

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	74,671	1.3	3.4
Nifty-50	22,643	1.0	4.2
Nifty-M 100	50,834	0.4	10.1
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,117	0.3	7.3
Nasdaq	15,983	0.3	6.5
FTSE 100	8,147	0.1	5.4
DAX	18,119	-0.2	8.2
Hang Seng	6,283	0.2	8.9
Nikkei 225	37,935	0.0	13.4
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	89	0.0	15.2
Gold (\$/OZ)	2,341	0.1	13.5
Cu (US\$/MT)	9,965	1.1	17.7
Almn (US\$/MT)	2,590	2.0	10.4
Currency	Close	Chg .%	CYTD.%
USD/INR	83.5	0.2	0.3
USD/EUR	1.1	0.2	-2.9
USD/JPY	155.9	-1.5	10.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.2	0.01	0.0
10 Yrs AAA Corp	7.6	0.00	-0.2
Flows (USD b)	29-Apr	MTD	CYTD
FII	0.0	7.04	0.0
DII	0.08	1.64	18.2
Volumes (INRb)	29-Apr	MTD*	YTD*
Cash	1,190	1126	1180
F&O	2,61,025	3,43,390	3,85,148

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Trent: Stellar performance continues

- ❖ TRENT reported strong standalone revenue growth of 53% (in line) in 4QFY24, led by 10% LFL and 37% YoY store additions. Robust revenue growth, along with GM improvement and operating leverage, resulted in 2.3x/2.4x YoY growth in EBITDA/PAT (11%/31% beat).
- ❖ TRENT's strong performance with 10% LFL growth and robust footprint additions is an outlier in olur retail coverage universe, which is facing a challenging demand environment. Unlike peers that passed on the sharp RM price increases last fiscal, TRENT absorbed the impact, seeing strong customer reception, and is now reaping the benefits as RM prices turn benign.
- ❖ TRENT's industry-leading revenue growth, driven by: a) healthy SSSG and productivity, b) robust footprint additions, and c) healthy scale-up in Zudio, offers a huge runway for growth over the next three to five years.



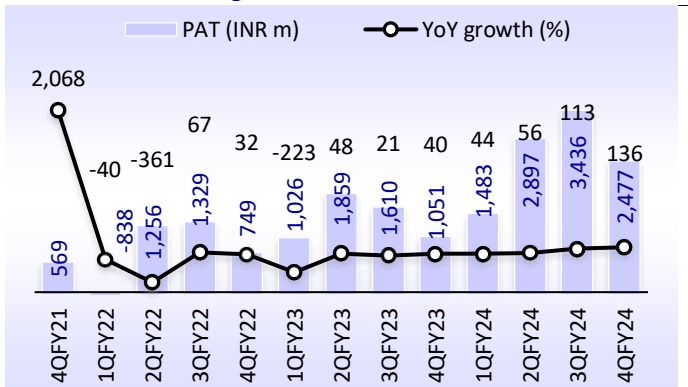
Research covered

Cos/Sector	Key Highlights
Trent	Stellar performance continues
UltraTech Cement	Resilient performance amid pricing pressure
L&T Finance	Earnings miss due to provisions on SRs; NIM improved QoQ
Poonawalla Fincorp	Operating profit in line; earnings beat due to lower tax rate
Coromandel International	Subdued demand hurts performance
Other Updates	Tata Chemicals PNB Housing Mahindra Lifespaces Craftsman Automation Spandana Sphoorty Mahindra & Mahindra Can Fin Homes Shoppers Stop



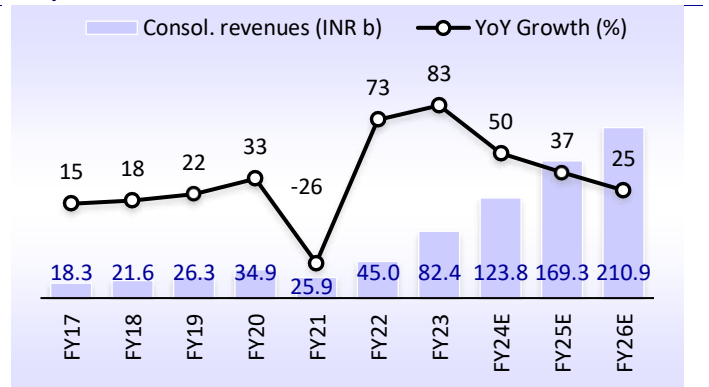
Chart of the Day: Trent (Stellar performance continues)

Standalone PAT surged 2.4x YoY



Source: MOFSL, Company

Expect 32% consol. revenue CAGR over FY24-26



Source: MOFSL, Company

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

M&M wants to be among top 2 players in compact SUV section in next three years

Mahindra & Mahindra Ltd aims to secure a top-two position in the compact SUV segment within the next three years, targeting significant growth in SUV volumes, particularly in the mid-to-high teens range.

2

Telecom industry seeks ban on sale of WiFi 6E routers in India

The Cellular Operators Association of India (COAI) has urged the government to ban the sale of wifi 6E routers that utilize the 6 GHz spectrum band for data transmission, as the government has not yet decided on the use of these frequencies.

3

Travel, tourism sector expected to add 5.82 cr jobs in India by 2033: NLB Services

The travel and tourism sector is poised for significant growth, expected to create 5.82 crore jobs in India by 2033. Despite challenges, the sector saw a quick recovery post-pandemic. In 2020, it accounted for 39 million jobs, constituting 8% of the nation's workforce.

4

Cola, beverage & dairy firms eye 25% growth this summer

Parle Agro, ITC Foods, Mother Dairy & Rasna bet on low-unit packs to increase volume growth.

5

Boeing gets orders almost eight times its \$10 billion bond sale

Boeing Co. is raising \$10 billion in maturities ranging from three to 40 years`

6

Manipal Hospitals acquires 87% stake in Kolkata's Medica Synergie

The latest acquisition will see the Karnataka-based hospital chain increase its bed count from 9,500 currently to more than 10,500, making it the largest healthcare group in the country, it said in a statement.

7

Realtors retool pricing strategies amid rising cost of construction

The higher costs in Mumbai can be attributed to the increased prices of essential construction materials like cement, reinforced steel, structural steel, and stones



Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR4,314 TP: INR4,870 (+13%) BUY

Bloomberg	TRENT IN
Equity Shares (m)	355
M.Cap.(INRb)/(USDb)	1533.6 / 18.4
52-Week Range (INR)	4515 / 1368
1, 6, 12 Rel. Per (%)	8/84/190
12M Avg Val (INR M)	2050

Stellar performance continues

- TRENT reported strong standalone revenue growth of 53% (in line) in 4QFY24, led by 10% LFL and 37% YoY store additions. Robust revenue growth, along with GM improvement and operating leverage, resulted in 2.3x/2.4x YoY growth in EBITDA/PAT (11%/31% beat).
- Considering strong revenue growth, aggressive store additions, margin tailwinds from moderating RM costs, and operating leverage, we estimate a CAGR of 32%/38% in revenue/PAT over FY24-26. The continued momentum in Star and improving store metrics offer further upside potential. **We reiterate our BUY rating with a revised TP of INR4,870**, given TRENT's strong growth opportunity going forward.

Financials & Valuations Consol (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	123.8	169.3	210.9
EBITDA	19.2	25.3	31.7
NP	10.4	13.3	17.1
EBITDA Margin (%)	15.5	14.9	15.0
Adj. EPS (INR)	29.4	37.3	48.1
EPS Gr. (%)	163.7	27.0	29.0
BV/Sh. (INR)	122.4	162.3	213.8

Ratios

Net D:E	0.0	0.3	0.2
RoE (%)	31.3	28.0	27.4
RoCE (%)	18.0	23.4	22.1
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	148.0	116.5	90.3
EV/EBITDA (x)	80.4	61.7	49.3
EV/Sales (x)	12.6	9.3	7.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.6	0.5	1.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	37.0	37.0	37.0
DII	13.9	14.8	16.1
FII	26.8	25.9	24.4
Others	22.3	22.3	22.4

FII Includes depository receipts

Strong LFL growth and GM margin expansion boost earnings

- Standalone revenue jumped 53% YoY to INR31.9b (in line), led by 37% YoY store addition and +10% LFL growth in fashion concepts.
 - Westside revenue (calc.) grew 27% YoY to ~INR13.3b, led by 10% LFL growth and 8% YoY store adds. TRENT added net five stores, taking the total count to 232 stores.
 - Zudio revenue (calc.) grew 81% YoY to ~INR18.5b, led by robust footprint addition of 55% YoY. The company added net 85 stores, taking the total count to 545 stores.
 - Star revenue jumped 30% YoY to INR7.4b, driven entirely by LFL. It closed net one store, taking the count to 66 stores.
- Gross profit grew 70% YoY to INR14.4b (8% beat) and margin expanded 450bp YoY to 45.3%, possibly due to RM cool-off.
- EBITDA grew 2.3x YoY to INR4.8b (11% beat), led by GM improvement and operating leverage in other expenses. Margins rose 480bp YoY to 15.0% (180bp beat).
- Pre-Ind AS EBITDA (calc.) surged 3.2x to ~INR3.4b with margins expansion of 550bp to ~10.6%.
- Adjusting extraordinary gains (INR5.4b), PAT grew 2.4x YoY to INR2.5b (31% beat), led by strong SSSG, aggressive footprint growth, RM tailwind and operating leverage.
 - For FY24, Revenue/EBITDA/PAT grew 55%/72%/86% YoY.
 - For FY24, OCF grew 2x YoY to INR11b led by EBITDA growth. Strong store addition led to capex up 78% YoY to INR3.8b. FCF post interest cost reported at INR4b (vs INR275m outflow in FY23).
 - This resulted in increase in net cash to INR4.1b in FY24 vs INR370m in FY23

Highlights from the management commentary

- As per the management, standalone pre-Ind AS EBIT margin stood at 8.2% (vs. 13.0% QoQ/2.8% YoY).
- Fashion concept formats registered LFL growth of over 10% YoY in 4Q.

- The portfolio included 232 Westside, 545 Zudio and 34 stores across other lifestyle concepts. In FY24, it net added 18/193/10 stores for Westside/Zudio/other lifestyle concepts.
- Emerging categories, including beauty and personal care, innerwear, and footwear, contributed to over 20% of standalone revenue.

Valuation and view

- TRENT's strong performance with 10% LFL growth and robust footprint additions is an outlier in our retail coverage universe, which is facing a challenging demand environment. Unlike peers that passed on the sharp RM price increases last fiscal, TRENT absorbed the impact, seeing strong customer reception and is now reaping the benefits as RM prices turn benign.
- TRENT's industry-leading revenue growth, driven by: a) healthy SSSG and productivity, b) robust footprint additions, and c) healthy scale-up in Zudio, offers a huge runway for growth over the next three to five years.
- The company's grocery segment, Star, with merely 66 stores and FY24 revenue of INR27.5b, is seeing strong LFL growth. This presents a huge opportunity for growth for TRENT. Its own brand strategy and curated range are witnessing strong customer responses.
- We have broadly kept revenue and EBITDA estimates unchanged; however, owing to the reassessment of lease liability, we have raised our standalone PAT estimates by 9%/7% for FY25/FY26. Over FY24-26, we factor in a CAGR of 32%/30%/38% in standalone revenue/EBITDA/PAT, led by a strong 20% YoY footprint addition and healthy SSSG.
- We assign 50x EV/EBITDA to the standalone business (Westside and Zudio; premium over our retail coverage universe, given its superior growth), 2x EV/sales to Star Bazaar, and 15x EV/EBITDA to Zara on FY26E, and arrive at our TP of INR4,870. Adjusting Star and Zara value, the stock is trading at 75x FY26E EPS of the standalone business. **We reiterate our BUY rating on the stock.**

Standalone - Quarterly Earning Model

Y/E March	FY23				FY24E				FY23	FY24	FY24E	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		(%)
Revenue	16,529	18,136	21,715	20,772	25,364	28,907	33,125	31,869	77,152	1,19,266	32,692	-3
YoY Change (%)	405.0	77.7	61.1	75.3	53.5	59.4	52.5	53.4	98.8	54.6	57.4	
Total Expenditure	13,488	15,461	18,359	18,652	21,708	24,299	26,893	27,097	65,959	99,996	28,394	-5
EBITDA	3,041	2,675	3,356	2,120	3,657	4,609	6,232	4,773	11,193	19,269	4,297	11
EBITDA Margin (%)	18.4	14.8	15.5	10.2	14.4	15.9	18.8	15.0	14.5	16.2	13.1	
Depreciation	1,202	1,043	1,106	1,281	1,335	1,448	1,575	2,027	4,632	6,385	1,678	21
Interest	925	880	885	883	891	923	957	322	3,572	3,094	1,019	-68
Other Income	415	1,680	730	1,291	498	1,511	768	733	4,117	3,509	929	-21
PBT before EO expense	1,330	2,432	2,095	1,248	1,928	3,748	4,467	3,157	7,105	13,300	2,529	25
Extra-Ord expense	0	0	0	0	0	0	0	5,434	0	5,434	0	
PBT	1,330	2,432	2,095	1,248	1,928	3,748	4,467	8,591	7,105	18,733	2,529	240
Tax	303	574	486	197	445	851	1,031	2,048	1,559	4,375	632	
Reported PAT	1,026	1,859	1,610	1,051	1,483	2,897	3,436	6,543	5,546	14,358	1,897	245
Adj PAT	1,026	1,859	1,610	1,051	1,483	2,897	3,436	2,477	5,546	10,194	1,897	31
YoY Change (%)	-222.5	37.1	21.1	40.2	44.5	55.9	113.5	135.6	113.5	83.8	80.4	



