

ANTIQUE'S MORNING PRESENTATION

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Larsen & Toubro

Stellar quarter; upside guidance risk on order inflow, revenue emerge DLF

Robust cash flow prospects; outlook remains strong

Bharat Electronics

In-line operational performance; FY24 guidance maintained

Gail (India)

Strong show

Jindal Steel & Power

Execution delays could subdue growth

Blue Star

Marginal outperformance on the operational front; premium valuations; downgrade to HOLD

Nuvoco Vistas Corporation

Higher costs dent margins; leverage restricts growth

Greenlam Industries

Visible recovery in demand and margins; steady growth outlook

Arvind

Decent quarter; AMD continues to shine

DCB Bank

In-line earnings; low credit cost, PCR declines QoQ

Global News

- The Dow closed higher Tuesday on the final day of trade for October, as investors digested a raft of corporate earnings. The Dow Jones Industrial Average gained 0.4% or 123 points to close at 33,053, and the S&P 500 rose 0.6% to close at 4,194; and the Nasdaq gained 0.5% to close at 12,851.
- The Nikkei 225 Index rose 0.53% to close at 30,859 while the broader Topix Index gained 1.01% to 2,254 on Tuesday, reversing losses from the previous session as the Bank of Japan largely kept an accommodative policy stance, although it made further adjustments to its yield curve controls.

Sector & Corporate News

- Indian pharma major **Zydus Lifesciences** reported that its Board has approved the acquisition of oral liquid products company LiqMeds for INR 6.89 bn. The LiqMeds group's subsidiary LM Manufacturing Limited (LMML), has an oral liquids manufacturing site at Weedon, Northampton, UK, which supplies products to the US and UK markets. Zydus will pay an upfront consideration of GBP 68 million and yearly earn-outs until 2026 depending on achievement of certain agreed milestones towards acquisition of the LiqMeds Group of companies.
- **Macrotech Developers** is planning to launch housing projects worth INR 120 bn by March next year to tap strong consumer demand for quality homes from branded players. As per the company, with strong launch pipeline, it would easily achieve the INR 145 bn sales booking target fixed for the current fiscal year as against INR 121 bn in the previous year. Macrotech Developers, which sells properties under 'Lodha' brand, has already achieved sales bookings of INR 69 bn during the first six months of this fiscal.

Please refer to disclosures at the end of the Research Report

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	33,053	0.4	(0.3)
NASDAQ	12,851	0.5	22.8
FTSE	7,322	(0.1)	(1.7)
CAC	6,886	0.9	6.4
DAX	14,810	0.6	6.4
Russia	1,080	(1.3)	11.3
Bovespa	113,144	0.5	3.1
Nikkei	30,859	0.5	18.3
Hang Seng	17,112	(1.7)	(13.5)
Shanghai Composite	3,019	(0.1)	(2.3)

Indian Indices	Closing	% Chg	% YTD
Sensex	63,875	(0.4)	5.0
Nifty	19,080	(0.3)	5.4
MSCI India	800	(0.2)	3.8
CNX Midcap	38,877	0.4	23.4
BSE Smallcap	36,919	0.0	27.6

Flows (USD mn)	Prev. Day	MTD
FII	(300)	(2,401)

Provisional flows	(USD mn)
FIIs	(84)
Local	41

Volumes	USD bn	% Chg
Cash (NSE + BSE)	7.4	(11.2)
F&O (net)	3,283.2	116.6

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(199)	(36)
Open Int (%)	0.3	3.5

ADR/GDR Gainers	Last	% Chg
Dr Reddy	65.1	0.6
Wipro	4.6	0.2

ADR/GDR Losers	Last	% Chg
ICICI Bank	22.2	(1.6)
HDFC	56.6	(1.3)
Reliance	54.6	(0.9)
Infosys	16.4	(0.5)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	36,172	(0.6)	-	25.1
BSE Bank	48,448	(0.3)	-	(0.9)
BSE Cap Goods	45,784	(0.3)	-	37.3
BSE Cons dur	44,308	1.0	-	11.5
BSE FMCG	18,518	0.1	-	15.2
BSE IT	31,060	(0.2)	-	8.3
BSE Health	27,272	(0.4)	-	18.4
BSE Metal	22,239	(0.2)	-	6.6
BSE Oil	18,233	(0.2)	-	(10.7)
BSE Power	4,431	0.1	-	1.1
BSE PSU	12,234	0.3	-	22.1
BSE Realty	4,777	1.3	-	38.6
BSE TECK	13,966	(0.3)	-	4.1

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Sbi Life Insurance Co Ltd	1,368	3.1	-	11.1
Titan Co Ltd	3,190	2.3	-	22.8
Hdfc Life Insurance Co Ltd	618	1.8	-	9.2
Kotak Mahindra Bank Ltd	1,739	1.3	-	(4.8)
Asian Paints Ltd	2,996	1.0	-	(3.0)
Hcl Technologies Ltd	1,276	0.9	-	22.8
Tata Consumer Products Ltd	901	0.8	-	17.4

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Mahindra & Mahindra Ltd	1,459	(2.6)	-	16.8
Sun Pharmaceutical Indus	1,089	(2.4)	-	8.7
Eicher Motors Ltd	3,296	(1.8)	-	2.1
Ltimindtree Ltd	5,060	(1.7)	-	15.9
Oil & Natural Gas Corp Ltd	186	(1.4)	-	26.8
Bharti Airtel Ltd	914	(1.3)	-	13.4
Reliance Industries Ltd	2,288	(1.1)	-	(1.4)

Bulk Deals

Security Name	Client Name	Buy/Sell	Qty	Price	Value (mn)
INOXWIND	Inox Wind Energy Limited	Sell	3,83,62,000	210.23	8065
INOXWIND	Small Cap World Fund Inc	Buy	74,51,441	211.70	1577
INOXWIND	East Bridge Capital Master Fund I Limited	Buy	47,84,689	209.00	1000
INOXWIND	ICICI Prudential Mutual Fund	Buy	24,06,589	209.00	503
INOXWIND	BNP Paribas Arbitrage	Buy	23,92,000	209.00	500
KBCGLOBAL	Trinity Opportunity Fund I	Sell	2,50,00,000	2.36	59
KBCGLOBAL	LTS Investment Fund Ltd	Buy	2,50,00,000	2.36	59
AHASOLAR	Saurabhtripathi	Sell	47,200	281.30	13
SAVERA	Debashish Neogi	Buy	1,06,946	97.55	10
DANUBE	Niraj Jadjish Parikh HUF	Sell	5,83,761	11.76	7

Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Mahindra & Mahindra Financial Services Ltd	11,699,665	1637%	-11.47%
Bharat Petroleum Corp Ltd	3,882,761	517%	3.57%
Lupin Ltd	925,217	382%	0.77%
Exide Industries Ltd	1,163,734	222%	1.15%
Cipla Ltd/India	1,215,461	176%	1.64%
DLF Ltd	4,210,211	100%	3.41%
Indiabulls Housing Finance Ltd	4,357,015	92%	1.29%
Vodafone Idea Ltd	89,676,890	86%	6.88%
Marico Ltd	629,942	83%	-1.03%
Reliance Infrastructure Ltd	64,515	72%	3.10%

Derivatives Update

Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
MCX	2339.05	2.44	20.22	2409
GNFC	695.50	0.94	12.78	11876
COROMANDEL	1040.45	0.52	9.33	1640
PERSISTENT	6182.55	1.49	9.27	1577

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
SIEMENS	3349.7	-3.01	12.31	2441
PETRONET	200.90	-0.77	11.62	32544
TVSMOTOR	1587.70	-1.06	9.19	7212
LTIM	5093.15	-1.65	8.77	1491

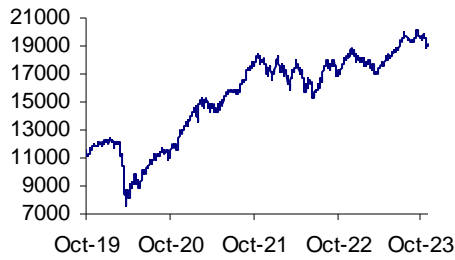
Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
ONGC	186.35	-1.51	-3.59	29190
INDIGO	2467.8	-1.64	-3.49	6120
COALINDIA	315.3	-0.11	-2.59	60834
MRF	108983	-0.51	-2.41	40

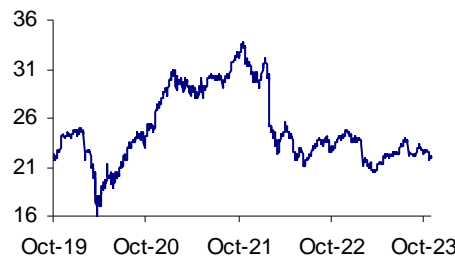
Long Unwinding

Company	Last	% Chg	% Chg OI	OI (in 000)
LALPATHLAB	2421.30	1.79	-7.58	882
CIPLA	1205.15	0.56	-5.96	9209
KOTAKBANK	1745.55	1.21	-5.66	25534
SBIN	567.75	0.01	-3.84	88164

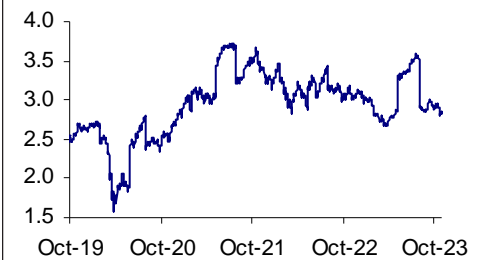
Nifty



Nifty P/E

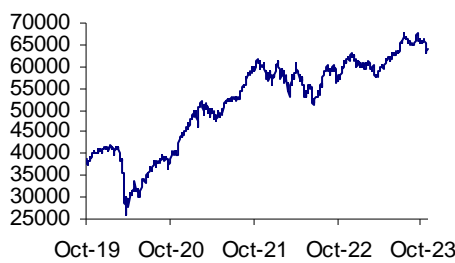


Nifty P/B

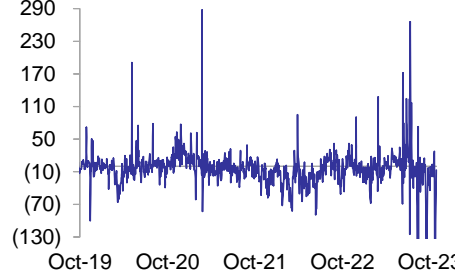


Source: Bloomberg

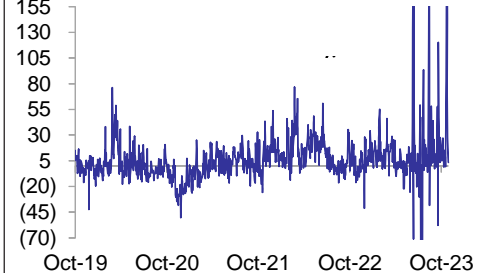
Sensex



FII Provisional Flows (INR bn)



DII Provisional Flows (INR bn)



Source: Bloomberg

Economy, Money & Banking

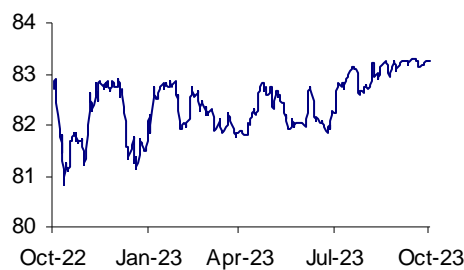
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	83.3	(0.0)	-	(0.6)
INR~EUR	88.8	(0.8)	-	(0.8)
INR~GBP	101.5	(0.5)	-	(1.9)

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.4	(2)	-	3
Interbank call	6.6	(5)	-	30

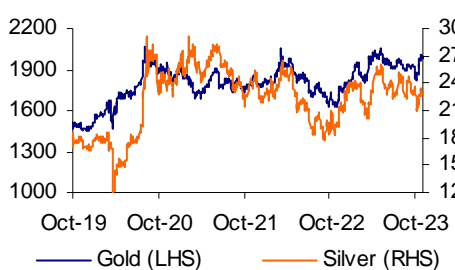
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,985	0.0	-	8.8
Crude Oil (\$/Bbl)	81	0.5	-	5.4
Aluminium (\$/t)	2,259	2.4	-	(3.9)
Copper (\$/t)	8,069	0.5	-	(3.5)
Zinc (\$/t)	2,454	(0.3)	-	(18.3)
Lead (\$/t)	2,143	(0.6)	-	(8.3)
Nickel (\$/t)	18,267	0.6	-	(38.9)

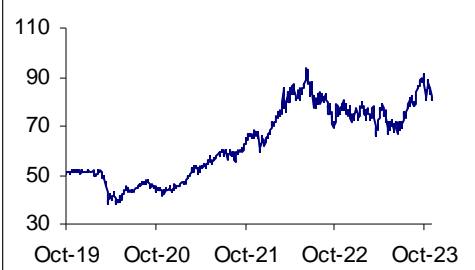
INR/USD



Gold and silver prices (USD/Tr.Oz)

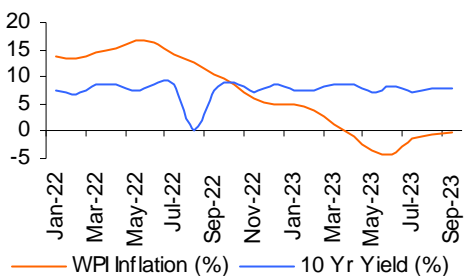


Crude prices (USD/barrel)

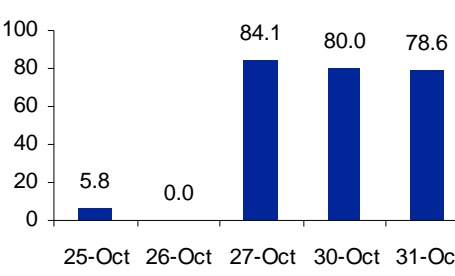


Source: Bloomberg

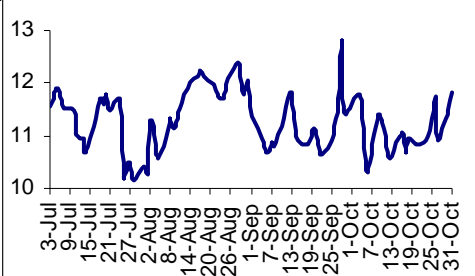
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

CMP	: INR 2,929
Reco	: BUY ↔
Target	: INR 3,398 ↔
Target Price Change	: No Change
Target 1HFY26E (P/E)	: 26
EPS Change FY24/25	: No change

Dhirendra Tiwari
+91 22 6911 3436
dhirendra.tiwari@antiquelimited.com

Amit Shah
+91 22 6911 3466
amit.shah@antiquelimited.com

Devesh Kasliwal, CFA
+91 22 6911 3422
devesh.kasliwal@antiquelimited.com

Market data	
Sensex	: 63,875
Sector	: Industrials
Market Cap (INR bn)	: 4,117.2
Market Cap (USD bn)	: 49.452
O/S Shares (mn)	: 1,405.6
52-wk HI/LO (INR)	: 3115/1966
Avg. Daily Vol ('000)	: 2,368
Bloomberg	: LTI IN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	98.5	129.4	157.3
P/E (x)	29.7	22.6	18.6
P/BV (x)	4.3	3.7	3.3
EV/EBITDA (x)	20.7	16.7	13.8
Dividend Yield (%)	0.5	0.5	0.5

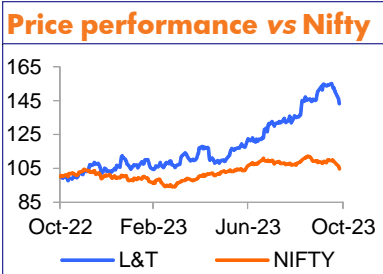
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(3)	9	24	45
Relative	(0)	14	19	39

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Larsen & Toubro

Stellar quarter; upside guidance risk on order inflow, revenue emerge

L&T's 2QFY24 operational results were ahead of our expectations supported by a) Excellent execution displayed in the P&M segment (+24% YoY) and b) Better than estimated service segment margin (18.9%; +100 bps YoY; est. of 18.5%) driven by ToD monetization in Hyderabad Metro. However, P&M margin was disappointing and stood below expectations impacted by the execution of weak margin orders bagged earlier. Given the outperformance on the revenue and order inflow front in 1HFY24, management has guided for an upward risk of beating the top end of its guidance on revenue (FY24 guidance: 12%-15% YoY growth) as well as on the order inflow front (FY24 guidance of 10%-12% YoY growth). L&T's long-term business prospects remain promising given infrastructure development (NIP of INR 111 trn) and GATI Shakti being the central government's pivotal theme to revive the Indian economy. And since L&T is the largest infrastructure company in India, we believe it would be a key beneficiary. We remain positive on the long-term prospects of the company and maintain BUY rating on the stock with a SoTP target of INR 3,398.

Op. perf. meaningfully ahead of estimates supported by strong beat across parameters

Operational performance was meaningfully ahead of estimates supported by a) Excellent execution displayed in the P&M segment (+24% YoY) and b) Better than estimated service segment margin (18.9%; +100 bps YoY; est. of 18.5%). Sales at INR 510 bn (+19% YoY) were ahead of our expectation of INR 480.1 bn. P&M segment (ex-services) revenue stood at INR 349 bn (+24% YoY), meaningfully ahead of our estimate of INR 321 bn, whereas service segment revenue at INR 161 bn (+10% YoY) was in line with our estimate of INR 160 bn. EBIDTA at INR 56.3 bn (+15% YoY) was ahead of our estimate of INR 50.8 bn supported by a better than estimated margin in the service business. PAT stood at INR 32.2 bn (+44.6% YoY), ahead of our estimate of INR 24.6 bn supported by higher than estimated other income.

P&M performance surprises positively on the execution front, however, margin disappoints

P&M (ex-services) sales registered growth of 24% YoY at INR 349 bn, standing meaningfully ahead of our est. of INR 281 bn as execution gained momentum in the overseas markets. The domestic E&C segment registered muted performance with 7% YoY growth, whereas overseas E&C revenue witnessed a stellar growth of 93% YoY. The core business margin was under pressure (7.4% vs. 8.1% in 2QFY23) impacted by the execution of weak-margin legacy orders that it bagged during the pandemic and expects the margin to improve gradually in 2HFY24. Within the P&M segment, infrastructure margin at 5.4% (-120 bps YoY) came meaningfully below our estimate of 6.5%. Given the outperformance on the revenue and order inflow front, management believes that there emerges an upside risk of beating the top end of the guidance on revenue (FY24 guidance: 12%-15% YoY growth) as well as order inflow front (FY24 guidance of 10%-12% YoY growth) thus suggesting growth momentum to continue for the company in 2HFY24.

Order inflow registers sharp improvement; prospective pipeline looks healthy at INR 8.8 trn

2QFY24 order inflow stood at INR 892 bn (+72% YoY), meaningfully ahead of our estimate of INR 600 bn supported by large ticket order finalization in the export market (+244% YoY). Incrementally, ordering pipeline stands extremely healthy at INR 8.8 trn, of which infrastructure segment opportunity stands at INR 5.1 trn, hydrocarbon at INR 2.9 trn, power at INR 0.5 trn, and hi-tech manufacturing at INR 0.3 trn. The order backlog at INR 4.5 trn (+21% YoY) provides strong revenue visibility (3.1x its TTM revenue) and comfort on P&M revenue ramp-up.

ToD monetization helps Hyderabad Metro book profits; ridership data shows material improvement

Developmental project segment registered a profit of INR 1 bn for 1HFY24 supported by ToD monetization that materialized during 2QFY24. Sale consideration from ToD monetization stood at INR 10.5 bn which resulted in a profit of INR 5 bn. Additionally, 2QFY24 ridership data for Hyderabad Metro stood at 4.26 lakh daily as compared to 4.2 lakh on a daily basis in 1QFY24. Debt currently stands at INR 12.5 bn and L&T has received a soft loan of INR 9 bn, out of which total state government support was INR 30 bn.

Investment Summary

Since L&T is the largest infrastructure company in India, we believe it would be a key beneficiary of various infrastructure development projects and the central government's GATI Shakti, which is a pivotal theme to revive the Indian economy. We remain positive on the long-term prospects of the company and maintain BUY rating on the stock with a revised SoTP target of INR 3,398.

Segmental Highlights

- **Infrastructure segment** sales saw a growth of 27% YoY to INR 246 bn where domestic business saw a growth of 12% YoY, while overseas infra grew 90% YoY. Domestic and international ordering momentum continued in 2QFY24 and the order book continues to remain robust leading to strong execution during the quarter. Order inflow stood at INR 280 bn registering a growth of 12% YoY supported by high-value orders. The prospect pipeline for FY24 remains strong at INR 5.06 trn (+11% YoY). Infrastructure margin declined 120 bps YoY to 5.4% due to job mix and execution of legacy contracts.
- **Energy segment** sales grew by 22% YoY to INR 68 bn, where domestic business declined 22% YoY whereas overseas business registered healthy growth of 103% YoY. Robust execution momentum in international projects drove hydrocarbon revenue growth; lower revenue in power is reflective of a depleting order book. Order inflow stood at INR 401 bn (+376% YoY) with receipt of two ultra-mega hydrocarbon orders in the offshore vertical and a FGD order in power business. The prospect pipeline for FY24 improves drastically to INR 3.4 trn (+125% YoY). Margin stood at 9.5% (+100 bps YoY) despite in-line margin in the hydrocarbon business supported by strong margin improvement in a power business job.
- **Hi-tech manufacturing segment** witnessed a growth of 30% in sales supported by both heavy engineering and defence business. EBITDA margin contracted 3.6 pps YoY to 14.9% mainly reflecting the execution phase of jobs in the portfolio. Order inflow witnessed a 35% YoY growth to INR 24 bn supported by a key order in the defence business, however, deferrals impacted order inflow in heavy engineering business. The prospect pipeline for FY24 remains stable at INR 0.26 trn.
- **IT&TS segment** witnessed 7% YoY growth to INR 112 bn, led by manufacturing & resources, BFSI, transportation, medical devices, and industrial products. EBITDA margin for the business saw a decline of 120 bps coming in at 20.2% on account of higher employee costs, though operational efficiencies partially negated the impact.
- **L&T Finance** reported a 2% decline in sales to INR 30.8 bn while PAT witnessed a strong 46% growth to INR 3.9 bn due to strong retail disbursements, lower credit costs, better asset quality, and run down of wholesale and expansion of retail (88% of book).
- **Developmental project** sales saw 38% YoY growth to INR 18.5 bn supported by monetization of a commercial property and improved ridership in Hyderabad Metro. Margin witnessed a staggering 33.5 pps expansion to 38.7% primarily due to TOD monetization in Hyderabad Metro and consolidation of the Nabha profits. Profit consolidation of L&T IDPL at PAT level has been discontinued from 4QFY23, post signing of a definitive agreement for the stake sale. The investment in the JV is classified as "Held for Sale".
- **Others segment** reported 14% YoY growth during the quarter to INR 16.2 bn mainly due to higher handover of residential flats in the Realty business. EBITDA margin witnessed a 250 bps YoY expansion to 20.0% supported by the same.

Quarterly results table

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Total revenues (net)	510,240	427,626	19.3	478,824	6.6	989,064	786,158	25.8
RM	324,728	267,416	21.4	307,634	5.6	632,362	477,187	32.5
% of Sales	63.6	62.5	111 bps	64.2	-61 bps	63.9	60.7	324 bps
Staff cost	102,989	91,663	12.4	98,894	4.1	201,883	177,222	13.9
% of Sales	20.2	21.4	-125 bps	20.7	-47 bps	20.4	22.5	-213 bps
Other operating expenses	26,204	19,553	34.0	23,610	11.0	49,813	43,188	15.3
% of Sales	5.1	4.6	56 bps	4.9	20 bps	5.0	5.5	-46 bps
Total expenditure	453,921	378,632	19.9	430,137	5.5	884,058	697,597	26.7
EBITDA	56,320	48,994	15.0	48,686	15.7	105,006	88,561	18.6
EBITDA Margin(%)	11.0	11.5	-42 bps	10.2	87 bps	10.6	11.3	-65 bps
Depreciation	9,099	8,602	5.8	8,305	9.6	17,404	18,236	(4.6)
Interest	8,640	8,357	3.4	8,514	1.5	17,154	15,917	7.8
Other income	11,330	7,385	53.4	11,456	(1.1)	22,785	14,333	59.0
PBT	49,911	39,421	26.6	43,324	15.2	93,234	68,741	35.6
Tax	11,355	11,229	1.1	12,163	(6.6)	23,518	17,619	33.5
Tax rate (%)	22.8	28.5	-573 bps	28.1	-532 bps	25.2	25.6	-41 bps
Minority Interest & Share in associates	6,128	5,224	17.3	5,821	5.3	11,949	9,839	21.4
Reported net profit	32,226	22,290	44.6	24,930	29.3	57,156	39,310	45.4
Adjusted net profit	32,226	22,290	44.6	24,930	29.3	57,156	39,310	45.4
EPS (INR)	23.0	15.9	44.6	17.8	29.3	40.8	28.0	45.4

Source: Company, Antique

Segment-wise details

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Sales								
Infrastructure	246,130	193,700	27.1	220,580	11.6	466,710	335,510	39.1
Hydrocarbon	67,880	55,860	21.5	66,820	1.6	134,700	106,590	26.4
Heavy Engineering	18,860	14,560	29.5	17,810	5.9	36,670	27,280	34.4
E&C total	332,870	264,120	26.0	305,210	9.1	638,080	469,380	35.9
IT&TS	111,820	101,500	10.2	108,510	3.1	220,330	195,740	12.6
Financial Services	30,840	31,520	(2.2)	30,200	2.1	61,040	61,100	(0.1)
Development Projects	18,490	13,440	37.6	12,940	42.9	31,430	26,890	16.9
Others	16,220	17,040	(4.8)	21,970	(26.2)	38,190	33,030	15.6
Total Revenues	510,240	427,620	19.3	478,830	6.6	989,070	786,140	25.8
EBITDA								
Infrastructure	13,320	12,784	4.2	11,250	18.4	24,570	22,002	11.7
Hydrocarbon	6,460	4,636	39.3	6,081	6.2	12,541	8,948	40.1
Heavy Engineering	2,810	2,694	4.3	2,992	(6.1)	5,802	4,614	25.7
E&C total	22,590	20,114	12.3	20,322	11.2	42,912	35,565	20.7
IT&TS	22,570	22,229	1.5	22,353	1.0	44,923	40,382	11.2
Financial Services	8,250	6,410	28.7	7,440	10.9	15,690	10,255	53.0
Development Projects	7,150	699	923.1	2,040	250.5	9,190	1,304	604.7
Others	3,240	2,658	21.9	4,086	(20.7)	7,326	5,409	35.5
Total EBITDA	63,800	52,110	22.4	56,242	13.4	120,042	92,914	29.2
EBITDA Margins (%)								
Infrastructure	5.4	6.6	-119 bps	5.1	31 bps	5.3	6.6	-129 bps
Hydrocarbon	9.5	8.3	122 bps	9.1	42 bps	9.3	8.4	91 bps
Heavy Engineering	14.9	18.5	-360 bps	16.8	-190 bps	15.8	16.9	-109 bps
E&C total	6.8	7.6	-83 bps	6.7	13 bps	6.7	7.6	-85 bps
IT&TS	20.2	21.9	-172 bps	20.6	-42 bps	20.4	20.6	-24 bps
Financial Services	26.8	20.3	641 bps	24.6	212 bps	25.7	16.8	892 bps
Development Projects	38.7	5.2	3347 bps	15.8	2290 bps	29.2	4.8	2439 bps
Others	20.0	15.6	438 bps	18.6	138 bps	19.2	16.4	281 bps
Total EBITDA	12.5	12.2	32 bps	11.7	76 bps	12.1	11.8	32 bps

Source: Company, Antique

Order inflow details

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Order Inflow								
Infrastructure	279,900	250,580	11.7	400,510	(30.1)	680,410	434,010	56.8
Hydrocarbon	401,410	84,410	375.5	72,450	454.1	473,860	126,391	274.9
Heavy Engineering/Defense	23,950	17,680	35.5	10,510	127.9	34,460	52,570	(34.4)
Services	161,150	146,470	10.0	138,710	16.2	299,860	283,740	5.7
Others	25,120	20,000	25.6	20,080	25.1	45,200	38,790	16.5
Total Orders (Cont Op)	891,530	519,140	71.7	655,200	36.1	1,546,730	937,190	65.0
Ex- Services	730,380	372,670	96.0	516,490	41.4	1,246,870	653,450	90.8

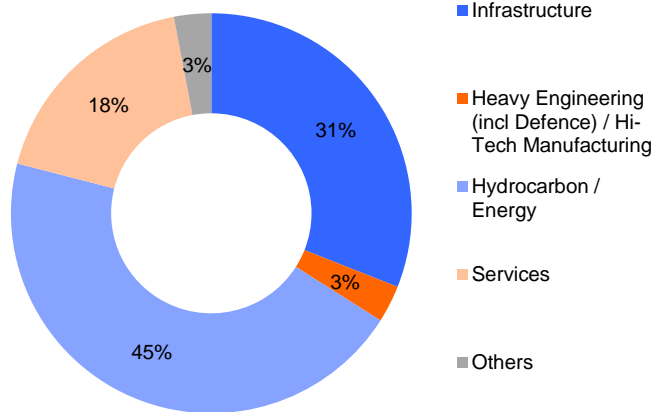
Source: Company, Antique

SoTP valuation table

Description	Method	Valuation multiple	Value (INR bn)	Value (INR/sh)
Construction Business				
L&T Standalone	1HFY26E PER (x)	26	2,378	1,697
L&T Hydrocarbons	1HFY26E PER (x)	26	672	479
Service Segments				
LTI Mindtree (69% stake)	1HFY26E PER (x)	28	1,171	835
L&T Technology Sevices(74% stake)	1HFY26E PER (x)	30	353	252
Finance Sevices (64% stake)	1HFY26E PBV (x)	3	425	303
Asset Ownership / Project Developer				
IDPL - Roads, Transmission	1HFY26E PBV (x)	1	14	10
Hyderabad Metro	1HFY26E PBV (x)	1	24	17
Power Development Projects	1HFY26E PBV (x)	1	31	22
Manufacturing Ventures				
Power Equipment	1HFY26E PER (x)	26	117	84
Less: Holding Company Discount of 20%				-304
Total			5,191	3,398

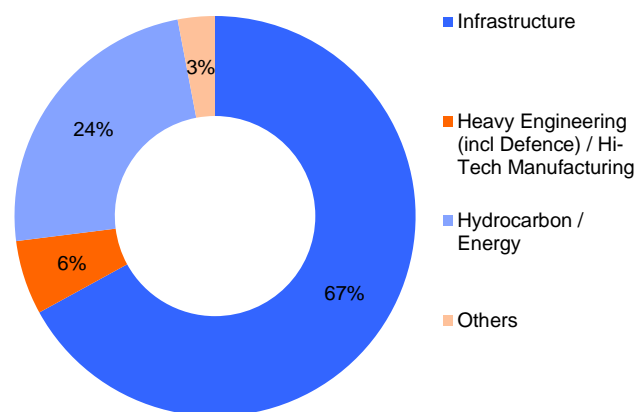
Source: Company, Antique

Order inflow



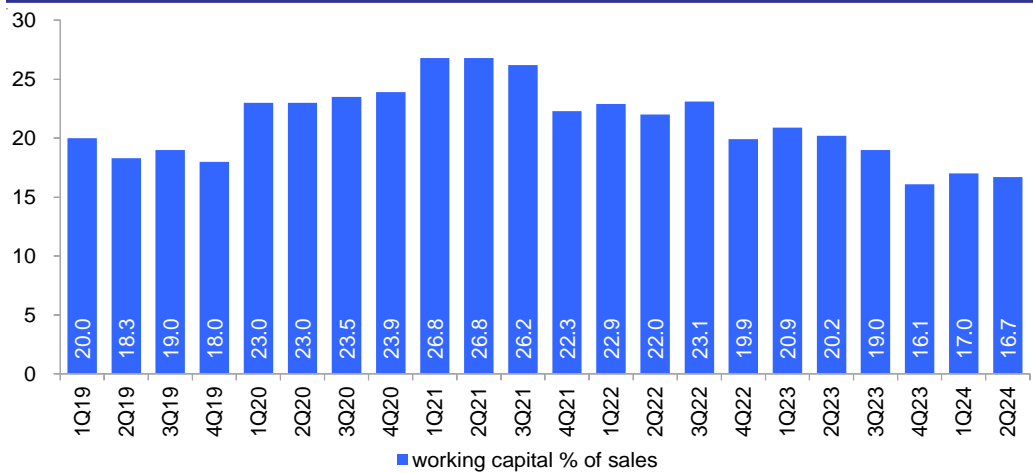
Source: Company, Antique

Order backlog



Source: Company, Antique

Working capital



Source: Company, Antique

Financials - Consolidated

Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	1,565,212	1,833,407	2,126,248	2,454,694	2,807,664
Op. Expenses	1,383,166	1,625,874	1,883,592	2,159,590	2,459,560
EBITDA	182,046	207,533	242,656	295,104	348,104
Depreciation	29,480	35,023	35,464	29,922	32,080
EBIT	152,567	172,510	207,192	265,182	316,024
Other income	22,671	29,292	42,600	47,435	54,318
Interest Exp.	31,257	32,072	35,279	38,807	42,687
Extra Ordinary Items -gain/(loss)	969	1,360	-	-	-
Reported PBT	143,980	169,730	214,514	273,810	327,655
Tax	42,039	44,842	54,057	69,000	82,569
PAT before exceptions	102,911	126,249	160,456	204,810	245,086
Minority Int./Profit (loss) From Asso.	16,217	21,542	22,571	23,653	24,788
Reported Profit (post minority interest)	86,693	104,707	137,885	181,157	220,297
Adjusted PAT	85,724	103,347	137,885	181,157	220,297
Adjusted EPS (INR)	61.2	73.8	98.5	129.4	157.3

EPS includes E&A; Does Not including Mindtree

Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	2,810	2,811	2,811	2,811	2,811
Reserves & Surplus	821,267	890,449	960,642	1,092,105	1,255,772
Networth	824,077	893,260	963,453	1,094,916	1,258,583
Debt	1,234,682	1,185,134	1,196,183	1,186,183	1,176,184
Minority Interest	129,661	142,413	164,042	186,752	210,598
Net deferred Tax liabilities	(18,008)	(33,544)	(33,544)	(33,544)	(33,544)
Capital Employed	2,170,412	2,187,262	2,290,133	2,434,307	2,611,821
Gross Fixed Assets	585,017	619,082	685,469	737,694	789,918
Accumulated Depreciation	157,649	192,672	228,136	258,057	290,138
Capital work in progress	12,496	30,656	16,493	16,493	16,493
Net Fixed Assets	439,864	457,066	473,826	496,129	516,273
Investments	396,034	447,983	447,983	447,983	447,983
Current Assets, Loans & Adv.	2,336,191	2,358,626	2,616,667	2,931,373	3,295,975
Inventory	59,433	68,288	79,195	91,429	104,575
Debtors	461,389	447,315	518,763	598,897	685,015
Cash & Bank balance	189,532	225,196	273,431	352,821	464,538
Loans & advances and others	730,443	797,941	925,392	1,068,340	1,221,960
Current Liabilities & Provisions	1,001,676	1,076,413	1,248,343	1,441,177	1,648,409
Liabilities	1,001,676	1,076,413	1,248,343	1,441,177	1,648,409
Net Current Assets	1,334,515	1,282,214	1,368,325	1,490,196	1,647,565
Application of Funds	2,170,412	2,187,262	2,290,134	2,434,308	2,611,822

Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	1,400	1,400	1,400	1,400	1,400
Diluted no. of shares (mn)	1,400	1,400	1,400	1,400	1,400
BVPS (INR)	588.5	637.9	688.0	781.9	898.8
CEPS (INR)	94.5	115.2	139.9	167.6	197.9
DPS (INR)	16.0	16.0	16.0	16.0	16.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	86,693	104,707	137,885	181,157	220,297
Depreciation & amortization	29,480	35,023	35,464	29,922	32,080
(Inc)/Dec in working capital	38,209	87,965	(37,876)	(42,481)	(45,653)
Other operating Cash Flow	(2,824)	(15,536)	-	-	-
CF from operating activities	151,557	212,159	135,473	168,598	206,725
Capital expenditure	(21,146)	(52,225)	(52,225)	(52,225)	(52,225)
Inc/(Dec) in investments	(21,146)	(52,225)	(52,225)	(52,225)	(52,225)
CF from investing activities	(20,913)	(104,174)	(52,225)	(52,225)	(52,225)
Inc/(Dec) in share capital	14,598	1,492	(32,614)	0	0
Inc/(Dec) in debt	(91,370)	(49,548)	11,049	(10,000)	(9,999)
Dividend Paid	(35,900)	(37,017)	(35,078)	(49,694)	(56,631)
Others	9,145	12,752	21,629	22,710	23,846
CF from financing activities	(103,527)	(72,321)	(35,014)	(36,983)	(42,784)
Net cash flow	27,117	35,664	48,235	79,390	111,717
Opening balance	162,415	189,532	225,196	273,431	352,821
Closing balance	189,532	225,196	273,431	352,821	464,538

Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	15.1	17.1	16.0	15.4	14.4
EBITDA	16.5	14.0	16.9	21.6	18.0
Adj PAT	24.2	20.6	33.4	31.4	21.6
Adj EPS	24.2	20.6	33.4	31.4	21.6

Valuation (x)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	47.8	39.7	29.7	22.6	18.6
P/BV (x)	5.0	4.6	4.3	3.7	3.3
EV/EBITDA (x)	28.3	24.4	20.7	16.7	13.8
EV/Sales (x)	3.3	2.8	2.4	2.0	1.7
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.5

Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	10.8	12.0	14.9	17.6	18.7
RoCE (%)	8.0	9.3	11.2	13.2	14.7
Asset/T.O (x)	0.9	1.0	1.2	1.3	1.4
Net Debt/Equity (x)	1.5	1.3	1.2	1.1	0.9
EBIT/Interest (x)	5.6	6.3	7.1	8.1	8.7

Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	11.6	11.3	11.4	12.0	12.4
EBIT Margin (%)	9.7	9.4	9.7	10.8	11.3
PAT Margin (%)	5.5	5.6	6.5	7.4	7.8

Source: Company Antique

CMP	: INR 564
Reco	: BUY ↔
Target Price	: INR 687 ↑
Target Price Change	: 6%
Target 1HFY26 P/E (x)	: 29.9
EPS Change F24/25	: No Change

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

Market data	
Sensex	: 63,875
Sector	: Real Estate
Market Cap (INR bn)	: 1,394.8
Market Cap (USD bn)	: 16.754
O/S Shares (mn)	: 2,475.3
52-wk HI/LO (INR)	: 577/337
Avg. Daily Vol ('000)	: 4,457
Bloomberg	: DLFU IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	17.1	21.7	24.2
P/E (x)	32.9	25.9	23.3
P/BV (x)	4.1	3.6	3.2
EV/EBITDA (x)	39.2	32.7	28.9
EV/Sales (x)	12.55	10.79	9.54

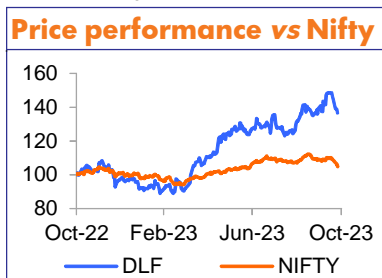
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	6	9	32	46
Relative	9	13	26	40

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

DLF

Robust cash flow prospects; outlook remains strong

DLF's 2QFY24 highlight is that the development company (DevCo - DLF) generated the highest surplus operating cash flow, leading it to turn into a net cash positive company. On the back of sustenance sales, sales booking in 2QFY24 came at INR 22.3 bn (9%/ 9% QoQ/ YoY). Strong launch pipeline of INR 197.0 bn in 2HFY24, including in DLF 5 sector and sector 77 in Gurugram. DCCDL, DLF's rental arm, posted a rental income of INR 10.7 bn (2%/ 9% QoQ/ YoY). DevCo turned cash positive with net cash of INR 1.42 bn, while in DCCDL net debt declined QoQ by INR 3.0 bn to INR 180 bn. With receivables of INR 128 bn and construction costs to be incurred of INR 72 bn, the company is looking at a cash surplus of INR 57 bn to be generated over the next 3-4 years, excluding incremental sales. With the Gurugram real estate market witnessing strong momentum with a low inventory overhang of six months, DLF with its robust launch trajectory of INR 197 bn in 2HFY24 is expected to easily surpass sales booking of INR 150.0 bn in FY24, the company guidance is of INR 130 bn. We continue to maintain BUY with a revised TP of INR 687 (previously INR 655).

