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2 November 2023

ANTIQUÉ'S MORNING PRESENTATION

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Indian Oil Corporation

Retail fuel market share losses continue

Godrej Consumer Products

Performance impacted by one-offs

Ambuja Cements

Costs efficiencies drive profitability; newer capacities see delay

Mankind Pharma

Steady margins, improvement likely from FY25

Max Financial Services

FY24 APE growth guidance appears conservative

Vedant Fashions

Looking forward to a buoyant festive and wedding season

RITES

All eyes on export orders for revenue conversion

Gravita India

Steady volume growth momentum

AUTO SALES VOLUME REVIEW

Automobiles

Strong dispatches indicate bumper festive demand

Global News

- The Dow ended higher Wednesday following a slump in Treasury yields after the Federal Reserve kept rates steady for second-straight meeting. The Dow Jones Industrial Average was up 221 points or 0.7% to close at 33,275; while the S&P 500 was up 1.1% to close at 4,238; and the NASDAQ Composite was up 1.6% to close at 13,061.
- The Nikkei 225 Index jumped 2.41% to close at 31,602 while the broader Topix Index gained rallied 2.53% to 2,311 on Wednesday, hitting their highest levels in two week and benefitting largely from a sharp decline in the yen as the Bank of Japan's move to loosen its grip on long-term rates was seen as inadequate.

Sector & Corporate News

- **JK Tyre & Industries** announced to the stock exchanges on November 1 that the Board of Directors has sanctioned an expansion plan aimed at enhancing the company's tyre manufacturing capacity. The company said as of July 13 the annual capacity for tyre production at JK Tyre & Industries stands at 15.51 million tyres, with a utilization rate of 95 percent. It further stated that it has put forth plans to amplify this capacity by 19.45 percent, aiming to reach an enhanced capacity by October 2025. Investment of INR 10.25 bn is needed which will be funded a combination of equity, internal accruals, and debt.
- **Maruti Suzuki India (MSI)** on Wednesday reported its highest-ever monthly sales at 1,99,217 units in October, a 19 per cent year-on-year growth. The country's largest carmaker had dispatched 1,67,520 units in October 2022. MSI also reported its best-ever domestic monthly dispatches in October at 1,77,266 units, up 21 per cent from 1,47,072 units in the year-ago period, the auto major said in a statement. Its total domestic passenger vehicle sales rose to 1,68,047 units last month from 1,40,337 units in October 2022.

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	33,275	0.7	0.4
NASDAQ	13,061	1.6	24.8
FTSE	7,342	0.3	(1.5)
CAC	6,933	0.7	7.1
DAX	14,923	0.8	7.2
Russia	1,088	0.8	12.1
Bovespa	115,053	1.7	4.8
Nikkei	31,602	2.4	21.1
Hang Seng	17,102	(0.1)	(13.5)
Shanghai Composite	3,023	0.1	(2.1)

Indian Indices	Closing	% Chg	% YTD
Sensex	63,591	(0.4)	4.5
Nifty	18,989	(0.5)	4.9
MSCI India	796	(0.5)	3.3
CNX Midcap	38,775	(0.3)	23.1
BSE Smallcap	36,883	(0.1)	27.5

Flows (USD mn)	Prev. Day	MTD
FII	(52)	(2,657)

Provisional flows	(USD mn)
FII	(218)
Local	195

Volumes	USD bn	% Chg
Cash (NSE + BSE)	7.7	(2.8)
F&O (net)	5,359.3	5.1

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(145)	(43)
Open Int (%)	1.1	7.5

ADR/GDR Gainers	Last	% Chg
Reliance	55.3	1.3
SBI	68.4	1.0
Dr Reddy	65.5	0.6
ICICI Bank	22.3	0.4

ADR/GDR Losers	Last	% Chg
Wipro	4.5	(0.2)
Infosys	16.4	(0.1)
HDFC	56.5	(0.0)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	35,972	(0.6)	(0.6)	24.4
BSE Bank	48,258	(0.4)	(0.4)	(1.3)
BSE Cap Goods	45,514	(0.6)	(0.6)	36.5
BSE Cons dur	44,183	(0.3)	(0.3)	11.2
BSE FMCG	18,460	(0.3)	(0.3)	14.8
BSE IT	30,827	(0.8)	(0.8)	7.5
BSE Health	27,350	0.3	0.3	18.7
BSE Metal	21,916	(1.4)	(1.4)	5.1
BSE Oil	18,296	0.3	0.3	(10.4)
BSE Power	4,379	(1.2)	(1.2)	(0.1)
BSE PSU	12,190	(0.4)	(0.4)	21.7
BSE Realty	4,849	1.5	1.5	40.7
BSE TECK	13,878	(0.6)	(0.6)	3.5

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Sun Pharmaceutical Indus	1,116	2.5	2.5	11.5
Bharat Petroleum Corp Ltd	357	2.2	2.2	8.0
Hindalco Industries Ltd	463	0.7	0.7	(2.2)
Bajaj Auto Ltd	5,344	0.6	0.6	47.8
Reliance Industries Ltd	2,297	0.4	0.4	(1.0)
Oil & Natural Gas Corp Ltd	187	0.3	0.3	27.2
Tata Consumer Products Ltd	903	0.3	0.3	17.8

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Adani Enterprises Ltd	2,217	(3.4)	(3.4)	(42.5)
Coal India Ltd	307	(2.4)	(2.4)	36.3
Sbi Life Insurance Co Ltd	1,336	(2.3)	(2.3)	8.5
Asian Paints Ltd	2,935	(2.0)	(2.0)	(5.0)
Adani Ports And Special Econ	769	(2.0)	(2.0)	(6.0)
Tata Steel Ltd	117	(1.8)	(1.8)	3.5
Jsw Steel Ltd	724	(1.6)	(1.6)	(5.7)

Bulk Deals

Security Name	Client Name	Buy/Sell	Qty	Price	Value (mn)
CRESSAN	Rajmish Traders Llp	Buy	2,500,000	22.51	56
CRESSAN	Ami Niraj Shah	Sell	2,225,562	21.57	48
CRESSAN	Kamla Multitrade Llp	Sell	2,178,039	21.89	48
TIGERLOGS	Tiger Softech India Private Limited	Sell	100,015	470.00	47
TIGERLOGS	Dream Achiever Consultancy Services Private Limited	Buy	100,000	470.00	47

Delivery Spike

Company	Volume Spike (%)	Chg (%)	
Ambuja Cements Ltd	2,129,543	500%	-4.19%
Jindal Steel & Power Ltd	3,925,021	424%	-7.69%
United Breweries Ltd	157,688	334%	-0.54%
ACC Ltd	127,105	231%	-2.35%
LIC Housing Finance Ltd	1,785,356	220%	-0.40%
Vodafone Idea Ltd	290,545,832	173%	8.02%
Larsen & Toubro Ltd	1,940,218	156%	-1.15%
Reliance Infrastructure Ltd	71,725	152%	1.77%
Vedanta Ltd	3,422,668	149%	3.30%
Dabur India Ltd	2,066,063	130%	-2.23%

Derivatives Update

Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
IDEA	12.85	7.08	7.93	1668720
BAJAJ-AUTO	5374.00	0.56	6.79	2577
PERSISTENT	6226.35	0.71	4.13	1642
VEDL	224.85	3.12	4.05	71710

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
JINDALSTEL	587.65	-7.66	15.45	29248
LICHSGFIN	460.35	-0.28	12.03	25612
IGL	379.80	-0.61	11.60	19787
ABB	4081.65	-1.25	10.06	1554

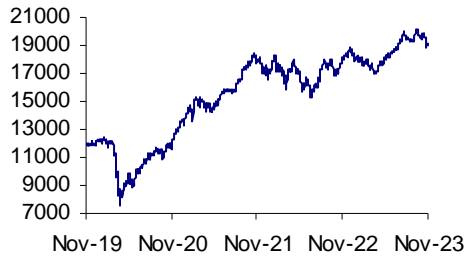
Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
TORNTPHARM	1928.9	-0.42	-6.20	1779
MARUTI	10260.65	-1.73	-4.35	2834
CANFINHOME	763.8	-0.66	-4.13	3647
RAMCOCEM	986.8	-0.83	-3.99	2658

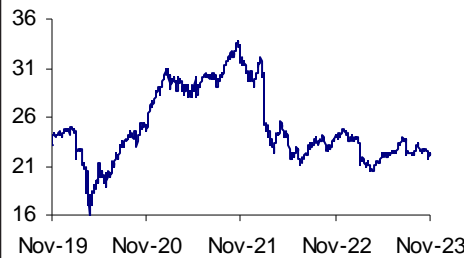
Long Unwinding

Company	Last	% Chg	% Chg OI	OI (in 000)
HDFCLIFE	623.35	0.39	-5.55	14132
TATACONSUM	907.55	0.12	-5.50	8709
DIXON	5193.45	1.41	-4.51	1072
INDHOTEL	390.40	1.36	-3.47	23392

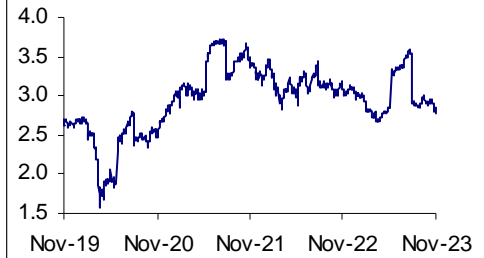
Nifty



Nifty P/E

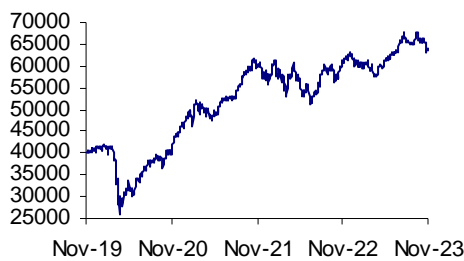


Nifty P/B

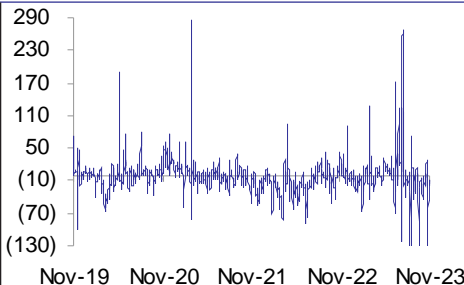


Source: Bloomberg

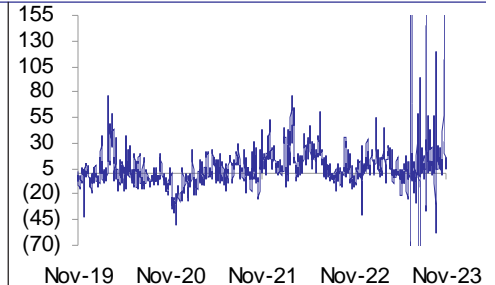
Sensex



FII Provisional Flows (INR bn)



DII Provisional Flows (INR bn)



Source: Bloomberg

Economy, Money & Banking

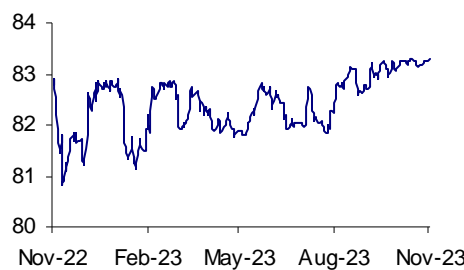
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	83.3	(0.0)	(0.0)	(0.7)
INR~EUR	87.9	1.1	1.1	0.3
INR~GBP	101.1	0.4	0.4	(1.6)

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.4	0	0	3
Interbank call	6.8	15	15	45

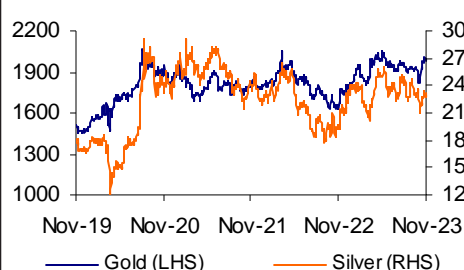
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,985	0.1	0.1	8.8
Crude Oil (\$/Bl)	81	0.6	(0.2)	4.6
Aluminium (\$/t)	2,217	(1.0)	(1.0)	(5.6)
Copper (\$/t)	8,030	0.0	0.0	(4.0)
Zinc (\$/t)	2,490	3.0	3.0	(17.1)
Lead (\$/t)	2,095	0.6	0.6	(10.3)
Nickel (\$/t)	17,789	(0.6)	(0.6)	(40.5)

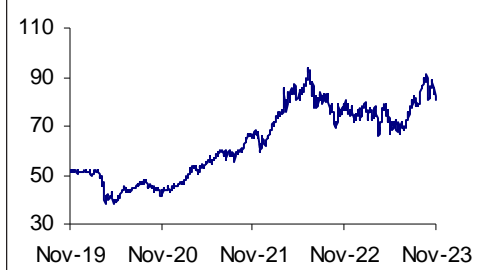
INR/USD



Gold and silver prices (USD/Tr.Oz)

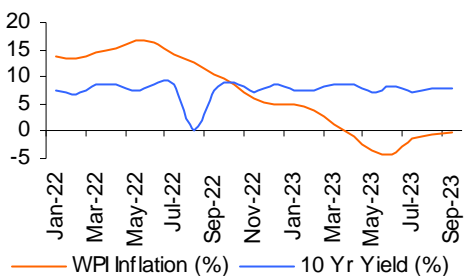


Crude prices (USD/barrel)

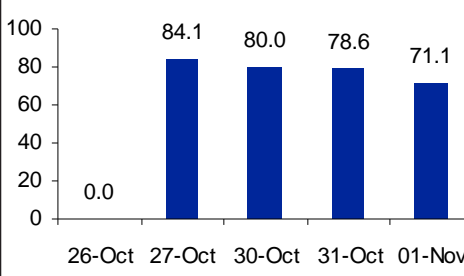


Source: Bloomberg

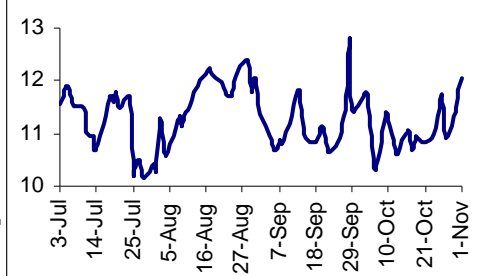
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

CMP	: INR 93
Reco	: BUY ↔
Target Price	: INR 128 ↑
Target Price Change	: 2%
Target 1HFY26 EV/EBITDA(x)	: 5
EBITDA Change FY24/25	: 3%/ No Change

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Market data	
Sensex	: 63,591
Sector	: Oil & Gas
Market Cap (INR bn)	: 1,305.5
Market Cap (USD bn)	: 15.674
O/S Shares (mn)	: 14,121.2
52-wk HI/LO (INR)	: 101/68
Avg. Daily Vol ('000)	: 13,886
Bloomberg	: IOCLIN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	26.8	14.6	16.2
P/E (x)	3.4	6.3	5.7
P/BV (x)	0.82	0.76	0.71
EV/EBITDA (x)	3.93	5.72	5.15
Dividend Yield (%)	13.2	7.2	7.9

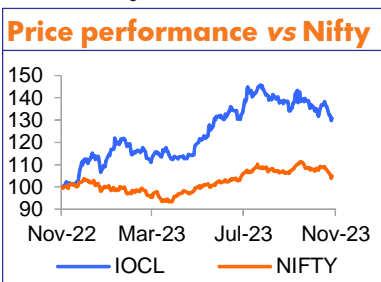
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	2	(2)	14	35
Relative	5	2	10	29

Source: Company, Antique

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

Source: Bloomberg



Source: Bloomberg, Indexed to 100

2QFY24 RESULTS REVIEW

Indian Oil Corporation

Retail fuel market share losses continue

Indian Oil Corporation's (IOCL) 2QFY24 EBITDA at INR 212 bn (vs. INR 222 bn QoQ, INR 20 bn YoY), was above consensus of INR 173 bn but below our estimate of INR 233 bn. PAT of INR 130 bn (INR 137bn QoQ, INR -2bn YoY) was also above consensus of INR 103 bn but lower than our estimate of INR 147 bn. The miss on our numbers was on account of lower refining throughput. Despite being volatile, GRM YTD has been higher than expected. Consequently, we raise our FY24 EBITDA estimate by 3% to build in higher GRMs while keeping FY25 estimates largely unchanged. We also introduce FY26 estimates, a growth of 12% YoY driven by 25% refinery capacity addition. The stock remains attractively valued and is offering a dividend yield of 7.5%. We roll forward our valuation to 1HFY26 and maintain BUY rating with a revised SoTP target price of INR 128 (earlier INR 124), based on 5.0x EV/EBITDA.

Reported strong GRMs

IOCL reported a total GRM of USD 18.2/bbl for the quarter (vs. USD 8.3/bbl QoQ, USD 18.5/bbl YoY). Calculated core GRM was strong at USD 16.4/bbl (vs. USD 9.1/bbl QoQ, USD 18.5/bbl YoY). Refining utilization was low at ~102%, with a throughput of 17.7 MMT (vs. 18.8 QoQ, 16.1 MMT YoY) due to Paradip refinery shutdown.

Petrol/ diesel market share losses continue

Our calculations suggest that the Marketing & Other segment's gross profit was INR 157 bn (vs. INR 256 bn QoQ and INR -99 bn YoY). On a per unit level, IOCL had a gross profit of INR 7.4/kg compared to INR 11.4/kg in the previous quarter and a loss of INR -4.8/kg in 2QFY23. The decline is due to the lowering of margins in retail for petrol and diesel, and was largely expected. During the quarter, IOCL has further lost market share in petrol by 11 bps and in diesel by 60 bps. Over the last four years market share loss has been 48 bps in petrol and 216 bps in diesel.

Petrochem improves driven by record throughput

Petrochemical EBIT was at INR 1.6 bn (vs. INR 0.9 bn QoQ and INR -1.3 bn YoY) because of the highest ever throughput at 0.82 MMT (+ 12% QoQ, +53% YoY). EBITDA/kg, based on our estimates, has improved to INR 5.0/kg (vs. INR 4.5/kg QoQ, vs. INR 1.7/kg YoY).

Forex hits profitability

IOCL's profitability took a hit of INR 8 bn on account of forex losses as the rupee depreciated from INR 82.2 to INR 82.7 at the end of the quarter.

1H cash flow strong

The company reported operating cash flow (ex-working capital) of INR 437 bn for 1H, in line with the EBITDA of INR 435 bn. Working capital saw a seasonal decline of INR 179 bn. Capex intensity for 1H was very high with cash outgo of INR 180 bn compared to INR 135 bn last year. Debt/equity ratio has come down from 0.68x in the previous quarter to 0.61x at the end of the current quarter and compares to 1.16x at the start of the year. In absolute terms, net debt is down from INR 1.3 trn at the start of the year to INR 970 bn at the end of the current quarter.

Investment summary

Oil prices have started cooling off post the run-up recently on account of the Israel-Hamas war. We believe oil prices will retrace to the ~USD 80/bbl range in the near term as premium subsidies. Refining remains robust and Russian crude discounts continue to support GRMs. LPG, though likely to slip into losses in November, remains a strong profit contributor due to healthy margins with the huge surplus in 1HFY24 compensating for any loss in the near term. The stock remains attractively valued at 4.0x 1HFY26 EV/EBITDA (adjusted for investments) and is offering a dividend yield of 7.5%. Reiterate BUY with a TP of INR 128 (vs. INR 124 earlier).

Financial snapshot

Particulars (INR mn)	2Q24	2Q23	YoY (%)	1Q24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Net sales	17,97,398	20,74,854	-13.4	19,75,266	-9.0	37,72,664	43,17,381	-12.6
COGS	14,36,886	18,90,692	-24.0	16,18,728	-11.2	30,55,614	39,56,683	-22.8
% of sales	79.9	91.1		81.9		81.0	91.6	
Employee cost	27,951	21,914	27.5	28,349	-1.4	56,300	46,178	21.9
% of sales	1.6	1.1		1.4		1.5	1.1	
Other Expenses	1,20,389	1,41,820	-15.1	1,05,550	14.1	2,25,939	2,79,598	-19.2
% of sales	6.7	6.8		5.3		6.0	6.5	
Total Exp	15,85,226	20,54,426	-22.8	17,52,627	-9.6	33,37,853	42,82,459	-22.1
EBITDA	2,12,172	20,428	N/A	2,22,639	-4.7	4,34,811	34,922	N/A
% of sales	11.8	1.0		11.3		11.5	0.8	
Other Income	9,825	21,983	-55.3	6,885	42.7	16,709	28,820	-42.0
Finance Costs	18,459	14,410	28.1	16,263	13.5	34,722	31,657	9.7
Depreciation	31,829	30,438	4.6	32,522	-2.1	64,351	59,812	7.6
PBT	1,71,709	-2,437	N/A	1,80,739	-5.0	3,52,447	-27,728	N/A
PBT after exceptional	1,71,709	-2,437	N/A	1,80,739	-5.0	3,52,447	-27,728	N/A
Tax	42,025	281	N/A	43,234	-2.8	85,259	-5,086	N/A
Tax rate	24.5	-11.5		23.9		24.2	18.3	
Reported Net Profit	1,29,684	-2,718	N/A	1,37,505	-5.7	2,67,188	-22,642	N/A
Adjusted Net Profit	1,29,684	-2,718	N/A	1,37,505	-5.7	2,67,188	-22,642	N/A
EPS (INR)	9.4	-0.2	N/A	10.0	-5.7	19.4	-1.6	N/A

Source: Company, Antique

Balance Sheet

Particulars (INR mn)	FY23	1HFY24
Share Capital	13,772	13,772
Reserves & Surplus	1,20,986	1,47,970
Networth	1,34,758	1,61,742
Debt & other financial liabilities	1,90,989	1,59,095
Deferred Tax liabilities	14,613	15,440
Capital Employed	3,40,360	3,36,277
Net Fixed Assets	1,62,647	1,69,795
Intangible Assets	2,839	2,896
CWIP	48,991	53,416
LT Investments	47,358	51,368
Current Assets, Loans & Adv.		
Inventory	1,13,853	1,14,053
Debtors	15,540	11,785
Cash & CE	10,935	11,472
Loans & advances and others	17,794	20,148
Current Liabilities & Prov.		
Liabilities	69,056	87,881
Provisions	10,540	10,774
Net Current Assets	78,526	58,803
Application of Funds	3,40,360	3,36,277

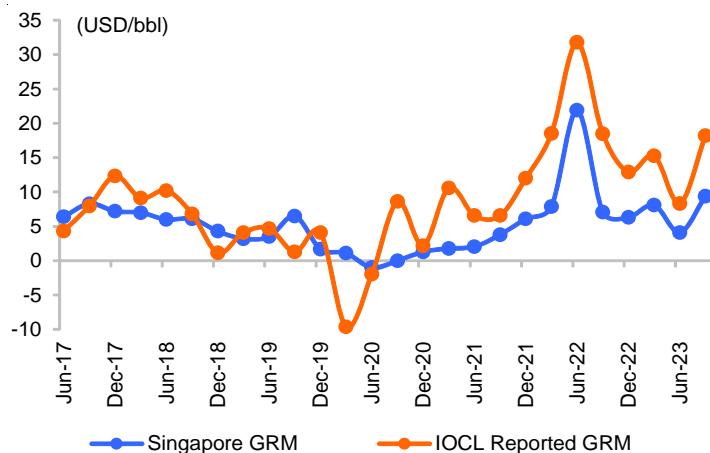
Source: Company, Antique

Earnings change estimate

	2024E			2025E			2026E		
	Earlier	Current	Change	Earlier	Current	Change	Earlier	Current	Change
EBITDA	6,42,897	6,64,673	3.4%	4,52,287	4,55,246	0.7%	N/A	5,08,017	N/A
PAT	3,52,729	3,68,875	4.6%	2,00,824	2,00,936	0.1%	N/A	2,23,395	N/A
GRM (USD / bbl)	7.4	10.6	43.7%	5.8	6.3	8.7%	N/A	6.3	N/A
Refining throughput (MMT)	73.0	72.5	-0.7%	74.0	72.0	-2.7%	N/A	89.0	N/A

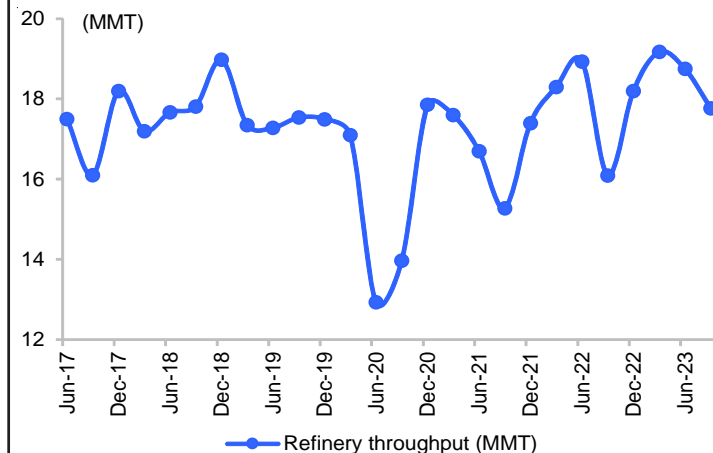
Source: Company, Antique

GRMs remain high



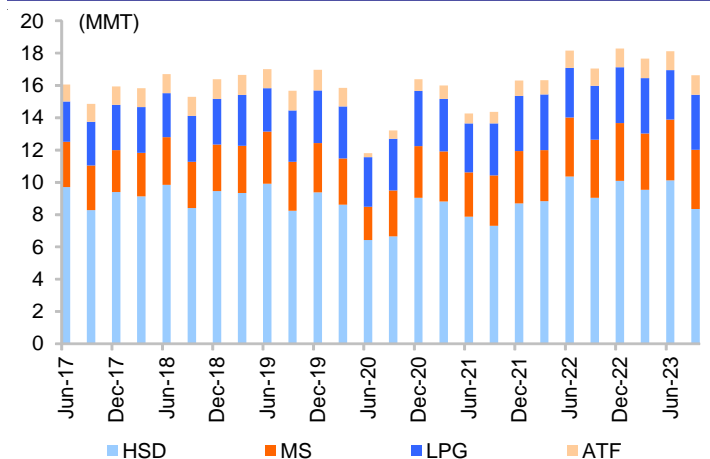
Source: Company, Antique

Refining throughput drops seasonally



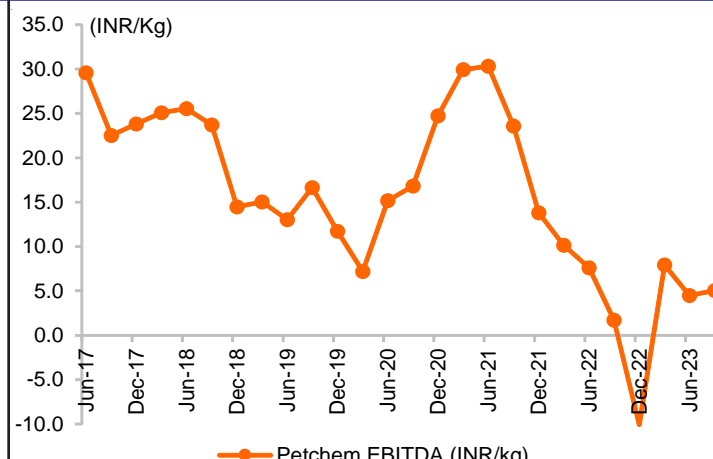
Source: Company, Antique

Key products volume subdued



Source: Company, Antique

Petchem margins improve marginally



Source: Company, Antique

IOCL SoTP

IOCL Valuation (INR mn)		Comments		
Target EV/EBITDA multiple	5.00			
EBITDA	4,81,632			1HFY2026E
Target EV	24,08,158			
Investments Total	4,16,504	Shares	Price	Disc.
Petronet LNG	25,594	188	195	30%
CPCL	31,424	77	583	30%
ONGC	1,29,183	987	187	30%
GAIL	11,964	145	118	30%
Oil India	11,310	54	302	30%
Other Unlisted Investments	2,07,029			Book value
Net debt	13,43,962			1HFY2026E
CWIP	2,75,555			1HFY26E @0.75 BV
Target Mkt Cap	17,56,255			
No. of shares outstanding	13,772			
Target Price	128			

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	5,981,638	8,394,721	6,560,306	6,417,731	7,356,517
Op. Expenses	5,549,199	8,169,288	5,895,633	5,962,485	6,848,500
EBITDA	432,439	225,433	664,673	455,246	508,017
Depreciation	110,059	121,627	139,622	154,961	177,995
EBIT	322,380	103,806	525,050	300,285	330,022
Other income	43,242	62,352	42,333	42,550	43,010
Interest Exp.	48,291	69,302	75,550	74,921	75,173
Reported PBT	317,331	96,856	491,833	267,914	297,860
Tax	75,489	14,563	122,958	66,979	74,465
Reported PAT	241,842	82,293	368,875	200,936	223,395
Net Profit	241,842	82,293	368,875	200,936	223,395
Adjusted PAT	241,842	82,293	368,875	200,936	223,395
Adjusted EPS (INR)	17.6	6.0	26.8	14.6	16.2

Balance sheet (INR mn)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	91,810	137,715	137,715	137,715	137,715
Reserves & Surplus	1,221,053	1,209,859	1,412,098	1,522,142	1,645,004
Networth	1,312,863	1,347,574	1,549,813	1,659,857	1,782,719
Debt	1,321,986	1,515,500	1,485,500	1,490,500	1,495,500
Net deferred Tax liabilities	136,274	146,130	156,265	166,400	176,535
Capital Employed	2,771,123	3,009,204	3,191,578	3,316,757	3,454,754
Gross Fixed Assets	2,007,370	2,314,963	2,584,063	2,853,163	3,392,263
Accumulated Depreciation	(538,482)	(660,109)	(799,731)	(954,692)	(1,132,687)
Capital work in progress	444,460	489,906	494,906	499,906	234,906
Net Fixed Assets	1,913,348	2,144,760	2,279,238	2,398,377	2,494,482
Investments	577,865	575,245	575,245	575,245	575,245
Non Current Investments	500,217	473,575	473,575	473,575	473,575
Current Investments	77,648	101,670	101,670	101,670	101,670
Current Assets, Loans & Adv.	1,392,162	1,479,550	1,537,711	1,554,210	1,606,752
Inventory	1,032,060	1,138,534	1,151,954	1,159,191	1,194,828
Debtors	181,365	155,399	164,715	161,590	182,166
Cash & Bank balance	8,829	3,634	38,177	49,663	45,073
Loans & advances and others	169,908	181,983	182,866	183,767	184,685
Current Liabilities & Provisions	1,112,252	1,190,351	1,200,616	1,211,075	1,221,725
Liabilities	1,009,231	1,084,949	1,095,214	1,105,673	1,116,323
Provisions	103,021	105,402	105,402	105,402	105,402
Net Current Assets	279,910	289,199	337,095	343,135	385,027
Application of Funds	2,771,123	3,009,204	3,191,578	3,316,757	3,454,754

Per share data

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	13,772	13,772	13,772	13,772	13,772
Diluted no. of shares (mn)	13,772	13,772	13,772	13,772	13,772
BVPS (INR)	95.33	97.85	112.54	120.53	129.45
CEPS (INR)	25.55	14.81	36.92	25.84	29.15
DPS (INR)	8.40	3.00	12.10	6.60	7.30

Source: Company, Antique

Cash flow statement (INR mn)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
PBT	317,331	96,980	491,833	267,914	297,860
Depreciation & amortization	110,059	118,594	139,622	154,961	177,995
Interest expense	38,163	69,302	75,550	74,921	75,173
(Inc)/Dec in working capital	(135,386)	(73,242)	(13,354)	5,447	(46,482)
Tax paid	(71,123)	(1,480)	(112,823)	(56,844)	(64,330)
Less: Interest/Dividend Income Received	(41,872)	(61,662)	(42,333)	(42,550)	(43,010)
Other operating Cash Flow	(5,399)	61,361	-	-	-
CF from operating activities	211,773	209,853	538,496	403,849	397,205
Capital expenditure	(237,683)	(301,882)	(274,100)	(274,100)	(274,100)
Inc/(Dec) in investments	(4,644)	(8,089)	-	-	-
Add: Interest/Dividend Income Received	41,367	57,113	42,333	42,550	43,010
CF from investing activities	(200,960)	(252,858)	(231,767)	(231,550)	(231,090)
Inc/(Dec) in debt	145,747	135,811	(30,000)	5,000	5,000
Dividend Paid	(108,960)	(33,094)	(166,636)	(90,892)	(100,532)
Others	(43,629)	(63,177)	(75,550)	(74,921)	(75,173)
CF from financing activities	(6,842)	39,540	(272,186)	(160,813)	(170,705)
Net cash flow	3,971	(3,465)	34,543	11,486	(4,590)
Opening balance	19,728	23,699	20,234	54,777	66,263
Closing balance	23,699	20,234	54,777	66,263	61,673

Growth indicators (%)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	58.2	40.3	-21.9	-2.2	14.6
EBITDA (%)	13.6	-47.9	194.8	-31.5	11.6
Adj PAT (%)	10.8	-66.0	348.2	-45.5	11.2
Adj EPS (%)	10.8	-66.0	348.2	-45.5	11.2

Valuation (x)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	5.2	15.4	3.4	6.3	5.7
P/BV (x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x)	5.8	11.9	3.9	5.7	5.1
EV/Sales (x)	0.4	0.3	0.4	0.4	0.4
Dividend Yield (%)	9.1	3.3	13.2	7.2	7.9

Financial ratios

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	20.0	6.2	25.5	12.5	13.0
RoCE (%)	14.5	5.7	18.3	10.5	11.0
Asset/T.O (x)	3.0	3.6	2.6	2.4	2.6
Net Debt/Equity (x)	0.9	1.0	0.9	0.8	0.8
EBIT/Interest (x)	7.6	2.4	7.5	4.6	5.0

Margins (%)

Year ended March 31	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	7.2	2.7	10.1	7.1	6.9
EBIT Margin (%)	5.4	1.2	8.0	4.7	4.5
PAT Margin (%)	4.0	1.0	5.6	3.1	3.0

Source: Company Antique

CMP	: INR 975
Reco	: BUY ↔
Target Price	: INR 1,194 ↑
Target Price Change	: 2%
Target 1HFY26(x)	: 45
EPS Change FY24/ 25	: -4%/ -4%

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Market data	
Sensex	: 63,591
Sector	: FMCG
Market Cap (INR bn)	: 996.8
Market Cap (USD bn)	: 11.968
O/S Shares (mn)	: 1,022.8
52-wk HI/LO (INR)	: 1102/794
Avg. Daily Vol ('000)	: 647
Bloomberg	: GCPLIN

Source: Bloomberg

Valuation			
	FY24e	FY25e	FY26e
EPS (INR)	21.8	24.9	28.1
P/E (x)	44.7	39.1	34.7
P/BV (x)	6.6	6.1	5.7
EV/EBITDA (x)	31.3	26.6	23.7
Dividend Yield (%)	1.0	1.3	1.5

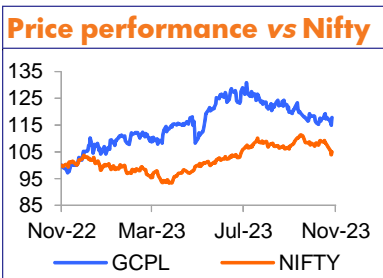
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(2)	(4)	7	16
Relative	2	(1)	4	11

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Godrej Consumer Products

Performance impacted by one-offs

Godrej Consumer Products' (GCPL) 2QFY24 revenue performance was broadly in line while profitability was marginally ahead despite a step-up in investment on brands. Revenue performance was impacted due to a) Subdued performance in household insecticides (HI) and hair color, impacted by poor monsoon and Shravan month, and b) Currency devaluation in Africa business. Management's initiatives to improve performance of Indonesia business is playing out, driving revenue growth of 14% in constant currency (CC) and margin improvement, which should continue. Organic India's business volume grew 4% impacted by flat volume in HI and low single-digit growth in personal wash and hair color. GAUM business grew 17% CC, but currency headwinds led to a 5% decline in INR terms. Overall profitability continues to improve with receding input cost inflation and cost savings, part of which has been invested in brands (A&P spends up 29% YoY). GCPL's performance should improve with the recovery in HI and Indonesia business, and scaling up of the Raymond business. Factoring 2QFY24 performance, we have cut our estimates by ~4% for FY24/ 25 and roll forward our target price to 1HFY26. We maintain BUY recommendation with a revised target price of INR 1,194 based on 45x PER on 1HFY26E EPS.

