

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	80,605	-0.9	11.6
Nifty-50	24,531	-1.1	12.9
Nifty-M 100	55,908	-2.1	21.1
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,505	-0.7	15.4
Nasdaq	17,727	-0.8	18.1
FTSE 100	8,156	-0.6	5.5
DAX	18,172	-1.0	8.5
Hang Seng	6,165	-2.2	6.9
Nikkei 225	40,064	-0.2	19.7
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	86	0.0	11.4
Gold (\$/OZ)	2,411	-1.4	16.9
Cu (US\$/MT)	9,310	-0.8	10.0
Almn (US\$/MT)	2,352	-1.4	0.3
Currency	Close	Chg .%	CYTD.%
USD/INR	83.7	0.0	0.5
USD/EUR	1.1	-0.1	-1.4
USD/JPY	157.5	0.1	11.6
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.0	0.00	-0.2
10 Yrs AAA Corp	7.5	0.00	-0.2
Flows (USD b)	19-Jul	MTD	CYTD
FII	0.2	3.68	3.8
DII	-0.06	0.04	28.6
Volumes (INRb)	19-Jul	MTD*	YTD*
Cash	1,456	1497	1281
F&O	96,354	3,45,533	3,75,264

Note: Flows, MTD includes provisional numbers.

\*Average



**Today's top research idea**

**HDFC Bank: Business growth soft; restoring C/D ratio remains a key focus**

- ❖ HDFC Bank (HDFCB) delivered broadly in-line performance, with NIMs improving 3bp QoQ, and the C/D ratio declining 87bp QoQ to 103.5%. PAT increased 2.3% QoQ (5% beat), aided by lower provisions. Provisions were 10% lower than MOFSLe at INR26.02b, as the bank utilized INR4b of contingent provisions pursuant to the repayment of underlying loans. HDFCB is holding total provisions (floating and contingent) at INR269b and 1.1% of loans.
- ❖ Other income declined 1.5% QoQ (adj. for 4Q one-offs) amid lower treasury income. Opex grew 0.9% QoQ (adj. for one offs), while C/I rose to 41%. GNPA ratio deteriorated 9bp QoQ to 1.33%, while PCR decreased 283bp QoQ to 71.2%. Fresh slippages inched up to INR79b (1.5% of loans). Amid the increasing focus on restoring LDR to normalized levels, we cut our loan growth estimates to 9%/11% for FY25/FY26. We thus estimate LDR to improve to 98.5%/93.5% over FY25/FY26.
- ❖ We estimate HDFCB to deliver an FY26E RoA/RoE of 1.9%/15% and reiterate our BUY rating on the stock with a TP of INR1,850 (premised on 2.3x FY26E ABV + INR256 for subsidiaries).



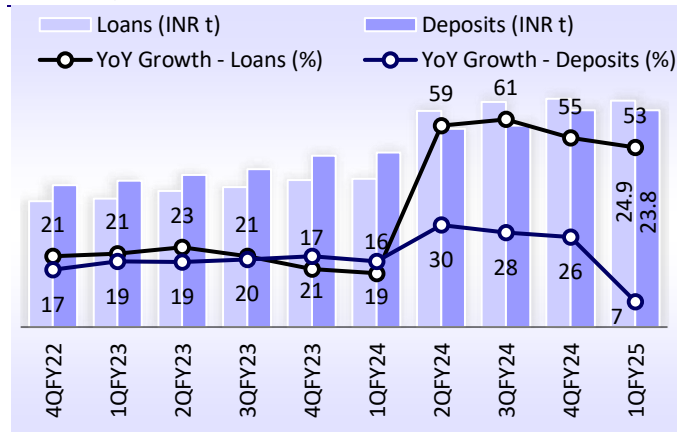
**Research covered**

Cos/Sector	Key Highlights
HDFC Bank	Business growth soft; restoring C/D ratio remains a key focus
Persistent Systems	Hyper-growth, hyper-value; Upgrade to Buy
Other Updates	Reliance Industries   Kotak Mahindra Bank   UltraTech Cement   Wipro   JSW Steel   Union Bank of India   Polycab India   ICICI Lombard   Indian Hotels   Tata Communications   Dalmia Bharat   One 97 Communications   CIE Automotive   CreditAccess Grameen   Piramal Pharma   Navin Fluorine International Limited   RBL Bank   CEAT   FLASHES: Oberoi Realty   J K Cements   Poonawalla Fin   Atul   Blue Dart Express   Blue Dart Express   PVR Inox   Can Fin Homes

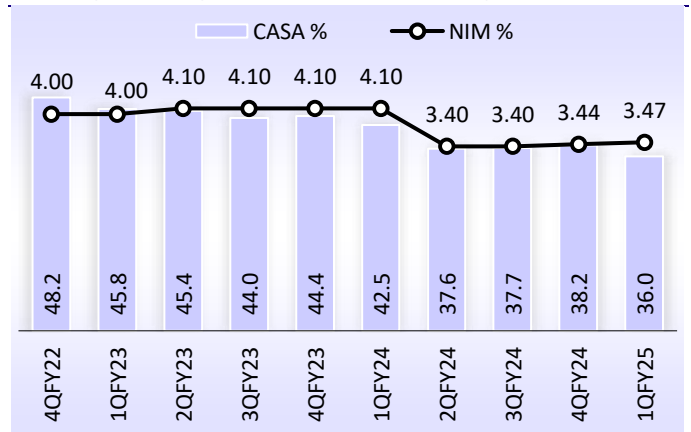


**Chart of the Day: HDFC Bank (Business growth soft)**

Loans/deposits were -0.8%/flat QoQ in 1QFY25



NIM improves 3bp; CASA mix declines 200bp QoQ





Kindly click on textbox for the detailed news link

1

### Reliance steps up Metro store launches

In Q1, Reliance Retail opened 331 new stores, taking the total count to 18,918.

2

### Renewable energy costs to see big drop: Tata Power CEO Praveer Sinha

Tata Power CEO Praveer Sinha anticipates significant reductions in energy storage and green power costs. The company is investing ₹13,000 crore for 2,800 MW pumped hydro storage in Maharashtra, utilizing the Western Ghats.

3

### Indian Oil sets out its non-oil business plan

Indian Oil Corp aims to triple natural gas sales and increase renewable energy capacity to 31 GW by 2030, while building 5 GWh of lithium-ion battery-making capacity by 2031.

4

### PC Jeweller settles with lenders, offers Rs 2,250 cr

PC Jeweller has reached a one-time settlement (OTS) with a consortium of lenders led by State Bank of India (SBI) to settle its debt by offering banks a mix of cash and equity in the Delhi-based company.

5

### Coal India ventures into non-coal mineral mining with graphite project

Coal India Limited (CIL) has been granted a composite license for prospecting and mining at the Khattali Chhoti Graphite Block in Alirajpur, Madhya Pradesh. The company is required to pay a mining premium of 150.05% of the value of minerals dispatched to the state government.

6

### HDFC Bank CEO expresses concerns over deposits in Q1

HDFC Bank MD expresses disappointment over deposit numbers in volatile quarter. Concerns raised over wide gap between credit and deposit growth. CASA deposits crucial for low-cost funds. Net profit up 35.3% YoY. Emphasis on day-to-day basics to avoid performance pressures.

7

### Pharma MNCs seek relief from price control for patented drugs

The Organisation of Pharmaceutical Producers of India (OPPI) is requesting exemptions for patented and orphan drugs from government price controls.



# HDFC Bank

Estimate change	
TP change	
Rating change	

**CMP: INR1,607      TP: INR1,850 (+15%)      Buy**

## Business growth soft; restoring C/D ratio remains a key focus NIMs improve 3bp sequentially

Bloomberg	HDFCB IN
Equity Shares (m)	7608
M.Cap.(INRb)/(USDb)	12228.5 / 146.2
52-Week Range (INR)	1794 / 1363
1, 6, 12 Rel. Per (%)	-7/-4/-28
12M Avg Val (INR M)	33407

- HDFC Bank (HDFCB) delivered broadly in-line performance, with NIMs improving 3bp QoQ, and the C/D ratio declining 87bp QoQ to 103.5%. PAT increased 2.3% QoQ (5% beat), aided by lower provisions.
- Provisions were 10% lower than MOFSLe at INR26.02b, as the bank utilized INR4b of contingent provisions pursuant to the repayment of underlying loans. HDFCB is holding total provisions (floating and contingent) at INR269b and 1.1% of loans.
- Other income declined 1.5% QoQ (adj. for 4Q one-offs) amid lower treasury income. Opex grew 0.9% QoQ (adj. for one offs), while C/I rose to 41%.
- GNPA ratio deteriorated 9bp QoQ to 1.33%, while PCR decreased 283bp QoQ to 71.2%. Fresh slippages inched up to INR79b (1.5% of loans).
- Amid the increasing focus on restoring LDR to normalized levels, we cut our loan growth estimates to 9%/11% for FY25/FY26. We thus estimate LDR to improve to 98.5%/93.5% over FY25/FY26.
- **We estimate HDFCB to deliver an FY26E RoA/RoE of 1.9%/15% and reiterate our BUY rating on the stock with a TP of INR1,850 (premised on 2.3x FY26E ABV + INR256 for subsidiaries).**

### Financials & Valuations (INR b)

Y/E	FY24	FY25E	FY26E
NII	1,085	1,243	1,424
OP	944	1,023	1,187
NP	608	689	794
NIM (%)	3.4	3.5	3.6
EPS (INR)	80.0	90.7	104.5
EPS Gr. (%)	1.0	13.3	15.2
BV/Sh. (INR)	580	650	734
ABV/Sh. (INR)	555	622	701

### Ratios

RoE (%)	14.6	14.7	15.1
RoA (%)	1.8	1.8	1.9

### Valuations

P/E(X)	20.1	17.7	15.4
P/E(X)*	16.8	14.9	12.9
P/BV (X)	2.8	2.5	2.2
P/ABV (X)	2.4	2.2	1.9

\* adjusted for subs

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	20.8
DII	30.7	29.1	22.0
FII	54.3	54.9	45.6
Others	15.0	16.1	11.5

FII Includes depository receipts

## Business growth muted; elevated C/D ratio to suppress loan growth

- NII grew 2.6% QoQ to INR298.4b (broadly in line), while NIM improved 3bp QoQ to 3.47%. Other income declined 1.5% QoQ (adj. for 4Q one-offs) amid lower treasury income.
- Opex increased 0.9% QoQ to INR166.2b (inline). C/I ratio, thus, inched up to 41%, which was due to the addition in the workforce over prior quarters and the increasing number of branches as per the management. PPop, thus, came in at INR238.8b (in line).
- Loan growth declined 0.9% QoQ, led by 5% QoQ dip in corporate & wholesale books. Deposit growth was flat, while the CASA ratio declined 200bp QoQ to ~36%. LDR stood at 103.5% with the bank stating that its key focus will be on bringing its LDR down, while focusing on profitability. As a result, we now model a loan growth at 9%/11% YoY, while estimating ~16% deposit CAGR over FY24-26. We thus estimate LDR to improve to 93.5% by FY26E.
- GNPA/NNPA ratio deteriorated 9bp/6bp QoQ to 1.33%/0.39%. PCR dipped 283bp QoQ to 71.2%. HDFCB holds total provisions (contingent + floating) of INR273b/1.1% of loans. CAR improved to 19.3%, with Tier 1 at 17.3% (CET1 at 16.8%).
- **Subsidiary performance: HDB Financial** reported 30% YoY/6% QoQ loan growth to INR956b, while PAT stood at INR5.8b vs. INR5.7b in 1QFY24. GS3 assets stood at 1.9%, while CAR was 18.8%. **HDFC Securities:** Revenue jumped 65% YoY to INR8.2b, while PAT rose 55% YoY to INR2.9b.

### Highlights from the management commentary

- Management mentioned that the bank is not bound by a specific LDR; however, lowering the LDR lies in the bank's interest.
- The bank does not engage in rate competition to attract deposits. Instead, it focuses on engagement and service delivery, emphasizing that the environment is more important than rates.
- The bank will grow at a slower pace compared to deposit growth. Over time, the focus has been on profitable growth rather than just growth.
- Growth in unsecured personal loans has been deliberately slower, reflecting a conscious decision made early within the internal system. This adjustment aligns with regulatory requirements.

### Valuation and view: Reiterate BUY with a TP of INR1,850

HDFCB posted an in-line performance, characterized by slight margin improvement and controlled provisions. Business growth was tepid in 1Q, with loan growth declining 1% QoQ due to wholesale. Asset quality witnessed marginal deterioration, while PCR moderated 280bp QoQ to ~71.2%. However, HDFCB holds a healthy pool of provisions (floating + contingent) at INR269b/1.1% of loans. While the bank has not given any specific guidance on the C/D ratio, management has indicated that it will actively focus on bringing the ratio down at an accelerated pace. Consequently, we model some moderation in loan growth in FY25 and FY26E. However, the gradual retirement of high-cost borrowings, along with an improvement in operating leverage, will provide some support to the return ratios over the coming years. We estimate HDFCB to deliver 16% CAGR in deposits and a slower 10.1% CAGR in loans over FY24-26. We thus estimate HDFCB to deliver an FY26 RoA/RoE of 1.9%/15.1%. **We reiterate our BUY rating on the stock with a TP of INR1,850 (premised on 2.3x FY26E ABV + INR256 for subsidiaries).**

### Quarterly performance

(INR b)

	FY24				FY25E				FY24	FY25E	FY25E V/s our	1QE Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Interest Income</b>	<b>236.0</b>	<b>273.9</b>	<b>284.7</b>	<b>290.8</b>	<b>298.4</b>	<b>304.5</b>	<b>313.2</b>	<b>326.7</b>	<b>1,085.3</b>	<b>1,242.7</b>	<b>293.4</b>	<b>1.7%</b>
% Change (Y-o-Y)	21.1	30.3	23.9	24.5	26.4	11.2	10.0	12.4	25.0	14.5	24.3	
Other Income	92.3	107.1	111.4	181.7	106.7	115.8	124.0	136.0	492.4	482.6	111.6	-4.4%
<b>Total Income</b>	<b>328.3</b>	<b>380.9</b>	<b>396.1</b>	<b>472.4</b>	<b>405.1</b>	<b>420.3</b>	<b>437.2</b>	<b>462.8</b>	<b>1,577.7</b>	<b>1,725.3</b>	<b>405.0</b>	<b>0.0%</b>
Operating Expenses	140.6	154.0	159.6	179.7	166.2	172.0	177.6	186.2	633.9	701.9	170.0	-2.2%
<b>Operating Profit</b>	<b>187.7</b>	<b>226.9</b>	<b>236.5</b>	<b>292.7</b>	<b>238.8</b>	<b>248.3</b>	<b>259.6</b>	<b>276.6</b>	<b>943.9</b>	<b>1,023.3</b>	<b>235.0</b>	<b>1.6%</b>
% Change (Y-o-Y)	22.2	30.5	24.3	57.2	27.2	9.4	9.8	-5.5	34.1	8.4	25.2	
Provisions	28.6	29.0	42.2	135.1	26.0	27.6	28.9	28.6	234.9	111.1	28.9	-10.0%
<b>Profit before Tax</b>	<b>159.1</b>	<b>197.9</b>	<b>194.3</b>	<b>157.6</b>	<b>212.8</b>	<b>220.8</b>	<b>230.7</b>	<b>248.0</b>	<b>709.0</b>	<b>912.2</b>	<b>206.1</b>	<b>3.3%</b>
Tax	39.6	38.1	30.6	-7.5	51.1	55.2	56.8	60.5	100.8	223.5	51.5	
<b>Net Profit</b>	<b>119.5</b>	<b>159.8</b>	<b>163.7</b>	<b>165.1</b>	<b>161.7</b>	<b>165.6</b>	<b>174.0</b>	<b>187.5</b>	<b>608.1</b>	<b>688.7</b>	<b>154.6</b>	<b>4.6%</b>
% Change (Y-o-Y)	30.0	50.6	33.5	37.1	35.3	3.6	6.2	13.5	37.9	13.3	29.3	
<b>Operating Parameters</b>												
Deposit	19,131	21,729	22,140	23,798	23,791	24,800	25,914	27,510	23,798	27,510	23,790	
Loan	16,157	23,312	24,461	24,849	24,635	25,408	26,146	27,085	24,849	27,085	25,287	
Deposit Growth (%)	19.2	29.8	27.7	26.4	24.4	14.1	17.0	15.6	26.4	15.6	24.4	
Loan Growth (%)	15.8	57.5	62.3	55.2	52.5	9.0	6.9	9.0	55.2	9.0	56.5	
<b>Asset Quality</b>												
Gross NPA (%)	1.2	1.3	1.3	1.2	1.3	1.3	1.3	1.2	1.2	1.2	1.2	
Net NPA (%)	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	
PCR (%)	74.9	74.4	75.3	74.0	71.2	71.5	71.7	71.9	74.0	71.9	73.8	

E: MOFSL Estimates



# Persistent Systems

Estimate change	↔
TP change	↑
Rating change	↑

**CMP: INR4,583 TP: INR5,700 (+24%) Upgrade to Buy**

## Hyper-growth, hyper-value

### Growth to drive valuations despite short-term margin uncertainty

Bloomberg	PSYS IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	706.1 / 8.4
52-Week Range (INR)	4929 / 2317
1, 6, 12 Rel. Per (%)	15/3/55
12M Avg Val (INR M)	2657

### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	98.2	115.8	136.5
EBIT Margin (%)	14.4	14.5	15.5
Adj. PAT	11.4	13.7	17.6
Adj. EPS (INR)	75.1	88.9	114.0
EPS Gr.(%)	20.1	18.4	28.3
BV/Sh.(INR)	325.9	370.0	427.5

### Ratios

RoE (%)	25.6	25.8	28.9
RoCE (%)	21.9	23.4	25.9
Payout (%)	34.6	50.0	50.0

### Valuations

P/E (x)	60.9	51.4	40.1
P/BV (x)	14.0	12.4	10.7
EV/EBITDA (x)	39.6	33.6	26.6
Div. Yield (%)	0.6	1.0	1.2

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	31.0	31.0	31.1
DII	28.2	25.9	28.0
FII	23.2	26.1	22.9
Others	17.5	17.0	18.0

FII Includes depository receipts

- PSYS reported 1QFY25 revenues of USD328.2m, growth of 5.6% QoQ CC vs. our estimate of ~5% QoQ CC. EBIT margins stood at 14.0%, in line with our estimate. EBIT grew 2.6% QoQ/10.8% YoY to INR3.8b. PAT came in at INR3.1b, down 2.8% QoQ/10.5% YoY, below our estimate of INR3.2b. Deal win TCV was USD463m, up 3.4% QoQ and 21.7% YoY (1.4x book-to-bill).

- **Growth was primarily driven by its healthcare vertical**, which has achieved 15% QoQ growth for the third consecutive quarter. Although the BFS (Banking, Financial Services) and hi-tech segments are currently underperforming, the exceptional performance in healthcare ensures industry-leading growth. The company's short-term growth trajectory remains strong, and its strategic shift to platform-based services positions it well to capitalize on the upcoming spending on GenAI.

- **The rapid growth in the healthcare vertical is causing short-term margin pressure** due to onsite-heavy initial ramp-ups and high subcontracting costs. However, visible margin improvement levers, such as offshoring and reducing subcontracting expenses, are expected to drive medium-term margin expansion.

- **We project a 17% USD revenue CAGR for PSYS**, which, combined with margin expansion, could result in a ~25%+ EPS CAGR. This positions PSYS in a league of its own as a diversified product engineering and IT services player, justifying a premium valuation multiple.

- The stock is currently trading at an admittedly expensive valuation of 40x FY26E EPS. That said, owing to its superior earnings growth trajectory, on PEG basis, we believe the valuation still has room for upside. We value PSYS at 50x FY26E EPS (implying a PEG of 2x). **Upgrade to BUY.**

### Growth led by healthcare, margins suffer from deal ramp-ups

- 1QFY25 revenue stood at USD328.2m, up 5.6% QoQ in CC terms (above our estimate of 5% QoQ CC). It reported USD growth of 5.6% QoQ. EBIT margin came in line with our estimate at 14%.

- Growth was again led by the healthcare sector, which was up 16.5% QoQ (vs. +14.8% QoQ in 4Q). Hi-Tech declined 0.5% QoQ, whereas BFSI grew 5.9% QoQ.

- In terms of regional performance, North America/Europe grew 6.4%/5.6% QoQ, while APAC was stable at 0.3% QoQ.

- TCV was USD462.8m, up 3.4% QoQ and 21.7% YoY (1.4x book-to-bill). Net new TCV was up 2.9% QoQ at USD311m. ACV stood at USD337m.

- Net headcount declined by 331 (down 1.4% QoQ). Utilization was up 210bp QoQ at 82.1%. TTM attrition inched up to 11.9% (up 40bp QoQ).

- The top 5 clients witnessed growth of 11.0% QoQ, whereas top 10 clients grew by 9.5% QoQ.
- EBITDA grew 0.2% QoQ/7.6% YoY to INR4.5b and EBITDA margin came in at 16.6%, below our estimate of 17.1%.
- Adj. PAT stood at INR3.06b (down 2.8% QoQ), below our estimate of INR3.2b due to lower other income.

### Key highlights from the management commentary

- PSYS is confident that revenue enhancement and cost optimization will provide a significant boost to margins. The company remains committed to its margin guidance of a 200bp to 300bp increase as it expects to scale up in the medium term.
- Pass-through revenue did not contribute to 1Q revenue growth. The company is winning against bigger providers in vendor consolidation opportunities.
- 1Q growth was led by BFSI and healthcare. BFSI crossed the USD100m revenue mark for the first time. The company's expertise in the payment domain is a key differentiator in winning some engagements.
- Given the order book in Hi-tech, this segment is likely to grow in the upcoming quarters.
- To achieve higher growth, the company has increased subcontracting costs, ensuring no growth opportunities are missed. SG&A spending has reached a point where continued momentum is possible without further increases.

### Valuation and view: Upgrade to BUY

The stock is currently trading at an admittedly expensive valuation of 40x FY26E EPS. That said, owing to its superior earnings growth trajectory, on PEG basis, we believe the valuation still has room for upside. We value the stock at 50x FY26E EPS (implying a PEG of 2x) with a TP of INR5,700. **Upgrade to BUY.**

#### Quarterly performance (IFRS)

Y/E March (Consolidated)	FY24				FY25E				FY24	FY25E	FY25 1QFY25	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue (USD m)	282.9	291.7	300.6	310.9	328.2	339.3	350.8	362.7	1,186	1,381	326.9	0.4
QoQ (%)	3.0	3.1	3.0	3.4	5.6	3.4	3.4	3.4	14.5	16.4	5.2	41bp
Revenue (INR m)	23,212	24,117	24,982	25,905	27,372	28,504	29,471	30,470	98,216	1,15,817	27,243	0.5
QoQ (%)	3.0	3.9	3.6	3.7	5.7	4.1	3.4	3.4			5.2	50bp
YoY (%)	23.6	17.7	15.2	14.9	17.9	18.2	18.0	17.6	17.6	17.9	17.4	56bp
GPM (%)	34.2	33.1	33.8	33.3	33.0	32.5	33.5	33.0	33.6	33.0	32.5	54bp
SGA (%)	16.0	16.3	16.1	15.7	16.4	15.3	15.3	15.3	16.0	15.6	15.4	101bp
EBITDA	4,229	4,052	4,418	4,544	4,552	4,903	5,364	5,393	17,243	20,212	4,658	-2.3
EBITDA margin (%)	18.2	16.8	17.7	17.5	16.6	17.2	18.2	17.7	17.6	17.5	17.1	-47bp
EBIT	3,466	3,308	3,631	3,744	3,840	4,019	4,450	4,449	14,149	16,758	3,814	0.7
EBIT Margin (%)	14.9	13.7	14.5	14.5	14.0	14.1	15.1	14.6	14.4	14.5	14.0	3bp
Other income	90	250	262	210	165	228	236	244	813	873	218	-24.2
ETR (%)	22.0	26.0	26.5	20.3	23.5	22.0	22.0	22.0	23.7	22.3	20.3	
PAT	2,774	2,633	2,861	3,153	3,064	3,313	3,655	3,660	11,421	13,692	3,215	-4.7
QoQ (%)	10.3	-5.1	8.7	10.2	-2.8	8.1	10.3	0.1			2.0	-479bp
YoY (%)	31.1	19.7	6.9	25.4	10.5	25.8	27.7	16.1	20.1	19.9	15.9	-544bp
EPS (INR)	15.0	17.3	18.8	20.7	19.9	21.5	23.7	23.8	71.9	88.9	21.1	-5.7



# Reliance Industries

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR3,117      TP: INR3,435 (+10%)      Buy**

## O2C, retail drag 1Q performance; telecom stable

### JIO IPO, refining / petchem upcycle in FY26-27 are catalysts

Bloomberg	RELIANCE IN
Equity Shares (m)	6766
M.Cap.(INRb)/(USDb)	21045 / 251.5
52-Week Range (INR)	3218 / 2220
1, 6, 12 Rel. Per (%)	2/0/-4
12M Avg Val (INR M)	17859

- Reliance Industries (RIL)'s 1QFY25 consolidated revenue/EBITDA grew 12%/2% YoY to INR2.3t/INR388b (in-line/5% miss), while PAT dipped 5% YoY to INR151b (9% miss). EBITDA/PAT missed our estimates due to the standalone/retail segments, while all three segments drove revenue growth.
- RJio's revenue/EBITDA/PAT increased ~2% QoQ each (in line) in 1QFY25, led by 7.9m subscriber additions, while ARPU was flat QoQ. The growth in network operating costs moderated and consequently, led to ~60% incremental EBITDA margin.
- Reliance Retail posted soft revenue growth of 7% YoY (9% miss), while area additions were robust at 15% YoY. Growth was fueled by Grocery and Electronics segments. EBITDA grew 8% YoY (8% miss), offset by higher depreciation, and consequently, PAT was flat during the quarter.
- Standalone EBITDA decreased 29% QoQ to INR143b and came in 20% below our estimates, mainly due to weaker refining GRM. We cut our standalone FY25E EBITDA/PAT by 8%/11% as we adjust for a weaker 1QFY25 performance and moderate GRM/gas price assumptions. Gasoline and Diesel GRMs are down ~USD1.5 and USD0.7 per bbl, respectively, in Jul'24 vs. the 1QFY25 average.
- Consolidated net debt improved sequentially by INR40b to INR1,123b, and capex for the quarter increased sequentially by INR56b to INR288b.
- Structurally, we are bullish on the refining business given globally capacity growth (IEA est. 2023-30: ~3.3mb/d) will lag oil demand growth (~1.0-1.2mb/d p.a.). In telecom, we are modeling an ARPU CAGR of 12% over FY24-26. In addition, we see the potential IPO for RJio to unlock valuation for the telecom business. We also remain positive on the retail business, where we are modeling 19% revenue/EBITDA CAGR each over FY24-26.
- Using our SoTP method, we value the Refining & Petrochemical segment at 8x FY26E EV/EBITDA to arrive at a valuation of INR1,061/sh for the Standalone business. We ascribe an equity valuation of INR940/sh to RJio and INR1,579/sh to Reliance Retail as well as assign INR89/sh towards the new energy business. **Reiterate BUY with a TP of INR3,435.**

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	9,011	9,340	10,163
EBITDA	1,622	1,781	2,176
Adj PAT	696	771	979
EBITDA (%)	18%	19%	21%
EPS (INR)	102.9	113.9	144.8
EPS Gr. (%)	4%	11%	27%
BV/Sh. (INR)	1,231	1,343	1,486

### Ratios

Net D/E	0.3	0.3	0.2
RoE (%)	8.6	9.3	10.7
RoCE (%)	8.4	9.0	10.4

### Valuations

P/E (x)	30.3	27.4	21.5
P/BV (x)	2.5	2.3	2.1
EV/EBITDA (x)	14.5	13.2	10.6
Div Yield (%)	0.2	0.2	0.3
FCF Yield (%)	0.5	0.0	0.0

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	49.1	49.1	49.1
DII	16.8	16.4	15.8
FII	23.9	24.0	24.5
Others	10.2	10.5	10.6

FII Includes depository receipts

### RJio – steady growth led by subscriber additions (in line)

- RJio's revenue/EBITDA rose 2.0%/2.3% QoQ (in line) in 1QFY25, led by 1.6% subscriber additions (7.9m additions), while ARPU was flat QoQ at INR181.7. PAT was up 2% QoQ, in line with the EBITDA growth.
- The network's opex growth is currently slowing down following the significant capex rollout. Compared to the 2-3% sequential growth seen in FY24, opex has expanded by 1% QoQ only. The majority of the 5G rollout is complete, and we expect a capex of INR392b/INR356b in FY25/26.

- We broadly maintain our estimates for FY25/FY26, expecting an 18% CAGR in revenue and a 25% CAGR in EBITDA over FY24-FY26. We project 2m monthly net subscriber additions for the next two years (vs. 3.5m monthly additions in FY24) due to the expectation of some SIM consolidation as subscriber churn and MNP are still elevated. We have modeled an ARPU CAGR of 12% over FY24-26E, factoring in the recent tariff hikes and the probability of the next round of tariff hikes in FY26.

### Reliance Retail – soft revenue growth; margin sustains

- Reliance Retail posted a soft revenue growth of 7% YoY (9% miss), though area additions were robust at 15% YoY. Revenue per sqft declined 8% YoY. EBITDA growth of 8% YoY (8% miss) was offset by higher depreciation, and hence, PAT was flat YoY for the quarter.
- The growth was propelled by the Grocery and Electronics segments, while the Fashion & Lifestyle segment was tepid. Overall footfalls grew 19% YoY to 296m across formats, and the customer base jumped 18% YoY to 316m. However, the number of transactions moderated to 334m (+6% YoY).
- We cut our revenue estimates by 3-5% for FY25/26 owing to the soft growth. We expect revenue and EBITDA to register 19% CAGR each over FY24-26 fueled by accelerated store additions across segments, a recovery in store productivity, and an aggressive foray into digital & new commerce.

### Standalone: Miss on EBITDA due to weak product cracks; softer O&G performance QoQ

- Revenue stood at INR1,299b (+6% YoY). EBITDA came in at INR143b (est. INR180b; -18% YoY).
- EBITDA/mt stood at ~USD62 (-39% YoY; our est. USD91.8/mt) amid weak Gasoline, PE, and PP cracks, which were down 30%/17%/16% YoY. Production meant for sale stood at 17.7mmt (+3% YoY).
- Reported PAT was INR76b (est. of INR101b, -21% YoY).
- Gas price realization for KG-D6 gas declined to USD9.27/mmBtu in 1QFY25 from USD10.8/mmBtu in 1QFY24. Oil & Gas exploration EBITDA increased 30% YoY to INR52b, but was down 7% QoQ.
- **Key macro performance highlights:** The global oil demand in 1QFY25 rose 0.7mb/d YoY to 102.9mb/d, with strong demand originating mainly from Asia.
  - The global refinery throughput was higher by 0.3mb/d YoY at 81.6mb/d in 1Q.
  - Crude oil benchmarks improved YoY as the demand trend remained positive amid lower OPEC+ supply and strong demand from emerging markets.

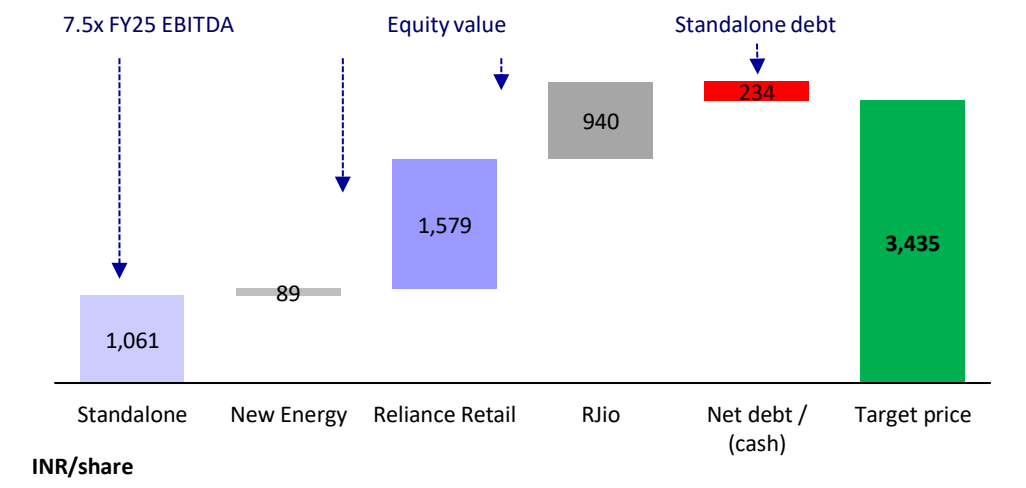
### Valuation and view

- Segment-wise, the consumer business continues to post double-digit EBITDA growth, with both RJio and Reliance Retail likely to record 25% and 19% EBITDA CAGR over FY24-26, respectively. The growth would be driven by footprint additions, new categories in the retail sector, the focused approach to subscriber growth, and the tariff hikes in the telecom business. In O2C, we see Refining and Petchem segments picking up from the current levels, as net capacity additions for both segments are tapering off on a YoY basis. Moreover, FY25 would witness the full benefit of the ramped-up volumes at the MJ Field.



- We value **Reliance Retail’s** core business at 45x EV/EBITDA on FY26E and connectivity at 5x to arrive at a company value of INR12.2t (INR1,797 per share). Reliance Retail’s value in RIL share comes to **INR1,579/sh** (for its 87.9% stake). Our premium valuation multiples capture the opportunity for a rapid expansion in its retail business and the aggressive rollout of digital platforms.
  - For **RJio**, we assign a 13x FY26E EV/EBITDA to arrive at our valuation of INR9.6t. Factoring in the 34% stake sale, RJio’s value in RIL comes to INR940/share (for its 66% stake). The higher multiple captures: a) its market leadership and market share gains, b) growth in the wireline (JioFiber and JioAirFiber) business, and c) opportunities in other digital businesses.
  - Overall, we remain positive in both the **Refining and Petrochemical segments**. Global oil demand for CY24 is likely to be at ~103mb/d (up 1mb/d YoY). Gasoil cracks are anticipated to remain firm due to the strength in jet fuel demand and the limited availability of heavy crude.
  - While global downstream chemical markets remain well-supplied in the near term, we note that capacity growth is tapering off and has passed its peak for key products such as PE, PP, and PX.
  - We model a capex of INR650b for FY25 and FY26 each in the Standalone business, considering RIL’s investments in new-age greener businesses (such as solar energy, and a hydrogen ecosystem in India).
  - Its consolidated gross debt declined INR197b to INR3.05t in 1QFY25, and with cash & cash equivalents of INR1.93t, the net debt stood at INR1.12t (according to the management).
  - We maintain our capex estimates at INR1.2t each year for FY25/26, modeling INR392b/INR356b in Telecom, INR650b each year in the Standalone business, INR110b/INR107b in Retail, and the rest in Others, considering RIL’s investments in the new-age greener businesses.
  - Using our SoTP method, we value the Refining & Petrochemical segment at 8x FY26E EV/EBITDA to arrive at a valuation of INR1,061/sh for the Standalone business. We ascribe an equity valuation of INR940/sh to RJio and INR1,579/sh to Reliance Retail as well as assign INR89/sh towards the new energy business.
- Reiterate BUY with a TP of INR3,435.**

**Exhibit 1: RIL – SoTP valuation (INR/share)**



**Consolidated - Quarterly Earnings**

(INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
<b>Net Sales</b>	<b>2,076</b>	<b>2,319</b>	<b>2,251</b>	<b>2,365</b>	<b>2,318</b>	<b>2,346</b>	<b>2,418</b>	<b>2,258</b>	<b>9,011</b>	<b>9,340</b>	<b>2,337</b>	-1%
YoY Change (%)	-5.4	0.8	3.6	11.1	11.7	1.2	7.4	-4.5	2.5	3.7	12.6	
<b>EBITDA</b>	<b>381</b>	<b>410</b>	<b>407</b>	<b>425</b>	<b>388</b>	<b>447</b>	<b>479</b>	<b>467</b>	<b>1,622</b>	<b>1,781</b>	<b>410</b>	-5%
Margins (%)	18.4	17.7	18.1	18.0	16.7	19.1	19.8	20.7	18.0	19.1	17.5	
Depreciation	118	126	129	136	136	135	137	136	508	543	130	4%
Interest	58	57	58	58	59	59	59	57	231	234	62	-4%
Other Income	38	38	39	45	40	41	41	42	161	164	42	-6%
<b>PBT before EO expense</b>	<b>243</b>	<b>265</b>	<b>258</b>	<b>277</b>	<b>232</b>	<b>294</b>	<b>325</b>	<b>316</b>	<b>1,043</b>	<b>1,167</b>	<b>261</b>	-11%
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>243</b>	<b>265</b>	<b>258</b>	<b>277</b>	<b>232</b>	<b>294</b>	<b>325</b>	<b>316</b>	<b>1,043</b>	<b>1,167</b>	<b>261</b>	-11%
Rate (%)	25.2	25.2	24.6	23.7	24.9	25.0	25.1	23.7	24.6	24.8	26.1	
MI & Profit/Loss of Asso. Cos.	21.7	24.3	22.2	21.9	23.1	26.8	26.8	26.8	90.1	107.3	26	
<b>Reported PAT</b>	<b>160</b>	<b>174</b>	<b>173</b>	<b>190</b>	<b>151</b>	<b>194</b>	<b>216</b>	<b>214</b>	<b>696</b>	<b>771</b>	<b>167</b>	-9%
<b>Adj PAT</b>	<b>160</b>	<b>174</b>	<b>173</b>	<b>190</b>	<b>151</b>	<b>194</b>	<b>216</b>	<b>214</b>	<b>696</b>	<b>771</b>	<b>167</b>	-9%
YoY Change (%)	-12.0	27.0	9.2	-1.8	-5.5	11.5	25.3	13.0	2.5	10.7	4.0	
Margins (%)	7.7	7.5	7.7	8.0	6.5	8.3	8.9	9.5	7.7	8.3	7.1	

E: MOFSL Estimates

**Standalone - Quarterly Earnings Model**

(INR b)

Y/E March	FY24				FY25		Var (%)
	1Q	2Q	3Q	4Q	1Q	1QE	
<b>Net Sales</b>	<b>1,226.3</b>	<b>1,373.8</b>	<b>1,277.0</b>	<b>1,468.3</b>	<b>1,299.0</b>	<b>1,364.2</b>	-5%
YoY Change (%)	-16.3	0.0	1.5	13.2	5.9	11.2	
<b>EBITDA</b>	<b>174.9</b>	<b>191.9</b>	<b>175.6</b>	<b>200.2</b>	<b>143.2</b>	<b>179.6</b>	-20%
Margin (%)	14.3	14.0	13.7	13.6	11.0	13.2	
Depreciation	38.8	43.8	45.7	48.6	47.1	41.6	
Interest	36.0	32.4	29.8	36.1	29.6	35.7	
Other Income	27.3	29.3	29.7	35.0	35.0	32.3	
<b>PBT before EO expense</b>	<b>127.4</b>	<b>145.0</b>	<b>129.8</b>	<b>150.5</b>	<b>101.5</b>	<b>134.5</b>	-25%
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	
<b>PBT</b>	<b>127.4</b>	<b>145.0</b>	<b>129.8</b>	<b>150.5</b>	<b>101.5</b>	<b>134.5</b>	-25%
Tax	31.2	32.9	30.5	37.7	25.4	33.4	
Rate (%)	24.4	22.7	23.5	25.0	25.0	24.8	
<b>Reported PAT</b>	<b>96.3</b>	<b>112.1</b>	<b>99.2</b>	<b>112.8</b>	<b>76.1</b>	<b>101.1</b>	-25%
<b>Adj PAT</b>	<b>96.3</b>	<b>112.1</b>	<b>99.2</b>	<b>112.8</b>	<b>76.1</b>	<b>101.1</b>	-25%
YoY Change (%)	-32.3	64.9	19.6	-18.0	-20.9	5.1	
Margin (%)	7.9	8.2	7.8	7.7	5.9	7.4	
<b>Key Assumptions</b>							
Production meant for sale (mmt)	17.2	17.1	16.4	17.1	17.7	17.0	4%
EBITDA/mt (USD)	95.1	102.0	86.3	100.4	61.6	91.8	-33%



# Kotak Mahindra Bank

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,822      TP: INR1,800 (-1%)      Neutral**

**In-line adjusted earnings; asset quality ratios broadly stable**

**Margin declines sharply by 26bp QoQ**

Bloomberg	KMB IN
Equity Shares (m)	1988
M.Cap.(INRb)/(USDb)	3621.3 / 43.3
52-Week Range (INR)	1988 / 1544
1, 6, 12 Rel. Per (%)	0/-10/-28
12M Avg Val (INR M)	9975

- Kotak Mahindra Bank (KMB) posted a standalone PAT of ~INR62.5b in 1QFY25, aided by an exceptional gain of INR27.3b (net of tax) from divestment of its 70% stake in Kotak Mahindra General Insurance to Zurich Insurance. Adjusted PAT was in line at INR35.2b (2% YoY growth).
- NII grew 9.8% YoY to INR68.4b (4% miss) as NIMs moderated 26bp QoQ to 5.02%. Other income grew 9.2% YoY to INR29.3b (4% miss). Total revenues thus grew 9.6% YoY.
- Advances grew 18.7% YoY/3.7% QoQ to INR3.9t, while deposits grew 15.8% YoY (flat QoQ). CASA mix moderated 210bp QoQ to 43.4%.
- Fresh slippages increased 4% QoQ to INR13.6b. GNPA/NNPA ratios stood stable at 1.39%/0.35%. PCR declined 104bp QoQ to 74.9%.
- We fine-tune our earnings estimates; we estimate KMB's RoA/RoE at 2.3%/14.3% by FY26. **Reiterate Neutral with a TP of INR1,800 (based on 2.0x FY26E ABV + INR575 for subs).**

## Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	259.9	290.7	340.3
OP	195.9	217.8	254.3
NP	137.8	148.0	170.8
Cons. NP	182.1	193.6	225.7
NIM (%)	5.2	4.9	4.9
EPS (INR)	69.4	74.4	85.9
EPS Gr. (%)	25.9	7.3	15.4
ABV. (INR)	462	531	611
Cons. BV. (INR)	654	749	861

## Ratios

Cons. RoE (%)	14.0	13.0	13.2
RoE (%)	15.3	14.2	14.3
RoA (%)	2.5	2.3	2.3

## Valuations

P/BV (X) (Cons.)	2.8	2.4	2.1
P/ABV (X) (Cons.)	2.8	2.5	2.1
P/ABV (X) (Adj)	2.7	2.3	2.0
P/E(X) (Stand.)	17.8	16.6	14.4

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	25.9	25.9	25.9
DII	29.4	25.1	19.6
FII	31.5	35.9	41.5
Others	13.2	13.1	12.9

FII Includes depository receipts

**Loan growth steady; CD ratio rises ~340bp QoQ on flat deposit base**

- KMB reported a standalone PAT of ~INR62.5b, aided by an exceptional gain of INR27.3b (net of tax) from the sale of its 70% stake in Kotak Mahindra General Insurance to Zurich Insurance. Adjusted PAT was in line at INR35.2b (2% YoY growth). Consolidated PAT stood at INR74.5b (INR 44.4b, excluding exceptional gains).
- NII grew 9.8% YoY to INR68.4b (4% miss) as NIMs moderated 26bp QoQ to 5.02%. Other income grew 9.2% YoY to INR29.3b. Treasury gain was INR1.05b vs. INR1.4b in 4QFY24.
- Opex growth was under control at 13.9% YoY (4% lower than MOFSLe), enabling 6.2% YoY growth in PPOP to INR52.5b (in line). C/I ratio thus increased 147bp QoQ to 46.2%.
- Loan book grew 18.7% YoY (up 3.7% QoQ), led by healthy traction across segments. KMB reported a healthy sequential trend in business banking and home loans. Deposit saw modest growth at 15.8% YoY (flat QoQ). CASA mix moderated 210bp QoQ to 43.4%.
- Fresh slippages increased 4% QoQ to INR13.6b. GNPA/NNPA ratios were stable at 1.39%/0.35%. PCR declined 104bp QoQ to 74.9%. SMA-2 advances stood at INR2.32b (6bp of loans). CAR stood at 22.4%, while CET-1 was 21.3% in 1QFY25. KMB reported an increase of INR34.14b in reserves pursuant to the implementation of revised investment guidelines by the RBI.
- **Performance of subsidiaries:** Kotak Securities reported net earnings growth of 82.6% YoY, while KIL reported PAT growth of 35.3% YoY.

