



**19<sup>th</sup> – 21<sup>st</sup> Aug, 2024 | Grand Hyatt, Mumbai**  
**Motilal Oswal 20th Annual Global Investor Conference**



**EMBRACING AMRITKAAL, ENVISIONING THE FUTURE**

**India's Distinguished Investor Conference**

**7** DAYS  
TO GO...

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	79,706	1.0	10.3
Nifty-50	24,368	1.0	12.1
Nifty-M 100	57,174	0.9	23.8
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,344	0.5	12.0
Nasdaq	16,745	0.5	11.6
FTSE 100	8,168	0.3	5.6
DAX	17,723	0.2	5.8
Hang Seng	6,018	1.3	4.3
Nikkei 225	35,025	0.6	4.7
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	82	1.4	5.2
Gold (\$/OZ)	2,431	0.2	17.9
Cu (US\$/MT)	8,747	0.9	3.3
Almn (US\$/MT)	2,250	1.3	-4.1
Currency	Close	Chg .%	CYTD.%
USD/INR	84.0	0.0	0.9
USD/EUR	1.1	0.0	-1.1
USD/JPY	146.6	-0.4	3.9
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.9	0.00	-0.3
10 Yrs AAA Corp	7.4	0.01	-0.3
Flows (USD b)	9-Aug	MTD	CYTD
FII	0.0	-1.21	2.4
DII	0.47	3.28	34.1
Volumes (INRb)	9-Aug	MTD*	YTD*
Cash	1,223	1374	1297
F&O	1,07,194	3,65,331	3,78,367

Note: Flows, MTD includes provisional numbers.

\*Average



**Today's top research idea**

**Trent: Earnings beat continues**

- ❖ Trent continues to report strong performance despite weak consumption reported by other retailers. Standalone revenue grew 57% YoY in 1QFY25 (5-year CAGR of 40%), aided by store expansion of Zudio (+44% YoY) and double-digit SSSG in fashion concepts. This, along with GM improvement (170bp) and operating leverage, led to 67%/2.3x YoY growth in EBITDA/PAT (16%/12% beat).
- ❖ We increase our PAT estimates for FY25/FY26 by 10%/16%. We estimate a CAGR of 41%/44%/52% in standalone revenue/EBITDA/PAT over FY24-26, led by strong 25% YoY store addition and healthy SSSG.
- ❖ The continued momentum in Star and improving store metrics offer further upside potential. **We reiterate our BUY rating with a revised TP of INR7,040**, given TRENT's strong growth opportunity going forward.



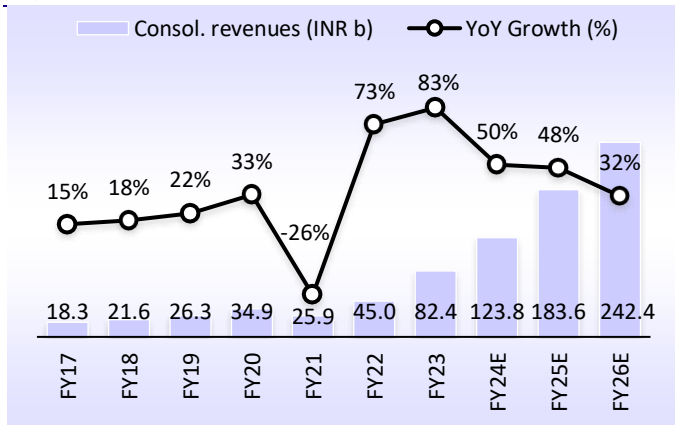
**Research covered**

Cos/Sector	Key Highlights
Trent	Earnings beat continues
Sun TV Network	Core business continues to drag; Downgrade to Neutral
Other Updates	Life Insurance Corporation   Bajaj Finance   Siemens   Grasim   ABB India   Zydus LifeSciences   Oil India   Info Edge   ALKEM Laboratories   Balkrishna Industries   Container Corporation   SAIL   Coromandel International   Deepak Nitrite   Biocon   Jubilant FoodWorks   IRB Infrastructure   Global Health   Sobha   AAVAS Financiers   India Cements   Birla Corporation   Galaxy Surfactants   NOCIL   Avalon Technologies   Kolte Patil Developers   Aurobindo   APL Apollo Tubes   Metro Brands   Amara Raja Energy and Mobility   Vinati Organics   Cello World   Financials   Financials – NBFCs   Oil & Gas



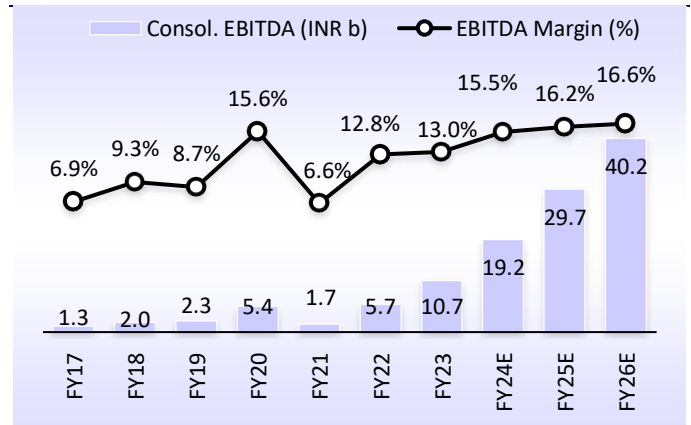
**Chart of the Day: Trent (Earnings beat continues)**

Expect 40% consol. revenue CAGR over FY24-26E



Source: MOFSL, Company

Expect 45% consol. EBITDA CAGR over FY24-26E



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

### Lab grown diamond industry facing challenge of overcapacity, imports

Lab-grown diamonds, as the name suggests, are created in laboratories by replicating the natural high-pressure, high-temperature conditions under which diamonds are formed in the Earth's mantle.

2

### Power demand up 7% on year in July

India's power demand is estimated to have risen by 7% to 150 billion units (BU) in July from the corresponding period of last fiscal owing to higher consumption in rain-deficient northern states.

3

### Officer's Choice maker Allied Blenders in talks to partner global spirits firms to prop up portfolio

The talks, if fructify, will help ABD to widen its product portfolio from largely whisky to a host of spirit segments such as vodka and scotch, while the two global companies will get an entry into the world's biggest alcohol consuming country

4

### Steel prices trade at 3-year lows on increased supplies: Report

Steel prices in India have plummeted to a three-year low, with hot rolled coils and cold rolled coils trading significantly lower than their April 2022 peaks.

5

### BEML planning to export Vande Bharat, Metro Trains

BEML Ltd anticipated significant revenue from its rail, metro, and defence segments. It aimed to boost Vande Bharat and metro train exports by next year. Currently at 4%, BEML sought to push exports to 10% of revenue. The company had reorganized its operations to streamline growth and focused on profitability improvements.

6

### PSU banks raise loan rates as deposit costs rise

BoB and Canara Bank have increased their lending rates by 5 basis points on six-month and one-year tenures with effect from August 12. UCO Bank, too, has raised its lending rates by 5 bps, effective from August 10. One bps is 0.01 percentage point.

7

### Global demand muted; gradual improvement expected in domestic market: Tata Motors

Tata Motors expects demand to remain sluggish in overseas markets this fiscal while pinning hopes on a gradual bounce back in the domestic market on the back of new launches and the upcoming festive season.



Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR6,275      TP: INR7,040 (+12%)      BUY**

**Earnings beat continues**

Bloomberg	TRENT IN
Equity Shares (m)	355
M.Cap.(INRb)/(USD\$)	2230.8 / 26.6
52-Week Range (INR)	6375 / 1703
1, 6, 12 Rel. Per (%)	12/55/227
12M Avg Val (INR M)	3064

**Financials & Valuations Consol (INR b)**

INR b	FY24	FY25E	FY26E
Sales	123.8	183.6	242.4
EBITDA	19.2	29.7	40.2
NP	10.4	19.7	26.1
EBITDA Margin (%)	15.5	16.2	16.6
Adj. EPS (INR)	29.2	55.5	73.4
EPS Gr. (%)	162.5	90.0	32.1
BV/Sh. (INR)	122.4	181.8	260.3

**Ratios**

Net D:E	0.0	0.2	0.2
RoE (%)	31.2	39.0	35.5
RoCE (%)	18.0	25.5	22.0
Payout (%)	7.7	0.0	0.0

**Valuations**

P/E (x)	216.3	113.8	86.1
EV/EBITDA (x)	116.9	76.2	56.4
EV/Sales (x)	18.3	12.4	9.4
Div. Yield (%)	0.1	0.0	0.0

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	37.0	37.0	37.0
DII	13.2	13.9	15.8
FII	27.9	26.8	25.0
Others	21.9	22.3	22.2

FII Includes depository receipts

- Trent continues to report strong performance despite weak consumption reported by other retailers. Standalone revenue grew 57% YoY in 1QFY25 (5-year CAGR of 40%), aided by store expansion of Zudio (+44% YoY) and double-digit SSSG in fashion concepts. This, along with GM improvement (170bp) and operating leverage, led to 67%/2.3x YoY growth in EBITDA/PAT (16%/12% beat). Star format also reported strong SSSG (+22%) with six store addition.
- Based on strong revenue productivity, aggressive store additions, margin tailwinds from moderating RM, and operating leverage, we estimate a CAGR of 41%/52% in revenue/PAT over FY24-26. The continued momentum in Star and improving store metrics offer further upside potential. **We reiterate our BUY rating with a revised TP of INR7,040**, given TRENT's strong growth opportunity going forward.

**Strong LFL & GM margin improves pre-Ind-AS EBIT margin**

- Standalone revenue continued to report robust growth of 57% YoY to INR40b (9% beat), led by 30% store additions and double-digit LFL growth in fashion concepts.
- Gross profit grew 63% YoY to INR18.5b and margin expanded 170bp YoY to 46.2%, possibly due to RM cool off.
- Employee/other expenses grew by 64%/61% YoY to INR3.0b/INR9.3b.
- **EBITDA grew 67% YoY to INR6.1b (16% beat), led by GM improvement and SSSG-led operating leverage.**
  - Reported EBITDA margins rose 90bp YoY to 15.3%,
  - **As per company, standalone Pre-Ind AS EBIT margin stood at 10.6% (up 280bp YoY/250bp QoQ).**
  - **Pre-Ind AS EBITDA (Calc.) increased 78% to ~INR5.5b with margins expansion of 160bp to ~13.8%.**
- PAT grew 2.3x YoY to INR3.4b (12% beat) led by strong SSSG, aggressive footprint growth, GM improvement and operating leverage.

**Highlights from the management commentary**

- **Strong SSSG:** Fashion concepts (Westside and Zudio and others) saw double-digit LFL growth.
- **Store portfolio:** Included 228 Westside stores, 559 Zudio stores and 36 stores across other lifestyle concepts. During the quarter, TRENT opened 6 Westside and 16 Zudio stores across 12 cities.
- **Zara buyback:** The board has approved the buyback of 140,000 equity shares held by the company in Inditex Trent Retail India (ITRIPL), an associate company, pursuant to the buyback offer made by ITRIPL at INR7,506/- per share. The buyback is subject to acceptance by ITRIPL.
- Emerging categories, including beauty and personal care, innerwear and footwear, contributed to over 20% of standalone revenues.



- Online revenues continued to grow through [Westside.com](https://www.westside.com) and other Tata group platforms by over 30% and contributed over 5% of Westside revenues.

### Valuation and view

- TRENT's strong performance with double-digit LFL growth and robust footprint additions remains an outlier within our retail coverage universe, which is witnessing a challenging demand environment. Unlike peers that passed on the sharp RM price increases last fiscal, Trent absorbed the impact, seeing strong customer reception and is now reaping the benefits, as RM prices turn benign.
- Further, despite adding stores aggressively, the company has observed limited balance sheet risk or weakness in operations.
- TRENT's industry-leading revenue growth, driven by healthy SSSG and productivity, robust footprint additions, and healthy scale-up of Zudio, offers a huge runway for growth over the next three to five years.
- The company's grocery segment, Star, with merely 72 stores and FY24 revenue of INR27.5b, is seeing strong LFL growth. This presents a huge opportunity for growth. Its own brand strategy and curated range are witnessing strong customer reception.
- We increase our PAT estimates for FY25/FY26 by 12%/16%. We estimate a CAGR of 41%/44%/52% in standalone revenue/EBITDA/PAT over FY24-26, led by strong 25% YoY store addition and healthy SSSG.
- We assign 60x EV/EBITDA to the standalone business (Westside and Zudio; premium over our Retail Universe, given its superlative growth), 2x EV/sales to Star Bazaar, and 15x EV/EBITDA to Zara on FY26E, and arrive at our TP of INR7,040. Adjusting the value of Star and Zara, the stock is trading at 90x PE on FY26E for the Standalone business. **We reiterate our BUY rating on the stock.**

### Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1QE		
Revenue	25,364	28,907	33,125	31,869	39,917	43,361	49,687	46,111	1,19,266	1,79,076	36,778	9
YoY Change (%)	53.5	59.4	52.5	53.4	57.4	50.0	50.0	44.7	54.6	50.1	45.0	
Total Expenditure	21,708	24,299	26,893	27,097	33,812	36,324	40,182	39,032	99,996	1,49,350	31,519	7
EBITDA	3,657	4,609	6,232	4,773	6,106	7,037	9,505	7,079	19,269	29,727	5,259	16
EBITDA Margin (%)	14.4	15.9	18.8	15.0	15.3	16.2	19.1	15.4	16.2	16.6	14.3	
Depreciation	1,335	1,448	1,575	2,027	1,759	1,809	1,859	1,994	6,385	7,422	1,487	18
Interest	891	923	957	322	312	460	460	460	3,094	1,692	593	-47
Other Income	498	1,511	768	733	461	1,016	1,016	1,016	3,509	3,509	877	-47
PBT before EO expense	1,928	3,748	4,467	3,157	4,496	5,784	8,202	5,641	13,300	24,122	4,056	11
Extra-Ord expense	0	0	0	5,434	0	0	0	0	5,434	0	0	
PBT	1,928	3,748	4,467	8,591	4,496	5,784	8,202	5,641	18,733	24,122	4,056	11
Tax	445	851	1,031	2,048	1,074	1,446	2,050	1,410	4,375	5,981	1,014	
Reported PAT	1,483	2,897	3,436	6,543	3,422	4,338	6,151	4,231	14,358	18,142	3,042	12
Adj PAT	1,483	2,897	3,436	2,477	3,422	4,338	6,151	4,231	10,292	18,142	3,042	12
YoY Change (%)	44.5	55.9	113.5	135.6	130.8	49.8	79.0	70.8	85.6	76.3	105.2	

E: MOFSL Estimates



# Sun TV Network

Estimate change	↔
TP change	↔
Rating change	↓

**CMP: INR911 TP: INR860 (-6%) Downgrade to Neutral**

Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USDb)	361.3 / 4.3
52-Week Range (INR)	922 / 531
1, 6, 12 Rel. Per (%)	16/35/47
12M Avg Val (INR M)	789

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	41.5	41.4	44.1
EBITDA	25.8	24.6	26.0
Adj. PAT	18.8	18.8	20.0
EBITDA Margin (%)	62.3%	59.3%	59.0%
Adj. EPS (INR)	47.6	47.7	50.8
EPS Gr. (%)	12.0%	0.3%	6.5%
BV/Sh. (INR)	262.7	281.6	304.7
<b>Ratios</b>			
Net D:E	-0.7	-0.7	-0.8
RoE (%)	18.1%	16.9%	16.7%
RoCE (%)	19.3%	17.6%	17.4%
Payout (%)	40.7%	60.5%	54.5%
<b>Valuations</b>			
P/E (x)	19.2	19.2	18.0
P/B (x)	3.5	3.2	3.0
EV/EBITDA (x)	11.3	11.6	10.6
Div. Yield (%)	1.8%	2.7%	2.6%
FCF Yield (%)	4.4%	3.9%	4.0%

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	8.2	6.5	3.7
FII	7.9	8.9	10.4
Others	8.9	9.6	11.0

FII Includes depository receipts

### Core business continues to drag

- SUNTV reported weak 1QFY25 performance in its core business, with ad/subscription revenue declining 5%/2% YoY owing to cricket and general elections. Higher direct costs (+720bp YoY) and operating deleverage led to a 430bp margin contraction.
- Prolonged weakness in ad revenue, coupled with risk around market share loss, and strong competition from deep-pocketed OTT players continued to pose concerns. However, the potential tailwinds from the ad revenue from 3QFY25 could be a key positive.
- SUNTV is trading at 18x P/E on FY26E with earnings likely to remain under pressure due to higher channel costs on the launch of SunNeo (a new Hindi channel) and weak core revenue. **We downgrade our ratings on the stock to Neutral (from Buy), with a TP of INR860.**

### Revenue/EBITDA down 3%/6% YoY

- Revenue declined 3% YoY to INR12.8b (8% miss), led by all the segments.
  - Revenue from the cricket franchisee (IPL; 39% revenue contribution) declined 3% YoY to INR5b,
  - Adjusting for the cricket franchisee income, revenue declined 3% YoY to INR7.8b led by a shift in viewership towards cricket and elections.
  - Zee's ad revenue also declined 3% YoY.
- Operating expenses grew 7% YoY to INR5.7b driven by the increase in production costs.
  - Cricket franchisee fee declined 4% YoY to INR1b.
- As a result, EBITDA declined 10% YoY to INR7.1b (15% miss), with a margin contraction of 430bp to 55.4%.
  - Adjusting for the cricket franchisee costs, EBITDA declined 18% YoY to INR3.1b and margin contracted 730bp YoY to 39.8%.
- Net profit declined 6% YoY to INR5.5b (10% miss), mainly due to the decline in EBITDA. The higher depreciation cost was partly offset by the increase in other income.
- The company declared an interim dividend of INR5/share.

### Valuation and view

- The prolonged weakness visible within ad revenue has hit revenue growth. Recovery within ad spends and signs of revival in the FMCG segment would remain the key monitorables for the stock.
- The continued conservative approach towards investments in OTT, with the focus remaining on movie production and monetization of its existing library, however, remains a key risk within the fast-growing OTT space.
- SUNTV's healthy liquidity and a cash balance of INR3.6b as of Mar'24 offer room to intensify investments within the linear and hyper- competitive OTT space.
- We cut our EBITDA by 10% each for FY25/FY26E owing to slower ad recovery and higher content costs because of the launch of a new Hindi channel, SunNeo. We expect a revenue/PAT CAGR of 3% each over FY24-26. We value the stock at 17x FY26E P/E to arrive at our TP of INR860. **We downgrade our rating on SUNTV to Neutral from Buy.**

**Standalone - Quarterly Earnings Model**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1QE		
<b>Revenue</b>	<b>13,178</b>	<b>10,180</b>	<b>8,855</b>	<b>9,271</b>	<b>12,761</b>	<b>9,005</b>	<b>9,432</b>	<b>10,203</b>	<b>41,484</b>	<b>41,402</b>	<b>13,832</b>	<b>-8</b>
YoY Change (%)	10.4	27.8	3.3	14.0	-3.2	-11.5	6.5	10.0	13.3	-0.2	5.0	
Total Expenditure	5,313	3,018	3,117	4,186	5,697	3,431	3,546	4,168	15,634	16,842	5,526	<b>3</b>
<b>EBITDA</b>	<b>7,865</b>	<b>7,162</b>	<b>5,738</b>	<b>5,086</b>	<b>7,064</b>	<b>5,574</b>	<b>5,887</b>	<b>6,035</b>	<b>25,850</b>	<b>24,559</b>	<b>8,306</b>	<b>-15</b>
YoY Change (%)	3.0	36.5	0.1	4.3	-10.2	-22.2	2.6	18.7	10.0	-5.0	5.6	
Depreciation	852	2,143	1,109	1,036	1,089	1,176	1,176	1,263	5,140	4,705	1,397	-22
Interest	22	7	9	8	14	11	11	9	46	46	11	18
Other Income	1,156	1,071	1,293	1,301	1,402	1,330	1,330	1,258	4,821	5,321	1,205	16
<b>PBT</b>	<b>8,147</b>	<b>6,082</b>	<b>5,913</b>	<b>5,343</b>	<b>7,363</b>	<b>5,717</b>	<b>6,029</b>	<b>6,020</b>	<b>25,485</b>	<b>25,130</b>	<b>8,103</b>	<b>-9</b>
Tax	2,319	1,520	1,540	1,355	1,894	1,438	1,517	1,473	6,734	6,322	2,039	
Rate (%)	28.5	25.0	26.0	25.4	25.7	25.2	25.2	24.5	26.4	25.2	24.6	
<b>Reported PAT</b>	<b>5,828</b>	<b>4,562</b>	<b>4,373</b>	<b>3,988</b>	<b>5,469</b>	<b>4,278</b>	<b>4,512</b>	<b>4,547</b>	<b>18,752</b>	<b>18,807</b>	<b>6,065</b>	<b>-10</b>
YoY Change (%)	18.5	13.9	5.0	9.0	-6.2	-6.2	3.2	14.0	12.0	0.3	4.8	

E: MOFSL Estimates



# Life Insurance Corporation

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR 1,133 TP: INR 1,350 (+19%) Buy**

## Net premium up 16% YoY, VNB margin rises 20bp YoY to 13.9%

### Guides for medium-term VNB margin of 20%+

- LIC's 1QFY25 PAT grew 10% YoY to INR105b. Net premium income rose 16% YoY to INR1,138b, resulting in a market share of 64% vs. 61.4% in 1QFY24.
- VNB (net) increased 10% YoY to INR16.1b, whereas APE grew 21% YoY to INR115.6b. VNB margin (net) expanded to 13.9% vs. 13.7% in 1QFY24.
- We raise our premium growth estimates and lower our VNB margin estimates for FY25/FY26. With the increase in the share of the non-par segment, we expect VNB margin to improve to 18% by FY26. **Reiterate BUY with a TP of INR1,350 (premised on 0.9x FY26E EV).**

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	7169.1 / 85.4
52-Week Range (INR)	1222 / 597
1, 6, 12 Rel. Per (%)	10/-7/52
12M Avg Val (INR m)	3582

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Premiums	4,744	5,192	5,528
Surplus / Deficit	346.1	371.6	443.6
Sh. PAT	406.9	443.9	481.8
NBP gr -unwtd (%)	(4.0)	8.0	8.0
NBP gr - APE (%)	(1.7)	15.0	8.0
Premium gr (%)	0.2	6.4	7.5
VNB margin (%)	16.8	17.0	18.0
RoEV (%)	24.9	11.5	11.3
Total AUMs (INR t)	53.5	57.2	65.7
VNB (INR b)	95.8	112.3	128.4
EV per share	1,150	1,282	1,427

### Valuations

P/EV (x)	1.0	0.9	0.8
P/EVOP (x)	10.7	10.2	9.1

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	96.5	96.5	96.5
DII	0.9	0.9	0.8
FII	0.2	0.2	0.1
Others	2.4	2.5	2.6

FII Includes depository receipts

### APE share of Non-Par individual business improves

- LIC's first/renewal/single premium rose 10%/5%/31% YoY to INR74.7b/INR564b/INR500b. For 1QFY25, individual new business premium income increased by 13.7% to INR 118.9b.
- On APE basis, total premium came in at INR115.6b. Within the Individual Business, the share of Par products on APE basis was 76.1% vs. 90% in 1QFY24.
- Non-Par APE stood at INR16.2b, up 165.6% from INR6.1b in 1QFY24. Resultantly, the share of non-par products increased to 23.9% from 10% in 1QFY24.
- On the distribution front, the share of the agency channel stood at 95.8% vs. 96.5% in 1QFY24. The share of the banca channel marginally improved to 3.5% YoY in 1QFY25 from 3.2% in 1QFY24.
- The 13<sup>th</sup>/25<sup>th</sup>/37<sup>th</sup>/49<sup>th</sup>/61<sup>st</sup> month persistency stood at 72.4%/68.8%/66.4%/60.7%/58.4% in 1QFY25 vs. 75.1%/70.9%/64.3%/61.6%/59.3% in 1QFY24.
- AUM increased to INR54t in 1QFY25 from INR46t in 1QFY24, up 16% YoY.
- The yield on investments on policyholder's funds excluding unrealized gains was 8.54% in 1QFY25 vs. 8.78% in 1QFY24.

### Highlights from the management commentary

- VNB margin is a result of overall business mix and marketing strategy of the company. Within Par segment, the decline in VNB margins was due to the business mix. The downward trends in risk-free rates also affected margins.
- LIC has to make the products competitive, which might hurt margins; however, the introduction of new products might offset the impact. The medium-term target for VNB margins is 20%+, with the focus on Non-par business.
- On a policy basis, 13M persistency has improved. Persistency can improve further if the ticket sizes are increased; however, with the challenges of affordability, small ticket sizes still remain.



### Valuation and view

LIC has levers in place to maintain its industry-leading position and ramp up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). New product launches and the fast-paced implementation of digital tools will enable LIC to bridge the gap with private players. We have raised our premium growth estimates and lowered our VNB margin estimates for FY25/FY26. With the increase in the share of the non-par segment, we expect VNB margin to improve to 18% by FY26. We expect LIC to deliver a 12% CAGR in APE over FY24-26, enabling a 16% VNB CAGR. However, we expect operating RoEV to remain modest at 9.6% in FY26, given its lower margin profile than private peers and a large EV base. Reiterate BUY with a TP of INR1,350 (premised on 0.9x FY26E EV).

### Quarterly Performance

Policy holder's A/c (INRb)	FY24				FY25E				(INR b)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25E
First year premium	68	100	84	138	75	112	94	149	429
Growth (%)	-8%	9%	-13%	8%	10%	12%	12%	8%	10%
Renewal premium	536	596	624	774	564	638	665	791	2,658
Growth (%)	7%	6%	4%	2%	5%	7%	6%	2%	5%
Single premium	381	378	464	614	500	422	486	704	2,112
Growth (%)	-7%	-43%	10%	42%	31%	12%	5%	15%	15%
<b>Net premium income</b>	<b>984</b>	<b>1,074</b>	<b>1,170</b>	<b>1,523</b>	<b>1,138</b>	<b>1,168</b>	<b>1,246</b>	<b>1,640</b>	<b>5,192</b>
Growth (%)	0%	-19%	5%	16%	16%	9%	6%	8%	9%
<b>PAT</b>	<b>95</b>	<b>79</b>	<b>94</b>	<b>138</b>	<b>105</b>	<b>84.35</b>	<b>98</b>	<b>157</b>	<b>444</b>
Growth (%)	NM	NM	49%	2%	10%	6%	3%	14%	9%
<b>Key metrics (INRb)</b>									
New business APE	95.3	131.0	131.6	211.8	115.6	145.3	151.9	247.6	660.4
Growth (%)	-7%	-12%	7%	11%	21%	11%	15%	17%	15%
VNB	13.1	20.0	26.3	36.5	16.1	22.5	27.3	46.3	112.3
Growth (%)	-7%	-12%	46%	-2%	23%	13%	4%	27%	17%
AUM (INRt)	46	47	50	51	54	55	56	57	57
Growth (%)	12%	10%	12%	16%	16%	15%	12%	11%	7%
<b>Key Ratios (%)</b>									
<b>Key metrics (INRb)</b>									
VNB Margins (%)	13.7	15.3	20.0	17.2	13.9	15.5	18.0	18.7	17.0
Solvency ratio (%)	189.0	190.0	193.0	198.0	199.0	190.0	193.0	198.0	202



# Bajaj Finance

BSE Sensex  
79,706

S&P CNX  
24,368

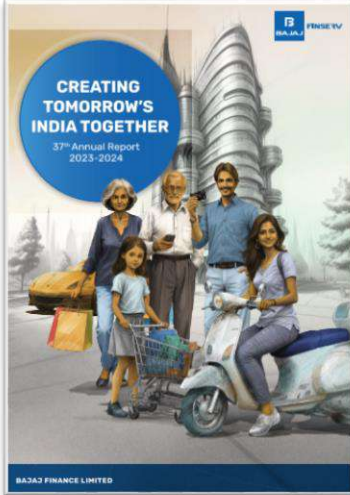
**CMP: INR6,618**

**TP: INR7,500 (+13%)**

**Neutral**

## Dark clouds on the horizon, but BAF will come out stronger

The FY24 Annual Report of Bajaj Finance (BAF) outlined its rolling Long Range Strategy (LRS) FY24-28 and the progress it has made on the LRS of the previous year. The LRS highlights the company's ambitions, philosophy, and competitive positioning in the market, and aspirations for profit share. BAF plans to enhance its business agility, optimize its cost structure, and deepen customer relationships to capture a larger share of its customers' financial needs. Through these strategic efforts, Bajaj Finance will aim to maintain its competitive edge and deliver long-term value creation.



