

ANTIQUE'S MORNING PRESENTATION

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Mahindra & Mahindra

Broadly in-line operating performances

Steel Authority of India

Lower sales volume impacts EBITDA; inventory build-up raises debt

Oil India

Strong production guidance

Prestige Estates Projects

Another record year on the anvil

National Aluminium Company

Lower than anticipated costs, higher alumina sales drive sharp EBITDA beat

Arvind Fashions

Resilient performance despite weak demand trends

Yatra Online

Steady performance; market share gain continues

Solara Active Pharma Sciences

Weak results; another strategy reset

Global News

- The Dow closed higher Wednesday, as investors bought the dip in stocks, with tech leading the way following a sell-off a day earlier following stronger-than-anticipated U.S. inflation reading. The blue-chip Dow Jones Industrial Average gained 0.4%, or 151 points, while the benchmark S&P 500 rose 0.9%, the tech-heavy Nasdaq Composite rose 1.3%
- The Nikkei 225 Index fell 0.69% to close at 37,700 while the broader Topix Index dropped 1.05% to 2,585 on Wednesday, with Japanese shares pulling back from 34 year highs and taking cues from a weak lead on Wall Street overnight as hotter-than-expected US inflation data dashed hopes for early Federal Reserve interest rate cuts.

Sector & Corporate News

- State-run **Coal India** plans to start operations at five new mines and expand capacity of at least 16 existing ones to address growing demand for the fuel. India has increasingly relied on coal to address record power demand in recent months, with the rise in coal-fired power output outpacing renewable energy growth for the first time since at least 2019. The world's largest coal miner is set to boost inventories at power plants running on domestic coal.
- **Tata Power Renewable Energy Ltd (TPREL)** has signed an agreement worth INR 1050 mn with **Tata Communications** to set up a 18.75 MW captive solar plant in Maharashtra. Located in Aachegaon, Maharashtra, the plant is projected to generate approximately 40 million units (MUs) of power while offsetting more than 30,000 tonne of CO2 emissions annually.

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	38,424	0.4	1.9
NASDAQ	15,859	1.3	5.6
FTSE	7,568	0.7	(2.1)
CAC	7,677	0.7	1.8
DAX	16,945	0.4	1.2
Russia	1,123	(0.0)	3.6
Bovespa	127,018	(0.8)	(5.3)
Nikkei	37,703	(0.7)	12.7
Hang Seng	15,879	0.8	(6.9)
Shanghai Composite	2,866	1.3	(3.7)

Indian Indices	Closing	% Chg	% YTD
Sensex	71,823	0.4	(0.6)
Nifty	21,840	0.4	0.5
MSCI India	957	0.6	3.9
CNX Midcap	48,332	1.0	4.7
BSE Smallcap	44,797	1.2	5.0

Flows (USD mn)	Prev. Day	MTD
FII	28	(486)

Provisional flows	(USD mn)
FII	(473)
Local	349

Volumes	USD bn	% Chg
Cash (NSE + BSE)	14.7	4.1
F&O (net)	9,024.6	44.3

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(78)	(11)
Open Int (%)	0.5	3.1

ADR/GDR Gainers	Last	% Chg
SBI	89.3	4.8
Reliance	71.8	2.7
Wipro	6.1	2.5
Infosys	20.2	1.6
ICICI Bank	24.6	1.6

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	45,357	1.3	3.1	7.4
BSE Bank	52,325	1.2	0.6	(3.8)
BSE Cap Goods	54,979	1.1	(3.0)	(1.2)
BSE Cons dur	49,914	0.5	(0.9)	(0.2)
BSE FMCG	19,409	0.9	(2.4)	(5.2)
BSE IT	38,358	(0.9)	2.7	6.5
BSE Health	35,080	(0.6)	3.7	11.2
BSE Metal	27,132	2.0	1.4	0.5
BSE Oil	28,376	3.6	9.5	23.3
BSE Power	6,428	1.8	1.8	10.5
BSE PSU	18,391	3.4	6.3	18.2
BSE Realty	6,804	1.4	0.6	10.0
BSE TECK	16,923	(0.7)	1.7	6.2

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Bharat Petroleum Corp Ltd	624	6.7	24.1	38.4
State Bank Of India	743	4.2	16.1	15.8
Oil & Natural Gas Corp Ltd	269	3.6	6.6	31.1
Coal India Ltd	466	3.1	14.8	24.0
Axis Bank Ltd	1,097	2.4	2.7	(0.5)
Tata Steel Ltd	141	2.4	3.9	1.1
Maruti Suzuki India Ltd	11,028	2.2	8.3	7.0

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Tech Mahindra Ltd	1,293	(2.7)	(3.1)	1.6
Cipla Ltd	1,425	(2.2)	5.5	14.4
Sun Pharmaceutical Indus	1,520	(1.4)	7.2	20.7
Dr. Reddy'S Laboratories	6,258	(1.2)	2.2	7.9
Tata Consultancy Svcs Ltd	4,100	(1.2)	7.4	8.6
Infosys Ltd	1,666	(1.1)	0.3	8.0
Sbi Life Insurance Co Ltd	1,454	(0.9)	3.8	1.5

Bulk Deals

Security Name	Client Name	Buy/Sell	Qty	Price	Value (mn)
DATAINFRA	BIF Iv Jarvis India Pte Ltd	Sell	43,30,00,000	153.50	66,466
DATAINFRA	Anahera Investment Pte. Ltd.	Buy	37,44,00,000	153.50	57,470
DATAINFRA	BCI Irr India Holdings Inc	Buy	5,72,00,000	153.50	8,780
MEDANTA	Dunearn Investments Mauritius Pte Limited	Sell	30,00,000	1,315.20	3,946
MEDANTA	RJ Corp Limited	Buy	28,82,203	1,315.00	3,790

Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Bharat Petroleum Corp Ltd	15,111,904	562%	6.73%
Glenmark Pharmaceuticals Ltd	639,196	324%	-4.21%
Tech Mahindra Ltd	1,967,255	276%	-2.68%
Vedanta Ltd	4,021,721	228%	3.77%
Vodafone Idea Ltd	135,508,600	195%	5.78%
Axis Bank Ltd	8,430,092	193%	2.44%
Hindustan Petroleum Corp Ltd	4,738,728	192%	8.30%
Reliance Infrastructure Ltd	4,844,667	182%	9.04%
Marico Ltd	1,080,502	128%	0.35%
Aurobindo Pharma Ltd	2,860,689	119%	-2.95%

Derivatives Update

Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
HINDCOPPER	260.7	3.45	19.19	40290
INDIAMART	2716.75	0.47	8.30	927
IOC	184.35	5.16	7.30	169045
VEDL	280.85	3.69	7.23	105611

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
HINDALCO	510.25	-0.35	12.27	46566
LITS	5428.50	-3.86	9.87	752
NAUKRI	5130.25	-4.33	9.47	1245
COFORGE	6510.35	-2.73	7.53	1358

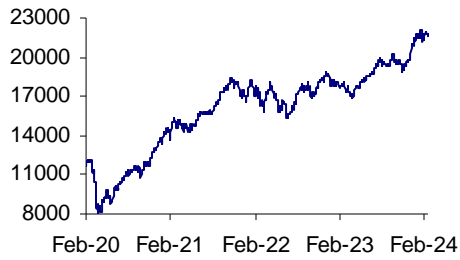
Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
IPCALAB	1154.05	-0.36	-8.30	3704
SUNPHARMA	1524.75	-1.03	-5.40	18516
GUJGASLTD	561.9	-0.23	-3.80	6515
AUROPHARMA	996.7	-2.83	-3.60	23710

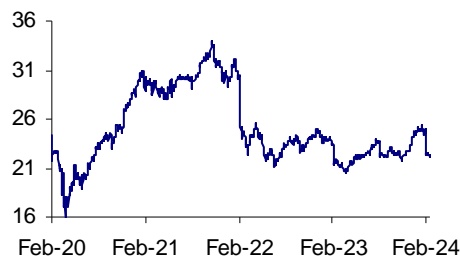
Long Unwinding

Company	Last	% Chg	% Chg OI	OI (in 000)
NATIONALUM	154.35	9.78	-20.17	74820
BOSCHLTD	27267.55	3.28	-4.65	190
SAIL	122.10	3.61	-3.76	139496
AXISBANK	1098.60	2.25	-3.58	48212

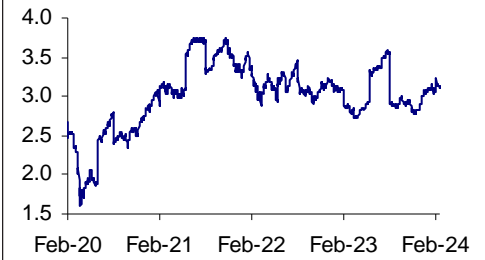
Nifty



Nifty P/E

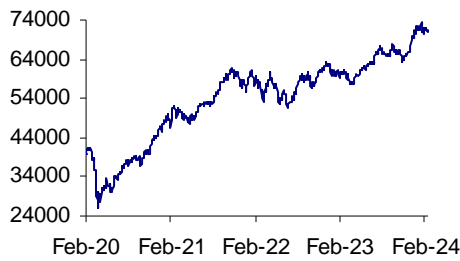


Nifty P/B

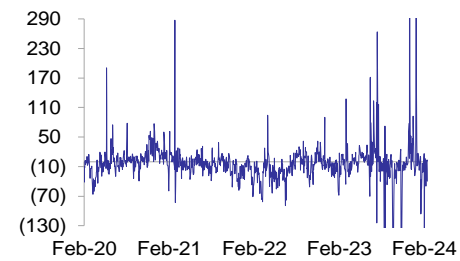


Source: Bloomberg

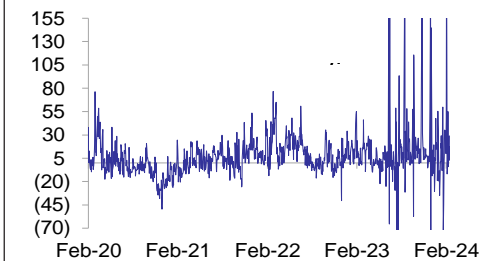
Sensex



FII Provisional Flows (INR bn)



DII Provisional Flows (INR bn)



Source: Bloomberg

Economy, Money & Banking

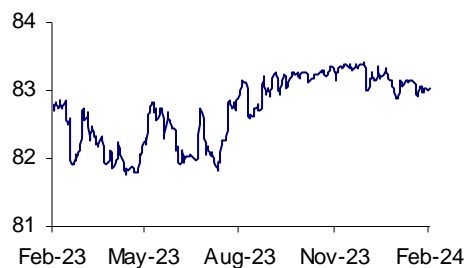
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	83.0	(0.0)	0.0	0.2
INR~EUR	88.8	0.6	1.2	3.5
INR~GBP	104.1	0.9	1.1	1.6

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.1	1	(3)	(6)
Interbank call	5.8	(100)	(110)	(49)

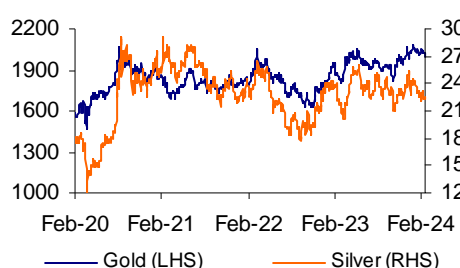
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,994	0.1	(2.3)	(3.4)
Crude Oil (\$/Bbl)	77	(0.2)	0.9	6.5
Aluminium (\$/t)	2,198	(0.1)	(1.9)	(6.3)
Copper (\$/t)	8,156	0.3	(4.1)	(3.6)
Zinc (\$/t)	2,291	(0.5)	(9.0)	(13.2)
Lead (\$/t)	2,008	(1.0)	(7.3)	(1.3)
Nickel (\$/t)	16,005	1.4	(0.0)	(2.3)

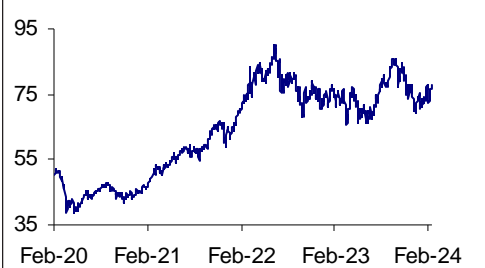
INR/USD



Gold and silver prices (USD/Tr.Oz)

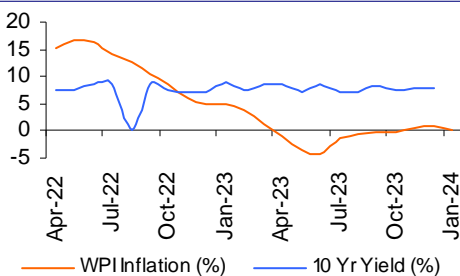


Crude prices (USD/barrel)

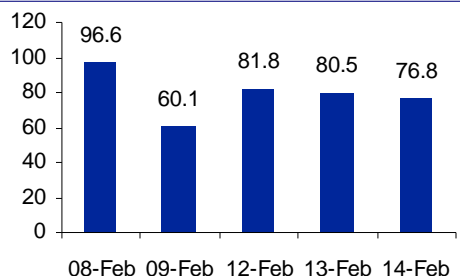


Source: Bloomberg

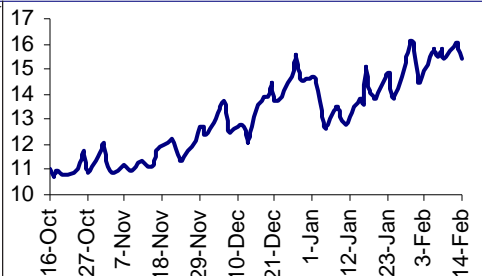
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

CMP	: INR 1,660
Reco	: BUY ↔
Target Price	: INR 1,846 ↓
Target Price Change	: -5.8%
Target FY26 P/E (x)	: 14
EPS Change FY24/ 25/ 26	: -1%/ -2%/ -2%

Varun Baxi
 +91 72890 58502
 varun.baxi@antiquelimited.com

Mihir Vora
 +91 22 6911 3448
 mihir.vora@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Automobiles
Market Cap (INR bn)	: 2,060.6
Market Cap (USD bn)	: 24.818
O/S Shares (mn)	: 1,243.5
52-wk HI/LO (INR)	: 1758/1123
Avg. Daily Vol ('000)	: 1,868
Bloomberg	: MM IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	74.7	77.7	84.4
P/E (x)	22.2	21.4	19.7
P/BV (x)	9.9	8.7	7.6
EV/EBITDA (x)	16.2	14.1	12.5
Dividend Yield (%)	1.1	1.2	1.2

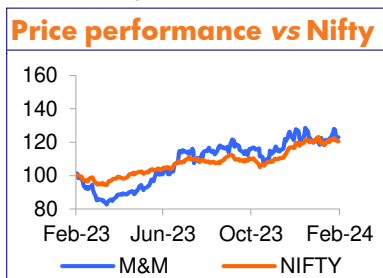
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	2	8	7	22
Relative	3	(3)	(2)	3

Source: Bloomberg

Shareholding pattern	
Promoters	: 19%
Public	: 77%
Others	: 4%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

3QFY24 RESULT REVIEW

Mahindra & Mahindra

Broadly in-line operating performance

Mahindra and Mahindra's (M&M) 3QFY24 adj. revenue stood at INR 253 bn, up 17% YoY, driven by strong auto volume growth. Volumes grew by 11% YoY while realizations rose ~5%/ 1% YoY/ QoQ. Adj. EBITDA margin was 70 bps up QoQ driven by better auto margin and the same was 20 bps ahead of our estimates. Going ahead, we expect continued outperformance in PVs led by consistent strong demand and a robust order book of 226k units. However, the company indicated that 4Q revenue to be flattish. We build in 13% CAGR volume growth in the UV business over FY23-26. In FES, we expect some moderation in volume on the back of a high base and uneven distribution of monsoon. We expect a low single-digit decline in the tractor business in FY24. We remain positive on the company as we believe the current valuation of core business at 10x FY26E earnings is undemanding. We tweak our FY25/ 26 estimates by 1.5%/ 2% and value the company on SoTP basis to arrive at a TP of INR 1,846 valuing the core business at a PE of 14x FY26 EPS and EV business at a 50% discount to the deal value (30% earlier) to factor in the increasing competition in EV space.

Earnings impacted by lower investment income

Adj. revenue stood at INR 253 bn, up ~17% YoY, led by strong growth in auto volumes at 20% YoY partly offset by 4% decline in farm segment volumes. Adj. gross margin was flattish on a sequential basis. Overall, adj. EBITDA margin stood at 12.8%, broadly in line with our estimates. Auto segment EBIT margin came in at 8.3%, down 70 bps QoQ, while farm segment EBIT margin came in at 15.5%, down 50 bps QoQ. PAT came in weak at INR 24.5 bn impacted by lower investment income.

Domestic automotive continues on the growth path

Overall automotive volumes stood at 211k, up 20% on a YoY basis, driven by strong growth in its PV segment supported by new launches like the XUV 700, Scorpio N, and Thar. M&M's open bookings as on 1st Feb stood at 226k indicating very strong demand for the products. The company is actively working towards mitigating supply-demand mismatch by increasing their capacity to 49k per month by March '24 vs. 39k capacity as of March '23. New bookings per month at ~50k continues to outpace the dispatches currently with a majority of the bookings being for high-end variants driving realization. Further, going ahead, the company plans to launch the Thar 5 door and a facelift of the XUV 300 which should further aid volume growth. Management expects volumes to grow in mid-teens in FY25.

Farm segment to face short-term hiccup

Management has indicated a decline of ~10% in tractor volumes going ahead in 4QFY24 due to a higher base of last year which was driven by Navratra, however, management is hopeful of better volumes in the medium term driven by increased govt. spending on agriculture, better rainfall conditions, and improving income levels. The export of tractors may go through a longer lead time in the short term due to the ongoing Red Sea crisis, but the company does not see any major impact as long as the event is not prolonged. The farm machinery segment is expected to further drive revenue growth, however, management expects a breakeven on the margin level in the next 12-18 months as volumes grow.

Investment Summary

We value M&M on SoTP basis with the standalone business valued at ~14x FY26E core EPS and other listed entities valued at a 30% discount to the current market value while the EV business is valued at a 50% discount to the deal value, to arrive at a TP of INR 1,846. We remain positive on M&M due to its strengthening leadership in the SUV segment, market share gains in UV and FES, and positive outlook for BEV business. We build in the revenue growth of 10% over FY23-26 led by 12% revenue growth in the auto segment and 5% revenue growth in FES.

Table 1: Quarterly Result

Y/E March (INR mn)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	YTDFY23	YTDFY24	YoY (%)
Net sales	2,52,885	2,16,537	16.8	2,43,099	4.0	6,35,721	7,39,667	16.4
COGS	1,90,660	1,64,471	15.9	1,83,793	3.7	4,76,363	5,55,601	16.6
% of sales	75.4	76.0	(0.7)	75.6	(0.3)	74.9	75.1	0.2
Gross margin %	24.6	24.0	56bps	24.4	21bps	25.1	24.9	(18)bps
Employee costs	11,343	9,342	21.4	11,262	0.7	27,009	33,052	22.4
% of sales	4.5	4.3	4.0	4.6	(3.2)	4.2	4.5	0.2
Other expenses	18,518	14,583	27.0	18,703	(1.0)	44,606	53,835	20.7
% of sales	7.3	6.7	8.7	7.7	(4.8)	7.0	7.3	0.3
EBITDA	32,364	28,142	15.0	29,341	10.3	87,743	97,179	10.8
EBITDA margin %	12.8	13.0	(20)bps	12.1	73bps	13.8	13.1	(66)bps
Depreciation	8,179	8,292	(1.4)	8,158	0.3	23,160	24,618	6.3
Interest expenses	348	686	(49.2)	329	5.7	2,030	1,001	(50.7)
Other income	7,370	6,700	10.0	22,819	(67.7)	10,820	36,765	239.8
Exceptional items	-	6,289	(100.0)	-	-	9,177	-	-
PBT	31,207	19,576	59.4	43,672	(28.5)	64,197	1,08,325	68.7
Tax	6,668	4,296	55.2	9,153	(27.2)	14,197	21,475	51.3
Effective tax rate %	21.4	21.9	(2.6)	21.0	1.9	22.1	19.8	(2.3)
Reported PAT	24,540	15,281	60.6	34,519	(28.9)	50,000	86,850	73.7
Adj PAT	24,540	21,569	13.8	34,519	(28.9)	59,177	86,850	46.8
Adj PAT margin %	9.7	10.0	(26)bps	14.2	(450)bps	9.3	11.7	243bps
EPS	20.5	18.0	13.8	28.9	(28.9)	49.5	72.7	46.8

Source: Company, Antique

Table 2: Financial summary

Y/E March (INR mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E
Automotive Volume	4,76,043	3,52,281	4,65,601	6,98,486	8,10,888	8,66,492	9,36,092
YoY growth (%)	(21.8)	(26.0)	32.2	50.0	16.1	6.9	8.0
Farm Equipment Volume	3,01,915	3,54,498	3,54,698	4,07,545	3,99,574	4,07,387	4,15,535
YoY growth (%)	(8.6)	17.4	0.1	14.9	-2.0	2.0	2.0
Net sales	4,48,655	4,46,299	5,77,869	8,49,603	9,73,642	10,49,422	11,47,493
YoY growth (%)	(15.1)	(0.5)	29.5	47.0	14.6	7.8	9.3
EBITDA	63,506	69,575	70,275	1,04,424	1,21,705	1,36,425	1,50,322
EBITDA margin (%)	14.2	15.6	12.2	12.3	12.5	13.0	13.1
Adjusted PAT	35,509	29,909	50,055	74,778	92,659	96,314	1,04,611
YoY change (%)	(34.4)	(15.8)	67.4	49.4	23.9	3.9	8.6
RoCE (%)	14.1	13.2	14.2	19.9	22.3	20.6	20.0
RoE (%)	10.3	8.5	13.1	17.2	18.4	16.8	16.0
P/E (x)	43.1	51.2	30.6	20.5	16.5	15.9	14.6
EV/Sales (x)	3.0	3.0	2.3	1.5	1.3	1.1	1.0
EV/EBITDA (x)	21.2	18.9	18.8	12.1	10.3	8.7	7.5

Source: Company, Antique

Table 3: Segment Information

Segment-wise results	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY23	9MFY24	YoY (%)
Segment-wise volumes								
Automotive Segment	2,11,443	1,76,114	20.1	2,12,087	(0.3)	5,09,259	6,09,668	19.7
Farm Equipment Segment	1,01,672	1,05,765	(3.9)	90,061	12.9	3,17,814	3,06,742	(3.5)
Total volumes	3,13,115	2,81,879	11.1	3,02,148	3.6	8,27,073	9,16,410	10.8
Segment-wise revenue								
Automotive Segment	1,85,767	1,47,965	25.5	1,84,055	0.9	4,25,390	5,36,032	26.0
Farm Equipment Segment	67,346	62,777	7.3	59,195	13.8	1,93,096	2,01,097	4.1
Auto Investments	50	0	NM	1,079	NM	602	1,633	171.4
Farm Investments	0	0	NM	797	NM	337	797	NM
Industrial and consumer investments	3,489	0	NM	12,752	(72.6)	14,649	18,860	NM
Total	2,56,651	2,10,742	21.8	2,57,878	(0.5)	6,34,073	7,55,988	19.2
Intersegment	227	1,004	(77.4)	151	50.8	5,152	584	(88.7)
Total Revenue	2,56,424	2,09,738	22.3	2,57,727	(0.5)	6,28,921	7,55,404	20.1
Revenue proportion %								
Automotive Segment	72.4	70.2	(1.0)	71.4	1.2	67.1	70.9	3.8
Farm Equipment Segment	26.2	29.8	(3.3)	23.0	(6.8)	30.5	26.6	(3.9)
Auto Investments	0.0	0.0	0.4	0.4	0.4	0.1	0.2	0.1
Farm Investments	0.0	0.0	0.3	0.3	0.3	0.1	0.1	0.1
Industrial and consumer investments	1.4	0.0	3.6	4.9	4.9	2.3	2.5	0.2
Segment-wise results								
Automotive Segment	15,333	9,896	54.9	16,624	(7.8)	25,448	44,480	74.8
Farm Equipment Segment	10,415	10,393	0.2	9,464	10.1	31,329	32,906	5.0
Auto Investments	50	-	NM	-240	NM	-5,999	4,368	NM
Farm Investments	0	-	NM	797	NM	337	797	NM
Industrial and consumer investments	3,501	-	-	12,779	(72.6)	14,510	19,062	31.4
Total EBIT	29,299	20,289	44.4	39,422	(25.7)	65,626	1,01,613	54.8
EBIT margin %								
Automotive Segment	8.3	6.7	157bps	9.0	(78)bps	6.0	8.3	232bps
Farm Equipment Segment	15.5	16.6	(109)bps	16.0	(52)bps	16.2	16.4	14bps
Total EBIT Margin	11.4	9.7	175bps	15.3	(387)bps	10.4	13.5	302bps
EBIT composition %								
Automotive Segment	52.3	48.8	(10.2)	42.2	(6.6)	38.8	43.8	5.0
Farm Equipment Segment	35.5	51.2	(11.5)	24.0	(27.2)	47.7	32.4	(15.4)

Source: Company, Antique

Table 4: Change in our estimates

Y/E March (INR mn)	New estimate			Old estimate			Change (%)		
	FY24E	FY24E	FY24E	FY24E	FY24E	FY24E	FY24E	FY24E	FY24E
Volume	12,10,463	12,73,880	13,51,627	12,26,584	12,98,448	13,89,271	(1.3)	(1.9)	(2.7)
Net sales	9,73,642	10,49,422	11,47,493	9,83,398	10,64,587	11,71,194	(1.0)	(1.4)	(2.0)
EBITDA	1,21,705	1,36,425	1,50,322	1,22,925	1,38,396	1,53,426	(1.0)	(1.4)	(2.0)
EBITDA margin (%)	12.5	13.0	13.1	12.5	13.0	13.1	0bps	0bps	(0)bps
PAT	92,659	96,314	1,04,611	93,579	97,802	1,06,955	(1.0)	(1.5)	(2.2)

Source: Company, Antique

Table 5: Our estimates versus actual performance

Y/E March (INR mn)	Actual 3QFY24	Our estimate 3QFY24	Deviation (%)
Net sales	2,52,885	2,56,616	(1.5)
EBITDA	32,364	32,334	0.1
EBITDA (%)	12.8	12.6	20bps
Adj PAT	24,540	29,793	(17.6)

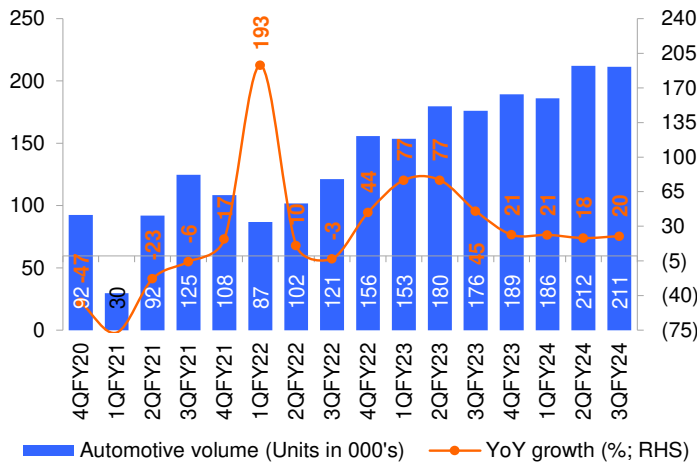
Source: Company, Antique

Conference Call Highlights

- **Demand:** SUV revenue market share is currently at 21% and is number 2 in terms of volume. Cancellation rate at 10% was higher mainly due to generally higher cancellation rate in December. Deliveries currently at 40k per month and new bookings at 50k per month. The company expects 4QFY24 dispatches to be flattish due to XUV300 ramp down and variant level demand vs. capacity mismatch. The company expects the SUV portfolio to grow by mid to high teens in FY25 ahead of industry growth. The company is not seeing major pressure in rural and semi urban regions for their products.
- **Products:** Thar continue to be in great demand with the highest waiting period followed by Scorpio. The company has stopped bookings for XUV300 as they will be launching a revamped version. The company is working on bringing down XUV700 model wait period and it has 85% of the orders for higher end models which is a sort of a bottleneck. Thar 5 door to launch in mid of CY24. EV price went down slightly due to decline in battery prices and competition; the company aims to achieve 25% market share in the EV segment. The company is not keen on entering hybrid vehicles. It is equally focused on ICE portfolio as well.
- **LCV:** Market share stood at 49.6%. In last mile mobility (electric 3Ws), the company is seeing some competition increasing and volumes were 11.6k for the quarter and market share was 48.5% for 3QFY24.
- **Farm:** Gains market share by 80 bps, currently at 41.8%. The company saw weak govt. spending on agri and rural development, which has impacted demand. Farm machinery segment grew by 30% against target of 40%. Margin for farm stood at 16.5% and core margin was at 16.9% (post the 0.7% impact of World Cup advertising spends). The company saw positive growth for tractors in the festive period, and currently the company is looking at inventory correction as stock levels are slightly higher than the normal 30 days. Farm machinery to break even in 1-2 years. The company expects 4QFY24 volumes to decline by 10% YoY. The company expects positive monsoon in FY25.
- **Margins and costs:** The company expects farm margins to continue in the range of 17%-19% going ahead. It has not seen material impact on the cost front due to the Red Sea crisis as contracts were entered into. Facing some higher lead time for OJA tractors exports.

