	48.5	14.3	11.7	9.7	17.4	18.7	20.1
Aditya Birla Fashion	214	Buy	0.5	1.7	3.9	410.2	128.0	55.6	5.9	4.3	4.0	1.6	4.0	7.4
Avenue Supermarts	3,403	Neutral	39.1	53.3	64.1	87.0	63.9	53.1	13.1	10.8	8.9	17.0	19.2	19.1
Barbeque Nation	635	Neutral	6.9	10.5	13.5	92.4	60.3	47.1	6.0	5.4	4.9	6.5	9.0	10.4
Bata India	1,419	Neutral	24.1	33.4	43.3	58.9	42.4	32.7	8.6	7.1	5.9	15.7	18.4	19.7
Campus Activewear	334	Buy	4.4	6.0	8.5	75.3	55.3	39.0	18.1	13.7	10.1	24.1	24.7	25.9
Devyani Intl.	145	Buy	2.3	2.7	3.4	62.3	54.3	42.0	17.6	13.2	10.0	33.3	27.7	27.1
Jubilant Foodworks	440	Buy	6.0	6.8	9.4	73.2	65.1	47.1	15.0	13.9	12.9	20.4	21.3	27.4
Metro Brands	794	Buy	13.4	16.3	20.3	59.1	48.8	39.2	13.2	10.6	8.5	25.5	24.6	24.5
Relaxo Footwear	849	Neutral	6.1	10.8	15.0	139.6	78.7	56.6	11.3	10.2	9.0	8.3	13.6	16.9
Restaurant Brands	90	Buy	-3.9	-2.1	-1.5	-23.2	-43.9	-58.5	5.1	5.7	5.0	-21.8	-13.0	-8.6
Sapphire Foods	1,218	Buy	17.0	21.2	31.7	71.5	57.6	38.5	6.9	6.2	5.3	10.2	11.4	14.9
Shoppers Stop	648	Neutral	9.2	17.5	22.6	70.5	37.1	28.7	31.3	17.0	10.7	56.6	59.3	45.6
Titan Company	2,515	Buy	36.9	44.7	55.8	68.2	56.3	45.1	19.1	15.4	12.6	31.3	30.4	30.8

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Trent	1,375	Buy	10.3	13.6	19.6	133	101	70.2	16.7	14.2	11.7	14.4	16.3	19.5
V-Mart Retail	2,157	Buy	1.9	38.5	79.7	1,137	56	27.1	4.6	4.2	3.7	0.4	7.8	14.5
Vedant Fashions	1,139	Buy	17.2	20.9	25.7	66	54	44.2	20.7	17.0	13.9	33.9	33.2	33.4
Westlife Foodworld	684	Neutral	7.3	9.4	13.1	93.4	72.4	52.3	18.5	14.7	11.5	21.9	22.6	24.6
Staffing						22.8	16.0	11.0	2.5	2.3	1.9	11.0	14.1	17.5
Qness Corp	370	Neutral	12.7	23.9	37.0	29.1	15.5	10.0	1.7	1.6	1.4	8.0	14.7	20.9
SIS	321	Buy	20.9	26.2	34.2	15.3	12.2	9.4	0.9	0.8	0.7	14.0	15.1	17.0
Team Lease Serv.	2,235	Neutral	67.2	77.7	119.7	33.3	28.8	18.7	4.7	4.0	3.3	14.9	14.8	19.2
Technology						25.4	22.1	19.1	7.5	7.3	7.0	29.5	32.9	36.8
Coforge	3,817	Neutral	137.8	176.8	195.0	27.7	21.6	19.6	7.2	6.0	5.0	28.2	30.7	28.4
Cyient	993	Buy	50.5	70.2	81.6	19.7	14.1	12.2	3.3	3.0	2.8	17.4	22.6	23.9
HCL Technologies	1,086	Buy	54.7	63.1	71.6	19.9	17.2	15.2	4.8	4.9	5.0	24.0	28.2	32.4
Infosys	1,428	Buy	58.4	65.8	75.9	24.4	21.7	18.8	8.2	8.0	8.0	33.1	37.5	42.7
LTI Mindtree	4,758	Neutral	154.1	177.8	215.6	30.9	26.8	22.1	6.3	5.5	4.8	23.8	21.9	23.2
L&T Technology	3,377	Buy	111.4	128.6	150.3	30.3	26.3	22.5	7.4	6.3	5.4	26.1	25.9	26.0
Mphasis	1,796	Neutral	87.3	96.9	115.7	20.6	18.5	15.5	4.4	4.1	3.7	22.7	23.0	25.0
Persistent Systems	4,609	Neutral	127.7	153.3	178.8	36.1	30.1	25.8	8.7	7.3	6.1	26.6	26.9	26.4
TCS	3,206	Buy	115.9	134.3	154.6	27.7	23.9	20.7	13.1	13.1	13.0	47.5	54.9	63.0
Tech Mahindra	1,102	Neutral	57.0	63.2	75.5	19.3	17.4	14.6	3.4	3.3	3.1	18.3	19.3	21.8
Wipro	365	Neutral	20.7	23.7	26.7	17.6	15.4	13.7	3.0	2.9	2.8	17.1	19.0	20.8
Zensar Tech	274	Buy	12.7	17.5	20.8	21.5	15.7	13.2	2.1	2.0	1.9	10.3	13.3	14.7
Telecom						-29	-62	199.0	68.1	28.1	26.6	-236.8	-45.6	13.4
Bharti Airtel	749	Buy	13.6	18.1	28.2	55.1	41.4	26.5	5.7	4.0	3.5	10.8	11.3	14.0
Indus Towers	143	Neutral	9.2	23.2	24.9	15.6	6.2	5.7	1.7	1.4	1.2	11.1	25.0	22.4
Tata Comm	1,245	Neutral	61.5	64.9	85.1	20.3	19.2	14.6	12.9	7.7	5.1	95.5	50.4	42
Vodafone Idea	6	Neutral	-10.4	-9.3	-7.8	-0.6	-0.6	-0.7	-0.2	-0.2	-0.1	NM	NM	NM
Others						26.0	20.4	17.9	4.4	3.7	3.1	17.1	18.0	17.5
APL Apollo Tubes	1,204	Buy	23.5	34.5	43.9	51.3	34.8	27.4	11.4	8.9	6.9	25.0	28.7	28.5
Coromandel Int.	879	Buy	70.6	69.4	74.8	12.5	12.7	11.8	3.2	2.7	2.3	28.8	23.1	20.9
EPL	162	Buy	6.3	9.3	11.4	25.5	17.5	14.2	2.7	2.5	2.3	10.8	15.0	17.0
Godrej Agrovet	413	Buy	12.0	20.0	24.2	34.4	20.6	17.0	3.4	3.1	2.8	9.9	15.7	17.4
Indiamart Inter.	5,028	Buy	95.5	111.1	141.6	52.7	45.3	35.5	7.1	6.3	5.7	11.9	14.8	16.9
Indian Hotels	324	Buy	6.6	8.2	10.1	49.2	39.7	32.1	5.8	5.1	4.5	12.5	13.8	14.9
Info Edge	3,728	Neutral	31.8	59.0	68.7	117.2	63.2	54.2	3.3	3.2	3.0	4.3	4.7	10.2
Interglobe Aviation	1,912	Neutral	24.6	106.8	123.0	77.8	17.9	15.5	-14.4	-75.6	19.5	-17.0	-135.8	339.1
Kaveri Seed	477	Buy	47.5	54.4	58.8	10.0	8.8	8.1	1.8	1.6	1.4	19.9	19.4	17.9
Lemon Tree Hotel	77	Buy	1.6	1.9	3.3	47.7	41.1	24	7.1	6.1	4.8	15.1	16.0	22.9
P I Industries	3,027	Buy	82.8	97.3	112.5	36.6	31.1	26.9	6.3	5.3	4.5	18.8	18.6	18.1
SRF	2,406	Neutral	75.1	81.9	97.6	32.0	29.4	24.7	6.9	5.7	4.8	23.5	21.2	21.1
Tata Chemicals	972	Neutral	83.2	67.4	57.3	11.7	14.4	17.0	1.2	1.2	1.1	11.1	8.3	6.7
Trident	28	Buy	0.9	1.5	2.1	31.7	18.4	13.5	3.2	2.8	2.3	11.1	16.7	19.2
UPL	717	Neutral	70.2	75.1	84.6	10.2	9.6	8.5	1.4	1.1	1.0	22.8	19.9	18.5

Sectors & Companies

BSE Sensex: 58,992

Nifty 50: 17,360

April 2023

Sector and Companies Preview Compendium

Automobiles

Cement

Chemicals-Specialty

Consumer

Financials

Banks – Private

Banks – PSU

Insurance

NBFC – Lending

NBFC – Non Lending

Healthcare

Infrastructure

Logistics

Metals

Oil & Gas

Real Estate

Retail

Technology

Telecom

Others

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 31 March 2023, unless otherwise stated.**

Automobiles

Company

Amara Raja Batteries
Ashok Leyland
Bajaj Auto
Bharat Forge
BOSCH
Ceat
Craftsman Automation
Eicher Motors
Endurance Technologies
Escorts
Exide Industries
Hero MotoCorp
Mahindra CIE
Mahindra & Mahindra
Maruti Suzuki
Motherson Sumi Systems
Sona BLW Precision Ltd
Tata Motors
TVS Motor Company
Tube Investments

Signs of growth moderation visible in some segments

Margin expansion to continue in 4Q, fully reflecting RM savings

- 4QFY23 witnessed a stable demand environment, though there were signs of volume growth moderation in some segments. Demand largely remained intact for M&HCVs, tractors and domestic 2Ws, whereas growth moderated for PVs and LCVs. 2W exports remained weak.
- In terms of wholesale volumes, we estimate 4QFY23 volumes to grow by 11% YoY for PVs, ~17% for M&HCVs, ~21% for tractors and ~9% for 3Ws. 2W volumes were flat YoY due to a 32% decline in exports; however, domestic volumes grew 13%. LCV volumes are estimated to grow by 1%.
- We estimate EBITDA margins to improve for the fourth quarter in a row, with a 120bp YoY gain (+20bp QoQ) for our Auto OEM Universe (ex TTMT), led by full benefits of RM cost moderation, favorable FX and operating leverage benefits. Except for BJAUT and MM, all OEMs are likely to report margin expansion QoQ.
- We revise our FY24E EPS for select companies to account for: 1) demand evolution in the domestic market, 2) weakness in exports, and 3) commodity price/FX changes. We lower our FY24E EPS for SONACOMS (-11.5%), ENDU (-8%), MSUMI/ESC (-6%) and BJAUT (-5%). We have not raised our FY24 estimates materially for any company.

Demand largely stable, though signs of growth moderation visible

4QFY23 witnessed a stable demand environment, though there were signs of volume growth moderation in some segments. Demand largely remained intact for M&HCVs, tractors, and domestic 2Ws, whereas growth moderated for PVs and LCVs. 2W exports remained weak. In terms of wholesale volumes, we estimate 4QFY23 volumes to grow by 11% YoY for PVs, ~17% for M&HCVs, ~21% for tractors and ~9% for 3Ws. 2Ws volumes were flat YoY due to a 32% decline in exports; however, domestic volumes grew 13%. LCV volumes also estimated to grow ~1%. Wholesales growth was partly aided by marriage season and mini festive in 4QFY23 (as against both falling in Apr-May last year). CVs and PVs are the only segments to post QoQ improvements in volumes. Overall exports are expected to remain under pressure for both OEMs and auto component suppliers due to various frictions in global trade.

Fourth quarter of margin expansion, but tailwind of RM cost benefits over

We estimate EBITDA margins to improve for the fourth quarter in a row, with a 120bp YoY gain (+20bp QoQ) for our Auto OEM Universe (ex TTMT), led by full benefits of RM cost moderation, favorable FX and operating leverage benefits. Except for BJAUT and MM, all OEMs are likely to report margin expansion QoQ. While 4QFY23 will see residual benefits of lower commodity costs, based on the current prices of key commodities there could be some cost inflation in 1QFY24.

Some major headwinds recede, but new ones emerge

After facing headwinds for the last 3-4 years, the sector is seeing some of these major headwinds turn into tailwinds. The demand recovery is expected to sustain, with the pace of growth moderating. Exports seem to have largely bottomed out, but a recovery may take a couple of quarters. On the other hand, new headwinds are emerging in the form of: 1) signs of demand moderation in certain segments due

to higher inflation/interest rates, 2) weak global macros raising fresh demand concerns for players having global exposure, and 3) commodity prices seeing some inflation from the recent lows. We expect a volume CAGR of 8-10%/6-8%/4-6% for 2Ws/PVs/Tractors over FY23-25. For 3Ws/LCVs/M&HCVs, we expect a volume CAGR of 10-12%/5-7%/10-12% over FY23-25.

Valuation and view

We revise our FY24E EPS for select companies to account for: 1) demand evolution in the domestic market, 2) weakness in exports, and 3) commodity price/FX changes. We lower our FY24E EPS for SONACOMS (-11.5%), ENDU (-8%), MSUMI/ESC (-6%) and BJAUT (-5%). We have not raised our estimates materially for any company for FY24. We prefer companies with 1) higher visibility in terms of demand recovery, 2) a strong competitive positioning, 3) margin drivers, and 4) balance sheet strength. **AL** and **TTMT** are our top OEM picks. Among auto component stocks, we prefer **MOTHERSO** and **BHFC**.

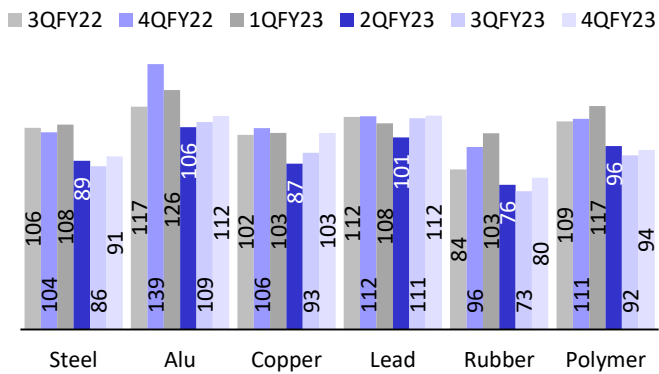
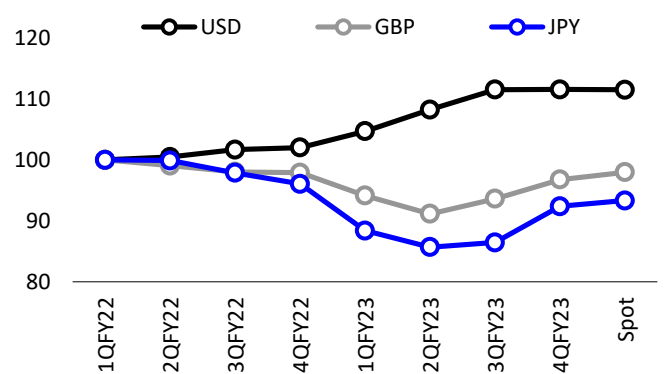
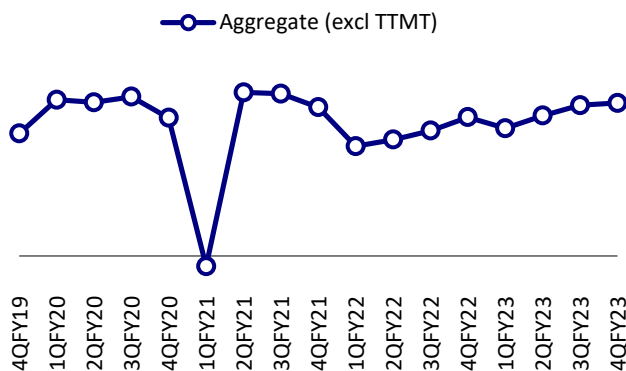
Exhibit 1: Summary of expected quarterly performance (INR m)

Sector	CMP	Reco	Sales (INR M)			EBIDTA (INR M)			Net profit (INR M)		
	(INR)		Mar-23	YoY (%)	QoQ (%)	Mar-23	YoY (%)	QoQ (%)	Mar-23	YoY (%)	QoQ (%)
Amara Raja Batt.	579	Neutral	26,228	20.3	-0.5	3,785	72.2	-4.6	2,061	109.2	-7.5
Apollo Tyres	320	Buy	63,223	13.3	-1.6	9,733	55.4	6.6	3,382	197.8	15.8
Ashok Leyland	139	Buy	1,18,638	35.7	31.4	12,135	56.4	52.2	6,230	48.9	74.6
Bajaj Auto	3884	Neutral	82,115	3.0	-11.8	15,417	12.9	-13.2	13,253	8.1	-11.1
Balkrishna Inds	1952	Neutral	23,717	-2.5	7.1	4,978	-13.6	17.6	2,731	-26.3	174.5
Bharat Forge	770	Buy	20,456	22.2	4.8	5,279	22.6	7.0	3,046	15.4	6.5
Bosch	19339	Neutral	38,102	15.1	4.1	5,535	27.1	37.1	4,157	18.6	30.4
CEAT	1450	Buy	29,031	12.0	6.5	3,037	62.0	27.8	1,061	266.2	197.3
Craftsman Auto	3246	Buy	7,915	21.0	5.9	1,701	10.6	7.6	537	4.4	4.7
Eicher Motors	2950	Buy	37,604	17.8	1.1	8,833	16.7	3.0	8,523	39.7	15.0
Endurance Tech.	1242	Buy	22,012	5.9	5.1	2,664	3.6	11	1,295	-4.9	19.6
Escorts Kubota	1892	Neutral	21,985	17.6	-2.9	1,995	-20.7	4.8	1,779	-12.0	-4.6
Exide Inds.	178	Buy	36,909	8.3	8.4	4,318	23.7	7.8	2,536	-8.0	13.6
Hero Motocorp	2347	Buy	81,752	10.2	1.8	9,845	19.0	6.5	7,374	17.6	3.7
Mahindra & Mahindra	1159	Buy	2,22,298	29.0	2.7	27,605	42.6	-1.9	15,762	35.1	-22.3
Mahindra CIE	351	Buy	24,401	-5.1	8.6	3,444	23.3	17.8	1,872	16.0	12.6
Maruti Suzuki	8293	Buy	3,31,682	24.0	14.2	36,097	48.7	27.4	28,365	54.2	20.6
Samvardhana Motherson	67	Buy	2,15,252	25.4	6.4	16,479	34.9	4.6	4,585	224.7	0.9
Motherson Wiring	48	Buy	18,508	11.4	9.7	2,165	-10.5	21.0	1,390	-12.9	30.9
MRF	84047	Sell	58,270	12.1	5.3	6,921	31.2	26.2	2,751	75.5	62.6
Sona BLW Preci.	413	Neutral	7,070	28.5	3.2	1,917	41.6	3.0	1,097	20.4	2.5
Tata Motors	421	Buy	9,75,503	24.4	10.2	1,13,253	29.6	17.4	27,113	LP	-8.3
Tube Investments	2544	Buy	18,584	7.1	8.7	2,410	38.2	12.4	1,595	16.9	15.8
TVS Motor	1077	Neutral	65,059	17.6	-0.6	6,790	21.9	3.0	3,661	33.4	3.8
Automobiles			25,46,314	21.3	7.9	3,06,336	30.6	12.8	1,46,154	70.3	4.7

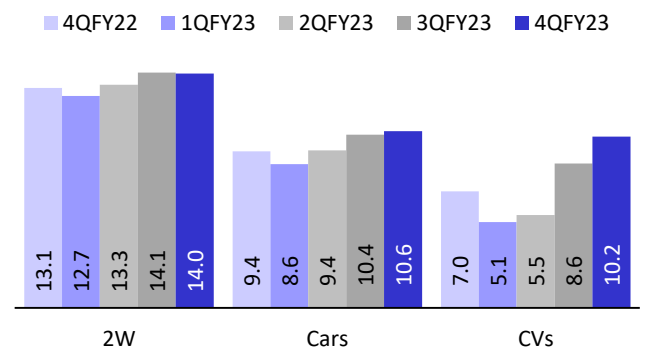
Exhibit 2: Volume snapshot 4QFY23 ('000 units)

	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY23E	FY22	YoY (%)
Two wheelers	4,438	4,452	-0.3	4,708	-5.7	19,669	17,911	9.8
Three wheelers	214	197	8.6	230	-6.9	855	761	12.4
Passenger cars	543	537	1.2	534	1.6	2,159	1,842	17.2
UVs & MPVs	645	538	19.9	570	13.2	2,389	1,805	32.4
Total PVs	1,188	1,075	10.6	1,104	7.6	4,548	3,647	24.7
M&HCV	122	104	17.3	91	34.0	380	273	39.2
LCV	176	173	1.3	155	13.2	661	536	23.3
Total CVs	297	277	7.3	246	20.9	1,041	809	28.7
Tractors	215	178	20.8	258	-16.6	984	853	15.3
Total (ex Tractor)	6,137	6,001	2.3	6,288	-2.4	26,113	23,127	12.9

Source: Company, MOFSL

Exhibit 3: Commodity prices remain soft (indexed)**Exhibit 4: Trend in key currencies v/s INR (average, indexed)****Exhibit 5: Margins to improve on both YoY & QoQ basis**

Source: MOFSL

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

Source: MOFSL

Exhibit 7: QoQ savings in RM costs drive margin

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)		
	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	4QFY23	4QFY22	YoY (bp)	3QFY23	QoQ (bp)	4QFY23	YoY (%)	QoQ (%)
BJAUT^	848	977	-13.2	983.3	-13.7	18.8	17.1	170	19.1	-30	13,253	8.1	-11.1
HMCL	1,270	1189	6.9	1,239.7	2.5	12.0	11.2	90	11.5	50	7,374	17.6	3.7
TVS Motor	868	856	1.4	879.4	-1.3	10.4	10.1	40	10.1	40	3,661	33.4	3.8
MSIL	515	489	5.4	465.9	10.5	10.7	9.1	170	9.8	100	27,178	47.8	15.6
MM	279	229	21.9	281.9	-1.0	12.4	11.2	120	13.0	-60	15,762	35.1	-22.3
TTMT India CV**	116	120	-3.1	95.0	22.1	10.3	6.1	420	8.5	170	15,898	161.5	69.5
TTMT India PV**	136	124	9.8	132.3	2.5	6.7	7.0	-30	7.0	-30	1,431	240.6	-55.4
TTMT (JLR) *	101	89	13.2	92.3	9.2	12.9	12.6	40	11.9	110	179	-1,131.5	-31.6
TTMT (Cons)						11.6	11.1	50	10.9	70	27,113	-949.8	-8.3
Ashok Leyland	60	49	22.5	47.6	25.5	10.2	8.9	140	8.8	140	6,230	48.9	74.6
Eicher (RE)	219	186	17.7	221.4	-1.3	24.3	23.6	70	23.9	50	6,898	24.7	1.3
Eicher (VECV)	26	20	31.3	18.2	45.2	8.6	6.7	200	6.9	170	3,125	211.8	165.7
Eicher (Consol)						24.3	23.6	70	23.9	50	8,523	39.7	15.0
Agg. (ex JLR)	4,397	4256	3.3	4,365	0.7	12.4	11.2	120	12.2	20	81,981	33.0	2.1

^Mar'23 volumes for BJAUT are yet to be declared: *JLR (in GBP m), ** PBT instead of adj. PAT; Aggregate OEM PAT excl. TTMT

Source: Company, MOFSL

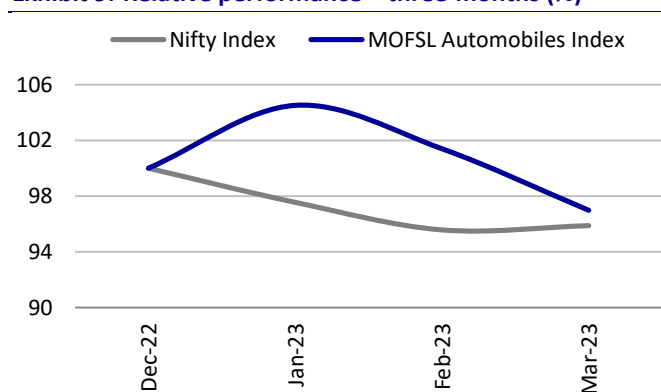
Exhibit 8: Revised estimates

	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	205.5	213.0	-3.5	229.1	241.0	-5.0
HMCL	139.3	140.1	-0.6	169.0	174.7	-3.2
TVSL	30.5	32.0	-4.8	41.4	42.3	-2.2
EIM *	104.6	102.5	2.1	135.7	134.7	0.8
MSIL *	276.7	262.3	5.5	353.2	367.0	-3.8
MM	61.6	61.8	-0.3	77.7	78.2	-0.7
TTMT *	-5.6	-5.3	-6.2	26.1	27.1	-3.6
AL	4.2	3.9	8.4	7.6	7.7	-2.2
ESCORTS	59.2	58.2	1.7	70.1	74.3	-5.7
AMRJ	45.1	45.9	-1.9	48.0	49.5	-3.0
EXID	11.2	11.5	-2.6	12.9	13.0	-0.7
BOSCH	489	495	-1.3	641	635	1.0
ENDU	34.2	35.5	-3.9	49.1	53.3	-7.9
MACA	22.8	23.6	-3.4	27.0	27.4	-1.7
BHFC	16.4	16.5	-0.7	32.2	32.8	-2.1
MOTHERSO *	2.0	2.1	-3.1	3.9	3.9	-2.1
SONACOMS	6.6	6.9	-4.2	8.7	10.1	-11.5
CEAT	43.3	40.6	6.8	118.1	119.0	-0.7
APTY *	17.7	17.7	0.2	25.6	25.3	1.1
BIL	52.9	52.5	0.7	80.2	81.5	-1.6
MRF	1,605.3	1,595.6	0.6	3,066.4	3,124.7	-1.9
MSUMI	1.1	1.1	0.0	1.7	1.8	-5.9
TIINDIA	66.6	66.8	-0.3	81.2	82.1	-1.2
CRAFTSMA	104.7	104.7	0.0	177.8	177.8	0.0

* Consolidated; MACA is for CY

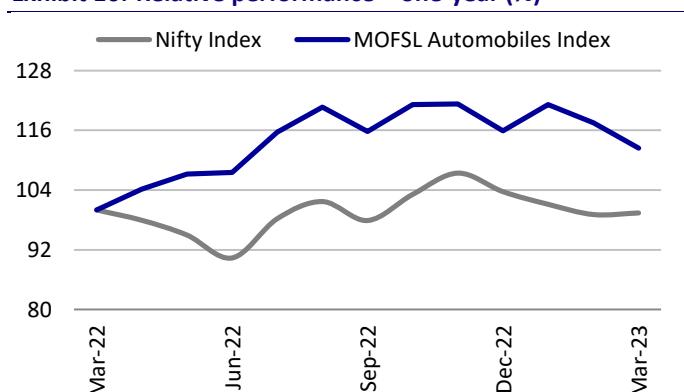
*Source: Consolidated, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Automobiles						32.1	19.5	16.5	3.8	3.3	2.9	11.8	17.2	17.7
Amara Raja Batt.	579	Neutral	45.1	48.0	51.2	12.9	12.1	11.3	2.0	1.8	1.6	16.0	15.3	14.7
Apollo Tyres	320	Buy	17.7	25.6	30.8	18.0	12.5	10.4	1.5	1.3	1.2	8.4	11.2	12.2
Ashok Leyland	139	Buy	4.2	7.6	9.4	33	18	14.8	5.1	4.2	3.5	16.1	25.2	25.8
Bajaj Auto	3,884	Neutral	205.5	229.1	253.2	18.9	17.0	15.3	4.6	4.5	4.4	22.9	26.7	28.9
Balkrishna Inds	1,952	Neutral	52.9	80.2	92.2	36.9	24.3	21.2	5.0	4.4	3.9	14.1	19.2	19.6
Bharat Forge	770	Buy	16.4	32.2	41.3	47.1	24.0	18.7	5.1	4.3	3.6	11.2	19.6	21.2
Bosch	19,339	Neutral	488.7	640.8	726.6	39.6	30.2	26.6	5.0	4.6	4.2	13.1	15.9	16.5
CEAT	1,450	Buy	43.3	118.1	138.2	33.5	12.3	10.5	1.7	1.5	1.4	5.3	13.3	13.7
Craftsman Auto	3,246	Buy	104.7	177.8	218.3	31.0	18.3	14.9	5.1	4.0	3.2	17.7	24.5	24.0
Eicher Motors	2,950	Buy	104.6	135.7	166.9	28.2	21.7	17.7	5.5	4.5	3.7	20.9	22.8	23.1
Endurance Tech.	1,242	Buy	34.2	49.1	57.5	36.4	25.3	21.6	4.1	3.7	3.3	11.8	15.4	16.1
Escorts Kubota	1,892	Neutral	59.2	70.1	88.3	32.0	27.0	21.4	2.6	2.6	2.4	8.3	10.1	11.6
Exide Inds.	178	Buy	11.2	12.9	15.7	15.9	13.8	11.3	1.3	1.2	1.1	8.4	9.1	10.1
Hero Motocorp	2,347	Buy	139.3	169.0	184.8	16.8	13.9	12.7	2.8	2.7	2.6	17.2	19.9	20.7
Mahindra & Mahindra	1,159	Buy	61.6	77.7	87.0	18.8	14.9	13.3	3.1	2.7	2.3	17.8	19.4	18.7
Mahindra CIE	351	Buy	18.1	22.8	27.0	19.4	15.4	13.0	2.6	2.3	2.0	13.3	15.8	16.5
Maruti Suzuki	8,293	Buy	276.7	351.1	414.9	30.0	23.6	20.0	4.1	3.7	3.3	13.6	15.6	16.4
Motherson Wiring	48	Buy	1.1	1.7	1.9	43.9	28.1	24.9	16.0	11.6	9.2	39.8	47.8	41.1
MRF	84,047	Sell	1,605.3	3,066.4	4,003.7	52.4	27.4	21.0	2.4	2.2	2.0	4.7	8.5	10.2
Samvardhana Motherson	67	Buy	2.0	3.9	4.9	33.2	17.4	13.7	2.1	1.9	1.8	6.5	11.6	13.5
Sona BLW Precis.	413	Neutral	6.6	8.7	10.8	62.7	47.4	38.2	10.6	9.2	7.9	18.0	20.7	22.2
Tata Motors	421	Buy	-5.5	26.1	32.1	-77.1	16.1	13.1	3.6	3.0	2.4	-4.7	20.3	20.4
Tube Investments	2,544	Buy	66.6	81.2	99.0	38.2	31.3	25.7	12.5	9.8	7.8	36.6	35.0	33.7
TVS Motor	1,077	Neutral	30.5	41.4	48.5	35.4	26.0	22.2	8.5	6.6	5.3	26.7	28.6	26.4

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: INR579 | TP: INR615 (+6%)
EPS CHANGE (%): FY24 | 25E: -3 | -4

- Expect healthy revenue growth of 20% YoY, driven by healthy OE demand and ramp-up in industrial segment

- Lead prices increased 10%/1% QoQ in 3Q/4QFY23, impacting overall gross margin in 4Q. Expect further impact in 1QFY24.

Quarterly Performance

Y/E March (INR m)	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Net Sales	18,859	22,642	23,651	21,807	26,200	26,995	26,372	26,228	86,958	1,05,795
YoY Change (%)	63.8	17.0	20.7	3.7	38.9	19.2	11.5	20.3	21.6	21.7
RM Cost (% of sales)	68.9	70.1	70.3	72.1	73.4	69.5	66.6	66.8	70.4	69.1
Staff Cost (% of sales)	6.3	5.8	5.5	5.5	5.1	5.6	6.1	6.2	5.7	5.8
Other Exp (% of sales)	11.6	12.2	12.3	12.3	11.5	11.6	12.2	12.5	12.1	12.0
EBITDA	2,499	2,689	2,840	2,199	2,609	3,602	3,969	3,785	10,226	13,965
Margins (%)	13.2	11.9	12.0	10.1	10.0	13.3	15.0	14.4	11.8	13.2
Depreciation	963	986	1,021	987	963	1,019	1,145	1,172	3,957	4,299
Interest	32	36	38	46	46	54	58	67	151	225
Other Income	166	264	190	160	170	237	261	258	780	925
PBT after EO	1,670	1,932	1,971	1,325	1,770	2,765	3,026	2,805	6,898	10,366
Tax	431	491	524	340	455	744	798	744	1,786	2,740
Tax Rate (%)	25.8	25.4	26.6	25.6	25.7	26.9	26.4	26.5	25.9	26.4
Adj PAT	1,239	1,441	1,447	985	1,315	2,022	2,228	2,061	5,113	7,625
YoY Change (%)	97.7	-28.5	-25.1	-48.0	6.1	40.3	54.0	109.2	-21.0	49.2

Apollo Tyres

Buy
CMP: INR320 | TP: INR400 (+25%)
EPS CHANGE (%): FY24 | 25E: 1 | -3

- Revenue growth should be led by healthy OEM demand in 4QFY23, followed by a sequential recovery in replacement and price hikes.

- The RM basket declined during the quarter. This coupled with price hikes should result in EBITDA margin expansion of 120bp QoQ to 15.4%. EU business margin is likely to expand 20bp QoQ.

Consolidated - Quarterly Earning Model

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Net Revenues	45,845	50,773	57,075	55,783	59,420	59,560	64,228	63,223	2,09,476	2,46,431
YoY Change (%)	59.1	18.2	12.4	11.0	29.6	17.3	12.5	13.3	21.2	17.6
Total Expenditure	40,177	44,393	49,645	49,520	52,522	52,440	55,094	53,490	1,83,735	2,13,546
EBITDA	5,668	6,380	7,429	6,264	6,898	7,120	9,134	9,733	25,741	32,885
Margins (%)	12.4	12.6	13.0	11.2	11.6	12.0	14.2	15.4	12.3	13.3
Depreciation	3,404	3,397	3,443	3,753	3,437	3,485	3,544	3,769	13,997	14,236
Interest	1,046	1,036	1,083	1,279	1,182	1,320	1,420	1,465	4,444	5,387
Other Income	405	289	170	372	106	69	67	95	1,235	337
PBT before EO expense	1,623	2,236	3,073	1,603	2,384	2,383	4,237	4,594	8,535	13,599
Extra-Ord expense	9	44	5	0	0	0	0	0	59	0
PBT	1,613	2,192	3,068	1,603	2,384	2,383	4,237	4,594	8,476	13,599
Rate (%)	20.8	20.7	27.2	29.2	20.0	18.5	31.1	26.4	24.7	25.3
Reported PAT	1,278	1,738	2,235	1,136	1,907	1,945	2,921	3,382	6,387	10,154
Adj PAT	1,285	1,766	2,239	1,136	1,907	1,945	2,921	3,382	6,432	10,154
YoY Change (%)	-195.5	37.2	-40.4	-60.6	48.4	10.1	30.5	197.8	-2.2	57.9

Ashok Leyland**Buy****CMP: INR139 | TP: INR175 (+26%)****EPS CHANGE (%): FY24 | 25E: -2 | -6**

- MHCV volumes witnessed significant traction, driven by strong demand in underlying industries and pre-buying ahead of BS6-II norms.
- Net price realization improved significantly, led by price hikes and moderating discounts during the quarter.
- QoQ margin expansion should be driven by moderating discounts and operating leverage.
- We cut FY25E EPS by 6% to factor in moderating LCV volume growth and margins thereby.

Quarterly Performance (S/A)**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	17,987	27,543	34,077	48,719	39,651	45,295	47,562	59,697	1,28,326	1,92,205
Growth %	371.6	41.7	2.0	10.6	120.4	64.5	39.6	22.5	27.4	49.8
Realizations (INR '000)	1,641	1,619	1,624	1,795	1,822	1,825	1,899	1,987	1,690	1,893
Change (%)	-3.9	10.9	12.7	13.0	11.0	12.8	16.9	10.7	11.2	12.0
Net operating revenues	29,510	44,579	55,352	87,443	72,229	82,660	90,297	1,18,638	2,16,883	3,63,822
Change (%)	353.4	57.2	15.0	24.9	144.8	85.4	63.1	35.7	41.7	67.8
RM/sales %	74.1	76.7	77.9	78.2	79.3	78.0	76.3	76.4	77.3	77.3
Staff/sales %	14.4	9.0	7.8	5.0	6.2	6.4	6.1	4.9	7.8	5.8
Other exp/sales %	16.2	11.3	10.2	7.9	10.1	9.1	8.8	8.5	10.3	9.0
EBITDA	-1,401	1,347	2,239	7,760	3,203	5,373	7,973	12,135	9,945	28,685
EBITDA Margins(%)	-4.7	3.0	4.0	8.9	4.4	6.5	8.8	10.2	4.6	7.9
Interest	707	871	668	765	689	771	804	831	3,011	3,094
Other Income	134	209	176	242	256	200	316	298	761	1,070
Depreciation	1,835	1,843	1,897	1,954	1,824	1,768	1,890	1,903	7,528	7,384
PBT before EO Item	-3,809	-1,157	-149	5,284	946	3,035	5,596	9,699	168	19,277
EO Exp/(Inc)	17	-2	-420	-4,703	-130	-82	-69	0	-5,108	-282
PBT after EO	-3,826	-1,155	271	9,987	1,077	3,117	5,665	9,699	5,276	19,558
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	36.8	36.1	36.2	35.8	-2.7	36.0
Adj PAT	-2,806	-832	-374	4,184	597	1,940	3,569	6,230	172	12,337
Change (%)	-27.6	-42.7	-338.6	96.7	-121.3	-333.1	-1,054.5	48.9	-105.7	7,059.3

Bajaj Auto**Neutral****CMP: INR3,884 | TP: INR4,050 (+4%)****EPS CHANGE (%): FY24 | 25E: -5 | -5**

- 2W domestic volumes expected to grow 15% YoY, while 2W export volumes to decline 38% YoY.
- Export demand continues to be impacted by availability and devaluation of FX in end markets.
- Margin to contract QoQ impacted by operating deleverage despite price hikes and favorable FX.
- FY24/25E EPS downgrade due to a slower-than-expected recovery in both domestic and exports demand.

Quarterly Performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	983	848	4,308	3,916
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	0.6	-16.8	-13.2	8.4	(9.1)
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	88,642	94,736	96,817	76,601	91,250
Growth YoY (%)	5.6	10.9	12.0	11.1	16.8	17.7	24.1	18.6	9.7	19.1
Net Sales	73,860	86,206	90,217	79,748	80,050	1,02,028	93,151	82,115	3,30,032	3,57,344
Change (%)	139.9	20.5	1.3	-7.2	8.4	18.4	3.3	3.0	19.0	8.3
RM/Sales %	73.0	74.9	74.7	71.9	72.2	73.4	70.6	70.2	73.7	71.7
Staff cost/Sales %	4.9	4.1	3.8	3.8	4.7	3.5	3.8	4.4	4.1	4.0
Oth. Exp./Sales %	6.9	6.5	6.3	7.1	6.9	6.0	6.6	6.7	6.7	6.5
EBITDA	11,198	12,596	13,721	13,656	12,970	17,587	17,768	15,417	51,171	63,743
EBITDA Margins (%)	15.2	14.6	15.2	17.1	16.2	17.2	19.1	18.8	15.5	17.8
Other Income	3,293	3,183	2,728	2,889	3,193	3,332	2,691	2,794	12,092	12,010
Extraordinary Inc	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	109	85	88	87	325
Depreciation	641	656	698	697	673	670	740	745	2,692	2,828
PBT after EO	13,827	16,521	15,733	18,972	15,447	20,140	19,635	17,379	65,054	72,601
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	23.7	22.8	24.0
Adj. PAT	10,612	11,653	12,142	12,257	11,733	15,300	14,914	13,253	46,665	55,200
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	31.3	22.8	8.1	2.5	18.3

Balkrishna Industries**Neutral****CMP: INR1,952 | TP: INR2,030 (+4%)****EPS CHANGE (%): FY24 | 25E: -2 | -4**

- Revenue is expected to decline 2.5% YoY, hit by a 7% YoY decline in tonnage partly due to high channel inventory, partially offset by 5% YoY growth in realizations.
- Gross margin should continue to improve, led by softening RM costs and price hikes.
- While operating cost inflation has started stabilizing, the full recovery is yet to commence.

Quarterly Earning Model (Standalone)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes (Ton)	68,608	72,748	70,320	77,119	83,153	78,872	66,480	71,593	2,88,795	3,00,098
YoY Change (%)	80.1	18.8	17.6	13.4	21.2	8.4	-5.5	-7.2	27.1	3.9
Realizations (INR '000/ton)	266.5	285.9	295.6	315.3	327.9	355.8	333.2	331.3	291.5	337.2
YoY Change (%)	7.8	12.8	18.2	22.5	23.0	24.5	12.7	5.1	15.4	15.7
Net Revenues	18,281	20,798	20,790	24,319	27,263	28,063	22,153	23,717	84,187	1,01,196
YoY Change (%)	94.1	34.0	38.9	39.0	49.1	34.9	6.6	-2.5	46.7	20.2
EBITDA	5,339	5,642	5,064	5,763	5,470	5,640	4,233	4,978	21,817	20,321
Margins (%)	29.2	27.1	24.4	23.7	20.1	20.1	19.1	21.0	25.9	20.1
Depreciation	1,041	1,085	1,145	1,167	1,262	1,341	1,449	1,464	4,438	5,516
Interest	21	18	18	21	27	43	136	97	79	303
Forex loss/(gain)	-170	-270	-170	210	-260	-490	1,660	250	-390	1,160
Other Income	400	620	310	520	-150	580	430	526	1,850	1,386
PBT before EI	4,847	5,429	4,381	4,884	4,290	5,327	1,417	3,694	19,541	14,728
Extra-Ord expense	357	299	0	-40	0	0	0	0	615	0
PBT	4,490	5,131	4,381	4,924	4,290	5,327	1,417	3,694	18,926	14,728
Rate (%)	26.2	26.4	25.1	24.1	25.4	24.1	29.8	26.1	25.5	25.5
Reported PAT	3,312	3,775	3,280	3,737	3,199	4,043	995	2,731	14,103	10,969
Adj PAT	3,575	3,994	3,280	3,707	3,199	4,043	995	2,731	14,562	10,969
YoY Change (%)	193.0	17.4	1.8	-0.4	-10.5	1.2	-69.7	-26.3	26.1	-24.7

Bharat Forge**Buy****CMP: INR770 | TP: INR1032 (+34%)****EPS CHANGE (%): FY24 | 25E: -2 | -2**

- Continued traction in global CV demand and recovery in global PVs and industrials are driving strong growth on the low base.
- The non-auto business across both domestic and exports to remain stable.
- Softening RM cost inflation and other operating expenses should drive margin expansion by 50bp QoQ in 4QFY23.

S/A Quarterly**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Tonnage	53,512	57,094	53,365	57,543	57,915	61,149	62,755	65,723	2,21,514	2,47,542
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	17.6	14.2	33.9	11.8
Realization (INR '000/ton)	256.4	279.5	300.2	290.9	303.8	304.8	311.1	311.2	281.9	307.9
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	3.6	7.0	27.7	9.2
Net operating income	13,718	15,956	16,021	16,741	17,594	18,639	19,521	20,456	62,436	76,210
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	21.8	22.2	71.0	22.1
EBITDA	3,910	4,437	4,034	4,307	4,600	4,522	4,936	5,279	16,687	19,337
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.3	25.8	26.7	25.4
Non-Operating Income	333	322	358	662	259	477	377	436	1,675	1,550
Interest	406	142	118	407	263	357	849	536	1,073	2,005
Depreciation	1019	1026	1031	1042	1064	1066	1079	1093	4,118	4,301
Fx loss/(gain)	-4	-307	-45	-4	250	-8	-415	0	-360	-174
PBT after EO items	2,206	4,009	4,247	3,499	3,252	3,579	3,844	4,086	13,959	14,760
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.1	24.8	25.5	22.8	25.1
Rep. PAT	1,667	3,118	3,374	2,620	2,436	2,681	2,892	3,046	10,778	11,055
Change (%)	-396.0	343.9	263.9	27.5	46.2	-14.0	-14.3	16.3	245.4	2.6
Adj. PAT	2,143	3,033	2,633	2,639	2,459	2,686	2,860	3,046	10,448	11,050
Change (%)	-480.6	318.7	172.0	28.1	14.8	-11.5	8.6	15.4	227.5	5.8

Bosch**Neutral****CMP: INR19,339 | TP: INR18,200 (-6%)****EPS CHANGE (%): FY24|25E: -1|-**

- Strong revenue growth led by healthy demand in CV and stable growth in tractor segment along with easing supply chain bottlenecks.
- EBITDA margin likely to expand driven by operating leverage and cost control. We believe benefits of localization to start flowing in from 1QFY24.

Quarterly performance (S/A)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	24,435	29,180	31,091	33,110	35,444	36,616	36,599	38,102	1,17,816	1,46,761
YoY Change (%)	146.4	17.7	2.6	2.9	45.1	25.5	17.7	15.1	21.2	24.6
RM Cost (% of sales)	58.9	62.8	60.8	64.6	64.6	64.9	60.0	63.5	61.9	63.3
Staff Cost (% of sales)	11.1	8.7	9.4	7.7	7.6	7.5	7.4	7.2	9.1	7.5
Other Expenses (% of sales)	17.5	16.3	18.3	14.5	15.0	15.8	21.6	14.7	16.6	16.8
EBITDA	3,066	3,575	3,575	4,354	4,495	4,311	4,037	5,535	14,570	18,378
Margins (%)	12.5	12.3	11.5	13.2	12.7	11.8	11.0	14.5	12.4	12.5
Depreciation	671	829	851	892	648	919	1,083	1,122	3,243	3,772
Interest	32	15	169	73	36	19	20	55	289	130
Other Income	990	1,244	803	926	566	1,497	1,312	1,175	3,963	4,550
PBT before EO expense	3,353	3,975	3,359	4,315	4,377	4,870	4,246	5,533	15,001	19,026
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	4,870	4,246	5,533	15,001	19,026
Tax	756	255	1,009	809	1,035	1,146	1,057	1,376	2,829	4,614
Tax Rate (%)	22.5	6.4	30.0	18.7	23.6	23.5	24.9	24.9	18.9	24.3
Reported PAT	2,598	3,720	2,350	3,506	3,342	3,724	3,189	4,157	12,172	14,412
Adj PAT	2,598	3,720	2,350	3,506	3,342	3,724	3,189	4,157	12,172	14,412
YoY Change (%)	390.4	33.5	-24.6	1.4	28.7	0.1	35.7	18.6	23.1	18.4

Ceat**Buy****CMP: INR1,450 | TP: INR1,800 (+24%)****EPS CHANGE (%): FY24|25E: -1|-9**

- Healthy OEM demand, sequential recovery in replacement and price hikes to result in strong revenue growth.
- RM basket during the quarter declined ~4% QoQ. This coupled with price hikes should result in EBITDA margin expansion during the quarter.
- Ramp-up at new TBR/PCR plant to support domestic and export volumes.
- We cut FY25E EPS by 9% to factor in a weaker recovery in domestic 2W volumes, moderating growth in PVs and increase in RM prices.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	19,064	24,518	24,133	25,920	28,184	28,945	27,272	29,031	93,634	1,13,432
YoY Change (%)	70.2	23.9	8.6	13.2	47.8	18.1	13.0	12.0	23.0	21.1
RM cost (%)	61.1	63.1	66.0	66.5	68.3	67.5	65.5	64.0	64.4	66.3
Employee cost (%)	9.3	7.0	7.1	6.6	6.1	5.8	6.7	6.6	7.4	6.3
Other expenses (%)	20.9	20.9	21.3	19.7	19.7	19.7	19.2	19.0	20.6	19.4
EBITDA	1,662	2,203	1,341	1,875	1,653	2,031	2,376	3,037	7,098	9,097
Margins (%)	8.7	9.0	5.6	7.2	5.9	7.0	8.7	10.5	7.6	8.0
Depreciation	965	1,206	1,086	1,096	1,114	1,151	1,175	1,180	4,352	4,620
Interest	460	496	548	566	521	577	657	660	2,070	2,415
Other Income	39	28	32	33	28	98	20	35	114	180
PBT before EO expense	276	529	-260	246	45	401	565	1,232	790	2,242
Exceptional item	0	5	65	59	7	237	5	0	129	249
PBT	276	524	-326	187	38	164	560	1,232	661	1,994
Tax Rate (%)	41.8	29.2	10.7	5.2	31.0	64.6	26.7	31.7	36.7	33.0
Minority Int. & Profit of Asso. Cos.	-79	-49	-91	-75	-67	-20	57	-220	-294	-250
Reported PAT	240	420	-200	253	92	78	354	1,061	712	1,586
Adj PAT	240	423	-159	290	97	237	357	1,061	794	1,752
YoY Change (%)	-255	-77	-111	-81	-59	-44	-325	266	-83	121

Craftsman Auto**Buy****CMP: INR2,819 | TP: INR3,925 (+39%)****EPS CHANGE (%): FY24 | 25E: - | -**

- Strong CV demand and stable recovery in other segments should drive ~21% YoY growth in revenue.
- While RM headwinds such as rising aluminium prices (+3% QoQ each in 3Q/4QFY23) to hurt gross margins, benefits of operating leverage should drive EBITDA margin expansion of 30bp QoQ.
- We are not yet factoring in DR Axion in our quarterly estimates.

S/A Quarterly**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net operating income	4,317	5,688	5,516	6,544	6,758	7,713	7,476	7,915	22,064	29,862
Change (%)	170.8	55.1	13.7	22.3	56.6	35.6	35.5	21.0	42.7	35.3
Total Cost	3,258	4,261	4,247	5,006	5,124	6,012	5,895	6,214	16,771	23,244
RM/Sales (%)	44.7	46.2	45.8	49.3	47.8	51.2	50.5	51.0	46.7	50.2
Staff Cost (% of Sales)	9.2	8.3	9.6	7.0	8.4	7.4	7.7	7.3	8.4	7.7
Other Exp. (% of Sales)	21.5	20.4	21.6	20.2	19.6	19.3	20.6	20.2	20.9	20.0
EBITDA	1,059	1,428	1,269	1,538	1,634	1,701	1,581	1,701	5,293	6,618
EBITDA Margins (%)	24.5	25.1	23.0	23.5	24.2	22.1	21.2	21.5	24.0	22.2
Non-Operating Income	11	9	20	53	13	17	46	37	93	114
Interest	225	178	202	238	254	233	296	361	842	1145
Depreciation	494	500	521	545	532	547	538	549	2060	2165
PBT after EO items	351	759	566	808	861	939	794	829	2,484	3,422
Eff. Tax Rate (%)	34.9	34.9	35.0	36.4	35.5	35.4	35.4	35.2	35.4	35.4
Rep. PAT	228	494	368	514	556	606	512	537	1,605	2,211
Adj. PAT	228	494	368	514	556	606	512	537	1,605	2,211
Change (%)	-234.1	97.8	-12.3	9.8	143.3	22.7	39.1	4.4	65.8	37.8

Eicher Motors**Buy****CMP: INR2,950 | TP: INR3,550 (+20%)****EPS CHANGE (%): FY24 | 25E: 1 | -2**

- RE volumes grew ~18% YoY in 4QFY23, led by continued traction in Hunter and easing chip shortages. However, export volume grew just ~4% YoY.
- Softening RM prices and price hikes to result in EBITDA margin expansion by 50bp QoQ.
- VECV margins likely to improve led by higher CV volumes and moderating discounts.

Quarterly performance (Consolidated)

(INR Million)	FY22				FY23E				FY22	FY23E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Operating income	19,743	22,496	28,807	31,933	33,975	35,194	37,210	37,604	1,02,978	1,43,983
Growth (%)	141.3	5.4	1.9	8.6	72.1	56.4	29.2	17.8	18.1	39.8
EBITDA	3,630	4,699	5,824	7,571	8,311	8,216	8,572	8,833	21,723	33,932
EBITDA Margins (%)	18.4	20.9	20.2	23.7	24.5	23.3	23.0	23.5	21.1	23.6
PAT	2,765	3,634	4,202	5,564	5,769	6,127	6,770	6,822	16,165	25,488
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-338	-441	-639	-1,701	-602	-3,119
Recurring PAT	2,371	3,732	4,561	6,101	6,107	6,569	7,408	8,523	16,766	28,606
Growth (%)	-529.8	8.7	-14.4	8.3	157.5	76.0	62.4	39.7	21.2	70.6
Standalone (Royal Enfield)										
Royal Enfield ('000 units)	124	123	170	186	187	208	221	219	602	835
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	68.3	30.6	17.7	-1.6	38.6
Net Realn (INR '000/unit)	154.3	176.8	167.4	172.1	173.5	163.5	162.2	165.0	168.1	165.8
Change - YoY (%)	14.9	25.3	19.2	20.5	12.4	-7.5	-3.1	-4.1	19.4	-1.4
Net operating income	19,078	21,819	28,385	31,947	32,479	33,972	35,902	36,053	1,01,229	1,38,405
Growth (%)	148.0	2.8	1.2	9.3	70.2	55.7	26.5	12.9	17.4	36.7
EBITDA	3,345	4,427	5,814	7,550	7,882	8,036	8,569	8,768	21,136	33,255
EBITDA Margins (%)	17.5	20.3	20.5	23.6	24.3	23.7	23.9	24.3	20.9	24.0

Endurance Technologies

Buy

CMP: INR1,242 | TP: INR1,550 (+25%)

EPS CHANGE (%): FY24 | 25E: -8 | -8

- India business to benefit from 2W industry volume growth in 4Q, while EU business is recovering driven by improving supply chain situation and low base.
- We cut FY24/25E EPS by 8% each to factor in a subdued recovery in domestic 2W market, especially for its key customer, and increasing RM prices (both aluminium and steel) in 4Q.
- Expect QoQ EBITDA margin expansion driven by steel price correction (~32% of mix in India) in 4Q.

Consolidated - Quarterly

Y/E March	FY22				FY23E				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	16,937	18,876	18,891	20,788	21,138	23,606	20,952	22,012	75,491	87,709
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	25.1	10.9	5.9	15.8	16.2
RM Cost (% of sales)	53.8	58.6	60.8	60.4	60.4	62.3	59.9	59.2	58.6	60.5
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.8	7.4	9.2	8.6	9.2	8.5
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.4	18.8	19.4	20.1	19.5	19.4
EBITDA	2,443	2,600	2,032	2,571	2,398	2,716	2,395	2,664	9,646	10,173
Margins (%)	14.4	13.8	10.8	12.4	11.3	11.5	11.4	12.1	12.8	11.6
Depreciation	983	940	914	981	991	993	1,016	1,029	3,817	4,029
Interest	15	18	14	17	19	61	46	53	64	179
Other Income	127	82	75	127	47	84	115	126	410	373
PBT before EO expense	1,573	1,724	1,179	1,700	1,434	1,747	1,448	1,709	6,176	6,338
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	1,747	1,448	1,709	5,861	6,235
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	24.7	25.3	24.2	21.4	24.2
Rep. PAT	966	1,333	946	1,362	1,034	1,315	1,082	1,295	4,608	4,726
Adj. PAT	1,213	1,333	946	1,362	1,112	1,315	1,082	1,295	4,855	4,804
YoY Change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	-1.4	14.4	-4.9	-4.1	-1.1

Escorts

Neutral

CMP: INR1,892 | TP: INR1,765 (-7%)

EPS CHANGE (%): FY24 | 25E: -6 | -7

- 4Q witnessed strong growth in tractor volumes, led by healthy farm sentiments in the first half of the quarter and traction during the Navratri festival.
- Favorable RM costs should drive EBITDA margin expansion sequentially in 4QFY23. However, the rise in RM prices in 4QFY23 should impact margins in the coming quarters.
- Cut in EPS est by 6%/7% factors in for moderating tractor growth cycle and increasing RM prices.

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	16,715	16,788	19,575	18,696	20,149	18,835	22,637	21,985	71,774	83,605
YoY Change (%)	57.4	2.4	-3.0	-15.4	20.5	12.2	15.6	17.6	3.6	16.5
Total Expenditure	14,383	14,522	16,929	16,181	18,133	17,308	20,733	19,990	62,014	76,164
EBITDA	2,332	2,267	2,646	2,515	2,016	1,527	1,903	1,995	9,760	7,441
Margins (%)	14.0	13.5	13.5	13.5	10.0	8.1	8.4	9.1	13.6	8.9
Depreciation	314	329	325	330	364	365	376	383	1,298	1,487
Interest	30	36	33	29	26	23	26	25	127	100
Other Income	472	473	400	538	354	776	913	799	1,883	2,842
PBT	2,461	2,374	2,688	2,695	1,981	1,187	2,414	2,386	10,219	7,968
Rate (%)	24.8	25.6	25.0	25.0	25.6	26.1	22.8	25.4	25.1	24.8
Adj. PAT	1,852	1,767	2,015	2,022	1,475	1,424	1,864	1,779	7,656	6,541
YoY Change (%)	101.0	-23.1	-28.2	-25.5	-20.4	-19.4	-7.5	-12.0	-12.4	-14.6

Exide Industries

Buy

CMP: INR178 | TP: INR220 (+24%)

EPS CHANGE (%): FY24|25E: -1|-

- Healthy revenue growth driven by strong demand in underlying domestic auto segments and ramp-up in industrials activities.
- A 10% increase in lead prices in 3QFY23 should result in a 100bp decline in gross margin. This should partially offset operating leverage benefits, resulting in flat margins in 4QFY23 (-10bp QoQ).
- Further increase in RM prices in 4Q/spot by 1% each to result in higher RM costs in 1Q.

S/A Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	24,864	32,900	31,967	34,086	38,994	37,189	34,053	36,909	1,23,817	1,47,145
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	6.5	8.3	23.3	18.8
Gross operating income	24,864	32,900	31,967	34,086	38,994	37,189	34,053	36,909	1,23,817	1,47,145
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	6.5	8.3	23.3	18.8
RM(%)	68.5	67.2	69.0	72.0	72.1	69.5	67.8	68.8	69.3	69.6
Employee cost (%)	7.4	6.5	6.4	5.6	5.5	5.9	6.2	5.9	6.4	5.9
Other Exp(%)	13.6	13.8	13.0	12.2	12.5	13.5	14.2	13.7	13.1	13.5
Total Cost	22,258	28,767	28,240	30,596	35,127	33,065	30,048	32,591	1,09,861	1,30,831
EBITDA	2,606	4,134	3,726	3,490	3,866	4,124	4,005	4,318	13,956	16,314
EBITDA Margin(%)	10.5	12.6	11.7	10.2	9.9	11.1	11.8	11.7	11.3	11.1
Change (%)	75.5	5.4	-7.5	-15.4	48.4	-0.2	7.5	23.7	3.0	16.9
Non-Operating Income	152	109	150	392	322	356	234	266	803	1,178
Interest	109	86	83	106	64	62	80	75	384	280
Depreciation	1,009	1,012	1,041	1,065	1,091	1,120	1,151	1,142	4,126	4,504
PBT after EO Exp	1,640	3,145	2,753	49,649	3,034	3,298	3,008	3,368	57,186	12,709
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.4	25.3	25.8	24.7	18.1	25.3
Adj. PAT	1,254	2,344	2,041	2,755	2,263	2,462	2,232	2,536	8,394	9,493
Change (%)	185.4	2.4	-15.5	12.9	80.5	5.1	9.3	-8.0	10.7	13.1

Hero MotoCorp

Buy

CMP: INR2,347 | TP: INR2,840 (+21%)

EPS CHANGE (%): FY24|25E: -3 |-5

- Volumes grew 7% YoY, driven by a healthy recovery in urban demand, traction during the Navratri festival and channel filling ahead of BS6-II norms.
- While price hikes largely offset the impact of cost pressures, operating leverage should help drive EBITDA margin sequentially during 4QFY23.

Quarterly Performance (S/A)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes ('000 nos)	1,024	1,439	1,292	1,189	1,390	1,428	1,240	1,270	4,944	5,329
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	-4.1	6.9	-14.6	7.8
Net Realization	53,559	58,760	61,010	62,425	60,370	63,545	64,782	64,347	59,152	63,196
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	8.1	6.2	3.1	11.2	6.8
Net Op Revenues	54,871	84,534	78,833	74,217	83,925	90,754	80,310	81,752	2,92,455	3,36,741
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	1.9	10.2	-5.0	15.1
RM Cost (% sales)	72.5	72.3	71.0	69.3	72.8	72.0	69.4	69.5	71.2	71.0
Staff Cost (% sales)	7.9	6.0	6.6	6.4	6.4	6.0	6.8	6.8	6.6	6.5
Other Exp (% sales)	10.2	9.1	10.3	13.1	9.6	10.6	12.3	11.7	10.6	11.0
EBITDA	5,148	10,664	9,600	8,276	9,408	10,383	9,241	9,845	33,688	38,877
EBITDA Margins (%)	9.4	12.6	12.2	11.2	11.2	11.4	11.5	12.0	11.5	11.5
Other Income	1,386	1,569	1,216	1,398	530	921	1,832	1,628	5,569	4,910
Interest	61	65	65	67	70	33	49	48	258	200
Depreciation	1,630	1,639	1,644	1,585	1,630	1,634	1,620	1,656	6,498	6,539
PBT before EO Exp/(Inc)	4,844	10,529	9,107	8,022	8,238	9,637	9,404	9,769	32,501	37,048
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	25.7	24.4	24.5	23.9	24.7
Adj. PAT	3,654	7,944	6,861	6,271	6,245	7,161	7,111	7,374	24,730	27,891
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-9.9	3.6	17.6	-16.6	12.8

MRF**Sell****CMP: INR84,047 | TP: INR72,000 (-14%)****EPS CHANGE (%): FY24|25E: -2 |-3**

- Strong revenue growth on low base, along with traction in underlying OE segments, replacement demand recovery and price hikes.
- Decline in RM basket during the quarter and operating leverage to drive EBITDA margin expansion during the quarter.

S/A - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	41,277	48,317	48,299	52,003	55,989	57,190	55,349	58,270	1,89,895	2,26,799
YoY Change (%)	69.8	15.4	5.8	9.8	35.6	18.4	14.6	12.1	19.3	19.4
Total Expenditure	36,405	43,194	43,442	46,728	51,207	52,517	49,863	51,349	1,69,769	2,04,936
EBITDA	4,872	5,122	4,856	5,275	4,783	4,673	5,486	6,921	20,126	21,863
Margins (%)	11.8	10.6	10.1	10.1	8.5	8.2	9.9	11.9	10.6	9.6
Depreciation	3,007	2,958	2,946	3,103	2,969	3,083	3,149	3,164	12,014	12,366
Interest	621	566	628	656	635	704	802	791	2,470	2,932
Other Income	924	887	690	649	341	764	700	736	3,149	2,540
PBT before EO expense	2,168	2,485	1,973	2,165	1,519	1,650	2,235	3,702	8,791	9,105
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,168	2,485	1,973	2,165	1,519	1,650	2,235	3,702	8,791	9,105
Tax	555	652	514	598	395	410	543	951	2,318	2,299
Rate (%)	25.6	26.2	26.1	27.6	26.0	24.9	24.3	25.7	26.4	25.3
Adj PAT	1,613	1,834	1,458	1,568	1,123	1,240	1,692	2,751	6,473	6,806
YoY Change (%)	845.8	-54.5	-71.5	-50.6	-30.4	-32.4	16.0	75.5	-48.2	5.1

Mahindra & Mahindra**Buy****CMP: INR1,159 | TP: INR1,475 (+27%)****EPS CHANGE (%): FY24|25E: -1 |-2**

- Strong volume growth in both autos (improving supply chain) and tractor volumes (healthy farm sentiments in first half of the quarter and Navratri festival).
- A sequential decline in EBITDA margin by ~60bp likely due to weak mix (lower FES contribution) and increasing RM prices. EBIT margin is likely to expand 60bp QoQ to 7.3% for Auto, while it should contract by 20bp QoQ to 16.4% for FES.

Qty (incl MVML)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,73,223	2,81,859	2,78,948	8,20,248	11,05,375
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	31.6	21.9	16.1	34.8
Net Realization	6,29,763	6,98,078	7,16,796	7,53,451	7,25,262	7,68,974	7,68,247	7,96,915	7,04,506	7,65,520
Growth YoY (%)	7.4	12.2	15.0	14.1	15.2	10.2	7.2	5.8	12.0	8.7
Net Op. Income	1,17,628	1,33,054	1,53,491	1,72,378	1,97,250	2,10,101	2,16,537	2,22,298	5,77,869	8,46,187
Growth YoY (%)	110.4	15.5	9.9	29.1	67.7	57.9	41.1	29.0	29.9	46.4
RM Cost (% of sales)	69.6	72.8	74.7	76.3	76.6	76.5	76.0	76.1	73.7	76.3
Staff (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.3	5.8	4.3
Oth. Exp. (% of Sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	7.1	8.4	7.1
EBITDA	16,317	16,598	18,027	19,362	23,335	24,973	28,142	27,605	70,275	1,04,055
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	12.4	12.2	12.3
Other income	2,052	11,048	5,173	2,298	2,279	13,134	6,700	2,131	20,538	24,244
Interest	714	425	540	562	703	641	686	677	2,262	2,707
Depreciation	5,586	5,807	6,447	6,932	6,955	7,913	8,292	8,406	24,984	31,566
EO Income/(Exp)	-785	-2,550	0	1,248	-410	-2,479	-6,289	0	-2,087	-9,177
PBT after EO	11,284	18,865	16,213	15,414	17,547	27,074	19,576	20,653	61,480	84,850
Effective Tax Rate (%)	24.2	24.1	17.6	17.7	20.0	23.6	21.9	23.7	20.8	22.5
Reported PAT	8,556	14,317	13,354	12,685	14,036	20,680	15,281	15,762	48,699	65,759
Adj PAT	9,340	16,870	13,350	11,670	14,270	23,380	20,290	15,762	51,440	73,702
Change (%)	2,294.9	30.6	-21.8	16.9	52.8	38.6	52.0	35.1	26.4	43.3

Mahindra CIE**Buy****CMP: INR351 | TP: INR440 (+26%)****EPS CHANGE (%): CY23|24E: -3|-2**

- Strong growth in India business led by sharp volume growth for its key customers (MM & TTMT). It will also benefit from global supply chain recovery.
- Softening RM costs, along with the cost cutting initiatives in both India and EU, to support margin.

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

(INR m)	CY22				CY23E				CY22	CY23E
Y/E December	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	25,709	27,072	22,294	22,468	24,401	24,699	25,695	25,742	87,530	1,00,537
YoY Change (%)	17.4	32.5	6.6	34.6	-5.1	-8.8	15.3	14.6	29.4	14.9
EBITDA	2,794	3,044	2,934	2,924	3,444	3,549	3,698	3,645	11,720	14,335
Margins (%)	10.9	11.2	13.2	13.0	14.1	14.4	14.4	14.2	13.4	14.3
Depreciation	866	893	731	767	800	803	805	816	2,962	3,224
Interest	85	44	109	79	75	80	80	84	227	319
Other Income	282	357	134	244	160	150	150	170	583	630
Share of profit from associates	4	11	3	4	0	0	0	0	22	25
PBT before EO expense	2,126	2,464	2,229	2,321	2,729	2,816	2,963	2,914	9,114	11,422
EO Exp/(Inc)	0	0	-38	-379	0	0	0	0	-379	0
PBT after EO exp	2,126	2,464	2,267	2,700	2,729	2,816	2,963	2,914	9,492	11,422
Tax Rate (%)	24.3	23.8	24.5	28.0	31.4	31.4	31.4	5.8	25.3	24.9
Adj. PAT	1,614	1,889	1,685	1,662	1,872	1,931	2,032	2,745	6,828	8,605
YoY Change (%)	5.8	38.7	13.0	96.3	16.0	2.3	20.6	65.1	69.2	26.0

Maruti Suzuki**Buy****CMP: INR8,293 | TP: INR10,400 (+25%)****EPS CHANGE (%): FY24|25E: -4|-5**

- Easing of supply chain constraints, combined with traction for new model launches and healthy demand during festivals, aided volume growth.
- EBITDA margin likely to expand ~110bp QoQ to 10.9%, led by benefits of lower RM costs and operating leverage.
- However, initial signs of demand moderation and increase in supply challenges of late can act as near term headwinds for the coming quarters.

S/A Qty Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE		
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	465.9	514.9	1,652.5	1,966.2
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	8.2	5.4	13.3	19.0
Realizations (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,78,490	6,23,387	6,44,134	5,34,324	6,03,424
Change (%)	-6.3	13.5	14.1	12.2	12.7	6.9	15.5	17.7	10.8	12.9
Net operating revenues	1,77,707	2,05,389	2,32,460	2,67,400	2,64,998	2,99,308	2,90,443	3,31,682	8,82,956	11,86,431
Change (%)	332.7	9.6	-0.9	11.3	49.1	45.7	24.9	24.0	25.5	34.4
RM Cost (% of sales)	74.8	75.8	75.3	73.5	74.6	73.1	72.7	72.4	74.8	73.1
Staff Cost (% of sales)	6.0	4.7	4.2	3.8	4.4	3.8	4.1	3.7	4.6	4.0
Other Cost (% of sales)	14.6	15.3	13.8	13.5	13.8	13.9	13.4	13.1	14.2	13.5
EBITDA	8,211	8,549	15,590	24,268	19,121	27,689	28,331	36,097	57,012	1,11,238
EBITDA Margins (%)	4.6	4.2	6.7	9.1	7.2	9.3	9.8	10.9	6.5	9.4
Depreciation	7,432	7,561	6,400	6,472	6,514	7,226	7,101	7,171	27,865	28,012
EBIT	779	988	9,190	17,796	12,607	20,463	21,230	28,926	29,147	83,226
EBIT Margins (%)	0.4	0.5	4.0	6.7	4.8	6.8	7.3	8.7	3.3	7.0
Interest	222	225	252	560	274	305	296	300	1,259	1,175
Non-Operating Income	5,078	5,227	3,280	4,744	885	6,125	8,608	7,313	17,935	22,931
PBT	5,635	5,990	12,218	21,980	13,218	26,283	29,542	35,939	45,823	1,04,982
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	21.6	20.4	21.1	17.8	21.3
Adjusted PAT	4,408	4,753	10,113	18,389	10,128	20,615	23,513	28,365	37,663	82,621
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	333.7	132.5	54.2	-11.0	119.4

Motherson Wiring India

Buy
CMP: INR48 | TP: INR68 (+40%)
EPS CHANGE (%): FY24 | 25E: -6 | -11

- Strong YoY growth driven by 1) easing chip supplies for PVs, 2) strong growth cycle in CVs, and 3) healthy farm sentiments benefitting tractors.
- Increase in copper prices by 6% QoQ in 3QFY23 should dent gross margins.
- However, FX pass-through (comes with a quarter lag) and operating leverage will reflect in 1Q EBITDA margin.
- EPS cut of 6%/11% for FY24/25E reflects moderating growth for PV/tractor segments and rising key commodities costs such as copper (+6% QoQ in 4QFY23).

MSUMI: Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE		
Net Sales	11,139	14,000	14,596	16,615	16,709	18,352	16,868	18,508	56,350	70,437
YoY Change (%)	455.7	29.7	8.3	10.0	50.0	31.1	15.6	11.4	36.2	25.0
RM Cost (% of sales)	64.1	64.4	64.1	63.8	64.9	66.2	64.3	64.5	64.1	65.0
Staff Cost (% of sales)	19.2	16.8	16.4	15.5	16.4	17.3	17.8	16.8	16.8	17.1
Other Expenses (% of sales)	6.9	6.1	5.8	6.1	6.6	6.6	7.3	7.0	6.2	6.9
EBITDA	1,093	1,780	2,002	2,420	2,028	1,808	1,790	2,165	7,303	7,791
Margins (%)	9.8	12.7	13.7	14.6	12.1	9.9	10.6	11.7	13.0	11.1
Depreciation	233	240	230	343	277	295	317	329	1,055	1,218
Interest	76	80	100	20	69	59	65	73	285	265
Other Income	46	80	79	93	77	107	7	89	300	280
PBT before EO expense	830	1,540	1,750	2,150	1,759	1,562	1,415	1,853	6,263	6,588
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	1,562	1,415	1,853	5,609	6,588
Tax Rate (%)	27	26	25	31	28	25	25	25	27	26
Reported PAT	610	1,140	1,320	1,036	1,260	1,165	1,062	1,390	4,107	4,875
Adj PAT	610	1,140	1,320	1,596	1,260	1,165	1,062	1,390	4,670	4,875
YoY Change (%)	-172.6	72.7	9.5	6.0	106.5	2.1	-19.6	-12.9	83.9	4.4

Samvardhana Motherson Sumi

Buy
CMP: INR67 | TP: INR100 (+49%)
EPS CHANGE (%): FY24 | 25E: -2 | -7

- Easing chip shortages and healthy order book globally expected to result in ~25% YoY growth in revenue in 4QFY23.
- Margins to remain stable QoQ due to partial recovery of higher energy prices in SMRPBV and operating leverage.

Quarterly performance (Consol.)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,64,080	1,44,150	1,64,350	1,71,610	1,76,147	1,82,608	2,02,262	2,15,252	6,44,200	7,76,269
YoY Change (%)	0.0	0.0	0.0	0.0	7.4	26.7	23.1	25.4	10.6	20.5
RM Cost (% of sales)	0.0	0.0	0.0	0.0	58.8	58.7	57.0	0.0	0.0	0.0
Staff Cost (% of sales)	0.0	0.0	0.0	0.0	24.3	22.5	22.7	0.0	0.0	0.0
Other Exp (% of sales)	91.7	92.5	92.5	92.9	10.8	11.2	12.5	92.3	92.4	92.7
EBITDA	13,670	10,820	12,320	12,220	10,768	14,031	15,753	16,479	49,030	57,031
Margins (%)	8.3	7.5	7.5	7.1	6.1	7.7	7.8	7.7	7.6	7.3
Depreciation	7,780	7,640	7,600	7,370	7,324	7,487	8,150	8,216	30,390	31,178
Interest	1,208	1,313	1,294	1,612	1,694	1,837	1,494	1,775	5,115	6,800
Other income	1,548	871	1,227	1,412	978	940	1,221	860	4,957	4,000
PBT after EO Expense	6,225	2,738	4,653	4,175	2,729	4,663	7,320	7,348	18,002	22,060
Tax Rate (%)	173.4	350.5	212.8	228.1	34.0	30.3	29.6	30.6	58.1	30.6
Min. Int & Share of profit	70	-630	80	190	389	485	609	517	-290	2,000
Reported PAT	3,140	1,410	2,270	1,220	1,412	2,464	4,539	4,585	8,040	13,001
Adj PAT	3,142	1,410	2,270	1,412	1,412	3,133	4,546	4,585	8,234	13,676
YoY Change (%)	-142.4	-51.7	-65.6	-74.0	-55.1	122.2	100.3	224.7	-22.2	66.1

Sona Comstar**Neutral****CMP: INR413 | TP: INR435 (+5%)****EPS CHANGE (%): FY24 | 25E: -14 | -15**

- Revenue growth YoY driven by execution/ramp-up of new orders and recovery in global PV production.
- However, weak product mix (higher mix of motor segment) and increasing copper prices in 3Q to offset the benefits of operating leverage.
- EPS downgrades to factor in lower-than-expected recovery in global PVs, weak product mix driven by higher revenue from traction motors and rising RM pressure.

Consol. Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net operating revenues	5,007	5,857	4,941	5,500	5,892	6,574	6,850	7,070	21,306	26,385
Change (%)	226.5	52.4	1.0	2.0	17.7	12.2	38.6	28.5	36.0	23.8
EBITDA	1,387	1,544	1,305	1,354	1,425	1,657	1,862	1,917	5,591	6,861
EBITDA Margins (%)	27.7	26.4	26.4	24.6	24.2	25.2	27.2	27.1	26.2	26.0
Depreciation	334	355	357	374	400	429	470	496	1,420	1,795
EBIT	1,054	1,189	949	980	1,025	1,228	1,392	1,421	4,171	5,065
EBIT Margins (%)	21.0	20.3	19.2	17.8	17.4	18.7	20.3	20.1	19.6	19.2
Interest	86	29	33	35	29	43	51	47	183	170
Non-Operating Income	2	6	50	143	10	28	33	36	200	108
PBT	1,102	1,166	966	1,223	1,006	1,213	1,373	1,410	4,456	5,003
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	24.6	23.7	22.0	22.2	18.9	23.0
Adjusted PAT	720	882	864	912	758	925	1,071	1,097	3,399	3,852
Change (%)		22.3	3.5	29.4	5.3	4.9	23.9	20.4	39.1	13.4

TVS Motor Company**Neutral****CMP: INR1,077 | TP: INR1,035 (-4%)****EPS CHANGE (%): FY23 | 24E: -2 | -2**

- In 4QFY23, domestic 2W volumes saw sharp recovery (+26% YoY) but exports were still under stress as volume declined ~14% YoY.
- EBITDA margin to expand 30bp QoQ driven by softening RM costs and price hikes.

S/A Quarterly Performance**(INR m)**

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Vols ('000 units)	657.8	916.7	878.7	856.5	906.8	1,027.4	879.4	868.4	3,309	3,682
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	0.1	1.4	8.4	11.3
Realn (INR '000/unit)	59.8	61.1	64.9	64.6	66.3	70.3	74.4	74.9	62.8	71.4
Growth (%)	11.5	15.0	19.2	12.5	10.8	15.1	14.6	16.0	14.3	13.7
Net Sales	39,344	55,969	57,064	55,303	60,087	72,192	65,454	65,059	2,07,680	2,62,792
Growth (%)	174.8	21.5	5.8	3.9	52.7	29.0	14.7	17.6	24.0	26.5
RM (% of sales)	75.7	76.2	76.3	76.2	76.1	76.2	75.5	75.2	76.1	75.8
Emp cost (% of sales)	6.6	5.3	5.2	5.1	5.3	4.8	5.2	5.4	5.5	5.2
Other exp (% of sales)	10.7	8.8	8.6	8.6	8.6	8.9	9.2	8.9	9.1	8.9
EBITDA	2,738	5,404	5,683	5,568	5,995	7,365	6,589	6,790	19,392	26,739
EBITDA Margin(%)	7.0	9.7	10.0	10.1	10.0	10.2	10.1	10.4	9.3	10.2
Interest	300	350	279	330	376	352	316	325	1,259	1,369
Depreciation	1,431	1,544	1,546	1,593	1,520	1,535	1,583	1,593	6,114	6,232
Other Income	16	35	57	82	222	14	65	60	190	361
PBT before EO Exp	1,023	3,544	3,915	3,727	4,321	5,492	4,755	4,931	12,209	19,499
EO Exp	302	-225	0	0	0	0	0	0	77	
PBT after EO Exp	722	3,769	3,915	3,727	4,321	5,492	4,755	4,931	12,132	19,499
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	25.8	25.8	25.8	26.3	25.8
Adjusted PAT	754	2,610	2,883	2,745	3,205	4,075	3,527	3,661	8,992	14,468
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	56.1	22.4	33.4	46.9	60.9

Tata Motors

Buy

CMP: INR421 | TP: INR525 (+25%)

EPS CHANGE (%): FY24|25E: -4|-4

- India business performance remains healthy, led by strong growth in PVs and CVs in 4Q.
- EBIT margin for CV likely to expand ~210bp QoQ to 8.1% driven by operating leverage, while it is likely to contract by 20bp QoQ to 1.5% for PVs.
- JLR volumes to grow YoY due to easing chip shortages and continued traction toward new models. We estimate EBIT margin of 5.3% for JLR in 4QFY23 (+160bp QoQ), supported by mix, softening RM costs and cost control.

Quarterly Performance [Consol]

(INR b)

INR b	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
JLR Volumes (incl JV; '000 units)	97.1	78.3	83.1	89.1	82.6	89.9	92.3	100.9	347.7	365.7
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	61,352	69,847	75,901	77,877	62,274	71,616
JLR EBITDA Margins (%)	9.0	7.3	12.0	12.6	6.3	10.3	11.9	12.9	10.3	10.7
India CV Volumes ('000 units)	49.5	87.4	100.8	119.8	101.1	100.5	95.0	116.0	357.5	412.7
India CV Realizations (INR '000/unit)	1591.5	1392.0	1372.1	1552.4	1616.2	1642.6	1784.5	1814.7	5908.0	1717.2
India CV EBITDA Margins (%)	1.1	3.6	2.9	6.1	5.4	5.1	8.5	10.3	4.0	7.5
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.4	142.8	132.3	135.7	372.1	541.2
India PV Realizations (INR '000/unit)	820.4	883.8	867.2	857.0	894.6	885.7	893.0	894.4	3428.4	891.9
India PV EBITDA Margins (%)	4.0	6.1	3.0	7.0	6.2	5.7	7.0	6.7	5.2	6.4
Net Consol. Op Income	664.1	613.8	722.3	784.4	719.3	796.1	884.9	975.5	2784.5	3375.8
Growth (%)	107.6	14.7	-4.5	-11.5	8.3	29.7	22.5	24.4	11.5	21.2
Consol. EBITDA	52.6	40.5	67.6	87.4	31.8	62.0	96.4	113.3	248.1	303.5
EBITDA Margins (%)	7.9	6.6	9.4	11.1	4.4	7.8	10.9	11.6	8.9	9.0
Depreciation	62.0	61.2	60.8	64.3	58.4	59.0	60.7	64.1	248.4	242.2
Other Income	5.8	8.7	7.0	9.0	8.9	10.4	11.3	7.4	30.5	37.9
Interest Expenses	22.0	23.3	24.0	23.9	24.2	24.9	26.8	25.4	93.3	101.3
PBT before EO	-25.8	-34.7	-7.0	3.7	-49.6	-17.7	32.0	32.5	-63.7	-2.9
EO Exp/(Inc)	0.0	0.0	-0.9	7.1	-14.9	-3.1	0.0	0.0	6.30	-18.06
PBT after EO Exp	-25.8	-34.7	-6.1	-3.4	-34.7	-14.6	32.0	32.5	-70.0	15.2
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	-43.8	31.3	8.2	18.1	-60.4	126.0
PAT	-43.2	-44.8	-13.4	-11.0	-49.9	-10.0	29.4	26.6	-112.3	-3.9
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.6	-0.5	-0.9	0.6	-1.3	-1.3
Share in profit of Associate	-1.3	0.6	-1.1	1.1	0.4	1.1	1.0	0.0	-0.7	2.4
Reported PAT	-44.5	-44.4	-15.2	-10.3	-50.1	-9.4	29.6	27.1	-114.4	-2.8
Adj PAT	-44.5	-44.4	-16.0	-3.2	-65.0	-12.6	29.6	27.1	-108.1	-20.9
Growth (%)	-47.2	1301.9	-149.6	-105.6	46.0	-71.7	-284.6	-949.8	-5109.7	-80.7

Tube Investments

Buy

CMP: INR2,544 | TP: INR3,200 (+26%)

EPS CHANGE (%): FY24|25E: -1|-3

- Engineering business to benefit from 2W industry growth in 4QFY23, while exports growth remained subdued.
- EBIT margin across mobility/engineering/metal formed products is likely to expand 10bp/40bp/20bp QoQ to 1.5%/12.8%/11.6% QoQ.

Quarterly performance (S/A)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	12,567	16,667	17,014	17,345	19,570	19,059	17,097	18,584	63,495	74,310
YoY Change (%)	231.8	53.3	29.9	17.2	55.7	14.4	0.5	7.1	49.2	17.0
EBITDA	1,576	1,928	1,865	1,744	2,040	2,512	2,144	2,410	8,743	9,107
Margins (%)	12.5	11.6	11.0	10.1	10.4	13.2	12.5	13.0	13.8	12.3
Depreciation	354	360	369	367	325	346	337	343	1,450	1,351
Interest	30	29	38	22	36	52	60	58	118	206
Other Income	109	97	153	377	120	145	171	143	736	579
PBT before EO expense	1,302	1,637	1,611	1,731	1,800	2,258	1,919	2,151	7,911	8,128
Tax	332	423	406	368	457	599	542	557	1,472	2,154
Tax Rate (%)	25.5	25.8	25.2	21.2	25.4	29.6	28.2	25.9	18.6	27.3
Adj PAT	970	1,214	1,204	1,364	1,343	1,595	1,377	1,595	4,710	5,910
YoY Change (%)	-284.3	26.6	12.5	-2.1	38.5	31.4	14.3	16.9	62.6	25.5

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

Fuel cost headwinds behind; demand outlook positive

Volume growth estimated to be robust at 12% YoY

- Our cement coverage universe (excl. GRASIM) should continue to report margin improvement QoQ in 4QFY23, aided by lower variable costs (down 4%). Average EBITDA/t is estimated to increase 14% QoQ (down 12% YoY) to INR867 and OPM is expected to increase 2pp QoQ (down 2.7pp YoY) to 15.3%. Aggregate EBITDA/profit are estimated to decline 2%/10% YoY.
- Aggregate sales volume for our coverage universe is expected to increase 12% YoY and 17% QoQ. We expect ~31% YoY volume growth for TRCL, followed by ~14-16% volume growth for UTCEN, JKCE, DALBHARA and SRCM. ACC, ACEM, and BCORP are expected to report volume growth of 3-9% YoY. ICEM and JKLC are expected to report a 2% YoY decline (each) in volume. Average realization is expected to rise 3% YoY (decline 1% QoQ), leading to revenue growth of 16% YoY/QoQ.
- GRASIM's revenue is estimated to decline 2% YoY (up 1% QoQ). VSF volume is estimated to decline 2% YoY (up 15% QoQ), while realization is estimated to rise 3% YoY and 5% QoQ. Chemical segment volume is likely to increase by 5% YoY and 1% QoQ, while realization could decline by ~16% YoY/QoQ. We expect the company's EBITDA to decline ~5% YoY and EBITDA margin to decline 30bp YoY (up 3.8pp QoQ led by improvement in profitability of VSF segment). Adjusted PAT is expected to decline 8% YoY.

Average cement price remains flat QoQ in 4QFY23

- Cement players attempted price hikes in Feb-Mar'23; however, a large portion of the hike was reversed by discounts and price cuts. As a result, the all-India average cement price remained flat QoQ in 4QFY23.
- The average cement price in Central India was up 3% QoQ after witnessing weak pricing in 3QFY23. In the North and West, the average price rose 2% and 1% QoQ, respectively, in 4QFY23. However, the average cement price in South fell 5% QoQ due to price drops in Tamil Nadu and Kerala during Dec'22-Mar'23. In East, the average price declined 2% QoQ.
- Our interaction with channel partners suggested price hikes in Apr'23 supported by improved clinker utilization.

Cost of cement production to decline QoQ

- Imported (South African, Australian and USA) coal prices have declined sharply by ~21-34% QoQ, while petcoke (both imported and domestic) prices declined ~3-8% QoQ in 4QFY23. We expect an average reduction of INR110/t QoQ in variable costs (up by INR243/t YoY) in 4QFY23 for our coverage universe.
- Average opex/t for our coverage universe is expected to increase by 7% YoY (down 3% QoQ) due to elevated fuel prices, which led to a 11% YoY increase in variable costs (down 4% QoQ).
- Freight cost/t is expected to increase 3% YoY and 1% QoQ. Other expense/t may increase 3% YoY (down 1% QoQ). Employee cost/t should decline 1% YoY and 15% QoQ (on a higher volume).

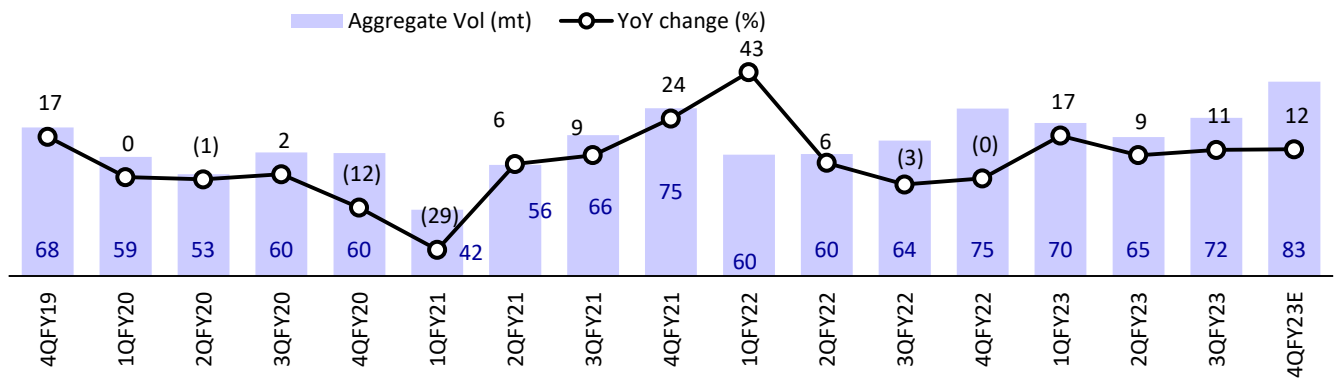
- EBITDA is estimated to grow 7%/4% YoY for UTCES/SRCM, while DALBHARA and TRCL are expected to report flat EBITDA on YoY basis. EBITDA is expected to decline 2% YoY for ACEM and 11-24% YoY for ACC, BCORP, JKCE and JKLC. ICEM is expected to report an operating loss of INR634m (third quarter in a row).
- EBITDA/t of UTCES is estimated to decline 6% YoY in 4QFY23. ACEM, BCORP, DALBHARA, SRCM and JKLC are likely to report a 10-17% YoY drop in EBITDA/t. ACC, JKCE and TRCL are expected to report a 22-27% YoY fall in EBITDA/t.

Margin expansion to continue; remain constructive on the sector

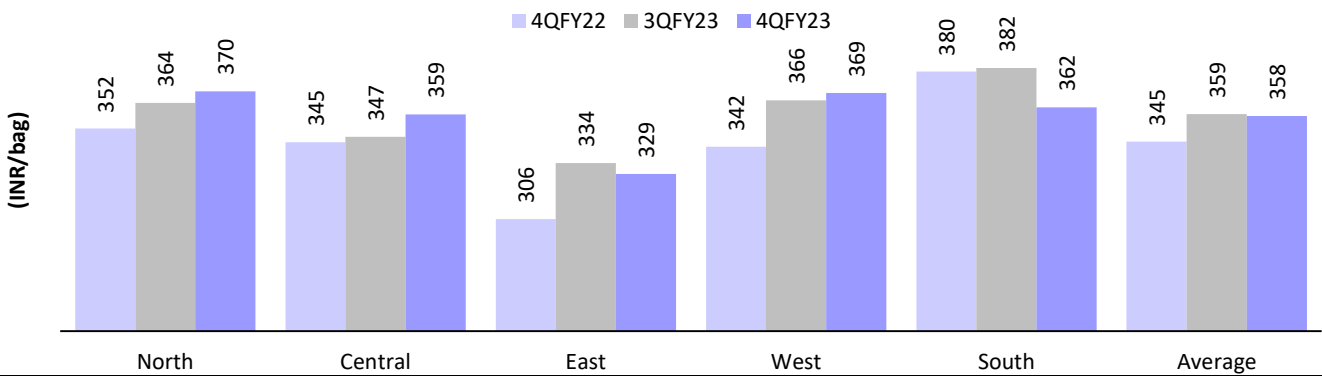
- We expect lower fuel prices and better realizations to further boost margin in 1QFY24. We expect EBITDA/t to increase by INR200-220/t in 1QFY24 owing to a fuel price reduction (based on current coal/petcoke prices). The increase in realization will be determined by pricing behavior of key players.
- We are positive on the cement industry for the next few years, given 1) a better demand outlook, led by infrastructure and housing sector; 2) increased consolidation in the industry, and 3) cost efficiency measures such as focus on increasing green power share, alternative fuel share and blended cement share, and optimization of logistics costs through a reduction in lead distance and an increase in the rail route.
- We reiterate UTCES as our top pick in the large-cap space, and DALBHARA and JKCE in the mid-cap space.

Exhibit 1: Summary of 4QFY23 estimates

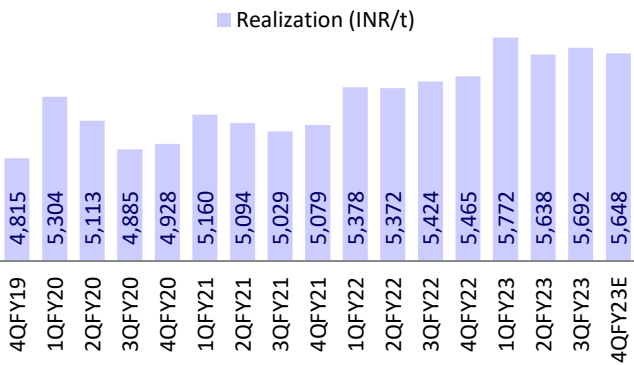
Companies	CMP (INR)	Rating	Revenue (INR m)			EBITDA (INR m)			Net profit (INR m)		
			Mar'23	YoY (%)	QoQ (%)	Mar'23	YoY (%)	QoQ (%)	Mar'23	YoY (%)	QoQ (%)
ACC	1,667	Neutral	47,308	7	4	4,827	(24)	28	2,532	(35)	50
Ambuja Cements	365	Neutral	44,045	12	7	7,770	(2)	24	4,663	(6)	13
Birla Corporation	887	Buy	24,066	6	19	2,454	(11)	70	485	(56)	NM
Dalmia Bharat	1,964	Buy	38,213	13	14	6,827	(0)	6	2,362	(9)	17
India Cements	185	Sell	14,022	1	15	-634	NM	NM	(1,388)	NM	NM
JK Cement	2,923	Buy	26,064	11	7	3,392	(11)	39	1,356	(31)	28
JK Lakshmi Cement	791	Buy	17,624	18	18	2,234	(19)	40	1,306	16	77
Shree Cement	26,177	Neutral	46,977	15	15	9,499	4	34	4,780	(26)	73
The Ramco Cements	756	Neutral	22,648	33	13	2,947	(0)	4	690	(44)	2
UltraTech Cement	7,620	Buy	1,90,455	21	23	33,021	7	41	17,489	18	65
Cement aggregate			4,71,422	16	16	72,339	(2)	33	34,276	(10)	58
Grasim Industries	1,633	Buy	62,475	(2)	1	7,178	(5)	50	3,204	(8)	99
Coverage aggregate			5,33,897	13	14	79,516	(2)	34	37,480	(9)	61

Exhibit 2: Expect ~12% YoY growth in aggregate sales volume for our coverage universe

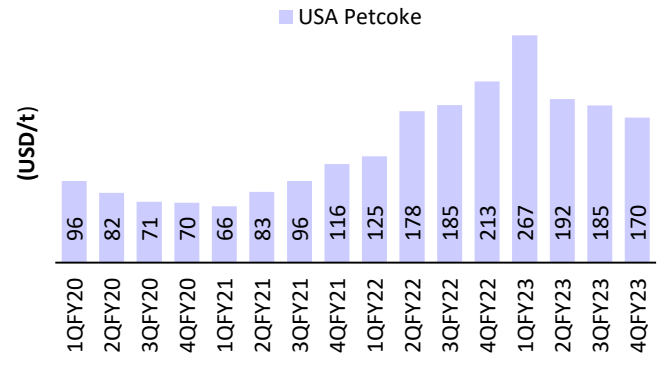
Source: MOFSL, Company, E: MOFSL estimate

Exhibit 3: Pan-India average cement price was flat QoQ and up ~4% YoY

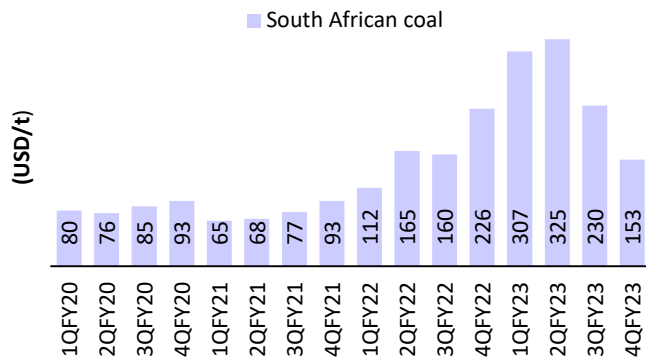
Source: MOFSL, Industry

Exhibit 4: Blended realization up 4% YoY but down 1% QoQ

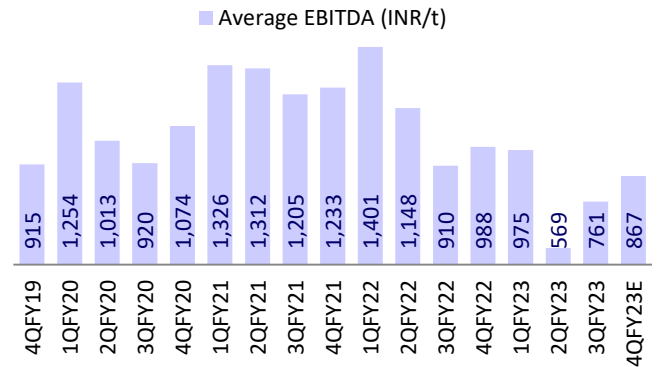
Source: MOFSL; E: MOFSL estimate

Exhibit 5: Average USA Petcoke price down 8% QoQ

Source: MOFSL, Industry

Exhibit 6: Average South African coal price down 34% QoQ

Source: Bloomberg, MOFSL

Exhibit 7: Expect average EBITDA/t to improve 14% QoQ

Source: Company, MOFSL; E: MOFSL estimate

Exhibit 8: Key operating parameters

Companies	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	4QFY23	YoY (%)	QoQ (%)	4QFY23	YoY (INR)	QoQ (INR)	4QFY23	YoY (INR)	QoQ (INR)
ACC	8.0	3.8	3.6	5,911	170	39	603	(219)	114
Ambuja Cements	8.2	9.1	5.9	5,391	150	39	951	(104)	139
Birla Corporation	4.4	2.8	17.2	5,520	180	100	563	(90)	175
Dalmia Bharat	7.6	15.5	21.0	5,013	(108)	(313)	896	(139)	(127)
India Cements	2.6	(2.3)	19.0	5,399	160	(189)	(244)	(475)	75
JK Cement	4.5	14.5	14.6	5,788	(191)	(401)	753	(214)	133
JK Lakshmi Cem.	3.1	(2.4)	17.9	5,741	977	24	728	(151)	115
The Ramco Cements	4.2	30.7	16.9	5,428	74	(199)	706	(218)	(91)
Shree Cement	9.3	15.8	15.8	5,052	(53)	(13)	1,022	(113)	140
UltraTech Cement	31.7	14.4	22.5	6,014	319	12	1,043	(67)	139
Sector aggregate/avg.	83.5	11.8	16.5	5,648	183	(44)	867	(122)	105

Exhibit 9: Valuation Summary

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Cement						35.4	28.2	24.4	3.0	2.8	2.5	8.5	10.0	10.2
ACC	1,667	Neutral	50.8	79.3	98.6	32.8	21.0	16.9	2.2	2.1	1.9	6.8	10.2	11.7
Ambuja Cements	365	Neutral	12.0	11.3	10.7	30.4	32.4	34.1	2.6	2.5	2.0	17.6	13.1	10.3
Birla Corporation	887	Buy	2.0	45.5	67.8	435.1	19.5	13.1	1.1	1.1	1.0	0.3	5.7	8.0
Dalmia Bharat	1,964	Buy	35.2	48.0	64.8	55.7	40.9	30.3	2.2	2.1	2.0	4.1	5.3	6.9
Grasim Industries	1,633	Buy	101.0	101.3	99.0	16.2	16.1	16.5	2.1	2.1	2.0	10.0	8.8	5.8
India Cements	185	Sell	-16.0	3.4	7.7	-11.6	53.7	24.1	0.9	0.9	0.9	-8.2	1.7	3.7
J K Cements	2,923	Buy	55.6	87.3	109.9	52.6	33.5	26.6	4.9	4.4	3.9	9.6	13.8	15.6
JK Lakshmi Cem.	791	Buy	30.9	44.0	53.6	25.6	18.0	14.7	3.4	2.9	2.5	14.0	17.4	18.2
Ramco Cements	756	Neutral	11.0	21.3	30.6	68.6	35.5	24.7	2.7	2.5	2.3	3.9	7.3	9.7
Shree Cement	26,177	Neutral	349.2	512.1	619.2	75.0	51.1	42.3	5.2	4.8	4.4	7.1	9.7	10.8
Ultratech Cement	7,620	Buy	178.5	237.6	281.6	42.7	32.1	27.1	4.0	3.7	3.3	9.8	12.0	12.8

Source: MOFSL, Company

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: INR1,667 | TP: INR1,945 (17%)****EPS CHANGE (%): FY24|25: -2.4|-2.2**

- We expect sales volume to grow ~4% YoY/QoQ, whereas cement realization could decline ~1% YoY.
- We expect EBITDA/t at INR603 v/s INR822/INR490 in 1QFY23*/4QFY23*.
- Variable costs to rise 18% YoY but fall 5% QoQ. OPEX/t is expected to increase 8% YoY and fall 1% QoQ.
- Profitability should improve sequentially (OPM may rise 1.9pp QoQ), driven by low fuel prices.

Standalone quarterly performance**(INR b)**

Y/E December/March	CY21				FY23*					CY21	FY23E*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5QE		
Cement Sales (mt)	7.97	6.84	6.57	7.49	7.71	7.56	6.85	7.73	8.00	28.9	37.9
Change (YoY %)	21.5	43.7	1.2	(2.9)	(3.3)	10.5	4.3	3.2	3.8	13.2	31.0
Net Sales	42.9	38.8	37.5	42.3	44.3	44.7	39.9	45.4	47.3	161.5	221.5
Change (YoY %)	22.6	49.4	6.0	2.0	3.1	15.0	6.4	7.4	6.9	17.2	37.1
EBITDA	8.6	8.7	7.1	5.6	6.3	4.3	0.2	3.8	4.8	30.0	19.4
Margin (%)	20.0	22.5	19.0	13.1	14.3	9.5	0.4	8.3	10.2	18.6	8.7
Depreciation	1.4	1.5	1.5	1.6	1.5	1.6	1.7	1.7	1.8	6.0	8.4
Interest	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.5	0.8
Other Income	0.4	0.4	0.6	0.5	0.6	0.5	0.7	0.4	0.5	2.0	2.7
PBT before EO Item	7.5	7.6	6.1	4.4	5.3	3.0	-1.1	2.3	3.4	25.5	12.8
EO Income/(Expense)	0.0	-0.4	0.0	-0.5	0.0	0.0	-0.2	-0.8	0.0	-0.9	-1.0
PBT after EO Item	7.5	7.2	6.1	3.8	5.3	3.0	-1.2	1.5	3.4	24.6	11.9
Tax	1.9	1.9	1.6	1.0	1.4	0.8	-0.3	0.4	0.8	6.4	3.0
Rate (%)	25.6	26.1	26.2	26.5	25.9	25.8	25.5	26.1	24.7	26.0	25.6
Reported PAT	5.6	5.3	4.5	2.8	3.9	2.2	-0.9	1.1	2.5	18.2	8.8
Adjusted PAT	5.6	5.6	4.5	3.2	3.9	2.2	-0.8	1.7	2.5	18.9	9.5
Margin (%)	13.0	14.5	12.0	7.6	8.8	5.0	-2.0	3.7	5.4	11.7	4.3
Change (YoY %)	59.3	90.1	12.4	(25.2)	(30.1)	(60.5)	NM	(47.4)	(35.0)	28.2	(49.5)

*Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Ambuja Cements**Neutral****CMP: INR365 | TP: INR380 (+4%)****EPS CHANGE (%): FY24|25: +2.0|+1.8**

- Sales volume to increase 9%/6% YoY/QoQ.
- Blended realization is expected to increase 3% YoY and 1% QoQ given higher exposure in North and West regions, which have seen resilient pricing trends.
- We expect variable cost/t to increase 17% YoY (decline 4% QoQ) and OPEX/t to increase 6% YoY (decline 2% QoQ).
- We expect EBITDA/t at INR951 v/s INR1,055/INR812 in 1QFY23*/4QFY23*.