2QFY24 in a nutshell

In 2QFY24, sales booking was of INR 22.3 bn (9%/ 9% QoQ/ YoY) (our est. of INR 20.0 bn) and collections of INR 23.6 bn (50%/ +88% QoQ/ YoY); 2HFY24 sales booking stands at INR 42.7 bn (4% YoY). Posted surplus operating cash flow of INR 11.5 bn (72%/ +180% QoQ/ YoY) during the quarter and INR 18.1 bn in 2HFY24 (against FY24 guidance of INR 30 bn). Sales were driven by sustenance sales from the uber luxury Camellia (INR 7.2 bn) and already launched new products (INR 9.9 bn), contributing 77% of total sales during the quarter.

In DCCDL, occupancy improved by 300 bps QoQ in the operational portfolio during the quarter. Occupancy in the non-SEZ segment has gone up to 97%, demonstrating strong office space demand in the non-SEZ segment, while SEZ occupancy continues to see challenges and stands at 85%. Under-construction projects (Downtown Gurugram and Chennai) achieved 89% pre-leasing. Office portfolio posted rental income of INR 8.6 bn (0%/ 7% QoQ/ YoY). The retail portfolio posted a rental income of INR 2.1 bn (13%/ 15% QoQ/ YoY).

DLF primed to capitalize on Gurugram's demand surge

DLF holds a competitive advantage compared to other companies because of its extensive inventory and significant land holdings throughout Gurugram. Currently, the company has unsold inventory of INR 56.25 bn and a launch pipeline of INR 19.7 bn. The launches, mainly in Gurugram, Panchkula, and Chennai, are bunched up in 2HFY24. Of the launch pipeline, projects in DLF 5 and New Gurugram (sector 77) are the prominent launches with an expected GDV of INR 150 bn. We expect DLF to receive strong response to its project launches in DLF 5 and New Gurugram.

Cash flow generation to improve further

Receivables from sold inventory net of construction to be incurred is at INR 56.5 bn with net cash position of INR 1.42 bn and unsold inventory of INR 31.5 bn. With Gurugram seeing strong momentum in the housing market, we expect DLF to easily exit FY24 with a sales booking of >INR 150 bn on the back of a strong launch pipeline, leading to further strong visibility in surplus cash flow at the end of FY24. A sales booking of INR 110 bn in 2HFY24 will lead to additional surplus cash flow visibility of INR 55 bn.

Investment Summary

We continue to remain positive on DLF given (a) The strong momentum in Gurugram with inventory overhang of six months, (b) Strong launch pipeline in 2HFY24, (c) Robust cash flow generation aiding balance sheet deleveraging and growth, (d) Huge monetizable land bank (at historical costs) in a housing upcycle—an important competitive advantage, (e) Excellent track record of timely project delivery, (f) Re-entry into the MMR market. **DLF continues to remain our top pick since initiation (other top picks being Century Textiles, Kolte-Patil, and Prestige);** we maintain BUY with a revised TP of INR 687 as we factor in the strong growth outlook on the residential segment. **Key monitorables:** Launches of DLF 5 and sector 77, and leasing in SEZ annuity portfolio.

Valuation Summary

NAV Calculation	Method	Metrics	INR mn	per share (INR)	%
DLF (ex DCCDL) - DevCo	NAV	DF 12%	4,12,114	166	24%
DLF (ex DCCDL) - Leasing assets	NAV + Cap rate	DF 12%, cap rate 8.0%	82,183	33	5%
DCCDL (@66.7% share of DLF)	NAV + Cap rate	DF 12%, cap rate 8.0%	6,00,464	243	35%
Land Bank	DF - 12%, Monetization: 8 years		7,24,664	293	43%
Net debt - DevCo	FY24E		1,420	1	0%
Net debt - RentCo	FY24E		-1,20,233	-49	-7%
Total			17,00,612	687	100%

Source: Company, Antique

Operational performance - 2QFY24

INR mn	2QFY24	1QFY24	QoQ %	2QFY23	YoY %
Net Sales	13,477	14,232	(5)	13,023	3
Total Expenditure	8,853	10,271		8,657	
EBITDA	4,624	3,962	17	4,367	6
Margins (%)	34.3	27.8		33.5	
Depreciation	370	364		367	
Interest	902	849		1,069	
Other Income	1,287	985		582	
PBT before EO expense	4,640	3,734		3,512	
Extra-Ord expense	-	-		-	
PBT	4,640	3,734	24	3,512	32
Tax	1122	1014		910	
Rate (%)	24.2	27.2		25.9	
Share of profit from asso.	2,701	2,541		2,169	
Minority Interest	-9	-9		2	
Reported PAT	6,228	5,270	18	4,770	31
Adj PAT	6,228	5,270	18	4,770	31
Margins (%)	46.2	37.0		36.6	

Source: Company, Antique

DLF - Operational performance

	2QFY24	1QFY24	QoQ %	2QFY23	YoY %	1HFY24	1HFY23	YoY %	FY23	FY22
Booking (INR mn)	22,280	20,400	9	20,520	9	42,680	40,930	4	1,50,580	72,730
Collection (INR mn)	23,590	15,750	50	12,520	88	39,340	23,240	69	56,510	46,490
Net Debt (INR mn)	(1,420)	570	(1,990)	21,420	(22,840)	(1,420)	21,420	(22,840)	7,210	26,800

Source: Company, Antique

DCCDL - Operational performance

	2QFY24	1QFY24	QoQ %	2QFY23	YoY %	1HFY24	1HFY23	YoY %	FY23	FY22
Office (INR mn)	8,570	8,560	0	8,010	7	17,130	15,600	10	32,320	28,860
Retail (INR mn)	2,120	1,870	13	1,840	15	3,990	3,510	14	7,350	4,460

Source: Company, Antique

Half-yearly balance sheet

Year ended	1HFY24	1HFY23	YoY	Mar-2024	Mar-2023	YoY
Share Capital	4,951	4,951		4,951	4,951	
Reserves & Surplus	3,73,596	3,60,820	12,776	4,14,350	3,71,925	42,426
Networth	3,78,546	3,65,770		4,19,301	3,76,875	
Debt	30,855	36,374		21,031	31,031	
Minority Interest	26	198		44	44	
Net deferred Tax liabilities	13,890	9,590		12,893	12,893	
Others	14,288	14,015		12,850	12,850	
Capital Employed	4,37,605	4,25,946		4,66,119	4,33,693	
Property, Plant and Equipment	7,226	7,908		44,341	38,411	
Capital work in progress	612	889		2,872	611	
Other Non-Current Assets	2,53,487	2,45,051		1,89,500	1,89,500	
Net Fixed Assets	2,61,324	2,53,848		47,213	39,023	
Goodwill	9,443	9,443		9,443	9,443	
Investments	6,790	7,619		5,311	5,311	
Non-Current Investments	4,055	7,030		4,311	4,311	
Current Investments	2,735	589		1,000	1,000	
Current Assets, Loans & Advances	2,70,167	2,43,413		4,22,884	2,96,002	
Inventory	1,95,696	1,96,761	-1,066	2,73,044	1,93,612	79,432
Debtors	5,414	7,323		12,355	5,493	
Cash & Bank balance	33,601	14,021		2,198	22,746	
Loans & advances and others	35,456	25,308	10,148	1,35,286	74,151	61,136
Current Liabilities & Provisions	1,10,118	88,376		2,08,232	1,05,585	
Liabilities	1,09,013	87,480		2,06,534	1,04,727	
Provisions	1,105	896		1,698	858	
Net Current Assets	1,60,049	1,55,037		2,14,652	1,90,417	
Application of Funds	4,37,605	4,25,946		4,66,119	4,33,693	

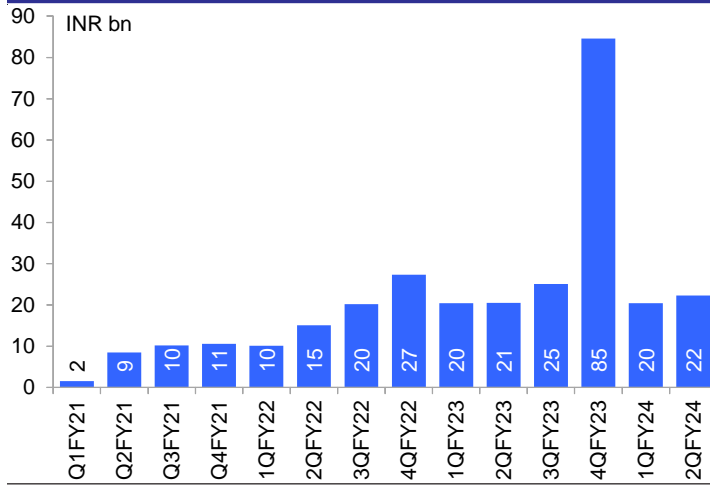
Source: Company, Antique

Conference Call Takeaways

- Sustained economic growth continues to support demand.
- Housing demand continues to be strong across geographies; luxury segment exhibiting strong growth.
- GCCs continue to drive office demand; global uncertainties deferring decision-making for technology led occupiers.
- Retail segment continues to do well; organized retail expected to perform better.
- Office occupancy at 93% vs. 85% YoY, non-SEZ 97%.
- **Camilias** – Prices are now above INR 75,000/sq. ft.; the company is witnessing good demand traction. Inventory re-priced at INR 1,00,000/sq. ft. for higher floors. The company is witnessing price increase for luxury homes; demand continues to be robust.
- **Construction cost** in FY24 will increase to INR 1.7 bn vs. INR 1.2 bn YoY.
- **OCF guidance** of INR 30 bn for FY24.
- **New launches:** Sector 77 will be launched in 3QFY24; DLF 5 to be launched in 4QFY24/ 1QFY25; Panchkula in 3QFY24.
- **Sales guidance** of INR 130 bn in FY24.
- IT services indicates that tenants are not leaving spaces and the impact of Covid-19 is behind. Large IT companies are looking for desk space of 120-130 sq. ft.
- **Mumbai** - Andheri project is on track and is expected to be launched by Jun'24. Will launch 1 mn sq. ft. in phase 1.
- **Achieved net cash position** of INR 1.42 bn in 2QFY24 as compared to net debt of INR 570 mn in 1QFY24. Op CF guidance of INR 30 bn in FY24; has already achieved INR 20 bn, so will surpass OCF guidance. However, free cash flow of only INR 4.5 bn as the remaining cash is locked with RERA. As OC is given, gross debt will continue to go down. First generate free cash flow by finishing the project then repay debt, followed by investments and then dividend.
- **DCCDL** - Downtown Chennai fully leased. Atrium Place will come up in another year. Ph-2 Taramani starts construction. Construction starts for Ph-2 Gurugram of 8 mn sq. ft. (2.5 mn sq. ft. retail and 5.5 mn sq. ft. office). Majority of the demand from GCC. Rental of Downtown Gurugram is INR 150/sq. ft., Downtown Chennai INR 100/sq. ft. SEZ vacancy 14%-15% and better off than others. Floor-wise denotification in SEZ expected soon and will benefit DLF.

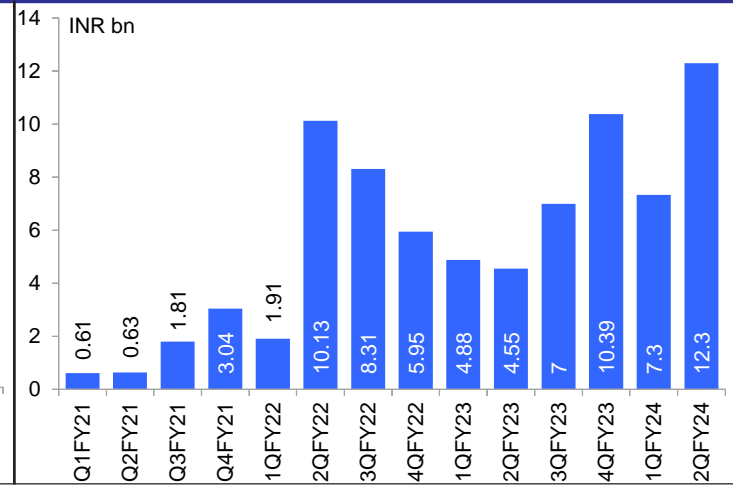
Story in Charts

Exhibit 1: Sales booking trend



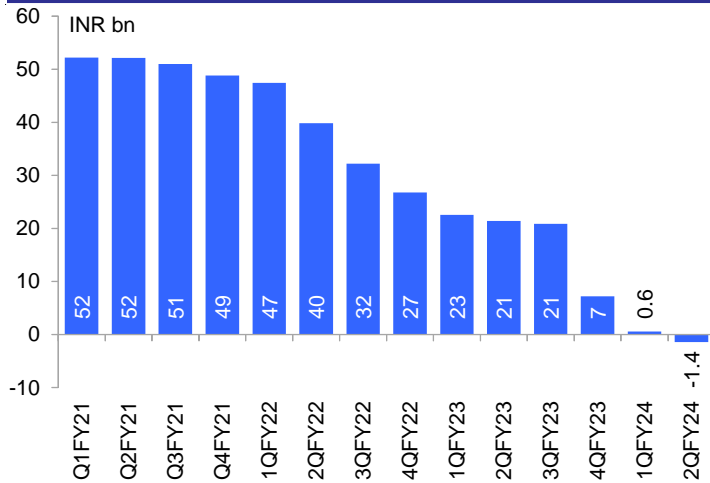
Source: Company, Antique

Exhibit 2: DLF op. cash flow remains robust



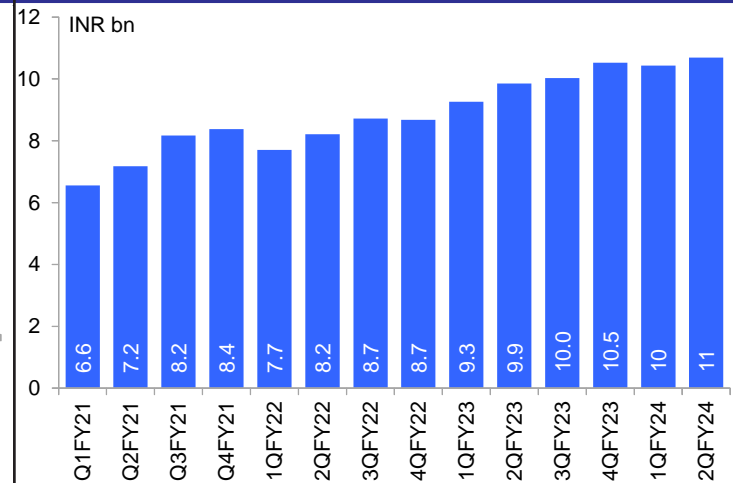
Source: Company, Antique

Exhibit 3: Net cash positive in 2QFY24 (DevCo)



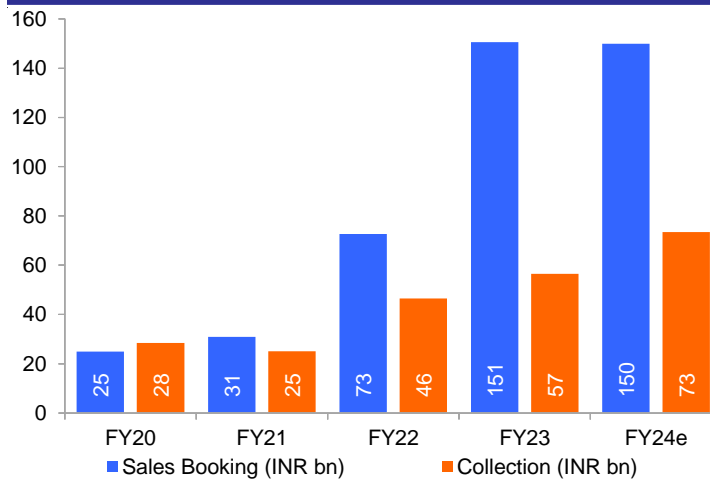
Source: Company, Antique

Exhibit 4: DCCDL rental income growing steadily



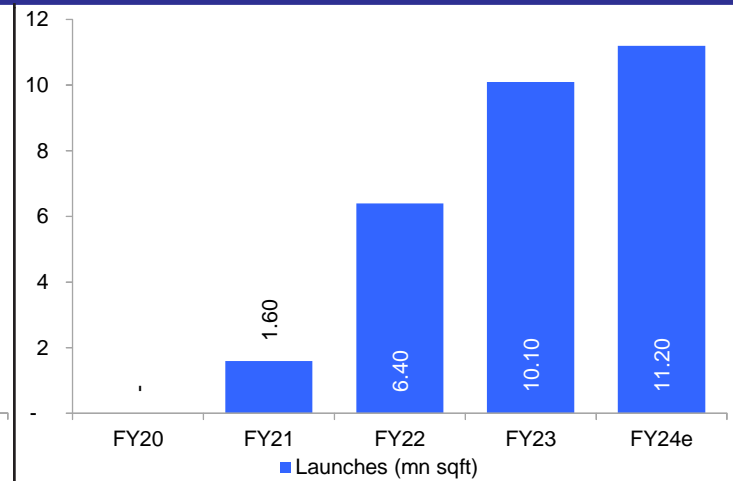
Source: Company, Antique

Exhibit 5: Sales booking and collection



Source: Company, Antique

Exhibit 6: New project launches



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	57,174	56,948	1,12,739	1,27,633	1,41,040
Op. Expenses	39,748	39,690	76,662	85,514	94,497
EBITDA	17,426	17,259	36,076	42,119	46,543
Depreciation	1,494	1,486	1,633	1,985	2,302
EBIT	15,931	15,773	34,444	40,134	44,242
Other income	4,205	3,173	7,892	8,934	9,873
Interest Exp.	6,246	3,921	2,890	1,780	670
Extra Ordinary Items -gain/(loss)	(2,245)	-	-	-	-
Reported PBT	11,646	15,024	39,445	47,288	53,445
Tax	3,210	4,015	10,541	12,637	14,282
Reported PAT	8,436	11,009	28,904	34,651	39,163
Net Profit	8,436	11,009	28,904	34,651	39,163
non controlling interest	(6,572)	(9,349)	(13,522)	(19,171)	(20,798)
Adjusted PAT	17,253	20,358	42,426	53,822	59,960
Adjusted EPS (INR)	7.0	8.2	17.1	21.7	24.2

Balance sheet (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	4,951	4,951	4,951	4,951	4,951
Reserves & Surplus	3,58,672	3,71,925	4,14,350	4,68,172	5,28,133
Networth	3,63,623	3,76,875	4,19,301	4,73,123	5,33,083
Debt	39,600	31,031	21,031	11,031	1,031
Minority Interest	195	44	44	44	44
Net deferred Tax liabilities	21,416	25,743	25,743	25,743	25,743
Capital Employed	4,24,833	4,33,693	4,66,119	5,09,941	5,59,901
Property, Plant and Equipment	39,181	38,411	44,341	48,918	53,179
Capital work in progress	811	611	2,872	2,824	2,815
Net Fixed Assets	39,992	39,023	47,213	51,743	55,994
Goodwill	9,443	9,443	9,443	9,443	9,443
Investments	1,97,795	1,94,811	1,94,811	1,94,811	1,94,811
Non Current Investments	1,97,795	1,94,811	1,94,811	1,94,811	1,94,811
Current Assets, Loans & Adv.	2,77,805	2,96,002	4,22,884	4,89,157	5,59,575
Inventory	2,01,070	1,93,612	2,73,044	3,16,284	3,49,510
Debtors	5,636	5,493	12,355	15,736	17,389
Cash & Bank balance	3,061	22,746	2,198	29,504	51,636
Loans & advances and others	68,038	74,151	1,35,286	1,27,633	1,41,040
Current Liabilities & Provisions	1,00,201	1,05,585	2,08,232	2,35,213	2,59,922
Liabilities	99,261	1,04,727	2,06,534	2,33,291	2,57,798
Provisions	940	858	1,698	1,922	2,124
Net Current Assets	1,77,604	1,90,417	2,14,652	2,53,944	2,99,653
Application of Funds	4,24,833	4,33,693	4,66,119	5,09,941	5,59,901

Per share data

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	2,475	2,475	2,475	2,475	2,475
Diluted no. of shares (mn)	2,475	2,475	2,475	2,475	2,475
BVPS (INR)	147	152	169	191	215
CEPS (INR)	21	22	47	54	60
DPS (INR)	3.0	4.0	4.0	4.0	4.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
PBT	11,646	15,024	39,445	47,288	53,445
Depreciation & amortization	1,494	1,486	1,633	1,985	2,302
Interest expense	6,246	3,921	(5,001)	(7,154)	(9,203)
(Inc)/Dec in working capital	7,540	5,628	(44,782)	(11,986)	(23,577)
Tax paid	2,198	(858)	(10,541)	(12,637)	(14,282)
Other operating Cash Flow	(805)	(1,450)	-	-	-
CF from operating activities	28,318	23,752	(19,247)	17,495	8,684
Capital expenditure	(1,502)	(543)	(7,761)	(4,452)	(4,490)
(Inc)/Dec in investments	4,085	1,376	(2,062)	(2,062)	(2,062)
Others	47	(5,459)	7,892	8,934	9,873
CF from investing activities	2,630	(4,626)	(1,932)	2,420	3,320
Inc/(Dec) in borrowing	(33,113)	(5,000)	(10,000)	(10,000)	(10,000)
Interest paid	(6,328)	(3,702)	(2,890)	(1,780)	(670)
Dividend Paid	(4,969)	(7,428)	-	-	-
Others	6,127	(4,001)	13,522	19,171	20,798
CF from financing activities	(38,282)	(20,131)	631	7,391	10,128
Net cash flow	(7,334)	(1,005)	(20,547)	27,306	22,132
Opening balance	10,353	3,019	2,014	(18,534)	8,772
Closing balance	3,019	2,014	(18,534)	8,772	30,904

Growth indicators (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	5.6	-0.4	98.0	13.2	10.5
EBITDA (%)	22.9	-1.0	109.0	16.7	10.5
Adj PAT (%)	45.0	18.0	108.4	26.9	11.4
Adj EPS (%)	45.0	18.0	108.4	26.9	11.4

Valuation (x)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	80.9	68.6	32.9	25.9	23.3
P/BV (x)	4.7	4.5	4.1	3.6	3.2
EV/EBITDA (x)	82.2	81.4	39.2	32.7	28.9
EV/Sales (x)	25.06	24.66	12.55	10.79	9.54

Financial ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	4.8	5.5	10.7	12.1	11.9
RoCE (%)	4.7	4.4	9.4	10.1	10.1
Asset/T.O (x)	0.3	0.3	0.5	0.4	0.4
Net Debt/Equity (x)	0.1	0.0	0.0	0.0	-0.1
EBIT/Interest (x)	2.6	4.0	11.9	22.5	66.1

Margins (%)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	30.5	30.3	32.0	33.0	33.0
EBIT Margin (%)	27.9	27.7	30.6	31.4	31.4
PAT Margin (%)	28.1	33.9	35.2	39.4	39.7

Source: Company Antique

CMP	: INR 133
Reco	: BUY ↔
Target	: INR 161 ↔
Target Price Change	: No Change
Target 1HFY26E P/E (x)	: 28
EPS Change FY24/25	: No Change

Dhirendra Tiwari
 +91 22 6911 3436
 dhirendra.tiwari@antiquelimited.com

Amit Shah
 +91 22 6911 3466
 amit.shah@antiquelimited.com

Devesh Kasliwal
 +91 22 6911 3422
 devesh.kasliwal@antiquelimited.com

Market data	
Sensex	: 63,875
Sector	: Industrials
Market Cap (INR bn)	: 974.0
Market Cap (USD bn)	: 11.699
O/S Shares (mn)	: 7,309.8
52-wk HI/LO (INR)	: 147/87
Avg. Daily Vol ('000)	: 13,883
Bloomberg	: BHE IN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	4.6	5.3	6.2
P/E (x)	29.2	24.9	21.5
P/BV (x)	6.3	5.4	4.7
EV/EBITDA (x)	18.8	15.7	13.2
Dividend Yield (%)	1.2	1.4	1.6

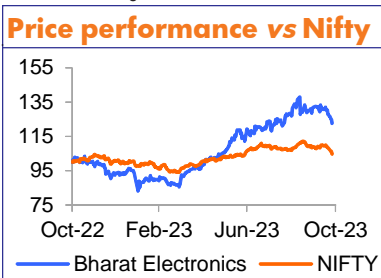
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(4)	2	29	25
Relative	(1)	6	23	19

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Bharat Electronics

In-line operational performance; FY24 guidance maintained

Bharat Electronics (BEL) reported strong operational performance, although revenue was below our expectations at INR 40 bn, margin witnessed a strong 350 bps expansion to 25.2% beating our estimate of 22%. Order book remains strong at INR 687 bn (3.8x TTM revenue) supported by order inflows worth INR 73 bn (+418% YoY) during the quarter. However, BEL maintains its FY24 guidance of INR 200 bn order inflow, 15%–17% revenue growth, and 21%–23% EBITDA. We continue to like Bharat Electronics given its robust order book position, strong pipeline, swift execution, and consistent delivery of +20% margin. We thus maintain BUY rating on the stock with a target price of INR 161 (28x its 1HFY26E EPS).

In-line performance on the operational front

BEL’s revenue performance (INR 39.9 bn; +1.2% YoY) during 2QFY24 was below our expectation of INR 46.6 bn due to a delay in dispatches of products worth INR 4 bn. Operating profit at INR 10 bn (+17% YoY) was in line with our estimate (INR 10.2 bn). EBITDA margin stood at 25.2% (+350 bps YoY) beating our estimate of 22% supported by a higher than expected gross margin at 48.8% (+550 bps YoY; est. of 42.5%) on account of a favorable product mix. PAT for the quarter stood at INR 8.1 bn (+33% YoY) above our estimate of INR 7.3 bn due to higher than estimated other income of INR 1.7 bn (+127% YoY; est. of INR 0.7 bn). For FY24, BEL has maintained a growth guidance of 15%–17% along with a 21%–23% EBITDA margin. Revenue growth is to be supported by the execution of the Akash order, LRSAM order for ships (~INR 30 bn), IACCS order (~INR 20 bn), and export orders (INR 5 bn).

Strong order inflow in 2QFY24 supported by NGMV order from Cochin Shipyard

BEL reported an order inflow worth INR 73 bn (+418% YoY) supported by orders like the NGMV order from Cochin Shipyard (INR 21 bn) and a fleet support ship order from Hindustan Shipyard (INR 11 bn), among others. Order backlog stood at INR 687 bn (+30% YoY) providing revenue visibility of 3.8x its TTM revenue. BEL has guided for INR 200 bn order inflow to materialize in FY24E on the back of large ticket orders like a) The long-term fuse order (INR 45 bn), b) Ship-based orders like NGPOV (INR 25 bn), c) EW Systems for ships (INR 20 bn) and battle tank upgrade program (INR 30 bn). The ordering pipeline from a medium-term perspective stands healthy with large ticket orders like i) The INR 200 bn QRSAM order, ii) INR 150 bn+ MRSAM order, iii) Long range radars, iv) Electronic warfare system, and v) The INR 81 bn TEV order, which will ensure more than INR 200 bn annual ordering for BEL.

Capex plan in place to ensure sustainable growth and margin expansion

BEL has planned an annual capex of INR 7–8 bn (INR 2.5 bn completed in 1HFY24) over the next 2–3 years on modernizing its facilities and for capacity expansion. Key projects include a) Electro-optical device facility at Nimmaluru (IR seeker manufacturing facility), b) A land-based electronic warfare system facility at Ibrahimpatnam, and c) RF seeker manufacturing facility at Palasamudram. Additionally, BEL is also upgrading its Hyderabad facility and increasing the capacity of its Pune facility. These expansions will help BEL generate a new stream of revenue, expand margins, and be prepared for the next level of growth.

Investment Summary

BEL has over the years developed multiple levers of growth by a) Establishing robust infrastructure, b) Strong relationships with government entities, c) Diversifying into non-defence businesses to create new growth avenues. We maintain BUY rating on the stock with a target price of INR 161 (28x 1HFY26E EPS).

Conference Call Highlights

- Subdued revenue on account of delay in dispatches in Karnataka of INR 4 bn. Revenue to be booked in 3QFY23.
- Favorable product mix led to expansion in margins during the quarter.
- **Large orders expected in FY24** (max by 1HFY25) - Long-term fuse order (INR 40 bn), ship-based orders like NGPOV (INR 25 bn), and Varuna Shakti program for ships (INR 20 bn) and tank upgrade program (INR 30 bn).
- **Revenue bifurcation 1HFY24** – Products 90% and service 10%.
- **Segment bifurcation 1HFY24** - 71% defence and 29% non-defence. EVM VVPAT execution is almost completed. Total revenue through EVM VVPAT – INR 11 bn.
- EVM for all state and national elections have been supplied to the Election Commission, with minor repair work going on.
- **Israel war** as of now is for a very short duration. Shipments have been slightly delayed, however, partners have assured to deliver as promised during the current financial year.
- **Indigenous content** in projects business at 60%.
- **Airport Traffic Management System** – Integration, installation, and inauguration of ATMS for the Bhubaneswar Airport is done. This opens up opportunities in C & B category airports (40 nos.) worth ~INR 8 bn. ATMS for bigger airports is currently under discussion with AIA.
- **Railways** – Supplied train collision avoidance system for the Delhi Metro along with CBTC signaling system, super SCADA, and stimulator. Additionally, BEL also supplied an indigenous Platform Screen Door which has been included in the positive indigenization list. Received orders for PSC from Kochi, Chennai, MP, etc.
- **LRSAM (indigenous version)** – Currently in developmental stage.
- **TAPAS** – Being developed by DRDO, HAL, and BEL together, where BEL is contributing to the payload.
- **Medium-term order inflow** - LRSAM INR 70 bn, Akash Prime INR 37 bn, Hindshakti, Battlefield surveillance system INR 20 bn.
- The company is diversifying into arms and ammunition business through MoUs. Conversion in big projects will take more than two years.
- **QRSAM** - Trials are done and have been submitted to the armed forces; AoN pricing is underway. Expect orders to flow in FY25.
- **IACCS** – INR 20 bn worth of orders remaining in the order book. Is a complex project and the first of its kind, very few countries have this type of project. There are two parts to it—over ground, which has been supplied and AMC has also started and underground. Underground is in two phases, civil structure and software development. By the end of FY24 two sites should be operational. As the project is currently operating as per timelines, hasn't created any provisions.
- **Balance sheet** - Contract assets – INR 57 bn, customer advances – INR 150 bn, and cash – INR 80 bn.
- **Working capital position** – Don't see any constraints from the government and expect working capital conditions to be stable.
- **Space** – Development and discussions going on with ISRO.
- The company is meeting all the indigenous requirements asked for in the fuse tender.

FY24 Guidance

- Revenue growth – 15%–17% YoY.
- Gross margin - ~42%.
- EBITDA margin – 21%–23%.
- Order inflow – INR 200 bn.
- Capex – INR 7–8 bn, 1HFY24 capex done – INR 2.5 bn.
- Export target – USD 90–100 mn, 1HFY24 revenue at USD 27 mn. Export order book currently at ~INR 25 bn.
- Non-defence to contribute 15%–20% to revenue in FY24.

Quarterly Highlights

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Total revenues (net)	39,933	39,458	1.2	35,108	13.7	75,042	70,586	6.3
RM	20,452	22,383	(8.6)	19,844	3.1	40,296	40,467	(0.4)
% of Sales	51.2	56.7	-551 bps	56.5	-531 bps	53.7	57.3	-363 bps
Staff cost	5,934	5,955	(0.3)	6,237	(4.9)	12,171	11,719	3.9
% of Sales	14.9	15.1	-23 bps	17.8	-290 bps	16.2	16.6	-38 bps
Other operating expenses	3,504	2,563	36.7	2,383	47.0	5,887	4,708	25.0
% of Sales	8.8	6.5	228 bps	6.8	199 bps	7.8	6.7	118 bps
Total expenditure	29,890	30,901	(3.3)	28,464	5.0	58,354	56,894	2.6
EBITDA	10,044	8,558	17.4	6,644	51.2	16,688	13,693	21.9
EBITDA Margin (%)	25.2	21.7	346 bps	18.9	623 bps	22.2	19.4	284 bps
Depreciation	1,004	1,042	(3.6)	1,013	(0.8)	2,017	1,982	1.7
Interest	15	17	(13.2)	11	41.1	26	28	(6.5)
Other income	1,705	750	127.3	1,417	20.4	3,122	2,348	33.0
PBT	10,729	8,249	30.1	7,038	52.5	17,767	14,030	26.6
Tax	2,606	2,138	21.9	1,729	50.7	4,335	3,604	20.3
Tax rate (%)	24.3	25.9	-163 bps	24.6	-28 bps	24.4	25.7	-129 bps
Reported net profit	8,123	6,111	32.9	5,308	53.0	13,432	10,426	28.8
Adjusted net profit	8,123	6,111	32.9	5,308	53.0	13,432	10,426	28.8
EPS (INR)	1.2	0.9	32.9	0.8	53.0	2.0	1.6	28.8

Source: Company, Antique

Balance Sheet

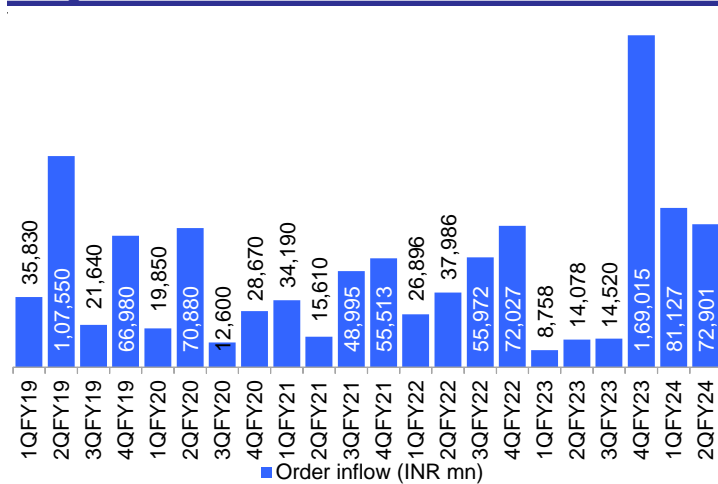
Particulars (INR mn)	1HFY24	FY23	1HFY23
Shareholder's fund	1,45,519	1,35,820	1,26,820
Total Loans	-	-	-
Total LIABILITIES	1,45,519	1,35,820	1,26,820
Fixed Assets	35,697	35,135	34,047
Total Current Assets	3,17,282	3,10,376	2,90,357
Total Current Liabilities	2,13,126	2,14,725	2,04,110
Net current assets	1,04,155	95,651	86,247
TOTAL ASSETS	1,45,519	1,35,820	1,26,820

Working Capital (Days)

Inventory	135	133	139
Financial Assets	319	316	240
Other Current assets	186	194	242
Financial liabilities	404	414	387
Provisions	26	30	50
Net Working Capital (INR mn)	1,04,155	95,651	86,247
Net WC Days	210	198	184