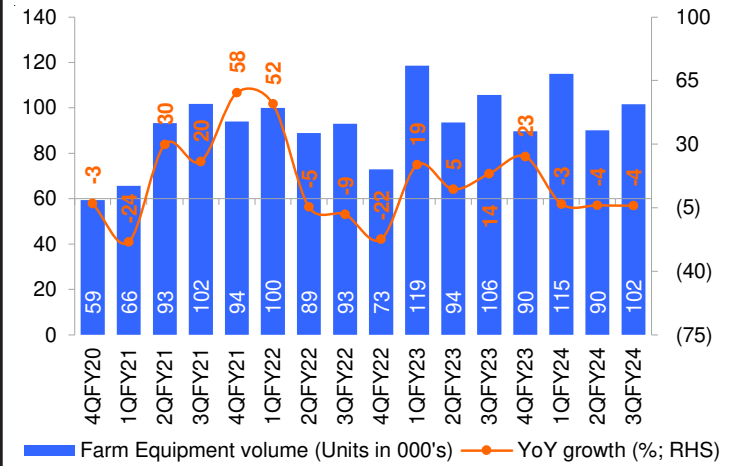
Story in Charts

Exhibit 1: Automotive volume and volume growth



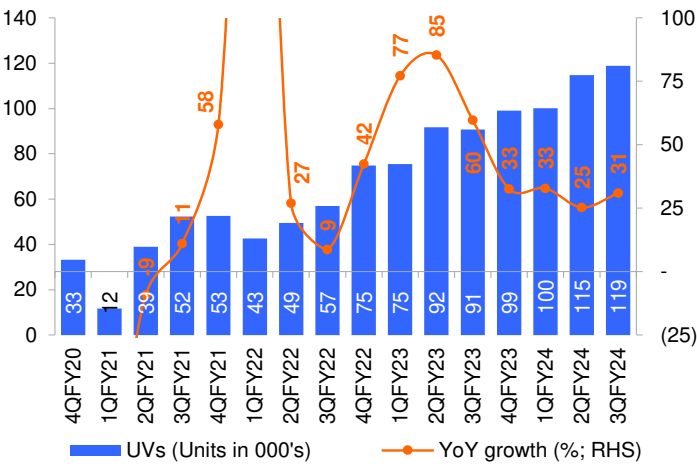
Source: SIAM, Antique

Exhibit 2: Farm equipment volume and volume growth



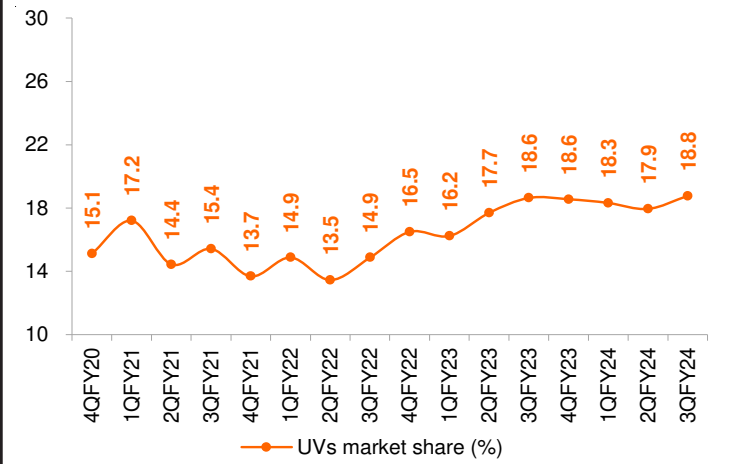
Source: SIAM, Antique

Exhibit 3: UV volume growth



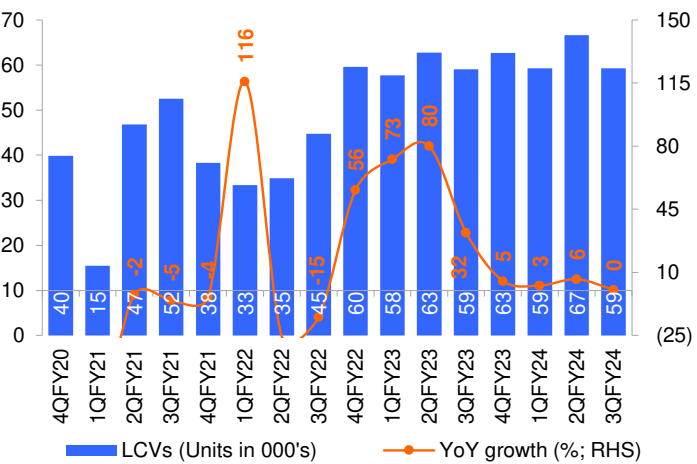
Source: SIAM, Antique

Exhibit 4: UV market share



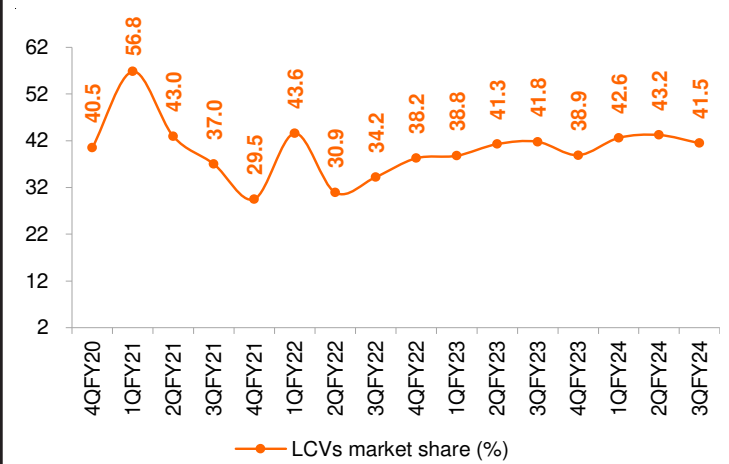
Source: SIAM, Antique

Exhibit 5: LCV volume growth



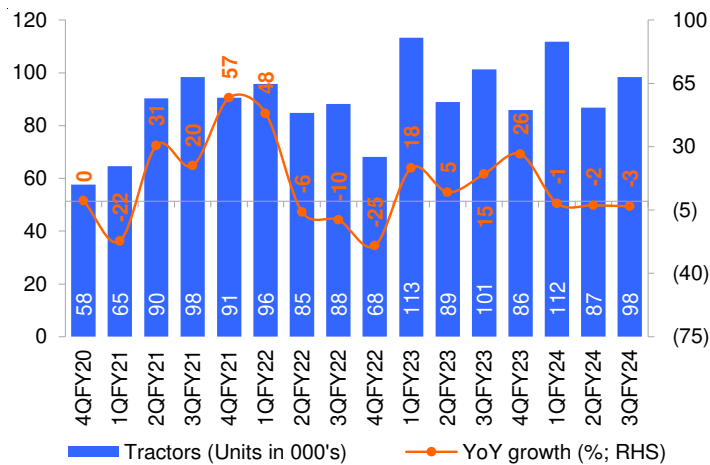
Source: SIAM, Antique

Exhibit 6: LCV market share



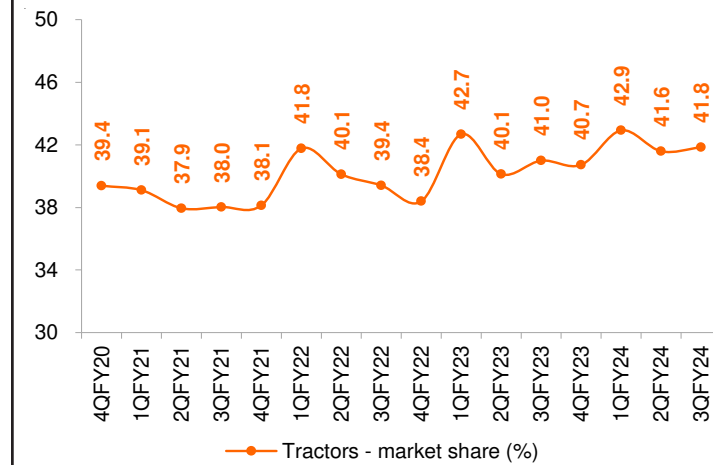
Source: SIAM, Antique

Exhibit 7: Tractor volume growth



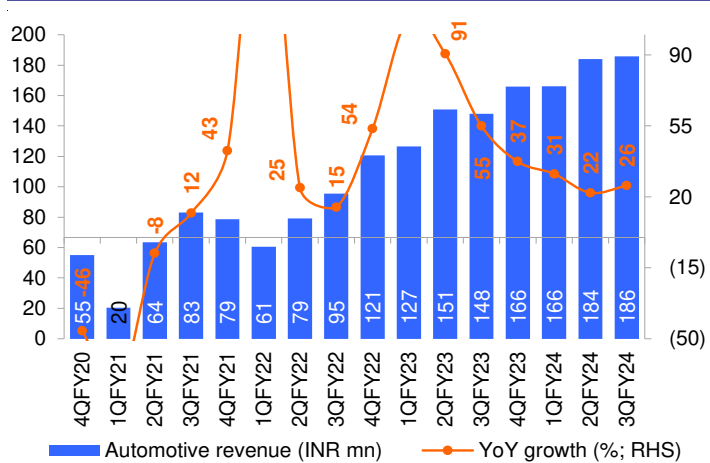
Source: SIAM, Antique

Exhibit 8: Tractor market share



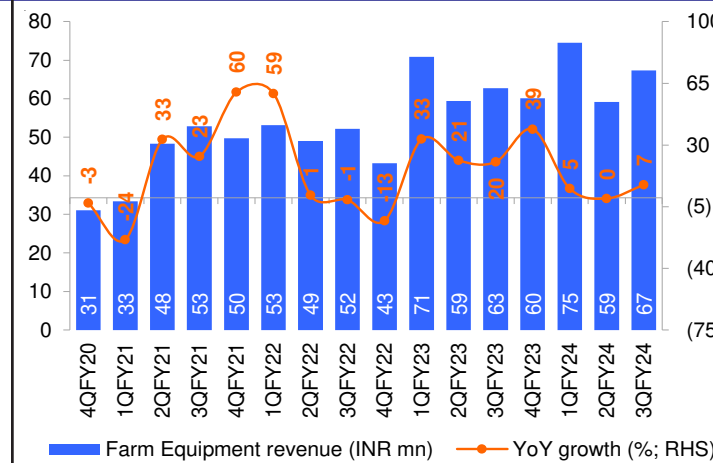
Source: SIAM, Antique

Exhibit 9: Automotive revenue



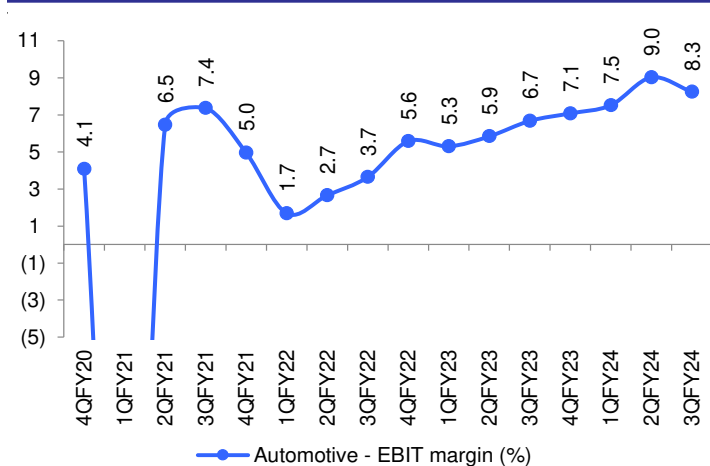
Source: SIAM, Antique

Exhibit 10: Farm equipment revenue



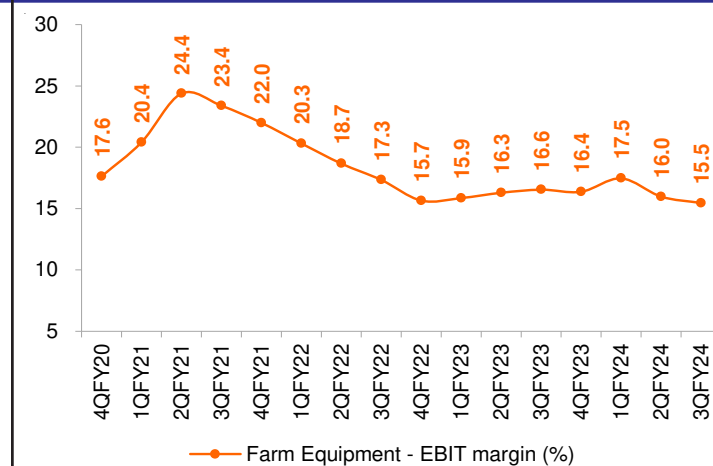
Source: SIAM, Antique

Exhibit 11: Automotive EBIT margin



Source: Company, Antique

Exhibit 12: Farm equipment EBIT margin



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	5,77,869	8,49,603	9,73,642	10,49,422	11,47,493
Op. Expenses	5,07,595	7,45,179	8,51,936	9,12,997	9,97,171
EBITDA	70,275	1,04,424	1,21,705	1,36,425	1,50,322
Depreciation	24,984	31,545	33,257	36,510	41,610
EBIT	45,291	72,879	88,448	99,915	1,08,712
Other income	20,538	25,452	36,488	29,687	32,062
Interest Exp.	2,262	2,728	2,209	2,034	2,216
Extra Ordinary Items -gain/(loss)	(2,087)	(14,295)	-	-	-
Reported PBT	61,480	81,308	1,22,727	1,27,568	1,38,558
Tax	12,781	15,821	30,068	31,254	33,947
Reported PAT	48,699	65,486	92,659	96,314	1,04,611
Net Profit	48,699	65,486	92,659	96,314	1,04,611
Adjusted PAT	50,055	74,778	92,659	96,314	1,04,611
Adjusted EPS (INR)	40.4	60.3	74.7	77.7	84.4

Balance sheet (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	5,983	5,991	5,991	5,991	5,991
Reserves & Surplus	3,75,998	4,27,577	4,97,861	5,68,694	6,48,445
Networth	3,81,981	4,33,567	5,03,852	5,74,684	6,54,435
Debt	64,978	46,437	41,937	39,437	34,437
Net deferred Tax liabilities	17,622	14,703	14,703	14,703	14,703
Capital Employed	4,64,580	4,94,708	5,60,492	6,28,824	7,03,575
Gross Fixed Assets	3,11,996	3,64,263	4,27,520	4,94,030	5,65,639
Accumulated Depreciation	1,62,956	1,94,501	2,27,758	2,64,268	3,05,877
Capital work in progress	52,627	27,846	57,846	37,846	32,846
Net Fixed Assets	2,01,667	1,97,608	2,57,608	2,67,608	2,92,608
Investments	2,42,045	2,70,871	2,85,871	3,20,871	3,45,871
Non Current Investments	1,63,024	1,83,948	1,90,256	2,15,694	2,30,177
Current Investments	79,021	86,923	95,615	1,05,176	1,15,694
Current Assets, Loans & Adv.	2,22,353	2,89,319	3,14,299	3,63,004	4,18,635
Inventory	59,704	88,814	1,06,700	1,15,005	1,25,753
Debtors	30,386	40,417	45,348	48,877	53,445
Cash & Bank balance	36,506	44,818	37,808	64,588	93,805
Loans & advances and others	95,758	1,15,271	1,24,444	1,34,534	1,45,632
Current Liabilities & Provisions	2,01,485	2,63,091	2,97,286	3,22,659	3,53,538
Liabilities	1,87,596	2,44,952	2,77,333	3,00,711	3,29,395
Provisions	13,889	18,139	19,953	21,948	24,143
Net Current Assets	20,868	26,229	17,013	40,345	65,096
Application of Funds	4,64,580	4,94,708	5,60,492	6,28,824	7,03,575

Per share data

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	2991.5	2995.3	2995.3	2995.3	2995.3
Diluted no. of shares (mn)	2991.5	2995.3	2995.3	2995.3	2995.3
BVPS (INR)	127.7	144.8	168.2	191.9	218.5
CEPS (INR)	24.6	32.4	42.0	44.3	48.8
DPS (INR)	11.6	16.5	18.0	20.5	20.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
PBT	63,567	95,603	1,22,727	1,27,568	1,38,558
Depreciation & amortization	24,984	31,545	33,257	36,510	41,610
Interest expense	2,262	2,728	2,209	2,034	2,216
(Inc)/Dec in working capital	(11,253)	2,952	2,205	3,449	4,465
Tax paid	(9,656)	(18,740)	(30,068)	(31,254)	(33,947)
Less: Interest/Div. Income Recd.	(20,538)	(25,452)	(36,488)	(29,687)	(32,062)
Other operating Cash Flow	(2,087)	(14,295)	-	-	-
CF from operating activities	47,279	74,340	93,843	1,08,619	1,20,840
Capital expenditure	(45,326)	(27,486)	(93,257)	(46,510)	(66,610)
Inc/(Dec) in investments	(19,183)	(28,826)	(15,000)	(35,000)	(25,000)
Add: Interest/Div. Income Recd.	20,538	25,452	36,488	29,687	32,062
CF from investing activities	(43,971)	(30,860)	(71,769)	(51,823)	(59,548)
Inc/(Dec) in share capital	(5,573)	6,610	(0)	0	0
Inc/(Dec) in debt	(7,165)	(18,540)	(4,500)	(2,500)	(5,000)
Dividend Paid	(14,357)	(20,510)	(22,374)	(25,482)	(24,860)
Others	(2,262)	(2,728)	(2,209)	(2,034)	(2,216)
CF from financing activities	(29,357)	(35,168)	(29,083)	(30,016)	(32,076)
Net cash flow	(26,049)	8,312	(7,010)	26,781	29,216
Opening balance	62,555	36,506	44,818	37,808	64,588
Closing balance	36,505	44,817	37,807	64,588	93,805

Growth indicators (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Revenue	29.5	47.0	14.6	7.8	9.3
EBITDA	1.0	48.6	16.5	12.1	10.2
Adj PAT	67.4	49.4	23.9	3.9	8.6
Adj EPS	67.4	49.4	23.9	3.9	8.6

Valuation (x)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	41.1	27.5	22.2	21.4	19.7
P/BV (x)	13.0	11.5	9.9	8.7	7.6
EV/EBITDA (x)	28.6	18.9	16.2	14.1	12.5
EV/Sales (x)	3.5	2.3	2.0	1.8	1.6
Dividend Yield (%)	0.7	1.0	1.1	1.2	1.2

Financial ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	13.6	18.3	19.8	17.9	17.0
RoCE (%)	14.6	20.5	23.7	21.8	21.1
Asset/T.O (x)	2.6	3.8	3.9	3.6	3.4
Net Debt/Equity (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)
EBIT/Interest (x)	29.1	36.0	56.5	63.7	63.5

Margins (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	12.2	12.3	12.5	13.0	13.1
EBIT Margin (%)	7.8	8.6	9.1	9.5	9.5
PAT Margin (%)	8.4	8.5	9.2	8.9	8.9

Source: Company Antique

CMP	: INR 123
Reco	: HOLD ↔
Target Price	: INR 119 ↑
Target Price Change	: 12%
Target FY26 EV/EBITDA (x)	: 5.5
EBITDA Change FY24/ 25/26	: -3%/7%/ 6%

Pallav Agarwal
 +91 22 6911 3411
 pallav.agarwal@antiquelimited.com

Suman Kumar
 +91 22 6911 3416
 suman.kumar@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Metals
Market Cap (INR bn)	: 507.8
Market Cap (USD bn)	: 6.116
O/S Shares (mn)	: 4,130.1
52-wk HI/LO (INR)	: 150/78
Avg. Daily Vol ('000)	: 67,877
Bloomberg	: SAIL IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	7.0	11.7	13.7
P/E (x)	17.5	10.5	9.0
P/BV (x)	0.9	0.9	0.8
EV/EBITDA (x)	8.1	6.3	5.6
Dividend yield (%)	1.6	2.0	2.4

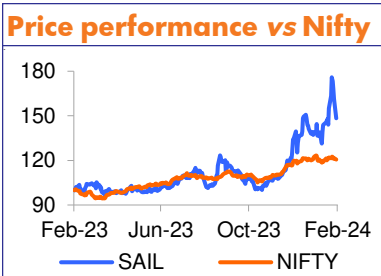
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	7	39	41	46
Relative	8	26	29	24

Source: Bloomberg

Shareholding pattern	
Promoters	: 65%
Public	: 35%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Steel Authority of India

Lower sales volume impacts EBITDA; inventory build-up raises debt

Steel Authority of India's (SAIL) standalone 2QFY24 revenue at ~INR 233.4 bn was 18% below our estimates and 13% lower than the consensus. It declined 6.8% YoY and 21.4% QoQ, primarily impacted by lower sales volume. Steel deliveries at 3.8 MT were lower by 8.2% YoY and 20.1% QoQ. Blended steel realization at ~INR 61,274 per ton grew by 1.5% YoY but fell 1.6% QoQ. EBITDA at INR 21.4 bn was below our as well as consensus estimates. It grew 3.1% YoY but declined 44.7% QoQ (post adjustment of INR 17.3 bn of rail price revision gain realized in 2QFY24, EBITDA was flat QoQ). Adjusted EBITDA per ton came in at ~INR 5,617, higher by 12.2% YoY but declined 30.7% QoQ. Employee cost at INR 29.4 bn rose by 6% YoY and fell 6% QoQ. Imported coking coal cost for 3QFY24 at INR 26,500 was ~16% higher sequentially (INR 22,750 per ton in 2QFY24) and management expects it to further rise by ~INR 500 per ton in 4QFY24. On a consumption basis, coking coal cost stood at INR 23,600 per ton (only INR 300 per ton higher QoQ) due to the usage of coal dust injection systems in blast furnaces. 616 KT of inventory build-up during 3QFY24 pushed up gross debt by ~10% sequentially to INR 281.3 bn. The company reported a net adjusted PAT of INR 2.5 bn, sharply higher by 54.4% YoY but materially lower by 84.6% QoQ. Higher sales volume in 4QFY24 (typical of steel companies) could help partially offset lower realizations. We maintain HOLD as volume growth prospects remain muted and deleveraging prospects might get impacted, given the capex outlay FY26 onwards. We factor in lower costs FY25 onwards and arrive at a target price of INR 119 (INR 106 earlier) with target 5.5x FY26 EV/EBITDA multiple.

Adjusted steel realization flat YoY and higher QoQ

Adjusted blended steel realization at ~INR 61,274 per ton was largely stable YoY and rose 4.5% QoQ (post adjustment of INR 17.3 bn of rail price revision gain, which was realized in 2QFY24). Softening of spot steel prices would impact realizations in 4QFY24. Imported coking coal cost for 3QFY24 at INR 26,500 was ~16% higher sequentially and management expects it to further rise by ~INR 500 per ton in 4QFY24. Employee cost at INR 29.4 bn rose by 6% YoY and fell 6% QoQ. 9MFY24 witnessed a manpower reduction of 2,313 personnel with a further reduction of ~700 staff due in 4QFY24.

Steel deliveries fell YoY and QoQ; inventory build-up by 616 KT in 3QFY24

Steel deliveries at 3.8 MT (~14% below our estimate) were lower by 8.2% YoY and 20.1% QoQ. Crude steel production at ~4.8 MT was marginally higher YoY and 1% lower QoQ. Lower sales and stable steel production led to a finished steel inventory build-up by 616 KT in 3QFY24 to about ~1.8 MT at the end of the quarter. Management's earlier guidance for FY24 sales volume at 18.5–19 MT seems improbable (implied 4QFY24 sales volume must be 6–6.5 MT to meet target; 9MFY24 sales stood at 12.5 MT). Higher sales volume in 4QFY24 could help partially offset lower realizations.

Debt rose 10% QoQ; no major capacity addition in the next three years

Inventory build-up during the quarter pushed up gross debt by ~10% sequentially to INR 281.3 bn at the end of 3QFY24. Inventory liquidation in 4QFY24 could help lower it. FY25 target capex stands at INR 60 bn. The long-term growth capex plan of INR 1 trn till FY32 (3.0–3.5 MT capacity expansion through debottlenecking initiatives in 3–4 years followed by 4.5 MT Burnpur expansion, 3 MT Bokaro expansion to enhance cumulative capacity to 35 mtpa) would commence FY26 onwards. Management maintained that no major incremental capacity addition would occur in the next three years.

Investment Summary

Management expects domestic steel demand to remain steady in FY24. Higher sales volume in 4QFY24 could help partially offset lower realizations. We maintain HOLD as volume growth prospects remain muted and deleveraging prospects might get impacted, given the capex outlay FY26 onwards. We factor in lower costs FY25 onwards and arrive at a target price of INR 119 (INR 106 earlier) with target 5.5x FY26 EV/EBITDA multiple.

Table 1: Quarterly performance—standalone (INR mn)

	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24 CPLY (FY23)	YoY (%)	
Sales	2,33,455	2,50,419	(6.8)	2,97,135	(21.4)	7,74,166	7,53,168	2.8
Inventory change	(25,503)	(7,961)	220.3	20,167	n.m.	(27,384)	(58,220)	n.m.
Cost of Material Consumed	1,37,404	1,43,213	(4.1)	1,35,169	1.7	4,25,136	4,72,486	(10.0)
% of sales	47.9	54.0	-608 bps	52.3	-435 bps	51.4	55.0	-362 bps
Employee cost	29,382	27,730	6.0	31,251	(6.0)	89,081	86,206	3.3
% of sales	12.6	11.1	151 bps	10.5	207 bps	11.5	11.4	6 bps
Other expenses	70,770	66,669	6.2	71,858	(1.5)	2,10,769	2,01,594	4.6
% of sales	30.3	26.6	369 bps	24.2	613 bps	27.2	26.8	46 bps
Total Exp	2,12,053	2,29,651	(7.7)	2,58,445	(18.0)	6,97,603	7,02,066	(0.6)
EBITDA	21,402	20,768	3.1	38,690	(44.7)	76,563	51,102	49.8
Margin %	9.2	8.3	87 bps	13.0	-385 bps	9.9	6.8	310 bps
Other income	1,785	1,208	47.9	1,737	2.8	7,947	8,674	(8.4)
Depreciation	13,206	12,210	8.2	13,263	(0.4)	39,218	35,981	9.0
Interest expenses	6,139	6,403	(4.1)	6,052	1.4	18,317	15,205	20.5
Profit Before Tax	3,843	3,363	14.3	21,112	(81.8)	26,976	8,590	214.0
Exceptional item	764.6	2,984	n.m.	-4149.6	n.m.	-3385	2984.1	n.m.
PBT after exceptional	4,608	6,347	(27.4)	16,962	(72.8)	23,591	11,574	103.8
Tax	1,294	1,712	n.m.	4,555	(71.6)	6,372	3,034	110.1
Tax Rate %	28.1	27.0	111 bps	26.9	122 bps	27.0	26.2	80 bps
Reported Net Profit	3,314	4,635	(28.5)	12,407	(73.3)	17,219	8,540	101.6
Adjusted Net Profit	2,549	1,651	54.4	16,556	(84.6)	20,604	5,556	270.8
EPS (INR)	0.6	0.4	54.4	4.0	(84.6)	5.0	1.3	270.8

Source: Company, Antique

Table 2: Segmental Results

Revenue	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24 CPLY (FY23)	YoY (%)	
Bhilai	65,000	73,930	(12.1)	1,00,642	(35.4)	2,35,985	2,13,698	10.4
Durgapur	29,031	31,177	(6.9)	32,017	(9.3)	91,994	96,313	(4.5)
Rourkela	58,633	57,611	1.8	71,789	(18.3)	1,92,905	1,88,034	2.6
Bokaro	60,036	60,989	(1.6)	68,769	(12.7)	1,92,264	1,94,819	(1.3)
IISCO	29,069	34,942	(16.8)	36,048	(19.4)	93,202	97,466	(4.4)
Alloy	2,814	2,387	17.9	3,077	(8.5)	8,893	7,400	20.2
Salem	5,152	4,439	16.1	6,109	(15.7)	17,845	11,846	50.6
Visveswaraya	488	789	(38.2)	230	112.2	1,158	2,469	(53.1)
Others	3,573	3,509	1.8	3,164	12.9	10,199	11,174	(8.7)
Total	2,53,796	2,69,772	(5.9)	3,21,845	(21.1)	8,44,445	8,23,220	2.6
less: inter segment revenue	20,341	19,351	5.1	24,710	(17.7)	70,279	70,050	0.3
Net sales from operations	2,33,455	2,50,421	(6.8)	2,97,135	(21.4)	7,74,166	7,53,170	2.8

EBIT	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24 CPLY (FY23)	YoY (%)	
Bhilai	624	2,179	LP	18,889	(96.7)	22,125	3,268	576.9
Durgapur	1,969	1,917	2.7	1,340	46.9	3,886	2,038	90.7
Rourkela	4,010	2,347	LP	4,689	(14.5)	11,234	7,611	47.6
Bokaro	4,582	2,088	119.4	4,585	(0.1)	11,228	9,074	23.7
IISCO	528	2,828	(81.3)	945	(44.1)	2,223	1,903	LP
Alloy	(207)	(277)	n.m.	(141)	n.m.	(407)	(953)	n.m.
Salem	(564)	(561)	n.m.	(580)	n.m.	(1,634)	(1,597)	n.m.
Visveswaraya	(88)	(153)	n.m.	(161)	n.m.	(406)	(437)	n.m.
Others	(874)	(602)	PL	(2,404)	PL	(2,956)	2,888	PL
Total	9,981	9,765	LP	27,164	(63.3)	45,293	23,795	90.3

Source: Company, Antique; LP: loss to profit; PL: profit to loss

Table 2: Segmental Results (continued...)

