

# India Strategy



## Stem the Game!

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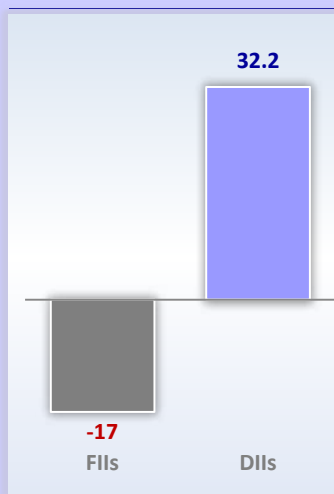
**OTHERS - Pg228**

BSE Sensex: 59,900

Nifty 50: 17,859



### Institutional flows in CY22 (USD b)



### Upcoming state elections

State	Lok Sabha seats
Madhya Pradesh	29
Rajasthan	25
Meghalaya	2
Nagaland	1
Tripura	2
Karnataka	28
Chhattisgarh	11
Telangana	17
Mizoram	1

## Stem the Game!

### India stood out in CY22 despite flat returns

India displayed remarkable resilience and outperformed global markets handsomely despite remaining almost flat (Nifty up 4%) in CY22. Buoyant corporate earnings and the highest ever domestic equity inflows (USD32.2b) underscored the outperformance. It was a challenging year on macro front with inflation, interest rate hikes and geopolitics driving the narrative considerably. The intent of the global central banks to increase interest rates aggressively to curb inflation and slow down growth seems to have started playing out, as evident in economic growth contraction across countries worldwide. Indian markets also exhibited divergent trends with Nifty Bank Index being up 21% and Nifty IT index being down 26% in CY22.

### CY23 offers a challenging pitch on earnings and valuations

As we usher in CY23, there are three important variables that will dominate investor conversations in our view. **First**, India's sharp outperformance in CY22 and significant premium on valuations (MSCI India at 132% premium v/s MSCI EM, down from the recent high of 165%) has increased the risk where the Indian markets can remain flattish again or underperform (unlike CY22) while global markets recover from the lows (Hang Seng Index up 45% since Oct'22). This is more so given the emerging downside risks to domestic corporate earnings. **Second**, the likely economic growth deceleration (2HFY23 GDP expected to grow 4.3% according to RBI), can put near-term earnings at risk. The channel checks by our teams across consumption-based sectors and early pre-quarterly releases from corporates reveal some moderation in consumption space already. **Third**, the CY23 political calendar is quite busy with nine states going for elections. These states contribute 116 seats to Lok Sabha and BJP is currently in power in five states going to elections having 92 seats in Lok Sabha. Investors will be mindful of government's growth impetus ahead of this busy election calendar as it will set the tone and momentum for 2024 general elections.

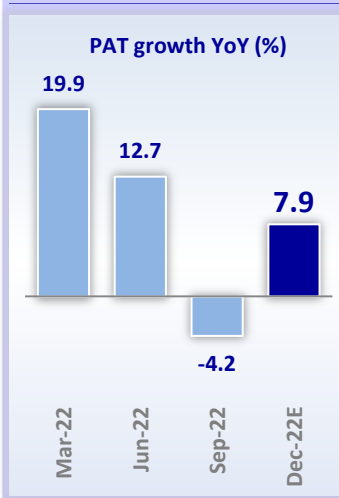
### Growth at reasonable price to dominate CY23, again

Given this challenging backdrop and valuations not offering any material margin of safety (Nifty at 19x, in-line with its long-period average), we believe growth at reasonable valuations will continue to be the theme to generate returns in CY23. In CY22, we saw this play out to an extent, e.g. PSU Basket bounced back with PSU Index outperforming Nifty by 19% while the recently listed new-age companies declining more than 50%. Bank Nifty was up 21% while IT Nifty index lost 26%.

### Financials to lead the narrative again; IT / Consumption seeing downgrades

We believe Financials still have more legs to perform as the sector is offering most consistent earnings visibility (BFSI earnings in Nifty have expanded to INR2.07t in FY23E from INR450b in FY18), best balance sheet quality in more than a decade, resilient credit growth, healthy provision ratios and reasonable valuations. In Technology, we believe valuations have largely corrected and large-cap names offer

PAT growth for the MOFSL universe (YoY %)



value. However, given the evolving global macros around recession and rate hikes, the sector can see some more correction. Consumption-based themes, despite growth slowdown, are still expensive and we should wait for growth to revive before turning more constructive. Within domestic cyclicals, we expect Cement to be a better play than Automobiles. This apart, we see tractions in select pockets where domestic demand is intact e.g. Travel & Tourism, Hospital, Real Estate and select discretionary sub-categories such as Jewelry.

**MOFSL Top Ideas: Large-caps – Axis Bank, SBI, L&T, ITC, and ONGC.**

**Mid-Caps – Jubilant Food, Angel One, Lemon Tree, Samvardhana Motherson, APL Apollo, and Dalmia Bharat.**

### Earnings highlights – 3QFY23E | Commodities to drag; BFSI to salvage

- We expect MOFSL earnings to rise 8% YoY while Nifty earnings are likely to grow 14% YoY in 3QFY23. Corporate earnings growth would be led by BFSI, Auto and Technology. BFSI is expected to drive 114% of incremental YoY earnings growth for MOFSL Universe in 3QFY23.
- Sales and EBITDA of MOFSL Universe are likely to grow 14% and 8%, while for Nifty, we expect Sales and EBITDA to rise 15% and 13%, respectively.
- The aggregate performance for MOFSL Universe will be marred by a sharp drag from global commodities such as Metals and O&G, which are likely to report a 27% and 13% YoY earnings decline, respectively. Excluding these, the MOFSL Universe/Nifty should post 26%/25% earnings growth, respectively, in 3QFY23.
- EBITDA margin is projected to decline 230bp YoY for MOFSL Universe (ex-OMCs). The EBITDA margin for Nifty companies, excluding Financials and OMC, is likely to decline 150bp to 20.8%. However, the recent commodity price correction will drive sequential margin expansion in 4QFY23E and FY24E.
- We have reduced our FY23E Nifty EPS by 2% to INR820 (earlier: INR837) largely led by a cut in O&G's earnings estimates, especially ONGC, as we are now building in the windfall tax regime to continue for FY24 as well in our base case. We now forecast the Nifty EPS to grow 13%/21% in FY23/FY24, respectively. Financials alone are likely to account for ~70% of the incremental FY23E earnings growth for Nifty. We introduce our FY25E earnings and estimate Nifty FY25 EPS to be at INR1,135 (+15% YoY).

### Model portfolio: Key changes

**Growth at reasonable price** drives our model portfolio's construction approach. We remain OW on Financials, Capex and Autos. We are raising weights in Healthcare after the recent underperformance. We are UW on Metals, Energy and Utilities.

- **Financials:** We reiterate our OW stance on Financials and remain significantly OW on PSU Banks. Axis Bank is our key alpha pick in Private Banks for CY23. The bank is targeting a cost to-assets ratio of ~2% by FY25-end and consol RoE of 18% on sustainable basis (already achieved this in 2QFY23). Adjusted for subs, Axis trades at 1.8x FY24E ABV. In NBFC, we are adding Bajaj Finance in the model portfolio after the recent underperformance. Customer acquisitions and new loans trajectory have been strong and the momentum will only get stronger with the digital ecosystem – app, web platform and the full-stack payment offerings. We estimate BAF to deliver an AUM/PAT CAGR of ~26%/35% and an RoA/RoE of

THEME 2023 REPORTS

India Strategy: Indian PSUs – scripting a comeback story!!!

India Strategy: Corporate margins to rise from the ashes

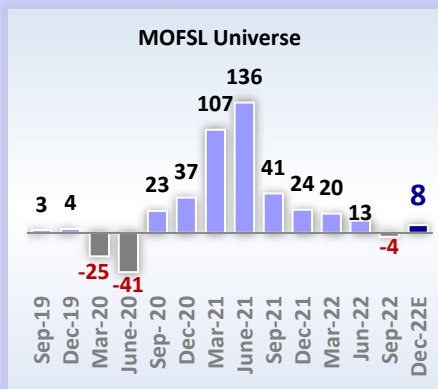
4.7%/24% in FY25, respectively. We are also introducing Poonawalla Fincorp in the portfolio. PFL has laid down a robust foundation for sustainable profitability through initiatives that will lead to lower operating costs, higher business volumes and robust asset quality. We model an AUM/PAT CAGR of 37%/~65% over FY22-FY25E, respectively, and an RoA/RoE of 4.8%/~12% in FY25E.

- **IT:** No change in our stance. We are neutral with the entire weight being allocated to large-caps: Infosys, TCS and HCL Tech.
- **Consumption:** We are adding Britannia to the model portfolio. In Staples, we continue to maintain our weights in ITC and GCPL. In discretionary, our long-standing preference with Titan remains. JUBI and Metro Brands constitute our other discretionary preferences.
- **Automobile:** We are adding Samvardhana Motherson. We believe the worst is behind for the company and operating performance should start recovering, led by improving supply-side issues and stable costs. We maintain our allocations in Maruti and Ashok Leyland.
- **Oil & Gas:** We are adding ONGC among our top ideas for 2023. High dividend yield, attractive valuations and progress on two aspects – Oil & Gas production and domestic APM gas price – drive our investment thesis.
- **Healthcare:** We are adding Sun Pharma to the model portfolio. Increased prescription base for the Specialty portfolio, robust franchise building in Branded Generics, niche ANDA pipeline awaiting approval, and controlled cost management drive our positive view.
- **In Mid/Smallcaps:** We are including APL Apollo Tubes and Dalmia Bharat. APL Apollo Tubes is a market leader in structural tubes with strong execution capabilities, largest capacity, SKUs and distribution network focused on innovating and expanding the applications for structural tubes in diverse areas. It, therefore, expects to clock 31% PAT CAGR over FY22-25. For Dalmia Bharat, the recent recovery in cement prices in the Eastern region will drive near-term improvement in profitability. Over the long-run, the company is expected to benefit from its aggressive capex plan.

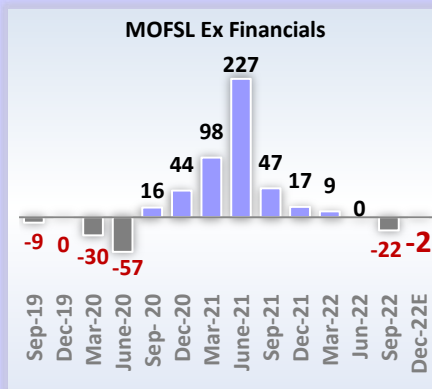
# Corporate earnings at a glance: BFSI to propel earnings growth

BFSI drives the quarter: Excluding BFSI, profits would decline 2% YoY for the MOFSL Universe; while for Nifty (ex-BFSI) profits would report 5% YoY growth

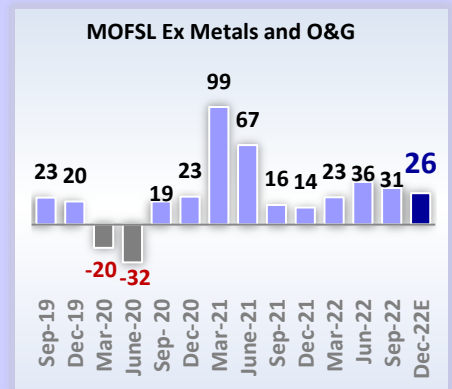
**PAT expected to rise 8% YoY for MOFSL Universe**



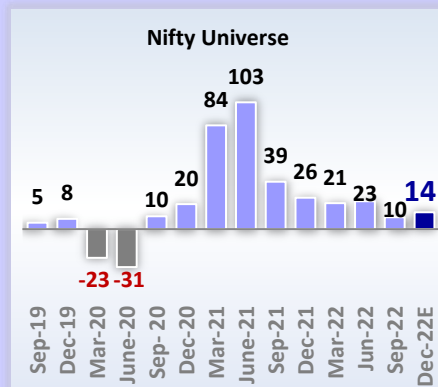
**PAT expected to decline 2% YoY for MOFSL Universe, excluding Financials**



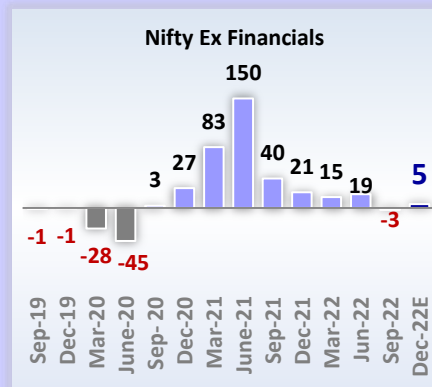
**PAT to rise 26% YoY for MOFSL Universe, sans Metals and O&G**



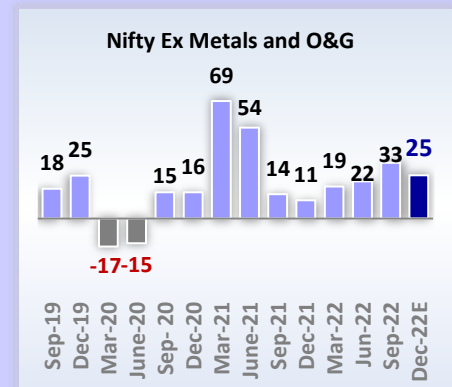
**PAT growth for the Nifty Universe at 14% YoY**



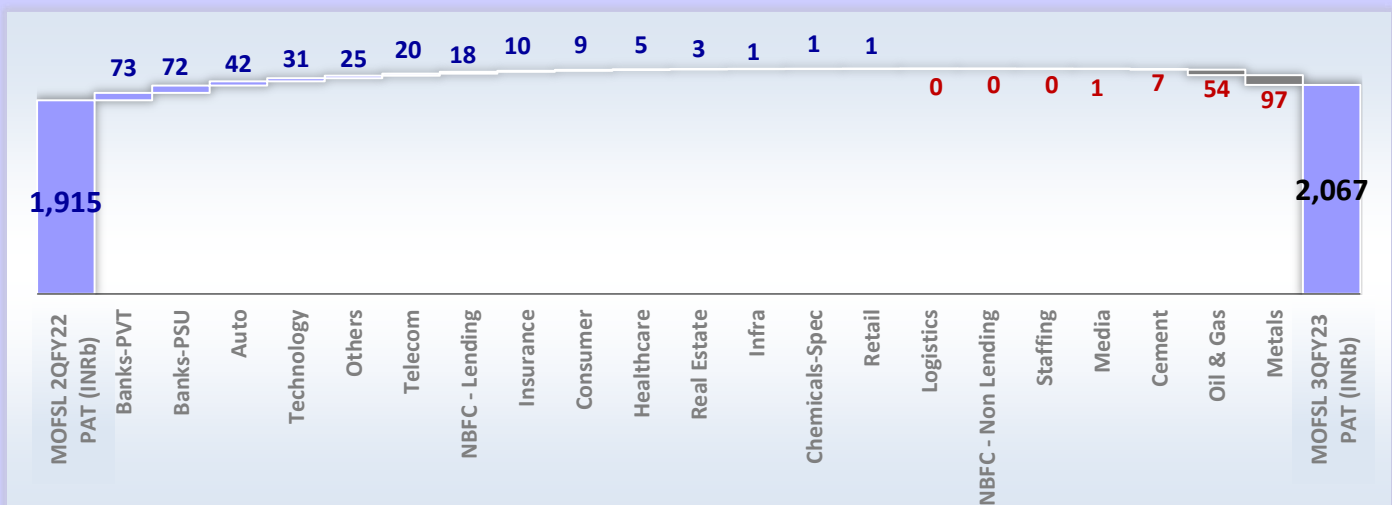
**PAT to grow 5% YoY for the Nifty Universe, sans Financials**



**PAT to rise 25% YoY for the Nifty Universe, sans Metals and O&G**

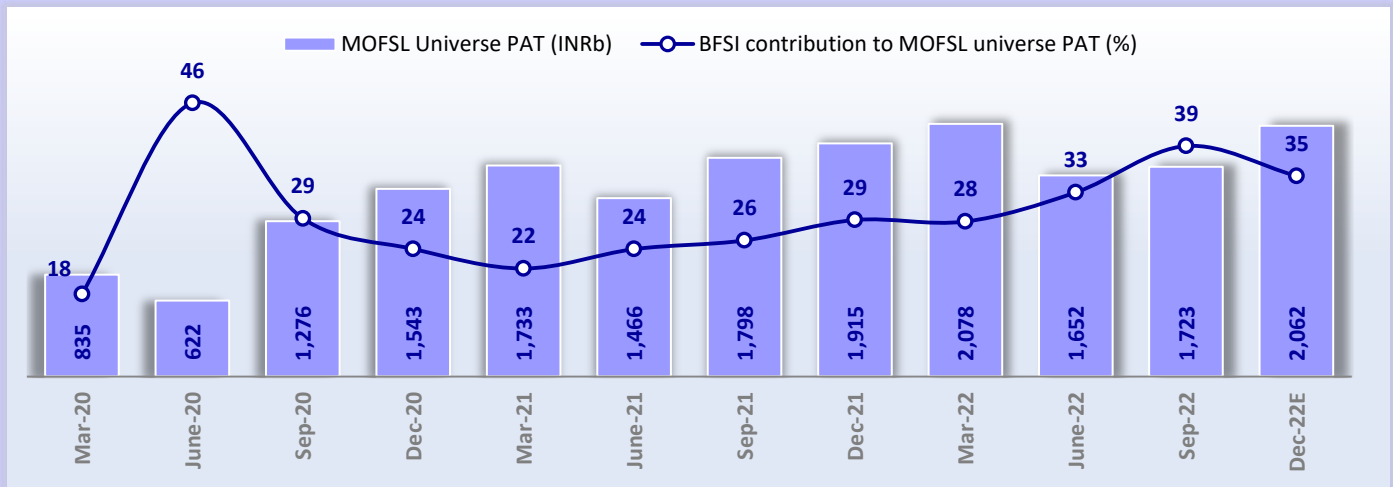


Financials, Autos, and Technology to lead aggregate earnings growth in 3QFY23, while Metals, Oil & Gas, Cement will drag the same

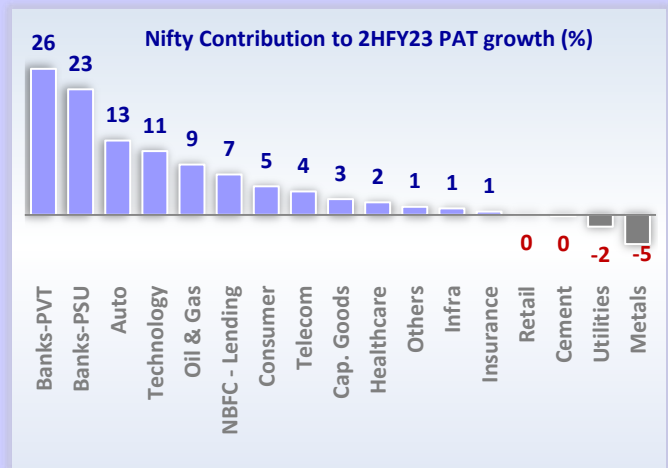
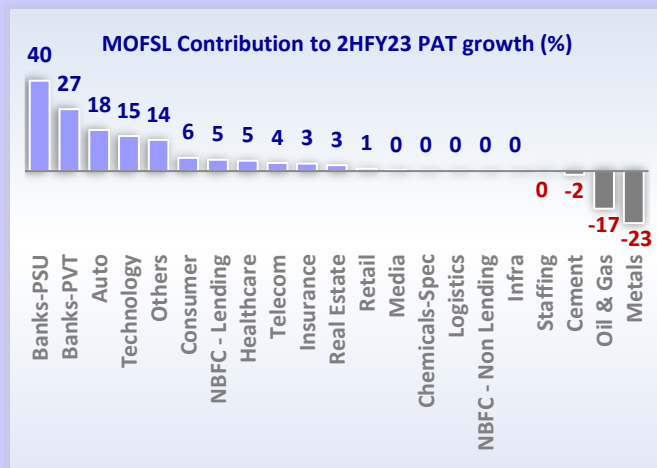


# Corporate earnings at a glance: BFSI to propel earnings growth

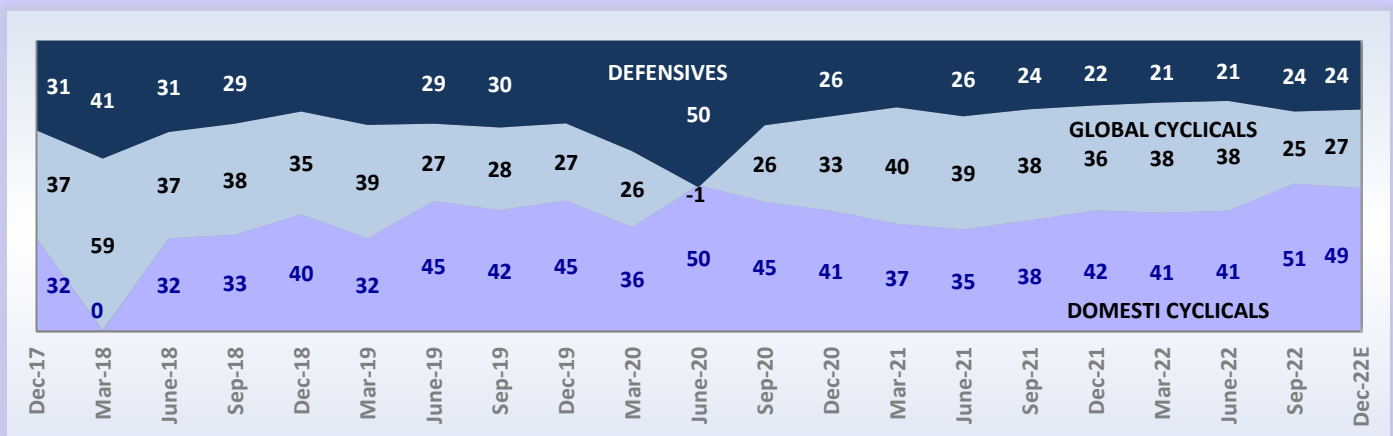
Financials' contribution at the highest since Sep'20; accounts for over one-third of the overall profit pool in 2QFY23; the trend is likely to continue



Expect PAT for the MOFSL universe to grow 12% in 2HFY23 v/s 3% growth in 1HFY23 driven by Banks, Autos, and Technology. Metals and Oil & Gas will continue to be the key laggards in 2HFY23.



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



MODEL  
PORTFOLIO

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**MOFSL MODEL PORTFOLIO**

SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE	M Cap (USD b)	CMP (INR)	TP (INR)	% Upside	PAT YoY/CAGR (%)			
									FY22	FY23E	FY24E	FY22- FY24
<b>Financials</b>	<b>35.2</b>	<b>36.0</b>	<b>0.8</b>	<b>Overweight</b>								
<b>Private Banks</b>	<b>21.5</b>	<b>22.0</b>	<b>0.5</b>	<b>Overweight</b>								
ICICI Bank	6.6	8.0	1.4	Buy	73.5	870	1,150	32	44	32	17	24
HDFC Bank	7.6	7.0	-0.6	Buy	107.7	1,594	1,900	19	19	20	19	19
Axis Bank	2.8	4.0	1.2	Buy	35.0	940	1,130	20	98	62	19	39
IndusInd Bank	0.8	3.0	2.2	Buy	11.1	1,182	1,450	23	64	56	27	41
<b>PSU Bank</b>	<b>2.8</b>	<b>7.0</b>	<b>4.2</b>	<b>Overweight</b>								
SBI	2.5	5.0	2.5	Buy	64.9	601	725	21	58	51	15	32
Bank of Baroda	0.4	2.0	1.6	Buy	11.5	183	200	9	777	57	25	40
<b>Diversified Financials</b>	<b>10.9</b>	<b>7.0</b>	<b>-3.9</b>	<b>Underweight</b>								
Bajaj Finance	1.7	3.0	1.3	Buy	43.9	5,981	7,820	31	59	61	22	40
SBI Life Insurance	0.6	2.0	1.4	Buy	15.4	1,270	1,600	26	3	20	20	20
Angel One	0.0	2.0	2.0	Buy	1.3	1,279	2,100	64	110	27	13	20
<b>Consumption / Retail</b>	<b>13.2</b>	<b>12.0</b>	<b>-1.2</b>	<b>Underweight</b>								
ITC	3.2	4.0	0.8	Buy	50.4	335	405	21	16	23	12	17
Titan Company	1.2	2.0	0.8	Buy	27.3	2,537	3,060	21	138	41	16	28
Britannia Industries	0.6	2.0	1.4	Neutral	12.7	4,358	4,280	-2	-18	20	14	17
Godrej Consumer	0.4	2.0	1.6	Buy	11.4	917	1,035	13	2	-10	44	14
Jubilant Foodworks	0.2	2.0	1.8	Buy	4.0	498	690	39	89	12	23	18
<b>Technology</b>	<b>12.5</b>	<b>12.0</b>	<b>-0.5</b>	<b>Neutral</b>								
Infosys	5.8	6.0	0.2	Buy	73.5	1,449	1,760	21	14	11	15	13
TCS	3.6	4.0	0.4	Buy	142.4	3,212	3,830	19	18	12	17	14
HCL Technologies	1.2	2.0	0.8	Buy	33.9	1,033	1,280	24	14	10	16	13
<b>Energy/Telecom</b>	<b>13.4</b>	<b>12.0</b>	<b>-1.4</b>	<b>Underweight</b>								
Reliance Industries	9.5	7.0	-2.5	Buy	207.9	2,537	2,957	17	34	9	18	13
Bharti Airtel	2.1	3.0	0.9	Buy	55.7	797	1,010	27	LP	173	59	108
ONGC	0.6	2.0	1.4	Buy	22.5	147	200	36	100	16	18	17
<b>Cap Goods, Infra &amp; Cement</b>	<b>7.7</b>	<b>9.0</b>	<b>1.3</b>	<b>Overweight</b>								
Larsen & Toubro	2.7	5.0	2.3	Buy	35.5	2,086			24	29	22	26
Ultratech Cement	0.9	2.0	1.1	Buy	24.4	6,983	7,770	11	3	-9	26	7
Macrotech Developers	0.0	2.0	2.0	Buy	6.2	1,062	1,530	44	70	25	32	28
<b>Auto</b>	<b>5.2</b>	<b>6.0</b>	<b>0.8</b>	<b>Overweight</b>								
Maruti Suzuki	1.2	2.0	0.8	Buy	30.7	8,385	11,275	34	-12	79	59	69
Ashok Leyland	0.2	2.0	1.8	Buy	5.3	148	185	25	LP	5545	125	1026
Samvardhana Motherson	0.0	2.0	2.0	Buy	6.2	75	97	29	-22	79	86	83
<b>Healthcare</b>	<b>3.7</b>	<b>4.0</b>	<b>0.3</b>	<b>Neutral</b>								
Apollo Hospitals	0.5	2.0	1.5	Buy	7.7	4,393	5,600	27	1025	-11	53	16
Sun Pharma	1.2	2.0	0.8	Buy	29.3	1,008	1,200	19	25	14	18	16
<b>Metals / Utilities</b>	<b>5.6</b>	<b>2.0</b>	<b>-3.6</b>	<b>Underweight</b>								
Tata Steel	1.0	2.0	1.0	Neutral	17.1	116	123	6	387	-55	14	-29
<b>Midcaps/Smallcaps</b>	<b>3.5</b>	<b>7.0</b>	<b>3.5</b>	<b>Overweight</b>								
VRL Logistics	0.0	1.0	1.0	Buy	0.6	542	730	35	255	8	33	20
Metro Brands	0.0	1.0	1.0	Buy	2.8	861	1,050	22	221	83	18	47
Zee Ent.	0.2	1.0	0.8	Buy	2.8	238	310	30	-2	-22	60	12
Poonawalla Fincorp	0.0	1.0	1.0	Buy	2.7	290	350	21	LP	95	63	79
Lemon Tree	0.0	1.0	1.0	Buy	0.7	78	115	48	Loss	LP	28	LP
Dalmia Bharat	0.0	1.0	1.0	Buy	4.2	1,871	2,080	11	-12	-5	18	6
APL Apollo Tubes	0.0	1.0	1.0	Buy	3.8	1,120	1,400	25	55	22	44	32
<b>Total</b>	<b>100</b>	<b>100</b>							<b>50</b>	<b>17</b>	<b>20</b>	<b>19</b>

MARKETS

Nifty's crowning stroke!

- **Nifty pulls off a great feat...:** The Nifty celebrates a new milestone in CY22 – by touching a blissful high of 18,888, before closing at 18,105! This achievement appeared unimaginable in 2002, when the index hovered around at the edge of 1K. As mighty as the Nifty seems now, we note that it has navigated the numerous ups and downs that have helped shape what it has achieved today!
- **...as the world watches:** Nifty is up 4% in CY22 – a seventh consecutive year of positive returns! The last seven years would go down in the annals of history as the much eventful years comprising volatility, unpredictability, divergence, pessimism and optimism.
- Over the last seven years (CY16-CY22), Nifty has consecutively delivered positive returns despite a multitude of disruptions (Demonetization, GST, Covid-19, etc.) along the way.
- The Nifty-50 delivered a ~14% CAGR (up 2.2 times) during the period. The last such rally was seen way back in CY02-07, when the benchmark rallied for six consecutive years clocking a CAGR of 41% (up 5.6 times).
- Notably, even though the index was up for seven years in a row, there are only two sectors – Oil & Gas and Financials, which have delivered positive returns in all these seven years

Exhibit 1: Seven consecutive years of positive returns for the first time in history!

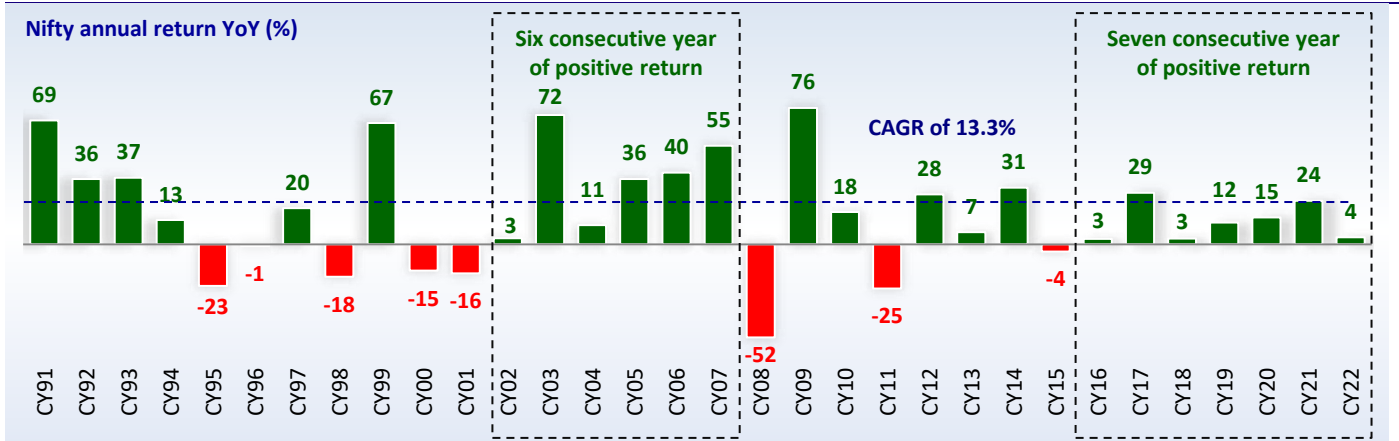


Exhibit 2: World equity indices in CY22 in USD terms (%)

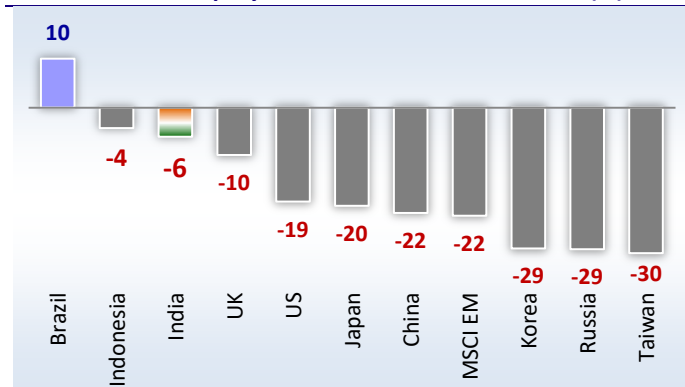
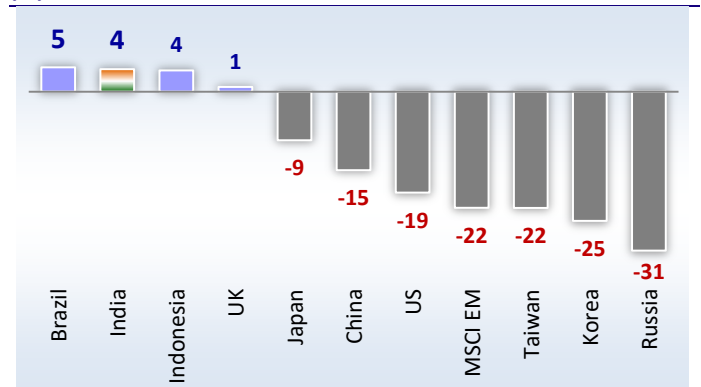


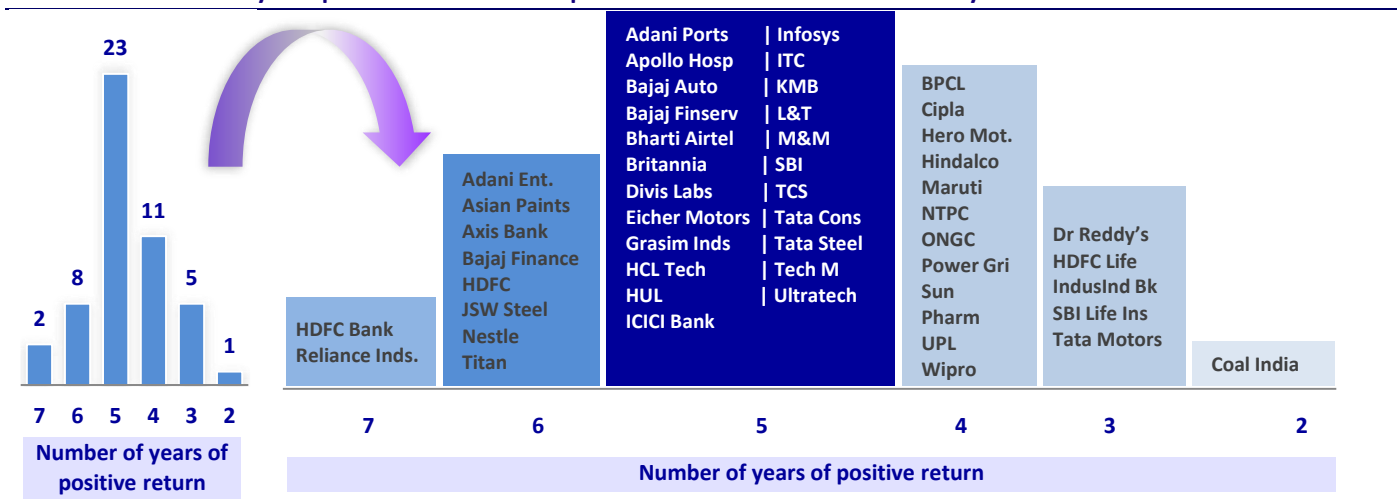
Exhibit 3: World equity indices in CY22 in local currency terms (%)



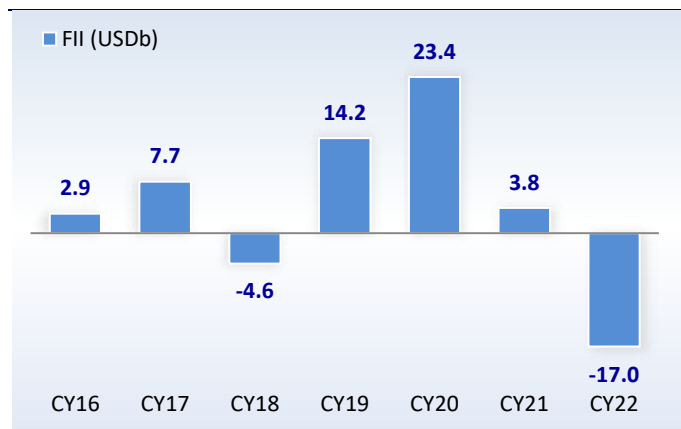
**Exhibit 4: Trends in sectoral performance (%) — Oil & Gas and Financials only sectors to deliver seven consecutive years of positive returns**

Sector	Returns YoY (%)							CAGR (%)
	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY16-CY22
<b>Nifty-50</b>	3	29	3	12	15	24	4	14
<b>Midcap 100</b>	7	47	-15	-4	22	46	4	14
<b>Smallcap 100</b>	2	57	-29	-10	21	59	-14	9
Bank PSU	4	24	-17	-18	-31	44	71	6
Utilities	2	20	-16	-4	7	69	26	14
Metal	45	49	-20	-11	16	70	22	17
Bank PVT	7	41	8	16	-3	5	21	14
Consumer	3	29	14	-1	13	10	18	13
Capital Goods	-3	40	-2	-10	11	53	16	16
Auto	11	31	-23	-11	11	19	15	6
Oil & Gas	20	39	1	11	6	34	14	17
Finance	5	41	11	26	4	14	10	17
Infra	-2	34	-13	3	12	36	6	12
Telecom	-21	49	-41	13	14	43	-4	8
Media	-1	33	-26	-30	-9	35	-10	-4
Real Estate	-4	110	-33	28	5	54	-11	17
Healthcare	-14	-6	-8	-9	61	10	-11	3
Technology	-7	12	24	8	55	60	-26	18

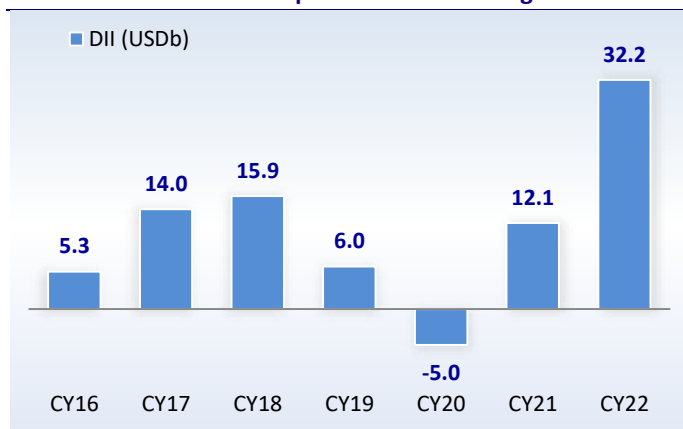
**Exhibit 5: 23 of 50 Nifty companies have delivered positive returns in five out of seven years**



**Exhibit 6: FIIs witness outflows after three consecutive years of inflows**



**Exhibit 7: DII flows into equities in CY22 the highest ever**



## 3QFY23 PREVIEW

## BFSI to propel earnings growth, anew...

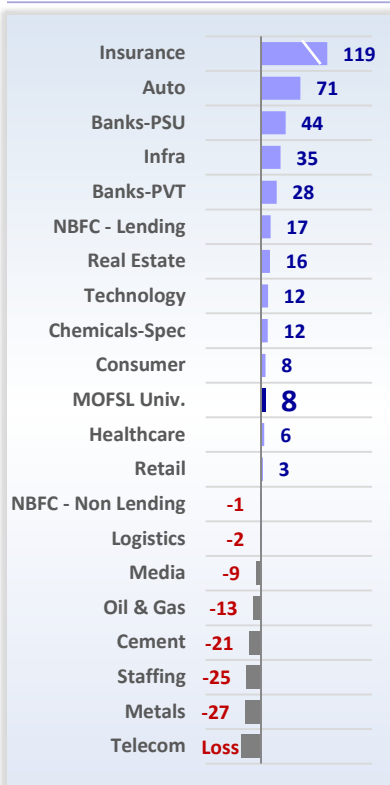
Expect BFSI, Autos, and Technology to lead incremental profit growth in 3QFY23

Of the 15 major sectors under MOFSL Coverage, 12 sectors to see a decline in gross margin YoY

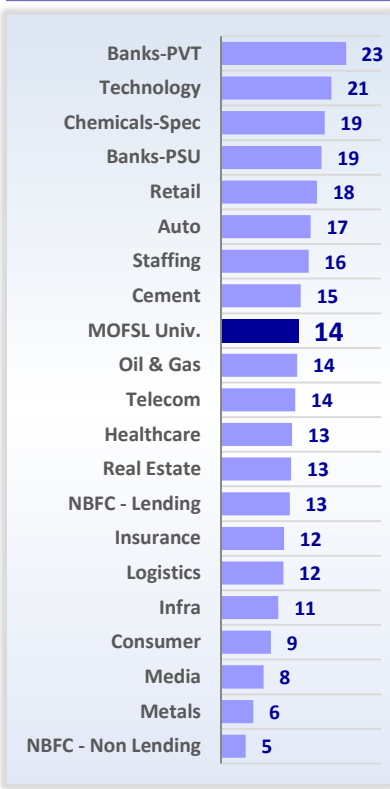
...while, Commodities will continue to drag during the quarter!

- After a strong performance in CY21, the Indian market remained resilient on the backdrop of weak global macros. Despite a multitude of headwinds such as high commodity inflation, rising interest rates, and highest FII outflows, the Nifty-50 was up 4% in CY22 – a seventh consecutive year of positive returns!
- **BFSI continues to be the savior:** Corporate earnings growth in 3QFY23 is expected to be tepid and led by BFSI, Auto and Technology. BFSI will drive 114% of incremental YoY earnings growth for MOFSL universe in 3QFY23E aided by healthy business growth, NIM expansion, and benign credit costs, even as opex could remain high due to continuous investments in businesses.
- **Autos** universe is likely to report a 71% YoY jump in earnings driven by Tata Motors, excluding which the sector is likely to clock a 32% YoY growth. We estimate margins to improve for the second successive quarter, with 160bp YoY (+40bp QoQ) expansion in EBITDA margin for our Auto OEM Universe (ex-TTMT), fueled by benefits of RM cost moderation.
- **Technology**, post-muted earnings growth in the last two quarters, is likely to report a double-digit earnings growth at 12% YoY. We expect Tier II players to register a stronger PAT growth than Tier I players, propelled by healthy revenue growth and margin expansion.
- **Global Cyclical to play a spoilsport:** The aggregate performance for MOFSL will be marred by a sharp drag from global commodities such as Metals and O&G, which is likely to see a 27% and 13% YoY earnings decline, respectively. Excluding these, the MOFSL Universe should post a solid 26% earnings growth.
- **Nifty corporate earnings to remain healthy at 14% in 3QFY23:** SBI, Coal India, ONGC, HDFC Bank and Axis Bank are likely to drive Nifty earnings, while Tata Steel, Reliance Industries and JSW Steel would drag the same. Nifty earnings, excluding Metals and O&G, are forecasted to post 25% YoY growth.
- **2HFY23E snapshot:** Nifty and MOFSL Universe are likely to record 17% YoY and 12% YoY earnings growth, respectively, in 2HFY23E. While excluding Metals and O&G, MOFSL Universe and Nifty should post 29% YoY and 24% YoY growth in 2HFY23E PAT, respectively.
- Telecom (loss of INR24b), Cement (-21% earnings decline YoY), Media (-9%), Logistics (-2%), and Staffing (-25%) are projected to report an earnings decline.
- We expect EBITDA/PBT/PAT for the MOFSL Universe to increase 8% YoY each. Excluding Metals and O&G, EBITDA/PBT/PAT for the MOFSL Universe to grow 17%/25%/26% YoY, respectively.
- Sales for the MOFSL Universe are forecasted to grow 14% YoY. Excluding Metals and O&G, sales are likely to improve 17% YoY.
- However, EBITDA margin for most of the sectors are likely to contract on a YoY basis. In 3QFY23, 12 out of the 15 major sectors under MOFSL Coverage are projected to see a decline in margin YoY.

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



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



**Key sectoral trends and highlights**

- The **Private Banks** Universe should report a 21%/28%/28% YoY growth in PPOP/PBT/PAT, respectively. Loan growth is projected to remain strong. We estimate an 18% loan growth for Private Banks in FY23/FY24 each.
- Our **NBFC - Lending** Coverage Universe is likely to report a PBT/PAT growth of 15%/17% YoY, respectively. We expect disbursements to remain healthy across vehicle financing, driven by strong demand and sectoral tailwinds.
- **PSU Banks** are likely to deliver an NII/PPOP growth of 19% YoY each. PAT is projected to grow 44% YoY. We forecast earnings growth for PSBs to remain healthy, aided by a pick-up in margins and continuous reduction in credit costs. However, opex is likely to remain elevated as banks provide for wage revisions, which could slightly hurt operating profitability.
- The **O&G** Universe is expected to report sales/EBITDA/PAT growth of 14%/1%/ -13% YoY. Brent has averaged USD88.5/bbl (+11% YoY, -12% QoQ) in 3QFY23. SG GRM declined further during the quarter, led by weaker product cracks.
- The **MOFSL Autos** Universe is likely to report a 71% YoY jump in earnings driven by Tata Motors, excluding which the sector is likely to clock a 32% YoY growth. We estimate margins to improve for the second successive quarter, with 160bp YoY (+40bp QoQ) expansion in EBITDA margin for our Auto OEM Universe (ex TTMT), fueled by benefits of RM cost moderation.
- The **MOFSL Technology** services Universe is likely to deliver a median revenue growth of 1.9% QoQ and 9.1% YoY in constant currency (CC) terms in 3QFY23E. The major currencies (EUR and GBP) remained stable against USD with EUR having strengthened ~1%, while GBP has weakened ~1% implying a currency impact of +40bp to -50bp.
- Our **Consumer** Universe is forecasted to report the following growth numbers: +9% on topline, +10% on EBITDA, and +8% on PAT. The three-year sales/EBITDA/PAT CAGR stands at 13%/10%/7%, respectively, with EBITDA and PAT growth lagging sales growth because of persistent material cost pressure. In terms of volume and revenue growth, our FMCG Universe is likely to see another subdued quarter in 3QFY22, especially as rural demand remains weak.
- 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 two quarters. The sector is likely to report a 27% decline in PAT and 20% decline in EBITDA YoY. Sales are forecasted to grow 6% YoY.
- Earnings for our **Healthcare** Universe are likely to rise 6% in 3QFY23, after declining over the last two quarters.
- The **MOFSL Cement** Universe should report an EBITDA/PBT/PAT decline of 7%/19%/21%, respectively. Aggregate EBITDA margin is likely to contract 320bp YoY to 13.5%.
- The **Telecom** Universe should report a loss for the 22<sup>nd</sup> consecutive quarter, largely led by IDEA. Subsequently, we expect 1-4% ARPU increase across telcos, driving 3-4% sequential revenue growth for Bharti and RJio and 1% for VIL.

**Exhibit 8: Nifty/MOFSL universe to post 8%/14% YoY earnings growth in 3QFY23, respectively (INR b)**

Sector	Sales		EBITDA		PBT		PAT		PAT Delta		EBITDA Margin (%)
	Dec-22	YoY	Dec-22	YoY	Dec-22	YoY	Dec-22	YoY	INR b	Share (%)	
<b>PAT growth sectors</b>	<b>4,937</b>	<b>19</b>	<b>1,464</b>	<b>25</b>	<b>1,005</b>	<b>39</b>	<b>753</b>	<b>42</b>	<b>223</b>	<b>147</b>	<b>145</b>
Insurance (6)	585	12	17	LP	19	207	18	119	10	6	354
Others (15)	566	30	118	42	80	86	60	72	25	16	187
Automobiles (23)	2,255	17	252	29	132	46	100	71	42	27	107
Banks-PSU (6)	779	19	515	19	321	39	236	44	72	48	7
Infrastructure (3)	43	11	12	1	5	5	4	35	1	1	-251
Banks-Private (13)	709	23	550	21	447	28	336	28	73	48	-146
<b>Med/Low growth sectors</b>	<b>4,017</b>	<b>16</b>	<b>1,010</b>	<b>10</b>	<b>879</b>	<b>11</b>	<b>674</b>	<b>11</b>	<b>68</b>	<b>45</b>	<b>-138</b>
NBFC - Lending (16)	251	13	195	8	158	15	124	17	18	12	-327
Real Estate (8)	87	13	22	7	17	14	18	16	3	2	-157
Technology (12)	1,801	21	407	12	378	12	283	12	31	21	-170
Chemicals-Specialty (9)	74	19	13	13	12	13	9	12	1	1	-102
Consumer (19)	777	9	179	10	169	8	127	8	9	6	6
Healthcare (22)	661	13	140	8	109	6	86	6	5	3	-107
Retail (16)	367	18	53	10	35	4	27	3	1	1	-105
<b>PAT de-growth sectors</b>	<b>11,545</b>	<b>12</b>	<b>1,623</b>	<b>-5</b>	<b>953</b>	<b>-14</b>	<b>640</b>	<b>-18</b>	<b>-139</b>	<b>-91</b>	<b>-258</b>
NBFC - Non Lending (6)	23	5	11	-2	11	-2	8	-1	0	0	-333
Logistics (5)	65	12	9	0	7	1	5	-2	0	0	-165
Media (3)	40	8	11	-6	9	-8	7	-9	-1	0	-412
Oil & Gas (15)	7,448	14	728	1	511	-8	360	-13	-54	-36	-130
Cement (11)	466	15	63	-7	36	-19	26	-21	-7	-4	-319
Staffing (3)	94	16	3	-12	2	-27	1	-25	0	0	-106
Metals (10)	2,832	6	523	-20	368	-26	256	-27	-97	-64	-607
Telecom (4)	578	14	274	18	8	LP	-24	Loss	20	13	156
<b>MOFSL Universe (225)</b>	<b>20,499</b>	<b>14</b>	<b>4,096</b>	<b>8</b>	<b>2,836</b>	<b>8</b>	<b>2,067</b>	<b>8</b>	<b>152</b>	<b>100</b>	<b>-125</b>
<b>Nifty (49)</b>	<b>12,834</b>	<b>15</b>	<b>3,221</b>	<b>13</b>	<b>2,248</b>	<b>15</b>	<b>1,638</b>	<b>14</b>	<b>197</b>		<b>-39</b>
<b>Sensex (30)</b>	<b>9,075</b>	<b>17</b>	<b>2,570</b>	<b>13</b>	<b>1,754</b>	<b>15</b>	<b>1,264</b>	<b>14</b>	<b>153</b>		<b>-79</b>

**Exhibit 9: Expect a two-year PBT/PAT CAGR of 16% each for the MOFSL Universe (INR b)**

Sector	PBT (INR b)				Growth (%)			PAT (INR b)				Growth (%)		
	Dec-20	Dec-21	Sep-22	Dec-22	YoY	Two-year CAGR	QoQ	Dec-20	Dec-21	Sep-22	Dec-22	YoY	Two-year CAGR	QoQ
Automobiles (23)	188	90	126	132	46	-16	5	141	59	96	100	71	-16	4
Cement (11)	63	44	28	36	-19	-24	28	44	32	21	26	-21	-24	22
Chemicals-Specialty (9)	10	10	12	12	13	6	-4	8	8	9	9	12	5	-3
Consumer (19)	146	156	163	169	8	8	4	110	118	123	127	8	7	4
Financials (47)	496	735	890	956	30	39	8	378	549	678	722	32	38	6
Banks-Private (13)	258	348	409	447	28	31	9	193	262	306	336	28	32	10
Banks-PSU (6)	115	231	305	321	39	67	5	87	164	226	236	44	65	5
Insurance (6)	9	6	16	19	207	43	16	11	8	15	18	119	25	16
NBFC - Lending (16)	105	137	148	158	15	22	7	81	106	122	124	17	24	2
NBFC - Non Lending (6)	8	12	12	11	-2	21	-4	6	9	8	8	-1	20	0
Healthcare (22)	106	102	115	109	6	2	-5	82	81	86	86	6	2	-1
Infrastructure (3)	7	5	6	5	5	-10	-2	5	3	4	4	35	-9	8
Logistics (5)	6	7	7	7	1	13	7	4	6	5	5	-2	12	7
Media (3)	10	10	7	9	-8	-3	37	8	8	5	7	-9	-7	34
Metals (10)	357	498	218	368	-26	1	68	244	353	145	256	-27	3	76
Oil & Gas (15)	379	556	378	511	-8	16	35	296	415	275	360	-13	10	31
Oil Ex-OMCs (12)	224	437	413	398	-9	33	-4	192	323	303	278	-14	20	-8
Real Estate (8)	12	15	11	17	14	18	53	10	16	13	18	16	38	46
Retail (16)	19	34	27	35	4	35	32	14	26	20	27	3	37	32
Staffing (3)	2	2	1	2	-27	-10	19	1	2	1	1	-25	3	5
Technology (12)	309	336	348	378	12	11	9	231	252	259	283	12	11	9
Telecom (4)	-36	-20	-16	8	LP	LP	LP	-48	-45	-41	-24	Loss	Loss	Loss
Others (15)	22	43	33	80	86	90	140	17	35	24	60	72	90	151
<b>MOFSL Universe (225)</b>	<b>2,096</b>	<b>2,625</b>	<b>2,353</b>	<b>2,836</b>	<b>8</b>	<b>16</b>	<b>21</b>	<b>1,543</b>	<b>1,915</b>	<b>1,723</b>	<b>2,067</b>	<b>8</b>	<b>16</b>	<b>20</b>
<b>Nifty (49)</b>	<b>1,550</b>	<b>1,962</b>	<b>1,983</b>	<b>2,248</b>	<b>15</b>	<b>20</b>	<b>13</b>	<b>1,148</b>	<b>1,441</b>	<b>1,466</b>	<b>1,638</b>	<b>14</b>	<b>19</b>	<b>12</b>
<b>Sensex (30)</b>	<b>1,243</b>	<b>1,522</b>	<b>1,588</b>	<b>1,754</b>	<b>15</b>	<b>19</b>	<b>10</b>	<b>933</b>	<b>1,112</b>	<b>1,156</b>	<b>1,264</b>	<b>14</b>	<b>16</b>	<b>9</b>

Sales/PAT for the MOFSL Universe to grow 14%/8% YoY in 3QFY23, respectively

Exhibit 10: Expect sales for the MOFSL universe to grow 14% YoY in 3QFY23

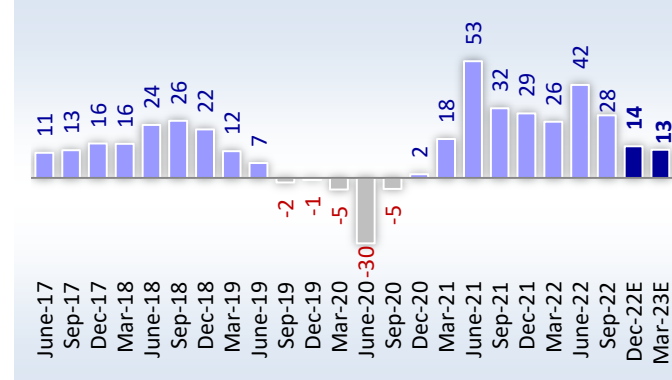


Exhibit 11: Expect earnings for the MOFSL universe to grow 8% YoY in 3QFY23, led by BFSI and Autos

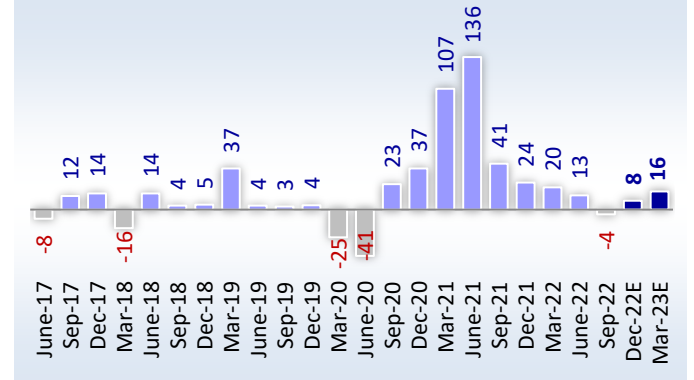


Exhibit 12: Expect EBITDA margin to contract 230bp YoY to 18.6% in 3QFY23

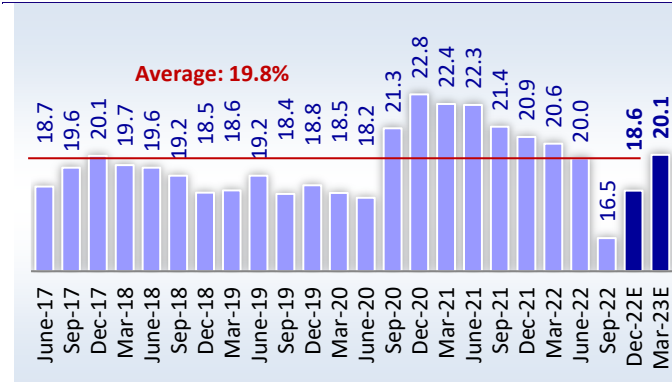
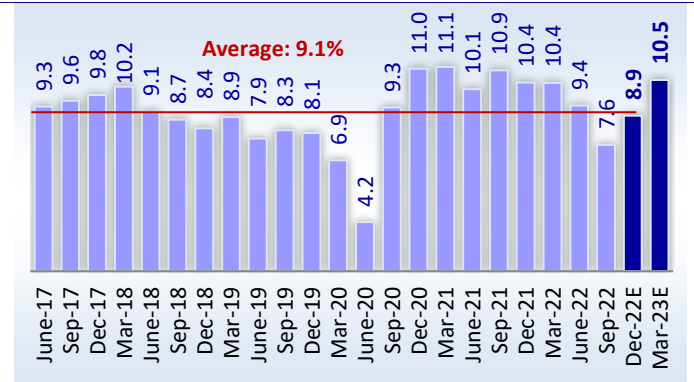


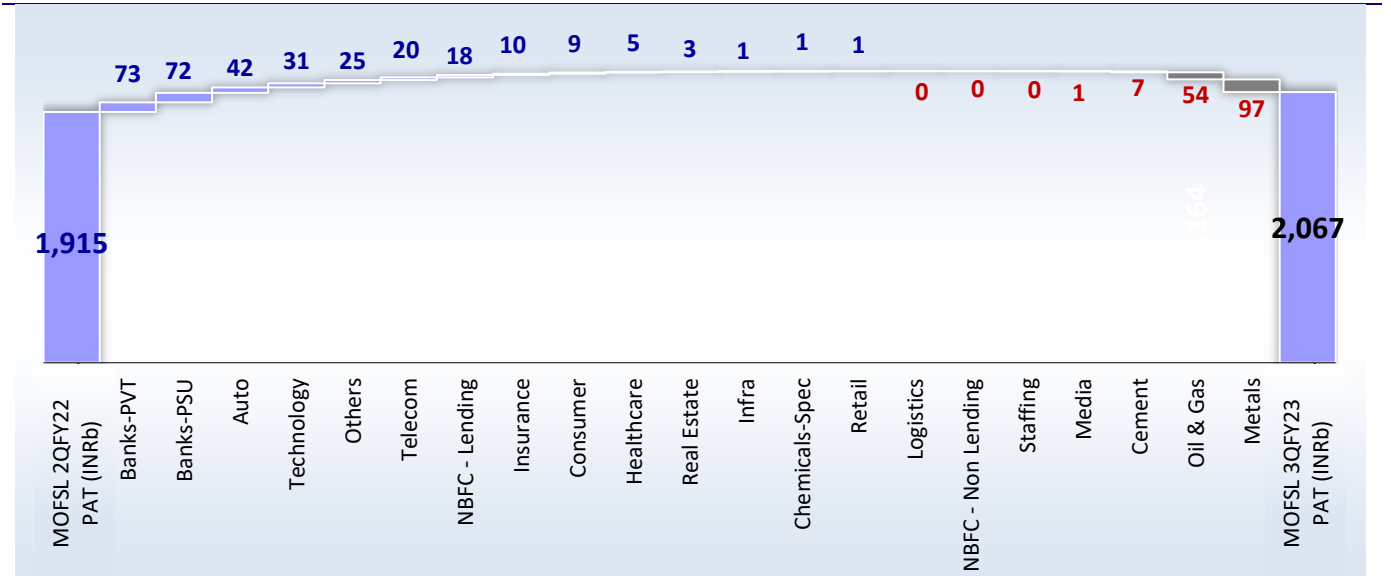
Exhibit 13: Expect PAT margin to decline 150bp YoY to 8.9%



Source: MOFSL, excluding Financials and OMCs

Source: MOFSL, excluding Financials and OMCs

Exhibit 14: Expect Financials, Autos, and Technology to lead aggregate earnings growth in 3QFY23, while Metals, Oil & Gas, and Cement to drag profits growth



Source: MOFSL

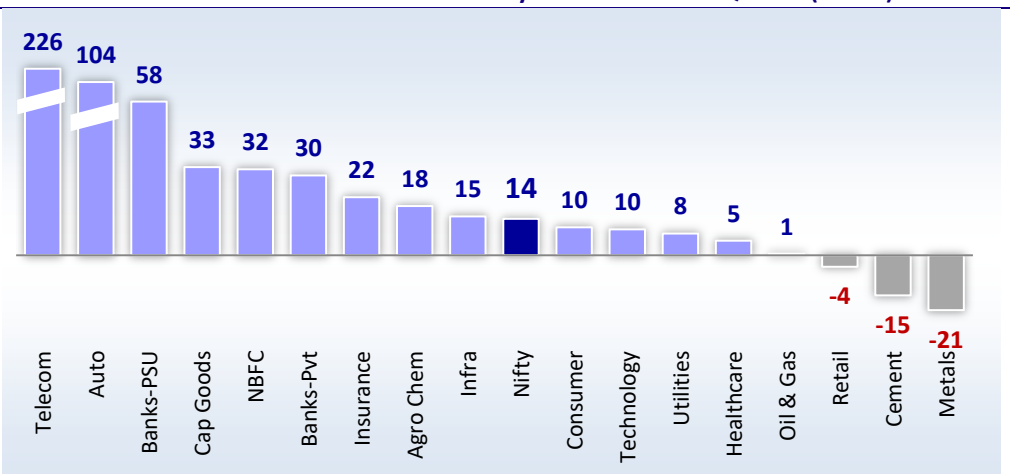
**Exhibit 15: Sectoral quarterly PAT trend (INR b) – MOFSL universe to report a 20% sequential decline in PAT**

Sector	Mar-20	June-20	Sep-20	Dec-20	Mar-21	June-21	Sep-21	Dec-21	Mar-22	June-22	Sep-22	Dec-22E	Mar-23E
Automobiles	-8	-95	76	141	148	8	30	59	85	13	96	100	131
Banks-Private	97	140	184	193	192	174	190	262	295	272	306	336	355
Banks-PSU	-26	47	82	87	100	123	148	164	152	133	226	236	273
insurance	20	18	13	11	4	4	13	8	16	14	15	18	22
NBFC - Lending	58	73	83	81	72	51	103	106	119	112	122	124	125
NBFC - Non Lending	1	4	6	6	7	7	8	9	9	8	8	8	9
Cement	31	23	39	44	54	51	45	32	41	44	21	26	39
Chemicals-Specialty	8	5	7	8	9	9	8	8	10	10	9	9	10
Consumer	85	71	102	110	104	90	109	118	115	121	123	127	135
Healthcare	54	67	81	82	72	87	92	81	73	71	86	86	94
Infrastructure	2	1	2	5	4	3	3	3	6	8	4	4	5
Logistics	3	-1	3	4	3	3	5	6	5	5	5	5	6
Media	-4	2	4	8	6	5	5	8	5	7	5	7	8
Metals	123	-13	137	244	345	373	416	353	406	333	145	256	391
Oil & Gas	214	162	283	296	393	301	385	415	448	242	275	360	421
Real Estate	7	-3	5	10	13	7	12	16	17	15	13	18	27
Retail	4	-9	0	14	11	-6	15	26	16	22	20	27	21
Staffing	2	1	1	1	2	1	2	2	2	2	1	1	2
Technology	203	187	213	231	224	236	243	252	258	237	259	283	302
Telecom	-49	-46	-56	-48	-41	-55	-46	-45	-25	-48	-41	-24	-28
Others	10	-13	9	17	11	-4	12	35	25	30	24	60	67
<b>MOFSL Universe</b>	<b>835</b>	<b>622</b>	<b>1,276</b>	<b>1,543</b>	<b>1,733</b>	<b>1,466</b>	<b>1,798</b>	<b>1,915</b>	<b>2,078</b>	<b>1,652</b>	<b>1,723</b>	<b>2,067</b>	<b>2,414</b>

**Expect profit for Nifty constituents to grow 14% YoY**

- We expect EBITDA/PBT/PAT for Nifty constituents to improve 13%/15%/14% YoY propelled by Telecom, Autos and BFSI; excluding Metals and O&G, EBITDA/PBT/PAT is likely to grow 19%/25%/25% YoY, respectively.
- The EBITDA margin for Nifty companies, excluding Financials and OMC, is likely to decline 150bp to 20.8%.
- SBI, Coal India, ONGC, HDFC Bank and Axis Bank are likely to fuel Nifty earnings, while Tata Steel, Reliance Industries and JSW Steel will drag the same.
- Fifteen companies are likely to report PAT growth of above 30% YoY.
- Twelve Nifty companies are expected to report a YoY decline in PAT.

**Exhibit 16: Sector-wise PAT breakdown for Nifty constituents in 3QFY23E (YoY %)**

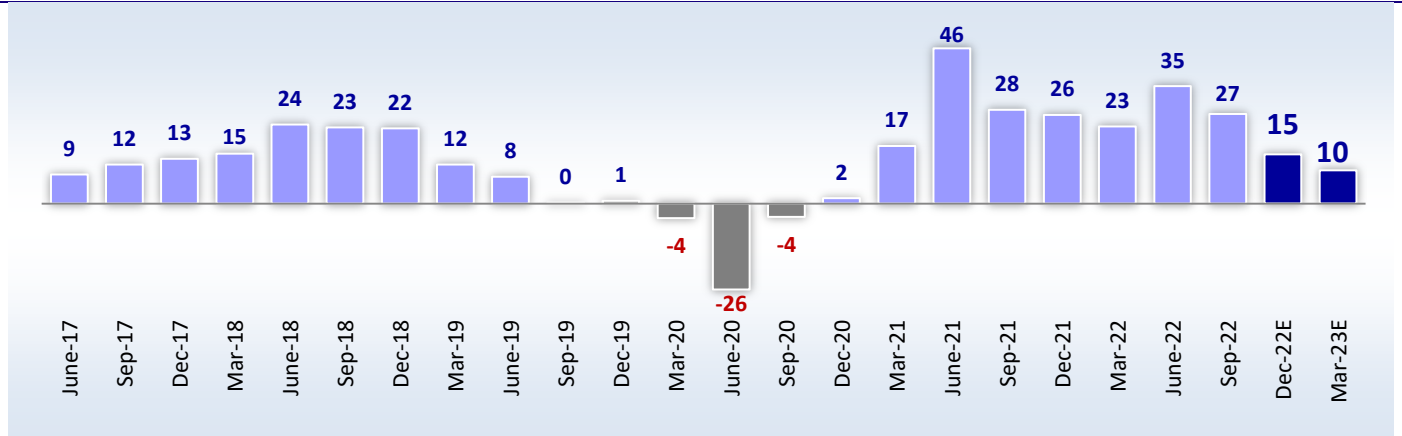


Source: MOFSL

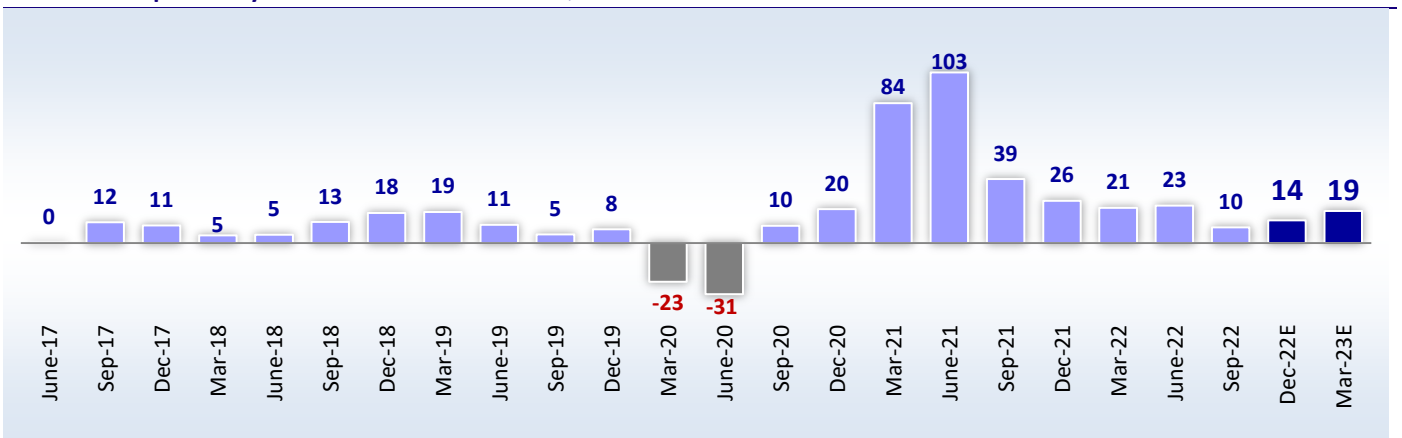
Telecom, Autos, and BFSI are likely to lead Nifty earnings



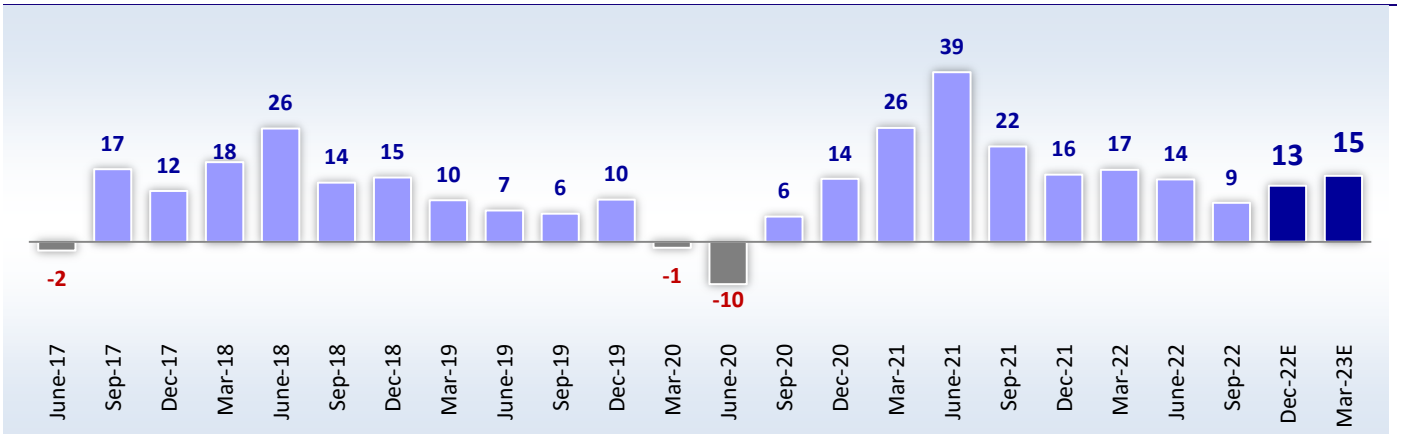
**Exhibit 17: Expect Nifty's revenue to grow 15% YoY in 3QFY23**



**Exhibit 18: Expect Nifty's PAT to rise 14% YoY in 3QFY23**



**Exhibit 19: Expect Nifty's EBITDA to improve 13% YoY during the quarter**



**Exhibit 20: Nifty's earnings snapshot for 3QFY23E (INR b)**

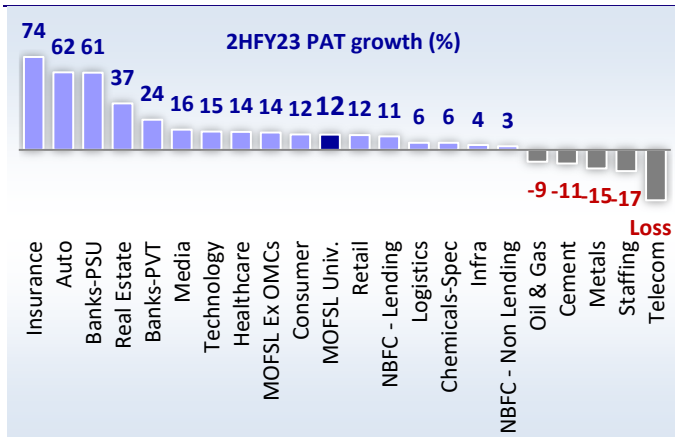
Company	Sales	Growth (%)	EBITDA	Growth (%)	PBT	Growth (%)	PAT	Growth (%)
	Dec-22	YoY	Dec-22	YoY	Dec-22	YoY	Dec-22	YoY
Bajaj Auto	86	-4.4	14	5.1	17	6.6	13	5.0
Eicher Motors	37	28.0	9	51.3	9	60.0	7	59.4
Hero MotoCorp	77	-2.1	9	-6.7	8	-6.7	6	-6.9
Mahindra & Mahindra	216	41.8	27	51.5	24	42.9	18	32.9
Maruti Suzuki	268	15.4	26	65.8	23	89.0	18	74.7
Tata Motors	827	14.5	88	29.8	1	LP	2	LP
Axis Bank	111	28.7	85	37.2	75	55.5	56	55.3
HDFC Bank	227	23.2	195	16.0	164	19.2	123	19.0
ICICI Bank	155	26.5	123	21.6	106	30.6	80	29.7
IndusInd Bank	44	16.9	37	11.1	26	57.2	20	57.1
Kotak Mahindra Bank	54	24.3	38	39.9	35	23.9	27	24.7
State Bank	378	23.2	224	21.1	182	57.7	133	58
HDFC Life Insur.	153	25.8	4	114.4	4	29.1	4	28.0
SBI Life Insurance	172	-4.6	7	207.2	4	13.1	4	17.1
Bajaj Finance	59	25.2	47	20.9	40	40.1	30	40.1
Bajaj Finserv	245	39.3	245	39.6	50	55.1	19	52.0
HDFC	48	12.2	46	11.9	42	12.4	37	19.1
Larsen & Toubro	453	14.4	54	19.9	45	26.7	27	33.1
Grasim Industries	62	7.2	7	-24.6	4	-43.1	3	-40.2
Ultratech Cement	155	19.1	24	-0.1	16	-0.8	11	-4.6
Asian Paints	93	9.0	18	17.3	16	18.1	12	18.1
Britannia	44	22.0	7	30.8	7	28.7	5	32.8
Hind. Unilever	149	14.0	34	3.9	32	4.5	24	4.3
ITC	167	5.2	60	17.8	62	12.1	46	10.8
Nestle	43	16.0	9	9.4	8	12.0	6	9.3
Tata Consumer	34	7.0	5	-0.6	4	0.3	3	0.4
Apollo Hospitals	42	15.9	5	-15.2	3	-26.6	2	-18.8
Cipla	64	16.6	16	30.2	14	31.0	10	36.9
Divi's Labs	19	-24.1	6	-41.4	6	-41.0	5	-40.2
Dr Reddy's Labs	57	7.8	14	12.6	11	10.8	9	21.8
Sun Pharma	111	12.9	29	12.6	25	7.3	21	10.4
Adani Ports	47	23.0	29	20.9	19	13.3	17	14.6
Coal India	363	27.7	124	67.7	114	80.4	86	87.8
Hindalco	501	-0.3	58	-21.9	34	-32.3	23	-31.4
JSW Steel	448	17.8	55	-39.4	32	-49.0	24	-46.1
Tata Steel	643	5.7	99	-37.5	64	-47.1	43	-56.1
BPCL	1,027	1.7	54	27.8	34	4.0	26	3.7
ONGC	392	37.6	196	22.4	152	32.7	113	29.5
Reliance Inds.	2,155	16.5	299	0.6	204	-8.2	137	-15.5
Titan Company	107	6.4	14	-3.8	13	-5.8	10	-4.3
HCL Technologies	267	19.6	60	11.6	52	17.3	40	14.8
Infosys	379	19.0	92	9.6	87	10.1	65	11.2
TCS	573	17.2	153	13.8	150	13.4	112	14.4
Tech Mahindra	135	17.8	21	0.2	18	-6.3	13	-6.9
Wipro	232	14.4	43	-1.3	36	-5.0	28	-6.9
Bharti Airtel	356	19.2	185	25.7	52	101.0	26	225.8
NTPC	318	10.0	102	12.8	56	4.1	44	5.0
Power Grid Corp.	106	7.0	93	8.0	48	14.7	38	12.0
UPL	133	18.0	32	19.6	20	46.3	14	18.5
<b>Nifty Universe</b>	<b>12,834</b>	<b>14.7</b>	<b>3,221</b>	<b>12.9</b>	<b>2,248</b>	<b>14.6</b>	<b>1,638</b>	<b>13.7</b>

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

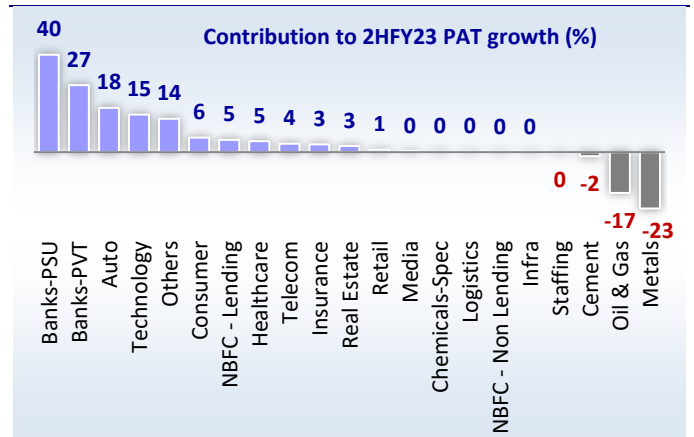
**Expect profit growth for MOFSL/Nifty universe at 12%/17% YoY in 2HFY23**

- We expect PAT for the MOFSL Universe to increase 12% YoY in 2HFY23 driven by Banks, Autos, and Technology v/s only 3% growth in 1HFY23.
- Metals and Oil & Gas will continue to be the key laggards in 2HFY23.
- We expect Nifty Universe to grow 17% in 2HFY23 v/s 15% growth in 1HFY23.
- The key contributors to Nifty's 1HFY23 growth were: ONGC, Coal India, Reliance Industries, SBI, and ICICI Bank that contributed 103% of the earnings growth. Conversely, the key laggards were: JSW Steel, Tata Steel, and BPCL.
- The key contributors to Nifty's 2HFY23E growth will be: SBI, Coal India, ONGC, HDFC Bank, and Tata Motors, accounting for 64% of the earnings delta.

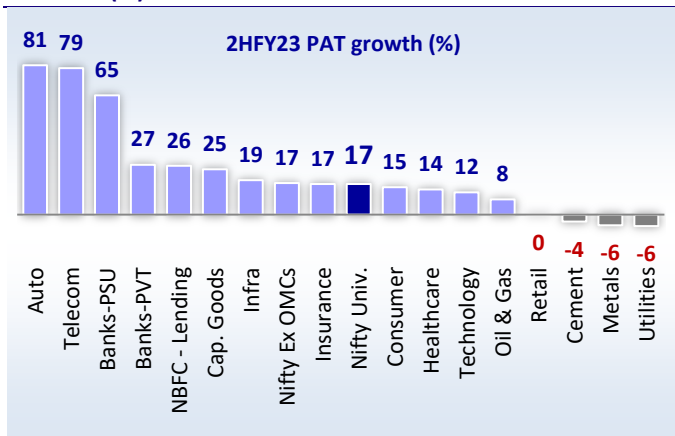
**Exhibit 21: Sectoral PAT growth for MOFSL Universe in 2HFY23E (%)**



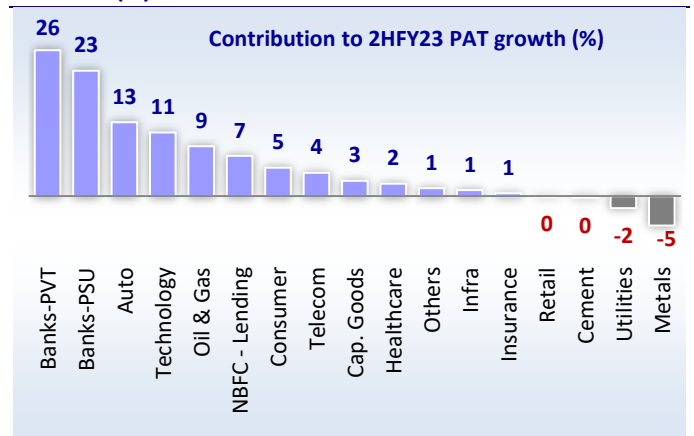
**Exhibit 22: Contribution to PAT growth for MOFSL Universe in 2HFY23E (%)**



**Exhibit 23: Sectoral PAT growth for Nifty Universe in 2HFY23E (%)**



**Exhibit 24: Contribution to PAT growth for Nifty Universe in 2HFY23E (%)**



**Exhibit 25: Expect 18% PAT CAGR for the MOFSL Universe over FY22-24**

Sector	Sales CAGR (%)	EBITDA CAGR (%)	EBITDA Margin (%)			PAT Growth / CAGR (%)				PAT Delta (INR b)	PAT Delta Share (%)
	(FY22-24)	(FY22-24)	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	(FY22-24)	(FY22-24E)	(FY22-24)
<b>High PAT CAGR (&gt;20%)</b>	<b>18</b>	<b>21</b>	<b>24.8</b>	<b>25.9</b>	<b>26.7</b>	<b>53</b>	<b>25</b>	<b>20</b>	<b>39</b>	<b>2,318</b>	<b>79</b>
Auto (23)	20	35	10.5	12.6	13.2	79	91	23	85	471	16
Retail (16)	33	41	13.6	13.9	14.2	84	30	24	55	67	2
Real Estate (8)	15	25	25.8	29.5	32.7	43	56	4	49	62	2
Financials (51)	16	17	36.9	37.4	38.4	48	17	20	31	1,517	52
Banks-PVT (13)	21	18	75.8	76.6	77.8	37	21	19	29	627	21
Banks-PSU (6)	16	14	66.0	67.6	69.2	51	22	20	36	515	18
Insurance (7)	14	63	3.7	2.6	2.9	247	-20	26	66	145	5
NBFC - Lending (19)	16	14	77.5	78.1	79.4	30	19	20	24	223	8
NBFC - Non Lending (6)	11	11	51.2	52.6	53.4	5	14	15	10	7	0
Infrastructure (3)	13	12	28.8	27.6	26.9	35	17	15	26	9	0
Media (3)	19	22	28.1	29.9	30.1	17	33	15	25	13	0
Logistics (5)	18	19	15.0	15.9	16.3	14	32	28	23	10	0
Staffing (3)	20	16	3.4	4.0	4.2	-4	56	38	22	3	0
Others (15)	20	39	17.9	20.7	20.7	176	26	13	86	166	6
<b>Medium PAT CAGR (0-20%)</b>	<b>17</b>	<b>12</b>	<b>11.5</b>	<b>13.3</b>	<b>13.8</b>	<b>-6</b>	<b>29</b>	<b>9</b>	<b>10</b>	<b>729</b>	<b>25</b>
Consumer (19)	14	18	23.1	24.6	25.1	17	19	14	18	172	6
Chemicals-Specialty (9)	16	17	18.1	20.8	21.4	11	25	17	18	13	0
Technology (12)	17	15	22.7	23.4	23.3	9	18	8	14	287	10
Healthcare (22)	11	11	21.0	22.2	22.8	0	23	16	11	78	3
Oil & Gas (15)	18	9	7.7	9.5	9.8	-23	43	5	5	179	6
Ex OMCs (12)	17	13	13.0	14.7	15.0	5	18	7	12	307	10
<b>Negative PAT CAGR</b>	<b>6</b>	<b>1</b>	<b>22.1</b>	<b>24.7</b>	<b>26.0</b>	<b>-26</b>	<b>24</b>	<b>25</b>	<b>-4</b>	<b>-119</b>	<b>-4</b>
Cement (11)	12	6	14.6	17.9	19.0	-18	21	18	0	-2	0
Metals (10)	4	-5	18.5	20.6	21.6	-26	13	14	-8	-244	-8
Telecom (4)	12	15	46.2	48.8	50.4	Loss	Loss	LP	Loss	128	4
<b>MOFSL (229)</b>	<b>16</b>	<b>13</b>	<b>17.2</b>	<b>19.1</b>	<b>20.0</b>	<b>10</b>	<b>27</b>	<b>16</b>	<b>18</b>	<b>2,928</b>	<b>100</b>
<b>Nifty (50)</b>	<b>15</b>	<b>14</b>	<b>20.9</b>	<b>22.7</b>	<b>23.4</b>	<b>14</b>	<b>20</b>	<b>14</b>	<b>17</b>	<b>2,092</b>	<b>NA</b>
<b>Sensex (30)</b>	<b>15</b>	<b>15</b>	<b>26.3</b>	<b>27.8</b>	<b>28.5</b>	<b>17</b>	<b>22</b>	<b>15</b>	<b>19</b>	<b>1,774</b>	<b>NA</b>

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

**Exhibit 26: Top upgrades/downgrades for Nifty in FY23E**

	Current EPS (INR)			EPS UPGRADE / DOWNGRADE (%)	
	FY22	FY23E	FY24E	FY23E	FY24E
BPCL	52.0	3.8	41.6	80.5	-2.3
Bharti Airtel	5.6	15.3	24.3	25.9	38.2
UPL	63.5	77.3	82.4	7.7	3.4
Nestle	240.8	253.8	308.2	3.7	1.0
State Bank	39.6	59.8	68.7	2.7	-1.7
TCS	104.0	117.4	136.9	2.0	3.5
Infosys	52.4	58.7	67.5	1.9	3.3
Hindalco	61.3	50.5	73.1	1.8	22.5
HCL Technologies	49.8	55.1	63.8	1.5	3.3
Mahindra & Mahindra	43.0	60.3	82.9	1.1	0.3
Divi's Labs	110.4	81.4	97.2	-3.1	-3.4
Tata Steel	33.0	14.8	16.8	-3.8	8.9
Grasim Industries	111.5	101.9	103.3	-4.2	-3.1
Eicher Motors	61.3	104.0	151.5	-4.3	-5.4
Tata Consumer	10.6	11.6	16.6	-5.0	-4.3
Bajaj Auto	183.6	203.8	227.6	-7.3	-4.7
Reliance Inds.	86.4	93.9	111.2	-7.5	0.1
JSW Steel	85.5	47.4	86.2	-10.1	-19.4
ONGC	32.2	37.5	44.4	-26.8	-30.5
Tata Motors	-28.2	-14.8	22.7	Loss	-2.6

Source: MOFSL

Exhibit 27: Absolute FY23E PAT change for Nifty constituents (INR b)

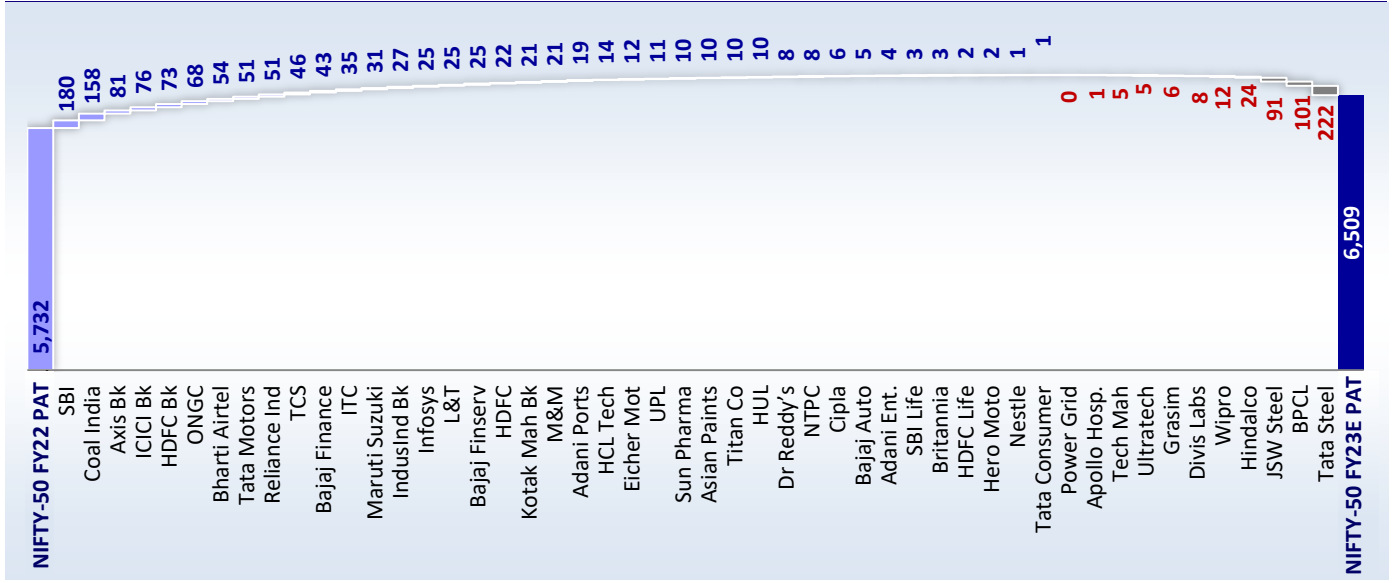
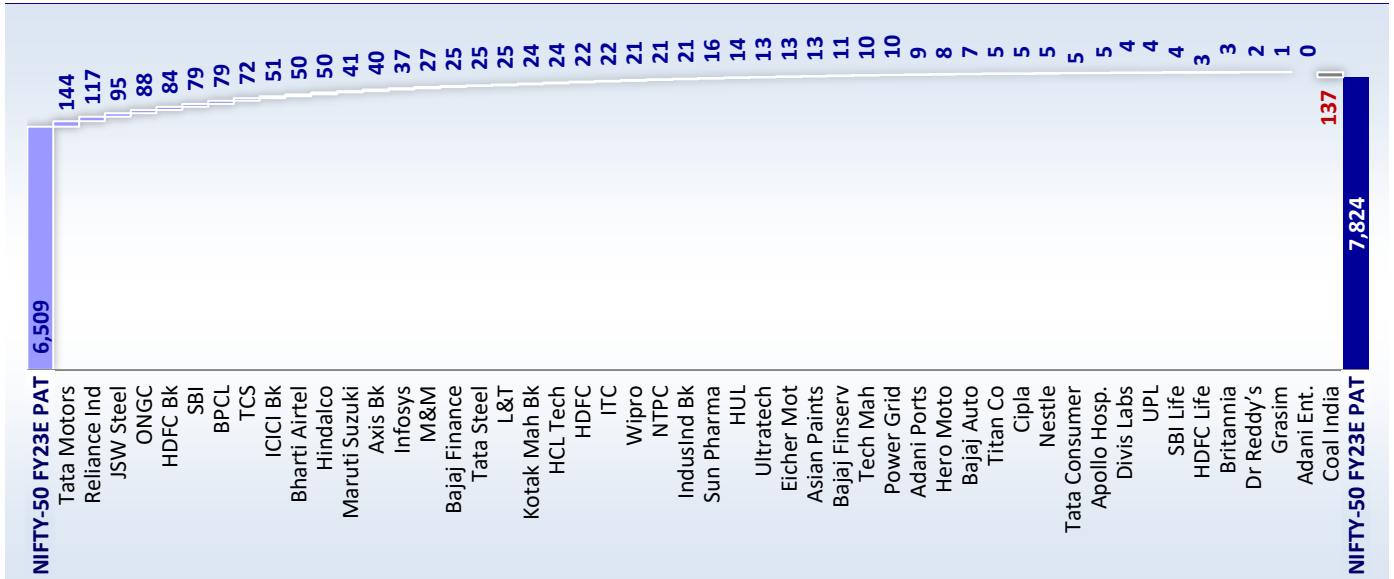


Exhibit 28: Absolute FY24E PAT change for Nifty constituents (INR b)



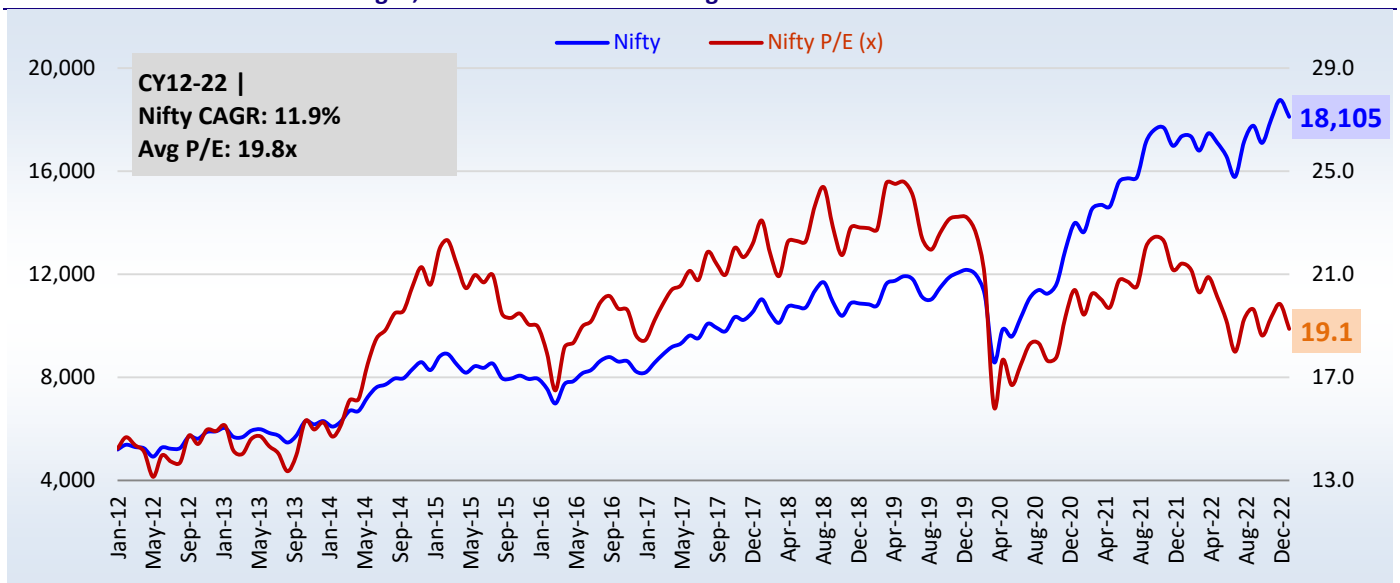
**Exhibit 29: Nifty performance – Expect FF PAT CAGR (FY22-24E) of 17%**

Company	Sales (INR b)			Sales CAGR % 22-24	EBITDA Margin (%)			EBITDA CAGR % 22-24	PAT (INR b)			PAT CAGR % 22-24	Contbn to Delta %
	FY23E	FY24E	FY25E		FY23E	FY24E	FY25E		FY23E	FY24E	FY25E		
<b>High PAT Growth (20%+)</b>	<b>14,704</b>	<b>17,041</b>	<b>19,011</b>	<b>20</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>22</b>	<b>1,817</b>	<b>2,380</b>	<b>2,882</b>	<b>44</b>	<b>59</b>
Tata Motors	3,290	3,942	4,323	19	9	12	12	38	-57	87	118	LP	9
Bharti Airtel	1,394	1,561	1,715	16	51	53	54	19	85	136	215	108	5
Maruti Suzuki	1,138	1,374	1,534	25	9	11	11	61	69	111	131	69	3
Eicher Motors	142	175	205	31	25	26	27	46	28	41	52	57	1
IndusInd Bank	175	209	251	18	83	84	84	16	75	96	119	41	2
Bajaj Finance	229	284	351	27	80	79	80	25	113	138	174	40	3
Mahindra & Mahindra	832	1,032	1,167	34	12	14	14	41	72	99	119	39	2
Axis Bank	428	507	560	24	73	77	80	26	211	251	289	39	6
Bajaj Finserv	271	324	392	22	79	75	71	23	70	81	99	33	2
State Bank	1,443	1,616	1,769	16	58	60	63	14	534	613	717	32	12
Asian Paints	347	393	447	16	18	20	21	29	42	54	62	30	1
Titan Company	383	454	541	26	13	13	13	31	33	38	48	28	1
Tata Consumer	136	150	162	10	13	15	16	16	11	16	18	28	0
Larsen & Toubro	1,789	2,053	2,297	15	12	12	13	18	111	136	160	26	2
Adani Enterprises	1,226	1,226	1,226	33	5	5	5	23	12	12	12	26	0
ICICI Bank	596	688	804	20	79	80	81	18	309	361	425	24	6
Adani Ports	196	225	248	19	64	64	64	22	79	88	99	22	1
SBI Life Insurance	688	828	1,018	19	3	4	3	24	18	22	25	20	0
<b>Medium PAT Growth (0-20%)</b>	<b>35,988</b>	<b>38,341</b>	<b>40,868</b>	<b>14</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>13</b>	<b>4,415</b>	<b>5,058</b>	<b>5,581</b>	<b>13</b>	<b>52</b>
HDFC Bank	873	1,063	1,239	21	83	82	82	16	443	527	629	19	8
HDFC Life Insur.	565	686	838	23	2	2	2	16	14	17	20	19	0
Hero MotoCorp	336	372	405	13	11	13	14	20	27	35	40	18	0
Cipla	239	263	288	10	24	24	25	16	34	40	42	18	1
ITC	685	728	799	14	36	37	37	19	186	208	232	17	3
Kotak Mahindra Bank	208	248	286	21	68	69	71	19	142	167	196	17	2
ONGC	7,281	7,277	7,311	17	13	15	16	14	481	569	597	17	7
Britannia	167	178	199	12	16	17	17	16	18	21	24	17	0
Apollo Hospitals	167	194	227	15	13	14	15	12	9	13	18	16	0
HDFC	189	216	244	12	96	95	96	12	150	173	197	16	2
Sun Pharma	445	506	563	15	26	27	27	17	85	101	115	16	1
Dr Reddy's Labs	228	251	279	9	24	24	24	15	37	39	44	16	0
TCS	2,248	2,525	2,715	15	27	27	26	14	431	502	518	14	6
UPL	549	607	647	15	23	23	23	16	59	63	71	14	1
Reliance Inds.	8,860	9,402	10,161	16	15	16	16	17	635	752	824	13	8
Infosys	1,480	1,653	1,794	17	25	25	25	14	246	284	315	13	3
Nestle	169	191	216	14	22	23	24	12	24	30	34	13	0
HCL Technologies	1,023	1,174	1,266	17	22	23	23	15	149	173	191	13	2
Hind. Unilever	586	641	710	12	23	24	25	12	98	112	130	13	1
Bajaj Auto	366	422	462	13	17	17	18	19	58	64	73	10	1
Hindalco	2,153	2,194	2,271	6	12	15	15	8	112	162	174	9	1
NTPC	1,537	1,678	1,808	12	29	29	28	11	172	192	199	8	1
Ultratech Cement	621	657	716	12	17	20	20	6	52	65	76	7	0
Coal India	1,372	1,273	1,299	8	33	22	20	7	332	195	182	6	1
Tech Mahindra	533	593	643	15	15	16	17	10	51	61	70	4	0
Wipro	913	1,016	1,092	13	19	20	20	9	111	132	143	4	0
Power Grid Corp.	433	449	453	4	86	85	87	2	142	151	155	3	0
JSW Steel	1,761	1,885	1,938	13	15	21	25	1	116	211	272	1	0
<b>PAT de-growth (&lt;0%)</b>	<b>7,257</b>	<b>6,936</b>	<b>7,076</b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>-13</b>	<b>277</b>	<b>386</b>	<b>429</b>	<b>-21</b>	<b>-11</b>
Grasim Industries	266	279	299	16	14	14	14	9	67	68	74	-4	0
Divi's Labs	80	89	101	0	35	37	37	-8	22	26	30	-6	0
BPCL	4,409	4,215	4,238	10	2	4	4	-3	8	87	91	-11	-1
Tata Steel	2,503	2,353	2,438	-2	16	18	19	-18	180	205	235	-29	-9
<b>Nifty (PAT free float)</b>	<b>57,950</b>	<b>62,318</b>	<b>66,954</b>	<b>15</b>	<b>21</b>	<b>23</b>	<b>23</b>	<b>14</b>	<b>3,624</b>	<b>4,376</b>	<b>5,017</b>	<b>17</b>	<b>100</b>

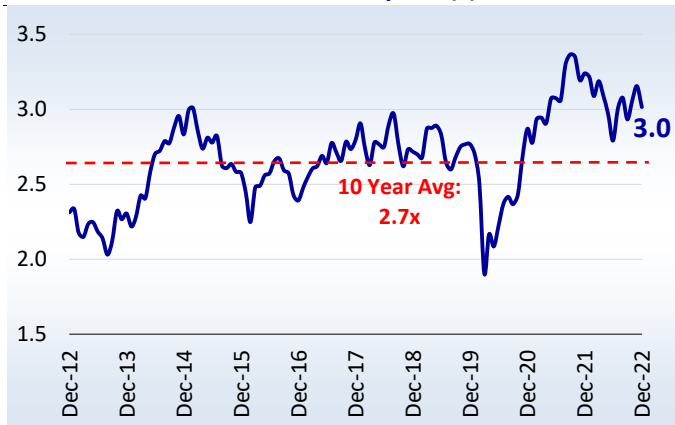
**Valuations fair and trading near LPA**

- Valuation for Nifty-50 has remained at a premium since the beginning of 2016. However, valuation dipped below its LPA during CY20 owing to the pandemic. Earnings uncertainty, over the past two years, has resulted in high volatility in valuation. However, with strong economic recovery, resilient corporate earnings and healthy domestic tailwinds, Indian markets recovered fast and continue to outperform global markets handsomely.
- Nifty's 12-month forward P/E is trading at 19.1x v/s its LPA of 19.8x and its 12-month forward P/B stood at 3x, at a premium of 12% 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 30: Markets at life-time highs, valuations fair and trading near LPA**



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



**Exhibit 32: 12-month forward Nifty RoE (%)**

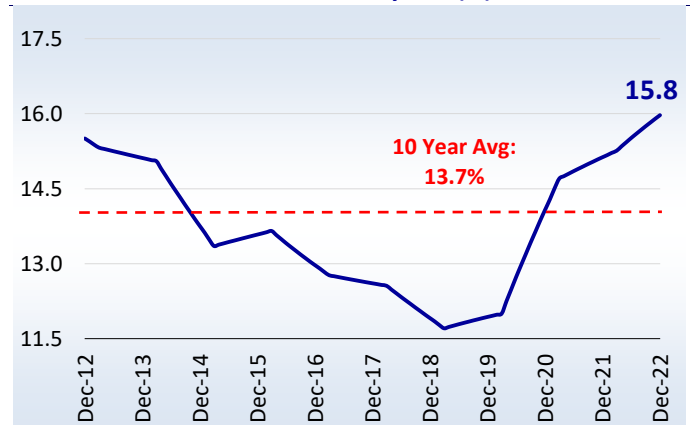


Exhibit 33: Trend in India's market-cap-to-GDP (%)

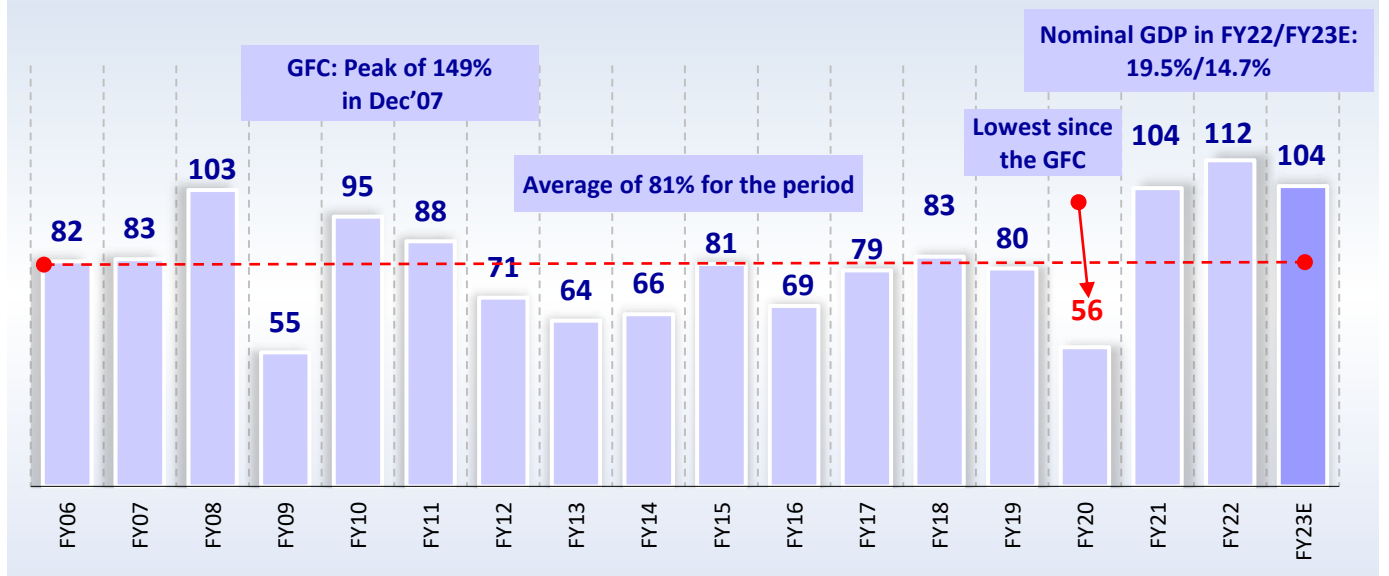


Exhibit 34: Performance of MSCI EM v/s MSCI India over the last 12 months

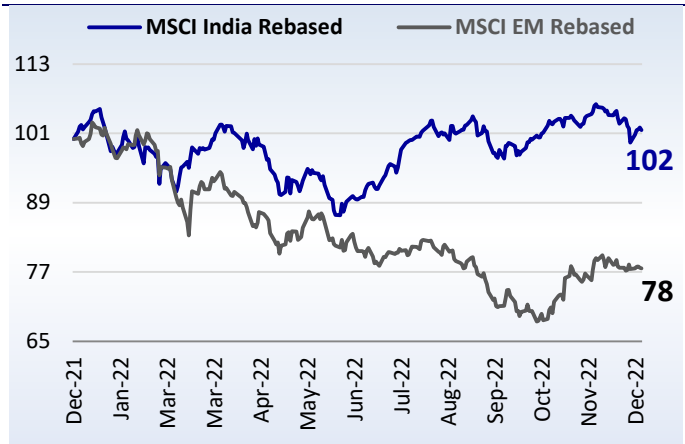


Exhibit 35: MSCI India outperforms MSCI EM by 180% over the last 10 years

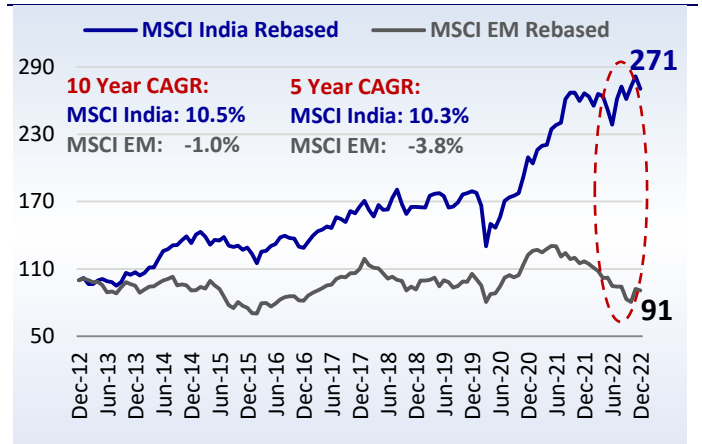


Exhibit 36: Trailing P/E (x) for MSCI India v/s MSCI EM

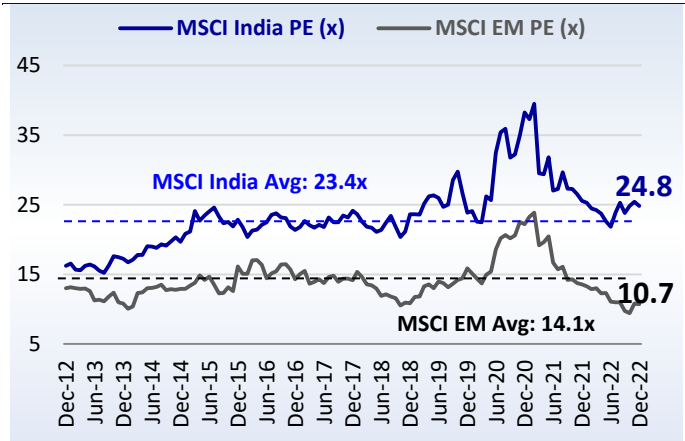
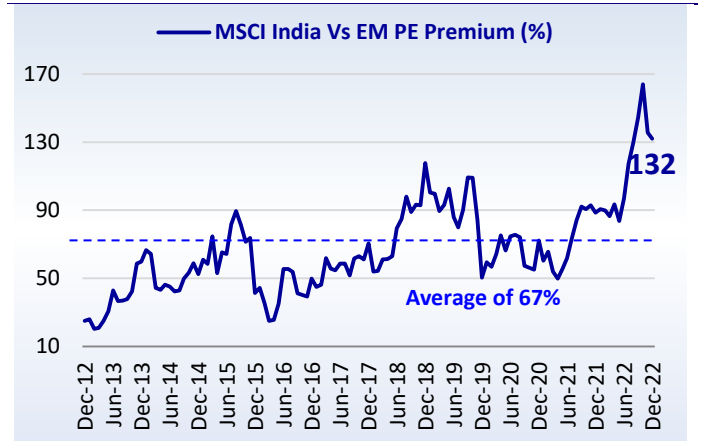


Exhibit 37: P/E premium (%) for MSCI India v/s MSCI EM





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# Sectors & Companies

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BSE Sensex: 59,900

Nifty 50: 17,859

January 2023

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**MOFSL Universe:  
3QFY23 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 2 January 2023, unless otherwise stated.**

## MOFSL Universe: 3QFY23 aggregate performance highlights

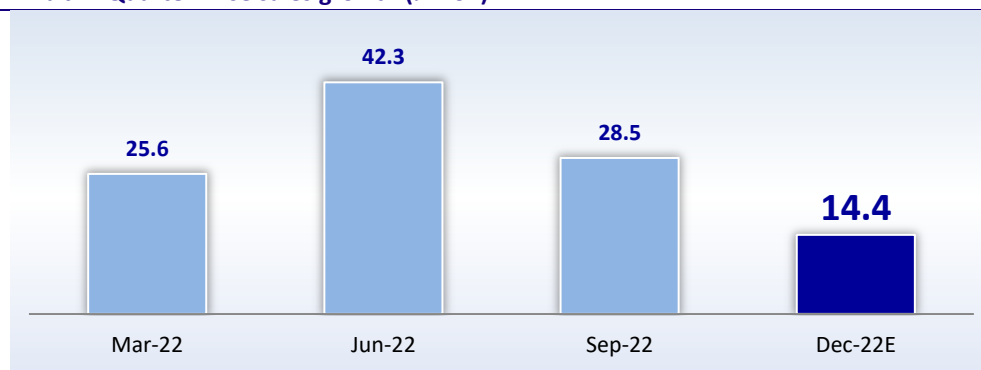
### Exhibit 1: Quarterly Performance - MOFSL Universe (INR b)

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Dec-22	Var. % YoY	Var. % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Automobiles (23)	2,255	16.8	-0.9	252	29.2	11.2	100	71.1	4.2
Cement (11)	466	15.0	7.1	63	-7.0	35.0	26	-20.7	22.0
Chemicals-Specialty (9)	74	19.4	-2.1	13	12.8	-2.3	9	12.2	-2.6
Consumer (19)	777	9.3	1.3	179	9.6	3.8	127	8.1	3.8
Financials (47)	2,347	17.5	6.4	1,287	19.9	6.2	722	31.6	6.5
Banks-Private (13)	709	23.5	6.1	550	21.2	8.9	336	28.0	9.5
Banks-PSU (6)	779	18.8	5.2	515	19.0	3.3	236	44.2	4.6
Insurance (6)	585	11.8	9.4	17	LP	76.9	18	119.2	16.4
NBFC-Lending (16)	251	12.9	4.4	195	8.3	3.7	124	17.1	1.6
NBFC-Non Lending (6)	23	4.6	1.3	11	-2.3	-3.2	8	-1.4	0.1
Healthcare (22)	661	13.3	1.3	140	7.9	-0.8	86	5.9	-0.7
Infrastructure (3)	43	10.8	7.9	12	1.5	4.9	4	35.3	7.6
Logistics (5)	65	11.7	3.2	9	0.3	2.6	5	-1.5	7.4
Media (3)	40	8.0	15.5	11	-5.8	43.6	7	-9.0	33.5
Metals (10)	2,832	6.1	1.4	523	-20.2	42.3	256	-27.5	76.3
Oil & Gas (15)	7,448	14.3	-6.4	728	0.9	24.3	360	-13.1	30.9
Oil Ex OMCs (12)	3,463	20.6	-5.1	549	-2.3	-1.0	278	-13.9	-8.2
Real Estate (8)	87	13.2	24.5	22	6.7	28.9	18	16.0	45.9
Retail (16)	367	18.0	13.4	53	10.0	25.6	27	3.2	32.1
Staffing (3)	94	16.4	4.1	3	-12.2	10.1	1	-25.5	4.8
Technology (12)	1,801	20.7	6.4	407	12.2	7.7	283	12.4	9.2
Telecom (4)	578	13.9	0.4	274	17.8	7.1	-24	Loss	Loss
Others (15)	566	29.7	1.1	118	42.5	59.6	60	71.6	151.0
<b>MOFSL Universe (225)</b>	<b>20,499</b>	<b>14.4</b>	<b>-0.5</b>	<b>4,096</b>	<b>7.7</b>	<b>14.9</b>	<b>2,067</b>	<b>7.9</b>	<b>19.9</b>
<b>Nifty (49)</b>	<b>12,834</b>	<b>14.7</b>	<b>-0.1</b>	<b>3,221</b>	<b>12.9</b>	<b>11.2</b>	<b>1,638</b>	<b>13.7</b>	<b>11.7</b>
<b>Sensex (30)</b>	<b>9,075</b>	<b>16.6</b>	<b>0.7</b>	<b>2,570</b>	<b>13.4</b>	<b>8.5</b>	<b>1,264</b>	<b>13.7</b>	<b>9.3</b>

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

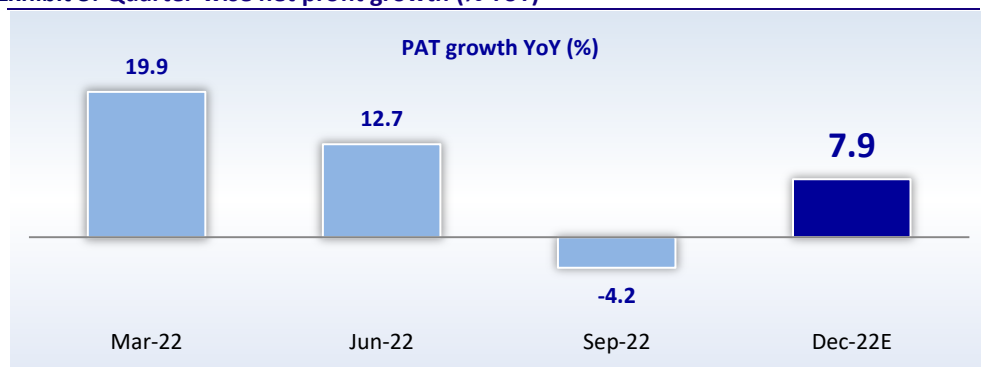
### Exhibit 2: Quarter-wise sales growth (% YoY)

Sales for MOFSL Universe is likely to grow 14.4% YoY led by O&G and BFSI



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

PAT for MOFSL Universe is likely to grow 7.9% YoY led by BFSI and Autos





## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Amara Raja Batt.	574	Neutral	26,725	13.0	-1.0	3,391	19.4	-5.9	1,890	30.6	-6.5
Apollo Tyres	328	Buy	63,209	10.7	6.1	8,873	19.4	24.6	3,117	39.2	60.3
Ashok Leyland	149	Buy	84,627	52.9	2.4	6,313	182.0	17.5	2,738	LP	41.3
Bajaj Auto	3577	Neutral	86,288	-4.4	-15.4	14,424	5.1	-18.0	12,748	5.0	-16.7
Balkrishna Inds	2129	Neutral	23,294	12.0	-17.0	4,659	-5.4	-14.8	2,774	-15.6	-31.3
Bharat Forge	884	Buy	18,732	16.9	0.5	4,812	19.3	6.4	2,859	8.6	6.4
Bosch	17174	Neutral	35,754	15.0	-2.4	3,826	7.0	-11.3	2,809	19.5	-24.6
CEAT	1629	Buy	27,753	15.0	-4.1	2,224	65.8	9.5	419	LP	76.9
Eicher Motors	3229	Buy	36,859	28.0	4.7	8,809	51.3	7.2	7,271	59.4	10.7
Endurance Tech.	1376	Buy	23,111	22.3	-2.1	2,735	34.6	1	1,294	36.7	-1.6
Escorts Kubota	2141	Neutral	22,072	12.8	17.2	2,318	-12.4	51.9	1,870	-7.2	31.6
Exide Inds.	181	Buy	37,081	16.0	-0.3	3,918	5.2	-5.0	2,288	12.1	-7.1
Hero Motocorp	2717	Buy	77,201	-2.1	-14.9	8,957	-6.7	-13.7	6,391	-6.9	-10.7
Mahindra & Mahindra	1263	Buy	2,16,127	41.8	3.7	27,340	51.5	9.5	17,989	32.9	-23.1
Mahindra CIE	350	Buy	27,324	32.4	0.3	3,351	65.7	5.8	1,741	95.0	1.6
Maruti Suzuki	8407	Buy	2,68,177	15.4	-10.4	25,855	65.8	-6.6	17,667	74.7	-14.3
Samvardhana Motherson	76	Buy	1,89,838	15.5	4.0	14,772	19.9	5.3	3,868	70.4	23.8
Motherson Wiring	58	Buy	17,618	20.7	-4.0	1,804	-9.9	-0.3	1,101	-16.6	-5.4
MRF	88080	Neutral	56,992	18.0	-0.3	5,493	13.1	17.5	1,715	17.6	38.3
Sona BLW Precis.	419	Neutral	6,624	34.0	0.8	1,739	33.2	4.9	965	11.7	4.3
Tata Motors	395	Buy	8,27,039	14.5	3.9	87,780	29.8	41.7	1,567	LP	LP
Tube Investments	2787	Buy	19,217	12.9	0.8	2,458	31.8	-2.2	1,665	38.3	4.2
TVS Motor	1073	Neutral	63,337	11.0	-12.3	6,467	13.8	-12.2	3,374	17.0	-17.2
<b>Automobiles</b>			<b>22,55,000</b>	<b>16.8</b>	<b>-0.9</b>	<b>2,52,318</b>	<b>29.2</b>	<b>11.2</b>	<b>1,00,122</b>	<b>71.1</b>	<b>4.2</b>
ACC	2440	Neutral	44,352	5.0	11.2	3,475	-37.4	2,153.5	1,597	-50.3	LP
Ambuja Cements	526	Neutral	39,036	4.5	6.4	5,707	0.5	87.5	2,744	-8.2	79.2
Birla Corporation	990	Buy	21,815	24.7	9.1	1,795	-19.3	91.0	-200	PL	Loss
Dalmia Bharat	1888	Buy	33,679	23.2	13.4	6,006	46.8	58.5	1,713	223.2	534.4
Grasim Industries	1731	Buy	62,002	7.2	-8.1	6,951	-24.6	-27.3	2,926	-40.2	-71.6
India Cements	222	Sell	12,496	12.7	-0.4	-242	PL	Loss	-920	PL	Loss
J K Cements	2952	Buy	22,649	16.7	5.7	3,473	-6.3	17.1	1,718	2.6	25.9
JK Lakshmi Cem.	796	Buy	14,510	21.6	11.4	1,599	9.2	15.4	686	-8.3	16.4
Ramco Cements	706	Neutral	19,562	26.3	9.6	2,604	12.8	41.7	522	-36.8	354.8
Shree Cement	23442	Neutral	41,426	16.6	9.6	7,487	-9.3	43.1	3,570	-27.4	88.3
Ultratech Cement	7010	Buy	1,54,700	19.1	11.4	24,158	-0.1	29.4	11,186	-4.6	48.0
<b>Cement</b>			<b>4,66,227</b>	<b>15.0</b>	<b>7.1</b>	<b>63,014</b>	<b>-7.0</b>	<b>35.0</b>	<b>25,542</b>	<b>-20.7</b>	<b>22.0</b>
Alkyl Amines	2659	Neutral	4,125	9.5	0.9	826	24.1	1.6	549	19.6	4.7
Atul	8197	Neutral	14,413	4.4	-3.1	2,163	-14.0	-1.8	1,400	-7.6	-5.4
Clean Science	1488	Neutral	2,303	27.4	-6.9	858	12.7	-12.0	595	2.6	-12.5
Deepak Nitrite	1990	Neutral	19,335	12.3	-1.4	2,909	-17.3	7.4	1,870	-22.9	7.2
Fine Organic	5694	Neutral	8,107	73.1	-2.1	1,864	133.9	-12.8	1,438	158.2	-12.3
Galaxy Surfactants	2469	Buy	11,254	21.1	-8.6	1,140	49.3	-13.4	700	53.5	-16.5
Navin Fluorine	4117	Neutral	4,681	27.6	11.7	1,113	13.4	18.6	750	8.4	29.7
NOCIL	234	Buy	3,884	-0.1	-0.2	469	-6.1	-23.7	251	-16.2	-30.2
Vinati Organics	2003	Buy	5,722	55.1	1.0	1,550	67.0	4.4	1,215	46.0	4.8
<b>Chemicals-Specialty</b>			<b>73,824</b>	<b>19.4</b>	<b>-2.1</b>	<b>12,892</b>	<b>12.8</b>	<b>-2.3</b>	<b>8,768</b>	<b>12.2</b>	<b>-2.6</b>
Asian Paints	3046	Neutral	92,947	9.0	9.9	18,085	17.3	47.3	12,181	18.1	51.5
Britannia	4292	Neutral	43,615	22.0	-0.4	7,060	30.8	-0.8	4,926	32.8	0.4
Colgate	1521	Neutral	13,697	7.0	-1.3	4,082	7.3	0.0	2,796	10.8	0.6
Dabur	562	Buy	32,065	9.0	7.4	6,509	3.7	8.4	5,251	4.3	7.2
Emami	430	Buy	9,719	0.0	19.4	3,013	-11.8	54.2	2,597	-9.3	24.9
Godrej Consumer	893	Buy	35,998	9.0	6.1	6,480	-7.3	12.8	4,428	-13.8	16.1
Hind. Unilever	2559	Buy	1,49,249	14.0	1.2	34,056	3.9	0.8	23,902	4.3	0.5
Indigo Paints	1311	Buy	3,186	20.0	31.3	500	29.3	48.1	328	34.9	58.0

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
ITC	333	Buy	1,66,927	5.2	3.5	60,086	17.8	2.5	46,070	10.8	3.2
Jyothy Labs	204	Neutral	5,762	9.0	-10.9	703	16.2	-12.3	495	39.8	-20.6
Marico	506	Buy	24,792	3.0	-0.7	4,463	3.5	3.1	3,072	-0.9	2.1
Nestle	19564	Neutral	43,383	16.0	-5.5	9,313	9.4	-8.4	6,267	9.3	-7.1
P&G Hygiene	14294	Neutral	10,930	0.0	4.8	2,494	-15.9	16.5	1,811	-14.6	17.3
Page Industries	41921	Neutral	13,207	11.0	5.2	2,509	0.1	5.5	1,728	-1.0	6.6
Pidilite Inds.	2529	Neutral	31,358	10.0	4.1	5,584	1.7	11.7	3,638	2.3	8.7
Tata Consumer	762	Buy	34,344	7.0	2.1	4,590	-0.6	5.8	2,760	0.4	12.9
United Breweries	1688	Sell	16,125	2.0	-4.0	2,079	-0.8	-5.1	1,130	24.8	-15.8
United Spirits	869	Neutral	27,405	-5.0	-4.8	4,784	-2.5	7.3	3,199	9.9	12.2
Varun Beverages	1329	Buy	22,035	27.1	-30.6	2,954	42.3	-57.7	546	231.2	-85.7
<b>Consumer</b>			<b>7,76,742</b>	<b>9.3</b>	<b>1.3</b>	<b>1,79,341</b>	<b>9.6</b>	<b>3.8</b>	<b>1,27,126</b>	<b>8.1</b>	<b>3.8</b>
Ajanta Pharma	1206	Buy	9,222	10.1	-1.7	2,167	-9.5	5.0	1,674	-12.7	1.9
Alembic Pharma	569	Sell	14,092	10.8	-4.5	2,114	-17.3	-9.2	1,166	-33.9	-21.0
Alkem Lab	2999	Neutral	30,137	15.1	-2.1	4,762	-4.5	4.9	3,737	-7.8	12.9
Apollo Hospitals	4451	Buy	42,192	15.9	-0.8	4,979	-15.2	-11.9	1,975	-18.8	-7.2
Aurobindo Pharma	435	Neutral	59,861	-0.3	4.3	9,039	-11.1	8.0	5,180	-7.9	16.2
Biocon	263	Neutral	29,060	33.7	25.3	6,044	6.9	28.3	2,128	-14.8	26.6
Cipla	1071	Neutral	63,869	16.6	9.6	16,031	30.2	15.4	9,979	36.9	17.1
Divis Labs	3374	Neutral	18,919	-24.1	2.0	6,451	-41.4	3.9	4,989	-40.2	6.4
Dr Reddy's Labs	4238	Buy	57,365	7.8	-9.0	13,538	12.6	-24.9	8,660	21.8	-24.0
Eris Lifescience	664	Buy	4,252	28.0	-7.7	1,373	12.8	-9.3	969	-3.9	-18.9
Gland Pharma	1577	Buy	10,960	3.1	4.9	3,277	-6.1	6.5	2,694	-1.3	12.1
Glenmark Pharma	427	Neutral	33,155	10.4	1.1	5,769	10.5	9.4	2,759	21.5	50.7
Granules India	320	Buy	10,750	9.7	-6.6	2,279	45.6	-6.2	1,365	55.1	-5.9
GSK Pharma	1317	Neutral	8,310	1.9	-9.4	2,094	5.9	-18.5	1,608	3.0	-16.8
IPCA Labs.	837	Buy	15,546	8.7	-2.9	2,596	-15.7	-4.6	1,486	-24.6	-20.2
Laurus Labs	373	Buy	14,440	40.4	-8.4	4,029	41.2	-10.3	2,153	39.0	-7.9
Lupin	733	Neutral	41,201	-1.0	-0.6	5,274	-6.5	21.5	2,339	-13.2	102.3
Piramal Pharma	123	Buy	17,800	NA	3.5	2,315	NA	34.1	400	NA	LP
Solara Active Pharma	436	Buy	3,713	270.0	9.7	353	LP	27.9	-26	Loss	Loss
Sun Pharma	997	Buy	1,10,761	12.9	2.5	28,909	12.6	-5.4	20,983	10.4	-12.2
Torrent Pharma	1549	Neutral	23,940	13.6	4.5	7,230	34.4	6.5	3,340	34.1	7.0
Zydus Lifesciences	420	Neutral	41,413	13.8	0.2	9,182	22.2	-1.8	6,068	19.7	-0.8
<b>Healthcare</b>			<b>6,60,958</b>	<b>13.3</b>	<b>1.3</b>	<b>1,39,805</b>	<b>7.9</b>	<b>-0.8</b>	<b>85,624</b>	<b>5.9</b>	<b>-0.7</b>
G R Infraproject	1175	Buy	18,500	1.7	4.1	2,775	8.9	6.7	1,597	20.9	-2.8
IRB Infra	314	Neutral	15,500	21.2	15.4	7,285	-1.3	9.5	1,253	72.4	46.9
KNR Constructions	265	Buy	8,800	14.8	3.8	1,628	2.5	-13.8	994	25.2	-7.7
<b>Infrastructure</b>			<b>42,800</b>	<b>10.8</b>	<b>7.9</b>	<b>11,688</b>	<b>1.5</b>	<b>4.9</b>	<b>3,844</b>	<b>35.3</b>	<b>7.6</b>
Blue Dart Express	7815	Neutral	12,673	1.0	-4.4	1,451	-28.8	-10.8	749	-38.7	-18.6
Concor	740	Buy	21,980	14.5	11.5	5,214	14.4	4.6	3,417	19.2	12.8
Mahindra Logistics	500	Neutral	12,975	16.1	-2.2	668	40.2	-1.1	151	165.6	24.0
Transport Corp.	624	Buy	9,717	16.0	4.3	1,030	-5.7	7.3	720	-12.3	-0.5
VRL Logistics	550	Buy	7,530	11.0	3.0	1,122	-13.1	13.1	449	-25.9	42.5
<b>Logistics</b>			<b>64,876</b>	<b>11.7</b>	<b>3.2</b>	<b>9,486</b>	<b>0.3</b>	<b>2.6</b>	<b>5,485</b>	<b>-1.5</b>	<b>7.4</b>
PVR	1728	Neutral	9,380	62.5	43.2	1,752	20,037.1	LP	499	LP	LP
Sun TV	488	Buy	9,031	-12.6	13.4	5,743	-20.4	9.4	3,958	-13.5	-1.2
Zee Entertainment	243	Buy	21,787	3.1	7.4	3,830	-20.1	28.8	2,374	-24.7	41.5
<b>Media</b>			<b>40,199</b>	<b>8.0</b>	<b>15.5</b>	<b>11,325</b>	<b>-5.8</b>	<b>43.6</b>	<b>6,831</b>	<b>-9.0</b>	<b>33.5</b>
Coal India	225	Buy	3,63,237	27.7	21.7	1,23,837	67.7	54.5	85,626	87.8	41.7
Hindalco	487	Buy	5,01,315	-0.3	-10.8	57,555	-21.9	7.3	23,477	-31.4	6.5
Hindustan Zinc	325	Neutral	77,108	-3.5	-7.5	38,877	-11.0	-11.8	23,508	-13.0	-12.3
JSPL	594	Buy	1,39,227	11.2	3.0	23,890	-27.8	57.2	11,650	-28.4	69.8
JSW Steel	775	Neutral	4,48,423	17.8	7.3	55,313	-39.4	215.7	23,505	-46.1	LP

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Nalco	84	Neutral	29,340	-22.2	-15.9	2,127	-82.1	-36.4	738	-91.1	-51.9
NMDC	126	Buy	38,932	-33.7	17.0	12,393	-52.6	45.6	9,994	-51.2	12.8
SAIL	89	Neutral	2,65,589	5.2	1.2	15,823	-53.6	116.0	2,364	-86.2	LP
Tata Steel	119	Neutral	6,42,625	5.7	7.3	99,314	-37.5	63.9	42,913	-56.1	179.8
Vedanta	316	Neutral	3,26,516	-4.2	-10.9	93,525	-13.5	21.5	32,312	-24.3	105.3
<b>Metals</b>			<b>28,32,310</b>	<b>6.1</b>	<b>1.4</b>	<b>5,22,653</b>	<b>-20.2</b>	<b>42.3</b>	<b>2,56,086</b>	<b>-27.5</b>	<b>76.3</b>
Aegis Logistics	346	Neutral	21,876	80.2	1.7	1,630	9.4	-3.4	948	-6.8	1.5
BPCL	334	Neutral	10,27,284	1.7	-10.5	54,260	27.8	168.7	25,531	3.7	LP
Castrol India	125	Buy	11,860	8.7	5.8	2,745	3.2	6.8	1,988	5.4	6.2
GAIL	97	Buy	3,88,679	50.8	1.0	14,573	-65.5	-17.4	10,763	-67.3	-30.0
Gujarat Gas	490	Buy	33,806	-34.3	-15.0	3,495	47.2	-45.6	1,862	52.7	-53.9
Gujarat State Petronet	270	Buy	4,176	4.6	8.5	3,605	7.2	8.0	2,326	9.0	-26.0
HPCL	237	Neutral	11,66,726	20.8	7.6	6,383	-65.9	LP	-10,473	PL	Loss
Indraprastha Gas	419	Neutral	38,927	75.7	9.5	3,961	-15.7	-24.9	2,664	-13.6	-36.0
IOC	78	Buy	17,90,753	7.4	-13.7	1,18,383	20.0	504.0	67,348	14.9	LP
Mahanagar Gas	845	Buy	17,232	67.7	10.3	1,592	54.5	-37.0	896	57.8	-45.4
MRPL	58	Neutral	1,98,079	-2.9	-19.5	-7,187	PL	Loss	-15,469	PL	Loss
Oil India	215	Buy	54,589	46.1	17.6	21,968	73.4	18.9	16,139	29.6	-6.2
ONGC	150	Buy	3,91,681	37.6	2.2	1,95,505	22.4	3.9	1,13,454	29.5	-11.5
Petronet LNG	216	Buy	1,46,888	16.6	-8.1	8,293	-52.1	-29.3	5,026	-56.0	-32.5
Reliance Inds.	2575	Buy	21,54,989	16.5	-6.3	2,98,914	0.6	-4.3	1,37,288	-15.5	0.5
<b>Oil &amp; Gas</b>			<b>74,47,544</b>	<b>14.3</b>	<b>-6.4</b>	<b>7,28,121</b>	<b>0.9</b>	<b>24.3</b>	<b>3,60,291</b>	<b>-13.1</b>	<b>30.9</b>
<b>Oil Ex OMCs</b>			<b>34,62,781</b>	<b>20.6</b>	<b>-5.1</b>	<b>5,49,094</b>	<b>-2.3</b>	<b>-1.0</b>	<b>2,77,885</b>	<b>-13.9</b>	<b>-8.2</b>
Brigade Enterpr.	465	Buy	9,372	1.8	6.6	2,486	-3.4	14.9	831	8.3	26.4
DLF	380	Neutral	14,732	-4.9	13.1	4,714	-9.6	8.0	6,109	-2.0	28.0
Godrej Properties	1236	Neutral	2,271	-18.5	37.5	-96	Loss	Loss	1,942	398.4	189.7
Macrotech Developers	1100	Buy	23,821	15.7	34.9	6,050	24.6	42.7	4,141	48.4	48.1
Mahindra Lifespace	365	Buy	1,193	390.0	70.9	-324	Loss	Loss	383	53.2	LP
Oberoi Realty	871	Buy	8,806	5.8	27.9	4,130	24.6	33.0	3,508	-25.0	10.1
Prestige Estates	470	Buy	18,604	40.1	30.3	4,175	28.5	13.3	922	113.4	147.0
Sobha	586	Buy	7,890	18.1	18.2	1,320	-42.0	43.2	559	70.9	191.1
<b>Real Estate</b>			<b>86,688</b>	<b>13.2</b>	<b>24.5</b>	<b>22,457</b>	<b>6.7</b>	<b>28.9</b>	<b>18,395</b>	<b>16.0</b>	<b>45.9</b>
Aditya Birla Fashion	287	Buy	34,197	14.5	11.2	4,924	-15.4	24.1	850	-56.3	182.4
Avenue Supermarts	4074	Neutral	1,15,385	25.2	8.5	10,625	22.6	19.1	6,711	21.5	23.2
Barbeque Nation	982	Neutral	3,497	22.0	12.6	756	15.0	29.6	174	19.0	307.0
Bata India	1654	Neutral	9,459	12.4	14.0	2,456	45.6	52.6	1,169	61.7	113.3
Campus Activewear	411	Buy	5,073	17.0	52.3	1,055	13.7	142.9	623	13.8	328.3
Devyani Intl.	181	Buy	8,575	37.3	14.7	2,015	36.3	21.8	752	15.0	11.8
Jubilant Foodworks	505	Buy	13,725	15.0	6.7	3,366	6.1	7.7	1,333	-3.0	11.8
Metro Brands	865	Buy	5,805	20.0	21.9	2,003	19.3	36.1	1,159	14.9	49.7
Relaxo Footwear	906	Neutral	7,584	2.0	13.3	1,167	-4.0	96.4	650	-7.3	189.7
Restaurant Brands	114	Buy	4,142	48.0	12.6	559	70.3	32.8	-91	Loss	Loss
Sapphire Foods	1303	Buy	6,241	23.0	10.9	1,197	4.5	16.0	347	-32.0	29.0
Shoppers Stop	715	Neutral	11,374	19.6	12.8	2,298	25.6	37.4	699	39.2	246.9
Titan Company	2566	Buy	1,06,809	6.4	16.6	13,872	-3.8	11.2	9,683	-4.3	16.0
Trent	1344	Buy	21,079	56.4	16.2	4,152	42.3	55.2	1,643	23.6	-11.6
V-Mart Retail	2824	Buy	7,973	15.2	57.5	1,411	4.3	163.4	514	-10.0	LP
Westlife Foodworld	776	Neutral	6,103	28.0	6.6	1,044	31.5	8.8	328	57.6	4.1
<b>Retail</b>			<b>3,67,021</b>	<b>18.0</b>	<b>13.4</b>	<b>52,900</b>	<b>10.0</b>	<b>25.6</b>	<b>26,543</b>	<b>3.2</b>	<b>32.1</b>
Qess Corp	414	Buy	44,677	21.2	4.5	1,519	-15.1	12.8	602	-32.0	52.0
SIS	394	Buy	28,673	10.2	3.6	1,195	-7.8	8.9	590	-22.7	-12.5
Team Lease Serv.	2527	Neutral	20,334	15.4	4.0	325	-13.6	2.7	262	-13.5	-17.3
<b>Staffing</b>			<b>93,684</b>	<b>16.4</b>	<b>4.1</b>	<b>3,040</b>	<b>-12.2</b>	<b>10.1</b>	<b>1,454</b>	<b>-25.5</b>	<b>4.8</b>
Coforge	3962	Neutral	21,099	27.2	7.7	3,956	28.9	14.7	2,429	28.9	20.5

## Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Cyient	816	Buy	15,974	35.0	14.4	2,700	26.9	17.9	1,481	12.5	21.6
HCL Technologies	1039	Buy	2,66,997	19.6	8.2	60,113	11.6	10.7	39,505	14.8	13.2
Infosys	1524	Buy	3,79,283	19.0	3.8	92,006	9.6	3.8	64,593	11.2	7.3
LTI Mindtree	4325	Neutral	86,166	108.3	78.1	16,199	94.9	77.7	11,955	95.2	75.9
L&T Technology	3724	Buy	20,708	22.7	3.8	4,411	20.0	4.6	3,078	23.7	9.0
Mphasis	1971	Buy	36,469	16.8	3.6	6,492	17.4	5.1	4,465	24.9	6.7
Persistent Systems	4020	Neutral	21,714	45.6	6.0	3,887	54.8	5.6	2,506	42.1	13.9
TCS	3261	Buy	5,73,106	17.2	3.6	1,52,648	13.8	6.0	1,12,186	14.4	7.2
Tech Mahindra	1010	Neutral	1,34,927	17.8	2.8	20,644	0.2	4.0	12,745	-6.9	-2.7
Wipro	393	Neutral	2,32,308	14.4	3.1	42,863	-1.3	3.9	27,641	-6.9	4.0
Zensar Tech	214	Buy	12,143	10.1	-1.6	1,166	-26.4	10.6	584	-35.7	2.8
<b>Technology</b>			<b>18,00,893</b>	<b>20.7</b>	<b>6.4</b>	<b>4,07,083</b>	<b>12.2</b>	<b>7.7</b>	<b>2,83,169</b>	<b>12.4</b>	<b>9.2</b>
Bharti Airtel	814	Buy	3,55,866	19.2	3.1	1,84,865	25.7	5.1	26,302	225.8	22.6
Indus Towers	190	Neutral	69,891	0.9	-12.3	37,026	0.1	31.7	15,582	-0.8	78.7
Tata Comm	1318	Neutral	45,698	9.2	3.1	11,334	4.7	0.3	3,812	-1.4	-16.4
Vodafone Idea	8	Neutral	1,06,062	9.1	-0.1	41,245	8.1	0.7	-69,881	Loss	Loss
<b>Telecom</b>			<b>5,77,516</b>	<b>13.9</b>	<b>0.4</b>	<b>2,74,469</b>	<b>17.8</b>	<b>7.1</b>	<b>-24,186</b>	<b>Loss</b>	<b>Loss</b>
APL Apollo Tubes	1105	Buy	38,826	20.2	-2.2	2,661	31.6	14.8	1,734	50.0	15.5
Coromandel International	896	Buy	68,014	34.1	-32.7	6,644	22.2	-37.1	4,498	17.9	-39.3
EPL	173	Buy	9,748	10.4	2.8	1,599	15.3	7.6	574	0.5	24.2
Godrej Agrovet	475	Buy	22,839	9.9	-6.6	1,321	-3.0	-12.1	686	-11.9	-4.5
Indiamart Inter.	4331	Buy	2,526	34.3	5.0	712	-9.7	5.9	810	15.4	18.5
Indian Hotels	317	Buy	15,802	42.2	28.2	5,395	67.7	83.5	2,723	225.4	142.5
Info Edge	3911	Neutral	5,396	29.7	1.5	1,812	49.9	-1.5	1,635	37.9	-2.7
Interglobe Aviation	2043	Neutral	1,49,775	61.1	19.8	39,993	109.9	5,182.5	17,515	1,263.6	LP
Kaveri Seed	513	Buy	1,299	3.1	-22.2	89	20.0	4.1	108	40.8	103.1
Lemon Tree Hotel	84	Buy	2,305	60.4	17.2	1,174	85.6	25.4	226	LP	34.7
P I Industries	3410	Buy	17,365	28.0	-1.9	4,207	41.9	-2.6	3,224	44.8	-3.7
SRF	2293	Neutral	39,311	17.5	5.5	7,778	-8.3	-3.4	4,562	-3.3	-11.8
Tata Chemicals	941	Neutral	42,385	34.9	0.0	9,902	81.6	7.6	5,732	90.4	-9.5
Trident	34	Buy	17,264	-11.8	21.6	2,775	-31.2	83.1	1,298	-44.7	169.1
UPL	722	Neutral	1,33,250	18.0	6.5	31,863	19.6	15.1	14,272	18.5	36.5
<b>Others</b>			<b>5,66,107</b>	<b>29.7</b>	<b>1.1</b>	<b>1,17,925</b>	<b>42.5</b>	<b>59.6</b>	<b>59,597</b>	<b>71.6</b>	<b>151.0</b>

