

# AMP

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23 January 2024

## ANTIQUÉ'S MORNING PRESENTATION

FROM THE RESEARCH DESK

### QUARTERLY RESULTS REVIEW

#### ICICI Bank

On the path to consistent and strong return ratios

#### Kotak Mahindra Bank

NIM surprises positively

#### Union Bank of India

NIM declined QoQ; PAT beat led by lower provisions and high other income

#### Colgate-Palmolive (India)

Focus on profitability to impact market share gain; downgrade to SELL

#### Coforge

Resilient growth outlook, margins to accelerate

#### J.K. Cement

EBITDA/ton touches INR 1,330; new expansion announced

#### CESC

Spotlight on green energy expansion!

#### Karur Vysya Bank

Strong performance; RoA remains high; valuation reasonable

#### Sunteck Realty

Strong guidance on business development

## Global News

- The S&P 500 and Dow closed at record highs Monday, with the latter ending above 38,000 for the first time as the tech melt-up continued ahead of busy week of corporate earnings and key economic data. The Dow Jones Industrial Average, up 138 points, or 0.36% closed at record of 38,001.81, while the S&P 500 was up 0.2% to 4,850.43, clinching a second-straight record close. The NASDAQ Composite was up 0.3%.
- The Nikkei 225 Index jumped 1.62% to close at 36,547 while the broader Topix Index gained 1.39% to 2,545 on Monday, with Japanese shares hitting their highest levels in nearly 34 years and tracking a tech-led rally on Wall Street amid strong corporate earnings and a bullish outlook for artificial intelligence.

## Sector & Corporate News

- Mexico emerges as new hub for Indian IT companies operations:** Mexico has emerged as the new hotspot for customer experience management (CXM) that enhances customer engagement across multiple touchpoints. TCS and Infosys have had a presence in Mexico for over a decade now. Recently, LTIMindtree opened a 100-seater facility in Mexico City.

## Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	38,002	0.4	0.8
NASDAQ	15,360	0.3	2.3
FTSE	7,488	0.3	(3.2)
CAC	7,413	0.6	(1.7)
DAX	16,683	0.8	(0.4)
Russia	1,137	0.6	4.9
Bovespa	126,602	(0.8)	(5.7)
Nikkei	36,547	1.6	9.9
Hang Seng	14,961	(2.3)	(12.2)
Shanghai Composite	2,756	(2.7)	(7.3)

Indian Indices	Closing	% Chg	% YTD
Sensex	71,424	(0.4)	(1.1)
Nifty	21,572	(0.2)	(0.7)
MSCI India	933	(0.2)	1.2
CNX Midcap	48,063	0.5	4.1
BSE Smallcap	44,624	0.4	4.6

Flows (USD mn)	Prev. Day	MTD
FII	(1,106)	(1,823)

Provisional flows	(USD mn)
FII	(66)
Local	(87)

Volumes	USD bn	% Chg
Cash (NSE + BSE)	16.3	(1.5)
F&O (net)	1,547.8	(77.8)

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	577	(127)
Open Int (%)	2.0	3.6

ADR/GDR Gainers	Last	% Chg
ICICI Bank	24.5	2.5
Reliance	65.5	0.6
SBI	76.4	0.5
HDFC	56.1	0.5

ADR/GDR Losers	Last	% Chg
Dr Reddy	67.4	(0.8)
Infosys	19.9	(0.6)
Wipro	5.8	(0.5)

## Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	42,664	(0.1)	1.0	1.0
BSE Bank	52,233	0.8	(3.9)	(3.9)
BSE Cap Goods	57,301	(0.2)	3.0	3.0
BSE Cons dur	50,973	(0.7)	1.9	1.9
BSE FMCG	20,175	(1.1)	(1.4)	(1.4)
BSE IT	37,466	(0.9)	4.0	4.0
BSE Health	32,645	(0.4)	3.5	3.5
BSE Metal	26,231	0.5	(2.8)	(2.8)
BSE Oil	25,273	0.1	9.8	9.8
BSE Power	6,038	1.4	3.8	3.8
BSE PSU	16,757	1.5	7.7	7.7
BSE Realty	6,810	(0.8)	10.1	10.1
BSE TECK	16,616	(0.9)	4.3	4.3

## Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Coal India Ltd	399	4.1	6.1	6.1
Adani Ports And Special Econ	1,193	3.5	16.5	16.5
Adani Enterprises Ltd	2,988	2.5	4.9	4.9
Kotak Mahindra Bank Ltd	1,807	2.4	(5.3)	(5.3)
Icici Bank Ltd	1,009	1.0	1.2	1.2
Power Grid Corp Of India Ltd	237	0.8	-	-
Hindalco Industries Ltd	561	0.7	(8.8)	(8.8)

## Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Hindustan Unilever Ltd	2,469	(3.8)	(7.3)	(7.3)
Tata Consultancy Svcs Ltd	3,861	(2.1)	2.2	2.2
Mahindra & Mahindra Ltd	1,622	(2.0)	(6.2)	(6.2)
Indusind Bank Ltd	1,535	(1.6)	(4.0)	(4.0)
Hcl Technologies Ltd	1,544	(1.5)	5.3	5.3
Nestle India Ltd	2,480	(1.4)	(6.7)	(6.7)

## Bulk Deals

Security Name	Client Name	Buy/Sell	Qty	Price	Value (mn)
Tourism Finance Corp	Shruti Mohta	Buy	21,00,000	187.70	394
Tourism Finance Corp	Alpana Mundra	Sell	8,15,000	188.80	154
Cupid Limited	Minerva Ventures Fund	Buy	70,000	1862.15	130
Tourism Finance Corp	Garg Brothers Private Limited	Buy	5,50,000	192.93	106
Tourism Finance Corp	Divya Mahesh Vaghela	Sell	5,16,019	192.37	99

## Derivatives Update

## Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
BALKRISIND	2777.95	5.02	19.21	2185
GUJGASLTD	554.10	0.01	10.72	7550
COALINDIA	399.85	4.03	8.97	73281
IRCTC	1025.95	3.90	8.05	22391

## Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
JKCEMENT	3997.25	-1.68	24.56	1068
SUNTV	665.05	-0.92	10.08	9502
ATUL	6482.15	-2.36	8.51	331
HINDUNILVR	2473.05	-3.57	7.18	12171

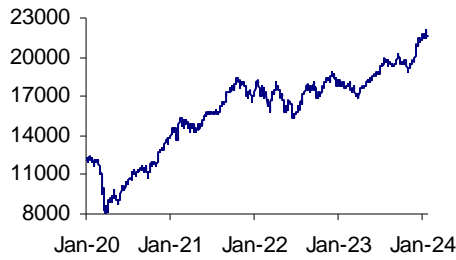
## Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
OFSS	6711.8	-2.60	-7.45	1312
BHEL	219.4	-1.53	-3.99	100059
ULTRACEMCO	10010.55	-0.74	-3.00	1938
CHAMBLFERT	372.7	-0.09	-2.83	10780

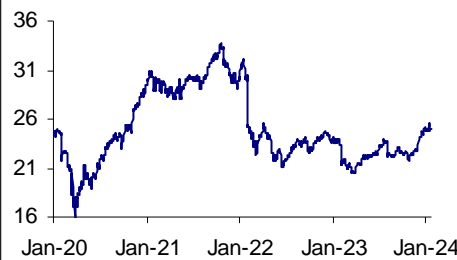
## Long Unwinding

Company	Last	% Chg	% Chg OI	OI (in 000)
RBLBANK	268.70	1.78	-8.69	63965
NATIONALUM	134.75	0.71	-4.94	82927
HINDCOPPER	271.05	2.15	-3.10	29277
MPHASIS	2587.35	1.09	-3.07	2742

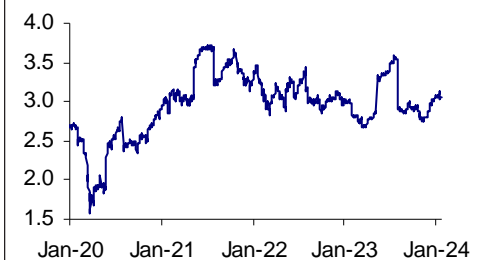
**Nifty**



**Nifty P/E**

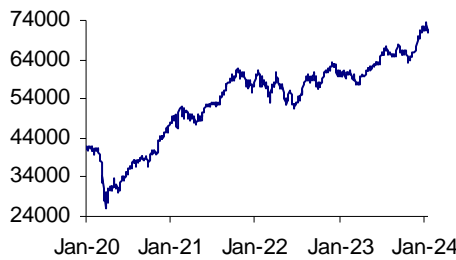


**Nifty P/B**

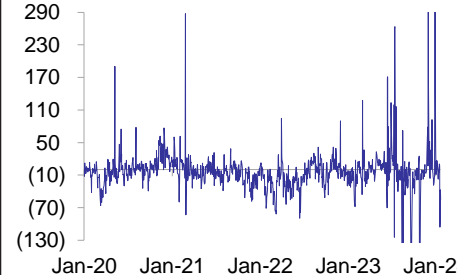


Source: Bloomberg

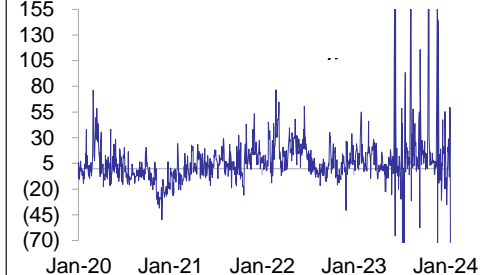
**Sensex**



**FII Provisional Flows (INR bn)**



**DII Provisional Flows (INR bn)**



Source: Bloomberg

**Economy, Money & Banking**

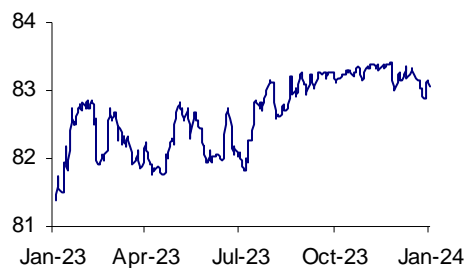
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	83.1	0.1	0.2	0.2
INR~EUR	90.4	0.1	1.7	1.7
INR~GBP	105.5	(0.2)	0.2	0.2

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.2	-	1	1
Interbank call	5.8	(90)	(44)	(44)

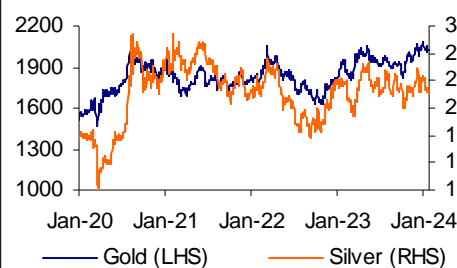
**Commodities Update**

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	2,022	0.0	(2.0)	(2.0)
Crude Oil (\$/Bl)	75	(0.2)	3.9	3.9
Aluminium (\$/t)	2,116	(0.4)	(9.8)	(9.8)
Copper (\$/t)	8,255	(0.2)	(2.5)	(2.5)
Zinc (\$/t)	2,445	(0.2)	(7.4)	(7.4)
Lead (\$/t)	2,116	1.2	4.0	4.0
Nickel (\$/t)	15,765	(0.2)	(3.7)	(3.7)

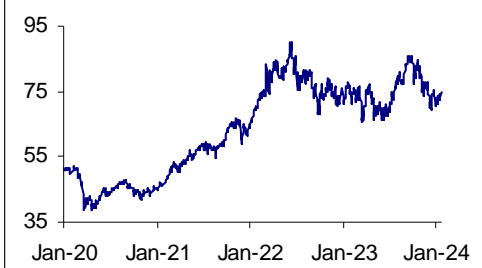
**INR/USD**



**Gold and silver prices (USD/Tr.Oz)**

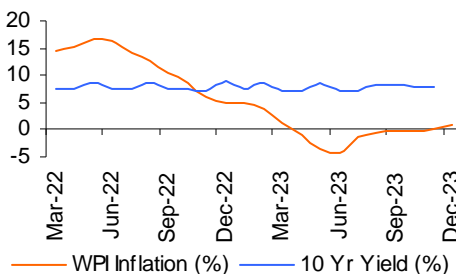


**Crude prices (USD/barrel)**

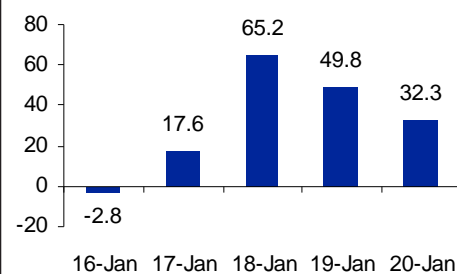


Source: Bloomberg

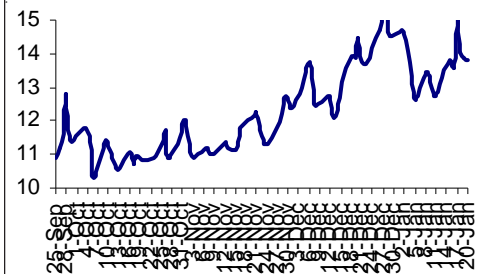
**Inflation vs 10 year yield**



**Nifty premium/discount**



**NSE volatility index (%)**



Source: Bloomberg

CMP	: INR 1,008
Reco	: BUY ↔
Target Price	: INR 1,275 ↑
Target Price Change	: 2%
Target FY26 AP/BV* (x)	: 2.6 (SoTP)
EPS Change FY24/ 25/ 26:	2%/3%/1%

\*core banking business

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**Market data**

Sensex	: 71,424
Sector	: BANKS
Market Cap (INR bn)	: 7,076.5
Market Cap (USD bn)	: 85.193
O/S Shares (mn)	: 7,015.5
52-wk HI/LO (INR)	: 1044/796
Avg. Daily Vol ('000)	: 22,210
Bloomberg	: ICICIBC IN

Source: Bloomberg

**Valuation**

	FY24e	FY25e	FY26e
EPS (INR)	57	58	68
PE (x)*	15.2	14.6	12.2
BVPS (INR)*	314	360	415
P/BV (x)*	2.8	2.4	2.0
RoA (%)	2.3	2.0	2.0

Source: Company \*adjusted for investment in subsidiaries

**Returns (%)**

	1m	3m	6m	12m
Absolute	0	8	1	16
Relative	(0)	(1)	(5)	(2)

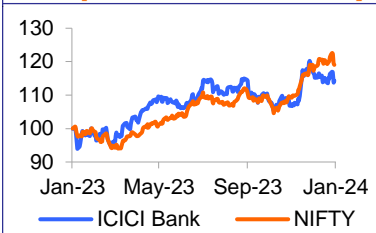
Source: Bloomberg, Antique

**Shareholding pattern**

Promoters	:	-
Public	:	100%
Others	:	-

Source: Bloomberg

**Price performance vs Nifty**



Source: Bloomberg, Indexed to 100

**3QFY24 RESULT REVIEW**

# ICICI Bank

## On the path to consistent and strong return ratios

ICICI Bank (ICICIBC) reported a 3QFY24 PAT of INR 102.7 bn (RoA of 2.35%), up 24% YoY, marginally ahead of our and consensus estimate of INR 99.4 bn/ INR 99 bn respectively. NII growth was at 13% YoY (in-line). NIM declined 10 bps QoQ (14 bps after accounting for interest on IT refund) to 4.43%. The pace of increase in cost of funds to further slowdown in 4QFY24 leading to lower margin compression vs. 3QFY24. Core PPP grew 10% YoY (3.2% of average assets) and credit cost was low at 50 bps of loans/ 10% of PPOp (excl. recovery benefit from one large corporate account and provision hit taken on AIF exposure). The gross slippage ratio increased QoQ from 2.0% to 2.3%, partially led by higher flows from Kisan credit card (seasonal in nature, adjusted for which the slippage ratio was 2.1%). NNPLs were stable QoQ at 0.4%, restructured loans remain low at 0.3%, along with countercyclical buffers standing at 1.4% of overall loans. Loan growth remains strong (4% QoQ and 19% YoY), with a fairly good all-round growth. Deposit mobilization was healthy at 3% QoQ (19% YoY) led by a 5% QoQ increase in TD whereas CASA growth was flat QoQ. We marginally increase our estimates by 1%–3% over FY24–26 leading to a revised TP of INR 1,275 (2.6x FY26 core BV and INR 178 for subsidiaries) vs. INR 1,250 earlier. Maintain BUY and we reiterate ICICIBC as our top pick.

**Margin declines on expected lines:** NIM contracted 10 bps QoQ to 4.43% (4.39% after excluding interest on IT refund) as cost of funds increased by 18 bps QoQ, while the yield on loans was largely flat QoQ. Management stated that the pace of increase in cost of funds would further slowdown in 4QFY24 leading to lower margin compression vs. 3QFY24. NII grew 13% YoY/ 2% QoQ; fee growth was healthy at 19% YoY/ 2% QoQ led by an improvement in retail fee growth of 21% YoY. Opex growth was at 2% QoQ (22% YoY). Core PPP grew 10% YoY/ 2% QoQ and stood at 3.2% of average assets. Reported credit cost was low at 37 bps (50 bps excl. recovery benefit from one large corporate account and provision hit for AIF exposure). PAT grew 24% YoY, RoA of 2.3%.

**Loan growth remained broad-based; deposit growth was led by TD:** Domestic loans grew 19% YoY/ 4% QoQ. Within domestic loans, SME growth was strong at 28% YoY (7% QoQ), retail book grew 22% YoY (5% QoQ), and corporate book growth was at 13% YoY/ 3% QoQ. Within retail, growth was strong in the unsecured portfolio, PL (37% YoY/ 6% QoQ), credit cards (40% YoY/ 11% QoQ), which together contributed 13.8% of the overall loans. Management expects unsecured personal loan growth to slow down from current levels on a higher base and tightening risk filters. Mortgages grew 16% YoY/ 4% QoQ, business banking was up by 7% QoQ, and rural loans were up 5% QoQ. Deposits grew 19% YoY/ 3% QoQ, led by a 5% QoQ increase in TD, while CASA was flat QoQ leading to the average CASA ratio declining further to 39.4% (vs. 40.8% in 2QFY24, 44.6% in 3QFY23).

**Marginal uptick in slippages on account of seasonality:** Gross slippage ratio increased from 2% to 2.3% QoQ as retail slippages increased from 2.7% to 3.2% (due to INR 6.2 bn slippage from Kisan credit card portfolio which is seasonal in nature) while corporate and SME slippages remained stable QoQ at 0.3%. Recoveries and upgrades remain healthy which kept the net slippage ratio at just 0.1%. GNPL/ NNPL/ PCR ratios were stable at 2.3%/ 0.4%/ 81.3%. Net stress on B/S (including NNPL, restructuring book, and BB & below) was 1.6%. The bank continues to hold a contingency provision buffer, which stood at 1.4% of loans.

### Investment Summary

The bank continues to consistently deliver strong performance with superior RoA, strong asset quality, and balance sheet. While core revenue is expected to moderate and low credit cost is expected to normalize, strong buffers created would help protect/ smoothen earnings, even if the macroeconomic environment turns adverse. We expect RoA of 2.3%/ 2% and RoE of 19%/ 17% over FY24/ 26E. Maintain BUY.

## Quarterly Earnings

Profit and Loss (INR mn)	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	3QFY24Deviation (%)	9MFY24	9MFY23	YoY %	
<b>NIM (% , Reported)</b>	<b>4.43</b>	<b>4.65</b>	<b>-22 bps</b>	<b>4.53</b>	<b>-10 bps</b>	<b>4.35</b>	<b>8 bps</b>	<b>4.58</b>	<b>4.32</b>	<b>26 bps</b>
<b>Net Interest Income</b>	<b>1,86,786</b>	<b>1,64,650</b>	<b>13.4</b>	<b>1,83,079</b>	<b>2.0</b>	<b>1,83,981</b>	<b>1.5</b>	<b>5,52,129</b>	<b>4,44,618</b>	<b>24.2</b>
Other Income	60,971	50,236	21.4	57,767	5.5	61,662	-1.1	1,73,090	1,47,437	17.4
<b>Reported Fee income</b>	<b>53,130</b>	<b>44,480</b>	<b>19.4</b>	<b>52,040</b>	<b>2.1</b>	<b>55,162</b>	<b>-3.7</b>	<b>1,53,600</b>	<b>1,31,710</b>	<b>16.6</b>
<b>Core Income</b>	<b>2,39,916</b>	<b>2,09,130</b>	<b>14.7</b>	<b>2,35,119</b>	<b>2.0</b>	<b>2,39,144</b>	<b>0.3</b>	<b>7,05,729</b>	<b>5,76,328</b>	<b>22.5</b>
Other non core Income	7,841	5,756	36.2	5,727	36.9	6,500	20.6	19,490	15,727	23.9
<b>Operating Expenses</b>	<b>1,00,520</b>	<b>82,174</b>	<b>22.3</b>	<b>98,553</b>	<b>2.0</b>	<b>1,02,123</b>	<b>-1.6</b>	<b>2,94,299</b>	<b>2,39,451</b>	<b>22.9</b>
Employee	38,127	29,212	30.5	37,254	2.3	38,372	-0.6	1,14,218	86,589	31.9
Others	62,393	52,962	17.8	61,299	1.8	63,751	-2.1	1,80,082	1,52,862	17.8
<b>Core Operating Profits</b>	<b>1,39,396</b>	<b>1,26,956</b>	<b>9.8</b>	<b>1,36,566</b>	<b>2.1</b>	<b>1,37,021</b>	<b>1.7</b>	<b>4,11,430</b>	<b>3,36,877</b>	<b>22.1</b>
<b>Operating Profits</b>	<b>1,47,236</b>	<b>1,32,712</b>	<b>10.9</b>	<b>1,42,293</b>	<b>3.5</b>	<b>1,43,521</b>	<b>2.6</b>	<b>4,30,920</b>	<b>3,52,604</b>	<b>22.2</b>
<b>Provisions</b>	<b>10,494</b>	<b>22,574</b>	<b>-53.5</b>	<b>5,826</b>	<b>80.1</b>	<b>10,960</b>	<b>-4.3</b>	<b>29,244</b>	<b>50,458</b>	<b>-42.0</b>
<b>PBT</b>	<b>1,36,743</b>	<b>1,10,138</b>	<b>24.2</b>	<b>1,36,466</b>	<b>0.2</b>	<b>1,32,561</b>	<b>3.2</b>	<b>4,01,676</b>	<b>3,02,147</b>	<b>32.9</b>
Taxes	34,027	27,019	25.9	33,856	0.5	33,140	2.7	99,868	74,100	34.8
<b>PAT</b>	<b>1,02,715</b>	<b>83,119</b>	<b>23.6</b>	<b>1,02,610</b>	<b>0.1</b>	<b>99,421</b>	<b>3.3</b>	<b>3,01,807</b>	<b>2,28,046</b>	<b>32.3</b>
<b>RoA</b>	<b>2.35</b>	<b>2.21</b>	<b>14 bps</b>	<b>2.44</b>	<b>-9 bps</b>	<b>2.26</b>	<b>8 bps</b>	<b>2.39</b>	<b>2.08</b>	<b>31 bps</b>

Source: Company, Antique

## We marginally increase our earnings estimate

INR bn	Old est			New est			Change (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Net Interest Income	733	796	938	739	799	937	0.8	0.3	-0.1
Other Income	237	277	326	235	277	326	-0.6	0.0	0.3
<b>Total Income</b>	<b>970</b>	<b>1,074</b>	<b>1,264</b>	<b>975</b>	<b>1,076</b>	<b>1,264</b>	<b>0.5</b>	<b>0.2</b>	<b>0.0</b>
Operating Expenses	400	462	535	397	457	528	-0.8	-1.2	-1.2
<b>Operating Profits</b>	<b>570</b>	<b>611</b>	<b>729</b>	<b>578</b>	<b>619</b>	<b>735</b>	<b>1.4</b>	<b>1.3</b>	<b>0.8</b>
Provisions	45	79	101	42	72	101	-6.9	-9.1	-0.8
<b>PBT</b>	<b>525</b>	<b>532</b>	<b>628</b>	<b>536</b>	<b>547</b>	<b>635</b>	<b>2.1</b>	<b>2.8</b>	<b>1.1</b>
Tax	131	133	157	133	137	159	1.7	2.8	1.1
<b>PAT</b>	<b>394</b>	<b>399</b>	<b>471</b>	<b>402</b>	<b>410</b>	<b>476</b>	<b>2.2</b>	<b>2.8</b>	<b>1.1</b>

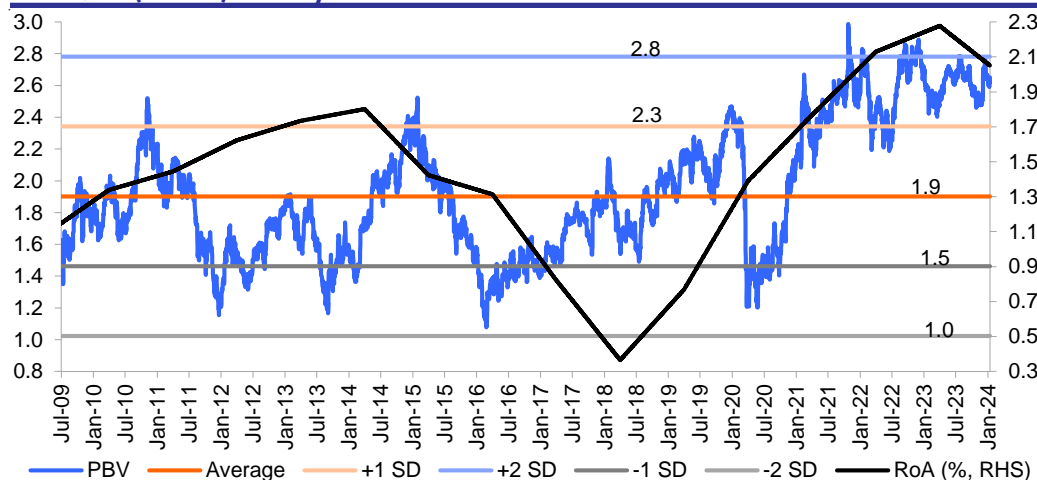
Source: Company, Antique

## SoTP-based target price of INR 1,275 based on FY26 BV

	Stake (%)	Total Value for ICICI INR bn	Value Per Share INR	% of Total Value
<b>ICICI Bank</b>		<b>7,624</b>	<b>1,097</b>	<b>86</b>
ICICI Pru Life Insurance	51	454	65	5
ICICI Home Finance	100	20	3	0
ICICI Pru AMC	51	346	50	4
ICICI Securities	0	207	30	2
ICICI Lombard Gen. Ins	48	402	58	5
Others		113	16	1
<b>Total Value of Ventures</b>		<b>1,542</b>	<b>222</b>	<b>17</b>
Less: 20% holding Discount		308	44	3
<b>Value of Key Ventures</b>		<b>1,234</b>	<b>178</b>	<b>14</b>
<b>Target Price Post 20% Holding Co. Disc.</b>		<b>8,858</b>	<b>1,275</b>	<b>100</b>

Source: Company, Antique

**ICICI P/BV (consol.) with 1-year forward standalone RoA: Trades above +1 SD valuation**



Source: Company, Antique

**DUPONT Analysis - Quarterly: Core performance remains stable (% of average assets)**

Y/E March	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Net Interest Income (%)</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.6</b>	<b>3.7</b>	<b>4.1</b>	<b>4.4</b>	<b>4.6</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>
Core Fee Income (%)	1.1	1.2	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
<b>Core Income</b>	<b>4.6</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>	<b>4.9</b>	<b>5.3</b>	<b>5.6</b>	<b>5.8</b>	<b>5.7</b>	<b>5.6</b>	<b>5.5</b>
<b>Operating Expenses</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>
Employee expenses	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	1.0	0.9	0.9
Others	1.2	1.3	1.4	1.3	1.3	1.5	1.4	1.4	1.4	1.5	1.4
<b>Core operating Profits</b>	<b>2.6</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>	<b>2.8</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>	<b>3.2</b>
Trading and others	0.3	0.3	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2
<b>Operating Profits</b>	<b>2.9</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>3.2</b>	<b>3.5</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>
Provisions (%)	0.9	0.9	0.6	0.3	0.3	0.5	0.6	0.4	0.3	0.1	0.2
<b>PBT</b>	<b>2.0</b>	<b>2.3</b>	<b>2.5</b>	<b>2.7</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.1</b>
Tax	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8
<b>RoA</b>	<b>1.5</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>
<b>RoE</b>	<b>12.3</b>	<b>14.3</b>	<b>15.5</b>	<b>16.8</b>	<b>15.9</b>	<b>16.8</b>	<b>17.8</b>	<b>18.6</b>	<b>18.7</b>	<b>19.2</b>	<b>18.6</b>

Source: Company, Antique

**DUPONT Analysis: RoA expected to be 2.3%/ 2% over FY24/ 26E (% of average assets)**

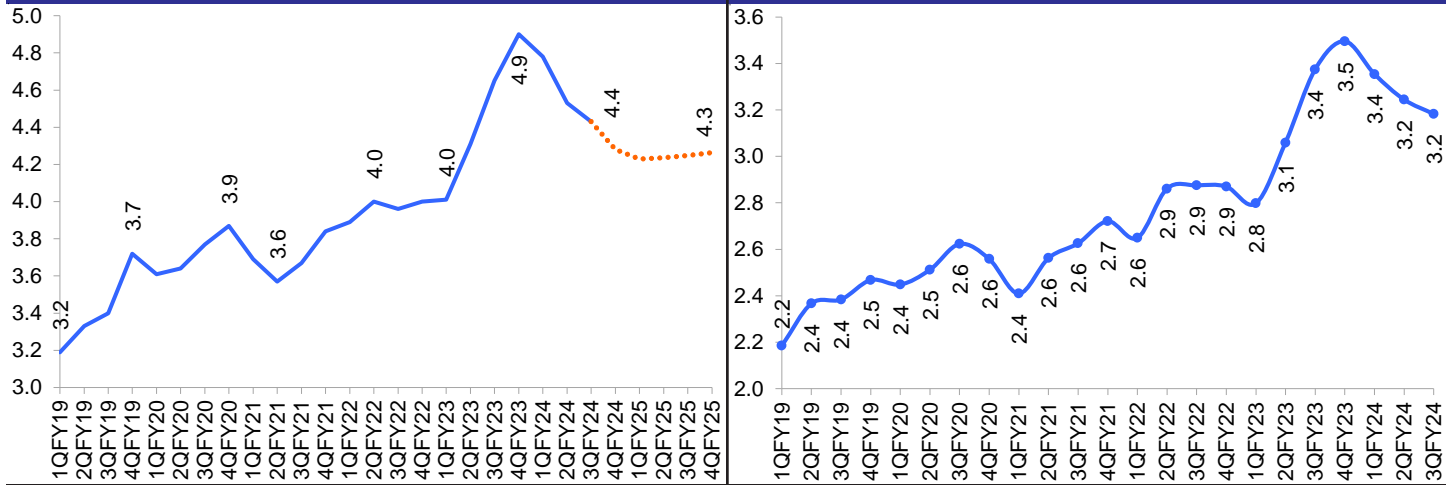
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net Interest Income</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.3</b>	<b>3.6</b>	<b>4.1</b>	<b>4.3</b>	<b>4.0</b>	<b>4.0</b>
Core Fee Income	1.3	1.3	1.3	1.3	1.3	1.1	1.2	1.2	1.2	1.2	1.2
<b>Core Income</b>	<b>4.4</b>	<b>4.2</b>	<b>4.0</b>	<b>4.2</b>	<b>4.6</b>	<b>4.4</b>	<b>4.8</b>	<b>5.3</b>	<b>5.5</b>	<b>5.2</b>	<b>5.2</b>
Operating Expenses	1.9	2.0	1.9	2.0	2.1	1.9	2.0	2.2	2.3	2.3	2.2
Employee cost	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.8	0.9	0.9	0.8
Others	1.1	1.2	1.2	1.2	1.3	1.2	1.3	1.4	1.4	1.4	1.4
<b>Core operating Profits</b>	<b>2.5</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>3.0</b>
Non-core Income	1.0	1.3	0.9	0.3	0.3	0.5	0.2	0.1	0.2	0.2	0.2
<b>Operating Profits</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	<b>2.5</b>	<b>2.7</b>	<b>3.1</b>	<b>3.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>3.1</b>
Provisions	1.7	2.0	2.1	2.1	1.4	1.4	0.7	0.4	0.2	0.4	0.4
NPA	1.1	2.0	1.7	1.8	0.9	0.9	0.5	0.0	0.2	0.4	0.4
<b>PBT</b>	<b>1.8</b>	<b>1.5</b>	<b>0.9</b>	<b>0.4</b>	<b>1.4</b>	<b>1.7</b>	<b>2.3</b>	<b>2.8</b>	<b>3.1</b>	<b>2.7</b>	<b>2.7</b>
Tax	0.4	0.2	0.1	0.0	0.6	0.3	0.6	0.7	0.8	0.7	0.7
<b>RoA</b>	<b>1.4</b>	<b>1.3</b>	<b>0.8</b>	<b>0.4</b>	<b>0.8</b>	<b>1.4</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	<b>2.0</b>	<b>2.0</b>
Leverage (x)	8.4	8.3	8.4	9.0	9.6	9.1	8.5	8.2	8.1	8.2	8.4
<b>RoE*</b>	<b>11.9</b>	<b>10.9</b>	<b>6.9</b>	<b>3.3</b>	<b>7.4</b>	<b>12.7</b>	<b>15.1</b>	<b>17.6</b>	<b>18.9</b>	<b>16.7</b>	<b>17.0</b>

Source: Company, Antique; \*RoE not adjusted for investment in subsidiaries

## Conference Call Highlights

- The bank's average **LCR** for the quarter was about **121%**.
- Management expects **NIM** to be at a similar level to last year. There would be some margin compression in 4QFY24, however, it is likely to be lower than 3QFY24.
- **Cost of Deposits** – Some repricing is possible in 1QFY25 as well. Although most of it would be done in 4Q itself with the quantum of increase to slow down.
- **Personal Loans** - The bank worked on increasing pricing, further refining credit parameters, and optimizing sourcing costs resulting in lower disbursement of personal loans during the quarter.
- Within the **overseas corporate portfolio**, about 92% comprised Indian corporates, 4% overseas corporates with Indian linkages, 2% companies owned by NRIs or PIOs and the balance 2% were non-India corporates.
- **Kisan credit card portfolio** - Gross NPA addition of about INR 6.17 bn. The bank typically sees higher NPA addition from this portfolio in the first and third quarters of a fiscal year.
- Of the total domestic loans, interest rates on 49% are linked to the repo rate, 2% to other external benchmarks, and 18% to MCLR and other older benchmarks. The balance 31% of the loans have fixed interest rates.
- Increase in **employee expenses** is reflective of mainly an increase in the employee base from the second half of fiscal 2023 onwards.
- The number of employees has increased by about 23,600 in the last 12 months and about 1,700 in the current quarter.
- **Technology expenses** were about 9% of operating expenses in nine months.
- There have been more than 10 mn activations of iMobile Pay by non-ICICI Bank account holders at the end of December 2023.
- The builder portfolio is about 4.0% of the total loan portfolio. This portfolio largely comprises well-established builders.
- The bank's strategic focus continues to be on growing core operating profit through a 360-degree customer-centric approach.
- Retail accounts for 79% of the total fees.

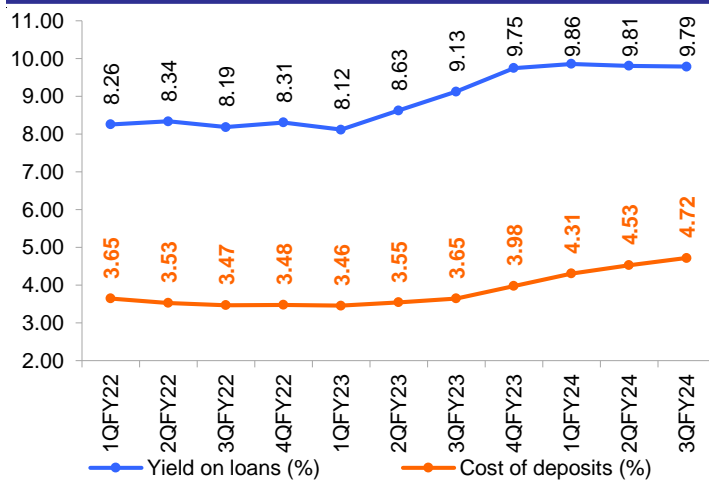
**NIM (%) & Core PPOP to average assets (%) structurally still above the rate hike cycle & pre-Covid-19 levels**



Source: Company, Antique

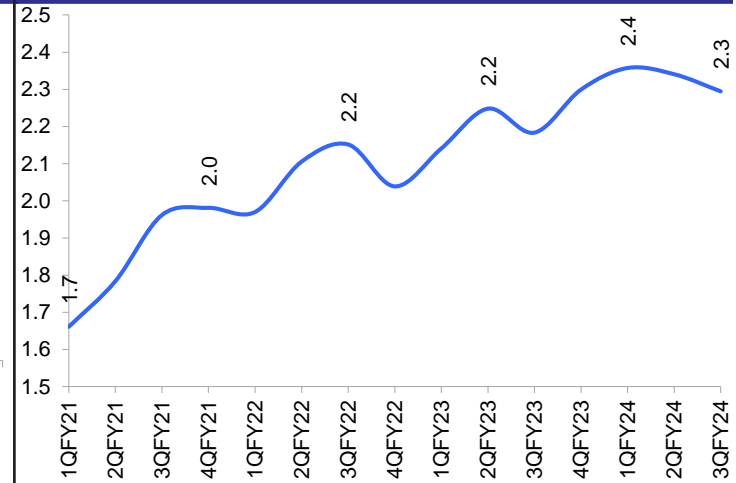
Source: Company, Antique

**The pace of increase in cost of deposits to slow down going forward**



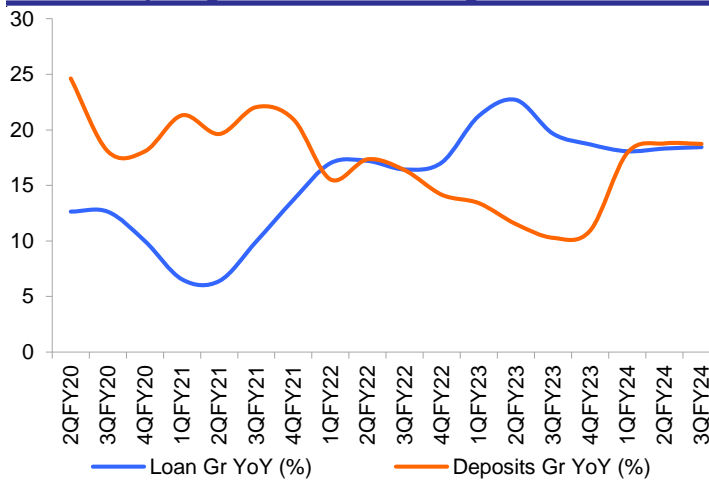
Source: Company, Antique

**Opex to average assets (%) stabilizing**



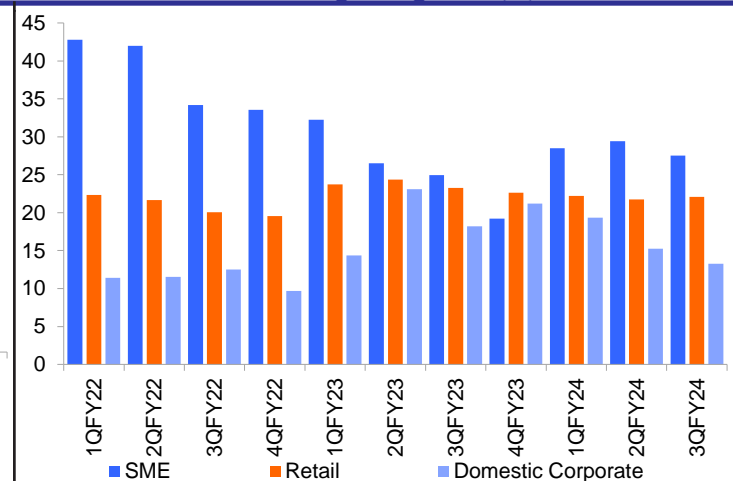
Source: Company, Antique

**Loan and deposit growth remained strong**



Source: Company, Antique

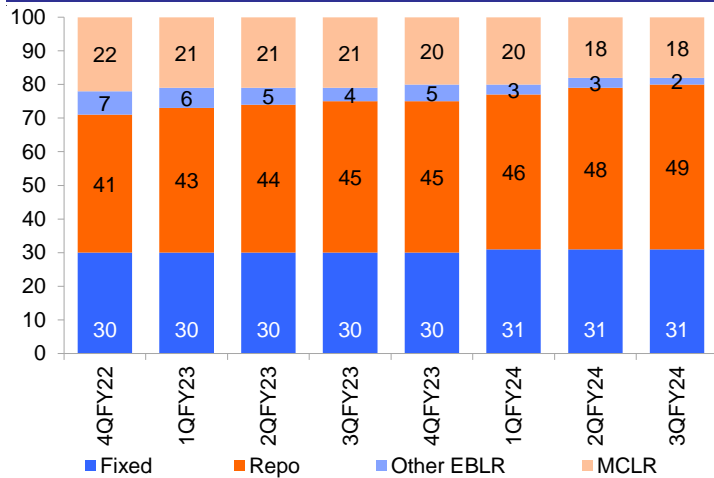
**SME continues to show strong loan growth (%)**