EBIT Margins	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24 CPLY (FY23)	YoY (%)
Bhilai	1.0	2.9	-199 bps	18.8	-1781 bps	9.4	1.5
Durgapur	6.8	6.1	64 bps	4.2	260 bps	4.2	2.1
Rourkela	6.8	4.1	277 bps	6.5	31 bps	5.8	4.0
Bokaro	7.6	3.4	421 bps	6.7	96 bps	5.8	4.7
IISCO	1.8	8.1	-628 bps	2.6	-80 bps	2.4	2.0
Alloy	(7.4)	(11.6)	424 bps	(4.6)	-278 bps	(4.6)	(12.9)
Salem	(10.9)	(12.6)	170 bps	(9.5)	-145 bps	(9.2)	(13.5)
Visveswaraya	(18.1)	(19.3)	127 bps	(69.9)	5184 bps	(35.1)	(17.7)
Others	(24.4)	(17.2)	-729 bps	(76.0)	5151 bps	(29.0)	25.8

Source: Company, Antique

Table 3: Key operating metrics

	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24 CPLY (FY23)	YoY (%)
Saleable steel production (MT)	4.8	4.7	0.8	4.8	(1.0)	14.2	13.3
Steel deliveries (MT)	3.8	4.2	(8.2)	4.8	(20.1)	12.5	11.5
Average realization (INR per ton)	61,274	60,342	1.5	62,293	(1.6)	62,115	66,322
EBITDA per ton (INR)	5,617	5,004	12.2	8,111	(30.7)	5,991	4,683

Source: Company, Antique

Table 4: Revision in estimates (SAIL consolidated)

	Previous estimates			Current estimates			% change		
	FY24e	FY25e	FY26e	FY24e	FY25e	FY26e	FY24	FY25	FY26
Sales volume (MT)	17.3	18.5	19.3	17.1	18.5	19.3	-1.2%	0.0%	0.0%
Revenue (INR mn)	10,78,407	11,03,163	11,23,012	10,32,500	11,00,481	11,25,777	-4.3%	-0.2%	0.2%
EBITDA (INR mn)	1,03,943	1,18,580	1,30,196	1,00,587	1,26,790	1,38,033	-3.2%	6.9%	6.0%
PAT (INR mn)	26,606	37,546	45,352	24,394	43,850	51,785	-8.3%	16.8%	14.2%
Blended realization/t (INR)	60,851	58,113	56,660	58,848	57,965	56,806	-3.3%	-0.3%	0.3%
EBITDA/t (INR)	6,023	6,420	6,754	5,898	6,865	7,161	-2.1%	6.9%	6.0%

Source: Company, Antique

Table 5: SAIL Target price

FY26e EBITDA INRm	1,38,033
Target multiple	5.5
Target EV	7,59,184
Less: Net Debt	2,66,949
Target Mcap	4,92,235
No of shares - mn	4,130
Target price - INR/share	119

Source: Company, Antique

Financials

Profit and loss account (INR bn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenues	1,035	1,044	1,032	1,100	1,126
Expenses	821	964	932	974	988
EBITDA	213	80	101	127	138
Depreciation and amortization	43	50	53	54	56
EBIT	171	31	48	73	82
Other income	9	10	11	11	11
Interest expense	17	20	26	25	23
Profit before tax	162	20	33	59	69
Extraordinaries	(4)	3	-	-	-
Tax	40	7	8	15	17
Profit after tax	118	15	24	44	52
Minorities/associates	5	5	5	5	5
PAT after minority/asso.	123	20	29	49	56
Adj PAT after minority/asso.	126	17	29	49	56
EPS (INR)	30.6	4.2	7.0	11.7	13.7

Balance sheet (INR bn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share capital	41	41	41	41	41
Reserves and surplus	501	506	522	556	595
Networth	542	547	564	597	637
Debt	173	328	316	299	275
Deferred tax/other liabilities	54	58	58	58	58
Capital employed	769	934	937	954	970
Gross fixed assets	1,248	1,288	1,352	1,412	1,477
Accumulated depreciation	511	553	605	659	716
Net assets	737	735	747	753	761
Capital work in progress	40	49	40	40	40
Investments	38	42	42	42	42
Current Assets Loans & Advances					
Inventory	242	324	307	324	326
Debtors	48	54	56	60	67
Cash and cash equivalents	8	6	8	8	8
Loans/advances and others	89	95	95	101	104
Current Liabilities & Provisions					
Creditors	367	301	287	303	309
Provisions and other liabilities	65	70	70	70	70
Net current assets	(46)	108	109	119	127
Application of Funds	769	934	937	954	970

Per share data*

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No of shares (mn)	4,130	4,130	4,130	4,130	4,130
BVPS (INR)	131.3	132.5	136.5	144.6	154.1
CEPS (INR)	41.0	16.2	19.8	24.8	27.3
DPS (INR)	8.8	1.5	2.0	2.5	3.0

Source: Company, Antique;

*on fully diluted number of shares

Cash flow statement (INR bn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	162	20	33	59	69
Depreciation	43	50	53	54	56
Interest	17	20	26	25	23
Other adjustments	40	5	-	-	-
(Inc)/Dec in working capital	117	(156)	2	(11)	(7)
Tax paid	(40)	(7)	(8)	(15)	(17)
CF from operating activities	339	(69)	105	112	124
Capex	(48)	(49)	(55)	(60)	(65)
(Inc)/Dec in Investments	(3)	(4)	-	-	-
Income from investments	(4)	3	-	-	-
CF from investing activities	(55)	(50)	(55)	(60)	(65)
Inc/(Dec) in debt	(230)	155	(13)	(17)	(24)
Dividends and interest paid	(53)	(27)	(34)	(35)	(36)
Others	(0)	(12)	0	0	0
CF from financing activities	(284)	117	(47)	(52)	(59)
Net cash flow	(0)	(2)	3	(0)	0
Add: Opening balance	8	8	6	8	8
Closing balance	8	6	8	8	8

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	49.7	0.9	(1.1)	6.6	2.3
EBITDA	67.5	(62.3)	25.1	26.1	8.9
PAT	209.2	(86.2)	67.0	66.9	16.4
EPS	209.2	(86.2)	67.0	66.9	16.4

Valuation

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	4.0	29.2	17.5	10.5	9.0
P/BV (x)	0.9	0.9	0.9	0.9	0.8
EV/EBITDA (x)	3.2	10.3	8.1	6.3	5.6
EV/Sales (x)	0.7	0.8	0.8	0.7	0.7
Dividend yield (%)	7.1	1.2	1.6	2.0	2.4

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	25.4	3.2	5.2	8.4	9.2
RoCE (%)	16.5	2.5	4.1	6.2	6.8
Debt/Equity (x)	0.3	0.6	0.5	0.5	0.4
EBIT/Interest (x)	10.1	1.5	1.8	2.9	3.5

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA	20.6	7.7	9.7	11.5	12.3
EBIT	16.5	2.9	4.6	6.6	7.3
PAT	12.2	1.7	2.8	4.4	5.0

Source: Company Antique

CMP	: INR 499
Reco	: BUY ↔
Target Price	: INR 591 ↑
Target Price Change	: 25%
Target FY26 EV/EBITDA (x)	: 3.5
EBITDA Change FY24/ 25/ 26 :	1%/ 4%/ 7%

Varatharajan S.

+91 22 6911 3425
varatharajan.s@antiquelimited.com

Kishan Mundhra

+91 22 6911 3426
kishan.mundhra@antiquelimited.com

Market data

Sensex	:	71,823
Sector	:	Oil & Gas
Market Cap (INR bn)	:	540.8
Market Cap (USD bn)	:	6.514
O/S Shares (mn)	:	1,084.4
52-wk HI/LO (INR)	:	525/238
Avg. Daily Vol ('000)	:	7,208
Bloomberg	:	OINL IN

Source: Bloomberg

Valuation

	FY24e	FY25e	FY26e
EPS (INR)	66.2	56.7	59.5
P/E (x)	7.5	8.8	8.4
P/BV (x)	1.4	1.3	1.2
EV/EBITDA (x)	6.4	6.2	5.6
Dividend Yield (%)	4.0	4.5	4.8

Source: Company, Antique

Returns (%)

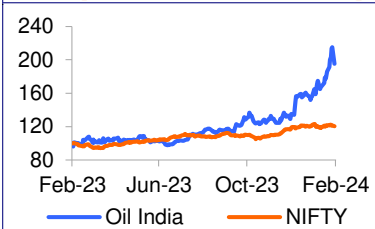
	1m	3m	6m	12m
Absolute	33	59	79	93
Relative	34	43	63	64

Source: Bloomberg

Shareholding pattern

Promoters	:	57%
Public	:	43%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Oil India

Strong production guidance

Oil India's (OINL) 3QFY24 standalone EBITDA of INR 23.7 bn (-5% QoQ and -18% YoY) was in line with our estimate. Adjusted PAT was better at INR 15.9 bn (+30% QoQ, +22% YoY) vs. our estimate of INR 13.4 bn due to higher other income. Production at 1.68 MMT (+2% QoQ, +4% YoY) was almost at a new high and marginally higher than our estimates. We continue to maintain net oil price realization of USD 75/bbl for FY24/ 25 and USD 70/bbl in FY26 while APM price is stable at USD 6.5-6.75/mmbtu. Given the strong production performance and aggressive guidance, we increase our production estimates while conservatively still remaining below the company's guidance. Consequently, we increase our FY24/ 25/ 26 EBITDA estimates by 1%/ 4%/ 7% respectively. We also increase our valuation for NRL as the refinery expansion nears completion. The stock trades at an undemanding valuation of 2.6x FY26E EV/EBITDA, net of investments. We maintain BUY and increase our target price to INR 591 (vs. INR 474 earlier).

Production continues to be strong

The company's total production was 1.68 MMT (+2% QoQ, +4% YoY) vs. our estimate of 1.67 MMT. The company guides to an oil production of 3.8 mtpa in FY25, increasing to 4 mtpa in FY26, and for gas the production guidance is 3.9 BCM in FY25, increasing to 5 BCM in FY26. This implies a jump of 19% and 56% for gas and oil respectively over FY24 to FY26. Conservatively, we remain at 3.7 mtpa and 3.9 mtpa in FY26 to account for potential delays in well drilling and delay in completion of the North-Eastern pipeline grid which is critical to remove gas offtake bottlenecks. The pipeline is currently 79% complete with a targeted completion date of Mar'25.

Realizations decline marginally as windfall taxes lag

The company reported net crude oil realization of USD 74.34/bbl (vs. USD 75.49/bbl QoQ, USD 77.17/bbl YoY), lower than USD 75/bbl as higher export taxes lagged the oil price decline. Gas realization was constant sequentially at USD 6.5/mmbtu.

Opex on a normalized level

The company's opex/bbl for the quarter was USD 13.7/bbl (vs. USD 15.7/bbl QoQ, USD 10.7 YoY) and is largely in-line with the average for the last three years.

NRL performance strong

NRL recorded an EBITDA of INR 12.2 bn, (+12% QoQ, +9% YoY). Reported core GRM was USD 12.7/bbl (vs. USD 16/bbl QoQ, USD 13.5/bbl YoY). Calculated EBITDA/bbl (incl. excise benefit) came at USD 23.5/bbl (vs. USD 22.9/bbl QoQ, USD 23.4/bbl YoY). Refinery throughput was 0.85 MMT, representing a 114% capacity utilization.

Capex targets intact

The company has maintained FY25 capex target of INR 49 bn for standalone and another INR 11 bn towards equity investment in NRL. The total capex for NRL stands at INR 280 bn, of which the actual expenditure till December end is INR 150 bn. The expansion is 55%-60% completed and remains on track for completion by 2HCY25.

Investment Summary

OINL's production growth remains strong and with IGGL's progress nearing completion, OINL is nearing a stage where growth will not be restricted by offtake bottlenecks. NRL's expansion is also likely to be completed by end-2025 which will make the company an integrated oil company rather than just an upstream company. With stability in gas prices and the oil price environment being relatively strong, earnings certainty and free cash flow generation is strong. We maintain BUY with a target price of INR 591 (vs. INR 474 earlier).

Table 1: Results snapshot

Particulars (INR mn)	3Q24	3Q23	YoY (%)	2Q24	QoQ (%)	9MFY24	9MFY23	YoY (%)
Net sales	58,150	58,794	-1.1	59,133	-1.7	1,63,730	1,76,228	-7.1
COGS+Statutory levies	21,287	20,118	5.8	19,534	9.0	53,810	61,928	-13.1
% of sales	36.6	34.2		33.0		32.9	35.1	
Employee benefits expense	4,091	4,461	-8.3	4,923	-16.9	13,539	13,578	-0.3
% of sales	7.0	7.6		8.3		8.3	7.7	
Other Expenses	9,130	5,381	69.7	9,770	-6.6	24,024	22,963	4.6
% of sales	15.7	9.2		16.5		14.7	13.0	
Total Exp	34,508	29,960	15.2	34,227	0.8	91,373	98,469	-7.2
EBITDA	23,642	28,834	-18.0	24,906	-5.1	72,357	77,759	-6.9
% of sales	40.7	49.0		42.1		44.2	44.1	
Other Income	5,080	1,022	397.0	7,092	-28.4	15,512	10,593	46.4
Finance Costs	1,814	2,010	-9.7	2,235	-18.8	5,708	6,165	-7.4
Depreciation & other write-offs	7,577	4,818	57.3	4,255	78.1	16,324	17,000	-4.0
PBT	19,332	23,029	-16.1	25,509	-24.2	65,838	65,188	1.0
Exceptionals	-	0		23,627		23,627	0	
PBT after exceptional	19,332	23,029	-16.1	1,881	927.5	42,211	65,188	-35.2
Tax	3,489	5,568	-37.3	-1,318	-364.8	7,034	14,964	-53.0
Tax rate	18.0	24.2		-70.0		16.7	23.0	
Reported Net Profit	15,843	17,461	-9.3	3,199	395.3	35,177	50,224	-30.0
Adjusted Net Profit	15,843	17,461	-9.3	20,919	-24.3	52,897	50,224	5.3
EPS (INR)	14.6	16.1	-9.3	2.9	395.3	17.6	30.4	-42.3

Source: Company, Antique

Table 2: Earnings estimates

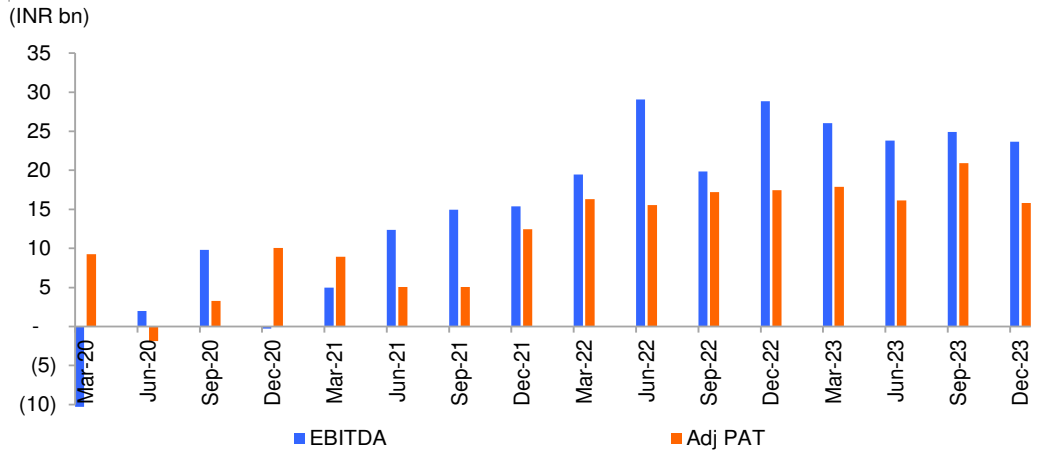
	2024E			2025E			2026E		
	Previous	Revised	Change	Previous	Revised	Change	Previous	Revised	Change
EBITDA (INR mn)	98,295	99,456	1.2%	97,216	1,01,013	3.9%	99,660	1,06,975	7.3%
PAT (INR mn)	66,123	71,720	8.5%	55,833	61,447	10.1%	56,646	64,554	14.0%
Oil price (USD /bbl)	85.0	85.0	0.0%	75.0	75.0	0.0%	70.0	70.0	0.0%
APM gas Price (USD /mmbtu)	6.5	6.5	0.0%	6.5	6.5	0.0%	6.8	6.8	0.0%
Production (MMT)	6.5	6.6	0.8%	6.7	6.9	2.5%	7.1	7.6	6.2%

Source: Company, Antique

Conference Call Takeaways

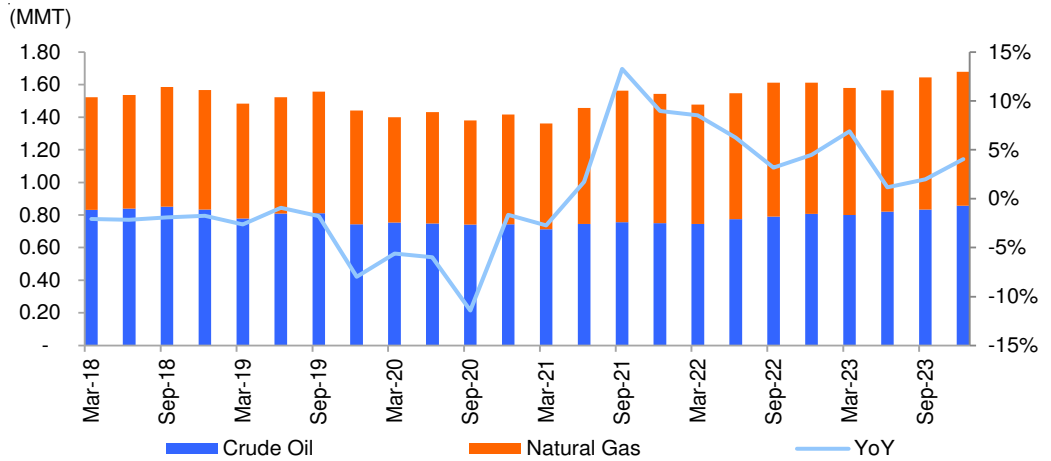
- A number of new development wells have been drilled which are driving production growth.
- All three phases of IGGL are critical for the company to raise gas production. After phase 1, gas connection till Guwahati will be established. Discussions with customers have begun for selling additional gas.
- 75-80 wells to be drilled next year compared to 50 this year, which will drive production growth.
- Current run-rate of expenses will remain except for forex loss.
- USD 1.5 bn has been invested till date for Mozambique. Any further borrowing will be done by the subsidiary.
- Exact guidelines for premium APM price are still being worked out by the government.
- NRL excise benefit during the quarter was ~USD 15-16/bbl.
- The additional gas to be produced will not be eligible for NE gas subsidy and buyers will have to pay the entire APM gas price. The company's realization remains the same as APM prices.
- The higher statutory levy costs are on account of interest cost on the amount of GST on royalty not yet deposited with the government. The company has deposited INR 14 bn, but INR 11 bn has not been deposited based on the order by the Guwahati High Court.

Exhibit 1: Profitability stable



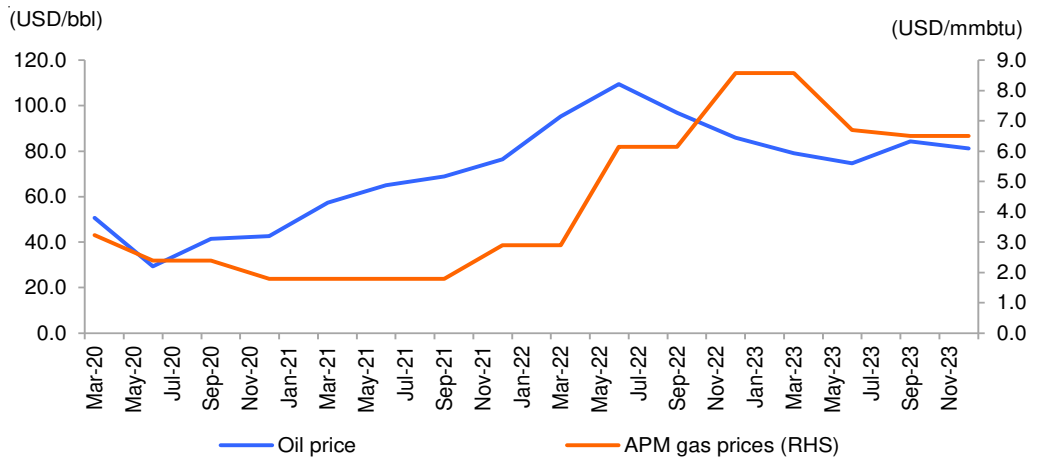
Source: Company, Antique

Exhibit 2: Production remains strong



Source: Company, Antique

Exhibit 3: Realizations broadly stable



Source: Company, Antique

Table 3: Target price & Valuation

Target Price = INR 591 (avg of EV/EBITDA & DCF)

Multiple-based valuation

FY26E standalone EBITDA	1,06,975
Multiple (x)	3.5
EV	3,74,412
Less: Net debt FY26E	69,302
Equity Value	3,05,110
Add: Investments (NRL, Overseas assets, etc.)	3,59,435
Target Value	6,64,545
Per share fair value	615

Source: Company, Antique

Table 4: DCF-based valuation

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Oil price (USD/bbl)	75.0	70.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
APM price (USD/mmbtu)	6.5	6.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Production (MMT)	6.9	7.6	7.7	7.6	7.0	6.5	6.1	5.7	5.3	4.9
Operating cash flow (INR mn)	80,674	84,407	77,734	76,771	72,735	68,915	65,300	61,878	58,640	55,575
Maintenance + Dev Capex (INR mn)	3,000	3,000	3,000	80,602	3,000	3,000	3,000	86,999	3,000	3,000
	83,674	87,407	80,734	1,57,373	75,735	71,915	68,300	1,48,878	61,640	58,575
WACC	13.3%									
Terminal growth	0%									
Sum of DCF	3,28,567									
Net debt FY24	1,06,212									
Equity value (INR mn)	2,22,355									
Equity value FY25(INR mn)	2,51,869									
Equity value (INR/share)	233									
Add: Investments (INR/share)	333									
Fair value (INR/share)	566									

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	1,45,301	2,32,724	2,21,920	2,15,240	2,25,285
Op. Expenses	83,155	1,28,944	1,22,464	1,14,227	1,18,310
EBITDA	62,147	1,03,780	99,456	1,01,013	1,06,975
Depreciation & exploration write-off	23,424	22,820	19,157	29,134	32,006
EBIT	38,723	80,960	80,299	71,879	74,969
Other income	18,974	14,852	20,000	18,000	18,200
Interest Exp.	7,831	7,242	7,971	7,731	6,867
Extra Ordinary Items -gain/(loss)	-	-	(23,627)	-	-
Reported PBT	49,866	88,570	68,701	82,148	86,302
Tax	10,992	20,466	14,702	20,701	21,748
Reported PAT	38,874	68,104	53,999	61,447	64,554
Net Profit	38,874	68,104	53,999	61,447	64,554
Adjusted PAT	38,874	68,104	71,720	61,447	64,554
Adjusted EPS (INR)	35.9	62.8	66.2	56.7	59.5

Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	10,841	10,841	10,841	10,841	10,841
Reserves & Surplus	2,91,633	3,32,808	3,65,207	4,02,075	4,40,807
Networth	3,02,474	3,43,649	3,76,048	4,12,916	4,51,648
Debt	1,18,941	1,14,373	1,13,373	1,01,373	89,373
Net deferred Tax liabilities	26,187	28,139	30,200	32,664	35,254
Capital Employed	4,47,601	4,86,161	5,19,621	5,46,953	5,76,275
Gross Fixed Assets	1,72,040	1,97,435	2,24,104	2,44,805	2,63,285
Accumulated Depreciation	(33,941)	(39,544)	(45,050)	(51,205)	(58,011)
Capital work in progress	20,631	23,437	23,437	23,437	23,437
Net Fixed Assets	1,58,730	1,81,328	2,02,491	2,17,037	2,28,711
Investments	2,79,926	2,83,207	2,90,887	2,99,207	3,07,527
Non Current Investments	2,79,926	2,83,207	2,90,887	2,99,207	3,07,527
Current Assets, Loans & Adv.	62,986	77,091	82,336	86,238	95,845
Inventory	10,952	13,844	18,240	17,691	18,517
Debtors	14,042	22,223	21,280	20,639	21,603
Cash & Bank balance	6,566	13,511	15,302	20,395	28,213
Loans & advances and others	31,426	27,513	27,513	27,513	27,513
Current Liabilities & Provisions	54,040	55,465	56,093	55,529	55,808
Liabilities	38,544	36,786	37,414	36,850	37,129
Provisions	15,496	18,679	18,679	18,679	18,679
Net Current Assets	8,946	21,626	26,243	30,710	40,037
Application of Funds	4,47,601	4,86,161	5,19,621	5,46,953	5,76,275

Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	1,084	1,084	1,084	1,084	1,084
Diluted no. of shares (mn)	1,084	1,084	1,084	1,084	1,084
BVPS (INR)	279.01	316.99	346.88	380.88	416.61
CEPS (INR)	57.46	83.87	67.48	83.55	89.07
DPS (INR)	14.25	20.00	19.92	22.67	23.82

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	49,865	88,570	68,701	82,148	86,302
Depreciation & amortization	14,968	15,948	17,055	18,439	20,615
Net Interest expense	3,057	3,771	(12,029)	(10,269)	(11,333)
(Inc)/Dec in working capital	(7,912)	(16,064)	(2,825)	625	(1,509)
Tax paid	(182)	(21,318)	(12,641)	(18,237)	(19,159)
Other operating Cash Flow	255	5,697	2,101	10,695	11,391
CF from operating activities	60,051	76,604	60,363	83,402	86,307
Capital expenditure	(36,581)	(44,684)	(40,320)	(43,680)	(43,680)
Inc/(Dec) in investments	14,749	(4,242)	(7,680)	(8,320)	(8,320)
Add: Interest/Dividend Income Received	17,368	13,000	20,000	18,000	18,200
CF from investing activities	(4,464)	(35,926)	(28,000)	(34,000)	(33,800)
Inc/(Dec) in debt	(43,947)	(13,463)	(1,000)	(12,000)	(12,000)
Dividend Paid	(12,452)	(23,050)	(21,600)	(24,579)	(25,822)
Others	(5,778)	(5,689)	(7,971)	(7,731)	(6,867)
CF from financing activities	(62,177)	(42,202)	(30,571)	(44,310)	(44,688)
Net cash flow	(6,590)	(1,524)	1,792	5,092	7,818
Opening balance	10,578	3,989	2,465	4,256	9,349
Closing balance	3,989	2,465	4,256	9,349	17,167
Bank Balance	2,577	11,046	11,046	11,046	11,046
Cash & Bank balance	6,566	13,511	15,302	20,395	28,213

Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	68.6	60.2	-4.6	-3.0	4.7
EBITDA (%)	193.4	67.0	-4.2	1.6	5.9
Adj PAT (%)	77.5	75.2	5.3	-14.3	5.1
Adj EPS (%)	77.5	75.2	5.3	-14.3	5.1

Valuation (x)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E	13.9	7.9	7.5	8.8	8.4
P/BV	1.8	1.6	1.4	1.3	1.2
EV/EBITDA	10.5	6.2	6.4	6.2	5.6
EV/Sales	4.5	2.8	2.9	2.9	2.7
Dividend Yield (%)	2.9	4.0	4.0	4.5	4.8

Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	13.8	21.1	19.9	15.6	14.9
RoCE (%)	12.9	20.5	19.9	16.9	16.6
Asset/T.O (x)	0.8	1.3	1.0	0.9	0.9
Net Debt/Equity (x)	0.4	0.3	0.3	0.2	0.1
EBIT/Interest (x)	7.4	13.2	12.6	11.6	13.6

Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	42.8	44.6	44.8	46.9	47.5
EBIT Margin (%)	26.6	34.8	36.2	33.4	33.3
PAT Margin (%)	23.7	27.5	29.6	26.3	26.5

Source: Company Antique

CMP	: INR 1,103
Reco	: BUY ↔
Target Price	: INR 1,371 ↑
Target Price Change	: 45%
Target FY26 EV/EBITDA (x)	: 7
EPS Change FY24/ 25/ 26	: No Change

Biplab Debbarma, CFA
 +91 22 6911 3418
 biplab.debbarma@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Real Estate
Market Cap (INR bn)	: 441.2
Market Cap (USD bn)	: 5.314
O/S Shares (mn)	: 400.9
52-wk HI/LO (INR)	: 1440/391
Avg. Daily Vol ('000)	: 506
Bloomberg	: PEPLIN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	30	35	40
P/E (x)	46	40	34
P/BV (x)	4.9	4.4	3.9
EV/EBITDA (x)	16.8	15.0	13.3
Dividend Yield (%)	-	-	-

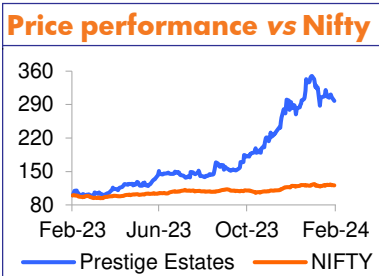
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(20)	31	99	178
Relative	(19)	18	81	136

Source: Bloomberg

Shareholding pattern	
Promoters	: 65%
Public	: 35%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Prestige Estates Projects

Another record year on the anvil

Prestige Estates Projects' (PEPL) 3QFY24 quarter highlight is the strong response to the three new launches in the quarter—The Prestige City, Hyderabad; Prestige Glenbrook, Bengaluru; and Prestige Ocean Towers, Mumbai. They contributed 57% of sales booking in the quarter. Sales booking in the quarter came in at INR 53.3 bn (-25%/ 111% QoQ/ YoY). In 9MFY24, PEPL did sales booking of INR 163.3 bn (up by 81% YoY), which is 126% of sales booking it did in FY23 (INR 129 bn in FY23), surpassing its FY24 guidance of INR 160 bn. The trend of strong responses to newly launched projects indicates the continuing upcycle in the real estate sector. We expect PEPL to surpass pre-sales of INR 200 bn in FY24. The key monitorable, net debt, which witnessed substantial accumulation (INR 28.0 bn in the last eight quarters), didn't see much uptick in the quarter; net debt rose by only INR 198 mn in 3QFY24. However, significant capex projects are in progress (INR 112.7 bn in office and INR 16.5 bn in retail), which would potentially lead to a further increase in debt. We maintain BUY recommendation with a revised SoTP (earlier NAV) target price of INR 1,371 (previously INR 943), valuing the company on a multiple of 7x on implied EV/EBITDA of FY26.