### Stock Info

Bloomberg	BAF IN
Equity Shares (m)	619
M.Cap.(INRb)/(USD\$b)	4096.6 / 48.8
52-Week Range (INR)	8192 / 6188
1, 6, 12 Rel. Per (%)	-6/-12/-31
12M Avg Val (INR M)	8458
Free float (%)	45.3

### Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
Net Income	363	447	562
PPP	239	298	380
PAT	144	171	223
EPS (INR)	234	275	359
EPS Gr. (%)	23	18	30
BV/Sh. (INR)	1,240	1,491	1,803

### Ratios

NIM (%)	10.4	9.8	9.9
C/I ratio (%)	34.0	33.5	32.4
RoA (%)	4.4	4.0	4.2
RoE (%)	22.0	20.2	21.8
Payout (%)	15.4	14.8	13.1

### Valuations

P/E (x)	28.3	24.0	18.4
P/BV (x)	5.3	4.4	3.7
Div. Yield (%)	0.5	0.6	0.7

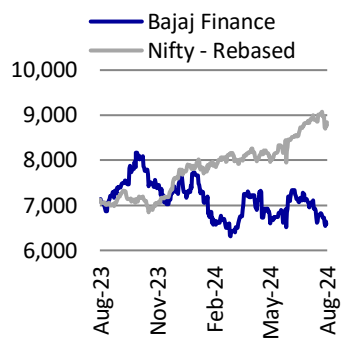
### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	54.7	54.7	55.9
DII	14.3	14.4	12.9
FII	21.2	20.7	20.2
Others	9.8	10.2	11.0

FII Includes depository receipts

- Strategic expansion and innovation:** BAF's omni-channel strategy and continuous innovation drive its growth, with a presence in 4,145 locations and significant digital platform enhancements. BAF has further strengthened its search ecosystem, thereby laying a strong foundation for accommodating a one-billion-web traffic over the medium term and moving towards 'Zero Paid' traffic.
- Enhanced regulatory compliance and capitalization:** As an upper-layer NBFC, BAF adheres to the RBI's enhanced regulatory framework, and maintained a CRAR of ~22.5% as of Mar'24. The company also raised substantial equity capital, securing INR88b through QIP and USD725m in ECB, thus ensuring robust liquidity and capitalization.
- Customer acquisition and product diversity:** BAF expanded its customer base to 83.64m, and acquired 14.5m new customers in FY24. BAF's product portfolio spans ten broad categories, including consumer lending, personal loans, SME lending, auto financing, rural lending, gold loans, commercial lending, loan against securities, deposits, and partnerships and services.
- Debt management and portfolio quality:** BAF prioritizes robust debt management strategies and maintains high portfolio quality with a diversified risk profile. The company has implemented a non-intrusive debt management mechanism and follows a strict governance model, ensuring minimal delinquent debt levels and promoting fair and ethical recovery practices.
- Valuation and View:** After navigating the challenges of the Covid years, BAF returned to robust operational and financial performance in FY24. The company's omnichannel strategy and continuous innovation are likely to drive greater customer acquisition, loyalty, more profitable cross-selling, and better margins for each of its businesses in FY25, positioning BFL for sustained growth and success. However, it would have to first navigate the stress in its B2C business segments (entailing higher credit costs), which will also necessitate pruning business growth in these segments.
- Despite a healthy PAT CAGR of ~24% over FY24-FY26E and RoA/RoE of 4.2%/22% in FY26E, we see limited upside catalysts. **Consequently, we reiterate our Neutral rating on the stock with a TP of INR7,500 (premised on 4.2x FY26E BVPS).**

Stock Performance (1-year)



**LRS: Quite a few additions and only getting better**

- BAF employs a disciplined approach to long-range strategic planning, involving a rolling five-year LRS. The plan is executed over a 15-24-month horizon. The **LRS 2024-28** envisages **expanding** BFL's product stack with new product launches, expanding product coverage, **increasing** the customer footprint across digital platforms, and **leveraging** megatrends for business growth. Notable initiatives include:
  - **Product innovations:** Launching assured buyback on new cars, embedded insurance, commercial vehicle financing, affordable mortgages, auto leasing, financing for industrial equipment, postpaid services, co-lending, and EV financing.
  - **Geographic expansion:** Expanding presence in UP, Bihar, and North-East
  - **Digital platforms:** Increasing downloads of Bajaj Finserv App, enhancing web traffic, and investing in marketplaces, social, and rewards platforms.
  - **Subsidiaries:** Aiming for significant contributions from retail mortgages and broking accounts.

**Omnichannel strategy: Reducing friction for customers across platforms**

- BAF's omnichannel strategy aims to be an omnipresent financial services company, with a customer base of 88.1m and over 70 financial products. The strategy spans physical, app, web, social, and virtual platforms. Key areas of focus include geographic expansion, the Bajaj Finserv app, the Bajaj Finserv website, payments, productivity apps, and a customer data platform (CDP). During FY24, the company made significant progress across all these domains.
- BAF has expanded its physical presence to 4,200+ locations and over 198K points of sale (POS). It has expanded its base of merchants in the Payments business with over 3.1m merchants. It has also rapidly expanded its presence across the digital space through three proprietary marketplaces — the 'Insurance Marketplace', the 'Investment Marketplace' and the 'Bajaj Mall'.

**Focus on risk management is supreme and all encompassing**

- BAF's diversified risk across millions of customers and product categories, along with a strategic shift towards secured lending, will ensure a strong portfolio quality. The company continues to expand its product offerings and geographical presence, focusing on lower-risk assets and leveraging its 'acquire and cross-sell' strategy.
- The company employs a robust debt management strategy to minimize delinquent debt levels. Initiatives include advance payment reminders, customer counseling, a centralized call monitoring infrastructure, dedicated debt management service desks, and online training for agents.
- BAF's omni-channel strategy and continuous innovation are expected to drive greater customer acquisition, loyalty, and profitability, positioning BFL for sustained growth and success.



Estimate changes	↓
TP change	↓
Rating change	↔

**CMP: INR6,883      TP: INR7,800 (+13%)      Buy**

**A big miss but thesis intact**

Siemens' 3QFY24 result was weaker than our estimates on revenue/EBITDA/PAT as slower-than-expected execution and weak margins in mobility and digital industries weighed on the overall performance. The company reported a revenue/PAT miss of 15%/22% vs. our estimates for 3QFY24. Order inflows improved 18% YoY to INR62.5b, mainly driven by Smart Infrastructure, Mobility, and Energy segments, while the digital industries division continues to witness weak ordering trajectory. We cut our estimates by 9% each for FY25/26E to factor in lower revenue and near-term weakness in certain segments. However, we continue to expect Siemens to be a key beneficiary of the incremental spending on transmission, HVDC, renewables, and railway projects. We reiterate our BUY rating with a revised TP of INR7,800 (vs. INR8,600 earlier).

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	2453.5 / 29.2
52-Week Range (INR)	7974 / 3246
1, 6, 12 Rel. Per (%)	-11/49/60
12M Avg Val (INR M)	2023

**Financials Snapshot (INR b)**

Y/E SEP	FY24E	FY25E	FY26E
Net Sales	221.2	252.4	300.5
EBITDA	31.7	38.5	47.7
PAT	26.7	31.2	38.8
EPS (INR)	74.9	87.7	108.8
GR. (%)	35.9	17.1	24.1
BV/Sh (INR)	423.0	487.8	568.2

**Ratios**

ROE (%)	18.9	19.3	20.6
RoCE (%)	18.7	19.1	20.4

**Valuations**

P/E (X)	91.9	78.5	63.2
P/BV (X)	16.3	14.1	12.1
EV/EBITDA (X)	74.0	60.5	48.2
Div Yield (%)	0.3	0.3	0.4

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	7.0	7.4	8.0
FII	8.6	8.3	7.6
Others	9.4	9.3	9.4

FII Includes depository receipts

**Result weak on all parameters**

For 3QFY24, Siemens reported 7%/27% YoY growth in revenue/PAT while EBITDA declined 2% YoY. Revenue growth was weak across segments, with a revenue decline of 2% YoY seen in the energy segment, while mobility revenue grew just 7% YoY, smart infrastructure (+14% YoY), and digital industry (+8% YoY). Gross margin improved 80bp YoY, likely due to a favorable product mix. EBITDA margin came in at 13.3% vs. 11.6% in 3QFY23, led by higher gross margin and operating leverage benefits. Overall order inflows for the quarter jumped 18% YoY to INR62.4b, driven by all segments barring digital industries, where weakness persists. The company's order book at 3QFY24-end stood at INR473b. The company is optimistic about the growth prospects from higher spending by the government on infrastructure, which will continue to support demand for its products and solutions.

**Miss across all the segments**

Within segments, the Energy segment posted a 2% YoY decline in revenue and 240bp YoY margin improvement. We expect that to have come from improved pricing for its products. The Energy segment is already witnessing tailwinds from the pipeline in renewable energy integration, transmission network expansion, modernization of aging turbines, adoption of WHRS in cement plants, et al. The Smart Infrastructure segment clocked a 15% YoY revenue growth and 400bp margin improvement. The mobility segment posted just 7% YoY growth in revenue but a sharp contraction of 390bp in margin, while it had earlier started to improve in previous quarters. The government's continued focus on modernization, e-locos, propulsion systems, trainsets, metros, bogies, etc. augurs well for this segment going forward. The Digital Industry segment clocked a 15% YoY decline in revenue primarily on weak order inflows. Margin contracted in this segment sharply sequentially.

### Benefitting from the expanding addressable market

The addressable market for Siemens is expanding rapidly, and the company is ideally positioned with its products across segments to benefit from the same. Despite weak execution in the current quarter, we expect the company to continue benefiting from fast-growing transmission, energy transition, and the data center market. Along with this, continued focus on renewable energy transition in the global market should also help SIEM to participate in opportunities with its upcoming new facilities. SIEM is already expanding facilities across GIS, metro, and transformers to cater to both domestic and export demand.

### Financial outlook

We cut our estimates to factor in lower execution and margins. We expect a revenue/EBITDA/PAT CAGR of 15%/24%/25% over FY23-26. The downward revision is primarily driven by: 1) lower revenue in digital industries as inflows continued to remain weak, and 2) lower margin in the mobility segment.

### Valuation and view

The stock is currently trading at a P/E of 78.5x/63.2x on FY25E/FY26E. We remain positive on Siemens, as the company is a direct play on the transmission and HVDC-related spending over the next few years. It is also rightly positioned to capture the railway-related opportunities. **Reiterate BUY with a revised TP of INR7,800.**

#### Consolidated Earnings Model

Y/E September	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>40,151</b>	<b>48,578</b>	<b>48,732</b>	<b>58,077</b>	<b>48,252</b>	<b>57,499</b>	<b>52,035</b>	<b>63,463</b>	<b>1,95,538</b>	<b>2,21,249</b>	<b>61,469</b>	<b>-15</b>
YoY Change (%)	17.4	22.8	14.4	24.7	20.2	18.4	6.8	9.3	21.2	13.1	26.1	
Total Expenditure	34,159	42,366	43,067	51,075	42,291	48,717	45,120	53,434	1,70,667	1,89,561	52,130	
<b>EBITDA</b>	<b>5,992</b>	<b>6,212</b>	<b>5,665</b>	<b>7,002</b>	<b>5,961</b>	<b>8,782</b>	<b>6,915</b>	<b>10,030</b>	<b>24,871</b>	<b>31,689</b>	<b>9,339</b>	<b>-26</b>
Margins (%)	14.9	12.8	11.6	12.1	12.4	15.3	13.3	15.8	12.7	14.3	15.2	
Depreciation	761	785	876	786	785	800	855	898	3,208	3,338	876	-2
Interest	37	99	43	49	34	313	53	20	228	420	37	45
Other Income	1,017	1,166	1,324	1,455	1,641	3,210	1,568	1,526	4,962	7,945	1,561	0
<b>PBT before EO expense</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,622</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>10,638</b>	<b>26,397</b>	<b>35,876</b>	<b>9,987</b>	<b>-24</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	-1	0	0	
<b>PBT</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,622</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>10,638</b>	<b>26,398</b>	<b>35,876</b>	<b>9,987</b>	<b>-24</b>
Tax	1,584	1,776	1,513	1,905	1,726	2,851	1,794	2,841	6,778	9,212	2,567	
Rate (%)	25.5	27.3	24.9	25.0	25.4	26.2	23.7	26.7	25.7	25.7	25.7	
<b>Reported PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,717</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>7,797</b>	<b>19,620</b>	<b>26,664</b>	<b>7,420</b>	<b>-22</b>
<b>Adj PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,717</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>7,797</b>	<b>19,619</b>	<b>26,664</b>	<b>7,420</b>	<b>-22</b>
YoY Change (%)	86.8	38.8	50.6	49.8	9.3	70.2	26.9	36.4	55.5	35.9	62.8	
Margins (%)	11.5	9.7	9.4	9.8	10.5	14.0	11.1	12.3	10.0	12.1	12.1	





# Grasim

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR2,573 TP: INR3,030 (+18%) Buy**

## Higher losses in Paints lead to earnings miss

### More than 80% of the 145 planned products launched in the market

Bloomberg	GRASIM IN
Equity Shares (m)	681
M.Cap.(INRb)/(USD\$)	1730.7 / 20.6
52-Week Range (INR)	2878 / 1751
1, 6, 12 Rel. Per (%)	-7/7/16
12M Avg Val (INR M)	1890

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	319.0	341.8	372.3
EBITDA	21.9	32.3	38.4
Adj. PAT	13.1	16.8	21.9
EBITDA Margin (%)	6.9	9.4	10.3
S/A Adj. EPS (INR)	19.7	24.6	32.2
S/A EPS Gr. (%)	(19.2)	25.1	30.6
Consol EPS (INR)	91.0	105.2	120.5
BV/Sh. (INR)	816.1	848.8	891.2

### Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	0.1	1.7	3.4
RoCE (%)	3.2	5.0	6.0

### Valuations

P/E (x)	33.7	26.9	20.6
EV/EBITDA (x)	3.2	3.0	2.9
Div. Yield (%)	3.3	2.3	1.8
FCF Yield (%)	0.2	0.3	0.3

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	43.1	43.1	42.8
DII	16.7	17.0	16.8
FII	17.0	16.8	16.5
Others	23.3	23.2	23.9

FII Includes depository receipts

- Grasim's 1Q performance was significantly below our estimates, mainly due to higher losses (INR3b vs. INR800m/INR1b in 1Q/4QFY24) in the new business segments (Birla Opus and Birla Pivot). EBITDA was INR3.3b (-52% YoY) vs. our estimate of INR5.7b and OPM was 4.7% (-6pp YoY) vs. our estimate of 8.3%. It posted a net loss of INR521m (vs. our PAT est. of INR1b).
- Management indicated that Birla Opus started commercial production at three plants in Apr'24. Out of 145 products planned, ~80% have been launched into the markets and received a good response from customers. Grasim has already established 108 depots to date (plans to reach 150 depots by FY25-end). In VSF, Grasim is trying to maximize production from the current plants. The domestic VSF price was up, in line with the international price trends. However, the Indian caustic soda market remains hit by an oversupply situation.
- We cut our EPS estimates by 17%/10% for FY25/26 and introduce FY27E. We **reiterate BUY** with a revised TP of INR3,030 (earlier INR3,150) as we value its: 1) holding in subsidiary companies by assigning a discount of 35%; 2) standalone business at 7x Jun'26E EV/EBITDA, and 3) Paints business at 1.5x of investments.

### VSF's performance below estimate; while Chemical in line

- Standalone revenue/EBITDA stood at INR69b/INR3.3b (up 11%/ down 52% YoY and in line/43% below our estimate) in 1QFY25.
- VSF segment: Sales volume was up 13% YoY, while realization was down 6% YoY. EBITDA was INR4.0b (+4% YoY) vs. estimated INR4.7b. OPM came in at 10.7% (-20bp YoY) vs. estimated 12.5%. The Jun-exit price of VSF was almost similar to 1QFY25 average. VSF's EBITDA rose 16% YoY, while VFY's margin was down due to weak demand and imports from China.
- Chemical segment: Sales volume was down 3% YoY; while realization was flat YoY. EBITDA was at INR3.1b (-13% YoY) vs. estimated INR3.0b. OPM was at 15% (down 1.7pp YoY) vs. estimated 13.2%.
- Depreciation/finance costs grew 21%/32% YoY, while other income declined 20% YoY. It reported a net loss of INR521m vs. a PAT of INR3.6b 1QFY24.

### Highlights from the management commentary

- Globally, VSF prices have been in an uptrend since 3QFY24; however, Indian realizations remain hit by the oversupply situation in Indonesia and a decline in input prices (pulp & caustic soda), which were passed on to the consumers.
- In chemical, one plant at Vilayat was shut down and production from that plant was impacted for 18 days. This led to a volume loss in 1QFY25.
- In B2B, the quarterly revenue run-rate was INR5.5b and there has been a gradual scale up across categories, geographies, and new customers.

### Valuation and view

- Grasim's 1Q performance was below our estimates due to higher losses in its new growth businesses and lower-than-estimated performance in VSF. We estimate a gradual improvement in VSF margins with improvement in VSF prices. The chemical segment saw QoQ improvement in margins led by higher caustic soda realization and improved margins of chlorine derivatives. In Paints it has been successful in its initial product campaigning and its AD (Make life beautiful campaign) received good response from the customers. It is on track to reach its guidance of 50,000 dealers in FY25E.
- We cut our EPS estimates by 17%/10% for FY25/26 and introduce FY27. We **reiterate BUY** with a revised TP of INR3,030 (earlier INR3,150) as we value its: 1) holding in subsidiary companies by assigning a discount of 35%; 2) standalone business at 7x Jun'26E EV/EBITDA, and 3) Paints business at 1.5x of investments.

### Quarterly Performance (S/A)

Y/E March	FY24				FY25				FY24	FY25E	FY25	(INR b)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var. (%)
<b>Net Sales</b>	<b>62.4</b>	<b>64.4</b>	<b>64.0</b>	<b>67.7</b>	<b>68.9</b>	<b>74.4</b>	<b>81.0</b>	<b>94.6</b>	<b>258.5</b>	<b>319.0</b>	<b>69.0</b>	(0)
YoY Change (%)	(14.0)	(4.5)	3.3	1.8	10.5	15.5	26.6	39.7	(3.7)	23.4	10.7	
<b>EBITDA</b>	<b>6.7</b>	<b>5.9</b>	<b>5.2</b>	<b>5.3</b>	<b>3.3</b>	<b>6.3</b>	<b>7.3</b>	<b>5.0</b>	<b>23.2</b>	<b>21.9</b>	<b>5.7</b>	(43)
Margins (%)	10.8	9.2	8.2	7.8	4.7	8.5	9.0	5.3	9.0	6.9	8.3	(358)
Depreciation	2.9	2.9	3.0	3.4	3.5	3.6	3.8	4.8	12.2	15.6	3.8	(8)
Interest	1.1	1.1	1.1	1.2	1.4	1.5	1.5	1.7	4.4	6.1	1.9	(26)
Other Income	1.2	7.6	1.2	2.6	0.9	11.6	1.5	2.0	12.6	15.9	1.2	(22)
<b>PBT before EO Items</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>3.3</b>	<b>-0.7</b>	<b>12.8</b>	<b>3.5</b>	<b>0.5</b>	<b>19.2</b>	<b>16.1</b>	<b>1.3</b>	(156)
Extraordinary Inc/(Exp)	-	-	-	(7.2)	-	-	-	-	(7.2)	-	-	
<b>PBT after EO Items</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>-3.9</b>	<b>-0.7</b>	<b>12.8</b>	<b>3.5</b>	<b>0.5</b>	<b>12.0</b>	<b>16.1</b>	<b>1.3</b>	(156)
Tax	0.4	1.6	0.0	0.5	-0.2	2.4	0.7	0.1	2.6	3.0	0.2	
Rate (%)	10.2	16.8	1.2	(13.5)	25.8	19.0	19.0	19.0	21.3	18.7	19.0	
<b>Reported PAT</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>-4.4</b>	<b>-0.5</b>	<b>10.4</b>	<b>2.8</b>	<b>0.4</b>	<b>9.5</b>	<b>13.1</b>	<b>1.0</b>	(151)
Prior period tax/DTL reversal	-	-	-	-	-	-	-	-	-	-	-	
<b>Adj. PAT</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>2.3</b>	<b>-0.5</b>	<b>10.4</b>	<b>2.8</b>	<b>0.4</b>	<b>16.2</b>	<b>13.1</b>	<b>1.0</b>	(151)
Margins (%)	5.7	12.3	3.7	3.4	-0.8	13.9	3.5	0.5	6.3	4.1	1.5	
YoY Change (%)	(56.1)	(22.9)	46.9	145.3	(114.7)	30.5	19.4	(81.0)	(22.8)	(18.9)	(71.4)	

### Segmental performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25	(INR b)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var. (%)
<b>VSF Segment</b>												
Sales Volume (ton)	196	221	215	219	222	232	229	233	851	915	222	(0)
YoY Change (%)	(5.3)	21.6	31.7	7.8	12.8	4.9	6.5	6.3	12.7	7.5		
Blended realization (INR/kg)	183	176	173	172	171	174	176	179	176	175	171	(0)
Net Sales (INR m)	35.8	38.9	37.1	37.6	37.9	40.4	40.3	41.6	149.5	160.2	38.0	(0)
YoY Change (%)	(16.7)	(0.4)	16.8	(0.1)	5.7	3.9	8.6	10.6	(1.3)	7.2		
EBITDA (INR m)	3.9	4.7	4.0	4.6	4.0	4.4	5.0	5.5	17.2	19.1	4.7	(15)
EBITDA (%)	10.9	12.0	10.8	12.3	10.7	11.0	12.5	13.3	11.5	11.9	12.5	(181)
EBITDA/kg (INR)	19.9	21.2	18.7	21.1	18.3	19.2	22.0	23.7	20.2	20.8	21.4	(15)
<b>Chemical Segment</b>												
Sales Volume (ton)	292	306	299	308	282	324	320	364	1,205	1,290	324	(13)
YoY Change (%)	5.0	3.4	5.3	7.7	(3.4)	6.0	7.0	18.0	5.3	7.0		
Blended realization (INR/kg)	73	65	67	68	73	73	75	76	68	74	70	5
Net Sales (INR m)	21.5	19.9	20.0	20.8	20.7	23.8	23.9	27.5	82.1	95.9	22.6	(9)
YoY Change (%)	(21.5)	(26.6)	(22.7)	(13.1)	(3.7)	19.6	19.8	32.2	(21.2)	16.8		
EBITDA (INR m)	3.6	2.4	2.6	2.0	3.1	3.6	3.7	4.4	10.5	14.9	3.0	4
EBITDA (%)	16.7	11.9	13.2	9.4	15.0	15.2	15.5	16.1	12.8	15.5	13.2	182



# ABB India

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR7,972      TP: INR9,500 (+19%)      Buy**

## Margin outperformance continues

ABB India reported mixed results in 2QCY24 as revenue was weak but margins continued to beat estimates for another quarter. Revenue miss was due to delayed revenue booking in some orders, while margin outperformance was mainly driven by pricing gains. We believe that operating leverage gives limited scope to improve margins, but they will be driven by pricing gains from an improved share of high-margin segments. We expect the company to benefit from its pricing advantage, improving product mix toward higher-margin segments, and a wide product portfolio. We expect a large part of these gains to sustain in the coming years amid a strong demand scenario. We raise our EPS estimates for CY24/CY25 by 7%/2% to bake in slightly lower revenues and higher margins. We maintain our BUY rating with a DCF-based TP of INR9,500, implying 72x P/E on Sep'26E EPS. ABB remains our top pick in the sector.

Bloomberg	ABB IN
Equity Shares (m)	212
M.Cap.(INRb)/(USD\$b)	1689.4 / 20.1
52-Week Range (INR)	9200 / 3848
1, 6, 12 Rel. Per (%)	-7/66/52
12M Avg Val (INR M)	2331

### Financials Snapshot (INR b)

Y/E DEC	CY24E	CY25E	CY26E
Net Sales	132.4	160.5	193.0
EBITDA	25.2	29.8	34.7
PAT	20.6	24.2	28.3
EPS (INR)	97.0	114.2	133.4
GR. (%)	64.7	17.8	16.8
BV/Sh (INR)	370.4	476.2	599.3
<b>Ratios</b>			
ROE (%)	29.8	27.0	24.8
RoCE (%)	29.9	27.1	24.9
<b>Valuations</b>			
P/E (X)	82.2	69.8	59.8
P/BV (X)	21.5	16.7	13.3
EV/EBITDA (X)	65.9	55.2	46.8
Div Yield (%)	0.2	0.3	0.3

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	5.6	6.0	8.1
FII	12.1	11.9	9.5
Others	7.3	7.2	7.5

FII Includes depository receipts

## Strong margins offset weakness in revenues

ABB India's 2Q results continued to reflect strong pricing power of the company and its focus on high-margin segments. Better-than-expected margins offset the weak revenue performance, resulting in nearly in-line PAT at INR4.4b (est. INR4.5b). Revenue at INR28.3b grew 13% YoY, driven by 23%/23%/16% YoY growth in Robotics & Motion/Electrification/Process Automation. Revenues could have been higher by nearly INR2b, but the postponement was due to the alignment with customer delivery schedule. Driven by a favorable product mix and better margin orders, gross margin saw a strong expansion of 630bp YoY/ 260bp QoQ, while employee costs and other expenses as a percentage of sales moved up YoY. EBITDA margin stood at 19.2%, up 530bp YoY. Accordingly, EBITDA grew 56% YoY to INR5.4b. PAT came in line at INR4.4b, up 50% YoY, led by robust operational performance and higher other income (+16% YoY). Order inflows came in at INR34.3b, up 13% YoY, taking the order book to INR95.1b (up 23% YoY). Base orders remained flat YoY due to elections.

## Margin outperformance driven by pricing gains

PBIT margins remained strong for all segments, with 22.5%/23.1%/16.2% EBIT margins for Robotics & motion/Electrification/Process Automation. This is a sharp jump YoY, indicating that ABB India continued to benefit from product mix and pricing. It has benefited from internal factors such as cost optimization, improved utilization and localization, which provided a 350bp YoY margin gain. External factors such as customer preference for ABB's better quality products, market penetration, and higher services and exports. In motion segment, ABB India's more than half of motor production is from IE3 and IE4 motors. It has seen good demand for its motors even though IE2 motors mostly dominate the market. In electrification segment, it is benefitting from favorable demand-supply scenario and preference for quality players, resulting in pricing gains.

**MO and EL will continue to gain on strong demand from FMIG**

ABB India's motion and electrification segments are benefiting from strong demand for fast-moving industrial goods (FMIG), where the company is providing engineered to order types of products. These industrial customers tend to prefer quality players and have better pricing than retail customers. Demand for FMIG is higher during an uptrend and ABB is capitalizing on this demand from its motion and electrification segment. This demand can continue for another 5-10 years and industries are comfortable paying higher pricing. We thus believe that margins in these two segments will remain higher over the next few years.

**ABB India continues to outpace parent in revenue growth and margins**

ABB India continues to perform better than its parent in revenue growth and margins in 2QCY24 too. ABB India's order inflows and revenues grew by 13% YoY each, far ahead of its parent's flat inflows and 4% revenue growth. The parent's inflow growth was impacted by a decline in the Americas (-4% YoY), Europe (-4% YoY) and China (-7% YoY), while Indian markets continued to grow at a faster pace. Moreover, ABB India is benefiting from higher localization, expanded offerings across markets and geographies, client preference for quality players, and productivity measures.

**Overall demand outlook remains strong**

The emerging and high-growth segments like data centers, railways and metros continue to provide growth momentum to overall order inflows. While energy and metal segments remain growth drivers, mining and buildings are witnessing consolidation. Renewables, water and power distribution would be other catalysts of business growth. The government's focus on low carbon technology and energy transition is also providing a leg up to different business segments of ABB India.