Source: Company, Antique

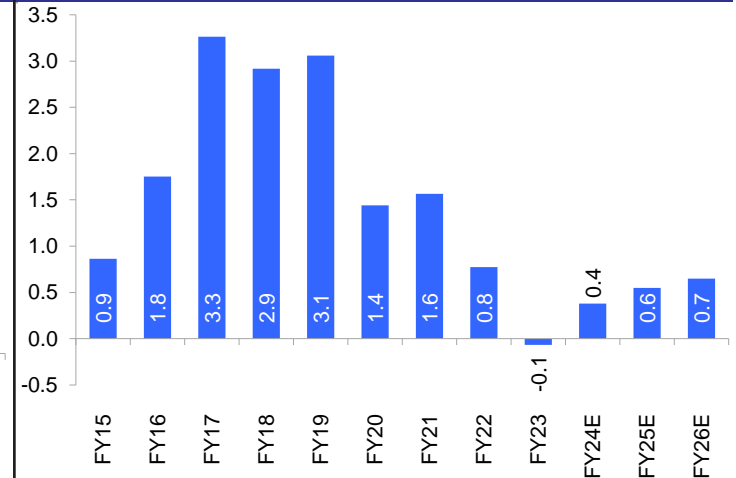


**Loan book by benchmark rate (%)**



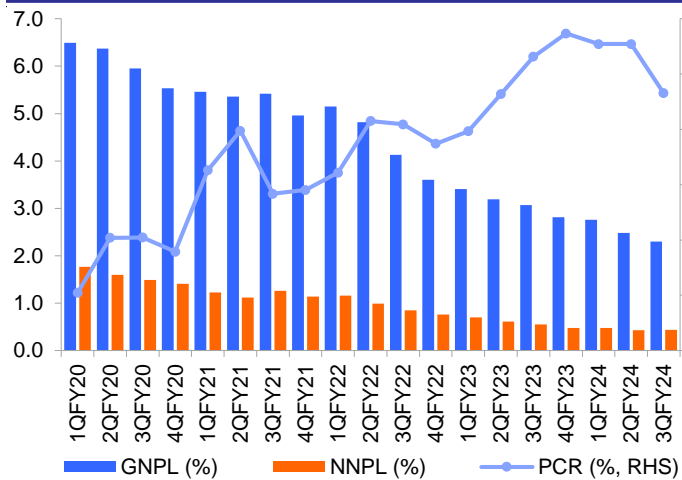
Source: Company, Antique

**Gradual normalization of credit costs expected**



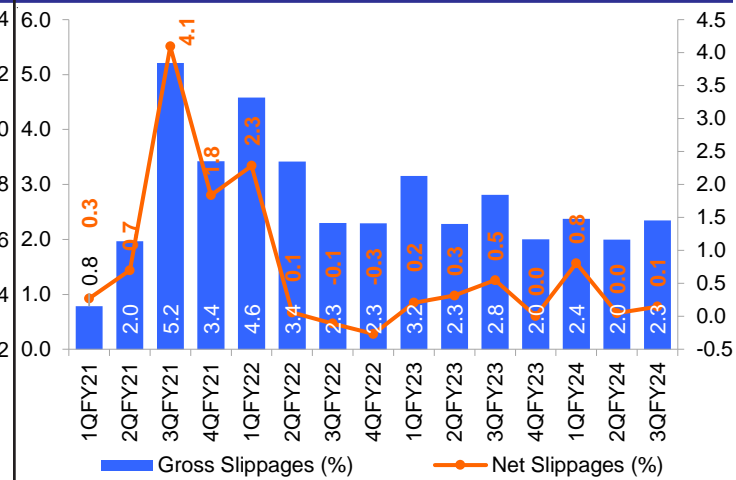
Source: Company, Antique

**Asset quality improving consistently...**



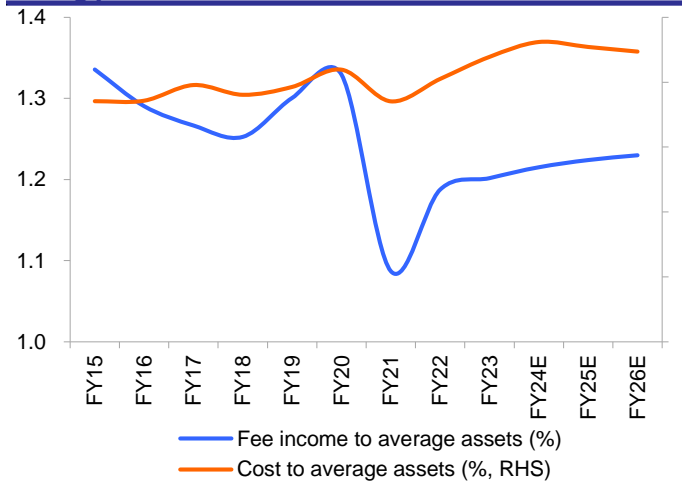
Source: Company, Antique

**...with stable gross & net slippage ratios**



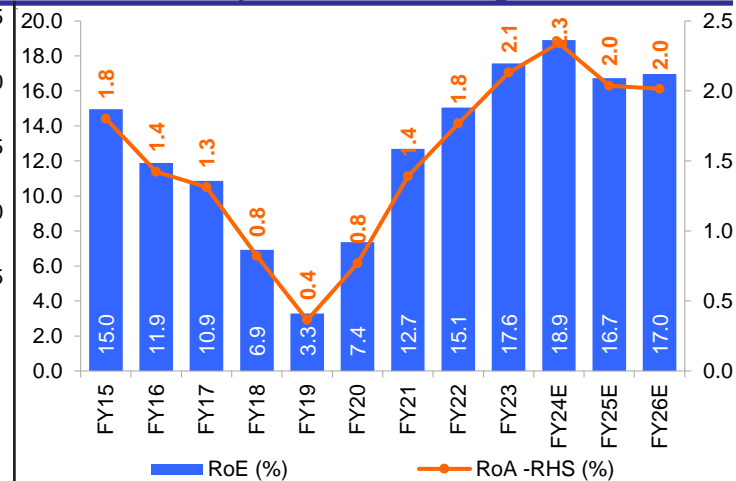
Source: Company, Antique

**Fee income as a % of average assets to improve in the coming years**



Source: Company, Antique

**Return ratios are expected to remain strong**



Source: Company, Antique

## Quarterly earnings snapshot

INR mn	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
<b>Profit and Loss</b>											
<b>Net Interest Income</b>	<b>1,22,360</b>	<b>1,26,046</b>	<b>1,32,100</b>	<b>1,47,868</b>	<b>1,64,650</b>	<b>1,76,668</b>	<b>1,82,265</b>	<b>1,83,079</b>	<b>1,86,786</b>	<b>2</b>	<b>13</b>
<b>Other Income</b>	<b>49,871</b>	<b>47,374</b>	<b>46,652</b>	<b>50,549</b>	<b>50,236</b>	<b>50,878</b>	<b>54,353</b>	<b>57,767</b>	<b>60,971</b>	<b>6</b>	<b>21</b>
Trading profits	880	1,290	360	-850	360	-400	2,520	-850	1,230	NA	242
Fee Income	42,910	43,660	42,430	44,800	44,480	48,300	48,430	52,040	53,130	2	19
Miscellaneous Income	6,081	2,424	3,862	6,599	5,396	2,978	3,403	6,577	6,611	1	23
<b>Total Income</b>	<b>1,72,231</b>	<b>1,73,420</b>	<b>1,78,752</b>	<b>1,98,417</b>	<b>2,14,886</b>	<b>2,27,545</b>	<b>2,36,617</b>	<b>2,40,846</b>	<b>2,47,756</b>	<b>3</b>	<b>15</b>
<b>Operating Expenses</b>	<b>70,749</b>	<b>70,490</b>	<b>75,663</b>	<b>81,614</b>	<b>82,174</b>	<b>89,282</b>	<b>95,226</b>	<b>98,553</b>	<b>1,00,520</b>	<b>2</b>	<b>22</b>
Employee	24,848	24,289	28,492	28,885	29,212	34,010	38,837	37,254	38,127	2	31
Others	45,900	46,201	47,171	52,728	52,962	55,272	56,389	61,299	62,393	2	18
<b>Operating Profits</b>	<b>1,01,483</b>	<b>1,02,929</b>	<b>1,03,089</b>	<b>1,16,803</b>	<b>1,32,712</b>	<b>1,38,264</b>	<b>1,41,391</b>	<b>1,42,293</b>	<b>1,47,236</b>	<b>3</b>	<b>11</b>
<b>Provisions</b>	<b>20,073</b>	<b>10,690</b>	<b>11,438</b>	<b>16,445</b>	<b>22,574</b>	<b>16,198</b>	<b>12,924</b>	<b>5,826</b>	<b>10,494</b>	<b>80</b>	<b>-54</b>
<b>PBT</b>	<b>81,410</b>	<b>92,240</b>	<b>91,651</b>	<b>1,00,358</b>	<b>1,10,138</b>	<b>1,22,066</b>	<b>1,28,467</b>	<b>1,36,466</b>	<b>1,36,743</b>	<b>0</b>	<b>24</b>
Taxes	19,471	22,053	22,601	24,480	27,019	30,847	31,985	33,856	34,027	1	26
<b>PAT</b>	<b>61,938</b>	<b>70,187</b>	<b>69,049</b>	<b>75,878</b>	<b>83,119</b>	<b>91,219</b>	<b>96,482</b>	<b>1,02,610</b>	<b>1,02,715</b>	<b>0</b>	<b>24</b>
<b>Asset Quality</b>											
GNPA	3,70,527	3,39,195	3,31,630	3,25,710	3,25,282	3,11,840	3,18,220	2,98,370	2,87,746	-4	-12
NNPA	73,439	69,609	66,560	60,990	56,512	51,550	53,820	50,460	53,785	7	-5
GNPA (%)	4.1	3.6	3.4	3.2	3.1	2.8	2.8	2.5	2.3		
NNPA (%)	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4		
PCR (Calculated, %)	80	79	80	81	83	83	83	83	81		
GNPA - Retail	1,35,940	1,28,320	1,27,190	1,23,430	1,22,450	1,21,130	1,29,350	1,28,520	1,37,880	7	13
NNPA - Retail	55,210	53,050	50,220	47,810	43,510	42,040	43,830	44,250	48,810	10	12
Prov. for NPA in qtr	10,950	440	940	1,440	7,570	190	12,920	5,830	10,494	80	39
Credit Cost	0.6	0.0	0.0	0.1	0.3	0.0	0.5	0.2	0.4		
<b>Ratios (%)</b>											
Fees to Total Income	24.9	25.2	23.7	22.6	20.7	21.2	20.5	21.6	21.4		
Cost to Core Income	41.3	41.0	42.4	41.0	38.3	39.2	40.7	40.8	40.8		
Tax Rate	23.9	23.9	24.7	24.4	24.5	25.3	24.9	24.8	24.9		
CASA	47.2	48.7	46.9	46.6	45.3	45.8	43.3	40.8	39.6		
Dom. Loan/Deposit (Rep)	77.0	77.5	81.6	83.3	84.7	84.5	83.8	84.1	84.6		
Loan / Deposit	80.0	80.7	85.3	86.1	86.8	86.3	85.4	85.8	86.6		
<b>Margins - Reported (%)</b>											
Yield on funds	7.2	7.2	7.2	7.6	8.1	8.6	8.7	8.6	8.7		
Yield on loans	8.2	8.3	8.1	8.6	9.1	9.8	9.9	9.8	9.8		
Cost of funds	3.7	3.7	3.7	3.8	4.0	4.3	4.6	4.8	5.0		
Cost of deposits	3.5	3.5	3.5	3.6	3.7	4.0	4.3	4.5	4.7		
<b>Quarterly NIMs</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.3</b>	<b>4.7</b>	<b>4.9</b>	<b>4.8</b>	<b>4.5</b>	<b>4.4</b>		
<b>Domestic quarterly NIM</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>	<b>4.9</b>	<b>4.6</b>	<b>4.5</b>		
<b>Overseas quarterly NIM</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>	<b>1.0</b>	<b>1.0</b>	<b>1.6</b>	<b>1.5</b>		
<b>Franchise</b>											
ATM	13,846	13,626	13,379	13,254	13,186	13,031	NA	NA	NA		
Branches	5,298	5,418	5,534	5,614	5,718	5,900	6,074	6,248	6,371		

Source: Company, Antique

## Quarterly earnings snapshot (continued)

Balance Sheet (INR bn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
Networth	1,631	1,705	1,779	1,825	1,913	2,007	2,110	2,160	2,268	5	19
Deposits	10,175	10,646	10,503	10,900	11,220	11,808	12,387	12,947	13,323	3	19
CA	1,460	1,585	1,403	1,454	1,456	1,615	1,610	1,553	1,534	-1	5
SA	3,346	3,600	3,518	3,625	3,632	3,798	3,752	3,723	3,746	1	3
CASA	4,807	5,184	4,921	5,078	5,088	5,413	5,362	5,276	5,280	0	4
CASA Ratio (%)	47.2	48.7	46.9	46.6	45.3	45.8	43.3	40.8	39.6		
<b>Overall Loans</b>	<b>8,140</b>	<b>8,590</b>	<b>8,956</b>	<b>9,386</b>	<b>9,740</b>	<b>10,196</b>	<b>10,576</b>	<b>11,105</b>	<b>11,538</b>	<b>4</b>	<b>18</b>
<b>Total Retail Advances</b>	<b>5,509</b>	<b>5,849</b>	<b>6,123</b>	<b>6,500</b>	<b>6,790</b>	<b>7,174</b>	<b>7,482</b>	<b>7,915</b>	<b>8,288</b>	<b>5</b>	<b>22</b>
Housing	2,783	2,931	3,051	3,186	3,314	3,447	3,556	3,704	3,841	4	16
Auto Loans	387	403	424	446	473	497	525	554	579	5	22
Auto loans (CV)	257	262	261	262	265	275	282	295	304	3	15
Two wheeler	15	16	17	18	19	22	23	22	22	-2	15
Personal loans	570	629	684	744	809	881	948	1,044	1,111	6	37
Credit Cards	228	251	280	334	345	378	407	432	482	11	40
Business Banking	485	534	574	636	669	721	749	828	882	7	32
Others	785	824	832	874	896	952	992	1,036	1,067	3	19
<b>SME</b>	<b>364</b>	<b>405</b>	<b>394</b>	<b>419</b>	<b>454</b>	<b>482</b>	<b>506</b>	<b>543</b>	<b>579</b>	<b>7</b>	<b>28</b>
<b>International</b>	<b>407</b>	<b>413</b>	<b>458</b>	<b>380</b>	<b>353</b>	<b>341</b>	<b>323</b>	<b>363</b>	<b>390</b>	<b>7</b>	<b>10</b>
<b>Domestic Corporate</b>	<b>1,914</b>	<b>1,937</b>	<b>2,023</b>	<b>2,160</b>	<b>2,262</b>	<b>2,348</b>	<b>2,414</b>	<b>2,490</b>	<b>2,562</b>	<b>3</b>	<b>13</b>
<b>Loan mix (%)</b>											
<b>Total Retail Advances</b>	<b>67.7</b>	<b>68.1</b>	<b>68.4</b>	<b>69.3</b>	<b>69.7</b>	<b>70.4</b>	<b>70.7</b>	<b>71.3</b>	<b>71.8</b>		
Housing	34.2	34.1	34.1	33.9	34.0	33.8	33.6	33.3	33.3		
Auto Loans	4.8	4.7	4.7	4.8	4.9	4.9	5.0	5.0	5.0		
Auto loans (CV)	3.2	3.0	2.9	2.8	2.7	2.7	2.7	2.7	2.6		
Two wheeler	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Personal loans	7.0	7.3	7.6	7.9	8.3	8.6	9.0	9.4	9.6		
Credit Cards	2.8	2.9	3.1	3.6	3.5	3.7	3.9	3.9	4.2		
Business Banking	6.0	6.2	6.4	6.8	6.9	7.1	7.1	7.5	7.6		
Others	9.6	9.6	9.3	9.3	9.2	9.3	9.4	9.3	9.2		
<b>SME</b>	<b>4.5</b>	<b>4.7</b>	<b>4.4</b>	<b>4.5</b>	<b>4.7</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>5.0</b>		
<b>International</b>	<b>5.0</b>	<b>4.8</b>	<b>5.1</b>	<b>4.0</b>	<b>3.6</b>	<b>3.3</b>	<b>3.1</b>	<b>3.3</b>	<b>3.4</b>		
<b>Domestic Corporate</b>	<b>23.5</b>	<b>22.6</b>	<b>22.6</b>	<b>23.0</b>	<b>23.2</b>	<b>23.0</b>	<b>22.8</b>	<b>22.4</b>	<b>22.2</b>		

Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Income	8,63,746	10,92,313	14,31,185	16,87,890	19,92,350
Interest Expense	3,89,085	4,71,027	6,92,044	8,89,297	10,55,058
<b>Net Interest Income</b>	<b>4,74,661</b>	<b>6,21,286</b>	<b>7,39,140</b>	<b>7,98,593</b>	<b>9,37,292</b>
% Nil Growth	21.7	30.9	19.0	8.0	17.4
Fee Income	1,56,870	1,80,010	2,08,812	2,46,398	2,90,749
<b>Non-interest income</b>	<b>1,85,175</b>	<b>1,98,315</b>	<b>2,35,430</b>	<b>2,77,409</b>	<b>3,26,461</b>
<b>Net Revenue</b>	<b>6,59,836</b>	<b>8,19,600</b>	<b>9,74,571</b>	<b>10,76,002</b>	<b>12,63,753</b>
Employees Expenses	96,727	1,20,599	1,53,161	1,74,604	2,00,794
Other Op. Expenses	1,70,606	2,08,133	2,43,516	2,82,478	3,27,675
<b>Operating Profit</b>	<b>3,92,503</b>	<b>4,90,868</b>	<b>5,77,894</b>	<b>6,18,920</b>	<b>7,35,284</b>
% OP Growth	78	25.1	177	71	18.8
Tax	72,694	1,05,247	1,33,379	1,36,697	1,58,674
Total Provisions	86,414	66,656	42,233	72,130	1,00,589
<b>Net Profit</b>	<b>2,33,395</b>	<b>3,18,965</b>	<b>4,02,281</b>	<b>4,10,092</b>	<b>4,76,021</b>

### Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Capital	13,900	13,968	14,032	14,032	14,032
Reserves and Surplus	16,91,220	19,93,186	23,15,011	26,43,085	30,23,902
Deposits	1,06,45,716	1,18,08,407	1,38,46,678	1,63,78,219	1,93,87,736
Borrowings	10,72,314	11,93,255	13,60,915	16,20,748	19,42,554
Other Liabilities & Provisions	6,89,828	8,33,251	9,85,814	10,77,352	11,78,044
<b>Total liabilities</b>	<b>1,41,12,977</b>	<b>1,58,42,067</b>	<b>1,85,22,449</b>	<b>2,17,33,435</b>	<b>2,55,46,268</b>
Cash & Balances with RBI	10,95,228	6,85,262	8,24,078	8,82,411	10,24,992
Bal. with banks/ call money	5,82,995	5,09,121	3,04,152	4,04,977	4,79,932
Investment	31,02,410	36,23,297	44,20,423	52,16,099	61,54,997
Loans and advances	85,90,204	1,01,96,383	1,20,31,732	1,41,97,444	1,67,52,984
Fixed Assets	93,738	95,998	1,00,259	1,06,519	1,14,779
Other Assets	6,48,401	7,32,005	8,41,806	9,25,986	10,18,585
<b>Total assets</b>	<b>1,41,12,977</b>	<b>1,58,42,067</b>	<b>1,85,22,449</b>	<b>2,17,33,435</b>	<b>2,55,46,268</b>

### Per share data (INR)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Book value per share (INR)	240	282	326	373	427
Adj. BVPS (INR)*	227	269	314	360	415
<b>Price/ Adj. Book value*</b>	<b>3.9</b>	<b>3.3</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>
EPS(INR)	34	46	57	58	68
<b>P/E Ratio*</b>	<b>26.7</b>	<b>19.5</b>	<b>15.2</b>	<b>14.6</b>	<b>12.2</b>
<b>DPS</b>	<b>2.0</b>	<b>8.0</b>	<b>11.5</b>	<b>11.7</b>	<b>13.6</b>

Source: Company, Antique \*adjusted for investment in subsidiaries

### Asset Quality

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Gross NPA (INR mn)	3,32,949	2,99,861	2,89,659	3,45,464	4,16,681
Gross NPA (%)	3.8	2.9	2.4	2.4	2.4
Net NPA (INR mn)	69,310	51,501	59,067	82,742	93,370
Net NPA (%)	0.8	0.5	0.5	0.6	0.6
% coverage of NPA	79.2	82.8	79.6	76.0	77.6
Delinquencies (%)	2.6	2.1	1.9	2.0	2.0

### Capital Adequacy Ratio

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RWA (INR mn)	88,35,910	1,07,05,150	1,38,91,837	1,63,00,077	1,91,59,701
<b>Tier I (%)</b>	<b>18.4</b>	<b>17.6</b>	<b>15.9</b>	<b>15.5</b>	<b>15.2</b>
Tier II (%)	0.8	0.7	0.6	0.5	0.4
Total CAR (%)	192	18.3	16.4	16.0	15.6

### Business Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Credit / Deposit(%)	80.7	86.3	86.9	86.7	86.4
Investment / Deposit (%)	29.1	30.7	31.9	31.8	31.7
<b>CASA (%)</b>	<b>48.7</b>	<b>45.8</b>	<b>39.4</b>	<b>37.7</b>	<b>37.8</b>
<b>RoA (%)</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	<b>2.0</b>	<b>2.0</b>
Core RoE (%)	14.8	17.4	18.8	16.5	16.7
Dividend Yield (%)	0.2	0.8	1.1	1.2	1.3

### Key assumptions

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Deposit</b>					
Deposit growth (%)	14.2	10.9	17.3	18.3	18.4
Cost of deposits (%)	3.3	3.5	4.7	5.2	5.2
<b>Advances</b>					
Advances growth (%)	17.1	18.7	18.0	18.0	18.0
Yield on advances (%)	8.0	8.9	10.0	10.1	10.1
<b>Investments</b>					
Investments growth (%)	10.3	16.8	22.0	18.0	18.0
Yield on investments (%)	5.5	6.2	7.0	6.9	7.0

### Earnings Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Inc. / Avg. assets (%)	6.5	7.3	8.3	8.4	8.4
Interest Exp./ Avg. assets (%)	2.9	3.1	4.0	4.4	4.5
<b>NIM (%)</b>	<b>4.1</b>	<b>4.7</b>	<b>4.8</b>	<b>4.4</b>	<b>4.3</b>
Int. exp/ Int earned (%)	45.0	43.1	48.4	52.7	53.0
Oth. Inc./ Tot. Inc. (%)	28.1	24.2	24.2	25.8	25.8
Staff exp/Total opt. exp (%)	36.2	36.7	38.6	38.2	38.0
<b>Cost/ Income Ratio (%)</b>	<b>40.5</b>	<b>40.1</b>	<b>40.7</b>	<b>42.5</b>	<b>41.8</b>
Prov./ Operating Profit (%)	22.0	13.6	7.3	11.7	13.7
<b>Loan loss prov./Avg. loans (bps)</b>	<b>77</b>	<b>(7)</b>	<b>38</b>	<b>55</b>	<b>65</b>

Source: Company Antique

CMP	: INR 1,806
Reco	: BUY ↔
Target Price	: INR 2,175 ↓
Target Price Change	: -3%
Target FY26 P/BV (x)	: 2.6 Consol (SoTP)
EPS Change FY24/ 25/ 26:	0%/ -4%/ -4%

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Market data	
Sensex	: 71,424
Sector	: BANKS
Market Cap (INR bn)	: 3,591.3
Market Cap (USD bn)	: 43.235
O/S Shares (mn)	: 1,987.7
52-wk HI/LO (INR)	: 2064/1644
Avg. Daily Vol ('000)	: 6,590
Bloomberg	: KMB IN

Source: Bloomberg

	FY24e	FY25e	FY26e
Cons EPS (INR)	87.7	94.4	108.1
Cons P/E (x)	20.6	19.1	16.7
Cons P/BV (x)	2.8	2.5	2.2
NIM (%)	5.2	5.0	5.0
Con. BVPS (INR)	645	734	837

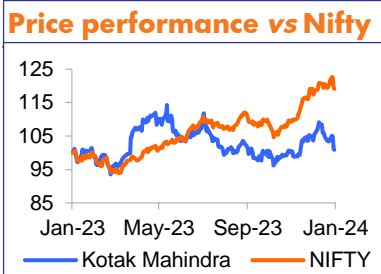
Source: Company, Antique; \* On consol basis

Returns (%)				
	1m	3m	6m	12m
Absolute	(1)	2	(8)	2
Relative	(2)	(7)	(14)	(13)

Source: Company, Antique

Shareholding pattern	
Promoters	: 26%
Public	: 74%
Others	: 0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

3QFY24 RESULT REVIEW

# Kotak Mahindra Bank

## NIM surprises positively

**Kotak Mahindra Bank (KMB) reported standalone and consolidated PAT of INR 30 bn and INR 42 bn respectively (5%/ 3% below estimate, standalone RoA of 2.2%). Standalone: NII was 4% above estimate as steady NIM QoQ (5.2% vs. expectation of 25 bps QoQ decline) more than compensated for marginally lower than expected loan growth of 3% QoQ and 16% YoY (vs. expected 18% YoY). Core PPP (23% YoY, 3.3% of average assets) was marginally ahead of the estimate and asset quality and credit cost was contained at 40 bps, nevertheless, a provision of INR 1.9 bn on AIF exposure led to a PAT miss. Loan growth was broad-based, but deposit growth was slow (2% QoQ, 19% YoY), within which CASA and SA were largely flat QoQ, and CASA ratio moderated to 47.7% (48.3% in 2QFY24 and 53.3% in 3QFY23). LD ratio increased to 88% (up 110 bps QoQ) and LCR stood at 120%. CET I remains strong at 20.1%. Subsidiaries' performance was better than expectations across the board, with the exception of life insurance, where PAT declined 58% YoY and 43% QoQ. We revise our standalone/ consolidated earnings downwards by 4%/ 3% respectively for FY25/ 26E and lower our target price to INR 2,175 (2.5x for the banking business and INR 639 for subsidiaries). Retain BUY.**

**Better NII growth led to a positive surprise on NIM:** NII grew 16% YoY/ 4% QoQ, led by stable NIM QoQ at 5.2% (vs. expectation of a 25 bps QoQ decline). 15 bps QoQ rise in yield on loans (calculated) compensated for 16 bps QoQ rise in cost of funds (calculated). Fees grew 27% YoY/ 6% QoQ (1.6% of average assets vs. 1.5% QoQ). Non-core income (ex-fees) declined 40% YoY/ 47% QoQ due to trading and MTM loss of INR 1.7 bn vs. a gain of INR 1.5 bn QoQ and INR 0.5 bn loss in 3QFY23. Core PPP grew 23% YoY/ 2% QoQ (3.3% of average assets). Opex grew 14% YoY (on a high base)/ 7% QoQ and cost to average assets remained high at 3.2% of average assets. Provisions increased by 3.9x YoY/ 58% QoQ led by a one-off provision of INR 1.9 bn towards AIF exposure, whereas credit cost declined by 7 bps QoQ to 40 bps. Overall, PAT grew 8% YoY and RoA stood at 2.2%.

**Unsecured lending continues with strong growth momentum:** Net loans grew 16% YoY/ 3% QoQ and including IBPC, loans/ customer assets grew 4.3% QoQ/ 19% YoY and 5% QoQ/ 17% YoY. CV (9% QoQ/ 31% YoY) and tractors (5% QoQ/ 17% YoY) grew at a healthy pace. Unsecured lending (including PL/ BL/ MFI and credit cards) reported strong growth of 9% QoQ and 40% YoY—now accounting for 11.6% of loans vs. 9.3% YoY, and management aims to raise it to mid-teens. Deposit growth was modest at 2% QoQ (19% YoY) within which TD Sweep - Active Money grew +13% QoQ. SA deposits increased marginally (1% QoQ/ 5% YoY), and CASA ratio moderated to 47.7% vs. 48.3% QoQ and 53.3% YoY. Loan to deposit ratio increased from 86.9% in 2QFY24 to 88%. LCR was stable QoQ at 120%.

**Slippage ratio declined sequentially; PCR increased QoQ:** Gross slippage ratio declined from 1.8% to 1.5% QoQ and net slippage ratio remained low at 0.4% (vs. 0.5% QoQ). GNPL/ NNPL ratios were stable at 1.7%/ 0.3% QoQ. PCR increased from 79% to 81% QoQ. Restructured loans declined 13% QoQ and are at a low of 13 bps and SMA 2 of >INR 50 mn was just at 6 bps.

**Subsidiaries reported a healthy performance:** Kotak Prime reported PAT growth of 15% QoQ. NII grew 13% YoY and loan book was up 22% YoY/ 4% QoQ. Kotak Securities' PAT grew 27% YoY with overall market share improving from 8.8% to 10.3% QoQ. Kotak AMC reported PAT growth of 18% QoQ but was down 3% YoY and AUM grew 23% YoY. Life insurance PAT declined to INR 1.4 bn vs. INR 2.5 bn in 2QFY24 and INR 3.3 bn in 3QFY23 on account of higher guarantee rates to customers on non-par products resulting in higher new business strain and also due to change in guidelines wherein commissions have been deregulated.

### Investment Summary

Despite better NIM performance, our bias stays towards NIM moderation; and with slower operating leverage gains and normalizing credit cost, we expect RoA to come off to 2.2%/ 2.1% and core RoE to be ~14% over FY24/ 26E. Nevertheless, RoA stays best-in-class and it drives our BUY rating. Key test for the bank would be sustaining its performance in a weaker consumer credit cycle given the late push in unsecured retail assets (unseasoned) and diminishing strength on the liability side.

## Quarterly Earnings

Profit and Loss (INR mn)	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	3QFY24E	Diff (%)	9MFY24	9MFY23	YoY %
<b>Net Interest Income</b>	<b>65,535</b>	<b>56,529</b>	<b>15.9</b>	<b>62,966</b>	<b>4.1</b>	<b>62,870</b>	<b>4.2</b>	<b>1,90,839</b>	<b>1,54,494</b>	<b>23.5</b>
Other Income	22,970	19,483	17.9	23,145	-0.8	24,681	-6.9	72,948	50,245	45.2
<b>Reported Fee income</b>	<b>21,440</b>	<b>16,950</b>	<b>26.5</b>	<b>20,260</b>	<b>5.8</b>	<b>21,881</b>	<b>-2.0</b>	<b>59,970</b>	<b>49,890</b>	<b>20.2</b>
<b>Core Income</b>	<b>86,975</b>	<b>73,479</b>	<b>18.4</b>	<b>83,226</b>	<b>4.5</b>	<b>84,751</b>	<b>2.6</b>	<b>2,50,809</b>	<b>2,04,384</b>	<b>22.7</b>
Other non-core Income	1,530	2,533	-39.6	2,885	-47.0	2,800	-45.4	12,978	355	3,556.8
<b>Operating Expenses</b>	<b>42,843</b>	<b>37,514</b>	<b>14.2</b>	<b>40,011</b>	<b>7.1</b>	<b>41,521</b>	<b>3.2</b>	<b>1,22,528</b>	<b>1,02,733</b>	<b>19.3</b>
Employee	17,483	14,778	18.3	16,346	7.0	16,673	4.9	50,300	40,653	23.7
Others	25,360	22,736	11.5	23,665	7.2	24,848	2.1	72,228	62,079	16.3
<b>Core Operating Profits</b>	<b>44,132</b>	<b>35,965</b>	<b>22.7</b>	<b>43,216</b>	<b>2.1</b>	<b>43,230</b>	<b>2.1</b>	<b>1,28,281</b>	<b>1,01,651</b>	<b>26.2</b>
<b>Operating Profits</b>	<b>45,662</b>	<b>38,498</b>	<b>18.6</b>	<b>46,101</b>	<b>-1.0</b>	<b>46,030</b>	<b>-0.8</b>	<b>1,41,259</b>	<b>1,02,006</b>	<b>38.5</b>
<b>Provisions</b>	<b>5,791</b>	<b>1,488</b>	<b>289.1</b>	<b>3,666</b>	<b>58.0</b>	<b>3,800</b>	<b>52.4</b>	<b>13,100</b>	<b>3,094</b>	<b>323.4</b>
<b>PBT</b>	<b>39,871</b>	<b>37,010</b>	<b>7.7</b>	<b>42,436</b>	<b>-6.0</b>	<b>42,230</b>	<b>-5.6</b>	<b>1,28,159</b>	<b>98,912</b>	<b>29.6</b>
Taxes	9,821	9,091	8.0	10,526	-6.7	10,642	-7.7	31,676	24,475	29.4
<b>PAT</b>	<b>30,050</b>	<b>27,919</b>	<b>7.6</b>	<b>31,910</b>	<b>-5.8</b>	<b>31,588</b>	<b>-4.9</b>	<b>96,483</b>	<b>74,437</b>	<b>29.6</b>
<b>Subsidiaries</b>										
Kotak Mahindra Prime	2,390	2,250	6.2	2,080	14.9	2,200	8.6	6,650	6,040	10.1
Kotak Mahindra Investments	1,570	860	82.6	1,260	24.6	1,350	16.3	3,850	2,270	69.6
Kotak Mahindra Capital Company	350	280	25.0	270	29.6	325	7.7	1,170	1,010	15.8
Kotak Securities	3,060	2,410	27.0	3,240	-5.6	2,800	9.3	8,490	6,840	24.1
International subsidiaries	570	220	159.1	410	39.0	240	137.5	1,300	410	217.1
Kotak Mahindra AMC & Trustee Co	1,460	1,500	-2.7	1,240	17.7	1,350	8.1	3,760	3,620	3.9
Kotak Mahindra Life Insurance	1,400	3,300	-57.6	2,470	-43.3	2,900	-51.7	5,800	8,480	-31.6
Others + General insurance	1,220	920	32.6	1,350	-9.6	1,275	-4.3	3,650	2,000	82.5
<b>Consolidated PAT</b>	<b>42,070</b>	<b>39,659</b>	<b>6.1</b>	<b>44,230</b>	<b>-4.9</b>	<b>44,028</b>	<b>-4.4</b>	<b>1,31,153</b>	<b>1,05,097</b>	<b>24.8</b>
Equity Affiliates	620	290	113.8	380	63.2	100	520.0	-2,340	-1,520	53.9
<b>PAT (after minority interest / adj)</b>	<b>42,690</b>	<b>39,949</b>	<b>6.9</b>	<b>44,610</b>	<b>-4.3</b>	<b>44,128</b>	<b>-3.3</b>	<b>1,28,813</b>	<b>1,03,577</b>	<b>24.4</b>

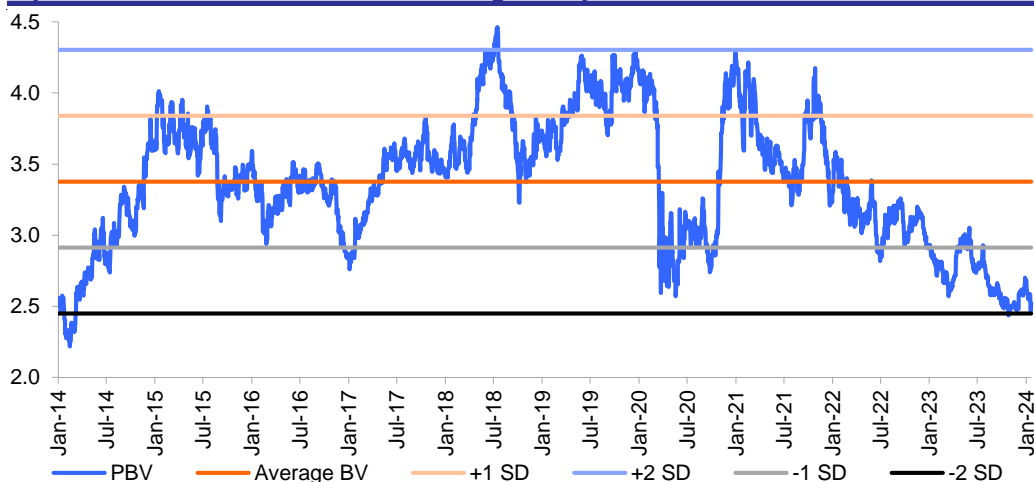
Source: Company, Antique

## We revise our standalone/ consolidated earnings downwards by 4%/ 3% respectively for FY25/ 26E

INR bn	Old Est.			Revised Est.			Change (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
<b>Net Interest Income</b>	<b>253.0</b>	<b>293.2</b>	<b>345.5</b>	<b>256.9</b>	<b>284.8</b>	<b>332.4</b>	<b>1.5</b>	<b>-2.9</b>	<b>-3.8</b>
Other Income	99.3	111.8	131.0	97.6	111.8	131.0	-1.8	0.0	0.0
<b>Total Income</b>	<b>352.3</b>	<b>405.0</b>	<b>476.5</b>	<b>354.5</b>	<b>396.6</b>	<b>463.4</b>	<b>0.6</b>	<b>-2.1</b>	<b>-2.8</b>
Operating Expenses	165.4	190.3	218.8	167.7	194.5	225.6	1.3	2.2	3.1
<b>Operating Profits</b>	<b>186.9</b>	<b>214.8</b>	<b>257.7</b>	<b>186.8</b>	<b>202.1</b>	<b>237.8</b>	<b>-0.1</b>	<b>-5.9</b>	<b>-7.7</b>
Provisions	15.8	28.4	44.2	16.9	22.6	32.6	6.8	-20.4	-26.4
<b>PBT</b>	<b>171.1</b>	<b>186.4</b>	<b>213.5</b>	<b>169.9</b>	<b>179.5</b>	<b>205.2</b>	<b>-0.7</b>	<b>-3.7</b>	<b>-3.9</b>
Tax	42.9	47.0	53.8	42.1	45.2	51.7	-1.9	-3.7	-3.9
<b>Standalone PAT</b>	<b>128.1</b>	<b>139.4</b>	<b>159.7</b>	<b>127.7</b>	<b>134.3</b>	<b>153.5</b>	<b>-0.3</b>	<b>-3.7</b>	<b>-3.9</b>
<b>Consolidated PAT</b>	<b>174.7</b>	<b>192.3</b>	<b>220.6</b>	<b>174.3</b>	<b>187.6</b>	<b>214.8</b>	<b>-0.2</b>	<b>-2.5</b>	<b>-2.6</b>

Source: Company, Antique

**1-year forward P/BV consolidated—trading at 10-year low valuations at -2 SD**



Source: Company, Antique

**SoTP: We value the bank at INR 2,175 (2.6x FY26 consolidated BV)**

SoTP Valuation	Value (INR bn)	INR per share	% To Total
	FY26	FY26	FY26
<b>Lending Business</b>	<b>3,454</b>	<b>1,739</b>	<b>80</b>
Kotak Mahindra Bank	3,052	1,536	71
Kotak Prime (Car and other loans)	268	135	6
Kotak Investment Company (LAS)	134	68	3
<b>Asset Management Business</b>	<b>456</b>	<b>243</b>	<b>11</b>
<b>Capital Markets related Business</b>	<b>209</b>	<b>105</b>	<b>5</b>
Kotak Securities	182	92	4
Kotak Investment Banking (KMCC)	27	14	1
<b>Kotak Life Insurance</b>	<b>492</b>	<b>248</b>	<b>11</b>
Value of Subsidiaries	1,559	799	37
20% holding company discount	312	160	7
<b>Subsidiaries Value after 20% discount</b>	<b>1,247</b>	<b>639</b>	<b>29</b>
<b>SoTP</b>	<b>4,299</b>	<b>2,175</b>	<b>100</b>

Source: Company, Antique

**Earnings snapshot**

Kotak Group Earnings Snapshot (% of total)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Kotak Mahindra Bank (Standalone)	69	66	68	69	70	70	73	73	72	71
Kotak Mahindra Prime	10	10	8	8	5	7	6	5	5	5
Kotak Mahindra Investments	4	4	3	3	3	3	2	3	3	3
<b>Lending Business</b>	<b>83</b>	<b>80</b>	<b>79</b>	<b>80</b>	<b>78</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>80</b>	<b>80</b>
International subsidiaries	2	2	2	1	2	1	1	1	1	1
Kotak Mahindra AMC & Trustee Co	1	1	3	4	3	4	4	3	4	4
Kotak Investment Advisors	0	0	0	1	1	1	2	3	3	3
<b>Asset Management Business</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>
Kotak Securities	7	8	6	6	8	9	6	6	6	6
Kotak Mahindra Capital Company	1	1	1	1	1	2	1	1	1	1
<b>Capital Market Business</b>	<b>8</b>	<b>9</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Kotak OM Life Insurance</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>
<b>Consol. PAT Including Kotak Life</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company, Antique

### Loan growth was driven by strong growth in CV and unsecured loan segment (INR mn)

INR mn	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	% of Loans
Commercial Vehicles	3,37,510	2,58,140	31	3,10,460	9	9
Home loans & LAP	10,22,340	8,91,120	15	9,91,000	3	28
Agri & MFI	3,60,220	3,14,660	14	3,50,180	3	10
Tractor	1,51,560	1,29,860	17	1,43,760	5	4
Consumer Bank (secured)	3,37,900	2,89,400	17	3,30,950	2	9
PL Business Loans and consumer durables	1,93,100	1,45,420	33	1,78,620	8	5
Credit Cards	1,38,820	91,590	52	1,25,970	10	4
Corp Banking	8,42,460	7,24,070	16	8,18,440	3	23
SME	2,58,160	2,31,540	11	2,45,690	5	7
Other advances	82,570	55,740	48	75,050	10	2
<b>Loans</b>	<b>35,95,880</b>	<b>31,07,340</b>	<b>16</b>	<b>34,82,841</b>	<b>3</b>	
<b>Total Customers assets</b>	<b>40,07,590</b>	<b>34,17,330</b>	<b>17</b>	<b>38,04,120</b>	<b>5</b>	

Source: Company, Antique

### Lending business led by the bank

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Kotak Mahindra Bank (standalone)</b>							
Loans (INR mn)	28,01,710	29,40,232	31,07,340	31,98,612	32,85,820	34,82,841	35,95,880
Gr. YoY, %	28.8	25.1	22.9	17.9	17.3	18.5	15.7
NII (INR mn)	46,970	50,994	56,529	61,026	62,337	62,966	65,535
Gr. YoY, %	19.2	26.8	30.4	35.0	32.7	23.5	15.9
<b>PAT (INR mn)</b>	<b>20,712</b>	<b>25,807</b>	<b>27,919</b>	<b>34,956</b>	<b>34,523</b>	<b>31,910</b>	<b>30,050</b>
<b>NNPL (%)</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>

### Kotak Prime

Loans (INR mn)	2,42,970	2,59,570	2,69,830	2,87,920	2,95,750	3,16,400	3,29,440
Gr. YoY, %	16.0	18.5	10.9	18.8	21.7	21.9	22.1
NII (INR mn)	4,170	4,080	4,200	4,380	4,430	4,600	4,740
Gr. YoY, %	35.8	20.7	11.1	2.6	6.2	12.7	12.9
<b>PAT (INR mn)</b>	<b>1,570</b>	<b>2,220</b>	<b>2,250</b>	<b>2,240</b>	<b>2,180</b>	<b>2,080</b>	<b>2,390</b>
<b>NNPL (%)</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>

### Kotak Investments

<b>PAT (INR mn)</b>	<b>630</b>	<b>780</b>	<b>860</b>	<b>1,000</b>	<b>1,020</b>	<b>1,260</b>	<b>1,570</b>
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### Lending Business (including Bank)

<b>PAT (INR mn)</b>	<b>22,912</b>	<b>28,807</b>	<b>31,029</b>	<b>38,196</b>	<b>37,723</b>	<b>35,250</b>	<b>34,010</b>
Gr. YoY, %	27.9	22.0	24.3	20.1	64.6	22.4	9.6
Contribution to consol PAT	83.2	79.8	77.7	83.7	90.9	79.0	79.7

Source: Company, Antique



### Life insurance subsidiary PAT share has declined QoQ; Kotak Securities' market share has increased

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>K-sec</b>											
Market Share	2.4	2.4	3.0	3.7	4.3	5.0	5.8	6.4	7.5	8.8	10.3
PAT (INR mn)	2,360	2,430	2,700	2,520	2,190	2,240	2,410	1,820	2,190	3,240	3,060
<b>KMCC</b>											
PAT	420	580	1,030	420	510	220	280	480	550	270	350
<b>Capital Market Business</b>											
PAT (INR mn)	2,780	3,010	3,730	2,940	2,700	2,460	2,690	2,300	2,740	3,510	3,410
YoY Gr. (%)	58.9	41.3	68.0	10.5	-2.9	-18.3	-27.9	-21.8	1.5	42.7	26.8
Contribution to Consol. PAT %	15.4	10.1	11.0	7.6	9.8	6.8	6.7	5.0	6.6	7.9	8.0
<b>AMC - PAT</b>											
PAT	1,370	1,240	1,900	1,220	1,200	1,110	1,720	2,280	1,380	1,650	2,030
YoY Gr. (%)	9.6	-3.9	97.9	-18.7	-12.4	-10.5	-9.5	86.9	15.0	48.6	18.0
Contribution to Consol. PAT %	7.6	4.1	5.6	3.1	4.4	3.1	4.3	5.0	3.3	3.7	4.8
<b>Life Insurance</b>											
PAT	-2,430	1,550	2,470	2,670	2,480	2,700	3,300	2,050	1,930	2,470	1,400
YoY Gr. (%)	-250.9	-9.4	47.9	38.3	-202.1	74.2	33.6	-23.2	-22.2	-8.5	-57.6
Contribution to Consol. PAT %	-13.5	5.2	7.3	6.9	9.0	7.5	8.3	4.5	4.6	5.5	3.3