PL: Profit to Loss; LP: Loss to Profit



## Ready reckoner: Quarterly performance

	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
<b>Financials</b>											
AU Small Finance	657	Buy	11,231	36.9	3.7	5,519	20.4	10.7	3,636	20.4	6.1
Axis Bank	941	Buy	1,11,342	28.7	7.5	84,528	37.2	9.5	56,132	55.3	5.3
Bandhan Bank	240	Neutral	22,540	6.1	2.8	19,546	0.2	25.9	2,800	-67.4	33.8
DCB Bank	128	Neutral	4,338	25.7	5.5	2,142	7.7	17.3	1,245	65.1	10.8
Equitas Holdings	129	Buy	6,295	16.3	3.2	2,738	21.9	13.0	1,251	15.7	7.5
Federal Bank	138	Buy	18,748	21.8	6.4	12,364	35.2	2.0	7,092	35.9	0.8
HDFC Bank	1629	Buy	2,27,238	23.2	8.1	1,94,678	16.0	11.9	1,23,119	19.0	16.1
ICICI Bank	903	Buy	1,54,837	26.5	4.7	1,23,376	21.6	5.6	80,352	29.7	6.3
IDFC First Bank	61	Buy	31,425	21.8	4.7	11,948	55.2	2.2	5,859	108.5	5.5
IndusInd Bank	1227	Buy	44,329	16.9	3.0	36,794	11.1	3.8	19,500	57.1	8.0
Kotak Mahindra Bank	1826	Neutral	53,858	24.3	5.6	37,789	39.9	5.9	26,580	24.7	3.0
RBL Bank	181	Buy	11,188	10.7	5.1	5,828	-7.6	13.7	2,162	38.5	7.3
SBI Cards	795	Buy	11,551	15.9	3.4	12,790	11.8	2.2	5,871	52.2	11.7
<b>Banks-Private</b>			<b>7,08,920</b>	<b>23.5</b>	<b>6.1</b>	<b>5,50,040</b>	<b>21.2</b>	<b>8.9</b>	<b>3,35,599</b>	<b>28.0</b>	<b>9.5</b>
Bank of Baroda	186	Buy	97,532	14.0	-4.1	57,569	5.0	-4.5	27,703	26.1	-16.4
Canara Bank	336	Buy	79,544	14.5	7.0	69,197	19.3	0.2	25,858	-9.5	2.4
Indian Bank	296	Buy	48,887	11.2	4.4	36,657	11.5	1.0	13,990	102.8	14.2
Punjab National Bank	57	Neutral	86,397	10.7	4.5	59,073	16.4	6.1	14,266	26.6	246.9
State Bank	612	Buy	3,78,002	23.2	7.4	2,24,214	21.1	6.2	1,32,948	57.7	0.2
Union Bank	81	Buy	88,735	23.7	6.8	68,071	33.5	3.5	21,528	98.3	16.5
<b>Banks-PSU</b>			<b>7,79,098</b>	<b>18.8</b>	<b>5.2</b>	<b>5,14,781</b>	<b>19.0</b>	<b>3.3</b>	<b>2,36,293</b>	<b>44.2</b>	<b>4.6</b>
HDFC Life Insur.	570	Neutral	1,52,582	25.8	16.4	3,950	114.4	59.9	3,502	28.0	7.3
ICICI Lombard	1242	Buy	57,433	20.0	8.3	-2,444	Loss	Loss	4,512	42.1	-2.4
ICICI Pru Life	452	Buy	1,08,772	19.9	13.5	7,427	81.6	42.0	2,689	-13.4	34.8
Max Financial	685	Neutral	65,131	16.3	12.3	NA	NA	NA	901	-21.6	70.0
SBI Life Insurance	1240	Buy	1,72,013	-4.6	4.4	7,266	207.2	110.8	4,264	17.1	13.2
Star Health	586	Buy	28,969	7.1	-9.3	597	LP	LP	1,727	LP	85.4
<b>Insurance</b>			<b>5,84,899</b>	<b>11.8</b>	<b>9.4</b>	<b>16,795</b>	<b>LP</b>	<b>76.9</b>	<b>17,595</b>	<b>119.2</b>	<b>16.4</b>
AAVAS Financiers	1808	Sell	1,998	26.5	6.5	1,333	5.1	-4.4	1,029	15.5	-3.7
Bajaj Finance	6557	Buy	59,171	25.2	6.9	47,369	20.9	5.6	29,769	40.1	7.1
Can Fin Homes	546	Buy	2,585	25.5	2.9	2,209	28.4	2.2	1,531	32.4	8.1
Chola. Inv & Fin.	732	Buy	15,566	14.2	4.5	10,766	13.0	3.9	6,094	16.3	8.2
HDFC	2653	Buy	48,077	12.2	3.6	45,995	11.9	5.1	37,364	19.1	-11.4
Home First Fin.	750	Buy	1,090	52.0	7.4	784	20.4	5.7	582	26.7	7.2
L&T Fin.Holdings	90	Buy	16,849	14.8	2.3	11,673	-0.7	-1.8	4,188	36.0	3.3
LIC Housing Fin	424	Buy	15,595	7.2	34.1	13,806	4.8	46.2	7,862	2.5	157.8
M & M Financial	241	Buy	15,437	-2.3	1.8	8,606	-19.0	-0.4	4,069	-54.5	-9.2
Manappuram Finance	119	Buy	10,077	10.1	-6.7	5,368	18.5	-15.2	3,507	34.4	-14.4
MAS Financial	829	Buy	1,219	37.5	2.3	780	28.5	0.6	524	30.7	6.8
Muthoot Finance	1091	Neutral	16,077	-14.8	2.3	11,366	-22.5	-1.1	8,409	-18.3	-3.0
PNB Housing	573	Neutral	4,736	14.1	-25.3	4,225	10.2	-27.6	2,170	15.2	-17.4
Poonawalla Fincorp	304	Buy	3,037	24.6	10.9	1,526	32.8	21.4	1,444	80.0	10.9
Repco Home Fin	232	Neutral	1,376	-7.8	0.3	1,160	-2.7	1.6	729	131.6	2.4
Shriram Finance	1386	Buy	37,866	18.2	3.0	28,163	12.1	0.4	14,932	53.4	5.4
<b>NBFC - Lending</b>			<b>2,50,757</b>	<b>12.9</b>	<b>4.4</b>	<b>1,95,127</b>	<b>8.3</b>	<b>3.7</b>	<b>1,24,203</b>	<b>17.1</b>	<b>1.6</b>
Angel One	1316	Buy	4,356	24.0	-4.5	2,605	17.9	-8.8	1,954	18.6	-8.5
BSE	556	Neutral	1,857	0.9	2.9	487	-15.7	16.6	520	8.5	122.3
Cams Services	2195	Buy	2,560	7.7	5.6	1,195	5.4	12.6	823	6.4	14.1
ICICI Securities	494	Buy	8,507	-9.7	-1.7	3,723	-27.0	-7.8	2,792	-26.6	-7.1
IIFL Wealth Mgt	1785	Buy	4,137	9.4	8.2	2,282	46.2	12.4	1,950	27.3	13.5
MCX	1458	Buy	1,417	58.2	11.2	416	8.8	-36.6	422	22.9	-34.2
<b>NBFC - Non Lending</b>			<b>22,833</b>	<b>4.6</b>	<b>1.3</b>	<b>10,707</b>	<b>-2.3</b>	<b>-3.2</b>	<b>8,460</b>	<b>-1.4</b>	<b>0.1</b>

**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
<b>Automobiles</b>						<b>38.1</b>	<b>19.9</b>	<b>16.3</b>	<b>4.0</b>	<b>3.5</b>	<b>3.0</b>	<b>10.4</b>	<b>17.5</b>	<b>18.5</b>
Amara Raja Batt.	574	Neutral	41.8	47.1	52.6	13.7	12.2	10.9	2.0	1.8	1.6	14.9	15.2	15.3
Apollo Tyres	328	Buy	16.8	24.6	32.1	19.5	13.3	10.2	1.5	1.4	1.2	7.9	10.8	12.8
Ashok Leyland	149	Buy	3.3	7.4	10.4	45	20	14.3	5.6	4.7	3.7	12.9	25.6	28.9
Bajaj Auto	3,577	Neutral	203.8	227.6	257.4	17.5	15.7	13.9	4.2	4.2	4.0	22.8	26.6	29.5
Balkrishna Inds	2,129	Neutral	71.1	84.7	98.7	29.9	25.1	21.6	5.3	4.6	4.1	18.6	19.6	20.1
Bharat Forge	884	Buy	21.8	34.4	42.4	40.5	25.7	20.8	5.6	4.8	4.0	14.7	20.2	20.9
Bosch	17,174	Neutral	471.2	607.9	693.1	36.4	28.3	24.8	4.3	3.9	3.5	12.4	14.5	14.8
CEAT	1,629	Buy	39.2	119.0	159.1	41.6	13.7	10.2	2.0	1.7	1.5	4.8	13.4	15.7
Eicher Motors	3,229	Buy	104.0	151.5	190.6	31.0	21.3	16.9	6.0	4.8	3.9	20.8	25.1	25.4
Endurance Tech.	1,376	Buy	37.6	56.4	65.3	36.6	24.4	21.1	4.5	4.0	3.5	12.9	17.4	17.8
Escorts Kubota	2,141	Neutral	61.7	82.4	98.4	34.7	26.0	21.7	2.9	2.9	2.6	8.7	11.8	12.6
Exide Inds.	181	Buy	11.1	13.3	15.9	16.4	13.6	11.4	1.4	1.3	1.2	8.3	9.3	10.2
Hero Motocorp	2,717	Buy	134.2	172.6	198.8	20.2	15.7	13.7	3.3	3.1	2.9	16.7	20.4	22.1
Mahindra & Mahindra	1,263	Buy	60.3	82.9	99.5	21.0	15.2	12.7	3.4	2.8	2.4	17.2	20.2	20.3
Mahindra CIE	350	Buy	18.4	23.1	28.0	19.0	15.1	12.5	2.3	2.1	1.8	12.7	14.3	15.4
Maruti Suzuki	8,407	Buy	230.0	366.7	434.5	36.5	22.9	19.3	4.3	3.8	3.4	11.6	16.5	17.2
Motherson Wiring	58	Buy	1.1	1.8	2.2	51.2	31.7	26.5	19.1	13.5	10.4	40.8	49.8	44.3
MRF	88,080	Neutral	1,491.3	3,679.3	4,524.5	59.1	23.9	19.5	2.6	2.3	2.1	4.4	10.2	11.3
Samvardhana Mother.	76	Buy	2.2	4.1	5.4	34.7	18.6	14.1	2.4	2.2	2.0	7.0	12.2	14.6
Sona BLW Precis.	419	Neutral	6.4	9.4	12.6	65.9	44.5	33.3	10.8	9.2	7.7	17.4	22.3	25.1
Tata Motors	395	Buy	-14.8	22.7	30.8	-26.7	17.4	12.8	3.7	3.1	2.5	-13.3	19.3	21.3
Tube Investments	2,787	Buy	60.8	78.0	97.3	45.8	35.7	28.7	13.9	10.9	8.6	33.8	34.2	33.6
TVS Motor	1,073	Neutral	31.0	41.1	48.2	34.6	26.1	22.3	8.5	6.6	5.3	27.1	28.4	26.3
<b>Cement</b>						<b>35.8</b>	<b>29.6</b>	<b>25.1</b>	<b>3.2</b>	<b>3.0</b>	<b>2.8</b>	<b>9.0</b>	<b>10.2</b>	<b>11.2</b>
ACC	2,440	Neutral	53.4	87.1	107.3	45.7	28.0	22.7	3.2	3.0	2.7	7.1	11.1	12.5
Ambuja Cements	526	Neutral	10.8	11.3	13.2	48.9	46.7	39.9	4.5	4.3	4.1	19.4	18.7	20.1
Birla Corporation	990	Buy	8.9	49.2	70.8	111.4	20.1	14.0	1.3	1.2	1.1	1.1	6.1	8.3
Dalmia Bharat	1,888	Buy	37.5	44.3	60.7	50.3	42.6	31.1	2.2	2.1	2.0	4.4	5.0	6.6
Grasim Industries	1,731	Buy	101.9	103.3	112.3	17.0	16.8	15.4	2.3	2.2	2.1	10.8	9.5	10.1
India Cements	222	Sell	-8.1	3.7	8.0	-27.5	60.2	27.9	1.1	1.1	1.1	-4.2	1.8	3.9
J K Cements	2,952	Buy	81.3	90.7	113.5	36.3	32.5	26.0	4.8	4.3	3.8	13.8	13.8	15.5
JK Lakshmi Cem.	796	Buy	30.4	42.7	51.7	26.2	18.6	15.4	3.4	3.0	2.5	13.8	17.0	17.7
Ramco Cements	706	Neutral	12.4	21.3	30.2	56.9	33.2	23.4	2.5	2.3	2.1	4.4	7.2	9.5
Shree Cement	23,442	Neutral	368.2	487.5	593.3	63.7	48.1	39.5	4.6	4.3	3.9	7.5	9.2	10.4
Ultratech Cement	7,010	Buy	178.8	224.6	263.6	39.2	31.2	26.6	3.7	3.4	3.1	9.8	11.3	12.1
<b>Chemicals-Specialty</b>						<b>40.2</b>	<b>32.1</b>	<b>27.6</b>	<b>7.5</b>	<b>6.3</b>	<b>5.4</b>	<b>18.7</b>	<b>19.7</b>	<b>19.4</b>
Alkyl Amines	2,659	Neutral	49.6	62.1	78.6	53.6	42.8	33.8	11.5	9.6	7.9	23.4	24.4	25.6
Atul	8,197	Neutral	205.8	231.2	255.6	39.8	35.5	32.1	4.9	4.4	3.9	13.0	13.0	12.9
Clean Science	1,488	Neutral	24.5	32.7	40.6	60.8	45.4	36.7	16.0	12.3	9.6	29.6	30.6	29.4
Deepak Nitrite	1,990	Neutral	57.7	86.6	94.0	34.5	23.0	21.2	6.8	5.4	4.4	21.4	26.2	23.1
Fine Organic	5,694	Neutral	183.2	167.9	161.0	31.1	33.9	35.4	12.9	10.2	8.5	48.6	33.6	26.2
Galaxy Surfactants	2,469	Buy	98.0	85.4	105.0	25.2	28.9	23.5	4.8	4.2	3.7	20.4	15.5	16.9
Navin Fluorine	4,117	Neutral	65.6	109.4	134.3	62.8	37.6	30.6	9.6	8.0	6.6	16.3	23.2	23.6
NOCIL	234	Buy	10.4	12.8	14.9	22.6	18.3	15.7	2.5	2.3	2.1	11.6	13.3	14.2
Vinati Organics	2,003	Buy	45.0	61.2	84.0	44.5	32.7	23.9	9.4	7.6	6.0	23.0	25.6	28.2
<b>Consumer</b>						<b>47.6</b>	<b>39.9</b>	<b>34.9</b>	<b>11.9</b>	<b>11.2</b>	<b>10.5</b>	<b>25.0</b>	<b>28.1</b>	<b>30.0</b>
Asian Paints	3,046	Neutral	43.4	56.6	64.7	70.2	53.8	47.1	19.7	18.2	15.9	29.1	35.1	36.0
Britannia	4,292	Neutral	75.5	86.3	98.0	56.8	49.7	43.8	41.6	37.0	32.8	72.2	78.8	79.4
Colgate	1,521	Neutral	39.8	44.0	48.4	38.2	34.6	31.4	23.8	23.8	23.8	62.4	69.0	75.9
Dabur	562	Buy	10.7	13.0	15.0	52.3	43.2	37.5	10.8	9.8	8.9	21.6	23.7	24.8

## 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
Emami	430	Buy	17.0	20.9	21.8	25.2	20.6	19.7	9.1	8.5	8.0	36.2	42.7	41.7
Godrej Consumer	893	Buy	15.8	22.8	27.4	56.5	39.2	32.6	7.4	6.8	6.4	13.5	18.0	20.2
Hind. Unilever	2,559	Buy	41.7	47.8	55.4	61.3	53.5	46.2	12.7	13.1	13.6	20.4	24.1	28.9
Indigo Paints	1,311	Buy	23.0	31.5	41.1	57.0	41.5	31.9	8.2	6.9	5.6	15.5	18.0	19.4
ITC	333	Buy	15.1	16.9	18.8	22.1	19.7	17.7	6.4	6.0	5.6	29.7	31.5	32.8
Jyothy Labs	204	Neutral	5.6	7.2	8.3	36.7	28.3	24.5	4.9	4.7	4.5	13.8	17.0	18.7
Marico	506	Buy	9.5	11.6	13.3	53.4	43.5	38.2	19.3	17.7	16.3	36.3	42.5	44.5
Nestle	19,564	Neutral	253.8	308.2	355.6	77.1	63.5	55.0	88.9	85.7	80.2	116.4	137.6	150.7
P&G Hygiene	14,294	Neutral	179.5	271.7	313.2	79.6	52.6	45.6	58.3	52.5	42.7	76.0	105.1	103.2
Page Industries	41,921	Neutral	624.7	727.9	863.4	67.1	57.6	48.6	37.6	34.1	31.0	56.1	59.3	63.8
Pidilite Inds.	2,529	Neutral	27.7	38.1	45.2	91.3	66.3	56.0	18.1	16.0	14.1	20.9	25.6	26.8
Tata Consumer	762	Buy	11.6	16.6	19.6	65.7	45.8	38.8	4.3	4.0	3.7	6.9	9.3	9.7
United Breweries	1,688	Sell	22.2	33.4	37.4	76	51	45.1	9.9	8.9	8.1	13.9	18.5	18.8
United Spirits	869	Neutral	15.3	17.6	19.9	57	49	43.8	11.6	10.8	9.6	20.4	21.9	21.9
Varun Beverages	1,329	Buy	22.7	28.6	36.6	58.4	46.4	36.3	16.0	12.2	9.3	31.2	29.8	29.1
<b>Financials</b>														
<b>Banks-Private</b>						<b>19.3</b>	<b>15.9</b>	<b>13.4</b>	<b>3.0</b>	<b>2.5</b>	<b>2.2</b>	<b>15.5</b>	<b>15.9</b>	<b>16.2</b>
AU Small Finance	657	Buy	21.2	25.4	31.3	31.0	25.8	21.0	4.0	3.5	3.0	14.9	14.4	15.3
Axis Bank	941	Buy	68.7	79.8	90.0	13.7	11.8	10.5	2.4	1.9	1.6	17.8	17.9	16.9
Bandhan Bank	240	Neutral	14.7	28.5	36.0	16.3	8.4	6.7	2.0	1.7	1.4	13.0	22.1	23.2
DCB Bank	128	Neutral	15.0	17.3	19.8	8.5	7.4	6.5	0.9	0.8	0.7	11.6	12.0	12.3
Equitas Holdings	129	Buy	13.9	21.4	29.2	9.3	6.0	4.4	1.0	0.9	0.7	10.7	15.1	18.0
Federal Bank	138	Buy	13.1	15.3	17.8	10.5	9.0	7.7	1.4	1.2	1.1	13.8	14.2	14.6
HDFC Bank	1,629	Buy	79.8	95.1	113.5	20.4	17.1	14.4	3.2	2.8	2.4	17.1	17.4	17.7
ICICI Bank	903	Buy	44.5	51.9	61.1	20.3	17.4	14.8	3.2	2.7	2.3	17.0	16.9	17.0
IDFC First Bank	61	Buy	3.6	4.9	6.7	16.9	12.3	9.1	1.6	1.4	1.2	10.2	12.4	14.6
IndusInd Bank	1,227	Buy	97.0	123.5	153.8	12.7	9.9	8.0	1.7	1.5	1.3	14.7	16.3	17.4
Kotak Mahindra Bank	1,826	Neutral	71.7	83.9	98.6	25.5	21.8	18.5	3.3	2.9	2.5	13.1	13.3	13.5
RBL Bank	181	Buy	14.6	20.1	24.7	12.4	9.0	7.4	0.8	0.8	0.7	6.7	8.7	10.0
SBI Cards	795	Buy	25.4	34.4	45.8	31.3	23.1	17.4	7.5	5.8	4.4	27.1	28.3	28.8
<b>Banks-PSU</b>						<b>9.3</b>	<b>7.6</b>	<b>6.4</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>	<b>12.9</b>	<b>14.0</b>	<b>14.8</b>
Bank of Baroda	186	Buy	22.0	27.5	31.6	8.4	6.8	5.9	1.0	0.9	0.8	12.5	13.8	14.0
Canara Bank	336	Buy	55.0	71.6	90.4	6.1	4.7	3.7	0.9	0.7	0.6	14.1	15.9	17.2
Indian Bank	296	Buy	42.7	54.0	65.3	6.9	5.5	4.5	0.8	0.7	0.6	13.4	15.0	15.9
Punjab National Bank	57	Neutral	3.5	5.8	7.9	16.2	9.9	7.3	0.7	0.6	0.6	4.0	6.3	8.0
State Bank	612	Buy	59.8	68.7	80.3	10.2	8.9	7.6	1.6	1.4	1.2	17.4	16.9	16.7
Union Bank	81	Buy	11.8	15.9	19.8	6.9	5.1	4.1	0.8	0.7	0.6	11.7	14.4	16.2
<b>Insurance</b>						<b>30.8</b>	<b>38.6</b>	<b>30.6</b>	<b>9.6</b>	<b>8.0</b>	<b>6.5</b>	<b>31.1</b>	<b>20.6</b>	<b>21.4</b>
HDFC Life Insur.	570	Neutral	6.8	8.1	9.5	84.0	70.6	59.9	3.1	2.6	2.2	17.0	18.3	19.3
ICICI Lombard	1,242	Buy	37.6	44.0	53.6	33.1	28.3	23.2	5.9	5.1	4.4	18.9	19.3	20.6
ICICI Pru Life	452	Buy	6.4	6.9	7.6	70.9	65.3	59.3	1.8	1.5	1.3	14.3	16.7	17.1
Life Insurance Corp.	709	Buy	34.0	22.6	29.6	20.9	31.4	24.0	0.8	0.7	0.6	8.4	11.8	11.2
Max Financial	685	Neutral	8.3	8.9	9.8	82.5	77.1	70.0	1.8	1.5	1.3	17.7	18.1	17.9
SBI Life Insurance	1,240	Buy	18.1	21.8	25.3	68.5	56.9	49.0	2.6	2.1	1.7	20.6	21.7	22.1
Star Health	586	Buy	10.3	17.1	22.1	57.0	34.3	26.5	4.9	4.3	3.7	10.3	13.3	14.9
<b>NBFC - Lending</b>						<b>22.8</b>	<b>19.1</b>	<b>16.0</b>	<b>2.9</b>	<b>2.6</b>	<b>2.3</b>	<b>12.8</b>	<b>13.3</b>	<b>14.2</b>
AAVAS Financiers	1,808	Sell	53.6	66.3	84.2	33.7	27.3	21.5	4.4	3.8	3.2	14.0	15.0	16.3
Aditya Birla Cap	155	Buy	9.1	11.3	13.1	17.0	13.7	11.9	2.0	1.8	1.8	13.0	13.8	13.8
Bajaj Finance	6,557	Buy	187.4	228.9	288.7	35.0	28.7	22.7	7.5	6.1	4.9	23.5	23.4	24.0
Can Fin Homes	546	Buy	46.1	50.0	59.7	11.9	10.9	9.1	2.0	1.7	1.4	18.3	16.8	17.0
Chola. Inv & Fin.	732	Buy	29.6	37.9	47.4	24.7	19.3	15.4	4.3	3.6	3.0	19.0	20.3	21.0

## 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
HDFC	2,653	Buy	70.3	80.6	92.9	37.7	32.9	28.6	3.7	3.4	3.1	12.9	13.3	13.6
Home First Fin.	750	Buy	25.6	31.2	40.5	29.3	24.0	18.5	3.7	3.2	2.7	13.4	14.2	15.9
Indostar Capital	162	Buy	16.5	29.7	44.4	9.9	5.5	3.7	0.7	0.6	0.5	7.4	12.1	15.8
L&T Fin.Holdings	90	Buy	6.2	7.8	10.0	14.6	11.6	8.9	1.0	1.0	0.9	7.4	8.7	10.3
LIC Housing Fin	424	Buy	51.4	64.4	75.3	8.3	6.6	5.6	0.9	0.8	0.7	11.0	12.7	13.5
M & M Financial	241	Buy	12.4	15.3	20.3	19.5	15.7	11.9	1.8	1.7	1.5	9.7	11.2	13.6
Manappuram Finance	119	Buy	16.6	19.8	23.5	7.2	6.0	5.1	1.1	0.9	0.8	15.7	16.5	17.1
MAS Financial	829	Buy	37.2	47.2	58.6	22.3	17.6	14.1	3.2	2.8	2.4	15.1	16.8	18.0
Muthoot Finance	1,091	Neutral	84.1	94.0	103.8	13.0	11.6	10.5	2.1	1.8	1.6	17.2	16.8	16.3
Piramal Enterprises	837	Buy	80.8	83.8	100.1	10.4	10.0	8.4	0.6	0.6	0.6	5.7	6.3	7.1
PNB Housing	573	Neutral	58.5	70.0	84.9	9.8	8.2	6.7	0.9	0.8	0.7	9.6	10.5	11.5
Poonawalla Fincorp	304	Buy	7.5	12.2	17.2	40.5	24.9	17.6	3.7	2.3	2.0	9.6	11.3	12.1
Repco Home Fin	232	Neutral	44.3	50.3	58.2	5.2	4.6	4.0	0.6	0.5	0.5	11.7	11.9	12.3
Shriram Finance	1,386	Buy	153.6	175.6	202.1	9.0	7.9	6.9	1.3	1.1	0.9	15.3	15.0	14.9
<b>NBFC - Non Lending</b>						<b>19.9</b>	<b>17.4</b>	<b>15.1</b>	<b>5.2</b>	<b>4.7</b>	<b>4.3</b>	<b>26.3</b>	<b>27.1</b>	<b>28.1</b>
Angel One	1,316	Buy	95.8	108.5	128.0	13.7	12.1	10.3	5.2	4.1	3.4	43.1	37.6	36.0
BSE	556	Neutral	15.1	20.1	23.2	36.9	27.7	24.0	2.8	2.7	2.6	7.5	9.7	10.8
Cams Services	2,195	Buy	60.0	72.2	86.5	36.6	30.4	25.4	14.3	12.3	10.5	42.0	43.5	44.6
ICICI Securities	494	Buy	37.0	40.3	44.4	13.4	12.2	11.1	5.6	4.8	4.2	45.2	42.3	40.3
IIFL Wealth Mgt	1,785	Buy	83.6	89.1	98.9	21.4	20.0	18.1	5.0	4.8	4.6	24.1	24.5	25.9
MCX	1,458	Buy	39.2	59.8	75.8	37.2	24.4	19.2	5.1	4.9	4.7	13.9	20.5	24.8
<b>Healthcare</b>						<b>27.5</b>	<b>22.5</b>	<b>19.3</b>	<b>3.5</b>	<b>3.1</b>	<b>2.7</b>	<b>12.6</b>	<b>13.7</b>	<b>14.1</b>
Ajanta Pharma	1,206	Buy	52.6	61.2	69.9	22.9	19.7	17.2	4.1	3.6	3.1	19.2	19.3	19.1
Alembic Pharma	569	Sell	20.8	31.4	36.2	27.4	18.1	15.7	2.1	1.9	1.7	7.5	11.0	12.0
Alkem Lab	2,999	Neutral	104.9	146.6	179.1	28.6	20.5	16.7	3.7	3.3	2.9	13.8	17.1	18.2
Apollo Hospitals	4,451	Buy	60.3	92.2	130.1	73.8	48.3	34.2	9.4	7.9	6.5	14.2	18.4	20.8
Aurobindo Pharma	435	Neutral	36.0	43.8	48.0	12.1	9.9	9.1	1.0	0.9	0.8	8.3	9.3	9.4
Biocon	263	Neutral	8.4	14.6	18.7	31.5	18.0	14.1	1.9	1.8	1.6	8.0	10.2	12.1
Cipla	1,071	Neutral	42.6	49.3	52.8	25.1	21.7	20.3	3.7	3.2	2.8	14.7	14.7	13.8
Divis Labs	3,374	Neutral	81.4	97.2	111.5	41.4	34.7	30.3	6.8	6.0	5.2	17.3	18.3	18.4
Dr Reddy's Labs	4,238	Buy	224.0	235.4	261.9	18.9	18.0	16.2	3.1	2.7	2.3	17.9	16.1	15.5
Eris Lifescience	664	Buy	29.6	38.8	39.1	22.5	17.1	17.0	4.1	3.5	3.0	19.7	22.0	18.8
Gland Pharma	1,577	Buy	64.4	79.9	90.0	24.5	19.7	17.5	3.2	2.7	2.4	13.8	14.8	14.4
Glenmark Pharma	427	Neutral	33.1	41.0	47.9	12.9	10.4	8.9	1.2	1.1	1.0	9.8	11.0	11.6
Granules India	320	Buy	22.3	26.5	31.7	14.4	12.1	10.1	2.6	2.1	1.8	19.4	19.2	19.1
GSK Pharma	1,317	Neutral	35.3	39.3	42.5	37.3	33.5	31.0	7.8	7.1	6.4	20.8	21.1	20.7
IPCA Labs.	837	Buy	26.0	35.5	45.8	32.1	23.6	18.3	3.5	3.1	2.7	11.5	14.1	16.0
Laurus Labs	373	Buy	18.3	22.5	26.3	20.4	16.6	14.2	4.8	3.9	3.1	26.1	25.7	24.4
Lupin	733	Neutral	11.0	23.5	31.8	66.4	31.2	23.1	2.6	2.5	2.3	4.1	8.2	10.4
Piramal Pharma	123	Buy	1.9	3.2	6.4	65.0	38.1	19.1	2.1	2.0	1.8	3.3	5.4	9.9
Solara Active Pharma	436	Buy	-5.9	13.4	16.0	-73.4	32.6	27.3	1.0	1.0	1.0	-1.4	3.2	3.8
Sun Pharma	997	Buy	35.5	42.0	47.9	28.1	23.7	20.8	4.3	3.7	3.2	16.4	16.8	16.6
Torrent Pharma	1,549	Neutral	39.7	50.8	61.9	39.0	30.5	25.0	7.2	6.2	3.1	20.3	21.9	24.9
Zydus Lifesciences	420	Neutral	22.5	23.1	24.8	18.6	18.2	16.9	2.2	2.1	1.9	12.8	11.8	11.6
<b>Infrastructure</b>						<b>18.8</b>	<b>16.1</b>	<b>14.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>9.6</b>	<b>10.2</b>	<b>10.6</b>
G R Infraproject	1,175	Buy	87.6	101.5	120.0	13.4	11.6	9.8	2.2	1.8	1.6	17.7	17.2	17.2
IRB Infra	314	Neutral	12.1	14.2	15.4	25.9	22.1	20.4	1.5	1.4	1.3	5.7	6.4	6.6
KNR Constructions	265	Buy	15.3	17.9	21.8	17.3	14.8	12.2	2.8	2.4	2.0	17.6	17.3	17.7
<b>Logistics</b>						<b>34.7</b>	<b>26.3</b>	<b>20.6</b>	<b>4.9</b>	<b>4.4</b>	<b>3.9</b>	<b>14.2</b>	<b>16.8</b>	<b>19.0</b>
Blue Dart Express	7,815	Neutral	153.0	214.3	274.8	51.1	36.5	28.4	15.5	11.7	8.7	33.7	36.5	35.1
Concor	740	Buy	21.7	28.2	35.7	34.0	26.2	20.7	4.0	3.8	3.5	12.0	14.8	17.5

## 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
Mahindra Logistics	500	Neutral	8.0	14.4	23.3	62.4	34.7	21.5	5.7	5.0	4.1	9.4	15.3	21.1
Transport Corp.	624	Buy	38.2	47.6	57.6	16.3	13.1	10.8	2.8	2.4	2.0	18.5	19.4	19.5
VRL Logistics	550	Buy	19.7	26.2	33.7	28.0	21.0	16.3	6.3	4.4	3.7	24.4	24.6	24.6
<b>Media</b>						<b>20.0</b>	<b>15.1</b>	<b>13.2</b>	<b>2.5</b>	<b>2.2</b>	<b>2.0</b>	<b>12.3</b>	<b>14.9</b>	<b>15.4</b>
PVR	1,728	Neutral	29.7	62.9	82.6	58.3	27.5	20.9	6.8	5.4	4.3	12.4	22.0	23.0
Sun TV	488	Buy	42.0	46.5	50.7	11.6	10.5	9.6	2.2	2.0	1.9	19.8	19.4	19.5
Zee Entertainment	243	Buy	8.4	13.5	15.9	28.8	18.0	15.3	2.1	1.9	1.7	7.3	11.0	11.9
<b>Metals</b>						<b>8.7</b>	<b>7.7</b>	<b>6.8</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>	<b>19.8</b>	<b>19.9</b>	<b>19.8</b>
Coal India	225	Buy	53.9	31.7	29.5	4.2	7.1	7.6	2.3	2.0	1.8	55.6	28.1	23.2
Hindalco	487	Buy	50.5	73.1	78.6	9.6	6.7	6.2	1.7	1.4	1.2	19.0	22.9	20.4
Hindustan Zinc	325	Neutral	25.2	27.4	26.6	12.9	11.9	12.2	4.3	4.4	4.6	32.0	36.5	36.9
JSPL	594	Buy	57.0	76.6	125.9	10.4	7.7	4.7	1.5	1.2	1.0	15.0	17.3	23.3
JSW Steel	775	Neutral	47.4	86.2	111.1	16.4	9.0	7.0	2.6	2.1	1.6	16.3	25.4	26.0
Nalco	84	Neutral	5.3	11.7	18.6	15.7	7.2	4.5	1.2	1.1	1.0	7.7	15.8	22.9
NMDC	126	Buy	17.1	19.5	16.9	7.4	6.5	7.5	1.8	1.7	1.5	26.3	26.9	21.2
SAIL	89	Neutral	4.4	12.2	15.7	20.0	7.3	5.7	0.7	0.6	0.6	3.4	8.8	10.4
Tata Steel	119	Neutral	14.8	16.8	19.2	8.1	7.1	6.2	1.2	1.1	1.0	15.6	15.9	16.3
Vedanta	316	Neutral	39.6	49.9	57.0	8.0	6.3	5.5	1.9	1.8	1.6	23.2	28.9	29.9
<b>Oil &amp; Gas</b>						<b>17.5</b>	<b>12.2</b>	<b>11.6</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>8.8</b>	<b>11.4</b>	<b>11.0</b>
Aegis Logistics	346	Neutral	12.4	12.8	14.3	27.8	27.1	24.2	4.6	4.1	3.6	17.7	16.0	15.9
BPCL	334	Neutral	3.8	41.6	43.5	87.7	8.0	7.7	1.3	1.2	1.1	1.5	15.8	15.0
Castrol India	125	Buy	8.3	8.9	9.7	15.1	14.0	12.9	6.6	5.8	5.2	46.6	44.1	42.2
GAIL	97	Buy	9.8	12.4	12.4	9.9	7.8	7.8	1.0	0.9	0.8	11.0	12.5	11.4
Gujarat Gas	490	Buy	18.2	21.2	25.3	27.0	23.1	19.4	5.0	4.2	3.5	20.3	19.8	19.8
Gujarat State Petronet	270	Buy	17.9	20.0	20.7	15.1	13.5	13.1	1.6	1.5	1.3	11.3	11.4	10.7
HPCL	237	Neutral	-61.8	43.3	40.9	-3.8	5.5	5.8	1.1	1.0	0.9	-25.7	19.2	16.0
Indraprastha Gas	419	Neutral	20.2	20.7	22.5	20.8	20.2	18.6	3.7	3.3	2.9	19.0	17.2	16.6
IOC	78	Buy	5.6	11.2	10.6	13.9	7.0	7.4	0.5	0.5	0.5	5.8	10.8	9.7
Mahanagar Gas	845	Buy	58.4	73.2	71.2	14.5	11.6	11.9	2.1	1.9	1.7	15.3	17.4	15.3
MRPL	58	Neutral	-3.4	6.3	7.3	-16.9	9.2	8.0	3.0	2.5	2.1	-17.6	29.7	28.6
Oil India	215	Buy	61.4	42.8	43.9	3.5	5.0	4.9	0.7	0.7	0.6	21.8	13.7	13.0
ONGC	150	Buy	37.5	44.4	46.5	4.0	3.4	3.2	0.7	0.6	0.5	17.8	18.9	17.6
Petronet LNG	216	Buy	16.5	17.6	17.9	13.1	12.3	12.1	2.2	2.0	1.9	17.6	17.2	16.2
Reliance Inds.	2,575	Buy	93.9	111.2	121.8	27.4	23.2	21.2	2.0	1.8	1.7	7.9	8.6	8.7
<b>Real Estate</b>						<b>35.3</b>	<b>22.6</b>	<b>21.6</b>	<b>2.8</b>	<b>2.6</b>	<b>2.3</b>	<b>8.1</b>	<b>11.3</b>	<b>10.7</b>
Brigade Enterpr.	465	Buy	17.1	24.0	31.5	27.2	19.4	14.8	2.9	2.5	2.2	11.3	14.1	15.9
DLF	380	Neutral	12.7	26.4	22.7	29.8	14.4	16.7	1.8	1.6	1.5	6.1	11.8	9.3
Godrej Properties	1,236	Neutral	29.9	49.0	43.9	41.4	25.2	28.1	3.6	3.2	2.9	9.1	13.4	10.0
Macrotech Developers	1,100	Buy	31.2	41.1	48.5	35.3	26.8	22.7	4.3	3.8	3.3	12.2	15.0	15.6
Mahindra Lifespace	365	Buy	9.6	10.9	11.7	38.1	33.6	31.3	2.9	2.7	2.4	7.9	8.2	8.1
Oberoi Realty	871	Buy	41.2	42.3	57.9	21.2	20.6	15.0	2.7	2.4	2.1	13.4	12.2	14.7
Prestige Estates	470	Buy	11.7	15.0	16.0	40.3	31.4	29.3	1.8	1.7	1.6	4.6	5.6	5.7
Sobha	586	Buy	17.1	46.5	68.2	34.3	12.6	8.6	2.1	1.8	1.5	6.4	15.7	19.5
<b>Retail</b>						<b>85.1</b>	<b>65.2</b>	<b>52.5</b>	<b>15.5</b>	<b>12.8</b>	<b>10.6</b>	<b>18.2</b>	<b>19.7</b>	<b>20.2</b>
Aditya Birla Fashion	287	Buy	2.5	5.0	8.7	114.5	57.5	33.1	7.3	6.5	5.4	7.3	12.0	17.9
Avenue Supermarts	4,074	Neutral	40.3	53.2	60.3	101.2	76.6	67.6	15.5	12.8	10.7	17.3	19.0	17.9
Barbeque Nation	982	Neutral	11.1	17.1	21.9	88.9	57.6	44.9	8.9	7.7	6.6	10.0	13.4	14.7
Bata India	1,654	Neutral	28.2	37.7	47.6	58.7	43.9	34.7	9.8	8.0	6.5	18.2	20.0	20.6
Campus Activewear	411	Buy	5.4	7.8	10.5	75.9	52.5	39.2	20.6	14.8	10.8	27.2	28.2	27.4
Devyani Intl.	181	Buy	2.5	3.1	3.8	70.9	57.7	47.3	21.5	15.6	11.7	36.2	31.4	28.3
Jubilant Foodworks	505	Buy	7.4	9.1	10.8	68.2	55.4	46.7	16.4	14.2	12.8	24.0	25.7	27.5

## 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
Metro Brands	865	Buy	14.3	16.8	19.9	60.7	51.6	43.6	14.2	11.3	9.1	26.9	25.0	23.8
Relaxo Footwear	906	Neutral	8.4	13.0	16.1	107.5	69.6	56.4	11.8	10.4	9.2	11.4	15.9	17.3
Restaurant Brands	114	Buy	-2.5	0.1	0.3	-45.5	914.3	378.1	6.0	5.9	5.1	-13.1	0.6	1.3
Sapphire Foods	1,303	Buy	20.9	29.3	37.6	62.3	44.5	34.7	7.3	6.2	5.3	12.4	15.1	16.5
Shoppers Stop	715	Neutral	9.2	12.4	13.9	77.5	57.6	51.3	34.4	21.6	15.2	56.7	46.0	34.7
Titan Company	2,566	Buy	37.0	43.1	53.6	69.3	59.6	47.9	19.5	15.8	13.0	31.4	29.4	29.8
Trent	1,344	Buy	11.3	16.1	22.3	119	83	60.3	16.1	13.4	10.8	15.7	18.7	21.2
V-Mart Retail	2,824	Buy	27.5	51.1	91.5	103	55	30.8	5.7	5.2	4.4	5.7	9.8	15.4
Westlife Foodworld	776	Neutral	7.1	10.0	14.6	109.9	77.8	53.1	21.1	16.6	12.6	21.2	23.9	27.0
<b>Staffing</b>						<b>25.4</b>	<b>16.4</b>	<b>11.9</b>	<b>2.9</b>	<b>2.6</b>	<b>2.2</b>	<b>11.4</b>	<b>15.6</b>	<b>18.3</b>
Qess Corp	414	Buy	15.7	29.7	43.0	26.4	13.9	9.6	1.9	1.7	1.5	9.8	17.6	22.9
SIS	394	Buy	19.3	25.8	33.0	20.4	15.3	11.9	1.1	1.0	0.8	13.0	15.0	16.6
Team Lease Serv.	2,527	Neutral	68.9	96.9	131.0	36.7	26.1	19.3	5.3	4.4	3.6	15.2	18.1	20.2
<b>Technology</b>						<b>25.8</b>	<b>21.9</b>	<b>20.2</b>	<b>7.7</b>	<b>7.4</b>	<b>7.1</b>	<b>29.7</b>	<b>33.7</b>	<b>35.2</b>
Coforge	3,962	Neutral	138.6	170.9	184.7	28.6	23.2	21.5	7.4	6.2	5.3	28.3	29.7	27.1
Cyient	816	Buy	51.1	67.7	77.3	16.0	12.1	10.6	2.8	2.6	2.3	17.8	22.3	23.3
HCL Technologies	1,039	Buy	55.1	63.8	70.5	18.9	16.3	14.7	4.6	4.7	4.7	24.2	28.5	31.9
Infosys	1,524	Buy	58.7	67.5	75.1	26.0	22.6	20.3	8.8	8.6	8.6	33.3	38.5	42.3
LTI Mindtree	4,325	Neutral	162.2	190.9	233.9	26.7	22.7	18.5	6.2	6.4	5.3	28.3	31.1	31.5
L&T Technology	3,724	Buy	112.3	133.8	154.0	33.2	27.8	24.2	8.1	6.9	5.9	26.3	26.8	26.5
Mphasis	1,971	Buy	91.7	108.9	123.7	21.5	18.1	15.9	4.9	4.4	3.9	23.8	25.6	26.2
Persistent Systems	4,020	Neutral	123.9	147.3	170.9	32.4	27.3	23.5	7.5	6.3	5.4	25.8	25.9	25.4
TCS	3,261	Buy	117.4	136.9	141.3	27.8	23.8	23.1	13.0	12.5	12.1	47.4	53.6	53.4
Tech Mahindra	1,010	Neutral	57.6	68.4	78.6	17.5	14.8	12.8	3.1	3.0	2.8	18.5	20.8	22.6
Wipro	393	Neutral	20.2	24.1	26.1	19.5	16.3	15.1	3.2	3.1	3.0	16.6	19.3	20.3
Zensar Tech	214	Buy	11.5	16.9	19.4	18.7	12.7	11.0	1.7	1.6	1.5	9.4	13.0	13.9
<b>Telecom</b>						<b>-41</b>	<b>-124</b>	<b>60.4</b>	<b>18.4</b>	<b>24.8</b>	<b>19.6</b>	<b>-44.8</b>	<b>-20.0</b>	<b>32.5</b>
Bharti Airtel	814	Buy	15.3	24.3	38.4	53.3	33.5	21.2	4.7	4.1	3.5	10.5	13.2	17.8
Indus Towers	190	Neutral	16.8	24.9	26.1	11.3	7.6	7.3	2.2	1.9	1.7	19.9	27.0	24.8
Tata Comm	1,318	Neutral	62.3	72.7	94.9	21.1	18.1	13.9	13.6	7.8	5.0	96.2	54.5	44
Vodafone Idea	8	Neutral	-10.0	-9.4	-7.5	-0.8	-0.9	-1.1	-0.3	-0.2	-0.2	NM	NM	NM
<b>Others</b>						<b>25.4</b>	<b>20.2</b>	<b>17.9</b>	<b>4.5</b>	<b>3.7</b>	<b>3.1</b>	<b>17.6</b>	<b>18.3</b>	<b>17.5</b>
APL Apollo Tubes	1,105	Buy	24.5	35.3	44.8	45.0	31.3	24.7	10.3	8.1	6.3	26.0	28.9	28.6
Coromandel Inter.	896	Buy	67.2	65.4	69.6	13.3	13.7	12.9	3.3	2.8	2.4	27.6	22.1	20.0
EPL	173	Buy	6.4	10.0	11.9	26.9	17.2	14.5	2.9	2.7	2.4	11.0	16.1	17.5
Godrej Agrovet	475	Buy	15.7	19.9	23.4	30.3	23.9	20.3	3.8	3.6	3.0	13.0	15.5	16.2
Indiamart Inter.	4,331	Buy	86.5	110.4	139.6	50.1	39.2	31.0	6.2	5.5	4.9	13.2	14.9	16.8
Indian Hotels	317	Buy	5.4	7.3	9.2	58.7	43.4	34.4	5.8	5.2	4.6	10.4	12.6	14.1
Info Edge	3,911	Neutral	49.4	56.5	64.8	79.2	69.2	60.4	3.4	3.3	3.1	4.3	4.7	10.1
Interglobe Aviation	2,043	Neutral	34.6	107.1	118.0	59.1	19.1	17.3	-16.7	-132.7	19.9	-24.7	-155.3	270.6
Kaveri Seed	513	Buy	42.7	50.9	56.4	12.0	10.1	9.1	2.0	1.7	1.5	18.1	18.6	17.7
Lemon Tree Hotel	84	Buy	1.2	1.5	2.8	70.1	54.6	30	7.1	6.3	5.2	10.7	12.3	18.8
P I Industries	3,410	Buy	82.8	103.9	120.6	41.2	32.8	28.3	7.1	5.9	4.9	18.8	19.7	19.0
SRF	2,293	Neutral	73.4	84.2	99.3	31.2	27.2	23.1	6.7	5.6	4.7	23.3	22.4	22.0
Tata Chemicals	941	Neutral	91.4	73.6	62.5	10.3	12.8	15.1	1.2	1.1	1.0	12.1	8.9	7.1
Trident	34	Buy	0.9	1.8	2.2	39.7	19.4	15.3	4.0	3.3	2.8	10.7	18.9	19.8
UPL	722	Neutral	77.3	82.4	92.5	9.3	8.8	7.8	1.4	1.1	0.9	24.7	21.1	19.4

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# Sectors & Companies

BSE Sensex: 59,900

Nifty 50: 17,859

January 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 &amp; 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 2 January 2023, unless otherwise stated.**



# Automobiles

## Company

Amara Raja Batteries
Apollo Tyres
Ashok Leyland
Bajaj Auto
Balkrishna Inds
Bharat Forge
BOSCH
Ceat
Eicher Motors
Endurance Technologies
Escorts Kubota
Exide Industries
Hero MotoCorp
Mahindra CIE
Mahindra & Mahindra
Maruti Suzuki
Motherson Sumi Systems
MRF
Samvardhana Motherson
Sona BLW Precision
Tata Motors
Tube Investments
TVS Motor

## Demand largely stable post festive season, supplies improving

### 3QFY23 to start witnessing benefits of moderation in commodity prices

- 3QFY23 volumes were reasonably good, considering channel inventory filling for the festive season in 2QFY23. Demand largely remained intact across segments, except for the entry-level PV segment. Stable demand environment in the domestic market, along with limited impact of supply-side issues, boosted wholesales.
- In terms of wholesale volumes, PVs posted 19% YoY growth (-10% QoQ), CVs saw 12.5% YoY growth (-2% QoQ), 2Ws volumes declined 6% YoY (-22% QoQ) and tractors grew 10% YoY (+6% QoQ). This was despite the timing difference in the festive season (Diwali was in Nov in FY22).
- We estimate margins to improve for the second quarter in a row, with 160bp YoY (+40bp QoQ) expansion in EBITDA margins for our Auto OEM Universe (ex TTMT), led by benefits of RM cost moderation (-100bp YoY, -70bp QoQ). Except for BJAUT and HMCL, all other OEMs are likely to report margin expansion on YoY and QoQ basis.
- 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 EIM (-5%), EXID (-5%) and BJAUT (-5%). We have not raised our estimates materially for any company for FY24.

## Stable demand environment post festive season

3QFY23 volumes were reasonably good, considering channel inventory filling for the festive season in 2QFY23. Demand largely remained intact across segments, except for the entry-level PV segment. Stable demand environment in the domestic market, along with limited impact of supply-side issues, boosted wholesales. In terms of wholesale volumes, PVs posted 19% YoY growth (-10% QoQ), CVs saw 12.5% YoY growth (-2% QoQ), 2Ws volumes decline 6% YoY (-22% QoQ) and tractors grew 10% YoY (+6% QoQ). This was despite the timing difference in the festive season (Diwali was in Nov in FY22). 2W volumes in domestic market grew ~1%, whereas exports declined 24.5% YoY. M&HCV and Tractors are the only segments to witness QoQ improvement in volumes. Overall exports are expected to remain under pressure for both OEMs and auto component suppliers due to various frictions in global trade.

## Second quarter of margin recovery driven by moderating RM costs

We estimate margins to improve for the second quarter in a row, with 160bp YoY (+40bp QoQ) expansion in EBITDA margins for our Auto OEM Universe (ex TTMT), driven by benefits of RM cost moderation. Except for BJAUT and HMCL, all other OEMs should report margin expansion on YoY and QoQ basis. 3QFY23 will be the first quarter to see benefits of lower commodity prices, which, along with benefits of favorable FX, would drive gross margin expansion of 100bp YoY (+70bp QoQ).

**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. While the demand recovery is expected to sustain on the low base, benefits of lower commodity prices should reflect in 3QFY23. On other hand, the increase in interest rates and weakening global macros could raise fresh concerns about demand. We expect a volume CAGR of 10%/17%/9% for 2Ws/PVs/Tractors over FY22-25E. For 3Ws/LCVs/M&HCVs, we expect a volume CAGR of 11.5%/14.5%/21.5% over FY22-25E.

**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 EIM (-5%), EXID (-5%) and BJAUT (-5%). We have not materially raised our estimates for any company for FY24. There are no major upgrades in our EPS estimates for FY23. 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. Our top picks are MOTHERSO, AL and BHFC. We also prefer **HMCL** as a pure play on the domestic 2W demand recovery.

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

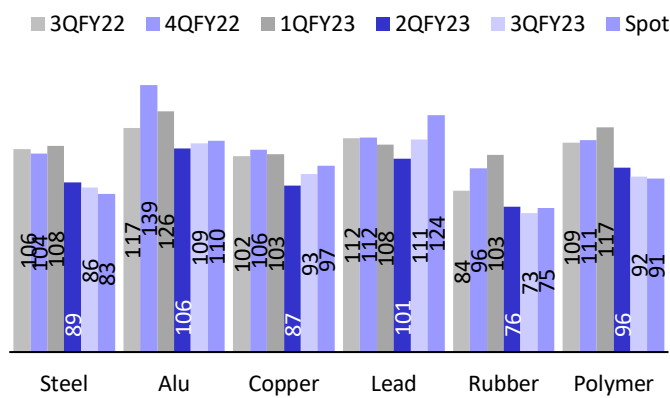
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Amara Raja Batt.	574	Neutral	26,725	13.0	-1.0	3,391	19.4	-5.9	1,890	30.6	-6.5
Apollo Tyres	328	Buy	63,209	10.7	6.1	8,873	19.4	24.6	3,117	39.2	60.3
Ashok Leyland	149	Buy	84,627	52.9	2.4	6,313	182.0	17.5	2,738	LP	41.3
Bajaj Auto	3577	Neutral	86,288	-4.4	-15.4	14,424	5.1	-18.0	12,748	5.0	-16.7
Balkrishna Inds	2129	Neutral	23,294	12.0	-17.0	4,659	-5.4	-14.8	2,774	-15.6	-31.3
Bharat Forge	884	Buy	18,732	16.9	0.5	4,812	19.3	6.4	2,859	8.6	6.4
Bosch	17174	Neutral	35,754	15.0	-2.4	3,826	7.0	-11.3	2,809	19.5	-24.6
CEAT	1629	Buy	27,753	15.0	-4.1	2,224	65.8	9.5	419	LP	76.9
Eicher Motors	3229	Buy	36,859	28.0	4.7	8,809	51.3	7.2	7,271	59.4	10.7
Endurance Tech.	1376	Buy	23,111	22.3	-2.1	2,735	34.6	1	1,294	36.7	-1.6
Escorts Kubota	2141	Neutral	22,072	12.8	17.2	2,318	-12.4	51.9	1,870	-7.2	31.6
Exide Inds.	181	Buy	37,081	16.0	-0.3	3,918	5.2	-5.0	2,288	12.1	-7.1
Hero Motocorp	2717	Buy	77,201	-2.1	-14.9	8,957	-6.7	-13.7	6,391	-6.9	-10.7
Mahindra & Mahindra	1263	Buy	2,16,127	41.8	3.7	27,340	51.5	9.5	17,989	32.9	-23.1
Mahindra CIE	350	Buy	27,324	32.4	0.3	3,351	65.7	5.8	1,741	95.0	1.6
Maruti Suzuki	8407	Buy	2,68,177	15.4	-10.4	25,855	65.8	-6.6	17,667	74.7	-14.3
Samvardhana Motherson	76	Buy	1,89,838	15.5	4.0	14,772	19.9	5.3	3,868	70.4	23.8
Motherson Wiring	58	Buy	17,618	20.7	-4.0	1,804	-9.9	-0.3	1,101	-16.6	-5.4
MRF	88080	Neutral	56,992	18.0	-0.3	5,493	13.1	17.5	1,715	17.6	38.3
Sona BLW Precis.	419	Neutral	6,624	34.0	0.8	1,739	33.2	4.9	965	11.7	4.3
Tata Motors	395	Buy	8,27,039	14.5	3.9	87,780	29.8	41.7	1,567	LP	LP
Tube Investments	2787	Buy	19,217	12.9	0.8	2,458	31.8	-2.2	1,665	38.3	4.2
TVS Motor	1073	Neutral	63,337	11.0	-12.3	6,467	13.8	-12.2	3,374	17.0	-17.2
<b>Automobiles</b>			<b>22,55,000</b>	<b>16.8</b>	<b>-0.9</b>	<b>2,52,318</b>	<b>29.2</b>	<b>11.2</b>	<b>1,00,122</b>	<b>71.1</b>	<b>4.2</b>

**Exhibit 2: Volume snapshot 3QFY23 ('000 units)**

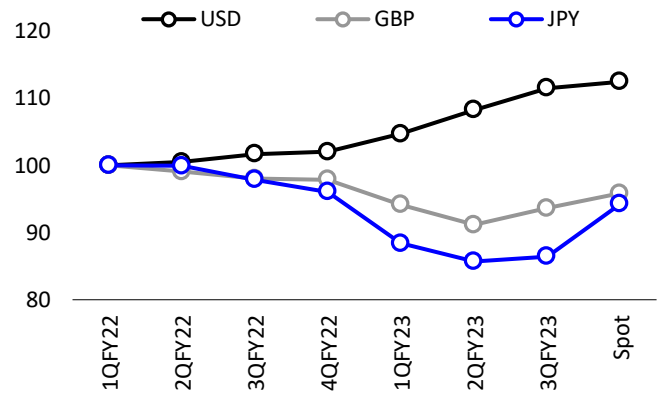
	3QFY23	3QFY22	YoY (%)	2QFY23	QoQ (%)	9MFY23E	9MFY22	YoY (%)
Two wheelers	4,417	4,694	-5.9	5,638	-21.7	14,941	13,459	11.0
Three wheelers	217	210	3.1	235	-7.7	627	566	10.9
Passenger cars	480	442	8.5	566	-15.2	1,561	1,305	19.6
UVs & MPVs	590	458	28.8	620	-4.8	1,765	1,267	39.3
<b>Total PVs</b>	<b>1,070</b>	<b>900</b>	<b>18.8</b>	<b>1,186</b>	<b>-9.8</b>	<b>3,326</b>	<b>2,572</b>	<b>29.3</b>
M&HCV	91	73	24.7	86	6.0	258	169	52.6
LCV	158	148	6.5	169	-6.5	488	363	34.6
<b>Total CVs</b>	<b>248</b>	<b>221</b>	<b>12.5</b>	<b>254</b>	<b>-2.3</b>	<b>746</b>	<b>532</b>	<b>40.3</b>
Tractors	247	224	10.3	233	5.8	758	675	12.2
<b>Total (ex Tractor)</b>	<b>5,952</b>	<b>6,025</b>	<b>-1.2</b>	<b>7,313</b>	<b>-18.6</b>	<b>19,640</b>	<b>17,128</b>	<b>14.7</b>

Source: Company, MOFSL

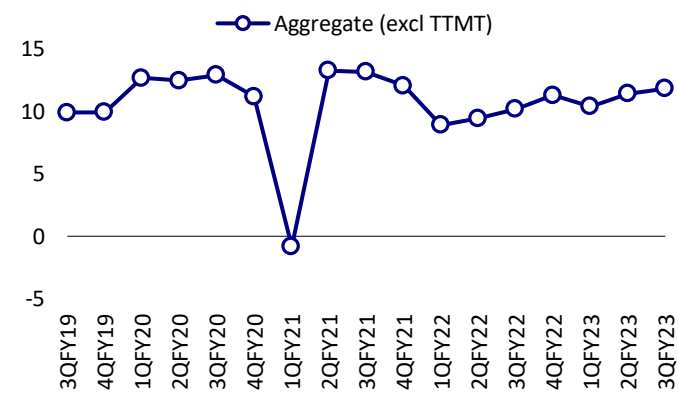
**Exhibit 3: Commodity prices remain soft (indexed)**



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

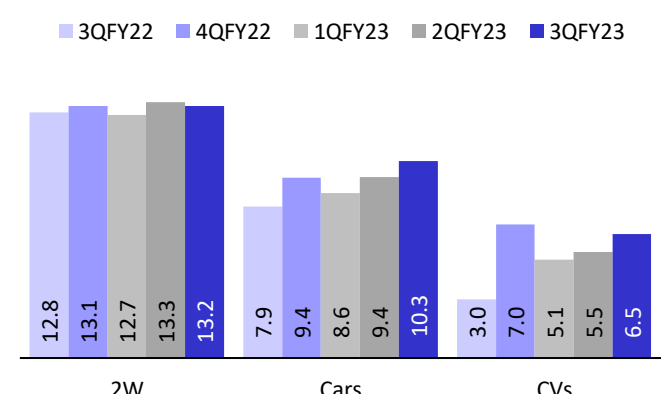


**Exhibit 5: Margins to improve on both YoY & QoQ basis**



Source: MOFSL

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



Source: MOFSL

## Exhibit 7: QoQ savings in RM cost drives margin

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)		
	3QFY23	3QFY22	YoY (%)	2QFY23	QoQ (%)	3QFY23	3QFY22	YoY (bs)	2QFY23	QoQ (bs)	3QFY23	YoY (%)	QoQ (%)
BJAUT	983	1181	-16.8	1,151.0	-14.6	16.7	15.2	150	17.2	-50	12,748	5.0	-16.7
HMCL	1,240	1292	-4.1	1,428.2	-13.2	11.6	12.2	-60	11.4	20	6,391	-6.9	-10.7
TVS Motor	879	879	0.1	1,027.4	-14.4	10.2	10.0	30	10.2	0	3,374	17.0	-17.2
MSIL	466	431	8.2	517.4	-10.0	9.6	6.7	290	9.3	40	17,667	74.7	-14.3
MM	282	214	31.6	273.2	3.2	12.7	11.8	80	12.0	70	17,989	32.9	-23.1
TTMT India CV**	97	101	-4.0	100.4	-3.7	5.9	2.6	330	5.1	90	3,818	NA	30.8
TTMT India PV**	132	100	32.9	142.8	-7.4	7.3	4.2	310	5.7	150	1,769	NA	5.9
TTMT (JLR) *	94	83	13.4	89.9	4.9	12.5	12.0	50	10.3	220	-8	-88.6	-92.2
TTMT (Cons)						10.6	9.4	120	7.8	280	1,567	-109.8	-112.5
Ashok Leyland	48	34	39.6	45.3	5.0	7.5	4.0	340	6.5	100	2,738	-832.2	41.3
Eicher (RE)	221	170	30.6	207.8	6.6	24.6	20.5	420	23.7	100	6,915	63.8	12.5
Eicher (VECV)	18	16	13.2	17.6	3.2	7.0	6.7	40	5.9	110	1,220	89.8	50.5
Eicher (Consol)						24.6	20.5	420	23.7	100	7,271	59.4	10.7
<b>Agg. (ex TTMT)</b>	<b>4,365</b>	<b>4,442</b>	<b>-1.7</b>	<b>4,936</b>	<b>-11.6</b>	<b>11.8</b>	<b>10.2</b>	<b>160</b>	<b>11.4</b>	<b>40</b>	<b>68,178</b>	<b>37.1</b>	<b>-13.7</b>

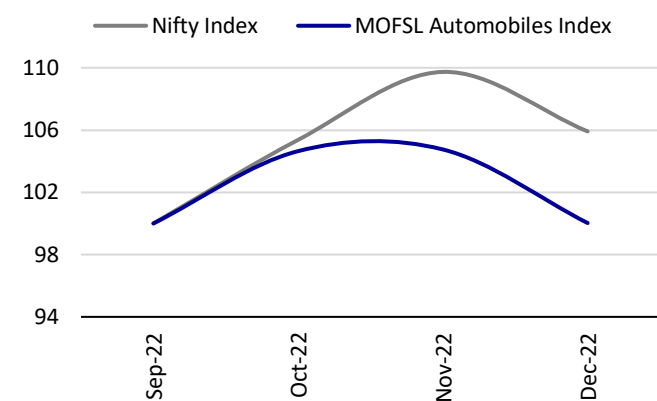
Source: \*JLR (in GBP m), \*\* PBT instead of adj. PAT; Company, MOFSL

## Exhibit 8: Revised estimates

	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	203.8	219.8	-7.3	227.6	238.9	-4.7
Hero MotoCorp	134.2	138.1	-2.8	172.6	180.1	-4.2
TVS Motor	33.5	33.5	0.0	41.1	42.9	-4.2
Eicher Motors *	108.7	108.7	0.0	151.5	160.1	-5.4
Maruti *	230.0	236.8	-2.9	366.7	378.1	-3.0
M&M (incl MVML)	60.3	59.6	1.1	82.9	82.7	0.3
Tata Motors *	-14.8	-13.1	-13.1	22.7	23.3	-2.6
Ashok Leyland	3.3	3.0	10.4	7.4	7.4	0.5
Escorts	61.7	60.4	2.2	82.4	81.7	1.0
Amara Raja	41.8	41.2	1.6	47.1	47.1	0.0
Exide Industries	11.1	11.8	-5.9	13.3	14.0	-5.0
BOSCH	471	471	0.0	608	608	0.0
Endurance Tech*	37.6	38.5	-2.5	56.4	57.8	-2.4
Mahindra CIE *	18.4	18.5	-0.3	23.1	23.1	0.0
Bharat Forge *	21.8	21.2	2.9	34.4	33.5	2.8
SAMIL *	2.2	2.1	1.8	4.1	4.0	2.1
Sona BLW	6.4	7.3	-12.6	9.4	9.8	-3.9
Ceat	39.2	39.2	0.0	119.0	119.0	0.0
Apollo Tyres*	16.8	17.9	-6.1	24.6	23.9	2.9
Balkrishna Ind	71.1	76.4	-6.9	84.7	88.6	-4.3
MRF	1,491.3	1,491.3	0.0	3,679.3	3,698.7	-0.5
MSUMI	1.1	1.2	-2.3	1.8	1.9	-1.8
TIINDIA	60.8	61.1	-0.5	78.0	79.7	-2.2

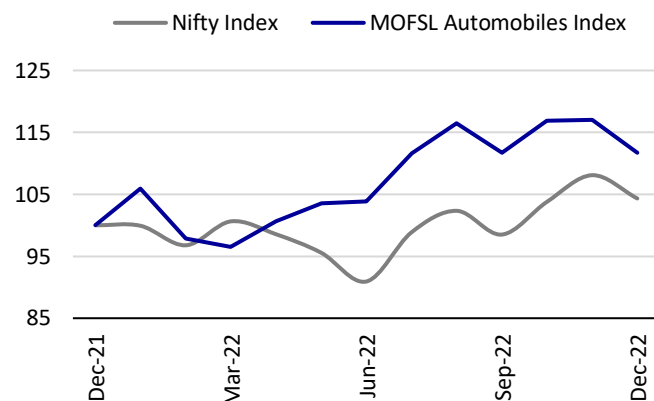
\*Source: Company, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Automobiles</b>						<b>38.1</b>	<b>19.9</b>	<b>16.3</b>	<b>4.0</b>	<b>3.5</b>	<b>3.0</b>	<b>10.4</b>	<b>17.5</b>	<b>18.5</b>
Amara Raja Batt.	574	Neutral	41.8	47.1	52.6	13.7	12.2	10.9	2.0	1.8	1.6	14.9	15.2	15.3
Apollo Tyres	328	Buy	16.8	24.6	32.1	19.5	13.3	10.2	1.5	1.4	1.2	7.9	10.8	12.8
Ashok Leyland	149	Buy	3.3	7.4	10.4	45	20	14.3	5.6	4.7	3.7	12.9	25.6	28.9
Bajaj Auto	3,577	Neutral	203.8	227.6	257.4	17.5	15.7	13.9	4.2	4.2	4.0	22.8	26.6	29.5
Balkrishna Inds	2,129	Neutral	71.1	84.7	98.7	29.9	25.1	21.6	5.3	4.6	4.1	18.6	19.6	20.1
Bharat Forge	884	Buy	21.8	34.4	42.4	40.5	25.7	20.8	5.6	4.8	4.0	14.7	20.2	20.9
Bosch	17,174	Neutral	471.2	607.9	693.1	36.4	28.3	24.8	4.3	3.9	3.5	12.4	14.5	14.8
CEAT	1,629	Buy	39.2	119.0	159.1	41.6	13.7	10.2	2.0	1.7	1.5	4.8	13.4	15.7
Eicher Motors	3,229	Buy	104.0	151.5	190.6	31.0	21.3	16.9	6.0	4.8	3.9	20.8	25.1	25.4
Endurance Tech.	1,376	Buy	37.6	56.4	65.3	36.6	24.4	21.1	4.5	4.0	3.5	12.9	17.4	17.8
Escorts Kubota	2,141	Neutral	61.7	82.4	98.4	34.7	26.0	21.7	2.9	2.9	2.6	8.7	11.8	12.6
Exide Inds.	181	Buy	11.1	13.3	15.9	16.4	13.6	11.4	1.4	1.3	1.2	8.3	9.3	10.2
Hero Motocorp	2,717	Buy	134.2	172.6	198.8	20.2	15.7	13.7	3.3	3.1	2.9	16.7	20.4	22.1
Mahindra & Mahindra	1,263	Buy	60.3	82.9	99.5	21.0	15.2	12.7	3.4	2.8	2.4	17.2	20.2	20.3
Mahindra CIE	350	Buy	18.4	23.1	28.0	19.0	15.1	12.5	2.3	2.1	1.8	12.7	14.3	15.4
Maruti Suzuki	8,407	Buy	230.0	366.7	434.5	36.5	22.9	19.3	4.3	3.8	3.4	11.6	16.5	17.2
Motherson Wiring	58	Buy	1.1	1.8	2.2	51.2	31.7	26.5	19.1	13.5	10.4	40.8	49.8	44.3
MRF	88,080	Neutral	1,491.3	3,679.3	4,524.5	59.1	23.9	19.5	2.6	2.3	2.1	4.4	10.2	11.3
Samvardhana Mother.	76	Buy	2.2	4.1	5.4	34.7	18.6	14.1	2.4	2.2	2.0	7.0	12.2	14.6
Sona BLW Precis.	419	Neutral	6.4	9.4	12.6	65.9	44.5	33.3	10.8	9.2	7.7	17.4	22.3	25.1
Tata Motors	395	Buy	-14.8	22.7	30.8	-26.7	17.4	12.8	3.7	3.1	2.5	-13.3	19.3	21.3
Tube Investments	2,787	Buy	60.8	78.0	97.3	45.8	35.7	28.7	13.9	10.9	8.6	33.8	34.2	33.6
TVS Motor	1,073	Neutral	31.0	41.1	48.2	34.6	26.1	22.3	8.5	6.6	5.3	27.1	28.4	26.3

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.

## Amara Raja Batteries

**Neutral**

**CMP: INR574 | TP: INR615 (+7%)**

**EPS CHANGE (%): FY23 | 24E: 2 | 0**

- Expect healthy revenue growth of 13% YoY in 3QFY23 on the low base of 3QFY22, driven by weak OE demand and exports challenges.
- Lead prices declined 6.9%/8% QoQ in 2QFY23/Spot but 3Q lead prices increased ~10% over 2Q; Expect partial impact on 3Q margin.

### Quarterly Performance

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>18,859</b>	<b>22,642</b>	<b>23,651</b>	<b>21,807</b>	<b>26,200</b>	<b>26,995</b>	<b>26,725</b>	<b>27,013</b>	<b>86,958</b>	<b>1,06,933</b>
YoY Change (%)	63.8	17.0	20.7	3.7	38.9	19.2	13.0	23.9	21.6	23.0
RM Cost (% of sales)	68.9	70.1	70.3	72.1	73.4	69.5	70.0	69.9	70.4	70.7
Staff Cost (% of sales)	6.3	5.8	5.5	5.5	5.1	5.6	5.6	5.3	5.7	5.4
Other Exp (% of sales)	11.6	12.2	12.3	12.3	11.5	11.6	11.7	12.0	12.1	11.7
<b>EBITDA</b>	<b>2,499</b>	<b>2,689</b>	<b>2,840</b>	<b>2,199</b>	<b>2,609</b>	<b>3,602</b>	<b>3,391</b>	<b>3,444</b>	<b>10,226</b>	<b>13,046</b>
Margins (%)	13.2	11.9	12.0	10.1	10.0	13.3	12.7	12.8	11.8	12.2
Depreciation	963	986	1,021	987	963	1,019	1,030	1,080	3,957	4,092
Interest	32	36	38	46	46	54	50	50	151	200
Other Income	166	264	190	160	170	237	250	243	780	900
<b>PBT after EO</b>	<b>1,670</b>	<b>1,932</b>	<b>1,971</b>	<b>1,325</b>	<b>1,770</b>	<b>2,765</b>	<b>2,561</b>	<b>2,558</b>	<b>6,898</b>	<b>9,653</b>
Tax	431	491	524	340	455	744	671	677	1,786	2,510
Tax Rate (%)	25.8	25.4	26.6	25.6	25.7	26.9	26.2	26.5	25.9	26.0
<b>Adj PAT</b>	<b>1,239</b>	<b>1,441</b>	<b>1,447</b>	<b>985</b>	<b>1,315</b>	<b>2,022</b>	<b>1,890</b>	<b>1,881</b>	<b>5,113</b>	<b>7,143</b>
YoY Change (%)	97.7	-28.5	-25.1	-48.0	6.1	40.3	30.6	90.9	-21.0	39.7

E: MOFSL Estimates

## Apollo Tyres

**Buy**

**CMP: INR328 | TP: INR390 (+19%)**

**EPS CHANGE (%): FY23 | 24E: -6 | 3**

- Revenue growth should be led by healthy OEM demand in 3QFY23 followed by a sequential recovery in replacement and price hikes.
- EU business margin likely to improve driven by price hikes in PCR and TBR segment in 2Q and operating expenses coming off.
- RM basket in India business is expected to reduce by 3% QoQ in 3QFY23. This coupled with operating leverage should help margin expansion in 3QFY23.

### Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>45,845</b>	<b>50,773</b>	<b>57,075</b>	<b>55,783</b>	<b>59,420</b>	<b>59,560</b>	<b>63,209</b>	<b>59,403</b>	<b>2,09,476</b>	<b>2,41,593</b>
YoY Change (%)	59.1	18.2	12.4	11.0	29.6	17.3	10.7	6.5	21.2	15.3
Total Expenditure	40,177	44,393	49,645	49,520	52,522	52,440	54,336	51,135	1,83,735	2,10,433
<b>EBITDA</b>	<b>5,668</b>	<b>6,380</b>	<b>7,429</b>	<b>6,264</b>	<b>6,898</b>	<b>7,120</b>	<b>8,873</b>	<b>8,268</b>	<b>25,741</b>	<b>31,159</b>
Margins (%)	12.4	12.6	13.0	11.2	11.6	12.0	14.0	13.9	12.3	12.9
Depreciation	3,404	3,397	3,443	3,753	3,437	3,485	3,575	3,727	13,997	14,225
Interest	1,046	1,036	1,083	1,279	1,182	1,320	1,400	1,488	4,444	5,391
Other Income	405	289	170	372	106	69	180	277	1,235	632
<b>PBT before EO expense</b>	<b>1,623</b>	<b>2,236</b>	<b>3,073</b>	<b>1,603</b>	<b>2,384</b>	<b>2,383</b>	<b>4,078</b>	<b>3,330</b>	<b>8,535</b>	<b>12,175</b>
Extra-Ord expense	9	44	5	0	0	0	0	0	59	0
<b>PBT</b>	<b>1,613</b>	<b>2,192</b>	<b>3,068</b>	<b>1,603</b>	<b>2,384</b>	<b>2,383</b>	<b>4,078</b>	<b>3,330</b>	<b>8,476</b>	<b>12,175</b>
Rate (%)	20.8	20.7	27.2	29.2	20.0	18.5	23.6	20.5	24.7	21.0
<b>Reported PAT</b>	<b>1,278</b>	<b>1,738</b>	<b>2,235</b>	<b>1,136</b>	<b>1,907</b>	<b>1,945</b>	<b>3,117</b>	<b>2,647</b>	<b>6,387</b>	<b>9,615</b>
<b>Adj PAT</b>	<b>1,285</b>	<b>1,766</b>	<b>2,239</b>	<b>1,136</b>	<b>1,907</b>	<b>1,945</b>	<b>3,117</b>	<b>2,647</b>	<b>6,432</b>	<b>9,615</b>
YoY Change (%)	-195.5	37.2	-40.4	-60.6	48.4	10.1	39.2	133.0	-2.2	49.5
Margins (%)	2.8	3.5	3.9	2.0	3.2	3.3	4.9	4.5	3.1	4.0

E: MOFSL Estimates

**Ashok Leyland****Buy****CMP: INR149 | TP: INR185 (+25%)****EPS CHANGE (%): FY23|24E: 10|0.5**

- AL continued to outperform underlying industry with 40% YoY volume growth (vs 24% for the industry).
- Discounts increased across the CV segment, especially in Dec'22 due to year-end phenomenon.
- QoQ margin expansion should be driven by 1) lower RM cost and 2) operating leverage.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	17,987	27,543	34,077	48,719	39,651	45,295	47,562	55,745	1,28,326	1,88,253
Growth %	371.6	41.7	2.0	10.6	120.4	64.5	39.6	14.4	27.4	46.7
Realizations (INR '000)	1,641	1,619	1,624	1,795	1,822	1,825	1,779	1,916	1,690	1,840
Change (%)	-3.9	10.9	12.7	13.0	11.0	12.8	9.5	6.7	11.2	8.8
<b>Net operating revenues</b>	<b>29,510</b>	<b>44,579</b>	<b>55,352</b>	<b>87,443</b>	<b>72,229</b>	<b>82,660</b>	<b>84,627</b>	<b>1,06,784</b>	<b>2,16,883</b>	<b>3,46,298</b>
Change (%)	353.4	57.2	15.0	24.9	144.8	85.4	52.9	22.1	41.7	59.7
RM/sales %	74.1	76.7	77.9	78.2	79.3	78.0	77.3	76.6	77.3	77.7
Staff/sales %	14.4	9.0	7.8	5.0	6.2	6.4	5.8	5.0	7.8	5.8
Other exp/sales %	16.2	11.3	10.2	7.9	10.1	9.1	9.5	9.9	10.3	9.7
<b>EBITDA</b>	<b>-1,401</b>	<b>1,347</b>	<b>2,239</b>	<b>7,760</b>	<b>3,203</b>	<b>5,373</b>	<b>6,313</b>	<b>9,077</b>	<b>9,945</b>	<b>23,966</b>
EBITDA Margins(%)	-4.7	3.0	4.0	8.9	4.4	6.5	7.5	8.5	4.6	6.9
Interest	707	871	668	765	689	771	750	722	3,011	2,931
Other Income	134	209	176	242	256	200	230	234	761	920
Depreciation	1,835	1,843	1,897	1,954	1,824	1,768	1,825	2,020	7,528	7,437
<b>PBT before EO Item</b>	<b>-3,809</b>	<b>-1,157</b>	<b>-149</b>	<b>5,284</b>	<b>946</b>	<b>3,035</b>	<b>3,968</b>	<b>6,568</b>	<b>168</b>	<b>14,518</b>
EO Exp/(Inc)	17	-2	-420	-4,703	-130	-82	0	0	-5,108	-212
<b>PBT after EO</b>	<b>-3,826</b>	<b>-1,155</b>	<b>271</b>	<b>9,987</b>	<b>1,077</b>	<b>3,117</b>	<b>3,968</b>	<b>6,568</b>	<b>5,276</b>	<b>14,730</b>
Tax	-1,003	-325	213	973	396	1,124	1,230	2,111	-142	4,861
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	36.8	36.1	31.0	32.1	-2.7	33.0
<b>Adj PAT</b>	<b>-2,806</b>	<b>-832</b>	<b>-374</b>	<b>4,184</b>	<b>593</b>	<b>1,938</b>	<b>2,738</b>	<b>4,458</b>	<b>172</b>	<b>9,727</b>
Change (%)	-27.6	-42.7	-338.6	96.7	-121.1	-332.8	-832.2	6.5	-105.7	5,544.5

**Bajaj Auto****Neutral****CMP: INR3,577 | TP: INR4,000 (12%)****EPS CHANGE (%): FY23|24E: -7|-5**

- 2W domestic volumes declined 3% YoY, while 2W export volumes declined 31%.
- Export demand continues to get impacted by availability and devaluation of FX in end markets.
- Margin to contract QoQ impacted by operating leverage despite price hikes and favorable Fx.
- FY24 EPS downgrade led by a slower-than-expected recovery in both domestic and exports demand.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	983	1,092	4,308	4,160
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	0.6	-16.8	11.8	8.4	(3.5)
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	88,642	87,755	89,327	76,601	87,961
Growth YoY (%)	5.6	10.9	12.0	11.1	16.8	17.7	14.9	9.4	9.7	14.8
<b>Net Sales</b>	<b>73,860</b>	<b>86,206</b>	<b>90,217</b>	<b>79,748</b>	<b>80,050</b>	<b>1,02,028</b>	<b>86,288</b>	<b>97,508</b>	<b>3,30,032</b>	<b>3,65,873</b>
Change (%)	139.9	20.5	1.3	-7.2	8.4	18.4	-4.4	22.3	19.0	10.9
RM/Sales %	73.0	74.9	74.7	71.9	72.2	73.4	72.4	71.9	73.7	72.5
Staff cost/Sales %	4.9	4.1	3.8	3.8	4.7	3.5	4.2	3.8	4.1	4.0
Oth. Exp./Sales %	6.9	6.5	6.3	7.1	6.9	6.0	6.7	6.7	6.7	6.6
<b>EBITDA</b>	<b>11,198</b>	<b>12,596</b>	<b>13,721</b>	<b>13,656</b>	<b>12,970</b>	<b>17,587</b>	<b>14,424</b>	<b>17,096</b>	<b>51,171</b>	<b>62,077</b>
EBITDA Margins (%)	15.2	14.6	15.2	17.1	16.2	17.2	16.7	17.5	15.5	17.0
Other Income	3,293	3,183	2,728	2,889	3,193	3,332	3,100	3,243	12,092	12,868
Extraordinary Inc	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	109	50	47	87	250
Depreciation	641	656	698	697	673	670	700	709	2,692	2,753
<b>PBT after EO</b>	<b>13,827</b>	<b>16,521</b>	<b>15,733</b>	<b>18,972</b>	<b>15,447</b>	<b>20,140</b>	<b>16,774</b>	<b>19,582</b>	<b>65,054</b>	<b>71,943</b>
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	23.6	22.8	23.9
<b>Adj. PAT</b>	<b>10,612</b>	<b>11,653</b>	<b>12,142</b>	<b>12,257</b>	<b>11,733</b>	<b>15,300</b>	<b>12,748</b>	<b>14,958</b>	<b>46,665</b>	<b>54,740</b>
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	31.3	5.0	22.0	2.5	17.3

E: MOFSL Estimates

**Balkrishna Industries****Neutral****CMP: INR2,129 | TP: INR2,100 (-1%)****EPS CHANGE (%): FY23 | 24E: -7 | -4**

- Expect revenue growth despite subdued demand in Europe as ASPs are expected to grow ~18% YoY in 3QFY23.
- Gross margin is likely to improve, led by softening RM.
- While operating cost inflation has started stabilizing, the full recovery is yet to commence.
- The EPS downgrade is driven by an uncertain demand outlook in EU, which is impacting overall volumes.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Volumes (Ton)</b>	<b>68,608</b>	<b>72,748</b>	<b>70,320</b>	<b>77,119</b>	<b>83,153</b>	<b>78,872</b>	<b>66,804</b>	<b>73,843</b>	<b>2,88,795</b>	<b>3,02,672</b>
YoY Change (%)	80.1	18.8	17.6	13.4	21.2	8.4	-5.0	-4.2	27.1	4.8
<b>Realizations (INR '000/ton)</b>	<b>266.5</b>	<b>285.9</b>	<b>295.6</b>	<b>315.3</b>	<b>327.9</b>	<b>355.8</b>	<b>348.7</b>	<b>354.6</b>	<b>291.5</b>	<b>346.3</b>
YoY Change (%)	7.8	12.8	18.2	22.5	23.0	24.5	17.9	12.5	15.4	18.8
<b>Net Revenues</b>	<b>18,281</b>	<b>20,798</b>	<b>20,790</b>	<b>24,319</b>	<b>27,263</b>	<b>28,063</b>	<b>23,294</b>	<b>26,187</b>	<b>84,187</b>	<b>1,04,807</b>
YoY Change (%)	94.1	34.0	38.9	39.0	49.1	34.9	12.0	7.7	46.7	24.5
<b>EBITDA</b>	<b>5,277</b>	<b>5,499</b>	<b>4,924</b>	<b>5,575</b>	<b>5,355</b>	<b>5,465</b>	<b>4,659</b>	<b>5,761</b>	<b>21,275</b>	<b>21,239</b>
Margins (%)	28.9	26.4	23.7	22.9	19.6	19.5	20.0	22.0	25.3	20.3
Depreciation	1,041	1,085	1,145	1,167	1,262	1,341	1,350	1,396	4,438	5,348
Interest	21	18	18	21	27	43	40	41	79	151
Other Income	632	1,031	626	497	223	1,240	450	373	2,786	2,286
<b>PBT before EO expense</b>	<b>4,847</b>	<b>5,427</b>	<b>4,387</b>	<b>4,884</b>	<b>4,288</b>	<b>5,321</b>	<b>3,719</b>	<b>4,697</b>	<b>19,545</b>	<b>18,026</b>
Extra-Ord expense	357	299	0	-40	0	0	0	0	615	0
<b>PBT</b>	<b>4,490</b>	<b>5,128</b>	<b>4,387</b>	<b>4,924</b>	<b>4,288</b>	<b>5,321</b>	<b>3,719</b>	<b>4,697</b>	<b>18,929</b>	<b>18,026</b>
Rate (%)	26.2	26.4	25.1	24.1	25.4	24.1	25.4	25.7	25.5	25.1
<b>Reported PAT</b>	<b>3,312</b>	<b>3,772</b>	<b>3,286</b>	<b>3,737</b>	<b>3,197</b>	<b>4,038</b>	<b>2,774</b>	<b>3,489</b>	<b>14,107</b>	<b>13,498</b>
<b>Adj PAT</b>	<b>3,575</b>	<b>3,992</b>	<b>3,286</b>	<b>3,707</b>	<b>3,197</b>	<b>4,038</b>	<b>2,774</b>	<b>3,489</b>	<b>14,566</b>	<b>13,498</b>
YoY Change (%)	193.5	17.6	2.1	-0.4	-10.6	1.2	-15.6	-5.9	26.1	-7.3
Margins (%)	19.6	19.2	15.8	15.2	11.7	14.4	11.9	13.3	17.3	12.9

E: MOFSL Estimates

**Bharat Forge****Buy****CMP: INR884 | TP: INR1015 (+15%)****EPS CHANGE (%): FY23 | 24E: 3 | 3**

- 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 should drive margin expansion by 140bp QoQ on a sequential basis in 3Q.

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Tonnage</b>	<b>53,512</b>	<b>57,094</b>	<b>53,365</b>	<b>57,543</b>	<b>57,915</b>	<b>61,149</b>	<b>60,302</b>	<b>62,084</b>	<b>2,21,514</b>	<b>2,41,450</b>
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	13.0	7.9	33.9	9.0
<b>Realization (INR '000/ton)</b>	<b>256.4</b>	<b>279.5</b>	<b>300.2</b>	<b>290.9</b>	<b>303.8</b>	<b>304.8</b>	<b>310.6</b>	<b>314.7</b>	<b>281.9</b>	<b>308.6</b>
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	3.5	8.2	27.7	9.5
<b>Net operating income</b>	<b>13,718</b>	<b>15,956</b>	<b>16,021</b>	<b>16,741</b>	<b>17,594</b>	<b>18,639</b>	<b>18,732</b>	<b>19,537</b>	<b>62,436</b>	<b>74,502</b>
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	16.9	16.7	71.0	19.3
<b>EBITDA</b>	<b>3,910</b>	<b>4,437</b>	<b>4,034</b>	<b>4,307</b>	<b>4,600</b>	<b>4,522</b>	<b>4,812</b>	<b>5,300</b>	<b>16,687</b>	<b>19,234</b>
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.7	27.1	26.7	25.8
Non-Operating Income	333	322	358	662	259	477	350	338	1,675	1,425
Interest	406	142	118	407	263	357	275	275	1,073	1,171
Depreciation	1019	1026	1031	1042	1064	1066	1070	1073	4,118	4,273
Fx loss/(gain)	-4	-307	-45	-4	250	-8	0	0	-360	242
<b>PBT after EO items</b>	<b>2,206</b>	<b>4,009</b>	<b>4,247</b>	<b>3,499</b>	<b>3,252</b>	<b>3,579</b>	<b>3,817</b>	<b>4,289</b>	<b>13,959</b>	<b>14,936</b>
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.1	25.1	25.1	22.8	25.1
<b>Rep. PAT</b>	<b>1,667</b>	<b>3,118</b>	<b>3,374</b>	<b>2,620</b>	<b>2,436</b>	<b>2,681</b>	<b>2,859</b>	<b>3,211</b>	<b>10,778</b>	<b>11,187</b>
Change (%)	-396.0	343.9	263.9	27.5	46.2	-14.0	-15.3	22.6	245.4	3.8
<b>Adj. PAT</b>	<b>2,143</b>	<b>3,033</b>	<b>2,633</b>	<b>2,639</b>	<b>2,459</b>	<b>2,686</b>	<b>2,859</b>	<b>3,211</b>	<b>10,448</b>	<b>11,216</b>
Change (%)	-480.6	318.7	172.0	28.1	14.8	-11.5	8.6	21.7	227.5	7.4

E: MOFSL Estimates



**Bosch****Neutral****CMP: INR17,174 | TP: INR16,800 (-2%)****EPS CHANGE (%): FY23 | 24E: 0 | 0**

- Strong revenue growth led by low base for CV and tractor segment and easing supply chain bottlenecks.
- Adverse Fx movement is likely to offset the impact of softening RM, consequently impacting EBITDA margin adversely on YoY/QoQ basis.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>24,435</b>	<b>29,180</b>	<b>31,091</b>	<b>33,110</b>	<b>35,444</b>	<b>36,616</b>	<b>35,754</b>	<b>38,435</b>	<b>1,17,816</b>	<b>1,46,249</b>
YoY Change (%)	146.4	17.7	2.6	2.9	45.1	25.5	15.0	16.1	21.2	24.1
RM Cost (% of sales)	58.9	62.8	60.8	64.6	64.6	64.9	63.5	63.0	61.9	64.0
Staff Cost (% of sales)	11.1	8.7	9.4	7.7	7.6	7.5	7.8	7.3	9.1	7.5
Other Expenses (% of sales)	17.5	16.3	18.3	14.5	15.0	15.8	18.0	15.3	16.6	16.0
<b>EBITDA</b>	<b>3,066</b>	<b>3,575</b>	<b>3,575</b>	<b>4,354</b>	<b>4,495</b>	<b>4,311</b>	<b>3,826</b>	<b>5,530</b>	<b>14,570</b>	<b>18,162</b>
Margins (%)	12.5	12.3	11.5	13.2	12.7	11.8	10.7	14.4	12.4	12.4
Depreciation	671	829	851	892	648	919	950	1,041	3,243	3,558
Interest	32	15	169	73	36	19	30	45	289	130
Other Income	990	1,244	803	926	566	1,497	850	897	3,963	3,810
<b>PBT after EO Expense</b>	<b>3,353</b>	<b>3,975</b>	<b>3,359</b>	<b>4,315</b>	<b>4,377</b>	<b>4,870</b>	<b>3,696</b>	<b>5,342</b>	<b>15,001</b>	<b>18,284</b>
Tax	756	255	1,009	809	1,035	1,146	887	1,320	2,829	4,388
Tax Rate (%)	22.5	6.4	30.0	18.7	23.6	23.5	24.0	24.7	18.9	24.0
<b>Reported PAT</b>	<b>2,598</b>	<b>3,720</b>	<b>2,350</b>	<b>3,506</b>	<b>3,342</b>	<b>3,724</b>	<b>2,809</b>	<b>4,021</b>	<b>12,172</b>	<b>13,896</b>
<b>Adj PAT</b>	<b>2,598</b>	<b>3,720</b>	<b>2,350</b>	<b>3,506</b>	<b>3,342</b>	<b>3,724</b>	<b>2,809</b>	<b>4,021</b>	<b>12,172</b>	<b>13,896</b>
YoY Change (%)	390.4	33.5	-24.6	1.4	28.7	0.1	19.5	14.7	23.1	14.2

E: MOFSL Estimates

**Ceat****Buy****CMP: INR1,629 | TP: INR1,950 (+20%)****EPS CHANGE (%): FY23 | 24E: 0 | 0**

- Healthy OEM demand, sequential recovery in replacement and price hikes to result in strong revenue growth.
- Ramp-up at new TBR/PCR plant to support domestic and export volumes.
- RM basket in 2QFY23 grew 4% QoQ but largely negated by price hikes. This should help margin expansion in 3Q.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>19,064</b>	<b>24,518</b>	<b>24,133</b>	<b>25,920</b>	<b>28,184</b>	<b>28,945</b>	<b>27,753</b>	<b>28,824</b>	<b>93,634</b>	<b>1,13,705</b>
YoY Change (%)	70.2	23.9	8.6	13.2	47.8	18.1	15.0	11.2	23.0	21.4
RM cost (%)	61.1	63.1	66.0	66.5	68.3	67.5	65.5	63.5	64.4	66.2
Employee cost (%)	9.3	7.0	7.1	6.6	6.1	5.8	6.5	6.6	7.4	6.3
Other expenses (%)	20.9	20.9	21.3	19.7	19.7	19.7	20.0	20.2	20.6	19.9
<b>EBITDA</b>	<b>1,662</b>	<b>2,203</b>	<b>1,341</b>	<b>1,875</b>	<b>1,653</b>	<b>2,031</b>	<b>2,224</b>	<b>2,790</b>	<b>7,098</b>	<b>8,698</b>
Margins (%)	8.7	9.0	5.6	7.2	5.9	7.0	8.0	9.7	7.6	7.7
Depreciation	965	1,206	1,086	1,096	1,114	1,151	1,160	1,175	4,352	4,600
Interest	460	496	548	566	521	577	600	609	2,070	2,308
Other Income	39	28	32	33	28	98	35	40	114	200
<b>PBT before EO expense</b>	<b>276</b>	<b>529</b>	<b>-260</b>	<b>246</b>	<b>45</b>	<b>401</b>	<b>499</b>	<b>1,046</b>	<b>790</b>	<b>1,990</b>
Exceptional item	0	5	65	59	7	237	0	0	129	244
<b>PBT</b>	<b>276</b>	<b>524</b>	<b>-326</b>	<b>187</b>	<b>38</b>	<b>164</b>	<b>499</b>	<b>1,046</b>	<b>661</b>	<b>1,746</b>
Tax Rate (%)	41.8	29.2	10.7	5.2	31.0	64.6	31.0	29.1	36.7	33.0
Minority Int. & Profit of Asso. Cos.	-79	-49	-91	-75	-67	-20	-75	-88	-294	-250
<b>Reported PAT</b>	<b>240</b>	<b>420</b>	<b>-200</b>	<b>253</b>	<b>92</b>	<b>78</b>	<b>419</b>	<b>830</b>	<b>712</b>	<b>1,420</b>
<b>Adj PAT</b>	<b>240</b>	<b>423</b>	<b>-159</b>	<b>290</b>	<b>97</b>	<b>237</b>	<b>419</b>	<b>830</b>	<b>794</b>	<b>1,584</b>
YoY Change (%)	-255	-77	-111	-81	-59	-44	-364	186	-83	100
Margins (%)	1.3	1.7	-0.7	1.1	0.3	0.8	1.5	2.9	0.8	1.4

E: MOFSL Estimates

**Eicher Motors****Buy**

CMP: INR3,229 | TP: INR3,825 (+18%)

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

- RE volumes grew ~31% YoY in 3QFY23, led by healthy response to new Hunter's launch and easing chip shortages. However, export volume grew just ~2% YoY.
- Operating leverage and softening RM costs to drive EBITDA margin expansion.
- VECV margins too likely to improve led by higher CV volumes and softening RM.
- EPS downgrade largely driven by margin contraction due to weakening product mix (higher share of Hunter's sales).

**Quarterly performance (Consolidated)**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Operating income	19,743	22,496	28,807	31,933	33,975	35,194	36,859	38,017	1,02,978	1,44,045
Growth (%)	141.3	5.4	1.9	8.6	72.1	56.4	28.0	19.1	18.1	39.9
EBITDA	3,630	4,699	5,824	7,571	8,311	8,216	8,809	9,581	21,723	34,917
EBITDA Margins (%)	18.4	20.9	20.2	23.7	24.5	23.3	23.9	25.2	21.1	24.2
PAT	2,765	3,634	4,202	5,564	5,769	6,127	6,607	7,335	16,165	25,837
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-338	-441	-664	-1,152	-602	-2,594
Recurring PAT	2,371	3,732	4,561	6,101	6,107	6,569	7,271	8,486	16,766	28,432
Growth (%)	-529.8	8.7	-14.4	8.3	157.5	76.0	59.4	39.1	21.2	69.6

**Standalone (Royal Enfield)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Royal Enfield ('000 units)	124	123	170	186	187	208	221	232	602	848
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	68.3	30.6	24.9	-1.6	40.8
Net Realn (INR '000/unit)	154.3	176.8	167.4	172.1	173.5	163.5	165.1	166.7	168.1	167.0
Change - YoY (%)	14.9	25.3	19.2	20.5	12.4	-7.5	-1.4	-3.1	19.4	-0.6
Net operating income	19,078	21,819	28,385	31,947	32,479	33,972	36,564	38,665	1,01,229	1,41,680
Growth (%)	148.0	2.8	1.2	9.3	70.2	55.7	28.8	21.0	17.4	40.0
EBITDA	3,345	4,427	5,814	7,550	7,882	8,036	9,010	9,749	21,136	34,677
EBITDA Margins (%)	17.5	20.3	20.5	23.6	24.3	23.7	24.6	25.2	20.9	24.5
PBT after EO item	3,561	4,452	5,618	7,490	7,643	8,286	9,220	9,940	21,121	35,088
Effective tax rate (%)	25.0	22.9	24.8	26.1	24.1	25.8	25.0	25.0	24.9	25.0
Recurring PAT	2,672	3,434	4,223	5,534	5,802	6,149	6,915	7,451	15,862	26,316
Growth (%)	2,072.4	-4.8	-13.6	13.7	117.1	79.1	63.8	34.6	19.9	65.9

**Endurance Technologies****Buy**

CMP: INR1,376 | TP: INR1,700 (+24%)

EPS CHANGE (%): FY23 | 24E: -2.5 | -2

- India business to benefit from 2W industry volume growth in 3Q as well as improvement in ABS supplies.
- EU business recovering as supply situation improves; expect strong YoY growth on low base.
- Expect QoQ EBITDA margin expansion as large part of its RM- Aluminium (~51% in India, 100% in EU) and Steel (~32% in India) have started recovering.

**Consolidated - Quarterly**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
INR m										
Net Sales	16,937	18,876	18,891	20,788	21,138	23,606	23,111	24,526	75,491	92,382
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	25.1	22.3	18.0	15.8	22.4
RM Cost (% of sales)	53.8	58.6	60.8	60.4	60.4	62.3	60.2	59.1	58.6	60.5
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.8	7.4	7.8	8.1	9.2	8.0
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.4	18.8	18.4	20.2	19.5	19.7
EBITDA	2,443	2,600	2,032	2,571	2,398	2,716	2,735	3,071	9,646	10,920
Margins (%)	14.4	13.8	10.8	12.4	11.3	11.5	11.8	12.5	12.8	11.8
Depreciation	983	940	914	981	991	993	1,055	1,087	3,817	4,126
Interest	15	18	14	17	19	61	60	57	64	197
Other Income	127	82	75	127	47	84	110	131	410	372
PBT before EO expense	1,573	1,724	1,179	1,700	1,434	1,747	1,730	2,059	6,176	6,970
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	1,730	2,059	5,861	6,867
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	24.7	25.2	24.0	21.4	24.2
Rep. PAT	966	1,333	946	1,362	1,034	1,315	1,294	1,565	4,608	5,208
Adj. PAT	1,213	1,333	946	1,362	1,112	1,315	1,294	1,565	4,855	5,286
YoY Change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	-1.4	36.7	14.9	-4.1	8.9

**Escorts****Neutral****CMP: INR2,141 | TP: INR1,900 (-11%)****EPS CHANGE (%): FY23 | 24E: 2 | 1**

- 3Q witnessed strong recovery in demand led by delayed monsoon and healthy volume growth during festive.
- Benefits of lower RM cost, coupled with operating leverage, to benefit EBITDA margin in 3QFY23
- Yet to factor in benefits from the Kubota alliance.

**Standalone Quarterly Performance****(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>16,715</b>	<b>16,788</b>	<b>19,575</b>	<b>18,696</b>	<b>20,149</b>	<b>18,835</b>	<b>22,072</b>	<b>21,156</b>	<b>71,774</b>	<b>82,211</b>
YoY Change (%)	57.4	2.4	-3.0	-15.4	20.5	12.2	12.8	13.2	3.6	14.5
Total Expenditure	14,383	14,522	16,929	16,181	18,133	17,308	19,754	18,631	62,014	73,826
<b>EBITDA</b>	<b>2,332</b>	<b>2,267</b>	<b>2,646</b>	<b>2,515</b>	<b>2,016</b>	<b>1,527</b>	<b>2,318</b>	<b>2,524</b>	<b>9,760</b>	<b>8,386</b>
Margins (%)	14.0	13.5	13.5	13.5	10.0	8.1	10.5	11.9	13.6	10.2
Depreciation	314	329	325	330	364	365	365	362	1,298	1,456
Interest	30	36	33	29	26	23	30	41	127	120
Other Income	472	473	400	538	354	776	575	595	1,883	2,300
<b>PBT</b>	<b>2,461</b>	<b>2,374</b>	<b>2,688</b>	<b>2,695</b>	<b>1,981</b>	<b>1,187</b>	<b>2,498</b>	<b>2,716</b>	<b>10,219</b>	<b>8,382</b>
Rate (%)	24.8	25.6	25.0	25.0	25.6	26.1	25.1	25.1	25.1	25.1
<b>Adj. PAT</b>	<b>1,852</b>	<b>1,767</b>	<b>2,015</b>	<b>2,022</b>	<b>1,475</b>	<b>1,421</b>	<b>1,870</b>	<b>2,033</b>	<b>7,656</b>	<b>6,819</b>
YoY Change (%)	101.0	-23.1	-28.2	-25.5	-20.4	-19.6	-7.2	0.6	-12.4	-10.9
Margins (%)	11.1	10.5	10.3	10.8	7.3	7.5	8.5	9.6	10.7	8.3

E: MOFSL Estimates

**Exide Industries****Buy****CMP: INR181 | TP: INR215 (+19%)****EPS CHANGE (%): FY23 | 24E: -6 | -5**

- Strong revenue growth on the low base of last year led by strong growth in OE demand as well as replacement.
- We expect partial impact of lead price inflation on EBITD margin reflecting in 3Q.
- EPS downgrade to factor in increase in lead prices by ~11% over 3QFY23.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>24,864</b>	<b>32,900</b>	<b>31,967</b>	<b>34,086</b>	<b>38,994</b>	<b>37,189</b>	<b>37,081</b>	<b>38,163</b>	<b>1,23,817</b>	<b>1,51,427</b>
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	16.0	12.0	23.3	22.3
<b>Gross operating income</b>	<b>24,864</b>	<b>32,900</b>	<b>31,967</b>	<b>34,086</b>	<b>38,994</b>	<b>37,189</b>	<b>37,081</b>	<b>38,163</b>	<b>1,23,817</b>	<b>1,51,427</b>
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	16.0	12.0	23.3	22.3
RM(%)	68.5	67.2	69.0	72.0	72.1	69.5	70.5	70.4	69.3	70.7
Employee cost (%)	7.4	6.5	6.4	5.6	5.5	5.9	5.9	5.8	6.4	5.8
Other Exp(%)	13.6	13.8	13.0	12.2	12.5	13.5	13.0	13.0	13.1	13.0
Total Cost	22,258	28,767	28,240	30,596	35,127	33,065	33,163	34,075	1,09,861	1,35,430
<b>EBITDA</b>	<b>2,606</b>	<b>4,134</b>	<b>3,726</b>	<b>3,490</b>	<b>3,866</b>	<b>4,124</b>	<b>3,918</b>	<b>4,088</b>	<b>13,956</b>	<b>15,997</b>
EBITDA Margin(%)	10.5	12.6	11.7	10.2	9.9	11.1	10.6	10.7	11.3	10.6
Change (%)	75.5	5.4	-7.5	-15.4	48.4	-0.2	5.2	17.1	3.0	14.6
Non-Operating Income	152	109	150	392	322	356	350	348	803	1,376
Interest	109	86	83	106	64	62	70	84	384	280
Depreciation	1,009	1,012	1,041	1,065	1,091	1,120	1,135	1,158	4,126	4,504
<b>PBT after EO Exp</b>	<b>1,640</b>	<b>3,145</b>	<b>2,753</b>	<b>49,649</b>	<b>3,034</b>	<b>3,298</b>	<b>3,063</b>	<b>3,194</b>	<b>57,186</b>	<b>12,589</b>
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.4	25.3	25.3	25.2	18.1	25.3
<b>Adj. PAT</b>	<b>1,254</b>	<b>2,344</b>	<b>2,041</b>	<b>2,250</b>	<b>2,263</b>	<b>2,462</b>	<b>2,288</b>	<b>2,390</b>	<b>8,394</b>	<b>9,404</b>
Change (%)	185.4	2.4	-15.5	-7.8	80.5	5.1	12.1	6.2	10.7	12.0

**Hero MotoCorp****Buy****CMP: INR2,717 | TP: INR3,150 (+16%)****EPS CHANGE (%): FY23|24E: -3 |-4**

- Strong festive demand could not be sustained later, resulting in a ~4% YoY decline in volumes during 3QFY23.
- EPS downgrade to factor in higher marketing spends and mix change.
- Expect marginal improvement in EBITDA margin by 20bp QoQ in 3QFY23 largely driven by lower RM prices.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes ('000 nos)	1,024	1,439	1,292	1,189	1,390	1,428	1,240	1,337	4,944	5,395
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	-4.1	12.5	-14.6	9.1
Net Realization	53,559	58,760	61,010	62,425	60,370	63,545	62,274	62,878	59,152	62,270
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	8.1	2.1	0.7	11.2	5.3
<b>Net Op Revenues</b>	<b>54,871</b>	<b>84,534</b>	<b>78,833</b>	<b>74,217</b>	<b>83,925</b>	<b>90,754</b>	<b>77,201</b>	<b>84,086</b>	<b>2,92,455</b>	<b>3,35,966</b>
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	-2.1	13.3	-5.0	14.9
<b>Gross Op Revenues</b>	<b>54,871</b>	<b>84,534</b>	<b>78,833</b>	<b>71,044</b>	<b>83,925</b>	<b>90,754</b>	<b>77,201</b>	<b>78,262</b>	<b>2,92,455</b>	<b>3,35,966</b>
Change (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	-2.1	13.3	-5.0	14.9
RM Cost (% sales)	72.5	72.3	71.0	69.3	72.8	72.0	71.0	71.0	71.2	71.7
Staff Cost (% sales)	7.9	6.0	6.6	6.4	6.4	6.0	6.9	6.5	6.6	6.5
Other Exp (% sales)	10.2	9.1	10.3	13.1	9.6	10.6	10.5	10.8	10.6	10.4
<b>EBITDA</b>	<b>5,148</b>	<b>10,664</b>	<b>9,600</b>	<b>8,276</b>	<b>9,408</b>	<b>10,383</b>	<b>8,957</b>	<b>9,861</b>	<b>33,688</b>	<b>38,608</b>
EBITDA Margins (%)	9.4	12.6	12.2	11.2	11.2	11.4	11.6	11.7	11.5	11.5
Other Income	1,386	1,569	1,216	1,398	530	921	1,250	1,250	5,569	3,950
Interest	61	65	65	67	70	33	60	62	258	225
Depreciation	1,630	1,639	1,644	1,585	1,630	1,634	1,650	1,701	6,498	6,615
<b>PBT before EO Exp/(Inc)</b>	<b>4,844</b>	<b>10,529</b>	<b>9,107</b>	<b>8,022</b>	<b>8,238</b>	<b>9,637</b>	<b>8,497</b>	<b>9,347</b>	<b>32,501</b>	<b>35,719</b>
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	25.7	24.8	24.4	23.9	24.8
<b>Adj. PAT</b>	<b>3,654</b>	<b>7,944</b>	<b>6,861</b>	<b>6,271</b>	<b>6,245</b>	<b>7,161</b>	<b>6,391</b>	<b>7,069</b>	<b>24,730</b>	<b>26,866</b>
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-9.9	-6.9	12.7	-16.6	8.6

**MRF****Neutral****CMP: INR88,080 | TP: INR86,300 (2%)****EPS CHANGE (%): FY23|24E: 0 |-0.5**

- Strong revenue growth on low base, replacement demand recovery and price hikes.
- Expect EBITDA margin expansion in 3Q led by softening RM, price hikes and operating leverage.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>41,277</b>	<b>48,317</b>	<b>48,299</b>	<b>52,003</b>	<b>55,989</b>	<b>57,190</b>	<b>56,992</b>	<b>58,023</b>	<b>1,89,895</b>	<b>2,28,195</b>
YoY Change (%)	69.8	15.4	5.8	9.8	35.6	18.4	18.0	11.6	19.3	20.2
Total Expenditure	36,405	43,194	43,442	46,728	51,207	52,517	51,499	51,756	1,69,769	2,06,978
<b>EBITDA</b>	<b>4,872</b>	<b>5,122</b>	<b>4,856</b>	<b>5,275</b>	<b>4,783</b>	<b>4,673</b>	<b>5,493</b>	<b>6,268</b>	<b>20,126</b>	<b>21,217</b>
Margins (%)	11.8	10.6	10.1	10.1	8.5	8.2	9.6	10.8	10.6	9.3
Depreciation	3,007	2,958	2,946	3,103	2,969	3,083	3,125	3,188	12,014	12,366
Interest	621	566	628	656	635	704	650	629	2,470	2,618
Other Income	924	887	690	649	341	764	600	607	3,149	2,312
<b>PBT before EO expense</b>	<b>2,168</b>	<b>2,485</b>	<b>1,973</b>	<b>2,165</b>	<b>1,519</b>	<b>1,650</b>	<b>2,318</b>	<b>3,058</b>	<b>8,791</b>	<b>8,545</b>
<b>PBT</b>	<b>2,168</b>	<b>2,485</b>	<b>1,973</b>	<b>2,165</b>	<b>1,519</b>	<b>1,650</b>	<b>2,318</b>	<b>3,058</b>	<b>8,791</b>	<b>8,545</b>
Tax	555	652	514	598	395	410	603	814	2,318	2,222
Rate (%)	25.6	26.2	26.1	27.6	26.0	24.9	26.0	26.6	26.4	26.0
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,613</b>	<b>1,834</b>	<b>1,458</b>	<b>1,568</b>	<b>1,123</b>	<b>1,240</b>	<b>1,715</b>	<b>2,244</b>	<b>6,473</b>	<b>6,323</b>
<b>Adj PAT</b>	<b>1,613</b>	<b>1,834</b>	<b>1,458</b>	<b>1,568</b>	<b>1,123</b>	<b>1,240</b>	<b>1,715</b>	<b>2,244</b>	<b>6,473</b>	<b>6,323</b>
YoY Change (%)	845.8	-54.5	-71.5	-50.6	-30.4	-32.4	17.6	43.2	-48.2	-2.3
Margins (%)	3.9	3.8	3.0	3.0	2.0	2.2	3.0	3.9	3.4	2.8

E: MOFSL Estimates

**Mahindra & Mahindra****Buy****CMP: INR1263 | TP: INR1500 (+19%)****EPS CHANGE (%): FY23|24E: 1|0**

- Strong volume recovery in both autos (improving supply chain) and tractor volumes (healthy farm sentiments).
- Sequential improvement in EBITDA margin by ~70bp supported by better mix and operating leverage.

**Quarterly Performance (incl MVML)****(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes ('000 units)	186.8	190.6	214.1	228.8	272.0	273.2	281.9	264.7	820.2	1091.7
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	31.6	15.7	16.1	33.1
Net Realization (INR '000/unit)	629.8	698.1	711.8	748.5	721.1	762.7	766.8	798.0	700.3	762.0
Growth YoY (%)	7.4	12.2	14.2	13.3	14.5	9.3	7.7	6.6	11.3	8.8
<b>Net Op. Income</b>	<b>117.6</b>	<b>133.1</b>	<b>152.4</b>	<b>171.2</b>	<b>196.1</b>	<b>208.4</b>	<b>216.1</b>	<b>211.2</b>	<b>574.5</b>	<b>831.8</b>
Growth YoY (%)	110.4	15.5	9.1	28.2	66.7	56.6	41.8	23.3	29.2	44.8
RM Cost (% of sales)	69.6	72.8	74.7	76.4	76.6	76.5	76.0	74.9	73.7	76.0
Staff (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.0	5.8	4.2
Oth. Exp. (% of Sales)	9.0	8.8	7.7	9.0	7.2	7.1	7.1	8.0	8.3	7.4
<b>EBITDA</b>	<b>16.3</b>	<b>16.6</b>	<b>18.0</b>	<b>19.5</b>	<b>23.4</b>	<b>25.0</b>	<b>27.3</b>	<b>27.6</b>	<b>70.4</b>	<b>103.3</b>
Growth YoY (%)	184.7	-16.6	-21.4	-0.5	43.5	50.4	51.5	42.0	3.6	46.7
EBITDA Margins (%)	13.9	12.5	11.8	11.4	11.9	12.0	12.7	13.1	12.3	12.4
Other income	2.1	11.0	5.2	2.4	2.4	13.3	4.5	1.9	20.8	22.0
Interest	0.7	0.4	0.5	0.6	0.7	0.6	0.6	0.6	2.2	2.6
Depreciation	5.6	5.8	6.3	6.8	6.8	7.8	7.7	8.0	24.5	30.2
EO Income/(Exp)	-0.8	-2.6	0.0	1.2	-0.4	-2.5	0.0	0.0	-2.1	-2.9
<b>PBT after EO</b>	<b>11.3</b>	<b>18.9</b>	<b>16.5</b>	<b>15.7</b>	<b>17.9</b>	<b>27.4</b>	<b>23.5</b>	<b>20.9</b>	<b>62.4</b>	<b>89.7</b>
Effective Tax Rate (%)	24.2	24.1	17.7	17.9	20.0	23.6	23.5	23.4	20.9	22.8
<b>Reported PAT</b>	<b>8.6</b>	<b>14.3</b>	<b>13.5</b>	<b>12.9</b>	<b>14.3</b>	<b>20.9</b>	<b>18.0</b>	<b>16.0</b>	<b>49.4</b>	<b>69.2</b>
<b>Adj PAT</b>	<b>9.3</b>	<b>16.9</b>	<b>13.5</b>	<b>11.7</b>	<b>14.7</b>	<b>23.4</b>	<b>18.0</b>	<b>16.0</b>	<b>51.4</b>	<b>72.1</b>
Change (%)	2,294.9	30.6	-20.7	16.9	57.5	38.6	32.9	37.5	26.4	40.2

E: MOFSL Estimates

**Mahindra CIE****Buy****CMP: INR350 | TP: INR425 (+21%)****EPS CHANGE (%): CY22|23E: 0|0**

- Strong growth in India business led by sharp volume recovery for its key customers (MM & TTMT).
- Cost cutting initiatives in both India and EU to support margin.

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

Y/E December	CY21				CY22E				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>21,894</b>	<b>20,425</b>	<b>20,907</b>	<b>20,641</b>	<b>25,709</b>	<b>27,072</b>	<b>27,231</b>	<b>27,324</b>	<b>83,867</b>	<b>1,07,336</b>
YoY Change (%)	31.7	177.7	23.4	5.4	17.4	32.5	30.3	32.4	38.6	28.0
<b>EBITDA</b>	<b>2,868</b>	<b>2,598</b>	<b>2,685</b>	<b>2,022</b>	<b>2,794</b>	<b>3,044</b>	<b>3,169</b>	<b>3,351</b>	<b>10,173</b>	<b>12,359</b>
Margins (%)	13.1	12.7	12.8	9.8	10.9	11.2	11.6	12.3	12.1	11.5
Depreciation	883	886	835	827	866	893	872	926	3,431	3,557
Interest	142	131	133	127	85	44	166	111	533	406
Other Income	194	116	74	172	282	357	138	98	556	875
Share of profit from associates				12	4	11	3	7	12	25
<b>PBT before EO expense</b>	<b>2,037</b>	<b>1,697</b>	<b>1,791</b>	<b>1,241</b>	<b>2,126</b>	<b>2,464</b>	<b>2,269</b>	<b>2,413</b>	<b>6,766</b>	<b>9,271</b>
EO Exp/(Inc)	1,425	0	-293	128	0	0	0	0	1,260	0
<b>PBT after EO exp</b>	<b>612</b>	<b>1,697</b>	<b>2,084</b>	<b>1,113</b>	<b>2,126</b>	<b>2,464</b>	<b>2,269</b>	<b>2,413</b>	<b>5,505</b>	<b>9,271</b>
Tax Rate (%)	83.6	19.7	20.1	29.0	24.3	23.8	24.6	28.2	28.9	25.2
<b>Adj. PAT</b>	<b>1,526</b>	<b>1,362</b>	<b>1,456</b>	<b>892</b>	<b>1,614</b>	<b>1,889</b>	<b>1,714</b>	<b>1,741</b>	<b>5,236</b>	<b>6,957</b>
YoY Change (%)	143.5	-205.9	139.7	-20.2	5.8	38.7	17.7	95.0	390.9	32.9

**Maruti Suzuki****Buy****CMP: INR8,407 | TP: INR11,275 (+34%)****EPS CHANGE (%): FY23|24E:-3|-3**

- Easing of supply chain constraints combined with traction for new model launches aids volume growth.
- EBITDA margin to expand ~290bp YoY/30bp QoQ at 9.6% led by benefits due to lower RM and better mix.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Financial Performance</b>										
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	465.9	520.5	1,652.5	1,971.7
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	8.2	6.5	13.3	19.3
Realizations (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,78,490	5,75,598	5,86,390	5,34,324	5,77,004
Change (%)	-6.3	13.5	14.1	12.2	12.7	6.9	6.6	7.2	10.8	8.0
<b>Net operating revenues</b>	<b>1,77,707</b>	<b>2,05,389</b>	<b>2,32,460</b>	<b>2,67,400</b>	<b>2,64,998</b>	<b>2,99,308</b>	<b>2,68,177</b>	<b>3,05,221</b>	<b>8,82,956</b>	<b>11,37,704</b>
Change (%)	332.7	9.6	-0.9	11.3	49.1	45.7	15.4	14.1	25.5	28.9
RM Cost (% of sales)	74.8	75.8	75.3	73.5	74.6	73.1	72.4	72.3	74.8	73.1
Staff Cost (% of sales)	6.0	4.7	4.2	3.8	4.4	3.8	4.2	3.9	4.6	4.0
Other Cost (% of sales)	14.6	15.3	13.8	13.5	13.8	13.9	13.8	13.9	14.2	13.8
<b>EBITDA</b>	<b>8,211</b>	<b>8,549</b>	<b>15,590</b>	<b>24,268</b>	<b>19,121</b>	<b>27,689</b>	<b>25,855</b>	<b>30,285</b>	<b>57,012</b>	<b>1,02,950</b>
EBITDA Margins (%)	4.6	4.2	6.7	9.1	7.2	9.3	9.6	9.9	6.5	9.0
Depreciation	7,432	7,561	6,400	6,472	6,514	7,226	7,250	8,380	27,865	29,370
<b>EBIT</b>	<b>779</b>	<b>988</b>	<b>9,190</b>	<b>17,796</b>	<b>12,607</b>	<b>20,463</b>	<b>18,605</b>	<b>21,905</b>	<b>29,147</b>	<b>73,580</b>
EBIT Margins (%)	0.4	0.5	4.0	6.7	4.8	6.8	6.9	7.2	3.3	6.5
Interest	222	225	252	560	274	305	260	261	1,259	1,100
Non-Operating Income	5,078	5,227	3,280	4,744	885	6,125	4,750	4,721	17,935	16,481
<b>PBT</b>	<b>5,635</b>	<b>5,990</b>	<b>12,218</b>	<b>21,980</b>	<b>13,218</b>	<b>26,283</b>	<b>23,095</b>	<b>26,365</b>	<b>45,823</b>	<b>88,961</b>
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	21.6	23.5	23.7	17.8	23.0
<b>Adjusted PAT</b>	<b>4,408</b>	<b>4,753</b>	<b>10,113</b>	<b>18,389</b>	<b>10,128</b>	<b>20,615</b>	<b>17,667</b>	<b>20,107</b>	<b>37,663</b>	<b>68,518</b>
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	333.7	74.7	9.3	-11.0	81.9

**Samvardhana Motherson Sumi****Buy****CMP: INR76 | TP: INR97 (+28%)****EPS CHANGE (%): FY23|24E: 2|2**

- Easing chip shortage challenges globally, coupled with stable cost inflation, expected to result in ~16% YoY growth in revenue for 3QFY23.
- Margins to remain stable QoQ due to partial recovery of higher energy prices in SMRPBV and operating leverage.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>1,64,080</b>	<b>1,44,150</b>	<b>1,64,350</b>	<b>1,71,610</b>	<b>1,76,147</b>	<b>1,82,608</b>	<b>1,89,838</b>	<b>2,00,006</b>	<b>6,44,200</b>	<b>7,48,599</b>
YoY Change (%)	0.0	0.0	0.0	0.0	7.4	26.7	15.5	16.5	10.6	16.2
RM Cost (% of sales)	0.0	0.0	0.0	0.0	58.8	58.7	56.7	0.0	0.0	0.0
Staff Cost (% of sales)	0.0	0.0	0.0	0.0	24.3	22.5	22.0	0.0	0.0	0.0
Other Exp (% of sales)	91.7	92.5	92.5	92.9	10.8	11.2	92.2	91.4	92.4	92.4
Total Expenditure	1,50,410	1,33,330	1,52,030	1,59,390	1,65,379	1,68,577	1,75,066	1,82,777	5,95,170	6,91,799
<b>EBITDA</b>	<b>13,670</b>	<b>10,820</b>	<b>12,320</b>	<b>12,220</b>	<b>10,768</b>	<b>14,031</b>	<b>14,772</b>	<b>17,229</b>	<b>49,030</b>	<b>56,800</b>
Margins (%)	8.3	7.5	7.5	7.1	6.1	7.7	7.8	8.6	7.6	7.6
Depreciation	7,780	7,640	7,600	7,370	7,324	7,487	7,650	8,079	30,390	30,540
Interest	1,208	1,313	1,294	1,612	1,694	1,837	1,800	1,869	5,115	7,200
Other income	1,548	871	1,227	1,412	978	940	500	581	4,957	3,000
<b>PBT after EO Expense</b>	<b>6,225</b>	<b>2,738</b>	<b>4,653</b>	<b>4,175</b>	<b>2,729</b>	<b>4,663</b>	<b>5,822</b>	<b>8,846</b>	<b>18,002</b>	<b>22,060</b>
Tax Rate (%)	173.4	350.5	212.8	228.1	34.0	30.3	33.0	34.6	58.1	33.0
Min. Int & Share of profit	70	-630	80	190	389	485	32	-906	-290	0
<b>Reported PAT</b>	<b>3,140</b>	<b>1,410</b>	<b>2,270</b>	<b>1,220</b>	<b>1,412</b>	<b>2,464</b>	<b>3,868</b>	<b>7,035</b>	<b>8,040</b>	<b>14,780</b>
<b>Adj PAT</b>	<b>3,142</b>	<b>1,410</b>	<b>2,270</b>	<b>1,412</b>	<b>1,412</b>	<b>3,123</b>	<b>3,868</b>	<b>6,376</b>	<b>8,234</b>	<b>14,780</b>
YoY Change (%)	-142.4	-51.7	-65.6	-74.0	-55.1	121.5	70.4	351.5	-22.2	79.5

E: MOFSL Estimates

**Motherson Wiring India****Buy**

CMP: INR58 | TP: INR74 (+27%)

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

- Strong YoY growth on low base driven by 1) easing chip supplies for PVs, 2) cyclical recovery in CVs, and 3) healthy farm sentiments benefitting tractors.
- Benefits of ~15% QoQ decline in spot copper prices in 2QFY23 and FX pass-through (comes with a quarter lag) to get reflected in 3Q.

**MSUMI: Quarterly performance**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>11,139</b>	<b>14,000</b>	<b>14,596</b>	<b>16,615</b>	<b>16,709</b>	<b>18,352</b>	<b>17,618</b>	<b>18,885</b>	<b>56,350</b>	<b>71,564</b>
YoY Change (%)	455.7	29.7	8.3	10.0	50.0	31.1	20.7	13.7	36.2	27.0
RM Cost (% of sales)	64.1	64.4	64.1	63.8	64.9	66.2	65.0	64.5	64.1	65.2
Staff Cost (% of sales)	19.2	16.8	16.4	15.5	16.4	17.3	18.2	16.9	16.8	17.2
Other Expenses (% of sales)	6.9	6.1	5.8	6.1	6.6	6.6	6.6	6.2	6.2	6.5
<b>EBITDA</b>	<b>1,093</b>	<b>1,780</b>	<b>2,002</b>	<b>2,420</b>	<b>2,028</b>	<b>1,808</b>	<b>1,804</b>	<b>2,346</b>	<b>7,303</b>	<b>7,985</b>
Margins (%)	9.8	12.7	13.7	14.6	12.1	9.9	10.2	12.4	13.0	11.2
Depreciation	233	240	230	343	277	295	310	320	1,055	1,203
Interest	76	80	100	20	69	59	70	73	285	270
Other Income	46	80	79	93	77	107	75	71	300	330
<b>PBT before EO expense</b>	<b>830</b>	<b>1,540</b>	<b>1,750</b>	<b>2,150</b>	<b>1,759</b>	<b>1,562</b>	<b>1,499</b>	<b>2,023</b>	<b>6,263</b>	<b>6,842</b>
Extra-Ord expense	0	0	0	654	0	0	0	0	654	0
<b>PBT after EO Expense</b>	<b>830</b>	<b>1,540</b>	<b>1,750</b>	<b>1,496</b>	<b>1,759</b>	<b>1,562</b>	<b>1,499</b>	<b>2,023</b>	<b>5,609</b>	<b>6,842</b>
Tax Rate (%)	27	26	25	31	28	25	27	26	27	27
<b>Reported PAT</b>	<b>610</b>	<b>1,140</b>	<b>1,320</b>	<b>1,036</b>	<b>1,260</b>	<b>1,165</b>	<b>1,101</b>	<b>1,504</b>	<b>4,107</b>	<b>5,029</b>
<b>Adj PAT</b>	<b>610</b>	<b>1,140</b>	<b>1,320</b>	<b>1,596</b>	<b>1,260</b>	<b>1,165</b>	<b>1,101</b>	<b>1,504</b>	<b>4,670</b>	<b>5,029</b>
YoY Change (%)	-172.6	72.7	9.5	6.0	106.5	2.1	-16.6	-5.8	83.9	7.7

E: MOFSL Estimates

**Sona BLW Precision****Neutral**

CMP: INR419 | TP: INR472 (13%)

EPS CHANGE (%): FY23 | 24E: -13 | -4

- Revenue growth YoY driven by execution/ramp-up of new orders and recovery in global PV production.
- Easing commodity cost inflation sequentially to aid EBITDA margin expansion of ~110bp QoQ in 3Q.
- EPS downgrade to factor in operating deleverage going forward in FY24.

**Consol. Quarterly Performance**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net operating revenues</b>	<b>5,007</b>	<b>5,857</b>	<b>4,941</b>	<b>5,500</b>	<b>5,892</b>	<b>6,574</b>	<b>6,624</b>	<b>7,154</b>	<b>21,306</b>	<b>26,244</b>
Change (%)	226.5	52.4	1.0	2.0	17.7	12.2	34.0	30.1	36.0	23.2
<b>EBITDA</b>	<b>1,387</b>	<b>1,544</b>	<b>1,305</b>	<b>1,354</b>	<b>1,425</b>	<b>1,657</b>	<b>1,739</b>	<b>1,884</b>	<b>5,591</b>	<b>6,719</b>
EBITDA Margins (%)	27.7	26.4	26.4	24.6	24.2	25.2	26.3	26.3	26.2	25.6
Depreciation	334	355	357	374	400	429	440	464	1,420	1,733
<b>EBIT</b>	<b>1,054</b>	<b>1,189</b>	<b>949</b>	<b>980</b>	<b>1,025</b>	<b>1,228</b>	<b>1,299</b>	<b>1,421</b>	<b>4,171</b>	<b>4,986</b>
EBIT Margins (%)	21.0	20.3	19.2	17.8	17.4	18.7	19.6	19.9	19.6	19.0
Interest	86	29	33	35	29	43	35	29	183	136
Non-Operating Income	2	6	50	143	10	28	15	19	200	73
<b>PBT</b>	<b>1,102</b>	<b>1,166</b>	<b>966</b>	<b>1,223</b>	<b>1,006</b>	<b>1,213</b>	<b>1,279</b>	<b>1,411</b>	<b>4,456</b>	<b>4,922</b>
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	24.6	23.7	24.5	25.3	18.9	24.5
<b>Adjusted PAT</b>	<b>722</b>	<b>882</b>	<b>864</b>	<b>912</b>	<b>758</b>	<b>925</b>	<b>965</b>	<b>1,054</b>	<b>3,399</b>	<b>3,716</b>
Change (%)		22.3	3.5	29.4	5.0	4.9	11.7	15.5	39.1	9.3

E: MOFSL Estimates

## Tata Motors

Buy

CMP: INR395 | TP: INR520 (+32%)

EPS CHANGE (%): FY23 | 24E: -13 | -3

- India business outlook remains healthy led by strong growth in PVs and CVs.
- JLR volumes to grow YoY due to easing chip shortage issue. We estimate EBIT margin of 3.7% for JLR in 3QFY23 supported by mix, softening RM and cost control.
- India EBITDA margins are estimated to expand 50bp YoY due to easing RM cost inflation.

## Quarterly Performance [Consol]

(INR b)

INR b	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
JLR Volumes (incl JV; '000 units)	97.1	78.3	83.1	89.1	82.6	89.9	94.3	98.9	347.7	365.7
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	61,352	69,847	71,244	71,936	62,274	68,813
JLR EBITDA Margins (%)	9.0	7.3	12.0	12.6	6.3	10.3	12.5	14.7	10.3	11.3
India CV Volumes ('000 units)	49.5	87.4	100.7	119.8	101.1	100.5	96.7	133.5	357.4	431.8
India CV Realizations (INR '000/unit)	1571.0	1259.9	1230.8	1590.8	1619.1	1640.4	1647.2	1711.5	1405.0	1658.6
India CV EBITDA Margins (%)	1.1	3.6	2.6	6.1	5.4	5.1	5.9	8.3	3.9	6.4
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.4	142.8	132.3	133.2	372.1	538.7
India PV Realizations (INR '000/unit)	819.9	882.0	863.8	857.0	895.1	885.4	883.6	893.8	858.0	889.4
India PV EBITDA Margins (%)	4.0	6.1	4.2	7.0	6.2	5.7	7.3	7.9	5.5	6.8
<b>Net Consol. Op Income</b>	<b>664.1</b>	<b>613.8</b>	<b>722.3</b>	<b>784.4</b>	<b>719.3</b>	<b>796.1</b>	<b>827.0</b>	<b>947.2</b>	<b>2784.5</b>	<b>3289.7</b>
Growth (%)	107.6	14.7	-4.5	-11.5	8.3	29.7	14.5	20.8	11.5	18.1
<b>Consol. EBITDA</b>	<b>52.6</b>	<b>40.5</b>	<b>67.6</b>	<b>87.4</b>	<b>31.8</b>	<b>62.0</b>	<b>87.8</b>	<b>117.8</b>	<b>248.1</b>	<b>299.4</b>
EBITDA Margins (%)	7.9	6.6	9.4	11.1	4.4	7.8	10.6	12.4	8.9	9.1
Depreciation	62.0	61.2	60.8	64.3	58.4	59.0	60.0	66.4	248.4	243.8
Other Income	5.8	8.7	7.0	9.0	8.9	10.4	7.5	9.0	30.5	35.8
Interest Expenses	22.0	23.3	24.0	23.9	24.2	24.9	26.0	27.0	93.3	102.1
<b>PBT before EO</b>	<b>-25.8</b>	<b>-34.7</b>	<b>-7.0</b>	<b>3.7</b>	<b>-49.6</b>	<b>-17.7</b>	<b>1.3</b>	<b>23.3</b>	<b>-63.7</b>	<b>-42.8</b>
EO Exp/(Inc)	0.0	0.0	-0.9	7.1	-14.9	-3.1	0.0	0.0	6.30	-18.06
<b>PBT after EO Exp</b>	<b>-25.8</b>	<b>-34.7</b>	<b>-6.1</b>	<b>-3.4</b>	<b>-34.7</b>	<b>-14.6</b>	<b>1.3</b>	<b>23.3</b>	<b>-70.0</b>	<b>-24.7</b>
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	-43.8	31.3	15.0	18.2	-60.4	-61.0
<b>PAT</b>	<b>-43.2</b>	<b>-44.8</b>	<b>-13.4</b>	<b>-11.0</b>	<b>-49.9</b>	<b>-10.0</b>	<b>1.1</b>	<b>19.1</b>	<b>-112.3</b>	<b>-39.8</b>
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.6	-0.5	-0.3	0.0	-1.3	-1.3
Share in profit of Associate	-1.3	0.6	-1.1	1.1	0.4	1.1	0.7	0.3	-0.7	2.4
<b>Reported PAT</b>	<b>-44.5</b>	<b>-44.4</b>	<b>-15.2</b>	<b>-10.3</b>	<b>-50.1</b>	<b>-9.4</b>	<b>1.6</b>	<b>19.3</b>	<b>-114.4</b>	<b>-38.6</b>
<b>Adj PAT</b>	<b>-44.5</b>	<b>-44.4</b>	<b>-16.0</b>	<b>-3.2</b>	<b>-65.0</b>	<b>-12.6</b>	<b>1.6</b>	<b>19.3</b>	<b>-108.1</b>	<b>-56.7</b>
Growth (%)	-47.2	1301.9	-149.6	-105.6	46.0	-71.7	LTP	-705.2	-5109.7	-47.6

E: MOFSL Estimates



## TVS Motor Company

Neutral

CMP: INR1073 | TP: INR1000 (-7%)

EPS CHANGE (%): FY23 | 24E: -7 | -4

- In 3QFY23, domestic 2W business has seen recovery (+8% YoY) but exports are still under stress as volume declined ~18% YoY.
- EBITDA margin to remain flat sequentially as benefits of lower RM to offset by operating deleverage.
- FY24E EPS downgrade driven by lower-than-expected volume offtake in 2W volumes and subdued recovery in exports market.

## S/A Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Vols ('000 units)</b>	<b>657.8</b>	<b>916.7</b>	<b>878.7</b>	<b>856.5</b>	<b>906.8</b>	<b>1,027.4</b>	<b>879.4</b>	<b>933.0</b>	<b>3,309</b>	<b>3,747</b>
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	0.1	8.9	8.4	13.2
<b>Realn (INR '000/unit)</b>	<b>59.8</b>	<b>61.1</b>	<b>64.9</b>	<b>64.6</b>	<b>66.3</b>	<b>70.3</b>	<b>72.0</b>	<b>73.4</b>	<b>62.8</b>	<b>70.5</b>
Growth (%)	11.5	15.0	19.2	12.5	10.8	15.1	10.9	13.7	14.3	12.3
<b>Net Sales</b>	<b>39,344</b>	<b>55,969</b>	<b>57,064</b>	<b>55,303</b>	<b>60,087</b>	<b>72,192</b>	<b>63,337</b>	<b>68,481</b>	<b>2,07,680</b>	<b>2,64,096</b>
Growth (%)	174.8	21.5	5.8	3.9	52.7	29.0	11.0	23.8	24.0	27.2
RM (% of sales)	75.7	76.2	76.3	76.2	76.1	76.2	75.3	74.7	76.1	75.6
Emp cost (% of sales)	6.6	5.3	5.2	5.1	5.3	4.8	5.3	5.0	5.5	5.1
Other exp (% of sales)	10.7	8.8	8.6	8.6	8.6	8.9	9.3	9.3	9.1	9.0
<b>EBITDA</b>	<b>2,738</b>	<b>5,404</b>	<b>5,683</b>	<b>5,568</b>	<b>5,995</b>	<b>7,365</b>	<b>6,467</b>	<b>7,507</b>	<b>19,392</b>	<b>27,334</b>
EBITDA Margin(%)	7.0	9.7	10.0	10.1	10.0	10.2	10.2	11.0	9.3	10.4
Interest	300	350	279	330	376	352	370	383	1,259	1,481
Depreciation	1,431	1,544	1,546	1,593	1,520	1,535	1,600	1,692	6,114	6,347
Other Income	16	35	57	82	222	14	50	56	190	342
<b>PBT before EO Exp</b>	<b>1,023</b>	<b>3,544</b>	<b>3,915</b>	<b>3,727</b>	<b>4,321</b>	<b>5,492</b>	<b>4,547</b>	<b>5,488</b>	<b>12,209</b>	<b>19,848</b>
EO Exp	302	-225	0	0	0	0	0	0	77	
<b>PBT after EO Exp</b>	<b>722</b>	<b>3,769</b>	<b>3,915</b>	<b>3,727</b>	<b>4,321</b>	<b>5,492</b>	<b>4,547</b>	<b>5,488</b>	<b>12,132</b>	<b>19,848</b>
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	25.8	25.8	25.8	26.3	25.8
<b>Adjusted PAT</b>	<b>754</b>	<b>2,610</b>	<b>2,883</b>	<b>2,745</b>	<b>3,205</b>	<b>4,075</b>	<b>3,374</b>	<b>4,073</b>	<b>8,992</b>	<b>14,727</b>
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	56.1	17.0	48.4	46.9	63.8

E: MOFSL Estimates

## Tube Investments

Buy

CMP: INR2787 | TP: INR3225 (+16%)

EPS CHANGE (%): FY23 | 24E: -0.5 | -2

- Engineering business to benefit from 2W industry growth in 3QFY23 as well as ramp-up in exports.
- EBITDA margins to decline on YoY basis to factor in weakness in exports in the engineering division, which is their high-margin business.

## Quarterly performance (S/A)

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>12,567</b>	<b>16,667</b>	<b>17,014</b>	<b>17,345</b>	<b>19,570</b>	<b>19,059</b>	<b>19,217</b>	<b>20,779</b>	<b>63,495</b>	<b>78,625</b>
YoY Change (%)	231.8	53.3	29.9	17.2	55.7	14.4	12.9	19.8	49.2	23.8
<b>EBITDA</b>	<b>1,576</b>	<b>1,928</b>	<b>1,865</b>	<b>1,744</b>	<b>2,040</b>	<b>2,512</b>	<b>2,458</b>	<b>2,655</b>	<b>8,743</b>	<b>9,665</b>
Margins (%)	12.5	11.6	11.0	10.1	10.4	13.2	12.8	12.8	13.8	12.3
Depreciation	354	360	369	367	325	346	355	359	1,450	1,385
Interest	30	29	38	22	36	52	32	10	118	130
Other Income	109	97	153	377	120	145	175	134	736	573
<b>PBT before EO expense</b>	<b>1,302</b>	<b>1,637</b>	<b>1,611</b>	<b>1,731</b>	<b>1,800</b>	<b>2,258</b>	<b>2,246</b>	<b>2,420</b>	<b>7,911</b>	<b>8,723</b>
Tax	332	423	406	368	457	599	580	558	1,472	2,194
Tax Rate (%)	25.5	25.8	25.2	21.2	25.4	29.6	25.8	23.0	18.6	25.8
<b>Adj PAT</b>	<b>970</b>	<b>1,214</b>	<b>1,204</b>	<b>1,364</b>	<b>1,343</b>	<b>1,599</b>	<b>1,665</b>	<b>1,862</b>	<b>4,710</b>	<b>6,469</b>
YoY Change (%)	-284.3	26.6	12.5	-2.1	38.5	31.7	38.3	36.5	62.6	37.3

E: MOFSL Estimates

# 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

## A mixed bag; gradual improvement in profits expected

### Volume growth is estimated at 10% YoY, aided by a low base

- Our cement coverage universe (ex-GRASIM) will continue to witness margin pressures; however, the intensity might not be as severe as seen in the last few quarters. Further, we expect a sequential improvement in margins (led by 3% QoQ increase in pan-India average price and 3% QoQ decline in variable cost/t). Average EBITDA/t is estimated to drop 13% YoY (up 40% QoQ) to INR793 and OPM is expected to drop 3pp YoY to 13.9% (up 3.8pp QoQ). Aggregate EBITDA/profit is estimated to decline 4%/17% YoY, respectively.
- Aggregate sales volume for our Coverage Universe is expected to increase 10% YoY (decline of 2.6% YoY in 3QFY22). We expect 18-22% YoY volume growth for BCORP, JKCE, SRCM, and TRCL; while UTCCEM and DALBHARA should report 11% YoY (each) volume growth. ACEM, ICEM, and JKLC are expected to report a volume growth of 1-5% YoY; while ACC is expected to report flat volume growth. Average realization is expected to increase 6% YoY and 2% QoQ, leading to a revenue growth of 16% YoY and 10% QoQ.
- Revenue of GRASIM is estimated to increase 7% YoY, led by: 1) volume/realization growth of 1%/7% in the VSF segment, and 2) volume/realization growth of 1%/5% in the Chemicals segment. We expect the company's EBITDA to decline 25% YoY due to a sharp margin contraction (decline of 6.4pp) in the VSF segment. Profit is expected to decline 40% YoY.

### Average Cement price up 3% QoQ led by East, West, and South regions

- Cement price increased over Sep-Nov'22, led by price hikes in East, South, and West India. While average cement price remained flat QoQ in the North region, it marginally declined in the Central region. Cement manufacturers had attempted further price hike across regions in Dec'22; however, these hikes could not sustain. There was also INR5-10/bag MoM drop in cement prices in the South and East regions in Dec'22.
- We believe that all-India average cement price was up 3% QoQ in 3QFY23 (up 6% YoY), led by a 4-8% price increase in West, South, and East India. Cement price remained flat QoQ in North, while it dropped 0.6% QoQ in Central India.

### Volatility in fuel prices limits reduction in Energy cost

- Fuel prices have declined from their peak and remained volatile during the quarter. We expect INR50-70/t reduction in variable cost for most of the companies under our coverage (higher decline estimated for ACC as the company had seen higher impact in fuel costs earlier; JKLC should see an increase of INR60/t in variable costs as the management had indicated fuel cost increase in 3QFY23).
- Average Opex/t for our Coverage Universe is expected to increase 9% YoY (decline ~3% QoQ), led by elevated fuel prices, driving a 17% YoY increase in variable cost (decline 3% QoQ).

- Freight cost/t is expected to increase 4% YoY and 1% QoQ, while other expense/t is estimated to increase 1% YoY (decline 6% QoQ). Employee cost/t should decline 4% YoY and 6% QoQ on a higher volume.
- DALBHARA is expected to report the highest growth of 47% YoY in EBITDA, followed by 13%/9% growth for TRCL/JKLC, respectively. EBITDA for ACEM and UTCHEM is expected to remain flat YoY. ACC and BCORP are expected to report an EBITDA decline of 37% and 19% YoY, respectively. JKCE and SRCM are estimated to report EBITDA drop of 6% and 9%, respectively. ICEM is estimated to report operating loss of INR242m v/s EBITDA of INR1b in 3QFY22.
- EBITDA/t of DALBHARA is expected to increase 32% YoY, followed by a 7% increase for JKLC. ACEM and TRCL are expected to report EBITDA/t decline of 1-4% YoY. ACC, BCORP, JKCE, SRCM, and UTCHEM are expected to report EBITDA/t decline of 10-37% YoY. ICEM is estimated to report operating loss/t of INR110 v/s EBITDA/t of INR494 in 3QFY22.

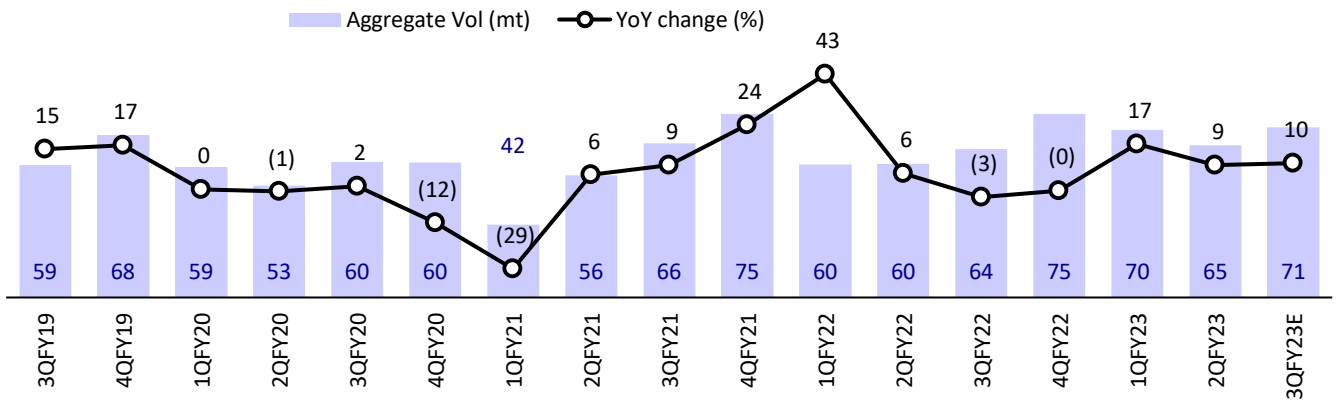
#### Earnings sensitivity to pricing is high, remain constructive on the sector

- Cement players continue their attempts to sustain price hikes and pass on the input cost pressure. However, multiple headwinds such as slowdown in IHB and retail demand post interest rate hikes, inflationary impact (increase in other building material prices), monsoon, etc., led to erosion of pricing power of cement players. Historically, 4Q has been a seasonally strong quarter for the construction sector, leading to better demand, which in turn supports cement prices (up 1-5% QoQ in the last few years).
- Fuel prices also seem to be peaked out and there has been a reduction in petcoke prices recently (current price at USD170/t v/s average of USD185/t in 3QFY23). We expect further reduction of INR100/t in fuel costs in 4QFY23.
- We are positive on the cement industry for the next few years given 1) better demand prospects, led by infrastructure and housing sector, 2) increased consolidation in the industry, and 3) regulatory changes in the allotment of limestone blocks.
- We prefer companies that are well positioned to report higher volume growth and incrementally benefits from cost-reduction initiatives. UTCHEM is our top pick in the large cap space. We prefer DALBHARA and JKCE in the midcap space.