**Valuation and recommendation**

ABB India is currently trading at 69.8x/59.8x P/E on CY25/CY26 estimates. We raise near-term revenue estimates to account for a higher share of long gestation projects in the overall order book. We also increase our margin estimates to factor in better pricing power in the motion and electrification segments. We thus expect revenue growth of 27%/21%/20% in CY24/CY25/CY26 and margins of 19.1%/18.5%/18.0%, translating into PAT growth of 65%/18%/17% for CY24E/CY25E/CY26E. Accordingly, we estimate a PAT CAGR of 31% over CY23-26. We maintain our BUY rating with a DCF-based TP of INR9,500, implying a multiple of 72x P/E on Sep'26E EPS. The company has the best RoIC in the capital goods sector. It will continue to benefit from an improved addressable market and will improve its share of high-growth segments.

**Key risks and concerns**

Slowdown in order inflows, pricing pressure across segments, increased competition, supply chain issues, geopolitical risks are few risks that can affect our estimates and valuations.

**ABB India**

**Quarterly Earning Model**

(INR m)

Y/E December	CY23				CY24E				CY23	CY24E	CY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>24,112</b>	<b>25,086</b>	<b>27,692</b>	<b>27,575</b>	<b>30,804</b>	<b>28,309</b>	<b>34,958</b>	<b>38,356</b>	<b>1,04,465</b>	<b>1,32,426</b>	<b>31,839</b>	<b>-11</b>
YoY Change (%)	22.5	22.2	30.6	13.6	27.8	12.8	26.2	39.1	21.9	26.8	26.9	
Total Expenditure	21,259	21,599	23,307	23,403	25,152	22,884	28,065	31,084	89,567	1,07,184	26,285	
<b>EBITDA</b>	<b>2,853</b>	<b>3,487</b>	<b>4,385</b>	<b>4,172</b>	<b>5,652</b>	<b>5,425</b>	<b>6,893</b>	<b>7,272</b>	14,898	25,242	<b>5,555</b>	<b>-2</b>
Margins (%)	11.8	13.9	15.8	15.1	18.3	19.2	19.7	19.0	14.3	19.1	17.4	
Depreciation	274	292	303	329	314	310	328	345	1,199	1,297	328	-5
Interest	22	14	9	82	38	45	14	14	127	111	24	87
Other Income	723	750	768	776	871	868	951	951	3,017	3,641	906	-4
<b>PBT before EO expense</b>	<b>3,279</b>	<b>3,931</b>	<b>4,842</b>	<b>4,537</b>	<b>6,171</b>	<b>5,938</b>	<b>7,503</b>	<b>7,864</b>	<b>16,589</b>	<b>27,476</b>	<b>6,109</b>	<b>-3</b>
<b>PBT</b>	<b>3,279</b>	<b>3,931</b>	<b>4,842</b>	<b>4,537</b>	<b>6,171</b>	<b>5,938</b>	<b>7,503</b>	<b>7,864</b>	<b>16,589</b>	<b>27,476</b>	<b>6,109</b>	<b>-3</b>
Tax	827	972	1,222	1,085	1,575	1,511	1,828	2,009	4,106	6,924	1,557	
Rate (%)	25.2	24.7	25.2	23.9	25.5	25.5	24.4	25.6	24.8	25.2	25.5	
<b>Reported PAT</b>	<b>2,452</b>	<b>2,959</b>	<b>3,620</b>	<b>3,452</b>	<b>4,596</b>	<b>4,426</b>	<b>5,675</b>	<b>5,855</b>	<b>12,483</b>	<b>20,552</b>	<b>4,552</b>	<b>-3</b>
<b>Adj PAT</b>	<b>2,452</b>	<b>2,959</b>	<b>3,620</b>	<b>3,452</b>	<b>4,596</b>	<b>4,426</b>	<b>5,675</b>	<b>5,855</b>	<b>12,483</b>	<b>20,552</b>	<b>4,552</b>	<b>-3</b>
YoY Change (%)	-34.3	110.9	84.0	13.1	87.4	49.6	56.8	69.6	79.5	65.4	53.8	
Margins (%)	10.2	11.8	13.1	12.5	14.9	15.6	16.2	15.3	11.9	15.5	14.3	

INR m	CY23				CY24E				CY23	CY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Segmental revenue</b>										
Robotics & Motion	10,398	10,398	10,993	10,223	11,219	11,601	13,596	15,875	42,011	52,291
YoY Change (%)	33.2	17.9	17.0	2.4	7.9	11.6	23.7	55.3	16.7	24.5
Electrification Products	9,994	10,056	10,420	11,302	12,963	11,214	14,158	16,119	41,772	54,453
YoY Change (%)	16.1	20.0	18.3	19.0	29.7	11.5	35.9	42.6	18.3	30.4
Process Automation	4,202	5,096	6,756	6,307	7,263	6,327	6,905	6,062	22,361	26,557
YoY Change (%)	22.8	37.6	93.1	23.5	72.9	24.2	2.2	3.9	42.1	18.8
Unallocated and others (incl. excise duty)	19	53	24	29	26	44	359	359	125	788
Less: inter-segmental	-500	-517	-502	-286	-667	-877	-59	-59	-1,804	-1,663
<b>Total revenues</b>	<b>24,112</b>	<b>25,086</b>	<b>27,692</b>	<b>27,575</b>	<b>30,804</b>	<b>28,309</b>	<b>34,958</b>	<b>38,356</b>	<b>1,04,465</b>	<b>1,32,426</b>
<b>Segmental EBIT</b>										
Robotics & Motion	1,275	1,484	2,040	1,746	2,332	2,613	2,950	3,280	6,544	11,175
Margin (%)	12.3	14.3	18.6	17.1	20.8	22.5	21.7	20.7	15.6	21.4
Electrification Products	1,946	1,640	2,011	2,148	3,078	2,594	3,115	3,737	7,746	12,524
Margin (%)	19.5	16.3	19.3	19.0	23.7	23.1	22.0	23.2	18.5	23.0
Process Automation	389	568	983	810	1,181	1,023	1,070	975	2,749	4,249
Margin (%)	9.2	11.1	14.5	12.8	16.3	16.2	15.5	16.1	12.3	16.0
<b>Total</b>	<b>3,609</b>	<b>3,692</b>	<b>5,034</b>	<b>4,704</b>	<b>6,590</b>	<b>6,230</b>	<b>7,135</b>	<b>7,993</b>	<b>17,039</b>	<b>27,948</b>





# Zydus LifeSciences

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR1,302**      **TP: INR1,210 (-7%)**      **Neutral**

## Niche products drive earnings

### Making efforts to strengthen product pipeline

Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1006
M.Cap.(INRb)/(USDb)	1309 / 15.6
52-Week Range (INR)	1324 / 568
1, 6, 12 Rel. Per (%)	12/50/73
12M Avg Val (INR M)	1270

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	195.5	226.3	245.2
EBITDA	53.0	64.3	68.8
Adj. PAT	37.9	44.1	47.6
EBIT Margin (%)	23.2	24.9	24.9
Cons. Adj. EPS (INR)	37.6	43.9	47.3
EPS Gr. (%)	68.0	16.5	7.9
BV/Sh. (INR)	197.1	251.1	291.3

### Ratios

Net D:E	0.0	-0.1	-0.3
RoE (%)	20.3	19.6	17.4
RoCE (%)	18.8	18.3	16.3
Payout (%)	14.3	13.2	12.3

### Valuations

P/E (x)	34.6	29.7	27.5
EV/EBITDA (x)	24.7	19.7	17.9
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.2	2.3	3.5
EV/Sales (x)	6.7	5.6	5.0

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	12.6	12.6	13.5
FII	5.6	5.7	4.0
Others	6.8	6.7	7.5

FII Includes depository receipts

- Zydus Lifesciences (ZYDUSLIF) delivered a beat on 1QFY25 earnings, led by better-than-expected traction in the US generics segment and superior execution in the consumer healthcare segment. ZYDUSLIF delivered its highest-ever quarterly EBITDA margin of 34% in 1QFY25. The management expects EBITDA margin of 28%-29% in FY25 amid incremental competition in g-Asacol.
- We raise our earnings estimates for FY25/FY26 by 13%/14%, factoring in a) robust pace of launches in US generics segment, b) an increased share of chronic segment in domestic formulation (DF) segment, and c) a recovery in food/nutrition segment within consumer healthcare. We value ZYDUSLIF at 27x 12M forward earnings to arrive at a TP of INR1,210.
- After delivering strong 65% YoY earnings growth in FY24, ZYDUSLIF is expected to clock 17% YoY growth in earnings in FY25. Further, it continues to build a niche product pipeline in US generics to sustain the growth momentum. Having said this, the valuation factors in a 12% earnings CAGR over FY24-26. Maintain Neutral on the stock.

### Product mix benefit partly offset by higher opex

- Sales grew 20.8% YoY to INR62.1b (our est. INR56.5b). US sales grew 26% YoY (+24.5% YoY in CC terms) to INR30.9b (USD371m; 51% of sales). India sales (40% of sales), comprising DF and consumer businesses, grew 15.2% YoY to INR22b. Within India sales, branded formulations grew 12.1% YoY to INR13.8b. Consumer wellness grew by 20.6% YoY to INR8.4b. EM/EU sales grew 8.5% YoY to INR5.3b (9% of sales). API sales grew 1.9% YoY to INR1.4b (2% of sales).
- Gross margin expanded 700bp YoY to 74.4%, due to a better product mix.
- EBITDA margin expanded at a lower rate of 420bp YoY to 34% (our est. 29.9%), led by better GM, which was offset by higher other expenses (up 280bp as % of sales).
- Consequently, EBITDA grew 37.6% YoY to INR21b (our est. INR16.9b).
- 1Q included an exceptional item related to forex loss of INR252m. Adjusting for this loss, PAT grew 28.2% YoY to INR14.4b (our est. INR11.6b).

### Highlights from the management commentary

- Expects EBITDA margin of 28-29% in FY25
- Guides for healthy double-digit YoY growth in US revenues in FY25
- R&D spending to be 8% of sales in FY25
- Expects G-asacol HD to witness competition in the coming quarters
- Launched 7 ANDAs in 1Q; on track to launch 25+ ANDAs in US generics in FY25.

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Chg. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Revenues</b>	<b>51.4</b>	<b>43.7</b>	<b>45.1</b>	<b>55.3</b>	<b>62.1</b>	<b>54.5</b>	<b>53.2</b>	<b>56.5</b>	<b>195.5</b>	<b>226.3</b>	<b>56.5</b>	<b>9.8</b>
YoY Change (%)	29.6	9.1	5.8	10.4	20.8	24.9	18.1	2.1	13.4	15.8	10.0	
Total Expenditure	36.1	33.0	34.2	39.1	41.0	41.6	39.9	39.5	142.4	162.0	39.6	
<b>EBITDA</b>	<b>15.3</b>	<b>10.6</b>	<b>10.8</b>	<b>16.3</b>	<b>21.1</b>	<b>13.0</b>	<b>13.2</b>	<b>17.0</b>	<b>53.0</b>	<b>64.3</b>	<b>16.9</b>	<b>24.8</b>
YoY Change (%)	111.5	32.6	20.3	23.7	37.6	22.0	22.4	4.7	41.8	21.3	10.3	
Margins (%)	29.8	24.4	24.0	29.4	34.0	23.8	24.9	30.1	27.1	28.4	29.9	
Depreciation	1.8	1.8	1.9	2.1	2.2	1.9	1.9	2.0	7.6	7.9	2.1	
<b>EBIT</b>	<b>13.5</b>	<b>8.8</b>	<b>8.9</b>	<b>14.2</b>	<b>18.9</b>	<b>11.1</b>	<b>11.3</b>	<b>15.0</b>	<b>45.4</b>	<b>56.4</b>	<b>14.8</b>	
YoY Change (%)	148.6	41.8	23.6	25.0	40.0	26.5	27.9	5.8	50.4	24.3	9.8	
Margins (%)	26.3	20.1	19.7	25.7	30.5	20.4	21.3	26.6	23.2	24.9	26.3	
Interest	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.0	0.8	0.7	0.3	
Other Income	0.4	0.5	0.4	1.6	0.6	0.5	0.5	0.4	2.8	2.0	0.6	
<b>PBT before EO Income</b>	<b>13.7</b>	<b>9.3</b>	<b>9.0</b>	<b>15.4</b>	<b>19.2</b>	<b>11.4</b>	<b>11.6</b>	<b>15.3</b>	<b>47.4</b>	<b>57.7</b>	<b>15.1</b>	<b>27.3</b>
EO Exp/(Inc)	0.4	-0.8	-0.2	-0.1	0.3	0.0	0.0	0.0	-0.7	0.3	0.0	
<b>PBT after EO Income</b>	<b>13.3</b>	<b>10.1</b>	<b>9.3</b>	<b>15.5</b>	<b>19.0</b>	<b>11.4</b>	<b>11.6</b>	<b>15.3</b>	<b>48.1</b>	<b>57.4</b>	<b>15.1</b>	<b>25.7</b>
Tax	2.2	2.3	2.1	3.2	4.4	2.6	2.6	3.7	9.8	13.2	3.5	
Rate (%)	16.3	22.5	23.1	20.8	23.0	22.5	22.0	24.2	20.3	23.0	23.0	
Min. Int/Adj on Consol	-0.3	0.2	0.6	-0.5	-0.4	-0.1	0.1	0.3	0.1	-0.1	-0.1	
<b>Reported PAT</b>	<b>10.9</b>	<b>8.0</b>	<b>7.7</b>	<b>11.8</b>	<b>14.2</b>	<b>8.8</b>	<b>9.1</b>	<b>12.0</b>	<b>38.4</b>	<b>44.1</b>	<b>11.6</b>	<b>22.5</b>
<b>Adj PAT</b>	<b>11.2</b>	<b>7.4</b>	<b>7.5</b>	<b>11.7</b>	<b>14.4</b>	<b>8.8</b>	<b>9.1</b>	<b>12.0</b>	<b>37.9</b>	<b>44.3</b>	<b>11.6</b>	<b>24.2</b>
YoY Change (%)	155.4	45.7	29.6	52.1	28.2	19.4	21.5	1.9	65.0	17.0	3.3	
Margins (%)	21.8	16.9	16.7	21.2	23.2	16.2	17.2	21.2	19.4	19.6	20.5	

E: MOFSL Estimates

Key performance Indicators (Consolidated)

(INR b)

Y/E March	FY24E				FY24E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>INRb</b>											
Domestic formulations	12.3	13.3	14.3	13.8	13.8	15.1	15.9	15.4	53.7	60.1	13.4
YoY Change (%)	9.1	5.5	15.9	7.1	12.1	13.0	11.5	11.4	9.3	12.0	9.0
US sales	24.5	18.6	18.4	25.2	30.9	26.6	24.1	22.9	86.9	104.5	27.2
YoY Change (%)	57.4	9.2	-4.3	12.0	26.0	42.4	30.6	-9.2	16.7	20.3	10.9
Consumer healthcare	6.9	4.4	4.0	7.8	8.4	4.6	4.1	8.0	23.0	25.1	7.3
YoY Change (%)	0.3	3.0	-3.5	9.6	20.6	6.0	4.0	2.9	3.0	9.0	5.5
EU	0.6	0.6	0.7	1.0	0.9	0.6	0.8	0.9	3.0	3.2	0.9
YoY Change (%)	5.0	5.0	5.0	39.7	45.0	8.0	8.5	-14.2	15.0	8.3	45.0
Emerging markets	4.2	3.9	4.2	3.9	4.4	4.4	5.0	5.5	16.3	19.2	4.6
YoY Change (%)	34.7	19.0	17.0	7.4	3.0	12.0	18.0	40.4	23.6	18.0	8.0
API	1.4	1.3	1.4	1.4	1.4	1.5	1.6	1.8	5.7	6.3	1.5
YoY Change (%)	13.5	14.4	-23.9	14.8	1.9	15.0	15.0	22.5	3.4	11.2	7.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	32.6	33.7	32.6	29.1	25.6	30.4	30.4	28.4	31.9	28.6	29.2
Staff Cost (% of Sales)	14.2	17.2	18.1	15.1	14.2	16.8	16.9	15.5	16.1	15.8	14.9
R&D Expenses(% of Sales)	6.3	7.4	7.0	6.4	6.3	7.5	7.3	7.8	6.7	7.2	6.2
Other Cost (% of Sales)	17.1	17.3	18.3	20.0	19.9	21.5	20.5	18.2	18.3	20.0	19.8
Gross Margins (%)	67.4	66.3	67.4	70.9	74.4	69.6	69.6	71.6	68.1	71.4	70.8
EBITDA Margins (%)	29.8	24.4	24.0	29.4	34.0	23.8	24.9	30.1	27.1	28.4	29.9
EBIT Margins (%)	26.3	20.1	19.7	25.7	30.5	20.4	21.3	26.6	23.2	24.9	21.0

E: MOFSL Estimates



# Oil India

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR644 TP: INR 740(+15%) BUY**

## Upside risk on volumes key to sustaining valuations

Bloomberg	OINL IN
Equity Shares (m)	1084
M.Cap.(INRb)/(USD\$b)	1047.5 / 12.5
52-Week Range (INR)	656 / 174
1, 6, 12 Rel. Per (%)	27/75/225
12M Avg Val (INR M)	2765

### Financials & Valuations (INR b)

Y/E march	FY24	FY25E	FY26E
Sales	221.3	236.3	251.0
EBITDA	92.6	111.1	126.1
Adj. PAT	79.1	79.2	90.0
Adj. EPS (INR)	48.7	48.7	55.3
EPS Gr. (%)	16.2	42.6	13.6
BV/Sh.(INR)	271.3	305.0	343.2

### Ratios

Net D:E	0.2	0.1	0.1
RoE (%)	14.1	16.9	17.1
RoCE (%)	11.6	11.1	11.6
Payout (%)	30.8	30.8	30.8

### Valuations

P/E (x)	13.3	13.3	11.7
P/BV (x)	2.4	2.1	1.9
EV/EBITDA (x)	12.2	10.0	8.7
Div. Yield (%)	1.6	2.3	2.6
FCF Yield (%)	3.6	4.8	5.6

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	56.7	56.7	56.7
DII	27.8	27.5	26.2
FII	9.3	9.5	11.0
Others	6.2	6.3	6.1

FII Includes depository receipts

- Oil India (OINL)'s 1QFY25 EBITDA came in line at INR24.7b (up 6% YoY), due to 12%/24% YoY growth in oil/gas sales and a healthy net oil realization of USD74.3/bbl. OINL's oil/gas production stood at 0.87mmt/0.82bcm, up 6%/9.8% YoY, respectively. However, reported PAT was 20% below our estimate at INR14.7b, due to lower-than-expected other income.
- In the 1Q Earnings Call, Oil India (OINL) management reiterated its target of increasing production from 6.5mmtoe in FY24 to 9mmtoe by FY26. Oil production is expected to ramp up from 3.4mmt in FY24 to 3.8mmt and more than 4mmt in FY25/FY26, while gas production is likely to be 5bcm by FY26. In contrast, we build in oil and gas production of 3.7mmt and 4.2bcm in FY26, respectively. FY25 capex guidance was INR69b. Numaligarh refinery has achieved 65% physical completion and is slated to start in Dec'25. Construction of the INR72b PP project (360 KTA capacity) at NRL will begin in 2QFY25.
- Other key takeaways of the earnings call were:
  - OINL plans to drill 78 wells in FY25 and 100 wells in FY26/FY27;
  - Utilization of the expanded capacity at NRL will be ~60%/~100% in 4QFY26/FY27; and
  - As of 30 Jun'24, OINL's SA debt amounted to INR113b, while NRL's debt stood at INR95b.
- After a strong run-up, OINL now trades at 11.7x FY26E standalone P/E and 1.9x P/B. Our oil and gas production assumptions continue to trail management guidance. Should the company achieve production guidance, there will be an upside risk to our/street estimates. We believe that building an exploration and development pipeline is instrumental in sustaining volume growth in the medium to long term, especially beyond FY26. We raise our TP to INR740/share as we build in oil and gas production of 3.7mmt and 4.2bcm in FY26, respectively. We value the standalone business at 10x FY26E P/E, NRL stake at 2.5x FY24 P/B, and include the value of equity invested to date in NRL capacity expansion. **Reiterate BUY.**

## EBITDA in line; strong operational performance continues

- Oil India's 1QFY25 EBITDA was in line with our estimates, though PAT was 20% below our expectations, mainly due to lower other income. 1QFY25 witnessed oil and gas sales rising 12% and 24% YoY, respectively. Oil and gas production in 1QFY25 rose 6% and 10% YoY, respectively, which too we believe was a robust performance.
- Revenue was in line with our estimate at INR58.4b (+26% YoY).
  - Oil sales came in at 0.83mmt (our estimate of 0.86mmt, +12% YoY). Gas sales stood at 0.68bcm (our estimate of 0.67bcm, +24% YoY).
  - Oil realization, net of windfall tax, was USD74.3/bbl (our estimate of USD73/bbl).
- EBITDA came in-line with our estimate at INR24.7b (+6% YoY).

- However, reported PAT was 20% below our estimate at INR14.7b (est. INR18.2b, -9% YoY), due to lower-than-expected other income.
- Numaligarh refinery performance:
  - PBT stood at INR6b (vs. loss before tax of INR1b during 1QFY24), driven by high crude throughput (764tmt) and distillate yield (87.2%) QoQ.
  - GRM stood at ~USD6.4/bbl in 1QFY25 (vs. negative GRM of USD15.6/bbl in 1QFY24).

#### Valuation and view

- Production growth guidance remained robust, with drilling activity and development wells in old areas contributing to this growth. OINL is also applying new technologies to grow production. Capacity expansion for NRL (from 3mmt to 9mmt) would also be completed by Dec'25, which would drive further growth.
- OINL remains a strong conviction at 1.9x FY26E P/B (standalone) valuation. It is a unique play to benefit from the strong multi-year uptrend in both upstream and refining. The stock currently trades at a P/E multiple of 11.6x FY26E EPS and 8.6x FY26E EV/EBITDA. We value the stock at 10x FY26E standalone adj. EPS and add investments to arrive at our TP of INR740. **Reiterate BUY.**

#### Quarterly Performance

(INR b)

Y/E March	FY24				FY24				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Net Sales</b>	46.4	59.1	58.2	57.6	58.4	60.4	59.0	58.5	221.3	236.3	59.8	-2%
<i>Change (%)</i>	-22.1	2.4	-1.1	2.0	25.7	2.1	1.4	1.7	-4.9	6.8	28.9	
<b>EBITDA</b>	23.3	24.9	21.1	23.4	24.7	27.8	29.4	29.3	92.6	111.1	24.5	0%
<i>% of Net Sales</i>	50.1	42.1	36.2	40.6	42.2	46.0	49.8	50.1	41.8	47.0	41.0	
<i>Change (%)</i>	-11.5	34.6	-26.2	-0.5	5.9	11.6	39.4	25.4	-4.4	20.0	5.4	
D,D&A	4.0	4.2	5.0	4.6	4.6	4.9	5.7	5.2	17.8	20.4	4.6	
Interest	1.7	2.2	1.8	1.9	2.0	2.5	2.1	2.1	7.6	8.6	1.9	
Oil (incl. Oper. other inc)	3.3	7.1	5.1	8.3	1.6	5.9	5.9	10.2	23.8	23.7	6.2	
<b>PBT before exceptional</b>	21.0	25.5	19.3	25.2	19.7	26.3	27.5	32.3	91.1	105.8	24.4	-19%
<b>PBT after exceptional</b>	21.0	1.9	19.3	25.2	19.7	26.3	27.5	32.3	67.5	105.8	24.4	-19%
Tax	4.9	-1.4	3.5	5.0	5.1	6.6	6.9	8.0	11.9	26.6	6.1	
<i>Rate (%)</i>	23.2	-5.4	18.0	19.6	25.7	25.2	25.2	24.8	13.1	25.2	25.2	
<b>PAT</b>	16.1	3.3	15.8	20.3	14.7	19.7	20.6	24.2	55.5	79.2	18.2	-20%
<i>Change (%)</i>	3.7	-81.1	-9.3	13.5	-9.1	505.0	29.9	19.5	-18.5	42.6	13.0	
<b>Adj. PAT</b>	16.1	19.1	15.8	20.3	14.7	19.7	20.6	24.2	71.4	79.2	18.2	-20%
<b>Key Assumptions</b>												
Oil sales (mmt)	0.75	0.85	0.85	0.84	0.83	0.87	0.89	0.91	3.29	3.51	0.86	-3%
Gas sales (bcm)	0.54	0.65	0.68	0.65	0.68	0.76	0.77	0.78	2.52	2.98	0.67	1%
<b>Net Oil Realization (USD/bbl)</b>	74.3	75.5	74.3	78.8	74.3	80.0	75.0	75.0	75.7	76.1	73.0	2%

#### Major assumptions for OINL

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Exchange Rate (INR/USD)	64.5	64.5	74.3	74.5	80.4	80.4	84.0	85.0
APM Gas Price (USD/mmbtu)	3.5	3.8	2.2	2.6	7.3	6.5	6.7	7.0
Brent Crude Price (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	78.7	75.0
<b>Production Details</b>								
Oil (mmt)	3.32	3.13	2.96	3.01	3.18	3.36	3.53	3.70
Gas (bcm)	2.72	2.77	2.48	2.89	3.18	3.18	3.66	4.21
<b>Total (mmtoe)</b>	6.05	5.90	5.44	5.90	6.36	6.54	7.19	7.91
<b>Subsidy Sharing (INRb)</b>	-	-	-	-	-	-	-	-
<b>Oil Price Realization (USD/bbl)</b>								
<b>Net</b>	68.5	60.8	44.3	78.8	85.2	75.7	73.0	73.0
<i>Change (%)</i>	23%	-11%	-27%	78%	8%	-11%	-4%	0%
<b>EPS (INR/sh.)</b>	22.2	15.9	13.5	23.9	41.9	48.7	48.7	55.3



Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR7,215      TP: INR6,600 (-9%)      Neutral**

## Steady quarter led by the non-IT business

### Limited scope for margin improvement; reiterate Neutral on valuations

Bloomberg	INFOE IN
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	933.4 / 11.1
52-Week Range (INR)	7328 / 3972
1, 6, 12 Rel. Per (%)	4/19/30
12M Avg Val (INR M)	1706

### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	23.8	26.9	31.2
EBITDA	9.6	10.8	12.9
Adj. PAT	8.5	9.9	11.7
Reported PAT	8.3	9.9	11.7
Adj. EPS	65.6	76.2	90.2
EPS (INR)	64.3	76.2	90.2
EPS Gr. (%)	102.2	18.5	18.3
BV/Sh. (INR)	1,980	2,049	2,125
<b>Ratios</b>			
RoCE (%)	4.3	3.5	4.0
Payout (%)	50	50	50
<b>Valuations</b>			
P/E (x)	112.2	94.7	80.0
P/BV (x)	3.6	3.5	3.4

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	37.9	37.9	38.1
DII	19.4	20.1	18.2
FII	32.3	31.1	31.7
Others	10.5	10.9	12.1

FII Includes depository receipts

- Info Edge (INFOE) delivered in-line revenue growth in 1QFY25, with standalone revenue rising 9.3% YoY/5.0% QoQ (consensus est. of 4.7% QoQ). EBITDA margin came in at 39% (down 160bp QoQ/ up 25bp YoY), below consensus est. of 40.4%. Overall billings were up 10.8% YoY and stood at INR 5.7b. Adj. PAT was up 16.2% YoY to INR2.3b (in-line with consensus est. of 2.3b).
- The continued slowdown in IT hiring remains a key risk due to its significant contribution to Naukri's revenue. IT billings growth slowed to mid-single digits this quarter, while non-IT segments saw a 14% YoY increase and have been performing well for the past few quarters. We expect non-IT to maintain its growth trajectory, leading to high single-digit growth in Naukri billings, with IT hiring expected to recover in the latter half of FY25.
- 99acres experienced muted revenue growth in 1QFY25 as new project sales remained flat sequentially in the top 8 cities. Nonetheless, unsold new project inventory levels remained at reasonably healthy levels in these cities. There was some uncertainty during the election period, which we believe, may smoothen out in subsequent quarters. The company's planned increase in marketing spend compared to last year is likely to add pressure to 99acres' ongoing losses over the next few years before it turns profitable.
- INFOE has achieved a notable margin improvement over the last few quarters, driven by reduced dependency on advertising and operating leverage. However, with modest growth expected in FY25 and FY26, along with planned increases in advertising spend this year, we see limited margin upside. We expect FY24/FY25 EBITDA margin at 40.1/41.3%.
- We forecast standalone revenue/APAT to clock a 14%/18% CAGR each over FY24-26. We continue to see a healthy long-term growth opportunity in its operating entities. However, the recent stock run up and current valuations fairly price in its growth outlook. We expect the stock price to remain sideways in the near term.
- We value the company's operating entities using DCF valuation. Our SoTP-based valuation indicates a TP of INR6,600. **Reiterate Neutral.**

### In-line revenue but miss on margins; healthy growth in billings

- Standalone revenue stood at INR6.3b, up 9.3% YoY/5.0% QoQ, in line with the consensus estimate of 4.7%.
- Overall billings rose 10.8% YoY and were INR5.7b. Billings for Recruitment/ 99 Acres came in at INR4.31b/INR0.81b vs. INR3.98b/INR0.73b in 1QFY24.
- EBITDA margin came in at 39% (down 160bp QoQ/ up 25bp YoY), below consensus estimate of 40.4%. Margin declined owing to higher advertisement spend (13.4% of revenue vs. 11.4% in 4QFY24).
- Naukri's PBT margin was down 300bp QoQ at 54%, while 99acres' PBT loss percentage narrowed 260bp QoQ to 13.8%.
- Adj. PAT was up 16.2% YoY to INR2.3b (in-line with consensus est. of 2.3b) on the back of lower depreciation and higher other income.