### Highlights from the management commentary

- In terms of network expansion, KMB opened 150 branches last year and aims to add a similar number of branches this year as well.
- A moderation in unsecured advances growth affected the yield, but the bank expects unsecured lending trajectory to sustain mid-teen growth.
- KMB is making efforts to build the deposit franchise across all of its businesses and get deposits at low cost with sustainable growth. Most of the repricing has been done.

### Valuation and view

KMB delivered a mixed quarter as earnings came in line with estimates (aided by controlled opex) and margins contracted significantly by 26bp QoQ. The asset quality ratios remained stable, while slippages rose slightly. Moderate growth in unsecured advances affected the yields, but the management continues to guide for mid-teens growth in unsecured lending. Growth in deposits has been modest, leading to an increase in the CD ratio to 87.2%. Amid heightened competition for deposits, we remain watchful on the pace of deposit accretion for the bank and the impact on margins over coming quarters. KMB has posted healthy performance despite the RBI ban on its digital sourcing and restriction on new card issuance. We believe that the removal of the ban remains critical for the bank to deliver sustainable growth and earnings. We fine tune our earnings estimates and expect KMB's RoA/RoE at 2.3%/14.3% by FY26. **Reiterate Neutral with a TP of INR1,800 (based on 2.0x FY26E ABV + INR575 for subsidiaries).**

### Quarterly performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Our Est
<b>Net Interest Income</b>	<b>62.3</b>	<b>63.0</b>	<b>65.5</b>	<b>69.1</b>	<b>68.4</b>	<b>70.9</b>	<b>73.6</b>	<b>77.8</b>	<b>259.9</b>	<b>290.7</b>	<b>70.9</b>	<b>-4%</b>
% Change (Y-o-Y)	32.7	23.5	15.9	13.2	9.8	12.7	12.2	12.6	20.6	11.9	13.8	
Other Income	26.8	23.1	23.0	29.8	29.3	29.9	30.8	31.2	102.7	121.2	28.2	4%
<b>Total Income</b>	<b>89.2</b>	<b>86.1</b>	<b>88.5</b>	<b>98.9</b>	<b>97.7</b>	<b>100.9</b>	<b>104.3</b>	<b>109.0</b>	<b>362.7</b>	<b>412.0</b>	<b>99.2</b>	<b>-1%</b>
Operating Expenses	39.7	40.0	42.8	44.3	45.2	47.2	49.7	52.1	166.8	194.1	47.0	-4%
<b>Operating Profit</b>	<b>49.5</b>	<b>46.1</b>	<b>45.7</b>	<b>54.6</b>	<b>52.5</b>	<b>53.7</b>	<b>54.6</b>	<b>56.9</b>	<b>195.9</b>	<b>217.8</b>	<b>52.2</b>	<b>1%</b>
% Change (Y-o-Y)	77.8	29.2	18.6	17.5	6.2	16.5	19.7	4.2	31.9	11.2	5.4	
Provisions	3.6	3.7	5.8	2.6	5.8	5.4	5.4	5.0	15.7	21.6	4.7	22%
<b>Profit before Tax</b>	<b>45.9</b>	<b>42.4</b>	<b>39.9</b>	<b>52.0</b>	<b>46.8</b>	<b>48.3</b>	<b>49.2</b>	<b>51.9</b>	<b>180.1</b>	<b>196.3</b>	<b>47.4</b>	<b>-1%</b>
Tax	11.3	10.5	9.8	10.6	11.6	11.9	12.1	12.7	42.3	48.3	11.7	-1%
<b>Net Profit</b>	<b>34.5</b>	<b>31.9</b>	<b>30.1</b>	<b>41.3</b>	<b>35.2</b>	<b>36.4</b>	<b>37.1</b>	<b>39.2</b>	<b>137.8</b>	<b>148.0</b>	<b>35.8</b>	<b>-2%</b>
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	14.2	23.5	-5.1	26.0	7.4	3.6	
Exceptional item					27.3					27.3		
<b>PAT including exceptional</b>	<b>34.5</b>	<b>31.9</b>	<b>30.1</b>	<b>41.3</b>	<b>62.5</b>	<b>36.4</b>	<b>37.1</b>	<b>39.2</b>	<b>137.8</b>	<b>175.3</b>		
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	14.2	23.5	-5.1	26.0	27.2		
Deposits (INRb)	3,863	4,010	4,086	4,490	4,474	4,678	4,911	5,118	4,490	5,118	4,606	
Loans (INRb)	3,286	3,483	3,596	3,761	3,900	4,038	4,218	4,362	3,761	4,362	3,881	
Deposit growth (%)	22.0	23.3	18.6	23.6	15.8	16.7	20.2	14.0	23.6	14.0	19.2	
Loan growth (%)	17.3	18.5	15.7	17.6	18.7	15.9	17.3	16.0	17.6	16.0	18.1	
<b>Asset Quality</b>												
Gross NPA (%)	1.77	1.72	1.73	1.39	1.39	1.37	1.35	1.35	1.39	1.35	1.37	
Net NPA (%)	0.40	0.37	0.34	0.34	0.35	0.36	0.36	0.35	0.34	0.35	0.34	
PCR (%)	78.0	79.1	80.6	75.9	74.9	74.4	74.0	74.1	75.9	74.1	75.4	

E: MOFSL Estimates



# UltraTech Cement

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR11,258      TP: INR13,000 (+15%)      Buy**

## Weak realization leads to EBITDA miss

### Expect double-digit volume growth in FY25 vs. ~7-8% for the industry

- UTCEM's 1QFY25 EBITDA was flat YoY at INR30.4b (6% below our estimate). EBITDA/t declined 7% YoY to INR951 (est. INR1,061). OPM declined 40bp YoY to 16.8% (est. ~18%). Adj. PAT stood at INR16.7b (est. INR15.5b), aided by a lower effective tax rate.
- The management highlighted that rural volumes for UTCEM grew ~9% YoY in 1Q, while there was lower demand from the infrastructure segment. Volume growth should be in double digits in FY25E vs. 7-8% for the Industry. The cost reduction target now stands at INR300/t for the next three years vs. earlier guidance of INR200-300/t. UTCEM will expand its capacity by 16mtpa, representing ~40% of the total industry capacity addition in FY25E.
- We cut our EBITDA/EPS estimates by 6%/7% for FY25 and 2%/3% for FY26 and FY27 each. The stock trades at 18x FY26E EV/EBITDA. We value UTCEM at 20x Jun'26E EV/EBITDA and arrive at TP of INR13,000. **Maintain BUY.**

### Sales volume rises 7% YoY; realization/t down 4% YoY (2% miss)

- UTCEM's consol. revenue/EBITDA/adj. PAT stood at INR180.7b/INR30.4b/INR16.7b (up 2%/flat/down 1% YoY and in line/down 6%/up 7% vs. our estimates). Consolidated sales volume grew 7% YoY to 32.0mt. Revenue of RMC grew 20% YoY, while white cement revenue declined 1%. Other operating income/t was INR64 vs. INR75/INR104 in 1Q/4QFY24.
- Grey cement realization was down 5.7% YoY/2.6% QoQ (~1% miss). Blended realization declined 4% YoY (~2% miss). Opex/t was down 4% YoY (in line), led by an 8%/4% decline in variable/freight costs. Other expense/t was up 9% (partly due to one-time brand building expenses). EBITDA/t declined 7% YoY to INR951 and OPM dipped 40bp to 16.8% in 1QFY24. Depreciation/interest expenses rose 12%/21% YoY and other income declined 5% YoY.

### Highlights from the management commentary

- UTCEM expects industry volume growth of 3-3.5% YoY in 1QFY25. Cement prices in Jul'25 are further down 1.5% from the 1QFY25 average. Price improvement, if any, is expected only in 2HFY25.
- 23MW of WHRS capacity was added in 1Q, taking the total capacity to 301MW. Green energy contributed 29.4% of power requirements in 1Q.
- Capex in 1Q was INR20b and will be at INR80-90b in FY25. Capex in FY26/FY27 will also be in the similar range. The company commissioned two integrated units in 1Q and each unit has clinker capacity of 3.5mtpa.

### Valuation and view

- UTCEM's 1Q operating performance was below our estimates mainly due to weak realization. Volume growth and cost reduction came in line with our estimates. Pricing pressure is estimated to continue in the near term; however, demand will stay healthy.
- We estimate a CAGR of 17%/20% in consolidated EBITDA/adjusted PAT over FY24-27. UTCEM is estimated to continue to gain market share with its robust capacity expansion. We value the stock at 20x Jun'26E EV/EBITDA to arrive at our TP of INR13,000. We reiterate our BUY rating.

Bloomberg	UTCEM IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	3250.2 / 38.8
52-Week Range (INR)	12078 / 7941
1, 6, 12 Rel. Per (%)	-2/-2/11
12M Avg Val (INR M)	3571

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	733	884	994
EBITDA	137	177	209
Adj. PAT	75	99	120
EBITDA Margin (%)	19	20	21
Adj. EPS (INR)	261	337	409
EPS Gr. (%)	7	29	21
BV/Sh. (INR)	2,303	2,737	3,145

### Ratios

Net D:E	(0.0)	(0.0)	(0.1)
RoE (%)	11.9	13.5	14.1
RoCE (%)	11.3	12.8	13.4
Payout (%)	17.2	16.3	6.7

### Valuations

P/E (x)	43.1	33.5	27.6
P/BV (x)	4.9	4.1	3.6
EV/EBITDA(x)	23.3	18.2	15.0
EV/ton (USD)	235	209	189
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	1.2	2.0	2.8

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	60.0	60.0	60.0
DII	14.0	14.3	16.1
FII	18.8	18.4	16.5
Others	7.2	7.3	7.5

FII Includes depository receipts

Consolidated quarterly performance

(INR b)

	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Net sales</b>	<b>177.4</b>	<b>160.1</b>	<b>167.4</b>	<b>204.2</b>	<b>180.7</b>	<b>161.1</b>	<b>173.1</b>	<b>217.9</b>	<b>709.1</b>	<b>732.8</b>	<b>181.1</b>	(0)
YoY change (%)	17.0	15.3	7.9	9.4	1.9	0.6	3.4	6.7	12.1	3.3	2.1	
Total expenditure	146.9	134.6	134.9	163.1	150.3	137.5	140.7	167.6	579.4	596.1	148.6	1
<b>EBITDA</b>	<b>30.5</b>	<b>25.5</b>	<b>32.5</b>	<b>41.1</b>	<b>30.4</b>	<b>23.6</b>	<b>32.4</b>	<b>50.3</b>	<b>129.7</b>	<b>136.7</b>	<b>32.5</b>	(6)
Margin (%)	17.2	15.9	19.4	20.1	16.8	14.7	18.7	23.1	18.3	18.7	17.9	(111bp)
Depreciation	7.5	8.0	7.8	8.1	8.4	8.5	8.7	8.8	31.5	34.4	8.4	1
Interest	2.1	2.3	2.6	2.6	2.6	2.5	2.4	2.3	9.7	9.6	2.5	1
Other income	1.7	1.7	1.4	1.4	1.7	1.7	1.7	1.8	6.2	6.8	1.7	(2)
<b>PBT before EO expense</b>	<b>22.6</b>	<b>16.9</b>	<b>23.5</b>	<b>31.7</b>	<b>21.1</b>	<b>14.3</b>	<b>23.1</b>	<b>41.0</b>	<b>94.7</b>	<b>99.4</b>	<b>23.3</b>	(10)
'Extra-Ord expense	-	-	-	0.72	(0.33)	-	-	-	0.7	(0.3)	-	
<b>PBT after EO Expense</b>	<b>22.6</b>	<b>16.9</b>	<b>23.5</b>	<b>31.0</b>	<b>21.4</b>	<b>14.3</b>	<b>23.1</b>	<b>41.0</b>	<b>94.0</b>	<b>99.8</b>	<b>23.3</b>	(8)
Tax	5.8	4.1	5.8	8.5	4.5	3.6	5.8	10.3	24.2	24.1	7.8	(42)
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 (%)	25.5	24.3	24.7	27.5	20.9	25.0	25.0	25.0	25.7	24.1	33.3	
<b>Reported PAT</b>	<b>16.9</b>	<b>12.8</b>	<b>17.7</b>	<b>22.5</b>	<b>16.9</b>	<b>10.7</b>	<b>17.3</b>	<b>30.7</b>	<b>69.8</b>	<b>75.7</b>	<b>15.5</b>	9
Minority interest	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	-0.2	0.0	0.0	
<b>Adj. PAT</b>	<b>16.9</b>	<b>12.8</b>	<b>17.8</b>	<b>23.1</b>	<b>16.7</b>	<b>10.7</b>	<b>17.3</b>	<b>30.6</b>	<b>70.6</b>	<b>75.4</b>	<b>15.5</b>	7
YoY change (%)	6.3	69.6	67.9	38.7	-1.0	-16.1	-2.5	32.6	39.2	6.9	-7.9	

Key operating parameters

Income Statement (INR/t)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E	FY25	Var.
											1QE	(%)
Volume (mt)	30.0	26.7	27.3	35.1	32.0	29.0	30.1	37.8	119.0	128.8	31.5	1
Change (YoY %)	19.6	15.5	5.6	10.8	6.6	8.6	10.2	7.6	12.6	8.2	5.2	
<b>Realization (including RMC)</b>	<b>5,920</b>	<b>5,999</b>	<b>6,127</b>	<b>5,821</b>	<b>5,656</b>	<b>5,558</b>	<b>5,748</b>	<b>5,769</b>	<b>5,957</b>	<b>5,689</b>	<b>5,746</b>	(2)
Change (YoY %)	-2.2	-0.2	2.1	-1.2	-4.5	-7.3	-6.2	-0.9	-0.4	-4.5	-2.9	
RM cost	983	935	972	1,086	1,009	950	985	1,022	1,000	994	965	5
Power and fuel	1,629	1,643	1,529	1,379	1,406	1,410	1,380	1,274	1,536	1,362	1,460	(4)
Staff cost	236	304	281	214	231	273	256	225	255	245	240	(4)
Freight and forwarding	1,369	1,316	1,325	1,325	1,309	1,287	1,271	1,274	1,334	1,285	1,336	(2)
Other expenditure	686	846	828	644	749	824	780	591	742	742	715	5
<b>Total expenditure</b>	<b>4,903</b>	<b>5,044</b>	<b>4,936</b>	<b>4,648</b>	<b>4,704</b>	<b>4,744</b>	<b>4,672</b>	<b>4,386</b>	<b>4,867</b>	<b>4,628</b>	<b>4,715</b>	(0)
<b>EBITDA</b>	<b>1,018</b>	<b>956</b>	<b>1,191</b>	<b>1,173</b>	<b>951</b>	<b>815</b>	<b>1,076</b>	<b>1,383</b>	<b>1,089</b>	<b>1,061</b>	<b>1,030</b>	(8)
YoY change (%)	(17.7)	18.3	31.9	11.8	(6.5)	(14.8)	(9.7)	18.0	8.4	(2.6)	1.2	

Sources: Company reports, MOFSL estimates



Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR557      TP: INR 500 (-10%)      Neutral**

**Muted quarter, but the uptick in consulting a positive**

**Subdued revenue growth guidance for the next quarter**

Bloomberg	WPRO IN
Equity Shares (m)	5230
M.Cap.(INRb)/(USDb)	2914.4 / 34.8
52-Week Range (INR)	580 / 375
1, 6, 12 Rel. Per (%)	8/1/10
12M Avg Val (INR M)	3531

**Financials & Valuations (INR b)**

Y/E Mar	2024	2025E	2026E
Sales	896	891	936
EBIT Margin (%)	15.2	15.9	16.4
PAT	110	116	128
EPS (INR)	20.4	22.0	24.5
EPS Gr. (%)	(1.5)	7.9	11.5
BV/Sh. (INR)	141.8	140.7	143.1

**Ratios**

RoE (%)	14.4	15.7	17.3
RoCE (%)	11.3	12.2	13.6
Payout (%)	1.6	90.0	70.0

**Valuations**

P/E (x)	27.3	25.3	22.7
P/BV (x)	3.9	4.0	3.9
EV/EBITDA (x)	15.8	15.0	13.8
Div Yield (%)	4.4	3.6	3.1

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	72.8	72.9	72.9
DII	8.3	8.3	7.6
FII	9.6	9.5	8.7
Others	9.4	9.4	10.8

FII Includes depository receipts

- Wipro (WPRO) reported 1QFY25 IT Services revenue of USD2.6b (-1.0% QoQ) in constant currency (CC), 50bp below our estimate. It posted an order intake of USD3.2b (-9.0% QoQ), with a large deal TCV of USD1.1b (-3.0% QoQ). The EBIT margin of IT Services was 16.5% vs. our est. of 17.3%. EBITDA rose 1.5% QoQ/6.0% YoY to INR44b (in line). PAT stood at INR30b (+6.0% QoQ/+4.6% YoY), slightly above our est. of INR29b. WPRO's guidance was muted, with 2QFY25 USD CC revenue growth guidance in the range of -1.0% to +1.0% QoQ.

- While the commentary on the overall demand environment was non-committal, the uptick in the Capco business across the US and Europe re-affirms the recovery trends witnessed in the recent results.

- We see WPRO's 2QFY25 revenue growth guidance as subdued. While we expect the company to rebound to growth in FY26, in line with the industry, it should continue to lag its peers.

- WPRO's EBIT margin improved 10bp, below our est. of ~90bp QoQ improvement, despite a delay in wage hikes. Fixed-price productivity, improvement in the pyramid, onboarding of freshers, optimization of overhead costs, and some synergies of the acquired entities at play could be the key levers. However, volume recovery is a key monitorable.

- We expect the company to deliver FY24-26E IT Services revenue CAGR of 1.4%. We expect WPRO to clock ~16% operating margin in FY25, which should translate into an 8.0% CAGR in INR PAT over FY24-26.

- We have cut our FY25E EPS by 1% and kept FY26E EPS broadly unchanged after its 1Q print. We reiterate our **Neutral** rating as we view the current valuation as fair. Our TP implies 20x FY26E EPS.

**IT Services revenue and margins miss estimates**

- IT Services revenue of USD2.6b, declined 1.0% QoQ in CC (reported USD revenue was down 1.2% QoQ), below our estimate of 0.5% QoQ CC decline.
- Mfg (-3.0% QoQ CC), Comms (-1.8% QoQ CC), Energy & Utilities (-6.3% QoQ CC), and Technology (-0.5% QoQ CC) were adversely impacted, whereas BFS (0.5% QoQ CC) and Retail (1.6% QoQ CC) performed well.
- IT Services EBIT margin was 16.5% (up 10bp QoQ), below MOFSLe of 90bp expansion QoQ.
- WPRO's 1Q TCV of USD3.2b, declined 9.0% QoQ, while Large TCV of USD1.5b was down 4.0% QoQ.
- WPRO's 2QFY25 revenue guidance was again disappointing, at -1.0% to +1.0% in CC terms.
- Headcount additions stood at 337, after the sixth consecutive quarter of decline (vs. -6,180 in 4Q). Net utilization (excl. trainees) improved to 87.7% (vs. 86.9% in 4Q). Attrition (LTM) was down 10bp QoQ to 14.1%
- Net profit of INR30b, up 5.2% YoY, was above our estimate of INR29b.

### Key highlights from the management commentary

- Management alluded to the fact that the market has not changed fundamentally in terms of demand, with positive momentum among the US consumers, Capco business, and BFSI sectors. The macro environment remains uncertain, however, leading to softness in discretionary spending.
- WPRO is driving large deals by seeking proactive engagements, securing 10 large deals in 1Q. The company is continuing to invest in established and high-priority accounts. Revenue from top clients grew despite the soft demand environment. Focused on driving execution with speed. Incorporating various GenAI solutions in the offerings in order to increase productivity and quality of products.
- Capco had sequential growth across the US and Europe. Capco is a consultancy-led business and is experiencing good demand in the financial services segment. Rising business is strong in the Fashion & Retail vertical and SAPHANA.
- The deal tenure is becoming shorter, and 3-5 year deals are becoming more prominent. Management indicated that GenAI is now moving from an experimental stage to a commercial stage, where every large deal has some components of GenAI to develop use cases and AI models.

### Valuations & View

- We expect the company to deliver FY24-26E IT Services revenue CAGR of 1.4%. We expect WPRO to clock ~16% operating margin in FY25, which should translate into an 8.0% CAGR in INR PAT over FY24-26.
- We have cut our FY25E EPS by 1% and kept FY26E EPS broadly unchanged after its 1Q print. We reiterate our Neutral rating as we view the current valuation as fair. Our TP implies 20x FY26E EPS.

### Quarterly performance (IFRS)

Y/E March	FY24				FY25E				FY24	FY25E	(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			Est.	Var.
<b>IT Services Revenue (USD m)</b>	<b>2,779</b>	<b>2,713</b>	<b>2,656</b>	<b>2,657</b>	<b>2,626</b>	<b>2,629</b>	<b>2,654</b>	<b>2,686</b>	<b>10,805</b>	<b>10,596</b>	<b>2,646</b>	<b>-0.8</b>
QoQ (%)	-2.1	-2.3	-2.1	0.0	-1.2	0.1	1.0	1.2	-3.8	-1.9	-0.4	-76bp
<b>Overall Revenue (INR b)</b>	<b>228</b>	<b>225</b>	<b>222</b>	<b>222</b>	<b>220</b>	<b>221</b>	<b>223</b>	<b>226</b>	<b>896</b>	<b>891</b>	<b>222</b>	<b>-0.9</b>
QoQ (%)	-1.5	-1.4	-1.4	0.0	-1.1	0.8	0.9	1.2			-0.2	-88bp
YoY (%)	6.0	-0.1	-4.4	-4.2	-3.8	-1.7	0.6	1.9	-0.9	-0.6	-2.9	-85bp
<b>GPM (%)</b>	<b>29.4</b>	<b>29.3</b>	<b>30.7</b>	<b>29.2</b>	<b>30.2</b>	<b>29.7</b>	<b>30.7</b>	<b>29.2</b>	<b>29.6</b>	<b>29.9</b>	<b>30.0</b>	<b>20bp</b>
SGA (%)	14.2	14.6	16.0	13.2	13.7	14.1	14.1	14.1	14.5	14.0	14.1	-42bp
<b>EBITDA</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>44</b>	<b>44</b>	<b>43</b>	<b>45</b>	<b>43</b>	<b>170</b>	<b>175</b>	<b>44</b>	<b>2.0</b>
<b>EBITDA Margin (%)</b>	<b>18.4</b>	<b>18.8</b>	<b>19.0</b>	<b>19.7</b>	<b>20.2</b>	<b>19.3</b>	<b>20.3</b>	<b>18.8</b>	<b>19.0</b>	<b>19.7</b>	<b>19.6</b>	<b>58bp</b>
<b>IT Serv. EBIT (%)</b>	<b>16.0</b>	<b>16.1</b>	<b>16.0</b>	<b>16.4</b>	<b>16.5</b>	<b>15.5</b>	<b>16.5</b>	<b>15.0</b>	<b>16.4</b>	<b>15.9</b>	<b>17.3</b>	<b>-81bp</b>
<b>EBIT Margin (%)</b>	<b>15.1</b>	<b>14.8</b>	<b>14.8</b>	<b>15.9</b>	<b>16.4</b>	<b>15.5</b>	<b>16.5</b>	<b>15.0</b>	<b>15.2</b>	<b>15.9</b>	<b>15.8</b>	<b>58bp</b>
Other income	3	2	3	3	4	3	3	3	11	13	3	42.0
ETR (%)	24.0	24.0	24.0	26.0	24.5	24.0	24.0	24.0	24.5	24.1	24.0	49bp
<b>PAT</b>	<b>29</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>30</b>	<b>28</b>	<b>30</b>	<b>28</b>	<b>110</b>	<b>116</b>	<b>29</b>	<b>4.5</b>
QoQ (%)	-6.6	-7.8	1.8	5.2	5.9	-6.2	6.9	-7.4			1.4	459bp
YoY (%)	12.0	-0.5	-11.7	-7.8	4.6	6.4	11.7	-1.7	-2.9	5.4	0.1	453bp
EPS (INR)	5.1	5.0	5.2	5.4	5.7	5.4	5.7	5.3	20.4	22.0	5.5	4.4

E: MOFSL estimates





# JSW Steel

**Estimate changes**

TP change

Rating change



Bloomberg	JSTL IN
Equity Shares (m)	2445
M.Cap.(INRb)/(USDb)	2175.1 / 26
52-Week Range (INR)	959 / 723
1, 6, 12 Rel. Per (%)	-7/-5/-11
12M Avg Val (INR M)	2030

**Financials Snapshot (INR b)**

Y/E MARCH	FY24	FY26E	FY26E
Net Sales	1,750	1,934	2,169
EBITDA	282	349	438
PAT	90	137	191
EPS (INR)	37	56	78
GR. (%)	150	52	39
BV/Sh (INR)	321	367	430

**Ratios**

ROE (%)	12.4	16.3	19.6
RoCE (%)	8.6	10.1	12.5

**Valuations**

P/E (X)	24.2	15.9	11.4
P/BV (X)	2.8	2.4	2.1
EV/EBITDA (X)	10.2	8.1	6.2
Div Yield (%)	0.5	1.3	1.8

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	44.8	44.8	45.4
DII	11.0	10.3	10.1
FII	25.9	26.4	26.5
Others	18.3	18.4	18.0

FII Includes depository receipts

**CMP: INR890**

**TP: INR1030 (+16%)**

**Buy**

**Revenue in line; low volumes/high costs dent EBITDA**

- JSW Steel (JSTL) posted consolidated revenue of INR429b (+2% YoY/-7% QoQ), in line with our estimate of INR442b. ASP for 1QFY25 stood at INR70,168/t (-5% YoY and +2% QoQ).
- EBITDA was INR55b (-22% YoY/-10% QoQ) vs. our estimate of INR63b. The sequential decline was largely due to lower volumes and certain one-offs, including inventory valuation impact.
- EBITDA/t stood at INR9,003 (-27% YoY/flat QoQ) vs. our est. of INR10,348.
- APAT stood at INR8b (-64% YoY/-35% QoQ) vs. our estimate of INR14b. Weak operating performance and high tax outgo hit APAT.
- Combined crude steel production stood at 6.35mt (-1% YoY/-6% QoQ). Capacity utilization at India operations was 87% and was hit by the planned maintenance shutdowns at Dolvi and BPSL. Steel sales volumes came in at 6.12mt (+7% YoY/-9% QoQ). Export volumes declined 29% YoY and were 10% of India operations in 1QFY25.
- During the quarter, JSTL approved the transfer of 30MTPA Slurry Pipeline undertaking in Odisha to JSW Infrastructure for INR17b.
- **Going forward, we expect JSTL's domestic volumes to improve with increasing capacities, a better product mix, and export opportunities. With stable pricing, softening coal and iron ore costs, and improving operational efficiencies, we expect its EBITDA/t to improve going forward. JSTL is trading at 6.2x FY26E EV/EBITDA. We cut our EBITDA estimates by 7%/3% for FY25/FY26. We reiterate our BUY rating with a revised TP of INR1,030 (valued at 7x EV/EBITDA on FY26E).**

**Highlights from the management commentary**

- Production guidance is at 28.4mt and sales guidance is 27.0mt in FY25.
- Iron ore costs declined a bit sequentially. Further, coking coal costs dipped USD23/t QoQ during 1QFY25. These cost reductions were offset by inventory losses and certain one-off costs.
- For 2QFY25, management guided coal costs to dip further by USD22-28/t.
- Steel prices appear to have bottomed out. They are likely to remain rangebound in the near term.
- JSTL incurred a capex of INR44.7b in 1QFY25, and expects to incur a capex of INR200b in FY25.
- The sale of the Slurry Pipeline business has been executed to focus on steel expansion and better capital allocation.
- Elevated exports from China continue to remain a concern to India, due to the absence of any trade barrier.

### Valuation and view

- While 1QFY25 has been challenging, the outlook remains positive. We believe JSTL is well placed with new capacities coming on-stream, strong domestic demand, and a rising share of value-added proportion in the sales mix. Its focus on increasing the captive share of iron ore and improving coal linkages will support earnings. The robust balance sheet and strong cash flow generation would allow for the execution of the planned five-year capex program.
- JSTL is trading at 6.2x FY26E EV/EBITDA. **We reiterate our BUY rating with a revised TP of INR1,030 (valued at 7x EV/EBITDA on FY26E).**

### Consolidated financial performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E vs. Est	vs. Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales (kt)</b>	<b>5,710</b>	<b>6,390</b>	<b>6,000</b>	<b>6,730</b>	<b>6,120</b>	<b>6,537</b>	<b>7,009</b>	<b>7,159</b>	<b>24,830</b>	<b>26,825</b>	<b>6,100</b>	<b>0.3</b>
Change (YoY %)	27.2	11.3	5.1	3.1	7.2	2.3	16.8	6.4	10.5	8.0	14	
<b>Net Sales</b>	<b>422</b>	<b>446</b>	<b>419</b>	<b>463</b>	<b>429</b>	<b>468</b>	<b>502</b>	<b>535</b>	<b>1,750</b>	<b>1,934</b>	<b>442</b>	<b>-2.8</b>
Change (YoY %)	10.8	6.7	7.2	-1.5	1.7	4.9	19.7	15.6	5.5	10.5	-0.1	
Change (QoQ %)	-10.1	5.6	-5.9	10.3	-7.2	8.9	7.4	6.6			-0.9	
<b>EBITDA</b>	<b>70</b>	<b>79</b>	<b>72</b>	<b>61</b>	<b>55</b>	<b>77</b>	<b>102</b>	<b>114</b>	<b>282</b>	<b>349</b>	<b>63</b>	<b>-12.5</b>
Change (YoY %)	63.5	350.1	57.9	-22.9	-21.8	-1.9	42.6	86.0	52.2	23.5	-10.2	
Change (QoQ %)	-11.2	11.9	-9.0	-14.7	-10.0	40.4	32.4	11.3			3.3	
EBITDA (INR per ton)	12,340	12,341	11,967	9,100	9,003	11,830	14,604	15,910	11,372	12,999	10,348	
Interest	20	21	20	21	21	21	21	22	81	85	21	
Depreciation	19	20	21	22	22	22	22	21	82	87	23	
Other Income	3	2	2	2	2	1	1	4	10	8	1	
<b>PBT (before EO Item)</b>	<b>35</b>	<b>40</b>	<b>33</b>	<b>21</b>	<b>14</b>	<b>35</b>	<b>60</b>	<b>76</b>	<b>130</b>	<b>185</b>	<b>20</b>	
EO Items	0	6	0	0	0	0	0	0	6	0	0	
<b>PBT (after EO Item)</b>	<b>35</b>	<b>46</b>	<b>33</b>	<b>21</b>	<b>14</b>	<b>35</b>	<b>60</b>	<b>76</b>	<b>136</b>	<b>185</b>	<b>20</b>	
Total Tax	11	18	9	7	5	9	15	17	44	47	5	
% Tax	29.9	39.3	25.7	32.7	36.9	25.2	25.2	23.1	32.5	25.2	25.2	
<b>PAT before MI and Asso.</b>	<b>25</b>	<b>28</b>	<b>25</b>	<b>14</b>	<b>9</b>	<b>26</b>	<b>45</b>	<b>58</b>	<b>91</b>	<b>138</b>	<b>15</b>	
MI (Profit)/Loss	-0.9	-0.1	-0.4	-0.2	-0.2	0.0	0.0	0.0	-1.6	-1.0	-0.3	
Share of P/(L) of Ass.	-0.3	-0.2	-0.2	-1.0	-0.1	0.0	0.0	0.0	-1.7	-0.6	-0.1	
<b>Reported PAT (after MI and Asso.)</b>	<b>23</b>	<b>28</b>	<b>24</b>	<b>13</b>	<b>8</b>	<b>26</b>	<b>45</b>	<b>58</b>	<b>88</b>	<b>137</b>	<b>14</b>	
<b>Adjusted PAT</b>	<b>23</b>	<b>31</b>	<b>23</b>	<b>13</b>	<b>8</b>	<b>26</b>	<b>45</b>	<b>58</b>	<b>90</b>	<b>137</b>	<b>14</b>	<b>-39.6</b>
Change (YoY %)	179.0	LP	365.3	-64.5	-63.9	LP	97.9	347.4	152.8	52.3	-38.3	
Change (QoQ %)	-36.2	31.1	-25.6	-43.0	-34.9	212.4	70.9	28.8			11.0	

Source: MOFSL, Company



Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR304      TP: INR320 (+5%)      Neutral**

**LPG under-recovery weighs on 1QFY25**

Bloomberg	BPCL IN
Equity Shares (m)	4339
M.Cap.(INRb)/(USDb)	1318 / 15.8
52-Week Range (INR)	344 / 166
1, 6, 12 Rel. Per (%)	-6/13/34
12M Avg Val (INR M)	4314

**Financials & Valuations (INR b)**

Y/E March	FY24	FY25E	FY26E
Sales	4,480.8	4,252.6	4,315.6
EBITDA	442.6	227.1	266.7
Adj. PAT	270.6	123.9	151.4
EPS (INR)	63.3	29.0	35.4
EPS Gr.%	1271.9	-54.2	22.1
BV/Sh. (INR)	177.0	191.5	209.0

**Ratios**

Net D:E	0.5	0.5	0.4
RoE (%)	41.9	15.7	17.7
RoCE (%)	24.8	10.7	12.1
Payout (%)	32.7	50.1	50.7

**Valuation**

P/E (x)	4.8	10.5	8.6
P/BV (x)	1.7	1.6	1.5
EV/EBITDA (x)	2.9	5.6	4.8
Div. yield (%)	6.9	4.9	6.0
FCF yield (%)	20.7	7.4	9.8

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	53.0	53.0	53.0
DII	22.3	22.2	24.1
FII	15.0	16.8	12.9
Others	9.7	8.0	10.1

FII Includes depository receipts

- BPCL’s reported GRM came in line with our est. at USD7.9/bbl in 1QFY25, while implied marketing margin came in 19% above our est. at INR4.8/lit. Standalone PAT at INR30b was down 9% vs. our estimate, largely due to LPG-related under-recoveries.
- Refining throughput stood at 10.1mmt vs. our estimate of 10.3mmt. In 1Q, Russian crude constituted ~39% of crude mix.
- Marketing sales volume (excluding exports) came in at 13.2mmt in 1QFY25 (vs. 13.2mmt in 4QFY24). OMCs are currently earning a gross marketing margin higher than our assumption of INR3.3/lit for both petrol/diesel.
- Singapore GRM (SG GRM) has been marginally up so far in 2QFY25 at USD3.9/bbl vs. USD3.5/bbl in 1QFY25, which may lead to muted refining performance in 2QFY25.
- Key points from the conference call:
  - BPCL took a hit of INR20b due to LPG under-recoveries in 1QFY25. At the current Saudi propane prices, BPCL is losing INR6b/month on LPG but remains hopeful of financial support from the government.
  - Russian crude discounts were flat QoQ at USD 3.5-4/bbl.
  - The company is looking to augment refining capacity further and exploring a 9-12mmtpa project on the East or West coast.
  - Structurally, BPCL remains positive on refining and believes GRMs should recover to normalized levels by 2QFY25 end. We cut FY25E consolidated PAT by 16% mainly as we account for LPG “under-recoveries.” These losses will likely be recovered from the government later in 2HFY25.
- BPCL is currently trading at 1.5x FY26E P/B and we see limited upside from the current level (FY26 ROE: 17.7%). However, with marginal volume growth and a sharp rise in capex expected in coming years, we maintain our Neutral rating with a TP of INR320, valuing the stock at 1.5x FY26E P/B.

**Reported EBITDA in line, but lower-than-estimated PAT**

- Reported GRM stood at USD7.9/bbl (vs. our estimate of USD8/bbl and USD12.5/bbl in 4QFY24).
- Marketing volumes, excluding exports, were in line with our estimate at 13.2mmt (+3% YoY). Marketing margin (including inv.) was higher than our estimate at INR4.8/lit (vs. INR5.7/lit in 4QFY24).
- EBITDA stood at INR56.5b (our est. INR59.6b) despite marketing inventory gain of INR4b in 1QFY25.
- Adjusted EBITDA stood at INR52.5b, down 12% vs. our est. of INR59.6b.
- Reported PAT was 9% below our estimate at INR30.1b (our est. INR33b).
- **As of Jun’24**, BPCL’s debt stood at INR152b vs. INR188b as of Mar’24.

### Valuation and view

- BPCL’s GRMs have been at a premium to SG GRMs on account of the continuous optimization of refinery production, product distribution and crude procurement. The use of advanced processing capabilities of Bina and Kochi refineries allows BPCL to process 100% of high sulphur crude and 50% Russian crude.
- We cut FY25E consolidated PAT by 16% mainly as we account for LPG “under-recoveries.” These losses will likely be recovered from the government later in 2HFY25. The current marketing margins remain healthy and marginally above the INR3.3/lit we are building in for MS/HSD. As a result of a cut in our earnings estimate, we lower our TP for BPCL by 2% to INR320/share (valuation multiple/methodology unchanged).
- With valuations at 1.5x FY26E P/B, we see limited upside from the current level. Given marginal volume growth, rising capex and volatility in earnings from the marketing division, we maintain our Neutral rating with a TP of INR320, valuing the stock at 1.5x FY26E BV.