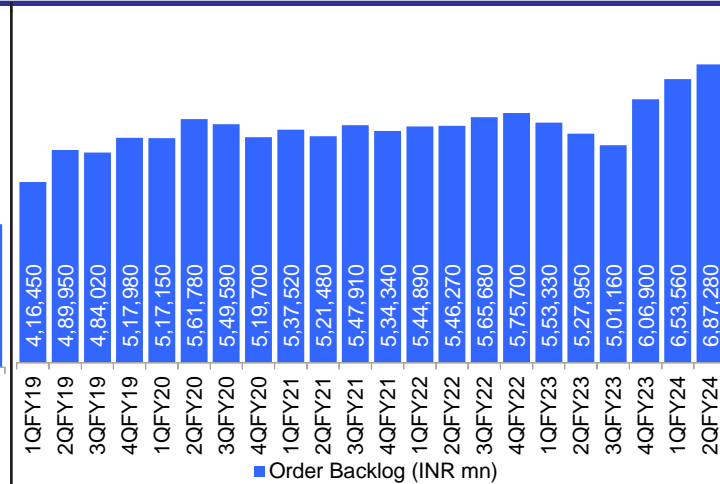
Source: Company, Antique

Strong order inflow of INR 73 bn



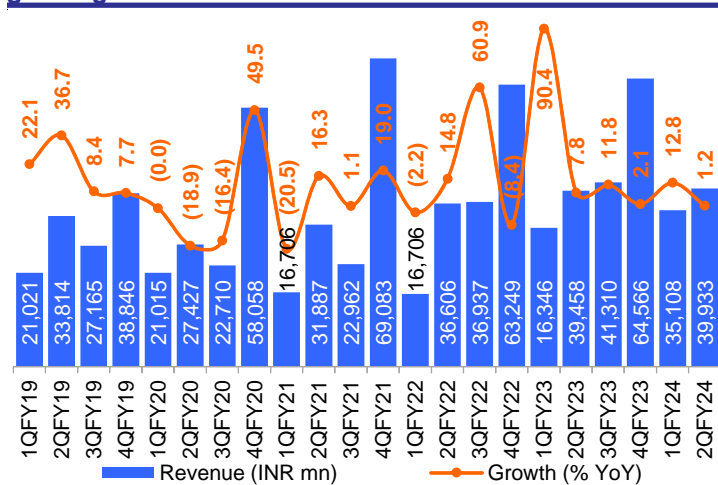
Source: Company, Antique

INR 687 bn order backlog provides revenue visibility of 3.8x its TTM revenue



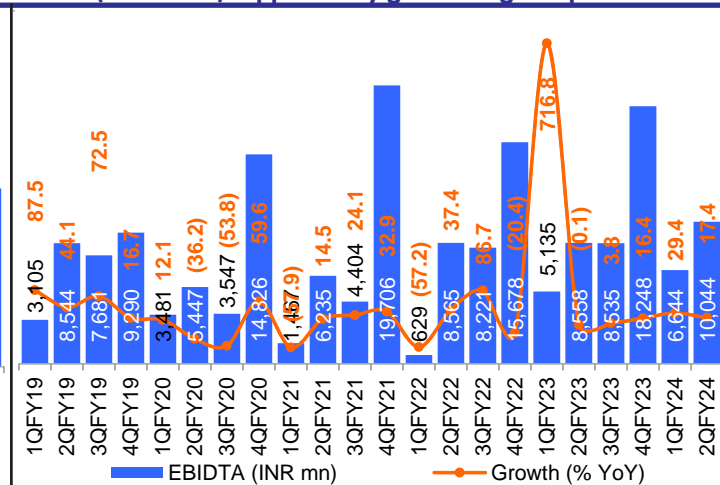
Source: Company, Antique

Delivers subdued revenue growth, maintains 15%–17% growth guidance



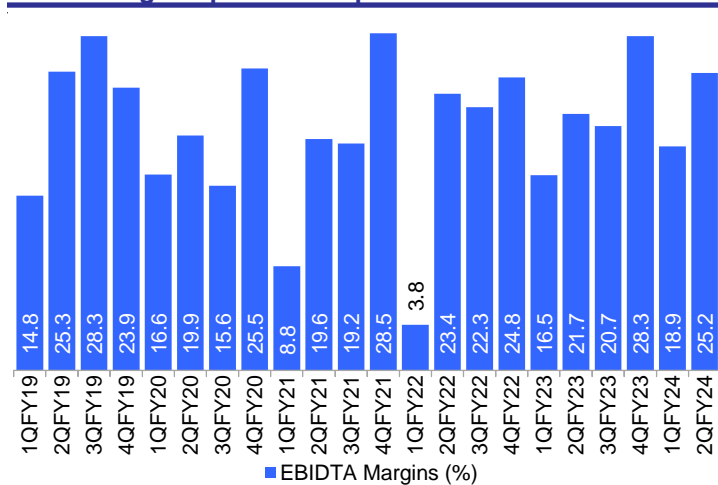
Source: Company, Antique

EBIDTA (+17% YoY) supported by gross margin expansion



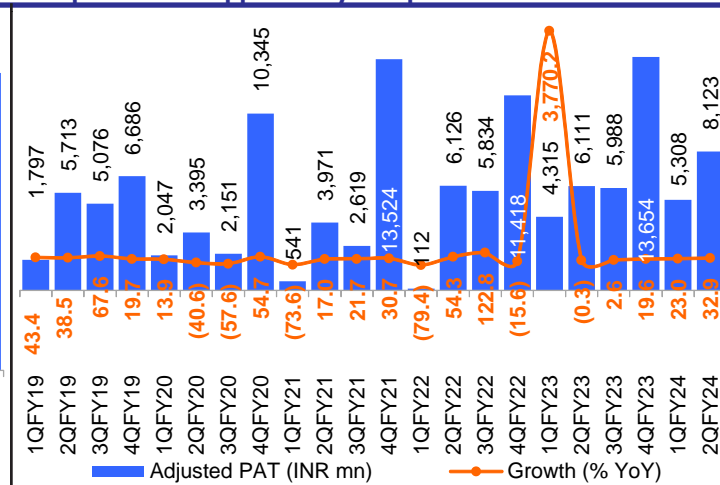
Source: Company, Antique

EBIDTA margin expands 350 bps YoY to 25.2%



Source: Company, Antique

PAT up 33% YoY supported by sharp increase in other income



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	1,53,138	1,76,462	2,08,275	2,44,028	2,80,957
Op. Expenses	1,20,045	1,35,987	1,61,610	1,89,434	2,17,621
EBITDA	33,092	40,475	46,665	54,594	63,336
Depreciation	3,802	4,079	4,744	5,254	5,764
EBIT	29,291	36,396	41,921	49,340	57,572
Other income	2,336	3,600	2,700	2,916	3,149
Interest Exp.	49	148	148	148	148
Reported PBT	31,578	39,849	44,473	52,109	60,574
Tax	8,089	9,782	11,207	13,131	15,265
Reported PAT	23,489	30,067	33,266	38,977	45,309
Net Profit	23,489	30,067	33,266	38,977	45,309
Adjusted PAT	23,489	30,067	33,266	38,977	45,309
Adjusted EPS (INR)	3.2	4.1	4.6	5.3	6.2

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	2,437	7,310	7,310	7,310	7,310
Reserves & Surplus	1,17,406	1,28,510	1,48,138	1,71,136	1,97,870
Networth	1,19,843	1,35,820	1,55,448	1,78,446	2,05,180
Net deferred Tax liabilities	(6,207)	(5,034)	(5,034)	(5,034)	(5,034)
Capital Employed	1,13,636	1,30,786	1,50,414	1,73,412	2,00,146
Gross Fixed Assets	49,944	55,808	61,808	67,808	73,808
Accumulated Depreciation	20,103	24,289	29,032	34,286	40,050
Capital work in progress	3,986	3,616	3,616	3,616	3,616
Net Fixed Assets	33,826	35,135	36,391	37,137	37,374
Investments	15,542	6,644	6,644	6,644	6,644
Non Current Investments	15,542	6,644	6,644	6,644	6,644
Current Assets, Loans & Adv.	2,78,924	3,03,732	3,57,233	4,22,375	4,93,174
Inventory	55,669	64,121	75,680	88,672	1,02,090
Debtors	61,034	70,220	82,879	97,107	1,11,802
Cash & Bank balance	74,991	80,090	93,272	1,13,102	1,37,098
Loans & advances and others	87,229	89,302	1,05,401	1,23,495	1,42,183
Current Liabilities & Provisions	2,14,657	2,14,725	2,49,854	2,92,745	3,37,046
Liabilities	1,92,500	2,00,104	2,32,596	2,72,525	3,13,766
Provisions	22,157	14,621	17,257	20,220	23,279
Net Current Assets	64,267	89,007	1,07,379	1,29,631	1,56,128
Application of Funds	1,13,636	1,30,786	1,50,414	1,73,412	2,00,146

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	7,310	7,310	7,310	7,310	7,310
Diluted no. of shares (mn)	7,310	7,310	7,310	7,310	7,310
BVPS (INR)	16.4	18.6	21.3	24.4	28.1
CEPS (INR)	3.7	4.7	5.2	6.1	7.0
DPS (INR)	1.5	1.4	1.6	1.9	2.2

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	31,578	39,849	44,473	52,109	60,574
Depreciation & amortization	3,802	4,079	4,744	5,254	5,764
Interest expense	49	148	148	148	148
(Inc)/Dec in working capital	18,613	(19,642)	(5,189)	(2,422)	(2,501)
Tax paid	(8,089)	(9,782)	(11,207)	(13,131)	(15,265)
CF from operating activities	45,952	14,651	32,968	41,957	48,719
Capital expenditure	(5,465)	(5,387)	(6,000)	(6,000)	(6,000)
Inc/(Dec) in investments	(2,231)	8,898	-	-	-
CF from investing activities	(7,696)	3,511	(6,000)	(6,000)	(6,000)
Inc/(Dec) in share capital	(2,334)	(590)	-	-	-
Dividend Paid	(10,964)	(12,326)	(13,638)	(15,979)	(18,575)
Others	(49)	(148)	(148)	(148)	(148)
CF from financing activities	(13,347)	(13,064)	(13,786)	(16,127)	(18,723)
Net cash flow	24,909	5,099	13,182	19,830	23,996
Opening balance	50,082	74,991	80,090	93,272	1,13,102
Closing balance	74,991	80,090	93,272	1,13,102	1,37,098

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	8.9	15.2	18.0	17.2	15.1
EBITDA	4.0	22.3	15.3	17.0	16.0
Adj PAT	13.7	28.0	10.6	17.2	16.2
Adj EPS	13.7	28.0	10.6	17.2	16.2

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	41.4	32.3	29.2	24.9	21.5
P/BV (x)	8.1	7.2	6.3	5.4	4.7
EV/EBITDA (x)	27.1	22.0	18.8	15.7	13.2
EV/Sales (x)	5.9	5.1	4.2	3.5	3.0
Dividend Yield (%)	1.1	1.1	1.2	1.4	1.6

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	20.6	23.5	22.8	23.3	23.6
RoCE (%)	21.7	24.7	23.7	24.1	24.3
Asset/T.O (x)	1.6	1.6	1.6	1.6	1.6
Net Debt/Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)
EBIT/Interest (x)	652.1	270.4	301.7	353.3	410.6

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin	21.6	22.9	22.4	22.4	22.5
EBIT Margin	19.1	20.6	20.1	20.2	20.5
PAT Margin	15.1	16.7	15.8	15.8	15.9

Source: Company Antique

CMP	: INR 120
Reco	: BUY ↔
Target Price	: INR 133 ↑
Target Price Change	: 2%
Target 1HFY26EV/EBITDA(x)	: 4.8
EBITDA Change FY24/ 25	: +19%/-3%

Varatharajan S.

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

Kishan Mundhra

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

Market data	
Sensex	: 63,875
Sector	: Oil & Gas
Market Cap (INR bn)	: 785.7
Market Cap (USD bn)	: 9.437
O/S Shares (mn)	: 6,575.1
52-wk HI/LO (INR)	: 132/88
Avg. Daily Vol ('000)	: 12,119
Bloomberg	: GAIL IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	13.1	13.6	14.0
P/E (x)	9.1	8.7	8.5
P/BV (x)	1.30	1.19	1.10
EV/EBITDA (x)	7.5	7.1	6.7
Dividend Yield (%)	4.4	4.6	4.7

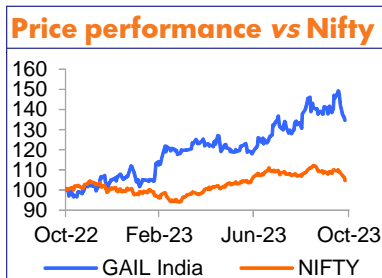
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(4)	0	11	31
Relative	(1)	4	7	25

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW**GAIL (India)****Strong show**

GAIL's 2QFY24 numbers were above our and consensus estimates. Reported EBITDA was INR 34.9 bn (+43% QoQ, +98% YoY) vs. our estimate of INR 27 bn and consensus of INR 25 bn. PAT was INR 24 bn (+70% QoQ, +57% YoY). The beat was driven by stronger than expected performance in the marketing and 'others' segment. The company has also given a strong guidance of INR 40 bn for FY25 marketing EBITDA and more than 130 mmscmd of transmission volume. While marketing has tailwinds and INR 40 bn is in line with our estimates, 130 mmscmd of gas transmission volume looks a bit aggressive to us. The petrochemicals segment continues to face challenges. Accordingly, we increase our FY24 EBITDA estimate by 19% to account for the strong quarter, while lower FY25 estimate by 3% to account for the delay in recovery in the petrochemicals segment. We value the company at INR 133/share (earlier INR 130/share) as we roll forward our estimates to 1HFY26. Maintain BUY with a target price of INR 133.

Transmission earnings normalize; power demand a key monitorable

Transmission segment EBITDA at INR 16.5 bn (+22% QoQ, +63% YoY) was bereft of the high spot LNG prices observed in the previous quarters. However, it was marginally lower than our estimate. The segmental realization was INR 2.20/scm (vs. INR 2.24/scm QoQ, INR 1.57/scm YoY). This is further expected to go up as the company has already filed for review of tariff on account of higher APM costs. EBITDA/scm was INR 1.49/scm (vs. INR 1.28/scm QoQ, INR 1.02/scm YoY). Natural gas transmission volume at 120 mmscmd (+3.4% QoQ, +11.73% YoY) benefitted due to higher consumption from gas power plants due to high peak demand, but this needs to be observed closely as recent weeks have seen some moderation.

Marketing segment performance improves

The marketing segment recorded its second-highest quarterly EBITDA at INR 19.5 bn (vs. INR 11.0 bn QoQ, vs. INR 5.3 bn YoY). Total marketing volume was however subdued at 97 mmscmd (-2% QoQ, +5% YoY) as decrease in overseas volume by 5 mmscmd could only be partially offset (3 mmscmd) by higher domestic volume. The favorable price environment (lower HH prices and high oil prices) continues for the sector and the segment should maintain high margins. The company guides to an EBITDA of at least INR 40 bn for FY25 compared to the last five-year average of INR 26 bn.

Petchem improving but challenges continue

Petrochem EBITDA at INR -0.4 bn (vs. INR -1.7 QoQ, INR -2.1 bn YoY) remains a challenge due to lower polyethylene (PE) prices, higher input gas cost, and low utilization. The company expects utilization to improve from hereon, leading to some marginal improvements. Overall, the petrochemicals cycle reflects a downtrend with end-product prices being significantly challenged. We believe that the recovery will now happen only in FY26 vs. our earlier estimate of FY25.

LPG profitability hit; likely to recover

LPG & hydrocarbon production EBITDA at INR 0.05 bn (INR 2.2 bn QoQ, INR 5.2 bn YoY) has declined significantly as propane prices were down significantly during the quarter at ~USD 450/ton. However, propane prices have recovered to more than USD 600/ton currently and should drive up profitability.

Investment Summary

We increase GAIL's FY24 EBITDA estimate by 19% to incorporate the strong quarterly performance while lower the FY25 estimate by 3% to account for delayed petrochemicals recovery. GAIL's pipeline business, from which GAIL derives the most value, has turned around successfully over the last year and marketing segment continues to witness a favorable commodity price environment. We remain positive on the company and maintain BUY with a target price of INR 133 (earlier INR 130), as we roll forward to 1HFY26.

Results snapshot

Particulars (INR mn)	2Q24	2Q23	YoY (%)	1Q24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Net sales	3,18,226	3,84,786	-17.3	3,22,275	-1.3	6,40,501	7,60,507	-15.8
COGS	2,60,519	3,47,818	-25.1	2,73,182	-4.6	5,33,701	6,62,220	-19.4
% of sales	81.9	90.4		84.8		83.3	87.1	
Employee cost	4,932	4,194	17.6	4,900	0.7	9,832	8,611	14.2
% of sales	1.5	1.1		1.5		1.5	1.1	
Other Expenses	17,862	15,125	18.1	19,866	-10.1	37,728	28,374	33.0
% of sales	5.6	3.9		6.2		5.9	3.7	
Total Exp	2,83,313	3,67,137	-22.8	2,97,947	-4.9	5,81,260	6,99,205	-16.9
EBITDA	34,913	17,649	97.8	24,328	43.5	59,241	61,302	-3.4
% of sales	11.0	4.6		7.5		9.2	8.1	
Other Income	5,609	7,988	-29.8	2,676	109.6	8,285	9,785	-15.3
Depreciation	7,502	6,194	21.1	6,358	18.0	13,860	12,223	13.4
Interest	1,718	683	151.5	1,758	-2.3	3,476	1,164	198.7
PBT	31,302	18,760	66.9	18,888		50,190	57,700	-13.0
PBT after exceptional	31,302	18,760	66.9	18,888	65.7	50,190	57,700	-13.0
Tax	7,252	3,388	114.0	4,767	52.1	12,019	13,179	-8.8
Tax rate (%)	23.2	18.1		25.2		23.9	22.8	
Reported Net Profit	24,050	15,372	56.5	14,121	70.3	38,171	44,521	-14.3
Adjusted Net Profit	24,050	15,372	56.5	14,121	70.3	38,171	44,521	-14.3
EPS (INR)	3.6	2.3	56.5	2.1	70.3	5.7	6.7	-14.3

Source: Company, Antique

Change in earnings estimates

	2024E			2025E			2026E		
	Previous	Revised	Change	Previous	Revised	Change	Previous	Revised	Change
EBITDA (INR mn)	104,239	124,007	19%	135,841	131,446	-3%	N/A	136,929	N/A
PAT (INR mn)	71,315	87,455	23%	92,835	90,728	-2%	N/A	93,260	N/A
Transmission volumes (mmscmd)	116	119	2%	124	127	2%	N/A	133	N/A

Source: Company, Antique

Conference Call Takeaways

- **Marketing** - Decrease in overseas volume by 5 mmscmd and increase of 3 mmscmd in domestic volume. Expect at least INR 40 bn marketing margin next year. Marketing volume to be up by 6%-7%. The intent is to procure 1 mtpa long-term contract every year. Currently, the company has 14 mtpa of LNG-most of the portfolio has been sold as back-to-back and some are open. 5.8 mtpa is FOB-based contract and here the company reduces the transportation cost by swapping. Has been able to reduce gas cost by USD 1/mmbtu during the quarter due to this.
- **Pipelines** - 58% average pipeline utilization during the quarter. The company will do 120 mmscmd average volume this year which should increase by 12 mmscmd in FY25, taking the total to 132-133 mmscmd. Growth from CGDs, refineries, and industries. USD 3.61/mmbtu gas price was allowed by PNGRB for calculating pipeline tariff, while current prices are much higher. Pipeline tariff review petition to be heard soon.
- **GAIL own six CGDs** - Has 157 CNG stations and 274,000 DPNG connections, of which three new CNG stations and 5,500 new DPNG connections were established during the year. Volume was 0.3 mmscmd. The target is to add 100 new CNG stations and 0.2 mn DPNG connections.
- **GAIL Gas** - Sales of INR 28 bn. CNG growth was of 7%. PBT dropped to INR 0.6 bn from INR 1 bn because of INR 0.8 bn extraordinary GST impact. PAT was INR 0.42 bn. Physical volume of 6.5 mmscmd jumped significantly on account of bulk trading, while CNG was up by 7%. 18,799 DPNG and six new CNG stations were set-up during the quarter, taking the total to 0.9 mn DPNG and 462 CNG stations (along with JVs).
- **Petrochemicals** - Utilization was similar to 1Q, but expects better output in 3Q. The company is sourcing reasonably priced gas, optimizing, and minimizing cost of gas. Intend to reach break-even by the end of the year.
- **Dividend/ buyback** - It is the board's prerogative, but the company usually gives 45%-50% payout.

Project update

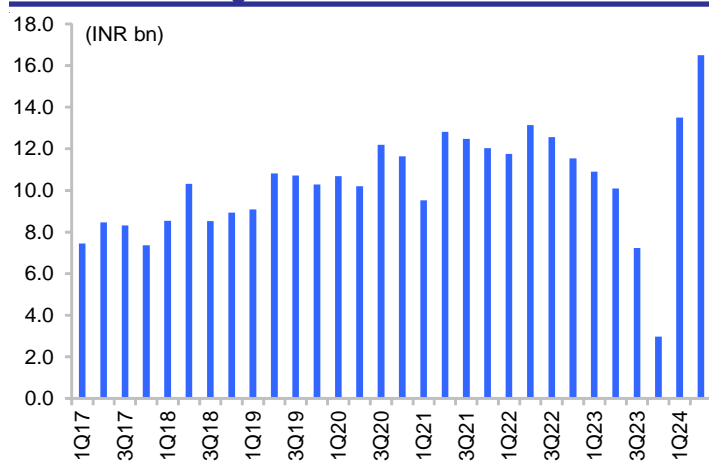
- Mumbai-Nagapur-Jharsugda, the 700 km stretch to be completed by June 24.
- JHBDPL - 2,922 km is already commissioned out of a total length of 3,540 km. Expect total completion by June'24.
- **Srikakulam-Angul** - The 420 km pipeline is to be completed by the end of Dec'23.
- Dhamra Haldia - The Odisha segment of 150 km to be completed by end of Dec'23.
- PDP-PH to be completed by Apr'25. 60 ktpa PP Plant at Pata by July 2. JBF 1,250 ktpa PTA plant to be completed by Mar'25 at a capex of INR 42 bn.
- The company's management regularly discusses whether to reverse merge and list Gail Gas, but difficult to provide a timeline. Discussion also ongoing to merge JBF Petrochemicals.
- Capex of INR 48 bn during 1H.

SOTP Valuation -

	1HFY26E EBITDA (INR mn)	Multiple	Value (INR mn)	Per share value
NG Pipelines transmission	87,020	5.0	4,35,100	65
LPG Pipelines transmission	3,987	6.0	23,920	4
NG Marketing	39,713	4.0	1,58,851	24
Petrochemicals	4,515	6.5	29,349	4
LPG & other Hydrocarbons	8,020	4.5	36,092	5
Others (Unallocated expenses, E&P, etc.)	-9,068	5.0	-45,339	-7
Total	1,34,187	4.8	6,37,973	96
Add: Investments			2,76,388	41
Add: CWIP @75% of BV			1,02,468	15
Enterprise Value			10,16,829	153
Less: 1HFY26 Net debt			1,31,827	20
Equity Value			8,85,002	133
Number of shares			6,661	
Per share value			133	

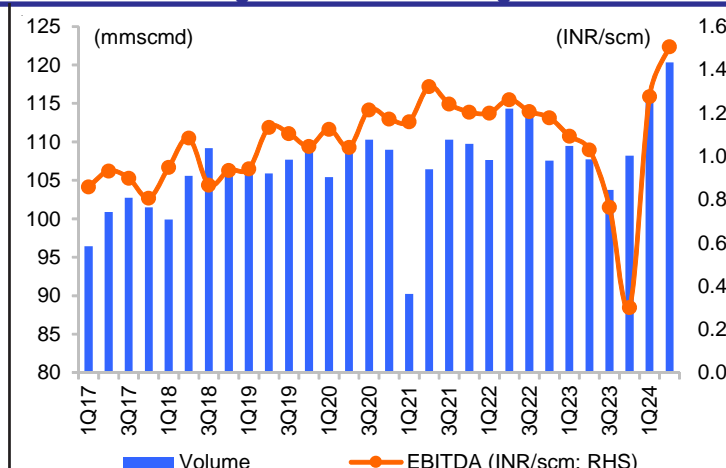
Source: Company, Antique

Gas transmission segment EBITDA



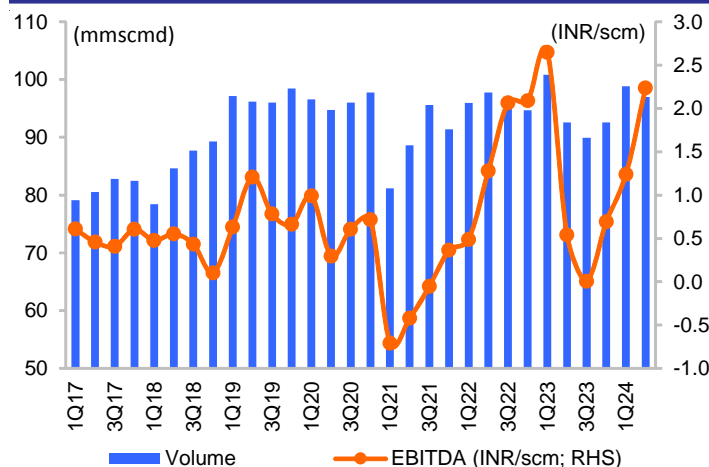
Source: Company, Antique

Gas transmission segment volume and margin



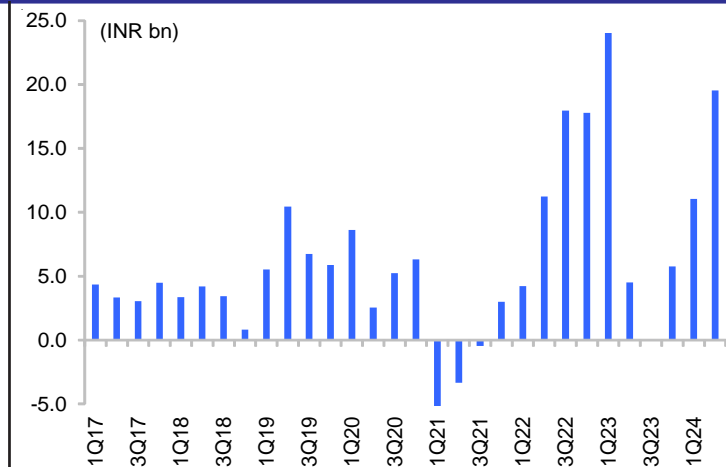
Source: Company, Antique

Gas marketing segment EBITDA



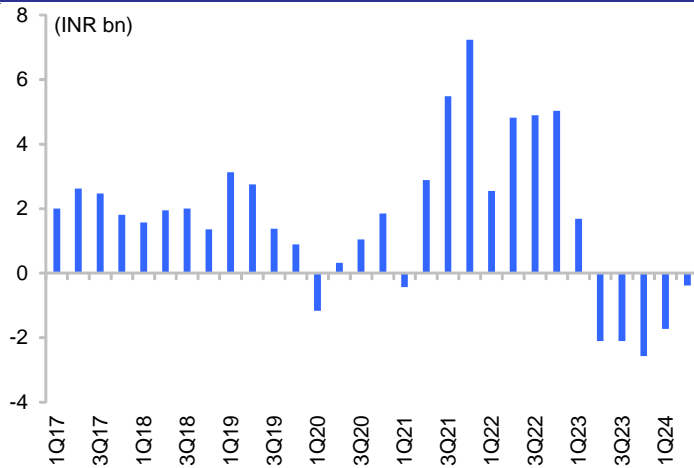
Source: Company, Antique

Gas marketing segment volume and margin



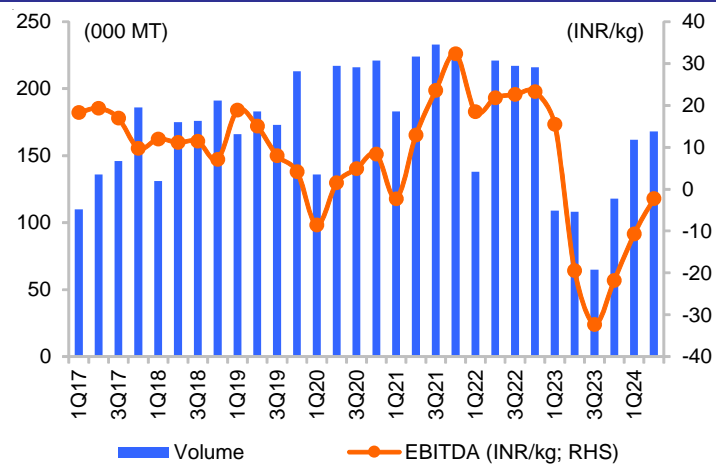
Source: Company, Antique

Petchem segment EBITDA



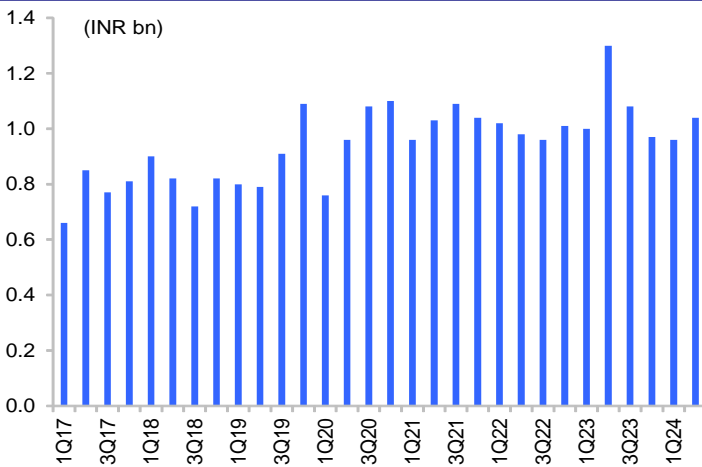
Source: Company, Antique

Petchem segment volume and margin



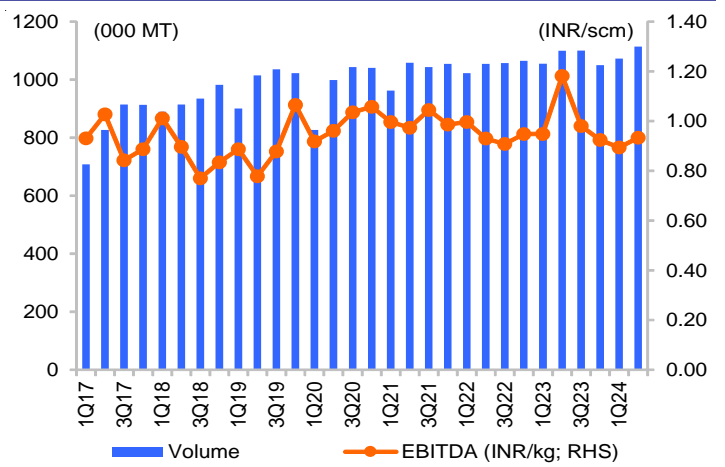
Source: Company, Antique

LPG transmission segment EBITDA



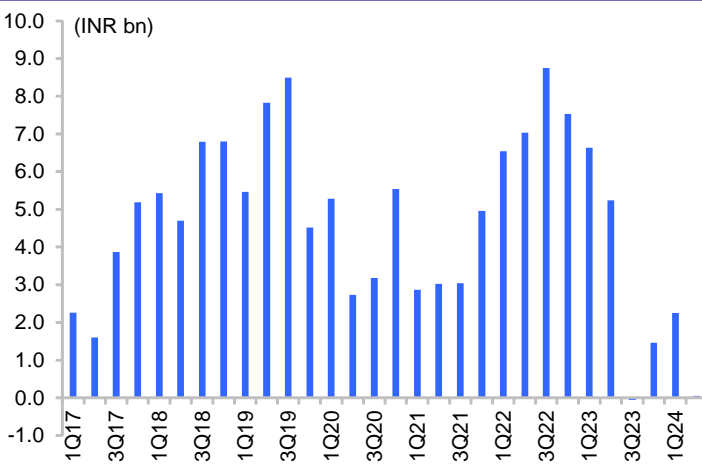
Source: Company, Antique

LPG transmission segment volume and margin



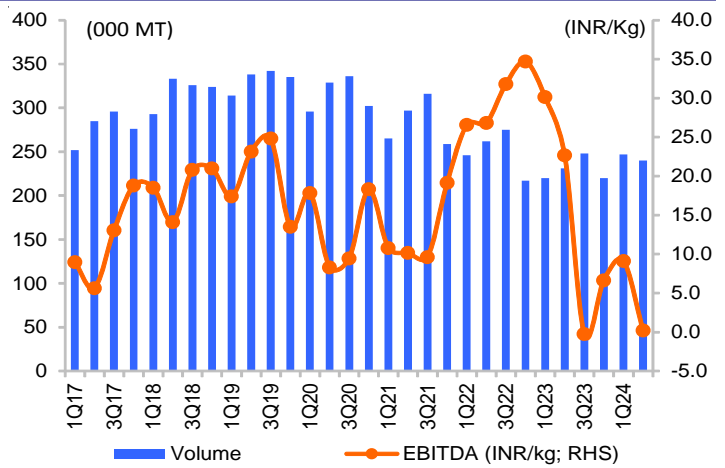
Source: Company, Antique

LPG & hydrocarbons segment EBITDA



Source: Company, Antique

LPG & hydrocarbon segment volume and margin



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	916,265	1,442,497	1,256,061	1,394,542	1,455,767
Op. Expenses	(777,974)	(1,375,506)	(1,132,053)	(1,263,096)	(1,318,838)
EBITDA	138,291	66,991	124,007	131,446	136,929
Depreciation	(21,111)	(24,880)	(26,168)	(30,234)	(33,173)
EBIT	117,180	42,111	97,839	101,212	103,756
Other income	20,468	26,847	16,275	16,966	17,568
Interest Exp.	(1,744)	(3,117)	(5,505)	(5,505)	(5,505)
Reported PBT	135,904	65,841	108,609	112,673	115,818
Tax	(32,264)	(12,824)	(21,154)	(21,945)	(22,558)
Reported PAT	103,640	53,017	87,455	90,728	93,260
Net Profit	103,640	53,017	87,455	90,728	93,260
Adjusted PAT	103,640	53,017	87,455	90,728	93,260
Adjusted EPS (INR)	15.6	8.0	13.1	13.6	14.0

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	44,404	65,751	65,751	65,751	65,751
Reserves & Surplus	511,464	490,785	543,258	597,695	653,651
Networth	555,868	556,536	609,009	663,446	719,402
Debt	76,556	157,293	157,293	157,293	157,293
Net deferred Tax liabilities	47,672	46,627	50,127	53,627	57,127
Capital Employed	680,096	760,456	816,429	874,366	933,822
Gross Fixed Assets	511,297	581,438	676,438	756,438	836,438
Accumulated Depreciation	113,486	138,366	164,534	194,768	227,941
Capital work in progress	130,713	136,624	136,624	136,624	136,624
Net Fixed Assets	528,524	579,696	648,528	698,294	745,121
Investments	121,209	127,887	127,887	127,887	127,887
Non Current Investments	121,209	127,887	127,887	127,887	127,887
Current Assets, Loans & Adv.	213,669	253,726	243,938	269,622	289,407
Inventory	30,152	52,812	42,615	47,751	49,786
Debtors	83,659	114,106	99,322	110,273	115,114
Cash & Bank balance	20,849	4,019	15,072	20,323	28,668
Loans & advances and others	79,009	82,789	86,929	91,275	95,839
Current Liabilities & Provisions	183,306	200,853	203,924	221,437	228,593
Liabilities	168,205	183,928	186,660	203,828	210,632
Provisions	15,101	16,925	17,264	17,609	17,961
Net Current Assets	30,363	52,873	40,014	48,185	60,814
Application of Funds	680,096	760,456	816,429	874,366	933,822

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	6,661	6,661	6,661	6,661	6,661
Diluted no. of shares (mn)	6,661	6,661	6,661	6,661	6,661
BVPS (INR)	83.46	83.56	91.43	99.61	108.01
CEPS (INR)	12.39	4.22	9.20	9.08	9.02
DPS (INR)	10.00	3.18	5.25	5.45	5.60

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	135,904	65,838	108,609	112,673	115,818
Depreciation & amortization	21,111	24,880	26,168	30,234	33,173
Interest expense	1,744	3,117	5,505	5,505	5,505
(Inc)/Dec in working capital	(29,737)	(30,935)	23,912	(2,919)	(4,284)
Tax paid	(31,960)	(15,177)	(17,654)	(18,445)	(19,058)
Less: Interest/Div. Income Recd.	(5,901)	(21,436)	(16,275)	(16,966)	(17,568)
Other operating Cash Flow	(1,612)	1,790	-	-	-
CF from operating activities	89,549	28,077	130,266	110,082	113,587
Capital expenditure	(53,289)	(73,416)	(95,000)	(80,000)	(80,000)
Inc/(Dec) in investments	(6,012)	(10,165)	-	-	-
Add: Interest/Div. Income Recd.	13,152	18,047	16,275	16,966	17,568
CF from investing activities	(46,148)	(65,534)	(78,725)	(63,034)	(62,432)
Inc/(Dec) in share capital	-	(13,288)	-	-	-
Inc/(Dec) in debt	1,288	76,051	-	-	-
Dividend Paid	(39,942)	(30,679)	(34,982)	(36,291)	(37,304)
Others	(3,194)	(6,567)	(5,505)	(5,505)	(5,505)
CF from financing activities	(41,848)	25,517	(40,487)	(41,796)	(42,809)
Net cash flow	1,553	(11,939)	11,053	5,251	8,345
Opening balance	12,124	13,677	1,737	12,791	18,042
Closing balance	13,677	1,737	12,791	18,042	26,387

Growth Indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	61.51	57.43	-12.92	11.03	4.39
EBITDA (%)	114.57	-51.56	85.11	6.00	4.17
Adj PAT (%)	111.94	-48.85	64.96	3.74	2.79
Adj EPS (%)	115.27	-48.85	64.96	3.74	2.79

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	7.7	15.1	9.1	8.7	8.5
P/BV (x)	1.4	1.4	1.3	1.2	1.1
EV/EBITDA (x)	6.2	14.2	7.5	7.1	6.7
EV/Sales (x)	0.9	0.7	0.7	0.7	0.6
Dividend Yield (%)	8.3	2.7	4.4	4.6	4.7

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	20.28	9.53	15.01	14.26	13.49
RoCE (%)	21.97	9.57	14.47	13.98	13.42
Asset/T.O (x)	1.77	2.42	1.90	1.94	1.88
Net Debt/Equity (x)	0.10	0.28	0.23	0.21	0.18
EBIT/Interest (x)	78.93	22.12	20.73	21.47	22.04

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	15.1	4.6	9.9	9.4	9.4
EBIT Margin (%)	12.8	2.9	7.8	7.3	7.1
PAT Margin (%)	11.06	3.61	6.87	6.43	6.33

Source: Company Antique

CMP	: INR 634
Reco	: BUY ↔
Target Price	: INR 697 ↓
Target Price Change	: -13%
Target 1HFY26 EV/EBITDA (x)	: 6
EBITDA Change FY24/ 25	: -10%/-11%

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

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

Market data	
Sensex	: 63,875
Sector	: Metals
Market Cap (INR bn)	: 646.5
Market Cap (USD bn)	: 7.766
O/S Shares (mn)	: 1,020.1
52-wk HI/LO (INR)	: 723/446
Avg. Daily Vol ('000)	: 1,796
Bloomberg	: JSP IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	36.7	51.3	59.4
P/E (x)	17.3	12.4	10.7
P/BV (x)	1.5	1.3	1.1
EV/EBITDA (x)	7.6	6.1	5.3
Dividend Yield (%)	0.4	0.4	0.4

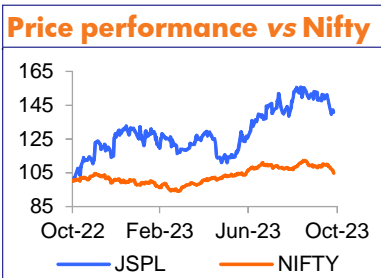
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(10)	(5)	9	38
Relative	(7)	(1)	4	32

Source: Bloomberg

Shareholding pattern	
Promoters	: 61%
Public	: 38%
Others	: 1%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Jindal Steel & Power

Execution delays could subdue growth

Jindal Steel and Power's (JSPL) 2QFY24 consolidated revenue at ~INR 122.5 bn was in line with our but 2.7% below consensus estimates, contracted 9.4% YoY and 2.7% QoQ. Standalone revenue at INR 120.8 bn fell 7.8% YoY and 1.9% QoQ with lower realizations offsetting steel sales volume. Net blended steel realization (5.2% below estimate) fell 7.8% YoY and 10.2% QoQ. Standalone EBITDA at ~INR 23.1 bn, grew 25.8% YoY but declined 12.9% QoQ. EBITDA per ton rose 25.8% YoY but fell 20.2% QoQ to INR 11,503 with sequentially higher volume and USD 70 per ton reduction in coking coal costs offset by lower realizations. Consolidated EBITDA at ~INR 22.8 bn rose 18.3% YoY but fell 13% sequentially with foreign subsidiaries cumulatively reporting an EBITDA loss of INR 310 mn for the quarter. Consolidated net debt rose 7.4% QoQ to INR 73.1 bn at the end of 2QFY24 (INR 68.1 bn at the end of 1QFY24), while net debt to EBITDA stood at 0.77x level (well below the company's target of 1.5x). While external pellet sales from the newly commissioned 6 mtpa pellet plant at Angul (till blast furnace comes up) could aid top-line growth, steel volumes growth prospect stands affected with any capacity expansion project delays. Lower coal costs (captive coal mining commenced at Gare Palma IV/6; Utkal C to start in 3QFY24), slurry pipeline, improved product mix (5.5 mtpa hot strip mill expected to be commissioned in 3QFY24) will aid FY24 and FY25 margins. We maintain BUY, roll over our earnings estimate to FY26 and arrive at a revised TP of INR 697 (earlier INR 804) based on 6x 1HFY26 EV/EBITDA target multiple factoring in the higher capex guidance and plausible delayed execution of expansion projects.