### Highlights from the management commentary

- Recruitment:** Growth momentum in the non-IT segment continued with a 14% YoY increase in billings, fueled by the Healthcare & Life Sciences, Infrastructure, Transport & Real Estate, and Media, Entertainment & Telecom sectors. Management expects to spend significantly more on advertising this year compared to last year on Naukri.com. July JobSpeak data on IT hiring is encouraging, though the timeline for full recovery remains uncertain. IT companies over hired during favorable times, leading to high bench strength, but they are now approaching pre-COVID utilization levels. The recruitment consultant segment experienced billing growth after four consecutive quarters of decline. The billing growth in IT moderated to mid-single digits.
- Real Estate:** Billings's growth moderated due to muted new project sales. Unsold new project inventory levels remain at reasonably healthy levels in most of the top 8 cities. There was some uncertainty during the election period, which may ebb in subsequent quarters. New project sales moderated in Q1. Overall, new project sales in the top 8 cities were flat sequentially in Q1 and up approximately 10% YoY. The company plans to increase ad spending than last year. The market is shifting towards channel partners as their share in sold houses increases. The company does not intend to monetize buyers.

### Valuations and view

- While we expect a solid recovery in IT services demand in FY25, near-term recruitment growth is likely to remain under pressure as companies rely on their current bench to meet demand, resulting in slow overall growth for INFOE.
- With the management investing prudently, some of its current investments should scale up over the medium-to-long term, thereby contributing to the group's valuation.
- We value the company's operating entities using DCF valuation. Our SoTP-based valuation indicates a TP of INR6,600. **Reiterate Neutral.**

### Standalone Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			QoQ (%/bp)	YoY (%/bp)
<b>Revenues</b>	<b>5,843</b>	<b>5,930</b>	<b>5,954</b>	<b>6,083</b>	<b>6,389</b>	<b>6,597</b>	<b>6,917</b>	<b>7,018</b>	<b>23,811</b>	<b>26,922</b>	<b>5.0</b>	<b>9.3</b>
YoY (%)	15.1	11.5	7.2	7.9	9.3	11.2	16.2	15.4	10.3	13.1		
Salary costs	2,464	2,435	2,422	2,500	2,587	2,712	2,863	2,925	9,821	11,087	<b>3.5</b>	<b>5.0</b>
Ad and Promotion costs	680	686	686	692	856	759	795	821	2,744	3,231	<b>23.7</b>	<b>25.9</b>
Other Expenses	432	398	439	422	452	435	457	463	1,692	1,807	<b>7.1</b>	<b>4.5</b>
<b>EBITDA</b>	<b>2,266</b>	<b>2,411</b>	<b>2,407</b>	<b>2,469</b>	<b>2,495</b>	<b>2,691</b>	<b>2,802</b>	<b>2,809</b>	<b>9,554</b>	<b>10,796</b>	<b>1.0</b>	<b>10.1</b>
EBITDA Margin (%)	38.8	40.7	40.4	40.6	39.0	40.8	40.5	40.0	40.1	40.1	-150bp	30bp
Depreciation	153	176	174	174	175	165	173	175	677	688	<b>0.5</b>	<b>14.1</b>
EBIT Margin (%)	36.2	37.7	37.5	37.7	36.3	38.3	38.0	37.5	37.3	37.5	-140bp	10bp
Other Income	578	636	650	728	770	660	795	807	2,592	3,032	<b>5.7</b>	<b>33.2</b>
<b>PBT bef. Extra-ordinary</b>	<b>2,667</b>	<b>2,824</b>	<b>2,837</b>	<b>2,976</b>	<b>3,043</b>	<b>3,140</b>	<b>3,376</b>	<b>3,391</b>	<b>11,306</b>	<b>12,950</b>	<b>2.2</b>	<b>14.1</b>
Provision for Tax	668	687	701	745	720	754	793	797	2,802	3,064	<b>-3.4</b>	<b>7.8</b>
ETR (%)	25.0	24.3	24.7	25.0	23.7	24.0	23.5	23.5	24.8	23.7	-140bp	-140bp
<b>PAT bef. Extra-ordinary</b>	<b>1,999</b>	<b>2,087</b>	<b>2,136</b>	<b>2,109</b>	<b>2,323</b>	<b>2,386</b>	<b>2,583</b>	<b>2,594</b>	<b>8,332</b>	<b>9,886</b>	<b>10.1</b>	<b>16.2</b>
EOI	0	-50	0	-121	0	0	0	0	-171	0	-100.0	NA
<b>Adj. PAT</b>	<b>1,999</b>	<b>2,137</b>	<b>2,136</b>	<b>2,231</b>	<b>2,323</b>	<b>2,386</b>	<b>2,583</b>	<b>2,594</b>	<b>8,504</b>	<b>9,886</b>	<b>4.1</b>	<b>16.2</b>
QoQ (%)	1.1	6.9	-0.1	4.4	4.1	2.7	8.2	0.5				
YoY (%)	34.7	27.1	11.4	12.9	16.2	11.7	20.9	16.3	20.5	16.3		
<b>EPS (INR)</b>	<b>15.5</b>	<b>16.2</b>	<b>16.5</b>	<b>16.3</b>	<b>18.0</b>	<b>18.5</b>	<b>20.0</b>	<b>20.1</b>	<b>64.3</b>	<b>76.2</b>	<b>10.4</b>	<b>15.4</b>



# ALKEM Laboratories

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR5,797      TP: INR6,030 (4%)      Neutral**

## Lower RM costs, operating leverage drive earnings Adding new levers of growth – medical devices/OTC

Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USD\$b)	693.1 / 8.3
52-Week Range (INR)	5849 / 3440
1, 6, 12 Rel. Per (%)	9/-3/13
12M Avg Val (INR M)	1237

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	126.7	133.6	147.8
EBITDA	22.5	25.8	30.0
Adj. PAT	19.1	21.3	24.3
EBIT Margin (%)	15.4	16.8	18.0
Cons. Adj. EPS (INR)	159.7	178.1	202.9
EPS Gr. (%)	50.6	11.6	13.9
BV/Sh. (INR)	862.6	1,000.6	1,157.8

### Ratios

Net D:E	0.0	-0.1	-0.1
RoE (%)	19.7	19.1	18.8
RoCE (%)	18.3	17.8	17.6
Payout (%)	22.5	22.5	22.5

### Valuations

P/E (x)	36.6	32.8	28.8
EV/EBITDA (x)	31.0	26.8	22.8
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	2.5	1.3	1.5
EV/Sales (x)	5.5	5.2	4.6

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	56.4	56.7	57.2
DII	18.6	15.6	16.3
FII	8.7	9.1	5.6
Others	16.4	18.5	20.9

FII Includes depository receipts

- ALKEM delivered a beat on earnings in 1QFY25, driven by higher-than-expected benefits from reduced raw material costs and lower operational costs. R&D spending also came in at the lower end of the company's guided range for FY25 as a percentage of sales. Considering a healthy business outlook and operational costs for new initiatives, the management has maintained its EBITDA margin guidance at 18% for FY25. This guidance is conservative in our opinion.
- We raise our earnings estimates for FY25/FY26 by 5%/4%, to factor in extended benefits from lower API prices, improved productivity, and additional costs related to new initiatives. We value ALKEM at 27x 12M forward earnings to arrive at a TP of INR6,030.
- In addition to established prescription franchise and generic exports, ALKEM is investing in the biosimilar segment. Further, it is exploring the medical device and OTC segments. With surplus cash of INR38.5b, it is also evaluating inorganic growth opportunities. Having said this, we believe a 12% earnings CAGR over FY24-26E is adequately factored in the current valuation. Maintain Neutral.

### Controlled costs propel profit growth

- Revenue was stable YoY at INR30.3b (our est: INR30.7b).
- Domestic business increased 6.4% YoY to INR20.2b (67% of sales).
- International business declined 5% YoY to INR9.7b.
- Within international business, US sales declined 8% YoY to INR6.4b (21% of Sales). Other international sales grew 2% YoY to INR3.3b (11% of sales).
- Gross margin expanded by 490bp YoY to 64.5% due to lower raw material prices.
- EBITDA margin expanded by 700bp YoY to 20.1% (our est: 16.2%) as higher GM was supported by lower other expense (-290bp YoY as % of sales).
- Accordingly, EBITDA increased by 56.4% YoY to INR6.1b (est. INR5.0b).
- Adj. PAT grew 90% YoY to INR5.4b (our est: INR3.9b) owing to higher operating profits and a lower tax rate (11% in 1QFY25 vs. 18% in 1QFY24).

### Highlights from the management commentary

- Product mix, controlled costs, favorable RM costs, and better productivity should drive profitability ahead. However, due to expenses related to new growth drivers, EBITDA margin guidance remains at 18% for FY25.
- Guided for 8-10% YoY growth in DF, in line with industry
- ALKEM has launched g-Suprep and plans to launch Dabigatran shortly in the US generics segment.
- It has responded to a Form 483 issued by USFDA for its Baddi site.
- ALKEM is setting up a plant for the bio-CDMO segment in the US. The plant would be operational by the end of FY25. Annualized operational expenses for this facility would be INR1.2b.

Quarterly Perf. (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Revenues</b>	<b>29,677</b>	<b>34,402</b>	<b>33,239</b>	<b>29,358</b>	<b>30,318</b>	<b>35,561</b>	<b>34,908</b>	<b>32,798</b>	<b>1,26,676</b>	<b>1,33,585</b>	<b>30,793</b>	<b>-1.5</b>
YoY Change (%)	15.2	11.7	9.3	1.1	2.2	3.4	5.0	11.7	9.2	5.5	3.8	
Total Expenditure	25,785	26,934	26,163	25,338	24,232	27,773	27,647	28,151	65,703	70,752	25,804	
<b>EBITDA</b>	<b>3,892</b>	<b>7,467</b>	<b>7,076</b>	<b>4,020</b>	<b>6,086</b>	<b>7,788</b>	<b>7,261</b>	<b>4,647</b>	<b>22,455</b>	<b>25,782</b>	<b>4,988</b>	<b>22.0</b>
YoY Change (%)	42.4	64.5	18.1	13.8	56.4	4.3	2.6	15.6	33.7	14.8	28.2	
Margins (%)	13.1	21.7	21.3	13.7	20.1	21.9	20.8	14.2	17.7	19.3	16.2	
Depreciation	724	739	696	834	805	845	820	843	2,993	3,313	840	
<b>EBIT</b>	<b>3,168</b>	<b>6,728</b>	<b>6,380</b>	<b>3,186</b>	<b>5,282</b>	<b>6,943</b>	<b>6,441</b>	<b>3,804</b>	<b>19,462</b>	<b>22,469</b>	<b>4,148</b>	
YoY Change (%)	60.8	78.7	22.6	15.9	66.7	3.2	0.9	19.4	11.3	64.1	31.0	
Margins (%)	10.7	19.6	19.2	10.9	17.4	19.5	18.5	11.6	15.4	16.8	13.5	
Interest	298	303	255	269	291	255	225	197	1,124	968	275	
<b>EBIT</b>	<b>3,594</b>	<b>7,164</b>	<b>6,821</b>	<b>3,751</b>	<b>5,795</b>	<b>7,533</b>	<b>7,036</b>	<b>4,450</b>	<b>21,331</b>	<b>24,814</b>	<b>4,713</b>	
Margins (%)	12.1	20.8	20.5	12.8	19.1	21.2	20.2	13.6	16.8	18.6	15.3	
Other Income	658	632	936	882	1,203	760	790	717	3,108	3,470	750	
<b>PBT before EO Exp</b>	<b>3,529</b>	<b>7,057</b>	<b>7,062</b>	<b>3,799</b>	<b>6,194</b>	<b>7,448</b>	<b>7,006</b>	<b>4,323</b>	<b>21,446</b>	<b>24,971</b>	<b>4,623</b>	<b>34.0</b>
EO Exp/(Inc)	0	577	513	125	0	0	0	0	1,215	0	0	
<b>PBT after EO Exp</b>	<b>3,529</b>	<b>6,480</b>	<b>6,549</b>	<b>3,673</b>	<b>6,194</b>	<b>7,448</b>	<b>7,006</b>	<b>4,323</b>	<b>20,231</b>	<b>24,971</b>	<b>4,623</b>	
Tax	650	332	506	629	691	968	1,086	751	2,117	3,496	694	
Rate (%)	18.4	5.1	7.7	17.1	11.2	13.0	15.5	17.4	9.9	14.0	15.0	
<b>PAT (pre Minority Interest)</b>	<b>2,878</b>	<b>6,149</b>	<b>6,043</b>	<b>3,045</b>	<b>5,502</b>	<b>6,480</b>	<b>5,920</b>	<b>3,573</b>	<b>18,115</b>	<b>21,475</b>	<b>3,930</b>	
Minority Interest	11	-56	93	109	51	40	45	41	157	177	32	
<b>Reported PAT</b>	<b>2,867</b>	<b>6,205</b>	<b>5,950</b>	<b>2,936</b>	<b>5,452</b>	<b>6,440</b>	<b>5,875</b>	<b>3,531</b>	<b>17,958</b>	<b>21,297</b>	<b>3,898</b>	<b>39.9</b>
<b>Adj Net Profit</b>	<b>2,867</b>	<b>6,752</b>	<b>6,423</b>	<b>3,039</b>	<b>5,452</b>	<b>6,440</b>	<b>5,875</b>	<b>3,531</b>	<b>19,082</b>	<b>21,297</b>	<b>3,898</b>	<b>39.9</b>
YoY Change (%)	52.3	104.1	41.3	3.4	90.1	-4.6	-8.5	16.2	50.5	11.6	35.9	

Key performance Indicators (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>INRm</b>											
<b>India formulations</b>	19,007	23,278	22,328	19,724	20,223	24,907	23,668	21,442	84,337	90,241	20,433
YoY Change (%)	6.7	5.0	12.1	(1.9)	6.4	7.0	6.0	8.7	5.4	7.0	7.5
<b>US generics</b>	6,955	7,675	6,838	6,241	6,416	6,984	7,248	7,338	27,709	27,986	6,885
YoY Change (%)	25.0	27.1	(10.2)	5.5	(7.7)	(9.0)	6.0	17.6	10.2	1.0	(1.0)
<b>International (Ex-US)</b>	3,191	2,866	3,402	2,855	3,261	3,439	3,742	3,966	12,315	14,409	3,255
YoY Change (%)	56.5	27.3	46.9	7.6	2.2	20.0	10.0	38.9	33.0	17.0	2.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	40.4	38.6	39.2	37.7	35.5	38.0	37.9	40.4	39.0	38.0	37.5
Staff Cost (% of Sales)	19.1	16.1	17.2	17.2	19.9	17.2	17.3	18.7	17.4	18.2	17.5
R&D Expenses(% of Sales)	4.1	3.4	3.3	6.0	4.1	4.7	4.9	5.8	4.1	4.9	5.0
Other Cost (% of Sales)	23.3	20.2	18.9	25.4	20.4	18.2	19.1	20.9	21.8	19.6	23.8
Gross Margins (%)	59.6	61.4	60.8	62.3	64.5	62.0	62.1	59.6	61.0	62.0	62.5
EBITDA Margins (%)	13.1	21.7	21.3	13.7	20.1	21.9	20.8	14.2	17.7	19.3	16.2
EBIT Margins (%)	10.7	19.6	19.2	10.9	17.4	19.5	18.5	11.6	15.4	16.8	13.5

E: MOFSL Estimates



# Balkrishna Industries

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BIL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	591.3 / 7
52-Week Range (INR)	3378 / 2194
1, 6, 12 Rel. Per (%)	-4/21/6
12M Avg Val (INR M)	877

## Financials & valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	94.5	102.9	118.9
EBITDA	23.7	26.2	32.4
Adj. PAT	14.8	16.3	21.1
EPS (Rs)	76.5	84.1	109.1
EPS Growth (%)	39.6	9.9	29.7
BV/Share (Rs)	458.0	520.2	601.3

## Ratios

RoE (%)	18.0	17.2	19.5
RoCE (%)	13.3	13.8	16.1
Payout (%)	21.0	26.2	25.7

## Valuations

P/E (x)	39.9	36.3	28.0
P/BV (x)	6.7	5.9	5.1
Div. yield (%)	0.5	0.7	0.9
FCF yield (%)	1.7	2.6	2.5

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter (%)	58.3	58.3	58.3
DII (%)	22.4	22.1	21.0
FII (%)	12.6	12.2	12.4
Others (%)	6.7	7.4	8.3

FII Includes depository receipts

**CMP: INR3,059**      **TP:INR2,770(-9%)**      **Neutral**

## Healthy results but outlook remains weak

### Demand likely to moderate, while RM/freight costs to increase

- BIL's overall performance was healthy in 1QFY25, led by volume growth and lower operating expenses. However, the management has guided for a muted outlook as demand is likely to moderate and RM and freight costs are likely to increase in the coming quarters, which will dent overall margins.
- In the light of these challenges, we cut our FY25/FY26 EPS estimates by ~4% each. We maintain our Neutral rating with a TP of INR2,770, based on ~24x Jun'26E EPS.

### Marginal growth guidance for FY25 despite strong Q1 growth

- BIL's standalone 1QFY25 revenue/EBITDA/PAT grew 30%/47%/53% YoY to INR27.4b/INR7.1b/INR4.8b (est. INR25.6b/INR6.6b/INR4.1b).
- Volumes grew 24% YoY to 83.6k tons (est.78.6k tons). Realizations grew 4% YoY at INR328.1k/unit (est. INR325.3k).
- Gross margins expanded 140bp YoY (-20bp QoQ) to 53.1% (est.53%). The company expects RM costs to increase by 2-3% QoQ in 2QFY25.
- Along with lower operating expenses, EBIDTA margins expanded 300bp YoY to 26% (est. 25.6%). However, the freights cost is expected to increase by ~200bp in the coming quarter.
- Further aided by lower interest costs and higher other income, adj. PAT grew 53% YoY to INR4.8b (est. 4.1b).
- The board has declared the first interim dividend of INR4/share for FY25.
- The company would be incurring a capex of INR13b to add capacity of about 35k MTPA at its Bhuj facility. Its current achievable capacity stands at 360k MTPA.

### Highlights from the management commentary

- **Demand outlook-** Despite a 24% YoY volume growth posted in Q1FY25, BIL has guided for minor volume growth YoY in FY25 as it expects demand headwinds in its key markets in Europe, North America and Middle East in the coming quarters. There has been some channel filling as well by distributors due to increased transit time on account of the Red Sea Crisis.
- **Freight cost-** This was already negotiated for Q1. The freight cost is expected to increase to 8-9% of revenue in 2Q, largely due to the Red Sea crisis. It was 6.4% in 1QFY25.
- **Raw material costs-** BIL expects a 2-3% increase in 2Q. The company has not taken any price hike as market demand is weak.
- **Margin guidance -** While Q1FY25 margins stood at 26%, management has indicated that they would strive to maintain margin at FY24 levels of 25% in FY25, given the rising cost pressure highlighted above
- **European Union De-forestation Union (EUDR):** Effective 31st Dec'24, EUDR requires that rubber supplied to the EU must not come from land deforested after Dec'20. While the company has secured compliant suppliers, costs could increase by USD300 per metric ton over the current base price of USD1,800 per metric ton.

### Valuation and view

- Retail demand in key global markets is currently weak and is likely to remain uncertain due to ongoing geopolitical challenges. As a result, despite the strong growth in Q1, management has guided for flat volume growth in FY25. Further, rising cost pressures are likely to cap margin upside – management expects margins to remain stable in FY25.
- At a P/E multiple of 36x/28x FY25E/FY26E EPS, the stock appears fairly-valued. We value BIL at 24x June'26E EPS (vs ~22x, 10-year LPA) to arrive at our TP of INR2,770. We reiterate our **Neutral** stance on the stock.

### Quarterly Earning Model (Standalone)

(INR Million)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Volumes (Ton)</b>	<b>67,209</b>	<b>70,585</b>	<b>72,749</b>	<b>82,085</b>	<b>83,570</b>	<b>74,820</b>	<b>74,204</b>	<b>77,905</b>	<b>2,92,628</b>	<b>3,10,499</b>	<b>78,635</b>
YoY Change (%)	-19.2	-10.5	9.4	12.9	24.3	6.0	2.0	-5.1	-2.8	6.1	17.0
<b>Realizations (INR '000/ton)</b>	<b>314.7</b>	<b>318.3</b>	<b>318.3</b>	<b>328.6</b>	<b>328.1</b>	<b>329.0</b>	<b>329.2</b>	<b>330.5</b>	<b>320.4</b>	<b>329.2</b>	<b>325.3</b>
YoY Change (%)	-4.0	-10.5	-4.5	2.7	4.2	3.4	3.4	0.6	-4.2	2.7	3.4
<b>Net Revenues</b>	<b>21,150</b>	<b>22,468</b>	<b>23,158</b>	<b>26,971</b>	<b>27,415</b>	<b>24,619</b>	<b>24,428</b>	<b>25,751</b>	<b>93,760</b>	<b>1,02,212</b>	<b>25,579</b>
YoY Change (%)	-22.4	-19.9	4.5	16.0	29.6	9.6	5.5	-4.5	-6.9	9.0	20.9
<b>EBITDA</b>	<b>4,863</b>	<b>5,480</b>	<b>5,868</b>	<b>7,098</b>	<b>7,137</b>	<b>6,105</b>	<b>6,156</b>	<b>6,401</b>	<b>23,322</b>	<b>25,799</b>	<b>6,548</b>
Margins (%)	23.0	24.4	25.3	26.3	26.0	24.8	25.2	24.9	24.9	25.2	25.6
Depreciation	1,537	1,586	1,591	1,724	1,617	1,650	1,700	1,743	6,438	6,710	1,600
Interest	208	229	354	299	143	150	175	152	1,089	620	220
Forex loss/(gain)	-330	-250	520	-490	-60	0	0	0	-550	500	0
Other Income	660	520	700	870	830	700	750	783	2,750	3,063	680
<b>PBT before EI</b>	<b>4,108</b>	<b>4,435</b>	<b>4,104</b>	<b>6,436</b>	<b>6,267</b>	<b>5,005</b>	<b>5,031</b>	<b>5,289</b>	<b>19,095</b>	<b>21,032</b>	<b>5,408</b>
Extra-Ord expense	0	0	0	98	0	0	0	0	98	0	0
<b>PBT</b>	<b>4,108</b>	<b>4,435</b>	<b>4,104</b>	<b>6,337</b>	<b>6,267</b>	<b>5,005</b>	<b>5,031</b>	<b>5,289</b>	<b>18,997</b>	<b>21,032</b>	<b>5,408</b>
Rate (%)	23.9	24.5	24.8	24.1	23.8	23.7	23.7	23.3	24.3	24.3	23.7
<b>Reported PAT</b>	<b>3,125</b>	<b>3,350</b>	<b>3,084</b>	<b>4,809</b>	<b>4,773</b>	<b>3,819</b>	<b>3,839</b>	<b>4,056</b>	<b>14,382</b>	<b>15,927</b>	<b>4,126</b>
<b>Adj PAT</b>	<b>3,125</b>	<b>3,350</b>	<b>3,084</b>	<b>4,884</b>	<b>4,773</b>	<b>3,819</b>	<b>3,839</b>	<b>4,056</b>	<b>14,456</b>	<b>15,927</b>	<b>4,126</b>
YoY Change (%)	-2.3	-17.1	209.9	89.6	52.7	14.0	24.5	-17.0	34.0	10.2	32.0

E: MOFSL Estimates

### Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE			
<b>Volumes (Ton)</b>	<b>67,209</b>	<b>70,585</b>	<b>72,749</b>	<b>82,085</b>	<b>83,570</b>	<b>74,820</b>	<b>74,204</b>	<b>77,905</b>	<b>2,92,628</b>	<b>3,10,499</b>	<b>78,635</b>
YoY Change (%)	-19.2	-10.5	9.4	12.9	24.3	6.0	2.0	-5.1	-2.8	6.1	17.0
<b>Realizations (INR '000/ton)</b>	<b>314.7</b>	<b>318.3</b>	<b>318.3</b>	<b>328.6</b>	<b>328.1</b>	<b>329.0</b>	<b>329.2</b>	<b>330.5</b>	<b>320.4</b>	<b>329.2</b>	<b>325.3</b>
YoY Change (%)	-4.0	-10.5	-4.5	2.7	4.2	3.4	3.4	0.6	-4.2	2.7	3.4
Gross Margins (%)	51.7	51.9	52.0	53.3	53.1	52.5	52.5	52.4	52.3	52.6	53.0
EBITDA Margins (%)	23.0	24.4	25.3	26.3	26.0	24.8	25.2	24.9	24.9	25.2	25.6
Gross Profit (INR '000/ton)	162.6	165.1	165.6	175.1	174.2	172.7	172.8	173.3	167.5	173.3	172.4
EBITDA (INR '000/ton)	72.4	77.6	80.7	86.5	85.4	81.6	83.0	82.2	79.7	83.1	83.3





# Container Corporation

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR981 TP: INR1,180 (+20%) Buy**

## Volume growth to improve driven by new initiatives in the domestic business

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	597.6 / 7.1
52-Week Range (INR)	1194 / 646
1, 6, 12 Rel. Per (%)	-5/-8/14
12M Avg Val (INR m)	1920

### Margins hit by lower EXIM volumes and high operating expenses

#### Financial Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	86.3	95.8	116.5
EBITDA	19.3	21.8	29.7
Adj. PAT	12.4	13.6	19.9
EBITDA Margin (%)	22.4	22.7	25.5
Adj. EPS (INR)	20.3	22.3	32.6
EPS Gr. (%)	5.8	9.9	46.1
BV/Sh. (INR)	193.9	206.2	224.3

#### Ratios

Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	10.7	11.2	15.2
RoCE (%)	11.1	11.6	15.5
Payout (%)	44.6	44.6	44.6

#### Valuations

P/E (x)	48.2	43.9	30.0
P/BV (x)	5.1	4.8	4.4
EV/EBITDA(x)	28.6	24.9	17.8
Div. Yield (%)	0.9	1.0	1.5
FCF Yield (%)	1.0	2.0	3.2

#### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	54.8	54.8	54.8
DII	24.8	25.0	20.6
FII	16.2	16.6	21.6
Others	4.2	3.6	3.0

FII Includes depository receipts

- Container Corporation (CCRI)'s revenue grew 9% YoY to INR20.1b during 1QFY25 (6% below our estimate). Total volumes increased 6% YoY to 1.16m TEUs, with EXIM/domestic volumes at 0.87m/0.29m TEUs (+3%/+15% YoY). EXIM volumes were ~4% below our estimate, while domestic volumes were in line. Overall volumes were 3% below our estimate. Blended realization improved ~3% YoY to INR18,090/TEU. EXIM/domestic realizations stood at INR15,197/INR26,768 per TEU (+4%/-2% YoY) during the quarter.
- EBITDA margin improved 20bp YoY to 20.6% (v/s our estimate of 23.1%). EBITDA grew 10% YoY and was 16% below our estimate. Lower EXIM volumes and high operating expenses impacted EBITDA during the quarter.
- In line with the operating performance, APAT increased 5% YoY to INR2.6b (vs. our estimate of INR3.3b).
- EXIM volumes in 1Q were hit by high ocean freight rates and shortages of containers. However, with moderating ocean freight rates and a pickup in rice exports, EXIM volumes are expected to improve in the remaining part of FY25. Going forward, 1) the higher share of double stacked trains in overall cargo volumes and 2) the focus of management on increasing the First Mile Last Mile service to ~50% and ~85% of cargo volumes by FY25 and FY26, respectively, would support volumes and earnings.
- The land license fee for 1QFY25 stood at INR1.1b. LLF for FY25 is expected to be INR4.0-4.2b (vs. INR3.7b in FY24).
- Factoring in lower EXIM volumes in 1Q and expectation of a gradual recovery, we cut our EBITDA for FY25E/26E by 10%/3%. We reiterate BUY with a revised TP of INR1,180 (based on 22x EV/EBITDA on FY26E).