#### Exhibit 1: Summary of expected quarterly performance

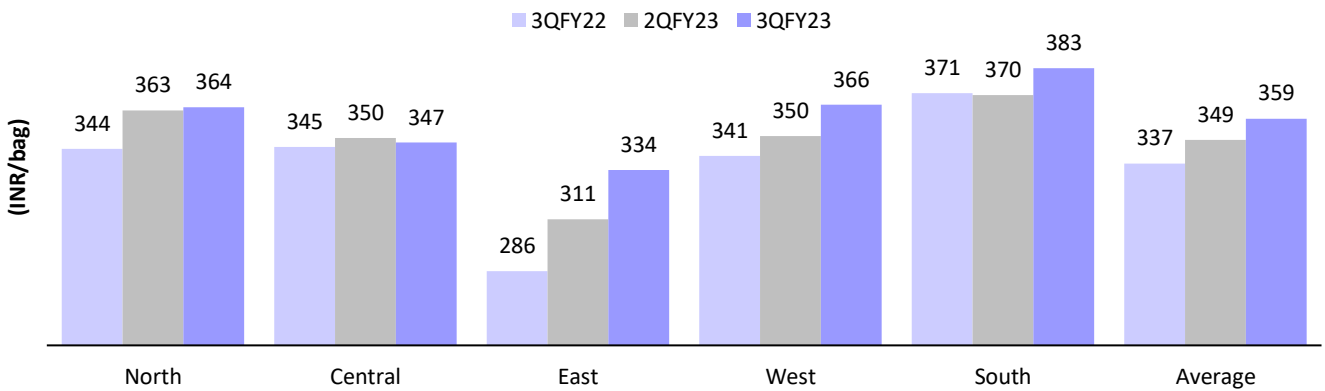
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
ACC	2440	Neutral	44,352	5.0	11.2	3,475	-37.4	2,153.5	1,597	-50.3	LP
Ambuja Cements	526	Neutral	39,036	4.5	6.4	5,707	0.5	87.5	2,744	-8.2	79.2
Birla Corporation	990	Buy	21,815	24.7	9.1	1,795	-19.3	91.0	-200	PL	Loss
Dalmia Bharat	1888	Buy	33,679	23.2	13.4	6,006	46.8	58.5	1,713	223.2	534.4
Grasim Industries	1731	Buy	62,002	7.2	-8.1	6,951	-24.6	-27.3	2,926	-40.2	-71.6
India Cements	222	Sell	12,496	12.7	-0.4	-242	PL	Loss	-920	PL	Loss
J K Cements	2952	Buy	22,649	16.7	5.7	3,473	-6.3	17.1	1,718	2.6	25.9
JK Lakshmi Cem.	796	Buy	14,510	21.6	11.4	1,599	9.2	15.4	686	-8.3	16.4
Ramco Cements	706	Neutral	19,562	26.3	9.6	2,604	12.8	41.7	522	-36.8	354.8
Shree Cement	23442	Neutral	41,426	16.6	9.6	7,487	-9.3	43.1	3,570	-27.4	88.3
Ultratech Cement	7010	Buy	1,54,700	19.1	11.4	24,158	-0.1	29.4	11,186	-4.6	48.0
<b>Cement</b>			<b>4,66,227</b>	<b>15.0</b>	<b>7.1</b>	<b>63,014</b>	<b>-7.0</b>	<b>35.0</b>	<b>25,542</b>	<b>-20.7</b>	<b>22.0</b>

**Exhibit 2: Expect aggregate sales volume for our coverage universe to grow 10% YoY**



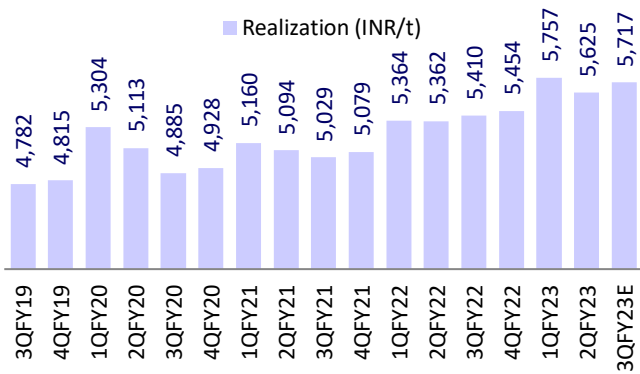
Source: MOFSL, Company, E: MOFSL estimate

**Exhibit 3: Pan-India average cement price up 3% QoQ as prices increased by 4-8% in East, West and South regions**



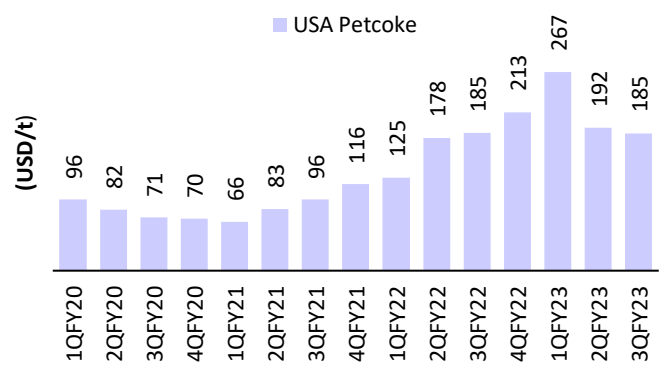
Source: MOFSL, Industry

**Exhibit 4: Expect blended realization to increase 6% YoY**



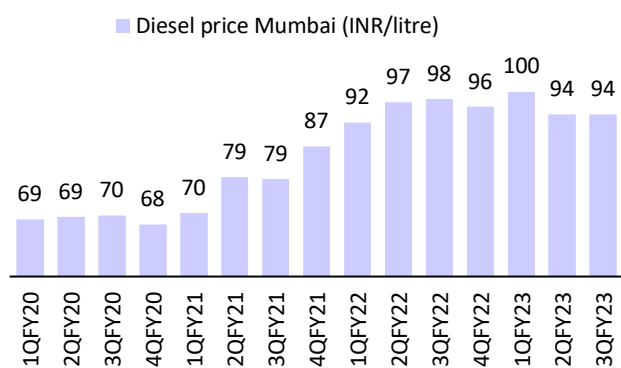
Source: Industry, MOFSL, E: MOFSL estimate

**Exhibit 5: Average USA Petcoke price down 4% QoQ**



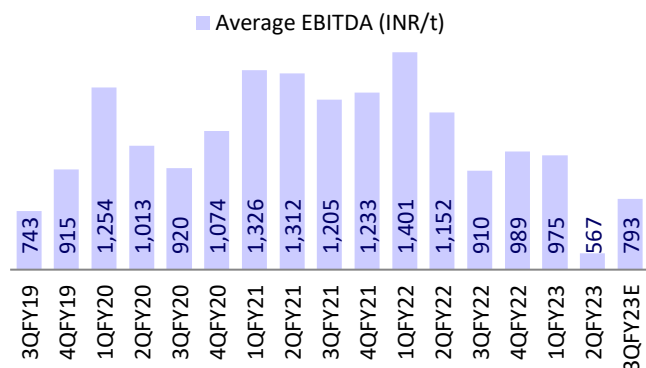
Source: MOSFL, Industry

Exhibit 6: Average diesel prices down 4% YoY



Source: Bloomberg, MOFSL

Exhibit 7: Expect average EBITDA/t to decline 13% YoY



Source: Company, MOFSL; E: MOFSL estimate

Exhibit 8: Key operating parameters

Companies	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	3QFY23	YoY (%)	QoQ (%)	3QFY23	YoY (INR)	QoQ (INR)	3QFY23	YoY (INR)	QoQ (INR)
ACC	7.5	(0.2)	9.1	5,936	294	115	465	(276)	443
Ambuja Cements	7.2	1.2	3.0	5,387	171	170	788	(5)	355
Birla Corporation	4.0	18.4	9.0	5,498	274	4	452	(212)	194
Dalmia Bharat	6.3	10.9	9.0	5,327	531	205	950	232	297
India Cements	2.2	4.8	(2.0)	5,657	399	91	(110)	(604)	295
JK Cement	3.9	18.1	7.6	5,775	(66)	(102)	886	(230)	71
JK Lakshmi Cem.	2.5	1.9	8.7	5,793	939	141	639	43	37
The Ramco Cements	3.5	17.8	7.0	5,523	372	132	735	(32)	180
Shree Cement	8.0	21.5	6.8	5,203	(219)	132	940	(320)	239
UltraTech Cement	25.6	10.5	10.7	6,051	438	37	945	(101)	137
<b>Sector aggregate/avg.</b>	<b>70.7</b>	<b>10.0</b>	<b>8.1</b>	<b>5,717</b>	<b>307</b>	<b>91</b>	<b>793</b>	<b>(117)</b>	<b>225</b>

Exhibit 9: 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
<b>Cement</b>						<b>35.8</b>	<b>29.6</b>	<b>25.1</b>	<b>3.2</b>	<b>3.0</b>	<b>2.8</b>	<b>9.0</b>	<b>10.2</b>	<b>11.2</b>
ACC	2,440	Neutral	53.4	87.1	107.3	45.7	28.0	22.7	3.2	3.0	2.7	7.1	11.1	12.5
Ambuja Cements	526	Neutral	10.8	11.3	13.2	48.9	46.7	39.9	4.5	4.3	4.1	19.4	18.7	20.1
Birla Corporation	990	Buy	8.9	49.2	70.8	111.4	20.1	14.0	1.3	1.2	1.1	1.1	6.1	8.3
Dalmia Bharat	1,888	Buy	37.5	44.3	60.7	50.3	42.6	31.1	2.2	2.1	2.0	4.4	5.0	6.6
Grasim Industries	1,731	Buy	101.9	103.3	112.3	17.0	16.8	15.4	2.3	2.2	2.1	10.8	9.5	10.1
India Cements	222	Sell	-8.1	3.7	8.0	-27.5	60.2	27.9	1.1	1.1	1.1	-4.2	1.8	3.9
J K Cements	2,952	Buy	81.3	90.7	113.5	36.3	32.5	26.0	4.8	4.3	3.8	13.8	13.8	15.5
JK Lakshmi Cem.	796	Buy	30.4	42.7	51.7	26.2	18.6	15.4	3.4	3.0	2.5	13.8	17.0	17.7
Ramco Cements	706	Neutral	12.4	21.3	30.2	56.9	33.2	23.4	2.5	2.3	2.1	4.4	7.2	9.5
Shree Cement	23,442	Neutral	368.2	487.5	593.3	63.7	48.1	39.5	4.6	4.3	3.9	7.5	9.2	10.4
Ultratech Cement	7,010	Buy	178.8	224.6	263.6	39.2	31.2	26.6	3.7	3.4	3.1	9.8	11.3	12.1

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: INR2,440 | TP: INR2,360 (-3%)****EPS CHANGE (%): FY23\* | 24: -6.1 | -4.0**

- We expect sales volume to remain flat on a YoY basis, whereas cement realization should increase by 5%.
- We expect EBITDA/t at INR465 v/s INR741/INR23 in 4QCY21/3QFY23\*.
- Variable cost/freight cost per tonne to increase by 15%/9% YoY. OPEX/t is expected to increase by 12% YoY.
- Profitability should improve QoQ (OPM expects to rise 7.5pp), driven by price hikes and easing of cost pressure.

**Standalone quarterly performance****(INR b)**

Y/E December/March	CY21				FY23*					CY21	FY23E*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	5QE		
Cement Sales (mt)	7.97	6.84	6.57	7.49	7.71	7.56	6.85	7.47	7.92	28.89	37.51
Change (YoY %)	21.5	43.7	1.2	(2.9)	(3.3)	10.5	4.3	(0.2)	2.7	13.2	29.8
<b>Net Sales</b>	<b>42.9</b>	<b>38.8</b>	<b>37.5</b>	<b>42.3</b>	<b>44.3</b>	<b>44.7</b>	<b>39.9</b>	<b>44.4</b>	<b>47.5</b>	<b>161.5</b>	<b>220.6</b>
Change (YoY %)	22.6	49.4	6.0	2.0	3.1	15.0	6.4	5.0	7.3	17.2	36.6
<b>EBITDA</b>	<b>8.6</b>	<b>8.7</b>	<b>7.1</b>	<b>5.6</b>	<b>6.3</b>	<b>4.3</b>	<b>0.2</b>	<b>3.5</b>	<b>5.4</b>	<b>30.0</b>	<b>19.7</b>
Margin (%)	20.0	22.5	19.0	13.1	14.3	9.5	0.4	7.8	11.5	18.6	8.9
Depreciation	1.4	1.5	1.5	1.6	1.5	1.6	1.7	1.8	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	0.6	0.7	2.0	3.1
<b>PBT before EO Item</b>	<b>7.5</b>	<b>7.6</b>	<b>6.1</b>	<b>4.4</b>	<b>5.3</b>	<b>3.0</b>	<b>-1.1</b>	<b>2.2</b>	<b>4.2</b>	<b>25.5</b>	<b>13.5</b>
EO Income/(Expense)	0.0	-0.4	0.0	-0.5	0.0	0.0	-0.2	0.0	0.0	-0.9	-0.2
<b>PBT after EO Item</b>	<b>7.5</b>	<b>7.2</b>	<b>6.1</b>	<b>3.8</b>	<b>5.3</b>	<b>3.0</b>	<b>-1.2</b>	<b>2.2</b>	<b>4.2</b>	<b>24.6</b>	<b>13.3</b>
Tax	1.9	1.9	1.6	1.0	1.4	0.8	-0.3	0.6	1.0	6.4	3.4
Rate (%)	25.6	26.1	26.2	26.5	25.9	25.8	25.5	26.0	24.9	26.0	25.6
<b>Reported PAT</b>	<b>5.6</b>	<b>5.3</b>	<b>4.5</b>	<b>2.8</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.9</b>	<b>1.6</b>	<b>3.1</b>	<b>18.2</b>	<b>9.9</b>
<b>Adjusted PAT</b>	<b>5.6</b>	<b>5.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.7</b>	<b>1.6</b>	<b>3.1</b>	<b>18.9</b>	<b>10.1</b>
Margin (%)	13.0	14.5	12.0	7.6	8.8	5.0	-1.9	3.6	6.6	11.7	4.6
Change (YoY %)	59.3	90.1	12.4	(25.2)	(30.1)	(60.5)	NM	(50.3)	(19.8)	28.2	(46.6)

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

**Ambuja Cements****Neutral****CMP: INR526 | TP: INR530 (+1%)****EPS CHANGE (%): FY23\* | 24: -- | --**

- Sales volume to increase 1%/3% YoY/QoQ. AECM volume growth should be below industry, partly due to shut down of plants in Himachal Pradesh in Dec'22-end.
- Blended realization is expected to increase 3% YoY/QoQ.
- We expect variable cost/t to increase 13% YoY and OPEX/t to increase by 4%.
- We expect EBITDA/t at INR788 v/s INR793/INR433 in 4QCY21/3QFY23\*.

**Standalone quarterly performance****(INR b)**

Y/E December/March	CY21				FY23*					CY21	FY23E*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	5QE		
Sales Volume (mt)	7.24	6.42	6.20	7.16	7.49	7.39	7.04	7.25	7.57	27.02	36.73
Change (YoY %)	25	53	9	2	3	15	14	1	2	19	36
Cement Realization (INR/t)	4,943	5,206	5,154	5,138	5,147	5,356	5,161	5,311	5,369	5,105	5,270
Change (YoY %)	3	2	4	4	4	3	0	3	4	4	3
<b>Net Sales</b>	<b>36.2</b>	<b>33.7</b>	<b>32.4</b>	<b>37.4</b>	<b>39.3</b>	<b>39.9</b>	<b>36.7</b>	<b>39.0</b>	<b>41.3</b>	<b>139.6</b>	<b>196.2</b>
Change (YoY %)	28.1	54.9	13.5	6.3	8.4	18.5	13.4	4.5	5.3	22.8	40.5
<b>EBITDA</b>	<b>9.8</b>	<b>9.6</b>	<b>7.0</b>	<b>5.7</b>	<b>7.9</b>	<b>6.8</b>	<b>3.0</b>	<b>5.7</b>	<b>7.0</b>	<b>32.1</b>	<b>30.5</b>
Margin (%)	27.0	28.5	21.7	15.2	20.1	17.1	8.3	14.6	17.0	23.0	15.6
Depreciation	1.3	1.3	1.3	1.7	1.5	1.5	1.6	1.6	1.6	5.5	7.8
Interest	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.9	1.2
Other Income	0.6	1.6	0.4	0.3	0.4	5.9	0.5	0.3	0.2	2.9	7.3
<b>PBT before EO Item</b>	<b>8.9</b>	<b>9.7</b>	<b>5.9</b>	<b>4.1</b>	<b>6.5</b>	<b>10.9</b>	<b>1.7</b>	<b>4.2</b>	<b>5.4</b>	<b>28.5</b>	<b>28.8</b>
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	0.4	-0.2	0.0	0.0	-0.7	0.3
<b>PBT after EO Exp./ (Inc.)</b>	<b>8.9</b>	<b>9.7</b>	<b>5.9</b>	<b>3.4</b>	<b>6.5</b>	<b>11.4</b>	<b>1.6</b>	<b>4.2</b>	<b>5.4</b>	<b>27.9</b>	<b>29.1</b>
Tax	2.2	2.4	1.5	0.9	1.6	0.9	0.2	1.5	1.8	7.0	5.9
Rate (%)	25.0	25.2	25.5	26.1	24.3	7.9	11.8	35.0	32.8	25.3	20.4
<b>Reported Profit</b>	<b>6.6</b>	<b>7.2</b>	<b>4.4</b>	<b>2.5</b>	<b>5.0</b>	<b>10.5</b>	<b>1.4</b>	<b>2.7</b>	<b>3.6</b>	<b>20.8</b>	<b>23.2</b>
<b>Adj. PAT</b>	<b>6.6</b>	<b>7.2</b>	<b>4.4</b>	<b>3.0</b>	<b>5.0</b>	<b>8.5</b>	<b>1.5</b>	<b>2.7</b>	<b>3.6</b>	<b>21.3</b>	<b>21.4</b>
Change (YoY %)	66.5	59.5	0.2	(39.9)	(25.5)	18.0	(65.3)	(8.2)	(26.6)	18.9	0.5

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

**Birla Corporation****Buy****CMP: INR990 | TP: INR1,200 (+21%)****EPS CHANGE (%): FY23|24: -30.9|-0.7**

- We estimate volume growth of 18% YoY, partly aided by newly added capacity at Yawatmal, Maharashtra.
- Realization is expected to increase 6% YoY and 2% QoQ.
- We expect EBITDA/t at INR452 (down 32% YoY /up 75% QoQ)
- We expect OPEX/t to rise by 11% YoY on a 16%/8%/9% rise in variable/freight cost/other expenses.
- Weak OPM at 8.2% and higher depreciation/Interest cost are expected to result in a loss of INR200m v/s profit of INR661m YoY.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales volume (mt)	3.35	3.27	3.35	4.24	3.93	3.64	3.97	4.39	14.22	15.92
Change (YoY %)	39.0	0.3	(5.6)	1.7	17.3	11.3	18.4	3.4	6.2	12.0
Cement Realization (INR/t)	4,943	4,878	4,934	5,071	5,344	5,151	5,231	5,295	4,961	5,258
Change (YoY %)	0.2	(0.0)	3.4	4.4	8.1	5.6	6.0	4.4	2.2	6.0
<b>Net Sales</b>	<b>17.5</b>	<b>17.0</b>	<b>17.5</b>	<b>22.6</b>	<b>22.0</b>	<b>20.0</b>	<b>21.8</b>	<b>24.4</b>	<b>74.6</b>	<b>88.2</b>
Change (YoY %)	43.1	2.6	(1.5)	6.2	26.0	17.8	24.7	7.6	10.0	18.2
<b>EBITDA</b>	<b>3.4</b>	<b>2.7</b>	<b>2.2</b>	<b>2.8</b>	<b>2.6</b>	<b>0.9</b>	<b>1.8</b>	<b>3.1</b>	<b>11.1</b>	<b>8.4</b>
Margin (%)	19.6	15.7	12.7	12.2	11.8	4.7	8.2	12.6	14.9	9.5
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	1.0	1.0	2.4	3.6
Other Income	0.1	0.1	0.1	0.7	0.1	0.4	0.2	0.4	1.0	1.1
<b>Profit before Tax</b>	<b>1.9</b>	<b>1.2</b>	<b>0.7</b>	<b>1.9</b>	<b>0.9</b>	<b>-0.8</b>	<b>-0.3</b>	<b>1.1</b>	<b>5.7</b>	<b>0.9</b>
EO (Income)/Expense	-	-	(70)	341	117	-	-	-	271	117
<b>Profit before Tax after EO</b>	<b>1.9</b>	<b>1.2</b>	<b>0.7</b>	<b>1.6</b>	<b>0.8</b>	<b>-0.8</b>	<b>-0.3</b>	<b>1.1</b>	<b>5.4</b>	<b>0.8</b>
Tax	0.5	0.3	0.1	0.5	0.2	-0.3	-0.1	0.4	1.4	0.2
Rate (%)	25.7	28.2	19.2	29.5	19.7	31.5	26.0	37.0	26.5	29.7
<b>Reported PAT</b>	<b>1.4</b>	<b>0.9</b>	<b>0.6</b>	<b>1.1</b>	<b>0.6</b>	<b>-0.6</b>	<b>-0.2</b>	<b>0.7</b>	<b>4.0</b>	<b>0.6</b>
<b>Adj. PAT</b>	<b>1.4</b>	<b>0.9</b>	<b>0.7</b>	<b>1.4</b>	<b>0.7</b>	<b>-0.6</b>	<b>-0.2</b>	<b>0.7</b>	<b>4.3</b>	<b>0.7</b>
Margin (%)	8.1	5.0	3.8	6.1	3.3	-2.8	-0.9	2.9	5.8	0.8
Change (YoY %)	115.3	(48.7)	(55.7)	(16.0)	(48.0)	NM	NM	(48.4)	(21.0)	(84.1)

**Dalmia Bharat****Buy****CMP: INR1,888 | TP: INR2,080 (+10%)****EPS CHANGE (%): FY23|24: +15.1|+8.8**

- We expect sales volume to grow 11% YoY and estimate a 11% YoY and 4% QoQ increase in realization with price hike in its key markets (east and south India).
- OPM is expected to grow 3pp YoY and 5pp QoQ to 17.8%.
- We expect OPEX/t to increase by 7% YoY (decline 2% QoQ) on a 14%/2% rise in variable/freight costs.
- We expect EBITDA/t at INR950 v/s INR718/INR653 in 3QFY22/2QFY23.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales volume (mt)	4.9	5.1	5.7	6.6	6.2	5.8	6.3	6.9	22.3	25.2
Change (YoY %)	33.6	6.3	-1.7	2.8	26.8	13.7	10.9	4.7	7.7	13.2
Realization (INR/t)	5,299	4,951	4,796	5,121	5,326	5,122	5,327	5,285	5,038	5,268
Change (YoY %)	2.0	2.7	1.6	4.3	0.5	3.5	11.1	3.2	3.2	4.6
Change (QoQ %)	8.0	-6.6	-3.1	6.8	4.0	-3.8	4.0	-0.8		
<b>Net Sales</b>	<b>25.9</b>	<b>25.3</b>	<b>27.3</b>	<b>33.8</b>	<b>33.0</b>	<b>29.7</b>	<b>33.7</b>	<b>36.5</b>	<b>112.3</b>	<b>132.9</b>
Change (YoY %)	36.3	9.2	-0.1	7.3	27.4	17.7	23.2	8.0	11.1	18.4
<b>EBITDA</b>	<b>7.1</b>	<b>5.5</b>	<b>4.1</b>	<b>6.8</b>	<b>5.9</b>	<b>3.8</b>	<b>6.0</b>	<b>7.3</b>	<b>23.5</b>	<b>22.9</b>
Margin (%)	27.5	21.7	15.0	20.2	17.7	12.8	17.8	19.9	21.0	17.2
Depreciation	3.0	3.0	3.0	3.3	3.1	3.3	3.4	3.4	12.4	13.2
Interest	0.6	0.5	0.4	0.5	0.4	0.6	0.5	0.5	2.0	2.1
Other Income	0.3	0.5	0.3	0.5	0.2	0.4	0.3	0.6	1.6	1.6
<b>PBT before EO Expense</b>	<b>3.9</b>	<b>2.4</b>	<b>0.9</b>	<b>3.6</b>	<b>2.5</b>	<b>0.3</b>	<b>2.5</b>	<b>4.0</b>	<b>10.8</b>	<b>9.2</b>
Extra-Ord. expense	0.0	-0.6	0.0	-3.3	0.0	0.0	0.0	0.0	-3.9	0.0
<b>PBT after EO Expense</b>	<b>3.9</b>	<b>3.0</b>	<b>0.9</b>	<b>6.9</b>	<b>2.5</b>	<b>0.3</b>	<b>2.5</b>	<b>4.0</b>	<b>14.7</b>	<b>9.2</b>
Tax	1.0	0.9	0.3	0.9	0.6	-0.2	0.7	1.0	3.1	2.1
Rate (%)	25.1	29.2	36.6	13.2	25.4	-72.4	27.0	25.9	21.1	23.0
<b>Reported PAT (pre-minority)</b>	<b>2.9</b>	<b>2.1</b>	<b>0.6</b>	<b>6.0</b>	<b>1.9</b>	<b>0.5</b>	<b>1.8</b>	<b>2.9</b>	<b>11.6</b>	<b>7.1</b>
Minority + associate	0.1	0.0	0.1	0.1	-0.1	-0.1	0.1	0.1	0.2	0.1
<b>PAT Adj. for EO items</b>	<b>2.8</b>	<b>1.5</b>	<b>0.5</b>	<b>2.6</b>	<b>2.0</b>	<b>0.3</b>	<b>1.7</b>	<b>2.8</b>	<b>7.4</b>	<b>6.8</b>
Change (YoY %)	45.1	-35.5	-70.2	-0.8	-30.0	-81.9	223.2	8.1	-11.7	-9.0

## Grasim Industries

Buy

CMP: INR1,731 | TP: INR1,970 (+14%)

EPS CHANGE (%): FY23|24: -11.0|-8.5

- We expect revenue for the VSF/Chemical segment to grow 8%/6% on a 1% YoY (each) growth in volume and 7%/5% YoY growth in realization, respectively.
- EBITDA for the VSF segment is expected to decline 49% YoY and OPM to contract 6.4pp.
- Chemical segment EBITDA is expected to decline 6% YoY.
- We expect an EBITDA/kg of INR11.9 for the VSF segment (including VFY) v/s INR23.6 in 3QFY22 and INR17.8 in 2QFY23.
- OPM for the Chemical segment is expected to decline 2.6pp YoY and 2.5pp QoQ to 20%.
- In 2Q, the company had higher 'other income', backed by higher dividend income from UTCEM.

## Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>37.6</b>	<b>49.3</b>	<b>57.8</b>	<b>63.8</b>	<b>72.5</b>	<b>67.5</b>	<b>62.0</b>	<b>64.0</b>	<b>208.6</b>	<b>266.0</b>
Change (YoY %)	181.7	66.7	56.5	45.1	92.8	36.7	7.2	0.4	68.4	27.5
<b>EBITDA</b>	<b>7.4</b>	<b>8.0</b>	<b>9.2</b>	<b>7.5</b>	<b>13.2</b>	<b>9.6</b>	<b>7.0</b>	<b>7.1</b>	<b>32.2</b>	<b>36.8</b>
Margin (%)	19.7	16.2	15.9	11.8	18.2	14.2	11.2	11.1	15.4	13.8
Depreciation	2.0	2.1	2.2	2.8	2.6	2.7	2.7	2.8	9.1	10.7
Interest	0.6	0.6	0.5	0.8	0.9	0.9	0.9	1.0	2.5	3.6
Other Income	0.6	7.0	0.4	0.9	0.4	7.6	0.6	0.6	9.0	9.2
<b>PBT before EO Items</b>	<b>5.5</b>	<b>12.4</b>	<b>6.9</b>	<b>4.8</b>	<b>10.2</b>	<b>13.6</b>	<b>3.9</b>	<b>3.9</b>	<b>29.5</b>	<b>31.6</b>
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	-0.9	0.0	0.0	-0.7	-0.9
<b>PBT after EO Items</b>	<b>5.5</b>	<b>12.4</b>	<b>6.9</b>	<b>4.1</b>	<b>10.2</b>	<b>12.7</b>	<b>3.9</b>	<b>3.9</b>	<b>28.8</b>	<b>30.7</b>
Tax	1.0	2.9	2.0	-4.1	2.1	3.1	1.0	1.4	1.9	7.6
Rate (%)	18.2	23.7	28.9	-99.7	20.9	24.2	25.2	35.6	6.4	24.7
<b>Reported PAT</b>	<b>4.5</b>	<b>9.5</b>	<b>4.9</b>	<b>8.1</b>	<b>8.1</b>	<b>9.6</b>	<b>2.9</b>	<b>2.5</b>	<b>27.0</b>	<b>23.2</b>
<b>Adj. PAT</b>	<b>4.5</b>	<b>9.5</b>	<b>4.9</b>	<b>3.5</b>	<b>8.1</b>	<b>10.3</b>	<b>2.9</b>	<b>2.5</b>	<b>22.3</b>	<b>23.8</b>
Margin (%)	11.9	19.2	8.5	5.5	11.1	15.3	4.7	3.9	10.7	9.0
Change (YoY %)	-275.7	188.6	47.8	-28.3	81.3	8.8	-40.2	-28.4	150.2	6.8

## India Cements

Sell

CMP: INR222 | TP: INR170 (-23%)

EPS CHANGE (%): FY23|24: NM|-19.1

- We expect volume to grow 5% YoY and blended realization to grow 8% YoY and 2% QoQ.
- We estimate blended operating loss/t at INR110 v/s EBITDA/t of INR494 in 3QFY22.
- Variable/other cost per ton is expected to increase by 40%/10% YoY, while freight cost is expected to decline by 7% YoY in an effort to reduce lead distance.
- We expect OPEX/t to increase by 21% YoY.

## Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales volume (mt)</b>	<b>1.9</b>	<b>2.4</b>	<b>2.1</b>	<b>2.7</b>	<b>2.7</b>	<b>2.3</b>	<b>2.2</b>	<b>2.6</b>	<b>9.1</b>	<b>9.8</b>
Change (YoY %)	36.2	12.0	(11.3)	(11.1)	37.4	(4.5)	4.8	(1.6)	1.9	7.5
<b>Realization (INR/t)</b>	<b>5,257</b>	<b>5,043</b>	<b>5,258</b>	<b>5,239</b>	<b>5,413</b>	<b>5,566</b>	<b>5,657</b>	<b>5,740</b>	<b>5,196</b>	<b>5,591</b>
Change (YoY %)	(0.8)	(0.7)	7.7	8.1	3.0	10.4	7.6	9.6	4.2	7.6
Change (QoQ %)	8.4	(4.1)	4.3	(0.4)	3.3	2.8	1.6	1.5		
<b>Net Sales</b>	<b>10.2</b>	<b>11.9</b>	<b>11.1</b>	<b>13.9</b>	<b>14.5</b>	<b>12.5</b>	<b>12.5</b>	<b>15.0</b>	<b>47.1</b>	<b>54.5</b>
Change (YoY %)	35.1	11.3	(4.5)	(4.0)	41.4	5.4	12.7	7.8	6.2	15.7
<b>EBITDA</b>	<b>1.6</b>	<b>1.3</b>	<b>1.0</b>	<b>0.6</b>	<b>0.3</b>	<b>(0.9)</b>	<b>(0.2)</b>	<b>0.9</b>	<b>4.6</b>	<b>0.0</b>
Margin (%)	15.8	11.2	9.4	4.4	2.1	(7.3)	(1.9)	5.7	9.8	0.0
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	2.4
Other Income	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.2	0.2
<b>PBT before EO expense</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(2.1)</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>0.5</b>	<b>(4.4)</b>
Extra-Ord. expense	-	-	-	-	-	-	-	-	-	-
<b>PBT</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(2.1)</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>0.5</b>	<b>(4.4)</b>
Tax	0.2	0.1	0.0	(0.1)	(1.5)	(0.7)	(0.4)	(0.7)	0.2	(3.3)
Rate (%)	33.3	24.9	36.2	35.0	205.7	33.5	32.0	349.6	27.9	76.9
<b>Reported PAT</b>	<b>0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.8</b>	<b>(1.4)</b>	<b>(0.9)</b>	<b>0.5</b>	<b>0.4</b>	<b>(1.0)</b>
<b>Adj. PAT</b>	<b>0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(1.4)</b>	<b>(0.9)</b>	<b>0.5</b>	<b>0.4</b>	<b>(2.5)</b>
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)	(7.4)	3.5	0.8	(4.6)



## JK Cement

Buy

CMP: INR2,952 | TP: INR3,490 (+18%)

EPS CHANGE (%): FY23|24: -2.0|-2.3

- We expect Gray Cement volume to grow 23% YoY, partly aided by newly added capacities in Central India. However white cement volume is expected to decline 12% YoY.
- We expect EBITDA/t at INR886 v/s INR1,116/INR814 in 3QFY22/2QFY23.
- Gray Cement realization is expected to rise marginally 1% YoY due to muted realization growth in its key markets. White cement realization is expected to grow 8% YoY.
- We expect variable/freight cost to increase 12%/6% YoY and OPEX/t to rise by 3% YoY (decline 3% QoQ).

## Standalone performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales volume (mt)	3.03	3.33	3.32	3.93	3.56	3.64	3.92	4.30	13.61	15.43
Change (YoY %)	71.4	18.5	4.8	1.0	17.7	9.4	18.1	9.4	16.9	13.3
Realization (INR/t)	5,398	5,510	5,842	5,770	6,084	5,878	5,775	5,841	5,641	5,889
Change (YoY %)	(1.2)	(0.1)	5.1	9.5	12.7	6.7	(1.1)	1.2	3.8	4.4
<b>Net Sales</b>	<b>16.3</b>	<b>18.4</b>	<b>19.4</b>	<b>22.7</b>	<b>21.7</b>	<b>21.4</b>	<b>22.6</b>	<b>25.1</b>	<b>76.8</b>	<b>90.9</b>
Change (YoY %)	69.3	18.4	10.2	10.5	32.6	16.7	16.7	10.7	21.3	18.3
<b>EBITDA</b>	<b>4.0</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>4.0</b>	<b>3.0</b>	<b>3.5</b>	<b>4.6</b>	<b>15.1</b>	<b>15.0</b>
Margin (%)	24.5	19.3	19.1	16.9	18.5	13.9	15.3	18.2	19.6	16.5
Depreciation	0.7	0.7	0.7	0.8	0.7	0.7	0.8	0.8	2.8	3.1
Interest	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	2.5	2.6
Other Income	0.3	0.5	0.3	0.4	0.2	0.2	0.2	0.4	1.4	1.1
<b>PBT before EO expense</b>	<b>3.1</b>	<b>2.8</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>1.8</b>	<b>2.3</b>	<b>3.5</b>	<b>11.2</b>	<b>10.5</b>
Extra-Ord. expense	-	0.3	-	1.3	0.2	0.2	-	-	1.6	0.3
<b>PBT</b>	<b>3.1</b>	<b>2.5</b>	<b>2.6</b>	<b>1.5</b>	<b>2.7</b>	<b>1.7</b>	<b>2.3</b>	<b>3.5</b>	<b>9.6</b>	<b>10.2</b>
Tax	1.0	0.8	0.9	0.6	0.9	0.4	0.6	1.6	3.3	3.5
Rate (%)	31.8	32.2	35.6	42.2	33.1	25.4	25.4	44.6	34.5	34.0
<b>Reported PAT</b>	<b>2.1</b>	<b>1.7</b>	<b>1.7</b>	<b>0.9</b>	<b>1.8</b>	<b>1.2</b>	<b>1.7</b>	<b>1.9</b>	<b>6.3</b>	<b>6.7</b>
<b>Adj. PAT</b>	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>1.4</b>	<b>1.7</b>	<b>1.9</b>	<b>7.5</b>	<b>6.9</b>
Change (YoY %)	168.1	(16.6)	(29.8)	(21.4)	(8.0)	(26.8)	2.6	2.6	(3.7)	(7.7)

## JK Lakshmi

Buy

CMP: INR796 | TP: INR840 (+5%)

EPS CHANGE (%): FY23|24: -4.5|+1.2

- Sales volume is expected to grow 2% YoY and 9% QoQ. Realization is expected to increase 3% QoQ.
- EBITDA/t is estimated at INR639 v/s INR595/INR601 in 3QFY22/2QFY23.
- We expect variable/freight cost per tonne to rise by 33%/10% YoY. We expect OPEX/t to increase by 21% YoY.
- 'Other income' is estimated to decline due to lower yields and interest cost is expected to decline due to debt reduction.

## Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales volume (mt)	2.66	2.32	2.46	3.14	2.79	2.31	2.50	2.83	10.58	10.43
Change (YoY %)	40	(3)	(9)	8	5	(0)	2	(10)	7	(1)
Realization (INR/t)	4,633	4,828	4,853	4,763	5,567	5,651	5,793	5,791	4,766	5,701
Change (YoY %)	7.0	10.2	9.7	4.6	20.2	17.0	19.4	21.6	7.5	19.6
Change (QoQ %)	2	4	1	(2)	17	2	3	(0)		
<b>Net Sales</b>	<b>12.3</b>	<b>11.2</b>	<b>11.9</b>	<b>15.0</b>	<b>15.5</b>	<b>13.0</b>	<b>14.5</b>	<b>16.4</b>	<b>50.4</b>	<b>59.4</b>
Change (YoY %)	49.2	7.0	0.1	13.3	25.9	16.5	21.6	9.5	15.0	17.9
<b>EBITDA</b>	<b>2.2</b>	<b>1.6</b>	<b>1.5</b>	<b>2.8</b>	<b>2.2</b>	<b>1.4</b>	<b>1.6</b>	<b>2.3</b>	<b>8.0</b>	<b>7.4</b>
Margin (%)	17.5	14.5	12.3	18.4	14.0	10.6	11.0	13.9	15.9	12.5
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.9	2.0
Interest	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	1.0	0.8
Other Income	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.0	0.7	0.4
<b>PBT before EO expense</b>	<b>1.6</b>	<b>1.1</b>	<b>0.9</b>	<b>2.2</b>	<b>1.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.6</b>	<b>5.8</b>	<b>5.0</b>
Extra-Ord. expense	-	-	-	0.2	-	-	-	-	0.2	-
<b>PBT</b>	<b>1.6</b>	<b>1.1</b>	<b>0.9</b>	<b>2.0</b>	<b>1.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.6</b>	<b>5.6</b>	<b>5.0</b>
Tax	0.4	0.3	0.3	0.3	0.5	0.3	0.3	0.3	1.3	1.4
Rate (%)	26.4	29.2	34.9	13.2	33.8	34.0	28.5	20.5	23.7	28.5
<b>Reported PAT</b>	<b>1.2</b>	<b>0.8</b>	<b>0.6</b>	<b>1.7</b>	<b>1.0</b>	<b>0.6</b>	<b>0.7</b>	<b>1.3</b>	<b>4.3</b>	<b>3.6</b>
<b>Adj. PAT</b>	<b>1.2</b>	<b>0.8</b>	<b>0.7</b>	<b>1.1</b>	<b>1.0</b>	<b>0.6</b>	<b>0.7</b>	<b>1.3</b>	<b>3.8</b>	<b>3.6</b>
Change (YoY %)	167.2	(5.0)	(26.9)	(28.3)	(15.0)	(23.0)	(8.3)	14.2	(0.5)	(6.7)

**The Ramco Cements****Neutral****CMP: INR706 | TP: INR700 (-1%)****EPS CHANGE (%): FY23|24: +11.4 |+3.8**

- We expect volumes to rise by 18% YoY and 7% QoQ, aided by low base and newly added capacity in Kurnool, AP.
- Cement EBITDA/t is estimated at INR739 v/s INR774/INR492 in 3QFY22/2QFY23.
- We expect OPEX/t to increase 9% YoY (decline 1% QoQ)
- Realization is higher by 7% YoY and 2% QoQ.
- Interest cost and depreciation are expected to rise on a YoY basis due to commissioning of new plant at Kurnool, Andhra Pradesh.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Volume (mt)	2.14	2.71	3.01	3.19	3.31	3.31	3.54	3.87	11.05	14.03
Change (YoY %)	10.4	22.6	15.0	(0.6)	54.6	22.1	17.8	21.2	10.7	27.0
Cement Realization (INR/t)	5,648	5,386	5,138	5,346	5,298	5,312	5,512	5,601	5,359	5,439
Change (YoY %)	6.9	(3.1)	0.9	5.4	(6.2)	(1.4)	7.3	4.8	2.6	1.5
Change (QoQ %)	11.4	(4.6)	(4.6)	4.0	(0.9)	0.3	3.8	1.6		
<b>Net Sales</b>	<b>12.3</b>	<b>14.9</b>	<b>15.5</b>	<b>17.1</b>	<b>17.7</b>	<b>17.8</b>	<b>19.6</b>	<b>21.7</b>	<b>59.8</b>	<b>76.8</b>
Change (YoY %)	17.9	18.8	15.7	4.8	44.3	19.5	26.3	27.0	13.5	28.5
<b>EBITDA</b>	<b>3.6</b>	<b>3.9</b>	<b>2.3</b>	<b>3.0</b>	<b>3.0</b>	<b>1.8</b>	<b>2.6</b>	<b>3.5</b>	<b>12.8</b>	<b>11.0</b>
Margin (%)	29.6	26.4	14.9	17.3	17.0	10.3	13.3	16.3	21.5	14.3
Depreciation	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.4	4.0	4.9
Interest	0.2	0.3	0.3	0.3	0.5	0.6	0.6	0.6	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
<b>PBT before EO expense</b>	<b>2.5</b>	<b>2.7</b>	<b>1.1</b>	<b>1.6</b>	<b>1.5</b>	<b>0.2</b>	<b>0.8</b>	<b>1.6</b>	<b>8.0</b>	<b>4.1</b>
<b>PBT</b>	<b>2.5</b>	<b>2.7</b>	<b>1.1</b>	<b>1.6</b>	<b>1.5</b>	<b>0.2</b>	<b>0.8</b>	<b>1.6</b>	<b>8.0</b>	<b>4.1</b>
Tax	0.8	(2.4)	0.3	0.4	0.4	0.0	0.3	0.4	(0.9)	1.1
Rate (%)	32.4	21.4	27.1	24.4	27.0	28.4	32.4	26.8	(11.4)	28.0
<b>Reported PAT</b>	<b>1.7</b>	<b>5.2</b>	<b>0.8</b>	<b>1.2</b>	<b>1.1</b>	<b>0.1</b>	<b>0.5</b>	<b>1.2</b>	<b>8.9</b>	<b>2.9</b>
<b>Adj. PAT</b>	<b>1.7</b>	<b>2.2</b>	<b>0.8</b>	<b>1.2</b>	<b>1.1</b>	<b>0.1</b>	<b>0.5</b>	<b>1.2</b>	<b>5.9</b>	<b>2.9</b>
Change (YoY %)	54.2	(8.7)	(59.0)	(42.5)	(33.6)	(94.7)	(36.8)	(5.1)	(22.5)	(50.4)
Margin (%)	13.8	14.4	5.3	7.2	6.3	0.6	2.7	5.4	9.9	3.8

**Shree Cement****Neutral****CMP: INR23,442 | TP: INR21,500 (-8%)****EPS CHANGE (%): FY23|24: +3.2|-0.5**

- We expect volume to increase by 22% YoY and 7% QoQ.
- Blended realization is expected to increase ~3% QoQ, supported by price hike in East markets.
- We expect EBITDA/t at INR940 v/s INR1,260/INR701 in 3QFY22/2QFY23.
- We expect variable cost/t to increase 33% YoY. While other expense and employee cost per tonne should decline ~9% YoY (each) on higher volume.
- Depreciation is expected to be higher YoY due to commissioning of new capacities in CY22.

**Standalone quarterly performance****(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Volume (mt)	6.84	6.32	6.55	8.03	7.50	7.46	7.96	8.63	27.74	31.55
Change (YoY %)	38.7	-3.2	-8.6	-2.3	9.7	18.0	21.5	7.5	3.3	13.8
Blended Realization (INR/t)	5,043	5,073	5,422	5,105	5,602	5,071	5,203	5,248	5,166	5,136
Change (YoY %)	6.9	9.6	17.4	6.7	11.1	0.0	-4.0	2.8	10.0	-0.6
<b>Net Sales</b>	<b>34.5</b>	<b>32.1</b>	<b>35.5</b>	<b>41.0</b>	<b>42.0</b>	<b>37.8</b>	<b>41.4</b>	<b>45.3</b>	<b>143.3</b>	<b>166.6</b>
Change (YoY %)	48.3	6.1	7.3	4.3	21.8	17.9	16.6	10.5	13.7	16.2
<b>EBITDA</b>	<b>10.1</b>	<b>9.0</b>	<b>8.3</b>	<b>9.1</b>	<b>8.2</b>	<b>5.2</b>	<b>7.5</b>	<b>9.7</b>	<b>36.5</b>	<b>30.6</b>
Margin (%)	29.4	28.0	23.2	22.2	19.5	13.8	18.1	21.4	25.5	18.4
Depreciation	2.3	2.5	2.5	3.0	3.3	3.6	3.4	4.2	10.4	14.4
Interest	0.5	0.6	0.6	0.5	0.6	0.7	0.7	0.7	2.2	2.6
Other Income	1.4	1.5	1.1	1.4	-0.2	1.6	1.2	1.2	5.4	3.7
<b>PBT before EO Exp.</b>	<b>8.7</b>	<b>7.4</b>	<b>6.3</b>	<b>6.9</b>	<b>4.1</b>	<b>2.5</b>	<b>4.6</b>	<b>6.1</b>	<b>29.3</b>	<b>17.3</b>
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>8.7</b>	<b>7.4</b>	<b>6.3</b>	<b>6.9</b>	<b>4.1</b>	<b>2.5</b>	<b>4.6</b>	<b>6.1</b>	<b>29.3</b>	<b>17.3</b>
Tax	2.0	1.6	1.4	0.5	1.0	0.6	1.1	1.4	5.5	4.1
Rate (%)	23.6	22.1	21.7	7.0	23.4	23.9	23.0	23.4	18.9	23.4
<b>Reported PAT</b>	<b>6.6</b>	<b>5.8</b>	<b>4.9</b>	<b>6.5</b>	<b>3.2</b>	<b>1.9</b>	<b>3.6</b>	<b>4.7</b>	<b>23.8</b>	<b>13.3</b>
<b>Adj. PAT</b>	<b>6.6</b>	<b>5.7</b>	<b>4.9</b>	<b>5.5</b>	<b>3.2</b>	<b>1.9</b>	<b>3.6</b>	<b>4.7</b>	<b>22.7</b>	<b>13.3</b>
Change (YoY %)	78.5	6.8	-21.4	-29.0	-52.3	-66.9	-27.4	-14.4	-1.3	-41.5

## UltraTech Cement

Buy

CMP: INR7,010 | TP: INR7,770 (+11%)

EPS CHANGE (%): FY23|24: -1.7|+0.7

- We expect sales volumes to rise by 11% YoY and QoQ (each).
- RMC revenue is expected to increase by 43% YoY and 8% QoQ. However, white cement revenue is expected to decline 5% YoY due to lower volume (decline 10% YoY).
- We expect EBITDA/t at INR945 v/s INR1,046/INR808 in 3QFY22/2QFY23.
- Variable cost per tonne is expected to increase 15% YoY (flat QoQ). Opex/t is estimated to rise 12% YoY (decline 2% QoQ).
- In 3QFY23, UTCEM commissioned 5.5mtpa grinding capacity (part of Phase I expansion) spread over North, West, and Central India. It also commissioned 0.4mtpa Wall care Putty plant at Nathdwara, Rajasthan (North).

## Consolidated performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Volume (mt)	21.53	21.64	23.13	27.69	25.04	23.10	25.56	28.69	94.01	102.39
Change (YoY %)	47.0	7.9	-3.1	-0.3	16.3	6.7	10.5	3.6	8.8	8.9
Blended Realn. (INR/t)	5,495	5,553	5,614	5,694	6,056	6,014	6,051	6,119	5,595	6,063
Change (YoY %)	4.9	7.2	9.3	9.8	10.2	8.3	7.8	7.5	8.1	8.4
Change (QoQ %)	6.0	1.1	1.1	1.4	6.4	-0.7	0.6	1.1		
<b>Net Sales</b>	<b>118.3</b>	<b>120.2</b>	<b>129.8</b>	<b>157.7</b>	<b>151.6</b>	<b>138.9</b>	<b>154.7</b>	<b>175.6</b>	<b>526.0</b>	<b>620.8</b>
Change (YoY %)	54.2	15.7	5.9	9.5	28.2	15.6	19.1	11.3	17.6	18.0
Total Expenditure	85.2	93.0	105.7	126.9	120.7	120.3	130.5	142.4	410.8	513.9
<b>EBITDA</b>	<b>33.1</b>	<b>27.1</b>	<b>24.2</b>	<b>30.7</b>	<b>30.9</b>	<b>18.7</b>	<b>24.2</b>	<b>33.2</b>	<b>115.1</b>	<b>106.9</b>
Margin (%)	28.0	22.6	18.6	19.5	20.4	13.4	15.6	18.9	21.9	17.2
Depreciation	6.6	6.8	6.7	7.0	7.0	7.1	7.3	7.6	27.1	28.9
Interest	3.3	2.3	1.8	2.1	2.2	2.0	2.0	2.0	9.4	8.1
Other Income	2.0	1.4	0.7	0.9	1.1	1.5	1.3	1.4	5.1	5.2
<b>PBT before EO expense</b>	<b>25.3</b>	<b>19.5</b>	<b>16.3</b>	<b>22.6</b>	<b>22.9</b>	<b>11.0</b>	<b>16.2</b>	<b>25.0</b>	<b>83.6</b>	<b>75.1</b>
Extra-Ord. expense	-	-	-	-	-	-	-	-	-	-
<b>PBT after EO Expense</b>	<b>25.3</b>	<b>19.5</b>	<b>16.3</b>	<b>22.6</b>	<b>22.9</b>	<b>11.0</b>	<b>16.2</b>	<b>25.0</b>	<b>83.6</b>	<b>75.1</b>
Tax	8.3	6.4	-0.8	-2.0	7.1	3.4	5.0	8.0	11.9	23.6
Rate (%)	32.7	32.7	-4.7	-8.8	31.0	31.2	31.0	32.2	14.2	31.4
<b>Reported PAT</b>	<b>17.0</b>	<b>13.1</b>	<b>17.1</b>	<b>24.5</b>	<b>15.8</b>	<b>7.6</b>	<b>11.2</b>	<b>16.9</b>	<b>71.7</b>	<b>51.5</b>
Minority Interest	-30.9	-32.7	16.6	-70.5	-74.6	44.6	-11.0	-69.4	117.5	-110.4
<b>Adj. PAT</b>	<b>17.0</b>	<b>13.1</b>	<b>11.7</b>	<b>14.8</b>	<b>15.9</b>	<b>7.6</b>	<b>11.2</b>	<b>17.0</b>	<b>56.7</b>	<b>51.6</b>
Change (YoY %)	91.7	8.0	-25.7	-18.5	-6.7	-42.5	-4.6	14.9	3.1	-8.9

# Specialty Chemicals

## Company

Alkyl Amines

Atul

Clean Science

Deepak Nitrite

Fine Organics

Galaxy Surfactants

Navin Fluorine

NOCIL

Vinati Organics

## Margins likely to stay under pressure

### ...Demand expected to remain muted

- Brent crude prices averaged USD88.5/bbl in 3QFY23, down 12% QoQ due to the uncertainties over Chinese demand and Russian supply that have disrupted the global oil market in CY22. However, prices were up 11% YoY.
- Prices of organic compound such as Propylene/Butadiene/Toluene fell 4%/24%/1% QoQ. The price performance of other key raw materials such as Acetic Acid/Acetone/Aniline/Phenol stood at -12%/ -6%/5%/-13% QoQ.
- We forecast our coverage universe to report: 1) sales growth of +19% YoY (-2% QoQ), 2) EBITDA growth of +13% YoY (-2% QoQ), and 3) PAT growth of +12% YoY (-3% QoQ) in 3QFY23. Realization for the sector is expected to come down from the peak levels seen in 4QFY22 and 1QFY23, as we move toward a normal macro environment globally.
- The narrative of strong product demand despite global macro volatility started to change in 2QFY23 and further demand weakness could be seen in 3QFY23. While raw material prices softened in 3QFY23, 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.
- However, in the long term, we expect a migration of chemical industries toward the US, the Middle East, and Africa due to the availability of cheaper natural gas. 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		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Alkyl Amines	2659	Neutral	4,125	9.5	0.9	826	24.1	1.6	549	19.6	4.7
Atul	8197	Neutral	14,413	4.4	-3.1	2,163	-14.0	-1.8	1,400	-7.6	-5.4
Clean Science	1488	Neutral	2,303	27.4	-6.9	858	12.7	-12.0	595	2.6	-12.5
Deepak Nitrite	1990	Neutral	19,335	12.3	-1.4	2,909	-17.3	7.4	1,870	-22.9	7.2
Fine Organic	5694	Neutral	8,107	73.1	-2.1	1,864	133.9	-12.8	1,438	158.2	-12.3
Galaxy Surfactants	2469	Buy	11,254	21.1	-8.6	1,140	49.3	-13.4	700	53.5	-16.5
Navin Fluorine	4117	Neutral	4,681	27.6	11.7	1,113	13.4	18.6	750	8.4	29.7
NOCIL	234	Buy	3,884	-0.1	-0.2	469	-6.1	-23.7	251	-16.2	-30.2
Vinati Organics	2003	Buy	5,722	55.1	1.0	1,550	67.0	4.4	1,215	46.0	4.8
<b>Chemicals-Specialty</b>			<b>73,824</b>	<b>19.4</b>	<b>-2.1</b>	<b>12,892</b>	<b>12.8</b>	<b>-2.3</b>	<b>8,768</b>	<b>12.2</b>	<b>-2.6</b>

**Recommendations and view (snapshot of FY23 and ahead)**

- **Alkyl Amines (AACL):** Ongoing expansions will boost the capacity of Aliphatic Amines by ~30% (capex: INR4b, completion expected by 1HFY24) from 90-100ktpa at present. Its entry into new specialty products should boost margin as management sees strong demand for these products. A downside risk to our call is increased competition, wherein the market price is determined by the competitor, with little pricing power left for AAAL 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, revenue is expected to touch INR60b. ATLP has been focusing on key aspects such as: 1) enhancing people productivity and manufacturing efficiencies, 2) deploying technologies in every function, and 3) working with customers on ideas of high potential.
- **Clean Science (CLEAN):** Continuing its R&D pursuit, CLEAN forayed into the Hindered Amine Light Stabilizers (HALS) series (estimated global market size of USD1b). It is the first company in India to develop the HALS series. Unit III will be the company's first production line dedicated to the HALS series (to be commercialized in Nov'22), while additional production lines will be installed in Unit IV. CLEAN has acquired land for Unit IV, which will focus on stabilizers and other downstream intermediates used in Pharma and Agro industries.
- **Deepak Nitrite (DN):** Management 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 INR15b over the next two years, DN is likely to turn net cash positive by FY24E, with FCF generation of INR9.6b over FY23-24E. However, management is focusing on commodities rather than specialty products or complex commodities as of now.
- **Fine Organic (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 should drive growth for the company.
- **Galaxy Surfactants (GALSURF):** Management's focus on R&D (with an annual expenditure of INR400-500m) and an increased wallet share from its existing customers should drive volume growth and expand EBITDA margin. Although GALSURF plans an across-the-board expansion in its products, its focus will mainly be on the Specialty Care Products segment.
- **Navin Fluorine (NFIL):** NFIL announced that the INR800m debottlenecking capex approved last quarter would be for a new line of R-32 capacity in its existing capacity, where R-22 capacities are set up. Some production is expected to be done in CY23 with a ramp-up in CY24 and a revenue potential of INR2b. Further, a business case is being prepared for cGMP-4 to take to the board for approval by end-FY23.
- **NOCIL:** Management expects to achieve debottlenecking at its existing units in the near term, even as it evaluates plans for the next three-to-five years. Specialized products make up 25% of the total revenue with limited room for expansion (industry standard is 12%). Despite a marginal 2% decline in global rubber consumption in CY22 till date compared to CY21 due to the current global slowdown, NOCIL has been able to maintain its market share.

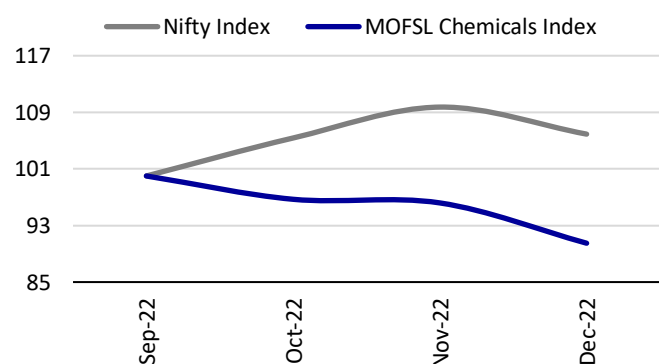
Furthermore, management expects that the Europe+1 strategy could play out in the medium term, with no expected capacity constraints.

- Vinati Organics (VO):** The demand outlook for the ATBS segment remains quite strong going forward in 2H, as well as FY24. Veeral Organics Pvt. Ltd. (wholly owned subsidiary of VO) is also set to commence production of MEHQ, Guaiacol, and Iso Amylene in 1HFY24E, 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 approval. Post amalgamation, VO would become the largest and the only doubly integrated manufacturer of AOs in India.

**Exhibit 2: Comparative valuations**

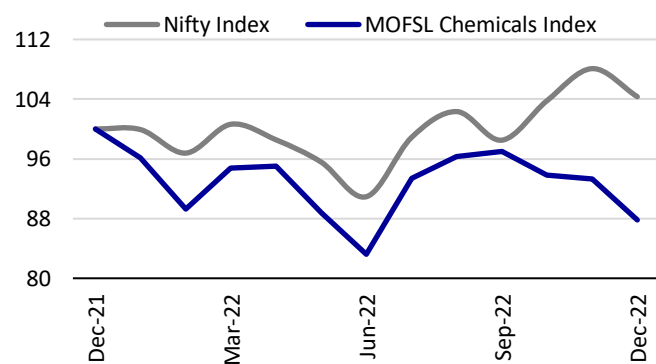
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Chemicals-Specialty</b>						<b>40.2</b>	<b>32.1</b>	<b>27.6</b>	<b>7.5</b>	<b>6.3</b>	<b>5.4</b>	<b>18.7</b>	<b>19.7</b>	<b>19.4</b>
Alkyl Amines	2,659	Neutral	49.6	62.1	78.6	53.6	42.8	33.8	11.5	9.6	7.9	23.4	24.4	25.6
Atul	8,197	Neutral	205.8	231.2	255.6	39.8	35.5	32.1	4.9	4.4	3.9	13.0	13.0	12.9
Clean Science	1,488	Neutral	24.5	32.7	40.6	60.8	45.4	36.7	16.0	12.3	9.6	29.6	30.6	29.4
Deepak Nitrite	1,990	Neutral	57.7	86.6	94.0	34.5	23.0	21.2	6.8	5.4	4.4	21.4	26.2	23.1
Fine Organic	5,694	Neutral	183.2	167.9	161.0	31.1	33.9	35.4	12.9	10.2	8.5	48.6	33.6	26.2
Galaxy Surfactants	2,469	Buy	98.0	85.4	105.0	25.2	28.9	23.5	4.8	4.2	3.7	20.4	15.5	16.9
Navin Fluorine	4,117	Neutral	65.6	109.4	134.3	62.8	37.6	30.6	9.6	8.0	6.6	16.3	23.2	23.6
NOCIL	234	Buy	10.4	12.8	14.9	22.6	18.3	15.7	2.5	2.3	2.1	11.6	13.3	14.2
Vinati Organics	2,003	Buy	45.0	61.2	84.0	44.5	32.7	23.9	9.4	7.6	6.0	23.0	25.6	28.2

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



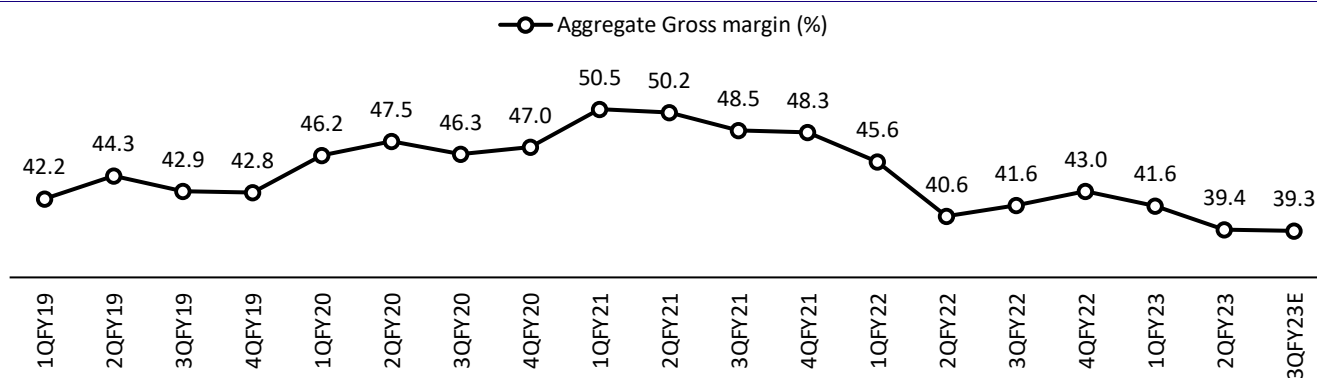
Source: Bloomberg, MOFSL

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



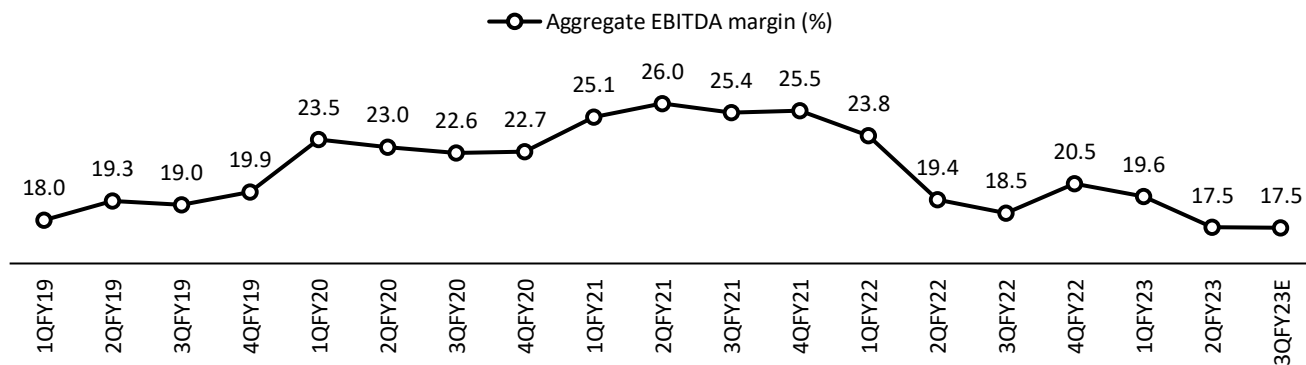
Source: Bloomberg, MOFSL

**Exhibit 5: Gross margin snapshot for our coverage universe**



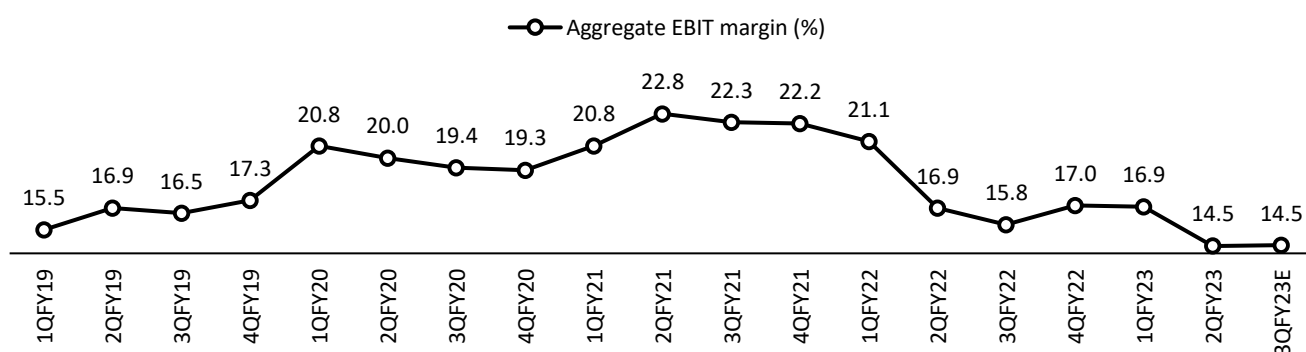
Source: Company, MOSL

Exhibit 6: EBITDAM snapshot for our coverage universe



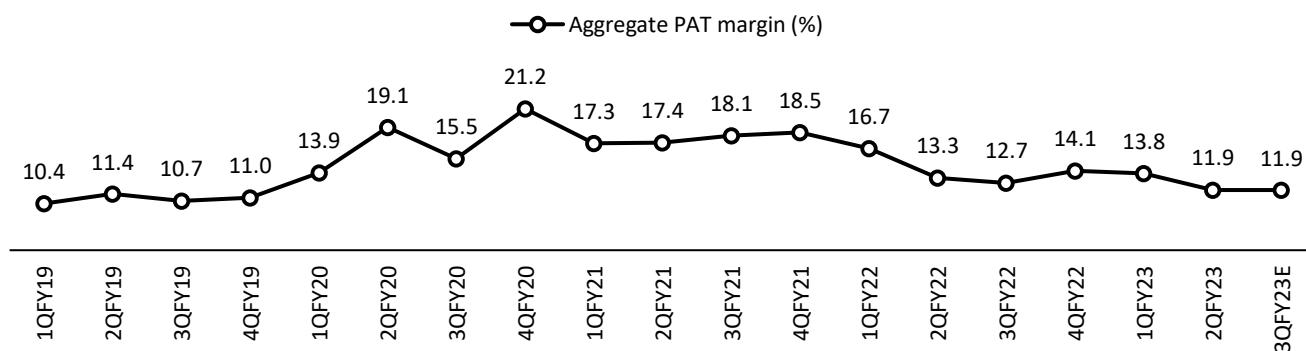
Source: Company, MOFSL

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: INR2659 | TP: INR2980 (+12%)

EPS CHANGE (%): FY23|24: -11|-18

- Expect revenue growth of 10% YoY, led by better demand from the end user industries.
- Key monitorable – update on commissioning of one of the 4-5 new products announced in 2QFY23.
- Expect EBITDA margin to remain flat at 20% in 3QFY23 as operating costs still remain at elevated levels
- Watch out for an increase in domestic competition, with continued expansion by its immediate competitor.

### Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>3,918</b>	<b>3,487</b>	<b>3,767</b>	<b>4,256</b>	<b>4,735</b>	<b>4,089</b>	<b>4,125</b>	<b>4,794</b>	<b>15,428</b>	<b>17,742</b>
YoY Change (%)	59.8	19.7	16.3	11.4	20.8	17.3	9.5	12.6	24.2	15.0
Gross Margin (%)	48.9%	45.7%	44.7%	44.2%	50.9%	49.0%	49.5%	50.4%	45.8%	50.0%
<b>EBITDA</b>	<b>1,109</b>	<b>755</b>	<b>666</b>	<b>736</b>	<b>1,158</b>	<b>813</b>	<b>826</b>	<b>964</b>	<b>3,265</b>	<b>3,761</b>
Margins (%)	28.3	21.6	17.7	17.3	24.5	19.9	20.0	20.1	21.2	21.2
Depreciation	76	77	79	116	118	112	117	126	348	472
Interest	11	10	10	8	8	11	14	21	38	55
Other Income	20	42	46	34	42	23	38	49	142	152
<b>PBT before EO expense</b>	<b>1,043</b>	<b>709</b>	<b>623</b>	<b>646</b>	<b>1,075</b>	<b>714</b>	<b>733</b>	<b>866</b>	<b>3,021</b>	<b>3,387</b>
<b>PBT</b>	<b>1,043</b>	<b>709</b>	<b>623</b>	<b>646</b>	<b>1,075</b>	<b>714</b>	<b>733</b>	<b>866</b>	<b>3,021</b>	<b>3,387</b>
Tax	258	169	164	182	256	189	185	223	772	852
Rate (%)	24.7	23.8	26.3	28.2	23.8	26.5	25.2	25.7	25.6	25.2
<b>Reported PAT</b>	<b>785</b>	<b>541</b>	<b>459</b>	<b>464</b>	<b>819</b>	<b>524</b>	<b>549</b>	<b>643</b>	<b>2,249</b>	<b>2,534</b>
YoY Change (%)	48.8	-17.4	-45.7	-49.9	4.3	-3.1	19.6	38.5	-23.8	12.7
Margins (%)	20.0	15.5	12.2	10.9	17.3	12.8	13.3	13.4	14.6	14.3

## Atul

Neutral

CMP: INR8197 | TP: INR8733 (+7%)

EPS CHANGE (%): FY23|24: +6|-6

- Expect revenues to decline 3% QoQ (+4% YoY) and EBITDA margin at 15% (v/s 14.8% in 2QFY23).
- Watch out for EBIT mix improving for Performance and Other Chemicals after posting single digit margin in 3Q
- Margins expected to be flat in the current quarter, in line with raw material price movements.
- Delay in implementation and ramp-up of its new capacity expansions may adversely impact growth.

### Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>10,802</b>	<b>12,500</b>	<b>13,803</b>	<b>13,704</b>	<b>14,769</b>	<b>14,873</b>	<b>14,413</b>	<b>15,382</b>	<b>50,809</b>	<b>59,437</b>
YoY Change (%)	63.5	24.7	44.9	22.8	36.7	19.0	4.4	12.2	36.2	17.0
Gross Margin (%)	52.0%	46.5%	50.6%	47.5%	48.5%	47.1%	47.8%	47.8%	49.1%	47.8%
<b>EBITDA</b>	<b>2,361</b>	<b>2,187</b>	<b>2,515</b>	<b>2,052</b>	<b>2,330</b>	<b>2,203</b>	<b>2,163</b>	<b>2,469</b>	<b>9,114</b>	<b>9,164</b>
Margins (%)	21.9	17.5	18.2	15.0	15.8	14.8	15.0	16.1	17.9	15.4
Depreciation	433	440	454	441	473	491	497	527	1,767	1,987
Interest	21	18	19	34	16	19	30	49	92	114
Other Income	296	211	31	222	359	319	208	303	760	1,189
<b>PBT before EO expense</b>	<b>2,204</b>	<b>1,940</b>	<b>2,072</b>	<b>1,800</b>	<b>2,200</b>	<b>2,011</b>	<b>1,844</b>	<b>2,196</b>	<b>8,016</b>	<b>8,252</b>
<b>PBT</b>	<b>2,204</b>	<b>1,940</b>	<b>2,072</b>	<b>1,800</b>	<b>2,200</b>	<b>2,011</b>	<b>1,844</b>	<b>2,196</b>	<b>8,016</b>	<b>8,252</b>
Tax	572	495	530	452	577	544	465	491	2,050	2,077
Rate (%)	26.0	25.5	25.6	25.1	26.2	27.0	25.2	22.4	25.6	25.2
Minority Interest and Profit/Loss of Asso. Cos.	19	17	27	18	11	13	20	20	82	82
<b>Reported PAT</b>	<b>1,652</b>	<b>1,461</b>	<b>1,569</b>	<b>1,366</b>	<b>1,635</b>	<b>1,481</b>	<b>1,400</b>	<b>1,725</b>	<b>6,047</b>	<b>6,257</b>
YoY change (%)	37.1	-16.1	-18.4	-22.9	1.4	3.7	-7.6	29.8	-8.9	3.6
Margins (%)	14.9	11.4	11.0	9.7	11.1	10.0	9.7	11.2	11.6	10.3



## Clean Science

Neutral

CMP: INR1488 | TP: INR1352 (-9%)

EPS CHANGE (%): FY23 | 24: -9 | -18

- Expect revenue to decline by 7% QoQ due to a relatively weaker demand environment.
- Key monitorable – utilization levels of HALS and the two new products started during 3QFY22.
- Expect EBITDAM to dip 210bp QoQ due to commissioning of low-margin HALS products.
- 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	3QE	4QE		
<b>Gross Sales</b>	<b>1,463</b>	<b>1,532</b>	<b>1,808</b>	<b>2,046</b>	<b>2,341</b>	<b>2,475</b>	<b>2,303</b>	<b>2,580</b>	<b>6,849</b>	<b>9,699</b>
YoY Change (%)	29.6	9.2	44.2	52.8	60.0	61.6	27.4	26.1	33.7	41.6
Gross Margin (%)	71.2%	68.6%	65.0%	65.2%	61.0%	62.5%	62.0%	62.4%	67.2%	62.0%
<b>EBITDA</b>	<b>713</b>	<b>687</b>	<b>761</b>	<b>837</b>	<b>913</b>	<b>975</b>	<b>858</b>	<b>988</b>	<b>2,999</b>	<b>3,734</b>
Margin (%)	48.8	44.9	42.1	40.9	39.0	39.4	37.3	38.3	43.8	38.5
Depreciation	58	61	60	70	85	87	89	94	249	354
Other Income	65	86	75	74	18	28	26	25	300	97
<b>PBT before EO expense</b>	<b>721</b>	<b>712</b>	<b>776</b>	<b>839</b>	<b>847</b>	<b>916</b>	<b>795</b>	<b>918</b>	<b>3,048</b>	<b>3,476</b>
<b>PBT</b>	<b>721</b>	<b>712</b>	<b>776</b>	<b>839</b>	<b>847</b>	<b>916</b>	<b>795</b>	<b>918</b>	<b>3,048</b>	<b>3,476</b>
Tax	175	177	196	215	218	237	200	220	763	875
Rate (%)	24.2	24.9	25.3	25.7	25.7	25.8	25.2	24.0	25.0	25.2
<b>Reported PAT</b>	<b>546</b>	<b>535</b>	<b>580</b>	<b>624</b>	<b>629</b>	<b>679</b>	<b>595</b>	<b>698</b>	<b>2,285</b>	<b>2,601</b>
YoY Change (%)	30.3	-1.4	18.2	17.4	15.2	26.9	2.6	11.8	15.2	13.8
Margin (%)	37.3	34.9	32.1	30.5	26.9	27.5	25.8	27.0	33.4	26.8

## Deepak Nitrite

Neutral

CMP: INR1990 | TP: INR2027 (+2%)

EPS CHANGE (%): FY23 | 24: -21 | +1

- Expect EBITDA margin of 15% in 3QFY23 (v/s 13.8% in 2QFY23) led by launch of margin accretive products
- Key monitorable: performance of new products commissioned over the past couple of months
- Clarity on Oman subsidiary and also downstream products announced (MIBK, MIBC and Polycarbonate)
- Key risk: phenolic segment margins might decline further compared to 2QFY23 levels

## Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>15,262</b>	<b>16,814</b>	<b>17,223</b>	<b>18,724</b>	<b>20,580</b>	<b>19,617</b>	<b>19,335</b>	<b>19,469</b>	<b>68,022</b>	<b>79,001</b>
YoY Change (%)	126.3	70.3	39.5	28.0	34.8	16.7	12.3	4.0	56.0	16.1
Gross Margin (%)	46.3%	37.4%	37.0%	38.2%	33.9%	30.2%	30.8%	31.2%	39.5%	31.5%
<b>EBITDA</b>	<b>4,515</b>	<b>3,865</b>	<b>3,519</b>	<b>4,103</b>	<b>3,560</b>	<b>2,709</b>	<b>2,909</b>	<b>3,104</b>	<b>16,002</b>	<b>12,281</b>
Margin (%)	29.6	23.0	20.4	21.9	17.3	13.8	15.0	15.9	23.5	15.5
Depreciation	436	441	455	446	419	424	473	578	1,777	1,894
Interest	109	92	68	71	86	59	70	157	340	372
Other Income	83	84	258	35	96	120	131	147	460	495
<b>PBT</b>	<b>4,053</b>	<b>3,417</b>	<b>3,253</b>	<b>3,622</b>	<b>3,151</b>	<b>2,346</b>	<b>2,497</b>	<b>2,516</b>	<b>14,345</b>	<b>10,510</b>
Tax	1,026	873	829	950	805	601	627	612	3,678	2,645
Rate (%)	25.3	25.6	25.5	26.2	25.5	25.6	25.1	24.3	25.6	25.2
<b>Reported PAT</b>	<b>3,026</b>	<b>2,543</b>	<b>2,425</b>	<b>2,672</b>	<b>2,346</b>	<b>1,745</b>	<b>1,870</b>	<b>1,904</b>	<b>10,666</b>	<b>7,865</b>
YoY Change (%)	205.8	49.4	12.0	-7.9	-22.5	-31.4	-22.9	-28.7	37.5	-26.3
Margin (%)	19.8	15.1	14.1	14.3	11.4	8.9	9.7	9.8	15.7	10.0

## Fine Organics

Neutral

CMP: INR5694 | TP: INR5695 (0%)

EPS CHANGE (%): FY23|24: +14|+10

- Expect revenue to fall 2% QoQ and EBITDA margin to contract 280bps QoQ to 23%
- Key monitorable – update on Gujarat land acquisition and foray into new territories through customer additions.
- Resolution of the geopolitical crisis and other headwinds in the global macro environment to have negative impact
- Delay in the ramp-up of the utilization levels of additional capacities could hamper long-term growth visibility

## Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>3,599</b>	<b>4,296</b>	<b>4,682</b>	<b>6,007</b>	<b>7,526</b>	<b>8,281</b>	<b>8,107</b>	<b>6,678</b>	<b>18,584</b>	<b>30,592</b>
YoY Change (%)	52.8	61.6	57.0	86.7	109.1	92.8	73.1	11.2	65.7	64.6
Gross Margin (%)	31.1%	33.6%	32.8%	42.3%	41.3%	38.2%	36.8%	35.5%	35.7%	38.0%
<b>EBITDA</b>	<b>499</b>	<b>728</b>	<b>797</b>	<b>1,461</b>	<b>2,056</b>	<b>2,138</b>	<b>1,864</b>	<b>1,245</b>	<b>3,485</b>	<b>7,303</b>
Margin (%)	13.9	17.0	17.0	24.3	27.3	25.8	23.0	18.6	18.8	23.9
Depreciation	95	98	101	106	111	115	119	125	399	470
Interest	13	12	12	13	11	13	13	15	51	53
Other Income	60	62	66	144	166	193	190	176	332	725
<b>PBT</b>	<b>451</b>	<b>681</b>	<b>750</b>	<b>1,486</b>	<b>2,099</b>	<b>2,203</b>	<b>1,923</b>	<b>1,281</b>	<b>3,368</b>	<b>7,506</b>
Tax	101	181	193	385	526	563	484	315	861	1,889
Rate (%)	22.5	26.6	25.7	25.9	25.1	25.6	25.2	24.6	25.6	25.2
<b>Reported PAT</b>	<b>349</b>	<b>500</b>	<b>557</b>	<b>1,101</b>	<b>1,573</b>	<b>1,640</b>	<b>1,438</b>	<b>965</b>	<b>2,507</b>	<b>5,616</b>
YoY Change (%)	22.2	69.5	98.8	281.2	350.2	228.2	158.2	-12.3	118.1	124.1
Margin (%)	9.7	11.6	11.9	18.3	20.9	19.8	17.7	14.5	13.5	18.4

## Galaxy Surfactants

Buy

CMP: INR2469 | TP: INR3504 (+42%)

EPS CHANGE (%): FY23|24: +4|+1

- Expect revenue growth of 21% YoY (-9% QoQ) led by robust realizations with flat volumes
- Key monitorable – Update on demand outlook in AMET and Europe region.
- Expect EBITDA margin to be at 10.1% with absolute EBITDA/kg declining QoQ.
- Supply issues may subside but volatility in RM and feedstock prices still remains a concern

## Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>8,264</b>	<b>8,773</b>	<b>9,291</b>	<b>10,529</b>	<b>11,589</b>	<b>12,316</b>	<b>11,254</b>	<b>11,732</b>	<b>36,857</b>	<b>46,890</b>
YoY Change (%)	36.1	22.1	37.7	34.4	40.2	40.4	21.1	11.4	32.4	27.2
Gross Margins (%)	31.7%	26.5%	27.4%	33.0%	30.8%	26.9%	26.7%	25.6%	29.8%	27.5%
<b>EBITDA</b>	<b>1,085</b>	<b>709</b>	<b>764</b>	<b>1,450</b>	<b>1,480</b>	<b>1,317</b>	<b>1,140</b>	<b>1,220</b>	<b>4,007</b>	<b>5,158</b>
Margins (%)	13.1	8.1	8.2	13.8	12.8	10.7	10.1	10.4	10.9	11.0
Depreciation	168	181	177	184	189	205	202	204	711	800
Interest	29	37	28	34	44	56	43	20	129	163
Other Income	45	50	18	12	-20	11	40	129	125	159
<b>PBT</b>	<b>933</b>	<b>541</b>	<b>576</b>	<b>1,244</b>	<b>1,227</b>	<b>1,067</b>	<b>936</b>	<b>1,125</b>	<b>3,293</b>	<b>4,354</b>
Tax	164	122	120	260	223	228	235	193	665	880
Rate (%)	17.6	22.5	20.8	20.9	18.2	21.4	25.2	17.2	20.2	20.2
<b>Reported PAT</b>	<b>768</b>	<b>419</b>	<b>456</b>	<b>984</b>	<b>1,004</b>	<b>839</b>	<b>700</b>	<b>932</b>	<b>2,628</b>	<b>3,475</b>
YoY Change (%)	36.0	-48.7	-46.5	25.1	30.7	100.0	53.5	-5.3	-13.0	32.2
Margins (%)	9.3	4.8	4.9	9.3	8.7	6.8	6.2	7.9	7.1	7.4

## Navin Fluorine

Neutral

CMP: INR4177 | TP: INR4484 (+9%)

EPS CHANGE (%): FY23|24: -7|+1

- Built-in revenue of INR4.7b on a sustained run rate in the high-value business and ramp-up of HPP in 3QFY23.
- Key monitorable – update on the MPP plant (any delay could be detrimental).
- EBITDA margin to improve 140bp QoQ led by growth in the high-value business and ramp-up of HPP plant.
- Watch out for: Quarterly run rate in CRAMs, and sustainable performance of the Legacy business.

## Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	3,139	3,244	3,670	3,984	3,868	4,192	4,681	5,983	14,036	18,724
YoY Change (%)	53.3	5.4	23.7	22.9	23.3	29.2	27.6	50.2	23.9	33.4
Gross Margin (%)	54.9%	55.4%	55.9%	52.3%	54.5%	56.2%	54.1%	53.7%	54.5%	54.5%
EBITDA	780	835	981	958	999	938	1,113	1,601	3,554	4,651
Margin (%)	24.8	25.8	26.7	24.0	25.8	22.4	23.8	26.8	25.3	24.8
Depreciation	109	110	112	112	115	177	182	189	443	663
Interest	4	3	4	6	3	40	38	31	17	113
Other Income	76	85	72	141	142	109	110	107	375	468
PBT before EO expense	743	808	937	982	1,023	831	1,002	1,487	3,470	4,343
PBT	743	808	937	982	1,023	831	1,002	1,487	3,470	4,343
Tax	179	187	246	194	234	252	253	354	805	1,093
Rate (%)	24.1	23.2	26.2	19.8	22.8	30.4	25.2	23.8	23.2	25.2
Reported PAT	564	621	692	788	790	578	750	1,133	2,664	3,250
Adj. PAT	564	621	692	788	790	578	750	1,133	2,664	3,250
YoY Change (%)	9.4	-7.8	17.8	11.0	39.9	-6.9	8.4	43.8	6.2	22.0
Margin (%)	18.0	19.1	18.8	19.8	20.4	13.8	16.0	18.9	19.0	17.4

## NOCIL

Buy

CMP: INR234 | TP: INR316 (+35%)

EPS CHANGE (%): FY23|24: -10|-1

- Expect revenue to be flat QoQ and YoY at INR3.9b due to a downturn in demand from export markets.
- Key monitorable – new capex announcements in the Specialty segment and ADD on dumping from China
- EBITDA margins to be at 12.1% in 3QFY23; absolute EBITDA/mt to decline QoQ.
- Probable risk of higher dumping from China as ADD was rejected by the Government of India in 4QFY22.

## Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	3,445	3,752	3,889	4,627	5,089	3,892	3,884	4,992	15,713	17,857
YoY Change (%)	223.4	69.3	41.6	43.7	47.7	3.8	-0.1	7.9	69.9	13.6
Gross Margin (%)	49.4%	40.6%	40.7%	50.0%	46.4%	47.1%	40.3%	44.7%	45.3%	44.7%
EBITDA	727	495	500	1,105	1,012	615	469	736	2,826	2,832
Margin (%)	21.1	13.2	12.8	23.9	19.9	15.8	12.1	14.8	18.0	15.9
Depreciation	102	104	105	160	134	136	140	149	471	559
Interest	2	2	3	4	3	3	3	2	11	11
Other Income	10	22	9	11	10	12	8	17	51	47
PBT before EO expense	632	411	400	952	885	487	335	603	2,396	2,309
PBT	632	411	400	952	885	487	335	603	2,396	2,309
Tax	161	106	102	268	229	128	84	141	636	581
Rate (%)	25.5	25.8	25.3	28.1	25.8	26.2	25.2	23.4	26.6	25.2
Reported PAT	471	305	299	685	656	359	251	462	1,760	1,728
YoY Change (%)	300.3	83.4	35.4	90.1	39.4	17.7	-16.2	-32.5	103.4	-1.8
Margin (%)	13.7	8.1	7.7	14.8	12.9	9.2	6.5	9.3	11.2	9.7

## Vinati Organics

Buy

CMP: INR2003 | TP: INR2740 (+37%)

EPS CHANGE (%): FY23|24: +6|-2

- Expect revenue growth of 1%/55% QoQ/YoY at INR5.7b, driven by surge in demand for ATBS.
- Key drivers – Ramp-up of Antioxidants plant to aid sales growth in CY23.
- EBITDA margins to be at 27.1% (from 26.2% in 2QFY23), with gross margin at 45.5% for 3QFY23.
- Demand pick-up for ATBS and IBB to drive revenue; watch out for new product announcements and capex updates.

## Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>3,864</b>	<b>3,741</b>	<b>3,690</b>	<b>4,861</b>	<b>5,063</b>	<b>5,663</b>	<b>5,722</b>	<b>5,772</b>	<b>16,155</b>	<b>22,220</b>
YoY Change (%)	66.8	70.5	65.1	73.7	31.0	51.4	55.1	18.7	69.3	37.5
Gross Margin (%)	44.6%	47.6%	48.9%	46.1%	45.5%	45.0%	45.5%	45.9%	46.7%	45.5%
<b>EBITDA</b>	<b>1,015</b>	<b>1,010</b>	<b>928</b>	<b>1,388</b>	<b>1,309</b>	<b>1,485</b>	<b>1,550</b>	<b>1,571</b>	<b>4,341</b>	<b>5,914</b>
Margin (%)	26.3	27.0	25.1	28.6	25.8	26.2	27.1	27.2	26.9	26.6
Depreciation	110	113	115	117	128	130	138	154	455	550
Interest	0	0	0	2	5	0	6	9	3	19
Other Income	176	136	146	151	187	200	218	234	609	838
<b>PBT before EO expense</b>	<b>1,081</b>	<b>1,033</b>	<b>959</b>	<b>1,420</b>	<b>1,363</b>	<b>1,554</b>	<b>1,624</b>	<b>1,642</b>	<b>4,493</b>	<b>6,183</b>
<b>PBT</b>	<b>1,081</b>	<b>1,033</b>	<b>959</b>	<b>1,420</b>	<b>1,363</b>	<b>1,554</b>	<b>1,624</b>	<b>1,642</b>	<b>4,493</b>	<b>6,183</b>
Tax	272	220	126	409	351	394	408	403	1,026	1,556
Rate (%)	25.1	21.3	13.2	28.8	25.7	25.3	25.2	24.5	22.8	25.2
<b>Reported PAT</b>	<b>809</b>	<b>814</b>	<b>833</b>	<b>1,011</b>	<b>1,012</b>	<b>1,160</b>	<b>1,215</b>	<b>1,239</b>	<b>3,466</b>	<b>4,626</b>
YoY Change (%)	11.9	31.1	29.8	42.7	25.0	42.6	46.0	22.6	28.7	33.5
Margin (%)	20.9	21.7	22.6	20.8	20.0	20.5	21.2	21.5	21.5	20.8

# Consumer

## Company

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

## Slow pace of earnings recovery in staples

For the 19 consumer companies under our coverage, we expect cumulative 3QFY23 growth of +9.3% in topline, +9.6% in EBITDA, and +8.1% in PAT. The three-year sales/EBITDA/PAT CAGR is 12.9%/9.6%/7.0%, with EBITDA growth and PAT growth lagging sales growth because of persistent material cost pressure. In terms of volume growth and revenue growth, our FMCG universe is likely to see another subdued quarter in 3QFY22, especially as rural demand remains weak. While some categories such as biscuits and cigarettes are showing signs of demand resilience, other categories such as paints/adhesives/innerwear are showing signs of lower growth on a very high base of the past couple of years. Going forward, weak rural sales growth from 4QFY22 may result in optically better growth from 4QFY23 onward, but on-the-ground rural demand is still adversely affected by inflationary pressures.

## Rural continues to be a drag

With no clear signs of recovery in the rural demand, we expect sales in Staples to be driven by price increases and some premiumisation. Cumulative earnings growth appears better because of behemoths like ITC and APNT. Among large companies, we expect APNT to report 9% YoY sales growth with 5% domestic decorative volume growth, and ~17%/18% EBITDA/PAT growth. For HUVR, we expect YoY sales/EBITDA/adj PAT growth of 14%/4%/4%. ITC is likely to post YoY sales growth of 5.2% on a high base, and it should sustain its healthy earnings growth trend, with EBITDA/adj. PAT expected to grow by 17.8%/12.8% (PAT growth trailing EBITDA growth mainly due to unusually high other income in the base quarter). We expect healthy cigarette demand (three-year average volume growth in mid-single digit), high ARR in hotels and higher realizations in the paper & paperboards business. VBL, BRIT and INDIGOPN are likely to report strong numbers on all fronts, especially with EBITDA growth of 30% YoY or higher. On the other hand, we expect weak YoY EBITDA growth/decline for both AlcoBev players, PAG, PIDI, GCPL and HMN.

## Input cost decline not as expected

As we mentioned in our [commodities note](#) at the end of Nov'22, prices of most commodities have not declined at the expected rate, with the exception of palm oil (which benefits soaps and food players). There is a clear disparity between crude derivatives, where VAM has shown a ~ 50% reduction from the peak, and other derivatives, such as Tio2 and HDPE, which saw minor reductions from the high base. Even in the case of VAM and palm oil, PIDI and GCPL are likely to benefit only from 4QFY23 onward. In the case of agricultural commodities, there has been additional inflation or low deflation. While a sequential gross margin improvement is likely on a cumulative basis for our coverage universe, it will be partially offset by high-cost inventory in 3QFY23, keeping GMs under continued pressure YoY. Following a few quarters of subdued levels, ad-spending is rising in some pockets, checking sequential EBITDA improvement. 13 of 19 stocks under coverage are likely to report flat or lower EBITDA margins YoY, except for ITC (EBITDA margin expansion of 380bps), BRIT, APNT, INDIGOPN and VBL (margin expansion likely to be in the range of 110-140bp YoY).

**Top picks**

**ITC, GCPL and VBL:** A revival in cigarette demand, an improvement in the hotels business, lower input cost pressures vs 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 is able to grow its domestic business strongly and continue on its optimal capital allocation strategies. 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.

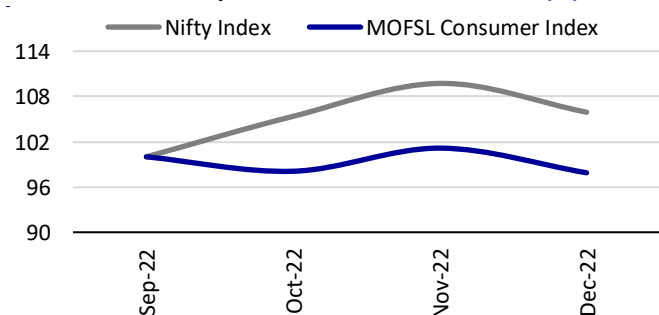
**Exhibit 1: Overall performance**

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Asian Paints	3046	Neutral	92,947	9.0	9.9	18,085	17.3	47.3	12,181	18.1	51.5
Britannia	4292	Neutral	43,615	22.0	-0.4	7,060	30.8	-0.8	4,926	32.8	0.4
Colgate	1521	Neutral	13,697	7.0	-1.3	4,082	7.3	0.0	2,796	10.8	0.6
Dabur	562	Buy	32,065	9.0	7.4	6,509	3.7	8.4	5,251	4.3	7.2
Emami	430	Buy	9,719	0.0	19.4	3,013	-11.8	54.2	2,597	-9.3	24.9
Godrej Consumer	893	Buy	35,998	9.0	6.1	6,480	-7.3	12.8	4,428	-13.8	16.1
Hind. Unilever	2559	Buy	1,49,249	14.0	1.2	34,056	3.9	0.8	23,902	4.3	0.5
Indigo Paints	1311	Buy	3,186	20.0	31.3	500	29.3	48.1	328	34.9	58.0
ITC	333	Buy	1,66,927	5.2	3.5	60,086	17.8	2.5	46,070	10.8	3.2
Jyothy Labs	204	Neutral	5,762	9.0	-10.9	703	16.2	-12.3	495	39.8	-20.6
Marico	506	Buy	24,792	3.0	-0.7	4,463	3.5	3.1	3,072	-0.9	2.1
Nestle	19564	Neutral	43,383	16.0	-5.5	9,313	9.4	-8.4	6,267	9.3	-7.1
P&G Hygiene	14294	Neutral	10,930	0.0	4.8	2,494	-15.9	16.5	1,811	-14.6	17.3
Page Industries	41921	Neutral	13,207	11.0	5.2	2,509	0.1	5.5	1,728	-1.0	6.6
Pidilite Inds.	2529	Neutral	31,358	10.0	4.1	5,584	1.7	11.7	3,638	2.3	8.7
Tata Consumer	762	Buy	34,344	7.0	2.1	4,590	-0.6	5.8	2,760	0.4	12.9
United Breweries	1688	Sell	16,125	2.0	-4.0	2,079	-0.8	-5.1	1,130	24.8	-15.8
United Spirits	869	Neutral	27,405	-5.0	-4.8	4,784	-2.5	7.3	3,199	9.9	12.2
Varun Beverages	1329	Buy	22,035	27.1	-30.6	2,954	42.3	-57.7	546	231.2	-85.7
<b>Consumer</b>			<b>7,76,742</b>	<b>9.3</b>	<b>1.3</b>	<b>1,79,341</b>	<b>9.6</b>	<b>3.8</b>	<b>1,27,126</b>	<b>8.1</b>	<b>3.8</b>

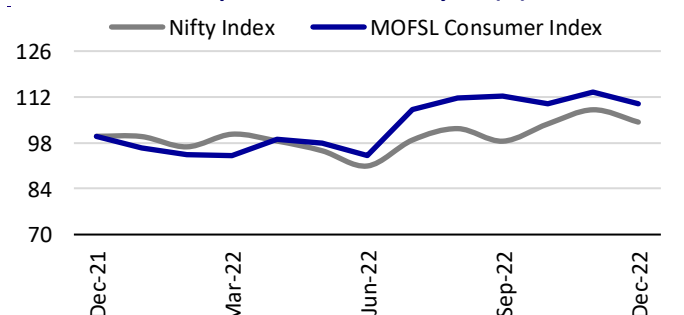
**Exhibit 2: Expect most of the companies to post single-digit volume growth in 3QFY23**

Quarter ending (growth %)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E
Asian Paints (Dom. Deco.)	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0	34.0	10.0	8.0	37.0	10.0	5.0
Britannia (Biscuits)	3.0	0.0	21.0	9.0	3.0	8.0	1.0	5.0	6.0	4.0	(2.0)	4.0	7.0
Colgate (Toothpaste)	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	(4.0)	(1.0)	0.0	3.0
Dabur	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	2.0	5.0	2.0	3.0
Emami	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	0.0	9.6#	-1#	-4.0
Hindustan Unilever	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	0.0	6.0	4.0	5.0
ITC (Cigarettes)	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	26.0	21.0	12.0
Marico (Dom.)	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0	(6.0)	3.0	6.0
Pidilite	2.0	(3.1)	(58.6)	7.4	22.0	45.3	105.0	24.5	9.0	20.2	44.0	1.0	-3.0

Source: Company, MOFSL

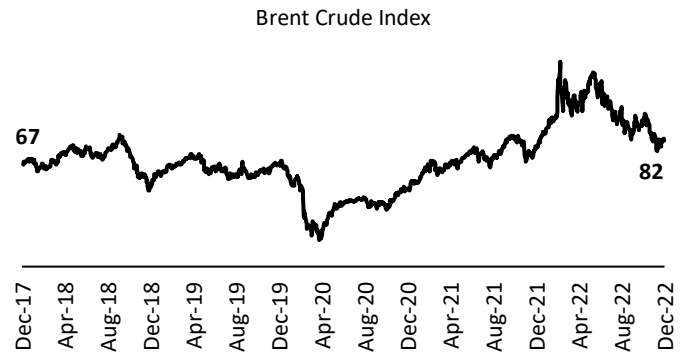
**Exhibit 3: Relative performance – three-months (%)**

Source: Bloomberg, MOFSL

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

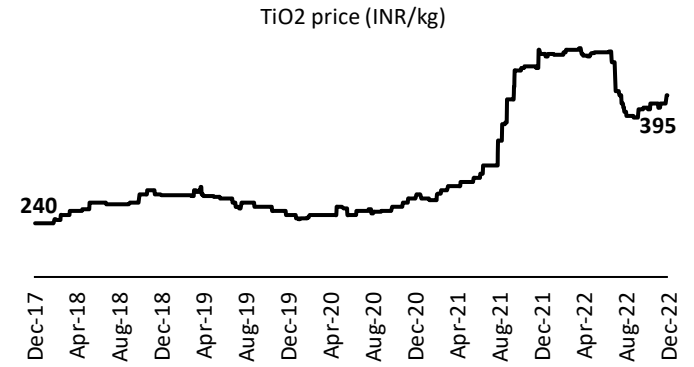
Source: Bloomberg, MOFSL

**Exhibit 5: Crude prices rose 11.2% YoY and declined 10.8% QoQ in 3QFY23**



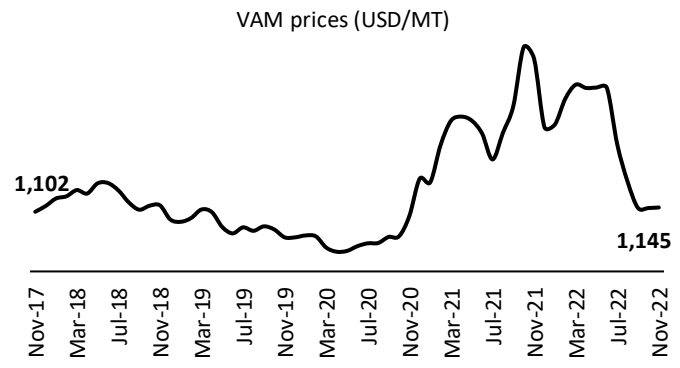
Source: Bloomberg, MOFSL

**Exhibit 6: TiO2 declined 10.2%/4.5% YoY/QoQ in 3QFY23**



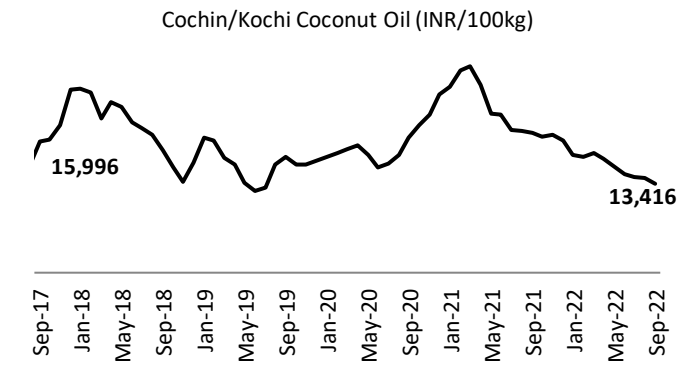
Source: Bloomberg, MOFSL

**Exhibit 7: VAM prices (until Nov'22) declined 53.4% YoY and 20.8% QoQ**



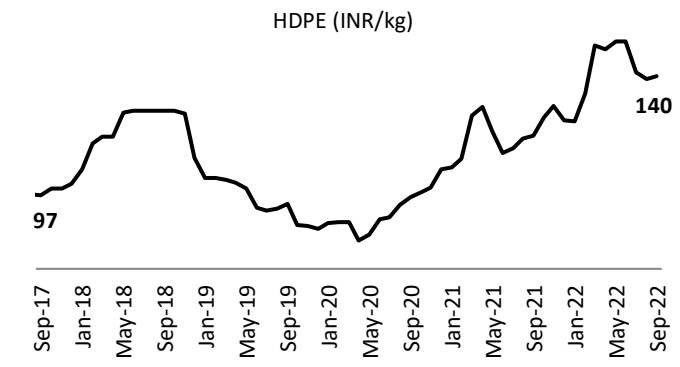
Source: Bloomberg, MOFSL

**Exhibit 8: Copra prices (until Sep'22) declined 17.7% YoY and 5.5% QoQ**



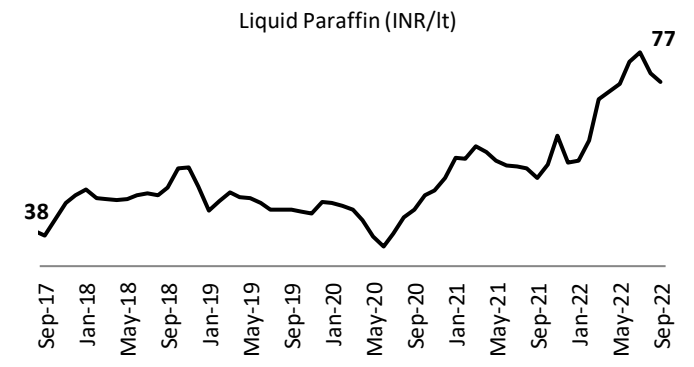
Source: Company, MOFSL

**Exhibit 9: HDPE prices (until Sep'22) rose 20.3% YoY and declined 7.5% QoQ**



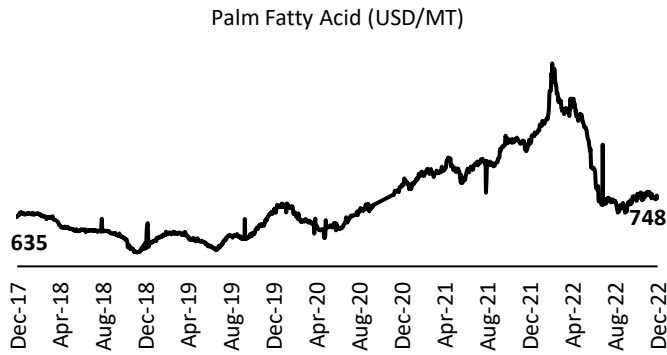
Source: Company, MOFSL

**Exhibit 10: LLP prices (until Sep'22) rose 47.8% YoY and 3.3% QoQ**



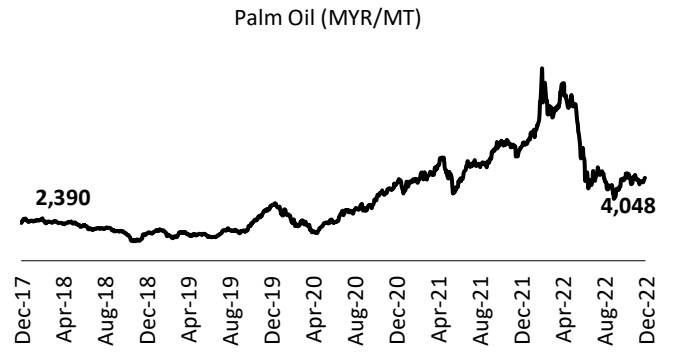
Source: Company, MOFSL

**Exhibit 11: PFAD prices fell 36.4% YoY and was flat QoQ**



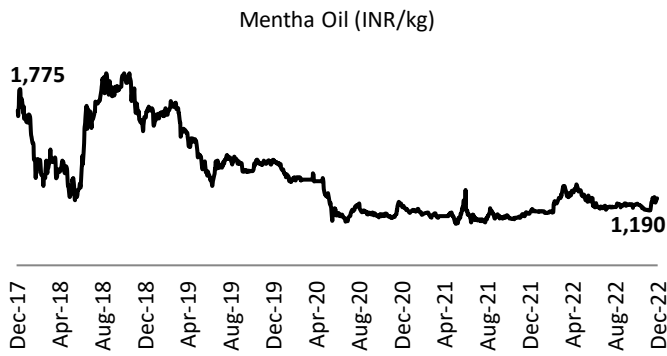
Source: Bloomberg, MOFSL

**Exhibit 12: Malaysian palm oil prices declined 24% YoY and was flat QoQ**



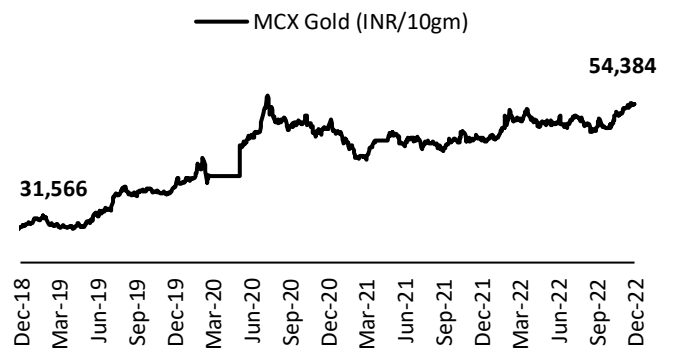
Source: Bloomberg, MOFSL

**Exhibit 13: Mentha oil prices rose 6.4% YoY and was flat QoQ**



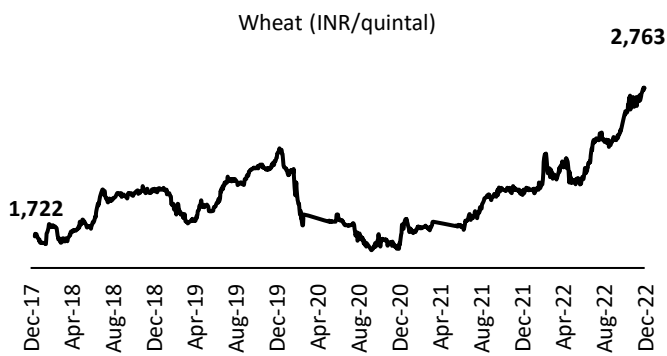
Source: Bloomberg, MOFSL

**Exhibit 14: Domestic gold prices rose 8.9% YoY and remained flat QoQ**



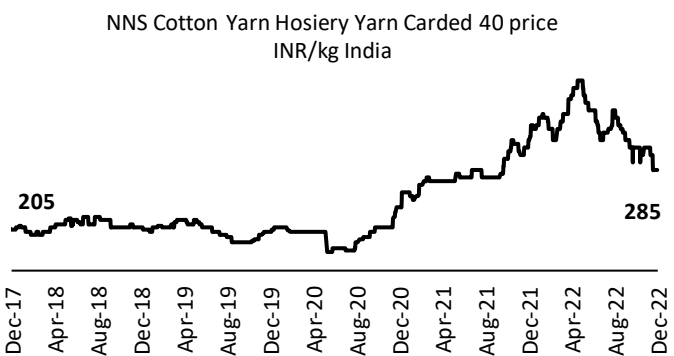
Source: Bloomberg, MOFSL

**Exhibit 15: Wheat prices rose 27.8% YoY and 11.2% QoQ**



Source: Bloomberg, MOFSL

**Exhibit 16: Yarn prices was flat YoY while declined 10% QoQ**



Source: Bloomberg, MOFSL



## Exhibit 17: 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
<b>Consumer</b>						<b>47.6</b>	<b>39.9</b>	<b>34.9</b>	<b>11.9</b>	<b>11.2</b>	<b>10.5</b>	<b>25.0</b>	<b>28.1</b>	<b>30.0</b>
Asian Paints	3,046	Neutral	43.4	56.6	64.7	70.2	53.8	47.1	19.7	18.2	15.9	29.1	35.1	36.0
Britannia	4,292	Neutral	75.5	86.3	98.0	56.8	49.7	43.8	41.6	37.0	32.8	72.2	78.8	79.4
Colgate	1,521	Neutral	39.8	44.0	48.4	38.2	34.6	31.4	23.8	23.8	23.8	62.4	69.0	75.9
Dabur	562	Buy	10.7	13.0	15.0	52.3	43.2	37.5	10.8	9.8	8.9	21.6	23.7	24.8
Emami	430	Buy	17.0	20.9	21.8	25.2	20.6	19.7	9.1	8.5	8.0	36.2	42.7	41.7
Godrej Consumer	893	Buy	15.8	22.8	27.4	56.5	39.2	32.6	7.4	6.8	6.4	13.5	18.0	20.2
Hind. Unilever	2,559	Buy	41.7	47.8	55.4	61.3	53.5	46.2	12.7	13.1	13.6	20.4	24.1	28.9
Indigo Paints	1,311	Buy	23.0	31.5	41.1	57.0	41.5	31.9	8.2	6.9	5.6	15.5	18.0	19.4
ITC	333	Buy	15.1	16.9	18.8	22.1	19.7	17.7	6.4	6.0	5.6	29.7	31.5	32.8
Jyothy Labs	204	Neutral	5.6	7.2	8.3	36.7	28.3	24.5	4.9	4.7	4.5	13.8	17.0	18.7
Marico	506	Buy	9.5	11.6	13.3	53.4	43.5	38.2	19.3	17.7	16.3	36.3	42.5	44.5
Nestle	19,564	Neutral	253.8	308.2	355.6	77.1	63.5	55.0	88.9	85.7	80.2	116.4	137.6	150.7
P&G Hygiene	14,294	Neutral	179.5	271.7	313.2	79.6	52.6	45.6	58.3	52.5	42.7	76.0	105.1	103.2
Page Industries	41,921	Neutral	624.7	727.9	863.4	67.1	57.6	48.6	37.6	34.1	31.0	56.1	59.3	63.8
Pidilite Inds.	2,529	Neutral	27.7	38.1	45.2	91.3	66.3	56.0	18.1	16.0	14.1	20.9	25.6	26.8
Tata Consumer	762	Buy	11.6	16.6	19.6	65.7	45.8	38.8	4.3	4.0	3.7	6.9	9.3	9.7
United Breweries	1,688	Sell	22.2	33.4	37.4	76	51	45.1	9.9	8.9	8.1	13.9	18.5	18.8
United Spirits	869	Neutral	15.3	17.6	19.9	57	49	43.8	11.6	10.8	9.6	20.4	21.9	21.9
Varun Beverages	1,329	Buy	22.7	28.6	36.6	58.4	46.4	36.3	16.0	12.2	9.3	31.2	29.8	29.1

Source: Bloomberg, MOFSL

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

## Asian Paints Neutral

CMP: INR3,046 | TP: INR3,130 (+3%)

EPS CHANGE (%): FY23|24: -1.6|-3.4

- Expect 5% YoY volume growth
- Expect GM to expand YoY/QoQ due to lower input costs
- TiO2 declined 10.2%/4.5% YoY/QoQ in 3QFY23
- Watch out for commentary on demand outlook in rural and mix impact, if any.

### Quarterly Performance (Consol.)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	37.0	10.0	5.0	3.0	31.0	4.8
Net Sales	55,854	70,960	85,272	78,927	86,069	84,576	92,947	83,489	2,91,013	3,47,081
Change (%)	91.1	32.6	25.6	18.7	54.1	19.2	9.0	5.8	34.0	19.3
Gross Profit	21,464	24,656	31,339	30,546	32,450	30,219	35,785	33,379	1,08,005	1,31,833
Gross Margin (%)	38.4	34.7	36.8	38.7	37.7	35.7	38.5	40.0	37.1	38.0
EBITDA	9,136	9,045	15,423	14,433	15,560	12,277	18,085	16,922	48,036	62,843
Margin (%)	16.4	12.7	18.1	18.3	18.1	14.5	19.5	20.3	16.5	18.1
Change (%)	88.7	-28.5	-13.7	9.5	70.3	35.7	17.3	17.2	-1.1	30.8
Interest	215	239	275	226	288	354	350	405	954	1,396
Depreciation	2,006	2,028	2,079	2,051	2,081	2,157	2,300	2,403	8,164	8,941
Other Income	896	1,382	718	804	990	955	850	794	3,800	3,588
PBT	7,811	8,160	13,788	12,960	14,181	10,721	16,285	14,908	42,719	56,094
Tax	2,043	2,211	3,624	3,151	3,706	2,903	4,104	4,152	11,029	14,865
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	26.1	27.1	25.2	27.9	25.8	26.5
Adjusted PAT	5,743	6,052	10,313	9,898	10,602	8,038	12,181	10,826	32,005	41,647
Change (%)	161.5	-29.0	-18.5	13.8	84.6	32.8	18.1	9.4	-0.2	30.1

E: MOFSL Estimates

## Britannia Industries Neutral

CMP: INR4,292 | TP: INR 4,280 (+0%)

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

- Expect 7% volume growth in the base business in 3QFY23
- While price increases will help operating margins, management outlook on RM will be sought
- Commentary on hinterland demand to be a key focus
- Commentary on ICD a key monitorable

### Consol. Quarterly Performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Base business volume growth (%)	1.0	5.0	6.0	4.0	-2.0	4.0	7.0	6.0	3.9	3.8
Net Sales	34.0	36.1	35.7	35.5	37.0	43.8	43.6	42.8	141.4	167.2
YoY change (%)	-0.5	5.5	12.9	13.4	8.7	21.4	22.0	20.4	7.6	18.3
Gross Profit	13.2	13.5	13.6	13.5	13.6	17.1	17.0	16.8	53.8	64.6
Margins (%)	38.7	37.5	37.9	38.0	36.9	38.9	39.0	39.4	38.0	38.6
EBITDA	5.5	5.6	5.4	5.5	5.0	7.1	7.1	7.1	22.0	26.3
Margins (%)	16.3	15.5	15.1	15.5	13.5	16.3	16.2	16.7	15.6	15.7
YoY growth (%)	-22.8	-17.3	-11.7	8.8	-9.6	27.5	30.8	29.9	-12.3	19.6
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	0.6	0.6	1.4	2.1
Other Income	0.6	0.5	0.6	0.5	0.6	0.5	0.6	0.6	2.2	2.3
PBT	5.3	5.2	5.1	5.2	4.6	6.6	6.5	6.6	20.8	24.3
Tax	1.4	1.4	1.4	1.4	1.3	1.7	1.6	1.5	5.6	6.1
Rate (%)	27.2	27.0	26.9	27.2	27.8	25.6	24.5	23.5	27.0	25.2
Adjusted PAT	3.9	3.8	3.7	3.8	3.3	4.9	4.9	5.0	15.2	18.2
YoY change (%)	-28.7	-23.0	-18.1	5.1	-13.5	28.5	32.8	33.1	-18.0	19.9

E: MOFSL Estimates

**Colgate****Neutral****CMP: INR1,521 | TP: INR1,655 (+9%)****EPS CHANGE (%): FY23|24: -0.6|-0.3**

- Expect volume growth of 3% YoY in 3QFY23
- Expect EBITDA margin to improve 40bp sequentially despite GM pressure
- Expect GM to decline 120bp YoY
- Key monitorables: A&P spends, performance of new launches and the Naturals category

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Toothpaste Volume Gr %</b>	<b>8.0</b>	<b>4.0</b>	<b>1.0</b>	<b>-4.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>3.0</b>	<b>7.0</b>		
<b>Net Sales (inclg. OOI)</b>	<b>11,660</b>	<b>13,524</b>	<b>12,801</b>	<b>13,013</b>	<b>11,968</b>	<b>13,875</b>	<b>13,697</b>	<b>14,407</b>	<b>50,998</b>	<b>53,947</b>
YoY change (%)	12.0	5.2	3.9	1.4	2.6	2.6	7.0	10.7	5.3	5.8
<b>Gross Profit</b>	<b>8,062</b>	<b>9,038</b>	<b>8,526</b>	<b>8,696</b>	<b>7,938</b>	<b>8,846</b>	<b>8,958</b>	<b>9,619</b>	<b>34,323</b>	<b>35,361</b>
Gross margin (%)	69.1	66.8	66.6	66.8	66.3	63.8	65.4	66.8	67.3	65.5
<b>EBITDA</b>	<b>3,552</b>	<b>4,008</b>	<b>3,806</b>	<b>4,294</b>	<b>3,257</b>	<b>4,080</b>	<b>4,082</b>	<b>4,412</b>	<b>15,660</b>	<b>15,830</b>
Margins (%)	30.5	29.6	29.7	33.0	27.2	29.4	29.8	30.6	30.7	29.3
YoY growth (%)	15.3	-2.1	2.7	1.8	-8.3	1.8	7.3	2.7	3.7	1.1
Depreciation	447	449	439	438	442	439	448	464	1,773	1,792
Interest	15	15	15	14	13	13	15	18	59	59
Financial other Income	52	65	57	89	115	113	119	146	263	493
<b>PBT</b>	<b>3,142</b>	<b>3,609</b>	<b>3,408</b>	<b>3,931</b>	<b>2,918</b>	<b>3,741</b>	<b>3,738</b>	<b>4,076</b>	<b>14,090</b>	<b>14,472</b>
Tax	810	917	885	1,015	727	961	942	1,015	3,627	3,646
Rate (%)	25.8	25.4	26.0	25.8	24.9	25.7	25.2	24.9	25.7	25.2
<b>Adj PAT</b>	<b>2,332</b>	<b>2,692</b>	<b>2,523</b>	<b>2,916</b>	<b>2,190</b>	<b>2,780</b>	<b>2,796</b>	<b>3,060</b>	<b>10,463</b>	<b>10,825</b>
YoY change (%)	17.7	-1.8	1.6	3.0	-6.1	3.3	10.8	4.9	4.2	3.5

E: MOFSL Estimates

**Dabur****Buy****CMP: INR562 | TP: INR650 (+16%)****EPS CHANGE (%): FY23|24: -|-0.2**

- Expect 3% YoY volume growth in 3QFY23
- Commentary on rural demand and international business a key monitorable
- Expect GM pressure to ease QoQ but YoY pressure to continue on GM and EBITDA margins
- Demand outlook for Herbal, Immunity products and juices to be watched out for

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Domestic FMCG vol. growth (%)</b>	<b>34.4</b>	<b>10.0</b>	<b>2.0</b>	<b>2.0</b>	<b>5.0</b>	<b>2.0</b>	<b>3.0</b>	<b>8.0</b>	<b>10.1</b>	
<b>Net sales</b>	<b>26,115</b>	<b>28,176</b>	<b>29,418</b>	<b>25,178</b>	<b>28,224</b>	<b>29,865</b>	<b>32,065</b>	<b>28,829</b>	<b>1,08,887</b>	<b>1,18,983</b>
YoY change (%)	31.9	12.0	7.8	7.7	8.1	6.0	9.0	14.5	14.1	9.3
<b>Gross profit</b>	<b>12,562</b>	<b>13,761</b>	<b>14,222</b>	<b>11,946</b>	<b>12,943</b>	<b>13,551</b>	<b>14,910</b>	<b>13,863</b>	<b>52,490</b>	<b>55,268</b>
Margin (%)	48.1	48.8	48.3	47.4	45.9	45.4	46.5	48.1	48.2	46.5
<b>EBITDA</b>	<b>5,520</b>	<b>6,207</b>	<b>6,275</b>	<b>4,536</b>	<b>5,437</b>	<b>6,007</b>	<b>6,509</b>	<b>5,918</b>	<b>22,538</b>	<b>23,871</b>
Margins (%)	21.1	22.0	21.3	18.0	19.3	20.1	20.3	20.5	20.7	20.1
YoY growth (%)	32.5	9.0	9.3	2.5	-1.5	-3.2	3.7	30.5	12.5	5.9
Depreciation	613	633	632	651	676	705	720	779	2,529	2,881
Interest	75	83	111	118	122	151	111	123	386	506
Other income	848	1,124	967	991	1,006	1,233	1,113	904	3,932	4,254
<b>PBT</b>	<b>5,681</b>	<b>6,616</b>	<b>6,500</b>	<b>4,759</b>	<b>5,645</b>	<b>6,385</b>	<b>6,790</b>	<b>5,919</b>	<b>23,555</b>	<b>24,739</b>
Tax	1,297	1,558	1,455	954	1,231	1,473	1,528	1,310	5,264	5,541
Rate (%)	22.8	23.6	22.4	20.0	21.8	23.1	22.5	22.1	22.3	22.4
<b>Adjusted PAT</b>	<b>4,373</b>	<b>5,044</b>	<b>5,033</b>	<b>3,792</b>	<b>4,403</b>	<b>4,901</b>	<b>5,251</b>	<b>4,442</b>	<b>18,242</b>	<b>18,997</b>
YoY change (%)	28.0	4.7	2.3	0.4	0.7	-2.8	4.3	17.1	7.7	4.1

E: MOFSL Estimates

**Emami****Buy****CMP: INR430 | TP: INR520 (+21%)****EPS CHANGE (%): FY23|24: -5.9|-4.9**

- Expect volumes to decline 4% YoY in 3QFY23 due to weak winter and rural sales
- Watch out for commentary on the outlook on pain management and healthcare range
- Expect 90bp/410bp YoY decline in GM/EM from a high base
- Outlook for volume growth and growth in rural India are the key monitorables

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

Y/E MARCH	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	38.0	6.2	0.0	0.0	9.6	-1.0	-4.0	-1.0	11.1	2.1
<b>Net Sales</b>	<b>6,610</b>	<b>7,888</b>	<b>9,719</b>	<b>7,704</b>	<b>7,783</b>	<b>8,138</b>	<b>9,719</b>	<b>7,954</b>	<b>31,920</b>	<b>33,593</b>
YoY change (%)	37.3	7.4	4.1	5.4	17.8	3.2	0.0	3.2	10.8	5.2
<b>Gross Profit</b>	<b>4,363</b>	<b>5,425</b>	<b>6,549</b>	<b>4,805</b>	<b>4,872</b>	<b>5,422</b>	<b>6,463</b>	<b>5,006</b>	<b>21,142</b>	<b>21,762</b>
Gross margin (%)	66.0	68.8	67.4	62.4	62.6	66.6	66.5	62.9	66.2	64.8
<b>EBITDA</b>	<b>1,697</b>	<b>2,772</b>	<b>3,415</b>	<b>1,639</b>	<b>1,733</b>	<b>1,954</b>	<b>3,013</b>	<b>2,157</b>	<b>9,524</b>	<b>8,856</b>
Margins (%)	25.7	35.1	35.1	21.3	22.3	24.0	31.0	27.1	29.8	26.4
YoY change (%)	38.0	7.8	0.4	0.7	2.1	-29.5	-11.8	31.5	7.9	-7.0
Depreciation	234	236	242	230	242	245	261	286	942	1,033
Interest	6	8	18	18	25	18	20	20	51	83
Other Income	107	376	166	303	63	420	208	166	953	857
<b>PBT</b>	<b>1,564</b>	<b>2,904</b>	<b>3,322</b>	<b>1,694</b>	<b>1,530</b>	<b>2,111</b>	<b>2,939</b>	<b>2,016</b>	<b>9,483</b>	<b>8,596</b>
Tax	175	410	491	-259	120	54	382	304	817	860
Rate (%)	11.2	14.1	14.8	-15.3	7.8	2.6	13.0	15.1	8.6	10.0
Minority interest	-15	-38	-33	-59	-44	-22	-40	-36	-146	-160
<b>PAT before Amortization</b>	<b>1,404</b>	<b>2,532</b>	<b>2,864</b>	<b>2,013</b>	<b>1,454</b>	<b>2,079</b>	<b>2,597</b>	<b>1,748</b>	<b>8,813</b>	<b>7,897</b>
YoY change (%)	44.4	18.7	5.7	34.8	3.5	-17.9	-9.3	-13.1	20.6	-10.4

E: MOFSL Estimates

**Godrej Consumer****Buy****CMP: INR893 | TP: INR1,035 (+16%)****EPS CHANGE (%): FY23|24: -1.3|-0.9**

- Sharply lower palm oil prices to lead to sequential GM/ EM improvement but YoY pressures to continue.
- Watch out for outlook in Household Insecticides category
- Commentary on new product launches a key monitorable
- Watch out for the commentary on GAUM and Indonesia business

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales (including OOI)</b>	<b>28.9</b>	<b>31.6</b>	<b>33.0</b>	<b>29.2</b>	<b>31.2</b>	<b>33.9</b>	<b>36.0</b>	<b>33.6</b>	<b>122.8</b>	<b>134.7</b>
YoY change (%)	24.4	8.5	8.1	6.8	8.0	7.2	9.0	15.1	11.3	9.7
<b>Gross Profit</b>	<b>15.1</b>	<b>15.8</b>	<b>16.7</b>	<b>14.4</b>	<b>14.6</b>	<b>16.2</b>	<b>17.8</b>	<b>17.3</b>	<b>62.0</b>	<b>65.9</b>
Margin (%)	52.2	49.8	50.7	49.5	46.6	47.9	49.5	51.7	50.5	48.9
<b>EBITDA</b>	<b>6.1</b>	<b>6.8</b>	<b>7.0</b>	<b>5.0</b>	<b>5.3</b>	<b>5.7</b>	<b>6.5</b>	<b>6.6</b>	<b>24.0</b>	<b>24.1</b>
Margins (%)	21.1	21.5	21.2	17.2	17.0	16.9	18.0	19.6	19.5	17.9
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-15.4	-7.3	30.7	0.3	0.7
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	0.5	0.5	1.1	1.8
Other Income	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.9	1.5
<b>PBT</b>	<b>5.4</b>	<b>6.1</b>	<b>6.1</b>	<b>4.0</b>	<b>4.6</b>	<b>4.8</b>	<b>5.6</b>	<b>5.7</b>	<b>21.6</b>	<b>20.7</b>
Tax	1.3	1.3	1.0	0.2	1.1	1.0	1.2	1.3	3.7	4.6
<b>Adj PAT</b>	<b>4.2</b>	<b>4.8</b>	<b>5.1</b>	<b>3.8</b>	<b>3.5</b>	<b>3.8</b>	<b>4.4</b>	<b>4.5</b>	<b>17.9</b>	<b>16.2</b>
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-20.6	-13.8	16.4	1.6	-9.8

E: MOFSL Estimate

**Hindustan Unilever****Buy****CMP: INR2,559 | TP: INR2,940 (+15%)****EPS CHANGE (%): FY23|24: -|-**

- Expect 5% YoY domestic volume growth
- Watch out for outlook on the Nutrition business and rural v/s urban demand
- GM to contract 500bp YoY, led by higher material costs; GM to expand sequentially
- Key monitorables: Outlook discretionary, and out-of-home demand

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Domestic volume growth (%)</b>	9.0	4.0	2.0	0.0	6.0	4.0	5.0	1.0	3.0	4.0
<b>Net sales</b>	119.2	127.2	130.9	134.6	142.7	147.5	149.2	146.2	511.9	585.7
YoY change (%)	12.8	11.2	10.4	11.0	19.8	15.9	14.0	8.6	11.3	14.4
<b>Gross Profit</b>	60.1	65.7	68.2	66.7	67.6	67.6	70.3	71.7	260.7	277.1
Margin %	50.4	51.6	52.1	49.5	47.4	45.8	47.1	49.0	50.9	47.3
<b>EBITDA</b>	28.5	31.3	32.8	32.5	32.5	33.8	34.1	35.3	125.0	135.6
YoY change (%)	7.7	9.2	14.9	9.7	14.0	7.8	3.9	8.8	10.4	8.5
Margins (%)	23.9	24.6	25.0	24.1	22.8	22.9	22.8	24.1	24.4	23.2
Depreciation	2.4	2.7	2.6	2.6	2.6	2.5	2.7	2.9	10.3	10.7
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.4	1.0	1.2
Other income	0.7	1.1	0.9	1.2	1.4	1.2	1.2	1.5	3.9	5.3
<b>PBT</b>	26.6	29.5	30.9	30.7	31.0	32.2	32.3	33.5	117.7	129.0
Tax	5.7	7.7	7.8	8.0	8.0	5.8	8.4	8.8	29.2	31.0
Rate (%)	21.5	26.0	25.3	26.1	25.7	17.9	26.0	26.4	24.8	24.0
<b>PAT bei</b>	19.6	21.9	22.9	22.8	22.9	23.8	23.9	24.7	88.5	98.0
YoY change (%)	4.8	7.5	17.5	8.6	16.7	8.8	4.3	8.1	9.0	10.7
Extraordinary Inc/(Exp)	-0.3	0.0	-0.7	0.6	-0.1	-0.3	0.0	0.0	-0.3	-0
<b>Reported Profit</b>	20.6	21.9	22.4	23.3	22.9	26.2	23.9	24.7	88.2	97.6

E: MOFSL Estimates

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

**Indigo Paints****Buy****CMP: INR1,311 | TP: INR1,550 (+18%)****EPS CHANGE (%): FY23|24: -|-17.3**

- Expect 20 % sales growth, supported by festive demand and price hikes
- Watch out for comments on demand trends
- Expect GM to improve QoQ due to the full effect of price hikes
- Commentary on progress on expansion to larger cities

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	1,560	1,961	2,655	2,884	2,240	2,426	3,186	3,292	9,060	11,143
Change (%)	49.2	26.7	26.6	13.4	43.6	23.7	20.0	14.2	25.3	23.0
<b>Gross Profit</b>	710	818	1,138	1,258	1,012	1,012	1,402	1,544	3,925	4,970
Gross Margin (%)	45.5	41.7	42.9	43.6	45.2	41.7	44.0	46.9	43.3	44.6
<b>EBITDA</b>	202	234	387	538	353	338	500	557	1,360	1,748
Margin (%)	12.9	11.9	14.6	18.6	15.7	13.9	15.7	16.9	15.0	15.7
Change (%)	6.1	-19.6	22.8	25.2	74.9	44.5	29.3	3.7	11.0	28.5
Interest	3	3	3	5	4	3	3	5	13	15
Depreciation	74	77	79	83	84	85	87	104	313	360
Other Income	30	30	23	25	5	32	24	29	109	90
<b>PBT</b>	156	185	328	474	269	282	434	477	1,143	1,463
Tax	40	49	85	128	70	74	106	118	302	369
Effective Tax Rate (%)	25.5	26.6	26.0	27.1	26.0	26.4	24.5	24.7	26.5	25.2
<b>Adjusted PAT</b>	116	135	243	346	199	208	328	359	840	1,094
Change (%)	38.2	-28.0	29.4	39.1	71.5	53.2	34.9	3.9	18.6	30.2

E: MOFSL Estimates

**ITC****Buy****CMP: INR333 | TP: INR405 (+22%)****EPS CHANGE (%): FY23 | 24: 0 | -1.5**

- Expect 12% volume growth in Cigarettes with 3-year average volume growth in mid-single digit
- Watch out for Hotels revenue growth and profitability as leisure and business travel return to normalcy
- Expect GM to remain flat sequentially while improving 560bp YoY
- Outlook on the Agri, paper & packaging and Hotel businesses a key monitorable

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2Q	3QE	4QE		
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	26.0	21.0	12.0	12.0	15.4	17.8
<b>Net Sales</b>	<b>122.2</b>	<b>127.3</b>	<b>158.6</b>	<b>155.3</b>	<b>172.9</b>	<b>161.3</b>	<b>166.9</b>	<b>183.9</b>	<b>563.4</b>	<b>685.0</b>
YoY change (%)	37.1	12.6	32.5	16.8	41.5	26.7	5.2	18.4	23.9	21.6
<b>Gross Profit</b>	<b>64.3</b>	<b>72.8</b>	<b>81.4</b>	<b>82.5</b>	<b>88.1</b>	<b>91.9</b>	<b>95.0</b>	<b>103.4</b>	<b>292.9</b>	<b>378.5</b>
Margin (%)	52.6	57.2	51.3	53.1	51.0	57.0	56.9	56.2	52.0	55.3
<b>EBITDA</b>	<b>39.9</b>	<b>46.2</b>	<b>51.0</b>	<b>52.2</b>	<b>56.5</b>	<b>58.6</b>	<b>60.1</b>	<b>68.5</b>	<b>189.5</b>	<b>243.7</b>
Growth (%)	50.8	12.9	18.2	16.8	41.5	27.1	17.8	31.1	22.0	28.6
Margins (%)	32.7	36.3	32.2	33.6	32.7	36.4	36.0	37.2	33.6	35.6
Depreciation	4.0	4.0	4.1	4.5	4.1	4.2	4.5	4.8	16.5	17.6
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.4
Other Income	4.3	6.8	8.1	6.7	3.1	5.1	6.1	8.3	25.9	22.5
<b>PBT</b>	<b>40.2</b>	<b>48.8</b>	<b>54.9</b>	<b>54.4</b>	<b>55.4</b>	<b>59.4</b>	<b>61.6</b>	<b>71.8</b>	<b>198.3</b>	<b>248.2</b>
Tax	10.0	11.8	13.4	12.5	13.7	14.7	15.5	18.5	47.7	62.5
Rate (%)	25.0	24.2	24.3	23.0	24.7	24.8	25.2	25.8	24.1	25.2
<b>Adj PAT</b>	<b>30.1</b>	<b>37.0</b>	<b>41.6</b>	<b>41.9</b>	<b>41.7</b>	<b>44.7</b>	<b>46.1</b>	<b>53.3</b>	<b>150.6</b>	<b>185.7</b>
YoY change (%)	28.6	13.7	12.7	11.8	38.4	20.8	10.8	27.2	15.5	23.3

**Jyothy Labs.****Neutral****CMP: INR204 | TP: INR200 (-2%)****EPS CHANGE (%): FY23 | 24: 2.8 | -3.4**

- Expect standalone net sales to grow 9% YoY
- Expect GM expansion of 40bp sequential while decline on 100bp YoY
- Expect out-of-home categories to see better demand
- Key monitorables: Update on detergent and HI portfolio performance and new launches

**Standalone Quarterly Performance****(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>5,219</b>	<b>5,783</b>	<b>5,287</b>	<b>5,374</b>	<b>5,858</b>	<b>6,464</b>	<b>5,762</b>	<b>6,986</b>	<b>21,663</b>	<b>25,260</b>
YoY change (%)	21.8	15.7	12.6	10.3	12.2	11.8	9.0	30.0	14.9	16.6
<b>Gross Profit</b>	<b>2,250</b>	<b>2,296</b>	<b>2,170</b>	<b>2,154</b>	<b>2,280</b>	<b>2,563</b>	<b>2,307</b>	<b>2,933</b>	<b>8,869</b>	<b>10,280</b>
Margins (%)	43.1	39.7	41.0	40.1	38.9	39.6	40.0	42.0	40.9	40.7
<b>EBITDA</b>	<b>650</b>	<b>671</b>	<b>605</b>	<b>568</b>	<b>598</b>	<b>802</b>	<b>703</b>	<b>978</b>	<b>2,495</b>	<b>2,979</b>
EBITDA growth %	-16.9	-24.5	-24.2	-18.6	-8.0	19.5	16.2	72.1	-21.2	19.4
Margins (%)	12.5	11.6	11.4	10.6	10.2	12.4	12.2	14.0	11.5	11.8
Depreciation	206	206	210	164	113	112	136	156	785	629
Interest	17	18	18	14	13	12	18	17	67	106
Other Income	48	52	43	46	51	55	48	51	190	220
<b>PBT</b>	<b>476</b>	<b>500</b>	<b>420</b>	<b>437</b>	<b>524</b>	<b>733</b>	<b>596</b>	<b>857</b>	<b>1,832</b>	<b>2,464</b>
Tax	75	79	66	52	90	109	101	158	271	419
Rate (%)	15.7	15.7	15.7	11.8	17.1	14.9	17.0	18.5	14.8	17.0
<b>Adjusted PAT</b>	<b>401</b>	<b>421</b>	<b>354</b>	<b>385</b>	<b>434</b>	<b>624</b>	<b>495</b>	<b>698</b>	<b>1,561</b>	<b>2,045</b>
YoY change (%)	-20.5	-30.6	-32.2	-23.7	8.2	48.0	39.8	81.2	-27.0	31.0

E: MOFSL Estimates

**Marico****Buy**

CMP: INR506 | TP: INR595 (+18%)

EPS CHANGE (%): FY23|24: -|-6.0

- Expect volumes to grow 6% YoY off a low base
- Expect a YoY expansion in GM on lower RM prices
- Rural slowdown could affect domestic performance
- Outlook on Saffola edible oils and digital first brands is a key monitorable

**Quarterly Performance**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	21.0	8.0	0.0	1.0	-5.0	3.0	6.0	5.0	7.0	2.3
<b>Net Sales</b>	<b>25,250</b>	<b>24,190</b>	<b>24,070</b>	<b>21,610</b>	<b>25,580</b>	<b>24,960</b>	<b>24,792</b>	<b>22,926</b>	<b>95,120</b>	<b>98,258</b>
YoY Change (%)	31.2	21.6	13.4	7.4	1.3	3.2	3.0	6.1	18.2	3.3
<b>Gross Profit</b>	<b>10,360</b>	<b>10,270</b>	<b>10,520</b>	<b>9,610</b>	<b>11,520</b>	<b>10,890</b>	<b>11,032</b>	<b>10,432</b>	<b>40,760</b>	<b>43,875</b>
Gross margin (%)	41.0	42.5	43.7	44.5	45.0	43.6	44.5	45.5	42.9	44.7
<b>EBITDA</b>	<b>4,810</b>	<b>4,230</b>	<b>4,310</b>	<b>3,460</b>	<b>5,280</b>	<b>4,330</b>	<b>4,463</b>	<b>3,671</b>	<b>16,810</b>	<b>17,744</b>
Margins (%)	19.0	17.5	17.9	16.0	20.6	17.3	18.0	16.0	17.7	18.1
YoY Change (%)	3.0	8.7	4.4	8.5	9.8	2.4	3.5	6.1	5.7	5.6
Depreciation	330	330	360	370	360	370	396	434	1,390	1,560
Interest	80	100	100	110	100	150	130	147	390	527
Other Income	270	250	220	240	170	190	198	254	980	812
<b>PBT</b>	<b>4,670</b>	<b>4,050</b>	<b>4,070</b>	<b>3,220</b>	<b>4,990</b>	<b>4,000</b>	<b>4,135</b>	<b>3,344</b>	<b>16,010</b>	<b>16,469</b>
Tax	1,020	890	900	650	1,220	930	992	810	3,460	3,953
Rate (%)	21.8	22.0	22.1	20.2	24.4	23.3	24.0	24.2	21.6	24.0
<b>Adjusted PAT</b>	<b>3,560</b>	<b>3,090</b>	<b>3,100</b>	<b>2,500</b>	<b>3,710</b>	<b>3,010</b>	<b>3,072</b>	<b>2,424</b>	<b>12,250</b>	<b>12,216</b>
YoY Change (%)	7.6	4.0	1.0	5.0	4.2	-2.6	-0.9	-3.0	5.5	-0.3

E: MOFSL Estimates

**Nestlé India****Neutral**

CMP: INR19,564 | TP: INR19,560 (0%)

EPS CHANGE (%): CY22|23: 3.7|1.0

- Expect growth momentum in sales to continue
- Expect 190bp/130bp YoY GM/EM contraction on higher agri commodity prices
- Expect higher contribution from out-of-home consumption
- Watch out for commentaries on demand and material costs

**Quarterly performance**

(INR m)

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>36,108</b>	<b>34,767</b>	<b>38,826</b>	<b>37,393</b>	<b>39,807</b>	<b>40,366</b>	<b>45,910</b>	<b>43,383</b>	<b>1,47,094</b>	<b>1,69,465</b>
YoY Change (%)	8.6	14.0	9.6	8.9	10.2	16.1	18.2	16.0	10.2	15.2
<b>Gross Profit</b>	<b>21,132</b>	<b>19,819</b>	<b>21,627</b>	<b>21,326</b>	<b>22,050</b>	<b>21,782</b>	<b>24,231</b>	<b>23,910</b>	<b>83,905</b>	<b>91,972</b>
Margin (%)	58.5	57.0	55.7	57.0	55.4	54.0	52.8	55.1	57.0	54.3
<b>EBITDA</b>	<b>9,301</b>	<b>8,339</b>	<b>9,523</b>	<b>8,513</b>	<b>9,308</b>	<b>8,492</b>	<b>10,166</b>	<b>9,313</b>	<b>35,676</b>	<b>37,279</b>
Margins (%)	25.8	24.0	24.5	22.8	23.4	21.0	22.1	21.5	24.3	22.0
YoY Growth (%)	16.2	9.9	5.9	12.4	0.1	1.8	6.8	9.4	10.9	4.5
Depreciation	936	953	955	1,058	1,043	1,016	981	1,031	3,902	4,070
Interest	540	517	519	436	356	370	370	394	2,012	1,489
Other income	297	295	337	273	214	194	306	278	1,201	993
<b>PBT</b>	<b>8,121</b>	<b>7,164</b>	<b>8,386</b>	<b>7,293</b>	<b>8,124</b>	<b>7,300</b>	<b>9,122</b>	<b>8,166</b>	<b>30,963</b>	<b>32,712</b>
Tax	2,096	1,919	2,169	1,560	2,115	1,850	2,379	1,899	7,744	8,243
Rate (%)	25.8	26.8	25.9	21.4	26.0	25.3	26.1	23.3	25.0	25.2
<b>Adjusted PAT</b>	<b>6,024</b>	<b>5,245</b>	<b>6,217</b>	<b>5,733</b>	<b>6,008</b>	<b>5,450</b>	<b>6,743</b>	<b>6,267</b>	<b>23,219</b>	<b>24,469</b>
YoY Change (%)	13.1	5.4	3.2	23.6	-0.3	3.9	8.5	9.3	10.8	5.4

E: MOFSL Estimates

## Page Industries

Neutral

CMP: INR41,921 | TP: INR45,630 (+9%)

EPS CHANGE (%): FY23|24: -4.1|-7.9

- Expect lower double-digit revenue growth YoY in 3QFY23 with low single digit volume growth.
- Need to watch out for athleisure demand momentum
- Expect GM to expand YoY on account of lower yarn costs and price hikes
- Watch out for commentary on traction in kids' and women wear and rural expansion

## Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	5,015	10,840	11,898	11,111	13,413	12,550	13,207	11,140	38,865	50,310
YoY change (%)	76.1	46.4	28.3	26.2	167.4	15.8	11.0	0.3	37.2	29.4
Gross Profit	2,895	5,941	6,335	6,603	7,311	6,999	7,396	6,467	21,775	28,174
Gross margin (%)	57.7	54.8	53.2	59.4	54.5	55.8	56.0	58.1	56.0	56.0
EBITDA	342	2,334	2,507	2,671	2,978	2,379	2,509	2,256	7,855	10,122
Margins (%)	6.8	21.5	21.1	24.0	22.2	19.0	19.0	20.2	20.2	20.1
YoY change	L/P	41.2	10.9	57.3	770.7	1.9	0.1	-15.5	49.2	28.9
Depreciation	159	165	167	164	180	188	204	225	655	797
Interest	73	74	77	97	85	92	89	86	322	352
Other Income	36	54	71	49	33	27	57	102	210	219
PBT	145	2,148	2,334	2,460	2,746	2,125	2,274	2,048	7,088	9,192
Tax	36	543	589	555	675	504	546	499	1,722	2,225
Rate (%)	24.6	25.3	25.2	22.6	24.6	23.7	24.0	24.4	24.3	24.2
PAT	109	1,605	1,746	1,905	2,070	1,621	1,728	1,548	5,365	6,968
YoY change (%)	L/P	44.8	13.6	64.9	1,790.9	1.0	-1.0	-18.7	57.5	29.9

E: MOFSL Estimates

## P&amp;G Hygiene

Neutral

CMP: INR14,294 | TP: INR14,625 (+2%)

EPS CHANGE (%): FY21|22: -|-

- Expect sales to remain flat YoY in 2QFY23
- Whisper sales likely to be affected as high CPI inflation could slow conversions into the category
- Expect YoY EM to improve sequentially on the back of moderation in advertisement expense
- 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	2QE	3QE	4QE			
Net Sales	10,583	10,930	8,913	7,573	10,428	10,930	9,715	8,295	35,741	37,998	39,367
YoY Change (%)	4.8	7.3	17.3	-3.7	-1.5	0.0	9.0	9.5	19.1	6.3	3.6
Gross profit	7,041	7,127	5,275	3,974	6,116	6,394	5,780	5,133	24,148	23,416	23,423
Margin (%)	66.5	65.2	59.2	52.5	58.6	58.5	59.5	61.9	67.6	61.6	59.5
EBITDA	3,013	2,965	1,650	671	2,140	2,494	1,980	1,456	6,972	8,299	8,070
Growth	31.4	15.5	21.0	-10.4	-29.0	-15.9	20.0	117.0	12.2	19.0	-2.8
Margins (%)	28.5	27.1	18.5	8.9	20.5	22.8	20.4	17.6	19.5	21.8	20.5
Depreciation	127	129	131	142	140	140	145	133	477	529	557
Interest	6	29	68	8	10	13	15	18	61	112	55
Other Income	58	69	60	56	67	80	85	98	394	243	330
PBT	2,938	2,875	1,511	577	2,058	2,421	1,906	1,403	6,828	7,901	7,788
Tax	756	754	381	152	514	610	480	358	1,759	2,042	1,963
Rate (%)	25.7	26.2	27.0	26.3	25.0	25.2	25.2	25.5	21.3	26.2	25.2
Reported PAT	2,183	2,121	1,029	426	1,544	1,811	1,426	1,045	6,518	5,758	5,825
Adj PAT	2,183	2,121	1,130	426	1,544	1,811	1,426	1,045	5,068	5,858	5,825
YoY Change (%)	27.3	16.4	8.4	-13.1	-29.3	-14.6	26.1	145.5	13.2	15.6	-0.6
Margins (%)	20.6	19.4	12.7	5.6	14.8	16.6	14.7	12.6	14.2	15.4	14.8

E: MOFSL Estimates



**Pidilite Industries****Neutral**

CMP: INR2,529 | TP: INR2,390 (-6%)

EPS CHANGE (%): FY23|24: -|-3.2

- Expect consolidated revenue to grow by 10% YoY in 3QFY23
- Commentary on revival in real estate – a potential further positive for demand
- Expect a YoY contraction in GM on sharp YoY RM inflation with QoQ expansion due to the effect of price increases
- Outlook on demand trends is a key monitorable

**Consolidated - Quarterly Earning Model**

(INR b)

Y/E March	FY22				FY23				FY22E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>19.4</b>	<b>26.3</b>	<b>28.5</b>	<b>25.1</b>	<b>31.0</b>	<b>30.1</b>	<b>31.4</b>	<b>28.7</b>	<b>99.2</b>	<b>121.2</b>
YoY change (%)	120.6	39.7	24.0	12.1	60.1	14.7	10.0	14.5	36.0	22.1
<b>Gross Profit</b>	<b>9.5</b>	<b>11.9</b>	<b>12.4</b>	<b>10.9</b>	<b>12.9</b>	<b>12.3</b>	<b>13.5</b>	<b>13.8</b>	<b>44.8</b>	<b>52.5</b>
Margin (%)	49.1	45.4	43.6	43.5	41.7	41.0	43.0	48.0	45.1	43.4
<b>EBITDA</b>	<b>3.5</b>	<b>5.5</b>	<b>5.5</b>	<b>4.0</b>	<b>5.3</b>	<b>5.0</b>	<b>5.6</b>	<b>5.7</b>	<b>18.5</b>	<b>21.6</b>
YoY change (%)	423.7	7.2	(14.3)	(13.0)	52.3	(9.0)	1.7	43.2	9.9	17.0
Margins (%)	17.9	20.9	19.3	16.0	17.1	16.6	17.8	20.0	18.6	17.8
Depreciation	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.8	2.4	2.7
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.5
<b>PBT</b>	<b>2.9</b>	<b>4.9</b>	<b>4.8</b>	<b>3.4</b>	<b>4.7</b>	<b>4.4</b>	<b>4.9</b>	<b>4.9</b>	<b>16.0</b>	<b>18.8</b>
Tax	0.7	1.2	1.3	0.9	1.2	1.1	1.2	1.3	4.1	4.7
Rate (%)	25.1	23.6	26.4	26.9	24.6	25.2	25.2	25.7	25.4	25.2
<b>Adj PAT</b>	<b>2.2</b>	<b>3.7</b>	<b>3.6</b>	<b>2.5</b>	<b>3.5</b>	<b>3.3</b>	<b>3.6</b>	<b>3.6</b>	<b>11.9</b>	<b>14.1</b>
YoY change (%)	1,303.0	5.4	-20.1	-19.6	64.4	-10.7	2.3	42.6	6.1	17.8
Margins (%)	11.1	14.3	12.5	9.9	11.4	11.1	11.6	12.4	12.0	11.6

E: MOFSL Estimates

**Tata Consumer Products****Buy**

CMP: INR762 | TP: INR940 (+23%)

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

- Expect revenue for the India Foods business to grow by 27% YoY.
- Tea prices and volumes to be a key monitorable; Expect Tea volumes to decline by 2% YoY
- Expect Nourishco to continue its strong performance
- Expect International beverages to be muted due to inflationary environment

**Consolidated - Quarterly Earning Model**

(INR b)

Y/E March	FY22				FY23				FY22E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>30.1</b>	<b>30.3</b>	<b>32.1</b>	<b>31.8</b>	<b>33.3</b>	<b>33.6</b>	<b>34.3</b>	<b>34.8</b>	<b>124.3</b>	<b>136.0</b>
YoY Change (%)	10.9	9.1	4.5	4.5	10.6	10.9	7.0	9.5	7.1	9.5
Total Expenditure	26.1	26.2	27.5	27.3	28.7	29.3	29.8	29.9	107.1	117.7
<b>EBITDA</b>	<b>4.0</b>	<b>4.1</b>	<b>4.6</b>	<b>4.4</b>	<b>4.6</b>	<b>4.3</b>	<b>4.6</b>	<b>4.8</b>	<b>17.2</b>	<b>18.3</b>
Margins (%)	13.3	13.6	14.4	14.0	13.7	12.9	13.4	13.9	13.8	13.5
Depreciation	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	2.8	2.9
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.7
Other Income	0.3	0.4	0.3	0.5	0.4	0.3	0.4	0.4	1.4	1.4
<b>PBT before EO expense</b>	<b>3.4</b>	<b>3.6</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>3.7</b>	<b>4.0</b>	<b>4.3</b>	<b>15.1</b>	<b>16.1</b>
Extra-Ord expense	0.0	-0.2	-0.1	-0.2	-0.2	1.1	0.0	0.0	-0.5	0.9
<b>PBT</b>	<b>3.4</b>	<b>3.5</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>4.8</b>	<b>4.0</b>	<b>4.3</b>	<b>14.6</b>	<b>17.0</b>
Tax	1.0	0.9	1.0	1.0	1.0	1.3	1.1	1.1	3.8	4.5
Rate (%)	28.1	23.7	24.9	23.6	25.5	34.2	26.5	26.5	25.0	28.0
Minority Interest	0.2	0.2	0.3	0.2	0.2	0.6	0.2	0.2	0.8	1.2
Profit/Loss of Asso. Cos.	-0.4	0.2	0.0	-0.5	0.0	0.3	0.0	-0.2	-0.6	0.2
<b>Reported PAT</b>	<b>1.9</b>	<b>2.7</b>	<b>2.7</b>	<b>2.2</b>	<b>2.6</b>	<b>3.3</b>	<b>2.8</b>	<b>2.8</b>	<b>9.4</b>	<b>11.4</b>
<b>Adj PAT</b>	<b>1.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.3</b>	<b>2.7</b>	<b>2.4</b>	<b>2.8</b>	<b>2.8</b>	<b>9.7</b>	<b>10.8</b>
YoY Change (%)	-28.8	3.3	23.4	104.3	45.4	-12.7	0.4	22.4	11.8	10.5
Margins (%)	6.3	9.2	8.6	7.3	8.2	7.3	8.0	8.1	7.8	7.9

E: MOFSL estimates

## United Breweries

**Sell**
**CMP: INR1,688 | TP: INR1,450 (-14%)**
**EPS CHANGE (%): FY23|24: -|-**

- Expect revenue to remain flat YoY as well as sequentially
- Expect EM contraction of 40bp YoY
- Expect GM to be negatively impacted due to higher barley and glass bottle prices
- Outlook on RM costs and on-trade performance to be the key monitorables

### Standalone Quarterly Performance

**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>11,180</b>	<b>14,262</b>	<b>15,809</b>	<b>17,069</b>	<b>24,367</b>	<b>16,796</b>	<b>16,125</b>	<b>19,080</b>	<b>58,384</b>	<b>76,367</b>
YoY Change (%)	120.6	58.4	22.6	10.6	117.9	17.8	2.0	11.8	37.7	30.8
<b>Gross Profit</b>	<b>5,404</b>	<b>7,380</b>	<b>7,899</b>	<b>8,310</b>	<b>10,784</b>	<b>7,837</b>	<b>7,579</b>	<b>9,081</b>	<b>29,123</b>	<b>35,460</b>
Margin (%)	48.3	51.7	50.0	48.7	44.3	46.7	47.0	47.6	49.9	46.4
<b>EBITDA</b>	<b>954</b>	<b>1,656</b>	<b>2,096</b>	<b>2,603</b>	<b>2,825</b>	<b>2,191</b>	<b>2,079</b>	<b>2,560</b>	<b>7,402</b>	<b>9,834</b>
YoY Change (%)	L/P	309.6	6.7	-0.4	196.1	32.3	-0.8	-1.7	84	32.9
Margins (%)	8.5	11.6	13.3	15.3	11.6	13.0	12.9	13.4	12.7	12.9
Depreciation	552	556	529	532	575	520	580	636	2,172	2,311
Interest	39	47	37	25	8	10	20	27	148	65
Other Income	61	46	60	130	104	143	80	75	298	402
<b>PBT</b>	<b>425</b>	<b>1,098</b>	<b>1,590</b>	<b>2,176</b>	<b>2,345</b>	<b>1,805</b>	<b>1,559</b>	<b>1,972</b>	<b>5,117</b>	<b>7,859</b>
Tax	117	291	421	547	554	463	429	536	1,376	1,980
Rate (%)	27.4	26.5	26.5	25.1	23.6	25.6	27.5	27.2	26.9	25.2
<b>Adj PAT</b>	<b>308</b>	<b>806</b>	<b>906</b>	<b>1,630</b>	<b>1,617</b>	<b>1,342</b>	<b>1,130</b>	<b>1,437</b>	<b>3,741</b>	<b>5,879</b>
YoY Change (%)	L/P	1,911.2	-11.6	2.5	424.3	66.4	24.8	-11.8	136.3	57.1
Margins (%)	2.8	5.7	5.7	9.5	6.6	8.0	7.0	7.5	6.4	7.7

E: MOFSL Estimates

## United Spirits

**Neutral**
**CMP: INR869 | TP: INR965 (+11%)**
**EPS CHANGE (%): FY23|24: -0.3|5.1**

- Watch out for updates on negotiations with states for price increases
- The quarter is likely to be adversely affected by repeal of Delhi excise policy
- Material cost pressures to lead to 110bp YoY impact on GM
- The outlook for ENA/glass and price increase granted by states are the key monitorables

### Quarterly Performance

**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Volume growth %</b>	<b>60.5</b>	<b>3.5</b>	<b>3.7</b>	<b>5.0</b>	<b>17.9</b>	<b>8.3</b>	<b>-20.0</b>	<b>-22.0</b>	<b>11.9</b>	<b>-9.2</b>
<b>Total revenues</b>	<b>16,151</b>	<b>24,468</b>	<b>28,847</b>	<b>24,351</b>	<b>21,693</b>	<b>28,797</b>	<b>27,405</b>	<b>22,247</b>	<b>93,817</b>	<b>1,00,141</b>
YoY change (%)	56.8	14.0	15.9	9.5	34.3	17.7	-5.0	-8.6	18.9	6.7
<b>Gross Profit</b>	<b>7,205</b>	<b>11,023</b>	<b>12,727</b>	<b>10,166</b>	<b>8,882</b>	<b>11,375</b>	<b>11,784</b>	<b>10,219</b>	<b>41,121</b>	<b>42,260</b>
Margin (%)	44.6	45.1	44.1	41.7	40.9	39.5	43.0	45.9	43.8	42.2
<b>EBITDA</b>	<b>1,677</b>	<b>4,014</b>	<b>4,907</b>	<b>4,267</b>	<b>2,992</b>	<b>4,459</b>	<b>4,784</b>	<b>3,687</b>	<b>14,865</b>	<b>15,922</b>
Margin (%)	10.4	16.4	17.0	17.5	13.8	15.5	17.5	16.6	15.8	15.9
EBITDA growth (%)	L/P	48.8	27.9	3.6	78.4	11.1	-2.5	-13.6	50.5	7.1
Depreciation	554	655	662	671	653	559	660	670	2,542	2,542
Interest	198	230	338	127	166	141	120	82	893	509
Other income	106	35	16	258	251	81	150	120	415	602
<b>PBT</b>	<b>1,031</b>	<b>3,164</b>	<b>3,923</b>	<b>3,727</b>	<b>2,424</b>	<b>3,840</b>	<b>4,154</b>	<b>3,055</b>	<b>11,845</b>	<b>13,473</b>
Tax	168	921	1,012	633	-313	990	955	699	2,734	2,331
Rate (%)	16.3	29.1	25.8	17.0	-12.9	25.8	23.0	22.9	23.1	17.3
<b>Adj. PAT</b>	<b>863</b>	<b>2,243</b>	<b>2,911</b>	<b>3,094</b>	<b>2,737</b>	<b>2,850</b>	<b>3,199</b>	<b>2,356</b>	<b>9,111</b>	<b>11,142</b>
YoY change (%)	L/P	74.7	26.6	27.0	217.1	27.1	9.9	-23.8	97.3	22.3

E: MOFSL Estimate

## Varun Beverages

**Buy**
**CMP: INR1,329 | TP: INR1,550 (+17%)**
**EPS CHANGE (%): CY22|23: +2|+3**

- Expect CSD sales volumes to grow 21% YoY in 4QCY22
- Update on volume mix; water mix is higher generally in 4Q
- Expect EBITDA margin to improve to ~13% v/s 12% in 4QCY21
- Update on market penetration of Sting and Mountain Dew Ice and new product launches

### Consolidated - Quarterly Earning Model

**(INRm)**

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	<b>22,409</b>	<b>24,498</b>	<b>23,982</b>	<b>17,343</b>	<b>28,275</b>	<b>49,548</b>	<b>31,766</b>	<b>22,035</b>	<b>88,232</b>	<b>1,31,624</b>
YoY Change (%)	33.7	49.4	33.0	30.3	26.2	102.3	32.5	27.1	36.8	49.2
Total Expenditure	18,593	18,790	19,035	15,268	22,965	37,042	24,776	19,081	71,686	1,03,864
<b>EBITDA</b>	<b>3,816</b>	<b>5,708</b>	<b>4,947</b>	<b>2,076</b>	<b>5,310</b>	<b>12,506</b>	<b>6,990</b>	<b>2,954</b>	<b>16,546</b>	<b>27,760</b>
Margins (%)	17.0	23.3	20.6	12.0	18.8	25.2	22.0	13.4	18.8	21.1
Depreciation	1,347	1,288	1,385	1,293	1,313	1,531	1,531	1,550	5,313	5,925
Interest	579	468	427	373	470	464	453	500	1,847	1,886
Other Income	57	244	369	9	85	105	106	50	679	346
<b>PBT before EO expense</b>	<b>1,947</b>	<b>4,197</b>	<b>3,504</b>	<b>419</b>	<b>3,612</b>	<b>10,616</b>	<b>5,112</b>	<b>954</b>	<b>10,066</b>	<b>20,294</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,947</b>	<b>4,197</b>	<b>3,504</b>	<b>419</b>	<b>3,612</b>	<b>10,616</b>	<b>5,112</b>	<b>954</b>	<b>10,066</b>	<b>20,294</b>
Tax	579	1,009	925	93	901	2,596	1,157	238	2,606	4,893
Rate (%)	29.8	24.0	26.4	22.1	25.0	24.5	22.6	25.0	25.9	24.1
Minority Interest & Profit/Loss of Asso. Cos.	75	106	178	161	169	146	144	169	520	628
<b>Reported PAT</b>	<b>1,293</b>	<b>3,082</b>	<b>2,401</b>	<b>165</b>	<b>2,542</b>	<b>7,874</b>	<b>3,810</b>	<b>546</b>	<b>6,941</b>	<b>14,773</b>
<b>Adj PAT</b>	<b>1,293</b>	<b>3,082</b>	<b>2,401</b>	<b>165</b>	<b>2,542</b>	<b>7,874</b>	<b>3,810</b>	<b>546</b>	<b>6,941</b>	<b>14,773</b>
YoY Change (%)	153.5	118.9	56.9	-183.6	96.7	155.5	58.7	231.2	113.5	112.9
Margins (%)	5.8	12.6	10.0	1.0	9.0	15.9	12.0	2.5	7.9	11.2

E: MOFSL Estimates

# Financials: Banks and Insurance

## Earnings progression on track

### Credit growth/NIMs showing resilience; CASA mix set to moderate

- **Credit growth remains buoyant; estimate 15% CAGR over FY23-24:** Systemic loans exhibit a consistent revival, with strong credit growth at 17.4% YoY in Dec'22 (nine-year high), driven by continued traction in the Retail and SME segment. The Corporate segment is also seeing recovery. Home, Vehicle, Unsecured, and Small Business continue to do well, while demand for CV is also improving. The Credit Cards business is seeing a healthy momentum, with spends growing at a robust pace.
- Any change in the demand environment needs to be monitored, given 1) the challenging macro situation, 2) a moderation in inflation, and, 3) a high base effect. **We estimate a ~15% CAGR in systemic loans over FY23-24.**
- **Deposit accretion gaining traction but gap vs credit growth remains large:** Deposit rates have increased sharply over the past few months, aiding liability accretion, though the gap vs credit growth still remains large. While we expect a positive bias in margins in 3QFY23, **the rise in the cost of deposits would be a key factor to assess the margin trajectory in FY24. Margins may see some pressure in FY24, in our view.**
- **Asset quality and credit cost to remain stable:** We estimate slippages to continue to moderate, which, along with healthy recoveries, should result in a further improvement in asset quality. While the performance of the restructured and ECLGS book needs to be monitored, we expect the credit cost to remain under control in FY23 before inching up in FY24.
- **Estimate 34% YoY PAT growth in 3QFY23; 20% CAGR over FY23-25E:** We estimate our coverage universe to deliver ~34% YoY growth in PAT in 3QFY23 and sustain PPOP growth at ~20% YoY. In FY23, we expect private/PSU banks to report earnings growth of ~38%/~52% YoY. **We introduce FY25 estimates and project earnings growth of ~43%/21%/19% YoY over FY23/FY24 /FY25.**

### Private Banks – PAT to grow ~28% YoY in 3QFY23

- **We estimate private banks to report PPOP growth of ~21% YoY (9% QoQ) and PAT growth of ~28% YoY (9% QoQ) in 3QFY23.** Earnings should remain healthy, aided by healthy business growth, NIM expansion, and benign credit costs, even as opex could remain high due to continuous investment in business. **We estimate 18% loan growth for Private Banks in FY23/FY24 each.**
- **Margins to witness a positive bias,** supported by a pick-up in growth and further re-pricing of the floating rate book. However, we remain watchful of a rise in the deposit cost, which would keep the margins under pressure over the medium term. **We forecast NII growth of ~24% YoY in 3QFY23,** with AXBS at ~29%, ICICIBC at ~27%, KMB at ~24%, HDFCB at ~23%, and IIB at 17%.
- **Slippages to remain under control.** Slippages are likely to remain under control across segments, barring BANDHAN – which can see elevated stress due to recognition from the restructured/SMA pool. Overall, we expect a continuous improvement in asset quality, while the performance of the restructured and ECLGS book will be a key monitorable.