Standalone quarterly performance**(INR b)**

Y/E December/March	CY21				FY23*					CY21	FY23E*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5QE		
Sales Volume (mt)	7.24	6.42	6.20	7.16	7.49	7.39	7.04	7.71	8.17	27.02	37.80
Change (YoY %)	25	53	9	2	3	15	14	8	9	19	40
Cement Realization (INR/t)	4,943	5,206	5,154	5,138	5,147	5,356	5,161	5,280	5,319	5,105	5,255
Change (YoY %)	3	2	4	4	4	3	0	3	3	4	3
Net Sales	36.2	33.7	32.4	37.4	39.3	39.9	36.7	41.3	44.0	139.6	201.2
Change (YoY %)	28.1	54.9	13.5	6.3	8.4	18.5	13.4	10.5	12.2	22.8	44.1
EBITDA	9.8	9.6	7.0	5.7	7.9	6.8	3.0	6.3	7.8	32.1	31.8
Margin (%)	27.0	28.5	21.7	15.2	20.1	17.1	8.3	15.2	17.6	23.0	15.8
Depreciation	1.3	1.3	1.3	1.7	1.5	1.5	1.6	1.6	1.7	5.5	7.9
Interest	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.3	0.9	1.2
Other Income	0.6	1.6	0.4	0.3	0.4	5.9	0.5	0.9	0.8	2.9	8.4
PBT before EO Item	8.9	9.7	5.9	4.1	6.5	10.9	1.7	5.3	6.6	28.5	31.1
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	0.4	-0.2	-0.6	0.0	-0.7	-0.3
PBT after EO Exp./ (Inc.)	8.9	9.7	5.9	3.4	6.5	11.4	1.6	4.6	6.6	27.9	30.7
Tax	2.2	2.4	1.5	0.9	1.6	0.9	0.2	0.9	1.9	7.0	5.6
Rate (%)	25.0	25.2	25.5	26.1	24.3	7.9	11.8	20.4	29.5	25.3	18.1
Reported Profit	6.6	7.2	4.4	2.5	5.0	10.5	1.4	3.7	4.7	20.8	25.2
Adj. PAT	6.6	7.2	4.4	3.0	5.0	8.7	1.5	4.1	4.7	21.3	23.9
Change (YoY %)	66.5	59.5	0.2	(40.1)	(25.5)	19.9	(66.3)	38.4	(5.8)	18.9	12.3

*Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Birla Corporation**Buy****CMP: INR887 | TP: INR1,180 (+33%)****EPS CHANGE (%): FY24|25: +0.1|+0.7**

- We estimate volume growth of 3% YoY and 2% QoQ. Realization is expected to increase 3% YoY and 1% QoQ.
- We expect EBITDA/t at INR563 v/s INR653/INR388 in 4QFY22/3QFY23.
- Variable costs could decline 4%/8% YoY/QoQ. We estimate OPEX/t to rise 6% YoY on a 22%/8%/18% rise in other expenses/freight costs/employee costs per tonne.
- Adjusted net profit is estimated to decline 65% YoY due to lower EBITDA, higher depreciation and interest costs.

Consolidated performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales volume (mt)	3.35	3.27	3.35	4.24	3.93	3.64	3.72	4.36	14.22	15.65
Change (YoY %)	39.0	0.3	(5.6)	1.7	17.3	11.3	11.0	2.8	6.2	10.1
Cement Realization (INR/t)	4,943	4,878	4,934	5,071	5,344	5,151	5,177	5,221	4,961	5,225
Change (YoY %)	0.2	(0.0)	3.4	4.4	8.1	5.6	4.9	3.0	2.2	5.3
Net Sales	17.5	17.0	17.5	22.6	22.0	20.0	20.2	24.1	74.6	86.3
Change (YoY %)	43.1	2.6	(1.5)	6.2	26.0	17.8	15.2	6.3	10.0	15.6
EBITDA	3.4	2.7	2.2	2.8	2.6	0.9	1.4	2.5	11.1	7.4
Margin (%)	19.6	15.7	12.7	12.2	11.8	4.7	7.2	10.2	14.9	8.6
Depreciation	1.0	1.0	1.0	1.0	1.1	1.3	1.3	1.3	4.0	5.0
Interest	0.6	0.6	0.6	0.5	0.7	0.9	0.9	0.9	2.4	3.4
Other Income	0.1	0.1	0.1	0.7	0.1	0.4	0.1	0.4	1.0	1.0
Profit before Tax	1.9	1.2	0.7	1.9	0.9	-0.8	-0.6	0.6	5.7	0.0
EO (Income)/Expense	-	-	(70)	341	117	-	-	-	271	117
Profit before Tax after EO	1.9	1.2	0.7	1.6	0.8	-0.8	-0.6	0.6	5.4	-0.1
Tax	0.5	0.3	0.1	0.5	0.2	-0.3	-0.1	0.1	1.4	-0.1
Rate (%)	25.7	28.2	19.2	29.5	19.7	31.5	22.6	23.2	26.5	n/a
Reported PAT	1.4	0.9	0.6	1.1	0.6	-0.6	-0.5	0.5	4.0	0.0
Adj. PAT	1.4	0.9	0.7	1.4	0.7	-0.6	-0.5	0.5	4.3	0.2
Margin (%)	8.1	5.0	3.8	6.1	3.3	-2.8	-2.5	2.0	5.8	0.2
Change (YoY %)	115.3	(48.7)	(55.7)	(16.0)	(48.0)	NM	NM	(64.9)	(21.0)	(96.4)

Dalmia Bharat**Buy****CMP: INR1,964 | TP: INR2,170 (+10%)****EPS CHANGE (%): FY24|25: +0.8|+1.1**

- We expect sales volume to grow 16% YoY (up 21% QoQ).
- Estimate 2% YoY and 6% QoQ decline in realization with price drop in its key markets (east and south India).
- OPM is expected to drop 2pp YoY and 1pp QoQ to 17.9%.
- We expect OPEX/t to increase 1% YoY (decline 4% QoQ) on a 3% rise in variable costs (decline 4% QoQ).
- We expect EBITDA/t at INR896 v/s INR1,035/INR1,022 in 4QFY22/3QFY23.

Consolidated performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales volume (mt)	4.9	5.1	5.7	6.6	6.2	5.8	6.3	7.6	22.3	25.9
Change (YoY %)	33.6	6.3	-1.7	2.8	26.8	13.7	10.5	15.5	7.7	16.3
Realization (INR/t)	5,299	4,951	4,796	5,121	5,326	5,122	5,325	5,013	5,038	5,188
Change (YoY %)	2.0	2.7	1.6	4.3	0.5	3.5	11.0	-2.1	3.2	3.0
Change (QoQ %)	8.0	-6.6	-3.1	6.8	4.0	-3.8	4.0	-5.9		
Net Sales	25.9	25.3	27.3	33.8	33.0	29.7	33.6	38.2	112.3	134.5
Change (YoY %)	36.3	9.2	-0.1	7.3	27.4	17.7	22.7	13.1	11.1	19.8
EBITDA	7.1	5.5	4.1	6.8	5.9	3.8	6.4	6.8	23.5	22.9
Margin (%)	27.5	21.7	15.0	20.2	17.7	12.8	19.2	17.9	21.0	17.0
Depreciation	3.0	3.0	3.0	3.3	3.1	3.3	3.3	3.4	12.4	13.1
Interest	0.6	0.5	0.4	0.5	0.4	0.6	0.7	0.6	2.0	2.2
Other Income	0.3	0.5	0.3	0.5	0.2	0.4	0.4	0.5	1.6	1.4
PBT before EO Expense	3.9	2.4	0.9	3.6	2.5	0.3	2.9	3.3	10.8	9.0
Extra-Ord. expense	0.0	-0.6	0.0	-3.3	0.0	0.0	0.0	-3.5	-3.9	-3.5
PBT after EO Expense	3.9	3.0	0.9	6.9	2.5	0.3	2.9	6.8	14.7	12.5
Tax	1.0	0.9	0.3	0.9	0.6	-0.2	0.7	0.9	3.1	2.1
Rate (%)	25.1	29.2	36.6	13.2	25.4	-72.4	25.9	13.2	21.1	16.6
Reported PAT (pre-minority)	2.9	2.1	0.6	6.0	1.9	0.5	2.1	5.9	11.6	10.4
Minority + associate	0.1	0.0	0.1	0.1	-0.1	-0.1	0.1	0.1	0.2	0.1
PAT Adj. for EO items	2.8	1.5	0.5	2.6	2.0	0.3	2.0	2.4	7.4	6.6
Change (YoY %)	45.1	-35.5	-70.2	-0.8	-30.0	-81.9	279.2	-9.2	-11.7	-11.0

Grasim Industries

Buy

CMP: INR1,633 | TP: INR1,900 (+16%)

EPS CHANGE (%): FY24|25: +2.6|+1.3

- We expect revenue for the VSF segment to grow 1%, while Chemical segment to decline 12% YoY.
- EBITDA for the VSF segment is expected to decline 32% YoY and OPM to contract 2.2pp YoY to 4.5%.
- Chemical segment EBITDA is expected to decline 18% YoY, and OPM to contract 1.2pp YoY to 18.7%.
- We expect an EBITDA/kg of INR4.1 for the VSF segment v/s INR10.6 in 4QFY22 and an operating loss in 3QFY23.
- Standalone OPM is estimated to be flat YoY (up 3.8pp QoQ) to 11.5%.
- Adjusted profit is estimated to decline 8.1% YoY to INR3.2b.

Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	37.6	49.3	57.8	63.8	72.5	67.5	62.0	62.5	208.6	264.4
Change (YoY %)	181.7	66.7	56.5	45.1	92.8	36.7	7.1	-2.0	68.4	26.8
EBITDA	7.4	8.0	9.2	7.5	13.2	9.6	4.8	7.2	32.2	34.7
Margin (%)	19.7	16.2	15.9	11.8	18.2	14.2	7.7	11.5	15.4	13.1
Depreciation	2.0	2.1	2.2	2.8	2.6	2.7	2.8	2.8	9.1	10.7
Interest	0.6	0.6	0.5	0.8	0.9	0.9	0.9	0.9	2.5	3.5
Other Income	0.6	7.0	0.4	0.9	0.4	7.6	1.0	1.0	9.0	10.0
PBT before EO Items	5.5	12.4	6.9	4.8	10.2	13.6	2.2	4.4	29.5	30.4
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	-0.9	0.0	0.0	-0.7	-0.9
PBT after EO Items	5.5	12.4	6.9	4.1	10.2	12.7	2.2	4.4	28.8	29.5
Tax	1.0	2.9	2.0	-4.1	2.1	3.1	0.5	1.2	1.9	7.0
Rate (%)	18.2	23.7	28.9	n/a	20.9	24.2	25.2	27.8	6.4	23.7
Reported PAT	4.5	9.5	4.9	8.1	8.1	9.6	2.6	3.2	27.0	23.5
Adj. PAT	4.5	9.5	4.9	3.5	8.1	10.3	1.6	3.2	22.3	23.2
Margin (%)	11.9	19.2	8.5	5.5	11.1	15.3	2.6	5.1	10.7	8.8
Change (YoY %)	-275.7	188.6	47.8	-28.3	81.3	8.8	-67.1	-8.1	150.2	4.0

India Cements

Sell

CMP: INR185 | TP: INR155 (-16%)

EPS CHANGE (%): FY24|25: +0.3|-1.0

- We expect volume to decline 2% YoY (up 19% QoQ) and blended realization to rise 3.1% YoY (down 3.4% QoQ).
- We estimate blended operating loss/t at INR244 v/s EBITDA/t of INR231 in 4QFY22.
- Variable/other costs per ton may increase by 17%/13% YoY, while freight costs could decline by 1% YoY in an effort to reduce lead distance.
- We expect OPEX/t to increase 13% YoY (decline 4% QoQ).

Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales volume (mt)	1.9	2.4	2.1	2.7	2.7	2.3	2.2	2.6	9.1	9.7
Change (YoY %)	36.2	12.0	(11.3)	(11.1)	37.4	(4.5)	3.5	(2.3)	1.9	7.0
Realization (INR/t)	5,257	5,043	5,258	5,239	5,413	5,566	5,589	5,399	5,196	5,484
Change (YoY %)	(0.8)	(0.7)	7.7	8.1	3.0	10.4	6.3	3.1	4.2	5.5
Change (QoQ %)	8.4	(4.1)	4.3	(0.4)	3.3	2.8	0.4	(3.4)		
Net Sales	10.2	11.9	11.1	13.9	14.5	12.5	12.2	14.0	47.1	53.2
Change (YoY %)	35.1	11.3	(4.5)	(4.0)	41.4	5.4	10.0	0.7	6.2	12.9
EBITDA	1.6	1.3	1.0	0.6	0.3	(0.9)	(0.7)	(0.6)	4.6	(1.9)
Margin (%)	15.8	11.2	9.4	4.4	2.1	(7.3)	(5.7)	(4.5)	9.8	(3.6)
Depreciation	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	2.2	2.1
Interest	0.5	0.5	0.5	0.5	0.6	0.7	0.6	0.6	2.0	2.5
Other Income	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.2
PBT before EO expense	0.6	0.3	0.1	(0.4)	(0.7)	(2.1)	(1.8)	(1.7)	0.5	(6.3)
Extra-Ord. expense	-	-	-	-	-	-	(2.9)	-	-	(2.9)
PBT	0.6	0.3	0.1	(0.4)	(0.7)	(2.1)	1.1	(1.7)	0.5	(3.4)
Tax	0.2	0.1	0.0	(0.1)	(1.5)	(0.7)	0.2	(0.4)	0.2	(2.3)
Rate (%)	33.3	24.9	36.2	35.0	NA	33.5	20.5	20.5	27.9	67.7
Reported PAT	0.4	0.2	0.0	(0.2)	0.8	(1.4)	0.9	(1.4)	0.4	(1.1)
Adj. PAT	0.4	0.2	0.0	(0.2)	(0.7)	(1.4)	(1.4)	(1.4)	0.4	(4.9)
Change (YoY %)	120.6	(69.2)	(94.7)	NM	NM	NM	NM	NM	(82.4)	NM
Margin (%)	3.7	1.8	0.3	(1.7)	(5.0)	(11.0)	(11.7)	(9.9)	0.8	(9.2)

JK Cement

Buy

CMP: INR2,923 | TP: INR3,250 (+11%)

EPS CHANGE (%): FY24|25: +0.9|-0.3

- We expect Gray Cement volume to grow 16% YoY/QoQ, partly aided by newly added capacities in Central India. White cement volume is expected to decline 1% YoY.
- We expect EBITDA/t at INR753 v/s INR967/INR620 in 4QFY22/3QFY23.
- Gray Cement realization is expected to rise marginally 1% YoY/QoQ (each). White cement realization is expected to grow 6% YoY and 1% QoQ.
- Profit is estimated to decline 31% YoY due to higher depreciation and finance costs.

Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales volume (mt)	3.03	3.33	3.32	3.93	3.56	3.64	3.93	4.50	13.61	15.64
Change (YoY %)	71.4	18.5	4.8	1.0	17.7	9.4	18.3	14.5	16.9	14.9
Realization (INR/t)	5,664	5,689	6,113	5,979	6,374	6,114	6,189	5,788	5,871	6,098
Change (YoY %)	(0.5)	(2.2)	5.7	9.1	12.5	7.5	1.2	(3.2)	8.0	3.9
Net Sales	17.1	19.0	20.3	23.5	22.7	22.3	24.3	26.1	79.9	95.4
Change (YoY %)	70.6	15.9	10.8	10.2	32.4	17.6	19.8	10.9	26.3	19.3
EBITDA	4.0	3.3	3.7	3.8	4.0	3.1	2.4	3.4	14.8	12.9
Margin (%)	23.5	17.4	18.1	16.2	17.8	13.7	10.0	13.0	18.5	13.5
Depreciation	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.1	3.4	3.9
Interest	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	2.7	2.9
Other Income	0.3	0.5	0.3	0.4	0.2	0.2	0.2	0.5	1.4	1.2
PBT before EO expense	2.9	2.3	2.4	2.6	2.7	1.7	0.8	2.0	10.1	7.2
Extra-Ord. expense	-	-	-	-	0.2	0.2	0.1	-	-	0.5
PBT	2.9	2.3	2.4	2.6	2.5	1.5	0.7	2.0	10.1	6.8
Tax	1.0	0.8	0.9	0.6	0.9	0.4	0.3	0.7	3.3	2.3
Rate (%)	33.8	34.8	39.5	24.0	35.8	27.6	46.2	33.8	32.9	34.4
Reported PAT	1.9	1.5	1.4	2.0	1.6	1.1	0.4	1.4	6.8	4.4
Adj. PAT	1.9	1.5	1.4	2.0	1.9	1.4	1.1	1.4	6.8	5.7
Change (YoY %)	144.7	(32.7)	(40.0)	(17.9)	0.8	(10.0)	(25.7)	(31.0)	(12.7)	(16.4)

*Note: Quarterly as well as full year numbers are on consolidated basis

JK Lakshmi

Buy

CMP: INR791 | TP: INR870 (+10%)

EPS CHANGE (%): FY24|25: +2.7|+2.5

- Sales volume is expected to decline 2% YoY (up 18% QoQ). Realization is expected to be flat QoQ.
- EBITDA/t is estimated at INR728 v/s INR879/INR613 in 4QFY22/3QFY23.
- We expect variable/freight costs per tonne to rise by 30%/12% YoY. We expect OPEX/t to increase by 29% YoY.
- PAT (adjusted for DTL reversal) is estimated at INR1.3b (up 16% YoY) due to higher tax provisioning in 4QFY22.

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales volume (mt)	2.66	2.32	2.46	3.14	2.79	2.31	2.60	3.07	10.58	10.76
Change (YoY %)	40	(3)	(9)	8	5	(0)	6	(2)	7	2
Realization (INR/t)	4,633	4,828	4,853	4,763	5,567	5,651	5,716	5,741	4,766	5,671
Change (YoY %)	7.0	10.2	9.7	4.6	20.2	17.0	17.8	20.5	7.5	19.0
Change (QoQ %)	1.8	4.2	0.5	(1.8)	16.9	1.5	1.1	0.4		
Net Sales	12.3	11.2	11.9	15.0	15.5	13.0	14.9	17.6	50.4	61.0
Change (YoY %)	49.2	7.0	0.1	13.3	25.9	16.5	24.7	17.7	15.0	21.1
EBITDA	2.2	1.6	1.5	2.8	2.2	1.4	1.6	2.2	8.0	7.4
Margin (%)	17.5	14.5	12.3	18.4	14.0	10.6	10.7	12.7	15.9	12.1
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.9	1.9
Interest	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	1.0	0.9
Other Income	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.7	0.6
PBT before EO expense	1.6	1.1	0.9	2.2	1.5	0.9	1.0	1.7	5.8	5.1
Extra-Ord. expense	-	-	-	0.2	-	-	-	-	0.2	-
PBT	1.6	1.1	0.9	2.0	1.5	0.9	1.0	1.7	5.6	5.1
Tax	0.4	0.3	0.3	0.3	0.5	0.3	0.3	0.4	1.3	1.5
Rate (%)	26.4	29.2	34.9	13.2	33.8	34.0	28.2	22.5	23.7	29.0
Reported PAT	1.2	0.8	0.6	1.7	1.0	0.6	0.7	1.3	4.3	3.6
Adj. PAT	1.2	0.8	0.7	1.1	1.0	0.6	0.7	1.3	3.8	3.6
Change (YoY %)	167.2	(5.0)	(26.9)	(28.3)	(15.0)	(23.0)	(1.6)	15.6	(0.5)	(5.0)

The Ramco Cements

Neutral
CMP: INR756 | TP: INR700 (-7%)
EPS CHANGE (%): FY24|25: --|+0.2

- We expect volumes to rise by 31%/17% YoY/QoQ aided by newly added capacity and robust demand in key markets.
- Realization is estimated to decline 3.5% QoQ due to price corrections in South region.
- Cement EBITDA/t is estimated at INR718 v/s INR932/INR808 in 4QFY22/3QFY23.
- Interest costs and depreciation are expected to rise on a YoY basis due to the commissioning of a new plant at Kurnool, Andhra Pradesh.

Quarterly performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Volume (mt)	2.14	2.71	3.01	3.19	3.31	3.31	3.57	4.17	11.05	14.36
Change (YoY %)	10.4	22.6	15.0	(0.6)	54.6	22.1	18.7	30.7	10.7	30.0
Cement Realization (INR/t)	5,648	5,386	5,138	5,346	5,298	5,312	5,623	5,425	5,359	5,419
Change (YoY %)	6.9	(3.1)	0.9	5.4	(6.2)	(1.4)	9.4	1.5	2.6	1.1
Change (QoQ %)	11.4	(4.6)	(4.6)	4.0	(0.9)	0.3	5.9	(3.5)		
Net Sales	12.3	14.9	15.5	17.1	17.7	17.8	20.1	22.6	59.8	78.3
Change (YoY %)	17.9	18.8	15.7	4.8	44.3	19.5	29.7	32.5	13.5	30.9
EBITDA	3.6	3.9	2.3	3.0	3.0	1.8	2.8	2.9	12.8	10.6
Margin (%)	29.6	26.4	14.9	17.3	17.0	10.3	14.2	13.0	21.5	13.6
Depreciation	1.0	1.0	1.0	1.1	1.1	1.2	1.4	1.4	4.0	5.0
Interest	0.2	0.3	0.3	0.3	0.5	0.6	0.6	0.7	1.1	2.3
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3
PBT before EO expense	2.5	2.7	1.1	1.6	1.5	0.2	1.0	1.0	8.0	3.7
PBT	2.5	2.7	1.1	1.6	1.5	0.2	1.0	1.0	8.0	3.7
Tax	0.8	(2.4)	0.3	0.4	0.4	0.0	0.3	0.3	(0.9)	1.1
Rate (%)	32.4	21.4	27.1	24.4	27.0	28.4	30.7	30.6	(11.4)	29.0
Reported PAT	1.7	5.2	0.8	1.2	1.1	0.1	0.7	0.7	8.9	2.6
Adj. PAT	1.7	2.2	0.8	1.2	1.1	0.1	0.7	0.7	5.9	2.6
Change (YoY %)	54.2	(8.7)	(59.0)	(42.5)	(33.6)	(94.7)	(18.4)	(44.0)	(22.5)	(55.9)
Margin (%)	13.8	14.4	5.3	7.2	6.3	0.6	3.4	3.0	9.9	3.3

Shree Cement

Neutral
CMP: INR26,177 | TP: INR22,960 (-12%)
EPS CHANGE (%): FY24|25: +4.6|+4.4

- We expect volume to increase by 16% YoY/QoQ (both).
- Blended realization is estimated to be flat QoQ as the price hike in north is likely to offset the impact of price drops in south and east.
- We expect EBITDA/t at INR1,022 v/s INR1,134/INR881 in 4QFY22/3QFY23.
- We expect variable cost/t to increase 8% YoY. While other expenses and employee costs per tonne should decline ~9% and 2% YoY, respectively, on higher volume.
- Depreciation is expected to be higher YoY due to the commissioning of new capacities in FY22-end. PAT is estimated to decline ~12% YoY.

Standalone quarterly performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Volume (mt)	6.84	6.32	6.55	8.03	7.50	7.46	8.03	9.30	27.74	32.29
Change (YoY %)	38.7	-3.2	-8.6	-2.3	9.7	18.0	22.6	15.8	3.3	16.4
Blended Realization (INR/t)	5,043	5,073	5,422	5,105	5,602	5,071	5,065	5,052	5,166	5,187
Change (YoY %)	6.9	9.6	17.4	6.7	11.1	0.0	-6.6	-1.0	10.0	0.4
Net Sales	34.5	32.1	35.5	41.0	42.0	37.8	40.7	47.0	143.3	167.5
Change (YoY %)	48.3	6.1	7.3	4.3	21.8	17.9	14.6	14.6	13.7	16.9
EBITDA	10.1	9.0	8.3	9.1	8.2	5.2	7.1	9.5	36.5	30.0
Margin (%)	29.4	28.0	23.2	22.2	19.5	13.8	17.4	20.2	25.5	17.9
Depreciation	2.3	2.5	2.5	3.0	3.3	3.6	4.1	4.2	10.4	15.2
Interest	0.5	0.6	0.6	0.5	0.6	0.7	0.7	0.7	2.2	2.7
Other Income	1.4	1.5	1.1	1.4	-0.2	1.6	1.6	1.7	5.4	4.6
PBT before EO Exp.	8.7	7.4	6.3	6.9	4.1	2.5	3.8	6.3	29.3	16.8
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	8.7	7.4	6.3	6.9	4.1	2.5	3.8	6.3	29.3	16.8
Tax	2.0	1.6	1.4	0.5	1.0	0.6	1.1	1.5	5.5	4.2
Rate (%)	23.6	22.1	21.7	7.0	23.4	23.9	28.0	24.2	18.9	24.8
Reported PAT	6.6	5.8	4.9	6.5	3.2	1.9	2.8	4.8	23.8	12.6
Adj. PAT	6.6	5.7	4.9	5.5	3.2	1.9	2.8	4.8	22.7	12.6
Change (YoY %)	78.5	6.8	-21.4	-29.0	-52.3	-66.9	-43.7	-12.3	-1.3	-44.5

UltraTech Cement

Buy

CMP: INR7,620 | TP: INR8,490 (+11%)

EPS CHANGE (%): FY24|25: +11.6|+12.2

- We expect sales volumes (consolidated) to rise by 14% YoY and 22% QoQ.
- RMC revenue is expected to increase by 37.5% YoY and 17% QoQ. White cement revenue is expected to increase 2% YoY (decline 3% YoY).
- We expect EBITDA/t at INR1,043 v/s INR1,110/INR903 in 4QFY22/3QFY23.
- Variable cost per tonne is expected to increase 11.5% YoY (flat QoQ). Opex/t is estimated to rise 8% YoY (decline 3% QoQ).
- In 4QFY23, UTCEM commissioned 5.6mtpa grinding capacity (part of Phase I expansion), taking total grey cement capacity in India to 126.95mtpa.

Consolidated performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales Volume (mt)	21.5	21.6	23.1	27.7	25.0	23.1	25.9	31.7	94.0	105.7
Change (YoY %)	47.0	7.9	-3.1	-0.3	16.3	6.7	11.8	14.4	8.8	12.4
Blended Realn. (INR/t)	5,495	5,553	5,614	5,694	6,056	6,014	6,002	6,014	5,595	6,021
Change (YoY %)	4.9	7.2	9.3	9.8	10.2	8.3	6.9	5.6	8.1	7.6
Change (QoQ %)	6.0	1.1	1.1	1.4	6.4	-0.7	-0.2	0.2		
Net Sales	118.3	120.2	129.8	157.7	151.6	138.9	155.2	190.5	526.0	636.2
Change (YoY %)	54.2	15.7	5.9	9.5	28.2	15.6	19.5	20.8	17.6	21.0
Total Expenditure	85.2	93.0	105.7	126.9	120.7	120.3	131.9	157.4	410.8	530.2
EBITDA	33.1	27.1	24.2	30.7	30.9	18.7	23.4	33.0	115.1	106.0
Margin (%)	28.0	22.6	18.6	19.5	20.4	13.4	15.0	17.3	21.9	16.7
Depreciation	6.6	6.8	6.7	7.0	7.0	7.1	7.2	7.4	27.1	28.7
Interest	3.3	2.3	1.8	2.1	2.2	2.0	2.2	2.0	9.4	8.3
Other Income	2.0	1.4	0.7	0.9	1.1	1.5	1.3	1.4	5.1	5.2
PBT before EO expense	25.3	19.5	16.3	22.6	22.9	11.0	15.2	25.0	83.6	74.2
Extra-Ord. expense	-	-	-	-	-	-	-	-	-	-
PBT after EO Expense	25.3	19.5	16.3	22.6	22.9	11.0	15.2	25.0	83.6	74.2
Tax	8.3	6.4	-0.8	-2.0	7.1	3.4	4.6	7.5	11.9	22.7
Rate (%)	32.7	32.7	-4.7	-8.8	31.0	31.2	30.5	29.9	14.2	30.6
Reported PAT	17.0	13.1	17.1	24.5	15.8	7.6	10.6	17.5	71.7	51.5
Minority Interest	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0
Adj. PAT	17.0	13.1	11.7	14.8	15.9	7.6	10.6	17.5	56.7	51.5
Change (YoY %)	91.7	8.0	-25.7	-18.5	-6.7	-42.5	-9.7	18.3	3.1	-9.1

Specialty Chemicals

Company

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

Demand likely to remain subdued...

...albeit declining RM prices provide some relief

- Brent crude prices averaged USD81.2/bbl in 4QFY23, declining 8% QoQ due to the uncertainties over Chinese demand and fears about the banking crises in the US/Europe. This comes against factors that should have buoyed prices at higher levels.
- Prices of organic compounds such as Propylene/Butadiene/Toluene increased 7%/39%/1% QoQ. The price performances of other key materials such as Acetic Acid/Acetone/Aniline/Phenol stood at -2%/+14%/-6%/-4% QoQ.
- We forecast our coverage universe to report: 1) sales growth of 4.2% YoY (+0.7% QoQ), 2) EBITDA decline of -6% YoY (-1.8% QoQ), and 3) PAT decline of -5.6% YoY (-2% QoQ) in 4QFY23. Realization for the sector is likely to come down from the peak levels seen in 4QFY22 and 1QFY23, as we move towards a normal macro environment globally.
- The narrative of strong product demand despite global macro volatility started to change in 2QFY23 with demand remaining subdued for another quarter in 4QFY23. While raw material prices softened in 4QFY23, lower realizations could offset the benefit, resulting in flat margins QoQ.
- The specialty chemical companies have recently benefited from the global supply chain disruptions and emission restrictions in the Chinese chemical manufacturing industry. The natural gas crisis in Europe has also built optimism among the stakeholders for a 'Europe+1' strategy in the medium to long term with many global players expressing their desire to shift their base out of Europe.
- However, in the long term, we expect a migration of chemical industries toward the US, the Middle East, and Africa where cheaper gas is available. While valuation multiples have corrected in recent times, they still remain elevated and raise concerns over the perpetual growth rate of these companies. **We have a BUY rating on VO, GALSURF and NOCIL.**

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Alkyl Amines	2158	Neutral	3,992	-6.2	2.8	768	4.5	10.2	512	10.2	12.0
Atul	6961	Neutral	12,351	-9.9	-2.6	1,242	-39.5	-27.9	804	-39.5	-21.9
Clean Science	1264	Neutral	2,396	17.1	0.9	1,084	29.5	0.2	811	30.0	-3.3
Deepak Nitrite	1842	Neutral	20,200	7.9	1.5	3,334	-18.7	6.0	2,204	-17.5	5.4
Fine Organic	4307	Neutral	6,733	12.1	-10.2	1,429	-2.2	-18.2	1,082	-1.7	-17.6
Galaxy Surfactants	2333	Buy	11,143	5.8	3.1	1,481	2.2	-3.9	1,037	5.4	-2.4
Navin Fluorine	4265	Neutral	5,895	48.0	4.6	1,650	72.3	6.1	1,050	33.3	-1.5
NOCIL	206	Buy	3,577	-22.7	9.8	433	-60.8	18.5	230	-66.3	22.9
Vinati Organics	1808	Buy	5,349	10.0	5.2	1,828	31.7	11.6	1,384	36.9	10.4
Chemicals-Specialty			71,635	4.2	0.7	13,250	-6.0	-1.8	9,114	-5.6	-2.0

Recommendations and view (snapshot of FY23 and ahead)

- **Alkyl Amines (AACL):** Ongoing expansions will boost aliphatic amines capacity by ~30% (capex: INR4b, with completion expected by 1HFY24). The current capacity stands at 90-100ktpa for aliphatic amines. Entry into new specialty products is also likely to boost margins as the management sees strong demand for these products. Downside risks to our call could be increased competition, wherein the market price is determined by the competitor with little pricing power left for AACL to command.
- **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, its revenue is expected to cross INR60b.
- **Clean Science (CLEAN):** Continuing its R&D pursuit, CLEAN has forayed into the HALS series (estimated global market size of USD1b). It is the first company to develop the HALS series in India, along with other new products in its R&D pipeline. CLEAN is likely to generate an FCF of INR4.8b over FY23-25, with a planned capex of INR4.8b. It is funding this capex via internal accruals and will remain net cash positive.
- **Deepak Nitrite (DN):** The company aims to become the largest player in Solvents, with a play on import substitution. It has already announced its foray into MIBK (40ktpa), MIBC (8ktpa) and Polycarbonate. Despite a capex of INR20b over the next three years, DN is expected to turn net cash positive by FY24 with FCF generation of INR16.5b over FY23-25. The company is on an aggressive path for backward as well as forward integration. However, the complete basket of products is commodity and the current valuations appear rich.
- **Fine Organics (FINEORG):** FINEORG has been constantly enhancing its Food Emulsifiers through continued R&D and process integration, which witnessed a larger off-take during the pandemic. Rising demand for healthier products and changing consumer preferences for processed and packed convenience foods are expected to drive growth for the company.
- **Galaxy Surfactants (GALSURF):** The company's continued focus on R&D (with an annual expenditure of INR400- 500m) and increased wallet share from its existing customers are likely to drive volume growth and expand EBITDA margin. Although the company plans to expand its product portfolio across the board, its focus would mainly be on the specialty care products segment.
- **Navin Fluorine (NFIL):** In addition to the ongoing expansions that are already underway and set to be completed in FY24E, the senior leadership is preparing a business plan for three new projects to be taken to the Board for approval in CY23E. The projects are: HF (announced in Mar'23), CDMO (cGMP-4) and one project in the specialty chemicals segment. Each project would require an investment of ~INR2b. Management expects peak revenue for the new Fluoro Specialty molecule (expected commissioning in 3QFY24) and the Agrochemical Intermediate to be achieved in FY24, while the same for the MPP plant will be achieved in FY25E. Three new molecules at the MPP plant are expected to be commissioned in CY23.
- **NOCIL:** Management guided for debottlenecking in its existing units by Aug/Sep'23, even as it evaluates its plans for the next three to five years. Currently, specialized products constitute 25% of its total revenue with limited room for expansion (industry standard is less than 10%). Despite global rubber

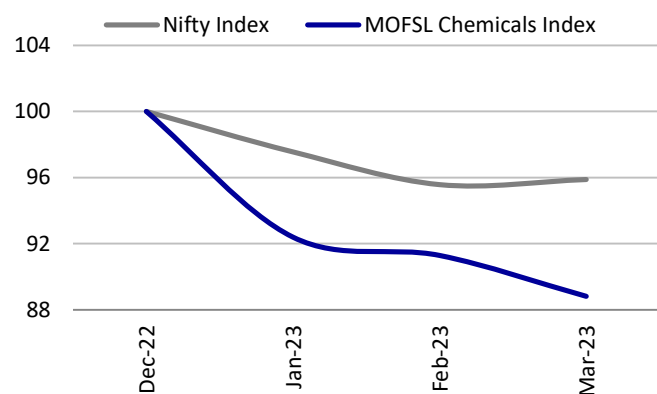
consumption remaining flat in CY22 v/s CY21, due to the current global slowdown, NOCIL has been able to maintain its market share during the period. Further, management expects that Europe+1 could play out over the medium term with no likely capacity constraints in near future.

- **Vinati Organics (VO):** The demand outlook for the ATBS segment remains strong going forward in FY24. Veeral Organics Pvt. Ltd. (a wholly owned subsidiary of VO) is also set to commence production of MEHQ, Guaiacol, and Iso Amylene in 1HFY24, which should propel VO into the next leg of its growth story. Veeral Additives has commenced production of AOs and samples are being sent to customers for approvals. The amalgamation has been approved by the NCLT and also by the board of VO. Post this, VO is set to become the largest and the only doubly integrated manufacturer of AOs in India.

Exhibit 2: Comparative valuations

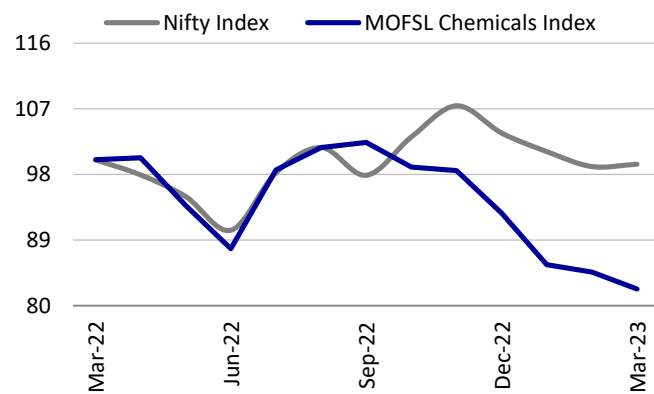
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Chemicals-Specialty						35.8	29.2	25.3	6.7	5.6	4.8	18.7	19.3	19.0
Alkyl Amines	2,158	Neutral	45.2	61.0	77.2	47.7	35.3	28.0	9.5	7.9	6.5	21.5	24.4	25.5
Atul	6,961	Neutral	161.6	208.9	241.3	43.1	33.3	28.8	4.3	3.8	3.4	10.3	12.1	12.5
Clean Science	1,264	Neutral	27.8	30.5	33.5	45.4	41.5	37.8	13.2	10.4	8.4	33.1	28.0	24.6
Deepak Nitrite	1,842	Neutral	61.5	88.8	95.5	30.0	20.7	19.3	6.2	4.9	4.1	22.7	26.5	23.1
Fine Organic	4,307	Neutral	182.9	168.1	159.3	23.5	25.6	27.0	9.8	7.7	6.4	48.6	33.7	25.9
Galaxy Surfactants	2,333	Buy	111.2	86.6	107.3	21.0	27.0	21.7	4.4	3.9	3.5	22.9	15.4	16.9
Navin Fluorine	4,265	Neutral	70.3	107.8	134.3	60.7	39.6	31.8	9.9	8.2	6.8	17.4	22.7	23.5
NOCIL	206	Buy	8.6	12.4	14.5	24.0	16.6	14.2	2.3	2.1	1.9	9.7	13.1	14.1
Vinati Organics	1,808	Buy	46.8	57.1	77.7	38.6	31.7	23.3	8.4	6.9	5.6	23.8	23.9	26.5

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

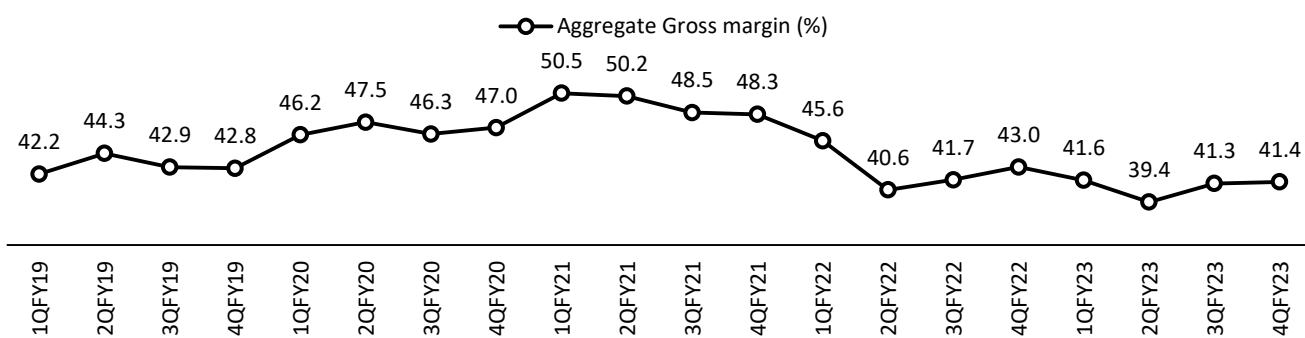


Source: Bloomberg, MOFSL

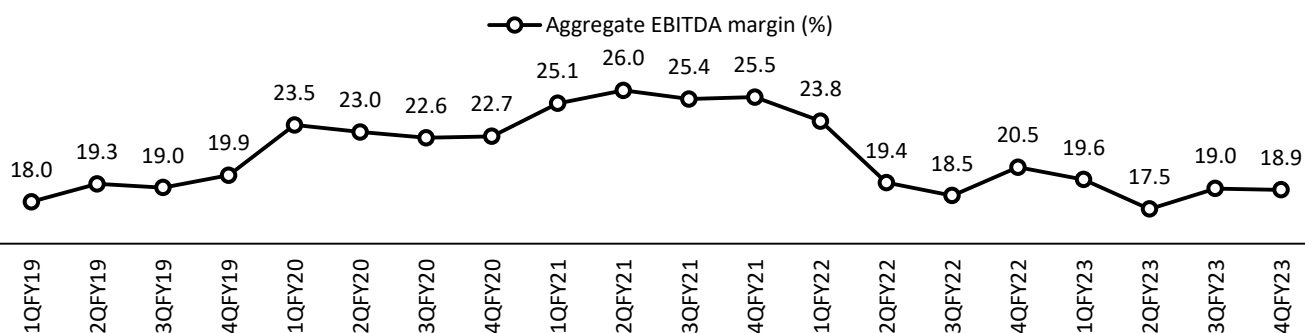
Exhibit 4: Relative performance – one-year (%)



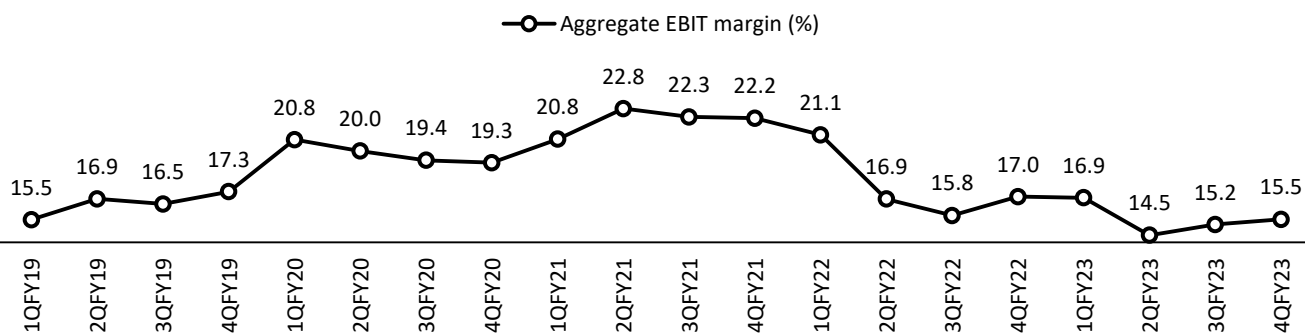
Source: Bloomberg, MOFSL

Exhibit 5: Gross margin snapshot for our coverage universe

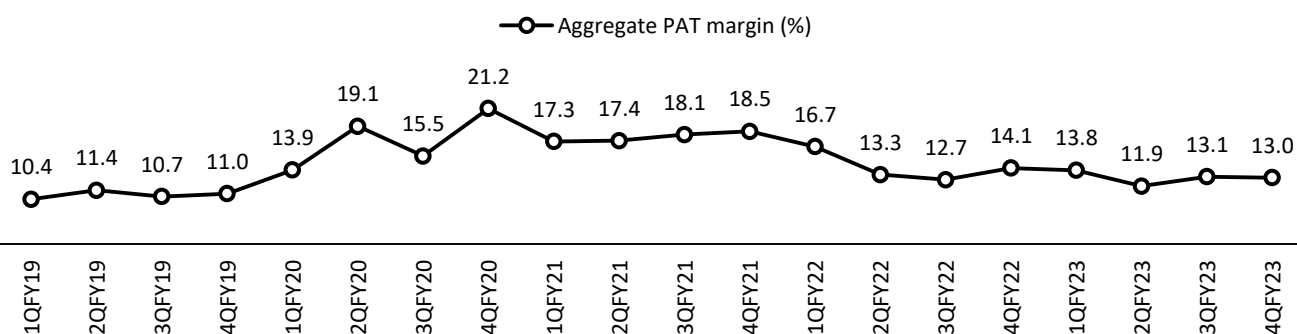
Source: Company, MOFSL

Exhibit 6: EBITDAM snapshot for our coverage universe

Source: Company, MOFSL

Exhibit 7: EBIT margin snapshot for our coverage universe

Source: Company, MOFSL

Exhibit 8: PAT margin 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: INR2,158 | TP: INR2,315 (+7%)

EPS CHANGE (%): FY23|24: -5|-2

- Expect revenue to grow 3% QoQ but decline 6% YoY. Long-term volume guidance intact.
- Key monitorable – progress of ongoing Ethylamine capacity expansion project at Kurkumbh.
- Expect EBITDA to be up 10% QoQ with margin to improve sequentially at 19.2%
- Watch out for updates on Di-Ethyl Ketone being commissioned in Feb'23 and other new products.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,918	3,487	3,767	4,256	4,735	4,089	3,885	3,992	15,428	16,701
YoY Change (%)	59.8	19.7	16.3	11.4	20.8	17.3	3.1	-6.2	24.2	8.2
Gross Margin (%)	48.9%	45.7%	44.7%	44.2%	50.9%	49.0%	49.0%	49.4%	45.8%	49.7%
EBITDA	1,109	755	666	736	1,158	813	697	768	3,265	3,437
Margins (%)	28.3	21.6	17.7	17.3	24.5	19.9	17.9	19.2	21.2	20.6
Depreciation	76	77	79	116	118	112	107	113	348	449
Interest	11	10	10	8	8	11	8	8	38	35
Other Income	20	42	46	34	42	23	44	36	142	145
PBT before EO expense	1,043	709	623	646	1,075	714	626	684	3,021	3,098
PBT	1,043	709	623	646	1,075	714	626	684	3,021	3,098
Tax	258	169	164	182	256	189	169	172	772	787
Rate (%)	24.7	23.8	26.3	28.2	23.8	26.5	27.0	25.2	25.6	25.4
Reported PAT	785	541	459	464	819	524	457	512	2,249	2,312
YoY Change (%)	48.8	-17.4	-45.7	-49.9	4.3	-3.1	-0.4	10.2	-23.8	2.8
Margins (%)	20.0	15.5	12.2	10.9	17.3	12.8	11.8	12.8	14.6	13.8

Atul

Neutral

CMP: INR6,961 | TP: INR7,240 (+4%)

EPS CHANGE (%): FY23|24: -8|-2

- Expect revenues to decline 3% QoQ (-10% YoY) and EBITDA margin at 10.1% (v/s 13.6% in 3QFY23).
- Watch out for EBIT margin improving in Performance and Other Chemicals after posting single-digit margin in the past two quarters.
- Margins expected to decline in the current quarter, due to weaker realizations and rising input costs.
- Delay in implementation and ramp-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	2Q	3Q	4QE		
Gross Sales	10,802	12,500	13,803	13,704	14,769	14,873	12,683	12,351	50,809	54,675
YoY Change (%)	63.5	24.7	44.9	22.8	36.7	19.0	-8.1	-9.9	36.2	7.6
Gross Margin (%)	52.0%	46.5%	50.6%	47.5%	48.5%	47.1%	47.2%	43.7%	49.1%	46.8%
EBITDA	2,361	2,187	2,515	2,052	2,330	2,203	1,723	1,242	9,114	7,497
Margin (%)	21.9	17.5	18.2	15.0	15.8	14.8	13.6	10.1	17.9	13.7
Depreciation	433	440	454	441	473	491	504	534	1,767	2,002
Interest	21	18	19	34	16	19	22	37	92	94
Other Income	296	211	31	222	359	319	229	324	760	1,230
PBT before EO expense	2,204	1,940	2,072	1,800	2,200	2,011	1,425	995	8,016	6,632
PBT	2,204	1,940	2,072	1,800	2,200	2,011	1,425	995	8,016	6,632
Tax	572	495	530	452	577	544	394	251	2,050	1,765
Rate (%)	26.0	25.5	25.6	25.1	26.2	27.0	27.6	25.2	25.6	26.6
Minority Interest and Profit/Loss of Asso. Cos.	19	17	27	18	11	13	-3	60	82	82
Reported PAT	1,652	1,461	1,569	1,366	1,635	1,481	1,029	804	6,047	4,948
YoY change (%)	37.1	-16.1	-18.4	-22.9	1.4	3.7	-32.1	-39.5	-8.9	-18.7
Margin (%)	14.9	11.4	11.0	9.7	11.1	10.0	8.1	6.5	11.6	8.8

Clean Science

Neutral

CMP: INR1,264 | TP: INR1,340 (+6%)

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

- Expect revenue and EBITDA to remain flat QoQ.
- Key monitorables – utilization levels of HALS701 & HALS770 and commercialization of rest of the products in HALS series.
- Expect EBITDAM to remain stable in the mid-forties range.
- Key risks – raw material price volatility along with supply chain constraints could dampen margins.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	1,463	1,532	1,808	2,046	2,341	2,475	2,374	2,396	6,849	9,585
YoY Change (%)	29.6	9.2	44.2	52.8	60.0	61.6	31.3	17.1	33.7	40.0
Gross Margin (%)	71.2%	68.6%	65.0%	65.2%	61.0%	62.5%	67.2%	66.9%	67.2%	64.4%
EBITDA	713	687	761	837	913	975	1,082	1,084	2,999	4,054
Margin (%)	48.8	44.9	42.1	40.9	39.0	39.4	45.6	45.3	43.8	42.3
Depreciation	58	61	60	70	85	87	89	91	249	352
Other Income	65	86	75	74	18	28	126	92	300	264
PBT before EO expense	721	712	776	839	847	916	1,118	1,084	3,048	3,965
PBT	721	712	776	839	847	916	1,118	1,084	3,048	3,965
Tax	175	177	196	215	218	237	280	273	763	1,008
Rate (%)	24.2	24.9	25.3	25.7	25.7	25.8	25.1	25.2	25.0	25.4
Reported PAT	546	535	580	624	629	679	838	811	2,285	2,957
YoY Change (%)	30.3	-1.4	18.2	17.4	15.2	26.9	44.5	30.0	15.2	29.4
Margin (%)	37.3	34.9	32.1	30.5	26.9	27.5	35.3	33.8	33.4	30.8

Deepak Nitrite

Neutral

CMP: INR1,842 | TP: INR1,910 (+4%)

EPS CHANGE (%): FY23|24: +1|-1

- Expect EBITDA margin of 16.5% in 4QFY23 (v/s 15.8% in 3QFY23) led by improvement in Acetone/Phenol spreads.
- Key monitorables: Utilization levels of Nandesari plant and updates on various capex under implementation.
- Clarity required on Oman subsidiary and on downstream products announced (MIBK, MIBC and Polycarbonate).
- Key risk: substantial margin fluctuations due to highly commoditized nature of products.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	15,262	16,814	17,223	18,724	20,580	19,617	19,911	20,200	68,022	80,307
YoY Change (%)	126.3	70.3	39.5	28.0	34.8	16.7	15.6	7.9	56.0	18.1
Gross Margin (%)	46.3%	37.4%	37.0%	38.2%	33.9%	30.2%	32.8%	30.4%	39.5%	31.8%
EBITDA	4,515	3,865	3,519	4,103	3,560	2,709	3,146	3,334	16,002	12,748
Margin (%)	29.6	23.0	20.4	21.9	17.3	13.8	15.8	16.5	23.5	15.9
Depreciation	436	441	455	446	419	424	411	421	1,777	1,675
Interest	109	92	68	71	86	59	58	56	340	259
Other Income	83	84	258	35	96	120	134	92	460	442
PBT	4,053	3,417	3,253	3,622	3,151	2,346	2,810	2,948	14,345	11,256
Tax	1,026	873	829	950	805	601	720	744	3,678	2,870
Rate (%)	25.3	25.6	25.5	26.2	25.5	25.6	25.6	25.2	25.6	25.5
Reported PAT	3,026	2,543	2,425	2,672	2,346	1,745	2,091	2,204	10,666	8,385
YoY Change (%)	205.8	49.4	12.0	-7.9	-22.5	-31.4	-13.8	-17.5	37.5	-21.4
Margin (%)	19.8	15.1	14.1	14.3	11.4	8.9	10.5	10.9	15.7	10.4

Fine Organics

Neutral

CMP: INR4,307 | TP: INR4,780 (+11%)

EPS CHANGE (%): FY23|24: +1|0

- Expect revenue to fall 10% QoQ and EBITDA margin to contract 210bp QoQ to 21% with global macro improving.
- Key monitorables – update on progress of JV to be set up in Thailand and new land acquisition in Gujarat.
- Resolution of the geopolitical crisis and other headwinds in the global macro environment to have negative impact
- Delay in the ramp-up of the utilization levels and addition of capacities in Gujarat could be deterrent to growth.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,599	4,296	4,682	6,007	7,526	8,281	7,499	6,733	18,584	30,038
YoY Change (%)	52.8	61.6	57.0	86.7	109.1	92.8	60.1	12.1	65.7	61.6
Gross Margin (%)	31.1%	33.6%	32.8%	42.3%	41.3%	38.2%	35.1%	34.0%	35.7%	37.3%
EBITDA	499	728	797	1,461	2,056	2,138	1,747	1,429	3,485	7,369
Margin (%)	13.9	17.0	17.0	24.3	27.3	25.8	23.3	21.2	18.8	24.5
Depreciation	95	98	101	106	111	115	123	127	399	475
Interest	13	12	12	13	11	13	11	12	51	47
Other Income	60	62	66	144	166	193	152	157	332	667
PBT	451	681	750	1,486	2,099	2,203	1,764	1,447	3,368	7,514
Tax	101	181	193	385	526	563	452	365	861	1,906
Rate (%)	22.5	26.6	25.7	25.9	25.1	25.6	25.6	25.2	25.6	25.4
Reported PAT	349	500	557	1,101	1,573	1,640	1,313	1,082	2,507	5,607
YoY Change (%)	22.2	69.5	98.8	281.2	350.2	228.2	135.6	-1.7	118.1	123.7
Margin (%)	9.7	11.6	11.9	18.3	20.9	19.8	17.5	16.1	13.5	18.7

Galaxy Surfactants

Buy

CMP: INR2,333 | TP: INR3,220 (+38%)

EPS CHANGE (%): FY23|24: 0|+2

- Expect revenue growth of 6% YoY (+3% QoQ) led by volume growth with realizations being flat
- Key monitorable – update on demand outlook in AMET and European regions.
- Expect EBITDA margin to be at 13.3% with absolute EBITDA/kg declining QoQ.
- Supply issues have subsided with RM prices being down from peak but still at elevated levels.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	8,264	8,773	9,291	10,529	11,589	12,316	10,803	11,143	36,857	45,850
YoY Change (%)	36.1	22.1	37.7	34.4	40.2	40.4	16.3	5.8	32.4	24.4
Gross Margin (%)	31.7%	26.5%	27.4%	33.0%	30.8%	26.9%	31.6%	30.8%	29.8%	29.9%
EBITDA	1,085	709	764	1,450	1,480	1,317	1,541	1,481	4,007	5,819
Margin (%)	13.1	8.1	8.2	13.8	12.8	10.7	14.3	13.3	10.9	12.7
Depreciation	168	181	177	184	189	205	216	219	711	828
Interest	29	37	28	34	44	56	56	45	129	201
Other Income	45	50	18	12	-20	11	37	64	125	92
PBT	933	541	576	1,244	1,227	1,067	1,307	1,280	3,293	4,881
Tax	164	122	120	260	223	228	245	244	665	940
Rate (%)	17.6	22.5	20.8	20.9	18.2	21.4	18.7	19.0	20.2	19.3
Reported PAT	768	419	456	984	1,004	839	1,062	1,037	2,628	3,941
YoY Change (%)	36.0	-48.7	-46.5	25.1	30.7	100.0	132.8	5.4	-13.0	50.0
Margin (%)	9.3	4.8	4.9	9.3	8.7	6.8	9.8	9.3	7.1	8.6

Navin Fluorine

Neutral

CMP: INR4,265 | TP: INR4,700 (+10%)

EPS CHANGE (%): FY23|24: -2|-1

- Built-in revenue of INR5.9b on a sustained run rate in the specialty chemicals business and HPP.
- Key monitorable – update on new HF capacity announced in addition to the already existing capacity.
- EBITDA margin to improve 40bp QoQ at 28% (+400bp YoY)
- Watch out for: Quarterly run rate in CRAMs as well as commentary on sustainable performance of the Legacy business.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,139	3,244	3,790	3,984	3,868	4,192	5,636	5,895	14,156	19,591
YoY Change (%)	53.3	5.4	27.8	22.9	23.3	29.2	48.7	48.0	24.9	38.4
Gross Margin (%)	54.9%	55.4%	55.6%	52.3%	54.5%	56.2%	56.3%	56.5%	54.5%	56.0%
EBITDA	780	835	986	958	999	938	1,556	1,650	3,559	5,143
Margin (%)	24.8	25.8	26.0	24.0	25.8	22.4	27.6	28.0	25.1	26.3
Depreciation	109	110	121	112	115	177	250	257	452	799
Interest	4	3	4	6	3	40	92	90	16	225
Other Income	76	85	75	141	142	109	99	100	378	451
PBT before EO expense	743	808	936	982	1,023	831	1,313	1,404	3,468	4,570
PBT	743	808	936	982	1,023	831	1,313	1,404	3,468	4,570
Tax	179	187	248	194	234	252	247	354	808	1,087
Rate (%)	24.1	23.2	26.5	19.8	22.8	30.4	18.8	25.2	23.3	23.8
Reported PAT	564	621	688	788	790	578	1,066	1,050	2,661	3,483
Adj. PAT	564	621	688	788	790	578	1,066	1,050	2,661	3,483
YoY Change (%)	9.4	-7.8	17.2	11.0	39.9	-6.9	54.9	33.3	6.1	30.9
Margin (%)	18.0	19.1	18.2	19.8	20.4	13.8	18.9	17.8	18.8	17.8

NOCIL

Buy

CMP: INR206 | TP: INR290 (+41%)

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

- Expect revenue to be up 10% QoQ at INR3.6b led by ramp-up in volume as demand situation improves.
- Key monitorables – new capex announcements in the specialty segment and update on debottlenecking.
- EBITDA margin to be at 12.1% in 4QFY23; absolute EBITDA/mt to improve 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	2Q	3Q	4QE		
Gross Sales	3,445	3,752	3,889	4,627	5,089	3,892	3,257	3,577	15,713	15,815
YoY Change (%)	223.4	69.3	41.6	43.7	47.7	3.8	-16.2	-22.7	69.9	0.7
Gross Margin (%)	49.4%	40.6%	40.7%	50.0%	46.4%	47.1%	46.1%	45.9%	45.3%	46.4%
EBITDA	727	495	500	1,105	1,012	615	366	433	2,826	2,425
Margin (%)	21.1	13.2	12.8	23.9	19.9	15.8	11.2	12.1	18.0	15.3
Depreciation	102	104	105	160	134	136	138	141	471	549
Interest	2	2	3	4	3	3	3	3	11	12
Other Income	10	22	9	11	10	12	27	18	51	67
PBT before EO expense	632	411	400	952	885	487	251	308	2,396	1,931
PBT	632	411	400	952	885	487	251	308	2,396	1,931
Tax	161	106	102	268	229	128	64	78	636	498
Rate (%)	25.5	25.8	25.3	28.1	25.8	26.2	25.4	25.2	26.6	25.8
Reported PAT	471	305	299	685	656	359	188	230	1,760	1,433
YoY Change (%)	300.3	83.4	35.4	90.1	39.4	17.7	-37.2	-66.3	103.4	-18.5
Margin (%)	13.7	8.1	7.7	14.8	12.9	9.2	5.8	6.4	11.2	9.1

Vinati Organics

Buy

CMP: INR1,808 | TP: INR2,720 (+50%)

EPS CHANGE (%): FY23|24: +1|-3

- Expect revenue growth of 5% QoQ/10% YoY at INR5.3b, driven by ATBS and IBB products.
- Key drivers – Ramp-up of Antioxidants plant to aid sales growth in FY24E.
- EBITDA margin to be at 34.2% (from 32.2% in 3QFY23), with gross margin at 52% in 4QFY23.
- Watch out for capex updates and new product announcements.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,864	3,741	3,690	4,861	5,063	5,663	5,087	5,349	16,155	21,162
YoY Change (%)	66.8	70.5	65.1	73.7	31.0	51.4	37.9	10.0	69.3	31.0
Gross Margin (%)	44.6%	47.6%	48.9%	46.1%	45.5%	45.0%	51.6%	52.0%	46.7%	48.5%
EBITDA	1,015	1,010	928	1,388	1,309	1,485	1,638	1,828	4,341	6,259
Margin (%)	26.3	27.0	25.1	28.6	25.8	26.2	32.2	34.2	26.9	29.6
Depreciation	110	113	115	117	128	130	130	132	455	521
Interest	0	0	0	2	5	0	0	0	3	5
Other Income	176	136	146	151	187	200	168	154	609	709
PBT before EO expense	1,081	1,033	959	1,420	1,363	1,554	1,675	1,850	4,493	6,442
PBT	1,081	1,033	959	1,420	1,363	1,554	1,675	1,850	4,493	6,442
Tax	272	220	126	409	351	394	421	466	1,026	1,632
Rate (%)	25.1	21.3	13.2	28.8	25.7	25.3	25.1	25.2	22.8	25.3
Reported PAT	809	814	833	1,011	1,012	1,160	1,254	1,384	3,466	4,810
YoY Change (%)	11.9	31.1	29.8	42.7	25.0	42.6	50.6	36.9	28.7	38.8
Margin (%)	20.9	21.7	22.6	20.8	20.0	20.5	24.7	25.9	21.5	22.7

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

Weak demand persists, material costs provide relief

We expect a cumulative growth of 8.8% in the topline, 14.3% in EBITDA, and 9.7% in PAT, in 4QFY23, for the 19 consumer companies under our coverage. The three-year and four-year sales/EBITDA/PAT CAGR is 15.9%/16.8%/14.1% and 10.3%/10.3%/10.6%, respectively. In terms of volume growth, our FMCG universe is likely to see another subdued quarter in 4QFY23, especially as there are no clear signs of revival in rural demand. 'Cigarettes' is showing signs of demand resilience, while other categories such as paints/adhesives/innerwear are showing signs of reduced growth on a very high base of the past couple of years. Many companies indicated that advertisement and promotion spends would normalize going forward as commodity costs stabilize.

Rural demand continues to be a drag

With no clear signs of recovery in rural demand, sales growth in staples would be led by value growth and premiumization, both of which, are also tapering down as cumulative earnings growth of our coverage universe appears better because of behemoths such as HUVR, ITC, and APNT. Among large companies, we expect APNT to report 9% YoY sales growth with 6% domestic decorative volume growth, and ~20%/12% EBITDA/PAT growth. For HUVR, we expect YoY sales/EBITDA /adj PAT growth of 13.3%/12.4%/11%. ITC is likely to post YoY sales growth of 3.3% on a high base, and continue on its healthy growth trend by registering a EBITDA/adj. PAT growth of 18.9%/12.8%. We expect a healthy ~13% volume growth (four-year average volume growth of ~4.5%) in Cigarettes and high ARR in hotels. VBL, GCPL, and BRIT are also likely to report strong numbers on all fronts, especially with EBITDA growth of 25% YoY or higher. On the other hand, we expect weak YoY EBITDA growth/decline for alcobev players, CLGT, INDIGOPN, NEST, and PAG.

Crude and palm decline the most

As we mentioned in our [commodities note](#) in Mar'23, prices of most commodities have not declined at the expected rate; however, some of them have moderated and others have not increased much. There is a clear disparity between crude derivatives, where VAM has reduced ~ 59% from the peak, and other derivatives, such as Tio2 and HDPE, saw only minor reductions from peak. PIDI and GCPL are likely to be major beneficiaries of a steep decline in VAM and Palm Oil, respectively. In the case of agricultural commodities, it has been largely stable. With the high cost inventory consumed by most of the companies and the impact of price hikes being entirely absorbed, we expect gross margins to improve going forward. Following a few quarters of subdued ad spends, it is gradually rising in some pockets, clocking a sequential EBITDA improvement. There is a huge divergence in EBITDA margin growth across companies. Nine of nineteen stocks under coverage are likely to report flat or lower EBITDA margins YoY. On the other hand, ITC, PIDI, GCPL, JYL are likely to report operating margin improvement of 250bp-500bp YoY and APNT/BRIT/PGHH are likely to report margin expansion of 180bp-250bp YoY.

Top picks

ITC, GCPL, and VBL: A revival in cigarette demand, an improvement in the hotels business, lower input cost pressures v/s peers and attractive valuations make ITC our 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 continues on its optimal capital allocation strategies and registers healthy domestic growth. GCPL is also likely to witness significant boost on margins over the next few quarters, led by lower palm oil costs. We like VBL owing to: 1) increased penetration in newly acquired territories of South and West India, 2) higher acceptance of newly launched products, and 3) growing refrigeration in rural and semi-rural areas.

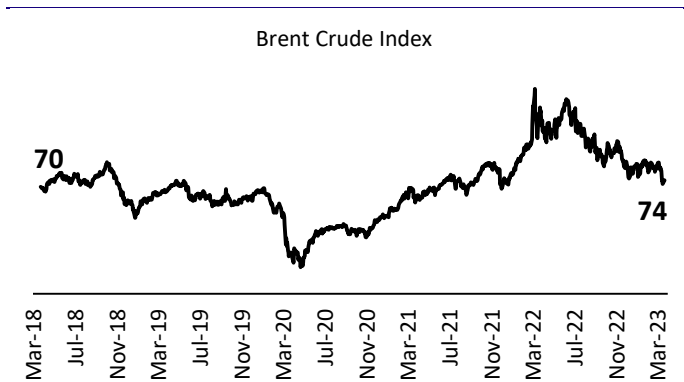
Exhibit 1: Overall performance

Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net profit (INR m)		
	Consumer	(INR)	Rating	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)
Asian Paints	2762	Neutral	86,327	9.4	0.0	17,368	20.3	7.8	11,098	12.1	1.2
Britannia	4322	Neutral	39,984	12.6	-4.7	7,075	28.7	-13.5	5,262	39.2	-5.2
Colgate	1507	Neutral	13,808	6.1	6.9	3,931	-8.5	8.8	2,685	-7.9	10.4
Dabur	545	Buy	27,834	10.5	-8.5	5,452	20.2	-10.6	4,182	10.3	-12.3
Emami	358	Buy	7,845	1.8	-20.2	1,813	10.6	-38.4	1,221	-39.3	-52.6
Godrej Consumer	968	Buy	31,729	8.8	-11.8	6,258	24.6	-18.5	3,834	-0.1	-30.8
Hind. Unilever	2559	Buy	1,52,565	13.3	0.2	36,463	12.4	3.1	25,352	11.0	-1.8
Indigo Paints	1009	Buy	3,176	10.1	12.9	513	-4.5	26.6	349	1.0	33.1
ITC	383	Buy	1,60,451	3.3	-1.1	62,136	18.9	-0.2	47,256	12.8	-6.1
Jyothy Labs	191	Neutral	6,986	30.0	16.7	1,048	84.4	24.1	782	102.9	26.8
Marico	480	Buy	22,290	3.1	-9.8	4,163	20.3	-8.7	2,777	11.1	-15.3
Nestle	19692	Neutral	43,390	9.0	1.9	9,546	2.6	-2.3	6,214	3.4	-1.7
P&G Hygiene	13358	Neutral	9,715	9.0	-14.6	2,080	26.1	-28.4	1,516	34.2	-26.9
Page Industries	37933	Neutral	10,995	-1.0	-10.1	1,723	-35.5	-10.6	1,077	-43.5	-12.9
Pidilite Inds.	2354	Neutral	26,885	7.2	-10.3	5,232	30.4	5.5	3,233	29.8	5.6
Tata Consumer	710	Buy	35,011	10.3	0.8	4,840	8.9	6.7	2,896	25.1	-1.1
United Breweries	1425	Sell	18,627	9.1	15.6	2,062	-20.8	169.0	1,263	-22.5	458.1
United Spirits	756	Neutral	23,336	-4.2	-16.1	2,998	-29.7	-18.5	1,732	-44.0	-22.5
Varun Beverages	1387	Buy	36,220	28.1	63.6	7,041	32.6	129.0	3,783	48.8	406.0
Consumer			7,57,173	8.8	-0.7	1,81,742	14.3	1.2	1,26,511	9.7	-3.4

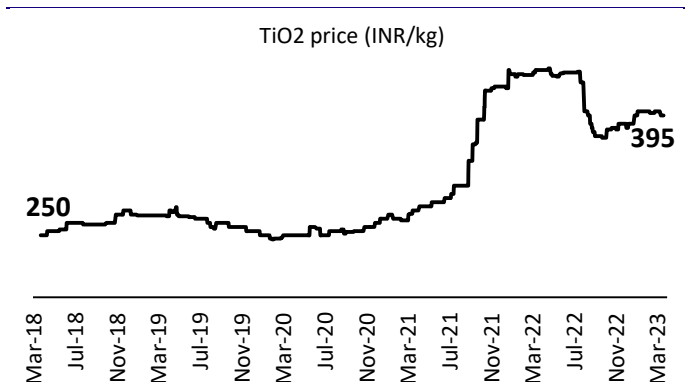
Exhibit 2: Expect most of the companies to post single-digit volume growth in 4QFY23

Quarter ending (growth %)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E
Asian Paints (Dom. Deco.)	2.5	(38.0)	11.0	33.0	48.0	106.0	34.0	10.0	8.0	37.0	10.0	0.0	6.0
Britannia (Biscuits)	0.0	21.0	9.0	3.0	8.0	1.0	5.0	6.0	4.0	(2.0)	4.0	2.0	2.0
Colgate (Toothpaste)	(8.0)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	(4.0)	(1.0)	0.0	-2.0	3.0
Dabur	(14.6)	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	2.0	5.0	2.0	-3.0	5.0
Emami	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	0.0	9.6	-1	-3.9	(3.0)
Hindustan Unilever	(7.0)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	0.0	6.0	4.0	5.0	5.0
ITC (Cigarettes)	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	26.0	21.0	15.0	13.0
Marico (Dom.)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0	(6.0)	3.0	4.0	1.0
Pidilite	(3.1)	(58.6)	7.4	22.0	45.3	105.0	24.5	9.0	20.2	44.0	1.0	1.0	3.0

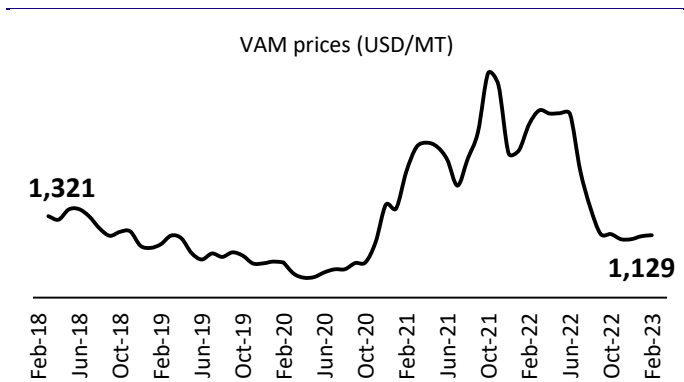
Source: Company, MOFSL

Exhibit 3: Crude oil price fell 17.7%/7.3% YoY and QoQ in Mar'23

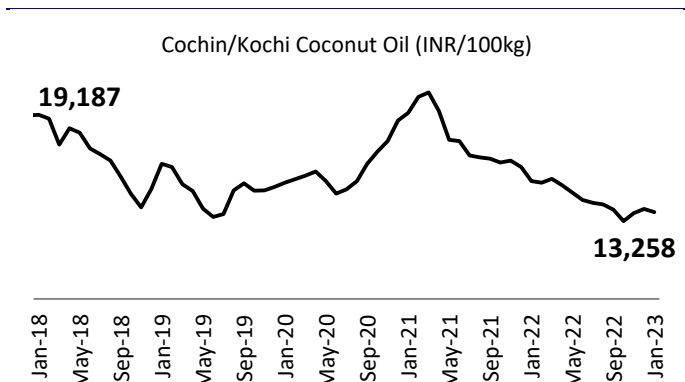
Source: Bloomberg, MOFSL

Exhibit 4: TiO2 price fell 10.5% YoY, while it rose 4.2% QoQ in Mar'23

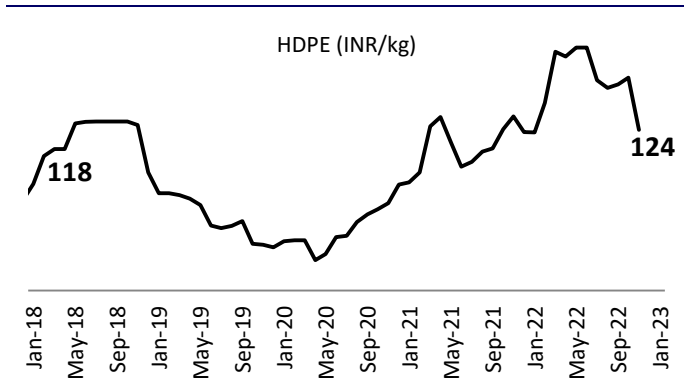
Source: Bloomberg, MOFSL

Exhibit 5: VAM price fell 49.0% YoY and was flat QoQ in Feb'23

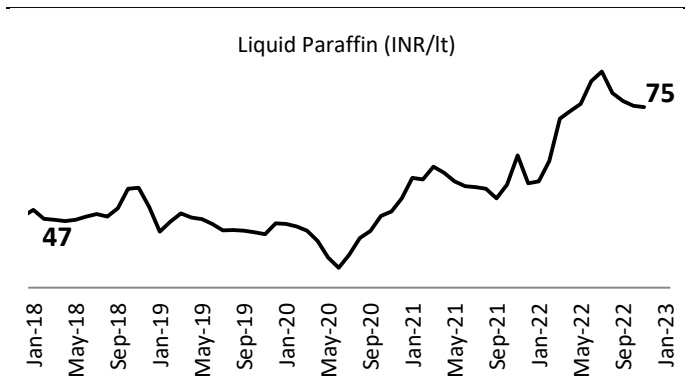
Source: Bloomberg, MOFSL

Exhibit 6: Copra price fell 12.6% YoY and was flat QoQ in Jan'23

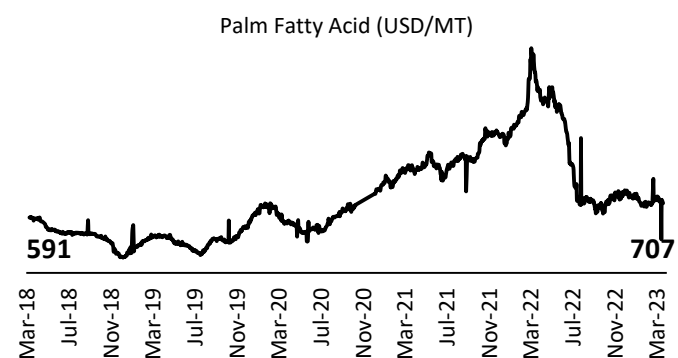
Source: Company, MOFSL

Exhibit 7: HDPE price fell 3.9% YoY and was flat QoQ in Jan'23

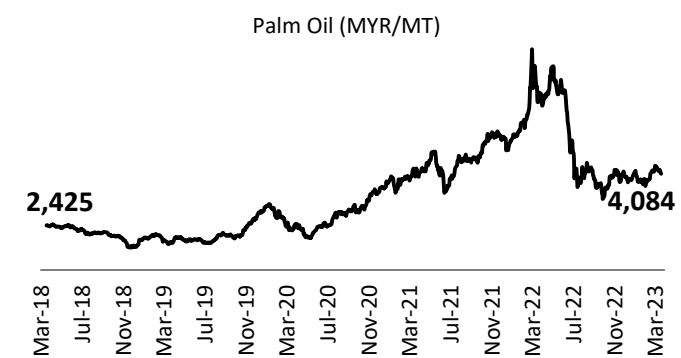
Source: Company, MOFSL

Exhibit 8: LLP price rose 20.9% YoY and was flat QoQ in Jan'23

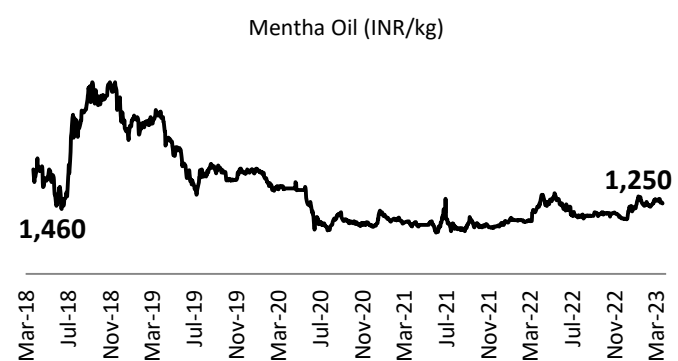
Source: Company, MOFSL

Exhibit 9: PFAD price fell 50.2%/4.8% YoY/QoQ in Mar'23

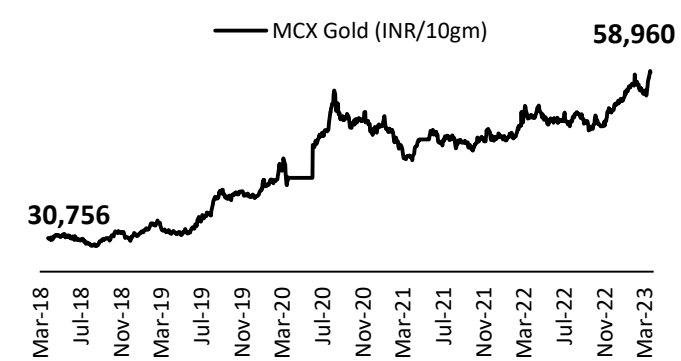
Source: Bloomberg, MOFSL

Exhibit 10: Malaysian palm oil price fell 35.0% YoY (flat QoQ) in Mar'23

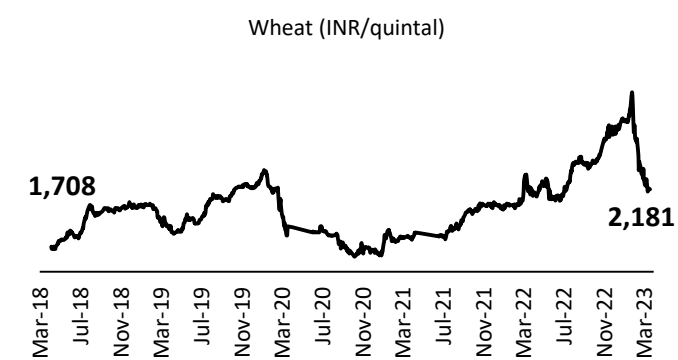
Source: Bloomberg, MOFSL

Exhibit 11: Mentha oil price rose 8.0%/6.1% YoY/QoQ in Mar'23

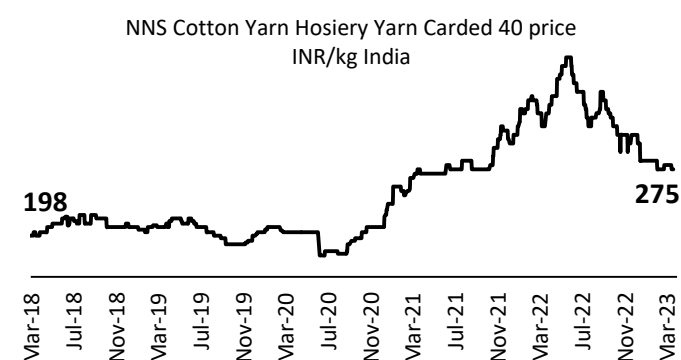
Source: Bloomberg, MOFSL

Exhibit 12: Gold price rose 13.6% YoY and 8.6% QoQ in Mar'23

Source: Bloomberg, MOFSL

Exhibit 13: Wheat price rose 20.7% YoY (flat QoQ) in Mar'23

Source: Bloomberg, MOFSL

Exhibit 14: Yarn price fell 18.4%/9.0% YoY/QoQ in Mar'23

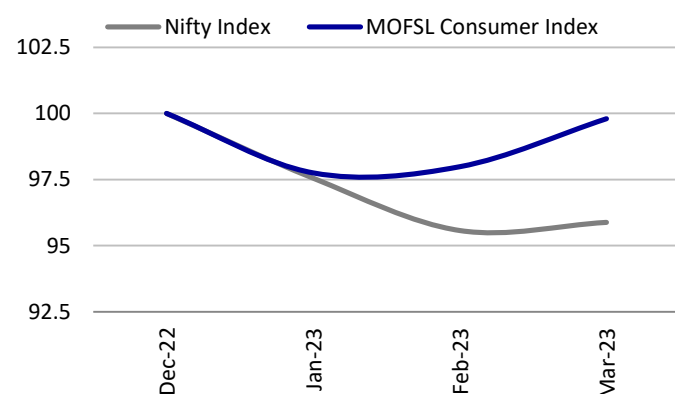
Source: Bloomberg, MOFSL

Exhibit 15: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Consumer						48.3	40.3	34.9	11.9	11.2	10.5	24.7	27.8	30.1
Asian Paints	2,762	Neutral	42.4	55.4	62.9	65.1	49.9	43.9	18.0	16.7	14.7	28.5	34.7	35.7
Britannia	4,322	Neutral	79.1	87.6	99.9	54.7	49.3	43.3	41.6	37.0	32.8	75.3	79.4	80.3
Colgate	1,507	Neutral	37.1	42.7	46.9	40.6	35.3	32.1	23.6	23.6	23.6	58.1	66.9	73.6
Dabur	545	Buy	10.3	11.8	14.2	52.8	46.3	38.4	10.5	9.6	8.7	20.8	21.6	23.8
Emami	358	Buy	15.9	20.5	21.9	22.6	17.5	16.4	7.8	7.3	6.8	34.2	43.0	43.1
Godrej Consumer	968	Buy	16.3	22.5	26.8	59.4	43.1	36.1	8.0	7.3	6.9	13.9	17.8	19.8
Hind. Unilever	2,559	Buy	42.9	48.8	56.4	59.6	52.4	45.3	12.6	13.0	13.4	20.9	24.4	29.0
Indigo Paints	1,009	Buy	21.4	29.5	37.1	47.1	34.2	27.2	6.4	5.4	4.5	14.5	17.1	18.0
ITC	383	Buy	14.9	17.4	19.7	25.7	22.0	19.5	7.4	6.9	6.4	29.4	32.5	34.2
Jyothy Labs	191	Neutral	6.2	7.9	9.5	30.6	24.0	20.2	4.5	4.2	4.0	15.4	18.2	20.3
Marico	480	Buy	9.9	11.4	12.9	48.4	42.2	37.3	18.0	16.7	15.6	37.7	41.1	43.2
Nestle	19,692	Neutral	247.9	289.2	348.3	79.4	68.1	56.5	77.2	80.6	78.0	105.2	115.8	140.2
P&G Hygiene	13,358	Neutral	174.8	269.2	315.1	76.4	49.6	42.4	54.6	49.2	39.9	74.1	104.4	104.1
Page Industries	37,933	Neutral	538.5	636.4	794.6	70.4	59.6	47.7	34.6	31.8	28.9	49.2	53.3	60.6
Pidilite Inds.	2,354	Neutral	25.9	33.1	40.8	90.8	71.1	57.7	17.1	15.6	14.0	19.7	22.9	25.6
Tata Consumer	710	Buy	11.8	16.0	18.9	59.9	44.5	37.6	4.0	3.8	3.4	7.0	8.9	9.4
United Breweries	1,425	Sell	17.5	25.9	35.2	82	55	40.5	8.7	8.0	7.2	11.1	15.1	18.7
United Spirits	756	Neutral	13.2	15.8	18.9	58	48	40.0	9.4	8.9	8.1	16.3	18.6	20.2
Varun Beverages	1,387	Buy	23.1	30.7	38.4	60.2	45.2	36.2	17.7	13.1	9.9	32.6	33.3	31.2

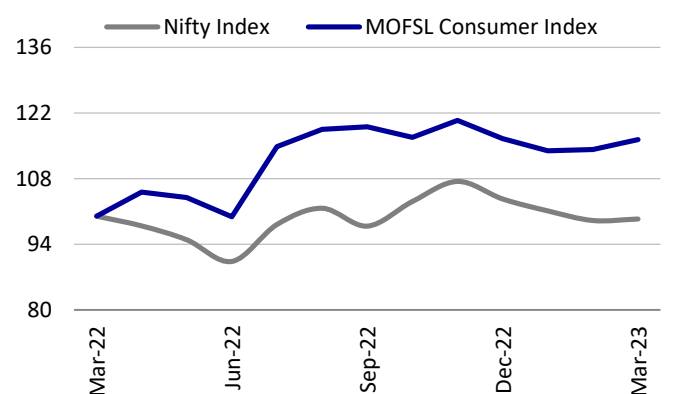
Source: Bloomberg, MOFSL

Exhibit 16: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 17: One-year relative performance (%)



Source: MOFSL, Company

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: INR2,762 | TP: INR3,145 (+14%)

EPS CHANGE (%): FY24|25: 1.7|1.7

- We expect 6% YoY volume growth
- We expect GM to expand YoY/QoQ, due to lower input costs
- TiO2 declined 10.5% YoY, while it rose 4.2% QoQ in 4QFY23
- Watch out for commentary on demand outlook in rural and mix impact, if any

Quarterly Performance (Consol.)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	37.0	10.0	0.0	6.0	31.0	3.5
Net Sales	55.9	71.0	85.3	78.9	86.1	84.6	86.4	86.3	291.0	343.3
Change (%)	91.1	32.6	25.6	18.7	54.1	19.2	1.3	9.4	34.0	18.0
Gross Profit	21.5	24.7	31.3	30.5	32.5	30.2	33.3	34.7	108.0	130.6
Gross Margin (%)	38.4	34.7	36.8	38.7	37.7	35.7	38.6	40.2	37.1	38.1
EBITDA	9.1	9.0	15.4	14.4	15.6	12.3	16.1	17.4	48.0	61.3
Margin (%)	16.4	12.7	18.1	18.3	18.1	14.5	18.7	20.1	16.5	17.9
Change (%)	88.7	-28.5	-13.7	9.5	70.3	35.7	4.5	20.3	-1.1	27.7
Interest	0.2	0.2	0.3	0.2	0.3	0.4	0.4	0.4	1.0	1.5
Depreciation	2.0	2.0	2.1	2.1	2.1	2.2	2.1	2.2	8.2	8.6
Other Income	0.9	1.4	0.7	0.8	1.0	1.0	0.9	0.8	3.8	3.7
PBT	7.8	8.2	13.8	13.0	14.2	10.7	14.4	15.5	42.7	54.9
Tax	2.0	2.2	3.6	3.2	3.7	2.9	3.8	4.1	11.0	14.5
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	26.1	27.1	26.4	26.5	25.8	26.5
Adjusted PAT	5.7	6.1	10.3	9.9	10.6	8.0	11.0	11.1	32.0	40.7
Change (%)	161.5	-29.0	-18.5	13.8	84.6	32.8	6.4	12.1	-0.2	27.2

E: MOFSL Estimates

Britannia Industries

Neutral

CMP: INR4,322 | TP: INR 4,500 (+4%)

EPS CHANGE (%): FY24|25: -1.5|-1.8

- Expect 2% volume growth in the base business in 4QFY23
- Expect gross margin and EBITDA margin improvement of 270bp/220bp YoY
- Commentary on raw materials will be a key monitorable
- Commentary on ICD will be a key monitorable

Consol. Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Base business volume growth (%)	1.0	5.0	6.0	4.0	-2.0	4.0	2.0	2.0	3.9	1.5
Net Sales	34.0	36.1	35.7	35.5	37.0	43.8	42.0	40.0	141.4	162.8
YoY change (%)	-0.5	5.5	12.9	13.4	8.7	21.4	17.4	12.6	7.6	15.1
Gross Profit	13.2	13.5	13.6	13.5	13.6	17.1	18.3	16.3	53.8	65.3
Margins (%)	38.7	37.5	37.9	38.0	36.9	38.9	43.7	40.7	38.0	40.1
EBITDA	5.5	5.6	5.4	5.5	5.0	7.1	8.2	7.1	22.0	27.4
Margins (%)	16.3	15.5	15.1	15.5	13.5	16.3	19.5	17.7	15.6	16.8
YoY growth (%)	-22.8	-17.3	-11.7	8.8	-9.6	27.5	51.5	28.7	-12.3	24.3
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	2.0	2.2
Interest	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.5	1.4	1.9
Other Income	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.6	2.2	2.2
PBT	5.3	5.2	5.1	5.2	4.6	6.6	7.7	6.5	20.8	25.5
Tax	1.4	1.4	1.4	1.4	1.3	1.7	2.2	1.3	5.6	6.4
Rate (%)	27.2	27.0	26.9	27.2	27.8	25.6	28.1	19.2	27.0	25.2
Adjusted PAT	3.9	3.8	3.7	3.8	3.3	4.9	5.6	5.3	15.2	19.0
YoY change (%)	-28.7	-23.0	-18.1	5.1	-13.5	28.5	49.7	39.2	-18.0	25.5

E: MOFSL Estimates

Colgate**Neutral****CMP: INR1,507 | TP: INR1,550 (+3%)****EPS CHANGE (%): FY24|25: -1.0|-0.9**

- We expect volume growth of 3% YoY in 4QFY23
- Watch out for commentary on performance of new launches
- We expect steep EBITDA margin decline, off a high base
- Key monitorables: A&P spends and the Naturals category

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Toothpaste Volume Gr %	8.0	4.0	1.0	-4.0	-1.0	0.0	-2.0	3.0		
Net Sales (inclgd. OOI)	11,660	13,524	12,801	13,013	11,968	13,875	12,913	13,808	50,998	52,563
YoY change (%)	12.0	5.2	3.9	1.4	2.6	2.6	0.9	6.1	5.3	3.1
Gross Profit	8,062	9,038	8,526	8,696	7,938	8,846	8,506	9,174	34,323	34,463
Gross margin (%)	69.1	66.8	66.6	66.8	66.3	63.8	65.9	66.4	67.3	65.6
EBITDA	3,552	4,008	3,806	4,294	3,257	4,080	3,615	3,931	15,660	14,882
Margins (%)	30.5	29.6	29.7	33.0	27.2	29.4	28.0	28.5	30.7	28.3
YoY growth (%)	15.3	-2.1	2.7	1.8	-8.3	1.8	-5.0	-8.5	3.7	-5.0
Depreciation	447	449	439	438	442	439	437	475	1,773	1,792
Interest	15	15	15	14	13	13	13	17	59	55
Financial other Income	52	65	57	89	115	113	104	117	263	449
PBT	3,142	3,609	3,408	3,931	2,918	3,741	3,269	3,556	14,090	13,484
Tax	810	917	885	1,015	727	961	837	872	3,627	3,397
Rate (%)	25.8	25.4	26.0	25.8	24.9	25.7	25.6	24.5	25.7	25.2
Adj PAT	2,332	2,692	2,523	2,916	2,190	2,780	2,432	2,685	10,463	10,086
YoY change (%)	17.7	-1.8	1.6	3.0	-6.1	3.3	-3.6	-7.9	4.2	-3.6

E: MOFSL Estimates

Dabur**Buy****CMP: INR545 | TP: INR640 (+17%)****EPS CHANGE (%): FY24|25: -1.4|-1.2**

- We expect 5% YoY volume growth in 4QFY23
- Commentary on rural demand and international business to be a key monitorable
- We expect GM pressure to ease QoQ, but YoY pressure to continue on GM and EBITDA margins
- Demand outlook for juices category to be a key monitorable

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic FMCG vol. growth (%)	34.4	10.0	2.0	2.0	5.0	2.0	-3.0	5.0	10.1	
Net sales	26.1	28.2	29.4	25.2	28.2	29.9	30.4	27.8	108.9	116.4
YoY change (%)	31.9	12.0	7.8	7.7	8.1	6.0	3.4	10.5	14.1	6.9
Gross profit	12.6	13.8	14.2	11.9	12.9	13.6	13.9	12.8	52.5	53.2
Margin (%)	48.1	48.8	48.3	47.4	45.9	45.4	45.5	46.0	48.2	45.7
EBITDA	5.5	6.2	6.3	4.5	5.4	6.0	6.1	5.5	22.5	23.0
Margins (%)	21.1	22.0	21.3	18.0	19.3	20.1	20.0	19.6	20.7	19.8
YoY growth (%)	32.5	9.0	9.3	2.5	-1.5	-3.2	-2.8	20.2	12.5	2.0
Depreciation	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	2.5	2.8
Interest	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.4	0.6
Other income	0.8	1.1	1.0	1.0	1.0	1.2	1.0	1.0	3.9	4.2
PBT	5.7	6.6	6.5	4.8	5.6	6.4	6.2	5.5	23.6	23.8
Tax	1.3	1.6	1.5	1.0	1.2	1.5	1.4	1.2	5.3	5.3
Rate (%)	22.8	23.6	22.4	20.0	21.8	23.1	23.1	21.4	22.3	22.4
Adjusted PAT	4.4	5.0	5.0	3.8	4.4	4.9	4.8	4.2	18.2	18.3
YoY change (%)	28.0	4.7	2.3	0.4	0.7	-2.8	-5.3	10.3	7.7	0.1

E: MOFSL Estimates

Emami

Buy

CMP: INR358 | TP: INR440 (+23%)

EPS CHANGE (%): FY24|25: -|-

- We expect volumes to decline 3% YoY in 4QFY23, due to weakness in rural demand
- Watch out for commentary on the outlook on pain management and healthcare range
- We expect GM and EBITDA margin of 62.5%/23.1% in 4QFY23
- Outlook for growth in rural India will be a key monitorable

Consol. Quarterly performance

(INR m)

Y/E MARCH	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	38.0	6.2	0.0	0.0	9.6	-1.0	-3.9	-3.0	11.1	2.1
Net Sales	6,610	7,888	9,719	7,704	7,783	8,138	9,827	7,845	31,920	33,593
YoY change (%)	37.3	7.4	4.1	5.4	17.8	3.2	1.1	1.8	10.8	5.2
Gross Profit	4,363	5,425	6,549	4,805	4,872	5,422	6,472	4,902	21,142	21,668
Gross margin (%)	66.0	68.8	67.4	62.4	62.6	66.6	65.9	62.5	66.2	64.5
EBITDA	1,697	2,772	3,415	1,639	1,733	1,954	2,943	1,813	9,524	8,443
Margins (%)	25.7	35.1	35.1	21.3	22.3	24.0	29.9	23.1	29.8	25.1
YoY change	38.0	7.8	0.4	0.7	2.1	-29.5	-13.8	10.6	7.9	-11.3
Depreciation	234	236	242	230	242	245	238	266	942	990
Interest	6	8	18	18	25	18	18	23	51	83
Other Income	107	376	166	303	63	420	69	103	953	655
PBT	1,564	2,904	3,322	1,694	1,530	2,111	2,756	1,628	9,483	8,025
Tax	175	410	491	-259	120	54	185	444	817	803
Rate (%)	11.2	14.1	14.8	-15.3	7.8	2.6	6.7	27.2	8.6	10.0
PAT before Amortization	1,404	2,532	2,864	2,013	1,454	2,079	2,577	1,221	8,813	7,383
YoY change (%)	44.4	18.7	5.7	34.8	3.5	-17.9	-10.0	-39.3	20.6	-16.2

E: MOFSL Estimates

Godrej Consumer

Buy

CMP: INR968 | TP: INR1,115 (+15%)

EPS CHANGE (%): FY24|25: 0.1|-0.3

- We expect the sharp decline in palm oil prices to lead to sequential and YoY improvement in GM
- Watch out for outlook in Household Insecticides category
- Despite likely higher ad spend, EBITDA growth YoY for 4QFY23 and beyond is likely to be over 25%
- Watch out for the commentary on GAUM and Indonesia business

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales (including OOI)	28.9	31.6	33.0	29.2	31.2	33.9	36.0	31.7	122.8	132.9
YoY change (%)	24.4	8.5	8.1	6.8	8.0	7.2	9.0	8.8	11.3	8.2
Gross Profit	15.1	15.8	16.7	14.4	14.6	16.2	18.4	16.5	62.0	65.7
Margin (%)	52.2	49.8	50.7	49.5	46.6	47.9	51.1	51.9	50.5	49.4
EBITDA	6.1	6.8	7.0	5.0	5.3	5.7	7.7	6.3	24.0	25.0
Margins (%)	21.1	21.5	21.2	17.2	17.0	16.9	21.3	19.7	19.5	18.8
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-15.4	9.8	24.6	0.3	4.4
Depreciation	0.5	0.5	0.5	0.5	0.6	0.5	0.6	0.6	2.1	2.3
Interest	0.3	0.2	0.3	0.3	0.4	0.5	0.4	0.5	1.1	1.7
Other Income	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.5	0.9	1.6
PBT	5.4	6.1	6.1	4.0	4.6	4.8	6.7	5.3	21.6	21.4
Tax	1.3	1.3	1.0	0.2	1.1	1.0	1.2	1.4	3.7	4.7
Adj PAT	4.2	4.8	5.1	3.8	3.5	3.8	5.5	3.8	17.9	16.7
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-20.6	7.8	-0.1	1.6	-7.1

E: MOFSL Estimate

Hindustan Unilever

Buy

CMP: INR2,559 | TP: INR3,100 (+21%)

EPS CHANGE (%): FY24|25: -|-

- We expect 5% YoY domestic volume growth
- We expect GM to expand sequentially, on account of lower palm oil cost
- Watch out for outlook on the Nutrition business and rural v/s urban demand
- Key monitorables: Outlook on discretionary consumption and out-of-home demand

Quarterly performance (Standalone)

(INR b)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	9.0	4.0	2.0	0.0	6.0	4.0	5.0	5.0	3.0	5.0
Net sales	119.2	127.2	130.9	134.6	142.7	147.5	152.3	152.6	511.9	595.1
YoY change (%)	12.8	11.2	10.4	11.0	19.8	15.9	16.3	13.3	11.3	16.2
Gross Profit	60.1	65.7	68.2	66.7	67.6	67.6	72.3	75.3	260.7	282.7
Margin %	50.4	51.6	52.1	49.5	47.4	45.8	47.5	49.3	50.9	47.5
EBITDA	28.5	31.3	32.8	32.5	32.5	33.8	35.4	36.5	125.0	138.1
YoY change (%)	7.7	9.2	14.9	9.7	14.0	7.8	7.9	12.4	10.4	10.4
Margins (%)	23.9	24.6	25.0	24.1	22.8	22.9	23.2	23.9	24.4	23.2
Depreciation	2.4	2.7	2.6	2.6	2.6	2.5	2.6	2.8	10.3	10.5
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.3	1.0	1.1
Other income	0.7	1.1	0.9	1.2	1.4	1.2	2.3	1.4	3.9	6.2
PBT	26.6	29.5	30.9	30.7	31.0	32.2	34.8	34.8	117.7	132.7
Tax	5.7	7.7	7.8	8.0	8.0	5.8	8.7	9.4	29.2	31.9
Rate (%)	21.5	26.0	25.3	26.1	25.7	17.9	25.1	27.1	24.8	24.0
PAT bei	19.6	21.9	22.9	22.8	22.9	23.8	25.8	25.4	88.5	100.9
YoY change (%)	4.8	7.5	17.5	8.6	16.7	8.8	12.6	11.0	9.0	14.0
Extraordinary Inc/(Exp)	-0.3	0.0	-0.7	0.6	-0.1	-0.3	-1.0	0.0	-0.3	-1
Reported Profit	20.6	21.9	22.4	23.3	22.9	26.2	25.1	25.4	88.2	99.5

E: MOFSL Estimates

Indigo Paints

Buy

CMP: INR1,009 | TP: INR1,185 (+17%)

EPS CHANGE (%): FY24|25: -|-

- We expect 10 % YoY sales growth, translating into 20.7% three-year CAGR in 4QFY23
- We expect GM to improve QoQ due to decrease in RM prices
- Watch out for comments on demand trends
- Commentary on expansion to larger cities will be a key monitorable

Quarterly Performance (Consol.)

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,560	1,961	2,655	2,884	2,240	2,426	2,813	3,176	9,060	10,654
Change (%)	49.2	26.7	26.6	13.4	43.6	23.7	6.0	10.1	25.3	17.6
Gross Profit	710	818	1,138	1,258	1,012	1,012	1,233	1,433	3,925	4,690
Gross Margin (%)	45.5	41.7	42.9	43.6	45.2	41.7	43.8	45.1	43.3	44.0
EBITDA	202	234	387	538	353	338	406	513	1,360	1,609
Margin (%)	12.9	11.9	14.6	18.6	15.7	13.9	14.4	16.2	15.0	15.1
Change (%)	6.1	-19.6	22.8	25.2	74.9	44.5	4.9	-4.5	11.0	18.4
Interest	3	3	3	5	4	3	3	6	13	15
Depreciation	74	77	79	83	84	85	87	86	313	342
Other Income	30	30	23	25	5	32	38	35	109	110
PBT	156	185	328	474	269	282	353	458	1,143	1,362
Tax	40	49	85	128	70	74	91	108	302	343
Effective Tax Rate (%)	25.5	26.6	26.0	27.1	26.0	26.4	25.7	23.6	26.5	25.2
Adjusted PAT	116	135	243	346	199	208	263	349	840	1,019
Change (%)	38.2	-28.0	29.4	39.1	71.5	53.2	8.1	1.0	18.6	21.2

E: MOFSL Estimates

ITC

Buy

CMP: INR383 | TP: INR450 (+17%)

EPS CHANGE (%): FY24|25: -0.2|-0.3

- We expect 13% YoY volume growth in Cigarettes, maintaining mid-single digit four-year average volume growth
- Watch out for Hotels' revenue growth and profitability
- We expect EBITDA margin to remain flat sequentially, but expand sharply by ~500 bp YoY
- Corporate actions on demerger of businesses a key monitorable

Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE		
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	26.0	21.0	15.0	13.0	15.4	18.8
Net Sales	122.2	127.3	158.6	155.3	172.9	161.3	162.3	160.5	563.4	656.9
YoY change (%)	37.1	12.6	32.5	16.8	41.5	26.7	2.3	3.3	23.9	16.6
Gross Profit	64.3	72.8	81.4	82.5	88.1	91.9	95.5	92.8	292.9	368.4
Margin (%)	52.6	57.2	51.3	53.1	51.0	57.0	58.9	57.8	52.0	56.1
EBITDA	39.9	46.2	51.0	52.2	56.5	58.6	62.2	62.1	189.5	239.5
Growth (%)	50.8	12.9	18.2	16.8	41.5	27.1	22.0	18.9	22.0	26.4
Margins (%)	32.7	36.3	32.2	33.6	32.7	36.4	38.4	38.7	33.6	36.5
Depreciation	4.0	4.0	4.1	4.5	4.1	4.2	4.1	4.4	16.5	16.8
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	5.1	8.7	6.6	25.9	23.5
PBT	40.2	48.8	54.9	54.4	55.4	59.4	66.8	64.2	198.3	245.8
Tax	10.0	11.8	13.4	12.5	13.7	14.7	16.5	17.0	47.7	61.9
Rate (%)	25.0	24.2	24.3	23.0	24.7	24.8	24.7	26.4	24.1	25.2
Adj PAT	30.1	37.0	41.6	41.9	41.7	44.7	50.3	47.3	150.6	183.9
YoY change (%)	28.6	13.7	12.7	11.8	38.4	20.8	21.0	12.8	15.5	22.1

E: MOFSL estimate; Full year COGS also includes contract processing charges (included in other op. exps. in quarterly)

Jyothy Labs.