Standalone EBITDA higher YoY but lower QoQ; impacted by lower realizations

Standalone steel sales volume at ~2 MT was flat YoY but rose 9.2% QoQ, resonating with the strong domestic steel demand. Export proportion in the sales mix marginally improved sequentially (13% in 2QFY24 vs. 12% in 1QFY24). Net blended steel realization fell 7.8% YoY and 10.2% QoQ. Standalone EBITDA at ~INR 23.1 bn grew 25.8% YoY but declined 12.9% QoQ, with sequentially higher volume and USD 70 per ton reduction in coking coal costs offset by lower realizations. EBITDA per ton rose 25.8% YoY but fell 20.2% QoQ to INR 11,503. Management guided that realization improvement in 3QFY24 would be partially offset by a USD 50–60 per ton rise in coking coal costs.

Volume outlook strong; capex initiative benefits to accrue FY25 onwards

Higher domestic sales (second half typically strong for steelmakers), backed by strong demand in an upcoming election year and external pellet sales from the new pellet plant at Angul aided top-line growth. Commissioning of 5.5 mtpa hot strip mill at Angul in 3QFY24 would increase finished steel capacity and improve product mix, aiding profitability. Lower coal costs (captive coal mining commenced at Gare Palma IV/6; Utkal C to start in 3QFY24), slurry pipeline (expected to reduce cost by INR 1,500 per ton of steel) will further aid FY24 and FY25 margins.

Debt level higher QoQ but leverage level comfortable

Consolidated net debt rose 7.4% QoQ to INR 73.1 bn at the end of 2QFY24 (INR 68.1 bn at the end of 1QFY24), while net debt to EBITDA stood at 0.77x level (well below the company's target of 1.5x). JSPL's sound capital allocation framework would enable it to undertake the next phase of growth without considerable debt concerns (despite a rise in the capex outlay to INR 310 bn from the earlier INR 240 bn).

Investment Summary

While external pellet sales from the newly commissioned 6 mtpa pellet plant at Angul (till blast furnace comes up) could aid top-line growth, steel volumes growth prospect stands affected with any capacity expansion project delays. We maintain BUY, roll over our earnings estimate to FY26 and arrive at a revised TP of INR 697 (earlier INR 804) based on 6x 1HFY26 EV/EBITDA target multiple factoring in the higher capex guidance and plausible delayed execution of expansion projects.

JSPL, Quarterly performance (INR mn)

Consolidated performance	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	FY24TD	FY23TD	YoY (%)
Sales	1,22,502	1,35,214	(9.4)	1,25,883	(2.7)	2,48,385	2,65,668	-6.5
Stock adjustment	9,390	14,552	(35.5)	(5,503)	(270.6)	3,888	(3,213)	(221.0)
Cost of Material Consumed	47,721	51,783	(7.8)	58,543	(18.5)	1,06,264	1,21,342	(12.4)
% of sales	39.0	38.3	66 bps	46.5	-755 bps	42.8	45.7	-289 bps
Employee cost	3,096	2,837	9.1	2,919	6.1	6,015	5,452	10.3
% of sales	2.5	2.1	43 bps	2.3	21 bps	2.4	2.1	37 bps
Other expenses	39,437	46,729	(15.6)	43,645	(9.6)	83,082	88,386	(6.0)
% of sales	32.2	34.6	-237 bps	34.7	-248 bps	33.4	33.3	18 bps
Total Exp	99,645	1,15,900	(14.0)	99,603	0.0	1,99,248	2,11,967	(6.0)
EBITDA	22,857	19,314	18.3	26,280	(13.0)	49,137	53,701	(8.5)
Margin %	18.7	14.3	437 bps	20.9	-222 bps	19.8	20.2	-43 bps
Other income	319	5	6,541.7	553	(42.3)	872	242	259.6
Depreciation	6,037	6,143	(1.7)	5,875	2.8	11,912	12,104	(1.6)
Interest expenses	3,294	3,648	(9.7)	3,291	0.1	6,585	7,286	(9.6)
Profit Before Tax	13,845	9,528	45.3	17,667	(21.6)	31,512	34,553	(8.8)
Exceptional item	-	(8,985)	n.a.	-	-	-	(8,376)	(100.0)
PBT after exceptional	13,845	543	2,450.2	17,667	(21.6)	31,512	26,177	20.4
Tax	(58)	(1,650)	n.a.	748	(107.8)	689	4,084	(83.1)
Tax Rate %	-0.4	-303.9	n.a.	4.2	-465 bps	2.2	15.6	-1341 bps
Share of Profit from associates	(2.5)	(0.2)	n.a.	(1.7)	47.1	(4.2)	(0.6)	600.0
Minority Interest	23	196	(88.3)	49	(53.1)	71	394	(81.9)
Reported Net Profit	13,878	1,997	594.9	16,869	(17.7)	30,748	21,698	41.7
Adjusted Net Profit	13,878	11,178	24.2	16,869	(17.7)	30,748	30,879	(0.4)
EPS (INR)	13.8	11.1	24.2	16.8	(17.7)	30.6	30.4	0.5

Source: Company, Antique

Standalone performance

	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	FY24TD	FY23TD	YoY (%)
Sales	1,20,818	1,31,071	(7.8)	1,23,106	(1.9)	2,43,924	2,59,556	-6.0
Stock adjustment	8,837	15,171	-41.8	(5,176)	-270.7	3,661	(2,231)	(264.1)
Cost of Material Consumed	50,291	52,276	-3.8	60,676	-17.1	1,10,967	1,21,291	(8.5)
% of sales	41.6	39.9	174 bps	49.3	-766 bps	45.5	46.7	-124 bps
Employee cost	2,271	2,228	1.9	2,106	7.8	4,376	4,254	2.9
% of sales	1.9	1.7	18 bps	1.7	17 bps	1.8	1.6	16 bps
Other expenses	36,299	43,018	(15.6)	38,967	(6.8)	75,265	84,757	(11.2)
% of sales	30.0	32.8	-278 bps	31.7	-161 bps	30.9	32.7	-180 bps
Total Exp	97,697	1,12,694	(13.3)	96,572	1.2	1,94,269	2,08,071	(6.6)
EBITDA	23,121	18,377	25.8	26,533	(12.9)	49,654	51,485	(3.6)
Margin %	19.1	14.0	512 bps	21.6	-242 bps	20.4	19.8	52 bps
Other income	259	81	220.8	140	85.1	399	289	38.1
Depreciation	5,545	5,445	1.9	5,399	2.7	10,944	10,840	1.0
Interest expenses	2,579	3,198	(19.4)	2,579	0.0	5,158	5,777	(10.7)
Profit Before Tax	15,256	9,816	55.4	18,696	(18.4)	33,952	35,158	(3.4)
Exceptional item	-	(16,639)	n.a.	-	0.0	-	41,408	(100.0)
PBT after exceptional	15,256	(6,824) loss to profit		18,696	(18.4)	33,952	76,565	(55.7)
Tax	4,170	(2,092)	n.a.	4,701	(11.3)	8,871	15,066	(41.1)
Tax Rate %	27.3	30.7	-332 bps	25.1	219 bps	26.1	19.7	645 bps
Reported Net Profit	11,086	(4,732) loss to profit		13,995	(20.8)	25,081	61,499	(59.2)
Adjusted Net Profit	11,086	9,348	18.6	13,995	(20.8)	25,081	30,066	(16.6)

Source: Company, Antique

Key Operating metrics - Standalone

	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	FY24TD	FY23TD	YoY (%)
Production volume (tons)	19,00,000	18,20,000	4.4	20,40,000	(6.9)	39,40,000	38,10,000	3.4
Sales volume (tons)	20,10,000	20,10,000	-	18,40,000	9.2	38,50,000	37,50,000	2.7
Average steel realization (INR per ton)	60,108	65,209	(7.8)	66,905	(10.2)	63,357	69,215	(8.5)
Average steel EBITDA (INR per ton)	11,503	9,143	25.8	14,420	(20.2)	12,897	13,729	(6.1)

Source: Company, Antique

Consolidated Balance Sheet

(INR mn)	1HFY24	FY23
Share Capital	1,005	1,005
Reserves & Surplus	4,14,009	3,86,061
Networth	4,15,014	3,87,066
Debt	1,34,674	1,30,463
Minority Interest	3,222	3,125
Net deferred Tax liabilities	59,537	59,366
Capital Employed	6,12,446	5,80,020
Gross Fixed Assets	4,29,395	4,35,040
Accumulated Depreciation	0	0
Capital work in progress	1,12,497	78,696
Net Fixed Assets	5,41,892	5,13,736
Goodwill	554	554
Investments	19,244	9,074
Non Current Investments	1,421	1,425
Current Investments	17,823	7,649
Current Assets, Loans & Advances	1,60,431	1,70,908
Inventory	53,104	58,868
Debtors	7,093	9,745
Cash & Bank balance	37,736	47,168
Loans & advances and others	62,498	55,127
Current Liabilities & Provisions	1,09,675	1,14,252
Liabilities	1,04,293	1,09,784
Provisions	5,381	4,468
Net Current Assets	50,756	56,656
Application of Funds	6,12,446	5,80,020

Source: Company, Antique

Revision in estimates

JSPL (standalone)	Previous estimates		Current estimates		FY26e
	FY24e	FY25e	FY24e	FY25e	
Steel Volume (tons)	85,95,900	94,35,920	80,40,550	89,28,353	97,42,480
Blended realization/t (INR)	64,701	62,241	65,493	62,950	59,755
Revenue (INR mn)	5,56,163	5,87,301	5,26,602	5,62,044	5,82,158
EBITDA (INR mn)	1,11,363	1,36,888	99,916	1,21,556	1,35,241
EBITDA/t (INR)	12,955	14,507	12,427	13,615	13,882

Source: Company, Antique

SoTP valuation

	1HFY26e (INR mn)	Multiple	Valuation (INR mn)
Steel EBITDA	1,25,377	6.0	7,56,025
Less: Consolidated net debt			67,368
Add: Standalone CWIP@0.4x			16,000
Target market capitalization			7,04,657
No of equity shares (mn)			1,011
Target price (INR per share)			697

Source: Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net revenues	5,10,856	5,27,112	5,36,029	5,74,213	5,97,426
Total Expense	3,55,721	4,27,763	4,39,984	4,55,984	4,64,901
EBITDA	1,55,134	99,349	96,045	1,18,229	1,32,525
Depreciation & amortization	20,968	26,910	29,393	32,625	36,275
EBIT	1,34,167	72,439	66,652	85,605	96,250
Other income	504	571	927	927	1,037
Financial expense	18,877	14,459	13,871	12,947	12,644
Exceptional items loss(gain)	4,062	13,695	-	-	-
PBT	1,11,731	44,856	53,709	73,585	84,644
Provision for Tax	29,245	12,923	16,326	21,296	24,037
PAT	82,485	31,934	37,383	52,289	60,607
Share in profit from JV	(2)	(2)	-	-	-
Minority Interest	67	(421)	-	-	-
Attributable PAT	82,416	32,353	37,383	52,289	60,607
Adj. PAT after min. and asso.	86,478	46,048	37,383	52,289	60,607
Basic EPS (INR)	85.6	45.8	37.2	52.0	60.3
Diluted EPS (INR)	84.8	45.1	36.7	51.3	59.4

Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Equity share capital	1,011	1,005	1,005	1,005	1,005
Reserves & surplus	3,55,236	3,86,061	4,32,337	4,93,036	5,61,870
Shareholder's funds	3,56,247	3,87,066	4,33,342	4,94,041	5,62,875
Minority interest	14,705	3,125	3,125	3,125	3,125
Debt	1,38,103	1,30,463	1,24,766	1,15,811	1,12,877
Deferred tax liability/(asset)	72,762	59,366	59,366	59,366	59,366
Capital employed	5,81,817	5,80,020	6,20,599	6,72,343	7,38,244
Gross fixed assets	6,73,403	6,82,067	7,38,254	8,13,254	8,98,254
less: Accumulated depreciation	2,23,006	2,47,199	2,70,988	2,97,618	3,27,470
Net fixed assets	4,50,397	4,34,867	4,67,266	5,15,635	5,70,784
Capital work in progress	25,384	78,696	97,509	97,509	97,509
Goodwill on Consolidation	4,480	554	554	554	554
Investments	1,378	1,425	1,425	1,425	1,425
Inventory	72,814	58,868	58,904	59,309	58,856
Debtors	12,641	9,745	11,424	12,298	12,794
Cash & cash equivalent	40,006	54,817	41,976	41,976	51,976
Loans & advances and others	1,908	2,627	5,368	10,792	13,051
Other current assets	1,57,427	52,673	52,673	52,673	52,673
Current assets, loans & adv.	2,84,796	1,78,730	1,70,346	1,77,049	1,89,351
Creditors	1,79,511	1,09,784	1,14,548	1,17,876	1,19,426
Other liabilities & provisions	5,107	4,468	2,281	2,281	2,281
Current liabilities & prov.	1,84,618	1,14,252	1,16,830	1,20,158	1,21,708
Net current assets	1,00,178	64,478	53,845	57,220	67,972
Application of funds	5,81,817	5,80,020	6,20,599	6,72,343	7,38,244

Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Outstanding shares (mn)	1,011	1,005	1,005	1,005	1,005
BVPS (INR)	352	385	431	492	560
CEPS (INR)	21	27	29	32	36
DPS (INR)	3.0	2.0	2.5	2.5	2.5

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	1,11,731	44,856	53,709	73,585	84,644
(Inc)/Dec in working capital	(20,252)	50,511	(2,208)	(3,375)	(752)
Tax paid	(29,245)	(12,923)	(16,326)	(21,296)	(24,037)
CF from operating activities	1,02,078	1,23,813	78,439	94,486	1,08,773
Capital expenditure	1,38,598	(61,975)	(75,000)	(75,000)	(85,000)
Net Investments	(65)	-	-	-	-
Income from investments	504	571	927	927	1,037
CF from investing activities	1,39,037	(61,405)	(74,073)	(74,073)	(83,963)
Inc/(Dec) in equity share capital	(9)	(6)	-	0	-
Inc/(Dec) in debt	(1,63,742)	(7,640)	(5,697)	(8,954)	(2,934)
Others	(87,083)	(22,083)	2,365	(683)	(1,101)
Dividends & Interest paid	(21,909)	(17,868)	(13,875)	(10,776)	(10,776)
CF from financing activities	(2,72,744)	(47,597)	(17,208)	(20,413)	(14,811)
Net cash flow	(31,629)	14,811	(12,841)	-	10,000
Opening balance	71,635	40,006	54,817	41,976	41,976
Closing balance	40,006	54,817	41,976	41,976	51,976

Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	31.0	3.2	1.7	7.1	4.0
EBITDA	7.4	(36.0)	(3.3)	23.1	12.1
PAT	34.8	(46.8)	(18.8)	39.9	15.9
EPS	34.8	(46.8)	(18.8)	39.9	15.9

Valuation (x)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	7.5	14.0	17.3	12.4	10.7
P/BV (x)	1.8	1.6	1.5	1.3	1.1
EV/EBITDA (x)	4.8	7.3	7.6	6.1	5.3
EV/Sales (x)	1.5	1.4	1.4	1.3	1.2
Dividend Yield (%)	0.5	0.3	0.4	0.4	0.4

Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	24.3	11.9	8.6	10.6	10.8
RoCE (%)	23.1	12.5	10.7	12.7	13.0
Net Debt/Equity (x)	0.3	0.2	0.2	0.1	0.1
EBIT/Interest (x)	7.1	5.0	4.8	6.6	7.6

Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Gross margin	32.1	21.0	100.0	100.0	100.0
EBITDA	30.4	18.8	17.9	20.6	22.2
EBIT	26.3	13.7	12.4	14.9	16.1
PAT	16.9	8.7	7.0	9.1	10.1

Turnover ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Asset turnover (x)	1.1	1.2	1.1	1.1	1.0
Debtors (days)	9	7	8	8	8
Inventory (days)	75	50	49	47	46
Creditor (days)	184	94	95	94	94

Source: Company Antique

CMP	: INR 878
Reco	: HOLD ↓
Target	: INR 930 ↑
Target Price Change	: 6%
Target 1HFY26E (P/E)	: 42
EPS Change FY24/ 25	: No Change

Amit Shah

+91 22 6911 3466
amit.shah@antiquelimited.com

Dhirendra Tiwari

+91 22 6911 3436
dhirendra.tiwari@antiquelimited.com

Devesh Kasliwal

+91 22 6911 3422
devesh.kasliwal@antiquelimited.com

Market data	
Sensex	: 63,875
Sector	: Industrials
Market Cap (INR bn)	: 181.9
Market Cap (USD bn)	: 2.185
O/S Shares (mn)	: 205.6
52-wk HI/LO (INR)	: 955/553
Avg. Daily Vol ('000)	: 185
Bloomberg	: BLSTR IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	20.4	27.8	35.2
P/E (x)	43.1	31.6	25.0
P/BV (x)	11.3	9.4	7.5
EV/EBITDA (x)	25.7	19.7	15.9
Dividend Yield (%)	1.1	1.1	1.1

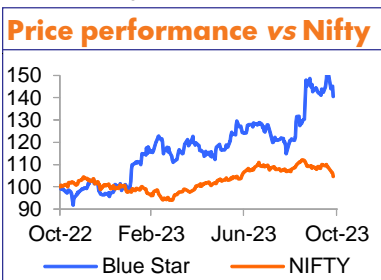
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	1	13	20	43
Relative	4	17	14	37

Source: Bloomberg

Shareholding pattern	
Promoters	: 39%
Public	: 61%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Blue Star

Marginal outperformance on the operational front; premium valuations; downgrade to HOLD

Blue Star's 2QFY24 operational performance was marginally ahead of our expectations supported by robust performance in the UCP segment. Blue Star has been able to gain market share and register market-leading growth in the RAC segment. With current market share of 13.5%, Blue Star expects to achieve 15% market share in the RAC business segment and margin to be in the range of 8.5%-9.0%. Additionally, the EMP business outlook remains healthy with the company diversifying its presence from the traditional building markets to areas like data centers, factories, and metro rail. It also plans to become a significant player in the overseas market like Europe and North America. We believe Blue Star's strategy will help deliver ahead-of-market performance in the years to come, however, given the premium valuations we downgrade the stock to HOLD with a revised SoTP target price of INR 930 on 1HFY26E, valuing the UCP business at 42x.

Operational performance a tad better, driven by better than estimated UCP performance

Blue Star's results were marginally ahead of our expectations supported by better than estimated performance in the UCP segment. Blue Star booked revenue of INR 18.9 bn (+20% YoY) ahead of our estimate of INR 18.6 bn supported by better than estimated revenue booking in the UCP segment (INR 7.3 bn; +39% YoY; est. of INR 6.6 bn). Operating profit for the quarter stood at INR 1.2 bn (+43% YoY), outperforming our expectation of INR 1.1 bn as operating margin stood ahead of our estimate at 6.5% (+90 bps YoY; est. of 6.2%), supported by improved revenue mix during the quarter. PAT stood at INR 708 mn (+66% YoY), ahead of our estimate of INR 605 mn.

UCP segment outperforms; EBIT margin guidance stands at 8.5%-9.0%

Blue Star's UCP segment revenue stood at INR 7.3 bn (+39% YoY), ahead of our estimate of INR 6.6 bn; EBIT margin of 8.4% (+230 bps YoY) stood meaningfully ahead of our estimate at 6.5% supported by operating leverage. Blue Star has been able to improve its market share to 13.5% and has been able to grow ahead of the industry, which reported 30% growth for the quarter. Blue Star intends to further scale up its market share to 15% by FY25 end with a focus on penetrating Tier 2, 3, 4 towns along with an increase in market share in the Northern region. Incrementally, expansion of the conventional distribution channel and increased e-commerce share in revenue has also helped Blue Star scale-up growth. The company is optimistic of the coming festive season and believes the industry can still grow at 10%-15% in FY24 with a guidance of 15%-20% growth for FY24.

EMP segment underperforms our expectations, as margins disappoint

EMP segment revenue came in at INR 10.8 bn (+12% YoY), in line with our estimate of INR 11 bn. Growth in this segment was supported by demand revival and pick-up in the execution of projects in hand. EBIT margin stood at 6.1% (-20 bps YoY, est. of 6.8%) for the quarter and the guidance is to deliver a 6.5% EBIT margin for FY24. Order inflow for the quarter stood at INR 17.3 bn (+44% YoY) supported by order finalization in data center, factories, healthcare, and hospitality segments. Order book witnessed growth of 51% YoY and stands at INR 46.1 bn. Business momentum continues to remain strong and the focus is on timely execution of orders in hand and free cash flow generation.

Capex plan of INR 10 bn lined up post raising funds through QIP

Blue Star recently raised INR 10 bn with the intent to repay its debt and also to meet its capex requirement in setting up a RAC manufacturing unit, which will help it to scale up its capacity from 0.6 mn units to 1.2 mn units. Blue Star also intends to set up a sub-300 liter deep freezer plant in Wada, where it has 28% market share. The market (INR 25 bn market) is expected to grow at 25% CAGR for the next few years. Additionally, the company wants to continue its backward integration journey and also invest in R&D to cater to its increasing product portfolio.

Investment Summary

We are enthused by Blue Star's strategic plans to scale up its market share from the current 13.5% to 15% over the next few years, however, given the premium valuations, we downgrade the stock to HOLD with a SoTP TP of INR 930 (valuing its UCP business at 42x 1HFY26E EPS, and EMP and professional electronics segment each at 18x its 1HFY26E EPS).

Conference Call Highlights

UCP segment

- Demand for RAC witnessed a bounce back, margins improved due to the softening of commodity prices and efficient cost management.
- Latent demand arising out of a muted summer resulted in strong growth for RAC products.
- Market share was maintained at 13.5%.
- Commercial refrigeration business witnessed volume growth across major product categories.
- The company launched a new range of deep freezers during the quarter.
- Continues to maintain leadership in deep freezers, storage water coolers, and modular cold rooms.
- UCP expected to grow at 10%-15%, margin 8%-8.5% in FY24, and 8.5%-9.5% going ahead.
- Sri City is operational and operating at ~30% capacity utilization.
- 10% outsourced - window ACs primarily. Motors, compressors, certain electronic components, etc. will be outsourced.
- Market growth of 30% in UCP segment and the company witnessed growth of 39% during the quarter.
- Expect the commercial refrigerator business to grow at a 25% CAGR in the medium term.

EMP segment

- Order book stood at INR 60.1 bn, of which EMP was INR 46.1 bn (+51% YoY).
- Order inflow for the quarter stood at INR 17.7 bn (+47% YoY).
- Slowdown in commercial real estate continued, however, witnessed an uptick in enquiries in healthcare, hospitality, railway electrification, and metro railways.
- CAC witnessed traction from the government, industrial, and healthcare sectors coupled with increasing demand from the education and retail sectors.
- Continues to be the market leader in conventional and inverter ducted ACs as well as scroll chillers. Holds the 2nd position in VRF and screw chillers.
- Margin guidance of 6.5%.
- Confident of maintaining market leadership and continues to grow faster than the market. The company is not focused on market share but on profitability and on cash flows.
- The company is in the process of developing advanced products for the North America and Europe markets.
- Continued to witness healthy booking from factories and data centers driven by continued trust of the government. Office spaces, buildings, etc. are witnessing some delays.

Professional electronics

- With a steady rise in corporate capex across segments, witnessed growth across all lines of business.
- Non-destructive testing businesses continued to gain momentum. Increased penetration and investments in the healthcare segment by both the public and private sector continues to create opportunities for the healthcare business.
- Slowdown in data security business partially impacted revenue during the quarter.

Other key highlights

- Festival season has started off well with Onam and with Diwali coming up, witnessing strong demand as compared to last year.
- Capex plans of INR 6.5 bn in FY24 & FY25 together.
- Will continue to focus on investing in R&D, channel, manufacturing, and cost control initiatives.
- Fund raised to be used for the company's capex plans, which include a sub-300 liter deep freezer capacity in Wada, an increase in Sri City's capacity by 0.6 mn units along with the production of CAC products for domestic and international markets.
- The company wants to invest in manufacturing. More than 50% of CAC business/ deep freezers are imported from China. Transportation, allied costs, etc. are huge, so Blue Star wants to manufacture these in India at the same cost. The company wants to produce low-capacity deep freezers for the ice-cream industry. +20% CAGR growth expected. Domestic deep freezer market promises good potential. Current market share ~28% in the deep freezer category.
- Margin expansion witnessed on account of scale, portfolio realignment, cost management, and low advertising spend.
- Funds raised will be used to repay debt on an immediate basis; as and when capex is required over the course of the next two years, the company will raise it through debt.
- Expansion into the international market is towards CAC products currently and not RAC due to the strong position of China in the RAC market. In the CAC category, every other country has different standards and ratings, therefore the company will start with the European and North American markets. Won't be selling under the Blue Star brand, but through a local player in these markets.

Quarterly Performance (Consolidated)

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Total revenues (net)	18,904	15,762	19.9	22,260	(15.1)	41,164	35,533	15.8
RM	14,218	12,095	17.6	17,322	(17.9)	31,540	27,709	13.8
% of Sales	75.2	76.7	-152 bps	77.8	-261 bps	76.6	78.0	-136 bps
Staff cost	1,733	1,422	21.9	1,612	7.5	3,345	2,771	20.7
% of Sales	9.2	9.0	15 bps	7.2	193 bps	8.1	7.8	33 bps
Other operating expenses	1,726	1,389	24.2	1,876	(8.0)	3,603	2,964	21.5
% of Sales	9.1	8.8	32 bps	8.4	70 bps	8.8	8.3	41 bps
Total expenditure	17,677	14,907	18.6	20,810	(15.1)	38,487	33,444	15.1
EBITDA	1,227	856	43.3	1,450	(15.4)	2,677	2,089	28.1
EBITDA Margin (%)	6.5	5.4	106 bps	6.5	-2 bps	6.5	5.9	62 bps
Depreciation	230	245	(6.0)	228	1.0	458	465	(1.5)
Interest	177	121	46.0	180	(1.9)	357	227	57.0
Other income	130	86	51.6	94	37.9	224	191	17.3
PBT	950	576	65.0	1,136	(16.4)	2,086	1,319	58.1
Tax	243	149	62.9	302	(19.8)	545	412	32.2
Tax rate (%)	25.5	25.9	-32 bps	26.6	-108 bps	26.1	31.3	-512 bps
Minority Interest & Share in associates	0	(1)	NA	(0)	NA	0	(6)	NA
Reported net profit	708	426	66.3	834	(15.1)	1,541	1,169	31.8
Adjusted net profit	707	427	65.7	834	(15.2)	1,541	1,175	31.1
EPS (INR)	3.7	2.2	66.3	4.4	(15.1)	8.1	6.1	31.8

Source: Company, Antique

Segmental Performance

Particulars (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Sales								
EMP & Services	10,772	9,591	12.3	9,491	13.5	20,263	17,558	15.4
Engineering products and services	837	924	(9.4)	784	6.7	1,621	1,451	11.8
Unitary cooling business	7,295	5,248	39.0	11,985	(39.1)	19,279	16,524	16.7
Total	18,904	15,762	19.9	22,260	(15.1)	41,164	35,533	15.8
EBIT								
EMP & Services	653	607	7.5	666	(2.0)	1,319	1,059	24.6
Engineering products and services	122	138	(11.4)	105	16.6	227	197	15.4
Unitary cooling business	616	324	90.2	893	(31.0)	1,510	1,235	22.2
Total	997	611	63.1	1,222	(18.4)	2,219	1,624	36.6
EBIT Margins (%)								
EMP & Services	6.1	6.3	-27 bps	7.0	-96 bps	6.5	6.0	48 bps
Engineering products and services	14.6	14.9	-33 bps	13.4	124 bps	14.0	13.6	44 bps
Unitary cooling business	8.4	6.2	227 bps	7.5	99 bps	7.8	7.5	35 bps
Total (%)	5.3	3.9	140 bps	5.5	-22 bps	5.4	4.6	82 bps

Source: Company, Antique

Balance Sheet

Particulars (INR mnn)	1HFY24	FY23	1HFY23
Shareholder's fund	23,522	13,307	10,454
Total Loans	8,473	6,411	7,798
Total LIABILITIES	32,028	19,749	18,283
Fixed Assets	11,307	9,422	7,483
Total Current Assets	42,401	43,008	34,841
Total Current Liabilities	28,501	34,242	25,829
Net current assets	13,900	8,766	9,012
TOTAL ASSETS	32,028	19,749	18,283

Working Capital (Days)

Inventory	34	66	37
Debtors	31	71	32
Other Current assets	30	49	32
Trade Payables	46	116	50
Other current liabilities	22	37	27
Provisions	2	3	2
Net Working Capital (INR mn)	9,620	6,294	6,990
Net WC Days	24	29	21

Source: Company, Antique

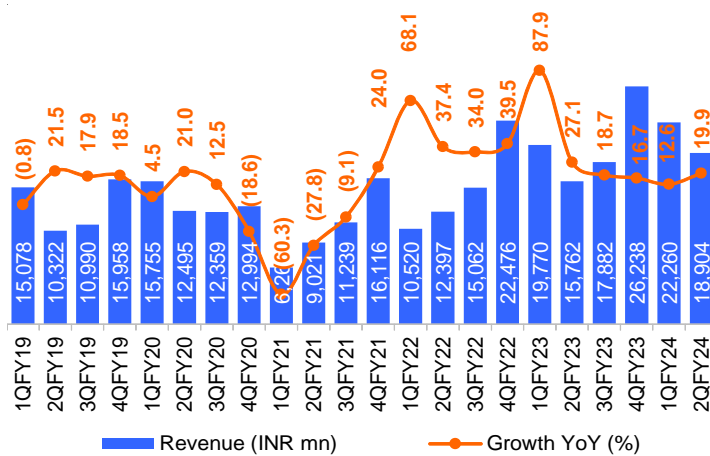
SOTP Valuation

Name of Segment	1HFY26E EPS	Multiple	Value/Share
Electro Mechanical Projects	13.4	18	242
Unitary Cooling Products	15.1	42	635
Professional Electronics	2.9	18	52
Total	31.5		930

Source: Company, Antique

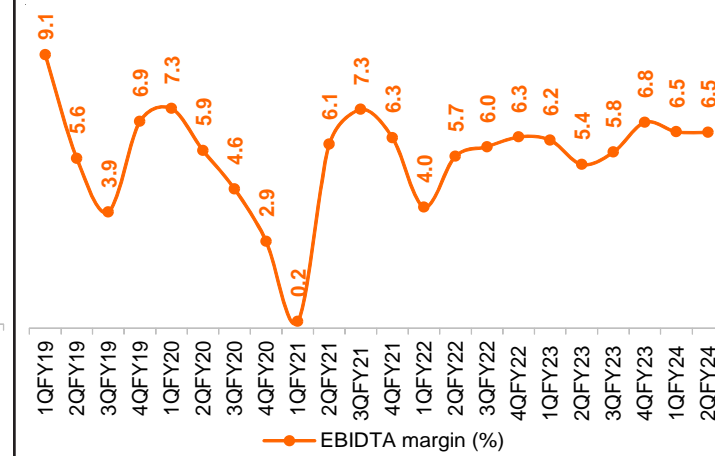
Story in Charts

Strong revenue growth backed by robust growth in the UCP segment



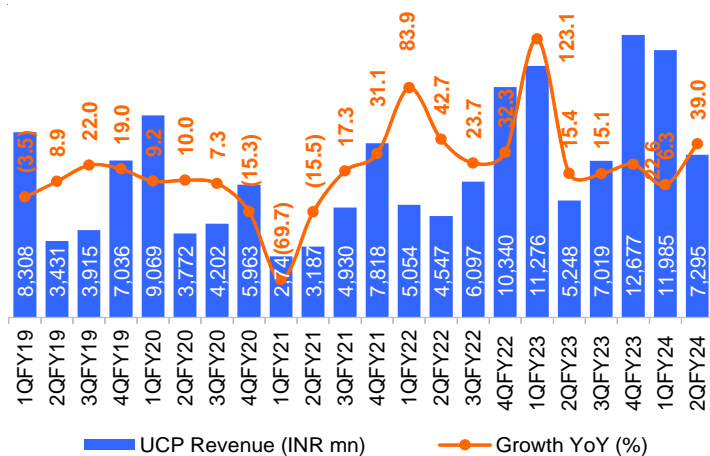
Source: Company, Antique

Margin improves 110 bps YoY supported by 20% revenue growth



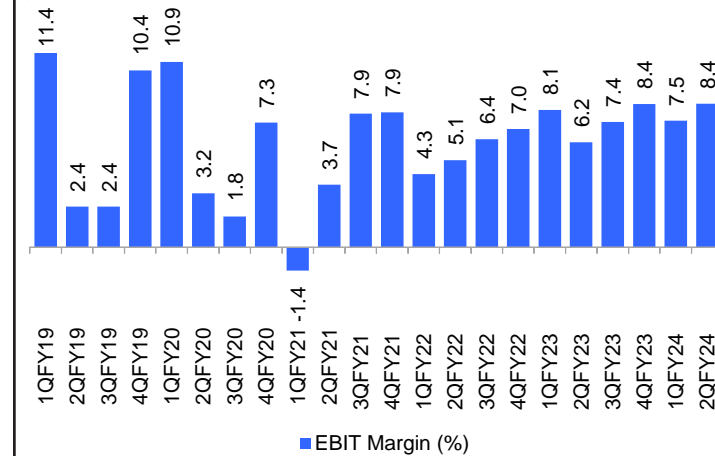
Source: Company, Antique

UCP segment revenue registers 39% YoY growth supported by pick-up in demand



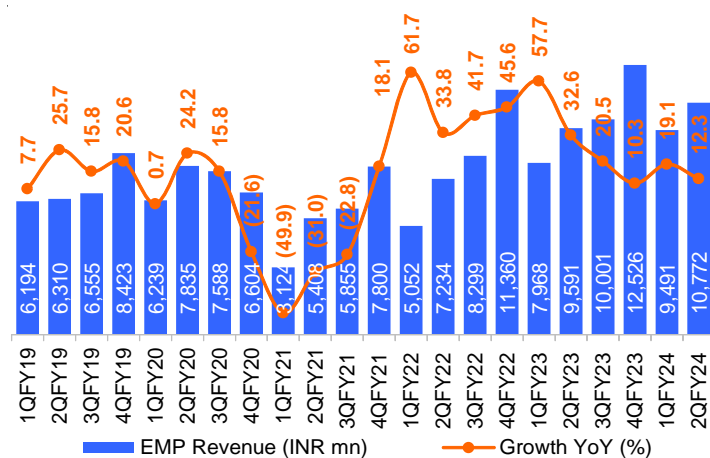
Source: Company, Antique

UCP segment margin expand by 120 bps, 8%-8.5% guidance maintained



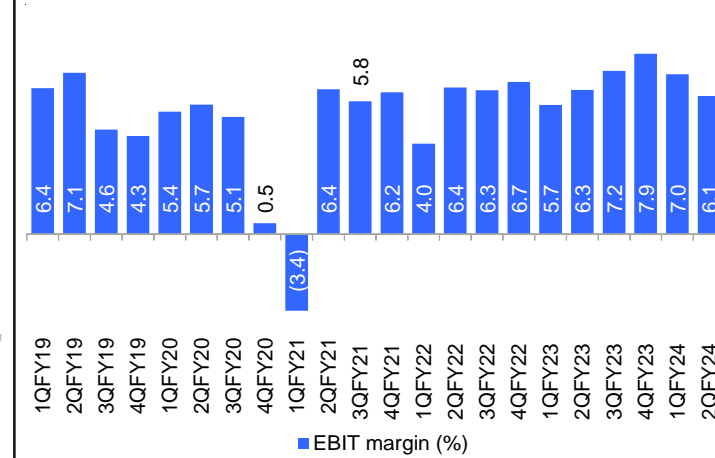
Source: Company, Antique

EMP business revenue growth of 12% YoY supported by a strong order book



Source: Company, Antique

EMP margin registers 20 bps YoY decline; maintains 6.5% target



Source: Company, Antique

Financials - Consolidated

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	60,641	79,773	96,556	114,540	134,802
Op. Expenses	57,176	74,845	89,808	105,863	124,154
EBITDA	3,465	4,928	6,748	8,677	10,648
Depreciation	860	848	1,181	1,291	1,401
EBIT	2,605	4,080	5,566	7,385	9,247
Other income	357	309	345	381	422
Interest Exp.	464	547	700	650	650
Reported PBT	2,498	5,550	5,211	7,116	9,019
Tax	829	1,547	1,313	1,793	2,273
Reported PAT	1,669	4,003	3,898	5,323	6,746
Minority Int./Profit (loss) From Asso.	(3)	(2)	(2)	(2)	(2)
Net Profit	1,677	4,005	3,926	5,351	6,774
Adjusted PAT	1,677	2,297	3,926	5,351	6,774
Adjusted EPS (INR)	8.7	11.9	20.4	27.8	35.2

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	193	193	193	193	193
Reserves & Surplus	9,983	13,114	14,728	17,768	22,231
Networth	10,176	13,307	14,921	17,961	22,423
Debt	4,778	5,776	7,000	6,500	6,500
Minority Interest	30	32	57	57	57
Net deferred Tax liabilities	(276)	(79)	(79)	(79)	(79)
Capital Employed	14,708	19,035	21,899	24,438	28,901
Gross Fixed Assets	9,017	14,126	16,126	17,626	19,126
Accumulated Depreciation	4,689	5,537	6,718	8,010	9,411
Capital work in progress	1,523	833	833	833	833
Net Fixed Assets	5,851	9,422	10,241	10,449	10,548
Investments	1,673	1,481	1,481	1,481	1,481
Non Current Investments	1,673	1,481	1,481	1,481	1,481
Current Assets, Loans & Adv.	35,327	43,007	54,988	65,665	70,029
Inventory	11,442	14,333	19,840	23,536	27,699
Debtors	11,897	15,488	15,872	18,829	18,829
Cash & Bank balance	2,697	2,473	4,483	5,753	5,953
Loans & advances and others	9,290	10,713	14,793	17,548	17,548
Current Liabilities & Provisions	28,143	34,876	44,810	53,157	53,157
Liabilities	20,656	25,321	32,890	39,016	39,016
Provisions	7,486	9,555	11,920	14,141	14,141
Net Current Assets	7,184	8,131	10,177	12,508	16,872
Application of Funds	14,708	19,034	21,899	24,438	28,901

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	193	193	193	193	193
Diluted no. of shares (mn)	193	193	193	193	193
BVPS (INR)	52.8	69.1	77.5	93.3	116.4
CEPS (INR)	13.1	25.2	26.4	34.3	42.3
DPS (INR)	10.0	10.0	10.0	10.0	10.0

Source: Company Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	2,705	4,040	5,239	7,144	9,047
Depreciation & amortization	860	848	1,181	1,291	1,401
Interest expense	464	547	700	650	650
(Inc)/Dec in working capital	(2,358)	(1,171)	(36)	(1,061)	(4,163)
Tax paid	(829)	(1,547)	(1,313)	(1,793)	(2,273)
CF from operating activities	842	4,425	5,771	6,231	4,662
Capital expenditure	(1,352)	(5,109)	(2,000)	(1,500)	(1,500)
Inc/(Dec) in investments	1,276	192	-	-	-
CF from investing activities	(866)	(4,218)	(2,000)	(1,500)	(1,500)
Inc/(Dec) in share capital	1,958	1,437	-	-	-
Inc/(Dec) in debt	230	998	1,224	(500)	-
Dividend Paid	(2,311)	(2,311)	(2,311)	(2,311)	(2,311)
CF from financing activities	(602)	(430)	(1,762)	(3,461)	(2,961)
Net cash flow	(626)	(223)	2,009	1,270	201
Opening balance	3,322	2,696	2,473	4,483	5,753
Closing balance	2,696	2,473	4,483	5,753	5,953

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	42.2	31.6	21.0	18.6	17.7
EBITDA	44.5	42.2	36.9	28.6	22.7
Adj PAT	67.1	36.9	70.9	36.3	26.6
Adj EPS	67.1	36.9	70.9	36.3	26.6

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	100.8	73.6	43.1	31.6	25.0
P/BV (x)	16.6	12.7	11.3	9.4	7.5
EV/EBITDA (x)	49.1	34.8	25.7	19.7	15.9
EV/Sales (x)	2.8	2.2	1.8	1.5	1.3
Dividend Yield (%)	1.1	1.1	1.1	1.1	1.1

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	17.6	19.6	27.8	32.5	33.5
RoCE (%)	21.4	26.0	28.9	33.5	36.3
Asset/T.O (x)	5.7	6.9	6.3	6.0	6.2
Net Debt/Equity (x)	0.5	0.4	0.5	0.4	0.3
EBIT/Interest (x)	6.4	8.0	8.4	11.9	14.9

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	5.7	6.2	7.0	7.6	7.9
EBIT Margin	4.3	5.1	5.8	6.4	6.9
PAT Margin	2.8	2.9	4.1	4.7	5.0

Source: Company Antique

CMP	: INR 340
Reco	: HOLD ↔
Target Price	: INR 390 ↓
Target Price Change	: -6%
Target 1HFY26 EV/EBITDA (x)	: 9
EBITDA Change FY24/ 25	: 0%/-6%

Krupal Maniar

+91 22 6911 3419
krupal.maniar@antiquelimited.com

Harshal Milan Mehta

+91 22 6911 3428
harshal.mehta@antiquelimited.com

Kartik Bhandari

+91 22 6911 3421
kartik.bhandari@antiquelimited.com

Market data

Sensex	:	63,875
Sector	:	Cement
Market Cap (INR bn)	:	121.6
Market Cap (USD bn)	:	1.460
O/S Shares (mn)	:	357.2
52-wk HI/LO (INR)	:	412/288
Avg. Daily Vol ('000)	:	134
Bloomberg	:	NUVOCO IN

Source: Bloomberg

Valuation

	FY24e	FY25e	FY26e
EPS (INR)	7.3	10.0	10.8
P/E (x)	46.8	34.1	31.5
P/BV (x)	1.3	1.3	1.2
EV/EBITDA (x)	8.7	8.2	7.9
Dividend Yield (%)	-	-	-

Source: Bloomberg

Returns (%)

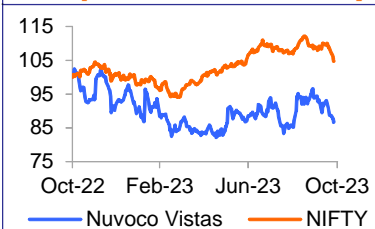
	1m	3m	6m	12m
Absolute	(8)	(9)	3	(14)
Relative	(6)	(5)	(1)	(18)

Source: Bloomberg

Shareholding pattern

Promoters	:	72%
Public	:	28%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Nuvoco Vistas Corporation

Higher costs dent margins; leverage restricts growth

Nuvoco Vistas' (NUVOCO) 2Q EBITDA at INR 3.3 bn (up 72% YoY) was 6%/16% below consensus/ our estimates, mainly due to higher shutdown maintenance costs. Volume grew ~1% YoY and de-grew 11% QoQ to 4.45 MT. Cement realization increased 3% QoQ owing to sharp price hikes of >INR 40/bag effected in the East from Sep'23 (full impact to reflect in 3Q), while total costs/ton remained flat YoY/ increased ~5% QoQ. Accordingly, blended EBITDA/ton came in at INR 741/ton, up INR 304 YoY/ down INR 43 QoQ—lower than our estimate of INR 887/ton. Management expects demand to remain strong in FY24 with stable prices. We believe NUVOCO is likely to continue to straddle between growth and leverage over the next few years, given the relatively high net debt to EBITDA of ~2x. Factoring lower profitability, we decrease our FY25E EBITDA by 6%, thereby decreasing our target price to INR 390 (earlier INR 415) based on unchanged 9x 1HFY26E EV/EBITDA. Maintain HOLD. Key risks remain better demand/ pricing in the East.