UltraTech Cement

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR9,962 TP: INR11,500 (+15%) Buy

Resilient performance amid pricing pressure

Cost savings of INR200-300/t likely over the next three years

Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	2876.7 / 34.5
52-Week Range (INR)	10526 / 7434
1, 6, 12 Rel. Per (%)	1/2/7
12M Avg Val (INR M)	2937

Financial Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	709	754	847
EBITDA	130	148	175
Adj. PAT	71	83	100
EBITDA Margin (%)	18	20	21
Adj. EPS (INR)	244	288	345
EPS Gr. (%)	39	18	20
BV/Sh. (INR)	2,086	2,329	2,620

- UltraTech Cement (UTCEM)'s 4QFY24 operating performance was above our estimates (9% beat on EBITDA), primarily fueled by lower-than-estimated Opex/t. EBITDA stood at INR41.1b (est. INR37.6b), and EBITDA/t came in at INR1,173 (est. INR1,069). Adj. PAT stood at INR23.1b (est. INR20.6b).
- Management expects cement demand to grow ~7-9% YoY in FY25 after a 9.5% growth in FY24. It expects fuel consumption costs to drop to USD130/t over the next three quarters from USD150/t currently. It anticipates Opex to continue declining, and savings should be around INR200-300/t over the next three years driven by higher blending ratio, higher usage of WHRS and renewable energy, alternate fuel, and a reduction in lead distance.
- We largely maintain our estimates and reiterate our **BUY** rating on the stock, given its: a) leadership position in the industry, b) robust expansion plans without leveraging the balance sheet, and c) structural cost improvement measures. We value UTCEM at 18x FY26E EV/EBITDA to arrive at our TP of INR11,500.

Ratios	FY24	FY25E	FY26E
Net D:E	0.0	(0.0)	(0.1)
RoE (%)	12.3	13.1	14.0
RoCE (%)	11.5	12.3	13.2
Payout (%)	28.6	15.6	15.9

Valuations	FY24	FY25E	FY26E
P/E (x)	40.8	34.6	28.8
P/BV (x)	4.8	4.3	3.8
EV/EBITDA(x)	22.3	19.3	16.1
EV/ton (USD)	246	218	199
Div. Yield (%)	0.7	0.5	0.6
FCF Yield (%)	0.7	1.6	2.3

Sales volume rises 11% YoY; OPM expands 2.3pp YoY to ~20%

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	60.0	60.0	60.0
DII	14.3	13.8	17.1
FII	18.4	18.9	15.4
Others	7.3	7.3	7.5

FII Includes depository receipts

- UTCEM's consolidated revenue/EBITDA/PAT stood at INR204b/INR41.1b/INR23.1b (up 9%/up 24%/up 39% YoY and in line/up 9%/up 12% vs. our estimates). Consolidated sales volume grew 11% YoY to 35.1mt. RMC/white cement revenue grew 37%/8% YoY during the quarter.
- Grey cement realization declined 4% YoY and 6% QoQ (~1% below estimate). Blended realization declined 1% YoY (in line with our estimates as lower grey cement realization was offset by higher-than-estimated RMC/white cement revenue). Opex/t was down 4% YoY (~2% below our estimate), led by an 8% decline in variable costs. Freight cost/t was flat YoY, while other expense/t was up 5%. EBITDA/t was up 12% YoY to INR1,173 and OPM surged 2.3pp YoY to 20% in 4QFY24. Depreciation/interest expenses rose 7%/36% YoY and other income grew 12% YoY. PAT (adjusted for INR720m of stamp duty on business combination) grew 39% YoY to INR23.1b.
- In FY24, UTCEM's revenue was up 12% YoY to INR709b, led by ~13% volume growth and ~1% decline in realization. EBITDA grew ~22% YoY to INR130b and OPM jumped 150bp to 18.3%. EBITDA/t was up 8% YoY to INR1,089. Adj. PAT grew 39% YoY to INR70.6b.

Highlights from the management commentary

- Management expects the industry to see high-single-digit growth (~7-9% YoY in FY25). UTCEM will grow ahead of the industry and expects to add ~15-17mtpa capacity in FY25. Cement price to remain stable or improve in FY25.
- The average fuel cost was INR2.03/kcal and should continue to come down in FY25. It has some high price contracts that will get exhausted by Dec'24.
- Capex is pegged at INR95b in FY25. It received single window clearance for expansion in the Northeast and has started due diligence of identified mines. Clarity on its Northeast plan will be shared within FY25.

Valuation and view

- We estimate consolidated volume CAGR at ~9% over FY24-26 and EBITDA/t to be at INR1,150/INR1,240 in FY25/FY26 (vs. INR1,005/INR1,089 in FY23/FY24).
- The stock trades at 19x/16x FY25E/FY26E EV/EBITDA (vs. its long-term average EV/EBITDA of 16x). The company's improving earnings, return ratios, strong balance sheet, and leadership position in the industry warrant higher multiples. We value UTCEM at 18x FY26E EV/EBITDA to arrive at our TP of INR11,500. We reiterate our **BUY** rating on the stock.

Consolidated quarterly performance

(INR b)

	FY23				FY24				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		
Net sales	151.6	138.9	155.2	186.6	177.4	160.1	167.4	204.2	632.4	709.1	204.4	(0)
YoY change (%)	28.2	15.6	19.5	18.4	17.0	15.3	7.9	9.4	20.2	12.1	9.5	
Total expenditure	120.7	120.3	131.9	153.4	146.9	134.6	134.9	163.1	526.2	579.4	166.8	(2)
EBITDA	30.9	18.7	23.4	33.2	30.5	25.5	32.5	41.1	106.2	129.7	37.6	9
Margin (%)	20.4	13.4	15.0	17.8	17.2	15.9	19.4	20.1	16.8	18.3	18.4	173
Depreciation	7.0	7.1	7.2	7.6	7.5	8.0	7.8	8.1	28.9	31.5	7.9	3
Interest	2.2	2.0	2.2	1.9	2.1	2.3	2.6	2.6	8.2	9.7	2.8	(7)
Other income	1.1	1.5	1.3	1.2	1.7	1.7	1.4	1.4	5.0	6.2	1.2	14
PBT before EO expense	22.9	11.0	15.2	24.9	22.6	16.9	23.5	31.7	74.1	94.7	28.1	13
'Extra-Ord expense	-	-	-	-	-	-	-	0.72	-	0.72	-	
PBT after EO Expense	22.9	11.0	15.2	24.9	22.6	16.9	23.5	31.0	74.1	94.0	28.1	10
Tax	7.1	3.4	4.6	8.2	5.8	4.1	5.8	8.5	23.4	24.2	7.3	17
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	31.0	31.2	30.5	33.0	25.5	24.3	24.7	27.5	31.6	25.7	25.9	
Reported PAT	15.8	7.6	10.6	16.7	16.9	12.8	17.7	22.5	50.7	69.8	20.8	8
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.2	0.2	
Adj. PAT	15.9	7.6	10.6	16.7	16.9	12.8	17.8	23.1	50.7	70.6	20.6	12
YoY change (%)	-6.7	-42.5	-9.7	12.7	6.3	69.6	67.9	38.7	-10.6	39.2	23.7	

Key operating parameters

Income Statement (INR/t)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24	FY24	Var. (%)
											4QE	
Volume (mt)	25.0	23.1	25.9	31.7	30.0	26.7	27.3	35.1	105.7	119.0	35.2	(0)
Change (YoY %)	16.3	6.7	11.8	14.4	19.6	15.5	5.6	10.8	12.4	12.6	11.2	
Realization (including RMC)	6,056	6,014	6,002	5,893	5,920	5,999	6,127	5,821	5,983	5,957	5,804	0
Change (YoY %)	10.2	8.3	6.9	3.5	-2.2	-0.2	2.1	-1.2	6.9	-0.4	-1.5	
RM cost	912	873	868	1,001	983	935	972	1,086	919	1,000	960	13
Power and fuel	1,603	1,861	1,884	1,676	1,629	1,643	1,529	1,379	1,749	1,536	1,503	(8)
Staff cost	254	299	268	226	236	304	281	214	259	255	230	(7)
Freight and forwarding	1,314	1,318	1,345	1,325	1,369	1,316	1,325	1,325	1,325	1,334	1,380	(4)
Other expenditure	737	855	733	615	686	846	828	644	725	742	663	(3)
Total expenditure	4,820	5,206	5,099	4,844	4,903	5,044	4,936	4,648	4,978	4,867	4,736	(2)
EBITDA	1,236	808	903	1,049	1,018	956	1,191	1,173	1,005	1,089	1,069	10
YoY change (%)	(19.5)	(35.6)	(13.6)	(5.5)	(17.7)	18.3	31.9	11.8	(18.0)	8.4	1.9	

Sources: Company reports, MOFSL estimates



L&T Finance

Estimate changes

TP change

Rating change



CMP: INR169

TP: INR210 (+24%)

Buy

Earnings miss due to provisions on SRs; NIM improved QoQ

Retail loans grew ~31% YoY; asset quality improved

Bloomberg	LTF IN
Equity Shares (m)	2469
M.Cap.(INRb)/(USD\$b)	420.1 / 5
52-Week Range (INR)	179 / 91
1, 6, 12 Rel. Per (%)	5/4/57
12M Avg Val (INR M)	1260

Financials Snapshot (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
NII	75.4	90.9	112.9
PPOP	51.7	63.7	81.8
NP	23.2	29.2	38.8
EPS (INR)	9.3	11.7	15.6
EPS Gr. (%)	42.4	26.0	33.0
BV/Share	94	103	116

Ratios

NIM (%)	9.6	9.9	9.8
C/I ratio (%)	40.4	38.7	35.8
RoA (%)	2.2	2.5	2.7
RoE (%)	10.3	11.9	14.2
Payout (%)	26.9	26.0	22.5

Valuations

P/E (x)	18.0	14.3	10.8
P/BV (x)	1.8	1.6	1.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	65.9	65.9	66.1
DII	8.7	9.1	6.6
FII	11.1	10.7	11.4
Others	14.4	14.4	16.0

FII Includes depository receipts

- L&T Finance (LTF) reported a 4QFY24 PAT of INR5.5b (18% miss). PPOP grew ~7% YoY to INR13.6b (in line), while credit costs of ~INR6.7b translated into annualized credit costs of 3.2% (PQ: 2.5% and PY: 2.2%).
- Earnings miss was primarily because of additional provisions of ~INR1.75b on the Security Receipts (SRs). LTF now carries ~INR7.2b of additional provisions on the SRs (including ~INR5.5b from fair valuation of Loans).
- Consolidated RoA/RoE declined 35bp/180bp QoQ to ~2.2%/~9.5% in 4QFY24.
- Retail assets contributed ~94% to the loan mix (PQ: 81%). Retail loans grew ~31% YoY, led by healthy growth in MFI, 2W, Home loans, and SME. The company continued to calibrate growth in personal loans which was flat QoQ for the second consecutive quarter.
- The retail mix improved to ~94% in Mar'24 from 91% as in Dec'23. Management shared that the wholesale loan-book has further declined to ~INR44b in Apr'24 (vs. ~INR55b as on Mar'24). We model total loan growth of 26% and PAT CAGR of 35% over FY24-FY26E, with consolidated RoA/RoE of 2.7%/~14% in FY26E.
- A strong liability franchise, accelerated run-down in the wholesale loan book, and a well-capitalized balance sheet have helped LTF achieve its Lakshya 2026 targets much in advance. LTF has transformed itself into a retail franchise, which would lead to profitability improvement and RoA expansion. **Retain BUY with a TP of INR210 (based on 1.8x FY26E BVPS).**

Asset quality improved sequentially; provisioning coverage broadly stable

- Consol. GS3 declined ~6bp QoQ to ~3.15%, while NS3 remained stable at ~0.8%. PCR rose ~20bp QoQ to ~75.5%.
- Retail GS3 declined ~10bp QoQ to 2.8%, while Retail NS3 was stable at 0.6%.
- The management has guided for retail credit costs of 2.25%-2.5%. We model total credit costs (as % of average assets) of ~2.2%/2.1% in FY25/FY26.

Key highlights from the management commentary

- To minimize quarterly volatility and sequencing risk, LTF has created additional prudential provisions of ~INR7.2b on the SRs (including ~INR5.5b on account of fair value changes in Wholesale loan assets and additional provisions of INR1.75b routed through the P&L).