3QFY24 in a nutshell

In 3QFY24, sales booking came in at INR 53.3 bn (-25%/ 111% QoQ/ YoY) (vs. our est. of INR 50.0 bn). Sales volume was at 5.46 mn sq. ft. (-20%/ 88% QoQ/ YoY). Collections were steady at INR 31.2 bn (19%/ 36%) in the quarter; INR 84.8 bn (20% YoY) in 9MFY24. 3QFY24 saw the launch of three projects—The Prestige City, Hyderabad; Prestige Glenbrook, Bengaluru; and Prestige Ocean Towers; Mumbai and witnessed a strong response with a sales value of INR 30.4 bn and contributed 57% of the total sales value. The net debt trajectory moderated in the quarter and increased by only INR 198 mn to INR 69.8 bn with the net debt to equity at 0.60x.

Key projects pushed to 1QFY25

Some of the key projects were pushed to 1QFY25 for launches including Prestige Pallava Gardens, Chennai (GDV INR 45 bn); Nautilus (GDV INR 24.4 bn), Mumbai; and Bougainvillea (~ INR 25 bn), NOIDA. However, the company has an unsold inventory of INR 160.0 bn and a few launches in Bengaluru, which would take the run-rate in 4QFY24 >INR 40 bn. Thus, PEPL expects to easily surpass INR 200 bn in FY24. The company expects to clock INR 25 bn/quarter of operating cash flow (with a lag) from residential business which would fuel capex growth.

Capex projects shaping up well

The company is rapidly expanding its annuity portfolio (office + retail) and aims to achieve an exit rental of INR 39.1 bn by FY28, marking a substantial increase from its FY24 exit rental of INR 7.2 bn. The MMR region is expected to contribute INR 21.5 bn to this total. This portfolio expansion necessitates an additional capex of INR 129.2 bn. Successful execution is crucial, as this significant capex over the next 4–5 years may lead to an increase in debt. Net debt has been rising steadily and has risen by INR 48.1 bn in the last 10 quarters.

Investment Summary

PEPL's diversification strategy has put the company in a sweet spot to play the ongoing housing upcycle. In addition to its strong presence in three key markets—Bengaluru, Hyderabad and MMR, PEPL is looking to grow its foothold in new markets—NOIDA, Chennai, and Pune. We maintain BUY rating with a revised SoTP (earlier NAV) target price of INR 1,371 based (earlier INR 943), valuing the company on a multiple of 7x on implied EV/EBITDA of FY26—refer to page 2 for details. *Key monitorable (i) The company's debt trajectory, which is trending upwards; (ii) Execution of its capex projects in MMR and NCR.*

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

Aided by strong responses to new launches and aggressive business development velocity, we expect PEPL to do INR 200.0 bn of sales booking in FY24 and to do a minimum 10% CAGR FY24E-26E.

Table 1: SoTP valuation

	FY26E
Sales booking	INR 239 bn
Implied EBITDA @25%	INR 60 bn
(a) EV of residential at 7x to EV/implied EBITDA	INR 419 bn
(b) Operating office and retail	INR 41 bn
(c) Ongoing and upcoming rental assets	INR 108 bn
(d) Hospitality	INR 5 bn
(e) Net debt (INR bn)	INR 70 bn
(f) Equity value (a + b+ c + d - e)	INR 550 bn
(g) # of shares	0.40 bn
(h) Target Price (f/g)	INR 1,371

Source: Company, Antique

Table 2: Valuation methodology

Sum of the parts (SoTP)	INR mn	INR/share
Residential	92,140	230
Upcoming residential	1,02,420	255
Operating office	21,819	54
Ongoing/upcoming office	95,992	239
Operating retail	19,151	48
Ongoing retail	11,546	29
Hospitality	52,083	130
Land Bank	13,849	35
Net effective debt	(69,808)	(174)
Net asset value	3,39,191	846
Target Price		1,371
Implied premium to NAV		62%

Source: Company, Antique

Conference Call Highlights

- **Highest ever launches** in 9MFY24 (30 mn sq. ft.) aggregating 11,000 units across various cities. Launched its largest ever project in Hyderabad of over 12 mn sq. ft.
- **Under construction** and under planning projects is around 170 mn sq. ft.
- **Revenue recognition** of INR 320 bn to be recognized over three years, assuring INR 100 bn of revenue every year; not considering any new sales.
- **Contribution** of new launches to sales booking in 9MFY24 was 80%.
- **Ocean Towers:** Sold almost 40% of inventory for the tower launched without much marketing. Should be sold out in the next three quarters and only then will launch tower 2.
- **Pre-sales geography break-up:** Bengaluru is 50%-60%; Mumbai INR 3.5-4 bn; Hyderabad INR 3 bn.
- **Upcoming residential project:** Potential inventory worth INR 420 bn in terms of upcoming projects. Close to INR 160 bn of unsold inventory, along with upcoming projects can suffice sales booking for the next two years.

Launch pipeline:

- In 4QFY24, to launch Rain Tree Park and Pine Forest in Bengaluru.
- FY25: Launch of NCR project got delayed to 1QFY25. Nautilus pushed to 1QFY25. Pallava Gardens in Chennai has been approved by CNDA, expect to launch in 1QFY25.
- Pipeline in Mumbai: Big project in Jijamata Nagar of 17 acres. Looking at more land parcels in Mulund and Andheri. Further, signed a term sheet in Pune.
- **BKC commercial project:** Financial closure will be updated in the next two weeks.
- **Business development:** Exploring few land parcels in Bengaluru and NCR. 60% would be outright and 40% JDAs. To maintain BD run-rate of INR 8-8.5 bn every quarter.
- Maintain **guidance** of sales booking to surpass INR 200 bn in FY24 driven by new launch and sustenance sales in 4QFY24.

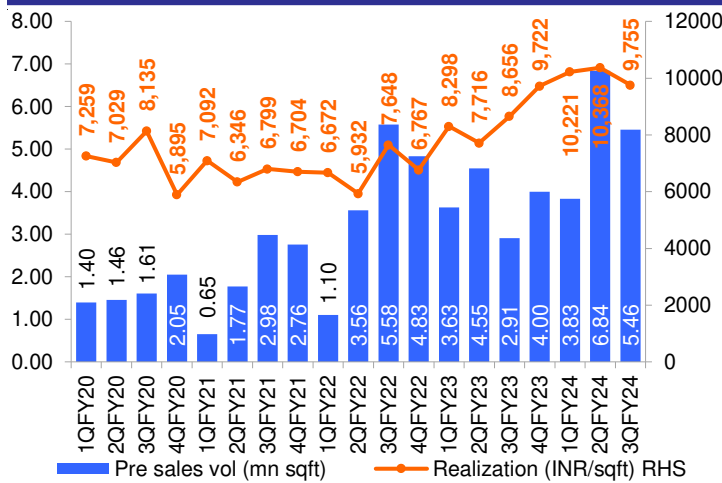
Table 3: Quarterly performance

INR mn	3QFY23	2QFY24	3QFY24	QoQ %	YoY %
Gross Sales	23,170	22,364	17,958	(20)	(22)
YoY Change (%)	74.5	56.6	-22.5		
Total Expenditure	17428	16439	12443		
EBITDA	5,742	5,925	5,515	(7)	(4)
Margins (%)	24.8	26.5	30.7	422bps	593bps
Depreciation	1698	1741	1797		
Interest	2009	2639	2932		
Other Income	305	10196	1747		
PBT before EO expense	2,340	11,741	2,533		
Extra-Ord expense	-	-	-		
PBT	2,340	11,741	2,533	(78)	8
Tax	704	2564	723		
Rate (%)	30.1	21.8	28.5		
MI & Profit/Loss of Asso. Cos.	358	668	647		
Reported PAT	1,278	8,509	1,163	(86)	(9)
Adj PAT	1,278	8,509	1,163		
Margins (%)	5.5	38.0	6.5		
Operational performance	3QFY23	2QFY24	3QFY24	QoQ %	YoY %
Pre sales vol (mn sqft)	2.91	6.84	5.46	(20)	88
Realization (INR/sqft) RHS	8656	10368	9755	(6)	13
Collection (INR bn)	22.9	26.2	31.2	19	36
Pre sales val (INR bn)	25.2	70.9	53.3	(25)	111
Leverage	3QFY23	2QFY24	3QFY24	QoQ (INR bn)	YoY (INR bn)
Net debt (INR bn)	42	69.6	69.8	0.3	67.4
D/E (x) RHS	0.42	0.61	0.60		

Source: Company, Antique

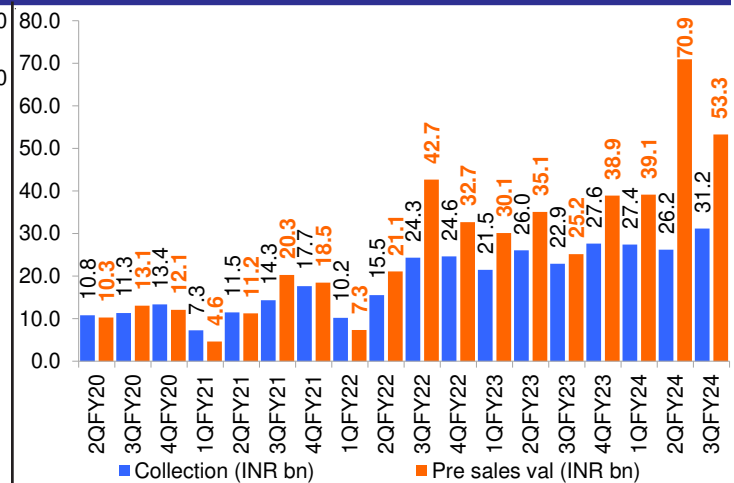
Story in charts

Exhibit 1: Sales momentum continues



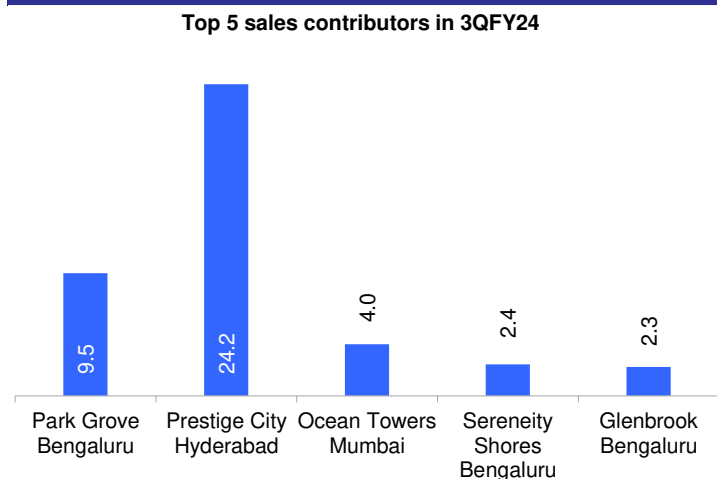
Source: Company, Antique

Exhibit 2: Booking and collection continues to remain strong



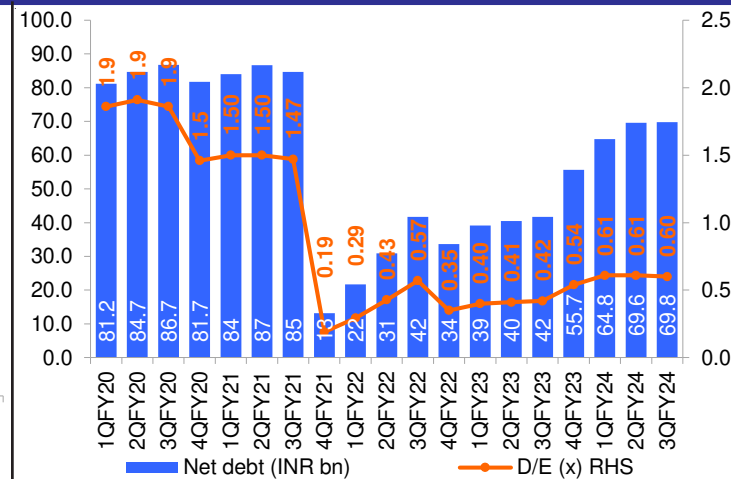
Source: Company, Antique

Exhibit 3: Top 5 sales contributors in 3QFY24 (INR bn)



Source: Company, Antique

Exhibit 4: Debt overhang looming



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	63,895	83,150	96,837	1,04,971	1,14,095
Op. Expenses	48,560	62,287	70,449	75,399	80,830
EBITDA	15,335	20,863	26,388	29,572	33,265
Depreciation	4,710	6,471	6,437	6,759	7,097
EBIT	10,625	14,392	19,951	22,813	26,167
Other income	2,107	4,570	1,820	1,911	2,006
Interest Exp.	5,553	8,066	5,814	6,157	6,500
Extra Ordinary Items -gain/(loss)	8,079	3,079			
Reported PBT	15,258	13,975	15,956	18,567	21,674
Tax	2,945	3,475	3,989	4,642	5,419
Reported PAT	12,313	10,500	11,967	13,925	16,256
Minority Int./Profit (loss) From Asso.	813	1,082	30	30	30
Net Profit	11,500	9,418	11,937	13,895	16,226
Adjusted PAT	11,500	9,418	11,937	13,895	16,226
Adjusted EPS (INR)	29	23	30	35	40

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	4,009	4,009	4,009	4,009	4,009
Reserves & Surplus	86,937	95,744	1,07,681	1,21,576	1,37,802
Networth	90,946	99,753	1,11,690	1,25,585	1,41,811
Debt	65,130	81,208	61,392	64,906	68,420
Minority Interest	4,523	2,832	2,862	2,892	2,922
Other Long-term Liabilities and Provisions	7,429	11,353	11,353	11,353	11,353
Net deferred Tax liabilities	2,731	(2,464)	(2,464)	(2,464)	(2,464)
Capital Employed	1,70,759	1,92,682	1,84,833	2,02,272	2,22,042
Net block	26,187	24,999	24,999	24,999	24,999
Capital work in progress	17,246	23,987	31,015	38,043	45,071
Net Fixed Assets	43,433	48,986	56,014	63,042	70,070
Goodwill	534	534	534	534	534
Investments	39,580.00	52,500.00	52,491.00	52,491.00	52,491.00
Non Current Investments	39,575	52,486	52,486	52,486	52,486
Current Investments	5	14	5	5	5
Current Assets, Loans & Adv.	2,21,423	2,58,747	2,74,767	3,01,447	3,32,437
Inventory	1,15,667	1,43,671	1,54,939	1,67,954	1,82,552
Debtors	14,196	13,286	15,473	16,773	18,230
Cash & Bank balance	21,712	18,146	18,643	27,754	39,472
Loans & advances and others	22,080	36,666	38,735	41,988	45,638
Other Current Assets	47,768	46,978	46,978	46,978	46,978
Current Liabilities & Provisions	1,33,682	1,67,565	1,98,445	2,14,713	2,32,960
Liabilities	1,25,893	1,62,794	1,93,674	2,09,942	2,28,189
Provisions	7,789	4,771	4,771	4,771	4,771
Net Current Assets	87,741	91,182	76,323	86,734	99,476
Application of Funds	1,70,759	1,92,682	1,84,833	2,02,272	2,22,042

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	401	401	401	401	401
Diluted no. of shares (mn)	401	401	401	401	401
BVPS (INR)	227	249	279	313	354
CEPS (INR)	40	40	46	52	58

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	15,093	14,143	15,956	18,567	21,674
Depreciation & amortization	4,710	6,471	6,437	6,759	7,097
(Inc)/Dec in working capital	8,141	(2,418)	15,356	(1,300)	(1,458)
Tax paid	(2,361)	(3,288)	(3,989)	(4,642)	(5,419)
Other operating Cash Flow	(4,184)	487			
CF from operating activities	21,399	15,395	33,760	19,385	21,895
Capital expenditure	(21,578)	(16,006)	(7,028)	(7,028)	(7,028)
Inc/(Dec) in investments	(23,266)	(15,855)	9	-	-
Add: Interest/Div. Income Recd.	1,140	1,221	1,820	1,911	2,006
Others	3,250	3,079			
CF from investing activities	(40,454)	(27,561)	(5,199)	(5,117)	(5,022)
Inc/(Dec) in debt	22,249	16,105	(19,816)	3,514	3,514
Dividend Paid	(601)	(601)	-	-	-
Others	(5,664)	(9,459)	(4,666)	(8,670)	(8,670)
CF from financing activities	15,984	6,045	(24,482)	(5,156)	(5,156)
Net cash flow	(3,071)	(6,121)	4,079	9,112	11,717
Opening balance	23,460	20,685	14,564	18,643	27,754
Closing balance	20,685	14,564	18,643	27,754	39,472
Bank balance	1,028	3,583	-	-	-
Cash & bank balance	21,712	18,146	18,643	27,754	39,472

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	-12%	30%	16%	8%	9%
EBITDA	-22%	36%	26%	12%	12%
Adj PAT	-59%	-18%	27%	16%	17%
Adj EPS	-59%	-18%	27%	16%	17%

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	48	58	46	40	34
P/BV (x)	6.0	5.5	4.9	4.4	3.9
EV/EBITDA (x)	28.8	21.2	16.8	15.0	13.3
EV/Sales (x)	6.9	5.3	4.6	4.2	3.9
Dividend Yield (%)	-	-	-	-	-

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	12.6	9.4	10.7	11.1	11.4
RoCE (%)	7.5	9.8	11.8	12.2	12.7
Asset/T.O (x)	0.5	0.6	0.7	0.7	0.7
Net Debt/Equity (x)	0.5	0.6	0.4	0.3	0.2
EBIT/Interest (x)	1.9	1.8	3.4	3.7	4.0

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	24%	25%	27%	28%	29%
EBIT Margin (%)	17%	17%	21%	22%	23%
PAT Margin (%)	18%	11%	12%	13%	14%

Source: Company Antique

CMP	: INR 156
Reco	: BUY ↔
Target Price	: INR 166 ↑
Target Price Change	: 17%
Target FY26 EV/EBITDA (x)	: 5.5
EBITDA Change FY24/ 25/ 26	: 13%/ 8%/ 9%

Pallav Agarwal
 +91 22 6911 3411
 pallav.agarwal@antiquelimited.com

Suman Kumar
 +91 22 6911 3416
 suman.kumar@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Metals
Market Cap (INR bn)	: 286.3
Market Cap (USD bn)	: 3.449
O/S Shares (mn)	: 1,836.6
52-wk HI/LO (INR)	: 166/76
Avg. Daily Vol ('000)	: 35,290
Bloomberg	: NACLIN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	8.2	9.1	14.5
P/E (x)	19.0	17.2	10.7
P/BV (x)	2.1	2.0	1.7
EV/EBITDA (x)	9.9	8.8	5.7
Dividend Yield (%)	2.9	3.2	3.2

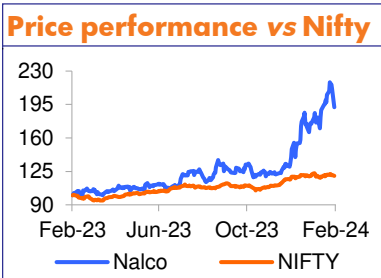
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	19	69	72	98
Relative	20	53	57	68

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

National Aluminium Company

Lower than anticipated costs, higher alumina sales drive sharp EBITDA beat

Nalco's standalone revenue was 8% above our and 4.5% above the consensus estimates at INR 33.5 bn, rising 1.5% YoY and 10% QoQ, primarily aided by higher alumina sales and stronger alumina prices. Alumina sales volume of approx. 343 KT grew by 19.5% YoY and sharply higher by 52.1% QoQ, while aluminum sales volume estimated at 114 KT was flat YoY and lower by 3% QoQ, with sequentially higher alumina exports and lower aluminum export deliveries. EBITDA at INR 7.7 bn jumped by 66.1% YoY and 95% QoQ; it was sharply above our and consensus estimates. Aluminum segment EBIT at INR 4.8 bn materially rose 68.8% YoY and 137.4% QoQ, while alumina segment EBIT at ~INR 2.2 bn spiked up by 240.3% YoY and 94.6% QoQ. Adjusted PAT at INR 4.9 bn grew by 78.4% YoY and shot up 136.8% QoQ. Alumina volumes are expected to remain strong in 4QFY24. We maintain BUY rating, incorporate lower costs (power and fuel cost reduction of 9%/7%/6% in FY24/FY25/FY26 driving EBITDA up by 13%/8%/9%) and revise our target price to INR 166 (earlier INR 142) at a higher target multiple of 5.5x FY26E EV/EBITDA (earlier 5x FY26).

Aluminum segment performance aided by lower costs

9MFY24 witnessed strong operational performance with aluminum production/ sales at 345 KT/ 349 KT (the highest since inception). Aluminum segment EBIT at INR 4.8 bn materially rose 68.8% YoY and 137.4% QoQ, primarily aided by lower than anticipated power and fuel costs and QoQ stronger LME aluminum prices. Average realization, which was at USD 2,442 per ton, fell 5.1% YoY but was up by 2% QoQ. Aluminum sales volume estimated at 114 KT was flat YoY and lower by 3% QoQ, with sequentially lower aluminum export deliveries. The average spot aluminum LME price in 3QFY24 was at USD 2,194 per ton, lower by 6.1% YoY but higher by 1.6% QoQ. Power and fuel costs at INR 8.5 bn declined 23% YoY and 19.2% QoQ (aided by lower coal costs and ramp-up post the commencement of captive coal mining at Utkal block D). Personnel cost at INR 4.4 bn also fell by 6.4% YoY and 3.1% QoQ.

Higher alumina sales drove sharp improvement in the Alumina segment

Alumina segment revenue at INR 14.1 bn grew by 11.6% YoY and 13.6% QoQ. Segment EBIT at ~INR 2.2 bn spiked up by 240.3% YoY and 94.6% QoQ. Alumina sales volume of approx. 343 KT grew by 19.5% YoY and sharply higher by 52.1% QoQ. Average global alumina prices for 3QFY24 at USD 334 were higher by 4.5% YoY but flat sequentially. Alumina volumes are expected to remain strong in 4QFY24.

High margin of safety with attractive dividend yield and high cash levels

Cash and cash equivalents at the end of FY25 are projected at INR 39.3 bn, translating into ~14% of its current market capitalization. The company declared a second interim dividend of INR 2 per equity share for FY24 (with a record date of February 23, 2023). This is in addition to an earlier interim dividend of INR 1 per equity share (declared in November, 2023). We expect the dividend yield to sustain at ~3-4% over FY24-25.

Investment Summary

We remain positive on Nalco in view of the stable alumina and aluminum price outlook (supported by supply tightness), integrated business model, and attractive dividend yield. Nalco sells ~1.3 MT of alumina and ~0.4 MT of aluminum annually and is well positioned to benefit from their strong prices. An additional 1 mtpa alumina (flowing in FY26 onwards, post commissioning) along with captive coal mining (benefits have already started accruing) and caustic soda production would drive margin expansion and cost reduction. We maintain BUY rating, incorporate lower costs (power and fuel cost reduction of 9%/7%/6% in FY24/FY25/FY26 driving EBITDA up by 13%/8%/9%) and revise our target price to INR 166 (earlier INR 142) at a higher target multiple of 5.5x FY26E EV/EBITDA (earlier 5x FY26).