2Q volume grew ~1% YoY; realization increased 3% QoQ

Consolidated revenue increased 7% YoY to INR 25.7 bn (vs. consensus/ Antique est.: INR 25 bn). Cement realization increased 3% QoQ owing to sharp price hikes of >INR 40/bag effected in the East from Sep'23 (full impact to reflect in 3Q). The share of premium products stood flat QoQ at 37%. Volume grew ~1% YoY/ declined 11% QoQ to 4.45 MT (Antique est.: 4.5 MT) vs. the industry average of ~10% YoY growth, as the company prioritized value over volume growth. Trade mix increased 100 bps QoQ to 74%. NUVOCO has extended premium cement variants 'Concreto Uno' and 'Duraguard F2F' to Jharkhand.

EBITDA grew 72% YoY; blended EBITDA/ton at INR 741

2Q consolidated EBITDA came in at INR 3.3 bn, grew 72% YoY/ declined 16% QoQ (vs. consensus est.: INR 3.5 bn; Antique est.: INR 3.9 bn). Overall costs/ton remained flat YoY/ increased ~5% QoQ. PF + RM cost increased 5% QoQ owing to higher raw material prices led by a rise in slag prices, clinker purchases, and lower power generation from CPP/ WHRS due to maintenance shutdown. Management mentioned of tightness in slag availability. NUVOCO continues to be in a better place due to long-term slag contract despite the spot rate increasing by ~5% QoQ. Freight cost/ton increased by 8% YoY/ declined by 6% QoQ owing to lower clinker road movement and the absence of busy season surcharge on rail freight in Aug'23 and Sep'23. On an absolute basis, employee costs rose 17% YoY/ declined ~1% QoQ, while other expenses increased 25% YoY/ 11% QoQ due to maintenance shutdown.

Net debt rose by INR 3 bn QoQ to INR 47 bn; targeting <INR 40 bn by FY24-end

NUVOCO completed debottlenecking at Risda and Nimbal and has enhanced capacity to 12,000 tpd/ 6,000 tpd respectively. The company has completed no-load trials at 1.2 MT expansion at Haryana and is expected to be commissioned in 3QFY24, which will increase the company's cement capacity to 25 MT. Track laying activity at Sonadih and Odisha is proceeding as planned and railway siding is expected to be operational from 4QFY24. Management remains focused on deleveraging and targets to reduce net debt to ~INR 35-40 bn in the short-term from the current INR 47 bn before embarking on a large growth capex. Net debt increased by INR 3 bn QoQ to INR 47 bn as of Sep'23 owing to working capital requirement. For 1HFY24, NVCL generated a negative OCF of INR 231 mn. FCF generation stood at negative INR 3.1 bn post w/cap blockage of INR 4.6 bn and capex of INR 2.9 bn.

Investment Summary

We factor 5% volume CAGR over FY23–26E and expect blended EBITDA/ton to improve from INR 644/ton in FY23 to INR 926 in FY26E led by lower fuel costs, better costs efficiencies, and higher realization. We maintain HOLD rating on the stock with a revised target price of INR 390 (earlier INR 415) based on 9x 1HFY26E EV/EBITDA. The stock currently trades at 8x EV/EBITDA and ~USD 75 EV/ton based on 1HFY26 EBITDA estimates.

Quarterly performance

Actual vs estimated performance

(INR mn)	Actual	Estimated	% Variance	Consensus	% Variance
Net sales	25,730	25,158	2.3	25,313	1.6
EBITDA	3,300	3,946	(16.4)	3,502	(5.8)
EBITDA margin (%)	12.8	15.7	-286bps	13.8	-101bps
Adj net income	15	175	(91.3)	(233)	(106.6)

Source: Company, Antique

Quarterly financials

(INR mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	YTDFY24	YTDFY23	YoY (%)
Sales	25,730	24,006	7.2	28,055	(8.3)	25,730	24,006	7.2
Cost of Material Consumed	16,893	17,557	(3.8)	18,956	(10.9)	16,893	17,557	(3.8)
% of sales	65.7	73.1	-748bps	67.6	-191bps	65.7	73.1	-748bps
Employee cost	1,725	1,476	16.9	1,736	(0.6)	1,725	1,476	16.9
% of sales	6.7	6.1	56bps	6.2	(0.0)	6.7	6.1	56bps
Other expenses	3,812	3,053	24.9	3,438	10.9	3,812	3,053	24.9
% of sales	14.8	12.7	210bps	12.3	256bps	14.8	12.7	210bps
Total Exp	22,430	22,086	1.6	24,130	(7.0)	22,430	22,086	1.6
EBITDA	3,300	1,920	71.8	3,925	(15.9)	3,300	1,920	71.8
Margin %	12.8	8.0	482bps	14.0	-117bps	12.8	8.0	482bps
Other income	60	19	209.9	95	(37.2)	60	19	209.9
Depreciation	2,256	2,395	(5.8)	2,437	(7.4)	2,256	2,395	(5.8)
Interest expenses	1,399	1,243	12.6	1,346	3.9	1,399	1,243	12.6
Profit Before Tax	(296)	(1,698)	(82.6)	237	(225.0)	(296)	(1,698)	(82.6)
PBT after exceptional	(296)	(1,698)	(82.6)	237	(225.0)	(296)	(1,698)	(82.6)
Tax	(311)	(394)	NA	93	(436.6)	(311)	(394)	(21.0)
Tax Rate %	105.2	23.2	8194bps	39.0	6612bps	105.2	23.2	8194bps
Reported Net Profit	15	(1,304)	(101.2)	144	(89.4)	15	(1,304)	(101.2)
Adjusted Net Profit	15	(1,304)	(101.2)	144	(89.4)	15	(1,304)	(101.2)
EPS (INR)	0.0	(3.7)	(101.2)	0.4	(89.4)	0.0	(3.7)	(101.2)

Source: Company, Antique

Quarterly per-tonne analysis

(INR/ton)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
Volumes (mn ton)	4.45	4.40	1.2%	5.01	-11.0%
Raw material costs	1,056	1,045	10	907	148
Power & Fuel Cost	1,206	1,522	-316	1,243	-37
Freight Cost	1,531	1,423	108	1,635	-105
Staff Cost	387	335	52	347	41
Other Cost	856	694	1,724	687	-2,325
Total Cost/ton	5,036	5,020	0.3%	4,819	4.5%
realization/ton	5,777	5,456	5.9%	5,603	3.1%
EBITDA/ton	741	436	304	784	-43

Source: Company, Antique

We have deducted FY26 EBITDA by 6%

Change in estimates	FY24E			FY25E		
	Old	New	% Chg	Old	New	% Chg
Revenue (INR mn)	1,13,047	1,14,648	1	1,20,902	1,22,402	1
EBITDA (INR mn)	18,141	18,189	0	20,339	19,183	-6
EBITDA margin (%)	16.0	15.9	-18bps	16.8	15.7	-115bps
Net profit (INR mn)	2,601	2,594	0	4,395	3,561	-19
EPS (INR)	7.3	7.3	0	12.3	10.0	-19

Source: Company, Antique

Our FY24 EBITDA is 6% ahead of consensus

INR bn	Consensus		Antique		Difference	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	114.0	122.5	113.5	121.3	-0.4	-1.0
EBITDA	17.2	19.6	18.2	19.2	6.0	-2.3
PAT	2.3	4.2	2.6	3.6	11.5	-15.0

Source: Company, Antique

Key Assumptions

	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e
Capacity (MTPA)	14.0	14.0	22.4	23.8	23.8	25.0	25.0	25.0
utilization (%)	87.3	87.3	71.4	74.7	79.0	78.8	82.4	86.0
Volume (mn ton)	12.2	12.2	16.0	17.8	18.8	19.7	20.6	21.5
Volume growth (%)	(2.5)	(2.5)	30.5	11.3	5.8	4.8	4.6	4.4
Realization/ton (INR)	5,482	5,482	4,576	5,120	5,530	5,762	5,889	5,977
YoY realization (%)	0.0	0.0	(16.5)	11.9	8.0	4.2	2.2	1.5
Cost/ton (INR)	4,490	4,490	3,775	4,401	5,032	4,896	5,011	5,105
RM Cost/ton (INR)	1,005	1,005	756	775	829	995	1,004	1,015
Employee Cost/ton (INR)	331	331	302	326	313	354	365	376
Power Cost/ton (INR)	1,001	1,001	849	1,184	1,640	1,214	1,299	1,364
Freight Cost/ton (INR)	1,451	1,451	1,271	1,423	1,501	1,601	1,617	1,633
Other Cost/ton (INR)	702	702	597	693	748	733	726	719
EBITDA/ton (INR)	938	938	915	842	644	923	931	926
Capex (INR bn)	5.7	5.7	5.5	4.1	4.9	4.7	10.7	13.7
Net Debt (INR bn)	39.5	39.5	67.3	50.6	44.1	36.8	35.8	36.3

Source: Company, Antique

Maintain HOLD with target price of INR 390

EV/E method	Sep-25E
Sep25E EBITDA (INR bn)	19.5
EV/E multiple (x)	9.0
EV (INR bn)	176
Net debt (Sep25E)	36
Equity value	140
No. of shares (mn)	357
Sep'24 Target Price (INR)	390

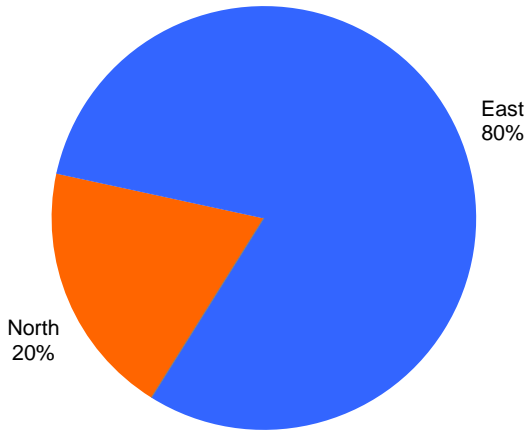
Source: Company, Antique

Balance Sheet

	FY21	FY22	1HFY23	FY23	1HFY24
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipments	93,242	97,851	95,218	94,872	91,886
Capital work-in-progress (net of provision)	12,358	3,988	4,991	5,940	6,908
Investment property	6	10	10	10	9
Goodwill	32,785	32,785	32,785	32,784	32,784
Other intangible assets	21,091	19,946	19,338	19,590	19,455
Right of use asset	3,293	3,502	3,171	3,361	4,168
Intangible assets under development	44	3	5	18	25
Financial assets					
(1) Investments	1	1	1	1	1
(2) Loans	15	14	8	15	12
(3) Other non-current financial assets	7,875	8,605	9,165	5,444	5,562
Income tax assets (net)	1,332	1,627	1,719	1,763	1,796
Other non-current assets	1,913	1,893	1,867	1,838	1,850
Total Non current Assets	1,73,953	1,70,222	1,68,277	1,65,635	1,64,454
CURRENT ASSETS					
Inventories	7,124	10,683	13,632	10,500	11,651
Financial assets					
(1) Investments	3,842	1,855	-	-	200
(2) Trade receivables	4,539	5,709	5,942	6,011	7,158
(3) Cash and cash equivalents	4,931	1,034	520	1,927	1,166
(4) Bank balance	347	457	424	104	87
(5) Loans	27	26	31	26	29
(6) Other current financial assets	2,102	3,115	3,826	4,126	4,372
Income tax asset (net)	16	-	-	-	-
Other current assets	2,197	3,047	3,282	2,542	2,359
Total current Assets	25,122	25,926	27,656	25,236	27,022
TOTAL ASSETS	1,99,075	1,96,148	1,95,933	1,90,871	1,91,476
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	3,151	3,572	3,572	3,572	3,572
Other equity	70,086	84,641	83,535	84,818	84,978
Shareholders funds	73,237	88,212	87,106	88,390	88,550
LIABILITIES					
NON-CURRENT LIABILITIES					
Financial liabilities					
(1) Borrowings	55,612	41,834	37,079	33,254	31,407
(2) Other non-current financial liabilities	625	589	580	559	567
(3) Lease liabilities	891	944	859	930	1,511
Provisions	814	899	970	1,821	1,859
Deferred tax liabilities (net)	18,810	18,540	18,124	11,899	11,514
Other non current liabilities	21	200	352	341	332
Total Non-current liabilities	76,773	63,007	57,964	48,804	47,190
Current Liabilities					
Financial liabilities					
(1) Borrowings	1,978	12,155	16,694	12,922	17,388
(2) Trade payables	9,076	11,925	14,809	18,025	17,156
(3) Other current financial liabilities	27,354	8,780	9,904	9,713	10,273
(4) Lease liabilities	606	819	618	743	934
Other current liabilities	5,740	6,306	3,793	6,802	4,622
Provisions	4,312	4,945	5,045	5,471	5,364
Total Current Liabilities	49,065	44,929	50,862	53,676	55,737
TOTAL EQUITY AND LIABILITIES	1,99,075	1,96,148	1,95,933	1,90,870	1,91,477

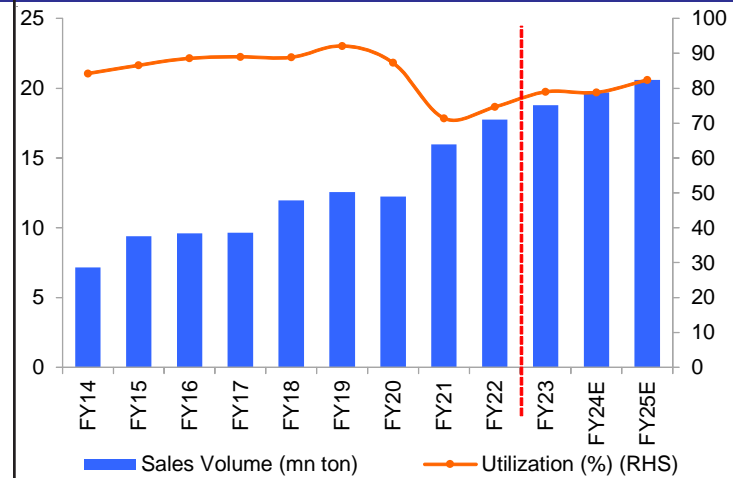
Capacity to grow at 2% CAGR over FY23-26E

Regionwise Capacity Split FY23E (%)



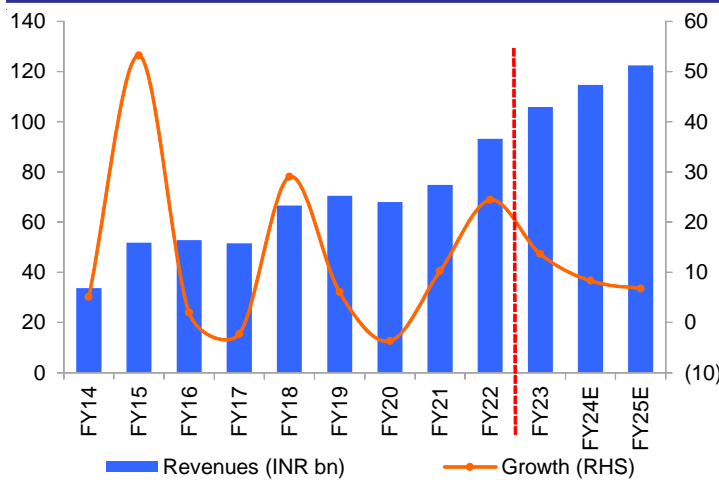
Source: Company, Antique

Volume to grow at 5% CAGR over FY23-26E



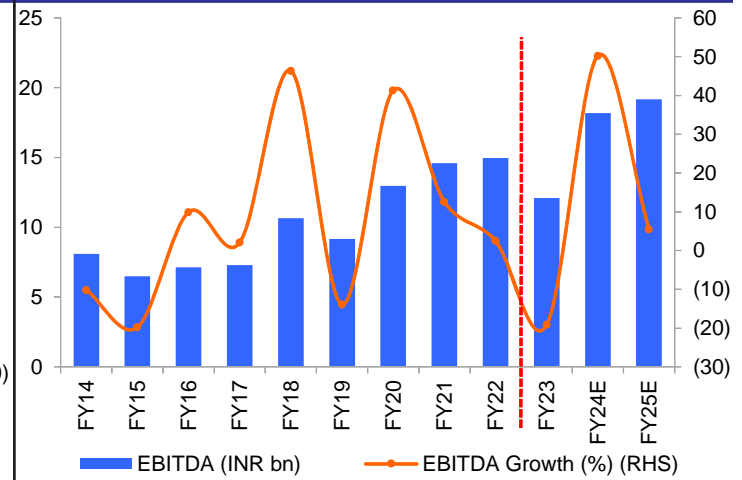
Source: Company, Antique

Revenue to grow at 7% CAGR over FY23-26E



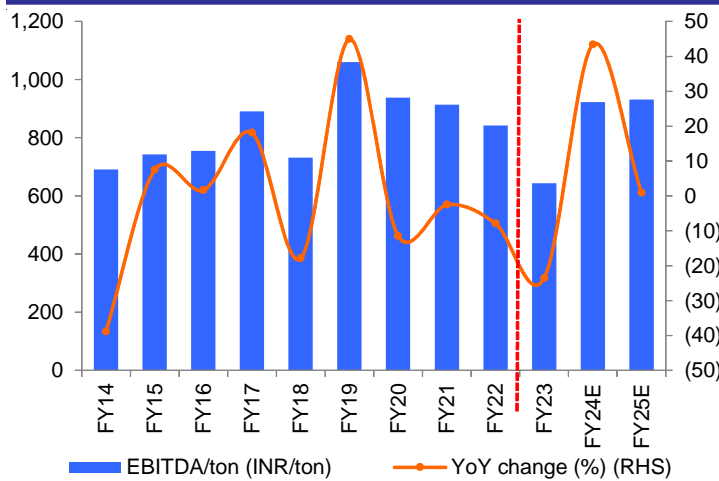
Source: Company, Antique

EBITDA to grow at 18% CAGR over FY23-26E



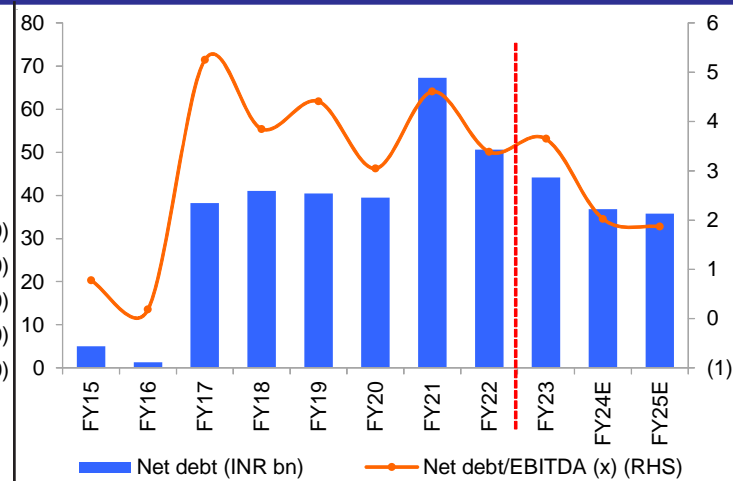
Source: Company, Antique

EBITDA/t to improve to INR 926 by FY26E



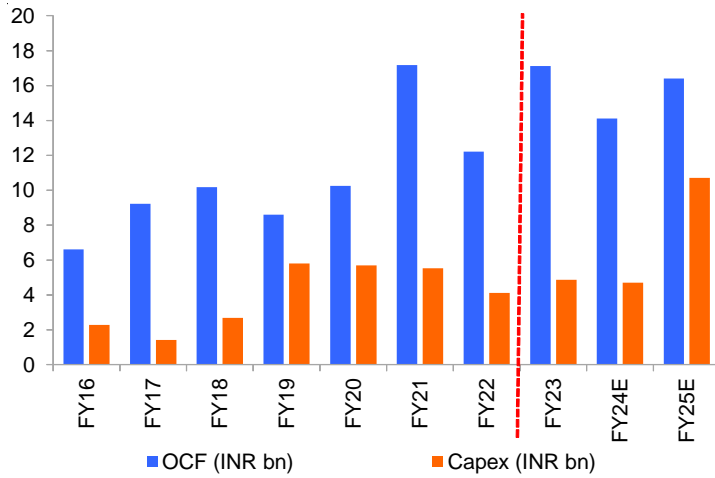
Source: Company, Antique

Net debt to remain flat over FY24-26E



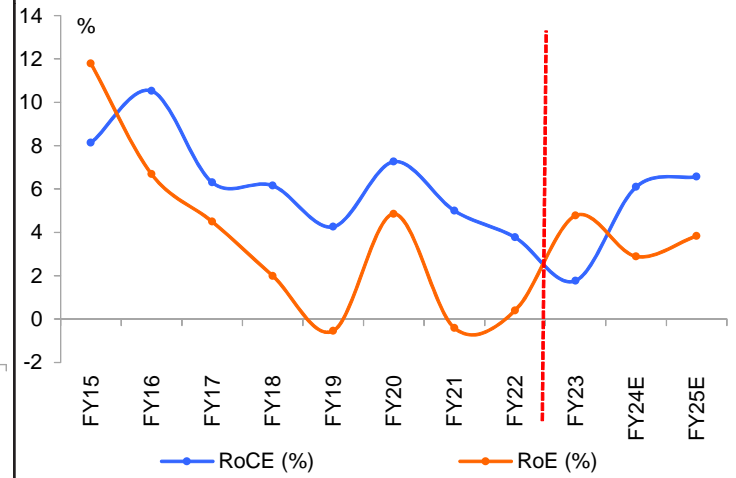
Source: Company, Antique

Capex of INR 29 bn over FY24-26E



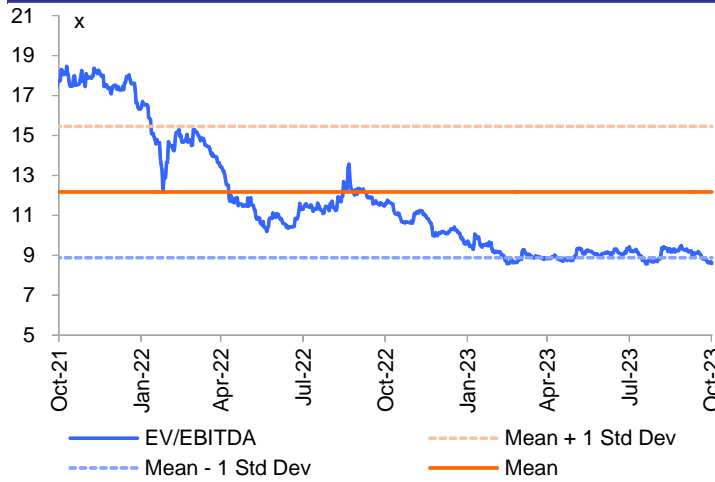
Source: Company, Antique

RoE, RoCE to improve to mid single digits



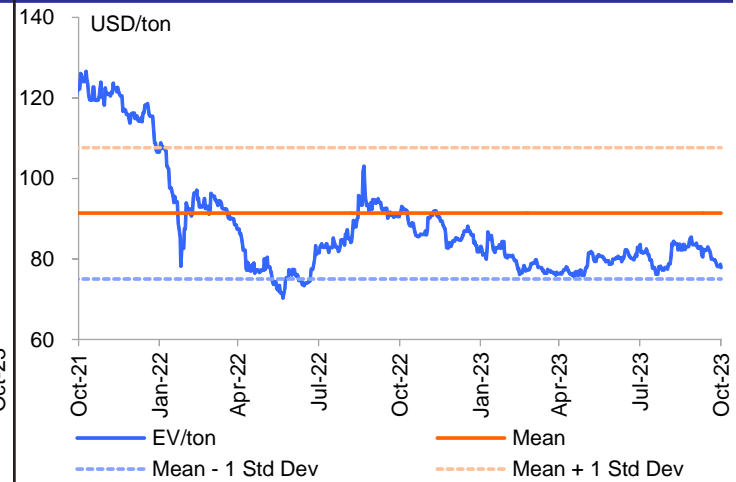
Source: Company, Antique

EV/EBITDA 1-yr forward



Source: Company, Antique

EV/ton 1-yr forward



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	93,180	1,05,861	1,14,648	1,22,402	1,29,666
Op. Expenses	78,213	93,757	96,459	1,03,219	1,09,767
EBITDA	14,967	12,104	18,189	19,183	19,899
Depreciation	9,180	9,511	9,661	10,013	10,547
EBIT	5,787	2,593	8,528	9,171	9,352
Other income	421	132	265	278	292
Interest Exp.	5,699	5,119	5,335	4,701	4,505
Extra Ordinary Items -gain/(loss)	-	4,058	-	-	-
Reported PBT	509	(2,394)	3,459	4,748	5,139
Tax	188	(6,611)	865	1,187	1,285
Reported PAT	321	159	2,594	3,561	3,855
Net Profit	321	159	2,594	3,561	3,855
Adjusted PAT	321	4,217	2,594	3,561	3,855
Adjusted EPS (INR)	0.9	11.8	7.3	10.0	10.8

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	3,572	3,572	3,572	3,572	3,572
Reserves & Surplus	84,641	84,818	87,412	90,973	94,828
Networth	88,212	88,390	90,984	94,545	98,399
Debt	53,988	46,176	39,176	39,176	39,176
Net deferred Tax liabilities	18,540	11,899	11,899	11,899	11,899
Capital Employed	1,60,741	1,46,465	1,42,059	1,45,620	1,49,474
Gross Fixed Assets	2,15,803	2,21,858	2,22,993	2,31,393	2,42,793
Accumulated Depreciation	61,708	71,225	80,885	90,898	1,01,445
Capital work in progress	3,988	5,940	6,240	8,540	10,840
Net Fixed Assets	1,54,095	1,50,634	1,42,108	1,40,495	1,41,349
Investments	1,856	-	-	-	-
Current Investments	1,856	-	-	-	-
Current Assets, Loans & Adv.	36,209	34,296	37,763	42,917	45,891
Inventory	10,683	10,500	11,307	12,831	14,176
Debtors	5,709	6,011	6,910	7,713	8,526
Cash & Bank balance	1,491	2,031	2,377	3,376	2,905
Loans & advances and others	18,326	15,754	17,169	18,997	20,285
Current Liabilities & Provisions	35,407	44,405	44,053	46,333	48,605
Liabilities	29,563	37,113	36,432	38,484	40,521
Provisions	5,844	7,292	7,620	7,849	8,084
Net Current Assets	802	(10,109)	(6,289)	(3,415)	(2,714)
Application of Funds	1,60,741	1,46,464	1,42,059	1,45,620	1,49,474

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	357	357	357	357	357
Diluted no. of shares (mn)	357	357	357	357	357
BVPS (INR)	247.0	247.5	254.7	264.7	275.5
CEPS (INR)	26.6	27.1	34.3	38.0	40.3

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	509	(6,452)	3,459	4,748	5,139
Depreciation & amortization	9,180	9,511	9,661	10,013	10,547
Interest expense	5,740	5,119	5,335	4,701	4,505
(Inc)/Dec in working capital	(2,534)	4,778	(3,474)	(1,872)	(1,170)
Tax paid	(719)	(161)	(865)	(1,187)	(1,285)
Less: Interest/Div. Income Recd.	(220)	(53)	-	-	-
Other operating Cash Flow	254	4,373	-	0	-
CF from operating activities	12,209	17,115	14,115	16,403	17,737
Capital expenditure	(4,106)	(4,863)	(4,700)	(10,700)	(13,700)
Inc/(Dec) in investments	1,959	2,225	-	(3)	(3)
Add: Interest/Div. Income Recd.	244	35	-	-	-
CF from investing activities	(1,903)	(2,603)	(4,700)	(10,703)	(13,703)
Inc/(Dec) in share capital	14,648	-	-	-	-
Inc/(Dec) in debt	(22,531)	(7,725)	(7,000)	-	-
Others	(6,320)	(5,894)	(5,335)	(4,701)	(4,505)
CF from financing activities	(14,202)	(13,619)	(12,335)	(4,701)	(4,505)
Net cash flow	(3,897)	893	(2,919)	999	(472)
Opening balance	4,931	1,033	1,926	(993)	6
Closing balance	1,034	1,926	(993)	6	(465)

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	24.4	13.6	8.3	6.8	5.9
EBITDA	2.5	(19.1)	50.3	5.5	3.7
Adj PAT	nm	1214.5	(38.5)	37.3	8.2
Adj EPS	nm	1214.5	(38.5)	37.3	8.2

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	378.5	28.8	46.8	34.1	31.5
P/BV (x)	1.4	1.4	1.3	1.3	1.2
EV/EBITDA (x)	11.5	13.7	8.7	8.2	7.9
EV/Sales (x)	1.8	1.6	1.4	1.3	1.2
Dividend Yield (%)	-	-	-	-	-

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	0.4	4.8	2.9	3.8	4.0
RoCE (%)	3.8	1.8	6.1	6.6	6.5
Asset/T.O (x)	0.6	0.7	0.8	0.9	0.9
Net Debt/Equity (x)	2.0	1.9	1.7	1.7	1.6
EBIT/Interest (x)	1.1	0.5	1.6	2.0	2.1

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	16.1	11.4	15.9	15.7	15.3
EBIT Margin (%)	6.2	2.4	7.4	7.5	7.2
PAT Margin (%)	0.3	4.0	2.3	2.9	3.0

Source: Company Antique

CMP	: INR 481
Reco	: BUY ↔
Target Price	: INR 560 ↑
Target Price Change	: 4%
Target 1HFY26 P/E (x)	: 32
EPS Change FY24/ 25	: -1%/-19%

Manish Mahawar
+91 22 6911 3427
manish.mahawar@antiquelimited.com

Jenish Karia
+91 22 6911 3406
jenish.karia@antiquelimited.com

Darshita Shah
+91 22 6911 3431
darshita.shah@antiquelimited.com

Market data	
Sensex	: 63,875
Sector	: Mid Cap
Market Cap (INR bn)	: 60.9
Market Cap (USD bn)	: 0.731
O/S Shares (mn)	: 127.0
52-wk HI/LO (INR)	: 523/282
Avg. Daily Vol ('000)	: 372
Bloomberg	: GRLM IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	12.0	13.5	21.1
P/E (x)	40.1	35.7	22.8
P/BV (x)	5.5	4.9	4.1
EV/EBITDA (x)	23.8	16.5	12.9
Dividend Yield (%)	0.3	0.4	0.4

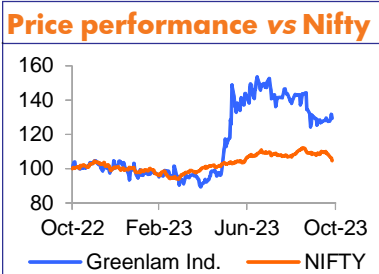
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	15	(1)	65	50
Relative	19	3	58	44

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg, Indexed to 100

2QFY24 RESULT REVIEW

Greenlam Industries

Visible recovery in demand and margins; steady growth outlook

Greenlam Industries (Greenlam) reported strong operating performance driven by recovery in volume growth and margins for the laminates segment. Results were above our estimates, however, margins were in line due to a drag from the veneer and plywood segments. Key highlights: 1) Domestic/export laminate volume grew 21%/ 10% YoY. Guidance of 40%–50% CU at its new laminates and plywood plants by 4QFY24. 2) Stable RM prices lead to laminates EBITDA margin improving to 16.4%. Overall margin remained stable at 12.5%. 3) Investing an additional INR 600 mn at the new plants to provide for value-added capacity expansion. Targeting full CU of the expanded laminate capacity (24.5 mn sheets) by FY25. Capex spend for the upcoming particle board plant has been increased to INR 7.8 bn from INR 6 bn. Expect the facility to stabilize over three years post commercialization (4QFY24). 4) Guidance of 20% revenue growth and 13%–14% EBITDA margin in FY24. 5) Project/ net debt of INR 5.5 bn/ INR 6.7 bn as of 2QFY24. Expect peak net debt of INR 10.9 bn in FY24 (guidance of INR 8.5 bn). We maintain our FY24 EPS estimates and cut our FY25 EPS estimates by 19% on account of the impact of increased depreciation and interest costs. We believe the successful ramp-up of new capacities can triple FY23 EPS by FY27. Maintain BUY with a revised TP of INR 560 (earlier INR 540) based on 32x 1HFY26 EPS (earlier FY25E; five-year avg./ high/ low of 25x/ 36x/ 14x).

Laminate volume growth in the domestic and international markets recover

Greenlam reported 2QFY24 revenue of INR 6.0 bn, +16.5% YoY. Laminate/ veneer segment revenue grew 12.7%/ 23.1% YoY. Domestic/ export laminate volume grew 21%/ 10% YoY. Overall volume/ realization for the laminate segment grew 16%/ -2% YoY to 4.96 mn sheet/ INR 1,034 per sheet. Veneer volume declined 2.5% YoY to 0.39 mn sqm. CU for the laminate/ veneer segment stood at 94%/ 40%. Plywood launched in 1QFY24 under the Mikasa brand received an encouraging response. Plywood operated at 16% CU and registered sales volume/ revenue of 0.6 mn sqm/ INR 149 mn. During 2QFY24, Greenlam commenced commercial production at its 3.5 mn sheets Naidupeta plant. Management is targeting 40%–50% CU for the newly commercialized plants in 1Q and 2Q by FY24. It has guided for an overall revenue growth of 20% for FY24. As new capex is commercialized and ramps up across laminates, plywood, and particle board segments, we expect laminate/ total revenue CAGR of 9%/ 21% over FY23–26E.