Valuation and view

- LTFH has invested in process automation, security, and customer journeys. This, along with partnerships with e-aggregators, should lead to stronger and sustainable retail loan growth. Over the past few quarters, the company has consistently delivered strong growth in its Retail loan book.
- We estimate a PAT CAGR of 35% over FY23-26 with consolidated RoA/RoE of 2.7%/~14% in FY26. We reiterate our **BUY rating on the stock with a TP of INR210 (based on 1.8x FY26E BVPS)**.

Quarterly performance													(INR M)
Y/E March	FY23				FY24				FY23	FY24	4QFY24E	v/s Est.	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Interest Income	29,466	30,862	33,216	32,107	31,165	31,685	33,063	33,226	1,25,651	1,29,139	34,667	-4	
Interest Expenses	14,132	14,385	15,007	14,449	13,638	13,249	13,534	13,351	57,972	53,772	14,275	-6	
Net Interest Income	15,334	16,477	18,209	17,658	17,527	18,436	19,529	19,875	67,679	75,367	20,392	-3	
Change YoY (%)	2.3	12.8	24.1	15.7	14.3	11.9	7.2	12.6	13.7	11.4	15.5		
Other Operating Income	1,318	1,090	1,109	53	1,068	453	2,277	3,492	3,569	6,667	2,647	32	
Net Operating Income	16,652	17,567	19,318	17,711	18,596	18,889	21,805	23,367	71,248	82,034	23,040	1	
Change YoY (%)	2.1	9.1	16.1	7.0	11.7	7.5	12.9	31.9	8.6	15.1	30.1		
Other income	1,474	1,193	585	2,016	1,535	2,682	473	56	5,268	4,745	525	-89	
Total Income	18,126	18,760	19,903	19,726	20,130	21,572	22,278	23,422	76,515	86,779	23,565	-1	
Change YoY (%)	7.1	10.8	11.0	11.1	11.1	15.0	11.9	18.7	10.0	13.4	19.5		
Operating Expenses	6,577	6,868	7,417	7,870	7,782	8,598	8,896	9,803	28,732	35,079	9,363	5	
Change YoY (%)	19.9	16.3	20.3	23.2	18.3	25.2	19.9	24.6	20.0	22.1	19.0		
Operating Profits	11,549	11,891	12,486	12,698	12,348	12,974	13,382	13,619	48,624	51,701	14,201	-4	
Change YoY (%)	0.9	7.9	6.2	11.8	6.9	9.1	7.2	7.3	6.7	6.3	11.8		
Provisions	7,989	5,765	6,417	5,232	5,212	5,000	5,142	6,679	25,404	21,410	4,775	40	
Profit before Tax	3,560	6,126	6,069	7,466	7,136	7,974	8,240	6,940	23,220	30,290	9,426	-26	
Tax Provisions	948	2,070	990	2,455	1,831	2,032	1,847	1,410	6,464	7,119	2,649	-47	
Profit after tax	2,612	4,056	4,538	5,011	5,305	5,942	6,394	5,530	16,216	23,171	6,777	-18	
Change YoY (%)	47	81	39	46	103	47	41	10	52	43	35		
Key Operating Parameters (%)													
Rep. Net Income (% of Avg Assets)	8.23	2.54	2.67	9.21	9.64	10.84	10.92	11.25					
Rep. Cost of funds (%)													
Cost to Income Ratio	7.27	7.33	7.54	7.71	7.77	7.79	7.81	7.82					
Rep Credit Cost	36.3	36.6	37.3	39.9	38.7	39.9	39.9	41.9					
Rep Credit Cost	3.63	2.54	2.67	2.24	2.33	2.58	2.52	3.23					
Tax Rate													
Balance Sheet Parameters	26.6	33.8	16.3	32.9	25.7	25.5	22.4	20.3					
Gross Customer Assets (INR B)													
Change YoY (%)	881	901	884	809	786	787	818	856					
Change YoY (%)	-0.4	3.6	3.4	-8.4	-10.8	-12.6	-7.5	5.8					
Borrowings (INR B)													
Change YoY (%)	818	853	862	830	754	766	760	765					
Change YoY (%)	-3.0	1.0	3.9	-2.5	-7.8	-10.3	-11.9	-7.8					
Customer Assets /Borrowings (%)	108	106	103	97	104	103	108	112					
Asset Quality Parameters (%)													
GS 3 (INR B)	35.6	35.9	37.2	38.3	31.7	25.8	26.3	27.0					
Gross Stage 3 (%)	4.1	4.0	4.2	4.7	4.0	3.3	3.2	3.2					
NS 3 (INR B)	15.9	16.2	14.9	11.8	9.1	6.3	6.5	6.6					
Net Stage 3 (%)	1.9	1.9	1.7	1.6	1.6	0.8	0.8	0.8					
PCR (%)	55.3	55.0	60.1	69.3	71.4	75.7	75.3	75.5					
Return Ratios (%)													
ROAA	1.0	1.6	1.7	1.9	2.1	2.4	2.5	2.2					
ROAE	5.2	8.0	8.4	9.4	9.4	10.8	11.4	9.5					

E: MOFSL Estimates



Poonawalla Fincorp

Estimate changes	↔
TP change	↓
Rating change	↔

CMP: INR489 **TP: INR570 (+17%)** **BUY**

Operating profit in line; earnings beat due to lower tax rate

NIM expands ~5bp QoQ; Strong AUM growth of ~55% YoY

Bloomberg	POONAWAL IN
Equity Shares (m)	768
M.Cap.(INRb)/(USDb)	378.7 / 4.5
52-Week Range (INR)	520 / 318
1, 6, 12 Rel. Per (%)	4/17/26
12M Avg Val (INR M)	1054

- Poonawalla Fincorp (PFL)'s 4QFY24 NII grew 48% YoY to ~INR5.6b (in line), while its PPOP surged 103% YoY to ~INR4.1b (in line). PFL's 4QFY24 PAT jumped 84% YoY/25% QoQ to ~INR3.3b (9% beat), while its FY24 normalized PAT grew 75% YoY to ~INR10.3b.
- Opex rose 12% YoY to ~INR2.3b (~9% above estimate), with the C/I ratio being broadly stable QoQ at ~36% (PY: ~51%). Provisions stood at INR240m (vs. estimated credit costs of ~INR180m).
- PFL is committed to boosting productivity through digitization and is preparing for growth by introducing new products such as co-branded credit cards (to be launched in the next 2-3 weeks).
- PFL has laid down a robust foundation for sustainable profitability through initiatives that will lead to lower operating costs (as a % of AUM), higher business volumes, and robust asset quality. We model a ~37%/39% CAGR for AUM/PAT over FY24-FY26 and expect PFL to deliver an RoA/RoE of ~4.9%/~19.4% in FY26. **Reiterate BUY with a TP of INR570 (premised on 4x FY26E BVPS).**

Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Income	22.0	30.8	40.2
PPOP	13.9	21.6	29.7
PAT	10.3	14.5	19.7
EPS (INR)	13.3	18.8	25.6
EPS Gr. (%)	72.2	40.8	36.4
BV/Share	106	122	142

Ratios

NIM on AUM (%)	9.5	9.2	9.3
C/I ratio (%)	36.7	30.0	26.1
RoAA (%)	4.9	4.9	4.9
RoE (%)	14.1	16.5	19.4

Valuations

P/E (X)	36.7	26.1	19.1
P/BV (X)	4.6	4.0	3.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	62.1	62.1	62.1
DII	5.8	5.6	6.1
FII	8.3	7.8	7.1
Others	23.8	24.6	24.6

FII Includes depository receipts

Healthy momentum in disbursements; AUM rises 55% YoY

- AUM grew 55% YoY and 14% QoQ to ~INR250b through market share gains in its existing product suite. Discontinued AUM (including legacy/DA) contributed ~6% to the AUM mix. The share of unsecured loans increased to ~51% of the AUM mix (PQ: ~48%)
- PFL reported 4QFY24 disbursements of INR96.9b, which grew 52% YoY. It continued to focus on accelerated customer acquisitions by constantly working on broadening the customer funnel through the digital model. This has been driving down the customer acquisition costs (CAC).

NIM expands 5bp QoQ despite a sequential rise in CoF

- Reported NIM rose ~5bp QoQ to ~11.1% (PQ: ~11%).
- The cost of borrowings (CoB) increased ~20bp QoQ to ~8.2%. With a credit rating of AAA/Stable and focus on NCDs and CPs for future borrowings, the management anticipates a decline in the cost of borrowings.
- We model NIMs of 9.2%/9.3% for FY25/FY26.

Highlights from the management commentary

- The company has received regulatory approval for credit cards and it will be launching the same within the next 2-3 weeks. It has partnered with IndusInd Bank for a co-branded credit card. PFL will be sourcing the credit cards and will receive one-time commissions. Revenue sharing will be as per the regulatory guidelines.
- The company will strive to maintain its long-term guidance of 35-40% AUM growth. PAT growth is likely to be ~30-35%. GNPA will be between 1.3% and 1.8%, while NNPA will be between 0.5% and 0.9%. The RoA will be between 4.0% and 4.5%.

Asset quality remains pristine

- Asset quality improved with GS3/NS3 at 1.2%/0.6% and the PCR on S3 loans rose ~2pp QoQ to ~49%.
- We model credit costs of 0.9%/1.0% over FY25/FY26.

Valuation and view

- Consumer and small business finance, the segments targeted by PFL, have a huge market opportunity. We believe that the company has levers to maintain its NIM of >9% over FY25-FY26E.
- Strong leadership teams across functions, realignment of customer and product segments, and focus on leveraging technology/analytics position PFL well to build scale and deliver superior risk-adjusted returns. We **Reiterate BUY with a TP of INR570 (premised on 4x FY26E BVPS)**.
- **Key downside risks:** a) inability to execute its articulated strategy despite a new management team and investments in technology and processes; and b) aggressive competitive landscape leading to pressure on spreads and margins and/or deterioration in asset quality.

Quarterly Performance

Y/E March	FY23				FY24E				FY23	FY24	4QFY24E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			v/s Est.	
Interest Income	3,857	4,179	4,605	5,529	6,560	6,901	7,144	8,436	18,265	28,996	7,941	6
Interest Expenses	1,187	1,441	1,593	1,732	2,348	2,155	2,237	2,811	5,953	9,503	2,575	9
Net Interest Income	2,670	2,738	3,012	3,798	4,212	4,746	4,907	5,625	12,312	19,493	5,366	5
YoY Growth (%)	26.3	12.0	23.6	52.0	77.8	73.3	62.9	48.1	29.7	58.3	41.3	
Other Income	434	627	588	282	563	539	594	782	1,931	2,478	735	
Total Income	3,103	3,365	3,600	4,080	4,775	5,285	5,501	6,407	14,243	21,970	6,101	5
YoY Growth (%)	34.6	25.1	33.2	41.7	70.3	57.1	52.8	57.0	34.6	54.3	49.5	
Operating Expenses	1,926	2,107	2,043	2,064	1,834	1,929	1,998	2,313	8,139	8,074	2,121	9
Operating Profit	1,178	1,257	1,558	2,016	2,941	3,356	3,502	4,094	6,104	13,897	3,980	3
YoY Growth (%)	16.8	2.8	35.6	75.0	185.0	167.0	124.8	103.1	34.7	127.7	97.4	
Provisions & Loan Losses	-164	-482	-452	-347	266	281	-65	239	-1,445	720	182	31
Profit before Tax	1,550	1,740	2,010	2,367	2,676	3,075	3,568	3,855	7,761	13,177	3,798	1
Exceptional items						6,560				6,560		
Tax Provisions	313	438	506	560	674	775	916	538	1,816	2,907	744	-28
PAT (excl. exceptional)	1,237	1,302	1,504	1,807	2,002	2,300	2,651	3,317	5,945	10,270	3,054	9
PAT (incl. exceptional)	1,237	1,302	1,504	1,807	2,002	8,861	2,651	3,317	5,945	16,830	3,054	9
YoY Growth (%)	148.2	75.8	87.5	102.7	86.0	76.7	76.3	83.6	102.8	72.8	69.0	
Key Parameters (Calc., %)												
Yield on loans	13.9	14.1	14.6	15.7	16.3	15.8	15.3	16.3	14.0	15.6		
Cost of funds	7.0	7.2	7.5	7.9	8.0	7.2	7.5	8.2	6.6	7.2		
Spread	6.9	6.9	7.1	7.8	8.3	8.6	7.8	8.1	7.4	8.4		
NIM on loans	9.7	9.2	9.6	10.8	10.4	10.9	10.5	10.9	8.8	9.5		
C/I ratio	62.1	62.6	56.7	50.6	38.4	36.5	36.3	36.1	57.1	36.7		
Credit cost	-0.1	-1.5	-1.3	-0.9	0.6	0.6	-0.1	0.4	-1.1	0.4		
Tax rate	20.2	25.2	25.2	23.6	25.2	17.7	25.7	13.9	23.4	22.1		
Balance Sheet Parameters												
Disbursements (INR b)	29.0	31.1	33.7	63.7	70.6	78.1	87.3	96.9	158	199		
Growth (%)	95.5	42.0	157.2	150.9	169.1	151.0	159.2	52.1	109.4	111.3		
AUM (INR b)	126	132	139	161	178	202	219	250	161	178		
Growth (%)	21.5	16.8	27.6	37.2	60.4	53.6	57.6	54.9	37.2	60.4		
AUM mix (%)												
Focused	81.9	88.3	91.4	94.1	96.3	89.0	91.7	94.1	94.1	96.3		
Discontinued (Legacy and DA)	18.1	11.7	8.6	5.9	3.7	11.0	8.3	5.9	5.9	3.7		
Asset Quality Parameters												
GS 3 (INR m)	3,270	2,240	2,230	2,250	2,450	2,660	2,750	2,680	2,250	2,450		
GS 3 (%)	2.7	1.8	1.7	1.4	1.4	1.4	1.3	1.2	1.4	1.4		
NS 3 (INR m)	1,340	1,180	1,170	1,210	1,310	1,400	1,450	1,360	1,210	1,310		
NS 3 (%)	1.1	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.8	0.8		
PCR (%)	59.0	47.3	47.5	46.2	46.5	47.4	47.3	49.3	46.2	46.5		