Table 1: Quarterly performance—standalone (INR mn)

	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	CPLY (FY23)	YoY (%)
Sales	33,469	32,972	1.5	30,434	10.0	95,687	1,05,722	(9.5)
Cost of Material Consumed	7,088	7,544	(6.0)	6,464	9.7	19,467	22,080	(11.8)
% of sales	21.2	22.9	-170 bps	21.2	-6 bps	20.3	20.9	-54 bps
Employee cost	4,391	4,693	(6.4)	4,531	(3.1)	15,216	13,664	11.4
% of sales	13.1	14.2	-111 bps	14.9	-177 bps	15.9	12.9	298 bps
Power & fuel	8,464	10,987	(23.0)	10,481	(19.2)	28,128	38,143	(26.3)
% of sales	25.3	33.3	-803 bps	34.4	-915 bps	29.4	36.1	-668 bps
Other expenses	5,795	5,092	13.8	4,994	16.0	15,236	15,127	0.7
% of sales	17.3	15.4	187 bps	16.4	90 bps	15.9	14.3	161 bps
Total Exp	25,738	28,316	(9.1)	26,469	(2.8)	78,047	89,015	(12.3)
EBITDA	7,731	4,656	66.1	3,965	95.0	17,640	16,707	5.6
Margin %	23.1	14.1	898 bps	13.0	1007 bps	18.4	15.8	263 bps
Other income	510	605	(15.8)	686	(25.7)	1,681	1,906	(11.8)
Depreciation	1,538	1,571	(2.1)	1,862	(17.4)	5,096	4,604	10.7
Interest expenses	21	42	(50.4)	40	(47.4)	84	122	(31.6)
Profit Before Tax	6,682	3,648	83.2	2,750	143.0	14,141	13,887	1.8
PBT after exceptional	6,682	3,648	83.2	2,750	143.0	14,141	13,887	1.8
Tax	1,797	910	97.6	687	161.6	3,700	3,661	1.1
Tax Rate %	26.9	24.9	197 bps	25.0	191 bps	26.2	26.4	-20 bps
Reported Net Profit	4,885	2,739	78.4	2,063	136.8	10,441	10,226	2.1
Adjusted Net Profit	4,885	2,739	78.4	2,063	136.8	10,441	10,226	2.1
EPS (INR)	2.6	1.5	78.4	1.1	136.8	5.6	5.5	2.1

Source: Company, Antique

Table 2: Segmental Results

Revenue	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	CPLY (FY23)	YoY (%)
Chemicals (alumina)	14,138	12,669	11.6	12,446	13.6	38,274	39,745	(3.7)
Aluminium	23,260	24,206	(3.9)	23,340	(0.3)	71,068	77,098	(7.8)
Unallocated common	(84)	160	(152.4)	61	(236.8)	176	578	(69.5)
Total	37,315	37,034	0.8	35,846	4.1	1,09,518	1,17,422	(6.7)
less: inter segment revenue	3,846	4,062	(5.3)	5,412	(28.9)	13,831	11,700	18.2
Net sales from operations	33,469	32,972	1.5	30,434	10.0	95,687	1,05,722	(9.5)

EBIT	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	CPLY (FY23)	YoY (%)
Chemicals (alumina)	2,174	639	240.3	1,118	94.6	4,382	1,443	203.7
Aluminium	4,787	2,835	68.8	2,016	137.4	10,585	12,652	(16.3)
Total	6,961	3,474	100.4	3,134	122.1	14,967	14,095	6.2

EBIT Margins	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	CPLY (FY23)	YoY (%)
Chemicals (alumina)	15.4	5.0	1034 bps	9.0	640 bps	11.4	3.6	782 bps
Aluminium	20.6	11.7	887 bps	8.6	1194 bps	14.9	16.4	-152 bps

Source: Company, Antique

Table 3: Changes in estimates—Nalco (Standalone)

	Previous estimates			Current estimates			% change		
	FY24e	FY25e	FY26e	FY24e	FY25e	FY26e	FY24	FY25	FY26
Revenue (INR mn)	1,28,446	1,31,541	1,52,842	1,28,446	1,31,541	1,53,999	0%	0%	1%
EBITDA (INR mn)	22,330	25,943	38,221	25,215	28,105	41,503	13%	8%	9%
Adjusted PAT (INR mn)	12,539	14,901	23,963	15,072	16,657	26,693	20%	12%	11%
Alumina price (USD per ton)	340	330	350	340	330	350	0%	0%	0%
Alumina sales volume (tons)	12,41,750	13,20,250	19,09,750	12,41,750	13,20,250	19,09,750	0%	0%	0%
LME Aluminum price (USD per ton)	2,250	2,300	2,300	2,250	2,300	2,300	0%	0%	0%
Aluminium sales volume (tons)	4,60,000	4,60,000	4,60,000	4,60,000	4,60,000	4,60,000	0%	0%	0%
Power and fuel costs (INR mn)	42,216	41,856	45,632	38,415	38,750	42,730	-9%	-7%	-6%

Source: Company, Antique

Table 4: Target price

	INR mn
FY26e EBITDA - INR mn	41,503
EV/EBITDA multiple	5.5
Target EV - INR mn	2,28,265
Add:	
Net cash at FY26e INR mn	49,404
CWIP at FY26e INR mn @0.5x book value	27,245
Target market capitalisation INR mn	3,04,914
Target price INR per share	166

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenues	1,42,146	1,42,549	1,28,446	1,31,541	1,53,999
Expenses	96,641	1,18,068	1,03,231	1,03,436	1,12,496
EBITDA	45,505	24,481	25,215	28,105	41,503
Depreciation & amortization	8,366	7,158	7,405	7,795	8,185
EBIT	37,139	17,323	17,810	20,309	33,317
Other income	2,641	2,356	2,147	2,221	2,775
Interest expense	231	129	126	21	21
Profit before tax	39,549	19,550	19,831	22,509	36,071
Tax	10,029	4,105	4,760	5,852	9,378
Profit after tax	29,520	15,445	15,072	16,657	26,693
Adjusted PAT	29,520	15,445	15,072	16,657	26,693
EPS (INR)	16.1	8.4	8.2	9.1	14.5

Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	9,183	9,183	9,183	9,183	9,183
Reserves & Surplus	1,16,363	1,23,201	1,30,008	1,37,482	1,54,991
Networth	1,25,546	1,32,385	1,39,191	1,46,665	1,64,174
Debt	771	1,046	1,046	1,046	1,046
Deferred tax/ other liabilities	8,682	9,578	9,578	9,578	9,578
Capital Employed	1,34,999	1,43,008	1,49,815	1,57,289	1,74,798
Gross Fixed Assets	1,10,492	1,16,924	1,23,424	1,29,924	1,36,424
Accumulated Depreciation	37,054	43,889	51,295	59,090	67,276
Net Assets	73,438	73,035	72,129	70,834	69,148
Capital work in progress	22,348	32,689	39,989	46,989	54,489
Investments	3,773	4,708	4,708	4,708	4,708
Liquid Investments	640	1,456	1,456	1,456	1,456
Current Assets Loans & Advances					
Inventory	16,456	18,402	16,716	16,725	18,191
Debtors	753	913	1,408	1,442	1,688
Cash & Bank	37,061	21,175	37,583	38,921	48,995
Loans & advances and others	21,061	26,464	19,355	19,821	23,205
Current Liabilities & Provisions					
Creditors	36,010	31,901	39,595	39,674	43,149
Provisions	3,879	2,477	2,477	2,477	2,477
Net Current Assets	35,441	32,576	32,989	34,758	46,452
Application of Funds	1,34,999	1,43,008	1,49,815	1,57,289	1,74,798

Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	1,837	1,837	1,837	1,837	1,837
BVPS (INR)	68.4	72.1	75.8	79.9	89.4
CEPS (INR)	20.6	12.3	12.2	13.3	19.0
DPS (INR)	6.5	4.5	4.5	5.0	5.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	39,549	19,550	19,831	22,509	36,071
Depreciation	8,366	7,158	7,405	7,795	8,185
Interest	231	129	126	21	21
(Inc)/ Dec in working capital	4,462	(13,021)	15,995	(431)	(1,621)
Tax paid	(10,029)	(4,105)	(4,760)	(5,852)	(9,378)
CF from operating activities	42,579	9,711	38,598	24,042	33,278
Capex	(11,581)	(16,773)	(13,800)	(13,500)	(14,000)
(Inc)/ Dec in Investments	1,844	(936)	-	-	-
CF from investing activities	(9,737)	(17,709)	(13,800)	(13,500)	(14,000)
Inc/ (Dec) in debt	(1,800)	275	-	-	-
Dividends & Interest paid	(12,169)	(8,394)	(8,390)	(9,204)	(9,204)
Others	690	231	-	-	-
CF from financing activities	(13,279)	(7,888)	(8,390)	(9,204)	(9,204)
Net cash flow	19,563	(15,886)	16,408	1,338	10,074
Add: Opening balance	17,498	37,061	21,175	37,583	38,921
Closing balance	37,061	21,175	37,583	38,921	48,995

Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	58.7	0.3	(9.9)	2.4	17.1
EBITDA	155.2	(46.2)	3.0	11.5	47.7
PAT	127.2	(47.7)	(2.4)	10.5	60.3
EPS	127.2	(47.7)	(2.4)	10.5	60.3

Valuation

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	9.7	18.6	19.0	17.2	10.7
P/BV (x)	2.3	2.2	2.1	2.0	1.7
EV/EBITDA (x)	5.5	10.8	9.9	8.8	5.7
EV/Sales (x)	1.8	1.9	1.9	1.9	1.5
Dividend Yield (%)	4.2	2.9	2.9	3.2	3.2

Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE	25.4	12.0	11.1	11.7	17.2
RoCE	31.1	13.7	12.8	14.4	22.2
Debt/Equity (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)

Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA	32.0	17.2	19.6	21.4	27.0
EBIT	26.1	12.2	13.9	15.4	21.6
PAT	20.8	10.8	11.7	12.7	17.3

Source: Company Antique

CMP	: INR 478
Reco	: BUY ↔
Target Price	: INR 600 ↓
Target Price Change	: -1%
Target FY26 EV/EBITDA (x)	: 10
EBITDA Change FY24/ 25/ 26	: -2%/ -2%/ -1%

Abhijeet Kundu

+91 22 6911 3430
abhijeet.kundu@antiquelimited.com

Dhiraj Mistry

+91 22 6911 3434
dhiraj.mistry@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Retail
Market Cap (INR bn)	: 63.7
Market Cap (USD bn)	: 0.767
O/S Shares (mn)	: 132.9
52-wk HI/LO (INR)	: 534/261
Avg. Daily Vol ('000)	: 583
Bloomberg	: ARVINDFA IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	3.9	9.9	15.6
P/E (x)	121.2	48.3	30.7
P/BV (x)	6.2	5.1	4.1
EV/EBITDA (x)	12.5	9.7	7.5
Dividend Yield (%)	-	-	-

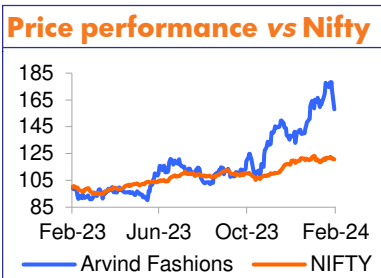
Source: Bloomberg

Returns (%)				
	1m	3m	6m	12m
Absolute	(1)	24	56	62
Relative	0	12	42	38

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Arvind Fashions

Resilient performance despite weak demand trends

Arvind Fashions’ (AFL) 3QFY24 performance was ahead of our estimates with comparable revenue growth of 5% driven by casualization and strength in the winter portfolio. Profitability improvement was better due to lower discounting along with a higher contribution from the retail channel. During the quarter, retail LTL grew 2% owing to sharper execution and lower discounting while the MBO channel grew +15%. Gross and EBITDA margins improved by 610 bps and 249 bps YoY. AFL added 31/ 122 stores during 3QFY24/ 9MFY24 and maintains its guidance of adding 200 stores, largely through the FOFO model. Despite weak demand trends, AFL would be able to drive growth due to a very strong portfolio of brands in the fast-growing casual wear category backed by an experienced management team. Profitability is also expected to improve with better inventory management, operating leverage, and aggressive expansion through the franchise model. Post 3QFY24 results, we have marginally tweaked our estimates and we expect AFL to deliver revenue/ EBITDA/ PAT growth of 8%/ 19%/ 53% CAGR over FY23–26E with improvement in return ratios and cash flows. We maintain BUY recommendation with a revised target price of INR 600, based on 10x FY26E EV/EBITDA (implying 13x pre-IndAS FY26E EV/EBITDA).

Comparable revenue grew 5% driven by casualization & winter wear

AFL reported a revenue decline of 5% to INR 11.2 bn, impacted by the sale of Sephora business. Adjusting to discounted businesses (Sephora, Ed Hardy, and Aeropostale), comparable revenue grew 5% driven by casualization & winter wear strength despite conscious delay of EOSS. Retail LTL grew 2% owing to sharper execution and lower discounting while the MBO channel grew 15% YoY. Online D2C business doubled while B2B witnessed decline. Notably, during the quarter kids’ wear grew 15% YoY and women’s wear showed good traction. Management highlighted that demand trends continue to remain soft and an improvement is expected by 1QFY25. AFL’s strategy is to focus on five brands to drive long-term growth through premiumization and scaling up casualwear and accessories offerings.

During the quarter, AFL added 31 stores (gross addition) and 122 stores for YTD, taking the total store count to 1,199. The company intends to open 200 stores largely through the asset-light model of FOFO.

Profitability improved on a higher full price sell-through and better mix

Gross margin improved by 610 bps YoY to 53.3%. Comparable gross margin improved by 480 bps YoY due to lower discounting along with a higher contribution from the retail channel. During the quarter, employee costs remained unchanged while the other expenses grew 6% YoY. Notably, AFL has increased A&P spends by 150 bps YoY. EBITDA grew 19% YoY to INR 1.43 bn with a margin expansion of 249 bps YoY to 12.7%. Reported PAT grew 64% to INR 363 mn while PAT (after minority interest) doubled to INR 163 mn.

Investment Summary

Post 3QFY24 results, we have cut our EBITDA estimates by 2%/ 2%/ 1% for FY24/ FY25/ FY26 factoring near-term weakness in demand trends. We are optimistic about the company on account of a) The strong industry tailwinds, especially the casual apparel market; (2) Its strong brand portfolio comprising of mature brands, with its ability to generate stable cash flows; and 3) Various corrective actions taken in the last 18–24 months to improve supply chain and working capital, which should help drive long-term value. We maintain BUY recommendation with a revised target price of INR 600, based on 10x FY26E EV/EBITDA (implying 13x pre-IndAS FY26E EV/EBITDA).

Conference Call Highlights

- The growth was impacted due to a decline in online B2B channels. During the quarter, Retail and MBO channels grew 2% and +15%, respectively.
- The decline in the online channel would continue for one more quarter due to the clearing of inventory on B2B platforms. Post which the channel should start reporting growth. During the quarter, B2C (market place and company website) channel sales have doubled.
- During the quarter, festive season sales were impacted due to the India World Cup matches during the weekend.
- AFL did not participate in early discounting due to tighter inventory management. AFL is focusing on profitable growth.
- The company has increased advertising spends by 130 bps YoY.
- Growth of MBO is led by distribution expansion and healthy LTL growth.
- Lower discounting led to a 1% improvement in profitability.
- Flying Machine brand refreshment continues and early signs of recovery are visible.
- Retail channel LTL growth could be 5%–7% with the recovery in demand trends. The company is investing in brands and EBO expansion.
- The company has differentiated five brands with very unique positioning.
- Large format store (4,000 sq. ft.) locations are carefully decided and the company would be very selective about opening large format stores.
- Tommy Hilfiger store addition would be on the COCO model while other brands largely would be on the FOFO model.
- Adjacencies contribution for US Polo is 15% of revenue and it is growing very rapidly.
- Gross margin is sustainable due to benign cotton prices and lower discounting.
- YTD capex is INR 610 mn. The capex for the full year would be INR 800–850 mn. The company is focusing on the franchise model.
- The company is aiming at +20% RoCE, which would be achieved with a margin improvement of 100 bps every year.
- The US Polo kids wear category has grown at 20% during the quarter.
- Gross debt is around INR 3.5 bn and net debt is INR 2.25 bn.
- Ed Hardy and Aeropostale are dormant brands and the company is not doing any sales. The company has taken a provision for future obligation of royalty payment (INR 390 mn) for the coming years.
- Growth is highest for Tommy Hilfiger and Calvin Klien, and lowest for Flying Machine.
- The company plans to open 200 stores on an annual basis, out of which many will be in the EBO format.
- Premium products of US Polo and Arrow also performed well.

Table 1: Quarterly financials

INR mn	3QFY24	3QFY23	Chg (%)	2QFY24	Chg (%)	9MFY24	9MFY23	Chg (%)
Total Sales	11,251	11,789	-4.6	12,669	-11.2	33,492	32,811	2.1
COGS	5,248	6,219	-15.6	6,405	-18.1	16,170	17,455	-7.4
Gross Profit	6,002	5,570	7.8	6,265	-4.2	17,321	15,356	12.8
Gross margin (%)	53.3	47.2	610 bps	49.4	390 bps	51.7	46.8	492 bps
Staff cost	655	655	0.0	710	-7.7	2,003	1,965	1.9
% of Net sales	5.8	5.6	26 bps	5.6	22 bps	6.0	6.0	-1 bps
Other Expenses	3,916	3,708	5.6	4,084	-4.1	11,364	10,104	12.5
% of Net sales	34.8	31.5	335 bps	32.2	257 bps	33.9	30.8	314 bps
EBITDA	1,431	1,206	18.6	1,471	-2.7	3,955	3,286	20
EBITDA Margin %	12.7	10.2	249 bps	11.6	111 bps	11.8	10.0	179 bps
Depreciation	615	635	-3.1	627	-2.0	1,872	1,750	6.9
Interest	383	390	-1.8	407	-5.9	1,178	993	18.6
Other income	69	159	-56.4	45	52.2	224	381	-41.2
PBT	503	341	47.5	482	4.3	1,129	924	22.2
Tax	140	119	17.6	112	25.1	441	339	29.9
effective tax rate %	27.8	34.9	-707 bps	23.2	462 bps	39.1	36.7	231 bps
PAT	363	222	63.5	370	-2.0	688	584	17.7
Extraordinary item	-62	0	-	0	-	-62	0	-
PAT before MI	301	222	35.7	370	-18.7	626	584	7.2
Minority Interest	139	141	-1.7	154	-9.8	411	326	26.0
PAT after MI	163	81	101.0	217	-24.9	215	258	-16.7

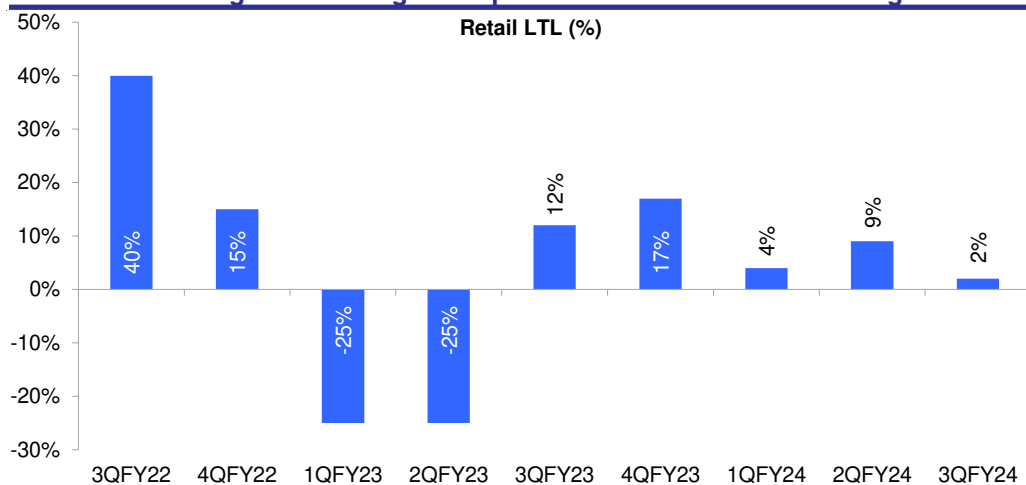
Source: Company, Antique

Table 2: Change in Estimates Table

	FY24			FY25			FY26		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	45,187	47,035	-3.9	49,637	50,453	-1.6	56,214	57,012	-1.4
EBITDA	5,259	5,372	-2.1	6,372	6,488	-1.8	7,662	7,722	-0.8
EBITDA Margin (%)	11.6	11.4	22 bps	12.8	12.9	-2 bps	13.6	13.5	8 bps
PAT	524	564	-7.2	1,315	1,342	-2.0	2,067	2,049	0.9

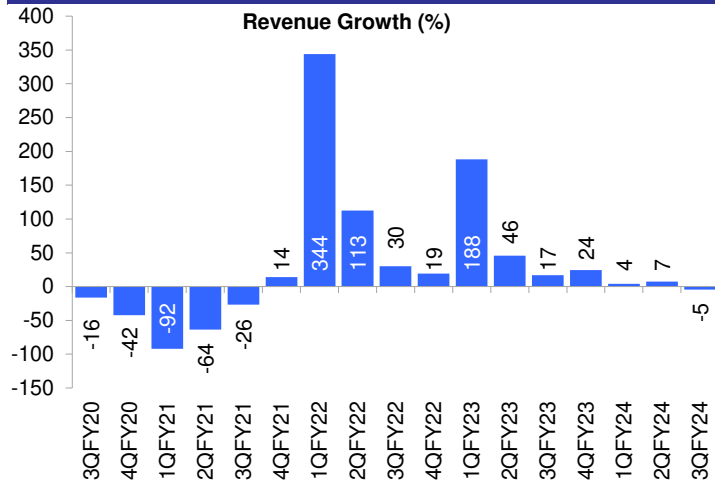
Source: Company, Antique

Exhibit 1: Retail LTL grew 2% owing to sharper execution and lower discounting



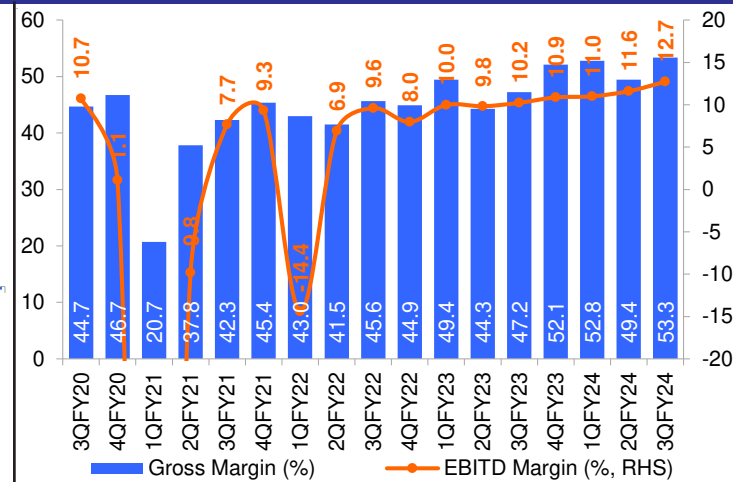
Source: Company, Antique

Exhibit 2: Revenue declined 5% YoY, although grew 5% on LTL basis, driven by casualization & winter wear



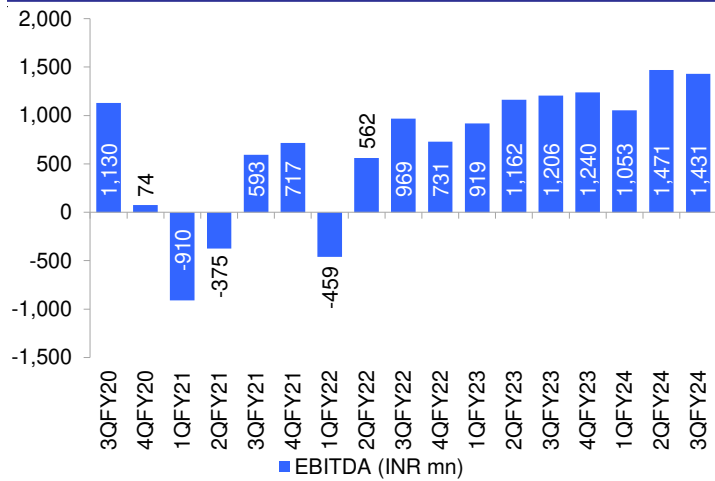
Source: Company, Antique

Exhibit 3: Gross profit grew 7.8% YoY with a margin expansion of 610 bps YoY to 53.3%



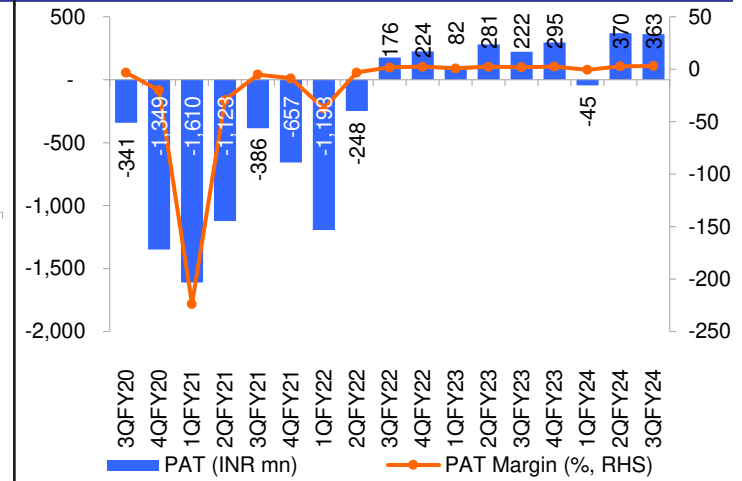
Source: Company, Antique

Exhibit 4: EBITDA grew 19%, accounting a margin expansion of 249 bps YoY to 12.7%



Source: Company, Antique

Exhibit 5: PAT amounted to INR 363 mn, +63.5% YoY



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	30,560	44,211	45,187	49,637	56,214
Op. Expenses	28,653	39,684	39,928	43,264	48,553
EBITDA	1,908	4,526	5,259	6,372	7,662
Depreciation	2,330	2,387	2,495	2,701	2,961
EBIT	(422)	2,139	2,763	3,672	4,700
Other income	669	525	420	504	605
Interest Exp.	1,345	1,384	1,525	1,334	1,134
Reported PBT from Continuing operations	(1,099)	1,280	1,658	2,842	4,171
Reported PBT from Discontinuing operations	(1,326)	(10)	-	-	-
Reported PBT	(2,425)	1,271	1,658	2,842	4,171
Tax	(58)	401	506	711	1,043
Reported PAT	(2,367)	870	1,152	2,132	3,128
Minority Int./Profit (loss) from Asso.	307	503	628	817	1,062
Net Profit	(2,674)	367	524	1,315	2,067
Adjusted PAT	(2,674)	367	524	1,315	2,067
Adjusted EPS (INR)	(20.2)	2.8	3.9	9.9	15.6

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	530	531	531	531	531
Reserves & Surplus	6,973	8,565	9,717	11,849	14,977
Networth	7,503	9,096	10,248	12,380	15,509
Debt	5,017	5,977	4,277	3,277	1,777
Minority Interest	1,002	1,826	1,198	2,014	3,076
Net deferred Tax liabilities	(4,110)	(4,120)	(4,120)	(4,120)	(4,120)
Lease Liabilities	4,561	6,674	7,007	7,358	7,726
Capital Employed	13,973	19,453	18,610	20,909	23,967
Gross Fixed Assets	15,395	19,530	21,191	22,920	24,720
Accumulated Depreciation	9,894	11,993	14,488	17,189	20,150
Capital work in progress	-	21	21	21	21
Net Fixed Assets	5,501	7,558	6,724	5,752	4,591
Goodwill	1,112	1,112	1,112	1,112	1,112
Current Assets, Loans & Adv.	21,893	23,930	23,376	27,817	33,290
Inventory	8,308	9,819	9,978	11,189	12,671
Debtors	5,717	5,595	5,719	6,282	7,114
Cash & Bank balance	1,050	2,003	2,167	4,834	7,992
Loans & advances and others	6,818	6,513	5,513	5,513	5,513
Current Liabilities & Provisions	14,533	13,148	12,602	13,773	15,027
Liabilities	14,288	12,925	12,379	13,550	14,805
Provisions	245	222	222	222	222
Net Current Assets	7,360	10,782	10,774	14,045	18,263
Application of Funds	13,973	19,453	18,610	20,909	23,967

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	132	133	133	133	133
Diluted no. of shares (mn)	132	133	133	133	133
BVPS (INR)	56.7	68.5	77.2	93.2	116.8
CEPS (INR)	(0.3)	24.5	27.5	36.4	45.8

Source: Company, Antique

Key assumptions

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Raw material cost % of net sales	55.9	51.8	48.0	49.0	49.0
Staff cost % of net sales	7.5	5.2	5.1	4.6	4.1
Other expenses % of net sales	42.2	36.4	31.3	31.5	31.3

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	(1,099)	1,280	1,658	2,842	4,171
Depreciation & amortization	2,330	2,387	2,495	2,701	2,961
Interest expense	1,369	1,384	1,525	1,334	1,134
(Inc)/Dec in working capital	2,435	(955)	(828)	(603)	(1,061)
Tax paid	(118)	(433)	(506)	(711)	(1,043)
Less: Interest/Div. Income Recd.	(70)	(157)	-	-	-
Other operating Cash Flow	(1,846)	(334)	(628)	817	1,062
CF from operating activities	3,001	3,173	3,716	6,379	7,225
Capital expenditure	166	(613)	(700)	(700)	(700)
Add: Interest/Div. Income Recd.	71	85	-	-	-
Others	488	243	-	-	-
CF from investing activities	724	(285)	(700)	(700)	(700)
Inc/(Dec) in share capital	4,948	54	-	-	-
Inc/(Dec) in debt	(4,413)	959	(1,700)	(1,000)	(1,500)
Others	(3,400)	(2,948)	(1,153)	(2,012)	(1,867)
CF from financing activities	(2,864)	(1,934)	(2,853)	(3,012)	(3,367)
Net cash flow	861	954	164	2,668	3,158
Opening balance	189	1,050	2,003	2,167	4,834
Closing balance	1,050	2,003	2,167	4,834	7,992

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	38.8	44.7	2.2	9.8	13.3
EBITDA (%)	-	137.3	16.2	21.2	20.2
Adj PAT (%)	-	-	42.7	151.0	57.2
Adj EPS (%)	-	-	42.7	151.0	57.2

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	(23.7)	172.9	121.2	48.3	30.7
P/BV (x)	8.4	7.0	6.2	5.1	4.1
EV/EBITDA (x)	35.4	14.9	12.5	9.7	7.5
EV/Sales (x)	2.2	1.5	1.5	1.2	1.0
Dividend Yield (%)	-	-	-	-	-

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	(35.6)	4.0	5.1	10.6	13.3
RoCE (%)	1.8	13.7	17.1	20.0	22.1
Asset/T.O (x)	2.4	2.4	2.6	2.5	2.5
Net Debt/Equity (x)	0.5	0.4	0.2	(0.1)	(0.4)
EBIT/Interest (x)	0.2	1.9	2.1	3.1	4.7

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	6.2	10.2	11.6	12.8	13.6
EBIT Margin (%)	(1.4)	4.8	6.1	7.4	8.4
PAT Margin (%)	(8.6)	0.8	1.1	2.6	3.6

Source: Company Antique

CMP	: INR 174
Reco	: BUY ↔
Target Price	: INR 198 ↔
Target Price Change	: No Change
Target FY26 P/E (x)	: 24
EPS Change FY24/ 25/ 26:	-45%/-16%/0%

Biplab Debbarma, CFA
 +91 22 6911 3418
 biplab.debbarma@antiquelimited.com

Avish Jain
 +91 22 6911 3437
 avish.jain@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Travel Services
Market Cap (INR bn)	: 27.2
Market Cap (USD bn)	: 0.328
O/S Shares (mn)	: 156.9
52-wk HI/LO (INR)	: 194/125
Avg. Daily Vol ('000)	: 441
Bloomberg	: YATRA IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	0.8	4.8	8.2
P/E (x)	224.7	36.2	21.1
P/BV (x)	16.7	11.9	7.9
EV/EBITDA (x)	73.4	25.1	14.7
EV/Sales (x)	6.6	5.0	3.6

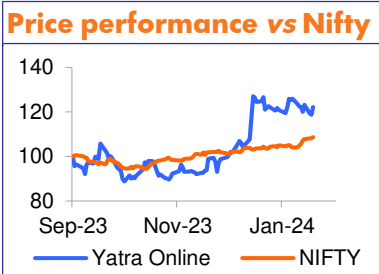
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(2)	25	-	-
Relative	(1)	13	-	-

Source: Bloomberg

Shareholding pattern	
Promoters	: 64%
Public	: 36%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Yatra Online

Steady performance; market share gain continues

Yatra Online's (YATRA) 3QFY24 highlights are the market share gain in the air ticketing segment and strong growth in gross bookings. Despite the subdued corporate business activity due to seasonality, YATRA witnessed an 18% YoY increase in gross bookings to INR 18.6 bn. Revenue came in at INR 1.1 bn (23% YoY/ 17% QoQ). EBITDA was at INR 36 mn. During the quarter, YATRA acquired 26 new corporate accounts with an annual billing potential of INR 2.2 bn. In 9MFY24, the company added 65-70 corporate accounts with a combined billing potential of INR 6 bn in terms of gross bookings. Other expenses were higher as the company incurred legal and professional fees (not related to IPO) during the quarter. The company achieved a net cash position with a 51% reduction in gross debt sequentially, with a comfortable net D/E position at 0.49x. The company increased its market share in Tier 2 and 3 cities on account of channel shift from offline to online. The company maintains its guidance of achieving PAT of INR 200 mn in 1QFY25. We revise our earnings by -45%/ -16%/ 0% over FY24E-26E to factor in the one-off legal and professional fee, and elevated marketing expense which is likely to continue for the next few quarters. Maintain BUY with an unchanged target price of INR 198, valuing the stock at a PE multiple of 24x on FY26E EPS.