Neutral

CMP: INR191 | TP: INR210 (+10%)

EPS CHANGE (%):FY24|25: -|-4.1

- We expect standalone net sales to grow 30% YoY
- We expect a sequential GM expansion of 190bp
- We expect out-of-home categories to see better demand
- Key monitorables: Update on detergent, HI portfolio performance, and new launches

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,219	5,783	5,287	5,374	5,858	6,464	5,986	6,986	21,663	25,556
YoY change (%)	21.8	15.7	12.6	10.3	12.2	11.8	13.2	30.0	14.9	18.0
Gross Profit	2,250	2,296	2,170	2,154	2,280	2,563	2,519	3,074	8,869	10,663
Margins (%)	43.1	39.7	41.0	40.1	38.9	39.6	42.1	44.0	40.9	41.7
EBITDA	650	671	605	568	598	802	844	1,048	2,495	3,278
EBITDA growth %	-16.9	-24.5	-24.2	-18.6	-8.0	19.5	39.5	84.4	-21.2	31.4
Margins (%)	12.5	11.6	11.4	10.6	10.2	12.4	14.1	15.0	11.5	12.8
Depreciation	206	206	210	164	113	112	106	123	785	629
Interest	17	18	18	14	13	12	10	17	67	106
Other Income	48	52	43	46	51	55	56	51	190	220
PBT	476	500	420	437	524	733	785	959	1,832	2,762
Tax	75	79	66	52	90	109	168	177	271	470
Rate (%)	15.7	15.7	15.7	11.8	17.1	14.9	21.4	18.5	14.8	17.0
Adjusted PAT	401	421	354	385	434	624	617	782	1,561	2,293
YoY change (%)	-20.5	-30.6	-32.2	-23.7	8.2	48.0	74.2	102.9	-27.0	46.8

E: MOFSL Estimates

Marico**Buy****CMP: INR480 | TP: INR590 (+23%)****EPS CHANGE (%): FY24|25: 1.8|1.8**

- We expect volumes to remain flat YoY
- We expect a YoY expansion in GM on lower RM prices
- Rural slowdown could affect domestic performance
- Outlook on digital first brands is a key monitorable

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	21.0	8.0	0.0	1.0	-5.0	3.0	4.0	1.0	7.0	0.8
Net Sales	25,250	24,190	24,070	21,610	25,580	24,960	24,700	22,290	95,120	97,530
YoY Change (%)	31.2	21.6	13.4	7.4	1.3	3.2	2.6	3.1	18.2	2.5
Gross Profit	10,360	10,270	10,520	9,610	11,520	10,890	11,100	10,252	40,760	43,762
Gross margin (%)	41.0	42.5	43.7	44.5	45.0	43.6	44.9	46.0	42.9	44.9
EBITDA	4,810	4,230	4,310	3,460	5,280	4,330	4,560	4,163	16,810	18,333
Margins (%)	19.0	17.5	17.9	16.0	20.6	17.3	18.5	18.7	17.7	18.8
YoY Change (%)	3.0	8.7	4.4	8.5	9.8	2.4	5.8	20.3	5.7	9.1
Depreciation	330	330	360	370	360	370	390	440	1,390	1,560
Interest	80	100	100	110	100	150	140	137	390	527
Other Income	270	250	220	240	170	190	400	201	980	961
PBT	4,670	4,050	4,070	3,220	4,990	4,000	4,430	3,786	16,010	17,206
Tax	1,020	890	900	650	1,220	930	1,100	879	3,460	4,129
Rate (%)	21.8	22.0	22.1	20.2	24.4	23.3	24.8	23.2	21.6	24.0
Adjusted PAT	3,560	3,090	3,100	2,500	3,710	3,010	3,280	2,777	12,250	12,777
YoY Change (%)	7.6	4.0	1.0	5.0	4.2	-2.6	5.8	11.1	5.5	4.3

E: MOFSL Estimates

Nestlé India**Neutral****CMP: INR19,692 | TP: INR19,900 (+1%)****EPS CHANGE (%): CY23|24: -|-**

- We expect growth momentum in sales to taper off, compared to preceding quarters
- Watch out for any commentary on the Milk and Nutrition segment
- We expect higher contribution from out-of-home consumption
- Watch out for commentaries on demand and material costs

Quarterly performance**(INR b)**

Y/E December	CY22				CY23				CY22	CY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	39.8	40.4	45.9	42.6	43.4	44.8	51.4	51.6	169.0	191.2
YoY Change (%)	10.2	16.1	18.2	13.8	9.0	11.0	12.0	21.2	14.6	13.2
Gross Profit	22.0	21.8	24.2	23.4	23.6	25.1	29.3	29.9	91.5	108.0
Margin (%)	55.4	54.0	52.8	54.9	54.5	56.0	57.0	58.0	54.1	56.5
EBITDA	9.3	8.5	10.2	9.8	9.5	10.1	11.8	12.1	37.1	43.6
Margins (%)	23.4	21.0	22.1	22.9	22.0	22.5	23.0	23.5	22.0	22.8
YoY Growth (%)	0.1	1.8	6.8	14.8	2.6	18.7	16.3	24.2	4.1	17.4
Depreciation	1.0	1.0	1.0	1.0	1.1	1.3	1.4	1.5	4.0	5.3
Interest	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	1.5	1.7
Other income	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	1.0	1.4
PBT	8.1	7.3	9.1	8.6	8.3	8.7	10.4	10.6	32.6	38.0
Tax	2.1	1.9	2.4	2.3	2.1	2.2	2.6	3.2	8.7	10.1
Rate (%)	26.0	25.3	26.1	26.8	25.2	25.2	25.2	30.2	26.6	26.6
Adjusted PAT	6.0	5.5	6.7	6.3	6.2	6.5	7.8	7.4	23.9	27.9
YoY Change (%)	(0.3)	3.9	8.5	10.2	3.4	19.6	15.3	16.7	3.1	16.6

E: MOFSL Estimates

Page Industries

Neutral

CMP: INR37,933 | TP: INR35,760 (-6%)

EPS CHANGE (%): FY24|25: 1.0|1.0

- We expect flat revenue growth YoY
- Weak sales and extremely high EBITDA margin in the base quarter likely to lead to a sharp YoY decline in EBITDA
- Need to watch out for athleisure demand momentum
- Watch out for commentary on the impact of ARS implementation

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,015	10,840	11,898	11,111	13,413	12,550	12,233	10,995	38,865	49,191
YoY change (%)	76.1	46.4	28.3	26.2	167.4	15.8	2.8	-1.0	37.2	26.6
Gross Profit	2,895	5,941	6,335	6,603	7,311	6,999	6,408	5,884	21,775	26,602
Gross margin (%)	57.7	54.8	53.2	59.4	54.5	55.8	52.4	53.5	56.0	54.1
EBITDA	342	2,334	2,507	2,671	2,978	2,379	1,928	1,723	7,855	9,007
Margins (%)	6.8	21.5	21.1	24.0	22.2	19.0	15.8	15.7	20.2	18.3
YoY change	L/P	41.2	10.9	57.3	770.7	1.9	-23.1	-35.5	49.2	14.7
Depreciation	159	165	167	164	180	188	200	215	655	783
Interest	73	74	77	97	85	92	100	100	322	377
Other Income	36	54	71	49	33	27	16	32	210	108
PBT	145	2,148	2,334	2,460	2,746	2,125	1,645	1,439	7,088	7,955
Tax	36	543	589	555	675	504	407	362	1,722	1,949
Rate (%)	24.6	25.3	25.2	22.6	24.6	23.7	24.8	25.2	24.3	24.5
PAT	109	1,605	1,746	1,905	2,070	1,621	1,237	1,077	5,365	6,006
YoY change (%)	L/P	44.8	13.6	64.9	1,790.9	1.0	-29.1	-43.5	57.5	11.9

E: MOFSL Estimates

P&G Hygiene

Neutral

CMP: INR13,358 | TP: INR15,180 (+14%)

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

- We expect sales to grow 9% YoY
- We expect improvement in EM on a YoY basis over a weak base
- Whisper sales likely to be affected as high CPI inflation could slow conversions into the category
- A&P spends and outlook on demand are the key monitorables

Standalone - Quarterly Earnings

(INR m)

Y/E June	FY22				FY23				FY21	FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Net Sales	10,583	10,930	8,913	7,573	10,428	11,374	9,715	8,107	35,741	37,998	39,624
YoY Change (%)	4.8	7.3	17.3	-3.7	-1.5	4.1	9.0	7.1	19.1	6.3	4.3
Gross profit	7,041	7,127	5,275	3,974	6,116	6,513	5,780	4,968	24,148	23,416	23,378
Margin (%)	66.5	65.2	59.2	52.5	58.6	57.3	59.5	61.3	67.6	61.6	59.0
EBITDA	3,013	2,965	1,650	671	2,140	2,905	2,080	800	6,972	8,299	7,925
Growth	31.4	15.5	21.0	-10.4	-29.0	-2.0	26.1	19.2	12.2	19.0	-4.5
Margins (%)	28.5	27.1	18.5	8.9	20.5	25.5	21.4	9.9	19.5	21.8	20.0
Depreciation	127	129	131	142	140	144	145	150	477	529	579
Interest	6	29	68	8	10	39	20	22	61	112	90
Other Income	58	69	60	56	67	93	85	85	394	243	330
PBT	2,938	2,875	1,511	577	2,058	2,815	2,000	712	6,828	7,901	7,586
Tax	756	754	381	152	514	741	484	173	1,759	2,042	1,912
Rate (%)	25.7	26.2	27.0	26.3	25.0	26.3	24.2	24.3	21.3	26.2	25.2
Reported PAT	2,183	2,121	1,029	426	1,544	2,075	1,516	539	6,518	5,758	5,674
Adj PAT	2,183	2,121	1,130	426	1,544	2,075	1,516	539	5,068	5,858	5,674
YoY Change (%)	27.3	16.4	8.4	-13.1	-29.3	-2.2	34.2	26.7	13.2	15.6	-3.1
Margins (%)	20.6	19.4	12.7	5.6	14.8	18.2	15.6	6.7	14.2	15.4	14.3

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR2,354 | TP: INR2,245 (-5%)****EPS CHANGE (%): FY24|25: -|-**

- We expect consolidated revenue to grow by 7% YoY
- We expect GM and EM to expand sharply, on account of a steep decline in VAM costs
- Commentary on revival in real estate – a potential positive for demand
- Outlook on demand trends is a key monitorable

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

Y/E March	FY22				FY23				FY22E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	19,368	26,264	28,507	25,071	31,011	30,112	29,976	26,885	99,210	1,17,984
YoY change (%)	120.6	39.7	24.0	12.1	60.1	14.7	5.2	7.2	36.0	18.9
Gross Profit	9,511	11,924	12,425	10,908	12,931	12,342	12,541	12,625	44,768	50,439
Margin (%)	49.1	45.4	43.6	43.5	41.7	41.0	41.8	47.0	45.1	42.8
EBITDA	3,476	5,496	5,490	4,011	5,295	4,999	4,959	5,232	18,473	20,484
YoY change (%)	423.7	7.2	-14.3	-13.0	52.3	-9.0	-9.7	30.4	9.9	10.9
Margins (%)	17.9	20.9	19.3	16.0	17.1	16.6	16.5	19.5	18.6	17.4
Depreciation	566	603	605	622	613	636	686	784	2,396	2,720
Interest	96	124	108	94	90	117	151	171	421	529
Other Income	61	139	52	111	107	110	51	121	363	389
PBT	2,875	4,908	4,830	3,407	4,698	4,355	4,173	4,397	16,019	17,623
Tax	721	1,159	1,275	915	1,157	1,098	1,052	1,135	4,070	4,441
Rate (%)	25.1	23.6	26.4	26.9	24.6	25.2	25.2	25.8	25.4	25.2
Adj PAT	2,154	3,749	3,555	2,491	3,541	3,347	3,061	3,233	11,949	13,182
YoY change (%)	1,303.0	5.4	-20.1	-19.6	64.4	-10.7	-13.9	29.8	6.1	10.3
Margins (%)	11.1	14.3	12.5	9.9	11.4	11.1	10.2	12.0	12.0	11.2

E: MOFSL Estimates

Tata Consumer Products**Buy****CMP: INR710 | TP: INR900 (+27%)****EPS CHANGE (%): FY24|25: 0|0**

- We expect revenue for the India Foods business to grow by 26% YoY.
- We expect Nourishco to continue on its strong performance
- Tea prices and volumes to be the key monitorables; expect tea volumes to remain flat (+1% YoY)
- We expect International beverages to be muted due to inflationary environment

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	30.1	30.3	32.1	31.8	33.3	33.6	34.7	35.0	124.3	136.7
YoY Change (%)	10.9	9.1	4.5	4.5	10.6	10.9	8.3	10.3	7.1	10.0
EBITDA	4.0	4.1	4.6	4.4	4.6	4.3	4.5	4.8	17.2	18.3
Margins (%)	13.3	13.6	14.4	14.0	13.7	12.9	13.1	13.8	13.8	13.4
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	0.2	0.7	0.8
Other Income	0.3	0.4	0.3	0.5	0.4	0.3	0.5	0.4	1.4	1.5
PBT before EO expense	3.4	3.6	4.0	4.0	4.0	3.7	4.0	4.2	15.1	16.0
Extra-Ord expense	0.0	-0.2	-0.1	-0.2	-0.2	1.1	0.8	0.0	-0.5	1.7
PBT	3.4	3.5	3.9	3.8	3.8	4.8	4.8	4.2	14.6	17.7
Tax	1.0	0.9	1.0	1.0	1.0	1.3	1.1	1.1	3.8	4.5
Rate (%)	28.5	24.8	25.8	24.8	27.1	26.3	23.4	26.5	25.9	25.7
Minority Interest	0.2	0.2	0.3	0.2	0.2	0.6	0.1	0.1	0.8	1.1
Profit/Loss of Asso. Cos.	-0.4	0.2	0.0	-0.5	0.0	0.3	-0.1	-0.1	-0.6	0.2
Reported PAT	1.9	2.7	2.7	2.2	2.6	3.3	3.5	2.9	9.4	12.2
Adj PAT	1.9	2.8	2.7	2.3	2.7	2.4	2.9	2.9	9.7	11.0
YoY Change (%)	-28.8	3.3	23.4	104.3	45.4	-12.7	6.5	25.1	11.8	12.9

United Breweries

Sell

CMP: INR1,425 | TP: INR1,210 (-15%)

EPS CHANGE (%): FY24|25: -|-

- We expect revenue to grow 9% YoY
- We expect EM contraction of 420bp YoY
- We expect GM to be negatively impacted due to higher barley and glass bottle prices
- Outlook on RM costs and summer season to be the key monitorables

Standalone Quarterly Performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	11,180	14,262	15,809	17,069	24,367	16,796	16,110	18,627	58,384	75,900
YoY Change (%)	120.6	58.4	22.6	10.6	117.9	17.8	1.9	9.1	37.7	30.0
Gross Profit	5,404	7,380	7,899	8,310	10,784	7,837	6,741	8,109	29,123	33,471
Margin (%)	48.3	51.7	50.0	48.7	44.3	46.7	41.8	43.5	49.9	44.1
EBITDA	954	1,656	2,096	2,603	2,825	2,191	766	2,062	7,402	7,845
YoY Change (%)	L/P	309.6	6.7	-0.4	196.1	32.3	-63.4	-20.8	84	6.0
Margins (%)	8.5	11.6	13.3	15.3	11.6	13.0	4.8	11.1	12.7	10.3
Depreciation	552	556	529	532	575	520	502	540	2,172	2,136
Interest	39	47	37	25	8	10	16	30	148	64
Other Income	61	46	60	130	104	143	130	160	298	536
PBT before EO expense	425	1,098	1,590	2,176	2,345	1,805	379	1,652	5,380	6,180
Extra-Ordinary expense	0	0	263	0	175	0	248	0	263	423
PBT	425	1,098	1,327	2,176	2,170	1,805	131	1,652	5,117	5,758
Tax	117	291	421	547	554	463	152	389	1,376	1,557
Rate (%)	27.4	26.5	26.5	25.1	23.6	25.6	40.2	23.5	26.9	27.0
Adj PAT	308	806	1,168	1,630	1,792	1,342	226	1,263	3,741	4,623
YoY Change (%)	L/P	1,911.2	14.1	2.5	480.9	66.4	-80.6	-22.5	136.3	23.6
Margins (%)	2.8	5.7	7.4	9.5	7.4	8.0	1.4	6.8	6.4	6.1

E: MOFSL Estimates

United Spirits

Neutral

CMP: INR756 | TP: INR835 (+10%)

EPS CHANGE (%): FY24|25: 1.9|1.8

- Watch out for updates on negotiations with states for price increases
- The quarter is likely to be adversely affected by the reversal of Delhi excise policy
- Expect EM to be under pressure, due to operating deleverage
- The outlook for ENA/glass and price increase granted by states are the key monitorables

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume growth %	60.5	3.5	3.7	5.0	17.9	8.3	-25.0	-29.0	11.9	-9.2
Total revenues	16,151	24,468	28,847	24,351	21,693	28,797	27,811	23,336	93,817	1,01,637
YoY change (%)	56.8	14.0	15.9	9.5	34.3	17.7	-3.6	-4.2	18.9	8.3
Gross Profit	7,205	11,023	12,727	10,166	8,882	11,375	11,281	9,828	41,121	41,366
Margin (%)	44.6	45.1	44.1	41.7	40.9	39.5	40.6	42.1	43.8	40.7
EBITDA	1,677	4,014	4,907	4,267	2,992	4,459	3,678	2,998	14,865	14,127
Margins (%)	10.4	16.4	17.0	17.5	13.8	15.5	13.2	12.8	15.8	13.9
EBITDA growth (%)	L/P	48.8	27.9	3.6	78.4	11.1	-25.0	-29.7	50.5	-5.0
Depreciation	554	655	662	671	653	559	636	694	2,542	2,542
Interest	198	230	338	127	166	141	243	147	893	697
Other income	106	35	16	258	251	81	232	100	415	664
PBT	1,031	3,164	3,923	3,727	2,424	3,840	3,031	2,258	11,845	11,553
Tax	168	921	1,012	633	-313	990	796	526	2,734	1,999
Rate (%)	16.3	29.1	25.8	17.0	-12.9	25.8	26.3	23.3	23.1	17.3
Adj. PAT	863	2,243	2,911	3,094	2,737	2,850	2,235	1,732	9,111	9,554
YoY change (%)	L/P	74.7	26.6	27.0	217.1	27.1	-23.2	-44.0	97.3	4.9

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR1,387 | TP: INR1,650 (+19%)
EPS CHANGE (%): CY23|24: +5|+3

- We expect CSD sales volumes to grow 22% YoY in 1QCY23
- We expect EBITDA margin to improve to ~19.4% v/s 18.8% in 1QCY22
- Update on volume mix; CSD mix is higher generally in 1Q
- New capacity and capex update

Consolidated - Quarterly Earnings Model

(INR m)

Y/E December	CY22				CY23				CY22	CY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		1Q
Gross Sales	28,275	49,548	31,766	22,142	36,220	58,373	36,734	25,647	1,31,731	34,621
YoY Change (%)	26.2	102.3	32.5	27.7	28.1	17.8	15.6	15.8	49.3	22.4
Total Expenditure	22,965	37,042	24,776	19,067	29,179	43,225	28,366	21,886	1,03,850	27,917
EBITDA	5,310	12,506	6,990	3,075	7,041	15,148	8,368	3,762	27,881	6,704
Margins (%)	18.8	25.2	22.0	13.9	19.4	25.9	22.8	14.7	21.2	19.4
Depreciation	1,313	1,531	1,531	1,797	1,550	1,670	1,670	1,683	6,172	1,450
Interest	470	464	453	475	490	480	470	444	1,861	490
Other Income	85	105	106	92	98	120	122	106	388	227
PBT before EO expense	3,612	10,616	5,112	896	5,099	13,118	6,351	1,741	20,236	4,991
PBT	3,612	10,616	5,112	896	5,099	13,118	6,351	1,741	20,236	4,991
Tax	901	2,596	1,157	81	1,122	2,886	1,397	383	4,735	1,198
Rate (%)	25.0	24.5	22.6	9.0	22.0	22.0	22.0	22.0	23.4	24
Minority Interest & Profit/Loss of Asso. Cos.	169	146	144	68	194	168	166	78	527	186
Reported PAT	2,542	7,874	3,810	748	3,783	10,065	4,787	1,280	14,974	3,607
Adj PAT	2,542	7,874	3,810	748	3,783	10,065	4,787	1,280	14,974	3,607
YoY Change (%)	96.7	155.5	58.7	353.3	48.8	27.8	25.6	71.3	115.8	41.9
Margins (%)	9.0	15.9	12.0	3.4	10.4	17.2	13.0	5.0	11.4	10.4

E: MOFSL Estimates

Financials: Banks and Insurance

4QFY23 earnings estimate (INR b)

PAT (INR b)	4Q FY23E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.29	24.0	9.2
AXSB*	59.96	45.6	2.4
BANDHAN	8.29	-56.4	185.3
DCBB	1.29	13.8	13.4
EQUITAS	1.78	49.2	4.8
FB	8.37	54.9	4.2
HDFCB	120.97	20.3	-1.3
ICICIB	91.56	30.4	10.2
IDFCB	6.44	88.0	6.6
IIB	21.11	50.7	7.5
KMB	30.15	8.9	8.0
RBK	2.21	11.5	5.5
Private Total	356.43	23.2	5.6
PSU Banks			
BOB	43.12	142.4	11.9
CBK	30.78	84.7	6.8
INBK	16.25	65.1	16.4
PNB	12.65	527.6	101.1
SBIN	151.68	66.4	6.8
UNBK	25.03	73.9	11.5
PSU Total	279.50	84.1	10.9
Banks Total	635.93	44.2	7.8
Other Financials			
SBICARD	5.52	-5.0	8.3
Life Insurance			
HDFCLIFE	4.06	13.6	28.8
IPRULIFE	2.04	10.6	-7.4
SBILIFE	7.08	5.3	132.8
MAXF	2.66	72.4	-9.7
Life Total	15.84	15.7	39.7

*For AXSB, PAT is excluding extraordinary expenses

Earnings growth likely to stay intact

Credit growth/NIMs to remain healthy; deposit traction in focus

- **Credit growth to remain buoyant; estimate 15.7%/13.3% growth in FY23/24:** We expect systemic loan growth to remain robust in 4QFY23, with a healthy credit growth of 15.7% YoY in Mar'23, driven by continued traction in the Retail and SME segments. The Corporate segment has also witnessed a gradual recovery, though a pick-up in capex would be key to sustain growth momentum. Home, Vehicle, Unsecured, and Small Business segments continue to do well, while demand for CV is also improving. The credit card business is seeing healthy momentum, with robust growth in spends.
- We will watch out for any change in the demand environment, given 1) the challenging macro situation, 2) elevated inflation, and 3) a high base effect. **We estimate systemic loan growth of 15.7/13.3% in FY23/24.**
- **Deposit accretion gaining importance; watchful of further rate hikes:** Deposit rates have increased sharply over the past few months, with liability accretion gaining importance. However, the gap v/s credit growth still remains high. While we expect a stable-positive bias in margins in 4QFY23, **the rise in the cost of deposits and further rate hikes would influence the margin trajectory in FY24. Margins are likely to see some pressure in FY24, in our view.**
- **Asset quality and credit costs to remain under control:** We estimate slippages to remain under control, which, along with recoveries, should improve asset quality. The restructured and ECLGS books have been resilient, which along with a low SMA book will keep credit costs under control in FY23. Though, we expect a slight uptick in credit costs in FY24.
- **Estimate 44%/46% YoY PAT growth in 4QFY23/FY23; 21% CAGR over FY23-25E:** **We estimate our coverage universe to deliver ~44% YoY growth in PAT in 4QFY23 and sustain PPOP growth at ~30% YoY.** In FY23, we expect private/PSU banks to report earnings growth of ~39%/~56% YoY. **We estimate earnings growth of ~46%/24%/19% YoY over FY23/FY24/FY25.**

Private Banks – PAT to grow ~23% YoY in 4QFY23

- **We estimate private banks to report PPOP growth of ~26% YoY (4.5% QoQ) and PAT growth of ~23% YoY (5.6% QoQ) in 4QFY23.** Earnings should remain healthy, aided by healthy business growth, healthy margins, and benign credit costs. However, opex could remain high due to continuous investments in business. **We estimate 18% loan growth for private banks in FY23/FY24 each.**
- **Margins should witness a stable-positive bias,** supported by healthy loan growth and continuous re-pricing of the floating rate book. However, we remain watchful of a rise in the deposit cost, which would keep margins under pressure over FY24. **We estimate NII growth of ~30% YoY in 4QFY23,** with AXSB at ~41%, ICICIB at ~39%, KMB at ~33%, HDFCB at ~27%, and IIB at 19%.
- **Slippages are likely to remain under control** across segments, barring BANDHAN (due to recognition from the SMA pool). Overall, we believe asset quality should continue to improve in 4QFY23, while the performance of the restructured, MSME and ECLGS books will be a key factor to watch out for.

PSBs – Earnings momentum to remain healthy

- Earnings growth is likely to remain healthy for PSBs, aided by healthy margins and a constant reduction in the credit cost. However, opex is likely to remain elevated as banks provide for wage revisions, which could slightly impact the operating profitability. Treasury performance is likely to remain stable.
- Loan growth is likely to remain healthy; however, traction in deposits and a rise in the cost of funds would influence the margin trajectory in the medium term. The credit cost is likely to remain stable as asset quality improves further.
- **PSBs are likely to deliver NII/PPoP growth of 31%/33% YoY (5.7% QoQ each) and PAT growth of ~84% YoY (10.9% QoQ) in 4QFY23E.**

Small Finance Banks – Expect stable performance

- We expect **AUBANK** to report a stable performance, as benign provisions offset a slight margin decline. Advances are likely to grow by a healthy 7.6% QoQ. We estimate 4QFY23 PAT to grow by ~24% YoY to INR4.3b (25% CAGR in FY23-25E).
- **EQUITASB** is likely to report PPoP/PAT growth of 8%/49% YoY and ~28% YoY growth in advances (6.5% QoQ).

Life Insurers – Premium to see a boost ahead of budgetary changes; VNB/ margins to remain healthy

- We expect robust premium growth ahead of budgetary changes, which kick in from FY24. Annuity, Non-PAR and Credit Life segments are likely to fare better. Protection is witnessing a gradual recovery, while ULIP may see muted trends due to volatile markets. Commentary about the impact of the budgetary changes and a revival in Protection/ULIP would be key.
- **Premium growth:** We expect HDFCLIFE/IPRU/MAXF to post APE growth of 35%/35%/30%. SBILIFE is expected to see a modest growth of 11% YoY.
- **VNB growth:** We estimate VNB growth of ~58% YoY for SBILIFE and 34% YoY for HDFCLIFE, while SBILIFE and MAXF would see 13-16% growth. VNB margin is estimated to remain healthy for all players.

SBICARD: NIM compression to continue; revolve rate to stay muted

- The momentum in Credit Card spends and new account sourcing is likely to remain buoyant, though regulatory changes could hurt fee income.
- However, margins could see further pressure owing to a softer revolve rate and the increasing cost of funds, which could dent the overall profitability.
- Asset quality ratios are likely to remain stable, though credit costs could remain elevated on account of higher write-offs.

Other monitorables

- **The performance of the restructured and ECLGS books:** Commentaries on slippages (especially for MSME), the performance of the restructured and ECLGS books, and provisioning guidance will be in focus.
- **Outlook on growth and margins:** Watch out for commentaries on the growth outlook, the revival in capex and the margin outlook amid rising deposit costs.
- **Deposit traction** is another key monitorable amid liquidity tightening and the rise in the funding cost/bulk deposits mix to meet demand.
- **Technological spends and elevated opex:** The outlook on technological spends and investments in the business could affect normalization in opex.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to the movement in bond yields are key focus areas.

Our top picks – AXSB, ICICIBC, SBIN, FB, and SBILIFE

AXSB: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	437	522	608
OP	327	399	481
NP*	213	257	308
NIM (%)	3.8	3.9	4.0
EPS (INR)	69.4	81.8	95.9
EPS Gr. (%)	63.4	17.9	17.2
BV/Sh. (INR)	399	492	580
ABV/Sh. (INR)	382	476	562

Ratios

RoE (%)	8.2	18.3	17.9
RoA (%)	0.8	1.8	1.9

Valuations

P/E	24.2	9.3	8.0
P/BV (x)	1.9	1.6	1.3
P/ABV (x)	2.0	1.6	1.4

*Adjusted for investment in subs

*PAT is excluding extraordinary expenses

AXSB (Buy)

- AXSB has progressed well over past few years and has strengthened its balance sheet by making it granular, increasing the mix of retail loans and improving its PCR. As a result, its key metrics such as loan growth, margins and profitability have improved. We, thus, expect a 16% CAGR in loans over FY23-25.
- AXSB has multiple levers in place to offset the rise in the funding cost as 68% of loans are floating, which, coupled with the rising mix of high-yielding loans and a gradual reduction in low-yielding RIDF bonds, should aid margins.
- AXSB remains focused on building a stronger, consistent, and sustainable franchise. Since asset quality issues are behind, slippages and credit costs will be under control. While the bank will continue to make investments, it expects to bring down the cost-to-assets ratio to ~2% by FY25-end. The bank achieved its target of a consolidated RoE of 18% in 2QFY23 and remains on track to deliver a sustainable RoE of 18% in the medium term.
- We estimate AXSB to deliver FY25 RoA/RoE of 1.9%/17.9%. Adjusted for subsidiaries, the standalone bank trades at 1.6x FY24E ABV.

ICICIBC: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	619	715	831
OP	493	570	671
NP	319	377	439
NIM (%)	4.6	4.6	4.5
EPS (INR)	45.9	54.3	63.1
EPS Gr. (%)	36.5	18.1	16.3
ABV/Sh. (INR)	269	321	380
Cons. BV/Sh. (INR)	306	358	421

Ratios

RoE (%)	17.5	17.5	17.3
RoA (%)	2.1	2.2	2.2

Valuations

P/BV (x) (Cons.)	2.9	2.5	2.1
P/ABV (x)	2.6	2.2	1.9
P/E (x)	15.5	13.1	11.3

*Adjusted for investment in subs

ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to ~83% as of 3QFY23 – the highest in the industry – and carries Covid-related provisions of INR115b (~1.2% of loans). Slippages have moderated over the past few quarters and are likely to subside further. ICICIBC is well-cushioned with higher provisions on its balance sheet and expects normalization in credit costs from FY23.
- The steady mix of a high-yielding book such as Retail/Business banking, the deployment of excess liquidity, and a low-cost liability franchise should aid margin expansion (at ~4.7% as of 3QFY23). Around 70% of its book is floating in nature, with 45%/4% linked to repo/other EBLR. We expect margins to remain healthy, as growth in the SME and high-yielding Retail segments 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 an 18% loan CAGR over FY23-25 for the bank.
- ICICIBC has room for re-rating as it continues to deliver solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate RoA/RoE of 2.2%/17.3% for FY25. Adjusted for subsidiaries, the standalone bank trades at 2.2x FY24E ABV.

SBIN: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	1,447	1,683	1,855
OP	860	1,040	1,183
NP	487	589	670
NIM (%)	3.2	3.3	3.3
EPS (INR)	54.6	66.0	75.1
EPS Gr. (%)	53.8	20.9	13.8
ABV (INR)	308	367	433
Cons. BV. (INR)	385	456	538
Ratios			
RoE (%)	17.6	18.2	17.8
RoA (%)	0.9	1.0	1.1
Valuations			
P/BV (x) Cons.	1.4	1.1	1.0
P/ABV (x)*	1.1	0.9	0.7
P/E (x)*	5.9	4.9	4.3

*Adjusted for investment in subs

FB: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	73.5	85.4	100.4
OP	48.1	57.9	69.6
NP	29.5	34.9	41.5
NIM (%)	3.5	3.5	3.5
EPS (INR)	14.0	16.6	19.7
EPS Gr. (%)	51.9	18.3	19.1
BV/Sh. (INR)	102	116	134
ABV/Sh. (INR)	94	108	124
Ratios			
RoE (%)	14.7	15.2	15.8
RoA (%)	1.2	1.3	1.3
Valuations			
P/E (x)	9.4	8.0	6.7
P/BV (x)	1.3	1.1	1.0
P/ABV (x)	1.4	1.2	1.1

SBILIFE: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
Net Premium	670	794	952
Sh. PAT	16.5	15.7	16.8
NBP gr- unwttd.(%)	16.0	17.0	20.0
NBP gr. – APE (%)	18.6	16.3	22.3
Premium gr. (%)	15.1	18.3	19.9
VNB margin. (%)	29.6	30.3	30.6
RoEV (%)	19.5	19.5	20.0
Total AUM (INR t)	3.1	3.8	4.5
VNB	49.8	59.4	73.3
EV per share	474	566	679
Valuations			
P/EV (x)	2.3	1.9	1.6
P/EVOP (x)	13.1	11.2	9.3

SBIN (Buy)

- SBIN has reported 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, beating private peers, while PCR improved to 76%. This, coupled with controlled restructuring (0.85% of loans) and a low SMA book (16bp of loans), should drive a sustainable reduction in credit costs to ~60bp.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate books (as the unutilized limit continues to moderate), should support loan growth. Stable margins, deployment of liquidity, and a reversal in the rate cycle (as ~75% of loans are floating in nature) should enable a recovery in NII.
- SBIN, inarguably, has the best liability franchises (CASA mix: ~44%). This puts it in a better position to manage the funding cost in a rising rate regime. While the cost of deposits may inch up, NIM is likely to remain stable.
- SBIN appears well positioned to report a strong uptick in earnings. We estimate FY25 RoA/RoE of 1.1%/17.8%. Subsidiaries account for ~28% of the total SoTP. Adjusted for subsidiaries, the bank trades at 0.9x FY24E ABV.

FB (Buy)

- Asset quality ratios have improved, aided by healthy recoveries/upgrades and moderation in slippages. Collection efficiency was healthy at ~95% in 3QFY23, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segments and a high restructuring book, we expect slippages/credit costs to moderate to 1.1%/0.5% in FY25.
- CASA and retail TD account for over 90% 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 in building its loan mix to high-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 3QFY23 from 28.4% in FY19. We expect loan growth to remain healthy, resulting in a further improvement in its overall operating performance.
- We expect RoA/RoE of 1.3%/15.8% by FY25. FB trades at 1.2x FY24E ABV.

SBILIFE (Buy)

- SBILIFE is seeing healthy traction in premium growth across segments, with a healthy 19% growth in Individual WRP in 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 19% APE CAGR over FY23-25, driven by continued momentum in Non-PAR 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, SBILIFE is likely to maintain its cost leadership.
- We estimate a 21% VNB CAGR over FY23-25 and operating RoEV of ~21% by FY25. We expect margins to improve to ~31% by FY25. SBILIFE currently trades at 1.9x FY24E EV.

Exhibit 1: 4QFY23 earnings estimates

	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)	Variance QoQ (%)	Mar'23	Variance YoY (%)	Variance QoQ (%)
Financials											
AU Small Finance	579	Buy	12,226	30.5	6.1	6,135	27.2	10.4	4,291	24.0	9.2
Axis Bank*	858	Buy	124,668	41.4	8.8	97,903	51.4	5.5	59,962	45.6	2.4
Bandhan Bank	196	Neutral	22,984	-9.5	10.5	17,506	-30.6	-8.9	8,290	-56.4	185.3
DCB Bank	107	Neutral	4,712	23.9	5.7	2,213	0.2	14.0	1,291	13.8	13.4
Equitas Small Finance	67	Buy	6,755	22.3	4.3	3,062	7.9	9.7	1,783	49.2	4.8
Federal Bank	132	Buy	20,316	33.2	3.8	13,499	69.1	5.9	8,374	54.9	4.2
HDFC Bank	1,610	Buy	238,985	26.6	4.0	195,565	19.6	2.8	120,974	20.3	-1.3
ICICI Bank	877	Buy	174,664	38.6	6.1	140,474	36.5	5.8	91,555	30.4	10.2
IDFC First Bank	55	Buy	34,852	30.6	6.1	13,339	61.4	5.8	6,444	88.0	6.6
IndusInd Bank	1,068	Buy	47,500	19.2	5.7	38,486	13.9	4.4	21,108	50.7	7.5
Kotak Mahindra Bank	1,734	Neutral	60,159	33.1	6.4	42,395	26.9	10.1	30,149	8.9	8.0
RBL Bank	141	Buy	12,128	7.2	5.6	6,070	-7.7	7.0	2,205	11.5	5.5
Banks – Private			759,949	29.8	5.9	576,648	26.4	4.5	356,426	23.2	5.6
Bank of Baroda	169	Buy	113,905	32.3	5.3	81,662	44.9	-0.8	43,115	142.4	11.9
Canara Bank	285	Buy	93,749	33.8	9.0	76,168	22.8	9.6	30,782	84.7	6.8
Indian Bank	288	Buy	56,968	33.9	3.6	40,992	49.7	0.9	16,252	65.1	16.4
Punjab National Bank	47	Neutral	95,985	31.4	4.6	63,147	19.9	10.5	12,649	527.6	101.1
State Bank of India	524	Buy	402,546	29.0	5.7	269,219	36.5	6.8	151,675	66.4	6.8
Union Bank	66	Buy	91,208	34.7	5.7	69,377	25.7	4.8	25,029	73.9	11.5
Banks – PSU			854,362	31.1	5.7	600,566	33.2	5.7	279,502	84.1	10.9
Total Banks			1,614,311	30.5	5.8	1,177,214	29.8	5.1	635,927	44.2	7.8
HDFC Life Insurance	499	Neutral	180,619	26.4	25.6	12,009	34.2	37.2	4,060	13.6	28.8
ICICI Prudential Life	436	Buy	122,850	8.2	29.8	12,249	58.1	98.2	2,043	10.6	-7.4
SBI Life Insurance	1,100	Buy	203,420	16.7	6.1	13,547	15.8	-10.3	7,079	5.3	132.8
Max Financial	635	Neutral	93,789	17.3	49.3	6,615	12.9	11.6	2,655	72.4	-9.7
Life Insurance			600,679	17.6	21.8	44,421	29.7	23.5	15,837	15.7	39.7
SBI Cards	740	Buy	11,741	17.6	2.6	13,021	11.1	7.0	5,516	-5.0	8.3

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

*For AXSB, PAT is excluding extraordinary expenses

Exhibit 2: Loan growth healthy at 15.7%

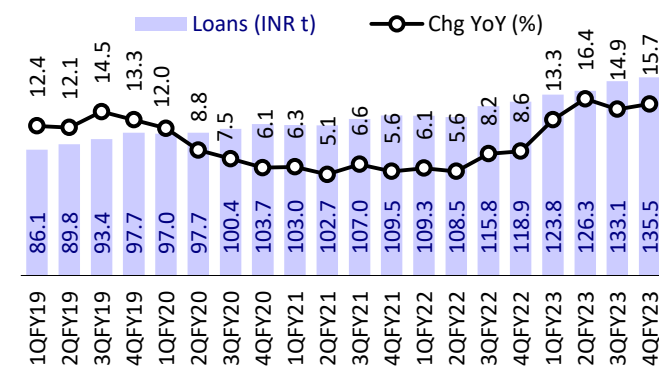


Exhibit 3: Deposit growth inches up to 10.3%

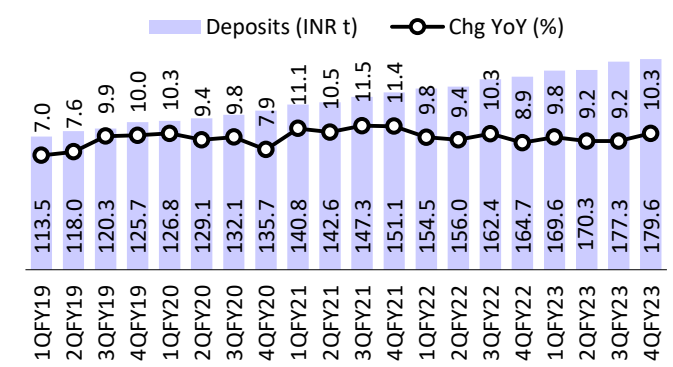


Exhibit 4: Margins to exhibit stable-positive bias, supported by rising interest rates and healthy pick-up in business growth

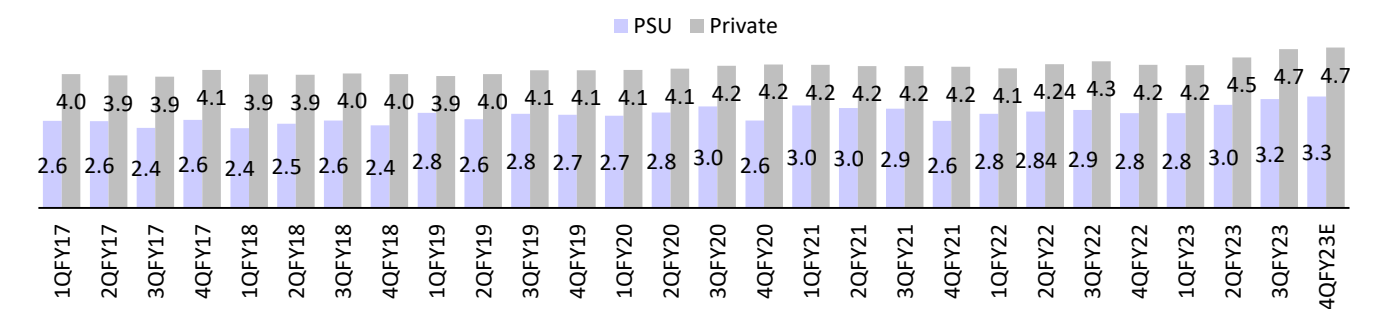


Exhibit 5: Earnings progression on track; broadly maintaining aggregate earnings; implying ~21% CAGR over FY23-25E

PAT (INR b)	Old estimates			Revised estimates			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Private Banks									
AXSB	221.6	259.6	305.3	213.0	257.0	307.8	-3.9%	-1.0%	0.8%
BANDHAN	24.3	44.1	55.2	22.1	41.1	52.2	-8.7%	-6.9%	-5.5%
DCBB	4.5	5.2	6.3	4.5	5.3	6.5	-0.6%	1.8%	2.4%
HDFCB	441.2	525.5	625.7	441.6	528.9	634.2	0.1%	0.6%	1.4%
ICICIBC	324.6	367.0	428.4	319.3	377.2	438.8	-1.6%	2.8%	2.4%
IDFCFB	23.4	32.1	43.2	22.8	30.9	41.8	-2.4%	-3.7%	-3.3%
IIB	75.5	96.5	124.4	75.1	96.5	123.1	-0.5%	0.0%	-1.0%
KMB	105.1	119.4	137.7	104.6	118.6	137.3	-0.5%	-0.7%	-0.3%
FB	29.4	33.9	39.7	29.5	34.9	41.5	0.1%	2.9%	4.5%
RBK	8.5	11.5	15.0	8.3	11.3	14.8	-2.4%	-1.3%	-1.4%
AUBANK	14.4	17.6	22.0	14.3	17.8	22.5	-0.3%	1.2%	2.0%
EQUITASB	5.6	8.0	10.4	5.6	8.0	10.6	0.9%	0.1%	1.3%
Total Private Banks	1,278.2	1,520.2	1,813.4	1,260.8	1,527.3	1,831.0	-1.4%	0.5%	1.0%
YoY growth	41.3%	18.9%	19.3%	39.3%	21.1%	19.9%			
PSU Banks									
BOB	137.6	161.2	186.7	136.5	168.3	195.7	-0.8%	4.4%	4.8%
CBK	104.7	136.3	169.8	105.1	132.1	165.9	0.3%	-3.1%	-2.3%
INBK	55.2	70.3	83.2	54.6	69.9	82.7	-1.0%	-0.5%	-0.7%
PNB	23.9	66.0	88.0	26.1	65.4	87.4	9.5%	-0.9%	-0.6%
SBIN	486.6	565.3	642.5	487.1	589.0	670.3	0.1%	4.2%	4.3%
UNBK	79.4	107.6	140.2	81.5	111.2	141.7	2.7%	3.4%	1.0%
Total PSU Bank	887.4	1,106.7	1,310.4	890.9	1,135.9	1,343.7	0.4%	2.6%	2.5%
YoY growth	55.0%	24.7%	18.4%	55.6%	27.5%	18.3%			
Total for Banks	2,165.6	2,626.9	3,123.8	2,151.7	2,663.2	3,174.6	-0.6%	1.4%	1.6%
YoY growth	46.6%	21.3%	18.9%	45.6%	23.8%	19.2%			
Other Financials									
SBICARD	22.7	30.3	40.5	22.0	29.1	38.6	-3.0%	-3.9%	-4.8%

*For AXSB, PAT is excluding extraordinary expenses

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

Exhibit 6: Snapshot of additional provision buffers as of 3QFY23

As of 3QFY23	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,621	50.1	66.2	116.3	1.5
DCBB	330	0.6	-	0.6	0.2
HDFCB**	15,068	94.0	14.5	108.5	0.7
ICICIBC	9,740	115.0	-	115.0	1.2
IIB***	2,728	21.9	-	21.9	0.8
KMB	3,107	4.0	-	4.0	0.1
AUBANK	556	1.0	-	1.0	0.2

*AXSB holds total provisions of INR116.3b, 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	Sep'22	Dec'22
AXSB	24.8	0.30	0.66	0.63	0.52	0.38	0.30
BANDHAN	NA	0.76	11.18	8.22	5.77	0.20	NA
DCBB	16.3	4.26	6.80	6.81	6.42	5.45	4.94
HDFCB	64.0	0.57	1.50	1.40	1.14	0.53	0.42
ICICIBC	49.9	0.54	1.27	1.19	1.00	0.70	0.50
IIB	34.1	1.80	3.60	3.30	2.60	1.50	1.25
KMB	7.7	0.19	0.54	0.54	0.44	0.34	0.25
FB	30.4	1.07	2.49	2.45	2.44	2.03	1.81
RBK	11.2	1.58	3.66	3.44	3.27	2.21	1.67
AUBANK	7.8	1.85	3.60	3.10	2.50	1.70	1.40
BOB	167.0	1.34	2.95	2.65	2.44	2.12	1.87
SBIN	260.4	0.73	1.24	1.20	1.13	0.93	0.85
INBK	152.1	1.64	5.85	5.09	4.73	3.90	3.37
PNB	123.3	NA	2.60	2.76	2.36	1.80	1.54
UNBK	191.2	1.10	3.69	3.32	2.99	2.60	2.38
BOI	91.6	NA	3.61	2.97	2.63	2.08	1.92
CBK	143.0	NA	2.85	2.78	2.77	2.09	1.75

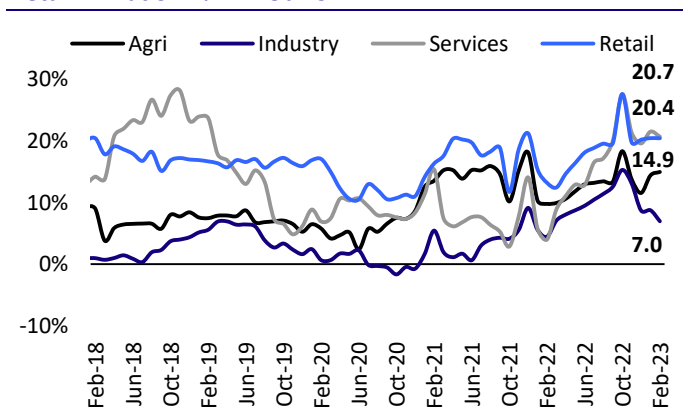
Source: MOFSL, Company

Exhibit 8: SMA book across banks as of 3QFY23

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	40bp	
BOI	NA	21bp	18bp
CBK	23bp	14bp	34bp
INBK	NA	40bp	37bp
PNB	NA	NA	21bp
SBIN	NA	10bp	6bp
UNBK	31bp	13bp	28bp
BANDHAN	340bp	200bp	270bp
KMB	NA	NA	6bp

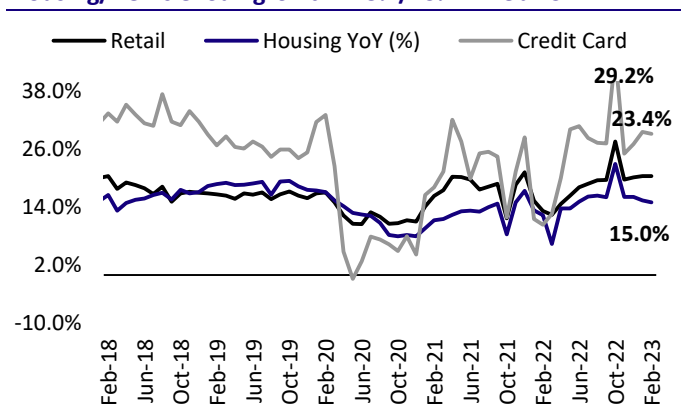
Source: MOFSL, Company

**Exhibit 9: Retail loan growth healthy at 20.4%;
Retail mix at 32.1% in Feb'23**

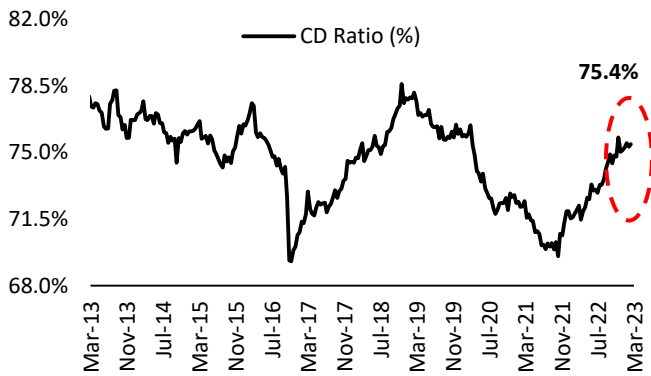


Source: MOFSL, RBI

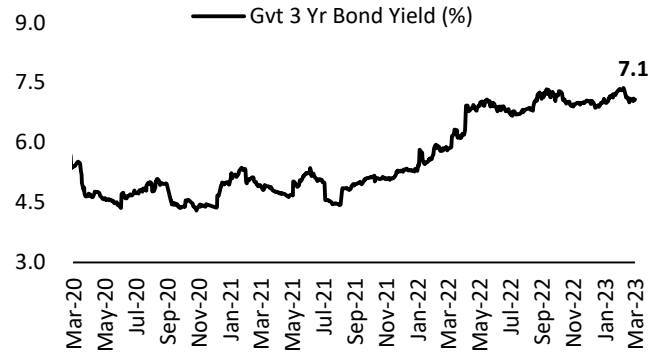
**Exhibit 10: Credit Card growth ~29% YoY;
Housing/Vehicle loan growth ~15%/23% in Feb'23**



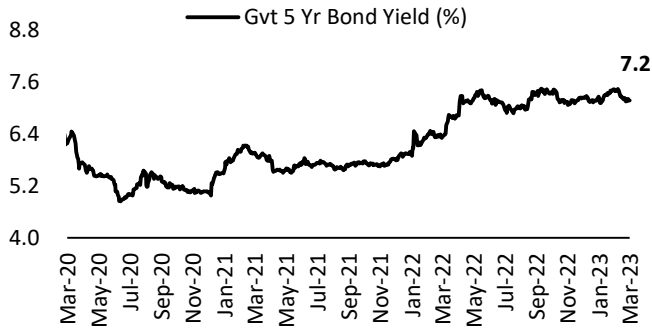
Source: MOFSL, RBI

Exhibit 11: CD ratio stands at 75.4% as of 10th Mar'23; likely to improve further gradually

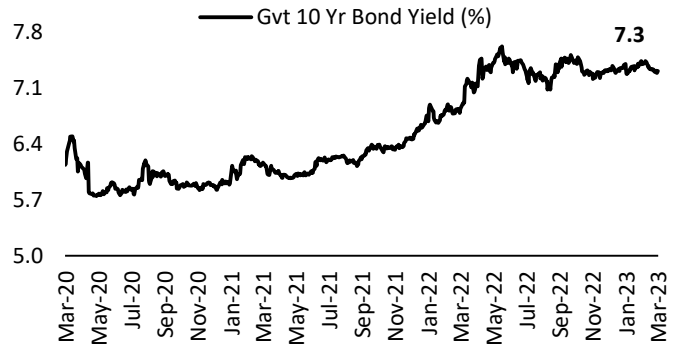
Source: MOFSL, RBI

Exhibit 12: Three-year G-Sec yield up 4bp in 4QFY23 to its current ~7.1%

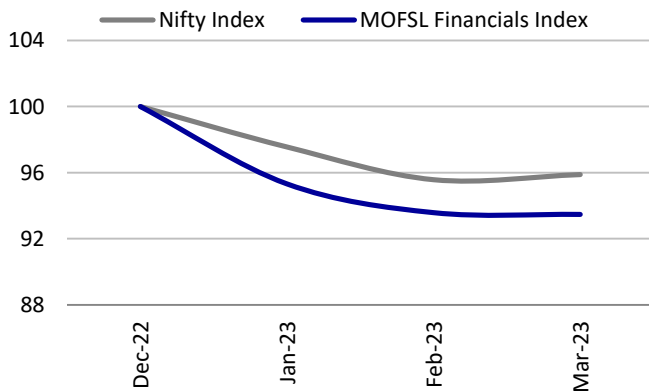
Source: MOFSL, BBG

Exhibit 13: Five-year G-Sec yield down 6bp in 4QFY23 to its current ~7.2%

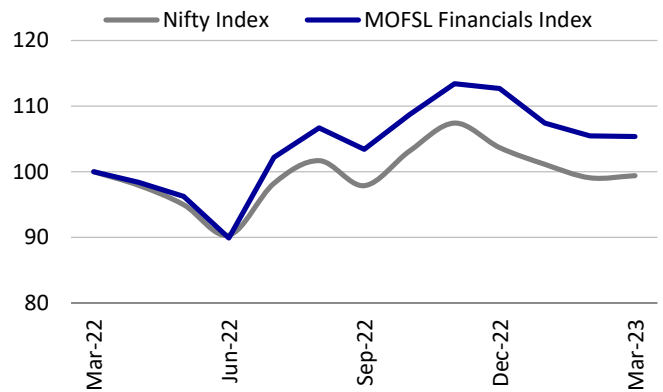
Source: MOFSL, BBG

Exhibit 14: 10-year G-Sec yield down 2bp in 4QFY23 to its current ~7.3%

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)			P/E (x)			P/B (x)			RoE (%)		
Company	(INR)	Rating	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Financials														
Banks-Private						17.9	14.8	12.3	2.8	2.4	2.0	15.6	16.0	16.4
AU Bank	579	Buy	22.1	26.8	33.8	26.1	21.6	17.1	3.5	3.0	2.6	15.6	15.1	16.3
Axis Bank	858	Buy	69.4	81.8	95.9	12.4	10.5	9.0	2.2	1.7	1.5	8.2	18.3	17.9
Bandhan Bank	196	Neutral	13.8	25.5	32.4	14.2	7.7	6.0	1.7	1.4	1.2	12.2	20.1	21.7
DCB Bank	107	Neutral	14.5	17.1	20.8	7.3	6.3	5.1	0.8	0.7	0.6	11.2	11.9	13.0
Equitas Bank	67	Buy	4.8	7.2	9.5	14.1	9.3	7.0	1.5	1.3	1.1	12.1	14.9	17.1
Federal Bank	132	Buy	14.0	16.6	19.7	9.4	8.0	6.7	1.3	1.1	1.0	14.7	15.2	15.8
HDFC Bank	1,610	Buy	79.6	95.4	114.4	20.2	16.9	14.1	3.2	2.7	2.3	17.0	17.5	17.9
ICICI Bank	877	Buy	45.9	54.3	63.1	19.1	16.2	13.9	3.1	2.6	2.2	17.5	17.5	17.3
IDFC First Bank	55	Buy	3.6	4.7	6.3	15.5	11.8	8.7	1.4	1.3	1.1	9.8	11.4	13.6
IndusInd Bank	1,068	Buy	97.0	124.5	158.9	11.0	8.6	6.7	1.5	1.3	1.1	14.7	16.4	17.9
Kotak Mahindra Bank	1,734	Neutral	73.6	85.0	99.8	23.6	20.4	17.4	3.1	2.7	2.3	13.6	13.5	13.7
RBL Bank	141	Buy	13.9	18.9	24.7	10.2	7.5	5.7	0.6	0.6	0.6	6.4	8.3	10.0
SBI Cards	740	Buy	23.4	30.9	40.9	31.6	23.9	18.1	7.1	5.6	4.4	25.2	26.2	27.1
Banks-PSU						7.8	6.1	5.1	1.0	0.9	0.8	13.1	14.8	15.5
Bank of Baroda	169	Buy	26.4	32.5	37.8	6.4	5.2	4.5	0.9	0.8	0.7	14.8	15.8	15.9
Canara Bank	285	Buy	57.9	72.8	91.4	4.9	3.9	3.1	0.7	0.6	0.5	14.8	16.1	17.2
Indian Bank	288	Buy	43.8	56.1	66.4	6.6	5.1	4.3	0.8	0.7	0.6	13.7	15.5	16.0
Punjab National Bank	47	Neutral	2.4	5.9	7.9	19.7	7.9	5.9	0.5	0.5	0.5	2.7	6.5	8.2
State Bank	524	Buy	60.4	74.1	86.5	8.7	7.1	6.1	1.4	1.1	1.0	17.6	18.2	17.8
Union Bank	66	Buy	11.9	16.3	20.7	5.6	4.1	3.2	0.6	0.6	0.5	11.8	14.7	16.8
Insurance						22.9	24.6	22.0	7.5	5.9	4.8	32.5	24.0	21.7
HDFC Life	499	Neutral	6.4	5.4	5.4	77.7	92.8	92.7	2.7	2.3	1.9	20.5	18.1	18.2
ICICI Lombard	1,069	Buy	33.3	40.4	49.5	32.1	26.5	21.6	5.1	4.6	4.0	16.9	18.3	19.7
IPRU Life	436	Buy	6.0	6.7	7.5	72.0	65.2	57.8	1.7	1.5	1.3	15.2	16.1	15.9
Life Insurance Corp.	535	Buy	39.0	34.9	38.4	13.7	15.3	13.9	0.6	0.5	0.5	4.0	11.8	11.0
Max Financial	635	Neutral	16.3	16.2	19.7	38.9	39.1	32.2	1.6	1.4	1.1	18.3	20.0	20.4
SBI Life	1,100	Buy	16.5	15.7	16.8	66.7	70.1	65.5	2.3	1.9	1.6	19.5	19.5	20.0
Star Health	519	Buy	10.3	16.8	22.0	50.4	30.8	23.6	4.3	3.8	3.3	10.3	13.1	14.9

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: INR579 | TP: INR740 (+28%)
EPS CHANGE (%): FY23|24: -0.3|+1.2

- Expect margin to compress slightly to ~6.1%
- Expect business growth to remain healthy
- CoF and C/I ratios expected to remain high
- Asset quality and movement in restructuring to be key

Quarterly performance

(INR m)

	FY22				FY23				FY22	FY23E
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,833	11,527	12,226	32,341	44,347
% Change (Y-o-Y)	40.4	34.3	29.6	42.8	34.8	43.8	40.5	30.5	36.7	37.1
Other Income	2,148	1,919	2,756	3,114	1,592	2,474	2,949	3,420	9,937	10,434
Total Income	9,388	9,451	10,961	12,479	11,352	13,307	14,476	15,646	42,278	54,780
Operating Expenses	4,570	5,526	6,376	7,656	7,411	8,319	8,919	9,510	24,128	34,160
Operating Profit	4,818	3,925	4,584	4,823	3,941	4,988	5,557	6,135	18,150	20,621
% Change (Y-o-Y)	8.1	-11.1	-48.8	40.1	-18.2	27.1	21.2	27.2	-14.7	13.6
Provisions	2,072	46	560	932	384	430	326	459	3,610	1,598
Profit before Tax	2,747	3,878	4,025	3,891	3,557	4,558	5,231	5,677	14,541	19,023
Tax Provisions	715	1,093	1,004	430	878	1,132	1,302	1,386	3,242	4,699
Net Profit	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,291	11,298	14,324
% Change (Y-o-Y)	1.2	-13.5	-36.9	104.8	31.8	23.0	30.1	24.0	-3.5	26.8
Operating Parameters										
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	583.4	611.0	659.9	525.8	659.9
Loan (INR b)	339.6	358.5	401.8	461.0	486.5	517.4	556.0	598.1	461.0	598.1
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	49.4	38.0	25.5	46.2	25.5
Loan Growth (%)	29.4	31.6	32.6	33.2	43.3	44.4	38.4	29.8	33.2	29.8
Asset Quality										
GNPA (%)	4.3	3.2	2.6	2.0	2.0	1.9	1.8	1.8	2.0	1.8
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	71.1	72.1	72.2	75.0	72.2

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

Axis Bank

Buy
CMP: INR858 | TP: INR1,130 (+32%)
EPS CHANGE (%): FY23|24: -3.9|-1.0

- Expect credit costs and slippages to remain controlled
- Margin to remain healthy; traction in deposits to be key
- Moderation in cost ratios to be closely monitored
- Expect business growth to see healthy momentum

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE*		
Net Interest Income	77.6	79.0	86.5	88.2	93.8	103.6	114.6	124.7	331.3	436.7
% Change (Y-o-Y)	11.1	7.8	17.4	16.7	20.9	31.1	32.4	41.4	13.3	31.8
Other Income	33.6	38.0	38.4	42.2	30.0	39.4	46.7	49.1	152.2	165.1
Total Income	111.2	117.0	124.9	130.4	123.8	143.0	161.2	173.8	483.5	601.8
Operating Expenses	49.3	57.7	63.3	65.8	65.0	65.9	68.5	75.9	236.1	275.1
Operating Profit	61.9	59.3	61.6	64.7	58.9	77.2	92.8	97.9	247.4	326.7
% Change (Y-o-Y)	5.9	-11.0	17.4	12.7	-4.8	30.2	50.6	51.4	7.0	32.0
Provisions	33.0	17.4	13.3	9.9	3.6	5.5	14.4	18.3	73.6	41.7
Profit before Tax	28.8	41.9	48.3	54.8	55.3	71.7	78.4	79.6	173.8	285.0
Tax	7.2	10.6	12.1	13.6	14.0	18.4	19.9	19.7	43.6	71.9
Net Profits	21.6	31.3	36.1	41.2	41.3	53.3	58.5	60.0	130.3	213.0
% Change (Y-o-Y)	94.2	86.2	223.7	53.8	91.0	70.1	61.9	45.6	97.7	63.6
Operating Parameters										
Deposit (INR t)	7.1	7.4	7.7	8.2	8.0	8.1	8.5	9.3	8.2	9.3
Loan (INR t)	6.1	6.2	6.6	7.1	7.0	7.3	7.6	8.4	7.1	8.4
Deposit Growth (%)	16.0	18.1	20.3	17.7	12.6	10.1	9.9	13.4	17.7	13.4
Loan Growth (%)	12.0	10.1	16.7	15.2	14.0	17.6	14.6	18.1	15.2	18.1
Asset Quality										
Gross NPA (%)	3.9	3.5	3.2	2.8	2.8	2.5	2.4	2.4	3.0	2.4
Net NPA (%)	1.2	1.1	0.9	0.7	0.6	0.5	0.5	0.5	0.8	0.5
PCR (%)	69.8	70.2	72.0	74.7	77.3	79.9	80.8	80.8	74.3	80.8

*For AXSB, PAT is excluding extraordinary expenses

Bandhan Bank**Neutral****CMP: INR196 | TP: INR250 (+28%)****EPS CHANGE (%): FY23|24: -8.7|-6.9**

- Expect NIM to remain steady at ~7.3%
- Remain watchful of credit costs; slippages to remain elevated, especially from the SMA book
- Expect business growth to see some recovery
- Commentaries about CE, Growth and SMA book are key monitorables

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	21.1	19.4	21.2	25.4	25.1	21.9	20.8	23.0	87.1	90.9
% Change (YoY)	16.7	0.6	2.6	44.6	18.9	13.3	-2.1	-9.5	15.2	4.3
Other Income	6.2	5.2	7.1	9.6	3.3	4.8	10.3	7.0	28.2	25.4
Total Income	27.3	24.6	28.4	35.0	28.4	26.7	31.1	30.0	115.4	116.3
Operating Expenses	7.7	8.8	8.9	9.8	10.2	11.2	11.9	12.5	35.2	45.8
Operating Profit	19.6	15.8	19.5	25.2	18.2	15.5	19.2	17.5	80.1	70.5
% Change (YoY)	23.5	-1.7	1.4	53.5	-7.0	-2.0	-1.4	-30.6	18.4	-12.1
Provisions	14.6	56.1	8.1	0.0	6.4	12.8	15.4	6.4	78.8	41.0
Profit Before Tax	5.0	-40.3	11.4	25.2	11.8	2.7	3.8	11.1	1.3	29.5
Tax	1.2	-10.2	2.9	6.1	2.9	0.6	0.9	2.8	0.0	7.3
Net Profit	3.7	-30.1	8.6	19.0	8.9	2.1	2.9	8.3	1.3	22.2
% Change (YoY)	-32.1	NM	35.8	NM	137.6	NM	-66.2	-56.4	-94.3	NM
Operating Parameters										
Deposits (INR b)	773	819	845	963	931	994	1,023	1,102	963	1,102
Loans (INR b)	748	745	803	940	909	902	921	1,013	940	1,013
Deposit Growth (%)	27.6	23.8	18.7	23.5	20.3	21.3	21.0	14.4	23.5	14.4
Loan Growth (%)	7.2	1.6	4.6	15.1	21.6	21.1	14.7	7.8	15.1	7.8
Asset Quality										
Gross NPA (%)	8.2	10.8	10.8	6.5	7.3	7.2	7.2	5.6	6.5	5.6
Net NPA (%)	3.3	3.0	3.0	1.7	1.9	1.9	1.9	1.5	1.7	1.5
PCR (%)	61.8	74.1	74.4	75.5	74.9	75.5	75.4	75.1	75.5	75.1

Bank of Baroda**Buy****CMP: INR169 | TP: INR240 (+42%)****EPS CHANGE (%): FY23|24: -0.8|+4.4**

- Expect earnings and business growth to see healthy traction
- Expect slippages to moderate and asset quality to improve further; credit cost likely to remain stable
- Opex trajectory, particularly employee costs, is a key focus area due to wage revision costs
- Traction in deposits, cost of deposits and margin trajectory to be key monitorables

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	78.9	75.7	85.5	86.1	88.4	101.7	108.2	113.9	326.2	412.2
% Change (YoY)	15.8	2.1	14.4	21.2	12.0	34.5	26.5	32.3	13.2	26.4
Other Income	28.6	35.8	25.2	25.2	11.8	18.3	35.5	32.0	114.8	97.6
Total Income	107.5	111.5	110.7	111.3	100.2	120.0	143.7	145.9	441.1	509.8
Operating Expenses	51.5	54.8	55.9	55.0	54.9	59.7	61.4	64.3	217.2	240.3
Operating Profit	56.0	56.7	54.8	56.4	45.3	60.3	82.3	81.7	223.9	269.6
% Change (YoY)	38.6	5.8	7.9	-9.6	-19.2	6.4	50.1	44.9	5.6	20.4
Provisions	40.1	27.5	25.1	37.4	16.8	16.3	24.0	25.0	130.0	82.1
Profit before Tax	16.0	29.2	29.8	19.0	28.4	44.0	58.3	56.7	93.9	187.4
Tax	3.9	8.3	7.8	1.2	6.7	10.9	19.8	13.6	21.1	51.0
Net Profit	12.1	20.9	22.0	17.8	21.7	33.1	38.5	43.1	72.7	136.5
% Change (YoY)	NM	24.4	107.1	NM	79.4	58.7	75.4	142.4	777.3	87.6
Operating Parameters										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,327	10,902	11,495	11,819	10,459	11,819
Loan (INR b)	6,684	6,938	7,322	7,772	7,996	8,366	8,907	9,209	7,772	9,209
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	10.9	13.6	17.5	13.0	8.2	13.0
Loan Growth (%)	(2.7)	3.6	4.8	10.0	19.6	20.6	21.7	18.5	10.0	18.5
Asset Quality										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	5.3	4.5	4.2	6.6	4.2
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.2	1.0	0.9	1.7	0.9
PCR (%)	67.9	67.1	70.6	75.3	75.9	79.1	78.8	79.1	75.3	79.1

Canara Bank

Buy

CMP: INR285 | TP: INR400 (+41%)

EPS CHANGE (%): FY23|24: +0.3|-3.1

- Expect business growth to remain steady
- Expect asset quality and slippages to moderate
- Credit costs to stay elevated; restructuring book a key monitorable
- Expect margin to remain stable at ~3.1%; opex, traction in deposits and movement in cost of deposits to be key

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	61.6	62.7	69.4	70.1	67.8	74.3	86.0	93.7	263.8	321.9
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	18.5	23.8	33.8	9.5	22.0
Other Income	41.6	42.7	36.1	44.6	51.8	48.3	39.9	44.1	165.0	183.9
Total Income	103.2	105.4	105.6	114.7	119.6	122.6	125.9	137.8	428.8	505.9
Operating Expenses	48.3	49.4	47.5	52.7	53.5	53.5	56.3	61.7	184.4	225.1
Operating Profit	54.8	56.0	58.0	62.0	66.1	69.1	69.5	76.2	244.4	280.8
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	23.2	19.8	22.8	24.2	14.9
Other Provisions	34.6	33.6	22.4	37.1	36.9	36.4	31.2	33.4	141.3	137.9
Exceptional Item	NA	NA	13.5	NA	NA	NA	NA	NA	13.5	NA
Profit before Tax	20.2	22.4	22.0	24.9	29.2	32.7	38.3	42.8	89.6	143.0
Tax	8.4	9.1	7.0	8.3	8.9	7.4	9.5	12.0	32.8	37.9
Net Profit	11.8	13.3	15.0	16.7	20.2	25.3	28.8	30.8	56.8	105.1
% Change (Y-o-Y)	189.8	199.9	115.8	64.8	71.7	89.5	91.8	84.7	122.0	85.0
Operating Parameters										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,340	11,635	12,005	10,864	12,005
Loan (INR b)	6,485	6,496	6,922	7,036	7,469	7,885	8,164	8,303	7,036	8,303
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	9.8	11.5	10.5	7.5	10.5
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	21.4	18.0	18.0	10.1	18.0
Asset Quality										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.4	5.9	5.6	7.5	5.6
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.2	2.0	1.8	2.7	1.8
PCR (%)	61.5	63.9	65.2	66.5	66.2	67.1	68.1	68.4	65.9	68.4

DCB Bank

Neutral

CMP: INR107 | TP: INR125 (+17%)

EPS CHANGE (%): FY23|24: -0.6|+1.8

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

Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	3,087	3,233	3,450	3,805	3,740	4,111	4,460	4,712	13,575	17,023
% Change (Y-o-Y)	0.6	-3.2	3.1	22.3	21.1	27.2	29.3	23.9	5.5	25.4
Other Income	1,212	977	1,183	1,148	924	992	954	1,107	4,520	3,978
Total Income	4,299	4,211	4,634	4,953	4,664	5,103	5,414	5,819	18,095	21,001
Operating Expenses	2,277	2,459	2,645	2,744	3,002	3,278	3,473	3,606	10,126	13,359
Operating Profit	2,022	1,751	1,988	2,208	1,661	1,826	1,941	2,213	7,970	7,641
% Change (Y-o-Y)	5.8	-17.8	-28.8	9.8	-17.8	4.2	-2.4	0.2	-10.0	-4.1
Provisions	1,565	863	970	676	350	310	407	477	4,074	1,544
Profit before Tax	457	888	1,019	1,532	1,311	1,516	1,534	1,736	3,895	6,097
Tax	119	239	265	398	340	392	396	446	1,020	1,573
Net Profit	338	649	754	1,134	971	1,124	1,139	1,291	2,875	4,524
% Change (Y-o-Y)	-57.5	-21.1	-21.7	45.6	187.8	73.0	51.1	13.8	-14.4	57.4
Operating Parameters										
Deposit (INR b)	306.0	317.7	322.3	346.9	350.8	369.6	395.1	411.8	346.9	411.8
Loan (INR b)	252.9	265.4	273.4	291.0	298.1	312.9	329.7	346.2	291.0	346.2
Deposit Growth (%)	4.0	10.4	11.7	16.8	14.6	16.3	22.6	18.7	16.8	18.7
Loan Growth (%)	0.9	6.7	8.1	13.0	17.9	17.9	20.6	19.0	13.0	19.0
Asset Quality										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	3.9	3.6	3.4	4.3	3.4
Net NPA (%)	2.8	2.6	2.6	2.0	1.8	1.5	1.4	1.3	2.0	1.3
PCR (%)	43.3	45.0	48.0	55.6	57.8	61.3	63.0	63.2	55.6	63.2

Equitas Small Finance Bank

Buy
CMP: INR67 | TP: INR77 (+15%)
EPS CHANGE (%): FY23|24: +0.9|+0.1

- Expect NIMs to remain steady at ~8.9%
- 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; deposit traction and rise in deposit cost to be monitored

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	4,610	4,838	5,411	5,525	5,806	6,097	6,475	6,755	20,385	25,133
% Change (YoY)	14.0	4.9	11.8	23.2	25.9	26.0	19.7	22.3	13.4	23.3
Other Income	1,036	1,521	1,339	1,481	1,332	1,450	1,526	1,658	5,376	5,967
Total Income	5,646	6,359	6,749	7,006	7,138	7,547	8,001	8,413	25,761	31,099
Operating Expenses	4,002	4,370	4,502	4,167	4,456	5,124	5,210	5,351	17,041	20,141
Operating Profit	1,644	1,989	2,247	2,839	2,682	2,423	2,791	3,062	8,719	10,958
% Change (YoY)	15.8	-5.5	-20.7	13.6	63.1	21.8	24.2	7.9	-1.7	25.7
Provisions	1,501	1,421	784	1,232	1,416	901	499	631	4,938	3,447
Profit before Tax	142	568	1,463	1,607	1,266	1,522	2,292	2,431	3,781	7,512
Tax	23	156	382	412	296	358	591	648	974	1,893
Net Profit	119	412	1,081	1,195	970	1,164	1,701	1,783	2,807	5,619
% Change (YoY)	-79.3	-60.0	-2.3	5.9	713.4	182.6	57.4	49.2	-26.9	100.1
Operating Parameters										
AUM (INR b)	178	190	197	206	217	228	249	264	206	264
Deposits (INR b)	171	181	179	190	204	217	234	244	190	244
Loans (INR b)	167	178	183	194	205	218	233	248	194	248
AUM Growth (%)	15	13	13	15	22	20	27	28	15	28
Deposit Growth (%)	45	40	13	16	19	20	31	29	16	29
Loan Growth (%)	16	12	9	15	22	22	27	28	15	28
Asset Quality										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.1	3.9	3.6	3.4	4.2	3.4
Net NPA (%)	2.4	2.5	2.5	2.5	2.2	2.0	1.8	1.7	2.5	1.7
PCR (%)	51.2	50.1	46.8	42.7	48.5	50.5	50.8	51.7	42.7	51.7

Federal Bank

Buy
CMP: INR132 | TP: INR170 (+29%)
EPS CHANGE (%): FY23|24: +0.1|+2.9

- Expect business growth to see a healthy traction
- 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 ~3.5%; watchful of commentary on the cost of funds going ahead

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	14.2	14.8	15.4	15.3	16.0	17.6	19.6	20.3	59.6	73.5
% Change (YoY)	9.4	7.2	7.1	7.4	13.1	19.1	27.1	33.2	7.7	23.4
Other Income	6.5	4.9	4.8	4.7	4.5	6.1	5.3	5.8	20.9	21.7
Total Income	20.7	19.7	20.2	19.9	20.6	23.7	24.9	26.1	80.5	95.3
Operating Expenses	9.3	10.6	11.1	11.9	10.8	11.6	12.2	12.6	42.9	47.2
Operating Profit	11.3	9.1	9.1	8.0	9.7	12.1	12.7	13.5	37.6	48.1
% Change (YoY)	21.5	-3.6	-4.4	-11.0	-14.1	32.9	39.4	69.1	-1.1	28.0
Provisions	6.4	2.9	2.1	0.8	1.7	2.7	2.0	2.2	12.2	8.6
Profit before Tax	4.9	6.2	7.0	7.2	8.1	9.4	10.8	11.3	25.4	39.5
Tax	1.3	1.6	1.8	1.8	2.1	2.4	2.7	2.9	6.5	10.1
Net Profit	3.7	4.6	5.2	5.4	6.0	7.0	8.0	8.4	18.9	29.5
% Change (YoY)	-8.4	49.6	29.1	13.1	63.5	52.9	54.0	54.9	18.8	55.9
Operating Parameters										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,891	2,014	2,090	1,817	2,090
Loan (INR b)	1,298	1,344	1,407	1,449	1,517	1,612	1,682	1,742	1,449	1,742
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	10.0	14.8	15.0	5.2	15.0
Loan Growth (%)	7.0	9.4	12.1	9.9	16.9	20.0	19.5	20.2	9.9	20.2
Asset Quality										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.5	2.4	2.3	2.8	2.3
Net NPA (%)	1.2	1.1	1.1	1.0	0.9	0.8	0.7	0.7	1.0	0.7
PCR (%)	65.7	66.2	66.6	66.3	65.8	68.7	70.4	70.3	66.3	70.3

HDFC Bank**Buy****CMP: INR1,610 | TP: INR1,930 (+20%)****EPS CHANGE (%): FY23|24: +0.1|+0.6**

- Expect business growth to see continuous traction led by healthy growth across segments
- Asset quality in Agri/Unsecured book and slippages among other key monitorables
- Margin expansion will be an important metric; Deposit traction to be closely monitored
- Commentary about 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	2Q	3Q	4QE		
Net Interest Income	170.1	176.8	184.4	188.7	194.8	210.2	229.9	239.0	720.1	873.9
% Change (Y-o-Y)	8.6	12.1	13.0	10.2	14.5	18.9	24.6	26.6	11.0	21.4
Other Income	62.9	74.0	81.8	76.4	63.9	76.0	85.0	88.0	295.1	312.8
Total Income	233.0	250.9	266.3	265.1	258.7	286.2	314.9	327.0	1,015.2	1,186.7
Operating Expenses	81.6	92.8	98.5	101.5	105.0	112.2	124.6	131.4	374.4	473.3
Operating Profit	151.4	158.1	167.8	163.6	153.7	173.9	190.2	195.6	640.8	713.4
% Change (Y-o-Y)	18.0	14.4	10.5	5.3	1.5	10.0	13.4	19.6	11.7	11.3
Provisions	48.3	39.2	29.9	33.1	31.9	32.4	28.1	32.3	150.6	124.6
Profit before Tax	103.1	118.8	137.8	130.4	121.8	141.5	162.2	163.3	490.2	588.8
Tax	25.8	30.5	34.4	29.9	29.8	35.5	39.6	42.3	120.5	147.2
Net Profit	77.3	88.3	103.4	100.6	92.0	106.1	122.6	121.0	369.6	441.6
% Change (Y-o-Y)	16.1	17.6	18.1	22.8	19.0	20.1	18.5	20.3	18.8	19.5
Operating Parameters										
Deposit	13,458	14,063	14,459	15,592	16,048	16,734	17,332	18,180	15,592	18,180
Loan	11,477	11,988	12,609	13,688	13,951	14,799	15,068	15,960	13,688	15,960
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.2	19.0	19.9	16.6	16.8	16.6
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	23.4	19.5	16.6	20.8	16.6
Asset Quality										
Gross NPA (%)	1.5	1.4	1.3	1.2	1.3	1.2	1.2	1.2	1.2	1.2
Net NPA (%)	0.5	0.4	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3
PCR (%)	67.9	70.9	70.8	72.7	72.9	73.3	73.2	73.7	72.7	73.7

ICICI Bank**Buy****CMP: INR877 | TP: INR1,150 (+31%)****EPS CHANGE (%): FY23|24: -1.6|+2.8**

- Expect loan growth to see healthy traction and margin to remain healthy at 4.8%
- Traction in deposits and rise in cost of deposits to be key
- Expect credit costs to remain controlled and slippages to moderate
- Traction in opex, credit card and overall business to be key

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	109.4	116.9	122.4	126.0	132.1	147.9	164.6	174.7	474.7	619.3
% Change (YoY)	17.8	24.8	23.4	20.8	20.8	26.5	34.6	38.6	21.7	30.5
Other Income	40.0	48.0	49.9	47.4	46.7	50.5	50.2	50.7	185.2	198.1
Total Income	149.3	164.9	172.2	173.4	178.8	198.4	214.9	225.4	659.8	817.4
Operating Expenses	60.4	65.7	70.7	70.5	75.7	81.6	82.2	84.9	267.3	324.3
Operating Profit	88.9	99.1	101.5	102.9	103.1	116.8	132.7	140.5	392.5	493.1
% Change (YoY)	-17.5	20.0	15.1	20.5	15.9	17.8	30.8	36.5	7.8	25.6
Provisions	28.5	27.1	20.1	10.7	11.4	16.4	22.6	18.6	86.4	69.0
Profit before Tax	60.4	72.0	81.4	92.2	91.7	100.4	110.1	121.9	306.1	424.0
Tax	14.3	16.9	19.5	22.1	22.6	24.8	27.0	30.3	72.7	104.7
Net Profit	46.2	55.1	61.9	70.2	69.0	75.6	83.1	91.6	233.4	319.3
% Change (YoY)	77.6	29.6	25.4	59.4	49.6	37.1	34.2	30.4	44.1	36.8
Operating Parameters										
Deposit	9,262	9,774	10,175	10,646	10,503	10,900	11,220	11,710	10,646	11,710
Loan	7,386	7,649	8,140	8,590	8,956	9,386	9,740	10,171	8,590	10,171
Deposit Growth (%)	15.5	17.3	16.4	14.2	13.4	11.5	10.3	10.0	14.2	10.0
Loan Growth (%)	17.0	17.2	16.4	17.1	21.3	22.7	19.7	18.4	17.1	18.4
Asset Quality										
Gross NPA (%)	5.2	4.8	4.1	3.6	3.4	3.2	3.1	2.9	3.6	2.9
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.8	0.5
PCR (%)	78.4	80.3	80.2	79.5	79.9	81.3	82.6	83.1	79.2	83.1

IDFC First Bank

Buy

CMP: INR55 | TP: INR70 (+27%)

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

- Expect loan growth to see healthy traction led by healthy trends in Retail and Commercial Finance
- Expect credit costs to remain stable and asset quality to witness steady improvement
- Traction in deposits and rise in cost of deposits to be key
- Margin to remain healthy at 6.3%

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	21.8	22.7	25.8	26.7	27.5	30.0	32.9	34.9	97.1	125.2
% Change (Y-o-Y)	25.3	27.4	36.3	36.2	25.9	32.1	27.3	30.6	31.5	29.0
Other Income	8.4	7.8	7.7	8.3	8.6	10.6	11.5	11.7	32.2	42.4
Total Income	30.3	30.5	33.5	35.0	36.1	40.6	44.4	46.6	129.3	167.6
Operating Expenses	20.3	23.6	25.8	26.7	26.6	28.9	31.8	33.2	96.4	120.6
Operating Profit	9.9	6.9	7.7	8.3	9.4	11.7	12.6	13.3	32.8	47.1
% Change (Y-o-Y)	11.6	-13.4	2.3	32.7	-5.1	68.7	63.8	61.4	31.4	43.3
Provisions	18.7	4.7	3.9	3.7	3.1	4.2	4.5	4.7	31.1	16.5
Profit before Tax	-8.8	2.2	3.8	4.6	6.4	7.4	8.1	8.6	1.8	30.5
Tax	-2.5	0.7	1.0	1.1	1.6	1.9	2.1	2.2	0.3	7.8
Net Profit	-6.3	1.5	2.8	3.4	4.7	5.6	6.0	6.4	1.5	22.8
% Change (Y-o-Y)	NM	50.5	117.1	168.2	NM	266.1	115.1	88.0	-67.8	NM
Operating Parameters										
Deposit (INR b)	913	902	928	1,056	1,133	1,234	1,330	1,405	1,056	1,405
Deposit Growth (%)	30.8	19.0	10.0	19.1	24.1	36.8	43.4	33.0	19.1	33.0
Loan (INR b)	1,086	1,023	1,164	1,179	1,326	1,402	1,471	1,532	1,179	1,532
Loan Growth (%)	10.9	13.6	9.6	17.2	22.0	37.1	26.4	30.0	17.2	30.0
Asset Quality										
Gross NPA (%)	4.6	4.3	4.0	3.7	3.4	3.2	3.0	2.9	3.8	2.9
Net NPA (%)	2.3	2.1	1.7	1.5	1.3	1.1	1.0	1.0	1.5	1.0
PCR (%)	50.9	52.1	57.1	59.5	62.0	66.3	66.0	66.5	59.5	66.5

IndusInd Bank

Buy

CMP: INR1,068 | TP: INR1,450 (+36%)

EPS CHANGE (%): FY23|24: -0.5|+0.0

- Expect loan growth to see a healthy pickup; deposit traction would be closely monitored
- Expect asset quality to remain under watch; Slippages from MFI and restructuring book to be key monitorables
- Expect margin to remains stable at ~4.3%
- Credit costs to witness a gradual moderation as PCR remains healthy

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	35.6	36.6	37.9	39.9	41.3	43.0	45.0	47.5	150.0	176.7
% Change (YoY)	7.7	11.6	11.4	12.7	15.8	17.6	18.5	19.2	10.9	17.8
Other Income	17.2	18.4	18.8	19.0	19.3	20.1	20.8	21.7	74.1	81.9
Total Income	52.9	55.0	56.7	58.9	60.6	63.1	65.7	69.2	224.1	258.6
Operating Expenses	21.7	22.8	23.6	25.1	26.3	27.7	28.9	30.7	93.1	113.5
Operating Profit	31.2	32.2	33.1	33.8	34.3	35.4	36.9	38.5	131.0	145.1
% Change (YoY)	6.6	13.0	11.8	8.0	9.9	10.0	11.3	13.9	10.3	10.8
Provisions	17.8	17.1	16.5	14.6	12.5	11.4	10.6	10.1	66.6	44.7
Profit before Tax	13.4	15.2	16.6	19.2	21.8	24.0	26.2	28.4	64.3	100.4
Tax	3.3	3.7	4.2	5.2	5.5	6.0	6.6	7.3	16.3	25.3
Net Profit	10.2	11.5	12.4	14.0	16.3	18.1	19.6	21.1	48.0	75.1
% Change (YoY)	99.1	72.9	49.5	51.2	60.5	57.4	58.2	50.7	64.0	56.3
Operating Parameters										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,031	3,155	3,253	3,359	2,933	3,359
Loan (INR b)	2,107	2,208	2,286	2,391	2,480	2,601	2,728	2,869	2,391	2,869
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.4	14.6	14.3	14.5	14.6	14.5
Loan Growth (%)	6.4	9.7	10.4	12.4	17.7	17.8	19.3	20.0	12.4	20.0
Asset Quality										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.4	2.1	2.1	1.9	2.3	1.9
Net NPA (%)	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6
PCR (%)	71.6	71.6	71.7	72.3	72.0	71.5	70.6	70.7	72.3	70.7

Indian Bank

Buy

CMP: INR288 | TP: INR340 (+18%)

EPS CHANGE (%): FY23|24: -1.0|-0.5

- Expect loan growth to remain modest
- Expect margin to improve to ~3.8%; traction in deposits and rise opex and cost of deposits to be key monitorable
- Stress in SME and restructuring book to be monitored
- Expect asset quality to improve and credit costs to witness a gradual moderation

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	39.9	40.8	44.0	42.6	45.3	46.8	55.0	57.0	167.3	204.1
% Change (YoY)	3.1	-1.5	1.9	27.6	13.5	14.7	25.1	33.9	6.8	22.0
Other Income	18.2	19.7	15.6	15.7	16.0	18.3	17.2	18.4	69.2	69.8
Total Income	58.1	60.5	59.5	58.3	61.4	65.1	72.2	75.3	236.4	274.0
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.8	31.5	34.3	109.3	120.4
Operating Profit	34.2	32.8	32.9	27.4	35.6	36.3	40.6	41.0	127.2	153.5
% Change (YoY)	24.1	11.3	15.5	14.8	4.3	10.8	23.5	49.7	16.0	20.7
Provisions	25.6	25.5	24.9	19.1	22.2	20.6	25.2	20.6	95.1	88.5
Profit before Tax	8.6	7.3	7.9	8.2	13.5	15.7	15.5	20.4	32.0	65.0
Tax	-3.2	-3.6	1.1	-1.6	1.3	3.5	1.5	4.1	-7.4	10.4
Net Profit	11.8	10.9	6.9	9.8	12.1	12.3	14.0	16.3	39.4	54.6
% Change (YoY)	220.0	164.2	34.1	-42.4	2.7	12.5	102.4	65.1	31.3	38.4
Operating Parameters										
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	5,889	5,971	6,174	5,936	6,174
Loans (INR b)	3,644	3,584	3,731	3,892	4,009	4,121	4,326	4,448	3,892	4,448
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	6.8	6.1	4.0	10.3	4.0
Loan Growth (%)	7.3	5.5	2.8	7.3	10.0	15.0	16.0	14.3	7.3	14.3
Asset Quality										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.3	6.5	6.0	8.5	6.0
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	1.5	1.0	0.9	2.3	0.9
PCR (%)	66.5	68.1	72.2	74.9	75.5	80.7	85.5	86.2	74.9	86.2

Kotak Mahindra Bank

Neutral

CMP: INR1,734 | TP: INR2,000 (+15%)

EPS CHANGE (%): FY23|24: -0.5|-0.7

- Expect strong traction in loan growth; traction in unsecured loans to be seen
- Commentaries on stress in the SME book and other unsecured loans are key monitorables
- Expect liability franchise to remain strong and margins to remain healthy at 5.5%; traction in deposits to be seen
- 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	2Q	3Q	4QE		
Net Interest Income	39.4	40.2	43.3	45.2	47.0	51.0	56.5	60.2	168.2	214.7
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	26.8	30.4	33.1	9.6	27.6
Other Income	13.5	18.1	13.6	18.3	12.4	19.5	21.0	22.0	63.5	75.0
Total Income	52.9	58.3	57.0	63.5	59.4	70.5	77.5	82.2	231.7	289.6
Operating Expenses	24.0	27.1	30.0	30.1	31.6	34.9	39.0	39.8	111.2	145.2
Operating Profit	28.9	31.2	27.0	33.4	27.8	35.7	38.5	42.4	120.5	144.4
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	14.3	42.5	26.9	2.5	19.8
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	1.4	1.5	2.6	6.9	5.7
Profit before Tax	21.9	27.0	28.3	36.5	27.6	34.3	37.0	39.8	113.6	138.7
Tax Provisions	5.4	6.6	7.0	8.8	6.9	8.5	9.1	9.6	27.9	34.1
Net Profit	16.4	20.3	21.3	27.7	20.7	25.8	27.9	30.1	85.7	104.6
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	27.0	31.0	8.9	23.1	22.0
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,252	3,447	3,569	3,117	3,569
Loans (INRb)	2,174	2,349	2,529	2,713	2,802	2,940	3,107	3,269	2,713	3,269
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.5	12.9	14.5	11.3	14.5
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	25.1	22.9	20.5	21.3	20.5
Asset Quality										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.1	1.9	1.8	2.3	1.8
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.4	0.4	0.6	0.4
PCR (%)	64.8	67.5	71.3	73.2	72.6	73.7	77.6	77.6	73.2	77.6

Punjab National Bank**Neutral****CMP: INR47 | TP: INR50 (+7%)****EPS CHANGE (%): FY23|24: +9.5|-0.9**

- Expect loan growth to remain modest; rise in opex to be monitored
- Expect margin to remain steady at ~3.2%; Rise in cost of deposits and traction in deposits to be key
- SMA, slippages and restructuring books are key monitorables
- Expect asset quality to remain under pressure

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	72.3	63.5	78.0	73.0	75.4	82.7	91.8	96.0	286.9	345.9
% Change (YoY)	6.7	-24.9	-6.5	5.3	4.3	30.2	17.6	31.4	-6.1	20.6
Other Income	38.9	32.8	27.0	24.5	25.4	28.5	33.4	31.7	123.2	118.9
Total Income	111.2	96.3	105.0	97.5	100.8	111.2	125.2	127.7	410.1	464.8
Operating Expenses	47.2	56.1	54.3	44.9	47.0	55.5	68.0	64.5	202.5	235.0
Operating Profit	64.0	40.2	50.8	52.6	53.8	55.7	57.2	63.1	207.6	229.8
% Change (YoY)	21.2	-27.1	-17.2	-6.6	-15.9	38.4	12.6	19.9	-6.3	10.7
Other Provisions	49.8	32.6	33.5	48.5	47.9	49.1	47.1	42.8	164.5	186.9
Profit before Tax	14.2	7.6	17.2	4.1	5.9	6.6	10.0	20.3	43.2	42.8
Tax	4.0	-3.5	6.0	2.1	2.8	2.5	3.7	7.7	8.6	16.7
Net Profit	10.2	11.1	11.3	2.0	3.1	4.1	6.3	12.6	34.6	26.1
% Change (YoY)	231.8	78.0	122.7	-65.6	-69.9	-62.8	-44.2	527.6	71.0	-24.4
Operating Parameters										
Deposits	10,976	11,154	11,273	11,462	11,367	11,935	12,104	12,322	11,462	12,322
Loans	6,613	6,732	6,928	7,282	7,426	7,734	8,004	8,228	7,282	8,228
Deposit Growth (%)	2.1	4.3	4.2	3.6	3.6	7.0	7.4	7.5	3.6	7.5
Loan Growth (%)	0.8	3.2	4.9	8.0	12.3	14.9	15.5	13.0	8.0	13.0
Asset Quality										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.3	10.5	9.8	9.2	11.8	9.2
Net NPA (%)	5.8	5.5	4.9	4.8	4.3	3.8	3.3	3.2	4.9	3.2
PCR (%)	62.9	63.2	65.2	62.2	64.8	66.3	68.5	67.6	61.5	67.6

RBL Bank**Buy****CMP: INR141 | TP: INR180 (+28%)****EPS CHANGE (%): FY23|24: -2.4|-1.3**

- Expect business growth to see a slight uptick; guidance on the outlook will be a key monitorable
- Expect a gradual improvement in asset quality; remain watchful on its exposure to MFI/Credit Cards
- Expect credit costs to remain steady and witness a gradual moderation
- Margin likely to remain healthy at 4.8%; traction in deposits and rise in deposit costs to be key monitorables

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	9,695	9,155	10,104	11,313	10,277	10,644	11,482	12,128	40,267	44,531
% Change (Y-o-Y)	-6.9	-1.8	11.3	24.9	6.0	16.3	13.6	7.2	6.3	10.6
Other Income	6,534	5,929	5,830	5,114	6,136	5,833	6,184	6,188	23,405	24,342
Total Income	16,229	15,083	15,934	16,427	16,413	16,477	17,666	18,317	63,673	68,873
Operating Expenses	8,567	8,174	9,626	9,853	11,122	11,354	11,994	12,246	36,220	46,716
Operating Profit	7,661	6,910	6,308	6,574	5,291	5,124	5,672	6,070	27,453	22,157
% Change (Y-o-Y)	11.1	1.4	-21.2	-10.8	-30.9	-25.9	-10.1	-7.7	-5.9	-19.3
Provisions	13,844	6,515	4,239	4,007	2,530	2,415	2,927	3,164	28,604	11,036
Profit before Tax	-6,182	395	2,069	2,568	2,761	2,709	2,745	2,907	-1,151	11,121
Tax	-1,588	87	508	589	750	693	655	702	-404	2,799
Net Profit	-4,595	308	1,561	1,978	2,012	2,016	2,090	2,205	-747	8,322
% Change (Y-o-Y)	NM	-78.6	6.1	162.6	NM	NM	33.9	11.5	NM	NM
Operating Parameters										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	794.0	817.5	845.4	790.1	845.4
Loan (INR b)	565.3	560.1	581.4	600.2	602.7	629.4	666.8	692.7	600.2	692.7
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	5.0	11.0	7.0	8.0	7.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.6	12.4	14.7	15.4	2.4	15.4
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	1.3	1.2	1.1	1.3	1.1
PCR (%)	60.9	61.7	62.9	70.4	72.5	67.8	68.0	68.6	70.4	68.6

State Bank of India

Buy

CMP: INR524 | TP: INR700 (+34%)

EPS CHANGE (%): FY23 | 24: +0.1 | +4.2

- Expect credit costs to remain modest
- Expect healthy traction in loan growth; all eyes on outlook
- Expect asset quality to continue to improve
- Expect margin to improve to ~3.6%; opex, traction in deposits, and increase in deposit costs to be key monitorables

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	276.4	311.8	306.9	312.0	312.0	351.8	380.7	402.5	1,207.1	1,447.0
% Change (YoY)	3.7	10.7	6.5	15.3	12.9	12.8	24.1	29.0	9.0	19.9
Other Income	118.0	82.1	86.7	118.8	23.1	88.7	114.7	138.5	405.6	365.1
Total Income	394.4	393.9	393.6	430.8	335.1	440.6	495.4	541.1	1,612.7	1,812.1
Operating Expenses	204.7	213.1	208.4	233.6	207.6	229.4	243.2	271.9	859.8	952.0
Operating Profit	189.7	180.8	185.2	197.2	127.5	211.2	252.2	269.2	752.9	860.1
% Change (YoY)	5.1	9.8	6.9	0.1	-32.8	16.8	36.2	36.5	5.2	14.2
Provisions	100.5	1.9	69.7	72.4	43.9	30.4	57.6	61.0	244.5	192.9
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	180.8	194.6	208.2	434.2	667.2
Tax Provisions	24.2	28.5	31.2	33.7	22.9	48.2	52.5	56.5	117.5	180.1
Net Profit	65.0	76.3	84.3	91.1	60.7	132.6	142.1	151.7	316.8	487.1
% Change (YoY)	55.3	66.7	62.3	41.3	-6.7	73.9	68.5	66.4	55.2	53.8
Operating Parameters										
Deposits (INR t)	37.2	38.1	38.5	40.5	40.5	41.9	42.1	43.1	40.5	43.1
Loans (INR t)	24.3	24.4	25.8	27.3	28.2	29.5	30.6	31.7	27.3	31.7
Deposit Growth (%)	8.8	9.8	8.8	10.1	8.7	10.0	9.5	6.3	10.1	6.3
Loan Growth (%)	5.8	6.5	8.9	11.6	15.8	20.8	18.6	16.0	11.6	16.0
Asset Quality										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.9	3.5	3.1	2.9	4.0	2.9
Net NPA (%)	1.8	1.5	1.3	1.0	1.0	0.8	0.8	0.7	1.0	0.7
PCR (%)	67.9	70.1	71.2	75.0	75.1	77.9	76.1	77.0	75.0	77.0

Union Bank of India

Buy

CMP: INR66 | TP: INR100 (+50%)

EPS CHANGE (%): FY23 | 24: +2.7 | +3.4

- Expect steady traction in loan growth; traction in deposits to be key monitorable
- SMA and restructuring books are key monitorables
- Expect margin to remain healthy at 3.3%; rise in deposit costs and opex to be monitored
- Expect steady improvement in asset quality

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	70.1	68.3	71.7	67.7	75.8	83.1	86.3	91.2	277.9	336.4
% Change (YoY)	9.5	8.5	8.9	25.3	8.1	21.6	20.3	34.7	12.5	21.1
Other Income	27.8	39.8	25.2	32.4	28.2	32.8	32.7	34.1	125.2	127.8
Total Income	97.9	108.1	97.0	100.1	104.0	115.8	119.0	125.3	403.1	464.1
Operating Expenses	46.1	47.3	46.0	44.9	49.5	50.0	52.8	55.9	184.4	208.3
Operating Profit	51.8	60.7	51.0	55.2	54.5	65.8	66.2	69.4	218.7	255.8
% Change (YoY)	28.4	25.7	-3.2	11.3	5.1	8.3	29.8	25.7	11.2	17.0
Provisions	34.0	37.2	25.5	36.2	32.8	40.8	30.4	30.2	132.9	134.1
Profit before Tax	17.8	23.5	25.5	19.0	21.7	25.0	35.8	39.2	85.8	121.7
Tax	6.0	8.2	14.6	4.6	6.1	6.5	13.4	14.2	33.5	40.2
Net Profit	11.8	15.3	10.9	14.4	15.6	18.5	22.4	25.0	52.3	81.5
% Change (YoY)	254.9	195.4	49.3	8.3	32.0	21.1	106.8	73.9	80.0	55.8
Operating Parameters										
Deposit (INR b)	9,085	9,140	9,375	10,324	9,928	10,433	10,650	10,995	10,324	10,995
Loan (INR b)	5,846	5,810	6,168	6,610	6,764	7,275	7,564	7,826	6,610	7,826
Deposit Growth (%)	1.8	3.2	6.2	11.8	9.3	14.1	13.6	6.5	11.8	6.5
Loan Growth (%)	0.5	0.3	5.8	11.8	15.7	25.2	22.6	18.4	11.8	18.4
Asset Quality										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.2	8.5	7.9	7.3	11.1	7.3
Net NPA (%)	4.7	4.6	4.1	3.7	3.3	2.6	2.1	1.9	3.8	1.9
PCR (%)	68.7	66.6	67.5	69.5	69.9	70.6	74.6	75.2	68.7	75.2

SBI Cards and Payment Services

Buy

CMP: INR740 | TP: INR960 (+30%)

EPS CHANGE (%): FY23|24: -3.0|-3.9

- Expect credit costs to remain elevated on high write-offs
- Spends growth to remain strong; traction in new account sourcing to be healthy
- Asset quality is likely to remain stable
- Margins to continue to moderate due to rising cost of funds and a lower revolver book

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	9.2	9.2	10.0	10.0	10.8	11.2	11.4	11.7	37.9	45.1
% Change (Y-o-Y)	-18.7	-9.1	9.9	20.6	16.7	21.5	14.9	17.6	-2.3	19.0
Other Income	13.0	15.2	18.7	17.5	18.8	19.7	20.5	19.5	64.8	78.4
Total Income	22.2	24.4	28.6	27.5	29.5	30.9	31.9	31.2	102.7	123.5
Operating Expenses	11.7	13.8	17.2	15.8	16.6	18.3	19.7	18.2	58.5	72.9
Operating Profit	10.5	10.6	11.4	11.7	12.9	12.5	12.2	13.0	44.3	50.6
% Change (Y-o-Y)	4.0	-7.2	22.9	24.8	22.5	18.3	6.4	11.1	11.8	14.3
Provisions	6.4	5.9	6.3	3.9	4.5	5.5	5.3	5.7	22.6	21.0
Profit before Tax	4.1	4.6	5.2	7.8	8.4	7.1	6.8	7.4	21.7	29.7
Tax	1.1	1.2	1.3	2.0	2.1	1.8	1.7	1.8	5.6	7.6
Net Profit	3.0	3.4	3.9	5.8	6.3	5.3	5.1	5.5	16.2	22.0
% Change (Y-o-Y)	-22.5	67.3	84.0	231.1	105.8	52.4	32.1	-5.0	64.2	36.4
Operating Parameters										
Loan (INRb)	230.4	253.9	279.7	301.9	320.8	365.0	373.5	389.4	301.9	389.4
Loan Growth (%)	5.1	15.8	18.0	28.7	39.2	43.7	33.6	29.0	28.7	29.0
Asset Quality										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.2	2.1	2.2	2.1	2.2	2.1
Net NPA (%)	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
PCR (%)	78.2	73.7	65.9	65.3	65.1	64.0	64.2	65.1	65.3	65.1

INSURANCE

HDFC Life

Neutral

CMP: INR499 | TP: INR630 (+26%)

EPS CHANGE (%): FY23|24: -0.5|-27.9

- New business premium to see healthy growth, driven by Annuity/Non-PAR segments ahead of budgetary changes
- Expect the 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 healthy and margin to expand
- Improvement in persistency ratio and commentary on growth outlook key monitorables

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	12.9	20.8	21.2	25.7	17.1	24.2	27.2	37.0	80.5	105.6
Growth (%)	25.8%	24.0%	19.4%	7.8%	32.9%	16.6%	28.8%	43.7%	17.4%	31.1%
Renewal premium	38.9	50.3	55.4	73.4	51.0	69.1	71.9	90.3	218.1	282.2
Growth (%)	20.1%	16.8%	21.1%	15.6%	31.1%	37.2%	29.7%	22.9%	18.0%	29.4%
Single premium	24.8	45.2	46.0	45.1	32.4	39.5	46.6	53.7	161.0	172.2
Growth (%)	54.9%	7.7%	40.2%	8.0%	30.6%	-12.5%	1.5%	19.1%	21.5%	7.0%
Gross premium income	76.6	116.3	122.5	144.2	100.5	132.8	145.8	180.9	459.6	560.0
Growth (%)	30.6%	14.2%	27.3%	11.7%	31.3%	14.2%	18.9%	25.4%	19.1%	21.8%
PAT	3.0	2.7	2.7	3.6	3.6	3.3	3.2	4.1	12.1	13.8
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	19.1%	19.0%	15.2%	13.6%	-11.2%	14.6%

Key metrics (INRb)

New business APE	15.6	25.5	26.0	30.5	19.0	30.1	32.6	41.0	96.6	122.8
Growth (%)	30.3	19.4	20.4	5.8	22.0	18.0	25.5	34.6	18.1	27.0
VNB	4.1	6.8	6.9	9.0	5.1	7.8	8.8	12.0	26.7	33.6
Growth (%)	40.2	23.9	21.8	15.2	25.0	14.7	26.1	34.2	22.4	25.8
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,249	2,338	2,506	2,042	2,506
Growth (%)	29.5	27.0	17.6	17.4	10.4	17.6	20.1	22.7	17.4	22.7

Key Ratios (%)

VNB Margins (%)	26.2	26.6	26.7	29.4	26.8	25.8	26.8	29.3	27.4	27.4
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	210.0	209.0	205.7	175.6	205.7

ICICI Prudential Life

Buy

CMP: INR436 | TP: INR530 (+22%)

EPS CHANGE (%): FY23|24: +2.6|+5.7

- New business premium growth to remain modest; trends in Banca channel to be closely monitored
- Expect the expense ratio to move in line with a pick-up in business growth
- Expect VNB growth and margins to remain healthy; watch for commentary about growth outlook
- 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 (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	8.8	15.6	15.5	19.8	10.4	14.4	13.8	26.4	59.7	65.0
Growth (%)	40.3%	33.1%	13.7%	-2.4%	18.0%	-7.2%	-10.9%	33.2%	15.0%	8.9%
Renewal premium	41.4	55.7	54.4	68.0	38.9	56.4	57.5	71.9	219.6	224.8
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	-5.9%	1.3%	5.7%	5.6%	-2.4%	2.4%
Single premium	18.5	24.1	23.5	29.3	23.3	28.1	26.5	23.8	95.4	101.7
Growth (%)	89.1%	34.4%	11.4%	-7.3%	25.9%	16.8%	12.6%	-18.8%	18.6%	6.6%
Gross premium income	68.7	95.3	93.4	117.1	72.6	99.0	97.8	122.0	374.6	391.4
Growth (%)	19.5%	9.2%	2.1%	-3.2%	5.7%	3.8%	4.7%	4.2%	4.8%	4.5%
PAT	-1.9	4.4	3.1	1.8	1.6	2.0	2.2	2.0	7.5	8.7
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-55.1%	-29.0%	10.6%	-21.5%	15.1%

Key metrics (INRb)

New Business APE	12.2	19.8	19.3	26.1	15.2	20.0	18.2	35.3	77.3	88.7
Growth (%)	48.1	34.9	15.8	4.0	24.7	1.1	-5.5	35.3	19.7	14.7
VNB	3.6	5.2	5.2	7.8	4.7	6.2	6.2	12.2	21.7	29.3
Growth (%)	78.1	28.4	20.3	31.1	31.6	20.6	20.0	58.1	33.5	35.5
AUM	2,232	2,371	2,376	2,405	2,301	2,443	2,519	2,639	2,405	2,639
Growth (%)	31.3	30.6	16.0	12.3	3.1	3.0	6.0	9.7	12.3	9.7

Key Ratios (%)

VNB Margins (%)	29.4	26.0	26.7	29.7	31.0	31.1	33.9	34.7	28.0	33.1
Solvency ratio (%)	194	200	202	205	204	201	212	210	205	210

SBI Life**Buy****CMP: INR1,100 | TP: INR1,450 (+32%)****EPS CHANGE (%): FY23|24: -1.2|-16.3**

- New business premiums to remain healthy
- Expect margin to remain healthy at ~30%; VNB growth to remain healthy
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy; growth commentary to be key

Quarterly performance (INR b)

Policy holder's A/c (INRb)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First year premium	14.0	36.1	40.7	38.5	25.7	34.8	50.6	43.1	129.4	154.1
Growth (%)	29%	56%	24%	5%	83%	-4%	24%	12%	25%	19%
Renewal premium	50.3	77.8	96.5	108.4	57.6	91.2	109.1	123.1	333.0	381.0
Growth (%)	10%	9%	14%	15%	14%	17%	13%	14%	12%	14%
Single premium	19.4	33.3	44.3	28.1	30.2	40.2	33.7	37.1	125.2	141.2
Growth (%)	-2%	-8%	105%	11%	56%	20%	-24%	32%	22%	13%
Gross premium income	83.8	147.2	181.6	175.1	113.5	166.2	193.3	203.3	587.6	676.4
Growth (%)	10%	12%	31%	12%	35%	13%	6%	16%	17%	15%
PAT	2.2	2.5	3.6	6.7	2.6	3.8	3.0	7.1	15.1	16.5
Growth (%)	-43%	-18%	56%	26%	18%	53%	-16%	5%	3%	9%
Key metrics (INRb)										
New Business APE	16.2	39.7	45.7	41.3	29.0	39.3	54.3	45.7	141.9	168.3
Growth (%)	27.6	46.5	30.6	4.0	79.0	-1.0	18.8	10.6	24.9	18.6
VNB	3.8	10.0	11.5	11.7	8.8	12.4	15.1	13.5	37.0	49.8
Growth (%)	46.2	85.2	51.3	6.4	131.6	24.0	31.3	15.8	39.1	34.7
AUM	2,316	2,442	2,569	2,674	2,624	2,826	3,000	3,123	2,674	3,123
Growth (%)	32.1	31.0	22.6	21.1	13.3	15.7	16.8	16.8	21.1	16.8
Key Ratios (%)										
VNB margins (%)	23.7	25.2	25.2	28.3	30.4	31.6	27.8	29.7	25.9	29.6
Solvency ratio (%)	215.0	212.0	209.0	205.0	221.0	219.0	225.0	221.1	204.8	221.1

Max Financial**Neutral****CMP: INR635 | TP: INR825 (+30%)****EPS CHANGE (%): FY23|24: +8.9|+12.3**

- Premium growth to remain modest; watch for commentary on revival and growth
- Expect VNB growth to remain modest; margins to see sequential moderation, but to remain healthy at ~28%
- Expect the proprietary channel to exhibit healthy trends, while banca channel to continue to witness pressure
- Expect Non-PAR growth to remain healthy and ULIP to witness pressure

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
First Year premium	8.0	12.3	15.4	17.4	9.2	11.1	14.6	22.8	53.2	57.7
Growth (%)	29.5%	8.9%	28.7%	-7.6%	14.2%	-9.3%	-5.5%	30.7%	10.0%	8.5%
Renewal premium	22.4	34.6	34.2	53.8	26.2	39.1	40.2	60.1	145.1	165.6
Growth (%)	21.2%	17.9%	18.8%	19.0%	16.7%	12.9%	17.5%	11.6%	19.0%	14.1%
Single premium	4.4	6.4	6.3	8.8	5.7	7.8	8.0	10.9	25.9	32.4
Growth (%)	56.5%	37.4%	15.3%	25.5%	30.1%	21.3%	26.9%	25.0%	29.8%	25.4%
Gross premium income	34.8	53.3	56.0	80.0	41.0	58.0	62.8	93.8	224.1	255.7
Growth (%)	26.6%	17.6%	21.0%	12.6%	17.8%	8.8%	12.2%	17.3%	17.9%	14.1%
PAT	0.8	0.7	1.2	1.5	0.9	0.5	2.9	2.7	3.9	7.0
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	18.2%	-25.4%	155.7%	72.4%	-26.1%	81.9%
Key metrics (INRb)										
New Business APE	8.8	12.8	15.9	18.4	10.1	11.9	15.1	23.8	55.8	60.9
Growth (%)	32.4	11.2	30.0	-4.2	15.3	-7.2	-5.2	29.7	12.5	9.2
VNB	1.7	3.7	4.0	5.9	2.1	3.7	5.9	6.6	15.3	18.4
Growth (%)	52.2	15.1	13.1	27.1	23.8	-0.3	49.7	12.9	22.3	20.5
AUM (INRb)	937	1,001	1,025	1,075	1,071	1,134	1,184	1,252	1,075	1,252
Growth (%)	28.4	28.7	20.6	18.9	14.3	13.3	15.5	16.4	18.9	16.4
Key Ratios (%)										
VNB Margins (%)	19.7	29.2	24.9	31.9	21.1	31.3	39.3	27.8	27.4	30.2
Solvency ratio (%)	197.0	211.0	207.0	201.0	196.0	196.0	200.0	195.9	201.0	195.9

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

Poonawalla Fincorp

PNB Housing Finance

Repco Home Finance

Shriram Finance

Demand remains robust; NIM pressure to continue

No impact on delinquencies, despite higher interest rates

- We expect our coverage universe of NBFC – Lending Financials to deliver 18%/16% /15% YoY growth in NII/PPoP/PAT in 4QFY23.
- In vehicle financing, we expect disbursements to have remained healthy in 4QFY23, driven by strong underlying demand and sectoral tailwinds. Among housing financiers, we expect some demand moderation in higher ticket sizes, while affordable housing financiers continue to exhibit strong disbursement momentum. We expect a ~15% YoY/~5% QoQ loan growth in 4QFY23 for our coverage universe. Gold loan demand has improved in the lower ticket size (<INR100K) and gold financiers are likely to exhibit a 3-4% QoQ gold loan growth, despite the banks and recent NBFC entrants remaining aggressive. For MGFL in particular, we expect a sequential growth of 3-4% QoQ in the gold loan book with its continued focus on higher-yielding lower ticket gold loans.
- We expect vehicle financiers such as MMFS/CIFC to continue to witness sustained margin compression in 4QFY23 and in 1HFY24 as well. Owing to the aggressive stance of the banks, financiers would be unable to pass on rate hikes to consumers; and thereby, the yields would take slightly longer to offset the impact of higher borrowing costs, leading to margin compression. For the cohort of vehicle financiers, we expect margins to sequentially decline ~10-40bp with the least impact on SHTF, followed by CIFC and MMFS.
- Although affordable Housing Finance companies (AHFCs) have now started to pass on the higher rates to the borrowers, we expect them to continue to witnessing margin compression in the near term. Demand momentum for the large HFCs is likely to moderate, driven by the impact of higher interest rates and lower eligibility of customers (in terms of amount sanctioned) for home loan. Affordable HFCs would continue to exhibit decent loan growth. Because of their ability to increase the PLR, HFCs would not experience much impact on its margins (except for the transitory lag).
- Within the gold financiers, while we expect sequentially stable NIM for MGFL, it is expected to improve by ~30bp for MUTH.
- 4Q being a seasonally strong quarter, we expect asset quality improvement across the board. Lower bounce rates and higher collections are likely to translate into an improvement in GS3 and a sequential decline in credit costs.
- RBI increased repo rates by 250bp between May'22 and Feb'23 and we expect further hikes of ~25bp in Apr'23, which can negatively impact the demand for mortgages if banks/large HFCs continue to pass on the hikes to their customers. Demand for mortgages was not particularly buoyant and large HFCs continue to see balance transfers (BT-OUTs) to PSU/private banks in the quarter.
- Diversified lenders such as BAF, Poonawalla, LTFH, and non-vehicle segments of SHFL with presence in MSME, 2W, MFI, Consumer Finance, Pre-owned cars, and Personal loans are expected to exhibit healthy disbursement momentum, minor to no impact on NIM, and improvement in asset quality.
- We like a) those companies that can manage their asset/liability mix to mitigate the impact on margins and b) where the demand will be relatively less impacted in a rising interest rate environment. Our top picks from the sector are MMFS, CIFC, and HomeFirst.