E: MOFSL estimates



Coromandel International

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1,204

TP: INR1,400 (+16%)

Buy

Subdued demand hurts performance

Operating performance beats our estimates

Bloomberg	CRIN IN
Equity Shares (m)	292
M.Cap.(INRb)/(USD\$b)	354.5 / 4.2
52-Week Range (INR)	1288 / 908
1, 6, 12 Rel. Per (%)	11/-7/2
12M Avg Val (INR M)	459

- Coromandel International (CRIN) reported a weak operating performance in 4QFY24, with EBIT declining 41% YoY. The weak performance was due to lower manufacturing volumes (down 10% YoY) and 26% YoY decline in EBIT in the fertilizer business. The crop protection business was also weak, with EBIT decreasing 32% YoY during the quarter.
- We broadly maintain our earnings estimates for FY25/26 and value the company at ~19x FY26E EPS to arrive at our TP of 1,400. **Reiterate BUY.**

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	220.6	228.9	246.4
EBITDA	24.0	27.3	30.4
PAT	16.4	19.2	21.5
EBITDA (%)	10.9	11.9	12.3
EPS (INR)	55.8	65.1	73.2
EPS Gr. (%)	-18.5	16.6	12.5
BV/Sh. (INR)	320.0	371.0	430.2

Ratios

Net D/E	-0.3	-0.3	-0.4
RoE (%)	19.0	18.8	18.3
RoCE (%)	20.8	20.2	19.5
Payout (%)	21.5	21.5	19.1

Valuations

P/E (x)	21.6	18.5	16.5
EV/EBITDA (x)	13.6	11.8	10.2
Div Yield (%)	1.0	1.2	1.2
FCF Yield (%)	2.4	2.0	4.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	57.3	57.3	57.4
DII	20.7	20.3	18.9
FII	7.3	7.7	9.4
Others	14.7	14.7	14.3

Subdued margins in fertilizer and crop protection drag earnings

- CRIN reported an overall revenue of INR39.1b (est. INR48.2b) in 4QFY24, down 29% YoY, due to lower subsidy realization and reduced volumes in the fertilizer business. Total manufacturing volumes (NPK+DAP) remained flat YoY at 539KMT, while total phosphate fertilizer manufacturing volumes (including SSP) dipped 10% YoY to 658KMT.
- Nutrient & other allied business revenue declined 31% YoY to INR33.7b, while crop protection business revenue declined 8% YoY to INR5.6b. The crop protection business performance was adversely affected by higher inventory in the global market.
- EBITDA declined 32% YoY to INR2.7b (est. INR2.4b). As per our calculations, manufacturing EBITDA/MT (including SSP) stood at INR2,890 (down 31% YoY); while the same for phosphate fertilizers (DAP and NPK) stood at INR3,252 (down 36% YoY).
- The EBIT margin for nutrient & other allied business expanded 50bp to 7.5%, while the margin dipped 390bp YoY to 11.2% for the crop protection business.
- Adj. PAT stood at INR1.6b (est. INR1.4b), down 35% YoY.
- For FY24, CRIN's revenue/EBITDA/Adj. PAT declined 26%/18%/18% to INR220.6b/INR24.0b/INR16.4b. Net cash stood at ~INR28.1b vs. ~INR14.1b in FY23.

Highlights from the management commentary

- **Guidance:** Management has guided for EBITDA/MT of ~INR4,500-5,000 in FY25. It has also guided for an overall capex of ~INR12-15b in FY25 across the fertilizer business (includes a new 650 TPD phosphoric acid plant and a 1,800 TPD sulphuric acid plant) as well as the crop protection business (MPP plant).
- Newer businesses such as Specialty Nutrition Division (SND), bio-products and retail stores business are expected to grow ~10-15% going forward. Further, profitability of these businesses is also likely to improve over time.
- **Dhaksha** has a strong order book of around INR2.5b from the Defense and Agriculture segments as of Mar'24, which is executable in 1HFY25. Its new facility at Chennai has a capacity to manufacture ~400 agricultural drones and ~50 drones for the logistics and defense sector per month.

Valuation and view

- The operating performance of the Fertilizer business is expected to remain subdued in 1HFY25, primarily due to the exceptional fertilizer business operating profit in 1HFY24, which is going to normalize in 1HFY25. However, the operating performance of the crop protection business is likely to improve from 1QFY25.
- We broadly maintain our earnings estimates for FY25/26 and value the company at ~19x FY26E EPS to arrive at our TP of 1,400. **Reiterate BUY.**

Quarterly Performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	%	
Net Sales	57,291	1,01,134	83,096	54,758	56,934	69,881	54,642	39,127	2,96,279	2,20,584	48,182	-19
YoY Change (%)	56.4	64.5	63.8	29.5	-0.6	-30.9	-34.2	-28.5	55.0	-25.5	-12.0	
Total Expenditure	50,437	90,564	75,290	50,726	49,842	59,294	51,063	36,397	2,67,017	1,96,596	45,736	
EBITDA	6,854	10,570	7,806	4,032	7,092	10,587	3,578	2,730	29,262	23,988	2,445	12
Margins (%)	12.0	10.5	9.4	7.4	12.5	15.2	6.5	7.0	9.9	10.9	5.1	
Depreciation	446	457	471	446	481	540	635	630	1,820	2,286	600	
Interest	266	542	568	524	405	462	381	617	1,900	1,866	340	
Other Income	536	311	396	469	445	448	585	835	1,711	2,314	450	
PBT before EO expense	6,678	9,881	7,163	3,531	6,651	10,033	3,147	2,319	27,253	22,150	1,955	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	6,678	9,881	7,163	3,531	6,651	10,033	3,147	2,319	27,253	22,150	1,955	
Tax	1,703	2,481	1,794	901	1,674	2,450	776	578	6,879	5,478	492	
Rate (%)	25.5	25.1	25.0	25.5	25.2	24.4	24.7	24.9	25.2	24.7	25.2	
Minority Interest & P/L of Asso. Cos.	-15	-6	100	166	36	15	61	138	245	250	108	
Reported PAT	4,991	7,406	5,269	2,464	4,940	7,569	2,310	1,603	20,129	16,422	1,355	
Adj PAT	4,991	7,406	5,269	2,464	4,940	7,569	2,310	1,603	20,129	16,422	1,355	18
YoY Change (%)	47.8	42.6	38.1	-15.0	-1.0	2.2	-56.2	-34.9	31.7	(18.4)	(45.0)	
Margins (%)	8.7	7.3	6.3	4.5	8.7	10.8	4.2	4.1	6.8	7.4	2.8	

Key Performance Indicators

Y/E March	FY23				FY24				FY23	FY24
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume Growth (%)	2.7	20.2	45.9	38.6	20.3	-20.8	-7.7	-19.5	26.4	20.3
Manufacturing (%)	-11.1	17.0	20.3	3.7	10.6	-8.2	-9.8	-9.6	8.2	10.6
Trading (%)	183.3	29.1	163.7	126.6	59.9	-53.0	-3.3	-31.0	97.4	59.9
Mfg EBITDA/MT (INR)	6,715	6,323	5,320	4,196	6,754	7,230	1,330	1,857	3,987	4,500
Cost Break-up										
RM Cost (% of sales)	75.3	81.4	80.5	77.4	74.1	73.2	79.1	72.1	79.2	74.1
Staff Cost (% of sales)	2.7	1.7	2.0	3.0	2.9	2.5	3.4	4.4	2.2	2.9
Freight Cost (% of sales)	4.3	3.0	4.0	4.6	5.3	4.3	5.6	6.4	3.8	5.3
Other Cost (% of sales)	5.7	3.5	4.1	7.7	5.2	4.7	5.3	10.2	4.8	5.2
Gross Margins (%)	24.7	18.6	19.5	22.6	25.9	26.8	20.9	27.9	20.8	25.9
EBITDA Margins (%)	12.0	10.5	9.4	7.4	12.5	15.2	6.5	7.0	9.9	12.5
EBIT Margins (%)	11.2	10.0	8.8	6.5	11.6	14.4	5.4	5.4	9.3	9.8



Tata Chemicals

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,100 TP: INR980 (-11%) Neutral

Operating performance hit by subdued soda ash prices

Operating performance misses our expectations

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	280.1 / 3.4
52-Week Range (INR)	1350 / 933
1, 6, 12 Rel. Per (%)	0/-4/-10
12M Avg Val (INR M)	1853

- Tata Chemicals (TTCH)'s 4QFY24 consolidated EBITDA declined 54% YoY, primarily due to a subdued operating performance across geographies with India/US/UK/Kenya reporting 26%/68%/72%/57% decline YoY.
- We broadly maintain our FY25/FY26 EBITDA estimates and **reiterate our Neutral rating with an SoTP-based TP of INR980.**

Adverse demand-supply scenario hurts soda ash prices

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	154.2	159.2	169.6
EBITDA	28.5	27.5	32.3
PAT	9.2	8.9	12.9
EBITDA (%)	18.5	17.2	19.0
EPS (INR)	36.1	34.9	50.4
EPS Gr. (%)	(60.5)	(3.5)	44.6
BV/Sh. (INR)	873	893	927

Ratios

Net D/E	0.2	0.2	0.1
RoE (%)	4.4	4.0	5.5
RoCE (%)	4.0	5.2	6.4

Valuations

P/E (x)	30.4	31.5	21.8
EV/EBITDA (x)	11.7	11.8	9.7
Div Yield (%)	1.4	1.4	1.5
FCF Yield (%)	3.4	5.7	6.9

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	38.0	38.0	38.0
DII	20.0	20.5	19.8
FII	13.8	14.1	14.6
Others	28.2	27.5	27.6

- TTCH reported overall revenue of INR34.8b (est. INR35.4b) in 4QFY24, down 21% YoY, due to lower realization YoY across regions. This led to an EBITDA margin contraction of 920bp YoY to 12.7% (est. 15.8%); while EBITDA stood at INR4.4b (est. INR5.6b), down 54% YoY. Adjusted net loss after tax was ~INR1b (est. adj. PAT of ~INR2.2b) vs. adjusted PAT of INR7.1b in 4QFY23.
- Factoring in the exceptional loss of INR9.63b due to the write down (one-time non-cash charge) of assets with respect to the UK (Lostock plant), the reported net loss stood at ~INR8.3b. The write-off was made on account of unfavorable market conditions, reduced demand for Soda Ash in Europe and the persistently low pricing outlook within the region.
- The Basic Chemistry Products business declined 21% YoY to INR30.1b. Operating loss for 4QFY24 stood at ~INR6.8b vs. EBIT of ~INR8.7b in 4QFY23. Specialty Products business declined 20% YoY to INR4.7b. Operating loss for 4QFY24 stood at ~INR390m vs. operating loss of ~INR930m in 4QFY23.
- For India, the standalone/TCNA/TCEHL/TCAHL/Rallis revenue declined 16%/21%/22%/30%/17% YoY to INR10.9b/INR13.1b/ INR5.5b/INR1.5b/INR4.4b. EBITDA margins for India Standalone/TCNA/TCEHL/TCAHL contracted 2.3pp/16.4pp/20.4pp/17pp YoY to 17.6%/11.2%/11.4%/26.7%, while for Rallis EBITDA margin stood at ~1.6% (vs. operating loss in 4QFY23).
- For FY24, TTCH's revenue/EBITDA/Adj. PAT declined 8%/26%/51% to INR154.2b/INR28.5b/INR9.2b.
- Gross/Net debt stood at ~INR55.6b/INR43.0b as of Mar'24 (vs. ~INR63b/INR39b as of Mar'23).

Highlights from the management commentary

- **Demand-Supply scenario:** Global demand is stable; however, the market remains cautious due to the ongoing geopolitical challenges, weak demand scenario in China, high interest rates, and a situation of oversupply (mostly in the EU market; ranging ~1.0-1.2MMT).
- **India business:** The new 230KTPA soda ash capacity will be commissioned in May'24, and is expected to reach the optimum capacity in ~90 days. TTCH has planned a 10-day shutdown in the Mithapur plant in 1QFY25. However, it is building on inventory so that the customers/orders do not get affected.
- **TCNA:** Management is expecting the US business to deliver healthy production and realization numbers going forward. It anticipates a positive development in 4QFY25, as the rest of the quarters are bound by contracts.