3QFY24 in a nutshell

Although corporate business was muted due to seasonality, gross booking in 3QFY24 grew by 18% YoY to INR 18.6 bn (6.3% QoQ) broadly in line with our estimate of INR 18.7 bn. Revenue was also in line at INR 1.1 bn (23% YoY/ 17% QoQ), driven by market share gain in the air ticketing segment. EBITDA stood at INR 36 mn vs. INR 25 mn YoY (EBITDA loss of INR 85 mn in the last quarter). Margin grew by 51 bps YoY to 3.3%. Adj PAT stood at INR 11 mn vs. a loss of INR 56 mn YoY. During the quarter, YATRA added 26 new corporate accounts with a total annual billing potential of INR 2.2 bn. In 9MFY24, the company added 65-70 corporate accounts with a billing potential of INR 6 bn in terms of gross booking. The company turned net cash with a 51% reduction in gross debt sequentially. Net D/E is in a comfortable position at 0.49x.

Continues to gain market share

YATRA's domestic air passenger grew by 26% YoY to 1.7 mn, outpacing the industry growth of 9% YoY. The company gained market share in Tier 2 and 3 cities which witnessed strong growth in both domestic as well as international travel. Earlier most of the travel bookings in Tier 2 and 3 cities were done through traditional travel agents which has now shifted to online due to ease of booking. This channel shift from offline to online has helped the company to gain market share.

B2B market to grow 2x the overall travel market

As per RBI, GDP is likely to grow by 7% in FY24, implying higher business activity and related travel. Historically, travel follows GDP growth and grows at 1.5-2x of GDP. With the government pushing travel and tourism, along with strong traction in corporate travel, we expect Yatra to benefit from these tailwinds.

Investment Summary

Given the ongoing tailwinds in the travel industry, we believe the upward trajectory in both corporate and leisure travel is likely to continue. Strong traction in corporate travel is expected to be seen in 4QFY24 which is seasonally a strong quarter. Owing to one-off legal and professional fee and elevated marketing expense which is likely to continue for next few quarters, we revise our earnings by -45%/-16%/0% over FY24E-26E. Maintain BUY with an unchanged target price of INR 198, valuing at a PE multiple of 24x on FY26E EPS.

Quarterly Snapshot - 3QFY24

Table 1: Financial performance

INR mn	3QFY24	2QFY24	QoQ %	3QFY23	YoY %
Net Revenue	1,103	941	17	897	23
Total Expenditure	1,067	1,026		872	
EBITDA	36	-85	NA	25	46
Margins (%)	3.3	-9.0		2.8	
Finance Costs	56	62		53	
Depreciation	47	48		50	
Other Income	89	32		36	
PBT before EO expense	22	-162		-42	
PBT	22	-162	NA	-42	NA
Tax	11	9		13	
Rate (%)	52.0	-5.5		-31.3	
Share of Associate	-	-		-	
MI	-	-		-	
Reported PAT	11	-171	NA	-56	NA
Adj PAT	11	-171	NA	-56	NA
Margins (%)	0.0	-0.2		-0.1	

Source: Company, Antique

Table 2: Operational performance

	3QFY24	2QFY24	QoQ %	3QFY23	YoY %
Gross booking (INR mn)					
Air ticketing	16,096	14,772		13,248	
Hotels & packages	1,966	2,168		1,913	
Other services	543	564		643	
Total	18,605	17,504	6.3	15,804	18
Adjusted margin (INR mn)					
Air ticketing	1,114	1,018		1,011	
Hotels & packages	264	280		254	
Other services	66	48		47	
Total	1,444	1,346	7.3	1,312	10
Take rate (%)					
Air ticketing	6.9	6.9		7.6	
Hotels & packages	13.4	12.9		13.3	
Other services	12.1	8.6		7.3	
Blended take rate (%)	7.8	7.7	7bps	8.3	-54bps

Source: Company, Antique

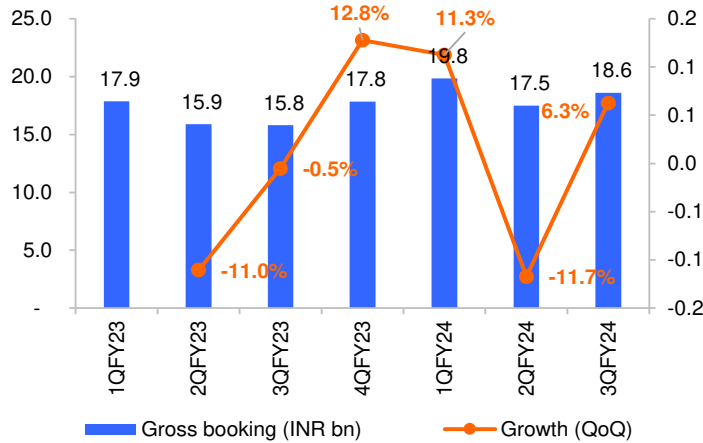
Table 3: Change in estimates

Earnings change INR mn	Old			New			Change %		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
INR mn	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	4,336	5,603	7,044	4,178	5,319	7,044	-4%	-5%	-
EBITDA	434	1,235	1,713	375	1,067	1,712	-14%	-14%	-
EBITDA margin	10.0	22.0	24.3	9.0	20.1	24.3	-105bps	-198bps	-
Adj. PAT	221	900	1,293	122	754	1,293	-45%	-16%	-

Source: Company, Antique

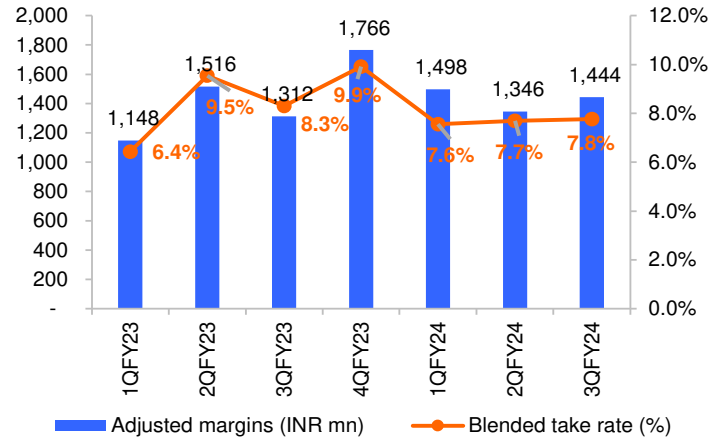
Story in Charts

Exhibit 1: Gross booking grew by 18% YoY



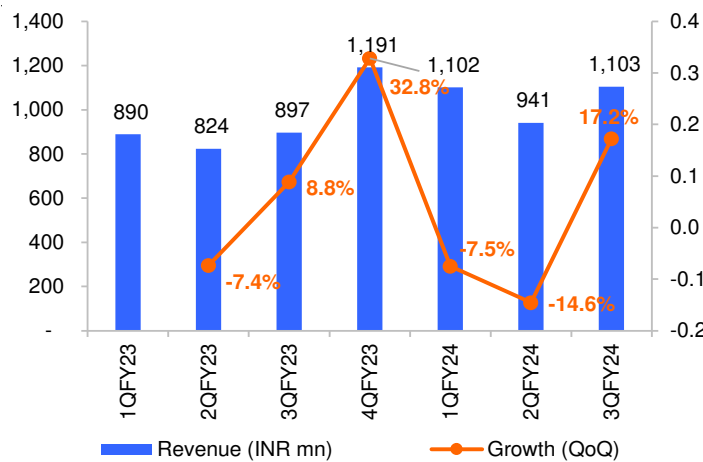
Source: Company, Antique

Exhibit 2: Healthy take rates



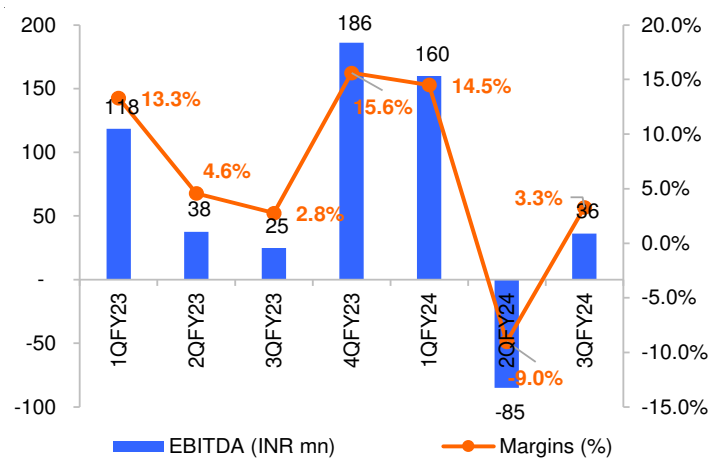
Source: Company, Antique

Exhibit 3: Steady growth in revenue continues



Source: Company, Antique

Exhibit 4: EBITDA was impacted by one-off legal and professional fee



Source: Company, Antique

Conference Call Highlights

- **Macro:**
 - Travel follows GDP growth, travel grows 1.5-2x of GDP growth.
 - **Religious travel** is 12-13 mn of passenger volume. Government focus is on travel & tourism and is expected to grow at 8% CAGR. Significant headroom for growth.
- **Gross bookings** grew 18% YoY to INR 18.6 bn. Air segment grew by 22% and hotels grew by 3% YoY.
- **Air segment** grew by 26% YoY in terms of volume, outpacing the industry growth of 9%. Gained market share due to channel shift from offline to online in Tier 2 and 3 cities. High growth witnessed in both domestic and international travel.
- **B2B segment** - Added 26 new corporates with total annual billing potential of INR 2,237 mn. 60% to be implemented this year and 100% from FY25. In 9MFY24 added 65-70 corporate accounts with a billing potential of INR 6 bn in terms of gross booking.
- **Corporate business** continued to be impacted by muted business travel spends across IT/ ITES clients.
- **Hotels:** Strong domestic growth. Intensity is stable. Overall growth was muted as corporate travel is weak during the festive season.
- **Marketing expenses** increased 8% YoY. Likely to remain range bound INR 100-120 mn a quarter and entirely for B2C.
- **Gross debt** reduced by 51% on QoQ basis. Further reduction is expected in 4QFY24. Finance cost likely to be INR 60 mn annually at 9%-10% borrowing cost.
- **Other expenses** are higher due legal and professional fees which was incurred in this quarter (not related to IPO). Expect some rationalization in the next few quarters.
- **Strong corporate momentum**, confident of achieving PAT of INR 200 mn in 1QFY25. Strong traction from corporates. Capacity might be impacted due to engine issues, however, the company does not expect much impact.
- **Service cost** increased on account of higher package sold; this is seasonal. Would come down in 4QFY24 but go up again in 1QFY25.
- Cautious on **take rate** expansion in air segment due to supply constraints. Hotel margin to improve over the next two quarters.
- **Share based expense/ ESOP** was INR 52 mn. No dilution for Indian entity; no cash outflow. Expect to be at similar level going forward.
- **Margins:** B2B 20%, B2C mid-high single digits.

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	1,981	3,802	4,178	5,319	7,044
Op. Expenses	2,069	3,435	3,804	4,252	5,332
EBITDA	(89)	367	375	1,067	1,712
Depreciation	281	183	178	180	181
EBIT	(370)	184	197	888	1,531
Other income	207	173	146	186	247
Interest Exp.	99	234	200	154	161
Extra Ordinary Items -gain/(loss)	73	1	-	-	-
Reported PBT	(334)	122	143	920	1,617
Tax	15	45	21	166	323
Reported PAT	(349)	76	122	754	1,293
Profit (loss) From Associates	42	-	-	-	-
Net Profit	(308)	76	122	754	1,293
Adjusted PAT	(308)	76	122	754	1,293
Adjusted EPS (INR)	(2.7)	0.7	0.8	4.8	8.2

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	112	115	157	157	157
Reserves & Surplus	897	1,581	1,702	2,456	3,750
Networth	1,009	1,695	1,859	2,613	3,907
Debt	359	1,531	1,526	1,521	1,516
Net deferred Tax liabilities	2	(3)	(3)	(3)	(3)
Others	372	244	244	244	244
Capital Employed	1,742	3,467	3,626	4,375	5,663
Property, Plant and Equipment	22	46	72	81	97
Other Non-Current Assets	909	1,006	844	682	520
Net Fixed Assets	931	1,052	915	763	617
Goodwill	691	691	691	691	691
Current Assets, Loans & Adv.	3,869	5,059	5,343	6,474	8,235
Debtors	1,940	2,875	2,289	2,696	2,895
Cash	782	469	1,339	2,063	3,626
Bank balance	521	554	554	554	554
Loans & advances and others	626	1,161	1,161	1,161	1,161
Current Liabilities & Provisions	3,726	3,335	3,324	3,553	3,880
Liabilities	3,658	3,279	3,268	3,497	3,824
Provisions	69	56	56	56	56
Net Current Assets	142	1,724	2,019	2,921	4,355
Application of Funds	1,765	3,467	3,626	4,375	5,663

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	115	115	157	157	157
Diluted no. of shares (mn)	115	115	157	157	157
BVPS (INR)	9	15	12	17	25
CEPS (INR)	15	31	25	33	44

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	(334)	122	143	920	1,617
Depreciation & amortization	281	183	178	180	181
Interest expense	51	182	200	154	161
(Inc)/Dec in working capital	(933)	(1,905)	575	(177)	128
Tax paid	30	(126)	(21)	(166)	(323)
Other operating Cash Flow	72	14	-	-	-
CF from operating activities	(834)	(1,531)	1,074	911	1,764
Capital expenditure	(9)	(10)	(42)	(27)	(35)
(Inc)/Dec in investments	(7)	(29)	-	-	-
Others	(68)	(128)	-	-	-
CF from investing activities	(84)	(167)	(42)	(27)	(35)
Inc/(Dec) in share capital	83	620	42	-	-
Inc/(Dec) in borrowing	(5)	410	(5)	(5)	(5)
Interest paid	42	(95)	(200)	(154)	(161)
Others	81	448	-	-	-
CF from financing activities	201	1,384	(163)	(159)	(166)
Net cash flow	(718)	(313)	870	725	1,562
Opening balance	1,476	782	469	1,339	2,063
Closing balance	782	469	1,339	2,063	3,626

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	57.9	91.9	9.9	27.3	32.4
EBITDA (%)	-60.4	-512.9	2.2	185.0	60.4
Adj PAT (%)	6.9	-124.8	59.2	520.5	71.5
Adj EPS (%)	6.9	-124.8	16.2	520.5	71.5

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	-64.7	261.1	224.7	36.2	21.1
P/BV (x)	22.4	13.4	16.7	11.9	7.9
EV/EBITDA (x)	-302.7	77.4	73.4	25.1	14.7
EV/Sales (x)	13.6	7.5	6.6	5.0	3.6

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	-27.4	5.6	6.8	33.7	39.7
RoCE (%)	-7.8	13.7	9.7	26.9	35.4
Asset/T.O (x)	1.4	2.0	1.5	1.6	1.6
Net Debt/Equity (x)	-0.4	0.6	0.1	-0.2	-0.5
EBIT/Interest (x)	-3.7	0.8	1.0	5.8	9.5

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	-4.5	9.6	9.0	20.1	24.3
EBIT Margin (%)	-18.7	4.8	4.7	16.7	21.7
PAT Margin (%)	-14.1	1.9	2.8	13.7	17.7

Source: Company Antique

CMP	: INR 359
Reco	: SELL ↔
Target Price	: INR 300 ↓
Target Price Change	: -10%
Target FY26 P/E (x)	: 15
EPS Change FY24/ 25/ 26:	NM/ -24%/ -4%

Monish Shah
 +91 22 6911 3412
 monish.shah@antiquelimited.com

Pranav Chawla
 +91 22 6911 3417
 pranav.chawla@antiquelimited.com

Market data	
Sensex	: 71,823
Sector	: Pharmaceuticals
Market Cap (INR bn)	: 12.9
Market Cap (USD bn)	: 0.156
O/S Shares (mn)	: 36.0
52-wk HI/LO (INR)	: 450/286
Avg. Daily Vol ('000)	: 113
Bloomberg	: SOLARA IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	(70.3)	11.5	20.0
P/E (x)	(5.1)	31.3	18.0
P/BV (x)	1.1	1.1	1.0
EV/EBITDA (x)	(42.9)	9.2	7.9
Dividend Yield (%)	0.0	0.0	0.0

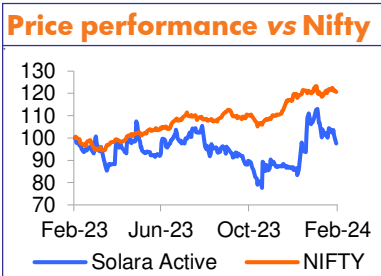
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(14)	4	(3)	(6)
Relative	(13)	(6)	(11)	(20)

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

3QFY24 RESULT REVIEW

Solara Active Pharma Sciences

Weak results; another strategy reset

Solara Active Pharma (SOLARA) reported a revenue decline of ~37% on a YoY basis, mainly on account of the fire incident at the Puducherry facility and also due to order deferment. The company estimates a revenue loss of ~INR 1,300 mn due to production disruption in relation to the fire incident and INR 550 mn for deferment of shipments. During the quarter, SOLARA announced another strategy reset in two years, wherein the company will be focusing on selling more products in regulated markets with a sharp focus on cost management. As a part of the reset strategy, SOLARA has discontinued several tail-end products, for which commensurate provisions have been made. As per SOLARA’s own estimates, these measures are likely to drive gross margin improvement resulting in an EBITDA margin of ~20% in FY26 on a steady state.

However, we believe the strategic reset is likely to improve SOLARA’s EBITDA margin to the ~14%–15% range only, as the company’s products are highly competitive and commoditized. Although in a best-case scenario, we assume the gross margin is likely to move towards ~50% and could come with its own set of challenges, to neutralize these challenges the company is looking for third-party vendors for process optimization.

Gross margin for the quarter came in at 13.4% on account of one-time inventory write-off and lower revenue to regulated markets. With an increase in other expenses relating to customer claims and negative operating leverage, SOLARA reported a negative EBITDA margin of 65% for the quarter. With the impending improvement in the demand scenario for its key products, management remains confident of higher revenue from regulated markets for Ibuprofen and better unitization of its facilities.

We expect improved utilization at Solara’s Vizag facility towards regulated market sales, which is likely to result in a higher gross margin. However, we also see higher pressure on API prices to sustain which is likely to offset volume growth. We keep our revenue estimates largely unchanged and reduce our EPS estimate by ~4% for FY26. We maintain SELL rating on the stock with a revised target price of INR 300 (earlier INR 333), valuing the company at 15x P/E on FY26 EPS.

Focus on regulated markets to improve gross margin

During the quarter, SOLARA reported several one-offs on account of the fire incident at its API unit and also due to a reset in strategy which resulted in the discontinuation of low-margin products, inventory write-offs, and order delays. In our view, the renewed focus on regulated markets is a step in the right direction which is likely to improve its gross margin. We expect gross margin to improve materially in FY25 to ~49% led by process optimization, reduction in RM costs, and stable demand in its key products.

Our View

We believe SOLARA’s focus on regulated markets is a step in the right direction and the company expects to achieve ~20% EBITDA margin in FY26. We also believe the strategic reset is likely to improve its EBITDA margin to the ~15%–16% range as the company products are highly competitive and commoditized. We find it hard to arrive at ~20% EBITDA despite assuming a high gross margin and revenue growth of 13% CAGR. With a better product mix, reduction in RM cost and a higher share of regulated market sales, we expect gross margin to improve and peak of ~50% and the resultant EBITDA margin to peak at ~14%–15% for FY26; we maintain SELL rating on the stock.

Conference Call Takeaways

Operational highlights

- SOLARA in 3QFY24 reported sales of INR 2.5 bn, declining ~37% YoY and 42% QoQ on account of a fire incident at the Puducherry site.
- The quarter saw ~INR 1.85 bn impact on revenue due to the fire incident which includes INR 1.3 bn loss of revenue and INR 550 mn deferment to 4QFY24.
- Regulated market revenue was at 61% of 3QFY24 revenue (vs. 68% in 3QFY23 and 71% in 2QFY24).
- Gross margin contracted to 13.4% due to the fire incident (INR 640 mn), deferment of revenue (INR 360 mn), and resetting operations (INR 1 bn). Change in geographic mix with lower regulated market sales impacted gross margin for the quarter.
- Staff costs declined 2% QoQ.
- Other expenses for 3Q were INR 1.3 bn, the expenses included INR 430 mn one-time claims from customers.
- EBITDA came in at INR 1.6 bn.
- The company also made a provision of INR 628 mn towards the fire incident.
- APAT came in at INR 2.2 bn.
- Term loan reduced by INR 893 mn during 9MFY24 from INR 3,524 mn to INR 2,680 mn.
- Gross debt has reduced by INR 748 mn during 9MFY24 to INR 9,264 mn.

Guidance

- Key focus area:
 - Aggressive focus on products with high profitability.
 - Categorization of products based on profitability per KL.
 - Discontinuance of products that do not deliver minimum profitability thresholds and where we do not control cash flows.
 - Focus on cost control and cost improvement programs through alternate vendors to achieve improved COGS.
- The company guided for revenue reverting to INR 4,000 mn per quarter with improved gross margin and EBITDA in the range of 20%–22% by the end of FY25.
- Focus on bringing down net debt to EBITDA to less than ~3x by 4QFY25.

Rights issue

- Further to the announcement made by the company on July 5, 2023 regarding fund raising through a rights issue, the company has appointed a merchant banker for the proposed issue.
- The company is in the process of filing the offer document with stock exchanges.
- The company has taken permission for up to INR 4.5 bn, but may require only up to INR 3.5 bn.
- Promoters are committed to subscribing to the issue to the extent of their holdings and are also willing to subscribe and underwrite the unsubscribed portion of the public holdings.
- The proceeds of the right issues will be mainly used towards repayment of debt.

Other commentary

- Puducherry resumed supplies to regulated markets in Jan'24 post corrective actions and permissions to commence production.

- Solara is adequately insured to cover against loss of profits. The insurance claim has been made and no deferred income on account of the insurance claim is considered in our results.
- Reset strategy:
 - As part of the strategy, several long tail products have been discontinued resulting in the provisioning of discontinued products to the extent of INR 203 mn and loss on liquidation of discontinued products to the extent of INR 134 mn.
 - One-off impact of reduction in inventory levels to the extent of INR 175 mn.
 - INR 492mn provided for long outstanding receivables related to post Covid-19 sales
 - The CFO, Mr. P. V. Raghavendra Rao has resigned.
 - The company has also decided to consolidate operations, thereby shutting Chennai office.
 - Mr. Arun Kumar has joined back the business to mentor and guide the management with the turnaround of the business.
- The company will revive its dormant DMFs.
- Gross margin to begin improving from 1QFY25 and will continue to improve in FY25.
- The company is closely working to reduce the working capital days to the optimum level.
- Confident of generating INR 1.5 bn FCF in FY25.