Source: Company, Antique

### DUPONT Analysis: RoA to stay 2%+ (% of average assets) over FY24-26E

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net Interest Income</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>4.6</b>
Fee income	1.2	1.3	1.4	1.5	1.4	1.2	1.4	1.5	1.6	1.6	1.6
<b>Core Income</b>	<b>5.0</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>	<b>5.5</b>	<b>6.2</b>	<b>6.4</b>	<b>6.2</b>	<b>6.3</b>
<b>Operating Expenses</b>	<b>3.0</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.3</b>	<b>2.6</b>	<b>3.0</b>	<b>3.2</b>	<b>3.2</b>	<b>3.1</b>
Employee cost	1.5	1.4	1.2	1.1	1.2	1.0	1.1	1.2	1.3	1.3	1.3
Others	1.5	1.4	1.4	1.5	1.5	1.3	1.5	1.8	1.9	1.9	1.9
<b>Core operating Profits</b>	<b>2.0</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>3.0</b>	<b>2.9</b>	<b>3.2</b>	<b>3.3</b>	<b>3.1</b>	<b>3.1</b>
<b>Operating Profits</b>	<b>2.2</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>	<b>3.2</b>	<b>3.5</b>	<b>3.3</b>	<b>3.3</b>
<b>Provisions</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.7</b>	<b>0.7</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>
NPA	0.4	0.3	0.3	0.3	0.4	0.5	0.3	0.1	0.3	0.3	0.4
<b>PBT</b>	<b>1.7</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.3</b>	<b>2.5</b>	<b>2.8</b>	<b>3.1</b>	<b>3.2</b>	<b>2.9</b>	<b>2.9</b>
Tax	0.6	0.9	0.9	0.9	0.6	0.6	0.7	0.8	0.8	0.7	0.7
<b>RoA</b>	<b>1.1</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>2.1</b>	<b>2.4</b>	<b>2.4</b>	<b>2.2</b>	<b>2.1</b>
Leverage (x)	8.2	8.1	7.8	7.7	7.8	7.0	6.3	6.2	6.1	6.2	6.4
<b>RoE</b>	<b>9.4</b>	<b>13.7</b>	<b>13.2</b>	<b>13.0</b>	<b>13.9</b>	<b>13.1</b>	<b>13.2</b>	<b>14.7</b>	<b>14.9</b>	<b>13.6</b>	<b>13.7</b>

Source: Company, Antique

### DUPONT Analysis: Core PPP contribution remains stable

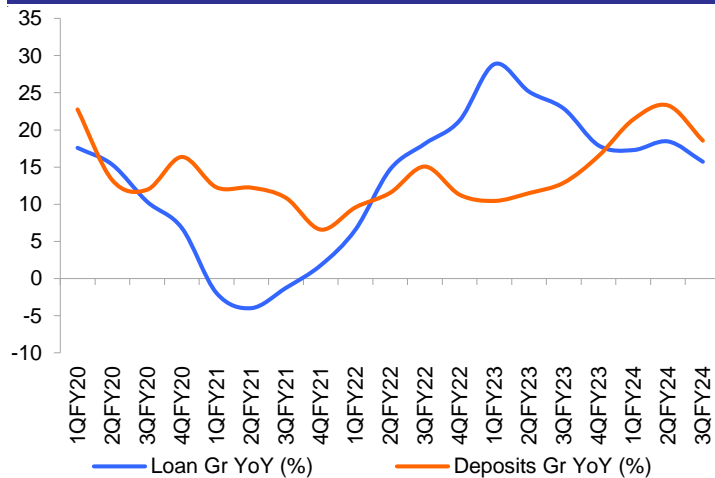
	3QFY22	4QFY22	1QFY23	2QFY23	3Q2023	4Q2023	1QFY24	2QFY24	3QFY24
Interest income	6.7	6.7	6.9	7.5	7.9	8.2	8.4	8.6	8.7
Interest cost	2.5	2.4	2.5	2.8	3.0	3.1	3.4	3.7	3.9
<b>Net interest income</b>	<b>4.2</b>	<b>4.3</b>	<b>4.4</b>	<b>4.7</b>	<b>5.0</b>	<b>5.1</b>	<b>5.0</b>	<b>4.8</b>	<b>4.9</b>
Fee income	1.4	1.5	1.6	1.5	1.5	1.6	1.5	1.5	1.6
<b>Core Income</b>	<b>5.6</b>	<b>5.8</b>	<b>5.9</b>	<b>6.2</b>	<b>6.5</b>	<b>6.7</b>	<b>6.4</b>	<b>6.4</b>	<b>6.4</b>
Cost/ Core income (%)	51.4	47.3	49.7	49.9	51.1	45.3	49.2	48.1	49.3
<b>Operating cost</b>	<b>2.9</b>	<b>2.7</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.1</b>	<b>3.2</b>
- Employee Expenses	1.2	1.1	1.1	1.3	1.3	1.2	1.3	1.3	1.3
- Other Expenses	1.7	1.7	1.9	1.8	2.0	1.8	1.9	1.8	1.9
<b>Core operating profit</b>	<b>2.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>	<b>3.7</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>
Fx and other non-core Income	-0.1	0.1	-0.4	0.2	0.2	0.2	0.7	0.2	0.1
<b>Operating Profit</b>	<b>2.6</b>	<b>3.2</b>	<b>2.6</b>	<b>3.3</b>	<b>3.4</b>	<b>3.9</b>	<b>3.9</b>	<b>3.5</b>	<b>3.4</b>
Provisions	-0.1	-0.3	0.0	0.1	0.1	0.1	0.3	0.3	0.4
<b>PBT</b>	<b>2.7</b>	<b>3.4</b>	<b>2.6</b>	<b>3.2</b>	<b>3.3</b>	<b>3.8</b>	<b>3.7</b>	<b>3.2</b>	<b>3.0</b>
Tax	0.7	0.8	0.6	0.8	0.8	0.8	0.9	0.8	0.7
<b>RoAA</b>	<b>2.1</b>	<b>2.6</b>	<b>1.9</b>	<b>2.4</b>	<b>2.5</b>	<b>2.9</b>	<b>2.8</b>	<b>2.4</b>	<b>2.2</b>
Leverage (x)	6.1	6.0	5.8	5.7	5.8	5.9	5.9	5.9	5.9
<b>RoAE</b>	<b>12.5</b>	<b>15.6</b>	<b>11.3</b>	<b>13.6</b>	<b>14.3</b>	<b>17.2</b>	<b>16.2</b>	<b>14.5</b>	<b>13.2</b>

Source: Company, Antique

## Conference Call Highlights

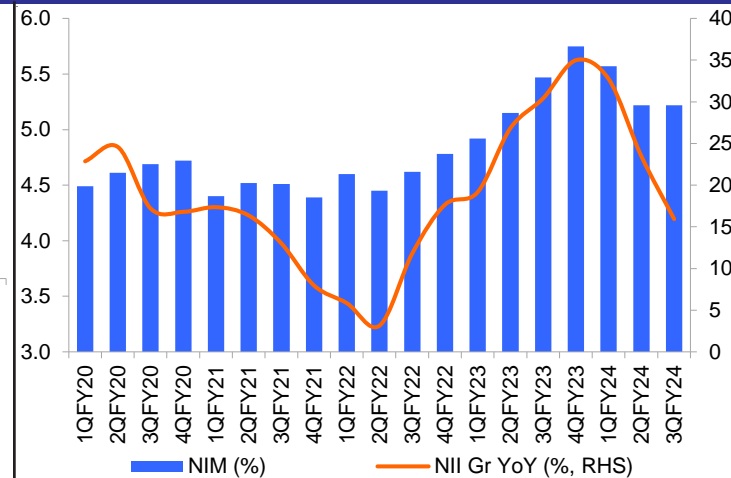
- Loan growth is expected to be at 1.75–2x of nominal GDP growth.
- The bank's unsecured advances share has increased from 9.3% to 11.6% YoY and the bank remains comfortable on this portfolio. It remains focused on increasing the proportion of unsecured loans to mid-teens.
- The bank is not seeing any sort of increase in lending yields due to competition on the deposit side.
- Due to the recent change in risk weights on unsecured/NBFC loans, some rise seen in incremental unsecured PL rate (30–40 bps higher rate) and necessary adjustments have been in NBFC loans.
- The pace of increase in cost of deposits has narrowed and it is expected to continue. The average duration of liabilities stood at 10 to 12 months.
- The bank has benefitted on the margins side as the impact of incremental CRR was not there during the quarter and is due to a rise in credit substitutes.
- The total blended cost of term deposits stood at 6.5%–6.7%.
- Net loans grew by 3% QoQ, which after considering IBPC, total loans increased by 5% QoQ.
- Management believes it could face challenges in deposit mobilization. However, the bank has taken certain measures such as sweep TD and launched a senior citizen deposit scheme. It is getting good flow on Active money deposits (Sweep TD).
- The bank has utilized INR 260 mn of Covid-19 provisions and the total Covid-19 provision as of Dec'23 stood at INR 3 bn.
- The bank's LCR stands at 120%; for the group it is 127%, which is stable QoQ.
- ~85%–90% of the bank's credit card sourcing has been through internal customers.
- Opex during the quarter was high due to higher retrial-related costs, ESOP-related expenses, and due to an increase in promotion and marketing spends.
- The bank has made a provision of INR 1.9 bn towards AIF exposure.
- Credit cost stood at 40 bps vs. 47 bps QoQ.

**Loan growth moderated with modest deposit growth**



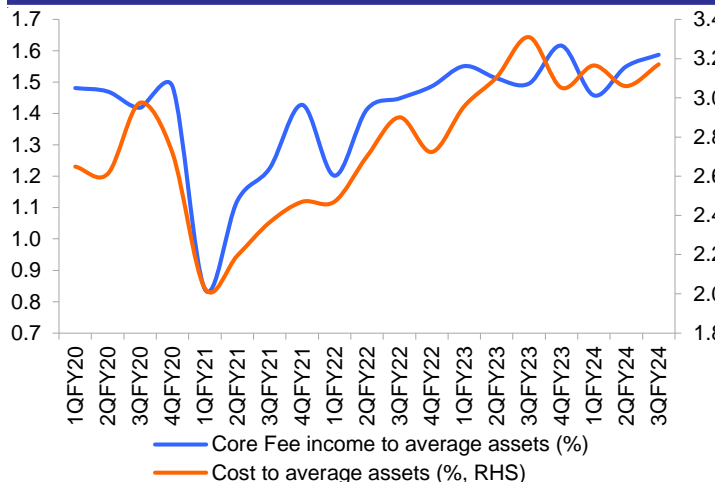
Source: Company, Antique

**NIM surprised positively; remains stable QoQ**



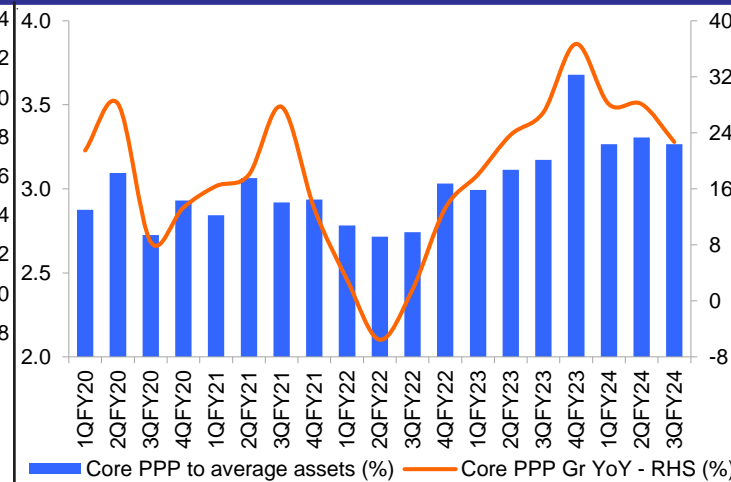
Source: Company, Antique

**Cost to average assets remain elevated at above 3%**



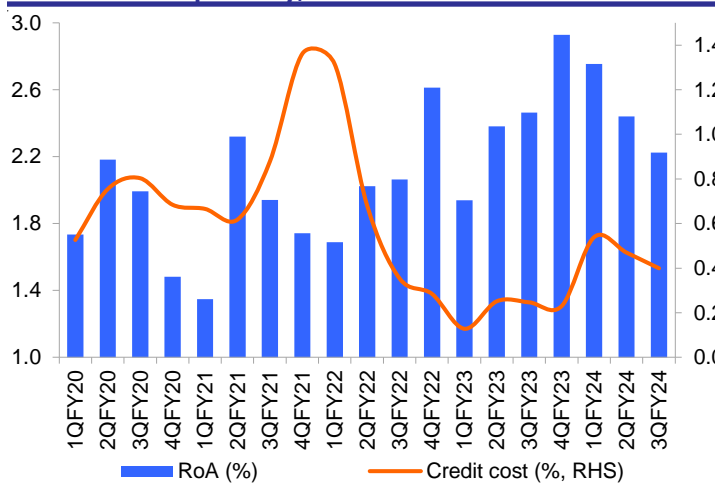
Source: Company, Antique

**Core PPOP growth was healthy**



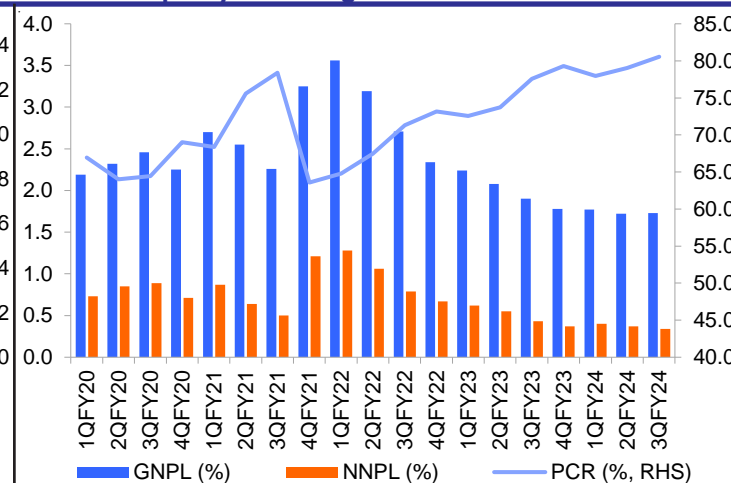
Source: Company, Antique

**RoA declined sequentially; credit cost remained low**



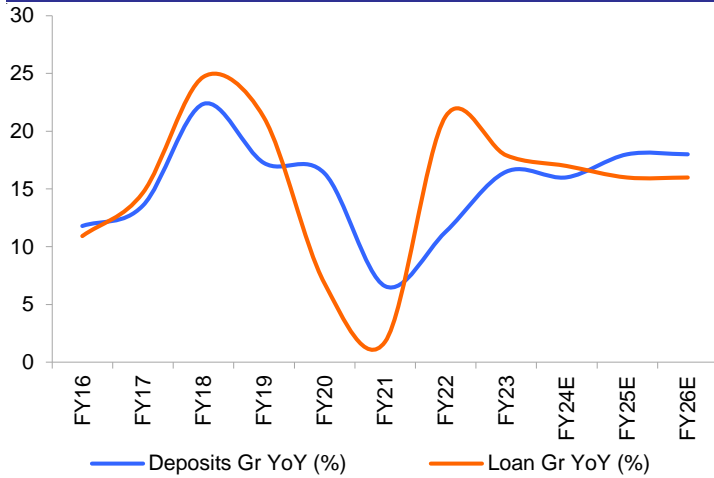
Source: Company, Antique

**Stable asset quality with rising PCR**



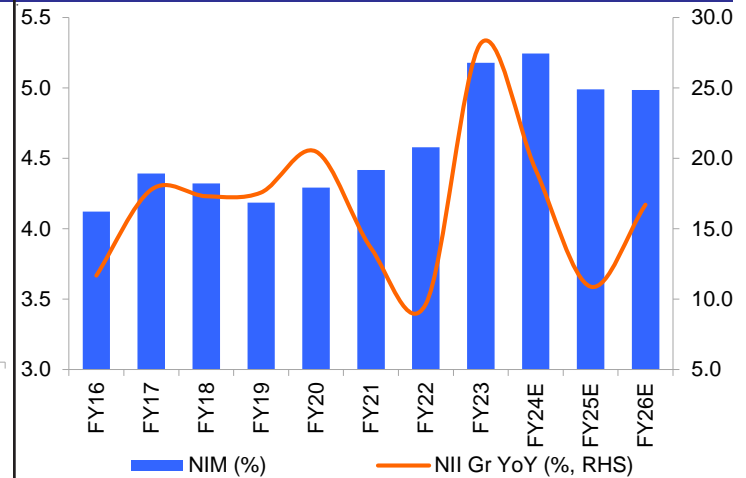
Source: Company, Antique

**Loan & deposit growth expected to be healthy**



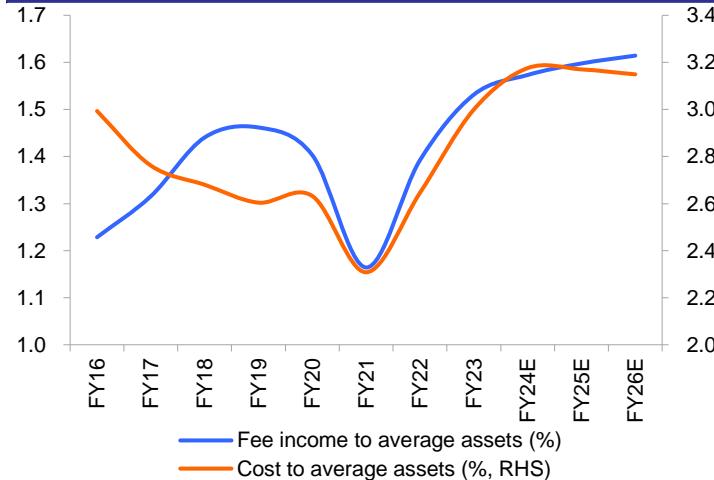
Source: Company, Antique

**Expecting NIM to be at ~5%+ over FY24-26E**



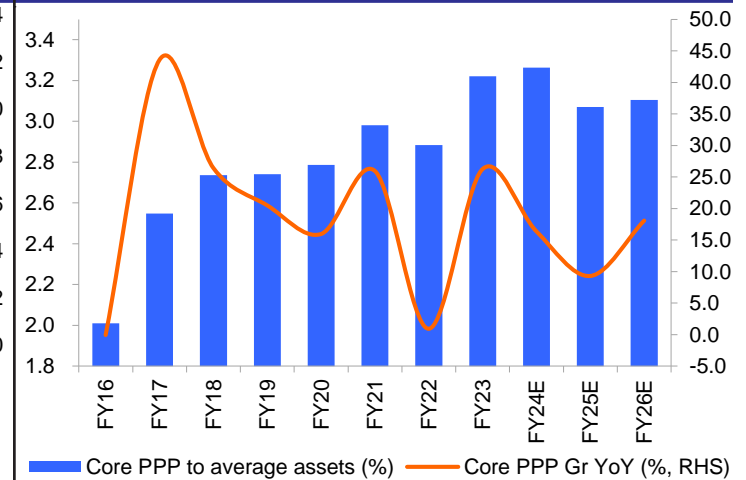
Source: Company, Antique

**Fee income contribution is expected to remain stable**



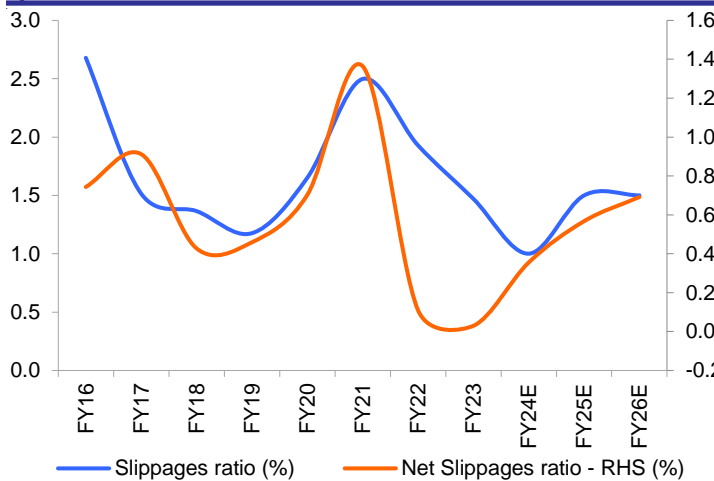
Source: Company, Antique

**Core PPP share is expected to moderate over FY25-26E**



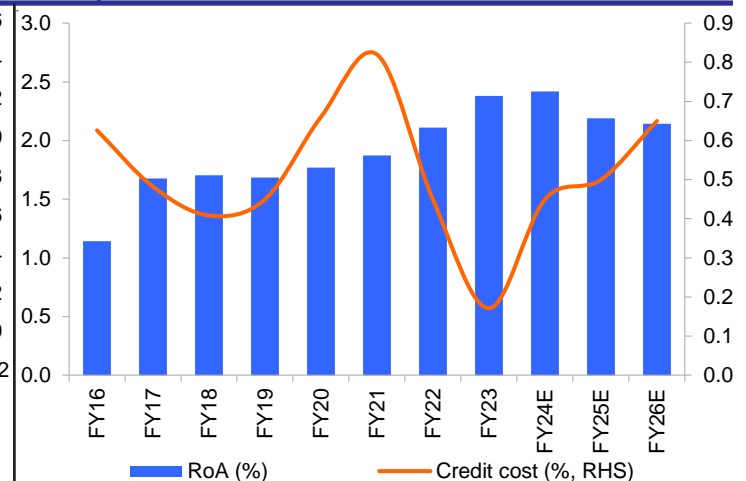
Source: Company, Antique

**Expect net slippage ratio to rise marginally as the credit cycle normalizes**



Source: Company, Antique

**RoA expected to sustain at 2%+ over FY24/ 26E**



Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Income	2,70,388	3,42,509	4,58,331	5,46,393	6,39,928
Interest Expense	1,02,209	1,26,989	2,01,448	2,61,580	3,07,571
<b>Net Interest Income</b>	<b>1,68,179</b>	<b>2,15,519</b>	<b>2,56,883</b>	<b>2,84,812</b>	<b>3,32,357</b>
% NII Growth	9.6	28.1	19.2	10.9	16.7
Fee Income	56,590	70,390	83,060	98,011	1,15,653
<b>Non-interest income</b>	<b>59,859</b>	<b>70,831</b>	<b>97,569</b>	<b>1,11,820</b>	<b>1,31,012</b>
<b>Net Revenue</b>	<b>2,28,038</b>	<b>2,86,350</b>	<b>3,54,452</b>	<b>3,96,632</b>	<b>4,63,368</b>
Employees Expenses	46,134	55,478	68,793	79,799	92,567
Other Op. Expenses	61,396	82,392	98,871	1,14,690	1,33,040
<b>Operating Profit</b>	<b>1,20,509</b>	<b>1,48,480</b>	<b>1,86,789</b>	<b>2,02,143</b>	<b>2,37,761</b>
% OP Growth	2.5	23.2	25.8	8.2	17.6
Tax	27,886	34,517	42,128	45,244	51,711
Total Provisions	6,896	4,570	16,917	22,604	32,559
<b>Net Profit</b>	<b>85,727</b>	<b>1,09,393</b>	<b>1,27,743</b>	<b>1,34,295</b>	<b>1,53,491</b>

### Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Capital	9923	9933	9933	9933	9933
Reserves and Surplus	7,09,954	8,20,270	9,42,648	10,71,936	12,19,705
Deposits	31,16,841	36,30,961	42,11,914	49,70,059	58,64,669
Borrowings	2,64,671	2,39,163	2,67,862	2,94,648	3,24,113
Other Liabilities & Provisions	1,92,894	1,98,299	2,28,044	2,62,251	3,01,588
<b>Total liabilities</b>	<b>42,94,284</b>	<b>48,98,625</b>	<b>56,60,401</b>	<b>66,08,827</b>	<b>77,20,009</b>
Cash & Balances with RBI	3,60,262	1,99,656	2,33,205	2,69,886	3,43,267
Bal. with banks/ call money	68,977	1,25,768	84,238	1,24,251	1,46,617
Investment	10,05,802	12,14,037	14,32,564	16,90,426	19,94,702
Loans and advances	27,12,536	31,98,612	37,42,376	43,41,156	50,35,741
Fixed Assets	16,437	19,203	19,601	19,850	20,098
Other Assets	1,30,269	1,41,349	1,48,417	1,63,258	1,79,584
<b>Total assets</b>	<b>42,94,284</b>	<b>48,98,625</b>	<b>56,60,401</b>	<b>66,08,827</b>	<b>77,20,009</b>

### Asset Quality

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Gross NPA (INR mn)	64,697	57,683	63,712	81,620	1,10,009
Gross NPA (%)	2.34	1.78	1.68	1.86	2.15
Net NPA (INR mn)	17,367	11,933	15,928	22,854	30,802
Net NPA (%)	0.64	0.37	0.43	0.53	0.61
% coverage of NPA	73.2	79.3	75.0	72.0	72.0
Delinquencies (%)	1.9	1.5	1.0	1.5	1.5

### Capital Adequacy Ratio

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RWA (INR mn)	31,10,553	37,22,955	43,58,509	51,54,885	60,98,807
<b>Tier I (%)</b>	<b>21.7</b>	<b>21.8</b>	<b>20.8</b>	<b>20.1</b>	<b>19.4</b>
Tier II (%)	1.0	0.9	0.7	0.6	0.5
Total CAR (%)	22.7	21.8	21.5	20.7	19.9

Source: Company, Antique

### Business Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Credit / Deposit(%)	87.0	88.1	88.9	87.3	85.9
Investment / Deposit (%)	32.3	33.4	34.0	34.0	34.0
<b>CASA (%)</b>	<b>60.7</b>	<b>52.8</b>	<b>46.5</b>	<b>43.3</b>	<b>42.2</b>
<b>RoA (%)</b>	<b>2.1</b>	<b>2.4</b>	<b>2.4</b>	<b>2.2</b>	<b>2.1</b>
Core RoE (%)	13.2	14.7	14.9	13.6	13.7
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

### Key assumptions

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Deposits</b>					
Deposit growth (%)	11.3	16.5	16.0	18.0	18.0
Cost of deposits (%)	3.1	3.5	4.9	5.4	5.4
<b>Advances</b>					
Advances growth (%)	21.3	17.9	17.0	16.0	16.0
Yield on advances (%)	7.8	9.1	10.3	10.5	10.6
<b>Investments</b>					
Investments growth (%)	(4.3)	20.7	18.0	18.0	18.0
Yield on investments (%)	6.5	5.8	6.8	7.0	7.0

### Earnings Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Inc. / Avg. assets (%)	6.7	7.5	8.7	8.9	8.9
Interest Exp./ Avg. assets (%)	2.5	2.8	3.8	4.3	4.3
<b>NIM (%)</b>	<b>4.6</b>	<b>5.2</b>	<b>5.2</b>	<b>5.0</b>	<b>5.0</b>
Int. exp/ Int earned (%)	37.8	37.1	44.0	47.9	48.1
Oth. Inc./ Tot. Inc. (%)	26.2	24.7	27.5	28.2	28.3
Staff exp/Total opt. exp (%)	42.9	40.2	41.0	41.0	41.0
<b>Cost/ Income Ratio (%)</b>	<b>47.2</b>	<b>48.1</b>	<b>47.3</b>	<b>49.0</b>	<b>48.7</b>
Prov./ Operating Profit (%)	5.7	3.1	9.1	11.2	13.7
<b>Loan loss prov./Avg. loans (bps)</b>	<b>27.9</b>	<b>15.5</b>	<b>48.7</b>	<b>55.9</b>	<b>69.4</b>

### Per Share Data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Consolidated BV (INR)	486	561	645	734	837
Consolidated EPS (INR)	61	75	88	94	108
Book value per share (INR)	348	401	463	528	603
Adj. BVPS (INR)	320	377	436	496	565
<b>Price/ Book value*</b>	<b>3.7</b>	<b>3.2</b>	<b>2.8</b>	<b>2.5</b>	<b>2.2</b>
EPS(INR)	43	55	64	68	77
<b>P/E Ratio*</b>	<b>29.5</b>	<b>24.1</b>	<b>20.6</b>	<b>19.1</b>	<b>16.7</b>
<b>DPS</b>	<b>1.4</b>	<b>1.8</b>	<b>2.1</b>	<b>2.2</b>	<b>2.5</b>

Source: Company Antique; \* On consol basis

CMP	: INR 142
Reco	: BUY ↔
Target Price	: INR 155 ↑
Target Price Change	: 11%
Target FY26 P/BV (x)	: 1.0
EPS Change FY24/ 25/ 26:	5%/7%/7%

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Market data	
Sensex	: 71,424
Sector	: Banks
Market Cap (INR bn)	: 1,051.1
Market Cap (USD bn)	: 12.654
O/S Shares (mn)	: 7,412.4
52-wk HI/LO (INR)	: 145/60
Avg. Daily Vol ('000)	: 28,672
Bloomberg	: UNBK IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	19	20	22
BPVS (INR)	118	132	148
P/E (x)	7.5	7.0	6.4
P/BV (x)	1.2	1.1	1.0
RoA (%)	1.0	1.0	1.0

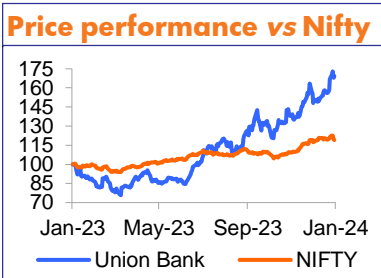
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	22	40	63	75
Relative	21	28	52	48

Source: Bloomberg

Shareholding pattern	
Promoters	: 77%
Public	: 23%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# Union Bank of India

## NIM declined QoQ; PAT beat led by lower provisions and high other income

Union Bank of India (UNBK) reported strong earnings of INR 36 bn (60% YoY, 10% above our estimate) due to a higher share of other income (ex-reported fees) that came in at INR 16.4 bn as against our estimate of INR 11.5 bn and lower opex/ provisions. NII growth moderated to 6% YoY/ flat QoQ (2% lower than estimate) as NIM contracted by 10 bps QoQ. Fee growth was strong at 25% YoY/ 12% QoQ and opex was contained at 7% YoY/ 1% QoQ which helped core PPP growth of 12% YoY/ 4% QoQ (1% above estimate). Provisions declined 42% YoY/ 1% QoQ and credit cost declined from 86 bps to 59 bps QoQ. Net loans grew 14% YoY (7% QoQ) due to strong 14% QoQ growth in overseas book and 7% QoQ growth in agriculture loans. Deposits grew 10% YoY/ 3% QoQ, thereby LD ratio increased to 73.5% vs. 70.6% in 2QFY24. The slippage ratio remained stable QoQ at 1.4% and strong recoveries and upgrades brought the net slippage ratio to -0.7%. Restructured loans declined 3% QoQ (1.6% of loans). We upgrade our earnings by 5%/ 7% for FY24/ 26 and expect RoA of 1% and RoE of 16%–17% over FY24/ 26. We maintain BUY with a revised target price of INR 155 (1.0x FY26 BV) vs. INR 140 earlier.

### Lower NII growth compensated with contained opex led to in-line core PPP

NII grew 6% YoY/ flat QoQ (2% below estimate) as NIM declined 10 bps QoQ. NIM contraction was mainly due to a 6 bps QoQ decline in yield on loans and a 6 bps rise in the cost of deposits. Management maintained its NIM guidance of ~3% for FY24. Other income grew 15% YoY, within which fee income was up 25% YoY/ 12% QoQ. The share of other income (ex-fees) was high due to strong recoveries from written-off accounts of INR 10.3 bn as against INR 8.6 bn in the previous quarter and treasury profits of INR 6.1 bn (vs. INR 6.8 bn in 2QFY24). Opex growth was lower at 7% YoY and 1% QoQ as other opex declined 2% YoY/ 5% QoQ. Core PPP grew 12% YoY/ 4% QoQ. Provisions declined 42% YoY/ 1% QoQ and credit cost declined from 86 bps to 59 bps QoQ. PAT grew 60% YoY and RoA for the quarter came in at 1.1% (3rd consecutive quarter of +1% RoA).

### Loan growth was strong sequentially driven by overseas and agricultural loans

Net loans grew 14% YoY/ 7% QoQ driven by strong 14% QoQ (39% YoY) growth in overseas book. The bank's RAM portfolio grew by 4% QoQ/ 14% YoY, within which retail, agricultural, and SME loans grew 3% QoQ (13% YoY), 7% QoQ (18% YoY), and 2% QoQ (11% YoY) respectively. Within retail, gold loans grew 8% QoQ (53% YoY), education loans grew 11% QoQ (57% YoY), and the housing book grew 2% QoQ (9% YoY). Corporate loans witnessed growth of 8% QoQ (9% YoY), within which the NBFC+HFC segment grew 6% QoQ (18% YoY). Management has maintained its guidance of 10%–12% loan growth in FY24. Deposits grew 10% YoY/ 3% QoQ with CASA up 2% QoQ/ 6% YoY and the CASA ratio was stable QoQ at 34%. Average LCR declined from 145% to 126% QoQ and the domestic LD ratio increased from 73.3% to 75% QoQ.

### Headline NPL ratio declined due to strong recoveries and higher write-offs

The bank reported an annualized gross slippage ratio of 1.4% (stable QoQ) and strong recoveries and upgrades drove net slippage to -0.7%. Write-offs for the quarter were higher at INR 93 bn (vs. INR 60 bn in 2QFY24). This led to a decline in the GNPL ratio from 6.4% to 4.8% QoQ and the NNPL ratio declined from 1.3% to 1.1% QoQ. PCR ratio (including TWO) increased marginally from 92% to 92.5% QoQ.

### Investment Summary

Having left behind its asset quality challenges and raised capital (first tranche done), UNBK is reasonably well positioned to gain from the growth cycle. However, NIMs are moderating despite liquidity utilization and having raised capital, thus core PPP as a % of average assets remains modest. While we maintain BUY, given that the bank's earnings profile can still be volatile, we believe that at the current valuation risk rewards are better for peers.

## Quarterly Earnings

Profit and Loss (INR mn)	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	3QFY24E	Deviation (%)	9MFY24	9MFY23	YoY %
<b>Net Interest Income</b>	<b>91,680</b>	<b>86,281</b>	<b>6.3</b>	<b>91,261</b>	<b>0.5</b>	<b>93,255</b>	<b>-1.7</b>	<b>2,71,338</b>	<b>2,45,148</b>	<b>10.7</b>
Other Income	37,743	32,708	15.4	36,952	2.1	33,327	13.3	1,13,728	93,639	21.5
<b>Reported Fee income</b>	<b>21,373</b>	<b>17,100</b>	<b>25.0</b>	<b>19,030</b>	<b>12.3</b>	<b>21,827</b>	<b>-2.1</b>	<b>61,733</b>	<b>49,910</b>	<b>23.7</b>
<b>Core Income</b>	<b>1,13,053</b>	<b>1,03,381</b>	<b>9.4</b>	<b>1,10,291</b>	<b>2.5</b>	<b>1,15,082</b>	<b>-1.8</b>	<b>3,33,071</b>	<b>2,95,058</b>	<b>12.9</b>
Other non-core Income	16,370	15,608	4.9	17,922	-8.7	11,500	42.3	51,995	43,729	18.9
<b>Operating Expenses</b>	<b>56,648</b>	<b>52,798</b>	<b>7.3</b>	<b>56,004</b>	<b>1.1</b>	<b>59,421</b>	<b>-4.7</b>	<b>1,68,288</b>	<b>1,52,349</b>	<b>10.5</b>
Employee	32,795	28,483	15.1	30,853	6.3	33,013	-0.7	95,481	82,475	15.8
Others	23,853	24,315	-1.9	25,151	-5.2	26,408	-9.7	72,808	69,874	4.2
<b>Core Operating Profits</b>	<b>56,406</b>	<b>50,583</b>	<b>11.5</b>	<b>54,287</b>	<b>3.9</b>	<b>55,661</b>	<b>1.3</b>	<b>1,64,782</b>	<b>1,42,709</b>	<b>15.5</b>
<b>Operating Profits</b>	<b>72,776</b>	<b>66,192</b>	<b>9.9</b>	<b>72,208</b>	<b>0.8</b>	<b>67,161</b>	<b>8.4</b>	<b>2,16,777</b>	<b>1,86,438</b>	<b>16.3</b>
<b>Provisions</b>	<b>17,478</b>	<b>30,359</b>	<b>-42.4</b>	<b>17,679</b>	<b>-1.1</b>	<b>18,519</b>	<b>-5.6</b>	<b>55,207</b>	<b>1,03,939</b>	<b>-46.9</b>
<b>PBT</b>	<b>55,298</b>	<b>35,832</b>	<b>54.3</b>	<b>54,530</b>	<b>1.4</b>	<b>48,642</b>	<b>13.7</b>	<b>1,61,570</b>	<b>82,499</b>	<b>95.8</b>
Taxes	19,399	13,384	44.9	19,416	-0.1	16,052	20.8	58,193	25,990	123.9
<b>PAT</b>	<b>35,899</b>	<b>22,448</b>	<b>59.9</b>	<b>35,114</b>	<b>2.2</b>	<b>32,590</b>	<b>10.2</b>	<b>1,03,378</b>	<b>56,510</b>	<b>82.9</b>

Source: Company, Antique

## We increase our FY24/ 26 earnings estimate by 5%/ 7%

in bn	Old Est			New Est			Change (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
<b>Net Interest Income</b>	<b>368.5</b>	<b>406.4</b>	<b>451.0</b>	<b>364.5</b>	<b>392.0</b>	<b>436.7</b>	<b>-1.1</b>	<b>-3.5</b>	<b>-3.2</b>
Other Income	141.9	135.6	149.3	149.3	137.4	151.4	5.2	1.3	1.4
<b>Total Income</b>	<b>510.5</b>	<b>542.0</b>	<b>600.2</b>	<b>513.8</b>	<b>529.4</b>	<b>588.1</b>	<b>0.7</b>	<b>-2.3</b>	<b>-2.0</b>
Operating Expenses	230.7	258.3	286.5	230.3	253.3	278.6	-0.2	-1.9	-2.7
<b>Operating Profits</b>	<b>279.8</b>	<b>283.7</b>	<b>313.8</b>	<b>283.6</b>	<b>276.1</b>	<b>309.4</b>	<b>1.3</b>	<b>-2.7</b>	<b>-1.4</b>
Provisions	76.0	89.1	101.5	69.3	73.4	88.9	-8.8	-17.7	-12.4
<b>PBT</b>	<b>203.8</b>	<b>194.6</b>	<b>212.3</b>	<b>214.3</b>	<b>202.7</b>	<b>220.5</b>	<b>5.1</b>	<b>4.2</b>	<b>3.9</b>
Tax	71.3	54.5	59.4	75.0	52.7	57.3	5.1	-3.3	-3.5
<b>PAT</b>	<b>132.5</b>	<b>140.1</b>	<b>152.8</b>	<b>139.3</b>	<b>150.0</b>	<b>163.2</b>	<b>5.1</b>	<b>7.1</b>	<b>6.8</b>

Source: Industry, Antique

## DuPont Analysis: RoA is expected to sustain at 1% over FY24–26E

Y/E MARCH (%)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024E	FY2025E	FY2026E
<b>Net Interest Income</b>	<b>4.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>
Core Fee Income	1.6	0.8	0.6	0.5	0.6	0.7	0.7	0.7	0.7
Core Income	5.9	3.1	3.0	2.9	3.0	3.3	3.4	3.3	3.3
<b>Operating Expenses</b>	<b>3.0</b>	<b>1.5</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
Employee cost	1.4	0.7	1.0	0.9	0.9	1.0	1.0	1.0	0.9
Others	1.6	0.8	0.8	0.7	0.7	0.8	0.7	0.7	0.7
<b>Core Operating Profits</b>	<b>3.0</b>	<b>1.6</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>
Non-Interest income	2.2	0.9	1.2	1.1	1.1	1.2	1.1	0.9	0.9
Trading and others	0.6	0.1	0.6	0.6	0.5	0.5	0.4	0.23	0.22
<b>Operating Profits</b>	<b>3.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>	<b>1.9</b>	<b>1.9</b>
<b>Provisions</b>	<b>7.0</b>	<b>3.2</b>	<b>2.2</b>	<b>1.6</b>	<b>1.2</b>	<b>1.1</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
NPA	7.2	3.1	2.1	1.3	1.0	1.0	0.5	0.4	0.5
Others	-0.2	0.1	0.1	0.4	0.1	0.1	0.1	0.0	0.0
<b>PBT</b>	<b>-3.5</b>	<b>-1.5</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.8</b>	<b>1.0</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>
Tax	-0.8	-0.2	0.3	0.0	0.3	0.3	0.6	0.4	0.3
Tax Rate	23.1	16.1	-72.5	-21.1	39.0	30.5	35.0	26.0	26.0
<b>RoA</b>	<b>-2.7</b>	<b>-1.3</b>	<b>-0.7</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Leverage (x)	21.7	49.0	27.7	18.3	18.0	17.9	16.8	16.0	16.0
<b>RoE</b>	<b>-57.7</b>	<b>-61.8</b>	<b>-18.5</b>	<b>5.1</b>	<b>8.4</b>	<b>12.2</b>	<b>17.4</b>	<b>16.2</b>	<b>15.7</b>