Organic India volume grew 4%, Indonesia business continues to improve

India sales grew 6% YoY with 11% growth in volume while organic revenue grew 2% with volume growth of 4%. In India, the home care business grew by 5%, while personal care business declined by 1% during the quarter. HI performance was impacted by flat sales due to poor monsoon. Non-mosquito portfolio continues to perform well. Air fresheners continue to grow in double-digit (both value and volume) based on management initiatives. Personal care delivered low single-digit volume growth while value growth was 5% due to the benefits of lower input costs being passed on to consumers. Hair color volume grew in low single-digit while Magic hand wash delivered strong double-digit volume growth. Indonesia's business performance improved with sales growth of 14% in CC terms aided by media investments. GAUM delivered 17% growth in CC terms while in INR terms sales declined 5% impacted by the devaluation of NAIRA. Raymond's consumer care business reported revenue of INR 1.42 bn as integration is largely complete. Management expects synergy benefits in 2H and should be EBITDA positive.

Strong profitability improvement; A&P spends increased by 41% in India business

Consolidated gross margin expanded by 702 bps YoY to 54.9%, while the India business gross margin expanded by 970 bps YoY due to the softening of raw material prices. Consolidated EBITDA grew 26% YoY and margin expanded by 315 bps YoY to 20.1%. Employee costs grew 29% YoY, while other expenditures increased by 9% YoY. A&P spend increased by 29% YoY to 10.2% of sales vs. 8.4% last year. India EBITDA margin expanded by 415 bps YoY to 25.7%. In international business, Indonesia EBITDA margin improved by 80 bps YoY to 17.5% while GAUM EBITDA margin expanded 310 bps YoY to 8.5%. LATAM margin remained muted at 0.8%. Management indicated that profitability would continue to improve with moderation of inflation and cost savings.

Investment Summary

Post 2QFY24 performance, we have cut our earnings estimates by ~4% for FY24-25E and introduce FY26 estimates. Going ahead, GCPL's performance is expected to improve with recovery in HI (revamping marketing strategy, improving efficacy, launching affordable packs) and Indonesia (inventory correction and increasing brand investment). We expect GCPL to deliver sales/ earnings CAGR of 11%/ 18% with margin expansion of 330 bps over FY23-26E. We maintain BUY recommendation with a revised target price of INR 1,194 (previously INR 1,173) based on 45x PER on 1HFY26E EPS.

Consolidated quarterly financials

INR mn	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Revenues	36,020	33,919	6.2	34,489	4.4	70,509	65,169	8.2
Gross Profit	19,771	16,238	22	18,534	7	38,305	30,796	24
Gross Margin %	54.9	47.9	702 bps	53.7	115 bps	54.3	47.3	707 bps
Staff cost	3,356	2,593	29	3,140	7	6,496	5,190	25
% of Net sales	9.3	7.6	167 bps	9.1	21 bps	9.2	8.0	125 bps
Advertisement expenses	3,659	2,839	29	3,204	14	6,863	4,853	41
% of Net sales	10.2	8.4	179 bps	9.3	87 bps	9.7	7.4	229 bps
Other expenditure	5,521	5,064	9	5,372	3	10,894	9,685	12
% of Net sales	15.3	14.9	40 bps	15.6	-25 bps	15.5	14.9	59 bps
EBITDA	7,234	5,742	26.0	6,818	6.1	14,052	11,069	27.0
EBITDA Margin %	20.1	16.9	315 bps	19.8	31 bps	19.9	17.0	295 bps
Other income	659	399	65	691	-5	1,350	674	100
Depreciation	609	533	14	763	-20	1,372	1,104	24
Interest Expenses	773	483	60	740	4	1,513	833	82
PBT	6,511	5,125	27	6,007	8	12,518	9,806	28
Tax	1866	989	89	1611	16	3,477	2,081	67
effective tax rate %	28.7	19.3	937 bps	26.8	184 bps	27.8	21.2	655 bps
PAT	4,645	4,137	12	4,396	6	9,041	7,724	17
Foreign exchange gain/(loss)	(192)	(321)		(390)		(582)	(440)	
Extraordinary item	(125)	(227)		(818)		(943)	(245)	
Share of profit of equity investee	5	5	0	0	#DIV/0!	5	10	(50)
Reported PAT	4,323	3,584	21	3,188	36	7,511	7,030	7
Adjusted PAT	4,430	3,770	18	4,130	7	8,560	7,240	18
Profit Margin %	12.3	11.1	118 bps	12.0	32 bps	12.1	11.1	103 bps
EPS	4.3	3.7	18	4.0	7	8.4	7.1	18

Source: Company, Antique

Consolidated segment performance

Revenue (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
India	21,682	19,850	9.2	20,055	8.1	41,737	38,344	8.8
Indonesia	4,730	4,087	15.7	4,507	4.9	9,237	7,852	17.6
Africa	8,158	8,587	(5.0)	8,486	(3.9)	16,644	16,374	1.6
Others	1,826	1,744	4.7	1,808	1.0	3,634	3,285	10.6
Less: Intersegmental	(376)	(348)		(366)		(742)	(687)	
Total revenue	36,020	33,919	6.2	34,489	4.4	70,509	65,168	8.2

PBIT (INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
India	6,826	4,340	57.3	6,336	8	13,162	8,441	55.9
Indonesia	1,013	737	37.5	995	2	2,008	1,313	52.9
Africa	499	205	143.8	440	13	940	451	108.5
Others	35	80	(56.5)	79	(56)	114	105	8.7
Less: Intersegmental	(1,281)	(75)	1603.5	(1,494)	(14)	(2,775)	(110)	2413.1
Total PBIT	7,092	5,287	34.2	6,357	12	13,449	10,199	31.9

PBIT margin %	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
India	31.5	21.9	962	31.6	-11	31.5	22.0	952
Indonesia	21.4	18.0	339	22.1	-65	21.7	16.7	502
Africa	6.1	2.4	374	5.2	94	5.6	2.8	289
Others	1.9	4.6	-269	4.4	-248	3.1	3.2	-6
Total PBIT margin	19.7	15.6	410	18.4	126	19.1	15.7	342

Source: Company, Antique

Standalone quarterly financials

INR mn	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Revenues	21,682	19,850	9.2	20,055	8.1	41,737	38,344	8.8
Gross Profit	12,581	9,596	31	11,442	10	24,024	18,117	33
Gross Margin %	58.0	48.3	969 bps	57.1	97 bps	57.6	47.2	1031 bps
Staff cost	1,437	812	77	1,178	22	2,615	1,601	63
% of Net sales	6.6	4.1	253 bps	5.9	75 bps	6.3	4.2	209 bps
Advertisement expenses	2,794	1,985	41	2,467	13	5,261	3,242	62
% of Net sales	12.9	10.0	289 bps	12.3	59 bps	12.6	8.5	415 bps
Other expenditure	2,776	2,518	10	2,824	(2)	5,600	4,847	16
% of Net sales	12.8	12.7	12 bps	14.1	-128 bps	13.4	12.6	78 bps
EBITDA	5,575	4,280	30.3	4,974	12.1	10,548	8,426	25.2
EBITDA Margin %	25.7	21.6	415 bps	24.8	91 bps	25.3	22.0	330 bps
Other income	1,575	276	471	1,828	-14	3,403	489	596
Depreciation	325	217	50	453	-28	778	475	64
Interest Expenses	362	8	4480	247	47	609	13	4582
PBT	6,463	4,331	49	6,101	6	12,565	8,427	49
Tax	1,602	863	86	1,406	14	3,007	1,764	70
effective tax rate %	24.8	19.9	485 bps	23.0	175 bps	23.9	20.9	300 bps
PAT	4,862	3,468	40	4,696	4	9,558	6,663	43
Recurring profit	4,862	3,468	40	4,696	4	9,558	6,663	43
Profit Margin %	22.4	17.5	495 bps	23.4	-99 bps	22.9	17.4	552 bps
Extraordinary item	(13)	(186)		(791)		(804)	(186)	
Reported PAT	4,849	3,282	48	3,905	24	8,754	6,477	35
EPS	5	3	40	5	4	9	7	43

Source: Company, Antique

Change in estimates

INR mn	FY24			FY25			FY26
	New	Old	Chg (%)	New	Old	Chg (%)	New
Revenue	146,789	152,165	(3.5)	165,404	171,317	(3.5)	182,172
EBITDA	31,515	33,130	(4.9)	36,733	38,868	(5.5)	40,746
EBITDA Margin, %	21.5	21.8	-30 bps	22.2	22.7	-48 bps	22.4
PAT	22,285	23,194	(3.9)	25,481	26,643	(4.4)	28,751
EPS	21.8	22.7	(3.9)	24.9	26.1	(4.4)	28.1

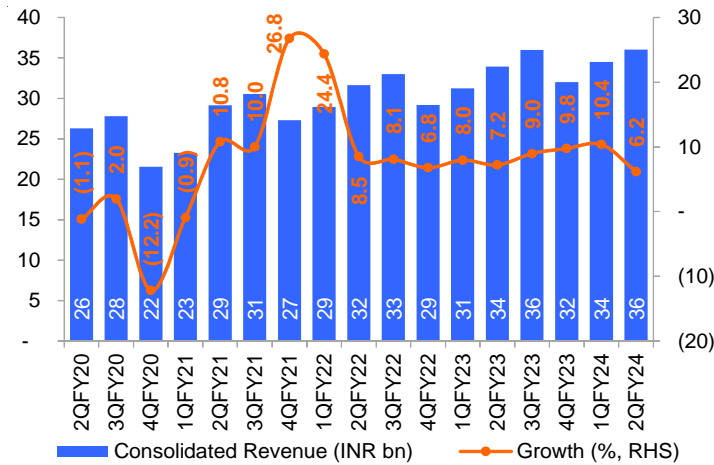
Source: Company, Antique

Balance sheet

Year ended, INR mn	1HFY24	1HFY23
Share Capital	1,023	1,023
Reserves & Surplus	143,976	125,760
Networth	144,999	126,782
Debt	32,001	10,615
Minority Interest	-	-
Net deferred Tax liabilities	638	572
Capital Employed	177,638	137,969
Net Fixed Assets	62,850	41,284
Goodwill	64,389	57,384
Investments	30,083	17,012
Current Assets, Loans & Advances	48,870	49,588
Inventory	15,945	19,906
Debtors	13,582	10,939
Cash & Bank balance	5,436	4,730
Loans & advances and others	13,907	14,013
Current Liabilities & Provisions	28,553	27,299
Liabilities	26,086	25,518
Provisions	2,468	1,781
Net Current Assets	20,316	22,289
Application of Funds	177,638	137,969

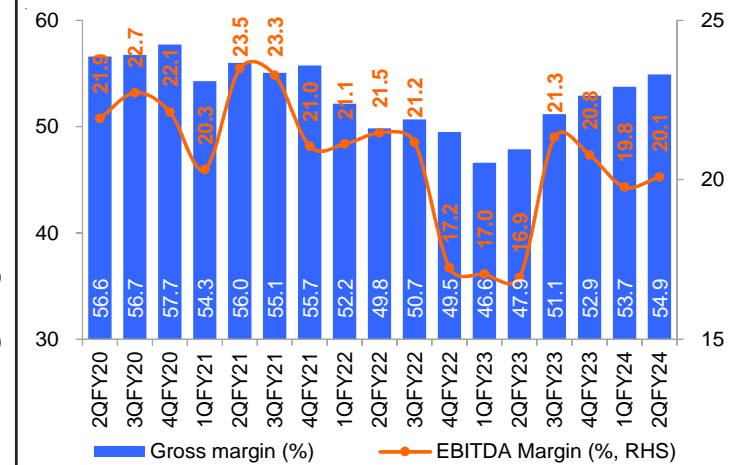
Source: Company, Antique

Consolidated revenue 6% and with volume growth of 10%



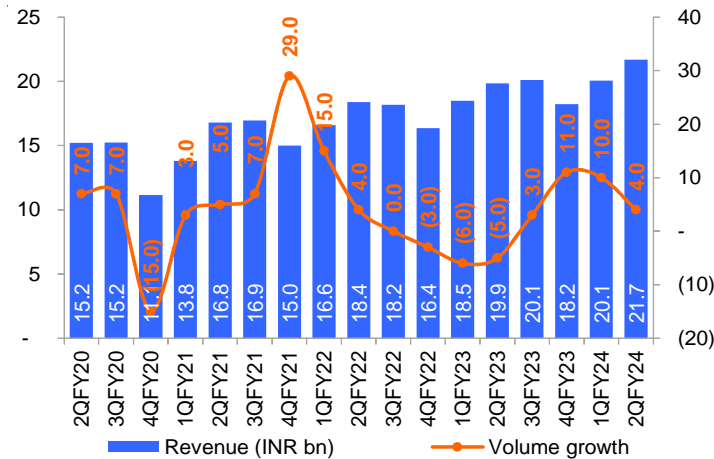
Source: Company, Antique

Consolidated gross margin/ EBITDA margin expanded 702 bps/ 315 bps YoY



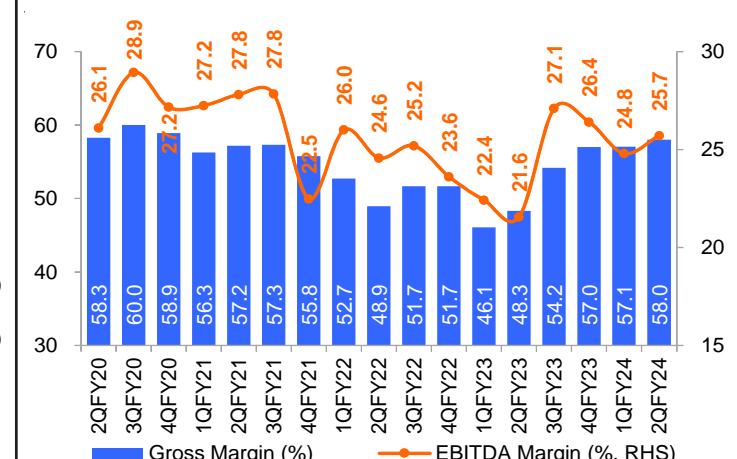
Source: Company, Antique

Organic domestic business grew 2% with volume growth of 4% (including Raymond business revenue/ volume growth was 6%/ 11%)



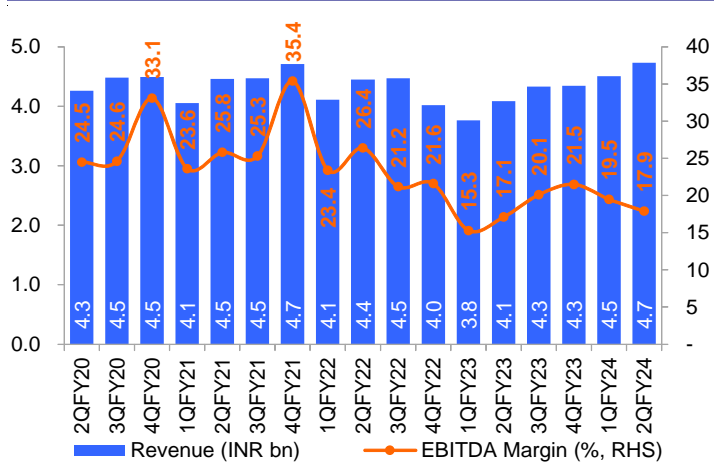
Source: Company, Antique

GM and EBITDA margin expanded 970 bps and 415 bps due to softening of RM prices



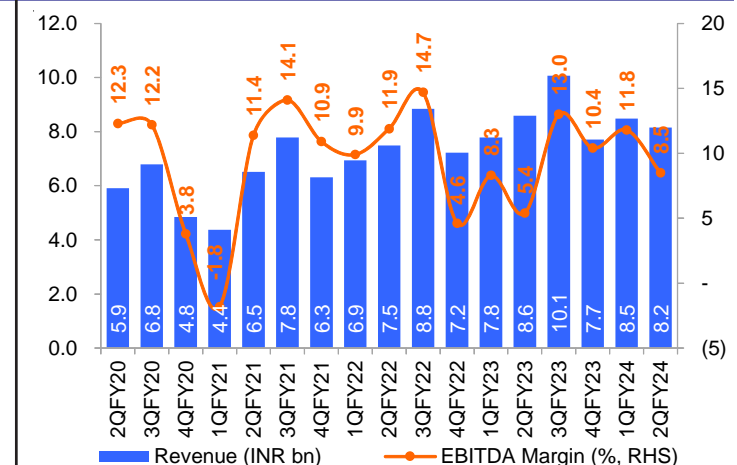
Source: Company, Antique

Indonesia business grew 14% in CC



Source: Company, Antique

GAUM business grew 17% in CC



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	122,765	133,160	146,789	165,404	182,172
Op. Expenses	(97,848)	(107,68)	(115,274)	(128,671)	(141,426)
EBITDA	24,917	25,392	31,515	36,733	40,746
Depreciation	(2,099)	(2,363)	(2,735)	(3,375)	(3,484)
EBIT	22,818	23,029	28,781	33,358	37,262
Other income	897	1,684	2,358	2,594	2,853
Interest Exp.	(1,102)	(1,757)	(2,197)	(1,977)	(1,779)
Extra Ordinary Items -gain/(loss)	(966)	(1,087)	-	-	-
Reported PBT	21,647	21,868	28,942	33,974	38,335
Tax	(3,719)	(4,303)	(6,657)	(8,494)	(9,584)
Reported PAT	17,831	17,025	22,285	25,481	28,751
Minority Int./Profit (loss) From Asso.	(98)	(541)	-	-	-
Net Profit	17,929	17,566	22,285	25,481	28,751
Adjusted PAT	17,480	17,460	22,285	25,481	28,751
Adjusted EPS (INR)	17.1	17.1	21.8	24.9	28.1

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	1,023	1,023	1,023	1,023	1,023
Reserves & Surplus	114,537	136,920	148,983	161,175	174,593
Networth	115,559	137,942	150,005	162,198	175,616
Debt	12,196	10,340	24,340	4,340	4,340
Net deferred Tax liabilities	(6,796)	(7,279)	(8,006)	(8,807)	(9,688)
Capital Employed	120,959	141,003	166,339	157,730	170,268
Gross Fixed Assets	49,727	55,095	85,145	87,945	90,745
Accumulated Depreciation	(11,618)	(13,981)	(16,716)	(20,091)	(23,575)
Capital work in progress	1,164	454	454	454	454
Net Fixed Assets	39,273	41,568	68,884	68,308	67,624
Goodwill	54,084	58,223	46,626	46,626	46,626
Investments	10,154	30,290	22,290	22,290	22,290
Non Current Investments	1,711	8,393	8,393	8,393	8,393
Current Investments	8,443	21,897	13,897	13,897	13,897
Current Assets, Loans & Adv.	50,514	36,866	71,664	69,041	87,179
Inventory	21,299	15,372	24,130	27,190	29,946
Debtors	11,163	12,453	18,499	20,845	22,959
Cash & Bank balance	11,078	3,907	20,178	11,046	23,307
Loans & advances and others	6,974	5,135	8,857	9,959	10,968
Current Liabilities & Provisions	33,066	25,944	43,124	48,534	53,451
Liabilities	31,012	24,158	40,481	45,586	50,205
Provisions	2,054	1,786	2,643	2,948	3,245
Net Current Assets	17,447	10,923	28,540	20,507	33,729
Application of Funds	120,959	141,003	166,339	157,730	170,268

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	1,022	1,022	1,022	1,022	1,022
Diluted no. of shares (mn)	1,022	1,022	1,022	1,022	1,022
BVPS (INR)	113.0	134.9	146.7	158.7	171.8
CEPS (INR)	19.5	19.0	24.5	28.2	31.5
DPS (INR)	0.0	0.0	10.0	13.0	15.0

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	20.3	19.1	21.5	22.2	22.4
EBIT Margin (%)	18.6	17.3	19.6	20.2	20.5
PAT Margin (%)	14.1	12.9	14.9	15.2	15.5

Source: Company, Antique

Key assumptions

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Gross margin (%)	50.5	49.7	54.5	55.0	55.0
Employee cost (% of sales)	9.0	8.3	8.7	8.7	8.6
Advertisement (% of sales)	6.1	7.4	9.5	9.5	9.5
Other expenditure (% of sales)	15.1	14.8	14.8	14.6	14.5

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	21,647	21,868	28,942	33,974	38,335
Depreciation & amortization	2,099	2,363	2,735	3,375	3,484
Interest expense	1,102	1,757	2,197	1,977	1,779
(Inc)/Dec in working capital	(12,292)	(2,217)	1,518	(301)	(250)
Tax paid	(3,719)	(4,303)	(6,657)	(8,494)	(9,584)
Less: Interest/Div. Income Recd.	(897)	(1,684)	(2,358)	(2,594)	(2,853)
CF from operating activities	7,941	17,785	26,377	27,939	30,912
Capital expenditure	(3,425)	(5,368)	(30,050)	(2,800)	(2,800)
Inc/(Dec) in investments	(3,363)	(20,136)	8,000	-	-
Add: Interest/Div. Income Recd.	897	1,684	2,358	2,594	2,853
CF from investing activities	(5,891)	(23,820)	(19,692)	(206)	53
Inc/(Dec) in debt	4,600	(1,856)	14,000	(20,000)	-
Dividend Paid	-	-	(10,222)	(13,289)	(15,333)
Others	(2,295)	720	5,808	(3,575)	(3,371)
CF from financing activities	2,306	(1,136)	9,586	(36,864)	(18,704)
Net cash flow	4,356	(7,171)	16,271	(9,132)	12,261
Opening balance	6,722	11,078	3,907	20,178	11,046
Closing balance	11,078	3,907	20,178	11,046	23,307

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	11.3	8.5	10.2	12.7	10.1
EBITDA	2.0	1.9	24.1	16.6	10.9
Adj PAT	7.0	-0.1	27.6	14.3	12.8
Adj EPS	7.0	-0.1	27.6	14.3	12.8

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	57.0	57.1	44.7	39.1	34.7
P/BV (x)	8.6	7.2	6.6	6.1	5.7
EV/EBITDA (x)	39.7	38.6	31.3	26.6	23.7
EV/Sales (x)	8.1	7.4	6.7	5.9	5.3
Dividend Yield (%)	-	-	1.0	1.3	1.5

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	16.7	13.8	15.5	16.3	17.0
RoCE (%)	21.9	18.9	20.3	22.2	24.5
Asset/T.O (x)	2.6	2.4	2.0	1.8	1.9
Net Debt/Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
EBIT/Interest (x)	(21.5)	(14.1)	(14.2)	(18.2)	(22.5)

Source: Company Antique

CMP	: INR 407
Reco	: BUY ↔
Target Price	: INR 505 ↓
Target Price Change	: -8%
Target 1HFY26E EV/EBITDA (x)	: 14
EBITDA Change FY24/ 25	: 0%/-6%

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Market data	
Sensex	: 63,591
Sector	: Cement
Market Cap (INR bn)	: 807.5
Market Cap (USD bn)	: 9.695
O/S Shares (mn)	: 1,985.6
52-wk HI/LO (INR)	: 598/315
Avg. Daily Vol ('000)	: 1,977
Bloomberg	: ACEM IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	11.1	12.8	14.8
P/E (x) Consol	36.6	31.8	27.5
P/BV (x)	2.9	2.7	2.5
EV/EBITDA (x) Consol	16.5	14.4	12.4
Dividend Yield (%)	0.6	0.6	0.7

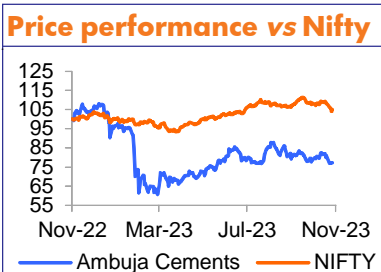
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(4)	(12)	3	(25)
Relative	(1)	(9)	(1)	(28)

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Ambuja Cements

Costs efficiencies drive profitability; newer capacities see delay

Ambuja Cements' (ACEM) 2QFY24 standalone EBITDA at INR 7.7 bn was 4%–7% below our/ consensus estimates. Cost/ton declined 12% YoY/ increased ~2% QoQ whereas realization increased ~1% QoQ. Accordingly, standalone EBITDA/ton declined ~2% QoQ to INR 1,020 (Antique est.: INR 1,044). Consolidated volume grew only 2% YoY/ declined 15% QoQ (vs. industry growth of low double digits YoY). Consolidated EBITDA/ton declined 8% QoQ to INR 994—comparable with larger peers. Management expects profitability to improve further to INR 1,400–1,500 over the next 2–3 years through substantial cost savings (INR 400–500/ton) from Adani Group synergies, besides massive WHRS addition, significant logistic optimization, and improved cost efficiencies. With announced capacities seeing some delays, volume growth may be constrained in the near term. Factoring lower volumes/ profitability, we reduce our FY25E EBITDA by 6% and cut our target price to INR 505 (earlier INR 550) based on 14x 1HFY26E consolidated EV/EBITDA. Maintain BUY on attractive valuation of 11x 1HFY26E EV/EBITDA.

Volume growth disappoints

Standalone volume grew 8% YoY/ declined 17% QoQ to 7.6 mn ton, while realization (including other operating income) increased ~1% QoQ. However, ACEM's consolidated 2Q volume grew only 2% YoY/ declined 15% QoQ to 13.1 MT owing to floods in HP, heavy rains in the Central region, and weak demand in the East. Quarterly MSA volume stood at 2.6 MT (20% of consolidated volume) and rose from 1.1 MT YoY but declined from 3.1 MT QoQ. Utilization (on a consolidated basis) increased to 78%. Management aspires to grow in line/ ahead of industry growth over the near term.

Industry-leading consolidated EBITDA/ton at INR 994, down ~INR 90 QoQ

Standalone EBITDA at INR 7.7 bn, declined ~2% QoQ (consensus/ Antique est.: INR 8.3 bn/ INR 8 bn) and EBITDA/ton at INR 1,020, declined ~INR 22 QoQ. Consolidated EBITDA/ton at INR 994 declined 8% QoQ. Cost/ton declined 12% YoY/ increased ~2% QoQ. Kiln fuel cost reduced from INR 2.72 per kcal to INR 1.79 per kcal and is expected to decline further through mix and source optimization. PAT remained flat QoQ at INR 6.4 bn (Antique est.: INR 6.1 bn) owing to higher other income.

Delays in capacity expansion may constrain volume growth

Bhatapara Line 3 (CU) has been delayed by a quarter to 2QFY26 and Maratha Line 2 (CU) has been delayed by nine months to 4QFY26. For FY24/ 25, management has guided for a capex of INR 75 bn, of which 2/3rd will be incurred on ACEM and 1/3rd on ACC. For 1HFY24, ACEM (consolidated) generated an OCF of INR 23 bn (EBITDA conversion of 77%). FCF generation stood at INR 9.1 bn post the w/cap blockage of INR 3.2 bn and capex of INR 13.9 bn. Sanghi's acquisition would be concluded by 3QFY24 and accordingly we have factored the same.

On consolidated basis, total costs/ton decline 15% YoY but increased ~1% QoQ

Raw material cost/ton increased 16% YoY (~INR 80/ton)/ ~4% QoQ (~INR 20/ton) due to fly ash, gypsum, and limestone purchase. ACEM has taken strategic initiatives like long-term sourcing of fly ash, manufacturing of synthetic gypsum, and measures to reduce limestone costs. Power and fuel costs/ton decreased 33% YoY (~INR 710/ton)/ 5% QoQ (~INR 80/ton) due to source and mix optimization, increased usage of WHRS, replacing costlier fuel with low cost source, maximizing AFR consumption, and reduction in kiln fuel cost. RM + P&F cost/ton declined 24% YoY (~INR 620/ton)/ ~3% QoQ (~INR 60/ton). Freight cost/ton declined by ~3% YoY (~INR 40/ton)/ 5% QoQ (~INR 70/ton) due to stricter adherence to route planning, renegotiation of commercial terms, digitization, increase in direct dispatch, increase in rail coefficient, and reduction in lead distance. The company has rolled out strategic initiatives to further reduce freight cost by INR 150/ton. Other expenses/ton declined 11% YoY (~INR 100/ton) but increased 28% QoQ (~INR 180/ton). Thus, total costs/ton declined 15% YoY (~INR 770/ton) but increased ~1% QoQ (INR 50/ton).

Investment Summary

We factor 10% volume CAGR over FY24–26E and expect consolidated EBITDA/ton to inch up from INR 742/ton in FY23 to INR 1,140 in FY24 and INR 1,213 by FY25E led by improved cost efficiencies. We maintain BUY rating on ACEM with a revised TP of INR 505 based on 14x consolidated 1HFY26 EV/EBITDA. ACEM currently trades at ~11x EV/EBITDA and at ~USD 135 EV/ton based on 1HFY26E consolidated EBITDA estimates.