### 3QFY23 earnings estimate (INR b)

PAT (INR b)	3Q FY23E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK	3.64	20.4	6.1
AXSB	56.13	55.3	5.3
BANDHAN	2.80	-67.4	33.8
DCBB	1.24	65.2	10.8
EQUITAS	1.25	15.7	7.5
FB	7.09	35.9	0.8
HDFCB	123.12	19.0	16.1
ICICIBC	80.35	29.7	6.3
IDFCFB	5.86	108.5	5.5
IIB	19.50	57.1	8.0
KMB	26.58	24.7	3.0
RBK	2.16	38.5	7.3
<b>Private Total</b>	<b>329.73</b>	<b>27.7</b>	<b>9.5</b>
<b>PSU Banks</b>			
BOB	27.70	26.1	-16.4
CBK	25.86	-9.5	2.4
INBK	13.99	102.8	14.2
PNB	14.27	26.6	246.9
SBIN	132.95	57.7	0.2
UNBK	21.53	98.3	16.5
<b>PSU Total</b>	<b>236.29</b>	<b>44.2</b>	<b>4.6</b>
<b>Banks Total</b>	<b>566.02</b>	<b>34.1</b>	<b>7.4</b>
<b>Other Financials</b>			
SBICARD	5.87	52.2	11.7
<b>Life Insurance</b>			
HDFCLIFE	3.50	28.0	7.3
IPRULIFE	2.69	-13.4	34.8
SBILIFE	4.26	17.1	13.2
MAXF	0.90	-21.6	70.0
<b>Life Total</b>	<b>11.36</b>	<b>6.8</b>	<b>18.9</b>

**PSBs – Earnings acceleration to remain strong**

- Earnings growth for PSBs is likely to remain healthy, aided by a pick-up in margins and continuous 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.
- The recovery in loan growth is likely to continue; however, traction in deposits and any increase in the cost of funds would be key to assess the margin trajectory over the medium term. The credit cost is likely to remain stable as the asset quality performance for PSBs improves further.
- **PSBs are likely to deliver NII/PPoP growth of 19% YoY each (5%/3% QoQ) and PAT growth of ~44% YoY (5% QoQ) in 3QFY23.**

**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 6.5% QoQ. We estimate 3QFY23 PAT to grow by ~20% YoY to INR3.6b (22% CAGR in FY22-24E).
- EQUITAS is likely to report PPOp/PAT growth of 22%/16% YoY and ~25% YoY growth in advances (5.1% QoQ).

**Life Insurers – Dichotomy between premium and VNB growth to continue**

- We expect premium growth to remain modest, though segments like Annuity, non-par and Credit Life are likely to fare better. Protection and ULIP may see a delayed recovery, and commentary around their revival would be key.
- **Premium growth:** HDFCLIFE should post APE growth of 25% YoY, while SBILIFE may see 11% growth. MAXF is expected to see a muted growth of 2% YoY, while IPRU should see a decline of 7%.
- **VNB growth:** We project VNB growth to be in the range of 25-27% YoY for SBILIFE, HDFCLIFE, and MAXF, while IPRU would see a modest growth of 9%. VNB margin is estimated to remain healthy across players.

**SBICARD: NIM compression to continue on lower revolves; Spends robust**

- The momentum in Credit Card spends and new account sourcing is likely to remain buoyant over 3QFY23, aided by the festive season, resulting in robust fee income.
- However, margins could witness further pressure, owing to a low revolve rate and increasing cost of funds, which could impact the overall profitability.
- Asset quality remains stable, which will help improve the credit cost.

**Other monitorables**

- **The performance of the restructured and ECLGS book:** Commentaries on slippages (especially for MSME), the performance of the restructured and ECLGS book, and provisioning guidance are key focus areas.
- **Outlook on growth and margins:** Commentaries on the growth outlook, the revival in capex, the challenging macro situation and the margin outlook amid rising deposit costs would be key monitorables.
- **Deposit traction** is other key monitorable amid liquidity tightening and the rise in the funding cost/bulk deposits mix to meet the 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 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	428	507	560
OP	312	390	451
NP	211	251	289
NIM (%)	3.7	3.9	3.7
EPS (INR)	68.7	79.8	90.0
EPS Gr. (%)	61.7	16.2	12.8
BV/Sh. (INR)	398	491	573
ABV/Sh. (INR)	381	473	553

#### Ratios

RoE (%)	17.8	17.9	16.9
RoA (%)	1.7	1.8	1.8

#### Valuations

P/E	12.3	10.6	9.4
P/BV (x)	2.1	1.7	1.5
P/ABV (x)	2.2	1.8	1.5

\*Adjusted for investment in subs

### 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 17% CAGR in loans over FY22-25.
- 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 (3% of assets), should aid margins.
- AXSB remains focused on building a stronger, consistent, and sustainable franchise. Since asset quality issues are behind, slippages and credit cost 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 1.8%/16.9%. Adjusted for subsidiaries, the standalone bank trades at 1.8x FY24E ABV.

### ICICIBC: Financial snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	596	688	804
OP	473	548	653
NP	309	361	425
NIM (%)	4.3	4.3	4.3
EPS (INR)	44.5	51.9	61.1
EPS Gr. (%)	32.2	16.6	17.8
ABV/Sh. (INR)	267	316	373
Cons. BV/Sh. (INR)	306	358	421

#### Ratios

RoE (%)	17.0	16.9	17.0
RoA (%)	2.1	2.1	2.1

#### Valuations

P/BV (x) (Cons.)	3.0	2.5	2.1
P/ABV (x)	2.7	2.3	2.0
P/E (x)	16.4	14.0	11.9

\*Adjusted for investment in subs

### ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to ~81% as of 2QFY23 – the highest in the industry – and carries COVID-related provisions of INR100b (~1.1% 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 has guided to normalization in credit costs from FY23.
- The steady mix of a high-yielding book such as Retail/Business banking, deployment of excess liquidity, and a low-cost liability franchise should aid margin expansion (at ~4.4% as of 2QFY23). Around 70% of its book is floating in nature, with 44%/5% linked to repo/other EBLR. We expect margins to remain healthy, as growth in the SME and high-yielding Retail segment pick up.
- The bank is becoming a new growth leader in the SME and Retail segments, aided by continued investments in technology and partnerships with new ecosystem players. We expect a 19% loan CAGR over FY22-25 for the bank.
- ICICIBC has room for further re-rating as it continues on its journey to deliver consistent solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate RoA/RoE of 2.1%/17.0% for FY25. Adjusted for subsidiaries, the standalone bank trades at 2.3x FY24E ABV.

**SBIN: Financial snapshot (INR b)**

Y/E March	FY23E	FY24E	FY25E
NII	1,443	1,616	1,769
OP	836	977	1,107
NP	482	541	615
NIM (%)	3.1	3.2	3.1
EPS (INR)	54.0	60.6	68.9
EPS Gr. (%)	52.2	12.2	13.8
ABV (INR)	307	357	414
Cons. BV. (INR)	385	450	526
<b>Ratios</b>			
RoE (%)	17.4	16.9	16.7
RoA (%)	0.9	0.9	1.0
<b>Valuations</b>			
P/BV (x) Cons.	1.6	1.4	1.2
P/ABV (x)*	1.4	1.2	1.0
P/E (x)*	7.8	6.9	6.1

\*Adjusted for investment in subs

**FB: Financial snapshot (INR b)**

Y/E March	FY23E	FY24E	FY25E
NII	72.1	82.6	94.7
OP	47.5	55.9	65.2
NP	27.6	32.2	37.5
NIM (%)	3.4	3.3	3.3
EPS (INR)	13.1	15.3	17.8
EPS Gr. (%)	42.1	16.9	16.5
BV/Sh. (INR)	101.0	114.3	129.6
ABV/Sh. (INR)	93.4	105.8	120.1
<b>Ratios</b>			
RoE (%)	13.8	14.2	14.6
RoA (%)	1.2	1.2	1.2
<b>Valuations</b>			
P/E (x)	10.5	9.0	7.7
P/BV (x)	1.4	1.2	1.1
P/ABV (x)	1.5	1.3	1.1

**SBILIFE: Financial snapshot (INR b)**

Y/E March	FY23E	FY24E	FY25E
Net Premium	688	828	1,018
Sh. PAT	18.1	21.8	25.3
NBP gr- unwttd.(%)	22.0	20.0	20.0
NBP gr. – APE (%)	23.3	25.7	25.5
Premium gr. (%)	18.2	20.2	22.9
VNB margin. (%)	30.9	31.6	32.0
RoEV (%)	20.6	21.7	22.1
Total AUM (INR t)	3.1	3.8	4.5
VNB	54.1	69.6	88.5
EV per share	478	581	710
<b>Valuations</b>			
P/EV (x)	2.6	2.1	1.7
P/EVOP (x)	14.1	11.4	9.3

**SBIN (Buy)**

- SBIN has demonstrated a strong improvement in asset quality, which has been resilient over the past few quarters, aided by improved underwriting and significant mobilization in customer engagement by the recovery team. Fresh slippages moderated, beating private peers, while PCR improved to 78%. This, coupled with controlled restructuring (0.9% of loans) and a low SMA book (29bp of loans), should drive a sustained reduction in the credit cost to 0.5-0.7%.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate book (as the un-utilized limit continues to moderate), 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: ~45%). 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 1.0%/16.7%. Subsidiaries account for ~30% of the total SoTP. Adjusted for subsidiaries, the bank trades at 1.2x FY24E ABV.

**FB (Buy)**

- Asset quality ratios have improved, aided by healthy recoveries/upgrades and moderation in slippages. Collection Efficiency stood healthy ~95% in 2QFY23, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segment and a high restructuring book, we expect slippages/credit costs to moderate to 1.2%/0.6% in FY25.
- CASA and retail TD account for over 93% of total deposits. The bank has a lower cost of funds advantage vs 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 higher-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 2QFY23 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 1.2%/14.6% by FY25. FB trades at 1.3x FY24E ABV.

**SBILIFE (Buy)**

- SBILIFE is seeing healthy traction in premium growth across segments, with Individual WRP delivering a strong 20% growth over FY23 till date – much higher than the industry and other listed peers. Both the agency and banca channels are contributing to growth. We estimate a 25% APE CAGR over FY22-25, driven by continued momentum in Non-PAR Savings and Protection products.
- The share of ULIP is likely to pick up, while trends in Protection and Non-PAR segments are likely to remain healthy. This will continue to support VNB margin.
- Persistency ratios are likely to remain healthy across cohorts, while cost ratios may increase moderately on a revival in business growth. However, cost leadership is likely to continue.
- We estimate a 34% VNB CAGR over FY22-25, with operating RoEV staying at ~23% by FY25. We forecast margins to improve to ~32% by FY25. SBILIFE currently trades at 2.1x FY24E EV.

Exhibit 1: 3QFY23 earnings estimates

	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Dec'22	Variance YoY (%)	Variance QoQ (%)	Dec'22	Variance YoY (%)	Variance QoQ (%)	Dec'22	Variance YoY (%)	Variance QoQ (%)
<b>Financials</b>											
AU Small Finance	657	Buy	11,231	36.9	3.7	5,519	20.4	10.7	3,636	20.4	6.1
Axis Bank	941	Buy	111,342	28.7	7.5	84,528	37.2	9.5	56,132	55.3	5.3
Bandhan Bank	240	Neutral	22,540	6.1	2.8	19,546	0.2	25.9	2,800	-67.4	33.8
DCB Bank	128	Neutral	4,338	25.7	5.5	2,142	7.7	17.3	1,245	65.2	10.8
Equitas Holdings	129	Buy	6,295	16.3	3.2	2,738	21.9	13.0	1,251	15.7	7.5
Federal Bank	138	Buy	18,748	21.8	6.4	12,364	35.2	2.0	7,092	35.9	0.8
HDFC Bank	1,629	Buy	227,238	23.2	8.1	194,678	16.0	11.9	123,119	19.0	16.1
ICICI Bank	903	Buy	154,837	26.5	4.7	123,376	21.6	5.6	80,352	29.7	6.3
IDFC First Bank	61	Buy	31,425	21.8	4.7	11,948	55.2	2.2	5,859	108.5	5.5
IndusInd Bank	1,227	Buy	44,329	16.9	3.0	36,794	11.1	3.8	19,500	57.1	8.0
Kotak Mahindra Bank	1,826	Neutral	53,858	24.3	5.6	37,789	39.9	5.9	26,580	24.7	3.0
RBL Bank	181	Buy	11,188	10.7	5.1	5,828	-7.6	13.7	2,163	38.5	7.3
<b>Banks – Private</b>			<b>697,369</b>	<b>23.6</b>	<b>6.2</b>	<b>537,251</b>	<b>21.4</b>	<b>9.0</b>	<b>329,729</b>	<b>27.7</b>	<b>9.5</b>
Bank of Baroda	186	Buy	97,532	14.0	-4.1	57,569	5.0	-4.5	27,703	26.1	-16.4
Canara Bank	336	Buy	79,544	14.5	7.0	69,197	19.3	0.2	25,858	-9.5	2.4
Indian Bank	296	Buy	48,887	11.2	4.4	36,657	11.5	1.0	13,990	102.8	14.2
Punjab National Bank	57	Neutral	86,397	10.7	4.5	59,073	16.4	6.1	14,266	26.6	246.9
State Bank of India	612	Buy	378,002	23.2	7.4	224,214	21.1	6.2	132,948	57.7	0.2
Union Bank	81	Buy	88,735	23.7	6.8	68,071	33.5	3.5	21,528	98.3	16.5
<b>Banks – PSU</b>			<b>779,098</b>	<b>18.8</b>	<b>5.2</b>	<b>514,781</b>	<b>19.0</b>	<b>3.3</b>	<b>236,294</b>	<b>44.2</b>	<b>4.6</b>
<b>Total Banks</b>			<b>1,476,467</b>	<b>21.0</b>	<b>5.7</b>	<b>1,052,031</b>	<b>20.2</b>	<b>6.2</b>	<b>566,023</b>	<b>34.1</b>	<b>7.4</b>
HDFC Life Insurance	570	Neutral	152,582	25.8	16.4	3,561	29.1	8.8	3,502	28.0	7.3
ICICI Prudential Life	452	Buy	108,772	19.9	13.5	2,871	-7.6	43.9	2,689	-13.4	34.8
SBI Life Insurance	1,240	Buy	172,013	-4.6	4.4	4,315	13.1	11.6	4,264	17.1	13.2
Max Financial	685	Neutral	65,131	16.3	12.3	NM	NM	NM	901	-21.6	70.0
<b>Life Insurance</b>			<b>498,498</b>	<b>11.2</b>	<b>10.8</b>	<b>10,746</b>	<b>11.0</b>	<b>17.6</b>	<b>11,356</b>	<b>6.8</b>	<b>18.9</b>
SBI Cards	795	Buy	11,551	15.9	3.4	12,790	11.8	2.2	5,871	52.2	11.7

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

Exhibit 2: Loan growth has recovered strongly to 17.4%

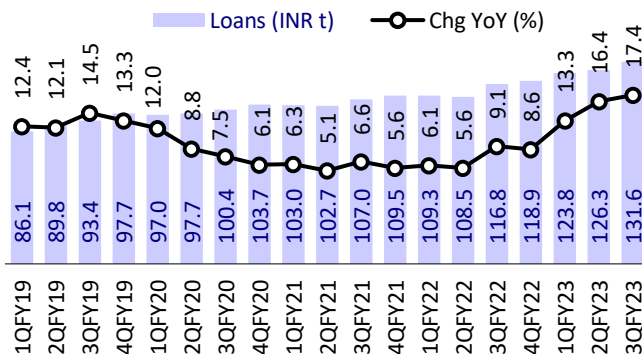


Exhibit 3: Deposit growth modest at 9.4%

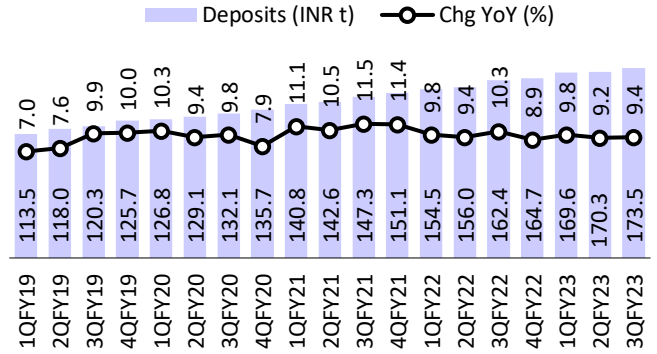
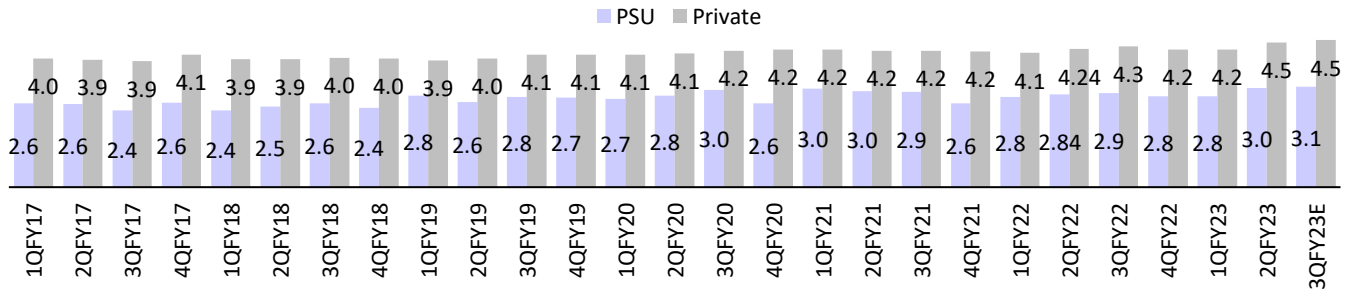


Exhibit 4: Margins to exhibit a positive bias, supported by rising interest rates and healthy pick up in business growth





**Exhibit 5: Earnings progression on track; broadly maintaining aggregate earnings; implying ~31% CAGR over FY22-24E**

PAT (INR b)	Old estimates			Revised estimates			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Private Banks</b>									
AXSB	212.9	246.0	NA	210.8	250.5	288.9	-1.0%	1.8%	NA
BANDHAN	26.0	44.2	NA	23.7	45.9	57.9	-8.8%	4.0%	NA
DCBB	4.5	5.4	NA	4.7	5.4	6.1	3.7%	-0.5%	NA
HDFCB	440.0	521.4	NA	442.8	527.2	629.4	0.6%	1.1%	NA
ICICIBC	309.0	367.9	NA	309.2	360.6	424.8	0.0%	-2.0%	NA
IDFCFB	22.5	31.3	NA	22.5	30.8	41.6	-0.2%	-1.6%	NA
IIB	76.9	94.1	NA	75.1	95.7	119.1	-2.3%	1.7%	NA
KMB	101.2	114.6	NA	100.8	116.5	134.9	-0.4%	1.7%	NA
FB	27.0	32.1	NA	27.6	32.2	37.5	2.2%	0.3%	NA
RBK	8.5	12.4	NA	8.7	12.1	14.8	3.1%	-2.5%	NA
AUBANK	14.1	17.5	NA	13.7	16.9	20.8	-2.9%	-3.7%	NA
EQUITAS	4.9	7.5	NA	4.7	7.3	10.0	-2.3%	-2.5%	NA
<b>Total Private Banks</b>	<b>1,247.5</b>	<b>1,494.3</b>	<b>NA</b>	<b>1,244.2</b>	<b>1,501.0</b>	<b>1,785.9</b>	<b>-0.3%</b>	<b>0.5%</b>	<b>NA</b>
<b>YoY growth</b>	<b>37.9%</b>	<b>19.8%</b>		<b>37.5%</b>	<b>20.6%</b>	<b>19.0%</b>			
<b>PSU Banks</b>									
BOB	114.0	142.9	NA	114.1	142.2	163.7	0.2%	-0.5%	114.1
CBK	102.0	132.6	NA	99.7	129.8	164.0	-2.3%	-2.1%	99.7
INBK	59.3	70.3	NA	53.2	67.3	81.3	-10.4%	-4.3%	53.2
PNB	40.0	65.4	NA	38.9	63.8	86.8	-2.6%	-2.5%	38.9
SBIN	468.2	551.3	NA	482.1	540.7	615.1	3.0%	-1.9%	482.1
UNBK	79.1	104.7	NA	80.8	108.4	135.0	2.1%	3.5%	80.8
<b>Total PSU Bank</b>	<b>862.6</b>	<b>1,067.4</b>	<b>NA</b>	<b>868.8</b>	<b>1,052.2</b>	<b>1,246.0</b>	<b>0.7%</b>	<b>-1.4%</b>	<b>NA</b>
<b>YoY growth</b>	<b>50.7%</b>	<b>23.7%</b>		<b>51.7%</b>	<b>21.1%</b>	<b>18.4%</b>			
<b>Total for Banks</b>	<b>2,110.1</b>	<b>2,561.7</b>	<b>NA</b>	<b>2,113.1</b>	<b>2,553.2</b>	<b>3,031.8</b>	<b>0.1%</b>	<b>-0.3%</b>	<b>NA</b>
<b>YoY growth</b>	<b>42.8%</b>	<b>21.4%</b>		<b>43.0%</b>	<b>20.8%</b>	<b>18.7%</b>			
<b>Other Financials</b>									
SBICARD	23.2	32.1	NA	24.0	32.5	43.2	3.5%	1.2%	NA

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

**Exhibit 6: Snapshot of additional provision buffers as on 2QFY23**

As of 2QFY23	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,309	50.1	66.1	116.3	1.6
DCBB	313	0.6	-	0.6	0.2
HDFCB**	14,799	96.3	14.5	110.8	0.7
ICICIBC	9,386	100.00	-	100.0	1.1
IIB***	2,601	26.5	-	26.5	1.0
KMB	2,940	4.4	-	4.4	0.1
AUBANK	517	1.3	-	1.3	0.2

\*AXSB holds total provisions of INR118.3b, 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	Jun'22	Sep'22
AXSB	30.0	0.30	0.66	0.63	0.52	0.45	0.38
BANDHAN	1.8	0.76	11.18	8.22	5.77	6.42	0.20
DCBB	17.1	4.26	6.80	6.81	6.42	6.09	5.45
HDFCB	78.5	0.57	1.50	1.40	1.14	0.76	0.53
ICICIBC	67.1	0.54	1.27	1.19	1.00	0.80	0.70
IIB	39.0	1.80	3.60	3.30	2.60	2.10	1.50
KMB	9.9	0.19	0.54	0.54	0.44	0.39	0.34
FB	32.7	1.07	2.49	2.45	2.44	2.22	2.03
RBK	13.9	1.58	3.66	3.44	3.27	2.89	2.21
AUBANK	9.0	1.85	3.60	3.10	2.50	2.10	1.70
BOB	177.3	1.34	2.95	2.65	2.44	2.46	2.12
SBIN	273.4	0.73	1.24	1.20	1.13	1.02	0.93
INBK	160.6	1.64	5.85	5.09	4.73	4.17	3.90
PNB	139.4	NA	2.60	2.76	2.36	1.98	1.80
UNBK	201.4	1.10	3.69	3.32	2.99	2.92	2.60
BOI	95.8	NA	3.61	2.97	2.63	2.35	2.08
CBK	165.1	NA	2.85	2.78	2.77	2.41	2.09

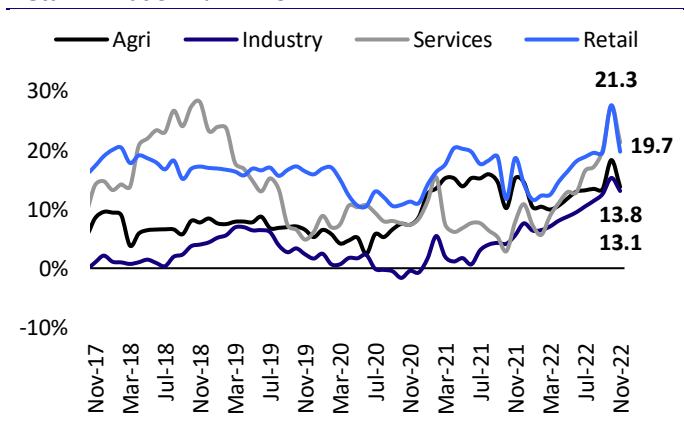
Source: MOFSL, Company

**Exhibit 8: SMA book across banks as of 2QFY23**

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	42bp	
BOI	NA	12bp	22bp
CBK	51bp	10bp	35bp
INBK	NA	28bp	22bp
PNB	NA	NA	26bp
SBIN	NA	22bp	7bp
UNBK	38bp	5bp	14bp
BANDHAN	480bp	260bp	560bp
KMB	NA	NA	4bp

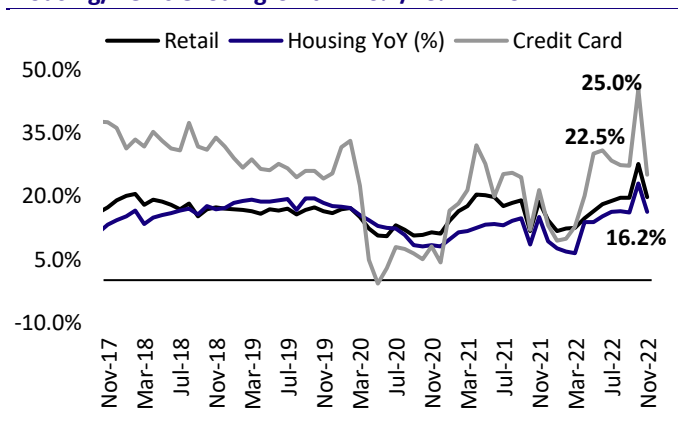
Source: MOFSL, Company

**Exhibit 9: Retail loan growth healthy at 19.7%; Retail mix at 31.7% in Nov'22**



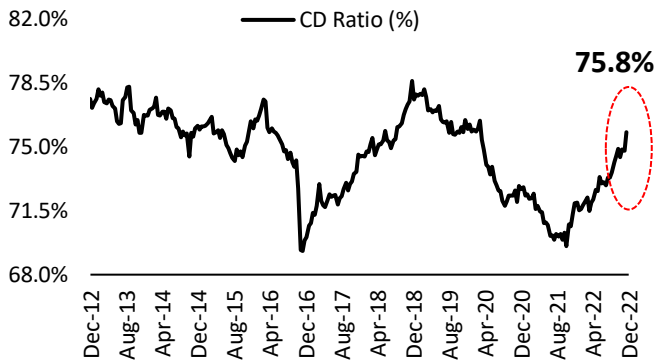
Source: MOFSL, RBI

**Exhibit 10: Credit Card growth ~25% YoY; Housing/Vehicle loan growth ~16%/23% in Nov'22**



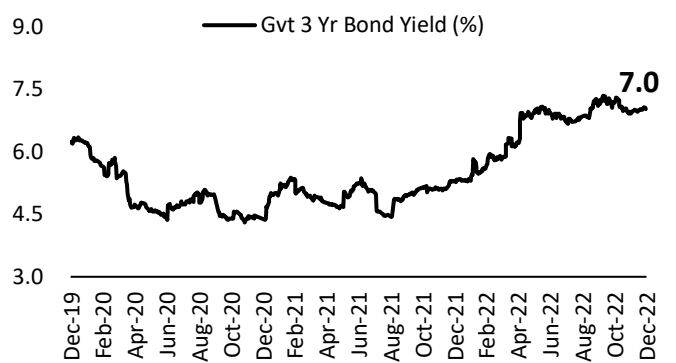
Source: MOFSL, RBI

**Exhibit 11: CD ratio picks up to 75.8% as of 16<sup>th</sup> Dec'22; expect it to improve further gradually**



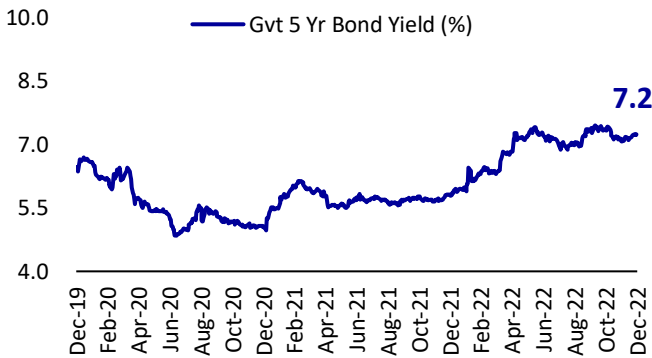
Source: MOFSL, RBI

**Exhibit 12: Three-year G-Sec yield moderated by 8bp in 3QFY23 to its current ~7.0%**



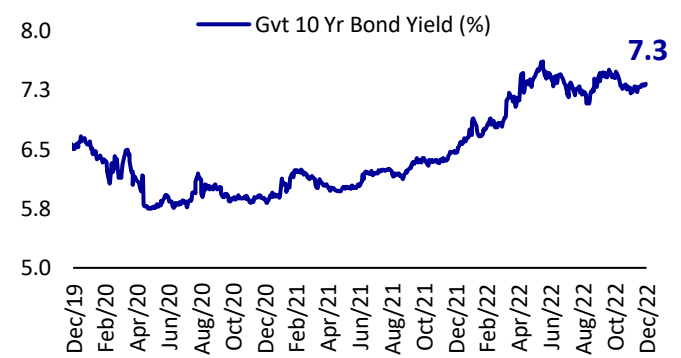
Source: MOFSL, BBG

**Exhibit 13: Five-year G-Sec yield moderated by 9bp in 3QFY23 to its current ~7.2%**



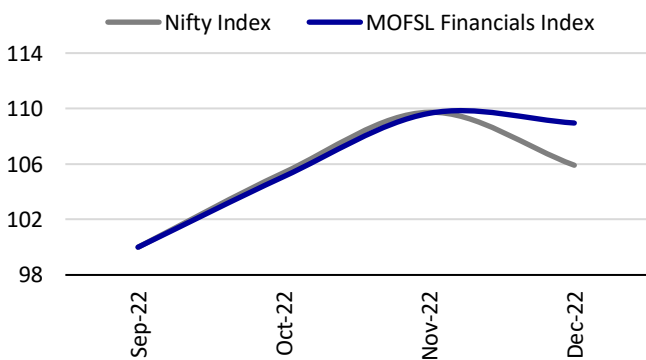
Source: MOFSL, BBG

**Exhibit 14: 10-year G-Sec yield moderates by 7bp in 3QFY23 to its current ~7.3%**



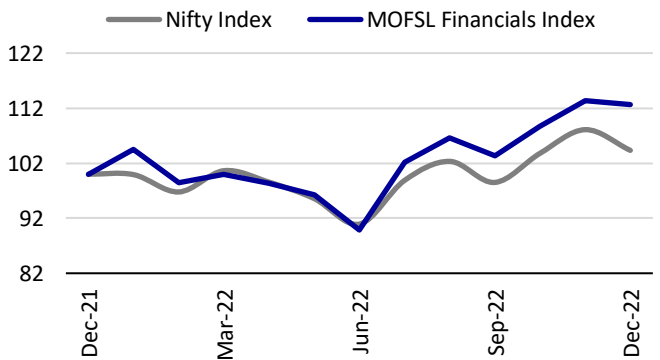
Source: MOFSL, BBG

**Exhibit 15: Relative performance – three months (%)**



Source: MOFSL, Company

**Exhibit 16: One-year relative performance (%)**



Source: MOFSL, Company

## Exhibit 17: Valuation summary

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Financials</b>														
<b>Banks-Private</b>														
						<b>19.4</b>	<b>16.0</b>	<b>0.0</b>	<b>3.0</b>	<b>2.5</b>	<b>0.0</b>	<b>15.5</b>	<b>15.9</b>	<b>0.0</b>
AU Small Finance	657	Buy	21.2	25.4	31.3	31.0	25.8	21.0	4.0	3.5	3.0	14.9	14.4	15.3
Axis Bank	941	Buy	68.7	79.8	90.0	13.7	11.8	10.5	2.4	1.9	1.6	17.8	17.9	16.9
Bandhan Bank	240	Neutral	14.7	28.5	36.0	16.3	8.4	6.7	2.0	1.7	1.4	13.0	22.1	23.2
DCB Bank	128	Neutral	15.0	17.3	19.8	8.5	7.4	6.5	0.9	0.8	0.7	11.6	12.0	12.3
Equitas Holdings	129	Buy	13.9	21.4	29.2	9.3	6.0	4.4	1.0	0.9	0.7	10.7	15.1	18.0
Federal Bank	138	Buy	13.1	15.3	17.8	10.5	9.0	7.7	1.4	1.2	1.1	13.8	14.2	14.6
HDFC Bank	1,629	Buy	79.8	95.1	113.5	20.4	17.1	14.4	3.2	2.8	2.4	17.1	17.4	17.7
ICICI Bank	903	Buy	44.5	51.9	61.1	20.3	17.4	14.8	3.2	2.7	2.3	17.0	16.9	17.0
IDFC First Bank	61	Buy	3.6	4.9	6.7	16.9	12.3	9.1	1.6	1.4	1.2	10.2	12.4	14.6
IndusInd Bank	1,227	Buy	97.0	123.5	153.8	12.7	9.9	8.0	1.7	1.5	1.3	14.7	16.3	17.4
Kotak Mah. Bank	1,826	Neutral	71.7	83.9	98.6	25.5	21.8	18.5	3.3	2.9	2.5	13.1	13.3	13.5
RBL Bank	181	Buy	14.6	20.1	24.7	12.4	9.0	7.4	0.8	0.8	0.7	6.7	8.7	10.0
SBI Cards	795	Buy	25.4	34.4	45.8	31.3	23.1	17.4	7.5	5.8	4.4	27.1	28.3	28.8
<b>Banks-PSU</b>														
						<b>9.4</b>	<b>7.7</b>	<b>0.0</b>	<b>1.2</b>	<b>1.1</b>	<b>0.0</b>	<b>12.8</b>	<b>13.9</b>	<b>0.0</b>
Bank of Baroda	186	Buy	22.0	27.5	31.6	8.4	6.8	5.9	1.0	0.9	0.8	12.5	13.8	14.0
Canara Bank	336	Buy	55.0	71.6	90.4	6.1	4.7	3.7	0.9	0.7	0.6	14.1	15.9	17.2
Indian Bank	296	Buy	42.7	54.0	65.3	6.9	5.5	4.5	0.8	0.7	0.6	13.4	15.0	15.9
Punjab National Bk	57	Neutral	3.5	5.8	7.9	16.2	9.9	7.3	0.7	0.6	0.6	4.0	6.3	8.0
State Bank	612	Buy	59.8	68.7	80.3	10.2	8.9	7.6	1.6	1.4	1.2	17.4	16.9	16.7
Union Bank	81	Buy	11.8	15.9	19.8	6.9	5.1	4.1	0.8	0.7	0.6	11.7	14.4	16.2
<b>Insurance</b>														
HDFC Life Insur.	570	Neutral	6.8	8.1	9.5	84.0	70.6	59.9	3.1	2.6	2.2	17.0	18.3	19.3
ICICI Pru Life	452	Buy	6.4	6.9	7.6	70.9	65.3	59.3	1.8	1.5	1.3	14.3	16.7	17.1
Life Insurance Corp.	709	Buy	34.0	22.6	29.6	20.9	31.4	24.0	0.8	0.7	0.6	8.4	11.8	11.2
Max Financial	685	Neutral	8.3	8.9	9.8	82.5	77.1	70.0	1.8	1.5	1.3	17.7	18.1	17.9
SBI Life Insurance	1,240	Buy	18.1	21.8	25.3	68.5	56.9	49.0	2.6	2.1	1.7	20.6	21.7	22.1

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.

## BANKS- PRIVATE

## AU Small Finance Bank

Buy

CMP: INR657 | TP: INR725 (+10%)

EPS CHANGE (%): FY23|24: -2.9|-3.7

- 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	3QE	4QE		
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,833	11,231	11,708	32,341	43,533
% Change (Y-o-Y)	40.4	34.3	29.6	42.8	34.8	43.8	36.9	25.0	36.7	34.6
Other Income	2,148	1,919	2,756	3,114	1,592	2,474	3,026	3,343	9,937	10,434
Total Income	9,388	9,451	10,961	12,479	11,352	13,307	14,257	15,051	42,278	53,966
Operating Expenses	4,570	5,526	6,376	7,656	7,411	8,319	8,738	9,140	24,128	33,608
Operating Profit	4,818	3,925	4,584	4,823	3,941	4,988	5,519	5,911	18,150	20,358
% Change (Y-o-Y)	8.1	-11.1	-48.8	40.1	-18.2	27.1	20.4	22.5	-14.7	12.2
Provisions	2,072	46	560	932	384	430	659	587	3,610	2,059
Profit before Tax	2,747	3,878	4,025	3,891	3,557	4,558	4,860	5,324	14,541	18,300
Tax Provisions	715	1,093	1,004	430	878	1,132	1,225	1,376	3,242	4,612
Net Profit	2,032	2,785	3,020	3,461	2,679	3,426	3,636	3,948	11,298	13,688
% Change (Y-o-Y)	1.2	-13.5	-36.9	104.8	31.8	23.0	20.4	14.1	-3.5	21.2

## Operating Parameters

Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	583.4	611.3	657.3	525.8	657.3
Loan (INR b)	339.6	358.5	401.8	461.0	486.5	517.4	551.3	593.8	461.0	593.8
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	49.4	38.1	25.0	46.2	25.0
Loan Growth (%)	29.4	31.6	32.6	33.2	43.3	44.4	37.2	28.8	33.2	28.8

## 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	71.0	70.6	75.0	70.6

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

## Axis Bank

Buy

CMP: INR941 | TP: INR1,130 (+20%)

EPS CHANGE (%): FY23|24: -1.0|+1.8

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

## Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	77.6	79.0	86.5	88.2	93.8	103.6	111.3	119.5	331.3	428.2
% Change (Y-o-Y)	11.1	7.8	17.4	16.7	20.9	31.1	28.7	35.4	13.3	29.3
Other Income	33.6	38.0	38.4	42.2	30.0	39.4	41.8	44.1	152.2	155.2
Total Income	111.2	117.0	124.9	130.4	123.8	143.0	153.1	163.5	483.5	583.5
Operating Expenses	49.3	57.7	63.3	65.8	65.0	65.9	68.6	71.7	236.1	271.1
Operating Profit	61.9	59.3	61.6	64.7	58.9	77.2	84.5	91.9	247.4	312.4
% Change (Y-o-Y)	5.9	-11.0	17.4	12.7	-4.8	30.2	37.2	42.1	7.0	26.3
Provisions	33.0	17.4	13.3	9.9	3.6	5.5	9.5	12.0	73.6	30.6
Profit before Tax	28.8	41.9	48.3	54.8	55.3	71.7	75.0	79.9	173.8	281.8
Tax	7.2	10.6	12.1	13.6	14.0	18.4	18.9	19.7	43.6	71.0
Net Profit	21.6	31.3	36.1	41.2	41.3	53.3	56.1	60.1	130.3	210.8
% Change (Y-o-Y)	94.2	86.2	223.7	53.8	91.0	70.1	55.3	46.0	97.7	61.8

## Operating Parameters

Deposit (INR t)	7.1	7.4	7.7	8.2	8.0	8.1	8.5	9.0	8.2	9.0
Loan (INR t)	6.1	6.2	6.6	7.1	7.0	7.3	7.7	8.1	7.1	8.1
Deposit Growth (%)	16.0	18.1	20.3	17.7	12.6	10.1	10.4	10.0	17.7	10.0
Loan Growth (%)	12.0	10.1	16.7	15.2	14.0	17.6	16.0	15.0	15.2	15.0

## Asset Quality

Gross NPA (%)	3.9	3.5	3.2	2.8	2.8	2.5	2.4	2.2	3.0	2.2
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	79.0	78.8	74.3	78.8

**Bandhan Bank****Neutral****CMP: INR240 | TP: INR270 (+12%)****EPS CHANGE (%): FY23|24: -8.8|+4.0**

- Expect NIM to remain steady at ~7.2%
- Remain watchful of credit costs; slippages to remain elevated, especially from the SMA/restructuring book
- Expect business growth to see some recovery
- Commentaries around CE, Restructuring and SMA book are key monitorables

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>21.1</b>	<b>19.4</b>	<b>21.2</b>	<b>25.4</b>	<b>25.1</b>	<b>21.9</b>	<b>22.5</b>	<b>23.9</b>	<b>87.1</b>	<b>93.5</b>
% Change (YoY)	16.7	0.6	2.6	44.6	18.9	13.3	6.1	-5.8	15.2	7.3
Other Income	6.2	5.2	7.1	9.6	3.3	4.8	8.5	7.7	28.2	24.3
<b>Total Income</b>	<b>27.3</b>	<b>24.6</b>	<b>28.4</b>	<b>35.0</b>	<b>28.4</b>	<b>26.7</b>	<b>31.0</b>	<b>31.6</b>	<b>115.4</b>	<b>117.8</b>
Operating Expenses	7.7	8.8	8.9	9.8	10.2	11.2	11.5	12.0	35.2	44.9
<b>Operating Profit</b>	<b>19.6</b>	<b>15.8</b>	<b>19.5</b>	<b>25.2</b>	<b>18.2</b>	<b>15.5</b>	<b>19.5</b>	<b>19.6</b>	<b>80.1</b>	<b>72.9</b>
% Change (YoY)	23.5	-1.7	1.4	53.5	-7.0	-2.0	0.2	-22.1	18.4	-9.0
Provisions	14.6	56.1	8.1	0.0	6.4	12.8	15.8	6.3	78.8	41.3
<b>Profit Before Tax</b>	<b>5.0</b>	<b>-40.3</b>	<b>11.4</b>	<b>25.2</b>	<b>11.8</b>	<b>2.7</b>	<b>3.7</b>	<b>13.4</b>	<b>1.3</b>	<b>31.6</b>
Tax	1.2	-10.2	2.9	6.1	2.9	0.6	0.9	3.5	0.0	8.0
<b>Net Profit</b>	<b>3.7</b>	<b>-30.1</b>	<b>8.6</b>	<b>19.0</b>	<b>8.9</b>	<b>2.1</b>	<b>2.8</b>	<b>9.9</b>	<b>1.3</b>	<b>23.7</b>
% Change (YoY)	-32.1	NM	35.8	NM	137.6	NM	-67.4	-47.9	-94.3	NM
<b>Operating Parameters</b>										
Deposits (INR b)	773	819	845	963	931	994	1,053	1,127	963	1,127
Loans (INR b)	748	745	803	940	909	902	927	1,040	940	1,040
Deposit Growth (%)	27.6	23.8	18.7	23.5	20.3	21.3	24.7	17.0	23.5	17.0
Loan Growth (%)	7.2	1.6	4.6	15.1	21.6	21.1	15.4	10.7	15.1	10.7
<b>Asset Quality</b>										
Gross NPA (%)	8.2	10.8	10.8	6.5	7.3	7.2	7.8	6.8	6.5	6.8
Net NPA (%)	3.3	3.0	3.0	1.7	1.9	1.9	2.1	1.2	1.7	1.2
PCR (%)	61.8	74.1	74.4	75.5	74.9	75.5	75.0	83.3	75.5	83.3

**DCB Bank****Neutral****CMP: INR128 | TP: INR120 (-6%)****EPS CHANGE (%): FY23|24: +3.7|-0.5**

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

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>3,087</b>	<b>3,233</b>	<b>3,450</b>	<b>3,805</b>	<b>3,740</b>	<b>4,111</b>	<b>4,338</b>	<b>4,560</b>	<b>13,575</b>	<b>16,749</b>
% Change (Y-o-Y)	0.6	-3.2	3.1	22.3	21.1	27.2	25.7	19.9	5.5	23.4
Other Income	1,212	977	1,183	1,148	924	992	1,181	1,287	4,520	4,385
<b>Total Income</b>	<b>4,299</b>	<b>4,211</b>	<b>4,634</b>	<b>4,953</b>	<b>4,664</b>	<b>5,103</b>	<b>5,519</b>	<b>5,848</b>	<b>18,095</b>	<b>21,133</b>
Operating Expenses	2,277	2,459	2,645	2,744	3,002	3,278	3,377	3,493	10,126	13,150
<b>Operating Profit</b>	<b>2,022</b>	<b>1,751</b>	<b>1,988</b>	<b>2,208</b>	<b>1,661</b>	<b>1,826</b>	<b>2,142</b>	<b>2,354</b>	<b>7,970</b>	<b>7,983</b>
% Change (Y-o-Y)	5.8	-17.8	-28.8	9.8	-17.8	4.2	7.7	6.6	-10.0	0.2
Provisions	1,565	863	970	676	350	310	465	554	4,074	1,679
<b>Profit before Tax</b>	<b>457</b>	<b>888</b>	<b>1,019</b>	<b>1,532</b>	<b>1,311</b>	<b>1,516</b>	<b>1,677</b>	<b>1,800</b>	<b>3,895</b>	<b>6,304</b>
Tax	119	239	265	398	340	392	432	463	1,020	1,626
<b>Net Profit</b>	<b>338</b>	<b>649</b>	<b>754</b>	<b>1,134</b>	<b>971</b>	<b>1,124</b>	<b>1,245</b>	<b>1,338</b>	<b>2,875</b>	<b>4,677</b>
% Change (Y-o-Y)	-57.5	-21.1	-21.7	45.6	187.8	73.0	65.2	17.9	-14.4	62.7
<b>Operating Parameters</b>										
Deposit (INR b)	306.0	317.7	322.3	346.9	350.8	369.6	385.3	405.9	346.9	405.9
Loan (INR b)	252.9	265.4	276.6	291.0	298.1	312.9	327.9	343.3	291.0	343.3
Deposit Growth (%)	4.0	10.4	11.7	16.8	14.6	16.3	19.5	17.0	16.8	17.0
Loan Growth (%)	0.9	6.7	9.3	13.0	17.9	17.9	18.6	18.0	13.0	18.0
<b>Asset Quality</b>										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	3.9	3.7	3.6	4.3	3.6
Net NPA (%)	2.8	2.6	2.6	2.0	1.8	1.5	1.5	1.4	2.0	1.4
PCR (%)	43.3	45.0	48.0	55.6	57.8	61.3	61.0	60.6	55.6	60.6

## Equitas Holdings

**Buy**
**CMP: INR129 | TP: INR150 (+16%)**
**EPS CHANGE (%): FY23|24: -2.3|-2.5**

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

### Quarterly performance

**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>4,610</b>	<b>4,838</b>	<b>5,411</b>	<b>5,525</b>	<b>5,806</b>	<b>6,097</b>	<b>6,295</b>	<b>6,488</b>	<b>20,385</b>	<b>24,691</b>
% Change (YoY)	14.0	4.9	11.8	23.2	25.9	26.0	16.3	17.4	13.4	21.1
Other Income	1,036	1,521	1,339	1,481	1,332	1,450	1,665	1,788	5,376	6,236
<b>Total Income</b>	<b>5,646</b>	<b>6,359</b>	<b>6,749</b>	<b>7,006</b>	<b>7,138</b>	<b>7,547</b>	<b>7,960</b>	<b>8,276</b>	<b>25,761</b>	<b>30,926</b>
Operating Expenses	4,002	4,370	4,502	4,167	4,456	5,124	5,221	5,128	17,041	19,929
<b>Operating Profit</b>	<b>1,644</b>	<b>1,989</b>	<b>2,247</b>	<b>2,839</b>	<b>2,682</b>	<b>2,423</b>	<b>2,738</b>	<b>3,149</b>	<b>8,719</b>	<b>10,997</b>
% Change (YoY)	15.8	-5.5	-20.7	13.6	63.1	21.8	21.9	10.9	-1.7	26.1
Provisions	1,501	1,421	784	1,232	1,416	901	1,103	1,375	4,938	4,795
<b>Profit before Tax</b>	<b>142</b>	<b>568</b>	<b>1,463</b>	<b>1,607</b>	<b>1,266</b>	<b>1,522</b>	<b>1,635</b>	<b>1,773</b>	<b>3,781</b>	<b>6,202</b>
Tax	23	156	382	412	296	358	384	418	974	1,457
<b>Net Profit</b>	<b>119</b>	<b>412</b>	<b>1,081</b>	<b>1,195</b>	<b>970</b>	<b>1,164</b>	<b>1,251</b>	<b>1,355</b>	<b>2,807</b>	<b>4,744</b>
% Change (YoY)	-79.3	-60.0	-2.3	5.9	713.4	182.6	15.7	13.4	-26.9	69.0
<b>Operating Parameters</b>										
AUM (INR b)	178	190	197	206	217	228	237	257	206	247
Deposits (INR b)	171	181	179	190	204	217	228	241	190	241
Loans (INR b)	167	178	183	194	205	218	230	242	194	242
AUM Growth (%)	15	13	13	15	22	20	20	25	15	20
Deposit Growth (%)	45	40	13	16	19	20	27	27	16	27
Loan Growth (%)	16	12	9	15	22	22	25	25	15	25
<b>Asset Quality</b>										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.1	3.9	3.8	3.8	4.2	3.8
Net NPA (%)	2.4	2.5	2.5	2.5	2.2	2.0	1.9	1.9	2.5	1.9
PCR (%)	51.2	50.1	46.8	42.7	48.5	50.5	51.0	51.6	42.7	51.6

## Federal Bank

**Buy**
**CMP: INR138 | TP: INR160 (+16%)**
**EPS CHANGE (%): FY23|24: +2.2|+0.3**

- 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 ~3.4%; Watchful of commentary on the cost of funds going ahead

### Quarterly performance

**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>14.2</b>	<b>14.8</b>	<b>15.4</b>	<b>15.3</b>	<b>16.0</b>	<b>17.6</b>	<b>18.7</b>	<b>19.7</b>	<b>59.6</b>	<b>72.1</b>
% Change (YoY)	9.4	7.2	7.1	7.4	13.1	19.1	21.8	29.1	7.7	20.9
Other Income	6.5	4.9	4.8	4.7	4.5	6.1	5.6	5.9	20.9	22.1
<b>Total Income</b>	<b>20.7</b>	<b>19.7</b>	<b>20.2</b>	<b>19.9</b>	<b>20.6</b>	<b>23.7</b>	<b>24.3</b>	<b>25.6</b>	<b>80.5</b>	<b>94.3</b>
Operating Expenses	9.3	10.6	11.1	11.9	10.8	11.6	12.0	12.3	42.9	46.7
<b>Operating Profit</b>	<b>11.3</b>	<b>9.1</b>	<b>9.1</b>	<b>8.0</b>	<b>9.7</b>	<b>12.1</b>	<b>12.4</b>	<b>13.3</b>	<b>37.6</b>	<b>47.5</b>
% Change (YoY)	21.5	-3.6	-4.4	-11.0	-14.1	32.9	35.2	66.6	-1.1	26.4
Provisions	6.4	2.9	2.1	0.8	1.7	2.7	2.8	3.3	12.2	10.5
<b>Profit before Tax</b>	<b>4.9</b>	<b>6.2</b>	<b>7.0</b>	<b>7.2</b>	<b>8.1</b>	<b>9.4</b>	<b>9.5</b>	<b>10.0</b>	<b>25.4</b>	<b>37.0</b>
Tax	1.3	1.6	1.8	1.8	2.1	2.4	2.4	2.5	6.5	9.4
<b>Net Profit</b>	<b>3.7</b>	<b>4.6</b>	<b>5.2</b>	<b>5.4</b>	<b>6.0</b>	<b>7.0</b>	<b>7.1</b>	<b>7.4</b>	<b>18.9</b>	<b>27.6</b>
% Change (YoY)	-8.4	49.6	29.1	13.1	63.5	52.9	35.9	37.2	18.8	45.8
<b>Operating Parameters</b>										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,891	2,014	2,053	1,817	2,053
Loan (INR b)	1,298	1,344	1,407	1,449	1,517	1,612	1,684	1,754	1,449	1,754
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	10.0	14.8	13.0	5.2	13.0
Loan Growth (%)	7.0	9.4	12.1	9.9	16.9	20.0	19.6	21.0	9.9	21.0
<b>Asset Quality</b>										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.5	2.3	2.2	2.8	2.2
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	69.0	70.1	66.3	70.1

**HDFC Bank****Buy****CMP: INR1,629 | TP: INR1,900 (+17%)****EPS CHANGE (%): FY23|24: +0.6|+1.1**

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

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>170.1</b>	<b>176.8</b>	<b>184.4</b>	<b>188.7</b>	<b>194.8</b>	<b>210.2</b>	<b>227.2</b>	<b>240.7</b>	<b>720.1</b>	<b>873.0</b>
% Change (Y-o-Y)	8.6	12.1	13.0	10.2	14.5	18.9	23.2	27.5	11.0	21.2
Other Income	62.9	74.0	81.8	76.4	63.9	76.0	84.7	88.2	295.1	312.8
<b>Total Income</b>	<b>233.0</b>	<b>250.9</b>	<b>266.3</b>	<b>265.1</b>	<b>258.7</b>	<b>286.2</b>	<b>312.0</b>	<b>328.9</b>	<b>1,015.2</b>	<b>1,185.8</b>
Operating Expenses	81.6	92.8	98.5	101.5	105.0	112.2	117.3	125.4	374.4	460.0
<b>Operating Profit</b>	<b>151.4</b>	<b>158.1</b>	<b>167.8</b>	<b>163.6</b>	<b>153.7</b>	<b>173.9</b>	<b>194.7</b>	<b>203.5</b>	<b>640.8</b>	<b>725.8</b>
% Change (Y-o-Y)	18.0	14.4	10.5	5.3	1.5	10.0	16.0	24.4	11.7	13.3
Provisions	48.3	39.2	29.9	33.1	31.9	32.4	30.4	39.1	150.6	133.8
<b>Profit before Tax</b>	<b>103.1</b>	<b>118.8</b>	<b>137.8</b>	<b>130.4</b>	<b>121.8</b>	<b>141.5</b>	<b>164.3</b>	<b>164.4</b>	<b>490.2</b>	<b>592.0</b>
Tax	25.8	30.5	34.4	29.9	29.8	35.5	41.2	42.7	120.5	149.2
<b>Net Profit</b>	<b>77.3</b>	<b>88.3</b>	<b>103.4</b>	<b>100.6</b>	<b>92.0</b>	<b>106.1</b>	<b>123.1</b>	<b>121.7</b>	<b>369.6</b>	<b>442.8</b>
% Change (Y-o-Y)	16.1	17.6	18.1	22.8	19.0	20.1	19.0	21.0	18.8	19.8

**Operating Parameters**

Deposit	13,458	14,063	14,459	15,592	16,048	16,734	17,502	18,321	15,592	18,321
Loan	11,477	11,988	12,609	13,688	13,951	14,799	15,509	16,289	13,688	16,289
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.2	19.0	21.0	17.5	16.8	17.5
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	23.4	23.0	19.0	20.8	19.0

**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	73.0	72.8	72.7	72.8

**ICICI Bank****Buy****CMP: INR903 | TP: INR1,150 (+27%)****EPS CHANGE (%): FY23|24: +0.0|-2.0**

- Expect loan growth to see healthy traction and margin to witness expansion to 4.4%
- Expect credit costs to remain stable and slippages to moderate
- Traction in deposits and rise in cost of deposits to be key
- Traction in credit card and overall business to be key

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>109.4</b>	<b>116.9</b>	<b>122.4</b>	<b>126.0</b>	<b>132.1</b>	<b>147.9</b>	<b>154.8</b>	<b>160.7</b>	<b>474.7</b>	<b>595.5</b>
% Change (YoY)	17.8	24.8	23.4	20.8	20.8	26.5	26.5	27.5	21.7	25.5
Other Income	40.0	48.0	49.9	47.4	46.7	50.5	53.0	54.4	185.2	204.6
<b>Total Income</b>	<b>149.3</b>	<b>164.9</b>	<b>172.2</b>	<b>173.4</b>	<b>178.8</b>	<b>198.4</b>	<b>207.8</b>	<b>215.1</b>	<b>659.8</b>	<b>800.1</b>
Operating Expenses	60.4	65.7	70.7	70.5	75.7	81.6	84.5	85.6	267.3	327.4
<b>Operating Profit</b>	<b>88.9</b>	<b>99.1</b>	<b>101.5</b>	<b>102.9</b>	<b>103.1</b>	<b>116.8</b>	<b>123.4</b>	<b>129.5</b>	<b>392.5</b>	<b>472.8</b>
% Change (YoY)	-17.5	20.0	15.1	20.5	15.9	17.8	21.6	25.8	7.8	20.5
Provisions	28.5	27.1	20.1	10.7	11.4	16.4	17.1	18.3	86.4	63.3
<b>Profit before Tax</b>	<b>60.4</b>	<b>72.0</b>	<b>81.4</b>	<b>92.2</b>	<b>91.7</b>	<b>100.4</b>	<b>106.3</b>	<b>111.2</b>	<b>306.1</b>	<b>409.5</b>
Tax	14.3	16.9	19.5	22.1	22.6	24.8	25.9	27.0	72.7	100.3
<b>Net Profit</b>	<b>46.2</b>	<b>55.1</b>	<b>61.9</b>	<b>70.2</b>	<b>69.0</b>	<b>75.6</b>	<b>80.4</b>	<b>84.2</b>	<b>233.4</b>	<b>309.2</b>
% Change (YoY)	77.6	29.6	25.4	59.4	49.6	37.1	29.7	19.9	44.1	32.5

**Operating Parameters**

Deposit	9,262	9,774	10,175	10,646	10,503	10,900	11,411	12,030	10,646	12,030
Loan	7,386	7,649	8,140	8,590	8,956	9,386	9,814	10,308	8,590	10,308
Deposit Growth (%)	15.5	17.3	16.4	14.2	13.4	11.5	12.2	13.0	14.2	13.0
Loan Growth (%)	17.0	17.2	16.4	17.1	21.3	22.7	20.6	20.0	17.1	20.0

**Asset Quality**

Gross NPA (%)	5.2	4.8	4.1	3.6	3.4	3.2	3.1	2.8	3.6	2.8
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.6	0.8	0.6
PCR (%)	78.4	80.3	80.2	79.5	79.9	81.3	81.0	80.3	79.2	80.3



**IDFC First Bank****Buy****CMP: INR61 | TP: INR70 (+15%)****EPS CHANGE (%): FY23|24: -0.2|-1.6**

- 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 6.0%

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>21.8</b>	<b>22.7</b>	<b>25.8</b>	<b>26.7</b>	<b>27.5</b>	<b>30.0</b>	<b>31.4</b>	<b>32.8</b>	<b>97.1</b>	<b>121.8</b>
% Change (Y-o-Y)	25.3	27.4	36.3	36.2	25.9	32.1	21.8	23.0	31.5	25.5
Other Income	8.4	7.8	7.7	8.3	8.6	10.6	10.8	11.3	32.2	41.2
<b>Total Income</b>	<b>30.3</b>	<b>30.5</b>	<b>33.5</b>	<b>35.0</b>	<b>36.1</b>	<b>40.6</b>	<b>42.2</b>	<b>44.2</b>	<b>129.3</b>	<b>163.0</b>
Operating Expenses	20.3	23.6	25.8	26.7	26.6	28.9	30.2	31.9	96.4	117.7
<b>Operating Profit</b>	<b>9.9</b>	<b>6.9</b>	<b>7.7</b>	<b>8.3</b>	<b>9.4</b>	<b>11.7</b>	<b>11.9</b>	<b>12.3</b>	<b>32.8</b>	<b>45.4</b>
% Change (Y-o-Y)	11.6	-13.4	2.3	32.7	-5.1	68.7	55.2	48.8	31.4	38.2
Provisions	18.7	4.7	3.9	3.7	3.1	4.2	4.1	3.9	31.1	15.4
<b>Profit before Tax</b>	<b>-8.8</b>	<b>2.2</b>	<b>3.8</b>	<b>4.6</b>	<b>6.4</b>	<b>7.4</b>	<b>7.8</b>	<b>8.4</b>	<b>1.8</b>	<b>30.0</b>
Tax	-2.5	0.7	1.0	1.1	1.6	1.9	2.0	2.1	0.3	7.6
<b>Net Profit</b>	<b>-6.3</b>	<b>1.5</b>	<b>2.8</b>	<b>3.4</b>	<b>4.7</b>	<b>5.6</b>	<b>5.9</b>	<b>6.3</b>	<b>1.5</b>	<b>22.5</b>
% Change (Y-o-Y)	NM	50.5	117.1	168.2	NM	266.1	108.5	83.7	-67.8	NM
<b>Operating Parameters</b>										
Deposit Growth (%)	30.8	19.0	10.0	19.1	24.1	36.8	40.6	29.0	19.1	29.0
Loan Growth (%)	10.9	13.6	9.6	17.2	22.0	31.8	20.7	24.0	17.2	24.0
Deposit (INR b)	913	902	928	1,056	1,133	1,234	1,304	1,363	1,056	1,363
Loan (INR b)	1,086	1,023	1,164	1,179	1,326	1,348	1,405	1,461	1,179	1,461
<b>Asset Quality</b>										
Gross NPA (%)	4.6	4.3	4.0	3.7	3.4	3.2	3.1	3.0	3.8	3.0
Net NPA (%)	2.3	2.1	1.7	1.5	1.3	1.1	1.0	0.9	1.5	0.9
PCR (%)	50.9	52.1	57.1	59.5	62.0	66.3	67.7	68.9	59.5	68.9

**IndusInd Bank****Buy****CMP: INR1,227 | TP: INR1,450 (+18%)****EPS CHANGE (%): FY23|24: -2.3|+1.7**

- 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 remain under pressure at ~4.1%
- 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	3QE	4QE		
<b>Net Interest Income</b>	<b>35.6</b>	<b>36.6</b>	<b>37.9</b>	<b>39.9</b>	<b>41.3</b>	<b>43.0</b>	<b>44.3</b>	<b>46.6</b>	<b>150.0</b>	<b>175.2</b>
% Change (YoY)	7.7	11.6	11.4	12.7	15.8	17.6	16.9	17.0	10.9	16.8
Other Income	17.2	18.4	18.8	19.0	19.3	20.1	20.8	22.0	74.1	82.2
<b>Total Income</b>	<b>52.9</b>	<b>55.0</b>	<b>56.7</b>	<b>58.9</b>	<b>60.6</b>	<b>63.1</b>	<b>65.1</b>	<b>68.6</b>	<b>224.1</b>	<b>257.4</b>
Operating Expenses	21.7	22.8	23.6	25.1	26.3	27.7	28.3	29.7	93.1	111.9
<b>Operating Profit</b>	<b>31.2</b>	<b>32.2</b>	<b>33.1</b>	<b>33.8</b>	<b>34.3</b>	<b>35.4</b>	<b>36.8</b>	<b>39.0</b>	<b>131.0</b>	<b>145.5</b>
% Change (YoY)	6.6	13.0	11.8	8.0	9.9	10.0	11.1	15.3	10.3	11.1
Provisions	17.8	17.1	16.5	14.6	12.5	11.4	10.7	10.4	66.6	45.1
<b>Profit before Tax</b>	<b>13.4</b>	<b>15.2</b>	<b>16.6</b>	<b>19.2</b>	<b>21.8</b>	<b>24.0</b>	<b>26.1</b>	<b>28.5</b>	<b>64.3</b>	<b>100.4</b>
Tax	3.3	3.7	4.2	5.2	5.5	6.0	6.6	7.3	16.3	25.3
<b>Net Profit</b>	<b>10.2</b>	<b>11.5</b>	<b>12.4</b>	<b>14.0</b>	<b>16.3</b>	<b>18.1</b>	<b>19.5</b>	<b>21.3</b>	<b>48.0</b>	<b>75.1</b>
% Change (YoY)	99.1	72.9	49.5	51.2	60.5	57.4	57.1	51.7	64.0	56.3
<b>Operating Parameters</b>										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,031	3,155	3,293	3,432	2,933	3,432
Loan (INR b)	2,107	2,208	2,286	2,391	2,480	2,601	2,726	2,857	2,391	2,857
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.4	14.6	15.7	17.0	14.6	17.0
Loan Growth (%)	6.4	9.7	10.4	12.4	17.7	17.8	19.3	19.5	12.4	19.5
<b>Asset Quality</b>										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.4	2.1	2.0	1.8	2.3	1.8
Net NPA (%)	0.8	0.8	0.7	0.6	0.7	0.6	0.5	0.5	0.6	0.5
PCR (%)	71.6	71.6	71.7	72.3	72.0	71.5	73.0	74.3	72.3	74.3

**Kotak Mahindra Bank****Neutral**

CMP: INR1,826 | TP: INR2,040 (+12%)

EPS CHANGE (%): FY23|24: -0.4|+1.7

- Expect loan growth to see a strong traction; Traction in unsecured loans to be seen
- Commentaries around stress in the SME book and other unsecured loans are key monitorables
- Expect liability franchise to remain strong and margins to remain healthy at 5.2%; 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	3QE	4QE		
<b>Net Interest Income</b>	<b>39.4</b>	<b>40.2</b>	<b>43.3</b>	<b>45.2</b>	<b>47.0</b>	<b>51.0</b>	<b>53.9</b>	<b>56.1</b>	<b>168.2</b>	<b>207.9</b>
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	26.8	24.3	24.1	9.6	23.6
Other Income	13.5	18.1	13.6	18.3	12.4	19.5	20.1	21.0	63.5	73.1
<b>Total Income</b>	<b>52.9</b>	<b>58.3</b>	<b>57.0</b>	<b>63.5</b>	<b>59.4</b>	<b>70.5</b>	<b>74.0</b>	<b>77.1</b>	<b>231.7</b>	<b>281.0</b>
Operating Expenses	24.0	27.1	30.0	30.1	31.6	34.9	36.2	37.0	111.2	139.6
<b>Operating Profit</b>	<b>28.9</b>	<b>31.2</b>	<b>27.0</b>	<b>33.4</b>	<b>27.8</b>	<b>35.7</b>	<b>37.8</b>	<b>40.1</b>	<b>120.5</b>	<b>141.4</b>
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	14.3	39.9	20.0	2.5	17.3
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	1.4	2.7	3.4	6.9	7.7
<b>Profit before Tax</b>	<b>21.9</b>	<b>27.0</b>	<b>28.3</b>	<b>36.5</b>	<b>27.6</b>	<b>34.3</b>	<b>35.1</b>	<b>36.7</b>	<b>113.6</b>	<b>133.7</b>
Tax Provisions	5.4	6.6	7.0	8.8	6.9	8.5	8.5	9.0	27.9	32.9
<b>Net Profit</b>	<b>16.4</b>	<b>20.3</b>	<b>21.3</b>	<b>27.7</b>	<b>20.7</b>	<b>25.8</b>	<b>26.6</b>	<b>27.7</b>	<b>85.7</b>	<b>100.8</b>
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	27.0	24.7	0.1	23.1	17.6
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,252	3,379	3,553	3,117	3,553
Loans (INRb)	2,174	2,349	2,529	2,713	2,802	2,940	3,090	3,255	2,713	3,255
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.5	10.7	14.0	11.3	14.0
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	25.1	22.1	20.0	21.3	20.0
<b>Asset Quality</b>										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.1	2.0	1.9	2.3	1.9
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.6	0.5	0.6	0.5
PCR (%)	64.8	67.5	71.3	73.2	72.6	73.7	73.2	73.4	73.2	73.4

**RBL Bank****Buy**

CMP: INR181 | TP: INR180 (-1%)

EPS CHANGE (%): FY23|24: +3.1|-2.5

- Expect business growth to see an uptick; Guidance on the outlook will be a key monitorable
- Expect credit costs to remain steady and witness a gradual moderation
- Expect a gradual improvement in asset quality; remain watchful on its exposure to MFI/Credit Cards
- Margin likely to remain stable at 4.6%; Traction in deposits and rise in deposit cost to be key monitorable

**Quarterly performance**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>9,695</b>	<b>9,155</b>	<b>10,104</b>	<b>11,313</b>	<b>10,277</b>	<b>10,644</b>	<b>11,188</b>	<b>11,989</b>	<b>40,267</b>	<b>44,098</b>
% Change (Y-o-Y)	-6.9	-1.8	11.3	24.9	6.0	16.3	10.7	6.0	6.3	9.5
Other Income	6,534	5,929	5,830	5,114	6,136	5,833	6,139	6,351	23,405	24,459
<b>Total Income</b>	<b>16,229</b>	<b>15,083</b>	<b>15,934</b>	<b>16,427</b>	<b>16,413</b>	<b>16,477</b>	<b>17,327</b>	<b>18,339</b>	<b>63,673</b>	<b>68,556</b>
Operating Expenses	8,567	8,174	9,626	9,853	11,122	11,354	11,499	11,686	36,220	45,660
<b>Operating Profit</b>	<b>7,661</b>	<b>6,910</b>	<b>6,308</b>	<b>6,574</b>	<b>5,291</b>	<b>5,124</b>	<b>5,828</b>	<b>6,654</b>	<b>27,453</b>	<b>22,896</b>
% Change (Y-o-Y)	11.1	1.4	-21.2	-10.8	-30.9	-25.9	-7.6	1.2	-5.9	-16.6
Provisions	13,844	6,515	4,239	4,007	2,530	2,415	2,937	3,327	28,604	11,209
<b>Profit before Tax</b>	<b>-6,182</b>	<b>395</b>	<b>2,069</b>	<b>2,568</b>	<b>2,761</b>	<b>2,709</b>	<b>2,891</b>	<b>3,326</b>	<b>-1,151</b>	<b>11,687</b>
Tax	-1,588	87	508	589	750	693	729	771	-404	2,942
<b>Net Profit</b>	<b>-4,595</b>	<b>308</b>	<b>1,561</b>	<b>1,978</b>	<b>2,012</b>	<b>2,016</b>	<b>2,163</b>	<b>2,556</b>	<b>-747</b>	<b>8,746</b>
% Change (Y-o-Y)	NM	-78.6	6.1	162.6	NM	NM	38.5	29.2	NM	NM
<b>Operating Parameters</b>										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	794.0	811.4	837.5	790.1	837.5
Loan (INR b)	565.3	560.1	581.4	600.2	602.7	629.4	654.9	680.6	600.2	680.6
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	5.0	10.2	6.0	8.0	6.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.6	12.4	12.6	13.4	2.4	13.4
<b>Asset Quality</b>										
Gross NPA (%)	5.0	5.4	4.8	4.4	4.1	3.8	3.6	3.3	4.4	3.3
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	67.5	67.7	70.4	67.7

## SBI Cards and Payment Services

Buy

CMP: INR795 | TP: INR1,050 (+32%)

EPS CHANGE (%): FY23|24: +3.5|+1.2

- Expect credit costs to remain steady
- Spends growth to remain strong; Traction in new account sourcing to be key
- Asset quality is likely to moderate
- Margins likely to remain under pressure 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	3QE	4QE		
Net Interest Income	9.2	9.2	10.0	10.0	10.8	11.2	11.6	12.0	37.9	45.5
% Change (Y-o-Y)	-18.7	-9.1	9.9	20.6	16.7	21.5	15.9	19.9	-2.3	19.9
Other Income	13.0	15.2	18.7	17.5	18.8	19.7	20.6	19.5	64.8	78.5
Total Income	22.2	24.4	28.6	27.5	29.5	30.9	32.1	31.5	102.7	124.0
Operating Expenses	11.7	13.8	17.2	15.8	16.6	18.3	19.3	17.8	58.5	72.1
Operating Profit	10.5	10.6	11.4	11.7	12.9	12.5	12.8	13.6	44.3	51.9
% Change (Y-o-Y)	4.0	-7.2	22.9	24.8	22.5	18.3	11.8	16.4	11.8	17.1
Provisions	6.4	5.9	6.3	3.9	4.5	5.5	4.9	4.7	22.6	19.6
Profit before Tax	4.1	4.6	5.2	7.8	8.4	7.1	7.9	8.9	21.7	32.3
Tax	1.1	1.2	1.3	2.0	2.1	1.8	2.0	2.1	5.6	8.3
Net Profit	3.0	3.4	3.9	5.8	6.3	5.3	5.9	6.8	16.2	24.0
% Change (Y-o-Y)	-22.5	67.3	84.0	231.1	105.8	52.4	52.2	17.8	64.2	48.3
<b>Operating Parameters</b>										
Loan (INRb)	230.4	253.9	279.7	301.9	320.8	365.0	382.0	398.5	301.9	398.5
Loan Growth (%)	5.1	15.8	18.0	28.7	39.2	43.7	36.6	32.0	28.7	32.0
<b>Asset Quality</b>										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.2	2.1	1.9	1.9	2.2	1.9
Net NPA (%)	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.6	0.8	0.6
PCR (%)	78.2	73.7	65.9	65.3	65.1	64.0	65.2	66.3	65.3	66.3

## BANKS-PSU

## Bank of Baroda

Buy

CMP: INR186 | TP: INR200 (+7%)

EPS CHANGE (%): FY23|24: +0.2|-0.5

- 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 cost
- Traction in deposits and margin trajectory to be key monitorables

## Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	78.9	75.7	85.5	86.1	88.4	101.7	97.5	99.4	326.2	387.0
% Change (YoY)	15.8	2.1	14.4	21.2	12.0	34.5	14.0	15.4	13.2	18.6
Other Income	28.6	35.8	25.2	25.2	11.8	18.3	22.6	31.1	114.8	83.8
Total Income	107.5	111.5	110.7	111.3	100.2	120.0	120.2	130.5	441.1	470.9
Operating Expenses	51.5	54.8	55.9	55.0	54.9	59.7	62.6	65.4	217.2	242.6
Operating Profit	56.0	56.7	54.8	56.4	45.3	60.3	57.6	65.1	223.9	228.2
% Change (YoY)	38.6	5.8	7.9	-9.6	-19.2	6.4	5.0	15.5	5.6	1.9
Provisions	40.1	27.5	25.1	37.4	16.8	16.3	20.5	22.4	130.0	76.0
Profit before Tax	16.0	29.2	29.8	19.0	28.4	44.0	37.0	42.7	93.9	152.2
Tax	3.9	8.3	7.8	1.2	6.7	10.9	9.3	11.1	21.1	38.0
Net Profit	12.1	20.9	22.0	17.8	21.7	33.1	27.7	31.6	72.7	114.1
% Change (YoY)	NM	24.4	107.1	NM	79.4	58.7	26.1	77.8	777.3	57.0
<b>Operating Parameters</b>										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,327	10,902	11,137	11,401	10,459	11,401
Loan (INR b)	6,684	6,938	7,322	7,772	7,996	8,366	8,611	8,937	7,772	8,937
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	10.9	13.6	13.9	9.0	8.2	9.0
Loan Growth (%)	(2.7)	3.6	4.8	10.0	19.6	20.6	17.6	15.0	10.0	15.0
<b>Asset Quality</b>										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	5.3	5.0	4.8	6.6	4.8
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.2	1.1	1.0	1.7	1.0
PCR (%)	67.9	67.1	70.6	75.3	75.9	79.1	79.6	79.3	75.3	79.3

**Canara Bank****Buy****CMP: INR336 | TP: INR380 (+13%)****EPS CHANGE (%): FY23 | 24: -2.3 | -2.1**

- 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 expand to ~2.9%; Traction in deposits and movement in cost of deposits to be key monitorable

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>61.6</b>	<b>62.7</b>	<b>69.4</b>	<b>70.1</b>	<b>67.8</b>	<b>74.3</b>	<b>79.5</b>	<b>84.2</b>	<b>263.8</b>	<b>305.9</b>
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	18.5	14.5	20.2	9.5	16.0
Other Income	41.6	42.7	36.1	44.6	51.8	48.3	46.5	51.4	165.0	198.0
<b>Total Income</b>	<b>103.2</b>	<b>105.4</b>	<b>105.6</b>	<b>114.7</b>	<b>119.6</b>	<b>122.6</b>	<b>126.1</b>	<b>135.6</b>	<b>428.8</b>	<b>503.9</b>
Operating Expenses	48.3	49.4	47.5	52.7	53.5	53.5	56.9	59.1	184.4	223.0
<b>Operating Profit</b>	<b>54.8</b>	<b>56.0</b>	<b>58.0</b>	<b>62.0</b>	<b>66.1</b>	<b>69.1</b>	<b>69.2</b>	<b>76.6</b>	<b>244.4</b>	<b>280.9</b>
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	23.2	19.3	23.5	24.2	14.9
Other Provisions	34.6	33.6	22.4	37.1	36.9	36.4	34.6	36.4	141.3	144.3
Exceptional Item (Expense)	NA	NA	0.0	NA	NA	NA	NA	NA	13.5	NA
<b>Profit before Tax</b>	<b>20.2</b>	<b>22.4</b>	<b>35.6</b>	<b>24.9</b>	<b>29.2</b>	<b>32.7</b>	<b>34.6</b>	<b>40.2</b>	<b>89.6</b>	<b>136.6</b>
Tax	8.4	9.1	7.0	8.3	8.9	7.4	8.7	11.8	32.8	36.9
<b>Net Profit</b>	<b>11.8</b>	<b>13.3</b>	<b>28.6</b>	<b>16.7</b>	<b>20.2</b>	<b>25.3</b>	<b>25.9</b>	<b>28.4</b>	<b>56.8</b>	<b>99.7</b>
% Change (Y-o-Y)	189.8	199.9	310.5	64.8	71.7	89.5	-9.5	70.4	122.0	75.6
<b>Operating Parameters</b>										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,340	11,701	12,059	10,864	12,059
Loan ( INR b)	6,485	6,496	6,922	7,036	7,469	7,885	8,077	8,260	7,036	8,260
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	9.8	12.1	11.0	7.5	11.0
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	21.4	16.7	17.4	10.1	17.4
<b>Asset Quality</b>										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.4	6.0	5.8	7.5	5.8
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.2	2.0	1.9	2.7	1.9
PCR (%)	61.5	63.9	65.2	66.5	66.2	67.1	67.8	68.5	65.9	68.5

**Indian Bank****Buy****CMP: INR296 | TP: INR300 (+1%)****EPS CHANGE (%): FY23 | 24: -10.4 | -4.3**

- Expect loan growth to remain modest
- Stress in SME and restructuring book to be monitored
- Expect margin to improve to ~3.3%; Traction in deposits and rise in cost of deposits to be key monitorable
- Expect asset quality to improve and credit costs to remain steady

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>39.9</b>	<b>40.8</b>	<b>44.0</b>	<b>42.6</b>	<b>45.3</b>	<b>46.8</b>	<b>48.9</b>	<b>50.6</b>	<b>167.3</b>	<b>191.7</b>
% Change (YoY)	3.1	-1.5	1.9	27.6	13.5	14.7	11.2	19.0	6.8	14.6
Other Income	18.2	19.7	15.6	15.7	16.0	18.3	18.9	19.4	69.2	72.6
<b>Total Income</b>	<b>58.1</b>	<b>60.5</b>	<b>59.5</b>	<b>58.3</b>	<b>61.4</b>	<b>65.1</b>	<b>67.8</b>	<b>70.1</b>	<b>236.4</b>	<b>264.3</b>
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.8	31.1	33.1	109.3	118.7
<b>Operating Profit</b>	<b>34.2</b>	<b>32.8</b>	<b>32.9</b>	<b>27.4</b>	<b>35.6</b>	<b>36.3</b>	<b>36.7</b>	<b>37.0</b>	<b>127.2</b>	<b>145.6</b>
% Change (YoY)	24.1	11.3	15.5	14.8	4.3	10.8	11.5	35.1	16.0	14.5
Other Provisions	25.6	25.5	24.9	19.1	22.2	20.6	20.0	19.5	95.1	82.3
<b>Profit before Tax</b>	<b>8.6</b>	<b>7.3</b>	<b>7.9</b>	<b>8.2</b>	<b>13.5</b>	<b>15.7</b>	<b>16.7</b>	<b>17.5</b>	<b>32.0</b>	<b>63.3</b>
Tax	-3.2	-3.6	1.1	-1.6	1.3	3.5	2.7	2.7	-7.4	10.1
<b>Net Profit</b>	<b>11.8</b>	<b>10.9</b>	<b>6.9</b>	<b>9.8</b>	<b>12.1</b>	<b>12.3</b>	<b>14.0</b>	<b>14.8</b>	<b>39.4</b>	<b>53.2</b>
% Change (YoY)	220.0	164.2	34.1	-42.4	2.7	12.5	102.8	50.1	31.3	34.7
<b>Operating Parameters</b>										
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	5,889	6,082	6,352	5,936	6,352
Loans (INR b)	3,644	3,584	3,743	3,892	4,009	4,121	4,242	4,359	3,892	4,359
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	6.8	8.1	7.0	10.3	7.0
Loan Growth (%)	7.3	5.5	3.2	7.3	10.0	15.0	13.3	12.0	7.3	12.0
<b>Asset Quality</b>										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.3	6.7	6.3	8.5	6.3
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	1.5	1.4	1.3	2.3	1.3
PCR (%)	66.5	68.1	72.2	74.9	75.5	80.7	80.1	80.5	74.9	80.5

**Punjab National Bank****Neutral****CMP: INR57 | TP: INR50 (-13%)****EPS CHANGE (%): FY23|24: -2.6|-2.5**

- Expect loan growth to remain modest
- Expect margin to improve slightly to ~3.1%; Rise in cost of deposits and traction in deposits to be key
- SMA, slippages, and restructuring book 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	3QE	4QE		
<b>Net Interest Income</b>	<b>72.3</b>	<b>63.5</b>	<b>78.0</b>	<b>73.0</b>	<b>75.4</b>	<b>82.7</b>	<b>86.4</b>	<b>90.3</b>	<b>286.9</b>	<b>334.9</b>
% Change (YoY)	6.7	-24.9	-6.5	5.3	4.3	30.2	10.7	23.7	-6.1	16.7
Other Income	38.9	32.8	27.0	24.5	25.4	28.5	30.6	31.4	123.2	115.8
<b>Total Income</b>	<b>111.2</b>	<b>96.3</b>	<b>105.0</b>	<b>97.5</b>	<b>100.8</b>	<b>111.2</b>	<b>117.0</b>	<b>121.7</b>	<b>410.1</b>	<b>450.7</b>
Operating Expenses	47.2	56.1	54.3	44.9	47.0	55.5	57.9	59.7	202.5	220.1
<b>Operating Profit</b>	<b>64.0</b>	<b>40.2</b>	<b>50.8</b>	<b>52.6</b>	<b>53.8</b>	<b>55.7</b>	<b>59.1</b>	<b>62.0</b>	<b>207.6</b>	<b>230.5</b>
% Change (YoY)	21.2	-27.1	-17.2	-6.6	-15.9	38.4	16.4	17.8	-6.3	11.0
Other Provisions	49.8	32.6	33.5	48.5	47.9	49.1	41.2	41.1	164.5	179.3
<b>Profit before Tax</b>	<b>14.2</b>	<b>7.6</b>	<b>17.2</b>	<b>4.1</b>	<b>5.9</b>	<b>6.6</b>	<b>17.8</b>	<b>20.9</b>	<b>43.2</b>	<b>51.2</b>
Tax	4.0	-3.5	6.0	2.1	2.8	2.5	3.6	3.4	8.6	12.3
<b>Net Profit</b>	<b>10.2</b>	<b>11.1</b>	<b>11.3</b>	<b>2.0</b>	<b>3.1</b>	<b>4.1</b>	<b>14.3</b>	<b>17.5</b>	<b>34.6</b>	<b>38.9</b>
% Change (YoY)	231.8	78.0	122.7	-65.6	-69.9	-62.8	26.6	767.0	71.0	12.6
<b>Operating Parameters</b>										
Deposits	10,976	11,154	11,273	11,462	11,367	11,935	12,164	12,436	11,462	12,436
Loans	6,613	6,732	6,928	7,282	7,426	7,734	7,955	8,156	7,282	8,156
Deposit Growth (%)	2.1	4.3	4.2	3.6	3.6	7.0	7.9	8.5	3.6	8.5
Loan Growth (%)	0.8	3.2	4.9	8.0	12.3	14.9	14.8	12.0	8.0	12.0
<b>Asset Quality</b>										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.3	10.5	9.8	9.6	11.8	9.6
Net NPA (%)	5.8	5.5	4.9	4.8	4.3	3.8	3.4	3.2	4.9	3.2
PCR (%)	62.9	63.2	65.2	62.2	64.8	66.3	67.5	68.7	61.5	68.7

**State Bank of India****Buy****CMP: INR612 | TP: INR725 (+18%)****EPS CHANGE (%): FY23|24: +3.0|-1.9**

- Expect credit costs to remain modest
- Expect asset quality to continue to see improvement
- Expect loan growth to see a healthy traction
- Expect margin to improve to ~3.4%; Opex, traction in deposits, and increase in deposit cost to be key monitorables

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>276.4</b>	<b>311.8</b>	<b>306.9</b>	<b>312.0</b>	<b>312.0</b>	<b>351.8</b>	<b>378.0</b>	<b>401.0</b>	<b>1,207.1</b>	<b>1,442.8</b>
% Change (YoY)	3.7	10.7	6.5	15.3	12.9	12.8	23.2	28.5	9.0	19.5
Other Income	118.0	82.1	86.7	118.8	23.1	88.7	93.9	130.9	405.6	336.7
<b>Total Income</b>	<b>394.4</b>	<b>393.9</b>	<b>393.6</b>	<b>430.8</b>	<b>335.1</b>	<b>440.6</b>	<b>471.9</b>	<b>531.8</b>	<b>1,612.7</b>	<b>1,779.4</b>
Operating Expenses	204.7	213.1	208.4	233.6	207.6	229.4	247.7	259.0	859.8	943.7
<b>Operating Profit</b>	<b>189.7</b>	<b>180.8</b>	<b>185.2</b>	<b>197.2</b>	<b>127.5</b>	<b>211.2</b>	<b>224.2</b>	<b>272.8</b>	<b>752.9</b>	<b>835.7</b>
% Change (YoY)	5.1	9.8	6.9	0.1	-32.8	16.8	21.1	38.4	5.2	11.0
Provisions	100.5	1.9	69.7	72.4	43.9	30.4	42.1	59.0	244.5	175.4
Exception items	NA	74.2	NA	NA	NA	NA	NA	NA	74.2	NA
<b>Profit before Tax</b>	<b>89.2</b>	<b>104.7</b>	<b>115.5</b>	<b>124.8</b>	<b>83.6</b>	<b>180.8</b>	<b>182.1</b>	<b>213.8</b>	<b>434.2</b>	<b>660.4</b>
Tax Provisions	24.2	28.5	31.2	33.7	22.9	48.2	49.2	58.0	117.5	178.3
<b>Net Profit</b>	<b>65.0</b>	<b>76.3</b>	<b>84.3</b>	<b>91.1</b>	<b>60.7</b>	<b>132.6</b>	<b>132.9</b>	<b>155.8</b>	<b>316.8</b>	<b>482.1</b>
% Change (YoY)	55.3	66.7	62.3	41.3	-6.7	73.9	57.7	70.9	55.2	52.2
<b>Operating Parameters</b>										
Deposits (INR t)	37.2	38.1	38.5	40.5	40.5	41.9	43.2	44.6	40.5	44.6
Loans (INR t)	24.3	24.4	25.8	27.3	28.2	29.5	30.4	31.3	27.3	31.3
Deposit Growth (%)	8.8	9.8	8.8	10.1	8.7	10.0	12.2	10.0	10.1	10.0
Loan Growth (%)	5.8	6.5	8.9	11.6	15.8	20.8	18.0	14.5	11.6	14.5
<b>Asset Quality</b>										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.9	3.5	3.3	3.1	4.0	3.1
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	77.8	77.3	75.0	77.3

**Union Bank of India****Buy****CMP: INR81 | TP: INR100 (+23%)****EPS CHANGE (%): FY23|24: +2.1|+3.5**

- Expect loan growth to witness steady traction; Traction in deposits to be key monitorable
- Expect margin to remain stable at 3.2%; Rise in deposit costa and opex to be monitored
- SMA and restructuring book are key monitorables
- Expect steady improvement in asset quality

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

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>70.1</b>	<b>68.3</b>	<b>71.7</b>	<b>67.7</b>	<b>75.8</b>	<b>83.1</b>	<b>88.7</b>	<b>93.0</b>	<b>277.9</b>	<b>340.6</b>
% Change (YoY)	9.5	8.5	8.9	25.3	8.1	21.6	23.7	37.4	12.5	22.6
Other Income	27.8	39.8	25.2	32.4	28.2	32.8	32.2	34.6	125.2	127.8
<b>Total Income</b>	<b>97.9</b>	<b>108.1</b>	<b>97.0</b>	<b>100.1</b>	<b>104.0</b>	<b>115.8</b>	<b>120.9</b>	<b>127.7</b>	<b>403.1</b>	<b>468.4</b>
Operating Expenses	46.1	47.3	46.0	44.9	49.5	50.0	52.9	54.9	184.4	207.3
<b>Operating Profit</b>	<b>51.8</b>	<b>60.7</b>	<b>51.0</b>	<b>55.2</b>	<b>54.5</b>	<b>65.8</b>	<b>68.1</b>	<b>72.8</b>	<b>218.7</b>	<b>261.1</b>
% Change (YoY)	28.4	25.7	-3.2	11.3	5.1	8.3	33.5	31.9	11.2	19.4
Provisions	34.0	37.2	25.5	36.2	32.8	40.8	35.0	37.1	132.9	145.6
<b>Profit before Tax</b>	<b>17.8</b>	<b>23.5</b>	<b>25.5</b>	<b>19.0</b>	<b>21.7</b>	<b>25.0</b>	<b>33.1</b>	<b>35.7</b>	<b>85.8</b>	<b>115.5</b>
Tax	6.0	8.2	14.6	4.6	6.1	6.5	11.6	10.4	33.5	34.6
<b>Net Profit</b>	<b>11.8</b>	<b>15.3</b>	<b>10.9</b>	<b>14.4</b>	<b>15.6</b>	<b>18.5</b>	<b>21.5</b>	<b>25.2</b>	<b>52.3</b>	<b>80.8</b>
% Change (YoY)	254.9	195.4	49.3	8.3	32.0	21.1	98.3	75.3	80.0	54.5
<b>Operating Parameters</b>										
Deposit (INR b)	9,085	9,140	9,375	10,324	9,928	10,433	10,807	11,201	10,324	11,201
Loan (INR b)	5,846	5,810	6,168	6,610	6,764	7,275	7,445	7,628	6,610	7,628
Deposit Growth (%)	1.8	3.2	6.2	11.8	9.3	14.1	15.3	8.5	11.8	8.5
Loan Growth (%)	0.5	0.3	5.8	11.8	15.7	25.2	20.7	15.4	11.8	15.4
<b>Asset Quality</b>										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.2	8.5	8.1	7.8	11.1	7.8
Net NPA (%)	4.7	4.6	4.1	3.7	3.3	2.6	2.5	2.4	3.8	2.4
PCR (%)	68.7	66.6	67.5	69.5	69.9	70.6	71.0	71.3	68.7	71.3

**INSURANCE****HDFC Life****Neutral****CMP: INR570 | TP: INR630 (+10%)****EPS CHANGE (%): FY23|24: +0.0|+0.0**

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

**Quarterly performance (INR b)**

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	12.9	20.8	21.2	25.7	17.1	24.2	26.9	31.5	80.5	99.7
Growth (%)	25.8%	24.0%	19.4%	7.8%	32.9%	16.6%	27.3%	22.3%	17.4%	23.8%
Renewal premium	38.9	50.3	55.4	73.4	51.0	69.1	75.1	88.6	218.1	283.7
Growth (%)	20.1%	16.8%	21.1%	15.6%	31.1%	37.2%	35.4%	20.6%	18.0%	30.1%
Single premium	24.8	45.2	46.0	45.1	32.4	39.5	54.4	61.3	161.0	187.7
Growth (%)	54.9%	7.7%	40.2%	8.0%	30.6%	-12.5%	18.4%	36.1%	21.5%	16.6%
<b>Gross premium income</b>	<b>76.6</b>	<b>116.3</b>	<b>122.5</b>	<b>144.2</b>	<b>100.5</b>	<b>132.8</b>	<b>156.4</b>	<b>181.4</b>	<b>459.6</b>	<b>571.1</b>
Growth (%)	30.6%	14.2%	27.3%	11.7%	31.3%	14.2%	27.6%	25.8%	19.1%	24.3%
<b>PAT</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>	<b>3.6</b>	<b>3.6</b>	<b>3.3</b>	<b>3.5</b>	<b>4.2</b>	<b>12.1</b>	<b>14.4</b>
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	19.1%	19.0%	28.0%	18.7%	-11.2%	19.0%
<b>Key metrics (INRb)</b>										
New business APE	15.6	25.5	26.0	30.5	19.0	30.1	32.4	37.0	96.6	118.5
Growth (%)	30.3	19.4	20.4	5.8	22.0	18.0	24.7	21.3	18.1	22.6
VNB	4.1	6.8	6.9	9.0	5.1	7.8	8.8	11.0	26.7	32.6
Growth (%)	40.2	23.9	21.8	15.2	25.0	14.7	26.4	22.5	22.4	22.0
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,249	2,360	2,484	2,042	2,484
Growth (%)	29.5	27.0	17.6	17.4	10.4	17.6	21.2	21.7	17.4	21.7
<b>Key Ratios (%)</b>										
VNB Margins (%)	26.2	26.6	26.7	29.4	26.8	25.8	27.1	29.6	27.4	27.5
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	210.0	206.0	202.1	175.6	202.1

**ICICI Lombard****Buy****CMP INR1,242 | TP: INR1,500 (+21%)****EPS CHANGE (%):FY23|24: 5.0|3.1**

- Premium growth to be strong driven by health (more so the Group segment) and commercial lines
- Claim ratios to moderate sequentially while expense ratio to be flattish
- Integration of Bharti Axa and scale up of investments in the retail health channel will be the key monitorables
- Combined ratio to improve fueled by improvement in claim ratios and scale benefits

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net earned premium	31,521	32,503	33,119	33,178	34,682	38,366	41,811	43,810	1,30,321	1,58,669
<b>Total Income</b>	<b>38,312</b>	<b>38,082</b>	<b>38,541</b>	<b>46,363</b>	<b>39,783</b>	<b>44,990</b>	<b>48,525</b>	<b>50,768</b>	<b>1,61,299</b>	<b>1,84,094</b>
Change YoY (%)	40.4	32.1	26.0	32.9	3.8	18.1	25.9	9.5	32.6	14.1
Incurred claims	28,192	22,699	23,035	23,893	24,999	27,933	30,104	31,408	97,819	1,14,444
Total Operating Expenses	37,771	33,510	35,811	36,268	36,615	39,888	44,255	46,814	1,43,359	1,67,573
Change YoY (%)	65.2	35.9	30.4	34.0	-3.1	19.0	23.6	29.1	40.5	16.9
<b>Underwriting profit</b>	<b>-6,249</b>	<b>-1,007</b>	<b>-2,692</b>	<b>-3,090</b>	<b>-1,933</b>	<b>-1,523</b>	<b>-2,444</b>	<b>-3,004</b>	<b>-13,038</b>	<b>-8,904</b>
<b>PBT</b>	<b>2,583</b>	<b>5,939</b>	<b>4,209</b>	<b>4,104</b>	<b>4,651</b>	<b>6,097</b>	<b>6,016</b>	<b>6,073</b>	<b>16,835</b>	<b>22,778</b>
<b>Adj Net Profit</b>	<b>1,943</b>	<b>4,467</b>	<b>3,175</b>	<b>3,125</b>	<b>3,490</b>	<b>4,625</b>	<b>4,512</b>	<b>4,601</b>	<b>12,710</b>	<b>17,171</b>
Change YoY (%)	-51.2	7.4	1.3	-9.6	79.6	3.6	42.1	47.2	-13.7	35.1
<b>Key Parameters (%)</b>										
Claims ratio	89.4	69.8	69.6	72.0	72.1	72.8	72.0	71.7	75.1	72.1
Commission ratio	4.5	4.7	5.5	4.0	2.2	3.5	3.8	3.8	4.7	3.4
Expense ratio	29.6	30.7	29.4	27.1	29.9	28.8	27.0	29.8	29.1	28.8
Combined ratio	123.5	105.3	104.5	103.2	104.1	105.1	102.8	105.3	108.8	104.3

**ICICI Prudential Life****Buy****CMP: INR452 | TP: INR570 (+26%)****EPS CHANGE (%): FY23|24: +0.0|+0.0**

- New business premium growth to remain modest; Trends in Banca channel to be closely monitored
- Expect VNB growth to remain muted and margins to remain stable
- Expect the expense ratio to move in line with a pick-up in business growth
- 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	3QE	4QE		
First year premium	8.8	15.6	15.5	19.8	10.4	14.4	15.1	26.6	59.7	66.5
Growth (%)	40.3%	33.1%	13.7%	-2.4%	18.0%	-7.2%	-2.5%	34.4%	15.0%	11.5%
Renewal premium	41.4	55.7	54.4	68.0	38.9	56.4	58.5	79.0	219.6	232.9
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	-5.9%	1.3%	7.4%	16.2%	-2.4%	6.1%
Single premium	18.5	24.1	23.5	29.3	23.3	28.1	29.4	32.5	95.4	113.3
Growth (%)	89.1%	34.4%	11.4%	-7.3%	25.9%	16.8%	24.9%	11.1%	18.6%	18.8%
<b>Gross premium income</b>	<b>68.7</b>	<b>95.3</b>	<b>93.4</b>	<b>117.1</b>	<b>72.6</b>	<b>99.0</b>	<b>102.9</b>	<b>138.2</b>	<b>374.6</b>	<b>412.7</b>
Growth (%)	19.5%	9.2%	2.1%	-3.2%	5.7%	3.8%	10.2%	18.0%	4.8%	10.2%
<b>PAT</b>	<b>-1.9</b>	<b>4.4</b>	<b>3.1</b>	<b>1.8</b>	<b>1.6</b>	<b>2.0</b>	<b>2.7</b>	<b>2.9</b>	<b>7.5</b>	<b>9.2</b>
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-55.1%	-13.4%	57.6%	-21.5%	21.3%
<b>Key metrics (INRb)</b>										
New Business APE	12.2	19.8	19.3	26.1	15.2	20.0	18.0	32.4	77.3	85.7
Growth (%)	48.1	34.9	15.8	4.0	24.7	1.1	-6.5	24.4	19.7	10.8
VNB	3.6	5.2	5.2	7.8	4.7	6.2	5.6	10.1	21.7	26.6
Growth (%)	78.1	28.4	20.3	31.1	31.6	20.6	8.9	30.4	33.5	23.0
AUM	2,232	2,371	2,376	2,405	2,301	2,443	2,533	2,618	2,405	2,618
Growth (%)	31.3	30.6	16.0	12.3	3.1	3.0	6.6	8.9	12.3	8.9
<b>Key Ratios (%)</b>										
VNB Margins (%)	29.4	26.0	26.7	29.7	31.0	31.1	31.1	31.2	28.0	31.1
Solvency ratio (%)	194	200	202	205	204	201	199	198	205	198

**Max Financial****Neutral****CMP: INR685 | TP: INR800 (+17%)****EPS CHANGE (%): FY23|24: -1.4|+6.6**

- Premium growth to remain under pressure, commentary on revival in NBP growth to be key
- Expect VNB growth to remain healthy; Margins to see sequential moderation, though to remain healthy at ~30%
- 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 see some pickup

**Quarterly performance (INR b)**

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First Year premium	8.0	12.3	15.4	17.4	9.2	11.1	15.5	19.5	53.2	55.3
Growth (%)	29.5%	8.9%	28.7%	-7.6%	14.2%	-9.3%	0.6%	11.7%	10.0%	4.0%
Renewal premium	22.4	34.6	34.2	53.8	26.2	39.1	41.8	57.5	145.1	164.6
Growth (%)	21.2%	17.9%	18.8%	19.0%	16.7%	12.9%	22.2%	6.8%	19.0%	13.4%
Single premium	4.4	6.4	6.3	8.8	5.7	7.8	7.8	7.2	25.9	28.5
Growth (%)	56.5%	37.4%	15.3%	25.5%	30.1%	21.3%	23.1%	-17.4%	29.8%	10.1%
<b>Gross premium income</b>	<b>34.8</b>	<b>53.3</b>	<b>56.0</b>	<b>80.0</b>	<b>41.0</b>	<b>58.0</b>	<b>65.1</b>	<b>84.2</b>	<b>224.1</b>	<b>248.4</b>
Growth (%)	26.6%	17.6%	21.0%	12.6%	17.8%	8.8%	16.3%	5.2%	17.9%	10.8%
<b>PAT</b>	<b>0.8</b>	<b>0.7</b>	<b>1.2</b>	<b>1.5</b>	<b>0.9</b>	<b>0.5</b>	<b>0.9</b>	<b>1.2</b>	<b>3.9</b>	<b>3.6</b>
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	18.2%	-25.4%	-21.6%	-19.8%	-26.1%	-7.5%

**Key metrics (INRb)**

New Business APE	8.8	12.8	15.9	18.4	10.1	11.9	16.3	19.9	55.8	58.2
Growth (%)	32.4	11.2	30.0	-4.2	15.3	-7.2	2.3	8.1	12.5	4.3
VNB	1.7	3.7	4.0	5.9	2.1	3.7	4.9	6.1	15.3	16.9
Growth (%)	52.2	15.1	13.1	27.1	23.8	-0.3	24.7	4.0	22.3	10.5
AUM (INRb)	937	1,001	1,025	1,075	1,071	1,134	1,200	1,253	1,075	1,253
Growth (%)	28.4	28.7	20.6	18.9	14.3	13.3	17.1	16.6	18.9	16.6

**Key Ratios (%)**

VNB Margins (%)	19.7	29.2	24.9	31.9	21.1	31.3	30.3	30.7	27.4	29.0
Solvency ratio (%)	197.0	211.0	207.0	201.0	196.0	196.0	194.0	191.1	201.0	191.1

**SBI Life****Buy****CMP: INR1,240 | TP: INR1,600 (+29%)****EPS CHANGE (%): FY23|24: -0.8|+14.7**

- New business premiums to remain muted
- Expect margin to remain healthy at ~31%, though likely to moderate sequentially; VNB growth to remain healthy
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy; ULIP to see an uptick

**Quarterly performance (INR b)**

Policy holder's A/c (INRb)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	14.0	36.1	40.7	38.5	25.7	34.8	47.2	52.2	129.4	159.9
Growth (%)	29%	56%	24%	5%	83%	-4%	16%	36%	25%	24%
Renewal premium	50.3	77.8	96.5	108.4	57.6	91.2	110.3	124.7	333.0	383.8
Growth (%)	10%	9%	14%	15%	14%	17%	14%	15%	12%	15%
Single premium	19.4	33.3	44.3	28.1	30.2	40.2	33.9	46.4	125.2	150.6
Growth (%)	-2%	-8%	105%	11%	56%	20%	-23%	65%	22%	20%
<b>Gross premium income</b>	<b>83.8</b>	<b>147.2</b>	<b>181.6</b>	<b>175.1</b>	<b>113.5</b>	<b>166.2</b>	<b>191.4</b>	<b>223.3</b>	<b>587.6</b>	<b>694.4</b>
Growth (%)	10%	12%	31%	12%	35%	13%	5%	28%	17%	18%
<b>PAT</b>	<b>2.2</b>	<b>2.5</b>	<b>3.6</b>	<b>6.7</b>	<b>2.6</b>	<b>3.8</b>	<b>4.3</b>	<b>7.4</b>	<b>15.1</b>	<b>18.1</b>
Growth (%)	-43%	-18%	56%	26%	18%	53%	17%	11%	3%	20%

**Key metrics (INRb)**

New Business APE	16.2	39.7	45.7	41.3	29.0	39.3	50.6	56.1	141.9	175.0
Growth (%)	27.6	46.5	30.6	4.0	79.0	-1.0	10.7	35.9	24.9	23.3
VNB	3.8	10.0	12.1	11.1	8.8	12.4	15.4	17.5	37.0	54.1
Growth (%)	46.2	85.2	59.2	0.9	131.6	24.0	27.5	57.8	39.1	46.3
AUM	2,316	2,442	2,569	2,674	2,624	2,826	2,979	3,129	2,674	3,129
Growth (%)	32.1	31.0	22.6	21.1	13.3	15.7	16.0	17.0	21.1	17.0

**Key Ratios (%)**

VNB margins (%)	23.7	25.2	26.5	26.8	30.4	31.6	30.5	31.2	25.9	30.9
Solvency ratio (%)	215.0	212.0	209.0	205.0	221.0	219.0	215.0	211.3	204.8	211.3



## Star Health

Buy

CMP INR586 | TP: INR780 (33%)

EPS CHANGE (%):FY23|24: -8.9|-3.6

- Retail health premium growth likely to be strong at 15%+, group health to decline
- Expense ratio to increase both on YoY/QoQ basis
- 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

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net earned premium	22,430	24,167	25,283	26,212	26,871	27,948	24,820	32,806	98,092	1,12,422
<b>Total Income</b>	<b>23,301</b>	<b>25,138</b>	<b>26,184</b>	<b>27,404</b>	<b>28,090</b>	<b>29,181</b>	<b>26,152</b>	<b>34,411</b>	<b>1,02,887</b>	<b>1,17,810</b>
Change YoY (%)	109.2	62.6	78.3	266.1	20.6	16.1	-0.1	25.6	111.0	14.5
Incurred claims	20,415	20,696	26,442	17,848	17,811	19,060	15,761	21,616	85,401	74,249
Total Operating Expenses	26,590	29,326	34,407	28,384	25,303	28,079	24,223	33,566	1,18,707	1,11,170
Change YoY (%)	187.0	81.8	87.4	45.1	-4.8	-4.3	-29.6	18.3	86.7	-6.3
<b>Underwriting profit</b>	<b>-4,160</b>	<b>-5,159</b>	<b>-9,124</b>	<b>-2,172</b>	<b>1,568</b>	<b>-131</b>	<b>597</b>	<b>-760</b>	<b>-20,615</b>	<b>1,252</b>
<b>Net Profit</b>	<b>-2,100</b>	<b>-1,706</b>	<b>-5,783</b>	<b>-820</b>	<b>2,132</b>	<b>931</b>	<b>1,727</b>	<b>1,179</b>	<b>-10,407</b>	<b>5,921</b>
<b>Key Parameters (%)</b>										
Claims ratio	91.0	85.6	104.6	68.1	66.3	68.2	63.5	65.9	87.1	66.0
Commission ratio	13.0	13.2	14.0	14.6	13.7	13.0	13.5	13.6	13.8	13.5
Expense ratio	17.1	18.4	17.1	15.7	18.2	16.6	17.2	14.7	17.0	16.4
Combined ratio	121.1	117.3	135.7	98.4	98.2	97.9	94.2	94.2	117.9	95.9

## 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

PNB Housing Finance

Repco Home Finance

Poonawalla Fincorp

Shriram Finance

### In a healthy zone, except for the visible NIM compression

#### Asset quality improvement in line with a seasonally strong quarter

- We expect our coverage universe of NBFC – Lending Financials to deliver 13%/8% /15% YoY growth in NII/PPoP/PAT, respectively, in 3QFY23. While we forecast a strong QoQ earnings growth for LICHF, we estimate a QoQ decline for MGFL (owing to muted gold loan growth) and MMFS (owing to NIM compression and higher write-offs).
- We expect disbursements to remain healthy across vehicle financing, driven by strong demand and sectoral tailwinds. Vehicle Financiers such as CIFC/SHFL are also benefitting from strong momentum in non-vehicle product segments. We expect a ~16% YoY/~4% QoQ loan growth in 3QFY23 for our coverage universe. Although the gold loan demand has slightly picked up in the lower ticket size (<INR100K), the banks/gold loan fintechs and recent NBFC entrants continue to remain aggressive. For MGFL in particular, we expect continued sequential decline in the gold loan book, because of its pricing and focus on higher-yielding lower ticket gold loans.
- NBFCs are not best placed in a rising interest rate environment, and the frequency and the quantum of rate hikes in India (as well as globally) would mean that the vehicle financiers such as MMFS/CIFC will likely witness sustained margin compression.
- Affordable Housing Finance companies (HFCs) have been cautious in increasing their lending rates and we expect them to partly absorb the higher borrowing costs in 2HFY23. For the cohort of vehicle financiers, we expect margins to sequentially decline 25-40bp with the least impact on SHTF, followed by CIFC and MMFS. Within the gold financiers, while we expect sequential NIM compression for MGFL, we expect it to remain stable for MUTH.
- Against expectations, demand momentum slowed down marginally for the large HFCs, wherein we expect sequentially stable or a marginal improvement in disbursements. 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).
- 3Q is typically a seasonally strong quarter and we expect asset quality improvement across the board (except potentially for LICHF, where there could still be slippages from the restructured pool of advances). Lower bounce rates, higher collections, and customer settlements, would likely translate into an improvement in GS3 and sequential decline in credit costs.
- RBI increased repo rates by 225bp between May and Dec'22 and we further expect hikes of 25-35bp in 4QFY23, which can negatively impact the demand for mortgages if banks/large HFCs continue to transmit the entire repo rate increase to their customers. While there are early indicators of a postponement in demand for mortgages, we believe a clearer picture will only emerge in 4QFY23.
- Diversified lenders such as BAF, PFL, 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 impact on NIM and improvement in asset quality.
- We continue to favor: a) franchises with strong balance sheets and b) those companies that can change their asset/liability mix to mitigate the impact on margins. Our top picks from the sector are MMFS, SHFL, and HomeFirst.

**HFCs: Disbursement momentum lower than expectations; margins stable**

- We expect HDFC and LICHF (aided by their lower CoF) to deliver stable or a minor sequential improvement in home loan disbursements. For HDFC, we expect the non-individual loan growth to remain muted. We expect that the transitory impact on margins, owing to the lag in transmitting higher borrowing costs to the customer, will continue into 3QFY23 as well.
- While we expect asset quality to improve for HDFC (with sequential decline in credit costs), we also expect potential slippages from the restructured loan pool for LICHF, resulting in elevated credit costs. For LICHF, unlike the last quarter, we do not expect any one-offs in spreads/margins and estimate a ~55bp QoQ NIM expansion.
- We expect Affordable Housing Financiers (AHFCs) under our coverage to report a sequential improvement in disbursements in 3QFY23. AHFCs have been able to maintain largely stable spreads in 3QFY23 and we expect the spreads/margins to decline only marginally in 4QFY23, aided by NHB borrowings. We expect asset quality to continue to improve for the AHFCs, leading to an improvement in GS3 and 1+dpd metrics along with benign credit costs.

**Vehicle Financiers – Strong disbursements; NIM compression for MMFS/CIFC**

- MMFS has already reported its quarterly disbursements for 3QFY23 at ~INR144.5b (up 22% QoQ). Higher run-off in MMFS business assets could be attributed to trade advances to dealers in the festive quarter converting into retail customer disbursements and write-offs typically taken at the end of the quarter. For both CIFC/SHTF, we estimate strong disbursements to sustain and translate into 31%/14% 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/25bp for MMFS/CIFC, respectively.
- MMFS has reported a ~50bp QoQ improvement in its GS3 (despite the impact on repossessions following the RBI ban). For CIFC and SHTF, we expect vehicle finance (VF) asset quality to improve marginally by ~15-20bp QoQ. Vehicle financiers as a cohort remain the most vulnerable to margin compression in 2HFY23.

**Gold financiers – Gold loan growth still weak, but expect yields/margins to stabilize, leading to steady profitability**

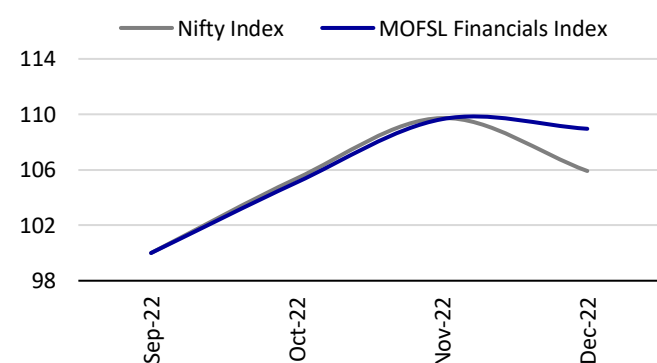
- Demand in the lower-than-INR100K ticket segment has improved slightly but banks/gold loan fintechs and even some recent NBFC entrants continue to remain aggressive in the gold lending space.
- While we expect the sequential decline in the gold loan portfolio for MGFL to sustain in 3QFY23, we expect a minor QoQ gold loan growth for MUTH. While we expect the margins for MUTH to remain sequentially stable, we expect a margin compression for MGFL, owing to a QoQ decline in the gold loan book.

**Diversified financiers: Healthy loan growth and strong asset quality**

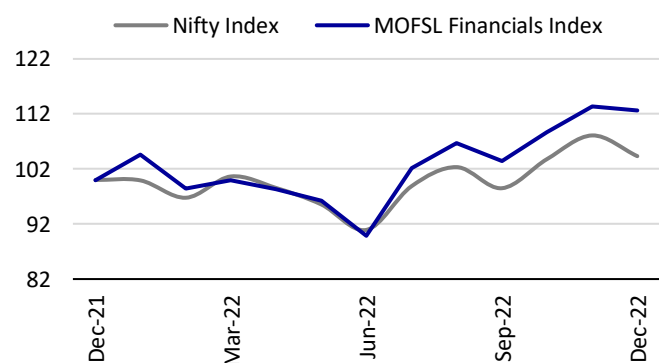
- For LTFH, we expect strong growth in retail loans but since the wholesale segment such as real estate and infrastructure will continue to moderate, the consolidated loan book could grow ~2% QoQ. We expect credit costs to moderate for LTFH, leading to a marginal QoQ improvement in profitability.
- We expect BAF to report a healthy ~30% YoY/8% QoQ growth in its AUM. We forecast a ~30bp decline in margins for BAF along with an improvement in asset quality.
- We forecast PFL to report sequentially strong disbursements and deliver a 30% YoY growth in standalone AUM. Further, we expect its margins to improve ~45bp QoQ and estimate a 13% 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	Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1,808	Sell	1,998	26.5	6.5	1,333	5.1	-4.4	1,029	15.5	-3.7
Bajaj Finance	6,554	Buy	59,171	25.2	6.9	47,369	20.8	5.6	29,769	40.1	7.1
Can Fin Homes	546	Buy	2,585	25.5	2.9	2,180	26.7	0.9	1,531	32.4	8.1
Chola. Inv & Fin.	734	Buy	15,566	14.2	4.5	10,766	13.0	3.9	6,094	16.3	8.2
HDFC*	2,652	Buy	48,077	12.2	3.6	45,995	11.9	5.1	36,494	11.9	-18.1
Home First Fin.	750	Buy	1,090	52.0	7.4	784	20.4	5.7	582	26.7	7.2
L&T Fin.Holdings	90	Buy	16,849	14.8	2.3	11,673	-0.7	-1.8	4,188	36.0	3.3
LIC Housing Fin	424	Buy	15,595	7.2	34.1	13,806	4.8	46.2	7,862	2.5	157.8
M & M Financial	241	Buy	15,437	0.5	1.8	8,606	-19.0	-0.4	4,069	-54.5	-9.2
Manappuram Finance	119	Buy	10,077	10.1	-6.7	5,368	18.5	-15.2	3,507	34.4	-14.4
MAS Financial	829	Buy	1,219	37.5	2.3	780	28.5	0.6	524	30.7	6.8
Muthoot Finance	1,091	Neutral	16,077	-14.8	2.3	11,366	-22.5	-1.1	8,409	-18.3	-3.0
PNB Housing	573	Neutral	4,736	14.1	-25.3	4,225	10.2	-27.6	2,170	15.2	-17.4
Poonawalla Fincorp	304	Buy	3,061	25.6	11.8	1,562	35.9	24.3	1,472	83.4	13.0
Repco Home Fin	232	Neutral	1,376	-7.8	0.3	1,160	-2.7	1.6	729	131.6	2.4
Shriram Finance Ltd	1,386	Buy	37,866	18.2	3.0	28,163	12.1	0.4	14,932	53.4	5.4
<b>NBFC</b>			<b>2,50,781</b>	<b>13.1</b>	<b>4.4</b>	<b>1,95,135</b>	<b>8.3</b>	<b>3.7</b>	<b>1,23,360</b>	<b>14.9</b>	<b>-1.0</b>

**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	FY23	FY24	FY23	FY24
AAVAS	53.8	69.3	53.6	66.3	-0.5	-4.2
BAF	188.0	229.6	187.4	228.9	-0.4	-0.3
CANF	44.2	50.4	46.1	50.0	4.1	-0.7
CIFC	31.2	38.2	29.6	37.9	-5.1	-0.8
HDFC	71.3	81.1	70.3	80.6	-1.4	-0.6
HomeFirst	25.2	31.1	25.6	31.2	1.6	0.4
LTFH	6.4	7.7	6.2	7.8	-3.3	1.0
LICHF	51.4	64.5	51.4	64.4	-0.1	-0.2
MMFS	12.2	16.1	12.4	15.3	1.4	-5.1
MASFIN	37.1	49.1	37.2	47.2	0.3	-4.0
MUTH	83.6	93.6	84.1	94.0	0.5	0.4
MGFL	17.5	20.1	16.6	19.8	-5.3	-1.5
PNBHOUSI	58.5	63.0	58.5	70.0	-	11.0
PFL	5.7	9.3	5.7	9.3	-	-
REPCO	42.4	52.4	44.3	50.3	4.4	-4.1
SFL	56.5	61.6	57.5	65.8	1.8	6.8

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

Sell

CMP INR1,808 | TP: INR1,650 (-9%)

EPS CHANGE (%): FY23 | 24: -0.5 | -4.2

- AUM/disbursement expected to grow 23%/27% YoY.
- Expect NIM to improve ~10bp QoQ including upfront assignment income estimated at ~INR400m.
- Opex expected to remain elevated, driven by investments in technology/distribution and branch additions.
- Watch out for commentary on loan growth and the margin trajectory.

### Quarterly performance

Y/E March	FY22				FY23E				INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Interest Income	2,630	2,787	2,830	3,041	3,148	3,287	3,550	3,788	11,288	13,772
Interest Expenses	1,128	1,160	1,251	1,237	1,347	1,410	1,551	1,700	4,775	6,009
<b>Net Income</b>	<b>1,502</b>	<b>1,627</b>	<b>1,579</b>	<b>1,804</b>	<b>1,802</b>	<b>1,877</b>	<b>1,998</b>	<b>2,087</b>	<b>6,513</b>	<b>7,764</b>
YoY Growth (%)	29	26	12	37	20	15	27	16	26	19
Other income	90	468	599	612	380	664	582	800	1,768	2,426
<b>Total Income</b>	<b>1,592</b>	<b>2,095</b>	<b>2,178</b>	<b>2,416</b>	<b>2,182</b>	<b>2,541</b>	<b>2,580</b>	<b>2,887</b>	<b>8,281</b>	<b>10,190</b>
YoY Growth (%)	31	34	13	37	37	21	18	19	28	23
Operating Expenses	673	864	910	1,059	1,026	1,147	1,247	1,319	3,506	4,739
YoY Growth (%)	28	36	37	43	53	33	37	25	37	35
<b>Operating Profits</b>	<b>919</b>	<b>1,231</b>	<b>1,268</b>	<b>1,357</b>	<b>1,156</b>	<b>1,394</b>	<b>1,333</b>	<b>1,568</b>	<b>4,775</b>	<b>5,450</b>
YoY Growth (%)	33	33	0	33	26	13	5	16	22.3	14.2
Provisions	170	47	113	-104	9	16	14	15	226	55
<b>Profit before Tax</b>	<b>749</b>	<b>1,183</b>	<b>1,155</b>	<b>1,461</b>	<b>1,147</b>	<b>1,378</b>	<b>1,319</b>	<b>1,552</b>	<b>4,549</b>	<b>5,396</b>
Tax Provisions	150	262	264	304	254	310	290	311	981	1,166
<b>Profit after tax</b>	<b>599</b>	<b>921</b>	<b>891</b>	<b>1,157</b>	<b>892</b>	<b>1,068</b>	<b>1,029</b>	<b>1,241</b>	<b>3,568</b>	<b>4,230</b>
YoY Growth (%)	20	39	4	32	49	16	15	7	23.2	18.6

## Bajaj Finance

Buy

CMP INR6,554 | TP: INR7,820 (+19%)

EPS CHANGE (%): FY23 | 24: -0.4 | -0.3

- Estimate AUM growth of 30% YoY/ 8% QoQ.
- Margins and spreads expected to decline ~30bp QoQ.
- Opex is expected to remain elevated with CIR at ~36%.
- Credit costs expected to decline ~14bp QoQ in 3QFY23.

### Quarterly Performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Interest Income	59,542	66,873	72,623	73,659	79,197	85,090	92,748	99,911	2,72,698	3,56,945
Interest expenses	22,536	23,976	25,345	25,626	26,451	29,714	33,576	37,918	97,482	1,27,659
<b>Net Interest Income</b>	<b>37,007</b>	<b>42,898</b>	<b>47,277</b>	<b>48,034</b>	<b>52,745</b>	<b>55,376</b>	<b>59,171</b>	<b>61,993</b>	<b>1,75,215</b>	<b>2,29,285</b>
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	29.1	25.2	29.1	26.2	30.9
Other Operating Income	7,888	10,447	12,728	12,643	13,630	14,637	14,603	13,608	43,707	56,478
<b>Net Income</b>	<b>44,895</b>	<b>53,345</b>	<b>60,005</b>	<b>60,677</b>	<b>66,376</b>	<b>70,013</b>	<b>73,774</b>	<b>75,601</b>	<b>2,18,922</b>	<b>2,85,763</b>
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	31.2	22.9	24.6	26.8	30.5
Operating Expenses	13,733	20,297	20,814	21,006	23,801	25,148	26,405	26,927	75,850	1,02,280
<b>Operating Profit</b>	<b>31,162</b>	<b>33,048</b>	<b>39,192</b>	<b>39,671</b>	<b>42,575</b>	<b>44,865</b>	<b>47,369</b>	<b>48,675</b>	<b>1,43,072</b>	<b>1,83,483</b>
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	35.8	20.9	22.7	19.6	28.2
Provisions and Cont.	17,503	13,003	10,512	7,016	7,547	7,342	7,195	8,639	48,034	30,723
<b>Profit before Tax</b>	<b>13,659</b>	<b>20,045</b>	<b>28,680</b>	<b>32,655</b>	<b>35,028</b>	<b>37,523</b>	<b>40,174</b>	<b>40,036</b>	<b>95,038</b>	<b>1,52,760</b>
Tax Provisions	3,634	5,235	7,427	8,460	9,065	9,716	10,405	10,531	24,756	39,718
<b>Net Profit</b>	<b>10,025</b>	<b>14,810</b>	<b>21,253</b>	<b>24,195</b>	<b>25,963</b>	<b>27,807</b>	<b>29,769</b>	<b>29,505</b>	<b>70,282</b>	<b>1,13,042</b>
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	87.8	40.1	21.9	59.0	60.8

**Can Fin Homes****Buy****CMP INR546 | TP: INR630 (+15%)****EPS CHANGE (%): FY23|24: 4.1|-0.7**

- Estimate disbursements to decline ~5% YoY.
- Margins are expected to decline ~5bp QoQ, driven by rising CoF and lag in transmission to customers.
- PAT expected to grow 32% YoY, driven by healthy loan growth and benign credit costs.
- Watch out for commentary on loan growth, margins, credit costs, and progress on the appointment of a new CEO.