Laminate margin improves

Greenlam reported 2Q EBITDA of INR 756 mn, +41% YoY. EBITDA margin improved 220 bps YoY to 12.5% as prices of paper remain stable and chemical prices maintain a downward trend. Laminate segment EBITDA margin improved 430 bps YoY to 16.4% and that for the veneer segment improved 460 bps YoY to -2.3%. Gross margin expanded 685 bps YoY to 51.4% during 2Q. Considering stabilized RM costs, improving CU and mix, we expect an EBITDA CAGR of 31% over FY23–26E. We expect the EBITDA margin to improve to 12.7%/ 13.8%/ 14.7% in FY24/ FY25/ FY26 respectively.

Capex plans with revenue potential of INR 19 bn to be commercialized from FY24

Greenlam's net debt stood at INR 6.7 bn (vs. INR 3.1 bn/ 1.7 bn as of FY23/ FY22) as of 2QFY24. An increase in debt is to fund the upcoming capex. Project debt stood at INR 5.5 bn/ INR 4.2 bn/ INR 2.3 bn as of 2QFY24/ 1QFY24/ FY23. INR 3.9 bn/ INR 4.5 bn has been incurred in 1HFY24/ FY23. INR 12 bn greenfield capex plan will be commercialized in phases over FY24: 1) Plywood: 18.9 msm capacity in Jun'23 at an outlay of INR 1.3 bn. 2) Laminates: capacity increased to 24.5 mn sheets (15.6/ 19.0 mn sheets in FY22/ FY23) with a) The Gujarat capacity increasing to 5.4 mn sheets in May'23 from 3.4 mn sheets in FY23. b) 3.5 mn sheet greenfield capacity in Andhra Pradesh at an outlay of INR 2.4 bn commercialized in Sept'23. 3) Particle board: 0.23 mn cbm capacity to be commercialized by 4QFY24 at an outlay of INR 7.8 bn (earlier estimate of INR 6 bn). Greenlam is investing INR 300 mn/ INR 350 mn for adding value-added capacity facility at its plywood/ laminate plant in Tamil Nadu/ Naidupeta. These new capacities have a revenue potential of INR 19 bn at full CU.

Investment Summary

We believe Greenlam can deliver laminates/ overall revenue CAGR 9%/ 21% over FY23–26E driven by: 1) Export market demand recovery and steady demand in the domestic market, 2) Successful ramp-up of capex in laminates, plywood, and particle board segments. Retain BUY with TP of INR 560.

Quarterly financials

Particulars (INR mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Sales	6,036	5,180	16.5	5,152	17.2	11,189	9,886	13.2
Cost of Material Consumed	2,933	2,872	2.1	2,459	19.3	5,392	5,459	(1.2)
% of sales	48.6	55.4	(684 bps)	47.7	86 bps	48.2	55.2	(702 bps)
Employee cost	1,077	754	42.9	962	12.0	2,038	1,485	37.3
% of sales	17.8	14.6	329 bps	18.7	(83 bps)	18.2	15.0	320 bps
Other expenses	1,271	1,018	24.8	1,088	16.8	2,359	1,902	24.0
% of sales	21.1	19.7	140 bps	21.1	(7 bps)	21.1	19.2	184 bps
Total Exp	5,280	4,643	13.7	4,509	17.1	9,789	8,846	10.7
EBIDTA	756	537	40.8	644	17.5	1,399	1,040	34.5
Margin %	12.5	10.4	216 bps	12.5	3 bps	12.5	10.5	198 bps
Other income	58	52	12.5	40	45.5	99	76	29.5
Depreciation	195	154	26.0	174	11.8	369	302	22.1
Interest expenses	93	57	62.8	73	27.4	166	110	51.0
Profit Before Tax	527	377	39.6	437	20.6	964	705	36.7
Share in associates/(minority)	21	1	3,990.9	7	214.7	28	2	1,507.1
PBT after exceptional	548	378	45.0	443	23.6	992	707	40.3
Tax	133	86	55.7	114	16.4	247	167	47.9
Tax Rate %	24.3	22.6	165 bps	25.8	(150 bps)	25.0	23.7	128 bps
Reported Net Profit	415	292	41.9	329	26.1	744	539	38.0
Adjusted Net Profit	415	292	41.9	329	26.1	744	539	38.0
EPS (INR)	3.3	2.3	41.9	2.6	26.1	5.9	4.2	38.0

Source: Company, Antique

Semi-annual balance sheet

Balance sheet (INR mn)	1HFY24	1HFY23	YoY (%)	FY24E	FY23	YoY (%)
Share Capital	127	127	-	127	127	-
Reserves and surplus	10,123	8,802	15.0	10,893	9,559	13.9
Minority interest	(25)	5	NA	3	3	-
Loan funds	8,785	3,408	157.8	11,199	5,699	96.5
Deferred tax liability (Net)	38	159	(76.2)	92	92	-
Total	19,047	12,502	52.4	22,314	15,481	44.1
Fixed assets	13,416	5,407	148.1	16,794	8,940	87.8
Goodwill on consolidation	35	35	1.6	35	35	-
Investments	1,813	2,507	(27.7)	0	2,420	(100.0)
Inventories	5,482	5,270	4.0	5,429	5,135	5.7
Sundry debtors	1,488	1,387	7.3	1,563	1,430	9.3
Cash and bank balances	276	146	89.5	344	163	111.2
Other current assets	2,408	1,685	42.9	2,340	2,340	-
Current assets, loans and advances	9,655	8,488	13.8	9,676	9,067	6.7
Current liabilities	3,020	3,134	(3.6)	2,814	2,697	4.3
Provisions	2,853	801	256.2	1,377	2,285	(39.7)
Current liabilities and provisions	5,872	3,935	49.2	4,191	4,982	(15.9)
Total	19,047	12,502	52.4	22,314	15,481	44.1
Net Debt	6,695	755	786.6	10,854	3,116	248.3

Source: Company, Antique

Actuals vs. estimates

INR mn	Actual	Antique	Var (%)	Consensus	Var (%)
Revenue	6,036	5,330	13.2	5,674	6.4
EBITDA	756	675	12.0	714	5.8
Adjusted PAT	415	323	28.7	396	4.9
EBIDTA Margins%	12.5%	12.7%	(14 bps)	12.6%	(7 bps)

Source: Company, Bloomberg, Antique

Changes in estimates

INR mn	Previous		Revised		% ch	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	25,675	33,467	23,772	30,883	(7.4)	(7.7)
EBITDA	3,103	4,524	3,021	4,267	(2.6)	(5.7)
EBITDA Margin	12.1	13.5	12.7	13.8	63 bps	30 bps
Net Profit	1,536	2,104	1,524	1,713	(0.8)	(18.6)
Adj. EPS (INR)	12.1	16.6	12.0	13.5	(0.8)	(18.6)
TP (INR)	540		560		3.7	

Source: Antique

Key financial parameter

Particulars	2QFY22	3QFY22	4QFY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Laminates & Allied Products											
Sales volumes (mn sheets)	4.7	4.0	4.0	3.9	4.3	4.3	4.7	4.2	5.0	16.4%	18.9%
Capacity Utilization	114.3%	99.2%	105.9%	109.7%	99.0%	91.0%	96.0%	89.0%	94.0%	-500bps	500bps
Revenue (INR mn)	4,146	4,081	4,239	4,302	4,713	4,591	4,916	4,720	5,312	12.7%	12.5%
Realization (INR/ sheet)	833	984	1,012	1,002	1,059	1,030	1,008	1,086	1,034	-2.4%	-4.8%
EBIT (INR mn)	616	661	622	670	714	734	930	874	1,035	44.8%	18.4%
EBIT margin (%)	14.9%	16.2%	14.7%	15.6%	15.2%	16.0%	18.9%	18.5%	19.5%	432bps	96bps
EBITDA margins (%)	11.5%	13.3%	12.9%	12.4%	12.1%	12.4%	15.6%	14.8%	16.4%	430bps	160bps
Veneer & Allied Products											
Sales volumes (mn sheets)	0.4	0.3	0.3	0.3	0.4	0.2	0.3	0.3	0.4	-2.5%	44.4%
Capacity Utilization	32.4%	29.0%	27.6%	25.7%	37.1%	26.0%	19.0%	25.0%	40.0%	286bps	1500bps
Revenue (INR mn)	395	416	395	404	468	444	422	425	575	23.1%	35.4%
Realization (INR/ sheet)	702	808	750	843	746	1,042	859	916	917	22.9%	0.1%
EBIT (INR mn)	(20)	(11)	(43)	(32)	(32)	(21)	(11)	(14)	(9)	-72.9%	-37.8%
EBIT margin (%)	-5.0%	-2.8%	-11.0%	-7.9%	-6.8%	-4.8%	-2.6%	-3.3%	-1.5%	534bps	177bps
EBITDA margins (%)	-4.0%	-1.8%	-9.0%	-6.1%	-6.9%	-3.7%	-3.7%	-3.8%	-2.3%	460bps	150bps
Plywood											
Sales volumes (mn sqm)	NA	NA	NA	NA	NA	NA	NA	0.0	0.6	NA	NA
Capacity Utilization	NA	NA	NA	NA	NA	NA	NA	4.0%	16.0%	NA	NA
Revenue (INR mn)	NA	NA	NA	NA	NA	NA	NA	8	149	NA	NA
Realization (INR/ sheet)	NA	NA	NA	NA	NA	NA	NA	250	239	NA	NA
EBIT (INR mn)	NA	NA	NA	NA	NA	NA	NA	(45)	(109)	NA	NA
EBIT margin (%)	NA	NA	NA	NA	NA	NA	NA	-580.9%	-73.3%	NA	NA
EBITDA margins (%)	NA	NA	NA	NA	NA	NA	NA	0.0%	0.0%	NA	NA

Source: Company, Antique

Total capex of INR 11.5 bn with revenue potential of INR 16.5 bn

Product segment	Laminate	Ply	Particle Board	Total
Location	Naidupeta, AP	Tindivanam, Tamil Nadu	Naidupeta, AP	
Expected date of commissioning	Q2FY24	Jun' 23	Q4FY24	
Capacity (units)	3.5mn sheets	18.9mn sqm	231000 cbm	
C.U (100%)	100	100	100	
Sales (INR mn)	5,000	4,000	7,500	16,500
EBITDA (INR mn)	750	400	1,875	3,025
EBITDA margin (%)	15.0%	10.0%	25.0%	18.3%
Depreciation @ 6.5%	155	85	504	744
EBIT (INR mn)	595	316	1,371	2,281
Interest @8% on Debt and WC (Assumed 40days)	168	103	469	740
PBT (INR mn)	427	213	902	1,542
Tax rate (INR mn)	17%	25%	17%	18%
PAT (INR mn)	354	160	749	1,263
Capex (INR mn)	2,390	1,300	7,750	11,440
Equity (INR mn)	837	455	2,713	4,004
Debt (INR mn)	1,554	845	5,038	7,436
Capital Employed (INR mn)	2,938	1,738	8,572	13,248
RoCE (%)	16.8%	13.6%	13.3%	14.1%
RoE (%)	42.3%	35.1%	27.6%	31.5%

Source: Antique

Proforma financials: New expansion provides robust long-term growth visibility

Income statement						(INR mn)
Year to March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Net revenues	17,034	20,260	23,772	30,883	35,569	39,632
Raw material costs	9,443	10,793	11,410	14,824	17,073	19,023
Gross profit	7,591	9,467	12,361	16,059	18,496	20,608
Employee expenses	2,594	3,139	4,279	5,559	6,225	6,737
Other expenses	3,127	3,999	5,061	6,233	7,032	7,707
Operating expenses	5,721	7,138	9,340	11,792	13,257	14,444
Total expenditure	15,164	17,931	20,750	26,616	30,330	33,467
EBITDA	1,870	2,329	3,021	4,267	5,239	6,165
Depreciation & amortization	585	632	833	1,481	1,513	1,539
EBIT	1,285	1,696	2,188	2,786	3,726	4,625
Interest expense	141	235	381	768	544	242
Other income	73	180	197	207	218	229
Profit before tax	1,218	1,641	2,005	2,226	3,400	4,612
Provision for tax	286	361	501	534	748	922
Minority interest	2	4	20	22	24	27
Adjusted Profit	934	1,284	1,524	1,713	2,676	3,716
Exceptional Items(Net of tax)	26	-	-	-	-	-
Reported Profit	908	1,284	1,524	1,713	2,676	3,716

Free cash flow

Year to March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Reported Profit	934	1,284	1,524	1,713	2,676	3,716
Add: Depreciation	585	632	833	1,481	1,513	1,539
Interest (Net of Tax)	107	178	289	584	413	184
Others	(57)	(6)	(106)	(23)	(87)	(171)
Gross Cash flow	1,568	2,089	2,540	3,755	4,516	5,269
Less: Changes in WC	857	337	1,218	662	651	581
Operating cash flow	712	1,752	1,322	3,092	3,865	4,688
Less: Capex	854	4,672	8,687	600	500	400
Free Cash Flow	(143)	(2,920)	(7,365)	2,492	3,365	4,288

Source: Antique

Analyst Meet KTAs

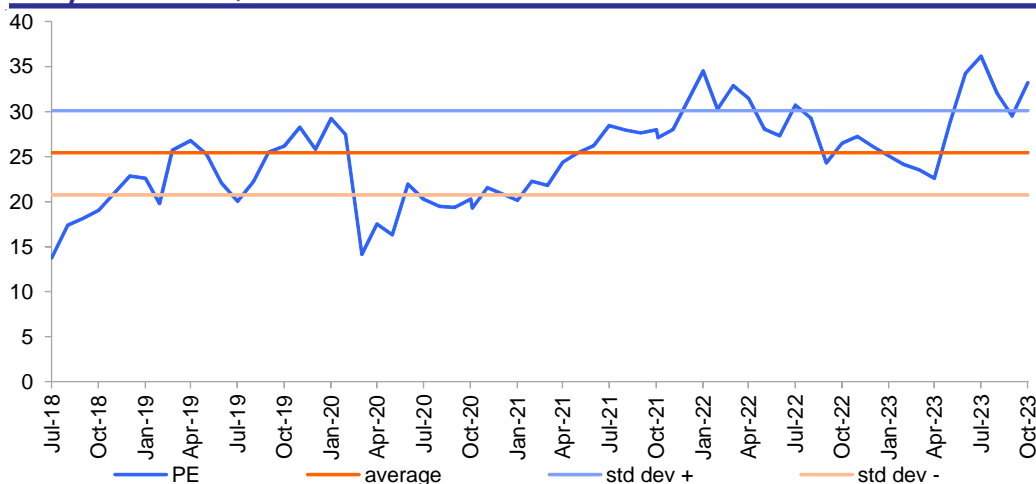
1. **Guidance:** The company has guided for revenue growth of 20% YoY with margin in the range of 13%–14% for FY24. Management expects 15% revenue growth for laminate segments.
2. **Capacity utilization:** Capacity utilization for Laminate (excluding the Naidupeta plant)/ veneer/ plywood stood at 94%/ 40%/ 16% respectively in 2QFY24.
3. **Raw material:** RM costs have largely been stable for laminates, however, for plywoods the cost has gone up due higher timber price.
4. **Capex:** The company has approved additional capex of INR 300 mn for plywood and allied products to improve the quality of product and building infrastructure. The company has increased capex from INR 6 bn to INR 7.75 bn for the particle board project to add extra features and dimensions. Laminate capacity utilization stood at 94% (excluding the Naidupeta plant), hence the company has approved a capex of INR 350 mn for building additional space. Additional capex of INR 300 mn approved for plywood segment.
5. **FY23 market size:** Laminates: Total/ domestic organized/ domestic unorganized/ export – INR 120 bn/ INR 60 bn/ INR 30 bn/ INR 30 bn. Global laminate market size: FY23/ FY30E – USD 8 bn/ USD 10 bn. Plywood/ decorative veneer/ particle board market size – INR 300 bn/ INR 20 bn/ INR 50 bn.
6. **Greenlam's market share in FY23:** 15.3% of the domestic organized market/ 25.4% of the laminate export market.
7. **Particle board:** The particle board industry is valued at INR 50 bn, approx. 80%–90% of the particle boards sold are prelam-particle boards. These prelam-particle boards are 20%–25% cheaper as compared to prelam-MDF. Particle board can be produced from waste wood, fire wood, and multiple other species. There is ample availability of raw material in Southern India, also this region is the largest consumer of particle boards. A new particle board unit is scheduled to commence commercial production by 4QFY24 with an annual capacity of 231,000 cbm. The unit can achieve peak revenue of INR 7–7.5 bn with EBITDA margin in the range of 20%–25%. In year 1, it is anticipated that the gross margin will ~50%, at which point the company is expected to achieve EBITDA break-even. Management expects production to ramp up in three years. Depreciation for machineries would be 6%–6.5%.
8. **Laminates:** The domestic laminate market has reached INR 120 bn in FY23, wherein INR 90 bn was the domestic market and INR 30 bn the export market. In the organized domestic laminate market valued at INR 60 bn, Greenlam holds a market share of 15.3%. The company commands a market share of 25.4% in laminate sheets during the quarter at Naidupeta, Andhra Pradesh. Post this expansion, the company's laminate capacity stands at 24.52 mn sheets. An additional 3–5 lines can be added to the unit. The company has enhanced the Prantij Laminate plant capacity from 3.4 mn sheets to 5.4 mn sheets & has improved its product mix. Further, the company can add 3–5 lines to the plant. It has commenced commercial production of a new laminate plant having capacity of 3.5 mn.
9. **Plywood:** The company is currently focusing on the Southern market. The plywood plant is likely to operate at 50% utilization by 4QFY24. At 40%–45% utilization, the unit will break-even at the EBITDA level.
10. **Wooden floor & doors:** The revenue generated from the segment has been improving, although it has not met internal targets. Management anticipates a forthcoming turnaround in this segment.

11. Export market: Greenlam benefits from 15%–20% lower cost of production compared to its regional overseas competitors, primarily due to higher cost of labor and other expenses in the overseas market. Moreover, no major capacity enhancements have been announced by key players in the overseas market.

12. Debt: The company has reported a gross debt of INR 8.79 bn & net debt of INR 6.70 bn as of Sep'23. Peak net debt is projected to be in the range of INR 8–8.5 bn. Repayment will commence from FY25 with INR 600 mn, followed by INR 1 bn/ INR 1.2 bn in FY26/ 27 respectively.

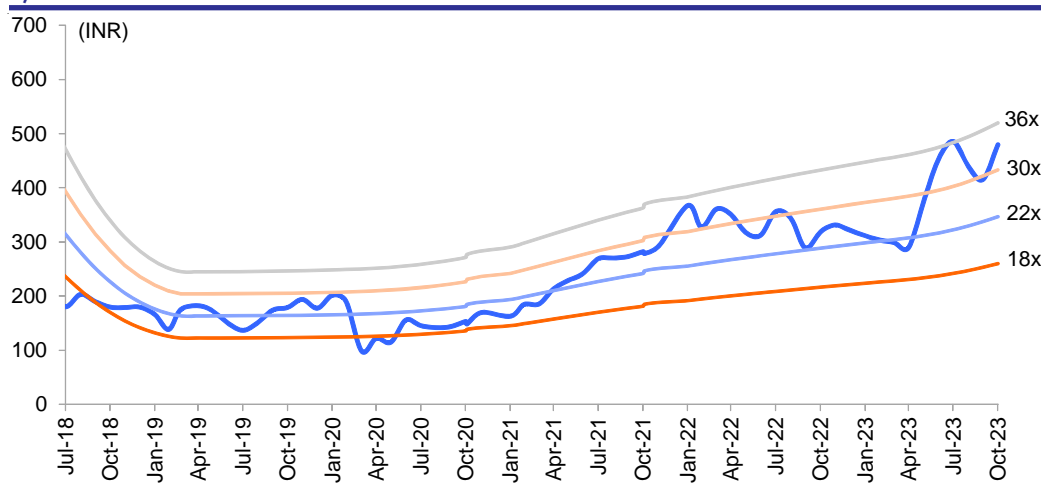
13. NWC: Net working capital days have reduced to 60 days as of Sep'23 as compared to 69 days as of Sep'22.

One-year forward P/E chart



Source, Bloomberg, Antique

P/E band chart



Source, Bloomberg, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	17,034	20,260	23,772	30,883	35,569
Op. Expenses	15,164	17,931	20,750	26,616	30,330
EBITDA	1,870	2,329	3,021	4,267	5,239
Depreciation	585	632	833	1,481	1,513
EBIT	1,285	1,696	2,188	2,786	3,726
Other income	73	180	197	207	218
Interest Exp.	141	235	381	768	544
Extra Ordinary Items -gain/(loss)	26	-	-	-	-
Reported PBT	1,192	1,641	2,005	2,226	3,400
Tax	286	361	501	534	748
Reported PAT	906	1,280	1,504	1,691	2,652
Minority Int./Profit (loss) From Asso.	2	4	20	22	24
Net Profit	908	1,284	1,524	1,713	2,676
Adjusted PAT	934	1,284	1,524	1,713	2,676
Adjusted EPS (INR)	7.1	10.1	12.0	13.5	21.1

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	121	127	127	127	127
Reserves & Surplus	6,423	9,559	10,893	12,377	14,779
Networth	6,544	9,686	11,020	12,504	14,906
Debt	3,453	5,699	11,199	9,599	6,799
Minority Interest	7	3	3	3	3
Net deferred Tax liabilities	88	92	92	92	92
Capital Employed	10,091	15,481	22,314	22,199	21,800
Gross Fixed Assets	8,877	9,937	14,027	22,927	23,427
Accumulated Depreciation	4,186	4,765	5,598	7,079	8,592
Capital work in progress	75	3,803	8,400	100	100
Net Fixed Assets	4,766	8,975	16,829	15,948	14,935
Investments	11	0	0	0	0
Non Current Investments	11	0	0	0	0
Current Assets, Loans & Advances					
Inventory	5,034	5,135	5,429	6,701	7,718
Debtors	1,290	1,430	1,563	2,031	2,339
Cash & Bank balance	1,765	2,583	344	447	412
Loans & advances and others	895	2,340	2,340	2,340	2,340
Current Liabilities & Provisions					
Liabilities	2,558	2,697	2,814	3,655	4,210
Provisions	1,112	2,285	1,377	1,613	1,733
Net Current Assets	5,314	6,505	5,485	6,251	6,866
Application of Funds	10,091	15,481	22,314	22,199	21,800

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	121	127	127	127	127
Diluted no. of shares (mn)	127	127	127	127	127
BVPS (INR)	51.5	76.3	86.8	98.5	117.4
CEPS (INR)	11.7	15.1	18.4	25.0	32.8
DPS (INR)	1.2	1.5	1.5	1.8	2.2

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	1,217	1,641	2,005	2,226	3,400
Depreciation & amortization	585	632	833	1,481	1,513
Interest expense	141	235	381	768	544
(Inc)/Dec in working capital	(857)	(337)	(1,218)	(662)	(651)
Tax paid	(333)	(353)	(501)	(534)	(748)
Less: Interest/Div. Income Recd.	(31)	(74)	(197)	(207)	(218)
Other operating Cash Flow	(11)	7	20	22	24
CF from operating activities	712	1,752	1,322	3,092	3,865
Capital expenditure	(854)	(4,672)	(8,687)	(600)	(500)
Add: Interest/Div. Income Recd.	31	74	197	207	218
CF from investing activities	(824)	(4,598)	(8,489)	(393)	(282)
Inc/(Dec) in share capital	-	1,950	-	-	-
Inc/(Dec) in debt	877	2,246	5,500	(1,600)	(2,800)
Dividend Paid	(121)	(145)	(190)	(229)	(274)
Others	(132)	(387)	(381)	(768)	(544)
CF from financing activities	624	3,664	4,929	(2,596)	(3,618)
Net cash flow	512	818	(2,238)	103	(36)
Opening balance	1,249	1,765	2,583	344	447
Closing balance	1,767	2,583	344	447	412

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	42.0	18.9	17.3	29.9	15.2
EBITDA (%)	7.9	24.5	29.7	41.2	22.8
Adj PAT (%)	8.3	37.6	18.7	12.4	56.2
Adj EPS (%)	5.3	41.5	18.7	12.4	56.2

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	67.3	47.6	40.1	35.7	22.8
P/BV (x)	9.3	6.3	5.5	4.9	4.1
EV/EBITDA (x)	33.6	27.6	23.8	16.5	12.9
EV/Sales (x)	3.7	3.2	3.0	2.3	1.9
Dividend Yield (%)	0.2	0.3	0.3	0.4	0.4

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	15.2	15.8	14.7	14.6	19.5
RoCE (%)	14.9	14.7	12.6	13.4	17.9
Asset/T.O (x)	1.9	1.6	1.3	1.4	1.6
Net Debt/Equity (x)	0.3	0.3	1.0	0.7	0.4
EBIT/Interest (x)	9.6	8.0	6.3	3.9	7.3

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	11.0	11.5	12.7	13.8	14.7
EBIT Margin (%)	7.5	8.4	9.2	9.0	10.5
PAT Margin (%)	5.5	6.3	6.4	5.5	7.5

Source: Company Antique

CMP	: INR 196
Reco	: BUY ↔
Target Price	: INR 249 ↑
Target Price Change	: 72%
Target 1HFY26 P/E (x)	: 10.4
EPS Change F24/25	: 1%/9%

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

Market data	
Sensex	: 63,875
Sector	: Textiles
Market Cap (INR bn)	: 51.2
Market Cap (USD bn)	: 0.615
O/S Shares (mn)	: 261.6
52-wk HI/LO (INR)	: 200/77
Avg. Daily Vol ('000)	: 1,091
Bloomberg	: ARVND IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	15.7	21.6	26.2
P/E (x)	12.47	9.08	7.47
P/BV (x)	1.36	1.19	1.02
EV/EBITDA (x)	6.77	5.52	4.51
EV/Sales (x)	0.73	0.62	0.52

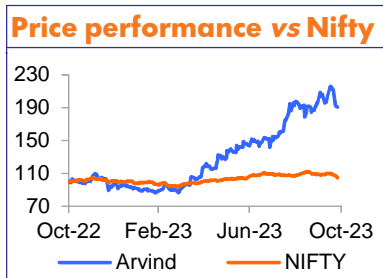
Source: Bloomberg

	1m	3m	6m	12m
Absolute	13	42	84	114
Relative	16	48	76	105

Source: Bloomberg

Shareholding pattern	
Promoters	: 41%
Public	: 59%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Arvind

Decent quarter; AMD continues to shine

ARVIND's (ARVND) 2QFY24 highlights are the textile volume (across all segments) improving sequentially amidst a challenging export business environment and AMD continuing to see robust growth with margin expansion. Textile volumes held steady across all segments of its textiles business maintained by expanding its customer base across geographies, likely to pick up in the next few quarters. Textile revenue was at INR 14.6 bn (2.6%/ -17% QoQ/ YoY). Textile revenue was lower YoY on account of price deflation. Price realization of textile products remained soft, owing to soft cotton prices (~INR 61,000/candy). On the other hand, AMD segment continues to impress with its sustained and robust growth, recording a revenue of INR 3.54 bn (3.5%/ 13.1% QoQ/ YoY), which contributed 18% of the operating revenue during the quarter (compared to 14% in 2QFY23); additionally, AMD margin expanded to 15.7% (20 bps/ 340 bps QoQ/ YoY). Management expects the AMD segment to continue on its growth path and grow at 20%–25% CAGR going forward. In the textile segment, denim and garment segment volumes have started to recover, while woven continues to operate at high capacity utilization. Management expects performance in 2H to be stronger than 1H. We maintain BUY with a revised target price of INR 249 (previously INR 145).

2QFY24 in a nutshell

Revenue during the quarter was at INR 19.2 bn (3.7%/ -11.4% QoQ/ YoY) (our estimate INR 20.6 bn). EBITDA came in at INR 2.1 bn (14.2%/ 2.1% QoQ/ YoY) (our estimate INR 2.1 bn), a margin of 10.7% (98/ 142 bps QoQ/ YoY). Net Profit during the quarter was at INR 0.8 bn, (11%/ 37% QoQ/ YoY) (our estimate INR 0.84 bn), a margin of 4% (26/ 10 bps QoQ/ YoY). Net debt increased by INR 0.32 bn during the quarter. Steady volume in all three segments of textiles—denim, woven and garment, which are witnessing recovery sequentially. While price realizations remained low, textile margins continued to trend up. During the quarter, textile revenue was at INR 14.6 bn (2.6%/ 17.2% QoQ/ YoY) and EBITDA of INR 1.6 bn (11.9%/ -6.4% QoQ/ YoY).

AMD continues to shine

AMD segment continues to shine with composite segment seeing the highest growth of 37% YoY. Composites business increased supply to Vande Bharat/ RRT/ Metro programs. However, human protection continues to contribute significantly (52%), followed by composites (26%), and industrials (22%); AMD continues to show robust growth and grew at ~20% CAGR (FY18-1HFY24). EBITDA margin too continued to see expansion of 340 bps YoY and 390 bps on two-yr. RoCE at >25% level, and in the quarter it was at 33.4%. Of the planned INR 6 bn capex in the next two years, 30%–40% is expected in AMD with an asset-turnover ratio of 3x. AMD is expected to maintain a +20% growth trajectory with margin expansion in the next few years.

Investment Summary

We believe the worst is behind for the textile segment and expect volume to see revival in 2HFY24. The outlook on AMD and garment segments continues to be optimistic. With AMD becoming a significant chunk of the business and it continuing to show growth >20% CAGR and margin of >15%, we value the AMD business separately at a higher EV/EBITDA multiple of 10x 1HFY26E, while valuing the textile segment at 5.0x EV/EBITDA of 1HFY26E, translating to a blended P/E multiple of 10.43x of 1HFY26E. We maintain BUY with a revised target price of INR 249 (previously INR 145).

Quarterly snapshot

Financial performance

INR bn	2QFY24	2QFY23	YoY	1QFY24	QoQ
Revenue from operations	19.2	21.7	-11%	18.5	3.7%
EBITDA	2.1	2.0	2%	1.8	14.2%
EBITDA Margin (%)	10.7%	9.3%	(6.11)	9.7%	98.50
PBT	1.12	1.1	3%	0.9	23.1%
Profit for the year	0.80	0.9	-8%	0.7	11.0%

Source: Company, Antique

Change in estimates

	New			Old		Change (%)	
	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E
Revenue	85,553	97,448	1,07,600	87,072	96,584	-2%	1%
EBITDA	9,222	10,974	12,294	9,183	10,349	0%	6%
EBITDA (%)	11%	11%	11%	11%	11%	-1%	1%
PAT	4,110	5,644	6,860	4,086	5,169	1%	9%
TP			249				145

Source: Company, Antique

Valuation matrix

	multiple	basis
Old		
EV/EBITDA	4.5x	FY25E
P/E	7.33x	FY25E
Old		basis
EV/EBITDA - textile	5.0x	1HFY26e
EV/EBITDA - AMD	10.0x	1HFY26e
Blended EV/EBITDA	6.2x	1HFY26e
P/E	10.43x	1HFY26e

Source: Company, Antique

Half yearly Balance Sheet

Year ended	1HFY24	1HFY23	YoY	FY24E	FY23	
Share Capital	2,616	2,609		2,615	2,615	
Reserves & Surplus	31,004	28,555	2,449	34,951	30,841	4,110
Networth	33,620	31,164		37,566	33,456	
Debt	14,202	17,918	-3,716	11,538	14,038	-2,500
Minority Interest	640	555		586	586	
Net deferred Tax liabilities	741	1,077		952	952	
Others	1,760	1,748		1,959	1,959	
Capital Employed	50,963	52,462		52,601	50,991	
Property, Plant and Equipment	30,546	31,182		31,806	31,373	
Capital work in progress	1,416	1,080		1,657	787	
Other Non-Current Assets	1,939	1,938		973	1,922	
Net Fixed Assets	33,901	34,200		34,436	34,082	
Goodwill	90	90		-	90	
Investments	3,590	2,347		3,794	3,794	
Non Current Investments	3,528	2,347	1,180	3,794	3,794	
Current Investments	63					
Current Assets, Loans & Advances	32,932	36,647		35,857	31,170	
Inventory	18,193	18,154		16,876	16,490	
Debtors	10,117	11,541		12,892	9,659	
Cash & Bank balance	876	728		211	770	
Loans & advances and others	3,746	6,224	-2,479	5,879	4,252	1,626
Current Liabilities & Provisions	19,549	20,823		21,486	18,144	
Liabilities	19,078	20,396		21,339	17,998	
Provisions	471	427		146	146	
Net Current Assets	13,382	15,825		14,371	13,026	
Miscellaneous expenses						
Application of Funds	50,963	52,462		52,601	50,992	

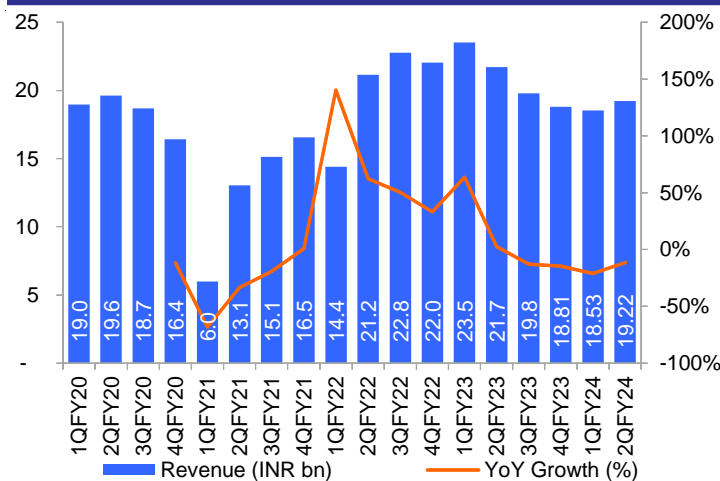
Source: Company, Antique

Conference Call Highlights

- **Textile & AMD volumes** grew sequentially, however, revenue growth was muted due to price deflation. Management has indicated AMD will continue to grow 20% on YoY basis, whereas garments volume is expected to increase gradually going forward. AMD segment is significantly cash flow positive.
- **Realization** on a QoQ basis is expected to increase, however, will continue to remain lower on a YoY basis.
- **Capacity:** Garment capacity is 40 mn @80% utilization. The company expects to increase the capacity to 60 mn in the next two years. Woven capacity is 130 mn @75% utilization, denim capacity 60 mn @80% utilization.
- **Demand** continues to remain under pressure on account of geopolitical issues and the global economic slowdown. Demand is picking up in the garment segment and management expects 100% utilization within the next nine months. 2HFY24 is expected to be better than 1HFY24.
- **Garment margin** is currently in high single-digit and is expected to be in double digits in the next few quarters by automating its plants and amortizing its fixed costs. Margin will remain strong—both on an absolute as well as percentage basis going forward. Management expects margin to improve by 100 bps over the next two years. AMD PAT margin will be 8%–9%.
- **Guidance:** 7%–8% growth in textiles and 20% in AMD. Volumes are expected to improve from 4QFY24.
- **Key operating costs** including RM, logistics, and energy are expected to be range bound.
- **Capex of INR 6 bn** for the next two years, out of which INR 2 bn will be for AMD business. As of today, the company has committed INR 2.5 bn.
- **Subsidiary merger** expected to simplify and remove barriers, to be executed in the next few years.