### Highlights from the management commentary

- Double stacking grew 14% YoY in 1QFY25, highlighting a significant improvement. Nava Sheva is also coming online with double stacking, and the company is expanding its double stacking terminals, including one in Jodhpur. There is considerable potential for double stacking in the country.
- CCRI expects EXIM volume to grow by 15% in FY25 and domestic volume by 25%, resulting in an overall volume growth of 18-20%. Originating volumes are expected to follow a similar trend. Management is expecting margins of around 25% for FY25.
- Domestic volume growth of 25% YoY in FY25 will be driven by: a) new initiatives to carry bulk cement that will yield full benefits in FY25, b) a long-term tie-up with a shipping line that will be signed in Sep'24, c) double stacking at Nava Sheva, and d) tie ups with big business houses like Jindal, Tata, Reliance, etc. to provide end-to-end logistics solutions.
- CCRI currently has 48,000 containers, with pending orders for 5,000 more containers. The company plans to procure 700-800 containers per month and expects to surpass 50,000 containers in the medium term.

**Valuation and view**

- Expanding the use of double-stacked trains with direct connections to ports will enable the company to capture a larger share of cargo volumes. Additionally, transporting bulk cement and the expected rise in demand for packed cement will help drive volume growth for the company in FY25 and beyond.
- With DFC commissioning and a continuous ramp-up in the number of double-stacked trains, we expect blended volumes to post 12% CAGR during FY24-26. We expect EBITDA margin to be 22-25% over FY24-26. The stock trades at 17.8x FY26E EV/EBITDA. **Reiterate BUY with a revised TP of INR1,180 (based on 22x EV/EBITDA on FY26E).**

**Standalone quarterly snapshot**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Net Sales</b>	<b>19,193</b>	<b>21,904</b>	<b>22,051</b>	<b>23,176</b>	<b>20,971</b>	<b>23,393</b>	<b>24,959</b>	<b>26,523</b>	<b>86,325</b>	<b>95,847</b>	<b>22,197</b>	<b>(6)</b>
YoY Change (%)	-3.0	11.1	10.9	7.0	9.3	6.8	13.2	14.4	6.5	11.0	15.6	
<b>EBITDA</b>	<b>3,916</b>	<b>5,373</b>	<b>5,117</b>	<b>4,890</b>	<b>4,319</b>	<b>5,201</b>	<b>5,874</b>	<b>6,385</b>	<b>19,296</b>	<b>21,778</b>	<b>5,127</b>	<b>(16)</b>
Margins (%)	20.4	24.5	23.2	21.1	20.6	22.2	23.5	24.1	22.4	22.7	23.1	
YoY Change (%)	-17.1	7.7	20.0	10.0	10.3	-3.2	14.8	30.6	4.8	12.9	30.9	
Depreciation	1,378	1,486	1,543	1,603	1,649	1,660	1,670	1,664	6,009	6,644	1,580	
Interest	141	147	175	190	181	175	170	174	653	700	145	
Other Income	815	1,025	1,007	937	924	1,020	1,015	1,024	3,783	3,983	950	
<b>PBT before EO expense</b>	<b>3,212</b>	<b>4,764</b>	<b>4,406</b>	<b>4,034</b>	<b>3,413</b>	<b>4,386</b>	<b>5,049</b>	<b>5,570</b>	<b>16,416</b>	<b>18,417</b>	<b>4,352</b>	
Extra-Ord expense	0	0	0	71	0	0	0	0	-71	0	0	
<b>PBT</b>	<b>3,212</b>	<b>4,764</b>	<b>4,406</b>	<b>3,963</b>	<b>3,413</b>	<b>4,386</b>	<b>5,049</b>	<b>5,570</b>	<b>16,488</b>	<b>18,417</b>	<b>4,352</b>	
Tax	771	1,187	1,062	1,017	859	1,105	1,272	1,403	4,037	4,810	1,097	
Rate (%)	24.0	24.9	24.1	25.7	25.2	25.2	25.2	25.2	24.5	26.1	25.2	
<b>Reported PAT</b>	<b>2,441</b>	<b>3,577</b>	<b>3,344</b>	<b>2,945</b>	<b>2,554</b>	<b>3,280</b>	<b>3,776</b>	<b>4,167</b>	<b>12,451</b>	<b>13,606</b>	<b>3,256</b>	
<b>Adj PAT</b>	<b>2,441</b>	<b>3,577</b>	<b>3,344</b>	<b>2,945</b>	<b>2,554</b>	<b>3,280</b>	<b>3,776</b>	<b>4,167</b>	<b>12,379</b>	<b>13,606</b>	<b>3,256</b>	<b>(22)</b>
YoY Change (%)	-16.2	18.1	12.8	5.8	4.6	-8.3	12.9	41.5	5.8	9.9	33.4	
Margins (%)	12.7	16.3	15.2	12.7	12.2	14.0	15.1	15.7	14.3	14.2	14.7	



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR129      TP: INR140 (+8%)      Neutral**

**Weak volumes hurt 1QFY25 performance**

Bloomberg	SAIL IN
Equity Shares (m)	4131
M.Cap.(INRb)/(USDb)	534.2 / 6.4
52-Week Range (INR)	176 / 82
1, 6, 12 Rel. Per (%)	-17/-15/15
12M Avg Val (INR M)	4910
Free float (%)	35.0

- SAIL reported a revenue of INR240b (down 2% YoY/9% QoQ), which was 7% below our estimate of INR257b. The revenue miss was primarily due to weak sales volume during the quarter.
- ASP stood at INR59,845/t (down 5% YoY/up 4% QoQ), in line with our estimate of INR58,554/t. The YoY NSR decline in the domestic steel market was due to the cheap imports.
- EBITDA increased by 35% YoY and 26% QoQ to INR22b, which came 10% lower than our estimate of INR25b. EBITDA/t came in line with our estimate at INR5,536 vs. INR4,250/t in 1QFY24 and INR3,879/t in 4QFY24.
- APAT came in at INR3b, up 53% YoY and 80% QoQ (est. INR6b).
- Crude steel production stood at 4.68mt (flat YoY/down 7% QoQ) against our estimate of 5mt in 1QFY25. Sales volume stood at 4mt (up 3% YoY/down 12% QoQ), 9% below our estimate of 4.4mt.
- Exceptional items of INR3.1b include: 1) INR3.09b related to perquisites and allowances payable to executive employees of the company from 26<sup>th</sup> Nov'08 to 4<sup>th</sup> Oct'09, pursuant to a Government of India/Ministry of Steel letter dated 30<sup>th</sup> Jul'24 basis the Hon'ble Kolkata High Court's Order dated 13<sup>th</sup> Sep'23; and b) INR24m related to the settlement of contractual disputes under the Vivaad se Vishwas Scheme II.

**Financials & Valuations (INR b)**

Y/E MARCH	2024	2025E	2026E
Sales	1,019	1,142	1,195
EBITDA	77	112	132
APAT	11	37	51
EBITDA Margin (%)	8	10	11
Cons. Adj. EPS (INR)	3	9	12
EPS Gr. (%)	-44	247	37
BV/Sh. (INR)	138	143	150

**Ratios**

Net D:E	0.6	0.5	0.5
RoE (%)	1.9	6.4	8.4
RoCE (%)	3.6	7.0	8.9
Payout (%)	76.7	40.0	40.0

**Valuations**

P/E (x)	49.6	14.3	10.5
P/BV (x)	0.9	0.9	0.9
EV/EBITDA(x)	11.6	7.6	6.2
Div. Yield (%)	1.5	2.8	3.8
FCF Yield (%)	-2.4	13.1	12.0

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	65.0	65.0	65.0
DII	15.7	15.9	13.6
FII	3.0	3.2	3.8
Others	16.3	16.0	17.6

FII Includes depository receipts

**Highlights from the management commentary**

- For 2QFY25, management expects coking coal costs to remain flat QoQ, due to high cost coal inventory.
- Currently, the share of indigenous coking coal stands at 15%, and SAIL is aiming to reach the 20-25% levels, with the owned Tasra captive coal mine.
- The sequential improvement in NSR was primarily driven by a better product mix, despite the weak pricing scenario during the quarter.
- For 2QFY25, management guided NSR to decline INR1,000-1,500/t QoQ.
- High imports dragged down the prices in domestic markets. Price would rebound as the government infra spending picks up.
- Management guided a production volume of 21mt, and sales volume of 19mt (incl. inventory of 1.8mt) for FY25.
- Semi-steel mix was ~15% in 1Q, and SAIL plans to add a new TMT mill capacity of 1mtpa at Durgapur, which will reduce the semi share in the future.

**Valuation and view**

- SAIL is planning to undertake multiple expansions to reach the installed capacity of 35mt by FY30-31. As the capex intensity is likely to pick up after FY25/FY26, it would limit the deleveraging efforts going forward. We cut our EBITDA/PAT estimates by 5%/8% for FY25, envisaging pricing pressure due to cheap imports and largely flat coal costs in the near term. We broadly maintain our FY26 estimates.
- At CMP, SAIL trades at 6x EV/EBITDA on FY26E. We believe the stock is fully priced at current levels. **We reiterate our Neutral rating on the stock with a revised TP of INR140 (premised on 6.5x FY26E EV/EBITDA).**

Quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 1QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Production (m tons)</b>	<b>4.4</b>	<b>4.8</b>	<b>4.6</b>	<b>4.7</b>	<b>4.2</b>	<b>4.9</b>	<b>4.6</b>	<b>4.8</b>	<b>18.5</b>	<b>18.5</b>	<b>4.5</b>	<b>(7.4)</b>
Change (YoY %)	8.0	17.5	3.9	0.4	(5.1)	2.0	1.0	2.3	7.1	0.1		
<b>Sales (m tons)</b>	<b>3.9</b>	<b>4.8</b>	<b>3.8</b>	<b>4.6</b>	<b>4.0</b>	<b>4.6</b>	<b>4.8</b>	<b>5.3</b>	<b>17.0</b>	<b>18.7</b>	<b>4.4</b>	<b>(9)</b>
Change (YoY %)	23.0	14.0	(8.5)	(2.6)	3.4	(4.0)	25.0	16.9	5.2	9.7		
<b>Realization (INR ton)</b>	<b>62,781</b>	<b>58,256</b>	<b>61,444</b>	<b>57,554</b>	<b>59,845</b>	<b>57,845</b>	<b>61,345</b>	<b>64,604</b>	<b>59,809</b>	<b>61,090</b>	<b>58,554</b>	<b>2</b>
Change (YoY %)	(17.6)	(6.5)	1.8	(7.5)	(4.7)	(0.7)	(0.2)	12.2	(7.3)	2.1		
<b>Net Sales</b>	<b>244</b>	<b>280</b>	<b>233</b>	<b>262</b>	<b>240</b>	<b>267</b>	<b>291</b>	<b>344</b>	<b>1,019</b>	<b>1,142</b>	<b>257</b>	<b>(7)</b>
Change (YoY %)	1.4	6.5	(6.8)	(9.9)	(1.5)	(4.7)	24.8	31.3	(2.4)	12.1		
Change (QoQ %)	(16.4)	14.8	(16.5)	12.4	(8.6)	11.1	9.3	18.2				
Total Expenditure	<b>227</b>	<b>258</b>	<b>212</b>	<b>245</b>	<b>218</b>	<b>247</b>	<b>259</b>	<b>307</b>	<b>942</b>	<b>1,030</b>		
<b>EBITDA</b>	<b>16</b>	<b>21</b>	<b>21</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>33</b>	<b>38</b>	<b>77</b>	<b>112</b>	<b>25</b>	<b>(10)</b>
Change (YoY %)	(28.4)	189.2	3.1	(39.5)	34.6	(7.4)	52.1	112.7	(4.4)	45.8		
Change (QoQ %)	(43.6)	28.9	0.8	(17.4)	25.5	(11.4)	65.6	15.4				
<b>EBITDA per ton (INR)</b>	<b>4,250</b>	<b>4,429</b>	<b>5,638</b>	<b>3,879</b>	<b>5,536</b>	<b>4,271</b>	<b>6,862</b>	<b>7,055</b>	<b>4,511</b>	<b>5,994</b>	<b>5,608</b>	<b>(1)</b>
Interest	6	6	6	6	7	6	6	6	25	26		
Depreciation	13	13	13	14	14	14	14	14	53	55		
Other Income	5	1	1	3	2	3	3	5	11	12		
Share of Asso/JVs/Inv.	1	1	1	1	1	1	1	1	4	5		
<b>PBT (before EO Inc.)</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>17</b>	<b>24</b>	<b>14</b>	<b>49</b>	<b>9</b>	
EO Income (exp)	-	13	1	12	(3)	-	-	-	26	(3)		
<b>PBT (after EO Inc.)</b>	<b>3</b>	<b>18</b>	<b>6</b>	<b>14</b>	<b>1</b>	<b>4</b>	<b>17</b>	<b>24</b>	<b>41</b>	<b>46</b>		
Total Tax	1	5	1	3	0	1	4	6	10	12		
% Tax	26.3	26.2	24.8	21.9	16.6	25.2	25.2	25.5	24.5	25.2		
<b>Reported PAT</b>	<b>2</b>	<b>13</b>	<b>4</b>	<b>11</b>	<b>1</b>	<b>3</b>	<b>13</b>	<b>18</b>	<b>31</b>	<b>34</b>		
<b>Adjusted PAT</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>18</b>	<b>11</b>	<b>37</b>	<b>6</b>	<b>(49)</b>
Change (YoY %)	(73.6)	LP	50.3	(84.9)	52.9	(5.2)	247.2	880.3	(43.8)	240.4		
Change (QoQ %)	(82.3)	49.7	15.1	(50.7)	80.0	(7.2)	321.9	39.2				

Source: MOFSL, Company



# Coromandel International

Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR1,694**      **TP: INR1,960 (+16%)**      **Buy**

## Lower subsidy and high RM costs hurt performance

### Operating performance below estimates

Bloomberg	CRIN IN
Equity Shares (m)	295
M.Cap.(INRb)/(USDb)	498.8 / 5.9
52-Week Range (INR)	1704 / 1019
1, 6, 12 Rel. Per (%)	5/44/35
12M Avg Val (INR M)	537

- Coromandel International (CRIN) reported a weak operating performance in 1QFY25 (EBIT down 33% YoY) due to a lower NBS rate and an increase in prices of fertilizer raw materials during the quarter. These factors were partly offset by healthy performance from crop protection business (EBIT up 14% YoY).
- Factoring in the 1Q performance, we cut our FY25 earnings estimate by 11% while maintaining FY26E earnings. We value the company at ~25x Sep'26E EPS to arrive at a TP of 1,960. **Reiterate BUY.**

### Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	218.6	235.2	256.7
EBITDA	24.3	30.0	33.6
PAT	16.6	21.1	24.2
EBITDA (%)	11.1	12.8	13.1
EPS (INR)	56.3	71.8	82.2
EPS Gr. (%)	0.9	27.6	14.5
BV/Sh. (INR)	362.3	420.1	488.3

### Ratios

Net D/E	-0.3	-0.3	-0.4
RoE (%)	16.5	18.4	18.1
RoCE (%)	18.1	19.7	19.2
Payout (%)	24.9	19.5	17.0

### Valuations

P/E (x)	30.1	23.6	20.6
EV/EBITDA (x)	19.3	15.2	13.1
Div Yield (%)	0.8	0.8	0.8
FCF Yield (%)	1.3	3.0	3.4

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	57.3	57.3	57.4
DII	20.8	20.7	20.6
FII	7.5	7.3	7.6
Others	14.4	14.7	14.4

### Subdued margins in fertilizer business drags down operating profitability

- CRIN reported total revenue of INR47.3b (est. INR55.9b) in 1QFY25, down 17% YoY, primarily on account of lower subsidy during the quarter.
- Total manufacturing volumes (NPK+DAP) grew 7% YoY to 811kmt, while total phosphate fertilizer manufacturing volumes (including SSP) grew 3% YoY to 968kmt.
- Nutrient & other allied business revenue declined 19% YoY to INR42.1b, while crop protection business revenue marginally increased by 1% YoY to INR5.5b. Crop Protection business volumes grew 5% YoY on account of healthy growth in technical and formulations.
- EBITDA declined 29% YoY to INR5.1b (est. INR6.9b). As per our calculations, manufacturing EBITDA/MT (including SSP) stood at INR4,261 (down 37% YoY), while EBITDA/MT for phosphate fertilizers (DAP and NPK) stood at INR4,843 (down 39% YoY).
- EBIT margin for Nutrient & other allied business contracted 270bp YoY to 10.2%, while for crop protection business, it expanded 140bp YoY to 11.4%.
- Adj. PAT stood at INR3.1b (est. INR4.7b), down 37% YoY.

### Highlights from the management commentary

- **Guidance:** The management has maintained its EBITDA/MT guidance of ~INR4,500-5,000 for manufactured fertilizer (NPK and DAP) in FY25. Lower discounting and backward integration will drive margin improvements in 2Q.
- **Crop protection:** Export volumes grew 12% YoY in 1Q; however, pricing pressure persists due to Chinese dumping, which the company expects to continue for another one or two quarters.
- **Nano DAP/Urea:** CRIN has commissioned its Nano DAP plant at Kakinada and has set up a Urea Super Phosphate unit at Nimrani, MP, during 1QFY25. The company expects improvements in volumes of Nano products from 2Q onward.



### Valuation and view

- The operating performance of the Fertilizer business is expected to remain subdued in 1HFY25, primarily due to the exceptional fertilizer business operating profit in 1HFY24, which is going to normalize in 1HFY25. However, the operating performance of the crop protection business showed some recovery in 1Q with further improvements going ahead.
- Factoring in the 1Q performance, we cut our FY25 earnings estimate by 11% while maintaining FY26E earnings. We value the company at ~25x Sep'26 EPS to arrive at our TP of 1,960. **Reiterate BUY.**

### Quarterly Performance

												(INR m)
Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
Consolidated	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	%
<b>Net Sales</b>	<b>56,934</b>	<b>69,881</b>	<b>54,642</b>	<b>39,127</b>	<b>47,288</b>	<b>69,068</b>	<b>60,590</b>	<b>41,682</b>	<b>2,20,584</b>	<b>2,18,628</b>	<b>55,876</b>	<b>-15</b>
YoY Change (%)	-0.6	-30.9	-34.2	-28.5	-16.9	-1.2	10.9	6.5	-25.5	-0.9	-1.9	
Total Expenditure	49,842	59,294	51,063	36,397	42,231	59,254	54,523	38,311	1,96,596	1,94,319	48,948	
<b>EBITDA</b>	<b>7,092</b>	<b>10,587</b>	<b>3,578</b>	<b>2,730</b>	<b>5,058</b>	<b>9,813</b>	<b>6,067</b>	<b>3,371</b>	<b>23,988</b>	<b>24,309</b>	<b>6,928</b>	<b>-27</b>
Margins (%)	12.5	15.2	6.5	7.0	10.7	14.2	10.0	8.1	10.9	11.1	12.4	
Depreciation	481	540	635	630	653	655	657	660	2,286	2,625	640	
Interest	405	462	381	617	574	450	400	375	1,866	1,799	500	
Other Income	445	448	585	835	541	537	702	1,002	2,314	2,783	534	
<b>PBT before EO expense</b>	<b>6,651</b>	<b>10,033</b>	<b>3,147</b>	<b>2,319</b>	<b>4,372</b>	<b>9,246</b>	<b>5,712</b>	<b>3,338</b>	<b>22,150</b>	<b>22,668</b>	<b>6,322</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>6,651</b>	<b>10,033</b>	<b>3,147</b>	<b>2,319</b>	<b>4,372</b>	<b>9,246</b>	<b>5,712</b>	<b>3,338</b>	<b>22,150</b>	<b>22,668</b>	<b>6,322</b>	
Tax	1,674	2,450	776	578	1,125	2,327	1,438	840	5,478	5,730	1,591	
Rate (%)	25.2	24.4	24.7	24.9	25.7	25.2	25.2	25.2	24.7	25.3	25.2	
Minority Interest & P/L of Asso. Cos.	36	15	61	138	137	16	64	144	250	361	38	
<b>Reported PAT</b>	<b>4,940</b>	<b>7,569</b>	<b>2,310</b>	<b>1,603</b>	<b>3,110</b>	<b>6,903</b>	<b>4,210</b>	<b>2,354</b>	<b>16,422</b>	<b>16,577</b>	<b>4,693</b>	
<b>Adj PAT</b>	<b>4,940</b>	<b>7,569</b>	<b>2,310</b>	<b>1,603</b>	<b>3,110</b>	<b>6,903</b>	<b>4,210</b>	<b>2,354</b>	<b>16,422</b>	<b>16,577</b>	<b>4,693</b>	<b>-34</b>
YoY Change (%)	-1.0	2.2	-56.2	-34.9	-37.1	-8.8	82.3	46.8	-18.4	0.9	(5.0)	
Margins (%)	8.7	10.8	4.2	4.1	6.6	10.0	6.9	5.6	7.4	7.6	8.4	

### Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Growth (%)	20.3	-20.8	-7.7	-19.5	-3.4	9.9	6.6	5.2	-9.6	4.9
Manufacturing (%)	10.6	-8.2	-9.8	-9.6	3.3	10.0	8.0	6.9	-5.0	7.3
Trading (%)	59.9	-53.0	-3.3	-31.0	-22.4	9.2	3.9	2.6	-19.4	-1.3
Mfg EBITDA/MT (INR)	6,754	7,230	1,330	2,890	4,261	5,700	4,000	3,365	4,190	4,040
<b>Cost Break-up</b>										
RM Cost (% of sales)	74.1	73.2	79.1	72.1	73.6	74.1	75.8	70.7	74.7	73.8
Staff Cost (% of sales)	2.9	2.5	3.4	4.4	3.9	2.7	3.1	5.0	3.2	3.5
Freight Cost (% of sales)	5.3	4.3	5.6	6.4	6.0	4.3	5.6	6.5	5.3	5.5
Other Cost (% of sales)	5.2	4.7	5.3	10.2	5.8	4.7	5.5	9.7	6.0	6.1
Gross Margins (%)	25.9	26.8	20.9	27.9	26.4	25.9	24.2	29.3	25.3	26.2
EBITDA Margins (%)	12.5	15.2	6.5	7.0	10.7	14.2	10.0	8.1	10.9	11.1
EBIT Margins (%)	11.6	14.4	5.4	5.4	9.3	13.3	8.9	6.5	9.8	9.9



# Deepak Nitrite

Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR3,076      TP: INR3,060 (-1%)      Neutral**

Bloomberg	DN IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	419.6 / 5
52-Week Range (INR)	3169 / 1922
1, 6, 12 Rel. Per (%)	14/27/25
12M Avg Val (INR M)	1010

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	76.8	88.1	92.1
EBITDA	11.2	13.4	16.4
PAT	7.5	8.9	10.4
EPS (INR)	55.1	65.3	76.4
EPS Gr. (%)	-11.7	18.5	17.0
BV/Sh.(INR)	351.7	408.7	475.5

### Ratios

Net D:E	-0.1	0.0	0.1
RoE (%)	16.9	17.2	17.3
RoCE (%)	16.0	15.8	15.1
Payout (%)	12.6	12.6	12.6

### Valuations

P/E (x)	55.8	47.1	40.2
P/BV (x)	8.7	7.5	6.5
EV/EBITDA (x)	37.1	31.4	26.0
Div. Yield (%)	0.2	0.3	0.3
FCF Yield (%)	0.3	-0.9	-0.5

### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	49.1	49.1	45.7
DII	15.6	15.1	10.7
FII	8.1	7.7	9.1
Others	27.2	28.1	34.5

FII Includes depository receipts

## Margin pressure to persist in the near term

- Deepak Nitrite (DN) delivered a beat in 1QFY25 led by a strong performance in Deepak Phenolics (DPL) driven by improved realization. EBITDA was above our estimate by 12% in 1QFY25 and stood at INR3.1b (+47% YoY). Adj. PAT was INR2b (estimate of INR1.8b, +35% YoY). EBIT margin contracted YoY in Advanced Intermediates (AI). Management highlighted that there was continued inventory destocking while logistical challenges led to an export slowdown to the US and EU.
- In the AI segment, DN introduced a new novel OBA product to address a specific market demand. Volume growth in select products was seen led by debottlenecking initiatives coupled with yield improvement in existing products. DN maintained its market share in most of the products in 1Q. In DPL, management expects it to gain more traction with the commissioning of the downstream products. The demand pressure on Benzene and Propylene could be a factor affecting the near-term Phenol spreads.
- Margin contracted significantly in the AI segment due to the current environment and challenging circumstances. Specific to performance products, margin dipped due to high ocean freight costs (this phenomenon was opposite for DPL), making it difficult to compete with domestic manufacturers. Margin pressure would persist in the short term due to reduced single customer or single geography dependency.
- Management highlighted that while demand recovery in agrochemicals continues to be soft, various other end-user segments, including dyes & pigments, paper, homecare, etc. are indicating marginal signs of improving demand. There are multiple projects set for commissioning in FY25 for DN, and with the expectation of Chinese destocking getting over by the end of FY25, this positions DN well for sustained growth and profitability from a long-term perspective.
- Despite the outperformance, we cut our EBITDA/EPS estimates by 7%/6% for FY25 due to the management guidance of near-term margin pressure. We broadly maintain our estimates for FY26. Our EBITDAM stands at 15.3%/17.8% for FY25/26. The stock trades at ~40x FY26E EPS of INR76 and at ~26x FY26E EV/EBITDA. **We reiterate our Neutral rating**, valuing the stock at 40x FY26E EPS to arrive at our TP of INR3,060.

### Beat led by better performance in DPL YoY

- Revenue was at INR21.7b (our est. INR18.6b, up 23% YoY). EBITDA was at INR3.1b (our est. of INR2.8b, up 47% YoY).
- Gross margin was 30.8% (flat YoY), while EBITDAM stood at 14.3% (v/s 11.9% in 1QFY24).
- Reported PAT stood at INR2.0b (our est. of INR1.8b, up 35% YoY).

### Segmental details

- Phenolics' EBIT margin stood at 14.2%, with EBIT at INR2.1b. AI's EBIT margin came in at 9.3%, with EBIT at INR665m.
- Revenue mix of Phenolics stood at 67% in 1QFY25, with AI's share at 33%. EBIT mix for AI was 24%, down from 57% in 1QFY24. The contribution from Phenolics came in at 76% (vs. 43% in 1QFY24).

**Other highlights**

- In May'24, Deepak Chem Tech Ltd (DCTL) entered into a share purchase agreement with Narmada Thermal Power Pvt Ltd (NTPPL) to acquire 100% paid up share capital of NTPPL for INR617m. NTPPL has been considered a step down subsidiary of DNL in 1QFY25.