- Capex: The next phase of expansion of INR20b (includes increasing soda ash/Bicarb/Silica capacities by 30%/40%/5x) will be completed between FY25 and FY28. This includes the ongoing soda ash expansion of 300KTPA in Kenya and 400KTPA in the US, which is likely to be completed over the next couple of years.

Valuation and view

- There are certain short-term challenges in the soda ash demand-supply dynamics owing to weak demand in Western Europe, that result in suppliers (majorly from Turkey) exporting soda ash beyond Europe (impacting global prices adversely). However, the situation is expected to balance out in the medium term with the emergence of new applications, such as solar glass and lithium-ion batteries.
- We broadly maintain our FY25/FY26 EBITDA estimates and **reiterate our Neutral rating with an SoTP-based TP of INR980.**

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	39,950	42,390	41,480	44,070	42,180	39,980	37,300	34,750	1,67,890	1,54,210	35,426	-2
YoY Change (%)	34.2	40.2	32.0	26.6	5.6	-5.7	-10.1	-21.1	33.0	-8.1	-14.6	
Total Expenditure	29,800	33,190	32,260	34,420	31,750	31,790	31,880	30,320	1,29,670	1,25,740	29,841	
EBITDA	10,150	9,200	9,220	9,650	10,430	8,190	5,420	4,430	38,220	28,470	5,585	-21
Margins (%)	25.4	21.7	22.2	21.9	24.7	20.5	14.5	12.7	22.8	18.5	15.8	
Depreciation	2,130	2,180	2,270	2,340	2,290	2,340	2,460	2,710	8,920	9,800	2,500	
Interest	800	860	1,070	1,330	1,230	1,450	1,320	1,300	4,060	5,300	1,200	
Other Income	460	600	370	750	490	850	380	1,140	2,180	2,860	745	
PBT before EO expense	7,680	6,760	6,250	6,730	7,400	5,250	2,020	1,560	27,420	16,230	2,631	
Extra-Ord expense	40	50	70	20	-90	-1,020	0	9,630	180	8,520	0	
PBT	7,640	6,710	6,180	6,710	7,490	6,270	2,020	-8,070	27,240	7,710	2,631	
Tax	1,560	380	1,020	-80	1,710	1,200	680	220	2,880	3,810	645	
Rate (%)	20.4	5.7	16.5	-1.2	22.8	19.1	33.7	-2.7	10.6	49.4	24.5	
MI & Profit/Loss of Asso. Cos.	190	50	1,250	-300	550	790	-240	-20	1,190	1,080	-190	
Reported PAT	5,890	6,280	3,910	7,090	5,230	4,280	1,580	-8,270	23,170	2,820	2,176	
Adj PAT	5,920	6,318	3,963	7,105	5,163	3,515	1,580	-1,048	23,305	9,210	2,176	NA
YoY Change (%)	105.6	198.3	31.7	53.5	-12.8	-44.4	-60.1	-114.7	84.4	-60.5	-45.1	
Margins (%)	14.8	14.9	9.6	16.1	12.2	8.8	4.2	-3.0	13.9	6.0	6.1	



PNB Housing

Estimate changes



TP change



Rating change



Bloomberg	PNBHOU5I IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	208.5 / 2.5
52-Week Range (INR)	914 / 446
1, 6, 12 Rel. Per (%)	26/-10/55
12M Avg Val (INR M)	593

Financials Snapshot (INR b)

Y/E MARCH	FY24	FY26E	FY26E
NII	24.8	29.6	35.0
OP	21.3	25.7	31.6
NP	15.1	18.5	22.8
EPS (Rs)	58	71	88
EPS Gr. (%)	-6	23	23
BV/Share	577	648	724

Ratios

NIM (%)	4.1	4.2	4.2
C/I ratio (%)	24.0	23.6	22.6
RoE (%)	2.2	2.3	2.4
RoA (%)	11.6	11.7	12.8

Valuations

P/E (x)	13.8	11.2	9.1
P/BV (x)	1.4	1.2	1.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	28.1	28.1	32.5
DII	6.9	7.9	3.7
FII	25.0	24.7	24.3
Others	40.0	39.3	39.5

FII Includes depository receipts

CMP: INR801

TP: INR1,015 (+27%)

Buy

Strong earnings beat led by NIM expansion and benign credit costs

Expect better earnings predictability going ahead; asset quality improved

- PNBHF's 4QFY24 PAT grew ~57% YoY to ~INR4.4b (~20% beat), driven by NIM expansion of ~15bp QoQ. This NIM expansion, despite a sequential moderation in yields, was aided by 1) the absence of any one-offs unlike the previous quarter, and 2) stable CoB.
- NII rose ~7% YoY to ~INR6.2b due to a gradual shift in mix toward retail.
- 4QFY24 disbursements grew 24% YoY to ~INR55.8b (+35% QoQ). Retail disbursements grew 24% YoY to INR55.4b (+35% QoQ). Affordable segment contributed ~10% to retail disbursements in FY24. Total loan book grew ~10% YoY to ~INR653.6b. However, retail loans grew 14% YoY.
- The management shared it aims to improve yields by catering to Prime, Roshni and Emerging Market customer verticals and targets to bring down its CoB by engaging with banks for lower spreads on MCLR loans and effectively tapping debt markets on the back of a credit rating upgrade to AA+ from all its CRAs. PNBHF continued to guide for credit costs of ~30bp, excluding any recoveries from the written-off corporate and retail loans.
- We continue to believe in our thesis of a transformation in this franchise and the management's ability to deliver an improvement in the RoA profile predicated on a) visibility of healthy retail loan CAGR trajectory of 17%+ from FY25 onward, b) NIM improvement through levers on CoB, and c) normalization to steady-state credit costs of ~25bp (including write-backs from recoveries).
- We expect PNBHF to deliver a CAGR of 17%/23% in AUM/PAT over FY24-FY26 and ~2.4%/13% RoA/RoE in FY26. Maintain BUY with a revised TP of INR1,015 (based on 1.4x FY26E BVPS).

Valuation and view: Risk-reward attractive for a strengthening franchise; Maintain BUY

- PNBHF has levers for NIM improvement through a potential decline in borrowing costs. Asset quality improvement has made it eligible for NHB borrowings, and the credit rating upgrade to AA+ will provide it even better access to primary debt markets.
- The company trades at 1.1x FY26E P/BV, and we believe that risk-reward is favorable for a re-rating in the valuation multiple as investors re-gain confidence in the company's sustained execution in retail (across prime, emerging and affordable). Maintain BUY with a revised TP of INR1,015 (based on 1.4x Mar'26E BVPS). Key risks: a) inability to drive NIM expansion amid aggressive competition in mortgages, and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Quarterly performance

(INR M)

	FY23				FY24E				FY23	FY24	4Q FY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	12,987	15,975	17,136	15,892	16,669	17,029	16,795	16,929	61,991	67,422	17,188	-2
Interest Expenses	9,303	9,639	9,963	10,081	10,475	10,573	10,866	10,697	38,985	42,611	11,225	-5
Net Interest Income	3,684	6,337	7,173	5,812	6,194	6,456	5,929	6,232	23,006	24,811	5,963	5
YoY Growth (%)	-27.6	36.2	72.8	57.6	68.1	1.9	-17.3	7.2	30.9	7.8	2.6	
Other income	1,124	868	829	485	408	765	765	1,211	3,306	3,149	818	48
Total Income	4,808	7,205	8,002	6,297	6,602	7,221	6,694	7,443	26,311	27,960	6,781	10
YoY Growth (%)	-18.5	30.6	60.2	27.2	37.3	0.2	-16.3	18.2	23.2	6.3	7.7	
Operating Expenses	1,214	1,368	1,262	1,468	1,530	1,702	1,700	1,778	5,313	6,710	1,788	-1
YoY Growth (%)	5.4	15.4	8.5	16.7	26.0	24.4	34.7	21.1	11.6	26.3	21.7	
Operating Profits	3,594	5,837	6,740	4,828	5,072	5,519	4,994	5,665	20,998	21,250	4,993	13
YoY Growth (%)	-24.3	34.8	75.9	30.7	41.1	-5.4	-25.9	17.3	26.5	1.2	3.4	
Provisions	483	2,432	3,071	1,403	606	448	591	66	7,389	1,711	382	-83
Profit before Tax	3,111	3,404	3,669	3,425	4,467	5,071	4,403	5,598	13,609	19,539	4,611	21
Tax Provisions	761	778	978	632	994	1,241	1,019	1,206	3,149	4,459	939	28
Profit after tax	2,350	2,626	2,691	2,793	3,473	3,830	3,384	4,393	10,460	15,080	3,671	20
YoY Growth (%)	-3.4	11.7	42.8	64.7	47.8	45.8	25.8	57.3	25.0	44.2	31.5	
Key Operating Parameters (%)												
Rep. Yield on loans	8.46	9.57	10.65	10.43	10.59	10.58	10.19	10.08				
Rep. Cost of funds	7.21	7.32	7.55	7.76	7.97	7.99	8.07	7.98				
Spreads	1.25	2.25	3.10	2.67	2.62	2.59	2.12	2.10				
Net Interest Margins	2.36	4.14	4.68	3.74	3.86	3.95	3.49	3.65				
Cost to Income Ratio	25.3	19.0	15.8	23.3	23.2	23.6	25.4	23.9				
Credit Cost	0.34	1.69	2.12	0.96	0.40	0.30	0.38	0.04				
Tax Rate	24.5	22.9	26.6	18.5	22.2	24.5	23.1	21.5				
Balance Sheet Parameters												
Loans (INR B)	573	578	580	593	604	609	623	654				
Change YoY (%)	-5.2	-2.4	0.3	2.4	6.2	5.2	7.4	10.3				
AUM (INR B)	649	657	658	666	673	674	685	712				
Change YoY (%)	-9.7	-5.8	-2.7	1.0	4.0	2.6	4.3	6.9				
Borrowings (Ex Assgn.) (INR B)	518	523	525	537	527	536	531	551				
Change YoY (%)	-11.1	-5.9	-2.5	0.8	3.3	2.3	1.2	2.6				
Loans/Borrowings (%)	110.5	110.5	110.5	110.5	114.6	113.6	117.4	118.7				
Off BS loans/AUM (%)	11.7	12.0	11.7	11.0	10.4	9.7	9.1	8.3				
Debt/Equity (x)	5.1	5.0	4.9	4.9	3.8	3.8	3.7	3.7				
Asset Quality Parameters (%)												
GS 3 (INR Mn)	36,390	35,020	28,240	22,700	22,700	10,860	10,790	9,840				
Gross Stage 3 (% on loans)	6.35	6.06	4.87	3.83	3.76	1.78	1.73	1.51				
NS 3 (INR Mn)	24,400	20,770	18,350	16,170	15,430	7,170	7,080	6,160				
Net Stage 3 (% on loans)	4.35	3.68	3.22	2.76	2.59	1.19	1.14	0.95				
PCR (%)	32.9	40.7	35.0	28.8	32.0	34.0	34.4	37.4				

E: MOFSL Estimates



Mahindra Lifespaces

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR637 TP: INR600 (-6%) Neutral

Ends the year with strong performance

...however, low traction at existing projects in 4Q leads to miss in pre-sales

Bloomberg	MLIFE IN
Equity Shares (m)	155
M.Cap.(INRb)/(USDb)	98.8 / 1.2
52-Week Range (INR)	679 / 364
1, 6, 12 Rel. Per (%)	7/7/46
12M Avg Val (INR M)	198

- MLDL achieved the highest ever quarterly bookings of INR10.9b, up 3.0x/ 2.5x YoY/QoQ (28% miss on estimate), driven by a strong response to the Kandivali project in Mumbai. About 80% of the project’s launched inventory was sold. Bookings for FY24 stood at INR23.3b, up 28% YoY with 57% contributions from new launches.
- **IC&IC Segment** – In the IC segment, MLDL leased 29 acres across Jaipur and Chennai for INR1b. In FY24, the company leased 120 acres for INR3.7b, down 20% YoY. However, realization remained steady at INR29m/acre.
- **Cash flows** – The company collected INR4b during the quarter and spent INR2b on construction. In FY24, it generated surplus operating cash flows of INR6.7b. Net debt (Resi+IC&IC) increased to INR6.4b vs. INR3b in 3QFY24.
- **P&L performance** – In 4QFY24, MLDL’s revenue came in at INR143m, down 94%/83% YoY/QoQ. It reported an operating loss of INR0.2b. However, aided by higher other income on account of monetization of office in Delhi along with the completion of a plotted development JV project, PAT came in at INR0.7b.