Source: Industry, Antique

### Quarterly performance snapshot

INR mn	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
<b>Profit and Loss</b>											
<b>Interest Income</b>	<b>1,69,297</b>	<b>1,71,744</b>	<b>1,81,742</b>	<b>1,96,817</b>	<b>2,08,829</b>	<b>2,20,045</b>	<b>2,34,779</b>	<b>2,45,870</b>	<b>2,53,630</b>	<b>3</b>	<b>21</b>
Loans	1,12,704	1,14,541	1,22,592	1,38,108	1,50,313	1,56,588	1,66,389	1,75,041	1,83,766	5	22
Investment	49,302	49,963	52,456	53,076	53,481	54,536	55,847	56,163	56,582	1	6
Others	7,290	7,240	6,695	5,632	5,034	8,921	12,543	14,666	13,281	-9	164
<b>Interest Expenses</b>	<b>97,553</b>	<b>1,04,050</b>	<b>1,05,925</b>	<b>1,13,767</b>	<b>1,22,548</b>	<b>1,37,540</b>	<b>1,46,382</b>	<b>1,54,609</b>	<b>1,61,950</b>	<b>5</b>	<b>32</b>
<b>Net Interest Income</b>	<b>71,744</b>	<b>67,694</b>	<b>75,817</b>	<b>83,050</b>	<b>86,281</b>	<b>82,506</b>	<b>88,397</b>	<b>91,261</b>	<b>91,680</b>	<b>0</b>	<b>6</b>
<b>Other Income</b>	<b>25,241</b>	<b>32,431</b>	<b>28,169</b>	<b>32,763</b>	<b>32,708</b>	<b>52,692</b>	<b>39,033</b>	<b>36,952</b>	<b>37,743</b>	<b>2</b>	<b>15</b>
Trading profits	5,460	8,350	2,700	1,700	1,680	4,510	7,750	6,810	6,110	-10	264
Recoveries	3,580	2,940	5,030	10,030	10,900	29,540	6,920	8,560	10,260	20	-6
Fee income	13,160	18,270	16,790	16,020	17,100	16,990	21,330	19,030	21,320	12	25
Others	3,041	2,871	3,649	5,013	3,028	1,652	3,033	2,552	53	-98	-98
<b>Total Income</b>	<b>96,985</b>	<b>1,00,124</b>	<b>1,03,986</b>	<b>1,15,813</b>	<b>1,18,989</b>	<b>1,35,198</b>	<b>1,27,430</b>	<b>1,28,212</b>	<b>1,29,423</b>	<b>1</b>	<b>9</b>
<b>Operating Expenses</b>	<b>46,003</b>	<b>44,923</b>	<b>49,510</b>	<b>50,042</b>	<b>52,798</b>	<b>66,964</b>	<b>55,637</b>	<b>56,004</b>	<b>56,648</b>	<b>1</b>	<b>7</b>
Employee	23,755	22,116	26,530	27,462	28,483	41,422	31,833	30,853	32,795	6	15
Others	22,248	22,807	22,980	22,580	24,315	25,542	23,804	25,151	23,853	-5	-2
<b>Operating Profits</b>	<b>50,982</b>	<b>55,201</b>	<b>54,476</b>	<b>65,771</b>	<b>66,192</b>	<b>68,234</b>	<b>71,793</b>	<b>72,208</b>	<b>72,776</b>	<b>1</b>	<b>10</b>
<b>Provisions</b>	<b>25,496</b>	<b>36,181</b>	<b>32,811</b>	<b>40,768</b>	<b>30,359</b>	<b>29,356</b>	<b>20,050</b>	<b>17,679</b>	<b>17,478</b>	<b>-1</b>	<b>-42</b>
<b>PBT</b>	<b>25,486</b>	<b>19,020</b>	<b>21,664</b>	<b>25,003</b>	<b>35,832</b>	<b>38,878</b>	<b>51,743</b>	<b>54,530</b>	<b>55,298</b>	<b>1</b>	<b>54</b>
Taxes	14,632	4,624	6,080	6,526	13,384	11,055	19,379	19,416	19,399	0	45
<b>PAT</b>	<b>10,854</b>	<b>14,396</b>	<b>15,585</b>	<b>18,477</b>	<b>22,448</b>	<b>27,823</b>	<b>32,364</b>	<b>35,114</b>	<b>35,899</b>	<b>2</b>	<b>60</b>
<b>Ratios (%)</b>											
Fees of Total Income	13.6	18.2	16.1	13.8	14.4	12.6	16.7	14.8	16.5	163	210
Cost to Core Income	54.2	52.3	53.5	50.5	51.1	67.3	50.7	50.8	50.1	-65	-94
Tax Rate	57.4	24.3	28.1	26.1	37.4	28.4	37.5	35.6	35.1	-53	-227
CASA (Cal)	37.0	36.5	36.2	35.6	35.3	35.6	34.6	34.7	34.4	-26	-90
Loan/Deposit	65.8	64.0	68.1	69.7	71.0	68.2	68.3	70.6	73.5	289	250
<b>Margins - Quarterly</b>											
Margins	3.0	2.8	3.0	3.2	3.2	3.0	3.1	3.2	3.1	-10	-13
<b>Balance sheet (INR bn)</b>											
<b>Networth</b>	<b>707</b>	<b>706</b>	<b>723</b>	<b>741</b>	<b>763</b>	<b>783</b>	<b>814</b>	<b>899</b>	<b>935</b>	<b>4</b>	<b>22</b>
Deposits	9,375	10,324	9,928	10,433	10,650	11,177	11,281	11,376	11,725	3	10
CA	596	727	597	654	672	740	671	651	708	9	5
SA	2,871	3,045	2,996	3,063	3,088	3,201	3,180	3,231	3,263	1	6
CASA	3,468	3,772	3,593	3,717	3,760	3,941	3,851	3,882	3,971	2	6
Investments	3,318	3,485	3,507	3,420	3,352	3,393	3,431	3,423	3,354	-2	0
Advances	6,168	6,610	6,764	7,275	7,564	7,618	7,705	8,036	8,621	7	14
Assets	10,957	11,876	11,570	12,047	12,367	12,808	12,861	13,144	13,498	3	9
<b>Gross advances</b>	<b>6,695</b>	<b>7,164</b>	<b>7,286</b>	<b>7,737</b>	<b>8,040</b>	<b>8,099</b>	<b>8,185</b>	<b>8,472</b>	<b>8,960</b>	<b>6</b>	<b>11</b>
Agricultural	1,282	1,331	1,355	1,439	1,507	1,520	1,536	1,655	1,776	7	18
MSME	1,119	1,150	1,147	1,201	1,237	1,250	1,277	1,338	1,367	2	11
Retail	1,322	1,363	1,394	1,467	1,540	1,597	1,624	1,683	1,734	3	13
Corporate	2,973	3,321	3,390	3,630	3,756	3,732	3,747	3,796	4,082	8	9
<b>Loan Mix (%)</b>											
Agricultural	19.1	18.6	18.6	18.6	18.7	18.8	18.8	19.5	19.8	28	108
MSME	16.7	16.0	15.7	15.5	15.4	15.4	15.6	15.8	15.3	-53	-13
Retail	19.7	19.0	19.1	19.0	19.2	19.7	19.8	19.9	19.4	-50	20
Corporate	44.4	46.4	46.5	46.9	46.7	46.1	45.8	44.8	45.6	75	-115

Source: Company, Antique



**Quarterly DuPont (% of average assets): RoA sustaining at over 1% from the last 3 consecutive quarter**

Y/E MARCH	3Q2022	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023	1Q2024	2Q2024	3Q2024
Interest Income	6.3	6.0	6.2	6.7	6.8	7.0	7.3	7.6	7.6
Interest Expended	3.6	3.6	3.6	3.9	4.0	4.4	4.6	4.8	4.9
<b>Net Interest Income</b>	<b>2.7</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
Core Fee Income	0.5	0.6	0.6	0.5	0.6	0.5	0.7	0.6	0.6
Fee to core income	15.5	21.3	18.1	16.2	16.5	17.1	19.4	17.3	18.9
<b>Core Income</b>	<b>3.1</b>	<b>3.0</b>	<b>3.2</b>	<b>3.4</b>	<b>3.4</b>	<b>3.2</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>
<b>Operating Expenses</b>	<b>1.7</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>2.1</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
Cost to Core Income	54.2	52.3	53.5	50.5	51.1	67.3	50.7	50.8	50.1
Employee cost	0.9	0.8	0.9	0.9	0.9	1.3	1.0	0.9	1.0
Emp cost to Opex (%)	51.6	49.2	53.6	54.9	53.9	61.9	57.2	55.1	57.9
Others	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7
<b>Core operating Profits</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.7</b>	<b>1.7</b>	<b>1.0</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Non-Interest income</b>	<b>0.9</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.7</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>
Trading and others	0.4	0.5	0.4	0.6	0.5	1.1	0.6	0.6	0.5
<b>Operating Profits</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
<b>Provisions</b>	<b>0.9</b>	<b>1.3</b>	<b>1.1</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>
NPAs	0.8	1.1	1.2	1.0	0.8	1.1	0.6	0.5	0.4
Others	0.1	0.2	-0.1	0.4	0.2	-0.2	0.0	0.0	0.2
<b>PBT</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>1.2</b>	<b>1.2</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>
Tax	0.5	0.2	0.2	0.2	0.4	0.4	0.6	0.6	0.6
Tax Rate	57.4	24.3	28.1	26.1	37.4	28.4	37.5	35.6	35.1
<b>RoA</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>
Leverage (x)	16.5	17.4	17.6	17.3	17.3	17.5	17.4	16.4	15.6
<b>RoE</b>	<b>6.7</b>	<b>8.8</b>	<b>9.4</b>	<b>10.8</b>	<b>12.7</b>	<b>15.5</b>	<b>17.6</b>	<b>17.7</b>	<b>16.8</b>

Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Income	6,79,440	8,07,433	9,96,823	11,21,145	12,67,444
Interest Expense	4,01,575	4,79,780	6,32,334	7,29,130	8,30,778
<b>Net Interest Income</b>	<b>2,77,865</b>	<b>3,27,653</b>	<b>3,64,490</b>	<b>3,92,016</b>	<b>4,36,666</b>
% NII Growth	12.5	17.9	11.2	7.6	11.4
Fee Income	63,636	82,861	92,000	1,02,880	1,15,050
<b>Non-interest income</b>	<b>1,25,248</b>	<b>1,46,332</b>	<b>1,49,341</b>	<b>1,37,353</b>	<b>1,51,390</b>
<b>Net Revenue</b>	<b>4,03,113</b>	<b>4,73,985</b>	<b>5,13,830</b>	<b>5,29,368</b>	<b>5,88,056</b>
Employees Expenses	1,01,146	1,23,897	1,30,092	1,43,101	1,57,411
Other Op. Expenses	83,235	95,416	1,00,187	1,10,206	1,21,226
<b>Operating Profit</b>	<b>2,18,732</b>	<b>2,54,672</b>	<b>2,83,551</b>	<b>2,76,061</b>	<b>3,09,419</b>
% OP Growth	11.2	16.4	11.3	-2.6	12.1
Tax	33,473	37,045	75,001	52,698	57,335
Total Provisions	1,32,938	1,33,294	69,263	73,378	88,901
<b>Net Profit</b>	<b>52,321</b>	<b>84,333</b>	<b>1,39,288</b>	<b>1,49,985</b>	<b>1,63,183</b>

### Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Capital	68,347	68,347	74,124	74,124	74,124
Reserves and Surplus	6,37,414	7,14,995	8,59,393	9,67,263	10,84,624
Deposits	1,03,23,926	1,11,77,163	1,20,71,336	1,35,19,897	1,54,12,682
Borrowings	5,11,791	4,31,375	4,64,831	4,96,904	5,31,465
Other Liabilities & Provisions	3,34,432	4,15,644	4,77,991	5,49,690	6,32,143
<b>Total liabilities</b>	<b>1,18,75,911</b>	<b>1,28,07,525</b>	<b>1,39,47,676</b>	<b>1,56,07,878</b>	<b>1,77,35,039</b>
Cash & Balances with RBI	4,61,126	5,02,543	5,96,564	6,36,620	7,43,150
Bal. with banks/ call money	7,33,878	6,18,962	3,62,140	4,05,597	4,23,849
Investment	34,85,074	33,92,990	34,60,850	37,37,718	42,60,999
Loans and advances	66,10,047	76,18,455	88,37,407	1,00,74,644	1,14,85,095
Fixed Assets	71,913	88,256	92,669	95,449	98,312
Other Assets	5,13,873	5,86,319	5,98,045	6,57,850	7,23,635
<b>Total assets</b>	<b>1,18,75,911</b>	<b>1,28,07,525</b>	<b>1,39,47,676</b>	<b>1,56,07,878</b>	<b>1,77,35,039</b>

### Asset Quality

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Gross NPA (INRm)	7,95,871	6,09,873	3,60,892	3,67,787	3,95,573
Gross NPA (%)	11.1	7.5	4.0	3.6	3.4
Net NPA (INRm)	2,43,033	1,29,274	73,584	94,287	1,21,224
Net NPA (%)	3.7	1.7	0.8	0.9	1.1
% coverage of NPA	69.5	78.8	79.6	74.4	69.4
Delinquencies (%)	3.9	1.9	1.6	1.8	1.8

Source: Company, Antique

### Capital Adequacy Ratio

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RWA (INRm)	54,59,228	57,84,342	72,52,791	81,16,097	92,22,220
<b>Tier I (%)</b>	<b>12.2</b>	<b>13.9</b>	<b>13.2</b>	<b>13.1</b>	<b>12.8</b>
Tier II (%)	2.3	2.1	1.7	1.5	1.3
Total CAR (%)	14.5	16.0	14.9	14.6	14.1

### Business Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Credit / Deposit(%)	71.4	92.8	110.7	123.3	136.6
Investment / Deposit (%)	7.7	12.3	18.8	20.2	22.0
<b>CASA (%)</b>	<b>36.5</b>	<b>35.3</b>	<b>33.6</b>	<b>32.7</b>	<b>31.3</b>
<b>RoA (%)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Core RoE (%)	8.4	12.2	17.4	16.2	15.7

### Key assumptions

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Deposits</b>					
Deposit growth (%)	11.8	8.3	8.0	12.0	14.0
Cost of deposits (%)	3.8	4.1	5.1	5.4	5.4
<b>Advances</b>					
Advances growth (%)	11.8	15.3	16.0	14.0	14.0
Yield on advances (%)	7.2	8.0	8.7	8.8	8.8
<b>Investments</b>					
Investments growth (%)	5.1	(2.6)	2.0	8.0	14.0
Yield on investments (%)	5.9	6.2	6.6	6.6	6.6

### Earnings Ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Interest Inc. / Avg. assets (%)	6.0	6.5	7.5	7.6	7.6
Interest Exp./ Avg. assets (%)	3.6	3.9	4.7	4.9	5.0
<b>NIM (%)</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>	<b>2.9</b>
Int. exp/ Int earned (%)	59.1	59.4	63.4	65.0	65.5
Oth. Inc./ Tot. Inc. (%)	31.1	30.9	29.1	25.9	25.7
Staff exp/Total opt. exp (%)	54.9	56.5	56.5	56.5	56.5
<b>Cost/ Income Ratio (%)</b>	<b>45.7</b>	<b>46.3</b>	<b>44.8</b>	<b>47.9</b>	<b>47.4</b>
Prov./ Operating Profit (%)	60.8	52.3	24.4	26.6	28.7
<b>Loan loss prov./Avg. loans (bps)</b>	<b>2.1</b>	<b>1.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>

### Per Share Data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Book value per share (INR)	96	106	118	132	148
Adj. BVPS (INR)	71	93	111	123	137
<b>Price/ Book value</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
EPS(INR)	8	12	19	20	22
<b>P/E Ratio</b>	<b>18.5</b>	<b>11.5</b>	<b>7.5</b>	<b>7.0</b>	<b>6.4</b>

Source: Company Antique

CMP	: INR 2,535
Reco	: SELL ↓
Target Price	: INR 2,246 ↑
Target Price Change	: 6%
Target FY26 P/E (x)	: 40
EPS Change FY25/ 26	: 4%/ 6%

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Market data	
Sensex	: 71,424
Sector	: FMCG
Market Cap (INR bn)	: 689.8
Market Cap (USD bn)	: 8.304
O/S Shares (mn)	: 272.0
52-wk HI/LO (INR)	: 2550/1435
Avg. Daily Vol ('000)	: 441
Bloomberg	: CLGT IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	48.1	51.1	56.1
P/E (x)	52.7	49.6	45.2
P/BV (x)	36.1	33.2	29.0
EV/EBITDA (x)	36.4	34.0	30.8
Dividend Yield (%)	1.6	1.8	1.8

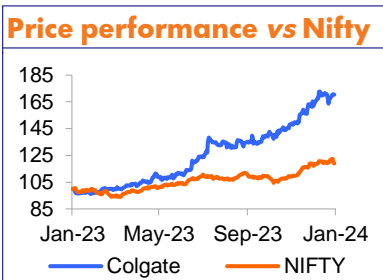
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	7	20	38	69
Relative	7	10	29	44

Source: Bloomberg

Shareholding pattern	
Promoters	: 51%
Public	: 49%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# Colgate-Palmolive (India)

## Focus on profitability to impact market share gain; downgrade to SELL

Colgate Palmolive India's (CLGT) 3QFY24 performance was ahead of our expectations, largely driven by strong profitability improvement. The domestic business grew 8.8% driven by double-digit growth in the toothpaste category on a weak base with ~3% volume growth. Profitability was ahead of our expectations due to pricing actions, receding raw material price inflation, and lower overheads. To revive growth, CLGT has relaunched its core brands backed by a step-up in media spends and promotional activities (up 20% in 9MFY24). CLGT aims to improve performance by a) Increasing the consumption frequency through core products, b) Driving premiumization with science-based innovation, c) Expanding distribution of personal care portfolio, and d) Improving product assortment with the help of technology. Post the 3QFY24 results, factoring improvement in profitability, we raise our estimates by 4%-6% for FY24-26E. In our view, CLGT's focus on profitability could be detrimental to volume growth and market share improvement over the long term. The company is currently trading at 45x PER on FY26E, which is ~20% premium to its five-year average earnings, despite no visible improvement in market share/ volume growth momentum. Consequently, we downgrade CLGT to SELL with a revised target price of INR 2,246, based on 40x PER on FY26E EPS.

### Domestic business grew 8.8% with a volume growth of low single-digit

During the quarter, CLGT reported sales growth of 8.1% YoY to INR 13.96 bn with an indicative volume growth of low single digit. Performance was marginally ahead of our expectations due to 8.8% growth in the domestic business. The toothpaste category grew in double-digits with an indicative 3% volume growth. In our view, demand moderation is due to the slowdown in the rural market and step-up aggression by Hindustan Unilever and Dabur. CLGT continues to work on innovation-led growth. The company has relaunched its flagship brand Colgate Dental Cream with better formulation. CLGT has doubled down on the Colgate Strong Teeth relaunch by expanding reach & availability. CLGT further relaunched Colgate Max Fresh with the best, proprietary freshness technology. The company will continue to launch new products in the coming quarters in the oral care and personal care segments. Over the long term, CLGT aims to improve performance driven by distribution expansion, product innovation, and premiumization of its portfolio.

### Pricing action driving profitability improvement

During the quarter, gross margin improved by 631 bps YoY to 72.2% due to softening of commodity prices and pricing actions. CLGT has taken multiple price hikes to mitigate input cost inflation, which should help it maintain a healthy gross margin. EBITDA margin expanded by 557 bps YoY to 33.6% resulting in EBITDA growth of 30% to INR 4.68 bn. Employee costs increased by 11% while other expenditures grew marginally at 2% YoY. A&P spends increased by 20% YoY to 14.6% of sales vs. 13.2% last year. We expect A&P spends to increase in coming quarters to support the relaunch of its flagship brand and drive growth in its premium portfolio. Recurring PAT grew 36% to INR 3.3 bn due to lower depreciation and higher other income.

### Investment Summary

Post the 3QFY24 performance, we have increased our earnings estimates for FY24/ 25/ 26 by 5%/ 4%/ 6% respectively due to improvement in profitability. We expect CLGT to deliver sales/ earnings CAGR of 8%/ 13% over FY23-26E. We believe the company's higher focus on profitability over volume growth could impact market share improvement over the long term. At current valuations of 45x FY26E, CLGT offers no upside. Consequently, we downgrade CLGT to SELL rating with a revised target price of INR 2,246 (previously INR 2,112) based on 40x PER on FY26E EPS.

### Quarter performance

Y/E March (INR mn)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
<b>Net Sales</b>	<b>13,957</b>	<b>12,913</b>	<b>8.1</b>	<b>14,711</b>	<b>(5.1)</b>	<b>41,904</b>	<b>38,756</b>	<b>8.1</b>
COGS	3,883	4,407	(11.9)	4,594	(15.5)	12,657	13,467	(6.0)
Gross Profit	10,073	8,506	18.4	10,117	(0.4)	29,248	25,289	15.7
Gross Margin (%)	72.2	65.9	631 bps	68.8	341 bps	69.8	65.3	454 bps
Employee Expenses	1,098	989	11.0	1,062	3.4	3,118	2,872	8.6
% of net sales	7.9	7.7	21 bps	7.2	65 bps	7.4	7.4	3 bps
Ad-spends	2,043	1,699	20.2	2,060	(0.8)	5,916	4,912	20.4
% of net sales	14.6	13.2	148 bps	14.0	63 bps	14.1	12.7	144 bps
Other expenses	2,248	2,203	2.1	2,173	3.5	6,527	6,554	(0.4)
% of net sales	16.1	17.1	-95 bps	14.8	134 bps	15.6	16.9	-133 bps
<b>EBITDA</b>	<b>4,684</b>	<b>3,615</b>	<b>29.6</b>	<b>4,821</b>	<b>(2.8)</b>	<b>13,686</b>	<b>10,951</b>	<b>25.0</b>
<b>EBITDA Margin (%)</b>	<b>33.6</b>	<b>28.0</b>	<b>557 bps</b>	<b>32.8</b>	<b>79 bps</b>	<b>32.7</b>	<b>28.3</b>	<b>440 bps</b>
Depreciation (net)	413	437	(5.3)	443	(6.6)	1,294	1,317	(1.8)
<b>EBIT</b>	<b>4,271</b>	<b>3,178</b>	<b>34.4</b>	<b>4,379</b>	<b>(2.5)</b>	<b>12,393</b>	<b>9,634</b>	<b>28.6</b>
<b>EBIT Margin (%)</b>	<b>30.6</b>	<b>24.6</b>	<b>599 bps</b>	<b>29.8</b>	<b>84 bps</b>	<b>29.6</b>	<b>24.9</b>	<b>471 bps</b>
Other income	179	104	71.9	210	(14.9)	539	332	62.1
Interest costs	15	13	19.8	11	43.8	36	38	(5.2)
<b>PBT</b>	<b>4,434</b>	<b>3,269</b>	<b>35.6</b>	<b>4,578</b>	<b>(3.1)</b>	<b>12,895</b>	<b>9,928</b>	<b>29.9</b>
Tax	1,133	837	35.4	1,178	(3.8)	3,261	2,526	29.1
Tax Rate (%)	25.5	25.6	-5 bps	26	-17 bps	25.3	25.4	-15 bps
<b>Recurring PAT</b>	<b>3,301</b>	<b>2,432</b>	<b>35.7</b>	<b>3,401</b>	<b>(2.9)</b>	<b>9,634</b>	<b>7,403</b>	<b>30.1</b>
NPM (%)	23.7	18.8	482 bps	23.1	54 bps	23.0	19.1	389 bps
Non-recurring items	0	0		0	-	-195	-93	
<b>Reported PAT</b>	<b>3,301</b>	<b>2,432</b>	<b>35.7</b>	<b>3,401</b>	<b>(2.9)</b>	<b>9,439</b>	<b>7,309</b>	<b>29.1</b>
NPM (%)	23.7	18.8	482 bps	23.1	54 bps	22.5	18.9	366 bps
<b>EPS (INR)</b>	<b>12.1</b>	<b>8.9</b>	<b>35.7</b>	<b>12.5</b>	<b>(2.9)</b>	<b>34.7</b>	<b>26.9</b>	<b>29.1</b>

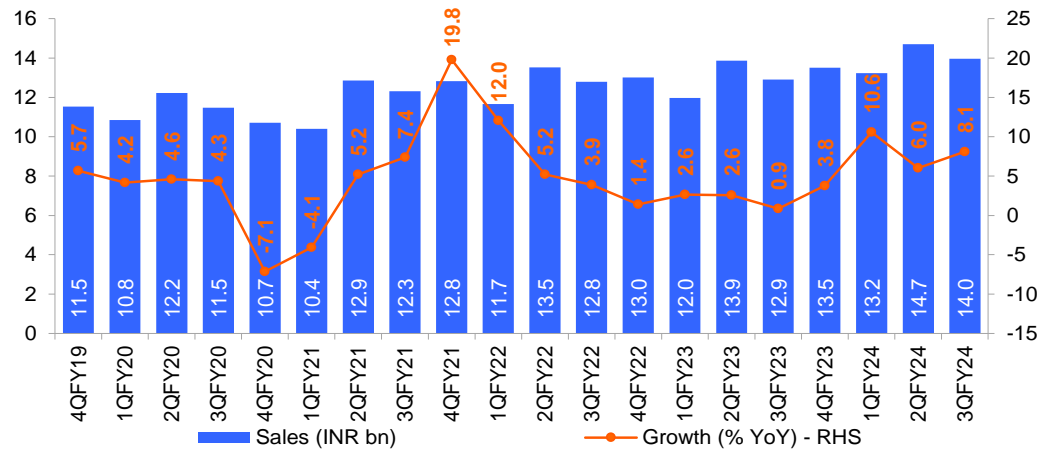
Source: Company, Antique

### Change in estimates

INR mn	FY24			FY25			FY26		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	56,523	56,523	-	60,859	60,859	-	65,541	65,541	-
EBITDA	18,603	17,787	4.6	19,832	19,099	3.8	21,724	20,540	5.8
EBITDA Margin, %	32.9	31.5	144 bps	32.6	31.4	120 bps	33.1	31.3	181 bps
PAT	13,093	12,411	5.5	13,898	13,329	4.3	15,270	14,363	6.3
EPS	48.1	45.6	5.5	51.1	49.0	4.3	56.1	52.8	6.3

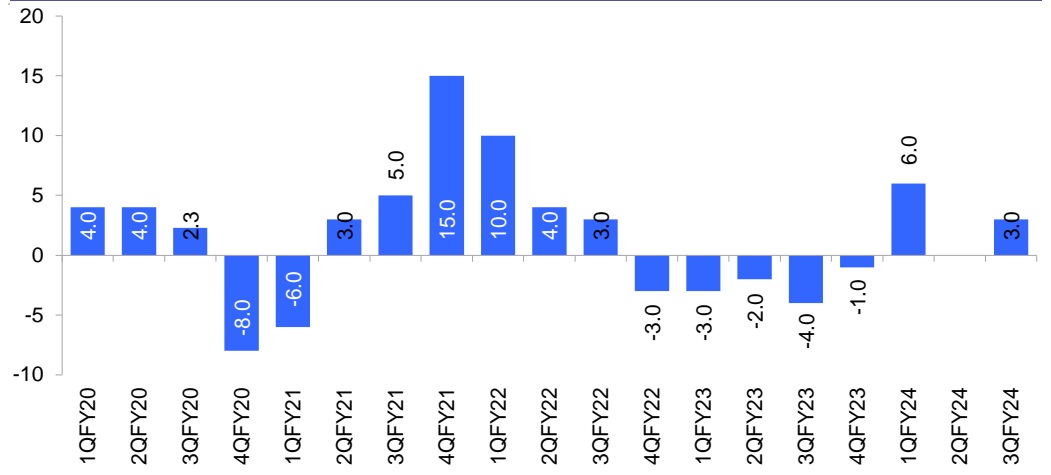
Source: Company, Antique

**Sales grew 8% YoY, driven by 8.8% growth in domestic business**



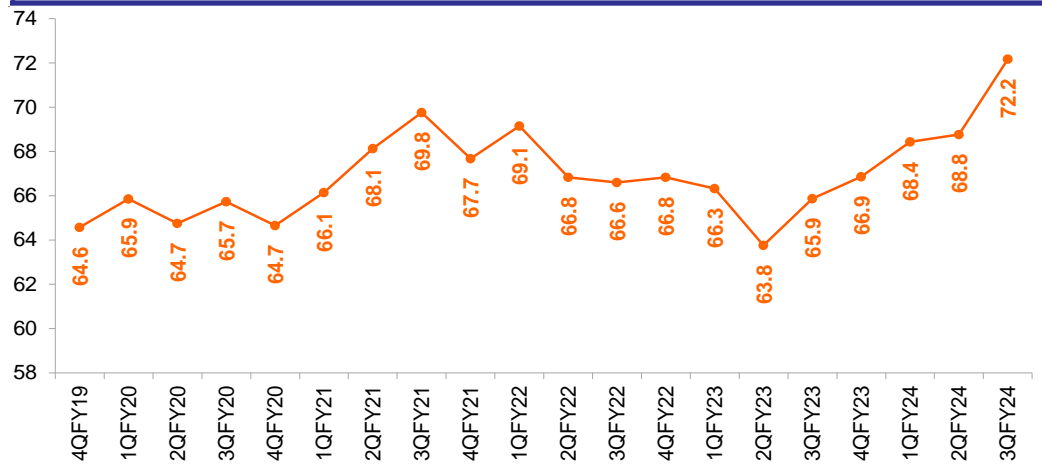
Source: Company, Antique

**Volume growth of low single digit on a weak base**



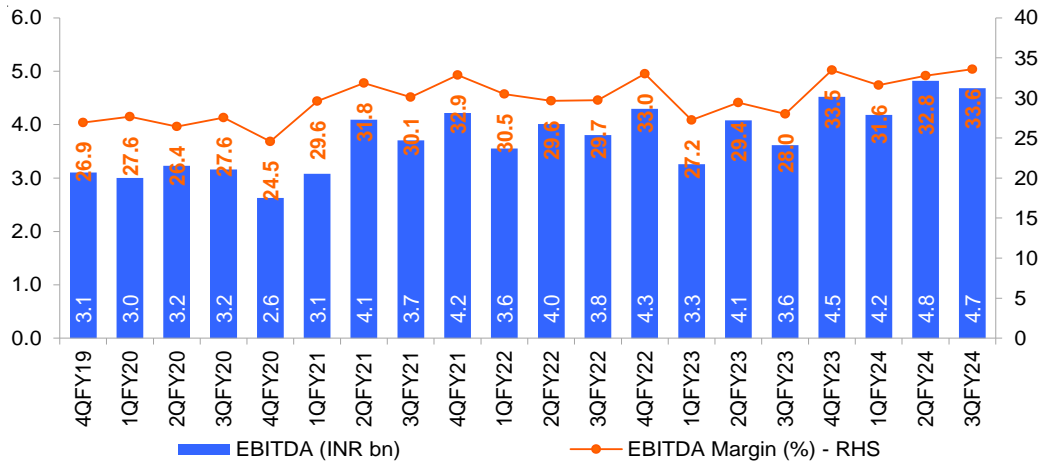
Source: Company, Antique

**Gross margin expanded 631 bps YoY due to pricing actions and receding raw material price inflation**



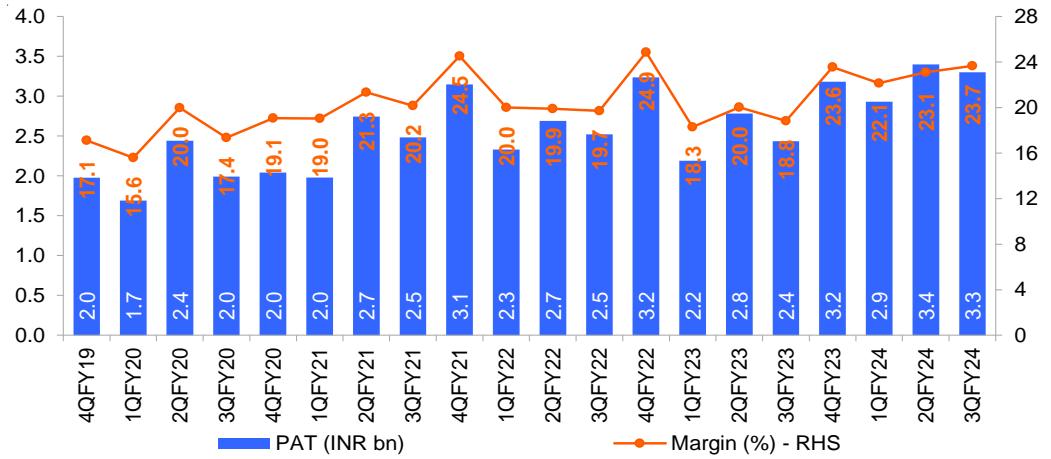
Source: Company, Antique

**EBITDA grew 30% YoY with margin expansion of 557 bps YoY**



Source: Company, Antique

**PAT grew 36% due to lower depreciation and higher other income**



Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
<b>Net Revenue</b>	<b>50,998</b>	<b>52,262</b>	<b>56,523</b>	<b>60,859</b>	<b>65,541</b>
Op. Expenses	(35,338)	(36,792)	(37,920)	(41,027)	(43,817)
<b>EBITDA</b>	<b>15,659</b>	<b>15,470</b>	<b>18,603</b>	<b>19,832</b>	<b>21,724</b>
Depreciation	(1,773)	(1,748)	(1,745)	(1,922)	(2,017)
<b>EBIT</b>	<b>13,886</b>	<b>13,722</b>	<b>16,858</b>	<b>17,909</b>	<b>19,707</b>
Other income	263	536	697	731	768
Interest Exp.	(59)	(49)	(50)	(60)	(60)
Extra Ordinary Items -gain/(loss)	-	(112)	-	-	-
<b>Reported PBT</b>	<b>14,090</b>	<b>14,097</b>	<b>17,504</b>	<b>18,581</b>	<b>20,415</b>
Tax	(3,307)	(3,625)	(4,411)	(4,682)	(5,145)
<b>Reported PAT</b>	<b>10,783</b>	<b>10,471</b>	<b>13,093</b>	<b>13,898</b>	<b>15,270</b>
<b>Net Profit</b>	<b>10,783</b>	<b>10,471</b>	<b>13,093</b>	<b>13,898</b>	<b>15,270</b>
<b>Adjusted PAT</b>	<b>10,783</b>	<b>10,584</b>	<b>13,093</b>	<b>13,898</b>	<b>15,270</b>
<b>Adjusted EPS (INR)</b>	<b>39.6</b>	<b>38.9</b>	<b>48.1</b>	<b>51.1</b>	<b>56.1</b>

### Balance sheet (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	272	272	272	272	272
Reserves & Surplus	17,075	16,892	18,833	20,491	23,522
<b>Networth</b>	<b>17,347</b>	<b>17,164</b>	<b>19,105</b>	<b>20,763</b>	<b>23,794</b>
Net deferred Tax liabilities	(2,509)	(2,716)	(2,716)	(2,716)	(2,716)
<b>Capital Employed</b>	<b>14,838</b>	<b>14,448</b>	<b>16,389</b>	<b>18,048</b>	<b>21,078</b>
Gross Fixed Assets	20,017	20,753	21,803	22,903	24,003
Accumulated Depreciation	(10,387)	(12,135)	(13,880)	(15,802)	(17,819)
Capital work in progress	1,218	1,141	1,141	1,141	1,141
<b>Net Fixed Assets</b>	<b>10,848</b>	<b>9,759</b>	<b>9,064</b>	<b>8,242</b>	<b>7,325</b>
<b>Current Assets, Loans &amp; Adv.</b>	<b>15,110</b>	<b>15,804</b>	<b>19,565</b>	<b>23,019</b>	<b>27,968</b>
Inventory	3,572	3,355	3,754	4,060	4,372
Debtors	2,247	1,574	1,544	1,669	1,798
Cash & Bank balance	7,547	9,230	12,578	15,489	19,885
Loans & advances and others	1,744	1,646	1,689	1,800	1,913
<b>Current Liabilities &amp; Provisions</b>	<b>11,120</b>	<b>11,114</b>	<b>12,239</b>	<b>13,213</b>	<b>14,214</b>
Liabilities	10,140	9,973	11,240	12,099	12,973
Provisions	980	1,141	999	1,114	1,241
<b>Net Current Assets</b>	<b>3,990</b>	<b>4,689</b>	<b>7,325</b>	<b>9,806</b>	<b>13,753</b>
<b>Application of Funds</b>	<b>14,838</b>	<b>14,448</b>	<b>16,389</b>	<b>18,048</b>	<b>21,078</b>

### Per share data

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	272	272	272	272	272
Diluted no. of shares (mn)	272	272	272	272	272
BVPS (INR)	63.8	63.1	70.2	76.3	87.5
CEPS (INR)	46.2	44.9	54.6	58.2	63.6
DPS (INR)	39.0	39.0	41.0	45.0	45.0

Source: Company, Antique

### Cash flow statement (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
<b>PBT</b>	<b>14,090</b>	<b>14,097</b>	<b>17,504</b>	<b>18,581</b>	<b>20,415</b>
Depreciation & amortization	1,773	1,748	1,745	1,922	2,017
Interest expense	59	49	50	60	60
(Inc)/Dec in working capital	(6,801)	724	897	427	434
Tax paid	(3,307)	(3,625)	(4,411)	(4,682)	(5,145)
Less: Interest/Div. Income Recd.	(263)	(536)	(697)	(731)	(768)
<b>CF from operating activities</b>	<b>5,551</b>	<b>12,457</b>	<b>15,089</b>	<b>15,576</b>	<b>17,014</b>
Capital expenditure	(672)	(736)	(1,050)	(1,100)	(1,100)
Inc/(Dec) in investments	186	-	-	-	-
Add: Interest/Div. Income Recd.	263	536	697	731	768
<b>CF from investing activities</b>	<b>(223)</b>	<b>(200)</b>	<b>(353)</b>	<b>(369)</b>	<b>(332)</b>
Dividend Paid	(10,880)	(11,424)	(11,696)	(12,784)	-
Others	4,423	851	309	488	(12,286)
<b>CF from financing activities</b>	<b>(6,457)</b>	<b>(10,573)</b>	<b>(11,387)</b>	<b>(12,296)</b>	<b>(12,286)</b>
<b>Net cash flow</b>	<b>(1,129)</b>	<b>1,683</b>	<b>3,348</b>	<b>2,911</b>	<b>4,396</b>
Opening balance	8,676	7,547	9,230	12,578	15,489
<b>Closing balance</b>	<b>7,547</b>	<b>9,230</b>	<b>12,578</b>	<b>15,489</b>	<b>19,885</b>

### Growth indicators (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Revenue	5.3	2.5	8.2	7.7	7.7
EBITDA	3.7	(1.2)	20.2	6.6	9.5
Adj PAT	4.1	(1.9)	23.7	6.1	9.9
Adj EPS	4.1	(1.9)	23.7	6.1	9.9

### Valuation (x)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	63.9	65.2	52.7	49.6	45.2
P/BV (x)	39.7	40.2	36.1	33.2	29.0
EV/EBITDA (x)	43.5	44.0	36.4	34.0	30.8
EV/Sales (x)	13.4	13.0	12.0	11.1	10.2
Dividend Yield (%)	1.5	1.5	1.6	1.8	1.8

### Financial ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	74	61	72	70	69
RoCE (%)	116	97	114	108	105
Asset/T.O (x)	4	4	4	4	3
Net Debt/Equity (x)	(0)	(1)	(1)	(1)	(1)

### Margins (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	30.7	29.6	32.9	32.6	33.1
EBIT Margin (%)	27.2	26.3	29.8	29.4	30.1
PAT Margin (%)	21.0	20.0	22.9	22.6	23.0

Source: Company Antique

CMP	: INR 6,278
Reco	: BUY ↔
Target Price	: INR 6,900 ↑
Target Price Change	: 8%
Target FY26 P/E (x)	: 32
EPS Change FY25/ 26	: 3%/ 2%

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Market data	
Sensex	: 71,424
Sector	: IT
Market Cap (INR bn)	: 387.7
Market Cap (USD bn)	: 4.667
O/S Shares (mn)	: 61.8
52-wk HI/LO (INR)	: 6789/3565
Avg. Daily Vol ('000)	: 459
Bloomberg	: COFORGE IN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	143.4	179.0	215.4
P/E (x)	43.8	35.1	29.1
P/BV (x)	11.2	9.7	8.2
EV/EBITDA (x)	24.7	20.5	17.0
Dividend Yield (%)	1.2	1.2	1.2

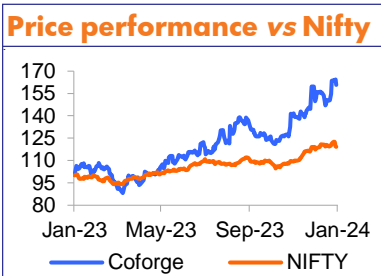
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	4	26	30	53
Relative	3	15	22	30

Source: Bloomberg

Shareholding pattern		
Promoters	:	0%
Public	:	100%
Others	:	0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

3QFY24 RESULT REVIEW

# Coforge

## Resilient growth outlook, margins to accelerate

Coforge reported better than expected 3Q revenue growth while the EBIT margin was slightly lower. Revenue was up 1.8% QoQ in CC terms vs. our estimate of 1.3%, with the company witnessing unusually high levels of furloughs in the dominant BFSI vertical. Management highlighted that the macro environment continues to be challenging and expects no significant uptick in CY24 client budgets vs. the same in CY23. For BFS, budgets are focused on transformation and areas like software, new product innovation, and regulatory compliance. Coforge signed three large deals in 3Q, with fresh order intake at USD 354 mn vs. USD 313 mn in 2Q and the last eight-quarter average of USD 332 mn. EBIT margin came in at 13.8%, lower than expectations of 14.5%, largely impacted by unusually high furloughs offset by normalized ESOP cost. Management expects to deliver growth in 4Q and we believe the company should achieve the lower end of its reiterated FY24 CC revenue growth guidance of 13%-16%.

We think that Coforge is well positioned to post robust revenue growth in FY25 as well, given the increased brand recognition and investments in SG&A, despite any visible signs of macro headwinds abating. On EBIT margin, management expects a sharp 150 to 200 bps improvement in 4Q on the back of the ramp-up of new business and the reversal of furloughs. Coforge expects the 4Q EBIT margin to be better than last year and is confident of exiting FY24 around levels similar to the last couple of years. Moreover, management expects the FY25 margin to be higher than FY24 as the cost of average resources comes down and the company concludes its investments. We increase our margin assumptions with a commensurate rise in our FY25/ 26 EPS by 3%/ 2%. We maintain BUY rating on the stock with an increased target price of INR 6,900 (earlier INR 6,400), valuing the stock at a PE of 32x (vs. 30x earlier) FY26 EPS.

### 3QFY24 result highlights

Coforge reported a revenue growth of 1.8% CC QoQ versus our expectation of 1.3%. On YoY basis, revenue grew 12.0% in CC terms vs. larger peers-HCLT (+4.3%), TCS (+1.7%), Infosys (-1.0%), Accenture (-1.0% organic), Wipro (-6.9%), LTIMindtree (+3.1%) and mid-cap peers-PSYS (13.7%), LTTS (+11.0%). EBIT margin expanded to 13.8%, as gross margin improved by 60 bps and the impact of higher furloughs (-40 to -50 bps) was offset by normalization of ESOP cost. The company has been investing heavily in sales and marketing and the same has now reached a peak (15% of revenue). The company added one client in the USD 10 mn+ bucket with no change in the USD 5-10 mn bucket, while overall seven new clients were added in 3Q. The executable order book over the next 12 months stands at USD 974 mn vs. USD 935 mn in 2QFY24 and the last eight-quarter average of USD 814 mn. Attrition moderated 90 bps QoQ to 12.1%, which continues to be amongst the lowest in the industry. DSO reduced by one day QoQ to 63 days. Headcount was flat on a QoQ basis, while utilization declined by 60 bps QoQ to 79.4%. Management expects to move the utilization up gradually by another 150-160 bps.

### Growth was driven by the BFS and newer verticals

Revenue was driven by BFS, up 3.0% QoQ in USD terms while Insurance was down 1.6%, Travel and Transportation was down 2.7%, while other newer verticals (Retail, Healthcare, Hi-Tech, and Manufacturing) were up 4.1%. In the Travel vertical, management expects a rebound as demand is mixed, with hospitality and logistics witnessing slower demand while airlines and airports are strong. Among geographies, America was down 4.6% QoQ in USD terms, EMEA was up 4.2%, and RoW was up 14.8%. Europe was strong on the back of traction in the Public Sector and Travel verticals.