HFCs: Demand moderation for large HFCs; margin compression for AHFCs

- We expect HDFC and LICHF (aided by their lower CoF) to report moderate home loan disbursements. Unlike the typical 4Q, we expect the momentum to be relatively muted this quarter. We expect the transitory impact on margins, owing to the lag in transmitting higher borrowing costs to the customers, to continue into 4QFY23 as well.
- While we expect asset quality to improve for HDFC (with a sequential decline in credit costs), there could be potential slippages from the restructured loan pool for LICHF. We expect a sequential decline in credit costs (after the one-off last quarter to increase the PCR) and estimate a ~10bp QoQ NIM decline for LICHF.
- We expect AHFCs under our coverage to report a sequential improvement in disbursements in 4QFY23. AHFCs are expected to witness compression in spreads and margins in 4QFY23, driven by higher incremental borrowing costs. Subsidy received from the Credit-linked Subsidy Scheme (CLSS) could have a minor impact on AUM growth. We expect a minor improvement in asset quality for the AHFCs, leading to an improvement in GS3 and 1+dpd metrics along with benign credit costs.

Vehicle Finance – Early signs of slowdown in LCV/SCV; Tractors/2W muted

- We estimate MMFS to report disbursements of ~INR129b for 4QFY23 (sequential decline of 11% on a seasonally stronger festive quarter). We expect the asset quality to improve sequentially and credit costs to remain benign. For both CIFC/SHTF, we estimate healthy disbursements to sustain and translate into 34%/16% YoY growth in AUM.
- Banks continue to remain aggressive in vehicle financing (to gain market share), limiting vehicle financiers, including MMFS/CIFC, to increase IRR on their incremental disbursements. We estimate NIM compression of ~40bp/20bp for MMFS/CIFC, respectively.
- We estimate MMFS to report a ~40bp QoQ improvement in its GS3. For CIFC and SHTF, we expect vehicle finance (VF) asset quality to marginally improve by ~10-30bp QoQ. Vehicle financiers, as a cohort, still remain extremely vulnerable to margin compression in 1HFY24.

Gold financiers – Healthy Gold loan growth in 4Q, but unlikely to be structural

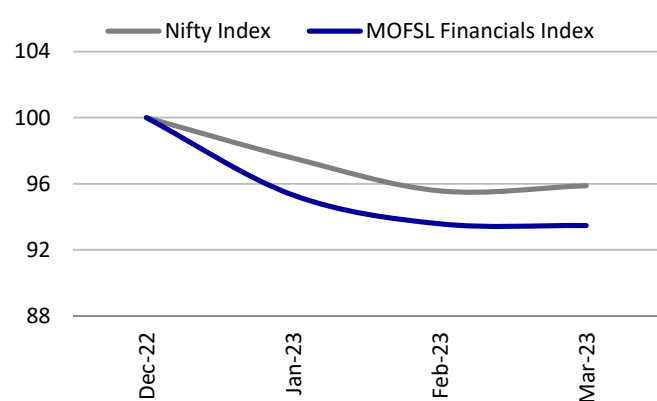
- Demand in the lower-than-INR100K ticket segment has improved, but we believe that this could be seasonal in nature and that this growth momentum is unlikely to sustain, given that banks/gold loan fintechs and some recent NBFC entrants continue to remain aggressive in the gold lending space.
- We expect sequential growth in the gold loan portfolio for both MUTH/MGFL in the range of 3-4%. While we expect the margins for MGFL to remain sequentially stable, we expect it to improve for MUTH, driven by a slight expansion in yields and benign cost of borrowings.

Diversified financiers: Steady quarter; strong demand for unsecured loans

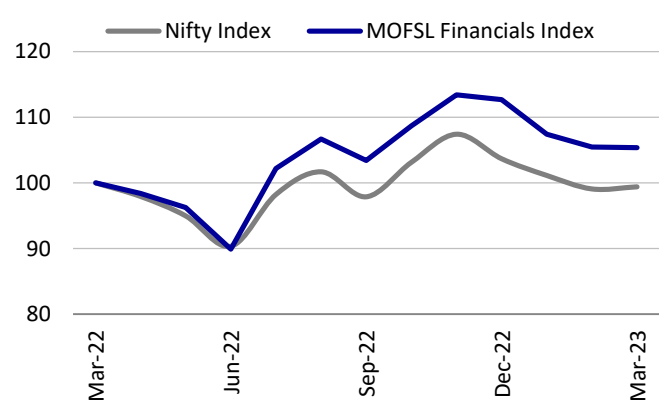
- For LTFH, we expect strong growth in retail loans, but since the wholesale segment such as real estate and infrastructure will continue to moderate, the consolidated loan book could remain flat QoQ. We expect credit costs to moderate for LTFH, leading to a sequential improvement in profitability.
- We expect BAF to report a ~26% YoY/8% QoQ growth in its AUM. We forecast a ~30bp decline in margins for BAF along with asset quality improvement.
- We expect Poonawalla to report sequentially strong disbursements and deliver a 30% YoY growth in standalone AUM. Further, we expect its margins to improve ~40bp QoQ and estimate a 12% QoQ growth in PAT, aided by continued provision write-backs.

Exhibit 1: Quarterly performance

Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Mar-23	Variance YoY (%)	Variance QoQ (%)	Mar-23	Variance YoY (%)	Variance QoQ (%)	Mar-23	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1606	Neutral	2,128	18.0	2.2	1,462	7.8	3.3	1,170	1.1	9.1
Bajaj Finance	5615	Buy	62,665	30.5	5.8	51,172	29.0	5.4	31,485	30.1	5.9
Can Fin Homes	529	Buy	2,567	8.2	2.0	2,155	10.7	1.2	1,523	23.9	0.5
Chola. Inv & Fin.	762	Buy	16,862	23.3	5.5	11,137	22.1	3.1	7,502	8.8	9.6
HDFC	2627	Buy	50,795	10.4	4.9	50,590	9.5	11.3	38,391	10.2	2.7
Home First Fin.	745	Buy	1,144	34.5	3.4	844	28.1	3.4	630	4.8	7.6
L&T Fin.Holdings	82	Buy	17,924	17.4	-1.6	12,582	10.8	0.8	4,832	41.6	6.7
LIC Housing Fin	329	Buy	15,778	-3.6	-1.7	13,679	-9.2	0.9	7,987	-28.6	66.3
M & M Financial	232	Buy	15,561	8.0	0.2	9,315	3.7	-6.7	5,080	-15.4	-19.2
Manappuram Finance	124	Buy	11,490	27.9	5.3	6,378	26.2	7.8	4,229	62.1	7.5
MAS Financial	804	Buy	1,312	45.9	5.1	856	41.5	3.5	551	29.3	7.4
Muthoot Finance	979	Neutral	17,893	4.0	5.0	12,862	5.3	1.9	9,304	-3.1	3.2
PNB Housing	513	Neutral	6,363	72.5	-11.3	6,026	63.2	-10.6	2,902	71.2	7.8
Poonawalla Fincorp	293	Buy	3,384	35.5	12.4	2,024	75.8	29.9	1,688	89.4	12.2
Repco Home Fin	180	Neutral	1,395	-0.7	0.6	1,153	-3.5	4.8	811	93.1	0.5
Shriram Finance	1260	Buy	41,809	19.9	2.9	33,282	23.1	0.8	18,325	32.0	3.1
NBFC			2,69,071	17.8	3.3	2,15,515	16.3	4.1	1,36,410	14.6	5.8

Exhibit 2: Relative performance – three months (%)

Source: MOFSL, Company

Exhibit 3: One-year relative performance (%)

Source: MOFSL, Company

Exhibit 4: EPS estimate changes for FY23-24

Company	Old estimates (INR)			New estimates (INR)			Change (%)		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
AAVAS	53.6	66.3	86.3	53.2	65.1	86.0	-0.6	-1.8	-0.2
BAF	190.7	228.6	289.9	190.6	227.3	288.3	-0.1	-0.5	-0.5
CANF	45.3	51.2	61.0	45.6	51.1	60.8	0.8	-0.0	-0.3
CIFC	31.0	38.1	46.6	31.2	38.0	46.6	0.7	-0.2	-0.1
HDFC	70.8	80.4	92.2	70.8	80.4	92.2	-	-	-
HomeFirst	25.7	31.5	40.0	25.7	31.8	40.4	0.4	0.8	0.9
LTFH	6.5	8.4	10.0	6.5	8.4	10.0	-	-	-
LICHF	45.6	63.4	71.9	45.6	63.4	71.9	-	-	-
MMFSL	13.6	16.3	20.7	14.7	16.8	20.2	7.7	3.5	-2.0
MASFIN	36.9	46.9	59.4	36.9	46.9	59.4	-	-	-
Muthoot	86.9	95.1	103.5	87.3	97.0	105.6	0.4	2.1	2.1
MGFL	17.8	21.5	24.8	17.8	20.9	24.7	0.2	-2.8	-0.6
PNBHF	62.7	75.0	89.8	62.7	75.0	89.8	-	-	-
PFL	7.5	12.1	17.1	7.5	12.1	17.1	-	-	-
REPCO	47.2	53.0	59.5	47.1	53.1	59.3	-0.1	0.3	-0.3
SHFL	173.7	195.8	223.8	173.7	195.8	223.8	-	-	-

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

Neutral

CMP INR1,606 | TP: INR1,700 (6%)

EPS CHANGE (%): FY23 | 24 | 25: -0.6 | -1.8 | -0.2

- AUM/disbursement expected to grow 22%/11% YoY.
- Opex is expected to remain elevated, owing to investments in technology/distribution and branch additions.
- Expect NIM to decline ~20bp QoQ, which includes upfront assignment income estimated at ~INR467m.
- Commentary on loan growth and margin trajectory are key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Interest Income	2,630	2,787	2,830	3,041	3,148	3,287	3,585	3,798	11,288	13,818
Interest Expenses	1,128	1,160	1,251	1,237	1,347	1,410	1,504	1,670	4,775	5,930
Net Income	1,502	1,627	1,579	1,804	1,802	1,877	2,082	2,128	6,513	7,888
YoY Growth (%)	29	26	12	37	20	15	32	18	26	21
Other income	90	468	599	612	380	664	534	669	1,768	2,248
Total Income	1,592	2,095	2,178	2,416	2,182	2,541	2,616	2,797	8,281	10,136
YoY Growth (%)	31	34	13	37	37	21	20	16	28	22
Operating Expenses	673	864	910	1,059	1,026	1,147	1,201	1,335	3,506	4,709
YoY Growth (%)	28	36	37	43	53	33	32	26	37	34
Operating Profits	919	1,231	1,268	1,357	1,156	1,394	1,415	1,462	4,775	5,427
YoY Growth (%)	33	33	0	33	26	13	12	8	22.3	13.7
Provisions	170	47	113	-104	9	16	35	-16	226	45
Profit before Tax	749	1,183	1,155	1,461	1,147	1,378	1,380	1,477	4,549	5,382
Tax Provisions	150	262	264	304	254	310	307	307	981	1,179
Profit after tax	599	921	891	1,157	892	1,068	1,073	1,170	3,568	4,203
YoY Growth (%)	20	39	4	32	49	16	20	1	23.2	17.8

Bajaj Finance

Buy

CMP INR5,615 | TP: INR6,700 (+19%)

EPS CHANGE (%): FY23 | 24 | 25: -0.1 | -0.5 | -0.5

- Estimate AUM growth of 26% YoY/ 8% QoQ.
- Opex is expected to remain elevated with CIR at 34%.
- Margins and spreads expected to decline ~30bp QoQ.
- Credit costs expected to decline ~10bp QoQ in 4QFY23.

Quarterly Performance

Y/E March	FY22				FY23E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Interest Income	60	67	73	74	79	85	93	100	273	357
Interest expenses	23	24	25	26	26	30	34	38	97	127
Net Interest Income	37	43	47	48	53	55	59	63	175	230
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	29.1	25.3	30.5	26.2	31.3
Other Operating Income	8	10	13	13	14	15	15	15	44	58
Net Income	45	53	60	61	66	70	74	78	219	288
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	31.2	23.9	28.0	26.8	31.7
Operating Expenses	14	20	21	21	24	25	26	27	76	101
Operating Profit	31	33	39	40	43	45	49	51	143	187
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	35.8	23.8	29.0	19.6	30.8
Provisions and Cont.	18	13	11	7	8	7	8	9	48	32
Profit before Tax	14	20	29	33	35	38	40	43	95	155
Tax Provisions	4	5	7	8	9	10	10	11	25	40
Net Profit	10	15	21	24	26	28	30	31	70	115
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	87.8	39.9	30.1	59.0	63.6

Can Fin Homes

Buy

CMP INR529 | TP: INR640 (+21%)

EPS CHANGE (%): FY23|24|25: 0.8|0.0|-0.3

- Estimate loan book to grow ~18% YoY.
- Margins are expected to decline ~10bp QoQ, due to rising CoF.
- Estimate PAT growth of 24% YoY, driven by healthy loan growth and benign credit costs.
- Commentary on loan growth, margins, and credit costs are key monitorables.

Quarterly performance

INR m

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	4,492	4,626	5,020	5,558	6,065	6,522	7,046	7,655	19,697	27,289
Interest Expenses	2,680	2,708	2,961	3,185	3,561	4,010	4,529	5,088	11,535	17,189
Net Interest Income	1,812	1,918	2,059	2,373	2,504	2,512	2,517	2,567	8,162	10,100
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	38.2	31.0	22.2	8.2	2.3	23.8
Other Income	16	53	64	55	51	54	51	55	188	210
Total Income	1,828	1,971	2,124	2,428	2,555	2,566	2,568	2,622	8,350	10,310
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	39.8	30.2	20.9	8.0	3.1	23.5
Operating Expenses	303	342	403	482	405	405	438	468	1,530	1,716
YoY Growth (%)	40.8	35.8	17.1	12.4	33.8	18.3	8.7	-2.9	23.4	12.1
Operating Profits	1,526	1,628	1,720	1,946	2,150	2,161	2,129	2,155	6,820	8,595
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	40.9	32.7	23.8	10.7	-0.6	26.0
Provisions	65	-62	164	302	-37	132	84	90	469	270
Profit before Tax	1,460	1,690	1,557	1,643	2,187	2,028	2,045	2,065	6,351	8,325
Tax Provisions	372	454	400	414	565	611	530	541	1,640	2,248
Profit after tax	1,088	1,236	1,157	1,229	1,622	1,417	1,515	1,523	4,711	6,077
YoY Growth (%)	16.8	-3.7	-12.3	19.8	49.0	14.6	30.9	23.9	3.3	29.0

Cholamandalam Inv. & Fin.

Buy

CMP INR762 | TP: INR920 (+21%)

EPS CHANGE (%): FY23|24|25: 0.7|-0.2|-0.1

- Estimate Business AUM to grow 34% YoY.
- Asset quality to improve with GS3 decline of ~40bp sequentially.
- Margins are expected to contract by ~20bp QoQ.
- Guidance on loan growth and margins to be closely monitored.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	23,712	23,468	24,095	24,390	26,123	28,293	31,416	34,829	95,668	1,20,660
Interest Expenses	11,038	10,778	10,460	10,712	11,309	13,404	15,433	17,966	42,988	58,112
Net Interest Income	12,674	12,690	13,634	13,679	14,814	14,888	15,983	16,862	52,680	62,548
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	17.3	17.2	23.3	13.3	18.7
Other Income	958	1,239	1,208	1,927	1,587	2,085	2,334	2,545	5,720	8,551
Total Income	13,632	13,929	14,842	15,606	16,401	16,974	18,317	19,407	58,400	71,099
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	21.9	23.4	24.4	16.8	21.7
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,611	7,520	8,270	20,687	28,199
Operating Profit	9,927	8,750	9,525	9,120	10,604	10,363	10,797	11,137	37,712	42,900
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	18.4	13.4	22.1	10.4	13.8
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	2,782	1,589	1,040	8,803	8,397
Profit before Tax	4,407	8,165	7,043	9,294	7,617	7,581	9,208	10,097	28,909	34,503
Tax Provisions	1,139	2,100	1,805	2,398	1,961	1,947	2,365	2,595	7,442	8,867
Net Profit	3,268	6,065	5,238	6,896	5,657	5,634	6,843	7,502	21,467	25,636
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-7.1	30.6	8.8	41.7	19.4

HDFC**Buy****CMP INR2,627 | TP: INR3,070 (+17%)****EPS CHANGE FY23|24|25: 0.0|0.0|0.0**

- AUM growth is likely to be healthy at ~13% YoY.
- Estimate margins to remain largely stable sequentially
- PPOP to grow ~7% YoY and estimate credit cost at ~25bp
- Outlook on margins, home loan demand, and asset quality in the non-individual segment are key monitorables.

Quarterly Performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	106.5	106.8	111.6	113.7	120.0	132.0	145.3	152.1	438.6	549.5
Interest Expense	65.2	65.7	68.7	67.7	75.6	85.6	96.9	101.4	267.4	359.5
Net Interest Income	41.3	41.1	42.8	46.0	44.5	46.4	48.4	50.8	171.2	190.1
YoY Change (%)	24	14	7	14	8	13	13	10	14	11
Assignment Income	2.7	1.3	2.2	4.4	2.8	2.3	1.6	4.7	10.6	11.4
NII (including assignment income)	43.9	42.4	45.1	50.4	47.3	48.7	50.0	55.5	181.8	201.5
YoY Change (%)	25	13	2	13	8	15	11	10	19	11
Other Operating Income	0.6	0.9	0.8	1.0	0.8	0.9	1.2	0.8	3.3	3.7
Core Income	44.5	43.3	45.9	51.4	48.0	49.7	51.2	56.3	185.1	205.2
YoY Change (%)	25	13	2	13	8	15	11	10	19	11
Operating Expenses	5.5	5.3	4.8	5.1	5.9	5.9	5.7	5.7	20.7	23.2
YoY Change (%)	39	45	-11	3	7	11	19	11	15	12
Core Operating profits	39.0	38.0	41.1	46.2	42.2	43.8	45.4	50.6	164.4	182.0
YoY Change (%)	23	9	4	14	8	15	11	9	20	11
Provisions	6.9	4.5	3.9	4.0	5.1	4.7	3.7	3.8	19.3	17.4
Core PBT	32.2	33.4	37.2	42.2	37.0	39.0	41.7	46.8	145.0	164.6
YoY Change (%)	63	10	11	26	15	17	12	11	24	13
Profit on Sale of Inv./MTM on Inv.	6.7	1.4	1.3	2.7	1.9	1.4	-0.6	2.0	12.0	4.8
Dividend income	0.2	11.7	2.0	1.3	6.9	13.6	4.8	1.2	15.1	26.4
One off expense/Prov	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.3	0.4
PBT	39.0	46.7	40.5	46.2	45.9	54.1	46.1	50.0	172.5	196.2
YoY Change (%)	44	32	8	18	18	16	14	8	24	14
Provision for Tax	9.0	8.9	7.9	9.2	9.2	9.6	9.2	10.8	35.0	38.8
PAT	30.0	37.8	32.6	37.0	36.7	44.5	36.9	39.2	137.4	157.3
YoY Change (%)	39	32	11	16	22	18	13	6	24	14
PAT (Excl exceptional)	25.9	36.2	31.4	34.9	35.2	42.2	37.4	38.4	128.4	153.1
YoY Change (%)	43	34	17	26	36	16	19	10	20	19

Home First Finance Company**Buy****CMP INR745 | TP: INR910 (+22%)****EPS CHANGE (%):FY23|24|25: 0.4|0.8|0.9**

- Estimate robust AUM growth of ~35% YoY/8% QoQ.
- Spreads and margins are projected to decline ~20/25bp sequentially.
- Cost ratios expected to remain elevated, led by higher employee expenses and branch expansions.
- Outlook on loan growth, margins, and asset quality are key monitorables.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	1,155	1,206	1,270	1,389	1,547	1,727	1,902	2,109	5,117	7,285
Interest expenses	532	564	552	538	607	712	796	965	2,157	3,079
Net Interest Income	623	642	717	851	940	1,016	1,106	1,144	2,960	4,206
YoY Growth (%)	23.6	40.3	36.9	54.9	50.8	58.2	54.2	34.5	45.4	42.1
Other Income	265	255	247	172	147	167	152	183	840	649
Net Income	888	897	964	1,023	1,086	1,182	1,258	1,327	3,800	4,854
YoY Growth (%)	12.6	69.4	72.0	26.2	22.3	31.8	30.5	29.8	41.3	27.7
Operating Expenses	282	301	313	364	387	441	443	483	1,262	1,754
Operating Profit	607	596	651	659	699	741	816	844	2,538	3,100
YoY Growth (%)	6.0	102.0	127.7	29.5	15.3	24.3	25.3	28.1	52.7	22.1
Provisions and Cont.	130	33	60	27	36	50	60	29	250	175
Profit before Tax	476	563	591	632	663	692	756	815	2,288	2,925
Tax Provisions	125	114	132	30	151	149	170	184	402	654
Net Profit	351	449	459	602	512	543	586	630	1,886	2,272
YoY Growth (%)	-9.1	213.0	188.6	92.3	46.0	20.9	27.6	4.8	250.2	174.6

L&T Finance Holdings**Buy****CMP INR82 | TP: INR110 (+35%)****EPS CHANGE (%):FY23|24|25: 0.0|0.0|0.0**

- We expect the loan book to remain stable QoQ with moderation in real estate and infrastructure segment.
- Anticipate the credit costs to decline to ~2.3% (annualized) in 4QFY23 (v/s 2.9% in 3QFY23)
- NIMs and spreads are expected to decline sequentially.
- Commentary on how it plans to rundown the wholesale segments is to be closely monitored.

Quarterly performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	30,083	29,028	28,744	29,188	29,466	30,862	33,216	33,914	1,17,042	1,27,458
Interest Expenses	15,089	14,417	14,066	13,923	14,132	14,385	15,007	15,990	57,494	59,514
Net Interest Income	14,994	14,611	14,678	15,265	15,334	16,477	18,209	17,924	59,548	67,944
Change YoY (%)	13.8	4.9	-7.1	-5.5	2.3	12.8	24.1	17.4	0.8	14.1
Other Operating Income	1,318	1,490	1,964	1,281	1,318	1,090	1,109	582	6,053	4,098
Net Operating Income	16,313	16,101	16,642	16,546	16,652	17,567	19,318	18,505	65,601	72,042
Change YoY (%)	15.8	6.0	-4.6	-8.4	2.1	9.1	16.1	11.8	1.3	9.8
Other income	614	826	1,284	1,204	1,474	1,193	585	1,658	3,928	4,910
Total Income	16,926	16,928	17,925	17,749	18,126	18,760	19,903	20,163	69,529	76,952
Change YoY (%)	2.9	4.5	-3.8	-10.3	7.1	10.8	11.0	13.6	-2.2	10.7
Operating Expenses	5,485	5,905	6,167	6,389	6,577	6,868	7,427	7,581	23,946	28,454
Change YoY (%)	31.4	28.8	25.5	5.1	19.9	16.3	20.4	18.7	21.3	18.8
Operating Profits	11,441	11,023	11,759	11,360	11,549	11,891	12,476	12,582	45,582	48,498
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	0.9	7.9	6.1	10.8	-11.2	6.4
Provisions	9,062	7,830	7,418	6,524	7,989	5,765	6,417	4,991	30,833	25,163
Profit before Tax	2,379	3,193	4,341	4,837	3,560	6,126	6,059	7,591	14,750	23,335
Tax Provisions	609	963	1,261	1,423	948	2,070	990	2,759	4,256	6,767
Profit after tax	1,770	2,230	3,080	3,414	2,612	4,056	4,528	4,832	10,494	16,027
Change YoY (%)	20.1	-10.0	7.0	28.3	47.5	81.9	47.0	41.6	10.6	52.7

LIC Housing Finance**Buy****CMP INR329 | TP: INR420 (+28%)****EPS CHANGE (%):FY23|24|25: 0.0|0.0|0.0**

- Expect loan growth of 11% YoY, with a largely stable mix.
- Estimate credit costs of INR3.8b in 4QFY23 v/s INR7.6b in 3QFY23.
- CoF and yields are expected to increase ~30bp and ~20bp QoQ, respectively, leading to ~10bp decline in NIM.
- Commentaries on slippages from restructured pool, and guidance on margins are key monitorables.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	48,253	46,734	50,006	51,893	52,502	50,493	58,387	61,466	1,96,885	2,22,848
Interest Expenses	35,500	35,060	35,460	35,518	36,400	38,864	42,328	45,688	1,41,537	1,63,280
Net Interest Income	12,753	11,674	14,546	16,375	16,102	11,629	16,059	15,778	55,348	59,568
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	-0.4	10.4	-3.6	5.5	7.6
Fees and other income	338	416	698	1,193	407	427	374	973	2,646	2,182
Net Income	13,091	12,090	15,244	17,568	16,509	12,056	16,432	16,751	57,994	61,749
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	-0.3	7.8	-4.7	7.5	6.5
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,610	2,876	3,072	9,994	10,586
Operating Profit	10,276	9,481	13,174	15,069	14,481	9,447	13,557	13,679	48,000	51,163
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	-0.4	2.9	-9.2	2.3	6.6
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	5,658	7,627	3,820	20,218	20,182
Profit before Tax	1,929	3,090	9,619	13,144	11,404	3,789	5,930	9,858	27,782	30,980
Tax Provisions	395	611	1,945	1,958	2,149	739	1,127	1,872	4,909	5,886
Net Profit	1,534	2,479	7,673	11,186	9,255	3,050	4,803	7,987	22,873	25,094
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	23.0	-37.4	-28.6	-16.3	9.7

Mahindra Financial Services**Buy****CMP INR232 | TP: INR285 (+23%)****EPS CHANGE (%):FY23|24|25: 7.7|3.5|-2.0**

- Expect disbursements and business assets to grow ~40% and 28% YoY, respectively, in 4QFY23.
- Expect ~40bp QoQ contraction in margins.
- Estimate credit costs of INR1.2% in 4QFY23 v/s 0.8% in 3QFY23.
- Guidance on margins, credit costs, and loan growth are key monitorables.

Quarterly Performance**(INR Mn)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest income	21,395	24,577	24,867	23,917	24,372	25,163	27,947	29,385	94,756	1,06,867
Interest Expenses	10,179	10,151	9,514	9,514	9,320	10,688	12,419	13,823	39,359	46,250
NII	11,216	14,426	15,353	14,403	15,052	14,475	15,528	15,561	55,398	60,616
YoY Growth (%)	-16.6	6.0	13.4	-2.3	34.2	0.3	1.1	8.0	0.1	9.4
Other income	475	647	563	747	614	930	969	887	2,432	3,399
Net Total Income	11,691	15,073	15,916	15,150	15,666	15,405	16,496	16,449	57,830	64,015
YoY Growth (%)	-15.9	5.6	12.4	-2.2	34.0	2.2	3.6	8.6	-0.1	10.7
Operating Expenses	4,203	4,910	5,294	6,170	6,208	6,768	6,513	7,134	20,577	26,624
Operating Profit	7,488	10,163	10,623	8,979	9,458	8,637	9,983	9,315	37,253	37,392
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	26.3	-15.0	-6.0	3.7	-10.4	0.4
Provisions	28,186	-3,668	-1,474	639	6,453	1,985	1,551	2,333	23,683	12,321
Profit before Tax	-20,698	13,831	12,096	8,341	3,005	6,652	8,431	6,982	13,570	25,071
Tax Provisions	-5,411	3,602	3,158	2,333	776	1,624	2,142	1,902	3,682	6,443
Net Profit	-15,288	10,229	8,939	6,008	2,229	4,483	6,290	5,080	9,888	18,082
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-114.6	-56.2	-29.6	-15.4	195.0	82.9

MAS Financial**Buy****CMP INR804 | TP: INR950 (+18%)****EPS CHANGE (%):FY23|24|25: 0.0|0.0|0.0**

- AUM expected to grow 7% QoQ/~30% YoY.
- Margins are expected to decline ~10bp QoQ, due to rising CoF.
- Commentary on asset quality in partnered NBFCs is a key monitorable.
- Expect provisions of INR119m in 4QFY23 (down ~16% QoQ).

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from Operations	1,485	1,567	1,718	1,804	1,983	2,300	2,524	2,725	6,575	9,533
Interest Income	1,283	1,352	1,473	1,590	1,677	1,941	2,237	2,444	5,695	8,299
Gain on assignments	149	155	175	147	157	178	168	179	642	681
Other operating Income	53	61	70	67	150	182	119	102	237	553
Interest expenses	699	759	831	905	928	1,108	1,276	1,413	3,195	4,726
Total income	786	808	887	899	1,055	1,192	1,248	1,312	3,379	4,806
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	34.3	47.5	40.7	45.9	2.6	42.2
Operating Expenses	149	203	280	294	348	416	421	455	921	1,640
Operating Profits	636	605	607	605	707	775	827	856	2,458	3,166
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	11.1	28.2	36.3	41.5	-8.2	28.8
Provisions	141	90	68	38	85	121	142	119	341	467
Profit before tax	495	515	539	567	623	654	685	737	2,117	2,699
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	27.0	27.2	29.9	9.7	27.5
Tax Provisions	127	132	138	142	157	164	173	186	538	680
Net Profit	368	383	401	426	465	491	513	551	1,578	2,019
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.3	28.0	27.8	29.3	10.0	27.9

Muthoot Finance**Neutral****CMP INR 979 | TP: INR1,100 (+12%)****EPS CHANGE (%):FY23|24|25: 0.4|2.1|2.1**

- Estimate gold AUM growth of ~3-4% QoQ, despite high competition from banks/gold loan fintechs.
- Estimate ~30bp sequential expansion in margins.
- CIR to increase to ~30% in 4QFY23 (v/s 28% QoQ)
- Commentaries on gold loan growth and margin guidance are key monitorables.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from operations	26,837	27,920	28,394	26,410	24,816	24,746	26,184	27,551	1,09,560	1,03,297
Other operating income	301	385	288	289	223	231	414	370	1,263	1,238
Total Operating income	27,138	28,304	28,682	26,699	25,039	24,977	26,598	27,921	1,10,823	1,04,535
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-11.8	-7.3	4.6	5.0	-5.7
Other income	11	29	36	85	54	58	73	35	161	220
Total Income	27,149	28,333	28,718	26,784	25,093	25,036	26,671	27,956	1,10,984	1,04,755
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-11.6	-7.1	4.4	5.0	-5.6
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,027	9,141	9,658	38,358	37,242
Net Income	17,327	18,539	19,185	17,575	15,677	16,009	17,530	18,298	72,626	67,513
Operating Expenses	3,989	4,397	4,519	5,357	5,435	4,522	4,905	5,436	18,262	20,299
Operating Profit	13,338	14,142	14,666	12,218	10,241	11,487	12,624	12,862	54,364	47,214
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-18.8	-13.9	5.3	6.6	-13.2
Provisions	337	744	889	-700	-577	-127	557	302	1,270	155
Profit before Tax	13,001	13,398	13,777	12,918	10,818	11,614	12,068	12,560	53,094	47,060
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,942	3,051	3,256	13,551	12,047
Net Profit	9,712	9,940	10,289	9,603	8,020	8,672	9,017	9,304	39,543	35,012
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-12.8	-12.4	-3.1	6.2	-11.5

Manappuram Finance**Buy****CMP INR123 | TP: INR150 (+22%)****EPS CHANGE (%):FY23|24|25: 0.2|-2.8|-0.6**

- Expect Gold AUM/ consolidated AUM to grow ~3%/8% sequentially.
- Factored in a margin compression of ~10bp QoQ and spread decline of ~20bp in the consolidated loan book.
- Expect credit costs to remain stable QoQ at ~0.7% in 4QFY23.
- Commentaries on gold loan growth and asset quality in the MFI and Vehicle segments are key monitorables.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	15,216	14,787	14,461	13,933	14,612	16,078	16,574	17,595	58,397	64,859
Interest Expenses	4,931	4,924	5,311	4,948	5,046	5,284	5,657	6,105	20,114	22,092
Net Interest Income	10,285	9,863	9,151	8,985	9,566	10,795	10,917	11,490	38,284	42,767
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-7.0	9.4	19.3	27.9	-3.6	11.7
Other income	521	758	607	980	416	1,063	772	1,025	2,866	3,276
Net Income	10,806	10,621	9,758	9,965	9,981	11,858	11,688	12,516	41,149	46,043
Operating Expenses	3,720	4,593	5,228	4,912	4,890	5,525	5,769	6,138	18,453	22,322
Operating Profits	7,086	6,028	4,530	5,053	5,091	6,333	5,919	6,378	22,697	23,720
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-28.2	5.1	30.7	26.2	-17.6	4.5
Provisions	1,223	1,078	1,048	1,514	1,283	805	509	581	4,862	3,178
PBT	5,864	4,950	3,482	3,539	3,808	5,527	5,410	5,797	17,835	20,542
Tax Provisions	1,495	1,252	872	930	989	1,433	1,475	1,568	4,548	5,464
PAT	4,369	3,699	2,610	2,610	2,819	4,095	3,935	4,229	13,287	15,078
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.5	10.7	50.8	62.1	-23.0	13.5

PNB Housing Finance**Neutral****CMP INR513 | TP: INR575 (12%)****EPS CHANGE (%): FY23|24|25: 0.0|0.0|0.0**

- Sustained moderation in the wholesale book to lead to flat AUM (0.4% YoY growth).
- We expect provisions to decline to INR2.1b in 4QFY23 (v/s INR3.1b in 3QFY23)
- Cost ratios are expected to remain benign, despite investments in distribution capabilities.
- Commentaries on asset quality of the corporate loan book and disbursement trajectory are key monitorables.

Quarterly performance**(INR M)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	16,114	14,999	14,112	12,995	12,987	15,975	17,136	16,850	58,220	62,949
Interest Expenses	11,029	10,348	9,961	9,307	9,303	9,639	9,963	10,488	40,645	39,392
Net Interest Income	5,085	4,651	4,151	3,688	3,684	6,337	7,173	6,363	17,575	23,556
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.6	36.2	72.8	72.5	-15.9	34.0
Other income	815	865	844	1,264	1,124	868	829	1,006	3,787	3,827
Total Income	5,900	5,516	4,995	4,951	4,808	7,205	8,002	7,368	21,363	27,383
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-18.5	30.6	60.2	48.8	-15.4	28.2
Operating Expenses	1,152	1,186	1,163	1,258	1,214	1,368	1,262	1,342	4,760	5,187
YoY Growth (%)	10.6	11.1	16.7	-13.1	5.4	15.4	8.5	6.7	4.5	9.0
Operating Profits	4,748	4,330	3,832	3,693	3,594	5,837	6,740	6,026	16,603	22,196
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-24.3	34.8	75.9	63.2	-19.7	33.7
Provisions	1,595	1,418	1,295	1,455	483	2,432	3,071	2,118	5,764	8,104
Profit before Tax	3,153	2,912	2,537	2,238	3,111	3,404	3,669	3,908	10,840	14,092
Tax Provisions	720	560	653	542	761	778	978	1,006	2,475	3,523
Profit after tax	2,433	2,352	1,885	1,695	2,350	2,626	2,691	2,902	8,365	10,569
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-3.4	11.7	42.8	71.2	-8.0	26.3

Poonawalla Fincorp**Buy****CMP INR293 | TP: INR350 (+20%)****EPS CHANGE (%): FY23|24|25: 0.0|0.0|0.0**

- Standalone AUM expected to grow ~30% YoY.
- We expect net credit costs to be negative in 4QFY23, aided by recoveries from the legacy-stressed assets and the written-off pool of advances.
- Expect margins to expand ~40bp QoQ, despite CoF increasing ~50bp sequentially
- Commentaries on disbursement trajectory, margins, and asset quality/credit costs are key monitorables.

Quarterly Performance (Standalone)**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	3,581	3,727	3,675	3,602	3,857	4,179	4,605	5,237	14,586	17,878
Interest Expenses	1,468	1,282	1,239	1,104	1,187	1,441	1,593	1,853	5,093	6,074
Net Interest Income	2,113	2,445	2,437	2,498	2,670	2,738	3,012	3,384	9,493	11,803
YoY Growth (%)	-1.6	4.1	12.1	15.9	26.3	12.0	23.6	35.5	7.6	24.3
Other Income	193	244	267	381	434	627	588	767	1,085	2,416
Total Income	2,306	2,690	2,704	2,879	3,103	3,365	3,600	4,151	10,578	14,219
YoY Growth (%)	-1.2	0.4	9.0	12.6	34.6	25.1	33.2	44.2	5.5	34.4
Operating Expenses	1,298	1,466	1,555	1,727	1,926	2,107	2,043	2,127	6,046	8,202
Operating Profit	1,008	1,223	1,149	1,152	1,178	1,257	1,558	2,024	4,532	6,017
YoY Growth (%)	-13.7	-19.1	-19.0	-15.5	16.8	2.8	35.6	75.8	-17.0	32.8
Provisions & Loan Losses	379	240	81	-14	-164	-482	-452	-406	686	-1,505
Profit before Tax	629	984	1,068	1,165	1,550	1,740	2,010	2,221	3,846	7,521
Tax Provisions	130	243	266	274	313	438	506	533	914	1,790
Net Profit	498	740	802	891	1,237	1,302	1,504	1,688	2,932	5,731
YoY Growth (%)	84.6				148.2	75.8	87.5	89.4	-150.7	95.5

Repco Home Finance**Neutral****CMP INR181 | TP: INR205 (+13%)****EPS CHANGE (%):FY23|24|25: -0.1|0.3|-0.3**

- Disbursements are expected to remain muted (unlike a typical 4Q) due to teething issues from migration to new system
- Estimate loan book to remain flat sequentially with balance transfers continuing to remain elevated.
- Spreads and margins are expected to decline ~15bp/10bp QoQ.
- Commentary around the asset quality and guidance on disbursements/AUM growth are key monitorables.

Quarterly performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	3,205	3,304	3,211	3,084	2,980	3,064	3,197	3,304	12,804	12,545
Interest Expenses	1,757	1,744	1,719	1,680	1,653	1,692	1,810	1,909	6,899	7,064
Net Income	1,448	1,560	1,492	1,405	1,327	1,372	1,387	1,395	5,905	5,481
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-8.4	-12.1	-7.0	-0.7	8.4	-7.2
Other income	19	42	44	158	90	112	111	145	262	458
Total Income	1,467	1,602	1,536	1,563	1,417	1,484	1,499	1,540	6,166	5,939
YoY Growth (%)	11.5	13.4	-2.4	0.9	-3.4	-7.3	-2.4	-1.5	5.4	-3.7
Operating Expenses	246	283	344	368	339	343	398	387	1,241	1,466
YoY Growth (%)	4.5	10.2	17.9	2.0	37.8	21.1	15.8	5.1	8.4	18.2
Operating Profits	1,221	1,318	1,192	1,195	1,078	1,141	1,101	1,153	4,926	4,473
YoY Growth (%)	13.0	14.1	-7.0	0.6	-11.7	-13.4	-7.7	-3.5	4.7	-9.2
Provisions	783	169	765	613	237	188	12	48	2,331	485
Profit before Tax	437	1,149	427	582	841	954	1,089	1,105	2,595	3,988
Tax Provisions	116	290	112	161	220	242	282	293	680	1,037
Profit after tax	321	859	315	420	621	712	808	811	1,915	2,951
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	93.2	-17.2	156.6	93.1	-33.4	54.1

Shriram Finance**Buy****CMP INR1,260 | TP: INR1,600 (+27%)****EPS CHANGE (%):FY23|24|25: 0.0|0.0|0.0**

- Estimate disbursements of ~INR307b, leading to AUM of ~INR1.8t (up 16% YoY/ ~3% QoQ).
- Margins estimated to decline ~10bp sequentially.
- Credit costs are expected to decline to 1.9% in 4QFY23 (v/s 2.1% in 3QFY23).
- Commentaries on loan growth and asset quality in the CV, MSME, 2W, and PL segments are the key monitorables.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	59,332	60,931	62,498	65,847	66,841	70,024	71,740	74,065	2,48,605	2,82,670
Interest Expenses	30,727	30,510	30,458	30,973	29,444	32,249	31,120	32,256	1,22,668	1,25,069
Net Interest Income	28,605	30,421	32,040	34,874	37,397	37,775	40,620	41,809	1,25,936	1,57,601
YoY Growth (%)					30.7	24.2	26.8	19.9	9.4	25.1
Other Income	2,139	1,940	2,841	2,522	3,195	4,162	4,383	4,416	9,441	16,156
Total Income	30,744	32,360	34,881	37,396	40,592	41,937	45,003	46,225	1,35,378	1,73,757
YoY Growth (%)					32.0	29.6	29.0	23.6	12.9	28.3
Operating Expenses	8,308	9,397	9,747	10,352	10,916	11,999	11,987	12,943	37,805	47,845
Operating Profit	22,436	22,963	25,133	27,044	29,676	29,938	33,016	33,282	97,573	1,25,912
YoY Growth (%)					32.3	30.4	31.4	23.1	13.0	29.0
Provisions & Loan Losses	17,297	8,791	12,027	9,370	11,597	8,976	9,173	8,518	47,485	38,263
Profit before Tax	5,139	14,172	13,106	17,674	18,079	20,962	23,844	24,764	50,088	87,649
Tax Provisions	1,360	3,637	3,375	3,792	4,690	5,411	6,074	6,439	12,164	22,613
Net Profit	3,779	10,535	9,732	13,882	13,390	15,551	17,770	18,325	37,925	65,035
YoY Growth (%)					254.3	47.6	82.6	32.0	8.4	71.5

Financials – Non Lending

Company

360 ONE WAM

Angel One

BSE

CAMS

ICICI Lombard

ICICI Securities

MCX

Star Health

Results likely to be a mixed bag across segments

ANGELONE to deliver the strongest performance

- Challenges in the US banking system, interest rate trajectory and India's Union Budget 2023 have kept the capital market jittery during 4QFY23 (Nifty down 4% during the quarter). Despite the above factors, strong performances were reported on most of the parameters (volumes, orders, etc.) of the capital market segment, barring client additions. Volumes in F&O rebounded in 4QFY23, though cash volumes remained muted. Commodity option volumes were healthy – Mar'23 marked the highest monthly volumes. Future volumes for gold and crude oil were very strong (highest ever in Mar'23), whereas volumes for natural gas futures moderated during 4QFY23. Improved F&O activity would be positive for ANGELONE, while ISEC would be hit by weak cash segment trajectory and inactivity in the primary markets.
- The general insurance industry's growth momentum was maintained in 4QFY23 with 20% YoY cumulative GWP growth for Jan'23 and Feb'23. The health segment posted a strong cumulative growth of 38% YoY over the same period primarily aided by 34% YoY growth in group health and well supported by 51% YoY GWP growth for PSU players. Motor segment too grew strongly at 12.9%/12.1% YoY in Jan/Feb'23. The health claim ratios are likely to improve as well due to decline in the number of claims. We expect STARHEAL to report profit growth, while ICICIGI will register a muted quarter in terms of profit.
- Positive net inflows in the equity segment offset MTM losses that resulted in flat MF AUM for the industry. The SIP flows were strong for Jan'23 and Feb'23. Positive net inflows in money market increased debt AUM in Jan'23 (+2.1% MoM), whereas net outflows in Feb'23 resulted in a decline in debt AUM (-1.5% MoM). Flattish AUM would lead to muted performance for both CAMS and 360ONE (erstwhile IIFL Wealth).
- We remain positive on the long-term growth potential of the non-lending financials given their broader themes of financialization and digitization of savings. Our top picks in this space are ANGELONE and STARHEAL.

Incremental demat account additions ebb; cash volumes remain muted but F&O volumes recover strongly in 4QFY23

The retail segment cash ADTO at NSE declined 20% MoM in Jan'23 but staged a comeback in Feb'23. The momentum of F&O ADTO surge in Dec'22 continued throughout 4QFY23; F&O ADTO jumped 16% MoM in Mar'23. Incremental demat account additions in Jan/Feb'23 were at 2.2m/2.1m v/s an average of 1.9m/2.9m in 3QFY23/FY22. For ANGELONE, the average additions inched up and Feb'23 recorded the highest ever increase since May'22 at 0.45m. The number of orders per day too increased MoM in Jan/Feb'23. SEBI has approved ASBA type regulation for secondary market that is currently optional for brokers (if made compulsory there would be a loss of float income). The Ministry raised STT on F&O by 25%. However, we do not foresee a meaningful impact of the same. In the meantime, NSE has rolled back the 6% increase in transaction charges on equity cash and derivatives segments, with effect from 1st Apr'23. We expect a healthy increase in revenue and profitability for ANGELONE. For ISEC, we forecast a dip in revenue led by decline in cash volumes and IB segments. BSE should witness an adverse impact from decline in volumes sequentially. MCX is likely to see strong revenue growth fueled by surge in option volumes. However, muted futures volumes and extension of technology support contract with 63 Moons would be the dampeners.

General insurance sector to report healthy premium growth, health claim ratio to improve and opex ratios to see benefits of scale

Overall GWP for the industry grew 20% YoY in Jan/Feb'23 each driven by 46%/28% YoY growth in health segment and 12.9%/13.1% growth in motor segment, respectively. For ICICIGI, premiums grew 15.6% YoY in Jan'23 whereas premiums declined 5.5% YoY in Feb'23 mainly due to a moderation in the Motor TP business by 64% YoY (one-off transfer of business to other insurance company). For Jan/Feb'23, STARHEAL saw a premium growth of 14.9%/15.6% driven by 23.1%/17.5% retail growth as group health business declined 42%/7%, respectively. Health segment's claim ratios are likely to improve as monsoon-related ailments decline leading to lower frequency. Opex ratios are expected to benefit from operating leverage.

Strong SIP flows and positive net inflows offset MTM losses in equity segment leading to flat mutual fund AUM

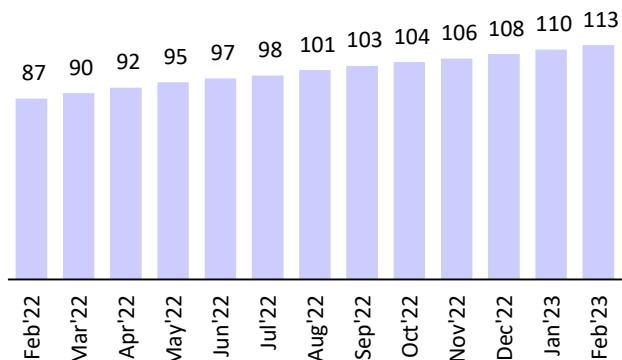
The mutual fund AUM was flat for Jan'23 and Feb'23. For equity segment, the positive net inflows were offset by MTM losses in Jan'23 and Feb'23. The share of equity AUM declined marginally by ~60bp in Jan'23 (as money market segment saw positive net inflows) whereas for Feb'23 the equity share improved ~20bp (as money market segment saw net outflows). The SIP flows were strong for Jan'23 and Feb'23. Resultantly, the share of equity in overall industry AUM stood at 50.1% in Feb'23 v/s 50.5% for 3QFY23. The Government of India, in the amendments to the Finance Bill, has removed the tax arbitrage that Debt Mutual Funds enjoyed. Thus, the post-tax returns of MF-Debt scheme will now be similar to a Bank FD. We thus expect some transition of money from Debt MFs to Bank FDs and other products. This is against our expectations of a strong rebound in Debt inflows once the interest rates top out. This is slightly negative for CAMS. Hence, we expect muted performance from both CAMS and 360ONE in 4QFY23.

Exhibit 1: Quarterly performance

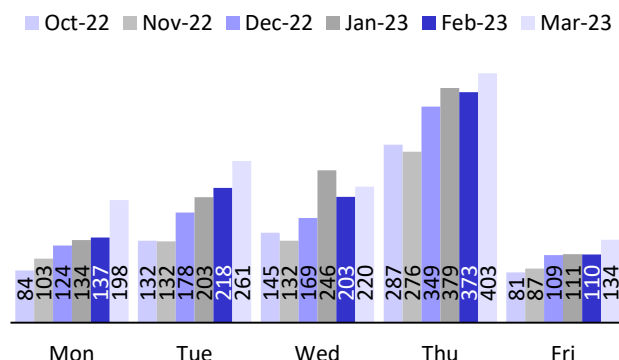
Sector	CMP (INR)	Rating	Revenue/NEP (INR m)			EBITDA/PBT/UP (INR m)			Net profit (INR m)		
			Variance Mar'23	Variance YoY (%)	Variance QoQ (%)	Variance Mar'23	Variance YoY (%)	Variance QoQ (%)	Variance Mar'23	Variance YoY (%)	Variance QoQ (%)
360 One WAM	431	Buy	4,285	1.3	3.3	2,373	26.4	3.8	2,031	22.6	18.4
Angel One	1163	Buy	5,099	25.5	10.3	3,213	17.1	6.3	2,403	17.3	5.2
BSE	431	Neutral	1,812	-5.7	-3.8	369	-35.6	-24.9	409	-30.3	4.2
Cams Services	2032	Buy	2,402	-1.2	-1.4	1,005	-10.4	-7.1	672	-8.9	-8.6
ICICI Lombard	1069	Buy	49,778	-0.5	-11.1	-3,739	Loss	Loss	3,404	8.9	-3.4
ICICI Securities	428	Buy	8,698	-2.5	-1.1	3,593	-21.1	-4.8	2,754	-19.1	-2.0
MCX	1516	Neutral	1,405	32.0	-2.1	140	-73.7	-57.3	257	-29.9	-33.7
Star Health	519	Buy	41,919	13.6	35.4	-708	Loss	PL	812	LP	-61.4

Exhibit 2: Changes to our estimates

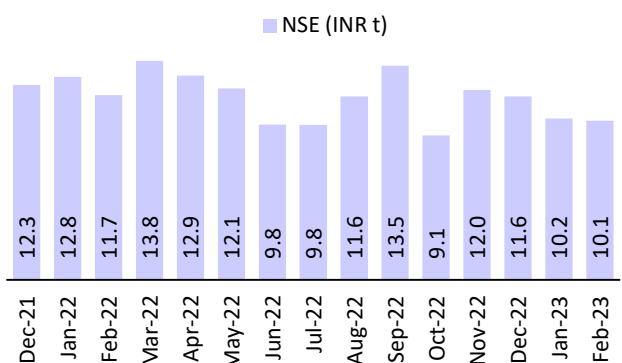
Company	Old estimates (INR)			New estimates (INR)			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Angel One	103.0	111.6	130.9	104.3	116.6	133.5	1.2	4.4	2.1
BSE	13.3	18.2	21.0	12.4	18.6	21.4	-6.6	2.7	2.0
CAMS	58.8	70.6	84.9	56.8	68.3	82.2	-3.5	-3.4	-3.2
ICICI Lombard	32.4	38.9	48.5	33.3	40.4	49.5	2.8	3.8	2.2
ICICI Securities	35.9	40.5	44.6	35.0	39.6	43.6	-2.4	-2.3	-2.2
360 ONE WAM	19.8	22.4	25.2	19.8	22.4	25.2	0.0	0.0	0.0
MCX	34.9	48.5	61.3	33.4	49.3	62.3	-4.4	1.6	1.7
Star Health	11.6	17.0	22.2	10.3	16.8	22.0	-11.2	-1.0	-0.9

Exhibit 3: Demat accounts surpass 113m mark in Feb'23

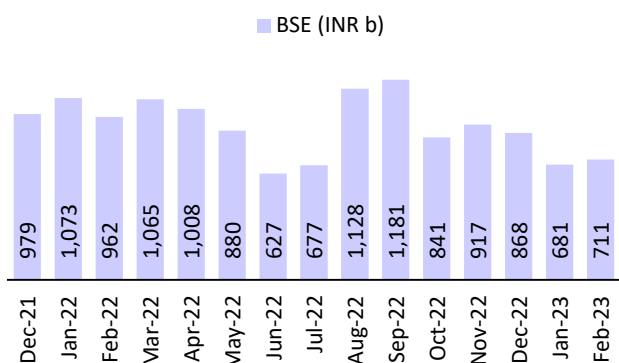
Source: NSDL, CDSL MOFSL

Exhibit 4: NSE F&O volumes surge in majority of the days (INR t)

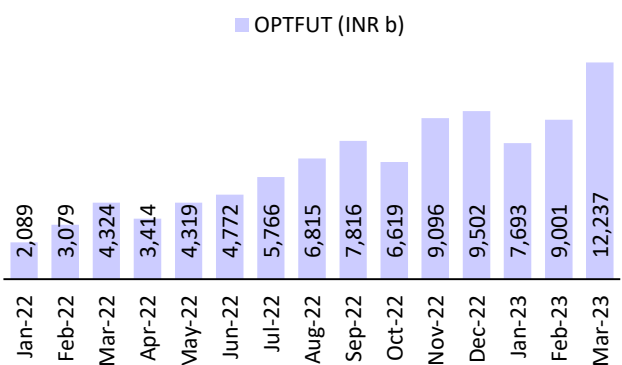
Source: NSE, MOFSL

Exhibit 5: NSE cash volumes decline

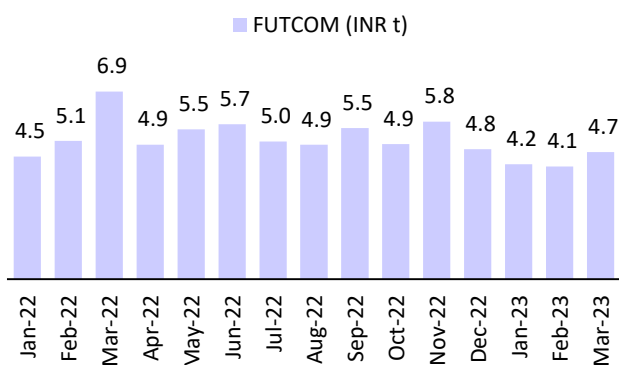
Source: NSE, MOFSL

Exhibit 6: BSE cash volumes muted

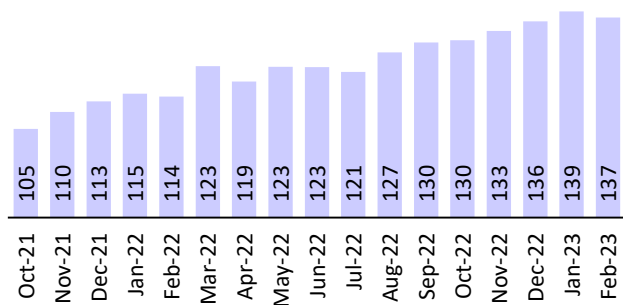
Source: BSE, MOFSL

Exhibit 7: MCX Option volumes maintained

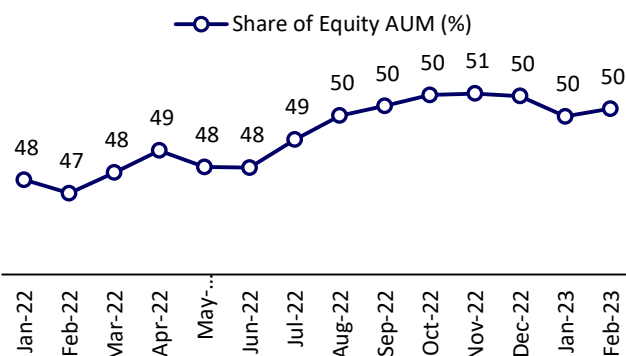
Source: MCX, MOFSL

Exhibit 8: MCX Futures volumes muted

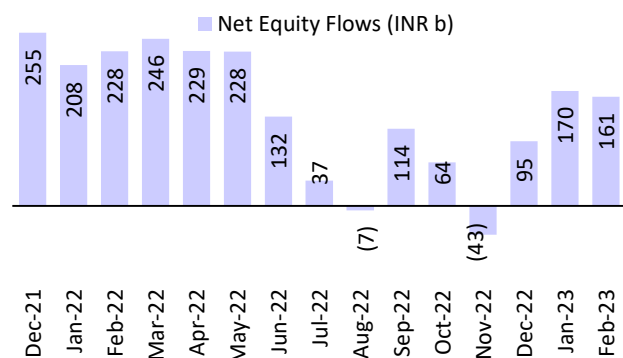
Source: MCX, MOFSL

Exhibit 9: SIP flows remain strong (INR b)

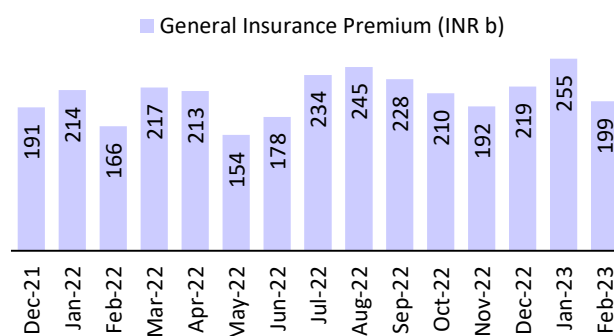
Source: AMFI, MOFSL

Exhibit 10: Share of equities maintained at ~50% in MF AUM

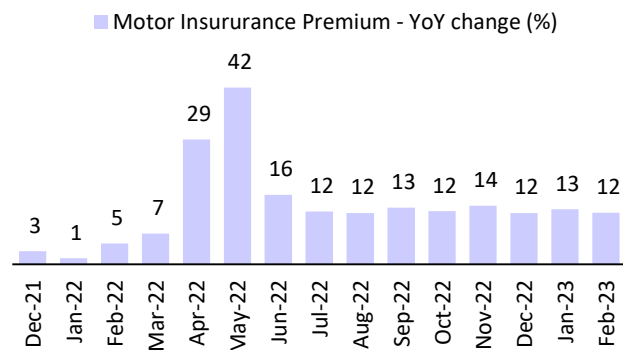
Source: MCX, MOFSL

Exhibit 11: Net equity flows picking up

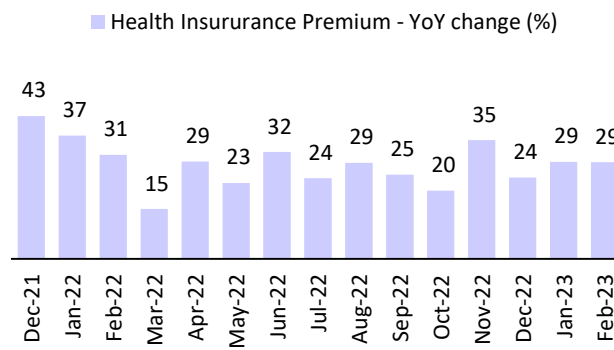
Source: AMFI, MOFSL

Exhibit 12: Strong recovery in general insurance premium

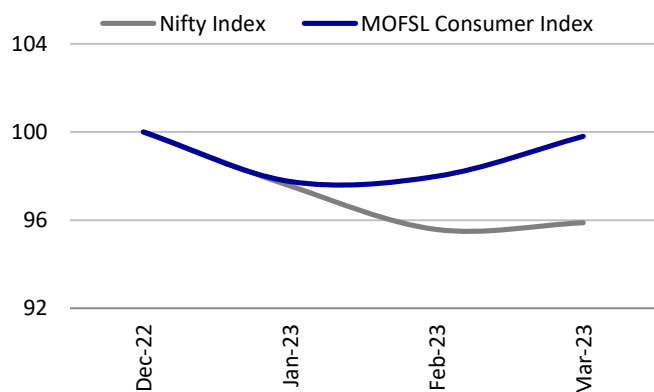
Source: GIC, MOFSL

Exhibit 13: Motor premium growth remains healthy

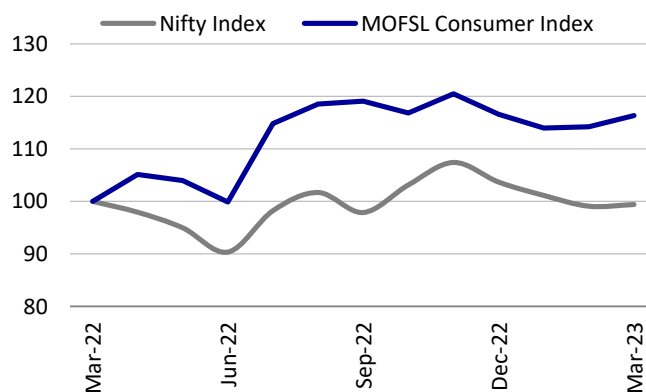
Source: GIC, MOFSL

Exhibit 14: Steady health segment growth

Source: GIC, MOFSL

Exhibit 15: Relative performance – three months (%)

Source: MOFSL, Company

Exhibit 16: One-year relative performance (%)

Source: MOFSL, Company

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.

360ONE WAM**Buy****CMP INR435 | TP: INR530 (+22%)****EPS CHANGE (%): FY24|25: 0|0**

- Flat revenue trajectory as positive impact of healthy inflows was offset by MTM losses and weak TBR
- Overall yields likely to remain steady as we expect stable product mix QoQ
- Cost-to-income ratio is forecasted to improve due to scale benefits as employee expenses remain steady
- Outlook on the new business ventures in terms of mass-affluent segment and entry into new geographies will be keenly monitored

Quarterly performance

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	2,834	3,143	3,781	4,228	3,750	3,824	4,150	4,285	13,987	16,009
Change (%)	42.6	48.3	58.1	59.2	32.3	21.7	9.7	1.3	52.8	14.5
ARR Assets Income	1,936	2,222	2,451	2,524	2,560	2,605	2,757	3,013	9,133	10,935
TBR Assets Income	898	921	1,330	1,704	1,190	1,219	1,393	1,272	4,854	5,074
Operating Expenses	1,531	1,730	2,220	2,350	1,670	1,794	1,863	1,912	7,831	7,239
Change (%)	17.8	29.2	46.2	54.3	9.1	3.7	-16.1	-18.7	37.9	-7.6
Cost to Income Ratio (%)	54.0	55.0	58.7	55.6	44.5	46.9	44.9	44.6	56.0	45.2
Operating Profits	1,304	1,413	1,561	1,878	2,080	2,031	2,286	2,373	6,156	8,770
Change (%)	89.3	80.9	78.8	65.8	59.5	43.7	46.4	26.4	77.2	42.5
Other Income	206	480	420	265	-60	225	-54	289	1,371	400
Profit Before Tax	1,510	1,893	1,981	2,143	2,020	2,255	2,232	2,663	7,527	9,170
Change (%)	38.1	67.8	54.9	59.0	33.8	19.1	12.7	24.2	55.2	21.8
Tax	341	458	449	487	449	512	517	632	1,735	2,109
Tax Rate (%)	22.6	24.2	22.7	22.7	22.2	22.7	23.2	23.7	23.1	23.0
PAT	1,169	1,435	1,532	1,657	1,571	1,744	1,715	2,031	5,792	7,061
Change (%)	42.0	64.6	58.8	60.3	34.5	21.5	12.0	22.6	56.9	21.9
PAT Margins (%)	41.2	45.6	40.5	39.2	41.9	45.6	41.3	47.4	41.4	44.1

Angel One**Buy****CMP INR1,163 | TP: INR1,700 (46%)****EPS CHANGE (%): FY24|25: +4.4|+2.1**

- Gross client additions improved during the quarter
- F&O volumes continued to trend higher with Mar'23 being a new high
- With interest rates increasing, the spread on MTF book will decline
- Cost-to-income ratio is likely to increase during the quarter

Quarterly Performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from Operations	2,600	2,992	3,512	4,064	4,203	4,559	4,625	5,099	13,167	18,486
Other Income	807	888	936	1,031	948	1,029	1,126	1,147	3,662	4,250
Total Income	3,407	3,880	4,448	5,095	5,151	5,588	5,751	6,246	16,829	22,736
Change YoY (%)	110.4	83.3	100.5	68.9	51.2	44.0	29.3	22.6	87.6	35.1
Operating Expenses	1,744	2,040	2,191	2,298	2,660	2,662	2,648	2,944	8,273	10,913
Change YoY (%)	88.9	89.9	94.6	48.0	52.5	30.5	20.9	28.1	76.9	31.9
Depreciation	41	45	48	52	65	69	80	89	187	302
PBT	1,622	1,795	2,209	2,744	2,427	2,857	3,023	3,213	8,369	11,521
Change YoY (%)	151.1	80.1	111.2	92.8	49.6	59.2	36.9	17.1	103.5	37.7
Tax Provisions	408	451	562	696	611	721	739	810	2,117	2,880
Net Profit	1,214	1,343	1,647	2,048	1,816	2,137	2,284	2,403	6,253	8,641
Change YoY (%)	151.8	80.2	124.7	101.0	49.6	59.0	38.7	17.3	109.7	38.2

BSE**Neutral****CMP INR430 | TP: INR480 (12%)****EPS CHANGE (%):FY24|25: 2.7|2.0**

- Revenue likely to decline as equity transaction income and book-building income decline, MF and currency transaction income likely to be strong
- MF transaction income is likely to improve driven by a spike in BSE STAR MF transactions
- Revenue from services to corporates would decline led by weak primary market activities
- Lower contribution to Settlement Guarantee Fund (SGF) or Liquidity Enhancement Scheme (LES) will drive sequential profit growth

Cons. Quarterly perf.

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from operations	1,527	1,818	1,840	1,922	1,731	1,804	1,884	1,812	7,107	7,231
YoY Change (%)	47.9	41.6	55.7	29.8	13.4	-0.8	2.4	-5.7	42.7	1.7
Total Expenditure	1,063	1,278	1,262	1,349	1,256	1,386	1,392	1,442	4,952	5,476
EBITDA	464	540	578	573	475	418	492	369	2,156	1,755
Margins (%)	30.4	29.7	31.4	29.8	27.5	23.2	26.1	20.4	30.3	24.3
Depreciation	116	117	123	127	104	122	170	180	483	576
Interest	42	52	52	76	76	74	65	73	222	288
Investment income	331	440	346	412	247	594	566	590	1,529	1,997
PBT before EO expense	637	811	750	782	542	815	823	707	2,980	2,887
Liquidity enhancement expense	94	141	89	88	116	457	258	170	412	1,000
PBT	543	671	660	694	426	359	566	537	2,568	1,887
Tax	161	280	244	139	135	215	230	175	823	755
Rate (%)	29.6	41.7	36.9	20.1	31.7	59.9	40.7	32.6	32.1	40.0
P/L of Asso. Cos.	136	176	169	161	109	150	141	145	642	546
Reported PAT	519	567	586	716	400	294	477	507	2,387	1,678
YoY Change (%)	59.8	23.1	86.2	125.4	-22.9	-48.1	-18.6	-29.1	56.3	-29.0
Margins (%)	27.7	25.5	26.0	30.5	18.8	13.0	20.9	22.6	39.7	27.7

CAMS**Buy****CMP INR2,031 | TP: INR2,600 (+28%)****EPS CHANGE (%): FY23|24: -3.4|-3.2**

- While flows were decent during the quarter, MTM losses were high with Nifty decline of 4%
- Share of equities continued to improve, which will be favorable for yields
- Operating leverage to impact profitability
- Growth in non-MF businesses will be keenly tracked, especially, AIF/PMS RTA and Insurance Repository

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	2,012	2,276	2,377	2,432	2,366	2,424	2,436	2,402	9,097	9,628
Change YoY (%)	35.4	33.0	27.8	21.7	17.6	6.5	2.5	-1.2	28.9	5.8
Employee expenses	724	809	832	853	933	901	871	899	3,218	3,604
Operating expenses	192	221	228	274	267	274	282	290	905	1,113
Other Expenses	167	189	184	183	188	189	200	208	733	784
Total Operating Expenses	1,083	1,218	1,244	1,310	1,388	1,363	1,354	1,397	4,855	5,501
Change YoY (%)	11.4	25.2	19.6	18.3	28.2	11.9	8.8	6.6	18.6	13.3
EBITDA	929	1,057	1,133	1,122	979	1,061	1,082	1,005	4,241	4,127
Other Income	45	44	41	43	44	74	71	73	173	262
Depreciation	106	119	134	157	136	147	155	154	516	592
Finance Cost	18	18	18	18	18	18	20	15	71	71
PBT	850	965	1,023	989	869	970	978	909	3,827	3,726
Change YoY (%)	63.5	45.9	35.2	22.3	2.3	0.5	-4.4	-8.1	39.4	-2.6
Tax Provisions	217	239	249	251	223	249	242	236	957	950
Net Profit	633	726	773	738	646	721	736	672	2,870	2,776
Change YoY (%)	58.6	48.2	37.0	22.7	2.2	-0.6	-4.9	-8.9	39.8	-3.3

ICICI Securities

Buy

CMP INR427 | TP: INR500 (17%)

EPS CHANGE (%): FY24|25: -2.3|-2.5

- Muted cash volumes will be offset by stronger F&O segment revenue
- Investment banking revenue to decline, while life Insurance sales to drive insurance distribution
- MTF net interest income to moderate due to higher interest rates
- Profitability will be under pressure due to operating deleverage

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from Operations	7,477	8,566	9,419	8,923	7,948	8,656	8,799	8,698	34,385	34,101
Other Income	0	0	0	0	0	0	0	0	0	0
Total Income	7,477	8,566	9,419	8,923	7,948	8,656	8,799	8,698	34,385	34,101
Change YoY (%)	36.8	25.9	51.9	20.7	6.3	1.1	-6.6	-2.5	32.7	34.2
Operating Expenses	3,310	3,856	4,321	4,371	4,277	4,621	5,025	5,105	15,858	19,028
Change YoY (%)	15.3	25.1	64.8	46.6	29.2	19.8	16.3	16.8	37.3	36.7
PBT	4,167	4,709	5,098	4,552	3,670	4,036	3,774	3,593	18,527	15,073
Change YoY (%)	60.6	26.5	42.5	3.2	-11.9	-14.3	-26.0	-21.1	29.0	31.3
Tax Provisions	1,060	1,197	1,295	1,149	934	1,032	964	839	4,700	3,768
Net Profit	3,107	3,512	3,804	3,403	2,736	3,004	2,810	2,754	13,827	11,305
Change YoY (%)	60.9	26.3	42.4	3.3	-11.9	-14.5	-26.1	-19.1	28.9	32.2

ICICI Lombard

Buy

CMP INR1,065 | TP: INR1,400 (+31%)

EPS CHANGE (%):FY23|24: 3.8|2.2

- Premium growth to be strong driven by health (more so the Group segment) and commercial lines
- Integration of Bharti Axa and scale up of investments in the retail health will be the key
- Claim ratios and expense ratio to inch up sequentially
- Combined ratio to be under pressure on the back of higher loss and expense ratios

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net earned premium	31,521	32,503	33,119	33,178	34,682	38,366	37,921	37,704	1,30,321	1,48,673
Total Income	38,312	38,082	38,541	46,363	39,783	44,990	43,620	44,014	1,61,299	1,72,737
Change YoY (%)	40.4	32.1	26.0	32.9	3.8	18.1	13.2	-5.1	32.6	7.1
Incurred claims	28,192	22,699	23,035	23,893	24,999	27,933	26,663	27,075	97,819	1,06,670
Total Operating Expenses	37,771	33,510	35,811	36,268	36,615	39,888	40,855	41,444	1,43,359	1,58,802
Change YoY (%)	65.2	35.9	30.4	34.0	-3.1	19.0	14.1	14.3	40.5	10.8
Underwriting profit	-6,249	-1,007	-2,692	-3,090	-1,933	-1,523	-2,935	-3,739	-13,038	-10,129
Adj Net Profit	1,943	4,467	3,175	3,125	3,490	4,625	3,525	3,404	12,710	15,076
Change YoY (%)	-51.2	7.4	1.3	-9.6	79.6	3.6	11.0	8.9	-13.7	18.6
Key Parameters (%)										
Claims ratio	89.4	69.8	69.6	72.0	72.1	72.8	70.3	71.8	75.1	71.7
Commission ratio	4.5	4.7	5.5	4.0	2.2	3.5	4.2	5.4	4.7	3.8
Expense ratio	29.6	30.7	29.4	27.1	29.9	28.8	29.9	31.5	29.1	30.0
Combined ratio	123.5	105.3	104.5	103.2	104.1	105.1	104.4	108.7	108.8	105.6

MCX**Neutral****CMP INR1,516 | TP: INR1,500 (-1%)****EPS CHANGE (%): FY24|25: 1.6|1.7**

- Futures ADTO has been flattish during the quarter in spite of the surge in volumes on Option segment
- Options volumes continued to surge led by high volatility in commodity prices, especially, energy.
- Software costs pertaining to extension of 63 Moons contract will be the needle mover for profitability during the quarter
- Guidance on software transition to TCS will be the key monitorable

Quarterly Performance

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	876	832	896	1,065	1,088	1,274	1,436	1,405	3,668	5,203
YoY Growth (%)	20.0	-30.5	-11.2	9.8	24.2	53.1	60.3	32.0	-6.1	41.8
EBITDA	369	338	382	532	493	656	327	140	1,621	1,616
PBT bef. Exceptional items	515	432	460	650	527	781	485	326	2,057	2,119
Tax	116	100	111	79	106	135	90	72	407	403
Rate (%)	22.5	23.2	24.1	12.2	20.1	17.2	18.5	22.1	19.8	19.0
PAT	398	327	344	366	415	641	388	257	1,435	1,701
YoY Growth (%)	-29.5	-44.2	-52.1	-4.7	4.3	96.4	12.9	-29.9	-36.3	18.6
EPS (INR)	7.8	6.4	6.8	7.2	8.2	12.6	7.6	5.1	28.1	33.4
Total volumes (INR t)	19.2	21.0	21.6	26.1	28.7	35.9	40.7	42.3	87.9	147.6
YoY Growth (%)	32.0	-17.7	0.6	28.9	49.6	71.2	89.0	62.0	7.6	67.9

Star Health**Buy****CMP INR526 | TP: INR700 (33%)****EPS CHANGE (%):FY24|25: -1.0|-0.9**

- Retail health premium growth likely to be strong at 15%+, group health to decline
- Expense ratio to decline QoQ but increase YoY as share of retail business continues to rise
- Claims ratio to improve as monsoon-related claims receded leading to reduced frequency
- Combined ratio to taper down materially, on both YoY and QoQ basis

Quarterly Performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Net earned premium	22,430	24,167	25,283	26,212	26,871	27,948	28,672	30,018	98,092	1,13,486
Total Income	23,301	25,138	26,184	27,404	28,090	29,181	29,829	31,240	1,02,887	1,18,318
Change YoY (%)	109.2	62.6	78.3	266.1	20.6	16.1	13.9	14.0	111.0	15.0
Incurred claims	20,415	20,696	26,442	17,848	17,811	19,060	18,278	18,952	85,401	74,102
Total Operating Expenses	26,590	29,326	34,407	28,384	25,303	28,079	27,415	30,726	1,18,707	1,11,522
Change YoY (%)	187.0	81.8	87.4	45.1	-4.8	-4.3	-20.3	8.3	86.7	-6.1
Underwriting profit	-4,160	-5,159	-9,124	-2,172	1,568	-131	1,258	-708	-20,615	1,964
Net Profit	-2,100	-1,706	-5,783	-820	2,132	931	2,105	812	-10,407	5,916
Change YoY (%)	-229.3	432.1	139.0	-91.4	-201.6	-154.6	-136.4	-198.9	-4.2	-156.8
Key Parameters (%)										
Claims ratio	91.0	85.6	104.6	68.1	66.3	68.2	63.7	63.1	87.1	65.3
Commission ratio	13.0	13.2	14.0	14.6	13.7	13.0	13.7	13.5	13.8	13.5
Expense ratio	17.1	18.4	17.1	15.7	18.2	16.6	17.4	16.1	17.0	16.9
Combined ratio	121.1	117.3	135.7	98.4	98.2	97.9	94.8	92.7	117.9	95.7

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

Piramal Pharma

Solara

Sun Pharma

Torrent Pharma

Earnings growth momentum to strengthen further

Niche products/easing cost pressure to enhance profitability

Earnings growth of pharma companies (ex-APHS) under our coverage is expected to remain healthy for the third consecutive quarter in 4QFY23. We expect 11.1% YoY growth in aggregate sales to INR630b, aided by robust traction in the domestic formulation (DF) segment and the US generics segment. The easing in cost pressure should support overall EBITDA growth of 15% YoY to INR135b. We expect PAT to grow at a lower rate of 12% YoY to INR80b owing to higher depreciation/tax rate. For hospitals, 4Q is typically a subdued quarter in terms of occupancy. Nonetheless, volatility in seasonality should keep OPD volumes high compared to previous quarters. The optimization of case mix/payor mix is expected to drive better profitability for hospitals. We expect Apollo Hospitals to post 24%/14%/14% YoY growth in sales/EBITDA/PAT in 4QFY23.

DF: On healthy growth path despite price cuts under NLEM

In 4QFY23, we expect aggregate sales in the DF segment to grow 10% YoY to INR162b for our coverage universe. Gastro, Respiratory, Cardiac, Anti-Infectives and Pain therapies are likely to witness robust double-digit growth due to strong traction. While inflation-linked price hikes have been implemented by pharma companies, there have been price cuts on certain products under the national list of essential medicines (NLEM). In fact, new products have been added to NLEM for companies like Alkem and AJP, which would offset YoY growth in 4QFY23. Climate volatility was driving demand for products in acute therapies in 4QFY23. Companies are implementing efforts to improve productivity of new MRs, which would aid a gradual uptick in profitability in the DF segment. In the large-cap space, we expect SUNP to deliver 10.3% YoY growth, backed by new launches and MR additions. We expect ZYDUSLIF to report 2.3% YoY growth due to a high base of past year. We expect TRP/ERIS to report 29%/30% YoY growth in DF revenue – the highest under our coverage universe – partly due to acquisition and steady traction in the existing portfolio. We forecast ALKEM/GNP to deliver 12.5%/13% YoY growth in DF sales, with key therapies outperforming the industry.

US: Niche launches to further strengthen growth momentum in 4QFY23

We expect US sales to grow 14% YoY to USD2b for our coverage universe in 4Q. US sales growth has been growing for the last five quarters, aided by niche launches and gradually reducing impact of price erosion. Particularly, ZYDUSLIF/CIPLA/DRRD are expected to deliver strong YoY growth of 34%/33%/25%. Business growth from niche launches would aid growth for these companies. The specialty portfolio would drive 17% YoY growth in US sales for SUNP in 4Q. A one-time opportunity in 4QFY22 would drag US sales for ALPM in 4QFY23. The lack of meaningful launches would keep US sales moderate at 6% YoY for LPC. During the quarter, companies under our coverage received 73 ANDA approvals (final) compared to 38 in 3QFY23. During the quarter, the USFDA inspected 11 facilities of companies under our coverage. LPC's Pithampur facility was issued a Form 483 with 10 observations. Cipla's Indore facility was also issued a Form 483 with eight observations.

ZYDUSLIF/CIPLA/DRRD to outperform the healthcare pack

We expect ZYDUSLIF/CIPLA/DRRD to outperform the rest of our coverage companies, with 40%/38%/45% earnings growth YoY in 4QFY23. The outperformance will be fueled by better traction in existing products and new launches. We project DIVI/IPCA/ALPM to report an earnings decline of 63%/27%/46% YoY, due to 1) deceleration in CS/API business (DIVI), 2) high employee costs due to MR additions (IPCA), and 3) ongoing price erosion due to intense competition (ALPM).

Estimates cut for LAURUS, ALPM and BIOS

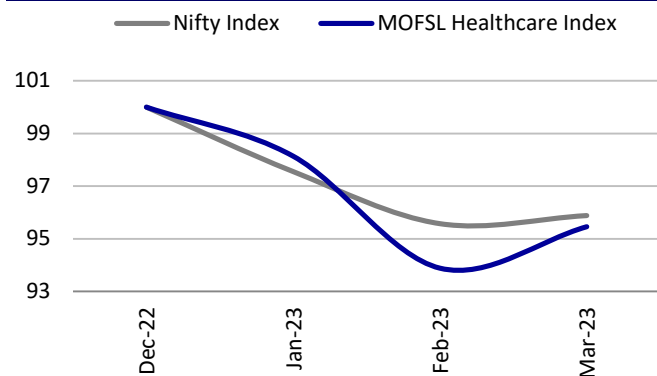
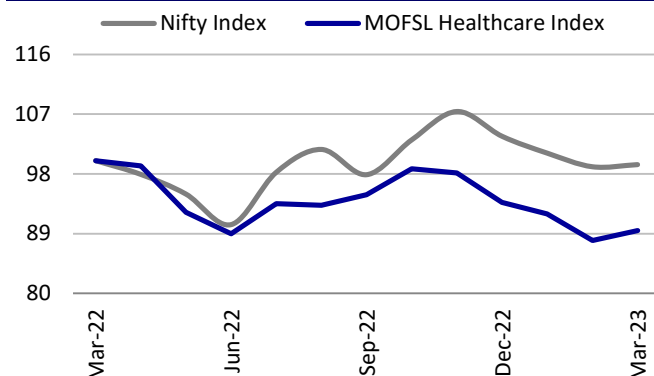
We have lowered our FY24E/FY25E EPS for LAURUS by 9%/8.4%, factoring in moderation in synthesis and the non-ARV formulation business outlook. We have also reduced our FY24E/FY25E EPS for ALPM by 5%, factoring in headwinds in the US generics segment. We have cut our FY24E/FY25E EPS for BIOS by 5.8%/4.0% to account for a moderation in the vaccine business outlook.

Top Ideas: SUNP (specialty/brand led robust earnings growth) and APHS (sustained momentum in healthcare services/exponential growth in GMV of Apollo 24/7).

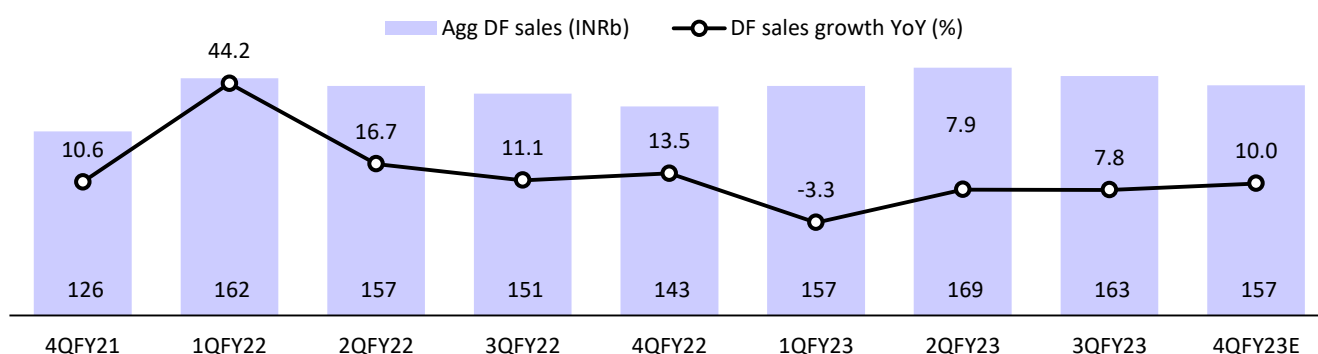
Exhibit 1: Summary of quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Ajanta Pharma	1209	Buy	9,070	4.2	-6.7	1,885	-14.2	-12.9	1,487	-7.7	-13.4
Alembic Pharma	496	Neutral	12,553	-11.3	-16.8	1,960	-30.8	-21.2	967	-45.9	-27.0
Alkem Lab	3398	Neutral	27,123	9.2	-10.8	4,308	27.7	-28.1	3,138	36.8	-31.0
Apollo Hospitals	4309	Buy	44,050	24.2	3.3	5,280	14.0	4.5	2,089	14.6	28.7
Aurobindo Pharma	518	Neutral	63,211	8.8	-1.3	9,459	-2.9	-0.9	4,698	-18.1	-2.5
Biocon	206	Neutral	38,998	61.9	32.6	9,203	55.6	33.5	2,545	-6.7	41.7
Cipla	901	Neutral	57,605	9.5	-0.9	13,202	39.0	-6.2	8,438	38.3	-3.7
Divis Labs	2826	Neutral	17,669	-29.8	3.5	4,446	-59.7	8.9	3,127	-62.8	14.1
Dr Reddy's Labs	4622	Neutral	60,138	15.2	-11.2	14,622	39.0	-28.9	9,476	45.2	-27.7
Eris Lifescience	572	Buy	3,985	30.2	-5.9	1,217	25.6	-11.3	665	-16.8	-33.6
Gland Pharma	1269	Buy	9,045	-18.0	-3.6	2,709	-22.2	-6.5	2,171	-24.1	-6.4
Glenmark Pharma	465	Neutral	33,535	11.1	-3.2	6,106	21.6	-1.6	2,849	48.1	28.0
Granules India	291	Buy	11,355	10.2	-0.9	2,269	17.8	-1.9	1,404	26.5	12.9
GSK Pharma	1324	Neutral	8,793	8.6	9.6	2,456	40.2	7.4	1,816	51.5	3.2
IPCA Labs.	810	Buy	14,388	11.6	-6.9	1,998	-17.2	-13.8	1,080	-27.3	-9.1
Laurus Labs	293	Buy	15,260	7.1	-1.2	4,130	4.1	2.3	2,137	-7.8	5.2
Lupin	648	Sell	40,380	4.0	-6.6	4,871	72.5	-12.4	1,672	220.6	-0.7
Piramal Pharma	68	Buy	18,162	-14.8	5.8	1,827	-54.1	52.6	-157	PL	Loss
Solara Active Pharma	328	Buy	4,069	12.8	3.1	472	248.7	4.9	41	31.3	790.7
Sun Pharma	983	Buy	1,11,886	19.2	1.7	28,867	36.3	4.5	20,999	32.7	1.6
Torrent Pharma	1537	Neutral	24,949	17.2	0.2	7,744	39.3	4.8	3,600	35.0	12.5
Zydus Lifesciences	492	Neutral	47,909	24.0	9.8	10,813	25.6	7.6	7,386	39.8	12.1
Healthcare			6,74,136	11.9	-0.2	1,39,841	15.0	-3.3	81,628	8.7	-2.6

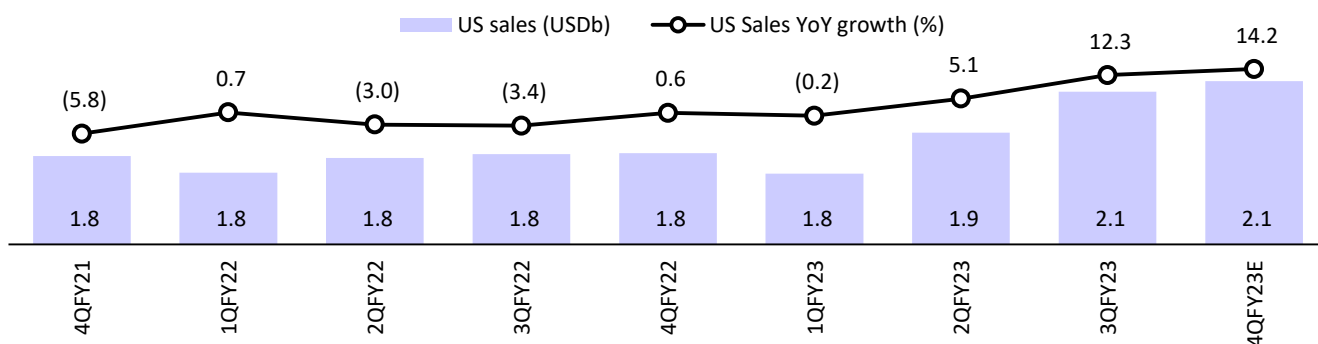
Source: Company, MOFSL

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

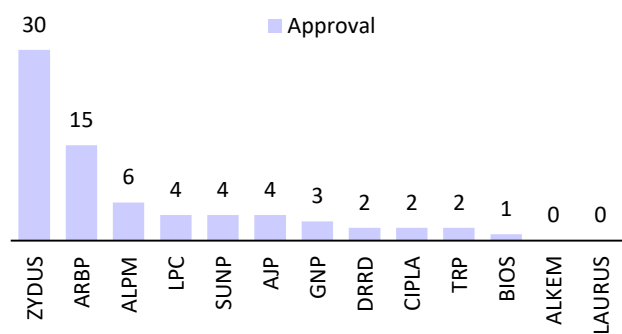
Source: Bloomberg, MOFSL

Exhibit 4: Steady off-take/volatile climate to drive DF sales growth in 4QFY23

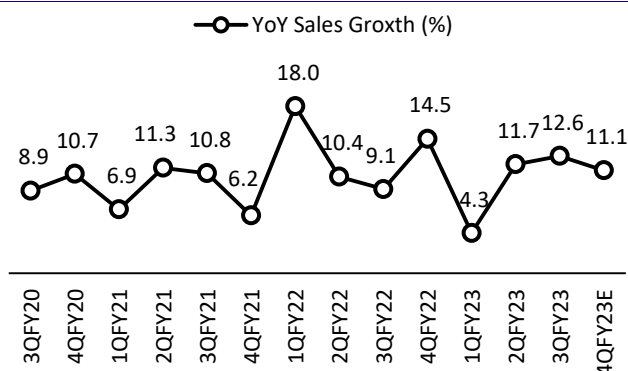
Source: MOFSL, Company

Exhibit 5: Niche products to drive mid-teens YoY growth in US sales segment on aggregate basis

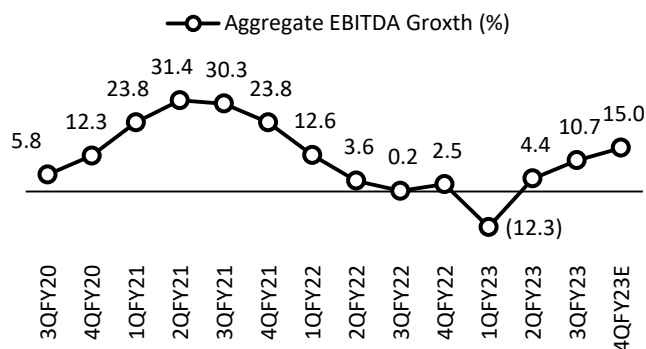
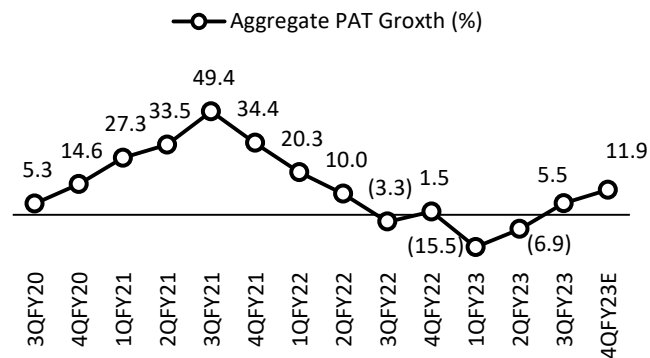
Source: MOFSL, Company

Exhibit 6: 73 ANDAs approved on an aggregate basis for our coverage universe in 4QFY23

Source: MOFSL, Company

Exhibit 7: Expect sales to grow 11% YoY in 4QFY23

Source: MOFSL, Company

Exhibit 1: EBITDA to grow 15% YoY in 4QFY23E**Exhibit 2: PAT to witness similar trend in 4QFY23E**

Source: MOFSL, Company

Source: MOFSL, Company

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

Exhibit 3: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Healthcare						27.1	22.5	19.2	3.3	3.0	2.6	12.3	13.2	13.8
Ajanta Pharma	1,209	Buy	51.3	59.9	70.0	23.5	20.2	17.3	4.2	3.6	3.1	18.9	19.2	19.4
Alembic Pharma	496	Neutral	21.5	29.7	34.5	23.1	16.7	14.4	1.8	1.7	1.5	7.4	10.2	10.9
Alkem Lab	3,398	Neutral	107.7	146.7	179.3	31.6	23.2	19.0	4.2	3.7	3.2	14.1	17.1	18.2
Apollo Hospitals	4,309	Buy	52.4	83.9	122.8	82.3	51.4	35.1	9.3	7.9	6.5	12.4	17.2	20.3
Aurobindo Pharma	518	Neutral	37.6	44.6	48.8	13.8	11.6	10.6	1.1	1.1	1.0	8.6	9.5	9.5
Biocon	206	Neutral	6.5	13.8	17.9	31.7	15.0	11.5	1.5	1.4	1.3	6.3	9.8	11.9
Cipla	901	Neutral	40.5	45.1	49.9	22.3	20.0	18.1	3.1	2.7	2.4	14.1	13.8	13.4
Divis Labs	2,826	Neutral	64.5	65.2	84.9	43.8	43.3	33.3	5.8	5.3	4.8	13.9	12.8	15.1
Dr Reddy's Labs	4,622	Neutral	253.5	254.6	283.9	18.2	18.2	16.3	3.3	2.8	2.5	20.0	16.9	16.2
Eris Lifescience	572	Buy	27.6	35.7	37.0	20.7	16.0	15.5	3.6	3.1	2.6	18.5	20.6	18.3
Gland Pharma	1,269	Buy	56.5	68.9	78.3	22.5	18.4	16.2	2.6	2.3	2.0	12.2	13.1	13.1
Glenmark Pharma	465	Neutral	30.4	38.6	46.3	15.3	12.0	10.0	1.3	1.2	1.1	9.0	10.4	11.3
Granules India	291	Buy	21.7	25.3	30.7	13.4	11.5	9.5	2.3	2.0	1.6	18.9	18.4	18.7
GSK Pharma	1,324	Neutral	39.4	39.4	42.5	33.6	33.6	31.2	7.7	7.1	6.6	22.8	21.1	21.0
IPCA Labs.	810	Buy	22.3	29.9	37.7	36.4	27.1	21.5	3.5	3.1	2.8	9.9	12.2	13.7
Laurus Labs	293	Buy	16.8	18.1	22.5	17.4	16.2	13.0	3.8	3.2	2.6	24.1	21.5	22.2
Lupin	648	Sell	6.6	22.0	30.3	98.8	29.5	21.4	2.4	2.2	2.0	2.4	7.8	9.9
Piramal Pharma	68	Buy	-1.0	1.4	2.9	-65.8	49.2	23.6	1.3	1.2	1.2	-1.9	2.5	5.1
Solara Active Pharma	328	Buy	-6.0	13.6	26.3	-54.4	24.1	12.5	0.8	0.8	0.8	-1.4	3.2	6.1
Sun Pharma	983	Buy	35.7	41.7	47.6	27.6	23.6	20.7	4.2	3.7	3.2	16.5	16.6	16.4
Torrent Pharma	1,537	Neutral	39.0	52.2	64.2	39.4	29.4	23.9	7.1	6.2	3.1	19.9	22.5	25.8
Zydus Lifesciences	492	Neutral	24.9	25.6	26.9	19.7	19.2	18.2	2.6	2.4	2.2	14.0	12.9	12.3

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.

Ajanta Pharma

Buy

CMP: INR1,209 | TP: INR1,426 (+18%)

EPS CHANGE (%): FY24|25: 0.8|1.5

- We expect DF sales growth to moderate to 7% YoY, partly due to a high base of past year.
- A slowdown in the pace of approvals may keep US sales flat YoY at USD24m.
- We expect an 11% YoY increase in Africa Branded sales, led by new launches and stabilization in INR/EURO.
- Watch out for outlook on 1) ANDA approvals/launches in the US; and 2) impact of easing cost pressures

Consol. - Quarterly perf.