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	2.1	4.0	4.9
EBITDA	-1.7	-1.0	-0.9
EBITDA (%)	NM	NM	NM
Net profit	1.0	1.2	1.0
EPS (INR)	6.3	7.7	6.3
EPS Growth (%)	111.6	21.2	-18.1
BV/Share (INR)	120.8	126.2	130.1

Ratios

Net D/E	0.4	0.2	0.3
RoE (%)	5.3	6.2	4.9
RoCE (%)	-3.2	-2.7	-2.4
Payout (%)	36.3	30.0	36.6

Valuations

P/E (x)	100.6	83.0	101.3
P/BV (x)	5.3	5.0	4.9
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	51.2	51.2	51.3
DII	22.3	23.2	19.4
FII	9.1	8.5	11.3
Others	17.5	17.1	18.0

Key highlights from the management commentary

- **New launches:** Toward the end of 4Q, the company had launched new projects in Bengaluru and Pune, along with subsequent phases at Citadel (Pune) and Green Estates (Chennai). The contribution from these projects will be reflected in 1QFY25. Additionally, the two redevelopment projects and the recently acquired small land parcel in Whitefield (Bengaluru) are also expected to be launched in FY25.
- **Capital Raise:** In order to increase the scale of business by 5x by FY28, the company needs to achieve INR450b worth of BD. While one-third of this is already tied-up in the existing pipeline, including the Thane project, the remaining pipeline is yet to be built, which would require INR70-75b capital commitment. This would be partly funded by accruals and debt headroom and for the balance amount, management is exploring multiple options to raise capital (either a platform deal or QIP).
- **IC & IC Segment:** At Pune, land acquisition is underway and the park would also require multiple approvals before the company can start monetizing it. Hence, the launch could be 18 months away. Management continues to wait for a large anchor deal at Origins, Ahmedabad. In the near term, the traction in this business would be driven by existing parks at Jaipur and Chennai.

Valuation and view: Growth priced in; maintain Neutral

- With the push-out of Thane project launch to FY26, we have revised our bookings estimate by -7%/17% for FY25E/FY26E. The company reported strong bookings growth of 28% in FY24, despite muted velocity at existing projects in 4Q. It is well poised to sustain the momentum, given the healthy project pipeline across all focused markets.

- We estimate the value of the existing pipeline at INR40b. Concurrently, at the CMP, the residential segment is valued at INR81b, in line with our DCF-based value of INR75b. This indicates that the near-term growth potential is already factored into the current price.
- **We reiterate our NEUTRAL stance on the stock with an unchanged TP of INR600, indicating a downside risk of 6%.**

Financial and Operational Performance

Y/E March	FY23				FY24				FY23	FY24	FY24E	Variance (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Income from Operations	946	698	1,869	2,554	980	178	820	143	6,066	2,121	905	-84
YoY Change (%)	-36.2	17.8	667.9	57.9	3.7	-74.5	-56.1	-94.4	54.1	-65.0	-64.6	
Total Expenditure	1,265	1,092	1,983	2,827	1,412	527	1,210	684	7,167	3,832	1,163	
EBITDA	-320	-394	-114	-274	-431	-349	-390	-541	-1,101	-1,711	-259	109
Margins (%)	-33.8	-56.4	-6.1	-10.7	-44.0	-196.5	-47.6	-378.6	-18.2	-80.7	-28.6	
Depreciation	24	32	34	31	30	31	38	38	122	137	36	
Interest	18	25	33	34	42	2	3	26	109	74	11	
Other Income	228	40	112	149	120	79	68	403	530	670	79	
PBT before EO expense	-134	-411	-69	-189	-383	-303	-364	-202	-803	-1,252	-226	-11
Extra-Ord expense	338	0	340	0	0	0	0	0	678	0	0	
PBT	204	-411	271	-189	-383	-303	-364	-202	-124	-1,252	-226	-11
Tax	76	-67	-14	34	-94	-108	-109	-129	28	-440	-72	
Rate (%)	37.0	16.4	-5.1	-17.9	24.4	35.7	30.1	63.8	-22.7	35.2	31.7	
MI & Profit/Loss of Asso. Cos.	625	266	48	229	247	6	754	788	1,167	1,790	113	
Reported PAT	754	-77	332	6	-43	-189	500	715	1,014	979	-42	NA
Adj PAT	541	-77	-8	6	-43	-189	500	715	461	983	-42	
YoY Change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margins (%)	57.2	-11.1	-0.4	0.2	-4.4	-106.5	61.0	500.2	7.6	46.3	-4.6	

E: MOFSL Estimates

Operational Performance												
Area sold (msf)	0.7	0.5	0.6	0.5	0.4	0.7	0.5	0.9	2.2	2.5	1.2	-32
Booking value (INR b)	6.0	4.0	4.5	3.6	3.5	4.6	4.4	10.9	18	23	15.1	-28
Avg Realization (INR)	9262	8489	7393	7367	8214	6691	8358	12776	8,167	9,391	12056	6

Source: Company, MOFSL

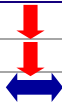


Craftsman Automation

Estimate changes

TP change

Rating change



Bloomberg	CRAFTSMA IN
Equity Shares (m)	21
M.Cap.(INRb)/(USDb)	93.5 / 1.1
52-Week Range (INR)	5514 / 3110
1, 6, 12 Rel. Per (%)	1/-24/17
12M Avg Val (INR M)	209

Consol. Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	44.5	50.5	58.9
EBITDA	8.8	10.1	12.0
Adj. PAT	3.0	3.7	4.9
EPS (INR)	144.2	174.5	230.6
EPS Gr. (%)	22.6	21.0	32.2
BV/Sh. (INR)	785	942	1,150
Ratios			
RoE (%)	20.1	20.2	22.0
RoCE (%)	15.2	14.9	16.5
Payout (%)	7.8	10.3	9.5
Valuations			
P/E (x)	30.7	25.3	19.2
P/BV (x)	5.6	4.7	3.8
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	-0.9	4.6	4.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	55.0	55.0	58.8
DII	16.0	17.2	16.6
FII	12.6	12.5	8.8
Others	16.5	15.3	15.9

FII Includes depository receipts

CMP: INR4,424

TP: INR5,305 (+20%)

Buy

Weak 4Q, gradual recovery likely from 1Q onwards

Encouraging traction seen in Aluminum and Industrial Engg. segments

- Craftsman Automation (CRAFTSMA) reported a weak 4QFY24, largely due to the subdued performance of the powertrain division, resulting in a lower Revenue/PAT of INR11.1b/INR0.62b (vs. est. of INR11.9b/ INR0.86b). However, aided by the strong order backlog in the AI and Industrial Engineering segments, we expect the company's performance to improve over our forecast period.
- To factor in the near-term slowdown in CVs and tractors, we cut our FY25E/26E EPS by 6%/5%. We estimate a CAGR of 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-26E, led by new order wins. Given its attractive valuation at 19x FY26E EPS, **we reiterate our BUY rating with a TP of INR5,305 (valued at 23x FY26E EPS).**

Powertrain segment drags overall performance

- CRAFTSMA's consol. revenue/EBITDA grew 13%/10% YoY to INR11.05b/ INR8.8b in 4QFY24 (vs. est. INR11.9b/INR2.4b), but adj. PAT declined 22% YoY to INR623m (v/s est. INR863m). FY24 revenue/EBITDA/adj. PAT grew 40%/29%/23% YoY.
- Its 4Q earnings have been below estimates due to: 1) lower-than-expected powertrain business performance, and 2) the continued impact on the Industrial segment's margins.
- The auto powertrain business declined 1% YoY due to slower-than-expected demand in CVs and tractors as well as inventory corrections from key OEMs. EBIT margin in the powertrain segment contracted 300bp QoQ to 15.2%. Apart from weak demand, margins were impacted as the company has invested in new capacities, which are yet to ramp-up on expected lines.
- The industrial segment's revenue also declined 8% YoY. Further, its margin slipped 400bp QoQ to 2.2% due to continued competitive pressure in the storage solution business.
- Conversely, the AI product division continues to do well and posted 28% YoY growth. Given the improved operating leverage benefits, EBIT margin expanded 150bp QoQ to 14.9% during the quarter.
- Value adds for the Powertrain/Aluminum/Industrial segments stood at INR2.26b/INR1.07b/INR0.59b (vs. INR2.4b/INR0.79b/INR0.73b in 4QFY23).
- **DR Axion – 4QFY24 performance (derived):** Revenue came in at INR2.8b (~26% of consol. revenue; vs. est. INR3.4b). EBITDA stood at INR586m (~29% of consol. EBITDA; vs. est. 680m), with margin of 20.7% (vs. est. 20%).
- The Board declared a final dividend of INR11.25/share for FY24, at similar levels of last year.
- The Board has decided to raise funds for an aggregate amount not exceeding INR12b by way issuance of equity shares or debt. The proceeds would be used to repay outstanding borrowings availed by the company.

Highlights from the management interaction

- Powertrain: The management expects this segment to deliver a high- single-digit or low-double-digit growth in FY25.
- Management expects (off highway + Industrial Engineering) to deliver USD100m in incremental revenue over the next 4-5 years. The company has been investing in this segment for the past two years, and is now reaping the fruits of the same.
- Management expects the **Aluminum casting business to grow 15%+** fueled by healthy growth in both standalone and DRAIPL.

Valuation & view

- Despite an anticipated near-term slowdown in key segments like CVs and tractors, we expect CRAFTSMA to post a healthy 15% revenue CAGR over FY24-26 driven by healthy order wins across segments and a well-diversified mix. Its track record of creating and gaining market leadership organically has enabled the company to deliver a good balance of strong growth and superior capital efficiency.
- We estimate a CAGR of 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-26E. At CMP, the stock appears attractively valued at ~25x/19x FY25E/FY26E consolidated EPS. Hence, **we reiterate our BUY rating on the stock with a TP of INR5,305 (valued at 23x FY26E EPS).**

Quarterly (Consolidated)

	FY23				FY24				(INR M)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24	4QE
Net operating income	6,758	7,713	7,490	9,804	10,376	11,791	11,297	11,053	31,826	44,517	11,944
Change (%)	56.6	35.6	35.8	49.8	53.5	52.9	50.8	12.7	44.2	39.9	21.8
RM/Sales (%)	47.8	51.2	50.4	54.3	52.5	53.2	53.2	54.1	51.2	53.3	52.7
Staff Cost (% of Sales)	8.4	7.4	7.8	6.2	6.5	6.1	6.8	6.6	7.3	6.5	6.6
Other Exp. (% of Sales)	19.6	19.3	20.6	20.3	20.4	20.6	20.6	20.5	20.0	20.5	20.4
EBITDA	1,634	1,701	1,583	1,884	2,142	2,375	2,202	2,069	6,836	8,788	2,419
EBITDA Margins (%)	24.2	22.1	21.1	19.2	20.6	20.1	19.5	18.7	21.5	19.7	20.3
Non-Operating Income	13	17	46	49	37	47	35	53	125	172	36
Interest	254	233	296	419	424	416	442	464	1202	1745	466
Depreciation	532	547	538	599	683	668	703	723	2216	2777	711
Minority Int/Share of Profit	0	0	-2	-1	62	97	82	79	21	320	95
PBT after EO items	861	939	797	916	1,011	1,241	1,010	856	3,522	4,118	1,184
Eff. Tax Rate (%)	35.5	35.4	35.3	12.4	26.3	23.8	27.6	27.2	29.5	26.1	27.1
Rep. PAT	556	606	516	802	745	945	731	623	2,484	3,045	863
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	-22.3	54.8	22.6	7.6
Adj. PAT	556	606	516	802	745	945	731	623	2,484	3,045	863
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	-22.3	54.8	22.6	7.6

E: MOFSL Estimates



Spandana Sphoorty

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR879 TP: INR1,075 (+23%) Buy

Earnings in line; NIM sees strong expansion

Headline asset quality improved but forward flows continued

Bloomberg	SPANDANA IN
Equity Shares (m)	71
M.Cap.(INRb)/(USDb)	62.7 / 0.8
52-Week Range (INR)	1243 / 594
1, 6, 12 Rel. Per (%)	3/-19/22
12M Avg Val (INR M)	199

- Spandana’s 4QFY24 PAT grew 22% YoY to ~INR1.29b (in line), driven by NIM expansion despite higher credit costs. In 4Q, NII grew 43% YoY to ~INR3.85b (9% beat). FY24 PAT stood at ~INR5b (vs. INR124m in FY23).
- PPOp in 4Q grew ~2% YoY to INR2.7b. Spandana continued to pursue customer acquisition-led growth with the addition of ~440K customers (up 30% QoQ). The total borrower count rose ~47% YoY to 3.32m.
- Spandana has refined its processes by adopting the right tools and technologies. The new management team has fortified governance and risk controls and scaled up multiple technology-related initiatives.
- Spandana trades at 1.2x Mar’26E P/BV, with RoA/RoE of 4.4%/17% in FY26E. Given the strong opportunity in the microfinance sector, we think Spandana is poised for a further rerating if it navigates Project Parivatan well and demonstrates stability in forwards flows and credit costs. **Maintain BUY with a TP of INR1,075 (premised on 1.5x FY26E BV).**

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	13.1	17.3	21.6
Total Income	16.1	20.7	25.1
PPoP	9.5	12.1	14.6
PAT	5.0	6.6	8.0
EPS (INR)	70	93	113
EPS Gr. (%)	-	32	22
BV (INR)	511	604	716

Ratios (%)

NIM	14.0	13.8	13.7
C/I ratio	40.7	41.7	41.9
Credit cost	3.0	2.5	2.4
RoA	4.4	4.4	4.4
RoE	14.8	16.6	17.1

Valuations

P/E (x)	12.5	9.5	7.8
P/BV (x)	1.7	1.5	1.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	59.8	59.9	63.0
DII	10.5	13.4	8.5
FIIFII	21.8	19.1	20.2
Others	7.9	7.6	8.3

FII Includes depository receipts

Strategic shifts and new products to propel growth

- AUM grew ~41% YoY to ~INR119.7b. Disbursements grew ~30% YoY to INR39.7b. Disbursements to new customers grew 62% YoY and disbursements to existing customer grew 9% YoY.
- The management shared that Spandana has 429 branches on the weekly repayment model. ~21% of 4Q disbursements were contributed by these weekly branches.
- Spandana has rolled out two new products namely, LAP and Nano enterprise loans, in selected geographies. Total AUM of INR520m across 3k customers. The management targets to grow this non-MFI loan book to INR4-5b by FY25.
- It has guided for a total customer base of 4m by FY25, which would aid AUM growth of 20-25% in FY25. We model AUM CAGR of 27% over FY24-26.