**Quarterly performance****INR m**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	4,492	4,626	5,020	5,558	6,065	6,522	7,076	7,650	19,697	27,312
Interest Expenses	2,680	2,708	2,961	3,185	3,561	4,010	4,491	4,966	11,535	17,028
<b>Net Interest Income</b>	<b>1,812</b>	<b>1,918</b>	<b>2,059</b>	<b>2,373</b>	<b>2,504</b>	<b>2,512</b>	<b>2,585</b>	<b>2,684</b>	<b>8,162</b>	<b>10,285</b>
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	38.2	31.0	25.5	13.1	2.3	26.0
Other income	16	53	64	55	51	54	57	63	188	225
<b>Total Income</b>	<b>1,828</b>	<b>1,971</b>	<b>2,124</b>	<b>2,428</b>	<b>2,555</b>	<b>2,566</b>	<b>2,642</b>	<b>2,748</b>	<b>8,350</b>	<b>10,509</b>
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	39.8	30.2	24.4	13.2	3.1	25.9
Operating Expenses	303	342	403	482	405	405	433	509	1,530	1,752
YoY Growth (%)	40.8	35.8	17.1	12.4	33.8	18.3	7.3	5.7	23.4	14.5
<b>Operating Profits</b>	<b>1,526</b>	<b>1,628</b>	<b>1,720</b>	<b>1,946</b>	<b>2,150</b>	<b>2,161</b>	<b>2,209</b>	<b>2,239</b>	<b>6,820</b>	<b>8,758</b>
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	40.9	32.7	28.4	15.0	-0.6	28.4
Provisions	65	-62	164	302	-37	132	139	123	469	357
<b>Profit before Tax</b>	<b>1,460</b>	<b>1,690</b>	<b>1,557</b>	<b>1,643</b>	<b>2,187</b>	<b>2,028</b>	<b>2,069</b>	<b>2,116</b>	<b>6,351</b>	<b>8,400</b>
Tax Provisions	372	454	400	414	565	611	538	554	1,640	2,268
<b>Profit after tax</b>	<b>1,088</b>	<b>1,236</b>	<b>1,157</b>	<b>1,229</b>	<b>1,622</b>	<b>1,417</b>	<b>1,531</b>	<b>1,562</b>	<b>4,711</b>	<b>6,132</b>
YoY Growth (%)	16.8	-3.7	-12.3	19.8	49.0	14.6	32.4	27.1	3.3	30.2

**Cholamandalam Inv. & Fin.****Buy****CMP INR734 | TP: INR880 (+20%)****EPS CHANGE (%): FY23|24: -5.1|-0.8**

- Estimate Business AUM to grow 31% YoY.
- We estimate the overall GS3 to improve ~40bp QoQ.
- Project spreads and margins are expected to contract by ~30bp/25bp QoQ.
- Watch out for guidance on loan growth and margins.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	23,712	23,468	24,095	24,390	26,123	28,293	30,980	34,098	95,668	1,19,494
Interest Expenses	11,038	10,778	10,460	10,712	11,309	13,404	15,415	17,603	42,988	57,730
<b>Net Interest Income</b>	<b>12,674</b>	<b>12,690</b>	<b>13,634</b>	<b>13,679</b>	<b>14,814</b>	<b>14,888</b>	<b>15,566</b>	<b>16,495</b>	<b>52,680</b>	<b>61,763</b>
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	17.3	14.2	20.6	13.3	17.2
Other Income	958	1,239	1,208	1,927	1,587	2,085	2,112	2,042	5,720	7,826
<b>Total Income</b>	<b>13,632</b>	<b>13,929</b>	<b>14,842</b>	<b>15,606</b>	<b>16,401</b>	<b>16,974</b>	<b>17,678</b>	<b>18,538</b>	<b>58,400</b>	<b>69,590</b>
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	21.9	19.1	18.8	16.8	19.2
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,611	6,912	7,704	20,687	27,023
<b>Operating Profit</b>	<b>9,927</b>	<b>8,750</b>	<b>9,525</b>	<b>9,120</b>	<b>10,604</b>	<b>10,363</b>	<b>10,766</b>	<b>10,834</b>	<b>37,712</b>	<b>42,566</b>
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	18.4	13.0	18.8	10.4	12.9
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	2,782	2,564	1,606	8,803	9,938
<b>Profit before Tax</b>	<b>4,407</b>	<b>8,165</b>	<b>7,043</b>	<b>9,294</b>	<b>7,617</b>	<b>7,581</b>	<b>8,202</b>	<b>9,228</b>	<b>28,909</b>	<b>32,628</b>
Tax Provisions	1,139	2,100	1,805	2,398	1,961	1,947	2,108	2,305	7,442	8,320
<b>Net Profit</b>	<b>3,268</b>	<b>6,065</b>	<b>5,238</b>	<b>6,896</b>	<b>5,657</b>	<b>5,634</b>	<b>6,094</b>	<b>6,923</b>	<b>21,467</b>	<b>24,308</b>
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-7.1	16.3	0.4	41.7	13.2

**HDFC****Buy****CMP INR2,652 | TP: INR3,075 (+16%)****EPS CHANGE (%): FY23 | 24: -1.4 | -0.6**

- AUM growth is likely to be healthy (~15% YoY). We expect disbursements in individual loans to be stable QoQ.
- We estimate margins to largely remain stable sequentially
- PPOP to grow ~12% YoY and estimate credit cost at ~28bp
- Watch out for outlook on margins, home loan demand, and asset quality in the non-individual segment.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	106,471	106,831	111,569	113,716	120,030	131,989	143,946	153,634	438,586	549,599
Interest Expense	65,219	65,735	68,731	67,708	75,561	85,597	95,869	103,586	267,392	360,612
<b>Net Interest Income</b>	<b>41,252</b>	<b>41,096</b>	<b>42,838</b>	<b>46,009</b>	<b>44,469</b>	<b>46,392</b>	<b>48,077</b>	<b>50,049</b>	<b>171,194</b>	<b>188,987</b>
YoY Change (%)	23.7	14.1	7.0	14.2	7.8	12.9	12.2	8.8	14.4	10.4
Assignment Income	2,675	1,278	2,247	4,361	2,825	2,316	2,700	3,574	10,560	11,415
<b>NII (including assignment income)</b>	<b>43,926</b>	<b>42,373</b>	<b>45,085</b>	<b>50,370</b>	<b>47,294</b>	<b>48,709</b>	<b>50,777</b>	<b>53,623</b>	<b>181,754</b>	<b>200,402</b>
YoY Change (%)	24.8	12.6	2.1	12.8	7.7	15.0	12.6	6.5	12.5	10.3
Other Operating Income	614	895	811	984	754	948	906	1,092	3,337	3,700
<b>Core Income</b>	<b>44,540</b>	<b>43,268</b>	<b>45,896</b>	<b>51,354</b>	<b>48,048</b>	<b>49,656</b>	<b>51,683</b>	<b>54,715</b>	<b>185,091</b>	<b>204,102</b>
YoY Change (%)	24.9	12.7	2.3	12.8	7.9	14.8	12.6	6.5	12.5	10.3
Operating Expenses	5,507	5,299	4,780	5,142	5,888	5,892	5,688	5,747	20,727	23,216
YoY Change (%)	38.9	44.8	-11.0	3.1	6.9	11.2	19.0	11.8	15.3	12.0
<b>Core Operating profits</b>	<b>39,033</b>	<b>37,970</b>	<b>41,116</b>	<b>46,212</b>	<b>42,160</b>	<b>43,764</b>	<b>45,995</b>	<b>48,967</b>	<b>164,364</b>	<b>180,886</b>
YoY Change (%)	23.1	9.3	4.2	13.9	8.0	15.3	11.9	6.0	12.2	10.1
Provisions	6,860	4,520	3,930	4,010	5,140	4,730	4,210	3,308	19,320	17,388
<b>Core PBT</b>	<b>32,173</b>	<b>33,450</b>	<b>37,186</b>	<b>42,202</b>	<b>37,020</b>	<b>39,034</b>	<b>41,785</b>	<b>45,659</b>	<b>145,044</b>	<b>163,498</b>
YoY Change (%)	12.0	10.1	10.9	26.5	15.1	16.7	12.4	8.2	15.1	12.7
Profit on Sale of Inv	6,652	1,444	1,256	2,660	1,929	1,423	-800	2,430	11,978	4,982
Dividend income	164	11,713	1,955	1,279	6,865	13,596	4,820	-1,106	15,110	24,176
One off expense/Prov									0	0
Other Income	57	104	86	85	84	88	99	126	331	398
<b>PBT</b>	<b>39,046</b>	<b>46,711</b>	<b>40,482</b>	<b>46,225</b>	<b>45,898</b>	<b>54,141</b>	<b>45,905</b>	<b>47,110</b>	<b>172,463</b>	<b>193,053</b>
YoY Change (%)	8.3	32.3	7.9	17.8	17.5	15.9	13.4	1.9	16.4	11.9
Provision for Tax	9,039	8,906	7,875	9,222	9,210	9,598	9,410	10,971	35,041	39,190
<b>PAT</b>	<b>30,007</b>	<b>37,805</b>	<b>32,607</b>	<b>37,003</b>	<b>36,688</b>	<b>44,542</b>	<b>36,494</b>	<b>36,139</b>	<b>137,422</b>	<b>153,864</b>
YoY Change (%)	-1.7	31.7	11.4	16.4	22.3	17.8	11.9	-2.3	14.3	12.0

**Home First Finance Company****Buy****CMP INR750 | TP: INR900 (+20%)****EPS CHANGE (%): FY23 | 24: 1.6 | 0.4**

- Estimate robust AUM growth of ~35% YoY/7% QoQ.
- Spreads and margins are projected to remain stable sequentially.
- Cost ratios expected to remain elevated, led by higher employee expenses and branch expansions.
- Watch out for outlook on loan growth, margins, asset quality

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	1,155	1,206	1,270	1,389	1,547	1,727	1,893	2,075	5,117	7,242
Interest expenses	532	564	552	538	607	712	803	944	2,157	3,065
<b>Net Interest Income</b>	<b>623</b>	<b>642</b>	<b>717</b>	<b>851</b>	<b>940</b>	<b>1,016</b>	<b>1,090</b>	<b>1,132</b>	<b>2,960</b>	<b>4,177</b>
YoY Growth (%)	23.6	40.3	36.9	54.9	50.8	58.2	52.0	33.0	45.4	41.1
Other Income	265	255	247	172	147	167	173	215	840	702
<b>Net Income</b>	<b>888</b>	<b>897</b>	<b>964</b>	<b>1,023</b>	<b>1,086</b>	<b>1,182</b>	<b>1,264</b>	<b>1,347</b>	<b>3,800</b>	<b>4,879</b>
YoY Growth (%)	12.6	69.4	72.0	26.2	22.3	31.8	31.0	31.7	41.3	28.4
Operating Expenses	282	301	313	364	387	441	480	505	1,262	1,813
<b>Operating Profit</b>	<b>607</b>	<b>596</b>	<b>651</b>	<b>659</b>	<b>699</b>	<b>741</b>	<b>784</b>	<b>842</b>	<b>2,538</b>	<b>3,066</b>
YoY Growth (%)	6.0	102.0	127.7	29.5	15.3	24.3	20.4	27.9	52.7	20.8
Provisions and Cont.	130	33	60	27	36	50	38	27	250	151
<b>Profit before Tax</b>	<b>476</b>	<b>563</b>	<b>591</b>	<b>632</b>	<b>663</b>	<b>692</b>	<b>746</b>	<b>815</b>	<b>2,288</b>	<b>2,915</b>
Tax Provisions	125	114	132	30	151	149	164	192	402	656
<b>Net Profit</b>	<b>351</b>	<b>449</b>	<b>459</b>	<b>602</b>	<b>512</b>	<b>543</b>	<b>582</b>	<b>623</b>	<b>1,886</b>	<b>2,259</b>
YoY Growth (%)	-9.1	213.0	188.6	92.3	46.0	20.9	26.7	3.5	250.2	151.0



**L&T Finance Holdings****Buy****CMP INR90 | TP: INR110 (+22%)****EPS CHANGE (%): FY23|24: -3.3|1.0**

- We expect the loan book to remain stable QoQ with moderation in real estate and infrastructure segment.
- Anticipate the credit costs to decline to ~2.5% (annualized) in 3QFY23 (v/s 2.6% in 2QFY23)
- NIMs and spreads are expected to remain stable sequentially.
- Watch out for commentary on how it plans to rundown the wholesale segments.

**Quarterly performance****(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	30,083	29,028	28,744	29,188	29,466	30,862	32,096	32,555	1,17,042	1,24,979
Interest Expenses	15,089	14,417	14,066	13,923	14,132	14,385	15,248	15,929	57,494	59,693
<b>Net Interest Income</b>	<b>14,994</b>	<b>14,611</b>	<b>14,678</b>	<b>15,265</b>	<b>15,334</b>	<b>16,477</b>	<b>16,849</b>	<b>16,626</b>	<b>59,548</b>	<b>65,286</b>
Change YoY (%)	13.8	4.9	-7.1	-5.5	2.3	12.8	14.8	8.9	0.8	9.6
Other Operating Income	1,318	1,490	1,964	1,281	1,318	1,090	1,064	568	6,053	4,040
<b>Net Operating Income</b>	<b>16,313</b>	<b>16,101</b>	<b>16,642</b>	<b>16,546</b>	<b>16,652</b>	<b>17,567</b>	<b>17,913</b>	<b>17,194</b>	<b>65,601</b>	<b>69,326</b>
Change YoY (%)	15.8	6.0	-4.6	-8.4	2.1	9.1	7.6	3.9	1.3	5.7
Other income	614	826	1,284	1,204	1,474	1,193	1,160	1,397	3,928	5,224
<b>Total Income</b>	<b>16,926</b>	<b>16,928</b>	<b>17,925</b>	<b>17,749</b>	<b>18,126</b>	<b>18,760</b>	<b>19,073</b>	<b>18,591</b>	<b>69,529</b>	<b>74,549</b>
Change YoY (%)	2.9	4.5	-3.8	-10.3	7.1	10.8	6.4	4.7	-2.2	7.2
Operating Expenses	5,485	5,905	6,167	6,389	6,577	6,868	7,400	7,609	23,946	28,454
Change YoY (%)	31.4	28.8	25.5	5.1	19.9	16.3	20.0	19.1	21.3	18.8
<b>Operating Profits</b>	<b>11,441</b>	<b>11,023</b>	<b>11,759</b>	<b>11,360</b>	<b>11,549</b>	<b>11,891</b>	<b>11,673</b>	<b>10,982</b>	<b>45,582</b>	<b>46,095</b>
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	0.9	7.9	-0.7	-3.3	-11.2	1.1
Provisions	9,062	7,830	7,418	6,524	7,989	5,765	5,690	5,178	30,833	24,622
<b>Profit before Tax</b>	<b>2,379</b>	<b>3,193</b>	<b>4,341</b>	<b>4,837</b>	<b>3,560</b>	<b>6,126</b>	<b>5,983</b>	<b>5,805</b>	<b>14,750</b>	<b>21,473</b>
Tax Provisions	609	963	1,261	1,423	948	2,070	1,795	1,414	4,256	6,227
Profit after tax	<b>1,770</b>	<b>2,230</b>	<b>3,080</b>	<b>3,414</b>	<b>2,612</b>	<b>4,056</b>	<b>4,188</b>	<b>4,391</b>	<b>10,494</b>	<b>15,246</b>
Change YoY (%)	20.1	-10.0	7.0	28.3	47.5	81.9	36.0	28.6	10.6	45.3

**LIC Housing Finance****Buy****CMP INR424 | TP: INR500 (+18%)****EPS CHANGE (%): FY23|24: -0.1|-0.2**

- Expect loan growth of 11% YoY, with a largely stable mix.
- Estimate credit costs of INR4.1b in 3QFY23 v/s INR5.7b in 2QFY23.
- CoF and yields are expected to increase ~40bp and ~90bp QoQ, leading to ~55bp improvement in NIM.
- Watch out for commentaries on slippages from restructured pool, and guidance on margins.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	48,253	46,734	50,006	51,893	52,502	50,493	58,035	62,128	1,96,885	2,23,158
Interest Expenses	35,500	35,060	35,460	35,518	36,400	38,864	42,439	46,784	1,41,537	1,64,488
<b>Net Interest Income</b>	<b>12,753</b>	<b>11,674</b>	<b>14,546</b>	<b>16,375</b>	<b>16,102</b>	<b>11,629</b>	<b>15,595</b>	<b>15,344</b>	<b>55,348</b>	<b>58,670</b>
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	-0.4	7.2	-6.3	5.5	6.0
Fees and other income	338	416	698	1,193	407	427	716	731	2,646	2,282
<b>Net Income</b>	<b>13,091</b>	<b>12,090</b>	<b>15,244</b>	<b>17,568</b>	<b>16,509</b>	<b>12,056</b>	<b>16,311</b>	<b>16,075</b>	<b>57,994</b>	<b>60,952</b>
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	-0.3	7.0	-8.5	7.5	5.1
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,610	2,505	2,628	9,994	9,771
<b>Operating Profit</b>	<b>10,276</b>	<b>9,481</b>	<b>13,174</b>	<b>15,069</b>	<b>14,481</b>	<b>9,447</b>	<b>13,806</b>	<b>13,447</b>	<b>48,000</b>	<b>51,181</b>
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	-0.4	4.8	-10.8	2.3	6.6
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	5,658	4,100	3,441	20,218	16,276
<b>Profit before Tax</b>	<b>1,929</b>	<b>3,090</b>	<b>9,619</b>	<b>13,144</b>	<b>11,404</b>	<b>3,789</b>	<b>9,706</b>	<b>10,006</b>	<b>27,782</b>	<b>34,904</b>
Tax Provisions	395	611	1,945	1,958	2,149	739	1,844	1,900	4,909	6,632
<b>Net Profit</b>	<b>1,534</b>	<b>2,479</b>	<b>7,673</b>	<b>11,186</b>	<b>9,255</b>	<b>3,050</b>	<b>7,862</b>	<b>8,106</b>	<b>22,873</b>	<b>28,273</b>
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	23.0	2.5	-27.5	-16.3	23.6

**Mahindra Financial Services****Buy**

CMP INR241 | TP: INR290 (+20%)

EPS CHANGE (%): FY23 | 24: 1.4 | -5.1

- Disbursements and business assets grew ~80% and 20% YoY respectively in 3QFY23.
- We expect ~40bp QoQ contraction in margins.
- Estimate credit costs of INR3.1b (~1.6%) in 3QFY23
- Watch out for guidance on margins, credit costs and commentary on potential removal of RBI ban

**Quarterly Performance**

(INR Mn)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Operating Income	21,760	25,079	25,317	24,424	24,863	25,858	27,835	29,903	96,580	1,08,460
Other Income	111	145	114	239	122	235	210	194	609	761
<b>Total income</b>	<b>21,871</b>	<b>25,224</b>	<b>25,430</b>	<b>24,664</b>	<b>24,986</b>	<b>26,093</b>	<b>28,045</b>	<b>30,097</b>	<b>97,189</b>	<b>1,09,221</b>
YoY Growth (%)	-17.6	-4.8	-1.2	-6.5	14.2	3.4	10.3	22.0	-7.6	12.4
Interest Expenses	10,179	10,151	9,514	9,514	9,320	10,688	12,398	13,608	39,359	46,014
<b>Net Income</b>	<b>11,691</b>	<b>15,073</b>	<b>15,916</b>	<b>15,150</b>	<b>15,666</b>	<b>15,405</b>	<b>15,647</b>	<b>16,489</b>	<b>57,830</b>	<b>63,207</b>
YoY Growth (%)	-15.9	5.6	12.4	-2.2	34.0	2.2	-1.7	8.8	-0.1	9.3
Operating Expenses	4,203	4,910	5,294	6,170	6,208	6,768	7,041	7,506	20,577	27,523
<b>Operating Profit</b>	<b>7,488</b>	<b>10,163</b>	<b>10,623</b>	<b>8,979</b>	<b>9,458</b>	<b>8,637</b>	<b>8,606</b>	<b>8,983</b>	<b>37,253</b>	<b>35,684</b>
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	26.3	-15.0	-19.0	0.0	-10.4	-4.2
Provisions	28,186	-3,668	-1,474	639	6,453	1,985	3,107	3,611	23,683	15,156
<b>Profit before Tax</b>	<b>-20,698</b>	<b>13,831</b>	<b>12,096</b>	<b>8,341</b>	<b>3,005</b>	<b>6,652</b>	<b>5,499</b>	<b>5,372</b>	<b>13,570</b>	<b>20,528</b>
Tax Provisions	-5,411	3,602	3,158	2,333	776	1,624	1,430	1,467	3,682	5,296
<b>Net Profit</b>	<b>-15,288</b>	<b>10,229</b>	<b>8,939</b>	<b>6,008</b>	<b>2,229</b>	<b>4,483</b>	<b>4,069</b>	<b>3,905</b>	<b>9,888</b>	<b>14,687</b>
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-114.6	-56.2	-54.5	-35.0	195.0	48.5

**MAS Financial****Buy**

CMP INR829 | TP: INR975 (+18%)

EPS CHANGE (%): FY23 | 24: 0.3 | -4.0

- AUM expected to grow 5% QoQ/~30% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Margins are expected to decline ~10bp QoQ, due to rising CoF.
- Expect provisions of INR76m in 3QFY23 (down ~37% QoQ).

**Quarterly Performance**

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue from Operations</b>	<b>1,485</b>	<b>1,567</b>	<b>1,718</b>	<b>1,804</b>	<b>1,983</b>	<b>2,300</b>	<b>2,527</b>	<b>2,682</b>	<b>6,575</b>	<b>9,492</b>
Interest Income	1,283	1,352	1,473	1,590	1,677	1,941	2,231	2,450	5,695	8,298
Gain on assignments	149	155	175	147	157	178	195	293	642	822
Other operating Income	53	61	70	67	150	182	101	-61	237	372
Interest expenses	699	759	831	905	928	1,108	1,308	1,393	3,195	4,737
<b>Total income</b>	<b>786</b>	<b>808</b>	<b>887</b>	<b>899</b>	<b>1,055</b>	<b>1,192</b>	<b>1,219</b>	<b>1,289</b>	<b>3,379</b>	<b>4,755</b>
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	34.3	47.5	37.5	43.4	2.6	40.7
Operating Expenses	149	203	280	294	348	416	439	460	921	1,663
<b>Operating Profits</b>	<b>636</b>	<b>605</b>	<b>607</b>	<b>605</b>	<b>707</b>	<b>775</b>	<b>780</b>	<b>830</b>	<b>2,458</b>	<b>3,092</b>
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	11.1	28.2	28.5	37.1	-8.2	25.8
Provisions	141	90	68	38	85	121	76	78	341	359
<b>Profit before tax</b>	<b>495</b>	<b>515</b>	<b>539</b>	<b>567</b>	<b>623</b>	<b>654</b>	<b>704</b>	<b>752</b>	<b>2,117</b>	<b>2,732</b>
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	27.0	30.6	32.5	9.7	29.1
Tax Provisions	127	132	138	142	157	164	179	196	538	697
<b>Net Profit</b>	<b>368</b>	<b>383</b>	<b>401</b>	<b>426</b>	<b>465</b>	<b>491</b>	<b>524</b>	<b>556</b>	<b>1,578</b>	<b>2,036</b>
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.3	28.0	30.7	30.5	10.0	29.0

**Muthoot Finance****Neutral****CMP INR 1,091 | TP: INR1,150 (+5%)****EPS CHANGE (%): FY23|24: 0.5|0.4**

- Estimate standalone AUM growth of ~2% QoQ, driven by high competition from banks/gold loan fintechs.
- Estimate ~10bp sequential expansion in margins.
- CIR could increase to ~31% in 3QFY23 (v/s 28% QoQ)
- Watch out for commentaries on gold loan growth and margin guidance for 4QFY23.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from operations	26,837	27,920	28,394	26,410	24,816	24,746	25,736	27,169	1,09,560	1,02,467
Other operating income	301	385	288	289	223	231	254	530	1,263	1,238
<b>Total Operating income</b>	<b>27,138</b>	<b>28,304</b>	<b>28,682</b>	<b>26,699</b>	<b>25,039</b>	<b>24,977</b>	<b>25,990</b>	<b>27,699</b>	<b>1,10,823</b>	<b>1,03,705</b>
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-11.8	-9.4	3.7	5.0	-6.4
Other income	11	29	36	85	54	58	50	58	161	220
<b>Total Income</b>	<b>27,149</b>	<b>28,333</b>	<b>28,718</b>	<b>26,784</b>	<b>25,093</b>	<b>25,036</b>	<b>26,040</b>	<b>27,757</b>	<b>1,10,984</b>	<b>1,03,925</b>
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-11.6	-9.3	3.6	5.0	-6.4
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,027	9,659	10,067	38,358	38,168
<b>Net Income</b>	<b>17,327</b>	<b>18,539</b>	<b>19,185</b>	<b>17,575</b>	<b>15,677</b>	<b>16,009</b>	<b>16,381</b>	<b>17,690</b>	<b>72,626</b>	<b>65,757</b>
Operating Expenses	3,989	4,397	4,519	5,357	5,435	4,522	5,016	5,665	18,262	20,639
<b>Operating Profit</b>	<b>13,338</b>	<b>14,142</b>	<b>14,666</b>	<b>12,218</b>	<b>10,241</b>	<b>11,487</b>	<b>11,366</b>	<b>12,025</b>	<b>54,364</b>	<b>45,118</b>
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-18.8	-22.5	-1.6	6.6	-17.0
Provisions	337	744	889	-700	-577	-127	33	344	1,270	-327
<b>Profit before Tax</b>	<b>13,001</b>	<b>13,398</b>	<b>13,777</b>	<b>12,918</b>	<b>10,818</b>	<b>11,614</b>	<b>11,333</b>	<b>11,681</b>	<b>53,094</b>	<b>45,446</b>
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,942	2,924	3,061	13,551	11,725
<b>Net Profit</b>	<b>9,712</b>	<b>9,940</b>	<b>10,289</b>	<b>9,603</b>	<b>8,020</b>	<b>8,672</b>	<b>8,409</b>	<b>8,620</b>	<b>39,543</b>	<b>33,721</b>
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-12.8	-18.3	-10.2	6.2	-14.7

**Manappuram Finance****Buy****CMP INR119 | TP: INR140 (+17%)****EPS CHANGE (%): FY23|24: -5.3|-1.5**

- Expect continued sequential decline in Gold AUM and consolidated AUM expected to remain flat sequentially.
- Factored in a margin compression of ~90bp QoQ and spread decline of ~50bp in the consolidated loan book.
- Expect credit costs to decline to ~0.8% in 3QFY23 (v/s 1.0% in 2QFY23).
- Watch out for commentaries on gold loan growth and asset quality in the MFI and Vehicle segments.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	15,216	14,787	14,461	13,933	14,612	16,078	15,757	16,396	58,397	62,842
Interest Expenses	4,931	4,924	5,311	4,948	5,046	5,284	5,680	6,012	20,114	22,021
<b>Net Interest Income</b>	<b>10,285</b>	<b>9,863</b>	<b>9,151</b>	<b>8,985</b>	<b>9,566</b>	<b>10,795</b>	<b>10,077</b>	<b>10,384</b>	<b>38,284</b>	<b>40,821</b>
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-7.0	9.4	10.1	15.6	-3.6	6.6
Other income	521	758	607	980	416	1,063	947	803	2,866	3,229
<b>Net Income</b>	<b>10,806</b>	<b>10,621</b>	<b>9,758</b>	<b>9,965</b>	<b>9,981</b>	<b>11,858</b>	<b>11,024</b>	<b>11,188</b>	<b>41,149</b>	<b>44,050</b>
Operating Expenses	3,720	4,593	5,228	4,912	4,890	5,525	5,656	5,801	18,453	21,872
<b>Operating Profits</b>	<b>7,086</b>	<b>6,028</b>	<b>4,530</b>	<b>5,053</b>	<b>5,091</b>	<b>6,333</b>	<b>5,368</b>	<b>5,386</b>	<b>22,697</b>	<b>22,178</b>
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-28.2	5.1	18.5	6.6	-17.6	-2.3
Provisions	1,223	1,078	1,048	1,514	1,283	805	649	555	4,862	3,292
<b>PBT</b>	<b>5,864</b>	<b>4,950</b>	<b>3,482</b>	<b>3,539</b>	<b>3,808</b>	<b>5,527</b>	<b>4,720</b>	<b>4,831</b>	<b>17,835</b>	<b>18,886</b>
Tax Provisions	1,495	1,252	872	930	989	1,433	1,213	1,238	4,548	4,873
<b>PAT</b>	<b>4,369</b>	<b>3,699</b>	<b>2,610</b>	<b>2,610</b>	<b>2,819</b>	<b>4,095</b>	<b>3,507</b>	<b>3,593</b>	<b>13,287</b>	<b>14,014</b>
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.5	10.7	34.4	37.7	-23.0	5.5

**PNB Housing Finance****Neutral****CMP INR573 | TP: INR560 (-2%)****EPS CHANGE (%): FY23|24: 0.0|11.0**

- Moderation in the wholesale book to lead to flat AUM (0.7% YoY growth).
- We expect provisions to decrease to INR1.4b in 3QFY23 (v/s INR2.4b in 2QFY23)
- Cost ratios are expected to remain elevated due to investments in distribution capabilities.
- Watch out for commentaries on asset quality of the corporate loan book and disbursement trajectory.

**Quarterly performance****(INR M)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	16,114	14,999	14,112	12,995	12,987	15,975	15,243	16,197	58,220	60,401
Interest Expenses	11,029	10,348	9,961	9,307	9,303	9,639	10,506	11,456	40,645	40,904
<b>Net Interest Income</b>	<b>5,085</b>	<b>4,651</b>	<b>4,151</b>	<b>3,688</b>	<b>3,684</b>	<b>6,337</b>	<b>4,736</b>	<b>4,740</b>	<b>17,575</b>	<b>19,497</b>
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.6	36.2	14.1	28.5	-15.9	10.9
Other income	815	865	844	1,264	1,124	868	1,000	1,277	3,787	4,269
<b>Total Income</b>	<b>5,900</b>	<b>5,516</b>	<b>4,995</b>	<b>4,951</b>	<b>4,808</b>	<b>7,205</b>	<b>5,736</b>	<b>6,017</b>	<b>21,363</b>	<b>23,767</b>
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-18.5	30.6	14.8	21.5	-15.4	11.3
Operating Expenses	1,152	1,186	1,163	1,258	1,214	1,368	1,512	1,326	4,760	5,420
YoY Growth (%)	10.6	11.1	16.7	-13.1	5.4	15.4	30.0	5.4	4.5	13.9
<b>Operating Profits</b>	<b>4,748</b>	<b>4,330</b>	<b>3,832</b>	<b>3,693</b>	<b>3,594</b>	<b>5,837</b>	<b>4,225</b>	<b>4,692</b>	<b>16,603</b>	<b>18,347</b>
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-24.3	34.8	10.2	27.0	-19.7	10.5
Provisions	1,595	1,418	1,295	1,455	483	2,432	1,424	1,190	5,764	5,530
<b>Profit before Tax</b>	<b>3,153</b>	<b>2,912</b>	<b>2,537</b>	<b>2,238</b>	<b>3,111</b>	<b>3,404</b>	<b>2,800</b>	<b>3,501</b>	<b>10,840</b>	<b>12,817</b>
Tax Provisions	720	560	653	542	761	778	630	778	2,475	2,948
<b>Profit after tax</b>	<b>2,433</b>	<b>2,352</b>	<b>1,885</b>	<b>1,695</b>	<b>2,350</b>	<b>2,626</b>	<b>2,170</b>	<b>2,723</b>	<b>8,365</b>	<b>9,869</b>
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-3.4	11.7	15.2	60.6	-8.0	18.0

**Poonawalla Fincorp****Buy****CMP INR304 | TP: INR350 (+15%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Standalone AUM expected to grow ~30% YoY
- We expect net credit costs to be negative in 3QFY23, aided by recoveries from the legacy-stressed assets and the written-off pool of advances.
- CoF is expected to increase ~40bp sequentially
- Watch out for commentaries on disbursement trajectory, margins and asset quality/credit costs.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,581	3,727	3,675	3,602	3,857	4,179	4,784	5,730	14,586	18,549
Interest Expenses	1,468	1,282	1,239	1,104	1,187	1,441	1,723	1,814	5,093	6,165
<b>Net Interest Income</b>	<b>2,113</b>	<b>2,445</b>	<b>2,437</b>	<b>2,498</b>	<b>2,670</b>	<b>2,738</b>	<b>3,061</b>	<b>3,916</b>	<b>9,493</b>	<b>12,384</b>
YoY Growth (%)	-1.6	4.1	12.1	15.9	26.3	12.0	25.6	56.8	7.6	30.5
Other Income	193	244	267	381	434	627	651	476	1,085	2,187
<b>Total Income</b>	<b>2,306</b>	<b>2,690</b>	<b>2,704</b>	<b>2,879</b>	<b>3,103</b>	<b>3,365</b>	<b>3,712</b>	<b>4,392</b>	<b>10,578</b>	<b>14,571</b>
YoY Growth (%)	-1.2	0.4	9.0	12.6	34.6	25.1	37.3	52.6	5.5	37.8
Operating Expenses	1,298	1,466	1,555	1,727	1,926	2,107	2,150	2,214	6,046	8,397
<b>Operating Profit</b>	<b>1,008</b>	<b>1,223</b>	<b>1,149</b>	<b>1,152</b>	<b>1,178</b>	<b>1,257</b>	<b>1,562</b>	<b>2,177</b>	<b>4,532</b>	<b>6,174</b>
YoY Growth (%)	-13.7	-19.1	-19.0	-15.5	16.8	2.8	35.9	89.0	-17.0	36.2
Provisions & Loan Losses	379	240	81	-14	-164	-482	-400	-298	686	-1,344
<b>Profit before Tax</b>	<b>629</b>	<b>984</b>	<b>1,068</b>	<b>1,165</b>	<b>1,550</b>	<b>1,740</b>	<b>1,962</b>	<b>2,267</b>	<b>3,846</b>	<b>7,518</b>
Tax Provisions	130	243	266	274	313	438	491	548	914	1,789
<b>Net Profit</b>	<b>498</b>	<b>740</b>	<b>802</b>	<b>891</b>	<b>1,237</b>	<b>1,302</b>	<b>1,472</b>	<b>1,719</b>	<b>2,932</b>	<b>5,729</b>
YoY Growth (%)	84.6				148.2	75.8	83.4	92.8	-150.7	95.4

**Repro Home Finance****Neutral**

CMP INR232 | TP: INR260 (+12%)

EPS CHANGE (%): FY23|24: 4.4|-4.1

- Disbursements expected to decline 5% QoQ.
- Estimate loan book to remain flat sequentially with balance transfers continuing to remain elevated.
- Spreads and margins are expected to remain stable QoQ.
- Watch out for commentary around the asset quality and guidance on disbursements/AUM growth.

**Quarterly performance**

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,205	3,304	3,211	3,084	2,980	3,064	3,186	3,332	12,804	12,562
Interest Expenses	1,757	1,744	1,719	1,680	1,653	1,692	1,810	1,936	6,899	7,092
<b>Net Income</b>	<b>1,448</b>	<b>1,560</b>	<b>1,492</b>	<b>1,405</b>	<b>1,327</b>	<b>1,372</b>	<b>1,376</b>	<b>1,396</b>	<b>5,905</b>	<b>5,471</b>
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-8.4	-12.1	-7.8	-0.6	8.4	-7.4
Other income	19	42	44	158	90	112	139	130	262	471
<b>Total Income</b>	<b>1,467</b>	<b>1,602</b>	<b>1,536</b>	<b>1,563</b>	<b>1,417</b>	<b>1,484</b>	<b>1,515</b>	<b>1,526</b>	<b>6,166</b>	<b>5,942</b>
YoY Growth (%)	11.5	13.4	-2.4	0.9	-3.4	-7.3	-1.4	-2.3	5.4	-3.6
Operating Expenses	246	283	344	368	339	343	355	375	1,241	1,412
YoY Growth (%)	4.5	10.2	17.9	2.0	37.8	21.1	3.2	2.0	8.4	13.8
<b>Operating Profits</b>	<b>1,221</b>	<b>1,318</b>	<b>1,192</b>	<b>1,195</b>	<b>1,078</b>	<b>1,141</b>	<b>1,160</b>	<b>1,151</b>	<b>4,926</b>	<b>4,530</b>
YoY Growth (%)	13.0	14.1	-7.0	0.6	-11.7	-13.4	-2.7	-3.6	4.7	-8.0
Provisions	783	169	765	613	237	188	175	175	2,331	774
<b>Profit before Tax</b>	<b>437</b>	<b>1,149</b>	<b>427</b>	<b>582</b>	<b>841</b>	<b>954</b>	<b>985</b>	<b>976</b>	<b>2,595</b>	<b>3,756</b>
Tax Provisions	116	290	112	161	220	242	256	265	680	984
<b>Profit after tax</b>	<b>321</b>	<b>859</b>	<b>315</b>	<b>420</b>	<b>621</b>	<b>712</b>	<b>729</b>	<b>711</b>	<b>1,915</b>	<b>2,772</b>
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	93.2	-17.2	131.6	69.2	-33.4	44.7

**Shriram Finance Ltd****Buy**

CMP INR1,386 | TP: INR1,630 (+18%)

EPS CHANGE (%): FY23|24: 1.8|6.8

- Estimate disbursements of ~INR275b, leading to AUM of ~INR1.78t (up 13.5% YoY/ ~4% QoQ).
- Margins and spreads are estimated to remain largely stable sequentially.
- Credit costs are expected to decline to 1.9% in 3QFY23 (v/s 2.1% in 2QFY23).
- Watch out for commentaries on loan growth and asset quality in the CV, MSME, 2W, and PL segments.

**Quarterly Performance**

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	59,332	60,931	62,498	65,847	67,701	69,992	72,924	76,168	2,48,605	2,86,784
Interest Expenses	30,727	30,510	30,458	30,973	31,389	33,237	35,058	37,275	1,22,668	1,36,958
<b>Net Interest Income</b>	<b>28,605</b>	<b>30,421</b>	<b>32,040</b>	<b>34,874</b>	<b>36,312</b>	<b>36,754</b>	<b>37,866</b>	<b>38,893</b>	<b>1,25,936</b>	<b>1,49,826</b>
YoY Growth (%)					26.9	20.8	18.2	11.5	9.4	19.0
Other Income	2,139	1,940	2,841	2,522	2,218	3,165	3,325	3,025	9,441	11,734
<b>Total Income</b>	<b>30,744</b>	<b>32,360</b>	<b>34,881</b>	<b>37,396</b>	<b>38,530</b>	<b>39,919</b>	<b>41,192</b>	<b>41,918</b>	<b>1,35,378</b>	<b>1,61,559</b>
YoY Growth (%)					25.3	23.4	18.1	12.1	12.9	19.3
Operating Expenses	8,308	9,397	9,747	10,352	10,821	11,879	13,029	13,495	37,805	49,224
<b>Operating Profit</b>	<b>22,436</b>	<b>22,963</b>	<b>25,133</b>	<b>27,044</b>	<b>27,709</b>	<b>28,040</b>	<b>28,163</b>	<b>28,423</b>	<b>97,573</b>	<b>1,12,335</b>
YoY Growth (%)					23.5	22.1	12.1	5.1	13.0	15.1
Provisions & Loan Losses	17,297	8,791	12,027	9,370	10,327	8,976	8,200	7,549	47,485	35,052
<b>Profit before Tax</b>	<b>5,139</b>	<b>14,172</b>	<b>13,106</b>	<b>17,674</b>	<b>17,382</b>	<b>19,064</b>	<b>19,963</b>	<b>20,874</b>	<b>50,088</b>	<b>77,283</b>
Tax Provisions	1,360	3,637	3,375	3,792	4,501	4,902	5,031	5,350	12,164	19,784
<b>Net Profit</b>	<b>3,779</b>	<b>10,535</b>	<b>9,732</b>	<b>13,882</b>	<b>12,881</b>	<b>14,162</b>	<b>14,932</b>	<b>15,524</b>	<b>37,925</b>	<b>57,498</b>
YoY Growth (%)					240.8	34.4	53.4	11.8	8.4	51.6

# NBFC – Non Lending

## Company

Angel One

BSE

CAMS

ICICI Securities

IIFL Wealth

MCX

## A steady quarter across capital market/general insurance/mutual fund

### Scale benefits to result in improved profitability

- Capital market activity in India accelerated during 3QFY23 across most parameters (volumes, orders, etc.), barring client additions. Volumes in F&O – following a weak Oct-Nov'22 – bounced back in Dec'22, though cash volumes remained muted. Commodity option volumes remained strong. However, lower net interest income on MTF book for brokers is likely to result in QoQ decline in profits for brokers.
- The general insurance industry's growth momentum also picked up in 3QFY23 with 20% YoY cumulative GWP growth for Oct'22 and Nov'22. The health segment reported a strong cumulative growth of 35% YoY for the same period primarily backed by 48% YoY growth in group health. Motor segment too grew strongly at 12.5%/13.8% in Oct/Nov'22, respectively. 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.
- MF AUM activity for the industry declined marginally in Oct'22 but gathered pace in Nov'22. While SIP volumes and positive MTM led to a higher share of equity in industry AUM, Debt AUM continued to decline on large outflows. CAMS and IIFLWAM should gain from the healthy equity segment performance during the quarter.
- 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 ICICIGI.

## Incremental demat account additions ebb; cash volumes remain muted but F&O volumes recover strongly in Dec'22

The retail segment cash ADTO at NSE declined 28% MoM in Oct'22 owing to the festival season but it staged a strong comeback in Nov'22 before dipping again in Dec'22. Conversely, post-witnessing muted trends in Oct/Nov'22 with ADTO decline of 5%/growth of 1% MoM, respectively, the F&O segment surged 20%+ MoM in Dec'22. Incremental demat account additions in Oct/Nov'22 were at 1.8m each v/s an average of 2.0m/2.9m in 2QFY23/FY22, respectively. For ANGELONE, the average for 3QFY23 has been still lower than the average FY22 level. Number of orders per day too dropped MoM in Oct/Nov'22. We expect a modest decline in revenue and profitability for ANGELONE. For ISEC, we forecast a dip in revenue led by decline in cash volumes and flattish revenue from Distribution 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 18.5%/22.0% YoY in Oct/Nov'22 driven by 35.0%/35.5% YoY growth in health segment and 12.5%/13.8% growth in motor segment, respectively. For ICICIGI, the premium growth in Oct/Nov'22 stood at 18.2%/15.9% driven by health segment growth of 55%/49%, respectively. Motor segment growth recovered with 9%/4% YoY premium growth in Oct/Nov'22.

STARHEAL saw a premium growth of 12%/16% driven by retail growth of 13%/18% as group health business declined 5%/10%, respectively. Health segment claim ratios are likely to improve as monsoon-related ailments decline leading to lower frequency. Opex ratios are expected to benefit from operating leverage.

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

The mutual fund AUM activity for the industry declined marginally in Oct'22 (by 1% MoM) but gathered pace in Nov'22 and rose 2% MoM driven by SIP flows at INR133b (a new high) along with a positive MTM with Nifty yielding 6% returns for 3QFY23. Resultantly, the share of equity in overall industry AUM stood higher at 46% in Nov'22 v/s 44% for 2QFY23. CAMS is likely to be a clear beneficiary of these trends and is expected to report growth in revenue as well as profitability. IIFLWAM should see improved traction in its ARR assets driven by healthy mutual fund distribution. It should witness continued improvement in profitability propelled by sustained benefits of transition to ARR.

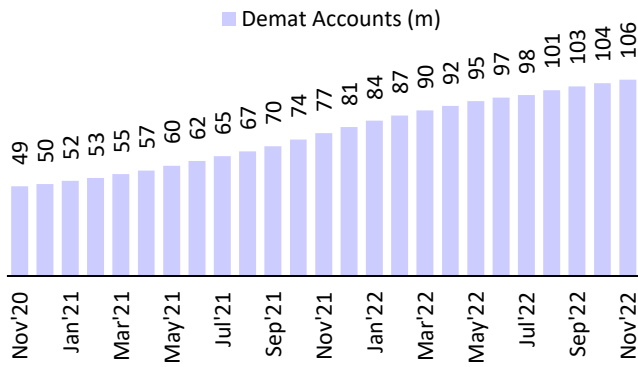
#### Exhibit 1: Quarterly performance

Sector	CMP (INR)	Rating	Revenue/NEP (INR m)			EBITDA/PBT/UP (INR m)			Net profit (INR m)		
			Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)
Angel One	1,316	BUY	5,404	21.5	-3.3	2,675	18.5	-8.6	1,954	18.6	-8.5
BSE	556	Neutral	1,857	0.9	2.9	487	-15.7	16.6	641	9.5	118.2
CAMS	2,195	BUY	2,560	7.7	5.6	1,195	5.4	12.6	823	6.4	14.1
ICICI Lombard	1,242	BUY	41,811	26.2	9.0	-2,444	-9.2	60.5	4,512	42.1	-2.4
ICICI Securities	494	BUY	8,507	-9.7	-1.7	3,723	-27.0	-7.8	2,792	-26.6	-7.1
IIFL Wealth	1,785	BUY	4,137	9.4	8.2	2,282	46.2	12.4	1,950	27.3	13.5
MCX	1,458	BUY	1,417	58.2	11.2	416	8.8	-36.6	422	22.9	-34.2
Star Health	586	BUY	24,820	-1.8	-11.2	597	NA	NA	1,727	NA	85.4
<b>Non-Lending NBFC</b>			<b>90,512</b>	<b>11.5</b>	<b>0.7</b>	<b>8,930</b>	<b>-1,209.3</b>	<b>-5.7</b>	<b>14,820</b>	<b>143.9</b>	<b>5.3</b>

#### Exhibit 2: Changes to our estimates

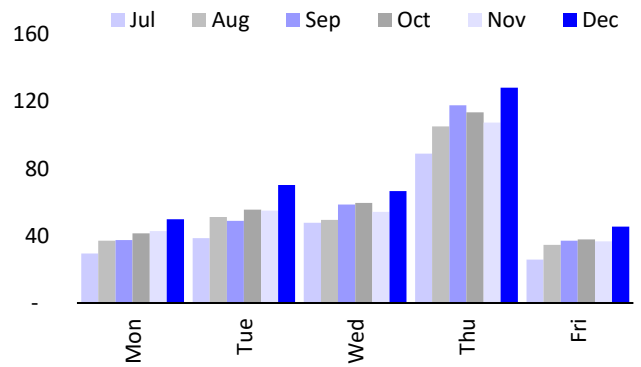
Company	Old estimates (INR)			New estimates (INR)			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Angel One	98.1	111.2	131	95.8	108.5	128	-2.3	-2.4	-2.3
BSE	16.0	21.2	24.5	15.1	20.1	23.2	-5.7	-5.4	-5.2
CAMS	63.3	75.7	88.9	60.0	72.2	86.5	-5.3	-4.6	-2.7
ICICI Lombard	35.8	42.6	52.1	37.6	44.0	53.6	5.0	3.1	2.9
ICICI Securities	39.0	42.8	47.0	37.0	40.3	44.4	-5.1	-5.7	-5.6
IIFL Wealth	81.0	90.7	101.8	83.6	89.1	98.9	3.2	-1.7	-2.9
MCX	49.5	65.3	75.7	39.2	59.8	75.8	-20.9	-8.5	0.1
Star Health	11.3	17.7	22.9	10.3	17.1	22.1	-8.9	-3.6	-3.4

**Exhibit 3: Demat accounts surpass 106m mark in Nov'22**



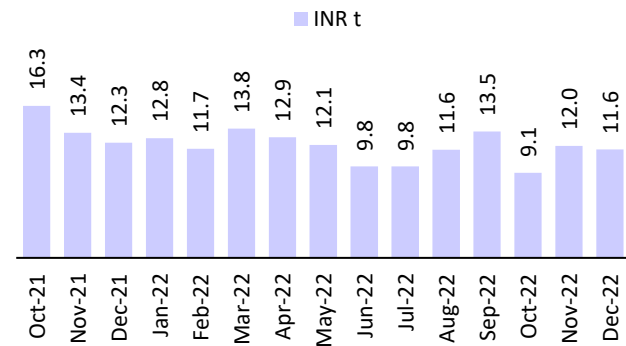
Source: NSDL, CDSL MOFSL

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



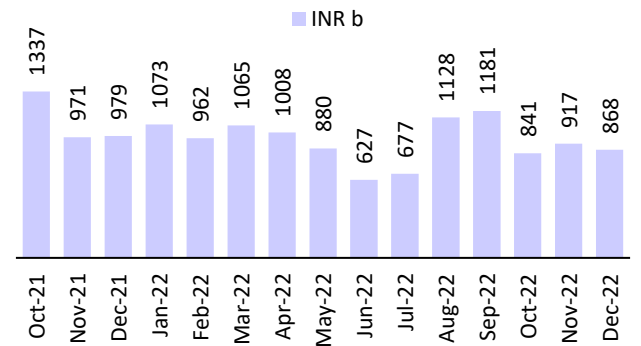
Source: NSE, MOFSL

**Exhibit 5: NSE Cash volumes recover from the lows**



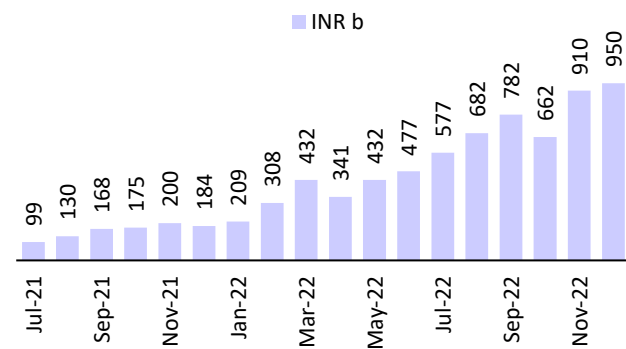
Source: NSE, MOFSL

**Exhibit 6: BSE Cash volumes muted**



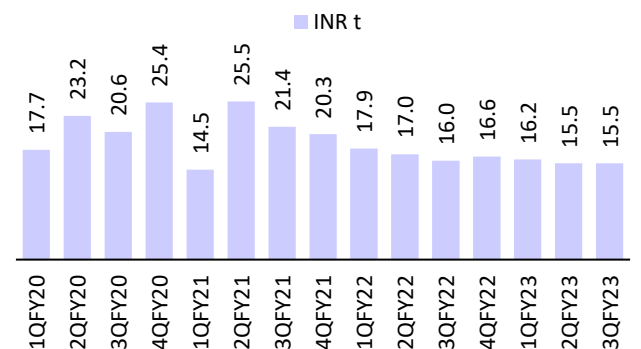
Source: BSE, MOFSL

**Exhibit 7: MCX Option volumes surge**



Source: MCX, MOFSL

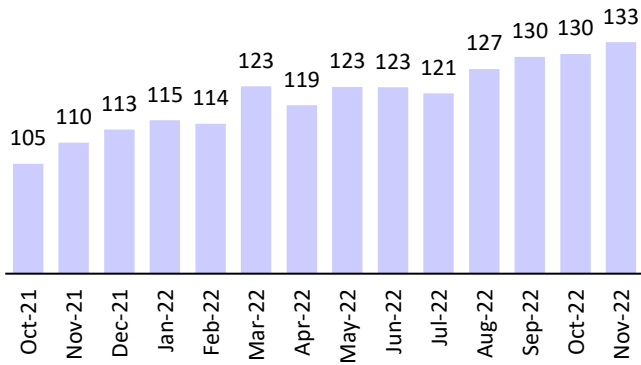
**Exhibit 8: MCX Futures volumes muted**



Source: MCX, MOFSL

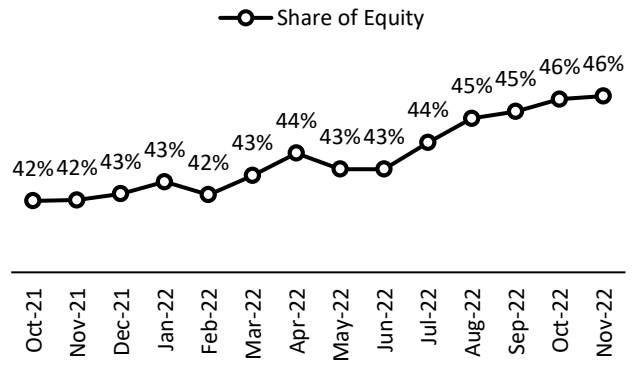


**Exhibit 9: SIP flows remain strong**



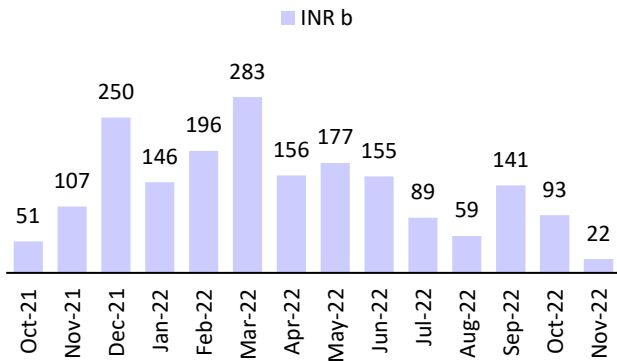
Source: AMFI, MOFSL

**Exhibit 10: Share of equities surge in MF AUM**



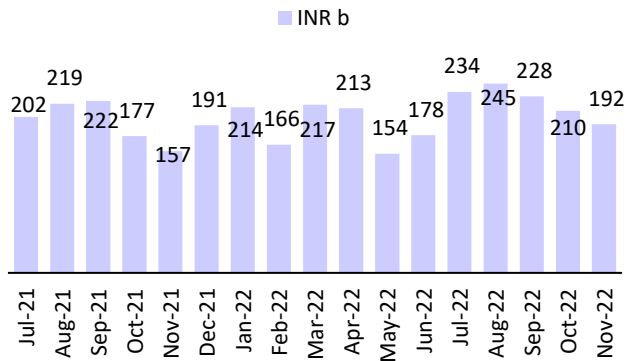
Source: MCX, MOFSL

**Exhibit 11: Net equity flows decline due to redemptions**



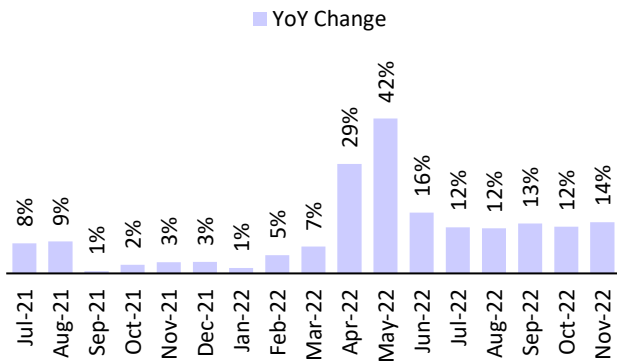
Source: AMFI, MOFSL

**Exhibit 12: Strong recovery in general insurance premium**



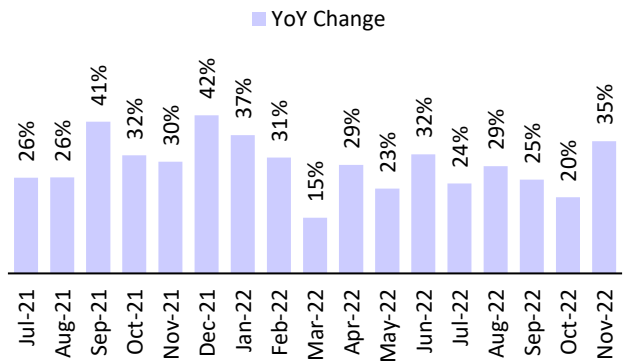
Source: GIC, MOFSL

**Exhibit 13: Motor premium growth remains healthy**



Source: GIC, MOFSL

**Exhibit 14: Health segment growth improves**



Source: GIC, MOFSL

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

## Angel One

Buy

CMP INR1,316 | TP: INR2,100 (60%)

EPS CHANGE (%): FY23 | 24: -2.3 | -2.4

- Gross client additions were weak during the quarter
- F&O volumes continued to trend higher with Dec'22 being a new high
- With interest rates increasing, the spread on MTF book will decline
- Cost-to-income ratio is likely to contract during the quarter

### Quarterly Performance

Y/E March									(INR m)	
	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from Operations	2,600	2,992	3,512	4,064	4,203	4,559	4,356	4,437	13,167	17,555
Other Income	807	888	936	1,031	948	1,029	1,048	1,136	3,662	4,162
<b>Total Income</b>	<b>3,407</b>	<b>3,880</b>	<b>4,448</b>	<b>5,095</b>	<b>5,151</b>	<b>5,588</b>	<b>5,404</b>	<b>5,573</b>	<b>16,829</b>	<b>21,717</b>
Change YoY (%)	110.4	83.3	100.5	68.9	51.2	44.0	21.5	9.4	87.6	29.0
Operating Expenses	1,744	2,040	2,191	2,298	2,660	2,662	2,729	2,808	8,273	10,859
Change YoY (%)	88.9	89.9	94.6	48.0	52.5	30.5	24.6	22.2	76.9	31.3
Depreciation	41.0	45.3	48.3	52.3	64.5	68.9	70.0	76.0	186.8	279.4
<b>PBT</b>	<b>1,622</b>	<b>1,795</b>	<b>2,209</b>	<b>2,744</b>	<b>2,427</b>	<b>2,857</b>	<b>2,605</b>	<b>2,690</b>	<b>8,369</b>	<b>10,579</b>
Change YoY (%)	151.1	80.1	111.2	92.8	49.6	59.2	17.9	-2.0	103.5	26.4
Tax Provisions	408	451	562	696	611	721	651	662	2,117	2,645
<b>Net Profit</b>	<b>1,214</b>	<b>1,343</b>	<b>1,647</b>	<b>2,048</b>	<b>1,816</b>	<b>2,137</b>	<b>1,954</b>	<b>2,027</b>	<b>6,253</b>	<b>7,934</b>
Change YoY (%)	151.8	80.2	124.7	101.0	49.6	59.0	18.6	-1.0	109.7	26.9

## BSE

Neutral

CMP INR556 | TP: INR600 (8%)

EPS CHANGE (%): FY23 | 24: -5.7 | -5.4

- Revenue likely to be flattish as lower equity transaction income is offset by higher listing fees and other revenue
- MF transaction income is likely to improve driven by a spike in BSE STAR MF transactions
- Revenue from services to corporates would improve led by improved IPO activities
- Lower contribution to Settlement Guarantee Fund (SGF) or Liquidity Enhancement Scheme (LES) will drive sequential profit growth

### Consolidated quarterly performance

Y/E March									(INR m)	
	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue from operations</b>	<b>1,527</b>	<b>1,818</b>	<b>1,840</b>	<b>1,922</b>	<b>1,731</b>	<b>1,804</b>	<b>1,857</b>	<b>1,955</b>	<b>7,107</b>	<b>7,346</b>
YoY Change (%)	47.9	41.6	55.7	29.8	13.4	-0.8	0.9	1.7	42.7	3.4
Total Expenditure	1,063	1,278	1,262	1,349	1,256	1,386	1,369	1,405	4,952	5,416
<b>EBITDA</b>	<b>464</b>	<b>540</b>	<b>578</b>	<b>573</b>	<b>475</b>	<b>418</b>	<b>487</b>	<b>550</b>	<b>2,156</b>	<b>1,930</b>
Margins (%)	30.4	29.7	31.4	29.8	27.5	23.2	26.2	28.1	30.3	26.3
Depreciation	116	117	123	127	104	122	124	125	483	475
Interest	42	52	52	76	76	74	74	75	222	299
Investment income	331	440	346	412	247	594	475	461	1,529	1,777
<b>PBT before EO expense</b>	<b>637</b>	<b>811</b>	<b>750</b>	<b>782</b>	<b>542</b>	<b>815</b>	<b>765</b>	<b>811</b>	<b>2,980</b>	<b>2,933</b>
Liquidity enhancement expense	94	141	89	88	116	457	100	98	412	770
<b>PBT</b>	<b>543</b>	<b>671</b>	<b>660</b>	<b>694</b>	<b>426</b>	<b>359</b>	<b>665</b>	<b>714</b>	<b>2,568</b>	<b>2,163</b>
Tax	161	280	244	139	135	215	196	211	823	757
Rate (%)	29.6	41.7	36.9	20.1	31.7	59.9	29.5	29.6	32.1	35.0
P/L of Asso. Cos.	136	176	169	161	109	150	173	197	642	629
<b>Reported PAT</b>	<b>519</b>	<b>567</b>	<b>586</b>	<b>716</b>	<b>400</b>	<b>294</b>	<b>641</b>	<b>700</b>	<b>2,387</b>	<b>2,035</b>
YoY Change (%)	59.8	23.1	86.2	125.4	-22.9	-48.1	9.5	-2.2	56.3	-13.4
Margins (%)	27.7	25.5	26.0	30.5	18.8	13.0	28.0	28.7	39.7	33.3

**CAMS****Buy****CMP INR2,195 | TP: INR2,900 (+32%)****EPS CHANGE (%): FY23 | 24: 0 | 0**

- While flows have softened during the quarter, MTM gains were healthy with Nifty gains of 6%
- Share of equities continued to improve, which will be favorable for yields
- Operating leverage to improve 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	3QE	4QE		
Revenue from Operations	2,012	2,276	2,377	2,432	2,366	2,424	2,560	2,580	9,097	9,929
Change YoY (%)	35.4	33.0	27.8	21.7	17.6	6.5	7.7	6.1	28.9	9.2
Employee expenses	724	809	832	853	933	901	892	883	3,218	3,700
Operating expenses	192	221	228	274	267	274	279	284	905	1,104
Other Expenses	167	189	184	183	188	189	194	199	733	769
Total Operating Expenses	1,083	1,218	1,244	1,310	1,388	1,363	1,365	1,366	4,855	5,574
Change YoY (%)	11.4	25.2	19.6	18.3	28.2	11.9	9.7	4.2	18.6	14.8
<b>EBITDA</b>	<b>929</b>	<b>1,057</b>	<b>1,133</b>	<b>1,122</b>	<b>979</b>	<b>1,061</b>	<b>1,195</b>	<b>1,214</b>	<b>4,241</b>	<b>4,356</b>
Other Income	45	44	41	43	44	74	70	74	173	262
Depreciation	106	119	134	157	136	147	150	150	516	583
Finance Cost	18	18	18	18	18	18	18	17	71	71
<b>PBT</b>	<b>850</b>	<b>965</b>	<b>1,023</b>	<b>989</b>	<b>869</b>	<b>970</b>	<b>1,097</b>	<b>1,121</b>	<b>3,827</b>	<b>3,964</b>
Change YoY (%)	63.5	45.9	35.2	22.3	2.3	0.5	7.3	13.3	39.4	3.6
Tax Provisions	217	239	249	251	223	249	274	285	957	1,031
<b>Net Profit</b>	<b>633</b>	<b>726</b>	<b>773</b>	<b>738</b>	<b>646</b>	<b>721</b>	<b>823</b>	<b>836</b>	<b>2,870</b>	<b>2,933</b>
Change YoY (%)	58.6	48.2	37.0	22.7	2.2	-0.6	6.4	13.2	39.8	2.2

**ICICI Securities****Buy****CMP INR494 | TP: INR610 (23%)****EPS CHANGE (%): FY23 | 24: -5.1 | -5.7**

- Muted cash volumes will be offset by stronger F&O segment revenue
- MTF net interest income to moderate due to higher interest rates
- Investment banking revenue to remain flattish
- 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	3QE	4QE		
Revenue from Operations	7,477	8,566	9,419	8,923	7,948	8,656	8,507	9,317	34,385	34,428
Other Income	0	0	0	0	0	0	0	0	0	110
<b>Total Income</b>	<b>7,477</b>	<b>8,566</b>	<b>9,419</b>	<b>8,923</b>	<b>7,948</b>	<b>8,656</b>	<b>8,507</b>	<b>9,317</b>	<b>34,385</b>	<b>34,538</b>
Change YoY (%)	36.8	25.9	51.9	20.7	6.3	1.1	-9.7	4.4	32.7	0.4
Operating Expenses	3,310	3,856	4,321	4,371	4,277	4,621	4,784	4,953	15,858	18,635
Change YoY (%)	15.3	25.1	64.8	46.6	29.2	19.8	10.7	13.3	37.3	17.5
<b>PBT</b>	<b>4,167</b>	<b>4,709</b>	<b>5,098</b>	<b>4,552</b>	<b>3,670</b>	<b>4,036</b>	<b>3,723</b>	<b>4,364</b>	<b>18,527</b>	<b>15,903</b>
Change YoY (%)	60.6	26.5	42.5	3.2	-11.9	-14.3	-27.0	-4.1	29.0	-14.2
Tax Provisions	1,060	1,197	1,295	1,149	934	1,032	931	1,079	4,700	3,976
<b>Net Profit</b>	<b>3,107</b>	<b>3,512</b>	<b>3,804</b>	<b>3,403</b>	<b>2,736</b>	<b>3,004</b>	<b>2,792</b>	<b>3,285</b>	<b>13,827</b>	<b>11,927</b>
Change YoY (%)	60.9	26.3	42.4	3.3	-11.9	-14.5	-26.6	-3.5	28.9	-13.7

**IIFL Wealth & Asset Management****Buy****CMP INR1,785 | TP: INR2,300 (+29%)****EPS CHANGE (%): FY23|24: 0|0**

- Sequential uptick in revenue driven by MTM gains in ARR business; TBR revenue projected to be flattish
- 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****(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>2,834</b>	<b>3,143</b>	<b>3,781</b>	<b>4,228</b>	<b>3,750</b>	<b>3,824</b>	<b>4,137</b>	<b>4,475</b>	<b>13,987</b>	<b>16,186</b>
Change (%)	42.6	48.3	58.1	59.2	32.3	21.7	9.4	5.8	52.8	15.7
ARR Assets Income	1,936	2,222	2,451	2,524	2,560	2,605	2,918	3,176	9,133	11,259
TBR Assets Income	898	921	1,330	1,704	1,190	1,219	1,219	1,299	4,854	4,927
<b>Operating Expenses</b>	<b>1,531</b>	<b>1,730</b>	<b>2,220</b>	<b>2,350</b>	<b>1,670</b>	<b>1,794</b>	<b>1,855</b>	<b>1,888</b>	<b>7,831</b>	<b>7,207</b>
Change (%)	17.8	29.2	46.2	54.3	9.1	3.7	-16.4	-19.6	37.9	-8.0
Cost to Income Ratio (%)	54.0	55.0	58.7	55.6	44.5	46.9	44.8	42.2	56.0	44.5
<b>Operating Profits</b>	<b>1,304</b>	<b>1,413</b>	<b>1,561</b>	<b>1,878</b>	<b>2,080</b>	<b>2,031</b>	<b>2,282</b>	<b>2,586</b>	<b>6,156</b>	<b>8,979</b>
Change (%)	89.3	80.9	78.8	65.8	59.5	43.7	46.2	37.7	77.2	45.8
Other Income	206	480	420	265	-60	200	250	260	1,371	650
<b>Profit Before Tax</b>	<b>1,510</b>	<b>1,893</b>	<b>1,981</b>	<b>2,143</b>	<b>2,020</b>	<b>2,231</b>	<b>2,532</b>	<b>2,846</b>	<b>7,527</b>	<b>9,629</b>
Change (%)	38.1	67.8	54.9	59.0	33.8	17.8	27.8	32.8	55.2	27.9
Tax	341	458	449	487	449	513	582	671	1,735	2,215
Tax Rate (%)	22.6	24.2	22.7	22.7	22.2	23.0	23.0	23.6	23.1	23.0
<b>PAT</b>	<b>1,169</b>	<b>1,435</b>	<b>1,532</b>	<b>1,657</b>	<b>1,571</b>	<b>1,717</b>	<b>1,950</b>	<b>2,176</b>	<b>5,792</b>	<b>7,414</b>
Change (%)	42.0	64.6	58.8	60.3	34.5	19.7	27.3	31.3	56.9	28.0
PAT Margins (%)	41.2	45.6	40.5	39.2	41.9	44.9	47.1	48.6	41.4	45.8

**MCX****Buy****CMP INR1,458 | TP: INR1,750 (+20%)****EPS CHANGE (%): FY23|24: -20.9|-8.5**

- 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****(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales</b>	<b>876</b>	<b>832</b>	<b>896</b>	<b>1,065</b>	<b>1,088</b>	<b>1,274</b>	<b>1,417</b>	<b>1,483</b>	3,668	5,262
YoY Gr. (%)	20.0	-30.5	-11.2	9.8	24.2	53.1	58.2	39.3	-6.1	43.4
<b>EBITDA</b>	<b>369</b>	<b>338</b>	<b>382</b>	<b>532</b>	<b>493</b>	<b>656</b>	<b>416</b>	<b>469</b>	1,621	2,033
<b>EBIT</b>	<b>302</b>	<b>272</b>	<b>315</b>	<b>505</b>	<b>435</b>	<b>598</b>	<b>357</b>	<b>348</b>	<b>1,394</b>	<b>1,739</b>
Margins (%)	34.5	32.7	35.2	47.4	40.0	47.0	25.2	23.5	38.0	33.0
Other Income	213	161	145	146	93	182	177	327	665	779
<b>PBT bef. Exceptional items</b>	<b>515</b>	<b>432</b>	<b>460</b>	<b>650</b>	<b>527</b>	<b>781</b>	<b>534</b>	<b>673</b>	<b>2,057</b>	<b>2,515</b>
Tax	116	100	111	79	106	135	107	156	407	503
Rate (%)	22.5	23.2	24.1	12.2	20.1	17.2	20.0	23.1	19.8	20.0
<b>PAT</b>	<b>398</b>	<b>327</b>	<b>344</b>	<b>366</b>	<b>415</b>	<b>641</b>	<b>422</b>	<b>518</b>	<b>1,435</b>	<b>1,997</b>
YoY Gr. (%)	-29.5	-44.2	-52.1	-4.7	4.3	96.4	22.9	41.5	-36.3	39.2

# 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

Strides Pharma.

Sun Pharma.

Torrent Pharma.

## Earnings on growth path for second consecutive quarter

### ANDA approval at all-time low QoQ

After reporting two consecutive quarters of earnings decline, the pharma companies under our coverage are expected to report 6% YoY earnings growth in 3QFY23. We expect 10% YoY sales growth to INR601b, led by growth improvement in domestic formulation (DF) YoY and a marginal pick-up in US sales on an aggregate basis. EBITDA/PAT for our coverage companies (excluding APHS) are expected to grow by 7%/6% YoY in 3QFY23, aided by a moderation in the cost of raw materials and logistics. For APHS, Hospital's EBITDA is expected to rise 6% YoY; however, incremental spending on Apollo 24/7 is likely to reduce the profitability. Accordingly, we expect APHS to post 16% YoY sales growth, while its EBITDA/PAT may decline 17%/21% YoY in 3QFY23.

### DF: Inflation-linked price hike/new launches to aid growth in 3QFY23

In 3QFY23, we expect the DF segment's sales to grow by 11% YoY to INR175b on an aggregate basis for the companies under our coverage. The price hike in NLEM products, gradual volume off-take and new launches are expected to improve growth momentum in the segment. Derma, Respiratory, Cardiac and Pain therapies are likely to witness high-single-digit growth due to strong traction. Companies are also adding MRs to cater to the increased demand. Company-wise, we expect ERIS/TRP to report 28%/19% YoY growth in DF revenue in 3QFY23, backed by continued outperformance in core therapies and the addition of Oaknet business (ERIS)/Curatio business (TRP). We forecast ALKEM/AJP to deliver 20%/16% YoY growth in DF sales, led by superior execution. We expect SUNP/Cipla to post 10%/9% YoY growth in the DF segment, partly on a high base of last year. We expect LPC to deliver 4% YoY growth in DF sales due to discontinuation of certain brands.

### US: Sales on growth track, ANDA approvals lowest in 3QFY23

After almost seven quarters of flat-to-declining growth, we expect the US segment to witness 5% YoY growth in sales in 3QFY23 to USD1.9b. Particularly, we expect new launches and market share gains in complex products, g-Revlimid for CIPLA/TRP/DRRD. We forecast CIPLA to deliver 33% YoY growth, led by market share gains in g-Albuterol and the addition of g-Lanreotide/g-Revlimid sales in 3QFY23. We project TRP to deliver 16% YoY growth in US sales due to the low base of last year; however, the backlog of regulatory compliance remains a concern in the medium term. ARBP/LPC may see muted US sales performance with a 4%/19% YoY decline in 3QFY23. ANDA approvals for our coverage companies would be at the historically lowest level at 38 against an average of 50 quarterly approvals over the past five years. Nevertheless, certain niche molecules are expected to boost the US sales run-rate in 3QFY23. Notably, the risk of USFDA inspections on manufacturing facilities has increased. Specifically, SUNP/GNP received import alerts on its Halol/Baddi facilities in 3QFY23.

**CIPLA/DRRD to lead the healthcare pack**

We expect CIPLA/DRRD/ZYDUSLIF/SUNP to outperform the rest of our coverage companies with 37%/22%/20%/10% earnings growth YoY in 3QFY23. The outperformance will be driven by better traction in existing products/new launches for CIPLA/DRRD and the low base of last year for ZYDUSLIF. We project DIVI/IPCA/ARBP/ALKEM to report an earnings decline of 40%/25%/8%/8%/ YoY, driven by: 1) deceleration in the CS/API business (DIVI), 2) higher employee costs due to MR additions (IPCA), and 3) ongoing price erosion due to intense competition in US generics (ARBP/ALKEM).

**Estimates cut for ARBP, ALKEM and DIVI**

We have lowered our FY23E/FY24E EPS for ARBP by 1.8%/5.3%, factoring in the headwinds in the US generics segment. We have also reduced our FY23E/FY24E EPS for ALKEM by 3% each due to the lack of meaningful launches in the US and high operational costs. We have cut our FY23E/FY24E EPS for DIVI by 3.1%/3.4% to factor in reduced CS business and a gradual recovery in the generics segment.

**Top ideas:**

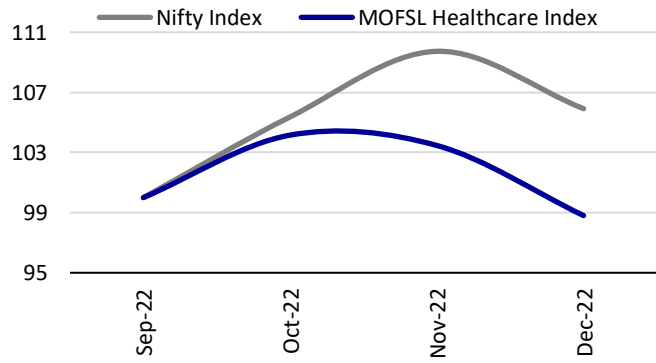
- 1) APHS (improving business prospects in Hospitals/strong traction in Apollo 24/7)
- 2) SUNP (increasing prescription base for the Specialty portfolio, robust franchise building in Branded Generics, niche ANDA pipeline awaiting approval, and controlled cost)

**Exhibit 1: Summary of quarterly performance**

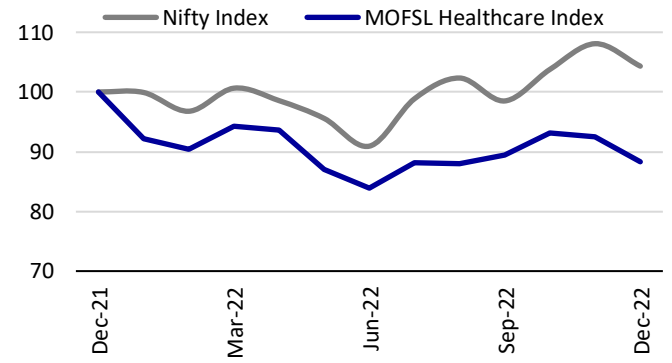
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Ajanta Pharma	1206	Buy	9,222	10.1	-1.7	2,167	-9.5	5.0	1,674	-12.7	1.9
Alembic Pharma	569	Sell	14,092	10.8	-4.5	2,114	-17.3	-9.2	1,166	-33.9	-21.0
Alkem Lab	2999	Neutral	30,137	15.1	-2.1	4,762	-4.5	4.9	3,737	-7.8	12.9
Apollo Hospitals	4451	Buy	42,192	15.9	-0.8	4,979	-15.2	-11.9	1,975	-18.8	-7.2
Aurobindo Pharma	435	Neutral	59,861	-0.3	4.3	9,039	-11.1	8.0	5,180	-7.9	16.2
Biocon	263	Neutral	29,060	33.7	25.3	6,044	6.9	28.3	2,128	-14.8	26.6
Cipla	1071	Neutral	63,869	16.6	9.6	16,031	30.2	15.4	9,979	36.9	17.1
Divis Labs	3374	Neutral	18,919	-24.1	2.0	6,451	-41.4	3.9	4,989	-40.2	6.4
Dr Reddy' s Labs	4238	Buy	57,365	7.8	-9.0	13,538	12.6	-24.9	8,660	21.8	-24.0
Eris Lifescience	664	Buy	4,252	28.0	-7.7	1,373	12.8	-9.3	969	-3.9	-18.9
Gland Pharma	1577	Buy	10,960	3.1	4.9	3,277	-6.1	6.5	2,694	-1.3	12.1
Glenmark Pharma	427	Neutral	33,155	10.4	1.1	5,769	10.5	9.4	2,759	21.5	50.7
Granules India	320	Buy	10,750	9.7	-6.6	2,279	45.6	-6.2	1,365	55.1	-5.9
GSK Pharma	1317	Neutral	8,310	1.9	-9.4	2,094	5.9	-18.5	1,608	3.0	-16.8
IPCA Labs.	837	Buy	15,546	8.7	-2.9	2,596	-15.7	-4.6	1,486	-24.6	-20.2
Laurus Labs	373	Buy	14,440	40.4	-8.4	4,029	41.2	-10.3	2,153	39.0	-7.9
Lupin	733	Neutral	41,201	-1.0	-0.6	5,274	-6.5	21.5	2,339	-13.2	102.3
Piramal Pharma	123	Buy	17,800	NA	3.5	2,315	NA	34.1	400	NA	LP
Solara Active Pharma	436	Buy	3,713	270.0	9.7	353	LP	27.9	-26	Loss	Loss
Sun Pharma	997	Buy	1,10,761	12.9	2.5	28,909	12.6	-5.4	20,983	10.4	-12.2
Torrent Pharma	1549	Neutral	23,940	13.6	4.5	7,230	34.4	6.5	3,340	34.1	7.0
Zydus Lifesciences	420	Neutral	41,413	13.8	0.2	9,182	22.2	-1.8	6,068	19.7	-0.8
<b>Healthcare</b>			<b>6,60,958</b>	<b>13.3</b>	<b>1.3</b>	<b>1,39,805</b>	<b>7.9</b>	<b>-0.8</b>	<b>85,624</b>	<b>5.9</b>	<b>-0.7</b>

Source: Company, MOFSL

**Exhibit 2: Relative performance – three months (%)**

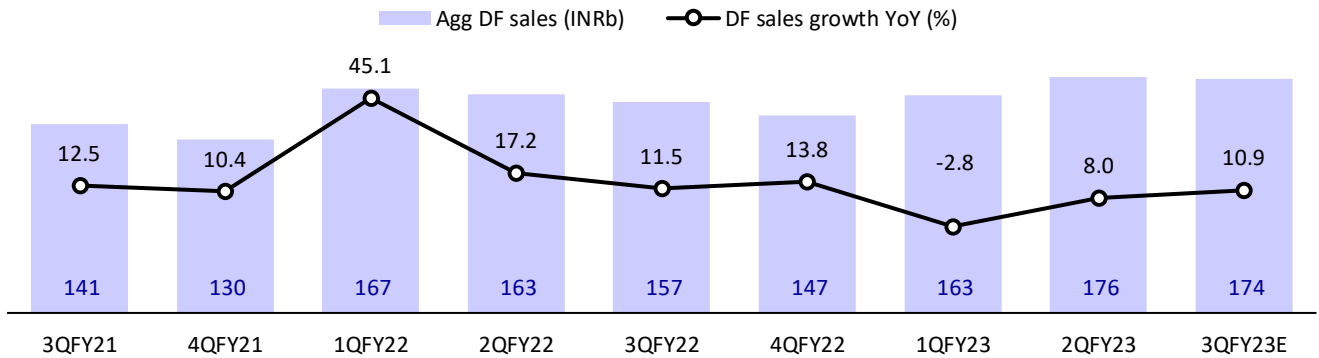


**Exhibit 3: Relative performance – one-year (%)**



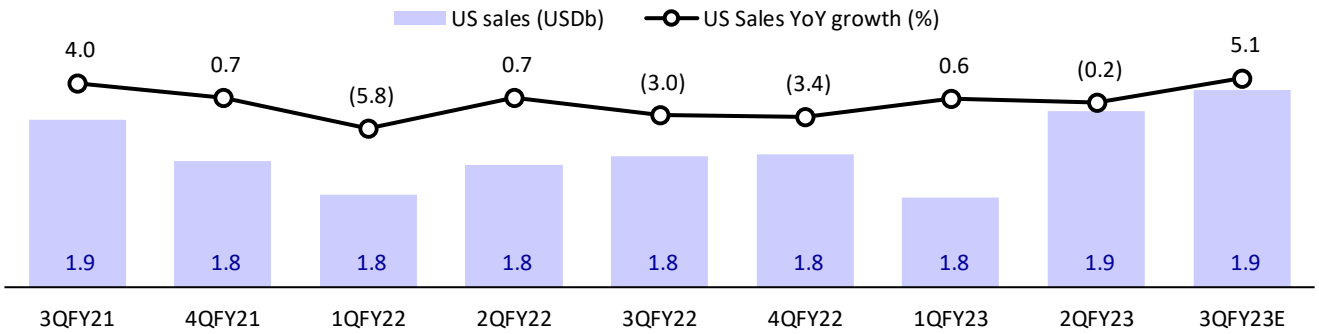
Source: Bloomberg, MOFSL

**Exhibit 4: DF sales growth to be 11% YoY in 3QFY23 as chronic therapies maintain the growth trajectory**



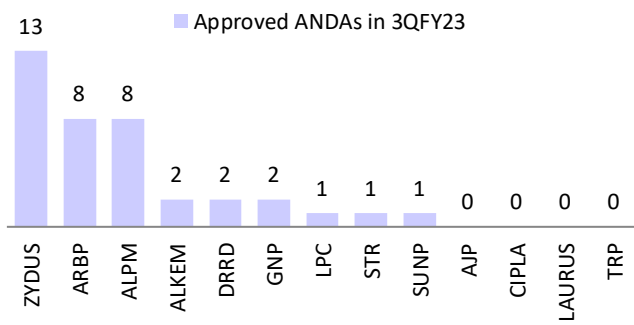
Source: MOFSL, Company

**Exhibit 5: Expect US sales to grow 5% YoY in 3QFY23 as new launches offset price erosion**



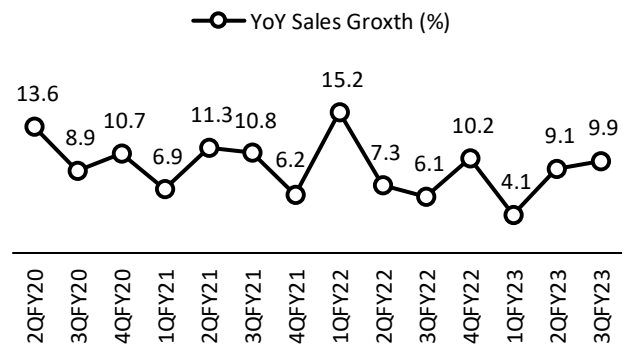
Source: MOFSL, Company

**Exhibit 6: 38 ANDAs approved on an aggregate basis for our coverage universe in 3QFY23**



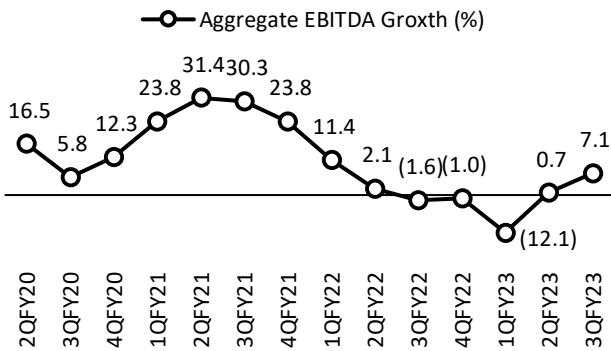
Source: MOFSL, Company

**Exhibit 7: Expect sales to grow 10% YoY in 3QFY23**

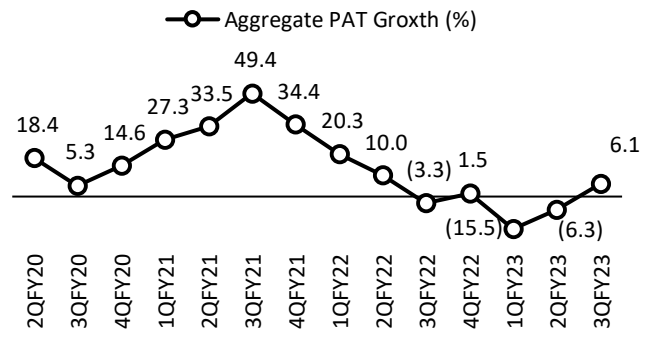


Source: MOFSL, Company

**Exhibit 8: EBITDA to grow 7% YoY in 3QFY23E**



**Exhibit 9: Also, PAT to witness similar trend for 3QFY23E**



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 10: 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
<b>Healthcare</b>						<b>27.5</b>	<b>22.5</b>	<b>19.3</b>	<b>3.5</b>	<b>3.1</b>	<b>2.7</b>	<b>12.6</b>	<b>13.7</b>	<b>14.1</b>
Ajanta Pharma	1,206	Buy	52.6	61.2	69.9	22.9	19.7	17.2	4.1	3.6	3.1	19.2	19.3	19.1
Alembic Pharma	569	Sell	20.8	31.4	36.2	27.4	18.1	15.7	2.1	1.9	1.7	7.5	11.0	12.0
Alkem Lab	2,999	Neutral	104.9	146.6	179.1	28.6	20.5	16.7	3.7	3.3	2.9	13.8	17.1	18.2
Apollo Hospitals	4,451	Buy	60.3	92.2	130.1	73.8	48.3	34.2	9.4	7.9	6.5	14.2	18.4	20.8
Aurobindo Pharma	435	Neutral	36.0	43.8	48.0	12.1	9.9	9.1	1.0	0.9	0.8	8.3	9.3	9.4
Biocon	263	Neutral	8.4	14.6	18.7	31.5	18.0	14.1	1.9	1.8	1.6	8.0	10.2	12.1
Cipla	1,071	Neutral	42.6	49.3	52.8	25.1	21.7	20.3	3.7	3.2	2.8	14.7	14.7	13.8
Divis Labs	3,374	Neutral	81.4	97.2	111.5	41.4	34.7	30.3	6.8	6.0	5.2	17.3	18.3	18.4
Dr Reddy's Labs	4,238	Buy	224.0	235.4	261.9	18.9	18.0	16.2	3.1	2.7	2.3	17.9	16.1	15.5
Eris Lifescience	664	Buy	29.6	38.8	39.1	22.5	17.1	17.0	4.1	3.5	3.0	19.7	22.0	18.8
Gland Pharma	1,577	Buy	64.4	79.9	90.0	24.5	19.7	17.5	3.2	2.7	2.4	13.8	14.8	14.4
Glenmark Pharma	427	Neutral	33.1	41.0	47.9	12.9	10.4	8.9	1.2	1.1	1.0	9.8	11.0	11.6
Granules India	320	Buy	22.3	26.5	31.7	14.4	12.1	10.1	2.6	2.1	1.8	19.4	19.2	19.1
GSK Pharma	1,317	Neutral	35.3	39.3	42.5	37.3	33.5	31.0	7.8	7.1	6.4	20.8	21.1	20.7
IPCA Labs.	837	Buy	26.0	35.5	45.8	32.1	23.6	18.3	3.5	3.1	2.7	11.5	14.1	16.0
Laurus Labs	373	Buy	18.3	22.5	26.3	20.4	16.6	14.2	4.8	3.9	3.1	26.1	25.7	24.4
Lupin	733	Neutral	11.0	23.5	31.8	66.4	31.2	23.1	2.6	2.5	2.3	4.1	8.2	10.4
Piramal Pharma	123	Buy	1.9	3.2	6.4	65.0	38.1	19.1	2.1	2.0	1.8	3.3	5.4	9.9
Solara Active Pharma	436	Buy	-5.9	13.4	16.0	-73.4	32.6	27.3	1.0	1.0	1.0	-1.4	3.2	3.8
Sun Pharma	997	Buy	35.5	42.0	47.9	28.1	23.7	20.8	4.3	3.7	3.2	16.4	16.8	16.6
Torrent Pharma	1,549	Neutral	39.7	50.8	61.9	39.0	30.5	25.0	7.2	6.2	3.1	20.3	21.9	24.9
Zyventus Lifesciences	420	Neutral	22.5	23.1	24.8	18.6	18.2	16.9	2.2	2.1	1.9	12.8	11.8	11.6



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.

## Ajanta Pharma

Buy

CMP: INR1,206 | TP: INR1,440 (+19%)

EPS CHANGE (%): FY23|24: (2.3)|(4.6)

- Expect robust 15.5% YoY growth in DF sales driven by superior execution across therapies
- Seasonal products to drive 8% YoY growth in US sales
- Expect a 5.7% YoY decline in Africa (Branded + Institutional) sales on the high base of last year
- Watch out for the outlook on 1) ANDA approvals/launches in the US, particularly niche products like g-Chantix, 2) measures taken to reduce cost pressures

### Consol. - Quarterly perf.

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,479	8,848	8,379	8,703	9,509	9,381	9,222	9,423	33,410	37,535
YoY Change (%)	11.9	23.6	11.9	15.0	27.1	6.0	10.1	8.3	15.6	12.3
Total Expenditure	5,278	6,220	5,983	6,505	6,992	7,318	7,055	7,200	23,986	28,564
EBITDA	2,201	2,628	2,396	2,197	2,518	2,063	2,167	2,223	9,424	8,971
YoY Change (%)	-1.4	-4.2	-0.9	-15.3	14.4	-21.5	-9.5	1.1	-5.6	-4.8
Margins (%)	29.4	29.7	28.6	25.2	26.5	22.0	23.5	23.6	28.2	23.9
Depreciation	309	315	317	312	318	327	330	343	1,253	1,318
EBIT	1,892	2,313	2,079	1,886	2,200	1,736	1,837	1,879	8,171	7,653
YoY Change (%)	-3.1	-6.0	-2.2	-17.6	16.2	-24.9	-11.6	-0.4	-7.4	-6.3
Interest	15	4	10	73	9	10	13	15	102	47
Other Income	76	145	240	295	48	404	350	325	757	1,126
PBT before EO expense	1,954	2,454	2,309	2,107	2,239	2,130	2,174	2,189	8,826	8,732
Extra-Ord expense	-250	-150	0	131	20	100	0	0	-269	120
PBT	2,204	2,604	2,309	1,977	2,219	2,030	2,174	2,189	9,095	8,612
Tax	467	645	392	465	472	464	500	501	1,968	1,938
Effective Rate (%)	21.2	24.8	17.0	23.5	21.3	22.9	23.0	22.9	21.6	22.5
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	1,674	1,688	7,127	6,674
Adj PAT	1,540	1,847	1,918	1,612	1,762	1,643	1,674	1,688	6,918	6,767
YoY Change (%)	4.2	8.5	8.6	1.2	14.4	-11.0	-12.7	4.7	5.8	-2.2

## Alembic Pharma

Sell

CMP: INR569 | TP: INR580 (2%)

EPS CHANGE (%): FY23|24: 3.1|1.9

- Expect US sales to decline by 5% YoY to USD51m due to pricing pressure in the base portfolio
- Outlook on potential injectable approvals
- Expect 7% YoY growth in DF sales mainly led by anti-infectives, gynecological and cardiac therapies
- Update on new launches in DF and R&D spend

### Quarterly perf. (Consol.)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	13,260	12,923	12,717	14,157	12,621	14,750	14,092	13,961	53,058	55,425
YoY Change (%)	-1.1	-11.3	-3.2	10.6	-4.8	14.1	10.8	-1.4	-1.6	4.5
Total Expenditure	10,900	10,351	10,160	11,326	11,475	12,423	11,978	12,067	43,086	47,942
EBITDA	2,360	2,572	2,557	2,831	1,147	2,328	2,114	1,894	9,972	7,482
YoY Change (%)	-42.1	-42.0	-30.0	-17.1	-51.4	-9.5	-17.3	-33.1	-36.0	-25.0
Margins (%)	17.8	19.9	20.1	20.0	9.1	15.8	15.0	13.6	18.8	13.5
Depreciation	532	546	559	581	521	517	540	534	2,218	2,112
EBIT	1,829	2,026	1,997	2,250	626	1,811	1,574	1,361	7,754	5,371
YoY Change (%)	-59.3	-58.4	-51.5	-42.7	-65.8	-10.6	-21.2	-39.5	-43.6	-30.7
Interest	21	46	43	67	88	124	130	132	177	474
Other Income	19	22	13	103	11	3	10	31	505	55
PBT before EO expense	1,826	2,003	1,967	2,286	548	1,690	1,454	1,260	8,081	4,952
Extra-Ord expense	0	0	0	1,880	1,150	160	0	0	1,880	1,150
PBT	1,826	2,003	1,967	406	-602	1,530	1,454	1,260	6,201	3,802
Tax	342	395	325	-17	-15	180	276	282	1,045	722
Rate (%)	18.7	19.7	16.5	-4.3	2.5	11.7	19.0	22.3	16.8	19.0
MI & P/L of Asso. Cos.	-162	-86	-122	69	72	17	12	-1	-300	100
Reported PAT	1,646	1,693	1,764	355	-659	1,334	1,166	979	5,457	2,980
Adj PAT	1,646	1,693	1,764	1,785	463	1,475	1,166	979	6,889	4,082
YoY Change (%)	-45.4	-49.2	-39.7	-28.8	-71.9	-12.9	-33.9	-45.1	-41.5	-40.7
Margins (%)	12.4	13.1	13.9	12.6	3.7	10.0	8.3	7.0	13.0	7.4

**Alkem Labs****Neutral****CMP: INR2,999 | TP: INR3,170 (+6%)****EPS CHANGE (%): FY23|24: (2.8)|(2.9)**

- Expect India business to grow 20% YoY, led by superior execution
- Outlook on cost saving measures to be implemented over next 12-15M
- US sales expected to see 6% YoY growth
- Update on ANDA filings/approvals for the US market over next 12M

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>27,314</b>	<b>27,999</b>	<b>26,190</b>	<b>24,839</b>	<b>25,764</b>	<b>30,794</b>	<b>30,137</b>	<b>27,966</b>	<b>106,342</b>	<b>114,661</b>
YoY Change (%)	38.1	18.5	13.0	13.3	-5.7	10.0	15.1	12.6	20.2	7.8
<b>EBITDA</b>	<b>5,929</b>	<b>6,243</b>	<b>4,985</b>	<b>3,372</b>	<b>2,732</b>	<b>4,539</b>	<b>4,762</b>	<b>4,707</b>	<b>20,529</b>	<b>16,740</b>
YoY Change (%)	16.9	4.0	-5.8	-9.1	-53.9	-27.3	-4.5	39.6	2.2	-18.5
Margins (%)	21.7	22.3	19.0	13.6	10.6	14.7	15.8	16.8	19.3	14.6
Depreciation	705	728	775	831	763	774	777	783	3,040	3,097
<b>EBIT</b>	<b>5,223</b>	<b>5,515</b>	<b>4,210</b>	<b>2,541</b>	<b>1,970</b>	<b>3,765</b>	<b>3,985</b>	<b>3,924</b>	<b>17,490</b>	<b>13,644</b>
YoY Change (%)	18.6	4.0	-8.5	-16.0	-62.3	-31.7	-5.4	54.4	38.7	-21.3
Margins (%)	19.1	19.7	16.1	10.2	7.6	12.2	13.2	14.0	16.4	11.9
Interest	129	120	106	170	265	249	255	264	524	1,032
Other Income	467	420	535	205	514	507	510	504	1,627	2,035
<b>PBT before EO Exp</b>	<b>5,561</b>	<b>5,815</b>	<b>4,639</b>	<b>2,576</b>	<b>2,219</b>	<b>4,023</b>	<b>4,240</b>	<b>4,165</b>	<b>18,592</b>	<b>14,647</b>
EO Exp/(Inc)	0	0	0	150	700	0	0	0	150	700
<b>PBT after EO Exp</b>	<b>5,561</b>	<b>5,815</b>	<b>4,639</b>	<b>2,427</b>	<b>1,519</b>	<b>4,023</b>	<b>4,240</b>	<b>4,165</b>	<b>18,443</b>	<b>13,947</b>
Tax	759	230	-694	1,345	204	546	475	448	1,640	1,674
Rate (%)	13.6	4.0	-15.0	55.4	13.5	13.6	11.2	10.8	8.8	11.4
<b>PAT (pre Minority Interest)</b>	<b>4,802</b>	<b>5,584</b>	<b>5,334</b>	<b>1,082</b>	<b>1,315</b>	<b>3,477</b>	<b>3,765</b>	<b>3,717</b>	<b>16,803</b>	<b>12,273</b>
Minority Interest	121	95	77	6	38	169	28	104	300	339
<b>Reported PAT</b>	<b>4,681</b>	<b>5,489</b>	<b>5,257</b>	<b>1,076</b>	<b>1,276</b>	<b>3,308</b>	<b>3,737</b>	<b>3,613</b>	<b>16,503</b>	<b>11,934</b>
<b>Adj Net Profit</b>	<b>4,681</b>	<b>5,489</b>	<b>4,052</b>	<b>2,293</b>	<b>1,882</b>	<b>3,308</b>	<b>3,737</b>	<b>3,613</b>	<b>16,516</b>	<b>12,540</b>
YoY Change (%)	17.1	16.3	-3.8	-27.7	-59.8	-39.7	-7.8	57.6	2.6	-24.1

**Apollo Hospitals****Buy****CMP: INR4,451 | TP: INR5,600 (+26%)****EPS CHANGE (%): FY23|24: (3.8)|(1.9)**

- Expect hospitals Sales/EBITDA to grow by 6% YoY
- Watch out for traction in services available on online Apollo 24/7 platform
- Store addition and higher sales from existing stores to drive 35% YoY growth in pharmacy sales
- Update on stake dilution in Healthco

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>37,602</b>	<b>37,171</b>	<b>36,389</b>	<b>35,464</b>	<b>37,956</b>	<b>42,511</b>	<b>42,192</b>	<b>44,536</b>	<b>146,626</b>	<b>167,194</b>
YoY Change (%)	73.2	34.6	31.9	23.7	0.9	14.4	15.9	25.6	38.9	14.0
Total Expenditure	32,403	31,021	30,519	30,832	33,049	36,857	37,213	38,675	124,775	145,793
<b>EBITDA</b>	<b>5,199</b>	<b>6,150</b>	<b>5,870</b>	<b>4,632</b>	<b>4,908</b>	<b>5,654</b>	<b>4,979</b>	<b>5,861</b>	<b>21,851</b>	<b>21,401</b>
YoY Change (%)	1,365.2	105.1	50.4	12.5	-5.6	-8.1	-15.2	26.5	92.1	-2.1
Margins (%)	13.8	16.5	16.1	13.1	12.9	13.3	11.8	13.2	14.9	12.8
Depreciation	1,406	1,448	1,490	1,664	1,478	1,550	1,560	1,572	6,007	6,160
Interest	947	954	937	949	927	927	920	918	3,786	3,692
Other Income	246	56	172	307	161	226	155	178	781	719
<b>PBT before EO expense</b>	<b>3,093</b>	<b>3,805</b>	<b>3,615</b>	<b>2,327</b>	<b>2,663</b>	<b>3,402</b>	<b>2,654</b>	<b>3,549</b>	<b>12,839</b>	<b>12,268</b>
Extra-Ord expense/(Income)	-2,941	0	0	0	0	0	0	0	-2,941	0
<b>PBT</b>	<b>6,034</b>	<b>3,805</b>	<b>3,615</b>	<b>2,327</b>	<b>2,663</b>	<b>3,402</b>	<b>2,654</b>	<b>3,549</b>	<b>15,780</b>	<b>12,268</b>
Tax	986	1,156	1,242	1,387	-695	1,142	690	660	4,770	1,798
Rate (%)	16.3	30.4	34.4	59.6	-26.1	33.6	26.0	18.6	30.2	14.7
Minority Interest & P/L of Asso. Cos.	42	-25	-60	-30	120	132	-12	10	-74	250
<b>Reported PAT</b>	<b>5,007</b>	<b>2,674</b>	<b>2,433</b>	<b>970</b>	<b>3,238</b>	<b>2,128</b>	<b>1,975</b>	<b>2,879</b>	<b>11,084</b>	<b>10,221</b>
<b>Adj PAT</b>	<b>2,859</b>	<b>2,674</b>	<b>2,433</b>	<b>1,822</b>	<b>1,690</b>	<b>2,128</b>	<b>1,975</b>	<b>2,879</b>	<b>9,787</b>	<b>8,672</b>
YoY Change (%)	NA	902.8	81.3	19.5	-40.9	-20.4	-18.8	58.0	1,024.9	-11.4
Margins (%)	7.6	7.2	6.7	5.1	4.5	5.0	4.7	6.5	6.7	5.2

**Aurobindo Pharma****Neutral****CMP: INR435 | TP: INR470 (+8%)****EPS CHANGE (%): FY22|23: (1.8)|(5.3)**

- Expect US sales to fall slightly by 3.8% YoY to USD353m
- Outlook on R&D spend and niche product pipeline over next 12-24M
- Expect EU sales to dip 4% YoY due to weak macro conditions
- Update on injectable business outlook given increased competition in base portfolio

**Quarterly performance (Consolidated)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>57,020</b>	<b>59,419</b>	<b>60,022</b>	<b>58,094</b>	<b>62,359</b>	<b>57,394</b>	<b>59,861</b>	<b>61,809</b>	<b>234,555</b>	<b>241,423</b>
YoY Change (%)	-3.8	-8.4	-5.7	-3.2	9.4	-3.4	-0.3	6.4	-5.3	2.9
<b>EBITDA</b>	<b>12,094</b>	<b>11,867</b>	<b>10,163</b>	<b>9,744</b>	<b>10,247</b>	<b>8,369</b>	<b>9,039</b>	<b>9,524</b>	<b>43,868</b>	<b>37,179</b>
YoY Change (%)	-8.2	-17.2	-25.7	-23.6	-15.3	-29.5	-11.1	-2.3	-18.7	-15.2
Margins (%)	21.2	20.0	16.9	16.8	16.4	14.6	15.1	15.4	18.7	15.4
Depreciation	2,797	2,942	2,991	2,536	2,795	2,981	2,800	2,870	11,265	11,446
<b>EBIT</b>	<b>9,297</b>	<b>8,925</b>	<b>7,172</b>	<b>7,208</b>	<b>7,452</b>	<b>5,388</b>	<b>6,239</b>	<b>6,654</b>	<b>32,603</b>	<b>25,733</b>
YoY Change (%)	-12.4	-24.1	-34.3	-28.5	-19.8	-39.6	-13.0	-7.7	-24.8	-21.1
Interest	129	104	161	92	146	253	120	-8	486	511
Other Income	813	947	452	292	406	572	550	531	2,504	2,059
<b>PBT before EO expense</b>	<b>9,981</b>	<b>9,768</b>	<b>7,463</b>	<b>7,408</b>	<b>7,712</b>	<b>5,707</b>	<b>6,669</b>	<b>7,193</b>	<b>34,620</b>	<b>27,281</b>
Forex loss/(gain)	-286	-19	-198	-197	283	461	0	0	-700	744
Exceptional (expenses)/income	0	0	348	-1,628	-600	0	0	0	-1,280	-600
<b>PBT</b>	<b>10,267</b>	<b>9,787</b>	<b>8,009</b>	<b>5,977</b>	<b>6,829</b>	<b>5,246</b>	<b>6,669</b>	<b>7,193</b>	<b>34,040</b>	<b>25,937</b>
Tax	2,477	2,709	1,895	175	1,586	1,130	1,434	1,530	7,256	5,680
Rate (%)	24.1	27.7	23.7	2.9	23.2	21.5	21.5	21.3	21.3	21.9
Minority Interest	90	111	71	41	40	21	55	84	313	200
<b>Reported PAT</b>	<b>7,700</b>	<b>6,967</b>	<b>6,043</b>	<b>5,761</b>	<b>5,204</b>	<b>4,095</b>	<b>5,180</b>	<b>5,578</b>	<b>26,471</b>	<b>20,057</b>
<b>Adj PAT</b>	<b>7,483</b>	<b>6,954</b>	<b>5,626</b>	<b>5,737</b>	<b>5,881</b>	<b>4,456</b>	<b>5,180</b>	<b>5,579</b>	<b>25,800</b>	<b>21,097</b>
YoY Change (%)	-7.4	-13.2	-26.5	-27.4	-21.4	-35.9	-7.9	-2.7	-18.5	-18.2
Margins (%)	13.1	11.7	9.4	9.9	9.4	7.8	8.7	9.0	11.0	8.7

**Biocon****Neutral****CMP: INR263 | TP: INR280 (6%)****EPS CHANGE (%): FY22|23: 0.1|1.9**

- Expect growth momentum to sustain in biologics sales with 45% YoY growth expected in 3QFY23, partly aided by Viartis merger
- Expect Syngene sales to witness 20% YoY in 3QFY23
- Update on new contracts for insulin Glargine, review of potential products pending for approval
- Regulatory compliance update at Malaysia/Bengaluru/Telangana sites

**Quarterly performance (Consolidated)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>17,610</b>	<b>18,404</b>	<b>21,743</b>	<b>24,088</b>	<b>21,397</b>	<b>23,200</b>	<b>29,060</b>	<b>32,964</b>	<b>81,845</b>	<b>106,621</b>
YoY Change (%)	5.4	5.5	17.5	31.0	21.5	26.1	33.7	36.8	15.2	30.3
Total Expenditure	13,720	13,940	16,090	18,172	17,030	18,490	23,015	24,554	61,922	83,090
<b>EBITDA</b>	<b>3,890</b>	<b>4,464</b>	<b>5,653</b>	<b>5,916</b>	<b>4,367</b>	<b>4,710</b>	<b>6,044</b>	<b>8,411</b>	<b>19,923</b>	<b>23,531</b>
YoY Change (%)	-5.7	9.0	42.0	35.8	12.3	5.5	6.9	42.2	20.4	18.1
Margins (%)	22.1	24.3	26.0	24.6	20.4	20.3	20.8	25.5	24.3	22.1
Depreciation	1,950	2,020	2,060	2,120	2,170	2,310	2,400	2,496	8,150	9,376
<b>EBIT</b>	<b>1,940</b>	<b>2,444</b>	<b>3,593</b>	<b>3,796</b>	<b>2,197</b>	<b>2,400</b>	<b>3,644</b>	<b>5,915</b>	<b>11,773</b>	<b>14,155</b>
YoY Change (%)	-21.0	5.5	69.5	50.8	13.2	-1.8	1.4	55.8	25.1	20.2
Interest	200	230	150	106	200	300	1,010	931	686	2,441
Other Income	470	1,050	480	674	780	650	620	650	2,674	2,700
Extraordinary Income	0	-700	-770	-410	-380	-170	0	0	-1,880	-550
Share of Profit/Loss from Associates	-560	-510	-470	-526	-430	-280	-220	-300	-1,540	-1,230
<b>PBT</b>	<b>1,650</b>	<b>2,054</b>	<b>2,683</b>	<b>3,428</b>	<b>1,967</b>	<b>2,300</b>	<b>3,034</b>	<b>5,334</b>	<b>9,815</b>	<b>12,634</b>
Tax	570	470	490	586	300	1,480	607	519	2,116	2,906
Rate (%)	34.5	22.9	18.3	17.1	15.3	64.3	20.0	9.7	21.6	23.0
Minority Interest	240	200	325	455	230	350	300	401	1,220	1,281
<b>PAT</b>	<b>840</b>	<b>1,384</b>	<b>1,868</b>	<b>2,387</b>	<b>1,437</b>	<b>470</b>	<b>2,128</b>	<b>4,414</b>	<b>6,479</b>	<b>8,447</b>
<b>Adj PAT</b>	<b>1,207</b>	<b>2,394</b>	<b>2,497</b>	<b>2,727</b>	<b>1,801</b>	<b>1,680</b>	<b>2,128</b>	<b>4,414</b>	<b>8,825</b>	<b>10,023</b>
YoY Change (%)	-18.9	33.9	49.4	141.5	49.3	-29.8	-14.8	61.9	45.2	13.6

## Cipla

Neutral

CMP: INR1,071 | TP: INR1,180 (10%)

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

- US sales trajectory expected to remain strong at USD200m
- The niche launches in the US expected to drive EBITDA at a higher rate (30% YoY) compared to sales growth (17% YoY)
- Expect DF sales to grow by 9% YoY
- Watch out for an update on niche pipeline including Peptide assets/Inhalation Assets/gAbraXane

## Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	54,532	55,198	54,789	52,603	53,752	58,285	63,869	63,222	217,121	239,129
YoY Change (%)	25.5	9.6	6.0	14.2	-1.4	5.6	16.6	20.2	13.3	10.1
Total Expenditure	41,585	42,936	42,479	43,106	42,318	44,388	47,838	48,389	170,106	182,934
EBITDA	12,947	12,262	12,310	9,497	11,434	13,897	16,031	14,833	47,016	56,195
YoY Change (%)	23.4	4.2	0.0	19.3	-11.7	13.3	30.2	56.2	10.6	19.5
Margins (%)	23.7	22.2	22.5	18.1	21.3	23.8	25.1	23.5	21.7	23.5
Depreciation	2,611	2,531	2,475	2,903	2,544	2,994	2,600	2,717	10,520	10,854
EBIT	10,336	9,731	9,835	6,594	8,889	10,904	13,431	12,117	36,496	45,341
YoY Change (%)	32.5	6.8	0.1	29.0	-14.0	12.0	36.6	83.8	14.6	24.2
Interest	296	380	207	181	178	256	220	183	1,064	837
Other Income	649	607	913	640	1,034	990	600	576	2,809	3,200
Profit before Tax	10,689	9,958	10,541	7,053	9,746	11,638	13,811	12,510	38,242	47,704
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	13,811	12,510	34,933	47,070
Tax	2,837	2,838	2,952	711	2,680	3,026	3,729	3,445	9,338	12,880
Rate (%)	26.5	28.5	28.0	10.1	27.5	26.0	27.0	27.5	24.4	27.0
Minority Interest	-29.2	6.4	302.7	146.5	201.6	88.6	103.0	106.8	427.2	500.0
Reported PAT	7,147	7,114	7,287	3,621	6,864	7,889	9,979	8,958	25,168	33,690
Adj PAT	7,881	7,114	7,287	6,100	6,864	8,523	9,979	8,958	28,382	34,324
YoY Change (%)	36.4	6.9	-2.6	47.6	-12.9	19.8	36.9	46.9	18.0	20.9

## Divi's Laboratories

Neutral

CMP: INR3,374 | TP: INR3,130 (-7%)

EPS CHANGE (%): FY23|24: (3.1)|(3.4)

- Expect sales to decline by 24% YoY dragged by Custom synthesis segment
- Update on Kakinada capex and raw material supply-demand dynamics in an uncertain macro situation
- Product mix and increased opex to drag EBITDA at higher rate than the sales decline
- Outlook on niche products under development in API/Custom synthesis/Nutraceuticals category

## Quarterly Performance

(INR m)

Y/E March	FY22E				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	19,606	19,875	24,932	25,184	22,545	18,545	18,919	19,496	89,598	79,505
YoY Change (%)	13.3	13.6	46.5	40.8	15.0	-6.7	-24.1	-22.6	28.6	-11.3
Total Expenditure	11,086	11,623	13,930	14,140	14,078	12,335	12,467	12,718	50,779	51,599
EBITDA	8,521	8,252	11,003	11,044	8,467	6,210	6,451	6,778	38,819	27,906
YoY Change (%)	21.7	9.0	51.7	54.2	-0.6	-24.7	-41.4	-38.6	33.9	-28.1
Margins (%)	43.5	41.5	44.1	43.9	37.6	33.5	34.1	34.8	43.3	35.1
Depreciation	733	774	799	810	837	857	840	849	3,115	3,383
EBIT	7,788	7,478	10,204	10,234	7,630	5,353	5,611	5,929	35,704	24,523
YoY Change (%)	21.0	7.5	55.3	58.4	-2.0	-28.4	-45.0	-42.1	35.1	-31.3
Interest	3	2	2	1	0	0	0	-1	8	0
Other Income	163	191	166	212	320	492	510	507	733	1,829
PBT before EO Income	7,948	7,667	10,368	10,446	7,950	5,845	6,121	6,436	36,429	26,352
Forex gain/(Loss)	196	-71	-31	312	564	308	0	0	406	872
PBT	8,145	7,596	10,337	10,757	8,514	6,153	6,121	6,436	36,835	27,224
Tax	2,574	1,532	1,314	1,811	1,493	1,216	1,132	1,059	7,231	4,900
Rate (%)	31.6	20.2	12.7	16.8	17.5	19.8	18.5	16.5	19.6	18.0
PAT	5,571	6,065	9,022	8,946	7,021	4,937	4,989	5,377	29,605	22,324
Adj. PAT	6,391	6,165	8,336	8,413	6,556	4,690	4,989	5,371	29,303	21,606
YoY Change (%)	32.6	16.0	68.8	68.5	2.6	-23.9	-40.2	-36.2	46.1	-26.3
Margins (%)	28.4	30.5	36.2	35.5	31.1	26.6	26.4	27.6	33.0	28.1
Adj. EPS	24.1	23.2	31.4	31.7	24.7	17.7	18.8	20.2	110.4	81.4

**Dr Reddy's Labs****Buy****CMP: INR4,238 | TP: INR5,180 (+22%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect US sales to grow 15% YoY to USD285m, driven by healthy traction in niche products
- Update on measures to improve growth prospects in the branded generics segment
- India revenue to grow by 7% YoY led by gastro/respiratory/cardiac therapies
- Outlook in PSAI segment, given COVID-related volatility at the global level

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales</b>	<b>49,194</b>	<b>57,632</b>	<b>53,197</b>	<b>52,204</b>	<b>49,853</b>	<b>63,057</b>	<b>57,365</b>	<b>58,206</b>	<b>212,227</b>	<b>228,481</b>
YoY Change (%)	11.4	17.7	9.9	10.4	1.3	9.4	7.8	11.5	11.9	7.7
Total Expenditure	40,169	44,275	41,179	41,683	39,516	45,022	43,827	44,938	167,306	173,302
<b>EBITDA</b>	<b>9,025</b>	<b>13,357</b>	<b>12,018</b>	<b>10,521</b>	<b>10,337</b>	<b>18,035</b>	<b>13,538</b>	<b>13,268</b>	<b>44,921</b>	<b>55,178</b>
YoY Change (%)	-18.9	9.3	15.9	4.4	14.5	35.0	12.6	26.1	0.5	22.8
Margins (%)	18.3	23.2	22.6	20.2	20.7	28.6	23.6	22.8	21.2	24.2
Amortization	2,905	2,985	2,976	2,959	3,050	3,150	2,983	2,926	11,825	12,109
<b>EBIT</b>	<b>6,120</b>	<b>10,372</b>	<b>9,042</b>	<b>7,562</b>	<b>7,287</b>	<b>14,885</b>	<b>10,555</b>	<b>10,341</b>	<b>33,096</b>	<b>43,069</b>
YoY Change (%)	-23.4	16.0	26.4	9.4	19.1	43.5	16.7	36.8	3.8	30.1
Other Income	1,305	2,309	714	1,255	2,829	318	270	486	5,583	3,903
<b>PBT before EO expenses</b>	<b>7,425</b>	<b>12,681</b>	<b>9,756</b>	<b>8,817</b>	<b>10,116</b>	<b>15,203</b>	<b>10,825</b>	<b>10,827</b>	<b>38,679</b>	<b>46,971</b>
One-off income/(expense)	0	0	-47	-6,334	4,537	908	0	0	-6,381	5,445
<b>Profit before Tax</b>	<b>7,425</b>	<b>12,681</b>	<b>9,709</b>	<b>2,483</b>	<b>14,653</b>	<b>16,111</b>	<b>10,825</b>	<b>10,827</b>	<b>32,298</b>	<b>52,415</b>
Tax	1,717	2,761	2,644	1,608	2,779	4,983	2,165	1,816	8,730	11,743
Rate (%)	23.1	21.8	27.2	64.8	19.0	30.9	20.0	16.8	27.0	22.4
<b>Reported Profit</b>	<b>5,708</b>	<b>9,920</b>	<b>7,065</b>	<b>875</b>	<b>11,874</b>	<b>11,128</b>	<b>8,660</b>	<b>9,011</b>	<b>23,568</b>	<b>40,673</b>
<b>Adjusted PAT</b>	<b>5,708</b>	<b>9,920</b>	<b>7,112</b>	<b>6,525</b>	<b>8,197</b>	<b>11,402</b>	<b>8,660</b>	<b>9,011</b>	<b>29,265</b>	<b>37,271</b>
YoY Change (%)	-1.5	34.2	19.6	38.7	43.6	14.9	21.8	38.1	22.8	27.4
Margins (%)	11.6	17.2	13.4	12.5	16.4	18.1	15.1	15.5	13.8	16.3

**Eris Lifesciences****Buy****CMP: INR664 | TP: INR840 (26%)****EPS CHANGE (%): FY23|24: (-2.7)|(-2.3)**

- Expect 28% YoY growth in sales, led by new launches and addition of Oaknet business
- Update on leveraging Oaknet reach and product pipeline in the derma category
- Increased promotional spend and higher opex related to Oaknet to pull EBITDA margin on YoY basis
- Outlook on the marketing expenses over next 12M

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>3,493</b>	<b>3,597</b>	<b>3,322</b>	<b>3,059</b>	<b>3,986</b>	<b>4,605</b>	<b>4,252</b>	<b>4,512</b>	<b>13,470</b>	<b>17,354</b>
YoY Change (%)	19.1	9.0	7.0	10.0	14.1	28.0	28.0	47.5	11.2	28.8
Total Expenditure	2,228	2,199	2,104	2,091	2,694	3,091	2,878	3,034	8,621	11,697
<b>EBITDA</b>	<b>1,265</b>	<b>1,398</b>	<b>1,217</b>	<b>969</b>	<b>1,292</b>	<b>1,514</b>	<b>1,373</b>	<b>1,478</b>	<b>4,850</b>	<b>5,657</b>
Margins (%)	36.2	38.9	36.6	31.7	32.4	32.9	32.3	32.8	36.0	32.6
Depreciation	145	150	169	184	234	286	287	282	647	1,090
Interest	8	11	10	13	72	71	65	61	41	269
Other Income	59	70	52	81	27	52	55	57	261	191
<b>PBT before EO expense</b>	<b>1,171</b>	<b>1,308</b>	<b>1,090</b>	<b>853</b>	<b>1,013</b>	<b>1,209</b>	<b>1,076</b>	<b>1,191</b>	<b>4,422</b>	<b>4,490</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,171</b>	<b>1,308</b>	<b>1,090</b>	<b>853</b>	<b>1,013</b>	<b>1,209</b>	<b>1,076</b>	<b>1,191</b>	<b>4,422</b>	<b>4,490</b>
Tax	104	124	82	54	82	16	108	221	364	427
Rate (%)	8.9	9.5	7.5	6.3	8.1	1.3	10.0	18.6	8.2	9.5
<b>Reported PAT</b>	<b>1,067</b>	<b>1,184</b>	<b>1,008</b>	<b>800</b>	<b>931</b>	<b>1,194</b>	<b>969</b>	<b>970</b>	<b>4,058</b>	<b>4,063</b>
<b>Adj PAT</b>	<b>1,067</b>	<b>1,184</b>	<b>1,008</b>	<b>800</b>	<b>931</b>	<b>1,194</b>	<b>969</b>	<b>970</b>	<b>4,058</b>	<b>4,063</b>
YoY Change (%)	19.8	9.9	11.8	17.2	-12.7	0.8	-3.9	21.3	14.3	0.1
Margins (%)	30.5	32.9	30.3	26.1	23.4	25.9	22.8	21.5	30.1	23.4

**GSK Pharma****Neutral**

CMP: INR1,317 | TP: INR1,420 (8%)

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

- Expect sales to grow at a modest rate of 2% YoY
- Update on revival in vaccines business and any new launches from parent portfolio
- Anti-infectives/pain analgesics therapies growth momentum expected to offset by a decline in Vaccines
- Update on inflation-linked increase in prices for CY23

**Quarterly Performance (Consolidated)**

(INR m)

Y/E March (Standalone)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,184	9,341	8,159	8,096	7,451	9,169	8,310	8,178	32,780	33,108
YoY Change (%)	10.8	6.2	3.0	8.8	3.7	-1.8	1.9	1.0	12.0	1.0
Total Expenditure	5,857	6,761	6,181	6,344	5,962	6,599	6,216	6,540	25,142	25,317
EBITDA	1,327	2,581	1,978	1,752	1,489	2,569	2,094	1,638	7,639	7,791
YoY Change (%)	16.3	26.0	9.5	11.8	12.2	-0.4	5.9	-6.5	27.7	2.0
Margins (%)	18.5	27.6	24.2	21.6	20.0	28.0	25.2	20.0	23.3	23.5
Depreciation	175	174	179	154	158	164	168	169	682	659
EBIT	1,152	2,406	1,799	1,599	1,331	2,406	1,926	1,469	6,957	7,132
YoY Change (%)	24.8	31.6	10.3	15.0	15.6	0.0	7.0	-8.1	33.9	2.5
Margins (%)	16.0	25.8	22.1	19.7	17.9	26.2	23.2	18.0	21.2	21.5
Interest	8	4	6	3	7	4	10	19	20	40
Other Income	317	150	103	188	276	220	200	184	757	879
PBT before EO Expense	1,461	2,552	1,897	1,784	1,600	2,622	2,116	1,634	7,694	7,971
Tax	388	644	335	585	438	687	508	360	1,953	1,993
Rate (%)	26.6	25.2	17.7	32.8	27.4	26.2	24.0	22.0	48.6	25.0
Adjusted PAT	1,073	1,908	1,562	1,198	1,162	1,934	1,608	1,274	5,742	5,979
YoY Change (%)	36.3	35.7	21.3	-2.3	8.3	1.4	3.0	6.3	24.9	4.1
Margins (%)	14.9	20.4	19.1	14.8	15.6	21.1	19.4	15.6	17.5	18.1
One-off Expense/(Income)	-138	-134	59	-11,404	0	0	0	0	-11,618	0
Reported PAT	1,211	2,042	1,504	12,602	1,162	1,934	1,608	1,274	17,360	5,979

**Gland Pharma****Buy**

CMP: INR1,577 | TP: INR1,920 (22%)

EPS CHANGE (%): FY23|24: (4.4)|(9.5)

- Sales expected to grow modestly at 3% YoY
- Update on business prospects in China
- Outlook on potential filings of own/partner, which would drive growth over next 24-36M
- Outlook on traction for existing products in ROW markets

**Consol. - Quarterly perf.**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,539	10,804	10,633	11,030	8,569	10,444	10,960	11,627	44,007	41,601
YoY Change (%)	30.5	29.9	23.7	24.2	-25.7	-3.3	3.1	5.4	27.1	-5.5
Total Expenditure	7,176	7,039	7,144	7,547	5,870	7,366	7,683	7,827	28,906	28,746
EBITDA	4,363	3,765	3,489	3,484	2,699	3,079	3,277	3,800	15,102	12,855
YoY Change (%)	5.7	26.5	32.0	6.3	-38.1	-18.2	-6.1	9.1	16.0	-14.9
Margins (%)	37.8	34.9	32.8	31.6	31.5	29.5	29.9	32.7	34.3	30.9
Depreciation	253	261	278	311	349	367	360	367	1,103	1,443
Interest	10	10	12	20	9	17	10	14	52	51
Other Income	618	512	457	652	744	656	670	592	2,239	2,662
PBT before EO expense	4,718	4,006	3,656	3,805	3,085	3,351	3,577	4,010	16,186	14,023
One-off income/(expense)	0	0	0	0	0	120	0	0	0	0
PBT	4,718	4,006	3,656	3,805	3,085	3,231	3,577	4,010	16,186	14,023
Tax	1,212	986	925	946	793	828	884	930	4,069	3,436
Rate (%)	25.7	24.6	25.3	24.9	25.7	25.6	24.7	23.2	25.1	24.5
Reported PAT	3,506	3,020	2,730	2,859	2,292	2,402	2,694	3,080	12,117	10,588
Adj PAT	3,506	3,020	2,730	2,859	2,292	2,402	2,694	3,080	12,117	10,588
YoY Change (%)	11.8	38.0	33.8	9.8	-34.6	-20.5	-1.3	7.7	21.5	-12.6

## Glenmark Pharma

Neutral

CMP: INR427 | TP: INR420 (-2%)

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

- Expect DF sales to grow at 9% YoY, led by cardiac/respiratory therapies
- Expect GNP to track US sales of USD94m (down 19% YoY), led by increased price erosion in base portfolio
- Update on any milestone income related to NCE products.
- Update on remediation measures to resolve regulatory issues.

## Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues (Core)</b>	<b>29,649</b>	<b>31,474</b>	<b>30,024</b>	<b>30,191</b>	<b>27,773</b>	<b>32,810</b>	<b>33,155</b>	<b>31,593</b>	<b>1,21,339</b>	<b>1,25,331</b>
YoY Change (%)	26.4	6.6	7.7	5.6	-6.3	4.2	10.4	4.6	10.9	3.3
<b>EBITDA</b>	<b>5,736</b>	<b>5,902</b>	<b>5,222</b>	<b>5,022</b>	<b>4,726</b>	<b>5,273</b>	<b>5,769</b>	<b>5,570</b>	<b>21,881</b>	<b>21,338</b>
YoY Change (%)	20.0	3.6	-10.4	-4.1	-17.6	-10.7	10.5	10.9	1.6	-2.5
Margins (%)	19.3	18.8	17.4	16.6	17.0	16.1	17.4	17.6	18.0	17.0
Depreciation	1,131	1,232	1,189	1,315	1,468	1,557	1,450	1,346	4,867	5,821
<b>EBIT</b>	<b>4,605</b>	<b>4,670</b>	<b>4,032</b>	<b>3,707</b>	<b>3,258</b>	<b>3,716</b>	<b>4,319</b>	<b>4,223</b>	<b>17,014</b>	<b>15,517</b>
YoY Change (%)	26.2	0.2	-13.8	-10.1	-29.2	-20.4	7.1	13.9	-0.6	-8.8
Margins (%)	15.5	14.8	13.4	12.3	11.7	11.3	13.0	13.4	14.0	12.4
Interest	756	689	667	869	600	831	620	414	2,981	2,464
Other Income	197	128	139	152	172	164	180	134	617	650
<b>PBT before EO Expense</b>	<b>4,047</b>	<b>4,109</b>	<b>3,504</b>	<b>2,990</b>	<b>2,830</b>	<b>3,050</b>	<b>3,879</b>	<b>3,944</b>	<b>14,650</b>	<b>13,703</b>
One-off loss/(gain)	-389	259	74	293	-1,250	-1,753	0	0	237	-3,003
<b>PBT after EO Expense</b>	<b>4,436</b>	<b>3,850</b>	<b>3,430</b>	<b>2,697</b>	<b>4,080</b>	<b>4,802</b>	<b>3,879</b>	<b>3,944</b>	<b>14,412</b>	<b>16,705</b>
Tax	1,370	1,102	1,033	971	1,969	2,015	970	725	4,476	5,680
Rate (%)	30.9	28.6	30.1	36.0	48.3	42.0	25.0	18.4	31.1	34.0
<b>Reported PAT</b>	<b>3,065</b>	<b>2,748</b>	<b>2,398</b>	<b>1,726</b>	<b>2,111</b>	<b>2,787</b>	<b>2,909</b>	<b>3,218</b>	<b>9,936</b>	<b>11,025</b>
Minority Interest	0	171	178	170	186	182	150	142	519	660
<b>Reported PAT after Minority Interest</b>	<b>3,065</b>	<b>2,577</b>	<b>2,219</b>	<b>1,556</b>	<b>1,925</b>	<b>2,604</b>	<b>2,759</b>	<b>3,076</b>	<b>9,417</b>	<b>10,365</b>
<b>Adj PAT</b>	<b>2,796</b>	<b>2,761</b>	<b>2,271</b>	<b>1,923</b>	<b>1,682</b>	<b>1,830</b>	<b>2,759</b>	<b>3,076</b>	<b>9,752</b>	<b>9,348</b>
YoY Change (%)	35.9	1.9	-17.9	-17.8	-39.8	-33.7	21.5	59.9	-1.2	-4.1
Margins (%)	9.4	8.8	7.6	6.4	6.1	5.6	8.3	9.7	8.0	7.5

## Granules

Buy

CMP: INR320 | TP: INR370 (15%)

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

- Expect broad-based growth across FDF, PFI, API to drive overall sales
- Watch out for capital expenditure for core molecules
- Product mix supported by operating leverage would drive profitability
- Watch out for new product development/backward integration for existing products.

## Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>8,498</b>	<b>8,883</b>	<b>9,795</b>	<b>10,300</b>	<b>10,196</b>	<b>11,507</b>	<b>10,750</b>	<b>10,720</b>	<b>37,477</b>	<b>48,702</b>
YoY Change (%)	15.5	3.5	16.0	28.9	20.0	29.5	9.7	4.1	15.8	12.8
<b>EBITDA</b>	<b>2,014</b>	<b>1,512</b>	<b>1,565</b>	<b>1,927</b>	<b>2,115</b>	<b>2,429</b>	<b>2,279</b>	<b>2,286</b>	<b>7,050</b>	<b>10,422</b>
YoY Change (%)	1.4	-39.3	-29.3	-4.6	5.0	60.7	45.6	18.6	-19.1	14.4
Margins (%)	23.7	17.0	16.0	18.7	20.7	21.1	21.2	21.3	18.8	21.4
Depreciation	394	398	392	402	434	441	465	460	1,586	1,934
<b>EBIT</b>	<b>1,620</b>	<b>1,113</b>	<b>1,173</b>	<b>1,525</b>	<b>1,682</b>	<b>1,988</b>	<b>1,814</b>	<b>1,827</b>	<b>5,464</b>	<b>8,488</b>
YoY Change (%)	-1.6	-47.7	-36.4	-3.2	3.8	78.6	54.7	19.8	-24.1	16.1
Margins (%)	19.1	12.5	12.0	14.8	16.5	17.3	16.9	17.0	14.6	17.4
Interest	68	55	46	64	69	132	90	45	232	311
Other Income	76	44	49	40	47	48	60	83	176	292
<b>PBT before EO expense</b>	<b>1,629</b>	<b>1,102</b>	<b>1,175</b>	<b>1,501</b>	<b>1,659</b>	<b>1,904</b>	<b>1,784</b>	<b>1,864</b>	<b>5,407</b>	<b>8,469</b>
Extra-Ord expense	0	0	-173	0	0	0	0	0	-173	0
<b>PBT</b>	<b>1,629</b>	<b>1,102</b>	<b>1,348</b>	<b>1,501</b>	<b>1,659</b>	<b>1,904</b>	<b>1,784</b>	<b>1,864</b>	<b>5,580</b>	<b>8,469</b>
Tax	427	296	339	391	383	453	419	517	1,452	1,906
Rate (%)	26.2	26.8	25.2	26.1	23.1	23.8	23.5	27.7	26.0	22.5
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,202</b>	<b>807</b>	<b>1,009</b>	<b>1,110</b>	<b>1,276</b>	<b>1,451</b>	<b>1,365</b>	<b>1,347</b>	<b>4,128</b>	<b>6,563</b>
<b>Adjusted PAT</b>	<b>1,202</b>	<b>807</b>	<b>880</b>	<b>1,110</b>	<b>1,276</b>	<b>1,451</b>	<b>1,365</b>	<b>1,425</b>	<b>4,000</b>	<b>6,563</b>
YoY Change (%)	-2.1	-48.9	-38.9	-13.0	6.1	79.8	55.1	28.4	-27.6	19.0
Margins (%)	14.1	9.1	9.0	10.8	12.5	12.6	12.7	13.3	10.7	13.5

**Ipca Laboratories****Buy****CMP: INR837 | TP: INR1,000 (+20%)****EPS CHANGE (%): FY23|24: 0.0| 0.0**

- Increased opex to drag EBITDA margin on YoY basis
- Watch out for an outlook in the API segment in terms of new products and capacity utilization of Dewas facility
- Expect 8% YoY growth in the DF segment on high base of past year
- Update on Europe (Non-UK business) with favorable currency movement

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues (Core)</b>	<b>15,658</b>	<b>15,444</b>	<b>14,305</b>	<b>12,891</b>	<b>15,857</b>	<b>16,010</b>	<b>15,546</b>	<b>15,272</b>	<b>58,298</b>	<b>62,685</b>
YoY Change (%)	2.0	13.5	1.5	15.6	1.3	3.7	8.7	18.5	7.6	7.5
<b>EBITDA</b>	<b>4,165</b>	<b>3,852</b>	<b>3,078</b>	<b>2,413</b>	<b>2,835</b>	<b>2,722</b>	<b>2,596</b>	<b>2,566</b>	<b>13,509</b>	<b>10,719</b>
YoY Change (%)	-29.2	6.9	-16.1	5.4	-31.9	-29.3	-15.7	6.3	-12.5	-20.6
Margins (%)	26.6	24.9	21.5	18.7	17.9	17.0	16.7	16.8	23.2	17.1
Depreciation	559	570	587	609	617	637	630	641	2,324	2,526
<b>EBIT</b>	<b>3,607</b>	<b>3,282</b>	<b>2,492</b>	<b>1,804</b>	<b>2,218</b>	<b>2,085</b>	<b>1,966</b>	<b>1,925</b>	<b>11,184</b>	<b>8,194</b>
YoY Change (%)	-32.9	6.5	-20.5	2.2	-38.5	-36.5	-21.1	6.7	-16.2	-26.7
Margins (%)	23.0	21.3	17.4	14.0	14.0	13.0	12.6	12.6	19.2	13.1
Interest	18	11	14	34	69	93	97	93	77	352
Other Income	210	181	129	145	221	362	200	217	666	1,000
<b>PBT before EO Expense</b>	<b>3,799</b>	<b>3,452</b>	<b>2,607</b>	<b>1,915</b>	<b>2,369</b>	<b>2,354</b>	<b>2,069</b>	<b>2,049</b>	<b>11,773</b>	<b>8,841</b>
One-off (gain)/ Expense	0	-196	0	-220	142	116	0	0	416	258
<b>PBT after EO Expense</b>	<b>3,799</b>	<b>3,256</b>	<b>2,607</b>	<b>1,695</b>	<b>2,227</b>	<b>2,238</b>	<b>2,069</b>	<b>2,049</b>	<b>11,357</b>	<b>8,583</b>
Tax	708	679	573	288	743	770	559	316	2,248	2,387
Rate (%)	18.6	19.7	22.0	15.0	31.3	32.7	27.0	15.4	19.1	27.0
<b>Reported PAT</b>	<b>3,091</b>	<b>2,577</b>	<b>2,033</b>	<b>1,408</b>	<b>1,484</b>	<b>1,468</b>	<b>1,511</b>	<b>1,733</b>	<b>9,110</b>	<b>6,193</b>
Minority Interest	-24	-75	-64	-106	-54	-29	-25	-25	-269	0
<b>Adj PAT after Minority Int</b>	<b>3,067</b>	<b>2,697</b>	<b>1,970</b>	<b>1,485</b>	<b>1,525</b>	<b>1,861</b>	<b>1,486</b>	<b>1,733</b>	<b>9,218</b>	<b>6,605</b>
YoY Change (%)	-31.2	6.7	-25.8	-7.9	-50.3	-31.0	-24.6	16.7	-18.1	-28.3
Margins (%)	19.6	17.5	13.8	11.5	9.6	11.6	9.6	11.3	15.8	10.5

**Laurus Labs****Buy****CMP: INR373 | TP: INR550 (+48%)****EPS CHANGE (%): FY23|24: (4.8)|(5.1)**

- Expect strong 141% YoY growth in CS segment
- Expect API business to post 55% YoY growth in sales on low base of past year
- EBITDA margin expected to remain stable YoY due to increased opex
- Update on 1) ARV pricing in newer tenders, 2) new order wins in CS segment

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>12,785</b>	<b>12,035</b>	<b>10,288</b>	<b>14,248</b>	<b>15,389</b>	<b>15,759</b>	<b>14,440</b>	<b>16,222</b>	<b>49,356</b>	<b>61,810</b>
YoY Change (%)	31.2	5.7	-20.2	0.9	20.4	30.9	40.4	13.9	2.5	25.2
<b>EBITDA</b>	<b>3,954</b>	<b>3,451</b>	<b>2,853</b>	<b>3,967</b>	<b>4,542</b>	<b>4,489</b>	<b>4,029</b>	<b>4,742</b>	<b>14,224</b>	<b>17,801</b>
YoY Change (%)	42.0	-7.7	-33.1	-16.0	14.9	30.1	41.2	19.5	-8.3	25.1
Margins (%)	30.9	28.7	27.7	27.8	29.5	28.5	27.9	29.2	28.8	28.8
Depreciation	585	632	640	657	708	818	820	832	2,515	3,178
<b>EBIT</b>	<b>3,368</b>	<b>2,819</b>	<b>2,213</b>	<b>3,310</b>	<b>3,834</b>	<b>3,671</b>	<b>3,209</b>	<b>3,910</b>	<b>11,709</b>	<b>14,623</b>
YoY Change (%)	46.7	-12.7	-40.9	-20.9	13.8	30.2	45.0	18.1	-13.0	24.9
Margins (%)	26.3	23.4	21.5	23.2	24.9	23.3	22.2	24.1	23.7	23.7
Interest	266	221	231	306	293	401	308	241	1,024	1,243
Other Income	59	28	53	13	18	11	25	39	153	93
<b>PBT before EO expense</b>	<b>3,161</b>	<b>2,626</b>	<b>2,035</b>	<b>3,017</b>	<b>3,559</b>	<b>3,281</b>	<b>2,926</b>	<b>3,708</b>	<b>10,839</b>	<b>13,473</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>3,161</b>	<b>2,626</b>	<b>2,035</b>	<b>3,017</b>	<b>3,559</b>	<b>3,281</b>	<b>2,926</b>	<b>3,708</b>	<b>10,839</b>	<b>13,473</b>
Tax	744	586	485	698	1,033	943	772	891	2,514	3,640
Rate (%)	23.6	22.3	23.8	23.1	29.0	28.7	26.4	24.0	23.2	27.0
<b>Reported PAT</b>	<b>2,416</b>	<b>2,040</b>	<b>1,550</b>	<b>2,317</b>	<b>2,525</b>	<b>2,338</b>	<b>2,153</b>	<b>2,816</b>	<b>8,322</b>	<b>9,833</b>
<b>Adj PAT</b>	<b>2,416</b>	<b>2,040</b>	<b>1,550</b>	<b>2,317</b>	<b>2,525</b>	<b>2,338</b>	<b>2,153</b>	<b>2,816</b>	<b>8,322</b>	<b>9,833</b>
YoY Change (%)	40.7	-15.8	-43.2	-22.0	4.5	14.6	39.0	21.5	-15.4	18.2
Margins (%)	18.9	16.9	15.1	16.3	16.4	14.8	14.9	17.4	16.9	15.9



## Lupin

Neutral

CMP: INR733 | TP: INR670 (-9%)

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

- US sales expected to fall by 19% YoY to USD163m on increased competition, partly offset by seasonal products
- Update on 1) timeline for g-Spiriva approval, 2) favorable impact of seasonal products
- Expect 4% YoY growth in DF sales
- Update on remediation measures to resolve regulatory issues at Nagpur, biotech facility, Tarapur plant

## Quarterly Performance (Consolidated)

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Net Sales	38,968	40,913	41,609	38,830	37,438	41,455	41,201	41,774	160,321	161,868
YoY Change (%)	10.5	6.7	5.4	2.6	-3.9	1.3	-1.0	7.6	6.2	1.0
Total Expenditure	33,426	34,950	35,970	36,007	35,799	37,114	35,927	35,871	140,353	144,710
EBITDA	5,542	5,963	5,640	2,823	1,639	4,342	5,274	5,903	19,968	17,158
YoY Change (%)	9.0	2.6	-23.2	-60.1	-70.4	-27.2	-6.5	109.1	-21.1	-14.1
Margins (%)	14.2	14.6	13.6	7.3	4.4	10.5	12.8	14.1	12.5	10.6
Depreciation	2,088	2,116	2,034	1,982	1,928	2,035	2,045	2,061	8,220	8,069
EBIT	3,454	3,847	3,606	842	-289	2,307	3,229	3,843	11,748	9,089
YoY Change (%)	17.7	4.4	-26.5	-82.9	-108.4	-40.0	-10.5	356.6	-28.6	-22.6
Margins (%)	8.9	9.4	8.7	2.2	-0.8	5.6	7.8	9.2	7.3	5.6
Interest	335	344	334	415	428	549	450	387	1,428	1,813
Other Income	278	728	341	157	56	149	150	120	1,504	475
EO Exp/(Inc)	-4,106	26,279	1,942	1,435	-684	-188	0	0	-25,550	-872
PBT	7,503	-22,048	1,671	-852	23	2,096	2,929	3,576	37,374	8,623
Tax	2,023	-1,099	-3,820	4,267	891	751	565	506	1,372	2,713
Rate (%)	27.0	5.0	-228.7	-501.1	3,907.5	35.8	19.3	14.1	3.7	31.5
Minority Interest	-55	-32	-14	-61	-23	-47	-24	3	-183	-91
Reported PAT	5,425	-20,980	5,477	-5,179	-891	1,297	2,339	3,073	-15,280	5,818
Adj PAT	2,426	3,057	2,695	521	-1,552	1,157	2,339	3,073	8,699	5,017
YoY Change (%)	111.0	44.9	-32.8	-88.5	-164.0	-62.2	-13.2	489.4	-26.2	-42.3
Margins (%)	6.2	7.5	6.5	1.3	-4.1	2.8	5.7	7.4	5.4	3.1

## Piramal Pharma

Buy

CMP: INR123 | TP: INR160 (31%)

EPS CHANGE (%): FY23|24: (2.9)|(1.9)

- Expect sales to improve marginally QoQ across the business segments
- Controlled cost and increased operating leverage to lead to better EBITDA margin
- Watch out for outlook on the order book and timeline to execute in the CDMO segment
- Watch out for outlook in the CHG segment given volatility in the macro environment due to COVID

## Consolidated - Quarterly Earning Model

PPL Income statement (INRm)	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Revenues	13,111	15,775	NA	NA	14,820	17,200	17,800	22,478	65,591	72,298
CDMO	6,450	8,860	NA	NA	7,700	9,400	9,800	14,284	39,600	41,184
CHG	4,680	5,000	NA	NA	5,080	5,620	5,700	5,822	20,020	22,222
ICH	2,080	1,820	NA	NA	2,110	2,270	2,300	2,212	7,410	8,892
Expenses	11,816	13,810	NA	NA	14,649	15,475	15,485	17,145	56,094	62,754
EBITDA*	1,295	1,966	NA	NA	171	1,726	2,315	5,333	9,497	9,545
margin (%)	9.9	12.5	NA	NA	1	10.0	13.0	23.7	14.5	13.2
growth YoY(%)			NA	NA	-87	-12.2	NA	NA		0.5
Depreciation	1,358	1,381	NA	NA	1,617	1,662	1,650	1,695	5,862	6,624
EBIT	-63	585	NA	NA	-1,446	64	665	3,638	3,635	2,921
Other income	192	179	NA	NA	719	462	440	548	2,758	2,169
Interest expense	419	492	NA	NA	623	830	800	807	1,983	3,060
Share from Asso. Co	145	163	NA	NA	199	111	125	165	590	600
PBT	-145	436	NA	NA	-1,151	-193	430	3,544	5,001	2,630
EO Expenses/(gain)	151	-	NA	NA	0	70	-	-	151	70
Taxes	-16	70	NA	NA	-61	111	30	304	1,090	384
Tax Rate (%)	5.3	16.1	NA	NA	5	-42.2	7.0	8.6	22.5	15.0
ReportedPAT	-280	366	NA	NA	-1,091	-373	400	3,240	3,760	2,176
Adj. PAT	-137	366			-1,091	-274	400	3,240	3,879	2,235
Change (%)					NA	NA	NA	NA		-42.1

**Solara****Buy****CMP: INR436 | TP: INR520 (19%)****EPS CHANGE (%): FY23|24: (0.0)|(0.0)**

- Expect recovery in business to continue on QoQ basis, led by improving execution
- Outlook on supply/demand dynamics in key products of the portfolio
- Higher sales and controlled cost to keep EBITDA margin on uptrend
- Update on improving utilization of the Vizag facility

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>4,056</b>	<b>4,016</b>	<b>1,003</b>	<b>3,608</b>	<b>3,301</b>	<b>3,384</b>	<b>3,713</b>	<b>4,181</b>	<b>12,683</b>	<b>14,578</b>
YoY Change (%)	16.4	1.0	-76.5	-18.8	-18.6	-15.7	270.0	15.9	-21.6	14.9
Total Expenditure	3,142	3,298	1,972	3,473	3,175	3,108	3,360	3,711	11,884	13,354
<b>EBITDA</b>	<b>914</b>	<b>719</b>	<b>-968</b>	<b>135</b>	<b>126</b>	<b>276</b>	<b>353</b>	<b>471</b>	<b>800</b>	<b>1,225</b>
YoY Change (%)	9.1	-26.4	-191.9	-86.3	-86.3	-61.6	-136.4	247.9	-79.3	53.1
Margins (%)	22.5	17.9	-96.5	3.7	3.8	8.1	9.5	11.3	6.3	8.4
Depreciation	277	284	284	278	281	286	289	292	1,123	1,148
Interest	190	170	178	215	225	220	205	198	753	848
Other Income	59	33	47	61	70	37	65	61	200	233
<b>PBT before EO expense</b>	<b>507</b>	<b>298</b>	<b>-1,384</b>	<b>-297</b>	<b>-311</b>	<b>-193</b>	<b>-76</b>	<b>42</b>	<b>-876</b>	<b>-538</b>
Extra-Ord expense	6	1	15	13	0	0	0	0	35	0
<b>PBT</b>	<b>501</b>	<b>297</b>	<b>-1,399</b>	<b>-310</b>	<b>-311</b>	<b>-193</b>	<b>-76</b>	<b>42</b>	<b>-911</b>	<b>-538</b>
Tax	0	0	0	-328	-147	-93	-50	-33	-328	-323
Rate (%)	0.0	0.0	0.0	105.8	47.1	48.3	65.5	-79.5	36.0	60.0
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1
<b>Reported PAT</b>	<b>501</b>	<b>297</b>	<b>-1,399</b>	<b>18</b>	<b>-164</b>	<b>-99</b>	<b>-26</b>	<b>76</b>	<b>-581</b>	<b>-214</b>
<b>Adj PAT</b>	<b>507</b>	<b>298</b>	<b>-1,383</b>	<b>32</b>	<b>-164</b>	<b>-99</b>	<b>-26</b>	<b>76</b>	<b>-547</b>	<b>-214</b>
YoY Change (%)	20.0	-47.5	-310.2	-94.4	-132.4	-133.4	-98.1	139.6	-124.7	-60.9
Margins (%)	12.5	7.4	-137.9	0.9	-5.0	-2.9	-0.7	1.8	-4.3	-1.5

**Sun Pharma****Buy****CMP: INR997 | TP: INR1,200 (+20%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- US sales expected to grow by 8% YoY to USD429m; Price erosion in the Taro portfolio to be a drag on US growth
- Outlook for the specialty portfolio given COVID-led volatility
- DF sales expected to grow at 10% YoY
- Update on patient recruitment for additional indication related to Illumya, g-Revlimid/g-Asacol approval

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>96,694</b>	<b>94,817</b>	<b>98,142</b>	<b>93,861</b>	<b>106,440</b>	<b>108,092</b>	<b>110,761</b>	<b>119,473</b>	<b>383,514</b>	<b>444,766</b>
YoY Change (%)	29.5	12.1	11.8	11.3	10.1	14.0	12.9	27.3	15.7	16.0
Total Expenditure	69,775	69,196	72,461	72,674	80,230	77,542	81,853	89,203	284,107	328,828
<b>EBITDA</b>	<b>26,919</b>	<b>25,621</b>	<b>25,680</b>	<b>21,187</b>	<b>26,209</b>	<b>30,550</b>	<b>28,909</b>	<b>30,270</b>	<b>99,407</b>	<b>115,938</b>
YoY Change (%)	63.5	15.7	12.7	7.7	-2.6	19.2	12.6	42.9	22.6	16.6
Margins (%)	27.8	27.0	26.2	22.6	24.6	28.3	26.1	25.3	25.9	26.1
Depreciation	5,032	5,304	5,537	5,565	5,880	6,100	6,150	6,191	21,437	24,320
<b>EBIT</b>	<b>21,887</b>	<b>20,317</b>	<b>20,144</b>	<b>15,622</b>	<b>20,329</b>	<b>24,450</b>	<b>22,759</b>	<b>24,079</b>	<b>77,970</b>	<b>91,618</b>
YoY Change (%)	90.3	18.4	15.3	10.5	-7.1	20.3	13.0	54.1	29.3	17.5
Interest	351	360	190	373	137	194	155	338	1,274	824
Net Other Income	2,018	2,921	3,127	1,743	1,199	2,283	2,150	2,367	9,808	8,000
<b>PBT before EO Exp</b>	<b>23,554</b>	<b>22,879</b>	<b>23,080</b>	<b>16,991</b>	<b>21,392</b>	<b>26,540</b>	<b>24,754</b>	<b>26,109</b>	<b>86,505</b>	<b>98,794</b>
Less: EO Exp/(Inc)	5,512	1,514	-1,582	37,747	-1,457	2,415	0	0	43,191	958
<b>PBT</b>	<b>18,042</b>	<b>21,365</b>	<b>24,662</b>	<b>-20,756</b>	<b>22,848</b>	<b>24,125</b>	<b>24,754</b>	<b>26,109</b>	<b>43,314</b>	<b>97,836</b>
Tax	3,956	1,978	3,354	1,468	1,890	1,523	2,970	4,978	10,755	11,361
Rate (%)	16.8	8.6	14.5	8.6	8.8	5.7	12.0	19.1	12.4	11.5
<b>PAT (pre Minority Interest)</b>	<b>14,087</b>	<b>19,387</b>	<b>21,308</b>	<b>-22,224</b>	<b>20,959</b>	<b>22,602</b>	<b>21,783</b>	<b>21,130</b>	<b>32,559</b>	<b>86,475</b>
Minority Interest	-355	417	720	549	350	-21	800	871	1,331	2,000
<b>Reported PAT</b>	<b>14,442</b>	<b>18,970</b>	<b>20,588</b>	<b>-22,773</b>	<b>20,609</b>	<b>22,623</b>	<b>20,983</b>	<b>20,260</b>	<b>31,228</b>	<b>84,475</b>
<b>Adj Net Profit*</b>	<b>19,954</b>	<b>20,484</b>	<b>19,006</b>	<b>15,821</b>	<b>19,152</b>	<b>23,906</b>	<b>20,983</b>	<b>21,392</b>	<b>75,265</b>	<b>85,433</b>
YoY Change (%)	74.1	24.8	6.7	8.6	-4.0	16.7	10.4	35.2	24.9	13.5
Margins (%)	20.6	21.6	19.4	16.9	18.0	22.1	18.9	17.9	8.1	19.0

**Torrent Pharmaceuticals****Neutral****CMP: INR1,549 | TP: INR1,500 (-3%)****EPS CHANGE (%): FY23|24: (0.6)|(0.6)**

- US sales expected to be stable QoQ at USD36m
- Superior execution and addition of Curatio portfolio to drive 19% YoY growth in DF sales
- Watch out for an update on the resolution of regulatory issues at Indrad/Dahej
- Update on measures taken to improve productivity of new MRs

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

Y/E March	FY22				FY23E				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>21,340</b>	<b>21,370</b>	<b>21,080</b>	<b>21,290</b>	<b>23,090</b>	<b>22,910</b>	<b>23,940</b>	<b>25,390</b>	<b>85,080</b>	<b>95,030</b>
YoY Change (%)	3.8	5.9	5.7	9.9	8.2	7.2	13.6	19.3	6.3	11.7
<b>EBITDA</b>	<b>6,770</b>	<b>6,600</b>	<b>5,380</b>	<b>5,560</b>	<b>6,740</b>	<b>6,790</b>	<b>7,230</b>	<b>7,654</b>	<b>24,310</b>	<b>28,414</b>
YoY Change (%)	0.0	3.9	-11.4	-4.5	-0.4	2.9	34.4	37.7	-2.8	16.9
Margins (%)	31.7	30.9	25.5	26.1	29.2	29.6	30.2	30.1	28.6	29.9
Depreciation	1,650	1,680	1,670	1,620	1,550	1,630	1,850	1,914	6,620	6,944
<b>EBIT</b>	<b>5,120</b>	<b>4,920</b>	<b>3,710</b>	<b>3,940</b>	<b>5,190</b>	<b>5,160</b>	<b>5,380</b>	<b>5,740</b>	<b>17,690</b>	<b>21,470</b>
YoY Change (%)	-0.8	4.7	-15.7	-5.5	1.4	4.9	45.0	45.7	-21.9	21.4
Margins (%)	24.0	23.0	17.6	18.5	22.5	22.5	22.5	22.6	20.8	22.6
Interest	680	710	620	570	550	690	720	791	2,550	2,751
Other Income	400	510	480	560	300	160	180	260	1,970	900
<b>PBT before EO Expense</b>	<b>4,840</b>	<b>4,720</b>	<b>3,570</b>	<b>3,980</b>	<b>4,940</b>	<b>4,630</b>	<b>4,840</b>	<b>5,209</b>	<b>17,110</b>	<b>19,619</b>
One-off expenses	0	0	0	4,850	-380	0	0	0	4,850	-380
<b>PBT after EO Expense</b>	<b>4,840</b>	<b>4,720</b>	<b>3,570</b>	<b>-870</b>	<b>5,320</b>	<b>4,630</b>	<b>4,840</b>	<b>5,209</b>	<b>12,260</b>	<b>19,999</b>
Tax	1,540	1,560	1,080	310	1,780	1,510	1,500	1,509	4,490	6,300
Rate (%)	31.8	33.1	30.3	7.8	36.0	32.6	31.0	29.0	26.2	32.1
<b>Reported PAT</b>	<b>3,300</b>	<b>3,160</b>	<b>2,490</b>	<b>-1,180</b>	<b>3,540</b>	<b>3,120</b>	<b>3,340</b>	<b>3,700</b>	<b>7,770</b>	<b>13,699</b>
<b>Adj PAT</b>	<b>3,300</b>	<b>3,160</b>	<b>2,490</b>	<b>2,667</b>	<b>3,287</b>	<b>3,120</b>	<b>3,340</b>	<b>3,700</b>	<b>11,617</b>	<b>13,447</b>
YoY Change (%)	-2.1	1.9	-16.2	-17.7	-0.4	-1.3	34.1	38.8	-8.4	15.8
Margins (%)	15.5	14.8	11.8	12.5	14.2	13.6	13.9	14.6	13.7	14.2

**Zydus Lifesciences****Neutral****CMP: INR420 | TP: INR410 (-2%)****EPS CHANGE (%): FY23|24: (0.7)|(0.7)**

- US sales growth expected to remain on uptrend with 13% YoY growth to USD225m
- Watch out for an update on pipeline for complex products in the US for FY24, as well as potential launched from the Moraiya facility
- DF sales expected to grow by 12% YoY
- Progress on NCE product development

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>40,018</b>	<b>37,848</b>	<b>36,398</b>	<b>38,638</b>	<b>40,727</b>	<b>41,347</b>	<b>41,413</b>	<b>43,870</b>	<b>152,652</b>	<b>167,357</b>
YoY Change (%)	9.9	-0.9	-4.1	5.3	1.8	9.2	13.8	13.5	5.3	9.6
Total Expenditure	30,299	29,240	28,882	30,026	32,397	31,995	32,231	35,171	117,413	131,793
<b>EBITDA</b>	<b>9,719</b>	<b>8,608</b>	<b>7,516</b>	<b>8,612</b>	<b>8,330</b>	<b>9,352</b>	<b>9,182</b>	<b>8,699</b>	<b>35,239</b>	<b>35,563</b>
YoY Change (%)	19.2	-0.3	-6.9	1.4	-14.3	8.6	22.2	1.0	11.0	0.9
Margins (%)	24.3	22.7	20.6	22.3	20.5	22.6	22.2	19.8	23.1	21.3
Depreciation	1,733	1,848	1,770	1,854	1,807	1,818	1,850	1,906	7,130	7,381
<b>EBIT</b>	<b>7,986</b>	<b>6,760</b>	<b>5,746</b>	<b>6,758</b>	<b>6,523</b>	<b>7,534</b>	<b>7,332</b>	<b>6,794</b>	<b>28,109</b>	<b>28,183</b>
YoY Change (%)	25.1	-1.2	-8.3	0.2	-18.3	11.5	27.6	0.5	13.9	0.3
Margins (%)	20.0	17.9	15.8	17.5	16.0	18.2	17.7	15.5	18.4	16.8
Interest	273	301	311	385	343	351	320	310	1,270	1,324
Other Income	316	533	607	791	659	444	590	562	2,247	2,255
<b>PBT before EO Income</b>	<b>8,029</b>	<b>6,992</b>	<b>6,042</b>	<b>7,164</b>	<b>6,839</b>	<b>7,627</b>	<b>7,602</b>	<b>7,046</b>	<b>29,086</b>	<b>29,114</b>
EO Exp/(Inc)	0	957	0	1,435	29	1,199	0	0	705	1,228
<b>PBT after EO Income</b>	<b>8,029</b>	<b>6,035</b>	<b>6,042</b>	<b>5,729</b>	<b>6,810</b>	<b>6,428</b>	<b>7,602</b>	<b>7,046</b>	<b>28,381</b>	<b>27,886</b>
Tax	1,574	1,000	1,094	1,092	1,184	1,370	1,634	1,528	5,117	5,717
Rate (%)	19.6	16.6	18.1	19.1	17.4	21.3	21.5	21.7	18.0	20.5
Min. Int/Adj on Consol	-483	27	121	-513	-360	112	100	88	-848	-60
<b>Reported PAT</b>	<b>5,972</b>	<b>5,062</b>	<b>5,069</b>	<b>4,124</b>	<b>5,266</b>	<b>5,170</b>	<b>6,068</b>	<b>5,605</b>	<b>22,416</b>	<b>22,109</b>
<b>Adj PAT</b>	<b>5,972</b>	<b>5,860</b>	<b>5,069</b>	<b>5,285</b>	<b>5,290</b>	<b>6,114</b>	<b>6,068</b>	<b>5,605</b>	<b>22,079</b>	<b>23,076</b>
YoY Change (%)	31.5	1.4	-3.9	19.1	-11.4	4.3	19.7	6.1	8.9	4.5
Margins (%)	14.9	15.5	13.9	13.7	13.0	14.8	14.7	12.8	14.5	13.8
<b>PAT from discontinued operations</b>	<b>-100</b>	<b>24,961</b>	<b>-65</b>	<b>-150</b>	<b>-83</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>22,457</b>	<b>-28</b>
<b>Total Reported PAT (Incl Discontinued operations)</b>	<b>5,872</b>	<b>30,023</b>	<b>5,004</b>	<b>3,974</b>	<b>5,183</b>	<b>5,225</b>	<b>6,068</b>	<b>5,605</b>	<b>44,873</b>	<b>22,081</b>
YoY Change (%)	25.0	491.6	-5.1	-41.5	-11.7	-82.6	21.3	41.1	110.3	-50.8

# Infrastructure

## Company

G R Infraprojects

IRB Infrastructure Developers

KNR Constructions

## Execution to accelerate post-monsoon; decline in input costs to support margins

### Project awarding gathers pace

- Execution is likely to speed up in 3QFY23 after it was hit by the monsoon in 2Q.
- Project awarding by agencies such as NHAI has picked up since Sep'22 with 2,757kms of projects being awarded to date (v/s only 800kms of projects awarded until 1HFY23). To achieve the target of 6,500kms in FY23E, project awarding needs to be aggressive in 4QFY23.