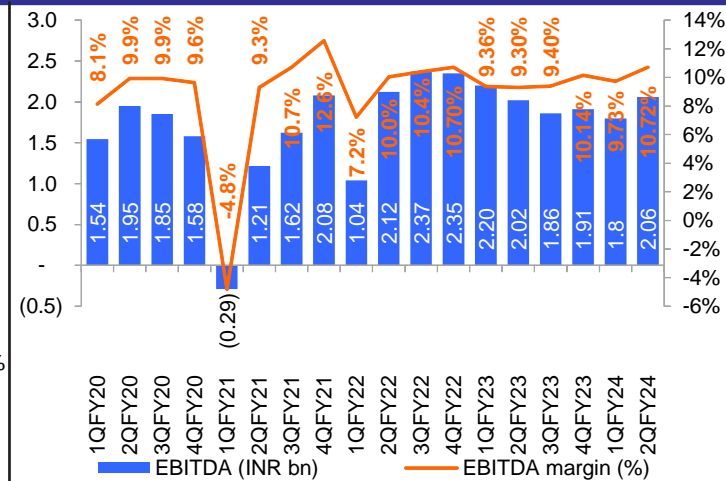
Story in Charts

Exhibit 1: Revenue trend



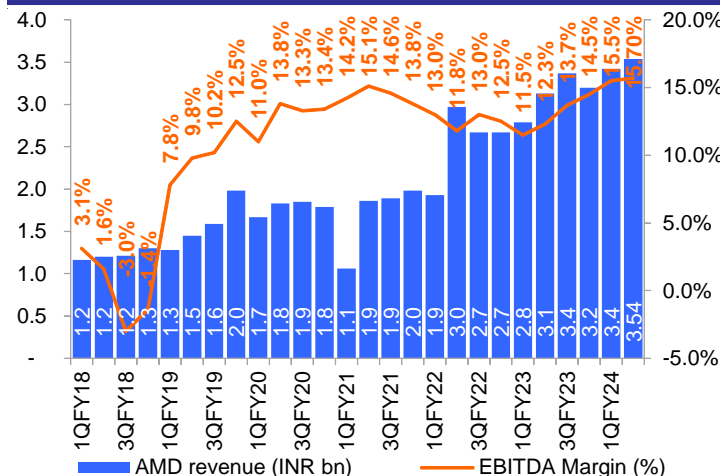
Source: Company, Antique

Exhibit 2: EBITDA margin expanding



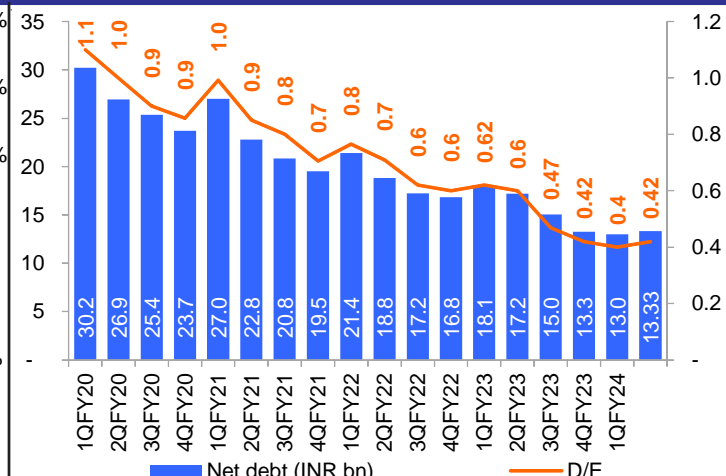
Source: Company, Antique

Exhibit 3: AMD continues to shine



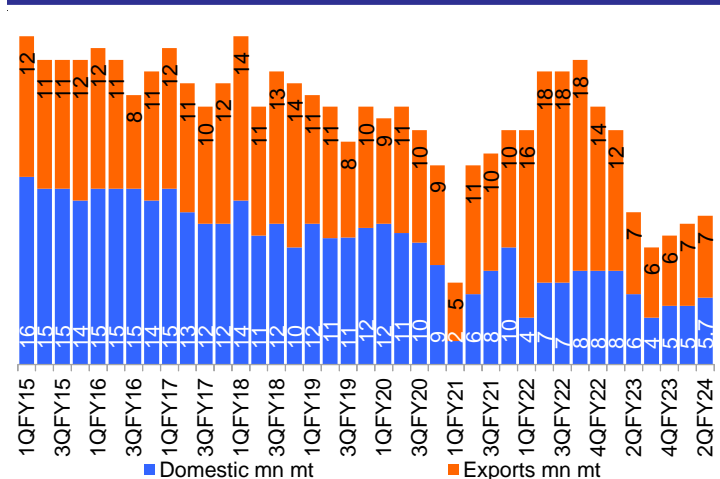
Source: Company, Antique

Exhibit 4: Net debt continues to go down steadily



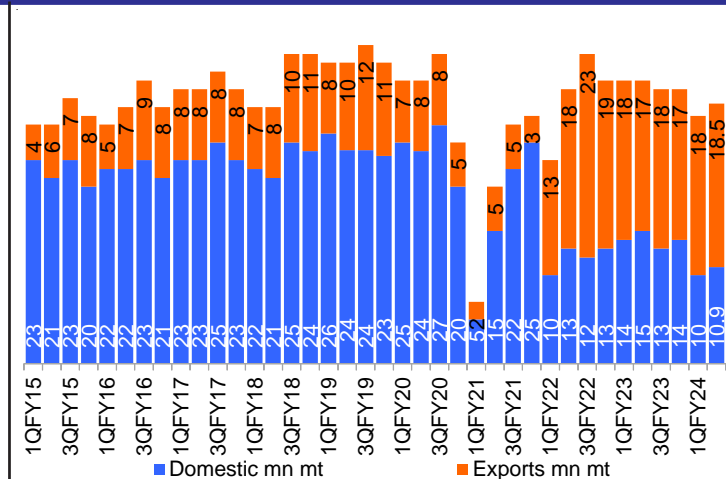
Source: Company, Antique

Exhibit 5: Denim volume increased sequentially by 2 mn MT



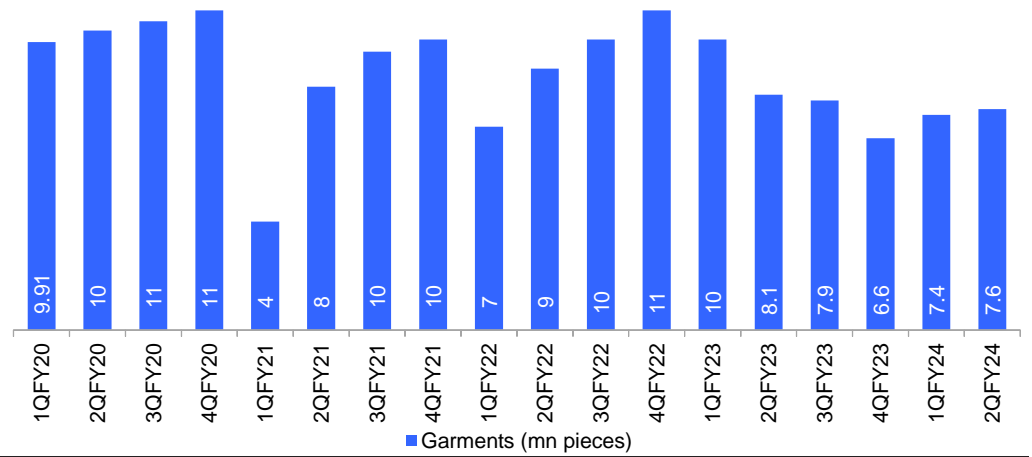
Source: Company, Antique

Exhibit 6: Woven running at high capacity utilization



Source: Company, Antique

Exhibit 7: Garment volume improved marginally



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	80,099	83,825	85,553	97,448	1,07,600
Op. Expenses	72,021	75,835	76,331	86,474	95,305
EBITDA	8,077	7,990	9,222	10,974	12,294
Depreciation	2,540	2,530	3,217	3,289	3,343
EBIT	5,538	5,460	6,006	7,686	8,952
Other income	497	445	479	780	861
Interest Exp.	1,764	1,642	1,231	957	683
Extra Ordinary Items -gain/(loss)	(93)	588	-	-	-
Reported PBT	4,178	4,850	5,254	7,508	9,130
Tax	(1,510)	(706)	(1,156)	(1,877)	(2,282)
Reported PAT	2,668	4,145	4,098	5,631	6,847
Minority Int./Profit (loss) From Asso. (23)	(74)	12	12	12	12
Net Profit	2,645	4,071	4,110	5,644	6,860
Adjusted PAT	2,645	3,483	4,110	5,644	6,860
Adjusted EPS (INR)	10.2	13.3	15.7	21.6	26.2

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	2,606	2,615	2,615	2,615	2,615
Reserves & Surplus	26,899	30,841	34,951	40,595	47,454
Networth	29,505	33,456	37,566	43,210	50,069
Debt	17,595	14,038	11,538	11,538	11,538
Minority Interest	557	586	586	586	586
Net deferred Tax liabilities	1,226	952	952	952	952
Others	1,820	1,959	1,959	1,959	1,959
Capital Employed	50,703	50,991	52,601	58,245	65,105
Property, Plant and Equipment	31,894	31,373	31,806	31,344	30,966
Capital work in progress	453	787	1,657	1,831	1,866
Other Non-Current Assets	1,873	1,922	973	1,073	1,173
Net Fixed Assets	34,219	34,082	34,436	34,248	34,005
Goodwill	90	90	-	-	-
Investments	2,340	3,794	3,794	3,794	3,794
Non Current Investments	2,340	3,794	3,794	3,794	3,794
Current Assets, Loans & Adv.	40,397	31,170	35,857	42,575	51,882
Inventory	22,084	16,490	16,876	19,223	21,225
Debtors	11,086	9,659	12,892	14,684	16,214
Cash & Bank balance	771	770	211	2,076	7,242
Loans & advances and others	6,456	4,252	5,879	6,592	7,201
Current Liabilities & Provisions	26,343	18,144	21,486	22,387	24,604
Liabilities	26,143	17,998	21,339	22,240	24,457
Provisions	200	146	146	146	146
Net Current Assets	14,054	13,026	14,371	20,188	27,278
Application of Funds	50,703	50,992	52,601	58,230	65,077

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	261	262	262	262	262
Diluted no. of shares (mn)	261	262	262	262	262
BVPS (INR)	113	128	144	165	191
CEPS (INR)	20	26	28	34	39

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	2,416	4,263	5,254	7,508	9,130
Depreciation & amortization	2,720	2,530	3,217	3,289	3,343
Interest expense	1,764	1,642	1,231	957	683
(Inc)/Dec in working capital	(2,264)	361	(1,401)	(4,054)	(2,024)
Tax paid	(380)	(706)	(1,156)	(1,877)	(2,282)
Less: Interest/Div. Income Recd.	(61)	(445)	(479)	(780)	(861)
Other operating Cash Flow	1,750	(300)	-	-	-
CF from operating activities	5,946	7,345	6,665	5,043	7,987
Capital expenditure	(297)	(1,947)	(3,000)	(3,000)	(3,000)
(Inc)/Dec in investments	(1,409)	(1,454)	0	0	0
Others	493	445	479	780	861
CF from investing activities	(1,214)	(2,956)	(2,521)	(2,220)	(2,139)
Inc/(Dec) in share capital	56	9	-	-	-
Inc/(Dec) in long-term debt	(2,427)	(3,557)	(2,500)	-	-
Interest paid	(1,679)	(1,642)	(1,231)	(957)	(683)
Dividend Paid	(20)	-	-	-	-
Others	(320)	-	-	-	-
CF from financing activities	(4,389)	(5,190)	(3,731)	(957)	(683)
Net cash flow	343	(801)	413	1,866	5,165
Opening balance	255	598	(202)	211	2,076
Closing balance	598	(202)	211	2,076	7,242

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	57.89	4.65	2.06	13.90	10.42
EBITDA (%)	69.14	(1.08)	15.42	19.00	12.03
Adj PAT (%)	(1,701.09)	31.69	17.99	37.31	21.55
Adj EPS (%)	(1,690.83)	31.24	17.99	37.31	21.55

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	19.31	14.71	12.47	9.08	7.47
P/BV (x)	1.73	1.53	1.36	1.19	1.02
EV/EBITDA (x)	8.41	8.06	6.77	5.52	4.51
EV/Sales (x)	0.85	0.77	0.73	0.62	0.52

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	9.33	11.06	11.57	13.97	14.71
RoCE (%)	12.28	11.61	12.52	15.27	15.91
Asset/T.O (x)	1.69	1.76	1.78	1.89	1.86
Net Debt/Equity (x)	0.57	0.40	0.30	0.22	0.09
EBIT/Interest (x)	3.14	3.32	4.88	8.03	13.11

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	10.08	9.53	10.78	11.26	11.43
EBIT Margin (%)	6.91	6.51	7.02	7.89	8.32
PAT Margin (%)	3.28	4.13	4.78	5.75	6.32

Source: Company Antique

CMP	: INR 115
Reco	: BUY ↔
Target Price	: INR 150 ↔
Target Price Change	: No Change
Target 1HFY26 BV (x)	: 0.8
EPS Change FY24/ 25	: 1%/1%

Sohail Halai

+91 22 6911 3413
sohail.halai@antiquelimited.com

Raju Barnawal

+91 22 6911 3429
raju.barnawal@antiquelimited.com

Sarvesh Mutha

sarvesh.mutha@antiquelimited.com

Market data	
Sensex	: 63,875
Sector	: BANKS
Market Cap (INR bn)	: 35.8
Market Cap (USD bn)	: 0.430
O/S Shares (mn)	: 311.9
52-wk HI/LO (INR)	: 141/97
Avg. Daily Vol ('000)	: 1,684
Bloomberg	: DCBB IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	17	20	22
BPVS (INR)	152	170	189
P/E (x)	6.9	5.7	5.1
P/BV (x)	0.8	0.7	0.6
NIM (%)	3.8	3.7	3.7

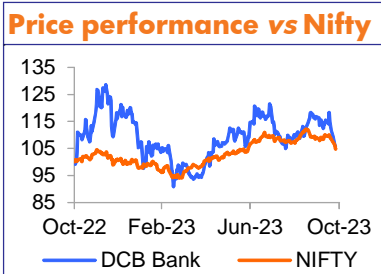
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(8)	(6)	8	6
Relative	(5)	(3)	3	2

Source: Company, Antique

Shareholding pattern	
Promoters	: 15%
Public	: 85%
Others	: 0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

2QFY24 RESULT REVIEW

DCB Bank

In-line earnings; low credit cost, PCR declines QoQ

DCB Bank (DCB) reported in-line PAT of INR 1.3 bn (13% YoY; RoA of 0.9%). NII grew 16% YoY (in-line) and NIM contracted by 14 bps QoQ at 3.7%. Fee income growth was strong at 29% QoQ which along with contained opex (14% YoY) led to core PPP growth of 25% YoY (9% higher than estimate; 1.4% of average assets). Slippage ratio was elevated at 5% (vs. 4.6% in 1QFY24) as there were additions from the restructured pool into NPLs. Net slippages was at 1.4% (vs. 1.8% in 1QFY24) as upgrades during the quarter were higher. Credit cost remained contained at 27 bps, however, PCR declined 1.3% QoQ (-5.4% in 1HFY24) to 62.8%. Loan growth was healthy at 5% QoQ/ 19% YoY and deposits grew 23% YoY/ 6% QoQ led by TD growth of 7% QoQ. While NIM has moderated and credit cost can increase from its lows, operating leverage benefits would help the bank to post a RoA of 0.9%. We largely maintain our FY24/ 25 earnings estimates and introduce FY26 estimates. We maintain BUY with an unchanged TP of INR 150 (0.8x 1HFY26 BV) and before we raise the valuation multiples would wait for the gross slippages to subside.

In-line core operating performance

NII grew 16% YoY/ 1% QoQ (in-line). NIM contracted by 14 bps QoQ at 3.7% on account of a 15 bps QoQ increase in the cost of funds while the yield on loan was largely stable. Management has stated that the cost of deposits is expected to remain higher in the next two quarters before it stabilizes and maintains its NIM guidance of 3.7%–3.8% in FY24. Fee income growth was strong at 26% YoY/ 29% QoQ (0.7% of average assets) while other non-core income declined by 53% YoY. Opex growth was contained at 14% YoY (2.6% of assets vs. 2.8% QoQ). Core PPP grew 25% YoY/ 13% QoQ (1.4% of assets). Credit cost was contained at 27 bps (34 bps in 1QFY24) which supported PAT growth at 13% YoY, RoA of 0.9% (stable QoQ).

Slippage ratio was elevated while higher recoveries and upgrades led to a decline in net slippages

The annualized slippage ratio increased to 5% (vs. 4.6% in 1QFY24) due to an increase in NPLs from the restructured pool and mortgage portfolio. However, recoveries and upgrades were strong which has led to a decline in net slippages at 1.4% (vs. 1.8% in 1QFY24). GNPL/ NNPL increased marginally from 3.3%/ 1.2% to 3.4%/ 1.3% respectively. PCR decreased from 77% to 76% QoQ. NPL ratio increase was from mortgage, gold, and SME portfolio. Net restructured loans declined from 4.1% to 3.6% QoQ.

Loan growth remained healthy led by mortgage and AIB

Loans grew 5% QoQ and 19% YoY, led by 4% QoQ/ 24% YoY growth in mortgages (44% of portfolio), 6% QoQ (30% YoY) growth in agriculture, and inclusive banking portfolio. Corporate book growth was strong at 9% QoQ. SME book declined 17% YoY (+4% QoQ). The bank maintained its expectation of doubling the loan book in 3–4 years. Deposits grew by 6% QoQ and 22% YoY led by 2% QoQ growth in CASA and 7% QoQ increase in term deposits. CASA ratio declined from 26% to 25% QoQ. The loan to deposit ratio is near the optimal level and was at 82%. RWA to assets and Tier I stood at a comfortable 52% and 15%, respectively.

Investment Summary

Having gone through challenging times in the past two years, the bank is coming back on track towards normalization; however, gross flow of slippages remains high, which is still not comforting and we would keep monitoring. NIM has come off from its peak of 4% to 3.7% and credit cost which is running at its low can gradually rise; operating leveraging benefits to help the bank report RoA of 0.8x 1HFY26 BV drives and RoE closer to 13%. Healthy capitalization (Tier I of ~15%) and low valuations of 0.7x FY25 BV drives our BUY rating.

Quarterly Earnings

Profit and Loss (INR mn)	2QFY24	2QFY23	YoY %	1QFY24	QoQ %	2QFY24E	Deviation (%)	1HFY24	1HFY23	YoY %
Net Interest Income	4,757	4,111	15.7	4,707	1.1	4,733	0.5	9,464	7,850	20.6
Other Income	1,074	992	8.2	1,069	0.4	1,200	-10.5	2,143	1,916	11.8
Reported Fee income	970	770	26.0	750	29.3	850	14.1	1,720	1,418	21.3
Core Income	5,727	4,881	17.3	5,457	4.9	5,583	2.6	11,184	9,268	20.7
Other non-core Income	104	222	-53.4	319	-67.6	350	-70.4	423	498	-15.1
Operating Expenses	3,725	3,278	13.7	3,690	1.0	3,744	-0.5	7,415	6,280	18.1
Employee	1,889	1,717	10.1	1,951	-3.1	1,970	-4.1	3,840	3,268	17.5
Others	1,836	1,561	17.6	1,739	5.6	1,774	3.5	3,575	3,012	18.7
Core Operating Profits	2,002	1,603	24.8	1,767	13.3	1,839	8.9	3,769	2,988	26.1
Operating Profits	2,105	1,826	15.3	2,087	0.9	2,189	-3.8	4,192	3,487	20.2
Provisions	397	310	28.0	377	5.2	501	-20.8	774	660	17.3
PBT	1,708	1,516	12.7	1,709	-0.1	1,688	1.2	3,418	2,827	20.9
Taxes	441	392	12.4	440	0.1	427	3.2	881	732	20.3
PAT	1,268	1,124	12.9	1,269	-0.1	1,261	0.6	2,537	2,095	21.1

Source: Company, Antique

We largely maintain our earnings estimates

INR bn	Old		New		Var (%)	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	19.2	21.5	19.5	22.2	1.5	3.1
Other Income	4.9	6.1	4.6	5.8	-7.1	-5.1
Total Income	24.2	27.6	24.1	28.0	-0.3	1.3
Operating Expenses	15.2	16.9	15.3	17.2	0.4	1.4
Operating Profits	8.9	10.7	8.8	10.8	-1.4	1.2
Provisions	2.1	2.4	1.9	2.5	-8.9	1.7
PBT	6.9	8.3	6.9	8.4	0.9	1.1
Tax	1.7	2.1	1.8	2.1	0.9	1.1
PAT	5.1	6.2	5.2	6.2	0.9	1.1

Source: Industry, Antique

DuPont Analysis: RoA expected to be at 0.9% over FY24/ 26E

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net interest Income	3.5	3.5	3.7	3.7	3.5	3.4	3.3	3.2	3.5	3.4	3.3	3.3
Fee income	0.9	0.9	0.8	0.9	0.8	0.7	0.6	0.6	0.7	0.7	0.7	0.7
Fees to core income	20.0	20.0	18.1	18.9	18.5	17.1	14.5	16.4	16.2	16.9	17.5	18.3
Core Income	4.4	4.4	4.5	4.5	4.3	4.1	3.9	3.8	4.2	4.1	4.0	4.0
Operating expenses	2.7	2.8	2.9	2.9	2.6	2.4	2.2	2.4	2.8	2.7	2.6	2.5
Core PPP	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.4	1.5	1.4	1.4	1.5
Non interest Income	1.1	1.3	1.2	1.1	1.1	1.1	1.1	1.1	0.8	0.8	0.9	0.9
Operating profits	1.9	2.0	1.9	1.9	2.0	2.0	2.3	1.9	1.6	1.5	1.6	1.6
Provisions	0.5	0.5	0.5	0.5	0.4	0.7	1.1	1.0	0.3	0.3	0.4	0.4
PBT	1.4	1.5	1.4	1.4	1.5	1.3	1.2	0.9	1.3	1.2	1.2	1.2
Tax	0.1	0.4	0.5	0.5	0.5	0.4	0.3	0.2	0.3	0.3	0.3	0.3
RoAA	1.3	1.1	0.9	0.9	1.0	0.9	0.9	0.7	1.0	0.9	0.9	0.9
Leverage (x)	10.9	10.7	11.7	12.1	12.2	12.3	11.6	11.5	12.0	12.8	13.4	13.8
RoAE	14.4	11.8	10.8	10.9	12.0	11.2	10.0	7.8	11.5	11.5	12.5	12.4

Source: Company, Antique

Conference Call Highlights

- The bank continues to maintain its guidance of doubling the book in 3–4 years. Looking to grow at 20% YoY.
- Rise in cost of funds/ deposits impacted NIM during the quarter, which is expected to continue for the next two quarters before it stabilizes.
- As per the bank's business model, NIM is expected to be in the range of 3.65%–3.75% in FY24.
- Home loan portfolio is expected to reprice in the coming months and quarters.
- Cost to average assets to come down in the medium to long term because of growth and productivity.
- The bank will continue to add 25–30 branches in a year.
- Share of LAP to increase vs. home loans for better yield even though home loans have lower risk weights.
- Top 20 depositors constitute ~7% of the total deposits.
- Loan book continues to stay granular with 85% loans below less than INR 30 mn.
- Slippages were higher in mortgages and from customers coming out of moratorium. Slippages excluding gold loan were at 2.7%.
- Targeting PCR to reach 70% over time from the current 63%, although still ahead of RBI norms of provisioning.
- The bank continues to hold provisions of 10%–15% on restructured book.

Detailed quarterly performance

Profit and Loss (INR mn)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	QoQ (%)	YoY (%)
Net Interest Income	3,233	3,450	3,805	3,740	4,111	4,460	4,860	4,707	4,757	1	16
Other Income	977	1,183	1,148	924	992	954	1,223	1,069	1,074	0	8
CEB	614	630	663	648	770	700	910	750	970	29	26
Total Income	4,211	4,634	4,953	4,664	5,103	5,414	6,083	5,777	5,831	1	14
Operating Expenses	2,459	2,645	2,744	3,002	3,278	3,473	3,643	3,690	3,725	1	14
Employee	1,322	1,380	1,463	1,551	1,717	1,796	1,865	1,951	1,889	-3	10
Others	1,138	1,266	1,282	1,451	1,561	1,677	1,778	1,739	1,836	6	18
Operating Profits	1,751	1,988	2,208	1,661	1,826	1,941	2,439	2,087	2,105	1	15
Provisions	863	970	676	350	310	407	525	377	397	5	28
PBT	888	1,019	1,532	1,311	1,516	1,534	1,915	1,709	1,708	0	13
Taxes	239	265	398	340	392	396	493	440	441	0	12
PAT	649	754	1,134	971	1,124	1,139	1,422	1,269	1,268	0	13
Asset Quality											
GNPA	12,849	13,398	12,899	12,885	12,492	12,233	11,228	11,814	12,813	8	3
NNPA	7,070	6,965	5,732	5,436	4,829	4,532	3,569	4,238	4,764	12	-1
GNPA (%)	4.7	4.7	4.3	4.2	3.9	3.6	3.2	3.3	3.4		
NNPA (%)	2.6	2.5	2.0	1.8	1.5	1.4	1.0	1.2	1.3		
PCR (Calculated, %)	45.0	48.0	55.6	57.8	61.3	63.0	68.2	64.1	62.8		
PCR (Reported, %)	60	62	68	69	73	75	79	77	75		
Slippages	4,166	4,575	3,781	5,710	4,550	4,030	2,690	3,420	3,950	15	-13
Slippage Ratio (%)	6.7	7.2	5.9	9.0	6.8	5.8	3.7	4.6	5.0		
Ratios (%)											
Yield on loans	10.7	10.7	11.0	10.7	10.8	11.0	11.7	11.6	11.6		
Cost of deposits	6.2	6.1	6.0	6.0	6.0	6.1	6.4	6.7	6.9		
Margins	3.4	3.6	3.9	3.6	3.9	4.0	4.2	3.8	3.7		
Fees to Total Income	14.6	13.6	13.4	13.9	15.1	12.9	15.0	13.0	16.6		
Cost to Core Income	63.9	64.8	61.4	68.4	67.2	67.3	63.1	67.6	65.0		
Tax Rate	26.9	26.0	26.0	25.9	25.9	25.8	25.7	25.7	25.8		
RoA (Reported)	0.6	0.7	1.1	0.9	1.0	0.9	1.1	0.9	0.9		
RoE (Reported)	6.8	7.7	11.4	9.5	10.8	10.5	12.7	11.0	10.7		

Source: Company, Antique

Quarterly performance continued

	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	QoQ (%)	YoY (%)
Balance Sheet (INR bn)											
Loans	269	277	291	298	313	330	344	355	373	5	19
Investments	86	86	91	99	105	109	126	134	147	10	40
Deposits	318	322	347	351	370	395	412	430	455	6	23
CASA Deposits	81	84	93	100	108	109	109	112	114	2	5
Borrowings	40	32	41	40	35	38	41	47	52	10	48
Total Assets	415	412	448	452	468	499	524	550	577	5	23
Loan Break Up											
Retail Banking	153.0	160.4	174.6	178.9	183.1	194.2	207.7	219.9	229.2	4	25
Mortgages	110.1	116.2	119.3	125.2	133.9	140.8	150.6	158.6	165.5	4	24
CV/CE/STVL	10.7	11.1	8.7	8.9	6.9	5.6	4.8	3.9	3.0	-24	-57
Gold Loan	16.1	16.6	14.5	14.9	15.0	13.8	13.1	12.8	12.7	-1	-16
Others	16.1	16.6	32.0	29.8	27.2	34.0	39.2	44.7	48.1	8	77
SME/MSME	26.9	27.7	26.2	26.8	29.7	30.0	28.9	23.8	24.6	4	-17
AIB (Agri and Inclusive Banking)	59.1	60.8	61.1	62.6	67.6	72.5	80.1	82.3	87.6	6	30
Corporate Banking	29.5	27.7	29.1	29.8	32.5	33.0	27.2	28.7	31.3	9	-4
Ratios (%)											
CASA (Reported)	25.0	26.0	26.8	28.6	29.4	27.6	26.4	26.0	25.0		
Loan/Deposit	84.5	85.8	83.9	85.0	84.7	83.4	83.4	82.5	81.9		
Tier 1 (%)	15.3	15.1	15.8	15.4	14.9	14.5	15.2	14.8	14.3		
Franchise											
Branches	356	367	400	405	410	418	427	436	439		

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Interest Income	35,128	42,003	53,333	61,796	71,165
Interest Expense	21,553	24,833	33,802	39,619	45,953
Net Interest Income	13,575	17,170	19,531	22,177	25,211
% NII Growth	5.5	26.5	13.7	13.5	13.7
Fee Income	2,380	3,030	3,757	4,433	5,320
Non-interest income	4,520	4,094	4,566	5,814	6,847
Net Revenue	18,095	21,264	24,097	27,991	32,058
Employees Expenses	5,391	6,929	7,899	8,689	9,558
Other Op. Expenses	4,734	6,468	7,373	8,479	9,836
Operating Profit	7,970	7,867	8,824	10,823	12,664
% OP Growth	-10.0	-1.3	12.2	22.6	17.0
Tax	1,021	1,620	1,761	2,127	2,366
Total Provisions	4,074	1,592	1,892	2,450	3,351
Net Profit	2,875	4,656	5,172	6,246	6,948

Balance sheet (INR mn)

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Capital	3,110	3,115	3,115	3,115	3,115
Reserves and Surplus	37,379	42,546	47,171	52,688	58,725
Deposits	3,46,917	4,12,389	4,94,867	5,74,046	6,65,893
Borrowings	40,818	41,181	53,417	58,609	64,295
Other Liabilities & Provisions	19,702	24,427	26,870	29,557	32,513
Total liabilities	4,47,926	5,23,659	6,25,441	7,18,015	8,24,541
Cash & Balances with RBI	31,075	20,306	29,497	36,617	45,057
Bal. with banks/ call money	9,833	3,378	7,423	8,611	9,988
Investment	90,507	1,25,825	1,48,473	1,63,320	1,79,652
Loans and advances	2,90,958	3,43,807	4,05,693	4,70,604	5,45,900
Fixed Assets	6,612	8,263	8,963	9,663	10,363
Other Assets	18,942	22,080	25,392	29,201	33,581
Total assets	4,47,926	5,23,659	6,25,441	7,18,015	8,24,541

Asset Quality

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Gross NPA (INR mn)	12,900	11,228	13,077	13,873	16,025
Gross NPA (%)	4.33	3.19	3.16	2.89	2.88
Net NPA (INR mn)	5,732	3,569	5,119	5,224	5,827
Net NPA (%)	1.97	1.04	1.26	1.11	1.07
% coverage of NPA	55.6	68.2	60.9	62.3	63.6
Delinquencies (%)	6.9	5.8	3.8	2.5	2.3

Source: Company, Antique

Capital Adequacy Ratio

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RWA (INR mn)	2,43,128	2,82,210	3,43,992	3,94,908	4,53,498
Tier I (%)	15.8	15.2	13.8	13.4	13.0
Tier II (%)	3.1	2.4	1.9	0.8	0.7
Total CAR (%)	18.9	17.6	15.7	14.2	13.7

Business Ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Credit / Deposit(%)	83.9	83.4	82.0	82.0	82.0
Investment / Deposit (%)	21.8	24.1	20.0	20.0	20.0
CASA (%)	26.8	26.4	24.0	24.1	24.2
RoA (%)	0.7	1.0	0.9	0.9	0.9
Core RoE (%)	7.8	11.5	11.5	12.5	12.4
Dividend Yield (%)	0.7	1.1	1.3	1.7	2.2

Key assumptions

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Deposits					
Deposit growth (%)	16.8	18.9	20.0	16.0	16.0
Cost of deposits (%)	5.9	5.9	6.8	6.8	6.8
Advances					
Advances growth (%)	13.0	18.2	18.0	16.0	16.0
Yield on advances (%)	10.3	10.7	11.3	11.3	11.4
Investments					
Investments growth (%)	7.6	39.0	18.0	10.0	10.0
Yield on investments (%)	6.8	6.5	7.4	7.2	7.2

Earnings Ratios

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Interest Inc. / Avg. assets (%)	8.3	8.6	9.3	9.2	9.2
Interest Exp./ Avg. assets (%)	5.1	5.1	5.9	5.9	6.0
NIM (%)	3.6	4.0	3.8	3.7	3.7
Int. exp/ Int earned (%)	61.4	59.1	63.4	64.1	64.6
Oth. Inc./ Tot. Inc. (%)	25.0	19.3	18.9	20.8	21.4
Staff exp/Total opt. exp (%)	53.2	51.7	51.7	50.6	49.3
Cost/ Income Ratio (%)	56.0	63.0	63.4	61.3	60.5
Prov./ Operating Profit (%)	51.1	20.2	21.4	22.6	26.5
Loan loss prov./Avg. loans (bps)	148.6	50.2	50.5	55.9	65.9

Per Share Data

Year-ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Book value per share (INR)	123	137	152	170	189
Adj. BVPS (INR)	110	129	140	158	176
Price/ Book value	1.0	0.9	0.8	0.7	0.6
EPS (INR)	9	15	17	20	22
P/E Ratio	12.4	7.7	6.9	5.7	5.1
DPS	0.9	1.3	1.5	2.0	2.5

Source: Company Antique

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 (%)		
							FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY24	FY24	FY24	FY24	1m	12m			
AGROCHEM & FERTILIZERS																											
Bayer Cropscience	Hold	4,921	4,870	(1)	221.1	2.7	6.8	7.6	8.7	151.8	170.1	194.7	32.4	28.9	25.3	22.9	19.7	17.3	7.3	26.6	36.2	8	7				
Coromandel Intl.	Buy	1,043	1,390	33	307.1	3.7	20.1	18.6	21.7	68.5	63.2	73.7	15.2	16.5	14.2	10.0	10.7	8.8	3.3	21.5	30.6	9	8				
Dhanuka Agritech	Buy	796	1,010	27	36.3	0.4	2.3	2.5	2.9	51.2	54.6	63.3	15.5	14.6	12.6	12.7	10.6	8.5	2.9	21.4	28.8	5	9				
Paradeep Phosphates	Buy	61	100	63	50.1	0.6	3.0	3.9	6.8	3.7	4.8	8.3	16.5	12.8	7.4	11.9	8.7	5.6	1.3	10.7	10.7	-14	-1				
PI Industries	Buy	3,401	4,440	31	516.0	6.2	12.2	14.7	16.8	80.7	96.8	111.0	42.1	35.1	30.6	31.4	25.5	21.2	6.1	18.7	22.5	-1	3				
Rallis India	Hold	217	200	(8)	42.2	0.5	0.9	1.7	2.3	4.7	8.9	11.6	46.2	24.3	18.7	18.6	12.2	9.6	2.3	9.7	12.8	4	4				
Sharda Cropchem	Buy	406	440	8	36.6	0.4	3.4	1.5	2.9	37.9	16.3	31.9	10.7	24.9	12.7	4.8	7.5	4.6	1.6	6.4	8.6	3	9				
Sumitomo Chemical India	Buy	373	440	18	186.3	2.2	5.0	3.6	5.0	10.1	7.2	10.0	37.1	51.7	37.3	27.1	37.8	27.1	6.9	14.2	19.2	-12	-25				
UPL	Buy	541	740	37	405.7	4.9	37.2	26.2	40.6	49.6	34.9	54.2	10.9	15.5	10.0	5.4	5.7	4.6	1.4	9.5	12.5	-12	-25				
AUTO & AUTO ANC.																											
Apollo Tyres	Buy	381	506	33	242.2	2.9	10.8	17.7	18.9	17.1	27.8	29.7	22.4	13.7	12.8	8.6	6.4	5.4	1.7	13.0	13.9	3	30				
Ashok Leyland	Buy	168	215	28	492.4	5.9	13.0	23.8	28.3	4.4	8.1	9.6	38.0	20.7	17.4	17.7	12.4	10.6	5.0	25.9	27.0	5	12				
Bajaj Auto	Hold	5,314	5,543	4	1,537.7	18.5	56.3	66.4	73.8	198.9	234.5	260.7	26.7	22.7	20.4	22.6	18.4	16.2	27.9	25.3	33.6	5	42				
Balkrishna Industries	Sell	2,554	2,185	(14)	493.7	5.9	10.3	11.5	15.4	53.5	59.7	79.5	47.8	42.8	32.1	26.8	24.3	19.2	5.9	14.5	13.9	0	31				
Ceat	Buy	2,109	2,786	32	85.3	1.0	2.2	6.4	6.8	54.2	158.8	166.9	38.9	13.3	12.6	10.8	6.6	6.2	2.1	17.3	17.6	-1	36				
Eicher Motors	Buy	3,296	4,186	27	902.2	10.8	29.1	36.5	44.5	106.3	133.2	162.3	31.0	24.7	20.3	25.9	21.4	17.1	5.2	22.6	25.2	4	-13				
Hero MotoCorp	Hold	3,088	3,319	7	617.3	7.4	29.1	34.6	38.5	145.7	173.0	192.6	21.2	17.9	16.0	14.5	11.8	10.5	3.5	20.0	26.0	1	16				
TVS Motors	Hold	1,591	1,616	2	755.8	9.1	14.9	19.2	24.2	31.4	40.5	51.0	50.7	39.3	31.2	29.1	22.8	18.6	10.0	28.2	29.1	5	40				
Mahindra & Mahindra	Buy	1,459	1,850	27	1,813.8	21.8	74.8	85.7	96.6	60.3	69.1	77.9	24.2	21.1	18.7	16.6	14.2	12.4	8.8	18.4	22.1	6	8				
Maruti Suzuki India	Buy	10,392	12,424	20	3,139.3	37.7	80.5	117.8	139.0	266.5	390.0	460.4	39.0	26.6	22.6	27.8	19.5	15.4	4.5	18.2	23.3	-2	10				
Suprajit Engineering	Buy	364	459	26	50.4	0.6	1.5	2.0	2.9	11.0	14.4	20.9	33.0	25.2	17.4	17.1	14.2	10.5	3.8	15.6	16.6	6	12				
BUILDING MATERIALS																											
Apollo Pipes	Buy	660	770	17	26.0	0.3	0.2	0.7	1.0	6.1	17.2	21.8	108.6	38.3	30.3	38.3	20.4	15.1	3.3	10.9	14.8	-7	34				
Astral	Hold	1,851	1,980	7	497.1	6.0	4.6	6.4	8.1	17.0	23.9	30.1	109.0	77.3	61.6	60.6	46.9	37.7	15.2	21.5	26.7	-3	19				
Cera Sanitaryware	Buy	8,483	8,870	5	110.3	1.3	2.1	2.5	3.0	161.0	194.9	233.4	52.7	43.5	36.3	35.5	30.0	24.9	8.2	20.1	26.2	0	54				
Finolex Industries	Hold	192	200	4	119.2	1.4	2.8	5.0	5.8	4.6	8.1	9.4	41.8	23.8	20.4	32.6	17.3	15.0	2.0	9.2	11.0	-14	44				
Greenlam Industries	Buy	480	560	17	60.9	0.7	1.3	1.5	1.7	10.1	12.0	13.5	47.4	40.0	35.5	27.5	23.8	16.4	5.5	14.7	12.6	15	47				
Kajaria Ceramics	Buy	1,261	1,530	21	200.9	2.4	3.5	4.9	6.1	22.0	30.8	38.6	57.3	40.9	32.7	33.6	25.3	20.3	7.7	19.9	24.1	5	16				
Prince Pipes and Fittings	Buy	630	860	36	69.7	0.8	1.2	2.4	3.0	11.0	21.8	27.0	57.4	29.0	23.3	27.2	16.8	13.7	4.4	16.4	21.6	-10	15				
Somany Ceramics	Buy	665	770	16	28.2	0.3	0.7	1.2	1.6	17.2	28.0	38.5	38.6	23.7	17.3	16.6	12.1	9.6	3.2	14.2	14.0	4	23				
Supreme Industries	Hold	4,329	4,620	7	549.9	6.6	8.7	11.5	13.5	68.1	90.6	106.1	63.6	47.8	40.8	45.2	32.1	27.5	10.6	24.0	29.5	5	91				
CEMENT																											
ACC	Buy	1,888	2,300	22	354.6	4.3	10.5	18.3	21.0	47.1	97.1	111.9	40.1	19.4	16.9	16.8	10.3	8.4	2.3	12.3	16.6	6	-22				
Ambuja Cement	Buy	424	550	30	842.8	10.1	27.1	26.8	33.3	12.9	10.9	13.5	33.0	39.1	31.4	23.6	16.0	13.2	2.3	7.2	10.1	0	-22				
Birla Corp	Buy	1,273	1,450	14	98.0	1.2	0.3	4.3	6.9	5.3	56.4	89.8	240.7	22.6	14.2	17.5	9.4	7.2	1.5	7.0	8.1	4	33				
Dalmia Bharat	Buy	2,104	2,500	19	394.6	4.7	6.3	9.5	13.8	34.0	51.4	74.3	61.9	41.0	28.3	17.3	13.3	10.8	2.4	5.9	8.3	-12	31				
Grasim Industries	Buy	1,887	2,030	8	1,242.3	14.9	22.1	19.3	22.6	33.6	29.3	34.4	56.2	64.4	54.9	39.6	45.4	35.4	2.6	4.1	5.2	3	7				
Heidelberg	Hold	187	175	(6)	42.4	0.5	1.1	2.2	3.0	4.8	9.7	13.1	39.1	19.3	14.2	15.8	9.8	7.6	2.9	15.1	17.8	5	6				
JK Cement	Buy	3,154	3,850	22	243.7	2.9	4.3	6.9	9.3	55.2	89.7	121.0	57.2	35.2	26.1	21.1	14.6	11.7	4.7	14.1	14.1	-1	13				
JK Lakshmi Cement	Buy	687	780	14	80.8	1.0	3.6	4.5	6.0	30.5	38.5	50.9	22.5	17.8	13.5	10.8	9.2	7.1	2.6	15.5	16.3	6	17				
Nuvoco Vistas	Hold	340	390	14	121.6	1.5	4.2	2.6	3.6	11.8	7.3	10.0	28.8	46.9	34.1	13.7	8.7	8.2	1.3	2.9	6.1	8	-15				
Orient Cement	Hold	198	155	(21)	40.5	0.5	1.2	2.3	3.2	6.0	11.3	15.7	33.0	17.6	12.6	12.0	8.8	7.3	2.3	13.6	15.1	11	52				
Shree Cements	Buy	25,655	30,000	17	925.7	11.1	11.2	23.7	29.2	309.5	655.8	808.9	82.9	39.1	31.7	29.1	18.8	15.3	4.5	12.0	16.3	1	13				
Ramco Cement	Buy	992	1,035	4	234.3	2.8	3.1	5.4	8.7	13.3	22.9	36.8	74.5	43.3	26.9	23.4	16.2	12.5	3.2	7.6	9.2	9	36				
UltraTech Cement	Buy	8,422	10,500	25	2,431.4	29.2	50.6	82.4	106.8	175.4	286.0	370.8	48.0	29.4	22.7	23.1	16.9	13.5	4.0	14.3	17.7	2	23				
FMCG & RETAIL																											
Aditya Birla Fashion & Retail	Hold	215	221	3	203.8	2.4	-0.4	0.0	2.0	-0.4	0.0	2.1	-566.0	-11,022.4	101.8	14.6	12.0	9.6	6.1	-0.1	7.9	0	-40				
Asian Paints	Hold	2,996	3,208	7	2,873.5	34.5	41.6	54.6	58.6	43.3	56.9	61.1	69.2	52.6	49.1	46.1	36.5	33.4	15.1	31.2	37.2	5	5				
Avenue Supermarts	Hold	3,633	3,893	7	2,364.4	28.4	24.2	26.7	33.5	37.3	41.3	51.8	97.4	88.1	70.2	64.2	58.0	46.4	12.3	13.9	18.8	-1	-14				
Bajaj Consumer Care	Buy	232	258	11	33.3	0.4	1.4	1.8	2.0	9.8	12.4	14.3	23.7	18.8	16.2	19.3	12.9	10.3	2.8	17.6	21.5	3	47				
Colgate Palmolive	Hold	2,114	2,036	(4)	574.9	6.9	10.6	12.4	13.3	38.9	45.6	49.0	54.3	46.3	43.1	36.6	31.7	29.4	31.2	69.8	110.4	5	30				
Dabur India	Hold	529	564	7	937.2	11.3	17.1	18.8	22.1	9.7	10.6	12.5	54.7	49.8	42.2	43.3	38.9	32.9	9.5	20.0	22.9	4	6				
Devyani International	Buy	180	215	20	216.8	2.6	2.9	2.2	3.6	2.4	1.8	3.0	75.4	99.3	60.0	33.1	27.5	20.3	18.1	20.1	44.5	-16	-7				
Emami	Buy	510	518	2	224.6	2.7	7.6	8.2	9.1	17.3	18.6	20.7	29.6	27.4	24.6	25.8	21.2	18.5	8								