Reported NIM rose ~130bp on sequential basis

- Reported yields rose ~10bp QoQ to ~24.2%, while CoF declined ~50bp QoQ to ~11.7%, resulting in a ~70bp QoQ improvement in spreads to 12.5%.
- NIM rose ~130bp QoQ to ~14.6%, largely driven by a decline in borrowings costs and a decline in average cash balance (as % of average AUM) to ~11% in 4QFY24 (vs. 17% in 3QFY24).
- We estimate NIM to decline to 13.8%/13.7% in FY25/FY26 (vs. FY24: 14%) primarily driven by improvement in leverage.

Highlights from the management commentary

- Banks’ proportion in the borrowing mix improved to 52% of total borrowings. It is expected to increase to ~65% by FY25.

- 1+ dpd bucket increased QoQ. Flows have predominantly been from branches under Project Parivartan. The company has no exposure in Punjab or Haryana.

Asset quality improved but forward flows continued

- GNPA/NNPA improved by ~10bp/20bp QoQ to ~1.5%/0.3%. PCR rose ~10pp QoQ to ~80%. 1-90 dpd stood at ~2.85% and ~45% of this was in 1-30dpd. Gross collection efficiency (including arrears) declined to 99.9% (vs. 100.3% in 3Q) and net collection efficiency stood at 97.2% (vs. 97.7% in 3Q).
- ~62% of flows in 4Q were contributed by branches under Project Parivartan. However, overall credit cost on BAU (normalized) basis was ~1.9% vs. guidance of 2%.
- Provisions stood at ~INR940m, resulting in annualized credit costs of 3.7% (PQ: 3.1% and PY: 6.9%). We model credit costs of 2.5%/2.4% in FY25/FY26.

Valuation and view

- With strengthened processes, Spandana is now ready to capitalize on the strong opportunity in the MFI sector and deliver an AUM CAGR of ~27% over FY24-FY26E. We estimate Spandana to deliver FY26 RoA/RoE of 4.4%/17%, aided by: a) operating leverage resulting in decline in operating cost ratios, and b) decline in credit costs from FY25 onward.
- **Key downside risks:** 1) Poor execution on asset quality could increase the credit cost; and 2) Inability to retain talent in the senior/middle management teams.

Quarterly performance

(INR M)

Y/E March	FY23				FY24				FY23	FY24	4QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,440	2,765	3,377	4,193	4,929	5,436	5,663	6,352	12,775	22,381	6,153	3
Interest Expenses	968	914	1,207	1,490	1,995	2,277	2,502	2,493	4,579	9,268	2,627	-5
Net Interest Income	1,472	1,851	2,170	2,703	2,934	3,159	3,161	3,859	8,196	13,113	3,526	9
YoY Growth (%)	-41.9	-7.7	14.5	76.8	99.3	70.6	45.7	42.8	2.9	60.0	30.4	
Other Income	149	337	373	1,137	344	966	905	744	1,995	2,959	845	-12
Total Income	1,621	2,188	2,543	3,840	3,277	4,125	4,067	4,603	10,192	16,072	4,371	5
YoY Growth (%)	-44.4	-11.2	20.6	100.9	102.2	88.5	59.9	19.9	8.4	57.7	13.8	
Operating Expenses	1,114	1,088	1,136	1,232	1,386	1,549	1,662	1,943	4,570	6,540	1,765	10
Operating Profit	506	1,100	1,406	2,608	1,891	2,576	2,405	2,660	5,621	9,532	2,606	2
YoY Growth (%)	-77.6	-35.2	13.6	351.3	273.5	134.1	71.0	2.0	-2.6	69.6	-0.1	
Provisions & Loan Losses	3,517	258	446	1,222	286	901	701	938	5,443	2,826	783	20
Profit before Tax	-3,011	843	960	1,386	1,605	1,675	1,703	1,722	178	6,706	1,823	-6
Tax Provisions	-814	291	247	330	411	423	429	435	54	1,699	466	-7
Net Profit	-2,197	552	714	1,055	1,195	1,252	1,274	1,287	124	5,007	1,357	-5
YoY Growth (%)	-501.0	-194.1	58.3	269.0	-154.4	126.9	78.5	21.9	-82.3	3,940.0	28.6	
Key Parameters (%)												
Yield on loans	18.3	21.0	22.7	23.5	24.7	25.5	24.8	24.9				
Cost of funds	11.1	10.5	10.9	10.6	12.8	12.9	12.7	11.5				
Spread	7.2	10.5	11.8	12.9	11.9	12.6	12.0	13.4				
NIM	11.0	14.0	14.6	15.2	14.7	14.8	13.8	15.1				
Credit cost	26.4	2.0	3.0	6.9	1.4	4.2	3.1	3.7				
Cost to Income Ratio (%)	68.8	49.7	44.7	32.1	42.3	37.6	40.9	42.2				
Tax Rate (%)	27.0	34.5	25.7	23.8	25.6	25.3	25.2	25.3				
Performance ratios (%)												
AUM/Branch (INR m)	53	55	61	69	68	70	66	73				
AUM/Loan Officer (INR m)	9.0	9.1	10.2	10.9	10.8	11.5	12.4	12.4				
Borrowers/Branch	1,907	1,946	2,009	1,842	1,850	1,798	1,906	2,022				
Borrowers/Loan Officer	257	258	257	226	226	213	231	233				
Balance Sheet Parameters												
AUM (INR B)	55.1	57.8	68.5	85.1	88.5	97.8	104.0	119.7				
Change YoY (%)	-25.4	-23.4	2.3	29.3	60.5	69.2	51.8	40.7				
Disbursements (INR B)	13.3	13.9	23.6	30.5	16.6	25.1	25.4	39.7				
Change YoY (%)	513.9	5.3	422.3	120.5	25.5	80.7	7.7	30.0				
Borrowings (INR B)	32.4	37.6	52.0	66.1	68.7	0.0	0.0	0.0				
Change YoY (%)	-37.3	-26.6	7.5	59.8	112.3	-100.0	-100.0	-100.0				
Borrowings/Loans (%)	58.7	65.0	75.9	77.6	77.6	0.0	0.0	0.0				
Debt/Equity (x)	1.1	1.3	1.7	2.0	2.0	2.3	2.3	2.6				
Asset Quality (%)												
GS 3 (INR M)	3,670	4,260	3,640	1,660	1,370	1,270	1,550	1,690				
G3 %	6.7	7.4	5.3	2.1	1.6	1.4	1.6	1.5				
NS 3 (INR M)	1,770	2,220	1,730	510	410	380	460	340				
NS3 %	3.4	4.0	2.6	0.7	0.5	0.4	0.5	0.3				
PCR (%)	51.8	47.9	52.5	69.3	70.1	70.1	70.3	79.9				
ECL (%)	5.0	4.8	4.0	2.9	2.5	2.4	2.6	2.8				
Return Ratios - YTD (%)												
ROA (Rep)	-13.2	3.4	3.8	4.8	5.0	4.8	4.5	4.1				
ROE (Rep)	-29.7	7.8	9.8	13.9	15.1	15.2	14.9	14.4				

E: MOFSL Estimates

Mahindra & Mahindra

BSE SENSEX
74,671

S&P CNX
22,643

CMP: INR2,062

Buy

"With the launch of the XUV 3XO, starting at an attractive price of INR7.49 Lakh, Mahindra is redefining what an SUV can be. Engineered to deliver 'Everything you want & more,' the XUV 3XO is designed to cater to a broad spectrum of customers. From those upgrading from a hatchback to their first SUV to luxury seekers looking for high-end features at a competitive price, the XUV 3XO offers a unique blend of innovation, safety, comfort, and performance. Each variant is a strategic response to the nuanced needs of different customer segments, effectively making each variant a disruptor in its segment."

**Mr. Veejay Nakra, President –
Automotive Division,
Mahindra & Mahindra**

New feature-laden XUV 3XO unveiled

Many first-in-class features offered to beat competition

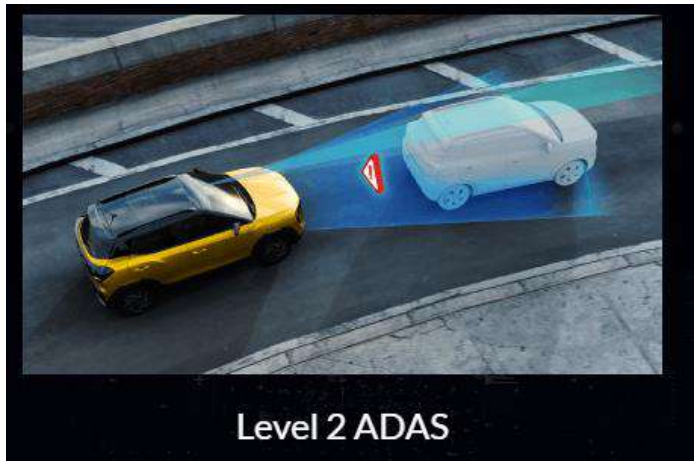
- Mahindra & Mahindra (MM) unveiled the model refresh of its XUV 300 with a new name, XUV 3XO. It is available in both petrol and diesel variants. The price of petrol variant ranges INR0.75m-1.55m, while that of diesel variant ranges INR1m-INR1.5m. The petrol variant is offered in two engine options: 110hp and 130hp. The base petrol variant is cheaper by ~INR50k than the outgoing model.
- XUV 3XO shares some features with much higher-priced XUV 700, like twin HD-screen display for infotainment, ESP technology, level 2 ADAS, and 360-degree camera.
- It has over 35 safety features standard across variants. It also boasts first-in-segment features like panoramic sunroof, dual zone climate control, ADAS, etc.
- Bookings would commence from 15th May'24 both online and through dealerships. Deliveries would start from 26th May'24.
- XUV 3XO would compete in the UVC segment (24% of the UV volumes). The segment has clocked a CAGR of 28% in FY22-24. MSIL, with a market share of 32%, is the market leader in the UVC segment, with offerings like Brezza, Fronx and Jimny. MM, the No. 2 player in the segment, has seen its market share drop to ~23% (-400bp YoY). XUV 3XO is just coming at the right time as there are no other model launches/refreshes planned in this segment by other OEMs.
- We believe the new XUV 3XO would further bolster MM's position in the UV segment and strengthen its position in the INR1-1.5m price segment. With its attractive pricing and many first-in-class features, MM is on track to replicate the success of XUV 700 in the UVC segment.