### Standalone - Quarterly earnings

(INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>1,129.8</b>	<b>1,029.9</b>	<b>1,154.9</b>	<b>1,165.6</b>	<b>1,131.0</b>	<b>1,031.5</b>	<b>1,040.0</b>	<b>1,049.4</b>	<b>4,480.1</b>	<b>4,251.9</b>	<b>1,015.4</b>	<b>11</b>
YoY Change (%)	-6.7	-10.3	-3.1	-1.3	0.1	0.2	-9.9	-10.0	-5.3	-5.1	-10.1	
<b>EBITDA</b>	<b>158.1</b>	<b>130.1</b>	<b>62.8</b>	<b>92.7</b>	<b>56.5</b>	<b>56.3</b>	<b>56.6</b>	<b>58.5</b>	<b>443.7</b>	<b>227.9</b>	<b>59.6</b>	<b>-5</b>
Margins (%)	14.0	12.6	5.4	7.9	5.0	5.5	5.4	5.6	9.9	5.4	5.9	
Depreciation	16.1	16.0	18.2	17.2	16.8	18.7	18.7	18.7	67.5	72.8	18.2	
Interest	6.8	7.7	5.0	5.2	4.4	3.6	3.6	2.8	24.7	14.4	3.6	
Other Income	4.7	7.7	6.8	4.7	4.8	6.3	6.3	7.8	23.9	25.1	6.3	
<b>PBT before EO expense</b>	<b>140.1</b>	<b>113.1</b>	<b>45.8</b>	<b>74.4</b>	<b>40.3</b>	<b>40.3</b>	<b>40.6</b>	<b>44.8</b>	<b>373.5</b>	<b>166.0</b>	<b>44.1</b>	<b>-8</b>
Extra-Ord expense	0.0	0.0	0.0	18.0	0.0	0.0	0.0	0.0	18.0	0.0	0.0	
<b>PBT</b>	<b>140.1</b>	<b>113.1</b>	<b>45.8</b>	<b>56.4</b>	<b>40.3</b>	<b>40.3</b>	<b>40.6</b>	<b>44.8</b>	<b>355.5</b>	<b>166.0</b>	<b>44.1</b>	<b>-8</b>
<b>Adj PAT</b>	<b>105.5</b>	<b>85.0</b>	<b>34.0</b>	<b>55.7</b>	<b>30.1</b>	<b>30.2</b>	<b>30.4</b>	<b>33.5</b>	<b>280.2</b>	<b>124.2</b>	<b>33.0</b>	<b>-9</b>
YoY Change (%)	LP	LP	73.4	-26.4	-71.4	-64.5	-10.5	-39.8	848.1	-55.7	-68.8	
<b>Key Assumptions</b>												
Refining throughput (mmt)	10.4	9.4	9.9	10.4	10.1	10.1	10.1	10.1	39.9	40.4	10.3	-2
Reported GRM (USD/bbl)	12.6	18.5	13.4	12.5	7.9	9.0	9.0	9.2	14.1	8.3	8.0	-2
Marketing sales vol. exclud exports (mmt)	12.8	12.2	12.9	13.2	13.2	12.7	13.4	13.7	51.0	53.0	13.3	-1
Marketing GM incld inv (INR/litre)	9.3	5.9	3.5	5.7	4.8	3.6	3.6	3.6	3.2	3.9	4.0	19



# Union Bank of India

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR136 TP: INR165 (+22%) Buy**

## Earnings in line; strong other income offsets high provisions

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USD\$b)	1035.5 / 12.4
52-Week Range (INR)	173 / 83
1, 6, 12 Rel. Per (%)	-12/-14/36
12M Avg Val (INR M)	3124

### Net NPAs decline to 0.9%

- Union Bank of India (UNBK) reported 1QFY25 PAT of INR36.8b (13.7% YoY/ 11.1% QoQ, in line) as healthy other income and controlled opex offset higher provisions.
- NII grew 6.5% YoY to INR94.1b (in line). NIMs moderated 4bp QoQ to 3.05% during the quarter.
- Loan book grew 14% YoY/0.9% QoQ. Deposits grew 8.5% YoY (flat QoQ). CD ratio, thus, increased by 49bp QoQ to 71.8%.
- Net NPA ratio declined 13bp QoQ to 0.9%, while slippages moderated 30% QoQ to INR23.2b. UNBK, though, made standard provisions of INR12.96b for select accounts, which may witness some stress.
- We broadly maintain our earnings estimates and estimate RoA/RoE of 1.1%/16.1% by FY26. **Retain BUY with a TP of INR165.**

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	388.0	429.5
OP	282.1	303.5	338.6
NP	136.5	158.3	179.0
NIM (%)	2.9	2.8	2.8
EPS (INR)	18.9	20.7	23.4
EPS Gr. (%)	52.9	9.9	13.1
BV/Sh. (INR)	123	140	159
ABV/Sh. (INR)	112	131	151
RoE (%)	16.7	16.2	16.1
RoA (%)	1.0	1.1	1.1

### Valuations

P/E(X)	7.2	6.5	5.8
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.0	0.9

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	74.8	74.8	83.5
DII	11.4	12.6	7.9
FII	7.4	6.8	1.5
Others	6.5	5.9	7.2

### Deposit growth flat sequentially; margin moderates 4bp QoQ to 3.05%

- UNBK reported 13.7% YoY growth in PAT to INR36.8b (in line). NII grew 6.5% YoY to INR94.1b (in line), while NIMs moderated 4bp QoQ to 3.05%.
- Other income grew 15.5% QoQ (14% beat), led by PSLC income of INR9.55b and healthy treasury gains of INR7b. Total income, thus, increased by 9.2% YoY to INR139.2b.
- Operating expenses grew 10.3% YoY to INR61.4b (in line). Thus, PPOP grew 8.4% YoY to INR77.9b (10% beat), which offset higher provisions of INR27.6b (41% higher than MOFSLe). C/I ratio stood at 44.1%.
- Advances grew at modest 14% YoY/0.9% QoQ to INR8.8t. Retail book grew 12.3% YoY (2.7% QoQ) and Commercial book grew 14.5% YoY (0.4% QoQ). Deposit base was flat on a sequential basis (8.5% YoY growth), with CASA deposits declining 80bp QoQ to 33.4%.
- Fresh slippages decreased to INR23.2b from INR33.2b in 4Q. GNPA/NNPA ratios improved 22bp/13bp QoQ to 4.54% /0.9%. PCR rose 178bp QoQ to 80.9%.
- UNBK made standard provisions of INR12.96b for select accounts, which may witness some stress. SMA book increased to ~INR67.3b, though restructured portfolio declined to 1.3%.

### Highlights from the management commentary

- UNBK has considered some accounts with potential stress (primarily domestic accounts) and made additional standard provisions of INR12.96b.
- The bank guides for >1% of RoA with NIMs of 2.8-3%. The bank aims to surpass its RoA guidance.
- C/I ratio is expected to remain at ~45-45.5% going forward.

**Valuation and view**

UNBK reported an in-line quarter, characterized by strong revenue growth and controlled opex, offset by higher-than-expected provisions. Deposit growth was flat QoQ, while NIMs moderated 4bp QoQ to 3.05%. The management has guided for NIMs in the range of 2.8-3%. SMA book increased due to a rise in SMA-0 bucket, and we remain watchful on slippages in subsequent quarters. However, the bank has already made higher standard provisions in 1Q, factoring in potential stress. Healthy recoveries and a consistent decline in restructured assets (1.3%) provide a healthy outlook for asset quality. We broadly maintain our earnings estimates and estimate RoA/RoE of 1.1%/16.1% by FY26. **Reiterate BUY with a TP of INR165 (1.1x FY26E ABV).**

**Quarterly performance**

(INR b)

	FY24				FY25E				FY24	FY25E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	Est
<b>Net Interest Income</b>	<b>88.4</b>	<b>91.3</b>	<b>91.7</b>	<b>94.4</b>	<b>94.1</b>	<b>95.8</b>	<b>98.9</b>	<b>99.2</b>	<b>365.7</b>	<b>388.0</b>	<b>93.8</b>	<b>0%</b>
% Change (YoY)	16.6	9.9	6.3	14.4	6.5	5.0	7.9	5.1	11.6	6.1	6.2	
Other Income	39.0	37.0	37.7	47.1	45.1	40.7	42.9	46.6	160.8	175.3	39.6	14%
<b>Total Income</b>	<b>127.4</b>	<b>128.2</b>	<b>129.4</b>	<b>141.4</b>	<b>139.2</b>	<b>136.5</b>	<b>141.8</b>	<b>145.7</b>	<b>526.5</b>	<b>563.2</b>	<b>133.4</b>	<b>4%</b>
Operating Expenses	55.6	56.0	56.6	76.1	61.4	63.1	64.1	71.1	244.4	259.7	62.7	-2%
<b>Operating Profit</b>	<b>71.8</b>	<b>72.2</b>	<b>72.8</b>	<b>65.3</b>	<b>77.9</b>	<b>73.3</b>	<b>77.7</b>	<b>74.7</b>	<b>282.1</b>	<b>303.5</b>	<b>70.7</b>	<b>10%</b>
% Change (YoY)	31.8	9.8	9.9	-4.3	8.4	1.6	6.8	14.3	10.8	7.6	-1.5	
Provisions	20.1	17.7	17.5	12.6	27.6	18.9	20.2	20.1	67.8	86.7	19.5	41%
<b>Profit before Tax</b>	<b>51.7</b>	<b>54.5</b>	<b>55.3</b>	<b>52.7</b>	<b>50.3</b>	<b>54.4</b>	<b>57.5</b>	<b>54.6</b>	<b>214.3</b>	<b>216.8</b>	<b>51.1</b>	<b>-2%</b>
Tax	19.4	19.4	19.4	19.6	13.5	16.3	17.2	11.5	77.8	58.5	15.3	-12%
<b>Net Profit</b>	<b>32.4</b>	<b>35.1</b>	<b>35.9</b>	<b>33.1</b>	<b>36.8</b>	<b>38.1</b>	<b>40.2</b>	<b>43.1</b>	<b>136.5</b>	<b>158.3</b>	<b>35.8</b>	<b>3%</b>
% Change (YoY)	107.7	90.0	59.9	19.0	13.7	8.5	12.1	30.3	61.8	16.0	10.6	
<b>Operating Parameters</b>												
Deposit (INR b)	11,281	11,376	11,725	12,215	12,242	12,715	12,993	13,327	12,215	13,327	12,404	
Loan (INR b)	7,705	8,036	8,621	8,708	8,787	9,178	9,439	9,753	8,708	9,753	8,791	
Deposit Growth (%)	13.6	9.0	10.1	9.3	8.5	11.8	10.8	9.1	9.3	9.1	10.0	
Loan Growth (%)	13.9	10.5	14.0	14.3	14.0	14.2	9.5	12.0	14.3	12.0	14.1	
<b>Asset Quality</b>												
Gross NPA (%)	7.3	6.4	4.8	4.8	4.5	3.8	3.5	3.7	4.8	3.7	4.6	
Net NPA (%)	1.6	1.3	1.1	1.0	0.9	0.8	0.7	0.7	1.1	0.7	1.0	
PCR (%)	79.8	80.7	78.4	79.1	80.9	79.6	80.1	80.5	78.4	80.5	79.3	

E:MOFSL Estimates



# Polycab India

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR6,350      TP: INR8,200 (+29%)      Buy**

## Lower operating margin due to a shift in business mix

### Demand for cables remains strong; wires should also pick up

Bloomberg	POLYCAB IN
Equity Shares (m)	150
M.Cap.(INRb)/(USDb)	954.8 / 11.4
52-Week Range (INR)	7331 / 3801
1, 6, 12 Rel. Per (%)	-14/30/24
12M Avg Val (INR M)	4343
Free float (%)	34.8

### Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	212.2	244.3	281.3
EBITDA	27.3	32.9	39.4
Adj. PAT	19.5	23.5	27.8
EBITDA Margin (%)	12.9	13.5	14.0
Cons. Adj. EPS (INR)	130.1	156.6	185.3
EPS Gr. (%)	9.6	20.4	18.3
BV/Sh. (INR)	645.1	766.7	917.0

### Ratios

Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	20.2	20.4	20.2
RoCE (%)	21.1	21.3	21.1
Payout (%)	23.1	22.3	18.9

### Valuations

P/E (x)	48.9	40.6	34.3
P/BV (x)	9.9	8.3	6.9
EV/EBITDA (x)	34.8	28.7	23.7
Div Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.6	1.0	1.4

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	65.2	65.8	66.2
DII	7.2	7.6	9.3
FII	12.0	13.4	9.8
Others	15.6	13.2	14.7

FII Includes depository receipts

- Polycab India (Polycab)'s 1QFY25 revenue/EBITDA grew 21%/6% YoY to INR47.0b/INR5.8b (in line). However, OPM contracted 1.7pp YoY to 12.4% (est. 13.0%). The Cables & Wires (C&W) revenue rose 12% YoY to INR39.4b (in line). However, C&W's EBIT dipped 5% YoY to INR5.0b (14% miss), and EBIT margin contracted 2.2pp YoY to 12.6% (est. 14.2%) due to lower contributions from the higher-margin international and the domestic distribution businesses.

- Management believes that demand should pick up with the rise in govt. spending. Currently, commodity prices are stable, and channel inventory is also at a normal level. Hence, margins will improve going forward. Further, the new guidance as part of the project leap will be shared in FY25.

- We retain our FY25/26E earnings and introduce FY27E. We estimate Polycab to report a 16%/17%/16% revenue/EBITDA/PAT CAGR over FY24-27. We also estimate its EBITDA margin to be in the range of 13-14% during FY25-27.

**Reiterate BUY with a TP of INR8,200 (premised on 50x Jun'26E EPS).**

### Revenue/EBITDA up 21%/6% YoY; OPM contracts 1.7pp YoY to 12.4%

- Polycab's revenue was up 21% YoY to INR47.0b. EBITDA grew 6% YoY to INR5.8b, while OPM was 12.4% vs. 14.1% in 1QFY24. PAT declined 1% YoY to INR4.0b. Ad spending stood at 0.5% of revenue vs. 0.7% in 1QFY24.
- Revenue for the cables segment was up 12% YoY to INR39.4b, while EBIT declined 5% YoY to INR5.0b. EBIT margin was 12.6% vs. 14.8% in 1QFY24. International business contributed 5.3% to the revenue vs. 8.9%/7.7% in 1QFY24/4QFY24.
- Revenue for the ECD segment increased 23% YoY, while EBIT loss stood at INR28m vs. a loss of INR57m in 1QFY24. Strong revenue growth was led by the fans, switches, switchgear, and conduit pipes businesses. The lighting segment continues to see pricing pressure amid weak consumer demand.
- Revenue for the EPC business surged 9.0x YoY fueled by robust execution of the EPC order book. EBIT surged 5.0x YoY while, EBIT margin contracted 9pp YoY to 11.5% during the quarter.

### Key highlights from the management commentary

- The average capacity utilization of C&W was ~70-75% in 1QFY25 (cables at the higher end, while wires at the lower end). Within the segment, cables contributed 75% to the revenue, while the rest was from wires.
- The copper price volatility was ~11-15% in each of the months of 1Q; much higher than the normal movement of 4-5%. Distributors formed their views on the basis of copper price movements, and hence, channel destocking happened when prices declined in Jun'24.
- Fans & lights are contributing 50-55% of the revenue of FMEG segment as of now. Polycab has raised its focus on switches and switchgear segments, where the competitive intensity is low and margins are better.

### Valuation and view

- We are structurally positive on Polycab due to its leadership position in the C&W segment, strong growth trajectory, and healthy return ratios. We estimate Polycab's EBITDA/PAT CAGR at 17%/16% over FY24-27. It has been generating free cash flows for most of the years, despite higher capex. We estimate a cumulative FCF generation of INR29b during FY25-27, which will further improve its liquidity position.
- **We reiterate our BUY rating on Polycab with a TP of INR8,200 (based on 50x Jun'26E EPS),** considering a strong earnings CAGR, healthy return ratios, and a strong balance sheet (net cash of INR40b by FY27E).

### Quarterly performance

Y/E March	FY24				FY25				FY24	FY25E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Sales</b>	<b>38,894</b>	<b>42,177</b>	<b>43,405</b>	<b>55,919</b>	<b>46,980</b>	<b>49,785</b>	<b>51,003</b>	<b>64,402</b>	<b>1,80,394</b>	<b>2,12,170</b>	<b>45,835</b>	<b>2.5%</b>
Change (%)	42.1	26.6	16.8	29.3	20.8	18.0	17.5	15.2	27.9	17.6	17.8	
<b>EBITDA</b>	<b>5,486</b>	<b>6,089</b>	<b>5,695</b>	<b>7,615</b>	<b>5,834</b>	<b>6,622</b>	<b>6,847</b>	<b>8,005</b>	<b>24,918</b>	<b>27,309</b>	<b>5,945</b>	<b>-1.9%</b>
Change (%)	76.3	42.4	13.0	24.9	6.3	8.8	20.2	5.1	34.5	9.6	8.4	
EBITDA margin (%)	14.1	14.4	13.1	13.6	12.4	13.3	13.4	12.4	13.8	12.9	13.0	
Depreciation	571	603	619	657	671	678	664	577	2,450	2,590	644	4.2%
Interest	249	268	322	244	413	380	360	325	1,083	1,478	325	27.1%
Other Income	640	353	710	538	584	550	790	976	2,209	2,900	650	-10.1%
Share of JV's loss	-	-	-	-	-	-	-	-	-	-	-	
<b>PBT</b>	<b>5,305</b>	<b>5,572</b>	<b>5,464</b>	<b>7,253</b>	<b>5,334</b>	<b>6,114</b>	<b>6,613</b>	<b>8,080</b>	<b>23,593</b>	<b>26,141</b>	<b>5,626</b>	<b>-5.2%</b>
Tax	1,273	1,274	1,299	1,718	1,317	1,498	1,620	1,969	5,564	6,405	1,378	
Effective Tax Rate (%)	24.0	22.9	23.8	23.7	24.7	24.5	24.5	24.4	23.6	24.5	24.5	
MI	35	42	37	75	57	45	55	32	189	189	35	
Exceptional	-	-	-	-	-	-	-	-	0	0	-	
<b>Reported PAT</b>	<b>3,996</b>	<b>4,256</b>	<b>4,129</b>	<b>5,460</b>	<b>3,960</b>	<b>4,571</b>	<b>4,938</b>	<b>6,079</b>	<b>17,841</b>	<b>19,548</b>	<b>4,213</b>	<b>-6.0%</b>
Change (%)	81.8	58.9	15.4	28.6	-0.9	7.4	19.6	11.3	40.4	9.6	5.4	
<b>Adj. PAT</b>	<b>3,996</b>	<b>4,256</b>	<b>4,129</b>	<b>5,460</b>	<b>3,960</b>	<b>4,571</b>	<b>4,938</b>	<b>6,079</b>	<b>17,841</b>	<b>19,548</b>	<b>4,213</b>	<b>-6.0%</b>
Change (%)	81.8	58.9	15.4	28.6	-0.9	7.4	19.6	11.3	40.4	9.6	5.4	

### Segmental performance

Y/E March	FY24				FY25				FY24	FY25E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Sales</b>												
Cable and wires	35,338	38,047	39,041	48,647	39,421	43,754	44,897	57,161	1,61,073	1,85,233	40,638	-3.0%
ECDs	3,145	3,300	2,962	3,581	3,855	3,531	3,406	3,755	12,989	14,547	3,397	13.5%
Others (incl. EPC)	411	830	1,402	3,691	3,704	2,500	2,700	3,486	6,333	12,390	1,800	105.8%
<b>EBIT</b>												
Cable and wires	5,223	5,547	5,474	7,363	4,967	5,819	6,061	7,974	23,607	24,821	5,771	-13.9%
ECDs	(57)	(60)	(366)	(459)	(28)	(35)	17	46	(942)	-	(340)	-91.7%
Others (incl. EPC)	85	110	340	265	425	250	257	369	801	1,301	150	183.4%
<b>EBIT Margin (%)</b>												
Cable and wires	14.8	14.6	14.0	15.1	12.6	13.3	13.5	14.0	14.7	13.4	14.2	(160)
ECDs	(1.8)	(1.8)	(12.4)	(12.8)	(0.7)	(1.0)	0.5	1.2	(7.3)	-	(10.0)	927
Others (incl. EPC)	20.6	13.3	24.3	7.2	11.5	10.0	9.5	10.6	12.6	10.5	8.3	314





# ICICI Lombard

Estimate change	↑
TP change	↕
Rating change	↔

**CMP: INR1,881      TP: INR2,200 (+17%)      Buy**

## PAT in line; maintains the combined ratio guidance

- ICICI Lombard's (ICICIGI) NEP was 7.4% below our estimate at INR45b (up 16% YoY) in 1QFY25. Its GDPI was INR76.9b vs. INR63.9b in 1QFY24, (+20.4% YoY), higher than the industry growth of 13.3%.
  - The claims ratio came in at 74% vs. 68.6% 4QFY24 (our est. 70%). The combined ratio was 102.3% vs. 102.2% in 4QFY24 (our est. ~101.5). ICICIGI maintained its combined ratio guidance of 101.5% (exit rate of FY25)
  - PAT grew 49% YoY to INR5.8b in 1Q, which was in line with our estimate.
  - Management expects the momentum in the auto segment to sustain and investments in the health business to yield results over the medium term.
- Reiterate BUY with a TP of INR2,200 (based on 34x FY26E EPS).**

Bloomberg	ICICIGI IN
Equity Shares (m)	493
M.Cap.(INRb)/(USDb)	928.1 / 11.1
52-Week Range (INR)	1916 / 1266
1, 6, 12 Rel. Per (%)	3/13/14
12M Avg Val (INR M)	1232

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
NEP	168.7	199.3	236.3
U/W Profit	-9.8	-8.8	-7.7
PBT	25.6	33.6	42.4
PAT	19.2	25.2	31.8
EPS (INR/share)	38.9	51.1	64.5
EPS Growth (%)	11.0	31.2	26.3
BVPS (INR/share)	242.8	277.6	325.9

### Ratios (%)

Claims	70.8	71.5	70.9
Commission	17.0	16.5	16.3
Expense	15.5	14.0	13.7
Combined	103.3	102.0	100.9
RoE	17.2	19.6	21.4

### Valuations

P/E (x)	48.3	36.8	29.1
P/BV (x)	7.7	6.8	5.8

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	51.8	51.3	48.0
DII	17.3	16.1	18.3
FII	23.9	23.1	22.0
Others	7.0	9.6	11.7

FII includes depository receipts

## Higher-than-expected underwriting losses offset by strong investment income

- **Gross domestic premium** income grew 20% YoY in 1QFY25 to INR79b, in line with our estimates.
- NEP was 7.4% below our estimates at INR45b, up 16% YoY. NEP for the Health business grew 23% YoY, led by 24% growth in group health, and 19% growth in retail health. Motor segment was up 12% YoY, and Marine segment grew 18% YoY. NEP for the Crop segment jumped 55% YoY, while it remained flat YoY for the Fire segment.
- **Underwriting losses** stood at INR3.5b vs. losses of INR2.3b in 4QFY24.
- Total investment income rose 36% YoY to INR11b, in line with our estimate.

## Claims ratio higher than estimate led by the health segment

- **Claims ratio** came in at 74% vs. 68.6% in 4QFY24 (our est. 70%). The loss ratio for the Motor OD segment declined to 64.3% from 67.0% in 1QFY24, and for the Motor TP segment, it declined to 69.3% from 72.4% in 1QFY24. The Health segment's loss ratio was 83.6% vs. 78.7% in 1QFY24.
- The combined ratio stood at 102.3% vs. 102.2% in 4QFY24 and 103.8% in 1QFY24 (our est. 101.5%).
- On a sequential basis, the **commission ratio** declined to 15.0% in 1QFY25 from 19.9% in 4QFY24 (our est. 16.5%).
- **The Expense ratio** contracted to 13.3% from 13.7% in 4QFY24 (est. 15.0%).
- **The Solvency ratio** was 2.56 vs. 2.62 in 4QFY24.

## Highlights from the management commentary

- ICICIGI maintains the combined ratio guidance of 101.5% (FY25 exit rate).
- Management guides that the loss ratio would remain ~65-70% for the retail health segment and ~94-95% for the corporate health segment.
- The corporate health segment has seen rationalization in terms of pricing, which has presented an opportunity for ICICIGI to grow in the segment.
- The health segment loss ratios have increased during the quarter on the back of an increase in severity.

**Valuation and view: Reiterate BUY**

Going forward, growth in the Motor segment is likely to sustain with the festival season approaching, and ICICGI is taking the right measures to grow the business in a profitable manner. In the corporate health segment, there has been rationalization in terms of pricing that has presented an opportunity for the company to grow. Such price hikes should translate into better profitability. Scale benefits, a favorable product mix (higher share of retail health), and improvements in efficiencies across channels should help ICICGI improve its combined ratio and RoE over the next couple of years. The management continues to guide for better performance and also expects improvement in the combined ratio by FY25.

**Reiterate BUY with a TP of INR2,200 (based on 34x FY26E EPS).**

**Quarterly Performance**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross premium	66,221	62,723	64,366	62,631	79,311	73,386	75,308	73,389	2,55,942	3,01,394	80,127	-1.0
Net written premium	44,676	42,401	46,907	47,672	53,605	49,903	54,975	56,433	1,81,656	2,14,916	54,058	-0.8
Net earned premium	38,873	43,061	43,048	43,683	45,039	49,903	51,127	53,225	1,68,665	1,99,293	48,652	-7.4
Investment Income + Trf from SH A/C	6,507	7,431	6,983	7,935	8,481	8,366	8,616	8,148	28,856	33,611	8,080	5.0
<b>Total Income</b>	<b>45,380</b>	<b>50,492</b>	<b>50,031</b>	<b>51,617</b>	<b>53,520</b>	<b>58,268</b>	<b>59,743</b>	<b>61,373</b>	<b>1,97,521</b>	<b>2,32,904</b>	<b>56,733</b>	<b>-5.7</b>
Change YoY (%)	14.1	12.2	14.7	-1.8	17.9	15.4	19.4	18.9	9.2	17.9	25.0	
Incurred claims	28,815	30,451	30,141	29,987	33,344	35,431	36,300	37,465	1,19,395	1,42,540	34,057	-2.1
Net commission	5,564	7,371	8,457	9,499	8,045	8,384	9,346	9,742	30,890	35,516	8,920	-9.8
Opex	7,689	6,698	7,274	6,516	7,116	7,236	7,806	7,883	28,177	30,041	8,109	-12.2
Total Operating Expenses	42,068	44,521	45,871	46,002	48,505	51,050	53,452	55,090	1,78,462	2,08,097	51,085	-5.1
Change YoY (%)	14.9	11.6	12.3	15.7	15.3	14.7	16.5	19.8	13.6	16.6	21.4	
<b>Underwriting profit</b>	<b>-3,195</b>	<b>-1,460</b>	<b>-2,823</b>	<b>-2,319</b>	<b>-3,466</b>	<b>-1,148</b>	<b>-2,325</b>	<b>-1,865</b>	<b>-9,797</b>	<b>-8,804</b>	<b>-2,433</b>	<b>N.A</b>
Operating profit	3,312	5,972	4,160	5,616	5,015	7,218	6,290	6,283	19,059	24,806	5,648	-11.2
<b>Shareholder's P/L</b>												
Transfer from Policyholder's	3,312	5,972	4,160	5,616	5,015	7,218	6,290	6,283	19,059	24,806	5,648	-11.2
Investment income	1,856	2,219	2,088	2,337	2,529	2,658	2,764	2,985	8,500	10,936	2,561	-1.2
<b>Total Income</b>	<b>5,168</b>	<b>8,190</b>	<b>6,248</b>	<b>7,953</b>	<b>7,544</b>	<b>9,876</b>	<b>9,054</b>	<b>9,268</b>	<b>27,559</b>	<b>35,742</b>	<b>8,208</b>	<b>-8.1</b>
<b>Total Expenses</b>	<b>-32</b>	<b>554</b>	<b>511</b>	<b>975</b>	<b>-196</b>	<b>545</b>	<b>550</b>	<b>1,281</b>	<b>2,007</b>	<b>2,180</b>	<b>530</b>	
<b>PBT</b>	<b>5,200</b>	<b>7,637</b>	<b>5,737</b>	<b>6,978</b>	<b>7,740</b>	<b>9,331</b>	<b>8,504</b>	<b>7,987</b>	<b>25,552</b>	<b>33,561</b>	<b>7,678</b>	
Change YoY (%)	11.8	25.3	23.3	21.9	48.8	22.2	48.2	14.5	21.0	31.3	47.7	
Tax Provisions	1,297	1,864	1,423	1,783	1,936	2,333	2,126	1,995	6,365.9	8,390.3	1,920	0.9
<b>Adj Net Profit</b>	<b>3,904</b>	<b>5,773</b>	<b>4,315</b>	<b>5,195</b>	<b>5,804</b>	<b>6,998</b>	<b>6,378</b>	<b>5,992</b>	<b>19,186</b>	<b>25,171</b>	<b>5,759</b>	<b>0.8</b>
Change YoY (%)	11.8	24.8	22.4	18.9	48.7	21.2	47.8	15.3	19.8	31.2	47.5	
<b>Rep Net Profit</b>	<b>3,904</b>	<b>5,773</b>	<b>4,315</b>	<b>5,195</b>	<b>5,804</b>	<b>6,998</b>	<b>6,378</b>	<b>5,992</b>	<b>20,466</b>	<b>25,171</b>	<b>5,759</b>	<b>0.8</b>
<b>Key Parameters (%)</b>												
Claims ratio	74.1	70.7	70.0	68.6	74.0	71.0	71.0	70.4	70.8	71.5	70.0	4.0
Commission ratio	12.5	17.4	18.0	19.9	15.0	16.8	17.0	17.3	17.0	16.5	16.5	-1.5
Expense ratio	17.2	15.8	15.5	13.7	13.3	14.5	14.2	14.0	15.5	14.0	15.0	-1.7
Combined ratio	103.8	103.9	103.6	102.2	102.3	102.3	102.2	101.6	103.3	102.0	101.5	0.8



# Indian Hotels

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR578 TP: INR665 (+15%) Buy**

## Demand outlook remains positive

### Operating performance in line with our estimate

- Indian Hotels (IH) reported a decent consolidated revenue growth of 6% YoY in 1QFY25 amid macro headwinds such as election-related restrictions, extreme heatwaves and fewer wedding dates. Standalone business revenue grew by ~5% YoY, driven by better occupancy (up 120bp YoY) and stable ARR (up 2% YoY) Subsidiary revenue grew by 7% YoY. Standalone management contract revenue rose 14% YoY to INR1.1b.
- We broadly maintain our FY25/FY26 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR665.**

### Healthy growth momentum continues

- Consolidated revenue/EBITDA/adj. PAT in 1QFY25 was up 6%/10%/12% YoY at INR15.5b/INR4.5b/INR2.5b (in line).
- Standalone revenue/EBITDA rose 5%/11% YoY to INR9.3b/INR3.3b, aided by OR growth (up 120bp YoY) to 76%. ARR grew 2% YoY to INR12,906. RevPar grew by 4% YoY.
- For subsidiaries (consol. less standalone), sales/EBITDA grew 7%/5% YoY to INR6.2b/INR1.3b.
- IH's new business verticals, comprising Ginger, Qmin and amã Stays & Trails, grew by 37%, while the reimagined businesses, such as The Chambers (membership fee) and TajSATS, posted 17% YoY growth.
- Revenue from key subsidiaries, PIEM/Roots/UOH Inc., grew 3%/28%/11% YoY, while Benares/St. James Court declined 8%/4% YoY in 1QFY25. Revenues of Piem and St. James were impacted by renovations.

### Highlights from the management commentary

- Outlook:** Jul'24 is expected to be a good month with ~20% YoY growth. The company has already witnessed ~22-23% YoY growth in the first 17 days of Jul'24. Aug'24 is also trending well, and September is generally a good month.
- Guidance:** IH is confident of achieving double-digit revenue growth in FY25 (over 10%), excluding consolidation of Taj SATS. New businesses (Ginger, Ama, Qmin) are expected to grow by ~30-35% YoY, while the reimagined businesses (Taj SATS, Chambers) are expected to grow ~15-20% YoY.
- Taj branded residence:** The company is coming up with a 23-floor tower in Chennai, which will house 123 Taj branded residences and 235 keys hotels. The company will evaluate more such opportunities as the management believes this to be a global trend.

### Valuation and view

- We expect the strong momentum to continue in FY25, led by: 1) an increase in ARR due to healthy demand, asset management strategy (upgrades in hotels), and corporate rate hikes; 2) sustaining higher occupancy levels led by favorable demand-supply dynamics; 3) strong room addition pipeline till FY28 in both owned/leased (2,898 rooms) and management hotels (11,618); 4) higher income from management contracts; and 5) value unlocking by scaling up reimagined and new brands.
- We broadly maintain our FY25/FY26 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR665.**

Bloomberg	IH IN
Equity Shares (m)	1423
M.Cap.(INRb)/(USDb)	822.6 / 9.8
52-Week Range (INR)	663 / 371
1, 6, 12 Rel. Per (%)	-11/6/21
12M Avg Val (INR M)	1813
Free float (%)	61.9

### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	67.7	75.5	84.4
EBITDA	21.6	25.6	30.4
PAT	12.6	14.9	18.3
EBITDA (%)	31.9	33.8	36.0
EPS (INR)	8.9	10.5	12.9
EPS Gr. (%)	25.9	18.5	22.6
BV/Sh. (INR)	66.6	76.3	88.4

### Ratios

Net D/E	(0.2)	(0.3)	(0.4)
RoE (%)	14.4	14.7	15.6
RoCE (%)	13.6	14.5	15.3
Payout (%)	9.0	7.6	6.2

### Valuations

P/E (x)	65.1	55.0	44.8
EV/EBITDA (x)	37.4	31.2	25.7
Div Yield (%)	0.1	0.1	0.1
FCF Yield (%)	1.3	1.3	2.1

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	38.1	38.1	38.2
DII	20.8	22.3	27.6
FII	24.5	23.3	18.2
Others	16.6	16.3	16.0

FII Includes depository receipts

Consolidated - Quarterly Earning Model

(INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Gross Sales</b>	<b>14,664</b>	<b>14,332</b>	<b>19,638</b>	<b>19,053</b>	<b>15,502</b>	<b>16,267</b>	<b>22,152</b>	<b>21,624</b>	<b>67,688</b>	<b>75,545</b>	<b>15,910</b>	<b>-3</b>
YoY Change (%)	15.8	16.3	16.5	17.2	5.7	13.5	12.8	13.5	16.5	11.6	8.5	
Total Expenditure	10,562	10,784	12,315	12,455	11,006	11,770	13,518	13,682	46,116	49,976	11,380	
<b>EBITDA</b>	<b>4,102</b>	<b>3,548</b>	<b>7,324</b>	<b>6,598</b>	<b>4,496</b>	<b>4,497</b>	<b>8,634</b>	<b>7,942</b>	<b>21,571</b>	<b>25,569</b>	<b>4,530</b>	<b>-1</b>
Margins (%)	28.0	24.8	37.3	34.6	29.0	27.6	39.0	36.7	31.9	33.8	28.5	
Depreciation	1,091	1,112	1,143	1,197	1,173	1,240	1,250	1,292	4,543	4,955	1,200	
Interest	565	591	532	515	499	550	531	500	2,202	2,080	530	
Other Income	493	477	398	461	460	460	455	454	1,829	1,830	450	
<b>PBT before EO expense</b>	<b>2,939</b>	<b>2,322</b>	<b>6,047</b>	<b>5,347</b>	<b>3,285</b>	<b>3,167</b>	<b>7,308</b>	<b>6,604</b>	<b>16,655</b>	<b>20,364</b>	<b>3,250</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>2,939</b>	<b>2,322</b>	<b>6,047</b>	<b>5,347</b>	<b>3,285</b>	<b>3,167</b>	<b>7,308</b>	<b>6,604</b>	<b>16,655</b>	<b>20,364</b>	<b>3,250</b>	
Tax	833	723	1,667	1,416	943	950	2,192	1,981	4,639	6,067	975	
Rate (%)	28.4	31.1	27.6	26.5	28.7	30.0	30.0	30.0	27.9	29.8	30.0	
Minority Interest & Profit/Loss of Asso. Cos.	-118	-70	-140	-247	-142	-74	-147	-259	-575	-621	-124	
<b>Reported PAT</b>	<b>2,224</b>	<b>1,669</b>	<b>4,520</b>	<b>4,178</b>	<b>2,484</b>	<b>2,291</b>	<b>5,262</b>	<b>4,882</b>	<b>12,591</b>	<b>14,919</b>	<b>2,400</b>	
<b>Adj PAT</b>	<b>2,224</b>	<b>1,669</b>	<b>4,520</b>	<b>4,178</b>	<b>2,484</b>	<b>2,291</b>	<b>5,262</b>	<b>4,882</b>	<b>12,591</b>	<b>14,919</b>	<b>2,400</b>	<b>4</b>
YoY Change (%)	25.7	48.6	18.1	27.3	11.7	37.2	16.4	16.9	25.6	18.5	7.9	
Margins (%)	15.2	11.6	23.0	21.9	16.0	14.1	23.8	22.6	18.6	19.7	15.1	

Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE		
Revenue Growth (%)										
Standalone	17.0	19.0	20.6	18.6	4.6	16.1	14.0	13.4	18.9	12.4
Subs	14.1	12.0	9.4	14.0	7.5	9.2	10.5	13.7	12.2	10.2
EBITDA Margin (%)										
Standalone	33.0	30.7	43.6	43.7	35.1	36.7	45.9	45.3	38.9	41.7
Subs	20.2	15.0	25.5	13.1	19.8	11.7	25.7	16.5	18.8	18.8
<b>Cost Break-up</b>										
F&B Cost (% of sales)	7.9	7.8	7.8	7.3	7.4	7.8	8.2	7.3	7.7	7.7
Staff Cost (% of sales)	29.2	30.7	23.9	24.5	29.7	29.8	22.1	23.5	26.7	25.7
Other Cost (% of sales)	34.9	36.7	31.0	33.5	33.9	34.7	30.8	32.4	33.8	32.7
Gross Margins (%)	92.1	92.2	92.2	92.7	92.6	92.2	91.8	92.7	92.3	92.3
EBITDA Margins (%)	28.0	24.8	37.3	34.6	29.0	27.6	39.0	36.7	31.9	33.8
EBIT Margins (%)	20.5	17.0	31.5	28.3	21.4	20.0	33.3	30.8	25.2	27.3



# Tata Communications

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USD\$)	509.7 / 6.1
52-Week Range (INR)	2085 / 1543
1, 6, 12 Rel. Per (%)	-7/-11/-13
12M Avg Val (INR M)	1599

### Financials & Valuations (INR b)

INR b	FY24	FY25E	FY25E
Net Sales	209.7	234.5	264.0
EBITDA	42.3	48.2	59.4
Adj. PAT	12.0	12.6	22.1
EBITDA Margin (%)	20.2	20.6	22.5
Adj. EPS (INR)	42.3	44.3	77.5
EPS Gr. (%)	-30.0	4.9	74.8
BV/Sh. (INR)	62.7	95.4	161.3

### Ratios

Net D:E	4.9	2.4	0.7
RoE (%)	72.9	56.1	60.4
RoCE (%)	14.4	13.3	19.7
Payout (%)	39.5	22.6	12.9

### Valuations

EV/EBITDA (x)	14.1	12.0	9.1
P/E (x)	42.3	40.3	23.1
P/BV (x)	28.5	18.8	11.1
Div. Yield (%)	0.9	0.6	0.6
FCF Yield (%)	1.9	5.1	7.6

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	58.9	58.9	58.9
DII	13.1	12.1	14.0
FII	18.2	19.2	17.0
Others	9.8	9.8	10.1

FII Includes depository receipts

**CMP: INR1,788 TP: INR1,950 (+9%) Neutral**

## Steady DPS growth offsets declines in other verticals

- TCOM reported a 1% decline in revenue QoQ (in line), led by a decline in all segments, except DPS, which grew 3% QoQ. EBITDA margin improved 140bp QoQ to 20%, led by M&A synergies and the termination of loss-making contracts. Organic business EBITDA margin remained in line with the long-term guidance at 23.3%.
- The management's endeavor to drive growth, including in the loss-making acquisitions, led to margin contraction. However, the long-term focus on margin-accretive growth remains intact. We estimate a CAGR of 12%/18% in revenue/EBITDA over FY24-26. We retain our Neutral rating on TCOM. We would closely monitor the improvement in data revenue and margins.