Exhibit 1: Quarterly snapshot

(INR mn)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
Net sales	2,487	3,948	(37)	4,252	(42)	10,263	10,632	(3)
RM Cost	2,155	2,114	2	2,375	(9)	6,450	5,964	8
% of sales	86.6	53.6	3,310 bps	55.9	3,079 bps	62.9	56.1	676 bps
Staff costs	626	585	7	641	(2)	1,879	1,684	12
% of sales	25.2	14.8	1,038 bps	15.1	1,011 bps	18.3	15.8	247 bps
Other expenses	1,323	799	66	860	54	2,983	2,132	40
% of sales	53.2	20.2	3,293 bps	20.2	3,296 bps	29.1	20.1	901 bps
Expenditure	4,104	3,498	17	3,876	6	11,312	9,781	16
EBITDA	(1,617)	450	nm	376	nm	(1,049)	851	nm
EBITDA margin (%)	(65.0)	11.4	nm	8.8	nm	(10.2)	8.0	nm
Other income	5	72		12		37	179	
Interest	254	236		244		744	681	
Depreciation	260	280		262		781	847	
PBT before EO	(2,126)	6	nm	(118)	nm	(2,538)	(498)	nm
Exceptional items	628	-		52		680	-	
PBT	(2,753)	6	nm	(171)	nm	(3,218)	(498)	nm
Tax	-	1		-		(103)	(239)	
Tax Rate %	-	21.8		-		3.2	47.8	
Reported PAT	(2,753)	4	nm	(172)	nm	(3,116)	(259)	nm
Adjusted PAT	(2,126)	4	nm	(119)	nm	(2,436)	(259)	nm
EPS (INR)	(59.1)	0.1	nm	(3.3)	nm	(67.7)	(7.2)	nm

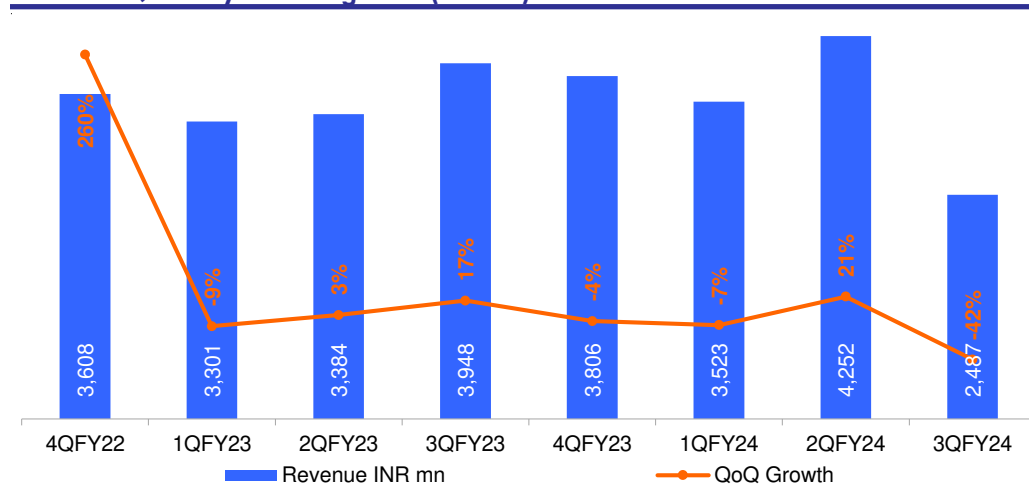
Source: Company, Antique

Exhibit 2: Change in estimates

(INR mn)	New estimates			Old estimates			Change %		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Rating			SELL			SELL			
Target (INR)			300			333			(10)
Sales	14,308	17,070	18,207	16,664	17,494	18,629	(14)	(2)	(2)
EBITDA	(522)	2,429	2,748	1,773	2,368	2,619	(129)	3	5
EBITDA%	(3.6)	14.2	15.1	10.6	13.5	14.1	(1,429)bps	70 bps	103 bps
PAT	(2,531)	413	719	(158)	543	749	nm	(24)	(4)
EPS (INR)	(70.3)	11.5	20.0	(4.4)	15.1	20.8	nm	(24)	(4)

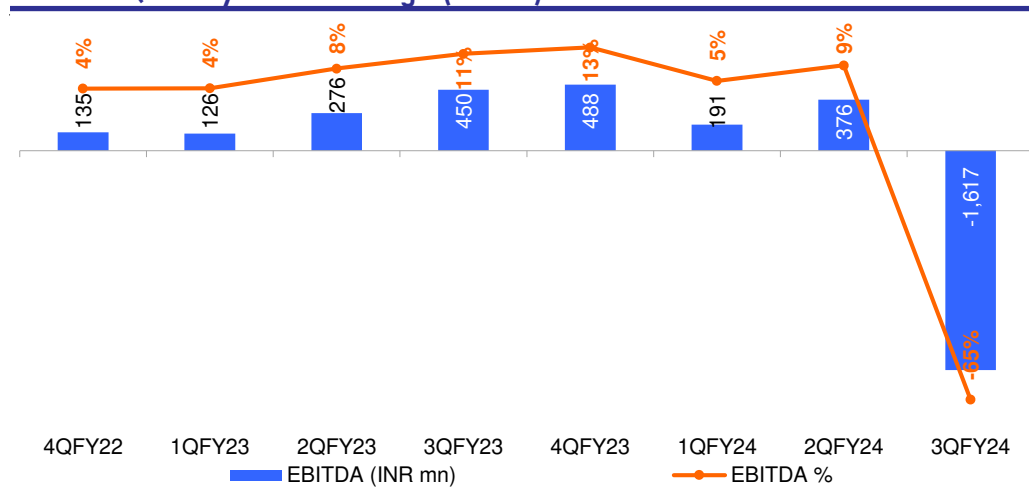
Source: Company, Antique

Exhibit 3: Quarterly revenue growth (INR mn)



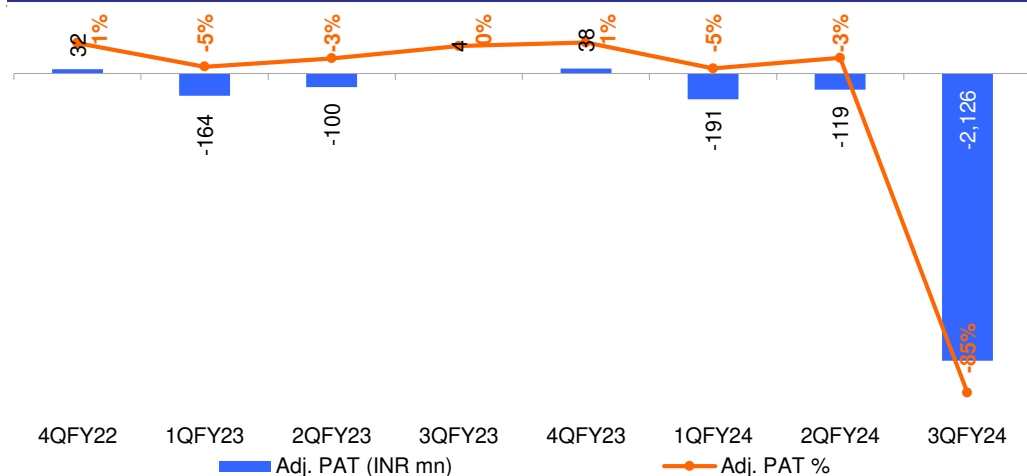
Source: Company, Antique

Exhibit 4: Quarterly EBITDA & margin (INR mn)



Source: Company, Antique

Exhibit 5: Quarterly PAT & margin (INR mn)



Source: Company, Antique

Exhibit 6: Manufacturing set-up

Facility Location	Mfg	Capacity	Regulatory Approval Status
Ambarnath	Multipurpose API & Intermediate Unit	250-8000L	USFDA, EDQM
Cuddalore	Multipurpose API & Intermediate Unit	250-12500L	USFDA, EDQM, KFDA, EU-GMP, MHRA, COFEPRIS, TGA & PMDA
Mangaluru	Niche as well as large-volume APIs and intermediates	250-6300L	USFDA, EDQM, KFDA, WHO, TGA
Pondicherry	Multipurpose API & Intermediate Unit	1200-12500L	USFDA, EDQM, AGES, KFDA, EU-GMP, MHRA, PMDA, COFEPRIS
Visakhapatnam	Greenfield, multi-product facility	100-25000L	USFDA, EDQM, AGES, KFDA, EU-GMP, MHRA, PMDA, COFEPRIS
Mysore	Key intermediate manufacturing site	1200-5000L	USFDA, EDQM, AGES, KFDA, EU-GMP, MHRA, PMDA, COFEPRIS
Chennai	R&D Centre	-	-
Bangalore	R&D Centre	-	-

Source: Company, Antique

Risk to our assumptions

- i) **Inorganic growth**—We assume that the company has capability to pull off another merger in either API or CRAMS space and remains a key risk to our assumptions.
- ii) **Faster ramp-up in high value products like Dabigatran**—We believe Strides has filed for an ANDA on Dabigatran and is awaiting approval in FY23. If the company is able to get the approval on time or before, we will revise our estimates for this product.
- iii) **Higher CRAMS growth compared to our estimates**—We have estimated a revenue CAGR in the CRAMS business. More commercial launches and larger client additions contributing meaningfully would be at risk to our assumptions.

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	12,683	14,438	14,308	17,070	18,207
Op. Expenses	11,884	13,099	14,830	14,641	15,459
EBITDA	800	1,339	(522)	2,429	2,748
Depreciation	1,123	1,112	1,047	1,104	1,167
EBIT	(324)	227	(1,569)	1,325	1,581
Other income	200	226	50	100	100
Interest Exp.	753	901	1,013	1,013	963
Extra Ordinary Items-gain/(loss)	(35)	-	(680)	-	-
Reported PBT	(911)	(448)	(3,211)	412	718
Tax	(327)	(226)	-	-	-
Reported PAT	(584)	(222)	(3,211)	412	718
Minority Int./Profit (loss) From Associates	1	1	1	1	1
Net Profit	(584)	(222)	(3,211)	413	719
Adjusted PAT	(561)	(222)	(2,531)	413	719
Adjusted EPS (INR)	(15.6)	(6.2)	(70.3)	11.5	20.0

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	360	360	360	360	360
Reserves & Surplus	14,889	14,642	11,432	11,845	12,564
Networth	15,249	15,002	11,792	12,205	12,924
Debt	10,374	10,129	10,129	10,129	9,629
Minority Interest	23	22	22	21	20
Net deferred Tax liabilities	(551)	(786)	(786)	(786)	(786)
Capital Employed	25,094	24,368	21,156	21,569	21,787
Gross Fixed Assets	14,199	15,265	16,085	17,085	18,085
Accumulated Depreciation	4,287	5,276	6,323	7,427	8,594
Capital work in progress	2,387	2,385	1,885	1,385	885
Net Fixed Assets	12,299	12,373	11,647	11,043	10,376
Goodwill	3,651	3,651	3,651	3,651	3,651
Investments	4	17	17	17	17
Non Current Investments	4	17	17	17	17
Current Assets, Loans & Adv.	13,019	12,164	9,560	11,145	12,014
Inventory	5,756	5,581	3,920	4,677	4,988
Debtors	4,897	5,370	3,920	4,677	4,988
Cash & Bank balance	473	89	649	719	966
Loans & advances and others	1,894	1,124	1,072	1,072	1,072
Current Liabilities & Provisions	3,879	3,838	3,719	4,286	4,271
Liabilities	3,750	3,710	3,591	4,159	4,143
Provisions	129	128	128	128	128
Net Current Assets	9,140	8,326	5,842	6,858	7,743
Application of Funds	25,094	24,368	21,156	21,569	21,787

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	36.0	36.0	36.0	36.0	36.0
Diluted no. of shares (mn)	36.0	36.0	36.0	36.0	36.0
BVPS (INR)	423.6	416.7	327.5	339.0	359.0
CEPS (INR)	15.0	24.7	(60.1)	42.1	52.4

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	(911)	(448)	(2,531)	412	718
Depreciation & amortization	1,123	1,112	1,047	1,104	1,167
Interest expense	753	901	1,013	1,013	963
(Inc)/Dec in working capital	(2,848)	5	3,044	(946)	(639)
Tax paid	-	135	-	-	-
Less: Interest/Div. Income Recd.	(78)	(58)	-	-	-
Other operating Cash Flow	11	(87)	-	-	-
CF from operating activities	(1,949)	1,561	2,572	1,583	2,209
Capital expenditure	(2,086)	(1,100)	(1,000)	(500)	(500)
Inc/(Dec) in investments	(714)	283	-	-	-
Add: Interest/Div. Income Recd.	(101)	-	-	-	-
CF from investing activities	(2,900)	(817)	(1,000)	(500)	(500)
Inc/(Dec) in share capital	29	-	-	-	-
Inc/(Dec) in debt	4,149	(229)	-	-	(500)
Dividend Paid	(108)	-	-	-	-
Others	(734)	(899)	(1,013)	(1,013)	(963)
CF from financing activities	3,336	(1,128)	(1,013)	(1,013)	(1,463)
Net cash flow	(1,513)	(384)	560	70	247
Opening balance	1,985	473	89	649	719
Closing balance	473	89	649	719	966

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	(21.6)	13.8	(0.9)	19.3	6.7
EBITDA	(79.3)	67.4	(139.0)	(565.6)	13.1
Adj PAT	(125.3)	(60.5)	1041.5	(116.3)	74.0
Adj EPS	(125.3)	(60.5)	1041.5	(116.3)	74.0

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	(23.0)	(58.3)	(5.1)	31.3	18.0
P/BV (x)	0.8	0.9	1.1	1.1	1.0
EV/EBITDA (x)	28.5	17.2	(42.9)	9.2	7.9
EV/Sales (x)	1.8	1.6	1.6	1.3	1.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	(3.6)	(1.5)	(18.9)	3.4	5.7
RoCE (%)	(0.5)	1.8	(6.7)	6.7	7.8
Asset/T.O (x)	0.6	0.7	0.7	1.0	1.0
Net Debt/Equity (x)	0.6	0.7	0.8	0.8	0.7
EBIT/Interest (x)	(0.2)	0.5	(1.5)	1.4	1.7

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	6.3	9.3	(3.6)	14.2	15.1
EBIT Margin (%)	(2.6)	1.6	(11.0)	7.8	8.7
PAT Margin (%)	(4.4)	(1.5)	(17.6)	2.4	3.9

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		
AGROCHEM & FERTILIZERS																									
Bayer Cropscience	Hold	5,955	6,380	7	267.6	3.2	8.7	10.0	11.5	193.5	223.7	255.0	30.8	26.6	23.4	22.5	19.3	17.0	8.6	33.3	43.4	3	33		
Coromandel Intl.	Buy	1,093	1,340	23	321.8	3.9	17.4	20.1	21.9	59.3	68.5	74.4	18.4	16.0	14.7	11.9	10.3	9.1	2.9	19.9	28.2	9	20		
Dhanuka Agritech	Buy	1,046	1,280	22	47.7	0.6	2.4	2.8	3.2	52.6	62.3	70.9	19.9	16.8	14.7	13.7	11.2	9.6	3.2	20.7	27.9	-16	55		
Paradeep Phosphates	Buy	77	120	55	62.9	0.8	0.5	6.8	8.0	0.6	8.3	9.8	121.9	9.3	7.8	16.5	6.7	5.5	1.5	17.8	16.3	0	36		
PI Industries	Buy	3,418	5,160	51	518.6	6.2	15.0	17.1	19.6	98.5	112.6	129.0	34.7	30.3	26.5	25.1	21.3	18.0	5.2	18.5	22.9	-1	9		
Rallis India	Hold	244	260	6	47.5	0.6	1.6	2.3	2.8	8.4	11.6	14.6	29.2	21.1	16.7	14.2	10.9	8.8	2.4	11.9	15.5	4	19		
Sharda Cropchem	Hold	374	400	7	33.8	0.4	0.0	2.2	3.0	0.5	24.1	33.6	691.5	15.6	11.1	15.5	5.3	3.9	1.4	9.4	12.1	-15	-21		
Sumitomo Chemical India	Buy	376	480	28	187.5	2.3	3.3	4.8	6.0	6.7	9.6	12.0	56.1	39.1	31.3	42.3	29.3	23.5	6.1	16.7	22.5	6	-14		
UPL	Buy	481	710	47	361.3	4.4	5.5	29.4	44.3	-7.4	39.2	59.0	-65.3	12.3	8.2	9.8	5.1	4.0	1.3	10.8	13.2	-15	-37		
AUTO & AUTO ANC.																									
Apollo Tyres	Buy	518	616	19	329.0	4.0	20.5	20.7	23.0	32.3	32.6	36.2	16.1	15.9	14.3	7.6	7.0	6.0	2.0	13.3	14.7	10	58		
Ashok Leyland	Buy	174	232	34	509.9	6.1	23.0	26.0	30.3	7.8	8.9	10.3	22.2	19.6	16.8	13.1	11.8	10.2	4.6	25.0	27.7	2	16		
Bajaj Auto	Hold	8,083	7,417	(8)	2,289.0	27.6	72.0	81.5	94.5	254.3	288.0	334.0	31.8	28.1	24.2	24.8	21.4	18.1	38.4	28.9	38.3	10	107		
Balkrishna Industries	Sell	2,351	2,264	(4)	454.5	5.6	11.7	14.6	17.5	60.8	75.4	90.6	38.7	31.2	26.0	22.1	18.4	15.9	5.0	16.7	16.6	-12	16		
Ceat	Buy	2,809	3,180	13	113.6	1.4	7.1	7.2	8.0	175.6	178.2	198.5	16.0	15.8	14.2	7.9	7.6	6.8	2.4	16.5	17.5	13	89		
Eicher Motors	Buy	3,902	4,764	22	1,068.1	12.9	38.2	45.0	54.0	139.3	164.2	196.9	28.0	23.8	19.8	23.4	19.4	15.7	5.3	23.8	27.9	2	18		
Hero MotoCorp	Buy	4,814	5,389	12	962.3	11.6	36.0	40.8	47.8	180.2	204.0	239.3	26.7	23.6	20.1	18.1	15.9	13.5	4.9	21.7	28.3	10	87		
TVS Motors	Sell	2,088	1,729	(17)	992.0	11.9	19.2	24.2	30.8	40.4	50.9	64.8	51.7	41.1	32.2	29.9	24.4	19.6	10.5	28.4	31.2	3	89		
Mahindra & Mahindra	Buy	1,657	1,846	11	2,060.6	24.8	92.7	96.3	104.6	74.7	77.7	84.4	22.2	21.3	19.6	16.2	14.1	12.5	8.6	17.9	21.8	1	20		
Maruti Suzuki India	Buy	11,028	13,538	23	3,467.2	41.8	115.2	135.8	157.2	381.4	449.6	520.7	28.9	24.5	21.2	22.1	17.6	14.8	4.2	18.4	23.4	9	25		
Sansera Engineering	Buy	1,011	1,155	14	54.2	0.7	2.0	2.7	3.4	37.2	51.6	64.2	27.2	19.6	15.8	13.1	10.4	8.6	3.3	18.2	19.1	-2	36		
Suprajit Engineering	Buy	385	521	35	53.3	0.6	1.6	2.6	3.3	11.4	18.6	23.7	33.7	20.7	16.2	17.6	12.2	9.8	3.7	19.0	20.0	5	11		
BUILDING MATERIALS																									
Apollo Pipes	Buy	739	750	1	29.1	0.4	0.5	0.8	1.0	13.7	17.9	23.6	53.8	41.2	31.3	26.8	19.6	15.2	3.9	9.8	13.9	6	49		
Astral	Hold	1,950	2,020	4	523.9	6.3	5.9	7.6	9.0	21.9	28.1	33.6	88.9	69.4	58.0	53.2	42.1	35.3	13.5	21.3	26.7	8	37		
Cera Sanitaryware	Buy	7,533	9,310	24	98.0	1.2	2.3	2.7	3.2	178.5	209.4	245.0	42.2	36.0	30.7	31.0	26.4	22.5	6.5	19.2	24.9	6	25		
Finolex Industries	Hold	218	210	(4)	135.3	1.6	4.4	5.3	6.3	7.2	8.6	10.3	30.4	25.4	21.2	22.6	19.9	16.9	2.2	8.8	10.4	9	22		
Greenlam Industries	Buy	516	670	30	65.8	0.8	1.3	1.5	2.7	10.6	11.8	20.9	48.7	43.8	24.7	26.0	18.8	13.8	5.4	13.1	12.3	2	66		
Kajaria Ceramics	Buy	1,238	1,500	21	197.1	2.4	4.5	5.5	6.8	28.0	34.5	42.8	44.2	35.9	28.9	26.3	21.5	17.7	6.9	20.2	25.3	-12	14		
Prince Pipes and Fittings	Buy	589	840	43	65.1	0.8	1.9	2.3	2.9	16.9	21.2	26.1	34.8	27.8	22.5	19.3	16.2	13.0	3.8	14.4	18.9	-18	2		
Somany Ceramics	Buy	677	820	21	28.8	0.3	0.9	1.3	1.7	22.3	31.9	41.3	30.4	21.2	16.4	14.0	11.3	9.5	3.3	16.4	16.1	-3	25		
Supreme Industries	Hold	3,797	4,690	24	482.3	5.8	10.4	12.4	14.9	81.9	97.6	117.3	46.4	38.9	32.4	31.1	26.3	21.8	8.2	22.7	27.5	9	45		
CEMENT																									
ACC	Buy	2,620	3,000	15	491.9	5.9	19.6	23.7	27.3	104.4	126.2	145.2	25.1	20.8	18.0	14.0	11.0	9.3	2.8	14.2	19.3	13	41		
Ambuja Cement	Buy	571	615	8	1,133.6	13.7	26.0	33.5	39.7	10.6	13.6	16.1	54.0	41.9	35.4	23.2	18.5	15.6	2.9	9.3	10.0	7	66		
Birla Corp	Buy	1,705	1,750	3	131.3	1.6	4.2	6.1	7.5	54.7	79.6	97.4	31.2	21.4	17.5	11.6	9.8	8.9	1.9	9.2	9.9	17	92		
Dalmia Bharat	Buy	2,051	2,550	24	384.7	4.6	9.1	13.1	17.5	49.1	71.0	94.4	41.8	28.9	21.7	13.6	11.3	9.8	2.2	7.7	10.0	-11	7		
Grasim Industries	Buy	2,080	2,400	15	1,388.2	16.7	18.6	18.9	22.1	28.2	28.8	33.6	73.7	72.3	61.9	53.4	44.4	39.1	2.8	3.9	5.3	-1	28		
Heidelberg	Hold	215	210	(2)	48.7	0.6	2.0	2.6	3.1	8.9	11.6	13.5	24.3	18.5	15.9	11.9	9.6	8.3	3.2	17.6	20.5	5	27		
JK Cement	Buy	4,191	4,500	7	323.8	3.9	8.7	10.5	11.7	112.2	136.5	151.6	37.3	30.7	27.6	16.9	14.6	13.2	5.1	18.1	16.7	3	52		
JK Lakshmi Cement	Buy	913	1,000	9	107.5	1.3	4.8	7.0	8.0	40.7	59.7	67.7	22.5	15.3	13.5	11.3	9.0	8.1	2.8	20.2	18.9	4	20		
Nuvoco Vistas	Hold	338	410	21	120.8	1.5	1.4	3.6	5.0	3.9	10.2	14.1	87.1	33.3	24.0	9.8	8.4	7.6	1.3	4.0	6.8	-3	5		
Orient Cement	Hold	257	230	(11)	52.7	0.6	1.8	2.6	3.1	8.8	12.6	15.2	29.1	20.4	17.0	11.8	8.9	8.0	2.7	14.0	16.7	8	115		
Shree Cements	Buy	26,898	32,300	20	970.5	11.7	22.2	27.9	32.0	613.9	773.8	885.6	43.8	34.8	30.4	21.1	17.1	14.8	4.3	12.9	16.3	0	8		
Ramco Cement	Buy	859	1,060	23	203.1	2.4	3.8	6.5	8.1	16.0	27.3	34.3	53.6	31.5	25.0	15.6	12.3	11.0	2.6	8.6	9.9	-12	16		
UltraTech Cement	Buy	9,788	11,200	14	2,825.6	34.0	74.3	97.6	121.1	257.8	332.0	411.8	38.0	29.5	23.8	21.2	16.8	13.8	4.2	15.1	19.4	-2	37		
FMCG & RETAIL																									
Aditya Birla Fashion & Retail	Hold	243	258	6	231.0	2.8	-3.2	0.8	3.1	-3.3	0.9	3.3	-72.9	281.1	74.6	15.8	12.2	9.8	7.4	2.7	9.2	5	5		
Arvind Fashions	Buy	478	600	26	63.7	0.8	0.5	1.3	2.1	3.9	9.9	15.6	121.2	48.3	30.7	12.5	9.7	7.5	5.1	10.6	20.0	3	65		
Asian Paints	Hold	2,976	3,362	13	2,855.0	34.4	56.1	58.1	64.5	58.5	60.5	67.2	50.9	49.2	44.3	35.8	33.9	30.0	13.0	28.2	33.8	9	7		
Avenue Supermarts	Hold	3,722	4,243	14	2,422.3	29.2	26.7	33.5	40.2	41.3	51.8	62.0	90.2	71.9	60.0	59.4	47.5	39.6	10.7	14.9	20.1	4	5		
Bajaj Consumer Care	Buy	214	256	19	30.6	0.4	1.6	1.8	2.0	11.4	12.8	14.2	18.7	16.7	15.1	13.2	10.9	9.1	2.3	14.8	18.0	4	29		
Colgate Palmolive	Hold	2,595	2,246	(13)	705.7	8.5	13.1	13.9	15.3	48.1	51.1	56.1	53.9	50.8	46.2	37.3	34.8	31.6	34.0	69.7	108.3	4	78		
Dabur India	Hold	544	617	13	964.5	11.6	18.8	21.6	24.2	10.6	12.2	13.7	51.2	44.6	39										