Quarterly performance

Actual vs estimated performance

(INR mn)	Actual	Estimated	% Variance	Consensus	% Variance
Net sales	39,698	40,181	(1.2)	40,635	(2.3)
EBITDA	7,734	8,012	(3.5)	7,711	0.3
EBITDA margin (%)	19.5	19.9	-46bps	19.0	51bps
Adj net income	6,438	6,054	6.4	4,911	31.1
FDEPS (INR)	28.4	26.7	6.4	21.7	31.1

Source: Company, Antique

Quarterly financials

(INR mn)	Q2FY24	Q3FY23	YoY (%)	Q1FY24	QoQ (%)	YTDFY24	YTDFY23	YoY (%)
Sales	39,698	36,704	8.2	47,297	(16.1)	86,995	76,639	13.5
Cost of Material Consumed	25,446	25,494	(0.2)	31,007	(17.9)	56,454	50,958	10.8
% of sales	79.6	75.8	386bps	82.0	-240bps	64.9	58.6	632bps
Employee cost	1,490	1,532	(2.8)	1,309	13.8	2,799	3,169	(11.7)
% of sales	4.7	4.6	11bps	3.5	(89.2)	3.2	3.6	-43bps
Other expenses	5,028	6,627	(24.1)	5,495	(8.5)	10,523	12,616	(16.6)
% of sales	15.7	19.7	-396bps	14.5	120bps	12.1	14.5	-241bps
Total Exp	31,964	33,653	(5.0)	37,812	(15.5)	69,775	66,743	4.5
EBIDTA	7,734	3,051	153.5	9,486	(18.5)	17,220	9,896	74.0
Margin %	24.2	9.1	1513bps	25.1	-89bps	19.8	11.4	842bps
Other income	3,781	470	704.0	1,895	99.6	5,676	6,488	(12.5)
Depreciation	2,286	1,571	45.5	2,319	(1.4)	4,605	3,110	48.1
Interest expenses	435	228	90.8	396	9.8	831	479	73.6
Profit Before Tax	8,795	1,722	410.6	8,665	1.5	17,460	12,795	36.5
Exceptional item	-	(152)	NA	-	NA	-	(152)	NA
PBT after exceptional	8,795	1,570	460.1	8,665	1.5	17,460	12,643	38.1
Tax	2,357	184	1,180.1	2,216	6.3	4,573	2,583	77.1
Tax Rate %	26.8	11.7	1507bps	25.6	122bps	26.2	20.4	576bps
Reported Net Profit	6,438	1,386	364.5	6,449	(0.2)	12,887	10,061	28.1
Adjusted Net Profit	6,438	1,538	318.5	6,449	(0.2)	12,887	10,213	26.2
EPS (INR)	3.2	0.8	318.5	3.2	(0.2)	6.5	5.1	26.2

Source: Company, Antique

Per tonne analysis

(INR/ton)	Q2FY24	Q3FY23	YoY (%)	Q1FY24	QoQ (%)
Volumes (mn ton)	7.58	7.04	7.7%	9.10	-16.7%
Raw material costs	370	247	123	458	-88
Power & Fuel Cost	1,274	2,009	-736	1,287	-14
Freight Cost	1,713	1,365	349	1,662	51
Staff Cost	197	218	-21	144	53
Other Cost	663	941	-278	604	59
Total Cost/ton	4,217	4,780	-11.8%	4,155	1.5%
Realisation/ton	5,175	5,158	0.3%	5,146	0.6%
EBITDA/ton	1,020	433	587	1,042	-22

Source: Company, Antique

We have cut FY25 EBITDA estimates by 6%

Change in estimates	FY24E			FY25E		
	Old	New	% Chg	Old	New	% Chg
Revenue (INR mn)	1,79,003	1,82,646	2.0	1,93,242	2,08,671	8.0
EBITDA (INR mn)	38,722	38,554	(0.4)	47,972	45,238	(5.7)
EBITDA margin (%)	21.6	21.1	-52bps	24.8	21.7	-315bps
Net profit (INR mn)	26,761	27,409	2.4	33,288	31,514	(5.3)
EPS (INR)	10.9	11.1	2.4	13.5	12.8	(5.3)

Source: Company, Antique

Key Assumptions

	CY18	CY19	CY20	CY21	FY23	FY24e	FY25e	FY26e
Capacity (MTPA)	29.7	29.7	29.7	31.5	31.5	33.0	39.0	51.0
utilization (%)	81.6	80.8	76.3	78.9	77.2	83.7	81.1	81.6
Volume (mn ton)	24.3	24.1	22.7	27.0	37.7	34.8	38.6	44.2
Volume growth (%)	5.4	(0.8)	(5.8)	19.1	11.8	15.2	10.9	14.5
Realization/ton (INR)	4,525	4,717	4,930	5,109	5,233	5,251	5,409	5,499
YoY realization (%)	1.6	4.2	4.5	3.6	2.4	0.4	3.0	1.7
Cost/ton (INR)	3,902	3,955	3,849	3,972	4,443	4,197	4,289	4,336
RM Cost/ton (INR)	388	468	523	427	733	1,072	1,121	565
Employee Cost/ton (INR)	280	279	295	251	212	168	170	159
Power Cost/ton (INR)	1,051	1,075	994	1,260	1,593	1,175	1,243	1,276
Freight Cost/ton (INR)	1,351	1,286	1,260	1,224	1,162	1,144	1,132	1,719
Other Cost/ton (INR)	831	848	778	811	743	638	623	617
EBITDA/ton (INR)	780	893	1,168	1,200	853	1,108	1,173	1,210
Capex (INR bn)	7	12	14	13	21	81	50	53
Net Cash (INR bn)	32	46	28	40	83	189	171	160

Source: Company, Antique

Maintain BUY with target price of INR 505

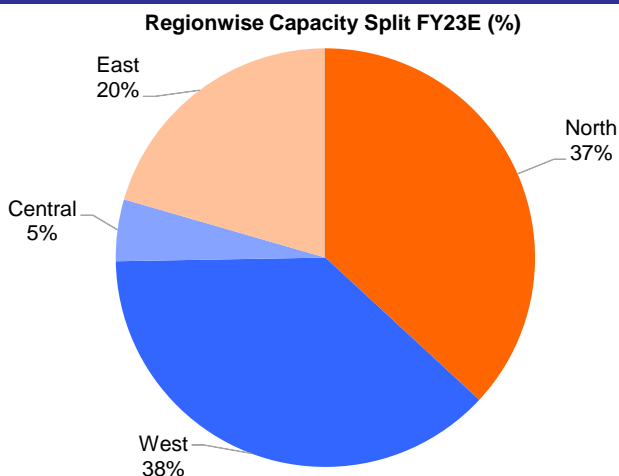
EV/E method	Sep-25E
Sep'25E EBITDA (INR bn)	87
EV/E multiple (x)	14
EV (INR bn)	1,216
Net debt (Sep'25E)	(239)
Equity value	1,455
No. of shares (mn)	2,463
Target price for core ACEM	593
50% stake in ACC	88
Sep'24 Target Price (INR)	505

Source: Company, Antique

Balance Sheet

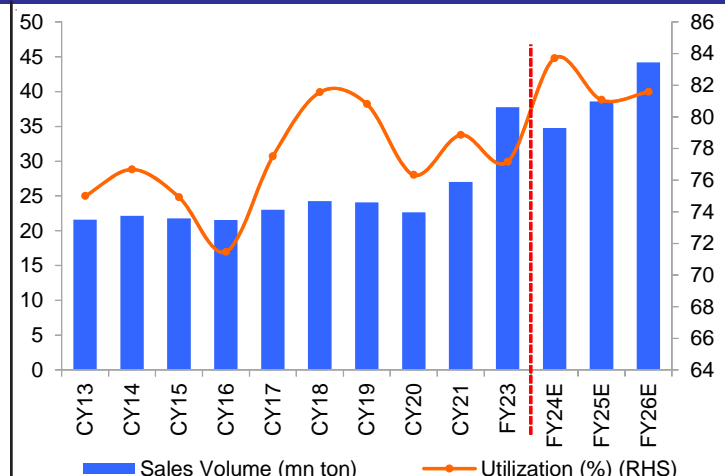
	CY21	H1FY23	15MFY23	H1FY24
Non-current assets				
Property, Plant and Equipment	71,283	74,745	87,804	82,927
CWIP	9,513	10,473	8,418	10,675
Goodwill	-	-	193	193
Other intangible assets	5,173	1,698	2,200	2,247
Investment in associates and JV using equity method	1,17,877	-	1,17,666	1,17,666
Total	2,03,846	86,917	2,16,280	2,13,707
Financial assets				
- Investments	92	1,17,877	92	92
- Loans	15	13	10	2,998
- Others	3,387	92	5,722	5,579
Non-current tax assets	1,185	1,614	1,193	1,168
Deferred tax assets	-	-	-	-
Other non-current assets	5,459	8,573	7,274	16,245
Total non-current assets	10,138	1,28,169	14,291	26,082
Current Assets				
Inventories	14,635	17,142	16,394	18,473
Financial assets				
- Investments				
- Trade receivables	2,931	7,135	5,649	8,842
- Cash and cash equivalents	39,847	36,255	61,846	2,805
- Bank balances other than above	1,783	2,182	22,484	24,312
- Loans	48	51	44	36
- Others	2,048	1,305	4,320	59,016
Current Tax Assets (net)	6,204	-	-	-
Other current assets	-	6,875	15,728	7,959
Total- current assets	67,496	70,944	1,26,464	1,21,443
Assets classified as held for sale	247	-	-	-
TOTAL ASSETS	2,81,727	2,86,030	3,57,036	3,61,232
B. EQUITY AND LIABILITIES				
Equity				
Equity share capital	3,971	3,971	3,971	3,971
Other equity	2,18,101	2,21,064	2,31,083	2,39,029
Share application money pending allotment	-	-	50,000	50,000
Total Equity	2,22,072	2,25,036	2,85,054	2,93,000
Non-controlling interest				
Non-current liabilities				
Financial liabilities:				
- Borrowings	435	451	342	256
Lease liability	2,611	-	5,997	4,617
Provisions	651	699	858	881
Deferred tax liabilities (net)	2,017	2,267	2,180	2,651
Other non-current liabilities	367	3,025	372	465
Total non-current liabilities	6,081	6,442	9,749	8,869
Current liabilities				
Financial liabilities:				
Borrowings	-	36	135	186
Trade payables	11,441	12,514	15,711	13,806
Other financial liabilities	8,792	8,635	12,315	13,015
Other current liabilities	20,830	21,476	21,444	18,357
Provisions	89	46	41	59
Current tax liabilities (net)	12,422	11,845	12,587	13,939
Total current liabilities	53,574	54,552	62,233	59,362
TOTAL- EQUITY AND LIABILITIES	2,81,727	2,86,030	3,57,036	3,61,232

Capacity to grow at 24% CAGR over FY24-26E



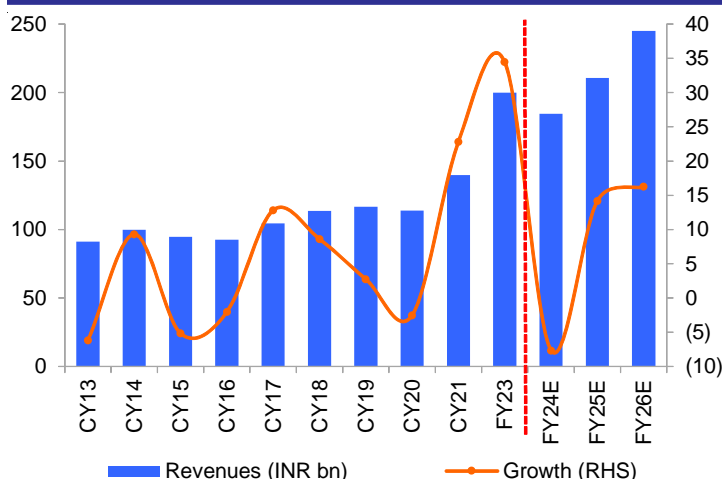
Source: Company, Antique

Volume to grow at 13% CAGR over FY24-26E



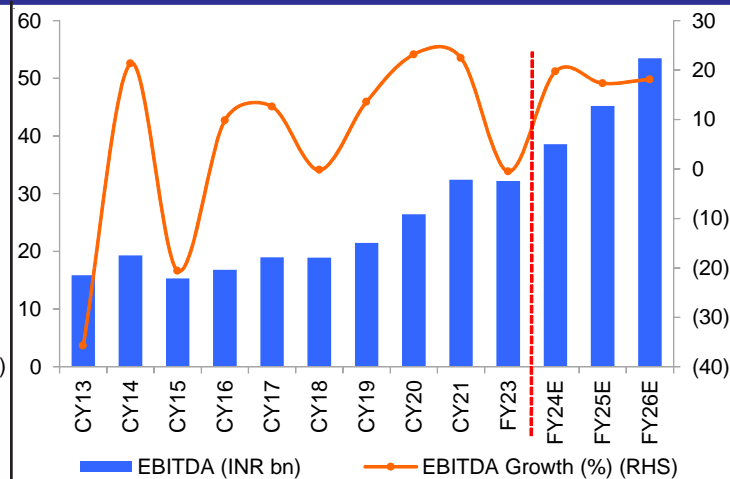
Source: Company, Antique

Revenue to grow at 15% CAGR over FY24-26E



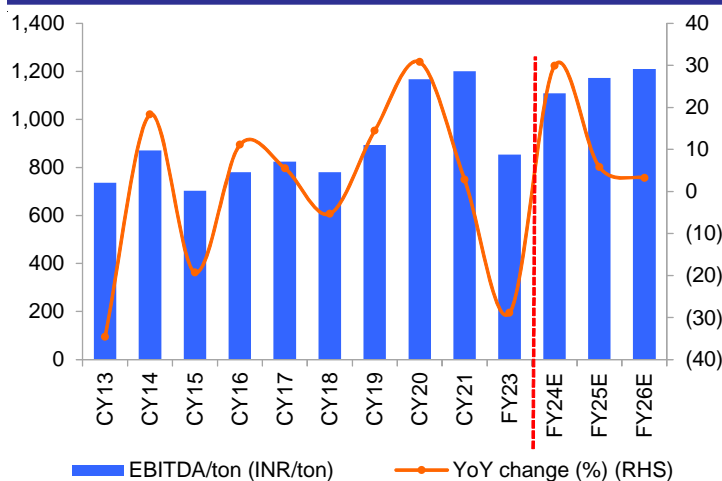
Source: Company, Antique

EBITDA to grow at 18% CAGR over FY24-26E



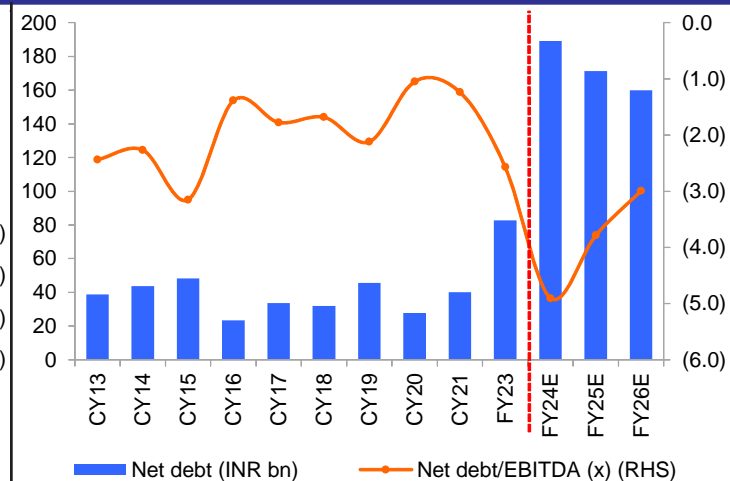
Source: Company, Antique

EBITDA/t to improve to INR 1,210 by FY26E



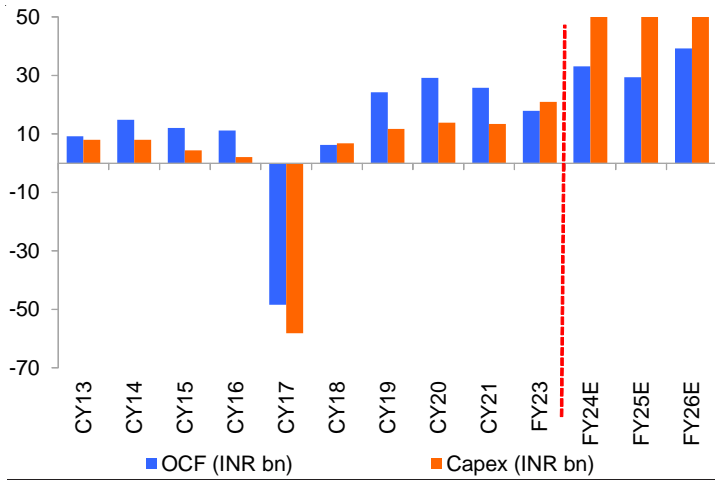
Source: Company, Antique

Net cash to increase by INR ~ 29 bn over FY24-26E



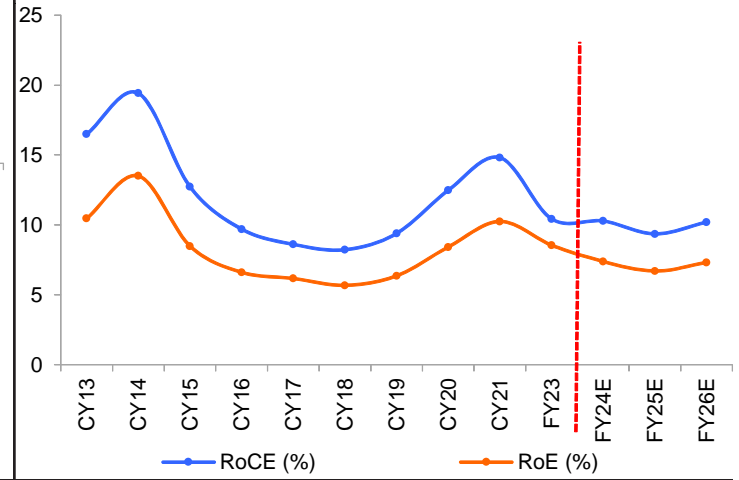
Source: Company, Antique

Capex of INR 184 bn over FY24-26E



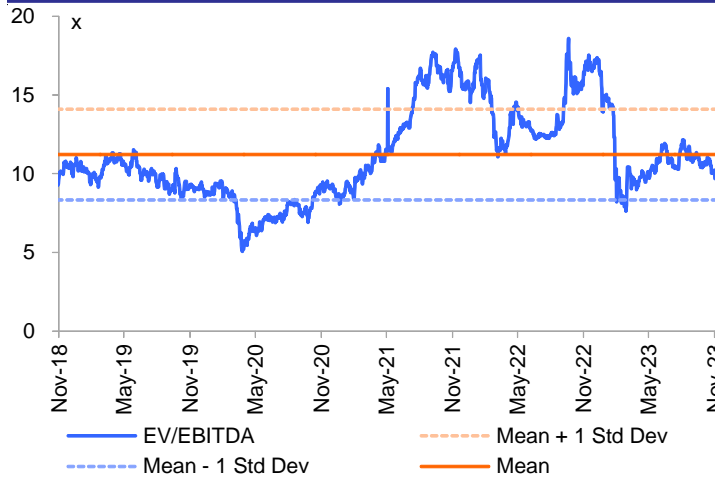
Source: Company, Antique

RoE, RoCE to improve on utilization of proposed cash infusion



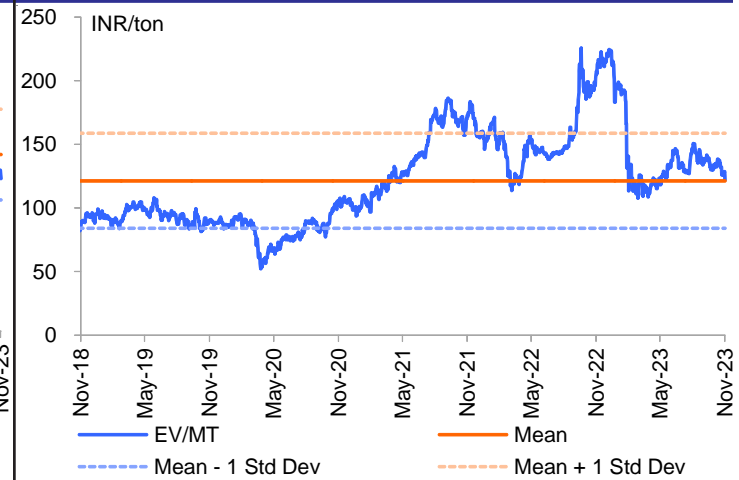
Source: Company, Antique

EV/EBITDA 1-yr forward



Source: Company, Antique

EV/ton 1-yr forward



Source: Company, Antique

Financials (standalone)

Profit and loss account (INR mn)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
Net Revenue	1,39,660	1,99,854	1,84,520	2,10,690	2,44,936
Op. Expenses	1,07,251	1,67,650	1,45,965	1,65,452	1,91,486
EBITDA	32,409	32,204	38,554	45,238	53,449
Depreciation	5,512	8,324	9,279	10,083	11,599
EBIT	26,897	23,880	29,276	35,155	41,850
Other income	2,858	9,523	9,169	9,108	9,215
Interest Exp.	909	1,280	1,605	1,905	2,115
Extra Ordinary Items -gain/(loss)	(657)	(1,573)	-	-	-
Reported PBT	28,845	32,123	36,839	42,358	48,951
Tax	7,047	5,016	9,431	10,844	12,531
Reported PAT	21,141	25,535	27,409	31,514	36,420
Net Profit	21,141	25,535	27,409	31,514	36,420
Adjusted PAT	21,798	27,107	27,409	31,514	36,420
Adjusted EPS (INR)	10.6	12.9	11.1	12.8	14.8

Balance sheet (INR mn)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
Share Capital	3,971	3,971	4,926	4,926	4,926
Reserves & Surplus	2,18,101	2,81,083	4,52,562	4,78,106	5,07,560
Networth	2,22,072	2,85,054	4,57,488	4,83,032	5,12,486
Debt	435	477	477	477	477
Net deferred Tax liabilities	2,017	2,180	2,235	2,290	2,348
Capital Employed	2,24,524	2,87,711	4,60,199	4,85,799	5,15,311
Gross Fixed Assets	1,09,311	1,31,376	1,76,158	2,13,158	2,63,158
Accumulated Depreciation	32,855	41,179	49,108	58,841	71,940
Capital work in progress	9,513	8,418	44,627	58,015	60,916
Net Fixed Assets	85,969	98,614	1,71,677	2,12,332	2,52,134
Investments	1,57,166	1,41,240	1,41,240	1,41,240	1,41,240
Non Current Investments	1,17,877	1,17,666	1,17,666	1,17,666	1,17,666
Current Investments	39,289	23,574	23,574	23,574	23,574
Current Assets, Loans & Adv.	38,592	1,17,182	2,17,264	2,08,088	2,01,647
Inventory	14,635	16,394	17,846	20,757	24,007
Debtors	2,931	5,649	4,043	4,666	5,485
Cash & Bank balance	2,341	60,756	1,67,089	1,49,260	1,37,896
Loans & advances and others	18,685	34,382	28,286	33,405	34,260
Current Liabilities & Provisions	57,203	69,325	69,982	75,861	79,710
Liabilities	56,462	68,426	66,895	72,565	76,185
Provisions	740	899	3,087	3,296	3,525
Net Current Assets	(18,611)	47,857	1,47,283	1,32,228	1,21,937
Application of Funds	2,24,524	2,87,711	4,60,199	4,85,799	5,15,311

Per share data

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
No. of shares (mn)	1,986	1,986	2,463	2,463	2,463
Diluted no. of shares (mn)	1,986	2,463	2,463	2,463	2,463
BVPS (INR)	111.8	115.8	185.8	196.1	208.1
CEPS (INR)	13.4	13.7	14.9	16.9	19.5
DPS (INR)	1.0	6.3	2.5	2.4	2.8

Source: Company, Antique;

*Numbers of FY23E is for 15months

Cash flow statement (INR mn)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
PBT	28,845	32,123	36,839	42,358	48,951
Depreciation & amortization	5,512	8,324	9,279	10,083	11,599
Interest expense	909	1,280	1,605	1,905	2,115
(Inc)/Dec in working capital	1,043	(8,211)	4,719	(2,983)	(1,304)
Tax paid	(7,047)	(5,016)	(9,431)	(10,844)	(12,531)
Less: Interest/Div. Income Recd.	2,858	9,523	9,169	9,108	9,215
Other operating Cash Flow	(6,340)	(20,115)	(19,050)	(20,205)	(18,759)
CF from operating activities	25,780	17,909	33,130	29,421	39,286
Capital expenditure	(13,429)	(20,969)	(80,991)	(50,388)	(52,901)
Inc/(Dec) in investments	(12,345)	15,927	-	-	-
Add: Interest/Div. Income Recd.	2,858	9,523	9,169	9,108	9,215
CF from investing activities	(22,916)	4,480	(71,822)	(41,281)	(43,685)
Inc/(Dec) in share capital	-	-	955	-	-
Inc/(Dec) in debt	(1)	42	-	-	-
Dividend Paid	(2,021)	(12,509)	(4,975)	(5,970)	(6,965)
Others	(188)	50,067	1,49,045	(0)	0
CF from financing activities	(2,210)	37,601	1,45,025	(5,970)	(6,965)
Net cash flow	(3)	59,989	1,06,333	(17,829)	(11,365)
Opening balance	2,344	2,341	60,756	1,67,089	1,49,260
Closing balance	2,341	62,330	1,67,089	1,49,260	1,37,896

Growth indicators (%)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
Revenue (%)	22.8	34.5	-7.7	14.2	16.3
EBITDA (%)	22.5	-0.5	19.7	17.3	18.2
Adj PAT (%)	21.8	19.5	1.1	15.0	15.6
Adj EPS (%)	18.1	16.6	-13.5	15.0	15.6

Valuation (x)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
P/E (x)	38.2	31.6	36.6	31.8	27.5
P/BV (x)	7.8	4.8	2.9	2.7	2.5
EV/EBITDA (x)	24.2	28.9	16.5	14.4	12.4
EV/Sales (x)	4.2	2.7	2.4	2.2	1.9
Dividend Yield (%)	0.3	1.5	0.6	0.6	0.7

Financial ratios

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
RoE (%)	10.3	8.6	7.4	6.7	7.3
RoCE (%)	14.8	10.4	10.3	9.4	10.2
Asset/T.O (x)	2.2	1.5	0.8	0.6	0.7
Net Debt/Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)
EBIT/Interest (x)	32.7	26.1	24.0	23.2	24.1

Margins (%)

Year-ended	CY22	FY23*	FY24e	FY25e	FY26e
EBITDA Margin (%)	23.2	16.1	20.9	21.5	21.8
EBIT Margin (%)	19.3	11.9	15.9	16.7	17.1
PAT Margin (%)	15.6	13.6	14.9	15.0	14.9

Source: Company, Antique;

*Numbers of FY23E is for 15months

CMP	: INR 1,745
Reco	: BUY ↔
Target Price	: INR 2,100 ↑
Target Price Change	: 3%
Target 1HFY26 P/E (x)	: 35
EPS Change FY24/ 25%	: -1%/ -4%

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Market data	
Sensex	: 63,591
Sector	: Pharmaceuticals
Market Cap (INR bn)	: 701.0
Market Cap (USD bn)	: 8.417
O/S Shares (mn)	: 400.6
52-wk HI/LO (INR)	: 1950/1241
Avg. Daily Vol ('000)	: 177
Bloomberg	: MANKIND IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	45.3	55.7	64.3
P/E (x)	38.5	31.3	27.1
P/BV (x)	7.7	6.3	5.2
EV/EBITDA (x)	26.5	21.3	18.0
Dividend Yield (%)	0.3	0.3	0.4

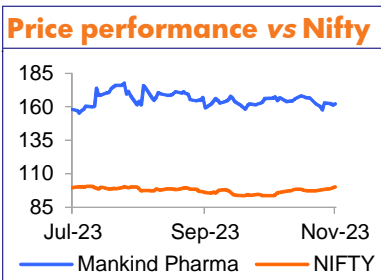
Source: Bloomberg

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

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg

Indexed to 100

2QFY24 RESULT REVIEW

Mankind Pharma

Steady margins, improvement likely from FY25

MANKIND Pharma (MANKIND) reported a revenue growth of 12% on a YoY basis, with the India business growing at a modest 7% YoY. Within this, its branded prescription business grew 8% YoY, largely driven by increased market share in chronic therapies viz. Cardiac, Respiratory, and Anti-Diabetes. However, its acute segment had lower growth on account of the delayed onset of acute season which impacted its key therapies viz. Anti-Infective, Respiratory, GI & VMN, coupled with increased competition in its key product viz. Dydrobroon. The growth in Consumer Healthcare was muted with 2% revenue growth on a YoY basis. To grow its Consumer business, MANKIND continues to invest in brand building by increasing its presence in modern trade channels and e-commerce. We expect the Consumer Healthcare segment to grow at ~10% CAGR, driven by premiumization of existing brands and new launches. Growth in the export segment came as a positive surprise with the revenue growing 12% QoQ and MANKIND gaining market share in an Ophthalmic product on account of a shortage in the market.

Gross margin for the quarter came in at 69.5%, improving ~2.3% on a YoY basis, driven by price hikes and lower RM costs. However, EBITDA margin improved only by 50 bps YoY, due to higher other expenses in relation to brand building and marketing spends. MANKIND has maintained its margin guidance range of 24%–26%. However, we believe the guidance is conservative given the improvement in contribution from the chronic portfolio, new launches, and faster growth from Panacea’s portfolio. With IPM likely to grow at ~10%, we expect MANKIND to grow at ~13% CAGR over a two-year period. We keep our estimates largely unchanged and maintain BUY rating on the stock with a revised target price of INR 2,100 (earlier INR 2,032), valuing the company at 35x 1HFY26 EPS. Amongst our pharma coverage universe, MANKIND remains our top pick.

Chronic contribution improves

MANKIND’s branded India business grew at 8% on a YoY basis, mainly due to the delayed onset of the acute season. However, during the quarter, contribution from the chronic portfolio improved to 34% as against 32% YoY, with Cardiac and Anti-diabetic growing at double-digit growth rates. In its bid to increase its market share in metros and Tier 1 cities, MANKIND will be offering US & CEP DMF grade products at affordable prices. Most of the product offerings are going to be in the chronic and sub-chronic segments. In the past two years, MANKIND has created 10 dedicated divisions and field force for targeting key therapies viz. Cardiac, Diabetes, CNS, Respiratory, Ophthalmology, and Gynecology. For its Consumer Healthcare business, the focus remains on increasing penetration in rural markets for its key brands viz. Manforce Condoms, Gas-o-Fast, HealthOK, and Prega News. The company will also leverage its existing brand equity by launching line extensions viz. Prega News Advance, Ova News, PregaHope & Prega Happy. On the back of these measures, we expect the India business to grow at ~13% CAGR over a two-year period.

Investment Summary

MANKIND’s ability to take price hikes and improvement in chronic therapies have been key drivers for its gross margin improvement in 2QFY24. We like MANKIND’s India franchise given its healthy regional mix, improving acute-chronic ratio, and growing Consumer Healthcare business. As MANKIND’s pricing is lower than its peers for a larger part of its portfolio, we believe steady price hikes are also a growth lever. We also expect MANKIND to grow its Anti-Diabetic and Cardiac franchise via new launches (large brands going off-patent in India) and a focused brand/ sub-therapy marketing approach. With pricing tailwind and improved contribution from the chronic portfolio, we believe the gross margin can improve further. On the whole, we expect MANKIND to deliver ~27% EBITDA margin and ~20% EPS CAGR over a two-year period. We maintain BUY rating on the stock.

Conference Call Highlights

Operational highlights

- MANKIND's 2QFY24 revenue grew 12% YoY to INR 27.1 bn led by a sharp recovery in exports and consistent growth in domestic business.
- Gross margin expanded ~280 bps YoY to 69.5% led by improved price increases and reduction in API costs.
- Employee costs and other expenses increased 15% and 20% respectively.
- The increase in other expenses is mainly due to increasing marketing costs. The company expects the same to moderate in coming quarters.
- In 2Q, R&D spends were 1.9% of sales vs. 2.2% in FY23.
- EBITDA margin expanded 50 bps YoY to 25.2% led by gross margin expansion, partly offset by an increase in costs.
- Depreciation costs increased by ~INR 100 mn QoQ due to the commissioning of a new manufacturing unit in Rajasthan.
- ETR for the quarter contracted 50 bps to 20.4%.
- APAT for the quarter increased 17% YoY to INR 5 bn.
- The company's net cash increased to ~INR 22.6 bn in Sep'23 from ~INR 14.5 bn in Mar'23.
- Capex for the quarter stood at INR 1,140 mn and INR 2,250 mn for 1HFY24.

Domestic operations

- Domestic business grew 7% YoY to INR 25.3 bn, accounting for 93% sales.
- Total MR count as of Sep'23 stood at ~15,550 (including ~3,000 managers).
- India Rx
 - India Rx business grew 8% YoY led by strong growth in the chronic business.
 - Mankind's secondary sales registered a muted growth of 5%, as compared to 7% growth in the Indian Pharma Market (IPM), primarily due to the delayed acute season.
 - Mankind maintained its #4 rank with a market share of 4.4% in 2QFY24 as compared to 4.5% in 2QFY23.
 - As per IQVIA, volume growth declined 4.6% vs. 0.3% for IPM due to delayed acute season.
 - Mankind's chronic segment grew 10% as compared to IPM chronic segment growth of 9% in 2QFY24. Mankind's chronic therapies registered 1.1x outperformance as compared to IPM.
 - The share of chronic increased to 34% in 2QFY24 as compared to 32% in 2QFY23.
 - Additional competition in Dydrogesterone led to market share loss in Dydroboon. The company will launch new SKU to regain market share and get a head start over competition.
 - The company highlighted seeing signs of recovery in acute therapies from Sep'23.
 - The acquired portfolio of Panacea witnessed 30% YoY growth in 2Q.
 - Discontinuation of select products impacted growth for the company, but it plans to recoup ~70% of the revenue loss by FY24 end by launching new molecule combinations.

- Consumer Healthcare
 - India consumer healthcare grew 2% YoY, the growth was muted due to optimization of channel inventory and implementation of IT tools to facilitate stockist consolidation.
 - Secondary sales have witnessed mid-teen growth and brands continue to outperform in their categories and maintain market share.
 - Four consumer healthcare brands ranked #1 in their categories.
 - Mankind continues to focus on building brands, expanding the portfolio range to increase brand love & advocacy. The company is also pursuing product line extensions in certain established brands.
 - Focus on increasing rural penetration in key brands—Manforce Condoms, Prega News, Gas-o-Fast, and HealthOk.
 - The company also started supplying to modern channels and e-com during the quarter and has seen robust demand.
 - The company plans to increase its product basket by launching Nimulid in Nov'23 and also multiple SKUs of Acnestar.
 - One new division is expected to be added for consumer healthcare by Jan, taking the total to two division under consumer healthcare.
 - Margins of this business are expected to increase by cost optimization, operating leverage, and premiumization.
 - The business segment is expected to grow in single digits in FY24.

Exports

- Exports grew 160% YoY and 12% YoY to INR 1.8 bn.
- The YoY growth was aided by certain one-off opportunities in the US.
- Mankind continues to focus on differentiated filings, including in-licensing for key markets.

Guidance

- The company will fill in the white spaces it has in chronic therapies with M&A, in-house R&D, and in-licensing opportunities.
- The company plans to incur INR 5.5–6 bn in capex for FY24.
- The management highlighted 2H has seasonally been weaker in terms of margins for the company. Hence the company maintained its margin guidance of 24%–26%.
- The company plans to draw from its FCF for any near-term M&A opportunities that may arise. It plans to maintain net-cash status post the M&A.
- The company expects to grow the Consumer Healthcare in mid-teens range for FY25.