## EBITDA up 6% QoQ (in line); data revenue up 1% QoQ

- 1QFY25 consol revenue declined 1% QoQ to INR56.3b (in line) due to a decline in voice, core connectivity and other segments.
  - Data revenue grew 1% QoQ, led by DPS. For the last 2-3 quarters, data revenue growth has been ~1% QoQ.
- Consol EBITDA increased by 6% QoQ to INR11.2b (in line), led by M&A synergies, review of subsidiaries and termination of loss-making contracts.
  - Consol EBITDA margin improved 140bp QoQ to 20%. The company's long-term margin guidance is 23-25%.
- Adj. PAT after minority grew 7% QoQ to INR2.5b (in line), led by lower depreciation (-3% QoQ) and interest costs (-8% QoQ). Interest costs declined due to the reversal of interest on tax.
  - The company recorded an exceptional gain of INR857m due to the assessment of certain assets to realizable value classified as 'held for sale' and interest on tax.
- Capex usually remains low in 1Q. The company incurred capex of INR4.9b (vs. INR5.4b in 4Q).
- RoCE declined to 17.5% vs. 18.8% in FY24.
- Net debt increased by INR4.8b QoQ to INR96.1b.

## Key takeaways from the management interaction

- Guidance intact:** The management reiterates the long-term target of 23-25% EBITDA margin, but in the short-term, margin may remain under pressure. It aims to double data revenue by FY27. TCOM expects to keep or improve EBITDA margins from 20% and expects ROCE to dilute further in 2Q.
- Robust funnel:** Win rates saw a healthy jump for India operations and improved marginally for international ops. The company won a big contract in the BFSI space. The order book, which has been flat for the past few quarters, saw good growth in 1Q, largely led by a couple of large deal wins. The funnel comprises 59% of DPS and 41% of core connectivity services.
- Quarterly growth:** Core connectivity revenue was affected by cable cuts in the Red Sea. Cloud hosting revenue rose 4.2% QoQ, next-gen revenue was flat, and media revenues grew 9.2% QoQ due to the ICC T20 World Cup in the Americas and Caribbean.

### Valuation and view

- We keep our estimates largely unchanged and estimate revenue/EBITDA growth of 12/18% over FY24-26.
- The company has set an ambitious revenue growth target of INR280b by FY27 in the digital portfolio, which would be supported by both organic and inorganic initiatives.
- Net debt jumped ~68% YoY to INR96.1b due to inorganic acquisitions. However, TCOM's strong FCF of ~INR58b annually would allow it to scout for growth opportunities, with a healthy RoCE target of over 20%.
- Margin improvement and data revenue growth should be the key catalysts for further valuation re-rating. We maintain our Neutral rating with a TP of INR1,950, assigning 10x/3x EBITDA to the Data/Voice businesses.

### Cons. Quarterly Earning Model

Y/E March	(INR b)											
	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
<b>Revenue</b>	<b>47.7</b>	<b>48.7</b>	<b>56.3</b>	<b>56.9</b>	<b>56.3</b>	<b>57.8</b>	<b>59.3</b>	<b>61.1</b>	<b>209.7</b>	<b>234.5</b>	<b>58.4</b>	-4
YoY Change (%)	10.7	10	24.4	24.6	18.1	18.6	5.2	7.3	17.5	11.8	38.2	
Total Expenditure	37.5	38.6	45	46.4	45.1	46.3	47.1	47.8	167.4	186.3	47.3	-5
<b>EBITDA</b>	<b>10.2</b>	<b>10.2</b>	<b>11.3</b>	<b>10.6</b>	<b>11.2</b>	<b>11.5</b>	<b>12.2</b>	<b>13.3</b>	<b>42.3</b>	<b>48.2</b>	<b>11</b>	2
YoY Change (%)	-4.9	-10.1	5.3	2.1	9.8	13	7.6	25.8	-2	14	5.5	
Depreciation	5.8	6.1	6.2	6.7	6.5	6.7	7	7	24.7	27.2	6.8	-4
Interest	1.3	1.4	1.9	1.9	1.7	1.7	1.7	1.6	6.4	6.8	1.8	-6
Other Income	1.9	0.3	0.1	0.6	0.3	0.6	0.6	1	2.8	2.5	0.8	-65
<b>PBT before EO expense</b>	<b>5</b>	<b>3</b>	<b>3.4</b>	<b>2.6</b>	<b>3.3</b>	<b>3.6</b>	<b>4.1</b>	<b>5.6</b>	<b>14</b>	<b>16.7</b>	<b>3.2</b>	4
Exceptional (gain)/loss	0	0	1.9	0.5	-0.9	0	0	0	2.4	0	0	
<b>PBT</b>	<b>5</b>	<b>3</b>	<b>1.5</b>	<b>2.1</b>	<b>4.2</b>	<b>3.6</b>	<b>4.1</b>	<b>5.6</b>	<b>11.6</b>	<b>16.7</b>	<b>3.2</b>	31
Tax	1.3	0.8	1.1	-1.1	0.9	0.9	1	1.4	2.1	4.2	0.8	
Rate (%)	25.9	26.1	73.8	-52.4	20.8	25.2	25.2	25.2	18.4	25.4	25.2	
MI & P/L of Asso. Cos.	-0.1	0	0	-0.1	0	0	0	-0.1	-0.2	-0.2	0	
<b>Reported PAT</b>	<b>3.8</b>	<b>2.2</b>	<b>0.4</b>	<b>3.2</b>	<b>3.3</b>	<b>2.7</b>	<b>3.1</b>	<b>4.3</b>	<b>9.7</b>	<b>12.6</b>	<b>2.4</b>	38
<b>Adj PAT</b>	<b>3.8</b>	<b>2.2</b>	<b>2.3</b>	<b>3.7</b>	<b>2.5</b>	<b>2.7</b>	<b>3.1</b>	<b>4.3</b>	<b>12</b>	<b>12.6</b>	<b>2.4</b>	2
YoY Change (%)	-30.2	-51.5	-41.5	14.5	-34.9	24.2	36.7	14.4	-30	4.9	-24.5	



# Dalmia Bharat

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,817      TP: INR2,300 (+27%)      Buy**

## Volume growth healthy; soft pricing to continue in the near term

### Targets capacity of 75mtpa by FY28E vs. previous timeline of FY27E

Bloomberg	DALBHARA IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	341.1 / 4.1
52-Week Range (INR)	2431 / 1651
1, 6, 12 Rel. Per (%)	-6/-31/-34
12M Avg Val (INR M)	861
Free float (%)	44.2

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	156.9	173.0	186.9
EBITDA	28.7	34.9	39.9
Adj. PAT	9.8	13.1	16.4
EBITDA Margin (%)	18.3	20.2	21.3
Adj. EPS (INR)	52.4	69.7	87.6
EPS Gr. (%)	28.6	32.9	25.8
BV/Sh. (INR)	910	961	1,029

### Ratios

Net D:E	0.1	0.0	-0.0
RoE (%)	5.9	7.4	8.8
RoCE (%)	6.1	7.3	8.7
Payout (%)	24.8	25.8	22.8

### Valuations

P/E (x)	34.7	26.1	20.7
P/BV (x)	2.0	1.9	1.8
EV/EBITDA(x)	11.5	9.7	8.2
EV/ton (USD)	85	83	80
Div. Yield (%)	0.7	1.0	1.1
FCF Yield (%)	-1.4	3.0	6.1

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	55.8	55.8	55.9
DII	12.8	11.2	8.7
FII	11.3	12.9	12.8
Others	20.0	20.0	22.6

FII Includes depository receipts

- Dalmia Bharat (DALBHARA)'s 1QFY25 EBITDA grew ~8% YoY to INR6.7b (24% beat). EBITDA/t was up 2% YoY to INR904 (vs. est. INR712). Adj. Profit (adj. for a one-time provision of INR840m post-tax) jumped ~83% YoY to INR2.3b (vs. est. INR1.0b).

- The intermittent capacity target of 75mtpa is deferred to FY28 vs. the previous timeline of FY27. Further, management will share a detailed expansion plan, including the location and timeline of commissioning, after 12 months. The company has brownfield expansion opportunities and limestone mines in Central and North. It identified areas of sustainable cost reduction of INR150-200/t in the next three years through a reduction in variable costs.

- We believe the extension of the medium-term capacity target, continuing weak pricing in the core markets, and uncertainty over the continuity of the tolling arrangement with JPA will be near-term challenges for stock performance. We maintain our FY25-27 earnings estimates. We value DALBHARA at 12x Jun'26E EV/EBITDA to arrive at our TP of INR2,300. **Reiterate BUY.**

### Volume increases 6% YoY; opex/t dips 8%

- DALBHARA's consolidated revenue/EBITDA/adj. PAT stood at INR36.2b/INR6.7b/INR2.3b (flat/up 8%/up 84% YoY and in line/up 24%/up 115% vs. our estimates) in 1QFY25. Sales volume grew 6% YoY to 7.4mt (2% below our estimate). Realization at INR4,893/t (down 6% YoY; flat QoQ) was 2% above our estimate during the quarter.

- Variable cost was down 13% YoY (6% lower than our estimate). Other expenses and freight costs/t declined 3% YoY (each). Opex/t declined 8% YoY (2% below our estimate). OPM improved 1.5pp YoY to 18.5% (est. 15%). Depreciation declined ~21% YoY, and finance costs grew 14%.

### Highlights from the management commentary

- Management expects 8% YoY industry volume growth in FY25 and reiterated DALBHARA's volume growth at 1.5x of the industry's growth. It estimates prices to remain soft until the monsoon, and price hikes could happen in 3Q.

- Fuel consumption costs stood at INR1.38/Kcal vs. INR1.45/Kcal in 4QFY24. It may decline by ~1-2% sequentially. Management estimates green power's share to increase to 50%/60% by FY25/FY26-end vs. 35% currently.

- Capex stood at INR6.6b in 1QFY24. Capex is pegged at INR35b-40b in FY25.

### Valuation and View

- We estimate the company's revenue/EBITDA/PAT CAGR at 8%/15%/29%. We further estimate a volume CAGR of ~8% over FY25-27, lower than its historical trend, due to some delay in the medium-term capacity target. We estimate the company's leverage to remain low given the healthy cash flow generation (cumulative OCF/FCF of INR90b/INR27b over FY25-27E).

- There has been a delay in achieving the medium-term capacity target, which led to a de-rating in its valuation multiples in the last few quarters. The stock is currently trading at 10x FY26E EV/EBITDA. We value the stock at 12x Jun'26E EV/EBITDA given the cost leadership and the company being among the top-four players in the industry. Consequently, we arrive at our TP of INR2,300. **Reiterate BUY.**

**Quarterly Performance (Consolidated)**

(INR b)

Y/E March	FY24				FY25			FY24	FY25E	FY25	Var. (%)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE			
<b>Net Sales</b>	<b>36.3</b>	<b>31.5</b>	<b>36.0</b>	<b>43.1</b>	<b>36.2</b>	<b>32.5</b>	<b>38.0</b>	<b>50.2</b>	<b>146.9</b>	<b>156.9</b>	<b>36.3</b>	-0
YoY Change (%)	10.0	6.0	7.4	10.1	-0.3	3.1	5.5	16.6	8.5	6.8	-0.1	
Total Expenditure	30.1	25.6	28.3	36.5	29.5	27.6	31.0	40.1	120.5	128.2	30.9	-4
<b>EBITDA</b>	<b>6.2</b>	<b>5.9</b>	<b>7.8</b>	<b>6.5</b>	<b>6.7</b>	<b>4.9</b>	<b>7.0</b>	<b>10.1</b>	<b>26.4</b>	<b>28.7</b>	<b>5.4</b>	24
Margins (%)	17.0	18.7	21.6	15.2	18.5	15.0	18.4	20.2	18.0	18.3	14.9	362bp
Depreciation	4.0	4.0	3.7	3.3	3.2	3.4	3.5	3.7	15.0	13.7	3.4	-6
Interest	0.8	1.0	1.1	0.9	1.0	1.0	1.0	1.0	3.9	4.0	1.0	-3
Other Income	0.5	0.9	0.6	1.2	0.5	0.7	0.7	0.9	3.2	2.7	0.6	-9
<b>PBT before EO Expense</b>	<b>1.9</b>	<b>1.7</b>	<b>3.6</b>	<b>3.5</b>	<b>3.1</b>	<b>1.2</b>	<b>3.3</b>	<b>6.3</b>	<b>10.7</b>	<b>13.8</b>	<b>1.6</b>	94
Extra-Ord expense	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	1.1	0.0	
<b>PBT after EO Expense</b>	<b>1.9</b>	<b>1.7</b>	<b>3.6</b>	<b>3.5</b>	<b>1.9</b>	<b>1.2</b>	<b>3.3</b>	<b>6.3</b>	<b>10.7</b>	<b>12.7</b>	<b>1.6</b>	23
Tax	0.4	0.5	1.0	0.3	0.5	0.3	0.9	1.8	2.2	3.5	0.4	
Prior period tax adjustment	0.0	0.0	0.1	-0.6	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	
Rate (%)	22.2	27.9	24.7	26.7	16.0	27.0	27.0	28.9	15.0	27.7	25.6	
<b>Reported PAT (pre minority)</b>	<b>1.4</b>	<b>1.2</b>	<b>2.7</b>	<b>3.2</b>	<b>1.5</b>	<b>0.9</b>	<b>2.4</b>	<b>4.5</b>	<b>8.5</b>	<b>9.2</b>	<b>1.2</b>	23
Minority + associate	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.3	0.2	0.1	
<b>Adj. PAT</b>	<b>1.2</b>	<b>1.2</b>	<b>2.7</b>	<b>2.5</b>	<b>2.3</b>	<b>0.8</b>	<b>2.3</b>	<b>4.4</b>	<b>7.6</b>	<b>9.8</b>	<b>1.0</b>	115
YoY Change (%)	-36.9	325.0	33.8	-3.1	82.9	-32.6	-12.9	75.2	11.5	28.6	-19.6	
<b>Per ton analysis (blended) INR/t</b>												
<b>Sales Dispatches (m ton)</b>	<b>7.0</b>	<b>6.2</b>	<b>6.8</b>	<b>8.8</b>	<b>7.4</b>	<b>6.7</b>	<b>7.5</b>	<b>10.0</b>	<b>28.8</b>	<b>31.5</b>	<b>7.6</b>	-2
YoY Change (%)	12.4	6.9	7.9	18.9	6.2	7.4	10.7	13.1	12.1	9.5	8.6	
<b>Net realization</b>	<b>5,209</b>	<b>5,079</b>	<b>5,300</b>	<b>4,894</b>	<b>4,893</b>	<b>4,873</b>	<b>5,053</b>	<b>5,048</b>	<b>5,101</b>	<b>4,976</b>	<b>4,794</b>	2
YoY Change (%)	-2.2	-0.8	-0.5	-7.4	-6.1	-4.1	-4.7	3.1	-3.2	-2.5	-8.0	
RM Cost	812	860	921	1,111	818	940	995	1,104	939	976	980	-17
Employee Expenses	319	365	325	230	308	346	303	220	302	287	294	5
Power, Oil & Fuel	1,294	1,126	1,068	898	1,023	1,003	1,013	977	1,082	1,002	988	4
Freight and Handling Outward	1,161	1,018	1,093	1,159	1,122	1,100	1,110	1,132	1,112	1,118	1,120	0
Other Expenses	739	761	749	753	719	754	700	594	750	682	701	3
<b>Total Expenses</b>	<b>4,324</b>	<b>4,129</b>	<b>4,154</b>	<b>4,151</b>	<b>3,989</b>	<b>4,142</b>	<b>4,122</b>	<b>4,028</b>	<b>4,185</b>	<b>4,065</b>	<b>4,082</b>	-2
<b>EBITDA</b>	<b>885</b>	<b>950</b>	<b>1,146</b>	<b>743</b>	<b>904</b>	<b>731</b>	<b>932</b>	<b>1,020</b>	<b>916</b>	<b>911</b>	<b>712</b>	27

Source: Company, MOFSL Estimates





# One 97 Communications

Estimate change	↓
TP change	↑
Rating change	↑

**CMP: INR455**                      **TP: INR500 (+10%)**                      **Neutral**

## GMV and PAT in line; business poised to gain traction

### Disbursement growth moderates

- PAYTM reported a net loss of INR8.4b in 1QFY25 amid a sharp decline in revenues, a slower disbursement rate and slightly elevated indirect expenses. Revenue from payments services to consumers plunged 85% YoY, while merchant revenue saw a marginal decline.
- Total revenue thus declined 36% YoY/34% QoQ to INR15.02b (in line), while GMV grew 5% YoY/ down 9% QoQ (in line). Subscription revenue came in strong; however, disbursements moderated by 66% YoY/ 14% QoQ.
- Net payment margin declined 41% YoY/55% QoQ to INR3.8b (9bp of GMV vs. 12bp (adj for UPI incentive) in 4QFY24), which resulted in a dip in contribution margin to 50.3%.
- We cut our contribution profit estimates by 8%/3% for FY25/FY26 and estimate PAYTM to turn EBITDA positive by FY27. We **retain our Neutral rating with a TP of INR500**.

### Contribution margin sustains at 50%; merchant expansion in focus

- PAYTM reported a net loss of INR8.4b (inline). GMV broadly stood in line at INR4.3t; however, disbursements declined sharply as the company further tightened its operations and as lenders kept a cautious stance on PLs.
- Total revenue declined 36% YoY/34% QoQ to INR15.01b (in line) amid a sharp fall in revenue from payments services to consumers. PAYTM awaits approval to start on-boarding new UPI users.
- Revenue from payment and financial services declined 39% YoY/37% QoQ to INR11.64b, while revenue from financial services declined by 8% QoQ amid a moderation in loan disbursements (down 66% YoY/ 14% QoQ).
- Revenue from marketing services (erstwhile commerce and cloud services) declined by 19% QoQ to ~INR3.2b due to seasonal factors, while the number of active cards increased by 0.1m to ~1.28m.
- The company expects payment processing margins to settle at around 5-6bp vs. the historical rate of 7-9bp, affected by the discontinuation of profitable products such as wallet. Net payment margin declined 41% YoY/55% QoQ to INR3.8b (9bp of GMV vs. 18bp of GMV in 4QFY24 with 12bp adj. for UPI incentive).
- Direct expenses declined 28% YoY/24% QoQ amid a reduction in the employee base, while the company aims to focus on merchant acquisition and improving productivity of sales employees. Contribution profit stood at INR7.6b, with contribution margin at 50%. The management has guided for continued cost-control and contribution margins to stay in 50-55% range. Adjusted EBITDA loss stood at INR5.46b and net loss stood at INR8.4b in 1Q.

Bloomberg	PAYTM IN
Equity Shares (m)	636
M.Cap.(INRb)/(USDb)	291.9 / 3.5
52-Week Range (INR)	998 / 310
1, 6, 12 Rel. Per (%)	8/-54/-69
12M Avg Val (INR M)	3386

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Revenue from Op	99.8	74.1	90.5
Contribution Profit	55.4	39.9	51.0
Adjusted EBITDA	5.6	(7.1)	(0.1)
EBITDA	(9.1)	(18.2)	(6.2)
PAT	(14.2)	(21.5)	(9.1)
EPS (INR)	(22.4)	(33.2)	(13.8)
EPS Gr. (%)	(20.2)	NM	NM

### Ratios

Contribution Margin (%)	55.5	53.9	56.4
EBITDA Margin (%)	(9.1)	(24.6)	(6.9)
Adjusted EBITDA Margin (%)	5.6	(9.6)	(0.1)
RoE (%)	(10.8)	(16.8)	(7.6)
RoA (%)	(8.1)	(11.9)	(4.7)

### Valuations

P/E(X)	NA	NA	NA
P/BV (X)	2.2	2.4	2.6
P/Sales (X)	2.9	4.0	3.3

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	7.2	6.9	3.6
FII	58.2	60.4	72.1
Others	34.6	32.7	24.3

FII Includes depository receipts

### Highlights from the management commentary

- **Long-term guidance** – The management mentioned that the company is on a path to recovery and aims to achieve higher double-digit EBITDA margins, targeting around 15-20% for FY27/FY28.
- The company is in the final stages of completing the consumer migration process. With multiple bank partner systems, the migration is nearly finished. Once completed, the company will approach NPCI for on-boarding new users.
- Payment processing margins have declined, primarily affected by a loss of high-margin products. Payment processing margins are expected to be in the range of 5-6bp for the year.
- PAYTM has re-engaged 183m customers but has not aggressively pursued customer acquisition due to the involvement of multiple banks.

### Valuation and view: Maintain Neutral with a TP of INR500

- PAYTM reported broadly in-line numbers, though business metrics were muted as the quarter reflected the full impact of regulatory restrictions. Disbursements on the platform declined further as the company/lenders maintained their conservative stance. GMV was in line with estimates.
- The management suggested that most of the key business metrics have bottomed out and the earnings are going to gain traction from 2QFY25 onward, with net device merchant addition to reach the previous run rate by 3QFY25.
- Contribution margins declined due to a decrease in payment services to consumers; however, the management expects to keep contribution margin in the 50-55% range, aided by strong cost control and steady growth in merchant business.
- We estimate a ~20% CAGR in disbursements from FY26 onward, while take-rate is likely to moderate as PAYTM forays into secured products and earns lower collection incentives. Payment processing margin is likely to moderate to 5-6bp compared to the historical rate of 7-9bp, primarily due to the discontinuation of more profitable products.
- **We cut our contribution profit estimates by 8%/3% for FY25/FY26 and estimate PAYTM to turn EBITDA positive by FY27. We value PAYTM at INR500 based on 15x FY30E EBITDA discounted to FY26, 3.8x FY26E sales. We maintain Neutral rating on the stock.**

Quarterly performance

(INR b)

	FY24				FY25E				FY24	FY25E	FY25E V/s our	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Payment Services to Consumers	5.5	5.8	6.0	4.4	0.8	1.1	1.3	1.6	21.7	4.8	2.3	-1
Payment Services to Merchants	8.4	9.2	10.8	11.2	8.0	8.0	9.8	10.5	39.6	36.3	5.8	0.4
Financial Services and Others	5.2	5.7	6.1	3.0	2.8	3.0	3.7	3.5	20.0	13.0	2.4	0.2
<b>Payment and Financial Services</b>	<b>19.2</b>	<b>20.7</b>	<b>22.9</b>	<b>18.6</b>	<b>11.6</b>	<b>12.0</b>	<b>14.8</b>	<b>18.7</b>	<b>81.3</b>	<b>57.1</b>	<b>10.4</b>	<b>0.1</b>
% Change (Y-o-Y)	42.4	36.1	43.0	-3.0	-39.3	-41.9	-35.4	0.3	27.4	-29.8	-45.7	-0.1
<b>Commerce and Cloud Services</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>	<b>4.0</b>	<b>3.2</b>	<b>3.8</b>	<b>4.3</b>	<b>4.4</b>	<b>17.4</b>	<b>15.7</b>	<b>4.2</b>	<b>-0.2</b>
% Change (Y-o-Y)	22.0	12.5	22.4	0.5	-20.7	-10.1	-16.1	10.2	14.3	-9.7	4.3	-5.8
<b>Revenue from Operations</b>	<b>23.4</b>	<b>25.2</b>	<b>28.5</b>	<b>22.7</b>	<b>15.0</b>	<b>16.2</b>	<b>19.5</b>	<b>23.4</b>	<b>99.8</b>	<b>74.1</b>	<b>14.9</b>	<b>0.0</b>
% Change (Y-o-Y)	39.3	31.6	38.2	-2.9	-35.9	-35.7	-31.6	3.1	24.9	-25.8	-36.3	-0.0
Direct Expenses	10.4	10.9	13.3	9.8	7.5	8.0	9.1	9.6	44.4	34.1	8.5	-0.1
<b>Contribution Profit</b>	<b>13.0</b>	<b>14.3</b>	<b>15.2</b>	<b>12.9</b>	<b>7.6</b>	<b>8.2</b>	<b>10.4</b>	<b>13.8</b>	<b>55.4</b>	<b>39.9</b>	<b>6.4</b>	<b>0.2</b>
% Change (Y-o-Y)	79.3	69.2	45.1	0.3	-42.1	-42.8	-31.6	7.3	42.0	-27.9	-50.6	-0.2
Indirect Expenses	12.2	12.7	13.0	11.9	13.0	11.5	11.6	11.0	49.8	47.0	11.3	0.1
<b>Adjusted EBITDA</b>	<b>0.8</b>	<b>1.5</b>	<b>2.2</b>	<b>1.0</b>	<b>-5.5</b>	<b>-3.3</b>	<b>-1.2</b>	<b>2.8</b>	<b>5.6</b>	<b>-7.1</b>	<b>-4.9</b>	<b>0.1</b>
<b>EBITDA</b>	<b>-2.9</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-2.2</b>	<b>-7.9</b>	<b>-6.1</b>	<b>-3.9</b>	<b>-0.3</b>	<b>-9.1</b>	<b>-18.2</b>	<b>-7.7</b>	<b>0.0</b>
<b>PAT</b>	<b>-3.6</b>	<b>-2.9</b>	<b>-2.2</b>	<b>-5.5</b>	<b>-8.4</b>	<b>-7.2</b>	<b>-5.2</b>	<b>-0.8</b>	<b>-14.2</b>	<b>-21.5</b>	<b>-8.4</b>	<b>-0.0</b>
% Change (Y-o-Y)	-44.5	-49.9	-43.9	227.6	134.5	150.3	134.7	-86.1	-19.9	51.0	135.5	-0.0
<b>Adj. PAT</b>	<b>-3.6</b>	<b>-2.9</b>	<b>-2.2</b>	<b>-3.2</b>	<b>-8.4</b>	<b>-7.2</b>	<b>-5.2</b>	<b>-0.8</b>			<b>-8.4</b>	
<b>Operating Parameters</b>												
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.6	4.9	5.5	18.3	19.2	4.3	-0.0
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	60.1	78.1	99.8	523.9	288.1	68.3	-0.3
GMV Growth (%)	36.8	41.5	47.4	29.6	5.2	1.3	-4.4	17.7	38.4	5.0	7.0	
Disbursements Growth (%)	167.3	121.7	56.0	-53.8	-66.3	-62.9	-49.7	72.2	48.1	-45.0	-54.0	
<b>Profitability</b>												
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	50.4	53.4	59.1	55.5	53.9	43.2	
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.3	-20.4	-5.9	12.1	5.6	-9.6	-32.8	
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-37.6	-20.2	-1.1	-9.1	-24.6	-51.5	

E: MOFSL Estimates



# CIE Automotive

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR588**      **TP: INR675 (+15%)**      **Buy**

## Margins improve despite weak demand

### India business to continue to help offset near term slowdown in Europe

- CIEINDIA's 2QCY24 operating performance was in line with our estimates, as higher other income resulted in a PAT beat. However, it reported better-than-expected EBITDA margin of 15.7%, up 80bp QoQ (est. 14.9%). This improvement is notable given the limited offtake in the Indian market and a revenue decline in the struggling EU markets.
- The company will continue to strive to improve efficiencies further in the coming years as well. The stock trades at 25x/20x CY24E/CY25E consolidated EPS. Reiterate BUY with a TP of INR675 (based on ~21x Jun'26E consol. EPS).

### Margin improved sequentially despite lower revenue

- CIE India's 2QCY24 consol. revenue was flat YoY at INR22.9b (est. ~INR23.4b). EU revenue declined 11% YoY, while India revenue grew 5% YoY. EBITDA stood at INR3.6b (est. INR3.5b), down 3% YoY. EBITDA margin stood at 15.7% (est. 14.9%). Aided by higher-than-estimated other income, adj. PAT was flat YoY at INR2.2b (est. INR2.0b).
- 1HCY24 revenue remained flat YoY, while EBITDA declined 4% YoY and adj. PAT grew 3% YoY.
- **Consolidated cash flow performance:** For 1HCY24, there was a cash outflow of INR745m (vs. INR3.5b inflow in 1HCY23) mainly due to weak operating cash flow of INR1.1b (vs. INR6.35b in 1HCY23), despite a lower capex of INR1.8b (vs. INR2.9b in 1HCY23).
- **India business performance:** Revenue grew 5% YoY to ~INR15b (est. ~INR15.1b). India EBITDA margin stood at 15.5% (est. 14.8%). India business growth was slightly better than the underlying industry growth.
- **EU business performance:** Revenue declined 11% YoY to ~INR7.9b (est. ~INR8.3b). EBITDA margin stood at 16.1% (est. 15.2%). The revenue decline can be attributed to an overall industry decline of 6% YoY and Metalcastello's decline of 32% YoY due to a slowdown in the US off-road market.

### Highlights from the management commentary

- **India business:** Sales grew 8% YoY, marginally above the average market growth. The demand outlook for India is positive, with orders ramping up. 2W demand continues to be healthy and tractor demand is improving. The management expects 2H to be better than 1H for FY25.
- **Europe business:** The second half of the year is usually weaker for European markets compared to the first half. For CY24, IHS has cut its LV volume forecasts and now expects Europe LV market to decline by 6% in CY24 from an earlier estimated decline of 2-3%. IHS also expects the market to remain flat or grow slightly in CY25.
- **Metalcastello:** The business is already at the bottom of the cycle, and its performance is expected to remain stable in the coming quarters. Metalcastello's current slowdown is typical before US elections due to reduced investment activity. Recovery is expected in CY25, contingent on the new administration's policy priorities. They do not expect any further decline in absolute revenues from this entity in 2HCY24.

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USDb)	223 / 2.7
52-Week Range (INR)	628 / 401
1, 6, 12 Rel. Per (%)	-2/6/-10
12M Avg Val (INR M)	330

### Financials & Valuations (INR b)

Y/E December	CY23	CY24E	CY25E
Sales	92.8	94.4	107.8
EBITDA (%)	15.3	15.5	16.1
Adj. PAT	8.0	9.0	10.9
EPS (INR)	21.1	23.7	28.9
EPS Growth (%)	16.8	12.5	21.9
BV/Share (Rs)	158	176	198

### Ratio

RoE (%)	14.4	14.2	15.5
RoCE (%)	13.0	13.1	14.6
Payout (%)	23.8	20.0	20.0

### Valuations

P/E (x)	27.9	24.8	20.3
P/BV (x)	3.7	3.3	3.0
Div. Yield (%)	0.9	0.8	1.0
FCF Yield (%)	3.9	2.0	3.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	65.7	65.7	65.7
DII	19.5	18.2	14.8
FII	5.0	5.1	7.5
Others	9.8	11.0	12.0

FII Includes depository receipts

- **Electrification:** The new order book in India amounts to INR5b, with 30% allocated to EVs, reflecting the growing share of EVs. In EU, the order book is INR2.2b, with 55% for EVs. Electrification in Europe has slowed down because of the elimination of certain subsidy policies, and the company expects a 2-3 year delay in EV transition in EU from earlier planned.

#### Valuation and view

- The India business is projected to be the primary growth driver for the company in CY24. However, the weak outlook for the EU business and Metalcastello is likely to weigh on the overall performance in the near term.
- The company will continue to strive to improve efficiencies further in the coming years as well. Some of the financial attributes unique to a global ancillary player include: being net debt free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory. We have maintained our estimates. The stock trades at 25x/20x CY24E/CY25E consolidated EPS. Reiterate BUY with a TP of INR675 (based on ~21x Jun'26E consol. EPS).

#### Quarterly performance (Consol.)

(INR m)	CY23				CY24E				CY23	CY24E	2QE
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>Net Sales</b>	<b>24,402</b>	<b>23,203</b>	<b>22,794</b>	<b>22,404</b>	<b>24,268</b>	<b>22,927</b>	<b>23,343</b>	<b>23,852</b>	<b>92,803</b>	<b>94,390</b>	<b>23,389</b>
YoY Change (%)	18.4	4.7	2.2	-0.3	-0.5	-1.2	2.4	6.5	6.0	1.7	0.8
<b>EBITDA</b>	<b>3,806</b>	<b>3,704</b>	<b>3,454</b>	<b>3,274</b>	<b>3,606</b>	<b>3,600</b>	<b>3,597</b>	<b>3,809</b>	<b>14,239</b>	<b>14,612</b>	<b>3,495</b>
Margins (%)	15.6	16.0	15.2	14.6	14.9	15.7	15.4	16.0	15.3	15.5	14.9
Depreciation	825	833	783	781	863	836	854	870	3,222	3,423	876
Interest	240	221	310	303	220	211	200	183	1,074	814	215
Other Income	160	195	200	265	513	306	340	353	820	1,512	255
Share of profit from associates	3	-3	-2	-3	4	6	5	0	-5	15	3
<b>PBT before EO expense</b>	<b>2,901</b>	<b>2,846</b>	<b>2,561</b>	<b>2,455</b>	<b>3,035</b>	<b>2,859</b>	<b>2,883</b>	<b>3,108</b>	<b>10,763</b>	<b>11,886</b>	2,659
EO Exp/(Inc)	0	0	0	0	0	0	0	0	0	0	0
<b>PBT after EO exp</b>	<b>2,901</b>	<b>2,846</b>	<b>2,561</b>	<b>2,455</b>	<b>3,035</b>	<b>2,859</b>	<b>2,883</b>	<b>3,108</b>	<b>10,763</b>	<b>11,886</b>	<b>2,659</b>
Tax Rate (%)	24.2	24.9	27.0	27.8	24.3	24.5	24.5	25.2	25.8	24.6	24.5
<b>Adj. PAT</b>	<b>2,203</b>	<b>2,136</b>	<b>1,867</b>	<b>1,770</b>	<b>2,302</b>	<b>2,164</b>	<b>2,180</b>	<b>2,326</b>	<b>7,976</b>	<b>8,972</b>	<b>2,010</b>
YoY Change (%)	34.1	15.7	11.4	6.4	4.5	1.3	16.8	31.4	16.8	12.5	-5.9
<b>Revenues</b>											
India	14,449	14,348	15,354	14,833	15,066	15,047	16,275	16,424	58,985	62,812	15,065
Growth (%)	13	4	0	6	4	5	6	11	6	6	5.0
EU	9,954	8,855	7,440	7,570	9,202	7,879	7,068	7,430	33,819	31,579	8,324
Growth (%)	28	6	5	-11	-8	-11	-5	-2	7	-7	-6.0
<b>EBITDA Margins</b>											
India	15.0	14.8	15.1	14.7	14.7	15.5	15.5	15.8	14.9	15.4	14.8
EU	16.4	17.8	15.3	14.5	15.1	16.1	15.2	16.3	16.1	15.7	15.2



# CreditAccess Grameen

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,285    TP: INR1,520 (+18%)    Buy**

## Muted loan growth; asset quality deteriorates further

### Earnings in line but outlook clouded on GLP growth and credit costs

Bloomberg	CREDAG IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	204.8 / 2.4
52-Week Range (INR)	1796 / 1190
1, 6, 12 Rel. Per (%)	-17/-37/-25
12M Avg Val (INR M)	471

- CreditAccess Grameen (CREDAG) posted ~14% YoY growth in 1QFY25 PAT to ~INR3.98b (in line). NII grew ~29% YoY to ~INR9.3b and PPop rose 30% YoY to ~INR7.1b. Cost-to-income ratio was ~29% (PY: ~31% and PQ: ~30%).
- Reported yields/CoF were stable QoQ at ~21%/9.8%. The reported NIM contracted ~10bp QoQ to ~13.0%. Management plans to implement a district-based loan pricing in 2QFY25 to better align with provisioning rates and protect profitability. We model NIMs of 14.2%/14.1% for FY25/FY26.
- CREDAG's 1QFY25 disbursements declined ~6% YoY to ~INR44.8b due to the calibration of loan growth during elections in the face of a rise in delinquencies. AUM grew ~21% YoY but declined ~2% QoQ to ~INR263b (PY: ~INR218b). The borrower base grew ~13% YoY to ~4.98m (PY: ~4.92m).
- GNPA/NNPA deteriorated ~30bp/10bp QoQ to ~1.45%/~0.45%. PCR dipped ~160bp QoQ to ~69.2%. CREDAG attributed higher delinquencies to severe heat waves and operational limitations in collections at the time of elections. Annualized credit costs rose to ~2.6% (PY: ~1.4% and PQ: ~2.4%). Last quarter, management raised its credit cost guidance for FY25 in anticipation of higher delinquencies and provisioning requirements in its non-core states.
- We cut our FY26 estimates by ~2% to factor in higher credit costs. We estimate a 22%/17% CAGR in AUM/PAT over FY24-26, leading to an RoA/RoE of ~5.2%/22% in FY26. CREDAG will likely have a slightly bumpy ride in the near term because of the expected calibration in loan growth and continuing forward flows leading to elevated credit costs. Despite this, we expect the company to be more resilient than its NBFC-MFI peers, even as there could be sectoral headwinds ahead. **Reiterate BUY with a revised TP of INR1,520 (based on 2.4x Mar'26E P/BV).**

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	31.7	39.2	47.1
Total Income	34.4	42.2	50.4
PPoP	23.9	29.5	35.2
PAT	14.5	16.7	19.8
EPS (INR)	91	104	124
EPS Gr. (%)	75	15	19
BV (INR)	412	507	631

### Ratios (%)

NIM	14.4	14.2	14.1
C/I ratio	30.5	30.1	30.2
Credit cost	2.0	2.5	2.5
RoA	5.7	5.3	5.2
RoE	24.8	22.7	21.8

### Valuations

P/E (x)	14.2	12.3	10.4
P/BV (x)	3.1	2.5	2.0

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	66.6	66.7	73.7
DII	15.8	15.8	12.3
FII	11.7	12.0	9.7
Others	6.0	5.6	4.4

FII Includes depository receipts

### Highlights from the management commentary

- Despite muted loan growth in 1QFY25, management exuded confidence in achieving its annual guidance on GLP growth and profitability and reiterated the annual GLP growth guidance of 23-24% in FY25.
- CREDAG will disburse in a calibrated fashion in Jul/Aug'24 to ensure that it is compliant with the guardrails put in place by MFIN. Disbursements will normalize from 3Q onwards. While the company acknowledged that the guardrails put in place by MFIN will impact sectoral loan growth, CREDAG will mitigate its impact through stronger customer additions.