**Valuation and view**

- The company aims to become the largest player in Solvents, with a play on import substitution. It is foraying into Methyl Isobutyl Ketone (MIBK, 40ktpa), Methyl Isobutyl Carbinol (MIBC, 8ktpa), Sodium Nitrite/ Nitrate among other products. These are taking shape and would be commissioned as per plan. Some other previously announced capex projects have already been commissioned (fluorination plant, specialty salts unit).
- DN is aggressively pursuing both backward and forward integration projects in order to de-risk its business model and also expand its product portfolio. However, its entire product portfolio consists of commodities, and the current valuation appears expensive.
- The stock trades at ~40x FY26E EPS of INR76 and at ~26x FY26E EV/EBITDA. **We reiterate our Neutral rating**, valuing the stock at 40x FY26E EPS to arrive at our TP of INR3,060.

**Consolidated - Quarterly Snapshot**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		(%)
<b>Gross Sales</b>	17,683	17,781	20,092	21,262	21,668	21,862	21,933	22,667	76,818	88,131	18,611	16%
YoY Change (%)	-14.1	-9.4	0.9	8.4	22.5	23.0	9.2	6.6	-3.6	14.7	5.2	
<b>Gross Margin (%)</b>	30.8%	34.4%	31.7%	30.7%	30.8%	31.0%	31.9%	35.0%	31.8%	32.2%	32.4%	-1.7%
<b>EBITDA</b>	2,098	3,023	3,047	3,011	3,092	3,189	3,263	3,904	11,178	13,448	2,773	12%
Margin (%)	11.9	17.0	15.2	14.2	14.3	14.6	14.9	17.2	14.6	15.3	14.9	-0.6
Depreciation	381	394	417	465	475	477	481	482	1,657	1,914	536	
Interest	18	27	29	44	58	63	66	79	118	266	27	
Other Income	319	170	136	191	188	152	160	139	816	639	141	
<b>PBT</b>	2,017	2,772	2,736	3,492	2,748	2,801	2,875	3,482	11,017	11,907	2,350	17%
Tax	518	721	715	953	723	705	725	844	2,908	2,997	592	
Rate (%)	25.7	26.0	26.1	27.3	26.3	25.2	25.2	24.2	26.4	25.2	25.2	
<b>Reported PAT</b>	1,499	2,051	2,020	2,538	2,025	2,096	2,150	2,638	8,108	8,910	1,759	15%
<b>Adj PAT</b>	1,499	2,051	2,020	1,958	2,025	2,096	2,150	2,638	7,521	8,910	1,759	15%
YoY Change (%)	-36.1	17.5	-3.4	-16.3	35.1	2.2	6.4	34.7	-11.7	18.5	17.3	
Margin (%)	8.5	11.5	10.1	9.2	9.3	9.6	9.8	11.6	9.8	10.1	9.5	-0.1
<b>Segmental Revenue (INR m)</b>												
Advanced Intermediates	7,083	6,702	6,743	6,711	7,157	7,247	7,394	7,484	23,036	23,266	5,993	19%
Phenolic	10,679	11,201	13,493	14,661	14,636	14,742	14,668	15,306	36,356	34,194	12,744	15%
<b>Segmental EBIT (INR m)</b>												
Advanced Intermediates	1,149	1,034	937	1,339	665	1,153	1,208	1,366	4,224	3,989	1,146	-42%
Phenolic	876	1,704	1,798	2,061	2,076	1,985	1,890	1,610	4,067	3,917	2,232	-7%
<b>Segmental EBIT Margin (%)</b>												
Advanced Intermediates	16.2%	15.4%	13.9%	20.0%	9.3%	15.9%	16.3%	18.3%	18.3%	17.1%	19.1%	-9.8%
Phenolic	8.2%	15.2%	13.3%	14.1%	14.2%	13.5%	12.9%	10.5%	11.2%	11.5%	17.5%	-3.3%



Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR337      TP: INR340 (+1%)      Neutral**

## Challenging quarter across key segments

### Outlook likely to improve from 2HFY25

Bloomberg	BIOS IN
Equity Shares (m)	1201
M.Cap.(INRb)/(USD\$)	404.5 / 4.8
52-Week Range (INR)	377 / 218
1, 6, 12 Rel. Per (%)	-7/11/1
12M Avg Val (INR M)	1806

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	144.1	153.6	178.2
EBITDA	29.5	34.7	44.1
Adjusted PAT	2.2	6.1	12.5
EBIT Margin (%)	9.6	11.8	14.8
Cons. Adj EPS (INR)	1.8	5.0	10.4
EPS Gro. (%)	-71.1	180.0	106.1
BV/Sh. (INR)	164.9	173.3	180.6

### Ratios

Net D-E	0.7	0.8	0.7
RoE (%)	1.1	3.0	5.9
RoCE (%)	3.4	3.6	5.0
Payout (%)	29.3	29.3	29.3

### Valuations

P/E (x)	187.4	67.0	32.5
EV/EBITDA (x)	20.9	17.7	13.7
Div. Yield (%)	0.6	0.9	0.8
FCF Yield (%)	1.0	1.6	6.0
EV/Sales (x)	4.3	4.0	3.4

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	60.6	60.6	60.6
DII	14.3	13.7	12.6
FII	6.2	6.0	10.0
Others	18.9	19.7	16.8

FII Includes depository receipts

- Biocon (BIOS) delivered a miss on 1QFY25 earnings due to lower than expected business across the segments (Biologics/generics/research services). The operating leverage coupled with higher interest costs dragged the overall performance for the quarter
- We cut our earnings by 22%/14% for FY25E/FY26E factoring in: 1) a delay in potential approvals in the biologics segment, 2) pricing challenges in the generics segment, and 3) a gradual pick-up in demand tailwinds in the research services segment. We value BIOS at SOTP (18x EV/EBITDA for Biocon Biologics ((BBL)/10x EV/EBITDA for generics business and 54% stake in Syngene) to arrive at our TP of INR340.
- BIOS is implementing efforts to: 1) improve its business prospects in commercialized products, 2) resolve regulatory issues at key sites to enable potential approval, 3) build a niche pipeline in the generics segment, and d) take advantage of improved demand in the CDMO segment. It is working to reduce the financial leverage as well. The strong earnings growth, however, is factored in at the current valuation.

**Reiterate Neutral.**

### Operating leverage outweighs the segment mix; drags margins

- BIOS' 1QFY25 sales were flat YoY at INR34.3b (est. INR39.6b). BBL's revenue (59% of sales) rose 3% YoY to INR21b. Research Services revenue (22% of sales) dipped 2% YoY to INR7.9b. Generics sales declined 6% YoY to INR6.6b (19% of sales)
- Gross margin (GM) expanded 150bp YoY to 62.8%.
- However, EBITDA margin contracted 280bp YoY to 18.1% (est: 22.9%) due to higher employee/other expenses (+530bp/+160bp YoY as % of sales), offset by lower R&D expenses (-260bp YoY as a % of sales).
- The EBITDA margin for BBL was 22.8% for 1QFY25 (flat YoY/down 130bp QoQ). The EBITDA margin of Syngene was 21.5% (down 470bp YoY/1,310bp QoQ). The Generics registered a negative EBITDA margin of 3.5% in 1QFY25 vs. an EBITDA margin of 6.3%/4.6% YoY/QoQ basis.
- EBITDA declined 12.9% YoY to INR6.2b (est: INR9b) for the quarter.
- Adjusting for a one-off gain of INR10.6b on collaboration with Eris, and insurance claim (INR320m). BIOS had an adj. loss of INR1.6b (est. PAT: INR1.8b) vs. Adj. profit of INR1b in 1QFY24.

### Highlights from the management commentary

- BIOS filed Liraglutide across various markets. Specifically, EMA approval is expected in 2HFY25. The company's current capacity is sufficient to cater to the next two years of requirements.
- Overall, the performance in 2QFY25 is likely to be similar to that in 1QFY25. The second half would be driven by new launches in generics, continued traction in biosimilars, and improved momentum in Syngene.

**Quarterly performance (Consolidated)**

(INRb)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
<b>Net Sales</b>	<b>34.2</b>	<b>34.6</b>	<b>36.0</b>	<b>39.2</b>	<b>34.3</b>	<b>37.1</b>	<b>39.7</b>	<b>42.5</b>	<b>144.1</b>	<b>153.6</b>	<b>39.6</b>	<b>-13.3%</b>
YoY Change (%)	57.9	49.2	22.5	7.4	0.3	7.0	10.3	8.4	30.0	6.6	15.7	
Total Expenditure	27.1	27.2	30.3	30.0	28.1	29.1	30.3	31.5	114.6	119.0	30.5	
<b>EBITDA</b>	<b>7.1</b>	<b>7.4</b>	<b>5.8</b>	<b>9.2</b>	<b>6.2</b>	<b>8.0</b>	<b>9.5</b>	<b>11.0</b>	<b>29.5</b>	<b>34.7</b>	<b>9.1</b>	<b>-31.5%</b>
YoY Change (%)	53.5	57.4	-16.3	5.1	-12.9	7.5	64.0	20.4	18.1	17.6	27.2	
Margins (%)	20.8	21.4	16.0	23.4	18.1	21.5	23.8	26.0	20.5	22.6	22.9	
Depreciation	3.6	3.9	4.2	4.1	4.1	4.2	4.2	4.2	15.7	16.6	4.0	
<b>EBIT</b>	<b>3.6</b>	<b>3.5</b>	<b>1.6</b>	<b>5.1</b>	<b>2.2</b>	<b>3.8</b>	<b>5.3</b>	<b>6.9</b>	<b>13.8</b>	<b>18.1</b>	<b>5.1</b>	
YoY Change (%)	43.5	46.8	-58.3	0.2	-39.2	8.4	226.8	34.6	-0.4	31.4	42.7	
Margins (%)	10.4	10.2	4.5	13.0	6.3	10.3	13.3	16.1	9.6	11.8	12.8	
Interest	2.3	2.5	2.7	2.3	2.4	2.2	2.1	2.1	9.8	8.7	2.3	
Other Income	0.9	1.6	1.1	0.5	0.8	0.6	0.6	0.2	4.1	2.1	0.6	
Extraordinary Income	0.0	-0.2	8.3	-0.1	10.9	0.0	0.0	0.0	7.9	10.9	0.0	
Share of Profit/Loss from Associates	-0.3	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	
<b>PBT</b>	<b>1.8</b>	<b>2.1</b>	<b>8.1</b>	<b>3.2</b>	<b>11.5</b>	<b>2.2</b>	<b>3.7</b>	<b>5.0</b>	<b>15.2</b>	<b>22.4</b>	<b>3.3</b>	<b>242.4%</b>
Tax	0.4	0.4	0.6	1.0	2.8	0.4	0.7	0.9	2.3	4.8	0.7	
Rate (%)	19.1	19.6	6.8	30.1	24.8	20.0	18.0	17.2	15.0	21.5	22.0	
Minority Interest	0.5	0.5	0.9	0.9	2.0	0.9	1.1	-0.7	2.8	3.3	0.9	
<b>PAT</b>	<b>1.0</b>	<b>1.3</b>	<b>6.6</b>	<b>1.4</b>	<b>6.6</b>	<b>0.9</b>	<b>2.0</b>	<b>4.8</b>	<b>10.2</b>	<b>14.3</b>	<b>1.8</b>	<b>274.2%</b>
<b>Adj PAT</b>	<b>1.0</b>	<b>1.4</b>	<b>-1.7</b>	<b>1.4</b>	<b>-1.6</b>	<b>0.9</b>	<b>2.0</b>	<b>4.8</b>	<b>2.2</b>	<b>6.1</b>	<b>1.8</b>	<b>NA</b>
YoY Change (%)	-51.1	-16.2	NA	-5.0	NA	-39.5	NA	239.7	-71.1	180.0	76.0	
Margins (%)	2.9	3.6	18.3	3.5	19.2	2.4	4.9	11.4	7.1	9.3	4.4	

**Key performance Indicators (Consolidated)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Cost Break-up</b>											
RM Cost (% of Sales)	38.7	35.4	36.6	36.2	37.2	37.0	36.4	36.0	36.7	36.6	36.3
Staff Cost (% of Sales)	15.2	15.3	15.4	13.6	20.5	19.0	18.0	17.1	14.8	18.6	14.3
R&D Expenses(% of Sales)	9.2	7.6	9.1	6.3	6.6	6.3	6.3	5.2	8.0	6.1	6.5
Other Cost (% of Sales)	16.1	20.2	22.8	20.6	17.7	16.2	15.5	15.7	20.0	16.2	20.0
Gross Margin (%)	61.3	64.6	63.4	63.8	62.8	63.0	63.6	64.0	63.3	63.4	63.7
EBITDA Margin (%)	20.8	21.4	16.0	23.4	18.1	21.5	23.8	26.0	20.5	22.6	22.9
EBIT Margins (%)	10.4	10.2	4.5	13.0	6.3	10.3	13.3	16.1	9.6	11.8	12.8

E: MOFSL Estimates





# Jubilant FoodWorks

Estimate changes	↔
TP change	↑
Rating change	↔

**CMP: INR599**      **TP: INR 550 (-8%)**      **Neutral**

Bloomberg	JUBI IN
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	395.2 / 4.7
52-Week Range (INR)	615 / 421
1, 6, 12 Rel. Per (%)	5/12/-5
12M Avg Val (INR M)	1544

## Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	56.5	79.2	89.7
Sales Gr. (%)	9.6	40.1	13.2
EBITDA	11.4	16.0	19.2
EBITDA Margin (%)	20.2	20.2	21.4
Adj. PAT	2.6	3.6	5.5
Adj. EPS (INR)	3.9	5.5	8.3
EPS Gr. (%)	-32.9	39.5	51.1
BV/Sh.(INR)	32.9	35.2	37.8

## Ratios

RoE (%)	12.0	15.6	22.0
RoCE (%)	11.6	9.7	11.8

## Valuation

P/E (x)	151.6	108.6	71.9
P/BV (x)	18.2	17.0	15.8
EV/EBITDA (x)	37.8	26.8	22.3
EV/Sales (x)	7.6	5.4	4.8

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	41.9	41.9	41.9
DII	29.9	26.1	22.5
FII	20.8	23.6	25.4
Others	7.4	8.4	10.1

FII Includes depository receipts

## Delivery business outperforms; focus on network expansion

- Jubilant Foodworks (JUBI) reported sales growth of 10% YoY to INR14.4b (in line) in 1QFY25. Domino's LFL was 3% (in line), and same store sales are also turning positive (at ~1.5-2.0%) after six quarters. Delivery business performed well, growing 16% YoY and improving the share to 69%, while dine-in contracted 6% YoY. Waiving of delivery charges transitioned dine-in demand to delivery.
- Domino's has added 34 new stores and entered 6 new cities in 1Q. The store expansion spree for Domino's and other brands will continue and plans to open 180 Domino's stores in FY25.
- Gross margin was up marginally (+10bp YoY to 76.1%), while EBITDA margin contracted 180bp YoY to 19.3%. This contraction is attributed to increased investments in technology, supply chain enhancements, and adverse operating leverage. Additionally, the company intensified its value proposition by offering free delivery.
- Weak operating margins were further hit by higher depreciation (investments in backend) and interest costs. PBT declined 33% YoY, and margin came in at 4.7% in 1QFY25.
- The international business was doing well with 15%/17%/42% revenue growth in DPEU/Domino's Sri Lanka/Bangladesh.
- The QSR industry is still reeling under pressure on unit economics. Outperformance of delivery demand has aided healthy traffic growth for JUBI. The growth recovery still looks more gradual, and operating print will also lag some quarters for meaningful revision. Owing to its rich valuation, **we reiterate our Neutral rating** with a TP of INR550.

## EBITDA in line; PBT down 33% YoY

- SSS turning positive** – JUBI reported sales growth of 10% YoY to INR14.4b (est. INR14.2b). **LFL grew by 3% (inline)**. SSSG is turning positive and was close to 1.5-2%.
- Store expansion continues** – JUBI opened 52 net stores in India, taking the count to 2,148 stores. **Domino's**: It opened 34 new Domino's Pizza stores to reach 2,029. **Popeyes**: It opened eight new stores, taking the count to 50. **Hong's Kitchen**: It opened five stores, taking the count to 33. **Dunkin' Donuts**: It opened five new stores, taking the count to 36.
- Weak EBITDA margin** – Gross profit reported 10% YoY growth of INR11b (est. INR 10.9b). Margin improved slightly by 10bp YoY to 76.1% (est. 76.5%). EBITDA flattish YoY at INR2.8b (est. INR2.8b). Margins contracted 180bp YoY while expanded 20bp QoQ to 19.3% (est. 19.5%). PBT margin was at 4.7% vs. 3.8% 4QFY24 and 7.7% 1QFY24.
- Decline in PBT/PAT** – PBT (before exceptional items) declined 33% YoY to INR683m (est. INR774m). Adj. PAT dipped 32% YoY to INR515m (est. INR579m).

### International business

- Dominos Sri Lanka's revenue rose 17% YoY to INR174m. During the quarter, no store was opened in the country.
- Dominos Bangladesh's revenue grew 42% YoY to INR170m led by network expansion. Bangladesh saw two store additions, taking the total count to 30 stores.

### DPEU

- Domino's system sales stood at INR7,151m. Domino's Turkey LFL growth was 10.3%.
- COFFY's system sales came in at INR657m; LFL growth was 8.7%.
- Revenue for DPEU was INR4,614m (up 15.4% YoY) with an Op. EBITDA of 25.0% and PAT margin of 9.2%.
- In DP Eurasia, the company opened 12 stores in 1QFY25, taking the total count to 829 stores.

### Highlights from the management commentary

- There has been no major improvement in the underlying demand situation. Growth was led by delivery channel initiatives like free delivery and Lunch Feast (meal at INR99).
- The company's sharp focus on delivery value to the consumer helped to deliver 8.5% YoY growth in Domino's India, driven by 3% LFL growth.
- Gross margins of the DP Eurasia (64-65%) business are structurally lower than JFL standalone (76%) due to the franchisee-driven business model.
- Management plans to open 180 stores for Domino's India, 50 for Domino's in Turkey, and 20 for Domino's in Bangladesh in FY25. In COFFY plan to open 70 stores, 50 stores for Popeyes restaurants, and 25 Hong's Kitchen outlets.

### Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- The QSR industry is still reeling under pressure on unit economics. Outperformance of delivery demand has aided healthy traffic growth for JUBI. The growth recovery still looks more gradual, and operating print will also lag some quarters for meaningful revision.
- We value the India business at 65x P/E and international business at 40x P/E on FY26E to arrive at our TP of INR550. **Reiterate Neutral.**

Quarterly Standalone Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>No of stores (Dominos)</b>	<b>1,838</b>	<b>1,888</b>	<b>1,928</b>	<b>1,995</b>	<b>2,029</b>	<b>2,074</b>	<b>2,119</b>	<b>2,175</b>	<b>1,995</b>	<b>2,175</b>	<b>2,040</b>	
<b>LFL growth (%)</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>3.0</b>	<b>5.0</b>	<b>5.0</b>	<b>-1.4</b>	<b>4.0</b>	<b>2.5</b>	
<b>Net Sales</b>	<b>13,097</b>	<b>13,448</b>	<b>13,551</b>	<b>13,313</b>	<b>14,396</b>	<b>14,928</b>	<b>15,312</b>	<b>14,915</b>	<b>53,409</b>	<b>59,550</b>	<b>14,210</b>	1.3%
YoY change (%)	5.6	4.5	2.9	6.3	9.9	11.0	13.0	12.0	4.8	11.5	8.5	
<b>Gross Profit</b>	<b>9,956</b>	<b>10,275</b>	<b>10,387</b>	<b>10,200</b>	<b>10,955</b>	<b>11,390</b>	<b>11,714</b>	<b>11,498</b>	<b>40,817</b>	<b>45,556</b>	<b>10,871</b>	0.8%
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	76.3	76.5	77.1	76.4	76.5	76.5	
<b>EBITDA</b>	<b>2,764</b>	<b>2,807</b>	<b>2,827</b>	<b>2,543</b>	<b>2,782</b>	<b>2,895</b>	<b>3,085</b>	<b>2,861</b>	<b>10,941</b>	<b>11,622</b>	<b>2,775</b>	0.2%
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	3.1	9.1	12.5	-5.6	6.2	0.4	
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	20.1	19.2	20.5	19.5	19.5	
Depreciation	1,328	1,379	1,465	1,511	1,552	1,573	1,581	1,589	5,684	5,953	1,528	
Interest	513	534	583	609	619	635	640	650	2,239	2,544	564	
Other Income	91	69	40	86	73	75	90	104	285	342	91	
<b>PBT</b>	<b>1,014</b>	<b>963</b>	<b>819</b>	<b>508</b>	<b>683</b>	<b>763</b>	<b>954</b>	<b>726</b>	<b>3,303</b>	<b>3,466</b>	<b>774</b>	-11.7%
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-20.8	16.5	42.8	-38.6	4.9	-23.6	
Tax	262	241	209	132	168	192	240	235	844	867	195	
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.2	25.2	32.3	25.6	25.0	25.2	
<b>Adjusted PAT</b>	<b>752</b>	<b>721</b>	<b>610</b>	<b>345</b>	<b>515</b>	<b>571</b>	<b>714</b>	<b>491</b>	<b>2,428</b>	<b>2,600</b>	<b>579</b>	-11.1%
YoY change (%)	-38.2	-39.5	-31.16	-44.38	-31.5	-20.9	17.07	42.28	-38.0	7.1	-22.9	

E: MOFSL Estimates



# IRB Infrastructure

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR62      TP: INR61 (-2%)      Neutral**

Bloomberg	IRB IN
Equity Shares (m)	6039
M.Cap.(INRb)/(USD\$)	374.2 / 4.5
52-Week Range (INR)	78 / 26
1, 6, 12 Rel. Per (%)	-8/-21/113
12M Avg Val (INR m)	2782

## In-line performance; order pipeline remains robust

### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	74.1	82.8	94.6
EBITDA	33.3	37.7	42.6
PAT	6.1	9.6	12.3
EBITDA (%)	45.0	45.6	45.0
EPS (INR)	1.0	1.6	2.0
EPS Gr. (%)	-15.9	58.6	28.4
BV/Sh. (INR)	22.8	24.0	25.7

### Ratios

Net D/E	1.2	1.1	1.0
RoE (%)	4.5	6.8	8.2
RoCE (%)	8.0	7.9	8.3
Payout (%)	27.4	22.7	17.7

### Valuations

P/E (x)	61.8	39.0	30.3
P/BV (x)	2.7	2.6	2.4
EV/EBITDA (x)	16.3	14.3	12.6
Div Yield (%)	0.5	0.5	0.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	30.4	34.4	34.2
DII	44.5	49.6	7.0
FII	7.7	5.4	48.4
Others	17.5	10.6	10.4

FII Includes depository receipts

- IRB Infrastructure's (IRB) revenue grew 13% YoY to INR18.5b in 1QFY25 (in line). EBITDA margin came in at 46.3% (est. 45.7%), down 130bp YoY and up 300bp QoQ. EBITDA grew 10% YoY to INR8.6b, in line with our estimate. APAT rose 5% YoY to INR1.4b (in line).
- Construction revenues stood at INR12.4b (+18% YoY), while BOT revenue came in at INR6.1b (+4.8% YoY).
- The order book stood at ~INR336b (excl. GST) as of 1Q end. The O&M order book stood at INR288b, while the construction order book stood at INR48b.
- IRB's performance was in line with our estimates. Given its strong order pipeline of INR2t and track record of winning 25-30% of its targeted bids, we expect IRB's order inflows to pick up going ahead. With a strong order book and a robust tender pipeline, driven by BOT projects, we expect a revenue CAGR of ~13% over FY24-26. We broadly retain our estimates for FY25/FY26. Reiterate Neutral with a revised SoTP-based TP of INR61.**

### Robust order pipeline along with a strong balance sheet

- Awarding by NHAI was subdued in 1QFY25, with only ~50km of projects awarded during the quarter. However, IRB's order book was healthy. The tender pipeline remains robust at INR2t, of which IRB aims to win at least INR200-250b worth of orders in FY25. IRB's priority would be BOT toll projects, followed by TOT projects, and then HAM projects.
- As of Jun'24, IRB's net cash stood at INR2.3b with a net debt-to-equity ratio of 0.88x, with minimal equity commitments in FY25. This financial strength provides IRB with the flexibility to bid for the strong order pipeline of INR2t.

### Key takeaways from the management commentary

- As of Jun'24, the company's order book stood at INR336b. The EPC segment accounts for INR48b of the order book, providing robust revenue visibility for IRB's construction segment for the next two to three years. The O&M order book is close to INR288b.
- Both TOT-12 and TOT-13 have received their appointed dates (AD) from NHAI, and tolling for both projects commenced in Apr'24.
- The toll tariff revision (delayed due to elections) was implemented in Jun'24.
- The construction vertical is likely to clock a ~15% CAGR over the next two to three years, with a stable EBITDA margin.
- The management expects INR200-250b worth of order inflows in FY25, given a healthy pipeline of orders in the BoT and ToT segments.
- Losses in JVs/associates would be in the range of INR1.5-1.6b in FY25.

### Valuation and view

- Fueled by a robust order book and a strong tender pipeline, primarily due to BOT projects, we expect IRB's execution to pick up, leading to a ~13% CAGR in revenue and stable margins. We broadly retain our APAT for FY25E/FY26E. **Reiterate Neutral with a revised SoTP-based TP of INR61.**

Quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 1QE	Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>16,342</b>	<b>17,450</b>	<b>19,685</b>	<b>20,612</b>	<b>18,529</b>	<b>19,829</b>	<b>22,063</b>	<b>22,409</b>	<b>74,090</b>	<b>82,830</b>	<b>18,273</b>	<b>1</b>
YoY Change (%)	(15.1)	29.9	30.0	27.2	13.4	13.6	12.1	8.7	15.7	11.8	11.8	
<b>EBITDA</b>	<b>7,778</b>	<b>7,946</b>	<b>8,695</b>	<b>8,899</b>	<b>8,570</b>	<b>8,981</b>	<b>10,013</b>	<b>10,169</b>	<b>33,318</b>	<b>37,733</b>	<b>8,348</b>	<b>3</b>
Margins (%)	47.6	45.5	44.2	43.2	46.3	45.3	45.4	45.4	45.0	45.6	45.7	
Depreciation	2,367	2,327	2,513	2,742	2,550	2,450	2,555	2,451	9,949	10,006	2,400	
Interest	3,815	4,346	4,327	6,145	4,387	4,200	4,000	4,193	18,633	16,780	4,300	
Other Income	1,112	1,295	1,088	4,433	1,187	1,000	1,150	1,301	7,928	4,638	1,200	
<b>PBT</b>	<b>2,709</b>	<b>2,569</b>	<b>2,942</b>	<b>4,443</b>	<b>2,820</b>	<b>3,331</b>	<b>4,608</b>	<b>4,826</b>	<b>12,663</b>	<b>15,586</b>	<b>2,848</b>	
Tax	836	858	561	1,201	887	873	1,198	1,285	3,456	4,243	746	
Rate (%)	30.9	33.4	19.1	27.0	31.4	26.2	26.0	26.6	27.3	27.2	26.2	
Share of profit in Associates	(535)	(753)	(507)	(1,353)	(534)	(430)	(390)	(378)	(3,148)	(1,732)	(700)	
<b>Reported PAT</b>	<b>1,338</b>	<b>958</b>	<b>1,874</b>	<b>1,889</b>	<b>1,400</b>	<b>2,028</b>	<b>3,020</b>	<b>3,163</b>	<b>6,058</b>	<b>9,611</b>	<b>1,402</b>	
<b>Adj PAT</b>	<b>1,338</b>	<b>958</b>	<b>1,874</b>	<b>1,889</b>	<b>1,400</b>	<b>2,028</b>	<b>3,020</b>	<b>3,163</b>	<b>6,058</b>	<b>9,611</b>	<b>1,402</b>	<b>(0)</b>
YoY Change (%)	(63.2)	12.2	32.6	45.0	4.6	111.8	61.1	67.5	(15.9)	58.6	4.8	
Margins (%)	8.2	5.5	9.5	9.2	7.6	10.2	13.7	14.1	8.2	11.6	7.7	





# Global Health

Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR1134**                      **TP: INR1,380 (+22%)**                      **Buy**

## Developing hospitals drag down earnings

### Enters Mumbai through greenfield route

Bloomberg	MEDANTA IN
Equity Shares (m)	269
M.Cap.(INRb)/(USDb)	304.4 / 3.6
52-Week Range (INR)	1514 / 615
1, 6, 12 Rel. Per (%)	-10/-23/43
12M Avg Val (INR M)	530

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	32.8	35.3	40.3
EBITDA	8.3	8.5	10.7
Adj. PAT	4.8	5.1	6.6
EBIT Margin (%)	19.1	18.0	20.1
Cons. Adj. EPS (INR)	17.8	19.1	24.7
EPS Gr. (%)	46.7	7.4	29.2
BV/Sh. (INR)	108.2	124.0	144.3

### Ratios

Net D:E	0.1	0.1	0.0
RoE (%)	17.9	16.5	18.4
RoCE (%)	14.7	14.4	16.8
Payout (%)	17.6	17.6	17.6

### Valuations

P/E (x)	63.6	59.2	45.8
EV/EBITDA (x)	37.2	35.9	28.5
EV/Sales (x)	9.4	8.7	7.6
Div. Yield (%)	0.2	0.3	0.3
FCF Yield (%)	1.1	0.4	0.8
EV/Sales (x)	9.4	8.7	7.6

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	33.0	33.0	33.1
DII	10.6	10.3	10.8
FII	12.9	12.1	10.6
Others	43.4	44.6	45.6

FII Includes depository receipts

- Global Health (Medanta) delivered a slight miss on earnings in 1QFY25. Revenue came in higher than expected, led by improved traction in matured hospitals. The developing hospital segment continued to face challenges, which affected the overall performance in 1QFY25. The increase in operational costs due to bed additions also hurt profitability.
- We reduce our earnings estimates for FY25/FY26 by 2% each to factor in a gradual revival in Lucknow hospital and an additional opex related to bed additions in Gurgaon/Patna. We value Medanta at 33x 12M forward EV/EBITDA to arrive at a TP of INR1,380.
- Medanta is implementing efforts to scale up operations in Lucknow/Patna, expand bed capacity in new locations, and add talent related to new and existing therapies. While FY25 is expected to see moderate YoY growth in earnings, it is gearing up for robust growth FY26 onward. Maintain BUY.