Exhibit 1: Segmental Revenue snapshot

(INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
India Branded Formulations	23,360	21,660	8	22,110	6	45,470	41,020	11
Consumer Healthcare	1,930	1,900	2	2,080	(7)	4,010	3,830	5
Domestic sales	25,290	23,560	7	24,190	5	49,480	44,850	10
Exports	1,790	690	159	1,600	12	3,390	1,200	183
Gross sales	27,080	24,250	12	25,790	5	52,870	46,050	15

Source: Company, Antique

Exhibit 2: Quarterly snapshot

(INR mn)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Sales	27,081	24,258	12	25,786	5	52,867	46,058	15
Cost of Material Consumed	8,249	8,063	2	8,200	1	16,448	15,615	5
% of sales	30.5	33.2	(278) bps	31.8	(134) bps	31.1	33.9	(279) bps
Employee cost	5,720	4,971	15	5,529	3	11,249	9,511	18
% of sales	21.1	20.5	63 bps	21.4	(32) bps	21.3	20.6	63 bps
Other expenses	6,286	5,229	20	5,509	14	11,796	10,374	14
% of sales	23.2	21.6	166 bps	21.4	185 bps	22.3	22.5	(21) bps
Total Exp	20,255	18,263	11	19,238	5	39,493	35,501	11
EBIDTA	6,826	5,996	14	6,548	4	13,375	10,558	27
Margin %	25.2	24.7	49 bps	25.4	(19) bps	25.3	22.9	238 bps
Other income	600	274		586		1,186	439	
Interest	86	103		63		150	265	
Depreciation	965	786		874		1,838	1,566	
PBT before exceptional	6,375	5,380	18	6,197	3	12,573	9,165	37
Exceptional item	-	89		-		-	89	
PBT after exceptional	6,375	5,292	20	6,197	3	12,573	9,077	39
Tax	1,298	1,104		1,303		2,601	1,947	
Tax Rate %	20.4	20.9	(50) bps	21.0	(66) bps	20.7	21.5	(76) bps
PAT before MI	5,077	4,188	21	4,895	4	9,972	7,130	40
P/L from associates	35	38		47		82	73	
MI	102	29		73		175	80	
Reported PAT	5,010	4,197	19	4,869	3	9,879	7,123	39
Adjusted PAT	5,010	4,272	17	4,869	3	9,879	7,198	37
Adj. EPS (INR)	12.5	10.7	17	12.2	3	25	18	37

Source: Company, Antique

Exhibit 3: Balance Sheet

	1HFY24	FY23	9MFY23
Share Capital	401	401	401
Reserves & Surplus	83,884	73,952	71,058
Networth	84,284	74,352	71,459
Debt	1,794	1,704	1,760
Minority Interest	2,051	1,881	1,797
Net deferred Tax liabilities	187	-87	509
Capital Employed	88,318	77,849	75,525
Capital work in progress	2,179	5,501	8,711
Net Block	45,814	42,253	38,393
Goodwill	200	200	200
Investments	18,591	11,650	9,872
Non Current Investments	1,158	895	2,776
Current Investments	17,433	10,755	7,096
Current Assets, Loans & Advances	43,193	36,227	35,248
Inventory	15,338	14,985	14,480
Debtors	10,572	5,764	6,480
Cash & Bank balance	5,826	4,532	4,551
Loans & advances and others	11,457	10,946	9,738
Current Liabilities & Provisions	21,658	17,982	16,900
Liabilities	17,057	13,927	13,058
Provisions	4,601	4,055	3,842
Net Current Assets	21,534	18,245	18,349
Application of Funds	88,318	77,849	75,525

Source: Company, Antique

Exhibit 4: 2QFY24 Actual vs Estimates

(INR mn)	2QFY24		
	Actual	Estimated	% Variance
Revenue	27,081	26,914	0.6
EBITDA	6,826	7,122	(4.1)
EBITDA margin	25.2	26.5	(125)bps
APAT	5,010.3	5,210.7	(3.8)
Adj. EPS (INR)	12.5	13.0	(3.8)

Source: Company, Antique

Exhibit 5: Old vs. new estimates

(INR mn)	New estimates			Old estimates		Change %	
	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E
Rating	BUY			BUY			
Target (INR)	2,100			2,032		3	
Sales	1,01,857	1,15,159	1,29,649	1,01,585	1,15,116	0	0
EBITDA	25,573	31,229	35,838	25,633	31,731	(0)	(2)
EBITDA%	25.1	27.1	27.6	25.2	27.6	(13) bps	(45) bps
PAT	18,151	22,315	25,761	18,427	23,256	(1)	(4)
EPS (INR)	45.3	55.7	64.3	46.0	58.1	(1)	(4)

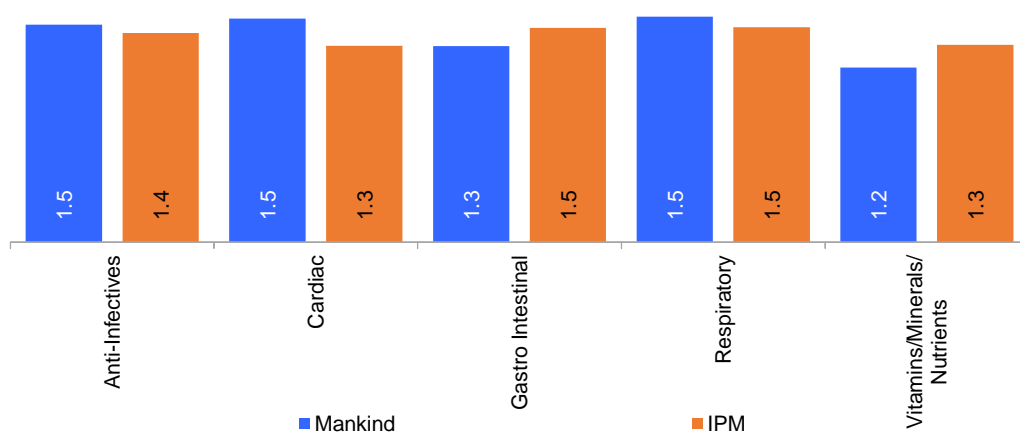
Source: Company, Antique

Exhibit 6: Robust performance of top 10 brands over 3-year CAGR

Brand name	MAT Sep'23 (INR mn)	3 Year CAGR (%)
MANFORCE	4,698	24.8
MOXIKIND-CV	3,690	15.8
UNWANTED-KIT	2,392	15.9
PREGA NEWS	2,254	24.1
AMLOKIND-AT	2,155	10.0
DYDROBOON	2,000	62.9
GUDCEF	1,919	18.9
CANDIFORCE	1,868	(1.4)
GLIMESTAR-M	1,796	10.6
NUROKIND-GOLD	1,469	13.3

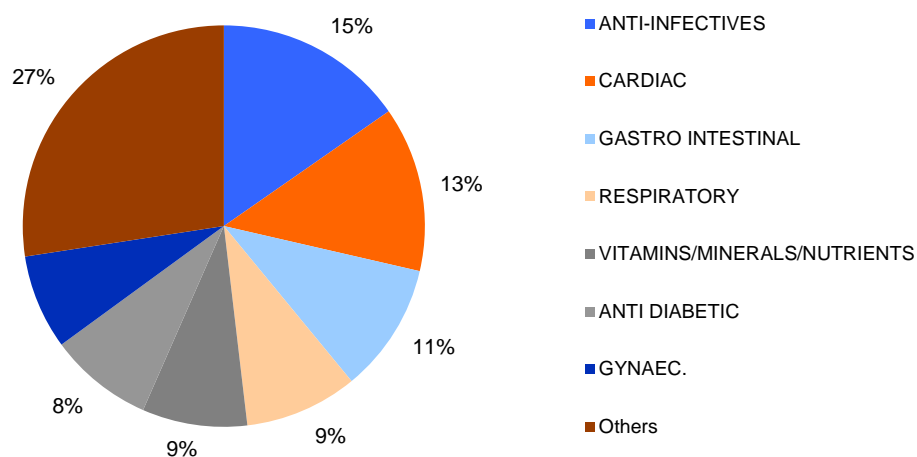
Source: Company, Antique

Exhibit 7: Mankind's core therapies performance vs IPM - 3-year CAGR



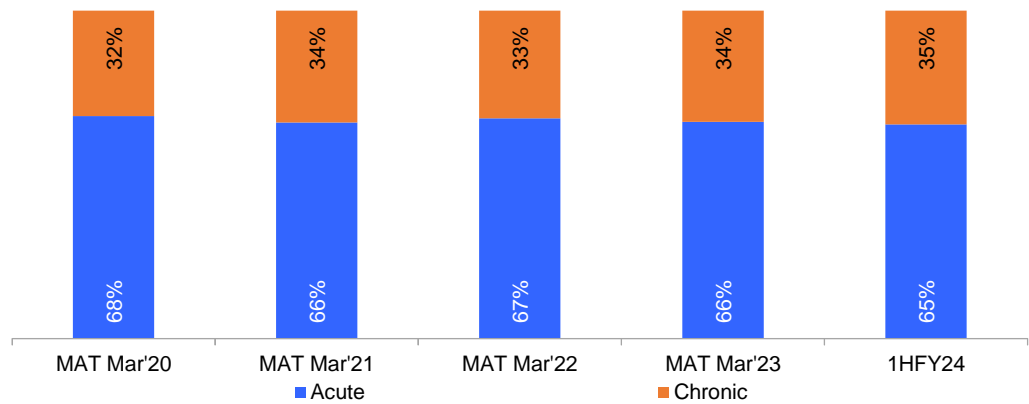
Source: Company, Antique

Exhibit 8: Well diversified therapy mix



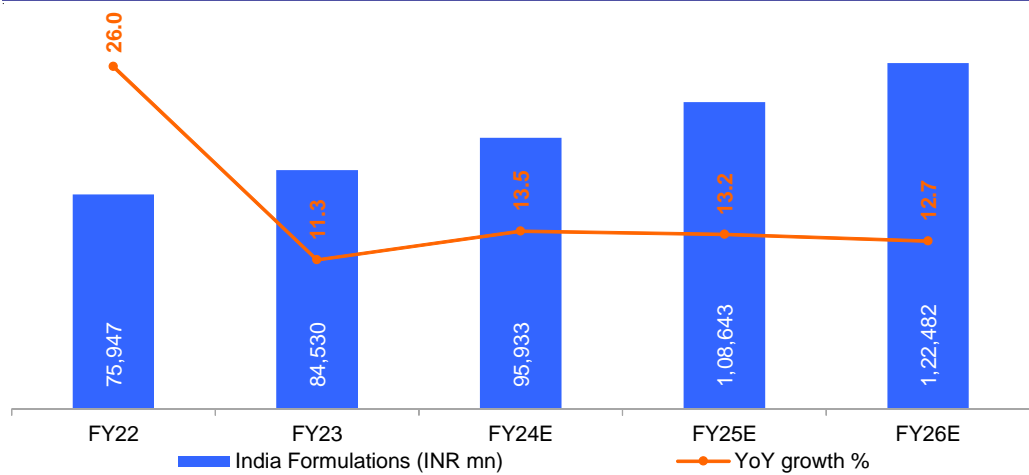
Source: Company, Antique

Exhibit 9: Growing chronic share



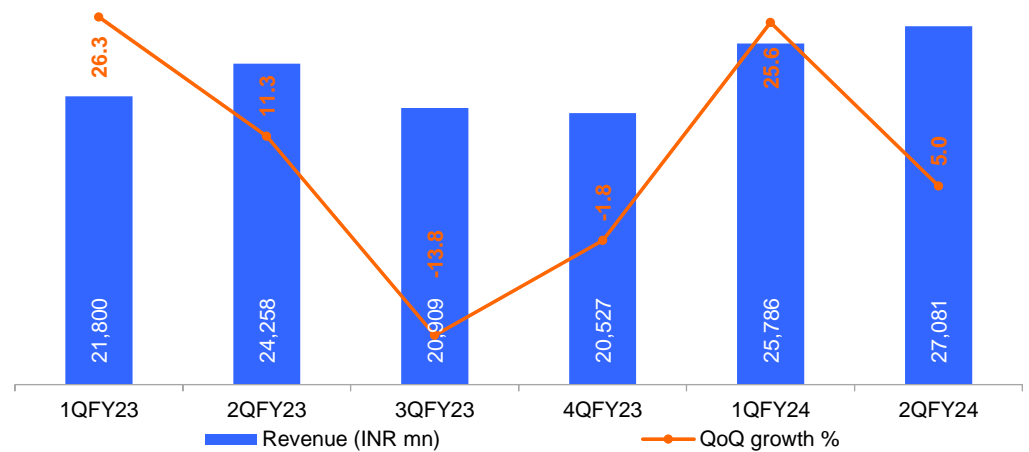
Source: Company, Antique

Exhibit 10: India business revenue to grow at ~13% CAGR



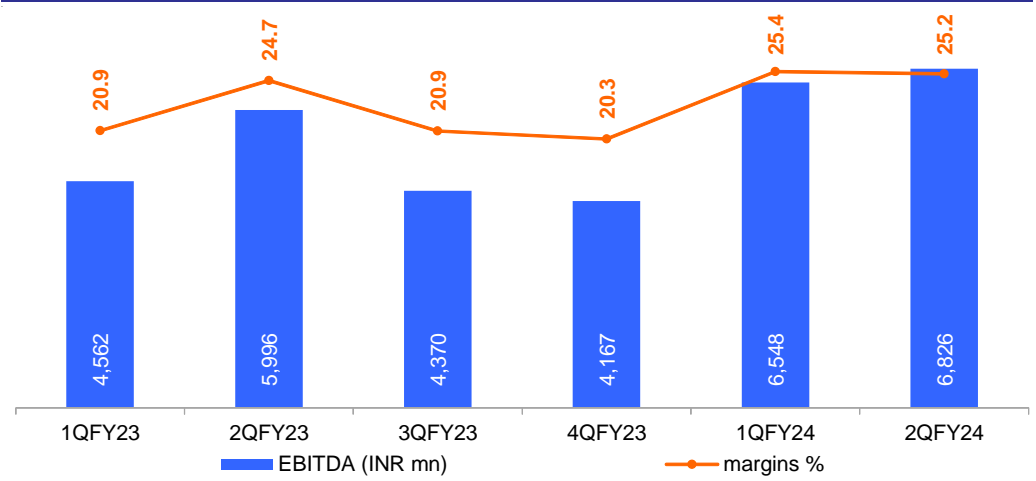
Source: Company, Antique

Exhibit 11: Quarterly Revenue & growth trend (INR mn)



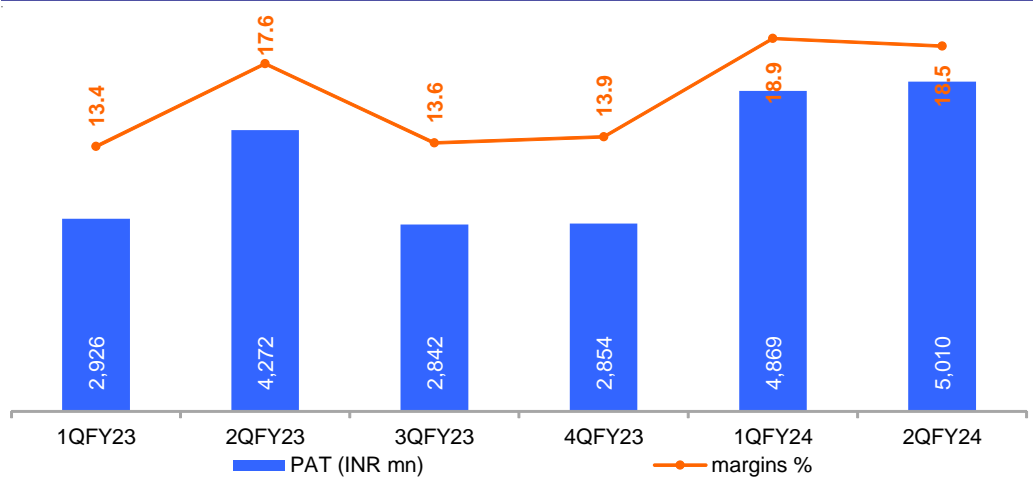
Source: Company, Antique

Exhibit 12: Quarterly EBITDA & Margin trend (INR mn)



Source: Company, Antique

Exhibit 13: Quarterly PAT & Margin trend (INR mn)



Source: Company, Antique

Exhibit 14: Peer valuation table

	P/E(x)			EV/EBITDA(x)			RoE (%)		
	FY23a	FY24e	FY25e	FY23a	FY24e	FY25e	FY23a	FY24e	FY25e
Mankind	54.5	38.5	31.3	36.1	26.5	21.3	18.9	22.0	22.2
Torrent	52.7	41.0	32.9	24.5	21.0	18.1	20.3	24.1	26.5
Eris^	30.2	26.9	23.2	23.0	17.6	15.0	18.8	18.3	17.9
Alkem	41.3	28.9	24.2	26.4	21.3	18.2	12.0	15.8	16.7
Cipla	33.0	32.7	29.9	18.5	19.3	17.3	13.3	12.0	11.9
JB chemical	52.9	38.0	31.6	31.6	23.8	20.1	17.7	21.1	21.6
ZYDUSLYF	24.2	24.2	21.1	15.3	15.5	13.5	13.9	13.0	13.4
Sun pharma^	31.8	29.0	24.7	22.0	19.8	17.3	16.2	15.7	16.3
Average	40.1	32.4	27.4	24.7	20.6	17.6	16.4	17.8	18.3

Source: Company, Antique; ^Bloomberg estimates

Risks and Concerns

- 1) MANKIND grows below IPM** – Since ~98% of MANKIND's revenue comes from the India business any slowdown in IPM growth rate can result in the company's volume growth being lower.
- 2) Expansion in metro cities** – MANKIND derives ~53% of its revenue from metro and Tier 1 cities, these markets are highly competitive on price and quality, and there remains a risk on MANKIND's ability to improve its share of revenue from metro cities.
- 3) DMF grade products at affordable prices** – As MANKIND is launching expensive DMF grade products in Metro region at affordable prices, this could dent margins in the near term.

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	77,816	87,494	1,01,857	1,15,159	1,29,649
Op. Expenses	57,922	68,488	76,284	83,930	93,811
EBITDA	19,894	19,006	25,573	31,229	35,838
Depreciation	1,666	3,259	3,769	4,087	4,278
EBIT	18,227	15,747	21,804	27,142	31,560
Other income	1,960	1,286	2,000	2,000	2,000
Interest Exp.	586	445	341	341	341
Reported PBT	19,602	16,588	23,463	28,801	33,220
Tax	5,216	3,616	5,162	6,336	7,308
Reported PAT	14,385	12,973	18,301	22,465	25,911
Minority Int./Profit (loss) From Asso.	(50)	(154)	(150)	(150)	(150)
Net Profit	14,335	12,819	18,151	22,315	25,761
Adjusted PAT	14,335	12,819	18,151	22,315	25,761
Adjusted EPS (INR)	35.8	32.0	45.3	55.7	64.3

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	401	401	401	401	401
Reserves & Surplus	61,152	73,952	90,288	1,10,371	1,33,556
Networth	61,552	74,352	90,688	1,10,772	1,33,957
Debt	8,731	1,704	1,704	1,704	1,704
Minority Interest	1,611	1,881	2,191	2,501	2,811
Net deferred Tax liabilities	(484)	(87)	(87)	(87)	(87)
Capital Employed	71,410	77,849	94,495	1,14,889	1,38,384
Gross Fixed Assets	42,261	52,005	59,005	62,005	65,005
Accumulated Depreciation	6,638	9,752	13,522	17,609	21,886
Capital work in progress	7,015	5,501	3,001	4,001	5,001
Net Fixed Assets	42,638	47,754	48,485	48,398	48,120
Goodwill	204	200	200	200	200
Investments	9,417	11,650	19,000	37,000	57,000
Non Current Investments	673	895	2,000	7,000	7,000
Current Investments	8,745	10,755	17,000	30,000	50,000
Current Assets, Loans & Adv.	38,027	36,227	47,809	51,748	57,109
Inventory	17,602	14,985	15,906	17,984	20,247
Debtors	3,882	5,764	9,767	11,043	12,432
Cash & Bank balance	4,059	4,532	7,228	6,351	6,465
Loans & advances and others	12,483	10,946	14,907	16,371	17,965
Current Liabilities & Provisions	18,876	17,982	20,999	22,457	24,045
Liabilities	15,431	13,927	16,444	17,902	19,489
Provisions	3,445	4,055	4,555	4,555	4,555
Net Current Assets	19,150	18,245	26,810	29,291	33,064
Application of Funds	71,410	77,849	94,495	1,14,889	1,38,384

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	400.6	400.6	400.6	400.6	400.6
Diluted no. of shares (mn)	400.6	400.6	400.6	400.6	400.6
BVPS (INR)	153.7	185.6	226.4	276.5	334.4
CEPS (INR)	40.1	40.5	55.1	66.3	75.4
DPS (INR)	0.0	0.0	4.5	5.6	6.4

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	19,746	16,712	23,463	28,801	33,220
Depreciation & amortization	991	3,259	3,769	4,087	4,278
Interest expense	141	402	341	341	341
(Inc)/Dec in working capital	(5,861)	6,338	(5,869)	(3,358)	(3,658)
Tax paid	(4,995)	(3,231)	(5,162)	(6,336)	(7,308)
Less: Interest/Div. Income Recd.	(129)	(128)	-	-	-
Other operating Cash Flow	(695)	(550)	-	-	-
CF from operating activities	9,198	22,804	16,542	23,535	26,872
Capital expenditure	(23,424)	(8,260)	(4,500)	(4,000)	(4,000)
Inc/(Dec) in investments	4,929	(6,802)	(7,350)	(18,000)	(20,000)
Add: Interest/Div. Income Recd.	303	128	160	160	160
CF from investing activities	(18,192)	(14,934)	(11,690)	(21,840)	(23,840)
Inc/(Dec) in debt	6,219	(6,987)	-	-	-
Dividend Paid	-	-	(1,815)	(2,232)	(2,576)
Others	(173)	(410)	(341)	(341)	(341)
CF from financing activities	6,046	(7,397)	(2,156)	(2,572)	(2,917)
Net cash flow	(2,948)	473	2,696	(878)	115
Opening balance	7,007	4,059	4,532	7,228	6,351
Closing balance	4,059	4,532	7,228	6,351	6,465

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	25.2	12.4	16.4	13.1	12.6
EBITDA (%)	19.4	(4.5)	34.6	22.1	14.8
Adj PAT (%)	13.3	(10.6)	41.6	22.9	15.4
Adj EPS (%)	13.3	(10.6)	41.6	22.9	15.4

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	48.8	54.5	38.5	31.3	27.1
P/BV (x)	11.4	9.4	7.7	6.3	5.2
EV/EBITDA (x)	34.9	36.1	26.5	21.3	18.0
EV/Sales (x)	8.9	7.8	6.6	5.8	5.0
Dividend Yield (%)	0.0	0.0	0.3	0.3	0.4

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	26.4	18.9	22.0	22.2	21.1
RoCE (%)	33.2	22.8	27.6	27.8	26.5
Asset/T.O (x)	1.6	1.4	1.4	1.5	1.6
Net Debt/Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)
EBIT/Interest (x)	34.4	38.3	69.9	85.5	98.5

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	25.6	21.7	25.1	27.1	27.6
EBIT Margin (%)	23.4	18.0	21.4	23.6	24.3
PAT Margin (%)	18.0	14.4	17.5	19.0	19.6

Source: Company Antique

CMP	: INR 884
Reco	: BUY ↔
Target Price	: INR 1,140 ↑
Target Price Change	: 4%
Target 1HFY26 VNB (x)	: 15
VNB Change FY24/ 25	: No Change

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Market data	
Sensex	: 63,591
Sector	: Life Insurance
Market Cap (INR bn)	: 305.0
Market Cap (USD bn)	: 3.662
O/S Shares (mn)	: 345.1
52-wk HI/LO (INR)	: 968/599
Avg. Daily Vol ('000)	: 636
Bloomberg	: MAXF IN

Source: Bloomberg

	FY24e	FY25e	FY26e
VNB (INR bn)	20	23	27
EV (INR bn)	199	236	281
P/VNB (x)	14.1	10.4	7.2
P/EV (x)	2.4	2.0	1.7
RoEV (%)	20.6	20.0	19.7

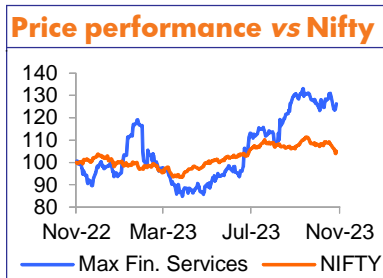
Source: Bloomberg

Returns (%)				
	1m	3m	6m	12m
Absolute	(3)	9	38	23
Relative	1	13	33	18

Source: Bloomberg

Shareholding pattern	
Promoters	: 7%
Public	: 93%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Max Financial Services

FY24 APE growth guidance appears conservative

Max Financial Services' (MAXF) 1HFY24 APE grew 26% YoY to INR 27.7 bn (6% above our estimate) implying 5-yr. CAGR of 13% led by robust growth in par, protection, and annuity. Par grew 55%, protection grew 42%, and annuity grew 277% (on a low base). 1HFY24 VNB grew 13% YoY to INR 6.6 bn (5-yr. CAGR of 18%) with VNB margin declining 260 bps YoY to 24% owing to a) Higher sales of ULIP in online business at lower margins; b) Higher investments in proprietary channels, and c) Decline in non-par share. Management's guidance for double-digit APE growth for FY24E seems conservative given an ask rate of 11% YoY (adjusted for INR 3.5 bn one-off sales in Mar'23) for 2H amidst the resilient underlying business momentum and strong growth outlook guided by industry peers. The company reiterated its VNB margin guidance of 27%–28% (vs. 31.2% for FY23) for FY24. Management aspires for 20% APE growth in the medium term and expects VNB margin to improve by 100–200 bps. Factoring a higher growth, we raise our FY24–25E APE by 4% while keeping FY24–25E VNB unchanged on lower margins. We thus increase our DCF-based TP to INR 1,140 (earlier INR 1,100) as we roll over to 1HFY26. Our target price implies 1HFY26E P/EV of 2.4x and P/VNB of 15x after assuming a 20% holdco discount. **Maintain BUY.**

Balanced product mix; much better than peers

1H total APE grew 26% YoY to INR 27.7 bn. NoP growth was robust at 20% YoY. Savings APE grew 23% YoY, of which ULIP grew by 8%, par grew by 55%, and non-par by 5%. Growth in par was led by new product launches whereas lower growth in ULIP in 1Q impacted overall growth. Growth in non-par, despite the budget impact, was led mainly by higher growth in 1Q. Protection APE grew by 42% YoY, of which retail protection increased by 62%, whereas group protection grew by 26%. Annuity APE grew 277% YoY (on a low base) to INR 1.7 bn. Savings contributed 75% of APE growth (par: 37%, annuity: 22%, and ULIP: 11%) whereas protection contributed 25% of APE growth (17% by retail protection). The share of ULIP/ non-par decreased 500 bps YoY to 30%/ 26% whereas the share of annuity/ par increased 400 bps YoY to 6%/ 21% in 1H. The company expects new launches in non-par savings to drive growth in 2H.

Proprietary channel leading growth, now a leader in the online segment

Proprietary channel APE grew 44% YoY to INR 11.1 bn whereas banca APE grew 16% YoY to INR 16.3 bn. The share of banca decreased by 500 bps to 59% while the share of proprietary increased by 500 bps to 40%. Axis Bank APE grew 12% in 1HFY24 (28% in 2Q) whereas other banks grew 60% in 2Q. Counter share at AXISB/ YESB stands at 70%/ 58% respectively. E-commerce share almost doubled to 9%–10% YoY in 1H. MAXF has now become a leader in the online segment in both protection as well as savings. In 1HFY24, MAXF has expanded its distribution capability by signing one new bank partner—AU Small Finance Bank (digital partnership) along with seven new partners.

Retains margin guidance of 27%–28% for FY24

Management has retained its guidance for VNB margin of 27%–28% for FY24 implying 30%–31% margin for 2H (decline of 300–400 bps YoY). Product launches in non-par and operating leverage in 2H is expected to drive margins. Investments are expected to continue, however, margins will be a function of product mix and operating leverage (main area for MAXF vs. peers). The cost of acquisition remains stable. Management doesn't expect the ULIP drag to be structural.

Investment Summary

Valuations at 1.9x 1HFY26E P/EV and ~11x 1HFY26E P/VNB (after providing 20% holdco discount) seem attractive, considering the expected 14%–15% APE/ VNB CAGR over FY22–26E. Maintain BUY with a DCF-based TP of INR 1,140. Listing of Max Life separately over the next two years shall further unlock value, in our view.

Conference Call Highlights

Proprietary channel to lead growth:

- MAXF expanded its distribution capability by signing one new bank partner—AU Small Finance Bank (digital partnership)—along with 7 new partners.
- Proprietary APE contributed 59% to 2Q APE growth and bancassurance contributed 40% of the APE growth.
- Proprietary channel would be the core area of focus. Online channel grew 37% in 1H.
- E-commerce secured leadership position in total online sales (including Protection & Savings).
- Agent recruitment grew 60%. Higher recruitment and higher activation grew agency APE.
- Axis Bank believes in open architecture. Counter share of Max to be kept at 65%–70%.

Launched SEWA and Nifty Small cap fund:

- MAXF ventured into the health space by launching Secure Earnings and Wellness Advantage Plan (SEWA), an industry first proposition with a customized wellness ecosystem (Max Fit App), and a NoP contribution of >5% in the month of Sep'23.
- The company also launched an industry-first index fund focusing on small cap and tied to the Nifty Small Cap 250 Quality 50 Index to cater to e-commerce and Banca customers. The fund crossed a significant milestone of INR 1 bn AUM within just 40 days of launch.

Momentum continues in Protection & Annuity:

- Credit life growth has been 20%–21%. Excl. Sewa, protection APE grew 50%.
- Annuity growth was led by group annuity.
- Change in the mix from single premium to regular premium annuity impacted annuity margins, however, product level margins are intact.
- Less than 5 lakh ticket size grew 21% whereas more than 5 lakh ticket size grew 5%–6%.
- The company made two resets in non-par.

Quarterly performance

Actual vs estimated performance

(INR bn)	Actual	Estimated	% Variance
APE	16.5	15.1	9.5
VNB	4.2	4.2	(1.9)
VNB margin (%)	25.2	28.1	-291 bps

Source: Company, Antique

We have broadly maintained our VNB estimates

Change in estimates INR Bn	FY24E			FY25E		
	Old	New	% Chg	Old	New	% Chg
APE	67.5	70.6	4.6	77.6	81.2	4.6
VNB	19.7	19.8	0.3	23.0	23.1	0.4
VNB margin (%)	29.2	28.0	-120bps	29.7	28.5	-120bps

Source: Company, Antique

Key Assumptions

INR bn	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e
NBP	37	43	52	56	68	79	86	97	112	128
APE	27	32	40	41	50	56	62	71	81	93
VNB	5	7	9	9	12	15	19	20	23	27
EV	66	75	90	100	118	142	163	199	236	281
EVOP	11	14	17	18	19	23	31	34	40	47
ROEV	19.9%	20.6%	22.4%	20.2%	18.6%	19.2%	22.1%	20.6%	20.0%	19.7%
VNB Margin	18.8%	20.2%	21.7%	21.6%	25.2%	27.3%	31.2%	28.0%	28.5%	29.0%

YoY growth (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	CAGR	
									FY19-22	FY22-26
NBP	19	19	8	22	16	9	13	15	15	13
APE	22	22	5	19	13	12	13	15	12	14
VNB	31	30	5	39	22	28	1	17	21	15
EV	14	19	11	19	20	15	22	19	16	19
EVOP	21	24	8	2	23	38	7	19	11	20

Source: Company, Antique

Maintain BUY with target price of INR 1,140 using Appraisal Value framework

Particular	INR bn
FY25E-FY26E VNB	25.1
Target VNB multiple (x)	15
Structural Value	377
FY25E-FY26 EV	259
Appraisal value of Max Life - Sep- 25	635
MAXF -80% stake	508
AV after 20% holdco discount	407
MAXF - expenses valuation at 25x	13
AV after MAXF expenses	394
Share count (bn)	0.345
Appraisal value per share (INR) - Sep-25	1,140

Source: Company, Antique

Reverse DCF to deduce VNB growth assumptions over 15 years

Parameter (INR bn)	Value
Implied FY24-39E APE CAGR	11.5%
Implied FY24-39E VNB CAGR	11.0%
Terminal growth rate	5.5%
Cost of Equity	13.0%
Terminal EV	43
Present value of future new business	586
FY25-FY26 Appraisal value of Max Life	629
Max Financial ownership in Max Life	80%
Max Financial proportionate value	503
Holding company expenses	0.4
Multiple to Holding company expense	25
20% Holding company discount	101
1HFY26E Fair value of Max Financials	392
No. Of shares	345
Sep-25 Target Price	1140

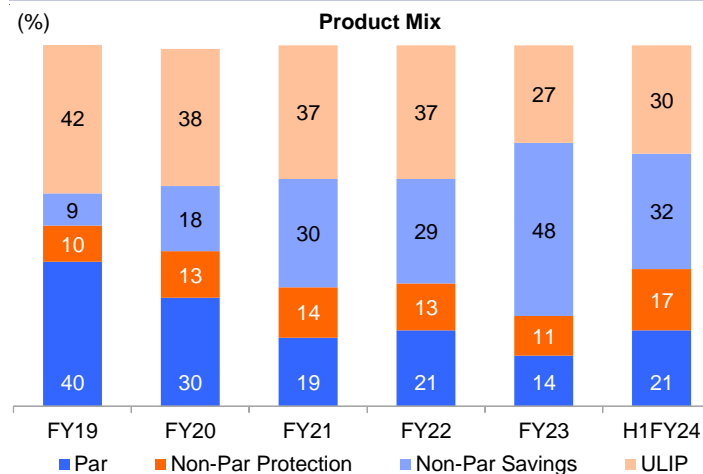
Source: Company, Antique

Arriving at implied P/EV

Target multiples on Sep'25 estimates*	1140
Implied P/EV	2.4x
RoEV (%)	19.9
P/EVoP	15.4x
Implied FY25e VNB multiple	15.0x

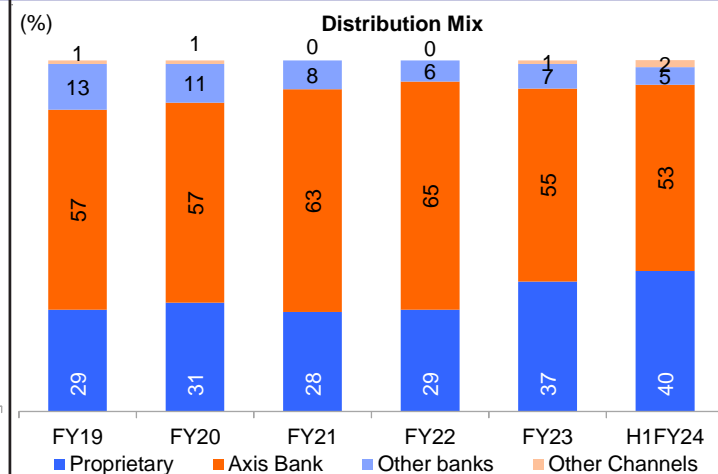
Source: Company, Antique

Product mix shifted towards par, protection and annuity



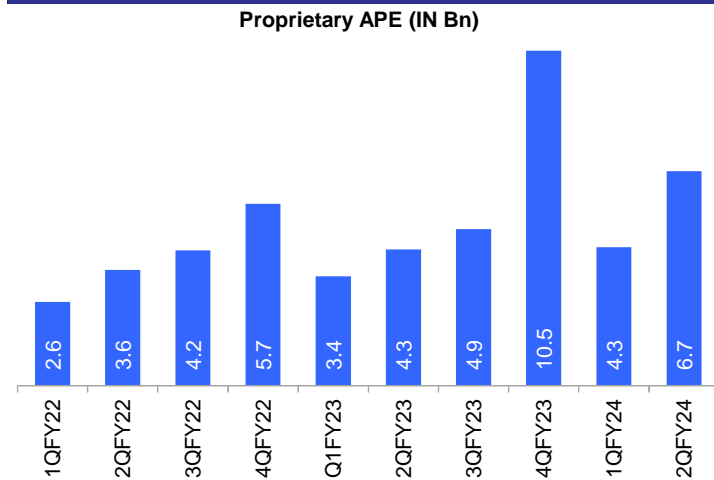
Source: Company, Antique

Proprietary channel to lead growth



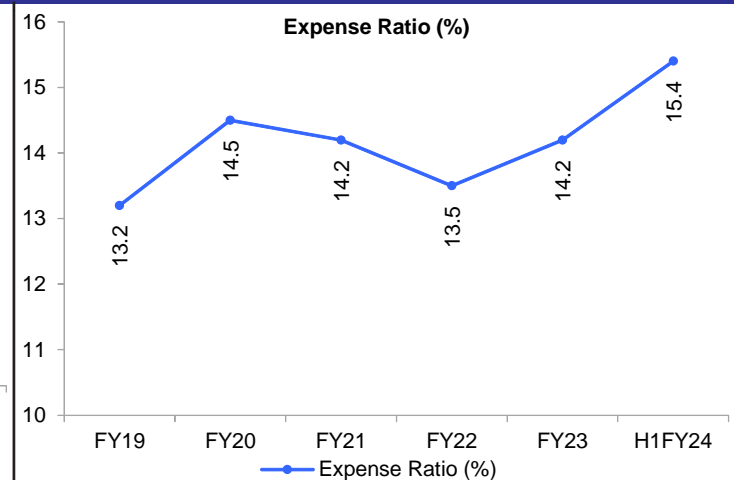
Source: Company, Antique

Highest ever proprietary APE (excl Q4FY23)