### Investment Summary

We think that Coforge is well positioned to post robust revenue growth in FY25 as well, given the increased brand recognition and investments in SG&A, while we expect margin improvement to be better than peers. We increase our margin assumptions with a commensurate rise in our FY25/ 26 EPS by 3%/ 2%. We value Coforge at 32x its FY26 EPS arriving at a TP of INR 6,900 (vs. INR 6,400 earlier).

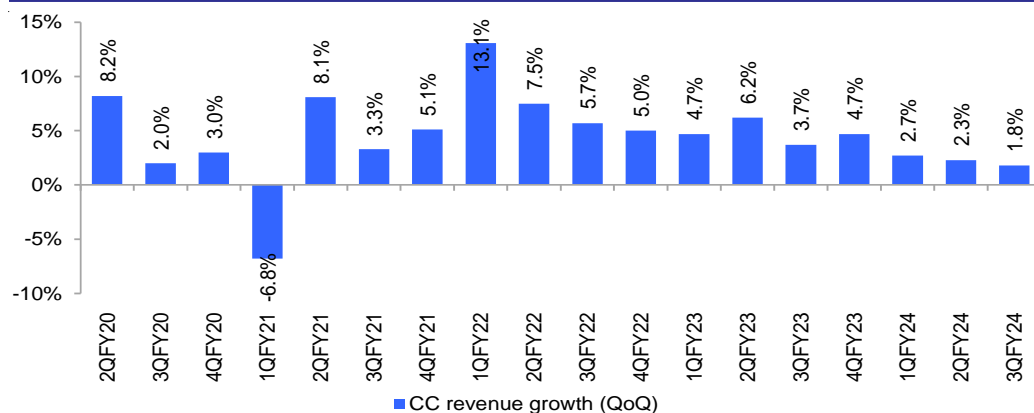


### Financial summary

INRmn	3QFY24	2QFY24	QoQ (%)	3QFY23	YoY (%)	FY24e	FY25e	FY26e
Revenues (USD mn)	279.6	276.6	1.1	252.7	10.7	1,114	1,244	1,428
Revenues	23,233	22,762	2.1	20,558	13.0	92,190	1,04,055	1,19,315
Gross Profit	7,520	6,865	9.5	6,678	12.6	28,880	32,797	38,219
EBIT	3,201	2,701	18.5	2,981	7.4	12,197	14,933	17,780
EBIT Margin	13.8%	11.9%		14.5%		13.2%	14.4%	14.9%
Reported PAT	2,380	1,809	31.6	2,277	4.5	8,734	10,899	13,121
PAT Margin	10.2%	7.9%		11.1%		9.5%	10.5%	11.0%
EPS	39.1	29.7	31.6	37.4	4.5	143.4	179.0	215.4

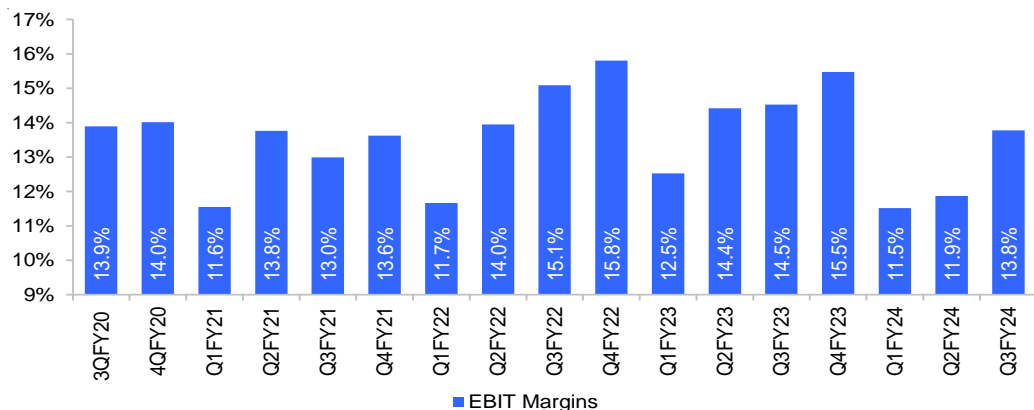
Source: Company, Antiqué

### Revenue growth was slightly higher than expectation at 1.8% CC QoQ



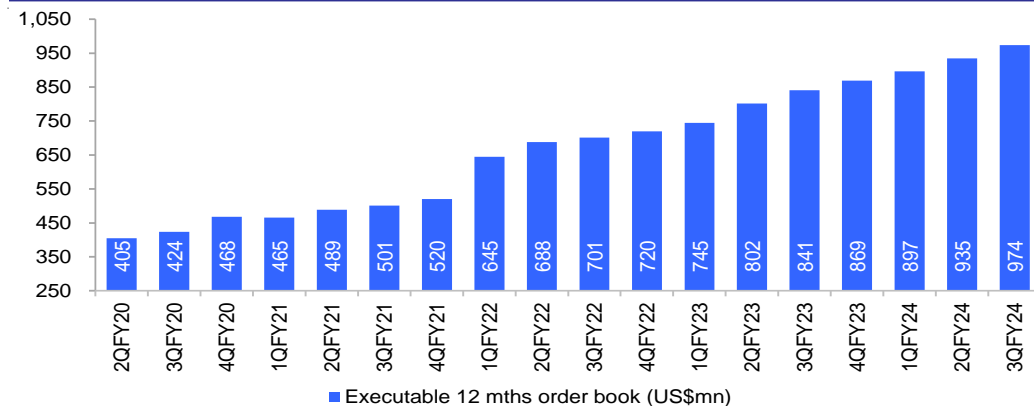
Source: Company; Antiqué

### EBIT margin aided by normalization of ESOP cost offset by the impact of furloughs



Source: Company; Antiqué

### Executable 12-month order book at USD 974 mn, up 15.8% YoY



Source: Company; Antiqué

## Key operating metrics

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Revenue (USD mn)</b>	<b>140.9</b>	<b>154.9</b>	<b>160.7</b>	<b>171.9</b>	<b>198.7</b>	<b>211.7</b>	<b>223.2</b>	<b>232.1</b>	<b>238.7</b>	<b>247.3</b>	<b>252.7</b>	<b>262.5</b>	<b>271.5</b>	<b>276.6</b>	<b>279.6</b>
QoQ growth (%)	(8.9)	9.9	3.8	7.0	15.6	6.5	5.4	4.0	2.9	3.6	2.2	3.9	3.4	1.9	1.1
QoQ CC growth (%)		8.1	3.3	5.1	13.1	7.5	5.7	5.0	4.7	6.2	3.7	4.7	2.7	2.3	1.8
<b>Geography-wise (%)</b>															
America	47.0	48.0	49.0	46.4	51.6	52.0	53.3	49.9	51.3	51.3	49.2	48.3	49.7	49.4	46.6
Europe	36.0	36.0	36.0	39.6	35.3	32.0	33.7	39.8	36.9	38.5	40.3	39.6	38.6	38.8	40.0
ROW	17.0	16.0	15.0	14.1	13.1	15.0	13.0	10.3	11.9	10.2	10.5	12.1	11.7	11.8	13.4
<b>Vertical break up (%)</b>															
BFSI	50.0	51.0	50.0	48.0	51.9	53.3	56.2	53.4	52.6	54.9	53.2	53.2	53.7	54.2	54.2
BFS	17.0	17.0	18.0	16.8	21.1	24.1	28.4	27.7	29.5	31.7	31.1	31.0	31.1	31.6	32.2
Insurance	33.0	34.0	32.0	31.2	30.8	29.2	27.8	25.7	23.1	23.2	22.1	22.2	22.6	22.6	22.0
Travel & Transportation	19.0	19.0	20.0	18.9	18.9	18.6	18.3	20.1	19.4	19.3	19.3	18.8	18.5	18.5	17.8
Mfg., Retail & Others	31.0	30.0	30.0	33.1	29.2	28.1	25.5	26.5	28.0	25.8	27.5	28.0	27.8	27.3	28.0
<b>Revenue by project type (%)</b>															
FPP	52.0	53.0	55.0	54.0	54.6	54.0	53.9	53.0	51.9	49.8	50.4	50.2	48.9	49.3	51.0
Time & material	48.0	47.0	45.0	46.0	45.4	46.0	46.1	47.0	48.1	50.2	49.6	49.8	51.1	50.7	49.0
<b>Client composition (%)</b>															
Top 5	26.0	25.0	24.0	25.4	24.6	23.0	25.2	23.1	22.9	23.1	23.9	23.0	25.1	23.5	22.7
Top 10	38.0	36.0	34.0	36.5	35.9	33.0	36.1	35.0	35.5	35.8	36.3	35.5	37.7	35.2	34.3
Beyond Top 10	62.0	64.0	66.0	63.5	64.1	67.0	63.9	65.0	64.5	64.2	63.7	64.5	62.3	64.8	65.7
<b>Client data</b>															
New client addition (nos)	10	10	9	9	10	11	11	12	12	11	11	10	6	8	7
Between US\$1-5mn	81	83	87	88	95	92	94	100	98	97	98	101	102	104	109
Between US\$5-10mn	15	16	17	16	20	22	21	19	24	26	23	23	24	23	23
Above US\$10mn	11	10	11	11	15	16	18	18	19	19	21	21	21	23	24
<b>Fresh Order Intake</b>															
USD mn	186	200	193	201	319	285	248	302	315	304	345	301	531	313	354
<b>Executable Order Book Over next 12 months</b>															
USD mn	465	489	501	520	645	688	701	720	745	802	841	869	897	935	974
<b>Utilization</b>															
Blended (%)	77.0	81.0	78.9	81.0	77.0	78.5	77.1	76.1	76.2	77.3	80.3	81.5	81.0	80.0	79.4
<b>Employee Metrics</b>															
Total Employees (nos.)	10,598	11,162	11,424	12,391	20,491	20,786	22,130	22,500	22,742	22,991	22,505	23,224	24,224	24,638	24,607
Billable (nos.)	9,736	10,281	10,538	11,469	19,339	19,579	20,938	21,294	21,494	21,692	21,153	21,815	22,762	23,131	23,107
Sales	184	191	189	188	258	297	281	278	285	291	317	350	363	360	368
Support	678	690	697	734	894	910	911	928	963	1,008	1,035	1,059	1,099	1,147	1,132

Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
<b>Net Revenue</b>	<b>64,320</b>	<b>80,146</b>	<b>92,190</b>	<b>1,04,055</b>	<b>1,19,315</b>
Op. Expenses	52,896	66,084	76,815	85,689	97,597
<b>EBITDA</b>	<b>11,424</b>	<b>14,062</b>	<b>15,375</b>	<b>18,366</b>	<b>21,718</b>
Depreciation	2,272	2,585	3,177	3,434	3,937
<b>EBIT</b>	<b>9,152</b>	<b>11,477</b>	<b>12,197</b>	<b>14,933</b>	<b>17,780</b>
Other income	(535)	(630)	(854)	(600)	(600)
<b>Reported PBT</b>	<b>8,617</b>	<b>10,847</b>	<b>11,343</b>	<b>14,333</b>	<b>17,180</b>
Tax	1,468	2,061	2,318	3,153	3,780
<b>Reported PAT</b>	<b>7,149</b>	<b>8,786</b>	<b>9,025</b>	<b>11,179</b>	<b>13,401</b>
Minority Int./Profit (loss) From Asso.	530	513	291	280	280
<b>Net Profit</b>	<b>6,619</b>	<b>8,273</b>	<b>8,734</b>	<b>10,899</b>	<b>13,121</b>
<b>Adjusted PAT</b>	<b>6,619</b>	<b>8,273</b>	<b>8,734</b>	<b>10,899</b>	<b>13,121</b>
<b>Adjusted EPS (INR)</b>	<b>108.7</b>	<b>135.8</b>	<b>143.4</b>	<b>179.0</b>	<b>215.4</b>

### Balance sheet (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	609	611	611	611	611
Reserves & Surplus	26,722	30,214	33,604	38,804	45,868
<b>Networth</b>	<b>27,331</b>	<b>30,825</b>	<b>34,215</b>	<b>39,415</b>	<b>46,479</b>
Debt	3,545	3,382	3,382	3,382	3,382
Minority Interest	983	874	1,165	1,445	1,725
Net deferred Tax liabilities	(1,970)	(3,174)	(3,174)	(3,174)	(3,174)
<b>Capital Employed</b>	<b>29,889</b>	<b>31,907</b>	<b>35,588</b>	<b>41,068</b>	<b>48,412</b>
<b>Net Fixed Assets</b>	<b>8,651</b>	<b>9,135</b>	<b>10,026</b>	<b>11,119</b>	<b>7,501</b>
Goodwill	10,708	11,665	11,665	11,665	11,665
<b>Current Assets, Loans &amp; Adv.</b>	<b>27,449</b>	<b>32,277</b>	<b>35,069</b>	<b>39,454</b>	<b>50,417</b>
Debtors	13,894	16,131	19,206	21,678	24,857
Cash & Bank balance	4,468	5,699	5,415	7,329	15,113
Loans & advances and others	9,087	10,447	10,447	10,447	10,447
<b>Current Liabilities &amp; Provisions</b>	<b>16,919</b>	<b>21,171</b>	<b>21,171</b>	<b>21,171</b>	<b>21,171</b>
Liabilities	11,612	17,394	17,394	17,394	17,394
Provisions	5,307	3,777	3,777	3,777	3,777
<b>Net Current Assets</b>	<b>10,530</b>	<b>11,106</b>	<b>13,898</b>	<b>18,283</b>	<b>29,246</b>
<b>Application of Funds</b>	<b>29,889</b>	<b>31,907</b>	<b>35,589</b>	<b>41,068</b>	<b>48,412</b>

### Per share data

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	61	61	61	61	61
Diluted no. of shares (mn)	61	61	61	61	61
BVPS (INR)	448.8	506.2	561.8	647.2	763.2
CEPS (INR)	154.7	186.7	200.4	240.0	284.7
DPS (INR)	52.0	45.0	75.0	75.0	75.0

Source: Company, Antique

### Cash flow statement (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
<b>PBT</b>	<b>8,615</b>	<b>9,512</b>	<b>11,343</b>	<b>14,333</b>	<b>17,180</b>
Depreciation & amortization	2,272	2,585	3,177	3,434	3,937
Interest expense	609	768	-	-	-
(Inc)/Dec in working capital	(1,433)	(1,027)	(3,557)	(2,472)	(3,179)
Tax paid	(2,646)	(2,800)	(2,318)	(3,153)	(3,780)
Less: Interest/Div. Income Recd.	(31)	(46)	854	600	600
Other operating Cash Flow	270	513	-	-	-
<b>CF from operating activities</b>	<b>7,656</b>	<b>9,505</b>	<b>9,499</b>	<b>12,741</b>	<b>14,759</b>
Capital expenditure	(10,032)	(2,759)	(4,068)	(4,527)	(319)
Inc/(Dec) in investments	450	-	-	-	-
Add: Interest/Div. Income Recd.	18	43	(854)	(600)	(600)
<b>CF from investing activities</b>	<b>(9,564)</b>	<b>(2,716)</b>	<b>(4,922)</b>	<b>(5,127)</b>	<b>(919)</b>
Inc/(Dec) in share capital	51	18	-	-	-
Inc/(Dec) in debt	3,519	(180)	-	-	-
Dividend Paid	(3,748)	(4,285)	(5,344)	(5,700)	(6,057)
Others	(265)	(714)	-	-	-
<b>CF from financing activities</b>	<b>(443)</b>	<b>(5,161)</b>	<b>(5,344)</b>	<b>(5,700)</b>	<b>(6,057)</b>
<b>Net cash flow</b>	<b>(2,351)</b>	<b>1,628</b>	<b>(767)</b>	<b>1,914</b>	<b>7,783</b>
Opening balance	8,417	6,066	6,603	5,836	7,750
<b>Closing balance</b>	<b>6,066</b>	<b>6,603</b>	<b>5,836</b>	<b>7,750</b>	<b>15,534</b>

### Growth indicators (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	37.9	24.6	15.0	12.9	14.7
EBITDA (%)	44.4	23.1	9.3	19.5	18.2
Adj PAT (%)	39.8	25.0	5.6	24.8	20.4
Adj EPS (%)	39.3	25.0	5.6	24.8	20.4

### Valuation (x)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	57.8	46.2	43.8	35.1	29.1
P/BV (x)	14.0	12.4	11.2	9.7	8.2
EV/EBITDA (x)	33.3	26.9	24.7	20.5	17.0
EV/Sales (x)	5.9	4.7	4.1	3.6	3.1
Dividend Yield (%)	0.8	0.7	1.2	1.2	1.2

### Financial ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	25.5	28.5	26.9	29.6	30.6
RoCE (%)	32.3	35.1	33.6	37.4	38.4
Asset/T.O (x)	3.4	4.1	4.2	3.9	3.6
Net Debt/Equity (x)	(0.0)	(0.1)	(0.1)	(0.1)	(0.3)

### Margins (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	17.8	17.5	16.7	17.7	18.2
EBIT Margin (%)	14.2	14.3	13.2	14.4	14.9
PAT Margin (%)	10.4	10.4	9.6	10.5	11.1

Source: Company Antique

CMP	: INR 3,984
Reco	: BUY ↔
Target Price	: INR 4,500 ↑
Target Price Change	: 2%
Target FY26 EV/EBITDA (x)	: 14
EBITDA Change FY24/ 25/ 26	: 3%/5%/3%

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Market data	
Sensex	: 71,424
Sector	: Cement
Market Cap (INR bn)	: 308.5
Market Cap (USD bn)	: 3.713
O/S Shares (mn)	: 77.3
52-wk HI/LO (INR)	: 4211/2540
Avg. Daily Vol ('000)	: 114
Bloomberg	: JKCE IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	112.2	136.5	151.6
P/E (x)	35.5	29.2	26.3
P/BV (x)	5.7	4.9	4.2
EV/EBITDA (x)	16.1	13.9	12.6
Dividend Yield (%)	0.4	0.4	0.5

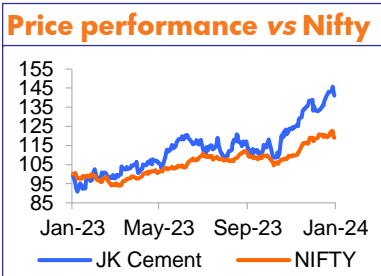
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	6	21	24	40
Relative	5	11	16	19

Source: Bloomberg

Shareholding pattern	
Promoters	: 46%
Public	: 54%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# J.K. Cement

## EBITDA/ton touches INR 1,330; new expansion announced

**JK Cement's (JKCE) 3QFY24 consolidated EBITDA/ton rose INR 300 QoQ to a multi-quarter high of INR 1,330—10%–15% ahead of our/ consensus estimates led mainly by lower fuel cost inventories. Domestic grey cement volume grew 14% YoY, while realization grew 3.5% QoQ, broadly in-line with our estimate. JKCE announced 6 MT Panna line-2 at a capex of INR 28.5 bn to be operational by Mar'26 which would provide continuous strong volume growth visibility. Current consolidated debt at INR 35 bn is unlikely to increase as JKCE is likely to generate OCF of more than INR 35 bn over FY25–26E. Factoring the 3Q beat, we raise our FY24–26E EBITDA by 3%–5% and increase our target price to INR 4,500 (earlier INR 4,400) on unchanged 14x FY26E EV/EBITDA. Our FY24–26E EBITDA is 7%–9% ahead of consensus. Maintain BUY. JKCE remains our preferred pick in the mid-cap space.**

### Consolidated volume grew strong at 14% YoY; blended realization increased by ~3% both QoQ and YoY

JKCE's 3Q consolidated revenue grew 17% YoY to INR 28.4 bn (in line with Antique/ consensus estimates). Grey cement volume increased 14% YoY/ 6% QoQ to 4.15 MT implying 75% utilization, while grey cement realization increased by ~3.5% QoQ. Blended cement share decreased 300 bps QoQ to 66% in 3Q while trade mix decreased 700 bps QoQ to 62%. Standalone white cement/ putty volume increased 10% YoY/ 3% QoQ to 0.42 mn ton, while realization increased ~2.5% QoQ/ remained flat YoY. The share of premium products decreased 100 bps QoQ to 12% of trade sales.

### 3Q consolidated EBITDA grew 34% QoQ; blended EBITDA/ton at INR 1,329

Total cost at INR 4,909/ton decreased 7% YoY/ ~3% QoQ. RM + P&F cost/ton declined ~18% YoY/ 9 % QoQ owing to lagged benefit of low cost inventory. Fuel consumption cost likely stood at ~INR 1.7–1.8/kcal vs. INR 1.9/kcal in 2Q. Going ahead, input cost benefits seem to be limited. Freight cost/ton increased ~5% YoY/ 11% QoQ owing to an increase in lead distance due to the extended footprint in East U.P. and Bihar and busy season surcharge on rail dispatches. On an absolute basis, employee cost grew 24% YoY/ 9% QoQ owing to higher performance incentives, while other expenses/ton remained flat YoY but declined by 7% QoQ owing to lower maintenance. APAT at INR 2.8 bn increased 59% QoQ.

3Q standalone EBITDA increased 36% QoQ to INR 6.1 bn. 3Q standalone EBITDA/ton increased 96% YoY/ 29% QoQ to INR 1,330/ton. Assuming a 22% EBITDA margin for white cement operations, grey cement EBITDA/ton may work out to ~INR 1,176/ton, including substantial ~INR 200/ton via other operating income, predominantly consisting of government incentives.

### Focus continues on cost efficiencies

JKCE's share of green power has increased to 50% in YTD FY24 (48% in 1HFY24 and 44% in FY23) and management targets to increase it to 75% by FY30. The thermal substitution rate has also increased from 13.9% in FY23 to 14.6% in YTD FY24.

### Announced the next phase of expansion, to reach 30 MT by FY26E

JKCE has laid out the roadmap for 30 MT capacity over the next two years. It plans to commission 2 MT Prayagraj grinding unit in July-Sep'24. It has also announced the next phase of expansion of 6 MT with 3.3 MT clinker line-2 at Panna, MP with 6 MT additional cement grinding capacity (3 MT in Bihar and 1 MT each at Panna, Hamirpur, and Prayagraj). The total project cost stands at INR 28.5 bn (~USD 60/ton). The company plans to raise/ re-finance debt of up to INR 18.5 bn and the balance through internal accrual. The company plans to commission clinker line-2 at Panna in 24 months and cement grinding capacities in 15 months from the date of work at the site.

### Investment Summary

We factor in 8% volume CAGR over FY24–26E and expect consolidated blended EBITDA/ton to improve from INR 1,120/ton in FY24 to INR 1,209/ton in FY25E and INR 1,225/ton by FY26E led by lower fuel costs, better costs efficiencies, and higher realization. The stock currently trades at 12.5x EV/EBITDA and USD 130 EV/ton based on FY26 EBITDA estimate. Key risks: lower demand/ prices and higher cost escalations.

## Quarterly Performance (Consolidated)

### Actual vs estimated performance

(INR mn)	Actual	Estimated	% Variance	Consensus	% Variance
Net sales	28,430	28,237	0.7	27,974	1.6
<b>EBITDA</b>	<b>6,251</b>	<b>5,666</b>	<b>10.3</b>	<b>5,325</b>	<b>17.4</b>
<b>EBITDA margin (%)</b>	<b>22.0</b>	<b>20.1</b>	<b>192bps</b>	<b>19.0</b>	<b>295bps</b>
Adj net income	2,838	2,297	23.5	2,331	21.8
FDEPS (INR)	36.7	29.7	23.5	30.2	21.8

Source: Company, Antique

### Quarterly financials

(INR mn)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	YTFY24	YTFY23	YoY (%)
<b>Sales</b>	<b>29,348</b>	<b>24,365</b>	<b>20.5</b>	<b>27,528</b>	<b>6.6</b>	<b>84,502</b>	<b>69,422</b>	<b>21.7</b>
Cost of Material Consumed	16,503	16,261	1.5	16,277	1.4	50,177	43,684	14.9
% of sales	56.2	66.7	-1051bps	59.1	-290bps	59.4	62.9	-355bps
Employee cost	1,988	1,600	24.3	1,829	8.7	5,656	4,695	20.5
% of sales	6.8	6.6	21bps	6.6	131.7	6.7	6.8	-7bps
Other expenses	4,606	4,025	14.4	4,752	(3.1)	13,670	11,395	20.0
% of sales	15.7	16.5	-83bps	17.3	-157bps	16.2	16.4	-24bps
Total Exp	23,097	21,886	5.5	22,858	1.0	69,503	59,774	16.3
<b>EBIDTA</b>	<b>6,251</b>	<b>2,479</b>	<b>152.2</b>	<b>4,670</b>	<b>33.9</b>	<b>14,999</b>	<b>9,648</b>	<b>55.5</b>
<b>Margin %</b>	<b>21.3</b>	<b>10.2</b>	<b>1113bps</b>	<b>17.0</b>	<b>434bps</b>	<b>17.7</b>	<b>13.9</b>	<b>385bps</b>
Other income	385	223	72.4	293	31.1	994	616	61.2
Depreciation	1,404	1,181	18.9	1,371	2.5	4,123	3,297	25.0
Interest expenses	1,141	787	45.0	1,150	(0.8)	3,382	2,110	60.2
<b>Profit Before Tax</b>	<b>4,090</b>	<b>734</b>	<b>457.2</b>	<b>2,442</b>	<b>67.5</b>	<b>8,488</b>	<b>4,856</b>	<b>74.8</b>
Exceptional item	-	-	NA	-	NA	(150)	(3)	NA
<b>PBT after exceptional</b>	<b>4,090</b>	<b>734</b>	<b>457.2</b>	<b>2,442</b>	<b>67.5</b>	<b>8,638</b>	<b>4,859</b>	<b>77.8</b>
Tax	1,252	320	NA	657	90.4	2,580	1,641	57.2
Tax Rate %	30.6	43.7	-1304bps	26.9	369bps	29.9	33.8	-391bps
<b>Reported Net Profit</b>	<b>2,838</b>	<b>414</b>	<b>586.2</b>	<b>1,785</b>	<b>59.0</b>	<b>6,058</b>	<b>3,218</b>	<b>88.3</b>
<b>Adjusted Net Profit</b>	<b>2,838</b>	<b>414</b>	<b>586.2</b>	<b>1,785</b>	<b>59.0</b>	<b>5,908</b>	<b>3,215</b>	<b>83.8</b>
<b>EPS (INR)</b>	<b>36.7</b>	<b>5.4</b>	<b>586.2</b>	<b>23.1</b>	<b>59.0</b>	<b>76.5</b>	<b>41.6</b>	<b>83.8</b>

Source: Company, Antique

### Per tonne analysis

(INR/ton)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)
<b>Volumes (mn ton)</b>	<b>4.71</b>	<b>4.14</b>	<b>13.5%</b>	<b>4.54</b>	<b>3.7%</b>
Raw material costs	818	995	-177	1,010	-192
Power & Fuel Cost	1,383	1,680	-297	1,396	-13
Freight Cost	1,307	1,250	57	1,182	125
Staff Cost	423	386	36	403	19
Other Cost	979	971	8	1,048	-69
Total Cost/ton	4,909	5,281	-7.0%	5,039	-2.6%
Realisation/ton	6,043	5,880	2.8%	5,871	2.9%
<b>EBITDA/ton</b>	<b>1,329</b>	<b>598</b>	<b>730</b>	<b>1,029</b>	<b>299</b>

Source: Company, Antique

### We have increased FY24 –FY 26 EBITDA estimates by ~3%-5%

Change in estimates	FY24E			FY25E			FY26E		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Revenue (INR mn)	1,17,959	1,15,925	-1.7	1,29,588	1,26,858	-2.1	1,41,282	1,38,962	-1.6
<b>EBITDA (INR mn)</b>	<b>20,555</b>	<b>21,255</b>	<b>3.4</b>	<b>23,510</b>	<b>24,667</b>	<b>4.9</b>	<b>26,325</b>	<b>27,121</b>	<b>3.0</b>
<b>EBITDA margin (%)</b>	<b>17.2</b>	<b>18.3</b>	<b>118bps</b>	<b>17.8</b>	<b>19.4</b>	<b>169bps</b>	<b>17.7</b>	<b>19.5</b>	<b>178bps</b>
Net profit (INR mn)	7,904	8,673	9.7	9,448	10,547	11.6	10,593	11,712	10.6
EPS (INR)	102.3	112.2	9.7	122.3	136.5	11.6	137.1	151.6	10.6

Source: Company, Antique

## Our FY24–FY26 EBITDA is 7%–9% ahead of consensus

INR Mn	Consensus			Antique			Variance		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	1,12,818	1,24,472	1,37,364	1,15,925	1,26,858	1,38,962	3	2	1
<b>EBITDA</b>	<b>19,474</b>	<b>22,567</b>	<b>25,322</b>	<b>21,255</b>	<b>24,667</b>	<b>27,121</b>	<b>9</b>	<b>9</b>	<b>7</b>
APAT	7,393	9,684	11,598	8,673	10,547	11,712	17	9	1

Source: Company, Antique

## Key Assumptions

	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e
Capacity (MTPA)	12.6	16.8	16.8	17.4	21.4	24.6	26.6	32.6
utilization (%)	81.3	61.0	71.2	80.4	75.7	77.2	76.8	68.0
<b>Volume (mn ton)</b>	<b>10.2</b>	<b>10.2</b>	<b>11.9</b>	<b>14.0</b>	<b>16.2</b>	<b>19.0</b>	<b>20.4</b>	<b>22.1</b>
Volume growth (%)	8.4	0.2	16.7	16.9	15.8	17.3	7.6	8.5
<b>Realization/ton (INR)</b>	<b>5,085</b>	<b>5,603</b>	<b>5,449</b>	<b>5,614</b>	<b>5,873</b>	<b>5,920</b>	<b>6,031</b>	<b>6,098</b>
YoY realization (%)	(0.1)	10.2	(2.8)	3.0	4.6	0.8	1.9	1.1
<b>Cost/ton (INR)</b>	<b>4,329</b>	<b>4,483</b>	<b>4,208</b>	<b>4,660</b>	<b>5,197</b>	<b>4,989</b>	<b>5,007</b>	<b>5,053</b>
RM Cost/ton (INR)	865	855	896	922	985	910	928	940
Employee Cost/ton (INR)	392	445	387	400	394	398	404	408
Power Cost/ton (INR)	1,083	1,072	975	1,183	1,585	1,407	1,396	1,416
Freight Cost/ton (INR)	1,100	1,077	1,089	1,184	1,257	1,270	1,280	1,290
Other Cost/ton (INR)	888	1,034	860	971	976	1,006	999	998
<b>EBITDA/ton (INR)</b>	<b>817</b>	<b>1,186</b>	<b>1,320</b>	<b>1,061</b>	<b>813</b>	<b>1,120</b>	<b>1,209</b>	<b>1,225</b>
Capex (INR bn)	6.9	12.6	6.7	14.7	19.2	15.0	18.0	18.0
<b>Net Debt (INR bn)</b>	<b>21.2</b>	<b>23.2</b>	<b>16.8</b>	<b>25.4</b>	<b>34.0</b>	<b>34.6</b>	<b>35.3</b>	<b>33.6</b>

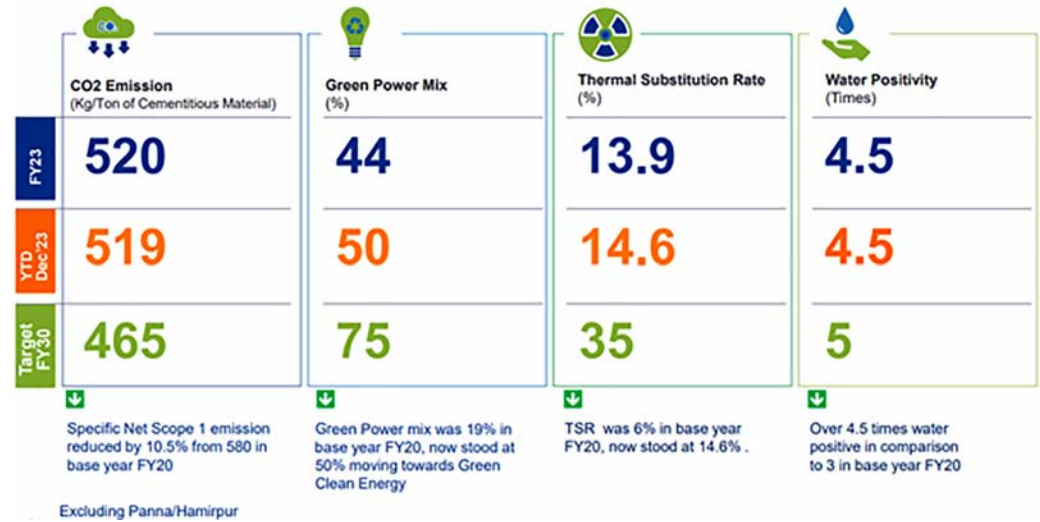
Source: Company, Antique

## Maintain BUY with target price of INR 4,500

EV/E method	MAR-26E
Mar 26E EBITDA (INR bn)	27.1
EV/E multiple (x)	14
<b>EV (INR bn)</b>	<b>380</b>
Net debt (Mar'26E)	34
<b>Equity value</b>	<b>346</b>
No. of shares (mn)	77
<b>Mar, 26 Target Price (INR)</b>	<b>4,500</b>

Source: Company, Antique

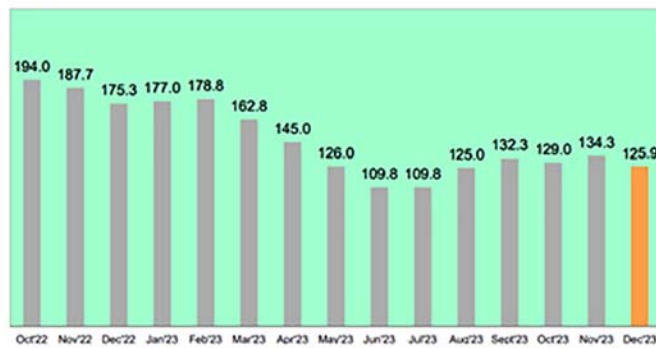
### Aggressive on ESG front



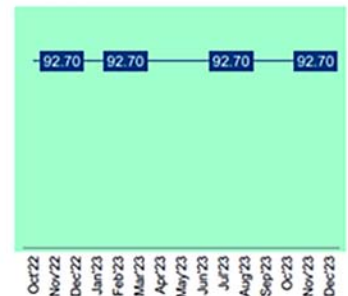
Source: Company, Antique

### Petcoke prices in a declining trend

**Pet coke 6.5% sulphur USA CFR (\$/MT)**

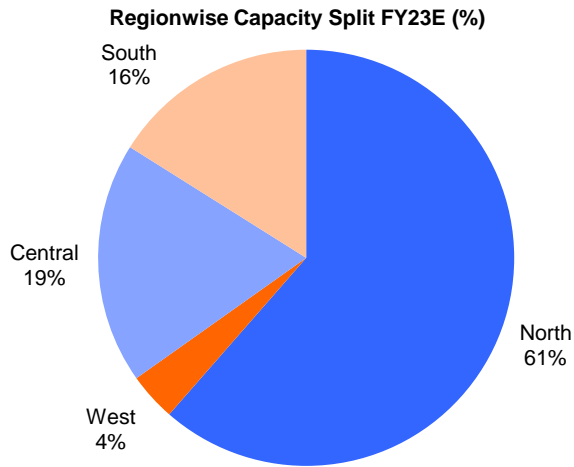


**Diesel Prices (₹/Litre)**



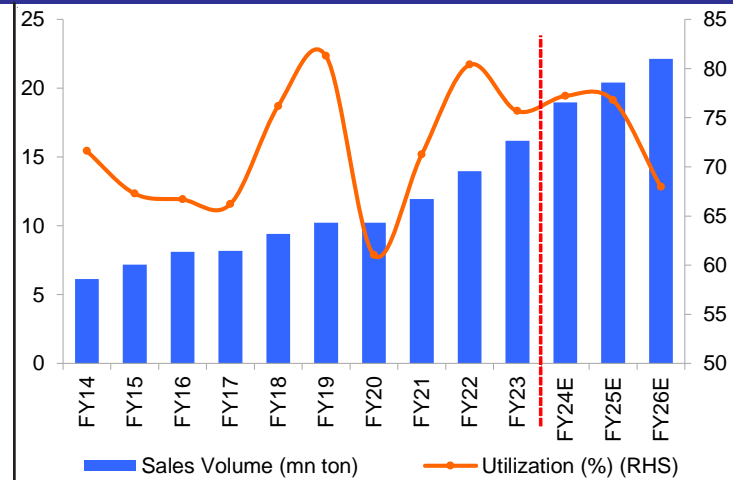
Source: Company, Antique

**Capacity to grow at 15% CAGR over FY24–26E**



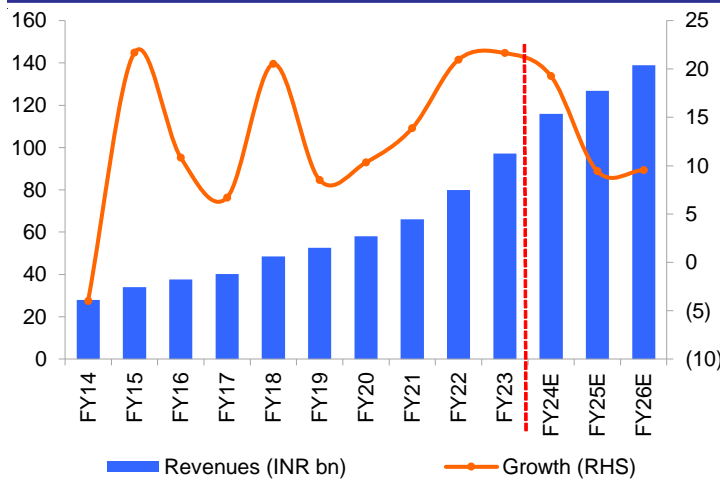
Source: Company, Antique

**Volume to grow at 8% CAGR over FY24–26E**



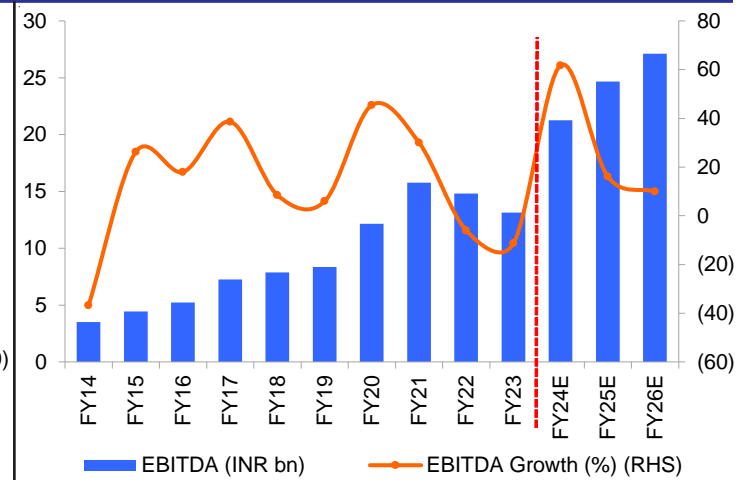
Source: Company, Antique

**Revenue to grow at 9% CAGR over FY24–26E**



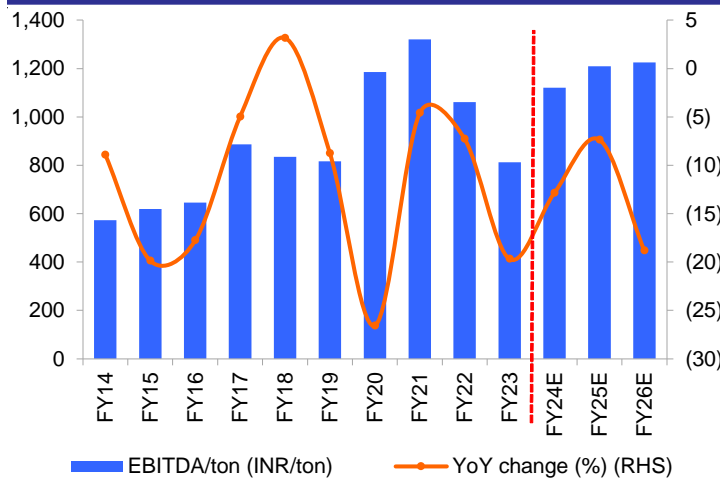
Source: Company, Antique

**EBITDA to grow at 13% CAGR over FY24–26E**



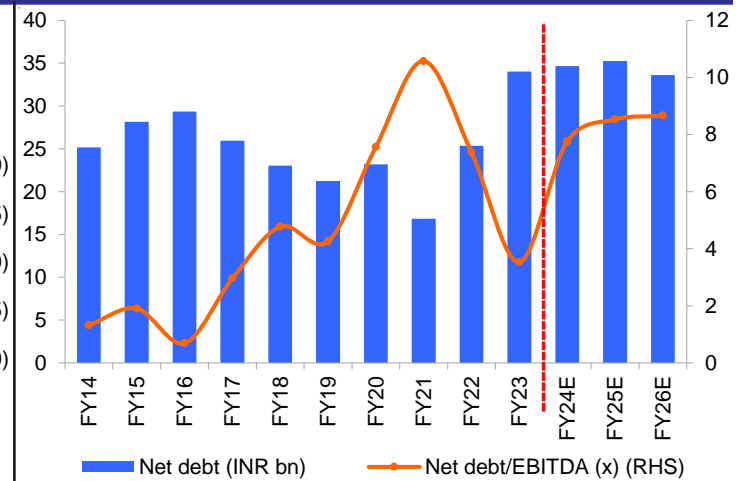
Source: Company, Antique

**EBITDA/t to improve to INR 1,225 by FY26E**



Source: Company, Antique

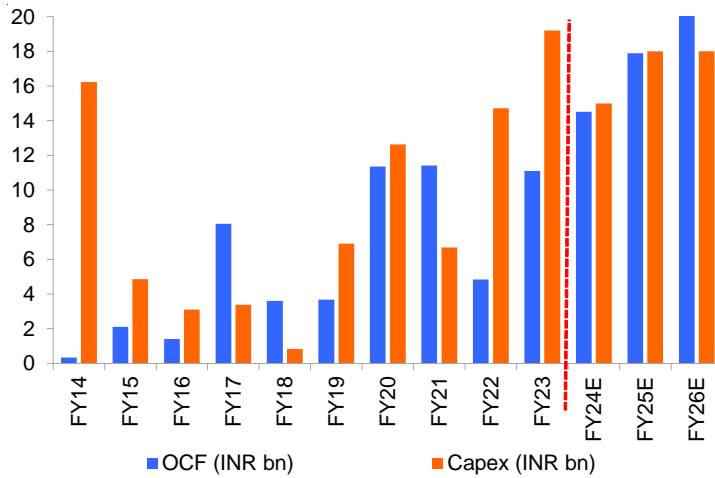
**Net debt to remain broadly flat over FY24–26E**