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	
INDUSTRIALS & ENGINEERING																								
ABB	Buy	4,558	6,167	35	966.0	11.6	12.4	15.2	20.3	58.6	71.9	95.6	77.8	63.4	47.7	62.6	50.0	36.8	13.9	23.7	32.3	4	45	
Bharat Dynamics	Buy	1,629	2,038	25	298.6	3.6	6.3	9.2	11.7	34.6	50.2	63.7	47.1	32.4	25.6	39.9	24.4	18.6	7.1	23.6	24.0	-7	104	
Bajaj Elec.	Hold	1,028	1,050	2	118.3	1.4	1.7	2.6	3.2	15.1	22.7	27.6	67.9	45.3	37.2	41.3	26.0	21.0	5.3	12.1	14.4	0	0	
BEML	Hold	3,049	2,937	(4)	127.0	1.5	2.9	3.6	4.9	69.4	86.7	117.5	43.9	35.2	26.0	29.1	22.9	17.3	4.2	12.8	12.4	-3	121	
Bharat Electronics	Buy	182	221	22	1,327.5	16.0	36.3	41.7	50.4	5.0	5.7	6.9	36.6	31.8	26.3	26.5	22.6	18.1	7.3	24.6	25.4	4	92	
BHEL	Buy	224	230	2	781.5	9.4	5.2	19.1	30.8	1.5	5.5	8.8	151.4	40.9	25.4	101.4	28.6	17.6	2.7	6.8	10.4	12	213	
Blue Star	Hold	1,192	1,149	(4)	245.1	3.0	4.0	5.4	6.8	20.5	27.8	35.1	58.0	42.9	33.9	36.8	28.5	23.2	12.8	32.5	33.5	12	72	
Cochin Shipyard	Hold	847	890	5	222.9	2.7	6.9	5.4	5.2	26.1	20.6	19.8	32.5	41.2	42.9	22.6	28.2	31.1	4.2	10.5	13.8	10	244	
Crompton Consumer	Hold	285	343	20	182.7	2.2	4.6	6.1	7.3	7.3	9.6	11.4	39.3	29.8	25.0	25.0	19.5	16.4	5.8	20.4	20.9	-12	6	
Cummins India	Hold	2,563	2,750	7	710.5	8.6	13.8	16.0	19.1	49.8	57.9	68.8	51.4	44.3	37.3	44.9	37.8	31.0	10.9	25.8	32.6	25	57	
Engineers India	Hold	215	238	11	121.0	1.5	3.4	3.9	4.7	5.4	6.3	7.5	40.0	34.4	28.7	34.2	27.7	21.6	4.7	16.3	18.9	-5	182	
Garden Reach Shipbuilders	Buy	811	1,005	24	92.9	1.1	2.6	3.7	3.8	22.4	31.9	33.5	36.3	25.4	24.2	32.2	19.1	17.0	4.7	19.9	22.1	9	82	
GE T&D	Hold	835	712	(15)	213.8	2.6	1.7	2.6	4.1	6.8	10.1	15.8	122.7	82.6	52.8	72.8	52.9	35.5	14.2	18.8	26.4	34	596	
Jupiter Wagons Ltd	Hold	351	362	3	144.6	1.7	3.3	4.6	6.0	7.9	11.1	14.5	44.3	31.5	24.2	29.7	21.8	16.7	6.9	24.6	29.5	6	247	
Havells India	Hold	1,381	1,458	6	865.3	10.4	12.8	16.3	20.7	20.5	26.0	33.1	67.3	53.0	41.7	44.6	35.1	27.5	9.7	19.8	26.1	4	13	
Hindustan Aeronautics	Buy	2,957	3,618	22	1,977.6	23.8	53.4	56.0	69.1	79.9	83.7	103.4	37.0	35.3	28.6	25.0	22.6	18.3	6.5	19.5	20.4	2	138	
Hitachi Energy	Buy	5,875	5,936	1	249.0	3.0	1.2	3.6	6.3	29.4	84.5	148.4	199.6	69.5	39.6	85.0	40.7	25.8	16.0	25.1	32.5	0	96	
Honeywell Automation	Hold	38,001	39,125	3	336.0	4.0	5.0	5.8	6.9	569.8	653.5	782.5	66.7	58.1	48.6	52.0	44.5	36.4	8.5	15.4	21.3	3	2	
KEC International	Buy	696	746	7	178.8	2.2	3.8	8.1	12.0	14.9	31.4	46.6	46.8	22.2	14.9	15.3	11.6	9.0	3.8	18.5	21.8	12	45	
Kirloskar Pneumatic	Buy	677	810	20	43.8	0.5	1.3	1.8	2.2	19.6	27.3	33.8	34.5	24.8	20.1	21.5	15.5	12.0	4.1	18.0	23.7	9	18	
Kirloskar Oil Engines	Buy	863	997	15	125.1	1.5	3.3	4.1	5.3	22.7	28.3	36.2	38.0	30.5	23.8	23.0	18.5	14.4	4.5	15.7	20.6	25	176	
Lakshmi Machine Works	Hold	13,932	14,861	7	148.8	1.8	4.1	4.7	6.1	384.8	443.4	571.6	36.2	31.4	24.4	28.0	23.0	17.2	5.1	17.2	22.5	2	22	
Linde India	Buy	5,545	7,055	27	472.9	5.7	4.9	7.5	10.0	57.9	88.3	117.6	95.8	62.8	47.2	59.2	41.0	30.8	11.7	20.1	24.7	0	53	
Larsen & Toubro	Buy	3,309	4,223	28	4,548.6	54.8	139.4	178.5	240.6	99.5	127.5	171.8	33.2	26.0	19.3	22.4	18.5	14.1	4.3	17.5	13.1	-7	52	
Mazagon Dock Shipbuilders	Buy	2,159	2,833	31	435.4	5.2	14.4	16.6	20.5	71.4	82.1	101.8	30.2	26.3	21.2	29.6	26.6	17.9	6.9	28.7	40.3	-8	196	
Siemens	Buy	4,379	5,656	29	1,559.6	18.8	23.2	28.1	39.0	65.0	78.9	109.6	67.3	55.5	40.0	50.3	41.3	29.5	10.1	19.3	26.2	5	36	
Thermax	Hold	3,362	3,389	1	400.7	4.8	5.7	7.2	9.5	50.5	63.8	84.7	66.6	52.7	39.7	52.3	40.6	29.9	7.7	15.4	19.1	6	59	
Titagarh Rail Systems	Buy	960	1,252	30	129.3	1.6	2.7	4.5	6.4	21.5	35.4	50.1	44.7	27.1	19.2	29.2	19.0	13.6	4.6	18.5	26.7	-10	343	
Volta	Hold	1,086	1,112	2	359.4	4.3	3.6	7.8	9.4	10.9	23.5	28.5	99.5	46.2	38.1	70.3	33.7	28.0	5.7	13.0	21.9	2	26	
INFRASTRUCTURE																								
Ashoka Buildcon	Buy	172	200	16	48.4	0.6	2.7	4.0	5.1	9.7	14.2	18.1	17.7	12.2	9.5	10.2	8.9	6.9	1.0	9.4	10.2	10	126	
Dilip Buildcon	Hold	455	373	(18)	66.5	0.8	3.9	3.7	4.5	28.3	27.2	32.6	16.1	16.8	14.0	6.5	6.2	5.9	1.2	7.4	13.1	12	117	
IRB Infra	Buy	67	84	25	402.5	4.8	9.4	11.3	13.8	1.6	1.9	2.3	42.6	35.7	29.2	15.9	15.4	13.1	2.6	7.6	6.3	43	129	
IRCON International	Buy	223	281	26	209.4	2.5	7.4	8.2	8.8	7.8	8.7	9.3	28.5	25.6	23.8	27.6	22.4	18.7	3.4	13.8	9.2	10	297	
KNR Constructions Ltd.	Buy	271	315	16	76.1	0.9	3.8	4.2	4.6	13.7	14.8	16.2	19.8	18.2	16.7	11.0	10.3	9.5	2.2	13.1	18.3	4	7	
NBCC	Sell	131	30	(77)	235.1	2.8	4.1	4.9	5.4	2.3	2.7	3.0	57.0	47.6	43.9	54.9	43.6	36.0	9.1	20.6	18.1	42	279	
NCC Ltd.	Buy	222	282	27	139.5	1.7	6.8	10.0	12.0	10.8	15.9	19.1	20.5	14.0	11.6	9.6	7.5	6.7	1.7	13.3	20.9	14	141	
RITES	Buy	747	787	5	179.4	2.2	4.4	6.0	5.9	18.2	25.0	24.7	41.1	29.9	30.3	28.0	18.8	19.1	6.2	21.8	23.1	40	123	
Rail Vikas Nigam Ltd	Hold	249	233	(6)	518.9	6.3	13.7	14.5	16.2	6.6	6.9	7.8	37.8	35.9	32.0	41.7	37.4	32.9	5.6	16.5	9.3	13	252	
Welspun Ent.	Buy	348	447	28	48.2	0.6	3.2	3.3	4.9	23.2	24.0	35.3	15.0	14.5	9.9	11.7	10.0	6.9	1.7	11.9	12.3	7	153	
IT																								
Cyient	Hold	2,113	1,950	(8)	234.2	2.8	7.5	9.0	10.2	60.3	67.6	79.3	35.1	31.3	26.7	17.9	15.0	12.9	5.8	23.0	24.5	8	130	
FirstSource Sol.	Buy	199	230	16	138.7	1.7	5.3	6.8	7.6	7.6	9.7	10.9	26.1	20.5	18.2	15.6	13.2	11.5	3.6	18.2	15.3	5	66	
HCL Tech	Buy	1,672	1,650	(1)	4,535.9	54.6	158.5	181.8	203.1	58.3	66.5	74.0	28.7	25.1	22.6	17.5	15.3	13.6	6.6	26.6	33.7	5	48	
Infosys	Hold	1,666	1,675	1	6,915.5	83.3	245.5	276.9	316.8	59.2	66.8	76.5	28.1	24.9	21.8	17.6	15.5	13.2	7.2	30.4	42.3	1	4	
ITI Mindtree	Hold	5,505	6,350	15	1,630.4	19.6	47.0	54.1	62.8	158.6	182.7	212.3	34.7	30.1	25.9	24.5	20.8	17.7	7.3	25.9	34.5	-13	16	
L&T Technology Services	Hold	5,403	5,000	(7)	571.3	6.9	13.2	15.4	17.5	125.2	146.4	165.4	43.2	36.9	32.7	28.2	24.1	21.1	8.9	25.6	32.3	-1	49	
Mphasis	Buy	2,560	3,000	17	483.6	5.8	15.7	18.0	21.1	83.2	95.5	111.9	30.8	26.8	22.9	19.3	16.9	14.3	5.2	20.2	28.2	-3	19	
Coforge Ltd	Buy	6,472	6,900	7	399.9	4.8	8.7	11.0	13.1	143.4	178.5	212.8	45.1	36.3	30.4	25.9	21.4	17.9	10.0	29.9	37.7	2	57	
Persistent Sys	Hold	8,617	7,875	(9)	662.9	8.0	11.2	14.3	16.9	148.3	188.6	223.5	58.1	45.7	38.5	38.3	30.9	26.1	11.9	28.3	36.1	12	79	
TCS	Hold	4,100	3,900	(5)	15,002.5	180.7	455.0	504.5	568.2	124.5	138.2	155.6	32.9	29.7	26.3	22.4	20.1	17.6	12.4	42.9	53.9	6	17	
TeamLease	Buy	3,061	4,100	34	51.3	0.6	1.3	1.9	2.0	77.0	110.4	120.2	39.8	27.7	25.5	32.7								

Valuation Guide

Company	Reco	CMP	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	
METALS & MINING																								
APL Apollo Tubes	Buy	1,389	1,747	26	385.4	4.6	7.9	11.1	15.1	28.4	40.1	54.6	48.9	34.6	25.4	31.1	22.7	17.4	8.6	27.5	30.6	-11	13	
Hindalco Industries	Buy	508	593	17	1,141.1	13.7	95.8	99.5	107.5	43.1	44.7	48.3	11.8	11.4	10.5	6.7	6.4	5.9	1.0	9.2	10.4	-12	17	
Hindustan Zinc	Hold	310	297	(4)	1,310.9	15.8	85.6	92.3	97.8	20.2	21.8	23.2	15.3	14.2	13.4	8.9	8.2	7.6	7.3	55.6	44.0	4	4	
Indian Hume Pipe	Buy	260	286	10	13.7	0.2	0.5	0.7	1.1	9.8	13.8	21.1	26.6	18.9	12.3	13.4	11.5	8.6	1.6	8.8	11.2	1	81	
Jindal Steel & Power	Buy	758	875	15	773.4	9.3	44.5	64.8	77.9	44.0	64.1	77.1	17.2	11.8	9.8	8.3	6.4	5.4	1.5	13.6	15.6	3	29	
JSW Steel	Hold	813	808	(1)	1,988.8	24.0	123.8	151.9	175.1	51.2	62.8	72.4	15.9	12.9	11.2	8.8	7.6	6.9	2.4	19.5	15.9	-1	12	
JTL Industries	Buy	253	296	17	43.2	0.5	1.2	1.8	2.4	6.9	10.4	14.1	36.7	24.2	17.9	26.6	18.0	13.2	6.2	29.1	36.3	0	56	
Kirloskar Ferrous	Buy	589	668	13	82.0	1.0	2.2	4.1	7.7	15.5	29.5	55.4	38.0	20.0	10.6	16.8	11.1	6.6	3.9	21.3	21.7	9	52	
MOIL	Buy	302	386	28	61.4	0.7	2.9	5.4	7.9	14.5	26.5	39.0	20.9	11.4	7.7	11.2	6.2	3.9	2.1	20.0	27.0	-3	95	
NALCO	Buy	156	166	6	286.3	3.4	15.1	16.7	26.7	8.2	9.1	14.5	19.0	17.2	10.7	9.8	8.8	5.7	2.0	11.7	14.7	15	97	
NMDC	Buy	236	228	(3)	690.3	8.3	56.9	64.2	73.9	19.4	21.9	25.2	12.1	10.7	9.3	8.2	7.1	6.0	2.4	23.6	31.5	12	99	
SAIL	Hold	123	119	(3)	507.8	6.1	29.1	48.5	56.5	7.0	11.7	13.7	17.5	10.5	9.0	8.1	6.3	5.6	0.9	8.4	8.8	7	46	
Tata Steel	Buy	141	149	5	1,748.7	21.1	48.1	121.2	168.7	3.9	9.9	13.7	36.1	14.3	10.3	10.6	7.3	6.0	1.6	12.1	11.5	5	28	
Venus Pipes	Buy	1,458	1,689	16	29.6	0.4	0.1	1.3	1.6	6.8	64.4	76.8	213.8	22.6	19.0	43.0	15.1	13.2	5.5	27.7	30.7	6	100	
Vedanta	Buy	280	318	14	1,039.5	12.5	26.5	118.4	137.9	7.1	31.8	37.1	39.2	8.8	7.5	4.8	4.0	3.5	3.3	38.1	24.8	2	-11	
OIL & GAS																								
BPCL	Buy	624	631	1	1,352.9	16.3	265.0	124.1	123.7	124.5	58.3	58.1	5.0	10.7	10.7	3.9	6.9	7.6	1.8	17.3	16.2	36	88	
GAIL	Hold	176	162	(8)	1,158.9	14.0	97.9	89.0	84.5	14.7	13.4	12.7	12.0	13.2	13.9	9.5	10.0	10.2	1.8	13.9	13.5	7	85	
Gujarat Gas	Buy	560	662	18	385.3	4.6	10.9	15.0	19.8	15.9	21.8	28.8	35.2	25.7	19.4	20.7	15.4	11.8	4.5	18.5	22.1	3	16	
HPCL	Buy	543	530	(3)	770.7	9.3	148.4	83.0	79.6	104.6	58.5	56.1	5.2	9.3	9.7	4.9	6.8	6.8	1.8	19.7	13.8	21	131	
IGL	Hold	437	481	10	305.8	3.7	17.5	18.4	19.5	25.1	26.3	27.8	17.4	16.6	15.7	11.3	10.4	9.5	3.1	20.2	24.6	1	0	
Indian Oil Corp	Buy	184	179	(2)	2,592.0	31.2	389.7	229.3	236.4	28.3	16.6	17.2	6.5	11.0	10.7	5.7	7.9	7.4	1.5	14.1	11.6	33	131	
Mahanagar Gas	Hold	1,490	1,574	6	147.2	1.8	12.4	10.7	10.7	125.9	108.2	108.6	11.8	13.8	13.7	6.9	7.6	7.3	2.8	21.1	27.3	18	65	
Oil India	Buy	499	591	18	540.8	6.5	71.7	61.4	64.6	66.2	56.7	59.5	7.5	8.8	8.4	6.4	6.2	5.6	1.3	15.6	16.9	26	101	
ONGC	Buy	269	292	9	3,382.2	40.7	384.6	421.7	421.6	30.6	33.5	33.5	8.8	8.0	8.0	4.8	4.3	4.1	1.1	14.6	17.1	15	82	
Petronet LNG	Buy	272	291	7	408.2	4.9	35.6	34.3	35.4	23.7	22.9	23.6	11.5	11.9	11.5	6.8	7.6	7.9	2.3	20.4	22.4	17	27	
Reliance Industries	Buy	2,963	2,904	(2)	20,046.2	241.5	804.2	986.71	1,080.4	105.7	121.3	128.2	28.0	24.4	23.1	14.0	11.9	10.6	2.2	10.9	9.6	6	34	
PHARMA & HEALTHCARE																								
Alkem	Hold	5,238	4,716	(10)	626.3	7.5	19.9	22.4	25.6	166.7	187.4	214.4	31.4	28.0	24.4	24.2	21.0	17.9	5.2	19.9	23.8	4	59	
Alembic Pharma	Hold	981	835	(15)	192.8	2.3	5.3	6.0	7.5	27.2	30.3	38.0	36.0	32.4	25.8	20.8	17.3	14.3	3.7	11.9	14.9	4	96	
CIPLA	Sell	1,425	1,076	(25)	1,150.8	13.9	30.5	33.9	38.8	37.8	42.0	48.2	37.7	33.9	29.6	23.2	20.6	17.6	4.0	12.4	17.2	9	38	
Concord Biotech	Buy	1,400	1,689	21	146.5	1.8	2.9	3.9	5.0	27.7	37.4	48.2	50.6	37.5	29.0	35.5	26.1	20.1	8.3	24.0	30.9	0		
Dr Reddys	Sell	6,258	5,030	(20)	1,043.9	12.6	30.8	37.1	42.7	184.5	222.4	256.0	33.9	28.1	24.5	20.1	16.5	13.9	3.7	13.7	18.4	8	38	
IOL Chemicals	Buy	407	524	29	23.9	0.3	2.1	2.5	2.6	36.5	41.8	43.7	11.1	9.7	9.3	6.9	5.8	5.3	1.2	13.5	18.2	-12	29	
JB Chemicals	Hold	1,676	1,500	(10)	260.0	3.1	5.9	7.5	8.6	38.4	48.5	55.6	43.7	34.5	30.2	26.5	21.4	18.7	3.7	23.4	27.9	1	71	
Dr Lal Pathlabs	Sell	2,455	1,670	(32)	204.9	2.5	3.7	4.2	4.6	44.1	49.8	55.7	55.7	49.3	44.1	31.9	28.1	24.7	46.2	20.3	25.4	-1	25	
Laurus Labs	Hold	392	333	(15)	211.1	2.5	2.9	5.4	7.1	5.3	9.9	13.3	73.3	39.4	29.5	24.5	17.0	13.9	4.4	11.8	13.2	-7	17	
Lupin	Buy	1,612	1,732	7	734.1	8.8	17.0	29.1	31.5	37.4	64.0	69.3	43.0	25.2	23.3	22.6	15.1	13.5	4.5	19.2	22.9	14	141	
Mankind Pharma	Buy	2,200	2,220	1	881.4	10.6	17.7	22.0	25.4	44.3	54.9	63.4	49.7	40.1	34.7	35.1	28.0	23.8	8.0	22.0	27.5	1		
Metropolis Healthcare	Sell	1,696	1,234	(27)	86.9	1.0	1.4	1.7	2.1	27.4	33.8	41.1	61.9	50.1	41.2	28.4	24.8	21.5	7.1	15.0	19.6	9	30	
Solara Active Pharma	Sell	361	300	(17)	13.0	0.2	-2.5	0.4	0.7	-70.3	11.5	20.0	-5.1	31.5	18.1	-43.1	9.2	7.9	1.1	3.4	6.7	-16	-6	
Torrent Pharma	Buy	2,604	2,955	13	881.4	10.6	16.4	20.6	25.0	48.4	61.0	73.9	53.8	42.7	35.3	27.1	23.1	20.0	11.2	28.0	30.0	5	72	
Zydus Life Science	Hold	868	677	(22)	878.4	10.6	29.2	29.5	30.8	28.8	29.1	30.4	30.1	29.8	28.5	20.8	19.5	18.1	3.9	14.0	16.8	21	85	
REALTY																								
Arvind SmartSpaces	Buy	558	637	14	25.3	0.3	0.5	0.8	1.2	11.4	17.8	27.6	48.8	31.3	20.2	30.2	20.5	10.5	4.0	13.7	19.7	16	103	
Brigade Enterprise	Buy	960	1,344	40	221.8	2.7	5.4	7.7		23.4	33.3		41.1	28.9		17.4	14.5		24.3	18.4	16.9	-1	96	
Century Textile & Industries	Buy	1,430	2,233	56	159.7	1.9	5.0	5.6	8.9	45.2	49.9	80.1	31.6	28.7	17.9	17.6	15.5	11.3	3.3	12.2	13.4	-1	119	
DLF	Buy	844	887	5	2,088.7	25.2	42.4	53.8	60.0	17.1	21.7	24.2	49.2	38.8	34.8	58.4	49.2	43.8	4.4	12.1	10.1	5	134	
Godrej Properties	Hold	2,314	2,549	10	643.4	7.8	6.4	5.6	17.2	22.9	20.2	61.7	101.2	114.6	37.5	188.1	102.0	53.8	4.9	4.7	12.5	0	98	
Kolte Patil	Buy	482	753	56	36.7	0.4	1.5	2.0	2.1	19.5	26.0	28.0	24.7	18.6	17.2	11.1	8.0	7.3	2.8	15.8	21.1	-13	83	
Macrotech Developers	Buy	1,096	1,188	8	1,056.6	12.7	18.9	30.3	34.8	19.7	31.4	36.1	55.7	34.8	30.4	37.5	25.5	20.6	5.8	18.3	20.1	-10	125	
Nexus Select Trust	Buy	129	135	5	195.5	2.4	8.5	9.9	11.1	5.6	6.5	7.3	23.0	19.8	17.6	15.0	13.8	12.9	1.2	5.9	7.3	-1		
Oberoi Realty	Hold	1,321	1,189	(10)	480.5	5.8	26.5	28.0	33.8	72.8	77.1	92.9	18.2	17.1	14.2	15.4	14.3	11.7	2.7	17.2	17.0	-16	53	
Phoenix	Buy	2,579</																						

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	
UTILITIES																											
CESC	Buy	128	150	17	169.9	2.0	15.9	17.8	23.1	12.0	13.4	17.4	10.7	9.6	7.4	14.0	9.2	7.2	1.6	10.9	8.7	9	66				
COAL India	Buy	466	508	9	2,874.0	34.6	353.5	345.1	360.7	57.4	56.0	58.5	8.1	8.3	8.0	7.9	7.8	7.2	3.0	40.0	19.8	21	119				
Indian Energy Exchange	Sell	144	107	(26)	128.4	1.5	3.3	3.9	4.3	3.7	4.3	4.9	38.4	33.3	29.5	31.5	28.7	25.9	12.1	39.2	39.7	-12	7				
JSW Energy	Buy	480	567	18	789.0	9.5	21.4	25.4	33.2	13.0	15.5	20.2	36.8	31.0	23.7	16.3	12.8	10.7	3.5	11.8	8.8	1	111				
NHPC	Buy	89	93	5	889.5	10.7	42.7	49.2	55.5	4.2	4.8	5.4	21.3	18.5	16.4	24.3	18.6	17.2	2.1	12.0	5.6	22	117				
NTPC	Buy	328	364	11	3,180.5	38.3	181.4	187.6	214.7	18.7	19.3	22.1	17.5	17.0	14.8	11.3	10.8	9.9	2.0	12.1	9.4	3	98				
Power Grid	Buy	274	312	14	2,545.1	30.7	153.1	178.5	200.9	16.5	19.2	21.6	16.6	14.3	12.7	10.6	9.4	8.7	2.5	18.6	11.7	13	70				
PTC India	Buy	191	224	17	56.5	0.7	4.0	4.2	4.8	13.3	14.3	16.3	14.3	13.3	11.7	7.6	7.1	6.2	1.3	9.6	13.3	5	109				
SJVN Ltd	Buy	121	162	35	473.7	5.7	12.7	14.4	22.0	3.2	3.7	5.6	37.2	32.8	21.5	27.6	18.0	13.6	3.1	9.7	6.7	18	265				
Torrent Power	Hold	1,131	1,149	2	543.5	6.5	20.0	28.2	32.1	41.6	58.7	66.7	27.2	19.3	16.9	13.1	10.7	9.8	3.8	21.4	18.0	12	130				
Tata Power	Buy	374	450	20	1,194.1	14.4	37.8	42.2	51.0	11.8	13.2	15.9	31.6	28.3	23.4	16.5	16.0	13.4	3.6	12.8	6.9	4	82				
MIDCAPS - OTHER																											
CCL Products	Buy	657	840	28	87.4	1.1	2.6	3.4	4.5	19.2	25.4	33.6	34.2	25.9	19.6	21.9	17.1	13.6	4.6	19.1	14.7	3	23				
EPL Ltd.	Buy	193	300	56	61.4	0.7	2.6	3.5	4.7	8.1	10.9	14.9	23.8	17.6	12.9	9.2	7.4	5.9	2.7	16.0	19.6	4	23				
Ganesha Ecosphere	Buy	1,044	1,510	45	26.5	0.3	0.4	1.3	1.6	18.7	61.0	75.2	55.9	17.1	13.9	23.1	12.4	10.6	2.9	18.2	16.0	7	22				
Gravita India	BUY	902	1,410	56	62.2	0.7	2.2	3.0	3.9	31.6	43.6	56.6	28.5	20.7	15.9	20.5	14.7	11.8	6.0	33.1	31.2	-10	77				
Indian Hotels	Hold	528	450	(15)	751.1	9.0	12.3	15.9	17.7	8.7	11.2	12.4	61.0	47.1	42.4	35.3	28.4	25.6	7.3	16.6	16.8	11	67				
Chalet Hotels	Buy	833	850	2	171.2	2.1	2.6	3.9	4.4	12.9	18.8	21.7	64.5	44.3	38.4	28.3	23.1	20.9	7.2	17.7	14.0	13	128				
Mold-Tek Packaging	Buy	896	1,010	13	29.7	0.4	0.7	0.8	1.1	19.9	25.5	33.6	45.0	35.1	26.7	23.4	19.0	15.2	4.5	13.3	11.8	2	-7				
Raymond	Buy	1,718	2,670	55	114.4	1.4	16.8	8.0	10.4	252.3	120.9	156.3	6.8	14.2	11.0	10.4	9.0	7.0	2.2	16.3	19.0	6	35				
Solar Industries	Hold	7,020	6,180	(12)	635.2	7.7	8.6	11.6	14.0	95.3	127.9	154.4	73.6	54.9	45.5	44.0	33.6	28.0	14.3	29.6	35.8	-2	92				
Varun Beverages	Hold	1,431	1,300	(9)	1,859.0	22.4	25.4	33.1	41.5	19.5	25.5	31.9	73.2	56.1	44.8	41.8	33.3	27.6	15.6	31.5	30.4	13	124				
Yatra Online	Buy	174	198	14	27.2	0.3	0.1	0.8	1.3	0.8	4.8	8.2	224.0	36.1	21.1	71.7	24.5	14.3	10.4	33.7	26.9	-2					

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	
FINANCIALS																											
Axis Bank	Buy	1,097	1,325	21	3,383.6	40.8	239.6	286.9	336.7	464.0	539.9	625.3	2.2	1.9	1.6	0.4	0.5	0.6	11.8	18.6	1.8	-2	26				
Bank of Baroda	Buy	268	275	3	1,384.9	16.7	176.7	188.0	204.5	197.6	226.6	258.2	1.4	1.2	1.0	0.7	0.8	1.1	7.4	17.1	1.1	16	58				
Canara Bank	Buy	566	550	(3)	1,027.6	12.4	144.0	152.3	172.9	427.8	495.0	571.2	1.3	1.1	1.0	1.1	1.2	1.5	6.7	18.2	1.0	22	91				
City Union Bank	Buy	136	180	32	100.9	1.2	10.2	10.7	11.9	113.1	125.9	140.4	1.2	1.1	1.0	2.2	2.0	1.8	9.4	12.1	1.4	-10	-1				
DCB Bank	Buy	133	180	35	41.5	0.5	5.1	6.5	7.4	151.2	169.7	190.6	0.9	0.8	0.7	1.3	1.1	1.1	6.4	13.0	1.0	-13	20				
Equitas SFB	Hold	100	120	20	113.5	1.4	8.0	9.3	12.2	51.2	57.5	65.8	2.0	1.7	1.5	1.2	1.2	1.2	12.2	15.1	1.8	-11	70				
Federal Bank	Buy	149	190	27	363.7	4.4	37.9	38.9	45.2	117.6	130.8	146.1	1.3	1.1	1.0	0.6	0.7	0.8	9.4	12.9	1.2	-2	15				
HDFC Bank^	Buy	1,384	2,000	45	10,512.6	126.6	647.2	746.9	883.3	561.8	637.8	707.9	2.1	1.9	1.7	0.4	0.5	0.6	14.0	18.6	1.9	-17	-17				
ICICI Bank	Buy	1,023	1,275	25	7,177.1	86.5	402.3	410.1	476.0	326.1	372.9	427.2	2.7	2.3	2.0	0.5	0.6	0.6	17.5	16.5	2.0	1	17				
IndusInd Bank	Buy	1,482	1,925	30	1,152.9	13.9	89.7	106.7	125.4	792.0	902.0	1,029.4	1.9	1.6	1.4	0.5	0.5	0.6	10.8	16.2	1.9	-12	29				
Karur Vysya Bank	Buy	183	215	18	146.1	1.8	15.4	16.9	18.7	123.8	142.5	163.3	1.5	1.3	1.1	0.4	0.5	0.5	8.7	15.7	1.5	5	75				
Kotak Mahindra Bank	Buy	1,749	2,175	24	3,476.7	41.9	127.7	134.3	153.5	463.4	528.4	602.8	2.7	2.2	1.8	0.4	0.5	0.6	25.9	13.6	2.2	6	-2				
Punjab National Bank	Hold	123	100	(18)	1,353.8	16.3	80.0	147.0	157.3	88.8	99.5	110.2	1.4	1.2	1.1	0.7	0.6	0.6	9.2	14.2	0.9	25	142				
State Bank of India	Buy	743	750	1	6,634.6	79.9	524.7	603.7	679.4	346.6	400.7	461.6	1.7	1.4	1.2	0.7	0.6	0.8	11.0	17.1	0.9	16	37				
South Indian Bank	Hold	34	31	(9)	71.2	0.9	10.5	9.6	11.4	34.6	38.7	43.5	1.0	0.9	0.8	1.6	1.6	1.6	7.4	12.5	0.8	22	89				
Ujjivan Small Bank	Buy	55	68	24	107.8	1.3	12.3	12.2	13.0	26.8	33.0	39.7	2.1	1.7	1.4	0.0	0.2	0.6	8.8	20.2	2.5	-8	103				
Union Bank of India	Buy	139	155	12	1,030.7	12.4	139.3	150.0	163.2	117.7	132.2	148.1	1.2	1.1	0.9	0.8	0.9	1.1	6.9	16.2	1.0	4	93				

*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	1m	12m
Insurance																								
HDFC Life Insurance	Buy	585	760	30	1,259.0	15.2	36.1	42.6	49.8	220.1	255.9	297.7	2.7	2.3	2.0	22.9	17.6	13.2	17.2	-5	13			
ICICI Prudential Life Insurance	Buy	509	610	20	732.8	8.8	22.3	25.0	27.8	292.5	331.3	374.6	1.7	1.5	1.4	15.3	11.4	8.0	14.0	-3	16			
LIC of India	Buy	1,071	1,080	1	6,770.9	81.6	106.2	118.1	128.3	1,100.5	1,217.9	1,346.7	1.0	0.9	0.8	NA	NA	NA	10.9	25	78			
Max Life Insurance*	Buy	969	1,180	22	334.3	4.0	18.9	22.0	25.5	574.4	682.7	809.0	2.6	2.2	1.9	17.0	12.9	9.4	19.5	4	30			
SBI Life Insurance	Buy	1,454	1,710	18	1,455.5	17.5	54.5	62.5	71.5	557.7	662.4	782.7	2.6	2.2	1.9	16.7	12.9	9.6	19.6	2	23			

*Valuations after factoring 20% holdco discount

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