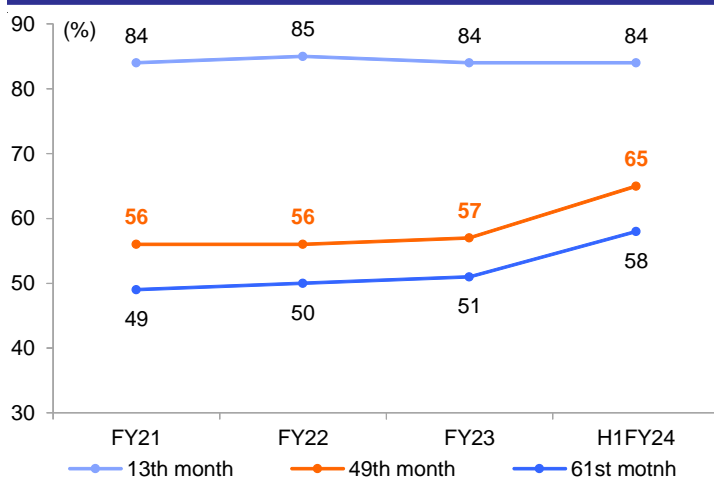
Source: Company, Antique

Expense ratio inching up owing to investments



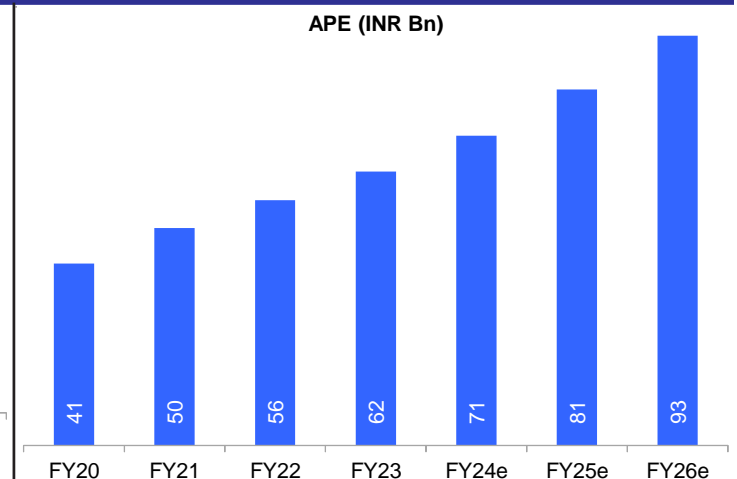
Source: Company, Antique

Persistency has been improving gradually



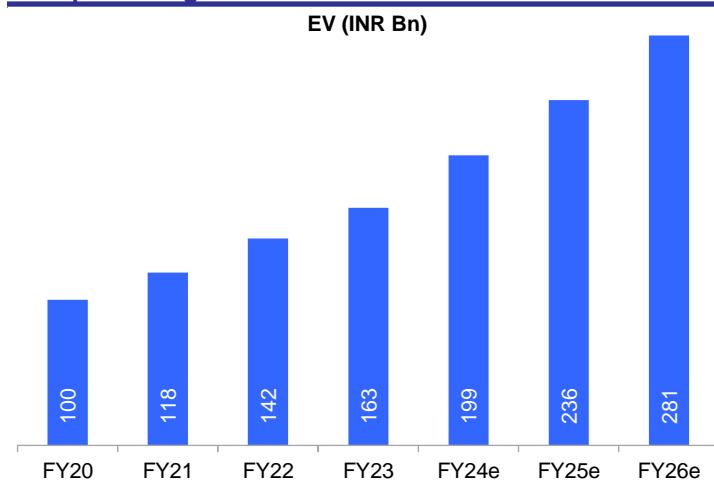
Source: Company, Antique

APE expected to grow at 14% CAGR over FY22-FY26E



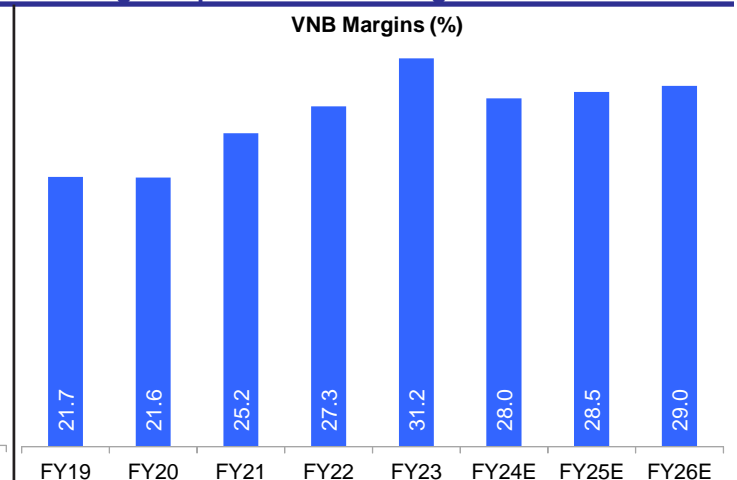
Source: Company, Antique

EV expected to grow at 19% CAGR over FY22-FY26E



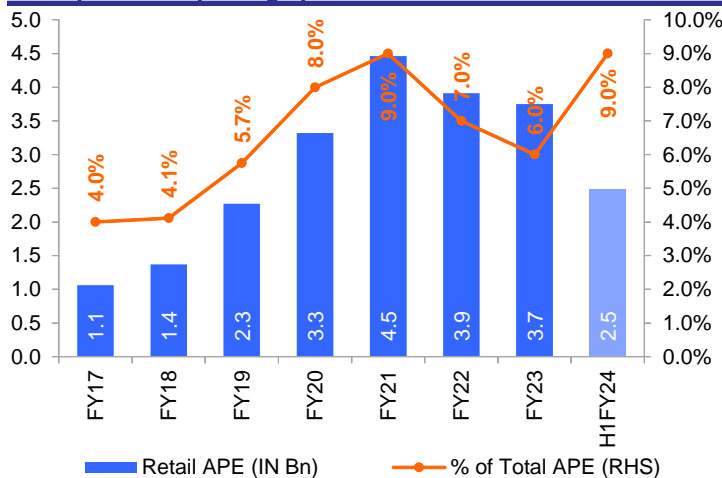
Source: Company, Antique

VNB margins expected to remain range-bound



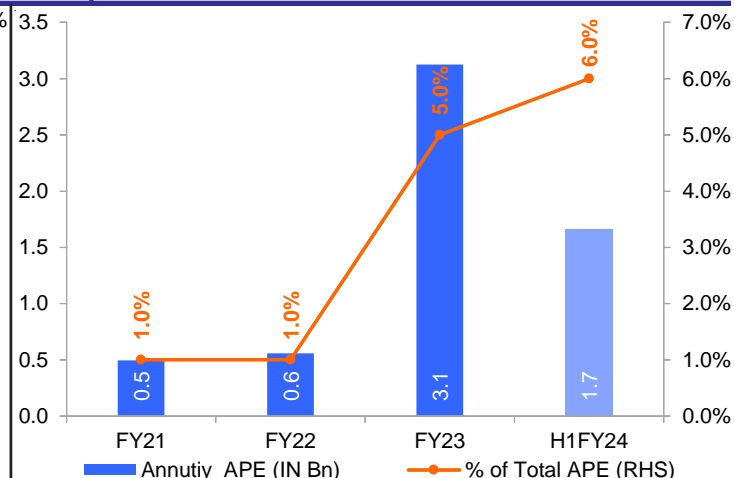
Source: Company, Antique

Retail protection picking up momentum



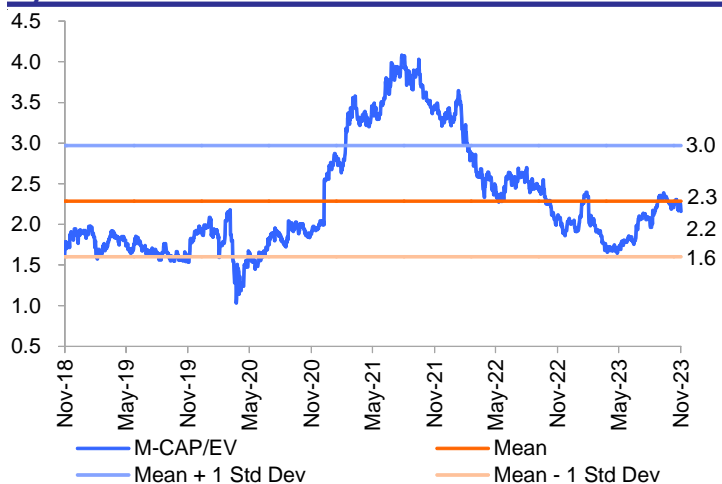
Source: Company, Antique

Annuity on front foot



Source: Company, Antique

1-year forward P/EV



Source: Company, Antique

1-year forward P/VNB



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Policyholders' account					
Gross written premium	2,24,142	2,53,420	2,77,579	3,11,883	3,52,607
Net earned premium	2,19,870	2,48,820	2,72,540	3,06,222	3,46,206
Investment income	87,615	61,729	93,840	1,06,800	1,22,288
Other income	672	0	0	0	0
Total revenue	3,08,157	3,10,549	3,66,380	4,13,022	4,68,495
Commission expense	14,028	16,138	17,949	20,473	23,493
Operating expenses	30,192	35,808	39,767	45,294	51,900
Benefits cost	2,57,354	2,50,395	2,99,674	3,37,153	3,81,681
Total expense	3,03,994	3,04,549	3,59,599	4,05,402	4,59,881
Surplus/Deficit	4,163	6,000	6,781	7,619	8,614
Shareholders' account					
Transfer from policyholders' account	2,780	4,562	6,281	7,119	8,114
Investment income	3,204	3,181	5,410	7,142	8,123
Expenses	1,862	2,811	3,313	3,865	3,932
Profit before tax	4,170	5,045	8,588	10,641	12,551
Tax expense	303	694	624	773	912
Profit after tax	3,867	4,351	7,964	9,868	11,639

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Sources of Funds					
Shareholders' Funds	31,960	36,210	58,701	66,596	75,907
Borrowings	4,960	4,960	4,960	4,960	4,960
Policyholders' Funds: Insurance					
reserves and provisions	10,19,007	11,71,282	13,56,283	15,60,650	17,89,536
Others	27,408	30,100	32,632	34,512	36,485
Total Liabilities	10,83,335	12,42,552	14,52,576	16,66,717	19,06,889
Application of Funds					
Shareholders' Investments	51,477	55,042	89,231	1,01,231	1,15,384
Policyholders' Investments	6,89,187	8,21,021	9,20,699	10,59,431	12,14,809
Assets Held to Cover Linked Liabilities	3,34,432	3,52,502	4,08,179	4,59,684	5,27,102
Net Current Assets (C) = (A - B)	-1,025	1,288	19,622	29,337	35,105
Other Asset	9,265	12,699	14,845	17,034	14,489
Total Assets	10,83,335	12,42,552	14,52,576	16,66,717	19,06,889

Embedded Value Account

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Embedded Value	1,41,740	1,62,630	1,98,603	2,36,419	2,80,754
- Adjusted Net Worth	31,110	34,060	56,551	64,446	73,757
- Value-in-Force	1,10,630	1,28,570	1,42,051	1,71,974	2,06,997
Annualised Premium Equivalent (APE)	55,880	62,480	70,602	81,193	93,372
New Business value	15,280	19,490	19,769	23,140	27,078
New Business Margin (%)	27.3	31.2	28.0	28.5	29.0
EV Operating Profit	22,760	31,330	33,566	39,790	46,662
Operating RoEV (%)	19.2	22.1	20.6	20.0	19.7

Source: Company, Antique

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EPS	2.0	2.3	4.2	5.1	6.1
DPS	0.9	0.5	0.8	1.0	1.2
EVPS	73.9	84.8	103.5	123.2	146.4
BVPS	16.7	18.9	30.6	34.7	39.6
EV Op. Profit per share	11.9	16.3	17.5	20.8	24.3

Key Ratio

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Return on Equity (%)	12.5	12.8	16.8	15.8	16.3
Commission expense/TWRP (%)	7.0	7.2	7.3	7.4	7.6
Operating expenses/TWRP (%)	15.0	15.9	16.2	16.4	16.7
Total expense (% of TWRP)	22.0	23.0	23.5	23.9	24.3
Total expense (% of Avg AUM)	4.5	4.5	4.4	4.3	4.3
Calculated conservation ratio (%)	85.2	82.6	82.6	82.6	82.6

Growth (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net earned premium	17.3	13.2	9.5	12.4	13.1
Embedded Value	19.8	14.7	22.1	19.0	18.8
Annualised Premium Equivalent (APE)	12.7	11.8	13.0	15.0	15.0
New Business value	22.3	27.6	1.4	17.1	17.0
EV Operating Profit	23.0	37.7	7.1	18.5	17.3

Key assumptions (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
NBP	79	86	97	112	128
APE	56	62	71	81	93
VNB	15	19	20	23	27
EV	142	163	199	236	281
EVOP	23	31	34	40	47
ROEV	19.2%	22.1%	20.6%	20.0%	19.7%
VNB Margin	27.3%	31.2%	28.0%	28.5%	29.0%

YoY growth (%)

NBP	16	9	13	15	15
APE	13	12	13	15	12
VNB	22	28	1	17	21
EV	20	15	22	19	16
EVOP	23	38	7	19	11

Valuation

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/VNB (x) - Implied	21.9	16.1	14.1	10.4	7.2
P/EV (x)	3.4	2.9	2.4	2.0	1.7
P/EVOP	20.9	15.2	14.2	12.0	10.2
P/B	14.9	13.2	8.1	7.2	6.3
P/E	123.3	109.6	59.9	48.3	41.0

Source: Company Antique

CMP	: INR 1,297
Reco	: BUY ↔
Target	: INR 1,517 ↑
Target Price Change	: 11%
Target 1HFY26 EV/EBITDA (x)	: 35
EBITDA Change FY24/ 25	: -1%/-1%

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Market data

Sensex	:	63,591
Sector	:	Retailing
Market Cap (INR bn)	:	315.4
Market Cap (USD bn)	:	3.787
O/S Shares (mn)	:	242.8
52-wk HI/LO (INR)	:	1461/1058
Avg. Daily Vol ('000)	:	172
Bloomberg	:	MANYAVAR IN

Source: Bloomberg

Valuation

	FY24e	FY25e	FY26e
EPS (INR)	20.4	24.4	28.8
P/E (x)	63.6	53.2	45.0
P/BV (x)	17.7	14.0	11.1
EV/EBITDA (x)	39.3	32.8	27.5
Dividend Yield (%)	-	-	-

Source: Bloomberg

Returns (%)

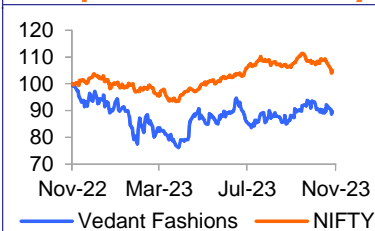
	1m	3m	6m	12m
Absolute	(3)	0	2	(10)
Relative	0	4	(1)	(14)

Source: Bloomberg

Shareholding pattern

Promoters	:	75%
Public	:	25%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Vedant Fashions

Looking forward to a buoyant festive and wedding season

Vedant Fashion's (VFL) performance was in line with our expectations. Revenue declined 12%, primarily on account of the significantly lower number of wedding dates during the quarter. Margin contraction was on account of the negative operating leverage. The company continued with its store expansion momentum by adding seven new stores during the quarter, taking its total store count to 669. Management remains optimistic about clocking mid to high single-digit SSSG (%) along with 16% sq. ft. addition. Though 1HFY24 has significantly lower wedding dates nationally, management remains positive and hopeful with the overall business outlook for the year, which will be majorly driven by 2HFY24. We note that 2HFY24 has 30%–40% higher wedding dates than in 1HFY24, which would drive overall demand. We expect revenue/ EBITDA/ PAT to grow at 17%/ 17%/ 18% CAGR over FY24–26E. We have marginally tweaked our EBITDA estimates. We introduce and roll forward to 1HFY26, arriving at a revised target price of INR 1,517 (valuing at 35x 1HFY26 EV/EBITDA). We maintain BUY recommendation on the stock.

Lower wedding dates impact performance

In 2QFY24, revenue declined 12% YoY to INR 2.2 bn. Customer sales declined 8% YoY to INR 2.4 mn with an LTL decline of 18% YoY. The decline was primarily on account of the significantly lower number of wedding dates during the quarter. On a four-year CAGR basis, customer sales/ revenue have grown at 12%/ 14% respectively. Revenue per sq. ft. has declined 27% YoY to INR 1,383 in 2QFY24.

Margins impacted due to negative operating leverage

Gross margin contracted 325 bps YoY to 73.6%. Employee expenses grew 8% YoY to INR 146 mn, while other expenses declined 13% YoY to INR 530 mn. Consequently, EBITDA declined 20% YoY to INR 927 mn with an EBITDA margin contraction of 419 bps YoY to 42.6%. Depreciation and interest costs grew 28% and 38% YoY to INR 318 mn and INR 107 mn respectively. Other income grew 52% YoY to INR 148 mn. Accordingly, recurring PAT declined 29% YoY to INR 490 mn with a margin contraction of 547 bps YoY to 22.5%.

Aggressive store expansion continued during the quarter

VFL expanded its retail presence by adding seven new EBOs, taking the total store count to 669 with ~1.59 mn sq. ft. of retail area. Management remains confident of adding 16% new sq. ft. of retail space going ahead. Additionally, the company added four exclusive Twamev EBOs cumulatively in 1HFY24 and two smaller-sized mall-based Mohey stores.

Investment Summary

We expect healthy revenue/ EBITDA/ PAT CAGR of 17%/ 17%/ 18% over FY24–26E respectively with steady return ratios and FCF generation. Management remains optimistic about clocking mid to high single-digit SSSG (%) along with 16% sq. ft. space addition. We have marginally tweaked our EBITDA estimates. We introduce and roll forward to 1HFY26, arriving at a revised target price of INR 1,517 (valuing at 35x 1HFY26 EV/EBITDA). We maintain BUY recommendation on the stock.

Quarterly and Half yearly Performance

Particulars	2QFY24	2QFY23	Chg (%)	1QFY24	Chg (%)	1HFY24	1HFY23	Chg (%)
Sales	2,179	2,469	-11.8	3,416	-36.2	5,291	5,719	-7.5
Cost of Material Consumed	575	572	0.6	964	-40.3	1,447	1,382	4.7
% of sales	26.4	23.2	325 bps	28.2	-182 bps	27.3	24.2	318 bps
Gross Profit	1,603.4	1,897.4	-15.5	2,452.0	-34.6	3,843.9	4,337.0	-11.4
Margin %	73.6	76.8	-325 bps	71.8	182 bps	72.7	75.8	-318 bps
Employee cost	146	135	7.9	148	-1.6	296	265	11.4
% of sales	6.7	5.5	122 bps	4.3	236 bps	5.6	4.6	95 bps
Other expenses	530	608	-12.8	625	-15.1	1,139	1,287	-11.5
% of sales	24.3	24.6	-28 bps	18.3	605 bps	21.5	22.5	-97 bps
Total Exp	1251	1315	-4.8	1737	-28.0	2882	2934	-1.8
EBIDTA	927	1,154	-19.7	1,679	-44.8	2,409	2,785	-13.5
Margin %	42.6	46.7	-419 bps	49.1	-658 bps	45.5	48.7	-317 bps
Other income	148	97	52.3	134	10.1	295	168	75.2
Depreciation	318	249	27.8	274	15.9	611	513	19.1
Interest expenses	107	77	38.1	84	26.5	201	156	28.9
Profit Before Tax	650	925	-29.7	1,454	-55.3	1,892	2,284	-17.2
PBT after exceptional	650	925	-29.7	1,454	-55.3	1,892	2,284	-17.2
Tax	160	235	-31.7	366	-56.2	479	586	-18.2
Tax Rate %	24.7	25.4	-73 bps	25.2	-48 bps	25.3	25.6	-32 bps
Reported Net Profit	490	690	-29.0	1,089	-55.0	1,413	1,699	-16.8
Adjusted Net Profit	490	690	-29.0	1,089	-55.0	1,413	1,699	-16.8

Source: Company, Antique

Half-yearly balance sheet

Balance Sheet	Sept'23	Sept'22
Share Capital	243	243
Reserves & Surplus	12,994	11,103
Networth	13,237	11,345
Lease Liability	3,647	2,489
Net deferred Tax liabilities	241	170
Capital Employed	17,126	14,005
Net Fixed Assets	5,905	4,785
Investments	6,376	4,968
Current Assets, Loans & Advances		
Inventory	1,529	1,831
Debtors	5,366	4,372
Cash & Bank balance	72	238
Loans & advances and others	1,786	1,967
Current Liabilities & Provisions		
Liabilities	3,866	4,123
Provisions	41	35
Net Current Assets	4,845	4,251
Application of Funds	17,126	14,005

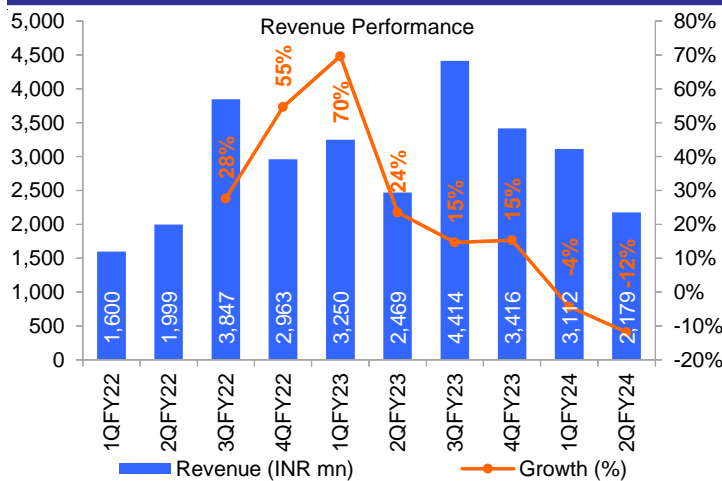
Source: Company, Antique

Conference Call highlights

- Four Twamev stores opened in 1HFY24. The company has signed 4–5 more EBOs, which will be opened in the coming quarters. The intention is to study these stores and then scale up.
- July continued to remain weak.
- With the onset of Navratri, the company continues to witness positive trends vs. the last year.
- 1QFY24 benefited from the opening up of the economy and higher wedding and festive dates. Accordingly, 2QFY24 can't be a comparable quarter.
- Typically, a normalized 1H accounts for 35%–36% of sales. In a good year, it accounts for 38% of sales and in a bad year it accounts for around 35% of sales. Last year was a one-off with 42% sales from 1H.
- 3Q has 12 wedding dates and 4Q has 29 wedding dates. Typically, consumers prefer weddings in the third quarter.
- During the quarter, the company upgraded and renovated around 100,000 sq. ft.
- SSSG over FY20 (excluding the stores under renovation) has been 21.3%.
- Receivable days were higher due to new store openings, while inventory levels were lower due to a shift in weddings to November from October.
- Online share is around 3%.
- Non-groom segment grew faster than the groom segment.
- Dead stock is generally in the range of 3%–4% with Mohey's dead stock being higher than the company's average.
- Top 50 franchisee partners account for 80% of sales.
- Store closures are typically in the range of 1%–2%.
- The company has anticipated the men to women ratio to be 55:45. However, women's wear received a good response and the ratio is around 50:50.
- Men's wear is expected to pick up in 2H as typically men shop closer to the season.
- Groom's wear typically accounts for 45%–50% of sales due to higher bill value while the number of bills are lower than non-groom's wear.
- ASP of Mohey lehengas is typically around INR 22–23k. Twamev's lehengas are typically 3–4x. Twamev's lehengas start at INR 50k and can go up to INR 200,000. The major focus is on lehengas costing INR 70–80k.
- Increasing the company has been focusing on non-groom wear to streamline 1H revenue.

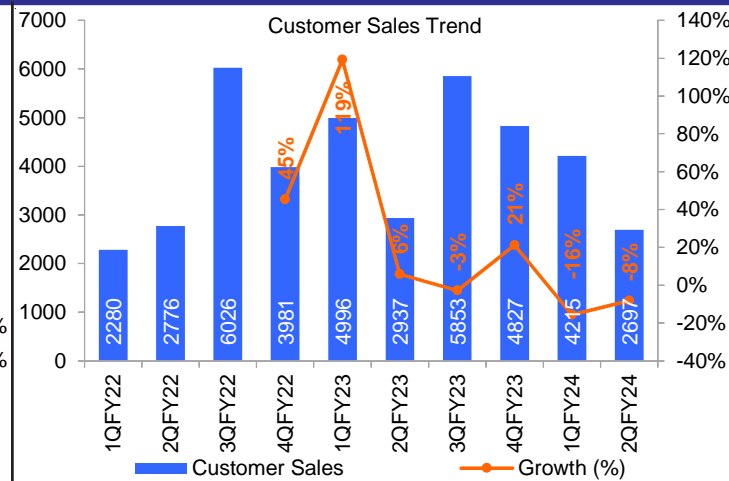
Key charts

Quarterly revenue and growth



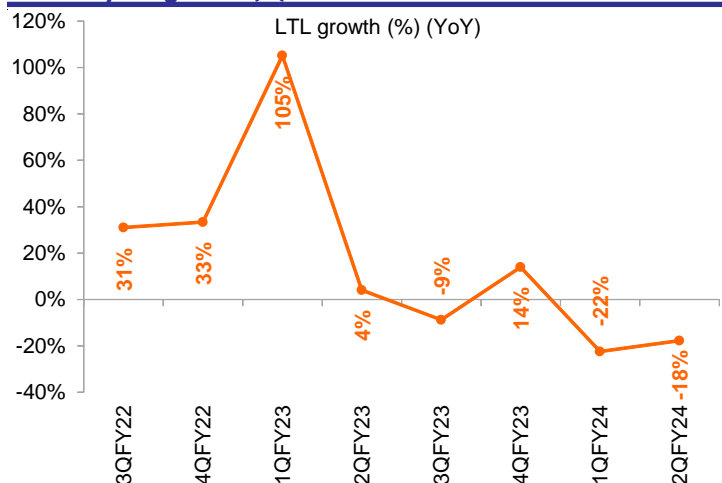
Source: Company, Antique

Quarterly customer sales and growth



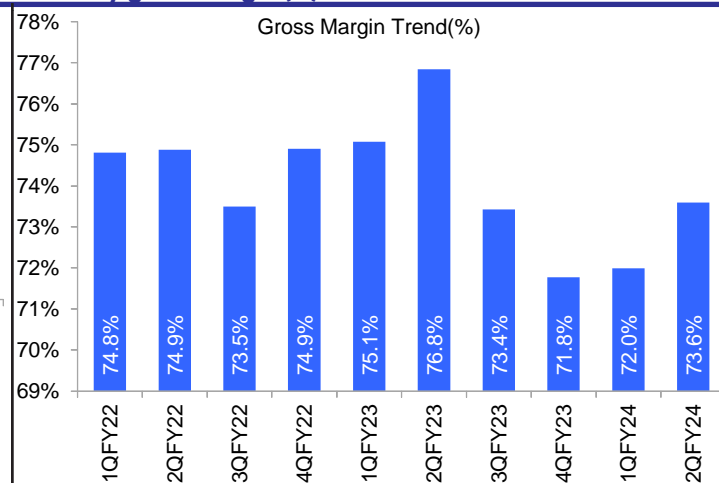
Source: Company, Antique

Quarterly LTL growth (%)



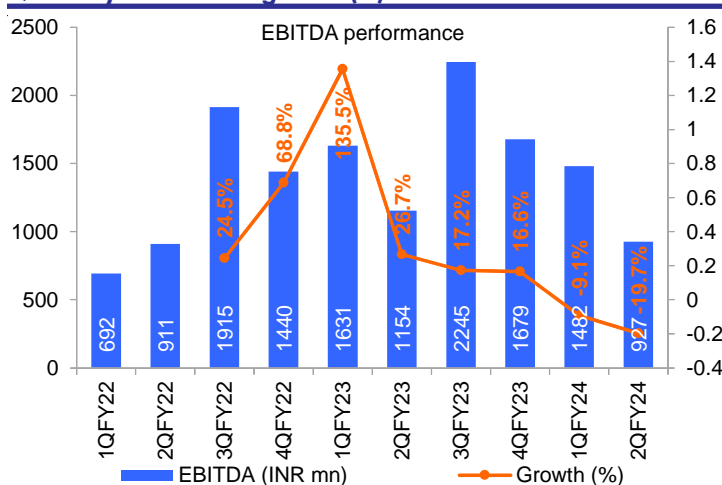
Source: Company, Antique

Quarterly gross margin (%)



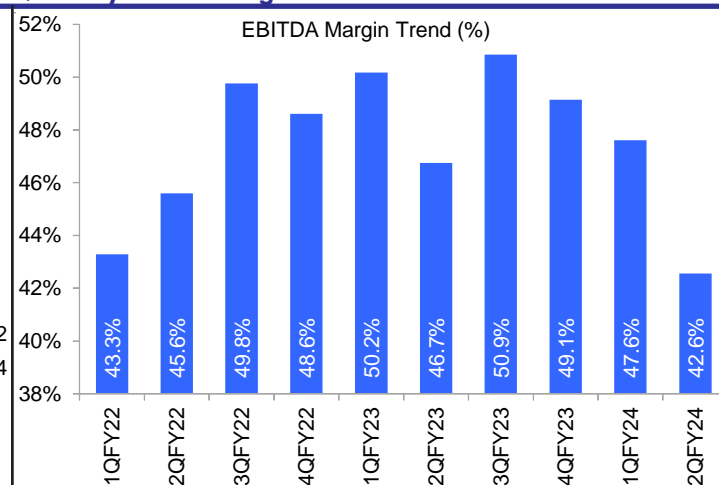
Source: Company, Antique

Quarterly EBITDA and growth (%)



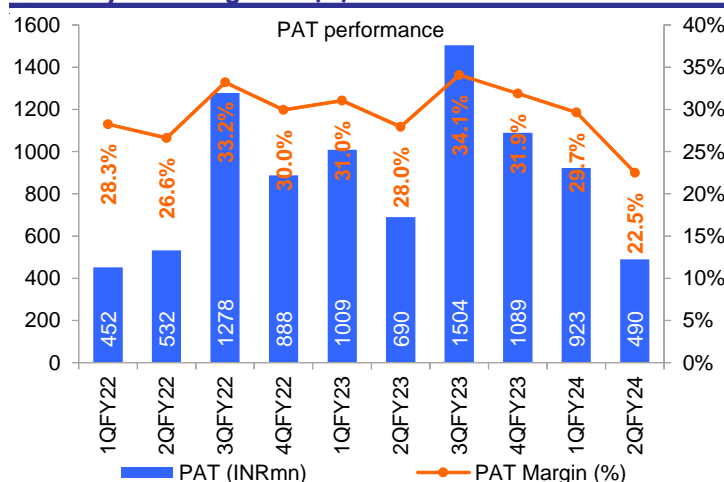
Source: Company, Antique

Quarterly EBITDA margin



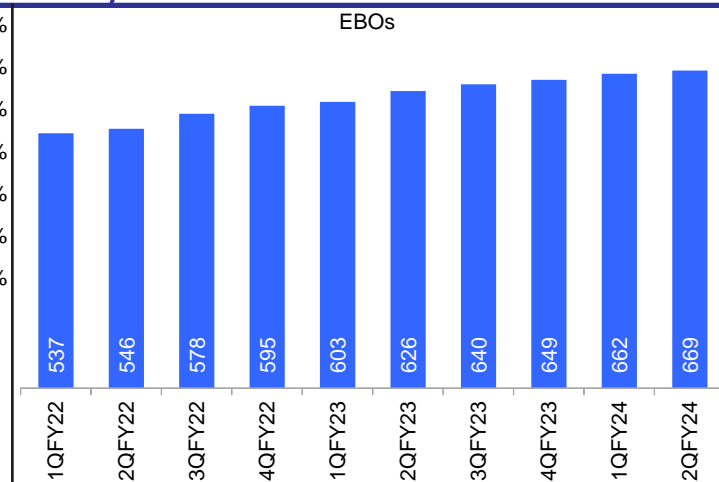
Source: Company, Antique

Quarterly PAT and growth (%)



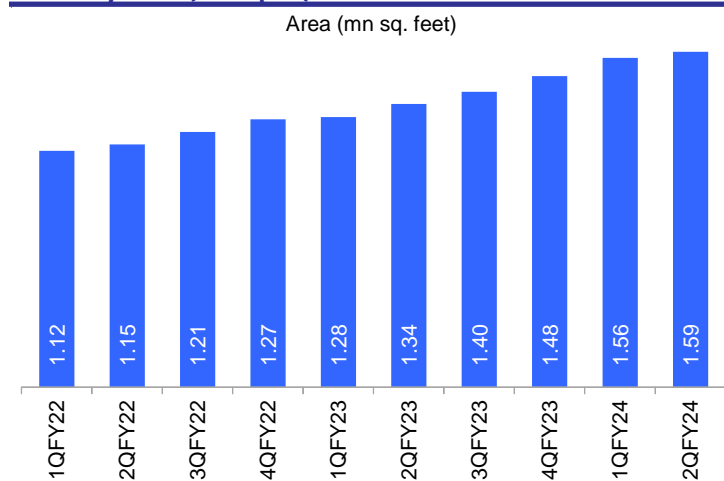
Source: Company, Antique

Quarterly EBO



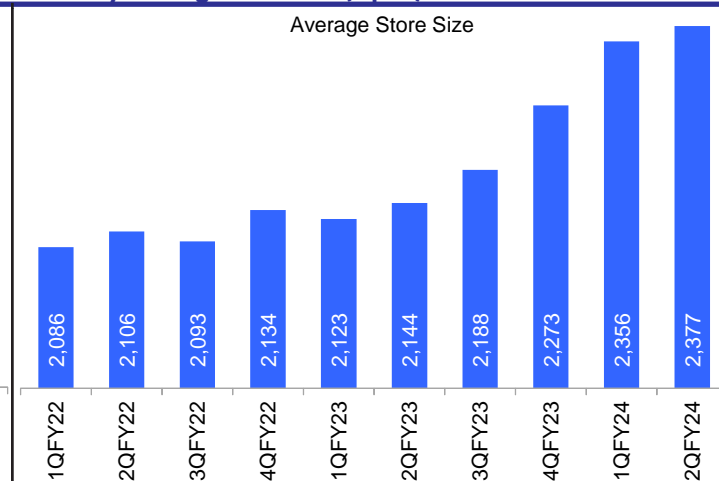
Source: Company, Antique

Quarterly area (mn sq. ft.)