### Valuation and view

- CREDAG's robust execution has been vindicated by its resilience during various credit cycles and external disturbances. Despite the sector staring at near-term headwinds because of the buildup of customer leverage, we expect CREDAG to exhibit much higher resilience compared to its peers.
- With a strong capital position (Tier-1 of ~22%), it is well equipped to navigate any potential disruptions in the sector. **Maintain BUY with a revised TP of INR1,520 (based on 2.4x Mar'26E P/BV).**

CRE DAG: Quarterly performance

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	1QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	11,052	11,874	12,444	13,632	14,372	14,550	15,163	17,068	49,001	61,152	14,367	0
Interest Expenses	3,849	4,239	4,415	4,822	5,103	5,205	5,476	6,153	17,324	21,937	5,159	-1
<b>Net Interest Income</b>	<b>7,203</b>	<b>7,635</b>	<b>8,029</b>	<b>8,810</b>	<b>9,268</b>	<b>9,345</b>	<b>9,687</b>	<b>10,914</b>	<b>31,677</b>	<b>39,215</b>	<b>9,208</b>	<b>1</b>
YoY Growth (%)	57.8	53.3	48.5	42.3	28.7	22.4	20.7	23.9	49.8	23.8	27.8	
Other Income	656	602	509	959	754	711	598	964	2,725	3,028	745	1
<b>Total Income</b>	<b>7,858</b>	<b>8,237</b>	<b>8,537</b>	<b>9,770</b>	<b>10,023</b>	<b>10,056</b>	<b>10,285</b>	<b>11,879</b>	<b>34,402</b>	<b>42,242</b>	<b>9,954</b>	<b>1</b>
YoY Growth (%)	63.8	52.1	43.6	35.6	27.5	22.1	20.5	21.6	47.1	22.8	26.7	
Operating Expenses	2,420	2,611	2,520	2,942	2,929	3,066	3,188	3,584	10,493	12,765	2,854	3
<b>Operating Profit</b>	<b>5,438</b>	<b>5,626</b>	<b>6,018</b>	<b>6,828</b>	<b>7,093</b>	<b>6,990</b>	<b>7,097</b>	<b>8,295</b>	<b>23,910</b>	<b>29,477</b>	<b>7,100</b>	<b>0</b>
YoY Growth (%)	88	68	59	36	30	24	18	21	59	23	31	
Provisions & Loan Losses	764	959	1,262	1,533	1,746	1,659	1,675	1,686	4,518	6,766	1,656	5
<b>Profit before Tax</b>	<b>4,674</b>	<b>4,668</b>	<b>4,756</b>	<b>5,295</b>	<b>5,347</b>	<b>5,331</b>	<b>5,422</b>	<b>6,609</b>	<b>19,392</b>	<b>22,712</b>	<b>5,444</b>	<b>-2</b>
Tax Provisions	1,189	1,197	1,222	1,324	1,371	1,354	1,377	1,689	4,933	5,791	1,383	-1
<b>Net Profit</b>	<b>3,485</b>	<b>3,470</b>	<b>3,533</b>	<b>3,971</b>	<b>3,977</b>	<b>3,977</b>	<b>4,045</b>	<b>4,919</b>	<b>14,459</b>	<b>16,920</b>	<b>4,061</b>	<b>-2</b>
YoY Growth (%)	151.3	96.6	63.7	33.9	14.1	14.6	14.5	23.9	75.0	17.0	16.5	
AUM Growth (%)	39.7	36.0	31.5	27.0	20.6	21.5	21.5	21.5	31.8	20.2	22.1	
NIM (%)	13.4	13.8	14.0	14.1	14.0	13.9	13.9	14.3	14.4	14.2	13.8	
Cost to Income Ratio (%)	30.8	31.7	29.5	30.1	29.2	30.5	31.0	30.2	30.5	30.2	28.7	
Tax Rate (%)	25.4	25.7	25.7	25.0	25.6	25.4	25.4	25.4	25.4	25.5	25.4	
<b>Key Parameters (%)</b>												
Yield on loans	20.7	21.1	21.0	21.0	21.0							
Cost of funds	9.6	9.8	9.8	9.8	9.8							
Spread	11.1	11.3	11.2	11.2	11.2							
NIM	13.0	13.1	13.1	13.1	13.0							
Credit cost	1.4	1.7	2.2	2.4	2.6	2.5	2.4	2.2	2.4			
Cost to Income Ratio (%)	30.8	31.7	29.5	30.1	29.2	30.5	31.0	30.2	30.1			
Tax Rate (%)	25.4	25.7	25.7	25.0	25.6	25.4	25.4	25.4	25.0			
<b>Performance ratios (%)</b>												
GLP/Branch (INR m)	119	120	123	136	133							
GLP/Loan Officer (INR m)	18.1	16.9	17.9	20.3	19.6							
Borrowers/Branch	2,422	2,452	2,478	2,500	2,522							
Borrowers/Loan Officer	367	345	360	373	372							
<b>Balance Sheet Parameters</b>												
<b>Gross loan portfolio (INR B)</b>	<b>218.1</b>	<b>224.9</b>	<b>233.8</b>	<b>267.1</b>	<b>263.0</b>	<b>273.3</b>	<b>284.1</b>	<b>324.5</b>	<b>267.1</b>	<b>324.5</b>		
Change YoY (%)	39.7	36.0	31.5	27.0	20.6	21.5	21.5	21.5	27.0	21.5		
<b>Disbursements (INR B)</b>	<b>47.7</b>	<b>49.7</b>	<b>53.4</b>	<b>80.5</b>	<b>44.8</b>	<b>59.6</b>	<b>64.1</b>	<b>99.9</b>	<b>231.3</b>	<b>268.4</b>		
Change YoY (%)	97.5	13.5	10.3	12.3	-6.2	20.0	20.0	24.0	23.0	16.0		
<b>Borrowings (INR B)</b>	<b>168.2</b>	<b>177.6</b>	<b>190.7</b>	<b>219.5</b>	<b>203.9</b>	<b>223.8</b>	<b>234.7</b>	<b>259.5</b>				
Change YoY (%)	41.6	44.3	40.5	33.7	21.2	26.1	23.1	18.3				
Borrowings/Loans (%)	84.9	85.0	86.3	87.4	82.7	87.6	87.6	85.4				
Debt/Equity (x)	3.1	3.1	3.1	3.3	2.9	3.0	3.0	3.1				
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>1,817</b>	<b>1,657</b>	<b>2,197</b>	<b>3,037</b>	<b>3,710</b>				<b>3,037</b>	<b>3,710</b>		
GS 3 %	0.9	0.8	1.0	1.2	1.5				1.2	1.2		
NS 3 (INR M)	552	509	650	888	1,144				888	1,144		
NS 3 %	0.3	0.2	0.3	0.4	0.5				0.3	0.3		
<b>PCR (%)</b>	<b>69.6</b>	<b>69.3</b>	<b>70.4</b>	<b>70.8</b>	<b>69.2</b>							
ECL (%)	1.6	1.6	1.8	2.0	2.3							
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	5.8	5.6	5.5	5.7	5.4				5.7	5.4		
ROE (Rep)	26.4	24.7	23.6	24.9	23.5				24.9	23.5		

E: MOFSL Estimates



# Piramal Pharma

**BSE SENSEX** 80,605  
**S&P CNX** 24,531



**Stock Info**

Bloomberg	PIRPHARM IN
Equity Shares (m)	1323
M.Cap.(INRb)/(USDb)	196.1 / 2.3
52-Week Range (INR)	167 / 88
1, 6, 12 Rel. Per (%)	-8/-10/26
12M Avg Val (INR M)	816
Free float (%)	65.0

**Financials Snapshot (INR b)**

Y/E MARCH	FY24	FY25E	FY26E
Sales	81.7	93.1	105.2
EBITDA	12.0	15.0	19.5
Adj. PAT	0.6	3.3	6.8
EBIT Margin (%)	5.6	8.0	11.0
Cons. Adj. EPS (INR)	0.4	2.5	5.1
EPS Gr. (%)	NA	497.6	102.9
BV/Sh. (INR)	66.3	69.1	74.8

**Ratios**

Net D:E	0.5	0.5	0.4
RoE (%)	0.8	4.1	7.9
RoCE (%)	0.5	4.0	6.4
Payout (%)	57.0	17.6	17.6

**Valuations**

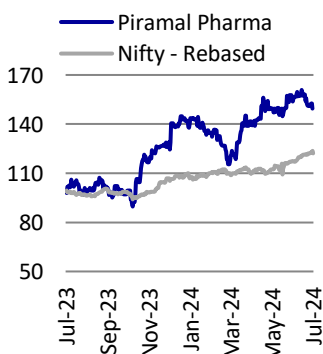
P/E (x)	349.5	58.5	28.8
EV/EBITDA (x)	19.9	16.0	12.1
Div. Yield (%)	0.0	0.3	0.5
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	2.9	2.6	2.2

**Shareholding pattern (%)**

As On	Mar-24	Dec-23	Mar-23
Promoter	35.0	35.0	34.8
DII	12.1	9.7	5.0
FII	31.0	32.9	39.7
Others	21.9	22.4	20.6

FII Includes depository receipts

**Stock performance (one-year)**



**CMP: INR148 TP: INR190 (+28%) Buy**

**Focused approach across segments to boost earnings**

**Innovation/new order inflow to drive growth for CDMO business**

- After reporting a loss in FY23, Piramal Pharma (PIRPHARM) delivered strong improvement in sales growth and profitability in FY24.
- We believe the following factors will keep growth momentum intact across segments over FY24-26: 1) Demand tailwinds, comprehensive service offerings and a robust order book for the contract development and manufacturing (CDMO) segment; 2) New launches/expanding reach in the complex hospital generics (CHG) segment; and 3) Offerings through legacy as well as modern trade channels and better marketing efforts in the India consumer product (ICP) segment.
- We maintain a BUY rating on PIRPHARM with a TP of INR190, based on SOTP (17x EV/EBITDA for CDMO business; 13x EV/EBITDA for CHG and India consumer health business).

**CDMO: Green shoots in demand, enhancing offerings to improve business prospects**

- In FY24, PIRPHARMA reported strong growth of 18% YoY, led by order inflow and improved execution.
- The company has significantly invested in new differentiated capabilities viz., ADCs, HPAPI, on-patent API, mAbs and Peptides. It is also investing in capacity expansion and debottlenecking of the existing plant.
- Additionally, it has a strong pipeline of 151 molecules under various stages of development. PIRPHARMA has witnessed a 3x jump in the development pipeline since FY17.
- Revenue from the on-patent molecule doubled YoY to USD116m in FY24. With a large number of molecules in phase-3 development, PIRPHARMA should witness a rise in commercial CDMO contracts from these molecules going forward.
- CDMO funding would witness recovery, when interest rates come down.
- We expect a 15% sales CAGR for the CDMO segment over FY24-26.

**CHG: Efforts under way to build pipeline, expand reach**

- In FY24, the company registered 7.6% YoY growth, led by lower market prices in Inhalation Anesthesia (IA), traction in new markets and new launches.
- In the US market, Sevoflurane continues to be preferred over Desflurane given the lower impact on environment from manufacturing process and lower side effects.
- PIRPHARMA is one of the key players in the market for Sevoflurane (43% market share) and continues to benefit from this transition in developed markets.
- Moreover, the company intends to increase its IA market share in ROW in FY25, which will boost medium-term growth. It plans to commercialize the additional line at Digwal facility, which will supply the ROW market with Sevoflurane.



- It has 24 drugs under various stages of development with a market size of USD2b, which would drive growth over the medium term.
- We expect an 11% sales CAGR for the CHG segment during FY24-26.

**ICP: Extensive marketing/distribution to better brand recall**

- In FY24, PIRPHARMA recorded 14.7% YoY growth, led by strong brand recall, new launches and leveraging alternate channels, offset by seasonality effects.
- PIRPHARMA has been continuously investing in brand building through promotional and marketing efforts. Over the last four years, the company has spent ~13-16% of ICH revenue on the promotion of power brands. However, it expects to reduce promotional expenses gradually.
- In FY24, the e-commerce channel (20% of ICH revenue) grew 36% YoY. PIRPHARMA has a presence on 20 e-commerce platforms, has its own D2C platform and has a strong presence across retail and trade stores.
- It plans to increase its reach by launching its products on other e-commerce platforms.
- Given that the new products launched in the last two years contribute 11% to ICH business, PIRPHARMA plans to launch more SKUs and new products and acquire new brands.
- We expect a 9% sales CAGR for the ICP segment during FY24-26.

**Valuation and view**

- We expect PIRPHARMA to deliver a CAGR of 13%/28% in revenue/EBITDA and expect PAT to grow 3.5x over FY24-26, aided by: a) a healthy order inflow in CDMO, b) expansion of IA portfolio in ROW market, and c) new launches and increasing reach of power brand. A decline in interest expenses could also improve profitability.
- We maintain our BUY rating on PIRPHARM with a TP of INR190, based on SOTP (17x EV/EBITDA for CDMO business; 13x EV/EBITDA for CHG and India consumer health business). We expect the performance to scale up further for all three segments and have better operating leverage over the next 2-3 years. Reiterate BUY on the stock.

**Valuation snapshot**

Company	Reco	MCap (USD B)	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		ROE (%)		
			FY24E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24E	FY25E	FY26E
Ajanta Pharma	Buy	3.5	62.3	70.3	83.9	12.9	19.2	32.6	27.3	22.7	19.5	22.7	22.8	22.9
Alembic Pharma	Neutral	2.4	31.5	37.9	42.1	20.6	11.0	28.5	25.6	17.3	15.3	13.5	14.4	14.1
Alkem Lab	Neutral	7.5	159.7	169.1	195.2	5.9	15.4	30.4	26.3	25.9	22.6	19.7	18.2	18.3
Aurobindo Pharma	Neutral	9.4	56.0	67.0	75.7	19.6	13.0	19.9	17.6	10.6	9.5	11.6	12.4	12.5
Biocon	Neutral	4.9	2.2	6.2	12.1	183.7	96.8	54.3	27.6	14.8	11.5	1.4	3.7	7.0
Cipla	Buy	14.5	52.5	58.9	65.8	12.3	11.7	25.2	22.6	16.5	14.4	15.9	15.4	14.9
Divi's Lab.	Neutral	14.5	60.0	79.3	96.5	32.2	21.6	57.0	46.9	42.0	34.5	12.1	14.7	16.1
Dr Reddy's Labs	Neutral	13.3	317.1	331.6	361.6	4.6	9.1	20.0	18.4	11.8	10.0	20.7	18.1	16.8
Eris Lifescience	Neutral	1.7	29.2	30.9	42.5	5.6	37.6	32.5	23.6	13.0	11.3	16.8	15.4	18.3
Gland Pharma	Buy	3.9	47.6	59.4	69.4	24.7	16.9	33.6	28.7	19.5	16.6	9.4	10.6	11.1
Glenmark Pharma	Neutral	4.8	2.5	42.7	50.5	1619.7	18.3	33.1	28.0	16.3	14.7	0.8	14.4	14.8
Glaxosmit Pharma	Neutral	5.2	43.3	45.8	50.8	5.7	10.9	56.2	50.6	41.9	37.3	41.3	37.2	34.7
Granules India	Buy	1.5	17.4	23.5	31.8	35.6	35.1	21.4	15.8	12.4	10.0	13.9	16.3	18.6
Ipca Labs.	Neutral	3.7	20.8	30.5	40.6	46.5	33.3	39.2	29.4	21.6	17.6	8.7	11.6	13.9
Laurus Labs	Buy	2.9	3.0	7.9	14.1	162.4	77.5	55.6	31.3	24.1	17.3	4.0	9.9	15.8
Lupin	Neutral	9.8	41.5	50.7	59.6	22.0	17.6	35.3	30.0	19.3	16.5	14.1	15.0	15.3
Mankind Pharma	Buy	10.2	47.8	54.1	62.4	13.3	15.4	39.4	34.1	27.2	23.1	22.8	21.3	20.9
<b>Piramal Pharma</b>	<b>Buy</b>	<b>2.4</b>	<b>0.4</b>	<b>2.5</b>	<b>5.1</b>	<b>497.6</b>	<b>102.9</b>	<b>58.2</b>	<b>28.7</b>	<b>15.9</b>	<b>12.0</b>	<b>0.8</b>	<b>4.1</b>	<b>7.9</b>
Sun Pharma.Inds.	Buy	45.7	41.4	48.1	57.6	16.0	19.7	32.6	27.2	26.2	21.5	16.7	16.9	17.4
Torrent Pharma.	Neutral	12.4	47.1	64.5	79.4	37.0	23.0	45.7	37.2	26.2	22.6	24.4	28.9	32.5
Zybus LifeScience	Neutral	14.3	37.6	39.0	41.4	3.6	6.1	29.3	27.7	20.1	18.6	20.3	17.6	15.7

Source: MOFSL, Company



# Navin Fluorine International

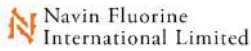
BSE SENSEX 80,605 S&P CNX 24,531

CMP: INR3,545

TP: INR3,555

Neutral

## Focusing on sustainable growth and expansion



### Stock Info

Bloomberg	NFIL IN
Equity Shares (m)	50
M.Cap.(INRb)/(USD\$b)	175.8 / 2.1
52-Week Range (INR)	4721 / 2876
1, 6, 12 Rel. Per (%)	-7/-10/-43
12M Avg Val (INR M)	936
Free float (%)	71.2

### Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	20.7	25.5	31.4
EBITDA	4.0	5.4	7.1
PAT	2.3	3.1	4.4
EPS (INR)	46.1	61.6	88.9
EPS Gr. (%)	-39.1	33.6	44.3
BV/Sh.(INR)	480.9	525.6	590.0

### Ratios

Net D:E	0.6	0.6	0.5
RoE (%)	10.0	12.2	15.9
RoCE (%)	8.4	9.1	11.5
Payout (%)	27.4	27.4	27.4

### Valuations

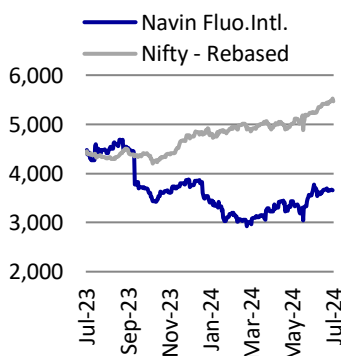
P/E (x)	76.8	57.5	39.8
P/BV (x)	7.4	6.7	6.0
EV/EBITDA (x)	47.3	35.5	26.6
Div. Yield (%)	0.4	0.5	0.7
FCF Yield (%)	0.4	-0.7	2.2

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	28.8	28.8	28.8
DII	28.6	28.9	24.8
FII	15.6	15.9	19.6
Others	27.0	26.4	26.8

FII Includes depository receipts

### Stock performance (one-year)



- Navin Fluorine International (NFIL) is focusing on its 3P – Products, Platforms, and Partnerships – strategies to drive growth, expand into agro intermediates, and boost its capabilities in specialty chemicals. The company’s investments include a new HF plant and R32 capacity expansion to meet the rising demands in renewables and EV sectors. Conversely, in CDMO, NFIL aims to launch new products and partnerships to enhance operations and revenue from the FDA-approved molecules with fluorinated compounds.
- In FY24, NFIL’s revenue declined 1% YoY to INR20.7b, while EBITDA declined 28% YoY to INR4b and earnings decreased 39% YoY to INR2.3b due to deferred CDMO approvals and slower growth in specialty chemicals. While specialty chemicals grew 14% YoY, HPP encountered pricing pressures, and a 40% revenue decline in the CDMO segment led to a lackluster performance for NFIL.
- The specialty chemicals/molecular businesses are projected to report 29%/45% CAGR over FY24-26, driven by the increased use of fluorine in various sectors. We expect a revenue/EBITDA/PAT CAGR of 23%/34%/39% over this period. The stock trades at 40x FY26E EPS; reiterate neutral with a TP of INR3,555 (based on 40x FY26E EPS).

## Strategic focus to help drive growth going forward

- NFIL is emphasizing the 3P strategies to fuel its future growth strategy, positioning itself as both a collaborative partner and an innovative platform for clients. The company is making substantial investments in capacity, new products, platforms, and long-term partnerships to seize emerging opportunities and promote sustainable expansion.
- In the specialty chemicals business, NFIL continues to execute its strategy of shifting its focus to agro intermediates from pharmaceuticals, thus effectively navigating challenges in the commodity market, while emphasizing crop science. Management plans to enhance partnerships with the top three innovators in the crop science segment from early development stages, securing purchase orders (POs) for the dedicated portion of the agro specialty plant at Dahej in CY24. NFIL anticipates substantial revenue growth from the agro specialty division in FY25.
- NFIL's investments comprise a new HF plant at Dahej (NFASL) – scheduled for operation in early CY25 – aimed at meeting the increasing demands from sectors such as renewables and EVs in the HPP segment. Phase-I of its cGMP4 capex initiative, which enables an MSA with a European CDMO customer, is scheduled to commence operations by end-CY25. Additionally, there is an approved capex to expand R32 capacity by 4.5ktpa, which is likely to boost growth with commissioning by Feb’25.
- NFIL is prioritizing the launch of new products and partnerships in its CDMO business to raise the share of commercial and late-phase molecules. The aim is to stabilize operations and enhance capabilities. This strategy involves a supply chain partnership for six new commercial products. It is likely to boost revenue from the commercial portfolio led by the increasing demand for FDA-approved molecules with fluorinated compounds and expertise in handling complex chemistries.

**FY24 characterized by setbacks in CDMO and pricing pressure**

- In FY24, NFIL's revenue declined 1% YoY to INR20.7b, while EBITDA declined 28% YoY to INR4b and earnings decreased 39% YoY to INR2.3b, primarily due to deferred approvals in the high-margin CDMO segment and slower growth in the specialty chemicals segment, following a 31% YoY growth in FY23.
- Despite volatile market conditions, the specialty chemicals segment grew 14% YoY and maintained its strong performance. The segment contributed 41% to the total revenue in FY24, driven by new product launches and volume growth. This growth helped offset setbacks from deferred campaigns, channel inventory destocking, and reduced demand from domestic generic pharma companies.
- The HPP segment faced challenges due to a decline in selling prices in the export markets, along with domestic pricing pressure and lower refrigerant gas sales led by a weak summer. The segment also witnessed volume pressure in the HFO business due to weak US housing demand. However, the introduction of the R32 plant helped offset some of the weaknesses in FY24.
- In the high-margin CDMO segment, suboptimal plant operations due to the lumpy nature of the business and deferred approvals of clinical phase molecules led to a 40% YoY revenue decline to INR2.6b. To address these challenges, NFIL launched the 'Navin Molecular' brand in FY24 in order to consolidate its global CDMO business, restructure its MOL business, and improve its overall efficiency.

**Valuation still expensive; reiterate Neutral**

- The specialty chemicals and CDMO businesses should drive a robust CAGR of 29% and 45%, respectively, over FY24-26, with increasing use of fluorine in the pharma and agro domains, battery chemicals, and performance materials (solar grid HF, semiconductor grade HF, et al).
- The company has already identified various opportunities, such as: 1) a capability capex in specialty chemicals with INR450m of revenue expected every year starting FY25, 2) the Fermion contract with a value of USD40m over three years (starting CY24), and 3) an additional R32 capacity to be commissioned by Feb'25, among others.
- We expect a revenue/EBITDA/PAT CAGR of 23%/34%/39% over FY24-26. The stock is trading at 40x FY26E EPS of INR89 and 27x FY26E EV/EBITDA. We value NFIL at 40x FY26E EPS to arrive at our TP of INR3,555. **Reiterate Neutral.**



# RBL Bank

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR240      TP: INR270 (+12%)      Neutral**

## Earnings beat led by the reversal in AIF provisioning

### Asset quality deteriorates slightly

- RBL Bank (RBK) reported 1QFY25 PAT of INR3.7b (9% beat, 29% YoY growth), aided by lower provisions (AIF provisioning reversal of INR903.9m).
- NII grew 19.5% YoY to INR17b (in line), while NIM improved 22bp QoQ to 5.67% due to a 25bp boost from interest on income tax refunds. Other income dipped 8% QoQ (+17.5% YoY) to INR8.06b (7% lower than MOFSLe).
- Advances growth stood at 18.6% YoY/3.2% QoQ, led by healthy growth in the retail segment, while deposits declined 2.1% QoQ (up 18.4% YoY).
- Fresh slippages increased to INR7.2b mainly due to the MFI and Cards segments. Gross NPA increased 4bp QoQ to 2.69%, while NNPA was stable at 0.74%. PCR improved 40bp QoQ to 73.1%.
- We cut our earnings estimates by 4.3%/3.2% for FY25/26 and estimate FY26E RoA/RoE at 1.1%/11.5%. **Reiterate Neutral with a TP of INR270 (premised on 1.0x FY26E ABV).**

### Deposit base moderates after a strong 4Q; Cards and MFI result in ~80% of the slippages

- RBK reported a PAT of INR3.7b (9% beat, 29% YoY growth), aided by lower provisions (AIF provisioning reversal of INR903.9m). NIM improved 22bp QoQ to 5.67% boosted by IT refunds, excluding which NIM was largely flat.
- Other income grew 17.5% YoY to INR8.06b (7% lower than MOFSLe). Total revenues thus grew 19% YoY/1.2% QoQ to INR25.05b (in line).
- Opex grew 12.8% YoY to INR16.46b (inline). C/I ratio, thus improved 357bp YoY to 65.7%. PPop grew 33% YoY to INR8.59b (4% miss) amid lower other income.
- Advances grew 18.6% YoY (up 3.2% QoQ) to INR867b, driven by ~31.5% YoY growth in retail loans vs. muted 2.3% YoY growth in wholesale book. Housing loans rose 7% QoQ. Personal loans/Credit cards grew 2.6%/2.1% QoQ, with the mix of Cards standing at 20.1% of loans.
- Deposits declined 2.1% QoQ (up 18.4% YoY) as CASA deposits declined sequentially, with CASA ratio moderating 266bp QoQ to 32.6%.
- Fresh slippages rose to INR7.2b mainly led by MFI and Card segments. Gross NPA inched up 4bp QoQ to 2.69%, while NNPA was stable at 0.74%. PCR improved 40bp QoQ to 73.1%. Restructured book moderated to 0.4% of loans vs. 0.5% in 4QFY24.

### Highlights from the management commentary

- Interest on income tax refunds amounted to INR680-700m. There was thus a 25bp expansion in NIM; excluding this, NIM remained flat.
- Slippages breakup: Cards – INR4b, MFI – INR1.7b, rest are negligible.

Bloomberg	RBK IN
Equity Shares (m)	606
M.Cap.(INRb)/(USD)	145.8 / 1.7
52-Week Range (INR)	301 / 209
1, 6, 12 Rel. Per (%)	-14/-23/-11
12M Avg Val (INR M)	2617

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	60.4	70.3	83.1
OP	30.3	37.4	46.4
NP	11.7	14.3	18.9
NIM (%)	5.1	5.1	5.1
EPS (INR)	19.3	23.6	31.3
EPS Gr. (%)	31.1	22.2	32.5
BV/Sh. (INR)	245	261	282
ABV/Sh. (INR)	235	252	271

### Ratios

RoE (%)	8.2	9.3	11.5
RoA (%)	0.9	1.0	1.1

### Valuations

P/E(X)	12.4	10.2	7.7
P/BV (X)	1.0	0.9	0.9
P/ABV (X)	1.0	1.0	0.9

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	20.7	20.6	20.7
FII	28.5	25.1	25.9
Others	50.8	54.3	53.4

- Deposits are expected to grow 18-20%, with a focus on granular deposits achieving 23-25% growth. The bank's market share stands at 0.4-0.5%, indicating room for improvement.
- C/I ratio: Income is likely to grow faster than cost, with the C/I ratio anticipated to decrease 2-3% annually.
- The target is to achieve an exit RoA of 1.15% by FY25.

### Valuation and view

RBK reported a mixed performance, with earnings beat led by the reversal of AIF provisions and sequential improvement in margins boosted by IT refunds. However, other income moderated and asset quality deteriorated slightly, with slippages being elevated in the Card and MFI segments. Further, deposit growth declined sequentially, with CASA moderating further and leading to an increase in the C/D ratio to 85.5%. Management indicated LDR would remain in the 83-85% range. Loan growth remains modest and management anticipates the momentum to gain traction, driven by retail loans. Management remains confident of steadily improving the RoA trajectory as it believes that income will grow faster than expenses, thereby leading to a gradual decline in cost ratios. We cut our earnings estimates by 4.3%/ 3.2% for FY25/26 and estimate FY26E RoA/RoE at 1.1%/11.5%. **Reiterate Neutral with a TP of INR270 (premised on 1.0x FY26E ABV).**

### Quarterly performance

	FY24				FY25E				FY24	FY25E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE				
<b>Net Interest Income</b>	14.2	14.7	15.5	16.0	17.0	17.1	17.8	18.4	60.4	70.3	16.6	2%
% Change (Y-o-Y)	19.6	25.6	21.1	17.9	19.5	16.3	15.0	14.7	20.9	16.3	16.7	
Other Income	6.9	7.0	7.8	8.8	8.1	8.8	9.3	10.1	30.4	36.2	9	-7%
<b>Total Income</b>	<b>21.1</b>	<b>21.8</b>	<b>23.2</b>	<b>24.8</b>	<b>25.1</b>	<b>25.9</b>	<b>27.1</b>	<b>28.4</b>	<b>90.9</b>	<b>106.5</b>	<b>25</b>	<b>-1%</b>
Operating Expenses	14.6	14.5	15.6	15.9	16.5	16.9	17.3	18.5	60.6	69.1	16	1%
<b>Operating Profit</b>	<b>6.5</b>	<b>7.3</b>	<b>7.7</b>	<b>8.9</b>	<b>8.6</b>	<b>9.1</b>	<b>9.8</b>	<b>9.9</b>	<b>30.3</b>	<b>37.4</b>	<b>9</b>	<b>-4%</b>
% Change (Y-o-Y)	22.4	42.7	34.9	49.4	32.7	23.8	28.7	11.6	37.6	23.4	37.7	
Provisions	2.7	6.4	4.6	4.1	3.7	4.6	5.1	5.1	17.7	18.4	4	-16%
<b>Profit before Tax</b>	<b>3.8</b>	<b>0.9</b>	<b>3.1</b>	<b>4.7</b>	<b>4.9</b>	<b>4.5</b>	<b>4.8</b>	<b>4.8</b>	<b>12.6</b>	<b>19.0</b>	<b>5</b>	<b>8%</b>
Tax	0.9	-2.0	0.7	1.2	1.2	1.1	1.2	1.1	0.9	4.7	1	6%
<b>Net Profit</b>	<b>2.9</b>	<b>2.9</b>	<b>2.3</b>	<b>3.5</b>	<b>3.7</b>	<b>3.3</b>	<b>3.6</b>	<b>3.6</b>	<b>11.7</b>	<b>14.3</b>	<b>3</b>	<b>9%</b>
% Change (Y-o-Y)	43.2	45.9	11.5	30.1	29.0	13.5	54.0	3.1	32.3	22.2	18.2	
<b>Operating Parameters</b>												
Deposit	856.4	897.8	927.5	1,034.9	1,013.5	1,083.0	1,155.1	1,212.9	1,034.9	1,212.9	1,013.5	
Loan	730.9	763.2	799.5	839.9	867.0	887.7	959.6	999.4	839.9	999.4	876.5	
Deposit Growth (%)	8.1	13.1	13.5	21.9	18.4	20.6	24.5	17.2	21.9	17.2	18.4	
Loan Growth (%)	21.3	21.3	19.9	19.6	18.6	16.3	20.0	19.0	19.6	19.0	19.9	
<b>Asset Quality</b>												
Gross NPA (%)	3.2	3.1	3.1	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.7	
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.7	0.8	0.7	
PCR (%)	69.6	75.6	75.1	72.7	73.1	73.0	73.4	71.5	72.7	71.5	73.2	

E: MOFSL Estimates



Estimate change	
TP change	
Rating change	

**CMP: INR2,676      TP: INR3,090 (+15%)      Buy**

**Demand outlook remains healthy**

**Industry pricing discipline to be tested**

- CEAT’s 1QFY25 performance was in line with our estimates. Revenue grew 9% YoY, driven by strong growth in replacement and exports. PAT growth was muted at 3% YoY due to: 1) a 5% QoQ rise in input costs, 2) a price hike in replacement in the middle of 1Q and the lagged impact of OE and export pass-through, and 3) an adverse mix. While the demand outlook remains healthy, margins are likely to be under pressure given rising input costs.
- CEAT’s focus on strategic areas such as PVs/2Ws/OHT/exports (to help margins), along with prudent capex plans (to benefit FCF), should continue to improve its returns in the long run. Valuations at 17.5x/14x FY25E/FY26E consol. EPS appear attractive. **Hence, we reiterate our BUY rating on the stock with a TP of INR3,090 (based on ~15x Jun’26E EPS).**

**Double-digit volume growth in replacement and exports for FY25E**

- CEAT’s 1QFY25 revenue/adj. PAT grew 9%/3% YoY to INR31.9b/INR1.49b (est. INR30.5b/INR1.48b), while EBITDA remained flat YoY at INR3.8b (est. INR3.7b).
- Volume grew ~9% YoY, mainly led by double-digit growth in replacement and exports markets, while OEM volumes grew in single digits.
- Gross margins contracted by 190bp YoY (-310bp QoQ) to 39.2% (est. 40.5%) due to a rise in commodity prices, an adverse mix and a lagged impact of price hikes. Despite lower employee expenses (-60bp YoY/-110bp QoQ) and other expenses (-90bp QoQ), EBITDA margin declined 120bp YoY to 12% (est. 12.1%).
- Debt inched up to INR16.5b as of Jun’24 (vs. INR16.3b as of Mar’24 and INR19.9b in Jun’23).

**Highlights from the management commentary**

- **Outlook:** Double-digit volume growth guidance for the domestic replacement and export segments for FY25E.
- **RM costs may rise by 5-6% in 2QFY25 and CEAT would need price hikes of 3-4% in 2Q to mitigate the same. Industry pricing discipline would be tested in such periods of rising cost pressure.**
- The company has maintained its full-year capex guidance of INR10b (INR2.54b already spent in 1Q). 1Q capex was mainly funded by internal accruals.

**Valuation and view**

- CEAT has guided for double-digit volume growth in both replacement and export segments. It also expects OE demand to pick up, led by sustained healthy demand for 2Ws and a pick-up in tractors. However, given the rising cost pressure, we have lowered our FY25 EPS estimate by 5%.
- CEAT’s focus on strategic areas such as PVs/2Ws/OHT/exports (to help margins), along with prudent capex plans (to benefit FCF), should continue to improve its returns in the long run. Valuations at 17.5x/14x FY25E/FY26E consol. EPS appear attractive. **Hence, we reiterate our BUY rating on the stock with a TP of INR3,090 (based on ~15x Jun’26E EPS).**

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USD\$)	108.2 / 1.3
52-Week Range (INR)	2998 / 2055
1, 6, 12 Rel. Per (%)	3/-10/-11
12M Avg Val (INR M)	657

**Financials & valuations (INR b)**

INR Billion	FY24	FY25E	FY26E
Sales	119.4	133.7	147.3
EBITDA	16.5	15.2	16.9
EBIDTA Margin (%)	13.8	11.4	11.5
Adj. PAT	6.9	6.2	7.8
EPS (Rs)	169.4	153.0	192.6
EPS Growth (%)	226.6	-9.7	25.9
BV/Share (Rs)	999	1,122	1,280

**Ratios**

RoE (%)	18.3	14.4	16.0
RoCE (%)	15.3	12.9	14.2
Payout (%)	18.9	19.6	18.2

**Valuations**

P/E (x)	15.8	17.5	13.9
P/BV (x)	2.7	2.4	2.1
Div. Yield (%)	1.1	1.1	1.3
FCF Yield (%)	7.9	2.9	6.4

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	47.2	47.2	47.2
DII	17.1	15.9	12.2
FII	18.8	20.2	26.2
Others	16.9	16.7	14.4

FII Includes depository receipts

**Consolidated - Quarterly Earning Model**

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
<b>Net Sales</b>	<b>29,352</b>	<b>30,533</b>	<b>29,631</b>	<b>29,919</b>	<b>31,928</b>	<b>33,587</b>	<b>33,780</b>	<b>34,408</b>	<b>1,19,435</b>	<b>1,33,703</b>	<b>30,526</b>
YoY Change (%)	4.1	5.5	8.7	4.1	8.8	10.0	14.0	15.0	5.6	11.9	4.0
RM cost (%)	58.9	56.7	58.7	57.7	60.8	62.0	61.8	61.8	58.0	61.6	59.5
Employee cost (%)	6.7	7.1	7.3	7.2	6.1	6.2	6.4	6.5	7.1	6.3	7.2
Other expenses (%)	21.2	21.3	19.9	22.0	21.1	20.6	20.5	20.6	21.1	20.7	21.2
<b>EBITDA</b>	<b>3,871</b>	<b>4,561</b>	<b>4,175</b>	<b>3,915</b>	<b>3,829</b>	<b>3,762</b>	<b>3,817</b>	<b>3,835</b>	<b>16,522</b>	<b>15,242</b>	<b>3,694</b>
Margins (%)	13.2	14.9	14.1	13.1	12.0	11.2	11.3	11.1	13.8	11.4	12.1
Depreciation	1,209	1,245	1,273	1,361	1,318	1,320	1,325	1,265	5,088	5,228	1,250
Interest	701	717	656	617	619	550	450	581	2,691	2,199	550
Other Income	33	105	29	31	62	75	70	74	197	280	50
<b>PBT before EO expense</b>	<b>1,993</b>	<b>2,704</b>	<b>2,276</b>	<b>1,969</b>	<b>1,954</b>	<b>1,967</b>	<b>2,112</b>	<b>2,062</b>	<b>8,941</b>	<b>8,095</b>	<b>1,944</b>
Exceptional item	0	0	0	582	-75	0	0	75	582	0	0
<b>PBT</b>	<b>1,993</b>	<b>2,704</b>	<b>2,276</b>	<b>1,387</b>	<b>2,029</b>	<b>1,967</b>	<b>2,112</b>	<b>1,988</b>	<b>8,359</b>	<b>8,095</b>	<b>1,944</b>
Tax Rate (%)	26.5	25.3	23.9	33.0	26.6	26.0	26.0	25.4	26.5	26.0	26.0
Minority Int. & Profit of Asso. Cos.	18	-59	-84	-157	-53	-45	-55	-47	-282	-200	-40
<b>Reported PAT</b>	<b>1,446</b>	<b>2,080</b>	<b>1,815</b>	<b>1,086</b>	<b>1,542</b>	<b>1,500</b>	<b>1,618</b>	<b>1,531</b>	<b>6,427</b>	<b>6,190</b>	<b>1,478</b>
<b>Adj PAT</b>	<b>1,446</b>	<b>2,080</b>	<b>1,815</b>	<b>1,513</b>	<b>1,486</b>	<b>1,500</b>	<b>1,618</b>	<b>1,585</b>	<b>6,854</b>	<b>6,190</b>	<b>1,478</b>
YoY Change (%)	1,383	745	408	8	3	-28	-11	5	227	-10	2.2
<b>Key Performance Indicators</b>											
RM Cost (% of sales)	58.9	56.7	58.7	57.7	60.8	62.0	61.8	61.8	58.0	61.6	59.5
Staff Cost (% of sales)	6.7	7.1	7.3	7.2	6.1	6.2	6.4	6.5	7.1	6.3	7.2
Other Cost (% of sales)	21.2	21.3	19.9	22.0	21.1	20.6	20.5	20.6	21.1	20.7	21.2
Gross margin (%)	41.1	43.3	41.3	42.3	39.2	38.0	38.2	38.2	41.1	43.3	40.5
EBITDA Margins (%)	13.2	14.9	14.1	13.1	12.0	11.2	11.3	11.1	13.8	11.4	12.1
EBIT Margins (%)	9.1	10.9	9.8	8.5	7.9	7.3	7.4	7.5	13.8	11.4	8.0

E:MOFSL Estimates



# Shoppers Stop

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR779** **TP: INR780** **Neutral**

Bloomberg	SHOP IN
Equity Shares (m)	110
M.Cap.(INRb)/(USDb)	85.7 / 1
52-Week Range (INR)	920 / 616
1, 6, 12 Rel. Per (%)	2/-1/-23
12M Avg Val (INR M)	93

## Demand slowdown and weak SSSG hurt earnings

- Shoppers Stop (SHOP) reported an 18% YoY decline in EBITDA (26% miss) due to weak SSSG and GM contraction. Revenue rose 5% YoY in 1QFY25, largely driven by the Beauty segment and some contribution from Intune.
- Management remains optimistic about Intune (a value segment) and the Beauty business. The departmental store expansion could be weak in FY25, offsetting the aggressive store expansion plan of Intune and growth in beauty distribution. We expect a 15%/20% revenue/EBITDA CAGR over FY24-26. We value SHOP at 13x FY26E EV/EBITDA to arrive at our TP of INR780. **Reiterate Neutral.**

### Financials & Valuations Stand (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	42.1	47.4	55.5
EBITDA	7.1	8.1	10.3
Adj. PAT	0.6	0.8	1.1
EBITDA Margin (%)	16.9	17.2	18.5
Adj. EPS (INR)	5.5	6.9	10.0
EPS Gr. (%)	-50.2	24.8	45.5
BV/Sh. (INR)	38.8	47.8	61.0

### Ratios

Net D:E	8.2	9.1	9.1
RoE (%)	21.8	20.9	24.2
RoCE (%)	8.6	7.3	7.4
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	141.4	113.3	77.9
EV/EBITDA (x)	15.8	15.1	12.9
EV/Sales (x)	2.7	2.6	2.4
Div. Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	65.6	65.5	65.5
DII	22.2	22.2	21.4
FII	7.4	7.4	6.8
Others	4.8	4.9	6.3

FII Includes depository receipts

## EBITDA declines 18% YoY (26% miss) due to weak SSSG and GM contraction

- SHOP's standalone revenue grew 5% YoY to INR10.4b (5% miss) in 1QFY25, hit by LFL decline in the range of high-single digits to mid-teens.
- SHOP added (net) two new departmental stores (total 114) and nine Intune stores (total 31). It also added four Beauty SIS stores (total 148).
- Gross profit inched up 1% YoY, while margin contracted 170bp YoY to 40.6% due to a decline in the share of private labels (12.0% in 1QFY25 vs. 13.8% in 1QFY24) and early EOSS.
- Employee/other expenses were up 4%/21% YoY, led by store additions.
- As a result, EBITDA declined 18% YoY to INR1.4b (26% miss). EBITDA margin contracted 380bp YoY to 13.7%, dragged down by a contraction in gross margin and operating leverage.
- EBITDA (Pre-Ind-AS) for 1QFY25 stood at INR150m and margin was 1.4%.
- Depreciation/interest costs were up 11%/12% YoY, which led to a net loss of INR225m (est. PAT of INR77m).
- OCF was INR320m, led by an EBITDA of INR150m and working capital release of INR170m. SHOP opened 11 stores and incurred a capex of INR610m, which led to a cash outflow of INR280m and an increase in debt by INR310m.

## Highlights from the management commentary

- Demand:** The consumption demand environment was subdued due to uneven weather patterns, prolonged heatwaves, general elections, fewer weddings, and inflation. This led to a decline in volumes sold as well as flat footfalls. However, the value and beauty segments continued to do well.
- Outlook:** Management expects double-digit revenue growth fueled by ~8-9% area additions and SSSG. The mid-single-digit (pre-Ind-AS) EBITDA for FY25 will be driven by rationalization of larger-sized stores and cost optimization. SHOP expects the beauty segment to grow 12-15% for FY25.
- Store expansion guidance:** Management guided 11 (gross) departmental store additions and rationalization of 4-5 stores in FY25. For Intune, it will add 75 stores in FY25, with a target to add 20+ stores in 2Q. Its focus will be to open stores with a high RoCE and a shorter payback period.
- Capex:** For FY25, the company expects to incur INR2.25-2.50b on capex, including the shifting of a warehouse. The capex will be funded by borrowings of INR1b and internal accruals.