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Net Sales	7,479	8,848	8,379	8,703	9,509	9,381	9,718	9,070	33,410	37,678
YoY Change (%)	11.9	23.6	11.9	15.0	27.1	6.0	16.0	4.2	15.6	12.8
Total Expenditure	5,278	6,220	5,983	6,505	6,992	7,318	7,555	7,185	23,986	29,050
EBITDA	2,201	2,628	2,396	2,197	2,518	2,063	2,163	1,885	9,424	8,628
YoY Change (%)	-1.4	-4.2	-0.9	-15.3	14.4	-21.5	-9.7	-14.2	-5.6	-8.4
Margins (%)	29.4	29.7	28.6	25.2	26.5	22.0	22.3	20.8	28.2	22.9
Depreciation	309	315	317	312	318	327	333	340	1,253	1,318
EBIT	1,892	2,313	2,079	1,886	2,200	1,736	1,830	1,544	8,171	7,310
YoY Change (%)	-3.1	-6.0	-2.2	-17.6	16.2	-24.9	-12.0	-18.1	-7.4	-10.5
Interest	15	4	10	73	9	10	28	9	102	56
Other Income	76	145	240	295	48	404	349	330	757	1,130
PBT before EO expense	1,954	2,454	2,309	2,107	2,239	2,130	2,150	1,865	8,826	8,384
Extra-Ord expense	-250	-150	0	131	20	100	467	0	-269	587
PBT	2,204	2,604	2,309	1,977	2,219	2,030	1,683	1,865	9,095	7,797
Tax	467	645	392	465	472	464	338	378	1,968	1,653
Effective Rate (%)	21.2	24.8	17.0	23.5	21.3	22.9	20.1	20.3	21.6	21.2
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,737	1,959	1,918	1,512	1,746	1,566	1,345	1,487	7,127	6,144
Adj PAT	1,540	1,847	1,918	1,612	1,762	1,643	1,718	1,487	6,918	6,611
YoY Change (%)	4.2	8.5	8.6	1.2	14.4	-11.0	-10.4	-7.7	5.8	-4.4

Alembic Pharma

Neutral

CMP: INR496 | TP: INR540 (9%)

EPS CHANGE (%): FY24|25: (5.3)|(5.3)

- The one-time opportunity in 4QFY22 is expected to result in a 39% YoY decline in US sales to USD47m in 4QFY23.
- Strong off-take in cough-cold related medicines in 4QFY22 is expected to moderate YoY growth to 7% in 4QFY23.
- We expect API sales to fall 9.5% YoY to INR2b.
- Update on impact of opex from injectable facility at P&L level.

Quarterly perf. (Consol.)

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E
Net Sales	13,260	12,923	12,717	14,157	12,621	14,750	15,090	12,553	53,058	55,015
YoY Change (%)	-1.1	-11.3	-3.2	10.6	-4.8	14.1	18.7	-11.3	-1.6	3.7
Total Expenditure	10,900	10,351	10,160	11,326	11,475	12,423	12,603	10,592	43,086	47,092
EBITDA	2,360	2,572	2,557	2,831	1,147	2,328	2,488	1,960	9,972	7,922
YoY Change (%)	-42.1	-42.0	-30.0	-17.1	-51.4	-9.5	-2.7	-30.8	-36.0	-20.6
Margins (%)	17.8	19.9	20.1	20.0	9.1	15.8	16.5	15.6	18.8	14.4
Depreciation	532	546	559	581	521	517	535	539	2,218	2,112
EBIT	1,829	2,026	1,997	2,250	626	1,811	1,953	1,421	7,754	5,810
YoY Change (%)	-59.3	-58.4	-51.5	-42.7	-65.8	-10.6	-2.2	-36.8	-43.6	-25.1
Interest	21	46	43	67	88	124	146	137	177	495
Other Income	19	22	13	103	11	3	4	9	505	28
PBT before EO expense	1,826	2,003	1,967	2,286	548	1,690	1,811	1,293	8,081	5,343
Extra-Ord expense	0	0	0	1,880	1,150	160	130	0	1,880	1,440
PBT	1,826	2,003	1,967	406	-602	1,530	1,681	1,293	6,201	3,903
Tax	342	395	325	-17	-15	180	326	251	1,045	741
Rate (%)	18.7	19.7	16.5	-4.3	2.5	11.7	19.4	19.4	16.8	19.0
MI & P/L of Asso. Cos.	-162	-86	-122	69	72	17	136	76	-300	300
Reported PAT	1,646	1,693	1,764	355	-659	1,334	1,220	967	5,457	2,861
Adj PAT	1,646	1,693	1,764	1,785	463	1,475	1,324	967	6,889	4,228
YoY Change (%)	-45.4	-49.2	-39.7	-28.8	-71.9	-12.9	-24.9	-45.9	-41.5	-38.6
Margins (%)	12.4	13.1	13.9	12.6	3.7	10.0	8.8	7.7	13.0	7.7

Alkem Labs**Neutral****CMP: INR3,398 | TP: INR3,530 (+4%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Expect India business to grow 12.5% YoY, led by superior execution and favorable seasonality.
- Watch out for key areas of cost savings and progress on earlier guidance of INR2.5b opex reduction over next 12-15M.
- Expect US sales to decline 12% QoQ to INR6.6b, due to ongoing price erosion and fewer launches.
- Outlook on 1) R&D cost, 2) impact of NLEM price hike, and 3) growth prospects of chronic portfolio.

Quarterly Perf. (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	27,314	27,999	26,190	24,839	25,764	30,794	30,409	27,123	1,06,342	1,14,090
YoY Change (%)	38.1	18.5	13.0	13.3	-5.7	10.0	16.1	9.2	20.2	7.3
EBITDA	5,929	6,243	4,985	3,372	2,732	4,539	5,991	4,308	20,529	17,570
YoY Change (%)	16.9	4.0	-5.8	-9.1	-53.9	-27.3	20.2	27.7	2.2	-14.4
Margins (%)	21.7	22.3	19.0	13.6	10.6	14.7	19.7	15.9	19.3	15.4
Depreciation	705	728	775	831	763	774	784	776	3,040	3,097
EBIT	5,223	5,515	4,210	2,541	1,970	3,765	5,206	3,532	17,490	14,473
YoY Change (%)	18.6	4.0	-8.5	-16.0	-62.3	-31.7	23.7	39.0	38.7	-16.5
Margins (%)	19.1	19.7	16.1	10.2	7.6	12.2	17.1	13.0	16.4	12.7
Interest	129	120	106	170	265	249	271	275	524	1,059
Other Income	467	420	535	205	514	507	453	473	1,627	1,947
PBT before EO Exp	5,561	5,815	4,639	2,576	2,219	4,023	5,389	3,730	18,592	15,361
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	4,023	5,389	3,730	18,443	14,661
Tax	759	230	-694	1,345	204	546	789	513	1,640	2,053
Rate (%)	13.6	4.0	-15.0	55.4	13.5	13.6	14.6	13.7	8.8	13.4
PAT (pre Minority Interest)	4,802	5,584	5,334	1,082	1,315	3,477	4,600	3,217	16,803	12,609
Minority Interest	121	95	77	6	38	169	53	80	300	339
Reported PAT	4,681	5,489	5,257	1,076	1,276	3,308	4,547	3,138	16,503	12,270
Adj Net Profit	4,681	5,489	4,052	2,293	1,882	3,308	4,547	3,138	16,516	12,875
YoY Change (%)	17.1	16.3	-3.8	-27.7	-59.8	-39.7	12.2	36.8	2.6	-22.0

Apollo Hospitals**Buy****CMP: INR4,309 | TP: INR5,580 (+29%)****EPS CHANGE (%): FY24|25: (4.4)|(3.5)**

- Expect hospitals Sales/EBITDA to grow by 19%/31% YoY to INR22b/INR5.4b.
- Watch out for expansion of scope of services available on Apollo 24/7.
- Store addition and higher sales from existing stores to drive 36% YoY growth in pharmacy sales to INR18.7b.
- Update on recent legal issues between pharma distributors and online players.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	37,602	37,171	36,389	35,464	37,956	42,511	42,636	44,050	146,626	167,153
YoY Change (%)	73.2	34.6	31.9	23.7	0.9	14.4	17.2	24.2	38.9	14.0
Total Expenditure	32,403	31,021	30,519	30,832	33,049	36,857	37,582	38,771	124,775	146,259
EBITDA	5,199	6,150	5,870	4,632	4,908	5,654	5,054	5,280	21,851	20,894
YoY Change (%)	1,365.2	105.1	50.4	12.5	-5.6	-8.1	-13.9	14.0	92.1	-4.4
Margins (%)	13.8	16.5	16.1	13.1	12.9	13.3	11.9	12.0	14.9	12.5
Depreciation	1,406	1,448	1,490	1,664	1,478	1,550	1,534	1,598	6,007	6,160
Interest	947	954	937	949	927	927	1,000	1,065	3,786	3,919
Other Income	246	56	172	307	161	226	354	347	781	1,086
PBT before EO expense	3,093	3,805	3,615	2,327	2,663	3,402	2,874	2,963	12,839	11,902
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	3,402	2,874	2,963	15,780	11,902
Tax	986	1,156	1,242	1,387	-695	1,142	1,035	741	4,770	2,224
Rate (%)	16.3	30.4	34.4	59.6	-26.1	33.6	36.0	25.0	30.2	18.7
Minority Interest & Profit/Loss of Asso. Cos.	42	-25	-60	-30	120	132	215	133	-74	600
Reported PAT	5,007	2,674	2,433	970	3,238	2,128	1,623	2,089	11,084	9,078
Adj PAT	2,859	2,674	2,433	1,822	1,690	2,128	1,623	2,089	9,787	7,530
YoY Change (%)	NA	902.8	81.3	19.5	-40.9	-20.4	-33.3	14.6	1,024.9	-23.1
Margins (%)	7.6	7.2	6.7	5.1	4.5	5.0	3.8	4.7	6.7	4.5

Aurobindo Pharma**Neutral****CMP: INR518 | TP: INR490 (-5%)****EPS CHANGE (%): FY24|25: 0.2|0.2**

- Expect US sales to increase by 17.6% YoY to USD346m, led by robust launches and market share gains.
- Expect EU sales growth of 15.7% YoY, due to traction in existing market/expanding in new markets.
- Outlook on increase in R&D spends and niche product pipeline over next 12M.
- Update on Pen-G related capex and its economics under current supply-demand scenario.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	57,020	59,419	60,022	58,094	62,359	57,394	64,071	63,211	2,34,555	2,47,035
YoY Change (%)	-3.8	-8.4	-5.7	-3.2	9.4	-3.4	6.7	8.8	-5.3	5.3
EBITDA	12,094	11,867	10,163	9,744	10,247	10,523	9,544	9,459	43,868	39,773
YoY Change (%)	-8.2	-17.2	-25.7	-23.6	-15.3	-11.3	-6.1	-2.9	-18.7	-9.3
Margins (%)	21.2	20.0	16.9	16.8	16.4	18.3	14.9	15.0	18.7	16.1
Depreciation	2,797	2,942	2,991	2,536	2,795	2,981	3,214	3,198	11,265	12,188
EBIT	9,297	8,925	7,172	7,208	7,452	7,542	6,330	6,261	32,603	27,585
YoY Change (%)	-12.4	-24.1	-34.3	-28.5	-19.8	-15.5	-11.7	-13.1	-24.8	-15.4
Interest	129	104	161	92	146	253	450	471	486	1,320
Other Income	813	947	452	292	406	572	805	776	2,504	2,559
PBT before EO expense	9,981	9,768	7,463	7,408	7,712	7,861	6,686	6,565	34,620	28,824
Forex loss/(gain)	-286	-19	-198	-197	283	461	-121	0	-700	623
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	7,400	6,807	6,565	34,040	27,601
Tax	2,477	2,709	1,895	175	1,586	1,130	1,891	1,603	7,256	6,210
Rate (%)	24.1	27.7	23.7	2.9	23.2	15.3	27.8	24.4	21.3	22.5
Minority Interest	90	111	71	41	40	21	8	31	313	100
Reported PAT	7,700	6,967	6,043	5,761	5,204	6,249	4,908	4,931	26,471	21,291
Adj PAT	7,483	6,954	5,626	5,737	5,881	6,639	4,820	4,698	25,800	22,038
YoY Change (%)	-7.4	-13.2	-26.5	-27.4	-21.4	-4.5	-14.3	-18.1	-18.5	-14.6
Margins (%)	13.1	11.7	9.4	9.9	9.4	11.6	7.5	7.4	11.0	8.9

Biocon**Neutral****CMP: INR206 | TP: INR220 (7%)****EPS CHANGE (%): FY24|25: (-5.8)|(-4.0)**

- Expect biologics sales to double YoY to INR19b, led by increased traction in existing products and partly aided by Viatris acquisition.
- Update on 1) new contracts for insulin Glargine in US and other geographies, and 2) outlook of vaccines business.
- Expect Syngene sales to witness 5% YoY in 4QFY23 due to the high base effect.
- Update on debt repayment schedule over next 12-15M.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	17,610	18,404	21,743	24,088	21,397	23,200	29,411	38,998	81,845	1,13,006
YoY Change (%)	5.4	5.5	17.5	31.0	21.5	26.1	35.3	61.9	15.2	38.1
Total Expenditure	13,720	13,940	16,090	18,172	17,030	18,490	22,520	29,796	61,922	87,837
EBITDA	3,890	4,464	5,653	5,916	4,367	4,710	6,891	9,203	19,923	25,170
YoY Change (%)	-5.7	9.0	42.0	35.8	12.3	5.5	21.9	55.6	20.4	26.3
Margins (%)	22.1	24.3	26.0	24.6	20.4	20.3	23.4	23.6	24.3	22.3
Depreciation	1,950	2,020	2,060	2,120	2,170	2,310	3,011	4,229	8,150	11,720
EBIT	1,940	2,444	3,593	3,796	2,197	2,400	3,880	4,974	11,773	13,450
YoY Change (%)	-21.0	5.5	69.5	50.8	13.2	-1.8	8.0	31.0	25.1	14.2
Interest	200	230	150	106	200	300	1,203	1,934	686	3,637
Other Income	470	1,050	480	674	780	650	786	634	2,674	2,850
Extraordinary Income	0	-700	-770	-410	-380	-170	-3,154	0	-1,880	-3,704
Share of Profit/Loss from Associates	-560	-510	-470	-526	-430	-280	-556	-134	-1,540	-1,400
PBT	1,650	2,054	2,683	3,428	1,967	2,300	-247	3,539	9,815	7,558
Tax	570	470	490	586	300	1,480	-40	528	2,116	2,268
Rate (%)	34.5	22.9	18.3	17.1	15.3	64.3	16.2	14.9	21.6	30.0
Minority Interest	240	200	325	455	230	350	210	467	1,220	1,257
PAT	840	1,384	1,868	2,387	1,437	470	-417	2,545	6,479	4,034
Adj PAT	1,207	2,394	2,497	2,727	1,801	1,680	1,796	2,545	8,825	7,823
YoY Change (%)	-18.9	33.9	49.4	141.5	49.3	-29.8	-28.1	-6.7	45.2	-11.4

E: MOSFL Estimates; Note - Quarterly nos will not add up to full-year nos due to restatements

Cipla**Neutral****CMP: INR901 | TP: INR990 (-10%)****EPS CHANGE (%): FY24|25: (2.9)|0.4**

- US sales to remain on robust at USD214m, led by strong traction in niche products
- Update on remediation measures at Pithampur plant for USFDA compliance
- Expect DF sales to grow by 6.5% YoY, partly on high base of past year
- Outlook on the progress of niche pipeline, including Peptide assets/Inhalation Assets/gAdvaair

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	54,532	55,198	54,789	52,603	53,752	58,285	58,101	57,605	2,17,121	2,27,743
YoY Change (%)	25.5	9.6	6.0	14.2	-1.4	5.6	6.0	9.5	13.3	4.9
Total Expenditure	41,585	42,936	42,479	43,106	42,318	44,388	44,025	44,403	1,70,106	1,75,135
EBITDA	12,947	12,262	12,310	9,497	11,434	13,897	14,076	13,202	47,016	52,609
YoY Change (%)	23.4	4.2	0.0	19.3	-11.7	13.3	14.3	39.0	10.6	11.9
Margins (%)	23.7	22.2	22.5	18.1	21.3	23.8	24.2	22.9	21.7	23.1
Depreciation	2,611	2,531	2,475	2,903	2,544	2,994	2,721	2,595	10,520	10,854
EBIT	10,336	9,731	9,835	6,594	8,889	10,904	11,354	10,607	36,496	41,754
YoY Change (%)	32.5	6.8	0.1	29.0	-14.0	12.0	15.4	60.9	14.6	14.4
Interest	296	380	207	181	178	256	318	294	1,064	1,046
Other Income	649	607	913	640	1,034	990	1,144	1,032	2,809	4,200
Profit before Tax	10,689	9,958	10,541	7,053	9,746	11,638	12,181	11,345	38,242	44,909
One-time (expense)/income	-734	0	0	-2,575	0	-634	0	0	-3,309	-634
PBT after EO expense	9,955	9,958	10,541	4,478	9,746	11,004	12,181	11,345	34,933	44,275
Tax	2,837	2,838	2,952	711	2,680	3,026	4,100	2,768	9,338	12,574
Rate (%)	26.5	28.5	28.0	10.1	27.5	26.0	33.7	24.4	24.4	28.0
Minority Interest	-29.2	6.4	302.7	146.5	201.6	88.6	70.9	138.9	427.2	500.0
Reported PAT	7,147	7,114	7,287	3,621	6,864	7,889	8,010	8,438	25,168	31,200
Adj PAT	7,881	7,114	7,287	6,100	6,864	8,523	8,760	8,438	28,382	32,585
YoY Change (%)	36.4	6.9	-2.6	47.6	-12.9	19.8	20.2	38.3	18.0	14.8

Divis Labs**Neutral****CMP: INR2,826 | TP: INR2,620 (-7%)****EPS CHANGE (%): FY24|25: (0.0)|(0.0)**

- Expect sales to decline by 29.8% YoY dragged by Custom synthesis segment
- Progress on new molecule addition in generic API space.
- Operating margin to gradually improve QoQ on the back of easing cost pressures
- Update on Iodine based custom synthesis projects and scope of work on peptide based custom synthesis business

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	19,606	19,875	24,932	25,184	22,545	18,545	17,077	17,669	89,598	75,836
YoY Change (%)	13.3	13.6	46.5	40.8	15.0	-6.7	-31.5	-29.8	28.6	-15.4
Total Expenditure	11,086	11,623	13,930	14,140	14,078	12,335	12,994	13,223	50,779	52,630
EBITDA	8,521	8,252	11,003	11,044	8,467	6,210	4,083	4,446	38,819	23,206
YoY Change (%)	21.7	9.0	51.7	54.2	-0.6	-24.7	-62.9	-59.7	33.9	-40.2
Margins (%)	43.5	41.5	44.1	43.9	37.6	33.5	23.9	25.2	43.3	30.6
Depreciation	733	774	799	810	837	857	868	870	3,115	3,431
EBIT	7,788	7,478	10,204	10,234	7,630	5,353	3,215	3,576	35,704	19,774
YoY Change (%)	21.0	7.5	55.3	58.4	-2.0	-28.4	-68.5	-65.1	35.1	-44.6
Interest	3	2	2	1	0	0	1	-2	8	0
Other Income	163	191	166	212	320	492	676	673	733	2,161
PBT before EO Income	7,948	7,667	10,368	10,446	7,950	5,845	3,890	4,251	36,429	21,936
Forex gain /(Loss)	196	-71	-31	312	564	308	467	0	406	1,339
PBT	8,145	7,596	10,337	10,757	8,514	6,153	4,356	4,251	36,835	23,275
Tax	2,574	1,532	1,314	1,811	1,493	1,216	1,066	1,123	7,231	5,120
Rate (%)	31.6	20.2	12.7	16.8	17.5	19.8	24.5	26.4	19.6	22.0
PAT	5,571	6,065	9,022	8,946	7,021	4,937	3,290	3,128	29,605	18,154
Adj. PAT	6,391	6,165	8,336	8,413	6,556	4,690	2,740	3,127	29,303	17,113
YoY Change (%)	32.6	16.0	68.8	68.5	2.6	-23.9	-67.1	-62.8	46.1	-41.6
Margins (%)	28.4	30.5	36.2	35.5	31.1	26.6	19.3	17.7	33.0	23.9
Adj. EPS	24.1	23.2	31.4	31.7	24.7	17.7	10.3	11.8	110.4	64.5

Dr Reddy's Labs**Neutral****CMP: INR4,622 | TP: INR4,450 (-2%)****EPS CHANGE (%): FY24|25: 2.3|2.4**

- Expect US sales to grow 25.4% YoY to USD330m, driven by healthy traction in niche products
- Update on pipeline products from recent acquisition of Mayne pharma
- India revenue to grow by 6% YoY led by gastro/respiratory /cardiac therapies
- Watch out for potential launches in US over next 12-15M

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	49,194	57,632	53,197	52,204	49,853	63,057	67,700	60,138	2,12,227	2,40,748
YoY Change (%)	11.4	17.7	9.9	10.4	1.3	9.4	27.3	15.2	11.9	13.4
Total Expenditure	40,169	44,275	41,179	41,683	39,516	45,022	47,136	45,517	1,67,306	1,77,191
EBITDA	9,025	13,357	12,018	10,521	10,337	18,035	20,564	14,622	44,921	63,558
YoY Change (%)	-18.9	9.3	15.9	4.4	14.5	35.0	71.1	39.0	0.5	41.5
Margins (%)	18.3	23.2	22.6	20.2	20.7	28.6	30.4	24.3	21.2	26.4
Amortization	2,905	2,985	2,976	2,959	3,050	3,150	3,273	3,527	11,825	13,000
EBIT	6,120	10,372	9,042	7,562	7,287	14,885	17,291	11,094	33,096	50,557
YoY Change (%)	-23.4	16.0	26.4	9.4	19.1	43.5	91.2	46.7	3.8	52.8
Other Income	1,305	2,309	714	1,255	2,829	318	180	288	5,583	3,615
PBT before EO expenses	7,425	12,681	9,756	8,817	10,116	15,203	17,471	11,382	38,679	54,172
One-off income/(expense)	0	0	-47	-6,334	4,537	908	-1,125	0	-6,381	4,320
Profit before Tax	7,425	12,681	9,709	2,483	14,653	16,111	16,346	11,382	32,298	58,491
Tax	1,717	2,761	2,644	1,608	2,779	4,983	3,875	1,906	8,730	13,543
Rate (%)	23.1	21.8	27.2	64.8	19.0	30.9	23.7	16.7	27.0	23.2
Reported Profit	5,708	9,920	7,065	875	11,874	11,128	12,471	9,476	23,568	44,949
Adjusted PAT	5,708	9,920	7,112	6,525	8,197	11,402	13,103	9,476	29,265	42,179
YoY Change (%)	-1.5	34.2	19.6	38.7	43.6	14.9	84.2	45.2	22.8	44.1
Margins (%)	11.6	17.2	13.4	12.5	16.4	18.1	19.4	15.8	13.8	17.5

E - MOSFL Estimates

Eris Lifesciences**Buy****CMP: INR572 | TP: INR690 (21%)****EPS CHANGE (%): FY24|25: (2.3)|(2.2)**

- Expect 30% YoY growth in sales, led by new launches, addition of Oaknet business and brand acquisition.
- Progress on synergy from recently acquired brands.
- Increased marketing activities to lower profitability in 4QFY23
- Update on MR efforts to capitalize on derma portfolio

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,493	3,597	3,322	3,059	3,986	4,605	4,233	3,985	13,470	16,808
YoY Change (%)	19.1	9.0	7.0	10.0	14.1	17.7	27.4	30.2	11.2	24.8
Total Expenditure	2,228	2,199	2,104	2,091	2,694	3,091	2,861	2,768	8,621	11,413
EBITDA	1,265	1,398	1,217	969	1,292	1,514	1,372	1,217	4,850	5,395
Margins (%)	36.2	38.9	36.6	31.7	32.4	32.4	32.4	30.5	36.0	32.1
Depreciation	145	150	169	184	234	286	299	387	647	1,207
Interest	8	11	10	13	72	71	30	99	41	273
Other Income	59	70	52	81	27	52	22	16	261	118
PBT before EO expense	1,171	1,308	1,090	853	1,013	1,209	1,065	747	4,422	4,034
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,171	1,308	1,090	853	1,013	1,209	1,065	747	4,422	4,034
Tax	104	124	82	54	82	16	63	81	364	242
Rate (%)	8.9	9.5	7.5	6.3	8.1	1.3	5.9	10.9	8.2	6.0
Reported PAT	1,067	1,184	1,008	800	931	1,194	1,002	665	4,058	3,792
Adj PAT	1,067	1,184	1,008	800	931	1,194	1,002	665	4,058	3,792
YoY Change (%)	19.8	9.9	11.8	17.2	-12.7	0.8	-0.5	-16.8	14.3	-6.6
Margins (%)	30.5	32.9	30.3	26.1	23.4	25.9	23.7	16.7	30.1	22.6

E: MOSFL Estimates

GSK Pharma**Neutral****CMP: INR1,324 | TP: INR1,300 (-2%)****EPS CHANGE (%): FY24|25: 0.2|0.2**

- Sale of brands and price hit on NLEM products to be offset by favorable seasonality for 4QFY23.
- Update on revival in vaccines business and any new launches from parent portfolio.
- Expect 8.6% YoY growth in sales to INR8.8b.
- Update on initial response from Shingrix launch.

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

Y/E March (Standalone)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	7,184	9,341	8,159	8,096	7,451	9,169	8,023	8,793	32,780	33,436
YoY Change (%)	10.8	6.2	3.0	8.8	3.7	-1.8	-1.7	8.6	12.0	2.0
Total Expenditure	5,857	6,761	6,181	6,344	5,962	6,599	5,736	6,337	25,142	24,635
EBITDA	1,327	2,581	1,978	1,752	1,489	2,569	2,287	2,456	7,639	8,801
YoY Change (%)	16.3	26.0	9.5	11.8	12.2	-0.4	15.6	40.2	27.7	15.2
Margins (%)	18.5	27.6	24.2	21.6	20.0	28.0	28.5	27.9	23.3	26.3
Depreciation	175	174	179	154	158	164	164	165	682	651
EBIT	1,152	2,406	1,799	1,599	1,331	2,406	2,123	2,291	6,957	8,150
YoY Change (%)	24.8	31.6	10.3	15.0	15.6	0.0	18.0	43.3	33.9	17.2
Margins (%)	16.0	25.8	22.1	19.7	17.9	26.2	26.5	26.1	21.2	24.4
Interest	8	4	6	3	7	4	1	3	20	15
Other Income	317	150	103	188	276	220	234	150	757	879
PBT before EO Expense	1,461	2,552	1,897	1,784	1,600	2,622	2,356	2,437	7,694	9,015
Tax	388	644	335	585	438	687	597	622	1,953	2,344
Rate (%)	26.6	25.2	17.7	32.8	27.4	26.2	25.3	25.5	48.6	26.0
Adjusted PAT	1,073	1,908	1,562	1,198	1,162	1,934	1,759	1,816	5,742	6,671
YoY Change (%)	36.3	35.7	21.3	-2.3	8.3	1.4	12.6	51.5	24.9	16.2
Margins (%)	14.9	20.4	19.1	14.8	15.6	21.1	21.9	20.6	17.5	20.0
One-off Expense/(Income)	-138	-134	59	-11,404	0	0	114	0	-11,618	114
Reported PAT	1,211	2,042	1,504	12,602	1,162	1,934	1,646	1,816	17,360	6,557

E: MOSFL Estimates: Quarterly - Standalone; Full Year - Consolidated

Gland Pharma**Buy****CMP: INR1269 | TP: INR1,500 (18%)****EPS CHANGE (%): FY24|25: (1.7)|(1.7)**

- Expect sales to decline by 18% YoY to INR9b on increased competition in the existing products
- Outlook on potential filings of own/partner to drive growth over next 24-36M
- Expect core market sales to decline by 9% YoY to INR6.5b.
- Progress on scope of business from China.
- Outlook on competition in injectables space given certain global companies under financial stress

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	11,539	10,804	10,633	11,030	8,569	10,444	9,383	9,045	44,007	37,441
YoY Change (%)	30.5	29.9	23.7	24.2	-25.7	-3.3	-11.8	-18.0	27.1	-14.9
Total Expenditure	7,176	7,039	7,144	7,547	5,870	7,366	6,487	6,337	28,906	26,059
EBITDA	4,363	3,765	3,489	3,484	2,699	3,079	2,896	2,709	15,102	11,382
YoY Change (%)	5.7	26.5	32.0	6.3	-38.1	-18.2	-17.0	-22.2	16.0	-24.6
Margins (%)	37.8	34.9	32.8	31.6	31.5	29.5	30.9	29.9	34.3	30.4
Depreciation	253	261	278	311	349	367	376	351	1,103	1,443
Interest	10	10	12	20	9	17	26	-2	52	51
Other Income	618	512	457	652	744	656	615	381	2,239	2,396
PBT before EO expense	4,718	4,006	3,656	3,805	3,085	3,351	3,109	2,741	16,186	12,285
One-off income/(expense)	0	0	0	0	0	120	0	0	0	-120
PBT	4,718	4,006	3,656	3,805	3,085	3,231	3,109	2,741	16,186	12,165
Tax	1,212	986	925	946	793	828	789	570	4,069	2,980
Rate (%)	25.7	24.6	25.3	24.9	25.7	25.6	25.4	20.8	25.1	24.5
Reported PAT	3,506	3,020	2,730	2,859	2,292	2,402	2,319	2,171	12,117	9,184
Adj PAT	3,506	3,020	2,730	2,859	2,292	2,492	2,319	2,171	12,117	9,275
YoY Change (%)	11.8	38.0	33.8	9.8	-34.6	-17.5	-15.0	-24.1	21.5	-23.5

Glenmark Pharma**Neutral****CMP: INR465 | TP: INR430 (-8%)****EPS CHANGE (%): FY24|25: 1.7|1.6**

- Expect cardiac/respiratory therapies to drive 13% YoY growth in DF sales
- Progress on reduction in R&D spends on innovative assets
- Expect GNP to track US sales of USD100m, steady YoY/QoQ as new launches would offset impact of price erosion in base portfolio
- Update on remediation measures at Monroe

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues (Core)	29,649	31,474	30,024	30,191	27,773	32,810	34,639	33,535	121,339	128,757
YoY Change (%)	26.4	6.6	7.7	5.6	-6.3	4.2	15.4	11.1	10.9	6.1
EBITDA	5,736	5,902	5,222	5,022	4,726	5,273	6,202	6,106	21,881	22,307
YoY Change (%)	20.0	3.6	-10.4	-4.1	-17.6	-10.7	18.8	21.6	1.6	1.9
Margins (%)	19.3	18.8	17.4	16.6	17.0	16.1	17.9	18.2	18.0	17.3
Depreciation	1,131	1,232	1,189	1,315	1,468	1,557	1,623	1,465	4,867	6,112
EBIT	4,605	4,670	4,032	3,707	3,258	3,716	4,580	4,641	17,014	16,195
YoY Change (%)	26.2	0.2	-13.8	-10.1	-29.2	-20.4	13.6	25.2	-0.6	-4.8
Margins (%)	15.5	14.8	13.4	12.3	11.7	11.3	13.2	13.8	14.0	12.6
Interest	756	689	667	869	600	831	973	761	2,981	3,164
Other Income	197	128	139	152	172	164	294	320	617	950
PBT before EO Expense	4,047	4,109	3,504	2,990	2,830	3,050	3,901	4,200	14,650	13,981
One-off loss/(gain)	-389	259	74	293	-1,250	-1,753	-809	0	237	-3,812
PBT after EO Expense	4,436	3,850	3,430	2,697	4,080	4,802	4,710	4,201	14,412	17,793
Tax	1,370	1,102	1,033	971	1,969	2,015	1,802	1,241	4,476	7,028
Rate (%)	30.9	28.6	30.1	36.0	48.3	42.0	38.3	29.6	31.1	39.5
Reported PAT	3,065	2,748	2,398	1,726	2,111	2,787	2,908	2,959	9,936	10,765
Minority Interest	0	171	178	170	186	182	182	110	519	660
Reported PAT after Minority Interest	3,065	2,577	2,219	1,556	1,925	2,604	2,726	2,849	9,417	10,105
Adj PAT	2,796	2,761	2,271	1,923	1,682	1,830	2,227	2,849	9,752	8,588
YoY Change (%)	35.9	1.9	-17.9	-17.8	-39.8	-33.7	-1.9	48.1	-1.2	-11.9
Margins (%)	9.4	8.8	7.6	6.4	6.1	5.6	6.4	8.5	8.0	6.7

Granules**Buy****CMP: INR291 | TP: INR360 (24%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Expect 10% YoY sales growth led by robust traction in API/FDF segments
- Update on sales of products produced using MUPS technology
- Outlook on pricing of core molecules (paracetamol/metformin/guaifenesin)
- Update on capex related to project with Greenko

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,498	8,883	9,795	10,300	10,196	11,507	11,461	11,355	37,477	44,519
YoY Change (%)	15.5	3.5	16.0	28.9	20.0	29.5	17.0	10.2	15.8	0.0
EBITDA	2,014	1,512	1,565	1,927	2,115	2,429	2,313	2,269	7,050	9,126
YoY Change (%)	1.4	-39.3	-29.3	-4.6	5.0	60.7	47.8	17.8	-19.1	0.0
Margins (%)	23.7	17.0	16.0	18.7	20.7	21.1	20.2	20.0	18.8	20.5
Depreciation	394	398	392	402	434	441	484	441	1,586	1,799
EBIT	1,620	1,113	1,173	1,525	1,682	1,988	1,829	1,828	5,464	7,328
YoY Change (%)	-1.6	-47.7	-36.4	-3.2	3.8	78.6	56.0	19.9	-24.1	0.0
Margins (%)	19.1	12.5	12.0	14.8	16.5	17.3	16.0	16.1	14.6	16.5
Interest	68	55	46	64	69	132	170	176	232	547
Other Income	76	44	49	40	47	48	9	141	176	245
PBT before EO expense	1,629	1,102	1,175	1,501	1,659	1,904	1,669	1,793	5,407	7,025
Extra-Ord expense	0	0	-173	0	0	0	0	0	-173	0
PBT	1,629	1,102	1,348	1,501	1,659	1,904	1,669	1,793	5,580	7,025
Tax	427	296	339	391	383	453	426	389	1,452	1,651
Rate (%)	26.2	26.8	25.2	26.1	23.1	23.8	25.5	21.7	26.0	23.5
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,202	807	1,009	1,110	1,276	1,451	1,243	1,404	4,128	5,374
Adjusted PAT	1,202	807	880	1,110	1,276	1,451	1,243	1,404	4,000	5,374
YoY Change (%)	-2.1	-48.9	-38.9	-13.0	6.1	79.8	41.3	26.5	-27.6	0.0
Margins (%)	14.1	9.1	9.0	10.8	12.5	12.6	10.8	12.4	10.7	12.1

Ipca Laboratories**Buy****CMP: INR810 | TP: INR940 (+16%)****EPS CHANGE (%): FY24 | 25: (1.8) | (-3.8)**

- Expect exports formulation and API to drive 12% YoY growth in sales
- Update on potential opportunities in API space to drive capacity utilization at Dewas
- Expect 3% YoY growth in DF segment due to lower prices of products under NLEM
- Update on UK business outlook over next 12-24M, given healthy product registrations

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues (Core)	15,658	15,444	14,305	12,891	15,857	16,010	15,460	14,388	58,298	61,715
YoY Change (%)	2.0	13.5	1.5	15.6	1.3	3.7	8.1	11.6	7.6	5.9
EBITDA	4,165	3,852	3,078	2,413	2,835	2,722	2,319	1,998	13,509	9,874
YoY Change (%)	-29.2	6.9	-16.1	5.4	-31.9	-29.3	-24.7	-17.2	-12.5	-26.9
Margins (%)	26.6	24.9	21.5	18.7	17.9	17.0	15.0	13.9	23.2	16.0
Depreciation	559	570	587	609	617	637	666	644	2,324	2,564
EBIT	3,607	3,282	2,492	1,804	2,218	2,085	1,654	1,354	11,184	7,310
YoY Change (%)	-32.9	6.5	-20.5	2.2	-38.5	-36.5	-33.6	-24.9	-16.2	-34.6
Margins (%)	23.0	21.3	17.4	14.0	14.0	13.0	10.7	9.4	19.2	11.8
Interest	18	11	14	34	69	93	108	113	77	384
Other Income	210	181	30	145	221	362	309	308	666	1,200
PBT before EO Expense	3,799	3,452	2,508	1,915	2,369	2,354	1,854	1,549	11,773	8,126
One-off (gain)/ Expense	0	-196	99	-220	142	116	161	0	416	419
PBT after EO Expense	3,799	3,256	2,607	1,695	2,227	2,238	1,693	1,549	11,357	7,708
Tax	708	679	573	288	743	770	537	469	2,248	2,519
Rate (%)	18.6	19.7	22.9	15.0	31.3	32.7	29.0	30.3	19.1	31.0
Reported PAT	3,091	2,577	2,033	1,408	1,484	1,468	1,156	1,080	9,110	5,186
Minority Interest	-24	-75	-64	-106	-54	-29	-78	-29	-269	0
Adj PAT after Minority Int	3,067	2,697	1,892	1,485	1,525	1,861	1,188	1,080	9,218	5,655
YoY Change (%)	-31.2	6.7	-28.7	-7.9	-50.3	-31.0	-37.2	-27.3	-18.1	-38.7
Margins (%)	19.6	17.5	13.2	11.5	9.6	11.6	7.7	7.5	15.8	9.2

Laurus Labs**Buy****CMP: INR293 | TP: INR360 (+23%)****EPS CHANGE (%): FY24 | 25: (-9.0) | (-8.4)**

- Expect CS segment to be steady QoQ to INR6.3b
- Non-ARV API to drive 18% YoY growth in overall API sales for 4QFY23
- Reduced pricing to lower ARV sales by 13.5% YoY to INR5.7b
- Update on new order wins in CS segment and ARV country specific tender wins

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	12,785	12,035	10,288	14,248	15,389	15,759	15,448	15,260	49,356	61,857
YoY Change (%)	31.2	5.7	-20.2	0.9	20.4	30.9	50.2	7.1	2.5	25.3
EBITDA	3,954	3,451	2,853	3,967	4,542	4,489	4,036	4,130	14,224	17,196
YoY Change (%)	42.0	-7.7	-33.1	-16.0	14.9	30.1	41.5	4.1	-8.3	20.9
Margins (%)	30.9	28.7	27.7	27.8	29.5	28.5	26.1	27.1	28.8	27.8
Depreciation	585	632	640	657	708	818	844	856	2,515	3,227
EBIT	3,368	2,819	2,213	3,310	3,834	3,671	3,191	3,274	11,709	13,969
YoY Change (%)	46.7	-12.7	-40.9	-20.9	13.8	30.2	44.2	-1.1	-13.0	19.3
Margins (%)	26.3	23.4	21.5	23.2	24.9	23.3	20.7	21.5	23.7	22.6
Interest	266	221	231	306	293	401	427	371	1,024	1,491
Other Income	59	28	53	13	18	11	14	25	153	68
PBT before EO expense	3,161	2,626	2,035	3,017	3,559	3,281	2,779	2,928	10,839	12,546
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	3,161	2,626	2,035	3,017	3,559	3,281	2,779	2,928	10,839	12,546
Tax	744	586	485	698	1,033	943	748	791	2,514	3,515
Rate (%)	23.6	22.3	23.8	23.1	29.0	28.7	26.9	27.0	23.2	28.0
Reported PAT	2,416	2,040	1,550	2,317	2,525	2,338	2,031	2,137	8,322	9,031
Adj PAT	2,416	2,040	1,550	2,317	2,525	2,338	2,031	2,137	8,322	9,031
YoY Change (%)	40.7	-15.8	-43.2	-22.0	4.5	14.6	31.0	-7.8	-15.4	8.5
Margins (%)	18.9	16.9	15.1	16.3	16.4	14.8	13.1	14.0	16.9	14.6

Lupin**Sell****CMP: INR648 | TP: INR590 (-9%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- US sales expected to grow 6% YoY to USD192m due to new launches
- Outlook on US sales growth for FY24 on Ex-Spiriva basis
- Expect 4% YoY growth in DF sales
- Update on remediation measures to resolve regulatory issues at Pithampur plant

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	38,968	40,913	41,609	38,830	37,438	41,455	43,222	40,380	160,321	162,496
YoY Change (%)	10.5	6.7	5.4	2.6	-3.9	1.3	3.9	4.0	6.2	1.4
Total Expenditure	33,426	34,950	35,970	36,007	35,799	37,114	37,662	35,509	140,353	146,084
EBITDA	5,542	5,963	5,640	2,823	1,639	4,342	5,560	4,871	19,968	16,412
YoY Change (%)	9.0	2.6	-23.2	-60.1	-70.4	-27.2	-1.4	72.5	-21.1	-17.8
Margins (%)	14.2	14.6	13.6	7.3	4.4	10.5	12.9	12.1	12.5	10.1
Depreciation	2,088	2,116	2,034	1,982	1,928	2,035	2,204	2,007	8,220	8,174
EBIT	3,454	3,847	3,606	842	-289	2,307	3,356	2,864	11,748	8,238
YoY Change (%)	17.7	4.4	-26.5	-82.9	-108.4	-40.0	-6.9	240.3	-28.6	-29.9
Margins (%)	8.9	9.4	8.7	2.2	-0.8	5.6	7.8	7.1	7.3	5.1
Interest	335	344	334	415	428	549	841	839	1,428	2,657
Other Income	278	728	341	157	56	149	180	165	1,504	550
EO Exp/(Inc)	-4,106	26,279	1,942	1,435	-684	-188	234	0	-25,550	-638
PBT	7,503	-22,048	1,671	-852	23	2,096	2,461	2,190	37,374	6,770
Tax	2,023	-1,099	-3,820	4,267	891	751	885	539	1,372	3,066
Rate (%)	27.0	5.0	-228.7	-501.1	3,907.5	35.8	36.0	24.6	3.7	45.3
Minority Interest	-55	-32	-14	-61	-23	-47	-42	20	-183	-91
Reported PAT	5,425	-20,980	5,477	-5,179	-891	1,297	1,535	1,672	-15,280	3,612
Adj PAT	2,426	3,057	2,695	521	-1,552	1,177	1,684	1,672	8,699	2,980
YoY Change (%)	111.0	44.9	-32.8	-88.5	-164.0	-61.5	-37.5	220.6	-26.2	-65.7
Margins (%)	6.2	7.5	6.5	1.3	-4.1	2.8	3.9	4.1	5.4	1.8

Piramal Pharma**Buy****CMP: INR68 | TP: INR85 (25%)****EPS CHANGE (%): FY24|25: (-24.2)|(-25.7)**

- Expect sales to decline 18% YoY, dragged by CDMO segment
- EBITDA margin to expand due to positive operating leverage
- Progress on order wins for CDMO segment
- Outlook of CHG segment in terms of new market as well as market penetration

Consolidated - Quarterly Earning Model**INR m**

PPL Income statement (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenues	13,111	15,775	15,391	21,314	14,820	17,200	17,160	18,162	65,591	67,342
growth YoY(%)					13	9.0	11.5	-14.8		2.7
CDMO	6,450	8,860	9,220	14,169	7,700	9,400	10,210	9,518	39,600	36,828
CHG	4,680	5,000	4,910	5,087	5,080	5,620	5,140	5,782	20,020	21,622
ICH	2,080	1,820	1,670	1,645	2,110	2,270	2,140	2,372	7,410	8,892
Expenses	11,816	13,810	13,135	17,334	13,969	15,475	15,962	16,335	56,094	61,741
EBITDA*	1,295	1,966	2,256	3,980	851	1,726	1,197	1,827	9,497	5,601
margin (%)	9.9	12.5	14.7	18.7	6	10.0	7.0	10.1	14.5	8.3
growth YoY(%)					-34	-12.2	-46.9	-54.1		-41.0
Depreciation	1,358	1,381	1,472	1,652	1,617	1,662	1,644	1,642	5,862	6,565
EBIT	-63	585	784	2,328	-766	64	-447	184	3,635	-965
Other income	192	179	1,606	781	719	462	825	688	2,758	2,694
Interest expense	419	492	501	571	623	830	947	958	1,983	3,358
Share from Asso. Co	145	163	92	191	199	111	156	135	590	600
PBT	-145	436	1,981	2,729	-471	-193	-412	48	5,001	-1,028
EO Expenses/(gain)	151	-	-	-	680	70	324	-	151	1,074
Taxes	-16	70	347	689	-61	111	165	205	1,090	420
Tax Rate (%)	5.3	16.1	17.5	25.2	5	-42.2	-22.5	424.4	22.5	-20.0
Reported PAT	-280	366	1,634	2,041	-1,091	-373	-902	-157	3,760	-2,522
Adj. PAT	-137	366	1,634	2,041	-446	-274	-578	-157	3,879	-1,234
Change (%)					NA	NA	NA	NA		-167.1

E: MOSFL Estimates

Solara**Buy****CMP: INR328 | TP: INR400 (22%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Continued effort to increase traction in existing products/new launches/new markets to drive 13% YoY growth in sales
- Outlook on supply/demand dynamics in key products of the portfolio
- Better Operating leverage to drive 100bp YoY expansion in EBITDA margin
- Progress on product filing from Vizag for developed market

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	4,056	4,016	1,003	3,608	3,301	3,384	3,948	4,069	12,683	14,701
YoY Change (%)	16.4	1.0	-76.5	-18.8	-18.6	-15.7	293.4	12.8	-21.6	15.9
Total Expenditure	3,142	3,298	1,972	3,473	3,175	3,108	3,498	3,597	11,884	13,378
EBITDA	914	719	-968	135	126	276	450	472	800	1,323
YoY Change (%)	9.1	-26.4	-191.9	-86.3	-86.3	-61.6	-146.5	248.7	-79.3	65.4
Margins (%)	22.5	17.9	-96.5	3.7	3.8	8.1	11.4	11.6	6.3	9.0
Depreciation	277	284	284	278	281	286	280	285	1,123	1,133
Interest	190	170	178	215	225	220	236	235	753	916
Other Income	59	33	47	61	70	37	72	71	200	250
PBT before EO expense	507	298	-1,384	-297	-311	-193	5	23	-876	-476
Extra-Ord expense	6	1	15	13	0	0	0	0	35	0
PBT	501	297	-1,399	-310	-311	-193	5	23	-911	-476
Tax	0	0	0	-328	-147	-93	1	-19	-328	-257
Rate (%)	0.0	0.0	0.0	105.8	47.1	48.3	21.8	-82.0	36.0	54.0
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1
Reported PAT	501	297	-1,399	18	-164	-99	5	41	-581	-217
Adj PAT	507	298	-1,383	32	-164	-99	5	41	-547	-217
YoY Change (%)	20.0	-47.5	-310.2	-94.4	-132.4	-133.4	-100.3	31.3	-124.7	-60.2
Margins (%)	12.5	7.4	-137.9	0.9	-5.0	-2.9	0.1	1.0	-4.3	-1.5

Sun Pharma**Buy****CMP: INR983 | TP: INR1,220 (+24%)****EPS CHANGE (%): FY24|25: (0.8)|(0.7)**

- US sales expected to grow by 17% YoY to USD456m on the back of steady traction in specialty portfolio
- Update on NDA filing related to Concert pharma product
- DF sales are expected to grow 10% YoY
- Update on potential launches over next 12-15M

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	96,694	94,817	98,142	93,861	106,440	108,092	109,974	111,886	383,514	436,392
YoY Change (%)	29.5	12.1	11.8	11.3	10.1	14.0	12.1	19.2	15.7	13.8
Total Expenditure	69,775	69,196	72,461	72,674	80,230	77,542	82,341	83,019	284,107	323,133
EBITDA	26,919	25,621	25,680	21,187	26,209	30,550	27,632	28,867	99,407	113,259
YoY Change (%)	63.5	15.7	12.7	7.7	-2.6	19.2	7.6	36.3	22.6	13.9
Margins (%)	27.8	27.0	26.2	22.6	24.6	28.3	25.1	25.8	25.9	26.0
Depreciation	5,032	5,304	5,537	5,565	5,880	6,100	6,600	6,227	21,437	24,805
EBIT	21,887	20,317	20,144	15,622	20,329	24,450	21,033	22,640	77,970	88,453
YoY Change (%)	90.3	18.4	15.3	10.5	-7.1	20.3	4.4	44.9	29.3	13.4
Interest	351	360	190	373	137	194	462	381	1,274	1,174
Net Other Income	2,018	2,921	3,127	1,743	1,199	2,283	3,147	2,370	9,808	9,000
PBT before EO Exp	23,554	22,879	23,080	16,991	21,392	26,540	23,718	24,630	86,505	96,280
Less: EO Exp/(Inc)	5,512	1,514	-1,582	37,747	-1,457	2,415	-996	0	43,191	-38
PBT	18,042	21,365	24,662	-20,756	22,848	24,125	24,715	24,629	43,314	96,318
Tax	3,956	1,978	3,354	1,468	1,890	1,523	2,834	3,381	10,755	9,628
Rate (%)	16.8	8.6	14.5	8.6	8.8	5.7	11.9	13.7	12.4	10.0
PAT (pre Minority Interest)	14,087	19,387	21,308	-22,224	20,959	22,602	21,880	21,248	32,559	86,690
Minority Interest	-355	417	720	549	350	-21	220	251	1,331	800
Reported PAT	14,442	18,970	20,588	-22,773	20,609	22,623	21,660	20,998	31,228	85,890
Adj Net Profit*	19,954	20,484	19,006	15,821	19,152	25,037	20,664	20,999	75,265	85,852
YoY Change (%)	74.1	24.8	6.7	8.6	-4.0	22.2	8.7	32.7	24.9	14.1
Margins (%)	20.6	21.6	19.4	16.9	18.0	23.2	18.8	18.8	8.1	19.7

Torrent Pharmaceuticals**Neutral****CMP: INR1,537 | TP: INR1,590 (3%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- US sales expected to decline 2% YoY/stable QoQ at USD36m.
- Update on tender wins in Germany/new launches in Brazil.
- DF sales to grow 29% YoY, led by healthy performance by top therapies
- Update on MR productivity trend in DF market.

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

Y/E March	FY22				FY23E				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	21,340	21,370	21,080	21,290	23,090	22,910	24,910	24,949	85,080	95,859
YoY Change (%)	3.8	5.9	5.7	9.9	8.2	7.2	18.2	17.2	6.3	12.7
EBITDA	6,770	6,600	5,380	5,560	6,740	6,790	7,388	7,744	24,310	28,662
YoY Change (%)	0.0	3.9	-11.4	-4.5	-0.4	2.9	37.3	39.3	-2.8	17.9
Margins (%)	31.7	30.9	25.5	26.1	29.2	29.6	29.7	31.0	28.6	29.9
Depreciation	1,650	1,680	1,670	1,620	1,550	1,630	1,930	1,908	6,620	7,018
EBIT	5,120	4,920	3,710	3,940	5,190	5,160	5,458	5,836	17,690	21,644
YoY Change (%)	-0.8	4.7	-15.7	-5.5	1.4	4.9	47.1	48.1	-21.9	22.4
Margins (%)	24.0	23.0	17.6	18.5	22.5	22.5	21.9	23.4	20.8	22.6
Interest	680	710	620	570	550	690	1,020	866	2,550	3,126
Other Income	400	510	480	560	300	160	300	140	1,970	900
PBT before EO Expense	4,840	4,720	3,570	3,980	4,940	4,630	4,738	5,110	17,110	19,418
One-off expenses	0	0	0	4,850	-380	0	547	0	4,850	167
PBT after EO Expense	4,840	4,720	3,570	-870	5,320	4,630	4,191	5,110	12,260	19,251
Tax	1,540	1,560	1,080	310	1,780	1,510	1,360	1,510	4,490	6,160
Rate (%)	31.8	33.1	30.3	7.8	36.0	32.6	28.7	29.6	26.2	31.7
Reported PAT	3,300	3,160	2,490	-1,180	3,540	3,120	2,831	3,600	7,770	13,091
Adj PAT	3,300	3,160	2,490	2,667	3,287	3,120	3,200	3,600	11,617	13,206
YoY Change (%)	-2.1	1.9	-16.2	-17.7	-0.4	-1.3	28.5	35.0	-8.4	13.7
Margins (%)	15.5	14.8	11.8	12.5	14.2	13.6	12.8	14.4	13.7	13.8

Zydus Lifesciences**Neutral****CMP: INR493 | TP: INR460 (-6%)****EPS CHANGE (%): FY24|25: (0.3)|(0.4)**

- US sales expected to witness 34% YoY growth to USD254m
- Update on transdermal/injectable potential launches in US for FY24.
- DF sales expected to grow by 2% YoY
- Update on the progress of development of NCE products such as Saroglitazar Magnesium and others

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	40,018	37,848	36,398	38,638	40,727	41,347	43,623	47,909	152,652	173,606
YoY Change (%)	9.9	-0.9	-4.1	5.3	1.8	9.2	19.8	24.0	5.3	13.7
Total Expenditure	30,299	29,240	28,882	30,026	32,397	31,995	33,577	37,097	117,413	135,066
EBITDA	9,719	8,608	7,516	8,612	8,330	9,352	10,046	10,813	35,239	38,541
YoY Change (%)	19.2	-0.3	-6.9	1.4	-14.3	8.6	33.7	25.6	11.0	9.4
Margins (%)	24.3	22.7	20.6	22.3	20.5	22.6	23.0	22.6	23.1	22.2
Depreciation	1,733	1,848	1,770	1,854	1,807	1,818	1,816	1,841	7,130	7,282
EBIT	7,986	6,760	5,746	6,758	6,523	7,534	8,230	8,972	28,109	31,259
YoY Change (%)	25.1	-1.2	-8.3	0.2	-18.3	11.5	43.2	32.8	13.9	11.2
Margins (%)	20.0	17.9	15.8	17.5	16.0	18.2	18.9	18.7	18.4	18.0
Interest	273	301	311	385	343	351	328	340	1,270	1,362
Other Income	316	533	607	791	659	444	385	326	2,247	1,814
PBT before EO Income	8,029	6,992	6,042	7,164	6,839	7,627	8,287	8,958	29,086	31,711
EO Exp/(Inc)	0	957	0	1,435	29	1,199	486	0	705	1,714
PBT after EO Income	8,029	6,035	6,042	5,729	6,810	6,428	7,801	8,958	28,381	29,997
Tax	1,574	1,000	1,094	1,092	1,184	1,370	1,952	1,643	5,117	6,149
Rate (%)	19.6	16.6	18.1	19.1	17.4	21.3	25.0	18.3	18.0	20.5
Min. Int/Adj on Consol	-483	27	121	-513	-360	112	376	72	-848	200
Reported PAT	5,972	5,062	5,069	4,124	5,266	5,170	6,225	7,387	22,416	24,048
Adj PAT	5,972	5,860	5,069	5,285	5,290	6,114	6,589	7,386	22,079	25,501
YoY Change (%)	31.5	1.4	-3.9	19.1	-11.4	4.3	30.0	39.8	8.9	15.5
Margins (%)	14.9	15.5	13.9	13.7	13.0	14.8	15.1	15.4	14.5	14.7

Infrastructure

Company

G R Infraprojects

IRB Infrastructure Developers

KNR Constructions

Execution set to accelerate in the seasonally strongest quarter; order awarding picks up

Execution to be robust in line with a spurt in order inflows

- Execution is expected to gather momentum in 4QFY23 as the fourth quarter is generally the best period of the year for execution of infrastructure projects.
- Project awarding by agencies such as NHAI has picked up since 1HFY23 with 6,051km of projects being awarded to date (v/s only 800km of projects awarded until 1HFY23).
- With a spurt in project awarding by NHAI, order books of road construction companies are likely to spike on QoQ basis.
- Acceleration in execution along with stability in commodity prices will result in decent QoQ EBITDA growth for the companies.

FASTag toll collections continue to rise; focus remains on asset monetization

- FASTag toll collections have been robust and grew 31% YoY in Jan-Feb'23, taking the total FASTag collections to ~INR491b in 11 months of FY23. Improving traffic movement and FASTag implementation are leading to strong toll collections.
- A rise in toll collections is critical for faster monetization of road assets by the Ministry of Road and Transport and would also help the companies that are looking to monetize their existing toll assets.
- NHAI has been able to monetize its road assets via InvIT. NHAI InvIT raised a sum of INR14.3b in Oct'22 for part funding its acquisitions of three additional road projects stretching 246km. Further, NHAI plans to monetize 1,987 km of highways in FY24 through ToT and Infrastructure Investment Trust (InvIT) modes.

Execution to improve for our Coverage Universe in 4QFY23

- We expect revenue for our Coverage Universe to rise 4% YoY/15% QoQ in 4QFY23.
- We project operating profit for our Coverage Universe to improve 4% YoY/11% QoQ in 4QFY23 driven by higher execution and stable input costs.
- We forecast net profit for our Coverage Universe to decline 11% YoY/increase 25% QoQ during the quarter.

Margins to remain under check as steel prices rise in 4QFY23

- Steel prices declined at end-3QFY23 from Apr'22 level due to imposition of export duty on iron and steel by the Government of India. The duty has been removed in Nov'22 and accordingly, steel prices have risen 6% QoQ in 4QFY23.
- Further, cement prices have risen ~5% from their lows in Jul'22 and have remained flattish QoQ.
- Most of the contractors expect some improvement in profitability in 4QFY23.

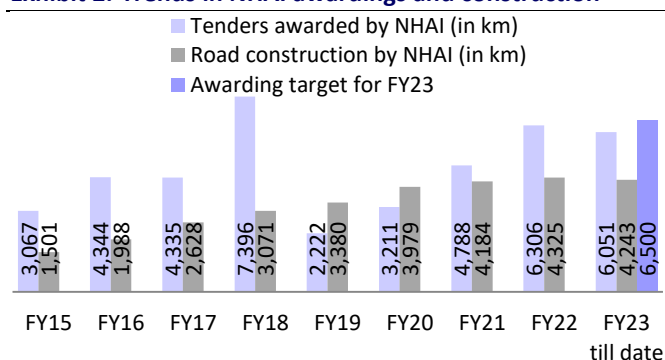
Diversified players with strong order book and balance sheet well placed

- Players with decent order books, strong balance sheets and presence in two or more segments are better placed to capitalize on the opportunity.

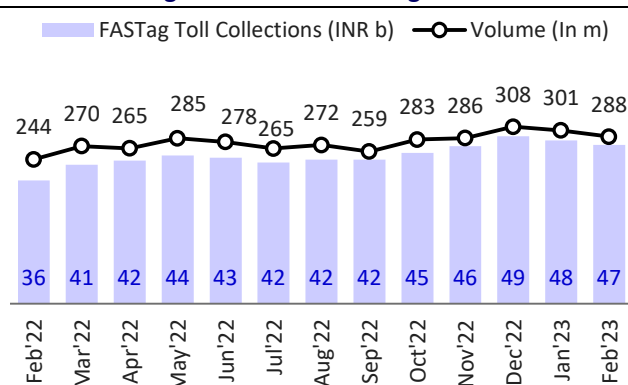
- KNRC is our top pick in the sector. We like KNRC owing to its net cash balance sheet on account of its: a) already monetized HAM projects, b) strong order book, c) robust execution capabilities, and d) healthy margin profile.

Exhibit 1: Summary of expected quarterly performance

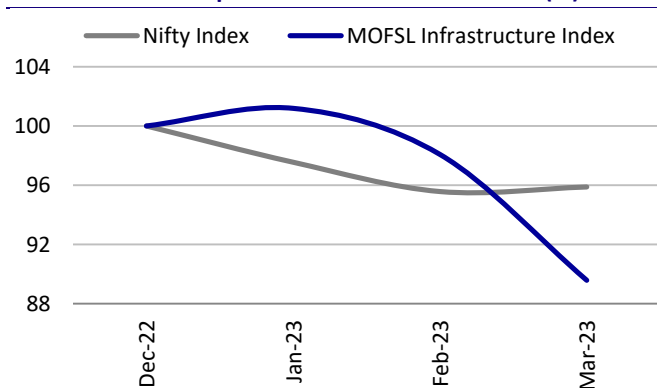
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
G R Infraproject	1003	Buy	21,249	-6.3	11.9	3,152	-21.8	13.8	2,009	-24.3	15.3
IRB Infra	25	Neutral	17,611	22.8	16.3	8,040	25.3	8.0	1,853	6.2	31.1
KNR Constructions	254	Buy	9,871	-2.3	18.9	1,834	-11.8	17.5	1,069	-5.2	37.6
Infrastructure			48,731	3.4	14.8	13,027	4.0	10.6	4,930	-10.8	25.4

Exhibit 2: Trends in NHAI awardings and construction

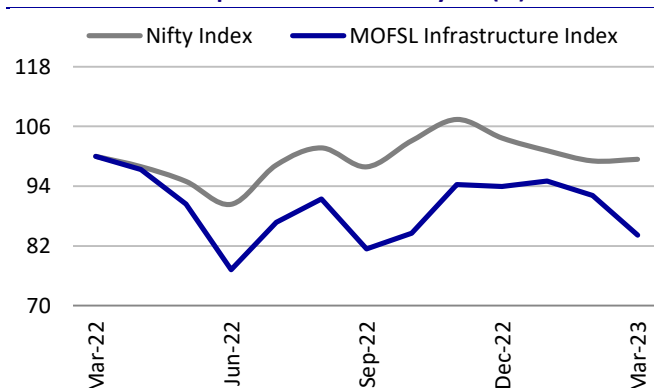
Source: NHAI, MOFSL

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 valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Infrastructure						15.8	14.3	12.6	1.5	1.4	1.3	9.6	9.7	10.0
G R Infraproject	1,003	Buy	89.0	92.8	106.1	11.3	10.8	9.5	1.9	1.6	1.4	17.9	15.8	15.5
IRB Infra	25	Neutral	1.3	1.4	1.7	19.6	17.4	14.7	1.2	1.1	1.0	6.0	6.5	7.3
KNR Constructions	254	Buy	14.0	16.5	17.6	18.1	15.4	14.4	2.6	2.3	2.0	15.9	15.8	14.5

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.

G R Infraprojects

Buy
CMP: INR1,003 | TP: INR1,380 (+38%)
EPS CHANGE (%): FY23 | 24: -1% | -3%

- Expect revenue to decline 6% YoY to INR21.2b in 4QFY23. Execution to be muted as the ramp up of projects would take time.
- Expect adjusted PAT to decrease ~24% YoY to INR2b. Muted execution and lower margins will hit profitability.
- Expect EBITDA at ~INR3.1b, with EBITDA margin of 14.8%. EBITDA margin to be under pressure on elevated costs.
- Commentaries on order inflows and monetization of assets through the InvIT route are the key monitorables.

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	21,332	16,995	18,184	22,681	24,767	17,772	18,988	21,249	79,192	82,775
YoY Change (%)	73.2	45.5	(17.9)	(13.7)	16.1	4.6	4.4	(6.3)	9.3	4.5
EBITDA	3,454	2,779	2,548	4,030	4,864	2,600	2,769	3,152	12,811	13,385
Margin (%)	16.2	16.4	14.0	17.8	19.6	14.6	14.6	14.8	16.2	16.2
Depreciation	666	710	823	617	634	620	612	615	2,816	2,482
Interest	388	311	297	273	269	236	248	264	1,269	1,017
Other Income	302	339	351	331	320	519	421	413	1,324	1,672
PBT before EO expense	2,702	2,098	1,779	3,470	4,281	2,263	2,329	2,685	10,050	11,558
Extra-Ord. expense	-	-	(31)	-	-	-	-	-	(31)	-
PBT	2,702	2,098	1,779	3,470	4,281	2,263	2,329	2,685	10,050	11,558
Tax	666	467	459	819	1,069	620	588	676	2,411	2,953
Rate (%)	24.7	22.3	25.8	23.6	25.0	27.4	25.2	25.2	24.0	25.6
Reported PAT	2,036	1,630	1,290	2,652	3,211	1,643	1,742	2,009	7,608	8,605
Adj. PAT	2,036	1,630	1,321	2,652	3,211	1,643	1,742	2,009	7,639	8,605
YoY Change (%)	186.8	15.6	(58.9)	7.2	57.7	0.8	31.9	(24.3)	(2.1)	12.6
Margin (%)	9.5	9.6	7.3	11.7	13.0	9.2	9.2	9.5	9.6	10.4

IRB Infrastructure Developers

Neutral
CMP: INR25 | TP: INR25 (1%)
EPS CHANGE (%): FY23 | 24: 3% | -7%

- Expect 40% YoY growth in construction revenue and ~11% YoY decline from BOT projects.
- Expect adjusted PAT at INR1.8b (+6% YoY). Lower associate losses to support PAT.
- Expect operating margin at 45.7%. IRB to be cautious while bidding for projects due to aggressive bidding in NHAI projects.
- New order wins in the construction segment and progress on the newly won Ganga Expressway project are key monitorables.

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	16,257	14,652	12,791	14,336	19,246	13,430	15,141	17,611	58,037	65,527
YoY Change (%)	59.0	30.4	(17.3)	(10.7)	18.4	(8.3)	18.4	22.8	9.5	12.7
Total Expenditure	9,258	7,476	5,407	7,920	8,639	6,778	7,695	9,571	30,062	32,684
EBITDA	6,999	7,176	7,384	6,416	10,606	6,651	7,446	8,040	27,975	32,744
Margin (%)	43.1	49.0	57.7	44.8	55.1	49.5	49.2	45.7	48.2	50.0
Depreciation	1,364	1,652	1,924	1,889	2,031	1,919	2,150	1,917	6,828	8,016
Interest	4,675	4,770	5,471	3,990	3,850	3,893	3,671	3,943	18,906	15,356
Other Income	448	392	2,187	2,491	708	959	560	561	5,517	2,789
PBT	1,407	1,147	2,176	3,028	5,434	1,799	2,185	2,743	7,758	12,160
Tax	349	368	487	679	1,468	702	646	687	1,882	3,503
Rate (%)	24.8	32.1	22.4	22.4	27.0	39.0	29.6	25.1	24.3	28.8
Share of profit in Associates	(340)	(356)	(962)	(604)	(334)	(244)	(125)	(203)	(2,262)	(905)
Reported PAT	719	423	727	1,745	3,632	853	1,414	1,853	3,614	7,752
Adj. PAT	719	423	727	1,745	3,632	853	1,414	1,853	3,614	7,752
YoY Change (%)	NA	NA	4.6	79.0	405.1	101.7	94.5	6.2	208.5	114.5
Margin (%)	4.4	2.9	5.7	12.2	18.9	6.4	9.3	10.5	6.2	11.8

KNR Constructions**Buy****CMP: INR254 | TP: INR295 (+16%)****EPS CHANGE (%): FY23|24: +1%|-4%**

- Expect revenue of INR9.9b (-2% YoY) during the quarter. Execution is likely to improve ~19% QoQ.
- Expect adjusted PAT at ~INR1b (-5% YoY).
- Expect EBITDA at INR1.8b and operating margin to contract 200bp YoY due to higher costs and lower execution of high-margin irrigation projects.
- Updates on 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	8,474	8,302	9,871	32,726	35,553
YoY Change (%)	54.4	25.7	11.7	8.0	20.4	12.2	8.3	-2.3	21.1	8.6
Total Expenditure	5,967	5,880	6,074	8,027	7,256	6,586	6,742	8,037	25,949	28,620
EBITDA	1,433	1,675	1,589	2,080	1,650	1,888	1,560	1,834	6,777	6,933
Margin (%)	19.4	22.2	20.7	20.6	18.5	22.3	18.8	18.6	20.7	19.5
Depreciation	269	320	358	399	327	366	381	386	1,346	1,460
Interest	79	72	64	60	69	84	160	114	274	427
Other Income	48	105	78	185	91	76	59	95	417	320
Extra-Ord. expense	0	0	214	0	0	0	1,380	0	214	1,380
PBT	1,133	1,389	1,246	1,806	1,345	1,514	1,079	1,429	5,574	5,366
Tax	403	437	452	679	336	438	840	360	1,970	1,974
Rate (%)	35.5	31.4	36.3	37.6	25.0	28.9	77.9	25.2	35.3	36.8
Reported PAT	730	952	1,008	1,128	1,008	1,076	1,619	1,069	3,818	4,772
Adj. PAT	730	952	794	1,128	1,008	1,076	777	1,069	3,604	3,930
YoY Change (%)	83.5	61.9	2.3	46.5	38.1	13.0	-2.1	-5.2	42.4	9.1
Margin (%)	9.9	12.6	10.4	11.2	11.3	12.7	9.4	10.8	11.0	11.1

Logistics

Company

Blue Dart Express
Container Corporation of India
Mahindra Logistics
Transport Corporation of India
TCL Express Ltd

A spurt in logistics activity to drive revenue growth, margins to improve QoQ

Daily e-way bill generations rise in Jan-Feb'23; railway traffic and port volumes continue to improve YoY

- Logistics activity in India picked up in Jan-Feb'23, with daily average e-way bill generations rising 19% YoY. Fleet utilization stood at 80-85% during the quarter. Daily average FASTag toll collections rose 31% YoY in Jan-Feb'23.
- In Jan-Feb'23, traffic handled by the Indian Railways grew 4% YoY to 589 MT.
- EXIM container volumes handled by the Indian Railways were up ~6% YoY in Jan-Feb'23.
- Market share of Indian Railways in EXIM containers increased to 36% as of Feb'23 (from 34.6% in Feb'22). Domestic container volumes handled by the Railways also improved ~3% YoY in Jan-Feb'23.
- After clocking 5% YoY growth in 3QFY23, port volumes continued the uptrend with 12% YoY growth in Jan-Feb'23 to 135.7 MT. Decline in commodity prices, re-opening of Chinese market and lower freight rates have aided volume growth.

Freight rates remain stable amid high cost of operations

- The high cost of operations and elevated retail fuel prices ensured stable freight rates during 4QFY23. As the cost of operations for fleet operators will remain high (diesel prices, cost of trucks, etc.) and along with high compliance costs, the freight rates are expected to remain firm.
- With improved volumes and stable diesel prices, margins are likely to improve slightly for organized players.

Rise in logistics activity to support growth of organized players

- We expect our Coverage Universe to report sales growth of 13% YoY (+4% QoQ), EBITDA growth of 6% YoY (+13% QoQ), and PAT growth of 8% YoY (+12% QoQ).
- We forecast companies such as Transport Corporation of India Ltd (TCI) to report sales growth of 10% YoY. Pick-up in logistics activity (as reflected by e-way bills and FASTag toll collections) and gradual rise in auto volumes should support growth in its freight and supply chain division.

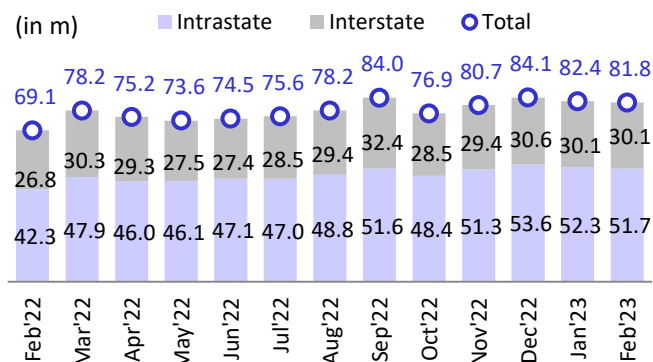
Consumer preference is shifting towards organized and integrated service providers

- Medium-term revenue growth would continue to be driven by demand from varied segments such as e-commerce, FMCG, pharmaceuticals, and industrial goods as well as the industry's paradigm shift towards organized logistics post-implementation of GST, e-way bills and e-invoicing.
- Industry preferences are shifting towards integrated supply-chain services and other sophisticated solutions such as inventory optimization and data analytics from isolated offerings such as transportation or warehousing.
- The logistics outlook remains robust with government-led reforms, changing industry preferences and newer business segments (e-commerce, network services).

Exhibit 1: Summary of expected quarterly performance

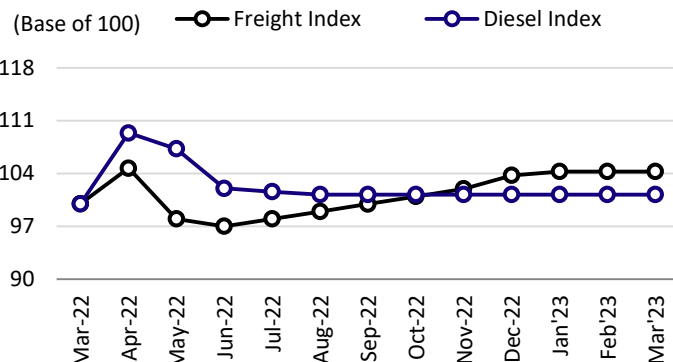
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Blue Dart Express	6204	Neutral	13,133	12.6	-1.8	1,553	-28.8	3.1	877	-35.2	0.9
Concor	581	Buy	21,949	7.4	10.4	5,090	23.3	19.4	3,475	35.3	17.2
Mahindra Logistics	354	Neutral	13,769	26.5	3.6	663	28.9	5.7	53	-28.9	278.3
TCI Express	1493	Buy	3,284	10.1	4.5	524	4.4	13.8	389	8.3	21.5
Transport Corp.	628	Buy	9,907	10.4	2.5	1,210	1.4	5.7	831	-2.7	-3.1
Logistics			62,042	12.9	4.5	9,039	6.1	13.0	5,626	8.0	11.9

Exhibit 2: E-way bill generations



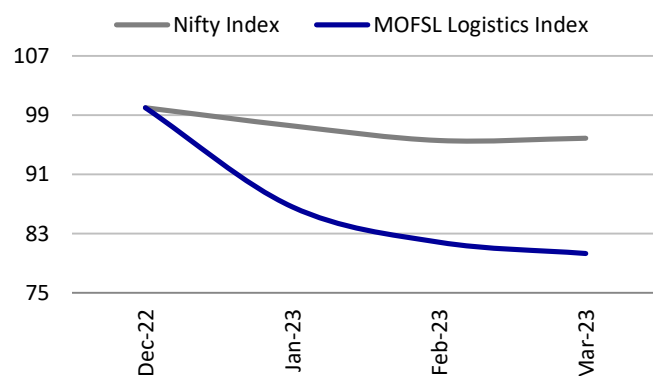
Source: IFTRT, MOFSL

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



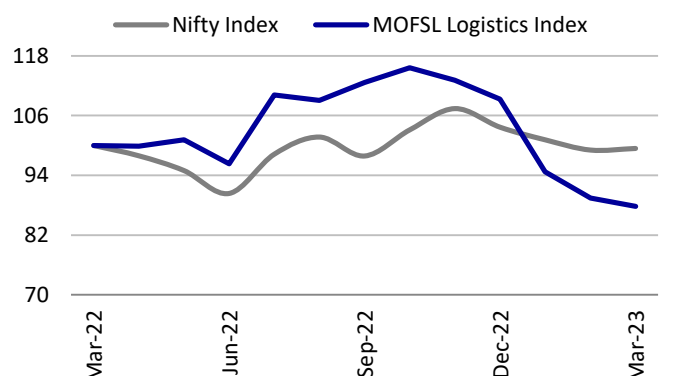
Source: IFTRT, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 6: Comparative valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Logistics						29.9	24.8	20.2	4.1	3.7	3.4	13.7	15.1	16.7
Blue Dart Express	6,204	Neutral	161.7	187.4	247.0	38.4	33.1	25.1	12.1	9.5	7.3	35.3	32.2	32.9
Concor	581	Buy	20.3	24.6	29.1	28.6	23.6	20.0	3.1	3.0	2.8	11.2	12.9	14.5
Mahindra Logistics	354	Neutral	4.5	11.8	19.0	78.3	30.0	18.6	4.2	3.8	3.2	5.4	13.2	18.6
TCI Express	1,493	Buy	36.5	43.8	51.5	40.9	34.1	29.0	9.4	7.7	6.3	24.4	24.7	23.7
Transport Corp.	628	Buy	41.4	46.5	56.5	15.2	13.5	11.1	2.8	2.4	2.0	19.9	18.7	19.0

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: INR6,204 | TP: INR6,870 (+11%)
EPS CHANGE (%): FY23 | 24: - | -13%

- Expect revenue to increase 13% YoY to INR13.1b in 4QFY23.
- Expect adjusted PAT to decline 35% YoY to INR877m.
- Expect EBITDA at INR1.5b, with EBITDA margin rising 55bp QoQ to 11.8% due to price hike and decrease in aviation turbine fuel-price (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	13,253	13,371	13,133	44,090	52,690
YoY Change (%)	108.8	30.0	21.2	20.7	49.6	18.0	6.6	12.6	34.4	19.5
EBITDA	834	1,986	2,039	2,179	1,908	1,627	1,506	1,553	7,038	6,593
Margin (%)	9.6	17.7	16.2	18.7	14.7	12.3	11.3	11.8	16.0	12.5
YoY Change (%)	-170.6	34.6	17.6	25.3	128.7	-18.0	-26.1	-28.8	86.9	-6.3
Depreciation	430	433	430	394	397	419	414	458	1,687	1,689
Interest	68	59	54	59	47	42	42	44	241	174
Other Income	58	64	78	85	102	121	139	121	285	484
PBT before EO expense	394	1,558	1,632	1,811	1,566	1,288	1,189	1,172	5,395	5,215
Extra-Ord. expense	0	360	0	0	0	0	0	0	360	0
PBT	394	1,198	1,632	1,811	1,566	1,288	1,189	1,172	5,035	5,215
Tax	100	303	410	457	394	368	320	295	1,271	1,377
Rate (%)	25.4	25.3	25.1	25.2	25.2	28.5	26.9	25.2	25.2	26.4
Reported PAT	294	895	1,222	1,354	1,172	920	869	877	3,764	3,838
Adj. PAT	294	1,254	1,222	1,354	1,172	920	869	877	4,124	3,838
YoY Change (%)	NA	66.0	43.0	52.0	298.9	-26.6	-28.9	-35.2	237.6	-6.9
Margin (%)	3.4	11.2	9.7	11.6	9.1	6.9	6.5	6.7	9.4	7.3

Container Corp. of India (CONCOR)

Buy
CMP: INR581 | TP: INR720 (+24%)
EPS CHANGE (%): FY23 | 24: +3% | -6%

- Expect volumes to increase ~7% YoY.
- Expect EBITDA margin to expand YoY by 300bp to 23.2%.
- Expect Adj PAT to increase to INR3.5b (+35% YoY) on higher volumes and realization.
- Expect EXIM/domestic volumes to grow 5%/11% YoY
- Growth in EXIM trade and progress on commissioning of the DFC in key areas are key monitorables.

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	19,707	19,884	21,949	75,945	81,323
YoY Change (%)	52.0	21.4	9.5	5.3	9.4	8.0	3.6	7.4	18.9	7.1
EBITDA	4,335	4,265	4,556	4,127	4,723	4,986	4,264	5,090	17,283	19,063
Margin (%)	24.0	23.4	23.7	20.2	23.9	25.3	21.4	23.2	22.8	23.4
YoY Change (%)	172.6	36.3	22.5	118.4	9.0	16.9	-6.4	23.3	67.3	10.3
Depreciation	1,303	1,362	1,324	1,309	1,312	1,341	1,357	1,343	5,298	5,353
Interest	139	135	132	140	139	143	142	146	546	570
Other Income	555	750	632	694	629	520	1,136	1,046	2,631	3,331
PBT before EO expense	3,448	3,518	3,733	3,372	3,901	4,022	3,901	4,647	14,071	16,472
Extra-Ord. expense	0	1	0	0	0	0	0	0	1	0
PBT	3,448	3,517	3,733	3,372	3,901	4,022	3,901	4,647	14,070	16,472
Tax	899	876	867	804	988	994	936	1,172	3,447	4,090
Rate (%)	26.1	24.9	23.2	23.8	25.3	24.7	24.0	25.2	24.5	24.8
Reported PAT	2,549	2,641	2,865	2,568	2,913	3,028	2,965	3,475	10,623	12,382
Adj. PAT	2,549	2,641	2,865	2,568	2,913	3,028	2,965	3,475	10,624	12,382
YoY Change (%)	313.4	40.8	20.5	158.1	14.3	14.7	3.5	35.3	81.1	16.5
Margin (%)	14.1	14.5	14.9	12.6	14.7	15.4	14.9	15.8	14.0	15.2

Mahindra Logistics**Neutral****CMP: INR354 | TP: INR360 (+2%)****EPS CHANGE (%): FY23|24: -5%|-11%**

- Expect revenue to rise 26% YoY to INR13.8b.
- Expect adjusted PAT at INR53m (-29% YoY) on account of flattish margins and consolidation phase of the acquired businesses in the network service segment.
- Expect EBITDA at INR663m (+29% YoY) and slight improvement in operating margin QoQ.
- Integration of business like Rivigo and outlook on MM's auto segment sales to be the key focus areas.

Quarterly snapshot**Y/E March (INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,832	10,331	11,360	10,885	11,999	13,263	13,296	13,769	41,408	52,327
YoY Change (%)	115.2	24.1	8.5	11.8	35.9	28.4	17.0	26.5	26.9	26.4
EBITDA	406	470	453	514	657	676	627	663	1,843	2,624
Margin (%)	4.6	4.6	4.0	4.7	5.5	5.1	4.7	4.8	4.5	5.0
YoY Change (%)	NA	26.0	-14.4	11.5	61.8	43.8	38.4	28.9	37.3	42.4
Depreciation	303	346	375	393	409	436	498	497	1,417	1,840
Interest	62	69	75	91	89	107	150	140	298	486
Other Income	21	23	29	63	31	34	56	36	136	156
PBT	61	78	32	94	190	167	36	62	263	454
Tax	31	31	21	31	53	47	19	17	113	136
Rate (%)	50.2	39.2	64.1	32.9	28.1	28.5	53.0	26.8	42.8	30.0
Minority Interest/Associates	3	5	6	11	-1	3	-3	7	25	6
Reported PAT	33	52	18	74	135	122	14	53	176	324
Adj. PAT	33	52	18	74	135	122	14	53	176	324
YoY Change (%)	NA	-65.0	-90.3	-51.7	310.9	132.2	-21.5	-28.9	-46.4	84.3
Margin (%)	0.4	0.5	0.2	0.7	1.1	0.9	0.1	0.4	0.4	0.6

Transport Corporation of India**Buy****CMP: INR628 | TP: INR790 (+26%)****EPS CHANGE (%): FY23|24: +1%|+5%**

- Expect revenue to rise 10% YoY to INR9.9b, led by growth in freight/supply chain/seaways segments
- Expect adjusted PAT at INR831m (-3% YoY) in 4QFY23.
- Expect EBITDA at INR1.2b (+1% YoY) and ~40bp improvement in operating margin QoQ.
- Update on purchase of a new ship is a key monitorable.

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	9,321	9,667	9,907	32,567	37,924
YoY Change (%)	71.6	18.4	3.8	0.6	29.7	13.0	15.4	10.4	16.2	16.4
EBITDA	758	1,045	1,092	1,193	1,041	960	1,144	1,210	4,087	4,354
Margin (%)	10.9	12.7	13.0	13.3	11.5	10.3	11.8	12.2	12.6	11.5
YoY Change (%)	147.3	67.9	37.0	34.6	37.4	-8.2	4.8	1.4	56.5	6.5
Depreciation	247	256	255	371	289	300	314	324	1,130	1,227
Interest	47	33	26	22	23	25	26	21	128	95
Other Income	41	29	53	76	53	74	71	57	199	255
PBT before EO expense	504	785	864	875	782	708	875	923	3,028	3,286
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	504	785	864	875	782	708	875	923	3,028	3,286
Tax	64	96	108	109	93	116	110	124	377	444
Rate (%)	12.7	12.3	12.5	12.4	11.9	16.4	12.6	13.4	12.4	13.5
Minority Interest	-6.0	-7.5	-7.5	-9.8	-8.4	-6.6	-8.2	-7.7	-32.1	-30.9
Profit/Loss of Asso. Cos	35	73	72	97	98	138	102	40	277	378
Reported PAT	469	754	821	854	777	723	858	831	2,896	3,190
Adj. PAT	469	754	821	854	777	723	858	831	2,896	3,190
YoY Change (%)	1,049	106.0	57.0	27.0	65.9	-4.1	4.5	-2.7	80.8	10.1
Margin (%)	6.7	9.1	9.8	9.5	8.6	7.8	8.9	8.4	8.9	8.4

TCI Express

Buy

CMP: INR1,493 | TP: INR1,750 (+17%)

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

- Expect revenue to increase 10% YoY to INR3.3b.
- Expect adjusted PAT to increase to INR389m (+8% YoY).
- Expect EBITDA at INR524m; forecast margin to expand 130bp QoQ on higher volumes and lower fuel prices.
- Outlook on B2B express segment and competitive scenario to be monitored.

Quarterly performance

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,229	2,734	2,869	2,982	2,904	3,099	3,144	3,284	10,815	12,432
YoY Change (%)	151.2	28.4	9.3	6.6	30.3	13.3	9.6	10.1	28.1	15.0
EBITDA	321	453	472	502	428	515	461	524	1,747	1,928
Margin (%)	14.4	16.6	16.4	16.8	14.7	16.6	14.7	16.0	16.2	15.5
YoY Change (%)	1,480.3	39.0	4.1	-7.7	33.4	13.7	-2.3	4.4	30.1	10.3
Depreciation	22	24	22	32	33	35	43	33	100	144
Interest	1	3	2	3	3	4	4	4	9	15
Other Income	16	24	21	21	19	23	13	32	82	87
PBT before EO expense	314	450	468	489	411	499	427	520	1,720	1,857
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	314	450	468	489	411	499	427	520	1,720	1,857
Tax	76	109	117	129	101	121	106	131	432	459
Rate (%)	24.3	24.3	25.0	26.4	24.5	24.3	24.9	25.2	25.1	24.7
Reported PAT	238	340	351	359	310	378	320	389	1,288	1,397
Adj. PAT	238	340	351	359	310	378	320	389	1,288	1,397
YoY Change (%)	2,483	44.9	4.5	-15.6	30.5	11.0	-8.8	8.3	28.1	8.5
Margin (%)	10.7	12.4	12.2	12.0	10.7	12.2	10.2	11.8	11.9	11.2

Metals

Company

Coal India

Hindalco Industries

Hindustan Zinc

Jindal Steel & Power

JSW Steel

NMDC

National Aluminum Co.

Steel Authority of India

Tata Steel

Vedanta

Removal of export duty, strong domestic demand and opening up of China bring relief

Metals sector to report healthy performance

The metals sector is likely to post sequential growth of 7%/35%/104% in revenue/EBITDA/APAT, driven by: 1) higher volumes, 2) improvement in ASP, and 3) stable costs. We expect ferrous companies to report strong profitability. We also have a positive outlook on non-ferrous and mining companies. We reiterate our **BUY ratings** on JSP, HNDL, COAL and NMDC on the back of robust domestic demand from infrastructure, construction and power sectors, coupled with strong export demand from Europe and an increase in commodity prices during the quarter.

The metals and mining sector has been facing challenges for last two quarters due to surging key input prices, the imposition of export duty, global supply chain bottlenecks due to the Russia-Ukraine conflict, Covid-related restrictions in China, fears of a recession in western countries, and higher interest rates. However, the removal of export duty by India, the removal of Covid restrictions in China after a gap of nearly three years, reassuring housing data from USA and UK, the thrust given by the Chinese government to the real estate sector, anticipation of all-time high power demand in Apr-May'23, a quick bailout by the governments to curb the recent banking crisis in the USA and Europe and a strong boost to the domestic infrastructure sector should significantly drive demand for steel products. In 4QFY23, the domestic HRC price has increased by 6% QoQ to INR59,189/t, the rebar price has risen by 9% to INR61,312/t, and the CRC price has increased by 2% to INR64,068/t.

Steel: We expect the steel sector to report strong profitability on the back of improved volumes, increased ASP and stable costs. The rollback of export duties on steel, iron ore and pellets have reopened export markets, and domestic steel manufacturers are gradually increasing their exports, especially to the Middle East and Europe. Prices of key raw materials, such as coking coal and iron ore, have cooled off from their highs and are down 30% and 20% YoY, respectively. Though the coking coal price surged to over USD400/t in Jan-Feb '23, it has eased to below USD330/t (currently USD317/t) and is expected to remain flat on consumption basis. The primary HRC price improved by ~INR3,600/t and Rebar improved by ~INR5,065/t on a sequential basis. During the quarter, rebar commanded a premium over HRC and was driven by strong demand from the construction sector. The increase in ASP, a better product mix and higher volumes driven by strong domestic demand would lead to ~INR2,000-2,500/t improvement in EBITDA/t.

Domestic demand is robust in India, and since 4Q is the strongest quarter for steel demand, domestic steel mills are not facing demand constraints in the domestic market. A strong thrust from infrastructure, railways and construction, along with numerous government projects under the advanced stage or near completion stage, should drive steel demand in India. After the roll back of export duty, Indian steel manufacturers have slowly started scouting for the Middle Eastern and European

markets, where they command higher premiums. During 4QFY23, the HRC price in international (export) markets improved 22% QoQ to USD678/t. The recent earthquake in Turkey has also opened up markets, especially in Europe, which was flooded with Turkish steel. Finished steel production in India during Apr'22-Feb'23 was up 5.7% YoY to 108.1mt and consumption improved by 9.8% to 105.7mt. Currently, domestic prices are at a discount to international prices, which should help curb imports.

The removal of export duty in Nov '22 is already showing positive signs, and NMDC has already taken three price hikes in 4QFY23. NMDC increased the lump price by INR400/t and the fines price by INR1,200/t, which eventually narrowed down the premium between lumps and fines to INR390/t from a high of INR1,190/t. Domestic steel demand is looking up, with the government's focus on infrastructure development and the opening up in China. Many steel players are adding capacity, which should drive demand for iron ore for next few years.

Non-ferrous: FY23 started on a strong note for non-ferrous, with prices of copper/aluminum/zinc/ nickel touching highs of ~USD10,475/USD3,600/USD4,525/ USD37,200 per tonne, as high energy costs and logistic bottlenecks supported the rally in non-ferrous. However, due to fears of a recession and Covid-related restrictions in China, non-ferrous prices corrected over last two quarters. As China is the largest consumer of non-ferrous metals, their prices have rallied recently due to the reopening of China's economy. On a sequential basis, aluminum/copper/nickel/ lead/zinc prices rose 3%/11%/2%/2%/4%.

Mining: The e-auction premium for COAL has been high since the beginning of the Russia-Ukraine conflict. We note that COAL's e-auction reforms in e-auction process by unifying all the e-auction processes have led to higher premiums. COAL has exceeded its yearly production target of 700mt, with its FY23 production at 703.2mt (up 12.9% YoY) and dispatches at 694.8mt (up 4.9% YoY). COAL targets even higher production and dispatches in FY24/25 given its strategy of opening more mines through the MDO route. NMDC is also planning to expand its capacity from 50mt to 70mt on back of strong domestic demand and higher exports of pellets. We have a BUY rating on NMDC and COAL in the mining space.

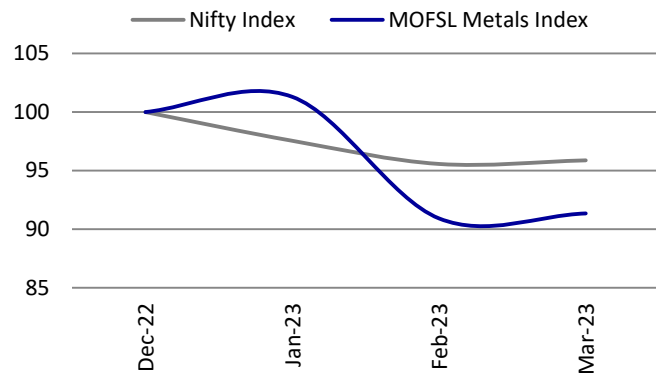
Ferrous prices rise as demand improves

- FY23 started on a negative note with the double whammy of the imposition of export duty and the Russia-Ukraine conflict. This severely affected metal prices, which corrected from their all-time highs seen in Apr'22.
- However, after struggling for two quarters, domestic steel prices improved in 4QFY23. The quarterly average HRC price rose 6% QoQ to INR59,189/t, while the rebar price was up by 9% QoQ to ~61,312/t.
- Rebar commanded a premium over HRC on the back of robust demand from the infrastructure and construction sector. Steel prices in international markets also improved in the range of 10-12% QoQ.
- After the rollback of export duty, Indian manufacturers started exporting to European and Middle Eastern countries and exports have gradually started clawing back to pre-Covid levels.

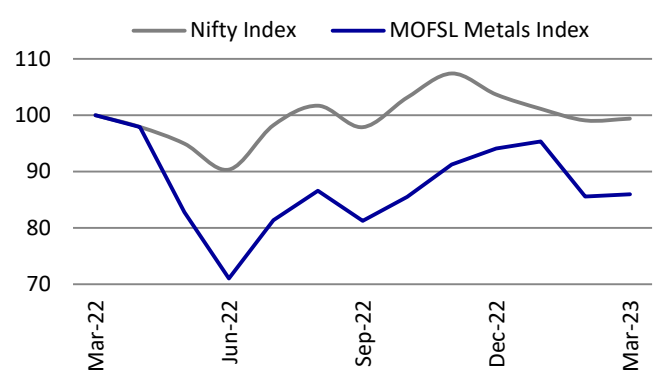
- The price of coking coal, one of the key inputs for the steel industry, has corrected to below USD330/t (USD317/t as on date) after surging to over USD400/t during the quarter. Steel manufacturers in India usually carry inventory of two to four months; hence, we do not foresee any major impact of the increase in coking coal prices in the near term.
- NMDC also hiked prices on three occasions; however, integrated companies such as TATA and JSTL will not be affected as they have their own captive mines.
- Thermal coal prices rallied during the quarter, but they eased at the end of the quarter thanks to improved supply of thermal coal from Australia, warmer-than-expected winters in Europe and a reduction in natural gas prices, which led to power plants in Europe shifting from coal-based power generation to natural gas-based power generation, thereby easing stress on thermal coal. The thermal coal price has eased to USD150/t after crossing USD200/t in Jan '23.

Non-ferrous: Opening up of China drives prices

- Though FY23 started on a strong note, a mixed global outlook and cautious optimism set the tone for the second and third quarters. Prices of non-ferrous metals corrected from their peaks; however, with China opening up in 4QFY23 and a pickup in global demand led to improvements in non-ferrous prices.
- As China is the largest consumer of non-ferrous metals, their prices have rallied recently due to the reopening of China's economy. On a sequential basis, prices of aluminum/Copper/Nickel/Lead/zinc rose 3%/11%/2%/2%/4%.

Exhibit 1: Relative performance – three months (%)

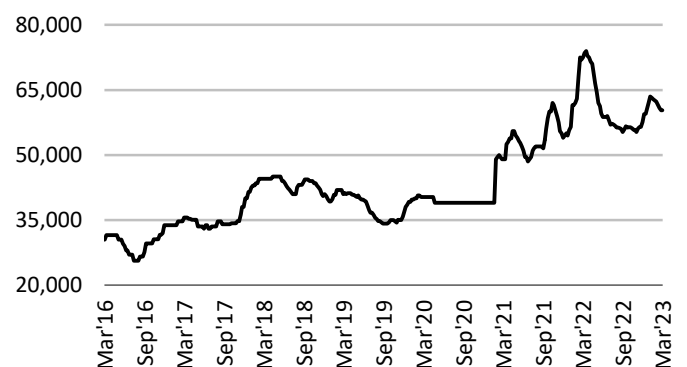
Sources: Bloomberg, MOFSL

Exhibit 2: Relative performance – one year (%)

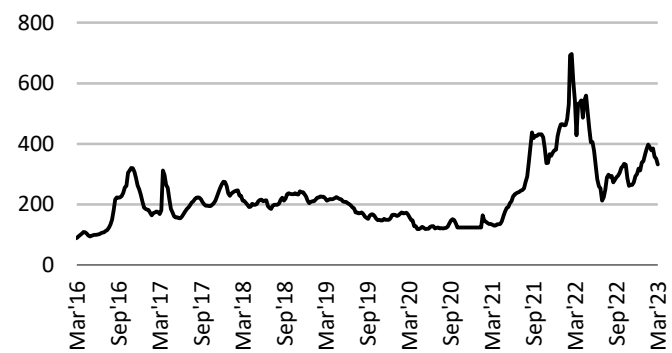
Sources: Bloomberg, MOFSL

Exhibit 3: Domestic HRC price improved 6% QoQ

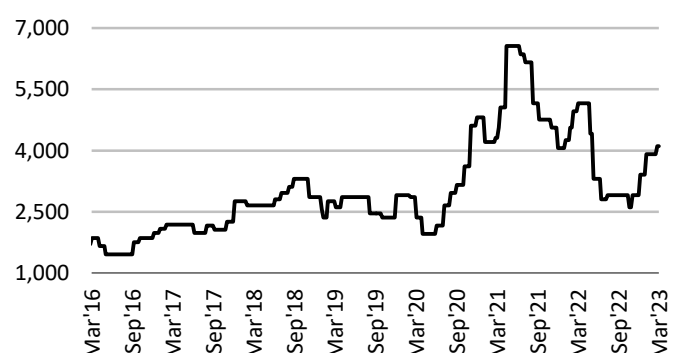
Source: Steelmint

Exhibit 4: Primary Rebar price rose 9% QoQ

Source: Steelmint

Exhibit 5: Coking coal price rallied to a recent high of USD400/t and has recently cooled off to ~USD320/t

Source: Steelmint

Exhibit 6: Domestic Iron ore (NMDC fines 64% Fe) has seen three price hikes in 4QFY23

Source: Steelmint

Exhibit 7: Key assumptions (all amounts in INR b, except for volumes and per tonne)

Companies	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSW Steel (JSTL)										
Sales – mt	3.5	3.8	3.9	5.1	4.5	5.7	5.7	6.3	24	11
Realization/t	83,291	84,864	97,368	91,413	84,824	72,784	68,536	71,731	-22	5
EBITDA/t	29,608	27,198	23,355	17,903	9,597	3,052	7,963	11,329	-37	42
Consol Revenue	289	325	381	469	381	418	391	455	-3	16
Consol EBITDA	103	104	91	92	43	18	45	72	-22	58
Consol PAT	59	72	44	40	8	-14	5	29	-27	494
Tata Steel (TATA)										
Standalone										
Sales - mt	4.0	4.4	4.3	5.0	3.9	4.8	4.6	4.6	-7	1
Realization/t	69,413	73,937	75,210	73,805	82,401	67,742	66,373	70,901	-4	7
EBITDA/t	33,327	30,385	28,631	24,616	24,622	10,177	11,241	15,008	-39	34
Revenue	277	327	320	367	320	322	305	329	-10	8
EBITDA	133	134	122	122	96	48	52	71	-42	38
PAT	86	88	79	79	62	27	27	42	-47	54
Consolidated										
Sales - mt	7.1	7.4	7.0	8.0	6.6	7.2	7.2	7.2	-10	1
Realization/t	75,235	81,736	86,709	86,494	95,816	82,818	79,837	79,993	-8	0
EBITDA/t	22,659	22,268	22,673	18,764	22,618	8,382	5,661	9,614	-49	70
Consol Revenue	535	604	608	693	634	599	571	576	-17	1
Consol EBITDA	161	165	159	150	150	61	40	69	-54	71
Consol PAT	91	114	98	100	78	15	-24	23	LP	LP
TSE										
Sales - mt	2.4	2.1	2.2	2.4	2.1	1.9	2.0	2.0	-19	-2
Revenue	194	214	228	264	260	216	207	192	-27	-8
EBITDA	15	33	29	43	60	18	-16	-12	-	-
EBITDA/t (USD)	88	211	182	241	366	123	-95	-75	-	-
SAIL										
Sales - mt	3.3	4.3	3.8	4.7	3.2	4.2	4.2	4.5	-4	8
Realization/t	62,045	62,680	65,745	65,311	76,184	62,343	60,327	64,908	-1	8
EBITDA/t	19,728	16,395	8,881	9,237	7,295	1,740	5,003	7,302	-21	46
Consol Revenue	206	268	252	308	240	262	250	292	-5	17
Consol EBITDA	66	70	34	44	23	7	21	33	-24	58
Consol PAT	39	43	17	22	8	-4	2	13	-41	437
JSPL (JSP)										
Sales (mt)	1.6	2.1	1.8	2.1	1.7	2.0	1.9	2.2	7	17
Realization/t	64,501	63,905	68,818	68,940	74,974	67,271	65,539	66,308	-4	1
EBITDA/t	28,192	21,569	18,188	14,761	17,200	7,559	12,513	12,597	-15	1
Consol Revenue	106	136	125	143	130	135	125	148	3	19
Consol EBITDA	45	46	33	31	30	15	24	28	-9	18
Consol PAT	25	26	16	19	15	7	9	14	-30	51
NMDC										
Sales - mt	9.0	9.0	9.8	12.3	7.8	8.4	9.6	12.1	-1	27
Realization/t	7,248	7,561	5,967	5,456	6,111	3,947	3,885	4,320	-21	11
EBITDA/t	4,644	3,466	2,654	2,347	2,434	1,009	1,191	1,340	-43	13
Revenue	65	68	59	67	48	33	37	52	-22	41
EBITDA	42	31	26	29	19	9	11	16	-44	43
PAT	32	23	20	22	15	9	9	13	-43	41
Hindalco (HNDL)										
Aluminum sales - kt	303	338	325	336	333	341	349	325	-3	-7
Copper sales - kt	80	110	110	105	101	112	109	107	2	-2
Al (incl. Utikal) EBITDA - USD/t	1,052	1,296	1,389	1,601	1,304	644	611	759	-53	24
Copper EBITDA - USD/t	442	432	453	489	726	610	610	584	19	-4
Novelis vol- kt	973	968	930	987	962	984	908	975	-1	7
Novelis adj EBITDA	508	553	506	430	561	502	341	452	5	33
Consol Revenue	414	477	503	558	580	562	532	535	-4	1
Consol EBITDA	61	75	74	73	84	54	35	61	-16	72
Consol PAT	26	35	34	41	41	22	14	23	-44	70
Hindustan Zinc (HZ)										
Zinc vol (India) - kt	187	164	212	214	206	189	210	205	-4	-2
Lead vol (India) - kt	49	47	47	49	54	57	46	57	17	24

Companies	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
Silver vol- t	160	152	173	162	177	194	161	180	11	12
Consol Revenue	65	61	80	88	94	83	79	85	-4	7
Consol EBITDA	36	33	44	50	51	44	37	44	-10	20
Consol PAT	21	20	27	29	31	27	22	28	-6	28
Vedanta (VEDL)										
Aluminum sales - kt	534	569	573	586	556	584	561	575	-2	-4
Aluminum EBITDA - USD/t	945	1,102	874	1,183	524	164	209	410	-76	28
Oil and Gas - kbpoed	165	165	159	154	148	140	145	144	-9	3
EBITDA - USD/bbl	17.4	16.5	17.5	19.5	20.3	16.8	13.0	12.1	-25	-22
Zinc Intl - sales - kt	60	64	53	59	68	74	70	64	32	-5
Consol Revenue	284	304	341	398	386	367	341	353	0	-7
Consol EBITDA	100	104	108	136	102	77	71	91	-35	-8
Consol PAT	45	47	43	62	44	16	16	37	-63	-1
Nalco (NALCL)										
Aluminum sales - kt	91	126	114	126	123	109	112	114	-2	3
Aluminum EBITDA - USD/t	650	902	862	1,310	897	235	383	134	-56	63
Alumina sales - kt	286	318	356	272	223	400	400	212	12	-
Alumina EBITDA - USD/t	69	120	176	197	9	41	33	177	-81	-20
Consol Revenue	25	36	38	43	38	35	33	31	-13	-6
Consol EBITDA	6	11	12	16	9	3	5	4	-61	38
Consol PAT	3	7	8	10	6	2	3	2	-68	76
Coal India (COAL)										
Sales - mt	161	147	174	181	178	155	176	188	1	14
NSR - FSA INR/t	1,394	1,382	1,370	1,474	1,443	1,414	1,482	1,480	8	5
E-auction premium	13	15	42	65	201	329	241	200	471	-27
EBITDA/t	302	268	393	501	689	471	591	626	50	25
Consol Revenue	253	233	284	327	351	298	352	363	24	18
Consol Adj EBITDA	46	40	74	125	127	80	112	123	52	40
Consol PAT	32	29	46	67	88	60	77	87	69	28

Exhibit 8: Domestic sales volumes (mt) likely to be higher QoQ; ferrous companies aggregate sales volume expected to be up 8% QoQ

Sales Volume	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSTL	3.5	3.8	3.9	5.1	4.5	5.7	5.7	6.3	24	11
TATA	4.0	4.4	4.3	5.0	3.9	4.8	4.6	4.6	-7	1
SAIL	3.3	4.3	3.8	4.7	3.2	4.2	4.2	4.5	-4	8
JSP	1.6	2.1	1.8	2.1	1.7	2.0	1.9	2.2	7	17
Total	12.4	14.7	13.8	16.9	13.3	16.7	16.4	17.7	5	8

Sources: MOFSL, Company

Exhibit 9: ASP expected to improve QoQ across the ferrous sector; SAIL and JSTL likely to improve marginally while TATA expected to be stable.