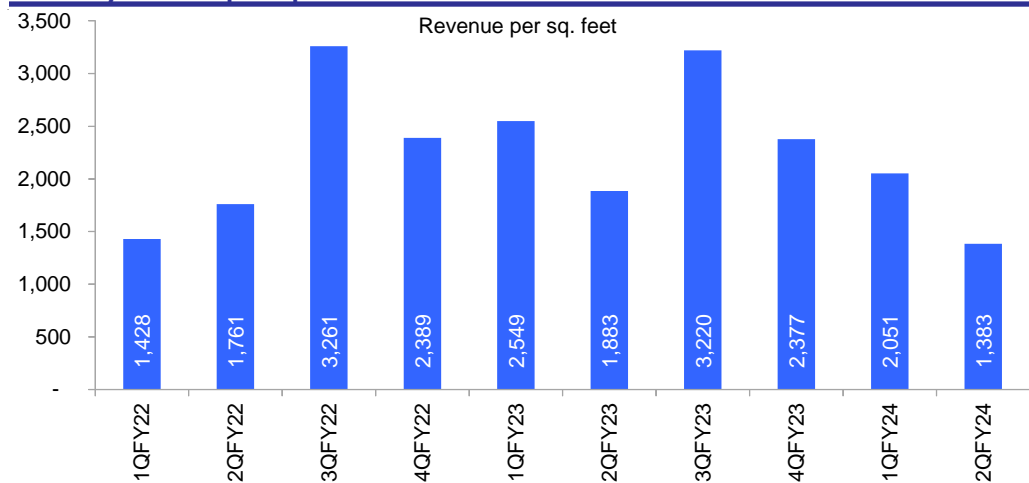
Source: Company, Antique

Quarterly average store size (sq. ft.)



Source: Company, Antique

Quarterly revenue per sq. ft.



Source: Company, Antique

Change in estimates table

	Old		New		Change	
	FY24	FY25	FY24	FY25	FY24	FY25
Revenue	15,773	18,573	15,647	18,352	-1%	-1%
EBITDA	7,812	9,253	7,756	9,189	-1%	-1%
PAT	4,966	5,965	4,953	5,912	0%	-1%

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	10,408	13,549	15,647	18,352	21,502
Op. Expenses	5,450	6,841	7,891	9,162	10,720
EBITDA	4,959	6,708	7,756	9,189	10,782
Depreciation	944	1,038	1,223	1,346	1,469
EBIT	4,015	5,671	6,533	7,844	9,313
Other income	499	402	539	566	595
Interest Exp.	284	315	426	476	527
Reported PBT	4,230	5,758	6,646	7,934	9,380
Tax	1,081	1,467	1,693	2,022	2,390
Reported PAT	3,149	4,291	4,953	5,912	6,990
Net Profit	3,149	4,291	4,952	5,912	6,990
Adjusted PAT	3,149	4,291	4,952	5,912	6,990
Adjusted EPS (INR)	13.0	17.7	20.4	24.4	28.8

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	242	242	242	242	242
Reserves & Surplus	10,585	13,756	17,495	22,194	27,971
Networth	10,827	13,998	17,737	22,436	28,213
Net deferred Tax liabilities	155	190	190	190	190
Lease Liabilities	2,787	2,934	2,934	2,934	2,934
Capital Employed	13,769	17,122	20,861	25,560	31,337
Gross Fixed Assets	7,845	8,941	9,941	10,941	11,941
Accumulated Depreciation	2,856	3,894	5,117	6,462	7,931
Capital work in progress	1	22	22	22	22
Net Fixed Assets	4,990	5,069	4,846	4,501	4,032
Goodwill	157	157	157	157	157
Investments	5,124	7,871	7,871	7,871	7,871
Non Current Investments	1,003	1,694	1,694	1,694	1,694
Current Investments	4,121	6,177	6,177	6,177	6,177
Current Assets, Loans & Adv.	7,400	8,555	12,649	17,865	24,311
Inventory	1,430	1,736	2,005	2,352	2,756
Debtors	3,967	4,734	5,467	6,412	7,513
Cash & Bank balance	39	100	3,192	7,117	12,057
Loans & advances and others	1,964	1,984	1,984	1,984	1,984
Current Liabilities & Provisions	3,915	4,530	4,663	4,835	5,034
Liabilities	3,881	4,493	4,626	4,797	4,997
Provisions	34	38	38	38	38
Net Current Assets	3,485	4,025	7,986	13,031	19,276
Miscellaneous expenses	13	-	-	-	-
Application of Funds	13,769	17,123	20,861	25,560	31,337

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	242	242	242	242	242
Diluted no. of shares (mn)	242	242	242	242	242
BVPS (INR)	44.7	57.7	73.2	92.5	116.4
CEPS (INR)	2.8	2.8	2.8	2.8	2.8

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	4,230	5,758	6,646	7,934	9,380
Depreciation & amortization	944	1,038	1,223	1,346	1,469
Interest expense	284	314	426	476	527
(Inc)/Dec in working capital	(450)	(569)	(869)	(1,120)	(1,305)
Tax paid	(1,090)	(1,472)	(1,693)	(2,022)	(2,390)
Less: Interest/Div. Income Recd.	(80)	(89)	-	-	-
Other operating Cash Flow	(328)	(283)	-	-	-
CF from operating activities	3,510	4,698	5,733	6,614	7,681
Capital expenditure	109	57	(1,000)	(1,000)	(1,000)
Inc/(Dec) in investments	363	(2,492)	-	-	-
Add: Interest/Div. Income Recd.	92	116	-	-	-
CF from investing activities	565	(2,319)	(1,000)	(1,000)	(1,000)
Inc/(Dec) in share capital	(3,313)	-	-	-	-
Others	(789)	(2,317)	(1,639)	(1,689)	(1,741)
CF from financing activities	(4,102)	(2,317)	(1,639)	(1,689)	(1,741)
Net cash flow	(27)	61	3,093	3,924	4,940
Opening balance	66	38	99	3,192	7,117
Closing balance	39	99	3,192	7,117	12,057

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	84.3	30.2	15.5	17.3	17.2
EBITDA	104.0	35.3	15.6	18.5	17.3
Adj PAT	137.0	36.3	15.4	19.4	18.2
Adj EPS	142.1	36.3	15.4	19.4	18.2

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	100.0	73.4	63.6	53.2	45.0
P/BV (x)	29.0	22.5	17.7	14.0	11.1
EV/EBITDA (x)	62.6	45.9	39.3	32.8	27.5
EV/Sales (x)	29.8	22.7	19.5	16.4	13.8
Dividend Yield (%)	-	-	-	-	-

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	29.0	34.6	31.2	29.4	27.6
RoCE (%)	41.1	42.8	39.4	37.2	34.9
Asset/T.O (x)	1.2	1.5	1.2	1.0	0.9
Net Debt/Equity (x)	(0.4)	(0.4)	(0.5)	(0.6)	(0.6)
EBIT/Interest (x)	15.9	19.3	16.6	17.7	18.8

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	47.6	49.5	49.6	50.1	50.1
EBIT Margin (%)	38.6	41.9	41.8	42.7	43.3
PAT Margin (%)	28.9	30.8	30.6	31.3	31.6

Source: Company Antique

CMP	: INR 443
Reco	: BUY ↔
Target Price	: INR 621 ↔
Target Price Change	: No Change
Target 1HFY26 P/E (x)	: 26.4
EPS Change FY24/ 25	: No Change

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Market data	
Sensex	: 63,591
Sector	: Infra
Market Cap (INR bn)	: 106.4
Market Cap (USD bn)	: 1.277
O/S Shares (mn)	: 240.3
52-wk HI/LO (INR)	: 584/306
Avg. Daily Vol ('000)	: 912
Bloomberg	: RITE IN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	15.1	22.5	24.7
P/E (x)	29.3	19.7	18.0
P/BV (x)	4.1	3.8	3.5
EV/EBITDA (x)	16.0	10.6	9.4
Dividend Yield (%)	2.4	3.0	3.3

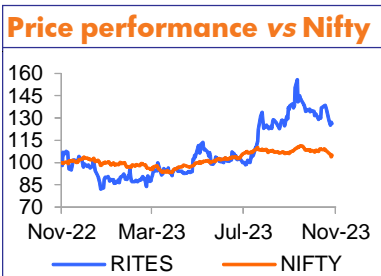
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(10)	(5)	15	16
Relative	(7)	(2)	11	11

Source: Bloomberg

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

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

RITES

All eyes on export orders for revenue conversion

Rail Technical and Economic Service (RITE) reported INR 2.7 bn in consultancy, up 9% annually. While domestic consultancy is moderately growing, the international number was weak. On export orders, new inflows-Mozambique, Kenya, and Bangladesh-are yet to translate into LoAs. Given the lag between winning and executing an order is 12-18 months, the key lies in squeezing the timeline. While FY24E is a bad year for exports, RITE will have a strong rebound by FY26E. Thereby, we retain BUY rating with a target price of INR 621.

Export order wins to LoA will take time...

RITE will add (a) INR 8.5 bn from Zimbabwe (part of a MoU); (b) INR 5 bn from Mozambique (L1); and (c) INR 8.3 bn from Bangladesh (L1) to its near-zero export backlog. Without financial closure, RITE has not added them to its order backlog. RITE is confident of converting L1 to LoA and starting some work by 1QFY25.

...which can impact FY25 revenue

In the past, RITE reiterated that export execution depends on the nature of orders. For instance, locomotives and normal coaches are executed in 3-9 months. However, coaches like DMU takes over a year. Given there is a year-long lag between winning an order and the start of execution, we fear FY25 would need strong non-export drivers like consultancy. With a sticky base of QA-like works (now down to INR 3 bn from INR 4 bn per annum earlier) under pressure, it is unclear how FY25 will pan out.

Uncertainty on Zimbabwe export order

RITE expressed optimism on the Zimbabwe export order for INR 8.5 bn. Here the agreement was signed about four months back, when the Zimbabwe delegation visited India. The agreement was signed for locomotives and wagons, subject to their funding being approved by their funding agencies. As of now, Zimbabwe is still in the process of obtaining all requisite approvals from their government.

Initiatives to diversify beyond QA

As the INR 4 bn booked from QA is open to competition, RITE has witnessed some headwinds. However, RITE has diversified beyond domestic QA and has started eyeing opportunities in international QA. RITE is aiming for one order a day-as against 0.85 orders a day now. The size of one-order-a-day is tricky to guess: as it moves in the range of INR 5 mn to INR 300 mn. In 2QFY24, RITE won 78 orders in the size of INR 3.3 bn.

EBIT margin compressed by 200 bps annually

In 2QFY24, consultancy clocked 40.1% EBIT margin, as against 43.7% in the base year. Turnkey continues to maintain its characteristic volatile profile: 2%, as against 3% in 2QFY23. Management has guided 4% to be the long-run average, which is reflected in the full year. With export revenue crashing down to INR 7 mn, the current crop of numbers is hardly any reflection of steady-state.

Investment Summary

Even in a bear case, that is, if exports are won at low margins, we see a 5% net profit CAGR at the least. We ascribe a (1) PE multiple of 25x for 1HFY26E standalone PAT (15% discount to BSE CG index); (2) 15x for energy management vertical and other investments at invested value. With a target price of INR 621, we maintain BUY.

Financial Highlights

In INR mn	Quarter Ended				Year Ended			
	Sep-23	Sep-22	% Chg	Jun-23	% Chg	1HFY24	1HFY23	% Chg
Net Sales	5,493	6,316	(13.0)	5,037	9.0	10,530	12,099	(13.0)
EBIDTA	1,107	1,579	(29.9)	1,263	(12.3)	2,370	3,141	(24.5)
Other income	514	312	64.6	177	190.6	691	626	10.3
PBIDT	1,621	1,891	(14.3)	1,440	12.6	3,061	3,767	(18.7)
Depreciation	(117)	(151)	(22.3)	(140)	(16.1)	(257)	(279)	(8.0)
Interest	(14)	(11)	28.8	(9)	55.4	(24)	(23)	2.6
PBT	1,490	1,729	(13.8)	1,291	15.4	2,781	3,465	(19.7)
Tax	(324)	(415)	(21.9)	(332)	(2.4)	(656)	(858)	(23.5)
Adjusted PAT	1,166	1,314	(11.3)	959	21.6	2,125	2,607	(18.5)
Reported PAT	1,166	1,314	(11.3)	959	21.6	2,125	2,607	(18.5)
No. of shares (mn)	240	240		240		240	240	
EBIDTA margin (%)	20.2	25.0		25.1		22.5	26.0	
PBIDT margin (%)	29.5	29.9		28.6		29.1	31.1	
EPS - annualized (INR)	19.4	21.9	(11.3)	16.0	21.6	17.7	21.7	(18.5)

Source: Company, Antique

Operational Highlights

Segment Details All figures in INR mn, stated otherwise	Quarter Ended				Year Ended			
	Sep 23	Sep 22	% Chg	Jun 23	% Chg	1HFY24	1HFY23	% Chg
Consultancy-Domestic	2,757	2,542	8.5	2,373	16.2	10,302	9,151	12.6
Consultancy-Abroad	179	245	(26.9)	326	(45.0)	1,592	1,039	53.2
Export	7	787	(99.1)	385	(98.1)	3,077	9,657	(68.1)
Leasing-Domestic	313	355	(11.8)	308	1.7	1,377	1,309	5.2
Turnkey construction- Domestic	2,236	2,385	(6.3)	1,645	35.9	8,846	4,594	92.6
Total segment revenue	5,493	6,314	(13.0)	5,037	9.1	25,194	25,750	(2.2)
Consultancy-Domestic	1,046	1,035	1.0	1,342	(22.1)	4,676	3,713	25.9
Consultancy-Abroad	147	247	(40.5)	367	(59.9)	835	585	42.8
Export	43	204	-79	60	(29.2)	695	2,157	(67.8)
Leasing-Domestic	114	138	(17.3)	95	20.0	479	454	5.5
Turnkey construction- Domestic	40	71	(43.7)	71	(44.1)	346	123	181.3
Total segment EBIT	1,389	1,695	(18.0)	1,935	(28.2)	7,031	7,032	(0.0)

Segment margin

Consultancy-Domestic	38%	41%		57%		45%	41%
Consultancy-Abroad	82%	101%		113%		52%	56%
Export	593%	26%		16%		23%	22%
Leasing-Domestic	36%	39%		31%		35%	35%
Turnkey construction- Domestic	2%	3%		4%		4%	3%
Total EBIT margin	25%	27%		38%		28%	27%

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	25,750	25,196	21,255	27,112	32,795
Op. Expenses	(19,230)	(18,646)	(16,490)	(20,114)	(25,293)
EBITDA	6,520	6,550	4,764	6,998	7,503
Depreciation	(584)	(594)	(653)	(718)	(790)
EBIT	5,936	5,956	4,111	6,280	6,712
Other income	860	1,192	794	1,002	1,286
Interest Exp.	(50)	(66)	(56)	(68)	(76)
Reported PBT	6,746	7,081	4,849	7,215	7,922
Tax	(1,774)	(1,776)	(1,221)	(1,817)	(1,995)
Reported PAT	4,972	5,305	3,627	5,397	5,926
Net Profit	4,972	5,305	3,627	5,397	5,926
Adjusted PAT	4,972	5,305	3,627	5,397	5,926
Adjusted EPS (INR)	20.7	22.1	15.1	22.5	24.7

Balance sheet (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	2,400	2,403	2,403	2,403	2,403
Reserves & Surplus	21,588	22,627	23,715	25,927	28,357
Networth	23,988	25,033	26,118	28,330	30,760
Debt	1,466	2,994	2,994	2,994	2,994
Net deferred Tax liabilities	(520)	(735)	(735)	(735)	(735)
Capital Employed	24,934	27,292	28,377	30,589	33,019
Gross Fixed Assets	6,525	7,094	7,663	7,981	8,581
Accumulated Depreciation	(2,600)	(3,175)	(3,829)	(4,547)	(5,337)
Capital work in progress	580	948	948	948	948
Net Fixed Assets	4,505	4,866	4,782	4,382	4,191
Investments	4,800	1,612	1,612	1,612	1,612
Non Current Investments	4,800	1,612	1,612	1,612	1,612
Current Assets, Loans & Adv.	45,944	47,079	43,963	50,331	59,024
Inventory	1,190	309	116	1,114	1,348
Debtors	6,810	8,693	7,337	9,359	12,579
Cash & Bank balance	32,660	33,967	33,015	35,401	38,807
Loans & advances and others	5,284	4,111	3,494	4,457	6,290
Current Liabilities & Provisions	30,000	29,503	25,214	28,969	35,042
Liabilities	29,140	28,723	24,457	28,226	34,143
Provisions	860	780	757	743	899
Net Current Assets	15,944	17,576	18,749	21,362	23,982
Miscellaneous expenses	(315)	3,238	3,234	3,234	3,234
Application of Funds	24,934	27,293	28,377	30,589	33,019

Per share data

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	240	240	240	240	240
Diluted no. of shares (mn)	240	240	240	240	240
BVPS (INR)	100.0	104.2	108.7	117.9	128.0
CEPS (INR)	22.5	23.6	17.8	25.5	28.0
DPS (INR)	17.5	18.0	10.6	13.3	14.6

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	6,746	7,081	4,849	7,215	7,922
Depreciation & amortization	552	575	653	718	790
(Inc)/Dec in working capital	(64)	(1,165)	(2,124)	(228)	786
Tax paid	(1,898)	(1,991)	(1,221)	(1,817)	(1,995)
Other operating Cash Flow	(2,426)	213	-	-	-
CF from operating activities	2,910	4,715	2,157	5,888	7,503
Capital expenditure	(773)	(937)	(569)	(318)	(600)
chg in investments	1,530	128	-	-	-
CF from investing activities	757	(809)	(569)	(318)	(600)
Inc/(Dec) in share capital	(3)	3	-	-	-
Inc/(Dec) in debt	(679)	(1,153)	-	-	-
Dividend Paid	(4,205)	(4,326)	(2,539)	(3,184)	(3,496)
Others	629	2,876	-	-	-
CF from financing activities	(4,258)	(2,599)	(2,539)	(3,184)	(3,496)
Net cash flow	(591)	1,307	(951)	2,386	3,407
Opening balance	33,251	32,660	33,967	33,015	35,401
Closing balance	32,660	33,967	33,015	35,401	38,807

Growth indicators (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue	39.7	-2.2	-15.6	27.6	21.0
EBITDA	29.0	0.5	-27.3	46.9	7.2
Adj PAT	17.3	6.7	-31.6	48.8	9.8
Adj EPS	17.4	6.6	-31.6	48.8	9.8

Valuation (x)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	21.4	20.1	29.3	19.7	18.0
P/BV (x)	4.4	4.3	4.1	3.8	3.5
EV/EBITDA (x)	11.5	11.5	16.0	10.6	9.4
EV/Sales (x)	2.9	3.0	3.6	2.7	2.2
Dividend Yield (%)	4.0	4.1	2.4	3.0	3.3

Financial ratios

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	21.1	21.6	14.2	19.8	20.1
RoCE (%)	23.5	22.3	14.4	20.8	18.7
Asset/T.O (x)	0.5	0.4	0.4	0.5	0.6
Net Debt/Equity (x)	-1.3	-1.4	-1.3	-1.2	-5.8
EBIT/Interest (x)	136	108	87	108	105

Margins (%)

Year-ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	25.3	26.0	22.4	25.8	22.9
EBIT Margin (%)	23.1	23.6	19.3	23.2	20.5
PAT Margin (%)	18.7	20.1	16.5	19.2	17.4

Source: Company, Antique

CMP	: INR 1,064
Reco	: BUY ↔
Target Price	: INR 1,250 ↔
Target Price Change	: No Change
Target 1HFY26 P/E (x)	: 25
EPS Change FY24/ 25	: No Change

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Market data	
Sensex	: 63,591
Sector	: Industrial Minerals
Market Cap (INR bn)	: 73.3
Market Cap (USD bn)	: 0.881
O/S Shares (mn)	: 69.0
52-wk HI/LO (INR)	: 1080/342
Avg. Daily Vol ('000)	: 161
Bloomberg	: GRAVIN

Source: Bloomberg

	FY24e	FY25e	FY26e
EPS (INR)	33.0	43.7	56.1
P/E (x)	32.3	24.3	19.0
P/BV (x)	9.3	7.0	5.3
EV/EBITDA (x)	23.5	17.3	14.0
Dividend Yield (%)	0.5	0.6	0.6

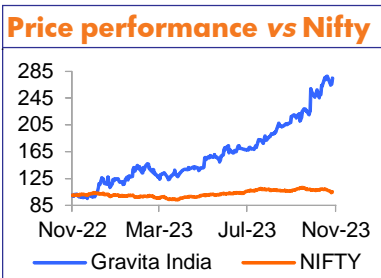
Source: Bloomberg

Returns (%)				
	1m	3m	6m	12m
Absolute	17	58	109	194
Relative	21	63	102	182

Source: Bloomberg

Shareholding pattern	
Promoters	: 66%
Public	: 32%
Others	: 2%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY24 RESULT REVIEW

Gravita India

Steady volume growth momentum

Gravita India (Gravita) reported a strong operating performance delivering lead segment volume growth of 25% YoY. Key highlights are 1) Commodity price volatility and demand slowdown impacted volume growth in aluminum and plastic segments. Strong relationship with OEMs and hedging mechanism helped maintain volume growth for the lead segment. Guidance of +25% volume growth CAGR over FY23–27 maintained. 2) EBITDA margin stood at 8.7% (INR 16/kg). 3) INR 6 bn capex allocated to increase capacity in existing and new verticals on track. 1HFY24/ 2HFY24E outlay of INR 0.5/ 1.0 bn. Li-ion and paper recycling facility construction to commence by the end of FY24. 4) Net debt increased to INR 4.0 bn in 1HFY24 due to long term EUR 34 mn borrowing secured from PROPARCO and OeEB. We believe Gravita’s expansion plans coupled with regulatory tailwinds and the global focus on recycling can enable it to deliver volume/ revenue/ EBITDA/ PAT CAGR of 31%/ 23%/ 28%/ 24% over FY23–26. We broadly maintain our EPS estimates over FY24–26 and retain BUY rating with a TP of INR 1,250 based on 25x 1HFY26 EPS (five-year high/ avg./ low of 23x/ 8x/ 2x).

Lead segment drives overall volume growth of 14% YoY

Gravita reported 2Q revenue of INR 8.4 bn, +23% YoY. Overall volume grew 14% YoY to 45 kmt. Lead/ aluminum/ plastic segment volume grew 25%/ -21%/ -27% YoY to 39/ 3/ 3 kmt. Strong relationship with OEMs aided in maintaining traction in the lead segment, despite commodity price volatility on a YoY basis. Commodity price volatility and demand slowdown (especially in China) drove a decline in aluminum volume; the India capacity operated at sub-optimal levels. A decline in plastic volume was on account of the Nicaragua plant, contributing ~1 kmt volume per quarter, being sold in 1QFY24. Management expects demand to stabilize by end of FY24. It maintained its long-term volume growth guidance of 25% CAGR over FY23–27E. We are factoring lead volume/ overall volume/ revenue growth of 21%/ 31%/ 23% over FY23–26.

EBITDA margin steady at 8.7%

2Q EBITDA stood at INR 726 mn, +12% YoY. EBITDA margin stood at 8.7% or INR 16.1/kg (-2.5% YoY). Lead/ aluminum/ plastic EBITDA per kg grew -0.5%/ 26.5%/ -7.9% YoY to INR 17.6/ INR 14.8/ INR 10.2 per kg. Sharp volatility in commodity prices, offset due to the company’s hedging practices, protected margins for the lead segment. Management has guided for +35% PAT CAGR over FY23–27E and expects a sustainable margin of 9%–10%. We have factored in EBITDA/ PAT CAGR of 28%/ 24% over FY23–26 and expect per kg EBITDA of INR 14–15 over FY23–26.

INR 6 bn capacity expansion plan underway

Gravita’s capacity increased from 233 kmtpa/ 278 kmtpa in FY23/ 1QFY24 to 284 kmtpa 2QFY24. 1HFY24 capex outlay stood at INR 0.5 bn for expansion of capacity in existing verticals. Management has guided for INR 3.5 bn capex over FY24–27 to increase the capacity of its existing verticals to 425 kmtpa. INR 2.5 bn capex will be invested over FY24–27 in building capacities in new verticals: 1) Rubber recycling capacity has increased in Ghana, Tanzania and is coming up in Senegal. 2) Expect approvals for setting up of the Li-ion plant in Mundra by 3QFY24. 3) Expect construction of the plant to commence by end of FY24 in Central America.

Investment Summary

We believe Gravita’s expansion plans coupled with the regulatory tailwinds and global focus on recycling can enable it to deliver revenue/ EBITDA/ PAT CAGR of 23%/ 28%/ 24% over FY23–26. Considering a steady customer base and leadership position in India in lead recycling, we maintain BUY rating and a TP of INR 1,250.

Quarterly financials

INR mn	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY24	1HFY23	YoY (%)
Sales	8,362	6,827	22.5	7,034	18.9	15,396	12,624	22.0
Cost of Material Consumed	6,804	5,543	22.7	5,629	20.9	12,433	10,281	20.9
% of sales	81.4	81.2	17 bps	80.0	135 bps	80.8	81.4	(69 bps)
Employee cost	315	296	6.4	393	(19.9)	707	630	12.3
% of sales	3.8	4.3	(57 bps)	5.6	(182 bps)	4.6	5.0	(40 bps)
Other expenses	431	401	7.4	428	0.6	859	968	(11.2)
% of sales	5.2	5.9	(72 bps)	6.1	(94 bps)	5.6	7.7	(209 bps)
Commodity derivatives loss	86	-	NA	-	NA	86	-	NA
% of sales	1.0	-	103 bps	-	103 bps	0.6	-	56bps
Commodity derivatives gain	-	(64)	(100.0)	(49)	(100.0)	(49)	(448)	(89.2)
% of sales	-	(0.9)	94 bps	(0.7)	69 bps	(0.3)	(3.6)	324 bps
Total Exp	7,636	6,176	23.6	6,401	19.3	14,037	11,430	22.8
EBIDTA	726	651	11.5	633	14.7	1,359	1,194	13.9
Margin %	8.7	9.5	(86 bps)	9.0	(31 bps)	8.8	9.5	(63 bps)
Other income	141	5	2,843.7	69	105.7	210	124	69.2
Depreciation	86	56	53.9	79	8.2	165	110	50.2
Interest expenses	112	99	13.3	127	(12.0)	239	206	15.7
Profit Before Tax	670	502	33.5	495	35.3	1,165	1,002	16.4
Exceptional item	-	-	-	87	(100.0)	87	-	-
Share in associates/(minority)	(10)	(4)	139.0	(5)	108.5	(15)	(25)	(42.9)
PBT after exceptional	660	498	32.7	578	14.3	1,238	976	26.8
Tax	82	52	56.9	57	43.1	139	105	31.8
Tax Rate %	12.4	10.4	191 bps	9.9	249 bps	11.2	10.8	42 bps
Reported Net Profit	579	446	29.8	521	11.1	1,099	871	26.2
Adjusted Net Profit	588	450	30.8	438	34.3	1,027	896	14.5
EPS (INR)	8.4	6.5	29.8	6.3	33.4	14.7	12.6	16.2

Source: Company, Antique; * Note: From other income, we have adjusted only commodity hedging gains and not currency hedging gains above EBITDA.

Semi-annual balance sheet

Balance sheet (INR mn)	1HFY24	1HFY23	YoY (%)	FY24E	FY23	YoY (%)
Share capital	138	138	-	138	138	-
Reserves and Surplus	6,546	4,525	44.7	7,771	5,751	35.1
Loan Funds	5,206	2,989	74.2	3,745	3,445	8.7
Minority Interest	107	153	(30.0)	161	128	25.8
Deferred Tax Liability	(36)	26	NA	(61)	(61)	-
Total	11,962	7,830	52.8	11,753	9,401	25.0
Fixed Assets (net of accumulated depreciation)	2,984	1,993	49.7	4,363	2,733	59.6
Capital Work-in-Progress	566	679	(16.6)	500	455	9.9
Investments	191	-	-	11	11	-
Inventories	5,730	4,932	16.2	6,886	5,965	15.5
Sundry Debtors	2,378	871	173.0	1,584	1,370	15.6
Cash and Bank Balances	1,180	250	372.7	366	381	(3.9)
Other current assets	1,375	1,130	21.7	1,073	1,073	0.0
Current Assets, Loans and Advances	10,664	7,183	48.5	9,909	8,789	12.8
Trade Payables	722	1,957	(63.1)	1,075	892	20.5
Liabilities	1,721	69	2,394.1	1,956	1,695	15.4
Current Liabilities and Provisions	2,443	2,026	20.6	3,031	2,587	17.1
Net Current Assets	8,221	5,158	59.4	6,878	6,201	10.9
Total	11,962	7,830	52.8	11,753	9,401	25.0
Net Debt	4,025	2,739	47.0	3,378	3,063	10.3

Source: Company, Antique

Conference Call Highlights

- **Outlook:** Volatility in commodity and demand slowdown globally (especially in China) is impacting volume growth. Growth is being maintained in lead segments due to strong relationships with OEMs and the hedging mechanism is providing margin stability.
- **Guidance:** Maintain +25% volume growth guidance over the long term.
- **Market share:** 15%–17% of India's organized market. +50% market share in the overseas geographies.
- **Capacity:** FY23/ 1QFY24/ 2QFY24 – 233 kmtpa/ 278 kmtpa/ 284 kmtpa. On track to increase the capacity in existing verticals to 425 kmtpa by FY26.
- **Capex:** Total outlay of INR 6 bn by FY26; towards exiting/ new verticals – INR 3.5 bn/ INR 2.5 bn. Spend of INR 1.6 bn/ 0.5 bn for exiting/ new verticals in FY24. 1HFY24 outlay of INR 0.5 bn for expansion of capacity in existing verticals. Expect outlay of INR 1.0 bn in 2HFY24 towards existing verticals and capex of INR 0.5 bn for new verticals expected to spill over to FY25.
- **Togo capacity addition:** Commercial production of 6 kmtpa lead recycling has started at Togo. Capex of INR 36.1 mn (funded through internal accruals) was incurred. It already has 4 kmtpa aluminum recycling capacity in Togo and has been sourcing scrap from the region for over three years. The new facility is expected benefit from reduced logistics costs and economies of scale.
- **Aluminum:** Prices have drastically come down in the last year. Since there is no hedging mechanism in place and demand is muted, India operations are sub-optimal. Thus, profitability and margins are under pressure. Expect demand and prices to stabilize by the end of FY24. Working on a hedging mechanism, which is expected to be in place by the end of FY24.
- **Plastics:** Volumes have declined as the Nicaragua plant (contributing ~1 kmt volumes per quarter) has been sold.
- **New verticals: Rubber:** Capacity has increased in Ghana, Tanzania and is coming up in Senegal. However, these capacities won't contribute directly to profitability as the entire consumption of pyrolysis oil made from recycled rubber will be in-house. Discussion on setting up a state of art continuous rubber recycling line in India as well. **Li-recycling:** Applied for approvals for recycling of Li-ion batteries in Mundra. Expect approvals to be in place by 3QFY24. Expect the hedging mechanism to evolve over time as battery volumes improve from FY26 onwards. The scrap sourcing channel for this segment will be from car manufacturers, as passenger vehicle battery scrap will be replaced by them. For two and three-wheeler batteries, sourcing will be dependent on the retail network. **Paper:** Expect construction of the plant to commence by the end of FY24 in Central America.
- **Battery pricing:** Imported batteries are sourced at 50%–55% of LME prices. In India, it is sourced at 58%–60% of LME price.
- **Debt:** Long-term loan worth EUR 34 mn has been taken from PROPARCO and OeEB. These have been taken in at the company's Netherlands subsidiary and will be used to fund capex and working capital requirements of its African subsidiaries. Earlier the funding requirement was met by the standalone Indian entity. ESG funding will reduce the borrowing cost as these funds carry a cost of 7% as compared to working capital borrowings in India which costs 8%.
- **Working capital:** Net working capital stood at 86 days/ 83 days in 1HFY24/ FY23. Inventory days: 48 days/ 41 days in 1HFY24/ FY23; receivable days: 21 days/ 14 days in 1HFY24/ FY23; payable days: 17/ 27 days in 1HFY24/ FY23. Receivable days have increased as additional dispatches took place towards the end of 2Q. Receivable days have normalized at 18–20 days.
- **Energy cost:** For lead, it is only 25% of the cost required for mining. For aluminum, it is only 5%. Every MT of lead uses 50 liters of furnace oil. However, Gravita is using pyrolysis oil captively recycled from rubber for the same.
- In EVs, lead battery size will be ~70% of the current battery size. While lead usage in autos will grow at a slow pace over a long time, this will be majorly a scenario in the developed economies and not in developing countries like India. Also, new applications of lead will be growing faster, which will aid in maintaining the growth rate.