### Valuation and view

- SHOP's focus on: 1) opening smaller stores (30k sqft vs. existing average of 50k sqft) to improve store efficiency; 2) reviving the Private label mix; 3) the high-growth and margin-accretive Beauty segment, and d) increasing traction in Intune could drive overall growth. It plans to step up the pace of store additions for Intune, with 75+ additions annually, while the pace of departmental store additions is likely to be moderate in FY25.
- Its recent foray into the value category, through Intune, witnessed a healthy traction and had been EBITDA positive at the store level. The aggressive expansion plan of reaching +165 stores by FY26E from 31 currently could be the key lever for growth going forward. However, it will be crucial to expand design and private label merchandising capabilities in Intune to enhance the value proposition.
- Persistent weakness in discretionary demand has continued to hinder revenue growth, with a weak SSSG. Sustaining high single-digit SSSG will be crucial for driving overall growth and potential re-rating of the company.
- The stock is currently trading at a valuation of 13x/30x post-/pre-EV/EBITDA on FY26E. We trim our estimates given the slowdown; however, we factor in aggressive store expansion of Intune and expect good growth in the beauty segment.
- We are factoring in 15%/20% revenue/EBITDA CAGR over FY24-26E. We value SHOP at 13x FY26E EV/EBITDA to arrive at our TP of INR780. **Reiterate Neutral.**

### Standalone - Quarterly Earning Model

Y/E March	FY24E				FY25E				FY24	FY25E	FY25	Est. Var
	1Q	2Q	3Q	4QE	1Q	2QE	3QE	4QE			1QE	(%)
<b>Total Revenue from Operations</b>	<b>9,816</b>	<b>10,252</b>	<b>12,068</b>	<b>9,997</b>	<b>10,337</b>	<b>11,170</b>	<b>13,999</b>	<b>11,864</b>	<b>42,132</b>	<b>47,370</b>	<b>10,861</b>	<b>-5</b>
YoY Change (%)	4.2	1.7	6.6	9.1	5.3	9	16	18.7	5.4	12.4		
Total Expenditure	8,093	8,654	9,914	8,356	8,916	9,439	11,199	9,682	35,016	39,236	8,930	0
<b>EBITDA</b>	<b>1,723</b>	<b>1,598</b>	<b>2,154</b>	<b>1,641</b>	<b>1,421</b>	<b>1,731</b>	<b>2,800</b>	<b>2,183</b>	<b>7,116</b>	<b>8,135</b>	<b>1,931</b>	<b>-26</b>
EBITDA Margin (%)	17.6	15.6	17.8	16.4	13.7	15.5	20	18.4	16.9	17.2	17.8	(403)
Depreciation	1,050	1,081	1,112	1,118	1,167	1,225	1,287	1,337	4,361	5,015	1,277	-9
Interest	541	548	579	568	604	621	629	662	2,236	2,516	576	5
Other Income	73	105	33	346	35	98	98	161	557	392	98	-64
<b>PBT before EO expense</b>	<b>204</b>	<b>74</b>	<b>496</b>	<b>301</b>	<b>-314</b>	<b>-17</b>	<b>982</b>	<b>345</b>	<b>1,076</b>	<b>996</b>	<b>176</b>	<b>-279</b>
Extra-Ord expense	0	-49	0	-16	0	0	0	0	-65	0	0	
<b>PBT</b>	<b>204</b>	<b>25</b>	<b>496</b>	<b>285</b>	<b>-314</b>	<b>-17</b>	<b>982</b>	<b>345</b>	<b>1,011</b>	<b>996</b>	<b>176</b>	<b>-279</b>
Tax	55	8	141	69	-89	-4	248	87	272	241	99	
Rate (%)	26.9	29.9	28.3	24.2	28.4	25.2	25.2	25.2	26.9	24.2	56.4	
<b>Reported PAT</b>	<b>149</b>	<b>18</b>	<b>356</b>	<b>216</b>	<b>-225</b>	<b>-13</b>	<b>735</b>	<b>258</b>	<b>739</b>	<b>755</b>	<b>77</b>	<b>-394</b>
<b>Adj PAT</b>	<b>149</b>	<b>52</b>	<b>356</b>	<b>48</b>	<b>-225</b>	<b>-13</b>	<b>735</b>	<b>258</b>	<b>605</b>	<b>755</b>	<b>77</b>	<b>-394</b>
YoY Change (%)	-34.4	-74.1	-42.7	-70.5	-250.7	-124.3	106.6	438.3	-50.1	24.8	-87.7	

BSE SENSEX  
80,605S&P CNX  
24,531

CMP: INR1,671

Neutral

## Conference Call Details

Date: 22<sup>nd</sup> July 2024

Time: 16:00 IST

Dial-in details:

+91-22 6280 1244

## Financials &amp; Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	45.0	47.4	63.5
EBITDA	24.1	26.1	35.4
EBITDA Margin (%)	53.6	55.1	55.8
PAT	19.3	18.4	25.7
EPS (INR)	53.0	50.5	70.8
EPS Gr. (%)	1.2	-4.7	40.2
BV/Sh. (INR)	380.8	423.2	486.0
<b>Ratios</b>			
RoE (%)	14.8	12.6	15.6
RoCE (%)	12.8	11.5	14.5
Payout (%)	15.1	15.8	11.3
<b>Valuations</b>			
P/E (x)	31.5	33.1	23.6
P/BV (x)	4.4	3.9	3.4
EV/EBITDA (x)	25.9	23.8	17.4
Div yld (%)	0.5	0.5	0.5

## 360 West drives residential performance

Delivers multifold growth in rentals as its largest office asset becomes operational

## Operational performance

- OBER achieved pre-sales of INR10.7b, up 124% YoY (12% higher than est.)
- The growth was primarily led by encouraging traction at 360 West, which witnessed sales of six units valued at INR4.7b
- The sales velocity across other key projects at Sky City and Mulund was marginally lower than the historical run-rate. These generated sales of INR1.9b and INR1.3b, respectively
- The new project in Thane (launched in 3Q) generated bookings of INR0.6b across 32 units
- Price realization remained steady across all projects
- **Leasing segment:** In 1QFY25, the company's largest office asset Commerz 3 became operational with 54% occupancy, which resulted in 3x YoY surge in rentals to INR1.1b. The company also witnessed an uptick in occupancy in Commerz 1 to 94% (vs. 87% in 4QFY24)
- The Oberoi Mall continues to deliver healthy performance, with 24% YoY growth in revenue to INR467m. The EBITDA from the annuity portfolio came in at INR1.4b, with blended margin of 91%
- In 1QFY25, Oberoi's hotel in Goregaon witnessed 7% YoY growth in revenue to INR420m aided by 5% increase in ARR of INR12,224. Occupancy remained steady at 83%. EBITDA came in at INR168m with a margin of 40%.

## Cash flow performance

- Collections decreased 7% YoY to INR10.1b
- During the quarter, net debt declined to INR8.6b (from INR12.4b in 4QFY24) with a D/E of 0.06x

## P&amp;L highlights

- Revenue increased 54% YoY to INR14b (41% above estimate) and OBER reported an EBITDA of INR8.1b, up 72% YoY, with margin expanding 6pp YoY to 58%.
- The improvement in margin was led by higher revenue recognition from 360 West
- Consequently, PAT jumped 82% YoY to INR5.8b

Quarterly performance

(INR million)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>9,100</b>	<b>12,174</b>	<b>10,536</b>	<b>13,148</b>	<b>14,052</b>	<b>10,424</b>	<b>12,319</b>	<b>10,587</b>	<b>44,958</b>	<b>47,381</b>	<b>9,950</b>	41%
YoY Change (%)	-0.3	76.8	-35.3	36.8	54.4	-14.4	16.9	-19.5	7.2	5.4	9.3	
Total Expenditure	4,362	5,792	5,443	5,262	5,901	4,495	5,527	5,335	20,859	21,259	4,283	
<b>EBITDA</b>	<b>4,737</b>	<b>6,382</b>	<b>5,094</b>	<b>7,886</b>	<b>8,151</b>	<b>5,929</b>	<b>6,792</b>	<b>5,251</b>	<b>24,099</b>	<b>26,122</b>	<b>5,667</b>	44%
Margins (%)	52.1	52.4	48.3	60.0	58.0	56.9	55.1	49.6	53.6	55.1	57.0	75bp
Depreciation	113	113	114	135	202	228	270	338	475	1,037	218	
Interest	615	565	501	504	589	296	350	112	2,184	1,347	283	
Other Income	236	264	292	2,438	368	198	234	100	3,230	900	189	
<b>PBT before EO expense</b>	<b>4,245</b>	<b>5,968</b>	<b>4,771</b>	<b>9,685</b>	<b>7,728</b>	<b>5,602</b>	<b>6,406</b>	<b>4,902</b>	<b>24,669</b>	<b>24,638</b>	<b>5,356</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>4,245</b>	<b>5,968</b>	<b>4,771</b>	<b>9,685</b>	<b>7,728</b>	<b>5,602</b>	<b>6,406</b>	<b>4,902</b>	<b>24,669</b>	<b>24,638</b>	<b>5,356</b>	44%
Tax	1,046	1,421	1,192	1,833	1,905	1,429	1,633	1,513	5,491	6,283	1,366	
Rate (%)	24.6	23.8	25.0	18.9	24.7	25.5	25.5	30.9	22.3	25.5	25.5	
Minority Interest & Profit/Loss of Asso. Cos.	17	21	22	28	23	0	0	0	89	23	0	
<b>Reported PAT</b>	<b>3,216</b>	<b>4,568</b>	<b>3,602</b>	<b>7,880</b>	<b>5,845</b>	<b>4,174</b>	<b>4,772</b>	<b>3,587</b>	<b>19,266</b>	<b>18,378</b>	<b>3,990</b>	
<b>Adj PAT</b>	<b>3,216</b>	<b>4,568</b>	<b>3,602</b>	<b>7,880</b>	<b>5,845</b>	<b>4,174</b>	<b>4,772</b>	<b>3,587</b>	<b>19,266</b>	<b>18,378</b>	<b>3,990</b>	46%
YoY Change (%)	-20.2	43.4	-48.7	64.1	81.7	-8.6	32.5	-54.5	1.2	-4.6	24.1	
Margins (%)	35.3	37.5	34.2	59.9	41.6	40.0	38.7	33.9	42.9	38.8	40.1	
<b>Operational metrics</b>												
<b>Residential</b>												
Sale Volume (msf)	0.15	0.22	0.26	0.45	0.21	0.30	0.53	0.7	1.0	1.8	0.29	-27%
Sale Value (INRm)	4,760	9,650	7,868	17,907	10,670	10,000	16,000	21,867	39,428	58,537	9,500	12%
Collections (INRm)	11,091	11,013	8,915	10,821	10,114	10,000	12,500	15,336	40,086	47,950	10,500	-4%
Realization (INR/sft)	32,630	43,700	30,575	40,017	50,620	33,500	30,000	30,673	40,062	33,344	33,000	53%

Source: MOSL, Company

Note: Estimates are under review since we will revise them after the earnings call

# JK Cement

BSE Sensex  
80,605

S&P CNX  
24,531

**CMP: INR4,285**

**Buy**

## Conference Call Details



**Date:** 22nd July 2024

**Time:** 16:00 IST

**Dial-in details:**

+ 91 22 6280 1143

+ 91 22 7115 8044

### Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	123.3	140.6	157.0
EBITDA	22.3	26.9	31.5
Adj. PAT	8.8	11.3	14.4
EBITDA Margin (%)	18.1	19.1	20.1
Adj. EPS (INR)	114.5	146.3	186.8
EPS Gr. (%)	11.5	27.2	27.7
BV/Sh. (INR)	784	901	1,058
<b>Ratios</b>			
Net D:E	0.8	0.6	0.4
RoE (%)	15.5	17.4	19.1
RoCE (%)	10.9	12.1	13.8
Payout (%)	21.8	20.5	16.1
<b>Valuations</b>			
P/E (x)	38.0	29.2	22.9
P/BV (x)	5.5	4.7	4.0
EV/EBITDA(x)	16.5	13.1	11.2
EV/ton (USD)	166	142	130
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	0.8	2.3	5.4

### EBITDA in line; EBITDA/t at INR1,003

- JK Cement (JKCE) reported consolidated EBITDA of INR4.9b (up 19% YoY), was in line with our estimate. EBITDA/t grew 14% YoY to INR1,003 (est. INR949). The impact of lower grey cement realization was offset by - 1) higher other operating income; and 2) lower other expenses. Adj. PAT stood at INR1.9b, 24% above our estimate of INR1.5b, aided by lower depreciation and interest cost, and higher other income.
- Consolidated grey cement volume stood at 4.3mt (up 6% YoY; 2% below our estimate), while white cement volume was down 2% YoY to 0.51mt (3% above our estimate). Grey cement realization declined 6% YoY/5% QoQ (3% below estimate), while white cement realization was up 8% YoY (4% above estimate).
- We have a BUY rating on the stock;** we would review our assumptions after the conference call.

### Grey cement volume up 6% YoY; Opex/t down 6% YoY

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR28.1b/INR4.9b/INR1.9b (up 2%/19%/49% YoY and down 2%/up 4%/up 24% vs. estimate). Combined sales volumes stood at 4.8mt (up 5% YoY). Blended realization stood at INR5,793/t (down 3% YoY/QoQ; in line with estimates) in 1QFY25. Other op. income/t stood at INR216 vs. INR178/INR182 in 1Q/4QFY24.
- Opex/t declined 6% YoY (2% below our estimate), mainly led by a 13% dip in variable costs (down 2% QoQ) and a 4% decline in other expenses. Freight cost/t was up 1% YoY. Fuel consumption cost stood at INR1.62/Kcal vs. INR1.80 in 4QFY24. Lead distance declined to 415km vs. 419km in 4QFY24. OPM was up 2.6pp YoY to 17% and EBITDA/t was up 14% YoY to INR1,003.
- Depreciation and interest costs increased 9% and 1% YoY, respectively. Other income grew 42% YoY.

### Management highlights

- The company commissioned its greenfield grinding unit of 2.0mtpa at Prayagraj, UP, in Jun'24 (within 10 months of work start). Its grey cement capacity increased to 24.34mtpa (Including 0.64 MTPA in subsidiary).
- The company's 6mtpa expansion plan in the Central and East regions is on track. Land acquisitions in Bihar and GU are complete, and orders for the main plant and machinery have been placed.
- The Central India expansion achieved 93% capacity utilization. JKCE's blended ratio stood at 67% and trade mix was at 63% in 1QFY25. Premium product sale, as a percentage of trade sales, stood at 12%. Green energy/thermal substitution rate (TSR) stood at 57%/17.3% in 1QFY25 vs. 51.0%/16.3% in FY24.

### Valuation and view

- JKCE is continuing its expansion journey and targets to achieve grey cement production capacity of ~30mtpa by FY26 vs. 24mtpa currently. We favor the company for its ongoing expansion strategy and notable enhancements in operational execution capabilities over the last few years.
- We have a **BUY** rating on the stock and we would review our assumptions after the con-call on 22<sup>nd</sup> Jul'24 at 4:00 pm.

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
<b>Net Sales</b>	<b>27.6</b>	<b>27.5</b>	<b>29.3</b>	<b>31.1</b>	<b>28.1</b>	<b>28.5</b>	<b>31.1</b>	<b>35.7</b>	<b>115.6</b>	<b>123.3</b>	<b>28.7</b>	(2)	2	(10)
YoY Change (%)	21.7	23.1	20.5	11.8	1.6	3.4	6.0	14.9	18.9	6.7	4.0			
Total Expenditure	23.5	22.9	23.1	25.5	23.2	24.0	25.5	28.4	95.0	101.0	24.1	(3)	(1)	(9)
<b>EBITDA</b>	<b>4.1</b>	<b>4.7</b>	<b>6.3</b>	<b>5.6</b>	<b>4.9</b>	<b>4.5</b>	<b>5.6</b>	<b>7.3</b>	<b>20.6</b>	<b>22.3</b>	<b>4.7</b>	4	19	(13)
Margins (%)	14.8	17.0	21.3	18.0	17.3	15.9	18.2	20.5	17.8	18.1	16.3	101	256	(71)
Depreciation	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	5.7	5.9	1.6	(5)	9	(4)
Interest	1.1	1.2	1.1	1.1	1.1	1.2	1.2	1.2	4.5	4.7	1.2	(6)	1	(4)
Other Income	0.3	0.3	0.4	0.5	0.4	0.3	0.3	0.5	1.5	1.6	0.3	49	42	(2)
<b>PBT before EO expense</b>	<b>2.0</b>	<b>2.4</b>	<b>4.1</b>	<b>3.4</b>	<b>2.7</b>	<b>2.1</b>	<b>3.3</b>	<b>5.2</b>	<b>11.9</b>	<b>13.3</b>	<b>2.3</b>	21	40	(19)
Extra-Ord expense	0.2	-	-	(0.1)	-	-	-	-	0.1	-	-			
<b>PBT</b>	<b>1.8</b>	<b>2.4</b>	<b>4.1</b>	<b>3.5</b>	<b>2.7</b>	<b>2.1</b>	<b>3.3</b>	<b>5.2</b>	<b>11.8</b>	<b>13.3</b>	<b>2.3</b>	21	51	(21)
Tax	0.7	0.7	1.3	1.3	0.9	0.7	1.1	1.8	3.9	4.5	0.8			
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	(0.0)	(0.0)	-			
Rate (%)	37.2	26.9	30.6	36.7	32.3	33.6	33.6	34.3	32.4	33.6	33.6			
<b>Reported PAT</b>	<b>1.1</b>	<b>1.8</b>	<b>2.8</b>	<b>2.2</b>	<b>1.9</b>	<b>1.4</b>	<b>2.2</b>	<b>3.4</b>	<b>8.0</b>	<b>8.9</b>	<b>1.5</b>	24	62	(16)
<b>Adj PAT</b>	<b>1.2</b>	<b>1.8</b>	<b>2.8</b>	<b>2.1</b>	<b>1.9</b>	<b>1.4</b>	<b>2.2</b>	<b>3.4</b>	<b>8.0</b>	<b>8.9</b>	<b>1.5</b>	24	49	(13)
YoY Change (%)	(23.7)	59.8	628.0	90.3	49.3	(21.1)	(22.7)	58.5	87.9	10.5	20.8			

Y/E March	FY24				FY25				FY24	FY25E	1QE	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Volume Break-up (In mt)														
Grey Cement (mt)	4.1	3.9	4.2	4.7	4.3	4.2	4.6	5.5	16.9	18.6	4.4	(2)	6	(7)
Growth (%)	29.4	22.1	13.6	13.0	5.6	5.8	10.2	17.2	18.9	10.0	8.2			
% of total Vols	88.7	86.7	88.2	89.9	89.4	86.7	88.4	91.1	88.4	89.0	89.9			
White Cement (mt)	0.5	0.6	0.6	0.5	0.5	0.6	0.6	0.5	2.2	2.3	0.5	3	(2)	(2)
Growth (%)	1.2	19.2	13.1	(1.9)	(2.4)	6.1	8.5	2.9	7.6	3.9	(5.4)			
% of total Vols	11.3	13.3	11.8	10.1	10.6	13.3	11.6	8.9	11.6	11.0	10.1			
<b>Per ton analysis (INR/t)</b>														
<b>Net realization</b>	<b>5,968</b>	<b>6,068</b>	<b>6,238</b>	<b>5,974</b>	<b>5,793</b>	<b>5,933</b>	<b>6,008</b>	<b>5,930</b>	<b>6,060</b>	<b>5,918</b>	<b>5,819</b>	(0)	(3)	(3)
Sale volume	1,003	1,010	818	1,014	988	970	970	899	962	954	950	4	(2)	(3)
RM Cost	397	403	423	420	451	450	423	364	411	419	402	12	14	8
Employee Expenses	1,493	1,396	1,383	1,184	1,176	1,210	1,170	1,176	1,358	1,182	1,228	(4)	(21)	(1)
Power, Oil & Fuel	1,262	1,182	1,307	1,310	1,278	1,260	1,305	1,304	1,267	1,288	1,310	(2)	1	(2)
Freight & handling	932	1,048	979	970	897	1,100	1,050	973	981	1,004	980	(8)	(4)	(8)
Other Expenses	5,087	5,039	4,909	4,897	4,790	4,990	4,918	4,716	4,980	4,846	4,870	(2)	(6)	(2)
<b>EBITDA</b>	<b>881</b>	<b>1,029</b>	<b>1,329</b>	<b>1,077</b>	<b>1,003</b>	<b>943</b>	<b>1,091</b>	<b>1,214</b>	<b>1,080</b>	<b>1,072</b>	<b>949</b>	6	14	(7)

# Poonawalla Fincorp

BSE Sensex 80,605 S&P CNX 24,531

**CMP: INR411**

**Buy**

## Conference Call Details



**Date:** 22<sup>nd</sup> Jul 2024

**Time:** 10:00 AM IST

**Dial-in details:**

[Link for the call](#)

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Total Income	22.0	30.9	40.2
PPOP	14.0	21.6	29.7
PAT	10.3	14.4	19.7
EPS (INR)	13.4	18.8	25.6
EPS Gr. (%)	73.3	39.8	36.6
Standalone BV (INR)	106	123	143
<b>Valuations</b>			
NIM on AUM (%)	9.5	9.2	9.3
C/I ratio (%)	36.6	30.0	26.1
RoAA (%)	4.9	4.9	4.9
RoE (%)	14.2	16.4	19.3
Payout (%)	14.9	26.7	27.3
P/E (x)	30.6	21.9	16.0
P/BV (x)	3.9	3.3	2.9
Div. Yield (%)	0.5	1.2	1.7

## Earnings miss driven by NIM compression; loan growth strong

### Senior management rejig with hiring from HDFC Bank

- 1QFY25 PAT grew 46% YoY and declined ~12% QoQ to ~INR2.9b (9% miss). 1Q PAT was low QoQ mainly because of a one-time tax benefit of INR410m in 4QFY24. NII grew ~37% YoY to ~INR5.8b (5% miss). Other income grew ~77% YoY to ~INR1b.
- Opex rose ~33% YoY to ~INR2.4b (~15% higher than estimates), with C/I ratio broadly stable QoQ at ~36% (PY: ~38%). The company reported RoA of 4.6% (PQ: 5.7% and PY: 4.8%).

### Sluggish disbursements; advances rise ~52% YoY

- PFL reported disbursements of ~INR74b, which grew ~5% YoY.
- AUM grew ~52% YoY and ~8% QoQ to ~INR270b. AUM mix: ~35% MSME finance, ~28% personal and consumer finance, ~17% LAP and ~14% pre-owned cars.

### NIM compression QoQ; asset quality improved

- NIM (calc.) declined ~85bp QoQ to ~10%, due to a decline in yields.
- Asset quality improved with GS3/NS3 at 0.7%/0.3% (PQ: 1.2%/0.6%) and PCR on S3 loans improving ~3pp QoQ to ~52.5%.
- Provisions stood at INR425m (vs. est. credit cost of ~INR500m), translating into annualized credit costs of 70bp (PQ: ~40bp, PY: ~60bp).
- CRAR stood at ~31.6% (Tier 1 at ~31%) as of Jun'24.

### Senior management rejig under the leadership of new MD & CEO

- With the appointment of Mr. Arvind Kapil (ex HDFC Bank) as MD & CEO, PFL has seen a management rejig and a few individuals from HDFC Bank will join PFL's senior management team.
- Mr. Kapil shared that PFL aims to achieve productivity, predictability and sustainability through **higher investments mainly in collections, technology and launch of new businesses**. The company plans to launch consumer durables loans, PL prime, shopkeeper loans and used CV loans in FY25.

### Valuation and view

Consumer and small business finance segments targeted by PFL have a huge market opportunity. We believe that the company has levers to maintain its NIM of >9% over FY25-26E. Strong leadership teams across functions, the realignment of customer and product segments, and the focus on leveraging technology/analytics position PFL well to build scale and deliver superior risk-adjusted returns. We may revise our estimates and TP after the earnings conference call on 22<sup>nd</sup> Jul'24.

Quarterly Performance (Standalone)

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	6,560	6,901	7,144	8,436	8,962	9,858	10,943	13,534	29,061	43,297	9,279	-3
Interest Expenses	2,348	2,155	2,237	2,811	3,201	3,649	4,160	4,741	9,503	15,752	3,204	0
<b>Net Interest Income</b>	<b>4,212</b>	<b>4,746</b>	<b>4,907</b>	<b>5,625</b>	<b>5,761</b>	<b>6,209</b>	<b>6,783</b>	<b>8,793</b>	<b>19,558</b>	<b>27,546</b>	<b>6,075</b>	<b>-5</b>
YoY Growth (%)	77.8	73.3	62.9	48.1	36.8	30.8	38.2	56.3	58.9	40.8	55.6	
Other Income	563	539	594	782	997	1,041	1,093	180	2,478	3,311	781	
<b>Total Income</b>	<b>4,775</b>	<b>5,285</b>	<b>5,501</b>	<b>6,407</b>	<b>6,758</b>	<b>7,250</b>	<b>7,876</b>	<b>8,973</b>	<b>22,036</b>	<b>30,857</b>	<b>6,856</b>	<b>-1</b>
YoY Growth (%)	70.3	57.1	52.8	57.0	51.8	37.2	43.2	40.1	54.7	40.0	54.1	
Operating Expenses	1,834	1,929	1,998	2,313	2,436	2,534	2,635	1,655	8,074	9,259	2,128	15
<b>Operating Profit</b>	<b>2,941</b>	<b>3,356</b>	<b>3,502</b>	<b>4,094</b>	<b>4,321</b>	<b>4,717</b>	<b>5,241</b>	<b>7,318</b>	<b>13,962</b>	<b>21,597</b>	<b>4,728</b>	<b>-9</b>
YoY Growth (%)	185.0	167.0	124.8	103.1	46.9	40.5	49.6	78.8	128.8	54.7	74.9	
Provisions & Loan Losses	266	281	-65	239	425	701	736	849	720	2,711	503	-15
<b>Profit before Tax</b>	<b>2,676</b>	<b>3,075</b>	<b>3,568</b>	<b>3,855</b>	<b>3,897</b>	<b>4,016</b>	<b>4,505</b>	<b>6,469</b>	<b>13,242</b>	<b>18,886</b>	<b>4,226</b>	<b>-8</b>
Exceptional items		6,560				0			6,560	0		
Tax Provisions	674	775	916	538	980	924	1,036	1,498	2,907	4,438	1,014	-3
<b>PAT (excl. exceptional)</b>	<b>2,002</b>	<b>2,300</b>	<b>2,651</b>	<b>3,317</b>	<b>2,916</b>	<b>3,092</b>	<b>3,469</b>	<b>4,971</b>	<b>10,335</b>	<b>14,448</b>	<b>3,211</b>	<b>-9</b>
<b>PAT (incl. exceptional)</b>	<b>2,002</b>	<b>8,861</b>	<b>2,651</b>	<b>3,317</b>	<b>2,916</b>	<b>3,092</b>	<b>3,469</b>	<b>4,971</b>	<b>16,896</b>	<b>14,448</b>	<b>3211.48</b>	<b>-9</b>
YoY Growth (%)	86.0	76.7	76.3	83.6	45.7	34.4	30.8	49.9	73.9	39.8	66.0	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	16.3	15.8	15.3	16.3	15.5	15.0	15.0	17.4	15.6	15.8		
Cost of funds	8.0	7.2	7.5	8.2	8.0	7.7	7.9	8.3	7.2	8.0		
Spread	8.3	8.6	7.8	8.1	7.6	7.2	7.2	9.1	8.4	7.8		
NIM on loans	10.4	10.9	10.5	10.9	10.0	9.4	9.3	11.3	9.5	9.2		
C/l ratio	38.4	36.5	36.3	36.1	36.1	34.9	33.5	18.4	36.6	30.0		
Credit cost	0.6	0.6	-0.1	0.4	0.7	1.0	1.0	1.0	0.4	1.0		
Tax rate	25.2	17.7	25.7	13.9	25.2	23.0	23.0	23.2	21.9	23.5		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>70.6</b>	<b>78.1</b>	<b>87.3</b>	<b>96.9</b>	<b>74.0</b>	<b>109.3</b>	<b>126.6</b>	<b>162.8</b>	<b>199</b>	<b>246</b>		
Growth (%)	169.1	151.0	159.2	52.1	54.7	40.0	45.0	68.0	111.3	42.0		
<b>AUM (INR b)</b>	<b>178</b>	<b>202</b>	<b>219</b>	<b>250</b>	<b>270</b>	<b>295</b>	<b>322</b>	<b>350</b>	<b>178</b>	<b>202</b>		
Growth (%)	60.4	53.6	57.6	54.9	65.8	45.8	46.7	40.1	60.4	53.6		
<b>AUM mix (%)</b>												
Focused	96.3	89.0	91.7	94.1	96.0	0.0	0.0	0.0	96.3	89.0		
Discontinued (Legacy and DA)	3.7	11.0	8.3	5.9	4.0	0.0	0.0	0.0	3.7	11.0		
<b>Asset Quality Parameters</b>												
GS 3 (INR m)	2,450	2,660	2,750	2,680	1,660	0	0	0	2,450	2,660		
GS 3 (%)	1.4	1.4	1.3	1.2	0.7	0.0	0.0	0.0	1.4	1.4		
NS 3 (INR m)	1,310	1,400	1,450	1,360	790	0	0	0	1,310	1,400		
NS 3 (%)	0.8	0.7	0.7	0.6	0.3	0.0	0.0	0.0	0.8	0.7		
PCR (%)	46.5	47.4	47.3	49.3	52.4	0.0	0.0	0.0	46.5	47.4		

E: MOFSL estimates

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
80,605	24,531

**CMP: INR6,948**

**Under Review**

**Big beat led by a recovery in both the business segments**

- ALTP’s revenue stood at INR13.2b (+12% YoY) in 1QFY25.
- Life Science Chemicals revenue was INR4.2b (+21% YoY).
- Performance Chemicals revenue came in at INR9.4b (+7% YoY).
- Gross margin was 50% (+350bp YoY) and EBITDA margin stood at 16.9% (150bp YoY). EBIT margin contracted for Performance & Other Chemicals on a YoY basis in 1QFY25.
- Life Science Chemicals margin was 16.8% (+180bp YoY); EBIT was INR710m.
- Performance Chemicals margin was 9.1% (-110bp YoY); EBIT was INR852m.
- **EBITDA came in at INR1.5b (est. of INR1.0b, +13% YoY).**
- **PAT stood at INR1.1b (est. of INR777m, +10% YoY), resulting in an EPS of INR38 for the quarter.**
- **Contribution from the subsidiaries/JVs was positive** (profit was INR29m in 1QFY25 vs. a loss of INR161m in 4QFY24 and PAT of INR55m in 1QFY24).

**Consolidated - Quarterly Snapshot**

(INR m)

Y/E March	FY24				FY25		Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1QE	1QAct			
<b>Gross Sales</b>	<b>11,820</b>	<b>11,937</b>	<b>11,378</b>	<b>12,122</b>	<b>12,154</b>	<b>13,221</b>	<b>9%</b>	<b>12%</b>	<b>9%</b>
YoY Change (%)	-20.0	-19.7	-10.3	1.4	2.8	11.8			
Gross Margin (%)	46.5%	44.1%	47.1%	49.7%	49.1%	50.0%	1.0%	3.5%	0.3%
<b>EBITDA</b>	<b>1,823</b>	<b>1,552</b>	<b>1,517</b>	<b>1,476</b>	<b>1,676</b>	<b>2,232</b>	<b>33%</b>	<b>22%</b>	<b>51%</b>
Margin (%)	15.4	13.0	13.3	12.2	13.8	16.9	3.1	1.5	4.7
Depreciation	519	540	612	758	793	766			
Interest	20	19	21	51	25	54			
Other Income	82	221	150	129	149	130			
<b>PBT before EO expense</b>	<b>1,365</b>	<b>1,215</b>	<b>1,034</b>	<b>796</b>	<b>1,007</b>	<b>1,543</b>	<b>53%</b>	<b>13%</b>	<b>94%</b>
<b>PBT</b>	<b>1,365</b>	<b>1,215</b>	<b>1,034</b>	<b>796</b>	<b>1,007</b>	<b>1,543</b>	<b>53%</b>	<b>13%</b>	<b>94%</b>
Tax	364	325	334	242	254	455			
Rate (%)	26.7	26.7	32.3	30.4	25.2	29.5			
MI and Profit/Loss of Asso. Cos.	20	22	21	34	24	33			
<b>Reported PAT</b>	<b>1,021</b>	<b>912</b>	<b>721</b>	<b>588</b>	<b>777</b>	<b>1,121</b>	<b>44%</b>	<b>10%</b>	<b>91%</b>
<b>Adj PAT</b>	<b>1,021</b>	<b>912</b>	<b>721</b>	<b>588</b>	<b>777</b>	<b>1,121</b>	<b>44%</b>	<b>10%</b>	<b>91%</b>
YoY change (%)	-37.6	-38.4	-30.0	-36.2	-23.8	9.8			
Margin (%)	8.6	7.6	6.3	4.9	6.4	8.5	2.1	-0.2	3.6
<b>Segmental Revenue (INR m)</b>									
Life Science Chemicals	3,502	3,620	3,378	3,767	3,862	4,236	10%	21%	12%
Performance & Other chemicals	8,745	8,684	8,406	8,696	8,839	9,386	6%	7%	8%
Others	117	165	109	241	149	194	30%	66%	-19%
<b>Segmental EBIT (INR m)</b>									
Life Science Chemicals	522	417	424	667		710		36%	6%
Performance & Other chemicals	890	722	657	129		852		-4%	562%
Others	18	41	-3	0		50		176%	50200%
<b>Segmental EBIT Margin (%)</b>									
Life Science Chemicals	14.9%	11.5%	12.6%	17.7%		16.8%		1.8%	-0.9%
Performance & Other chemicals	10.2%	8.3%	7.8%	1.5%		9.1%		-1.1%	7.6%
Others	15.5%	25.0%	-2.6%	0.0%		25.9%		10.4%	25.9%



## Blue Dart Express

BSE SENSEX 80,605 S&amp;P CNX 24,531

CMP: INR8,208

Buy

## Conference Call Details

Date: 23<sup>rd</sup> July 2024

Time: 3:00 PM IST

Dial-in details:

[Link](#)

## Financials &amp; Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	52.7	59.7	72.0
EBITDA	5.2	6.8	9.0
Adj. PAT	2.9	3.7	5.3
EBITDA Margin (%)	9.8	11.5	12.5
Adj. EPS (INR)	121.6	157.3	223.5
EPS Gr. (%)	-21.2	29.3	42.1
BV/Sh. (INR)	606.2	703.5	867.1

## Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	21.4	24.0	28.5
RoCE (%)	23.1	25.9	30.0
Payout (%)	20.6	38.1	26.8

## Valuations

P/E (x)	67.9	52.5	37.0
P/BV (x)	13.6	11.7	9.5
EV/EBITDA(x)	36.7	27.4	20.6
Div. Yield (%)	0.3	0.7	0.7
FCF Yield (%)	1.9	1.6	1.7

## Revenue in line; high freight handling costs drag EBITDA

## Earnings snapshot – 1QFY25

- Revenue grew 8% YoY to INR13.4b (in line).
- EBITDA margin stood at 8.1% (vs. our estimate of 11.0%). The margin contracted 100bp YoY and ~240bp QoQ. EBITDA margin was hit by a sharp increase in freight handling costs as a percentage of revenue.
- EBITDA declined ~3% YoY to INR1.1b (against our estimate of INR1.5b).
- PAT dipped 14% YoY to INR515m (vs. our estimate of INR837m).

## Quarterly snapshot - Standalone

INR m

Y/E March (INR m)	FY24				FY25		FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q			1QE	vs Est	
<b>Net Sales</b>	<b>12,376</b>	<b>13,245</b>	<b>13,829</b>	<b>13,229</b>	<b>13,427</b>	<b>52,678</b>	<b>59,685</b>	<b>13,633</b>	<b>(2)</b>	
YoY Change (%)	-4.3	-0.1	3.4	8.7	8.5	1.8	13.3	10.2		
<b>EBITDA</b>	<b>1,133</b>	<b>1,305</b>	<b>1,343</b>	<b>1,394</b>	<b>1,094</b>	<b>5,175</b>	<b>6,848</b>	<b>1,505</b>	<b>(27)</b>	
Margins (%)	9.2	9.9	9.7	10.5	8.1	9.8	11.5	11.0		
YoY Change (%)	-40.6	-19.8	-10.8	8.7	-3.4	-18.2	32.3	32.8		
Depreciation	444	456	473	500	523	1,873	2,353	501		
Interest	45	48	47	53	70	193	259	70		
Other Income	157	151	228	183	191	718	754	185		
<b>PBT before EO expense</b>	<b>801</b>	<b>952</b>	<b>1,050</b>	<b>1,024</b>	<b>693</b>	<b>3,828</b>	<b>4,990</b>	<b>1,119</b>		
Extra-Ord expense	0	0	0	0	0	0	0	0		
<b>PBT</b>	<b>801</b>	<b>952</b>	<b>1,050</b>	<b>1,024</b>	<b>693</b>	<b>3,828</b>	<b>4,990</b>	<b>1,119</b>		
Tax	204	240	235	263	178	942	1,258	282		
Rate (%)	25.4	25.2	22.4	25.7	25.7	24.6	25.2	25.2		
<b>Reported PAT</b>	<b>598</b>	<b>713</b>	<b>816</b>	<b>761</b>	<b>515</b>	<b>2,886</b>	<b>3,733</b>	<b>837</b>		
<b>Adj PAT</b>	<b>598</b>	<b>713</b>	<b>816</b>	<b>761</b>	<b>515</b>	<b>2,886</b>	<b>3,733</b>	<b>837</b>	<b>(38)</b>	
YoY Change (%)	-49.0	-22.5	-6.2	8.1	-13.8	-21.2	29.3	40.0		
Margins (%)	4.8	5.4	5.9	5.7	3.8	5.5	6.3	6.1		

## PVR Inox

BSE SENSEX  
80,605S&P CNX  
24,531

CMP: INR1,403

## Conference Call Details

Date: 22<sup>nd</sup> July 2024

Time: 4:00pm IST

## Financials &amp; Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	61.1	62.5	74.5
EBITDA	7.1	6.5	11.0
Adj. PAT	1.1	0.3	3.5
EBITDAM (%)	11.7	10.4	14.8
Adj. EPS (INR)	11.7	2.7	35.5
EPS Gr. (%)	LP	-76.4	1192.1
BV/Sh. (INR)	747.3	750.0	785.5

## Ratios

Net D:E	1.1	1.1	0.0
RoE (%)	1.6	0.4	4.6
RoCE (%)	2.8	1.9	5.5
Payout (%)	0.0	0.0	0.0

## Valuations

P/E (x)	120.4	510.6	39.5
P/BV (x)	1.9	1.9	1.8
EV/EBITDA (x)	21.1	23.1	13.4
Div Yield (%)	0.0	0.0	0.0

## Weak occupancy dents operating performance

- Consolidated 1QFY25 revenue declined 9% YoY (-5% QoQ) to INR11.9b (in line) due to a 13% YoY drop in the number of movie releases.
- Occupancy was weak at 20.3% (vs. 22.6%/22.4% in 4QFY24/1QFY24) and ATP declined 4% YoY to INR235. Hence, ticketing revenues declined 14.5% YoY (-6.6% QoQ) to INR5.9b.
- F&B revenues also declined 6.1% YoY (-2.8% QoQ) to INR4b due to a 10% fall in admissions, offset by a 3% increase in SPH to INR134.
- Ad revenue grew 4.6% YoY (-10.6% QoQ) to INR934m.
- EBITDA loss (pre Ind-AS 116) stood at INR378m due to operating deleverage and higher rentals.
- Reported margin of -3.2% (vs. 6.2%/0.1% in 1QFY24/4QFY24).
- Movie distribution expenses declined 18% YoY due to fewer movie releases.
- Depreciation increased by 5% YoY and interest cost declined by 3% YoY.
- As a result, the reported loss after tax stood at INR1.4b (in line).
- Gross debt declined by INR231m to INR16.9b. However, due to EBITDA loss, net debt increase by INR255m to INR13.2b.

## Screen highlights:

- The company added 50 new screens across seven properties and closed 14 screens, resulting in net 36 screen additions.
- Operates 361 cinemas with 1,754 screens across 113 cities in India and Sri Lanka.
- Outlook: On track to open ~120 new screens in FY25; net screen addition of 50-60
- Recorded 30.4m admissions (vs. 33.9m YoY) and ATP of INR235 (vs. INR246 YoY) and F&B spending per head (SPH) of INR134 (vs. INR130 YoY).