### Muted show in Lucnow, high opex on bed addition affect profitability

- In 1QFY25, sales grew 11.4% YoY to INR8.6b (est. INR8.2b).
- EBITDA margin declined 160bp YoY to 22.2% owing to higher RM costs (+80bp YoY) and employee expenses (+40bp YoY).
- Accordingly, Medanta reported tepid EBITDA growth of 4% YoY to INR1.9b (est. INR2.0b).
- Mature hospitals' revenue (68% of total revenue) grew 10.4% YoY to INR6.4b, EBITDA stood at INR1.6b, and margins expanded 25bp YoY to 25%.
- Developing hospitals' revenue (32% of total revenue) grew 3.1% YoY to INR2.4b, EBITDA stood at INR581m, and margins contracted 690bp YoY to 24.5%.
- In line with EBITDA growth, PAT grew only 4% YoY to INR1.1b.

### Highlights from the management commentary

- Medanta has not seen meaningful attrition at the Lucknow site over the past few months.
- In Mumbai, the major constraint is availability of land as per management. Even the accessibility to land is also an issue. Considering land from public auctions, Medanta believes this issue to be the least to build a greenfield project at this site.
- Medanta is in the process of completing regulatory clearance. Its Mumbai unit would take three years to start commercial operations.
- ARPOB is relatively lower in Patna compared to Lucknow as well as mature hospitals. However, treating more patients would increase EBITDA at the Patna site.
- 1QFY25 was the first quarter with positive PAT for the Patna hospital.

Consolidated - Quarterly Earning Model											(INRm)	
Y/E March	FY24				FY25E				FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)	
<b>Gross Sales</b>	<b>7,730</b>	<b>8,439</b>	<b>8,365</b>	<b>8,086</b>	<b>8,611</b>	<b>8,421</b>	<b>8,791</b>	<b>9,447</b>	<b>32,751</b>	<b>35,269</b>	<b>8,216</b>	<b>4.8%</b>
YoY Change (%)	25.2	24.3	20.5	14.4	11.4	-0.2	5.1	16.8	21.6	7.7	6.3	
Total Expenditure	5,887	6,255	6,150	6,175	6,699	6,417	6,637	6,982	24,467	26,734	6,220	
<b>EBITDA</b>	<b>1,843</b>	<b>2,185</b>	<b>2,215</b>	<b>1,911</b>	<b>1,912</b>	<b>2,004</b>	<b>2,154</b>	<b>2,465</b>	<b>8,284</b>	<b>8,535</b>	<b>1,997</b>	<b>-4.2%</b>
YoY Change (%)	38.7	38.3	36.1	12.7	3.7	-8.3	-2.8	29.0	33.7	3.0	8.3	
Margins (%)	23.8	25.9	26.5	23.6	22.2	23.8	24.5	26.1	25.3	24.2	24.3	
Depreciation	468	485	495	572	515	515	520	621	2,020	2,172	526	
Interest	179	201	177	182	180	130	110	107	739	526	145	
Other Income	215	208	181	274	219	295	310	410	747	1,234	280	
<b>PBT before EO expense</b>	<b>1,410</b>	<b>1,707</b>	<b>1,724</b>	<b>1,431</b>	<b>1,437</b>	<b>1,654</b>	<b>1,834</b>	<b>2,147</b>	<b>6,271</b>	<b>7,072</b>	<b>1,606</b>	<b>-10.5%</b>
Extra-Ord expense/(Income)	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>1,410</b>	<b>1,707</b>	<b>1,724</b>	<b>1,431</b>	<b>1,437</b>	<b>1,654</b>	<b>1,834</b>	<b>2,147</b>	<b>6,271</b>	<b>7,072</b>	<b>1,606</b>	<b>-10.5%</b>
Tax	390	455	488	157	374	457	495	613	1,490	1,938	440	
Rate (%)	27.7	26.6	28.3	11.0	26.0	27.6	27.0	28.5	23.8	27.4	27.4	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>1,020</b>	<b>1,252</b>	<b>1,235</b>	<b>1,273</b>	<b>1,063</b>	<b>1,198</b>	<b>1,339</b>	<b>1,534</b>	<b>4,781</b>	<b>5,133</b>	<b>1,166</b>	<b>-8.8%</b>
<b>Adj PAT</b>	<b>1,020</b>	<b>1,252</b>	<b>1,235</b>	<b>1,273</b>	<b>1,063</b>	<b>1,198</b>	<b>1,339</b>	<b>1,534</b>	<b>4,781</b>	<b>5,133</b>	<b>1,166</b>	<b>-8.8%</b>
YoY Change (%)	73.8	46.1	53.3	26.0	4.2	-4.3	8.4	20.5	46.6	7.4	14.3	
Margins (%)	13.2	14.8	14.8	15.7	12.3	14.2	15.2	16.2	14.6	14.6	14.2	

E: MOFSL Estimates

Note: Sum of 4 quarter does not match with full year as the company has restated its number



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	172.9 / 2.1
52-Week Range (INR)	2178 / 540
1, 6, 12 Rel. Per (%)	-15/12/178
12M Avg Val (INR M)	770

**Financials & Valuations (INR b)**

Y/E Mar	FY24	FY25E	FY26E
Sales	31.0	42.0	50.3
EBITDA	2.8	6.3	11.4
EBITDA (%)	8.9	15.0	22.7
PAT	0.5	3.4	7.1
EPS (INR)	5.1	35.2	74.2
EPS Gr. (%)	-52.9	591.2	110.5
BV/Sh. (INR)	261.0	293.3	364.6

**Ratios**

Net D/E	0.5	(0.0)	0.0
RoE (%)	2.0	12.7	22.6
RoCE (%)	4.7	10.4	17.4
Payout (%)	57.9	8.4	4.0

**Valuations**

P/E (x)	335	48	23
P/BV (x)	7	6	5
EV/EBITDA (x)	63	26	14
Div Yield (%)	0.2	0.2	0.2

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	52.3	52.3	52.3
DII	18.6	17.6	12.2
FII	11.5	11.9	12.8
Others	17.7	18.3	22.8

**CMP: INR1,708      TP: INR2,250 (+32%)      Buy**

**In-line bookings; pipeline provides healthy visibility**

**Gurugram market drives performance**

- Sobha reported bookings of INR19b (6% below estimate) in 1QFY25 up 28%/ 25% YoY/QoQ. The performance was driven by the newly-launched premium project - 'Sobha Aranya' – in Gurugram. Overall, Sobha launched four new projects with a total area of 3msf.
- Total volume for the quarter stood at 1.2msf down 15%/12% YoY/QoQ. However, aided by higher sales in Gurugram, the realizations improved 51%/41% YoY/QoQ to INR15,900/sft.
- Gurugram contributed 45% (the highest ever) to the quarterly sales value with INR8.5b, surpassing Bangalore for the first time in a quarter.
- In line with its strategy to accelerate monetization of the existing pipeline, Sobha has consistently scaled up its launches since 3QFY24, which led to a 9msf inventory at the ongoing projects (v/s 3.4msf in 2QFY24). The overall pipeline (incl. inventory) stood at 28msf in 1QFY25 (v/s 24msf in 4QFY24), thus providing healthy growth visibility.
- Total collections were up 21% YoY to INR14b which led to 80% YoY jump in OCF to INR4b. Company increased spending on land to INR1.6b, up 4x YoY. Surplus cash flows of INR0.7b were utilized to repay debt, which decreased to INR12b or 0.5x D/E.
- **P&L performance** – Revenue decreased 29% YoY to INR6.4b with 36% YoY decline witnessed in real estate segment's revenue which came in at INR4.7b. Company delivered 0.9msf in 1QFY25. EBITDA declined 14% YoY to INR0.6b with margin of 9% (v/s 8% in 4QFY24). The margin in both residential and contractual segment remained subdued which impacted overall profitability. Adj. PAT stood at INR60m, down 50% YoY.

**Highlights from the management commentary**

- **Launches and guidance:** The inventory of 9msf across the ongoing projects provides healthy visibility. Additionally, Sobha plans to launch 6msf over the next three quarters across all markets, and it continues to target bookings of INR85b in FY25 with an upward bias.
- **New markets:** Sobha now intends to foray into Mumbai and Noida but will remain calibrated in the approach. Unlike other cities, Mumbai offers a range of opportunities across segments, and management intends to build a strong presence in the city over the long term. In Noida, Sobha acquired 3.6 acres land through auction, and it has 0.7msf of development potential.
- **Margins:** Sales generated since FY23 have a project-level EBITDA of 30%+ and will be reflected in P&L as these projects get delivered. Lower-margin projects along with front loading of overheads on new projects are adversely impacting current profitability. The P&L will gradually improve from FY26.

### Valuation and view

- Sobha continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the ongoing fund raise and strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- We incorporate an updated launch pipeline and new projects acquired during the year. The ongoing and upcoming projects are likely to generate INR150b of gross cash flows and value the same at INR95b.
- Sobha's ~190msf of balance land reserve is valued at INR90b, assuming 25-75 years of monetization. The company trades at 8.5x FY25E EV/EBITDA (based on FY25E pre-sales), which is at a 15-30% discount to its comparable peers (PEPL, GPL, MLDL, and Sunteck).
- **We reiterate our BUY rating on the stock with an unchanged TP of INR2,250, indicating 32% upside potential.**

### Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>9,079</b>	<b>7,412</b>	<b>6,849</b>	<b>7,629</b>	<b>6,404</b>	<b>10,078</b>	<b>10,918</b>	<b>14,592</b>	<b>30,969</b>	<b>41,991</b>	<b>9,658</b>	-34%
YoY Change (%)	60.8	11.1	-21.1	-36.9	-29.5	36.0	59.4	91.3			6.4	
Total Expenditure	8,425	6,658	6,108	7,008	5,845	8,827	9,280	11,741	28,199	35,693	8,470	
<b>EBITDA</b>	<b>654</b>	<b>754</b>	<b>741</b>	<b>621</b>	<b>559</b>	<b>1,251</b>	<b>1,638</b>	<b>2,851</b>	<b>2,770</b>	<b>6,299</b>	<b>1,188</b>	-53%
Margins (%)	7.2	10.2	10.8	8.1	8.7	12.4	15.0	19.5	8.9	15.0	12.3	-357bps
Depreciation	183	193	201	205	204	208	225	230	782	867	199	
Interest	611	639	614	590	539	512	487	404	2,455	1,942	561	
Other Income	313	324	288	284	295	373	331	641	1,209	1,640	360	
<b>PBT before EO expense</b>	<b>173</b>	<b>247</b>	<b>214</b>	<b>109</b>	<b>111</b>	<b>904</b>	<b>1,257</b>	<b>2,858</b>	<b>742</b>	<b>5,130</b>	<b>788</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>173</b>	<b>247</b>	<b>214</b>	<b>109</b>	<b>111</b>	<b>904</b>	<b>1,257</b>	<b>2,858</b>	<b>742</b>	<b>5,130</b>	<b>788</b>	
Tax	52	97	63	39	50	306	425	954	251	1,736	267	
Rate (%)	30.2	39.4	29.4	35.5	45.4	33.8	33.8	33.4	33.8	33.8	33.8	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>121</b>	<b>149</b>	<b>151</b>	<b>70</b>	<b>61</b>	<b>598</b>	<b>832</b>	<b>1,904</b>	<b>491</b>	<b>3,395</b>	<b>522</b>	-88%
<b>Adj PAT</b>	<b>121</b>	<b>149</b>	<b>151</b>	<b>70</b>	<b>61</b>	<b>598</b>	<b>832</b>	<b>1,904</b>	<b>491</b>	<b>3,395</b>	<b>522</b>	
YoY Change (%)	168.3	-22.2	-52.6	-85.5	-49.8	300.1	451.6	2,608.2	-52.9	591.1	332.1	
Margins (%)	1.3	2.0	2.2	0.9	0.9	5.9	7.6	13.0	1.6	8.1	5.4	
<b>Key metrics</b>												
Sale Volume (msf)	1.4	1.7	1.7	1.3	1.2	1.8	2.0	2.1	5.5	7.1	1.3	-12%
Sale Value (INRb)	14.6	17.2	19.5	15.0	18.7	20.0	22.0	24.5	66.4	85.2	20.0	-6%
Collections (INRb)	11.5	12.6	12.9	13.3	13.9	16.0	17.0	19.5	50.3	66.4	14.0	
Realization (INR/sft)	10,537	10,224	11,735	11,230	15,879	11,000	11,000	11,469	12,128	11,948	15000	6%

Source: MOFSL, Company

# AAVAS Financiers

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
79,706	24,368

**CMP: INR1,645**      **TP: INR1,800 (+9%)**      **Neutral**



### Stock Info

Bloomberg	AAVAS IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	130.2 / 1.6
52-Week Range (INR)	1979 / 1307
1, 6, 12 Rel. Per (%)	-8/5/-21
12M Avg Val (INR M)	570
Free float (%)	73.5

### Financials Snapshot (INR b)

INR b	FY24	FY25E	FY26E
NII	9.1	10.7	13.1
PPP	6.5	7.8	9.8
PAT	4.9	5.9	7.4
EPS (INR)	62.0	74.4	94.1
EPS Gr. (%)	14	20	26
BV/Sh. (INR)	477	551	645

### Ratios (%)

NIM	5.8	5.5	5.5
C/I ratio	45.6	44.4	42.4
Credit cost	0.19	0.20	0.17
RoA	3.3	3.2	3.4
RoE	13.9	14.5	15.7

### Valuation

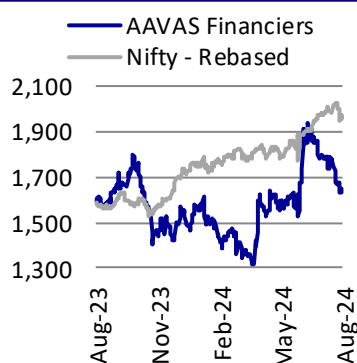
P/E (x)	26.5	22.1	17.5
P/BV (x)	3.5	3.0	2.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	26.5	26.5	39.1
DII	24.4	24.0	14.4
FII	35.9	34.8	35.0
Others	13.3	14.7	11.5

FII Includes depository receipts

### Stock performance (one-year)



## Promoters sell entire residual stake to CVC Capital Partners

- The current promoters Kedaara Capital and Partners Group of AAVAS have sold their residual ~26.5% stake in the company to CVC Capital Partners at a price of INR1,635 per share (CMP: INR1,645) for a total consideration of ~INR34.25b.
- This transaction values AAVAS at 3.0x FY25E and 2.5x FY26 P/BV, and it will trigger a change in control at the company.
- This acquisition by CVC Capital Partners has also triggered an open offer for the acquisition of an additional ~26% stake (on a fully-diluted basis) of AAVAS at a price of INR1,766.7 per equity share (2.7x FY26E P/BV) aggregating to INR36.64b (assuming full acceptance). In case the open offer is fully subscribed, CVC will acquire a controlling stake of ~52.5% in AAVAS.
- Upon the deal completion, CVC would become the promoter of the company and the existing members of the promoter group (including the sellers) would cease to be promoters/member of promoter group of the company.

## Why was this stake sale done by the promoters?

- Kedaara Capital and Partners Group, together, acquired AAVAS in Feb'16. We had earlier gathered that the life of the fund (from which Kedaara invested in AAVAS) was ending in Oct'25.
- Earlier in Mar'24, both the promoters – Kedaara Capital and Partners Group – sold a ~12.6% stake in the company in a block transaction, where a few notable marquee investors bought a stake in AAVAS. This transaction reduced the combined shareholding of promoters to ~26.5%.
- There were already [media reports](#) that multiple private equity investors were evaluating AAVAS and were in the fray to buy a controlling stake in the company and give the full exit to the current promoters of the company.

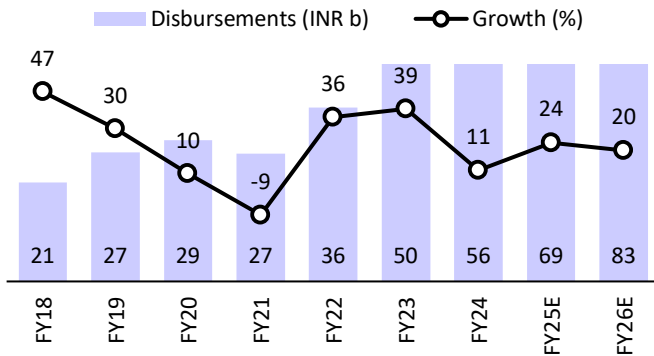
## Our view

- In our view, this transaction is a good exit for the promoters, Kedaara and Partners Group, at a valuation of 3.0x FY25 P/BV. The open offer by CVC Capital should also see good reception.
- This development is positive for the overall affordable housing finance sector and listed players, as this transaction also establishes a valuation benchmark for the affordable housing finance companies.
- **For AAVAS, this transaction removes an overhang related to shareholding and promoters. With CVC Capital Partners, AAVAS will benefit from a stable promoter, which will play an important role in the company's evolution to Aavas 3.0. AAVAS will also benefit from the PMAY and CLSS schemes announced in the Union Budget to spur housing demand. Reiterate Neutral with an unchanged TP of INR1,800 (based on 2.8x FY26E P/BV).**

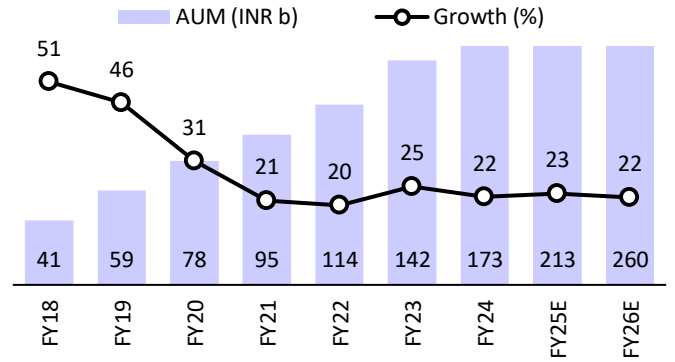


## Story in charts

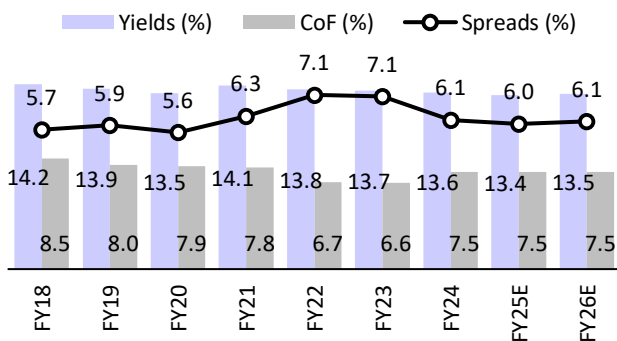
Disbursement CAGR of ~22% over FY24-26E...



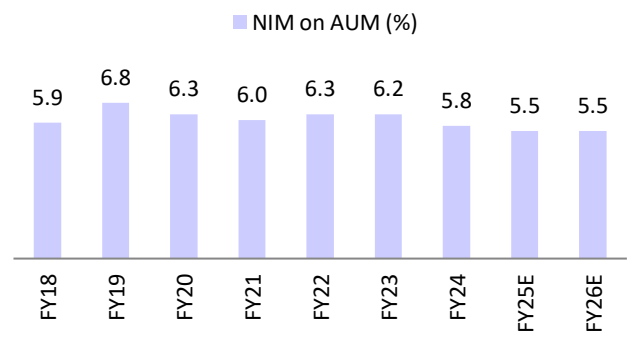
...driving AUM CAGR of 23% over the same period



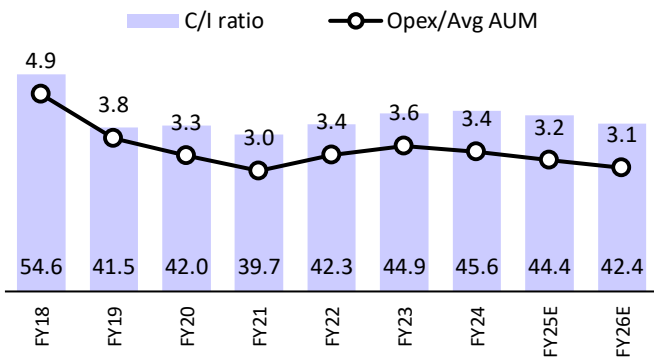
Spreads expected to normalize at ~6%...



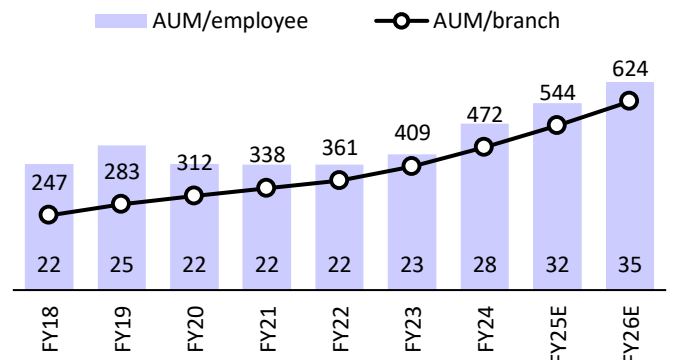
...leading to NIM of ~5.5% over FY25-26E



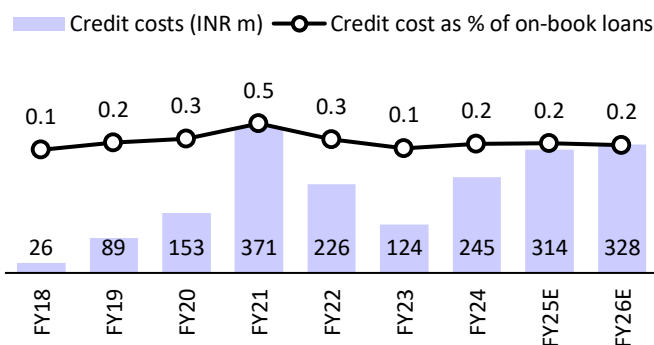
CIR to moderate to 42% by FY26E...



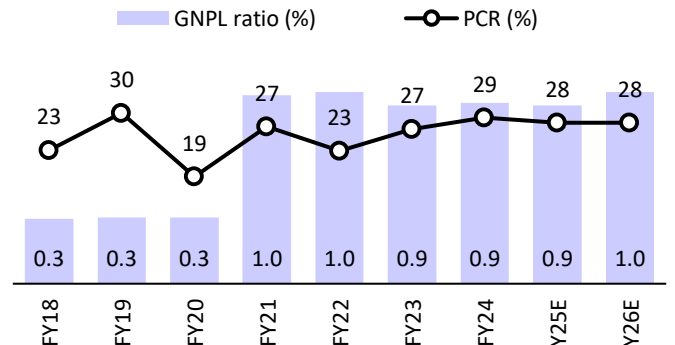
...driven by improving productivity metrics



Expect credit cost to normalize at 0.2% in FY25/26



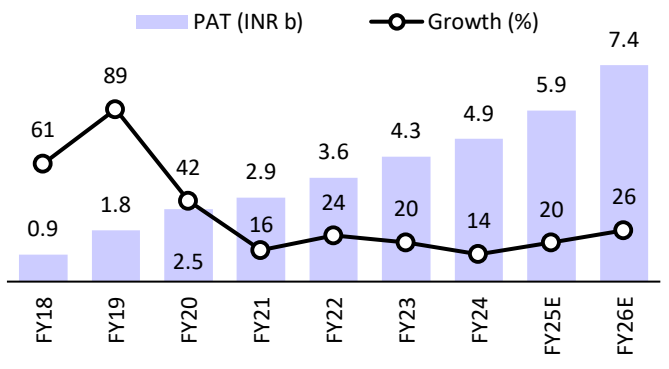
Asset quality to remain largely stable



Source: MOFSL, Company

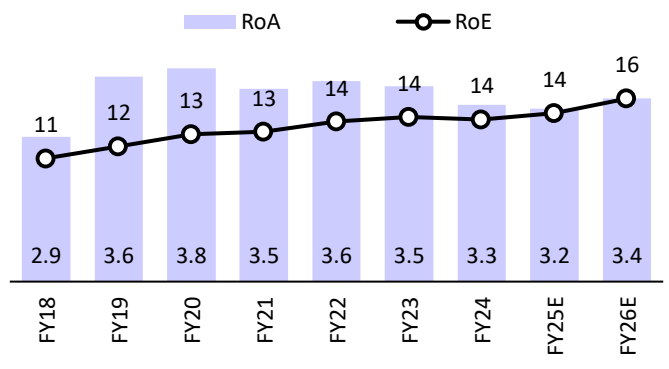
Source: MOFSL, Company

Profitability expected to improve gradually...