Key financial parameters

Particulars	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Segmental revenue (INR mn)											
Lead	4,731	4,677	5,536	4,819	5,683	6,589	6,243	5,834	7,505	32.1	28.6
Aluminium	368	520	740	654	775	1,039	919	858	589	-24.0	-31.3
Plastics	364	332	360	297	315	228	206	182	195	-38.2	7.2
Turnkey Projects	-	34	19	16	52	12	111	146	72	38.5	-50.7
Others	2	2	10	12	1	25	10	14	1	-42.9	-94.2
Total	5,465	5,566	6,664	5,797	6,827	7,893	7,489	7,034	8,362	22.5	18.9
Geographical revenue mix (%)											
Domestic	64.0	63.0	64.4	58.0	62.0	70.0	62.0	61.3	61.0	-100 bps	-30 bps
International	36.0	37.0	35.6	42.0	38.0	30.0	38.0	38.7	39.0	100 bps	30 bps
Other financial information											
Value added products revenue (%)	42.0	42.0	39.0	41.0	42.0	45.0	45.0	49.0	44.0	200 bps	-500 bps
Domestic scrap collection for Indian Plants (%)	59.0	52.0	50.0	39.0	47.0	40.0	46.0	30.0	20.0	-2700 bps	-1000 bps
Capacity (mtpa)	1,82,000	2,03,000	2,05,000	2,14,000	2,15,000	2,27,000	2,51,000	2,78,000	2,84,000	32.1	2.2
Overseas capacity (%)	33.0	30.0	30.0	33.0	34.0	37.0	30.0	27.0	29.0	-500 bps	200 bps
Capacity Utilization (%)	73.0	72.0	67.0	67.0	66.0	63.0	67.0	51.0	55.0	-1100 bps	400 bps
Segmental volume (mt)											
Lead	26,687	25,318	28,827	24,738	31,060	33,868	32,601	29,287	38,769	24.8	32.4
Aluminium	2,543	3,183	4,290	3,318	4,331	5,840	5,605	5,396	3,404	-21.4	-36.9
Plastics	4,556	3,660	4,272	3,706	4,123	3,398	3,284	2,750	3,018	-26.8	9.7
Total	33,786	32,161	37,389	31,762	39,514	43,106	41,490	37,433	45,191	14.4	20.7
Realization (INR/ mt)											
Lead	1,77,267	1,84,735	1,92,039	1,94,807	1,82,973	1,94,559	1,91,496	1,99,215	1,93,577	5.8	-2.8
Aluminium	1,44,829	1,63,431	1,72,541	1,97,137	1,79,012	1,77,979	1,64,014	1,58,988	1,73,149	-3.3	8.9
Plastics	79,829	90,792	84,153	80,032	76,401	66,951	62,698	66,109	64,546	-15.5	-2.4
Total	1,61,751	1,73,068	1,78,230	1,82,515	1,72,770	1,83,103	1,80,510	1,87,906	1,85,032	7.1	-1.5
EBITDA - including hedging gain/ loss (INR/MTPA)											
Lead	15,676	15,756	18,757	21,726	17,673	17,010	18,858	20,958	17,586	-0.5	-16.1
Aluminium	16,851	28,287	22,221	18,113	11,678	17,033	16,529	14,500	14,768	26.5	1.8
Plastics	9,994	12,404	19,416	12,512	11,074	9,339	10,273	10,217	10,204	-7.9	-0.1
Total	14,874	16,694	18,668	17,071	16,483	15,924	20,326	16,905	16,067	-2.5	-5.0
Calculated EBITDA (INR mn)											
Lead	418	399	541	537	535	576	657	614	682	27.5	11.1
Aluminium	43	90	95	60	61	99	95	69	50	-17.8	-27.3
Plastics	46	45	83	46	42	32	29	28	31	-26.4	9.6
Unallocated	-4	3	-21	-102	14	-21	62	-78	-37	NA	-53.0
Total	503	537	698	542	651	686	843	633	726	11.5	14.7
Calculated EBITDA margin (%)											
Lead	8.8	8.5	9.8	11.2	9.4	8.7	10.5	10.5	9.1	-32 bps	-144 bps
Aluminium	11.6	17.3	12.9	9.2	7.9	9.6	10.3	8.1	8.5	64 bps	46 bps
Plastics	12.5	13.7	23.1	15.6	13.3	13.9	14.2	15.5	15.8	253 bps	35 bps
Total	9.2	9.6	10.5	9.4	9.5	8.7	11.3	9.0	8.7	-86 bps	-31 bps
EBITDA mix (%)											
Lead	83.2	74.3	77.5	99.1	82.1	83.9	78.0	97.0	93.9	1181 bps	-310 bps
Aluminium	8.5	16.8	13.7	11.1	9.4	14.5	11.3	10.9	6.9	-247 bps	-401 bps
Plastics	9.1	8.5	11.9	8.6	6.4	4.6	3.5	4.4	4.2	-218 bps	-20 bps
Unallocated	-0.8	0.5	-3.0	-18.8	2.1	-3.0	7.3	-12.4	-5.1	-716 bps	731 bps
Total	100	100	100	100	100	100	100	100	100	0 bps	0 bps

Key financial parameters continue...

Particulars	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Segmental EBIT (INR mn)											
Lead	492	408	585	480	506	558	553	462	556	9.9	20.5
Aluminium	51	78	84	53	59	89	83	32	27	-54.0	-17.0
Plastics	29	25	91	32	36	47	35	37	32	-10.4	-13.8
Turnkey Projects	-8	7	11	2	14	6	96	100	36	152.5	-64.3
Others	2	-2	-16	1	1	0	5	0	-	-100.0	-100.0
Total	565	514	755	568	615	700	773	631	650	5.8	3.1
Segmental EBIT margin (%)											
Lead	10.4	8.7	10.6	10.0	8.9	8.5	8.9	7.9	7.4	-149 bps	-50 bps
Aluminium	13.9	14.9	11.4	8.1	7.5	8.6	9.1	3.8	4.6	-298 bps	79 bps
Plastics	7.9	7.4	25.4	10.9	11.3	20.8	17.0	20.3	16.3	505 bps	-397 bps
Turnkey Projects	-	20.5	56.8	9.6	27.1	46.6	86.8	68.2	49.4	2233 bps	-1873 bps
Others	81.8	-104.5	-163.9	7.8	57.1	1.2	47.1	0.7	-	-5714 bps	-73 bps
Total	10.3	9.2	11.3	9.8	9.0	8.9	10.3	9.0	7.8	-123 bps	-119 bps
Segmental EBIT mix (%)										321 bps	1230 bps
Lead	87.0	79.3	77.5	84.6	82.3	79.7	71.6	73.2	85.5	321 bps	1230 bps
Aluminium	9.1	15.1	11.2	9.3	9.5	12.8	10.8	5.1	4.1	-538 bps	-100 bps
Plastics	5.1	4.8	12.1	5.7	5.8	6.8	4.5	5.9	4.9	-88 bps	-96 bps
Turnkey Projects	-1.5	1.4	1.4	0.3	2.3	0.8	12.4	15.8	5.5	318 bps	-1032 bps
Others	0.3	-0.4	-2.1	0.2	0.1	0.0	0.6	0.0	-	-13 bps	-2 bps
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0 bps	0 bps

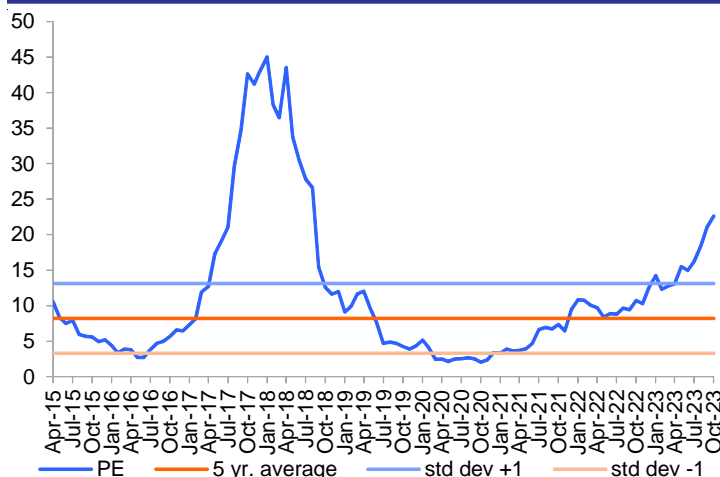
Source: Company, Antique

Changes in estimates

INR mn	Previous			Revised			% ch		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Volume (mt)	2,06,456	2,68,878	3,51,104	1,88,376	2,65,120	3,47,068	(8.8)	(1.4)	(1.1)
Revenue	34,040	44,482	53,249	34,292	43,687	52,312	0.7	(1.8)	(1.8)
EBITDA	3,346	4,400	5,415	3,268	4,439	5,428	(2.3)	0.9	0.2
EBITDA Margin (%)	9.8	9.9	10.2	9.5	10.2	10.4	(30 bps)	27 bps	21 bps
Net Profit	2,291	2,985	3,864	2,277	3,019	3,875	(0.6)	1.1	0.3
EPS (INR)	33.2	43.2	56.0	33.0	43.7	56.1	(0.6)	1.1	0.3
TP (INR)		1,250			1,250				-

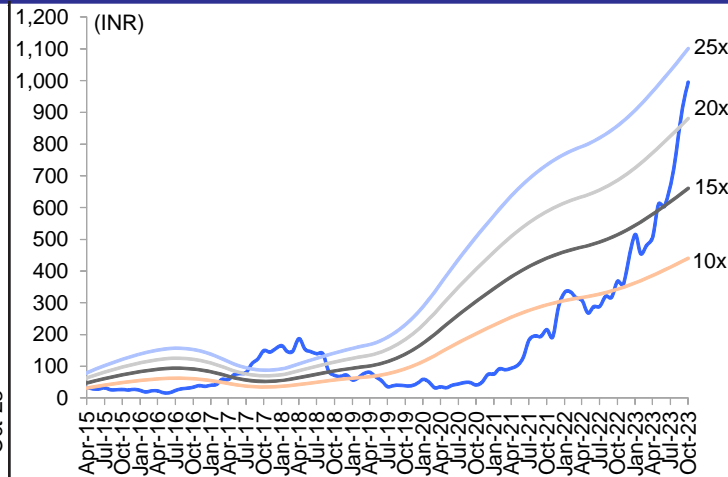
Source: Antique

P/E band chart



Source: Bloomberg, Antique

1-year forward P/E chart



Source: Bloomberg, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Net Revenue	22,159	28,006	34,292	43,687	52,312
Op. Expenses	20,048	25,407	31,024	39,248	46,884
EBITDA	2,111	2,599	3,268	4,439	5,428
Depreciation	206	240	370	519	591
EBIT	1,906	2,360	2,898	3,920	4,838
Other income	78	363	52	57	63
Interest Exp.	336	391	328	383	295
Extra Ordinary Items -gain/(loss)	-	-	(87)	-	-
Reported PBT	1,648	2,331	2,535	3,594	4,606
Tax	162	235	312	539	691
Reported PAT	1,487	2,096	2,223	3,055	3,915
Minority Int./Profit (loss) From Asso.	91	30	33	36	40
Net Profit	1,577	2,126	2,256	3,091	3,954
Adjusted PAT	1,396	2,066	2,277	3,019	3,875
Adjusted EPS (INR)	20.2	29.9	33.0	43.7	56.1

Balance sheet (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Share Capital	138	138	138	138	138
Reserves & Surplus	3,730	5,751	7,771	10,375	13,836
Networth	3,868	5,889	7,909	10,513	13,974
Debt	3,874	3,445	3,745	4,245	3,445
Minority Interest	140	128	161	197	237
Net deferred Tax liabilities	15	(61)	(61)	(61)	(61)
Capital Employed	7,898	9,401	11,753	14,894	17,594
Gross Fixed Assets	2,650	3,690	5,690	7,990	9,090
Accumulated Depreciation	738	957	1,327	1,846	2,437
Capital work in progress	425	455	500	500	1,700
Net Fixed Assets	2,337	3,188	4,863	6,644	8,353
Investments	-	11	11	11	11
Current Investments	-	11	11	11	11
Current Assets, Loans & Adv.	7,638	8,789	9,909	11,949	13,531
Inventory	5,135	5,965	6,886	8,300	9,442
Debtors	1,097	1,370	1,584	1,898	2,129
Cash & Bank balance	325	381	366	678	886
Loans & advances and others	1,081	1,073	1,073	1,073	1,073
Current Liabilities & Provisions	2,077	2,587	3,031	3,710	4,301
Liabilities	772	892	1,075	1,355	1,616
Provisions	1,305	1,695	1,956	2,355	2,685
Net Current Assets	5,560	6,201	6,878	8,238	9,230
Application of Funds	7,898	9,401	11,753	14,894	17,594

Per share data

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
No. of shares (mn)	69	69	69	69	69
Diluted no. of shares (mn)	69	69	69	69	69
BVPS (INR)	56.0	85.3	114.6	152.3	202.4
CEPS (INR)	24.5	33.8	37.6	51.8	65.3
DPS (INR)	3.0	4.4	5.0	6.0	6.0

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
PBT	1,646	2,276	2,622	3,594	4,606
Depreciation & amortization	206	240	370	519	591
Interest expense	336	391	328	383	295
(Inc)/Dec in working capital	(2,062)	(825)	(692)	(1,049)	(783)
Tax paid	(149)	(235)	(312)	(539)	(691)
Less: Interest/Div. Income Recd.	(9)	(117)	(52)	(57)	(63)
Other operating Cash Flow	133	271	54	(36)	(40)
CF from operating activities	101	2,001	2,318	2,815	3,914
Capital expenditure	(702)	(1,068)	(2,045)	(2,300)	(2,300)
Inc/(Dec) in investments	-	(11)	52	57	63
Add: Interest/Div. Income Recd.	9	7	-	-	-
CF from investing activities	(693)	(1,072)	(1,993)	(2,243)	(2,237)
Inc/(Dec) in debt	1,315	(434)	5	153	(1,055)
Dividend Paid	(238)	(43)	(345)	(414)	(414)
Others	(358)	(397)	-	-	-
CF from financing activities	719	(874)	(340)	(261)	(1,469)
Net cash flow	127	56	(15)	311	208
Opening balance	199	325	381	367	678
Closing balance	325	381	367	678	886

Growth indicators (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
Revenue (%)	57.2	26.4	22.4	27.4	19.7
EBITDA (%)	83.2	23.1	25.7	35.8	22.3
Adj PAT (%)	165.9	48.0	10.2	32.6	28.4
Adj EPS (%)	165.9	48.0	10.2	32.6	28.4

Valuation (x)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
P/E (x)	52.6	35.5	32.3	24.3	19.0
P/BV (x)	19.0	12.5	9.3	7.0	5.3
EV/EBITDA (x)	36.5	29.4	23.5	17.3	14.0
EV/Sales (x)	3.5	2.7	2.2	1.8	1.5
Dividend Yield (%)	0.3	0.4	0.5	0.6	0.6

Financial ratios

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
RoE (%)	42.6	42.4	33.0	32.8	31.6
RoCE (%)	30.6	31.5	27.9	29.8	30.2
Asset/T.O (x)	3.4	3.2	3.2	3.3	3.2
Net Debt/Equity (x)	0.9	0.5	0.4	0.3	0.2
EBIT/Interest (x)	5.9	7.0	9.0	10.4	16.6

Margins (%)

Year ended 31 Mar	FY22	FY23	FY24e	FY25e	FY26e
EBITDA Margin (%)	9.5	9.3	9.5	10.2	10.4
EBIT Margin (%)	8.6	8.4	8.5	9.0	9.2
PAT Margin (%)	6.3	7.3	6.6	6.9	7.4

Source: Company Antique

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AUTO SALES VOLUME REVIEW

Automobiles

Strong dispatches indicate bumper festive demand

Overall, auto OEMs reported an encouraging set of numbers posting strong growth across segments, barring tractors, thus far this festive season. Retail sales have been strong in the latter half of October during Navratri. In anticipation of a strong festive season, we were expecting a strong uptick in dispatches as OEMs fill up the channel ahead of the festivals. PV/ 2W/ CV volumes came in strong, posting volume growth of ~18%/ 22%/13% YoY and were ahead of our expectations. In PVs, MSIL came as a surprise posting a growth of 19%/ 10% YoY/ MoM largely due to a very strong response to Fronx, Jimny, and Grand Vitara. SUV volume grew 91% YoY for MSIL. For Tamo, PV growth was largely led by the new Nexon and EVs.

In CVs, AL/ VECV growth came in strong at 14%/ 24% YoY against 4% YoY growth for Tamo. Our channel checks also indicate AL gaining strong traction in northern markets. The LCV segment also saw a marginal recovery in volumes for all the players in the month of October. In 2Ws, volume came in ahead of our estimates led by a broad-based recovery in the segment. Hero's volumes came in very strong at 574k units, a growth of ~27% YoY. HMCL has also been pushing the inventory aggressively and is ahead of the competition in running schemes during the festival season. It has introduced cash discounts of ~4-5.5k on HF Deluxe across the country, which has received a good response. TVS & Bajaj volumes also are seeing good recovery both in the rural and urban markets led by positive sentiments and favorable finance schemes.

Exports continue to remain under pressure on a YoY basis, especially for Bajaj Auto, however, sequentially we see a marginal recovery. Inventory across players continues to remain at comfortable levels ahead of the festivals at ~55-60 days. HMCL has the highest inventory. Tractor dispatches declined 4% on a YoY basis as demand is impacted due to lower rainfall and delayed harvest.

PVs

Overall, PV OEMs reported robust volume, up 18%/ 8% YoY/ QoQ. Growth was mainly driven by Maruti and M&M driven by new launches by both companies in the SUV space. MSIL's overall volume grew by 19% YoY driven by 91% growth in the SUV segment, while the small car segment comprising of the Alto and Spresso was down by 42% impacted by the ongoing premiumization trend. We believe there will be a strong volume contribution from Fronx, Baleno, and Grand Vitara ahead of Diwali. M&M's volume growth continues to be driven by its robust order book. The company delivered an all-time high number in the UV space at 43.7k, as the company is continuously increasing its capacity. Tata Motors' volume was driven by its newly launched Nexon, which has garnered a good response, while its existing models continue to support volumes. MSIL reported volume of 199k, M&M at 43.7k, and TTMT at 48.6k

2Ws

Strong numbers were seen across 2W OEMs, driven by strong domestic demand and channel filling ahead of the upcoming festive season followed by the marriage season. Overall volume grew by 22%/ 12% YoY/ QoQ where outperformance was mainly driven by Hero and TVS, while RE's numbers were relatively weak due to lower exports. We believe Hero's channel inventory has gone up to over ~8 weeks ahead of the festivals. There is some gradual improvement in exports in Bajaj Auto but is far from its peak, management has

indicated sustained recovery in exports to continue as retails are improving in the international markets. E2W volume showed a positive sign with volume continuing to grow sequentially driven by new low-cost product launches. TVS' IQube sales stood at ~20k units compared to 8.1k in the last year. HMCL's volume stood at 575k, TVS was at 421k, Bajaj Auto's volume came in at 408k units, RE reported ~84.4k units.

Tractors

Overall, tractor volume declined ~4% on a YoY basis as volumes were impacted by irregular rainfall and prolonged heat in parts of the country. Both M&M and Escorts saw de-growth on YoY basis. However, M&M believes that its volume will improve going ahead driven by Kharif production, higher MSPs, and governments' support ahead of the elections. Mahindra's volume stood at 50k units, while Escorts' stood at ~13k units.

CVs

CV OEMs reported a decent set of number this month on a YoY basis with overall volumes up 13% YoY. MHCV volumes for AL saw sequential decline in October due to a higher base in September while LCV segment continues to perform well for the company compared to industry. The MHCV segment showcased good growth driven by the bus segment Bus segment grew 43% for Tamo; AL growth has been ahead of TAMO as it is very aggressive in northern and eastern markets and has gained share. We note the underlying demand drivers for MHCV (infrastructure spending driving freight availability and healthy fleet operators' profitability) are in place and will support demand in FY24. We also expect LCV volumes to improve going ahead as rural demand picks up gradually. Ashok Leyland reported volumes of 16.9k, while Tamo and VECV's reported volumes stood at 34k and 7.5k respectively.

Exhibit 1: Automobile sales snapshot

Total Volume	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Passenger Vehicles								
Maruti Suzuki India	199,217	167,520	18.9	181,343	9.9	1,249,302	1,152,846	8.4
M&M - PV	45,562	35,073	29.9	43,686	4.3	274,801	219,552	25.2
Tata Motors - PV	48,637	45,423	7.1	44,809	8.5	328,026	318,083	3.1
Two Wheelers								
Bajaj Auto	408,144	341,903	19.4	327,712	24.5	2,179,057	2,208,095	(1.3)
Hero MotoCorp	574,930	454,582	26.5	536,499	7.2	3,344,030	3,272,942	2.2
TVS Motor	420,610	344,630	22.0	386,955	8.7	2,370,248	2,182,351	8.6
Royal Enfield	84,435	82,235	2.7	78,580	7.5	541,421	477,204	13.5
Commercial Vehicles								
Tata Motors - CV	34,317	32,912	4.3	39,064	(12.2)	227,648	230,972	(1.4)
M&M - CV	25,715	20,980	22.6	23,997	7.2	155,475	144,066	7.9
Ashok Leyland	16,864	14,863	13.5	19,202	(12.2)	108,039	99,809	8.2
VE Commercial Vehicles	7,486	6,038	24.0	7,198	4.0	46,608	41,123	13.3
Three Wheelers								
Bajaj Auto - 3Ws	63,044	53,335	18.2	64,846	(2.8)	373,491	271,801	37.4
M&M - 3Ws	9,402	5,081	85.0	7,921	18.7	48,628	30,661	58.6
TVS Motor - 3Ws	14,104	15,658	(9.9)	15,598	(9.6)	91,872	112,165	(18.1)
Atul Auto	3,060	2,352	30.1	2,662	15.0	13,525	13,661	(1.0)
Tractors								
M&M - Tractors	50,460	51,994	(3.0)	43,210	16.8	255,530	264,043	(3.2)
Escorts	13,205	14,492	(8.9)	10,861	21.6	61,811	64,992	(4.9)

Source: Company, Antique

MSIL posted decent numbers in the month driven by robust UV growth (91% YoY) while small car dispatches declined YoY. Exports grew 7% YoY. The company is expecting a bumper festive season leading to high dealer inventory.

New model launches are received well by the market, which is leading to an improving SUV share backed by a strong order book.

Exhibit 2: Maruti Suzuki India

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Mini - Alto, S-Presso	14,568	24,936	(41.6)	10,351	40.7	87,118	145,992	(40.3)
Compact - New WagonR, Celerio, Ignis, Swift, Baleno, Dzire	85,987	77,507	10.9	85,987	10.9	74,278	15.8	533,857
549,570	(2.9)							
Mid-size - Ciaz	695	1,884	(63.1)	1,491	(53.4)	8,136	8,810	(7.7)
Passenger cars	101,250	104,327	(2.9)	86,120	17.6	629,111	704,372	(10.7)
UVs - Gypsy, Ertiga, Grand Vitara, Brezza, XL6, Fronx, Jimny	59,147	30,971	91.0	59,271	(0.2)	365,614	194,601	87.9
Vans - Eeco	12,975	8,861	46.4	11,147	16.4	80,694	78,371	3.0
Total domestic sales	173,372	144,159	20.3	156,538	10.8	1,075,419	977,344	10.0
LCV - Super Carry	3,894	2,913	33.7	2,294	69.7	19,390	22,422	(13.5)
Total exports	21,951	20,448	7.4	22,511	(2.5)	154,493	153,080	0.9
Total sales	199,217	167,520	18.9	181,343	9.9	1,249,302	1,152,846	8.4

Source: Company, Antique

The company witnessed strong growth YoY in automotive, while farm volumes were flattish YoY. It has a strong order book, resulting in good dispatches in the UV space. UV volume was the highest ever at ~44k, including exports.

The company is seeing higher aggregate kharif production and better MSP's for rabi crops which will be positive for tractors.

CV volume was marginally up on YoY basis driven by robust MHCV demand while LCV demand continues to create pressure. In MHCV, buses are showing strong growth, while trucks continue to show moderate growth driven by infrastructure push by the govt. and LCVs continue to be weak. The company is closely monitoring rural demand.

PV volume improved on YoY basis driven by new launches like Nexon, Harrier, and Safari. EV volume continued the momentum driven by Tiago EV and grew 28% YoY. The company is seeing its multi-powertrain strategy working well for Tiago and Altroz.

Hero MotoCorp delivered strong numbers on both YoY and MoM basis and we believe there is strong channel filling in anticipation of a robust festive demand.

Bajaj Auto's overall 2W volume was decent, driven by strong domestic performance while exports continue to remain down on YoY basis but has improved marginally on sequential basis. The company continues to do well in the domestic 3W business.

Exhibit 3: M&M

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Automobile division								
Passenger vehicles	43,708	32,298	35.3	41,267	5.9	258,631	201,021	28.7
Utility vehicles	43,708	32,226	35.6	41,267	5.9	258,621	199,278	29.8
Cars + vans	0	72	(100.0)	-		10	1,743	(99.4)
Commercial vehicles	25,715	20,980	22.6	23,997	7.2	155,475	144,066	7.9
LCV < 3.5T	24,684	20,290	21.7	22,858	8.0	148,041	139,158	6.4
Other CVs	1,031	690	49.4	1,139	(9.5)	7,434	4,908	51.5
Three-wheelers	9,402	5,081	85.0	7,921	18.7	48,628	30,661	58.6
Domestic sales	78,825	58,359	35.1	73,185	7.7	462,734	375,748	23.2
Total exports	1,854	2,775	(33.2)	2,419	(23.4)	16,170	18,531	(12.7)
Total sales	80,679	61,134	32.0	75,604	6.7	478,904	394,279	21.5
Tractor division								
Domestic	49,336	50,539	(2.4)	41,597	18.6	248,060	252,844	(1.9)
Exports	1,124	1,455	(22.7)	1,613	(30.3)	7,470	11,199	(33.3)
Total tractor sales	50,460	51,994	(3.0)	43,210	16.8	255,530	264,043	(3.2)

Source: Company, Antique

Exhibit 4: Tata Motors

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Domestic CV	32,488	31,320	3.7	37,214	(12.7)	213,891	220,842	(3.1)
CV Exports	1,829	1,592	14.9	1,850	(1.1)	13,757	10,130	35.8
Total CV	34,317	32,912	4.3	39,064	(12.2)	227,648	230,972	(1.4)
Total PV	48,637	45,423	7.1	44,809	8.5	328,026	318,083	3.1

Source: Company, Antique

Exhibit 5: Hero MotoCorp

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Motorcycles	529,341	419,568	26.2	494,270	7.1	3,101,548	3,053,133	1.6
Scooters	45,589	35,014	30.2	42,229	8.0	242,482	219,809	10.3
Total sales	574,930	454,582	26.5	536,499	7.2	3,344,030	3,272,942	2.2

Source: Company, Antique

Exhibit 6: Bajaj Auto

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTD FY24	YTD FY23	(%) Chg
Two wheeler	408,144	341,903	19.4	327,712	24.5	2,179,057	2,208,095	(1.3)
Three wheeler	63,044	53,335	18.2	64,846	(2.8)	373,491	271,801	37.4
Total	471,188	395,238	19.2	392,558	20.0	2,552,548	2,479,896	2.9
Domestic	329,618	242,917	35.7	253,193	30.2	1,608,730	1,290,128	24.7
Exports	141,570	152,321	(7.1)	139,365	1.6	943,818	1,189,768	(20.7)

Source: Company, Antique

TVS posted decent volumes on YoY as well as MoM basis driven by stronger motorcycle performance. Exports saw decent improvement on YoY basis.

The company's IQube EV sales grew three-fold on a YoY basis to ~20k units.

Exhibit 7: TVS Motor Company

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Motorcycles	201,965	164,568	22.7	186,438	8.3	1,158,213	1,075,010	7.7
Scooters	165,135	135,190	22.2	155,526	6.2	935,120	833,301	12.2
Mopeds	53,510	44,872	19.3	44,991	18.9	276,915	274,040	1.0
Two-wheelers	420,610	344,630	22.0	386,955	8.7	2,370,248	2,182,351	8.6
Three-wheelers	14,104	15,658	(9.9)	15,598	(9.6)	91,872	112,165	(18.1)
Total	434,714	360,288	20.7	402,553	8.0	2,462,120	2,294,516	7.3
Exports of above	87,952	82,816	6.2	100,294	(12.3)	592,484	719,031	(17.6)

Source: Company, Antique

Ashok Leyland posted decent set on YoY basis but numbers were weak on sequential basis due to some weakness in MHCV. The company continues to outperform industry in the LCV segment.

Exhibit 8: Ashok Leyland

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
MHCV	10,185	9,054	12.5	12,752	(20.1)	68,436	61,882	10.6
LCV	6,679	5,809	15.0	6,450	3.6	39,603	37,927	4.4
Total	16,864	14,863	13.5	19,202	(12.2)	108,039	99,809	8.2

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
AGROCHEM & FERTILIZERS																							
Bayer Cropscience	Hold	4916	4,870	(1)	221.0	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
Coramand Int'l.	Buy	1,049	1,390	33	308.8	3.7	20.1	18.6	21.7	68.5	63.2	73.7	15.3	16.6	14.2	10.1	10.7	8.9	3.3	21.5	30.6	-8	9
Dhanuka Agritech	Buy	781	1,010	29	35.6	0.4	2.3	2.5	2.9	51.2	54.6	63.3	15.3	14.3	12.3	12.4	10.4	8.4	2.8	21.4	28.8	-7	8
Paradeep Phosphates	Buy	64	100	57	51.7	0.6	3.0	3.9	6.8	3.7	4.8	8.3	17.0	13.2	7.6	12.1	8.9	5.7	1.4	10.7	10.7	-11	2
PI Industries	Buy	3,381	4,440	31	512.9	6.2	12.2	14.7	16.8	80.7	96.8	111.0	41.9	34.9	30.5	31.2	25.4	21.0	6.0	18.7	22.5	-2	4
Rallis India	Hold	215	200	(7)	41.8	0.5	0.9	1.7	2.3	4.7	8.9	11.6	45.7	24.1	18.5	18.4	12.0	9.5	2.3	9.7	12.8	3	5
Sharda Cropchem	Buy	395	440	11	35.6	0.4	3.4	1.5	2.9	37.9	16.3	31.9	10.4	24.2	12.4	4.7	7.2	4.4	1.5	6.4	8.6	-6	-1
Sumitomo Chemical India	Buy	374	440	18	186.6	2.2	5.0	3.6	5.0	10.1	7.2	10.0	37.2	51.8	37.3	27.2	37.8	27.1	7.0	14.2	19.2	-12	-24
UPL	Buy	532	740	39	399.4	4.8	37.2	26.2	40.6	49.6	34.9	54.2	10.7	15.2	9.8	5.4	5.6	4.6	1.4	9.5	12.5	-14	-26
AUTO & AUTO ANC.																							
Apollo Tyres	Buy	381	506	33	241.8	2.9	10.8	17.7	18.9	17.1	27.8	29.7	22.3	13.7	12.8	8.6	6.4	5.4	1.7	13.0	13.9	3	32
Ashok Leyland	Buy	165	215	30	484.8	5.8	13.0	23.8	28.3	4.4	8.1	9.6	37.4	20.4	17.1	17.5	12.2	10.4	4.9	25.9	27.0	-7	10
Bajaj Auto	Hold	5,344	5,543	4	1,546.5	18.6	56.3	66.4	73.8	198.9	234.5	260.7	26.9	22.8	20.5	22.7	18.5	16.3	28.0	25.3	33.6	6	43
Balkrishna Industries	Sell	2,559	2,185	(15)	494.7	5.9	10.3	11.5	15.4	53.5	59.7	79.5	47.9	42.9	32.2	26.9	24.3	19.2	5.9	14.5	13.9	0	31
Ceat	Buy	2,111	2,786	32	85.4	1.0	2.2	6.4	6.8	54.2	158.8	166.9	38.9	13.3	12.7	10.8	6.6	6.2	2.1	17.3	17.6	-1	38
Eicher Motors	Buy	3,282	4,186	28	898.5	10.8	29.1	36.5	44.5	106.3	133.2	162.3	30.9	24.6	20.2	25.8	21.3	17.1	5.2	22.6	25.2	-5	-12
Hero MotoCorp	Hold	3,092	3,319	7	618.1	7.4	29.1	34.6	38.5	145.7	173.0	192.6	21.2	17.9	16.1	14.5	11.8	10.6	3.5	20.0	26.0	1	17
TVS Motors	Hold	1,561	1,616	4	741.5	8.9	14.9	19.2	24.2	31.4	40.5	51.0	49.8	38.6	30.6	28.6	22.4	18.2	9.8	28.2	29.1	3	40
Mahindra & Mahindra	Buy	1,455	1,850	27	1,808.8	21.7	74.8	85.7	96.6	60.3	69.1	77.9	24.1	21.0	18.7	16.5	14.2	12.3	8.8	18.4	22.1	-6	8
Maruti Suzuki India	Buy	10,228	12,424	21	3,089.6	37.1	80.5	117.8	139.0	266.5	390.0	460.4	38.4	26.2	22.2	27.3	19.1	15.2	4.5	18.2	23.3	-4	11
Suprajit Engineering	Buy	374	459	23	51.8	0.6	1.5	2.0	2.9	11.0	14.4	20.9	33.9	25.9	17.9	17.5	14.5	10.8	3.9	15.6	16.6	-3	14
BUILDING MATERIALS																							
Apollo Pipes	Buy	650	770	18	25.6	0.3	0.2	0.7	1.0	6.1	17.2	21.8	106.9	37.8	29.9	37.7	20.1	14.9	3.3	10.9	14.8	-8	33
Astral	Hold	1,824	1,980	9	490.0	5.9	4.6	6.4	8.1	17.0	23.9	30.1	107.5	76.2	60.7	59.7	46.2	37.2	15.0	21.5	26.7	-5	17
Cera Sanitaryware	Buy	8,158	8,870	9	106.1	1.3	2.1	2.5	3.0	161.0	194.9	233.4	50.7	41.9	34.9	34.0	28.8	23.8	7.9	20.1	26.2	-4	50
Finolex Industries	Hold	191	200	5	118.4	1.4	2.8	5.0	5.8	4.6	8.1	9.4	41.6	23.6	20.2	32.4	17.2	14.9	2.0	9.2	11.0	-15	38
Greenlam Industries	Buy	535	560	5	67.9	0.8	1.3	1.5	1.7	10.1	12.0	13.5	52.9	44.5	39.6	30.5	26.1	18.1	6.2	14.7	12.6	29	61
Kajaria Ceramics	Buy	1,272	1,530	20	202.6	2.4	3.5	4.9	6.1	22.0	30.8	38.6	57.8	41.3	33.0	33.9	25.5	20.4	7.8	19.9	24.1	-4	19
Prince Pipes and Fittings	Buy	623	860	38	68.9	0.8	1.2	2.4	3.0	11.0	21.8	27.0	56.7	28.6	23.0	26.9	16.6	13.6	4.4	16.4	21.6	-11	12
Somany Ceramics	Buy	660	770	17	28.0	0.3	0.7	1.2	1.6	17.2	28.0	38.5	38.3	23.6	17.1	16.5	12.1	9.6	3.2	14.2	14.0	5	22
Supreme Industries	Hold	4,476	4,620	3	568.6	6.8	8.7	11.5	13.5	68.1	90.6	106.1	65.7	49.4	42.2	46.8	33.2	28.5	11.0	24.0	29.5	9	96
CEMENT																							
ACC	Buy	1,844	2,300	25	346.2	4.2	10.5	18.3	21.0	47.1	97.1	111.9	39.1	19.0	16.5	16.3	10.0	8.2	2.2	12.3	16.6	-8	-24
Ambuja Cement	Buy	407	505	24	807.5	9.7	27.1	27.4	31.5	12.9	11.1	12.8	31.6	36.5	31.8	22.5	16.0	14.0	2.2	7.4	10.3	-4	-25
Birla Corp	Buy	1,259	1,450	15	97.0	1.2	0.3	4.3	6.9	5.3	56.4	89.8	238.1	22.3	14.0	17.3	9.3	7.2	1.5	7.0	8.1	2	31
Dalmia Bharat	Buy	2,073	2,500	21	388.7	4.7	6.3	9.5	13.8	34.0	51.4	74.3	61.0	40.4	27.9	17.1	13.1	10.6	2.3	5.9	8.3	-14	30
Grasim Industries	Buy	1,869	2,030	9	1,230.3	14.8	22.1	19.3	22.6	33.6	29.3	34.4	55.6	63.7	54.4	39.3	45.0	35.1	2.6	4.1	5.2	4	6
Heidelberg	Hold	185	175	(5)	41.9	0.5	1.1	2.2	3.0	4.8	9.7	13.1	38.6	19.1	14.1	15.6	9.7	7.5	2.9	15.1	17.8	3	-7
JK Cement	Buy	3,088	3,850	25	238.6	2.9	4.3	6.9	9.3	55.2	89.7	121.0	56.0	34.4	25.5	20.7	14.3	11.5	4.6	14.1	14.1	-3	9
JK Lakshmi Cement	Buy	673	780	16	79.2	1.0	3.6	4.5	6.0	30.5	38.5	50.9	22.1	17.5	13.2	10.6	9.0	7.0	2.5	15.5	16.3	4	16
Nuvoco Vistas	Hold	338	390	15	120.8	1.5	4.2	2.6	3.6	11.8	7.3	10.0	28.7	46.6	33.9	13.6	8.7	8.2	1.3	2.9	6.1	9	-17
Orient Cement	Hold	196	155	(21)	40.1	0.5	1.2	2.3	3.2	6.0	11.3	15.7	32.6	17.4	12.5	11.9	8.7	7.3	2.2	13.6	15.1	10	51
Shree Cements	Buy	25,421	30,000	18	917.2	11.0	11.2	23.7	29.2	309.5	655.8	808.9	82.1	38.8	31.4	28.9	18.6	15.1	4.4	12.0	16.3	0	14
Ramco Cement	Buy	984	1,035	5	232.6	2.8	3.1	5.4	8.7	13.3	22.9	36.8	73.9	43.0	26.7	23.3	16.0	12.5	3.2	7.6	9.2	8	36
UltraTech Cement	Buy	8,381	10,500	25	2,419.6	29.1	50.6	82.4	106.8	175.4	286.0	370.8	47.8	29.3	22.6	23.0	16.8	13.4	4.0	14.3	17.7	2	24
FMCG & RETAIL																							
Aditya Birla Fashion & Retail	Hold	214	221	3	202.8	2.4	-0.4	0.0	2.0	-0.4	0.0	2.1	-563.2	-10,968.5	101.3	14.5	12.0	9.6	6.1	-0.1	7.9	0	-39
Asian Paints	Hold	2,935	3,208	9	2,814.8	33.8	41.6	54.6	58.6	43.3	56.9	61.1	67.7	51.5	48.1	45.1	35.8	32.7	14.8	31.2	37.2	-7	6
Avaje Supermarts	Hold	3,639	3,893	7	2,368.3	28.4	24.2	26.7	33.5	37.3	41.3	51.8	97.5	88.2	70.3	64.3	58.1	46.4	12.3	13.9	18.8	-1	-13
Bajaj Consumer Care	Buy	231	258	12	33.1	0.4	1.4	1.8	2.0	9.8	12.4	14.3	23.6	18.6	16.1	19.2	12.8	10.2	2.8	17.6	21.5	3	46
Colgate Palmolive	Hold	2,091	2,036	(3)	568.7	6.8	10.6	12.4	13.3	38.9	45.6	49.0	53.7	45.8	42.7	36.2	31.3	29.0	30.9	69.8	110.4	4	29
Dabur India	Hold	517	564	9	916.3	11.0	17.1	18.8	22.1	9.7	10.6	12.5	53.5	48.7	41.3	42.3	38.1	32.1	9.3	20.0	22.9	-6	8
Devyani International	Buy	184	215	17	221.9	2.7	2.9	2.2	3.6	2.4	1.8	3.0	77.1	101.6	61.4	33.9	28.2	20.7	18.5	20.1	44.5	-14	-2
Emami	Buy	512	518	1	225.3	2.7	7.6	8.2	9.1	17.3	18.6	20.7	29.7	27.5	24.7	25.9	21.2	18.6	8.7	33.5			