ASP	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSTL	83,291	84,864	97,368	91,413	84,824	72,784	68,536	71,731	-22	5
TATA	75,235	81,736	86,709	86,494	95,816	82,818	79,837	79,993	-8	0
SAIL	62,045	62,680	65,745	65,311	76,184	62,343	60,327	64,908	-1	8
JSP	64,501	63,905	68,818	68,940	74,974	67,271	65,539	66,308	-4	1

Sources: MOFSL, Company

Exhibit 10: EBITDA/t (INR/t) in 4Q is expected to increase QoQ across the steel sector on back of higher sales volumes, improved ASP and reduction in input costs

EBITDA/t	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSTL	29,608	27,198	23,355	17,903	9,597	3,052	7,963	11,329	-37	42
TATA	22,659	22,268	22,673	18,764	22,618	8,382	5,661	9,614	-49	70
SAIL	19,728	16,395	8,881	9,237	7,295	1,740	5,003	7,302	-21	46
JSP	28,192	21,569	18,188	14,761	17,200	7,559	12,513	12,597	-15	1

Sources: MOFSL, Company

Exhibit 11: Key commodity prices

	UoM	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	Abs YoY	% YoY	Abs QoQ	% QoQ
Non-ferrous metal price movement												
Copper-LME	USD/t	9,372	9,696	9,992	9,539	7,754	8,010	8,920	-1,072	-11	910	11
Aluminum-LME	USD/t	2,648	2,765	3,273	2,883	2,356	2,324	2,395	-878	-27	71	3
Zinc-LME	USD/t	2,991	3,371	3,752	3,936	3,278	3,000	3,124	-628	-17	124	4
Nickel-LME	USD/t	19,111	19,784	28,347	29,018	22,105	25,581	26,023	-2,324	-8	443	2
Lead-LME	USD/t	2,341	2,330	2,335	2,207	1,977	2,104	2,144	-191	-8	40	2
Alumina-Spot	USD/t	316	417	411	377	339	319	356	-55	-13	37	11
Aluminum Scrap	USD/lb	0.77	0.78	0.93	0.88	0.76	1	1	-0	-16	0	1
Aluminum Scrap	USD/t	1,705	1,726	2,048	1,932	1,674	1,698	1,721	-326	-16	23	1
Al. Scrap Spread	USD/t	943	1,038	1,225	951	681	626	673	-552	-45	47	8
Silver	USD/oz	24	23	24	23	19	21	22	-2	-7	1	5
Brent	USD/bbl	73	79	100	113	99	88	82	-18	-18	-7	-8
China Steel Prices												
China TMT	RMB/t	5,328	5,108	4,859	4,847	4,164	3,969	4,293	-566	-12	324	8
China HRC	RMB/t	5,744	5,131	4,998	4,941	4,077	3,941	4,286	-712	-14	345	9
China Wire Rod	RMB/t	5,855	5,578	5,303	5,329	4,604	4,424	4,674	-629	-12	251	6
China HRC Spread	USD/t	227	273	121	110	96	99	123	2	2	24	25
India Domestic Prices												
HRC India FoB	USD/t	897	837	809	872	597	557	678	-132	-16	120	22
HRC Dom Mum	INR/t	65,738	68,877	67,354	69,962	57,662	55,607	59,189	-8,165	-12	3,583	6
Billet Raigarh	INR/t	41,780	43,458	50,011	50,689	48,147	44,471	46,105	-3,905	-8	1,635	4
Wire Rod - Dom	INR/t	50,751	56,484	59,144	65,912	57,750	54,992	57,315	-1,830	-3	2,323	4
TMT Primary Mum	INR/t	50,769	57,904	62,250	67,465	57,135	56,247	61,312	-938	-2	5,065	9
TMT Secondary Mum	INR/t	47,628	50,810	59,274	59,451	55,051	53,789	56,688	-2,586	-4	2,900	5
Spread-Prim/Secd	INR/t	3,141	7,094	2,976	8,015	2,084	2,458	4,624	1,648	55	2,166	88
Pig Iron SG Durgapur	INR/t	38,888	42,157	49,757	52,042	46,514	41,908	43,585	-6,171	-12	1,677	4
CRC Mum	INR/t	77,615	74,054	72,162	79,485	67,046	62,746	64,068	-8,094	-11	1,322	2
Galvanized Plain	INR/t	82,596	82,985	77,579	82,992	69,238	65,469	73,013	-4,566	-6	7,544	12
Color Coated	INR/t	91,385	92,227	86,377	91,331	77,923	74,500	80,264	-6,113	-7	5,764	8
Coking Coal / Coke												
HCC China	USD/t	404	348	391	416	291	275	277	-115	-29	2	1
HCC Prem India CNF	USD/t	283	395	507	482	271	294	357	-150	-30	63	21
HCC Mid Vols India CNF	USD/t	249	338	464	446	48	76	328	-136	-29	53	19
PCI Coal CNF India	USD/t	208	273	408	455	265	289	329	-79	-19	41	14
Met Coke China CNF	USD/t	471	629	619	646	467	404	433	-186	-30	9	7
India CNF S. Africa RB1	USD/t	87	110	169	201	157	131	104	-65	-38	-27	-20
Iron Ore												
62% CNF China - Aus	USD/t	166	109	140	139	104	99	125	-15	-11	26	26
Odisha Fines - 62%	INR/t	7,865	5,412	5,650	4,815	4,815	4,815	4,815	-835	-15	-	0
K'taka Fines Fe 60%	INR/t	3,873	3,153	3,050	3,157	2,223	2,050	2,613	-438	-14	563	27
NMDC 64 %Fines (C'garh)	INR/t	5,893	4,535	4,593	4,510	2,877	2,860	3,677	-917	-20	817	29
NMDC 65%-Lumps	INR/t	6,643	5,290	4,920	4,845	3,353	3,360	4,120	-800	-16	760	23
Domestic Pellet	INR/t	13,163	10,719	11,181	9,413	7,156	7,520	9,375	-1,806	-16	1,855	25
Sponge Iron- Raigarh	INR/t	29,536	30,199	35,226	33,064	32,948	29,820	31,094	-4,132	-12	1,274	4
China Chrome Ore (40-42%)	USD/t	174	162	194	288	243	228	280	85	44	52	23
Odisha Chrome Ore (E-Auction)	INR/t	20,298	20,531	18,103	20,770	16,264	18,423	20,770	2,667	15	2,347	13
Balaghat Mn 37.5%, Fe 7%	INR/t	15334	15570	15390	17260	14772	12,810	13,585	-1,806	-12	75	6
Silico manganese	INR/t	94910	108221	106238	92055	77751	75,175	76,996	-29,242	-28	1,821	2
Ferro Manganese	INR/t	99643	115492	104727	97215	80902	5,328	78,890	-25,837	-25	3,562	5
Currency												
EUR/USD	EUR/USD	1.18	1.14	1.12	1.06	1.01	1.02	1.07	-0	-4	0	5
USD/CNY	USD/CNY	6.47	6.39	6.35	6.61	6.85	7.11	6.84	0	8	-0	-4
USD/GBP	USD/GBP	0.73	0.74	0.75	0.80	0.85	0.85	0.82	0	10	-0	-3
USD/INR	USD/INR	74.09	74.13	75.24	77.19	79.81	82.22	82.25	7	9	0	0
GBP/INR	GBP/INR	102.08	99.91	100.88	96.92	93.81	96.50	99.86	-1	-1	3	3
EUR/INR	EUR/INR	87.32	84.75	84.40	82.18	80.34	84.03	88.20	4	5	4	5

Sources: MOFSL, Bloomberg; Steelmint

Exhibit 12: Summary of expected quarterly performance

Sector	CMP	RECO	SALES (INR m)			EBITDA (INR m)			APAT (INR m)		
	(INR)		Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Coal India	214	Buy	3,62,695	10.9	3.1	1,22,512	-1.7	9.0	87,357	30.3	13.2
Hindalco	405	Buy	5,35,139	-4.0	0.7	61,058	-16.4	72.1	23,162	-43.7	70.3
Hindustan Zinc	293	Neutral	84,554	-3.9	7.5	44,470	-10.4	20.0	27,651	-5.6	28.3
JSPL	546	Buy	1,47,700	3.0	18.6	28,060	-8.6	18.0	13,581	-30.3	51.4
JSW Steel	688	Neutral	4,54,599	-3.1	16.2	71,799	-21.8	57.9	29,118	-26.7	494.2
Nalco	78	Neutral	31,214	-28.1	-5.1	4,409	-72.8	-4.1	2,369	-76.9	-12.0
NMDC	112	Buy	52,433	-21.8	40.9	16,267	-43.6	42.6	12,733	-42.5	40.8
SAIL	83	Neutral	2,92,086	-5.0	16.6	32,858	-24.5	58.2	13,196	-41.3	437.3
Tata Steel	105	Neutral	5,75,667	-16.9	0.8	69,187	-54.0	70.9	22,875	-77.2	LP
Vedanta	275	Neutral	3,53,129	-11.3	3.6	91,470	-32.9	29.4	37,304	-39.5	139.0

Exhibit 13: Valuation Summary

Company	CMP	Reco	EPS (INR)			PE (x)			PB (x)			EV/EBITDA (x)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
COAL	214	Buy	50.8	35.1	34.0	4.2	6.1	6.3	2.2	1.9	1.6	2.6	3.7	4.0
HNDL	405	Buy	44.9	51.9	57.1	9.0	7.8	7.1	1.4	1.2	1.1	5.4	4.4	4.0
HZ	293	Neutral	25.3	26.6	26.3	11.6	11.0	11.2	9.5	6.2	4.6	7.0	6.1	5.7
JSP	546	Buy	43.5	64.9	67.8	12.5	8.4	8.1	1.4	1.2	1.1	5.7	4.5	3.9
JSTL	688	Neutral	11.5	69.7	71.8	60.1	9.9	9.6	2.6	2.1	1.8	12.6	6.4	6.1
NMDC	112	Buy	15.5	18.5	16.2	7.2	6.0	6.9	1.6	1.5	1.4	4.3	3.3	3.4
NACL	78	Neutral	6.7	11.4	15.8	11.7	6.9	5.0	1.1	1.0	0.9	5.4	3.8	2.7
SAIL	83	Neutral	4.7	10.1	11.7	17.6	8.2	7.1	0.6	0.6	0.5	6.9	4.9	4.3
TATA	105	Neutral	7.6	11.1	12.4	13.9	9.4	8.5	1.1	1.1	1.0	6.2	5.6	4.7
VEDL	275	Neutral	30.3	37.1	40.4	10.5	8.6	7.9	2.2	2.2	2.0	6.2	5.6	5.2

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.

Coal India (COAL)

Buy
CMP: INR 214 | TP: INR 275 (+29%)

- Coal India surpassed its yearly production target of 700mt and produced 703.2mt (up 12.9% YoY) and sales stood at 694.8mt (up 4.9%) in FY23.
- Supply to the power sector is expected to be around 615mt, up 5% YoY.
- Management guidance on coal availability for e-auction is critical for the profitability of the company.
- Management commentary on FSA price hike is the key monitorable.

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	253	233	284	327	351	298	352	363	1,097	1,363
Change YoY (%)	36.8	10.1	20.0	22.5	38.8	28.1	23.7	10.9	21.9	24.3
Change QoQ (%)		-7.9	22.1	15.0	7.3	-15.0	17.9	3.1		
Adj. EBITDA	46	40	74	125	127	80	112	123	285	442
Change YoY (%)	63.9	18.0	26.2	56.4	177.6	99.9	52.1	-1.7	42.1	55.4
Change QoQ (%)	-42.5	-12.5	84.1	68.8	2.1	-37.0	40.1	9.0		
EBITDA per tonne	286	273	425	689	717	519	639	653	430	635
Depreciation	10	9	10	14	10	11	13	11	44	44
OBR	(3)	1	6	34	5	7	8	5	38	26
Interest	1	1	1	1	2	1	2	1	5	5
Other Income	7	8	7	18	10	16	17	11	39	54
PBT	43	36	63	93	121	77	106	117	236	421
Tax	12	7	17	26	32	16	29	30	62	108
Tax Rate (%)	26.8	19.5	27.7	28.1	26.9	21.4	27.1	25.6	26.4	25.6
Reported PAT	32	29	46	67	88	60	77	87	174	313
Adjusted PAT	32	29	46	67	88	60	77	87	174	313
Change YoY (%)	52.7	-0.4	47.9	46.2	178.3	105.7	69.3	30.3	36.8	80.1
Change QoQ (%)	-30.8	-7.4	55.2	47.1	31.7	-31.6	27.7	13.2		

Hindalco (HNDL)

Buy
CMP: INR 405 | TP: INR 510 (+26%)

- Novelis sales volumes are expected to be ~975kt. The contribution from the auto sector is expected to improve to over 20%.
- The timeline on the commissioning of greenfield facilities in the USA is important.
- Watch out for management guidance on domestic Aluminum demand.

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	414	477	503	558	580	562	532	535	1,951	2,209
Change (YoY %)	63.6	52.6	43.8	37.7	40.2	17.9	5.7	-4.0	48.0	13.2
Change (QoQ %)	2.1	15.2	5.5	10.9	4.0	-3.2	-5.4	0.7		
Total Expenditure	352	401	429	485	496	508	496	474	1,667	1,974
EBITDA	61	75	74	73	84	54	35	61	283	234
Interest	8	13	9	8	9	9	9	9	38	36
Depreciation	16	16	17	18	17	17	18	18	67	70
Other Income	3	4	2	3	2	3	4	1	11	10
PBT (before EO item)	39	51	50	50	60	31	12	34	190	138
Extra-ordinary Income	6	0	2	-3	0	0	0	0	6	0
PBT (after EO item)	45	51	52	48	61	31	12	34	196	138
Current Tax	7	11	10	10	11	7	4	11	38	33
Deferred Tax	6	5	5	-1	9	2	-5	0	16	5
Total Tax	13	16	15	9	20	9	-1	11	54	38
% Tax	33.1	31.9	31.0	18.2	32.6	28.9	-12.2	32.5	27.5	27.7
Reported PAT	32	35	37	39	41	22	14	23	142	100
Adjusted PAT	26	35	34	41	41	22	14	23	136	100
Change (YoY %)	-1,854.0	78.7	55.5	115.3	55.0	-36.1	-60.3	-43.7	174.3	-29.6
Change (QoQ %)	37.7	31.1	-0.8	20.2	-0.9	-45.9	-38.3	70.3		

Hindustan Zinc (HZ)**Neutral****CMP: INR 293 | TP: INR 290 (-1%)**

- Revenue/EBITDA/APAT are expected to increase by 7.5%/20%/28.3% QoQ.
- Zinc/Lead prices rose 4%/2% QoQ in 4QFY23.
- Guidance on CoP, realizations and dividend is crucial.
- We await clarity on the merger of Zinc international business with HZL.

Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	65	61	80	88	94	83	79	85	294	340
Change (YoY %)	63.7	8.2	32.4	26.6	43.7	36.2	-1.6	-3.9	30.1	15.6
Change (QoQ %)	-6.0	-6.3	30.5	10.1	6.7	-11.2	-5.6	7.5		
EBITDA	36	33	44	50	51	44	37	44	162	177
Change (YoY %)	125.8	13.0	33.7	28.0	44.4	32.1	-15.2	-10.4	39.0	9.1
Change (QoQ %)	-8.3	-6.3	31.0	13.5	3.5	-14.2	-15.9	20.0		
As % of Net Sales	54.5	54.5	54.7	56.4	54.7	52.9	47.1	52.6	55.1	52.0
Finance cost	1	1	1	1	0	1	1	1	3	2
DD&A	7	7	7	8	7	8	8	9	29	32
Other Income	3	3	3	3	3	4	3	2	12	12
PBT (before EO item)	32	29	39	44	47	39	32	37	142	155
EO exp. (income)	1	0	0	0	0	0	0	0	1	0
PBT	30	29	39	44	47	39	32	37	141	155
Total Tax	10	8	12	14	16	12	10	9	45	48
% Tax	34.4	29.5	30.0	32.8	33.8	31.7	32.3	25.2	31.7	30.9
Reported PAT	20	20	27	29	31	27	22	28	96	107
Adjusted PAT	21	20	27	29	31	27	22	28	98	107
Change (YoY %)	55.8	4.0	22.8	17.9	46.1	32.9	-20.2	-5.6	22.3	9.5
Change (QoQ %)	-14.8	-4.7	33.9	8.4	5.6	-13.3	-19.6	28.3		

Jindal Steel & Power (JSP)**Buy****CMP: INR 546 | TP: INR 675 (+24%)**

- JSP is expected to post sales volumes of 2.2mt (up 17.2% QoQ and 7% YoY).
- Revenue/EBITDA/APAT are expected to improve by 19%/18%/51% QoQ.
- Management commentary on further debt reduction will be the key monitorable.
- Management guidance on FY24 capex plans and timelines is important.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales vol (mt)	1.6	2.1	1.8	2.1	1.7	2.0	1.9	2.2	7.6	7.9
Net sales	106	136	125	143	130	135	125	148	511	538
Change (YoY, %)	42	52	19	21	23	-1	-1	3	31	5
Change (QoQ %)	-11	28	-8	14	-9	4	-8	19		
EBITDA	45	46	33	31	30	15	24	28	155	97
Change (YoY, %)	118	63	-28	-42	-34	-67	-28	-9	5	-38
Change (QoQ %)	-14	1	-28	-7	-3	-49	56	18		
EBITDA/t (Consol)	28,192	21,569	18,188	14,761	17,200	7,559	12,513	12,597	20,306	12,308
Interest	6	5	5	4	4	4	3	3	19	14
Depreciation	6	6	6	3	6	6	6	6	21	24
Other income	0	0	0	0	0	0	0	0	1	1
PBT (before EO item)	34	35	22	24	25	10	14	19	116	68
Extra-ordinary income	0	0	2	3	1	-9	-4	0	5	-12
PBT (after EO item)	34	35	25	27	26	1	11	19	121	56
Total tax	9	9	6	5	6	-2	5	5	29	15
Reported PAT	25	26	19	22	20	2	5	14	92	41
MI - Loss/(Profit)	0	0	0	0	0	0	0	0	0	0
Adjusted PAT	25	26	16	19	15	7	9	14	87	44
Change (YoY, %)	1975	213	-32	-34	-42	-73	-45	-30	39	-49
Change (QoQ %)	-13	2	-37	20	-25	-53	31	51		

JSW Steel (JSTL)**Neutral****CMP: INR 688 | TP: INR 630 (-8%)**

- JSTL is expected to post consolidated sales volumes of 6.3mt (up 10.9% QoQ and 23.5% YoY).
- Revenue/EBITDA are expected to improve by 16%/58% QoQ, while APAT is expected to rise 4.9x QoQ.
- The performance of overseas subsidiaries and the movement of coking coal costs will be crucial.
- Management commentaries on FY24 production and sales, as well as production ramp-up at captive iron ore mines, are important monitorables.

Quarterly Performance (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	289	325	381	469	381	418	391	455	1,464	1,645
Change (YoY %)	145.3	70.7	74.2	74.1	31.8	28.5	2.8	-3.1	83.9	12.4
Change (QoQ %)	7.3	12.5	17.1	23.2	-18.8	9.7	-6.3	16.2		
EBITDA	103	104	91	92	43	18	45	72	390	178
Change (YoY %)	666.1	144.9	53.6	8.8	-58.1	-83.2	-50.2	-21.8	95.2	-54.4
Change (QoQ %)	21.7	1.4	-12.3	0.6	-53.1	-59.3	159.5	57.9		
EBITDA (INR per ton)	29,608	27,198	23,355	17,903	9,597	3,052	7,963	11,329	23,872	7,985
EBITDA (USD per ton)	401	367	312	238	124	38	97	136	320	99
Interest	10	9	13	18	14	15	18	15	50	63
Depreciation	12	12	18	18	18	18	19	19	60	74
Other Income	2	9	2	2	2	2	2	2	15	7
PBT (before EO Item)	83	92	62	58	13	-14	10	40	296	49
EO Items	0	0	0	-7	0	6	0	0	-7	6
PBT (after EO Item)	83	92	62	51	13	-8	10	40	288	55
Total Tax	27	26	17	17	4	1	5	10	88	20
Reported PAT	59	72	44	32	8	-8	5	29	207	34
MI (Profit)/Loss	0.0	-0.1	-1.6	-1.1	0.0	0.7	0.2	-0.1	-2.7	0.8
Share of P/(L) of Ass.	3.2	6.0	0.2	-0.3	-0.2	-0.6	-0.6	-0.4	9.2	-1.7
Adjusted PAT	59	72	44	40	8	-14	5	29	214	28
Change (YoY %)	-1,152.4	443.7	62.5	-8.4	-85.8	PL	-88.8	-26.7	173.3	-86.9
Change (QoQ %)	36.1	21.4	-39.2	-8.8	-78.9	PL	LP	494.2		

NMDC**Buy****CMP: INR 112 | TP: INR 150 (+34%)**

- NMDC plans to expand its current capacity from 50mt to 70mt
- Management guidance on iron ore price movement and future price hike is critical.
- Any guidance on capex and the commissioning of new mines are key monitorables.

Consolidated Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Iron ore Sales (mt)	9.0	9.0	9.8	12.3	7.8	8.4	9.6	12.1	40.1	37.9
Avg NSR (INR/t)	7,248	7,561	5,967	5,456	6,111	3,947	3,885	4,320	6,455	4,495
Net Sales	65.1	67.9	58.7	67.0	47.7	33.3	37.2	52.4	258.8	170.6
Change (YoY %)	236.1	204.7	34.9	-2.1	-26.8	-51.0	-36.7	-21.8	68.4	-34.1
Change (QoQ %)	-4.9	4.3	-13.5	14.1	-28.9	-30.2	11.8	40.9		
Adj EBITDA	41.7	31.1	26.1	28.8	19.0	8.5	11.4	16.3	127.8	55.2
Change (YoY %)	452.7	202.3	-5.6	-32.0	-54.5	-72.7	-56.3	-43.6	45.3	-56.8
Change (QoQ %)	-1.6	-25.4	-16.1	10.4	-34.2	-55.2	34.0	42.6		
EBITDA per ton (INR/t)	4,644	3,466	2,654	2,347	2,434	1,009	1,191	1,340	3,188	1,454
Interest	0.0	0.0	0.1	0.3	0.2	0.2	0.3	0.1	0.4	0.8
Depreciation	0.6	0.6	0.6	1.1	0.8	0.7	0.8	0.8	2.9	3.2
Other Income	1.4	0.9	1.5	3.3	1.5	4.3	2.0	1.7	7.2	9.4
PBT (before EO Item)	42.6	31.4	27.0	30.8	19.4	11.9	12.3	17.0	131.8	60.6
PBT (after EO Item)	42.6	31.4	27.0	32.8	19.4	11.9	12.3	17.0	133.8	60.6
Total Tax	10.7	8.0	6.5	10.7	4.8	3.0	3.3	4.3	35.8	15.3
% Tax	25.1	25.5	24.0	32.5	24.5	25.3	26.6	25.2	26.8	25.3
Reported PAT	31.9	23.4	20.5	20.1	14.7	8.9	9.0	12.7	95.9	45.3
Adjusted PAT	31.9	23.4	20.5	22.2	14.7	8.9	9.0	12.7	97.9	45.3
Change (YoY %)	497.7	202.4	-2.8	-30.3	-54.0	-62.2	-55.9	-42.5	48.5	-53.7
Change (QoQ %)	0.3	-26.6	-12.4	8.1	-33.7	-39.7	2.1	40.8		

Nalco (NACL)**Neutral****CMP: INR 78 | TP: INR 80 (+2%)**

- Alumina CoP is expected to be below USD200/t.
- Management guidance on production and sales volumes for FY24E will be monitored keenly.
- We await management guidance on domestic demand.
- We await management guidance on CoP and the impact of rising coal prices on the company's profitability.

Quarterly performance**INR m**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	24,746	35,922	37,733	43,408	37,833	34,896	32,900	31,214	1,41,808	1,36,843
Change (YoY %)	79.2	51.3	58.6	53.8	52.9	-2.9	-12.8	-28.1	58.3	-3.5
Change (QoQ %)	-12.3	45.2	5.0	15.0	-12.8	-7.8	-5.7	-5.1		
Total Expenditure	18,938	24,649	25,827	27,222	29,147	31,552	28,302	26,806	96,637	1,15,807
EBITDA	5,808	11,273	11,905	16,186	8,687	3,344	4,598	4,409	45,172	21,037
Change (YoY %)	350.0	308.6	174.4	71.5	49.6	-70.3	-61.4	-72.8	153.4	-53.4
Change (QoQ %)	-38.5	94.1	5.6	36.0	-46.3	-61.5	37.5	-4.1		
Interest	18	18	19	176	39	41	42	42	231	164
Depreciation	1,491	1,518	1,515	3,842	1,497	1,537	1,571	1,649	8,366	6,253
Other Income	317	424	720	1,513	629	693	663	450	2,974	2,435
PBT (before EO Item)	4,616	10,161	11,091	13,681	7,781	2,459	3,648	3,168	39,549	17,055
Extra-ordinary Income	0	1	0	0	-207	-447	-175	0	1	-830
PBT (after EO Item)	4,616	10,162	11,091	13,681	7,573	2,012	3,473	3,168	39,550	16,226
Total Tax	1,139	2,684	2,783	3,424	1,994	758	910	798	10,029	4,459
% Tax	24.7	26.4	25.1	25.0	26.3	37.7	26.2	25.2	25.4	27.5
Reported PAT	3,477	7,478	8,309	10,257	5,579	1,254	2,563	2,369	29,521	11,766
Adjusted PAT	3,477	7,477	8,309	10,257	5,732	1,533	2,693	2,369	29,520	12,327
Change (YoY %)	1,991.0	595.9	246.5	63.2	64.8	-79.5	-67.6	-76.9	197.4	-58.1
Change (QoQ %)	-44.7	115.0	11.1	23.4	-44.1	-73.3	75.7	-12.0		

SAIL**Neutral****CMP: INR 83 | TP: INR 80 (-4%)**

- SAIL hot metal production for FY23 stood at 19.4mt and crude steel production at 18.3mt (up 5% YoY).
- Revenue/EBITDA are expected to improve by 16.6%/58.2% QoQ and APAT is expected to improve by 4.4x.
- Management guidance on handling key input costs and the debt reduction roadmap will be critical.
- Guidance on domestic and international steel prices and capex will be critical.

Quarterly Performance**INR b**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (mt)	3.3	4.3	3.8	4.7	3.2	4.2	4.2	4.5	16.2	16.0
Change (YoY %)	48.7	1.8	-7.4	8.3	-5.2	-1.6	8.1	-4.5	8.1	-0.9
ASP (INR/t)	62,045	62,680	65,745	65,311	76,184	62,343	60,327	64,908	64,045	65,267
Change (YoY %)	53.1	55.8	37.5	22.0	22.8	-0.5	-8.2	-0.6	38.5	1.9
Net Sales	206	268	252	308	240	262	250	292	1,035	1,045
Change (YoY %)	127.7	58.5	27.3	32.1	16.4	-2.2	-0.8	-5.0	49.7	1.0
Change (QoQ %)	-11.4	30.0	-5.9	21.8	-21.9	9.2	-4.6	16.6		
EBITDA	66	70	34	44	23	7	21	33	213	84
Change (YoY %)	NA	269.2	-32.8	-29.3	-64.9	-89.6	-39.1	-24.5	67.7	-60.7
Change (QoQ %)	6.7	6.9	-51.4	27.6	-47.1	-68.2	183.5	58.2		
EBITDA/t (INR/t)	19,728	16,395	8,881	9,237	7,295	1,740	5,003	7,302	13,209	5,243
Interest	5	4	3	4	4	5	6	5	17	21
Depreciation	10	11	10	11	12	12	12	11	43	47
Other Income	1	2	2	3	3	4	1	1	9	10
PBT (before EO Inc.)	51	58	23	30	10	-5	3	18	162	26
EO Income(exp)	0	0	-4	0	0	0	3	0	-4	3
PBT (after EO Inc.)	51	58	19	30	10	-5	6	18	159	29
Total Tax	13	14	5	8	3	-1	2	4	40	7
% Tax	25.2	25.2	25.3	26.0	25.2	25.2	27.0	25.2	25.3	25.6
Reported PAT	39	43	14	23	8	-4	5	13	119	22
Adjusted PAT	39	43	17	22	8	-4	2	13	121	20
Change (YoY %)	NA	1,621.4	-33.3	-37.0	-79.8	-109.0	-85.7	-41.3	136.6	-83.9
Change (QoQ %)	7.9	11.8	-60.1	31.0	-65.4	PL	LP	437.3		

Tata Steel (TATA)**Neutral****CMP: INR 105 | TP: INR 102 (-3%)**

- TATA is expected to turn profitable in 4QFY23.
- Consolidated EBITDA/t is expected to improve from USD69/t to USD115/t
- We await details on debt reduction and steel contracts, which will be re-priced in Europe and its impact on PAT.
- Management guidance on continuation, pension liability and support for UK business is most important.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	535	604	608	693	634	599	571	576	2,440	2,380
Change (YoY %)	110.0	55.1	45.1	38.6	18.6	-0.9	-6.1	-16.9	56.1	-2.5
Change (QoQ %)	7.0	12.9	0.6	14.0	-8.4	-5.6	-4.7	0.8		
EBITDA	161	165	159	150	150	61	40	69	635	320
Change (YoY %)	2,886.8	164.9	66.1	6.0	-7.1	-63.2	-74.5	-54.0	108.1	-49.6
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-0.4	-59.5	-33.2	70.9		
(% of Net Sales)	30.1	27.2	26.1	21.7	23.6	10.1	7.1	12.0	26.0	13.4
EBITDA(USD/t)	307	301	303	249	293	108	69	115	283	142
Interest	18	10	15	11	12	15	18	17	55	62
Depreciation	23	23	22	22	22	23	24	24	91	93
Other Income	2	3	1	3	3	3	3	3	8	12
PBT (before EO Inc.)	121	134	122	120	118	25	2	32	497	177
EO Income(exp)	-2	5	-2	-3	0	0	2		-1	1
PBT (after EO Inc.)	120	139	120	117	117	25	3	32	496	178
Total Tax	23	16	26	20	42	13	29	10	85	94
% Tax	19.0	11.7	21.1	16.9	35.6	51.9	NA	30.0	17.1	53.0
Reported PAT	96	124	94	97	76	12	-26	22	411	84
Minority Interests	9	6	0	1	-1	-2	-3	1	16	-5
Share of asso. PAT	1	2	2	2	2	1	1	1	6	4
Adj. PAT (after MI & asso)	91	114	98	100	78	15	-24	23	402	92
Change (YoY %)	NA	650.9	153.6	31.4	-14.1	-86.5	PL	LP	386.8	-77.0
Change (QoQ %)	19.0	25.4	-14.3	2.7	-22.2	-80.3	PL	LP		

Vedanta (VEDL)**Neutral****CMP: INR 275 | TP: INR 295 (+7%)**

- Vedanta recently declared the fifth interim dividend of INR20.5 per share.
- Management update on parent debt situation is very crucial.
- Guidance on volume growth in Oil & Gas, Steel, Aluminum, and Zinc is important.
- Management guidance on the stake sale of HZL is critical to ascertain the additional dividend.

Quarterly (Consolidated)**INR b**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	284	304	341	398	386	367	341	353	1,327	1,447
Change (YoY %)	77.9	44.0	50.0	41.2	35.9	20.6	0.0	-11.3	50.8	9.0
Change (QoQ %)	0.7	7.0	12.2	16.8	-3.0	-5.1	-7.0	3.6		
EBITDA	100.2	103.6	108.1	136.3	102.0	77.0	70.7	91.5	448.2	341.1
Change (YoY %)	150.9	58.7	39.4	50.9	1.8	-25.7	-34.6	-32.9	64.1	-23.9
Change (QoQ %)	10.9	3.4	4.3	26.1	-25.2	-24.5	-8.2	29.4		
Finance cost	12	11	12	13	12	16	16	15	48	59
DD&A	21	21	23	24	25	26	27	20	89	98
Other Income	7	7	6	6	7	7	7	4	26	26
PBT (before EO item)	75	79	79	105	73	41	35	61	337	209
EO exp. (income)	3	0	1	3	0	-2	-9	0	8	-11
PBT (after EO item)	72	78	78	102	73	44	44	61	330	221
Total Tax	19.2	19.9	24.4	29.1	16.7	16.7	13.0	18.2	92.6	64.6
% Tax	26.7	25.5	31.3	28.5	23.0	38.4	29.6	30.0	28.1	29.3
Reported PAT	53	58	54	73	56	27	31	42	237	156
Adjusted PAT	45	47	43	62	44	16	16	37	196	113
Change (YoY %)	333.4	527.3	29.4	-14.5	-1.3	-66.2	-63.4	-39.5	59.4	-42.3
Change (QoQ %)	-37.9	4.1	-8.4	44.4	-28.3	-64.4	-0.8	139.0		

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

Marketing margins robust, refining margins to improve QoQ...

...CGD margins to be a mixed bag in 4QFY23

- Brent prices averaged USD81.2/bbl (down 19% YoY, down 8% QoQ) in 4QFY23. SG GRM increased during the quarter, led by stronger product cracks. PE, PP, and PVC margins also increased on a QoQ basis.
- We expect our Coverage Universe to report: a) a 4% YoY growth and a 7% QoQ decline in sales (up 6% YoY and down 3% QoQ excluding OMCs), b) a 22% YoY growth and a 35% QoQ growth in EBITDA (up 7% YoY and 5% QoQ, excluding OMCs), and c) 16% YoY growth and 54% QoQ growth in PAT (down 8% YoY and up 2% QoQ, excluding OMCs) due to improvement in marketing margins for the OMCs.
- RIL – O2C segment to drive sequential EBITDA growth: We expect a consolidated EBITDA of INR367b (up 17% YoY/up 4% QoQ), driven by the O2C segment. We forecast an EBITDA of INR163b (up 11% YoY/up 8% QoQ) for the O2C segment, INR124b (up 18% YoY/up 3% QoQ) for RJio, and INR40b (up 31% YoY/up 2% QoQ) for the Retail segment.
- OMCs: SG GRM increased to USD8.2/bbl (from USD6.3/bbl in 3QFY23), with middle distillate cracks declining during the quarter. Retail auto fuel margins are likely to be better at INR4.5-4.7/liter in 4QFY23 v/s INR0.7-2.2/litre in 3QFY23, led by a decline in Brent prices. We have BUY rating on IOCL and Neutral rating on BPCL and HPCL.

Brent crude prices drop further QoQ, amid growing concerns on demand

- Brent crude prices averaged USD81.2/bbl in 4QFY23, declining 8% QoQ due to the uncertainties over Chinese demand and fears about the banking system.
- The decline in 4QFY23 prices has come against factors that should have buoyed prices at higher levels, such as opening up of the Chinese economy and Russia cutting production by 500,000bopd or 5% of its total output in Mar'23.
- However, we expect Brent prices to remain elevated at USD90/bbl with OPEC+ deciding to cut its oil production guidance by 1.1mnbpod in its last meeting in Apr'23 in addition to the previously announced production cut of 2mnbpod in Oct'22.

SG GRM increased sequentially to USD8.2/bbl

- SG GRM increased to USD8.2/bbl in 4QFY23, led by increase in Gasoline cracks and better Naphtha and LPG cracks. Middle distillate cracks, however, declined during the quarter.
- Petrol cracks increased 173% during the quarter, while diesel cracks declined 36%. ATF cracks declined 21% to USD26.7/bbl in 4QFY23. FO cracks improved to -USD16/bbl in 4QFY23 from -USD22.1/bbl in 3QFY23. LPG cracks were at -USD23.4/bbl.
- While refineries are expected to witness slight improvements in their throughput, it is expected to remain flattish for HPCL and increase for IOCL and BPCL. MRPL's refining throughput is also expected to remain flat QoQ in 4QFY23.

Petchem margins experienced improving trend in 4QFY23

- Petchem prices increased 7% QoQ, but declined 17% YoY in 4QFY23. While PE/PP/PVC prices increased 3%/10%/9% QoQ, they declined 22%/18%/35% YoY, respectively.
- Petchem margins increased at a faster rate of 28% QoQ and 120% YoY with PE/PP/PVC spreads being up 2%/19%/24% on a sequential basis, while declining 22%/12%/55% YoY, respectively.

CGDs margins a mixed bag

- GUJGA/IGL/ MAHGL's volumes are expected to be up 17%/ 1%/ 2% QoQ, while EBITDA/scm is likely to be down 31%/ up 7%/ up 1% QoQ during the quarter, respectively.
- The sharp decline in GUJGA's margin is due to aggressive price cuts by the company, offsetting the benefit of spot LNG prices that declined 47% QoQ in 4QFY23.
- The government's recent decision to hold domestic gas prices at USD8.6/mmBtu should also keep MAHGL's and IGL's margins in check in the near term.

Exhibit 1: Oil & gas product prices, cracks, and margins (USD/bbl)

(USD/bbl)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
Oil							
WTI	94.5	108.7	91.8	82.9	76.1	-19.5	-8.2
Brent	100.4	113.7	100.7	88.6	81.2	-19.2	-8.4
Dubai	95.6	108.1	96.9	84.8	80.3	-15.9	-5.3
Arab Light-Heavy	1.5	1.4	3.2	3.8	4.1	179.3	9.3
Gas							
Henry Hub (USD/mmBtu)	4.6	7.5	7.9	5.5	2.7	-42.5	-51.6
Oil to Gas	21.6	15.3	12.8	16.1	31.2	44.3	93.5
Exchange Rate (INR/USD)	75.2	77.2	79.8	82.2	82.3	9.4	0.1
Product Cracks (v/s Dubai)							
LPG	-21.2	-37.8	-38.7	-28.8	-23.4	Loss	Loss
Gasoline	15.4	29.8	9.2	5.4	14.8	-3.7	173.4
Diesel	18.0	41.4	33.6	32.7	20.9	15.6	-36.3
Jet/Kero	16.4	39.4	33.5	33.8	26.7	63.0	-21.1
Naphtha	1.5	-12.7	-19.4	-11.6	-4.8	PL	Loss
Fuel Oil	-7.9	-2.5	-21.9	-22.1	-16.0	Loss	Loss
SG GRM	8.0	21.4	7.1	6.3	8.2	2.9	30.0

Reuters, Bloomberg, MOFSL

Valuation and view (excluding OMCs and RIL)

- **PLNG:** Spot LNG prices have declined 47% QoQ in 4QFY23, which should lead to improvement in utilization rates in the near term. However, the net cash of INR31b has become an eye sore for investors as growth opportunities in LNG terminalling have become bleaker and the company is forced to invest in more volatile areas such as gas-based petrochemicals, compressed bio-gas, as well as LNG trucking.
- **CGDs – mixed bag in 4QFY23:** We forecast EBITDA margin/scm for GUJGA/IGL/MAHGL to be at INR6.0/INR6.1/INR8.2 in 4QFY23 (from INR8.7/INR5.7/INR8.2/scm in 3QFY23), respectively. We project volumes of 8.5/8.2/3.5mmscmd for GUJGA/IGL/MAHGL in 4QFY23 v/s 7.3/8.1/3.4mmscmd in 3QFY23, respectively. Spot LNG prices have cooled off 47% QoQ and would aid in volume recovery for CGDs.

- **ONGC – production to improve from mid-CY23:** The management guidance for production growth stands at 4-5% in FY24 as the first oil from KG-DWN 98/2 is expected by May/Jun'23. The Mozambique field also commenced its first LNG exports from the Coral field in mid-CY22. **ONGC remains our top-pick for the sector for CY23.**

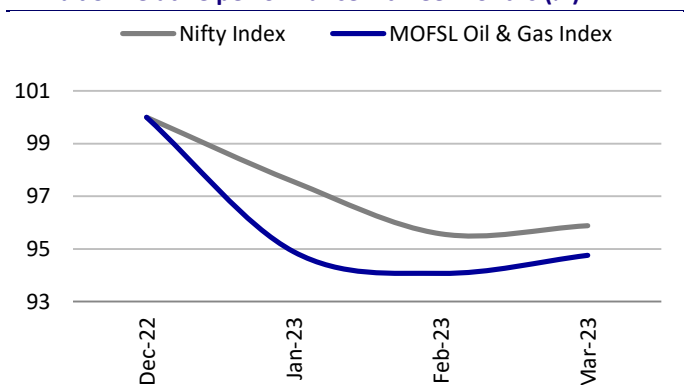
Our key assumptions

- We assume crude prices at USD90 per bbl for FY24-25E. Average crude prices for 4QFY23 stood at USD81.2/bbl (v/s USD80.6/bbl in FY22 and USD44.4/bbl in FY21).
- We expect the regional benchmark SG GRM to stabilize at ~USD5-6/bbl (at its long-term average) over the medium-to-long term.

Exhibit 2: Summary of expected quarterly performance

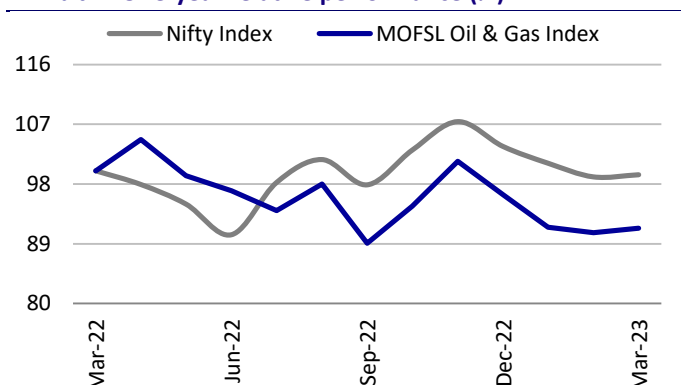
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Aegis Logistics	379	Neutral	21,775	3.5	4.3	2,255	57.6	4.3	1,278	34.9	1.9
BPCL	344	Neutral	10,59,612	1.8	-11.1	1,19,382	97.9	172.8	71,877	201.5	266.8
Castrol India	111	Buy	13,044	5.6	10.9	3,133	-1.2	25.0	2,281	-0.1	18.0
GAIL	105	Buy	4,14,681	53.8	17.2	15,136	-59.3	479.2	9,376	-64.0	281.6
Gujarat Gas	460	Buy	43,700	-6.4	18.6	4,589	-34.2	-21.2	2,644	-41.7	-28.8
Gujarat State Petronet	265	Buy	3,712	-0.5	6.5	3,148	2.8	16.6	2,061	2.0	20.6
HPCL	237	Neutral	9,99,724	2.5	-8.8	43,335	98.3	108.9	20,728	15.5	1,102.1
Indraprastha Gas	429	Sell	37,919	57.6	2.2	4,535	-9.4	5.8	2,939	-18.7	5.6
IOC	78	Buy	18,31,358	3.3	-10.6	1,83,970	45.7	247.5	1,07,502	78.5	2,299.6
Mahanagar Gas	984	Buy	15,829	45.7	-5.3	2,570	19.3	0.4	1,624	23.2	-5.6
MRPL	53	Neutral	2,25,402	-9.1	-15.1	9,195	-68.7	71.6	1,854	-93.9	LP
Oil India	252	Buy	57,273	27.9	6.5	29,980	53.1	5.0	18,017	10.5	3.2
ONGC	151	Buy	3,80,608	10.3	-1.4	2,09,593	12.7	2.7	1,09,268	23.3	-1.1
Petronet LNG	229	Neutral	94,473	-15.3	-40.1	9,006	-23.0	-46.2	5,017	-33.1	-57.5
Reliance Inds.	2331	Buy	20,89,480	0.8	-3.8	3,67,460	17.2	4.3	1,61,514	-0.3	2.3
Oil & Gas			72,88,589	4.1	-7.2	10,07,288	21.7	34.8	5,17,981	15.7	53.7
Oil Ex OMCs			33,97,896	5.8	-3.3	6,60,601	6.7	4.9	3,17,873	-8.0	2.1

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



Sources: Bloomberg, MOFSL

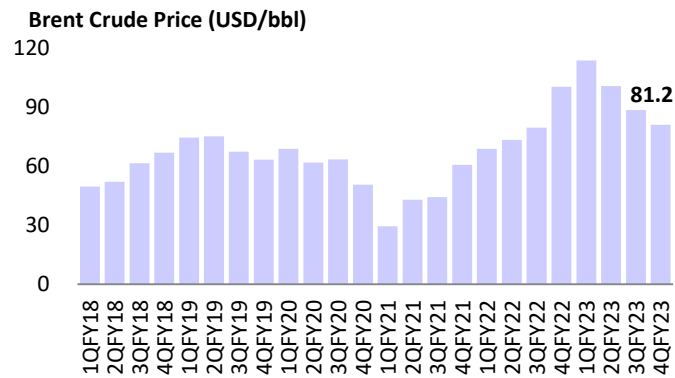
Exhibit 4: One-year relative performance (%)



Sources: Bloomberg, MOFSL

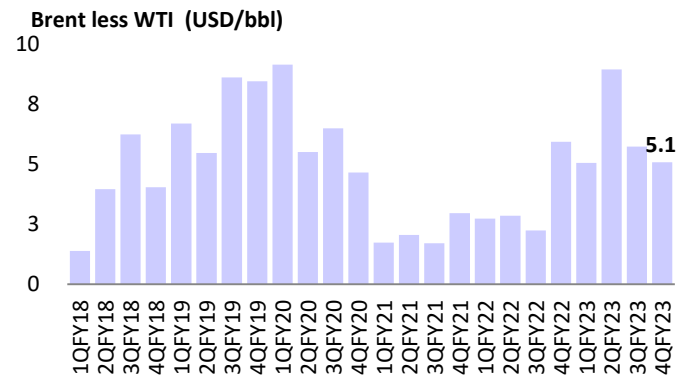
Prices/margins improve in 4QFY23: SG GRM also on the rise

Exhibit 5: Brent crude price down 20% YoY and 8% QoQ



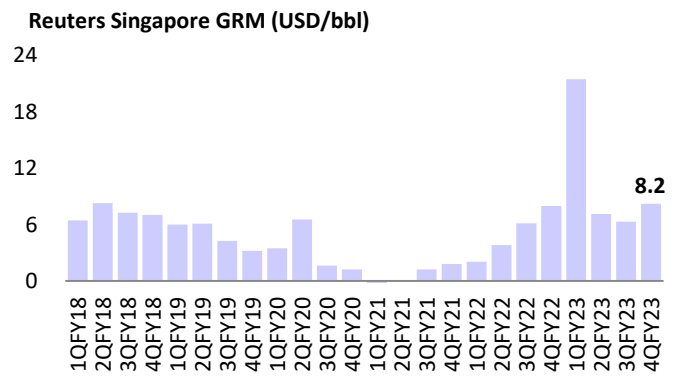
Source: Bloomberg, MOFSL

Exhibit 6: Brent premium to WTI decline to USD5.1/bbl



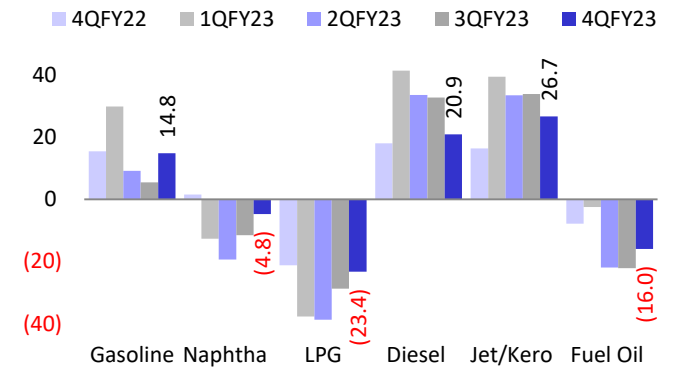
Source: Bloomberg, MOFSL

Exhibit 7: Reuters SG GRM (average) increased QoQ to USD8.2/bbl (from USD6.3/bbl in 3QFY23)



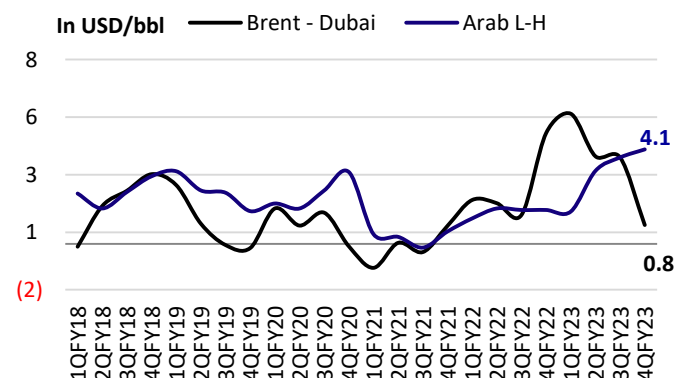
Reuters, MOFSL

Exhibit 8: Gasoline, Naphtha, and LPG cracks improved during the quarter (USD/bbl)



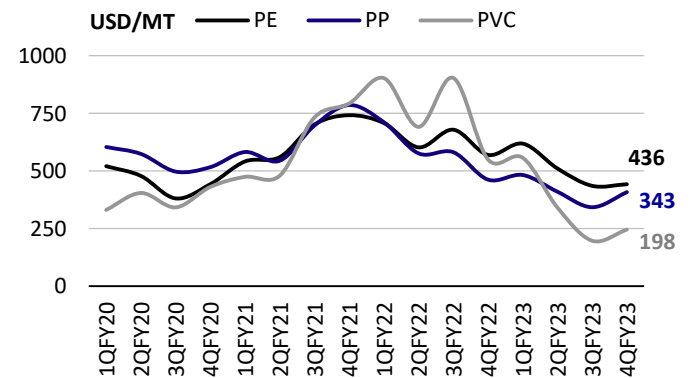
Source: Reuters, MOFSL

Exhibit 9: Crude differentials rose QoQ for Arab L-H to USD4.1/bbl but decreased to USD0.8/bbl for Brent-Dubai

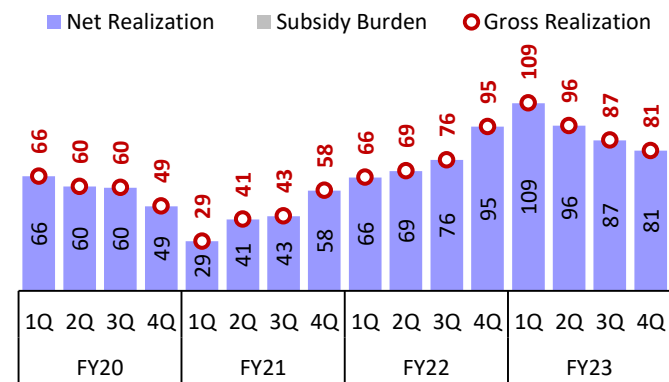


Source: Bloomberg, MOFSL

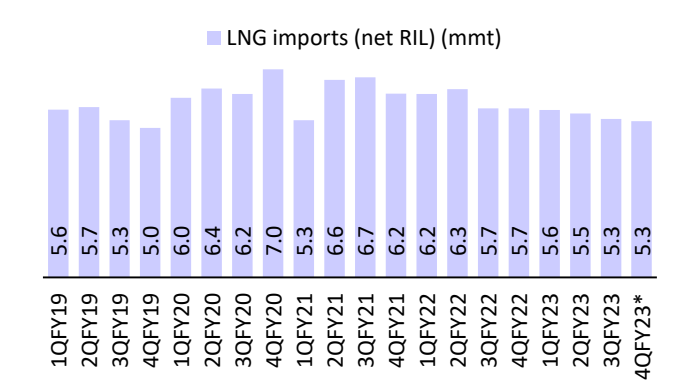
Exhibit 10: Spreads over Naphtha for PE, PP, and PVC increased QoQ



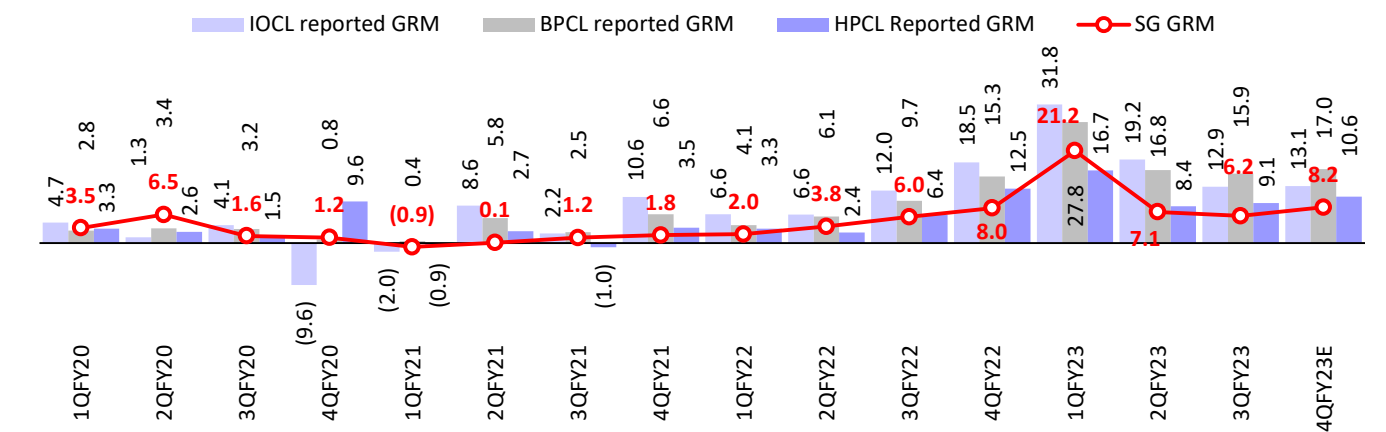
Source: Bloomberg, MOFSL

Exhibit 11: Expect net realization of USD81/bbl for ONGC in 4QFY23


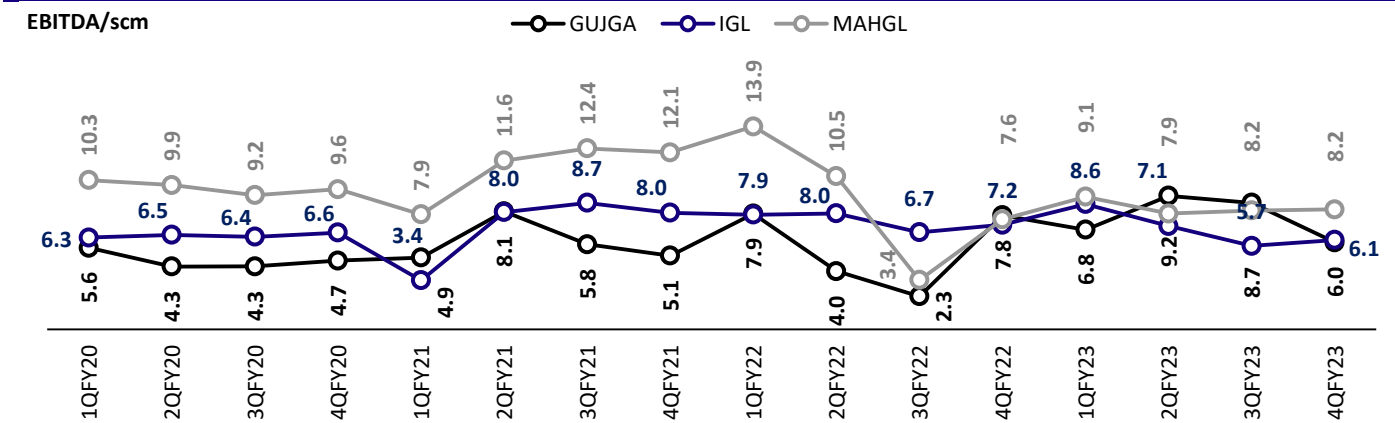
Source: Company, MOFSL

Exhibit 12: Expect LNG imports (mmt) to decline 1% QoQ and 7% YoY in 4QFY23


*Feb'23 and Mar'23 data extrapolated for 4QFY23E 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)

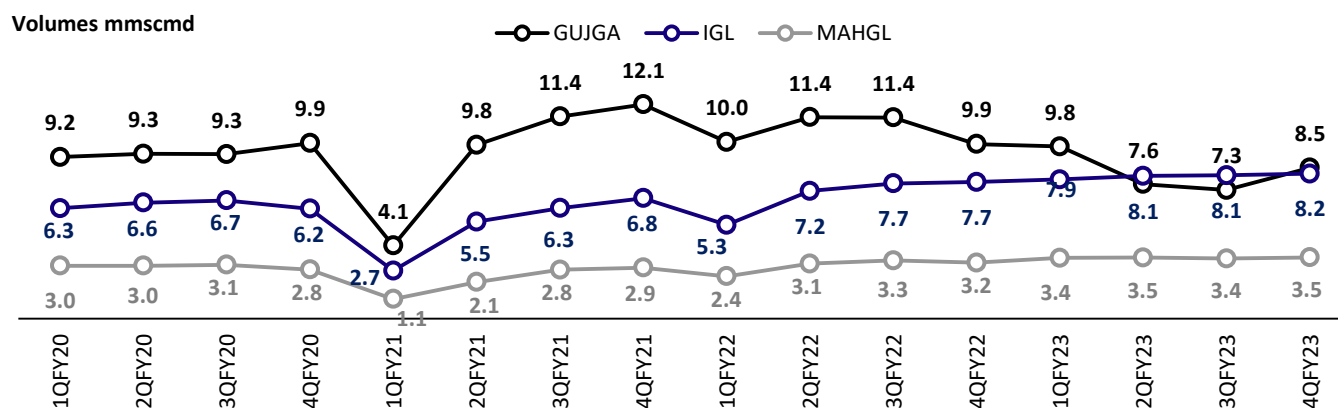


Exhibit 16: Valuation summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Oil & Gas						14.6	11.0	10.9	1.4	1.3	1.2	9.7	11.7	10.9
Aegis Logistics	379	Neutral	14.9	14.3	15.4	25.4	26.4	24.6	4.9	4.3	3.8	21.0	17.5	16.6
BPCL	344	Neutral	22.5	37.2	40.5	15.3	9.2	8.5	1.3	1.2	1.1	8.8	13.5	13.7
Castrol India	111	Buy	8.2	8.3	9.0	13.4	13.3	12.3	5.8	5.3	4.9	46.2	41.6	41.4
GAIL	105	Buy	8.5	14.4	14.4	12.4	7.3	7.3	1.1	1.0	0.9	9.6	14.5	13.1
Gujarat Gas	460	Buy	20.6	21.3	24.0	22.3	21.6	19.1	4.6	3.9	3.3	22.8	19.5	18.6
Gujarat State Petronet	265	Buy	16.4	18.6	19.3	16.1	14.2	13.7	1.6	1.5	1.3	10.5	10.8	10.2
HPCL	237	Neutral	-46.7	48.2	44.4	-5.1	4.9	5.3	1.1	0.9	0.8	-18.8	19.8	16.0
Indraprastha Gas	429	Sell	20.1	20.2	21.5	21.3	21.3	20.0	3.8	3.4	3.0	19.0	16.7	15.9
IOC	78	Buy	8.3	12.0	11.9	9.4	6.5	6.6	0.8	0.7	0.7	8.3	11.2	10.5
Mahanagar Gas	984	Buy	69.2	77.0	78.3	14.2	12.8	12.6	2.4	2.2	2.0	18.0	18.0	16.5
MRPL	53	Neutral	2.5	5.6	5.7	20.9	9.4	9.2	2.4	2.0	1.7	12.1	23.5	20.2
Oil India	252	Buy	60.4	41.0	39.6	4.2	6.1	6.4	0.8	0.8	0.7	21.4	13.1	11.8
ONGC	151	Buy	40.6	50.2	46.5	3.7	3.0	3.2	0.7	0.6	0.5	19.1	21.0	17.2
Petronet LNG	229	Neutral	20.8	18.8	19.1	11.0	12.2	12.0	2.3	2.1	1.9	22.0	18.0	16.8
Reliance Inds.	2,331	Buy	94.1	108.1	118.7	24.8	21.6	19.6	1.8	1.7	1.5	7.9	8.4	8.5

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.

Aegis Logistics

Neutral
CMP: INR379 | TP: INR340 (-10%)
EPS CHANGE (%): FY23|24: -7| -7

- Expect EBITDA to improve 4% QoQ, driven by gradual growth in throughput.
- Watch out for progress of IHBL pipeline connecting Kandla and Pipavav terminals.
- Recovery in volumes from in the Haldia terminal is a key monitorable, post-exit of BPCL.
- Ramp-up in utilization at Kandla LPG terminal is also a key monitorable.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,781	6,352	12,141	21,036	22,355	21,505	20,867	21,775	46,310	86,502
YoY Change (%)	6.5	-2.3	-21.4	108.0	229.7	238.5	71.9	3.5	20.5	86.8
EBITDA	1,051	1,372	1,490	1,431	1,466	1,686	2,161	2,255	5,344	7,568
Margin (%)	15.5	21.6	12.3	6.8	6.6	7.8	10.4	10.4	11.5	8.7
Depreciation	187	189	206	211	289	334	344	350	794	1,316
Interest	41	36	44	98	103	254	272	290	218	918
Other Income	80	92	81	135	861	180	192	194	387	1,427
PBT before EO expense	903	1,239	1,321	1,257	1,935	1,279	1,738	1,809	4,720	6,761
Extra-Ord expense	0	0	0	0	621	0	0	0	0	621
PBT	903	1,239	1,321	1,257	1,314	1,279	1,738	1,809	4,720	6,140
Tax	181	226	228	236	240	268	309	454	871	1,271
Rate (%)	20.1	18.2	17.3	18.7	18.2	21.0	17.8	25.1	18.4	20.7
MI & P/L of Asso. Cos.	56	69	75	74	41	77	175	77	274	370
Reported PAT	666	944	1,018	947	1,034	934	1,253	1,278	3,575	4,499
Adj PAT	666	944	1,018	947	1,541	934	1,253	1,278	3,575	4,991
YoY Change (%)	123.3	65.7	43.0	44.8	131.4	-1.1	23.2	34.9	60.1	39.6
Margins (%)	9.8	14.9	8.4	4.5	6.9	4.3	6.0	5.9	7.7	5.8

BPCL

Neutral
CMP: INR337 | TP: INR370 (+10%)
EPS CHANGE (%): FY23|24: LP|-11

- Expect refinery throughput at 10.4mmt (up 28% YoY/up 11% QoQ), led by utilization ramp-up at Kochi refinery.
- Expect marketing sales (excluding exports) volumes of 12.1mmt (up 2% YoY/down 6% QoQ) during the quarter.
- Expect reported GRM at USD17/bbl, with blended gross marketing margin at INR4.5/liter.
- Key monitorables will be the product prices of the company, with Brent coming down from 3QFY23 levels.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	709.2	763.9	950.9	1,040.6	1,210.5	1,148.1	1,191.6	1,059.6	3,464.6	4,609.7
YoY Change (%)	82.9	52.3	42.5	35.3	70.7	50.3	25.3	1.8	49.0	33.1
EBITDA	32.6	47.7	51.0	60.3	-49.0	20.2	43.8	119.4	191.6	134.3
Margins (%)	4.6	6.2	5.4	5.8	-4.0	1.8	3.7	11.3	5.5	2.9
Depreciation	11.4	13.9	13.9	14.9	16.1	15.6	15.8	16.7	54.1	64.3
Interest	4.9	5.1	5.6	6.5	6.2	8.1	9.8	10.9	22.1	34.9
Other Income	4.5	8.4	7.0	5.8	4.4	5.6	4.5	4.3	25.7	18.8
PBT before EO expense	20.3	37.5	38.1	42.7	-76.5	-3.8	21.3	96.1	138.7	37.0
Extra-Ord expense	-16.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.4	0.0
PBT	36.8	37.5	38.1	42.7	-76.5	-3.8	21.3	96.1	155.1	37.0
Tax	4.8	9.1	9.8	18.9	-13.9	-0.7	1.7	24.2	42.7	11.2
Rate (%)	13.2	24.3	25.7	44.2	18.2	19.1	7.8	25.2	27.5	30.3
Reported PAT	31.9	28.4	28.3	23.8	-62.6	-3.0	19.6	71.9	112.5	25.8
Adj PAT	17.7	28.4	28.3	23.8	-62.6	-3.0	19.6	71.9	98.2	25.8
YoY Change (%)	-14.9	21.8	-7.5	-53.4	PL	PL	-30.7	201.5	-22.0	PL
Margins (%)	2.5	3.7	3.0	2.3	-5.2	-0.3	1.6	6.8	2.8	0.6
Key Assumptions										
Refining throughput (mmt)	6.8	7.2	9.9	8.1	9.7	8.8	9.4	10.4	32.1	38.3
Reported GRM (USD/bbl)	4.1	6.1	9.7	15.3	27.8	16.8	15.9	17.0	9.1	19.4
Marketing sales volume exclud exports (mmt)	9.6	9.9	11.2	11.8	11.8	11.4	12.8	12.1	42.5	48.1
Marketing GM incld inv (INR/litre)	5.8	6.7	4.3	4.3	-9.2	-0.6	1.1	4.5	5.3	-1.0

Castrol (India)**Buy****CMP: INR111 | TP: INR135 (+20%)****EPS CHANGE (%): CY23|24: -1|-1**

- Forecast volumes at 55.5m liters (down 6% YoY/up 16% QoQ).
- Expect EBITDA margin to contract 170bp YoY, led by declining input costs.
- Expect realization of ~INR235/liter (up 12% YoY/down 4% QoQ) during the quarter.
- Operating margin expansion, product launches, and OEM tie-ups remain the key monitorable.

Quarterly Performance**(INR m)**

Y/E December	CY22				CY23				CY22	CY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volume (m litres)	59.0	56.0	47.0	48.0	55.5	53.2	55.0	52.7	210.0	216.3
Realization	209	222	239	245	235	229	222	202	227	222
Net Sales	12,357	12,417	11,211	11,760	13,044	12,159	12,202	10,590	47,745	47,995
YoY Change (%)	8.5	39.6	4.5	7.8	5.6	-2.1	8.8	-9.9	13.9	0.5
EBITDA	3,172	2,861	2,571	2,506	3,133	2,871	2,884	2,408	11,111	11,296
YoY Change (%)	-6.7	44.9	-2.0	-5.7	-1.2	0.3	12.2	-3.9	4.2	1.7
Margin (%)	25.7	23.0	22.9	21.3	24.0	23.6	23.6	22.7	23.3	23.5
Depreciation	202	196	208	208	227	220	233	234	814	913
Interest	7	5	12	16	16	16	17	16	40	64
Other Income	150	137	187	196	160	159	163	167	670	648
PBT before EO expense	3,113	2,797	2,538	2,479	3,050	2,795	2,797	2,326	10,928	10,967
PBT	3,113	2,797	2,538	2,479	3,050	2,795	2,797	2,326	10,928	10,967
Tax	829	735	667	546	769	704	705	586	2,776	2,764
Rate (%)	26.6	26.3	26.3	22.0	25.2	25.2	25.2	25.2	25.4	25.2
PAT	2,284	2,063	1,872	1,933	2,281	2,090	2,092	1,740	8,152	8,203
YoY Change (%)	-6.2	47.3	0.7	2.5	-0.1	1.3	11.8	-10.0	7.5	0.6

GAIL**Buy****CMP: INR105 | TP: INR145 (+38%)****EPS CHANGE (%): FY23|24: 2|0**

- Expect transmission volumes of 107mmcmd (down 1% YoY/up 3% QoQ), led by improving gas supply and normalizing spot LNG prices.
- Expect Petchem volumes of ~94kmt, with realizations down 5% both YoY and QoQ.
- A recovery in demand from Power, Refining, and Petchem sectors to drive growth in FY24E with normalization of spot LNG prices.
- Update on progress of ongoing projects remains a key monitorable.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,73,866	2,15,153	2,57,756	2,69,682	3,75,721	3,84,909	3,53,804	4,14,681	9,16,457	15,29,115
Change (%)	43.8	57.7	66.8	73.4	116.1	78.9	37.3	53.8	61.5	66.9
EBITDA	24,113	34,751	42,281	37,145	43,657	17,647	2,613	15,136	1,38,290	79,053
% of Net Sales	13.9	16.2	16.4	13.8	11.6	4.6	0.7	3.7	15.1	5.2
Depreciation	5,086	5,244	5,322	5,461	6,030	6,194	6,226	6,344	21,112	24,793
Interest	466	424	394	461	481	683	1,050	1,055	1,744	3,268
Other Income	1,976	7,740	6,518	4,235	1,798	7,988	6,889	4,817	20,469	21,492
PBT	20,537	36,823	43,084	35,459	38,944	18,759	2,227	12,555	1,35,903	72,484
Tax	5,238	8,194	10,204	8,628	9,792	3,388	-231	3,178	32,263	16,128
Rate (%)	25.5	22.3	23.7	24.3	25.1	18.1	-10.4	25.3	23.7	22.3
PAT	15,299	28,630	32,880	26,831	29,152	15,371	2,457	9,376	1,03,640	56,356
Change (%)	498.8	130.9	121.1	40.6	90.5	-46.3	-92.5	-65.1	111.9	-45.6
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	15,371	2,457	9,376	1,02,864	56,356
Change (%)	498.8	130.9	127.3	33.3	90.5	-46.3	-92.5	-64.0	110.1	-45.2
Key Assumptions										
Gas Trans. volume (mmcmd)	107.7	114.3	114.3	107.6	109.5	107.7	103.7	107.0	111.0	107.0
Petchem sales ('000MT)	138.0	221.0	217.0	216.0	109.0	108.0	65.0	94.0	792.0	376.0

Gujarat Gas

Buy

CMP: INR461 | TP: INR625 (+36%)

EPS CHANGE (%): FY23|24: +2|+11

- Expect volumes at 8.5mmscmd (down 14% YoY, up 17% QoQ) as Morbi ceramic cluster switches to natural gas from propane.
- Impact of aggressive price cuts on margins will be a key monitorable.
- Expect EBITDA margin at INR6/scm (down 24% YoY, down 31% QoQ), due to price cuts taken at Morbi.
- Growth in CNG and commissioning of gas supply in newer GAs remain crucial for volume growth.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	30,109	36,249	51,444	46,694	51,701	39,765	36,843	43,700	1,64,562	1,72,008
YoY Change (%)	178.0	44.2	81.6	36.0	71.7	9.7	-28.4	-6.4	66.8	4.5
EBITDA	7,229	4,190	2,375	6,974	6,066	6,427	5,823	4,589	20,763	22,906
Margin (%)	24.0	11.6	4.6	14.9	11.7	16.2	15.8	10.5	12.6	13.3
Depreciation	905	947	969	1,021	1,032	1,064	1,093	1,095	3,849	4,284
Interest	159	124	140	145	136	131	76	84	568	427
Other Income	213	178	353	176	190	185	320	124	907	819
PBT	6,377	3,297	1,619	5,867	5,089	5,418	4,974	3,534	17,134	19,014
Tax	1,616	843	400	1,424	1,278	1,379	1,261	891	4,278	4,808
Rate (%)	25.3	25.6	24.7	24.3	25.1	25.4	25.4	25.2	25.0	25.3
Reported PAT	4,762	2,454	1,219	4,443	3,811	4,039	3,713	2,644	12,856	14,206
Adj. PAT	4,762	2,454	1,219	4,533	3,811	4,039	3,713	2,644	12,946	14,206
YoY Change (%)	711.7	-48.3	-68.8	30.5	-20.0	64.6	204.5	-41.7	2.1	9.7
Total volume (mmscmd)	10.0	11.4	11.4	9.9	9.8	7.6	7.3	8.5	10.7	8.3
CNG	1.5	2.0	2.2	2.2	2.4	2.3	2.4	2.6	2.0	2.4
PNG – Industrial/Commercial	7.9	8.8	8.6	6.8	6.8	4.6	4.2	5.3	8.0	5.2
PNG – Households	0.6	0.6	0.7	0.8	0.6	0.7	0.7	0.7	0.7	0.7
EBITDA (INR/scm)	7.9	4.0	2.3	7.8	6.8	9.2	8.7	6.0	5.5	7.7

Gujarat State Petronet

Buy

CMP: INR279 | TP: INR336 (+20%)

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

- Expect transmission volumes of ~24mmscmd (down 19% YoY/up 6% QoQ) as Morbi ceramic cluster switches to natural gas from propane.
- EBITDA/mscm expected to increase 27% YoY, led by higher implied tariff at INR1,662/mscm (up 19% YoY, down 1% QoQ)
- Cooling spot LNG prices should lead to improvement in volumes in the near term. Realizations are expected to taper off in the longer term with ramp-up of volumes.
- Commissioning of Phase II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain the key monitorables.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	4,397	4,474	3,991	3,730	4,200	3,850	3,484	3,712	16,591	15,246
YoY Change (%)	9.1	-3.4	-13.1	-5.3	-4.5	-13.9	-12.7	-0.5	-3.5	-8.1
EBITDA	3,744	3,806	3,365	3,062	3,602	3,338	2,699	3,148	13,976	12,788
YoY Change (%)	8.2	0.0	-15.5	-11.1	-3.8	-12.3	-19.8	2.8	-4.9	-8.5
Margins (%)	85.2	85.1	84.3	82.1	85.8	86.7	77.5	84.8	84.2	83.9
Depreciation	481	491	494	494	479	488	489	486	1,960	1,942
Interest	140	86	53	34	14	11	11	12	313	48
Other Income	38	904	39	64	40	1,037	130	103	1,045	1,311
PBT before EO expense	3,161	4,133	2,856	2,598	3,149	3,877	2,329	2,754	12,748	12,109
Extra-Ord expense	14	0	0	0	0	0	0	0	14	0
PBT	3,148	4,133	2,856	2,598	3,149	3,877	2,329	2,754	12,735	12,109
Tax	828	829	723	577	794	735	620	693	2,958	2,842
Rate (%)	26.3	20.1	25.3	22.2	25.2	18.9	26.6	25.2	23.2	23.5
Reported PAT	2,319	3,304	2,133	2,020	2,355	3,142	1,709	2,061	9,777	9,267
YoY Change (%)	16.8	21.9	-13.8	-2.8	1.1	-4.9	-19.9	2.0	5.7	-5.3
Margins (%)	53.0	73.8	53.5	54.2	56.1	81.6	49.1	55.5	59.0	60.8
Key Operating Parameters										
Transmission Volume (mmscmd)	36.8	37.5	31.9	29.3	29.5	24.6	22.3	23.6	33.9	25.0
Implied Tariff (INR/mscm)	1,282	1,260	1,343	1,394	1,523	1,656	1,678	1,662	1,314	1,630

HPCL**Neutral****CMP: INR237 | TP: INR265 (+12%)****EPS CHANGE (%): FY23|24: Loss|-1**

- Expect refining throughput at 4.8mmt (up 2% YoY/down 1% QoQ) as HPCL ramps up its utilization rate post-completion of its Mumbai refinery expansion.
- Expect reported GRM at USD10.6/bbl, with gross marketing margin at INR4.7/liter.
- Expect marketing sales volumes at 10.8mmt (down 4% QoQ), due to relatively soft MS and HSD demand.
- Higher capex (resulting in mounting debt) and execution risk at the Visakhapatnam refinery continue to be the key concerns.

Standalone - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	724.4	830.6	966.0	975.7	1,144.5	1,084.2	1,096.0	998.6	3,496.8	4,323.3
YoY Change (%)	92.1	60.4	40.7	30.4	58.0	30.5	13.5	2.3	50.1	23.6
EBITDA	32.6	30.1	18.7	21.9	-115.5	-8.9	20.7	43.3	103.3	-60.4
Margins (%)	4.5	3.6	1.9	2.2	-10.1	-0.8	1.9	4.3	3.0	-1.4
Depreciation	9.1	9.5	10.2	10.8	10.9	10.8	11.1	11.5	39.7	44.3
Forex loss	0.7	-1.1	-1.4	0.9	9.5	6.0	4.0	0.2	-1.0	19.7
Interest	2.5	1.5	2.4	3.3	3.3	5.9	6.8	7.2	9.7	23.2
Other Income	3.7	3.4	4.1	16.0	3.4	2.8	2.9	3.2	27.2	12.3
PBT before EO expense	24.0	23.6	11.6	22.8	-135.8	-28.9	1.7	27.7	82.0	-135.4
PBT	24.0	23.6	11.6	22.8	-135.8	-28.9	1.7	27.7	82.0	-135.4
Rate (%)	25.1	18.5	25.1	21.4	24.9	24.9	-2.4	25.2	22.2	25.2
Adj PAT	18.0	19.2	8.7	18.0	-102.0	-21.7	1.7	20.7	63.8	-101.3
YoY Change (%)	-36.2	-22.4	-63.1	-40.5	PL	PL	-80.2	15.3	-40.1	PL
Key Assumptions										
Refining throughput (mmt)	2.5	2.5	4.2	4.7	4.8	4.5	4.8	4.8	14.0	18.9
Reported GRM (USD/bbl)	3.3	2.4	6.4	12.5	16.7	8.4	9.1	10.6	6.2	11.2
Marketing sales volume incl exports (mmt)	8.8	9.1	10.5	10.7	10.7	10.4	11.3	10.8	39.1	10.8
Marketing GM incl inv (INR/litre)	5.8	5.9	3.0	2.7	-9.9	0.7	2.2	4.7	4.3	-0.6

Indraprastha Gas**Sell****CMP: INR430 | TP: INR340 (-21%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect total volumes at 8.21mmcmd (up 6% YoY / up 1% QoQ).
- Key monitorable would be increase in sales volumes from Gas – both existing and the newly awarded ones.
- Expect EBITDA/scm to increase to INR6.1, led by cooling spot LNG prices.
- Increasing penetration of EVs continue to be the key risks to long-term volume growth prospects.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	12,574	18,312	22,155	24,059	31,939	35,540	37,108	37,919	77,100	1,42,506
Change (%)	96.9	40.3	53.2	55.2	154.0	94.1	67.5	57.6	56.0	84.8
EBITDA	3,809	5,302	4,696	5,005	6,175	5,275	4,285	4,535	18,811	20,270
EBITDA (INR/scm)	7.9	8.0	6.7	7.2	8.6	7.1	5.7	6.1	7.4	6.9
Change (%)	356.4	30.2	-6.2	1.8	62.1	-0.5	-8.8	-9.4	26.8	7.8
Depreciation	778	805	835	753	857	914	925	928	3,171	3,624
Interest	29	26	28	49	24	31	26	38	132	119
Other Income	298	775	304	774	307	1,100	557	360	2,150	2,324
PBT before EO	3,299	5,246	4,137	4,977	5,602	5,430	3,891	3,928	17,659	18,852
Tax	857	1,241	1,051	1,361	1,394	1,269	1,109	989	4,509	4,759
Rate (%)	26.0	23.6	25.4	27.3	24.9	23.4	28.5	25.2	25.5	25.2
PAT	2,443	4,005	3,085	3,616	4,209	4,162	2,783	2,939	13,150	14,092
PAT (INR/scm)	5.0	6.0	4.4	5.2	5.9	5.6	3.7	4.0	5.2	4.8
Change (%)	667.2	30.1	-7.9	9.2	72.3	3.9	-9.8	-18.7	30.8	7.2
Gas volumes (mmcmd)										
CNG	3.65	5.30	5.63	5.66	5.93	6.09	6.07	6.11	5.06	6.05
PNG	1.67	1.94	2.02	2.09	1.96	2.00	2.05	2.10	1.93	2.02
Total	5.32	7.24	7.66	7.74	7.89	8.09	8.12	8.21	6.99	8.08

IOC

Buy

CMP: INR82 | TP: INR105 (+29%)

EPS CHANGE (%): FY23|24: 395|9

- Expect refinery throughput of 18.7mmt (up 2% YoY / up 3% QoQ), led by ramp-up in the utilization rate at its refineries
- Petchem segment to improve QoQ as PE/PP cracks have improved on a sequential basis.
- Expect reported GRM at USD13.1/bbl, with gross marketing margin at INR4.5/liter.
- Refining margins to aid IOC the most among peers; its valuation remains attractive.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,187	1,354	1,668	1,773	2,243	2,075	2,047	1,831	5,982	8,196
YoY Change (%)	90.2	58.2	56.8	43.3	89.0	53.2	22.8	3.3	58.2	37.0
EBITDA	117.2	106.3	98.8	126.2	43.0	50.1	52.9	184.0	448	330
Margins (%)	9.9	7.8	5.9	7.1	1.9	2.4	2.6	10.0	7.5	4.0
Depreciation	26.3	27.1	27.8	28.9	28.5	29.6	31.0	32.0	110	121
Interest	12.6	9.9	9.8	16.1	17.2	14.4	19.5	23.4	48	75
Other Income	5.6	12.7	13.8	9.5	6.8	22.0	17.2	15.9	42	62
PBT	78.0	83.7	74.8	80.8	-25.3	-2.4	2.6	143.7	317.3	118.5
Tax	18.6	20.1	16.2	20.6	-5.4	0.3	-1.9	36.2	75.5	29.2
Rate (%)	23.8	24.0	21.6	25.5	21.2	-11.5	-74.6	25.2	23.8	24.6
Adj PAT	59.4	63.6	58.6	60.2	-19.9	-2.7	4.5	107.5	241.8	89.3
YoY Change (%)	210.9	2.1	19.2	-31.4	PL	PL	-92.4	78.5	10.8	-63.1
Margins (%)	5.0	4.7	3.5	3.4	-0.9	-0.1	0.2	5.9	4.0	1.1
Key Assumptions										
Refining throughput (mmt)	16.7	15.3	17.4	18.3	18.9	16.1	18.2	18.7	67.7	71.9
Reported GRM	6.6	6.6	12.0	18.5	31.8	19.2	12.9	13.1	10.9	19.3
Domestic sale of refined products (mmt)	17.2	17.2	19.2	20.1	21.3	19.9	21.6	20.5	73.7	83.3
Marketing GM incld. inv. per litre (INR/litre)	6.2	7.0	3.4	2.3	-7.7	-0.8	0.7	4.5	4.7	-0.8

Mahanagar Gas

Buy

CMP: INR987 | TP: INR1175 (+19%)

EPS CHANGE (%): FY23|24: -1|0

- Expect a volume growth of 9% YoY (up 2% QoQ) to 3.5mmscmd with CNG volumes up 9% YoY and 1% QoQ.
- Demand for higher commissions to sell CNG by OMCs raise concerns on current high margins.
- Expect EBITDA margin/scm of INR8.2 (up 9% YoY/up 1% QoQ).
- Addition of MRUs, which could be a game changer for the company, is a key monitorable.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,155	8,301	10,278	10,868	14,548	15,627	16,714	15,829	35,602	62,717
YoY Change (%)	135.1	63.8	54.2	51.4	136.4	88.2	62.6	45.7	65.4	76.2
EBITDA	3,040	3,018	1,031	2,155	2,856	2,528	2,561	2,570	9,243	10,515
EBITDA/SCM	13.9	10.5	3.4	7.6	9.1	7.9	8.2	8.2	8.4	8.4
Margins (%)	49.4	36.4	10.0	19.8	19.6	16.2	15.3	16.2	26.0	16.8
Depreciation	453	473	482	555	537	551	585	593	1,963	2,266
Interest	17	20	15	23	23	25	24	31	75	103
Other Income	186	226	218	227	200	260	323	226	857	1,008
PBT	2,756	2,751	752	1,804	2,496	2,213	2,274	2,172	8,063	9,155
Tax	716	708	184	486	644	573	553	548	2,093	2,318
Rate (%)	26.0	25.7	24.5	26.9	25.8	25.9	24.3	25.2	26.0	25.3
Reported PAT	2,041	2,043	568	1,318	1,852	1,640	1,721	1,624	5,970	6,837
YoY Change (%)	351.0	41.5	-73.9	-38.1	-9.3	-19.7	203.0	23.2	-3.6	14.5
Margins (%)	33.2	24.6	5.5	12.1	12.7	10.5	10.3	10.3	16.8	10.9
Sales Volumes (mmscmd)										
CNG	1.6	2.2	2.4	2.3	2.5	2.5	2.5	2.5	2.1	2.5
PNG - Domestic	0.5	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	0.4	0.4	0.5	0.4	0.5
PNG - Total	0.8	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9
Total Volumes	2.4	3.1	3.3	3.2	3.4	3.5	3.4	3.5	3.0	3.4

MRPL**Neutral****CMP: INR53 | TP: INR51 (-2%)****EPS CHANGE (%): FY23|24: +11 |-1**

- Expect refinery throughput of ~4.5mmt (up 2% YoY/flat QoQ).
- Watch out for its Phase IV expansion plans, which may further weaken the Balance Sheet.
- Expect reported GRM at USD5/bbl, taking inventory losses into account.
- Sustained good performance remains a concern, given the current highly volatile macro environment.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,12,981	1,33,044	2,04,195	2,48,038	3,22,897	2,46,080	2,65,574	2,25,402	6,97,271	10,59,954
YoY Change (%)	152.6	115.2	156.8	82.6	185.8	85.0	30.1	-9.1	118.2	52.0
EBITDA	3,660	-899	17,339	29,410	54,368	-15,325	5,358	9,195	49,306	53,597
Margin (%)	3.2	-0.7	8.5	11.9	16.8	-6.2	2.0	4.1	7.1	5.1
Depreciation	2,131	2,889	2,895	2,205	2,956	2,969	2,980	3,141	10,877	12,046
Forex loss	1,085	-773	167	0	7,228	4,624	2,485	104	0	14,440
Interest	1,983	2,676	2,360	3,940	3,022	3,155	3,377	3,731	12,073	13,284
Other Income	210	190	430	265	367	316	573	257	983	1,514
PBT before EO expense	-1,329	-5,501	12,347	23,530	41,530	-25,756	-2,910	2,477	27,338	15,340
Extra-Ord expense	0	0	0	300	0	0	-25	0	300	-25
PBT	-1,329	-5,501	12,347	23,230	41,530	-25,756	-2,885	2,477	27,038	15,365
Tax	-466	-1,405	6,484	-6,852	14,454	-7,865	-1,005	623	-2,469	6,208
Rate (%)	35.1	25.5	52.5	-29.5	34.8	30.5	34.8	25.2	-9.1	40.4
Reported PAT	-863	-4,096	5,864	30,082	27,075	-17,891	-1,880	1,854	29,582	9,158
YoY Change (%)	Loss	PL	LP	1,039.0	LP	Loss	PL	-93.9	-492.9	-69.4
Margin (%)	-0.8	-3.1	2.9	12.3	8.4	-7.3	-0.7	0.8	4.3	0.9
Key Assumptions										
Refining throughput (mmt)	3.1	3.2	4.4	4.4	4.3	4.0	4.5	4.5	15.0	17.2
Reported GRM (USD/bbl)	4.5	2.3	9.0	15.7	25.1	-4.5	3.9	5.0	7.9	7.4
Core GRM (USD/bbl)	-0.2	1.7	8.1	7.7	19.8	1.1	7.8	6.2	4.3	8.7

Oil India**Buy****CMP: INR250 | TP: INR300 (+20%)****EPS CHANGE (%): FY23|24: -2 |-2**

- Oil realization (before windfall tax) to decline 8% QoQ and 20% YoY in line with Brent movement in 4QFY23.
- Expect oil volumes at 0.79mmt (up 7% YoY and up 2% QoQ) and gas sales of 0.65bcm (up 16% YoY/up 6% QoQ).
- Increase in production at the Baghjan field is a key monitorable over the medium term.
- OINL has taken notable provisions in the US Shale assets in FY21 that will make provisions in Mozambique and Russia blocks in future.

Quarterly Performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	30.0	33.1	37.4	44.8	59.7	46.4*	53.8*	57.2	145.3	217.0
Change (%)	72.2	52.7	75.8	73.6	98.7	40.2	43.9	27.6	68.6	49.4
EBITDA	12.3	9.1	12.7	19.6	26.4	18.5	28.6	29.9	53.7	103.3
% of Net Sales	40.9	27.6	33.9	43.7	44.2	39.8	53.1	52.3	37.0	47.6
Change (%)	523.6	23.9	-1,450.8	361.1	114.4	102.3	125.3	52.7	324.3	92.4
D,D&A	4.0	4.2	4.7	2.1	3.9	4.2	4.5	4.8	15.0	17.4
Interest	2.2	1.9	1.7	2.0	2.0	2.1	2.0	2.2	7.8	8.3
OI (incl. Oper. other inc)	0.7	3.7	9.7	4.9	0.6	8.9	1.0	1.1	19.0	11.7
PBT before exceptional	6.8	6.7	15.9	20.4	21.1	21.1	23.0	24.0	49.9	89.2
PBT after exceptional	6.8	6.7	15.9	20.4	21.1	21.1	23.0	24.0	49.9	89.2
Tax	1.7	1.7	3.5	4.1	5.5	3.9	5.6	6.1	11.0	21.0
Rate (%)	25.0	25.1	21.9	20.2	26.2	18.4	24.2	25.2	22.0	23.6
PAT	5.1	5.0	12.4	16.3	15.6	17.2	17.5	18.0	38.9	68.2
Change (%)	LP	111.1	37.8	92.3	206.2	241.1	40.3	10.2	123.2	75.4
Adj. PAT	5.1	5.0	12.4	16.3	15.6	17.2	17.5	18.0	38.9	68.2
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.72	0.74	0.73	0.73	0.76	0.78	0.77	0.79	2.92	3.10
Gas sales (bcm)	0.61	0.67	0.63	0.56	0.59	0.66	0.61	0.65	2.47	2.51
Net Oil Realization	67.2	71.4	78.6	98.1	112.7	74.7*	77.1*	80.1	78.8	86.2

*after accounting for windfall tax

ONGC**Buy****CMP: INR151 | TP: INR200 (+33%)****EPS CHANGE (%): FY23|24: 5|2**

- Oil realization (before windfall tax) to decline 8% QoQ and 20% YoY in line with Brent movement in 4QFY23.
- Production from the KG Basin remains crucial. Management expects first oil by May/Jun'23.
- Expect oil sales to be down 8% YoY and up 1% QoQ, with gas sales being up 2% YoY and down 1% QoQ. VAP sales to increase 3% YoY.
- Capital misallocation, increase in windfall taxes or sharp decline in oil prices and non-implementation of a floor for APM gas are some downside risks for ONGC.

Standalone - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	230.2	243.5	284.7	345.0	423.2	383.2	385.8	380.6	1,103.5	1,572.9
YoY Change (%)	76.9	44.0	67.3	62.8	83.8	57.4	35.5	10.3	61.9	42.5
EBITDA	121.5	132.3	159.7	185.9	259.3	188.1	204.1	209.6	599.4	861.1
Margin (%)	52.8	54.3	56.1	53.9	61.3	49.1	52.9	55.1	54.3	54.7
Depreciation	53.2	46.4	54.6	76.4	57.1	53.1	64.6	72.8	230.5	247.7
Interest	6.2	5.8	5.8	5.8	6.4	6.7	6.9	7.1	23.6	27.1
Other Income	5.3	31.5	14.9	13.4	7.6	35.3	14.1	16.4	65.2	73.4
PBT before EO expense	67.5	111.5	114.2	117.1	203.4	163.6	146.7	146.0	410.4	659.8
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	163.6	146.7	146.0	410.4	659.8
Tax	24.2	-72.0	26.6	28.5	51.4	35.3	36.3	36.8	7.3	159.7
Rate (%)	35.8	-64.5	23.3	24.4	25.3	21.6	24.7	25.2	1.8	24.2
Reported PAT	43.3	183.5	87.6	88.6	152.1	128.3	110.4	109.3	403.1	500.0
Adj PAT	43.3	85	88	88.6	152.1	128.3	110	109.3	304.6	500.0
YoY Change (%)	774.0	133.4	596.6	86.0	250.8	50.9	26.0	23.3	195.6	64.2
Margin (%)	18.8	34.9	30.8	25.7	35.9	33.5	28.6	28.7	27.6	31.8
Key Assumptions (USD/bbl)										
Net Oil Realization	65.6	69.4	75.7	95.0	108.5	95.5	87.1	81.2	76.4	93.1
Crude Oil Sold (mmt)	5.1	5.0	5.1	5.1	5.0	4.8	4.7	4.7	20.3	19.2
Gas Sold (bcm)	4.1	4.3	4.3	4.1	4.1	4.2	4.2	4.2	16.8	16.7
VAP Sold (tmt)	784	777	724	772	671	640	599	794	3,057	2,704

Petronet LNG**Neutral****CMP: INR223 | TP: INR210 (-6%)****EPS CHANGE (%): FY23|24: 0|0**

- We model in Dahej/Kochi utilization at 79%/21%.
- Increasing domestic gas supply may lead to decline in LNG imports, thereby adversely impacting utilizations.
- Expect total PLNG volumes to increase 13% QoQ and decline 1% YoY.
- Ramp-up at the Kochi terminal and progress on upcoming projects remain the key monitorables.

Standalone - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	86.0	108.1	126.0	111.6	142.6	159.9	157.8	94.5	431.7	554.7
YoY Change (%)	76.1	73.4	71.9	47.3	65.9	47.8	25.2	-15.3	65.9	28.5
EBITDA	10.5	13.0	17.3	11.7	10.6	11.7	16.8*	9.0	52.5	48.1
Margins (%)	12.3	12.0	13.8	10.5	7.5	7.3	10.6	9.5	12.2	8.7
Depreciation	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.3	7.7	8.0
Interest	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	3.2	3.3
Other Income	0.7	0.8	0.7	0.9	1.4	0.9	1.8	0.8	3.1	5.0
PBT	8.5	11.1	15.3	9.8	9.4	9.9	15.9	6.7	44.7	41.9
Tax	2.2	2.8	3.9	2.3	2.4	2.5	4.1	1.7	11.2	10.6
Rate (%)	25.3	25.6	25.4	23.8	25.2	25.1	25.5	25.2	25.1	25.3
Reported PAT	6.4	8.2	11.4	7.5	7.0	7.4	11.8	5.0	33.5	31.3
Adj PAT	6.4	8.2	11.4	7.5	7.0	7.4	11.8	5.0	33.5	31.3
YoY Change (%)	22.2	-11.2	30.2	20.3	10.3	-9.6	3.2	-33.1	-100.0	-6.7
Margins (%)	7.4	7.6	9.1	6.7	4.9	4.7	7.5	5.3	7.8	5.6
Key Assumptions										
Total Volumes (TBtu)	209.0	240.0	208.0	190.0	208.0	192.0	167.0	188.7	847.0	755.7
Dahej utilization (%)	88%	102%	89%	80%	89%	82%	70%	79%	90%	80%
Kochi utilization (%)	24%	24%	19%	19%	19%	16%	21%	21%	21%	19%

*includes 'Use or Pay charges' of INR8.5b

Reliance Industries

Buy
CMP: INR2,443 | TP: INR2,833 (+16%)
EPS CHANGE (%): FY23|24: +3|+1

- Expect consolidated EBITDA at INR367b (up 17% YoY/up 4% QoQ), driven primarily by the O2C segment.
- Expect production meant for sale at 17.5mmt (up 4% QoQ). Expect EBITDA/mt at USD117.2 (up 4% QoQ).
- Expect EBITDA at INR162b (up 11% YoY/up 8% QoQ) for the O2C segment.
- Further clarity on INR750b announcements in the new energy business, growth in Retail store additions, and any pricing action in Telecom are the key monitorables.

Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,399	1,676	1,850	2,074	2,193	2,301	2,172	2,089	7,000	8,755
YoY Change (%)	58.6	50.7	57.0	38.6	56.7	37.3	17.4	0.8	49.9	25.1
EBITDA	234	260	297	314	380	312	352	367	1,105	1,412
Margins (%)	16.7	15.5	16.1	15.1	17.3	13.6	16.2	17.6	15.8	16.1
Depreciation	69	72	77	80	89	97	102	104	298	392
Interest	34	38	38	36	40	46	52	53	146	191
Other Income	42	42	40	25	22	35	31	29	149	118
PBT before EO expense	173	192	223	223	273	205	230	239	810	947
Extra-Ord expense	0	0	-28	0	0	0	0	0	-28	0
PBT	173	192	251	223	273	205	230	239	839	947
Rate (%)	20.0	19.6	18.7	19.7	28.5	23.8	22.9	27.6	19.4	25.9
Minority Interest & Profit/Loss of Asso. Cos.	15.7	17.6	18.6	16.7	15.5	19.3	19.5	11.8	68.6	66.1
Reported PAT	123	137	185	162	180	137	158	162	607	636
Adj PAT	123	137	162	162	180	137	158	162	584	636
YoY Change (%)	46.7	43.0	22.9	29.6	46.3	-0.2	-2.8	-0.3	33.8	8.8
Margins (%)	8.8	8.2	8.8	7.8	8.2	5.9	7.3	7.7	8.3	7.3

Real Estate

Company

Brigade Enterprises

DLF

Godrej Properties

Macrotech Developers

Mahindra Lifespace

Oberoi Realty

Phoenix Mills

Prestige Estates

Sobha

Ending FY23 on a high note amid macro concerns

Coverage Universe to report 37% YoY rise in sales in 4QFY23

- According to Anarock, the top-7 cities are likely to register 14% YoY housing sales growth in 4QFY23. On the other hand, our coverage universe is expected to report pre-sales of INR136b, up 37% YoY/49% QoQ during the quarter. The strong growth in collective bookings is driven by significantly higher contribution from DLF on the back of successful new launch. Adjusted for the same, cumulative sales for our coverage would remain flat on YoY basis. However, our coverage companies are expected to exit FY23 on a high note with bookings of INR653b (up 41% YoY), since all developers (except OBER) will witness 16-110% growth during the year.
- In 4QFY23, we noticed a healthy sequential rise in new supply as DLF, GPL and Brigade had relatively higher new launches during the quarter. Adjusting for the impact from product mix, realizations are likely to remain steady.

DLF, BRGD and PRESITGE to witness sequential growth in pre-sales

- **DLF:** Driven by significantly strong response to the new luxury project launch in Sector 63 (Gurugram), DLF is likely to report bookings of INR89b, up 3x YoY in 4QFY23. Its new project – The Arbour – was sold out during launch and generated sales of INR80b.
- **Macrotech Developers:** We project LODHA to report sales of INR31b in 4QFY23, down 10% YoY, due to minimal contribution from the land and industrial segments. During the quarter, LODHA launched two new projects at Andheri and Matunga and rest of the launches are likely to be subsequent phases of the existing projects.
- **Oberoi Realty:** We forecast pre-sales of INR7b (down 22% YoY) for 4QFY23 due to absence of new launches during the quarter. Contrary to the earlier guidance, the launch of Kolshet road project at Thane has not materialized.
- **GPL:** Relatively higher launches over the quarter would drive pre-sales to INR34b, up 6% YoY/QoQ. According to our checks, GPL has launched more than 5msf across MMR, Pune, Bengaluru and Kolkata.
- **PEPL:** While pre-sales are expected to decline 10% YoY to INR30b, PEPL is likely to improve its sequential performance by 17% despite a relatively moderate quarter in terms of new launches. Key projects that were launched during the quarter include Prestige Clairmont at Hyderabad and Prestige Aston Park at Prestige City, Bengaluru.
- **BRGD:** 4QFY23 could be one of the best quarters for BRGD with sales likely to jump 17% YoY to INR12b despite a higher base. The company's strong performance will likely be driven by relatively large number of launches during the quarter that includes BTG Residence, Brigade Oak Tree and Oasis II.
- **Sobha:** We expect Sobha to report new bookings of INR14b, up 24% YoY, driven by sustained sales momentum at projects launched over the last three quarters. As per our checks, the company has launched Sobha Waterfront (Hyderabad) and Sobha Galera along with a new tower launch at Sobha City (Gurugram).
- **MLDL:** We expect the company to sustain its 3QFY23 sales run-rate of INR4.5b. New launches for the quarter include subsequent phase of Nostalgia (Pune) and a plotted development project in Chennai.

Key things to monitor during the 4QFY23 results/call

- **Macrotech: Guidance** on pre-sales and timeline for debt reduction. **Outlook:** The company has surpassed its FY23 BD target and we would monitor the commentary on deal additions along with incremental snippets on demand outlook.
- **Oberoi Realty:** Updated launch timelines for the Thane projects and a new tower at Goregaon along with commentary on new project acquisition are the key monitorables.
- **DLF:** We will watch out for its plan to replenish the project pipeline of 35msf. Given the high base of sales in FY23, we await details on the sales trajectory that DLF is aspiring for in the near term.
- **GPL: Launches and BD** – GPL had the best year in terms of BD as it signed new projects worth GDV of ~INR300b, 2x of the guidance set out for FY23. We will watch out for updates on launch plans for these projects and new BD target for FY24E. **Profitability:** We also await comments on completion target for FY24 and its impact on P&L
- **PEPL: Sales** – While the company has provided sales target of INR250b by FY26E, we look forward for updates on FY24 sales outlook along with launch plans in key markets. **Cashflow:** Updates on capital deployment via HDFC platform and RE fund and targeted spends on BD in FY24E are the key monitorables.
- **BRGD:** Expect management to provide visibility on BD pipeline and new launches in FY24 to achieve 15-20% bookings growth in the near term.
- **SOBHA:** Commentaries around efforts to monetize existing land bank along with sales trajectory going ahead are the key monitorables.
- **MLDL:** Given the recent change in management, we look forward for comments on sales/BD strategy over the medium term and timeline for conversion of the existing BD pipeline.
- **PHNX:** We expect incremental update around impact on footfalls due to inflationary environment and comments on key categories driving consumption. We would also watch out for inputs on leasing trends in the office segment.

Companies targeting double-digit growth despite perceived headwinds

- While concerns on hiring trends and rising interest rates loom on stock performance, most of our coverage companies are targeting consistent double-digit growth over the medium term and are building project pipeline that can support their targets.
- All companies in our coverage universe will comfortably breach FY23 guidance and we anticipate a discussion on future roadmap in terms of sales/BD along with strategies to tackle the impact of perceived headwinds.

LODHA, PEPL, and BRGD are our top picks

- While the rising interest rate scenario is likely to have a sentimental impact on the sector in the near term, we believe: 1) high construction costs and cost of capital and 2) constrained industry growth, will help larger developers consolidate their market share.
- We see re-rating potential in companies with growth visibility aided by continued BD through robust cash flow potential. We prefer **LODHA, PEPL, and BRGD** among our coverage universe.