Mahindra XUV3XO front and rear looks revamped



Source: Company, MOFSL

Offers first in segment Level 2 ADAS



Level 2 ADAS

Source: Company, MOFSL

MM's XUV 3XO vs. rivals

	M&M XUV 3XO	MSIL Brezza	TTMT Nexon	Hyundai Venue	Kia Sonet
Engine capacity (in liters)	P-1.2 D-1.5	P-1.5	P-1.2 D-1.5	P-1.2/1.0 D-1.5	P-1.2/1.0 Diesel-1.5
Power	P-96 kW @ 5000 r/min P-82 kW @ 5000 r/min D-85.8 kW @ 3750 r/min	P-76 kW @ 6000 r/min	P-88.2 kW @ 5500 r/min D-84.5 kW @ 3700 r/min	P-61 kW @ 6000 r/min P-88.3 kW @ 6000 r/min D-85 kW @ 4000 r/min	P-61 kW @ 6000 r/min P-88.3 kW @ 6000 r/min D-85 kW @ 4000 r/min
Mileage (km/l)	P-17.96-20.1 D-20.6-21.2	P-17.38-19.8	P-17-17.4 D-23.2-24.1	P-17.5-18.3 D-23.7	P-18.8-19.2 D-18.6-22.3
Ex-showroom Price (in INR m)-Petrol	0.75-1.55	0.83-1.4	0.82-1.5	0.8-1.35	0.8-1.5
Ex-showroom Price (in INR m)-Diesel	1-1.5	NA	1.1-1.6	1.1-1.3	1-1.6
Monthly volumes of OEM in UVC segment (in Nos)	19,200	26,800	14,300	16,700	6,800

P-Petrol/D-Diesel

Source: Company, MOFSL

Can Fin Homes

BSE Sensex
74,671S&P CNX
22,643

CMP: INR746

Neutral

Conference Call Details

Date: 30th Apr 2024

Time: 15:30 IST

Dial-in details:

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	12.6	13.8	15.4
PPP	10.4	11.0	12.7
PAT	7.5	8.1	9.1
EPS (INR)	56.4	60.5	68.1
EPS Growth (%)	21	7	13
BVPS (INR)	326	382	444

Ratios (%)

NIM	3.8	3.7	3.6
C/I ratio	19.9	22.6	20.2
RoAA	2.2	2.0	2.0
RoE	18.8	17.1	16.5
Payout	8.0	8.3	8.1

Valuation

P/E (x)	13.2	12.3	11.0
P/BV (x)	2.3	2.0	1.7
Div. Yield (%)	0.6	0.7	0.7

Earnings in line; higher opex offset by benign credit costs

Sequential expansion in NIM but compression in spreads

- CANF's 4QFY24 PAT grew ~26% QoQ to ~INR2.1b (in line). NII grew 25% YoY to ~INR3.3b (in line). FY24 PAT rose 21% YoY to ~INR7.5b.
- Opex grew ~39% YoY to INR720m (39% above MOFSLe). The cost-to-income ratio stood at ~21% (PY: ~19%) primarily because of higher other opex.
- The company's 4QFY24 RoA/RoE stood healthy at 2.5%/19.3%.

Sluggish disbursements persist; advances rise ~11% YoY

- CANF's 4QFY24 disbursements declined 9% YoY to INR23.1b (in line).
- Advances grew 11% YoY to ~INR350b. Annualized run-off in advances stood at ~16% (PQ: ~14% and PY: ~14.5%)

Margin improves QoQ but spreads decline; the share of CP rises QoQ

- NIM (reported) improved ~5bp QoQ to ~3.95%. However, reported spreads declined ~30bp QoQ vs. a ~10bp QoQ decline in yields and ~15bp QoQ increase in CoB.
- Banks borrowings in the mix declined to 59% (PQ: ~60%), NHB borrowings declined to ~16% (PQ: ~19%). Proportion of CPs increased to 7% (PQ: ~5%)

Asset quality improves; stress from restructured pool now behind

- Asset quality improved with GS3/NS3 declining by ~10bp/5bp QoQ to ~0.8%/0.4%. PCR on stage 3 loans rose ~280bp QoQ to ~49%. GS3 (excluding the restructured pool) stood at 0.55% (FY23: 0.55%). Annualized credit costs in 4QFY24 stood at ~2bp [PQ: ~35bp and PY: ~30bp]
- The entire restructured pool exited restructuring in Nov'23 and there have even been closures of restructured loans, which led to a decline in provisions on the restructured pool.

Sourcing higher-ticket home loans; DSA sourcing mix stable

- Average ticket size (ATS) of incremental housing loans remained stable at INR2.5m.
- DSA channel in the sourcing mix stood at 80% (3Q: ~79% and 2Q: ~82%).

Valuation and view

CANF's loan growth and disbursements were weak in the last three quarters, primarily because of: a) the impact of the Ambala incident, and b) the company's efforts directed toward process improvements across the board. Stress from the restructured pool of loans is now behind, and we expect asset quality improvement to sustain from hereon. CANF might look to use its levers on margins to demonstrate healthier loan growth from FY25 onwards. We may revise our estimates and TP after the earnings conference call on 30th Apr'24.

Quarterly performance

Y/E March	FY23				FY24				FY23	FY24	4QFY24E	INR m
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				Act vs est. (%)
Interest Income	6,065	6,522	7,046	7,521	8,181	8,652	8,948	9,117	27,154	34,899	9,155	0
Interest Expenses	3,561	4,010	4,529	4,908	5,330	5,484	5,660	5,839	17,009	22,314	5,845	0
Net Interest Income	2,504	2,512	2,517	2,613	2,851	3,168	3,288	3,278	10,146	12,585	3,310	-1
YoY Growth (%)	38.2	31.0	22.2	10.1	13.9	26.1	30.6	25.5	24.3	24.0	26.7	
Other income	51	54	51	122	60	58	71	159	277	348	109	46
Total Income	2,555	2,566	2,568	2,735	2,911	3,226	3,359	3,437	10,423	12,933	3,419	1
YoY Growth (%)	39.8	30.2	20.9	12.7	13.9	25.7	30.8	25.7	24.8	24.1	25.0	
Operating Expenses	405	405	438	517	435	524	494	720	1,765	2,570	519	39
YoY Growth (%)	33.8	18.3	8.7	7.3	7.4	29.5	12.7	39.3	15.3	45.6	0.5	
Operating Profits	2,150	2,161	2,129	2,218	2,476	2,702	2,865	2,717	8,658	10,363	2,900	-6
YoY Growth (%)	40.9	32.7	23.8	14.0	15.2	25.0	34.6	22.5	26.9	19.7	30.7	
Provisions	-37	132	84	238	137	722	308	18	418	788	13	42
Profit before Tax	2,187	2,028	2,045	1,980	2,339	1,980	2,557	2,700	8,240	9,575	2,887	-6
Tax Provisions	565	611	530	322	504	399	556	609	2,028	2,068	689	-12
Profit after tax	1,622	1,417	1,515	1,658	1,835	1,581	2,001	2,090	6,212	7,507	2,198	-5
YoY Growth (%)	49.0	14.6	30.9	34.9	13.1	11.5	32.1	26.1	31.9	20.8	32.6	
Key Parameters (%)												
Yield on loans	8.9	9.3	9.6	9.8	10.2	10.5	10.6	10.6				
Cost of funds	5.7	6.2	6.6	6.9	7.3	7.3	7.3	7.4				
Spread	3.3	3.1	2.9	2.9	3.0	3.2	3.3	3.2				
NIM	3.7	3.6	3.4	3.4	3.6	3.8	3.9	3.8				
Credit cost	-0.1	0.2	0.1	0.3	0.2	0.9	0.4	0.02				
Cost to Income Ratio (%)	15.8	15.8	17.1	18.9	14.9	16.2	14.7	20.9				
Tax Rate (%)	25.8	30.1	25.9	16.3	21.6	20.2	21.7	22.6				
Balance Sheet Parameters												
Loans (INR B)	275.4	288.2	301.2	315.6	325.1	333.6	340.5	350.0				
Growth (%)	23.9	22.2	20.0	18.2	18.0	15.7	13.1	10.9				
AUM mix (%)												
Home loans	89.6	89.5	89.2	89.1	89.1	89.1	89.1	88.9				
Non-housing loans	10.4	10.5	10.8	10.9	10.9	10.9	10.9	11.1				
Salaried customers	74.3	74.1	73.6	73.1	72.7	72.4	72.1	71.9				
Self-employed customers	25.7	25.9	26.3	26.9	27.2	27.5	27.8	28.0				
Disbursements (INR B)	17.2	22.5	24.4	25.4	19.7	20.2	18.8	23.1				
Change YoY (%)	92.6	1.7	-1.1	-6.2	14.2	-10.1	-23.1	-8.8				
Borrowing mix (%)												
Banks	54.0	54.0	51.0	53.9	54.0	57.0	60.0	59.0				
NHB	22.0	22.0	23.0	22.5	22.0	19.0	19.0	16.0				
Market borrowings	22.0	22.0	24.0	22.1	23.0	23.0	20.0	24.0				
Deposits	2.0	2.0	2.0	1.5	1.0	1.0	1.0	1.0				
Asset Quality												
GNPL (INR m)	1,798	1,787	1,811	1,738	2,052	2,540	3,088	2,860				
NNPL (INR m)	819	1,012	893	829	1,096	1,420	1,674	1,470				
GNPL ratio %	0.65	0.62	0.60	0.55	0.63	0.76	0.91	0.82				
GNPL ratio %	0.30	0.35	0.30	0.26	0.34	0.43	0.49	0.42				
PCR %	54	43	51	52	47	44	45.8	48.6				
Return Ratios (%)												
ROA (Rep)	2.4	2.1	2.2	2.3	2.2	1.9	2.3	2.5				
ROE (Rep)	20.0	16.8	17.3	18.2	19.2	16.0	19.4	19.3				

E: MOFSL Estimates

Shoppers Stop

BSE SENSEX 74,671
S&P CNX 22,643

CMP: INR715

Neutral

Conference Call Details



Date: 30th April 2024
Time: 11am IST

Financials & Valuations (INR b)

INRb	FY24	FY25E	FY26E
Sales	42.1	48.5	55.7
EBITDA	7.1	8.7	10.2
Adj. PAT	0.6	1.4	1.3
EBITDA Margin (%)	16.9	17.9	18.3
Adj. EPS (INR)	7.2	16.2	15.3
EPS Gr. (%)	-50.3	125.0	-6.0
BV/Sh. (INR)	33.6	49.1	0.0
Ratios			
Net D:E	8.5	6.4	5.0
RoE (%)	22.4	36.3	25.2
RoCE (%)	9.0	10.7	9.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	98.6	43.8	46.6
EV/EBITDA (x)	14.7	12.3	10.5
EV/Sales (x)	2.5	2.2	1.9

EBITDA rises 4% YoY (6% miss) on GM contraction

- Shoppers Stop's (SHOP) standalone revenue grew 9% YoY to INR10b (in line) in 4QFY24, mainly driven by footprint addition.
- LFL growth YoY (Calc.) is estimated to be flat (~-1% YoY).
- Private brands revenue declined 8% YoY to INR1.5b, while beauty segment revenue grew 7% YoY (excluding distribution) and 24% YoY (including distribution channel).
- Revenue from In-tune stood at INR160m with a presence of 22 stores.
- SHOP added net 7 new departmental stores, 12 Intune stores, and 3 beauty stores during 4Q.
- Gross profit grew 2% YoY, aided by **inventory write-off of INR90m, a decline in the share of private labels, and the impact of EOSS.**
- Gross margins contracted 270bp YoY to 40.5%.**
- Employee costs and other expenses were up 1% YoY.
- As a result, EBITDA rose 4% YoY to INR1.6b (6% miss).
- EBITDA margin contracted 70bp YoY to 16.4%, dragged down by a contraction in gross margins.
- Depreciation/interest costs were up 7%/3% YoY.
- Other income of INR346m included INR240m of the reversal of ROU liability due to store closure. Adjusting the reversal, PAT stood at INR46m (est. INR120m).
- FY24 revenue/EBITDA grew 5%/2% YoY, while PAT declined 50% YoY.
- OCF declined 2% YoY to INR3.3b, led by lease liability (due to store adds), partly offset by the release of working capital. Capex increased 19% YoY to INR1.7b, and interest costs of INR2.2b led to cash outflow of INR600m.
- Net debt increased by INR780m to INR1.1b.

Standalone - Quarterly earnings summary

Y/E March	FY23				FY24				FY23	FY24	FY24	Est. Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	4QE		
Total Revenue from Operations	9,419	10,082	11,317	9,165	9,816	10,252	12,068	9,997	39,984	42,132	9,696	3
YoY Change (%)	368.4	59.6	19.0	29.1	4.2	1.7	6.6	9.1	60.3	5.4		
Total Expenditure	7,795	8,411	9,196	7,594	8,093	8,654	9,914	8,356	32,996	35,016	7,955	5
EBITDA	1,624	1,672	2,121	1,571	1,723	1,598	2,154	1,641	6,988	7,116	1,741	-6
EBITDA Margin (%)	17.2	16.6	18.7	17.1	17.6	15.6	17.8	16.4	17.5	16.9	18.0	
Depreciation	846	927	999	1,044	1,050	1,081	1,112	1,118	3,816	4,361	1,188	-6
Interest	511	514	515	551	541	548	579	568	2,092	2,236	585	-3
Other Income	56	39	244	222	73	105	33	346	561	557	181	91
PBT before EO expense	323	270	851	197	204	74	496	301	1,641	1,076	149	102
Extra-Ord expense	0	20	0	0	0	-49	0	-16	20	-65	0	
PBT	323	250	851	197	204	25	496	285	1,621	1,011	149	91
Tax	95	68	230	35	55	8	141	69	429	272	30	
Rate (%)	29.5	27.3	27.1	17.6	26.9	29.9	28.3	24.2	26.4	26.9	19.9	
Reported PAT	228	181	621	163	149	18	356	216	1,192	739	120	81
Adj PAT	228	201	621	163	149	52	356	46	1,212	603	120	-62
YoY Change (%)	-122.2	-766.9	23.7	-200.9	-34.4	-74.1	-42.7	-71.9	-269.1	-50.3	-80.7	

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.