Source: Company, Antique

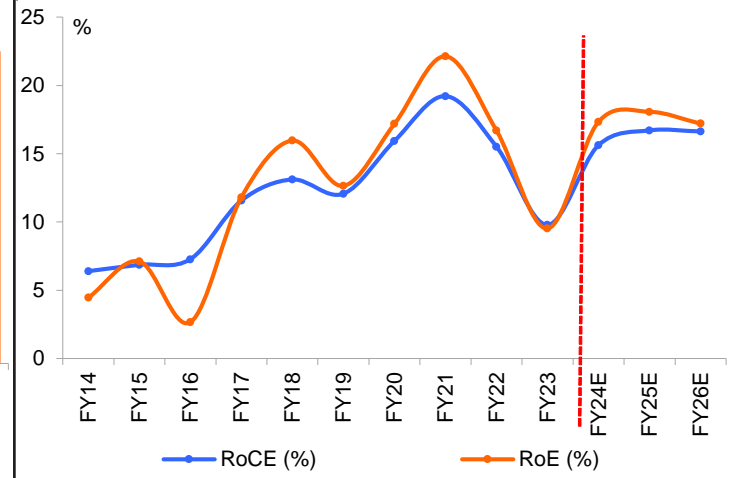


### Capex of INR 51 bn over FY24-26E



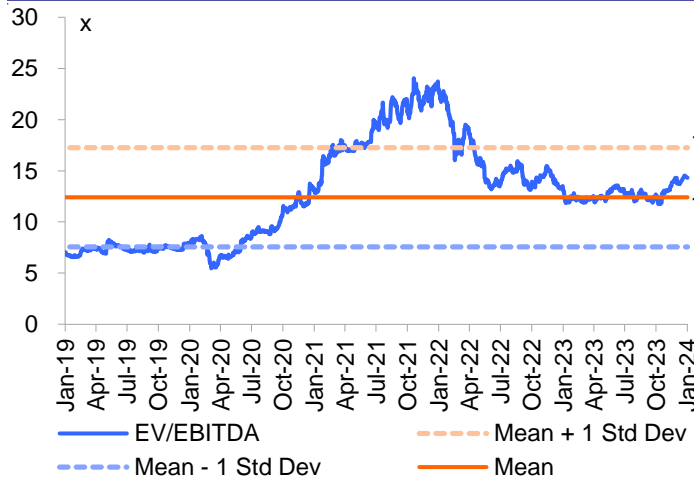
Source: Company, Antique

### RoE, RoCE to remain range bound in mid-teens



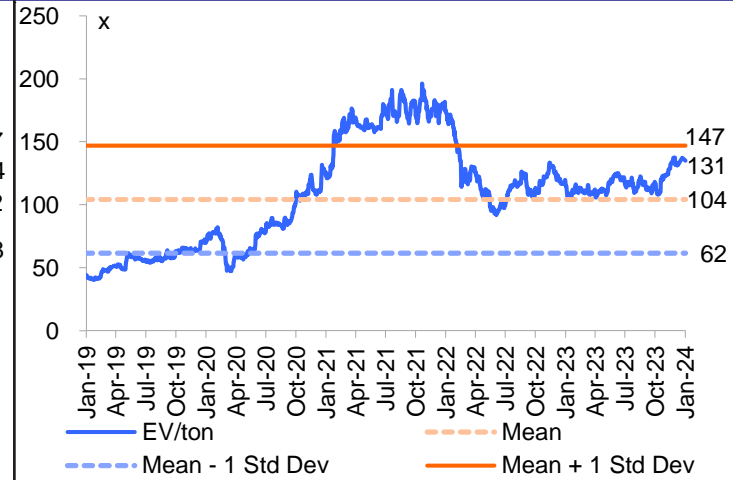
Source: Company, Antique

### EV/EBITDA 1-yr forward



Source: Company, Antique

### EV/ton 1-yr forward



Source: Company, Antique

## Financials (consolidated)

### Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Net Revenue</b>	<b>79,908</b>	<b>97,202</b>	<b>1,15,925</b>	<b>1,26,858</b>	<b>1,38,962</b>
Op. Expenses	65,084	84,059	94,670	1,02,191	1,11,842
<b>EBITDA</b>	<b>14,824</b>	<b>13,143</b>	<b>21,255</b>	<b>24,667</b>	<b>27,121</b>
Depreciation	3,425	4,582	5,569	6,154	6,897
<b>EBIT</b>	<b>11,399</b>	<b>8,561</b>	<b>15,686</b>	<b>18,513</b>	<b>20,224</b>
Other income	1,429	874	1,244	1,119	1,108
Interest Exp.	2,697	3,122	4,503	4,549	4,619
Extra Ordinary Items -gain/(loss)	142	-	-	-	-
<b>Reported PBT</b>	<b>10,273</b>	<b>6,313</b>	<b>12,426</b>	<b>15,084</b>	<b>16,713</b>
Tax	3,479	2,122	3,826	4,609	5,074
<b>Reported PAT</b>	<b>6,794</b>	<b>4,191</b>	<b>8,600</b>	<b>10,475</b>	<b>11,640</b>
Minority Int./Profit (loss) From Asso.	79	72	72	72	72
<b>Net Profit</b>	<b>6,873</b>	<b>4,263</b>	<b>8,673</b>	<b>10,547</b>	<b>11,712</b>
<b>Adjusted PAT</b>	<b>6,731</b>	<b>4,263</b>	<b>8,673</b>	<b>10,547</b>	<b>11,712</b>
<b>Adjusted EPS (INR)</b>	<b>88.9</b>	<b>55.2</b>	<b>112.2</b>	<b>136.5</b>	<b>151.6</b>

### Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	773	773	773	773	773
Reserves & Surplus	42,476	45,495	53,009	62,204	72,371
<b>Networth</b>	<b>43,249</b>	<b>46,267</b>	<b>53,781</b>	<b>62,976</b>	<b>73,143</b>
Debt	38,149	50,551	50,051	50,051	50,051
Minority Interest	(343)	(444)	(555)	(694)	(867)
Net deferred Tax liabilities	7,383	8,094	9,081	10,271	11,580
<b>Capital Employed</b>	<b>88,438</b>	<b>1,04,468</b>	<b>1,12,358</b>	<b>1,22,604</b>	<b>1,33,907</b>
Gross Fixed Assets	92,159	1,15,759	1,31,759	1,41,759	1,64,759
Accumulated Depreciation	26,721	31,304	36,742	42,766	49,532
Capital work in progress	10,321	5,920	4,920	12,920	7,920
<b>Net Fixed Assets</b>	<b>75,758</b>	<b>90,375</b>	<b>99,937</b>	<b>1,11,913</b>	<b>1,23,147</b>
Investments	2,157	923	923	923	923
Non Current Investments	110	215	215	215	215
Current Investments	2,047	708	708	708	708
<b>Current Assets, Loans &amp; Adv.</b>	<b>35,715</b>	<b>40,951</b>	<b>44,144</b>	<b>46,331</b>	<b>50,620</b>
Inventory	11,687	9,221	9,682	10,166	10,675
Debtors	4,268	4,801	6,876	7,534	8,263
Cash & Bank balance	10,752	15,833	14,695	14,081	15,724
Loans & advances and others	9,008	11,097	12,892	14,550	15,958
<b>Current Liabilities &amp; Provisions</b>	<b>25,192</b>	<b>27,782</b>	<b>32,646</b>	<b>36,563</b>	<b>40,783</b>
Liabilities	23,803	26,270	31,487	35,211	39,238
Provisions	1,389	1,511	1,159	1,352	1,545
<b>Net Current Assets</b>	<b>10,523</b>	<b>13,170</b>	<b>11,499</b>	<b>9,768</b>	<b>9,837</b>
<b>Application of Funds</b>	<b>88,438</b>	<b>1,04,468</b>	<b>1,12,358</b>	<b>1,22,604</b>	<b>1,33,907</b>

### Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	77	77	77	77	77
Diluted no. of shares (mn)	77	77	77	77	77
BVPS (INR)	559.7	598.8	696.0	815.0	946.6
CEPS (INR)	132.3	113.5	183.4	215.2	239.9
DPS (INR)	15.0	15.0	15.0	17.5	20.0

Source: Company, Antique

### Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>PBT</b>	<b>10,273</b>	<b>6,313</b>	<b>12,426</b>	<b>15,084</b>	<b>16,713</b>
Depreciation & amortization	3,425	4,582	5,569	6,154	6,897
Interest expense	2,697	3,122	4,503	4,549	4,619
(Inc)/Dec in working capital	(4,794)	2,312	885	924	1,381
Tax paid	(3,479)	(2,122)	(3,826)	(4,609)	(5,074)
Less: Interest/Div. Income Recd.	1,571	874	1,244	1,119	1,108
Other operating Cash Flow	(4,852)	(3,978)	(6,283)	(5,332)	(5,260)
<b>CF from operating activities</b>	<b>4,841</b>	<b>11,103</b>	<b>14,519</b>	<b>17,888</b>	<b>20,384</b>
Capital expenditure	(14,716)	(19,200)	(15,000)	(18,000)	(18,000)
Inc/(Dec) in investments	(734)	1,234	-	-	-
Add: Interest/Div. Income Recd.	1,429	874	1,244	1,119	1,108
<b>CF from investing activities</b>	<b>(14,021)</b>	<b>(17,092)</b>	<b>(13,756)</b>	<b>(16,881)</b>	<b>(16,892)</b>
Inc/(Dec) in debt	4,224	12,402	(500)	-	-
Dividend Paid	(1,391)	(1,159)	(1,159)	(1,352)	(1,545)
Others	1,003	(173)	(241)	(269)	(304)
<b>CF from financing activities</b>	<b>3,836</b>	<b>11,070</b>	<b>(1,900)</b>	<b>(1,621)</b>	<b>(1,849)</b>
<b>Net cash flow</b>	<b>(5,345)</b>	<b>5,082</b>	<b>(1,138)</b>	<b>(614)</b>	<b>1,643</b>
Opening balance	16,096	10,751	15,833	14,695	14,081
<b>Closing balance</b>	<b>10,751</b>	<b>15,833</b>	<b>14,695</b>	<b>14,081</b>	<b>15,725</b>

### Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue(%)	21.0	21.6	19.3	9.4	9.5
EBITDA(%)	-6.0	-11.3	61.7	16.1	9.9
Adj PAT(%)	-10.1	-36.7	103.4	21.6	11.0
Adj EPS(%)	-3.2	-38.0	103.4	21.6	11.0

### Valuation (x)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	44.8	72.2	35.5	29.2	26.3
P/BV (x)	7.1	6.7	5.7	4.9	4.2
EV/EBITDA (x)	22.5	26.0	16.1	13.9	12.6
EV/Sales (x)	4.2	3.5	3.0	2.7	2.5
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.5

### Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	16.7	9.5	17.3	18.1	17.2
RoCE (%)	15.5	9.8	15.6	16.7	16.6
Asset/T.O (x)	1.0	1.0	1.1	1.1	1.1
Net Debt/Equity (x)	0.6	0.7	0.6	0.6	0.5
EBIT/Interest (x)	4.8	3.0	3.8	4.3	4.6

### Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin(%)	18.6	13.5	18.3	19.4	19.5
EBIT Margin(%)	14.3	8.8	13.5	14.6	14.6
PAT Margin(%)	8.4	4.4	7.5	8.3	8.4

Source: Company Antique

CMP	: INR 138
Reco	: BUY ↔
Target Price	: INR 150 ↔
Target Price Change	: No Change
Target FY26 P/E (x)	: SoTP
EPS Change FY24/25/26	: -8% 0% -18%

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Market data	
Sensex	: 71,683
Sector	: Utilities
Market Cap (INR bn)	: 182.9
Market Cap (USD bn)	: 2.202
O/S Shares (mn)	: 1,325.6
52-wk HI/LO (INR)	: 146/62
Avg. Daily Vol ('000)	: 9,749
Bloomberg	: CESC IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	12.0	13.4	17.4
P/E (x)	11.5	10.3	7.9
P/BV (x)	1.8	1.7	1.5
EV/EBITDA (x)	14.6	9.6	7.5
Dividend Yield (%)	3.3	3.3	3.3

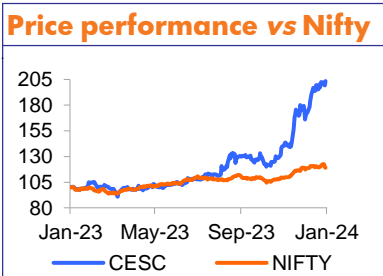
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	20	55	84	87
Relative	19	42	72	59

Source: Bloomberg

Shareholding pattern	
Promoters	: 52%
Public	: 48%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# CESC

## Spotlight on green energy expansion!

Calcutta Electric Supply Corporation (CESC) reported a consolidated EBITDA of INR 3.4 bn, down 30% YoY—explained by one-off events in Haldia and Chandrapur. Also, the company reported INR 3 bn in net profit, down 10% YoY. CESC continues its dependence on regulatory income. For instance, the quarterly regulatory income booked was INR 5.6 bn, up 69% YoY—resulting in PBT of INR 3.6 bn, down 12% YoY. Using sum-of-the-parts, we value CESC with a TP of INR 150 and continue to recommend BUY rating.

### Shutdown at Haldia and Chandrapur plants compels expensive spot purchases

CESC had to shut down units of Haldia and Chandrapur power for 20 days during 3QFY24 for maintenance and installation of NOx filters. To service Kolkata DISCOMs, thereby, CESC resorted to spot market purchases, which were at a higher-than-normal cost. Even during the lean winter season, for instance, spot market prices remain high at INR 6.5/unit. The EBITDA, thereby, declined to INR 3.4 bn, down 30% YoY.

### Increasing regulated assets is a cause for concern

At the end of 9MFY24, we estimate that the regulatory assets have swelled to INR 57 bn, up 23% YoY. From April 1, 2023, with a change in regulation, carrying regulatory assets can earn one-year SBI MCLR rates. This helps the company book carrying costs in addition to regulatory income. The liquidation of these assets depends on APTEL, where CESC claims to have filed an application and APTEL does not have adequate members to hear the case, as of now.

### The path ahead for the liquidation of assets

CESC is planning to add 3 GW of RE assets. Solar, for instance, can generate INR 6 bn/GW with a tariff of INR 2.5/unit. To understand the magnitude of cost savings: say, Kolkata's distribution levelized tariff is INR 7.5/unit. For 2 BU of solar power generated from 1 GW of plant, to service the spread of INR 5/unit (INR 7.5/unit-INR 2.5/unit), the savings can be as high as INR 10 bn. Note, CESC has booked INR 13 bn of regulatory income in FY23. The scope for savings, through 3 GW of RE, will be considerable.

### RE expansion on strong footing

CESC has 250 acres of land in Bikaner. It has submitted an application with the RREC for registration and transmission connectivity. CESC is in advanced stages of further acquiring 2,000 acres. The company has submitted an EOI to the Gujarat Government requesting allotment of ~20,000 hectares of government land for setting up a solar-wind hybrid portfolio in Gujarat.

### Expansion in Green Hydrogen

CESC Projects is a successful bidder for setting up 10,500 MT/annum of Green Hydrogen production facility under the Strategic Interventions for Green Hydrogen Transition scheme, issued by the SECI. The Green Hydrogen project is expected to be commissioned within three years. This would be a pilot project and further capacity addition would be planned at a later date.

### Volume growth in the distribution circle supports the long-term thesis

Kolkata distribution business witnessed 6.5% YoY demand growth in 3QFY24. Noida Power reported sales of 669 MU during 3QFY24, registering a YoY growth of 17.3%. 9M FY24 sales increased by 7.6% to 2,423 MU. Rajasthan Distribution Franchisees—Bharatpur DF and Bikaner DF remained PAT positive. However, Kota DF witnessed a turnaround and turned cash positive. All three DFs reported further reduction in T&D loss on a QoQ basis. Malegaon DF reported 6% YoY growth in sales volume which stood at 218 MU during the quarter. T&D losses reduced marginally. WBERC has issued a tariff order on CESC for FY23 in December 2023. CESC declared an interim dividend of INR 4.5/share.

### Investment Summary

With regulated Kolkata operations driving the show, we forecast 5.4%/ 26% CAGR revenue/EBITDA till FY26E. The major spotlight remains on WBERC's regulatory order to hike tariffs, which will improve cash collection. The other catalyst remains winning timely asset addition in RE, mix of spot in Chandrapur and resolution on Chandigarh. Using sum-of-the-parts, we value CESC with a TP of INR 150 and continue to recommend BUY rating. Risks: (1) Adverse or delay in WBERC regulatory order and (2) Capital allocation to projects earning lower equity IRR.

## Financial Results

In INR mn	Quarter Ended				Year Ended			
	Dec-23	Dec-22	% Chg	Sep-23	% Chg	9MFY24	9MFY23	% Chg
<b>Net Sales</b>	<b>32,440</b>	<b>31,290</b>	<b>3.7</b>	<b>43,520</b>	<b>(25.5)</b>	<b>1,19,060</b>	<b>1,11,440</b>	<b>6.8</b>
EBIDTA	3,460	4,960	(30.2)	6,460	(46.4)	17,160	16,360	4.9
Other income	570	950	(40.0)	620	(8.1)	1,780	2,030	(12.3)
<b>PBIDT</b>	<b>4,030</b>	<b>5,910</b>	<b>(31.8)</b>	<b>7,080</b>	<b>(43.1)</b>	<b>18,940</b>	<b>18,390</b>	<b>3.0</b>
Depreciation	(3,030)	(2,190)	38.4	(3,030)	0.0	(9,060)	(6,570)	37.9
Interest	(2,960)	(2,890)	2.4	(3,050)	(3.0)	(9,090)	(8,280)	9.8
Regulatory Income	5,600	3,310	69.2	3,610	55.1	11,850	8,350	41.9
<b>PBT</b>	<b>3,640</b>	<b>4,140</b>	<b>(12.1)</b>	<b>4,610</b>	<b>(21.0)</b>	<b>12,640</b>	<b>11,890</b>	<b>6.3</b>
Tax	(630)	(780)	(19.2)	(980)	(35.7)	(2,320)	(2,370)	(2.1)
<b>Adjusted PAT</b>	<b>3,010</b>	<b>3,360</b>	<b>(10.4)</b>	<b>3,630</b>	<b>(17.1)</b>	<b>10,320</b>	<b>9,520</b>	<b>8.4</b>
Minority interest	(200)	(170)	17.6	(150)	33.3	(560)	(420)	33.3
<b>Reported PAT (after MI)</b>	<b>3,010</b>	<b>3,360</b>	<b>(10.4)</b>	<b>3,630</b>	<b>(17.1)</b>	<b>10,320</b>	<b>9,520</b>	<b>8.4</b>
<b>No. of shares (mn)</b>	<b>1,326</b>	<b>1,326</b>		<b>1,326</b>		<b>1,326</b>	<b>1,326</b>	<b>0.0</b>
EBIDTA margin (%)	10.7	15.9		14.8		14.4	14.7	(1.8)
PBIDT margin (%)	12.4	18.9		16.3		15.9	16.5	(3.6)
<b>EPS - annualized (INR)</b>	<b>9.1</b>	<b>10.1</b>	<b>(10.4)</b>	<b>11.0</b>	<b>(17.1)</b>	<b>10.4</b>	<b>9.5</b>	<b>8.4</b>

## Subsidiary financials

Subsidiary All figures in INR mn, stated otherwise	Quarter Ended				Year Ended			
	Dec-23	Dec-22	% Chg	Sep-23	% Chg	9MFY24	9MFY23	% Chg
Haldia	4,280	4,550	(5.9)	5,370	(20.3)	15,040	15,620	(3.7)
Dhariwal	3,700	5,110	(27.6)	5,300	(30.2)	14,160	14,440	(1.9)
Crescent Power	530	540	(1.9)	460	15.2	1,500	1,230	22.0
Noida Power	5,570	4,840	15.1	7,120	(21.8)	19,050	18,390	3.6
Kota/Bharatpur/Bikaner DF	3,970	3,840	3.4	5,910	(32.8)	15,580	15,120	3.0
Malegaon	1,700	1,631	4.2	1,600	6.3	4,840	4,470	8.3
<b>Revenue (Subs)</b>	<b>19,750</b>	<b>20,511</b>	<b>(3.7)</b>	<b>25,760</b>	<b>(23.3)</b>	<b>70,170</b>	<b>69,270</b>	<b>1.3</b>
Haldia	480	710	(32.4)	660	(27.3)	1,760	1,920	(8.3)
Dhariwal	420	510	(17.6)	680	(38.2)	1,890	1,660	13.9
Crescent Power	210	70	200.0	150	40.0	560	210	166.7
Noida Power	480	550	(12.7)	370	29.7	1,390	1,300	6.9
Kota/Bharatpur/Bikaner DF	1	(110)	(100.9)	(20)	(105.0)	151	(290)	(152.1)
Malegaon	(270)	(190)	42.1	(269)	0.4	(869)	(670)	29.7
<b>Net profit (Subs)</b>	<b>1,321</b>	<b>1,540</b>	<b>(14.2)</b>	<b>1,571</b>	<b>(15.9)</b>	<b>4,882</b>	<b>4,130</b>	<b>18.2</b>

Source: Company, Antique

## Operational metrics

Key operational metrics Generation (in MU)	Quarter Ended				Year Ended			
	Dec-23	Dec-22	% Chg	Sep-23	% Chg	9MFY24	9MFY23	% Chg
Budge Budge	1,319	1,073	22.9	1,415	(6.8)	4,150	3,661	13.4
Southern	98	34	188.2	206	(52.4)	535	523	2.3
Haldia	893	992	(10.0)	1,162	(23.1)	3,190	3,076	3.7
Dhariwal	783	981	(20.2)	1,120	(30.1)	3,000	2,944	1.9
Crescent	78	79	(1.3)	-	NM	219	217	0.9
Solar	5	6	(12.3)	-	NM	19	19	(2.1)
<b>PLF</b>								
Budge Budge	86%	70%	1,620	93%	(650)	90.8%	80.3%	1,047
Southern	36%	12%	2,400	76%	NM	66.2%	64.3%	187
Haldia	73%	81%	(850)	95%	(2,210)	87.2%	84.5%	269
Dhariwal	64%	80%	(1,630)	91%	(2,710)	81.6%	80.3%	129
Crescent Power	99%	101%	(200)	0%	9,900	93.5%	93.0%	50
Solar	13%	14%	(160)	0%	1,270	15.7%	16.0%	(30)
Standalone distribution loss	NA	NA	NM	8%	NM	8.1%	8.1%	5

Source: Company, Antique

### Treatment of APR recovery till FY18

In INR bn	Recovery/ Refund in APR orders	Adjustment in FY21	Adjustment in FY22	Adjustment left in FY23
1	2	3	4	5=2-3-4
Part Adjustment of APR13-14	1.5	1.5		-
Adjustment for APR 14-15	(1.0)	-1.0		-
Part Adjustment for 15-16	(1.2)	-1.1	(0.10)	(0.00)
Adjustment for APR 16-17	1.1		1.13	0.00
Part Adjustment for APR17-18	1.2		0.09	1.08
<b>Total Adjustment</b>		<b>(0.5)</b>	<b>1.1</b>	<b>1.1</b>

Source: Company, Antique

### Change in estimates

	New Estimates			Old Estimates			Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	150,691	153,954	166,592	150,691	153,954	166,592	0%	0%	0%
EBITDA	23,505	35,549	44,537	35,505	35,549	44,537	-34%	0%	0%
Net profit	15,903	17,761	23,089	17,343	17,761	28,109	-8%	0%	-18%

Source: Company, Antique

### Sum of the Parts

In INR mn, stated otherwise	Valuation	Stake	Attributed to CESC	Valuation Rationale
Integrated Kolkata Business	74,627	100%	74,627	NPV of FCFE with 14% Ke
<b>Generation</b>				
Haldia	23,379	100%	23,379	NPV of FCFE with 14% Ke
Dhariwal	2,669	100%	2,669	NPV of FCFE with 14% Ke
Crescent	1,090	67.83%	739	NPV of FCFE with 14% Ke
<b>Distribution</b>				
Noida	12,544	72.73%	9,123	NPV of FCFE with 14% Ke
Kota	1,761	100%	1,761	NPV of FCFE with 14% Ke
Bharatpur	5,612	100%	5,612	NPV of FCFE with 14% Ke
Bikaner	1,939	100%	1,939	NPV of FCFE with 14% Ke
Malegaon	5,824	100%	5,824	NPV of FCFE with 14% Ke
Chandigarh	8,700	100%	8,700	Invested value
Surya Vidyut	3,150	100%	3,150	NPV of FCFE with 14% Ke
<b>Regulatory assets</b>	<b>52,000</b>	<b>100%</b>	<b>52,000</b>	<b>Fair value from balance sheet</b>
PVGO of RE Assets	23,288	100%	23,288	EV/EBITDA of 10x
<b>Sum of Assets</b>			<b>212,810</b>	
Standalone net debt			13,580	
Fair value of the company			199,230	
Shares outstanding			1,326	
Target Price			150	

Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Net Revenue</b>	<b>1,25,440</b>	<b>1,42,460</b>	<b>1,50,691</b>	<b>1,53,954</b>	<b>1,66,592</b>
Op. Expenses	(96,270)	(1,20,970)	(1,27,187)	(1,18,405)	(1,22,056)
<b>EBITDA</b>	<b>29,170</b>	<b>21,490</b>	<b>23,505</b>	<b>35,549</b>	<b>44,537</b>
Depreciation	(8,847)	(8,780)	(8,849)	(9,186)	(12,024)
<b>EBIT</b>	<b>20,323</b>	<b>12,710</b>	<b>14,656</b>	<b>26,364</b>	<b>32,513</b>
Other income	2,760	3,088	3,054	3,099	3,135
Interest Exp.	(11,290)	(11,170)	(11,055)	(10,866)	(9,893)
Regulatory Income (Expense)	7,370	12,760	15,800	5,940	4,450
<b>Reported PBT</b>	<b>19,163</b>	<b>17,388</b>	<b>22,455</b>	<b>24,537</b>	<b>30,205</b>
Tax	(5,113)	(3,420)	(6,552)	(6,776)	(7,116)
<b>Reported PAT</b>	<b>14,050</b>	<b>13,968</b>	<b>15,903</b>	<b>17,761</b>	<b>23,089</b>
Minority Int./Profit (loss) From Asso.	460	540	-	-	-
<b>Net Profit</b>	<b>13,590</b>	<b>13,970</b>	<b>15,903</b>	<b>17,761</b>	<b>23,089</b>
<b>Adjusted PAT</b>	<b>13,590</b>	<b>13,970</b>	<b>15,903</b>	<b>17,761</b>	<b>23,089</b>
<b>Adjusted EPS (INR)</b>	<b>10.2</b>	<b>10.5</b>	<b>12.0</b>	<b>13.4</b>	<b>17.4</b>

### Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	1,332	1,332	1,332	1,332	1,332
Reserves & Surplus	1,02,632	1,07,772	1,02,240	1,07,833	1,23,765
<b>Networth</b>	<b>1,03,964</b>	<b>1,09,104</b>	<b>1,03,572</b>	<b>1,09,166</b>	<b>1,25,097</b>
Debt	1,50,601	1,65,966	1,90,966	1,95,966	1,95,966
Minority Interest	4,342	4,787	4,787	4,787	4,787
Net deferred Tax liabilities	39,385	28,410	28,410	28,410	28,410
<b>Capital Employed</b>	<b>2,98,291</b>	<b>3,08,267</b>	<b>3,27,735</b>	<b>3,38,329</b>	<b>3,54,261</b>
Gross Fixed Assets	3,04,609	3,10,886	3,17,164	3,25,614	3,40,064
Accumulated Depreciation	(72,452)	(83,256)	(92,104)	(1,01,290)	(1,13,314)
Capital work in progress	1,025	1,404	1,404	1,404	1,404
<b>Net Fixed Assets</b>	<b>2,33,181</b>	<b>2,29,034</b>	<b>2,26,463</b>	<b>2,25,728</b>	<b>2,28,154</b>
Investments	65,049	82,104	1,00,404	1,06,344	1,10,794
Non Current Investments	65,049	82,104	1,00,404	1,06,344	1,10,794
<b>Current Assets, Loans &amp; Adv.</b>	<b>68,062</b>	<b>70,472</b>	<b>76,833</b>	<b>83,867</b>	<b>94,427</b>
Inventory	6,594	8,802	10,321	10,545	10,749
Debtors	20,955	21,915	23,120	23,620	25,798
Cash & Bank balance	32,495	25,884	31,419	37,470	45,410
Loans & advances and others	8,018	13,871	11,973	12,232	12,469
<b>Current Liabilities &amp; Provisions</b>	<b>68,001</b>	<b>73,344</b>	<b>75,965</b>	<b>77,610</b>	<b>79,114</b>
Liabilities	66,756	71,964	74,314	75,923	77,394
Provisions	1,245	1,380	1,651	1,687	1,720
<b>Net Current Assets</b>	<b>61</b>	<b>(2,872)</b>	<b>868</b>	<b>6,257</b>	<b>15,313</b>
<b>Application of Funds</b>	<b>2,98,291</b>	<b>3,08,267</b>	<b>3,27,735</b>	<b>3,38,329</b>	<b>3,54,261</b>

### Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	1,326	1,326	1,326	1,326	1,326
Diluted no. of shares (mn)	1,326	1,326	1,326	1,326	1,326
BVPS (INR)	78.4	82.3	78.1	82.3	94.3
CEPS (INR)	19.1	10.4	18.7	20.3	31.8
DPS (INR)	4.5	4.6	4.6	4.6	4.6

Source: Company, Antique

### Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>PBT</b>	<b>19,163</b>	<b>17,391</b>	<b>22,455</b>	<b>24,537</b>	<b>30,205</b>
Depreciation & amortization	8,232	10,804	8,849	9,186	12,024
Interest expense	11,290	11,170	11,055	10,866	9,893
(Inc)/Dec in working capital	(6,517)	(895)	1,796	661	(1,115)
Tax paid	(2,121)	(14,393)	(6,552)	(6,776)	(12)
Other operating Cash Flow	(5,056)	(4,293)	(15,397)	(6,129)	(8,223)
<b>CF from operating activities</b>	<b>24,991</b>	<b>19,784</b>	<b>22,206</b>	<b>32,345</b>	<b>42,771</b>
Capital expenditure	1,269	9,179	(6,277)	(8,450)	(14,450)
chg in investments	(6,235)	(11,002)	(18,300)	(5,940)	(4,450)
<b>CF from investing activities</b>	<b>(4,966)</b>	<b>(1,823)</b>	<b>(24,578)</b>	<b>(14,390)</b>	<b>(18,900)</b>
Inc/(Dec) in debt	(13,132)	15,972	25,000	5,000	-
Dividend Paid	(6,026)	(6,038)	(6,038)	(6,038)	(6,038)
Others	13,049	(34,506)	(11,055)	(10,866)	(9,893)
<b>CF from financing activities</b>	<b>(6,109)</b>	<b>(24,572)</b>	<b>7,907</b>	<b>(11,904)</b>	<b>(15,931)</b>
<b>Net cash flow</b>	<b>13,916</b>	<b>(6,611)</b>	<b>5,535</b>	<b>6,051</b>	<b>7,941</b>
Opening balance	18,579	32,495	25,884	31,419	37,470
<b>Closing balance</b>	<b>32,495</b>	<b>25,884</b>	<b>31,419</b>	<b>37,470</b>	<b>45,410</b>

### Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	7.8	13.6	5.8	2.2	8.2
EBITDA	-8.1	-26.3	9.4	51.2	25.3
Adj PAT	-8.6	2.8	13.8	11.7	30.0
Adj EPS	-8.6	2.8	13.8	11.7	30.0

### Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	13.5	13.1	11.5	10.3	7.9
P/BV (x)	1.8	1.7	1.8	1.7	1.5
EV/EBITDA (x)	10.3	15.0	14.6	9.6	7.5
EV/Sales (x)	2.4	2.3	2.3	2.2	2.0
Dividend Yield (%)	3.3	3.3	3.3	3.3	3.3

### Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	7.0	1.1	0.5	10.9	18.8
RoCE (%)	8.0	4.7	5.1	8.7	12.0
Asset/T.O (x)	0.4	0.4	0.4	0.4	0.6
Net Debt/Equity (x)	0.9	1.1	1.3	1.2	1.4
EBIT/Interest (x)	2.0	1.4	1.6	2.7	3.6

### Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	23.3	15.1	15.6	23.1	26.7
EBIT Margin (%)	16.2	8.9	9.7	17.1	19.5
PAT Margin (%)	10.6	9.6	10.3	11.3	13.6

Source: Company, Antique

CMP	: INR 170
Reco	: BUY ↔
Target Price	: INR 215 ↑
Target Price Change	: 10%
Target FY26 P/BV (x)	: 1.3
EPS Change FY24/ 25/ 26:	11%/ 9%/ 7%

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Market data	
Sensex	: 71,424
Sector	: Banks
Market Cap (INR bn)	: 135.7
Market Cap (USD bn)	: 1.634
O/S Shares (mn)	: 799.2
52-wk HI/LO (INR)	: 177/93
Avg. Daily Vol ('000)	: 3,119
Bloomberg	: KVB IN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	19.2	21.0	23.3
BVPS (INR)	123.8	142.5	163.3
PE (x)	8.9	8.1	7.3
P/BV (x)	1.4	1.2	1.0
NIM (%)	4.2	4.0	4.0

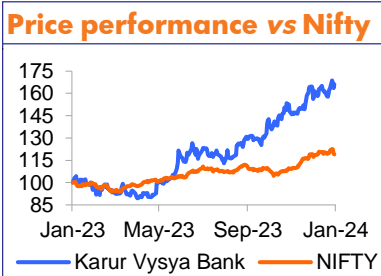
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	5	18	31	62
Relative	5	8	22	37

Source: Bloomberg

Shareholding pattern		
Promoters	:	2%
Public	:	98%
Others	:	0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# Karur Vysya Bank

## Strong performance; RoA remains high; valuation reasonable

Karur Vysya Bank (KVB) reported Nil of INR 10 bn (13% YoY, our/ consensus estimate of INR 9.2 bn/ INR 9.3 bn), and PAT of INR 4.1 bn (42% YoY vs. our/ consensus estimate of INR 3.1 bn/ INR 3.7 bn) driven largely by NIM expansion of 25 bps QoQ (19 bps coming from recovery of one large corporate account). The bank has also revised its NIM guidance upwards to 4% from 3.8% for 4QFY24. It has taken wage hike provisions towards pension liability of INR 410 mn which led to cost to income ratio rising just above 50%, but for the full year, it is still expected to come below 50%. Asset quality remained strong with a low net slippage ratio of 0.5% and NNPL of 0.4%. The bank made INR 250 mn of floating provisions (INR 750 mn in 9MFY24) in 3QFY24. Loan growth was healthy at 16% YoY and 3% QoQ. Deposit growth was healthy and liquidity remains comfortable. Overall, given that KVB continues to deliver strong RoA performance (1.6%+ in 3QFY24), we raise our earnings estimate by 9%/ 7% for FY25/ 26E and expect RoA of 1.5%/ 1.4% and RoE of 16%/ 15% over FY25/ 26E. We maintain BUY and revise our TP to INR 215 (1.3x FY26 BV) vs. INR 195 earlier.

### Strong Nil performance; RoA remains high

Nil growth of 13% YoY/ 9% QoQ was 9% above our estimates as NIM expanded 25 bps QoQ to 4.32% (19 bps positive impact coming from the recovery of one large corporate account). The bank has increased its exit quarter FY24 NIM guidance from 3.8% to 4%. Management expects a further 15 bps rise in the cost of deposits in 4QFY24, whereas the yield on loans is expected to increase by 10 bps. Fee income grew 23% YoY/ 15% QoQ (0.9% of average assets). Opex growth was high at 32% YoY driven by pension provision of INR 410 mn and expects a further INR 400 mn pension impact in the next quarter. Due to this, core PPP de-grew 2% YoY (2.1% of average assets). Credit cost was stable at 0.6% and the bank has created a further floating provision of INR 250 mn (INR 750 mn in 9MFY24) to strengthen the balance sheet, despite which PAT increased by 42% YoY/ 9% QoQ (RoA of 1.65%).

### Gross slippage ratio increased sequentially, overall asset quality remains strong

Slippage ratio increased from 1% to 1.3% QoQ as corporate slippage increased from 0.6% to 1.2% QoQ, SME slippages increased marginally from 1.8% to 2% QoQ, and retail slippages stood at 1.3% (vs. 1.1% in 2QFY24). Net slippage ratio increased from 23 bps to 47 bps QoQ and the bank's pursuit to clean up its balance sheet led to write-offs of INR 1.5 bn, resulting in a decline in headline NPL ratios. GNPL/ NNPL declined from 1.7%/ 0.5% to 1.6%/0.4% QoQ. The bank's PCR remained stable QoQ at 74% (94.8% including technical write-offs). Total net stress loans came off by 15 bps QoQ to 1.5% and restructured loans declined 6% QoQ (1.1% of loans). Credit cost was low at 0.6%.

### Loan growth was driven by SME and retail, while the corporate book witnessed muted growth

Net loans grew 3% QoQ/ 16% YoY driven by 19% YoY/ 4% QoQ growth in the SME portfolio, the retail book grew 21% YoY/ 5% QoQ, and agri banking at 20% YoY/ 4% QoQ. The corporate book witnessed muted growth 2% YoY (-0.3% QoQ) as the bank is reducing its exposure to the low-yielding corporate book. Jewel loans grew 2% QoQ/ 18% YoY. Within retail, mortgage loans (66% of the retail portfolio, including HL+LAP) grew 5% QoQ (32% YoY) and PL witnessed robust growth of 68% QoQ (8% of retail book) due to festive season demand. Deposits grew 3% QoQ/ 12.5% YoY, within which CASA grew marginally at 5% YoY/ 1% QoQ, and the CASA ratio was at 31.5%. LD ratio stood stable QoQ at 84%.

### Investment Summary

KVB continues to deliver healthy core performance and is strengthening its balance sheet further-the benefits of which have started percolating into the P&L in the form of low credit cost. The benefits are expected to continue to flow in FY25/ 26. We expect the bank to deliver RoA of 1.5%/ 1.4% and RoE of 16%/ 15% over FY25/ 26E. Maintain BUY.

## Quarterly Earnings

Profit and Loss (INR mn)	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	3QFY24E	Deviation (%)	9MFY24	9MFY23	YoY %
<b>Net Interest Income</b>	<b>10,013</b>	<b>8,890</b>	<b>12.6</b>	<b>9,154</b>	<b>9.4</b>	<b>9,207</b>	<b>8.8</b>	<b>28,137</b>	<b>24,562</b>	<b>14.6</b>
Other Income	3,578	3,175	12.7	3,389	5.6	2,950	21.3	10,298	7,581	35.8
<b>Reported Fee income</b>	<b>2,260</b>	<b>1,840</b>	<b>22.8</b>	<b>1,970</b>	<b>14.7</b>	<b>2,150</b>	<b>5.1</b>	<b>6,270</b>	<b>5,450</b>	<b>15.0</b>
<b>Core Income</b>	<b>12,273</b>	<b>10,730</b>	<b>14.4</b>	<b>11,124</b>	<b>10.3</b>	<b>11,357</b>	<b>8.1</b>	<b>34,407</b>	<b>30,012</b>	<b>14.6</b>
Other non-core Income	1,318	1,335	-1.3	1,419	-7.1	800	64.7	4,028	2,131	89.0
<b>Operating Expenses</b>	<b>6,832</b>	<b>5,175</b>	<b>32.0</b>	<b>6,164</b>	<b>10.8</b>	<b>6,693</b>	<b>2.1</b>	<b>18,814</b>	<b>14,776</b>	<b>27.3</b>
Employee	3,747	2,557	46.5	3,276	14.4	3,604	4.0	10,213	7,253	40.8
Others	3,085	2,618	17.8	2,887	6.8	3,089	-0.2	8,601	7,523	14.3
<b>Core Operating Profits</b>	<b>5,441</b>	<b>5,555</b>	<b>-2.0</b>	<b>4,960</b>	<b>9.7</b>	<b>4,664</b>	<b>16.7</b>	<b>15,594</b>	<b>15,236</b>	<b>2.3</b>
<b>Operating Profits</b>	<b>6,759</b>	<b>6,890</b>	<b>-1.9</b>	<b>6,379</b>	<b>6.0</b>	<b>5,464</b>	<b>23.7</b>	<b>19,622</b>	<b>17,367</b>	<b>13.0</b>
<b>Provisions</b>	<b>1,497</b>	<b>3,641</b>	<b>-58.9</b>	<b>1,264</b>	<b>18.4</b>	<b>1,234</b>	<b>21.3</b>	<b>4,355</b>	<b>7,459</b>	<b>-41.6</b>
<b>PBT</b>	<b>5,262</b>	<b>3,249</b>	<b>62.0</b>	<b>5,115</b>	<b>2.9</b>	<b>4,230</b>	<b>24.4</b>	<b>15,267</b>	<b>9,908</b>	<b>54.1</b>
Taxes	1,146	356	222.1	1,331	-13.9	1,100	4.2	3,780	2,226	69.8
<b>PAT</b>	<b>4,116</b>	<b>2,893</b>	<b>42.3</b>	<b>3,785</b>	<b>8.8</b>	<b>3,130</b>	<b>31.5</b>	<b>11,487</b>	<b>7,683</b>	<b>49.5</b>

Source: Company, Antique

## We increase our FY24/ 25/ 26E earnings estimates by 11%/ 9%/ 7% respectively

In mn	Old			New			Change (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	36,493	40,323	47,642	37,896	41,846	48,542	3.8	3.8	1.9
Other Income	12,354	13,140	14,993	13,674	14,383	15,826	10.7	9.5	5.6
<b>Net Income</b>	<b>48,847</b>	<b>53,463</b>	<b>62,634</b>	<b>51,570</b>	<b>56,229</b>	<b>64,367</b>	<b>5.6</b>	<b>5.2</b>	<b>2.8</b>
Opex	24,778	28,108	31,892	25,681	27,451	31,152	3.6	-2.3	-2.3
<b>PPP</b>	<b>24,069</b>	<b>25,355</b>	<b>30,743</b>	<b>25,889</b>	<b>28,778</b>	<b>33,215</b>	<b>7.6</b>	<b>13.5</b>	<b>8.0</b>
Provisions	5,272	4,500	7,086	5,245	6,228	8,158	-0.5	38.4	15.1
<b>PBT</b>	<b>18,797</b>	<b>20,855</b>	<b>23,656</b>	<b>20,644</b>	<b>22,550</b>	<b>25,057</b>	<b>9.8</b>	<b>8.1</b>	<b>5.9</b>
Tax	4,887	5,422	6,151	5,202	5,683	6,314	6.4	4.8	2.7
<b>PAT</b>	<b>13,910</b>	<b>15,433</b>	<b>17,506</b>	<b>15,441</b>	<b>16,867</b>	<b>18,743</b>	<b>11.0</b>	<b>9.3</b>	<b>7.1</b>

Source: Company, Antique

## DuPont Analysis: Return ratios expected to remain healthy; RoA expected to be at 1.5%/ 1.4% over FY25-26E

% of average assets	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	9.82	9.41	8.85	8.54	8.71	7.66	7.22	7.66	8.35	8.35	8.46
Interest Expended	6.61	5.94	5.28	5.07	5.29	4.35	3.71	3.72	4.49	4.68	4.77
<b>Net interest Income</b>	<b>3.2</b>	<b>3.5</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>3.5</b>	<b>3.9</b>	<b>3.9</b>	<b>3.7</b>	<b>3.7</b>
Fee income	0.9	0.9	1.0	1.0	1.0	0.8	0.9	0.9	0.9	0.9	0.9
Fees to core income	22.4	20.0	22.3	22.8	22.9	19.7	19.8	18.9	19.3	20.0	20.0
<b>Core Income</b>	<b>4.1</b>	<b>4.3</b>	<b>4.6</b>	<b>4.5</b>	<b>4.4</b>	<b>4.1</b>	<b>4.4</b>	<b>4.9</b>	<b>4.8</b>	<b>4.6</b>	<b>4.6</b>
Operating expenses	2.1	2.2	2.2	2.4	2.5	2.8	2.4	2.4	2.6	2.4	2.4
Cost to core income	51.6	49.6	48.0	52.8	57.2	67.6	54.7	49.2	54.7	52.5	51.4
Employees	1.0	1.0	1.0	1.1	1.2	1.6	1.2	1.2	1.4	1.2	1.2
Emp cost to Opex (%)	46.2	47.3	45.0	47.1	49.2	58.1	51.0	49.5	54.1	50.6	49.9
Others	1.2	1.1	1.2	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2
<b>Core PPP</b>	<b>2.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.1</b>	<b>1.9</b>	<b>1.3</b>	<b>2.0</b>	<b>2.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
<b>Non-interest Income</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>1.3</b>	<b>1.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>
Trading and others	0.3	0.4	0.4	0.4	0.7	0.5	0.1	0.4	0.5	0.3	0.3
<b>Operating profits</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.6</b>	<b>1.8</b>	<b>2.1</b>	<b>2.9</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>
<b>Provisions</b>	<b>0.7</b>	<b>1.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>	<b>1.1</b>	<b>0.9</b>	<b>1.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
NPA	0.8	1.1	1.9	1.9	2.0	0.9	0.8	0.9	0.5	0.5	0.6
Others	-0.1	0.0	0.1	0.1	0.2	0.2	0.1	0.3	0.0	0.0	0.0
<b>PBT</b>	<b>1.6</b>	<b>1.5</b>	<b>0.8</b>	<b>0.5</b>	<b>0.4</b>	<b>0.7</b>	<b>1.2</b>	<b>1.7</b>	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>
Tax	0.6	0.5	0.2	0.2	0.1	0.2	0.3	0.4	0.5	0.5	0.5
Tax rate	37.7	31.4	31.4	34.6	13.7	32.7	27.7	23.0	25.2	25.2	25.2
<b>RoA</b>	<b>1.0</b>	<b>1.0</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>
Leverage (x)	12.6	12.4	11.4	10.7	10.6	10.5	10.6	10.5	10.6	10.6	10.7
<b>RoE</b>	<b>12.9</b>	<b>12.6</b>	<b>6.1</b>	<b>3.3</b>	<b>3.6</b>	<b>5.3</b>	<b>9.3</b>	<b>13.7</b>	<b>16.7</b>	<b>15.7</b>	<b>15.2</b>

Source: Company, Antique



## Conference Call Highlights

- Management maintained its loan growth guidance of 14%-15% in FY24.
- NIM during the quarter increased by 25 bps QoQ which includes a positive impact of 19 bps on interest recovery (INR 300 mn) from one corporate NPA account. The bank has increased exit quarter FY24 NIM guidance from 3.8% to 4%.
- Based on the current pattern of renewal of deposits and assuming there is no change in interest rates, the cost of deposits is expected to increase further by 15 bps in the coming quarter, while the yield on advances is expected to increase by 10 bps.
- Management maintains its FY24 RoA guidance to be at ~1.5%.
- As the bank had provided 15% for a wage bipartite agreement, it has provided an additional INR 70 mn during the quarter. Now wage revision provision stands at 17%. With respect to pension obligation, out of the total estimated amount of INR 1.14 bn, the bank has provided INR 330 mn during 2QFY24, INR 410 mn during 3QFY24, and the balance of INR 400 mn will be provided in 4QFY24.
- Cost to income ratio in FY24 is expected remain in the range of ~45%-50%.
- Corporate book growth was muted during the quarter, as the bank reduced low yielding corporate advances portfolio. The retail portfolio is expected to grow well.
- With respect to growth in personal loans, festive season demand has led to a sharp increase in the personal loan portfolio.
- The bank continues to see strong growth in the MSME segment. Various initiatives such as training, collection mechanism, monitoring, and lower TAT are helping the bank grow the portfolio. The approval rate in this segment stood at 40%-45%. Management is confident of growing this portfolio going ahead led by growth from existing as well as NTB customers.
- On the liabilities side, for deposit mobilization, the bank is intensifying customer acquisition and planning to increase low-cost live branches along with its focus on third-party products. The bank's focus is to continue garnering low-cost CASA deposits.
- As a prudent measure, the bank has created further floating provision of INR 250 mn during the quarter (total INR 750 mn during 9MFY24).
- Credit cost guidance remains unchanged at 75 bps for FY24.
- With respect to AIF exposure, the bank has total investments in alternate funds at INR 109 mn.
- The bank has added seven branches during the quarter and eight more branches are expected to be open in the next quarter.