Exhibit 1: Expected financial performance summary

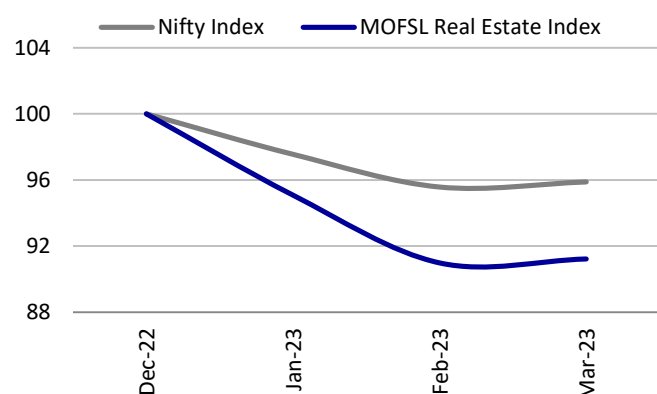
Sector	REVENUE (INR b)			EBDITA (INR b)			NET PROFIT (INR b)		
	Mar-23	Var	Var	Mar-23	Var	Var	Mar-23	Var	Var
		% YoY	% QoQ		% YoY	% QoQ		% YoY	% QoQ
Macrotech Developers	25.7	-25	45	7.3	-17	27	4.8	-11	18
Oberoi Realty	10.2	24	-37	4.9	40	-48	25.2	986	259
Godrej Properties	8.2	-38	319	1.4	-343	-912	6.8	163	1,106
DLF	17.0	10	14	5.1	39	7	7.1	75	37
Prestige Estates	17.6	-27	-24	4.1	-18	-29	0.6	-93	-51
Brigade Enterprise	9.5	1	16	2.6	25	23	1.0	198	70
Sobha	7.2	11	-17	1.1	3780	27	0.4	4	26
Mahindra Lifespace	2.4	45	26	0.1	-116	-155	0.9	-36	155
Phoenix Mills	6.9	38	0	3.7	55	-3	1.5	44	-15
Real Estate	97.7	-13	5	26.5	20	-6	46.8	81	142

Source: Company, MOFSL

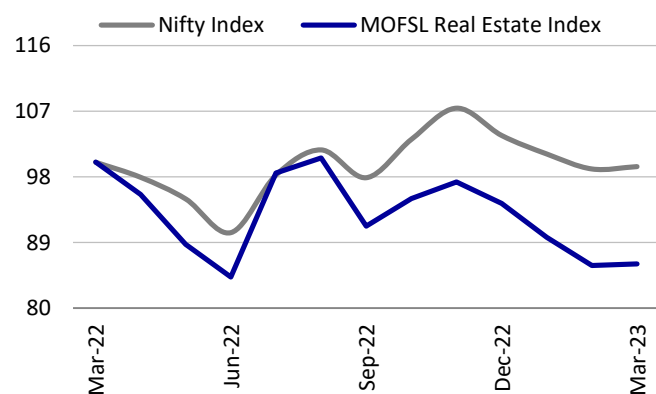
Exhibit 2: Expected operational performance summary

Sector	PRE-SALES (INR b)			VOLUME (MSF)			COLLECTIONS (INR b)		
	Mar-23	Var	Var	Mar-23	Var	Var	Mar-23	Var	Var
		% YoY	% QoQ		% YoY	% QoQ		% YoY	% QoQ
Macrotech Developers	31.1	-10	3	3.0	-1	19	22	-21	-16
Oberoi Realty	7.2	-22	14	0.4	-22	14	10	8	141
Godrej Properties	34.4	6	6	5.3	24	19	30	5	42
DLF	88.7	225	254	5	117	248	20	65	43
Prestige Estates	29.6	-9	18	3.2	-35	9	28	46	41
Brigade Enterprise	11.8	14	17	1.9	25	27	7	-45	-44
Sobha	13.7	24	-4	1.8	37	24	11	6	-3
Mahindra Lifespace	4.5	37	0	0.8	89	24	3	-13	-12
Real Estate	221	37	49	22	18	41	133	6	16

Source: Company, MOFSL

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

Source: Bloomberg, MOFSL

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

Source: Bloomberg, MOFSL

Exhibit 5: Real estate coverage – operational snapshot

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E	YoY (%)	QoQ (%)
Sales (INR b)										
DLF	10	15	20	27	20	21	25	89	225	254
Godrej Properties	5	26	15	32	25	24	33	34	6	6
Macrotech	10	20	26	35	28	31	30	31	-10	3
Oberoi Realty	2	8	20	9	8	12	6	7	-22	14
Prestige Estates	7	21	43	33	30	35	25	30	-9	18
Brigade Enterprise	5	8	7	10	8	8	10	12	14	17
Sobha	7	10	10	11	11	12	14	14	24	-4
Mahindra Lifespace	1	3	3	3	6	4	5	4	37	0
Aggregate Sales (INR b)	47	112	144	161	137	146	148	221	37	49
Volume (msf)										
DLF	0.8	1.4	1.2	2.4	1.2	1.6	1.5	5.2	116	248
Godrej Properties	0.8	3.6	2.2	4.2	2.8	2.7	4.4	5.3	24	19
Macrotech	0.7	1.8	2.4	3.0	2.2	2.1	2.5	3.0	-1	19
Oberoi Realty	0.1	0.4	1.0	0.5	0.4	0.4	0.4	0.4	-22	14
Prestige Estates	1.1	3.6	5.7	4.9	3.6	4.6	2.9	3.2	-35	9
Brigade Enterprise	0.8	1.3	1.1	1.5	1.2	1.2	1.5	1.9	25	27
Sobha	0.9	1.3	1.3	1.3	1.4	1.3	1.5	1.8	37	24
Mahindra Lifespace	0.2	0.4	0.3	0.4	0.7	0.5	0.6	0.8	89	24
Aggregate Volume (msf)	5.3	13.9	15.3	18.3	13.5	14.3	15.3	21.6	18	41
Collections (INR b)										
DLF	6	14	12	12	10	12	14	20	65	43
Godrej Properties	13	17	19	29	18	22	21	30	5	42
Macrotech	17	19	21	28	26	24	27	22	-21	-16
Oberoi Realty	5	4	10	10	6	9	4	10	8	141
Prestige Estates	10	16	24	19	21	26	20	28	46	41
Brigade Enterprise	6	7	8	13	9	10	13	7	-45	-44
Sobha	5	7	8	11	9	11	12	11	6	-3
Mahindra Lifespace	2	2	3	3	3	3	3	3	-13	-12
Aggregate Collections (INR b)	64	86	106	125	102	116	114	133	6	16

Source: Company, MOFSL

Exhibit 6: Comparative Valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Real Estate						24.9	24.2	18.2	2.5	2.3	2.1	10.2	9.6	11.5
Brigade Enterpr.	474	Buy	14.6	24.4	32.2	32.5	19.5	14.7	3.0	2.6	2.2	9.7	14.4	16.4
DLF	357	Neutral	12.4	18.2	30.7	28.8	19.6	11.6	1.7	1.6	1.4	6.0	8.3	12.8
Godrej Properties	1,031	Neutral	30.5	47.1	43.9	33.8	21.9	23.5	3.0	2.6	2.4	9.3	12.9	11.2
Macrotech Developers	931	Buy	29.7	43.6	43.9	31.3	21.3	21.2	3.6	3.2	2.8	11.6	15.7	14.1
Mahindra Lifespace	353	Buy	9.6	10.8	13.9	36.8	32.7	25.4	2.7	2.5	2.3	7.8	8.0	9.5
Oberoi Realty	843	Buy	108.6	35.1	44.6	7.8	24.0	18.9	2.1	2.0	1.8	32.0	8.6	10.0
Phoenix Mills	1,301	Buy	47.4	49.4	74.8	27.4	26.3	17.4	3.0	2.7	2.3	11.7	10.6	14.3
Prestige Estates	403	Buy	8.7	13.7	14.7	46.5	29.4	27.4	1.6	1.5	1.4	3.5	5.2	5.3
Sobha	431	Buy	9.9	45.0	66.1	43.4	9.6	6.5	1.6	1.4	1.2	3.8	15.6	19.4

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Brigade Enterprise

Buy
CMP: INR477 | TP: INR720 (52%)
EPS CHANGE (%): FY23|24: 0|0

- We expect revenue in 4QFY23 to remain flat YoY at INR9.5b and increase 16% QoQ.
- EBITDA is likely to reach INR2.5b with a margin of 27%.
- New bookings for the quarter are likely to increase 17% YoY to INR12b.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	3,828	7,527	9,210	9,423	9,025	8,792	8,203	9,494	29,988	35,514
YoY Change (%)	88.3	142.2	42.9	19.1	135.8	16.8	-10.9	0.8	53.8	18.4
Total Expenditure	2,715	5,603	6,635	7,371	6,698	6,628	6,124	6,937	22,324	26,387
EBITDA	1,113	1,924	2,575	2,052	2,327	2,165	2,079	2,557	7,663	9,127
Margins (%)	29.1	25.6	28.0	21.8	25.8	24.6	25.3	26.9	25.6	25.7
Depreciation	845	881	871	908	751	780	781	818	3,505	3,130
Interest	1,132	1,128	1,082	1,094	1,061	1,096	1,184	911	4,436	4,253
Other Income	87	234	122	224	178	330	383	-23	667	867
PBT before EO expense	-777	149	744	274	693	618	497	805	389	2,612
Extra-Ord expense	209	158	0	200	-97	-183	0	0	567	-280
PBT	-986	-9	744	74	790	801	497	805	-177	2,892
Tax	-117	135	287	192	184	283	70	190	497	728
Rate (%)	11.9	-1,504.4	38.6	257.7	23.3	35.4	14.1	23.6	-280.4	25.2
MI & Profit/Loss of Asso. Cos.	-468	-265	-312	-442	-271	-258	-142	-354	-1,487	-1,025
Reported PAT	-401	120	768	325	877	776	569	968	812	3,190
Adj PAT	-216	376	768	647	802	658	569	968	1,575	2,997
YoY Change (%)	-58.9	-320.2	372.6	-2.1	-470.8	74.8	-25.9	49.5	883.2	90.3
Margins (%)	-5.7	5.0	8.3	6.9	8.9	7.5	6.9	10.2	5.3	8.4

DLF

Neutral
CMP: INR362 | TP: INR425 (+15%)
EPS CHANGE (%): FY23|24: 0|0

- We expect revenue to decline 5% YoY to INR16.8b.
- EBITDA margin is likely to increase 9pp YoY.
- On the back of strong response to new launch in Gurugram, DLF can report 3x YoY rise in pre-sales to INR89b.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	11,395	14,809	15,497	15,473	14,416	13,023	14,732	16,756	57,174	58,927
YoY Change (%)	107.7	-8.0	0.4	-9.7	26.5	-12.1	-4.9	8.3	5.6	3.1
Total Expenditure	7,441	10,226	10,284	11,797	10,280	8,657	10,018	11,280	39,748	40,234
EBITDA	3,954	4,583	5,213	3,675	4,137	4,367	4,714	5,476	17,426	18,694
Margins (%)	34.7	30.9	33.6	23.8	28.7	33.5	32.0	32.7	30.5	31.7
Depreciation	379	373	374	369	373	367	394	410	1,494	1,543
Interest	1,749	1,759	1,455	1,282	1,052	1,069	875	710	6,246	3,706
Other Income	1,027	756	1,372	1,049	747	582	1,061	1,147	4,205	3,536
PBT before EO expense	2,853	3,207	4,757	3,073	3,458	3,512	4,506	5,503	13,891	16,980
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	3,512	4,506	5,503	16,135	16,980
Tax	828	944	600	838	876	910	1,134	1,353	3,210	4,272
Rate (%)	29.0	29.4	8.6	27.3	25.3	25.9	25.2	24.6	33.2	33.2
Minority Interest & P/L of Asso. Cos.	1,346	1,526	1,883	1,820	2,111	2,169	2,737	3,012	6,567	10,029
Reported PAT	3,371	3,790	8,283	4,055	4,692	4,772	6,109	7,163	19,492	22,736
Adj PAT	3,371	3,790	6,232	4,055	4,692	4,772	6,109	7,163	17,447	22,736
YoY Change (%)	-577.1	33.7	38.1	-15.7	39.2	25.9	-2.0	76.6	51.9	30.3
Margins (%)	29.6	25.6	40.2	26.2	32.5	36.6	41.5	42.7	30.5	38.6

Source: Company, MOFSL

Godrej Properties**Neutral****CMP: INR1,045 | TP: INR1,300 (24%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue in 4QFY23 to decline 38% YoY to INR8.3b.
- Due to higher completion of JV projects, PAT is expected to jump ~2.5x to INR6.8b.
- Bookings are likely to reach INR34b taking the full-year pre-sales to INR116b (v/s guidance of INR100b).

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	862	1,293	2,788	13,306	2,447	1,651	1,962	8,226	18,249	14,286
YoY Change (%)	19.2	44.5	63.5	207.6	184.0	27.7	-29.6	-38.2	138.6	-21.7
Total Expenditure	1,497	1,855	2,839	10,727	2,589	2,325	2,130	6,863	16,917	13,907
EBITDA	-635	-562	-51	2,580	-142	-674	-168	1,363	1,332	379
Margins (%)	-73.7	-43.4	-1.8	19.4	-5.8	-40.8	-8.6	16.6	7.3	2.7
Depreciation	51	52	55	57	55	56	65	39	214	214
Interest	417	411	417	430	345	406	457	554	1,675	1,761
Other Income	1,758	2,049	1,882	1,919	1,817	2,041	2,084	1,621	7,608	7,563
PBT before EO expense	655	1,024	1,359	4,013	1,276	905	1,394	2,391	7,051	5,967
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	655	1,024	1,359	4,013	1,276	905	1,394	2,391	7,051	5,967
Tax	186	226	290	956	327	-188	449	486	1,658	1,074
Rate (%)	28.4	22.1	21.4	23.8	25.6	-20.7	32.2	20.3	23.5	18.0
Minority Interest & Profit/Loss of Asso. Cos.	-299	-441	-679	-469	-516	-423	-381	4,897	-1,887	3,577
Reported PAT	170	357	390	2,589	433	670	564	6,802	3,506	8,469
Adj PAT	170	357	390	2,589	433	670	564	6,802	3,506	8,469
YoY Change (%)	NM	NM	NM	NM	154.6	87.7	44.8	162.8	816.8	141.6
Margins (%)	19.7	27.6	14.0	19.5	17.7	40.6	28.7	82.7	19.2	59.3

Source: Company, MOFSL

Macrotech Developers**Buy****CMP: INR916 | TP: INR1,250 (+36%)****EPS CHANGE (%): FY23|24: -12|6**

- We expect revenue to decline 25% YoY.
- EBITDA margin is expected to contract 200bp YoY, due to change in product mix.
- The company is likely to achieve pre-sales of INR31b.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	16,054	21,238	20,594	34,446	26,758	17,654	17,738	25,717	92,332	87,867
YoY Change (%)	221	135.8	36	36	67	-17	-14	-25	69.5	-4.8
Total Expenditure	12,295	17,320	15,737	25,733	22,091	13,414	13,701	19,741	71,085	68,946
EBITDA	3,759	3,918	4,858	8,713	4,667	4,240	4,038	5,976	21,247	18,921
Margins (%)	23.4	18.4	23.6	25.3	17.4	24.0	22.8	23.2	23.0	21.5
Adj. EBITDA (as per co.)	5,370	7,780	6,980	12,300	9,030	5,250	5,700	7,264	32,430	27,244
Margins (%)	33.5	36.6	33.9	35.7	33.7	29.7	32.1	28.2	35.1	31.0
Depreciation	186	184	187	190	196	219	217	180	748	812
Interest	2,451	1,562	1,573	1,218	1,193	1,249	1,176	1,033	6,803	4,652
Other Income	1,070	778	893	719	0	-42	1,286	1,259	3,460	2,504
PBT before EO expense	2,191	2,950	3,991	8,023	3,278	2,730	3,931	6,022	17,156	15,960
Extra-Ord expense	0	0	0	0	0	-11,774	0	0	0	-11,774
PBT	2,191	2,950	3,991	8,023	3,278	-9,044	3,931	6,022	17,156	4,186
Tax	588	719	1,131	2,643	559	270	-119	1,204	5,080	1,914
Rate (%)	26.8	24.4	28.3	32.9	17.0	-3.0	-3.0	20.0	0.3	0.5
Minority Interest & Profit/Loss of Asso. Cos.	-5	-2	-3	0	6	16	0	30	-10	52
Reported PAT	1,608	2,234	2,864	5,380	2,713	-9,330	4,050	4,788	12,085	2,220
Adj PAT (as per co.)	1,220	2,870	2,790	5,730	1,200	3,670	3,000	4,788	12,610	12,658
YoY Change (%)	-188	362.9	123	97	-2	28	8	-16	270.9	0.4
Margins (%)	7.6	13.5	13.5	16.6	4.5	20.8	16.9	18.6	13.7	14.4

Source: Company, MOFSL

Mahindra Lifespaces**Buy****CMP: INR355 | TP: INR550 (55%)****EPS CHANGE (%): FY23|24: 0|4**

- Revenue is expected to increase 45% YoY to INR2.3b driven by completion of key premium projects.

- We expect MLDL to clock bookings of INR4.5b, up 37% YoY.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from Operations	1,482	592	243	1,618	946	698	1,869	2,350	3,936	5,863
YoY Change (%)	935.0	92.5	-62.6	188.9	-36.2	17.8	667.9	45.3	136.7	49.0
Total Expenditure	1,724	467	631	2,008	1,265	1,092	1,983	2,287	4,830	6,627
EBITDA	-242	125	-388	-390	-320	-394	-114	63	-895	-765
Margins (%)	-16.3	21.2	-159.4	-24.1	-33.8	-56.4	-6.1	2.7	-22.7	-13.0
Depreciation	15	14	14	23	24	32	34	3	65	94
Interest	12	54	17	15	18	25	33	51	65	126
Other Income	60	65	90	-67	228	40	112	30	147	410
PBT before EO expense	-209	122	-329	-462	-134	-411	-69	39	-878	-574
Extra-Ord expense	0	0	0	968	338	0	340	0	-968	678
PBT	-209	122	-329	506	204	-411	271	39	90	104
Tax	-54	107	-80	-597	76	-67	-14	26	-624	21
Rate (%)	26.0	87.8	24.3	41.6	37.0	16.4	-5.1	68	25.7	20.0
Minority Interest & Profit/Loss of Asso. Cos.	16	50	499	265	625	266	57	857	830	1,805
Reported PAT	-139	65	250	1,368	754	-77	341	870	1,545	1,888
Adj PAT	-139	65	250	-5	541	-77	1	880	172	1,345
YoY Change (%)	-30.6	-148.9	-323.6	-98.1	NM	NM	NM	NM	-83.3	NM
Margins (%)	-9.4	11.0	102.8	-0.3	57.2	-11.1	0.1	37.5	4.4	22.9

Oberoi Realty**Buy****CMP: INR845 | TP: INR1,100 (+30%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue to grow 23% YoY to INR10b in 4QFY23.
- Sharp rise in PAT is on account of profit recognition at 360 West post the settlement with the JV partner.

- New bookings could decline 22% YoY to INR7b due to no new launches during the quarter.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	2,843	7,543	8,320	8,235	9,131	6,886	16,295	10,187	26,940	42,499
YoY Change (%)	140.8	138.6	0.4	4.2	221.2	-8.7	95.8	23.7	-36.6	57.8
Total Expenditure	1,594	3,811	5,005	4,717	4,209	3,782	6,891	5,279	15,126	20,160
EBITDA	1,249	3,731	3,316	3,518	4,922	3,104	9,404	4,908	11,813	22,339
Margins (%)	43.9	49.5	39.8	42.7	53.9	45.1	57.7	48.2	43.9	52.6
Depreciation	101	101	99	97	98	101	102	99	398	399
Interest	173	171	200	316	326	363	381	370	860	1,440
Other Income	105	143	142	195	217	232	220	138	585	807
PBT before EO expense	1,080	3,602	3,159	3,300	4,715	2,873	9,141	4,578	11,140	21,307
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,080	3,602	3,159	3,300	4,715	2,873	9,141	4,578	11,140	21,307
Tax	290	954	837	984	1,137	692	2,260	1,344	3,065	5,433
Rate (%)	26.9	26.5	26.5	29.8	24.1	24.1	24.7	29	27.5	25.5
Minority Interest & Profit/Loss of Asso. Cos.	17	18	2,353	8	453	1,006	144	22,000	2,396	23,603
Reported PAT	806	2,666	4,675	2,324	4,031	3,186	7,026	25,234	10,471	39,477
Adj PAT	806	2,666	4,675	2,324	4,031	3,186	7,026	25,234	10,471	39,477
YoY Change (%)	187.2	93.5	62.9	-19.0	400.0	19.5	50.3	986.0	-235.5	277.0
Margins (%)	28.4	35.3	56.2	28.2	44.1	46.3	43.1	247.7	38.9	92.9

Source: Company, MOFSL

Phoenix Mills

Buy

CMP: INR1,320 | TP: INR1,700 (29%)

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

- We expect revenue to decrease 38% YoY to INR6.8b in 4QFY23.
- EBITDA margin is likely to expand 6pp with EBITDA reaching INR3.7b

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	1,993	3,638	4,250	4,954	5,744	6,511	6,838	6,855	14,835	25,948
YoY Change (%)	48.0	69.3	29.5	28.4	188.2	79.0	60.9	38.4	42.0	74.9
Total Expenditure	1,232	1,775	1,945	2,543	2,515	2,702	2,994	3,114	7,496	10,359
EBITDA	761	1,863	2,305	2,411	3,229	3,809	3,845	3,741	7,339	15,589
Margins (%)	38.2	51.2	54.2	48.7	56.2	58.5	56.2	54.6	49.5	60.1
Depreciation	481	476	461	441	500	559	569	633	1,859	2,262
Interest	723	752	686	783	741	834	866	824	2,945	3,265
Other Income	121	159	220	244	235	324	347	273	744	1,179
PBT before EO expense	-322	793	1,378	1,431	2,223	2,739	2,757	2,556	3,280	11,241
Extra-Ord expense	0	0	0	0	5,568	0	0	0	0	5,568
PBT	-322	793	1,378	1,431	7,791	2,739	2,757	2,556	3,280	16,808
Tax	26	161	355	258	341	520	633	755	801	2,248
Rate (%)	-8.1	20.4	25.8	18.0	15.3	19.0	23.0	29.5	24.4	20.0
MI & P/L of Asso. Cos.	-104	51	34	126	263	361	349	297	106	1,270
Reported PAT	-243	580	989	1,048	7,187	1,858	1,775	1,504	2,374	13,290
Adj PAT	-243	580	989	1,048	1,619	1,858	1,775	1,504	2,374	7,723
YoY Change (%)	NM	NM	44.8	59.9	-765.7	220.3	79.5	43.5	#DIV/0!	376.9
Margins (%)	-12.2	15.9	23.3	21.2	28.2	28.5	26.0	21.9	16.0	29.8

Prestige Estates

Buy

CMP: INR403 | TP: INR675 (67%)

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

- We expect revenue to decrease 30% YoY to INR17.6b in 4QFY23.
- We expect pre-sales to decline 10% YoY to INR30b but the company is likely to surpass its full-year guidance of INR120b during the quarter.
- EBITDA margin is likely to expand 250bp on account of a change in product mix.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	13,620	12,997	13,275	24,003	19,385	14,277	23,170	17,585	63,895	74,417
YoY Change (%)	6.9	-30.7	-28.2	5.8	42.3	9.8	74.5	-26.7	-12.0	16.5
Total Expenditure	10,595	9,328	9,629	19,008	14,768	10,591	17,428	13,481	48,560	56,268
EBITDA	3,025	3,669	3,646	4,995	4,617	3,686	5,742	4,104	15,335	18,149
Margins (%)	22.2	28.2	27.5	20.8	23.8	25.8	24.8	23.3	24.0	24.4
Depreciation	1,130	1,145	1,130	1,305	1,468	1,626	1,698	1,577	4,710	6,369
Interest	1,028	1,495	1,291	1,739	1,847	1,863	2,009	1,802	5,553	7,521
Other Income	560	455	199	893	733	470	305	352	2,107	1,860
PBT before EO expense	1,427	1,484	1,424	2,844	2,035	667	2,340	1,077	7,179	6,119
Extra-Ord expense	0	0	0	8,079	1,497	1,463	0	0	8,079	2,960
PBT	1,427	1,484	1,424	10,923	3,532	2,130	2,340	1,077	15,258	9,079
Tax	466	494	458	1,527	996	625	704	263	2,945	2,588
Rate (%)	32.7	33.3	32.2	14.0	28.2	29.3	30.1	24.4	19.3	28.5
Minority Interest & Profit/Loss of Asso. Cos.	503	207	100	1	487	98	358	191	813	1,134
Reported PAT	458	783	866	9,395	2,049	1,407	1,278	624	11,500	5,358
Adj PAT	458	783	866	2,445	974	373	1,278	624	4,552	3,249
YoY Change (%)	2,762.5	31.4	47.5	28.6	112.7	-52.3	47.6	-74.5	29.8	-28.6
Margins (%)	3.4	6.0	6.5	10.2	5.0	2.6	5.5	3.5	7.1	4.4

Sobha**Buy****CMP: 433 | TP: INR700 (62%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue to increase 11% YoY to INR7b in 4QFY23.
- EBITDA and Profits are not comparable due to restatement.
- We expect pre-sales to jump 24% YoY to INR13.7b leading to 32% YoY growth in pre-sales in FY23 to INR51b.

Consolidated quarterly earnings model (INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,115	7,799	6,223	6,476	5,646	6,673	8,682	7,176	25,613	28,177
YoY Change (%)	46.1	49.4	-9.1	17.0	10.4	-14.4	39.5	10.8		
Total Expenditure	3,109	6,009	4,720	6,447	4,918	5,751	7,794	6,051	20,285	24,514
EBITDA	2,006	1,790	1,503	29	728	922	888	1,125	5,328	3,663
Margins (%)	39.2	23.0	24.2	0.4	12.9	13.8	10.2	15.7	20.8	13.0
Depreciation	174	170	180	195	147	179	175	246	719	747
Interest	1,817	789	788	-311	614	632	660	549	3,083	2,455
Other Income	127	5	277	431	117	233	298	197	840	845
PBT before EO expense	142	836	812	576	84	344	351	528	2,366	1,307
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	142	836	812	576	84	344	351	528	2,366	1,307
Tax	36	205	202	191	39	152	33	126	634	350
Rate (%)	25.4	24.5	24.9	33.2	46.4	44.2	9.4	23.9	26.8	26.8
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	106	631	610	385	45	192	318	402	1,732	957
Adj PAT	106	631	610	385	45	192	318	402	1,732	957
YoY Change (%)	60.6	289.5	182.4	115.1	-57.5	-69.6	-47.9	4.3	177.8	-44.8
Margins (%)	2.1	8.1	9.8	5.9	0.8	2.9	3.7	5.6	6.8	3.4

Retail

Company

Aditya Birla Fashion and Retail

Avenue Supermarts

Bata India

Campus Activewear

Metro Brands

Relaxo

Shoppers Stop

Trent

V-Mart Retail

Vedant Fashions

Demand pressure persists

Demand remains under pressure

The retail industry has been witnessing lower demand and subpar performance for the last few quarters. Demand was muted in Jan-Feb'23 but recovered after Holi in Mar'23. Growth is expected to moderate YoY in 4QFY23 due to a high base, as 4QFY22 saw benefits of price increases taken by a few premium players last year. We expect 22.8% growth in aggregate revenue, mainly driven by footprint expansion and the lower base impact of Omicron in 4QFY22. The key silver lining is that lower RM prices could be passed on gradually in 1QFY24, resulting in demand revival.

Mixed bag performance in Value compared to Premium categories

Impacted by inflationary pressure and delayed demand recovery in discretionary products, value retailers like V-Mart, Relaxo and Campus are seeing weak consumer demand, with revenues remaining closer to or below pre-Covid levels. DMART could also be affected by weak demand in the discretionary category (with 25% contribution in sales from non-food category), which largely caters to the Value segments. On the other hand, higher ASP category players like Metro, Trent and Shoppers Stop continue to see strong demand and are expected to report double-digit growth YoY and single-digit growth on the LTL basis. Trent should continue to report a strong performance, driven by healthy SSSG and continued momentum in store additions. ABFRL is expected to report 21.9% YoY growth in revenue, as moderate performance in Lifestyle and Pantaloons will be offset by higher contributions from recently acquired Reebok and TMRW (D2C) segments.

Store addition momentum to continue

The pace of store additions is expected to remain intact, which is generally higher in 2H as companies look to be on track with their annual store opening targets of ~20%. Continued momentum in store addition is expected to drive growth for players like TRENT (Westside/Zudio), METRO, DMART and ABFRL. We expect Westside/Zudio to add 9/58 stores in 4QFY23, taking the total store addition for FY23 to 220/406 stores. DMART is expected to add 18 stores, taking its total store count to 324 as of Mar'23.

Operating margins to contract due to incremental spends

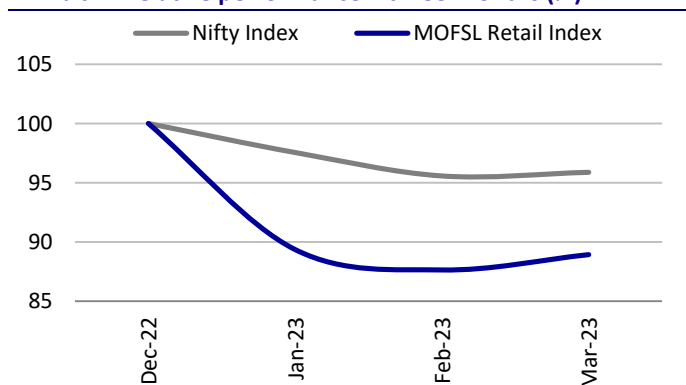
Although RM costs have cooled off (with 3-4 months of lead time), its benefits will be seen with a lag. On the contrary, the prolonged end-of-season sale (EOSS) compared to last year's muted EOSS could put some pressure on gross margins. Increased SG&A with high ad and marketing spends and lower SSSG may further dent EBITDA margin. We expect EBITDA margin to inch up by 40bp YoY for our coverage universe. Despite soft SSSG, DMART is the only retailer that has seen a limited impact on margins, aided by healthy cost savings since Covid. ABFRL is expected to see incremental spends to scale up the ethnic wear segment, while some losses from the D2C segment may also hurt margins. Similarly, V-Mart could see some impact on operating margins on account of Limeroad losses and weak performance in the Unlimited segment.

Valuation and View

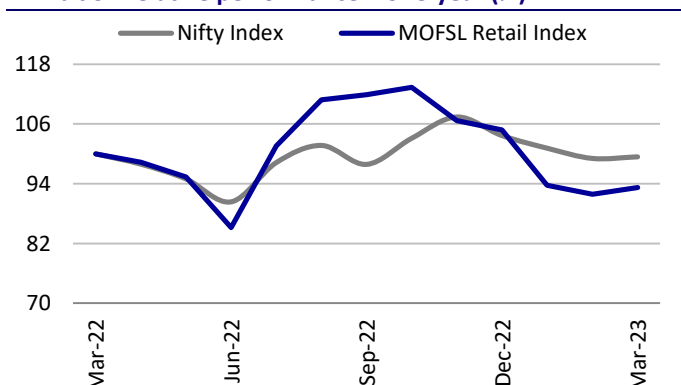
Trent and Vedant Fashion remain strong candidates (Buy) for their strong secular growth and healthy balance sheets. We maintain our Buy rating on ABFRL and VMART, given comfortable valuations, growth equations v/s peers, and strong opportunities in the Value Retail segment. In the footwear space, METRO remains a strong player (Buy), backed by its strong retail economics and growth potential. SHOP's recent aggressive growth trends and improved store economics present a sound opportunity; however, consistent SSSG performance remains a key monitorable (Neutral). Relaxo and Bata (both Neutral) could continue to see some impact of demand postponement.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Aditya Birla Fashion	214	Buy	27,835	21.9	-22.4	2,353	-36.9	-46.0	-1,369	PL	PL
Avenue Supermarts	3403	Neutral	1,18,657	35.0	2.6	9,693	31.1	0.4	6,166	44.5	4.6
Barbeque Nation	635	Neutral	3,062	22.0	-6.7	567	27.3	-8.5	15	200.3	-70.5
Bata India	1419	Neutral	7,337	10.3	-18.5	1,678	3.5	-18.6	522	-17.1	-37.2
Campus Activewear	334	Buy	3,786	7.4	-18.7	802	2.3	-12.7	442	4.8	-8.6
Devyani Intl.	145	Buy	8,033	36.0	1.6	1,776	27.1	2.1	577	-26.6	-27.7
Jubilant Foodworks	440	Buy	12,631	9.1	-4.1	2,579	-11.0	-11.1	614	-47.3	-30.7
Metro Brands	794	Buy	5,125	27.1	-14.4	1,542	18.8	-24.8	694	0.6	-38.4
Relaxo Footwear	849	Neutral	7,375	5.6	8.3	1,129	1.6	56.3	602	-4.3	100.3
Restaurant Brands	90	Buy	3,837	42.8	3.8	460	52.2	-3.8	-177	Loss	Loss
Sapphire Foods	1218	Buy	5,995	20.7	0.6	1,069	7.2	-8.3	106	-60.0	-67.6
Shoppers Stop	648	Neutral	8,843	24.6	-21.9	1,143	48.9	-46.1	-283	Loss	PL
Titan Company	2515	Buy	87,280	12.0	-24.8	10,621	21.2	-21.1	7,472	12.7	-18.1
Trent	1375	Buy	20,271	71.0	-6.7	2,769	81.8	-17.5	589	-21.4	-63.4
V-Mart Retail	2157	Buy	5,260	14.7	-32.3	476	-5.3	-54.1	-257	Loss	PL
Vedant Fashions	1139	Buy	3,316	11.9	-24.9	1,587	10.2	-29.3	967	9.0	-35.7
Westlife Foodworld	684	Neutral	5,703	25.3	-6.7	924	46.9	-9.5	224	46.4	-38.3
Retail			3,34,345	24.5	-11.9	41,170	15.6	-17.5	16,906	-2.1	-29.8

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

Source: Bloomberg, MOFSL

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

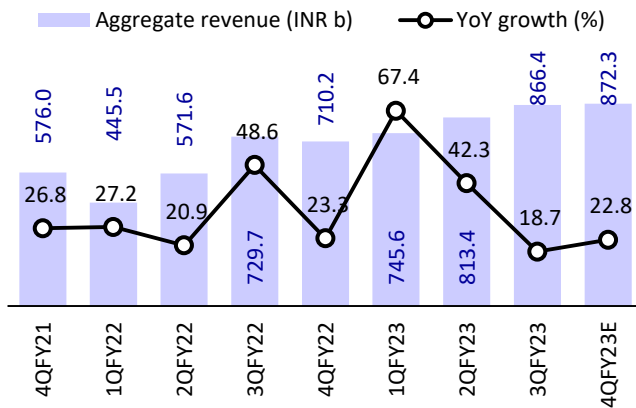
Source: Bloomberg, MOFSL

Exhibit 4: Financial snapshot of our Retail Coverage Universe

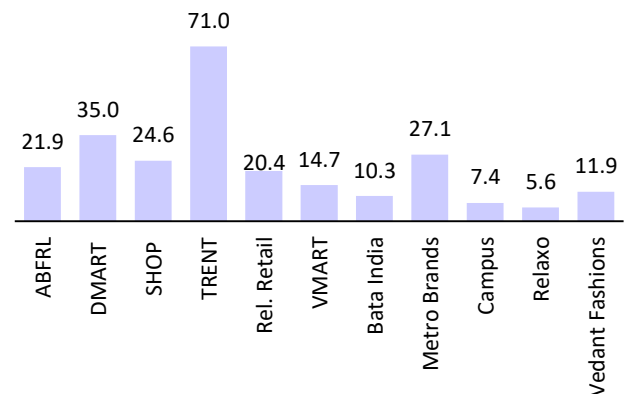
	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E	YoY (%)	QoQ (%)
Total Revenue (INR b)											
ABFRL	18.2	8.1	20.5	29.9	22.8	28.7	30.7	35.9	27.8	21.9	-22.4
DMART	74.1	51.8	77.9	92.2	87.9	100.4	106.4	115.7	118.7	35.0	2.6
SHOP	6.7	2.0	6.3	9.5	7.1	9.4	10.1	11.3	8.8	24.6	-21.9
TRENT	7.7	3.3	10.2	13.5	11.9	16.5	18.1	21.7	20.3	71.0	-6.7
Rel. Retail	447.6	366.6	432.0	548.9	551.8	556.9	617.4	643.1	664.5	20.4	3.3
VMART	3.5	1.8	3.4	6.9	4.6	5.9	5.1	7.8	5.3	14.7	-32.3
Bata India	5.9	2.7	6.1	8.4	6.7	9.4	8.3	9.0	7.3	10.3	-18.5
Metro Brands	3.2	1.3	3.2	4.8	4.0	5.1	4.8	6.0	5.1	27.1	-14.4
Campus	1.5	1.4	2.7	4.3	3.5	3.4	3.3	4.7	3.8	7.4	-18.7
Relaxo	7.5	5.0	7.1	7.4	7.0	6.7	6.7	6.8	7.4	5.6	8.3
Vedant Fashions		1.6	2.0	3.8	3.0	3.2	2.5	4.4	3.3	11.9	-24.9
Aggregate revenue (INR b)	576.0	445.5	571.6	729.7	710.2	745.6	813.4	866.4	872.3	22.8	0.7
YoY growth (%)	26.8	27.2	20.9	48.6	23.3	67.4	42.3	18.7	22.8		
Gross Profit (INR b)											
ABFRL	9.8	4.1	11.0	16.3	12.7	16.1	16.9	19.6	15.1	18.4	-23.2
DMART	11.0	6.8	11.6	14.2	13.1	16.4	16.1	17.2	17.5	33.3	2.0
SHOP	2.7	0.8	2.4	3.9	2.8	4.0	4.2	4.6	3.6	25.3	-22.8
TRENT	4.1	1.8	5.3	6.9	5.8	8.2	8.5	9.9	9.4	61.9	-4.3
Rel. Retail	110.4	90.4	106.6	135.4	136.1	137.4	152.3	158.7	164.0	20.4	3.3
VMART	1.0	0.6	1.0	2.6	1.6	2.2	1.8	2.8	1.8	10.1	-35.9
Bata India	3.1	1.5	3.2	4.4	3.8	5.3	4.6	4.9	4.1	8.2	-15.9
Metro Brands	1.7	0.7	1.9	2.9	2.3	3.0	2.7	3.5	2.9	24.4	-18.9
Campus	1.5	0.7	1.3	2.1	1.7	1.7	1.6	2.3	1.8	6.3	-20.0
Relaxo	4.2	2.7	3.9	4.0	3.8	3.6	3.3	3.6	4.0	4.9	10.0
Vedant Fashions		1.1	1.3	2.6	2.0	2.2	1.6	3.0	2.2	11.5	-26.7
Aggregate Gross Profit (INR b)	149.7	111.2	149.7	195.3	185.9	200.1	213.7	230.0	226.3	21.7	-1.6
YoY growth (%)	29.4	32.4	27.1	51.6	24.1	79.9	42.8	17.8	21.7		
Gross margin (%)											
ABFRL	53.6	50.7	53.4	54.7	55.7	55.8	55.1	54.6	54.1	-160bps	-50bps
DMART	14.8	13.1	14.9	15.4	15.0	16.3	15.1	14.8	14.8	-20bps	-10bps
SHOP	40.9	38.7	38.2	40.6	40.1	42.2	41.2	40.9	40.4	20bps	-50bps
TRENT	53.2	53.6	52.1	51.2	49.1	49.3	47.0	45.4	46.5	-260bps	110bps
Rel. Retail	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	0bps	0bps
VMART	29.8	31.0	30.7	37.0	34.9	37.3	36.3	35.4	33.5	-140bps	-190bps
Bata India	53.1	56.2	52.9	52.7	57.6	56.6	55.0	54.8	56.5	-110bps	170bps
Metro Brands	54.8	55.7	57.5	59.1	57.3	59.7	57.3	59.2	56.1	-120bps	-310bps
Campus	100.0	55.3	49.1	49.2	48.4	49.6	47.9	48.6	47.9	-50bps	-80bps
Relaxo	56.8	54.5	54.8	53.2	54.2	54.1	48.9	53.0	53.8	-40bps	80bps
Vedant Fashions		66.4	65.9	67.9	66.4	68.8	66.5	67.8	66.1	-30bps	-170bps
Aggregate gross margin (%)	26.0	25.0	26.2	26.8	26.2	26.8	26.3	26.6	25.9	-20bps	-60bps
EBITDA (INR b)											
ABFRL	2.4	-1.7	3.1	5.8	3.7	4.7	4.0	4.4	2.4	-36.9	-46.0
DMART	6.1	2.2	6.7	8.7	7.4	10.1	8.9	9.7	9.7	31.1	0.4
SHOP	1.0	-0.6	0.7	1.8	0.8	1.6	1.7	2.1	1.1	48.9	-46.1
TRENT	1.4	-0.3	2.2	2.9	1.5	3.0	2.7	3.4	2.8	81.8	-17.5
Rel. Retail	36.2	19.4	29.1	38.2	37.1	38.4	44.0	47.7	50.3	35.9	5.5
VMART	0.3	-0.0	0.2	1.4	0.5	0.9	0.5	1.0	0.5	-5.3	-54.1
Bata India	1.1	-0.3	1.2	1.7	1.6	2.4	1.6	2.1	1.7	3.4	-18.6
Metro Brands	0.8	0.1	1.0	1.7	1.3	1.8	1.5	2.1	1.5	18.8	-24.8
Campus	0.7	0.1	0.5	0.9	0.8	0.6	0.4	0.9	0.8	2.3	-12.7
Relaxo	1.6	0.7	1.2	1.2	1.1	0.9	0.6	0.7	1.1	1.6	56.3
Vedant Fashions		0.7	0.9	1.9	1.4	1.6	1.2	2.2	1.6	10.2	-29.3
Aggregate EBITDA (INR b)	51.6	20.3	46.9	66.2	57.2	66.1	67.1	76.3	73.5	28.5	-3.6
YoY growth (%)	55.2	251.7	91.7	35.6	11.0	225.0	43.1	15.1	28.5		
EBITDA margin (%)											
ABFRL	12.9	-20.8	15.3	19.5	16.3	16.3	12.9	12.1	8.5	-790bps	-370bps
DMART	8.3	4.3	8.6	9.4	8.4	10.0	8.4	8.3	8.2	-20bps	-20bps
SHOP	14.2	-31.2	11.2	19.2	10.8	17.2	16.6	18.7	12.9	210bps	-580bps
TRENT	17.7	-9.7	21.7	21.6	12.9	18.4	14.8	15.5	13.7	80bps	-180bps
Rel. Retail	8.1	5.3	6.7	7.0	6.7	6.9	7.1	7.4	7.6	90bps	20bps

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E	YoY (%)	QoQ (%)
VMART	9.5	-1.1	6.1	19.6	11.0	15.1	10.6	13.3	9.1	-190bps	-430bps
Bata India	19.0	-11.8	19.4	20.0	24.4	25.9	19.4	22.9	22.9	-150bps	0bps
Metro Brands	26.6	11.1	29.8	34.7	32.2	36.0	30.9	34.3	30.1	-210bps	-420bps
Campus	43.0	11.0	20.1	21.4	22.3	18.3	13.0	19.7	21.2	-110bps	140bps
Relaxo	21.8	13.3	16.4	16.4	15.9	12.9	8.9	10.6	15.3	-60bps	470bps
Vedant Fashions		43.3	45.6	49.8	48.6	50.2	46.7	50.9	47.9	-70bps	-300bps
Aggregate EBITDA margin (%)	9.0	4.6	8.2	9.1	8.1	8.9	8.2	8.8	8.4	40bps	-40bps
PAT (INR b)											
ABFRL	-2.0	-3.5	0.1	1.9	0.3	0.9	0.3	0.1	-1.4	-544.9	-2,151.8
DMART	4.1	1.0	4.2	5.5	4.3	6.4	6.9	5.9	6.2	44.5	4.6
SHOP	-0.4	-1.2	-0.0	0.5	-0.2	0.2	0.2	0.6	-0.3	75.5	-145.5
TRENT	0.6	-0.8	1.3	1.3	0.7	1.0	1.9	1.6	0.6	-21.3	-63.4
Rel. Retail	15.6	9.4	11.0	14.0	14.1	15.7	17.4	18.2	18.8	33.4	3.3
VMART	-0.0	-0.3	-0.1	0.6	-0.0	0.2	-0.1	0.2	-0.3	882.7	-228.6
Bata India	0.3	-0.7	0.4	0.7	0.6	1.2	0.5	0.8	0.5	-17.1	-37.2
Metro Brands	0.4	-0.1	0.6	1.0	0.7	1.0	0.8	1.1	0.7	0.6	-38.3
Campus	0.1	0.0	0.3	0.5	0.2	0.3	0.1	0.5	0.4	92.4	-8.6
Relaxo	1.0	0.3	0.7	0.7	0.6	0.4	0.2	0.3	0.6	-4.3	100.3
Vedant Fashions		0.5	0.5	1.3	0.9	1.0	0.7	1.5	1.0	9.0	-35.7
Aggregate PAT (INR b)	19.8	4.5	18.8	28.1	22.3	28.5	28.9	30.8	26.9	20.5	-12.8
YoY growth (%)	36.6	42.4	52.2	37.1	12.6	539.7	54.0	9.5	20.5		

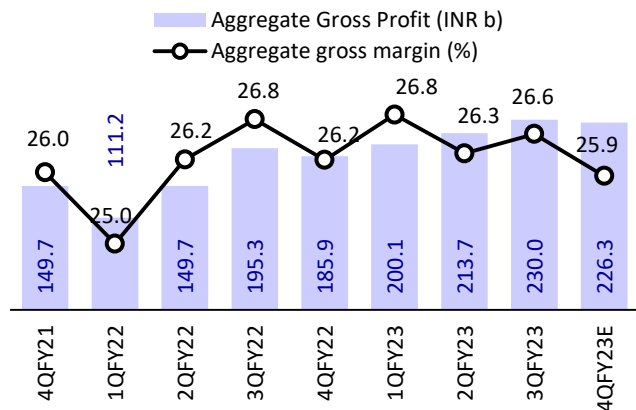
Source: Company, MOFSL

Exhibit 5: Aggregate revenue growth (INR b; YoY %)

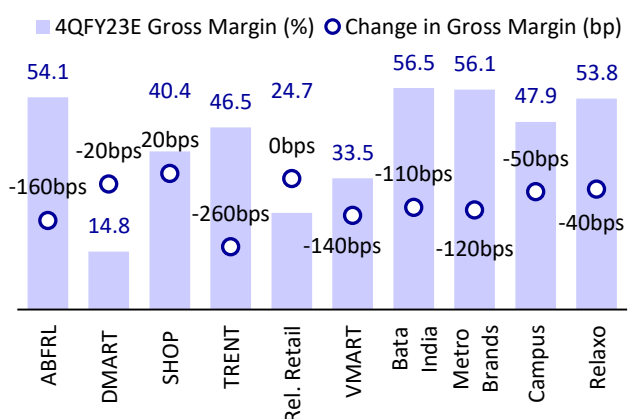
Source: Company, MOFSL

Exhibit 6: Expected revenue growth in 4QFY23 (YoY %)

Source: Company, MOFSL

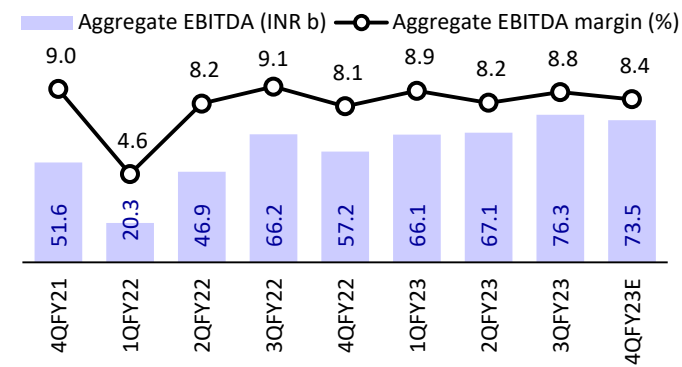
Exhibit 7: Aggregate growth in gross profit (YoY %)

Source: Company, MOFSL

Exhibit 8: Change in gross margin (YoY %)

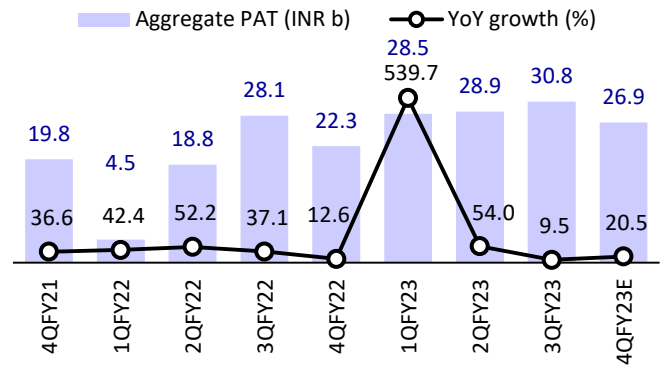
Source: Company, MOFSL

Exhibit 9: Aggregate EBITDA trajectory (margin, %)



Source: Company, MOFSL

Exhibit 10: Aggregate PAT trajectory (YoY %)



Source: Company, MOFSL

Exhibit 11: Retail coverage KPI snapshot

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E
Total store count								
Madura EBOs	2,874	2,917	3,036	3,091	3,112	3,197	3,442	3,613
Pantaloons	342	347	361	377	375	396	406	422
DMart	238	246	263	284	294	302	306	324
Shoppers Stop	83	80	83	88	90	91	96	100
Westside	184	191	197	200	203	208	211	220
Zudio	156	166	197	254	268	306	348	406
V-Mart	282	368	374	380	391	405	414	427
Vedant Fashions	0	535	566	583	603	626	640	663
Store additions								
Madura EBOs	8	43	119	55	21	85	245	171
Pantaloons	-4	5	14	16	-2	21	10	16
DMart	4	8	17	21	10	8	4	18
Shoppers Stop	-1	-3	3	5	2	1	5	4
Westside	10	7	6	3	3	5	3	9
Zudio	4	10	31	57	14	38	42	58
V-Mart	3	86	6	6	11	14	9	13
Vedant Fashions	0	0	31	17	20	23	14	23
Total store additions	24	156	196	163	59	172	318	289

Source: Company, MOFSL

Exhibit 12: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Retail						82.5	62.5	48.5	14.3	11.7	9.7	17.4	18.7	20.1
Aditya Birla Fashion	214	Buy	0.5	1.7	3.9	410.2	128.0	55.6	5.9	4.3	4.0	1.6	4.0	7.4
Avenue Supermarts	3,403	Neutral	39.1	53.3	64.1	87.0	63.9	53.1	13.1	10.8	8.9	17.0	19.2	19.1
Barbeque Nation	635	Neutral	6.9	10.5	13.5	92.4	60.3	47.1	6.0	5.4	4.9	6.5	9.0	10.4
Bata India	1,419	Neutral	24.1	33.4	43.3	58.9	42.4	32.7	8.6	7.1	5.9	15.7	18.4	19.7
Campus Activewear	334	Buy	4.4	6.0	8.5	75.3	55.3	39.0	18.1	13.7	10.1	24.1	24.7	25.9
Devyani Intl.	145	Buy	2.3	2.7	3.4	62.3	54.3	42.0	17.6	13.2	10.0	33.3	27.7	27.1
Jubilant Foodworks	440	Buy	6.0	6.8	9.4	73.2	65.1	47.1	15.0	13.9	12.9	20.4	21.3	27.4
Metro Brands	794	Buy	13.4	16.3	20.3	59.1	48.8	39.2	13.2	10.6	8.5	25.5	24.6	24.5
Relaxo Footwear	849	Neutral	6.1	10.8	15.0	139.6	78.7	56.6	11.3	10.2	9.0	8.3	13.6	16.9
Restaurant Brands	90	Buy	-3.9	-2.1	-1.5	-23.2	-43.9	-58.5	5.1	5.7	5.0	-21.8	-13.0	-8.6
Sapphire Foods	1,218	Buy	17.0	21.2	31.7	71.5	57.6	38.5	6.9	6.2	5.3	10.2	11.4	14.9
Shoppers Stop	648	Neutral	9.2	17.5	22.6	70.5	37.1	28.7	31.3	17.0	10.7	56.6	59.3	45.6
Titan Company	2,515	Buy	36.9	44.7	55.8	68.2	56.3	45.1	19.1	15.4	12.6	31.3	30.4	30.8
Trent	1,375	Buy	10.3	13.6	19.6	133	101	70.2	16.7	14.2	11.7	14.4	16.3	19.5
V-Mart Retail	2,157	Buy	1.9	38.5	79.7	1,137	56	27.1	4.6	4.2	3.7	0.4	7.8	14.5
Vedant Fashions	1,139	Buy	17.2	20.9	25.7	66	54	44.2	20.7	17.0	13.9	33.9	33.2	33.4
Westlife Foodworld	684	Neutral	7.3	9.4	13.1	93.4	72.4	52.3	18.5	14.7	11.5	21.9	22.6	24.6

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Aditya Birla Fashion

Buy
CMP: INR214 | TP: INR245 (+15%)
EPS CHANGE (%): FY23|24: (50)|(28)

- Expect revenue growth of 21.9% to INR27.8b YoY driven by 16% footprint addition
- Revenue from Madhura/Pantaloons to grow by 20%/16% YoY
- EBITDA margins to decline to 8.5% due to incremental costs toward new business verticals
- Madura/Pantaloons to add 171/16 stores

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	8,120	20,543	29,871	22,828	28,748	30,746	35,888	27,835	81,362	1,23,216
YoY Change (%)	151.4	99.8	43.9	25.3	254.1	49.7	20.1	21.9	55.0	51.4
Total Expenditure	9,807	17,408	24,050	19,098	24,063	26,779	31,532	25,482	70,363	1,07,856
EBITDA	-1,687	3,135	5,821	3,730	4,684	3,967	4,356	2,353	10,999	15,361
Change, YoY (%)	-53.2	-4,203.8	59.7	58.5	-377.6	26.5	-25.2	-36.9	374.5	39.7
Depreciation	2,378	2,416	2,509	2,668	2,703	2,907	3,175	3,305	9,970	12,090
Interest	852	876	884	895	944	1,036	1,321	1,026	3,507	4,328
Other Income	243	252	243	267	311	220	269	224	1,006	1,025
PBT	-4,674	96	2,671	435	1,349	245	129	-1,755	-1,473	-32
Tax	-1,156	37	727	127	411	-56	62	-386	-266	30
Rate (%)	24.7	38.5	27.2	29.3	30.4	-23.0	48.3	22.0	18.0	-94.4
Reported PAT	-3,518	59	1,944	308	938	301	67	-1,369	-1,207	-63
Adj PAT	-3,518	59	1,944	308	938	301	67	-1,369	-1,207	-63
YoY Change (%)	-14.3	-103.1	232.6	-115.7	-126.7	411.2	-96.6	-544.9	-83.6	-94.8

E: MOFSL Estimates

Avenue Supermarts

Neutral
CMP: INR3,403 | TP: INR3,800 (+12%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Consolidated revenue expected to grow by 35% YoY to INR118.7b
- Adjusted for store additions, revenue likely to grow ~12% on a like-to-like basis
- DMART expected to add 18 stores in 4QFY23, taking its total store count to 324 stores
- Annual store additions likely to reach 40 stores for FY23

Consolidated - Quarterly Earnings

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	51.8	77.9	92.2	87.9	100.4	106.4	115.7	118.7	309.8	441.1
YoY Change (%)	33.5	46.8	22.2	18.5	93.7	36.6	25.5	35.0	28.3	42.4
Total Expenditure	49.6	71.2	83.5	80.5	90.3	97.5	106.0	109.0	284.8	402.8
EBITDA	2.2	6.7	8.7	7.4	10.1	8.9	9.7	9.7	25.0	38.3
Change YoY (%)	100.6	102.9	25.7	20.7	349.7	33.4	11.4	31.1	43.3	53.5
Depreciation	1.1	1.2	1.3	1.5	1.4	1.6	1.7	1.1	5.0	5.8
Interest	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.5	0.6
Other Income	0.3	0.3	0.3	0.3	0.3	0.4	0.3	(0.0)	1.2	0.9
PBT	1.4	5.7	7.5	6.1	8.8	7.5	8.1	8.4	20.6	32.8
Tax	0.4	1.5	2.0	1.8	2.3	0.6	2.2	2.3	5.7	7.4
Rate (%)	30.6	26.4	26.3	29.9	26.6	8.3	27.4	27.0	27.7	22.7
Reported PAT	1.0	4.2	5.5	4.3	6.4	6.9	5.9	6.2	14.9	25.3
Adj PAT	1.0	4.2	5.5	4.3	6.4	5.4	5.9	6.2	14.9	23.9
YoY Change (%)	137.9	110.4	23.6	3.1	574.2	30.4	6.7	44.5	35.7	60.4

E: MOFSL Estimates

Bata India**Neutral****CMP: INR1,419 | TP: INR1,535 (+8%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Expect 10.3% YoY growth in revenue to INR7.3b (up 8% from pre-Covid levels)
- PAT to decline 17% YoY to INR522m
- EBITDA margin to remain flat QoQ as improved gross margins will be offset by higher opex

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	2,670	6,141	8,413	6,652	9,430	8,298	9,002	7,337	23,877	34,067
YoY Change (%)	97.7	66.9	36.7	12.8	253.1	35.1	7.0	10.3	39.8	42.7
Gross Profit	1,500	3,248	4,431	3,831	5,339	4,562	4,931	4,145	13,009	18,977
Gross margin%	56.2	52.9	52.7	57.6	56.6	55.0	54.8	56.5	54.5	55.7
Total Expenditure	2,986	4,949	6,727	5,031	6,983	6,688	6,941	5,660	19,692	26,273
EBITDA	-315	1,192	1,686	1,621	2,447	1,609	2,061	1,678	4,185	7,794
EBITDA margin	-11.8	19.4	20.0	24.4	25.9	19.4	22.9	22.9	17.5	22.9
Change YoY (%)	-63.3	557.0	43.2	44.6	-876.5	35.0	22.2	3.5	158.0	86.2
Depreciation	501	586	616	718	693	736	754	765	2,420	2,948
Interest	230	220	233	245	249	272	286	294	928	1,100
Other Income	122	115	135	187	93	119	75	77	560	364
PBT before EO expense	-924	502	973	846	1,597	720	1,096	696	1,397	4,110
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	-924	502	973	846	1,597	720	1,096	696	1,397	4,110
Tax	-229	130	249	216	404	172	265	174	367	1,015
Rate (%)	24.8	25.9	25.6	25.6	25.3	23.9	24.2	25.0	26.3	24.7
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0		
Reported PAT	-695	372	723	630	1,194	548	831	522	1,030	3,095
Adj PAT	-695	372	723	630	1,194	548	831	522	1,030	3,095
YoY Change (%)	-31	-184	133	114	-272	47	15	-17	-222	200
Margins (%)	-26%	6%	9%	9%	13%	7%	9%	7%	4%	9%

E: MOFSL Estimates

Campus Activewear**Buy****CMP: INR334 | TP: INR475 (+42%)****EPS CHANGE (%): FY24|25: (1.2)|(1.1)**

- Revenue growth to slow down to 7.4% YoY impacted by moderation in demand in trade distribution.
- Expect PAT to grow by 5% YoY to INR442m
- EBITDA margins to contract 110bp YoY due to contraction in gross margins

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	1,353	2,730	4,335	3,523	3,377	3,332	4,656	3,786	11,942	15,151
YoY Change (%)	NA	NA	NA	28.1	149.6	22.0	7.4	7.4	67.9	26.9
Gross Profit	748	1,340	2,134	1,706	1,676	1,594	2,265	1,812	5,968	7,348
Gross margin	55.3	49.1	49.2	48.4	49.6	47.9	48.6	47.9	50.0	48.5
Total Expenditure	1,204	2,181	3,407	2,739	2,760	2,897	3,737	2,984	9,527	12,378
EBITDA	149	549	928	784	617	434	919	802	2,415	2,773
EBITDA margins (%)	11.0	20.1	21.4	22.3	18.3	13.0	19.7	21.2	20.2	18.3
Depreciation	111	128	138	154	145	170	196	199	532	709
Interest	42	47	47	61	56	76	82	70	196	284
Other Income	12	4	5	3	6	7	9	9	24	30
PBT	8	379	749	572	422	196	650	542	1,711	1,810
Tax	-12	97	201	342	135	50	167	101	634	452
Rate (%)	NA	25.5	26.9	59.8	32.0	25.7	25.7	18.5	37.0	25.0
Reported PAT	20	282	547	230	287	145	483	442	1,078	1,357
Adj PAT	21	284	548	421	287	144	483	442	1,273	1,357
YoY Change (%)	NA	NA	NA	321	1,243	-49	-12	5	356.9	6.6

E: MOFSL Estimates

Metro Brands

Buy

CMP: INR794 | TP: INR1,045 (+32%)

EPS CHANGE (%): FY24 | 25: (1.4) | (0.4)

- Revenue to grow by 27.1% YoY to INR5.1b led by 23% footprint addition
- Expect 49 store adds in 4Q, taking the count to 769 stores as of Mar'23
- Expect EBITDA margin contraction of ~100bp YoY to 30.1%

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	1,314	3,246	4,838	4,032	5,080	4,763	5,987	5,125	13,429	20,955
YoY Change (%)	N.A	N.A	59.0	26.3	286.6	46.7	23.8	27.1	67.9	56.0
Total Expenditure	1,168	2,278	3,159	2,733	3,251	3,292	3,935	3,583	9,338	14,061
EBITDA	146	968	1,679	1,298	1,829	1,472	2,052	1,542	4,092	6,894
EBITDA Margin (%)	11.1	29.8	34.7	32.2	36.0	30.9	34.3	30.1	30.5	32.9
Depreciation	315	336	344	347	390	414	504	464	1,342	1,772
Interest	113	123	123	145	134	148	173	322	504	778
Other Income	159	174	120	134	93	118	146	230	586	586
PBT	-123	683	1,332	940	1,397	1,027	1,521	985	2,831	4,930
Tax	-3	132	323	250	345	253	394	291	702	1,282
Rate (%)	2.7	19.4	24.3	26.6	24.7	24.6	25.9	29.5	24.8	26.0
Reported PAT	-120	551	1,009	690	1,052	774	1,128	694	2,130	3,648
Adj PAT	-120	551	1,009	690	1,052	774	1,128	694	2,130	3,648
YoY Change (%)	N.A	N.A	55	67	-979	41	12	1	227	71.3

E: MOFSL Estimates

Relaxo Footwear

Neutral

CMP: INR906 | TP: INR750 (-12%)

EPS CHANGE (%): FY24 | 25: (4.2) | (0.0)

- Revenue growth to remain muted at 5.6% YoY
- Expect some improvement in gross profit/EBITDA margins sequentially aided by lower raw material prices
- Expect a 4.3% YoY decline in PAT to INR602m

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	4,971	7,144	7,435	6,982	6,672	6,697	6,810	7,375	26,533	27,553
YoY Change (%)	36.7	24.1	10.6	-6.6	34.2	-6.3	-8.4	5.6	12.5	3.8
Total RM Cost	2,262	3,230	3,480	3,195	3,063	3,422	3,199	3,404	12,167	13,087.8
Gross Profit	2,709	3,915	3,955	3,787	3,609	3,275	3,611	3,971	14,366	14,465
Gross Profit Ratio%	54.5	54.8	53.2	54.2	54.1	48.9	53.0	53.8	54.1	52.5
Total Expenditure	4,310	5,976	6,219	5,871	5,810	6,102	6,088	6,247	22,375	24,247
EBITDA	662	1,168	1,216	1,111	861	594	722	1,129	4,158	3,306
Margins (%)	13.3	16.4	16.4	15.9	12.9	8.9	10.6	15.3	15.7	12.0
Depreciation	275	283	291	287	298	305	320	329	1,135	1,252
Interest	37	36	41	39	69	41	41	40	153	191
Other Income	53	71	55	59	42	57	44	47	237	190
PBT before EO expense	403	919	940	844	536	304	406	807	3,106	2,053
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	403	919	940	844	536	304	406	807	3,106	2,053
Tax	93	233	239	215	149	80	105	205	779	539
Rate (%)	23.1	25.3	25.4	25.5	27.8	26.3	25.8	25.4	25.1	26.3
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	310	687	701	629	387	224	301	602	2,327	1,514
Adj PAT	310	687	701	629	387	224	301	602	2,327	1,514
YoY Change (%)	27.8	-8.5	-22.2	-38.4	24.9	-67.3	-57.1	-4.3	-20.2	-34.9
Margins (%)	6.2	9.6	9.4	9.0	5.8	3.3	4.4	8.2	8.8	5.5

E: MOFSL Estimates

Shoppers Stop

Neutral

CMP: INR648 | TP: INR705 (+9%)

EPS CHANGE (%): FY24|25: 0|0

- Expect revenue growth of 24.6% YoY to INR8.8b
- Revenue from the Beauty space to grow by 10% YoY in FY23
- Total store addition for FY23 expected at 22 stores for FY23; Expect to add 4 departmental stores in 4QFY23
- Expect a net loss due to higher depreciation and finance costs

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Revenue from Operations	2,011	6,316	9,513	7,099	9,419	10,082	11,317	8,843	24,938	39,661
YoY Change (%)	272.9	116.0	34.4	5.8	368.4	59.6	19.0	24.6	44.6	59.0
Total Expenditure	2,638	5,610	7,683	6,332	7,795	8,411	9,196	7,700	22,263	33,102
EBITDA	-628	706	1,829	767	1,624	1,672	2,121	1,143	2,675	6,560
EBITDA Margin (%)	-31.2	11.2	19.2	10.8	17.2	16.6	18.7	12.9	10.7	16.5
Depreciation	878	903	812	927	846	927	999	1,043	3,520	3,814
Interest	509	520	497	528	511	514	515	553	2,054	2,093
Other Income	641	676	146	198	56	39	244	77	1,661	415
PBT before EO expense	-1,373	-41	666	-490	323	270	851	-377	-1,238	1,067
Extra-Ord expense	150	0	0	0	0	20	0	0	150	20
PBT	-1,523	-41	666	-490	323	250	851	-377	-1,388	1,047
Tax	-346	-10	164	-329	95	68	230	-94	-521	300
Rate (%)	22.7	25.6	24.6	67.1	29.5	27.3	27.1	25.0	37.5	28.6
Reported PAT	-1,178	-30	502	-161	228	181	621	-283	-867	747
Adj PAT	-1,028	-30	502	-161	228	201	621	-283	-717	767
YoY Change (%)	-7.6	-97.3	-342.3	-34.8	-122.2	-766.9	23.7	75.5	-73.3	-207.0

E: MOFSL Estimates

Trent

Buy

CMP: INR1,361 | TP: INR1,570 (+15%)

EPS CHANGE (%): FY24|25: (0.8)|(0.6)

- Expect revenue growth of 71% YoY, led by sustained SSSG and new store additions
- Revenue from Westside/Zudio to grow by 49.3%/2.3x YoY, as 4QFY22 had some impact of Omicron.
- Expect Westside/Zudio to add 9/58 stores in 4QFY23
- Expect PAT to decline 21.4% YoY to INR589m mainly due to lower other income

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	3,273	10,204	13,478	11,853	16,529	18,136	21,715	20,271	38,807	76,650
YoY Change (%)	239.8	125.7	85.8	53.2	405.0	77.7	61.1	71.0	89.5	97.5
Total Expenditure	3,591	7,991	10,561	10,329	13,488	15,461	18,359	17,501	32,472	64,809
EBITDA	-318	2,213	2,917	1,523	3,041	2,675	3,356	2,769	6,335	11,841
EBITDA Margin (%)	-9.7	21.7	21.6	12.9	18.4	14.8	15.5	13.7	16.3	15.4
Depreciation	622	666	734	809	1,202	1,043	1,106	1,182	2,831	4,533
Interest	686	726	734	787	925	880	885	974	2,933	3,664
Other Income	523	949	296	1,021	415	1,680	730	174	2,790	3,000
PBT before EO expense	-1,102	1,769	1,746	949	1,330	2,432	2,095	787	3,362	6,645
Extra-Ord expense	0	-130	0	-2	0	0	0	0	-132	0
PBT	-1,102	1,639	1,746	947	1,330	2,432	2,095	787	3,230	6,645
Tax	-265	383	417	199	303	574	486	198	734	1,561
Reported PAT	-838	1,256	1,329	749	1,026	1,859	1,610	589	2,496	5,084
Adj PAT	-838	1,356	1,329	750	1,026	1,859	1,610	589	2,598	5,084
YoY Change (%)	-39.9	-381.9	66.8	22.1	-222.5	37.1	21.1	-21.4	-658.3	95.7

E: MOFSL Estimates

V-Mart Retail

Buy

CMP: INR2,157 | TP: INR2,800 (+30%)

EPS CHANGE (%): FY24|25: (8.0)|(4.6)

- Expect revenue growth to moderate to 14.7% YoY due to inflationary impact on demand
- Expect to add 13 stores in 4QFY23, taking the total store count to 427 stores
- EBITDA margin to contract due to higher spends and integration of newly acquired online business

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	1,774	3,380	6,920	4,588	5,879	5,062	7,769	5,260	16,662	23,969
YoY Change (%)	127.3	92.6	47.2	30.4	231.4	49.8	12.3	14.7	54.9	43.9
Total Expenditure	1,794	3,173	5,567	4,085	4,992	4,526	6,732	4,784	14,618	21,033
EBITDA	-20	206	1,353	503	887	536	1,037	476	2,043	2,936
EBITDA Margin (%)	-1.1	6.1	19.6	11.0	15.1	10.6	13.3	9.1	12.3	12.3
Depreciation	255	272	404	376	402	441	473	519	1,307	1,835
Interest	156	169	212	235	247	279	307	322	772	1,155
Other Income	45	41	26	28	41	27	7	26	140	100
PBT	-385	-195	764	-80	278	-157	264	-340	104	46
Tax	-98	-53	193	-54	74	-44	64	-83	-12	12
Rate (%)	25.4	27.3	25.2	67.4	26.5	27.9	24.4	24.4	-12.0	25.5
Reported PAT	-287	-141	571	-26	205	-113	200	-257	116	34
Adj PAT	-287	-141	571	-26	205	-113	200	-257	116	34
YoY Change (%)	-14.6	-25.4	19.3	77.2	-171.2	-20.0	-65.0	882.7	-287.7	-70.5

E: MOFSL Estimates

Vedant Fashions

Buy

CMP: INR1,139 | TP: INR1,400 (+23%)

EPS CHANGE (%): FY24|25: 0.0|0.0

- Expect 11.9% YoY growth in revenue to INR3.3b as sales are expected to pick up in 4QFY23
- EBITDA margin to contract sequentially due to seasonality
- Expect PAT growth of 9% YoY to INR967m

Quarterly Earning

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	1,600	1,999	3,847	2,963	3,250	2,469	4,414	3,316	10,408	13,449
YoY Change (%)			27.6	54.7	103.1	23.5	14.7	11.9	84.3	29.2
Total Expenditure	908	1,087	1,933	1,522	1,619	1,315	2,170	1,729	5,450	6,832
EBITDA	692	912	1,915	1,440	1,631	1,154	2,245	1,587	4,959	6,617
EBITDA margins (%)	43.3	45.6	49.8	48.6	50.2	46.7	50.9	47.9	47.6	49.2
Change YoY (%)	NA	NA	-36.5	68.8	135.6	26.6	17.2	10.2	212.4	185.6
Depreciation	209	222	244	269	264	249	251	266	944	1,030
Interest	57	65	76	86	78	77	75	103	284	334
Other Income	185	89	114	111	71	97	100	106	499	374
PBT before EO expense	611	714	1,710	1,196	1,359	925	2,019	1,324	4,230	5,628
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
Tax	159	181	432	309	351	235	516	358	1,081	1,459
Rate (%)	26.1	25.4	25.2	25.8	25.8	25.4	25.5	27.0	25.6	25.9
Reported PAT	452	532	1,278	887	1,009	690	1,504	967	3,149	4,169
Adj PAT	452	532	1,278	887	1,009	690	1,504	967	3,149	4,169
YoY Change (%)	NA	NA	-58	86	123	30	18	9	137	32

E: MOFSL Estimates

Retail (Consumer Discretionary)

Company name

Barbeque Nation Hospitality

Devyani International

Jubilant FoodWorks

Restaurants Brand Asia

Sapphire Foods

Titan Company

Westlife Development

Healthy topline growth; however, on a low base

Inflation to adversely impact discretionary demand

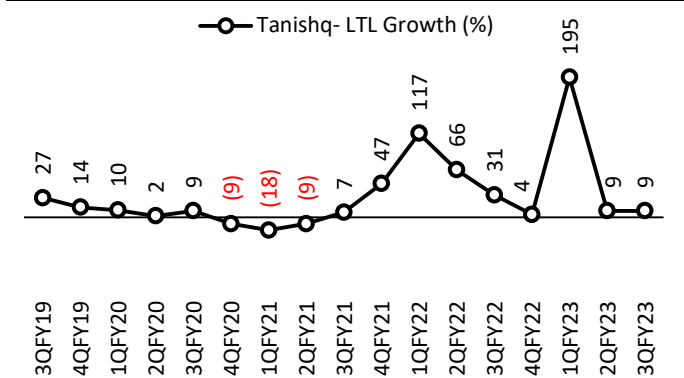
- Our QSR universe is likely to report cumulative sales growth of ~22% YoY, led by aggressive store expansions and a lower base (base quarter was adversely impacted by the emergence of the omicron variant). However, due to lower pace of SSSG and continued material cost pressures, we expect lower EBITDA growth of ~11%.
- All our coverage companies within the Food Service Industry (FSI) – JUBI, DEVYANI, SAPPHIRE, WLDL, RBA, and BARBEQUE – are likely to deliver a healthy sales growth, led by store expansions and a low base; however, SSSG is likely to remain under pressure. All the restaurant players are expected to continue expanding their store networks in line with previously given guidance.
- On material costs, the trend is mixed. Owing to lower palm oil costs, some QSRs brands such as McDonalds, KFC, and BK, would experience reduced material cost pressures. On the other hand, with higher cheese and wheat costs, pizza brands such as Domino's and Pizza Hut are witnessing increased material cost pressures.
- We expect a 36.0%/20.7% YoY revenue growth for DEVYANI/SAPPHIRE. We expect WLDL/RBA to post a revenue growth of 25.3%/42.8% YoY. JUBI is expected to post a revenue growth of 9.1% YoY.
- TTAN is likely to register an overall revenue growth of ~12% YoY with a three-year CAGR/four-year CAGR at ~23%/16%, respectively. EBITDA and Adj. PAT are likely to grow ~21%/13% YoY, respectively. Outlook for the company across segments remains healthy; however, we need to keep a close watch on the commentary on any impact on demand due to recent surge in gold prices.
- TTAN's jewelry segment is expected to post a revenue growth of 8.5% YoY (three-year CAGR/four-year CAGR at 24.0%/16.0%, respectively). Demand momentum continues to be healthy, led by the wedding season and stable gold prices during the quarter till mid-march, post which prices have started to rise. The margin of jewelry segment is expected to expand ~130bp YoY to 13%. Watches and Eyewear business is expected to grow at 19.1%/23.5% YoY (three-year CAGR/four-year CAGR at 10.1%/8.8%, 15.4%/6.7% respectively). We expect TTAN to report an EBITDA growth of 21.2% YoY and an EBITDA margin of 12.2% (v/s 11.2% YoY and 11.6% QoQ). TTAN's high salience as part of our Retail (consumer discretionary) universe results in cumulative sales and EBITDA growth of 14.9% and 16.6%, respectively.

Branded players to continue aggressive expansion

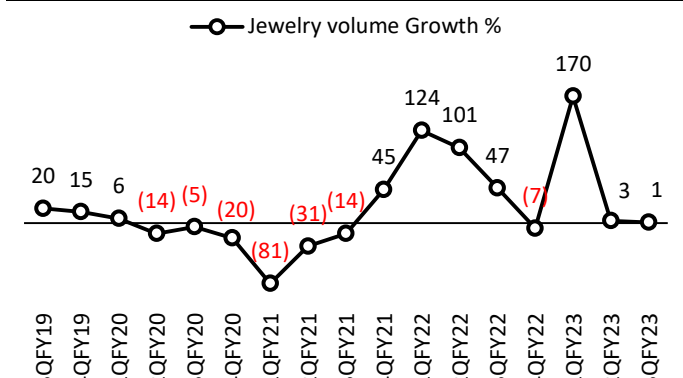
- Branded players, in both Jewelry and FSI, are seeing an improved post-COVID opportunity with a) the shutting down of smaller unorganized players during COVID-19, leading to market share gains, b) shift toward trusted brands, c) a pickup in in-home consumption and delivery channel, and d) increased 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 demand. 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.

Exhibit 1: Summary of expected quarterly performance

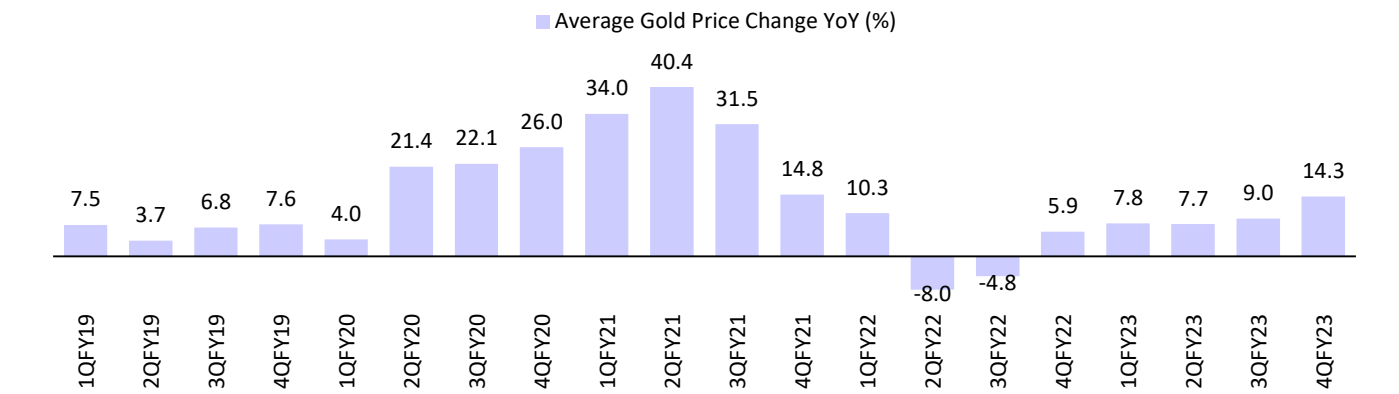
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Barbeque Nation	635	Neutral	3,062	22.0	-6.7	567	27.3	-8.5	15	200.3	-70.5
Devyani Intl.	145	Buy	8,033	36.0	1.6	1,776	27.1	2.1	577	-26.6	-27.7
Jubilant Foodworks	440	Buy	12,631	9.1	-4.1	2,579	-11.0	-11.1	614	-47.3	-30.7
Restaurant Brands	90	Buy	3,837	42.8	3.8	460	52.2	-3.8	-177	Loss	Loss
Sapphire Foods	1218	Buy	5,995	20.7	0.6	1,069	7.2	-8.3	106	-60.0	-67.6
Titan Company	2515	Buy	87,280	12.0	-24.8	10,621	21.2	-21.1	7,472	12.7	-18.1
Westlife Foodworld	684	Neutral	5,703	25.3	-6.7	924	46.9	-9.5	224	46.4	-38.3
Retail			1,26,541	14.9	-19.0	17,997	16.6	-15.9	8,832	-0.5	-22.7

Exhibit 2: LTL sales growth remains robust

Sources: Company, MOFSL

Exhibit 3: Jewelry volumes remain flat

Sources: Company, MOFSL

Exhibit 4: Average gold prices increased 14.3% YoY and 9.2% QoQ in 4QFY23

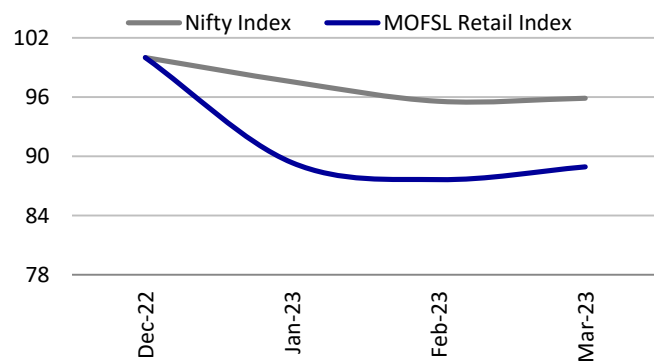
Sources: Bloomberg, MOFSL

Exhibit 5: Forecasting weak SSSG by the restaurant players in 4QFY23

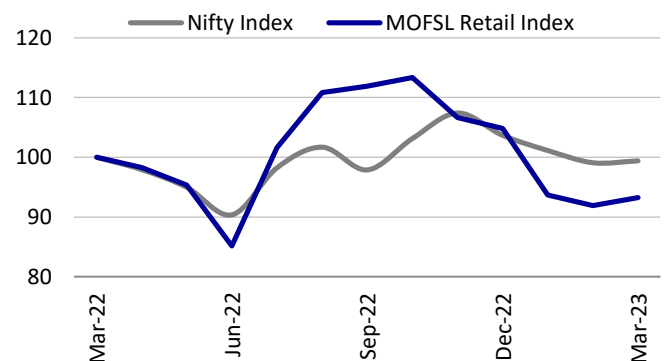
	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E
No. of stores									
Domino's	1,360	1,380	1,435	1,495	1,567	1,625	1,701	1,760	1,817
Pizza Hut (Devyani)	297	317	351	391	413	436	466	483	498
Pizza Hut (Sapphire)	162	171	188	209	219	235	249	274	289
Total PH	459	488	539	600	632	671	715	757	787
KFC (Devyani)	264	284	309	339	364	391	423	461	484
KFC (Sapphire)	203	208	219	250	263	281	301	325	335
Total KFC	467	492	528	589	627	672	724	786	819
McDonald's (WLDL)	305	305	310	316	326	331	337	341	361
Burger King	265	270	274	294	315	328	334	379	390
Barbeque Nation	164	166	167	174	185	195	205	212	225
Net store addition									
Domino's	46	20	55	60	72	58	76	59	57
Pizza Hut (Devyani)	24	20	34	40	22	23	30	17	15
Pizza Hut (Sapphire)	1	9	17	21	10	16	14	25	15
Total PH	25	29	51	61	32	39	44	42	30
KFC (Devyani)	24	20	25	30	25	27	32	38	23
KFC (Sapphire)	7	5	11	31	13	18	20	24	10
Total KFC	31	25	36	61	38	45	52	62	33
McDonald's (WLDL)	1	0	5	6	10	5	6	4	20
Burger King	-5	5	4	20	21	13	6	45	11
Barbeque Nation	1	2	1	7	11	10	10	7	13
SSSG (%)									
Domino's*	13.7	120.4	29.4	7.5	5.8	28.3	8.4	0.3	-2.0
Pizza Hut (Devyani)	13.4	216.1	73.5	24.7	2.3	31.5	2.9	-6.1	-7.0
Pizza Hut (Sapphire)		135.4		22.0	3.0	47.0	23.0	-4.0	-6.0
KFC (Devyani)	19.6	158.0	72.0	23.8	3.0	63.6	13.0	3.0	2.0
KFC (Sapphire)		149.0		29.0	15.0	65.0	15.0	3.0	1.0
McDonald's (WLDL)	10.5	183.0	83.7	44.0	23.0	97.0	40.0	20.0	15.0
Burger King	-4.9	270.0	140.0	65.0	17.0	66.0	27.0	8.6	13.0
Barbeque Nation	19.9	960.0	184.0	42.7	5.5	182.0	23.4	-1.2	5.0

*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	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Retail						82.5	62.5	48.5	14.3	11.7	9.7	17.4	18.7	20.1
Barbeque Nation	635	Neutral	6.9	10.5	13.5	92.4	60.3	47.1	6.0	5.4	4.9	6.5	9.0	10.4
Devyani Intl.	145	Buy	2.3	2.7	3.4	62.3	54.3	42.0	17.6	13.2	10.0	33.3	27.7	27.1
Jubilant Foodworks	440	Buy	6.0	6.8	9.4	73.2	65.1	47.1	15.0	13.9	12.9	20.4	21.3	27.4
Restaurant Brands	90	Buy	-3.9	-2.1	-1.5	-23.2	-43.9	-58.5	5.1	5.7	5.0	-21.8	-13.0	-8.6
Sapphire Foods	1,218	Buy	17.0	21.2	31.7	71.5	57.6	38.5	6.9	6.2	5.3	10.2	11.4	14.9
Titan Company	2,515	Buy	36.9	44.7	55.8	68.2	56.3	45.1	19.1	15.4	12.6	31.3	30.4	30.8
Westlife Foodworld	684	Neutral	7.3	9.4	13.1	93.4	72.4	52.3	18.5	14.7	11.5	21.9	22.6	24.6

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: INR635 | TP: INR700 (+9.7%)
EPS CHANGE (%): FY24|25: -19.9|-29.1

- We expect 5% SSSG with 13 stores additions in 4QFY23.
- Performance of extension kitchen needs to be monitored.
- Commentary on new stores performance, SSSG and delivery are to be closely monitored.
- Commentary on further capex guidance is a key monitorable.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
SSSG (%)	960.0	184.0	42.7	5.5	182.0	23.4	-1.2	5.0	64.7	16.6
No. of stores	166	167	174	185	195	205	212	225	185	225
Net Sales	1,020	2,209	2,867	2,510	3,149	3,105	3,282	3,062	8,606	12,597
YoY change (%)	939.1	190.3	47.1	10.9	208.8	40.6	14.5	22.0	69.7	46.4
Gross Profit	600	1,450	1,886	1,622	2,103	2,051	2,189	2,022	5,558	8,364
Margin (%)	58.9	65.6	65.8	64.6	66.8	66.1	66.7	66.0	64.6	66.4
EBITDA	-178	413	657	445	705	583	620	567	1,337	2,474
EBITDA growth %	N/M	N/M	59.6	-2.1	N/M	41.1	-5.7	27.3	188.3	85.0
Margin (%)	-17.5	18.7	22.9	17.7	22.4	18.8	18.9	18.5	15.5	19.6
Depreciation	289	304	340	340	352	350	382	388	1,273	1,471
Interest	166	153	172	162	175	180	183	190	653	728
Other Income	74	85	45	59	30	16	12	30	263	88
PBT	-559	41	190	2	208	69	67	19	-326	363
Tax	-120	10	44	-3	48	26	17	5	-69	96
Rate (%)	21.5	24.9	23.2	-109.0	23.1	38.3	25.7	23.7	21.1	26.5
Adjusted PAT	-439	31	146	5	160	43	50	15	-257	267
YoY change (%)	N/M	L/P	L/P	-92.4	N/M	39.2	-66.1	200.3	-	-

E: MOFSL Estimates

Devyani International

Buy
CMP: INR145 | TP: INR180 (+25%)
EPS CHANGE (%): FY24|25: -3.5|-1.5

- KFC is expected to deliver 2% SSSG and 23 store additions.
- Commentary on performance of new stores is a key monitorable.
- Pizza Hut to deliver -7% SSSG along with 15 store additions.
- Commentary on PH ADS and delivery contributions are to be closely monitored.

Quarterly Performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
KFC - No. of stores	284	309	339	364	391	423	461	484	364	484
PH - No. of stores	317	351	391	413	436	466	483	498	413	498
KFC - SSSG (%)	158.0	72.0	23.8	3.0	63.6	13.0	3.0	2.0	49.4	28.8
PH - SSSG (%)	216.1	73.5	24.7	2.3	31.5	2.9	-6.1	-7.0	45.4	26.0
Net Sales	3,528	5,161	6,244	5,907	7,047	7,474	7,906	8,033	20,840	30,460
YoY change (%)	280.6	124.4	64.7	36.4	99.8	44.8	26.6	36.0	83.6	46.2
Gross Profit	2,511	3,664	4,457	4,209	5,010	5,246	5,482	5,494	14,842	21,232
Margin (%)	71.2	71.0	71.4	71.3	71.1	70.2	69.3	68.4	71.2	69.7
EBITDA	616	1,233	1,478	1,397	1,647	1,655	1,739	1,776	4,760	6,817
EBITDA growth %	-444.6	175.5	67.5	19.7	167.5	34.2	17.7	27.1	109.7	43.2
Margin (%)	17.4	23.9	23.7	23.6	23.4	22.1	22.0	22.1	22.8	22.4
Depreciation	482	526	558	648	637	660	706	801	2,213	2,805
Interest	324	328	296	322	328	348	378	397	1,270	1,451
Other Income	47	52	39	24	90	45	81	50	161	265
PBT	-144	431	663	451	771	692	736	627	1,438	2,826
Tax	0	6	9	-335	24	19	-62	50	-320	30
Rate (%)	0.2	1.3	1.4	-74.1	3.1	2.8	-8.5	7.9	-22.2	1.1
Adjusted PAT	-143	425	654	786	748	672	798	577	1,757	2,795
YoY change (%)	N/M	L/P	L/P	271.2	L/P	58.3	22.0	-26.6	L/P	59.1

E: MOFSL Estimates

Jubilant FoodWorks**Buy****CMP: INR430 | TP: INR545 (+27%)****EPS CHANGE (%): FY24|25: -11.4|-7.6**

- We expect flat LFL growth during the quarter.
- GM to contract sequentially by 250bp due to high input costs.
- We expect net additions of 57 Domino's outlets in 4QFY23.
- Watch out for commentary on Popeyes.

Quarterly Standalone Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
No of stores (Dominos)	1,380	1,435	1,495	1,567	1,625	1,701	1,760	1,817	1,567	1,817
LFL growth (%)	120.4	29.4	7.5	5.8	28.3	8.4	0.3	-2.0	26.4	8.0
Net Sales	8,790	11,007	11,935	11,579	12,403	12,868	13,166	12,631	43,961	51,068
YoY change (%)	131.1	36.6	12.9	12.9	41.1	16.9	10.3	9.1	32.7	16.2
Gross Profit	6,788	8,613	9,262	8,905	9,514	9,811	9,937	9,226	34,062	38,489
Gross margin (%)	77.2	78.2	77.6	76.9	76.7	76.2	75.5	73.0	77.5	75.4
EBITDA	2,115	2,860	3,174	2,897	3,045	3,125	2,900	2,579	11,088	11,649
EBITDA growth %	778.7	33.2	13.9	16.2	44.0	9.2	-8.6	-11.0	43.8	5.1
Margins (%)	24.1	26.0	26.6	25.0	24.6	24.3	22.0	20.4	25.2	22.8
Depreciation	890	902	1,006	1,031	1,050	1,123	1,298	1,309	3,931	4,780
Interest	418	416	446	450	459	485	501	519	1,761	1,965
Other Income	80	93	109	124	106	103	93	98	414	400
PBT	887	1,635	1,831	1,539	1,642	1,619	1,194	849	5,810	5,304
Tax	206	407	457	374	366	428	309	235	1,452	1,337
Rate (%)	23.2	24.9	25.0	24.3	22.3	26.4	25.8	27.7	25.0	25.2
Adjusted PAT	681	1,228	1,374	1,165	1,276	1,192	886	614	4,358	3,967
YoY change (%)	L/P	59.6	9.8	11.7	87.3	-2.9	-35.5	-47.3	89.1	-9.0

E: MOFSL Estimates

Restaurants Brand Asia**Buy****CMP: INR90 | TP: INR120 (+33%)****EPS CHANGE (%): FY24|25: -0.4|-0.4**

- Burger King is expected to deliver 43% YoY domestic sales growth, led by 13% SSSG.
- BK café's performance and customer responses of new launches are the key monitorables.
- Commentary on RM inflation and momentum of stunner menu to be closely monitored.
- Commentary on Indonesia business recovery to be monitored.

Quarterly Standalone Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
SSSG (%)	270.0	140.0	65.0	17.0	66.0	27.0	8.6	13.0	70.0	28.7
No. of stores	270	274	294	315	328	334	379	390	315	390
Net Sales	1,497	2,454	2,799	2,687	3,369	3,680	3,698	3,837	14,903	20,856
YoY change (%)	-72.7	153.7	71.5	37.1	125.0	50.0	32.1	42.8	48.4	39.9
Gross Profit	976	1,605	1,849	1,776	2,236	2,443	2,454	2,543	9,406	13,366
Margin (%)	65.2	65.4	66.1	66.1	66.4	66.4	66.4	66.3	63.1	64.1
EBITDA	15	256	328	302	332	421	479	460	966	1,269
EBITDA growth %	L/P	7,973.2	115.9	23.6	2,064.8	64.4	45.8	52.2	287.3	31.3
Margin (%)	1.0	10.4	11.7	11.3	9.9	11.4	12.9	12.0	6.5	6.1
Depreciation	329	334	344	351	461	426	434	475	2,336	2,639
Interest	167	167	168	178	196	206	220	233	954	855
Other Income	37	43	32	94	97	79	63	71	224	310
PBT	-444	-202	-152	-132	-227	-133	-112	-177	-2,099	-1,915
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	-133	-112	-177	-2,099	-1,915
YoY change (%)	-	-	-	-	-	-	-	-	-	-

E: MOFSL Estimates

Sapphire Foods

Buy

CMP: INR1,218 | TP: INR1,590 (+31%)

EPS CHANGE (%): FY24|25: -8.3|-10.1

- KFC is expected to deliver 1% SSSG along with 10 store additions.
- Commentary on the Sri Lanka business is a key montitorable.
- PH's SSSG is expected to decline 6% SSSG and is expected to add 15 new outlets.
- Commentary on ADS and delivery are to be closely monitored.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
KFC - No. of stores	208	219	250	263	281	301	325	335	263	335
PH - No. of stores	171	188	209	219	235	249	274	289	219	289
KFC - SSSG (%)	149.0	NA	29.0	15.0	65.0	15.0	3.0	1.0	31.0	10.2
PH - SSSG (%)	-29.0	NA	22.0	3.0	47.0	23.0	-4.0	-6.0	42.0	8.0
Net Sales	3,031	4,142	5,075	4,968	5,463	5,628	5,961	5,995	17,216	23,047
YoY change (%)	173.0	76.9	52.0	45.9	80.3	35.9	17.5	20.7	68.8	33.9
Gross Profit	2,130	2,884	3,510	3,414	3,707	3,737	3,998	4,050	11,938	15,492
Margin (%)	70.3	69.6	69.2	68.7	67.9	66.4	67.1	67.6	69.3	67.2
EBITDA	341	566	1,145	998	1,104	1,032	1,167	1,069	3,050	4,372
EBITDA growth %	L/P	70.7	93.1	78.8	223.9	82.2	1.9	7.2	145.2	43.3
Margin (%)	11.2	13.7	22.6	20.1	20.2	18.3	19.6	17.8	17.7	19.0
Depreciation	534	512	513	576	609	628	681	744	2,135	2,662
Interest	172	190	185	233	197	206	217	243	781	863
Other Income	109	95	78	98	59	71	67	69	380	266
PBT	-256	-41	525	286	356	269	336	152	514	1,114
Tax	8	10	16	21	-25	1	9	46	54	31
Rate (%)	-	-	2.9	7.3	-7.1	0.3	2.6	30.4	10.5	2.8
Adjusted PAT	-264	-51	510	265	381	269	327	106	460	1,083
YoY change (%)	-	-	N/M	-	L/P	L/P	-35.9	-60.0	-	135.5

E: MOFSL Estimates

Titan Company

Buy

CMP: INR2,515 | TP: INR3,070 (+22%)

EPS CHANGE (%): FY24|25: 0.0|0.0

- We expect 8.5% YoY growth on the Jewelry segment over a normalized base and a three-year/four-year revenue CAGR at 24.0%/16.0%.
- EBITDA margin is likely to expand 90bp YoY and 60bp QoQ.
- We expect robust YoY revenue growth of 19.1% in watches and 23.5% in the eyewear segment.
- Outlook on international business expansion is a key monitorable.

Consolidated Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	34.7	74.9	100.4	78.0	94.4	91.6	116.1	87.3	288.0	389.4
YoY change (%)	75.5	64.6	31.7	4.0	171.9	22.3	15.7	12.0	33.1	35.2
Gross Profit	7.8	18.8	25.4	19.7	24.1	25.3	27.7	21.5	71.6	98.5
Margin (%)	22.4	25.0	25.3	25.3	25.5	27.6	23.9	24.6	24.9	25.3
EBITDA	1.4	9.7	14.4	8.8	12.0	12.5	13.5	10.6	34.2	48.5
EBITDA growth %	L/P	209.3	70.0	7.2	773.0	28.8	-6.6	21.2	98.5	41.8
Margin (%)	3.9	12.9	14.4	11.2	12.7	13.6	11.6	12.2	11.9	12.5
Depreciation	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.3	4.0	4.5
Interest	0.5	0.5	0.6	0.6	0.7	0.6	0.8	0.8	2.2	2.9
Other Income	0.5	0.6	0.6	0.8	0.4	0.6	0.9	0.8	2.3	2.7
PBT	0.4	8.7	13.4	7.9	10.7	11.4	12.4	9.3	30.4	43.9
Tax	0.2	2.3	3.3	1.3	2.8	3.1	3.3	1.9	7.1	11.1
Rate (%)	53.8	26.2	24.7	16.0	26.3	26.9	26.7	19.9	23.2	25.2
Adjusted PAT	0.2	6.4	10.1	6.6	7.9	8.4	9.1	7.5	23.3	32.8
YoY change (%)	L/P	268.4	90.9	16.7	#	30.3	-9.9	12.7	138.4	40.7

E: MOFSL Estimates

Westlife Development

Neutral

CMP: INR684 | TP: INR740 (+8%)

EPS CHANGE (%): FY24|25: -5.3|-7.4

- We expect 15% SSSG in 4QFY23, driven by omni-channel focus.
- We expect 20 new store additions in 4QFY23.
- Convenience channels are expected to stay elevated compared to pre-COVID levels.
- Commentary on new store additions and performance of gourmet menu are to be the key monitorables.

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
SSSG %	183.0	83.7	44.0	23.0	97.0	40.0	20.0	15.0	83.4	40.0
No. of McDonald's restaurants	305	310	316	326	331	337	341	361	326	361
Net Sales	2,592	3,854	4,768	4,551	5,379	5,724	6,115	5,703	15,765	22,921
YoY Change (%)	176.0	84.0	46.7	27.3	107.6	48.5	28.2	25.3	59.9	45.4
Gross profit	1,695	2,495	3,165	2,959	3,459	3,748	4,090	3,790	10,314	15,087
Margin (%)	65.4	64.7	66.4	65.0	64.3	65.5	66.9	66.5	65.4	65.8
EBITDA	25	444	793	629	873	959	1,022	924	1,892	3,778
YoY Change (%)	L/P	L/P	81.4	34.6	3,380.8	115.9	28.8	46.9	303.1	99.7
Margins (%)	1.0	11.5	16.6	13.8	16.2	16.8	16.7	16.2	12.0	16.5
Depreciation	332	338	348	346	358	366	386	422	1,364	1,531
Interest	203	204	210	209	215	225	234	256	826	930
Other Income	64	40	43	131	18	52	78	59	277	206
PBT	-446	-59	279	205	318	419	480	306	-21	1,523
Tax	-112	-15	70	52	82	104	116	81	-4	384
Rate (%)	N/M	N/M	25.3	25.4	25.8	24.8	24.2	26.6	19.4	25.2
Adj PAT	-334	-44	208	153	236	315	364	224	-17	1,139
YoY Change (%)	-	-	L/P	L/P	L/P	L/P	74.7	46.4	-	L/P
Margins (%)	-12.9	-1.1	4.4	3.4	4.4	5.5	5.9	3.9	-0.1	5.0

E: MOFSL Estimates

Technology

Coforge

Cyient

HCL Tech.

Infosys

LTIMindtree

L&T Technology

Mphasis

Persistent Systems

TCS

Tech Mahindra

Wipro

Zensar Tech.

Weak macro to weigh on 4Q earnings growth

Expect muted revenue growth; margin likely to expand on easing supply

- We estimate USD revenue/INR EBIT/INR PAT to grow by 8.4%/15.9%/11.2% YoY in 4QFY23 for our IT Services coverage universe, which implies FY23E USD revenue/INR EBIT/INR PAT growth of 10.6%/11.4%/7.8%.
- Our IT Services coverage universe is expected to deliver a median revenue growth of 0.8% QoQ and 9.2% YoY in constant currency (CC) terms in 4QFY23. Major currencies have appreciated against USD (EUR +5.2% and GBP +3.8%), which will provide tailwinds. EBIT/PAT are expected to grow by 1.2%/3.0% QoQ, due to weak topline growth.
- While the BFSI sector has been resilient for the last few quarters, recent industry developments have added to caution on its tech spending. Though the Indian IT services firms do not have meaningful exposure to the affected US regional banks, fears of a banking crisis could impact near-term IT spending by banks and will be the key monitorable during the 4Q management commentary.
- Apart from BFSI, Hi-Tech, Manufacturing and Retail may also report muted growth in 4Q. Clients have started to cut discretionary spends while increasing focus on cost efficiency. IT services companies are seeing a shift to cost optimization deals, along with increased vendor consolidation deals in the pipeline.
- The management indicated that the secular demand is still intact in certain verticals and service lines, but suggested near-term caution among clients and some delays in decision-making, which might lead to project deferrals and pause in execution.
- Except for TECHM, ZENT and MPHL, our coverage universe is expected to grow, with CYL (+5.4% QoQ CC) leading the pack. We expect Tier-I companies to grow in the range of -0.7% to +1.6% QoQ CC (HCLT to be impacted by software business seasonality). Tier-II players are expected to have a wider growth range of -1.1% to +5.4% QoQ in CC terms.

LTIM/CYL to lead topline growth among Tier I/Tier II firms

- Tier-I companies' revenues should grow, albeit modestly, despite weak macro, with TECHM (down 0.7% QoQ CC) being the only exception. LTIM will lead the pack with revenue growth of 1.6% QoQ CC, followed by TCS at 0.9%. Revenue growth for INFO/HCLT/WPRO is likely to remain weak at 0.6%/0.6%/0.5% QoQ (HCLT to report seasonal weakness in the software business (-22% QoQ), service business to grow 3.6% QoQ).
- Among Tier-II firms, we expect CYL's topline to grow at 5.4% QoQ in CC, followed by COFORGE and PSYS with 3.3%/3.0% QoQ CC revenue growth. MPHL and ZENT could see a revenue decline of 1.1%/0.8% QoQ in CC.

Easing supply to aid margins in 4QFY23

- Q4 margins will see some impact from growth moderation, especially for Tier-I pack. However, easing supply pressure, cooling off attrition and improvements in utilization should aid margins in Q4.

- Tier-I companies should post flat margins, with HCLT (down 150bp QoQ on P&P seasonality) and LTIM (up 180bp QoQ due to recovery from Q3 low base) being the exceptions. The Tier-II pack will post a wider range of flat to 200bp QoQ, led by COFORGE/ZENT with margin improvement of 200bp/120bp QoQ.
- Considering the near-term softness in demand and elevated hiring last year, we expect net hiring to take a pause in 4Q. We also expect sub-contractor expenses to moderate, while the reduction in backfilling and retention should support margins.

PAT growth to follow margin movement

- We expect our Tier-I IT coverage universe to post PAT growth of 2.9% QoQ/11.1% YoY. LTIM is expected to report PAT growth of 9.7% QoQ due to a low base in Q3. TCS/INFO/WPRO/TECHM/HCLT should record PAT growth of 7.0%/-0.3%/ 1.5%/2.7%/-3.7% QoQ.
- Tier-II players should register PAT growth of 5.3% QoQ/13.0% YoY, stronger than Tier-I firms, aided by healthy revenue growth and margin expansion. COFORGE/ZENSAR/PSYS should see robust PAT growth of 21.6%/6.9%/3.3% QoQ.

Prefer Tier I over Tier II companies; TCS remains our top pick

- With valuations correcting meaningfully over the last one year (IT services sector P/E at 21.6x, down 33% from the peak), we maintain our positive stance on the IT Services sector, supported by a favorable medium- to long-term demand outlook despite some near-term pain.
- We continue to prefer Tier-I players over their Tier-II counterparts, given the former's attractive valuations, increased traction in vendor consolidation and diversified client portfolios. Among Tier-I players, we prefer TCS, HCLT, and INFO. TCS remains best positioned to benefit from long-term structural tailwinds in Tech Services and should see a relative pick-up in growth, aided by clients' focus on cost optimization and efficiencies. HCLT is one of the key beneficiaries of Cloud adoption at scale, given its expertise in IMS. We expect INFO to deliver a strong growth, backed by strong deal wins.
- Among Tier-II players, we prefer CYL and ZENT. A revival in the aerospace vertical with strong growth, ebbing challenges in verticals like railway, and strong growth in DLM with attractive valuations make CYL a strong BUY. While on ZENT, a good margin recovery and the new CEO's focus on execution (rather than strategic changes) should help ZENT stabilize revenue growth and recoup margins. Valuations remain attractive for ZENT.