### FASTag toll collections continue the upswing; focus remains on asset monetization

- FASTag collections have been robust and grew 31% YoY in 3QFY23, taking the total FASTag toll collections to ~INR396b in 9MFY23. Improving traffic movement and FASTag implementation are leading to strong toll collections.
- Asset monetization is the key focus area for NHAI to raise funds outside of budgetary resources.
- National Highways Infra Investment Trust (NHAI InVIT) has successfully closed its second fundraise of INR14.3b to partly fund three road assets, stretching 246kms.
- Additionally, NHAI raised INR15b in Oct'22 through issuance of Non-convertible Debentures (NCDs).
- NHAI has prepared a pipeline to monetize 1,750kms of assets in FY23E but a faster execution is required to meet the monetization targets.

### Execution to improve for our Coverage Universe in 3QFY23

- We expect execution for our Coverage Universe to rise 11% YoY and 8% QoQ.
- We project operating profit to improve marginally by 1% YoY for our Coverage Universe in 3QFY23 driven by higher execution and lower input costs.
- We forecast net profit for our Coverage Universe to grow 35% YoY and 8% QoQ.

### Softening in input prices to support margins

- The prices of steel and cement have corrected ~24% and 28%, respectively, from their highs in Apr'22. Steel prices have been under pressure post-government measures to curb exports and improve domestic supplies.
- The positive impact of the reduction in input costs would be visible in 2HFY23 and most of the contractors are likely to see improvement in their profitability levels.

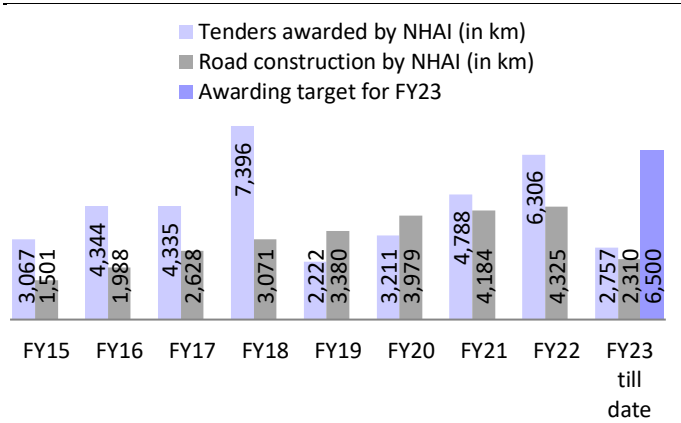
### Companies with decent balance sheets are our preferred plays

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

**Exhibit 1: Summary of expected quarterly performance**

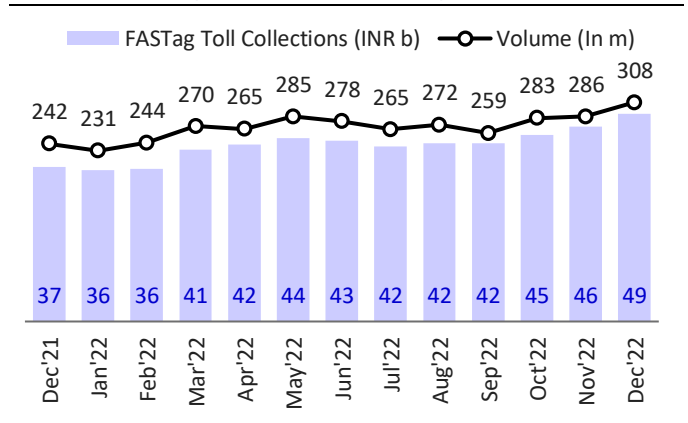
Company	CMP (INR)	Rating	Sales (INR m)			EBITDA (INR m)			Adjusted profit (INR m)		
			Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
G R Infraproject	1175	Buy	18,500	1.7	4.1	2,775	8.9	6.7	1,597	20.9	-2.8
IRB Infra	314	Neutral	15,500	21.2	15.4	7,285	-1.3	9.5	1,253	72.4	46.9
KNR Constructions	265	Buy	8,800	14.8	3.8	1,628	2.5	-13.8	994	25.2	-7.7
<b>Infrastructure</b>			<b>42,800</b>	<b>10.8</b>	<b>7.9</b>	<b>11,688</b>	<b>1.5</b>	<b>4.9</b>	<b>3,844</b>	<b>35.3</b>	<b>7.6</b>

**Exhibit 2: Trend in NHAI awardings and construction**



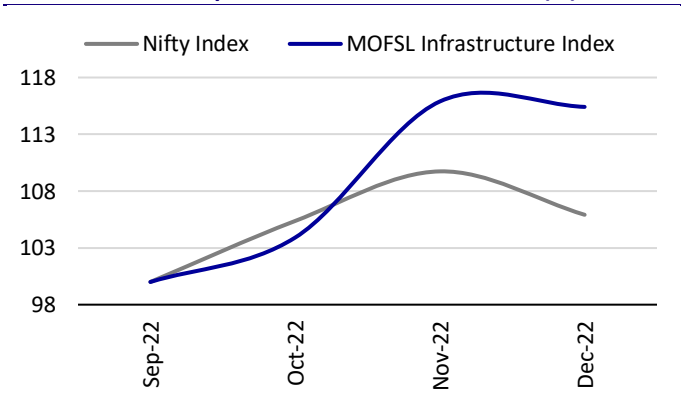
Source: NHAI, MOFSL

**Exhibit 3: FASTag toll collections strong**



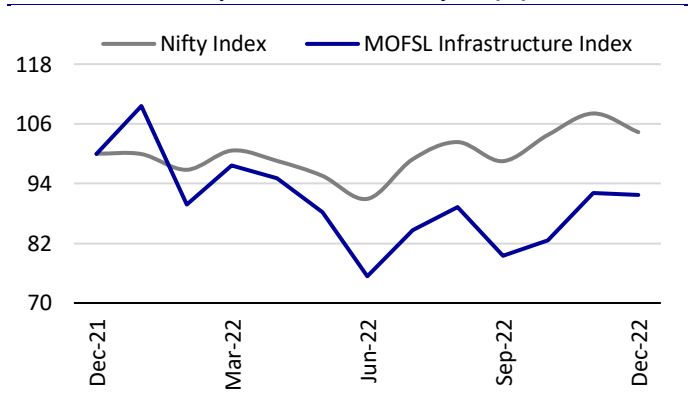
Source: NPCI, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

**Exhibit 6: Comparative 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
<b>Infrastructure</b>						<b>18.8</b>	<b>16.1</b>	<b>14.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>9.6</b>	<b>10.2</b>	<b>10.6</b>
G R Infraproject	1,175	Buy	87.6	101.5	120.0	13.4	11.6	9.8	2.2	1.8	1.6	17.7	17.2	17.2
IRB Infra	314	Neutral	12.1	14.2	15.4	25.9	22.1	20.4	1.5	1.4	1.3	5.7	6.4	6.6
KNR Constructions	265	Buy	15.3	17.9	21.8	17.3	14.8	12.2	2.8	2.4	2.0	17.6	17.3	17.7

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

## G R Infraprojects

**Buy**
**CMP: INR1,175 | TP: INR1,510 (+29%)**
**EPS CHANGE (%): FY23 | 24: -|-**

- Expect ~2% YoY growth in revenue to INR18.5b. Delay in appointed dates to keep execution muted in FY23E.
- Expect adjusted PAT to increase ~21% YoY.
- Expect EBITDA at ~INR2.8b, with EBITDA margin of 15%.
- Commentaries on new project awarding and monetization of assets through the InvIT route are the key monitorables.

### Standalone quarterly performance

Y/E March									(INR m)	
	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>21,332</b>	<b>16,995</b>	<b>18,184</b>	<b>22,681</b>	<b>24,767</b>	<b>17,772</b>	<b>18,500</b>	<b>21,737</b>	<b>79,192</b>	<b>82,775</b>
YoY Change (%)	73.2	45.5	(17.9)	(13.7)	16.1	4.6	1.7	(4.2)	9.3	4.5
<b>EBITDA</b>	<b>3,454</b>	<b>2,779</b>	<b>2,548</b>	<b>4,030</b>	<b>4,864</b>	<b>2,600</b>	<b>2,775</b>	<b>3,419</b>	<b>12,811</b>	<b>13,658</b>
Margin (%)	16.2	16.4	14.0	17.8	19.6	14.6	15.0	15.7	16.2	16.5
Depreciation	666	710	823	617	634	620	646	685	2,816	2,585
Interest	388	311	297	273	269	236	275	288	1,269	1,067
Other Income	302	339	351	331	320	519	280	254	1,324	1,372
<b>PBT before EO expense</b>	<b>2,702</b>	<b>2,098</b>	<b>1,779</b>	<b>3,470</b>	<b>4,281</b>	<b>2,263</b>	<b>2,134</b>	<b>2,700</b>	<b>10,050</b>	<b>11,377</b>
Extra-Ord. expense	-	-	(31)	-	-	-	-	-	(31)	-
<b>PBT</b>	<b>2,702</b>	<b>2,098</b>	<b>1,779</b>	<b>3,470</b>	<b>4,281</b>	<b>2,263</b>	<b>2,134</b>	<b>2,700</b>	<b>10,050</b>	<b>11,377</b>
Tax	666	467	459	819	1,069	620	537	681	2,411	2,907
Rate (%)	24.7	22.3	25.8	23.6	25.0	27.4	25.2	25.2	24.0	25.6
<b>Reported PAT</b>	<b>2,036</b>	<b>1,630</b>	<b>1,290</b>	<b>2,652</b>	<b>3,211</b>	<b>1,643</b>	<b>1,597</b>	<b>2,019</b>	<b>7,608</b>	<b>8,471</b>
<b>Adj. PAT</b>	<b>2,036</b>	<b>1,630</b>	<b>1,321</b>	<b>2,652</b>	<b>3,211</b>	<b>1,643</b>	<b>1,597</b>	<b>2,019</b>	<b>7,639</b>	<b>8,471</b>
YoY Change (%)	186.8	15.6	(58.9)	7.2	57.7	0.8	20.9	(23.9)	(2.1)	10.9
Margin (%)	9.5	9.6	7.3	11.7	13.0	9.2	8.6	9.3	9.6	10.2

## IRB Infrastructure Developers

**Neutral**
**CMP: INR314 | TP: INR290 (-8%)**
**EPS CHANGE (%): FY23 | 24: -|-**

- Expect ~33% YoY growth in Construction revenue and ~3% YoY growth from BOT projects.
- Expect adjusted PAT at INR1.25b (+72% YoY). Lower associate losses to support PAT.
- Expect operating margin to be at 47%.
- New order wins in the Construction segment and overall toll collection trends to be monitored.

### Quarterly performance

Y/E March									(INR m)	
	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>16,257</b>	<b>14,652</b>	<b>12,791</b>	<b>14,336</b>	<b>19,246</b>	<b>13,430</b>	<b>15,500</b>	<b>17,872</b>	<b>58,037</b>	<b>66,047</b>
YoY Change (%)	59.0	30.4	(17.3)	(10.7)	18.4	(8.3)	21.2	24.7	9.5	13.8
Total Expenditure	9,258	7,476	5,407	7,920	8,639	6,778	8,215	9,931	30,062	33,564
<b>EBITDA</b>	<b>6,999</b>	<b>7,176</b>	<b>7,384</b>	<b>6,416</b>	<b>10,606</b>	<b>6,651</b>	<b>7,285</b>	<b>7,941</b>	<b>27,975</b>	<b>32,483</b>
Margin (%)	43.1	49.0	57.7	44.8	55.1	49.5	47.0	44.4	48.2	49.2
Depreciation	1,364	1,652	1,924	1,889	2,031	1,919	1,850	1,829	6,828	7,629
Interest	4,675	4,770	5,471	3,990	3,850	3,893	4,000	4,140	18,906	15,882
Other Income	448	392	2,187	2,491	708	959	575	565	5,517	2,807
<b>PBT</b>	<b>1,407</b>	<b>1,147</b>	<b>2,176</b>	<b>3,028</b>	<b>5,434</b>	<b>1,799</b>	<b>2,010</b>	<b>2,537</b>	<b>7,758</b>	<b>11,779</b>
Tax	349	368	487	679	1,468	702	507	639	1,882	3,315
Rate (%)	24.8	32.1	22.4	22.4	27.0	39.0	25.2	25.2	24.3	28.1
Share of profit in Associates	(340)	(356)	(962)	(604)	(334)	(244)	(250)	(303)	(2,262)	(1,131)
<b>Reported PAT</b>	<b>719</b>	<b>423</b>	<b>727</b>	<b>1,745</b>	<b>3,632</b>	<b>853</b>	<b>1,253</b>	<b>1,594</b>	<b>3,614</b>	<b>7,333</b>
<b>Adj. PAT</b>	<b>719</b>	<b>423</b>	<b>727</b>	<b>1,745</b>	<b>3,632</b>	<b>853</b>	<b>1,253</b>	<b>1,594</b>	<b>3,614</b>	<b>7,333</b>
YoY Change (%)	NA	NA	4.6	79.0	405.1	101.7	72.4	(8.6)	208.5	102.9
Margin (%)	4.4	2.9	5.7	12.2	18.9	6.4	8.1	8.9	6.2	11.1

**KNR Constructions****Buy****CMP: INR265 | TP: INR310 (+17%)****EPS CHANGE (%): FY23|24: -|-**

- Expect revenue of INR8.8b (+15% YoY). The execution is likely to improve post-monsoon.
- Expect adjusted PAT at INR994m (+25% YoY). Lower tax outgo to support PAT on a YoY basis.
- Expect EBITDA at INR1.6b and operating margin to contract 220bp YoY due to high input prices.
- Updates on new order inflows and Irrigation receivables are the key monitorables.

**Standalone quarterly performance****(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>7,400</b>	<b>7,556</b>	<b>7,663</b>	<b>10,107</b>	<b>8,906</b>	<b>8,474</b>	<b>8,800</b>	<b>9,823</b>	<b>32,726</b>	<b>36,003</b>
YoY Change (%)	54.4	25.7	11.7	8.0	20.4	12.2	14.8	-2.8	21.1	10.0
Total Expenditure	5,967	5,880	6,074	8,027	7,256	6,586	7,172	7,969	25,949	28,983
<b>EBITDA</b>	<b>1,433</b>	<b>1,675</b>	<b>1,589</b>	<b>2,080</b>	<b>1,650</b>	<b>1,888</b>	<b>1,628</b>	<b>1,855</b>	<b>6,777</b>	<b>7,021</b>
Margin (%)	19.4	22.2	20.7	20.6	18.5	22.3	18.5	18.9	20.7	19.5
Depreciation	269	320	358	399	327	366	330	275	1,346	1,298
Interest	79	72	64	60	69	84	60	39	274	252
Other Income	48	105	78	185	91	76	90	104	417	360
Extra-Ord. expense	0	0	214	0	0	0	0	0	214	0
<b>PBT</b>	<b>1,133</b>	<b>1,389</b>	<b>1,246</b>	<b>1,806</b>	<b>1,345</b>	<b>1,514</b>	<b>1,328</b>	<b>1,644</b>	<b>5,574</b>	<b>5,831</b>
Tax	403	437	452	679	336	438	334	415	1,970	1,523
Rate (%)	35.5	31.4	36.3	37.6	25.0	28.9	25.2	25.2	35.3	26.1
<b>Reported PAT</b>	<b>730</b>	<b>952</b>	<b>1,008</b>	<b>1,128</b>	<b>1,008</b>	<b>1,076</b>	<b>994</b>	<b>1,230</b>	<b>3,818</b>	<b>4,308</b>
<b>Adj. PAT</b>	<b>730</b>	<b>952</b>	<b>794</b>	<b>1,128</b>	<b>1,008</b>	<b>1,076</b>	<b>994</b>	<b>1,230</b>	<b>3,604</b>	<b>4,308</b>
YoY Change (%)	83.5	61.9	2.3	46.5	38.1	13.0	25.2	9.0	42.4	19.5
Margin (%)	9.9	12.6	10.4	11.2	11.3	12.7	11.3	12.5	11.0	12.0

# Logistics

## Company

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

## Strong volumes to boost revenue growth, margins to stay stable

### Daily e-way bill generation increased in Oct-Nov'22; railway traffic and ports volumes continued to improve

- Logistics activity picked up in 3QFY23, with the daily e-way bill generation increasing by ~17% YoY in Oct-Nov'22 to ~2.6m, driven by broad-based demand improvement across sectors.
- In 3QFY23, traffic handled by the Indian Railways grew by 3% YoY to 373 MT.
- EXIM container volumes handled by the Railways rose 5% YoY in Oct-Nov'22. The Railways' market share in EXIM containers increased to 35% in Nov'22 from 34% in Nov'21. Domestic container volumes handled by the Railways also increased by ~5% YoY in Oct-Nov'22.
- After ~13% YoY growth in 2QFY23, port volumes continued on the growth trajectory with ~3% YoY growth in Oct-Nov'22 to 123 MT. Lower freight rates amid a cool-off in commodity prices have supported volume growth.

### Freight rates stable due to elevated costs

- Freight rates have remained fairly stable in the last few months as operational costs remained elevated.
- While diesel prices have remained unchanged for the last several months, toll costs and other expenses like labor and vehicle maintenance costs have been increasing. The freight rates are likely to remain firm amid demand improvement and the current inflationary environment.

### Operating performance to remain muted

- We expect our coverage universe to report sales growth of 12% YoY (flat QoQ), flat EBITDA growth YoY (-1% QoQ), and a 2% YoY decline in PAT (flat QoQ).
- We expect companies like CONCOR to report sales growth of ~15% YoY. With the phase-wise commissioning of DFCs, volumes are expected to shift from road logistics to rail logistics.
- Higher growth is expected in the domestic volumes. The mix of EXIM and Domestic volumes is expected to be 60:40 (currently it is 70:30).

### Improving consumer demand sentiment amid easing inflation to drive growth

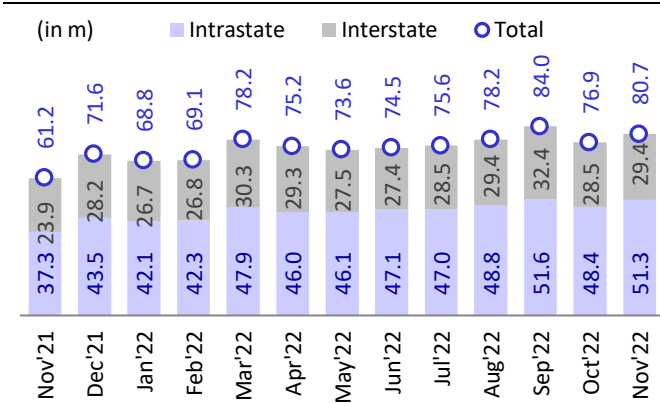
- We expect medium-term revenue growth to be driven by healthy demand from varied segments like e-commerce, FMCG, retail, chemicals, pharmaceuticals and industrial goods. Moreover, we believe the industry's paradigm shift toward organized logistics players after the implementation of GST and e-way bill should also drive revenue growth.
- The ability of organized players to command pricing premiums on account of the rise in fuel prices while maintaining the cost rationalisation measures should support the industry's operating profitability.
- The margin movement should continue to depend on consumer demand sentiments, trends in diesel prices and the competitive intensity within the industry.



**Exhibit 1: Summary of expected 3QFY23 performance**

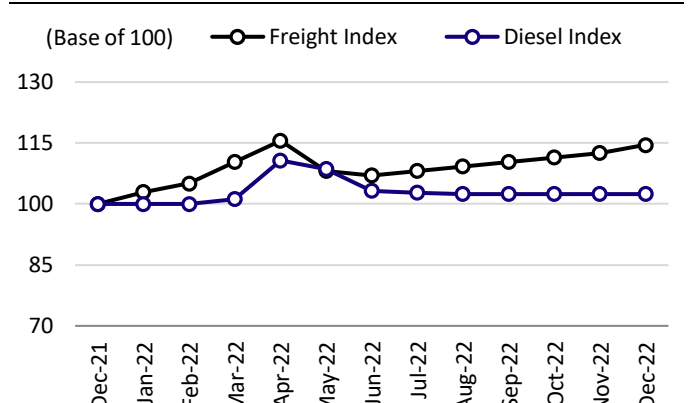
Sector	CMP		Sales (INR m)			EBDITA (INR M)			Net profit (INR m)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Blue Dart Express	7815	Neutral	12,673	1.0	-4.4	1,451	-28.8	-10.8	749	-38.7	-18.6
Concor	740	Buy	21,980	14.5	11.5	5,214	14.4	4.6	3,417	19.2	12.8
Mahindra Logistics	500	Neutral	12,975	16.1	-2.2	668	40.2	-1.1	151	165.6	24.0
Transport Corp.	624	Buy	9,717	16.0	4.3	1,030	-5.7	7.3	720	-12.3	-0.5
VRL Logistics	550	Buy	7,530	11.0	3.0	1,122	-13.1	13.1	449	-25.9	42.5
<b>Logistics</b>			<b>64,876</b>	<b>11.7</b>	<b>3.2</b>	<b>9,486</b>	<b>0.3</b>	<b>2.6</b>	<b>5,485</b>	<b>-1.5</b>	<b>7.4</b>

**Exhibit 2: E-way bill generation**



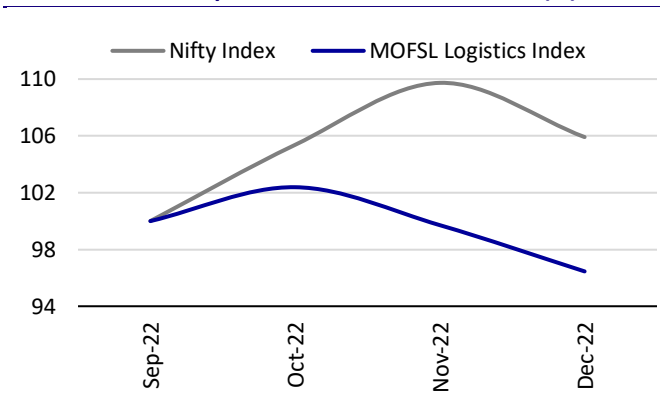
Source: GSTN, MOFSL

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



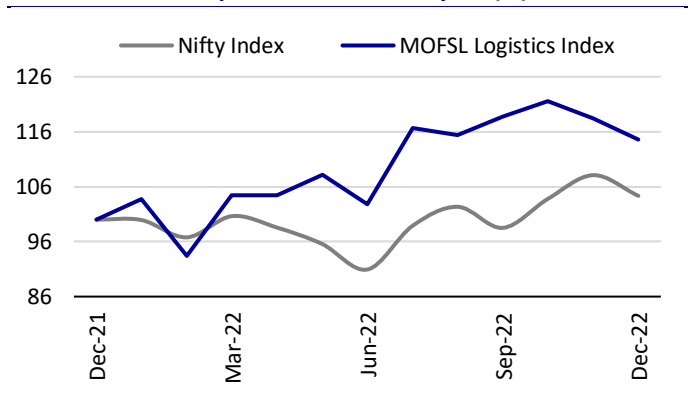
Source: IFTRT, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

**Exhibit 6: Comparative valuation**

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Logistics</b>						<b>34.7</b>	<b>26.3</b>	<b>20.6</b>	<b>4.9</b>	<b>4.4</b>	<b>3.9</b>	<b>14.2</b>	<b>16.8</b>	<b>19.0</b>
Blue Dart Express	7,815	Neutral	153.0	214.3	274.8	51.1	36.5	28.4	15.5	11.7	8.7	33.7	36.5	35.1
Concor	740	Buy	21.7	28.2	35.7	34.0	26.2	20.7	4.0	3.8	3.5	12.0	14.8	17.5
Mahindra Logistics	500	Neutral	8.0	14.4	23.3	62.4	34.7	21.5	5.7	5.0	4.1	9.4	15.3	21.1
Transport Corp.	624	Buy	38.2	47.6	57.6	16.3	13.1	10.8	2.8	2.4	2.0	18.5	19.4	19.5
VRL Logistics	550	Buy	19.7	26.2	33.7	28.0	21.0	16.3	6.3	4.4	3.7	24.4	24.6	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.

## Blue Dart Express Neutral

CMP: INR7,815 | TP: INR7,700 (-2%)

EPS CHANGE (%): FY23 | 24: -12% | -6%

- Expect revenue to increase by 1% YoY to INR12.6b
- Expect EBITDA at INR1.4b, with EBITDA margin down by 80bp QoQ to 11.5% due to higher aviation turbine fuel (ATF) prices
- Expect adjusted PAT to decline by ~39% YoY to INR749m
- 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		
<b>Net Sales</b>	<b>8,648</b>	<b>11,236</b>	<b>12,548</b>	<b>11,659</b>	<b>12,933</b>	<b>13,253</b>	<b>12,673</b>	<b>12,439</b>	<b>44,090</b>	<b>51,298</b>
YoY Change (%)	108.8	30.0	21.2	20.7	49.6	18.0	1.0	6.7	34.4	16.3
<b>EBITDA</b>	<b>834</b>	<b>1,986</b>	<b>2,039</b>	<b>2,179</b>	<b>1,908</b>	<b>1,627</b>	<b>1,451</b>	<b>1,490</b>	<b>7,038</b>	<b>6,476</b>
Margin (%)	9.6	17.7	16.2	18.7	14.7	12.3	11.5	12.0	16.0	12.6
YoY Change (%)	-170.6	34.6	17.6	25.3	128.7	-18.0	-28.8	-31.6	86.9	-8.0
Depreciation	430	433	430	394	397	419	470	469	1,687	1,755
Interest	68	59	54	59	47	42	65	64	241	217
Other Income	58	64	78	85	102	121	85	90	285	399
<b>PBT before EO expense</b>	<b>394</b>	<b>1,558</b>	<b>1,632</b>	<b>1,811</b>	<b>1,566</b>	<b>1,288</b>	<b>1,001</b>	<b>1,047</b>	<b>5,395</b>	<b>4,902</b>
Extra-Ord. expense	0	360	0	0	0	0	0	0	360	0
<b>PBT</b>	<b>394</b>	<b>1,198</b>	<b>1,632</b>	<b>1,811</b>	<b>1,566</b>	<b>1,288</b>	<b>1,001</b>	<b>1,047</b>	<b>5,035</b>	<b>4,902</b>
Tax	100	303	410	457	394	368	252	259	1,271	1,272
Rate (%)	25.4	25.3	25.1	25.2	25.2	28.5	25.2	24.7	25.2	26.0
<b>Reported PAT</b>	<b>294</b>	<b>895</b>	<b>1,222</b>	<b>1,354</b>	<b>1,172</b>	<b>920</b>	<b>749</b>	<b>789</b>	<b>3,764</b>	<b>3,630</b>
<b>Adj. PAT</b>	<b>294</b>	<b>1,254</b>	<b>1,222</b>	<b>1,354</b>	<b>1,172</b>	<b>920</b>	<b>749</b>	<b>789</b>	<b>4,124</b>	<b>3,630</b>
YoY Change (%)	NA	66.0	43.0	52.0	298.9	-26.6	-38.7	-41.8	237.6	-12.0
Margin (%)	3.4	11.2	9.7	11.6	9.1	6.9	5.9	6.3	9.4	7.1

## Container Corp. of India (CONCOR) Buy

CMP: INR740 | TP: INR860 (+16%)

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

- Expect volumes to increase by ~10% YoY
- Expect EXIM/domestic volumes to grow by 8%/20% YoY
- Expect EBITDA margin to remain stable YoY at 23.7%
- Progress on commissioning of the DFC in key areas to watch out for
- Expect Adj PAT to increase to INR 3.4b (+19% YoY) on higher volumes and realization.

### Standalone quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>18,075</b>	<b>18,239</b>	<b>19,200</b>	<b>20,430</b>	<b>19,783</b>	<b>19,707</b>	<b>21,980</b>	<b>23,626</b>	<b>75,945</b>	<b>85,096</b>
YoY Change (%)	52.0	21.4	9.5	5.3	9.4	8.0	14.5	15.6	18.9	12.1
<b>EBITDA</b>	<b>4,335</b>	<b>4,265</b>	<b>4,556</b>	<b>4,127</b>	<b>4,723</b>	<b>4,986</b>	<b>5,214</b>	<b>5,723</b>	<b>17,283</b>	<b>20,648</b>
Margin (%)	24.0	23.4	23.7	20.2	23.9	25.3	23.7	24.2	22.8	24.3
YoY Change (%)	172.6	36.3	22.5	118.4	9.0	16.9	14.4	38.7	67.3	19.5
Depreciation	1,303	1,362	1,324	1,309	1,312	1,341	1,297	1,237	5,298	5,187
Interest	139	135	132	140	139	143	150	168	546	600
Other Income	555	750	632	694	629	520	800	883	2,631	2,831
<b>PBT before EO expense</b>	<b>3,448</b>	<b>3,518</b>	<b>3,733</b>	<b>3,372</b>	<b>3,901</b>	<b>4,022</b>	<b>4,568</b>	<b>5,201</b>	<b>14,071</b>	<b>17,692</b>
Extra-Ord. expense	0	1	0	0	0	0	0	0	1	0
<b>PBT</b>	<b>3,448</b>	<b>3,517</b>	<b>3,733</b>	<b>3,372</b>	<b>3,901</b>	<b>4,022</b>	<b>4,568</b>	<b>5,201</b>	<b>14,070</b>	<b>17,692</b>
Tax	899	876	867	804	988	994	1,151	1,311	3,447	4,444
Rate (%)	26.1	24.9	23.2	23.8	25.3	24.7	25.2	25.2	24.5	25.1
<b>Reported PAT</b>	<b>2,549</b>	<b>2,641</b>	<b>2,865</b>	<b>2,568</b>	<b>2,913</b>	<b>3,028</b>	<b>3,417</b>	<b>3,890</b>	<b>10,623</b>	<b>13,248</b>
<b>Adj. PAT</b>	<b>2,549</b>	<b>2,641</b>	<b>2,865</b>	<b>2,568</b>	<b>2,913</b>	<b>3,028</b>	<b>3,417</b>	<b>3,890</b>	<b>10,624</b>	<b>13,248</b>
YoY Change (%)	313.4	40.8	20.5	158.1	14.3	14.7	19.2	51.5	81.1	24.7
Margin (%)	14.1	14.5	14.9	12.6	14.7	15.4	15.5	16.5	14.0	15.6

**Mahindra Logistics****Neutral****CMP: INR500 | TP: INR510 (+2%)****EPS CHANGE (%): FY23|24: -|-**

- Expect revenue to rise by 16% YoY to INR12.9b
- Expect adjusted PAT at INR151m (+166% YoY) on higher revenue and YoY improvement in operating margins
- Expect EBITDA at INR668m (+40% YoY) and a flat operating margin QoQ
- Outlook on MM Auto segment sales in 4QFY23 to be key focus area

**Quarterly snapshot**

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>8,832</b>	<b>10,191</b>	<b>11,179</b>	<b>10,885</b>	<b>11,999</b>	<b>13,263</b>	<b>12,975</b>	<b>13,021</b>	<b>41,408</b>	<b>51,258</b>
YoY Change (%)	115.2	22.4	6.8	11.8	35.9	28.4	16.1	19.6	26.9	23.8
<b>EBITDA</b>	<b>406</b>	<b>500</b>	<b>477</b>	<b>514</b>	<b>657</b>	<b>676</b>	<b>668</b>	<b>676</b>	<b>1,843</b>	<b>2,678</b>
Margin (%)	4.6	4.9	4.3	4.7	5.5	5.1	5.2	5.2	4.5	5.2
YoY Change (%)	NA	34.1	-10.0	11.5	61.8	43.8	40.2	31.5	37.3	45.3
Depreciation	303	328	357	393	409	436	414	396	1,417	1,654
Interest	62	68	75	91	89	107	93	107	298	396
Other Income	21	20	26	63	31	34	35	39	136	139
<b>PBT</b>	<b>61</b>	<b>123</b>	<b>71</b>	<b>94</b>	<b>190</b>	<b>167</b>	<b>197</b>	<b>213</b>	<b>263</b>	<b>765</b>
Tax	31	31	21	31	53	47	49	54	113	204
Rate (%)	50.2	24.7	28.8	32.9	28.1	28.5	25.2	25.2	42.8	26.6
Minority Interest/Associates	3	5	6	11	-1	3	4	6	25	12
<b>Reported PAT</b>	<b>33</b>	<b>98</b>	<b>57</b>	<b>74</b>	<b>135</b>	<b>122</b>	<b>151</b>	<b>165</b>	<b>176</b>	<b>574</b>
<b>Adj. PAT</b>	<b>33</b>	<b>98</b>	<b>57</b>	<b>74</b>	<b>135</b>	<b>122</b>	<b>151</b>	<b>165</b>	<b>176</b>	<b>574</b>
YoY Change (%)	NA	-34.6	-68.9	-51.7	310.9	132.2	165.6	123.5	-46.4	226.7
Margin (%)	0.4	1.0	0.5	0.7	1.1	0.9	1.2	1.3	0.4	1.1

**Transport Corporation of India****Buy****CMP: INR624 | TP: INR810 (+30%)****EPS CHANGE (%): FY23|24: -|-**

- Expect revenue to rise by 16% YoY to INR9.7b, led by growth in Freight/Supply chain/Seaways segments
- Expect adjusted PAT at INR720m (-12% YoY)
- Expect EBITDA at INR1.0b (-5.7% YoY) and a flat operating margin QoQ
- 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		
<b>Net Sales</b>	<b>6,961</b>	<b>8,251</b>	<b>8,377</b>	<b>8,977</b>	<b>9,029</b>	<b>9,321</b>	<b>9,717</b>	<b>10,214</b>	<b>32,567</b>	<b>38,281</b>
YoY Change (%)	71.6	18.4	3.8	0.6	29.7	13.0	16.0	13.8	16.2	17.5
<b>EBITDA</b>	<b>758</b>	<b>1,045</b>	<b>1,092</b>	<b>1,193</b>	<b>1,041</b>	<b>960</b>	<b>1,030</b>	<b>1,140</b>	<b>4,087</b>	<b>4,170</b>
Margin (%)	10.9	12.7	13.0	13.3	11.5	10.3	10.6	11.2	12.6	10.9
YoY Change (%)	147.3	67.9	37.0	34.6	37.4	-8.2	-5.7	-4.4	56.5	2.0
Depreciation	247	256	255	371	289	300	310	328	1,130	1,227
Interest	47	33	26	22	23	25	22	16	128	87
Other Income	41	29	53	76	53	74	55	57	199	239
<b>PBT before EO expense</b>	<b>504</b>	<b>785</b>	<b>864</b>	<b>875</b>	<b>782</b>	<b>708</b>	<b>753</b>	<b>854</b>	<b>3,028</b>	<b>3,096</b>
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>504</b>	<b>785</b>	<b>864</b>	<b>875</b>	<b>782</b>	<b>708</b>	<b>753</b>	<b>854</b>	<b>3,028</b>	<b>3,096</b>
Tax	64	96	108	109	93	116	120	137	377	467
Rate (%)	12.7	12.3	12.5	12.4	11.9	16.4	16.0	16.1	12.4	15.1
Minority Interest	-6.0	-7.5	-7.5	-9.8	-8.4	-6.6	-7.5	-7.5	-32.1	-30.9
Profit/Loss of Asso. Cos	35	73	72	97	98	138	95	93	277	350
<b>Reported PAT</b>	<b>469</b>	<b>754</b>	<b>821</b>	<b>854</b>	<b>777</b>	<b>723</b>	<b>720</b>	<b>802</b>	<b>2,896</b>	<b>2,948</b>
<b>Adj. PAT</b>	<b>469</b>	<b>754</b>	<b>821</b>	<b>854</b>	<b>777</b>	<b>723</b>	<b>720</b>	<b>802</b>	<b>2,896</b>	<b>2,948</b>
YoY Change (%)	1,049	106.0	57.0	27.0	65.9	-4.1	-12.3	-6.1	80.8	1.8
Margin (%)	6.7	9.1	9.8	9.5	8.6	7.8	7.4	7.9	8.9	7.7

## VRL Logistics

Buy

CMP: INR550 | TP: INR730 (+33%)

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

- Expect revenue to increase by 11% YoY to INR7.5b, with a focus in the Goods Transport segment
- Expect adjusted PAT to decline to INR449m (-26% YoY)
- Expect EBITDA at INR1.1b; Expect margin to increase by 130bp QoQ on higher utilization and lower fuel prices
- Progress on branch additions and capex on fleet additions to be key monitorables

## Quarterly performance

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>4,138</b>	<b>6,364</b>	<b>6,784</b>	<b>6,651</b>	<b>7,171</b>	<b>7,307</b>	<b>7,530</b>	<b>7,013</b>	<b>23,936</b>	<b>29,021</b>
YoY Change (%)	158.5	44.9	20.4	10.8	73.3	14.8	11.0	5.4	35.8	21.2
<b>EBITDA</b>	<b>361</b>	<b>1,133</b>	<b>1,290</b>	<b>1,258</b>	<b>1,144</b>	<b>992</b>	<b>1,122</b>	<b>1,107</b>	<b>4,042</b>	<b>4,366</b>
Margin (%)	8.7	17.8	19.0	18.9	16.0	13.6	14.9	15.8	16.9	15.0
YoY Change (%)	-206.5	30.3	30.6	31.5	217.2	-12.4	-13.1	-12.0	63.3	8.0
Depreciation	377	396	444	463	390	429	410	369	1,680	1,598
Interest	95	98	118	120	123	146	142	142	431	552
Other Income	35	18	49	66	30	22	30	44	168	126
<b>PBT before EO expense</b>	<b>-76</b>	<b>657</b>	<b>778</b>	<b>741</b>	<b>661</b>	<b>440</b>	<b>600</b>	<b>641</b>	<b>2,099</b>	<b>2,342</b>
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>-76</b>	<b>657</b>	<b>778</b>	<b>741</b>	<b>661</b>	<b>440</b>	<b>600</b>	<b>641</b>	<b>2,099</b>	<b>2,342</b>
Tax	-16	162	173	179	167	125	151	162	498	605
Rate (%)	20.5	24.7	22.2	24.2	25.3	28.4	25.2	25.2	23.7	25.9
<b>Reported PAT</b>	<b>-60</b>	<b>495</b>	<b>605</b>	<b>562</b>	<b>494</b>	<b>315</b>	<b>449</b>	<b>479</b>	<b>1,601</b>	<b>1,736</b>
<b>Adj. PAT</b>	<b>-60</b>	<b>495</b>	<b>605</b>	<b>562</b>	<b>494</b>	<b>315</b>	<b>449</b>	<b>479</b>	<b>1,601</b>	<b>1,736</b>
YoY Change (%)	NA	60	52.2	51.2	NA	-36	-25.9	-14.7	255.3	8.4
Margin (%)	-1.5	7.8	8.9	8.4	6.9	4.3	6.0	6.8	6.7	6.0

# Metals

## Company

Coal India

Hindalco Industries

Hindustan Zinc

Jindal Steel &amp; Power

JSW Steel

NMDC

National Aluminum Co.

Steel Authority of India

Tata Steel

Vedanta

## Rollback of export duties brings relief to the sector

### Metals sector to report healthy performance

The metals sector is likely to post a sequential improvement of 1.4%/42.2%/76.6% in revenue/EBITDA/PAT, respectively, driven by: a) higher volumes, b) improvement in EBITDA/t, and c) better sales mix. We expect mining companies to report a very strong set of numbers and also forecast both ferrous and non-ferrous companies to report a positive outlook. We maintain our **BUY rating** on JSP, HNDL, COAL and we have recently [upgraded NMDC to BUY](#) on the back of demand creation due to China's reopening.

Surging inflation, tightening global liquidity, imposition of export duties, fears of recession and the ongoing Russia-Ukraine conflict had severely dented the metals sector over the last two quarters. However, opening up of China after a gap of nearly three years coupled with its focus on completing unfinished real estate projects should significantly boost the demand for steel products in the country. Over the last one month, domestic HRC price in China has been up 7% while TMT price has improved 4%.

**Steel:** We expect a recovery in steel sector on back of higher volumes and reduction in input costs. The rollback of export duties on steel, iron ore and pellets further adds impetus to the steel sector. Both the key raw materials, coking coal and iron ore, have cooled-off from their all-time highs and are down 56% YoY and 44% YoY, respectively. Sequentially, iron ore is flattish while coking coal price on consumption basis is expected to be lower by USD80-100/t leading to reduction in operating costs. Primary TMT price was down ~INR850/t while domestic HRC price was down ~INR2,000/t on sequential basis. We note that the correction in input costs for ferrous companies is higher than the reduction in the selling prices, which should lead to ~INR1,500-2,000 improvement in EBITDA/t with more benefits coming from higher volumes and improved sales mix.

Similarly, even the domestic sector is witnessing healthy demand uptick aided by strong thrust from infrastructure and construction sectors. Generally, the second half of any financial year is traditionally stronger period in terms of demand for steel as construction and infrastructure activities pick up post-monsoon season.

In terms of key inputs, NMDC rolled back its iron ore prices in Dec'22 primarily due to withdrawal of export duties on iron ore, pellet and steel. Although NMDC does not export iron ore, the withdrawal has opened up opportunities for export of pellets leading to an improved demand for iron ore. Post-rollback, NMDC increased the price of iron ore and consequently took a second hike in a span of one month and raised the price by further INR500/t in Jan'23. Coking coal too witnessed similar trend with prices correcting 25% YoY; the benefit for the same should be visible in 3Q and 4QFY23.

**Non-ferrous:** Mixed outlook and cautious optimism had set the tone for 2QFY23. FY23E started on a strong note with copper/aluminum/zinc/nickel touching a high of USD10,470 /USD3,583/USD4,530/USD37,185 per tonne, respectively, as high energy cost and logistic bottlenecks supported the rally in non-ferrous space. However, due to fears of recession in both the US and EU, the non-ferrous prices have been on a downward trajectory with softening demand. As China is the largest consumer of non-ferrous metals, their prices rallied recently due to reopening of China's economy. On a sequential basis, Copper/Nickel/Lead rose 3%/16%/6% while Aluminum/Zinc dipped 1%/8%, respectively. While copper and nickel were up due to concerns related to mining output, aluminum and zinc were down mainly owing to fears of recession.

**Mining:** Ever since the Russia-Ukraine conflict has erupted, the e-auction premium for coal has been over 280-290% for all the quarters starting Mar'22. We note that the reforms in e-auction process brought by COAL, in terms of unifying all the e-auctions, have also contributed to higher premiums. COAL is on track to deliver 700mt production/sales volumes for FY23E and even higher for FY24/25E given its strategy of opening more mega mines through the MDO route. We retain our BUY rating on both NMDC and COAL in the mining space but prefer NMDC over COAL.

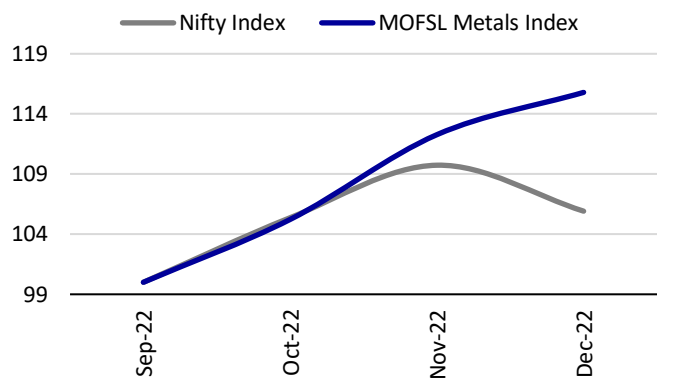
#### **Ferrous: No clear indication on the ASP movement**

- FY23 started on a negative note with the double whammy of imposition of export duty and Russia-Ukraine conflict. This severely impacted the metal prices, which led to a crash from their all-time high prices in Apr'22.
- Domestic HRC price corrected over 32% from INR78,800/t in Apr '22 to a low of INR53,500/t in Dec'22. However, with opening up of China and improved domestic demand, steel price has started to move up and is currently around INR54,500/t.
- TMT price also witnessed similar trend; however, correction in TMT price was lesser than HRC price due to absence of imports, with prices correcting ~25%. In recent weeks, TMT price have witnessed a sharper uptick as construction activities pick-up pace.
- Iron ore price had crashed by INR2,250/t within a period of four months of the announcement of export duty imposition but it is now in a sweet spot with NMDC taking double price hikes of INR800/t in a span of less than 45 days.
- Coking coal touched a high of over USD700/t in Mar'22 and since then has seen a correction of ~63% to USD261/t in Dec '22. However, in recent weeks with opening up of China, coal has started to move up and has breached the USD300/t level.
- However, we believe, ferrous companies will be benefited by lower coking coal prices on consumption basis in 3QFY23.

#### **Non-ferrous: Mixed bag; recession fears and mining output crisis drive prices**

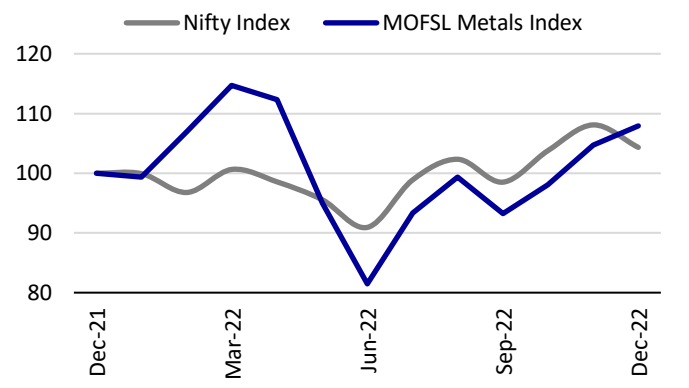
- Copper/Nickel/Lead rose 3%/16%/6% while Aluminum/Zinc dipped 1%/8%, respectively. While copper and nickel were up on concerns related to mining output, aluminum and zinc were down mainly due to fears of recession.
- It has been a mild winter in Europe so far and with gas reserves topped up, we have seen global thermal coal prices correcting sharply.
- However, we expect the temperature to fall sharply as winter approaches. Hence, we project thermal coal demand to start improving. De-stabilization of NG supplies from Russia remains a wild card in dictating global thermal coal prices.

**Exhibit 1: Relative performance – three months (%)**



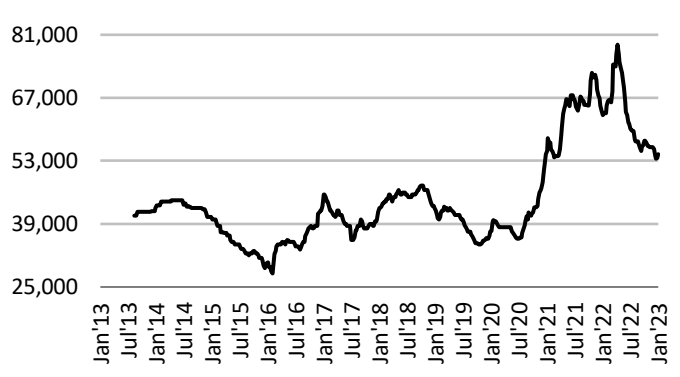
Sources: Bloomberg, MOFSL

**Exhibit 2: Relative performance – one year (%)**



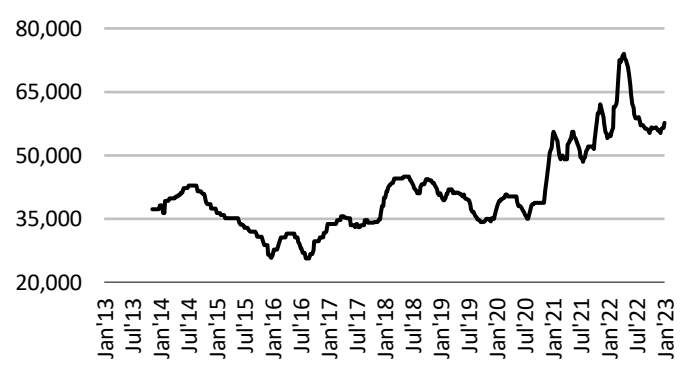
Sources: Bloomberg, MOFSL

**Exhibit 3: Domestic HRC price fell 3% QoQ; but has started to move up recently**



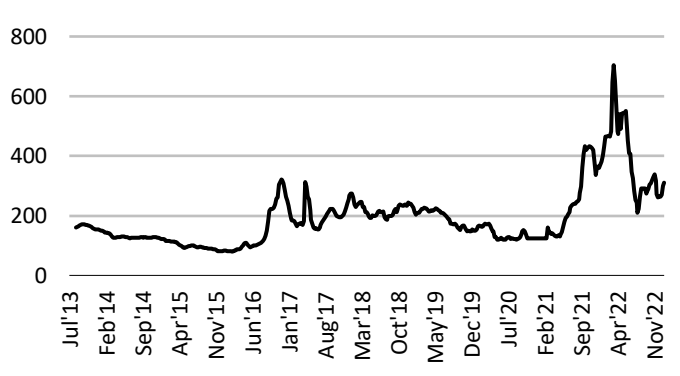
Source: Steelmint

**Exhibit 4: Primary Rebar price was flat QoQ**



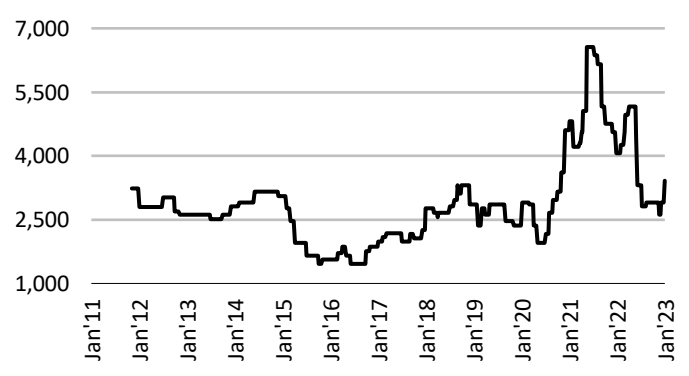
Source: Steelmint

**Exhibit 5: Coking coal price cooled-off 25% YoY; however, recently coal price has moved above USD300/t**



Source: Steelmint

**Exhibit 6: Domestic Iron ore price (NMDC fines 64% Fe) was flat QoQ and down 37% YoY**



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 (%)
<b>JSW Steel</b>										
Sales - mt	3.5	3.8	3.9	5.1	4.5	5.7	6.0	6.8	53	4
Realization/t	83,291	84,864	97,368	91,413	84,824	72,784	74,868	75,847	-23	3
EBITDA/t	29,608	27,198	23,355	17,903	9,597	3,052	9,235	22,560	-60	203
Consol Revenue	289	325	381	469	381	418	448	514	18	7
Consol EBITDA	103	104	91	92	43	18	55	153	-39	216
Consol PAT	59	72	44	32	8	-8	24	92	-46	LP
<b>Tata Steel Standalone</b>										
Sales - mt	4.0	4.4	4.3	5.0	3.9	4.8	4.4	4.5	4	-7
Realization/t	69,413	73,937	75,210	73,805	82,401	67,742	66,082	68,565	-12	-2
EBITDA/t	33,327	30,385	28,631	24,616	24,622	10,177	13,884	17,269	-52	36
Revenue	277	327	320	367	320	322	292	309	-9	-9
EBITDA	133	134	122	122	96	48	61	77	-50	25
PAT	86	88	79	79	62	27	37	50	-54	37
<b>Consolidated</b>										
Sales - mt	7.1	7.4	7.0	8.0	6.6	7.2	7.6	7.7	8	5
Realization/t	75,235	81,736	86,709	86,494	95,816	82,818	84,753	81,748	-2	2
EBITDA/t	22,659	22,268	22,673	18,764	22,618	8,382	13,098	12,009	-42	56
Consol Revenue	535	604	608	693	634	599	643	627	6	7
Consol EBITDA	161	165	159	150	150	61	99	92	-38	64
Consol PAT	91	114	98	100	78	15	43	44	-56	180
<b>TSE</b>										
Sales - mt	2.4	2.1	2.2	2.4	2.1	1.9	2.3	2.3	4	20
Revenue	194	214	228	264	260	216	259	244	14	20
EBITDA	15	33	29	43	60	18	21	15	-28	19
EBITDA/t (USD)	88	211	182	241	366	123	115	81	-37	-7
<b>SAIL</b>										
Sales - mt	3.3	4.3	3.8	4.7	3.2	4.2	4.3	4.4	12	2
Realization/t	62,045	62,680	65,745	65,311	76,184	62,343	61,765	64,022	-6	-1
EBITDA/t	19,728	16,395	8,881	9,237	7,295	1,740	3,680	6,754	-59	111
Consol Revenue	206	268	252	308	240	262	266	282	5	1
Consol EBITDA	66	70	34	44	23	7	16	30	-54	116
Consol PAT	39	43	17	22	8	-4	2	12	-86	LP
<b>JSP</b>										
Sales (mt)	1.6	2.1	1.8	2.1	1.7	2.0	2.2	2.2	20	8
Realization/t	64,501	62,259	65,686	66,494	73,842	65,209	63,262	65,962	-4	-3
EBITDA/t	28,192	21,569	18,188	14,761	17,200	7,559	10,975	15,753	-40	45
Consol Revenue	106	136	125	143	130	135	139	148	11	3
Consol EBITDA	45	46	33	31	30	15	24	35	-28	57
Consol PAT	25	26	16	19	15	7	12	20	-28	70
<b>NMDC</b>										
Sales - mt	9.0	9.0	9.8	12.3	7.8	8.4	9.5	12.7	-4	12
Realization/t	7,248	7,561	5,967	5,456	6,111	3,947	4,120	4,640	-31	4
EBITDA/t	4,644	3,466	2,654	2,347	2,434	1,009	1,311	1,671	-51	30
Revenue	65	68	59	67	48	33	39	59	-34	17
EBITDA	42	31	26	29	19	9	12	21	-53	46
PAT	32	23	20	22	15	9	10	17	-51	13
<b>HNDL</b>										
Aluminum sales - kt	303	338	325	336	333	341	325	325	-	-5
Copper sales - kt	80	110	110	105	101	112	98	102	-11	-13
Al (incl. Utkal) EBITDA - USD/t	1,052	1,296	1,389	1,601	1,304	644	770	888	-45	19
Copper EBITDA - USD/t	442	432	453	489	726	610	528	569	17	-13
Novelis vol- kt	973	968	930	987	962	984	1,000	1,000	8	2
Novelis adj EBITDA- USD/t	508	553	506	430	561	502	427	429	-16	-15
Consol Revenue	414	477	503	558	580	562	501	510	-0	-11
Consol EBITDA	61	75	74	73	84	54	58	62	-22	7
Consol PAT	26	35	34	41	41	22	23	26	-31	6
<b>HZL</b>										
Zinc vol (India) - kt	187	164	212	214	206	189	199	205	-6	5
Lead vol (India) - kt	49	47	47	49	54	57	56	57	18	-3



Companies	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
Silver vol- t	160	152	173	162	177	194	178	183	3	-8
Consol Revenue	65	61	80	88	94	83	77	80	-3	-8
Consol EBITDA	36	33	44	50	51	44	39	41	-11	-12
Consol PAT	21	20	27	29	31	27	24	25	-13	-12
<b>VED</b>										
Aluminum sales - kt	534	569	573	586	556	584	594	603	4	2
Aluminum EBITDA - USD/t	945	1,102	874	1,183	524	164	498	495	-43	204
Oil and Gas - kbpoed	165	165	159	154	148	140	140	140	-12	0
EBITDA - USD/bbl	17.4	16.5	17.5	19.5	20.3	16.8	16.0	14.7	-9	-5
Zinc Intl - sales - kt	60	64	53	59	68	74	64	64	21	-14
Consol Revenue	284	304	341	398	386	367	327	337	-4	-11
Consol EBITDA	100	104	108	136	102	77	94	98	-13	21
Consol PAT	45	47	43	62	44	16	32	55	-24	105
<b>NACL</b>										
Aluminum sales - kt	91	126	114	126	123	109	112	112	-2	3
Aluminum EBITDA - USD/t	650	902	862	1,310	897	234	158	164	-82	-33
Alumina sales - kt	286	318	356	272	223	400	221	366	-38	-45
Alumina EBITDA - USD/t	69	120	176	197	9	41	37	63	-79	-10
Consol Revenue	25	36	38	43	38	35	29	33	-22	-16
Consol EBITDA	6	11	12	16	9	3	2	3	-82	-36
Consol PAT	3	7	8	10	6	2	1	2	-91	-52
<b>COAL</b>										
Sales - mt	161	147	174	181	178	155	180	188	4	16
NSR - FSA INR/t	1,394	1,382	1,370	1,474	1,443	1,414	1,550	1,582	13	10
E-auction premium	13	15	42	65	201	329	280	200	564	-15
EBITDA/t	302	268	393	501	689	471	660	732	68	40
Consol Revenue	253	233	284	327	351	298	363	360	28	22
Consol Adj EBITDA	46	40	74	125	127	80	124	143	68	54
Consol PAT	32	29	46	67	88	60	86	98	88	42

**Exhibit 8: Sales volumes (mt) likely to be higher YoY and QoQ**

Sales Volume	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSW Steel	3.5	3.8	3.9	5.1	4.5	5.7	6.0	6.8	53	4
Tata Steel	7.1	7.4	7.0	8.0	6.6	7.2	7.6	7.7	8	5
SAIL	3.3	4.3	3.8	4.7	3.2	4.2	4.3	4.4	12	2
JSPL	1.6	2.1	1.8	2.1	1.7	2.0	2.2	2.2	20	8
Total	15.5	17.6	16.6	19.9	16.0	19.2	20.0	21.1	21	4

Sources: MOFSL, Company

**Exhibit 9: Mixed trend expected in ASP (INR/t) on QoQ basis across steel sector; Consolidated ASP for JSW Steel and Tata Steel expected likely to improve marginally**

ASP	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSW Steel	83,291	84,864	97,368	91,413	84,824	72,784	74,868	75,847	-23	3
Tata Steel	75,235	81,736	86,709	86,494	95,816	82,818	84,753	81,748	-2	2
SAIL	62,045	62,680	65,745	65,311	76,184	62,343	61,765	64,022	-6	-1
JSPL	64,501	62,259	65,686	66,494	73,842	65,209	63,262	65,962	-4	-3

Sources: MOFSL, Company

**Exhibit 10: EBITDA/t (INR/t) in 3Q is expected to increase QoQ across the steel sector on back of higher sales volumes and reduction in input costs**

EBITDA/t	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	YoY (%)	QoQ (%)
JSW Steel	29,608	27,198	23,355	17,903	9,597	3,052	9,235	22,560	-60	203
Tata Steel	22,659	22,268	22,673	18,764	22,618	8,382	13,098	12,009	-42	56
SAIL	19,728	16,395	8,881	9,237	7,295	1,740	3,680	6,754	-59	111
JSPL	28,192	21,569	18,188	14,761	17,200	7,559	10,975	15,753	-40	45

Sources: MOFSL, Company

## Exhibit 11: Key commodity prices

Nonferrous metal / oil	UoM	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	Abs YoY	% YoY	Abs QoQ	% QoQ
Copper-LME	USD/t	9,682	9,372	9,696	9,992	9,539	7,754	8,010	-1,685	-17%	257	3%
Aluminum-LME	USD /t	2,395	2,648	2,765	3,273	2,883	2,356	2,324	-441	-16%	-32	-1%
Zinc-LME	USD /t	2,913	2,991	3,371	3,752	3,936	3,278	3,000	-371	-11%	277	-8%
Nickel-LME	USD /t	17,354	19,111	19,784	28,347	29,018	22,105	25,581	5,797	29%	3,476	16%
Lead-LME	USD/t	2,123	2,341	2,330	2,335	2,207	1,977	2,104	-226	-10%	127	6%
Alumina-Spot	USD /t	277	316	417	411	377	339	319	-98	-23%	-20	-6%
Aluminum Scrap	USD /lb	0.73	0.77	0.78	0.93	0.88	0.76	0.77	-0	-2%	0	1%
Aluminum Scrap	USD /t	1,602	1,705	1,726	2,048	1,932	1,674	1,698	-28	-2%	24	1%
Al. Scrap Spread	USD /t	793	943	1,038	1,225	951	681	626	-413	-40%	-55	-8%
Brent	USD bbl	69	73	79	100	113	99	88	9	11%	-11	-11%
<b>China Steel Prices</b>												
China TMT	RMB/t	5,224	5,328	5,108	4,859	4,847	4,164	3,969	-1,139	-22%	195	-5%
China HRC	RMB/t	5,673	5,744	5,131	4,998	4,941	4,077	3,941	-1,191	-23%	137	-3%
China Wire Rod	RMB/t	5,698	5,855	5,578	5,303	5,329	4,604	4,424	-1,154	-21%	180	-4%
China HRC Spread	USD /t	292	227	273	121	110	96	416	143	53%	320	334%
<b>India Domestic Prices</b>												
HRC India FoB	USD /t	974	897	837	809	872	597	558	-279	-33%	-39	-7%
HRC Dom Mum	INR/t	65,034	65,738	68,877	67,354	69,962	57,662	55,743	-13,134	-19%	-1,919	-3%
Billet Raigarh	INR /t	41,620	41,780	43,458	50,011	50,689	48,147	44,440	983	2%	-3,707	-8%
Wire Rod - Dom	INR /t	50,655	50,751	56,484	59,144	65,912	57,750	55,040	-1,443	-3%	-2,710	-5%
TMT Primary Mum	INR /t	53,127	50,769	57,904	62,250	67,465	57,135	56,286	-1,618	-3%	849	-1%
TMT Secondary Mum	INR /t	48,484	47,628	50,810	59,274	59,451	55,051	53,895	3,085	6%	-1,157	-2%
Spread-Prim/Secd	INR /t	4,643	3,141	7,094	2,976	8,015	2,084	2,391	-4,703	-66%	308	15%
Pig Iron SG Durgapur	INR /t	38,712	38,888	42,157	49,757	52,042	46,514	42,045	-112	0%	-4,470	-10%
CRC Mum	INR /t	79,314	77,615	74,054	72,162	79,485	67,046	63,215	-10,838	-15%	-3,831	-6%
Galvanized Plain	INR /t	82,846	82,596	82,985	77,579	82,992	69,238	65,564	-17,420	-21%	-3,674	-5%
Color Coated	INR /t	88,781	91,385	92,227	86,377	91,331	77,923	74,779	-17,448	-19%	-3,145	-4%
<b>Coking Coal / Coke</b>												
HCC Prem India CNF	USD /t	159	283	395	507	482	271	296	-100	-25%	25	9%
HCC Mid Vols India CNF	USD /t	148	249	338	464	446	248	277	-61	-18%	29	12%
PCI Coal CNF India	USD /t	141	208	273	408	455	265	289	15	6%	23	9%
Met Coke China CNF	USD /t	333	471	629	619	646	467	416	-212	-34%	-51	-11%
India CNF S. Africa RB1	USD /t	102	136	164	220	302	330	228	64	39%	102	-31%
<b>Iron Ore</b>												
62% CNF China - Aus	USD /t	199	166	109	140	139	104	99	-11	-10%	-6	-5%
Odisha Fines - 62%	INR/t	8,288	7,865	5,412	5,650	4,815	4,815	4,815	3,480	-11%	-	0%
K'taka Fines Fe 60%	INR/t	4,097	3,873	3,153	3,050	3,157	2,343	2,000	-1,153	-37%	-343	-15%
NMDC 64 %Fines (C'garh)	INR/t	5,685	5,893	4,535	4,593	4,510	2,877	2,835	-1,700	-37%	-42	-1%
NMDC 65%-Lumps	INR/t	6,735	6,643	5,290	4,920	4,845	3,353	3,345	-1,945	-37%	-8	0%
Domestic Pellet	INR/t	14,090	13,163	10,719	11,181	9,413	7,156	7,605	-3,114	-29%	449	6%
Sponge Iron- Raigarh	INR/t	29,201	29,536	30,199	35,226	33,064	32,948	29,840	-359	-1%	-3,108	-9%
<b>Other Raw Material Prices</b>												
China Chrome Ore (40-42%)	USD/t	155	174	162	194	288	243	228	65	40%	-16	-7%
Odisha Chrome Ore (E-Auction)	INR/t	18,669	20,298	20,531	18,103	19,867	16,065	19,141	-1,390	-7%	3,076	19%
Global Mn Ore 38%	USD/dmtu	4.68	4.73	4.83	4.98	5.30	4.63	4.23	-0.60	-12%	-0.39	-9%
Mn Ore India Mn 44% Fe 5%	USD/dmtu	5.10	5.38	5.68	6.36	7.80	6.03	4.71	-0.97	-17%	-1.32	-22%
Balaghat Mn 37.5%, Fe 7%	INR/t	14553	15334	15570	15390	17260	14772	13072	-2,497	-16%	-1,700	-12%
Silico manganese	INR/t	92055	94910	108221	106238	92055	77751	75324	-32,898	-30%	-2,427	-3%
Ferro Manganese	INR/t	90223	99643	115492	104727	97215	80902	75514	-39,978	-35%	-5,388	-7%
<b>Currency</b>												
EUR/USD	EUR/USD	1.21	1.18	1.14	1.12	1.06	1.01	1.02	-0.12	-11%	0.02	2%
USD/CNY	USD/CNY	6.46	6.47	6.39	6.35	6.61	6.85	7.11	0.72	11%	0.26	4%
USD/GBP	USD/GBP	0.72	0.73	0.74	0.75	0.80	0.85	0.85	0.11	15%	0.00	0%
USD/INR	USD/INR	73.75	74.09	74.13	75.24	77.19	79.81	82.22	8.10	11%	2.41	3%
GBP/INR	GBP/INR	103.11	102.08	99.91	100.88	96.92	93.81	96.50	-3.41	-3%	2.69	3%
EUR/INR	EUR/INR	88.88	87.32	84.75	84.40	82.18	80.34	84.03	-0.72	-1%	3.69	5%

Sources: MOFSL, Bloomberg; Steelmint

Exhibit 12: Summary of expected quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Coal India	225	Buy	3,63,237	27.7	21.7	1,23,837	67.7	54.5	85,626	87.8	41.7
Hindalco	487	Buy	5,01,315	-0.3	-10.8	57,555	-21.9	7.3	23,477	-31.4	6.5
Hindustan Zinc	325	Neutral	77,108	-3.5	-7.5	38,877	-11.0	-11.8	23,508	-13.0	-12.3
JSPL	594	Buy	1,39,227	11.2	3.0	23,890	-27.8	57.2	11,650	-28.4	69.8
JSW Steel	775	Neutral	4,48,423	17.8	7.3	55,313	-39.4	215.7	23,505	-46.1	LP
Nalco	84	Neutral	29,340	-22.2	-15.9	2,127	-82.1	-36.4	738	-91.1	-51.9
NMDC	126	Buy	38,932	-33.7	17.0	12,393	-52.6	45.6	9,994	-51.2	12.8
SAIL	89	Neutral	2,65,589	5.2	1.2	15,823	-53.6	116.0	2,364	-86.2	LP
Tata Steel	119	Neutral	6,42,625	5.7	7.3	99,314	-37.5	63.9	42,913	-56.1	179.8
Vedanta	316	Neutral	3,26,516	-4.2	-10.9	93,525	-13.5	21.5	32,312	-24.3	105.3
<b>Metals</b>			<b>28,32,310</b>	<b>6.1</b>	<b>1.4</b>	<b>5,22,653</b>	<b>-20.2</b>	<b>42.3</b>	<b>2,56,086</b>	<b>-27.5</b>	<b>76.3</b>

Exhibit 13: 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
<b>Metals</b>						<b>8.7</b>	<b>7.7</b>	<b>6.8</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>	<b>19.8</b>	<b>19.9</b>	<b>19.8</b>
Coal India	225	Buy	53.9	31.7	29.5	4.2	7.1	7.6	2.3	2.0	1.8	55.6	28.1	23.2
Hindalco	487	Buy	50.5	73.1	78.6	9.6	6.7	6.2	1.7	1.4	1.2	19.0	22.9	20.4
Hindustan Zinc	325	Neutral	25.2	27.4	26.6	12.9	11.9	12.2	4.3	4.4	4.6	32.0	36.5	36.9
JSPL	594	Buy	57.0	76.6	125.9	10.4	7.7	4.7	1.5	1.2	1.0	15.0	17.3	23.3
JSW Steel	775	Neutral	47.4	86.2	111.1	16.4	9.0	7.0	2.6	2.1	1.6	16.3	25.4	26.0
Nalco	84	Neutral	5.3	11.7	18.6	15.7	7.2	4.5	1.2	1.1	1.0	7.7	15.8	22.9
NMDC	126	Buy	17.1	19.5	16.9	7.4	6.5	7.5	1.8	1.7	1.5	26.3	26.9	21.2
SAIL	89	Neutral	4.4	12.2	15.7	20.0	7.3	5.7	0.7	0.6	0.6	3.4	8.8	10.4
Tata Steel	119	Neutral	14.8	16.8	19.2	8.1	7.1	6.2	1.2	1.1	1.0	15.6	15.9	16.3
Vedanta	316	Neutral	39.6	49.9	57.0	8.0	6.3	5.5	1.9	1.8	1.6	23.2	28.9	29.9

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

## Coal India

Buy

CMP: INR 225 | TP: INR 275 (+22%)

- Coal India ended 9M with a production of 479mt, up 15.8% YoY, and is expected to exit FY23 at 700mt
- Supply to power sector during Apr-Dec stood at 432.7mt; up 11% YoY
- Management guidance on coal availability for e-auction is critical for the profitability growth of the company
- Management commentary on the National Coal Wage Agreement and possibility of FSA price hike.

### Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales</b>	<b>253</b>	<b>233</b>	<b>284</b>	<b>327</b>	<b>351</b>	<b>298</b>	<b>363</b>	<b>360</b>	<b>1,097</b>	<b>1,372</b>
Change YoY (%)	36.8	10.1	20.0	22.5	38.8	28.1	27.7	9.9	21.9	25.1
Change QoQ (%)		-7.9	22.1	15.0	7.3	-15.0	21.7	-1.0		
<b>Adj. EBITDA</b>	<b>46</b>	<b>40</b>	<b>74</b>	<b>125</b>	<b>127</b>	<b>80</b>	<b>124</b>	<b>143</b>	<b>285</b>	<b>474</b>
Change YoY (%)	63.9	18.0	26.2	56.4	177.6	99.9	67.7	14.5	42.1	66.6
Change QoQ (%)	-42.5	-12.5	84.1	68.8	2.1	-37.0	54.5	15.3		
<b>EBITDA per tonne</b>	<b>286</b>	<b>273</b>	<b>425</b>	<b>689</b>	<b>717</b>	<b>519</b>	<b>688</b>	<b>761</b>	<b>430</b>	<b>677</b>
Depreciation	10	9	10	14	10	11	10	12	44	42
OBR	-3	1	6	34	5	7	5	5	38	23
Interest	1	1	1	1	2	1	1	1	5	5
Other Income	7	8	7	18	10	16	6	5	39	37
EO Inc/(Exp)	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>43</b>	<b>36</b>	<b>63</b>	<b>93</b>	<b>121</b>	<b>77</b>	<b>114</b>	<b>130</b>	<b>236</b>	<b>441</b>
Tax	12	7	17	26	32	16	28	32	62	109
Tax Rate (%)	26.8	19.5	27.7	28.1	26.9	21.4	24.7	24.7	26.4	24.7
<b>Reported PAT</b>	<b>32</b>	<b>29</b>	<b>46</b>	<b>67</b>	<b>88</b>	<b>60</b>	<b>86</b>	<b>98</b>	<b>174</b>	<b>332</b>
<b>Adjusted PAT</b>	<b>32</b>	<b>29</b>	<b>46</b>	<b>67</b>	<b>88</b>	<b>60</b>	<b>86</b>	<b>98</b>	<b>174</b>	<b>332</b>
Change YoY (%)	52.7	-0.4	47.9	46.2	178.3	105.7	87.8	45.4	36.8	91.0
Change QoQ (%)	-30.8	-7.4	55.2	47.1	31.7	-31.6	41.7	13.9		

## Hindalco Industries

Buy

CMP: INR 487 | TP: INR 600 (+23%)

- Commentary on availability and coal linkage is important.
- Management guidance on capex, aluminum spreads, CoP and Novelis EBITDA/t are critical
- Timeline on greenfield aluminum rolling mill is important
- We await management guidance on domestic Aluminum demand.

### Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>414</b>	<b>477</b>	<b>503</b>	<b>558</b>	<b>580</b>	<b>562</b>	<b>501</b>	<b>510</b>	<b>1,951</b>	<b>2,153</b>
Change (YoY %)	63.6	52.6	43.8	37.7	40.2	17.9	-0.3	-8.6	48.0	10.4
Change (QoQ %)	2.1	15.2	5.5	10.9	4.0	-3.2	-10.8	1.7		
Total Expenditure	352	401	429	485	496	508	444	447	1,667	1,895
<b>EBITDA</b>	<b>61</b>	<b>75</b>	<b>74</b>	<b>73</b>	<b>84</b>	<b>54</b>	<b>58</b>	<b>62</b>	<b>283</b>	<b>258</b>
Change (YoY %)	218.8	55.9	41.8	29.4	37.5	-28.9	-21.9	-14.8	63.4	-9.1
Change (QoQ %)	8.6	22.9	-2.2	-0.9	15.4	-36.4	7.3	8.2		
As % of Net Sales	14.8	15.8	14.7	13.1	14.5	9.5	11.5	12.2	14.5	12.0
Interest	8	13	9	8	9	9	8	7	38	32
Depreciation	16	16	17	18	17	17	18	19	67	71
Other Income	3	4	2	3	2	3	1	1	11	8
<b>PBT (before EO item)</b>	<b>39</b>	<b>51</b>	<b>50</b>	<b>50</b>	<b>60</b>	<b>31</b>	<b>34</b>	<b>37</b>	<b>190</b>	<b>162</b>
Extra-ordinary Income	6	0	2	-3	0	0	-2	-3	6	-5
<b>PBT (after EO item)</b>	<b>45</b>	<b>51</b>	<b>52</b>	<b>48</b>	<b>61</b>	<b>31</b>	<b>31</b>	<b>35</b>	<b>196</b>	<b>158</b>
Current Tax	7	11	10	10	11	7	8	9	38	35
Deferred Tax	6	5	5	-1	9	2	2	2	16	15
Total Tax	13	16	15	9	20	9	10	11	54	50
% Tax	33.1	31.9	31.0	18.2	32.6	28.9	30.1	30.6	27.5	31.8
<b>Reported PAT</b>	<b>32</b>	<b>35</b>	<b>37</b>	<b>39</b>	<b>41</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>142</b>	<b>108</b>
<b>Adjusted PAT</b>	<b>26</b>	<b>35</b>	<b>34</b>	<b>41</b>	<b>41</b>	<b>22</b>	<b>23</b>	<b>26</b>	<b>136</b>	<b>112</b>
Change (YoY %)	-1,854.0	78.7	55.5	115.3	55.0	-36.1	-31.4	-37.1	174.3	-24.2
Change (QoQ %)	37.7	31.1	-0.8	20.2	-0.9	-45.9	6.5	10.2		

**Hindustan Zinc****Neutral****CMP: INR 325 | TP: INR 310 (-5%)**

- Management guidance on production and dispatches is important.
- We await clarity on Govt sale of HZL stake and VED's management thoughts on participating in the same.
- Guidance on CoP, realizations and dividend is crucial.
- Volume and capex guidance by the management is crucial

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>65</b>	<b>61</b>	<b>80</b>	<b>88</b>	<b>94</b>	<b>83</b>	<b>77</b>	<b>80</b>	<b>294</b>	<b>335</b>
Change (YoY %)	63.7	8.2	32.4	26.6	43.7	36.2	-3.5	-8.9	30.1	13.6
Change (QoQ %)	-6.0	-6.3	30.5	10.1	6.7	-11.2	-7.5	4.0		
<b>EBITDA</b>	<b>36</b>	<b>33</b>	<b>44</b>	<b>50</b>	<b>51</b>	<b>44</b>	<b>39</b>	<b>41</b>	<b>162</b>	<b>176</b>
Change (YoY %)	125.8	13.0	33.7	28.0	44.4	32.1	-11.0	-16.4	39.0	8.3
Change (QoQ %)	-8.3	-6.3	31.0	13.5	3.5	-14.2	-11.8	6.6		
As % of Net Sales	54.5	54.5	54.7	56.4	54.7	52.9	50.4	51.7	55.1	52.5
Finance cost	1	1	1	1	0	1	1	1	3	2
DD&A	7	7	7	8	7	8	8	8	29	32
Other Income	3	3	3	3	3	4	4	4	12	14
<b>PBT (before EO item)</b>	<b>32</b>	<b>29</b>	<b>39</b>	<b>44</b>	<b>47</b>	<b>39</b>	<b>34</b>	<b>36</b>	<b>142</b>	<b>156</b>
EO exp. (income)	1	0	0	0	0	0	0	0	1	0
<b>PBT</b>	<b>30</b>	<b>29</b>	<b>39</b>	<b>44</b>	<b>47</b>	<b>39</b>	<b>34</b>	<b>36</b>	<b>141</b>	<b>156</b>
Total Tax	10	8	12	14	16	12	10	11	45	49
% Tax	34.4	29.5	30.0	32.8	33.8	31.7	30.0	30.0	31.7	31.6
<b>Reported PAT</b>	<b>20</b>	<b>20</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>24</b>	<b>25</b>	<b>96</b>	<b>106</b>
<b>Adjusted PAT</b>	<b>21</b>	<b>20</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>24</b>	<b>25</b>	<b>98</b>	<b>106</b>
Change (YoY %)	55.8	4.0	22.8	17.9	46.1	32.9	-13.0	-13.8	22.3	9.1
Change (QoQ %)	-14.8	-4.7	33.9	8.4	5.6	-13.3	-12.3	7.4		

**Jindal Steel & Power****Buy****CMP: INR 594 | TP: INR 735 (+24%)**

- Expect sales volumes at 2.18mt; production outlook for FY24 is important.
- Management commentary on further debt reduction will be the key monitorable.
- Management guidance on procurement of coal from captive mine is crucial.
- Management guidance on FY23 capex plans and timelines is important.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales vol (mt)</b>	<b>1.61</b>	<b>2.13</b>	<b>1.82</b>	<b>2.08</b>	<b>1.74</b>	<b>2.01</b>	<b>2.18</b>	<b>2.23</b>	<b>7.64</b>	<b>8.15</b>
<b>Net sales</b>	<b>106</b>	<b>136</b>	<b>125</b>	<b>143</b>	<b>130</b>	<b>135</b>	<b>139</b>	<b>148</b>	<b>511</b>	<b>553</b>
Change (YoY, %)	42	52	19	21	23	-1	11	3	31	8
Change (QoQ %)	-11	28	-8	14	-9	4	3	7		
<b>EBITDA</b>	<b>45</b>	<b>46</b>	<b>33</b>	<b>31</b>	<b>30</b>	<b>15</b>	<b>24</b>	<b>35</b>	<b>155</b>	<b>104</b>
Change (YoY, %)	118	63	-28	-42	-34	-67	-28	14	5	-33
Change (QoQ %)	-14	1	-28	-7	-3	-49	57	47		
EBITDA/t (Consol)	28,192	21,569	18,188	14,761	17,200	7,559	10,975	15,753	20,306	12,766
Interest	6	5	5	4	4	4	3	2	19	13
Depreciation	6	6	6	3	6	6	5	6	21	23
Other income	0	0	0	0	0	0	0	0	1	1
<b>PBT (before EO item)</b>	<b>34</b>	<b>35</b>	<b>22</b>	<b>24</b>	<b>25</b>	<b>10</b>	<b>16</b>	<b>27</b>	<b>116</b>	<b>77</b>
Extra-ordinary income	0	0	2	3	1	-9	0	0	5	-8
<b>PBT (after EO item)</b>	<b>34</b>	<b>35</b>	<b>25</b>	<b>27</b>	<b>26</b>	<b>1</b>	<b>16</b>	<b>27</b>	<b>121</b>	<b>69</b>
Total tax	9	9	6	5	6	-2	4	7	29	15
<b>Reported PAT</b>	<b>25</b>	<b>26</b>	<b>19</b>	<b>22</b>	<b>20</b>	<b>2</b>	<b>12</b>	<b>20</b>	<b>92</b>	<b>54</b>
MI - Loss/(Profit)	0	0	0	0	0	0	0	0	0	0
<b>Adjusted PAT</b>	<b>25</b>	<b>26</b>	<b>16</b>	<b>19</b>	<b>15</b>	<b>7</b>	<b>12</b>	<b>20</b>	<b>87</b>	<b>54</b>
Change (YoY, %)	1975	213	-32	-34	-42	-73	-28	5	39	-38
Change (QoQ %)	-13	2	-37	20	-25	-53	70	75		

## JSW Steel Neutral

**CMP: INR 775 | TP: INR 760 (-2%)**

- The company's performance with respect to EBITDA and profitability will be a key monitorable.
- Management commentary on NSR and its impact on margins (if any) is crucial.
- Performance of overseas subsidiaries on rising costs will be crucial.
- Commentaries on FY23E production and sales as well as ramping up production of captive iron ore mines.

### Quarterly Performance (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>289</b>	<b>325</b>	<b>381</b>	<b>469</b>	<b>381</b>	<b>418</b>	<b>448</b>	<b>514</b>	<b>1,464</b>	<b>1,761</b>
Change (YoY %)	145.3	70.7	74.2	74.1	31.8	28.5	17.8	9.5	83.9	20.3
Change (QoQ %)	7.3	12.5	17.1	23.2	-18.8	9.7	7.3	14.5		
<b>EBITDA</b>	<b>103</b>	<b>104</b>	<b>91</b>	<b>92</b>	<b>43</b>	<b>18</b>	<b>55</b>	<b>153</b>	<b>390</b>	<b>269</b>
Change (YoY %)	666.1	144.9	53.6	8.8	-58.1	-83.2	-39.4	66.3	95.2	-31.1
Change (QoQ %)	21.7	1.4	-12.3	0.6	-53.1	-59.3	215.7	176.2	0.0	0.0
<b>EBITDA (INR per ton)</b>	<b>29,608</b>	<b>27,198</b>	<b>23,355</b>	<b>17,903</b>	<b>9,597</b>	<b>3,052</b>	<b>9,235</b>	<b>22,560</b>	<b>23,872</b>	<b>11,686</b>
<b>EBITDA (USD per ton)</b>	<b>401</b>	<b>367</b>	<b>312</b>	<b>238</b>	<b>124</b>	<b>38</b>	<b>112</b>	<b>270</b>	<b>320</b>	<b>145</b>
Interest	10	9	13	18	14	15	8	8	50	46
Depreciation	12	12	18	18	18	18	18	18	60	72
Other Income	2	9	2	2	2	2	3	3	15	10
<b>PBT (before EO Item)</b>	<b>83</b>	<b>92</b>	<b>62</b>	<b>58</b>	<b>13</b>	<b>-14</b>	<b>32</b>	<b>130</b>	<b>296</b>	<b>161</b>
EO Items	0	0	0	-7	0	6	0	0	-7	6
<b>PBT (after EO Item)</b>	<b>83</b>	<b>92</b>	<b>62</b>	<b>51</b>	<b>13</b>	<b>-8</b>	<b>32</b>	<b>130</b>	<b>288</b>	<b>167</b>
Total Tax	27	26	17	17	4	1	9	38	88	52
% Tax	32.8	28.4	28.0	33.9	34.1	-7.8	27.9	29.4	30.6	31.3
<b>Reported PAT</b>	<b>56</b>	<b>66</b>	<b>45</b>	<b>34</b>	<b>9</b>	<b>-9</b>	<b>23</b>	<b>92</b>	<b>200</b>	<b>115</b>
MI (Profit)/Loss	0.0	-0.1	-1.6	-1.1	0.0	0.7	-0.1	-0.1	-2.7	0.5
Share of P/(L) of Ass.	3.2	6.0	0.2	-0.3	-0.2	-0.6	0.7	0.7	9.2	0.7
<b>Adjusted PAT</b>	<b>59</b>	<b>72</b>	<b>44</b>	<b>32</b>	<b>8</b>	<b>-8</b>	<b>24</b>	<b>92</b>	<b>207</b>	<b>116</b>
Change (YoY %)	-1,152.4	443.7	62.5	-25.5	-85.8	PL	-46.1	185.6	165.7	-44.0
Change (QoQ %)	36.1	21.4	-39.2	-25.8	-74.1	PL	LP	293.0		

## NMDC Buy

**CMP: INR 126 | TP: INR 160 (+27%)**

- Management guidance on FY23 volumes and iron ore prices is critical.
- Timeline on sale / divestment of the steel plant to prospective buyers is an important monitorable.
- Guidance on domestic and international demand is crucial.
- Any guidance on capex and commissioning of new mines are key monitorables.

### Consolidated Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Iron ore Production (mt)</b>	<b>8.9</b>	<b>8.8</b>	<b>10.6</b>	<b>13.9</b>	<b>8.9</b>	<b>7.1</b>	<b>10.8</b>	<b>12.7</b>	<b>42.2</b>	<b>39.4</b>
<b>Iron ore Sales (mt)</b>	<b>9.0</b>	<b>9.0</b>	<b>9.8</b>	<b>12.3</b>	<b>7.8</b>	<b>8.4</b>	<b>9.5</b>	<b>12.7</b>	<b>40.1</b>	<b>38.3</b>
Avg NSR (INR/t)	7,248	7,561	5,967	5,456	6,111	3,947	4,120	4,640	6,455	4,659
<b>Net Sales</b>	<b>65.1</b>	<b>67.9</b>	<b>58.7</b>	<b>67.0</b>	<b>47.7</b>	<b>33.3</b>	<b>38.9</b>	<b>58.7</b>	<b>258.8</b>	<b>178.6</b>
Change (YoY %)	236.1	204.7	34.9	-2.1	-26.8	-51.0	-33.7	-12.4	68.4	-31.0
Change (QoQ %)	-4.9	4.3	-13.5	14.1	-28.9	-30.2	17.0	50.8		
<b>Adj EBITDA</b>	<b>41.7</b>	<b>31.1</b>	<b>26.1</b>	<b>28.8</b>	<b>19.0</b>	<b>8.5</b>	<b>12.4</b>	<b>21.1</b>	<b>127.8</b>	<b>61.0</b>
Change (YoY %)	452.7	202.3	-5.6	-32.0	-54.5	-72.7	-52.6	-26.7	45.3	-52.3
Change (QoQ %)	-1.6	-25.4	-16.1	10.4	-34.2	-55.2	45.6	70.7		
<b>EBITDA per ton (USD)</b>	<b>63</b>	<b>47</b>	<b>35</b>	<b>31</b>	<b>31</b>	<b>13</b>	<b>16</b>	<b>20</b>	<b>43</b>	<b>20</b>
<b>EBITDA per ton (INR/t)</b>	<b>4,644</b>	<b>3,466</b>	<b>2,654</b>	<b>2,347</b>	<b>2,434</b>	<b>1,009</b>	<b>1,311</b>	<b>1,671</b>	<b>3,188</b>	<b>1,592</b>
Interest	0.0	0.0	0.1	0.3	0.2	0.2	0.1	0.1	0.4	0.5
Depreciation	0.6	0.6	0.6	1.1	0.8	0.7	0.8	0.8	2.9	3.1
Other Income	1.4	0.9	1.5	3.3	1.5	4.3	1.5	1.7	7.2	8.9
<b>PBT (before EO Item)</b>	<b>42.6</b>	<b>31.4</b>	<b>27.0</b>	<b>30.8</b>	<b>19.4</b>	<b>11.9</b>	<b>13.0</b>	<b>21.9</b>	<b>131.8</b>	<b>66.3</b>
Extra-ordinary item	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	2.0	0.0
<b>PBT (after EO Item)</b>	<b>42.6</b>	<b>31.4</b>	<b>27.0</b>	<b>32.8</b>	<b>19.4</b>	<b>11.9</b>	<b>13.0</b>	<b>21.9</b>	<b>133.8</b>	<b>66.3</b>
<b>Reported PAT</b>	<b>31.9</b>	<b>23.4</b>	<b>20.5</b>	<b>20.1</b>	<b>14.7</b>	<b>8.9</b>	<b>10.0</b>	<b>16.6</b>	<b>95.9</b>	<b>50.1</b>
<b>Adjusted PAT</b>	<b>31.9</b>	<b>23.4</b>	<b>20.5</b>	<b>22.2</b>	<b>14.7</b>	<b>8.9</b>	<b>10.0</b>	<b>16.6</b>	<b>97.9</b>	<b>50.1</b>
Change (YoY %)	497.7	202.4	-2.8	-30.3	-54.0	-62.2	-51.2	-25.1	48.5	-48.8

**Nalco****Neutral****CMP: INR 84 | TP: INR 94 (+12%)**

- Watch out for any extraordinary income/loss in the quarter.
- Management guidance on production and sales volumes for FY23E will be monitored keenly.
- We await performance of the alumina division and 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**

Y/E March	FY22				FY23E				INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
<b>Alumina Prodn. (kt)</b>	<b>583</b>	<b>530</b>	<b>428</b>	<b>579</b>	<b>498</b>	<b>483</b>	<b>437</b>	<b>582</b>	<b>2,120</b>	<b>1,999</b>
CoP (USD/t)	280	285	302	335	457	330	276	247	297	293
<b>Aluminum Prodn. (kt)</b>	<b>112</b>	<b>114</b>	<b>117</b>	<b>117</b>	<b>116</b>	<b>115</b>	<b>114</b>	<b>114</b>	<b>460</b>	<b>458</b>
CoP (USD/t)	1,940	1,916	2,120	2,195	2,237	2,426	2,411	2,380	2,037	2,423
Aluminum Sales (kt)	91	126	114	126	123	109	112	112	457	456
Alumina Sales (kt)	286	318	356	272	223	400	221	366	1,232	1,210
Avg LME Aluminum (USD/t)	2,395	2,648	2,765	3,258	2,882	2,354	2,322	2,300	2,766	2,465
Aluminum NSR premium (USD/t)	195	170	217	247	252	306	220	220	207	250
Alumina NSR (USD/t)	349	406	478	532	466	371	313	311	441	359
<b>Net Sales</b>	<b>24,746</b>	<b>35,922</b>	<b>37,733</b>	<b>43,408</b>	<b>37,833</b>	<b>34,896</b>	<b>29,340</b>	<b>33,290</b>	<b>1,41,808</b>	<b>1,35,358</b>
Change (YoY %)	79.2	51.3	58.6	53.8	52.9	-2.9	-22.2	-23.3	58.3	-4.5
Change (QoQ %)	-12.3	45.2	5.0	15.0	-12.8	-7.8	-15.9	13.5		
Total Expenditure	18,938	24,649	25,827	27,222	29,147	31,552	27,213	29,815	96,637	1,17,726
<b>EBITDA</b>	<b>5,808</b>	<b>11,273</b>	<b>11,905</b>	<b>16,186</b>	<b>8,687</b>	<b>3,344</b>	<b>2,127</b>	<b>3,475</b>	<b>45,172</b>	<b>17,632</b>
Change (YoY %)	350.0	308.6	174.4	71.5	49.6	-70.3	-82.1	-78.5	153.4	-61.0
Change (QoQ %)	-38.5	94.1	5.6	36.0	-46.3	-61.5	-36.4	63.4		
Alumina-EBITDA (USD/t)	69	120	176	197	9	41	37	63	141	42
Aluminum - EBITDA (USD/t)	650	902	862	1,310	897	234	158	164	947	368
As % of Net Sales	23.5	31.4	31.6	37.3	23.0	9.6	7.2	10.4	31.9	13.0
Interest	18	18	19	176	39	41	40	40	231	160
Depreciation	1,491	1,518	1,515	3,842	1,497	1,537	1,545	1,545	8,366	6,123
Other Income	317	424	720	1,513	629	693	450	450	2,974	2,222
<b>PBT (before EO Item)</b>	<b>4,616</b>	<b>10,161</b>	<b>11,091</b>	<b>13,681</b>	<b>7,781</b>	<b>2,459</b>	<b>992</b>	<b>2,339</b>	<b>39,549</b>	<b>13,571</b>
Extra-ordinary Income	0	1	0	0	-207	-447	0	0	1	-654
<b>PBT (after EO Item)</b>	<b>4,616</b>	<b>10,162</b>	<b>11,091</b>	<b>13,681</b>	<b>7,573</b>	<b>2,012</b>	<b>992</b>	<b>2,339</b>	<b>39,550</b>	<b>12,916</b>
Total Tax	1,139	2,684	2,783	3,424	1,994	758	254	599	10,029	3,605
% Tax	24.7	26.4	25.1	25.0	26.3	37.7	25.6	25.6	25.4	27.9
<b>Reported PAT</b>	<b>3,477</b>	<b>7,478</b>	<b>8,309</b>	<b>10,257</b>	<b>5,579</b>	<b>1,254</b>	<b>738</b>	<b>1,740</b>	<b>29,521</b>	<b>9,311</b>
<b>Adjusted PAT</b>	<b>3,477</b>	<b>7,477</b>	<b>8,309</b>	<b>10,257</b>	<b>5,732</b>	<b>1,533</b>	<b>738</b>	<b>1,740</b>	<b>29,520</b>	<b>9,783</b>
Change (YoY %)	1,991.0	595.9	246.5	63.2	64.8	-79.5	-91.1	-83.0	197.4	-66.9
Change (QoQ %)	-44.7	115.0	11.1	23.4	-44.1	-73.3	-51.9	135.8		

**SAIL****Neutral****CMP: INR 89 | TP: INR 95 (+7%)**

- Management guidance on 4QFY23 and FY23 production as well as sales target will be critical.
- Management guidance on handling the coal costs will be critical
- Management guidance on debt reduction is most important.
- 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	3QE	4QE		
Sales (mt)	3.3	4.3	3.8	4.7	3.2	4.2	4.3	4.4	16.2	16.1
Change (YoY %)	48.7	1.8	-7.4	8.3	-5.2	-1.6	12.0	-6.6	8.1	-0.6
<b>Net Sales</b>	<b>206</b>	<b>268</b>	<b>252</b>	<b>308</b>	<b>240</b>	<b>262</b>	<b>266</b>	<b>282</b>	<b>1,035</b>	<b>1,050</b>
Change (YoY %)	127.7	58.5	27.3	32.1	16.4	-2.2	5.2	-8.4	49.7	1.5
Change (QoQ %)	-11.4	30.0	-5.9	21.8	-21.9	9.2	1.2	6.1		
<b>EBITDA</b>	<b>66</b>	<b>70</b>	<b>34</b>	<b>44</b>	<b>23</b>	<b>7</b>	<b>16</b>	<b>30</b>	<b>213</b>	<b>76</b>
Change (YoY %)	NA	269.2	-32.8	-29.3	-64.9	-89.6	-53.6	-31.7	67.7	-64.4
Change (QoQ %)	6.7	6.9	-51.4	27.6	-47.1	-68.2	116.0	87.8		
<b>EBITDA/t (INR/t)</b>	<b>19,728</b>	<b>16,395</b>	<b>8,881</b>	<b>9,237</b>	<b>7,295</b>	<b>1,740</b>	<b>3,680</b>	<b>6,754</b>	<b>13,209</b>	<b>4,723</b>
Interest	5	4	3	4	4	5	5	5	17	18
Depreciation	10	11	10	11	12	12	11	11	43	46
Other Income	1	2	2	3	3	4	3	2	9	13
<b>PBT (before EO Inc.)</b>	<b>51</b>	<b>58</b>	<b>23</b>	<b>30</b>	<b>10</b>	<b>-5</b>	<b>3</b>	<b>16</b>	<b>162</b>	<b>25</b>
EO Income(exp)	0	0	-4	0	0	0	0	0	-4	0
<b>PBT (after EO Inc.)</b>	<b>51</b>	<b>58</b>	<b>19</b>	<b>30</b>	<b>10</b>	<b>-5</b>	<b>3</b>	<b>16</b>	<b>159</b>	<b>25</b>
Total Tax	13	14	5	8	3	-1	1	4	40	6
% Tax	25.2	25.2	25.3	26.0	25.2	25.2	25.0	25.0	25.3	25.1
<b>Reported PAT</b>	<b>39</b>	<b>43</b>	<b>14</b>	<b>23</b>	<b>8</b>	<b>-4</b>	<b>2</b>	<b>12</b>	<b>119</b>	<b>18</b>
<b>Adjusted PAT</b>	<b>39</b>	<b>43</b>	<b>17</b>	<b>22</b>	<b>8</b>	<b>-4</b>	<b>2</b>	<b>12</b>	<b>121</b>	<b>18</b>
Change (YoY %)	NA	1,621.4	-33.3	-37.0	-79.8	-109.0	-86.2	-46.1	136.6	-84.8
Change (QoQ %)	7.9	11.8	-60.1	31.0	-65.4	NA	NA	412.3		

**Tata Steel****Neutral****CMP: INR 119 | TP: INR 123 (+3%)**

- Management guidance on Tata Steel Europe and NINL operations is to watch out for
- Management guidance on transition to green steel in Europe and technology/financing thereof will be the key
- We await details on debt reduction and steel contracts, which will be re-priced in Europe and its impact on PAT.
- Management timelines on commissioning of Kalinganagar expansion / plant will be monitored keenly.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>535</b>	<b>604</b>	<b>608</b>	<b>693</b>	<b>634</b>	<b>599</b>	<b>643</b>	<b>627</b>	<b>2,440</b>	<b>2,503</b>
Change (YoY %)	110.0	55.1	45.1	38.6	18.6	-0.9	5.7	-9.5	56.1	2.6
Change (QoQ %)	7.0	12.9	0.6	14.0	-8.4	-5.6	7.3	-2.4		
<b>EBITDA</b>	<b>161</b>	<b>165</b>	<b>159</b>	<b>150</b>	<b>150</b>	<b>61</b>	<b>99</b>	<b>92</b>	<b>635</b>	<b>402</b>
Change (YoY %)	2,886.8	164.9	66.1	6.0	-7.1	-63.2	-37.5	-38.7	108.1	-36.7
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-0.4	-59.5	63.9	-7.2		
(% of Net Sales)	30.1	27.2	26.1	21.7	23.6	10.1	15.5	14.7	26.0	16.1
<b>EBITDA(USD/t)</b>	<b>307</b>	<b>301</b>	<b>303</b>	<b>249</b>	<b>293</b>	<b>108</b>	<b>159</b>	<b>144</b>	<b>283</b>	<b>172</b>
Interest	18	10	15	11	12	15	13	12	55	52
Depreciation	23	23	22	22	22	23	24	24	91	93
Other Income	2	3	1	3	3	3	2	2	8	9
<b>PBT (before EO Inc.)</b>	<b>121</b>	<b>134</b>	<b>122</b>	<b>120</b>	<b>118</b>	<b>25</b>	<b>64</b>	<b>58</b>	<b>497</b>	<b>265</b>
EO Income(exp)	-2	5	-2	-3	0	0	-1	-1	-1	-3
<b>PBT (after EO Inc.)</b>	<b>120</b>	<b>139</b>	<b>120</b>	<b>117</b>	<b>117</b>	<b>25</b>	<b>63</b>	<b>57</b>	<b>496</b>	<b>263</b>
Total Tax	23	16	26	20	42	13	22	14	85	91
% Tax	19.0	11.7	21.1	16.9	35.6	51.9	34.5	24.6	17.1	34.5
<b>Reported PAT</b>	<b>96</b>	<b>124</b>	<b>94</b>	<b>97</b>	<b>76</b>	<b>12</b>	<b>41</b>	<b>43</b>	<b>411</b>	<b>171</b>
<b>Adj. PAT (after MI &amp; asso)</b>	<b>91</b>	<b>114</b>	<b>98</b>	<b>100</b>	<b>78</b>	<b>15</b>	<b>43</b>	<b>44</b>	<b>402</b>	<b>180</b>
Change (YoY %)	NA	650.9	153.6	31.4	-14.1	-86.5	-56.1	-56.0	386.8	-55.2
Change (QoQ %)	19.0	25.4	-14.3	2.7	-22.2	-80.3	179.8	2.9		



## Vedanta

Neutral

CMP: INR 316 | TP: INR 345 (+9%)

- Management update (guidance) on reduction of thermal coal cost is critical.
- Management commentary on coal linkages for aluminum business will be crucial.
- Guidance on volume growth in Oil & Gas, Steel, Aluminum, and Zinc is important.
- Management guidance on debt reduction and stake sale of HZL is critical to ascertain additional dividend.

## Quarterly (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>284.1</b>	<b>304.0</b>	<b>341.0</b>	<b>398.2</b>	<b>386.2</b>	<b>366.5</b>	<b>326.5</b>	<b>336.8</b>	<b>1,327.3</b>	<b>1,420.1</b>
Copper	35.0	35.6	37.4	43.5	42.2	40.1	36.6	37.3	151.5	156.1
Aluminum	102.6	121.2	130.2	154.8	146.4	134.9	125.4	128.2	508.8	535.0
Iron ore	15.8	14.9	14.2	18.7	13.7	15.1	7.2	8.3	63.5	44.3
Power	12.3	12.8	16.4	16.9	16.9	18.4	16.5	17.3	58.3	69.2
Zinc-India	65.3	61.2	79.9	88.0	93.9	83.4	77.1	80.2	294.4	334.5
Zinc-International	11.2	10.4	10.8	12.4	14.6	14.4	12.1	12.3	44.8	53.4
Oil&Gas	24.9	28.9	31.1	39.4	40.8	38.7	31.8	29.6	124.3	140.9
Steel	12.4	14.4	15.8	22.1	14.6	19.9	16.7	20.9	64.7	72.0
Others	5	5	5	3	3	2	3	3	17	15
Change (YoY %)	77.9	44.0	50.0	41.2	35.9	20.6	-4.2	-15.4	50.8	7.0
Change (QoQ %)	0.7	7.0	12.2	16.8	-3.0	-5.1	-10.9	3.2		
Total Expenditure	184	200	233	262	284	290	233	239	879	1,050
<b>EBITDA</b>	<b>100.2</b>	<b>103.6</b>	<b>108.1</b>	<b>136.3</b>	<b>102.0</b>	<b>77.0</b>	<b>93.5</b>	<b>97.9</b>	<b>448.2</b>	<b>370.4</b>
Copper	-1.1	-0.4	0.1	0.2	-0.1	0.2	0.2	0.2	-1.2	0.3
Aluminum	37.3	46.5	37.5	52.2	22.5	7.6	24.3	24.9	173.4	79.4
Iron ore	7.6	5.6	4.1	5.5	3.6	2.1	1.2	1.7	22.8	8.6
Power	3.5	2.6	2.8	1.9	0.8	1.4	3.7	3.7	10.8	9.6
Zinc-India	35.6	33.4	43.7	49.6	51.4	44.1	38.9	41.5	162.3	175.8
Zinc-Int	4.0	3.0	3.7	4.7	5.9	5.9	4.0	4.3	15.3	20.1
Oil & Gas	10.6	13.8	14.9	20.5	20.8	20.2	18.7	17.7	59.9	77.4
Steel	2.2	0.7	1.7	2.4	0.9	-0.1	3.1	4.5	7.0	8.4
Others	0.4	-1.6	-0.4	-0.6	-3.9	-4.4	-0.5	-0.5	-2.1	-9.3
Change (YoY %)	150.9	58.7	39.4	50.9	1.8	-25.7	-13.5	-28.2	64.1	-17.4
Change (QoQ %)	10.9	3.4	4.3	26.1	-25.2	-24.5	21.5	4.6		
As % of Net Sales	35.3	34.1	31.7	34.2	26.4	21.0	28.6	29.1	33.8	26.1
Finance cost	11.8	10.7	12.2	13.3	12.1	16.4	16.1	3.6	48.0	48.1
DD&A	21.2	21.2	22.7	23.8	24.6	26.2	25.8	17.7	89.0	94.4
Other Income	7.4	6.7	5.8	6.1	7.3	7.0	6.5	4.9	26.0	25.7
<b>PBT (before EO item)</b>	<b>74.5</b>	<b>78.5</b>	<b>79.0</b>	<b>105.3</b>	<b>72.6</b>	<b>41.3</b>	<b>58.1</b>	<b>81.5</b>	<b>337.3</b>	<b>253.5</b>
EO exp. (income)	2.8	0.5	1.1	3.4	0.0	-2.3	0.0	0.0	7.7	-2.3
<b>PBT (after EO item)</b>	<b>71.7</b>	<b>78.1</b>	<b>77.9</b>	<b>102.0</b>	<b>72.6</b>	<b>43.6</b>	<b>58.1</b>	<b>81.5</b>	<b>329.6</b>	<b>255.9</b>
Total Tax	19.2	19.9	24.4	29.1	16.7	16.7	17.4	24.4	92.6	75.3
% Tax	26.7	25.5	31.3	28.5	23.0	38.4	30.0	30.0	28.1	29.4
<b>Reported PAT</b>	<b>52.5</b>	<b>58.1</b>	<b>53.5</b>	<b>72.9</b>	<b>55.9</b>	<b>26.9</b>	<b>40.7</b>	<b>57.0</b>	<b>237.1</b>	<b>180.6</b>
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	10.6	12.0	11.9	14.6	11.7	8.8	8.4	1.9	49.1	30.7
<b>Adjusted PAT</b>	<b>44.8</b>	<b>46.6</b>	<b>42.7</b>	<b>61.6</b>	<b>44.2</b>	<b>15.7</b>	<b>32.3</b>	<b>55.2</b>	<b>188</b>	<b>150</b>
Change (YoY %)	349.9	119.9	41.2	89.9	-1.3	-66.2	-24.3	-10.5	103.2	-24.7
Change (YoY %)	37.9	4.1	-8.4	44.4	-28.3	-64.4	105.3	70.7		

# 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 positive, refining margins weaker QoQ...

### ...CGDs to post sequential decline in margins in 3QFY23

- Brent prices averaged USD88.5/bbl (+11% YoY, -12% QoQ) in 3QFY23. SG GRM contracted further during the quarter, led by weaker product cracks. PE, PP, and PVC margins also contracted both on YoY and QoQ basis. CGD margins are likely to decline sequentially.
- We expect our Coverage Universe to report: a) 14% YoY growth and 6% QoQ decline in sales (+20% YoY and -5% QoQ excluding OMCs), b) 1% YoY growth and 24% QoQ growth in EBITDA (-2.3% YoY and -1% QoQ excluding OMCs), and c) 13% YoY decline and 31% QoQ growth in PAT (-14% YoY and -8% QoQ excluding OMCs) due to improvement in marketing margins for the OMCs. We expect weaker EBITDA/scm margins for CGDs QoQ.
- RIL – EBITDA to remain muted in 3QFY23: We expect a consolidated EBITDA of INR299b (+1% YoY/-4% QoQ) as growth in Jio and Retail segments will be offset by weak performance in O2C. We forecast an EBITDA of INR109b (-22% YoY/-9% QoQ) for the O2C segment, INR122b (+28% YoY/+6.3% QoQ) for RJio, and INR42b (+33% YoY/+34% QoQ) for the Retail segment.
- OMCs: SG GRM contracted to USD6.2/bbl (from USD7.1/bbl in 2QFY23), led by decline in product cracks. Retail auto fuel margins are likely to be better at INR1.7-2.0/liter in 3QFY23, led by a decline in Brent prices. We maintain our 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 USD88.5/bbl in 3QFY23, declining 12% QoQ due to the uncertainties over Chinese demand and Russian supply that have disrupted the global oil market in CY22. The prices, however, were still higher by 11% YoY.
- The decline in 3QFY23 prices has come against factors that should have buoyed prices at higher levels with opening up of the Chinese economy and the implementation of the price cap to restrict Russian exports by the G7 countries.
- However, we expect Brent prices to remain elevated at USD90/bbl with OPEC+ deciding to maintain its oil production guidance in its last meeting in Dec'22 post-announcement of a cut in oil production by 2mn bopd (from Aug'22 levels) beginning Nov'22.

### SG GRM at USD6.2/bbl – declining further from 2QFY23 levels

- SG GRM contracted further to USD6.2/bbl in 3QFY23 led by decline in Gasoline, Diesel and FO cracks.
- Petrol/diesel cracks dropped 42%/3% during the quarter. ATF cracks were flattish at USD33.7/bbl in 3QFY23. FO dipped to -USD22.2/bbl in 3Q from -USD21.9/bbl in 2QFY23. LPG and ATF cracks were at -USD28.9/bbl and +USD33.7/bbl, respectively.
- Refineries witnessed improvements in their throughput with the same for BPCL remaining flattish and increasing for IOCL and HPCL. MRPL's refining throughput declined 1% QoQ in 3QFY23.

### Petchem margins continue their downward trend in 3QFY23

- Petchem prices dropped 12% QoQ and 33% YoY in 3QFY23 with PE/PP/PVC prices declining 9%/9%/18% QoQ and 24%/26%/50% YoY, respectively.
- Petchem margins contracted at a faster rate at 30% QoQ and 55% YoY with PE/PP/PVC spreads being down 18%/22%/49% on a sequential basis and 39%/45%/81% YoY, respectively.

**CGDs to post sequential decline in margins**

- While GUJGA/IGL/ MAHGL's volumes are expected to be -1%/+5%/flat QoQ, EBITDA/scm is likely to be -45%/-28%/-37% QoQ during the quarter, respectively.
- Spot LNG prices also declined 34% QoQ in 3QFY23 with the Kirit Parikh Committee also having submitted their recommendations to the government during the quarter. Both these factors would keep CGD margins modest over the medium term.

**Exhibit 1: Oil & gas product prices, cracks, and margins (USD/bbl)**

(USD/bbl)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)
<b>Oil</b>							
WTI	77.3	94.5	108.7	91.8	82.7	7	(10)
Brent	79.6	100.4	113.7	100.7	88.5	11	(12)
Dubai	78.3	95.6	108.1	96.9	84.8	8	(12)
Arab Light-Heavy	1.5	1.5	1.4	3.2	3.8	156	18
<b>Gas</b>							
Henry Hub (USD/mmBtu)	4.7	4.6	7.5	7.9	5.6	18	(30)
Oil to Gas	17.1	21.6	15.3	12.8	15.9	(7)	24
<b>Exchange Rate (INR/USD)</b>	74.9	75.2	77.2	79.8	82.2	10	3
<b>Product Cracks (v/s Dubai)</b>							
LPG	(11.3)	(21.5)	(37.6)	(38.5)	(28.9)	(155)	25
Gasoline	12.9	15.4	29.8	9.2	5.3	(59)	(42)
Diesel	10.9	18.0	41.4	33.6	32.7	201	(3)
Jet/Kero	10.3	16.4	39.4	33.5	33.7	228	1
Naphtha	3.4	1.5	(12.7)	(19.4)	(11.5)	FALSE	41
Fuel Oil	(6.5)	(7.9)	(2.5)	(21.9)	(22.2)	(242)	(1)
<b>SG GRM</b>	6.1	8.0	21.4	7.1	6.2	1	(13)

Source: Company, MOFSL

**Valuation and view (excluding OMCs and RIL)**

- **PLNG:** Spot LNG prices have declined 35% in 3QFY23 and are expected to soften further in 4QFY23, which should lead to improvement in utilization rates during 2HFY23. Take-or-pay revenue may originate in 3QFY23. We remain positive on India's gas story, which is set to clock a 6-8% CAGR according to our gas demand-supply model.
- **CGDs – margins to decline in 3QFY23:** We forecast EBITDA margin/scm for GUJGA/IGL/MAHGL to be at INR5.0/INR5.1/INR5.0 in 3QFY23 (from INR9.2/INR7.1/INR7.9/scm in 2QFY23), respectively. We project volumes of 7.5/8.5/3.4mmscmd for GUJGA/IGL/MAHGL in 3Q v/s 7.6/8.1/3.5mmscmd in 2QFY23, respectively. Spot LNG prices have cooled off and would aid in volume recovery for CGDs.
- **ONGC – production to improve from mid-CY23:** We have extended the impact of windfall taxes to 4QFY23 and FY24 as well considering that there is no fixed expiry date for the same. The Mozambique field also commenced its first LNG exports from the Coral field in mid-CY22 in addition to the visibility of first oil from KG-DWN 98/2 by May'23E.

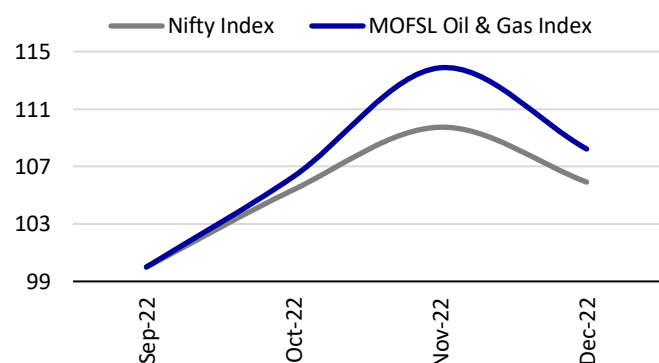
### Our key assumptions

- We assume crude prices at USD98/USD90/USD90 per bbl for FY23E/FY24E/FY25E, respectively. Average crude prices for 3QFY23 stood at USD88.5/bbl (stood at USD80.6 per bbl in FY22 v/s USD44.4 per 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

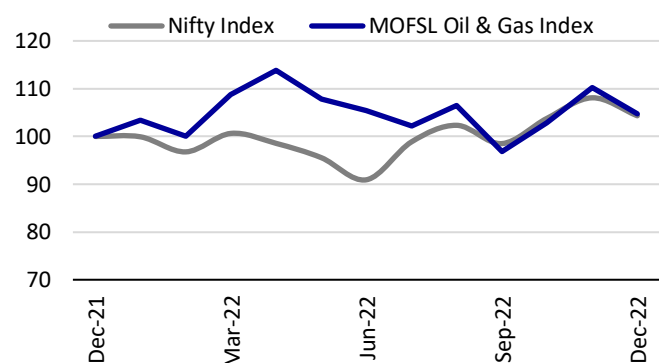
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Aegis Logistics	346	Neutral	21,876	80.2	1.7	1,630	9.4	-3.4	948	-6.8	1.5
BPCL	334	Neutral	10,27,284	1.7	-10.5	54,260	27.8	168.7	25,531	3.7	LP
Castrol India	125	Buy	11,860	8.7	5.8	2,745	3.2	6.8	1,988	5.4	6.2
GAIL	97	Buy	3,88,679	50.8	1.0	14,573	-65.5	-17.4	10,763	-67.3	-30.0
Gujarat Gas	490	Buy	33,806	-34.3	-15.0	3,495	47.2	-45.6	1,862	52.7	-53.9
Gujarat State Petronet	270	Buy	4,176	4.6	8.5	3,605	7.2	8.0	2,326	9.0	-26.0
HPCL	237	Neutral	11,66,726	20.8	7.6	6,383	-65.9	LP	-10,473	PL	Loss
Indraprastha Gas	419	Neutral	38,927	75.7	9.5	3,961	-15.7	-24.9	2,664	-13.6	-36.0
IOC	78	Buy	17,90,753	7.4	-13.7	1,18,383	20.0	504.0	67,348	14.9	LP
Mahanagar Gas	845	Buy	17,232	67.7	10.3	1,592	54.5	-37.0	896	57.8	-45.4
MRPL	58	Neutral	1,98,079	-2.9	-19.5	-7,187	PL	Loss	-15,469	PL	Loss
Oil India	215	Buy	54,589	46.1	17.6	21,968	73.4	18.9	16,139	29.6	-6.2
ONGC	150	Buy	3,91,681	37.6	2.2	1,95,505	22.4	3.9	1,13,454	29.5	-11.5
Petronet LNG	216	Buy	1,46,888	16.6	-8.1	8,293	-52.1	-29.3	5,026	-56.0	-32.5
Reliance Inds.	2575	Buy	21,54,989	16.5	-6.3	2,98,914	0.6	-4.3	1,37,288	-15.5	0.5
<b>Oil &amp; Gas</b>			<b>74,47,544</b>	<b>14.3</b>	<b>-6.4</b>	<b>7,28,121</b>	<b>0.9</b>	<b>24.3</b>	<b>3,60,291</b>	<b>-13.1</b>	<b>30.9</b>
<b>Oil Ex OMCs</b>			<b>34,62,781</b>	<b>20.6</b>	<b>-5.1</b>	<b>5,49,094</b>	<b>-2.3</b>	<b>-1.0</b>	<b>2,77,885</b>	<b>-13.9</b>	<b>-8.2</b>

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



Sources: Bloomberg, MOFSL

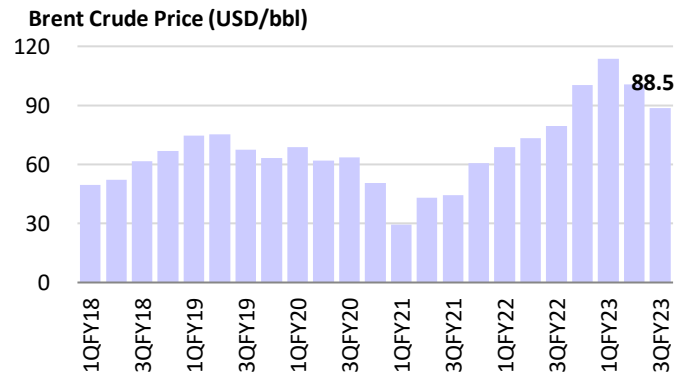
### Exhibit 4: One-year relative performance (%)



Sources: Bloomberg, MOFSL

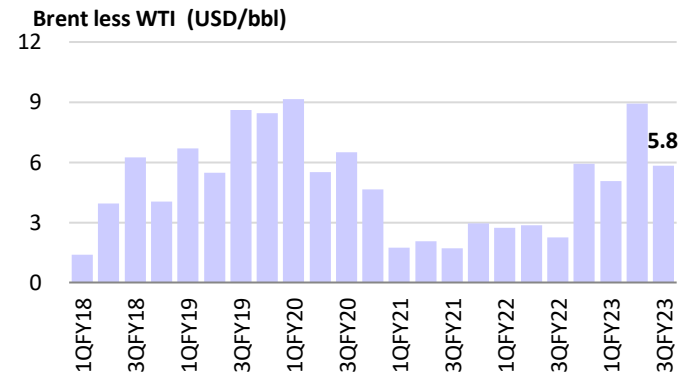
## Prices/margins decline in 3QFY23: SG GRM contracts further

**Exhibit 5: Brent crude price up 11% YoY but down 12% QoQ**



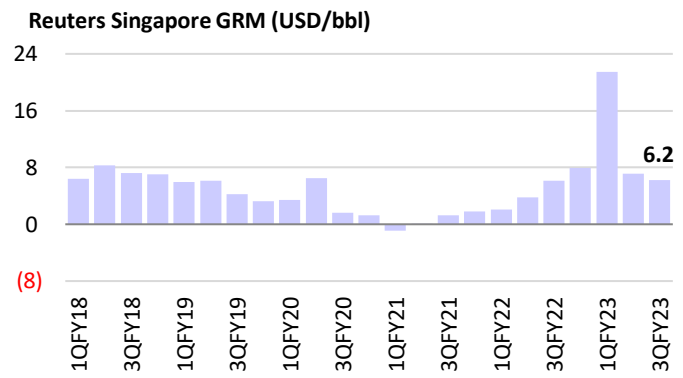
Source: Bloomberg, MOFSL

**Exhibit 6: Brent premium to WTI declined to USD5.8/bbl**



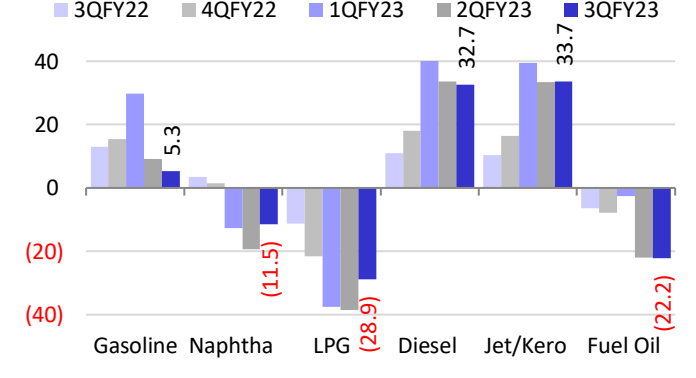
Source: Bloomberg, MOFSL

**Exhibit 7: Reuters SG GRM (average) declined QoQ to USD6.2/bbl (from USD7.1/bbl in 2QFY23)**



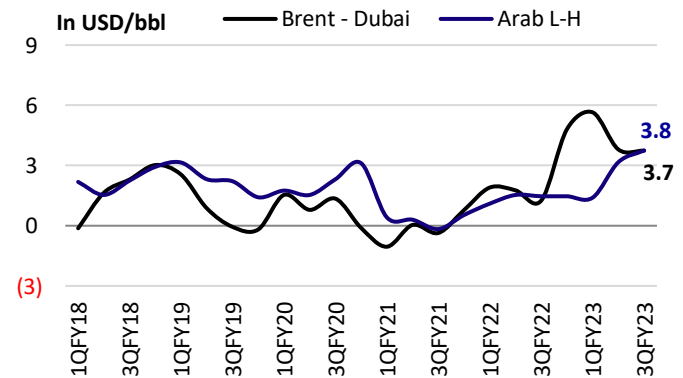
Source: Bloomberg, MOFSL

**Exhibit 8: Gasoline, Diesel and FO cracks declined during the quarter (USD/bbl)**



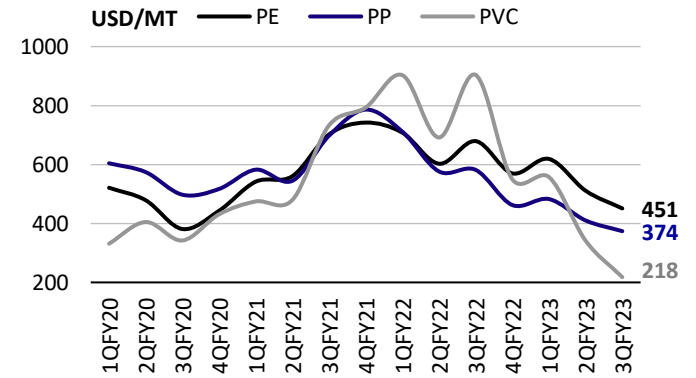
Source: Reuters, MOFSL

**Exhibit 9: Crude differentials rose QoQ for Arab L-H at USD3.8/bbl but decreased to USD3.7/bbl for Brent-Dubai**



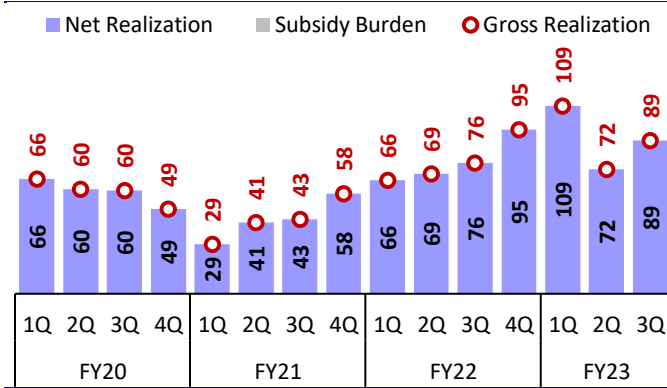
Source: Bloomberg, MOFSL

**Exhibit 10: Spreads over Naphtha for PE, PP, and PVC contracted QoQ**



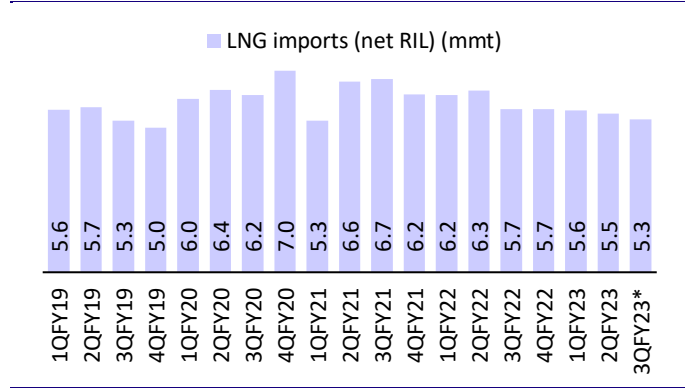
Source: Bloomberg, MOFSL

**Exhibit 11: Expect net realization of USD89/bbl for ONGC in 3QFY23**



Source: Company, MOFSL

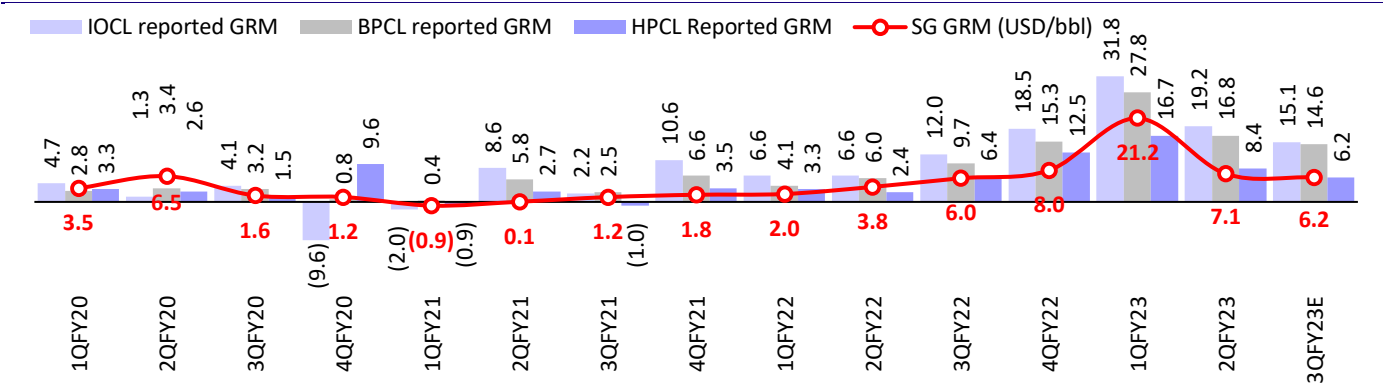
**Exhibit 12: Expect LNG imports (mmt) to decline 3% QoQ and 6% YoY in 3QFY23**



\*Dec'22 data extrapolated for 3QFY23E

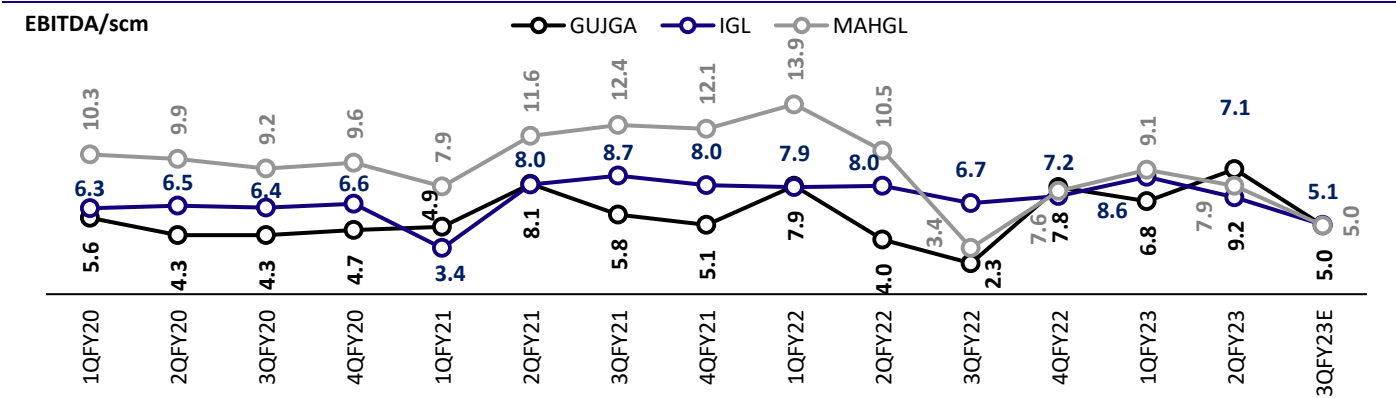
Source: PPAC, MOFSL

**Exhibit 13: GRM snapshot for OMCs (USD/bbl)**



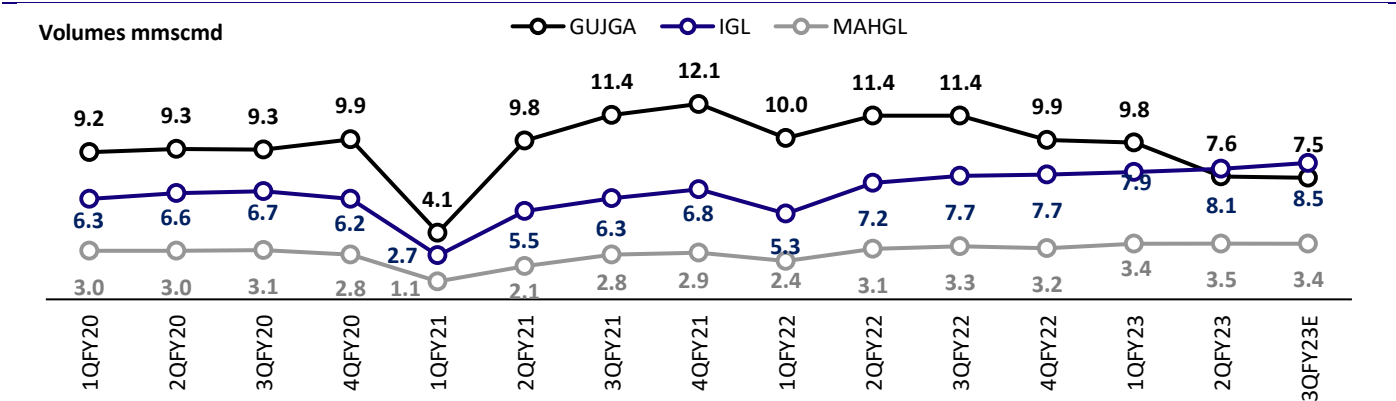
Source: MOFSL, Company

**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
<b>Oil &amp; Gas</b>						<b>17.5</b>	<b>12.2</b>	<b>11.6</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>8.8</b>	<b>11.4</b>	<b>11.0</b>
Aegis Logistics	346	Neutral	12.4	12.8	14.3	27.8	27.1	24.2	4.6	4.1	3.6	17.7	16.0	15.9
BPCL	334	Neutral	3.8	41.6	43.5	87.7	8.0	7.7	1.3	1.2	1.1	1.5	15.8	15.0
Castrol India	125	Buy	8.3	8.9	9.7	15.1	14.0	12.9	6.6	5.8	5.2	46.6	44.1	42.2
GAIL	97	Buy	9.8	12.4	12.4	9.9	7.8	7.8	1.0	0.9	0.8	11.0	12.5	11.4
Gujarat Gas	490	Buy	18.2	21.2	25.3	27.0	23.1	19.4	5.0	4.2	3.5	20.3	19.8	19.8
Gujarat State Petronet	270	Buy	17.9	20.0	20.7	15.1	13.5	13.1	1.6	1.5	1.3	11.3	11.4	10.7
HPCL	237	Neutral	-61.8	43.3	40.9	-3.8	5.5	5.8	1.1	1.0	0.9	-25.7	19.2	16.0
Indraprastha Gas	419	Neutral	20.2	20.7	22.5	20.8	20.2	18.6	3.7	3.3	2.9	19.0	17.2	16.6
IOC	78	Buy	5.6	11.2	10.6	13.9	7.0	7.4	0.5	0.5	0.5	5.8	10.8	9.7
Mahanagar Gas	845	Buy	58.4	73.2	71.2	14.5	11.6	11.9	2.1	1.9	1.7	15.3	17.4	15.3
MRPL	58	Neutral	-3.4	6.3	7.3	-16.9	9.2	8.0	3.0	2.5	2.1	-17.6	29.7	28.6
Oil India	215	Buy	61.4	42.8	43.9	3.5	5.0	4.9	0.7	0.7	0.6	21.8	13.7	13.0
ONGC	150	Buy	37.5	44.4	46.5	4.0	3.4	3.2	0.7	0.6	0.5	17.8	18.9	17.6
Petronet LNG	216	Buy	16.5	17.6	17.9	13.1	12.3	12.1	2.2	2.0	1.9	17.6	17.2	16.2
Reliance Inds.	2,575	Buy	93.9	111.2	121.8	27.4	23.2	21.2	2.0	1.8	1.7	7.9	8.6	8.7

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

## Aegis Logistics

Neutral

CMP: INR346 | TP: INR333 (-4%)

EPS CHANGE (%): FY23 | 24: -6 | -13

- Expect normalized EBITDA to improve once there is pent-up demand
- Watch out for commissioning of the VLGC-compliant LPG jetty at Pipavav and update on progress of the seventh oil jetty at Kandla.
- Recovery in volumes from the in Haldia terminal is a key monitorable post-exit of BPCL.
- Performance of AGIS-Vopak JV and ramp-up in utilization at Kandla LPG terminal are also the key monitorables.

### Consolidated - Quarterly Earning Model

Y/E March									(INR m)	
	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	6,781	6,352	12,141	21,036	22,355	21,505	21,876	20,903	46,310	86,639
YoY Change (%)	6.5	-2.3	-21.4	108.0	229.7	238.5	80.2	-0.6	20.5	87.1
EBITDA	1,051	1,372	1,490	1,431	1,466	1,686	1,630	1,609	5,344	6,391
Margin (%)	15.5	21.6	12.3	6.8	6.6	7.8	7.4	7.7	11.5	7.4
Depreciation	187	189	206	211	289	334	305	268	794	1,196
Interest	41	36	44	98	103	254	100	116	218	574
Other Income	80	92	81	135	861	180	146	112	387	1,300
PBT before EO expense	903	1,239	1,321	1,257	1,935	1,279	1,370	1,336	4,720	5,920
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	1,370	1,336	4,720	5,299
Tax	181	226	228	236	240	268	345	483	871	1,335
Rate (%)	20.1	18.2	17.3	18.7	18.2	21.0	25.2	36.1	18.4	25.2
MI & P/L of Asso. Cos.	56	69	75	74	41	77	77	80	274	274
Reported PAT	666	944	1,018	947	1,034	934	948	774	3,575	3,690
YoY Change (%)	123.3	65.7	43.0	44.8	131.4	-1.1	-6.8	-18.3	60.1	16.2
Margins (%)	9.8	14.9	8.4	4.5	6.9	4.3	4.3	3.7	7.7	4.8

## BPCL

Neutral

CMP: INR334 | TP: INR355 (+6%)

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

- Expect refinery throughput at 8.8mmt (+11% YoY/flat QoQ) led by lower utilization rate at Kochi refinery.
- Expect marketing sales (excluding exports) volumes of 11.9mmt (+7% YoY/+4% QoQ) during the quarter.
- Expect reported GRM at USD14.6/bbl, with blended gross marketing margin at INR1.8/liter.
- To monitor the product prices of the company with Brent coming down from 2QFY23 levels.