### Quarterly earnings snapshot

P&L (INR mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
<b>NII</b>	<b>6,872</b>	<b>7,099</b>	<b>7,459</b>	<b>8,214</b>	<b>8,890</b>	<b>8,926</b>	<b>8,971</b>	<b>9,154</b>	<b>10,013</b>	<b>9.4</b>	<b>12.6</b>
Fees	1620	1820	1870	1740	1840	2020	2040	1970	2260	14.7	22.8
Other non-core income	336	235	121	676	1,335	1,988	1,292	1,419	1,318	-7.1	-1.3
Non-interest Income	1,956	2,055	1,991	2,416	3,175	4,008	3,332	3,389	3,578	5.6	12.7
<b>Net Income</b>	<b>8,828</b>	<b>9,154</b>	<b>9,450</b>	<b>10,629</b>	<b>12,065</b>	<b>12,934</b>	<b>12,302</b>	<b>12,543</b>	<b>13,591</b>	<b>8.4</b>	<b>12.6</b>
Operating Expenses	4,813	4,741	4,695	4,906	5,175	5,543	5,818	6,164	6,832	10.8	32.0
Employee Expense	2,434	2,232	2,357	2,339	2,557	2,807	3,189	3,276	3,747	14.4	46.5
Other Expenses	2,379	2,509	2,338	2,567	2,618	2,737	2,629	2,887	3,085	6.8	17.8
<b>Core PPP</b>	<b>3,680</b>	<b>4,178</b>	<b>4,634</b>	<b>5,048</b>	<b>5,555</b>	<b>5,402</b>	<b>5,193</b>	<b>4,960</b>	<b>5,441</b>	<b>9.7</b>	<b>-2.0</b>
PPP	4,016	4,413	4,755	5,723	6,890	7,391	6,484	6,379	6,759	6.0	-1.9
Provisions	1,461	1,401	1,546	2,272	3,641	2,930	1,594	1,264	1,497	18.4	-58.9
Provisions for NPLs	990	1,430	1,400	2,060	2,500	2,870	1,370	1,090	1,080	-0.9	-56.8
PBT	2,555	3,012	3,208	3,451	3,249	4,460	4,890	5,115	5,262	2.9	62.0
Tax	700	877	921	949	356	1,082	1,304	1,331	1,146	-13.9	222.1
<b>PAT</b>	<b>1,855</b>	<b>2,135</b>	<b>2,288</b>	<b>2,502</b>	<b>2,893</b>	<b>3,378</b>	<b>3,586</b>	<b>3,785</b>	<b>4,116</b>	<b>8.8</b>	<b>42.3</b>

### Margin - Profile (%)

NIMs	3.7	3.8	3.9	4.1	4.4	4.4	4.2	4.1	4.3
Yield on loans	8.4	8.4	8.3	8.6	9.0	9.6	9.7	9.8	10.2
Cost of Funds	4.2	4.2	4.1	4.1	4.3	4.6	5.0	5.2	5.3

### Asset Quality

GNPL	38,875	34,310	31,072	24,565	16,743	14,582	13,297	12,191	11,519	-5.5	-31.2
NNPL	13,556	12,608	10,984	8,187	5,504	4,682	3,900	3,236	3,053	-5.7	-44.5
GNPL %	7.0	6.0	5.2	4.0	2.7	2.3	2.0	1.7	1.6		
NNPL %	2.6	2.3	1.9	1.4	0.9	0.7	0.6	0.5	0.4		
PCR (%)	65.1	63.3	64.7	66.7	67.1	67.9	70.7	73.5	73.5		
PCR (including technical w/off)	78.8	80.3	82.7	86.9	90.9	92.1	93.4	94.5	94.8		
Slippages	2,240	3,000	1,390	1,310	1,620	2,210	1,500	1,550	1,970	27.1	21.6
Slippage Ratio (%)	1.81	2.38	1.11	1.02	1.22	1.62	1.04	1.04	1.28		
<b>Other Stress Loans</b>	<b>18,140</b>	<b>17,890</b>	<b>16,550</b>	<b>13,500</b>	<b>11,550</b>	<b>9,760</b>	<b>8,930</b>	<b>8,470</b>	<b>7,950</b>		
% of Loans	3.3	3.1	2.8	2.2	1.8	1.5	1.3	1.2	1.1		
Restructured Loans	16,160	16,400	15,250	12,310	11,550	9,760	8,930	8,470	7,950		

### Balance-sheet (INR bn)

Gross Loans	558	576	596	611	628	644	670	704	727	3.3	15.8
Retail	129	133	136	139	141	150	156	162	171	5.3	20.8
Agri	125	130	136	138	141	149	156	163	169	3.6	19.6
Commercial	180	181	187	197	204	212	222	235	244	3.8	19.4
Corporate	124	131	137	137	141	133	136	144	144	-0.3	1.6
Deposits	669	685	712	734	762	766	807	831	857	3.1	12.5
CASA	241	239	259	259	258	254	265	268	270	0.8	4.7
CASA (%)	36.1	34.9	36.4	35.3	33.9	33.2	32.9	32.3	31.5		
LD ratio (%)	83.4	84.0	83.8	83.2	82.5	84.1	83.0	84.8	84.9		
Tier I	16.8	17.5	17.3	16.4	16.0	16.8	16.0	15.2	13.9		

Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Interest Income		55,877	65,165	81,898	95,205	1,11,405
Interest Expense		28,723	31,677	44,001	53,359	62,863
<b>Net Interest Income</b>		<b>27,154</b>	<b>33,488</b>	<b>37,896</b>	<b>41,846</b>	<b>48,542</b>
% Nil Growth		15.1	23.3	13.2	10.4	16.0
Fee Income		6,340	7,473	8,519	9,712	11,169
<b>Non-interest income</b>		<b>7,691</b>	<b>11,589</b>	<b>13,674</b>	<b>14,383</b>	<b>15,826</b>
<b>Net Revenue</b>		<b>34,844</b>	<b>45,077</b>	<b>51,570</b>	<b>56,229</b>	<b>64,367</b>
Employees Expenses		9,450	10,060	13,882	13,882	15,548
Other Op. Expenses		9,092	10,260	11,799	13,569	15,604
<b>Operating Profit</b>		<b>16,302</b>	<b>24,758</b>	<b>25,889</b>	<b>28,778</b>	<b>33,215</b>
% OP Growth		26.2	51.9	4.6	11.2	15.4
Tax		2,577	3,308	5,202	5,683	6,314
<b>Total Provisions</b>		<b>6,993</b>	<b>10,389</b>	<b>5,245</b>	<b>6,228</b>	<b>8,158</b>
<b>Net Profit</b>		<b>6,733</b>	<b>11,061</b>	<b>15,441</b>	<b>16,867</b>	<b>18,743</b>

### Balance sheet (INR mn)

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Capital		1,600	1,604	1,610	1,610	1,610
Reserves and Surplus		74,362	84,236	98,024	1,13,073	1,29,814
Deposits		6,84,860	7,66,376	8,88,996	10,31,235	11,96,233
Borrowings		13,391	14,320	30,032	28,945	32,296
Other Liabilities & Provisions		26,500	35,258	40,546	46,628	53,623
<b>Total liabilities</b>		<b>8,00,713</b>	<b>9,01,794</b>	<b>10,59,209</b>	<b>12,21,492</b>	<b>14,13,576</b>
Cash & Balances with RBI		35,943	42,795	58,677	66,430	79,746
Bal. with banks/ call money		13,319	4,156	4,445	10,312	17,943
Investment		1,72,161	1,88,083	2,12,534	2,38,038	2,66,603
Loans and advances		5,46,612	6,31,341	7,44,983	8,64,180	10,02,449
Fixed Assets		4,785	4,350	4,395	4,939	5,484
Other Assets		27,894	31,068	34,175	37,592	41,351
<b>Total assets</b>		<b>8,00,713</b>	<b>9,01,794</b>	<b>10,59,209</b>	<b>12,21,492</b>	<b>14,13,576</b>

### Asset Quality

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Gross NPA (INR mn)		34,310	14,582	12,565	15,609	19,805
Gross NPA (%)		6.0	2.3	1.7	1.8	1.9
Net NPA (INR mn)		12,605	4,679	3,352	4,264	4,993
Net NPA (%)		2.3	0.7	0.4	0.5	0.5
% coverage of NPA		63.3	67.9	73.3	72.7	74.8
Delinquencies (%)		1.7	0.9	1.1	1.3	1.4

Source: Company, Antique

### Capital Adequacy Ratio

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
RWA (INR mn)		4,22,120	4,90,840	5,71,973	6,71,821	7,91,603
<b>Tier I (%)</b>		<b>17.3</b>	<b>16.8</b>	<b>16.8</b>	<b>16.6</b>	<b>16.2</b>
Tier II (%)		1.9	1.8	1.6	1.0	0.8
Total CAR (%)		19.2	18.6	18.4	17.5	17.0

### Business Ratios

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Credit / Deposit(%)		79.8	82.4	83.8	83.8	83.8
Investment / Deposit (%)		22.4	21.8	22.0	21.5	21.0
<b>CASA (%)</b>		<b>34.9</b>	<b>33.2</b>	<b>31.1</b>	<b>29.1</b>	<b>27.2</b>
<b>RoA (%)</b>		<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>
Core RoE (%)		9.3	13.7	16.7	15.7	15.2

### Key assumptions

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
<b>Deposits</b>						
Deposit growth (%)		8.2	11.9	16.0	16.0	16.0
Cost of deposits (%)		4.2	4.2	5.2	5.4	5.5
<b>Advances</b>						
Advances growth (%)		8.5	15.5	18.0	16.0	16.0
Yield on advances (%)		8.6	9.0	9.9	9.9	10.1
<b>Investments</b>						
Investments growth (%)		7.5	9.2	13.0	12.0	12.0
Yield on investments (%)		5.6	6.1	6.6	6.6	6.7

### Earnings Ratios

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Interest Inc. / Avg. assets (%)		7.2	7.7	8.4	8.3	8.5
Interest Exp./ Avg. assets (%)		3.7	3.7	4.5	4.7	4.8
<b>NIM (%)</b>		<b>3.8</b>	<b>4.3</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0</b>
Int. exp/ Int earned (%)		51.4	48.6	53.7	56.0	56.4
Oth. Inc./ Tot. Inc. (%)		22.1	25.7	26.5	25.6	24.6
Staff exp/Total opt. exp (%)		51.0	49.5	54.1	50.6	49.9
<b>Cost/ Income Ratio (%)</b>		<b>53.2</b>	<b>45.1</b>	<b>49.8</b>	<b>48.8</b>	<b>48.4</b>
Prov./ Operating Profit (%)		42.9	42.0	20.3	21.6	24.6
<b>Loan loss prov./Avg. loans (bps)</b>		<b>121</b>	<b>122</b>	<b>68</b>	<b>70</b>	<b>80</b>

### Per Share Data

Year-ended	March 31	FY22	FY23	FY24e	FY25e	FY26e
Book value per share (INR)		95.0	107.0	123.8	142.5	163.3
Adj. BVPS (INR)		83.9	102.9	120.9	138.8	158.9
<b>Price/ Book value</b>		<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>
EPS (INR)		8.4	13.8	19.2	21.0	23.3
<b>P/E Ratio</b>		<b>20.2</b>	<b>12.3</b>	<b>8.9</b>	<b>8.1</b>	<b>7.3</b>

Source: Company Antique

CMP	: INR 453
Reco	: BUY ↔
Target Price	: INR 600 ↑
Target Price Change	: 6%
Target FY26 P/E (x)	: 33
EPS Change FY25/ 26	: No Change

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Market data	
Sensex	: 71,424
Sector	: Real Estate
Market Cap (INR bn)	: 66.3
Market Cap (USD bn)	: 0.798
O/S Shares (mn)	: 146.5
52-wk HI/LO (INR)	: 512/271
Avg. Daily Vol ('000)	: 1,051
Bloomberg	: SRIN IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	17.5	20.4	18.3
P/E (x)	25.9	22.2	24.7
P/BV (x)	2.1	2.0	1.9
EV/EBITDA (x)	(3.1)	(5.1)	(8.5)
EV/Sales (x)	-0.7	-1.5	-2.8

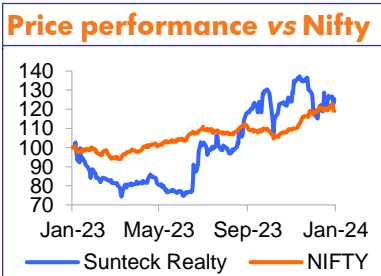
Source: Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	4	(4)	21	23
Relative	3	(12)	13	5

Source: Bloomberg

Shareholding pattern	
Promoters	: 63%
Public	: 37%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

# Sunteck Realty

## Strong guidance on business development

Sunteck Realty's (SRIN) 3QFY24 highlight is the strong business development guidance by the management. Management has guided for Gross Development Value (GDV) to double in the next three years to INR 600 bn. On the operational front, sales booking grew by 15% YoY (15% QOQ) to INR 4.6 bn, driven by steady sustenance sales (INR 3.82 bn) and the launch of the Kalyan project (INR 0.73 bn), which was launched towards the latter part of the quarter. During the quarter, all six projects contributed; for the second consecutive quarter, the BKC project witnessed sales of INR 836 mn. In 9MFY24, SRIN clocked sales booking of INR 12.4 bn and the management is confident of meeting its guidance of INR 20.0 bn in FY24. On the back of sustained strong operating cash flow, the balance sheet continues to remain lean with adj. net debt at a negligible INR 1.4 bn and D/E of 0.05x. Business development remains the key monitorable. We maintain BUY with a revised SoTP-based target price of INR 600 (previously INR 565).

### 3QFY24 in a nutshell

3QFY24 saw a sales booking of INR 4.6 bn (15%/ 15% QoQ/ YoY) (vs. our estimate of INR 4.0 bn). The company launched its Kalyan project-Sunteck Crescent Park towards the latter part of 3QFY24 which contributed INR 730 mn of pre-sales. All six projects contributed-BKC contributed 18% of the total sales booking during the quarter, ODC 17%, Vasai 11%, Naigaon 15%, Skypark 10%, and Kalyan 10%. Collections during the quarter (excluding one-time security sale) were at INR 1.54 bn (-28%/ -49% QoQ/ YoY) with a collection efficiency of 34%. We expect collections to go up as the Mira Road and Vasai projects see construction work gain momentum.

### Strong guidance on business development

SRIN has given a strong business development guidance. Currently, it has a portfolio of seven projects with a GDV of INR 300.0 bn. Management has guided for the GDV to double in the next three years, of which ~INR 100.0 bn is to be added by FY25. The focus would be Mumbai.

### Portfolio diversification

The company is not only increasing its footprint in residential projects across MMR but also diversifying into other real estate segments. SRIN currently has one operational project (Sunteck BKC 51) with exit rental of INR 350 mn. In FY25, BKC Ikon is expected to go online, adding a rental income of another INR 350 mn. By FY27, the company is expected to have a portfolio of three projects generating a rental income of INR 3.2 bn/annually.

### Impeccable balance sheet and strong cash flow visibility

The company generated cumulative net cash flow of INR 12.5 bn in the last ~4 years (FY21 to 9MFY24) on the back of strong growth in sales booking (25% CAGR in FY21-24E) and collection efficiency of >75% during the same period. Commensurately, net debt went down from INR 5.6 bn (D/E 0.2x) in FY21 to INR 1.4 bn (D/E 0.05x) in 9MFY24. In addition, the company has receivables of ~ INR 22.0 bn against cost to be incurred of INR 10.0 bn. Thus, without incremental sales, the company can generate a surplus cash flow of ~INR 12.0 bn in the next 2-3 years, thus giving strong cash flow visibility. Such strong balance sheet and cash flow visibility gives SRIN a significant advantage in aggressively pursuing business development opportunities in Mumbai.

### Investment Summary

In our view, SRIN is in a comfortable position to participate aggressively in the current upcycle with superior net gearing (0.05x) giving it enough room to scale. We are confident about SRIN maintaining 25% CAGR in sales booking in the next few years. Continued focus on cash flow and balance sheet remains a key positive. We maintain BUY with a revised target price of INR 600 (previously INR 565). Recently, we included SRIN in our top picks (other top picks being SOBHA, Century Textiles, and DLF).

### Rationale for Implied EBITDA

Currently, we are seeing an exuberance in the realty sector with strong demand from end users across markets. We expect this up-cycle to continue at least for the next few years. In such a strong growth cycle, NAV premiums become highly subjective and NAV calculations do not fully capture the strong volume growth (>10%). NAV calculations are a good valuation methodology when growth rates are less than 10%-15%. Currently, in India, we are seeing strong volume growth as well as price growth, leading to sales booking growth >25%-30% amongst leading developers. Thus, the stock will trade much above NAV.

With the upcycle expected to continue and companies generating strong cash flows, these cash flows would be reinvested fuelling growth. Consequently, to capture strong growth in valuation we have used implied EBITDA (EBITDA on sales booking expected in FY26) and used a multiple on it. The advantage of this method is that it captures the operational performance and future growth.

### Valuation using implied EBITDA

We expect SRIN to surpass INR 20.0 bn in FY24 and with a strong launch pipeline and portfolio we expect it to do a CAGR of 25% in sales booking in the next few years. Thus, we expect SRIN to do sales bookings of INR 30.0 bn in FY26E and post an EBITDA margin of ~27.5% with an implied EBITDA of INR 8.2 bn.

**Table 1: SoTP valuation**

<b>SoTP</b>	<b>FY26E</b>
Sales booking	INR 29.9 bn
Implied EBITDA @27.5%	INR 8.2 bn
(a) EV of residential at 8x to EV/implied EBITDA	INR 65.9 bn
(b) Commercial (rental INR 3.2 bn in FY27/cap rate of 8.5%)	INR 22.2 bn
(c) Total EV (a+b+c+d)	INR 88.1 bn
(d) Net debt	INR 0.14 bn
(e) Equity value (c - d)	INR 87.9 bn
(f) # of shares	146 mn
<b>(g) Target Price (e/f)</b>	<b>INR 600</b>

Source: Company, Antique

**Table 2: NAV methodology**

<b>SoTP (NAV)</b>	
Completed	13,702
Ongoing	11,462
Upcoming FY25	17,899
Upcoming FY26	5,173
Land	19,790
Commercial	22,204
net debt	(140)
<b>NAV (INR mn)</b>	<b>90,090</b>
O/S	146
<b>NAV/share (INR/share)</b>	<b>615</b>
<b>TP</b>	<b>600</b>
<b>Implied discount to NAV</b>	<b>-2%</b>

Source: Company, Antique

## Conference Call Highlights

- **Strong guidance on GDV** — GDV to double to INR 600 bn from INR 300 bn in the next three years, mainly in Mumbai city. In the next one-year INR 100 bn is expected to be added-Borivali is soon expected to receive approval, an adjacent plot is expected to its Nepean Sea road (similar GDV) project, in talks for one or more projects in South Mumbai.
- **Consolidation** is helping players like Sunteck in acquiring projects.
- **Rental portfolio** — Building rental portfolio. The commercial project in ODC would be funded by internal accrual and would commence in FY25.
- **Kalyan** did INR 730 mn in 3QFY24 and is expected to do INR 2.5-3.0 bn annually, becoming Sunteck's sixth growth engine.
- **Meeting guidance for FY24** — Sales booking in 4QFY24 will come from six projects (existing projects + newly launched Kalyan + new tower in Naigaon and a third tower in Mira Road) and easily meet the guidance of INR 20 bn in FY24.
- **Guidance** — Sales booking @25% CAGR for the next few years.
- **Launch pipeline in FY25** — Nepean Sea Road and maybe one in Borivali (uncertain).
- **BKC** has had a good movement for the last couple of quarters; enquiries picking up.
- **Debt trajectory** — Comfortable D/E and doesn't see a significant jump looking at the cash flow.

**Table 3: Operational performance - 3QFY24**

INR mn	3QFY24	2QFY24	QoQ %	3QFY23	YoY %	9MFY24	9MFY23	FY23	FY22
Booked value (INR mn)	4,546	3,950	15	3,960	15	12,365	10,660	16,030	13,026
Collections (INR mn)	4,376*	2,130	105	3,040	44	9,386	9,200	12,500	10,532

Source: Company, Antique; \* Includes one-time security sales of INR2.84 bn.

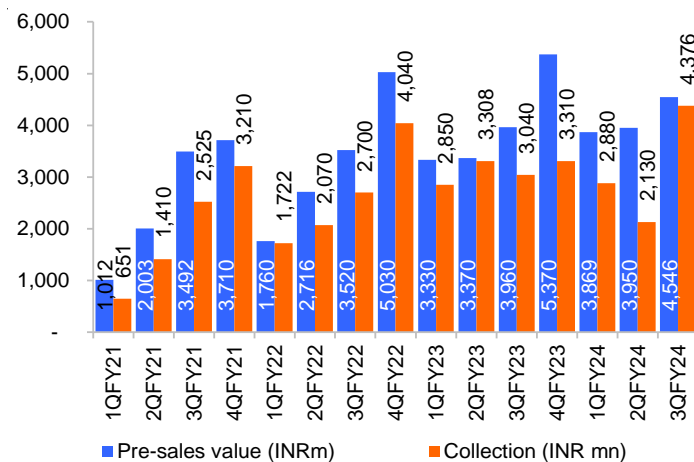
**Table 4: Financial performance - 3QFY24**

INR mn	3QFY24	2QFY24	QoQ %	3QFY23	YoY %
<b>Net Sales</b>	<b>424</b>	<b>249</b>	<b>70</b>	<b>893</b>	<b>(52)</b>
Total Expenditure	573	391		713	
EBITDA	-148	-141	na	180	na
Margins (%)	(34.9)	(56.7)	na	20.2	na
Depreciation	24	22		22	
Interest	171	158		196	
Other Income	185	113		81	
<b>PBT before EO expense</b>	<b>-158</b>	<b>-209</b>	<b>na</b>	<b>44</b>	<b>na</b>
<b>PBT</b>	<b>-158</b>	<b>-209</b>	<b>na</b>	<b>44</b>	<b>na</b>
Tax	-55	-64		42	
Rate (%)	34.9	30.5		95.4	
MI & Profit/Loss of Asso. Cos.	-6	-6		(19)	
<b>Reported PAT</b>	<b>-97</b>	<b>-139</b>		<b>21</b>	
<b>Adj PAT</b>	<b>-97</b>	<b>-139</b>	<b>na</b>	<b>21</b>	<b>na</b>
Margins (%)	(22.9)	(55.9)		2.3	

Source: Company, Antique

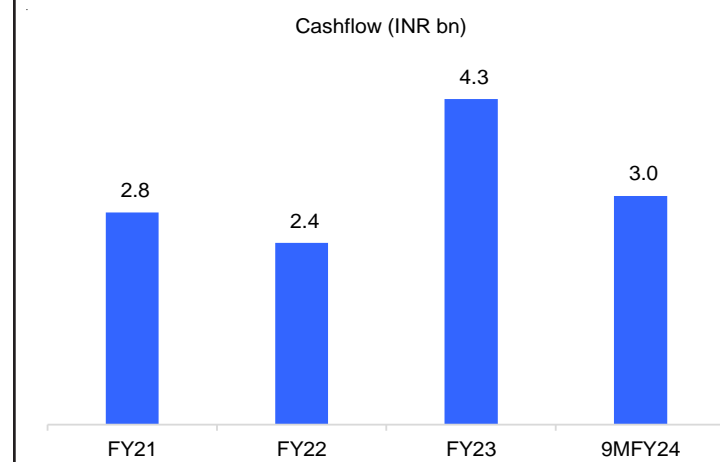
Story in charts

Exhibit 5: Steady growth in sales and collections



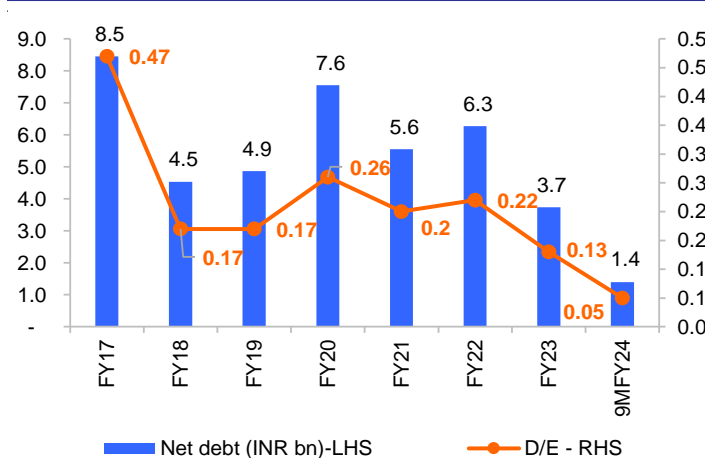
Source: Company, Antique

Exhibit 6: Robust cash flow generations



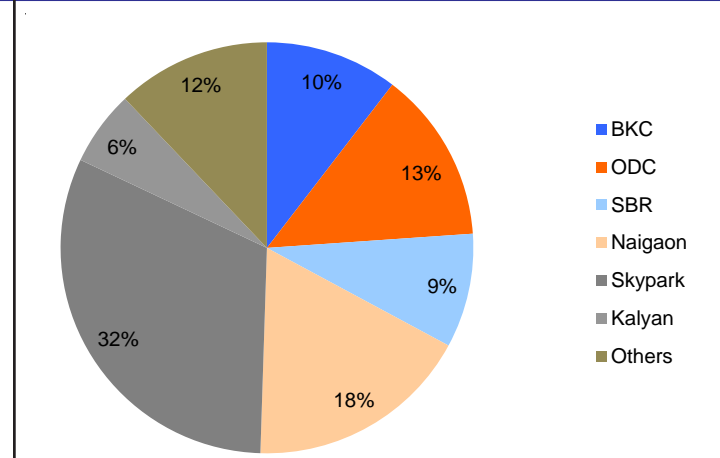
Source: Company, Antique

Exhibit 7: Impeccable balance sheet



Source: Company, Antique

Exhibit 8: Project-wise contribution on sales in 9MFY24



Source: Company, Antique

## Financials

### Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>Net Revenue</b>	<b>5,131</b>	<b>3,624</b>	<b>15,699</b>	<b>14,157</b>	<b>10,928</b>
Op. Expenses	4,177	2,983	12,080	10,079	7,335
<b>EBITDA</b>	<b>953</b>	<b>642</b>	<b>3,620</b>	<b>4,078</b>	<b>3,594</b>
Depreciation	73	92	90	93	96
<b>EBIT</b>	<b>880</b>	<b>549</b>	<b>3,530</b>	<b>3,985</b>	<b>3,498</b>
Other income	209	284	284	284	284
Interest Exp.	776	859	604	509	414
Extra Ordinary Items -gain/(loss)	12	70	-	-	-
<b>Reported PBT</b>	<b>325</b>	<b>45</b>	<b>3,211</b>	<b>3,761</b>	<b>3,368</b>
Tax	75	31	752	893	793
<b>Reported PAT</b>	<b>251</b>	<b>14</b>	<b>2,459</b>	<b>2,867</b>	<b>2,576</b>
<b>Net Profit</b>	<b>251</b>	<b>14</b>	<b>2,459</b>	<b>2,867</b>	<b>2,576</b>
<b>Adjusted PAT</b>	<b>239</b>	<b>(56)</b>	<b>2,459</b>	<b>2,867</b>	<b>2,576</b>
<b>Adjusted EPS (INR)</b>	<b>1.7</b>	<b>(0.4)</b>	<b>17.5</b>	<b>20.4</b>	<b>18.3</b>

### Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	140	140	140	140	140
Reserves & Surplus	27,764	27,738	29,659	31,990	34,028
<b>Networth</b>	<b>27,904</b>	<b>27,879</b>	<b>29,800</b>	<b>32,130</b>	<b>34,169</b>
Debt	8,155	6,885	5,885	4,885	3,885
Net deferred Tax liabilities	7	9	9	9	9
Others	3	90	90	90	90
<b>Capital Employed</b>	<b>36,068</b>	<b>34,862</b>	<b>35,783</b>	<b>37,113</b>	<b>38,152</b>
Goodwill	7	1	1	1	1
Property, Plant and Equipment	1,224	1,490	1,447	1,497	1,547
Capital work in progress	67	1,025	1,025	1,025	1,025
Other Non-Current Assets	3,728	1,734	1,734	1,734	1,734
<b>Net Fixed Assets</b>	<b>5,020</b>	<b>4,248</b>	<b>4,206</b>	<b>4,256</b>	<b>4,306</b>
Investments	17	2,407	2,407	2,407	2,407
Non Current Investments	17	2,407	2,407	2,407	2,407
<b>Current Assets, Loans &amp; Adv.</b>	<b>49,945</b>	<b>65,930</b>	<b>70,820</b>	<b>71,100</b>	<b>70,716</b>
Inventory	40,419	57,251	39,958	32,492	25,228
Debtors	2,705	1,496	5,594	5,054	3,924
Cash & cash equivalents	645	888	17,184	25,779	34,435
Bank balance	323	694	694	694	694
Loans & advances and others	5,853	5,601	7,389	7,080	6,434
<b>Current Liabilities &amp; Provisions</b>	<b>18,921</b>	<b>37,725</b>	<b>41,650</b>	<b>40,650</b>	<b>39,278</b>
Liabilities	18,875	37,672	41,598	40,598	39,226
Provisions	46	52	52	52	52
<b>Net Current Assets</b>	<b>31,025</b>	<b>28,206</b>	<b>29,169</b>	<b>30,450</b>	<b>31,438</b>
<b>Application of Funds</b>	<b>36,068</b>	<b>34,862</b>	<b>35,783</b>	<b>37,113</b>	<b>38,152</b>

### Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	140	140	140	140	140
Diluted no. of shares (mn)	140	140	140	140	140
BVPS (INR)	199	198	212	229	243
CEPS (INR)	2.3	0.8	18.1	21.1	19.0
DPS (INR)	1.5	1.5	1.5	1.5	1.5

Source: Company Antique

### Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
<b>PBT</b>	<b>325</b>	<b>45</b>	<b>2,926</b>	<b>3,477</b>	<b>3,084</b>
Depreciation & amortization	73	92	90	93	96
Interest expense	776	859	604	509	414
(Inc)/Dec in working capital	(1,129)	2,022	17,120	7,006	7,022
Tax paid	(152)	(68)	(752)	(893)	(793)
Less: Interest/Div. Income Recd.	(208)	(267)	(284)	(284)	(284)
Other operating Cash Flow	10	(63)	(94)	(97)	(97)
<b>CF from operating activities</b>	<b>(305)</b>	<b>2,620</b>	<b>19,610</b>	<b>9,809</b>	<b>9,441</b>
Capital expenditure	(183)	(183)	42	(50)	(50)
Inc/(Dec) in investments	394	247	0	0	0
Others	(31)	(227)	(894)	597	935
<b>CF from investing activities</b>	<b>181</b>	<b>(162)</b>	<b>(852)</b>	<b>547</b>	<b>885</b>
Inc/(Dec) in share capital	13	7	-	-	-
Inc/(Dec) in debt	1,332	(1,647)	(1,000)	(1,000)	(1,000)
Dividend Paid	(142)	(211)	(253)	(253)	(253)
Others	(743)	(762)	(604)	(509)	(414)
<b>CF from financing activities</b>	<b>459</b>	<b>(2,614)</b>	<b>(1,857)</b>	<b>(1,762)</b>	<b>(1,667)</b>
<b>Net cash flow</b>	<b>335</b>	<b>(156)</b>	<b>16,902</b>	<b>8,594</b>	<b>8,659</b>
Opening balance	103	438	283	17,184	25,779
<b>Closing balance</b>	<b>438</b>	<b>283</b>	<b>17,184</b>	<b>25,779</b>	<b>34,438</b>

### Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	-16.4	-29.4	333.1	-9.8	-22.8
EBITDA (%)	-30.5	-32.7	464.0	12.7	-11.9
Adj PAT (%)	-49.8	-123.4	-4494.3	16.6	-10.2
Adj EPS (%)	-49.8	-123.4	-4494.3	16.6	-10.2

### Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	266.0	-1137.4	25.9	22.2	24.7
P/BV (x)	2.3	2.3	2.1	2.0	1.9
EV/EBITDA (x)	7.9	9.4	-3.1	-5.1	-8.5
EV/Sales (x)	1.5	1.7	-0.7	-1.5	-2.8

### Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	0.9	-0.2	8.5	9.3	7.8
RoCE (%)	3.1	2.4	10.8	11.7	10.0
Asset/T.O (x)	0.1	0.1	0.5	0.4	0.3
Net Debt/Equity (x)	0.3	0.2	-0.4	-0.7	-0.9
EBIT/Interest (x)	1.1	0.6	5.8	7.8	8.5

### Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	18.6	17.7	23.1	28.8	32.9
EBIT Margin (%)	17.2	15.2	22.5	28.2	32.0
PAT Margin (%)	4.5	-1.4	15.4	19.9	23.0