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)	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY24	FY24	FY24	1m	12m
INDUSTRIALS & ENGINEERING																							
ABB	Buy	4,109	5,388	31	870.8	10.5	6.9	10.3	13.7	32.4	48.8	64.9	126.9	84.3	63.3	87.3	65.1	48.2	15.2	19.4	26.6	0	31
Bharat Dynamics	Buy	974	1,430	47	178.5	2.1	3.5	5.0	8.4	192	275	46.1	50.7	35.4	21.2	34.3	20.6	12.3	5.1	15.1	15.4	-6	1
Bajaj Elec.	Hold	1,020	1,138	12	1175	1.4	2.3	2.5	3.3	199	220	28.5	51.2	46.5	35.9	30.4	28.0	22.1	5.5	12.4	14.0	-7	-3
BEML	Hold	2,021	2,106	4	84.2	1.0	1.6	2.4	3.2	378	56.8	75.6	53.5	35.6	26.7	24.0	20.9	16.6	3.2	9.5	9.5	-13	30
Bharat Electronics	Buy	133	161	21	974.0	11.7	30.1	33.3	39.0	4.1	4.6	5.3	32.4	29.3	25.0	22.1	18.9	15.8	6.3	22.8	23.7	-4	23
BHEL	Buy	121	158	30	420.8	5.1	4.5	6.2	19.1	1.3	1.8	5.5	94.0	67.7	22.0	57.1	52.9	15.6	1.5	2.3	3.8	-8	59
Blue Star	Buy	885	930	5	181.9	2.2	2.3	3.9	5.4	11.9	20.4	27.8	74.2	43.4	31.8	37.6	27.3	21.0	11.4	27.8	28.9	1	45
Cochin Shipyard	Hold	951	1,132	19	125.1	1.5	2.9	4.2	4.5	22.0	31.6	34.4	43.3	30.1	27.7	30.1	19.2	13.1	2.6	8.9	12.0	-12	73
Crompton Consumer	Hold	282	298	6	180.5	2.2	4.8	4.7	6.3	7.5	7.4	9.9	37.5	38.2	28.4	24.5	24.5	18.7	6.3	17.0	17.2	9	-22
Cummins India	Hold	1,677	1,844	10	464.7	5.6	11.4	12.6	14.8	41.3	45.4	53.4	40.6	37.0	31.4	36.6	31.8	26.1	7.9	22.4	28.0	-1	24
Engineers India	Hold	124	146	18	69.5	0.8	3.4	3.5	3.7	5.4	5.6	5.9	22.8	22.3	20.9	19.9	17.7	15.5	3.0	15.8	18.6	-16	74
Garden Reach Shipbuilders	Buy	743	993	34	85.1	1.0	2.3	2.6	3.7	199	22.4	31.9	37.3	33.2	23.3	23.8	24.7	15.8	3.4	13.1	14.8	-12	63
GE T&D	Hold	395	363	(8)	101.2	1.2	0.1	1.2	2.2	0.4	4.5	8.7	1,023.3	87.2	45.5	101.3	49.8	29.5	8.5	10.3	15.9	-11	200
Jupiter Wagons Ltd	Hold	313	286	(9)	124.9	1.5	1.3	3.0	4.1	3.2	7.5	10.2	96.6	41.8	30.7	49.7	28.5	21.7	10.3	29.5	32.3	-4	328
Havells India	Hold	1,246	1,359	9	780.9	9.4	10.7	13.7	17.3	17.2	21.9	27.7	72.5	56.9	44.9	47.6	37.4	29.5	10.2	19.2	25.1	-10	2
Hindustan Aeronautics	Buy	1,823	2,589	42	1,219.2	14.6	58.1	50.3	55.9	86.9	75.3	83.6	21.0	24.2	21.8	15.3	14.3	13.0	4.6	20.0	21.2	-5	44
Hitachi Energy	Buy	4,143	4,851	17	175.6	2.1	0.9	2.6	4.6	22.2	60.3	109.0	186.8	68.7	38.0	74.9	39.3	23.9	12.6	19.6	24.9	1	30
Honeywell Automation	Hold	35,998	45,031	25	318.3	3.8	4.4	5.0	6.4	495.5	564.2	728.2	72.7	63.8	49.4	56.8	46.9	35.4	9.0	14.8	20.6	-10	-12
KEC International	Buy	628	830	32	161.5	1.9	1.8	4.7	9.8	6.8	18.2	38.3	91.8	34.5	16.4	23.1	13.7	9.5	3.9	11.9	17.5	-5	42
Kirloskar Pneumatic	Buy	557	733	32	36.0	0.4	1.1	1.3	1.8	16.9	19.6	27.3	32.9	28.4	20.4	20.9	17.3	12.4	4.0	14.9	19.6	-16	0
Kirloskar Oil Engines	Buy	544	699	29	78.8	0.9	2.7	3.4	4.1	18.6	23.5	28.5	29.2	23.2	19.1	18.0	13.9	11.3	3.2	14.4	18.7	1	108
Lakshmi Machine Works	Hold	13,204	13,451	2	141.1	1.7	3.5	4.3	4.9	331.1	399.0	459.7	39.9	33.1	28.7	32.2	25.0	21.6	5.4	17.4	23.7	-9	2
Linde India	Buy	5,995	6,578	10	511.3	6.1	5.4	5.0	7.5	62.8	58.4	88.5	95.4	102.7	67.8	65.3	63.7	44.3	14.8	15.2	18.5	1	99
Larsen & Toubro	Buy	2,929	3,398	16	4,117.2	49.4	103.3	137.9	181.2	73.8	98.5	129.4	39.7	29.7	22.6	24.5	20.8	16.8	4.3	14.9	11.2	-3	45
Mazagon Dock Shipbuilders	Buy	1,967	2,774	41	396.7	4.8	10.7	11.4	16.6	53.2	56.3	82.1	37.0	34.9	24.0	33.1	25.2	17.4	5.4	19.6	27.6	-10	208
Siemens	Buy	3,331	4,909	47	1,186.2	14.2	18.9	22.9	26.9	53.1	64.2	75.5	62.8	51.9	44.1	46.4	38.2	32.3	8.4	17.2	23.4	-9	13
Thermax	Hold	2,832	2,889	2	337.4	4.1	4.5	5.8	7.4	40.0	51.1	65.8	70.7	55.4	43.1	55.9	42.1	32.2	7.5	14.2	17.2	-9	27
Titagarh Rail Systems	Buy	762	1,013	33	96.9	1.2	1.5	2.6	4.5	12.5	20.7	35.6	60.9	36.7	21.4	37.3	24.3	14.5	6.4	21.4	28.0	-2	387
Voltas	Hold	838	855	2	277.1	3.3	3.8	4.7	7.8	11.5	14.2	23.4	73.1	59.2	35.7	48.3	46.0	25.1	4.8	8.3	17.9	-3	8
INFRASTRUCTURE																							
Ashoka Buildcon	Buy	130	188	44	36.5	0.4	3.2	4.7	5.6	11.4	16.6	19.8	11.4	7.9	6.6	8.4	7.1	5.7	1.0	13.0	10.9	6	75
Dilip Buildcon	Hold	304	325	7	44.5	0.5	0.9	1.8	2.0	6.8	13.3	14.5	44.6	23.0	21.0	6.9	5.6	5.1	0.9	3.9	10.2	-2	40
IRB Infra	Buy	34	49	45	202.3	2.4	8.3	9.2	11.1	1.4	1.5	1.8	24.5	21.9	18.2	10.7	10.3	10.3	1.5	6.8	6.7	6	42
IRCON International	Buy	139	176	27	130.5	1.6	7.8	8.3	9.0	8.3	8.8	9.5	16.8	15.7	14.6	17.4	12.1	10.2	2.2	15.1	10.7	-4	215
KNR Constructions Ltd.	Buy	264	295	12	74.2	0.9	3.6	3.1	3.4	12.8	11.1	12.0	20.6	23.8	22.0	10.0	10.7	9.9	2.6	11.1	16.4	-7	17
NBCC	Sell	66	27	(58)	118.1	1.4	4.0	4.1	4.9	2.2	2.3	2.7	29.5	28.6	24.1	33.2	25.8	19.4	5.4	20.1	16.9	12	96
NCC Ltd.	Buy	144	212	47	90.7	1.1	5.7	9.0	10.4	9.1	14.3	16.6	15.9	10.1	8.7	7.0	5.4	4.9	1.3	13.2	21.4	-7	96
BITES	Buy	452	621	38	108.5	1.3	5.3	3.7	5.4	22.1	15.2	22.6	20.5	29.7	20.0	11.8	16.4	10.9	4.1	14.3	14.4	-8	18
Rail Vikas Nigam Ltd	Hold	154	160	4	321.4	3.9	12.6	13.1	14.5	6.1	6.3	6.9	25.5	24.5	22.2	29.8	25.4	21.9	3.5	16.0	8.8	-9	283
Welspun Ent.	Buy	262	376	44	36.3	0.4	2.0	2.3	4.0	13.6	16.5	28.9	19.3	15.9	9.1	16.2	11.6	6.3	1.4	8.0	8.9	-8	111
IT																							
Cyient	Hold	1,588	1,600	1	175.9	2.1	5.7	30.2	9.4	51.4	71.5	83.5	30.9	22.2	19.0	17.4	5.1	10.9	4.6	83.3	66.0	6	114
FirstSource Sol.	Buy	156	180	15	108.8	1.3	5.1	5.6	7.0	7.4	8.1	10.0	21.2	19.4	15.6	15.1	12.3	10.4	3.1	16.7	12.7	-7	48
HCL Tech	Buy	1,276	1,475	16	3,462.6	41.6	148.1	161.0	180.7	54.3	59.2	66.1	23.5	21.6	19.3	14.3	13.1	11.5	5.1	24.2	30.4	3	20
Infosys	Hold	1,368	1,490	9	5,679.4	68.2	241.1	251.4	279.1	57.6	60.7	67.4	23.8	22.6	20.3	15.3	14.0	12.4	6.6	31.1	43.2	-5	-13
ITI Mindtree	Buy	5,060	5,725	13	1,497.5	18.0	44.1	48.2	55.9	149.0	162.7	188.9	34.0	31.1	26.8	24.2	21.6	18.3	7.7	26.8	35.6	-3	4
L&T Technology Services	Hold	4,187	4,550	9	442.6	5.3	11.7	13.1	14.8	110.8	124.0	140.4	37.8	33.8	29.8	24.5	21.6	19.0	8.1	25.1	31.4	-9	16
Mphasis	Buy	2,123	2,850	34	400.5	4.8	16.4	16.7	19.9	86.9	88.6	105.7	24.4	24.0	20.1	15.5	15.5	13.0	4.7	20.2	27.7	-11	6
Coloforge Ltd	Buy	4,984	5,800	16	307.0	3.7	8.3	9.2	11.6	135.8	150.6	190.2	36.7	33.1	26.2	21.7	19.4	15.6	8.8	28.0	35.6	-2	30
Persistent Sys	Buy	6,160	6,250	1	473.9	5.7	9.2	11.6	14.3	120.5	152.0	187.3	51.1	40.5	32.9	31.0	26.6	21.9	10.2	27.0	33.9	6	64
TCS	Hold	3,369	3,550	5	12,326.4	148.0	421.5	462.4	514.0	115.2	126.4	140.5	29.2	26.7	24.0	20.1	18.3	16.1	12.0	47.1	58.5	-5	5
TeamLease	Buy	2,346	3,800	62	39.3	0.5	1.1	1.4	1.9	67.0	81.3	111.0	35.0	28.9	21.1	28.7	23.9	16.6	4.2	15.6	16.3	-10	-19
Tech Mahindra	Buy	1,133																					

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)	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY24	FY24	FY24	1m	12m
METALS & MINING																							
APL Apollo Tubes	Buy	1,565	1,803	15	434.1	5.2	6.4	8.9	12.5	23.1	32.1	45.2	67.6	48.8	34.6	43.0	31.6	23.1	11.8	26.7	29.6	4	44
Hindalco Industries	Buy	460	526	14	1,032.6	12.4	100.6	111.9	116.1	45.2	50.3	52.2	10.2	9.1	8.8	6.6	5.7	5.4	1.0	11.3	11.4	-7	11
Hindustan Zinc	Hold	296	288	(3)	1,248.8	15.0	105.2	85.6	92.3	24.9	20.2	21.8	11.9	14.6	13.5	7.2	8.5	7.8	8.2	60.9	43.7	-4	4
Indian Hume Pipe	Buy	222	177	(20)	11.7	0.1	0.6	0.6	0.9	11.5	12.8	17.7	19.3	17.3	12.5	13.1	11.0	9.1	1.4	8.6	11.3	-8	34
Jindal Steel & Power	Buy	634	697	10	646.5	7.8	46.0	37.4	52.3	45.6	37.0	51.7	13.9	17.1	12.3	7.3	7.6	6.1	1.5	9.1	11.3	-10	36
JSW Steel	Hold	736	763	4	1,800.7	21.6	35.5	123.8	151.9	14.7	51.2	62.8	50.1	14.4	11.7	13.1	8.2	7.1	2.4	17.9	14.3	6	7
JTL Industries	Buy	216	286	33	36.7	0.4	0.9	1.3	1.9	5.4	7.9	11.4	39.9	27.1	18.9	28.4	20.1	14.1	6.8	28.4	35.0	-6	48
Kirloskar Ferrous	Buy	472	518	10	65.7	0.8	3.5	4.1	5.9	25.2	29.2	42.7	18.7	16.1	11.0	11.2	10.3	7.6	3.4	22.8	22.3	-2	77
MOIL	Buy	232	250	8	47.2	0.6	2.5	3.4	4.7	12.2	16.9	23.1	19.0	13.7	10.0	10.2	6.6	4.6	1.9	14.5	19.5	4	50
NALCO	Buy	92	116	26	169.4	2.0	15.4	13.4	16.6	8.4	7.3	9.0	11.0	12.6	10.2	6.0	5.2	4.3	1.2	9.9	12.5	-5	30
NMDC	Buy	154	149	(4)	451.9	5.4	42.9	51.7	56.3	14.6	17.6	19.2	10.5	8.7	8.0	6.4	5.3	4.7	1.8	21.9	29.3	4	47
SAIL	Hold	84	94	12	346.3	4.2	17.4	48.4	49.7	4.2	11.7	12.0	19.9	7.2	7.0	8.3	5.3	5.2	0.6	8.6	9.1	-11	5
Tata Steel	Buy	119	149	25	1,451.4	17.4	86.5	113.6	168.6	7.1	9.3	13.8	16.8	12.8	8.6	6.7	6.3	5.0	1.3	10.4	10.7	-8	17
Venus Pipes	Buy	1,386	1,695	22	28.1	0.3	0.4	1.0	1.4	21.8	48.3	67.5	63.6	28.7	20.5	41.6	19.2	14.2	6.7	26.5	30.7	6	85
Vedanta	Buy	217	325	50	805.1	9.7	107.9	115.3	135.6	29.0	31.0	36.5	7.5	7.0	5.9	3.6	3.5	3.1	1.9	28.4	23.7	-3	-25
OIL & GAS																							
BPCL	Buy	349	560	60	757.6	9.1	32.3	239.0	123.7	15.2	112.2	58.1	23.0	3.1	6.0	10.4	2.7	5.1	1.1	40.4	31.3	1	15
GAIL	Buy	120	133	11	785.7	9.4	53.0	87.5	90.7	8.0	13.1	13.6	15.0	9.1	8.8	14.0	7.5	7.0	1.3	15.0	14.5	-4	31
Gujarat Gas	Buy	409	570	39	281.6	3.4	15.3	12.0	17.0	22.2	17.4	24.8	18.4	23.5	16.5	11.6	14.0	10.0	3.7	16.4	19.4	-3	-21
HPCL	Buy	248	412	66	351.4	4.2	89.7	156.8	80.4	-63.2	110.5	56.7	-3.9	2.2	4.4	-12.8	3.1	4.8	0.8	45.3	23.7	-3	17
IGL	Buy	382	552	44	267.6	3.2	14.4	17.8	17.6	20.6	25.4	25.1	18.5	15.1	15.2	11.6	9.4	9.1	3.2	22.9	29.2	-16	-10
Indian Oil Corp	Buy	90	126	41	1,266.7	15.2	82.3	356.0	206.8	6.0	25.8	15.0	15.0	3.5	6.0	11.9	4.0	5.7	0.8	24.6	17.8	-1	31
Mahanagar Gas	Buy	1,032	1,315	27	102.0	1.2	7.9	12.3	8.9	79.9	124.1	90.3	12.9	8.3	11.4	7.3	4.6	5.8	2.1	27.5	35.4	0	19
Oil India	Buy	299	338	13	324.1	3.9	68.3	56.7	60.0	63.0	52.3	55.3	4.7	5.7	5.4	4.1	4.4	3.9	0.9	15.7	16.9	0	55
ONGC	Buy	186	226	21	2,341.8	28.1	457.6	425.5	466.0	36.4	33.8	37.0	5.1	5.5	5.0	3.1	2.9	2.5	0.8	15.7	18.4	-3	38
Petronet LNG	Buy	200	282	41	299.4	3.6	32.4	32.5	34.2	21.6	21.7	22.8	9.2	9.2	8.7	5.5	5.0	5.7	1.9	20.9	23.7	-17	-2
Reliance Industries	Buy	2,288	2,904	27	15,480.0	185.9	740.9	804.2	986.7	98.6	105.7	121.3	23.2	21.6	18.9	12.5	11.2	9.5	1.8	9.5	8.7	-2	-1
PHARMA & HEALTHCARE																							
Alkem	Hold	3,722	3,496	(6)	445.0	5.3	10.7	15.2	18.2	89.1	127.4	152.0	41.8	29.2	24.5	26.7	21.5	18.4	4.4	15.8	19.8	3	16
Alembic Pharma	Hold	713	676	(5)	140.2	1.7	3.4	5.7	6.0	17.4	29.2	30.7	41.0	24.4	23.2	20.7	13.6	12.2	2.9	12.5	15.2	-9	23
CIPLA	Sell	1,200	967	(19)	968.8	11.6	29.3	29.6	32.4	36.4	36.7	40.1	33.0	32.7	29.9	18.5	19.4	17.3	3.7	12.0	16.4	1	2
Concord Biotech	Buy	1,149	1,339	17	120.2	1.4	2.4	3.6	4.4	22.9	34.2	42.1	50.1	33.6	27.3	34.6	23.8	19.0	7.8	25.3	32.5	6	
Dr Reddys	Sell	5,368	4,763	(11)	895.2	10.7	46.3	33.5	36.6	278.0	201.0	219.9	19.3	26.7	24.4	13.1	15.7	14.0	3.5	13.7	18.3	-4	18
IOL Chemicals	Buy	421	510	21	24.7	0.3	1.4	2.3	2.5	23.6	39.9	42.5	17.8	10.5	9.9	11.2	6.8	6.1	1.4	14.5	18.8	-12	17
JB Chemicals	Hold	1,398	1,194	(15)	216.7	2.6	4.1	5.7	6.8	26.5	36.8	44.2	52.9	38.0	31.6	31.6	23.8	20.1	3.7	21.1	24.1	-6	40
Dr Lal Pathlabs	Sell	2,419	1,432	(41)	201.9	2.4	2.4	3.3	4.0	28.7	39.5	47.7	84.4	61.3	50.7	40.4	34.0	28.5	52.8	18.4	22.2	-4	-7
Laurus Labs	Hold	362	301	(17)	194.9	2.3	7.9	2.9	6.0	14.7	5.4	11.1	24.7	66.7	32.4	13.5	23.1	15.0	4.5	7.0	9.1	-9	-23
Lupin	Buy	1,128	1,220	8	513.6	6.2	4.3	14.9	24.6	9.5	32.7	54.0	119.3	34.5	20.9	30.2	17.4	11.9	3.7	11.4	13.2	4	59
Mankind Pharma	Buy	1,742	2,032	17	697.6	8.4	12.8	18.4	23.3	32.0	46.0	58.1	54.4	37.9	30.0	36.0	26.4	21.0	7.7	22.3	27.8	-3	
Metropolis Healthcare	Sell	1,405	1,087	(23)	72.0	0.9	1.4	1.5	1.9	27.9	29.8	36.2	50.4	47.1	38.8	25.5	22.5	19.5	6.5	14.6	18.4	-4	-20
Solara Active Pharma	Sell	305	303	(1)	11.0	0.1	-0.2	0.6	0.7	-6.2	18.0	20.2	-49.6	16.9	15.1	15.7	7.3	6.4	0.7	4.2	7.0	-14	-27
Torrent Pharma	Buy	1,924	2,265	18	651.2	7.8	12.4	15.9	19.8	36.5	46.9	58.5	52.7	41.0	32.9	24.5	21.0	18.1	9.3	24.1	23.0	0	14
Zydus Life Science	Hold	574	585	2	580.5	7.0	24.0	24.0	27.5	23.7	23.7	27.1	24.2	24.2	21.1	15.3	15.5	13.5	3.0	13.0	15.1	-7	32
REALTY																							
Arvind SmartSpaces	Buy	322	427	33	14.6	0.2	0.3	0.5	0.8	6.0	11.4	17.8	53.4	28.2	18.1	31.5	18.0	12.1	2.7	9.9	15.3	-7	25
Brigade Enterprise	Buy	615	700	14	142.1	1.7	1.7	3.6	5.4	7.4	15.8	23.3	83.7	39.0	26.4	17.7	13.4	11.3	19.7	10.6	11.5	8	23
Century Textile & Industries	Buy	1,083	1,319	22	120.9	1.5	1.4	5.0	5.6	12.3	45.2	49.9	87.8	24.0	21.7	24.6	13.6	12.1	2.8	12.3	13.1	-3	28
DLF	Buy	564	687	22	1,394.8	16.7	20.4	42.4	53.8	8.2	17.1	21.7	68.5	32.9	25.9	81.3	39.2	32.7	3.3	10.7	9.4	6	45
Godrej Properties	Hold	1,660	1,706	3	461.4	5.5	5.7	14.0	24.1	20.6	50.2	86.6	80.8	33.0	19.2	199.7	137.1	73.6	4.3	14.0	9.5	7	31
Kolte Patil	Buy	480	532	11	36.5	0.4	1.0	1.5	2.0	13.6	19.5	26.0	35.4	24.6	18.5	20.2	11.1	8.0	3.1	13.4	18.9	2	40
Macrotech Developers	Buy	788	835	6	759.7	9.1	16.6	18.9	30.3	34.5	19.7	31.4	22.8	40.1	25.0	40.2	27.0	18.2	5.0	13.7	14.1	-2	57
Nexus Select Trust	Buy	127	131	3	192.8	2.3	6.3	8.5	9.9	303.0	5.6	6.5	0.4	22.7	19.5	17.4	14.8	13.7	1.1	8.9	9.3	3	
Oberoi Realty	Hold	1,138	1,069	(6)	413.7	5.0	19.0	26.4	28.0	52.4	72.7	77.0	21.7	15.7	14.8	21.1	13.3	12.3	2.8	19.5	18.5	-1	22
Phoenix	Buy	1,815	1,906	5	324.3	3.9	7.3	10.9															

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 (%)	
							FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25				FY23	FY24
UTILITIES																							
CESC	Buy	85	93	10	112.3	1.3	14.0	17.3	18.0	10.5	13.1	13.6	8.0	6.5	6.2	10.6	6.2	6.1	1.0	11.2	10.1	6	11
COAL India	Buy	314	340	8	1,936.6	23.3	281.2	216.1	211.1	45.3	34.8	34.0	6.9	9.0	9.2	6.5	8.0	7.4	2.9	34.7	17.3	6	28
Indian Energy Exchange	Sell	126	103	(18)	112.2	1.3	2.9	3.5	3.8	3.2	3.9	4.2	38.8	32.1	29.8	33.3	27.1	24.6	11.8	40.6	41.1	-5	-10
JSW Energy	Buy	386	488	26	634.5	7.6	13.4	19.1	25.5	8.1	11.6	15.5	47.4	33.3	24.9	23.9	13.4	10.9	3.1	9.8	7.2	-12	11
NHPC	Buy	50	67	32	504.3	6.1	42.8	41.6	49.0	4.2	4.1	4.8	12.0	12.4	10.5	11.9	12.7	10.0	1.3	10.9	4.8	5	17
NTPC	Buy	236	274	16	2,286.5	27.5	177.9	181.4	187.6	18.3	18.7	19.3	12.9	12.6	12.2	9.6	9.4	9.0	1.5	12.6	9.5	4	30
Power Grid	Buy	202	226	12	1,880.1	22.6	150.8	151.3	180.1	16.3	16.3	19.4	12.4	12.4	10.4	7.9	8.0	7.2	2.1	17.6	10.7	1	15
PTC India	Buy	140	186	33	41.6	0.5	3.2	4.0	4.2	10.8	13.3	14.3	13.0	10.5	9.8	6.8	5.0	4.6	1.0	9.4	13.2	6	96
SJVN Ltd	Buy	71	72	2	279.2	3.4	13.8	10.4	17.8	3.3	2.5	4.3	21.2	28.3	16.5	17.1	18.3	11.7	2.1	7.4	5.3	-3	100
Torrent Power	Hold	727	608	(16)	349.4	4.2	21.8	22.9	24.0	45.3	47.7	49.8	16.0	15.3	14.6	10.0	8.6	8.4	2.8	19.4	16.2	-2	44
Tata Power	Buy	239	275	15	764.8	9.2	38.1	28.1	25.5	11.9	8.8	8.0	20.1	27.2	29.9	16.9	10.9	10.3	2.5	13.2	8.1	-9	4
MIDCAPS - OTHER																							
CCL Products	Buy	590	790	34	78.5	0.9	2.7	3.3	4.2	20.2	25.0	31.4	29.2	23.6	18.8	21.7	17.7	14.1	4.5	20.7	15.8	9	17
EPL Ltd.	Buy	181	240	33	57.5	0.7	2.3	2.8	3.8	7.2	8.8	11.9	25.2	20.5	15.2	10.8	8.4	6.9	2.7	13.6	15.9	-3	18
Ganesha Ecosphere	Buy	873	1,420	63	19.0	0.2	0.7	0.7	1.5	34.2	31.6	70.9	25.5	27.6	12.3	17.7	13.8	8.5	2.7	10.3	10.8	-11	5
Gravita India	BUY	995	1,250	26	68.7	0.8	2.1	2.3	3.0	29.9	33.2	43.2	33.2	30.0	23.0	27.6	21.5	16.5	8.7	33.2	28.6	9	176
Indian Hotels	Hold	383	400	4	544.6	6.5	10.0	12.1	14.2	7.0	8.5	10.0	54.5	44.9	38.3	30.9	26.0	22.5	6.1	14.3	14.7	-7	12
Chalet Hotels	Buy	548	600	10	112.5	1.4	1.4	2.8	3.8	7.0	13.5	18.4	78.3	40.7	29.7	30.4	19.2	16.4	5.6	14.9	12.1	-2	52
Mold-Tek Packaging	Buy	891	1,050	18	29.5	0.4	0.8	0.8	1.2	24.2	25.5	34.9	36.7	35.0	25.5	22.1	19.2	14.8	4.8	14.3	13.6	-3	-2
Raymond	Buy	1,760	2,303	31	117.2	1.4	6.4	17.2	7.6	95.6	259.1	114.9	18.4	6.8	15.3	11.3	10.2	9.2	2.6	46.1	21.8	-3	46
Solar Industries	Hold	5,501	4,140	(25)	497.7	6.0	7.6	7.7	9.3	83.7	84.9	103.3	65.7	64.8	53.3	39.3	37.6	31.5	15.1	26.0	28.9	14	39
Varun Beverages	Hold	909	820	(10)	1,180.7	14.2	15.0	20.4	25.2	11.5	15.7	19.4	78.8	57.9	46.8	43.6	32.9	27.4	17.2	34.0	29.8	4	64

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 (%)	
							FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25				FY23	FY24
FINANCIALS																							
Axis Bank	Buy	982	1,225	25	3,026.1	36.3	95.8	240.8	291.6	396.1	464.3	541.5	2.4	2.0	1.7	0.4	0.4	0.4	12.5	18.2	1.7	-5	13
Bank of Baroda	Buy	196	235	20	1,014.6	12.2	141.1	179.5	177.4	170.3	198.0	225.4	1.2	1.0	0.9	0.9	0.9	0.8	5.7	18.8	1.2	8	33
Canara Bank	Buy	384	450	17	697.3	8.4	106.0	137.1	152.1	364.3	424.8	491.8	1.1	0.9	0.8	1.7	1.1	1.0	5.1	19.2	1.0	2	32
City Union Bank	Buy	138	170	23	102.3	1.2	9.4	10.4	10.8	100.7	113.4	126.3	1.4	1.2	1.1	2.4	2.1	2.0	9.8	13.1	1.5	9	-26
DCB Bank	Buy	115	150	31	35.8	0.4	4.7	5.2	6.2	137.0	151.8	169.5	0.8	0.8	0.7	1.0	1.3	1.1	-	11.5	0.9	8	7
Equitas SFB	Hold	93	105	13	104.3	1.3	5.7	8.2	9.2	46.4	51.7	57.9	2.0	1.8	1.6	1.2	1.2	1.2	12.8	14.9	2.0	3	82
Federal Bank	Buy	141	170	21	341.1	4.1	30.1	35.6	38.7	101.6	117.5	130.7	1.4	1.2	1.1	0.7	0.8	1.0	9.6	14.2	1.3	4	7
HDFC Bank^	Buy	1,477	1,975	34	11,204.9	134.5	441.1	642.9	745.9	494.7	561.4	637.2	2.8	2.3	2.0	0.3	0.5	0.6	17.3	15.0	1.9	-3	-2
ICICI Bank	Buy	915	1,225	34	6,412.8	77.0	319.0	389.1	394.7	281.5	326.1	371.3	2.9	2.4	2.1	0.5	0.6	0.8	16.4	18.3	2.3	4	1
IndusInd Bank	Buy	1,441	1,725	20	1,120.0	13.4	73.9	90.4	103.7	700.1	794.9	902.1	2.1	1.8	1.6	0.6	0.5	0.5	12.4	15.6	1.8	1	25
Karur Vysya Bank	Buy	143	175	22	114.4	1.4	11.1	13.9	14.2	107.0	122.3	137.7	1.3	1.2	1.0	0.7	0.5	0.7	8.3	15.1	1.4	7	43
Kotak Mahindra Bank	Buy	1,739	2,250	29	3,457.0	41.5	109.4	128.1	139.4	401.5	463.6	531.1	3.3	2.7	2.2	0.4	0.4	0.5	27.0	14.9	2.4	0	9
Punjab National Bank	Hold	73	80	10	803.8	9.7	25.1	80.6	129.1	83.0	88.9	98.2	0.9	0.8	0.7	2.7	0.9	0.6	10.0	8.5	0.5	-9	82
State Bank of India	Buy	566	700	24	5,047.3	60.6	502.3	592.2	598.0	299.6	352.7	406.3	1.4	1.2	1.0	0.7	0.8	0.8	8.5	19.1	1.0	6	-2
South Indian Bank	Hold	24	25	3	50.7	0.6	7.8	9.1	9.2	30.2	34.1	38.0	0.8	0.7	0.6	1.9	1.5	1.4	5.6	13.6	0.8	-11	76
Ujjivan Small Bank	Buy	52	62	18	101.9	1.2	11.0	12.4	12.1	20.5	26.9	33.0	2.5	1.9	1.6	0.0	0.0	0.2	8.2	25.7	3.2	4	111
Union Bank of India	Buy	102	125	23	753.1	9.0	84.3	132.5	132.0	106.0	117.0	129.8	1.0	0.9	0.8	1.7	1.6	1.6	5.7	16.6	1.0	4	93

*Adjusted for subsidiaries; ^ HDFCB Financials for FY24 and FY25 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 (%)		
							FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25		FY23	FY24	FY25
Insurance																						
HDFC Life Insurance	Buy	618	780	26	1,329.5	16.0	36.7	39.0	45.9	184.0	223.2	261.0	3.4	2.8	2.4	25.8	22.1	17.0	18.3	-3	14	
ICICI Prudential Life Insurance	Buy	525	660	26	756.3	9.1	27.7	28.6	32.1	248.1	297.6	342.2	2.1	1.8	1.5	14.9	11.9	8.6	16.5	-7	1	
LIC of India	Hold	602	720	19	3,809.2	45.7	91.6	101.2	111.7	920.5	1,016.0	1,102.4	0.7	0.6	0.5	NA	NA	NA	9.7	-7	0	
Max Life Insurance*	Buy	914	1,100	20	315.5	3.8	19.5	19.7	23.0	84.8	105.1	124.9	3.1	2.5	2.1	17.6	15.4	11.5	20.6	0	27	
SBI Life Insurance	Buy	1,368	1,630	19	1,369.3	16.4	50.7	56.3	64.9	460.3	557.2	663.0	3.0	2.5	2.1	16.6	13.3	9.9	20.4	5	8	

*Valuations after factoring 20% holdco discount

Events Calendar

November 2023

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sun
30 Oct	31 Oct	1 Nov	2 Nov	3 Nov	4 Nov	5 Nov
		Ambuja Cements Arvind SmartSpaces Cera Sanitaryware Godrej Consumer Hero Motocorp Indraprastha Gas Kansai Nerolac KEC International Tata Steel	Dabur India Dr. Lal Pathlabs Godrej Properties Gujarat Gas Indian Energy Exchange JK Lakshmi Cement Kirloskar Oil Engines Sapphire Foods Solar Industries	Bayer Cropscience Bharat Dynamics CG Consumer Electricals Kirloskar Ferrous Thermax Titan Company	Bank of Baroda CCL Products Ganesh Ecosphere JK Cement Metropolis Healthcare State Bank of India	
6 Nov	7 Nov	8 Nov	9 Nov	10 Nov	11 Nov	12 Nov
Bajaj Electricals Emami Heidelberg Cement Hitachi Energy HPCL Honeywell Automation KPR Mill Kolte-Patil Developers Linde NHPC Radico Khaitan Sobha Varun Beverages V-Mart Retail	Alembic Pharma Alkem Laboratories Apollo Tyres Cochin Shipyard Cummins India Devyani International Dilip Buildcon JB Chemicals & Pharma Jyothy Labs Mold-Tek Packaging Power Grid Corp Prince Pipes & Fittings Shree Cement Trent Zydus Lifesciences	Birla Corp Brigade Enterprises CESC Concord Biotech Firstsource Solutions IOL Chemicals & Pharma Lupin Mazagon Dock Shipbuilders MOIL Oil India Patanjali Foods PI Industries Raymond Somany Ceramics Tata Power Teamlease Services United Spirits	ABB India Ashok Leyland BEML Engineers India Indian Hume Pipe NBCC NCC Orient Cement Rail Vikas Nigam SJVN Suprajit Engineering The Ramco Cements	Coal India Garden Reach Shipbuilders Hindalco Industries Hindustan Aeronautics Life Insurance Corp Mahindra & Mahindra ONGC		
13 Nov	14 Nov	15 Nov	16 Nov	17 Nov	18 Nov	19 Nov
	NMDC					
20 Nov	21 Nov	22 Nov	23 Nov	24 Nov	25 Nov	26 Nov
27 Nov	28 Nov	29 Nov	30 Nov			

Important Disclaimer:

This report has been prepared by Antique Stock Broking Limited (hereinafter referred to as ASBL) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies).

ASBL is a Stock Broker having SEBI Registration No. INZ000001131 and Depository Participant having SEBI Registration No. IN-DP-721-2022(CDSL) registered with and regulated by Securities & Exchange Board of India. SEBI Registration Number: INH000001089 as per SEBI (Research Analysts) Regulations, 2014. CIN: U67120MH1994PLC079444.

ASBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ASBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ASBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ASBL which may include earnings from investment banking and other business.

ASBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ASBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ASBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ASBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ASBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ASBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ASBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ASBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ASBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, ASBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ASBL and/or its affiliates from doing so. ASBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ASBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

ASBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

ASBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of ASBL or its associates during twelve months preceding the date of distribution of the research report

ASBL and/or its affiliates and/or employees and /or relatives may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ASBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ASBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement Companies where there is interest

- Analyst ownership of the stock - No
- Served as an officer, director or employee - No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ASBL & its group companies to registration or licensing requirements within such jurisdictions.

For U.S. persons only: This research report is a product of Antique Stock Broking Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution by Antique Stock Broking Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Antique Stock Broking Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Compliance/Grievance officer: Ms. Jayshree Thakkar, Contact No: 022-69113461, Email id: jayshree@antiquelimited.com/compliance@antiquelimited.com

Disclaimer that:

- Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
- The securities quoted are for illustration only and are not recommendatory.
- Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.