### Standalone - Quarterly Earning Model

Y/E March									(INR b)	
	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	709.2	763.9	1,010.5	1,040.6	1,210.5	1,148.1	1,027.3	1,029.3	3,524.2	4,415.1
YoY Change (%)	82.9	52.3	51.4	35.3	70.7	50.3	1.7	-1.1	51.5	25.3
EBITDA	32.6	47.7	42.5	60.3	-49.0	20.2	54.3	41.0	183.1	66.4
Margins (%)	4.6	6.2	4.2	5.8	-4.0	1.8	5.3	4.0	5.2	1.5
Depreciation	11.4	13.9	11.7	14.9	16.1	15.6	15.9	18.7	51.9	66.4
Interest	4.9	5.1	4.5	6.5	6.2	8.1	6.9	6.5	20.9	27.7
Other Income	4.5	8.4	6.8	5.8	4.4	5.6	6.1	8.4	25.5	24.6
PBT	36.8	37.5	32.8	42.7	-76.5	-3.8	34.1	24.2	149.9	-22.0
Adj PAT	17.7	28.4	24.6	23.8	-62.6	-3.0	25.5	18.1	94.5	-22.0
YoY Change (%)	-14.9	21.8	-19.5	-53.4	PL	PL	3.7	-24.0	-24.9	PL
Key Assumptions										
Refining throughput (mmt)	6.8	7.2	8.0	8.1	9.7	8.8	8.8	10.0	30.1	37.3
Reported GRM (USD/bbl)	4.1	6.1	9.7	15.3	27.8	16.8	14.6	5.5	9.1	16.1
Marketing sales volume excld exports (mmt)	9.6	9.9	11.2	11.8	11.8	11.4	11.9	12.3	42.5	47.4
Marketing GM incld inv (INR/litre)	5.8	6.7	4.1	4.6	-9.2	-0.6	1.8	4.2	5.3	-1.0



**Castrol (India)****Buy****CMP: INR125 | TP: INR147 (+20%)****EPS CHANGE (%): CY22|23: 0| -1**

- Forecast volumes at 48m liters (-8% YoY/+1% QoQ).
- Expect EBITDA margin to be flat YoY as higher input costs offset improved realization.
- Expect realization of ~INR243.5/liter (+15% YoY/+2% QoQ) during the quarter.
- Operating margin expansion, product launches, and OEM tie-ups remain the key monitorables.

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

Y/E December	CY21				CY22E				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume (m litres)	61.0	45.0	50.0	51.5	59.0	56.0	47.0	47.6	207.5	209.6
Realization	187	198	215	212	209	222	239	243	202	228
Net Sales	11,387	8,896	10,732	10,906	12,357	12,417	11,211	11,860	41,921	47,844
YoY Change (%)	65.5	81.3	21.5	16.6	8.5	39.6	4.5	8.7	39.9	14.1
EBITDA	3,401	1,975	2,625	2,659	3,172	2,861	2,571	2,745	10,660	11,350
YoY Change (%)	96.6	107.2	-8.9	3.2	-6.7	44.9	-2.0	3.2	30.9	6.5
Margins (%)	29.9	22.2	24.5	24.4	25.7	23.0	22.9	23.1	25.4	23.7
Depreciation	215	199	204	209	202	196	208	232	827	838
Interest	6	7	6	5	7	5	12	7	24	31
Other Income	143	133	84	124	150	137	187	150	484	624
PBT before EO expense	3,323	1,902	2,499	2,569	3,113	2,797	2,538	2,657	10,293	11,105
PBT	3,323	1,902	2,499	2,569	3,113	2,797	2,538	2,657	10,293	11,105
Tax	887	502	640	683	829	735	667	669	2,712	2,899
Rate (%)	26.7	26.4	25.6	26.6	26.6	26.3	26.3	25.2	26.3	26.1
PAT	2,436	1,400	1,859	1,886	2,284	2,063	1,872	1,988	7,581	8,206
YoY Change (%)	94.6	114.1	-9.1	0.5	-6.2	47.3	0.7	5.4	30.1	8.2

**GAIL****Buy****CMP: INR89 | TP: INR115 (+29%)****EPS CHANGE (%): FY23|24: -2| +7**

- Expect transmission volumes of 110mmscmd (-4% YoY/+2% QoQ), with EBITDA/scm up 3% YoY and down 12% QoQ.
- Expect petchem volumes of ~110kmt, with realizations up 21% YoY and down 6% QoQ.
- A recovery in demand from Power, Refining, and Petchem sectors to drive growth post-normalization of spot LNG prices in FY23E.
- Update on plans to replace gas supply shortfall from Gazprom will be the key monitorable.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	173.9	215.2	257.8	269.7	375.7	384.9	388.7	429.8	916.5	1,579.1
Change (%)	43.8	57.7	66.8	73.4	116.1	78.9	50.8	59.4	61.5	72.3
EBITDA	24.1	34.8	42.3	37.1	43.7	17.6	14.6	16.3	138.3	92.2
% of Net Sales	13.9	16.2	16.4	13.8	11.6	4.6	3.7	3.8	15.1	5.8
Depreciation	5.1	5.2	5.3	5.5	6.0	6.2	6.4	6.3	21.1	24.9
Interest	0.5	0.4	0.4	0.5	0.5	0.7	0.4	0.2	1.7	1.7
Other Income	2.0	7.7	6.5	4.2	1.8	8.0	6.7	5.1	20.5	21.5
PBT	20.5	36.8	43.1	35.5	38.9	18.8	14.5	14.9	135.9	87.1
Rate (%)	25.5	22.3	23.7	24.3	25.1	18.1	25.6	33.8	23.7	25.2
PAT	15.3	28.6	32.9	26.8	29.2	15.4	10.8	9.9	103.6	65.2
Change (%)	498.8	130.9	121.1	40.6	90.5	-46.3	-67.3	-63.2	111.9	-37.1
Extraord.: Tax Prov. Write Back	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.8	0.0
Adj PAT	15.3	28.6	32.9	26.1	29.2	15.4	10.8	9.9	102.9	65.2
Change (%)	498.8	130.9	127.3	33.3	90.5	-46.3	-67.3	-62.1	110.1	-36.7
<b>Key Assumptions</b>										
Gas Trans. volume (mmscmd)	107.7	114.3	114.3	107.6	109.5	107.7	110.0	112.7	111.0	110.0
Petchem sales ('000MT)	138.0	221.0	217.0	216.0	109.0	108.0	110.0	113.0	792.0	440.0

## Gujarat Gas

Buy

CMP: INR490 | TP: INR679 (+39%)

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

- Expect volumes at 7.6mmscmd (-33% YoY, flat QoQ) as industrial customers continued to prefer alternate fuels.
- Normalisation in spot LNG prices after 3QFY23 remains a key near-term monitorable.
- Expect EBITDA margin at INR5/scm (+122% YoY, -45% 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	3QE	4QE		
Net Sales	30,109	36,249	51,444	46,694	51,701	39,765	33,806	44,115	1,64,562	1,69,386
YoY Change (%)	178.0	44.2	81.6	36.0	71.7	9.7	-34.3	-5.5	66.8	2.9
EBITDA	7,229	4,190	2,375	6,974	6,066	6,427	3,495	4,667	20,763	20,655
Margin (%)	24.0	11.6	4.6	14.9	11.7	16.2	10.3	10.6	12.6	12.2
Depreciation	905	947	969	1,021	1,032	1,064	1,089	1,099	3,849	4,284
Interest	159	124	140	145	136	131	98	16	568	381
Other Income	213	178	353	176	190	185	180	173	907	729
PBT	6,377	3,297	1,619	5,867	5,089	5,418	2,489	3,724	17,134	16,719
Tax	1,616	843	400	1,424	1,278	1,379	627	939	4,278	4,222
Rate (%)	25.3	25.6	24.7	24.3	25.1	25.4	25.2	25.2	25.0	25.3
Reported PAT	4,762	2,454	1,219	4,443	3,811	4,039	1,862	2,786	12,856	12,497
Adj. PAT	4,762	2,454	1,219	4,533	3,811	4,039	1,862	2,786	12,946	12,497
YoY Change (%)	711.7	-48.3	-68.8	30.5	-20.0	64.6	52.7	-38.5	2.1	-3.5
Total volume (mmscmd)	10.0	11.4	11.4	9.9	9.8	7.6	7.5	8.7	10.7	8.4
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	4.4	5.4	8.0	5.3
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	5.0	6.0	5.5	6.7

## Gujarat State Petronet

Buy

CMP: INR270 | TP: INR341 (+26%)

EPS CHANGE (%): FY23|24: 16|3

- Expect transmission volumes of ~27mmscmd (-16% YoY/-9% QoQ) due to higher spot LNG prices.
- EBITDA/mscm expected to increase 28% YoY led by higher implied tariff at INR1,658/mscm (up 23% YoY, flat QoQ)
- While high spot LNG prices would hit volumes in near term, the prices are expected to taper off in the longer term that would increase the volumes.
- Commissioning of Phase II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain the key.

## Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	4,397	4,474	3,991	3,730	4,200	3,850	4,176	4,211	16,591	16,438
YoY Change (%)	9.1	-3.4	-13.1	-5.3	-4.5	-13.9	4.6	12.9	-3.5	-0.9
EBITDA	3,744	3,806	3,365	3,062	3,602	3,338	3,605	3,607	13,976	14,153
YoY Change (%)	8.2	0.0	-15.5	-11.1	-3.8	-12.3	7.2	17.8	-4.9	1.3
Margins (%)	85.2	85.1	84.3	82.1	85.8	86.7	86.3	85.7	84.2	86.1
Depreciation	481	491	494	494	479	488	527	596	1,960	2,089
Interest	140	86	53	34	14	11	14	15	313	54
Other Income	38	904	39	64	40	1,037	43	30	1,045	1,151
PBT before EO expense	3,161	4,133	2,856	2,598	3,149	3,877	3,108	3,027	12,748	13,160
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	3,108	3,027	12,735	13,160
Tax	828	829	723	577	794	735	782	762	2,958	3,073
Rate (%)	26.3	20.1	25.3	22.2	25.2	18.9	25.2	25.2	23.2	23.3
Reported PAT	2,319	3,304	2,133	2,020	2,355	3,142	2,326	2,265	9,777	10,088
YoY Change (%)	16.8	21.9	-13.8	-2.8	1.1	-4.9	9.0	12.1	5.7	3.1
Margins (%)	53.0	73.8	53.5	54.2	56.1	81.6	55.7	53.8	59.0	61.4
Key Operating Parameters										
Transmission Volume (mmscmd)	36.8	37.5	31.9	29.3	29.5	24.6	26.7	27.3	33.9	27.0
Implied Tariff (INR/mscm)	1,282	1,260	1,343	1,394	1,523	1,656	1,658	1,663	1,314	1,625

**HPCL****Neutral****CMP: INR237 | TP: INR223 (-6%)****EPS CHANGE (%): FY23|24: Loss|-1**

- Expect refining throughput at 5.5mmt (+30% YoY/+22% QoQ) as HPCL ramps-up its utilization rate post-completion of its Mumbai refinery expansion.
- Expect reported GRM at USD6.2/bbl, with gross marketing margin at INR2.0/liter.
- Expect marketing sales volumes at 11.3mmt (+9% QoQ), fueled by strong MS and HSD demand.
- Higher capex (resulting in mounting debt) and execution risk at the Visakhapatnam refinery remain huge concerns.

**Standalone - Quarterly Earning Model****(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>724.4</b>	<b>830.6</b>	<b>966.0</b>	<b>975.7</b>	<b>1,144.5</b>	<b>1,084.2</b>	<b>1,166.7</b>	<b>924.8</b>	<b>3,496.8</b>	<b>4,320.2</b>
YoY Change (%)	92.1	60.4	40.7	30.4	58.0	30.5	20.8	-5.2	50.1	23.5
<b>EBITDA</b>	<b>32.6</b>	<b>30.1</b>	<b>18.7</b>	<b>21.9</b>	<b>-115.5</b>	<b>-8.9</b>	<b>6.4</b>	<b>27.7</b>	<b>103.3</b>	<b>-90.3</b>
Margins (%)	4.5	3.6	1.9	2.2	-10.1	-0.8	0.5	3.0	3.0	-2.1
Depreciation	9.1	9.5	10.2	10.8	10.9	10.8	11.5	12.1	39.7	45.3
Forex loss	0.7	-1.1	-1.4	0.9	9.5	6.0	3.5	0.0	-1.0	19.0
Interest	2.5	1.5	2.4	3.3	3.3	5.9	5.4	7.0	9.7	21.7
Other Income	3.7	3.4	4.1	16.0	3.4	2.8	3.6	10.8	27.2	20.6
<b>PBT before EO expense</b>	<b>24.0</b>	<b>23.6</b>	<b>11.6</b>	<b>22.8</b>	<b>-135.8</b>	<b>-28.9</b>	<b>-10.5</b>	<b>19.4</b>	<b>82.0</b>	<b>-155.8</b>
<b>PBT</b>	<b>24.0</b>	<b>23.6</b>	<b>11.6</b>	<b>22.8</b>	<b>-135.8</b>	<b>-28.9</b>	<b>-10.5</b>	<b>19.4</b>	<b>82.0</b>	<b>-155.8</b>
Rate (%)	25.1	18.5	25.1	21.4	24.9	24.9	0.0	25.2	22.2	23.2
<b>Adj PAT</b>	<b>18.0</b>	<b>19.2</b>	<b>8.7</b>	<b>18.0</b>	<b>-102.0</b>	<b>-21.7</b>	<b>-10.5</b>	<b>14.6</b>	<b>63.8</b>	<b>-119.6</b>
YoY Change (%)	-36.2	-22.4	-63.1	-40.5	PL	PL	PL	-18.9	-40.1	PL
<b>Key Assumptions</b>										
Refining throughput (mmt)	2.5	2.5	4.2	4.7	4.8	4.5	5.5	7.2	14.0	22.0
Reported GRM (USD/bbl)	3.3	2.4	6.4	12.5	16.7	8.4	6.2	5.0	6.2	9.1
Marketing sales volume incl exports (mmt)	8.8	9.1	10.5	10.7	10.7	10.4	11.3	8.7	39.1	10.3
Marketing GM incl inv (INR/litre)	5.8	5.9	3.0	2.7	-9.9	0.7	2.0	4.7	4.3	-0.6

**Indraprastha Gas****Neutral****CMP: INR419 | TP: INR451 (+8%)****EPS CHANGE (%): FY23|24: 2|2**

- Expect total volumes at 8.47mmscmd (+11% YoY / +5% QoQ), led by pent-up demand
- Key monitorable would be increase in sales volumes from GAs – both existing and the newly awarded ones.
- Expect EBITDA/scm to decline to INR5.1 due to 41% increase in APM price.
- Passing on APM price increase / OMCs demanding higher commissions to sell CNG pose huge risk to IGL's margins

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>12,574</b>	<b>18,312</b>	<b>22,155</b>	<b>24,059</b>	<b>31,939</b>	<b>35,540</b>	<b>38,927</b>	<b>40,514</b>	<b>77,100</b>	<b>1,46,919</b>
Change (%)	96.9	40.3	53.2	55.2	154.0	94.1	75.7	68.4	56.0	90.6
<b>EBITDA</b>	<b>3,809</b>	<b>5,302</b>	<b>4,696</b>	<b>5,005</b>	<b>6,175</b>	<b>5,275</b>	<b>3,961</b>	<b>4,202</b>	<b>18,811</b>	<b>19,613</b>
EBITDA (INR/scm)	7.9	8.0	6.7	7.2	8.6	7.1	5.1	5.5	7.4	6.5
Change (%)	356.4	30.2	-6.2	1.8	62.1	-0.5	-15.7	-16.0	26.8	4.3
Depreciation	778	805	835	753	857	914	898	852	3,171	3,520
Interest	29	26	28	49	24	31	33	32	132	119
Other Income	298	775	304	774	307	1,100	530	418	2,150	2,356
<b>PBT before EO</b>	<b>3,299</b>	<b>5,246</b>	<b>4,137</b>	<b>4,977</b>	<b>5,602</b>	<b>5,430</b>	<b>3,561</b>	<b>3,737</b>	<b>17,659</b>	<b>18,330</b>
Tax	857	1,241	1,051	1,361	1,394	1,269	896	941	4,509	4,499
Rate (%)	26.0	23.6	25.4	27.3	24.9	23.4	25.2	25.2	136.7	85.8
<b>PAT</b>	<b>2,443</b>	<b>4,005</b>	<b>3,085</b>	<b>3,616</b>	<b>4,209</b>	<b>4,162</b>	<b>2,664</b>	<b>2,796</b>	<b>13,150</b>	<b>13,831</b>
PAT (INR/scm)	5.0	6.0	4.4	5.2	5.9	5.6	3.4	3.6	5.2	4.6
Change (%)	667.2	30.1	-7.9	9.2	72.3	3.9	-13.6	-22.7	30.8	5.2
<b>Gas volumes (mmscmd)</b>										
CNG	3.65	5.30	5.63	5.66	5.93	6.09	6.28	5.81	5.06	6.03
PNG	1.67	1.94	2.02	2.09	1.96	2.00	2.19	2.70	1.93	2.21
<b>Total</b>	<b>5.32</b>	<b>7.24</b>	<b>7.66</b>	<b>7.74</b>	<b>7.89</b>	<b>8.09</b>	<b>8.47</b>	<b>8.52</b>	<b>6.99</b>	<b>8.24</b>

## IOC

Buy

CMP: INR78 | TP: INR99 (+27%)

EPS CHANGE (%): FY23|24: 196|-3

- Expect refinery throughput of 18mmt (+3% YoY / +12% QoQ), led by ramp-up in the utilization at its refineries
- Petchem segment to be subdued as well as PE/PP cracks continue to decline on a sequential basis
- Expect reported GRM at USD15.1/bbl, with gross marketing margin at INR1.7/liter
- Refining margins to aid IOC the most among peers; its valuation is also the most attractive.

## Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>1,187</b>	<b>1,354</b>	<b>1,668</b>	<b>1,773</b>	<b>2,243</b>	<b>2,075</b>	<b>1,791</b>	<b>2,311</b>	<b>5,982</b>	<b>8,419</b>
YoY Change (%)	90.2	58.2	56.8	43.3	89.0	53.2	7.4	30.3	58.2	40.7
<b>EBITDA</b>	<b>111.3</b>	<b>106.3</b>	<b>98.6</b>	<b>116.3</b>	<b>13.6</b>	<b>19.6</b>	<b>118.4</b>	<b>84.1</b>	<b>432</b>	<b>236</b>
Margins (%)	9.4	7.8	5.9	6.6	0.6	0.9	6.6	3.6	7.2	2.8
Depreciation	26.3	27.1	27.8	28.9	28.5	29.6	29.7	29.8	110	118
Interest	12.6	9.9	9.8	16.1	17.2	14.4	14.1	16.8	48	62
Other Income	5.6	14.3	13.8	9.5	6.8	22.0	15.4	11.7	43	56
<b>PBT</b>	<b>78.0</b>	<b>83.7</b>	<b>74.8</b>	<b>80.8</b>	<b>-25.3</b>	<b>-2.4</b>	<b>90.0</b>	<b>49.2</b>	<b>317.3</b>	<b>111.5</b>
Rate (%)	23.8	24.0	21.6	25.5	21.2	-11.5	25.2	25.2	23.8	26.9
<b>Adj PAT</b>	<b>59.4</b>	<b>63.6</b>	<b>58.6</b>	<b>60.2</b>	<b>-19.9</b>	<b>-2.7</b>	<b>67.3</b>	<b>36.9</b>	<b>241.8</b>	<b>81.6</b>
YoY Change (%)	210.9	2.1	19.2	-31.4	PL	PL	14.9	-38.8	10.8	-66.3
Margins (%)	5.0	4.7	3.5	3.4	-0.9	-0.1	3.8	1.6	4.0	1.0
<b>Key Assumptions</b>										
Refining throughput (mmt)	16.7	15.3	17.4	18.3	18.9	16.1	18.0	18.0	67.7	71.0
Reported GRM	6.6	6.6	12.0	18.5	31.8	19.2	15.1	5.0	10.9	17.8
Domestic sale of refined products (mmt)	17.2	17.2	19.2	20.1	21.3	19.9	20.5	20.9	73.7	82.6
Marketing GM incld inv per litre (INR/litre)	6.2	7.0	3.4	2.3	-7.7	-0.8	1.7	4.3	4.7	-0.7

## Mahanagar Gas

Buy

CMP: INR845 | TP: INR1004 (+19%)

EPS CHANGE (%): FY23|24: -14|0

- Expect a volume growth of 4% YoY (flat QoQ) to 3.4mmscmd with CNG volumes up 4% YoY, down 2% QoQ.
- APM price revision and demand for higher commissions to sell CNG by OMCs raise concerns on current high margins.
- Expect EBITDA margin/scm of INR9.3 (-11% YoY/+3% 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				FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	
<b>Net Sales</b>	<b>6,155</b>	<b>8,301</b>	<b>10,278</b>	<b>10,868</b>	<b>14,548</b>	<b>15,627</b>	<b>17,232</b>	<b>16,416</b>	<b>63,822</b>
YoY Change (%)	135.1	63.8	54.2	51.4	136.4	88.2	67.7	51.1	79.3
<b>EBITDA</b>	<b>3,040</b>	<b>3,018</b>	<b>1,031</b>	<b>2,155</b>	<b>2,856</b>	<b>2,528</b>	<b>1,592</b>	<b>2,282</b>	<b>9,259</b>
EBITDA/SCM	13.9	10.5	3.4	7.6	9.1	7.9	5.0	8.0	7.5
Margins (%)	49.4	36.4	10.0	19.8	19.6	16.2	9.2	13.9	14.5
Depreciation	453	473	482	555	537	551	578	600	2,266
Interest	17	20	15	23	23	25	27	28	103
Other Income	186	226	218	227	200	260	210	153	822
<b>PBT</b>	<b>2,756</b>	<b>2,751</b>	<b>752</b>	<b>1,804</b>	<b>2,496</b>	<b>2,213</b>	<b>1,197</b>	<b>1,807</b>	<b>7,712</b>
Tax	716	708	184	486	644	573	301	423	1,941
Rate (%)	26.0	25.7	24.5	26.9	25.8	25.9	25.2	23.4	25.2
<b>Reported PAT</b>	<b>2,041</b>	<b>2,043</b>	<b>568</b>	<b>1,318</b>	<b>1,852</b>	<b>1,640</b>	<b>896</b>	<b>1,384</b>	<b>5,771</b>
YoY Change (%)	351.0	41.5	-73.9	-38.1	-9.3	-19.7	57.8	5.0	-3.3
Margins (%)	33.2	24.6	5.5	12.1	12.7	10.5	5.2	8.4	9.0
<b>Sales Volumes (mmscmd)</b>									
CNG	1.6	2.2	2.4	2.3	2.5	2.5	2.5	2.2	2.4
PNG - Domestic	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PNG - Industrial/ Commercial	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
PNG - Total	0.8	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9
<b>Total Volumes</b>	<b>2.4</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>	<b>3.4</b>

**MRPL****Neutral****CMP: INR58 | TP: INR51 (-12%)****EPS CHANGE (%): FY23 | 24: LP | +48**

- Expect refinery throughput of ~3.93mmt (-10% YoY/-1% QoQ).
- Watch out for its Phase IV expansion plans, which may further weaken the Balance Sheet.
- Expect reported GRM at -USD2/bbl, taking inventory losses into account as well as a decline in SG GRM.
- Sustained good performance remains a concern given the highly volatile macro environment at present.

**Standalone - Quarterly Earning Model****(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>113.0</b>	<b>133.0</b>	<b>204.1</b>	<b>248.0</b>	<b>322.9</b>	<b>246.1</b>	<b>198.1</b>	<b>201.3</b>	<b>697.3</b>	<b>968.4</b>
YoY Change (%)	152.6	115.2	156.7	82.6	185.8	85.0	-2.9	-18.8	118.2	38.9
<b>EBITDA</b>	<b>3.7</b>	<b>-0.9</b>	<b>17.2</b>	<b>29.4</b>	<b>54.4</b>	<b>-15.3</b>	<b>-7.2</b>	<b>9.8</b>	<b>49.3</b>	<b>41.6</b>
Margin (%)	3.2	-0.7	8.4	11.9	16.8	-6.2	-3.6	4.9	7.1	4.3
Depreciation	2.1	2.9	2.9	2.2	3.0	3.0	3.0	3.2	10.9	12.1
Forex loss	1.1	-0.8	0.0	0.0	7.2	4.6	2.7	0.0	0.0	14.6
Interest	2.0	2.7	2.4	3.9	3.0	3.2	2.8	3.3	12.1	12.2
Other Income	0.2	0.2	0.4	0.3	0.4	0.3	0.2	-0.2	1.0	0.7
<b>PBT before EO expense</b>	<b>-1.3</b>	<b>-5.5</b>	<b>12.3</b>	<b>23.5</b>	<b>41.5</b>	<b>-25.8</b>	<b>-15.5</b>	<b>3.1</b>	<b>27.3</b>	<b>3.4</b>
<b>PBT</b>	<b>-1.3</b>	<b>-5.5</b>	<b>12.3</b>	<b>23.2</b>	<b>41.5</b>	<b>-25.8</b>	<b>-15.5</b>	<b>3.1</b>	<b>27.0</b>	<b>3.4</b>
Tax	-0.5	-1.4	6.5	-6.9	14.5	-7.9	0.0	0.8	-2.5	7.4
Rate (%)	35.1	25.5	52.5	-29.5	34.8	30.5	0.0	25.2	-9.1	214.7
<b>Reported PAT</b>	<b>-0.9</b>	<b>-4.1</b>	<b>5.9</b>	<b>30.1</b>	<b>27.1</b>	<b>-17.9</b>	<b>-15.5</b>	<b>2.3</b>	<b>29.6</b>	<b>-3.9</b>
YoY Change (%)	Loss	PL	LP	1,039.0	LP	Loss	PL	-92.3	-492.9	PL
Margin (%)	-0.8	-3.1	2.9	12.3	8.4	-7.3	-7.8	1.2	4.3	-0.4
<b>Key Assumptions</b>										
Refining throughput (mmt)	3.1	3.2	4.4	4.4	4.3	4.0	3.9	3.5	15.1	15.7
Reported GRM (USD/bbl)	4.5	2.3	9.3	15.7	25.1	-4.5	-2.0	6.0	7.9	6.2

**Oil India****Buy****CMP: INR215 | TP: INR256 (+20%)****EPS CHANGE (%): FY23 | 24: 0 | -34**

- Oil realization (before windfall tax) to decline 12% QoQ, up 13% YoY in line with Brent movement in 3QFY23.
- Expect oil volumes at 0.78mmt (+7% YoY/flat QoQ) and gas sales of 0.65bcm (+2% YoY/-1% 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	3QE	4QE		
<b>Net Sales</b>	<b>30.0</b>	<b>33.1</b>	<b>37.4</b>	<b>44.8</b>	<b>59.7</b>	<b>46.4</b>	<b>54.6</b>	<b>61.3</b>	<b>145.3</b>	<b>222.0</b>
Change (%)	72.2	52.7	75.8	73.6	98.7	40.2	46.1	36.9	68.6	52.8
<b>EBITDA</b>	<b>12.3</b>	<b>9.1</b>	<b>12.7</b>	<b>19.6</b>	<b>26.4</b>	<b>18.5</b>	<b>22.0</b>	<b>31.1</b>	<b>53.7</b>	<b>97.9</b>
% of Net Sales	40.9	27.6	33.9	43.7	44.2	39.8	40.2	50.7	37.0	44.1
Change (%)	523.6	23.9	-1,450.8	361.1	114.4	102.3	73.4	58.9	324.3	82.4
D,D&A	4.0	4.2	4.7	2.1	3.9	4.2	4.8	5.3	15.0	18.2
Interest	2.2	1.9	1.7	2.0	2.0	2.1	1.5	1.0	7.8	6.7
OI (incl. Oper. other inc)	0.7	3.7	9.7	4.9	0.6	8.9	5.9	4.3	19.0	19.8
<b>PBT before exceptional</b>	<b>6.8</b>	<b>6.7</b>	<b>15.9</b>	<b>20.4</b>	<b>21.1</b>	<b>21.1</b>	<b>21.6</b>	<b>29.1</b>	<b>49.9</b>	<b>92.8</b>
<b>PBT after exceptional</b>	<b>6.8</b>	<b>6.7</b>	<b>15.9</b>	<b>20.4</b>	<b>21.1</b>	<b>21.1</b>	<b>21.6</b>	<b>29.1</b>	<b>49.9</b>	<b>92.8</b>
Tax	1.7	1.7	3.5	4.1	5.5	3.9	5.4	8.5	11.0	23.4
Rate (%)	25.0	25.1	21.9	20.2	26.2	18.4	25.2	29.3	22.0	25.2
<b>PAT</b>	<b>5.1</b>	<b>5.0</b>	<b>12.4</b>	<b>16.3</b>	<b>15.6</b>	<b>17.2</b>	<b>16.1</b>	<b>20.5</b>	<b>38.9</b>	<b>69.4</b>
Change (%)	LP	111.1	37.8	92.3	206.2	241.1	29.6	26.0	123.2	78.6
<b>Adj. PAT</b>	<b>5.1</b>	<b>5.0</b>	<b>12.4</b>	<b>16.3</b>	<b>15.6</b>	<b>17.2</b>	<b>16.1</b>	<b>20.5</b>	<b>38.9</b>	<b>69.4</b>
<b>Key Assumptions (USD/bbl)</b>										
Oil sales (mmt)	0.72	0.74	0.73	0.73	0.76	0.78	0.78	0.78	2.92	3.09
Gas sales (bcm)	0.61	0.67	0.63	0.56	0.59	0.66	0.65	0.65	2.47	2.55
<b>Net Oil Realization</b>	<b>67.2</b>	<b>71.4</b>	<b>78.6</b>	<b>98.1</b>	<b>112.7</b>	<b>76.8*</b>	<b>88.5</b>	<b>90.0</b>	<b>78.8</b>	<b>92.0</b>

\*after accounting for windfall tax

**ONGC****Buy****CMP: INR150 | TP: INR200 (+33%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect net realization (before windfall tax) to grow 17% YoY but decrease 7% QoQ, in line with Brent movement.
- Production from the KG Basin remains crucial. Completion stood at 76% in Oct'22 and first oil expected in May'23.
- Expect oil sales at -5% YoY and +1% QoQ, with gas sales at -5% YoY and -2% YoY. VAP sales to decline 13% 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
	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>Net Sales</b>	<b>230.2</b>	<b>243.5</b>	<b>284.7</b>	<b>345.0</b>	<b>423.2</b>	<b>383.2</b>	<b>391.7</b>	<b>438.9</b>	<b>1,103.5</b>	<b>1,637.0</b>
YoY Change (%)	76.9	44.0	67.3	62.8	83.8	57.4	37.6	27.2	61.9	48.4
<b>EBITDA</b>	<b>121.5</b>	<b>132.3</b>	<b>159.7</b>	<b>185.9</b>	<b>259.3</b>	<b>188.1</b>	<b>195.5</b>	<b>206.5</b>	<b>599.4</b>	<b>849.5</b>
Margin (%)	52.8	54.3	56.1	53.9	61.3	49.1	49.9	47.1	54.3	51.9
Depreciation	53.2	46.4	54.6	76.4	57.1	53.1	58.0	75.7	230.5	244.0
Interest	6.2	5.8	5.8	5.8	6.4	6.7	6.5	6.3	23.6	25.9
Other Income	5.3	31.5	14.9	13.4	7.6	35.3	20.7	33.8	65.2	97.3
<b>PBT before EO expense</b>	<b>67.5</b>	<b>111.5</b>	<b>114.2</b>	<b>117.1</b>	<b>203.4</b>	<b>163.6</b>	<b>151.6</b>	<b>158.2</b>	<b>410.4</b>	<b>676.9</b>
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>67.5</b>	<b>111.5</b>	<b>114.2</b>	<b>117.1</b>	<b>203.4</b>	<b>163.6</b>	<b>151.6</b>	<b>158.2</b>	<b>410.4</b>	<b>676.9</b>
Tax	24.2	-72.0	26.6	28.5	51.4	35.3	38.2	39.8	7.3	164.7
Rate (%)	35.8	-64.5	23.3	24.4	25.3	21.6	25.2	25.2	1.8	24.3
<b>Reported PAT</b>	<b>43.3</b>	<b>183.5</b>	<b>87.6</b>	<b>88.6</b>	<b>152.1</b>	<b>128.3</b>	<b>113.5</b>	<b>118.4</b>	<b>403.1</b>	<b>512.2</b>
<b>Adj PAT</b>	<b>43.3</b>	<b>85*</b>	<b>87.6</b>	<b>88.6</b>	<b>152.1</b>	<b>128.3</b>	<b>113.5</b>	<b>118.4</b>	<b>304.6</b>	<b>512.2</b>
YoY Change (%)	774.0	133.4	596.6	86.0	250.8	50.9	29.5	33.6	195.6	68.2
Margin (%)	18.8	34.9	30.8	25.7	35.9	33.5	29.0	27.0		31.3
<b>Key Assumptions (USD/bbl)</b>										
Net Oil Realization	65.6	69.4	75.7	95.0	108.5	72.1	88.5	90.0	76.4	89.8
Crude Oil Sold (mmt)	5.1	5.0	5.1	5.1	5.0	4.8	4.8	5.1	20.3	19.7
Gas Sold (bcm)	4.1	4.3	4.3	4.1	4.1	4.2	4.1	4.4	16.8	16.8
VAP Sold (tmt)	784	777	724	772	671	640	627	794	3,057	2,732

\*adjusted for deferred tax

**Petronet LNG****Buy****CMP: INR216 | TP: INR282 (+30%)****EPS CHANGE (%): FY23|24: -22|-20**

- We model in Dahej/Kochi utilization at 79%/19%.
- High spot LNG price, which is dampening demand, is a key near-term monitorable.
- Expect total PLNG volumes to decline 12% YoY and 4% QoQ
- Ramp-up at Kochi terminal and total volume guidance remain the key.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>85,979</b>	<b>1,08,131</b>	<b>1,25,972</b>	<b>1,11,604</b>	<b>1,42,638</b>	<b>1,59,857</b>	<b>1,46,888</b>	<b>1,20,551</b>	<b>4,31,686</b>	<b>5,69,934</b>
YoY Change (%)	76.1	73.4	71.9	47.3	65.9	47.8	16.6	8.0	65.9	32.0
<b>EBITDA</b>	<b>10,543</b>	<b>12,969</b>	<b>17,322</b>	<b>11,691</b>	<b>10,644</b>	<b>11,730</b>	<b>8,293</b>	<b>8,472</b>	<b>52,523</b>	<b>39,139</b>
Margins (%)	12.3	12.0	13.8	10.5	7.5	7.3	5.6	7.0	12.2	6.9
Depreciation	1,916	1,936	1,936	1,896	1,912	1,922	2,052	2,160	7,685	8,047
Interest	800	794	776	803	779	811	765	647	3,173	3,002
Other Income	685	816	719	852	1,418	942	1,244	1,322	3,073	4,926
<b>PBT</b>	<b>8,512</b>	<b>11,055</b>	<b>15,328</b>	<b>9,844</b>	<b>9,371</b>	<b>9,939</b>	<b>6,720</b>	<b>6,987</b>	<b>44,738</b>	<b>33,016</b>
Tax	2,155	2,825	3,893	2,342	2,362	2,496	1,693	1,007	11,215	8,320
Rate (%)	25.3	25.6	25.4	23.8	25.2	25.1	25.2	14.4	25.1	25.2
<b>Reported PAT</b>	<b>6,357</b>	<b>8,230</b>	<b>11,435</b>	<b>7,501</b>	<b>7,009</b>	<b>7,443</b>	<b>5,026</b>	<b>5,981</b>	<b>33,524</b>	<b>24,696</b>
<b>Adj PAT</b>	<b>6,357</b>	<b>8,230</b>	<b>11,435</b>	<b>7,501</b>	<b>7,009</b>	<b>7,443</b>	<b>5,026</b>	<b>5,981</b>	<b>33,524</b>	<b>24,696</b>
YoY Change (%)	22.2	-11.2	30.2	20.3	10.3	-9.6	-56.0	-20.3	13.7	-26.3
Margins (%)	7.4	7.6	9.1	6.7	4.9	4.7	3.4	5.0	7.8	4.3
<b>Key Assumptions</b>										
Total Volumes (TBtu)	209.0	240.0	208.0	190.0	208.0	192.0	183.7	187.2	847.0	770.9
Dahej utilization (%)	88%	102%	89%	80%	89%	82%	78%	79%	90%	82%
Kochi utilization (%)	24%	24%	19%	19%	19%	16%	18%	19%	21%	18%

## Reliance Industries

**Buy**
**CMP: INR2575 | TP: INR2,957 (+15%)**
**EPS CHANGE (%): FY23|24: -8|0**

- Expect consolidated EBITDA at INR299b (+1% YoY/-4% QoQ), driven primarily by growth in the retail segment.
- Expect production meant for sale at 17mmt (+5% QoQ). Expect EBITDA/mt at USD78.7 (-15% QoQ).
- Expect EBITDA at INR109b (-22% YoY/-9% 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

Y/E March									(INR b)	
	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4Q		
<b>Net Sales</b>	<b>1,399</b>	<b>1,676</b>	<b>1,850</b>	<b>2,074</b>	<b>2,193</b>	<b>2,301</b>	<b>2,155</b>	<b>2,212</b>	<b>7,000</b>	<b>8,860</b>
YoY Change (%)	58.6	50.7	57.0	38.6	56.7	37.3	16.5	6.6	49.9	26.6
<b>EBITDA</b>	<b>234</b>	<b>260</b>	<b>297</b>	<b>314</b>	<b>380</b>	<b>312</b>	<b>299</b>	<b>322</b>	<b>1,105</b>	<b>1,313</b>
Margins (%)	16.7	15.5	16.1	15.1	17.3	13.6	13.9	14.6	15.8	14.8
Depreciation	69	72	77	80	89	97	89	72	298	348
Interest	34	38	38	36	40	46	45	48	146	179
Other Income	42	42	40	25	22	35	40	55	149	153
<b>PBT before EO expense</b>	<b>173</b>	<b>192</b>	<b>223</b>	<b>223</b>	<b>273</b>	<b>205</b>	<b>204</b>	<b>257</b>	<b>810</b>	<b>939</b>
Extra-Ord expense	0	0	-28	0	0	0	0	0	-28	0
<b>PBT</b>	<b>173</b>	<b>192</b>	<b>251</b>	<b>223</b>	<b>273</b>	<b>205</b>	<b>204</b>	<b>257</b>	<b>839</b>	<b>939</b>
Rate (%)	20.0	19.6	18.7	19.7	28.5	23.8	24.5	22.7	19.4	25.0
Minority Interest & Profit/Loss of Asso. Cos.	15.7	17.6	18.6	16.7	15.5	19.3	17.0	17.0	68.6	68.8
<b>Reported PAT</b>	<b>123</b>	<b>137</b>	<b>185</b>	<b>162</b>	<b>180</b>	<b>137</b>	<b>137</b>	<b>182</b>	<b>607</b>	<b>635</b>
<b>Adj PAT</b>	<b>123</b>	<b>137</b>	<b>162</b>	<b>162</b>	<b>180</b>	<b>137</b>	<b>137</b>	<b>182</b>	<b>584</b>	<b>635</b>
YoY Change (%)	46.7	43.0	22.9	29.6	46.3	-0.2	-15.5	12.1	33.8	8.8
Margins (%)	8.8	8.2	8.8	7.8	8.2	5.9	6.4	8.2	8.3	7.2

E: MOFSL Estimates

# Real Estate

## Company

Brigade Enterpr.

DLF

Godrej Properties

Macrotech Developers

Mahindra Lifespace

Oberoi Realty

Prestige Estates

Sobha

## Sales traction to sustain; hiring moderation and interest rates remain key risks

### Coverage universe to report 7% QoQ decline in sales on high base

As per Anarock, the top-7 cities registered 5%/2% QoQ/YoY rise in housing sales in 4QCY22. Registration of properties in Mumbai city rose 2% YoY in 4QCY22 and came in at 120,000 units for CY22 – the highest in the last one decade, indicating sustained demand momentum despite rising interest rates. Our coverage universe is expected to report pre-sales of INR136b, down 7% sequentially on a high base. New supply continues to remain measured as project launches across our coverage universe and especially for large developers, such as Macrotech, DLF, and GPL is expected to be moderate. However healthy traction in ongoing projects is leading to sequentially better performance for most companies. With cost pressures already taken care of by way of price hikes, average realization could remain steady.

### DLF, BRGD and SOBHA to witness sequential growth in pre-sales

**DLF:** Driven by successful launch of second phase at Punchkula and spillover of bookings (INR15b) from The Grove, DLF Phase V, we expect DLF to report bookings of INR24b, up 23%/17% YoY/QoQ. Company is on-track to exceed its FY23 pre-sales guidance of INR80b

**Macrotech Developers:** We expect the company to report pre-sales of INR28b in 3Q, up 32% YoY. On a sequential basis, pre-sales would decline 11% from that in 2QFY23. 2QFY23 had a contribution of INR5.3b from DM project in Malad. Excluding that company will report sequential growth. Except for the Kharadi project, new project launches have been moderate, resulting in higher share of sustenance sales.

**Oberoi Realty:** We forecast pre-sales at INR10b (16% YoY) for 3Q, driven by strong response to new tower launch at its Skycity project in Borivali. We have assumed bookings of four units at Oberoi Three-sixty west, Worli. Contrary to earlier guidance, the launch of projects (Pokhran/Kolshet) at Thane has not materialized during the quarter.

**GPL:** We expect the company to sustain its sales velocity and report new bookings of INR24b, up 33% YoY. While the company laid out a strong launch pipeline for FY23, the conversion has remained moderate. As per our checks, in 3QFY23, company had phase launches of projects in Ahmedabad, Bengaluru and Pune with combined saleable area of 3.5msf.

**PEPL:** After reporting one of the best quarterly sales in 2Q, PEPL's bookings in 3Q could decline 32% QoQ to INR24b. Key launches during the quarter include new tower at Prestige City, Mulund, villa project in Bengaluru, and Prestige Ocean Pearl at Calicut.

**BRGD:** On the back of a strong response to new plotted development project and residential project in Bengaluru, we expect BRGD to better its 2Q performance and report pre-sales of INR9b, up 17%/14% YoY/QoQ.



**Sobha:** We expect Sobha to report new bookings of INR12.5b, up 26% YoY, driven by sustained sales momentum at projects launched over the last three quarters. As per our checks, the company has sold bulk of the inventory launched at Sobha City in NCR.

**MLDL:** We expect the company to better its 2Q performance and report bookings of INR4.8b, driven by healthy contribution from new projects at Pimpri and second phase of the Mahindra Eden, Bengaluru.

### Key things to watch out for during 3QFY23 results/call

**Macrotech: Debt reduction** – Expect a better cash flow performance in 3Q and material reduction in net debt. **Project additions** - Post 2Q, the company has added projects in MMR and Pune and is likely to have surpassed its BD guidance of INR150b for FY23. We would watch out for commentary on deal addition trajectory along with incremental snippets on demand outlook.

**Oberoi Realty: Traction at 360-west** – Sales traction at 360-west remains to be seen. **Launch timeline** - for recently added JDA project at Thane and Pokhran Road, Thane along with updates on management's efforts to sign new projects and diversify its presence beyond Mumbai.

**DLF: Future launch pipeline** - Commentary on replenishing project pipeline beyond the identified portfolio of 35msf along with launch timelines of key high-rise projects in Delhi and Sector 63 (Gurugram). **Commercial portfolio** - Occupancy trend in its annuity portfolio and outlook on the same.

**GPL: Launches:** While the launch pipeline is extremely strong (15msf) for FY23, company has launched ~7.5msf in last nine months. Hence, we would look out for commentary on how the pipeline would materialize in 4Q. **Profitability:** Margin commentary on recently added projects will provide clarity on future profitability

**PEPL: Launch pipeline:** While the project pipeline is quite strong, we look forward for updates on launch timelines of key projects to sustain the enhanced sales run rate. **Deployment of funds:** We would keep track on deployment of funds under the HDFC platform and the proposed real estate fund for new project addition

**BRGD:** Incremental commentaries on new leasing trends at key office assets along with update on Chennai land and launch plans for new projects.

**SOBHA:** Commentaries around efforts to monetize existing land bank along with the launch pipeline for 4QFY23.

**MLDL:** Progress on the new business development pipeline, especially given that it has added just one new project so far in the year.

### Rising mortgage rates and moderation in hiring remain near-term risks

While demand traction along with affordability continues to remain in favor compared to pre-covid levels, we anticipate discussion on the negative impact of a recent increase in mortgage rates on housing demand and their strategies to mitigate the same. Most companies are on track to meet their full-year targets in terms of bookings and business development, but remain cautious on raising their full-year pre-sales estimates due to near-term risks.

Mortgage rates have increased by over 200bps in the last six months, leading to 15% increase in EMI or increase in tenure by 10 years for a home loan of INR10m. Our

sensitivity indicates that for every 25bps increase in mortgage rate from here on, EMIs will increase by 2%.

In addition to the rising interest rates, potential moderation in new hiring on account of slowdown in key markets for domestic IT industry could also have a sentimental impact on housing demand.

### 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 in a scenario with (1) high construction costs and cost of capital and (2) constrained industry growth, larger developers will continue to consolidate their market share.

We see re-rating potential in companies with growth visibility, on the back of continued business development through robust cash flow potential. We prefer **LODHA, PEPL, and BRGD** among our coverage universe.

### Exhibit 1: Expected financial performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Brigade Enterpr.	465	Buy	9,372	1.8	6.6	2,486	-3.4	14.9	831	8.3	26.4
DLF	380	Neutral	14,732	-4.9	13.1	4,714	-9.6	8.0	6,109	-2.0	28.0
Godrej Properties	1236	Neutral	2,271	-18.5	37.5	-96	Loss	Loss	1,942	398.4	189.7
Macrotech Developers	1100	Buy	23,821	15.7	34.9	6,050	24.6	42.7	4,141	48.4	48.1
Mahindra Lifespace	365	Buy	1,193	390.0	70.9	-324	Loss	Loss	383	53.2	LP
Oberoi Realty	871	Buy	8,806	5.8	27.9	4,130	24.6	33.0	3,508	-25.0	10.1
Prestige Estates	470	Buy	18,604	40.1	30.3	4,175	28.5	13.3	922	113.4	147.0
Sobha	586	Buy	7,890	18.1	18.2	1,320	-42.0	43.2	559	70.9	191.1
<b>Real Estate</b>			<b>86,688</b>	<b>13.2</b>	<b>24.5</b>	<b>22,457</b>	<b>6.7</b>	<b>28.9</b>	<b>18,395</b>	<b>16.0</b>	<b>45.9</b>

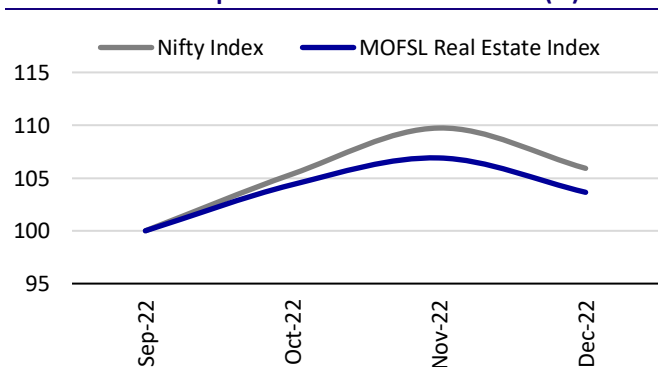
Source: Company, MOFSL

### Exhibit 2: Expected operational performance summary

Sector	CMP		Pre-Sales (INR B)			Volume (MSF)			Collections (INR B)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Macrotech Developers	1074	Buy	28	21	12	2.6	-13	-21	24	24	0
Oberoi Realty	858	Buy	10.0	-41	16	0.5	-64	-20	9	64	-2
Godrej Properties	1212	Neutral	24	56	0	3.4	23	-19	25	28	-11
DLF	374	Neutral	24	2	-15	2	33	-7	15	-14	-17
Prestige Estates	471	Buy	24	-18	46	2.9	-24	48	21	25	-5
Brigade Enterprise	459	Buy	9.0	16.2	-12	1.4	8.2	-17	12.5	29.9	14
Sobha	456	Buy	12.5	11.1	-7	1.3	1.3	0	9.0	49.3	20
Mahindra Lifespace	361	Buy	4.8	59	-17	0.7	46.9	-29	3	65	0
<b>Real Estate</b>			<b>136</b>	<b>-5</b>	<b>-7</b>	<b>14</b>	<b>-5</b>	<b>3</b>	<b>118</b>	<b>28</b>	<b>2</b>

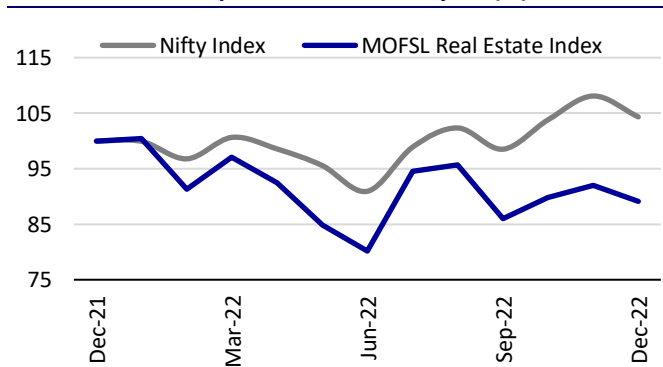
Source: Company, MOFSL

### 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

	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E	YoY (%)	QoQ (%)
<b>Sales (INR b)</b>												
DLF	9	10	11	10	15	20	27	20	21	24	19	17
Godrej Properties	11	15	26	5	26	15	32	25	24	24	56	0
Macrotech	11	19	25	10	20	26	35	28	31	28	7	-11
Oberoi Realty	3	10	20	2	8	20	9	8	12	10	-49	-13
Prestige Estates	11	20	19	7	21	43	33	30	35	24	-44	-32
Brigade Enterprise	6	9	10	5	8	7	10	8	8	9	32	13
Sobha	7	9	11	7	10	10	11	11	12	13	19	7
Mahindra Lifespace	1	2	3	1	3	3	3	6	4	5	91	20
<b>Aggregate Sales (INR b)</b>	<b>58</b>	<b>94</b>	<b>125</b>	<b>47</b>	<b>112</b>	<b>144</b>	<b>161</b>	<b>137</b>	<b>146</b>	<b>136</b>	<b>-5</b>	<b>-7</b>
<b>Volume (msf)</b>												
DLF	1.2	0.9	0.9	0.8	1.4	1.2	2.4	1.2	1.6	1.7	43	7
Godrej Properties	1.7	2.4	4.2	0.8	3.6	2.2	4.2	2.8	2.7	3.4	52	24
Macrotech	1.1	1.6	1.8	0.7	1.8	2.4	3.0	2.2	2.1	2.6	10	26
Oberoi Realty	0.1	0.5	1.1	0.1	0.4	1.0	0.5	0.4	0.4	0.5	-56	24
Prestige Estates	1.8	3.0	2.8	1.1	3.6	5.7	4.9	3.6	4.6	2.9	-50	-37
Brigade Enterprise	1.0	1.5	1.7	0.8	1.3	1.1	1.5	1.2	1.2	1.4	31	20
Sobha	0.9	1.1	1.3	0.9	1.3	1.3	1.3	1.4	1.3	1.3	1	0
Mahindra Lifespace	0.2	0.3	0.5	0.2	0.4	0.3	0.4	0.7	0.5	0.7	108	41
<b>Aggregate Volume (msf)</b>	<b>8.0</b>	<b>11.3</b>	<b>14.2</b>	<b>5.3</b>	<b>13.9</b>	<b>15.3</b>	<b>18.3</b>	<b>13.5</b>	<b>14.3</b>	<b>14.5</b>	<b>-5</b>	<b>1</b>
<b>Collections (INR b)</b>												
DLF	5.4	6.5	8.1	6.2	14.0	12.2	12.1	9.9	11.5	15.0	23	30
Godrej Properties	6.8	12.6	20.1	12.7	17.3	18.8	28.9	18.0	22.3	25.0	33	12
Macrotech	11.1	14.7	20.9	17.1	19.1	21.3	28.4	26.2	23.7	23.6	11	0
Oberoi Realty	1.8	7.4	6.4	5.0	3.7	9.8	9.5	5.6	8.8	9.0	-8	3
Prestige Estates	11.5	14.3	17.7	10.2	15.5	24.3	24.6	21.5	26.0	21.0	-14	-19
Brigade Enterprise	4.0	5.2	8.4	5.6	7.4	8.4	10.1	8.7	9.9	12.5	48	27
Sobha	5.0	6.0	7.1	5.5	7.2	8.4	10.6	8.9	10.8	9.0	7	-17
Mahindra Lifespace	1.3	3.0	2.6	2.0	1.7	4.7	3.1	2.7	2.9	2.8	-40	-2
<b>Aggregate Collections (INR b)</b>	<b>47.0</b>	<b>69.5</b>	<b>91.2</b>	<b>64.4</b>	<b>86.1</b>	<b>107.9</b>	<b>127.3</b>	<b>101.4</b>	<b>115.9</b>	<b>117.9</b>	<b>9</b>	<b>2</b>

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
<b>Real Estate</b>						<b>35.3</b>	<b>22.6</b>	<b>21.6</b>	<b>2.8</b>	<b>2.6</b>	<b>2.3</b>	<b>8.1</b>	<b>11.3</b>	<b>10.7</b>
Brigade Enterpr.	465	Buy	17.1	24.0	31.5	27.2	19.4	14.8	2.9	2.5	2.2	11.3	14.1	15.9
DLF	380	Neutral	12.7	26.4	22.7	29.8	14.4	16.7	1.8	1.6	1.5	6.1	11.8	9.3
Godrej Properties	1,236	Neutral	29.9	49.0	43.9	41.4	25.2	28.1	3.6	3.2	2.9	9.1	13.4	10.0
Macrotech Developers	1,100	Buy	31.2	41.1	48.5	35.3	26.8	22.7	4.3	3.8	3.3	12.2	15.0	15.6
Mahindra Lifespace	365	Buy	9.6	10.9	11.7	38.1	33.6	31.3	2.9	2.7	2.4	7.9	8.2	8.1
Oberoi Realty	871	Buy	41.2	42.3	57.9	21.2	20.6	15.0	2.7	2.4	2.1	13.4	12.2	14.7
Prestige Estates	470	Buy	11.7	15.0	16.0	40.3	31.4	29.3	1.8	1.7	1.6	4.6	5.6	5.7
Sobha	586	Buy	17.1	46.5	68.2	34.3	12.6	8.6	2.1	1.8	1.5	6.4	15.7	19.5

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

## Brigade Enterprise

Buy

CMP: INR458 | TP: INR720 (57%)

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

- We expect revenue in 3QFY23 to INR9.4b, flat YoY.
- EBITDA can reach INR2.5b with a margin of 26.5%.
- New bookings for the quarter can increase 29% YoY to INR9b.

### Consolidated quarterly earnings model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>3,828</b>	<b>7,527</b>	<b>9,210</b>	<b>9,423</b>	<b>9,025</b>	<b>8,792</b>	<b>9,372</b>	<b>9,995</b>	<b>29,988</b>	<b>37,184</b>
YoY Change (%)	88.3	142.2	42.9	19.1	135.8	16.8	1.8	6.1	53.8	24.0
Total Expenditure	2,715	5,603	6,635	7,371	6,698	6,628	6,886	7,156	22,324	27,368
<b>EBITDA</b>	<b>1,113</b>	<b>1,924</b>	<b>2,575</b>	<b>2,052</b>	<b>2,327</b>	<b>2,165</b>	<b>2,486</b>	<b>2,839</b>	<b>7,663</b>	<b>9,816</b>
Margins (%)	29.1	25.6	28.0	21.8	25.8	24.6	26.5	28.4	25.6	26.4
Depreciation	845	881	871	908	751	780	798	801	3,505	3,130
Interest	1,132	1,128	1,082	1,094	1,061	1,096	1,063	1,032	4,436	4,253
Other Income	87	234	122	224	178	330	173	187	667	867
<b>PBT before EO expense</b>	<b>-777</b>	<b>149</b>	<b>744</b>	<b>274</b>	<b>693</b>	<b>618</b>	<b>798</b>	<b>1,192</b>	<b>389</b>	<b>3,301</b>
Extra-Ord expense	209	158	0	200	-97	-183	0	0	567	-280
<b>PBT</b>	<b>-986</b>	<b>-9</b>	<b>744</b>	<b>74</b>	<b>790</b>	<b>801</b>	<b>798</b>	<b>1,192</b>	<b>-177</b>	<b>3,581</b>
Tax	-117	135	287	192	184	283	201	232	497	901
Rate (%)	11.9	-1,504.4	38.6	257.7	23.3	35.4	25.2	19.5	-280.4	25.2
MI & Profit/Loss of Asso. Cos.	-468	-265	-312	-442	-271	-258	-250	-246	-1,487	-1,025
<b>Reported PAT</b>	<b>-401</b>	<b>120</b>	<b>768</b>	<b>325</b>	<b>877</b>	<b>776</b>	<b>847</b>	<b>1,205</b>	<b>812</b>	<b>3,705</b>
<b>Adj PAT</b>	<b>-216</b>	<b>376</b>	<b>768</b>	<b>647</b>	<b>802</b>	<b>658</b>	<b>831</b>	<b>1,205</b>	<b>1,575</b>	<b>3,495</b>
YoY Change (%)	-58.9	-320.2	372.6	-2.1	-470.8	74.8	8.3	86.2	883.2	121.9
Margins (%)	-5.7	5.0	8.3	6.9	8.9	7.5	8.9	12.1	5.3	9.4

## DLF

Neutral

CMP: INR372 | TP: INR425 (+14%)

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

- We expect revenue to decline 5% YoY to INR14.7b.
- EBITDA margin could decrease 160bps YoY.
- We expect pre-sales to increase 20% YoY to INR24b, driven by spillover of bookings from 2Q.

### Consolidated quarterly earnings model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>11,395</b>	<b>14,809</b>	<b>15,497</b>	<b>15,473</b>	<b>14,416</b>	<b>13,023</b>	<b>14,732</b>	<b>16,756</b>	<b>57,174</b>	<b>58,927</b>
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
<b>EBITDA</b>	<b>3,954</b>	<b>4,583</b>	<b>5,213</b>	<b>3,675</b>	<b>4,137</b>	<b>4,367</b>	<b>4,714</b>	<b>5,476</b>	<b>17,426</b>	<b>18,694</b>
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
<b>PBT before EO expense</b>	<b>2,853</b>	<b>3,207</b>	<b>4,757</b>	<b>3,073</b>	<b>3,458</b>	<b>3,512</b>	<b>4,506</b>	<b>5,503</b>	<b>13,891</b>	<b>16,980</b>
Extra-Ord expense	0	0	-2,244	0	0	0	0	0	-2,244	0
<b>PBT</b>	<b>2,853</b>	<b>3,207</b>	<b>7,001</b>	<b>3,073</b>	<b>3,458</b>	<b>3,512</b>	<b>4,506</b>	<b>5,503</b>	<b>16,135</b>	<b>16,980</b>
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
<b>Reported PAT</b>	<b>3,371</b>	<b>3,790</b>	<b>8,283</b>	<b>4,055</b>	<b>4,692</b>	<b>4,772</b>	<b>6,109</b>	<b>7,163</b>	<b>19,492</b>	<b>22,736</b>
<b>Adj PAT</b>	<b>3,371</b>	<b>3,790</b>	<b>6,232</b>	<b>4,055</b>	<b>4,692</b>	<b>4,772</b>	<b>6,109</b>	<b>7,163</b>	<b>17,447</b>	<b>22,736</b>
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: INR1,211 | TP: INR1,300 (7%)

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

- We expect revenue in 3QFY23 to decrease 18.5% YoY to INR2.3b.
- Bulk of the recognition for FY23 is expected to come in 4QFY23
- Post reporting two record quarters, we expect GPL's pre-sales to sustain at INR24b, flat QoQ.
- PAT could witness four-fold rise to INR1.9b, driven by higher other income and contribution from JVs.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>862</b>	<b>1,293</b>	<b>2,788</b>	<b>13,306</b>	<b>2,447</b>	<b>1,651</b>	<b>2,271</b>	<b>7,824</b>	<b>18,249</b>	<b>14,192</b>
YoY Change (%)	19.2	44.5	63.5	207.6	184.0	27.7	-18.5	-41.2	138.6	-22.2
Total Expenditure	1,497	1,855	2,839	10,727	2,589	2,325	2,367	6,213	16,917	13,493
<b>EBITDA</b>	<b>-635</b>	<b>-562</b>	<b>-51</b>	<b>2,580</b>	<b>-142</b>	<b>-674</b>	<b>-96</b>	<b>1,611</b>	<b>1,332</b>	<b>699</b>
Margins (%)	-73.7	-43.4	-1.8	19.4	-5.8	-40.8	-4.2	20.6	7.3	4.9
Depreciation	51	52	55	57	55	56	51	52	214	214
Interest	417	411	417	430	345	406	597	1,089	1,675	2,437
Other Income	1,758	2,049	1,882	1,919	1,817	2,041	1,853	1,851	7,608	7,563
<b>PBT before EO expense</b>	<b>655</b>	<b>1,024</b>	<b>1,359</b>	<b>4,013</b>	<b>1,276</b>	<b>905</b>	<b>1,109</b>	<b>2,321</b>	<b>7,051</b>	<b>5,611</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>655</b>	<b>1,024</b>	<b>1,359</b>	<b>4,013</b>	<b>1,276</b>	<b>905</b>	<b>1,109</b>	<b>2,321</b>	<b>7,051</b>	<b>5,611</b>
Tax	186	226	290	956	327	-188	277	594	1,658	1,010
Rate (%)	28.4	22.1	21.4	23.8	25.6	-20.7	25.0	25.6	23.5	18.0
Minority Interest & Profit/Loss of Asso. Cos.	-299	-441	-679	-469	-516	-423	1,110	3,530	-1,887	3,701
<b>Reported PAT</b>	<b>170</b>	<b>357</b>	<b>390</b>	<b>2,589</b>	<b>433</b>	<b>670</b>	<b>1,942</b>	<b>5,256</b>	<b>3,506</b>	<b>8,302</b>
<b>Adj PAT</b>	<b>170</b>	<b>357</b>	<b>390</b>	<b>2,589</b>	<b>433</b>	<b>670</b>	<b>1,942</b>	<b>5,256</b>	<b>3,506</b>	<b>8,302</b>
YoY Change (%)	NM	NM	NM	NM	154.6	87.7	398.4	103.1	816.8	136.8
Margins (%)	19.7	27.6	14.0	19.5	17.7	40.6	85.5	67.2	19.2	58.5

Source: Company, MOFSL

**Macrotech Developers****Buy**

CMP: INR1072 | TP: INR1,530 (+43%)

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

- We expect revenue to grow 16% YoY.
- EBITDA margin is expected to increase 200bps YoY, due change in product mix.
- The company could achieve pre-sales of INR28b, up 7% YoY.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>16,054</b>	<b>21,238</b>	<b>20,594</b>	<b>34,446</b>	<b>26,758</b>	<b>17,654</b>	<b>23,821</b>	<b>27,051</b>	<b>92,332</b>	<b>95,284</b>
YoY Change (%)	221	135.8	36	36	67	-17	16	-21	69.5	3.2
Total Expenditure	12,295	17,320	15,737	25,733	22,091	13,414	17,771	19,853	71,085	73,128
<b>EBITDA</b>	<b>3,759</b>	<b>3,918</b>	<b>4,858</b>	<b>8,713</b>	<b>4,667</b>	<b>4,240</b>	<b>6,050</b>	<b>7,198</b>	<b>21,247</b>	<b>22,156</b>
Margins (%)	23.4	18.4	23.6	25.3	17.4	24.0	25.4	26.6	23.0	23.3
<b>Adj. EBITDA (as per co.)</b>	<b>5,370</b>	<b>7,780</b>	<b>6,980</b>	<b>12,300</b>	<b>9,030</b>	<b>5,250</b>	<b>7,338</b>	<b>8,486</b>	<b>32,430</b>	<b>30,105</b>
Margins (%)	33.5	36.6	33.9	35.7	33.7	29.7	30.8	31.4	35.1	31.6
Depreciation	186	184	187	190	196	219	192	162	748	769
Interest	2,451	1,562	1,573	1,218	1,193	1,249	968	742	6,803	4,152
Other Income	1,070	778	893	719	0	-42	304	414	3,460	676
<b>PBT before EO expense</b>	<b>2,191</b>	<b>2,950</b>	<b>3,991</b>	<b>8,023</b>	<b>3,278</b>	<b>2,730</b>	<b>5,195</b>	<b>6,709</b>	<b>17,156</b>	<b>17,911</b>
Extra-Ord expense	0	0	0	0	0	-11,774	0	0	0	-11,774
<b>PBT</b>	<b>2,191</b>	<b>2,950</b>	<b>3,991</b>	<b>8,023</b>	<b>3,278</b>	<b>-9,044</b>	<b>5,195</b>	<b>6,709</b>	<b>17,156</b>	<b>6,137</b>
Tax	588	719	1,131	2,643	559	270	1,039	1,342	5,080	3,210
Rate (%)	26.8	24.4	28.3	32.9	17.0	-3.0	20.0	20.0	0.3	0.5
Minority Interest & P/L of Asso. Cos.	-5	-2	-3	0	6	16	15	15	-10	52
<b>Reported PAT</b>	<b>1,608</b>	<b>2,234</b>	<b>2,864</b>	<b>5,380</b>	<b>2,713</b>	<b>-9,330</b>	<b>4,141</b>	<b>5,352</b>	<b>12,085</b>	<b>2,875</b>
<b>Adj PAT (as per co.)</b>	<b>1,220</b>	<b>2,870</b>	<b>2,790</b>	<b>5,730</b>	<b>3,550</b>	<b>2,796</b>	<b>4,141</b>	<b>5,352</b>	<b>12,610</b>	<b>15,838</b>
YoY Change (%)	-188	362.9	123	97	191	-3	48	-7	270.9	25.6
Margins (%)	7.6	13.5	13.5	16.6	13.3	15.8	17.4	19.8	13.7	16.6

Source: Company, MOFSL

**Mahindra Lifespaces****Buy****CMP: INR368 | TP: INR550 (49%)****EPS CHANGE (%): FY23|24: 0|0**

- Revenue is expected to increase by 4x to INR1.1b in 3QFY23.

- We expect MLDL to double its bookings YoY to INR4.8b.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Income from Operations</b>	<b>1,482</b>	<b>592</b>	<b>243</b>	<b>1,618</b>	<b>946</b>	<b>698</b>	<b>1,193</b>	<b>1,935</b>	<b>3,936</b>	<b>4,771</b>
YoY Change (%)	935.0	92.5	-62.6	188.9	-36.2	17.8	390.0	19.6	136.7	21.2
Total Expenditure	492	467	631	1,974	1,265	1,092	1,516	1,881	4,830	5,754
<b>EBITDA</b>	<b>990</b>	<b>125</b>	<b>-388</b>	<b>-357</b>	<b>-320</b>	<b>-394</b>	<b>-324</b>	<b>54</b>	<b>-895</b>	<b>-983</b>
Margins (%)	66.8	21.2	-159.4	-22.1	-33.8	-56.4	-27.1	2.8	-22.7	-20.6
Depreciation	15	14	14	23	24	32	24	14	65	94
Interest	12	54	17	15	18	25	38	46	65	126
Other Income	60	65	90	-67	228	40	43	22	147	334
<b>PBT before EO expense</b>	<b>1,022</b>	<b>122</b>	<b>-329</b>	<b>-462</b>	<b>-134</b>	<b>-411</b>	<b>-342</b>	<b>17</b>	<b>-878</b>	<b>-869</b>
Extra-Ord expense	0	0	0	-968	-338	0	0	0	-968	338
<b>PBT</b>	<b>1,022</b>	<b>122</b>	<b>-329</b>	<b>506</b>	<b>204</b>	<b>-411</b>	<b>-342</b>	<b>17</b>	<b>90</b>	<b>-531</b>
Tax	-54	107	-80	-597	76	-67	-73	-68	-624	-133
Rate (%)	-5.3	87.8	24.3	-117.9	37.0	16.4	21.4	NM	-695.2	25.0
Minority Interest & Profit/Loss of Asso. Cos.	-16	50	499	265	625	266	639	601	830	2,132
<b>Reported PAT</b>	<b>1,061</b>	<b>65</b>	<b>250</b>	<b>1,368</b>	<b>754</b>	<b>-77</b>	<b>371</b>	<b>686</b>	<b>1,545</b>	<b>1,733</b>
<b>Adj PAT</b>	<b>1,061</b>	<b>65</b>	<b>250</b>	<b>-742</b>	<b>541</b>	<b>-39</b>	<b>383</b>	<b>614</b>	<b>-6,153</b>	<b>1,480</b>
YoY Change (%)	-630.9	-148.9	-323.6	172.4	-49.0	-160.3	53.2	-182.7	-699.3	NM
Margins (%)	71.6	11.0	102.8	-45.9	57.2	-5.6	32.1	31.7	-156.3	31.0

**Oberoi Realty****Buy****CMP: INR862 | TP: INR1,100 (+28%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue to grow 6% YoY in 3QFY23E to INR8.8b.

- We expect EBITDA margin to increase 750bps YoY due to change in product mix and commencement of margin recognition at Mulund projects.

- We expected pre-sales to decrease 49% YoY to INR10b.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>2,843</b>	<b>7,543</b>	<b>8,320</b>	<b>8,235</b>	<b>9,131</b>	<b>6,886</b>	<b>8,806</b>	<b>11,852</b>	<b>26,940</b>	<b>36,674</b>
YoY Change (%)	140.8	138.6	0.4	4.2	221.2	-8.7	5.8	43.9	-26.5	36.1
Total Expenditure	1,594	3,811	5,005	4,717	4,209	3,782	4,676	6,199	15,126	18,866
<b>EBITDA</b>	<b>1,249</b>	<b>3,731</b>	<b>3,316</b>	<b>3,518</b>	<b>4,922</b>	<b>3,104</b>	<b>4,130</b>	<b>5,652</b>	<b>11,813</b>	<b>17,809</b>
Margins (%)	43.9	49.5	39.8	42.7	53.9	45.1	46.9	47.7	43.9	48.6
Depreciation	101	101	99	97	98	101	100	101	398	399
Interest	173	171	200	316	326	363	357	382	860	1,428
Other Income	105	143	142	195	217	232	174	74	585	697
<b>PBT before EO expense</b>	<b>1,080</b>	<b>3,602</b>	<b>3,159</b>	<b>3,300</b>	<b>4,715</b>	<b>2,873</b>	<b>3,847</b>	<b>5,244</b>	<b>11,140</b>	<b>16,679</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,080</b>	<b>3,602</b>	<b>3,159</b>	<b>3,300</b>	<b>4,715</b>	<b>2,873</b>	<b>3,847</b>	<b>5,244</b>	<b>11,140</b>	<b>16,679</b>
Tax	290	954	837	984	1,137	692	1,059	1,443	3,065	4,589
Rate (%)	26.9	26.5	26.5	29.8	24.1	24.1	27.5	27.5	27.5	27.5
Minority Interest & Profit/Loss of Asso. Cos.	17	18	2,353	8	453	1,006	719	699	2,396	2,876
<b>Reported PAT</b>	<b>806</b>	<b>2,666</b>	<b>4,675</b>	<b>2,324</b>	<b>4,031</b>	<b>3,186</b>	<b>3,508</b>	<b>4,500</b>	<b>10,471</b>	<b>14,967</b>
<b>Adj PAT</b>	<b>806</b>	<b>2,666</b>	<b>4,675</b>	<b>2,324</b>	<b>4,031</b>	<b>3,186</b>	<b>3,508</b>	<b>4,500</b>	<b>10,471</b>	<b>14,967</b>
YoY Change (%)	187.2	93.5	62.9	-19.0	400.0	19.5	-25.0	93.7	13.6	42.9
Margins (%)	28.4	35.3	56.2	28.2	44.1	46.3	39.8	38.0	38.9	40.8

Source: Company, MOFSL

**Prestige Estates****Buy****CMP: INR465 | TP: INR675 (45%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue in 3QFY23 to increase 40% YoY to INR18.6b.
- EBITDA margin is expected to decline 200bps on account of change in product mix.
- We expect the pre-sales to decline by 32% QoQ on a higher base to ~INR25b.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>14,158</b>	<b>13,445</b>	<b>13,275</b>	<b>24,003</b>	<b>19,385</b>	<b>14,277</b>	<b>18,604</b>	<b>22,151</b>	<b>63,895</b>	<b>74,417</b>
YoY Change (%)	11.2	-28.3	-28.2	5.8	36.9	6.2	40.1	-7.7	-12.0	16.5
Total Expenditure	10,704	9,527	10,026	19,008	14,768	10,591	14,429	17,225	48,560	57,012
<b>EBITDA</b>	<b>3,454</b>	<b>3,918</b>	<b>3,249</b>	<b>4,995</b>	<b>4,617</b>	<b>3,686</b>	<b>4,175</b>	<b>4,926</b>	<b>15,335</b>	<b>17,404</b>
Margins (%)	24.4	29.1	24.5	20.8	23.8	25.8	22.4	22.2	24.0	23.4
Depreciation	1,130	1,145	1,130	1,305	1,468	1,626	1,466	1,547	4,710	6,107
Interest	1,319	1,800	1,290	1,739	1,847	1,863	1,970	1,483	5,553	7,163
Other Income	576	478	184	893	733	470	613	637	2,107	2,454
<b>PBT before EO expense</b>	<b>1,581</b>	<b>1,451</b>	<b>1,013</b>	<b>2,844</b>	<b>2,035</b>	<b>667</b>	<b>1,353</b>	<b>2,533</b>	<b>7,179</b>	<b>6,588</b>
Extra-Ord expense	0	0	0	8,079	1,497	1,463	0	0	8,079	2,960
<b>PBT</b>	<b>1,581</b>	<b>1,451</b>	<b>1,013</b>	<b>10,923</b>	<b>3,532</b>	<b>2,130</b>	<b>1,353</b>	<b>2,533</b>	<b>15,258</b>	<b>9,548</b>
Tax	505	485	481	1,527	996	625	338	428	2,945	2,387
Rate (%)	31.9	33.4	47.5	14.0	28.2	29.3	25.0	16.9	19.3	25.0
Minority Interest & Profit/Loss of Asso. Cos.	503	207	100	1	487	98	93	2	813	680
<b>Reported PAT</b>	<b>573</b>	<b>759</b>	<b>432</b>	<b>9,395</b>	<b>2,049</b>	<b>1,407</b>	<b>922</b>	<b>2,103</b>	<b>11,500</b>	<b>6,481</b>
<b>Adj PAT</b>	<b>573</b>	<b>759</b>	<b>432</b>	<b>2,445</b>	<b>974</b>	<b>373</b>	<b>922</b>	<b>2,103</b>	<b>4,209</b>	<b>4,372</b>
YoY Change (%)	3,481.3	27.3	-26.4	28.6	70.0	-50.8	113.4	-14.0	20.0	3.9
Margins (%)	4.0	5.6	3.3	10.2	5.0	2.6	5.0	9.5	6.6	5.9

**Sobha****Buy****CMP: 580 | TP: INR850 (47%)****EPS CHANGE (%): FY23|24: 0|0**

- We expect revenue in 3QFY23 to increase 18% YoY to INR7.9b.
- EBITDA and Profits are not comparable due to restatement
- We expect pre-sales to increase 19% YoY to INR12.5b.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>5,115</b>	<b>7,799</b>	<b>6,682</b>	<b>7,313</b>	<b>5,646</b>	<b>6,673</b>	<b>7,890</b>	<b>7,969</b>	<b>26,201</b>	<b>28,177</b>
YoY Change (%)	46.1	49.4	-2.4	32.1	10.4	-14.4	18.1	9.0		
Total Expenditure	3,109	6,009	4,407	5,270	4,918	5,751	6,570	6,430	20,177	23,669
<b>EBITDA</b>	<b>2,006</b>	<b>1,790</b>	<b>2,275</b>	<b>2,043</b>	<b>728</b>	<b>922</b>	<b>1,320</b>	<b>1,538</b>	<b>6,024</b>	<b>4,508</b>
Margins (%)	39.2	23.0	34.0	27.9	12.9	13.8	16.7	19.3	23.0	16.0
Depreciation	174	170	178	189	147	179	196	192	688	714
Interest	1,817	789	1,948	1,845	614	632	616	593	4,035	2,455
Other Income	127	5	293	355	117	233	237	259	917	845
<b>PBT before EO expense</b>	<b>142</b>	<b>836</b>	<b>442</b>	<b>364</b>	<b>84</b>	<b>344</b>	<b>745</b>	<b>1,012</b>	<b>2,218</b>	<b>2,185</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>142</b>	<b>836</b>	<b>442</b>	<b>364</b>	<b>84</b>	<b>344</b>	<b>745</b>	<b>1,012</b>	<b>2,218</b>	<b>2,185</b>
Tax	36	205	115	114	39	152	186	165	550	542
Rate (%)	25.4	24.5	26.0	31.3	46.4	44.2	25.0	16.3	24.8	24.8
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>106</b>	<b>631</b>	<b>327</b>	<b>250</b>	<b>45</b>	<b>192</b>	<b>559</b>	<b>847</b>	<b>1,668</b>	<b>1,643</b>
<b>Adj PAT</b>	<b>106</b>	<b>631</b>	<b>327</b>	<b>250</b>	<b>45</b>	<b>192</b>	<b>559</b>	<b>847</b>	<b>1,668</b>	<b>1,643</b>
YoY Change (%)	60.6	289.5	51.4	39.7	-57.5	-69.6	70.9	238.9	167.6	-1.5
Margins (%)	2.1	8.1	4.9	3.4	0.8	2.9	7.1	10.6	6.4	5.8

# Retail

## Company

Aditya Birla Fashion and Retail

Avenue Supermarts

Bata India

Campus Activewear

Metro Brands

Relaxo

Shoppers Stop

Trent

V-Mart Retail

## Weak macro undercurrent

### Soft demand environment

The retail sector is witnessing a soft demand environment. While overall growth in the retail segment has been positive YoY despite the higher base in 3QFY22, LTL growth has been soft. After the last quarter's K-shape recovery trend where the premium category outperformed the value segment, we see soft demand in the premium segment in 3QFY23. Last year price increase has been held back by premium players which has translated into growth, but tier 2 players and value retailers have partly rolled back as it has impacted volumes, thus seeing weak revenue trends. LFL growth is mainly coming from the price increase taken few quarters ago, with limited or no volume growth.

### Value v/s Premium categories

In the value segment, despite high RM costs, retailers have resisted, or rolled back, price increases to increase demand. Value retailers like Vmart, Relaxo and Campus are seeing weak consumer demand and still operate below the pre-COVID levels, impacted by general inflationary pressure and previous ASP increases. Even the base effect is hurting as 3QFY22 was the peak quarter, with high pent-up demand outpacing inventory levels, thus leading to no discount/promotions. Within the premium ASP category, Shoppers Stop, Metro and Trent are expected to deliver double-digit growth, backed by mid-single digit SSSG as the companies should continue to see benefits of the price hike. Trent is expected to report a strong performance, driven by strong SSSG and continued momentum in store additions. On the value side, footwear players – Relaxo, Campus, Bata and Vmart – are expected to see single-digit growth.

### Store addition driving growth

Players with a well-capitalized balance sheet have continued to add stores to leverage the market opportunity. The pace of store additions should continue, which is generally higher in 2H, as companies look to be on track with their annual store opening targets of ~20%. Positive store addition momentum is driving higher growth for players like Trent (Westside/Zudio), Metro, DMart and ABFRL vs peers.

### Margins to remain under pressure due to incremental spends

Gross/EBITDA margins may remain under pressure due to high commodity prices and increased spends. Early EOSS may also soften margins. Premium players with some cost pass-through ability have cushioned the impact, but in the value segment most retailers have either resisted, or rolled back, the price increases to avoid demand impact. The recent easing in commodity prices could give some benefits with a lag of 3-4 months in the coming quarter. Subsequently, EBITDA margin should increase 30bp YoY overall for our coverage universe but should still remain closer to the pre-COVID level. ABFRL is expected to see incremental spends to scale up the ethnic wear segment, while some losses from the D2C segment may also impact the margins.

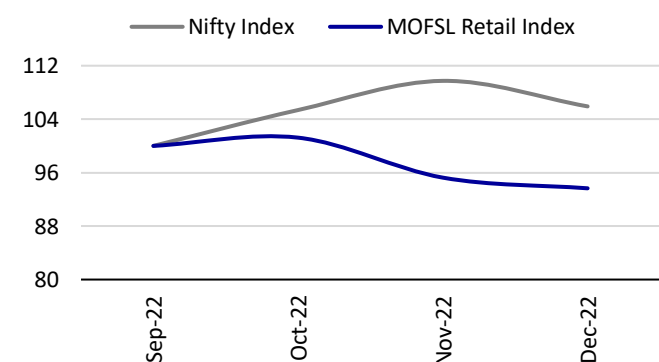


**Valuation and View**

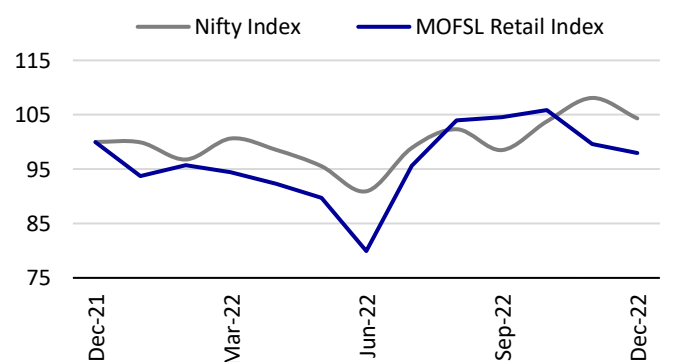
We reiterate our Buy rating on ABFRL and VMART given their comfortable valuations, growth equations v/s peers, and strong opportunities in the Value Retail segment. Trent, with its strong growth proposition and balance sheet strength, remains a strong candidate (Buy). Within the footwear space, Metro remains a strong player, backed by its strong retail economics and growth potential (Buy). SHOP's recent aggressive growth trends and improved store economics present a sound opportunity, but consistency in SSSG performance remains a key monitorable (Neutral).

**Exhibit 1: Expected quarterly performance summary**

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Aditya Birla Fashion	287	Buy	34,197	14.5	11.2	4,924	-15.4	24.1	850	-56.3	182.4
Avenue Supermarts	4074	Neutral	1,15,385	25.2	8.5	10,625	22.6	19.1	6,711	21.5	23.2
Barbeque Nation	982	Neutral	3,497	22.0	12.6	756	15.0	29.6	174	19.0	307.0
Bata India	1654	Neutral	9,459	12.4	14.0	2,456	45.6	52.6	1,169	61.7	113.3
Campus Activewear	411	Buy	5,073	17.0	52.3	1,055	13.7	142.9	623	13.8	328.3
Devyani Intl.	181	Buy	8,575	37.3	14.7	2,015	36.3	21.8	752	15.0	11.8
Jubilant Foodworks	505	Buy	13,725	15.0	6.7	3,366	6.1	7.7	1,333	-3.0	11.8
Metro Brands	865	Buy	5,805	20.0	21.9	2,003	19.3	36.1	1,159	14.9	49.7
Relaxo Footwear	906	Neutral	7,584	2.0	13.3	1,167	-4.0	96.4	650	-7.3	189.7
Restaurant Brands	114	Buy	4,142	48.0	12.6	559	70.3	32.8	-91	Loss	Loss
Sapphire Foods	1303	Buy	6,241	23.0	10.9	1,197	4.5	16.0	347	-32.0	29.0
Shoppers Stop	715	Neutral	11,374	19.6	12.8	2,298	25.6	37.4	699	39.2	246.9
Titan Company	2566	Buy	1,06,809	6.4	16.6	13,872	-3.8	11.2	9,683	-4.3	16.0
Trent	1344	Buy	21,079	56.4	16.2	4,152	42.3	55.2	1,643	23.6	-11.6
V-Mart Retail	2824	Buy	7,973	15.2	57.5	1,411	4.3	163.4	514	-10.0	LP
Westlife Foodworld	776	Neutral	6,103	28.0	6.6	1,044	31.5	8.8	328	57.6	4.1
<b>Retail</b>			<b>3,67,021</b>	<b>18.0</b>	<b>13.4</b>	<b>52,900</b>	<b>10.0</b>	<b>25.6</b>	<b>26,543</b>	<b>3.2</b>	<b>32.1</b>

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

Source: Bloomberg, MOFSL

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

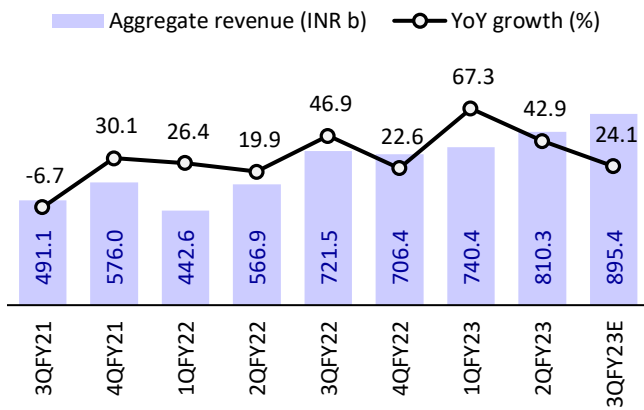
Source: Bloomberg, MOFSL

## Exhibit 4: Financial snapshot of our Retail Coverage Universe

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E	YoY (%)	QoQ (%)
<b>Total Revenue (INR b)</b>											
ABFRL	20.8	18.2	8.1	20.5	29.9	22.8	28.7	30.7	34.2	14.5	11.2
DMART	75.4	74.1	51.8	77.9	92.2	87.9	100.4	106.4	122.9	33.3	15.5
SHOP	7.1	6.7	2.0	6.3	9.5	7.1	9.4	10.1	11.4	19.6	12.8
TRENT	7.3	7.7	3.3	10.2	13.5	11.9	16.5	18.1	21.1	56.4	16.2
Rel. Retail	359.9	447.6	366.6	432.0	548.9	551.8	556.9	617.4	670.7	22.2	8.6
VMART	4.7	3.5	1.8	3.4	6.9	4.6	5.9	5.1	8.0	15.2	57.5
Bata India	6.2	5.9	2.7	6.1	8.4	6.7	9.4	8.3	9.5	12.4	14.0
Metro Brands	3.0	3.2	1.3	3.2	4.8	4.0	5.1	4.8	5.8	20.0	21.9
Campus	-	1.5	-	-	-	2.8	1.4	2.7	4.3	NA	58.8
Relaxo	6.7	7.5	5.0	7.1	7.4	7.0	6.7	6.7	7.6	2.0	13.3
<b>Aggregate revenue (INR b)</b>	<b>491.1</b>	<b>576.0</b>	<b>442.6</b>	<b>566.9</b>	<b>721.5</b>	<b>706.4</b>	<b>740.4</b>	<b>810.3</b>	<b>895.4</b>	<b>24.1</b>	<b>10.5</b>
<b>YoY growth (%)</b>	<b>-6.7</b>	<b>30.1</b>	<b>26.4</b>	<b>19.9</b>	<b>46.9</b>	<b>22.6</b>	<b>67.3</b>	<b>42.9</b>	<b>24.1</b>		
<b>Gross Profit (INR b)</b>											
ABFRL	10.9	9.8	4.1	11.0	16.3	12.7	16.1	16.9	19.0	16.6	12.4
DMART	11.7	11.0	6.8	11.6	14.2	13.1	16.4	16.1	19.1	34.7	18.9
SHOP	2.7	2.7	0.8	2.4	3.9	2.8	4.0	4.2	4.7	22.1	13.6
TRENT	4.1	4.1	1.8	5.3	6.9	5.8	8.2	8.5	10.4	51.1	22.5
Rel. Retail	88.8	110.4	90.4	106.6	135.4	136.1	137.4	152.3	165.5	22.2	8.6
VMART	1.7	1.0	0.6	1.0	2.6	1.6	2.2	1.8	3.0	15.2	60.6
Bata India	3.2	3.1	1.5	3.2	4.4	3.8	5.3	4.6	5.5	24.3	20.7
Metro Brands	1.8	1.7	0.7	1.9	2.9	2.3	3.0	2.7	3.4	18.7	24.3
Campus	-	1.5	-	-	-	1.3	0.7	1.3	2.1	NA	59.3
Relaxo	4.0	4.2	2.7	3.9	4.0	3.8	3.6	3.3	3.9	-2.2	18.1
<b>Aggregate Gross Profit (INR b)</b>	<b>128.8</b>	<b>149.7</b>	<b>109.4</b>	<b>147.0</b>	<b>190.6</b>	<b>183.5</b>	<b>196.9</b>	<b>211.8</b>	<b>236.7</b>	<b>24.2</b>	<b>11.8</b>
<b>YoY growth (%)</b>	<b>-100.0</b>	<b>37.6</b>	<b>30.2</b>	<b>24.9</b>	<b>47.9</b>	<b>22.6</b>	<b>80.0</b>	<b>44.1</b>	<b>24.2</b>		
<b>Gross margin (%)</b>											
ABFRL	52.4	53.6	50.7	53.4	54.7	55.7	55.8	55.1	55.7	100bps	60bps
DMART	15.5	14.8	13.1	14.9	15.4	15.0	16.3	15.1	15.6	20bps	40bps
SHOP	38.6	40.9	38.7	38.2	40.6	40.1	42.2	41.2	41.5	90bps	30bps
TRENT	56.4	53.2	53.6	52.1	51.2	49.1	49.3	47.0	49.5	-170bps	250bps
Rel. Retail	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	0bps	0bps
VMART	36.7	29.8	31.0	30.7	37.0	34.9	37.3	36.3	37.0	0bps	70bps
Bata India	51.6	53.1	56.2	52.9	52.7	57.6	56.6	55.0	58.2	550bps	320bps
Metro Brands	57.9	54.8	55.7	57.5	59.1	57.3	59.7	57.3	58.5	-60bps	120bps
Campus	N.A	100.0	N.A	N.A	N.A	48.8	55.3	49.1	49.2	0bps	10bps
Relaxo	58.9	56.8	54.5	54.8	53.2	54.2	54.1	48.9	51.0	-220bps	210bps
<b>Aggregate gross margin (%)</b>	<b>26.2</b>	<b>26.0</b>	<b>24.7</b>	<b>25.9</b>	<b>26.4</b>	<b>26.0</b>	<b>26.6</b>	<b>26.1</b>	<b>26.4</b>	<b>0bps</b>	<b>30bps</b>
<b>EBITDA (INR b)</b>											
ABFRL	3.6	2.4	-1.7	3.1	5.8	3.7	4.7	4.0	4.9	-15.4	24.1
DMART	6.9	6.1	2.2	6.7	8.7	7.4	10.1	8.9	11.3	30.1	26.4
SHOP	0.9	1.0	-0.6	0.7	1.8	0.8	1.6	1.7	2.3	25.6	37.4
TRENT	1.8	1.4	-0.3	2.2	2.9	1.5	3.0	2.7	4.2	42.3	55.2
Rel. Retail	30.9	36.2	19.4	29.1	38.2	37.1	38.4	44.0	51.2	33.9	16.2
VMART	1.0	0.3	-0.0	0.2	1.4	0.5	0.9	0.5	1.4	4.3	163.4
Bata India	1.2	1.1	-0.3	1.2	1.7	1.6	2.4	1.6	2.5	45.6	52.6
Metro Brands	1.0	0.8	0.1	1.0	1.7	1.3	1.8	1.5	2.0	19.3	36.1
Campus	-	0.3	-	-	-	0.7	0.1	0.5	0.9	NA	69.0
Relaxo	1.5	1.6	0.7	1.2	1.2	1.1	0.9	0.6	1.2	-4.0	96.4
<b>Aggregate EBITDA (INR b)</b>	<b>48.8</b>	<b>51.2</b>	<b>19.5</b>	<b>45.4</b>	<b>63.4</b>	<b>55.6</b>	<b>64.0</b>	<b>66.0</b>	<b>81.8</b>	<b>29.0</b>	<b>23.9</b>
<b>YoY growth (%)</b>	<b>227.2</b>	<b>54.1</b>	<b>237.1</b>	<b>85.8</b>	<b>29.8</b>	<b>8.7</b>	<b>228.2</b>	<b>45.4</b>	<b>29.0</b>		
<b>EBITDA margin (%)</b>											
ABFRL	17.6	12.9	-20.8	15.3	19.5	16.3	16.3	12.9	14.4	-510bps	150bps
DMART	9.1	8.3	4.3	8.6	9.4	8.4	10.0	8.4	9.2	-20bps	80bps
SHOP	13.4	14.2	-31.2	11.2	19.2	10.8	17.2	16.6	20.2	100bps	360bps
TRENT	24.8	17.7	-9.7	21.7	21.6	12.9	18.4	14.8	19.7	-190bps	490bps
Rel. Retail	8.6	8.1	5.3	6.7	7.0	6.7	6.9	7.1	7.6	70bps	50bps
VMART	22.1	9.5	-1.1	6.1	19.6	11.0	15.1	10.6	17.7	-190bps	710bps
Bata India	19.1	19.0	-11.8	19.4	20.0	24.4	25.9	19.4	26.0	590bps	660bps
Metro Brands	32.3	26.6	11.1	29.8	34.7	32.2	36.0	30.9	34.5	-20bps	360bps

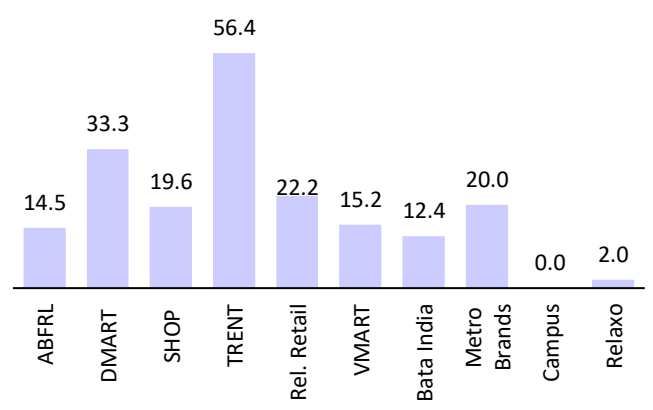
	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E	YoY (%)	QoQ (%)
Campus		17.6				23.6	11.0	20.1	21.4	NA	130bps
Relaxo	22.1	21.8	13.3	16.4	16.4	15.9	12.9	8.9	15.4	-100bps	650bps
<b>Aggregate EBITDA margin (%)</b>	<b>9.9</b>	<b>8.9</b>	<b>4.4</b>	<b>8.0</b>	<b>8.8</b>	<b>7.9</b>	<b>8.6</b>	<b>8.1</b>	<b>9.1</b>	<b>30bps</b>	<b>100bps</b>
<b>PAT (INR b)</b>											
ABFRL	0.6	-2.0	-3.5	0.1	1.9	0.3	0.9	0.3	0.9	-56.3	182.4
DMART	4.5	4.1	1.0	4.2	5.5	4.3	6.4	6.9	7.2	30.0	4.8
SHOP	-0.2	-0.4	-1.2	-0.0	0.5	-0.2	0.2	0.2	0.7	39.2	285.2
TRENT	0.8	0.6	-0.8	1.3	1.3	0.7	1.0	1.9	1.6	23.6	-11.6
Rel. Retail	12.5	15.6	9.4	11.0	14.0	14.1	16.8	18.6	20.2	44.4	8.6
VMART	0.5	-0.0	-0.3	-0.1	0.6	-0.0	0.2	-0.1	0.5	-10.0	-554.3
Bata India	0.3	0.3	-0.7	0.4	0.7	0.6	1.2	0.5	1.2	61.7	113.3
Metro Brands	0.7	0.4	-0.1	0.6	1.0	0.7	1.1	0.8	1.2	14.9	49.7
Campus	-	0.1	-	-	-	0.1	0.0	0.3	0.5	NA	93.8
Relaxo	0.9	1.0	0.3	0.7	0.7	0.6	0.4	0.2	0.6	-7.3	189.7
<b>Aggregate PAT (INR b)</b>	<b>20.5</b>	<b>19.8</b>	<b>4.0</b>	<b>18.0</b>	<b>26.3</b>	<b>21.3</b>	<b>28.3</b>	<b>29.5</b>	<b>33.5</b>	<b>27.3</b>	<b>13.4</b>
<b>YoY growth (%)</b>	<b>-6.3</b>	<b>36.6</b>	<b>2.2</b>	<b>45.6</b>	<b>28.2</b>	<b>7.5</b>	<b>610.1</b>	<b>64.5</b>	<b>27.3</b>		

Exhibit 5: Aggregate revenue growth (YoY %)



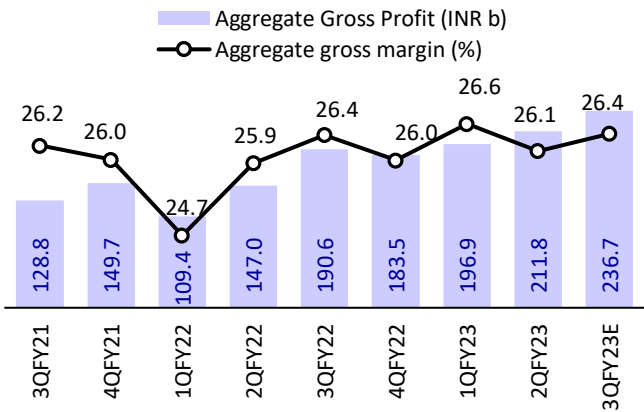
Source: Company, MOFSL

Exhibit 6: Expected revenue growth in 3QFY23 (YoY %)



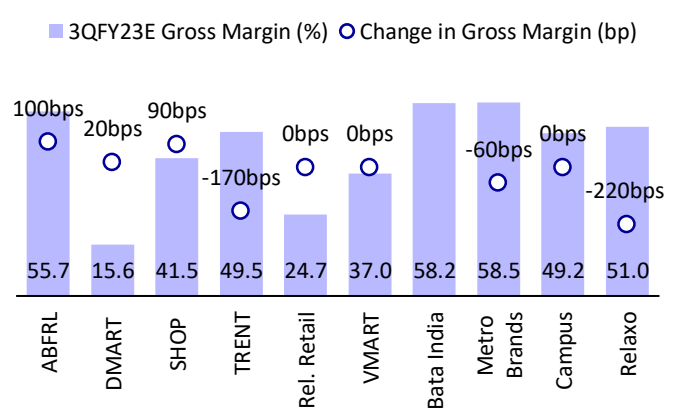
Source: Company, MOFSL

Exhibit 7: Aggregate growth in gross profit (YoY %)



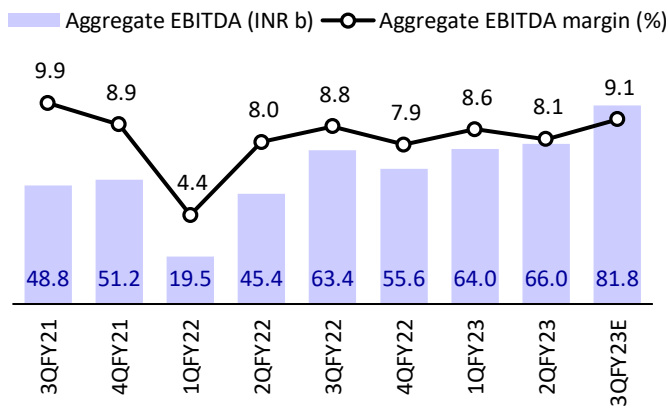
Source: Company, MOFSL

Exhibit 8: Change in gross margin (YoY %)



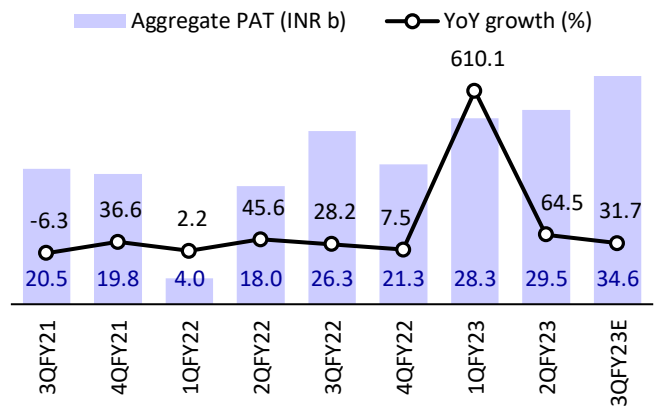
Source: Company, MOFSL

**Exhibit 9: Aggregate EBITDA trajectory (margin, %)**



Source: Company, MOFSL

**Exhibit 10: Aggregate PAT trajectory (YoY %)**



Source: Company, MOFSL

**Exhibit 11: Retail coverage KPI snapshot**

	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E
<b>Total store count</b>													
Madura EBOs	2,656	2,699	2,662	2,686	2,813	2,866	2,874	2,917	3,036	3,091	3,112	3,197	3,265
Pantaloons	343	342	342	339	344	346	342	347	361	377	375	396	416
DMart	196	214	216	220	221	234	238	246	263	284	294	302	314
Shoppers Stop	89	84	84	85	84	84	83	80	83	88	90	91	94
Westside	167	165	166	166	169	174	184	191	197	200	203	215	222
Zudio	93	96	100	105	119	152	156	166	197	254	268	306	337
V-Mart	257	266	266	264	274	279	282	368	374	380	391	405	420
<b>Store additions</b>													
Madura EBOs	112	43	-37	24	127	53	8	43	119	55	21	85	68
Pantaloons	12	-1	0	-3	5	2	-4	5	14	16	-2	21	20
DMart	7	18	2	4	1	13	4	8	17	21	10	8	12
Shoppers Stop	5	-5	0	1	-1	0	-1	-3	3	5	2	1	3
Westside	6	-2	1	0	3	5	10	7	6	3	3	12	7
Zudio	13	3	4	5	14	33	4	10	31	57	14	38	31
V-Mart	18	9	0	-2	10	5	3	86	6	6	11	14	15
<b>Total store additions</b>	<b>173</b>	<b>65</b>	<b>-30</b>	<b>29</b>	<b>159</b>	<b>111</b>	<b>24</b>	<b>156</b>	<b>196</b>	<b>163</b>	<b>59</b>	<b>179</b>	<b>156</b>

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
<b>Retail</b>						<b>85.1</b>	<b>65.2</b>	<b>52.5</b>	<b>15.5</b>	<b>12.8</b>	<b>10.6</b>	<b>18.2</b>	<b>19.7</b>	<b>20.2</b>
Aditya Birla Fashion	287	Buy	2.5	5.0	8.7	114.5	57.5	33.1	7.3	6.5	5.4	7.3	12.0	17.9
Avenue Supermarts	4,074	Neutral	40.3	53.2	60.3	101.2	76.6	67.6	15.5	12.8	10.7	17.3	19.0	17.9
Barbeque Nation	982	Neutral	11.1	17.1	21.9	88.9	57.6	44.9	8.9	7.7	6.6	10.0	13.4	14.7
Bata India	1,654	Neutral	28.2	37.7	47.6	58.7	43.9	34.7	9.8	8.0	6.5	18.2	20.0	20.6
Campus Activewear	411	Buy	5.4	7.8	10.5	75.9	52.5	39.2	20.6	14.8	10.8	27.2	28.2	27.4
Devyani Intl.	181	Buy	2.5	3.1	3.8	70.9	57.7	47.3	21.5	15.6	11.7	36.2	31.4	28.3
Jubilant Foodworks	505	Buy	7.4	9.1	10.8	68.2	55.4	46.7	16.4	14.2	12.8	24.0	25.7	27.5
Metro Brands	865	Buy	14.3	16.8	19.9	60.7	51.6	43.6	14.2	11.3	9.1	26.9	25.0	23.8
Relaxo Footwear	906	Neutral	8.4	13.0	16.1	107.5	69.6	56.4	11.8	10.4	9.2	11.4	15.9	17.3
Restaurant Brands	114	Buy	-2.5	0.1	0.3	-45.5	914.3	378.1	6.0	5.9	5.1	-13.1	0.6	1.3
Sapphire Foods	1,303	Buy	20.9	29.3	37.6	62.3	44.5	34.7	7.3	6.2	5.3	12.4	15.1	16.5
Shoppers Stop	715	Neutral	9.2	12.4	13.9	77.5	57.6	51.3	34.4	21.6	15.2	56.7	46.0	34.7
Titan Company	2,566	Buy	37.0	43.1	53.6	69.3	59.6	47.9	19.5	15.8	13.0	31.4	29.4	29.8
Trent	1,344	Buy	11.3	16.1	22.3	119	83	60.3	16.1	13.4	10.8	15.7	18.7	21.2
V-Mart Retail	2,824	Buy	27.5	51.1	91.5	103	55	30.8	5.7	5.2	4.4	5.7	9.8	15.4
Westlife Foodworld	776	Neutral	7.1	10.0	14.6	109.9	77.8	53.1	21.1	16.6	12.6	21.2	23.9	27.0

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

**ABFRL****Buy****CMP: INR 287 | TP: INR 380 (+33%)****EPS CHANGE (%): FY23|24: (28.0)|(26.5)**

- Expect revenue growth of 14.5% to INR34.2b YoY
- Expect revenue from the Ethnic Wear segment to touch INR1.5b in 3QFY23 (up 30% YoY)
- Expect revenue from Madhura/Pantaloons to grow by 15%/ 17% in 3QFY23 YoY
- Expect Madhura to add 63 EBO stores in 3QFY23

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>8,120</b>	<b>20,543</b>	<b>29,871</b>	<b>22,828</b>	<b>28,748</b>	<b>30,746</b>	<b>34,197</b>	<b>28,676</b>	<b>81,362</b>	<b>1,22,367</b>
YoY Change (%)	151.4	99.8	43.9	25.3	254.1	49.7	14.5	25.6	55.0	50.4
Total Expenditure	9,807	17,408	24,050	19,098	24,063	26,779	29,272	24,252	70,363	1,04,366
<b>EBITDA</b>	<b>-1,687</b>	<b>3,135</b>	<b>5,821</b>	<b>3,730</b>	<b>4,684</b>	<b>3,967</b>	<b>4,924</b>	<b>4,424</b>	<b>10,999</b>	<b>18,000</b>
Change, YoY (%)	-53.2	-4,203.8	59.7	58.5	-377.6	26.5	-15.4	18.6	374.5	63.6
Depreciation	2,378	2,416	2,509	2,668	2,703	2,907	3,033	3,188	9,970	11,831
Interest	852	876	884	895	944	1,036	1,025	1,094	3,507	4,099
Other Income	243	252	243	267	311	220	224	224	1,006	980
<b>PBT</b>	<b>-4,674</b>	<b>96</b>	<b>2,671</b>	<b>435</b>	<b>1,349</b>	<b>245</b>	<b>1,090</b>	<b>367</b>	<b>-1,473</b>	<b>3,051</b>
Tax	-1,156	37	727	127	411	-56	240	81	-266	675
Rate (%)	24.7	38.5	27.2	29.3	30.4	-23.0	22.0	22.0	18.0	22.1
<b>Reported PAT</b>	<b>-3,518</b>	<b>59</b>	<b>1,944</b>	<b>308</b>	<b>938</b>	<b>301</b>	<b>850</b>	<b>286</b>	<b>-1,207</b>	<b>2,376</b>
<b>Adj PAT</b>	<b>-3,518</b>	<b>59</b>	<b>1,944</b>	<b>308</b>	<b>938</b>	<b>301</b>	<b>850</b>	<b>286</b>	<b>-1,207</b>	<b>2,376</b>
YoY Change (%)	-14.3	-103.1	232.6	-115.7	-126.7	411.2	-56.3	-7.0	-83.6	-296.8

E: MOFSL Estimates

**Avenue Supermarts****Neutral****CMP: INR 4,074 | TP: INR 4,100 (+1%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Consolidated revenue expected to grow by 33% YoY to INR122.9b in 3QFY23
- Adjusted for store additions, revenue expected to grow by 5% on a like-to-like basis
- DMART expected to add 12 stores in 3QFY23, taking its total store count to 314
- Expect the company to add 45 stores in FY23

**Consolidated - Quarterly Earning****(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>51.8</b>	<b>77.9</b>	<b>92.2</b>	<b>87.9</b>	<b>100.4</b>	<b>106.4</b>	<b>122.9</b>	<b>126.9</b>	<b>309.8</b>	<b>456.5</b>
YoY Change (%)	33.5	46.8	22.2	18.5	93.7	36.6	33.3	44.4	28.3	47.4
Total Expenditure	49.6	71.2	83.5	80.5	90.3	97.5	111.6	116.2	284.8	415.6
<b>EBITDA</b>	<b>2.2</b>	<b>6.7</b>	<b>8.7</b>	<b>7.4</b>	<b>10.1</b>	<b>8.9</b>	<b>11.3</b>	<b>10.7</b>	<b>25.0</b>	<b>40.9</b>
Change YoY (%)	100.6	102.9	25.7	20.7	349.7	33.4	30.1	44.2	43.3	63.8
Depreciation	1.1	1.2	1.3	1.5	1.4	1.6	1.5	1.3	5.0	5.9
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	0.2	0.1	1.2	0.9
<b>PBT</b>	<b>1.4</b>	<b>5.7</b>	<b>7.5</b>	<b>6.1</b>	<b>8.8</b>	<b>7.5</b>	<b>9.8</b>	<b>9.3</b>	<b>20.6</b>	<b>35.4</b>
Tax	0.4	1.5	2.0	1.8	2.3	0.6	2.7	2.5	5.7	8.1
Rate (%)	30.6	26.4	26.3	29.9	26.6	8.3	27.0	27.0	27.7	22.9
<b>Reported PAT</b>	<b>1.0</b>	<b>4.2</b>	<b>5.5</b>	<b>4.3</b>	<b>6.4</b>	<b>6.9</b>	<b>7.2</b>	<b>6.8</b>	<b>14.9</b>	<b>27.2</b>
<b>Adj PAT</b>	<b>1.0</b>	<b>4.2</b>	<b>5.5</b>	<b>4.3</b>	<b>6.4</b>	<b>5.4</b>	<b>7.2</b>	<b>6.8</b>	<b>14.9</b>	<b>25.8</b>
YoY Change (%)	137.9	110.4	23.6	3.1	574.2	30.4	30.0	58.8	35.7	73.1

E: MOFSL Estimates

**Bata India****Neutral****CMP: INR 1,654 | TP: INR 1,880 (+14%)****EPS CHANGE (%): FY23 | 24: (5.6) | (4.6)**

- Expect 12% YoY growth in revenue to INR9.5b (up 14% from pre-COVID levels)
- Expect PAT margin to improve by 300bps YoY to 12%
- Expect EBITDA margin to expand by ~600bp YoY led by an improvement in gross margin

**Consolidated - Quarterly Earning**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>2,670</b>	<b>6,141</b>	<b>8,413</b>	<b>6,652</b>	<b>9,430</b>	<b>8,298</b>	<b>9,459</b>	<b>7,607</b>	<b>23,877</b>	<b>34,793</b>
YoY Change (%)	97.7	66.9	36.7	12.8	253.1	35.1	12.4	14.3	39.8	45.7
Gross Profit	1,500	3,248	4,431	3,831	5,339	4,562	5,506	4,412	13,009	19,819
Gross margin%	56.2	52.9	52.7	57.6	56.6	55.0	58.2	58.0	54.5	57.0
Total Expenditure	2,986	4,949	6,727	5,031	6,983	6,688	7,003	5,718	19,692	26,393
<b>EBITDA</b>	<b>-315</b>	<b>1,192</b>	<b>1,686</b>	<b>1,621</b>	<b>2,447</b>	<b>1,609</b>	<b>2,456</b>	<b>1,889</b>	<b>4,185</b>	<b>8,400</b>
EBITDA margin	-11.8	19.4	20.0	24.4	25.9	19.4	26.0	24.8	17.5	24.1
Change YoY (%)	-63.3	557.0	43.2	44.6	-876.5	35.0	45.6	16.5	158.0	100.7
Depreciation	501	586	616	718	693	736	737	782	2,420	2,948
Interest	230	220	233	245	249	272	272	282	928	1,074
Other Income	122	115	135	187	93	119	112	124	560	448
<b>PBT before EO expense</b>	<b>-924</b>	<b>502</b>	<b>973</b>	<b>846</b>	<b>1,597</b>	<b>720</b>	<b>1,559</b>	<b>950</b>	<b>1,397</b>	<b>4,826</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>-924</b>	<b>502</b>	<b>973</b>	<b>846</b>	<b>1,597</b>	<b>720</b>	<b>1,559</b>	<b>950</b>	<b>1,397</b>	<b>4,826</b>
Tax	-229	130	249	216	404	172	390	237	367	1,203
Rate (%)	24.8	25.9	25.6	25.6	25.3	23.9	25.0	25.0	26.3	24.9
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>-695</b>	<b>372</b>	<b>723</b>	<b>630</b>	<b>1,194</b>	<b>548</b>	<b>1,169</b>	<b>712</b>	<b>1,030</b>	<b>3,623</b>
<b>Adj PAT</b>	<b>-695</b>	<b>372</b>	<b>723</b>	<b>630</b>	<b>1,194</b>	<b>548</b>	<b>1,169</b>	<b>712</b>	<b>1,030</b>	<b>3,623</b>
YoY Change (%)	-31	-184	133	114	-272	47	62	13	-222	252

**Campus Activewear****Buy****CMP: INR 411 | TP: INR 590 (+43%)****EPS CHANGE (%): FY23 | 24: (3.2) | (2.0)**

- Expect revenue to grow by 17% YoY to INR5.1b in 3QFY23
- Expect PAT to grow by 14% YoY to INR623m
- Expect raw material inflation to cool off, which may lead to improvement in margin

**Consolidated - Quarterly Earning**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>1,353</b>	<b>2,730</b>	<b>4,335</b>	<b>3,523</b>	<b>3,377</b>	<b>3,332</b>	<b>5,073</b>	<b>4,324</b>	<b>11,942</b>	<b>16,105</b>
YoY Change (%)	NA	NA	NA	28.1	149.6	22.0	17.0	22.7	N.A	34.9
<b>Gross Profit</b>	<b>748</b>	<b>1,340</b>	<b>2,134</b>	<b>1,706</b>	<b>1,676</b>	<b>1,594</b>	<b>2,461</b>	<b>2,080</b>	<b>5,968</b>	<b>7,811</b>
Gross margin	55.3	49.1	49.2	48.4	49.6	47.9	48.5	48.1	50.0	48.5
Total Expenditure	1,204	2,181	3,407	2,739	2,760	2,897	4,018	3,338	9,527	13,013
<b>EBITDA</b>	<b>149</b>	<b>549</b>	<b>928</b>	<b>784</b>	<b>617</b>	<b>434</b>	<b>1,055</b>	<b>986</b>	<b>2,415</b>	<b>3,092</b>
EBITDA margins (%)	11.0	20.1	21.4	22.3	18.3	13.0	20.8	22.8	20.2	19.2
Depreciation	111	128	138	154	145	170	170	171	532	656
Interest	42	47	47	59	56	76	62	62	195	257
Other Income	12	4	5	3	6	7	7	12	24	32
<b>PBT</b>	<b>27</b>	<b>386</b>	<b>749</b>	<b>573</b>	<b>422</b>	<b>196</b>	<b>831</b>	<b>764</b>	<b>1,713</b>	<b>2,212</b>
Tax	-12	97	201	177	135	50	208	191	469	553
Rate (%)	26.9	26.9	26.9	30.9	32.0	25.7	25.0	25.0	27.4	25.0
<b>Reported PAT</b>	<b>20</b>	<b>282</b>	<b>547</b>	<b>396</b>	<b>287</b>	<b>145</b>	<b>623</b>	<b>573</b>	<b>1,244</b>	<b>1,659</b>
<b>Adj PAT</b>	<b>20</b>	<b>282</b>	<b>547</b>	<b>396</b>	<b>287</b>	<b>145</b>	<b>623</b>	<b>573</b>	<b>1,244</b>	<b>1,659</b>
YoY Change (%)	NA	NA	NA	295	1,337	-49	14	45	NA	33.3

E: MOFSL Estimates

**Metro Brands****Buy****CMP: INR 865 | TP: INR 1,050 (+21%)****EPS CHANGE (%): FY23 | 24: (0.2) | (0.4)**

- Expect revenue to grow by 20% YoY to INR5.8b in 3QFY23
- Expect 21 store adds in 3Q, taking the count to 693 stores
- Expect PAT to grow by 15% YoY to INR1.2b

**Consolidated - Quarterly Earning**

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>1,314</b>	<b>3,246</b>	<b>4,838</b>	<b>4,032</b>	<b>5,080</b>	<b>4,763</b>	<b>5,805</b>	<b>5,267</b>	<b>13,429</b>	<b>20,915</b>
YoY Change (%)	N.A	N.A	59.0	26.3	286.6	46.7	20.0	30.6	67.9	55.7
Total Expenditure	1,168	2,278	3,159	2,733	3,251	3,292	3,802	3,616	9,338	13,961
<b>EBITDA</b>	<b>146</b>	<b>968</b>	<b>1,679</b>	<b>1,298</b>	<b>1,829</b>	<b>1,472</b>	<b>2,003</b>	<b>1,651</b>	<b>4,092</b>	<b>6,954</b>
EBITDA Margin (%)	11.1	29.8	34.7	32.2	36.0	30.9	34.5	31.3	30.5	33.3
Depreciation	315	336	344	347	390	414	419	432	1,342	1,655
Interest	113	123	123	145	134	148	168	206	504	657
Other Income	159	174	120	134	93	118	150	226	586	586
<b>PBT</b>	<b>-123</b>	<b>683</b>	<b>1,332</b>	<b>940</b>	<b>1,397</b>	<b>1,027</b>	<b>1,566</b>	<b>1,239</b>	<b>2,831</b>	<b>5,229</b>
Tax	-3	132	323	250	345	253	407	355	702	1,360
Rate (%)	2.7	19.4	24.3	26.6	24.7	24.6	26.0	28.7	24.8	26.0
<b>Reported PAT</b>	<b>-120</b>	<b>551</b>	<b>1,009</b>	<b>690</b>	<b>1,052</b>	<b>774</b>	<b>1,159</b>	<b>884</b>	<b>2,130</b>	<b>3,869</b>
<b>Adj PAT</b>	<b>-120</b>	<b>551</b>	<b>1,009</b>	<b>690</b>	<b>1,052</b>	<b>774</b>	<b>1,159</b>	<b>884</b>	<b>2,130</b>	<b>3,869</b>
YoY Change (%)	N.A	N.A	55	67	-979	41	15	28	227	81.7

E: MOFSL Estimates

**Relaxo Footwear****Neutral****CMP: INR 906 | TP: INR900 (-1%)****EPS CHANGE (%): FY23 | 24: (6.0) | (2.7)**

- Expect revenue growth to remain muted at 2% YoY
- Expect some improvement in Gross profit/EBITDA due to soft RM prices; However, EBITDA margin to remain low on YoY basis
- Expect a 7.3% YoY decline in PAT to INR650m in 3QFY23

**Consolidated - Quarterly Earning**

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>4,971</b>	<b>7,144</b>	<b>7,435</b>	<b>6,982</b>	<b>6,672</b>	<b>6,697</b>	<b>7,584</b>	<b>7,375</b>	<b>26,533</b>	<b>28,327</b>
YoY Change (%)	36.7	24.1	10.6	-6.6	34.2	-6.3	2.0	5.6	12.5	6.8
Total RM Cost	2,262	3,230	3,480	3,195	3,063	3,422	3,716	3,326	12,167	13,526.2
<b>Gross Profit</b>	<b>2,709</b>	<b>3,915</b>	<b>3,955</b>	<b>3,787</b>	<b>3,609</b>	<b>3,275</b>	<b>3,868</b>	<b>4,050</b>	<b>14,366</b>	<b>14,801</b>
Gross Profit Ratio%	54.5	54.8	53.2	54.2	54.1	48.9	51.0	54.9	54.1	52.3
Total Expenditure	4,310	5,976	6,219	5,871	5,810	6,102	6,417	6,046	22,375	24,375
<b>EBITDA</b>	<b>662</b>	<b>1,168</b>	<b>1,216</b>	<b>1,111</b>	<b>861</b>	<b>594</b>	<b>1,167</b>	<b>1,329</b>	<b>4,158</b>	<b>3,952</b>
Margins (%)	13.3	16.4	16.4	15.9	12.9	8.9	15.4	18.0	15.7	14.0
Depreciation	275	283	291	287	298	305	316	314	1,135	1,234
Interest	37	36	41	39	69	41	41	8	153	159
Other Income	53	71	55	59	42	57	57	82	237	237
<b>PBT</b>	<b>403</b>	<b>919</b>	<b>940</b>	<b>844</b>	<b>536</b>	<b>304</b>	<b>866</b>	<b>1,090</b>	<b>3,106</b>	<b>2,797</b>
Tax	93	233	239	215	149	80	217	253	779	699
Rate (%)	23.1	25.3	25.4	25.5	27.8	26.3	25.0	23.2	25.1	25.0
<b>Reported PAT</b>	<b>310</b>	<b>687</b>	<b>701</b>	<b>629</b>	<b>387</b>	<b>224</b>	<b>650</b>	<b>837</b>	<b>2,327</b>	<b>2,097</b>
<b>Adj PAT</b>	<b>310</b>	<b>687</b>	<b>701</b>	<b>629</b>	<b>387</b>	<b>224</b>	<b>650</b>	<b>837</b>	<b>2,327</b>	<b>2,097</b>
YoY Change (%)	27.8	-8.5	-22.2	-38.4	24.9	-67.3	-7.3	33.0	-20.2	-9.9

E: MOFSL Estimates

## Shoppers Stop

Neutral

CMP: INR 715 | TP: INR 805 (+13%)

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

- Expect revenue to grow by 19.6% YoY in 3QFY23 to INR11.4b
- Expect revenue from the Beauty space to grow by 20% YoY
- Expect the company to add three stores in 3QFY23, taking the total count to 94
- Expect PAT to grow by 39% YoY to INR700m

## Standalone - Quarterly Earning

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Revenue from Operations	2,011	6,316	9,513	7,099	9,419	10,082	11,374	7,902	24,938	38,778
YoY Change (%)	272.9	116.0	34.4	5.8	368.4	59.6	19.6	11.3	44.6	55.5
Total Expenditure	2,638	5,610	7,683	6,332	7,795	8,411	9,077	7,011	22,263	32,293
EBITDA	-628	706	1,829	767	1,624	1,672	2,298	891	2,675	6,484
EBITDA Margin (%)	-31.2	11.2	19.2	10.8	17.2	16.6	20.2	11.3	10.7	16.7
Depreciation	878	903	812	927	846	927	895	884	3,520	3,552
Interest	509	520	497	528	511	514	513	513	2,054	2,051
Other Income	641	676	146	198	56	39	42	30	1,661	166
PBT before EO expense	-1,373	-41	666	-490	323	270	932	-477	-1,238	1,047
Extra-Ord expense	150	0	0	0	0	20	0	0	150	20
PBT	-1,523	-41	666	-490	323	250	932	-477	-1,388	1,027
Tax	-346	-10	164	-329	95	68	233	-119	-521	277
Rate (%)	22.7	25.6	24.6	67.1	29.5	27.3	25.0	25.0	37.5	27.0
Reported PAT	-1,178	-30	502	-161	228	181	699	-358	-867	750
Adj PAT	-1,028	-30	502	-161	228	201	699	-358	-717	770
YoY Change (%)	-7.6	-97.3	-342.3	-34.8	-122.2	-766.9	39.2	122.2	-73.3	-207.4

E: MOFSL Estimates

## Trent

Buy

CMP: INR1,344 | TP: INR1,700 (+27%)

EPS CHANGE (%): FY23 | 24: (4.8) | (8.6)

- Expect revenue to grow by 56.4% YoY in 3QFY23, led by strong SSSG and new store additions
- Expect revenue from Westside/TRENT to grow by 23%/2.6x YoY, led by improved throughput and footprint additions
- Expect Westside/Zudio to add seven/30 new stores each in 3QFY23
- Expect PAT to grow by 23.6% YoY to INR1.6b

## Standalone - Quarterly Earning

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	3,273	10,204	13,478	11,853	16,529	18,136	21,079	21,167	38,807	76,911
YoY Change (%)	239.8	125.7	85.8	53.2	405.0	77.7	56.4	78.6	89.5	98.2
Total Expenditure	3,591	7,991	10,561	10,329	13,488	15,461	16,926	18,087	32,472	63,962
EBITDA	-318	2,213	2,917	1,523	3,041	2,675	4,152	3,080	6,335	12,949
EBITDA Margin (%)	-9.7	21.7	21.6	12.9	18.4	14.8	19.7	14.6	16.3	16.8
Depreciation	622	666	734	809	1,202	1,043	1,122	1,122	2,831	4,489
Interest	686	726	734	787	925	880	987	987	2,933	3,779
Other Income	523	949	296	1,021	415	1,680	152	152	2,790	2,400
PBT before EO expense	-1,102	1,769	1,746	949	1,330	2,432	2,196	1,123	3,362	7,081
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	2,196	1,123	3,230	7,081
Tax	-265	383	417	199	303	574	553	283	734	1,713
Reported PAT	-838	1,256	1,329	749	1,026	1,859	1,643	841	2,496	5,368
Adj PAT	-838	1,356	1,329	750	1,026	1,859	1,643	841	2,598	5,368
YoY Change (%)	-39.9	-381.9	66.8	22.1	-222.5	37.1	23.6	12.1	-658.3	106.6

E: MOFSL Estimates



## V-Mart Retail

Buy

CMP: INR 2,824 | TP: INR 3,950 (+40%)

EPS CHANGE (%): FY23 | 24: (5.1) | 0

- Expect moderate growth of 15.2% YoY impacted by inflationary impact on demand
- Expect the company to add 15 stores in 3QFY23, taking the total store count to 420
- Expect EBITDA margin to expand sequentially, aided by improved share of unlimited and seasonality impact

## Consolidated - Quarterly Earning

Y/E March	FY22E				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	1,774	3,380	6,920	4,588	5,879	5,062	7,973	5,600	16,662	24,514
YoY Change (%)	127.3	92.6	47.2	30.4	231.4	49.8	15.2	22.1	54.9	47.1
Total Expenditure	1,794	3,173	5,567	4,085	4,992	4,526	6,561	4,954	14,618	21,033
EBITDA	-20	206	1,353	503	887	536	1,411	647	2,043	3,481
EBITDA Margin (%)	-1.1	6.1	19.6	11.0	15.1	10.6	17.7	11.5	12.3	14.2
Depreciation	255	272	404	376	402	441	460	508	1,307	1,811
Interest	156	169	212	235	247	279	279	340	772	1,144
Other Income	45	41	26	28	41	27	40	53	140	160
PBT	-385	-195	764	-80	278	-157	712	-148	104	686
Tax	-98	-53	193	-54	74	-44	198	-41	-12	187
Rate (%)	25.4	27.3	25.2	67.4	26.5	27.9	27.9	27.9	-12.0	27.3
Reported PAT	-287	-141	571	-26	205	-113	514	-107	116	498
Adj PAT	-287	-141	571	-26	205	-113	514	-107	116	498
YoY Change (%)	-14.6	-25.4	19.3	77.2	-171.2	-20.0	-10.0	309.4	-287.7	328.1

E: MOFSL Estimates

# Retail (Consumer Discretionary)

## Company

Barbeque Nation Hospitality

Devyani International

Jubilant FoodWorks

Restaurants Brand Asia

Sapphire Foods

Titan Company

Westlife Development

## Topline/ EBITDA momentum healthy for QSRs; exceptionally high base affects Titan in 3QFY23

### Demand momentum healthy

- Our QSR universe is likely to report cumulative sales growth of ~26% YoY, led by store expansion and strong SSSG. Further, we expect a healthy EBITDA growth of ~18%.
- TTAN is likely to report weak numbers off an exceptionally strong wedding season base of 3QFY22 and 3QFY21. Its revenue is likely to grow ~12% YoY, EBITDA and Adj. PAT likely to increase by ~6% YoY each. Outlook for the company across segments remains healthy beyond the base affected 3QFY23.
- TTAN's revenue is expected to grow ~12% YoY. The jewelry segment is expected to post a revenue growth of 11% YoY (three-year CAGR still extremely healthy at ~22%). Demand momentum continues to be robust, led by the festive and wedding season, and stable gold prices during the quarter, but high base of sales in 3QFY22 (up 32.5% YoY) and 3QFY21 (up 22% YoY) resulted in optically lower growth. We expect growth to resume to double-digit levels from 4QFY23 onwards. The jewelry segment margin is expected to decline on an exceptionally high base of 14.2% (the highest in 66 quarters). Watches and Eyewear business is expected to grow 14.0%/10.0% (three-year CAGR at ~9% for both segments). We expect TTAN's EBITDA to report a growth of 5.6% YoY and EBITDA margin of 13.5% (v/s 14.4% YoY and 13.6% QoQ).
- TTAN's high salience as part of our Retail (consumer discretionary) universe results in cumulative sales and EBITDA growth of ~16% and ~10%, respectively.
- All our coverage companies within the Food Service Industry (FSI) – JUBI, DEVYANI, SAPPHIRE, WLDL, RBA and BARBEQUE – are likely to deliver mid-single digits or above SSSG in their domestic businesses, led by: a) growth in the dine-in channel, driven by improved footfall in malls and high street, and b) sustained performance of the delivery channels. All restaurant players would continue to expand their store networks in line with previously given guidance.
- 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. KFC also benefits from reduction in chicken costs. 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 strong 37.3%/23.0% YoY revenue growth for DEVYANI/SAPPHIRE. We expect WLDL/RBA to post a revenue growth of 28%/48% YoY. JUBI is expected to post a revenue growth of 15% YoY.

### Branded players to continue aggressive expansion

- Branded players, in both Jewelry and FSI, are seeing an improved post-COVID opportunity with a) the shutting down of smaller unorganized players during COVID-19, leading to market share gains, b) shift 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 positive on the structural story of TTAN as indicated in our [recent note](#) and reiterated in [visit note](#), 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 potential turnaround of Pizza Hut. Our positive stance on RBA is driven by its [multiple levers to unlock growth](#), supported by cheap valuations.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Aditya Birla Fashion	287	Buy	34,197	14.5	11.2	4,924	-15.4	24.1	850	-56.3	182.4
Avenue Supermarts	4074	Neutral	1,15,385	25.2	8.5	10,625	22.6	19.1	6,711	21.5	23.2
Barbeque Nation	982	Neutral	3,497	22.0	12.6	756	15.0	29.6	174	19.0	307.0
Bata India	1654	Neutral	9,459	12.4	14.0	2,456	45.6	52.6	1,169	61.7	113.3
Campus Activewear	411	Buy	5,073	17.0	52.3	1,055	13.7	142.9	623	13.8	328.3
Devyani Intl.	181	Buy	8,575	37.3	14.7	2,015	36.3	21.8	752	15.0	11.8
Jubilant Foodworks	505	Buy	13,725	15.0	6.7	3,366	6.1	7.7	1,333	-3.0	11.8
Metro Brands	865	Buy	5,805	20.0	21.9	2,003	19.3	36.1	1,159	14.9	49.7
Relaxo Footwear	906	Neutral	7,584	2.0	13.3	1,167	-4.0	96.4	650	-7.3	189.7
Restaurant Brands	114	Buy	4,142	48.0	12.6	559	70.3	32.8	-91	Loss	Loss
Sapphire Foods	1303	Buy	6,241	23.0	10.9	1,197	4.5	16.0	347	-32.0	29.0
Shoppers Stop	715	Neutral	11,374	19.6	12.8	2,298	25.6	37.4	699	39.2	246.9
Titan Company	2566	Buy	1,06,809	6.4	16.6	13,872	-3.8	11.2	9,683	-4.3	16.0
Trent	1344	Buy	21,079	56.4	16.2	4,152	42.3	55.2	1,643	23.6	-11.6
V-Mart Retail	2824	Buy	7,973	15.2	57.5	1,411	4.3	163.4	514	-10.0	LP
Westlife Foodworld	776	Neutral	6,103	28.0	6.6	1,044	31.5	8.8	328	57.6	4.1
<b>Retail</b>			<b>3,67,021</b>	<b>18.0</b>	<b>13.4</b>	<b>52,900</b>	<b>10.0</b>	<b>25.6</b>	<b>26,543</b>	<b>3.2</b>	<b>32.1</b>

Exhibit 2: LTL sales growth remains robust...

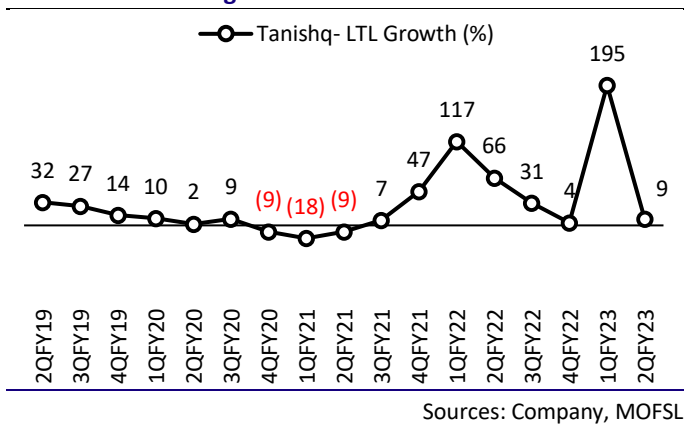


Exhibit 3: ...supported by high jewelry volumes

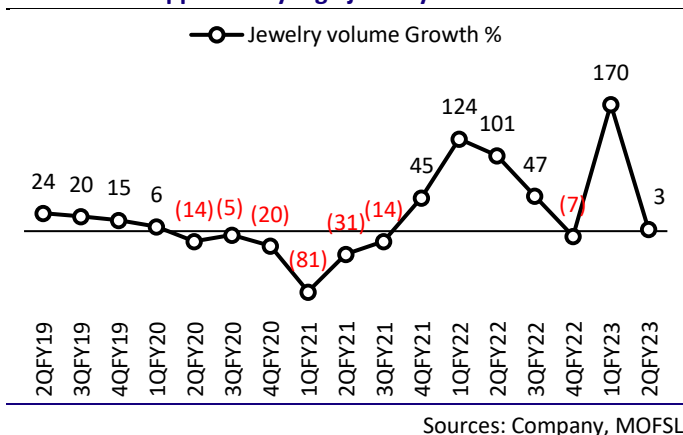
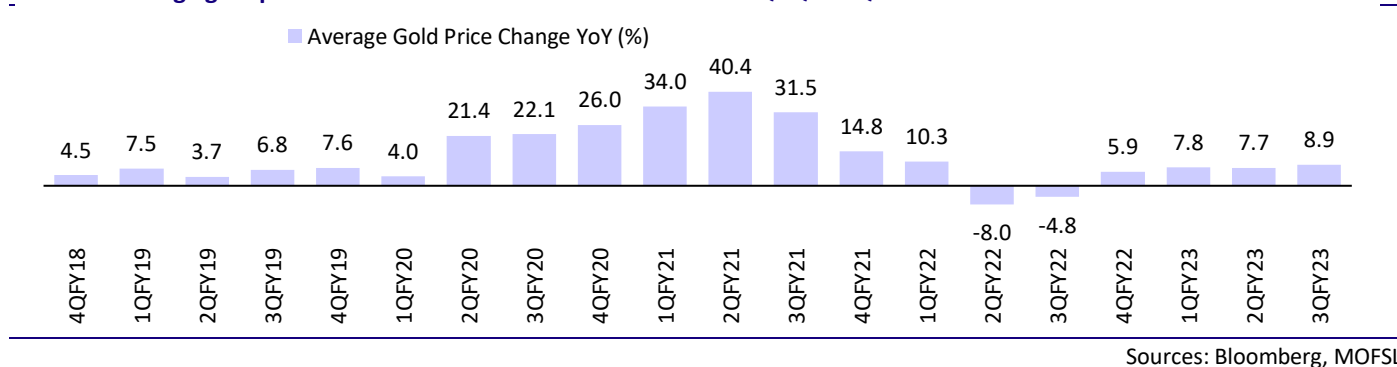


Exhibit 4: Average gold prices increased 8.9% YoY and remained flat QoQ in 3QFY23

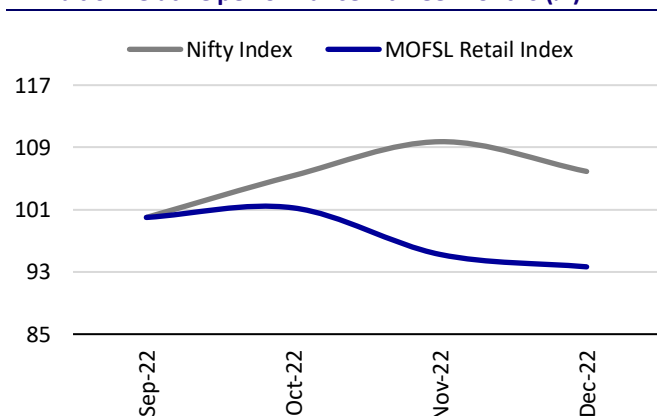


**Exhibit 5: Forecasting healthy SSSG by the restaurant players in 3QFY23**

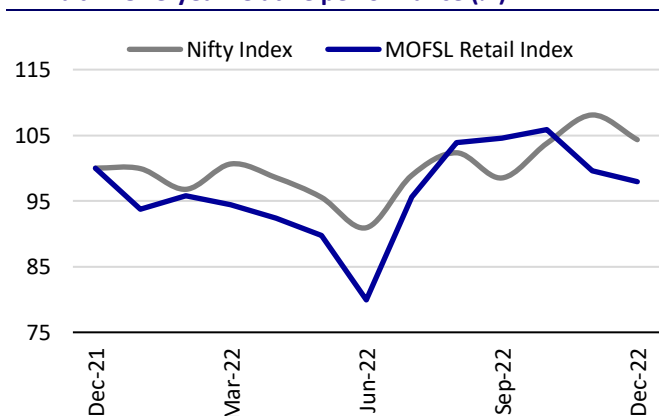
	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E
<b>No. of stores</b>									
Domino's	1,314	1,360	1,380	1,435	1,495	1,567	1,625	1,701	1,761
Pizza Hut (Devyani)	273	297	317	351	391	413	436	466	491
Pizza Hut (Sapphire)	161	162	171	188	209	219	235	249	264
<b>Total PH</b>	<b>434</b>	<b>459</b>	<b>488</b>	<b>539</b>	<b>600</b>	<b>632</b>	<b>671</b>	<b>715</b>	<b>755</b>
KFC (Devyani)	240	264	284	309	339	364	391	423	448
KFC (Sapphire)	196	203	208	219	250	263	281	301	316
<b>Total KFC</b>	<b>436</b>	<b>467</b>	<b>492</b>	<b>528</b>	<b>589</b>	<b>627</b>	<b>672</b>	<b>724</b>	<b>764</b>
McDonald's (WLDL)	304	305	305	310	316	326	331	337	349
Burger King	270	265	270	274	294	315	328	334	361
Barbeque Nation	163	164	166	167	174	185	195	205	215
<b>Net store addition</b>									
Domino's	50	46	20	55	60	72	58	76	60
Pizza Hut (Devyani)	15	24	20	34	40	22	23	30	25
Pizza Hut (Sapphire)		1	9	17	21	10	16	14	15
<b>Total PH</b>	<b>-</b>	<b>25</b>	<b>29</b>	<b>51</b>	<b>61</b>	<b>32</b>	<b>39</b>	<b>44</b>	<b>40</b>
KFC (Devyani)	26	24	20	25	30	25	27	32	25
KFC (Sapphire)		7	5	11	31	13	18	20	15
<b>Total KFC</b>	<b>-</b>	<b>31</b>	<b>25</b>	<b>36</b>	<b>61</b>	<b>38</b>	<b>45</b>	<b>52</b>	<b>40</b>
McDonald's (WLDL)	-7	1	0	5	6	10	5	6	12
Burger King	9	-5	5	4	20	21	13	6	27
Barbeque Nation	1	1	2	1	7	11	10	10	10
<b>SSSG (%)</b>									
Domino's*	-0.2	13.7	120.4	29.4	7.5	5.8	28.3	8.4	6.0
Pizza Hut (Devyani)	-11.0	13.4	216.1	73.5	24.7	2.3	31.5	2.9	-1.0
Pizza Hut (Sapphire)	-19.0		135.4		22.0	3.0	47.0	23.0	2.0
KFC (Devyani)	-13.0	19.6	158.0	72.0	23.8	3.0	63.6	13.0	6.0
KFC (Sapphire)	-10.0		149.0		29.0	15.0	65.0	15.0	5.0
McDonald's (WLDL)	-24.0	10.5	183.0	83.7	44.0	23.0	97.0	40.0	16.0
Burger King	-34.8	-4.9	270.0	140.0	65.0	17.0	66.0	27.0	22.0
Barbeque Nation	-21.2	19.9	960.0	184.0	42.7	5.5	182.0	23.4	4.0

\*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
<b>Retail</b>						<b>85.1</b>	<b>65.2</b>	<b>52.5</b>	<b>15.5</b>	<b>12.8</b>	<b>10.6</b>	<b>18.2</b>	<b>19.7</b>	<b>20.2</b>
Aditya Birla Fashion	287	Buy	2.5	5.0	8.7	114.5	57.5	33.1	7.3	6.5	5.4	7.3	12.0	17.9
Avenue Supermarts	4,074	Neutral	40.3	53.2	60.3	101.2	76.6	67.6	15.5	12.8	10.7	17.3	19.0	17.9
Barbeque Nation	982	Neutral	11.1	17.1	21.9	88.9	57.6	44.9	8.9	7.7	6.6	10.0	13.4	14.7
Bata India	1,654	Neutral	28.2	37.7	47.6	58.7	43.9	34.7	9.8	8.0	6.5	18.2	20.0	20.6
Campus Activewear	411	Buy	5.4	7.8	10.5	75.9	52.5	39.2	20.6	14.8	10.8	27.2	28.2	27.4
Devyani Intl.	181	Buy	2.5	3.1	3.8	70.9	57.7	47.3	21.5	15.6	11.7	36.2	31.4	28.3
Jubilant Foodworks	505	Buy	7.4	9.1	10.8	68.2	55.4	46.7	16.4	14.2	12.8	24.0	25.7	27.5
Metro Brands	865	Buy	14.3	16.8	19.9	60.7	51.6	43.6	14.2	11.3	9.1	26.9	25.0	23.8
Relaxo Footwear	906	Neutral	8.4	13.0	16.1	107.5	69.6	56.4	11.8	10.4	9.2	11.4	15.9	17.3
Restaurant Brands	114	Buy	-2.5	0.1	0.3	-45.5	914.3	378.1	6.0	5.9	5.1	-13.1	0.6	1.3
Sapphire Foods	1,303	Buy	20.9	29.3	37.6	62.3	44.5	34.7	7.3	6.2	5.3	12.4	15.1	16.5
Shoppers Stop	715	Neutral	9.2	12.4	13.9	77.5	57.6	51.3	34.4	21.6	15.2	56.7	46.0	34.7
Titan Company	2,566	Buy	38.9	44.3	53.7	66.0	57.9	47.8	19.3	15.6	12.8	32.7	29.8	29.5
Trent	1,344	Buy	11.3	16.1	22.3	119	83	60.3	16.1	13.4	10.8	15.7	18.7	21.2
V-Mart Retail	2,824	Buy	27.5	51.1	91.5	103	55	30.8	5.7	5.2	4.4	5.7	9.8	15.4
Westlife Foodworld	776	Neutral	7.1	10.0	14.6	109.9	77.8	53.1	21.1	16.6	12.6	21.2	23.9	27.0

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.

## Barbeque Nation Hospitality

**Neutral**

CMP: INR982 | TP: INR1,060 (+7.9%)

EPS CHANGE (%): FY23|24: 8.3|-1.6

- We expect 4% SSSG with 10 stores additions in 3QFY23.
- Watch out for commentary on new stores performance and further capex guidance.
- Dine-in recovery remains strong, driving incremental sales.
- Watch out for commentary on SSSG, delivery, and extension kitchens.

### Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
SSSG (%)	960.0	184.0	42.7	5.5	182.0	23.4	4.0	8.0	64.7	20.1
No. of stores	166	167	174	185	195	205	215	225	185	225
Net Sales	1,020	2,209	2,867	2,510	3,149	3,105	3,497	3,210	8,606	12,961
YoY change (%)	939.1	190.3	47.1	10.9	208.8	40.6	22.0	27.9	69.7	50.6
Gross Profit	600	1,450	1,886	1,622	2,103	2,051	2,326	2,126	5,558	8,606
Margin (%)	58.9	65.6	65.8	64.6	66.8	66.1	66.5	66.2	64.6	66.4
EBITDA	-178	413	657	445	705	583	756	606	1,337	2,649
EBITDA growth %	N/M	N/M	59.6	-2.1	N/M	41.1	15.0	36.0	188.3	98.1
Margin (%)	-17.5	18.7	22.9	17.7	22.4	18.8	21.6	18.9	15.5	20.4
Depreciation	289	304	340	340	352	350	370	388	1,273	1,459
Interest	166	153	172	162	175	180	190	197	653	741
Other Income	74	85	45	59	30	16	30	50	263	126
PBT	-559	41	190	2	208	69	226	72	-326	575
Tax	-120	10	44	-3	48	26	52	18	-69	145
Rate (%)	21.5	24.9	23.2	-109.0	23.1	38.3	23.0	25.6	21.1	25.2
Adjusted PAT	-439	31	146	5	160	43	174	53	-257	430
YoY change (%)	N/M	L/P	L/P	-92.4	N/M	39.2	19.0	993.5	-	-

E: MOFSL Estimates

## Devyani International

**Buy**

CMP: INR180 | TP: INR225 (+25%)

EPS CHANGE (%): FY23|24: 6.6|-3.9

- KFC is expected to deliver 6% SSSG and 25 store additions.
- Watch out for commentary on performance of new stores.
- Pizza Hut to deliver -1% SSSG along with 25 store additions.
- Watch out for commentary on PH ADS and delivery contribution.

### Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
KFC - No. of stores	284	309	339	364	391	423	448	464	364	464
PH - No. of stores	317	351	391	413	436	466	491	513	413	513
KFC - SSSG (%)	158.0	72.0	23.8	3.0	63.6	13.0	6.0	12.0	49.4	37.9
PH - SSSG (%)	216.1	73.5	24.7	2.3	31.5	2.9	-1.0	9.0	45.4	31.4
Net Sales	3,528	5,161	6,244	5,907	7,047	7,474	8,575	8,772	20,840	31,868
YoY change (%)	280.6	124.4	64.7	36.4	99.8	44.8	37.3	48.5	83.6	52.9
Gross Profit	2,511	3,664	4,457	4,209	5,010	5,246	6,028	6,535	14,842	22,819
Margin (%)	71.2	71.0	71.4	71.3	71.1	70.2	70.3	74.5	71.2	71.6
EBITDA	616	1,233	1,478	1,397	1,647	1,655	2,015	2,270	4,760	7,587
EBITDA growth %	-444.6	175.5	67.5	19.7	167.5	34.2	36.3	62.5	109.7	59.4
Margin (%)	17.4	23.9	23.7	23.6	23.4	22.1	23.5	25.9	22.8	23.8
Depreciation	482	526	558	648	637	660	720	791	2,213	2,809
Interest	324	328	296	322	328	348	355	366	1,270	1,397
Other Income	47	52	39	24	90	45	65	75	161	275
PBT	-144	431	663	451	771	692	1,005	1,188	1,438	3,657
Tax	0	6	9	-335	24	19	253	292	-320	588
Rate (%)	0.2	1.3	1.4	-74.1	3.1	2.8	25.2	24.5	-22.2	16.1
Adjusted PAT	-143	425	654	786	748	672	752	897	1,757	3,069
YoY change (%)	N/M	L/P	L/P	271.2	L/P	58.3	15.0	14.1	L/P	74.6

E: MOFSL Estimates

**Jubilant FoodWorks****Buy****CMP: INR505 | TP: INR690 (+37%)****EPS CHANGE (%): FY23|24: -1.6|-9.6**

- We expect 6% LFL growth for the quarter.
- GM to contract sequentially by 230bp due to high input costs.
- We expect net additions of 60 Domino's outlets in 3QFY23.
- Watch out for commentary on new ventures.

**Quarterly Standalone Performance****(INR m)**

Y/E March	FY22				FY23E				Consol. FY22	Consol. FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
No of stores (Dominos)	1,380	1,435	1,495	1,567	1,625	1,701	1,761	1,817	1,567	1,817
LFL growth (%)	120.4	29.4	7.5	5.8	28.3	8.4	6.0	9.0	26.4	9.0
Net Sales	8,790	11,007	11,935	11,579	12,403	12,868	13,725	13,816	43,961	52,811
YoY change (%)	131.1	36.6	12.9	12.9	41.1	16.9	15.0	19.3	32.7	20.1
Gross Profit	6,788	8,613	9,262	8,905	9,514	9,811	10,335	10,270	34,062	39,930
Gross margin (%)	77.2	78.2	77.6	76.9	76.7	76.2	75.3	74.3	77.5	75.6
EBITDA	2,115	2,860	3,174	2,897	3,045	3,125	3,366	3,138	11,088	12,674
EBITDA growth %	778.7	33.2	13.9	16.2	44.0	9.2	6.1	8.3	43.8	14.3
Margins (%)	24.1	26.0	26.6	25.0	24.6	24.3	24.5	22.7	25.2	24.0
Depreciation	890	902	1,006	1,031	1,050	1,123	1,210	1,300	3,931	4,683
Interest	418	416	446	450	459	485	490	510	1,761	1,945
Other Income	80	93	109	124	106	103	135	146	414	489
PBT	887	1,635	1,831	1,539	1,642	1,619	1,801	1,473	5,810	6,535
Tax	206	407	457	374	366	428	468	385	1,452	1,647
Rate (%)	23.2	24.9	25.0	24.3	22.3	26.4	26.0	26.2	25.0	25.2
Adjusted PAT	681	1,228	1,374	1,165	1,276	1,192	1,333	1,088	4,358	4,888
YoY change (%)	L/P	59.6	9.8	11.7	87.3	-2.9	-3.0	-6.6	89.1	12.2

E: MOFSL Estimates

**Restaurants Brand Asia****Buy****CMP: INR114 | TP: INR160 (+40%)****EPS CHANGE (%): FY23|24: NM|-67.4**

- Burger King to deliver 48% YoY domestic sales growth, led by 22% SSSG and 27 store additions.
- BK café's performance and customer responses of new launches are the key monitorables
- Watch out for commentary on momentum of stunner menu.
- Watch out for commentary on Indonesia business recovery.

**Quarterly Standalone Performance****(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
SSSG (%)	270.0	140.0	65.0	17.0	66.0	27.0	22.0	38.0	70.0	38.3
No. of stores	270	274	294	315	328	334	361	390	315	390
Net Sales	1,497	2,454	2,799	2,687	3,369	3,680	4,142	4,406	14,903	22,137
YoY change (%)	-72.7	153.7	71.5	37.1	125.0	50.0	48.0	64.0	48.4	48.5
Gross Profit	976	1,605	1,849	1,776	2,236	2,443	2,784	2,988	9,406	14,297
Margin (%)	65.2	65.4	66.1	66.1	66.4	66.4	67.2	67.8	63.1	64.6
EBITDA	15	256	328	302	332	421	559	530	966	1,957
EBITDA growth %	L/P	7,973.2	115.9	23.6	2,064.8	64.4	70.3	75.4	287.3	102.5
Margin (%)	1.0	10.4	11.7	11.3	9.9	11.4	13.5	12.0	6.5	8.8
Depreciation	329	334	344	351	461	426	500	596	2,336	2,639
Interest	167	167	168	178	196	206	210	242	954	854
Other Income	37	43	32	94	97	79	60	62	224	298
PBT	-444	-202	-152	-132	-227	-133	-91	-245	-2,099	-1,238
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	-91	-245	-2,099	-1,238
YoY change (%)	-	-	-	-	-	-	-	-	-	-

E: MOFSL Estimates

## Sapphire Foods

Buy

CMP: INR1,303 | TP: INR1,865 (+43%)

EPS CHANGE (%): FY23|24: -2.0|-0.1

- KFC to deliver 5% SSSG along with 15 store additions.
- PH to deliver 2% SSSG along with 15 store additions.
- Watch out for commentary on the Sri Lanka business.
- Watch out for commentary on ADS and delivery.

## Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
KFC - No. of stores	208	219	250	263	281	301	316	323	263	323
PH - No. of stores	171	188	209	219	235	249	264	289	219	289
KFC - SSSG (%)	149.0	NA	29.0	15.0	65.0	15.0	5.0	14.0	31.0	13.5
PH - SSSG (%)	-29.0	NA	22.0	3.0	47.0	23.0	2.0	14.0	42.0	14.0
<b>Net Sales</b>	<b>3,031</b>	<b>4,142</b>	<b>5,075</b>	<b>4,968</b>	<b>5,463</b>	<b>5,628</b>	<b>6,241</b>	<b>6,349</b>	<b>17,216</b>	<b>23,680</b>
YoY change (%)	173.0	76.9	52.0	45.9	80.3	35.9	23.0	27.8	68.8	37.6
<b>Gross Profit</b>	<b>2,130</b>	<b>2,884</b>	<b>3,510</b>	<b>3,414</b>	<b>3,707</b>	<b>3,737</b>	<b>4,192</b>	<b>4,302</b>	<b>11,938</b>	<b>15,938</b>
Margin (%)	70.3	69.6	69.2	68.7	67.9	66.4	67.2	67.8	69.3	67.3
<b>EBITDA</b>	<b>341</b>	<b>566</b>	<b>1,145</b>	<b>998</b>	<b>1,104</b>	<b>1,032</b>	<b>1,197</b>	<b>1,249</b>	<b>3,050</b>	<b>4,581</b>
EBITDA growth %	L/P	70.7	93.1	78.8	223.9	82.2	4.5	25.1	145.2	50.2
Margin (%)	11.2	13.7	22.6	20.1	20.2	18.3	19.2	19.7	17.7	19.3
Depreciation	534	512	513	576	609	628	700	757	2,135	2,695
Interest	172	190	185	233	197	206	220	238	781	861
Other Income	109	95	78	98	59	71	100	111	380	342
<b>PBT</b>	<b>-256</b>	<b>-41</b>	<b>525</b>	<b>286</b>	<b>356</b>	<b>269</b>	<b>377</b>	<b>365</b>	<b>514</b>	<b>1,368</b>
Tax	8	10	16	21	-25	1	30	32	54	38
Rate (%)	-	-	2.9	7.3	-7.1	0.3	8.0	8.7	10.5	2.8
<b>Adjusted PAT</b>	<b>-264</b>	<b>-51</b>	<b>510</b>	<b>265</b>	<b>381</b>	<b>269</b>	<b>347</b>	<b>333</b>	<b>460</b>	<b>1,330</b>
YoY change (%)	-	-	NM	-	L/P	L/P	-32.0	25.7	-	189.2

E: MOFSL Estimates

## Titan Company

Buy

CMP: INR2,566 | TP: INR3,080 (+20%)

EPS CHANGE (%): FY23|24: +5.0|+3.0

- We expect 11% YoY growth on the Jewelry segment over a normalized base and a three-year revenue CAGR at ~22%.
- We expect robust YoY revenue growth of 14%/10% in watches/eyewear.
- EBITDA margin is likely to contract 90bp YoY.
- Watch out for outlook on international business expansion.

## Consolidated Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>34.7</b>	<b>74.9</b>	<b>100.4</b>	<b>78.0</b>	<b>94.4</b>	<b>91.6</b>	<b>112.8</b>	<b>90.5</b>	<b>288.0</b>	<b>389.4</b>
YoY change (%)	75.5	64.6	31.7	4.0	171.9	22.3	12.4	16.1	33.1	35.2
<b>Gross Profit</b>	<b>7.8</b>	<b>18.8</b>	<b>25.4</b>	<b>19.7</b>	<b>24.1</b>	<b>25.3</b>	<b>31.0</b>	<b>24.8</b>	<b>71.6</b>	<b>105.2</b>
Margin (%)	22.4	25.0	25.3	25.3	25.5	27.6	27.5	27.4	24.9	27.0
<b>EBITDA</b>	<b>1.4</b>	<b>9.7</b>	<b>14.4</b>	<b>8.8</b>	<b>12.0</b>	<b>12.5</b>	<b>15.2</b>	<b>11.5</b>	<b>34.2</b>	<b>51.2</b>
EBITDA growth %	L/P	209.3	70.0	7.2	773.0	28.8	5.6	31.3	98.5	49.4
Margin (%)	3.9	12.9	14.4	11.2	12.7	13.6	13.5	12.7	11.9	13.1
Depreciation	1.0	1.0	1.0	1.0	1.0	1.1	1.2	1.3	4.0	4.5
Interest	0.5	0.5	0.6	0.6	0.7	0.6	0.7	0.8	2.2	2.7
Other Income	0.5	0.6	0.6	0.8	0.4	0.6	0.6	0.7	2.3	2.4
<b>PBT</b>	<b>0.4</b>	<b>8.7</b>	<b>13.4</b>	<b>7.9</b>	<b>10.7</b>	<b>11.4</b>	<b>14.0</b>	<b>10.1</b>	<b>30.4</b>	<b>46.3</b>
Tax	0.2	2.3	3.3	1.3	2.8	3.1	3.3	2.5	7.1	11.7
Rate (%)	53.8	26.2	24.7	16.0	26.3	26.9	23.5	24.5	23.2	25.2
<b>Adjusted PAT</b>	<b>0.2</b>	<b>6.4</b>	<b>10.1</b>	<b>6.6</b>	<b>7.9</b>	<b>8.4</b>	<b>10.7</b>	<b>7.6</b>	<b>23.3</b>	<b>34.6</b>
YoY change (%)	L/P	268.4	90.9	16.7	#	30.3	5.9	15.1	138.4	48.2

E: MOFSL Estimates



**Westlife Development****Neutral****CMP: INR791 | TP: INR840 (+6%)****EPS CHANGE (%): FY23|24: -3.3|-1.8**

- We expect 16% SSSG in 3QFY23, driven by omni-channel focus.
- We expect 12 new store additions in 3QFY23.
- Convenience channels are expected to stay elevated compared to pre-COVID levels.
- Watch out for commentary on addition of new stores and performance of gourmet menu.

**Consolidated quarterly performance****(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
SSSG %	183.0	83.7	44.0	23.0	97.0	40.0	16.0	22.0	83.4	42.0
No. of McDonald's restaurants	305	310	316	326	331	337	349	361	326	361
<b>Net Sales</b>	<b>2,592</b>	<b>3,854</b>	<b>4,768</b>	<b>4,551</b>	<b>5,379</b>	<b>5,724</b>	<b>6,103</b>	<b>6,153</b>	<b>15,765</b>	<b>23,360</b>
YoY Change (%)	176.0	84.0	46.7	27.3	107.6	48.5	28.0	35.2	59.9	48.2
<b>Gross profit</b>	<b>1,695</b>	<b>2,495</b>	<b>3,165</b>	<b>2,959</b>	<b>3,459</b>	<b>3,748</b>	<b>4,010</b>	<b>4,061</b>	<b>10,314</b>	<b>15,277</b>
Margin (%)	65.4	64.7	66.4	65.0	64.3	65.5	65.7	66.0	65.4	65.4
<b>EBITDA</b>	<b>25</b>	<b>444</b>	<b>793</b>	<b>629</b>	<b>873</b>	<b>959</b>	<b>1,044</b>	<b>971</b>	<b>1,892</b>	<b>3,847</b>
YoY Change (%)	L/P	L/P	81.4	34.6	3,380.8	115.9	31.5	54.3	303.1	103.3
Margins (%)	1.0	11.5	16.6	13.8	16.2	16.8	17.1	15.8	12.0	16.5
Depreciation	332	338	348	346	358	366	400	447	1,364	1,571
Interest	203	204	210	209	215	225	260	295	826	995
Other Income	64	40	43	131	18	52	55	62	277	187
<b>PBT</b>	<b>-446</b>	<b>-59</b>	<b>279</b>	<b>205</b>	<b>318</b>	<b>419</b>	<b>439</b>	<b>291</b>	<b>-21</b>	<b>1,467</b>
Tax	-112	-15	70	52	82	104	111	73	-4	370
Rate (%)	N/M	N/M	25.3	25.4	25.8	24.8	25.2	25.1	19.4	25.2
<b>Adj PAT</b>	<b>-334</b>	<b>-44</b>	<b>208</b>	<b>153</b>	<b>236</b>	<b>315</b>	<b>328</b>	<b>218</b>	<b>-17</b>	<b>1,097</b>
YoY Change (%)	-	-	L/P	L/P	L/P	L/P	57.6	42.3	-	L/P
Margins (%)	-12.9	-1.1	4.4	3.4	4.4	5.5	5.4	3.5	-0.1	4.7

E: MOFSL Estimates

# Technology

## Company

Coforge

Cyient

HCL Tech.

Infosys

LTIMindtree

L&amp;T Technology

Mphasis

Persistent Systems

TCS

Tech Mahindra

Wipro

Zensar Tech.

## Seasonality-led slower demand to hurt 3Q growth

### Revenue growth to be muted, but a few margin levers to play-out

- Our IT Services coverage universe is likely to deliver a median revenue growth of 1.9% QoQ and 9.1% YoY in constant currency (CC) terms in 3QFY23E. The major currencies (EUR and GBP) remained stable against USD with EUR having strengthened ~1%, while GBP has weakened ~1% that imply a currency impact of +40bp to -50bp. Growth in EBIT/PAT of 5.9%/7.2% QoQ, respectively, to be partly aided by USD/ INR depreciation of 3% QoQ, although the positive impact is likely to be muted due to softness in revenue growth and continued supply-side pressure.
- The weakening macros and recessionary fear have had lesser adverse impact on the overall demand environment than it was anticipated at the beginning of the quarter. However, there are some pockets of weakness remaining in the consumer facing verticals, where the decisions have been delayed and the spending have been cut on the discretionary activities. Our recent conversations with the managements of tier-1 companies (except WPRO and TECHM), indicated limited adverse impact on demand although there will be softness in specific verticals (mortgage, retail, telecom, and hi-tech) and geography (Europe).
- On the Tier-II companies (except ZENT), the commentary was optimistic with some caution building on the furloughs. There have been instances of extended sales cycle with a few accounts having witnessed more scrutiny on the deal signing activities.
- Despite the overhang of macros and extended furloughs in addition to usual seasonality, revenue growth of Tier I companies should be ranging between 1.0% and 5.0% QoQ in CC (HCLT benefitting from P&P seasonality). The Tier II players are expected to grow between (4.5%) and 11.7% QoQ in CC terms. CYL is likely to grow 11.7% QoQ in CC driven by the inorganic impact from acquisition of Citech, while its organic revenue is projected to grow at 5.5-6.0% QoQ in CC.
- The commentary on Europe was mixed as INFO and TECHM are witnessing signs of softness in IT spends as clients are getting incrementally cautious. However, LTIM and Wipro are still seeing tailwinds in Europe with no sign of any slowdown.

### HCLT/CYL to lead topline growth within the Tier I/midcap space in 3QFY23

- We expect a broader range of revenue growth in the Tier I IT space, with HCLT leading the charge by clocking a revenue growth of 5% QoQ in CC (seasonally strong P&P business), followed by LTIM/TCS/INFO at 2.7%/1.6%/1.5% QoQ revenue growth in CC, respectively. Conversely, WPRO/TECHM would see a muted quarter with flattish 0.8%/0.3% QoQ CC growth.
- Among Tier II players, we expect CYL's topline to grow at 11.7% QoQ in CC buoyed by gains from the recent acquisition. COFORGE/PSYS/LTTS/MPHL should post 4.4%/3.4%/2.0%/0.4% QoQ CC revenue growth, respectively, in 3QFY23. ZENT's revenue will meaningfully decline 4.5% QoQ in CC.

### Margins to expand during the quarter

- Margins to see some improvement in 3QFY23E. Though improved utilization, freshers becoming billable and favorable FX (for some companies) are likely to provide some margin tailwinds, the same will be partly offset by the adverse impact from furloughs and higher proportion of cost take-out deals.
- Most of the Tier I companies should post margin expansion between 10bp and 60bp, while LTIM should report 100bp dip in margin QoQ due to elevated furloughs (without factoring in a one-time acquisition cost). The Tier II pack will exhibit a wider range (-10bp to 110bp) in 3QFY23.
- Salary expectations of employees have cooled-off and attrition is likely to moderate this quarter with easing supply situation. Though supply-side pressure is receding, the benefit should flow into margins with a lag of one to two quarters.
- The FX impact in 3QFY23E should be rangebound as on an average basis, currencies have not materially moved v/s 2QFY23. Reversal in EUR and GBP in the latter part of the quarter should provide some tailwinds for the coming quarters than our earlier expectation.

### Sequential PAT growth to remain strong due to margin improvement

- We expect our Tier I IT coverage universe to post a 7.0% QoQ and a 10.0% YoY PAT growth. HCLT to report a double-digit QoQ PAT growth of 13.2%, driven by strong overall growth and better margins. INFO/TCS/WPRO/LTIM/TECHM should record 7.4%/7.2%/5.0%/0.6%/-3.0% QoQ PAT growth, respectively.
- Tier II players should register a stronger PAT growth than Tier I players at 11.7% QoQ and 22% YoY, propelled by healthy revenue growth and margin expansion. CYL/COFORGE/PSYS to see robust PAT growth of 21.6%/19.2%/13.9% QoQ, respectively, fueled by healthy growth, better margin, and acquisitions (for CYL).

### Prefer Tier I than Tier II companies; TCS, INFO, HCLT, and MPHL well placed

- With valuations correcting meaningfully over the last one year (IT services sector P/E at 22.2x, down 47% from the peak), we maintain our positive stance on the IT Services sector led by a favorable medium- to long-term demand outlook despite some near-term pains.
- We continue to prefer Tier I players over their Tier II counterparts, given the former's relative valuation attractiveness and diversified client portfolio. Among Tier I players, we prefer TCS, INFO, and HCLT. TCS remains the best positioned to benefit from the long-term structural tailwinds in Tech Services and should see a relative pick-up in growth, aided by the base effect and heightened aggression. HCLT is one of the key beneficiaries of Cloud adoption at scale, given its expertise in IMS. We expect INFO to deliver a top quartile growth, backed by strong deal wins and price revisions.
- Among Tier II IT players, we prefer MPHL and LTTS. MPHL continues to gain market share in a relatively stable BFSI space. Spends by its top clients continue to rise, while weakness in its Digital Risk business will be offset by the bottoming out of the DXC business. We expect LTTS to deliver strong medium-term growth (despite near-term hiccups), fueled by robust demand for ER&D services.

**Exhibit 1: Expect Tier I revenue (USD) to grow 1.8% QoQ**

Company	Revenue (USD m)					Revenue (INR b)				
	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)
TCS	6,972	6,877	1.4	6,524	6.9	573	553	3.6	489	17.2
INFO	4,614	4,555	1.3	4,250	8.6	379	365	3.8	319	19.0
HCLT	3,248	3,082	5.4	2,978	9.1	267	247	8.2	223	19.6
WPRO	2,808	2,798	0.4	2,640	6.4	232	225	3.1	203	14.4
TECHM	1,641	1,638	0.2	1,534	7.0	135	131	2.8	115	17.8
LTIM*	1,048	1,023	2.5	919	14.0	86	82	4.6	69	25.1
<b>Tier I aggregate</b>	<b>20,333</b>	<b>19,973</b>	<b>1.8</b>	<b>18,844</b>	<b>7.9</b>	<b>1,673</b>	<b>1,604</b>	<b>4.3</b>	<b>1,417</b>	<b>18.0</b>

Company	EBIT margin (%)					Adjusted PAT (INR b)				
	3QFY23E	2QFY23	QoQ	3QFY22	YoY	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)
TCS	24.6	24.0	60.0	25.0	-40.0	112.2	104.7	7.2	98.1	14.4
INFO	21.6	21.5	-	23.5	-190.0	64.7	60.3	7.4	58.2	11.2
HCLT	18.5	17.9	50.0	19.1	-60.0	39.5	34.9	13.2	34.5	14.5
WPRO	14.6	14.4	10.0	17.5	-290.0	27.8	26.5	5.0	29.7	-6.4
TECHM	11.6	11.4	20.0	14.8	-320.0	13.0	13.4	-3.0	13.8	-5.7
LTIM*	16.4	17.4	-100.0	18.5	-210.0	12.0	11.9	0.6	10.5	13.9
<b>Tier I aggregate</b>	<b>20.1</b>	<b>19.8</b>	<b>30.0</b>	<b>21.5</b>	<b>-150.0</b>	<b>269</b>	<b>252</b>	<b>7.0</b>	<b>245</b>	<b>10.0</b>

\*Note: Historical numbers are adjusted for combined entity

**Exhibit 2: Expect Tier II revenue (USD) to grow 2.4% QoQ**

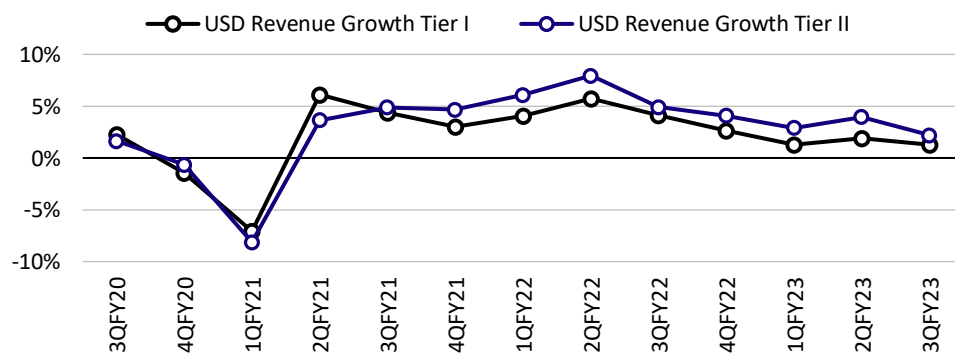
Company	Revenue (USD m)					Revenue (INR b)				
	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)
LTTS	252	247	1.9	225	11.9	20.7	20.0	3.8	16.9	22.7
MPHL	442	440	0.3	414	6.7	36.3	35.3	2.9	31.0	17.3
COFORGE	257	247	4.0	222	15.8	21.1	19.6	7.7	16.6	27.2
PSYS	264	256	3.4	199	32.7	21.7	20.5	6.0	14.9	45.6
ZENT	148	155	-4.7	147	0.4	12.1	12.3	-1.6	11.0	10.1
CYL	194	175	11.2	158	23.1	16.0	14.0	14.4	11.8	35.0
<b>Tier II aggregate</b>	<b>1,556</b>	<b>1,520</b>	<b>2.4</b>	<b>1,365</b>	<b>14.0</b>	<b>127.9</b>	<b>121.6</b>	<b>5.2</b>	<b>102.2</b>	<b>25.2</b>

Company	EBIT margin (%)					Adjusted PAT (INR b)				
	3QFY23E	2QFY23	QoQ	3QFY22	YoY	3QFY23E	2QFY23	QoQ (%)	3QFY22	YoY (%)
LTTS	18.3	18.2	10.0	18.6	-30.0	3.1	2.8	9.0	2.5	23.7
MPHL	15.6	15.2	40.0	15.2	40.0	4.5	4.2	6.7	3.6	24.9
COFORGE	15.6	14.5	110.0	15.1	50.0	2.6	2.2	19.2	2.0	30.4
PSYS	14.5	14.6	-10.0	14.0	50.0	2.5	2.2	13.9	1.8	42.1
ZENT	5.7	4.6	110.0	10.1	-440.0	0.6	0.6	2.8	0.9	-36.7
CYL	12.5	11.9	60.0	13.9	-140.0	1.5	1.2	21.6	1.3	12.5
<b>Tier II aggregate</b>	<b>14.5</b>	<b>14.0</b>	<b>50.0</b>	<b>14.9</b>	<b>-30.0</b>	<b>14.7</b>	<b>13.2</b>	<b>11.7</b>	<b>12.1</b>	<b>22.0</b>

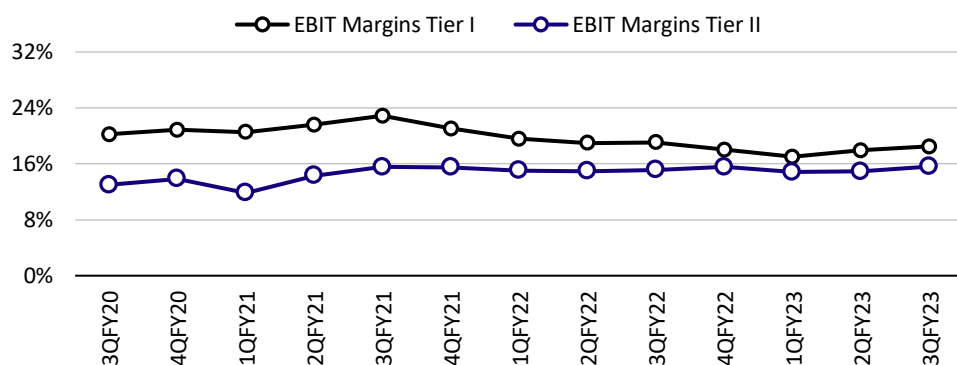
Source: Company, MOFSL

**Exhibit 3: Growth to be hit by seasonality**



Source: MOFSL, Company

**Exhibit 4: Tier II companies to witness higher margin recovery**



Source: MOSL, Company

**Exhibit 5: Cross-currency growth and impact on our expectations for 3QFY23**

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	1.6	1.4	-20
INFO	1.5	1.3	-20
WPRO	0.8	0.4	-40
HCLT	5.0	5.4	40
TECHM	0.3	0.2	-10
LTIM	2.7	2.5	-20
LTTS	2.0	1.9	-10
MPHL	0.4	0.3	-10
COFORGE	4.4	4.0	-40
PSYS	3.4	3.4	-
ZENT	-4.5	-4.7	-20
CYL	11.7	11.2	-50

Source: Company, MOFSL

**Exhibit 6: Currency highlights (INR) in 3QFY23**

	Rates (INR)				Change (QoQ %)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	82.20	83.84	96.17	53.96	3.00	4.30	2.37	-0.98
Closing	82.80	87.77	99.36	55.96	1.78	11.23	6.21	6.48

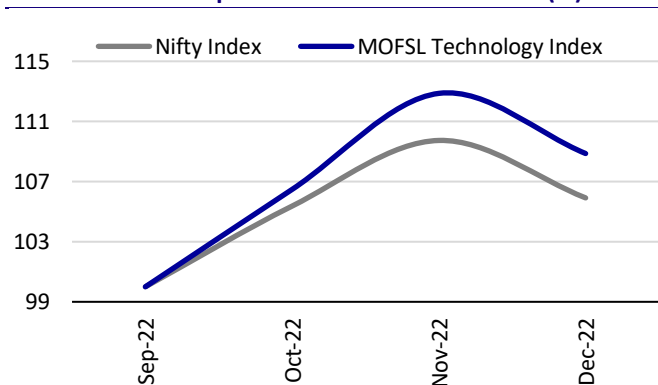
Source: Bloomberg, MOFSL

**Exhibit 7: Currency highlights (USD) in 3QFY23**

	Rates (USD)			Change (QoQ %)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.02	1.17	0.66	0.99	-0.85	-3.75
Closing	1.06	1.20	0.68	9.28	4.35	4.61

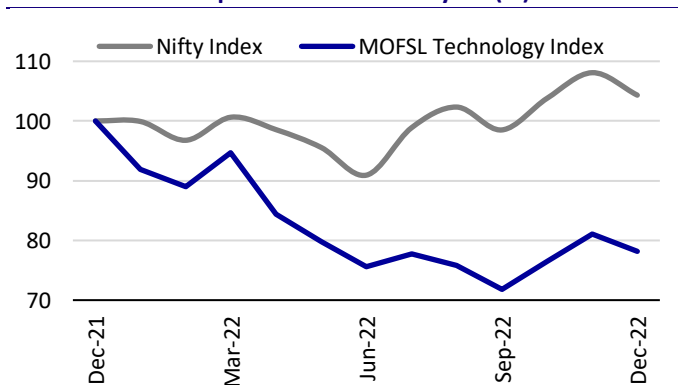
Source: Bloomberg, MOFSL

**Exhibit 8: Relative performance – three-months (%)**



Source: Bloomberg, MOFSL

**Exhibit 9: Relative performance – one-year (%)**



Source: Bloomberg, MOFSL

## Exhibit 10: Changes to our estimates

	Revised EPS (INR)			Earlier EPS (INR)			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
TCS	117	137	141	115	132	NA	2.0	3.5	NA
INFO	59	68	75	57	65	NA	1.9	3.3	NA
HCLT	55	64	70	54	62	NA	1.5	3.3	NA
WPRO	20	24	26	20	24	NA	-0.6	1.7	NA
TECHM	58	68	79	59	67	NA	-2.8	1.8	NA
LTIM	162	191	234	171	198	NA	-4.9	-3.5	NA
LTTS	112	134	154	112	132	NA	0.6	1.4	NA
MPHL	92	109	124	93	111	NA	-1.5	-1.5	NA
COFORGE	139	171	185	137	166	NA	1.3	2.8	NA
PSYS	124	147	171	124	147	NA	0.0	0.5	NA
ZENT	11	17	19	12	17	NA	-5.4	-0.6	NA
CYL	51	68	75	53	65	NA	-4.3	4.3	NA

Source: Company, MOFSL

## Exhibit 11: Expected quarterly performance summary

Companies	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Dec'22E	Variance YoY (%)	Variance QoQ (%)	Dec'22E	Variance YoY (%)	Variance QoQ (%)	Dec'22E	Variance YoY (%)	Variance QoQ (%)
TCS	3261	Buy	573.1	17.2	3.6	141.0	15.2	6.2	112.2	14.4	7.2
INFO	1524	Buy	379.3	19.0	3.8	81.8	9.3	3.9	64.7	11.2	7.4
HCLT	1039	Buy	267.0	19.6	8.2	49.3	15.8	11.3	39.5	14.5	13.2
WPRO	393	Neutral	232.3	14.4	3.1	33.8	-4.8	4.1	27.8	-6.4	5.0
TECHM	1010	Neutral	134.9	17.8	2.8	15.7	-7.8	4.9	13.0	-5.7	-3.0
LTIM	4325	Neutral	86.2	25.1	4.6	14.1	11.1	-1.3	12.0	13.9	0.6
LTTS	3724	Buy	20.7	22.7	3.8	3.8	20.5	4.5	3.1	23.7	9.0
MPHL	1971	Buy	36.3	17.3	2.9	5.7	20.4	5.3	4.5	24.9	6.7
COFORGE	3962	Neutral	21.1	27.2	7.7	3.3	31.7	16.2	2.6	30.4	19.2
PSYS	4020	Neutral	21.7	45.6	6.0	3.1	51.2	5.4	2.5	42.1	13.9
ZENT	214	Buy	12.1	10.1	-1.6	0.7	-37.6	23.2	0.6	-36.7	2.8
CYL	816	Buy	16.0	35.0	14.4	2.0	21.7	20.3	1.5	12.5	21.6
<b>Sector aggregate (INR b)</b>			<b>1,801</b>	<b>18.5</b>	<b>4.3</b>	<b>354</b>	<b>10.6</b>	<b>5.9</b>	<b>284</b>	<b>10.5</b>	<b>7.2</b>

Source: Company, MOFSL

## Exhibit 12: 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			FY23E	FY24E	FY25E
TCS	3,261	11,931	3,830	17%	117.4	136.9	141.3	10.8	3.1	27.8	23.8	23.1
INFO	1,524	6,414	1,760	15%	58.5	67.5	75.1	12.9	2.0	26.0	22.6	20.3
HCLT	1,039	2,820	1,280	23%	55.1	63.8	70.5	12.2	4.2	18.9	16.3	14.7
WPRO	393	2,157	385	-2%	20.2	24.1	26.1	6.0	1.5	19.5	16.3	15.1
TECHM	1,010	983	1,030	2%	57.6	68.4	78.6	7.9	4.5	17.5	14.8	12.8
LTIM	4,325	1,279	4,580	6%	162.2	190.9	233.9	21.4	1.3	26.7	22.7	18.5
MPHL	1,971	371	2,290	16%	91.7	108.9	123.7	18.1	2.3	21.5	18.1	15.9
LTTS	3,724	393	4,280	15%	112.3	133.8	154.0	19.4	0.9	33.2	27.8	24.2
PSYS	4,020	308	3,830	-5%	123.9	147.3	170.9	23.2	0.8	32.4	27.3	23.5
COFORGE	3,962	242	3,930	-1%	138.6	170.9	184.7	18.5	1.3	28.6	23.2	21.5
CYL	816	91	945	16%	51.1	67.7	75.2	16.3	3.5	16.0	12.1	10.9
ZENT	214	49	250	17%	11.5	16.9	19.4	2.0	3.4	18.7	12.7	11.0

Source: Company, MOFSL

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

**Coforge****Neutral****CMP INR3962 | TP: INR3930 (-1%)****EPS CHANGE (%): FY23|24: 1.3|2.8**

- Growth should continue to remain strong in 3QFY23E. Expect ~40bp cross-currency impact.
- Margin should see further improvement in 3QFY23E.
- The management's FY23 guidance will be a key monitorable.

**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	257	268	866	1,010
QoQ (%)	15.8	6.6	4.1	4.9	2.7	3.4	4.0	4.5	38.0	16.6
Revenue (INR m)	14,616	15,694	16,581	17,429	18,294	19,594	21,099	22,209	64,320	81,195
YoY (%)	38.3	36.0	39.3	38.2	25.2	24.9	27.2	27.4	37.9	26.2
GPM (%)	29.9	32.1	32.4	33.3	30.4	32.0	33.0	33.5	32.0	32.3
SGA (%)	13.7	13.5	12.9	13.0	13.9	13.7	13.5	13.5	13.3	13.6
EBITDA (INR m)	2,229	2,788	3,068	3,339	2,922	3,449	3,956	4,275	11,424	14,602
EBITDA margin (%)	15.3	17.8	18.5	19.2	16.0	17.6	18.7	19.2	17.8	18.0
EBIT (INR m)	1,705	2,190	2,502	2,755	2,292	2,835	3,294	3,578	9,152	11,999
EBIT margin (%)	11.7	14.0	15.1	15.8	12.5	14.5	15.6	16.1	14.2	14.8
Other income	52	-77	-122	-119	-76	-150	105	111	-266	-9
ETR (%)	18.2	21.1	15.1	13.0	22.2	17.7	22.5	22.5	16.5	21.4
Minority Interest	-76.0	-148.0	-135.0	-171.0	-222.0	-195.0	-205.5	-207.0	-530.0	-829.5
Adj. PAT	1,361	1,519	1,885	2,123	1,501	2,016	2,429	2,652	6,888	8,598
QoQ (%)	-1.1	11.6	24.1	12.6	-29.3	34.3	20.5	9.2		
YoY (%)	39.0	25.8	54.5	54.3	10.3	32.7	28.9	24.9	44.0	24.8
Adj. EPS (INR)	21.9	24.5	30.4	34.2	24.2	32.5	39.1	42.7	110.9	138.6

**Cyient****Buy****CMP INR816 | TP: INR945 (+16%)****EPS CHANGE (%): FY23|24: -4.3|4.3**

- Expect 11.7% CC growth on a QoQ basis. Organic growth should remain strong at ~3.1%.
- Expect strong rebound in DLM business. Aerospace should see strong revival.
- Expect ~60bp QoQ improvement in margin in 3QFY23.
- The commentary on margins 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)	144	150	158	157	162	175	194	203	608	734
QoQ (%)	-4.3	4.6	5.2	-0.8	3.1	8.2	11.2	4.4	9.2	20.6
Revenue (INR m)	10,582	11,116	11,834	11,812	12,501	13,962	15,974	16,807	45,344	59,244
YoY (%)	6.7	10.8	13.3	8.0	18.1	25.6	35.0	42.3	9.7	30.7
GPM (%)	35.9	38.4	36.3	38.3	36.8	38.4	38.7	38.7	37.3	38.2
SGA (%)	18.2	19.8	18.4	20.2	21.2	22.0	21.8	20.5	19.1	21.4
EBITDA	1,878	2,074	2,128	2,136	1,946	2,290	2,700	3,059	8,216	9,994
EBITDA margin (%)	17.7	18.7	18.0	18.1	15.6	16.4	16.9	18.2	18.1	16.9
EBIT	1,388	1,557	1,641	1,707	1,435	1,660	1,997	2,319	6,293	7,411
EBIT margin (%)	13.1	14.0	13.9	14.5	11.5	11.9	12.5	13.8	13.9	12.5
Other income	147	58	105	377	160	-148	32	84	687	128
ETR (%)	25.1	25.0	24.6	26.1	27.2	19.4	27.0	27.0	25.2	25.5
Adj. PAT	1,150	1,212	1,316	1,541	1,161	1,218	1,481	1,755	5,219	5,615
QoQ (%)	3.9	5.4	8.6	17.1	-24.7	4.9	21.6	18.5		
YoY (%)	41.3	44.4	37.9	39.3	0.9	0.5	12.5	13.9	40.5	7.6
EPS (INR)	10.5	11.1	12.1	14.1	10.6	11.1	13.5	16.0	47.8	51.1

## HCL Technologies

Buy

CMP INR1039 | TP: INR1280 (+23%)

EPS CHANGE (%): FY23 | 24: 1.5 | 3.3

- We expect the company to report ~5% QoQ revenue growth in CC terms.
- 3Q is seasonally a strong quarter for P&P while ER&D is expected to support growth for the services segment.
- Margin is likely to see an uptick of 60bp QoQ aided by robust growth, Rupee depreciation and change in business mix.
- Commentaries on the spending pattern, deal pipeline and demand environment are to be monitored.

## 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	3,248	3,321	11,481	12,676
QoQ (%)	0.9	2.6	6.7	0.5	1.1	1.9	5.4	2.2	12.8	10.4
Revenue (INR b)	201	207	223	226	235	247	267	275	857	1,023
YoY (%)	12.5	11.1	15.7	15.0	16.9	19.5	19.6	21.7	13.6	19.5
GPM (%)	39.2	38.2	38.2	36.8	35.8	35.8	36.3	37.1	38.1	36.3
SGA (%)	12.8	13.0	12.4	12.7	12.9	12.2	12.3	12.5	12.7	12.5
EBITDA	49	50	54	52	49	54	60	64	202	227
EBITDA margin (%)	24.5	24.0	24.1	23.1	21.1	22.0	22.5	23.1	23.6	22.2
EBIT	39	39	43	41	40	44	49	52	162	186
EBIT margin (%)	19.6	19.0	19.1	18.0	17.0	17.9	18.5	19.1	18.9	18.2
Other income	2	2	2	3	3	2	3	3	8	10
ETR (%)	21.7	20.5	22.2	16.7	24.3	23.9	24.0	24.0	20.3	24.1
Adjusted PAT	32	33	34	36	33	35	40	42	135	149
QoQ (%)	34.7	1.5	5.5	4.4	-8.7	6.3	13.2	6.3		
YoY (%)	10.0	3.9	0.3	50.6	2.1	6.9	14.8	16.8	13.7	10.4
EPS	11.8	12.0	12.7	13.3	12.1	12.9	14.6	15.5	49.8	55.1

## Infosys

Buy

CMP INR1524 | TP: INR1760 (+15%)

EPS CHANGE (%): FY23 | 24: 1.9 | 3.3

- Expect CC revenue growth at ~1.5% QoQ, implying ~20bp of currency headwinds. The furloughs' impact is expected to be in similar line to last year's.
- Operating margin is likely to see an improvement of 10bp QoQ aided by margin levers after two consecutive wage hikes.
- The deal pipeline remains strong that is skewing more towards cost take-out small-size deals.
- We expect the company to maintain its guidance. IT budget allocation, deal TCv and attrition are the 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	4,614	4,716	16,310	18,329
QoQ (%)	4.7	5.7	6.3	0.7	3.8	2.5	1.3	2.2	20.3	12.4
Revenue (INR m)	279	296	319	323	345	365	379	390	1,216	1,480
YoY (%)	17.9	20.5	22.9	22.7	23.6	23.4	19.0	21.0	21.1	21.7
GPM (%)	33.7	33.1	32.8	31.0	29.3	30.5	30.7	31.2	32.6	30.4
SGA (%)	10.0	9.5	9.3	9.4	9.2	8.9	9.1	9.2	9.6	9.1
EBITDA	74	78	84	79	78	89	92	96	315	355
EBITDA margin (%)	26.6	26.4	26.3	24.4	22.8	24.2	24.3	24.7	25.9	24.0
EBIT	66	70	75	70	69	79	82	86	280	315
EBIT margin (%)	23.7	23.6	23.5	21.6	20.1	21.5	21.6	22.0	23.0	21.3
Other income	6	5	5	6	6	5	6	6	21	23
ETR (%)	27.5	27.1	26.7	24.5	28.8	28.2	26.0	26.0	26.4	27.2
PAT	52	54	58	57	54	60	65	68	221	246
QoQ (%)	2.3	4.4	7.2	-2.1	-5.7	12.3	7.3	5.3		
YoY (%)	22.3	11.9	11.8	12.0	3.2	11.1	11.2	19.6	14.2	11.4
EPS (INR)	12.2	12.9	13.8	13.5	12.8	14.3	15.4	16.2	52.2	58.5



**LTIMindtree****Neutral****CMP INR4325 | TP: INR4580 (6%)****EPS CHANGE (%): FY23|24: -4.9|-3.5**

- The combined entity should see slower-than-usual 3Q as strong 3Q for LTI would be partly offset by high furloughs in MTCL. Expect 50-100bp pass-through impact.
- Expect ~100-120bp margin impact (QoQ on combined basis) due to furloughs. Further, it should see a one-time integration cost of ~100bp.
- Retail, Pharma, and Manufacturing are projected to be slower in 3QFY23. BFSI should continue to do well.
- Commentaries around integration, revenue synergies and deal pipeline remain the key monitorables.

**Quarterly performance**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	470	509	553	570	580	601	1,048	1,082	2,103	3,312
QoQ (%)	5.1	8.3	8.6	3.1	1.7	3.6	NA	3.2	25.9	57.5
Revenue (INR m)	34,625	37,670	41,376	43,016	45,228	48,367	86,166	89,612	1,56,687	2,69,372
YoY (%)	17.4	25.6	31.2	31.6	30.6	28.4	NA	NA	26.7	71.9
GPM (%)	31.0	31.0	31.0	30.0	29.1	29.2	29.7	30.7	30.7	29.8
SGA (%)	12.3	11.5	10.9	10.3	10.7	10.3	10.9	10.8	11.2	10.7
EBITDA	6,478	7,332	8,311	8,464	8,308	9,117	16,199	17,823	30,585	51,448
EBITDA margin (%)	18.7	19.5	20.1	19.7	18.4	18.8	18.8	19.9	19.5	19.1
EBIT	5,682	6,482	7,426	7,445	7,243	7,809	14,131	15,673	27,036	44,856
EBIT margin (%)	16.4	17.2	17.9	17.3	16.0	16.1	16.4	17.5	17.3	16.7
Other income	1,039	938	811	1,151	1,267	1,204	1,809	1,882	3,939	6,162
ETR (%)	26.1	25.6	25.6	25.8	25.5	24.6	25.0	25.0	25.8	25.0
Adj. PAT	4,968	5,517	6,125	6,375	6,344	6,798	11,955	13,166	22,985	38,263
QoQ (%)	1.7	11.1	11.0	4.1	-0.5	7.2	NA	10.1		
YoY (%)	19.3	20.8	18.0	30.5	27.7	23.2	NA	NA	22.2	66.5
EPS (INR)	28.3	31.4	34.9	36.3	36.1	38.7	40.4	44.5	130.8	162.2

**LTTS****Buy****CMP INR3724 | TP: INR4280 (+15%)****EPS CHANGE (%): FY23|24: 0.6|1.4**

- Expect ~2% QoQ CC growth, which implies a currency headwind of ~10bp QoQ.
- 3Q is forecasted to see some furloughs impact on the discretionary part of the spend; telecom, hi-tech and medical devices are likely to see some softness.
- Since the wage hike is behind, the operating margin is likely to be supported by Rupee depreciation. We expect the margin to see a 10bp QoQ improvement.
- Forecast the company to maintain its revenue growth guidance to the tune of 15.5-16.5%. Deal pipeline, new deal wins and client budgets are the 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	252	261	880	999
QoQ (%)	4.2	5.7	3.5	3.1	3.2	3.2	1.9	3.5	19.5	13.5
Revenue (INR m)	15,184	16,077	16,875	17,561	18,737	19,951	20,708	21,583	65,697	80,978
YoY (%)	17.3	22.4	20.5	21.9	23.4	24.1	22.7	22.9	20.6	23.3
GPM (%)	33.4	33.3	33.7	33.0	33.0	32.1	32.5	33.1	33.3	32.7
SGA (%)	12.4	11.6	12.0	11.3	11.6	11.0	11.2	11.6	11.8	11.3
EBITDA	3,177	3,493	3,675	3,804	4,010	4,218	4,411	4,637	14,149	17,276
EBITDA margin (%)	20.9	21.7	21.8	21.7	21.4	21.1	21.3	21.5	21.5	21.3
EBIT	2,623	2,964	3,144	3,274	3,434	3,628	3,789	3,990	12,005	14,841
EBIT margin (%)	17.3	18.4	18.6	18.6	18.3	18.2	18.3	18.5	18.3	18.3
Other income	334	180	259	314	340	261	373	388	1,087	1,362
ETR (%)	26.6	26.6	26.7	26.6	27.1	27.2	26.0	26.0	26.6	26.5
PAT	2,162	2,300	2,488	2,620	2,742	2,824	3,078	3,238	9,570	11,882
QoQ (%)	11.2	6.4	8.2	5.3	4.7	3.0	9.0	5.2		
YoY (%)	84.3	39.0	33.7	34.7	26.8	22.8	23.7	23.6	44.3	24.2
EPS (INR)	20.4	21.8	23.6	24.8	26.0	26.7	29.1	30.6	90.5	112.3

**Mphasis****Buy****CMP INR1971 | TP: INR2290 (+16%)****EPS CHANGE (%): FY23|24: -1.5|-1.5**

- Expect continued strength in the Direct business, although Digital Risk will continue to remain soft.
- Expect the decline to continue in the DXC business, although the pace of decline should start moderating.
- Expect the margin to improve 20bp QoQ.
- Outlook with regards to BFSI growth in FY23E remains a key monitorable.

**Quarterly performance**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	363	385	414	431	436	440	442	451	1,593	1,769
QoQ (%)	6.0	6.1	7.5	4.0	1.2	1.0	0.3	2.1	21.7	11.0
Revenue (INR m)	26,909	28,693	31,237	32,777	34,113	35,198	36,469	37,485	1,19,616	1,43,266
YoY (%)	17.6	17.8	26.2	29.8	26.8	22.7	16.8	14.4	23.0	19.8
GPM (%)	28.4	28.8	29.7	29.8	29.8	28.1	29.4	29.8	29.2	29.3
SGA (%)	10.2	10.7	12.0	12.2	12.2	10.5	11.6	11.6	11.3	11.5
EBITDA	4,895	5,185	5,530	5,772	6,001	6,177	6,492	6,817	21,382	25,487
EBITDA margin (%)	18.2	18.1	17.7	17.6	17.6	17.5	17.8	18.2	17.9	17.8
EBIT	4,271	4,528	4,704	4,973	5,205	5,376	5,662	5,964	18,476	22,207
EBIT margin (%)	15.9	15.8	15.1	15.2	15.3	15.3	15.5	15.9	15.4	15.5
Other income	310	277	90	184	125	174	292	300	861	891
ETR (%)	25.8	25.6	25.4	24.0	24.6	24.6	25.0	25.0	25.2	24.8
PAT	3,397	3,574	3,575	3,921	4,020	4,184	4,465	4,698	14,467	17,367
QoQ (%)	7.2	5.2	0.0	9.7	2.5	4.1	6.7	5.2		
YoY (%)	23.5	19.5	9.8	23.7	18.3	17.1	24.9	19.8	18.9	20.0
EPS (INR)	17.9	18.8	18.9	20.4	21.2	22.1	23.6	24.8	75.1	91.7

**Persistent Systems****Neutral****CMP INR4020 | TP: INR3830 (-5%)****EPS CHANGE (%): FY23|24: 0.0|0.5**

- Expect a dip in growth due to furloughs in BFSI and Tech along with weakness in top accounts.
- Expect deal wins to remain strong in 3QFY23. Though ACV number can be lower due to higher tenure cost take-out deals.
- Margin should largely remain flat QoQ in 3QFY23E.
- 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	264.2	273.5	766	1,035
QoQ (%)	9.2	9.3	9.2	9.1	11.1	5.8	3.4	3.5	35.2	35.2
Revenue (INR m)	12,299	13,512	14,917	16,379	18,781	20,486	21,714	22,644	57,107	83,626
QoQ (%)	10.5	9.9	10.4	9.8	14.7	9.1	6.0	4.3		
YoY (%)	24.1	34.1	38.7	47.1	52.7	51.6	45.6	38.3	36.4	46.4
GPM (%)	33.5	33.5	33.8	33.7	33.8	33.5	33.7	33.8	33.6	33.7
SGA (%)	16.6	16.9	16.9	16.5	16.1	15.5	15.8	15.8	16.7	15.8
EBITDA	2,090	2,244	2,511	2,812	3,333	3,680	3,887	4,076	9,656	14,975
EBITDA margin (%)	17.0	16.6	16.8	17.2	17.7	18.0	17.9	18.0	16.9	17.9
EBIT	1,740	1,873	2,083	2,300	2,688	2,987	3,149	3,329	7,996	12,152
EBIT margin (%)	14.1	13.9	14.0	14.0	14.3	14.6	14.5	14.7	14.0	14.5
Other income	365	303	281	371	131	-31	217	226	1,321	544
ETR (%)	24.6	25.7	25.4	24.8	24.9	25.6	25.5	25.5	25.1	25.4
PAT	1,587	1,618	1,764	2,010	2,116	2,200	2,506	2,647	6,978	9,469
QoQ (%)	15.2	1.9	9.1	13.9	5.3	4.0	13.9	5.6		
YoY (%)	76.3	58.6	45.9	45.9	33.3	36.0	42.1	31.7	54.8	35.7
EPS (INR)	19.8	21.2	23.1	26.3	27.7	28.8	32.8	34.6	91.3	123.9

**TCS****Buy****CMP INR3261 | TP: INR3830 (+17%)****EPS CHANGE (%): FY23|24: 0.9|2.1**

- In CC terms, the revenue growth is likely to be at ~1.6% QoQ, implying ~20bp of currency headwinds. 3Q furloughs are expected to be higher than the earlier trend.
- Deal pipeline remains strong while we expect deal TCV to be within the USD7-8b range.
- We expect 60bp improvement in operating margin led by stabilizing supply constraints, Rupee depreciation and receding attrition.
- Client budgets, furlough impacts and deal wins are the 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	6,972	7,174	25,707	27,803
QoQ (%)	2.8	2.9	3.0	2.6	1.3	1.4	1.4	2.9	15.9	8.2
Overall Revenue (INR b)	454	469	489	506	528	553	573	594	1,918	2,248
QoQ (%)	3.9	3.2	4.3	3.5	4.3	4.8	3.6	3.7		
YoY (%)	18.5	16.8	16.4	15.8	16.2	18.0	17.2	17.4	16.8	17.2
GPM (%)	40.4	40.4	40.0	40.1	38.4	39.5	39.9	40.3	40.2	39.6
SGA (%)	14.8	14.8	15.0	15.2	15.3	15.5	15.3	15.3	15.0	15.4
EBITDA	127	131	134	138	133	144	153	161	530	590
EBITDA margin (%)	27.9	28.0	27.4	27.4	25.1	26.0	26.6	27.0	27.7	26.2
EBIT	116	120	122	126	122	133	141	148	485	544
EBIT margin (%)	25.5	25.6	25.0	25.0	23.1	24.0	24.6	25.0	25.3	24.2
Other income	6	10	10	7	6	8	9	10	32	32
PBT	122	130	132	134	128	141	150	158	517	576
ETR (%)	25.8	25.6	25.7	25.5	25.5	25.8	25.0	25.0	25.6	25.3
Adj. PAT	90	97	98	100	95	105	112	118	384	431
Exceptional items	0	0	0	0	0	0	0	0	0	0
Reported PAT	90	97	98	100	95	105	112	118	384	431
QoQ (%)	-2.7	6.9	1.6	1.6	-4.4	9.9	7.2	5.6		
YoY (%)	28.1	28.6	12.4	7.3	5.4	8.4	14.4	19.0	18.1	12.0
EPS (INR)	24.4	26.0	26.4	27.2	26.0	28.5	30.6	32.3	104.0	117.4

**Tech Mahindra****Neutral****CMP INR1010 | TP: INR1030 (2%)****EPS CHANGE (%): FY23|24: -2.8|1.8**

- Expect flattish growth in CC terms due to weak macro, heightened furloughs, and slower conversions. BFSI to remain soft.
- Expect operating margin to see an improvement of 20bp QoQ during the quarter.
- Expect deal wins to be within the USD500-600m quarterly band.
- Outlook on margin and growth in the Telecom vertical in FY23E will be the key monitorables.

**Quarterly performance**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,384	1,473	1,534	1,608	1,633	1,638	1,641	1,688	5,998	6,600
QoQ (%)	4.1	6.4	4.1	4.9	1.5	0.3	0.2	2.9	17.4	10.0
Revenue (INR b)	102	109	115	121	127	131	135	140	446	533
YoY (%)	12.0	16.1	18.7	24.5	24.6	20.7	17.8	15.4	17.9	19.4
GPM (%)	31.7	31.7	30.1	29.3	28.3	27.9	28.2	28.9	30.6	28.3
SGA (%)	13.3	13.3	12.1	12.1	13.5	12.8	12.9	13.0	12.7	13.0
EBITDA	19	20	21	21	19	20	21	22	80	82
EBITDA margin (%)	18.4	18.3	18.0	17.2	14.8	15.1	15.3	15.9	18.0	15.3
EBIT	15	17	17	16	14	15	16	17	65	62
EBIT margin (%)	15.2	15.2	14.8	13.2	11.0	11.4	11.6	12.2	14.6	11.6
Other income	2	2	2	3	1	2	2	2	10	7
ETR (%)	23.9	29.4	26.9	17.5	22.8	21.4	26.5	26.5	24.4	24.4
Adj. PAT	14	13	14	15	11	13	13	14	56	51
QoQ (%)	11.7	-1.1	2.2	10.0	-24.9	15.8	-2.7	8.4		
YoY (%)	39.2	25.7	4.5	24.3	-16.4	-2.2	-6.9	-8.2	22.1	-8.4
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	14	56	51
EPS (INR)	15.3	15.1	15.5	16.9	12.8	14.8	14.4	15.6	62.6	57.6

**Wipro****Neutral****CMP INR393 | TP: INR385 (-2%)****EPS CHANGE (%): FY23|24: -0.6|1.7**

- Growth in 3QFY23E should remain soft, within the management's guidance band provided in 2QFY23 owing to heightened furloughs.
- Consulting should remain soft. The degree of impact in Capco should be similar to the last quarter.
- Margins to remain in a narrow band given the two-month impact of wage hikes.
- The management's guidance for 4QFY23 and deal wins will be the 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	2,808	2,881	10,356	11,222
QoQ (%)	12.2	6.9	2.3	3.1	0.5	2.3	0.4	2.6	27.3	8.4
Overall Revenue (INR b)	183	197	203	209	215	225	232	240	791	913
QoQ (%)	12.4	7.8	3.3	2.7	3.2	4.7	3.1	3.2		
YoY (%)	22.4	30.1	29.6	28.4	17.9	14.6	14.4	15.0	27.7	15.4
GPM (%)	30.1	30.1	29.7	29.1	27.7	27.3	26.7	27.9	29.7	27.4
SGA (%)	12.9	12.8	12.8	12.8	13.4	13.4	12.6	12.6	12.8	13.0
EBITDA	41	43	43	43	42	43	44	49	170	177
EBITDA margin (%)	22.4	21.6	21.4	20.7	19.3	18.9	19.0	20.3	21.5	19.4
IT Services EBIT (%)	17.8	17.8	17.6	17.0	15.0	15.1	15.4	16.7	17.5	15.6
EBIT margin (%)	17.8	17.8	17.5	16.8	14.8	14.4	14.6	15.8	17.5	14.9
Other income	6	3	2	2	2	2	2	2	13	7
ETR (%)	16.1	22.0	21.3	17.1	23.6	22.5	22.5	22.5	19.1	22.8
PAT	32	29	30	31	26	27	28	31	122	111
QoQ (%)	8.7	-9.3	1.3	4.0	-17.0	3.7	4.0	11.4		
YoY (%)	35.2	18.9	0.0	3.9	-20.7	-9.3	-6.9	-0.3	13.2	-9.4
EPS (INR)	5.9	5.3	5.4	5.6	4.7	4.9	5.0	5.6	21.9	20.2

**Zensar Technologies****Buy****CMP INR214 | TP: INR250 (+17%)****EPS CHANGE (%): FY23|24: -5.4|-0.6**

- Expect revenue growth to decline ~4.5% QoQ that implies a currency headwind of 20bp. 3QFY23 is likely to see the extended furloughs and elongated sales cycle.
- Despite 3Q softness, the operating margin is expected to see an improvement of ~110bp fueled by cost optimization and receding attrition rate.
- Order bookings are likely to get impacted adversely by furloughs coupled with a slowdown in decision making and a cut down in discretionary spends.
- Outlook for the next year, demand environment and deal pipeline are the 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	148	152	569	610
QoQ (%)	5.8	11.6	3.7	4.1	1.8	-0.6	-4.7	2.6	15.3	7.2
Revenue (INR m)	9,368	10,506	11,025	11,538	12,034	12,346	12,143	12,555	42,437	49,078
YoY (%)	-1.2	12.2	21.6	31.6	28.5	17.5	10.1	8.8	15.7	15.6
GPM (%)	34.8	30.6	29.6	30.2	26.6	25.3	26.0	26.9	31.2	26.2
SGA (%)	16.4	15.2	15.3	16.0	15.3	16.8	16.4	16.1	15.7	16.2
EBITDA	1,726	1,612	1,584	1,642	1,361	1,054	1,166	1,358	6,564	4,939
EBITDA margin (%)	18.4	15.3	14.4	14.2	11.3	8.5	9.6	10.8	15.5	10.1
EBIT	1,300	1,144	1,110	1,161	871	562	692	881	4,715	3,006
EBIT margin (%)	13.9	10.9	10.1	10.1	7.2	4.6	5.7	7.0	11.1	6.1
Other income	95	142	152	634	149	209	97	100	1,023	556
ETR (%)	26.5	25.5	26.9	27.2	26.4	26.3	26.0	26.0	26.6	26.2
Adj. PAT	1,010	944	909	1,297	751	568	584	727	4,160	2,630
QoQ (%)	11.6	-6.5	-3.7	42.7	-42.1	-24.4	2.8	24.4		
YoY (%)	38.9	7.5	-7.9	43.3	-25.6	-39.8	-35.7	-44.0	19.0	-36.8
EPS (INR)	4.4	4.2	4.0	5.7	3.3	2.5	2.6	3.2	18.3	11.5

# Telecom

## Company

Bharti Airtel

Indus Towers

RJio

Tata Communications

Vodafone Idea

## ARPU growth, SUC savings to drive earnings; 5G spends to accelerate

### ARPU-led growth continues

Given that the industry is in a consolidation phase, the revenue growth is driven by improvement in ARPU, backed by a) device upgrades - shifting from 2G to 4G, b) premiumization - shift toward higher data plans, c) rise in tariff hikes in 2G network and most importantly, consolidation of dual sim cards as customers have low incentives to carry two sim cards. Subsequently, we expect 1-4% ARPU increase across the telcos, driving 3-4% sequentially revenue growth for Bharti and RJio and 1% for VIL.

### VIL customers flow to Bharti and RJio, driving growth despite consolidation

Industry-wide subscribers are expected to be range bound; however, 4G subscribers are expected to grow in numbers for all the three telecom companies. In Oct'22, we saw 1.8m/1.1m MoM decline in subscribers in active/gross level. We expect VIL to continue to lose market share with 6m subscriber loss in 3QFY23, driving gains for Bharti and RJio, which witnessed market share gains of 20bp/10bp in Oct'22 to 36.8%/31.9%. Subsequently, we expect a marginal rise in subscribers for RJio and Bharti and a 3% decline for VIL.

### Decline in SUC charges to drive margin gains

We expect the benefit of decline in SUC charges coupled with an increase in ARPU and subscriber adds to drive EBITDA growth of 6% QoQ for RJio and Bharti (India Mobile) with margin expansions of 140bp/170bp, respectively, to 52.6%/ 54%. VIL, on the contrary, given its market share loss and increased cost to restrict churn, should exhibit flat EBITDA (pre IND-AS 116) with a slight margin improvement of 30bp to 20.2%

### Investing in 5G infrastructure

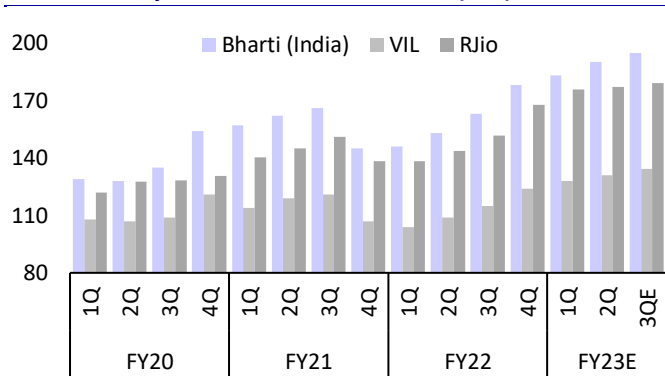
After the auction, both RJio and Bharti have been aggressively implementing 5G in the respective target areas. RJIO is planning to roll out 5G telecom services across India by Dec'23 using Standalone architecture, while Airtel is planning to cover the entire nation by Mar'24 and all urban cities by Mar'23 using Non-Standalone architecture. VIL's 5G plans are dependent on their fund raise. It also plans to use the Non-Standalone architecture for its 5G rollout.

Bharti's management expects a 20-30% increase in capex to about INR 230-240b for its Indian business and INR 300b for its consolidated business. RJio plans to invest INR 2t to develop its network (including INR 881b for spectrum).

**Exhibit 1: Expected quarterly performance summary**

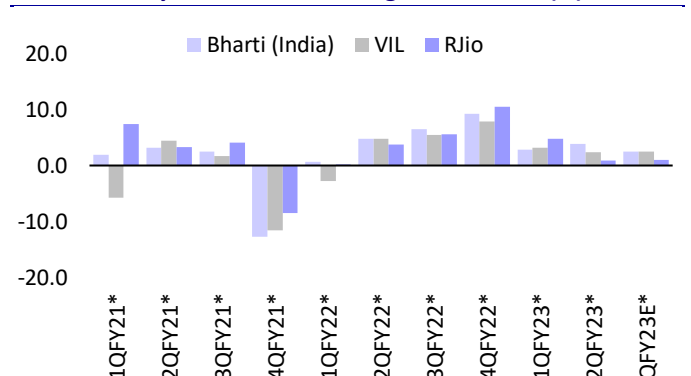
Sector	CMP		Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
	(INR)	RECO	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ	Dec-22	Var % YoY	Var % QoQ
Bharti Airtel	814	Buy	3,55,866	19.2	3.1	1,84,865	25.7	5.1	26,302	225.8	22.6
Indus Towers	190	Neutral	69,891	0.9	-12.3	37,026	0.1	31.7	15,582	-0.8	78.7
Tata Comm	1318	Neutral	45,698	9.2	3.1	11,334	4.7	0.3	3,812	-1.4	-16.4
Vodafone Idea	8	Neutral	1,06,062	9.1	-0.1	41,245	8.1	0.7	-69,881	Loss	Loss
<b>Telecom</b>			<b>5,77,516</b>	<b>13.9</b>	<b>0.4</b>	<b>2,74,469</b>	<b>17.8</b>	<b>7.1</b>	<b>-24,186</b>	<b>Loss</b>	<b>Loss</b>

**Exhibit 2: Player-wise QoQ ARPU trends (INR)**



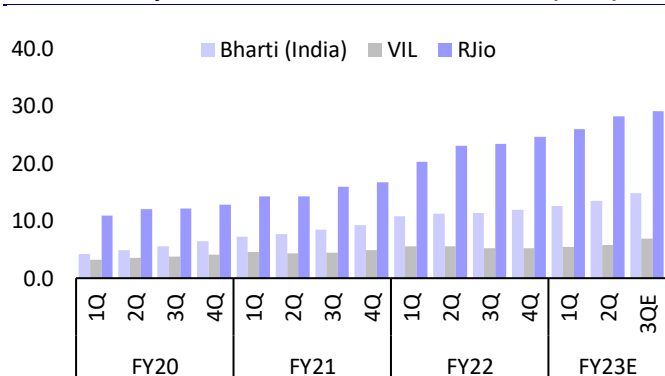
Sources: Company, MOFSL

**Exhibit 3: Player-wise QoQ ARPU growth trends (%)**



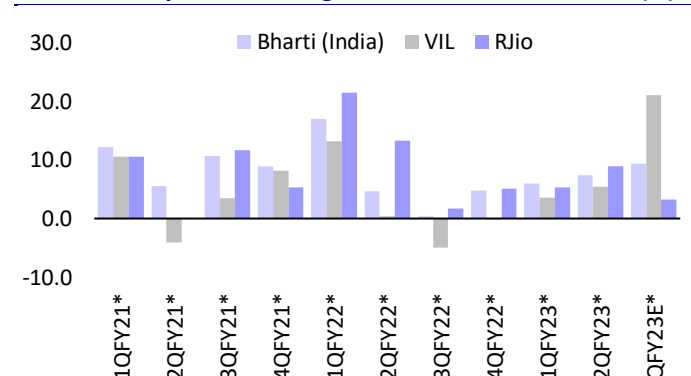
\*\*Represents performance of the Vodafone Idea merged entity  
Sources: Company, MOFSL

**Exhibit 4: Player-wise QoQ data on traffic trends (b GB)**



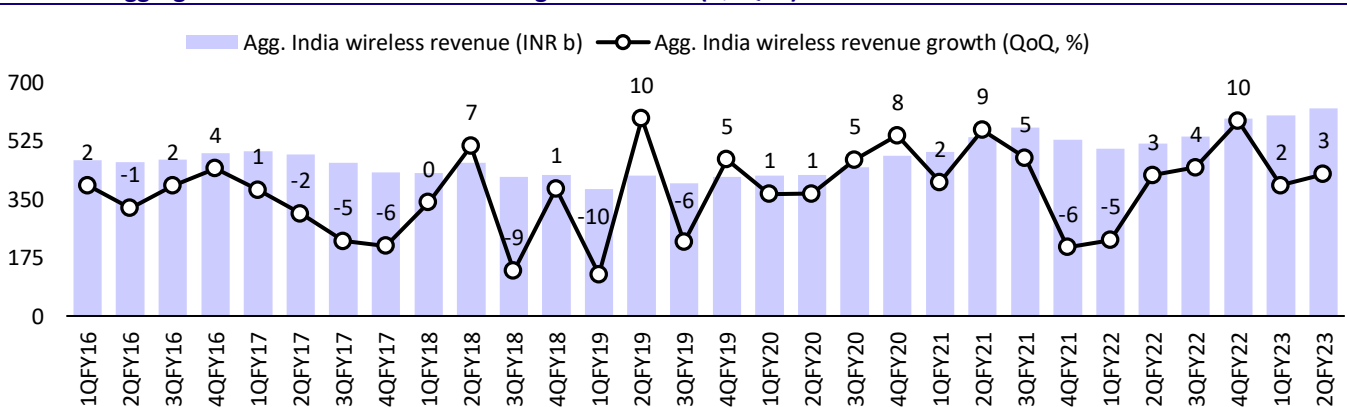
Sources: Company, MOFSL

**Exhibit 5: Player-wise QoQ growth trends in data traffic (%)**



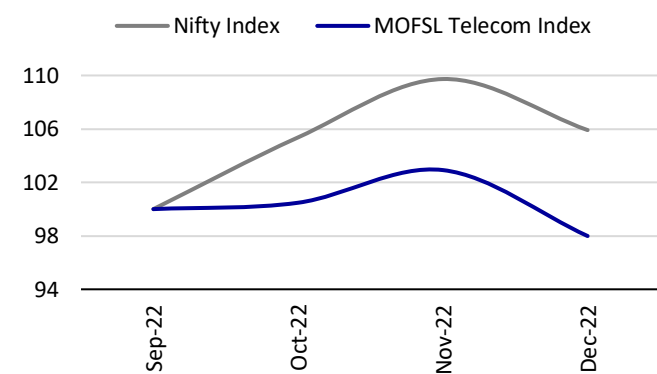
\*\*Represents performance of the Vodafone Idea merged entity  
Sources: Company, MOFSL

**Exhibit 6: Aggregate India Wireless revenue and growth trends (QoQ, %)**



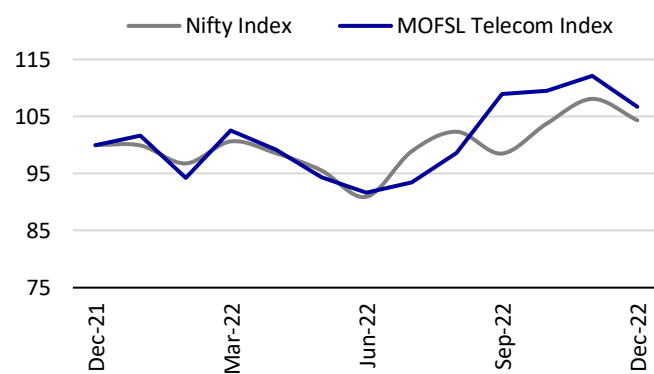
Sources: TRAI, MOFSL

Exhibit 7: Relative performance – three-months (%)



Sources: Bloomberg, MOFSL

Exhibit 8: Relative performance – one-year (%)



Sources: Bloomberg, MOFSL

Exhibit 9: 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
Bharti Airtel	814	Buy	15.3	24.3	38.4	53.3	33.5	21.2	4.7	4.1	3.5	10.5	13.2	17.8
Indus Towers	190	Neutral	16.8	24.9	26.1	11.3	7.6	7.3	2.2	1.9	1.7	19.9	27.0	24.8
Tata Comm	1,318	Neutral	62.3	72.7	94.9	21.1	18.1	13.9	13.6	7.8	5.0	96.2	54.5	44
Vodafone Idea	8	Neutral	-10.0	-9.4	-7.5	-0.8	-0.9	-1.1	-0.3	-0.2	-0.2	NM	NM	NM

Exhibit 10: Wireless KPI comparison

	FY20				FY21				FY22				FY23			YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3QE		
<b>EOP Wireless SUBS (m)</b>																	
Bharti (India)	277	279	283	284	280	294	308	321	321	323	323	326	327	328	330	2.2	0.7
VIL	320	311	304	291	280	272	270	268	255	253	247	244	240	234	228	-7.6	-2.6
RJio	331	355	370	388	398	406	411	426	441	430	421	410	420	428	437	3.7	2.1
<b>Avg. Wireless Subs (m)</b>																	
Bharti (India)	280	278	281	283	282	287	301	315	321	322	323	324	327	328	329	1.8	0.4
VIL	327	316	308	298	285	276	271	269	262	254	250	246	242	237	231	-7.5	-2.5
RJio	319	343	363	379	393	402	408	419	433	435	425	416	415	424	432	1.6	2.0
<b>ARPU (INR/month)</b>																	
Bharti (India)	129	128	135	154	157	162	166	145	146	153	163	178	183	190	195	19.5	2.5
VIL	108	107	109	121	114	119	121	107	104	109	115	124	128	131	134	16.8	2.5
RJio	122	128	128	131	140	145	151	138	138	144	152	168	176	177	179	18.1	1.0
<b>MOU/Sub (min)</b>																	
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	1,093	3.0	1.0
VIL	690	669	674	688	678	673	673	657	641	630	620	610	620	599	605	-2.4	1.0
RJio	821	789	760	771	756	773	796	820	815	835	901	962	1004	968	968	7.3	0.0
<b>Wireless traffic (B min)</b>																	
Bharti (India)	737	717	759	822	820	861	925	997	1,002	1,020	1,030	1,051	1,079	1,063	1,078	4.7	1.5
VIL	676	631	624	616	579	555	547	529	503	480	465	449	450	427	420	-9.7	-1.6
RJio	786	813	826	876	891	932	975	1030	1060	1090	1150	1200	1250	1230	1254	9.1	2.0
<b>Data usage/Sub (Gb)</b>																	
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	21.6	15.5	4.2
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	16.4	28.0	16.7
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	22.4	22.4	1.2
<b>Data traffic (B Gb)</b>																	
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	14.7	30.4	9.4
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	6.9	32.1	21.1
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	29.1	24.4	3.2

Sources: Company, MOFSL

## Exhibit 11: Quarterly financials

	FY20				FY21				FY22				FY23			YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3QE*		
<b>Revenue (INR b)</b>																	
Bharti (India wireless)	109	110	112	130	129	138	148	141	143	152	161	176	182	190	195	21.2	2.9
Bharti (consolidated)	207	211	213	237	239	251	265	257	269	283	299	315	328	345	356	19.2	3.1
VIL	113	108	111	118	107	108	109	96	92	94	97	102	104	106	106	9.1	-0.1
RJio	117	131	140	148	166	175	185	174	180	187	193	209	219	225	232	19.9	3.0
<b>EBITDA (INR b)</b>																	
Bharti (India wireless)	39	40	40	51	52	59	65	67	70	75	79	89	93	99	105	32.7	6.2
Bharti (consolidated)	83	89	87	102	104	111	121	123	130	138	147	160	165	176	185	25.7	5.1
VIL	37	33	34	44	41	42	43	44	37	39	38	46	43	41	41	8.1	0.7
RJio	47	51	56	62	70	75	81	83	86	90	95	105	110	115	122	28.4	6.3
<b>EBITDA Margin (%)</b>																	
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	54.0	467bps	168bps
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	51.9	272bps	99bps
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	38.9	-39bps	28bps
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	52.6	346bps	162bps
<b>PAT (INR b)</b>																	
Bharti (consolidated)	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	8.5	7.6	2.8	11.3	8.3	20.1	16.1	21.5	26.3	217.0	22.6
VIL	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(45.3)	(70.2)	(73.2)	(71.3)	(72.3)	(65.6)	(73.0)	(76.0)	(69.9)	-3.4	-8.0
RJio	9	10	14	23	25	28	33	34	35	35	36	42	43	45	49	34.6	7.7
<b>EPS (INR)</b>																	
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	4.7	211.5	22.6
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)	(2.2)	-13.5	-8.0
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	1.1	34.6	7.7

\*Represents performance of the Vodafone Idea merged entity Sources: Company, MOFSL



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

## Bharti Airtel

Buy

CMP: INR814 | TP: INR1,010 (+24%)

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

- We expect 3% revenue growth sequentially, led by a 2.5% increase in ARPU and subs addition of 1%.
- We expect India Wireless/Airtel Africa to see a sequential revenue growth of 3% QoQ each.
- Expect EBITDA margin is expected to improve 90bps, led by SUC savings. EBITDA is expected to grow 5% sequentially.
- Subscriber churn is expected to be 3%.

### Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	269	283	299	315	328	345	356	365	1,165	1,394
YoY Change (%)	12.2	13.0	12.6	22.3	22.2	21.9	19.2	16.0	15.8	19.6
Total Expenditure	139	145	152	155	163	169	171	175	590	678
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	25.7	18.6	26.8	24.5
Depreciation	77	82	85	86	88	89	92	95	331	364
Net Finance cost	42	40	44	41	45	49	49	48	166	191
Other Income	7	7	8	7	4	6	8	9	30	26
PBT before EO expense	17	23	26	41	36	43	52	56	108	187
Extra-Ord expense	0	-7	0	-9	0	0	0	0	-17	0
PBT	18	30	26	50	36	43	52	56	125	187
Tax	8	10	10	13	11	13	16	17	42	57
Rate (%)	47.0	34.0	37.5	26.2	31.3	30.2	30.2	30.2	33.5	30.4
Minority Interest & P/L of Asso. Cos.	7	9	8	17	9	8	10	18	41	45
Reported PAT	3	11	8	20	16	21	26	22	43	85
Adj PAT	3	6	8	19	15	21	26	22	35	84
YoY Change (%)	-161.1	-179.8	-370.7	477.4	469.4	261.3	225.8	15.7	-405.0	139.4

E: MOFSL Estimates

## Indus Towers

Neutral

CMP: INR190 | TP: INR197 (+4%)

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

- We expect the number of tenants and rental rates to remain flat.
- Adjusted revenue is expected to be flattish sequentially.
- We expect tower additions of 1,000 in 3QFY23.
- EBITDA margin is expected to increase sequentially (Q1+Q2 margin deteriorated, led by VIL provision)

### Quarterly Performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from operations	68	69	69	71	69	80	70	70	277	289
YoY Change (%)	11.7	8.1	2.8	9.6	1.5	15.9	0.9	-1.0	8.4	12.6
Total Expenditure	33	33	32	31	46	52	33	33	128	164
EBITDA	35	36	37	41	23	28	37	38	149	125
YoY Change (%)	15.0	17.9	4.1	19.0	-35.7	-22.4	0.1	-7.2	18.4	-4.2
Depreciation	13	13	13	14	13	13	14	14	53	54
Interest	4	4	4	4	4	4	3	2	15	13
Other Income	1	1	1	1	1	1	1	1	4	3
PBT	19	20	21	24	6	12	21	22	84	61
Tax	5	5	5	6	2	3	5	5	21	15
Rate (%)	24.6	23.4	24.8	24.8	25.8	25.8	25.2	25.2	24.4	25.4
Reported PAT	14	16	16	18	5	9	16	16	64	45
Adj PAT	14	16	16	18	5	9	16	16	64	45
YoY Change (%)	26.3	37.8	15.5	34.1	-66.3	-44.1	-0.8	-11.4	26.8	-9.0

E: MOFSL Estimates

## Reliance Jio

**CMP: INR | TP: INR**

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

- We expect revenue to grow 3% sequentially, led by a 2% growth in subscribers and 1% ARPU growth.
- ARPU expects to improve to INR 179 with subscribers at 437m.
- EBITDA margin is expected to improve by 160bps, led by SUC savings. EBITDA is expected to grow 6% sequentially.
- We expect the benefits to flow into PAT growth by 8% sequentially

### Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenue</b>	<b>180</b>	<b>187</b>	<b>193</b>	<b>209</b>	<b>219</b>	<b>225</b>	<b>232</b>	<b>238</b>	<b>770</b>	<b>914</b>
YoY Change (%)	8.7	7.2	4.6	20.4	21.6	20.2	19.9	13.7	10.1	18.7
Total Expenditure	94	97	98	104	109	110	110	111	394	440
<b>EBITDA</b>	<b>86</b>	<b>90</b>	<b>95</b>	<b>105</b>	<b>110</b>	<b>115</b>	<b>122</b>	<b>127</b>	<b>376</b>	<b>473</b>
Margins (%)	47.9	48.0	49.2	50.3	50.1	51.0	52.6	53.2	48.9	51.8
Depreciation	31	32	36	37	42	45	47	49	136	183
Finance Cost	8	11	13	12	10	10	11	11	44	42
Other Income	0	0	2	0	1	1	1	0	2	3
<b>PBT</b>	<b>47</b>	<b>47</b>	<b>48</b>	<b>56</b>	<b>58</b>	<b>61</b>	<b>65</b>	<b>67</b>	<b>198</b>	<b>251</b>
Tax	12	12	12	14	15	15	17	17	50	64
Rate (%)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
<b>PAT</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>42</b>	<b>43</b>	<b>45</b>	<b>49</b>	<b>50</b>	<b>148</b>	<b>187</b>
Margins (%)	19.5	18.8	18.7	20.0	19.8	20.1	21.0	21.0	19.2	20.5
YoY Change (%)	39%	24%	10%	24%	24%	28%	35%	20%	23%	26%

## Tata Communications

**Neutral**

**CMP: INR1,318 | TP: INR1,140 (-13%)**

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

- We expect the decline in Voice revenue to continue.
- Revenue from Digital Platform Services/Incubation Services is expected to grow 7%/15% sequentially.
- We expect core services revenue to grow 2% 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	3QE	4QE		
<b>Revenue</b>	<b>41.0</b>	<b>41.7</b>	<b>41.8</b>	<b>42.6</b>	<b>43.1</b>	<b>44.3</b>	<b>45.7</b>	<b>47.0</b>	<b>167.2</b>	<b>180.1</b>
YoY Change (%)	-6.8	-5.2	-0.9	4.7	5.1	6.2	9.2	10.3	-2.2	7.7
Total Expenditure	31.2	30.6	31.0	32.2	32.3	33.0	34.4	35.2	125.0	134.9
<b>EBITDA</b>	<b>9.9</b>	<b>11.1</b>	<b>10.8</b>	<b>10.5</b>	<b>10.8</b>	<b>11.3</b>	<b>11.3</b>	<b>11.8</b>	<b>42.3</b>	<b>45.2</b>
YoY Change (%)	-5.3	-3.9	3.5	3.0	9.2	1.5	4.7	13.2	-0.8	7.0
Depreciation	5.3	5.4	5.4	5.9	5.4	5.5	5.6	6.0	22.0	22.5
Interest	1.0	0.9	0.8	0.9	0.8	1.0	1.0	0.9	3.6	3.7
Other Income	0.1	0.4	0.2	2.6	2.3	0.4	0.3	0.3	3.3	3.4
<b>PBT before EO expense</b>	<b>3.7</b>	<b>5.2</b>	<b>4.8</b>	<b>6.3</b>	<b>6.9</b>	<b>5.2</b>	<b>5.1</b>	<b>5.2</b>	<b>19.9</b>	<b>22.4</b>
Exceptional (gain)/loss	-0.1	-0.1	-0.1	0.2	0.0	-0.8	0.0	0.0	-0.1	-0.8
<b>PBT</b>	<b>3.8</b>	<b>5.3</b>	<b>4.8</b>	<b>6.1</b>	<b>6.9</b>	<b>5.9</b>	<b>5.1</b>	<b>5.2</b>	<b>20.0</b>	<b>23.2</b>
Tax	0.8	1.0	1.0	2.4	1.6	0.7	1.3	1.3	5.2	4.8
Rate (%)	21.0	19.6	19.8	39.9	22.9	11.1	25.2	25.2	26.1	20.9
MI & P/L of Asso. Cos.	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	0.1	0.0	0.0
<b>Reported PAT</b>	<b>3.0</b>	<b>4.3</b>	<b>4.0</b>	<b>3.7</b>	<b>5.4</b>	<b>5.3</b>	<b>3.8</b>	<b>3.8</b>	<b>14.8</b>	<b>18.4</b>
<b>Adj PAT</b>	<b>2.9</b>	<b>4.1</b>	<b>3.9</b>	<b>3.9</b>	<b>5.4</b>	<b>4.6</b>	<b>3.8</b>	<b>3.8</b>	<b>14.8</b>	<b>17.6</b>
YoY Change (%)	8.3	-5.9	20.6	29.5	87.2	10.5	-1.4	-1.6	11.4	19.3

**Vodafone Idea****Neutral****CMP: INR 8 | TP: INR 8 (0%)****EPS CHANGE (%): FY23 | 24: (8.2) | (9.6)**

- We expect a 2.5% sequential increase in blended ARPU, offset by subscriber decline by 2.5%, leading to flat revenue growth.
- ARPU is expected to grow to INR 134.3, led by an increase in 4G subs mix.
- Subscriber base is expected to decline by 6m (net) in 3QFY23. EOD subscriber is expected to be 228m by 3QFY23.
- EBITDA margin is expected to improve 30bps, led by SUC savings.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue</b>	<b>92</b>	<b>94</b>	<b>97</b>	<b>102</b>	<b>104</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>385</b>	<b>423</b>
YoY Change (%)	-14.1	-12.8	-10.8	6.6	13.7	12.8	9.1	4.5	-8.2	9.9
Total Expenditure	54	55	59	56	61	65	65	64	225	255
<b>EBITDA</b>	<b>37</b>	<b>39</b>	<b>38</b>	<b>46</b>	<b>43</b>	<b>41</b>	<b>41</b>	<b>43</b>	<b>160</b>	<b>168</b>
YoY Change (%)	-9.5	-7.0	-11.0	5.5	16.7	6.1	8.1	-7.6	-5.4	5.1
Depreciation	60	59	57	59	58	57	59	60	236	234
Share in Profits from Associates	0	0	0	0	0	0	0	0	0	0
Net Finance Costs	52	51	53	53	58	60	52	52	209	223
<b>PBT before EO expense</b>	<b>-75</b>	<b>-71</b>	<b>-72</b>	<b>-65</b>	<b>-73</b>	<b>-76</b>	<b>-70</b>	<b>-70</b>	<b>-284</b>	<b>-288</b>
Extra-Ord expense	-2	0	0	0	0	0	0	0	-2	0
<b>PBT</b>	<b>-73</b>	<b>-71</b>	<b>-72</b>	<b>-66</b>	<b>-73</b>	<b>-76</b>	<b>-70</b>	<b>-70</b>	<b>-282</b>	<b>-288</b>
Tax	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	0.1	0.0
Rate (%)	0.0	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	0.2	0.0	0.0
<b>Reported PAT</b>	<b>-73</b>	<b>-71</b>	<b>-72</b>	<b>-66</b>	<b>-73</b>	<b>-76</b>	<b>-70</b>	<b>-70</b>	<b>-282</b>	<b>-288</b>
<b>Adj PAT</b>	<b>-75</b>	<b>-71</b>	<b>-72</b>	<b>-65</b>	<b>-73</b>	<b>-76</b>	<b>-70</b>	<b>-70</b>	<b>-284</b>	<b>-288</b>
YoY Change (%)	35.4	10.8	15.9	8.3	-2.7	6.3	-3.2	6.3	17.1	1.5

## 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 INR1,105 | TP: INR1,400 (+27%)

EPS CHANGE (%): FY23|24: -4 |-3

- The company registered a volume growth of 50%/flat YoY/QoQ in 3QFY23.
- EBITDA is expected to increase 32% YoY, assuming an EBITDA/MT of INR4,399 (down 12% YoY).
- Demand outlook on structural steel tubes and utilization level of the Raipur Plant will be the key focus areas.
- Price of primary steel (HRC) continues to be a key monitorable.

#### Consolidated - Quarterly Earnings Model

(INRm)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>25,343</b>	<b>30,839</b>	<b>32,304</b>	<b>42,147</b>	<b>34,386</b>	<b>39,692</b>	<b>38,826</b>	<b>43,520</b>	<b>1,30,633</b>	<b>1,56,423</b>
YoY Change (%)	128.4	40.0	24.2	62.9	35.7	28.7	20.2	3.3	53.7	19.7
Total Expenditure	22,796	28,617	30,281	39,486	32,446	37,373	36,164	40,035	1,21,181	1,46,019
<b>EBITDA</b>	<b>2,547</b>	<b>2,222</b>	<b>2,023</b>	<b>2,661</b>	<b>1,939</b>	<b>2,319</b>	<b>2,661</b>	<b>3,485</b>	<b>9,453</b>	<b>10,404</b>
Margins (%)	10.0	7.2	6.3	6.3	5.6	5.8	6.9	8.0	7.2	6.7
Depreciation	265	273	272	279	294	276	300	320	1,090	1,190
Interest	128	107	109	101	100	136	130	130	445	496
Other Income	102	114	79	110	83	116	87	121	405	407
<b>PBT before EO expense</b>	<b>2,256</b>	<b>1,956</b>	<b>1,721</b>	<b>2,391</b>	<b>1,629</b>	<b>2,023</b>	<b>2,318</b>	<b>3,156</b>	<b>8,323</b>	<b>9,126</b>
<b>PBT</b>	<b>2,256</b>	<b>1,956</b>	<b>1,721</b>	<b>2,391</b>	<b>1,629</b>	<b>2,023</b>	<b>2,318</b>	<b>3,156</b>	<b>8,323</b>	<b>9,126</b>
Tax	572	495	442	625	422	521	584	795	2,133	2,323
Rate (%)	25.3	25.3	25.7	26.1	25.9	25.7	25.2	25.2	25.6	25.5
Minority Interest & Profit/Loss of Asso. Cos.	211	0	123	136	0	0	0	0	469	0
<b>Reported PAT</b>	<b>1,474</b>	<b>1,461</b>	<b>1,156</b>	<b>1,630</b>	<b>1,207</b>	<b>1,502</b>	<b>1,734</b>	<b>2,361</b>	<b>5,721</b>	<b>6,804</b>
<b>Adj PAT</b>	<b>1,474</b>	<b>1,461</b>	<b>1,156</b>	<b>1,630</b>	<b>1,207</b>	<b>1,502</b>	<b>1,734</b>	<b>2,361</b>	<b>5,721</b>	<b>6,804</b>
YoY Change (%)	778.1	58.6	-12.4	36.7	-18.1	2.8	50.0	44.8	58.8	18.9
Margins (%)	5.8	4.7	3.6	3.9	3.5	3.8	4.5	5.4	4.4	4.3

### Coromandel International

Buy

CMP INR896 | TP: INR1,170 (+31%)

EPS CHANGE (%): FY23|24: +8|+3

- Fertilizer manufacturing volumes are expected to grow 10% and trading volumes are expected to decline 8% YoY in 3QFY23.
- Crop Protection revenue is expected to remain flattish YoY in 3QFY23, due to muted international demand outlook.
- Fertilizer manufacturing (NPK and DAP) EBIDTA/MT is expected to be ~INR6,300.
- Raw material and product pricing scenario to be the key monitorables.

#### Consolidated Quarterly Performance (INRm)

(INRm)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Consolidated</b>										
<b>Net Sales</b>	<b>36,639</b>	<b>61,475</b>	<b>50,726</b>	<b>42,268</b>	<b>57,291</b>	<b>1,01,134</b>	<b>68,014</b>	<b>56,530</b>	<b>1,91,109</b>	<b>2,82,968</b>
YoY Change (%)	14.0	33.3	43.6	49.6	56.4	64.5	34.1	33.7	34.8	48.1
Total Expenditure	31,808	54,043	45,288	38,471	50,437	90,564	61,370	52,801	1,69,610	2,55,172
<b>EBITDA</b>	<b>4,831</b>	<b>7,432</b>	<b>5,439</b>	<b>3,797</b>	<b>6,854</b>	<b>10,570</b>	<b>6,644</b>	<b>3,729</b>	<b>21,499</b>	<b>27,796</b>
Margins (%)	13.2	12.1	10.7	9.0	12.0	10.5	9.8	6.6	11.2	9.8
Depreciation	423	421	429	454	446	457	510	520	1,727	1,933
Interest	171	192	178	214	266	542	450	300	755	1,558
Other Income	218	189	269	768	536	311	309	883	1,443	2,039
<b>PBT before EO expense</b>	<b>4,455</b>	<b>7,008</b>	<b>5,101</b>	<b>3,897</b>	<b>6,678</b>	<b>9,881</b>	<b>5,993</b>	<b>3,792</b>	<b>20,460</b>	<b>26,344</b>
<b>PBT</b>	<b>4,455</b>	<b>7,008</b>	<b>5,101</b>	<b>3,897</b>	<b>6,678</b>	<b>9,881</b>	<b>5,993</b>	<b>3,792</b>	<b>20,460</b>	<b>26,344</b>
Tax	1,104	1,819	1,298	992	1,703	2,481	1,508	954	5,213	6,647
Rate (%)	24.8	26.0	25.4	25.4	25.5	25.1	25.2	25.2	25.5	25.2
Minority Interest & P/L of Asso. Cos.	-27	-4	-13	7	-15	-6	-14	8	-37	-27
<b>Reported PAT</b>	<b>3,378</b>	<b>5,193</b>	<b>3,816</b>	<b>2,898</b>	<b>4,991</b>	<b>7,406</b>	<b>4,498</b>	<b>2,830</b>	<b>15,285</b>	<b>19,724</b>
<b>Adj PAT</b>	<b>3,378</b>	<b>5,193</b>	<b>3,816</b>	<b>2,898</b>	<b>4,991</b>	<b>7,406</b>	<b>4,498</b>	<b>2,830</b>	<b>15,285</b>	<b>19,724</b>
YoY Change (%)	34.8	-11.8	14.3	85.9	47.8	42.6	17.9	-2.3	15.0	29.0
Margins (%)	9.2	8.4	7.5	6.9	8.7	7.3	6.6	5.0	8.0	7.0

**EPL****Buy****CMP INR173 | TP: INR220 (+27%)****EPS CHANGE (%): FY23|24: -4 |-1**

- AMESA and Americas are expected to record mid-single to mid-teen growth while EAP is expected to decline 5% YoY
- Revenue/EBITDA are expected to grow 10%/15% YoY.
- The outlook on capex plans and commodity prices will be a key monitorable.
- Updates on market demand scenario will be a key monitorable.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>7,991</b>	<b>8,701</b>	<b>8,834</b>	<b>8,802</b>	<b>8,318</b>	<b>9,481</b>	<b>9,748</b>	<b>9,804</b>	<b>34,328</b>	<b>37,352</b>
YoY Change (%)	7.8	13.0	14.9	8.6	4.1	9.0	10.4	11.4	11.1	8.8
Total Expenditure	6,542	7,107	7,447	7,471	7,062	7,995	8,150	8,082	28,567	31,289
<b>EBITDA</b>	<b>1,449</b>	<b>1,594</b>	<b>1,387</b>	<b>1,331</b>	<b>1,256</b>	<b>1,486</b>	<b>1,599</b>	<b>1,722</b>	<b>5,761</b>	<b>6,063</b>
Margins (%)	18.1	18.3	15.7	15.1	15.1	15.7	16.4	17.6	16.8	16.2
Depreciation	619	622	642	631	652	664	680	702	2,514	2,698
Interest	89	97	103	114	122	157	150	145	403	574
Other Income	53	14	31	22	42	68	50	40	120	200
<b>PBT before EO expense</b>	<b>794</b>	<b>889</b>	<b>673</b>	<b>608</b>	<b>524</b>	<b>733</b>	<b>819</b>	<b>915</b>	<b>2,964</b>	<b>2,991</b>
Extra-Ord expense	0	0	0	0	11	0	0	0	0	11
<b>PBT</b>	<b>794</b>	<b>889</b>	<b>673</b>	<b>608</b>	<b>513</b>	<b>733</b>	<b>819</b>	<b>915</b>	<b>2,964</b>	<b>2,980</b>
Tax	189	297	82	107	141	249	221	247	675	858
Rate (%)	23.8	33.4	12.2	17.6	27.5	34.0	27.0	27.0	22.8	28.8
Minority Interest & Profit/Loss of Asso. Cos.	-26	-85	-20	-14	-38	-22	-24	-17	-145	-101
<b>Reported PAT</b>	<b>579</b>	<b>507</b>	<b>571</b>	<b>487</b>	<b>334</b>	<b>462</b>	<b>574</b>	<b>651</b>	<b>2,144</b>	<b>2,021</b>
<b>Adj PAT</b>	<b>579</b>	<b>507</b>	<b>571</b>	<b>487</b>	<b>345</b>	<b>462</b>	<b>574</b>	<b>651</b>	<b>2,144</b>	<b>2,032</b>
YoY Change (%)	-4.3	-24.3	-19.5	-14.3	-40.4	-8.9	0.5	33.7	-16.0	-5.2
Margins (%)	7.2	5.8	6.5	5.5	4.1	4.9	5.9	6.6	6.2	5.4

**Godrej Agrovet****Buy****CMP INR475 | TP: INR580 (+22%)****EPS CHANGE (%): FY23|24: -13 |-11**

- Volumes in the Animal Feed business is expected to grow 6%/7% YoY/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.
- Revenue/EBIT in the Palm Oil segment are expected to decline 22%/35% YoY.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>19,928</b>	<b>21,541</b>	<b>20,785</b>	<b>20,808</b>	<b>25,099</b>	<b>24,453</b>	<b>22,839</b>	<b>22,798</b>	<b>83,061</b>	<b>95,189</b>
YoY Change (%)	28.2	25.0	36.2	42.3	25.9	13.5	9.9	9.6	32.5	14.6
Total Expenditure	18,232	19,636	19,423	19,115	23,483	22,950	21,518	21,103	76,407	89,054
<b>EBITDA</b>	<b>1,695</b>	<b>1,904</b>	<b>1,362</b>	<b>1,693</b>	<b>1,616</b>	<b>1,503</b>	<b>1,321</b>	<b>1,695</b>	<b>6,654</b>	<b>6,135</b>
Margins (%)	8.5	8.8	6.6	8.1	6.4	6.1	5.8	7.4	8.0	6.4
Depreciation	408	424	445	457	449	461	485	495	1,733	1,890
Interest	130	156	165	180	216	257	230	245	631	948
Other Income	104	56	104	532	77	88	110	110	797	384
<b>PBT before EO expense</b>	<b>1,262</b>	<b>1,381</b>	<b>857</b>	<b>1,587</b>	<b>1,028</b>	<b>873</b>	<b>716</b>	<b>1,065</b>	<b>5,086</b>	<b>3,682</b>
Extra-Ord expense	0	0	173	0	0	0	0	0	173	0
<b>PBT</b>	<b>1,262</b>	<b>1,381</b>	<b>684</b>	<b>1,587</b>	<b>1,028</b>	<b>873</b>	<b>716</b>	<b>1,065</b>	<b>4,914</b>	<b>3,682</b>
Tax	327	376	175	346	279	219	180	268	1,224	946
Rate (%)	26.0	27.2	25.6	21.8	27.1	25.1	25.2	25.2	24.9	25.7
Minority Interest & Profit/Loss of Asso. Cos.	-126	-87	-142	18	-77	-64	-150	19	-337	-272
<b>Reported PAT</b>	<b>1,060</b>	<b>1,093</b>	<b>651</b>	<b>1,223</b>	<b>827</b>	<b>718</b>	<b>686</b>	<b>778</b>	<b>4,026</b>	<b>3,009</b>
<b>Adj PAT</b>	<b>1,060</b>	<b>1,093</b>	<b>778</b>	<b>1,223</b>	<b>827</b>	<b>718</b>	<b>686</b>	<b>778</b>	<b>4,199</b>	<b>3,009</b>
YoY Change (%)	19.7	2.1	26.4	116.1	-22.0	-34.3	-11.9	-36.4	33.8	-28.3
Margins (%)	5.3	5.1	3.7	5.9	3.3	2.9	3.0	3.4	5.1	3.2

**IndiaMART****Buy****CMP: INR4331 | TP: INR5120 (+18%)****EPS CHANGE (%): FY23|24: 1.8|-5.3**

- Expect strong revenue growth to continue in 3QFY23.
- Expect margins to see some improvement.
- Pick-up in paid subscribers and improvement in margins are the key monitorables.

**Consolidated quarterly earnings model**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Gross Sales</b>	<b>1,816</b>	<b>1,824</b>	<b>1,881</b>	<b>2,014</b>	<b>2,246</b>	<b>2,406</b>	<b>2,526</b>	<b>2,708</b>	<b>7,535</b>	<b>9,886</b>
Change (YoY %)	18.6	11.8	8.4	12.1	23.7	31.9	34.3	34.5	12.5	31.2
Total Expenditure	930	992	1,093	1,442	1,604	1,734	1,814	2,005	4,457	7,157
<b>EBITDA</b>	<b>886</b>	<b>832</b>	<b>788</b>	<b>572</b>	<b>642</b>	<b>672</b>	<b>712</b>	<b>703</b>	<b>3,078</b>	<b>2,729</b>
Margin (%)	48.8	45.6	41.9	28.4	28.6	27.9	28.2	26.0	40.8	27.6
Depreciation	32	28	30	29	63	76	75	78	119	291
Interest	14	14	13	13	12	26	26	26	54	90
Other Income	294	314	219	295	10	466	447	299	1,122	1,223
<b>PBT before EO expense</b>	<b>1,134</b>	<b>1,104</b>	<b>964</b>	<b>825</b>	<b>577</b>	<b>1,036</b>	<b>1,059</b>	<b>899</b>	<b>4,027</b>	<b>3,570</b>
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,134</b>	<b>1,104</b>	<b>964</b>	<b>825</b>	<b>577</b>	<b>1,036</b>	<b>1,059</b>	<b>899</b>	<b>4,027</b>	<b>3,570</b>
Tax	240	264	231	193	40	243	248	211	928	742
Rate (%)	21.2	23.9	24.0	23.4	6.9	23.5	23.5	23.5	23.0	20.8
MI and Profit/Loss of Asso. Cos.	15	18	31	58	70	109	0	0	122	179
<b>Reported PAT</b>	<b>879</b>	<b>822</b>	<b>702</b>	<b>574</b>	<b>467</b>	<b>684</b>	<b>810</b>	<b>688</b>	<b>2,977</b>	<b>2,649</b>
<b>Adj. PAT</b>	<b>879</b>	<b>822</b>	<b>702</b>	<b>574</b>	<b>467</b>	<b>684</b>	<b>810</b>	<b>688</b>	<b>2,977</b>	<b>2,649</b>
Change (YoY %)	18.6	17.8	-12.5	-13.8	-46.9	-16.8	15.4	19.8	2.4	-11.0
Margin (%)	48.4	45.1	37.3	28.5	20.8	28.4	32.1	25.4	39.5	26.8

**Indian Hotels****Buy****CMP INR317 | TP: 390 (+23%)****EPS CHANGE (%): FY23|24: +1|+1**

- Revenue is expected to grow 42% YoY and EBIDTA margin is expected to be ~34% in 3QFY23.
- Performance update on new business and international hotels is a key monitorable.
- Demand scenario in key markets, improvement in occupancy, and ARR are key focus areas.
- Update on inbound tourist bookings is a key monitorable.

**Consolidated - Quarterly Earnings Model**

Y/E March	FY22				FY23				(INRm)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
<b>Gross Sales</b>	<b>3,446</b>	<b>7,284</b>	<b>11,112</b>	<b>8,721</b>	<b>12,661</b>	<b>12,326</b>	<b>15,802</b>	<b>14,346</b>	<b>30,562</b>	<b>55,134</b>
YoY Change (%)	139.9	183.8	98.5	41.8	267.5	69.2	42.2	64.5	94.0	80.4
Total Expenditure	4,934	6,555	7,895	7,131	8,882	9,386	10,407	10,025	26,515	38,701
<b>EBITDA</b>	<b>-1,488</b>	<b>728</b>	<b>3,218</b>	<b>1,590</b>	<b>3,779</b>	<b>2,940</b>	<b>5,395</b>	<b>4,320</b>	<b>4,048</b>	<b>16,433</b>
Margins (%)	-43.2	10.0	29.0	18.2	29.8	23.9	34.1	30.1	13.2	29.8
Depreciation	1,025	1,018	999	1,019	1,026	1,026	1,050	1,090	4,061	4,192
Interest	1,097	1,139	1,249	792	624	600	600	600	4,277	2,424
Other Income	258	239	227	828	271	250	300	400	1,552	1,221
<b>PBT before EO expense</b>	<b>-3,354</b>	<b>-1,189</b>	<b>1,197</b>	<b>607</b>	<b>2,401</b>	<b>1,564</b>	<b>4,045</b>	<b>3,030</b>	<b>-2,738</b>	<b>11,039</b>
Extra-Ord expense	-203	108	102	-164	91	-123	0	0	-156	-32
<b>PBT</b>	<b>-3,150</b>	<b>-1,297</b>	<b>1,095</b>	<b>771</b>	<b>2,309</b>	<b>1,687</b>	<b>4,045</b>	<b>3,030</b>	<b>-2,582</b>	<b>11,071</b>
Tax	-450	-113	232	-26	648	443	1,213	909	-358	3,214
Rate (%)	14.3	8.7	21.2	-3.4	28.1	26.3	30.0	30.0	13.9	29.0
Minority Interest & Profit/Loss of Asso. Cos.	73	22	103	55	-39	28	108	58	253	155
<b>Reported PAT</b>	<b>-2,773</b>	<b>-1,206</b>	<b>760</b>	<b>742</b>	<b>1,701</b>	<b>1,216</b>	<b>2,723</b>	<b>2,063</b>	<b>-2,477</b>	<b>7,703</b>
<b>Adj PAT</b>	<b>-2,926</b>	<b>-1,125</b>	<b>837</b>	<b>619</b>	<b>1,769</b>	<b>1,123</b>	<b>2,723</b>	<b>2,063</b>	<b>-2,594</b>	<b>7,679</b>
YoY Change (%)	-15.1	-54.2	NA	NA	NA	NA	225.4	233.2	NA	NA
Margins (%)	-84.9	-15.4	7.5	7.1	14.0	9.1	17.2	14.4	-8.5	13.9

## Info Edge

Neutral

CMP: INR3911 | TP: INR4020 (2%)

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

- Expect the Recruitment vertical to see a continued strong performance.
- The Real Estate vertical should perform well due to a revival in the sector.
- The outlook on investee companies is a key monitorable.

## 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	5,396	5,404	15,430	21,195
YoY (%)	14.1	37.3	52.8	51.6	58.8	51.2	29.7	18.6	39.1	37.4
Salary costs	1,518	1,605	1,868	2,039	2,244	2,259	2,295	2,341	7,030	9,139
Ad and Promotion costs	459	617	806	967	876	831	917	919	2,849	3,542
Other Expenses	223	232	278	270	326	389	372	378	1,003	1,465
<b>EBITDA</b>	<b>997</b>	<b>1,063</b>	<b>1,209</b>	<b>1,280</b>	<b>1,631</b>	<b>1,840</b>	<b>1,812</b>	<b>1,766</b>	<b>4,549</b>	<b>7,049</b>
EBITDA Margin (%)	31.2	30.2	29.1	28.1	32.1	34.6	33.6	32.7	29.5	33.3
Depreciation	103	99	99	97	99	105	108	108	398	420
EBIT Margin (%)	28.0	27.4	26.7	26.0	30.2	32.6	31.6	30.7	26.9	31.3
Other Income	410	440	428	421	419	499	459	459	1,699	1,836
<b>PBT bef. Extra-ordinary</b>	<b>1,290</b>	<b>1,392</b>	<b>1,527</b>	<b>1,595</b>	<b>1,942</b>	<b>2,225</b>	<b>2,152</b>	<b>2,106</b>	<b>5,804</b>	<b>8,424</b>
Provision for Tax	281	377	342	388	457	544	516	505	1,387	2,023
ETR (%)	21.7	27.1	22.4	24.3	23.6	24.4	24.0	24.0	23.9	24.0
<b>PAT bef. Minority</b>	<b>1,010</b>	<b>83,557</b>	<b>3,364</b>	<b>1,207</b>	<b>1,484</b>	<b>1,681</b>	<b>1,635</b>	<b>1,601</b>	<b>89,137</b>	<b>6,401</b>
EOI	0	82,542	2,178	0	0	0	0	0	84,720	0
<b>Adjusted PAT</b>	<b>1,010</b>	<b>1,015</b>	<b>1,185</b>	<b>1,207</b>	<b>1,484</b>	<b>1,681</b>	<b>1,635</b>	<b>1,601</b>	<b>4,417</b>	<b>6,401</b>
QoQ (%)	38.5	0.6	16.8	1.8	23.0	13.3	-2.7	-2.1		
YoY (%)	21.3	98.5	69.7	65.6	47.0	65.6	37.9	32.6	63.2	44.9
<b>EPS (INR)</b>	<b>7.8</b>	<b>7.8</b>	<b>8.6</b>	<b>9.3</b>	<b>11.5</b>	<b>13.0</b>	<b>12.6</b>	<b>12.4</b>	<b>34.1</b>	<b>49.4</b>

## InterGlobe Aviation

Neutral

CMP INR2,043 | TP: INR 2,035 (0%)

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

- Expect RPK at 24b (+31% YoY), PLF at 85% (up from 79.1% in 2QFY23) and ASK of 28b (up 23% YoY)
- Watch out for: Outlook on the replacement of older aircraft, new aircraft deliveries from Airbus, expansion to new Tier II and III routes to improve yields
- Expect yields at INR5.3 (up 20% YoY); According to our database, average fare prices were flat QoQ but up 34% YoY
- The most significant monitorable will be sustainability of international travel, which remains key in the near term

## Quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	30,069	56,085	92,948	80,207	1,28,553	1,24,976	1,49,775	1,49,780	2,59,309	5,53,084
YoY Change (%)	292.2	104.6	89.3	28.9	327.5	122.8	61.1	86.7	77.1	113.3
<b>EBITDAR</b>	<b>-14,176</b>	<b>2,559</b>	<b>19,053</b>	<b>1,030</b>	<b>6,639</b>	<b>757</b>	<b>39,993</b>	<b>42,746</b>	<b>8,466</b>	<b>90,136</b>
Margins (%)	-47.1	4.6	20.5	1.3	5.2	0.6	26.7	28.5	3.3	16.3
Net Rentals	523	649	1,273	673	653	485	311	317	3,116	1,765
<b>EBITDA</b>	<b>-14,698</b>	<b>1,910</b>	<b>17,780</b>	<b>357</b>	<b>5,986</b>	<b>273</b>	<b>39,683</b>	<b>42,429</b>	<b>5,349</b>	<b>88,371</b>
Margins (%)	-48.9	3.4	19.1	0.4	4.7	0.2	26.5	28.3	2.1	16.0
Depreciation	13,171	12,481	12,336	12,693	11,698	12,376	12,500	14,869	50,680	51,443
Interest	5,555	5,688	6,011	6,326	6,566	7,276	7,349	5,247	23,580	26,437
Other Income	1,631	1,902	1,851	1,864	1,635	3,547	3,582	-1,505	7,249	7,260
<b>PBT</b>	<b>-31,793</b>	<b>-14,357</b>	<b>1,285</b>	<b>-16,797</b>	<b>-10,642</b>	<b>-15,833</b>	<b>23,416</b>	<b>20,809</b>	<b>-61,662</b>	<b>17,750</b>
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	25.2	25.2	0.0	62.8
<b>Reported PAT</b>	<b>-31,793</b>	<b>-14,357</b>	<b>1,285</b>	<b>-16,797</b>	<b>-10,643</b>	<b>-15,833</b>	<b>17,515</b>	<b>15,565</b>	<b>-61,662</b>	<b>6,605</b>
<b>EPS</b>	<b>-82.6</b>	<b>-37.3</b>	<b>3.3</b>	<b>-43.6</b>	<b>-27.6</b>	<b>-41.1</b>	<b>45.5</b>	<b>40.4</b>	<b>-160.2</b>	<b>17.2</b>
YoY Change (%)	Loss	Loss	LP	Loss	Loss	Loss	1,263.6	LP	5.8	LP

**Kaveri Seed****Buy****CMP INR513 | TP: INR600 (+17%)****EPS CHANGE (%): FY23|24: 0|0**

- Revenue in the Cotton segment is expected to grow 20% in 3QFY23.
- Product launches in the cotton and non-cotton segments will be a key monitorable.
- Outlook for the Rabi season will be a key focus area.

**Quarterly – Consolidated Earnings Model****(INRm)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>6,298</b>	<b>1,476</b>	<b>1,261</b>	<b>666</b>	<b>6,856</b>	<b>1,671</b>	<b>1,299</b>	<b>730</b>	<b>9,700</b>	<b>10,556</b>
YoY Change (%)	-12.5	10.1	6.3	3.6	8.9	13.2	3.1	9.6	-6.4	8.8
Total Expenditure	4,302	1,412	1,187	775	4,390	1,585	1,211	839	7,674	8,024
<b>EBITDA</b>	<b>1,996</b>	<b>64</b>	<b>74</b>	<b>-109</b>	<b>2,466</b>	<b>85</b>	<b>89</b>	<b>-109</b>	<b>2,025</b>	<b>2,532</b>
Margins (%)	31.7	4.3	5.9	-16.4	36.0	5.1	6.8	-14.9	20.9	24.0
Depreciation	48	50	55	57	48	50	51	52	209	201
Interest	0	0	0	0	0	1	0	0	1	1
Other Income	151	151	68	43	75	75	70	45	413	265
<b>PBT before EO expense</b>	<b>2,099</b>	<b>165</b>	<b>87</b>	<b>-123</b>	<b>2,493</b>	<b>109</b>	<b>108</b>	<b>-116</b>	<b>2,228</b>	<b>2,594</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>2,099</b>	<b>165</b>	<b>87</b>	<b>-123</b>	<b>2,493</b>	<b>109</b>	<b>108</b>	<b>-116</b>	<b>2,228</b>	<b>2,594</b>
Tax	52	37	16	-5	44	55	6	-7	100	98
Rate (%)	2.5	22.3	18.7	4.1	1.8	50.1	6.0	6.0	4.5	4
Minority Interest & Profit/Loss of Asso. Cos.	-10	0	6	1	-11	-2	7	1	-3	5
<b>Reported PAT</b>	<b>2,037</b>	<b>128</b>	<b>76</b>	<b>-118</b>	<b>2,438</b>	<b>53</b>	<b>108</b>	<b>-108</b>	<b>2,125</b>	<b>2,491</b>
<b>Adj PAT</b>	<b>2,037</b>	<b>128</b>	<b>76</b>	<b>-118</b>	<b>2,438</b>	<b>53</b>	<b>108</b>	<b>-108</b>	<b>2,125</b>	<b>2,491</b>
YoY Change (%)	-31.0	-45.3	-16.1	32.2	19.7	-58.7	40.8	-8.0	-31.6	17
Margins (%)	32.4	8.7	6.1	-17.7	35.6	3.2	8.3	-14.8	21.9	23.6

**Lemon Tree Hotels****Buy****CMP INR84 | TP: INR115 (+37%)****EPS CHANGE (%): FY23|24: +2|+1**

- Revenue is expected to grow 20% YoY and EBITDA margin is expected to be ~51% in 3QFY23.
- The demand scenario in key markets and any improvement in ARR and occupancy 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****(INRm)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Gross Sales</b>	<b>422</b>	<b>969</b>	<b>1,437</b>	<b>1,195</b>	<b>1,920</b>	<b>1,967</b>	<b>2,305</b>	<b>2,618</b>	<b>4,022</b>	<b>8,811</b>
YoY Change (%)	3.7	103.6	110.1	25.7	355.6	103.0	60.4	119.0	59.8	119.0
Total Expenditure	422	630	804	827	997	1,031	1,130	1,255	2,683	4,413
<b>EBITDA</b>	<b>-1</b>	<b>339</b>	<b>633</b>	<b>368</b>	<b>924</b>	<b>936</b>	<b>1,174</b>	<b>1,363</b>	<b>1,339</b>	<b>4,397</b>
Margins (%)	-0.2	35.0	44.1	30.8	48.1	47.6	51.0	52.1	33.3	49.9
Depreciation	262	262	254	265	245	250	270	275	1,043	1,040
Interest	432	446	438	424	429	446	510	520	1,740	1,905
Other Income	21	19	24	76	3	7	15	20	140	45
<b>PBT before EO expense</b>	<b>-673</b>	<b>-351</b>	<b>-36</b>	<b>-245</b>	<b>252</b>	<b>247</b>	<b>409</b>	<b>588</b>	<b>-1,304</b>	<b>1,497</b>
Extra-Ord expense	0	0	0	153	48	0	0	0	153	48
<b>PBT</b>	<b>-673</b>	<b>-351</b>	<b>-36</b>	<b>-397</b>	<b>204</b>	<b>247</b>	<b>409</b>	<b>588</b>	<b>-1,456</b>	<b>1,449</b>
Tax	-75	-14	20	-3	71	56	61	88	-72	277
Rate (%)	11.2	4.1	-56.2	0.7	34.9	22.7	15.0	15.0	5.0	19.1
MI & P/L of Asso. Cos.	-196	-128	-37	-148	-5	23	122	130	-510	270
<b>Reported PAT</b>	<b>-401</b>	<b>-208</b>	<b>-19</b>	<b>-246</b>	<b>138</b>	<b>168</b>	<b>226</b>	<b>370</b>	<b>-874</b>	<b>902</b>
<b>Adj PAT</b>	<b>-401</b>	<b>-208</b>	<b>-19</b>	<b>-132</b>	<b>174</b>	<b>168</b>	<b>226</b>	<b>370</b>	<b>-760</b>	<b>950</b>
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	9.8	14.1	-18.9	10.8



## PI Industries

Buy

CMP INR3,410 | TP: INR4,500 (+32%)

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

- The CSM business is expected to grow ~33% YoY.
- Any update on the Pharma Intermediate segment will be a key monitorable.
- The domestic business is expected to grow 10% YoY.
- Product launches in the domestic and CSM segments will be a key focus area.

## Quarterly Earnings Model

(INRm)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,938	13,542	13,563	13,952	15,432	17,700	17,365	17,779	52,995	68,277
YoY Change (%)	12.6	17.0	16.7	16.5	29.3	30.7	28.0	27.4	15.8	28.8
Total Expenditure	9,449	10,622	10,598	10,902	11,976	13,381	13,158	13,401	41,571	51,917
EBITDA	2,489	2,920	2,965	3,050	3,456	4,319	4,207	4,378	11,424	16,360
Margins (%)	20.8	21.6	21.9	21.9	22.4	24.4	24.2	24.6	21.6	24.0
Depreciation	487	492	503	536	560	560	590	610	2,018	2,320
Interest	34	34	33	27	36	111	60	34	128	241
Other Income	277	277	260	200	241	317	300	320	1,014	1,178
PBT before EO expense	2,245	2,671	2,689	2,687	3,101	3,965	3,857	4,054	10,292	14,977
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	3,857	4,054	10,292	14,977
Tax	405	370	466	649	516	629	636	669	1,890	2,450
Rate (%)	18.0	13.9	17.3	24.2	16.6	15.9	16.5	16.5	18.4	16.4
Minority Interest & Profit/Loss of Asso. Cos.	-32	5	-3	-6	-39	-12	-3	-7	-36	-61
Reported PAT	1,872	2,296	2,226	2,044	2,624	3,348	3,224	3,392	8,438	12,588
Adj PAT	1,872	2,296	2,226	2,044	2,624	3,348	3,224	3,392	8,438	12,588
YoY Change (%)	28.7	5.5	13.9	13.7	40.2	45.8	44.8	65.9	14.3	49.2
Margins (%)	15.7	17.0	16.4	14.7	17.0	18.9	18.6	19.1	15.9	18.4

## Quess

Buy

CMP INR414 | TP: INR480 (+16%)

EPS CHANGE (%): FY23 | 24: -36.1 | -28.4

- Expect some moderation in growth in 3QFY23.
- Expect margins to improve on a QoQ basis.
- Commentary on margin to be the 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	44,677	46,785	1,36,918	1,73,988
Change (YoY %)	24.0	23.4	31.2	26.2	33.2	32.4	21.2	23.4	26.3	27.1
Total Expenditure	28,540	30,719	35,061	36,079	38,259	41,386	43,158	45,054	1,30,400	1,67,857
EBITDA	1,329	1,559	1,788	1,842	1,534	1,347	1,519	1,731	6,518	6,131
Margin (%)	4.4	4.8	4.9	4.9	3.9	3.2	3.4	3.7	4.8	3.5
Depreciation	497	486	494	643	610	676	652	652	2,120	2,591
EBIT	831	1,073	1,295	1,199	924	671	867	1,079	4,397	3,541
Margin (%)	2.8	3.3	3.5	3.2	2.3	1.6	1.9	2.3	3.2	2.0
Interest	218	195	184	195	204	263	225	225	792	917
Other Income	48	74	29	47	72	88	67	67	198	294
PBT before EO expense	662	952	1,140	1,050	792	496	708	920	3,803	2,917
Recurring Tax	356	186	254	270	115	100	106	138	1,066	459
Rate (%)	53.7	19.5	22.3	25.7	14.6	20.1	15.0	15.0	28.0	15.7
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	602	782	2,738	2,458
Extraordinary items	-140	354	0	14	0	0	0	0	228	0
Reported PAT	446	412	885	766	677	396	602	782	2,510	2,458
Change (YoY %)	22.4	-17.4	94.3	NA	51.7	-3.9	-32.0	2.1	240.3	-2.1
Margin (%)	1.5	1.3	2.4	2.0	1.7	0.9	1.3	1.7	1.8	1.4

**SIS** **Buy****CMP INR394 | TP: INR500 (+27%)****EPS CHANGE (%): FY23|24: -5.8|-3.6**

- Expect some moderation in growth in 3QFY23.
- Expect margin to see some sequential improvement.
- 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		
<b>Gross Sales</b>	<b>23,793</b>	<b>24,309</b>	<b>26,008</b>	<b>26,480</b>	<b>26,782</b>	<b>27,677</b>	<b>28,673</b>	<b>29,880</b>	<b>1,00,590</b>	<b>1,13,011</b>
Change (YoY %)	9.8	12.7	10.3	8.3	12.6	13.9	10.2	12.8	10.2	12.3
Total Expenditure	22,580	23,079	24,711	25,236	25,575	26,579	27,478	28,453	95,606	1,08,084
<b>EBITDA</b>	<b>1,214</b>	<b>1,231</b>	<b>1,297</b>	<b>1,244</b>	<b>1,207</b>	<b>1,098</b>	<b>1,195</b>	<b>1,427</b>	<b>4,985</b>	<b>4,927</b>
Margin (%)	5.1	5.1	5.0	4.7	4.5	4.0	4.2	4.8	5.0	4.4
Depreciation	270	264	283	298	286	331	341	354	1,116	1,312
Interest	246	247	245	246	247	275	232	232	984	928
Other Income	39	26	35	49	67	81	50	50	150	200
<b>PBT</b>	<b>738</b>	<b>745</b>	<b>804</b>	<b>748</b>	<b>742</b>	<b>572</b>	<b>672</b>	<b>891</b>	<b>3,035</b>	<b>2,887</b>
Tax	212	112	38	-183	-80	-80	91	120	179	51
Rate (%)	28.8	15.0	4.7	-24.4	-10.7	-14.1	13.5	13.5	5.9	1.8
Minority Interest and P/L of Asso. Cos.	-6	-8	-3	43	4	22	9	11	26	45
<b>Adjusted PAT</b>	<b>519</b>	<b>626</b>	<b>763</b>	<b>974</b>	<b>825</b>	<b>674</b>	<b>590</b>	<b>782</b>	<b>2,882</b>	<b>2,881</b>
Change (YoY %)	31.2	25.1	12.0	171.0	59.0	7.7	-22.7	-19.7	48.8	0.0
Margin (%)	2.2	2.6	2.9	3.7	3.1	2.4	2.1	2.6	2.9	2.5

**SRF** **Neutral****CMP INR2,293 | TP: INR2,560 (+12%)****EPS CHANGE (%): FY23|24: -3|+1**

- Expect the Chemicals/Packaging/Technical Textiles segment to grow/(decline) ~29%/14%/(5%) YoY
- Update on raw material prices and supply chain scenario will be a key monitorable.
- Outlook on the Specialty Chemicals and Fluorochemicals business will be a key focus area.
- Update on technical textile and packaging business will be key monitorable.

**Consolidated - Quarterly Earnings Model**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>26,994</b>	<b>28,390</b>	<b>33,459</b>	<b>35,494</b>	<b>38,947</b>	<b>37,278</b>	<b>39,311</b>	<b>41,487</b>	<b>1,24,337</b>	<b>1,57,023</b>
YoY Change (%)	74.7	35.1	55.9	36.1	44.3	31.3	17.5	16.9	48.0	26.3
Total Expenditure	20,350	21,846	24,980	26,128	28,749	29,226	31,533	32,266	93,305	1,21,773
<b>EBITDA</b>	<b>6,644</b>	<b>6,544</b>	<b>8,479</b>	<b>9,366</b>	<b>10,198</b>	<b>8,052</b>	<b>7,778</b>	<b>9,221</b>	<b>31,032</b>	<b>35,249</b>
Margins (%)	24.6	23.0	25.3	26.4	26.2	21.6	19.8	22.2	25.0	22.4
Depreciation	1,230	1,303	1,324	1,316	1,307	1,393	1,450	1,500	5,172	5,650
Interest	275	234	294	357	325	445	440	440	1,159	1,650
Other Income	138	111	107	72	99	327	115	117	428	658
<b>PBT before EO expense</b>	<b>5,277</b>	<b>5,118</b>	<b>6,968</b>	<b>7,765</b>	<b>8,665</b>	<b>6,542</b>	<b>6,003</b>	<b>7,398</b>	<b>25,128</b>	<b>28,607</b>
Extra-Ord expense & DO	-72	-206	-335	-114	249	361	0	0	-727	610
<b>PBT</b>	<b>5,349</b>	<b>5,324</b>	<b>7,303</b>	<b>7,879</b>	<b>8,416</b>	<b>6,181</b>	<b>6,003</b>	<b>7,398</b>	<b>25,856</b>	<b>27,998</b>
Tax	1,396	1,500	2,247	1,823	2,336	1,371	1,441	1,628	6,966	6,775
Rate (%)	26.5	29.3	32.3	23.5	27.0	21.0	24.0	22.0	27.7	23.7
<b>Reported PAT</b>	<b>3,953</b>	<b>3,825</b>	<b>5,055</b>	<b>6,057</b>	<b>6,080</b>	<b>4,810</b>	<b>4,562</b>	<b>5,770</b>	<b>18,889</b>	<b>21,223</b>
<b>Adj PAT</b>	<b>3,881</b>	<b>3,619</b>	<b>4,720</b>	<b>5,943</b>	<b>6,329</b>	<b>5,171</b>	<b>4,562</b>	<b>5,770</b>	<b>18,162</b>	<b>21,832</b>
YoY Change (%)	108.7	11.2	55.9	59.6	63.1	42.9	-3.3	-2.9	53.1	20.2
Margins (%)	14.4	12.7	14.1	16.7	16.2	13.9	11.6	13.9	14.6	13.9

**Tata Chemicals****Neutral****CMP INR941 | TP: INR1,060 (+13%)****EPS CHANGE (%): FY23|24: +3 | +2**

- The current demand scenario in Soda Ash in TTCH's key markets is a focus area.
- Any energy cost update on the Europe business is a key monitorable.
- EBIDTA is expected to grow ~4.8x/2.2x/57%/57% YoY in Kenya/North- America/India/Europe businesses.
- Pricing outlook on Soda Ash is a key focus area.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>29.8</b>	<b>30.2</b>	<b>31.4</b>	<b>34.8</b>	<b>40.0</b>	<b>42.4</b>	<b>42.4</b>	<b>42.3</b>	<b>126.2</b>	<b>167.0</b>
YoY Change (%)									23.8	32.3
Total Expenditure	23.8	25.2	26.0	28.2	29.8	33.2	32.5	32.8	103.2	128.2
<b>EBITDA</b>	<b>6.0</b>	<b>5.0</b>	<b>5.5</b>	<b>6.6</b>	<b>10.2</b>	<b>9.2</b>	<b>9.9</b>	<b>9.5</b>	<b>23.0</b>	<b>38.8</b>
Margins (%)	20.2	16.6	17.4	18.9	25.4	21.7	23.4	22.5	18.3	23.2
Depreciation	2.0	2.0	2.0	2.1	2.1	2.2	2.2	2.2	8.1	<b>8.7</b>
Interest	0.8	0.8	0.7	0.7	0.8	0.9	0.8	0.8	3.0	<b>3.3</b>
Other Income	0.5	0.6	0.4	1.1	0.5	0.6	0.4	0.5	2.6	1.9
<b>PBT before EO expense</b>	<b>3.8</b>	<b>2.7</b>	<b>3.1</b>	<b>4.9</b>	<b>7.7</b>	<b>6.8</b>	<b>7.3</b>	<b>7.0</b>	<b>14.5</b>	<b>28.7</b>
Extra-Ord expense	0.0	0.1	0.0	0.3	0.0	0.1	0.0	0.0	0.4	0.1
<b>PBT</b>	<b>3.8</b>	<b>2.6</b>	<b>3.1</b>	<b>4.6</b>	<b>7.6</b>	<b>6.7</b>	<b>7.3</b>	<b>7.0</b>	<b>14.2</b>	<b>28.6</b>
Tax	0.9	0.7	0.7	0.4	1.6	0.4	1.8	1.7	2.7	5.4
Rate (%)	22.8	27.5	21.2	9.3	20.4	5.7	24.5	24.5	18.9	19.0
MI & Profit/Loss of Asso. Cos.	0.0	-0.1	-0.5	-0.2	0.2	0.1	-0.2	0.0	-0.8	0.0
<b>Reported PAT</b>	<b>2.9</b>	<b>2.0</b>	<b>3.0</b>	<b>4.4</b>	<b>5.9</b>	<b>6.3</b>	<b>5.7</b>	<b>5.3</b>	<b>12.3</b>	<b>23.2</b>
<b>Adj PAT</b>	<b>2.9</b>	<b>2.1</b>	<b>3.0</b>	<b>4.6</b>	<b>5.9</b>	<b>6.3</b>	<b>5.7</b>	<b>5.3</b>	<b>12.6</b>	<b>23.3</b>
YoY Change (%)	2,068.7	200.5	87.1	3,833.7	105.9	198.9	90.4	14.6	392.9	84.4
Margins (%)	9.7	7.0	9.6	13.3	14.8	14.9	13.5	12.5	10.0	13.9
<b>Profits from Discontinued Operations(DO)</b>	<b>52.5</b>	<b>38.3</b>	<b>1.1</b>	<b>2.0</b>	<b>52.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**TeamLease****Neutral****CMP INR2527 | TP: INR3000 (+19%)****EPS CHANGE (%): FY23|24: -1.6|-3.4**

- Expect some moderation in growth due to weak macro.
- Margin improvement to take time. Expect margin to remain flat sequentially.
- Commentary on margin to be the key monitorable.

**Consolidated quarterly performance (INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Revenue</b>	<b>13,768</b>	<b>15,236</b>	<b>17,621</b>	<b>18,174</b>	<b>18,794</b>	<b>19,551</b>	<b>20,334</b>	<b>21,536</b>	<b>64,798</b>	<b>91,697</b>
Change (YoY %)	21%	35%	38%	36%	37%	28%	15%	19%	33%	42%
Total Expenditure	13,473	14,894	17,244	17,764	18,541	19,234	20,009	21,149	63,375	78,933
<b>Reported EBITDA</b>	<b>295</b>	<b>342</b>	<b>377</b>	<b>410</b>	<b>253</b>	<b>317</b>	<b>325</b>	<b>388</b>	<b>1,424</b>	<b>12,764</b>
Margin (%)	2.1%	2.2%	2.1%	2.3%	1.3%	1.6%	1.6%	1.8%	2.2%	13.9%
<b>Reported EBIT</b>	<b>203</b>	<b>230</b>	<b>279</b>	<b>304</b>	<b>163</b>	<b>216</b>	<b>235</b>	<b>298</b>	<b>1,016</b>	<b>12,359</b>
Margin (%)	1.5%	1.5%	1.6%	1.7%	0.9%	1.1%	1.2%	1.4%	1.6%	13.5%
Interest	8	14	10	8	7	12	10	10	40	39
Other Income	46	54	51	47	123	118	50	50	197	341
<b>PBT before EO expense</b>	<b>240</b>	<b>270</b>	<b>319</b>	<b>343</b>	<b>279</b>	<b>322</b>	<b>275</b>	<b>338</b>	<b>1,173</b>	<b>12,660</b>
Extra-Ord. expense	-26	750	0	-6	0	0	0	0	718	0
<b>Reported PBT</b>	<b>266</b>	<b>-480</b>	<b>319</b>	<b>350</b>	<b>279</b>	<b>322</b>	<b>275</b>	<b>338</b>	<b>456</b>	<b>12,660</b>
Tax	-3	14	17	33	14	5	14	17	61	50
Rate (%)	-1%	-3%	5%	10%	5%	2%	5%	5%	13%	0%
<b>Reported PAT</b>	<b>269</b>	<b>-493</b>	<b>302</b>	<b>316</b>	<b>265</b>	<b>316</b>	<b>262</b>	<b>321</b>	<b>395</b>	<b>12,611</b>
Change (YoY %)	57%	-365%	31%	61%	-1%	-164%	-14%	1%	-50%	3096%
Margin (%)	2.0%	-3.2%	1.7%	1.7%	1.4%	1.6%	1.3%	1.5%	0.6%	13.8%
<b>Adjusted PAT</b>	<b>243</b>	<b>257</b>	<b>302</b>	<b>310</b>	<b>265</b>	<b>316</b>	<b>262</b>	<b>321</b>	<b>1,112</b>	<b>1,164</b>
Change (YoY %)	42%	19%	31%	15%	9%	-14%	-1%	31%	25%	7%
Margin (%)	1.8%	1.7%	1.7%	1.7%	1.4%	1.1%	1.4%	1.8%	1.7%	1.3%

**Trident****Buy****CMP INR34 | TP: INR40 (18%)****EPS CHANGE (%): FY23|24: -17|-17**

- Revenue from the Textile business is expected to decline 18% YoY, while the Paper business is expected to grow 30% 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.

**Quarterly Earnings Model****(INRm)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>14,770</b>	<b>16,626</b>	<b>19,577</b>	<b>18,471</b>	<b>16,671</b>	<b>14,192</b>	<b>17,264</b>	<b>17,633</b>	<b>69,444</b>	<b>65,760</b>
YoY Change (%)	108.6	41.9	51.8	36.8	12.9	-14.6	-11.8	-4.5	53.7	-5.3
Total Expenditure	11,036	12,651	15,545	15,308	14,140	12,676	14,489	14,722	54,540	56,027
<b>EBITDA</b>	<b>3,734</b>	<b>3,975</b>	<b>4,032</b>	<b>3,163</b>	<b>2,530</b>	<b>1,516</b>	<b>2,775</b>	<b>2,911</b>	<b>14,904</b>	<b>9,732</b>
Margins (%)	25.3	23.9	20.6	17.1	15.2	10.7	16.1	16.5	21.5	14.8
Depreciation	874	867	775	810	760	775	835	910	3,326	3,280
Interest	250	199	224	185	180	196	260	310	857	947
Other Income	29	101	35	59	46	47	60	70	223	223
<b>PBT before EO expense</b>	<b>2,638</b>	<b>3,010</b>	<b>3,067</b>	<b>2,228</b>	<b>1,636</b>	<b>592</b>	<b>1,740</b>	<b>1,761</b>	<b>10,944</b>	<b>5,729</b>
Extra-Ord expense	0	0	252	0	0	0	0	0	252	0
Forex (gain)/loss	-62	-54	3	-113	-11	86	0	0	-225	74
<b>PBT</b>	<b>2,700</b>	<b>3,063</b>	<b>2,813</b>	<b>2,341</b>	<b>1,648</b>	<b>506</b>	<b>1,740</b>	<b>1,761</b>	<b>10,917</b>	<b>5,655</b>
Tax	665	775	721	605	410	110	442	447	2,767	1,408
Rate (%)	24.6	25.3	25.6	25.9	24.9	21.6	25.4	25.4	25.3	24.9
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>2,035</b>	<b>2,288</b>	<b>2,091</b>	<b>1,736</b>	<b>1,238</b>	<b>397</b>	<b>1,298</b>	<b>1,314</b>	<b>8,150</b>	<b>4,246</b>
<b>Adj PAT</b>	<b>1,973</b>	<b>2,234</b>	<b>2,346</b>	<b>1,623</b>	<b>1,227</b>	<b>482</b>	<b>1,298</b>	<b>1,314</b>	<b>8,176</b>	<b>4,321</b>
YoY Change (%)	1,219.7	120.8	134.5	66.3	-37.8	-78.4	-44.7	-19.1	171.7	-47.2
Margins (%)	13.4	13.4	12.0	8.8	7.4	3.4	7.5	7.5	11.8	6.6

**UPL****Neutral****CMP INR722| TP: INR820 (14%)****EPS CHANGE (%): FY23|24: +8|+3**

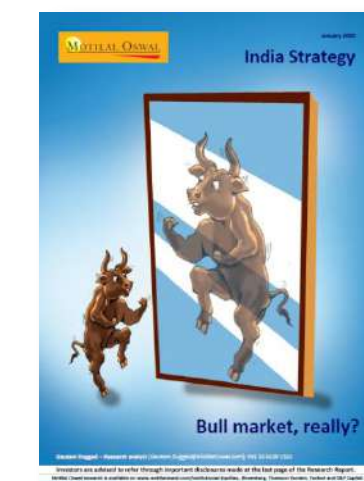
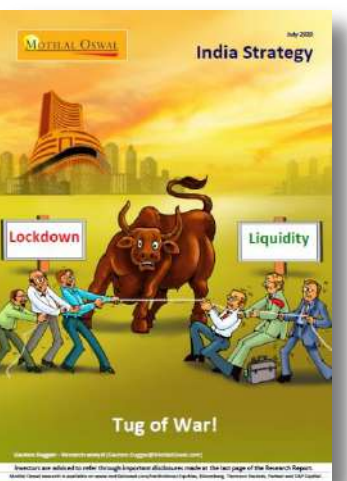
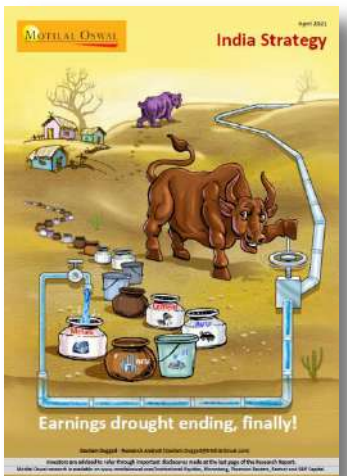
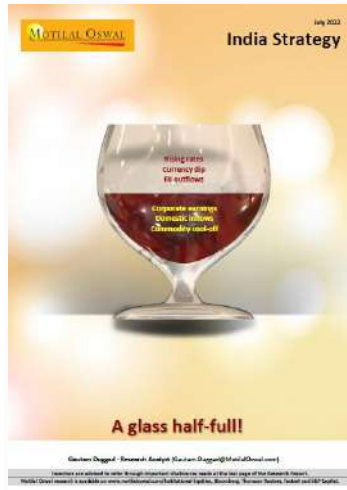
- North America, LatAm, and RoW are expected to register a strong double-digit revenue growth, while the EU is expected to remain flattish. India is expected to grow in low teens YoY.
- Revenue/EBITDA are expected to grow 18%/20% YoY.
- The price trend in raw materials, debt levels and capex plans are the key monitorables.

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

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>85.2</b>	<b>105.7</b>	<b>113.0</b>	<b>158.6</b>	<b>108.2</b>	<b>125.1</b>	<b>133.3</b>	<b>182.7</b>	<b>462.4</b>	<b>549.2</b>
YoY Change (%)	8.7	18.2	23.8	24.0	27.1	18.4	18.0	15.2	19.5	18.8
Total Expenditure	66.5	85.2	86.3	122.7	84.8	97.4	101.4	139.1	360.8	422.7
<b>EBITDA</b>	<b>18.6</b>	<b>20</b>	<b>27</b>	<b>35.9</b>	<b>23</b>	<b>28</b>	<b>32</b>	<b>44</b>	<b>101.7</b>	<b>126.6</b>
Margins (%)	21.9	19.4	23.6	22.6	21.7	22.1	23.9	23.9	22.0	23.0
Depreciation	5.5	5.7	6.0	6.4	5.9	6.1	6.3	6.7	23.6	24.9
Interest	6.1	3.6	5.3	8.0	5.2	6.4	6.0	5.5	23.0	23.1
Other Income	0.5	0.5	0.7	1.2	0.7	0.8	0.7	0.7	2.8	2.9
Exch. difference on trade rec./payable	0.9	1.1	2.2	2.1	2.0	3.2	0.0	0.0	6.4	5.2
<b>PBT before EO expense</b>	<b>6.6</b>	<b>10.5</b>	<b>13.9</b>	<b>20.5</b>	<b>11.1</b>	<b>12.7</b>	<b>20.3</b>	<b>32.1</b>	<b>51.6</b>	<b>76.2</b>
Extra-Ord expense	0.6	0.4	0.5	1.7	0.8	0.4	0.0	0.0	3.2	1.2
<b>PBT</b>	<b>6.0</b>	<b>10.1</b>	<b>13.3</b>	<b>18.9</b>	<b>10.3</b>	<b>12.3</b>	<b>20.3</b>	<b>32.1</b>	<b>48.3</b>	<b>75.0</b>
Tax	-1.5	2.5	1.7	2.7	0.6	2.3	3.3	5.3	5.3	11.5
Rate (%)	-25.3	24.6	12.5	14.1	5.7	18.8	16.5	16.5	10.9	15.4
MI & P/L of Asso. Cos.	0.8	1.3	2.3	2.4	1.0	1.8	2.6	2.9	6.8	8.3
<b>Reported PAT</b>	<b>6.8</b>	<b>6.3</b>	<b>9.4</b>	<b>13.8</b>	<b>8.8</b>	<b>8.1</b>	<b>14.3</b>	<b>23.9</b>	<b>36.3</b>	<b>55.1</b>
<b>Adj PAT</b>	<b>10.2</b>	<b>7.5</b>	<b>12.0</b>	<b>18.9</b>	<b>10.4</b>	<b>10.5</b>	<b>14.3</b>	<b>23.9</b>	<b>48.5</b>	<b>59.1</b>
YoY Change (%)	50.4	12.0	28.1	58.7	2.9	40.3	18.5	26.7	39.9	21.8
Margins (%)	11.9	7.1	10.7	11.9	9.7	8.4	10.7	13.1	10.5	10.8

## NOTES

# Motilal Oswal India Strategy Gallery





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

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

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