Source: Company Antique



### Valuation Guide

Company	Reco	OMP	P	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)			P/E (x)			EV/EBITDA (x)			P/BV (x)		RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25	FY25	FY25	1m	12m	
<b>AGROCHEM &amp; FERTILIZERS</b>																								
Bayer Cropscience	Hold	5,777	5,820	1	259.6	3.1	8.0	9.2	10.5	178.5	205.3	232.8	32.4	28.1	24.8	23.6	20.3	17.9	8.7	31.7	41.3	3	26	
Coromandel Intl.	Buy	1,177	1,450	23	346.6	4.2	18.6	21.7	23.7	63.2	73.7	80.6	18.6	16.0	14.6	12.1	10.1	8.8	3.1	21.0	29.7	4	36	
Dhanuka Agritech	Buy	1,195	1,160	(3)	54.4	0.7	2.5	2.9	3.3	55.3	63.0	72.4	21.6	19.0	16.5	15.4	13.2	11.3	3.6	20.7	27.9	14	70	
Paradeep Phosphates	Buy	82	120	47	66.5	0.8	1.6	7.0	8.3	1.9	8.7	10.2	42.5	9.4	8.0	14.7	6.9	5.7	1.6	17.9	16.7	18	36	
PI Industries	Buy	3,382	5,160	53	513.2	6.2	15.0	17.1	19.6	98.5	112.6	129.0	34.4	30.0	26.2	24.9	21.1	17.8	5.1	18.5	22.9	-1	8	
Rallis India	Hold	262	220	(16)	50.9	0.6	1.7	2.3	2.8	8.9	11.6	14.5	29.3	22.5	18.0	14.8	11.7	9.5	2.6	11.8	15.5	5	18	
Sharda Cropchem	Hold	434	500	15	39.2	0.5	1.5	2.9	3.7	16.3	31.9	41.4	26.6	13.6	10.5	8.0	4.9	3.8	1.5	11.6	14.9	1	-11	
Sumitomo Chemical India	Buy	403	490	21	201.3	2.4	3.6	5.0	6.1	7.2	10.0	12.2	55.9	40.3	33.0	41.0	29.4	24.1	6.4	17.2	23.2	-1	-14	
UPL	Buy	552	830	50	414.7	5.0	26.2	40.6	51.7	34.9	54.2	68.9	15.8	10.2	8.0	5.7	4.7	4.0	1.3	13.5	15.8	5	-26	
<b>AUTO &amp; AUTO ANC.</b>																								
Apollo Tyres	Buy	525	562	7	333.4	4.0	17.3	18.5	21.0	27.3	29.1	33.1	19.3	18.0	15.9	8.6	7.6	6.6	2.1	12.3	13.6	23	66	
Ashok Leyland	Buy	174	234	34	512.2	6.2	21.4	25.6	30.7	7.3	8.7	10.5	23.9	20.0	16.7	13.9	12.0	10.1	4.8	25.0	27.6	1	18	
Bajaj Auto	Hold	7,095	6,214	(12)	2,053.1	24.7	66.2	73.4	87.6	234.0	259.5	309.4	30.3	27.3	22.9	24.9	22.0	18.0	34.7	26.3	34.9	11	96	
Balkrishna Industries	Sell	2,766	2,380	(14)	534.8	6.4	11.0	14.7	18.4	56.8	76.0	95.2	48.7	36.4	29.1	27.1	21.4	17.8	5.8	16.9	16.7	11	23	
Ceat	Buy	2,914	3,081	6	117.9	1.4	6.4	7.0	7.8	158.8	172.5	192.3	18.4	16.9	15.2	8.7	8.1	7.2	2.6	16.3	17.2	21	82	
Eicher Motors	Buy	3,698	4,819	30	1,012.3	12.2	37.8	46.0	54.9	138.0	167.9	200.3	26.8	22.0	18.5	23.0	18.5	14.8	5.0	24.4	27.5	8	15	
Hero MotoCorp	Buy	4,402	3,879	(12)	879.8	10.6	34.6	40.0	46.0	173.3	200.4	230.2	25.4	22.0	19.1	17.2	14.8	12.6	4.6	21.6	28.0	12	59	
TVS Motors	Sell	2,012	1,729	(14)	955.8	11.5	19.2	24.2	30.8	40.4	50.9	64.8	49.8	39.6	31.1	28.8	23.5	18.8	10.1	28.4	31.2	2	105	
Mahindra & Mahindra	Buy	1,622	1,959	21	2,017.4	24.3	93.6	97.8	107.0	75.5	78.9	86.3	21.5	20.6	18.8	15.7	13.6	12.0	8.4	18.1	22.1	-1	22	
Maruti Suzuki India	Buy	9,973	13,538	36	3,135.4	37.7	115.2	135.8	157.2	381.4	449.6	520.7	26.2	22.2	19.2	19.9	15.8	13.3	3.8	18.4	23.4	-2	18	
Sansera Engineering	Buy	1,036	1,155	11	55.5	0.7	2.0	2.7	3.4	37.2	51.6	64.2	27.8	20.1	16.1	13.4	10.6	8.8	3.3	18.2	19.1	4	43	
Suprajit Engineering	Buy	391	521	33	54.2	0.7	1.6	2.6	3.3	11.4	18.6	23.7	34.3	21.0	16.5	17.9	12.4	10.0	3.8	19.0	20.0	6	20	
<b>BUILDING MATERIALS</b>																								
Apollo Pipes	Buy	741	860	16	29.1	0.4	0.7	1.0	1.2	17.2	21.8	26.9	43.0	34.0	27.5	23.1	17.0	13.8	3.8	11.6	16.1	9	32	
Astral	Hold	1,823	2,150	18	489.6	5.9	6.4	8.1	9.6	23.9	30.1	35.8	76.1	60.6	51.0	46.2	37.1	31.1	12.3	22.3	27.9	-6	20	
Cera Sanitaryware	Buy	8,140	10,010	23	105.9	1.3	2.6	3.0	3.4	197.1	229.3	263.5	41.3	35.5	30.9	29.9	25.6	22.1	6.8	20.5	26.8	0	51	
Finolex Industries	Hold	234	210	(10)	145.2	1.7	4.4	5.3	6.3	7.2	8.6	10.3	32.6	27.3	22.8	24.5	21.5	18.3	2.3	8.8	10.4	12	36	
Greenlam Industries	Buy	523	680	30	66.8	0.8	1.5	1.7	2.7	11.9	13.4	21.0	43.8	39.0	25.0	25.7	17.8	14.0	5.3	14.6	13.4	4	64	
Kajaria Ceramics	Buy	1,380	1,710	24	219.8	2.6	4.9	6.1	7.8	30.8	38.6	48.9	44.8	35.8	28.2	27.7	22.2	17.8	7.4	22.0	27.1	0	31	
Prince Pipes and Fittings	Buy	697	1,020	46	77.1	0.9	2.4	3.0	3.5	21.9	26.8	31.8	31.9	26.0	21.9	18.8	15.8	13.1	4.2	17.3	22.5	5	16	
Somany Ceramics	Buy	694	850	22	29.5	0.4	1.1	1.5	1.8	25.6	34.5	43.0	27.1	20.1	16.2	12.6	10.3	8.9	2.9	15.5	16.0	5	24	
Supreme Industries	Hold	4,070	4,690	15	517.0	6.2	10.4	12.4	14.9	81.9	97.6	117.3	49.7	41.7	34.7	33.3	28.2	23.5	8.8	22.7	27.5	-10	73	
<b>CEMENT</b>																								
ACC	Buy	2,290	2,550	11	430.1	5.2	18.1	22.1	24.2	96.2	117.4	128.9	23.8	19.5	17.8	12.8	10.0	8.8	2.5	13.4	18.1	10	-1	
Ambuja Cement	Buy	541	600	11	1,073.7	12.9	27.5	38.4	42.7	11.2	15.6	17.3	48.5	34.7	31.2	22.2	18.0	15.3	2.7	8.1	11.3	7	8	
Birla Corp	Buy	1,459	1,675	15	112.3	1.4	4.4	6.1	7.2	56.5	79.7	93.8	25.8	18.3	15.6	10.4	8.8	8.1	1.6	9.2	9.7	3	55	
Dalmia Bharat	Buy	2,208	2,550	16	414.0	5.0	8.5	12.1	16.0	45.9	65.5	86.5	48.1	33.7	25.5	14.5	11.9	10.5	2.3	7.0	9.3	1	25	
Grasim Industries	Buy	2,081	2,360	13	1,377.7	16.6	19.7	24.1	28.0	30.0	36.5	42.6	69.4	56.9	48.9	50.5	39.5	33.5	2.8	4.9	6.0	2	28	
Heidelberg	Hold	225	215	(4)	51.0	0.6	2.2	2.8	3.2	9.5	12.2	14.0	23.7	18.4	16.1	11.9	9.6	8.5	3.3	18.2	21.2	-2	23	
JK Cement	Buy	3,992	4,500	13	308.5	3.7	8.7	10.5	11.7	112.2	136.5	151.6	35.6	29.2	26.3	16.1	13.9	12.6	4.9	18.1	16.7	6	45	
JK Lakshmi Cement	Buy	893	1,000	12	105.0	1.3	4.8	6.2	7.1	40.4	52.8	60.1	22.1	16.9	14.8	11.1	8.8	7.9	2.8	18.1	19.0	3	21	
Nuvoco Vistas	Hold	343	410	20	122.6	1.5	1.2	3.3	4.1	3.5	9.1	11.5	98.9	37.5	29.8	9.8	8.4	7.8	1.3	3.6	6.5	8	-6	
Orient Cement	Hold	267	230	(14)	54.7	0.7	2.0	2.8	3.3	9.8	13.6	16.2	27.3	19.6	16.5	11.7	9.1	8.2	2.8	14.9	16.8	10	107	
Shree Cements	Buy	27,594	32,300	17	995.6	12.0	21.8	26.4	31.2	603.7	731.4	865.9	45.7	37.7	31.9	21.6	17.9	15.2	4.4	12.3	15.9	-2	20	
Ramco Cement	Buy	957	1,170	22	226.1	2.7	4.8	7.7	9.2	20.3	32.7	39.0	47.2	29.2	24.5	15.5	12.2	11.0	2.8	10.1	11.9	-2	39	
UltraTech Cement	Buy	9,997	11,200	12	2,886.1	34.7	74.3	97.6	121.1	257.8	332.0	411.8	38.8	30.1	24.3	21.6	17.2	14.1	4.3	15.1	19.4	0	46	
<b>FMCG &amp; RETAIL</b>																								
Aditya Birla Fashion & Retail	Hold	226	258	14	214.3	2.6	-3.2	0.8	3.1	-3.3	0.9	3.3	-67.6	260.7	69.2	14.8	11.3	9.1	6.9	2.7	9.2	3	-14	
Arvind Fashions	Buy	489	605	24	65.1	0.8	0.6	1.3	2.0	4.2	10.1	15.4	115.1	48.4	31.7	12.5	9.8	7.6	5.2	10.8	20.1	19	49	
Asian Paints	Hold	3,139	3,362	7	3,010.7	36.2	56.1	58.1	64.5	58.5	60.5	67.2	53.6	51.8	46.7	37.7	35.8	31.7	13.7	28.2	33.8	-6	13	
Avenue Supermarts	Hold	3,677	4,243	15	2,392.4	28.8	26.7	33.5	40.2	41.3	51.8	62.0	89.1	71.0	59.3	58.6	46.9	39.1	10.6	14.9	20.1	8	7	
Bajaj Consumer Care	Buy	220	283	29	31.5	0.4	1.7	2.0	2.2	12.2	13.9	15.7	18.0	15.9	14.0	12.6	10.3	8.2	2.4	15.7	19.2	2	27	
Colgate Palmolive	Hold	2,536	2,246	(11)	689.8	8.3	13.1	13.9	15.3	48.1	51.1	56.1	52.7	49.6	45.2	36.4	34.0	30.8	33.2	69.7	108.3	5	70	
Dabur India	Hold	538	613	14	954.1	11.5	18.7	21.4	24.1	10.6	12.1	13.6	50.9											

## Valuation Guide

Company	Reco	OMP	P	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)			P/E (x)			EV/EBITDA (x)			P/BV (x)		RoE (%)			RoCE (%)		Absolute (%)	
		(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25	FY25	FY25	FY25	1m	12m			
<b>INDUSTRIALS &amp; ENGINEERING</b>																											
ABB	Buy	4,751	6,167	30	1,006.8	12.1	12.4	15.2	20.3	58.6	71.9	95.6	81.1	66.1	49.7	65.4	52.2	38.4	14.5	23.7	32.3	0	61				
Bharat Dynamics	Buy	1,732	2,038	18	317.5	3.8	6.3	9.2	11.7	34.6	50.2	63.7	50.1	34.5	27.2	42.8	26.2	20.0	7.6	23.6	24.0	10	86				
Bajaj Elec.	Hold	1,036	1,099	6	119.3	1.4	2.3	2.7	3.3	19.8	23.4	28.9	52.4	44.4	35.8	30.9	26.3	21.6	5.3	12.3	13.9	3	2				
BEML	Hold	3,183	2,928	(8)	132.6	1.6	2.7	3.6	4.9	65.0	85.4	117.1	48.9	37.3	27.2	29.5	23.5	17.8	4.5	12.7	12.3	14	111				
Bharat Electronics	Buy	193	221	14	1,413.7	17.0	32.8	40.4	50.5	4.5	5.5	6.9	43.1	35.0	28.0	28.7	23.0	18.1	7.9	24.2	25.0	11	90				
BHEL	Buy	220	230	5	765.2	9.2	6.2	19.1	30.8	1.8	5.5	8.8	123.0	40.0	24.9	93.9	28.2	17.3	2.7	6.8	9.8	23	174				
Blue Star	Buy	1,090	1,034	(5)	224.1	2.7	3.9	5.4	6.8	20.4	27.8	35.2	53.5	39.2	31.0	33.6	25.9	21.1	11.7	32.5	33.5	15	76				
Cochin Shipyard	Hold	874	572	(35)	230.0	2.8	6.2	5.4	5.2	23.4	20.6	19.8	37.3	42.5	44.3	27.2	29.5	32.6	4.4	10.6	13.9	34	246				
Crompton Consumer	Hold	310	343	11	198.6	2.4	4.6	6.1	7.3	7.3	9.6	11.4	42.8	32.4	27.1	27.1	21.2	17.8	6.3	20.4	20.9	3	5				
Cummins India	Hold	2,083	2,205	6	577.5	6.9	13.0	15.2	18.0	46.9	54.9	64.8	44.4	38.0	32.1	39.1	32.3	26.5	8.9	24.7	31.1	3	46				
Engineers India	Hold	242	166	(31)	136.1	1.6	3.5	3.7	4.2	5.6	5.9	6.7	43.6	40.9	36.1	38.7	34.6	29.0	5.3	15.2	17.7	50	172				
Garden Reach Shipbuilders	Buy	919	1,005	9	105.3	1.3	2.6	3.7	3.8	22.4	31.9	33.5	41.1	28.8	27.5	38.9	23.0	20.7	5.4	19.9	22.1	12	87				
GE T&D	Hold	647	456	(29)	165.6	2.0	1.5	2.2	3.3	5.9	8.7	13.0	109.0	74.4	49.6	65.8	48.3	33.6	11.4	16.7	23.7	39	458				
Jupiter Wagons Ltd	Hold	419	307	(27)	172.8	2.1	3.0	4.1	5.1	7.2	9.9	12.3	57.9	42.5	34.1	38.4	29.2	23.3	8.6	22.4	26.7	29	281				
Havells India	Hold	1,376	1,498	9	862.1	10.4	13.7	17.3	21.3	21.9	27.7	34.0	62.8	49.6	40.4	41.5	32.7	26.4	9.5	20.8	27.3	2	15				
Hindustan Aeronautics	Buy	3,005	3,618	20	2,009.9	24.2	53.4	56.0	69.1	79.9	83.7	103.4	37.6	35.9	29.1	25.4	23.0	18.7	6.6	19.5	20.4	11	138				
Hitachi Energy	Buy	6,051	5,941	(2)	256.4	3.1	2.6	4.6	6.3	60.3	109.0	148.5	100.3	55.5	40.7	57.3	35.0	26.1	14.9	29.7	37.8	18	91				
Honeywell Automation	Hold	37,507	39,125	4	331.6	4.0	5.0	5.8	6.9	569.8	653.5	782.5	65.8	57.4	47.9	51.2	43.9	35.9	8.4	15.4	21.3	7	8				
KEC International	Buy	617	746	21	158.6	1.9	4.3	8.1	12.0	16.6	31.4	46.6	37.1	19.7	13.2	13.2	10.5	8.1	3.3	18.3	21.6	3	31				
Kirloskar Pneumatic	Buy	625	810	30	40.5	0.5	1.3	1.8	2.2	19.6	27.3	33.8	31.8	22.9	18.5	19.7	14.1	11.0	3.8	18.0	23.7	3	19				
Kirloskar Oil Engines	Buy	692	851	23	100.2	1.2	3.4	4.1	5.1	23.5	28.5	35.4	29.5	24.3	19.6	17.9	14.6	11.6	3.6	15.7	20.7	5	110				
Lakshmi Machine Works	Hold	13,609	14,951	10	145.4	1.7	4.3	4.9	6.1	399.0	459.7	575.0	34.1	29.6	23.7	25.9	22.4	17.4	4.9	17.7	24.2	2	24				
Linde India	Buy	5,788	7,055	22	493.7	5.9	4.9	7.5	10.0	57.9	88.3	117.6	100.0	65.5	49.2	61.8	42.8	32.2	12.2	20.1	24.7	1	73				
Larsen & Toubro	Buy	3,635	4,214	16	4,995.8	60.1	137.9	183.4	239.1	98.5	130.9	170.7	36.9	27.8	21.3	24.4	19.6	15.4	4.6	17.8	13.4	5	63				
Mazagon Dock Shipbuilders	Buy	2,365	2,833	20	477.0	5.7	12.1	16.6	20.5	60.1	82.1	101.8	39.4	28.8	23.2	35.1	30.8	22.1	7.7	29.5	41.4	11	206				
Siemens	Buy	4,074	5,656	39	1,450.9	17.5	23.2	28.1	39.0	65.0	78.9	109.6	62.6	51.6	37.2	46.7	38.3	27.4	9.4	19.3	26.2	3	33				
Thermax	Hold	3,059	3,376	10	364.5	4.4	5.5	7.1	9.5	49.0	63.4	84.4	62.4	48.3	36.2	47.4	36.3	26.8	7.2	15.8	19.2	3	55				
Titagarh Rail Systems	Buy	1,179	1,252	6	158.7	1.9	2.7	4.5	6.4	20.9	35.4	50.1	56.4	33.3	23.5	38.4	23.6	16.8	5.7	18.6	26.8	12	409				
Volta	Hold	1,025	1,052	3	339.0	4.1	4.7	7.8	9.5	14.2	23.4	28.6	72.4	43.7	35.8	56.3	30.8	25.6	5.4	12.8	21.0	8	32				
<b>INFRASTRUCTURE</b>																											
Ashoka Buildcon	Buy	162	198	22	45.4	0.5	3.4	5.6	6.4	12.0	20.0	23.0	13.5	8.1	7.0	9.5	7.0	5.6	0.9	12.8	12.3	18	83				
Dilip Buildcon	Hold	386	373	(3)	56.4	0.7	3.9	3.7	4.5	28.3	27.2	32.6	13.6	14.2	11.8	5.7	5.4	5.1	1.0	7.4	13.1	0	79				
IRB Infra	Buy	49	60	23	297.4	3.6	9.4	11.3	13.8	1.6	1.9	2.3	31.5	26.4	21.6	13.0	12.7	10.8	1.9	7.6	6.3	18	63				
IRCON International	Buy	267	234	(12)	251.2	3.0	7.2	7.7	8.8	7.7	8.2	9.3	34.9	32.7	28.6	33.9	29.6	23.6	4.0	12.8	8.5	60	344				
KNR Constructions Ltd.	Buy	271	315	16	76.3	0.9	3.8	4.2	4.6	13.7	14.8	16.2	19.9	18.3	16.8	11.1	10.3	9.5	2.3	13.1	18.3	4	5				
NBCC	Sell	102	30	(71)	183.2	2.2	4.1	4.9	5.4	2.3	2.7	3.0	44.4	37.1	34.2	41.9	33.3	27.1	7.1	20.6	18.1	30	172				
NCC Ltd.	Buy	205	229	12	128.5	1.5	6.8	10.0	12.1	10.8	16.0	19.3	18.9	12.8	10.6	8.9	6.9	6.2	1.6	13.4	21.0	25	119				
BITES	Buy	629	649	3	151.1	1.8	3.6	5.4	5.9	15.1	22.5	24.7	41.7	28.0	25.5	25.4	17.0	15.4	5.3	19.8	20.8	29	80				
Rail Vikas Nigam Ltd	Hold	320	179	(44)	667.9	8.0	13.1	14.5	16.2	6.3	6.9	7.8	50.8	46.2	41.2	52.8	47.5	42.0	7.2	16.6	9.3	81	321				
Welspun Ent.	Buy	329	441	34	45.6	0.5	2.3	4.0	4.6	16.5	28.9	33.3	19.9	11.4	9.9	14.5	7.9	6.8	1.6	14.8	16.5	0	120				
<b>IT</b>																											
Cyient	Hold	2,243	1,950	(13)	248.5	3.0	7.9	9.2	10.5	69.6	81.8	93.4	32.2	27.4	24.0	18.7	15.9	13.7	5.9	23.1	24.2	6	156				
FirstSource Sol.	Buy	202	200	(1)	140.4	1.7	5.2	6.6	7.4	7.5	9.5	10.7	26.8	21.3	18.9	16.2	13.8	12.1	3.7	17.9	15.0	9	92				
HCL Tech	Buy	1,544	1,650	7	4,189.9	50.4	158.5	181.8	203.1	58.3	66.5	74.0	26.5	23.2	20.9	16.1	14.1	12.5	6.1	26.6	33.7	6	38				
Infosys	Hold	1,649	1,675	2	6,843.5	82.4	245.5	276.9	316.8	59.2	66.8	76.5	27.8	24.7	21.6	17.4	15.3	13.0	7.1	30.4	42.3	5	7				
ITI Mindtree	Hold	5,657	6,350	12	1,675.3	20.2	47.0	54.1	62.8	158.6	182.7	212.3	35.7	31.0	26.7	25.1	21.4	18.2	7.5	25.9	34.5	9	29				
L&T Technology Services	Hold	5,416	5,000	(8)	572.7	6.9	13.2	15.4	17.5	125.2	146.4	165.4	43.3	37.0	32.7	28.3	24.2	21.1	8.9	25.6	32.3	4	63				
Mphasis	Buy	2,587	3,000	16	488.2	5.9	15.9	18.5	21.3	84.2	98.3	113.1	30.7	26.3	22.9	19.5	16.7	14.3	5.2	20.7	28.9	6	26				
CoForge Ltd	Buy	6,283	6,900	10	388.0	4.7	8.7	10.9	13.1	143.4	179.0	215.4	43.8	35.1	29.2	25.1	20.9	17.3	9.7	29.6	37.4	0	44				
Persistent Sys	Hold	7,922	7,875	(1)	609.4	7.3	11.2	14.3	16.9	148.3	188.6	223.5	53.4	42.0	35.4	35.2	28.4	23.9	10.9	28.3	36.1	7	73				
TCS	Hold	3,861	3,900	1	14,126.3	170.0	455.0	504.5	568.2	124.5	138.2	155.6	31.0	27.9	24.8	21.0	18.9	16.5	11.7	42.9	53.9	1	14				
TeamLease	Buy	3,113	4,000	29	52.2	0.6	1.3	1.9	2.0	77.0	110.4	120.2	40.4	28.2	25.9	33.3											

## Valuation Guide

Company	Reco	OMP	P	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)			P/E (x)			EV/EBITDA (x)			P/BV (x)		RoE (%)			RoCE (%)		Absolute (%)	
		(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25	FY25	FY25	FY25	1m	12m			
<b>METALS &amp; MINING</b>																											
APL Apollo Tubes	Buy	1,540	1,896	23	427.4	5.1	8.9	12.5	16.4	32.1	45.2	59.2	48.0	34.1	26.0	31.1	22.7	17.9	9.2	30.1	34.2	3	32				
Hindalco Industries	Buy	561	606	8	1,260.8	15.2	110.4	114.8	124.4	49.7	51.6	55.9	11.3	10.9	10.0	6.7	6.4	5.9	1.1	10.6	11.2	2	14				
Hindustan Zinc	Hold	315	297	(6)	1,331.6	16.0	85.6	92.3	97.8	20.2	21.8	23.2	15.6	14.4	13.6	9.1	8.3	7.7	7.4	55.6	44.0	2	9				
Indian Hume Pipe	Buy	257	286	11	13.5	0.2	0.5	0.8	1.1	10.4	15.8	21.0	24.6	16.3	12.2	13.0	10.3	8.4	1.6	9.9	12.2	2	74				
Jindal Steel & Power	Buy	730	787	8	744.4	9.0	37.4	52.3	65.7	37.0	51.7	65.0	19.7	14.1	11.2	8.6	6.9	5.8	1.5	11.3	13.4	0	21				
JSW Steel	Hold	808	808	0	1,976.4	23.8	123.8	151.9	175.1	51.2	62.8	72.4	15.8	12.9	11.2	8.8	7.6	6.9	2.3	19.5	15.9	6	10				
JTL Industries	Buy	253	296	17	43.1	0.5	1.2	1.8	2.4	6.9	10.4	14.1	36.7	24.2	17.9	26.6	17.9	13.2	6.2	29.1	36.3	5	44				
Kirloskar Ferrous	Buy	575	616	7	80.1	1.0	2.8	4.9	7.2	20.1	35.1	51.5	28.7	16.4	11.2	14.5	9.8	6.9	3.6	24.1	24.3	3	60				
MOIL	Buy	337	365	8	68.6	0.8	4.4	6.0	7.7	21.6	29.6	37.7	15.6	11.4	8.9	8.6	6.1	4.5	2.2	20.9	28.3	10	97				
NALCO	Buy	135	142	5	248.6	3.0	12.5	14.9	24.0	6.8	8.1	13.0	19.8	16.7	10.4	9.5	8.2	5.4	1.7	10.7	13.4	18	60				
NMDC	Buy	213	228	7	623.8	7.5	56.9	64.2	73.9	19.4	21.9	25.2	11.0	9.7	8.4	7.3	6.3	5.2	2.1	23.6	31.5	9	70				
SAIL	Hold	115	106	(7)	474.5	5.7	31.3	42.2	50.0	7.6	10.2	12.1	15.2	11.2	9.5	7.5	6.5	5.8	0.8	7.3	7.9	2	23				
Tata Steel	Buy	134	151	12	1,647.3	19.8	95.9	129.4	171.0	7.8	10.5	13.9	17.2	12.7	9.6	7.9	6.6	5.6	1.5	12.2	11.8	0	10				
Venus Pipes	Buy	1,382	1,759	27	28.1	0.3	1.0	1.4	1.6	48.3	67.5	79.9	28.6	20.5	17.3	19.2	14.1	12.3	5.1	28.3	33.0	1	87				
Vedanta	Buy	265	330	25	984.5	11.8	29.1	121.2	140.9	7.8	32.6	37.9	33.8	8.1	7.0	4.5	3.8	3.3	2.8	34.4	24.8	2	-20				
<b>OIL &amp; GAS</b>																											
BPCL	Buy	483	600	24	1,048.0	12.6	206.9	123.7	121.2	97.1	58.1	56.9	5.0	8.3	8.5	3.9	6.1	6.9	1.4	18.2	16.8	8	38				
GAIL	Hold	166	157	(6)	1,094.4	13.2	90.1	90.2	85.3	13.5	13.5	12.8	12.3	12.3	13.0	9.8	9.5	9.7	1.7	14.1	13.9	10	63				
Gujarat Gas	Buy	555	551	(1)	381.8	4.6	10.9	15.0	17.2	15.9	21.8	25.1	34.9	25.5	22.1	20.5	15.2	13.3	4.4	18.5	22.1	24	18				
HPCL	Buy	469	466	(0)	664.8	8.0	118.0	81.2	78.2	83.2	57.2	55.1	5.6	8.2	8.5	5.5	6.5	6.5	1.6	20.3	13.9	27	87				
IGL	Buy	444	468	5	310.6	3.7	18.3	18.4	18.8	26.2	26.3	26.9	17.0	16.8	16.5	11.0	10.5	10.0	3.2	20.1	24.5	9	3				
Indian Oil Corp	Buy	148	157	6	2,090.6	25.2	290.1	200.9	229.9	21.1	14.6	16.7	7.0	10.1	8.9	6.2	7.6	6.8	1.3	12.9	10.7	20	77				
Mahanagar Gas	Buy	1,315	1,321	1	129.9	1.6	12.3	9.0	9.1	124.5	91.5	91.7	10.6	14.4	14.3	6.0	7.7	7.4	2.5	18.1	23.4	10	49				
Oil India	Buy	420	474	13	455.7	5.5	66.1	55.8	56.6	61.0	51.5	52.3	6.9	8.2	8.0	5.7	5.6	5.3	1.1	14.3	15.7	13	75				
ONGC	Buy	242	269	11	3,045.1	36.6	410.3	457.4	429.2	32.6	36.4	34.1	7.4	6.7	7.1	4.2	3.6	3.5	1.0	15.7	18.2	19	59				
Petronet LNG	Buy	247	286	16	370.2	4.5	33.1	34.1	34.9	22.1	22.8	23.3	11.2	10.8	10.6	6.3	6.9	7.4	2.1	20.4	22.4	15	13				
Reliance Industries	Buy	2,713	2,904	7	18,358.3	220.9	804.2	986.71	1,080.4	105.7	121.3	128.2	25.7	22.4	21.2	13.0	11.0	9.7	2.0	10.9	9.6	6	23				
<b>PHARMA &amp; HEALTHCARE</b>																											
Alkem	Hold	4,879	4,262	(13)	583.3	7.0	17.2	19.9	23.2	143.9	166.5	193.7	33.9	29.3	25.2	25.2	21.4	18.0	4.9	18.0	21.7	-1	61				
Alembic Pharma	Hold	945	770	(19)	185.7	2.2	4.8	5.4	6.9	24.4	27.6	35.0	38.7	34.2	27.0	21.4	17.7	14.7	3.6	11.0	14.0	22	69				
CIPLA	Sell	1,316	1,029	(22)	1,062.7	12.8	29.6	32.4	36.8	36.7	40.1	45.7	35.8	32.8	28.8	21.4	19.1	16.5	3.7	11.9	16.3	7	24				
Concord Biotech	Buy	1,395	1,736	24	145.9	1.8	3.7	4.6	5.2	35.8	44.2	49.6	39.0	31.6	28.1	27.9	22.2	19.5	7.8	27.0	34.8	-7					
Dr Reddys	Sell	5,635	5,079	(10)	940.0	11.3	33.5	36.6	42.0	201.0	219.9	252.6	28.0	25.6	22.3	16.6	14.8	12.5	3.3	13.4	18.0	0	30				
IOL Chemicals	Buy	451	526	17	26.5	0.3	2.3	2.4	2.6	39.9	41.3	43.9	11.3	10.9	10.3	7.3	6.7	6.0	1.4	13.3	17.4	-4	32				
JB Chemicals	Hold	1,616	1,471	(9)	250.6	3.0	5.7	7.2	8.4	37.0	46.8	54.5	43.7	34.5	29.7	27.0	21.5	18.5	3.6	22.8	26.4	0	64				
Dr Lal Pathlabs	Sell	2,425	1,784	(26)	202.4	2.4	3.7	4.4	5.0	44.7	52.3	59.5	54.2	46.4	40.8	30.7	26.3	22.8	43.8	20.4	25.8	-7	13				
laurus labs	Hold	402	376	(7)	216.6	2.6	2.9	6.0	8.1	5.4	11.1	15.0	74.1	36.0	26.8	25.5	16.6	13.3	4.5	13.2	14.9	-3	15				
Lupin	Buy	1,411	1,467	4	642.4	7.7	16.9	26.4	29.0	37.1	58.1	63.8	38.1	24.3	22.1	20.1	14.2	12.8	4.0	17.6	20.0	12	84				
Mankind Pharma	Buy	2,169	2,251	4	868.8	10.5	18.2	22.3	25.8	45.3	55.7	64.3	47.9	38.9	33.7	33.1	26.7	22.7	7.8	22.2	27.8	12					
Metropolis Healthcare	Sell	1,583	1,341	(15)	81.1	1.0	1.5	1.9	2.3	29.2	37.3	44.7	54.3	42.5	35.4	25.5	21.6	18.8	6.5	16.3	21.1	-8	20				
Solara Active Pharma	Sell	410	333	(19)	14.8	0.2	-0.2	0.5	0.7	-4.4	15.1	20.8	-93.7	27.2	19.7	13.7	9.3	8.2	1.0	3.6	6.1	25	0				
Torrent Pharma	Buy	2,532	2,481	(2)	856.9	10.3	15.9	19.8	24.0	46.9	58.5	70.9	54.0	43.3	35.7	27.3	23.6	20.5	10.7	26.5	27.4	14	58				
Zydus Life Science	Hold	704	658	(7)	712.3	8.6	27.6	27.6	29.6	27.2	27.3	29.3	25.8	25.8	24.0	17.0	16.4	14.8	3.2	13.2	16.2	4	58				
<b>REALTY</b>																											
Arvind SmartSpaces	Buy	492	458	(7)	22.3	0.3	0.5	0.8	1.2	11.4	17.8	27.6	43.0	27.6	17.8	26.7	18.1	8.9	3.5	13.7	19.7	17	64				
Brigade Enterprise	Buy	977	807	(17)	225.7	2.7	4.4	6.0	6.7	19.2	26.2	29.0	51.0	37.3	33.7	18.5	16.0	14.9	26.3	15.1	14.6	12	119				
Century Textile & Industries	Buy	1,386	1,319	(5)	154.8	1.9	5.0	5.6	8.9	45.2	49.9	80.1	30.7	27.8	17.3	17.1	15.1	11.0	3.2	12.2	13.4	13	97				
DLF	Buy	777	687	(12)	1,923.4	23.1	42.4	53.8	60.0	17.1	21.7	24.2	45.3	35.7	32.1	53.8	45.2	40.2	4.1	12.1	10.1	9	110				
Godrej Properties	Hold	2,309	1,893	(18)	642.0	7.7	6.4	5.6	17.2	22.9	20.2	61.7	101.0	114.3	37.4	187.7	101.8	53.7	4.9	4.7	12.5	17	87				
Kolte Patil	Buy	534	588	10	40.6	0.5	1.5	2.0	2.1	19.5	26.0	28.0	27.4	20.6	19.1	12.3	8.9	8.1	3.1	15.8	21.1	11	78				
Macrotech Developers	Buy	1,128	835	(26)	1,088.1	13.1	18.9	30.3	34.8	19.7	31.4	36.1	57.4	35.9	31.3	38.6	26.2	21.2	6.0	18.3	20.1	20	106				
Nexus Select Trust	Buy	132	135	3	199.5	2.4	8.5	9.9	11.1	5.6	6.5	7.3	23.5	20.2	17.9	15.2	14.1	13.1	1.2	5.9	7.3	4					
Oberoi Realty	Hold	1,504	1,069	(29)	546.9	6.6	26.4	28.0	33.7	72.7	77.0	92.8	20.7	19.5	16.2	17.4	16.2	13.4	3.1	17.2	16.8	7	81				
Phoenix	Buy																										

## Valuation Guide

Company	Reco	CMP (INR)	P (INR)	Return (%)	M. Cap (INR bn)	M. Cap (USD bn)	Net profit (INR bn)			EPS (INR)			P/E (x)			EV/EBITDA (x)			P/BV (x)		RoE (%)			RoCE (%)		Absolute (%)	
							FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25	FY25	FY25	1m	12m	
<b>UTILITIES</b>																											
CESC	Buy	138	150	9	182.9	2.2	15.9	17.8	23.1	12.0	13.4	17.4	11.5	10.3	7.9	14.6	9.6	7.5	1.7	10.9	8.7	16	86				
COAL India	Buy	399	465	17	2,457.7	29.6	293.5	285.1	300.7	47.6	46.3	48.8	8.4	8.6	8.2	8.1	8.1	7.5	2.8	35.1	16.9	10	73				
Indian Energy Exchange	Sell	142	107	(25)	126.8	1.5	3.3	3.9	4.3	3.7	4.4	4.9	38.0	32.2	29.2	30.9	28.1	25.3	12.0	39.9	40.0	-7	3				
JSW Energy	Buy	511	507	(1)	839.9	10.1	19.1	25.5	33.3	11.6	15.5	20.2	44.1	33.0	25.2	16.8	13.4	11.2	3.7	11.9	8.8	25	107				
NHPC	Buy	81	78	(3)	808.6	9.7	42.7	49.2	55.5	4.2	4.8	5.4	19.3	16.8	14.9	17.9	13.8	13.0	1.9	12.0	5.9	24	88				
NTPC	Buy	308	364	18	2,988.5	36.0	181.4	187.6	214.7	18.7	19.3	22.1	16.5	15.9	13.9	10.9	10.4	9.5	1.9	12.1	9.4	2	85				
Power Grid	Buy	237	272	15	2,206.1	26.5	153.1	178.5	192.3	16.5	19.2	20.7	14.4	12.4	11.5	8.9	7.9	7.4	2.2	18.6	11.7	2	41				
PTC India	Buy	216	224	4	63.8	0.8	4.0	4.2	4.8	13.3	14.3	16.3	16.2	15.1	13.2	8.9	8.3	7.3	1.4	9.6	13.3	19	92				
SJVN Ltd	Buy	111	102	(8)	435.2	5.2	13.4	18.0	22.0	3.4	4.6	5.6	32.4	24.2	19.8	22.7	14.9	12.8	2.8	12.0	8.1	23	225				
Torrent Power	Hold	983	736	(25)	472.4	5.7	24.1	28.3	32.2	50.1	58.9	67.0	19.6	16.7	14.7	10.5	9.5	8.7	3.3	21.0	17.8	8	105				
Tata Power	Buy	346	450	30	1,105.1	13.3	37.8	42.2	51.0	11.8	13.2	15.9	29.2	26.2	21.7	15.6	15.1	12.7	3.3	12.8	6.9	6	67				
<b>MIDCAPS - OTHER</b>																											
CCL Products	Buy	628	910	45	83.5	1.0	3.0	3.6	4.8	22.2	27.2	36.0	28.3	23.1	17.4	19.4	15.7	12.3	4.3	19.9	15.3	0	15				
EPL Ltd.	Buy	200	310	55	63.6	0.8	2.5	3.6	4.8	7.8	11.3	15.1	25.5	17.6	13.2	9.2	7.4	6.0	2.8	16.5	20.2	1	23				
Ganesha Ecosphere	Buy	968	1,510	56	21.1	0.3	0.4	1.3	1.6	18.7	61.0	75.2	51.8	15.9	12.9	19.2	10.3	8.8	2.7	18.2	16.0	-2	9				
Gravita India	BUY	1,020	1,410	38	70.4	0.8	2.3	3.0	3.9	33.0	43.7	56.1	30.9	23.3	18.2	22.6	16.7	13.4	6.7	32.8	29.8	-3	121				
Indian Hotels	Hold	479	435	(9)	682.0	8.2	12.2	15.4	16.9	8.6	10.9	11.9	55.6	44.1	40.2	32.6	26.4	24.1	6.7	16.2	16.4	9	61				
Chalet Hotels	Buy	731	775	6	150.1	1.8	2.6	3.9	4.4	12.9	18.8	21.7	56.6	38.9	33.7	25.3	20.6	18.6	6.3	17.7	14.0	12	114				
Mold-Tek Packaging	Buy	863	1,100	27	28.6	0.3	0.7	0.9	1.2	21.5	28.0	36.4	40.1	30.8	23.7	21.2	17.0	13.7	4.2	14.4	12.7	-1	-14				
Raymond	Buy	1,790	2,665	49	119.2	1.4	16.7	8.0	10.4	251.4	120.8	156.2	7.1	14.8	11.5	10.8	9.3	7.3	2.2	16.4	19.0	4	18				
Solar Industries	Hold	6,931	5,820	(16)	627.2	7.5	9.2	10.7	13.2	101.9	117.8	145.4	68.0	58.8	47.7	42.1	35.8	29.3	14.2	27.1	33.0	5	70				
Varun Beverages	Hold	1,260	1,010	(20)	1,637.5	19.7	20.5	26.8	33.1	15.8	20.6	25.5	79.9	61.2	49.4	46.8	36.2	29.7	17.9	33.4	30.3	2	104				
Yatra Online	Buy	173	198	14	27.2	0.3	0.2	0.9	1.3	1.4	5.7	8.2	123.2	30.2	21.0	61.6	21.0	14.2	9.5	37.4	30.0	23					

Company	Reco	CMP (INR)	P (INR)	Return (%)	M. Cap (INR bn)	M. Cap (USD bn)	Net profit (INR bn)			BVPS (INR)			P/BV (x)*			NNPA Ratio (%)			P/E (x)		RoE (%)			RoA (%)		Absolute (%)	
							FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25	FY25	FY25	1m	12m	
<b>FINANCIALS</b>																											
Axis Bank	Buy	1,121	1,325	18	3,457.6	41.6	239.3	290.1	340.7	463.9	540.7	627.1	2.3	1.9	1.7	0.4	0.5	0.7	11.9	18.8	1.8	3	20				
Bank of Baroda	Buy	233	260	12	1,202.3	14.5	176.5	180.1	203.6	197.6	225.4	256.8	1.2	1.0	0.9	0.7	0.7	0.9	6.7	16.4	1.0	4	29				
Canara Bank	Buy	477	550	15	865.3	10.4	137.1	152.1	169.0	424.8	491.8	566.4	1.1	1.0	0.8	1.1	1.0	1.2	5.7	18.3	1.0	12	48				
City Union Bank	Buy	144	185	28	106.8	1.3	10.4	10.8	12.0	113.4	126.3	140.9	1.3	1.1	1.0	2.1	2.0	1.9	9.9	12.1	1.4	-2	9				
DCB Bank	Buy	148	180	21	46.3	0.6	5.2	6.4	7.3	151.8	170.1	190.7	1.0	0.9	0.8	1.3	1.1	1.1	7.2	12.8	1.0	18	21				
Equitas SFB	Hold	113	120	6	127.7	1.5	8.2	9.2	11.9	51.7	57.9	66.1	2.2	1.9	1.7	1.2	1.2	1.4	13.8	15.0	1.8	6	101				
Federal Bank	Buy	146	190	30	354.1	4.3	37.9	38.9	45.2	117.6	130.8	146.1	1.2	1.1	1.0	0.6	0.7	0.8	9.1	12.9	1.2	5	7				
HDFC Bank^	Buy	1,479	2,000	35	11,228.1	135.1	647.2	746.9	883.3	561.8	637.8	707.9	2.3	2.0	1.8	0.4	0.5	0.6	14.9	18.6	1.9	-11	-12				
ICICI Bank	Buy	1,009	1,275	26	7,076.5	85.2	402.3	410.1	476.0	326.1	372.9	427.2	2.7	2.3	1.9	0.5	0.6	0.6	17.3	16.5	2.0	1	16				
IndusInd Bank	Buy	1,535	1,925	25	1,194.1	14.4	89.7	106.7	125.4	792.0	902.0	1,029.4	1.9	1.7	1.5	0.5	0.5	0.6	11.2	16.2	1.9	-2	27				
Karur Vysya Bank	Buy	170	215	27	135.7	1.6	15.4	16.9	18.7	123.8	142.5	163.3	1.4	1.2	1.0	0.4	0.5	0.5	8.1	15.7	1.5	2	57				
Kotak Mahindra Bank	Buy	1,807	2,175	20	3,591.3	43.2	127.7	134.3	153.5	463.4	528.4	602.8	2.8	2.4	1.9	0.4	0.5	0.6	26.7	13.6	2.2	-3	1				
Punjab National Bank	Hold	105	95	(9)	1,156.2	13.9	80.6	129.1	140.4	88.9	98.2	108.5	1.2	1.1	1.0	0.9	0.6	0.5	9.0	12.5	0.8	18	85				
State Bank of India	Buy	631	750	19	5,635.0	67.8	583.6	605.4	689.4	351.9	406.2	468.0	1.4	1.1	0.9	0.6	0.7	0.8	9.3	16.9	0.9	-1	5				
South Indian Bank	Hold	31	31	1	64.4	0.8	10.5	9.6	11.4	34.6	38.7	43.5	0.9	0.8	0.7	1.6	1.6	1.6	6.7	12.5	0.8	15	69				
Ujjivan Small Bank	Buy	59	68	15	115.4	1.4	12.4	12.1	13.3	26.9	33.0	39.8	-	-	-	0.0	0.2	0.6	9.5	20.0	2.5	2	108				
Union Bank of India	Buy	142	155	10	1,051.1	12.6	139.3	150.0	163.2	117.7	132.2	148.1	1.2	1.1	1.0	0.8	0.9	1.1	7.0	16.2	1.0	20	74				

\*Adjusted for subsidiaries; ^ HDFCB Financials for FY24, FY25 and FY26 is for proforma merged entity

Company	Reco	CMP (INR)	P (INR)	Return (%)	M. Cap (INR bn)	M. Cap (USD bn)	VNB (INR bn)			EVPS (INR)			P/EV (x)			P/VNB (x)			RoEV (%)		Absolute (%)	
							FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY25
<b>Insurance</b>																						
HDFC Life Insurance	Buy	608	760	25	1,307.6	15.7	36.1	42.6	49.8	220.1	255.9	297.7	2.8	2.4	2.0	24.9	19.3	14.7	17.2	5	3	
ICICI Prudential Life Insurance	Buy	491	610	24	707.5	8.5	22.3	25.0	27.8	292.5	331.3	374.6	1.7	1.5	1.3	12.4	8.8	5.7	14.0	5	3	
UC of India	Hold	937	780	(17)	5,925.6	71.3	94.2	103.8	113.3	1,041.4	1,125.9	1,218.6	0.9	0.8	0.8	NA	NA	NA	9.9	18	34	
Max Life Insurance*	Buy	889	1,180	33	306.9	3.7	18.9	21.9	25.4	572.9	678.8	802.0	2.4	2.0	1.7	16.6	12.6	9.2	19.5	5	5	
SBI Life Insurance	Buy	1,442	1,730	20	1,444.0	17.4	55.0	63.9	73.0	555.8	660.6	781.6	2.6	2.2	1.8	16.3	12.4	9.2	19.7	3	11	

\*Valuations after factoring 20% holdco discount

Events Calendar

January/February 2024

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sun
<b>22 Jan</b>	<b>23 Jan</b>	<b>24 Jan</b>	<b>25 Jan</b>	<b>26 Jan</b>	<b>27 Jan</b>	<b>28 Jan</b>
	Axis Bank Gravita India Havells India JSW Energy Mahanagar Gas Hitachi Energy Rallis India United Spirits	Bharat Dynamics Balkrishna Industries Bajaj Auto Canara Bank Ceat Chalet Hotels Dalmia Bharat DCB Bank DIF IOCL Kirloskar Pneumatic Kolte-Patil Developers Laurus Labs Sharda Cropchem Tata Steel Tech Mahindra TVS Motor Co Ujivan SFB	ACC Cyient Equitas SFB HPCL Indian Energy Exchange Indraprastha Gas JSW Steel Punjab National Bank SBI Life Insurance Vedant Fashions Vedanta		APL Apollo Tubes Macrotech Developers	
<b>29 Jan</b>	<b>30 Jan</b>	<b>31 Jan</b>	<b>1 Feb</b>	<b>2 Feb</b>	<b>3 Feb</b>	<b>4 Feb</b>
Apollo Pipes Bharat Electronics BPCL GAIL (India) ITC Marico NTPC Nuvoco Vistas Petronet LNG Venus Pipes & Tubes	Blue Star Dr. Reddy's Labs Larsen & Toubro TeamLease Services Voltas	Ambuja Cements Bank of Baroda Dabur India Godrej Consumer IRB Infra Jubilant Foodworks Jyothy Laboratories Kajaria Ceramics Mankind Pharma Maruti Suzuki Shree Cement Westlife Foodworld	Mphasis RITES Raymond Sumitomo Chemical Titan Co	Torrent Pharma	State Bank of India	
<b>5 Feb</b>	<b>6 Feb</b>	<b>7 Feb</b>	<b>8 Feb</b>	<b>9 Feb</b>	<b>10 Feb</b>	<b>11 Feb</b>
Alembic Pharma Kansai Nerolac Orient Cement	Godrej Properties Max Financial Services	Cummins India Nestle India		Emami Tata Power Co		
<b>12 Feb</b>	<b>13 Feb</b>	<b>14 Feb</b>	<b>15 Feb</b>	<b>16 Feb</b>	<b>17 Feb</b>	<b>18 Feb</b>
Lakshmi Machine Works	Hindalco Industries	CG Consumer				
<b>19 Feb</b>	<b>20 Feb</b>	<b>21 Feb</b>	<b>22 Feb</b>	<b>23 Feb</b>	<b>24 Feb</b>	<b>25 Feb</b>
	ABB India					
<b>26 Feb</b>	<b>27 Feb</b>	<b>28 Feb</b>	<b>29 Feb</b>			

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