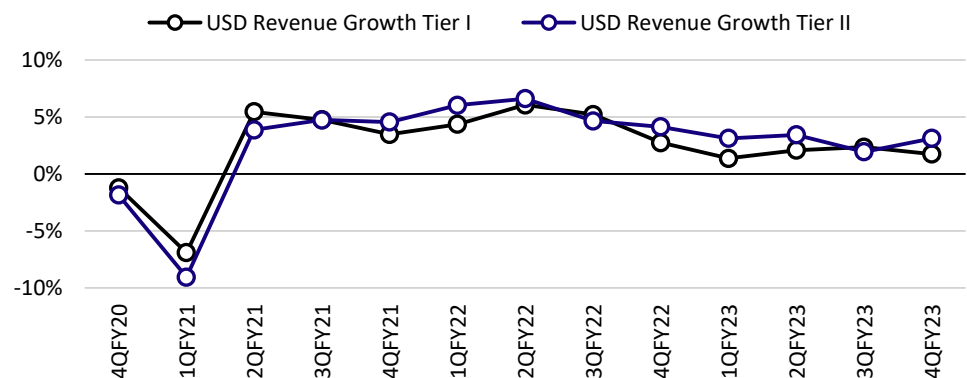
Exhibit 1: Expect Tier-I companies' revenue (USD) to grow 1.6% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY23E	3QFY23	QoQ	4QFY22	YoY	4QFY23E	3QFY23	QoQ	4QFY22	YoY
TCS	7,202	7,075	1.8%	6,696	7.6%	592	582	1.7%	506	17.0%
INFO	4,738	4,659	1.7%	4,280	10.7%	390	383	1.7%	323	20.7%
HCLT	3,306	3,244	1.9%	2,993	10.5%	272	267	1.8%	226	20.3%
WPRO	2,846	2,804	1.5%	2,722	4.6%	236	232	1.4%	209	12.9%
TECHM	1,673	1,668	0.3%	1,608	4.0%	138	137	0.2%	121	13.6%
LTIM	1,068	1,047	2.1%	945	13.1%	88	86	1.9%	72	22.0%
Tier I aggregate	20,834	20,497	1.6%	19,244	8.3%	1,715	1,688	1.6%	1,456	17.7%
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	4QFY23E	3QFY23	QoQ	4QFY22	YoY	4QFY23E	3QFY23	QoQ	4QFY22	YoY
TCS	24.8	24.5	30.0	25.0	-10.0	116.4	108.8	7.0%	99.6	16.9%
INFO	21.2	21.5	-30.0	21.6	-40.0	65.7	65.9	-0.3%	57.0	15.3%
HCLT	18.1	19.6	-150.0	18.0	10.0	39.4	41.0	-3.7%	36.0	9.6%
WPRO	16.2	16.2	-	16.8	-70.0	31.1	30.7	1.5%	30.9	0.6%
TECHM	11.9	12.0	-10.0	13.2	-140.0	13.3	12.9	2.7%	15.5	-13.9%
LTIM	16.6	14.8	180.0	18.0	-140.0	11.9	10.8	9.7%	11.1	6.7%
Tier I aggregate	20.3	20.4	-10.0	20.6	-40.0	278	270	2.9%	250	11.1%

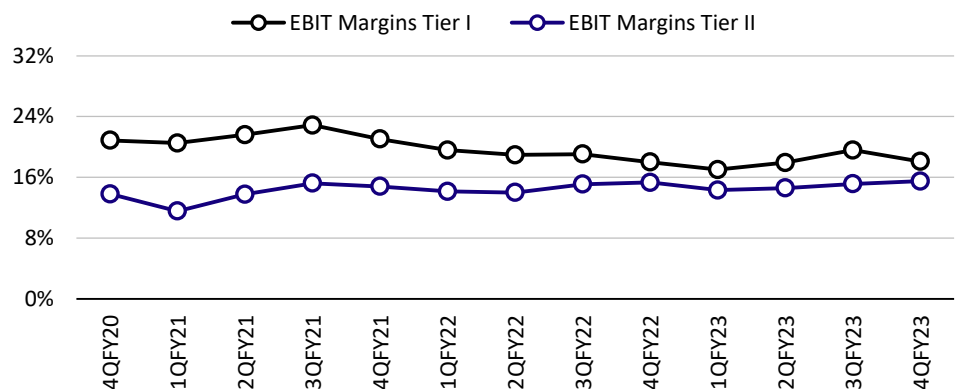
Exhibit 2: Expect Tier-II firms' revenue (USD) to grow 2.3% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	4QFY23E	3QFY23	QoQ	4QFY22	YoY	4QFY23E	3QFY23	QoQ	4QFY22	YoY
LTTS	253	248	1.9%	232	8.9%	20.8	20.5	1.4%	17.6	18.3%
MPHL	427	429	-0.5%	431	-0.8%	35.1	35.4	-0.7%	32.4	8.2%
COFORGE	264	252	4.7%	232	13.4%	21.7	20.6	5.4%	17.4	24.4%
PSYS	273	264	3.4%	217	25.8%	22.5	21.7	3.6%	16.4	37.2%
ZENT	145	146	-0.4%	153	-5.2%	11.9	12.0	-0.3%	11.5	3.5%
CYL	211	197	6.9%	157	34.3%	17.3	16.2	7.0%	11.8	46.5%
Tier II aggregate	1,573	1,536	2.3%	1,422	10.6%	129.3	126.3	2.4%	107.2	20.6%
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	4QFY23E	3QFY23	QoQ	4QFY22	YoY	4QFY23E	3QFY23	QoQ	4QFY22	YoY
LTTS	18.9	18.7	30.0	18.6	30.0	3.2	3.0	4.9%	2.6	21.6%
MPHL	15.1	15.1	-	15.3	-20.0	4.2	4.1	1.7%	3.9	6.9%
COFORGE	16.6	14.5	200.0	15.8	80.0	2.8	2.3	21.6%	2.1	30.7%
PSYS	15.5	15.4	10.0	14.0	150.0	2.8	2.7	3.3%	2.0	37.5%
ZENT	8.4	7.1	120.0	10.1	-170.0	0.8	0.8	6.9%	1.3	-37.4%
CYL	13.4	12.9	50.0	14.5	-110.0	1.5	1.6	-4.7%	1.5	0.6%
Tier II aggregate	15.2	14.6	60.0	15.1	10.0	15.3	14.5	5.3%	13.5	13.0%

Source: Company, MOFSL

Exhibit 3: Growth to be impacted by weak macro environment

Source: MOFSL, Company

Exhibit 4: Tier II companies to witness good margin expansion

Source: MOSL, Company

Exhibit 5: Cross-currency growth and impact on our estimates for 4QFY23

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	0.9%	1.8%	90
INFO	0.6%	1.7%	110
WPRO	0.6%	1.9%	130
HCLT	0.5%	1.5%	110
TECHM	-0.7%	0.3%	100
LTIM	1.6%	2.1%	50
LTTS	1.3%	1.9%	60
MPHL	-1.1%	-0.5%	50
COFORGE	3.3%	4.7%	140
PSYS	3.0%	3.4%	40
ZENT	-0.8%	-0.4%	40
CYL	5.4%	6.9%	150

Source: Company, MOFSL

Exhibit 6: Currency highlights (INR) in 4QFY23

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	82.22	88.21	99.86	56.28	0.03%	5.21%	3.84%	4.30%
Closing	82.37	88.69	100.94	54.73	-0.52%	1.04%	1.59%	-2.20%

Source: Bloomberg, MOFSL

Exhibit 7: Currency highlights (USD) in 4QFY23

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.07	1.21	0.68	5.18%	3.81%	4.27%
Closing	1.08	1.23	0.66	1.57%	2.12%	-1.69%

Source: Bloomberg, MOFSL

Exhibit 8: Changes to our estimates

	Revised EPS (INR)			Earlier EPS (INR)			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
TCS	116	134	155	116	136	156	-0.4	-1.3	-1.1
INFO	58	66	76	59	68	77	-1.1	-3.1	-1.3
HCLT	55	63	72	55	63	72	0.1	-0.5	-0.8
WPRO	21	24	27	21	24	27	-0.7	-0.9	-1.3
TECHM	57	63	75	58	66	78	-1.7	-3.9	-3.7
LTIM	154	178	216	156	184	220	-1.0	-3.1	-2.2
LTTS	111	129	150	112	131	153	-0.3	-2.0	-1.9
MPHL	87	97	116	88	101	119	-1.0	-4.2	-2.7
COFORGE	138	177	195	138	176	195	-0.2	0.6	0.1
PSYS	128	153	179	128	156	181	-0.1	-1.5	-1.1
ZENT	13	17	21	13	18	21	0.2	-1.7	-0.5
CYL	50	70	82	52	69	80	-2.8	2.3	2.4

Source: Company, MOFSL

Exhibit 9: Expected quarterly performance summary

Companies	CMP (INR)	Rating	Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
			Mar'23E	Variance YoY (%)	Variance QoQ (%)	Mar'23E	Variance YoY (%)	Variance QoQ (%)	Mar'23E	Variance YoY (%)	Variance QoQ (%)
TCS	3,138	Buy	592.1	17.0	1.7	146.9	16.4	2.9	116.4	16.9	7.0
INFO	1,384	Buy	389.6	20.7	1.7	82.5	18.7	0.1	65.7	15.3	-0.3
HCLT	1,067	Buy	271.8	20.3	1.8	49.2	20.9	-6.0	39.4	9.6	-3.7
WPRO	359	Neutral	235.6	12.9	1.4	38.1	8.5	1.2	31.1	0.6	1.5
TECHM	1,081	Neutral	137.6	13.6	0.2	16.3	1.6	-0.9	13.3	-13.9	2.7
LTIM	4,625	Neutral	87.8	22.0	1.9	14.6	12.7	14.2	11.9	6.7	9.7
MPHL	1,714	Neutral	35.1	8.2	-0.7	5.3	6.8	-0.8	4.2	6.9	1.7
LTTS	3,364	Buy	20.8	18.3	1.4	3.9	20.2	2.7	3.2	21.6	4.9
PSYS	4,540	Neutral	22.5	37.2	3.6	3.5	51.5	4.6	2.8	37.5	3.3
COFORGE	3,661	Neutral	21.7	24.4	5.4	3.6	30.5	20.2	2.8	30.7	21.6
CYL	986	Buy	17.3	46.5	7.0	2.3	35.9	11.3	1.5	0.6	-4.7
ZENT	267	Buy	11.9	3.5	-0.3	1.0	-14.1	17.1	0.8	-37.4	6.9
Sector aggregate (INR b)			1,843.8	17.9	1.6	367.3	15.9	1.2	293.1	11.2	3.0

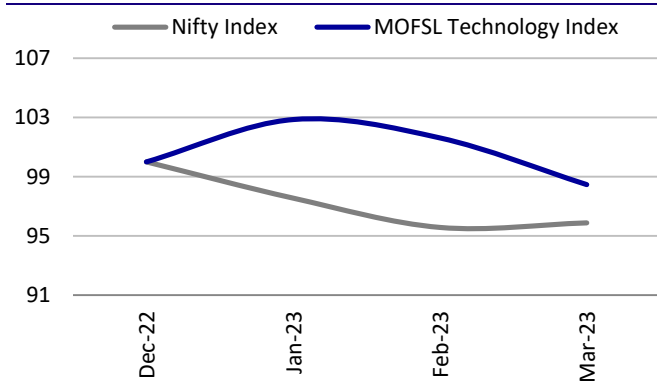
Source: Company, MOFSL

Exhibit 10: Comparative valuations

Company	CMP (INR)	M-cap (INR b)	Target Price	Upside/ Downside	EPS (INR)			EPS CAGR (%)	Dividend yield (%)	P/E (x)		
					FY23E	FY24E	FY25E	FY23-25E	FY22	FY23E	FY24E	FY25E
TCS	3,138	11,482	3,710	18%	115.9	134.3	154.6	15.5	3.2	27.1	23.4	20.3
INFO	1,384	5,740	1,750	26%	58.3	65.8	76.0	14.2	2.2	23.7	21.0	18.2
HCLT	1,067	2,895	1,360	27%	54.7	63.1	71.6	14.5	4.1	19.5	16.9	14.9
WPRO	359	1,969	370	3%	20.7	23.7	26.7	13.4	1.7	17.3	15.2	13.5
TECHM	1,081	1,053	1,130	5%	57.0	63.2	75.5	15.1	4.2	19.0	17.1	14.3
LTIM	4,625	1,368	4,750	3%	154.1	177.8	215.6	18.3	1.4	30.0	26.0	21.5
MPHL	1,714	323	1,850	8%	87.3	96.9	115.7	15.1	2.7	19.6	17.7	14.8
LTTS	3,364	355	3,910	16%	111.4	128.6	150.3	16.2	1.0	30.2	26.2	22.4
PSYS	4,540	347	4,650	2%	127.7	153.3	178.8	18.3	0.7	35.6	29.6	25.4
COFORGE	3,661	224	3,900	7%	137.8	176.8	195.0	18.9	1.4	26.6	20.7	18.8
CYL	986	109	1,220	24%	50.5	70.2	81.6	27.2	2.4	19.5	14.0	12.1
ZENT	267	60	310	16%	12.7	17.5	20.8	27.8	2.8	21.0	15.3	12.8

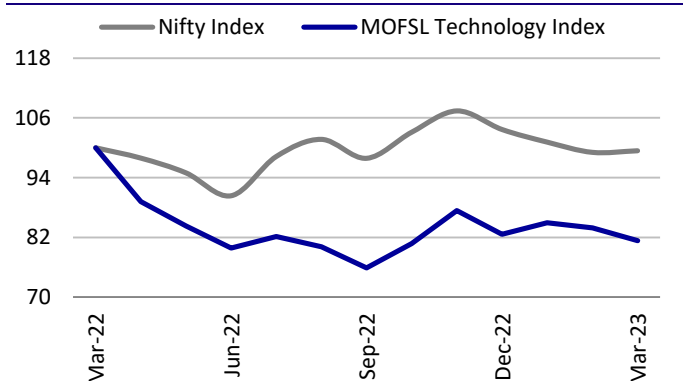
Source: Company, MOFSL

Exhibit 11: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 12: Relative performance – one-year (%)



Source: Bloomberg, 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 INR3661 | TP: INR3900 (7%)
EPS CHANGE (%): FY24|25: 0.6|0.1

- Growth momentum should stay intact in Q4 with 3.1% QoQ CC growth, translating to ~135bp cross-currency tailwind.
- EBITDA margin (Pre-RSU) should see a sharp improvement of ~200bp QoQ led by operating leverage.
- We expect Coforge to meet its FY23 revenue growth guidance of 22% YoY CC, with EBITDA at the lower-end of the guidance band (18.5-19%).
- We would be keenly monitoring the incremental impact on BFSI (50% of rev) and FY24 outlook.

Quarterly performance (Ind-AS)

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Rev. (USD m)	200	213	222	232	239	247	252	264	866	1,001
QoQ (%)	15.8	6.6	4.1	4.9	2.7	3.4	1.9	4.7	38.0	15.5
Revenue (INR m)	14,616	15,694	16,581	17,429	18,294	19,594	20,558	21,675	64,320	80,121
YoY (%)	38.3	36.0	39.3	38.2	25.2	24.9	24.0	24.4	37.9	24.6
GPM (%)	29.9	32.1	32.4	33.3	30.4	32.0	33.4	34.0	32.0	32.5
SGA (%)	13.7	13.5	12.9	13.0	13.9	13.7	14.9	13.5	13.3	14.0
EBITDA (INR m)	2,229	2,788	3,068	3,339	2,922	3,449	3,615	4,252	11,424	14,238
EBITDA margin (%)	15.3	17.8	18.5	19.2	16.0	17.6	17.6	19.6	17.8	17.8
EBIT (INR m)	1,705	2,190	2,502	2,755	2,292	2,835	2,991	3,595	9,152	11,713
EBIT margin (%)	11.7	14.0	15.1	15.8	12.5	14.5	14.5	16.6	14.2	14.6
Other income	52	-77	-122	-119	-76	-150	83	108	-266	-35
ETR (%)	18.2	21.1	15.1	13.0	22.2	17.7	23.3	23.0	16.5	21.7
Minority Interest	-76.0	-148.0	-135.0	-171.0	-222.0	-195.0	-77.0	-77.3	-530.0	-571.3
Adj. PAT	1,361	1,519	1,885	2,123	1,501	2,016	2,282	2,775	6,888	8,574
QoQ (%)	-1.1	11.6	24.1	12.6	-29.3	34.3	13.2	21.6		
YoY (%)	39.0	25.8	54.5	54.3	10.3	32.7	21.1	30.7	44.0	24.5
Adj. EPS (INR)	21.9	24.5	30.4	34.2	24.2	32.5	36.7	44.6	110.9	137.8

Cyient

Buy
CMP INR986 | TP: INR1220 (+24%)
EPS CHANGE (%): FY24|25: 2.3|2.4

- Expect 5.4% CC growth QoQ in 4QFY23
- Expect strong rebound in DLM business; Aerospace to see strong revival and railways likely to stabilize
- Expect ~50bp QoQ improvement in margin
- The commentary on demand and margins to be the key monitorable

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	175	197	211	608	744
QoQ (%)	-4.3	4.6	5.2	-0.8	3.1	8.2	12.7	6.9	9.2	22.3
Revenue (INR m)	10,582	11,116	11,834	11,812	12,501	13,962	16,182	17,309	45,344	59,954
YoY (%)	6.7	10.8	13.3	8.0	18.1	25.6	36.7	46.5	9.7	32.2
GPM (%)	35.9	38.4	36.3	38.3	36.8	38.4	37.8	38.4	37.3	37.9
SGA (%)	18.2	19.8	18.4	20.2	21.2	22.0	20.6	20.6	19.1	21.1
EBITDA	1,878	2,074	2,128	2,136	1,946	2,290	2,783	3,081	8,216	10,100
EBITDA margin (%)	17.7	18.7	18.0	18.1	15.6	16.4	17.2	17.8	18.1	16.8
EBIT	1,388	1,557	1,641	1,707	1,435	1,660	2,084	2,319	6,293	7,498
EBIT margin (%)	13.1	14.0	13.9	14.5	11.5	11.9	12.9	13.4	13.9	12.5
Other income	147	58	105	377	160	-148	60	-225	687	-153
ETR (%)	25.1	25.0	24.6	26.1	27.2	19.4	24.1	24.0	25.2	24.4
Adj. PAT	1,150	1,212	1,316	1,541	1,161	1,218	1,627	1,550	5,219	5,556
QoQ (%)	3.9	5.4	8.6	17.1	-24.7	4.9	33.6	-4.7		
YoY (%)	41.3	44.4	37.9	39.3	0.9	0.5	23.6	0.6	40.5	6.5
EPS (INR)	10.5	11.1	12.1	14.1	10.6	11.1	14.8	14.1	47.8	50.5

HCL Technologies**Buy****CMP INR1067 | TP: INR1360 (+27%)****EPS CHANGE (%): FY24|25: -0.5|-0.8**

- Growth in IT Services to remain strong in 4QFY23
- We expect HCLT to report muted growth due to a seasonal drag in HCL Software
- Margin to decline 150bp QoQ largely due to a seasonal decline in HCL Software
- Commentary on the spending pattern, deal pipeline and demand environment to be 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	3,082	3,244	3,306	11,481	12,657
QoQ (%)	0.9	2.6	6.7	0.5	1.1	1.9	5.3	1.9	12.8	10.2
Revenue (INR b)	201	207	223	226	235	247	267	272	857	1,020
YoY (%)	12.5	11.1	15.7	15.0	16.9	19.5	19.6	20.3	13.6	19.1
GPM (%)	39.2	38.2	38.2	36.8	35.8	35.8	37.4	36.5	38.1	36.4
SGA (%)	12.8	13.0	12.4	12.7	12.9	12.2	12.0	12.6	12.7	12.4
EBITDA	49	50	54	52	50	55	64	61	202	229
EBITDA margin (%)	24.5	24.0	24.1	23.1	21.2	22.1	23.8	22.3	23.6	22.4
EBIT	39	39	43	41	40	44	52	49	162	186
EBIT margin (%)	19.6	19.0	19.1	18.0	17.0	17.9	19.6	18.1	18.9	18.2
Other income	2	2	2	3	3	2	1	3	8	9
ETR (%)	21.7	20.5	22.2	16.7	24.3	23.9	23.8	24.0	20.3	24.0
Adjusted PAT	32	33	34	36	33	35	41	39	135	148
QoQ (%)	34.7	1.5	5.5	4.4	-8.7	6.3	17.4	-3.7		
YoY (%)	10.0	3.9	0.3	50.6	2.1	6.9	19.0	9.7	13.7	9.6
EPS	11.8	12.0	12.7	13.3	12.1	12.9	15.1	14.5	49.8	54.7

Infosys**Buy****CMP INR1384 | TP: INR1750 (+26%)****EPS CHANGE (%): FY24|25: -3.1|-1.3**

- Expect muted CC revenue growth of ~0.6% QoQ due to seasonality and weakness in Financial Services; USD growth implies ~110bp of currency tailwind
- Operating margin to remain under pressure in the seasonally weakest quarter for INFO; expect margin to decline by 30bp QoQ
- There is no material change in large deal momentum compared to last quarter
- IT budget allocation, deal TCV, outlook on BFSI and attrition are key things to be watched out for

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	4,555	4,659	4,738	16,310	18,396
QoQ (%)	4.7	5.7	6.3	0.7	3.8	2.5	2.3	1.7	20.3	12.8
Revenue (INR m)	279	296	319	323	345	365	383	390	1,216	1,483
YoY (%)	17.9	20.5	22.9	22.7	23.6	23.4	20.2	20.7	21.1	21.9
GPM (%)	33.7	33.1	32.8	31.0	29.3	30.5	30.7	30.6	32.6	30.3
SGA (%)	10.0	9.5	9.3	9.4	9.2	8.9	9.2	9.4	9.6	9.2
EBITDA	74	78	84	79	78	89	93	93	315	353
EBITDA margin (%)	26.6	26.4	26.3	24.4	22.8	24.2	24.2	23.9	25.9	23.8
EBIT	66	70	75	70	69	79	82	83	280	313
EBIT margin (%)	23.7	23.6	23.5	21.6	20.1	21.5	21.5	21.2	23.0	21.1
Other income	6	5	5	6	6	5	7	6	21	25
ETR (%)	27.5	27.1	26.7	24.5	28.8	28.2	26.3	26.0	26.4	27.2
PAT	52	54	58	57	54	60	66	66	221	245
QoQ (%)	2.3	4.4	7.2	-2.1	-5.7	12.3	9.4	-0.4		
YoY (%)	22.3	11.9	11.8	12.0	3.2	11.1	13.4	15.3	14.2	10.9
EPS (INR)	12.2	12.9	13.8	13.5	12.8	14.3	15.7	15.6	52.2	58.3

LTIMindtree**Neutral****CMP INR4625 | TP: INR4750 (3%)****EPS CHANGE (%): FY24|25: -3.1|-2.2**

- The combined entity should see decent growth at 1.6%CC.
- We expect a strong ~180bp margin improvement, led by the absence of integration costs v/s 3QFY23.
- Travel, Hi-Tech, and Retail should see some weakness. BFSI should continue to do well.
- Commentary about the demand environment and the deal pipeline remains key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	780	858	918	945	980	1,022	1,047	1,068	3,502	4,116
QoQ (%)	6.1	10.0	7.0	2.9	3.7	4.3	2.4	2.1	27.5	17.6
Revenue (INR m)	57,542	63,532	68,807	71,990	76,439	82,278	86,200	87,827	2,48,454	3,32,744
YoY (%)	16.7	22.8	32.9	33.8	32.8	29.5	25.3	22.0	-13.2	33.9
GPM (%)	30.2	30.1	32.3	30.0	29.9	30.8	28.6	30.2	29.6	29.9
SGA (%)	10.9	10.2	11.5	9.8	10.4	11.0	11.7	11.5	9.6	11.2
EBITDA	11,123	12,639	14,263	14,547	14,889	16,356	14,548	16,422	49,671	62,215
EBITDA margin (%)	19.3	19.9	20.7	20.2	19.5	19.9	16.9	18.7	20.0	18.7
EBIT	9,745	11,179	12,745	12,932	13,225	14,397	12,767	14,578	44,370	54,967
EBIT margin (%)	16.9	17.6	18.5	18.0	17.3	17.5	14.8	16.6	17.9	16.5
Other income	1,628	1,561	1,347	1,929	1,540	1,233	1,139	1,230	7,699	5,142
ETR (%)	26.1	25.4	25.5	25.3	25.1	23.9	22.3	25.0	24.9	24.1
Adj. PAT	8,402	9,506	10,501	11,106	11,060	11,890	10,807	11,855	39,123	45,612
QoQ (%)	4.3	13.1	10.5	5.8	-0.4	7.5	-9.1	9.7		
YoY (%)	20.0	-0.1	23.7	37.8	31.6	25.1	2.9	6.7	-11.4	16.6
EPS (INR)	28.4	32.1	35.5	36.3	36.1	40.1	35.4	40.0	132.2	154.1

LTTS**Buy****CMP INR3364 | TP: INR3910 (+16%)****EPS CHANGE (%): FY24|25: -2.0|-1.9**

- We expect ~1.3% QoQ CC growth, which implies a currency tailwind of ~60bp QoQ.
- LTTS should see a 20bp margin improvement.
- The deal pipeline, new deal wins and client budgets are 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	247	248	253	880	987
QoQ (%)	4.2	5.7	3.5	3.1	3.2	3.2	0.4	1.9	19.5	12.2
Revenue (INR m)	15,184	16,077	16,875	17,561	18,737	19,951	20,486	20,770	65,697	79,944
YoY (%)	17.3	22.4	20.5	21.9	23.4	24.1	21.4	18.3	20.6	21.7
GPM (%)	33.4	33.3	33.7	33.0	33.0	32.1	33.0	33.1	33.3	32.8
SGA (%)	12.4	11.6	12.0	11.3	11.6	11.0	11.5	11.4	11.8	11.4
EBITDA	3,177	3,493	3,675	3,804	4,010	4,218	4,412	4,516	14,149	17,156
EBITDA margin (%)	20.9	21.7	21.8	21.7	21.4	21.1	21.5	21.7	21.5	21.5
EBIT	2,623	2,964	3,144	3,274	3,434	3,628	3,829	3,934	12,005	14,825
EBIT margin (%)	17.3	18.4	18.6	18.6	18.3	18.2	18.7	18.9	18.3	18.5
Other income	334	180	259	314	340	261	627	374	1,087	1,602
ETR (%)	26.6	26.6	26.7	26.6	27.1	27.2	31.6	26.0	26.6	28.0
PAT	2,162	2,300	2,488	2,620	2,742	2,824	3,036	3,186	9,570	11,788
QoQ (%)	11.2	6.4	8.2	5.3	4.7	3.0	7.5	4.9		
YoY (%)	84.3	39.0	33.7	34.7	26.8	22.8	22.0	21.6	44.3	23.2
EPS (INR)	20.4	21.8	23.6	24.8	26.0	26.7	28.7	30.1	90.5	111.4

Mphasis**Neutral****CMP INR1714 | TP: INR1850 (+8%)****EPS CHANGE (%): FY24|25: -4.2|-2.7**

- The softness is expected to continue in Q4 with a 1.1% decline in CC revenue due to the weakness in DR.
- We expect the DXC business to continue to decline, although the pace of decline should moderate.
- We expect margin to decline 10bp QoQ.
- The outlook on BFSI and FY24 remains key monitorables.

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	440	429	427	1,593	1,733
QoQ (%)	6.0	6.1	7.5	4.0	1.2	1.0	-2.5	-0.5	21.7	8.8
Revenue (INR m)	26,909	28,693	31,237	32,777	34,113	35,198	35,062	34,869	1,19,616	1,39,242
YoY (%)	17.6	17.8	26.2	29.8	26.8	22.7	12.2	6.4	23.0	16.4
GPM (%)	28.4	28.8	29.7	29.8	29.8	28.1	28.5	29.2	29.2	28.9
SGA (%)	10.2	10.7	12.0	12.2	12.2	10.5	10.8	11.6	11.3	11.3
EBITDA	4,895	5,185	5,530	5,772	6,001	6,177	6,175	6,126	21,382	24,479
EBITDA margin (%)	18.2	18.1	17.7	17.6	17.6	17.5	17.6	17.6	17.9	17.6
EBIT	4,271	4,528	4,704	4,973	5,205	5,376	5,354	5,309	18,476	21,244
EBIT margin (%)	15.9	15.8	15.1	15.2	15.3	15.3	15.3	15.2	15.4	15.3
Other income	310	277	90	184	125	174	156	279	861	734
ETR (%)	25.8	25.6	25.4	24.0	24.6	24.6	25.2	25.0	25.2	24.8
PAT	3,397	3,574	3,575	3,921	4,020	4,184	4,123	4,191	14,467	16,518
QoQ (%)	7.2	5.2	0.0	9.7	2.5	4.1	-1.5	1.7		
YoY (%)	23.5	19.5	9.8	23.7	18.3	17.1	15.3	6.9	18.9	14.2
EPS (INR)	17.9	18.8	18.9	20.4	21.2	22.1	21.8	22.1	75.1	87.3

Persistent Systems**Neutral****CMP INR4540 | TP: INR4650 (2%)****EPS CHANGE (%): FY24|25: -1.5|-1.1**

- We expect growth at 3% QoQ CC below their 4-6% expected range due to weak demand environment.
- Margin should largely remain flat QoQ after good expansion in 3QFY23.
- Medium-term growth and margin outlook should be the key monitorables.

Quarterly performance (IFRS)

Y/E March (Consolidated)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	166.8	182.3	199.1	217.3	241.5	255.6	264.4	273.4	766	1,035
QoQ (%)	9.2	9.3	9.2	9.1	11.1	5.8	3.4	3.4	35.2	35.2
Revenue (INR m)	12,299	13,512	14,917	16,379	18,781	20,486	21,694	22,479	57,107	83,440
QoQ (%)	10.5	9.9	10.4	9.8	14.7	9.1	5.9	3.6		
YoY (%)	24.1	34.1	38.7	47.1	52.7	51.6	45.4	37.2	36.4	46.1
GPM (%)	33.5	33.5	33.8	33.7	33.8	33.5	33.8	34.0	33.6	33.8
SGA (%)	16.6	16.9	16.9	16.5	16.1	15.5	15.3	15.3	16.7	15.5
EBITDA	2,090	2,244	2,511	2,812	3,333	3,680	4,016	4,203	9,656	15,232
EBITDA margin (%)	17.0	16.6	16.8	17.2	17.7	18.0	18.5	18.7	16.9	18.3
EBIT	1,740	1,873	2,083	2,300	2,688	2,987	3,332	3,484	7,996	12,491
EBIT margin (%)	14.1	13.9	14.0	14.0	14.3	14.6	15.4	15.5	14.0	15.0
Other income	365	303	281	371	131	-31	192	225	1,321	518
ETR (%)	24.6	25.7	25.4	24.8	24.9	25.6	24.1	25.5	25.1	25.0
PAT	1,587	1,618	1,764	2,010	2,116	2,200	2,676	2,763	6,978	9,756
QoQ (%)	15.2	1.9	9.1	13.9	5.3	4.0	21.6	3.3		
YoY (%)	76.3	58.6	45.9	45.9	33.3	36.0	51.7	37.5	54.8	39.8
EPS (INR)	19.8	21.2	23.1	26.3	27.7	28.8	31.1	36.2	91.3	127.7

TCS**Buy****CMP INR3138 | TP: INR3710 (+18%)****EPS CHANGE (%): FY24|25: -1.3|-1.1**

- In CC terms, revenue growth is likely to be at ~0.9% QoQ, implying ~90bp of currency tailwind.
- The deal pipeline should remain resilient.
- We expect 30bp improvement in operating margin, led by stabilizing supply and receding attrition.
- Client budgets, outlook on BFSI and deal wins are 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	6,877	7,075	7,202	25,707	27,934
QoQ (%)	2.8	2.9	3.0	2.6	1.3	1.4	2.9	1.8	15.9	8.7
Overall Revenue (INR b)	454	469	489	506	528	553	582	592	1,918	2,255
QoQ (%)	3.9	3.2	4.3	3.5	4.3	4.8	5.3	1.7		
YoY (%)	18.5	16.8	16.4	15.8	16.2	18.0	19.1	17.0	16.8	17.6
GPM (%)	40.4	40.4	40.0	40.1	38.4	39.5	40.1	40.4	40.2	39.6
SGA (%)	14.8	14.8	15.0	15.2	15.3	15.5	15.5	15.6	15.0	15.5
EBITDA	127	131	134	138	133	144	155	159	530	590
EBITDA margin (%)	27.9	28.0	27.4	27.4	25.1	26.0	26.6	26.8	27.7	26.2
EBIT	116	120	122	126	122	133	143	147	485	544
EBIT margin (%)	25.5	25.6	25.0	25.0	23.1	24.0	24.5	24.8	25.3	24.1
Other income	6	10	10	7	6	8	4	8	32	26
PBT	122	130	132	134	128	141	146	155	517	570
ETR (%)	25.8	25.6	25.7	25.5	25.5	25.8	25.7	25.0	25.6	25.5
Adj. PAT	90	97	98	100	95	105	109	116	384	425
Exceptional items	0	0	0	0	0	0	0	0	0	0
Reported PAT	90	97	98	100	95	105	109	116	384	425
QoQ (%)	-2.7	6.9	1.6	1.6	-4.4	9.9	4.0	7.0		
YoY (%)	28.1	28.6	12.4	7.3	5.4	8.4	11.0	16.9	18.1	10.6
EPS (INR)	24.4	26.0	26.4	27.2	26.0	28.5	29.6	31.7	104.0	115.9

Tech Mahindra**Neutral****CMP INR1053 | TP: INR1130 (5%)****EPS CHANGE (%): FY24|25: -3.9|-3.7**

- Extended furloughs, broad-based softness and persistent headwinds in the telecom client will result in a 0.7% CC revenue decline in 4QFY23.
- Hiring may remain muted. We expect a 10bp decline in EBIT margin due to a lack of operating leverage.
- We expect deal wins to remain soft in the USD500-700m quarterly band.
- The outlook on margin and growth in the telecom vertical will be the key monitorable.

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	1,638	1,668	1,673	5,998	6,612
QoQ (%)	4.1	6.4	4.1	4.9	1.5	0.3	1.8	0.3	17.4	10.2
Revenue (INR b)	102	109	115	121	127	131	137	138	446	533
YoY (%)	12.0	16.1	18.7	24.5	24.6	20.7	19.9	13.6	17.9	19.5
GPM (%)	31.7	31.7	30.1	29.3	28.3	27.9	28.7	28.5	30.6	28.3
SGA (%)	13.3	13.3	12.1	12.1	13.5	12.8	13.1	13.0	12.7	13.1
EBITDA	19	20	21	21	19	20	21	21	80	81
EBITDA margin (%)	18.4	18.3	18.0	17.2	14.8	15.1	15.6	15.5	18.0	15.3
EBIT	15	17	17	16	14	15	16	16	65	62
EBIT margin (%)	15.2	15.2	14.8	13.2	11.0	11.4	12.0	11.9	14.6	11.6
Other income	2	2	2	3	1	2	1	2	10	6
ETR (%)	23.9	29.4	26.9	17.5	22.8	21.4	27.3	26.5	24.4	24.6
Adj. PAT	14	13	14	15	11	13	13	13	56	50
QoQ (%)	11.7	-1.1	2.2	10.0	-24.9	15.8	-1.0	0.7		
YoY (%)	39.2	25.7	4.5	24.3	-16.4	-2.2	-5.3	-13.3	22.1	-9.4
Extra-Ordinary Item	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2
Reported PAT	14	13	14	15	11	13	13	13	56	50
EPS (INR)	15.3	15.1	15.5	16.9	12.8	14.8	14.7	14.7	62.6	57.0

Wipro**Neutral****CMP INR359 | TP: INR370 (3%)****EPS CHANGE (%): FY24|25: -0.9|-1.3**

- Growth should remain soft and within the management's guidance provided in 3QFY23 due to slower revenue conversion and weakness in consulting.
- Margins should remain flat compared to 3QFY23.
- Consulting should remain soft. Clients continue to cut discretionary spending.
- Commentary about revenue conversion, consulting, and demand environment 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)	2,415	2,580	2,640	2,722	2,736	2,798	2,804	2,846	10,356	11,183
QoQ (%)	12.2	6.9	2.3	3.1	0.5	2.3	0.2	1.5	27.3	8.0
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	3.1	1.4		
YoY (%)	22.4	30.1	29.6	28.4	17.9	14.6	14.4	12.9	27.7	14.9
GPM (%)	30.1	30.1	29.7	29.1	27.7	27.3	29.7	29.1	29.7	28.5
SGA (%)	12.9	12.8	12.8	12.8	13.4	13.4	14.1	13.5	12.8	13.6
EBITDA	41	43	43	43	40	41	47	47	170	175
EBITDA margin (%)	22.4	21.6	21.4	20.7	18.7	18.3	20.1	20.1	21.5	19.3
IT Services EBIT (%)	17.8	17.8	17.6	17.0	15.0	15.1	16.3	16.3	17.5	15.7
EBIT margin (%)	17.8	17.8	17.5	16.8	14.8	14.4	16.2	16.2	17.5	15.4
Other income	6	3	2	2	2	2	2	2	13	8
ETR (%)	16.1	22.0	21.3	17.1	23.6	22.5	22.9	22.5	19.1	22.9
PAT	32	29	30	31	26	27	31	31	122	114
QoQ (%)	8.7	-9.3	1.3	4.0	-17.0	3.7	14.8	1.4		
YoY (%)	35.2	18.9	0.0	3.9	-20.7	-9.3	2.9	0.2	13.2	-6.9
EPS (INR)	5.9	5.3	5.4	5.6	4.7	4.9	5.6	5.6	21.9	20.7

Zensar Technologies**Buy****CMP INR267 | TP: INR310 (+16%)****EPS CHANGE (%): FY24|25: -1.7|-0.5**

- Hi-Tech and Manufacturing will remain weak, which will result in a 0.8% QoQ decline in CC revenue.
- The order book should see good growth on positive seasonality.
- Despite pressure on growth, we expect a strong margin expansion of ~110bp QoQ, fuelled by cost optimization and residing recession.
- The FY24 outlook, the demand environment and the deal pipeline are 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	155	146	145	569	602
QoQ (%)	5.8	11.6	3.7	4.1	1.8	-0.6	-5.9	-0.4	15.3	5.7
Revenue (INR m)	9,368	10,506	11,025	11,538	12,034	12,346	11,976	11,946	42,437	48,302
YoY (%)	-1.2	12.2	21.6	31.6	28.5	17.5	8.6	3.5	15.7	13.8
GPM (%)	34.8	30.6	29.6	30.2	26.6	25.3	27.4	28.6	31.2	27.0
SGA (%)	16.4	15.2	15.3	16.0	15.3	16.8	16.1	16.2	15.7	16.1
EBITDA	1,726	1,612	1,584	1,642	1,361	1,054	1,349	1,476	6,564	5,240
EBITDA margin (%)	18.4	15.3	14.4	14.2	11.3	8.5	11.3	12.4	15.5	10.8
EBIT	1,300	1,144	1,110	1,161	871	562	852	998	4,715	3,283
EBIT margin (%)	13.9	10.9	10.1	10.1	7.2	4.6	7.1	8.4	11.1	6.8
Other income	95	142	152	634	149	209	183	108	1,023	649
ETR (%)	26.5	25.5	26.9	27.2	26.4	26.3	26.1	26.0	26.6	26.2
Adj. PAT	1,010	944	909	1,297	751	568	765	818	4,160	2,902
QoQ (%)	11.6	-6.5	-3.7	42.7	-42.1	-24.4	34.7	6.9		
YoY (%)	38.9	7.5	-7.9	43.3	-25.6	-39.8	-15.8	-36.9	19.0	-30.2
EPS (INR)	4.4	4.2	4.0	5.7	3.3	2.5	3.4	3.6	18.3	12.7

Telecom

Company

Bharti Airtel

Indus Towers

RJio

Tata Communications

Vodafone Idea

Anticipate moderate growth with elevated capex

Earnings growth to soften; market share shift may moderate

After reporting a healthy earnings growth over the last 10-12 quarters, growth in 4QFY23 earnings is likely to moderate – particularly for Bharti and RJio – in the absence of any significant price increase or SUC reduction. Bharti took price hike for the 2G minimum charge plan of INR99 to INR155 but that may see limited gains. Overall, ARPU improvements should moderate with lower gains from 4G-led mix benefits. Over the last few quarters, we saw sharp market share gains by Bharti and RJio from VIL, which too may moderate given VIL now seeing decent network experience. Sim card consolidation may continue and subsequently, we expect 1-2% ARPU increase across the telcos, driving 2-3% sequential revenue growth for Bharti and RJio and flat revenue for VIL. The improvement in blended ARPU is backed by: a) device upgrades – shifting to 4G from 2G, b) premiumization – shifting to higher data plans/postpaid, and c) data monetization.

Subscriber shift to Bharti/RJio from VIL would continue

We expect 1-2% increase in subscribers for RJio and Bharti and 1% decline for VIL during the quarter. VIL may continue to lose market share with 3m subscriber loss in 4QFY23, driving gains for Bharti and RJio. There could be an increase in 4G subscribers for all the three telecom companies, which could support the rise in blended ARPU. Bharti and RJio are now offering unlimited 5G data to the users with INR239 and above recharge, which could attract more 4G/5G customers.

ARPU growth will increase the margin; No SUC reduction benefit

The full benefit of a reduction in SUC charges seen in the last couple of quarters is now built in the EBITDA; hence, we do not expect any further margin improvement. Further, moderate revenue growth would lead to limited incremental EBITDA margin (unlike the typical 60-80% seen in the last few quarters). Subsequently, we expect 3% QoQ EBITDA growth for RJio and Bharti (India Mobile) each with margin expansions of 40bp and 10bp, respectively, to 53% and 54%. VIL, on the contrary, given its market share loss and higher marketing cost to restrict churn, should post 1% EBITDA growth (pre IND-AS 116) with a margin improvement of 30bp to 19%.

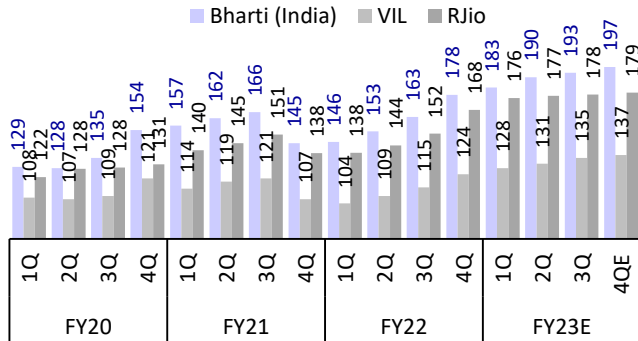
Capex likely to remain elevated

Since both RJio and Bharti have expanded their 5G coverage to 406 and 265 cities in Mar'23 from 66 and 70 cities in Dec'22, respectively, we expect their capex to remain elevated in 4QFY23 and may increase further from previous quarters. RJio is planning to roll out 5G telecom services across India by Dec'23 using standalone architecture, while Bharti is planning to cover the urban cities by Mar'24 using non-standalone architecture. VIL's 5G plans depend on its fundraise. It also plans to use the non-standalone architecture for its 5G rollout. Bharti's management expects INR750b capex in the next three years with front-loading in the initial period. RJio plans to invest INR2t to develop its network (including INR881b for the spectrum).

Exhibit 1: Expected quarterly performance summary

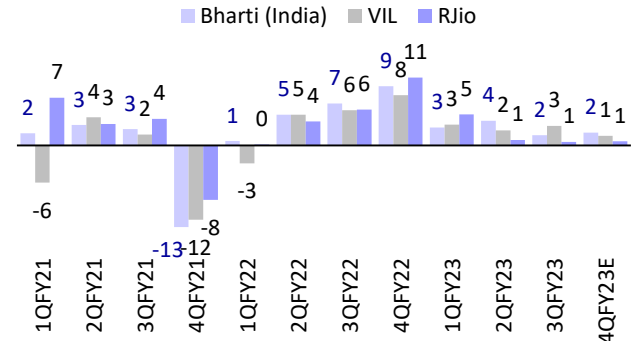
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ	Mar-23	Var % YoY	Var % QoQ
Bharti Airtel	749	Buy	3,67,575	16.7	2.7	1,90,206	18.6	3.1	20,375	9.5	2.2
Indus Towers	143	Neutral	67,959	-4.5	0.5	35,968	-11.5	209.4	14,707	-19.6	LP
Tata Comm	1245	Neutral	46,519	9.1	2.7	11,212	7.3	4.1	3,279	-15.0	-16.8
Vodafone Idea	6	Neutral	1,05,804	3.3	-0.4	42,057	-9.5	0.6	-70,366	Loss	Loss
Telecom			5,87,857	10.7	1.8	2,79,442	8.3	12.3	-32,005	Loss	Loss

Exhibit 2: Player-wise QoQ ARPU trends (INR)



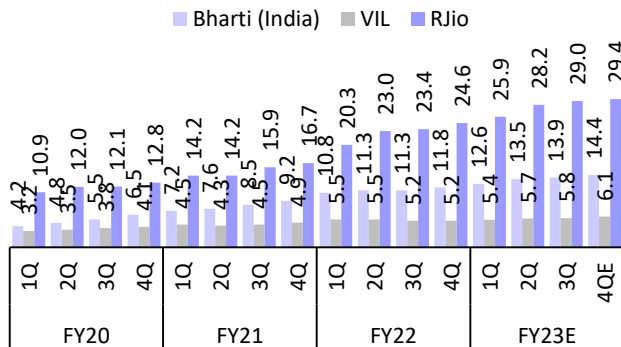
Sources: Company, MOFSL

Exhibit 3: Player-wise QoQ ARPU growth trends (%)



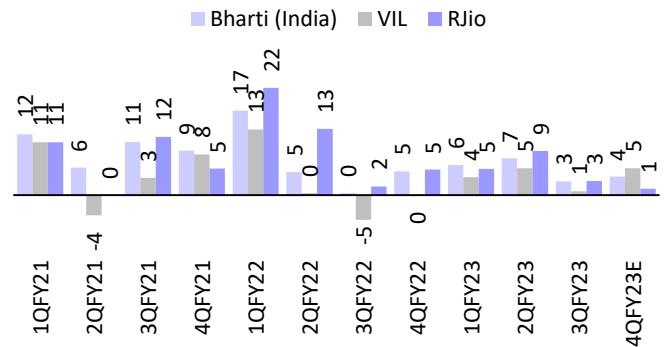
Sources: Company, MOFSL

Exhibit 4: Player-wise QoQ data traffic trends (b GB)



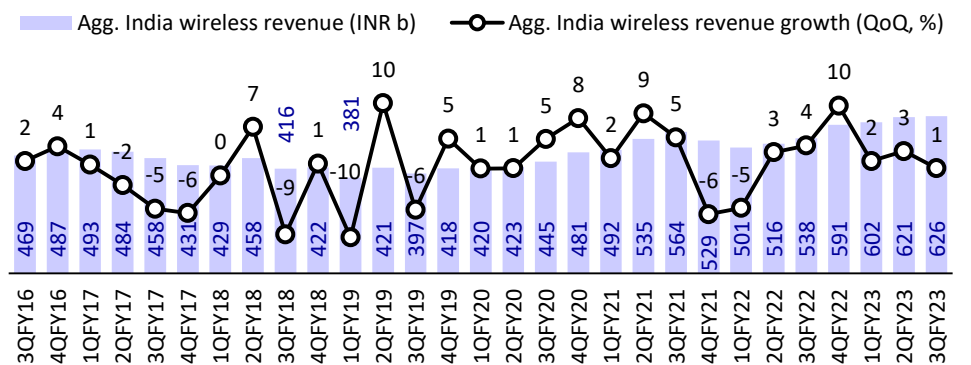
Sources: Company, MOFSL

Exhibit 5: Player-wise QoQ growth trends in data traffic (%)

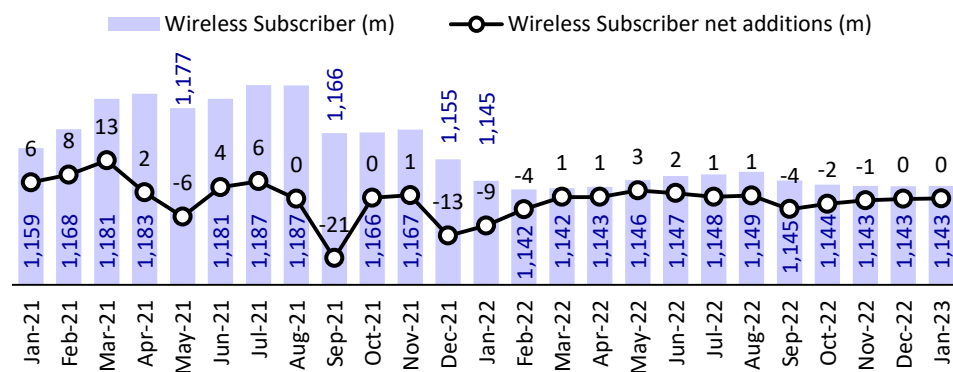


Sources: Company, MOFSL

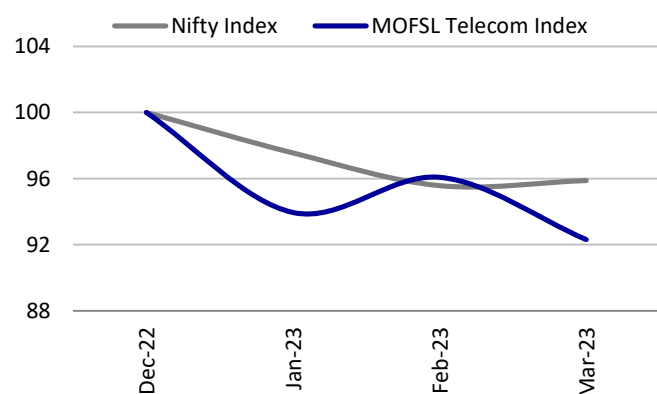
Exhibit 6: Aggregate India Wireless revenue and growth trends (QoQ, %)



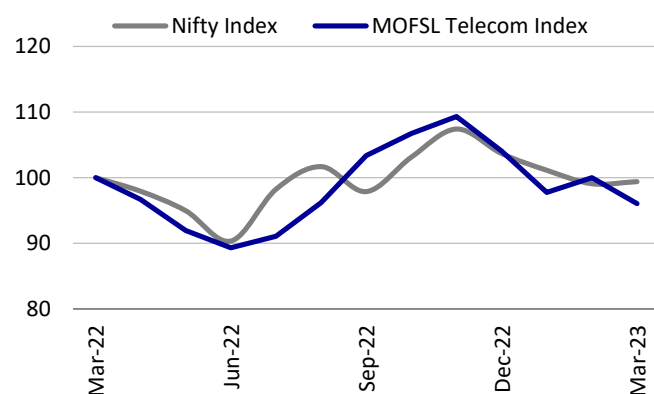
Sources: TRAI, MOFSL

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 INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Telecom						-29	-62	199.0	68.1	28.1	26.6	-236.8	-45.6	13.4
Bharti Airtel	749	Buy	13.6	18.1	28.2	55.1	41.4	26.5	5.7	4.0	3.5	10.8	11.3	14.0
Indus Towers	143	Neutral	9.2	23.2	24.9	15.6	6.2	5.7	1.7	1.4	1.2	11.1	25.0	22.4
Tata Comm	1,245	Neutral	61.5	64.9	85.1	20.3	19.2	14.6	12.9	7.7	5.1	95.5	50.4	42
Vodafone Idea	6	Neutral	-10.4	-9.3	-7.8	-0.6	-0.6	-0.7	-0.2	-0.2	-0.1	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	2Q	3Q	4QE	(%)	(%)
EOP Wireless SUBS (m)																		
Bharti (India)	277	279	283	284	280	294	308	321	321	323	323	326	327	328	332	336	2.9	1.0
VIL	320	311	304	291	280	272	270	268	255	253	247	244	240	234	229	226	-7.5	-1.3
RJio	331	355	370	388	398	406	411	426	441	430	421	410	420	428	433	440	7.4	1.7
Avg. Wireless Subs (m)																		
Bharti (India)	280	278	281	283	282	287	301	315	321	322	323	324	327	328	330	334	2.9	1.2
VIL	327	316	308	298	285	276	271	269	262	254	250	246	242	237	232	227	-7.5	-1.9
RJio	319	343	363	379	393	402	408	419	433	435	425	416	415	424	430	437	5.1	1.5
ARPU (INR/month)																		
Bharti (India)	129	128	135	154	157	162	166	145	146	153	163	178	183	190	193	197	10.6	2.0
VIL	108	107	109	121	114	119	121	107	104	109	115	124	128	131	135	137	10.5	1.5
RJio	122	128	128	131	140	145	151	138	138	144	152	168	176	177	178	179	7.0	0.7
MOU/Sub (min)																		
Bharti (India)	888	848	898	965	994	1,005	1,027	1,053	1,044	1,053	1,061	1,081	1,104	1,082	1,094	1,105	2.2	1.0
VIL	690	669	674	688	678	673	673	657	641	630	620	610	620	599	613	619	1.5	1.0
RJio	821	789	760	771	756	773	796	820	815	835	901	962	1004	968	984	984	2.2	0.0
Wireless traffic (B min)																		
Bharti (India)	737	717	759	822	820	861	925	997	1,002	1,020	1,030	1,051	1,079	1,063	1,082	1,107	5.3	2.3
VIL	676	631	624	616	579	555	547	529	503	480	465	449	450	427	426	422	-6.1	-0.9
RJio	786	813	826	876	891	932	975	1030	1060	1090	1150	1200	1250	1230	1270	1289	7.4	1.5
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	19.9	20.8	20.8	21.0	9.2	1.0
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	13.3	14.1	14.2	17.2	34.0	21.4
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	20.8	22.2	22.5	22.4	13.6	-0.2
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	12.6	13.5	13.9	14.4	21.2	3.7
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	5.4	5.7	5.8	6.1	16.0	5.4
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	25.9	28.2	29.0	29.4	19.4	1.3

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	2Q	3Q	4QE		
Revenue (INR b)																		
Bharti (India wireless)	109	110	112	130	129	138	148	141	143	152	161	176	182	190	194	200	13.3	3.2
Bharti (consolidated)	207	211	213	237	239	251	265	257	269	283	299	315	328	345	358	368	16.7	2.7
VIL	113	108	111	118	107	108	109	96	92	94	97	102	104	106	106	106	3.3	-0.4
RJio	117	131	140	148	166	175	185	174	180	187	193	209	219	225	230	235	12.4	2.2
EBITDA (INR b)																		
Bharti (India wireless)	39	40	40	51	52	59	65	67	70	75	79	89	93	99	104	108	20.7	3.4
Bharti (consolidated)	83	89	87	102	104	111	121	123	130	138	147	160	165	176	185	190	18.6	3.1
VIL	37	33	34	44	41	42	43	44	37	39	38	46	43	41	42	42	-9.5	0.6
RJio	47	51	56	62	70	75	81	83	86	90	95	105	110	115	120	124	17.7	3.0
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	51.2	52.4	53.8	53.9	330bps	14bps
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	50.4	51.0	51.5	51.7	82bps	21bps
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	41.6	38.6	39.4	39.7	-565bps	38bps
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	50.1	51.0	52.2	52.6	236bps	43bps
PAT (INR b)																		
Bharti (consolidated)	(29)	(230)	(10)	(52)	(159)	(8)	9	8	3	11	8	20	16	22	16	20	1.5	28.3
VIL	(49)	(509)	(64)	(116)	(255)	(72)	(45)	(70)	(73)	(71)	(72)	(65)	(73)	(76)	(80)	(70)	7.2	-11.9
RJio	9	10	14	23	25	28	33	34	35	35	36	42	43	45	46	48	15.2	3.6
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	2.9	3.8	2.8	3.5	-3.6	21.9
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)	(2.3)	(2.4)	(2.5)	(2.2)	7.2	-11.9
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	1.0	1.1	15.2	3.6

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: INR749 | TP: INR950 (+27%)
EPS CHANGE (%): FY23 | 24: 0 | 0

- We expect 3% revenue growth sequentially, led by a 2% increase in ARPU and subs addition of 1%.
- We expect India Wireless/Airtel Africa to see a sequential revenue growth of 3% each.
- Expect EBITDA margin to improve 20bp at 51.7%.
- Expect capex to remain higher.

Consolidated - Quarterly Earning Model (INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	269	283	299	315	328	345	358	368	1,165	1,399
YoY Change (%)	12.2	13.0	12.6	22.3	22.2	21.9	19.9	16.7	15.8	20.0
Total Expenditure	139	145	152	155	163	169	174	177	590	683
EBITDA	130	138	147	160	165	176	185	190	575	716
YoY Change (%)	24.7	24.8	22.0	30.1	27.3	27.4	25.5	18.6	26.8	24.4
Depreciation	77	82	85	86	88	89	93	96	331	366
Net Finance cost	42	40	44	41	45	49	47	47	166	188
Other Income	7	7	8	7	4	6	-1	2	30	10
PBT before EO expense	17	23	26	41	36	43	44	49	108	171
Extra-Ord expense	0	-7	0	-9	0	0	7	0	-17	7
PBT	18	30	26	50	36	43	37	49	125	165
Tax	8	10	10	13	11	13	11	12	42	47
Rate (%)	47.0	34.0	37.5	26.2	31.3	30.2	29.2	24.7	33.5	28.5
Minority Interest & P/L of Asso. Cos.	7	9	8	17	9	8	10	17	41	44
Reported PAT	3	11	8	20	16	21	16	20	43	74
Adj PAT	3	6	8	19	15	21	20	20	35	76
YoY Change (%)	-161.1	-179.8	-370.7	477.4	469.4	245.7	147.0	9.5	-405.0	115.5

E: MOFSL Estimates

Indus Towers

Neutral
CMP: INR143 | TP: INR150 (+5%)
EPS CHANGE (%): FY23 | 24: 0 | 0

- We expect the number of tenants and rental rates to remain flat.
- Adjusted revenue is likely to be flat sequentially.
- We expect tower additions of 1,000 in 4QFY23.
- EBITDA margin is likely to expand sequentially (1Q-3Q margin deteriorated due to VIL provision)

Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue from operations	68	69	69	71	69	80	68	68	277	284
YoY Change (%)	11.7	8.1	2.8	9.6	1.5	15.9	-2.3	-4.5	8.4	10.7
Total Expenditure	33	33	32	31	46	52	56	32	128	186
EBITDA	35	36	37	41	23	28	12	36	149	98
YoY Change (%)	15.0	17.9	4.1	19.0	-35.7	-22.4	-68.6	-11.5	18.4	-24.9
Depreciation	13	13	13	14	13	13	14	14	53	54
Interest	4	4	4	4	4	4	4	3	15	14
Other Income	1	1	1	1	1	1	1	0	4	3
PBT before EO expense	19	20	21	24	6	12	-5	20	84	33
Extra-Ord expense	0	0	0	0	0	0	5	0	0	5
PBT	19	20	21	24	6	12	-10	20	84	28
Tax	5	5	5	6	2	3	-2	5	21	7
Rate (%)	24.6	23.4	24.8	24.8	25.8	25.8	25.6	25.2	24.4	25.4
Reported PAT	14	16	16	18	5	9	-7	15	64	21
YoY Change (%)	26.3	37.8	15.5	34.1	-66.3	-44.1	-145.1	-19.6	26.8	-50.2

E: MOFSL Estimates

Reliance Jio

CMP: INR | TP: INR
EPS CHANGE (%): FY23 | 24: 0 | 0

- We expect revenue to grow 2% sequentially, led by a 2.5% growth in subscribers and 1% ARPU growth.
- EBITDA margin is likely to improve 40bp and we expect EBITDA of 52.6%.
- Expect ARPU to improve to INR179 with subscribers at 440m.
- We expect capex to be elevated in this quarter.

Quarterly Earning Model (INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenue	180	187	193	209	219	225	230	235	770	909
YoY Change (%)	8.7	7.2	4.6	20.4	21.6	20.2	18.9	12.4	10.1	18.1
Total Expenditure	94	97	98	104	109	110	110	111	394	441
EBITDA	86	90	95	105	110	115	120	124	376	468
Margins (%)	47.9	48.0	49.2	50.3	50.1	51.0	52.2	52.6	48.9	51.5
Depreciation	31	32	36	37	42	45	48	49	136	185
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	61	62	64	198	245
Tax	12	12	12	14	15	15	16	16	50	63
Rate (%)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PAT	35	35	36	42	43	45	46	48	148	183
Margins (%)	19.5	18.8	18.7	20.0	19.8	20.1	20.2	20.5	19.2	20.1
YoY Change (%)	39%	24%	10%	24%	24%	28%	28%	15%	23%	24%

Tata Communications

Neutral
CMP: INR1,245 | TP: INR1,200 (-4%)
EPS CHANGE (%): FY23 | 24: 0 | 0

- We expect 3% decline in Voice revenue.
- We expect core services revenue to grow 2% sequentially.
- Revenue from Digital Platform Services/Incubation Services is expected to grow 7%/10% sequentially.
- We expect an improved deals pipeline to drive revenue.

Cons. Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	41.0	41.7	41.8	42.6	43.1	44.3	45.3	46.5	167.2	179.2
YoY Change (%)	-6.8	-5.2	-0.9	4.7	5.1	6.2	8.2	9.1	-2.2	7.2
Total Expenditure	31.2	30.6	31.0	32.2	32.3	33.0	34.5	35.3	125.0	135.2
EBITDA	9.9	11.1	10.8	10.5	10.8	11.3	10.8	11.2	42.3	44.1
YoY Change (%)	-5.3	-3.9	3.5	3.0	9.2	1.5	-0.5	7.3	-0.8	4.2
Depreciation	5.3	5.4	5.4	5.9	5.4	5.5	5.5	6.0	22.0	22.5
Interest	1.0	0.9	0.8	0.9	0.8	1.0	1.2	1.0	3.6	3.7
Other Income	0.1	0.4	0.2	2.6	2.3	0.4	0.3	0.4	3.3	3.4
PBT before EO expense	3.7	5.2	4.8	6.3	6.9	5.2	4.3	4.6	19.9	21.2
Exceptional (gain)/loss	-0.1	-0.1	-0.1	0.2	0.0	-0.8	0.0	0.0	-0.1	-0.8
PBT	3.8	5.3	4.8	6.1	6.9	5.9	4.3	4.6	20.0	22.0
Tax	0.8	1.0	1.0	2.4	1.6	0.7	0.4	1.2	5.2	3.8
Rate (%)	21.0	19.6	19.8	39.9	22.9	11.1	10.1	25.2	26.1	17.5
MI & P/L of Asso. Cos.	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.2	0.0	0.0
Reported PAT	3.0	4.3	4.0	3.7	5.4	5.3	3.9	3.3	14.8	18.1
Adj PAT	2.9	4.1	3.9	3.9	5.4	4.6	3.9	3.3	14.8	17.2
YoY Change (%)	8.3	-5.9	20.6	29.5	87.2	10.5	1.9	-15.0	11.4	16.7

E: MOFSL Estimates

Vodafone Idea**Neutral****CMP: INR 6 | TP: INR 6 (0%)****EPS CHANGE (%): FY23 | 24: (1.1) | (1.1)**

- We expect 1.5% sequential increase in blended ARPU, offset by subscriber decline of 1.3%, leading to flat revenue growth.
- EBITDA margin is likely to improve 30bp sequentially to 39.7%.
- ARPU is expected to grow to INR137, led by an increase in 4G subscriber mix.
- Without fundraising, capex is projected to be minimal.

Consolidated - Quarterly Earning Model (INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	92	94	97	102	104	106	106	106	385	422
YoY Change (%)	-14.1	-12.8	-10.8	6.6	13.7	12.8	9.3	3.3	-8.2	9.6
Total Expenditure	54	55	59	56	61	65	64	64	225	254
EBITDA	37	39	38	46	43	41	42	42	160	168
YoY Change (%)	-9.5	-7.0	-11.0	5.5	16.7	6.1	9.5	-9.5	-5.4	4.8
Depreciation	60	59	57	59	58	57	59	60	236	234
Net Finance Costs	52	51	53	53	58	60	63	52	209	234
PBT before EO expense	-75	-71	-72	-65	-73	-76	-80	-70	-284	-299
Extra-Ord expense	-2	0	0	0	0	0	0	0	-2	0
PBT	-73	-71	-72	-66	-73	-76	-80	-70	-282	-299
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	0.0	0.1	0.0	0.0
Reported PAT	-73	-71	-72	-66	-73	-76	-80	-70	-282	-299
Adj PAT	-75	-71	-72	-65	-73	-76	-80	-70	-284	-299
YoY Change (%)	35.4	10.8	15.9	8.3	-2.7	6.3	10.7	7.4	17.1	5.3

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 INR1,204 | TP: INR1,450 (+20%)
EPS CHANGE (%): FY24|25: -2 |-2

- The company registered a volume growth of 18% YoY/7% QoQ in 4QFY23.
- EBITDA is expected to increase 22% YoY, assuming an EBITDA/MT of INR5,000 (up 12% YoY).
- Demand outlook on structural steel tubes and new products launched in Raipur plant.
- Price of primary steel (HRC) continues to be a key monitorable.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	25,343	30,839	32,304	42,147	34,386	39,692	43,271	49,138	1,30,633	1,66,486
YoY Change (%)	128.4	40.0	24.2	62.9	35.7	28.7	34.0	16.6	53.7	27.4
Total Expenditure	22,796	28,617	30,281	39,486	32,446	37,373	40,543	45,888	1,21,181	1,56,250
EBITDA	2,547	2,222	2,023	2,661	1,939	2,319	2,729	3,249	9,453	10,236
Margins (%)	10.0	7.2	6.3	6.3	5.6	5.8	6.3	6.6	7.2	6.1
Depreciation	265	273	272	279	294	276	345	360	1,090	1,275
Interest	128	107	109	101	100	136	186	190	445	612
Other Income	102	114	79	110	83	116	93	110	405	402
PBT before EO expense	2,256	1,956	1,721	2,391	1,629	2,023	2,290	2,809	8,323	8,751
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,256	1,956	1,721	2,391	1,629	2,023	2,290	2,809	8,323	8,751
Tax	572	495	442	625	422	521	598	708	2,133	2,249
Rate (%)	25.3	25.3	25.7	26.1	25.9	25.7	26.1	25.2	25.6	25.7
Minority Interest & Profit/Loss of Asso. Cos.	211	0	123	136	0	0	0	0	470	0
Reported PAT	1,474	1,461	1,156	1,630	1,207	1,502	1,692	2,101	5,720	6,502
Adj PAT	1,474	1,461	1,156	1,630	1,207	1,502	1,692	2,101	5,720	6,502
YoY Change (%)	778.1	58.6	-12.5	36.7	-18.1	2.8	46.4	28.9	58.8	13.7
Margins (%)	5.8	4.7	3.6	3.9	3.5	3.8	3.9	4.3	4.4	3.9

Coromandel International

Buy
CMP INR879 | TP: INR1,180 (+34%)
EPS CHANGE (%): FY24|25: +0|+0

- Fertilizer manufacturing volumes are likely to be flat YoY and trading volumes are expected to grow 5% YoY in 4QFY23.
- Crop Protection revenue is expected to remain flat YoY in 4QFY23, due to muted international demand outlook.
- Fertilizer manufacturing (NPK and DAP) EBITDA/MT is expected to be ~INR5,300.
- Raw material and product pricing scenario to be the key monitorables.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Consolidated										
Net Sales	36,639	61,475	50,726	42,268	57,291	1,01,134	83,096	54,289	1,91,109	2,95,810
YoY Change (%)	14.0	33.3	43.6	49.6	56.4	64.5	63.8	28.4	34.8	54.8
Total Expenditure	31,808	54,043	45,288	38,471	50,437	90,564	75,290	50,131	1,69,610	2,66,423
EBITDA	4,831	7,432	5,439	3,797	6,854	10,570	7,806	4,158	21,499	29,387
Margins (%)	13.2	12.1	10.7	9.0	12.0	10.5	9.4	7.7	11.2	9.9
Depreciation	423	421	429	454	446	457	471	490	1,727	1,864
Interest	171	192	178	214	266	542	568	450	755	1,826
Other Income	218	189	269	768	536	311	396	883	1,443	2,126
PBT before EO expense	4,455	7,008	5,101	3,897	6,678	9,881	7,163	4,101	20,460	27,823
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	4,455	7,008	5,101	3,897	6,678	9,881	7,163	4,101	20,460	27,823
Tax	1,104	1,819	1,298	992	1,703	2,481	1,794	1,032	5,213	7,011
Rate (%)	24.8	26.0	25.4	25.4	25.5	25.1	25.0	25.2	25.5	25.2
Minority Interest & P/L of Asso. Cos.	-27	-4	-13	7	-15	-6	100	8	-37	87
Reported PAT	3,378	5,193	3,816	2,898	4,991	7,406	5,269	3,061	15,285	20,726
Adj PAT	3,378	5,193	3,816	2,898	4,991	7,406	5,269	3,061	15,285	20,726
YoY Change (%)	34.8	-11.8	14.3	85.9	47.8	42.6	38.1	5.6	15.0	35.6
Margins (%)	9.2	8.4	7.5	6.9	8.7	7.3	6.3	5.6	8.0	7.0

EPL**Buy****CMP INR162 | TP: INR215 (+32%)****EPS CHANGE (%): FY24|25: +1 | +1**

- AMESA, EAP and Americas are expected to record mid-teen growth while EAP is projected to remain flat YoY.
- Revenue/EBITDA are expected to grow 12%/24% YoY.
- Update on Brazil project and demand recovery in China will be the key monitorables
- Raw material price trend will be a key monitorable.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	7,991	8,701	8,834	8,802	8,318	9,481	9,449	9,857	34,328	37,105
YoY Change (%)	7.8	13.0	14.9	8.6	4.1	9.0	7.0	12.0	11.1	8.1
Total Expenditure	6,542	7,107	7,447	7,471	7,062	7,995	7,959	8,204	28,567	31,220
EBITDA	1,449	1,594	1,387	1,331	1,256	1,486	1,490	1,654	5,761	5,886
Margins (%)	18.1	18.3	15.7	15.1	15.1	15.7	15.8	16.8	16.8	15.9
Depreciation	619	622	642	631	652	664	699	720	2,514	2,735
Interest	89	97	103	114	122	157	189	185	403	653
Other Income	53	14	31	22	42	68	43	40	120	193
PBT before EO expense	794	889	673	608	524	733	645	789	2,964	2,691
Extra-Ord expense	0	0	0	0	11	0	0	0	0	11
PBT	794	889	673	608	513	733	645	789	2,964	2,680
Tax	189	297	82	107	141	249	10	213	675	613
Rate (%)	23.8	33.4	12.2	17.6	27.5	34.0	1.6	27.0	22.8	22.9
Minority Interest & Profit/Loss of Asso. Cos.	-26	-85	-20	-14	-38	-22	-7	-8	-145	-75
Reported PAT	579	507	571	487	334	462	628	568	2,144	1,992
Adj PAT	579	507	571	487	345	462	628	568	2,144	2,003
YoY Change (%)	-4.3	-24.3	-19.5	-14.3	-40.4	-8.9	10.0	16.6	-16.0	-6.6
Margins (%)	7.2	5.8	6.5	5.5	4.1	4.9	6.6	5.8	6.2	5.4

Godrej Agrovet**Buy****CMP INR413 | TP: INR500 (+21%)****EPS CHANGE (%): FY24|25: 0 | +1**

- Volumes in the Animal Feed business is expected to grow 7% YoY and down 3% 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.
- EBIT/kg in the Animal feed segment is expected to decline 36% YoY/27% QoQ.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	19,928	21,541	20,785	20,808	25,099	24,453	23,235	22,028	83,061	94,815
YoY Change (%)	28.2	25.0	36.2	42.3	25.9	13.5	11.8	5.9	32.5	14.2
Total Expenditure	18,232	19,636	19,423	19,115	23,483	22,950	21,872	21,199	76,407	89,505
EBITDA	1,695	1,904	1,362	1,693	1,616	1,503	1,363	828	6,654	5,310
Margins (%)	8.5	8.8	6.6	8.1	6.4	6.1	5.9	3.8	8.0	5.6
Depreciation	408	424	445	457	449	461	469	480	1,733	1,859
Interest	130	156	165	180	216	257	249	255	631	977
Other Income	104	56	104	532	77	88	76	110	797	351
PBT before EO expense	1,262	1,381	857	1,587	1,028	873	721	203	5,086	2,826
Extra-Ord expense	0	0	173	0	0	0	-708	0	173	-708
PBT	1,262	1,381	684	1,587	1,028	873	1,429	203	4,914	3,534
Tax	327	376	175	346	279	219	334	51	1,224	883
Rate (%)	26.0	27.2	25.6	21.8	27.1	25.1	23.4	25.2	24.9	25.0
Minority Interest & Profit/Loss of Asso. Cos.	-126	-87	-142	18	-77	-64	-69	36	-337	-174
Reported PAT	1,060	1,093	651	1,223	827	718	1,164	117	4,026	2,825
Adj PAT	1,060	1,093	778	1,223	827	718	640	117	4,199	2,117
YoY Change (%)	19.7	2.1	26.4	116.1	-22.0	-34.3	-17.8	-90.5	33.8	-49.6
Margins (%)	5.3	5.1	3.7	5.9	3.3	2.9	2.8	0.5	5.1	2.2

IndiaMART**Buy****CMP: INR5028 | TP: INR5800 (+15%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Expect strong revenue growth to continue in 4QFY23.
- Pick-up in paid subscribers and margin are key monitorables.
- Expect margins to dip, due to wage hikes.

Consolidated quarterly earnings model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	1,816	1,824	1,881	2,014	2,246	2,406	2,514	2,648	1,816	1,824
Change (YoY %)	18.6	11.8	8.4	12.1	23.7	31.9	33.7	31.5	18.6	11.8
Total Expenditure	930	992	1,093	1,442	1,604	1,734	1,812	1,988	930	992
EBITDA	886	832	788	572	642	672	702	661	886	832
Margin (%)	48.8	45.6	41.9	28.4	28.6	27.9	27.9	24.9	48.8	45.6
Depreciation	32	28	30	29	63	76	86	76	32	28
Interest	14	14	13	13	12	26	22	22	14	14
Other Income	294	314	219	295	10	466	352	299	294	314
PBT before EO expense	1,134	1,104	964	825	577	1,036	946	862	1,134	1,104
Extra-Ord. expense	0	0	0	0	0	0	-516	0	0	0
PBT	1,134	1,104	964	825	577	1,036	1,462	862	1,134	1,104
Tax	240	264	231	193	40	243	240	218	240	264
Rate (%)	21.2	23.9	24.0	23.4	6.9	23.5	16.4	25.4	21.2	23.9
Minority Interest and Profit/Loss of Asso. Cos.	15	18	31	58	70	109	94	0	15	18
Reported PAT	879	822	702	574	467	684	1,128	643	879	822
Adj. PAT	879	822	702	574	467	684	612	643	879	822
Change (YoY %)	18.6	17.8	-12.5	-13.8	-46.9	-16.8	-12.8	12.0	18.6	17.8
Margin (%)	48.4	45.1	37.3	28.5	20.8	28.4	24.3	24.3	48.4	45.1

Indian Hotels**Buy****CMP INR324 | TP: 415 (+28%)****EPS CHANGE (%): FY24|25: +2|+1**

- Revenue is expected to grow 81% YoY and EBITDA margin is expected to be ~32% in 4QFY23.
- Demand scenario in key markets, improvement in occupancy, and ARR are the key focus areas.
- Performance updates on new business and international hotels are key monitorables.
- Update on inbound tourist bookings is a key monitorable.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	3,446	7,284	11,112	8,721	12,661	12,326	16,858	15,785	30,562	57,629
YoY Change (%)	139.9	183.8	98.5	41.8	267.5	69.2	51.7	81.0	94.0	88.6
Total Expenditure	4,934	6,555	7,895	7,131	8,882	9,386	10,886	10,719	26,515	39,873
EBITDA	-1,488	728	3,218	1,590	3,779	2,940	5,972	5,066	4,048	17,756
Margins (%)	-43.2	10.0	29.0	18.2	29.8	23.9	35.4	32.1	13.2	30.8
Depreciation	1,025	1,018	999	1,019	1,026	1,026	1,033	1,050	4,061	4,135
Interest	1,097	1,139	1,249	792	624	600	567	580	4,277	2,371
Other Income	258	239	227	828	271	250	577	220	1,552	1,318
PBT before EO expense	-3,354	-1,189	1,197	607	2,401	1,564	4,949	3,656	-2,738	12,569
Extra-Ord expense	-203	108	102	-164	91	-123	-1	0	-156	-33
PBT	-3,150	-1,297	1,095	771	2,309	1,687	4,950	3,656	-2,582	12,602
Tax	-450	-113	232	-26	648	443	1,161	950	-358	3,203
Rate (%)	14.3	8.7	21.2	-3.4	28.1	26.3	23.4	26.0	13.9	25.4
Minority Interest & Profit/Loss of Asso. Cos.	73	22	103	55	-39	28	-38	58	253	9
Reported PAT	-2,773	-1,206	760	742	1,701	1,216	3,827	2,647	-2,477	9,390
Adj PAT	-2,926	-1,125	837	619	1,769	1,123	3,826	2,647	-2,594	9,365
YoY Change (%)	-15.1	-54.2	NA	NA	NA	NA	357.2	327.5	NA	NA
Margins (%)	-84.9	-15.4	7.5	7.1	14.0	9.1	22.7	16.8	-8.5	16.3

Info Edge

Neutral

CMP: INR3728 | TP: INR3800 (+2%)

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

- Expect pressure on recruitment vertical to continue due to slowdown in IT hiring.
- Real Estate vertical is expected to remain under pressure due to increased interest rates.
- The outlook on overall demand and investee companies are the key monitorables.

Standalone quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	3,197	3,517	4,161	4,555	5,077	5,318	5,552	5,589	15,430	21,535
YoY (%)	14.1	37.3	52.8	51.6	58.8	51.2	33.4	22.7	39.1	39.6
Salary costs	1,518	1,605	1,868	2,039	2,244	2,259	2,262	2,315	7,030	9,080
Ad and Promotion costs	459	617	806	967	876	831	746	838	2,849	3,291
Other Expenses	223	232	278	270	326	389	376	386	1,003	1,476
EBITDA	997	1,063	1,209	1,280	1,631	1,840	2,168	2,049	4,549	7,689
EBITDA Margin (%)	31.2	30.2	29.1	28.1	32.1	34.6	39.1	36.7	29.5	35.7
Depreciation	103	99	99	97	99	105	115	117	398	436
EBIT Margin (%)	28.0	27.4	26.7	26.0	30.2	32.6	37.0	34.6	26.9	33.7
Other Income	410	440	428	421	419	499	396	447	1,699	1,761
PBT bef. Extra-ordinary	1,290	1,392	1,527	1,595	1,942	2,225	2,440	2,368	5,804	8,974
Provision for Tax	281	377	342	388	457	544	523	568	1,387	2,092
ETR (%)	21.7	27.1	22.4	24.3	23.6	24.4	21.4	24.0	23.9	23.3
PAT bef. Minority	1,010	1,015	1,185	1,207	1,484	1,681	1,917	1,800	89,137	4,122
EOI	0	82,542	2,178	0	0	0	-2,760	0	84,720	-2,760
Adjusted PAT	1,010	83,557	3,364	1,207	1,484	1,681	-843	1,800	4,417	6,882
QoQ (%)	38.5	8,176.5	-96.0	-64.1	23.0	13.3	NA	NA		
YoY (%)	21.3	16,234.8	381.4	65.6	47.0	-98.0	NA	49.1	63.2	55.8
EPS (INR)	7.9	7.9	9.2	9.4	11.5	13.1	14.9	14.0	34.1	31.8

InterGlobe Aviation

Neutral

CMP INR1, 912 | TP: INR 2,115 (+11%)

EPS CHANGE (%): FY23|24: -4|0

- Expect RPK at 23.7b (+52% YoY), PLF at 80% (down from 85.1% in 3QFY23) and ASK of 29.6b (up 45% YoY)
- Expect yield at INR4.8 (down 12% QoQ) due to seasonality; according to our database, average fare prices were down 18% QoQ but up 26% YoY.
- Watch out for: Outlook on the replacement of older aircraft, new aircraft deliveries from Airbus, and expansion to new Tier II and III routes that would improve yields going forward.
- The most significant monitorable will be sustainability of yields and international travel, which remains key in the near term.

Quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	30.1	56.1	92.9	80.2	128.6	125.0	149.3	151.9	259.3	554.7
YoY Change (%)	292.2	104.6	89.3	28.9	327.5	122.8	60.7	89.4	77.1	113.9
EBITDAR	-14.2	2.6	19.1	1.0	6.6	0.7	31.8	42.9	8.5	82.1
Margin (%)	-47.1	4.6	20.5	1.3	5.2	0.6	21.3	28.2	3.3	14.8
Net Rentals	0.5	0.6	1.3	0.7	0.7	0.5	0.7	0.4	3.1	2.3
EBITDA	-14.7	1.9	17.8	0.4	6.0	0.3	31.1	42.4	5.3	79.8
Margin (%)	-48.9	3.4	19.1	0.4	4.7	0.2	20.9	27.9	2.1	14.4
Depreciation	13.2	12.5	12.3	12.7	11.7	12.4	13.4	13.8	50.7	51.2
Interest	5.6	5.7	6.0	6.3	6.6	7.3	8.3	8.8	23.6	30.9
Other Income	1.6	1.9	1.9	1.9	1.6	3.5	4.8	5.0	7.2	15.0
PBT	-31.8	-14.4	1.3	-16.8	-10.6	-15.9	14.2	25.0	-61.7	12.7
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	3.2
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.8	0.0	25.2
Reported PAT	-31.8	-14.4	1.3	-16.8	-10.6	-15.9	14.2	21.8	-61.7	9.5
EPS	-82.6	-37.3	3.3	-43.6	-27.6	-41.2	36.8	56.6	-160.2	24.6
YoY Change (%)	Loss	Loss	LP	Loss	Loss	Loss	1,004.1	LP	Loss	LP
Operational Data										
ASK (b)	11.2	15.8	23.0	20.4	27.5	27.7	28.8	29.6	70.4	113.6
YoY Chg. (%)	433%	78%	51%	6%	146%	75%	25%	45%	55%	61%
Load factor (%)	58.9	70.9	79.6	76.5	79.6	79.1	85.1	80.1	73.4	81.0
RPK (b)	6.6	11.2	18.3	15.6	21.9	21.9	24.5	23.7	51.7	92.0
Yield (INR/RPK)	3.5	4.2	4.4	4.4	5.2	5.1	5.4	4.8	4.1	5.1

Kaveri Seed

Buy

CMP INR477 | TP: INR580 (+22%)

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

- Revenue in the cotton segment is likely to grow 25% in 4QFY23.
- Product launches in the cotton and non-cotton segments will be key monitorables.
- Outlook for the Rabi season will be a key focus area.

Quarterly - Consolidated

(INRm)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,298	1,476	1,261	666	6,856	1,671	1,440	728	9,700	10,695
YoY Change (%)	-12.5	10.1	6.3	3.6	8.9	13.2	14.2	9.4	-6.4	10.3
Total Expenditure	4,302	1,412	1,187	775	4,390	1,585	1,308	828	7,674	8,111
EBITDA	1,996	64	74	-109	2,466	85	132	-100	2,025	2,584
Margins (%)	31.7	4.3	5.9	-16.4	36.0	5.1	9.2	-13.7	20.9	24.2
Depreciation	48	50	55	57	48	50	53	52	209	203
Interest	0	0	0	0	0	1	1	0	1	2
Other Income	151	151	68	43	75	75	320	45	413	514
PBT before EO expense	2,099	165	87	-123	2,493	109	399	-107	2,228	2,894
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,099	165	87	-123	2,493	109	399	-107	2,228	2,894
Tax	52	37	16	-5	44	55	17	-6	100	110
Rate (%)	2.5	22.3	18.7	4.1	1.8	50.1	4.3	6.0	4.5	4
Minority Interest & Profit/Loss of Asso. Cos.	-10	0	6	1	-11	-2	-1	1	-3	13
Reported PAT	2,037	128	76	-118	2,438	53	381	-100	2,125	2,772
Adj PAT	2,037	128	76	-118	2,438	53	381	-100	2,125	2,772
YoY Change (%)	-31.0	-45.3	-16.1	32.2	19.7	-58.7	398.3	-15.0	-31.6	30
Margins (%)	32.4	8.7	6.1	-17.7	35.6	3.2	26.5	-13.7	21.9	25.9

Lemon Tree Hotels

Buy

CMP INR77 | TP: INR115 (+49%)

EPS CHANGE (%): FY24|25: -9|-7

- Revenue is expected to grow 10%/2.1x QoQ/YoY and EBITDA margin is expected to be ~57% in 4QFY23.
- The demand scenario in key markets and any improvements in Occupancy and ARR are the key monitorables.
- Capex status of Aurika Mumbai is a key focus area.
- Any 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	2Q	3Q	4QE		
Gross Sales	422	969	1,437	1,195	1,920	1,967	2,335	2,573	4,022	8,796
YoY Change (%)	3.7	103.6	110.1	25.7	355.6	103.0	62.6	115.3	59.8	116.6
Total Expenditure	422	630	804	827	997	1,031	1,071	1,106	2,683	4,204
EBITDA	-1	339	633	368	924	936	1,265	1,468	1,339	4,592
Margins (%)	-0.2	35.0	44.1	30.8	48.1	47.6	54.2	57.0	33.3	52.2
Depreciation	262	262	254	265	245	250	236	230	1,043	961
Interest	432	446	438	424	429	446	445	470	1,740	1,790
Other Income	21	19	24	76	3	7	6	10	140	25
PBT before EO expense	-673	-351	-36	-245	252	247	590	778	-1,304	1,867
Extra-Ord expense	0	0	0	153	48	0	0	0	153	48
PBT	-673	-351	-36	-397	204	247	590	778	-1,456	1,819
Tax	-75	-14	20	-3	71	56	106	156	-72	389
Rate (%)	11.2	4.1	-56.2	0.7	34.9	22.7	18.0	20.0	5.0	21.4
MI & P/L of Asso. Cos.	-196	-128	-37	-148	-5	23	84	99	-510	201
Reported PAT	-401	-208	-19	-246	138	168	400	523	-874	1,229
Adj PAT	-401	-208	-19	-132	174	168	400	523	-760	1,277
YoY Change (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margins (%)	-95.2	-21.5	-1.3	-11.0	9.1	8.5	17.1	20.3	-18.9	14.5

PI Industries

Buy

CMP INR3,027 | TP: INR4,060 (+34%)

EPS CHANGE (%): FY24|25: -3|-3

- The CSM/domestic business is expected to grow ~10%/5% YoY.
- Any update on the Pharma Intermediate segment will be a key monitorable.
- Demand scenario in the key export markets will be the key monitorable.
- Product launches in the domestic and CSM segments will be a key focus area.

Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	11,938	13,542	13,563	13,952	15,432	17,700	16,132	15,224	52,995	64,488
YoY Change (%)	12.6	17.0	16.7	16.5	29.3	30.7	18.9	9.1	15.8	21.7
Total Expenditure	9,449	10,622	10,598	10,902	11,976	13,381	11,981	11,398	41,571	48,736
EBITDA	2,489	2,920	2,965	3,050	3,456	4,319	4,151	3,826	11,424	15,752
Margins (%)	20.8	21.6	21.9	21.9	22.4	24.4	25.7	25.1	21.6	24.4
Depreciation	487	492	503	536	560	560	567	590	2,018	2,277
Interest	34	34	33	27	36	111	89	50	128	286
Other Income	277	277	260	200	241	317	502	450	1,014	1,510
PBT before EO expense	2,245	2,671	2,689	2,687	3,101	3,965	3,997	3,636	10,292	14,699
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,245	2,671	2,689	2,687	3,101	3,965	3,997	3,636	10,292	14,699
Tax	405	370	466	649	516	629	484	553	1,890	2,182
Rate (%)	18.0	13.9	17.3	24.2	16.6	15.9	12.1	15.2	18.4	14.8
Minority Interest & Profit/Loss of Asso. Cos.	-32	5	-3	-6	-39	-12	-5	-7	-36	-63
Reported PAT	1,872	2,296	2,226	2,044	2,624	3,348	3,518	3,090	8,438	12,580
Adj PAT	1,872	2,296	2,226	2,044	2,624	3,348	3,518	3,090	8,438	12,580
YoY Change (%)	28.7	5.5	13.9	13.7	40.2	45.8	58.0	51.2	14.3	49.1
Margins (%)	15.7	17.0	16.4	14.7	17.0	18.9	21.8	20.3	15.9	19.5

Quess

Neutral

CMP INR370| TP: INR410 (+11%)

EPS CHANGE (%): FY24|25: -3.4|-4.1

- Growth to be adversely impacted by slowdown in hiring and weak macro.
- Margin recovery to be negatively impacted in 4QFY23; expect flattish margins.
- Commentary on margins to be a key monitorable.

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	29,869	32,278	36,850	37,920	39,793	42,733	44,656	45,405	1,36,918	1,72,586
Change (YoY %)	24.0	23.4	31.2	26.2	33.2	32.4	21.2	19.7	26.3	26.1
Total Expenditure	28,540	30,719	35,061	36,079	38,259	41,386	43,200	43,879	1,30,400	1,66,724
EBITDA	1,329	1,559	1,788	1,842	1,534	1,347	1,456	1,526	6,518	5,863
Margin (%)	4.4	4.8	4.9	4.9	3.9	3.2	3.3	3.4	4.8	3.4
Depreciation	497	486	494	643	610	676	695	608	2,120	2,589
EBIT	831	1,073	1,295	1,199	924	671	761	918	4,397	3,274
Margin (%)	2.8	3.3	3.5	3.2	2.3	1.6	1.7	2.0	3.2	1.9
Interest	218	195	184	195	204	263	290	278	792	1,036
Other Income	48	74	29	47	72	88	67	84	198	311
PBT before EO expense	662	952	1,140	1,050	792	496	538	723	3,803	2,549
Recurring Tax	356	186	254	270	115	100	110	145	1,066	469
Rate (%)	53.7	19.5	22.3	25.7	14.6	20.1	20.4	20.0	28.0	18.4
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	0
Adjusted PAT	306	766	885	780	677	396	428	579	2,738	2,080
Extraordinary items	-140	354	0	14	0	0	-428	0	228	-428
Reported PAT	446	412	885	766	677	396	856	579	2,510	2,508
Change (YoY %)	22.4	-17.4	94.3	NA	51.7	-3.9	-3.3	-24.5	240.3	-0.1
Margin (%)	1.5	1.3	2.4	2.0	1.7	0.9	1.9	1.3	1.8	1.5

SIS

Buy

CMP INR321 | TP: INR520 (+62%)

EPS CHANGE (%): FY24|25: -0.3|-0.3

- Expect some moderation in growth in 4QFY23, due to weak macro.
- Expect flattish margins in 4QFY23.
- The outlook on margin is a key monitorable.

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	23,793	24,309	26,008	26,480	26,782	27,677	29,043	30,021	1,00,590	1,13,522
Change (YoY %)	9.8	12.7	10.3	8.3	12.6	13.9	11.7	13.4	10.2	12.9
Total Expenditure	22,580	23,079	24,711	25,236	25,575	26,579	27,779	28,677	95,606	1,08,609
EBITDA	1,214	1,231	1,297	1,244	1,207	1,098	1,264	1,344	4,985	4,913
Margin (%)	5.1	5.1	5.0	4.7	4.5	4.0	4.4	4.5	5.0	4.3
Depreciation	270	264	283	298	286	331	342	356	1,116	1,315
Interest	246	247	245	246	247	275	310	311	984	1,143
Other Income	39	26	35	49	67	81	30	41	150	220
PBT	738	745	804	748	742	572	642	719	3,035	2,675
Tax	212	112	38	-183	-80	-80	-379	144	179	-395
Rate (%)	28.8	15.0	4.7	-24.4	-10.7	-14.1	-59.0	20.0	5.9	-14.8
Minority Interest and P/L of Asso. Cos.	-6	-8	-3	43	4	22	13	12	26	50
Adjusted PAT	519	626	763	974	825	674	1,034	587	2,882	3,121
Change (YoY %)	31.2	25.1	12.0	171.0	59.0	7.7	35.5	-39.7	48.8	8.3
Margin (%)	2.2	2.6	2.9	3.7	3.1	2.4	3.6	2.0	2.9	2.7

SRF

Neutral

CMP INR2,406 | TP: INR2,560 (+6%)

EPS CHANGE (%): FY24|25: +1|+1

- Expect the Chemicals/Packaging/Technical Textiles segment to grow/(decline) ~25%/(5%)/(2%) YoY
- Updates on raw material prices and supply chain scenario will be the key monitorables.
- Outlook on the Specialty Chemicals and Fluorochemicals businesses along with ramp up of new Chloromethane plant will be key focus areas.
- Update on demand-supply scenario of technical textile and packaging business will be the key monitorable.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	26,994	28,390	33,459	35,494	38,947	37,278	34,697	38,757	1,24,337	1,49,679
YoY Change (%)	74.7	35.1	55.9	36.1	44.3	31.3	3.7	9.2	48.0	20.4
Total Expenditure	20,350	21,846	24,980	26,128	28,749	29,226	26,211	29,528	93,305	1,13,714
EBITDA	6,644	6,544	8,479	9,366	10,198	8,052	8,486	9,229	31,032	35,965
Margins (%)	24.6	23.0	25.3	26.4	26.2	21.6	24.5	23.8	25.0	24.0
Depreciation	1,230	1,303	1,324	1,316	1,307	1,393	1,507	1,530	5,172	5,737
Interest	275	234	294	357	325	445	620	640	1,159	2,029
Other Income	138	111	107	72	99	327	100	110	428	636
PBT before EO expense	5,277	5,118	6,968	7,765	8,665	6,542	6,460	7,169	25,128	28,835
Extra-Ord expense & DO	-72	-206	-335	-114	249	361	150	0	-727	760
PBT	5,349	5,324	7,303	7,879	8,416	6,181	6,309	7,169	25,856	28,075
Tax	1,396	1,500	2,247	1,823	2,336	1,371	1,200	1,577	6,966	6,484
Rate (%)	26.5	29.3	32.3	23.5	27.0	21.0	18.6	22.0	27.7	22.5
Reported PAT	3,953	3,825	5,055	6,057	6,080	4,810	5,109	5,592	18,889	21,591
Adj PAT	3,881	3,619	4,720	5,943	6,329	5,171	5,259	5,592	18,162	22,350
YoY Change (%)	108.7	11.2	55.9	59.6	63.1	42.9	11.4	-5.9	53.1	23.1
Margins (%)	14.4	12.7	14.1	16.7	16.2	13.9	15.2	14.4	14.6	14.9

Tata Chemicals

Neutral

CMP INR972 | TP: INR1,010 (+4%)

EPS CHANGE (%): FY24|25: +0|+0

- The current demand scenario in Soda Ash in TTCH's key markets is a focus area.
- Any energy cost update on the European business is a key monitorable.
- EBITDA is expected to grow ~4.1x/85%/41%/13% YoY in Europe/Kenya/North America/India businesses.
- Pricing outlook on Soda Ash is a key focus area.

Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	29.8	30.2	31.4	34.8	40.0	42.4	41.5	44.6	126.2	168.4
YoY Change (%)	26.8	15.8	20.5	32.0	34.2	40.2	32.0	28.1	23.8	33.4
Total Expenditure	23.8	25.2	26.0	28.2	29.8	33.2	32.3	34.6	103.2	129.8
EBITDA	6.0	5.0	5.5	6.6	10.2	9.2	9.2	10.0	23.0	38.6
Margins (%)	20.2	16.6	17.4	18.9	25.4	21.7	22.2	22.5	18.3	22.9
Depreciation	2.0	2.0	2.0	2.1	2.1	2.2	2.3	2.3	8.1	8.9
Interest	0.8	0.8	0.7	0.7	0.8	0.9	1.1	0.9	3.0	3.6
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	6.8	6.3	7.3	14.5	28.0
Extra-Ord expense	0.0	0.1	-0.1	0.3	0.0	0.1	0.1	0.0	0.3	0.2
PBT	3.8	2.6	3.2	4.6	7.6	6.7	6.2	7.3	14.3	27.8
Tax	0.9	0.7	0.7	0.4	1.6	0.4	1.0	1.8	2.7	4.8
Rate (%)	22.8	27.5	20.5	9.3	20.4	5.7	16.5	24.5	18.8	17.1
MI & Profit/Loss of Asso. Cos.	0.0	-0.1	-0.5	-0.2	0.2	0.1	1.3	0.6	-0.8	2.1
Reported PAT	2.9	2.0	3.1	4.4	5.9	6.3	3.9	5.0	12.4	21.0
Adj PAT	2.9	2.1	3.0	4.6	5.9	6.3	4.0	5.0	12.6	21.2
YoY Change (%)	2,068.7	200.5	87.1	3,833.7	105.9	198.9	32.2	7.0	392.9	67.7
Margins (%)	9.7	7.0	9.6	13.3	14.8	14.9	9.6	11.1	10.0	12.6

TeamLease

Neutral

CMP INR2235 | TP: INR2330 (+4%)

EPS CHANGE (%): FY24|25: 0.0|0.0

- Expect flattish growth in 4QFY23, due to slowdown in hiring
- Expect a gradual improvement in margins; margins to remain flat QoQ
- Commentary on margin to be a key monitorable.

Consolidated quarterly performance (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	13,768	15,236	17,621	18,174	18,794	19,551	20,083	20,264	64,798	90,173
Change (YoY %)	21%	35%	38%	36%	37%	28%	14%	12%	33%	39%
Total Expenditure	13,473	14,894	17,244	17,764	18,541	19,234	19,767	19,940	63,375	77,481
Reported EBITDA	295	342	377	410	253	317	316	324	1,424	12,691
Margin (%)	2.1%	2.2%	2.1%	2.3%	1.3%	1.6%	1.6%	1.6%	2.2%	14.1%
Reported EBIT	203	230	279	304	163	216	203	234	1,016	12,286
Margin (%)	1.5%	1.5%	1.6%	1.7%	0.9%	1.1%	1.0%	1.2%	1.6%	13.6%
Interest	8	14	10	8	7	12	17	10	40	46
Other Income	46	54	51	47	123	118	100	50	197	391
PBT before EO expense	240	270	319	343	279	322	286	274	1,173	12,631
Extra-Ord. expense	-26	750	0	-6	0	0	0	0	718	0
Reported PBT	266	-480	319	350	279	322	286	274	456	12,631
Tax	-3	14	17	33	14	5	-4	11	61	26
Rate (%)	-1%	-3%	5%	10%	5%	2%	-1%	4%	13%	0%
Reported PAT	269	-493	302	316	265	316	290	263	395	12,605
Change (YoY %)	57%	-365%	31%	61%	-1%	-164%	-4%	-17%	-50%	3095%
Margin (%)	2.0%	-3.2%	1.7%	1.7%	1.4%	1.6%	1.4%	1.3%	0.6%	14.0%
Adjusted PAT	243	257	302	310	265	316	290	263	1,112	1,135
Change (YoY %)	42%	19%	31%	15%	9%	23%	-4%	-15%	25%	2%
Margin (%)	1.8%	1.7%	1.7%	1.7%	1.4%	1.6%	1.4%	1.3%	1.7%	1.3%

Trident**Buy****CMP INR28 | TP: INR40 (+42%)****EPS CHANGE (%): FY24|25: -12|-5**

- Revenue from the Textile business is expected to decline 10% YoY, while the Paper business is likely to grow 15% 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 Textile business will be a key focus area.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	14,770	16,626	19,577	18,471	16,671	14,192	16,184	17,319	69,444	64,366
YoY Change (%)	108.6	41.9	51.8	36.8	12.9	-14.6	-17.3	-6.2	53.7	-7.3
Total Expenditure	11,036	12,651	15,545	15,308	14,140	12,676	13,528	14,499	54,540	54,843
EBITDA	3,734	3,975	4,032	3,163	2,530	1,516	2,656	2,820	14,904	9,523
Margins (%)	25.3	23.9	20.6	17.1	15.2	10.7	16.4	16.3	21.5	14.8
Depreciation	874	867	775	810	760	775	777	785	3,326	3,097
Interest	250	199	224	185	180	196	180	185	857	742
Other Income	29	101	35	59	46	47	63	70	223	227
PBT before EO expense	2,638	3,010	3,067	2,228	1,636	592	1,762	1,920	10,944	5,911
Extra-Ord expense	0	0	252	0	0	0	0	0	252	0
Forex (gain)/loss	-62	-54	3	-113	-11	86	-71	0	-225	4
PBT	2,700	3,063	2,813	2,341	1,648	506	1,833	1,920	10,917	5,907
Tax	665	775	721	605	410	110	412	488	2,767	1,419
Rate (%)	24.6	25.3	25.6	25.9	24.9	21.6	22.5	25.4	25.3	24.0
MI & 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	397	1,420	1,433	8,150	4,488
Adj PAT	1,973	2,234	2,346	1,623	1,227	482	1,350	1,433	8,176	4,491
YoY Change (%)	1,219.7	120.8	134.5	66.3	-37.8	-78.4	-42.5	-11.7	171.7	-45.1
Margins (%)	13.4	13.4	12.0	8.8	7.4	3.4	8.3	8.3	11.8	7.0

UPL**Neutral****CMP INR717| TP: INR760 (+6%)****EPS CHANGE (%): FY24|25: -11|-11**

- All the key geographies are expected to grow in low to mid-single digit rate.
- Revenue/EBITDA are expected to grow 6%/7% YoY.
- The price trends in raw materials, debt levels and capex plans are the key monitorables.
- Global demand-supply scenario will be a key monitorable.

Cons.: Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	85.2	105.7	113.0	158.6	108.2	125.1	136.8	168.4	462.4	538.5
YoY Change (%)	8.7	18.2	23.8	24.0	27.1	18.4	21.1	6.2	19.5	16.5
Total Expenditure	66.5	85.2	86.3	122.7	84.8	97.4	106.5	129.8	360.8	418.5
EBITDA	18.6	20.5	26.7	35.9	23.4	27.7	30.3	38.6	101.7	120.0
Margins (%)	21.9	19.4	23.6	22.6	21.7	22.1	22.2	22.9	22.0	22.3
Depreciation	5.5	5.7	6.0	6.4	5.9	6.1	6.2	6.5	23.6	24.7
Interest	6.1	3.6	5.3	8.0	5.2	6.4	8.9	6.5	23.0	27.1
Other Income	0.5	0.5	0.7	1.2	0.7	0.8	1.2	0.7	2.8	3.4
Exch. difference on trade rec./payable	0.9	1.1	2.2	2.1	2.0	3.2	1.5	0.0	6.4	6.7
PBT before EO expense	6.6	10.5	13.9	20.5	11.1	12.7	14.8	26.3	51.6	64.9
Extra-Ord expense	0.6	0.4	0.5	1.7	0.8	0.4	0.2	0.0	3.2	1.4
PBT	6.0	10.1	13.3	18.9	10.3	12.3	14.6	26.3	48.3	63.5
Tax	-1.5	2.5	1.7	2.7	0.6	2.3	1.4	4.3	5.3	8.6
Rate (%)	-25.3	24.6	12.5	14.1	5.7	18.8	9.2	16.5	10.9	13.5
MI & P/L of Asso. Cos.	0.8	1.3	2.3	2.4	1.0	1.8	2.4	2.5	6.8	7.7
Reported PAT	6.8	6.3	9.4	13.8	8.8	8.1	10.9	19.4	36.3	47.2
Adj PAT	10.2	7.5	12.0	18.9	10.4	10.5	13.4	19.4	48.5	53.7
YoY Change (%)	50.4	12.0	28.1	58.7	2.9	40.3	11.1	2.9	39.9	10.7
Margins (%)	11.9	7.1	10.7	11.9	9.7	8.4	9.8	11.5	10.5	10.0

Zee Entertainment

Buy

CMP: INR212 | TP: INR245 (+16%)

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

- Consolidated revenue expected to decline 16% due to the softness in ad revenues and black-out of 8-9 days in 4QFY23
- Ad revenue is likely to fall 15% YoY, impacted by a slowdown in the FMCG segment.
- EBITDA margin is estimated to contract due to the revenue decline and higher costs pertaining to programming costs under theatricals, IL-T20 costs and merger-related expenses.

Consolidated - Quarterly Earning Model

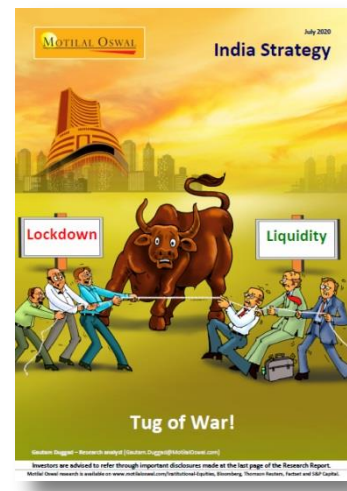
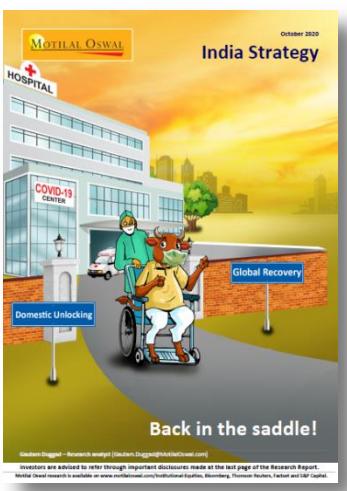
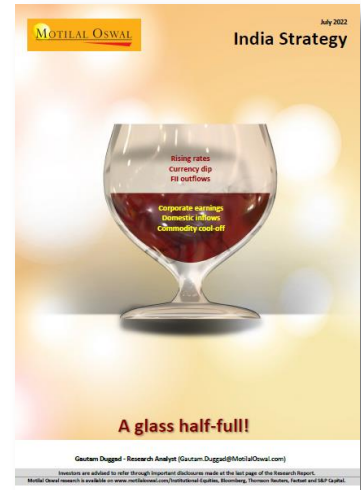
(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue	17,750	19,788	21,126	23,229	18,457	20,284	21,112	19,520	81,893	79,373
YoY Change (%)	35.3	14.9	-22.6	18.2	4.0	2.5	-0.1	-16.0	5.9	-3.1
Total Expenditure	14,310	15,666	16,334	18,363	16,100	17,311	17,732	17,565	64,672	68,708
EBITDA	3,440	4,122	4,793	4,866	2,358	2,973	3,380	1,956	17,221	10,666
EBITDA Margin (%)	19.4%	20.8%	22.7%	20.9%	12.8%	14.7%	16.0%	10.0%	21.0%	13.4%
Depreciation	590	598	594	677	778	816	913	750	2,459	3,256
Interest	19	22	30	381	81	97	131	91	451	400
Other Income	336	317	178	383	338	176	161	161	1,213	835
Fair Value through P&L gain/(loss)	-97	-89	-53	202	0	0	58	0	-37	58
PBT before EO expense	3,069	3,730	4,294	4,394	1,837	2,237	2,554	1,275	15,487	7,902
Extra-Ord expense	37	140	154	1,002	150	466	1,690	0	1,333	2,306
PBT	3,032	3,590	4,140	3,392	1,687	1,770	864	1,275	14,154	5,596
Tax	945	930	1,151	1,572	621	641	619	319	4,597	2,200
Rate (%)	31.2	25.9	27.8	46.4	36.8	36.2	71.6	25.0	32.5	39.3
MI & P/L of Asso. Cos.	-50	-41	2	0	-1	1	2	-88	-89	-87
Reported PAT	2,137	2,702	2,987	1,819	1,066	1,129	243	1,045	9,646	3,483
Adj PAT	2,210	2,853	3,153	2,155	1,161	1,426	1,855	1,045	10,371	5,487
YoY Change (%)	56	70	-35	-20	-47	-50	-41	-52	-2	-47

E: MOFSL Estimates

NOTES

Motilal Oswal India Strategy Gallery



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