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 Est. Var	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Qe	3QE	4QE				
<b>Net Sales</b>	<b>13,049</b>	<b>19,999</b>	<b>15,459</b>	<b>12,564</b>	<b>11,907</b>	<b>17,085</b>	<b>16,798</b>	<b>16,847</b>	<b>61,071</b>	<b>62,452</b>	<b>11,688</b>	<b>2</b>
YoY Change (%)	-16.5	88.7	6.2	9.9	-8.8	-14.6	8.7	34.1	16.9	2.3	-10.4	
Total Expenditure	12,241	15,723	13,434	12,552	12,285	14,642	14,494	14,568	53,950	55,957	12,206	<b>1</b>
<b>EBITDA</b>	<b>808</b>	<b>4,276</b>	<b>2,025</b>	<b>12</b>	<b>-378</b>	<b>2,443</b>	<b>2,304</b>	<b>2,279</b>	<b>7,121</b>	<b>6,496</b>	<b>-518</b>	<b>-27</b>
YoY Change (%)	-74.1	-8,018.5	-3.1	-77.4	-146.8	-42.9	13.8	18,889.2	36.6	-8.8	-164.1	
Depreciation	1,111	1,220	1,254	1,122	1,164	1,167	1,202	1,671	4,707	5,174	1,133	<b>3</b>
Interest	464	486	451	453	451	476	495	500	1,854	1,928	458	<b>-1</b>
Other Income	195	197	234	340	179	242	242	242	966	966	242	<b>-26</b>
<b>PBT before EO expense</b>	<b>-572</b>	<b>2,767</b>	<b>554</b>	<b>-1,223</b>	<b>-1,814</b>	<b>1,041</b>	<b>849</b>	<b>349</b>	<b>1,526</b>	<b>360</b>	<b>-1,867</b>	<b>-3</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-572</b>	<b>2,767</b>	<b>554</b>	<b>-1,223</b>	<b>-1,814</b>	<b>1,041</b>	<b>849</b>	<b>349</b>	<b>1,526</b>	<b>360</b>	<b>-1,867</b>	<b>-3</b>
Tax	-131	693	142	-322	-448	262	214	62	384.1	90.6	-470	<b>-5</b>
Rate (%)	22.9	25.0	25.6	26.3	24.7	25.2	25.2	17.8	25.2	25.2	25.2	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>-441</b>	<b>2,074</b>	<b>412</b>	<b>-901</b>	<b>-1,366</b>	<b>779</b>	<b>635</b>	<b>287</b>	<b>1,142</b>	<b>269</b>	<b>-1,396</b>	<b>-2</b>
<b>Adj PAT</b>	<b>-441</b>	<b>2,074</b>	<b>412</b>	<b>-901</b>	<b>-1,366</b>	<b>779</b>	<b>635</b>	<b>287</b>	<b>1,142</b>	<b>269</b>	<b>-1,396</b>	<b>-2</b>
YoY Change (%)	-131.0	-364.5	47.7	-38.2	209.8	-62.4	54.1	-131.9	-311.8	-76.4	322.3	

E: MOFSL Estimates

Revenue breakup	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Net Box Office	6,945	6,353	5,935	-14.5	-6.6
Food & Beverages	4,277	4,132	4,018	-6.1	-2.8
Advertising	893	1,045	934	4.6	-10.6
Convenience income	532	437	438	-17.7	0.2
Other operating	597	937	761	27.5	-18.8

Operating expenses (INR m)	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)	1QFY25E	v/s est (%)
Movie exhibition cost	2,980	2,469	2,451	-17.8	-0.7	2,338	4.8
Consumption of food and beverages	1,071	1,131	1,005	-6.2	-11.1	1,055	-4.7
Employee expenses	1,559	1,706	1,643	5.4	-3.7	1,519	8.1
Other Expenses	6,631	7,246	7,186	8.4	-0.8	7,294	-1.5
--Rent	2,801	2,993	3,029	8.1	1.2	-	-
--Other Expenses	3,830	4,253	4,157	8.5	-2.3	-	-
<b>Total</b>	<b>12,241</b>	<b>12,552</b>	<b>12,285</b>	<b>0.4</b>	<b>-2.1</b>	<b>12,206</b>	<b>0.6</b>

Opex (% of revenue)	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)	1QFY25E	v/s est (%)
Movie exhibition cost	22.8	19.7	20.6	-225	93	20.0	58
Consumption of food and beverages	8.2	9.0	8.4	23	-56	9.0	-58
Employee expenses	11.9	13.6	13.8	185	22	13.0	80
Other Expenses	50.8	57.7	60.4	953	268	62.4	-206
--Rent	21.5	23.8	25.4	397	162	-	-
--Other Expenses	29.4	33.9	34.9	556	106	-	-

KPI	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Screens	1,697	1,718	1,754	3%	2%
Admits ('000)	33,900	32,600	30,400	-10%	-7%
Occupancy (%)	22.4%	22.6%	20.3%	-9%	-10%
ATP (INR)	246	233	235	-4%	1%
SPH (INR)	130	129	134	3%	4%

# Can Fin Homes

BSE Sensex 80,605 S&P CNX 24,531

## Conference Call Details



**Date:** 22<sup>nd</sup> July 2024

**Time:** 15:00 IST

**Dial-in details:**

[Link for the call](#)

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	12.6	13.9	15.4
PPP	10.8	11.8	13.3
PAT	7.5	8.8	9.8
EPS (INR)	56.4	66.4	73.9
EPS Growth (%)	21	18	11
BVPS (INR)	326	387	454
<b>Ratios (%)</b>			
NIM	3.8	3.8	3.6
C/I ratio	16.8	17.8	16.5
RoAA	2.2	2.3	2.2
RoE	18.8	18.6	17.6
Payout	10.6	9.0	8.1
<b>Valuation</b>			
P/E (x)	15.1	12.8	11.5
P/BV (x)	2.6	2.2	1.9
Div. Yield (%)	0.7	0.7	0.7

**CMP: INR849**

**Neutral**

### Disbursements weak and loan growth muted

**Earnings miss due to higher provisions; NIM declined ~15bp QoQ**

- CANF's PAT for 1QFY25 grew ~9% YoY to ~INR2b (7% miss). NII grew 13% YoY to ~INR3.2b (in line) and other income stood at ~INR70m.
- Opex grew ~12% YoY to INR488m (12% below MOFSLe). Cost-income ratio stood at ~15%. (PQ: 21%, PY: 15%). 1QFY25 RoA/RoE stood at ~2.2%/~17.6%.

### Disbursements remain sluggish; advances rise ~10% YoY

- CANF's 1QFY25 disbursements declined 6% YoY to INR18.5b.
- Advances grew by ~10% YoY to ~INR356b. Annualized run-off in advances stood at ~15% (PQ: 16% and PY: ~13%).

### Margin declined QoQ; the share of CP remained stable

- NIM (reported) declined ~15bp QoQ to ~3.6%. Reported spreads also declined ~15bp QoQ, primarily driven by ~20bp QoQ increase in CoB.
- Bank borrowings in the mix declined to ~56% (PQ: ~59%), NHB borrowings and proportion of CPs remained stable at ~16% and ~7%, respectively.

### Seasonal deterioration in asset quality

- Asset quality deteriorated, with GS3/NS3 increasing by ~10bp each QoQ to ~0.9%/0.5%. PCR on stage 3 loans declined ~160bp QoQ to ~47%.
- Provisions stood at INR245m, resulting in annualized credit costs of ~30bp [PQ: ~2bp and PY: ~20bp]

### DSA sourcing mix stable

- Average ticket size (ATS) of incremental housing loans remained stable at INR2.5m.
- DSA channel in the sourcing stood at ~80% (flat QoQ).

### Valuation and view

CANF's loan growth and disbursements have been weak for the last three quarters, primarily because of: a) the impact of the Ambala incident, and b) the company's efforts for process improvements, and c) weak demand in some states in Southern India. However, the company is now in a position to accelerate its disbursements since most of the above-mentioned issues have been addressed. CANF might look to use its margin levers to deliver healthy loan growth in FY25. We may revise our estimates and TP after the earnings conference call on 22<sup>nd</sup> Jul'24.

**Quarterly performance**

INR m

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	8,181	8,652	8,948	9,117	9,242	9,519	9,804	10,641	34,899	39,205	9,373	-1
Interest Expenses	5,330	5,484	5,660	5,839	6,027	6,220	6,401	6,638	22,314	25,286	6,017	0
<b>Net Interest Income</b>	<b>2,851</b>	<b>3,168</b>	<b>3,288</b>	<b>3,278</b>	<b>3,214</b>	<b>3,299</b>	<b>3,404</b>	<b>4,002</b>	<b>12,585</b>	<b>13,919</b>	<b>3,355</b>	-4
YoY Growth (%)	13.9	26.1	30.6	25.5	12.7	4.1	3.5	22.1	24.0	10.6	17.7	
Other income	60	58	71	159	70	81	99	164	348	414	84	-17
<b>Total Income</b>	<b>2,911</b>	<b>3,226</b>	<b>3,359</b>	<b>3,437</b>	<b>3,284</b>	<b>3,380</b>	<b>3,503</b>	<b>4,166</b>	<b>12,933</b>	<b>14,334</b>	<b>3,439</b>	-5
YoY Growth (%)	13.9	25.7	30.8	25.7	12.8	4.8	4.3	21.2	24.1	10.8	18.2	
Operating Expenses	435	524	494	720	488	528	587	951	2,173	2,555	558	-12
YoY Growth (%)	7.4	29.5	12.7	39.3	12.3	0.8	18.8	32.1	23.1	17.6	28.2	
<b>Operating Profits</b>	<b>2,476</b>	<b>2,702</b>	<b>2,865</b>	<b>2,717</b>	<b>2,796</b>	<b>2,852</b>	<b>2,916</b>	<b>3,215</b>	<b>10,760</b>	<b>11,779</b>	<b>2,882</b>	-3
YoY Growth (%)	15.2	25.0	34.6	22.5	12.9	5.6	1.8	18.3	24.3	9.5	16.4	
Provisions	137	722	308	18	245	165	145	-47	1,185	508	155	58
<b>Profit before Tax</b>	<b>2,339</b>	<b>1,980</b>	<b>2,557</b>	<b>2,700</b>	<b>2,551</b>	<b>2,687</b>	<b>2,771</b>	<b>3,262</b>	<b>9,575</b>	<b>11,271</b>	<b>2,727</b>	-6
Tax Provisions	504	399	556	609	555	575	599	706	2,068	2,434	586	-5
<b>Profit after tax</b>	<b>1,835</b>	<b>1,581</b>	<b>2,001</b>	<b>2,090</b>	<b>1,996</b>	<b>2,112</b>	<b>2,172</b>	<b>2,556</b>	<b>7,507</b>	<b>8,836</b>	<b>2,140</b>	-7
YoY Growth (%)	13.1	11.5	32.1	26.1	8.8	33.6	8.5	22.3	20.8	17.7	16.7	
<b>Key Parameters (%)</b>												
Yield on loans	10.2	10.5	10.6	10.6	10.5	10.5	10.5	11.0				
Cost of funds	7.3	7.3	7.3	7.4	7.5	7.6	7.5	7.5				
Spread	3.0	3.2	3.3	3.2	3.0	3.0	3.0	3.4				
NIM	3.6	3.8	3.9	3.8	3.6	3.7	3.6	4.1				
Credit cost	0.17	0.9	0.4	0.0	0.28	0.2	0.2	0.0				
Cost to Income Ratio (%)	14.9	16.2	14.7	20.9	14.9	15.6	16.8	22.8				
Tax Rate (%)	21.6	20.2	21.7	22.6	21.7	21.4	21.6	21.7				
<b>Balance Sheet Parameters</b>												
<b>Loans (INR B)</b>	<b>325.1</b>	<b>333.6</b>	<b>340.5</b>	<b>350.0</b>	<b>355.6</b>	<b>366.8</b>	<b>380.2</b>	<b>396.8</b>				
Growth (%)	18.0	15.7	13.1	10.9	9.4	9.9	11.6	13.4				
<b>AUM mix (%)</b>												
Home loans	89.1	89.1	89.1	88.9	88.9	0.0	0.0	0.0				
Non-housing loans	10.9	10.9	10.9	11.1	11.1	0.0	0.0	0.0				
Salaried customers	72.7	72.4	72.1	71.9	71.7	0.0	0.0	0.0				
Self-employed customers	27.2	27.5	27.8	28.0	28.3	0.0	0.0	0.0				
<b>Disbursements (INR B)</b>	<b>19.7</b>	<b>20.2</b>	<b>18.8</b>	<b>23.1</b>	<b>18.5</b>	<b>23.8</b>	<b>26.3</b>	<b>29.9</b>				
Change YoY (%)	14.2	-10.1	-23.1	-8.8	-5.7	18.0	40.0	29.3				
<b>Borrowing mix (%)</b>												
Banks	54.0	57.0	60.0	59.0	56.0	0.0	0.0	0.0				
NHB	22.0	19.0	19.0	16.0	16.0	0.0	0.0	0.0				
Market borrowings	23.0	23.0	20.0	24.0	27.0	0.0	0.0	0.0				
Deposits	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0				
<b>Asset Quality</b>												
GNPL (INR m)	2,052	2,540	3,088	2,860	3,250	0	0	0				
NNPL (INR m)	1,096	1,420	1,674	1,470	1,740	0	0	0				
GNPL ratio %	0.63	0.76	0.91	0.82	0.91	0.00	0.00	0.00				
GNPL ratio %	0.34	0.43	0.49	0.42	0.49	0.00	0.00	0.00				
PCR %	46.6	44	45.8	48.6	47.0	0	0.0	0.0				
<b>Return Ratios (%)</b>												
ROA (Rep)	2.2	1.9	2.3	2.5	2.2	0.0	0.0	0.0				
ROE (Rep)	19.2	16.0	19.4	19.3	17.6	0.0	0.0	0.0				

E: MOFSL Estimates



### **Havells India: Will continue to make investments in Lloyd to achieve faster growth; Anil Rai Gupta, CEO & MD**

- Lloyds requires long-term investments, we have done R&D & distribution
- Lloyd is now on a positive journey & it's now at much better position
- For Havels standalone biz, we are aiming for margin of 13-14.5%
- ECD & small equipment biz market share is low, will look for better growth
- Cables & wires segment new capacities coming on stream will help us gain market share

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### **TeamLease Services: EPFO is the world's most expensive MF & inefficient; more than 50 million EPFO accounts are dormant; Manish Sabharwal, Vice Chairman**

- Hope Jan Vishwas 2.0 revises the game, moving towards lesser criminal provisions
- Mandatory payroll confiscation is not a source of financing
- PLI scheme aids unique opportunity for govt to create manufacturing jobs
- 50% on India's FDI had come in last five years

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### **Polycab: Will be able to achieve Rs. 20,000 cr revenue guidance sooner than FY26, EBITDA margin will be in the range of 12-14%; Gandharv Tongia, ED & CFO**

- EPC business contributed to 10% of topline vs 3% earlier
- EBITDA margin will be in the range of 12-14%
- Will look at market dynamics and revise guidance in H2FY25
- Stick to guidance of export contributing 10% of sales in upcoming quarters

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### **CEAT: If natural rubber price increases sharply, can see impact on the company; Arnab Banerjee, MD & CEO**

- Natural rubber has climbed to a 13-year high within short span of time
- Expect the spike in price to come down in Q2, would like to keep margin in a narrow band
- Will increase the prices; but it will happen with a lag
- Two-wheeler sales is robust, OEM was subdued in Q1

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### **Tata Technologies: Q1 was impacted by completion of run-off at VinFast; Warren Kevin Harris, MD & CEO**

- Don't see any slowdown in demand in auto or aerospace
- Anchor clients Tata Motors & JLR present significant demand
- Don't anticipate any growth from VinFast for next few quarters
- Expect to build on current level of margin in FY25

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
<b>Automobiles</b>																
Amara Raja Ener.	Neutral	1540	1475	-4	49.5	59.0	66.5	10.4	19.1	12.7	26.1	23.2	3.7	3.2	14.9	14.8
Apollo Tyres	Buy	526	620	18	29.0	29.8	35.8	79.0	2.9	20.0	17.6	14.7	1.7	1.6	12.9	14.0
Ashok Ley.	Buy	224	270	21	9.1	11.7	14.0	102.5	27.6	20.5	19.2	15.9	6.3	5.2	35.5	35.8
Bajaj Auto	Neutral	9385	8695	-7	276.1	316.4	380.9	28.9	14.6	20.4	29.7	24.6	9.4	8.8	33.5	36.9
Balkrishna Inds	Neutral	3139	2825	-10	76.5	87.8	113.4	39.6	14.7	29.2	35.8	27.7	6.1	5.3	18.1	20.6
Bharat Forge	Neutral	1579	1525	-3	20.6	36.0	48.5	69.0	74.8	34.6	43.8	32.6	8.8	7.4	21.7	24.7
Bosch	Neutral	34096	31290	-8	620.5	802.2	938.9	28.5	29.3	17.0	42.5	36.3	7.6	6.8	18.7	19.7
CEAT	Buy	2671	3090	16	169.4	153.0	192.6	226.6	-9.7	25.9	17.5	13.9	2.4	2.1	14.4	16.0
Craftsman Auto	Buy	5103	6520	28	144.2	176.6	245.0	22.6	22.5	38.7	28.9	20.8	3.8	3.2	17.2	16.7
Eicher Mot.	Sell	4852	4045	-17	146.3	164.3	178.2	37.3	12.3	8.4	29.5	27.2	6.3	5.5	23.0	21.6
Endurance Tech.	Buy	2603	3100	19	47.3	65.5	85.6	36.5	38.6	30.7	39.7	30.4	6.4	5.4	17.2	19.3
Escorts Kubota	Neutral	3922	3700	-6	94.9	102.6	123.9	85.0	8.0	20.8	38.2	31.7	4.7	4.2	13.0	14.0
Exide Ind	Neutral	540	505	-7	12.4	16.4	19.6	16.5	32.5	19.4	32.9	27.6	3.2	2.9	9.8	10.7
Happy Forgings	Buy	1203	1420	18	25.8	34.7	45.2	10.6	34.7	30.1	34.6	26.6	6.0	5.1	18.7	20.7
Hero Moto	Buy	5424	6375	18	204.6	255.4	304.2	40.5	24.9	19.1	21.2	17.8	5.6	5.0	27.3	29.6
M&M	Buy	2751	3300	20	89.4	108.2	128.7	35.0	21.1	18.9	25.4	21.4	5.3	4.4	22.6	22.5
CIE Automotive	Buy	588	675	15	21.1	23.7	28.9	16.8	12.3	21.9	24.8	20.3	3.3	3.0	14.2	15.5
Maruti Suzuki	Buy	12522	14437	15	429.0	485.8	542.9	56.8	13.2	11.8	25.8	23.1	4.1	3.7	15.9	15.7
MRF	Sell	127989	99700	-22	4,990.2	4,582.8	5,113.5	175.2	-8.2	11.6	27.9	25.0	2.9	2.7	11.1	11.2
Samvardh. Motherson	Buy	192	230	20	3.7	6.5	8.5	63.6	74.7	31.7	29.7	22.5	4.5	3.9	15.8	18.5
Motherson Wiring	Buy	73	84	16	1.4	1.8	2.1	31.1	21.5	17.8	41.4	35.2	15.3	12.6	41.1	39.3
Sona BLW Precis.	Neutral	693	610	-12	8.9	10.6	13.3	31.6	18.7	25.3	65.2	52.1	12.7	10.9	20.7	22.5
Tata Motors	Neutral	990	960	-3	58.7	58.1	67.2	2,628.0	-1.0	15.6	17.0	14.7	3.5	2.8	22.5	21.2
TVS Motor	Neutral	2405	2095	-13	43.8	55.3	65.4	44.4	26.1	18.3	43.5	36.8	11.5	9.0	29.7	27.5
Tube Investments	Buy	3997	4830	21	34.4	63.4	79.2	-15.1	84.1	25.0	63.1	50.5	12.4	10.1	21.6	22.0
<b>Aggregate</b>								<b>94.8</b>	<b>14.2</b>	<b>18.0</b>	<b>30.7</b>	<b>26.9</b>	<b>6.0</b>	<b>5.1</b>	<b>19.4</b>	<b>19.1</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	633	735	16	23.0	31.2	39.5	4.3	36	26.8	20.3	16.0	2.7	2.3	14.8	15.7
Axis Bank	Neutral	1292	1200	-7	80.7	90.7	106.5	13.0	12.4	17.5	14.3	12.1	2.3	1.9	17.1	17.1
Bandhan Bank	Neutral	193	210	9	13.8	23.9	27.3	1.6	73	14.4	8.1	7.0	1.3	1.2	2.0	2.0
DCB Bank	Buy	132	175	33	17.1	20.3	24.9	14.6	18.6	22.6	6.5	5.3	0.8	0.7	12.6	13.7
Equitas Small Fin.	Buy	90	125	39	7.1	8.1	11.0	46.6	13.3	36.7	11.1	8.1	1.5	1.3	14.4	17.2
Federal Bank	Buy	191	210	10	16.3	17.5	21.0	14.5	7.3	19.6	10.9	9.1	1.4	1.3	13.8	14.6
HDFC Bank	Buy	1607	1850	15	80.0	90.7	104.5	1.0	13.3	15.2	17.7	15.4	2.5	2.2	14.7	15.1
ICICI Bank	Buy	1248	1350	8	58.4	65.6	74.7	27.5	12.3	13.9	19.0	16.7	3.2	2.7	18.0	17.6
IDFC First Bk	Neutral	76	88	16	4.3	5.0	6.7	13.8	16.5	33.9	15.1	11.3	1.5	1.3	10.5	12.5
IndusInd	Buy	1432	1800	26	115.5	132.6	164.2	20.3	14.8	23.8	10.8	8.7	1.5	1.3	15.3	16.4
Kotak Mah. Bk	Neutral	1822	1800	-1	91.6	97.4	113.5	21.9	6.3	16.6	18.6	16.0	2.3	2.0	14.2	14.3
RBL Bank	Neutral	240	270	12	19.3	23.6	31.3	31.1	22.3	32.6	10.2	7.7	0.9	0.9	9.3	11.5
SBI Cards	Neutral	719	850	18	25.4	30.6	41.6	6.2	20.5	36.1	23.5	17.3	4.6	3.7	21.7	23.9
<b>Aggregate</b>								<b>26.6</b>	<b>14.5</b>	<b>17.3</b>	<b>19.2</b>	<b>16.7</b>	<b>2.9</b>	<b>2.5</b>	<b>15.1</b>	<b>15.1</b>
<b>Banks - PSU</b>																
BOB	Buy	250	300	20	34.4	38.2	44.1	26.1	11.2	15.4	6.6	5.7	1.0	0.9	17.2	17.3
Canara Bank	Buy	113	140	24	16.0	18.5	21.2	37.3	15.0	14.9	6.1	5.3	1.1	0.9	19.8	19.6
Indian Bank	Buy	561	625	11	62.2	72.5	86.2	46.7	16.6	18.9	7.7	6.5	1.2	1.0	17.4	17.9
Punjab Natl.Bank	Neutral	116	130	12	7.5	12.1	15.2	228.8	61.9	25.7	9.6	7.6	1.1	1.0	12.9	14.5
SBI	Buy	889	1015	14	75.2	88.5	104.1	20.6	18	17.6	10.0	8.5	1.7	1.4	18.6	18.4
Union Bank (I)	Buy	136	165	22	18.9	20.7	23.4	52.9	10	13.0	6.5	5.8	1.0	0.9	16.2	16.1
<b>Aggregate</b>								<b>34.0</b>	<b>19</b>	<b>17</b>	<b>10</b>	<b>8.7</b>	<b>1.6</b>	<b>1.4</b>	<b>15.4</b>	<b>16.1</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	1737	1740	0	62.0	74.3	93.2	14.0	19.8	25.5	23.4	18.6	3.2	2.7	14.5	15.6
Aditya Birla Cap	Buy	215	260	21	10.1	13.2	17.3	19.0	30.6	30.7	16.3	12.5	1.9	1.6	12.1	14.0
Angel One	Buy	2085	3300	58	135.9	179.9	205.8	26.4	32.4	14.4	11.6	10.1	2.9	2.5	32.9	26.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Bajaj Fin.	Neutral	6934	7810	13	233.7	278.4	371.4	22.8	19.1	33.4	24.9	18.7	4.6	3.8	20.4	22.4
BSE	Neutral	2253	3000	33	57.0	86.3	112.5	275.5	51.4	30.3	26.1	20.0	8.3	7.4	32.0	37.0
Cams Services	Buy	4128	4310	4	71.6	88.9	106.6	23.3	24.1	19.9	46.4	38.7	19.0	16.2	43.9	45.1
Can Fin Homes	Neutral	849	890	5	56.4	66.4	73.9	20.8	17.7	11.4	12.8	11.5	2.2	1.9	18.6	17.6
Cholaman.Inv.&Fn	Buy	1427	1660	16	40.7	52.9	69.9	25.6	29.9	32.1	27.0	20.4	5.0	3.9	20.5	21.6
CreditAccess	Buy	1285	1520	18	90.7	104.0	124.0	74.5	14.6	19.2	12.3	10.4	2.5	2.0	22.7	21.8
Fusion Micro	Buy	434	550	27	50.2	63.4	78.0	30.2	26.3	23.0	6.8	5.6	1.3	1.0	20.1	20.2
Five-Star Business	Buy	767	950	24	28.6	35.5	43.1	38.0	24.3	21.3	21.6	17.8	3.6	3.0	18.2	18.4
HDFC Life Insur.	Buy	636	750	18	7.3	7.7	9.6	15.4	6.0	24.6	82.2	66.0	2.5	2.1	16.7	16.5
Home First Fin.	Buy	1077	1205	12	34.5	42.2	53.4	33.2	22.1	26.5	25.5	20.2	3.9	3.3	16.3	17.7
ICICI Pru Life	Buy	643	730	14	5.9	8.3	10.4	5.0	40.7	24.5	77.2	62.0	1.8	1.5	19.4	19.8
ICICI Lombard	Buy	1882	2200	17	38.9	51.1	64.5	11.0	31.2	26.2	36.8	29.1	6.8	5.8	19.6	21.4
IIFL Finance	Buy	466	605	30	46.2	37.4	55.8	17.2	-19.1	49.3	12.5	8.3	1.5	1.3	13.3	16.5
360 ONE WAM	Buy	966	1150	19	22.4	26.7	32.4	21.3	19.3	21.2	36.1	29.8	9.5	8.9	27.1	31.0
IndoStar	Buy	246	280	14	8.5	13.2	21.1	-48.5	54.6	60.2	18.7	11.7	1.0	0.9	5.4	8.1
L&T Finance	Buy	175	230	31	9.3	11.7	15.2	42.4	26.0	29.2	15.0	11.6	1.7	1.5	11.9	13.9
Life Insurance Corp.	Buy	1109	1270	14	64.3	68.3	73.6	11.8	6.2	7.7	16.2	15.1	0.9	0.8	11.6	11.4
LIC Hsg Fin	Buy	771	930	21	86.6	90.5	93.0	64.8	4.5	2.8	8.5	8.3	1.2	1.1	14.9	13.7
MCX	Buy	3824	4400	15	16.3	106.9	118.5	-44.2	555.8	10.9	35.8	32.3	13.1	12.1	38.0	39.0
Manappuram Fin.	Buy	217	245	13	26.0	30.0	35.3	46.5	15.4	17.8	7.2	6.1	1.3	1.1	20.1	19.8
MAS Financial	Buy	287	365	27	15.1	17.8	22.1	23.3	17.7	24.1	16.1	13.0	2.1	1.8	15.2	14.9
Max Financial	Neutral	1013	1030	2	17.2	24.2	30.1	87.1	40.8	24.1	41.8	33.7	1.9	1.6	19.5	19.2
M&M Fin.	Buy	290	355	22	14.3	22.7	28.3	-11.4	59.3	24.7	12.8	10.3	1.9	1.6	15.3	17.0
Muthoot Fin	Neutral	1839	1630	-11	100.9	124.8	141.0	16.6	23.7	13.0	14.7	13.0	2.6	2.3	19.1	18.6
Piramal Enterp.	Neutral	928	925	0	-75.0	30.9	65.8	-200.1	LP	112.7	30.0	14.1	0.8	0.7	2.6	5.3
PNB Housing	Buy	781	1015	30	58.1	71.5	87.9	-6.3	23.1	23.0	10.9	8.9	1.2	1.1	11.7	12.8
Poonawalla Fincorp	Buy	411	-		13.3	18.8	25.6	72.2	40.8	36.4	21.9	16.1	3.4	2.9	16.5	19.4
Repco Home Fin	Neutral	532	595	12	63.1	66.0	72.0	33.3	4.5	9.2	8.1	7.4	1.0	0.9	13.4	12.9
Spandana Sphoorty	Buy	712	915	29	70.2	84.0	110.4	3,922.1	19.6	31.4	8.5	6.4	1.2	1.0	15.2	17.0
Shriram Finance	Buy	2806	3400	21	191.3	227.2	279.9	19.8	18.7	23.2	12.3	10.0	1.9	1.7	16.4	17.6
SBI Life Insurance	Buy	1647	1700	3	18.9	19.9	23.2	10.0	5.3	16.5	82.7	71.0	2.3	1.9	21.6	20.4
Star Health Insu	Buy	585	730	25	14.4	18.4	24.4	35.8	27.2	33.0	31.9	23.9	4.4	3.7	15.0	17.0
<b>Aggregate</b>								<b>-2.0</b>	<b>24.3</b>	<b>26.3</b>	<b>22.5</b>	<b>18.1</b>	<b>3.1</b>	<b>2.7</b>	<b>14.0</b>	<b>15.0</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	2011	1955	-3	29.1	41.5	55.8	-34.9	42.7	34.5	48.4	36.0	7.3	6.5	15.9	19.0
Atul	UR	6943	-		103.4	117.2	162.0	-38.8	13.3	38.2	59.2	42.9	3.8	3.5	6.6	8.5
Clean Science	Neutral	1456	1375	-6	23.0	30.4	34.4	-17.3	32.3	13.1	47.9	42.4	10.4	8.6	24.0	22.2
Deepak Nitrite	Neutral	2778	2705	-3	55.1	69.2	77.3	-11.7	25.5	11.7	40.1	35.9	6.7	5.8	18.1	17.3
Fine Organic	Sell	5143	4095	-20	120.0	119.2	116.9	-37.7	-0.7	-1.9	43.2	44.0	7.2	6.2	18.0	15.2
Galaxy Surfact.	Buy	2773	3450	24	85.0	97.7	115.0	-20.9	14.9	17.7	28.4	24.1	4.0	3.6	15.0	15.8
Navin Fluorine	Neutral	3544	3555	0	46.1	61.6	88.9	-39.1	33.6	44.3	57.5	39.9	6.7	6.0	12.2	15.9
NOCIL	Neutral	293	260	-11	7.9	10.2	13.0	-11.7	29.5	27.4	28.7	22.5	2.7	2.5	9.8	11.7
PI Inds.	Buy	3833	4400	15	110.6	111.9	131.9	36.8	1.2	17.8	34.2	29.1	5.7	4.8	17.9	17.9
SRF	Neutral	2341	2100	-10	47.5	53.7	71.5	-37.7	13.1	33.1	43.6	32.8	5.5	4.9	13.3	15.8
Tata Chemicals	Neutral	1045	1000	-4	36.1	33.5	51.3	-60.5	-7.3	53.1	31.2	20.4	1.2	1.1	3.8	5.6
Vinati Organics	Buy	1927	2340	21	31.2	42.7	52.0	-22.8	36.8	21.8	45.2	37.1	7.1	6.2	16.8	17.9
<b>Aggregate</b>								<b>-26.4</b>	<b>21.5</b>	<b>19.7</b>	<b>54.6</b>	<b>44.9</b>	<b>6.6</b>	<b>5.9</b>	<b>12.1</b>	<b>13.1</b>
<b>Capital Goods</b>																
ABB India	Buy	7619	9500	25	58.9	90.5	111.9	81.9	53.7	23.5	84.2	68.1	20.9	16.3	28.1	26.9
Bharat Electronics	Buy	306	360	18	5.5	6.7	8.2	33.7	21.0	22.7	46.0	37.5	11.0	8.8	24.0	23.5
Cummins India	Buy	3558	4300	21	60.0	74.2	89.0	33.4	23.7	19.9	48.0	40.0	14.2	12.4	31.3	33.1
Hitachi Energy	Neutral	11192	12000	7	38.6	86.8	165.4	74.4	124.7	90.6	128.9	67.7	27.5	19.5	21.3	28.9