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	4,055	5,388	33	859.3	10.3	6.9	10.3	13.7	32.4	48.8	64.9	125.2	83.2	62.5	86.1	64.2	47.5	15.0	19.4	26.6	-1	28
Bharat Dynamics	Buy	985	1,430	45	180.6	2.2	3.5	5.0	8.4	192	275	46.1	51.3	35.8	21.4	34.8	21.0	12.5	5.2	15.1	15.4	-4	4
Bajaj Elec.	Hold	1,024	1,138	11	1179	1.4	2.3	2.5	3.3	199	220	28.5	51.3	46.6	36.0	30.5	28.1	22.2	5.6	12.4	14.0	-7	-3
BEML	Hold	2,010	2,106	5	83.7	1.0	1.6	2.4	3.2	378	56.8	75.6	53.2	35.4	26.6	23.9	20.8	16.5	3.2	9.5	9.5	-13	30
Bharat Electronics	Buy	132	161	22	967.8	11.6	30.1	33.3	39.0	4.1	4.6	5.3	32.2	29.1	24.8	21.9	18.7	15.7	6.2	22.8	23.7	-4	24
BHEL	Buy	122	158	30	423.2	5.1	4.5	6.2	19.1	1.3	1.8	5.5	94.6	68.1	22.1	57.4	53.2	15.7	1.5	2.3	3.8	-7	63
Blue Star	Buy	934	930	(0)	192.1	2.3	2.3	3.9	5.4	11.9	20.4	27.8	78.4	45.8	33.6	39.7	28.8	22.2	12.1	27.8	28.9	7	53
Cochin Shipyard	Hold	947	1,132	19	124.6	1.5	2.9	4.2	4.5	22.0	31.6	34.4	43.1	29.9	27.6	29.9	19.0	13.0	2.6	8.9	12.0	-13	63
Crompton Consumer	Hold	277	298	8	177.1	2.1	4.8	4.7	6.3	7.5	7.4	9.9	36.8	37.5	27.9	24.0	24.1	18.3	6.2	17.0	17.2	-11	-24
Cummins India	Hold	1,674	1,844	10	464.1	5.6	11.4	12.6	14.8	41.3	45.4	53.4	40.6	36.9	31.4	36.5	31.7	26.1	7.9	22.4	28.0	-1	25
Engineers India	Hold	124	146	18	69.4	0.8	3.4	3.5	3.7	5.4	5.6	5.9	22.8	22.3	20.9	19.9	17.6	15.4	3.0	15.8	18.6	-16	78
Garden Reach Shipbuilders	Buy	735	993	35	84.2	1.0	2.3	2.6	3.7	199	22.4	31.9	36.9	32.9	23.1	23.3	24.2	15.5	3.4	13.1	14.8	-13	49
GE T&D	Hold	387	363	(6)	99.2	1.2	0.1	1.2	2.2	0.4	4.5	8.7	1,003.1	85.4	44.6	99.4	48.8	29.0	8.3	10.3	15.9	-12	193
Jupiter Wagons Ltd	Hold	306	286	(7)	122.2	1.5	1.3	3.0	4.1	3.2	7.5	10.2	94.6	41.0	30.1	48.6	27.9	21.2	10.0	29.5	32.3	-6	322
Havells India	Hold	1,241	1,359	10	777.5	9.3	10.7	13.7	17.3	17.2	21.9	27.7	72.2	56.7	44.7	47.3	37.2	29.3	10.1	19.2	25.1	-11	2
Hindustan Aeronautics	Buy	1,823	2,589	42	1,219.0	14.6	58.1	50.3	55.9	86.9	75.3	83.6	21.0	24.2	21.8	15.2	14.3	13.0	4.6	20.0	21.2	-5	46
Hitachi Energy	Buy	4,154	4,851	17	176.1	2.1	0.9	2.6	4.6	22.2	60.3	109.0	187.3	68.9	38.1	75.1	39.4	24.0	12.6	19.6	24.9	1	30
Honeywell Automation	Hold	35,908	45,031	25	317.5	3.8	4.4	5.0	6.4	495.5	564.2	728.2	72.5	63.6	49.3	56.6	46.8	35.3	9.0	14.8	20.6	-10	-11
KEC International	Buy	621	830	34	159.8	1.9	1.8	4.7	9.8	6.8	18.2	38.3	90.8	34.1	16.2	22.9	13.6	9.4	3.9	11.9	17.5	-6	43
Kirloskar Pneumatic	Buy	553	733	32	35.8	0.4	1.1	1.3	1.8	16.9	19.6	27.3	32.7	28.2	20.3	20.7	17.2	12.3	4.0	14.9	19.6	-16	-1
Kirloskar Oil Engines	Buy	556	699	26	80.6	1.0	2.7	3.4	4.1	18.6	23.5	28.5	29.8	23.7	19.5	18.4	14.2	11.5	3.2	14.4	18.7	3	113
Lakshmi Machine Works	Hold	13,027	13,451	3	139.2	1.7	3.5	4.3	4.9	331.1	399.0	459.7	39.3	32.6	28.3	31.8	24.7	21.3	5.4	17.4	23.7	-11	1
Linde India	Buy	5,956	6,578	10	508.0	6.1	5.4	5.0	7.5	62.8	58.4	88.5	94.8	102.0	67.3	64.9	63.2	44.1	14.7	15.2	18.5	0	98
Larsen & Toubro	Buy	2,895	3,398	17	4,069.8	48.9	103.3	137.9	181.2	73.8	98.5	129.4	39.2	29.4	22.4	24.2	20.6	16.6	4.2	14.9	11.2	-4	44
Mazagon Dock Shipbuilders	Buy	1,921	2,774	44	387.4	4.7	10.7	11.4	16.6	53.2	56.3	82.1	36.1	34.1	23.4	31.9	24.3	16.6	5.2	19.6	27.6	-12	165
Siemens	Buy	3,326	4,909	48	1,184.3	14.2	18.9	22.9	26.9	53.1	64.2	75.5	62.7	51.8	44.0	46.4	38.1	32.2	8.4	17.2	23.4	-9	14
Thermax	Hold	2,886	2,889	0	343.9	4.1	4.5	5.8	7.4	40.0	51.1	65.8	72.1	56.5	43.9	57.0	42.9	32.9	7.6	14.2	17.2	-7	30
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	397
Voltas	Hold	830	855	3	274.7	3.3	3.8	4.7	7.8	11.5	14.2	23.4	72.5	58.7	35.4	47.9	45.6	24.9	4.8	8.3	17.9	-4	9
INFRASTRUCTURE																							
Ashoka Buildcon	Buy	128	188	47	35.8	0.4	3.2	4.7	5.6	11.4	16.6	19.8	11.2	7.7	6.4	8.2	7.0	5.6	0.9	13.0	10.9	4	72
Dilip Buildcon	Hold	307	325	6	44.9	0.5	0.9	1.8	2.0	6.8	13.3	14.5	45.0	23.1	21.1	6.9	5.6	5.1	0.9	3.9	10.2	-1	41
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	43
IRCON International	Buy	138	176	28	129.6	1.6	7.8	8.3	9.0	8.3	8.8	9.5	16.7	15.6	14.5	17.2	12.0	10.1	2.2	15.1	10.7	-5	201
KNR Constructions Ltd.	Buy	266	295	11	74.8	0.9	3.6	3.1	3.4	12.8	11.1	12.0	20.7	24.0	22.2	10.1	10.8	10.0	2.6	11.1	16.4	-6	14
NBCC	Sell	66	27	(59)	118.7	1.4	4.0	4.1	4.9	2.2	2.3	2.7	29.6	28.8	24.2	33.4	25.9	19.5	5.4	20.1	16.9	13	101
NCC Ltd.	Buy	141	212	50	88.6	1.1	5.7	9.0	10.4	9.1	14.3	16.6	15.6	9.9	8.5	6.8	5.3	4.8	1.2	13.2	21.4	-9	91
BITES	Buy	443	621	40	106.4	1.3	5.3	3.6	5.4	22.1	15.1	22.5	20.0	29.3	19.7	11.5	16.0	10.6	4.1	14.2	14.4	-10	18
Rail Vikas Nigam Ltd	Hold	153	160	4	319.0	3.8	12.6	13.1	14.5	6.1	6.3	6.9	25.3	24.3	22.1	29.6	25.2	21.8	3.5	16.0	8.8	-10	283
Welspun Ent.	Buy	265	376	42	36.7	0.4	2.0	2.3	4.0	13.6	16.5	28.9	19.6	16.1	9.2	16.4	11.7	6.3	1.4	8.0	8.9	-7	114
IT																							
Cyient	Hold	1,635	1,600	(2)	181.1	2.2	5.7	30.2	9.4	51.4	71.5	83.5	31.8	22.9	19.6	17.9	5.3	11.2	4.7	83.3	66.0	-3	124
FirstSource Sol.	Buy	156	180	15	108.7	1.3	5.1	5.6	7.0	7.4	8.1	10.0	21.2	19.4	15.5	15.1	12.3	10.4	3.1	16.7	12.7	-7	49
HCL Tech	Buy	1,259	1,475	17	3,416.4	41.0	148.1	161.0	180.7	54.3	59.2	66.1	23.2	21.3	19.1	14.1	12.9	11.4	5.1	24.2	30.4	2	20
Infosys	Hold	1,354	1,490	10	5,620.2	67.5	241.1	251.4	279.1	57.6	60.7	67.4	23.5	22.3	20.1	15.1	13.8	12.3	6.5	31.1	43.2	-6	-13
ITI Mindtree	Buy	4,999	5,725	15	1,479.2	17.8	44.1	48.2	55.9	149.0	162.7	188.9	33.5	30.7	26.5	23.9	21.4	18.1	7.6	26.8	35.6	-4	3
L&T Technology Services	Hold	4,166	4,550	9	440.4	5.3	11.7	13.1	14.8	110.8	124.0	140.4	37.6	33.6	29.7	24.4	21.5	18.9	8.1	25.1	31.4	-9	15
Mphasis	Buy	2,142	2,850	33	404.1	4.9	16.4	16.7	19.9	86.9	88.6	105.7	24.6	24.2	20.3	15.7	15.6	13.1	4.7	20.2	27.7	-10	5
Colforge Ltd	Buy	5,027	5,800	15	309.6	3.7	8.3	9.2	11.6	135.8	150.6	190.2	37.0	33.4	26.4	21.9	19.6	15.8	8.8	28.0	35.6	-2	31
Persistent Sys	Buy	6,211	6,250	1	477.8	5.7	9.2	11.6	14.3	120.5	152.0	187.3	51.5	40.9	33.2	31.3	26.8	22.1	10.3	27.0	33.9	7	66
TCS	Hold	3,331	3,550	7	12,187.0	146.4	421.5	462.4	514.0	115.2	126.4	140.5	28.9	26.4	23.7	19.9	18.1	15.9	11.9	47.1	58.5	-6	5
TeamLease	Buy	2,326	3,800	63	39.0	0.5	1.1	1.4	1.9	67.0	81.3	111.0	34.7	28.6	20.9	28.4	23.6	16.4	4.1	15.6	16.3	-10	-19
Tech Mahindra	Buy																						

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	1,527	1,803	18	423.4	5.1	6.4	8.9	12.5	23.1	32.1	45.2	66.0	47.6	33.8	42.0	30.8	22.5	11.5	26.7	29.6	6	40
Hindalco Industries	Buy	463	526	14	1,039.8	12.5	100.6	111.9	116.1	45.2	50.3	52.2	10.2	9.2	8.9	6.6	5.8	5.4	1.0	11.3	11.4	6	10
Hindustan Zinc	Hold	293	288	(2)	1,235.9	14.8	105.2	85.6	92.3	24.9	20.2	21.8	11.7	14.4	13.4	7.1	8.4	7.7	8.2	60.9	43.7	5	1
Indian Hume Pipe	Buy	230	177	(23)	12.1	0.1	0.6	0.6	0.9	11.5	12.8	17.7	20.0	18.0	12.9	13.4	11.3	9.3	1.5	8.6	11.3	5	40
Jindal Steel & Power	Buy	585	697	19	596.8	7.2	46.0	37.4	52.3	45.6	37.0	51.7	12.8	15.8	11.3	6.8	7.1	5.7	1.4	9.1	11.3	-17	24
JSW Steel	Hold	724	763	5	1,771.6	21.3	35.5	123.8	151.9	14.7	51.2	62.8	49.3	14.1	11.5	12.9	8.1	7.0	2.4	17.9	14.3	7	6
JTL Industries	Buy	213	286	34	36.3	0.4	0.9	1.3	1.9	5.4	7.9	11.4	39.4	26.8	18.7	28.1	19.8	13.9	6.7	28.4	35.0	7	46
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	75
MOIL	Buy	228	250	9	46.5	0.6	2.5	3.4	4.7	12.2	16.9	23.1	18.8	13.5	9.9	10.0	6.5	4.5	1.8	14.5	19.5	3	48
NALCO	Buy	92	116	26	168.5	2.0	15.4	13.4	16.6	8.4	7.3	9.0	10.9	12.6	10.2	6.0	5.1	4.2	1.2	9.9	12.5	6	28
NMDC	Buy	154	149	(3)	450.3	5.4	42.9	51.7	56.3	14.6	17.6	19.2	10.5	8.7	8.0	6.3	5.2	4.7	1.8	21.9	29.3	4	41
SAIL	Hold	83	94	14	342.4	4.1	17.4	48.4	49.7	4.2	11.7	12.0	19.7	7.1	6.9	8.3	5.3	5.1	0.6	8.6	9.1	-12	3
Tata Steel	Buy	117	149	28	1,425.1	17.1	86.5	113.6	168.6	7.1	9.3	13.8	16.5	12.5	8.4	6.7	6.3	4.9	1.2	10.4	10.7	-10	15
Venus Pipes	Buy	1,363	1,695	24	27.7	0.3	0.4	1.0	1.4	21.8	48.3	67.5	62.6	28.2	20.2	41.0	18.9	14.0	6.6	26.5	30.7	4	80
Vedanta	Buy	224	325	45	831.7	10.0	107.9	115.3	135.6	29.0	31.0	36.5	7.7	7.2	6.1	3.7	3.6	3.2	2.0	28.4	23.7	1	-25
OIL & GAS																							
BPCL	Buy	357	560	57	774.2	9.3	32.3	239.0	123.7	15.2	112.2	58.1	23.5	3.2	6.1	10.6	2.7	5.2	1.1	40.4	31.3	3	17
GAIL	Buy	118	133	13	773.2	9.3	53.0	87.5	90.7	8.0	13.1	13.6	14.8	9.0	8.6	13.8	7.4	6.9	1.3	15.0	14.5	5	29
Gujarat Gas	Buy	405	570	41	278.7	3.3	15.3	12.0	17.0	22.2	17.4	24.8	18.3	23.2	16.3	11.4	13.8	9.9	3.6	16.4	19.4	4	-22
HPCL	Buy	252	412	64	357.4	4.3	89.7	156.8	80.4	-63.2	110.5	56.7	-4.0	2.3	4.4	-12.9	3.1	4.8	0.9	45.3	23.7	-1	17
IGL	Buy	381	552	45	266.8	3.2	14.4	17.8	17.6	20.6	25.4	25.1	18.5	15.0	15.2	11.6	9.4	9.0	3.2	22.9	29.2	-16	-10
Indian Oil Corp	Buy	92	128	38	1,305.5	15.7	82.3	368.9	200.9	6.0	26.8	14.6	15.5	3.5	6.3	12.0	4.0	5.8	0.8	25.5	18.3	2	35
Mahanagar Gas	Buy	1,004	1,315	31	99.2	1.2	7.9	12.3	8.9	79.9	124.1	90.3	12.6	8.1	11.1	7.1	4.4	5.6	2.1	27.5	35.4	-2	15
Oil India	Buy	302	338	12	327.2	3.9	68.3	56.7	60.0	63.0	52.3	55.3	4.8	5.8	5.5	4.1	4.4	3.9	0.9	15.7	16.9	1	55
ONGC	Buy	187	226	21	2,348.7	28.2	457.6	425.5	466.0	36.4	33.8	37.0	5.1	5.5	5.0	3.1	3.0	2.5	0.8	15.7	18.4	-3	37
Petronet LNG	Buy	194	282	46	290.6	3.5	32.4	32.5	34.2	21.6	21.7	22.8	9.0	8.9	8.5	5.3	4.8	5.6	1.8	20.9	23.7	-19	5
Reliance Industries	Buy	2,297	2,904	26	15,544.3	186.7	740.9	804.2	986.7	98.6	105.7	121.3	23.3	21.7	18.9	12.6	11.2	9.5	1.8	9.5	8.7	-2	-1
PHARMA & HEALTHCARE																							
Alkem	Hold	3,723	3,496	(6)	445.1	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	13
Alembic Pharma	Hold	713	676	(5)	140.1	1.7	3.4	5.7	6.0	17.4	29.2	30.7	40.9	24.4	23.2	20.7	13.6	12.2	2.9	12.5	15.2	-9	16
CIPLA	Sell	1,201	967	(19)	969.8	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	4
Concord Biotech	Buy	1,143	1,339	17	119.5	1.4	2.4	3.6	4.4	22.9	34.2	42.1	49.8	33.4	27.1	34.4	23.7	18.9	7.8	25.3	32.5	5	
Dr Reddys	Sell	5,346	4,763	(11)	891.7	10.7	46.3	33.5	36.6	278.0	201.0	219.9	19.2	26.6	24.3	13.1	15.7	13.9	3.5	13.7	18.3	-4	17
IOL Chemicals	Buy	413	510	23	24.3	0.3	1.4	2.3	2.5	23.6	39.9	42.5	17.5	10.4	9.7	11.0	6.7	5.9	1.4	14.5	18.8	-13	14
JB Chemicals	Hold	1,400	1,194	(15)	217.0	2.6	4.1	5.7	6.8	26.5	36.8	44.2	52.9	38.0	31.7	31.6	23.8	20.1	3.7	21.1	24.1	-6	41
Dr Lal Pathlabs	Sell	2,381	1,432	(40)	198.7	2.4	2.4	3.3	4.0	28.7	39.5	47.7	83.1	60.3	49.9	39.8	33.5	28.0	51.9	18.4	22.2	6	-10
laurus Labs	Hold	359	301	(16)	193.3	2.3	7.9	2.9	6.0	14.7	5.4	11.1	24.5	66.2	32.2	13.4	22.9	14.9	4.5	7.0	9.1	9	-25
Lupin	Buy	1,133	1,220	8	515.7	6.2	4.3	14.9	24.6	9.5	32.7	54.0	119.8	34.6	21.0	30.3	17.5	11.9	3.8	11.4	13.2	-3	60
Mankind Pharma	Buy	1,744	2,100	20	698.5	8.4	12.8	18.2	22.3	32.0	45.3	55.7	54.5	38.5	31.3	36.0	26.4	21.3	7.7	22.0	27.6	3	
Metropolis Healthcare	Sell	1,417	1,087	(23)	72.6	0.9	1.4	1.5	1.9	27.9	29.8	36.2	50.8	47.5	39.1	25.7	22.7	19.6	6.6	14.6	18.4	-3	-19
Solara Active Pharma	Sell	298	303	2	10.7	0.1	-0.2	0.6	0.7	-6.2	18.0	20.2	48.4	16.5	14.7	15.5	7.2	6.3	0.7	4.2	7.0	-17	-31
Torrent Pharma	Buy	1,920	2,265	18	649.8	7.8	12.4	15.9	19.8	36.5	46.9	58.5	52.6	40.9	32.8	24.5	20.9	18.0	9.3	24.1	23.0	0	13
Zydus Life Science	Hold	575	585	2	582.4	7.0	24.0	24.0	27.5	23.7	23.7	27.1	24.3	24.3	21.2	15.3	15.5	13.6	3.0	13.0	15.1	6	32
REALTY																							
Arvind SmartSpaces	Buy	339	427	26	15.4	0.2	0.3	0.5	0.8	6.0	11.4	17.8	56.2	29.7	19.0	33.1	18.9	12.7	2.8	9.9	15.3	-2	30
Brigade Enterprise	Buy	622	700	13	143.6	1.7	1.7	3.6	5.4	7.4	15.8	23.3	84.6	39.4	26.7	17.8	13.5	11.4	19.9	10.6	11.5	10	25
Century Textile & Industries	Buy	1,080	1,319	22	120.6	1.4	1.4	5.0	5.6	12.3	45.2	49.9	87.6	23.9	21.6	24.5	13.5	12.1	2.8	12.3	13.1	-3	28
DLF	Buy	575	687	20	1,422.9	17.1	20.4	42.4	53.8	8.2	17.1	21.7	69.9	33.5	26.4	82.9	40.0	33.3	3.4	10.7	9.4	8	49
Godrej Properties	Hold	1,664	1,706	3	462.7	5.6	5.7	14.0	24.1	20.6	50.2	86.6	81.0	33.1	19.2	200.3	137.5	73.8	4.3	14.0	9.5	7	34
Kolte Patil	Buy	485	532	10	36.8	0.4	1.0	1.5	2.0	13.6	19.5	26.0	35.8	24.8	18.6	20.4	11.2	8.0	3.2	13.4	18.9	3	42
Macrotech Developers	Buy	804	835	4	775.3	9.3	16.6	18.9	30.3	34.5	19.7	31.4	23.3	40.9	25.6	41.0	27.5	18.6	5.2	13.7	14.1	1	63
Nexus Select Trust	Buy	127	131	4	191.9	2.3	6.3	8.5	9.9	303.0	5.6	6.5	0.4	22.6	19.4	17.3	14.7	13.6	1.1	8.9	9.3	2	
Oberoi Realty	Hold	1,165	1,069	(8)	423.5	5.1	19.0	26.4	28.0	52.4	72.7	77.0	22.2	16.0	15.1	21.5	13.6	12.6	2.9	19.5	18.5	1	27
Phoenix	Buy	1,895	1,906	1	338.5	4.1	7.3	10.9	1														

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	84	93	11	111.5	1.3	14.0	17.3	18.0	10.5	13.1	13.6	8.0	6.4	6.2	10.6	6.2	6.0	1.0	11.2	10.1	-7	10
COAL India	Buy	307	340	11	1,889.8	22.7	281.2	216.1	211.1	45.3	34.8	34.0	6.8	8.8	9.0	6.3	7.9	7.3	2.8	34.7	17.3	4	25
Indian Energy Exchange	Sell	125	103	(17)	111.3	1.3	2.9	3.5	3.8	3.2	3.9	4.2	38.5	31.9	29.6	33.0	26.9	24.4	11.7	40.6	41.1	-6	-13
JSW Energy	Buy	377	488	29	620.0	7.4	13.4	19.1	25.5	8.1	11.6	15.5	46.3	32.5	24.3	23.4	13.1	10.8	3.1	9.8	7.2	-14	12
NHPC	Buy	50	67	34	497.2	6.0	47.8	41.6	49.0	4.2	4.1	4.8	11.9	12.2	10.4	11.8	12.6	9.9	1.3	10.9	4.8	6	19
NTPC	Buy	233	274	18	2,255.4	27.1	177.9	181.4	187.6	18.3	18.7	19.3	12.7	12.4	12.0	9.5	9.3	8.9	1.5	12.6	9.5	5	29
Power Grid	Buy	201	226	12	1,869.0	22.5	150.8	151.3	180.1	16.3	16.3	19.4	12.4	12.3	10.4	7.8	8.0	7.2	2.1	17.6	10.7	1	15
PTC India	Buy	137	186	36	40.6	0.5	3.2	4.0	4.2	10.8	13.3	14.3	12.7	10.3	9.6	6.6	4.9	4.5	1.0	9.4	13.2	3	91
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	103
Torrent Power	Hold	719	608	(15)	345.5	4.2	21.8	22.9	24.0	45.3	47.7	49.8	15.9	15.1	14.4	9.9	8.6	8.3	2.7	19.4	16.2	-3	46
Tata Power	Buy	237	275	16	757.0	9.1	38.1	28.1	25.5	11.9	8.8	8.0	19.9	27.0	29.6	16.8	10.8	10.3	2.5	13.2	8.1	-10	3
MIDCAPS - OTHER																							
CCL Products	Buy	609	790	30	81.1	1.0	2.7	3.3	4.2	20.2	25.0	31.4	30.1	24.4	19.4	22.4	18.2	14.5	4.7	20.7	15.8	-6	21
EPL Ltd.	Buy	186	240	29	59.3	0.7	2.3	2.8	3.8	7.2	8.8	11.9	26.0	21.2	15.7	11.1	8.6	7.1	2.8	13.6	15.9	0	22
Ganesha Ecosphere	Buy	856	1,420	66	18.7	0.2	0.7	0.7	1.5	34.2	31.6	70.9	25.1	27.1	12.1	17.5	13.6	8.4	2.7	10.3	10.8	-13	2
Gravita India	BUY	1,062	1,250	18	73.3	0.9	2.1	2.3	3.0	29.9	33.0	43.7	35.5	32.2	24.3	29.4	23.5	17.3	9.3	33.0	27.9	17	197
Indian Hotels	Hold	389	400	3	552.7	6.6	10.0	12.1	14.2	7.0	8.5	10.0	55.3	45.6	38.9	31.4	26.4	22.9	6.2	14.3	14.7	-5	14
Chalet Hotels	Buy	558	600	7	114.7	1.4	1.4	2.8	3.8	7.0	13.5	18.4	79.9	41.5	30.3	30.9	19.6	16.7	5.7	14.9	12.1	0	52
Mold-Tek Packaging	Buy	888	1,050	18	29.5	0.4	0.8	0.8	1.2	24.2	25.5	34.9	36.6	34.9	25.4	22.0	19.1	14.8	4.8	14.3	13.6	-3	-3
Raymond	Buy	1,713	2,303	34	114.0	1.4	6.4	17.2	7.6	95.6	259.1	114.9	17.9	6.6	14.9	11.0	10.0	9.0	2.5	46.1	21.8	-5	46
Solar Industries	Hold	5,521	4,140	(25)	499.6	6.0	7.6	7.7	9.3	83.7	84.9	103.3	66.0	65.0	53.5	39.5	37.8	31.6	15.2	26.0	28.9	15	39
Varun Beverages	Hold	918	820	(11)	1,193.0	14.3	15.0	20.4	25.2	11.5	15.7	19.4	79.7	58.5	47.3	44.0	33.3	27.7	17.3	34.0	29.8	-3	63

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	972	1,225	26	2,995.2	36.0	95.8	240.8	291.6	396.1	464.3	541.5	2.3	2.0	1.7	0.4	0.4	0.4	12.4	18.2	1.7	-6	13
Bank of Baroda	Buy	196	235	20	1,011.0	12.1	141.1	179.5	177.4	170.3	198.0	225.4	1.1	1.0	0.9	0.9	0.9	0.8	5.6	18.8	1.2	-9	33
Canara Bank	Buy	383	450	17	695.4	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	137	170	24	101.7	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	8	-26
DCB Bank	Buy	113	150	33	35.3	0.4	4.7	5.2	6.2	137.0	151.8	169.5	0.8	0.7	0.7	1.0	1.3	1.1	6.8	11.5	0.9	-9	5
Equitas SFB	Hold	95	105	11	106.3	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	13.0	14.9	2.0	6	91
Federal Bank	Buy	141	170	21	340.8	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	-5	5
HDFC Bank^	Buy	1,475	1,975	34	11,189.7	134.4	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	-3
ICICI Bank	Buy	914	1,225	34	6,403.7	76.9	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	1,433	1,725	20	1,113.2	13.4	73.9	90.4	103.7	700.1	794.9	902.1	2.0	1.8	1.6	0.6	0.5	0.5	12.3	15.6	1.8	0	26
Karur Vysya Bank	Buy	148	175	18	118.2	1.4	11.1	13.9	14.2	107.0	122.3	137.7	1.4	1.2	1.1	0.7	0.5	0.7	8.5	15.1	1.4	11	51
Kotak Mahindra Bank	Buy	1,724	2,250	30	3,427.2	41.2	109.4	128.1	139.4	401.5	463.6	531.1	3.2	2.7	2.2	0.4	0.4	0.5	26.7	14.9	2.4	-1	-10
Punjab National Bank	Hold	73	80	10	802.7	9.6	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	86
State Bank of India	Buy	566	700	24	5,054.9	60.7	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	-5	-1
South Indian Bank	Hold	24	25	4	50.5	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	5.5	13.6	0.8	-11	76
Ujjivan Small Bank	Buy	52	62	18	102.1	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	110
Union Bank of India	Buy	103	125	21	765.3	9.2	84.3	132.5	132.0	106.0	117.0	129.8	1.0	0.9	0.8	1.7	1.6	1.6	5.8	16.6	1.0	-3	99

*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	FY24
Insurance																							
HDFC Life Insurance	Buy	620	780	26	1,333.1	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	515	660	28	742.1	8.9	27.7	28.6	32.1	248.1	297.6	342.2	2.1	1.7	1.5	14.9	11.9	8.6	16.5	-9	0		
LIC of India	Hold	600	720	20	3,795.0	45.6	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	-8	-3		
Max Life Insurance*	Buy	884	1,140	29	305.0	3.7	19.5	19.8	23.1	84.8	103.5	123.2	2.9	2.4	2.0	16.1	14.1	10.4	20.6	-3	22		
SBI Life Insurance	Buy	1,336	1,630	22	1,337.5	16.1	50.7	56.3	64.9	460.3	557.2	663.0	2.9	2.4	2.0	16.6	13.3	9.9	20.4	2	5		

*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
			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 Dhanuka Agritech Dilip Buildcon JB Chemicals & Pharma Jyothy Labs Mold-Tek Packaging Power Grid Corp Prestige Estates Projects Prince Pipes & Fittings Shree Cement Trent Zydus Lifesciences	Ashoka Buildcon 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 IRCON International 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
Grasim Industries	NMDC					
20 Nov	21 Nov	22 Nov	23 Nov	24 Nov	25 Nov	26 Nov
27 Nov	28 Nov	29 Nov	30 Nov			

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