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Kalpataru Proj.	Buy	1339	1385	3	32.6	54.7	75.1	8.3	67.8	37.2	24.5	17.8	3.4	2.9	14.6	17.3
KEC International	Neutral	868	800	-8	13.5	24.5	39.2	97.0	81.8	60.0	35.4	22.1	4.9	4.3	14.6	20.6
Kirloskar Oil	Buy	1225	1500	22	25.0	34.4	44.1	33.8	37.9	28.1	35.6	27.8	5.9	5.1	17.8	19.8
Larsen & Toubro	Buy	3619	4150	15	94.5	105.8	136.0	24.5	12.0	28.5	34.2	26.6	5.1	4.4	15.8	17.8
Siemens	Buy	6847	8700	27	55.1	81.0	97.0	55.5	47.1	19.7	84.5	70.6	16.0	13.7	20.4	20.9
Thermax	Neutral	4969	4710	-5	52.2	67.1	83.1	30.3	28.6	23.9	74.1	59.8	11.1	9.6	15.9	17.3
Triveni Turbine	Buy	597	720	21	8.5	11.0	14.8	39.8	29.8	35.1	54.4	40.2	15.7	12.2	32.2	34.2
Zen Technologies	Buy	1381	1775	29	15.1	28.1	40.1	218.8	85.9	42.9	49.2	34.5	16.8	11.3	41.3	39.3
<b>Aggregate</b>								<b>32.3</b>	<b>23.6</b>	<b>27.6</b>	<b>60.1</b>	<b>48.6</b>	<b>9.9</b>	<b>8.6</b>	<b>16.5</b>	<b>17.6</b>
<b>Cement</b>																
Ambuja Cem.	Buy	678	800	18	15.6	14.3	18.0	9.4	-8.1	25.6	47.4	37.7	3.0	2.8	7.3	7.7
ACC	Buy	2622	3300	26	99.3	123.8	135.7	88.7	24.6	9.6	21.2	19.3	2.7	2.4	13.6	13.2
Birla Corp.	Buy	1507	1970	31	54.0	66.8	87.2	1,052.2	23.7	30.5	22.6	17.3	1.6	1.5	7.5	9.1
Dalmia Bhar.	Buy	1818	2300	27	40.8	52.4	69.7	11.5	28.6	33.0	34.7	26.1	2.0	1.9	5.9	7.4
Grasim Inds.	Buy	2748	3150	15	95.6	97.2	108.9	-2.9	1.7	12.0	28.3	25.2	3.4	3.2	1.7	2.5
India Cem	Sell	347	180	-48	-7.6	-1.8	6.0	-49.9	Loss	LP	NM	58.2	2.0	1.9	-1.0	3.4
J K Cements	Buy	4271	-		102.7	114.5	146.3	86.2	11.5	27.7	38.0	29.2	5.5	4.7	15.5	17.4
JK Lakshmi Ce	Buy	845	1100	30	39.6	41.9	47.0	29.9	5.8	12.2	20.2	18.0	2.8	2.4	14.5	14.4
Ramco Cem	Neutral	777	890	14	16.7	20.7	28.4	15.0	24.1	37.1	37.5	27.3	2.4	2.3	6.7	8.6
Shree Cem	Neutral	27251	30300	11	684.2	626.4	624.3	110.3	-8.4	-0.3	43.5	43.7	4.4	4.1	10.6	9.8
Ultratech	Buy	11268	13000	15	244.5	261.3	336.6	39.4	6.9	28.8	43.1	33.5	4.9	4.1	11.9	13.5
<b>Aggregate</b>								<b>32.4</b>	<b>9.2</b>	<b>20.1</b>	<b>39.8</b>	<b>36.4</b>	<b>4.0</b>	<b>3.6</b>	<b>10.2</b>	<b>9.8</b>
<b>Consumer</b>																
Asian Paints	Neutral	2946	3150	7	57.9	58.0	65.7	30.9	0.1	13.3	50.8	44.8	14.0	12.5	28.5	29.5
Britannia	Neutral	5881	5400	-8	88.7	102.6	115.0	10.1	15.6	12.1	57.3	51.1	30.9	25.9	58.0	55.2
Colgate	Neutral	3121	2700	-14	49.2	54.1	58.4	26.8	10.0	7.9	57.7	53.5	38.0	31.7	71.7	64.7
Dabur	Buy	633	700	11	10.6	12.1	13.3	9.2	14.2	9.7	52.4	47.7	10.5	9.7	20.8	21.1
Emami	Buy	799	850	6	18.0	21.1	23.2	17.0	16.7	10.3	38.0	34.4	12.5	10.9	35.0	33.9
Godrej Cons.	Buy	1452	1600	10	19.3	22.5	26.7	13.2	16.4	18.6	64.6	54.5	10.5	9.4	17.2	18.2
HUL	Buy	2727	2950	8	43.7	47.4	52.4	0.7	8.3	10.6	57.6	52.0	12.3	12.0	21.5	23.3
ITC	Buy	474	500	5	16.4	17.4	18.9	9.0	6.3	8.5	27.2	25.1	7.5	7.1	28.4	29.2
Indigo Paints	Buy	1453	1650	14	31.3	34.8	38.0	28.8	11.3	9.0	41.7	38.3	6.6	5.8	17.1	16.3
Jyothy Lab	Neutral	497	500	1	9.8	10.9	12.2	54.8	11.0	12.3	45.6	40.6	9.6	8.6	21.5	22.3
Marico	Buy	668	700	5	11.5	12.7	14.1	13.7	11.0	10.6	52.4	47.4	21.6	20.5	42.0	44.4
Nestle	Neutral	2599	2500	-4	41.0	36.8	41.1	62.5	-10.3	11.8	70.6	63.2	62.3	52.3	96.4	90.0
Page Inds	Neutral	40481	37500	-7	510.3	597.6	722.8	-0.4	17.1	20.9	67.7	56.0	24.2	20.6	35.7	36.8
Pidilite Ind.	Neutral	3134	2850	-9	35.9	42.5	48.6	42.2	18.6	14.2	73.7	64.5	16.7	15.0	24.1	24.5
P&G Hygiene	Neutral	16795	17000	1	250.6	284.7	314.7	31.0	13.6	10.5	59.0	53.4	46.1	39.3	85.0	79.7
Tata Consumer	Buy	1188	1350	14	14.6	17.7	20.1	28.7	20.7	13.5	67.2	59.2	5.3	5.0	9.6	9.4
United Brew	Sell	2041	1800	-12	15.5	25.7	34.2	24.7	65.3	33.1	79.5	59.7	11.9	10.7	15.6	18.9
United Spirits	Neutral	1298	1250	-4	18.1	18.7	21.1	42.7	3.1	12.9	69.5	61.5	11.3	9.6	16.3	15.6
Varun Beverages	Buy	1560	1900	22	15.8	21.7	26.6	37.3	37.2	22.4	71.8	58.7	21.5	16.1	34.5	31.4
<b>Aggregate</b>								<b>15.3</b>	<b>7.7</b>	<b>11.1</b>	<b>51.5</b>	<b>47.8</b>	<b>13.1</b>	<b>12.0</b>	<b>25.4</b>	<b>25.2</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1768	1820	3	20.3	25.8	31.4	18.5	27.4	21.4	68.5	56.4	13.0	11.3	19.0	20.1
KEI Industries	Buy	4012	5230	30	64.4	79.9	99.1	21.7	24.0	24.1	50.2	40.5	9.5	7.8	18.8	19.2
Polycab India	Buy	6365	8200	29	118.8	130.1	156.6	40.0	9.6	20.4	48.9	40.6	9.9	8.3	20.2	20.4
R R Kabel	Buy	1736	2210	27	26.4	38.6	52.4	57.0	46.0	35.9	45.0	33.1	9.0	7.3	21.7	24.3
Voltas	Buy	1478	1670	13	7.2	21.0	31.8	-36.8	190.6	51.3	70.3	46.5	7.6	6.7	10.8	14.4
<b>Aggregate</b>								<b>23.2</b>	<b>30.3</b>	<b>26.2</b>	<b>77.3</b>	<b>59.4</b>	<b>12.2</b>	<b>10.5</b>	<b>15.8</b>	<b>17.7</b>
<b>EMS</b>																
Avalon Tech	Buy	515	640	24	4.3	9.3	15.9	-53.0	118.3	71.0	55.4	32.4	5.6	4.7	10.6	15.8
Cyient DLM	Buy	763	880	15	7.7	14.6	21.9	92.9	89.8	49.2	52.1	34.9	5.9	5.0	12.0	15.6
Data Pattern	Neutral	3167	2720	-14	32.4	39.7	54.0	46.6	22.3	36.2	79.8	58.6	11.5	9.6	15.5	17.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Kaynes Tech	Buy	3899	4560	17	28.7	50.3	82.5	75.3	75.2	64.1	77.6	47.3	8.9	7.5	12.1	17.2
Syrma SGS Tech.	Buy	453	565	25	6.1	9.7	15.3	-9.3	58.9	56.8	46.6	29.7	4.6	4.0	10.2	14.4
<b>Aggregate</b>								<b>33.2</b>	<b>58.7</b>	<b>54.3</b>	<b>105.2</b>	<b>66.3</b>	<b>8.6</b>	<b>7.6</b>	<b>8.2</b>	<b>11.5</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	1080	930	-14	31.5	37.9	42.1	43.9	20.6	11.0	28.5	25.6	3.9	3.4	14.4	14.1
Alkem Lab	Neutral	5138	5430	6	159.7	169.1	195.2	50.6	5.9	15.4	30.4	26.3	5.2	4.5	18.2	18.3
Ajanta Pharma	Buy	2291	2700	18	62.3	70.3	83.9	26.6	12.9	19.4	32.6	27.3	6.8	5.8	22.8	22.9
Apollo Hospitals	Buy	6385	7070	11	62.4	88.5	125.9	29.6	41.8	42.3	72.2	50.7	10.9	9.0	16.9	20.1
Aurobindo	Neutral	1331	1320	-1	56.0	67.0	75.7	46.1	19.6	13.0	19.9	17.6	2.3	2.1	12.4	12.5
Biocon	Neutral	335	340	1	2.2	6.2	12.1	-65.1	183.8	96.7	54.3	27.6	2.0	1.9	3.7	7.0
Cipla	Buy	1485	1720	16	52.5	58.9	65.8	39.0	12.3	11.7	25.2	22.6	3.9	3.4	15.4	14.9
Divis Lab	Neutral	4520	4300	-5	60.0	79.3	96.5	-7.5	32.2	21.6	57.0	46.9	8.0	7.1	14.7	16.1
Dr Reddy's	Neutral	6639	6430	-3	317.1	331.6	361.6	29.6	4.6	9.1	20.0	18.4	3.3	2.9	18.1	16.8
ERIS Lifescience	Neutral	1005	980	-2	29.2	30.9	42.5	5.2	5.6	37.6	32.5	23.6	4.7	4.0	15.4	18.3
Gland Pharma	Buy	1992	2110	6	47.6	59.4	69.4	-5.6	24.7	16.9	33.6	28.7	3.4	3.0	10.6	11.1
Glenmark	Neutral	1413	1200	-15	2.5	42.7	50.5	-88.0	1,619.7	18.3	33.1	28.0	4.5	3.8	14.4	14.8
GSK Pharma	Neutral	2571	2380	-7	43.3	45.8	50.8	20.5	5.7	10.9	56.2	50.6	20.9	17.6	37.2	34.7
Global Health	Buy	1203	1490	24	17.8	19.6	25.2	46.7	9.9	28.9	61.4	47.6	9.7	8.3	16.8	18.7
Granules India	Buy	503	570	13	17.4	23.5	31.8	-19.5	35.6	35.1	21.4	15.8	3.2	2.7	16.3	18.6
IPCA Labs	Neutral	1193	1150	-4	20.8	30.5	40.6	0.0	46.5	33.3	39.2	29.4	4.3	3.8	11.6	13.9
Laurus Labs	Buy	440	510	16	3.0	7.9	14.1	-79.6	162.4	77.5	55.6	31.3	5.3	4.6	9.9	15.8
Lupin	Neutral	1786	1590	-11	41.5	50.7	59.6	382.6	22.0	17.6	35.3	30.0	4.9	4.3	15.0	15.3
Mankind Pharma	Buy	2129	2650	24	47.8	54.1	62.4	38.5	13.3	15.4	39.4	34.1	7.7	6.6	21.3	20.9
Max Healthcare	Buy	920	1060	15	13.7	16.2	19.9	18.6	18.0	22.8	56.8	46.2	8.2	7.0	15.6	16.3
Piramal Pharma	Buy	147	190	29	0.4	2.5	5.1	-170.2	497.6	102.9	58.2	28.7	2.1	2.0	4.1	7.9
Sun Pharma	Buy	1568	1810	15	41.4	48.1	57.6	15.8	16.0	19.7	32.6	27.2	5.1	4.4	16.9	17.4
Torrent Pharma	Neutral	2949	2800	-5	47.1	64.5	79.4	26.7	37.0	23.0	45.7	37.2	6.0	6.0	28.9	32.5
Zydus Lifesciences	Neutral	1145	1030	-10	37.6	39.0	41.4	68.0	3.6	6.1	29.3	27.7	4.6	4.1	17.6	15.7
<b>Aggregate</b>								<b>24.9</b>	<b>20.3</b>	<b>19.1</b>	<b>41.7</b>	<b>34.7</b>	<b>5.7</b>	<b>5.0</b>	<b>13.8</b>	<b>14.4</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1699	1980	17	73.0	78.7	101.3	-17.2	7.9	28.7	21.6	16.8	2.1	1.8	10.0	11.6
IRB Infra	Neutral	67	61	-9	1.0	1.6	2.1	-15.9	61.2	27.6	41.4	32.4	2.8	2.6	6.9	8.3
KNR Constructions	Buy	344	400	16	15.2	15.3	20.1	3.3	0.2	31.5	22.5	17.1	2.7	2.3	12.5	14.4
<b>Aggregate</b>											<b>39.2</b>	<b>31.5</b>	<b>2.8</b>	<b>2.6</b>	<b>7.2</b>	<b>8.3</b>
<b>Logistics</b>																
Adani Ports	Buy	1469	1750	19	41.3	49.1	58.5	16.5	19.1	19.1	29.9	25.1	5.1	4.4	18.5	18.8
Blue Dart Express	Buy	8173	-		121.6	167.7	233.3	-21.2	37.9	39.1	48.7	35.0	11.4	9.2	25.4	29.1
Concor	Buy	1011	1220	21	20.3	25.8	33.9	5.8	27.0	31.3	39.2	29.8	4.9	4.5	12.8	15.6
JSW Infra	Buy	316	390	24	5.8	6.5	9.3	6.8	11.4	43.9	48.9	34.0	7.3	6.3	15.9	20.0
Mahindra Logistics	Neutral	513	510	-1	-8.2	6.3	16.8	-322.8	LP	168.1	81.9	30.5	7.1	5.9	8.7	20.6
Transport Corp.	Buy	947	1090	15	45.8	50.9	62.9	10.1	11.2	23.4	18.6	15.1	3.1	2.6	17.7	18.4
TCI Express	Buy	1169	1450	24	34.4	38.3	44.6	-5.4	11.5	16.5	30.5	26.2	5.5	4.7	19.3	19.2
VRL Logistics	Buy	564	670	19	10.1	15.4	23.1	-46.1	51.7	50.4	36.7	24.4	5.0	4.5	13.9	19.4
<b>Aggregate</b>											<b>40.8</b>	<b>33.8</b>	<b>6.3</b>	<b>5.5</b>	<b>15.5</b>	<b>16.3</b>
<b>Media</b>																
PVR Inox	Neutral	1404	-		11.7	2.5	34.9	-152.3	-78.7	1,305.0	565.3	40.2	1.9	1.8	0.3	4.5
Sun TV	Buy	785	900	15	47.6	51.3	52.5	12.0	7.7	2.4	15.3	15.0	2.7	2.5	17.9	16.9
Zee Ent.	Neutral	138	155	13	4.5	7.3	10.7	-4.9	61.5	47.1	18.8	12.8	1.2	1.1	6.3	8.7
<b>Aggregate</b>								<b>16.7</b>	<b>13.3</b>	<b>25.4</b>	<b>24.4</b>	<b>21.5</b>	<b>2.1</b>	<b>2.0</b>	<b>8.5</b>	<b>9.1</b>
<b>Metals</b>																
Coal India	Buy	488	550	13	60.7	55.9	66.0	17.8	-7.9	18.1	8.7	7.4	3.0	2.5	34.6	34.1
Hindalco	Buy	663	800	21	45.6	61.2	63.6	0.8	34.1	3.9	10.8	10.4	1.6	1.4	15.8	14.3
Hind. Zinc	Neutral	639	610	-5	18.4	23.0	29.9	-26.2	25.5	29.9	27.7	21.4	13.6	9.8	55.6	53.5
JSPL	Buy	947	1200	27	58.4	65.6	95.7	60.4	12.3	45.9	14.4	9.9	1.9	1.6	13.9	17.6
JSW Steel	Buy	890	1030	16	36.7	55.9	78.0	149.9	52.2	39.5	15.9	11.4	2.4	2.1	18.0	20.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Nalco	Neutral	186	185	-1	9.1	12.3	14.1	16.3	35.1	15.0	15.2	13.2	2.1	1.9	14.8	15.3
NMDC	Buy	229	300	31	19.7	25.5	28.5	18.0	29.4	11.5	9.0	8.0	2.2	1.8	26.5	24.7
SAIL	Neutral	142	160	13	2.6	9.8	12.7	-43.8	277	29.1	14.4	11.2	1.0	0.9	7.0	8.6
Tata Steel	Neutral	158	170	8	2.7	9.5	13.3	-61.8	252	39.6	16.5	11.8	2.1	2.0	13.4	17.3
Vedanta	Neutral	440	520	18	13.3	33.9	44.7	-53.1	155	32.1	13.0	9.8	4.7	3.8	38.4	42.6
<b>Aggregate</b>								<b>0.1</b>	<b>35.1</b>	<b>24.0</b>	<b>18.5</b>	<b>13.7</b>	<b>2.9</b>	<b>2.6</b>	<b>15.9</b>	<b>19.1</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	854	770	-10	16.2	18.0	22.0	10.8	11.2	22.3	47.4	38.7	7.0	6.2	15.4	17.0
BPCL	Neutral	304	320	5	63.3	29.0	35.4	1,271.9	-54.2	22.1	10.5	8.6	1.6	1.5	15.7	17.7
Castrol India	Buy	247	250	1	8.7	9.6	10.5	6.0	10.0	9.3	25.7	23.5	10.8	10.2	43.4	44.6
GAIL	Buy	220	260	18	13.7	13.2	16.1	70.1	-3.6	21.4	16.6	13.7	2.0	1.8	13.0	14.6
Gujarat Gas	Buy	619	755	22	16.0	21.0	23.6	-27.8	31.3	12.2	29.5	26.2	4.9	4.4	17.7	17.7
Gujarat St. Pet.	Buy	314	405	29	22.8	11.6	12.1	35.9	-48.9	4.1	27.0	25.9	1.7	1.6	6.3	6.2
HPCL	Buy	342	390	14	75.2	41.3	45.3	-329.4	-45.1	9.7	8.3	7.5	1.4	1.2	17.5	17.0
IOC	Buy	166	195	18	29.5	11.7	13.6	344.7	-60.2	15.6	14.1	12.2	1.2	1.1	8.6	9.4
IGL	Sell	529	465	-12	25.0	22.8	30.2	21.0	-8.8	32.5	23.2	17.5	3.8	3.3	17.5	20.3
Mahanagar Gas	Buy	1697	1995	18	132.3	111.3	117.2	65.4	-15.9	5.4	15.2	14.5	2.9	2.6	20.1	18.8
MRPL	Sell	216	190	-12	20.5	13.8	15.0	36.6	-33.0	9.3	15.7	14.4	2.5	2.2	17.0	16.2
Oil India	Buy	571	560	-2	48.7	46.8	51.7	16.2	-3.9	10.5	12.2	11.1	1.9	1.7	16.3	16.1
ONGC	Buy	320	330	3	46.3	50.3	56.0	44.9	8.6	11.3	6.3	5.7	1.1	0.9	17.6	17.2
PLNG	Neutral	343	310	-10	23.6	29.1	25.7	9.1	23.6	-11.9	11.8	13.4	2.7	2.4	24.1	18.9
Reliance Ind.	Buy	3110	3435	10	102.9	113.9	144.8	4.4	10.7	27.1	27.4	21.5	2.3	2.1	9.3	10.7
<b>Aggregate</b>								<b>80.0</b>	<b>-12.1</b>	<b>14.9</b>	<b>14.5</b>	<b>16.5</b>	<b>2.2</b>	<b>2.0</b>	<b>15.0</b>	<b>12.0</b>
<b>Real Estate</b>																
Brigade Enterpr.	Buy	1270	1525	20	22.1	37.1	42.0	82.6	67.9	13.2	34.2	30.2	5.9	5.0	18.9	18.0
DLF	Neutral	816	850	4	11.0	15.6	17.0	-3.5	42.1	8.5	52.2	48.1	3.4	3.2	9.4	9.5
Godrej Propert.	Buy	3247	3725	15	26.9	34.2	37.8	20.3	27.2	10.6	94.9	85.8	8.2	7.5	9.1	9.2
Kolte Patil Dev.	Buy	410	700	71	-9.2	13.3	42.7	-167.7	LP	221.3	30.9	9.6	3.9	2.8	13.1	34.0
Oberoi Realty	Neutral	1671	-		53.0	50.5	70.8	1.2	-4.7	40.2	33.1	23.6	3.9	3.4	12.6	15.6
Macrotech Devel.	Buy	1448	1770	22	16.9	23.7	35.4	6.0	40.3	49.1	61.0	40.9	7.1	6.1	12.2	16.0
Mahindra Lifespace	Neutral	598	600	0	6.3	7.7	6.3	111.6	21.2	-18.1	78.2	95.4	4.7	4.6	6.2	4.9
Sunteck Realty	Buy	599	640	7	4.8	16.2	23.2	4,699.7	234.8	43.1	37.0	25.8	2.6	2.4	7.4	9.7
Sobha	Buy	1843	2250	22	5.1	35.2	74.2	-52.9	591.2	110.5	52.3	24.8	6.3	5.1	12.7	22.6
Prestige Estates	Buy	1782	2100	18	19.0	19.9	26.2	-1.5	5.0	31.9	89.6	67.9	5.6	5.2	6.4	7.9
Phoenix Mills	Neutral	3958	3220	-19	61.6	60.8	83.0	50.6	-1.3	36.5	65.1	47.7	6.7	5.9	10.9	13.2
<b>Aggregate</b>								<b>17.2</b>	<b>30.6</b>	<b>30.0</b>	<b>76.8</b>	<b>58.8</b>	<b>6.4</b>	<b>5.8</b>	<b>8.3</b>	<b>9.9</b>
<b>Retail</b>																
Avenue Supermarts	Buy	5014	5500	10	39.0	49.8	66.4	6.2	27.9	33.2	100.6	75.5	14.9	12.4	16.0	17.9
Aditya Birla Fashion	Neutral	316	335	6	-7.4	-7.1	-6.4	955.4	Loss	Loss	NM	NM	8.0	9.6	-16.4	-17.7
Bata India	Neutral	1522	1400	-8	22.8	29.2	40.1	-9.2	27.9	37.3	52.2	38.0	10.3	8.1	21.9	23.8
Barbeque-Nation	Neutral	537	600	12	-2.9	-0.5	2.3	-172.8	Loss	LP	NM	233.6	5.4	5.2	-0.5	2.2
Campus Activewe.	Buy	290	335	16	2.9	4.2	5.6	-23.6	42.3	33.8	69.7	52.1	11.4	9.3	16.3	17.9
Devyani Intl.	Buy	175	200	14	0.8	1.2	2.1	-66.5	55.5	74.0	146.2	84.0	27.6	28.2	15.9	33.2
Jubilant Food.	Neutral	560	525	-6	3.9	5.5	8.2	-32.9	39.5	48.3	101.8	68.7	16.1	15.2	15.8	22.1
Kalyan Jewellers	Buy	530	570	7	5.8	8.5	11.5	29.9	46.8	35.6	62.3	46.0	11.3	9.6	19.4	22.6
Metro Brands	Buy	1318	1420	8	12.7	15.3	19.0	-5.2	20.2	23.9	86.0	69.4	15.9	13.3	20.5	21.3
Raymond	Buy	2091	3755	80	104.1	119.2	151.6	10.2	14.5	27.2	17.5	13.8	2.6	2.2	15.9	17.2
Relaxo Footwear	Neutral	822	795	-3	8.1	10.4	13.3	29.8	29.5	27.1	78.8	62.0	9.3	8.4	12.4	14.2
Restaurant Brands	Buy	109	140	29	-4.8	-2.1	0.3	-2.5	Loss	LP	NM	370.2	10.3	10.0	-18.1	2.7
Sapphire Foods	Buy	1531	1800	18	8.2	14.0	24.4	-52.5	71.9	73.8	109.2	62.8	6.8	6.2	6.5	10.3
Shoppers Stop	Neutral	780	780	0	5.5	6.9	10.0	-50.2	25.4	44.9	113.3	77.9	16.3	12.8	20.9	24.2
Senco Gold	Buy	951	1350	42	23.3	30.3	37.1	1.6	30.0	22.6	31.4	25.6	4.7	4.0	15.9	16.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Titan Company	Buy	3259	4000	23	39.3	47.1	57.9	6.8	19.9	22.8	69.2	56.3	23.5	18.2	38.6	36.4
Trent	Buy	5166	6080	18	29.2	49.4	62.7	162.5	69.0	27.0	104.6	82.4	29.5	21.3	35.5	32.1
V-Mart Retail	Neutral	3207	2880	-10	-53.5	-23.3	15.1	1,132.9	Loss	LP	NM	212.2	8.2	7.9	NM	3.8
Vedant Fashions	Neutral	1035	1010	-2	17.1	19.3	23.8	-3.5	13.2	23.3	53.6	43.5	13.8	11.6	26.9	25.9
Westlife Foodworld	Neutral	850	775	-9	4.4	7.2	11.9	-38.0	62.4	65.0	118.0	71.5	15.7	14.5	15.7	21.1
<b>Aggregate</b>								<b>-0.7</b>	<b>36.2</b>	<b>33.7</b>	<b>121.4</b>	<b>89.1</b>	<b>18.3</b>	<b>15.7</b>	<b>15.1</b>	<b>17.6</b>
<b>Technology</b>																
Cyient	Buy	1832	2160	18	66.9	81.2	99.3	27.7	21.4	22.3	22.6	18.5	4.4	4.0	18.8	21.3
HCL Tech.	Buy	1594	1850	16	57.9	62.5	68.5	5.6	7.9	9.7	25.5	23.3	6.5	6.6	25.4	28.2
Infosys	Buy	1793	2000	12	63.3	65.4	78.1	10.0	3.3	19.4	27.4	23.0	8.4	8.4	30.8	36.6
LTI Mindtree	Buy	5760	7000	22	154.8	166.8	198.8	2.0	7.7	19.2	34.5	29.0	7.5	6.5	23.0	23.9
L&T Technology	Buy	4879	5950	22	123.0	129.2	156.1	11.3	5.1	20.8	37.8	31.3	8.6	7.5	24.2	25.7
Mphasis	Neutral	2878	2335	-19	81.8	93.7	101.1	-6.0	14.6	7.9	30.7	28.5	5.7	5.3	19.5	19.4
Coforge	Neutral	5975	6100	2	133.0	169.2	203.3	1.9	27.2	20.1	35.3	29.4	9.0	7.8	26.4	27.7
Persistent Sys	Buy	4583	5700	24	75.1	88.9	114.0	20.1	18.4	28.2	51.4	40.1	12.4	10.7	25.8	28.9
TCS	Buy	4303	4660	8	126.3	143.5	155.4	9.5	13.7	8.3	30.0	27.7	17.9	18.4	58.3	64.9
Tech Mah	Neutral	1491	1355	-9	41.1	43.9	64.3	-28.2	6.8	46.6	34.0	23.2	4.8	4.7	14.4	20.5
Wipro	Neutral	557	500	-10	20.4	22.0	24.5	-1.5	7.9	11.4	25.3	22.7	4.0	3.9	15.7	17.3
Zensar Tech	Neutral	748	750	0	29.1	26.5	32.6	102.7	-8.9	22.8	28.2	23.0	4.2	3.7	16.0	17.4
<b>Aggregate</b>								<b>3.8</b>	<b>10.7</b>	<b>13.2</b>	<b>33.1</b>	<b>29.9</b>	<b>9.3</b>	<b>9.2</b>	<b>28.0</b>	<b>30.8</b>
<b>Telecom</b>																
Bharti Airtel	Buy	1462	1654	13	19.7	35.3	52.6	36.7	79.6	49.1	41.4	27.8	6.6	5.3	19.8	21.9
Indus Towers	Neutral	409	337	-18	22.4	25.1	27.8	151.1	12.0	11.0	16.3	14.7	3.3	2.7	22.2	20.0
Vodafone Idea		16			-11.1	-10.9	-10.4	9.3	Loss	Loss	NM	NM	-0.4	-0.4	NM	NM
Tata Comm	Neutral	1788	1950	9	42.3	40.3	23.1	-30.0	-4.6	-42.7	40.3	23.1	18.8	11.1	56.1	60
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>LP</b>	<b>-76</b>	<b>-329</b>	<b>152.7</b>	<b>23.1</b>	<b>-201.4</b>	<b>-7.0</b>
<b>Others</b>																
APL Apollo Tubes	Buy	1487	1850	24	26.4	37.9	55.7	14.1	43.7	46.7	39.2	26.7	9.2	7.0	26.0	29.8
Cello World	Buy	941	1090	16	15.6	19.0	24.0	24.4	22.1	26.0	49.4	39.2	13.0	9.8	26.3	25.1
Coromandel Intl	Buy	1595	1810	13	55.8	63.0	71.3	-18.5	12.9	13.3	25.3	22.4	4.3	3.7	18.3	17.9
EPL	Buy	221	260	18	8.2	10.1	14.1	13.5	23.7	39.5	21.8	15.7	3.1	2.7	14.7	18.6
Godrej Agrovet	Neutral	807	830	3	18.7	24.5	31.3	44.1	30.8	27.6	32.9	25.8	5.6	4.9	17.7	20.1
Indian Hotels	Buy	577	665	15	8.9	10.5	12.9	25.9	18.5	22.9	55.0	44.8	7.6	6.5	14.7	15.6
Interglobe	Neutral	4279	4135	-3	211.8	187.7	182.6	-2,678.8	-11	-3	22.8	23	17.9	10.1	130.4	55.5
Kajaria Ceramics	Buy	1373	1670	22	27.2	33.1	38.1	27.2	21.7	15.1	41.5	36.0	7.5	6.7	18.6	19.3
Lemon Tree Hotel	Buy	143	175	23	1.9	2.7	4.0	25.7	42.8	48.9	52.5	35.3	9.4	7.4	19.8	23.6
MTAR Tech	Buy	1901	2310	22	18.2	32.1	57.2	-45.7	75.8	78.2	59.3	33.2	7.5	6.1	13.6	20.4
One 97	Neutral	459	500	9	-22.4	-33.2	-13.8	-20.2	Loss	Loss	NM	NM	2.4	2.6	-16.8	-7.6
Qess Corp	Neutral	599	-		22.5	30.3	37.0	96.4	34.5	22.3	19.8	16.2	2.3	2.1	16.2	18.1
SIS	Buy	440	-		13.3	30.8	40.3	-42.6	130.5	30.9	14.3	10.9	1.0	0.8	16.8	18.1
Team Lease Serv.	Buy	2937	-		64.8	90.9	129.2	-0.5	40.3	42.2	32.3	22.7	4.7	3.9	15.0	18.1
UPL	Neutral	543	540	-1	3.7	27.3	45.9	-93.7	646.4	68.0	19.9	11.8	1.1	1.0	8.3	13.0
Updater Services	Buy	309	-		11.4	17.9	23.6	67.8	57.7	31.6	17.2	13.1	2.1	1.8	11.5	13.4
Zomato	Buy	219	220	1	0.4	1.2	3.3	-134.2	189.4	175.7	185.4	67.3	9.0	8.0	5.0	12.6



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	-0.9	4.2	20.1
<b>Nifty-50</b>	-1.1	4.3	23.7
<b>Nifty Next 50</b>	-2.4	-0.3	60.7
<b>Nifty 100</b>	-1.3	3.5	29.3
<b>Nifty 200</b>	-1.4	3.2	32.4
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>-2.4</b>	<b>-1.6</b>	<b>60.9</b>
Amara Raja Ener.	-1.6	10.2	139.0
Apollo Tyres	-4.4	8.4	25.1
Ashok Leyland	-1.9	-4.3	29.3
Bajaj Auto	-2.5	-3.1	94.6
Balkrishna Inds	-0.8	-4.4	29.4
Bharat Forge	-2.6	-7.3	84.6
Bosch	-3.1	3.6	78.4
CEAT	-3.9	7.6	12.3
Craftsman Auto	-1.7	4.5	10.2
Eicher Motors	-1.8	-0.6	45.7
Endurance Tech.	-2.5	0.4	55.4
Escorts Kubota	-1.9	-7.1	68.1
Exide Inds.	-2.7	-3.5	117.3
Happy Forgings	-1.8	0.4	
Hero Motocorp	-1.4	-3.9	75.3
M & M	-2.5	-6.3	78.0
CIE Automotive	-3.1	2.8	13.5
Maruti Suzuki	-0.9	2.3	30.4
MRF	-3.2	2.5	24.7
Sona BLW Precis.	-2.5	7.9	25.2
Motherson Sumi	-5.9	5.4	99.8
Motherson Wiring	-2.5	-5.4	24.4
Tata Motors	-3.4	1.3	59.5
TVS Motor Co.	-0.1	-1.4	80.2
Tube Investments	-2.2	-8.2	25.3
<b>Banks-Private</b>	<b>-0.8</b>	<b>1.8</b>	<b>11.5</b>
AU Small Fin. Bank	0.1	-3.5	-17.6
Axis Bank	-1.3	5.4	34.0
Bandhan Bank	-1.8	-3.2	-10.3
DCB Bank	-2.9	-4.3	5.4
Equitas Sma. Fin	1.5	16.3	137.8
Federal Bank	-2.6	9.7	41.0
HDFC Bank	-0.5	-3.0	-4.6
ICICI Bank	-0.1	9.1	28.3
IDFC First Bank	-2.2	-7.5	-7.1
IndusInd Bank	-1.7	-6.3	0.9
Kotak Mah. Bank	-0.3	4.3	-4.5
RBL Bank	-0.9	-9.7	12.8
SBI Cards	-2.0	-1.6	-17.0
<b>Banks-PSU</b>	<b>-1.4</b>	<b>-2.5</b>	<b>61.5</b>
BOB	-1.9	-11.7	25.3
Canara Bank	-2.5	-6.8	66.8
Indian Bank	-1.3	3.0	72.6
Punjab Natl.Bank	-2.0	-9.2	81.6
St Bk of India	-0.5	4.3	47.9
Union Bank (I)	-3.0	-7.9	59.5

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>-1.5</b>	<b>2.8</b>	<b>34.8</b>
<b>Nifty Midcap 100</b>	<b>-2.1</b>	<b>1.7</b>	<b>51.8</b>
<b>Nifty Smallcap 100</b>	<b>-2.3</b>	<b>1.3</b>	<b>61.3</b>
<b>Nifty Midcap 150</b>	<b>-2.1</b>	<b>1.1</b>	<b>51.1</b>
<b>Nifty Smallcap 250</b>	<b>-2.4</b>	<b>1.3</b>	<b>55.3</b>
<b>NBFCs</b>	<b>-0.8</b>	<b>2.8</b>	<b>15.8</b>
Aditya Birla Capital Ltd	-3.2	-9.4	16.4
Angel One	-3.3	-20.0	38.8
Bajaj Fin.	-2.5	-4.2	-8.6
BSE	-2.1	-16.8	205.5
Cholaman.Inv.&Fn	-1.6	-1.7	21.9
Can Fin Homes	-3.2	-2.0	3.8
Cams Services	-1.0	15.6	81.1
CreditAcc. Gram.	-1.0	-12.9	-1.7
Fusion Microfin.	-1.5	-6.8	-31.4
Five-Star Bus.Fi	0.2	-5.7	18.7
Home First Finan	-1.9	0.3	34.5
Indostar Capital	4.3	-8.8	64.1
IIFL Finance	-1.4	-1.7	-13.8
L&T Finance	-4.7	-0.1	31.8
LIC Housing Fin.	-3.0	4.8	101.0
MCX	-6.0	-1.1	136.9
M & M Fin. Serv.	-1.7	-5.3	-9.3
Muthoot Finance	-0.6	5.5	42.1
Manappuram Fin.	-5.1	13.8	72.4
MAS Financial Serv.	-1.4	-8.6	11.2
360 One	-1.8	13.3	87.2
PNB Housing	-1.1	-7.0	21.9
Repco Home Fin	-3.8	0.9	73.6
Shriram Finance	-2.0	0.7	57.4
Spandana Sphoort	-2.0	-8.0	-1.8
<b>Insurance</b>			
HDFC Life Insur.	-2.0	6.7	-3.5
ICICI Pru Life	-1.7	6.9	15.0
ICICI Lombard	-1.5	6.9	37.7
Life Insurance	-0.1	7.4	78.6
Max Financial	-2.4	2.6	23.2
SBI Life Insuran	-0.7	13.7	25.7
Star Health Insu	0.1	10.7	-8.1
<b>Chemicals</b>			
Alkyl Amines	-1.8	0.2	-19.3
Atul	-2.5	11.4	5.1
Clean Science	-1.4	4.7	10.9
Deepak Nitrite	-1.3	12.3	40.2
Fine Organic	-1.6	9.1	7.9
Galaxy Surfact.	-1.8	4.5	3.9
Navin Fluo.Intl.	-3.2	-2.5	-19.8
NOCIL	-5.2	4.6	36.9
P I Inds.	-2.4	4.4	4.6
SRF	-2.6	-3.1	4.5
Tata Chemicals	-1.5	-5.7	4.7
Vinati Organics	-0.4	0.8	4.7



Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>	<b>-1.9</b>	<b>-5.3</b>	<b>23.3</b>
A B B	-3.5	-10.8	69.6
Bharat Electron	-2.3	-1.0	141.4
Cummins India	-6.3	-6.1	83.4
Hitachi Energy	-5.4	-1.6	166.0
K E C Intl.	-2.6	-2.8	44.4
Kalpataru Proj.	1.5	16.3	137.8
Kirloskar Oil	-4.7	-6.9	191.9
Larsen & Toubro	-1.0	0.8	45.1
Siemens	-3.8	-9.1	84.6
Thermax	0.2	-2.8	106.0
Triveni Turbine	-4.1	0.2	49.1
Zen Technologies	-1.1	16.9	126.1
<b>Cement</b>			
Ambuja Cem.	-1.8	1.7	61.7
ACC	-2.5	-0.1	45.5
Birla Corp.	-3.5	-2.4	23.2
Dalmia Bhar.	-5.1	-1.9	-10.7
Grasim Inds.	-1.7	12.1	54.3
India Cem	0.7	58.8	63.4
J K Cements	-2.0	-0.5	30.6
JK Lakshmi Cem.	-2.2	1.5	24.7
The Ramco Cement	-0.6	-9.5	-15.7
Shree Cement	-2.8	-0.7	13.5
UltraTech Cem.	-3.3	2.4	35.2
<b>Consumer</b>	<b>-0.2</b>	<b>7.8</b>	<b>14.1</b>
Asian Paints	0.5	1.9	-16.2
Britannia Inds.	0.1	9.6	16.0
Colgate-Palm.	0.0	7.8	70.7
Dabur India	-1.9	5.7	10.2
Emami	1.0	11.2	93.4
Godrej Consumer	-0.9	4.3	39.1
Hind. Unilever	-0.4	11.0	2.1
ITC	0.9	12.0	-0.9
Indigo Paints	-2.7	6.5	-2.4
Jyothy Lab.	-0.2	12.9	108.6
Marico	-2.4	7.4	25.7
Nestle India	-1.1	2.8	13.2
Page Industries	0.9	4.0	11.1
Pidilite Inds.	-1.8	0.6	16.7
P & G Hygiene	-1.1	2.1	5.3
Tata Consumer	-0.5	7.5	38.1
United Breweries	-2.8	-3.0	35.2
United Spirits	-0.3	1.8	33.5
Varun Beverages	-1.9	-3.9	90.2
<b>Consumer Durables</b>	<b>-2.0</b>	<b>-2.2</b>	<b>34.1</b>
Polycab India	-3.1	-9.3	47.4
R R Kabel	-2.5	-1.2	
Havells	-5.1	-2.6	29.7
Voltas	-1.1	0.0	90.0
KEI Industries	-6.0	-9.5	56.5
<b>EMS</b>			
Kaynes Tech	-4.3	1.1	114.8

Company	1 Day (%)	1M (%)	12M (%)
Avalon Tech	-1.9	-0.7	-21.5
Syrma SGS Tech.	-2.0	-4.8	-4.8
Cyient DLM	-3.6	5.9	51.1
Data Pattern	0.5	5.8	54.3
<b>Healthcare</b>	<b>-1.7</b>	<b>4.0</b>	<b>44.9</b>
Alembic Pharma	0.3	25.3	63.0
Alkem Lab	-2.6	-1.0	41.1
Apollo Hospitals	-2.1	3.4	23.3
Ajanta Pharma	0.1	-3.5	63.1
Aurobindo	-0.4	8.9	77.2
Biocon	-2.3	0.9	25.6
Zybus Lifesci.	-3.5	6.6	88.4
Cipla	-1.4	-4.8	43.4
Divis Lab	-1.4	0.9	24.2
Dr Reddy's	-0.5	11.4	27.1
ERIS Lifescience	-1.8	-3.3	37.1
Gland Pharma	-1.0	8.9	67.1
Glenmark	0.0	14.3	96.2
Global Health	0.0	-10.9	71.3
Granules	-3.1	7.3	60.5
GSK Pharma	0.4	0.4	83.6
IPCA Labs	-2.7	5.3	50.2
Laurus Labs	-3.6	2.3	25.5
Lupin	-1.7	13.6	91.5
Mankind Pharma	-0.5	-3.8	13.3
Max Healthcare	-1.5	2.3	50.5
Piramal Pharma	-1.1	-3.9	49.6
Sun Pharma	-1.6	4.3	45.0
Torrent Pharma	-3.7	2.1	53.1
<b>Infrastructure</b>	<b>-2.3</b>	<b>2.6</b>	<b>54.3</b>
G R Infraproject	-1.6	-0.8	30.0
IRB Infra.Devl.	-3.1	3.8	155.9
KNR Construct.	-2.3	-4.0	40.2
<b>Logistics</b>			
Adani Ports	-1.6	1.4	100.9
Blue Dart Exp.	-2.7	4.2	12.3
Container Corpn.	-2.8	-8.3	47.4
JSW Infrast	-6.1	4.5	
Mahindra Logis.	-2.0	9.0	28.1
Transport Corp.	-2.7	4.6	27.2
TCI Express	-2.6	0.1	-23.4
VRL Logistics	-2.0	-0.4	-23.4
<b>Media</b>	<b>-2.3</b>	<b>-2.7</b>	<b>-0.5</b>
PVR INOX	-0.7	0.9	-2.6
Sun TV	-2.0	2.4	51.6
Zee Ent.	-3.4	-10.9	-38.4
<b>Metals</b>	<b>-3.9</b>	<b>-5.3</b>	<b>43.0</b>
Hindalco	-3.9	0.1	51.0
Hind. Zinc	-0.9	1.3	98.5
JSPL	-4.4	-9.6	47.9
JSW Steel	-4.5	-2.8	12.3
Nalco	-3.1	0.8	102.4
NMDC	-5.4	-12.7	104.7



Company	1 Day (%)	1M (%)	12M (%)
SAIL	-4.1	-5.4	56.2
Tata Steel	-5.2	-12.4	35.2
Vedanta	-2.6	-1.9	55.1
<b>Oil &amp; Gas</b>	<b>-2.9</b>	<b>6.2</b>	<b>59.9</b>
Aegis Logistics	-3.5	6.2	136.3
BPCL	-4.5	-1.3	58.0
Castrol India	-5.3	20.5	87.1
GAIL	-4.0	1.6	100.7
Gujarat Gas	-2.4	1.2	32.7
Gujarat St. Pet.	-2.1	3.6	6.5
HPCL	-4.5	-0.6	72.0
IOCL	-2.4	-0.8	68.4
IGL	-0.9	12.4	6.4
Mahanagar Gas	-1.7	17.4	59.5
MRPL	-5.7	0.7	148.7
Oil India	-2.4	23.0	234.1
ONGC	-3.6	17.7	91.7
PLNG	-1.2	10.4	52.5
Reliance Ind.	-2.0	6.6	20.1
<b>Real Estate</b>	<b>-2.4</b>	<b>-1.9</b>	<b>104.5</b>
Brigade Enterpr.	-0.3	-3.6	115.0
DLF	-3.4	-5.0	63.0
Godrej Propert.	-3.5	8.2	101.9
Kolte Patil Dev.	-3.5	-6.0	8.7
Mahindra Life.	-1.9	-5.3	23.3
Macrotech Devel.	-1.9	-6.3	107.6
Oberoi Realty Ltd	-2.7	-10.3	56.2
Sobha	-4.4	-8.5	241.3
Sunteck Realty	-2.5	0.3	61.3
Phoenix Mills	-3.3	8.3	142.1
Prestige Estates	1.8	-4.3	223.4
<b>Retail</b>			
Aditya Bir. Fas.	-2.4	-1.7	47.6
Avenue Super.	-1.4	1.6	35.2
Bata India	-0.7	4.9	-10.6
Campus Activewe.	-1.8	3.0	-6.7
Barbeque-Nation	-1.3	-4.3	-21.4
Devyani Intl.	-0.5	2.1	-12.3
Jubilant Food	-1.4	2.9	17.7
Kalyan Jewellers			
Metro Brands	-1.7	6.0	24.0
Raymond	-5.0	38.8	84.2
Relaxo Footwear	-1.2	-1.1	-12.9
Restaurant Brand	-3.0	1.0	-1.7
Sapphire Foods	-1.5	-2.1	6.8
Senco Gold	-1.6	-7.5	147.2
Shoppers St.	-4.9	6.4	0.9
Titan Co.	-0.1	-5.9	8.8
Trent	-2.7	-3.6	201.0
V-Mart Retail	-4.0	13.8	40.7
Vedant Fashions	0.3	-11.2	-17.9
Westlife Food	-0.1	4.1	-3.4

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>	<b>-0.2</b>	<b>14.3</b>	<b>27.3</b>
Cyient	-1.0	-3.2	23.2
HCL Tech.	0.0	10.3	36.4
Infosys	2.0	18.6	21.6
LTIMindtree	0.1	14.8	15.5
L&T Technology	0.6	0.3	17.8
Mphasis	1.4	19.2	32.4
Coforge	-0.2	10.9	22.7
Persistent Sys	-6.4	19.3	78.4
TCS	-0.3	13.2	24.0
Tech Mah	-3.1	8.0	19.8
Wipro	-2.8	12.4	33.3
Zensar Tech	-5.4	5.1	63.3
<b>Telecom</b>	<b>-2.1</b>	<b>4.8</b>	<b>71.1</b>
Bharti Airtel	-1.5	5.0	67.9
Indus Towers	-2.3	22.6	143.2
Idea Cellular	-2.5	-6.2	106.1
Tata Comm	-4.4	-2.3	10.5
<b>Utilities</b>	<b>-2.7</b>	<b>-1.3</b>	<b>90.9</b>
Coal India	-3.4	2.1	113.5
NTPC	-3.5	0.6	89.4
Power Grid Corpn	-2.7	1.5	82.1
<b>Others</b>			
APL Apollo Tubes	-2.4	-5.2	6.6
Cello World	-3.2	4.5	
Coromandel Intl	0.1	1.4	67.8
EPL Ltd	-1.3	14.7	0.4
Godrej Agrovet	-2.1	30.5	59.9
Havells	-5.1	-2.6	29.7
Indian Hotels	-0.8	-6.3	44.4
Interglobe	-3.1	1.3	58.5
Kajaria Ceramics	-0.2	1.9	-4.0
Lemon Tree Hotel	-1.5	-1.5	54.8
MTAR Technologie	-2.5	1.5	-9.7
One 97	3.0	11.8	-45.5
Piramal Enterpr.	-3.5	3.4	-4.8
Quess Corp	-2.3	-1.7	35.1
SIS	0.2	-1.1	3.5
Team Lease Serv.	3.0	3.8	18.7
UPL	-2.9	-2.6	-15.1
Updater Services	-1.5	6.6	
Voltas	-1.1	0.0	90.0
Zomato Ltd	-0.8	10.3	181.9

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## NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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