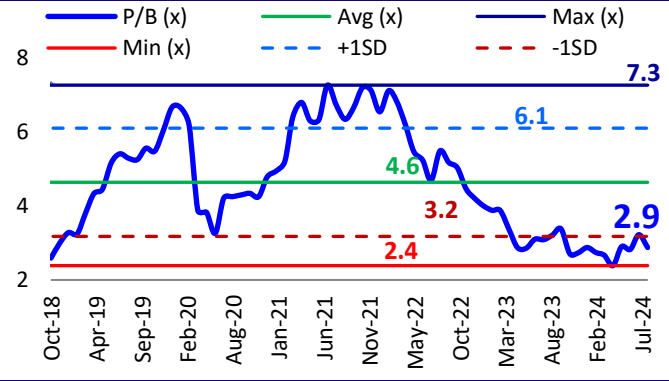
Source: MOFSL, Company

...leading to an RoE of ~14%/16% in FY25/FY26E



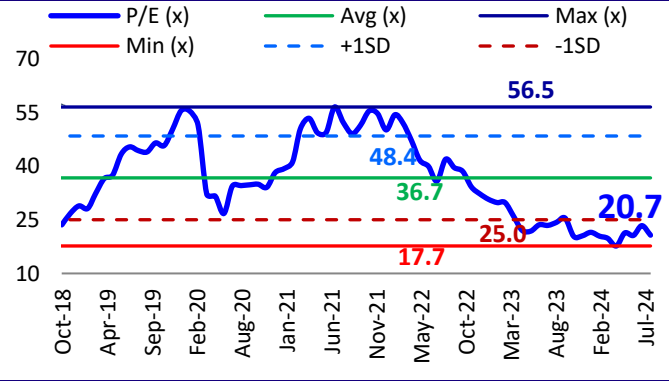
Source: MOFSL, Company

One-year forward P/B ratio



Source: MOFSL, Company

One-year forward P/E ratio



Source: MOFSL, Company



# India Cements

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR367      TP: INR310 (-16%)      Sell**

## Low capacity utilization and weak pricing led to an operating loss

### Promoter and promoter group selling their entire stake to UTCCEM

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	113.7 / 1.4
52-Week Range (INR)	386 / 173
1, 6, 12 Rel. Per (%)	30/37/36
12M Avg Val (INR M)	1755

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	45.4	49.5	54.3
EBITDA	0.9	5.1	7.7
Adj. PAT	-2.9	0.7	2.8
EBITDA Margin (%)	1.9	10.3	14.2
Adj. EPS (INR)	-9.4	2.3	9.0
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	170.5	172.3	180.3

### Ratios

Net D:E	0.4	0.4	0.3
RoE (%)	-5.5	1.3	5.1
RoCE (%)	-0.9	3.2	5.7
Payout (%)	0.0	21.9	11.1

### Valuations

P/E (x)	n/m	160.8	40.6
P/BV (x)	2.2	2.1	2.0
EV/EBITDA(x)	n/m	26.7	17.3
EV/ton (USD)	111	110	107
Div. Yield (%)	0.0	0.1	0.3

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	28.4	28.4	28.4
DII	5.9	8.5	9.4
FII	17.6	13.3	13.7
Others	48.1	49.8	48.5

FII Includes depository receipts

- India Cements (ICEM) reported an operating loss of INR310m (vs. EBITDA est. of INR288m) in 1QFY25. Sales volume declined ~26% YoY to 2.0mt (13% miss). Blended realization declined 5% YoY (3% miss). Net loss (adjusted for profit on sale of GU) stood at INR1.2b (vs. estimated INR543m net loss).

- Management indicated that the company's capacity utilization was hit by the liquidity crunch on account of sustained losses in the previous quarters. The promoter and promoter group have entered into a share purchase agreement on 28<sup>th</sup> Jul'24, with UTCCEM to sell their entire stake at a price of INR390, subject to necessary regulatory approvals.

- Given the recent corporate development, we change our valuation method from EV/EBITDA to EV/t, as that would protect the downside despite deteriorating operating performance. We now value ICEM at a replacement cost (EV/t of USD100) vs. valuing it at 11x FY26E EV/EBITDA earlier, and arrive at our TP of INR310. **Reiterate Sell.**

### Volumes decline 26% YoY, while opex/t was down 2% YoY

- ICEM's revenue declined 30% YoY to INR9.7b in 1QFY25 (~16% below our estimate). Sales volume declined 26% YoY to 2.0mt (~13% below estimate). Blended realization/t was down ~5%/3% YoY/QoQ to INR4,954 (3% miss).

- Opex/t declined 2% YoY, due to a 11%/3% drop in variable/freight costs. Conversely, other expenses and employee costs per tonne were up 14% and 55% YoY, respectively, due to lower volumes. ICEM reported an operating loss of INR310m vs. EBITDA of INR50m in 1QFY24.

- Its depreciation/finance costs increased 4%/43% YoY, and 'Other Income' declined 7% YoY.

### Highlights from the management commentary

- ICEM's 1Q was challenging due to a prolonged election period in the country over two months, severe heat waves hitting the capital and northern parts, and excess monsoon coupled with floods in some of the states. These resulted in a weak cement demand and muted growth.

- A huge supply overhang in the South coupled with severe competition to maintain market share resulted in pricing pressure. The benefit of reduced fuel costs was offset by adverse operating leverage and higher costs of production due to the vintage of the plants.

- ICEM booked profit of INR2.4b on sale of the Parli grinding unit during 1Q.

### Valuation and view

- ICEM's operating performance was hit in the past few quarters amid volume loss, weak cement prices in its core markets, and higher production costs. Recently, the promoter (incl. promoter group) agreed to sell the entire stake to UTCCEM. We will monitor the progress on this corporate development.

- We revise our valuation method from EV/EBITDA to EV/t as that would protect the downside despite deteriorating operating performance. We now value ICEM at a replacement cost (EV/t of USD100) vs. valuing it at 11x FY26E EV/EBITDA earlier, and arrive at our TP of INR310. **Reiterate Sell.**

**Standalone quarterly performance**

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Volumes (mt)	2.7	2.4	2.0	2.4	2.0	2.5	2.1	2.4	9.5	9.0	2.3	(13)
Change (YoY %)	(0.2)	5.1	(9.0)	(12.5)	(26.4)	5.0	8.0	(1.9)	(4.4)	(5.0)	(15.0)	
<b>Realization (INR/ton)</b>	<b>5,225</b>	<b>5,157</b>	<b>5,450</b>	<b>5,112</b>	<b>4,954</b>	<b>4,867</b>	<b>5,161</b>	<b>5,215</b>	<b>5,226</b>	<b>5,049</b>	<b>5,084</b>	(3)
Change (YoY %)	(3.5)	(7.4)	(2.5)	(2.5)	(5.2)	(5.6)	(5.3)	2.0	(3.9)	(3.4)	(2.7)	
Change (QoQ %)	(0.4)	(1.3)	5.7	(6.2)	(3.1)	(1.8)	6.0	1.0			(0.6)	
<b>Net Sales</b>	<b>13.9</b>	<b>12.2</b>	<b>10.8</b>	<b>12.5</b>	<b>9.7</b>	<b>12.1</b>	<b>11.1</b>	<b>12.5</b>	<b>49.4</b>	<b>45.4</b>	<b>11.5</b>	(16)
Change (YoY %)	(3.7)	(2.6)	(11.3)	(14.7)	(30.3)	(0.9)	2.3	0.1	(8.1)	(8.2)	(17.3)	
<b>EBITDA</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.5</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>0.5</b>	<b>0.9</b>	<b>1.1</b>	<b>0.9</b>	<b>0.3</b>	(208)
Margin (%)	0.4	0.7	4.5	3.8	(3.2)	(2.4)	4.9	7.5	2.2	1.9	2.5	
Depreciation	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	2.2	2.3	0.6	1
Interest	0.6	0.6	0.6	0.6	0.8	0.8	0.7	0.8	2.4	3.1	0.6	40
Other Income	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.5	0.5	0.1	(48)
<b>PBT before EO expense</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.6)</b>	<b>(1.5)</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(3.0)</b>	<b>(4.0)</b>	<b>(0.7)</b>	<b>122</b>
Extra-Ord. expense	-	-	(0.3)	(0.2)	(2.4)	-	-	-	(0.4)	(2.4)	-	
<b>PBT</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>0.8</b>	<b>(1.5)</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>(0.7)</b>	(207)
Tax	(0.2)	(0.2)	(0.1)	(0.0)	0.2	(0.4)	(0.2)	(0.1)	(0.5)	(0.4)	(0.2)	
Rate (%)	23.9	17.6	31.3	10.9	26.6	26.6	26.6	20.9	20.5	25.7	25.7	
<b>Reported PAT</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>0.6</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(2.0)</b>	<b>(1.2)</b>	<b>(0.5)</b>	(206)
Tax	-	-	-	-	-	-	-	-	-	-	-	
<b>Adj. PAT</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(2.3)</b>	<b>(2.9)</b>	<b>(0.5)</b>	120
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(5.4)	(6.7)	(3.2)	(3.5)	(12.3)	(9.0)	(4.0)	(1.5)	(4.7)	(6.4)	(4.7)	

**Per tonne analysis**

(INR/t)

RM Cost	1,068	918	989	930	951	971	981	970	978	969	920	3
Employee Expenses	345	416	434	402	534	394	462	383	396	438	431	24
Power, Oil, and Fuel	2,046	1,942	1,863	1,891	1,826	1,776	1,656	1,734	1,942	1,747	1,861	(2)
Freight cost	1,104	1,054	1,085	1,034	1,067	1,045	1,065	1,062	1,070	1,059	1,060	1
Other Expenses	643	793	832	663	735	800	745	676	725	740	685	7
<b>Total Expense</b>	<b>5,206</b>	<b>5,122</b>	<b>5,203</b>	<b>4,920</b>	<b>5,112</b>	<b>4,986</b>	<b>4,909</b>	<b>4,826</b>	<b>5,111</b>	<b>4,953</b>	<b>4,957</b>	3
<b>EBITDA</b>	<b>19</b>	<b>34</b>	<b>247</b>	<b>192</b>	<b>(158)</b>	<b>(118)</b>	<b>252</b>	<b>389</b>	<b>115</b>	<b>96</b>	<b>127</b>	NM
YoY (%)	(83.6)	NM	NM	NM	NM	NM	2.0	102.1	NM	(16.5)	NM	



# Birla Corporation

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,365      TP: INR1,850 (+36%)      Buy**

## Earnings miss due to lower realizations and volumes

### Reiterates capacity target of 25mtpa by FY27E

Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	105.1 / 1.3
52-Week Range (INR)	1802 / 1061
1, 6, 12 Rel. Per (%)	-13/-31/-12
12M Avg Val (INR M)	240

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	92.8	102.6	111.2
EBITDA	12.8	17.2	19.6
Adj. PAT	3.2	6.3	8.1
EBITDA Margin (%)	13.7	16.7	17.7
Adj. EPS (INR)	42.1	82.2	105.4
EPS Gr. (%)	-22.0	95.0	28.3
BV/Sh. (INR)	897	967	1,060

### Ratios

Net D:E	0.4	0.3	0.3
RoE (%)	4.8	8.8	10.4
RoCE (%)	5.0	7.3	8.5
Payout (%)	28	15	11

### Valuations

P/E (x)	32.3	16.6	12.9
P/BV (x)	1.5	1.4	1.3
EV/EBITDA(x)	9.7	6.7	5.8
EV/ton (USD)	75	65	61
Div. Yield (%)	0.9	0.9	0.9

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.9	62.9	62.9
DII	16.3	15.6	15.8
FII	6.0	6.8	7.2
Others	14.9	14.7	14.1

FII Includes depository receipts

- Birla Corporation (BCORP)'s 1QFY25 performance was below our estimates due to lower-than-estimated realizations and volumes. The consol. EBITDA declined 13% YoY to INR2.6b (vs. est. INR3.5b) and EBITDA/t declined 13% YoY to INR590 (est. INR758). OPM dipped 60bp YoY to 11.8% (est. 14.2%) for the quarter. Adj. PAT stood at INR326m vs. estimated INR942m for 1QFY25.
- Management indicated that general elections and extended heat waves have resulted in demand slowdown. Cement prices have seen corrections due to low demand and aggression from the market leaders. Currently, it is increasing capacity in its core market (eastern UP) by expanding capacity at the Kundanganj plant. It is likely to be commissioned in 1HFY26. BCORP reiterated its capacity target of 25mtpa by FY27E vs. 20mtpa currently.
- We cut our EBITDA estimate by 19% for FY25 and 4-3% for FY26/27 due to the underperformance in 1Q, cautious commentary by the management on demand and pricing, and rising competitive intensity in its core markets. We value the stock at 9x Jun'26E EV/EBITDA to arrive at our revised TP of INR1,850 (earlier 1,970). **Reiterate BUY.**

### Volume down 1% YoY; Cement realization/t declines 7% YoY/QoQ each

- Consol. revenue/EBITDA/adj. PAT stood at INR21.9b/INR2.6b/INR326m (down 9%/13%/45% YoY and down 11%/26%/65% vs. our estimates) in 1QFY25. Sales volumes declined 1% YoY to 4.38mt. Cement realization declined 7% YoY/QoQ to INR4,843.
- Opex/t declined 8% YoY (4% below our estimate), driven by a 21% decline in variable costs. Other expense/t rose 5% YoY, while freight cost/t remained flat YoY. OPM was down 60bp YoY at 11.8% and EBITDA/t fell 13% YoY to INR590. Depreciation increased 4% YoY, while interest costs declined 12% YoY. 'Other income' grew 5% YoY. ETR stood at 25.9% vs. 21.7% in 1QFY24.

### Highlights from the management commentary

- The dip in realization was due to a change in market mix and a sharp correction in cement prices in BCORP's core markets (Rajasthan and Uttar Pradesh). The current avg. cement price is down ~1.5-2.0% vs. Jun'23-exit.
- Fuel consumption costs stood at INR1.48/Kcal vs. INR1.56/Kcal in 4QFY24. It expects a reduction of up to INR0.05/kcal in the current quarter.
- SGST incentive accrued at INR210m in 1QFY25 (mainly from the Mukutban plant). It maintains its full-year incentive guidance of INR1.1b in FY25.

### Valuation and View

- We estimate a consol. revenue/EBITDA/PAT CAGR of 5%/11%/25% over FY24-27. We estimate BCORP's net debt to decline to INR21.5b by FY27 from INR30.0b in FY24 and net debt-to-EBITDA at 1.1x by FY27 vs. 2.1x in FY24.
- BCORP trades inexpensively at 6.7x FY26E EV/EBITDA, at a lower valuation than its similar-sized peers. We reiterate our BUY rating with a revised TP of INR1,850 (vs. earlier 1,970), based on 9x Jun'26E EV/EBITDA.



Consolidated performance												(INR b)
Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Cement Sales (MT)	4.4	4.2	4.2	4.9	4.4	4.2	4.5	4.9	17.7	18.0	4.6	(5)
YoY Change (%)	12.2	14.8	12.9	9.2	(0.7)	1.0	6.0	2.0	12.2	2.0	4.0	
Cement Realization	5,229	5,211	5,316	5,218	4,843	4,818	4,998	5,075	5,239	4,939	5,118	(5)
YoY Change (%)	(2.2)	1.2	2.7	(1.2)	(7.4)	(7.5)	(6.0)	(2.7)	(0.0)	(5.7)	(2.1)	
QoQ Change (%)	(0.9)	(0.3)	2.0	(1.8)	(7.2)	(0.5)	3.7	1.5			(1.9)	
<b>Net Sales</b>	<b>24.1</b>	<b>22.9</b>	<b>23.1</b>	<b>26.6</b>	<b>21.9</b>	<b>21.3</b>	<b>23.3</b>	<b>26.3</b>	<b>96.6</b>	<b>92.8</b>	<b>24.5</b>	<b>(11)</b>
YoY Change (%)	9.3	14.3	14.7	7.9	(9.1)	(6.8)	0.9	(1.1)	11.3	(4.0)	1.9	
Total Expenditure	21.1	20.0	19.3	21.8	19.3	19.1	20.0	21.7	82.3	80.0	21.1	(8)
<b>EBITDA</b>	<b>3.0</b>	<b>2.9</b>	<b>3.8</b>	<b>4.7</b>	<b>2.6</b>	<b>2.2</b>	<b>3.4</b>	<b>4.6</b>	<b>14.4</b>	<b>12.8</b>	<b>3.5</b>	<b>(26)</b>
Margin (%)	12.4	12.6	16.4	17.8	11.8	10.3	14.5	17.5	14.9	13.7	14.2	(237)
Depreciation	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	5.8	5.9	1.5	(4)
Interest	1.0	1.0	1.0	0.8	0.9	0.9	0.9	0.8	3.7	3.4	0.9	1
Other Income	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.9	0.9	0.2	(8)
<b>Profit before Tax</b>	<b>0.8</b>	<b>0.8</b>	<b>1.5</b>	<b>2.7</b>	<b>0.4</b>	<b>0.1</b>	<b>1.3</b>	<b>2.6</b>	<b>5.7</b>	<b>4.4</b>	<b>1.3</b>	<b>(66)</b>
EO (Income)/Expense	-	0.0	-	(0.1)	-	-	-	-	(0.1)	-	-	
<b>Profit before Tax after EO</b>	<b>0.8</b>	<b>0.8</b>	<b>1.5</b>	<b>2.7</b>	<b>0.4</b>	<b>0.1</b>	<b>1.3</b>	<b>2.6</b>	<b>5.8</b>	<b>4.4</b>	<b>1.3</b>	<b>(66)</b>
Tax	0.2	0.2	0.4	0.8	0.1	0.0	0.3	0.6	1.6	1.1	0.4	(68)
Rate (%)	21.7	24.3	28.9	29.2	25.9	25.9	25.9	25.2	27.5	25.5	27.5	
<b>Reported PAT</b>	<b>0.6</b>	<b>0.6</b>	<b>1.1</b>	<b>1.9</b>	<b>0.3</b>	<b>0.1</b>	<b>0.9</b>	<b>1.9</b>	<b>4.2</b>	<b>3.2</b>	<b>0.9</b>	<b>(65)</b>
<b>Adj. PAT</b>	<b>0.6</b>	<b>0.6</b>	<b>1.1</b>	<b>1.9</b>	<b>0.3</b>	<b>0.1</b>	<b>0.9</b>	<b>1.9</b>	<b>4.2</b>	<b>3.2</b>	<b>0.9</b>	<b>(65)</b>
Margin (%)	2.5	2.6	4.7	7.1	1.5	0.3	4.1	7.3	4.3	3.5	3.8	
YoY Change (%)	(16.2)	NM	NM	164.6	(45.4)	(90.0)	(13.3)	1.5	1,052.2	(22.0)	57.8	

Per tonne analysis (INR)

<b>Blended Realization</b>	<b>5,461</b>	<b>5,468</b>	<b>5,505</b>	<b>5,477</b>	<b>5,001</b>	<b>5,048</b>	<b>5,240</b>	<b>5,309</b>	<b>5,475</b>	<b>5,156</b>	<b>5,350</b>	<b>(7)</b>
YoY Change (%)	(2.6)	(0.5)	1.6	(1.2)	(8.4)	(7.7)	(4.8)	(3.1)	(0.8)	(5.8)	(2.0)	
Raw Material	958	917	782	921	666	716	741	739	896	717	891	(25)
Staff Cost	317	341	336	274	337	359	346	320	315	340	327	3
Power and Fuel	1,153	1,183	1,094	1,000	1,004	1,020	1,030	1,007	1,103	1,015	1,010	(1)
Transport and Forwarding	1,321	1,240	1,325	1,284	1,322	1,295	1,310	1,293	1,292	1,305	1,300	2
Other Exp.	1,038	1,096	1,066	1,024	1,082	1,135	1,055	1,019	1,061	1,071	1,065	2
<b>Total Expenditure</b>	<b>4,786</b>	<b>4,777</b>	<b>4,604</b>	<b>4,503</b>	<b>4,411</b>	<b>4,526</b>	<b>4,482</b>	<b>4,380</b>	<b>4,660</b>	<b>4,447</b>	<b>4,593</b>	<b>(4)</b>
<b>EBITDA</b>	<b>675</b>	<b>691</b>	<b>901</b>	<b>974</b>	<b>590</b>	<b>522</b>	<b>757</b>	<b>929</b>	<b>815</b>	<b>709</b>	<b>758</b>	<b>(22)</b>

Source: Company, MOFSL Estimates



# Galaxy Surfactants

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR2,990    TP: INR3,450 (+15%)    Buy**

Bloomberg	GALSURF IN
Equity Shares (m)	35
M.Cap.(INRb)/(USDb)	106 / 1.3
52-Week Range (INR)	3208 / 2241
1, 6, 12 Rel. Per (%)	0/2/-12
12M Avg Val (INR M)	76

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	37.9	43.2	49.5
EBITDA	4.6	5.5	6.3
PAT	3.0	3.5	4.1
EPS (INR)	85	98	115
EPS Gr. (%)	-20.9	14.9	17.7
BV/Sh.(INR)	615	687	772

### Ratios

Net D:E	-0.0	-0.1	-0.1
RoE (%)	14.8	15.0	15.8
RoCE (%)	14.1	14.9	15.8
Payout (%)	25.9	25.9	25.9

### Valuations

P/E (x)	35.2	30.6	26.0
P/BV (x)	4.9	4.4	3.9
EV/EBITDA (x)	22.7	19.0	16.3
Div. Yield (%)	0.7	0.8	1.0
FCF Yield (%)	3.4	2.1	2.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	70.9	70.9	70.9
DII	12.7	12.7	12.7
FII	3.9	3.8	3.0
Others	12.5	12.6	13.4

FII Includes depository receipts

## Robust volumes; guidance remains intact

- Galaxy Surfactants (GALSURF) reported EBITDA/kg of INR19.4 in 1QFY25, down 7% YoY (est. INR17.3). The company reported total volume growth of ~8% YoY to 64.1tmt (est. 64tmt), with broad-based volume growth across regions. Subsequently, EBITDA stood at INR1.2b (up 1% YoY), while PAT came in at INR797m (up 6% YoY).
- The management highlighted that the unavailability of containers, congestion at some major ports in the world, higher lead times and rationalized availability of raw materials affected volumes in 1Q; otherwise, volume growth could have been better in double digits. Higher supply chain costs across all locations led to lower margin/kg than expected.
- India grew 2% YoY, while AMET region grew 4.9% YoY despite the geopolitical issues, including the Red Sea crisis. RoW region grew 24.5% YoY, driven by strong growth in Europe and Latin America, albeit on a smaller base. A rise in rural spending owing to above-normal monsoons would drive strong demand in the Indian market. In the RoW region, improving household spending has slowly translated into strong demand for masstige categories. The management is confident of delivering high-single-digit growth in FY25 in the AMET region.
- Barring any further escalations in geopolitics issues, the management expects 6-8% volume growth going forward as well. Volumes are expected to tilt toward premium specialty products in 2HFY25. EBITDA/kg (including other income) guidance remains at INR20.5-21.5 for FY25. The outlook for the business remains positive with the structural story remaining intact. The management believes that the momentum in the mass and masstige categories is set to continue.
- We have not made any changes to our estimates as of now as our margin assumption is well within the management guidance. The stock is currently trading at ~26x FY26E EPS of INR115 and ~16x FY26E EV/EBITDA. We value the company at 30x FY26E EPS to arrive at a TP of INR3,450. We reiterate our BUY rating on the stock.

## Miss across the board; margins contract YoY

- Revenue stood at INR9.7b (our est. of INR9.7b, +3% YoY).
- EBITDA came in at INR1.2b (est. of INR1.1b, +1% YoY). Gross margin was 33.6% (+120bp YoY), with **EBITDAM at 12.7% (-30bp YoY)**.
- PAT was INR797m (est. of INR663m, +6% YoY).
- GALSURF incorporated a wholly owned subsidiary, Galaxy Specialties Europe B.V., in Netherlands during the quarter.

## Operational highlights

- Total volumes in 1Q stood at 64.1tmt (est. of 64tmt, up 8% YoY).
- Performance surfactants accounted for 59% of total revenue, with the remaining coming from specialty care products.
- The revenue share of MNCs stood at 51%, regional players at 11%, and local & niche players at 38%.

- India accounted for 42% of total revenue, while the AMET region contributed 23% and the share of the RoW regions stood at 35%.
- Implied realization stood at INR151.9/kg (est. INR151.9, down 4% YoY), with EBITDA/kg of INR19.4 (our est. of INR17.3, down 7% YoY).

### Valuation and view

- The company's continued focus on R&D (with an annual expenditure of INR400-500m), increased wallet share in its existing customers and the acquisition of new customers should drive volume growth. Margin is also expected to expand gradually with an increase in volume of premium specialty products. GALSURF is also implementing and executing capacity for specialty care products (to be commissioned by end-FY25).
- We estimate a volume CAGR of 9% over FY24-26, led by robust volumes in the domestic market and a recovery in volumes of specialty care products in the developed markets, which have already started growing. The stock is currently trading at ~26x FY26E EPS of INR115 and ~16x FY26E EV/EBITDA. We value the company at 30x FY26E EPS to arrive at a TP of INR3,450. We reiterate our BUY rating on the stock.

### Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Gross Sales</b>	<b>9,418</b>	<b>9,831</b>	<b>9,405</b>	<b>9,290</b>	<b>9,741</b>	<b>10,535</b>	<b>11,022</b>	<b>11,925</b>	<b>37,944</b>	<b>43,222</b>	<b>9,725</b>	<b>0%</b>
YoY Change (%)	-18.7	-20.5	-13.3	-5.2	3.4	7.2	17.2	28.4	-14.9	13.9	3.3	
<b>Gross Margin (%)</b>	<b>32.4%</b>	<b>31.5%</b>	<b>31.8%</b>	<b>32.6%</b>	<b>33.6%</b>	<b>32.6%</b>	<b>33.9%</b>	<b>30.6%</b>	<b>32.1%</b>	<b>32.6%</b>	<b>32.6%</b>	<b>1.0%</b>
<b>EBITDA</b>	<b>1,232</b>	<b>1,249</b>	<b>1,125</b>	<b>1,017</b>	<b>1,241</b>	<b>1,327</b>	<b>1,445</b>	<b>1,461</b>	<b>4,622</b>	<b>5,474</b>	<b>1,106</b>	<b>12%</b>
Margin (%)	13.1	12.7	12.0	10.9	12.7	12.6	13.1	12.3	12.2	12.7	11.4	1.4
Depreciation	238	247	251	262	266	268	273	275	998	1,081	263	
Interest	57	54	59	54	40	55	63	73	224	230	52	
Other Income	25	27	64	239	54	42	44	37	355	177	40	
<b>PBT</b>	<b>962</b>	<b>975</b>	<b>878</b>	<b>940</b>	<b>989</b>	<b>1,047</b>	<b>1,153</b>	<b>1,151</b>	<b>3,755</b>	<b>4,340</b>	<b>830</b>	<b>19%</b>
Tax	210	201	165	165	192	212	233	240	740	877	168	
Rate (%)	21.8	20.6	18.8	17.5	19.4	20.2	20.2	20.8	19.7	20.2	20.2	
<b>Reported PAT</b>	<b>752</b>	<b>774</b>	<b>714</b>	<b>775</b>	<b>797</b>	<b>835</b>	<b>919</b>	<b>911</b>	<b>3,015</b>	<b>3,463</b>	<b>663</b>	<b>20%</b>
<b>Adj PAT</b>	<b>752</b>	<b>774</b>	<b>714</b>	<b>775</b>	<b>797</b>	<b>835</b>	<b>919</b>	<b>911</b>	<b>3,015</b>	<b>3,463</b>	<b>663</b>	<b>20%</b>
YoY Change (%)	-25.1	-7.7	-32.8	-14.4	6.0	7.9	28.8	17.6	-20.9	14.9	-11.9	
Margin (%)	8.0	7.9	7.6	8.3	8.2	7.9	8.3	7.6	7.9	8.0	6.8	1.4
<b>Total Volumes (tmt)</b>	<b>59.4</b>	<b>65.1</b>	<b>63.3</b>	<b>60.8</b>	<b>64.1</b>	<b>67.4</b>	<b>68.8</b>	<b>69.4</b>	<b>248.6</b>	<b>269.7</b>	<b>64.0</b>	<b>0%</b>
<b>Operating Performance (INR/kg)</b>												
Implied realization (INR/kg)	158.6	151.0	148.7	152.7	151.9	156.3	160.3	171.9	152.7	160.3	151.9	0%
Gross margin (INR/kg)	51.4	47.5	47.3	49.8	51.0	51.0	54.4	52.7	48.9	52.3	49.5	3%
EBITDA (INR/kg)	20.8	19.2	17.8	16.7	19.4	19.7	21.0	21.1	18.6	20.3	17.3	12%



Estimate changes

TP change

Rating change



**CMP: INR303**

**TP: INR315 (+4%)**

**Neutral**

Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	50.4 / 0.6
52-Week Range (INR)	336 / 210
1, 6, 12 Rel. Per (%)	2/2/12
12M Avg Val (INR M)	360

**Financials & Valuations (INR b)**

Y/E March	FY24	FY25E	FY25E
Sales	14.4	16.2	19.6
EBITDA	1.9	2.2	3.0
PAT	1.3	1.6	2.1
EPS (INR)	7.9	9.4	12.6
EPS Gr. (%)	-11.7	19.2	34.3
BV/Sh.(INR)	101	107	115

**Ratios**

Net D:E	-0.1	-0.1	-0.0
RoE (%)	8.1	9.0	11.4
RoCE (%)	7.7	8.5	10.8
Payout (%)	38.1	38.1	38.1

**Valuations**

P/E (x)	38.3	32.1	23.9
P/BV (x)	3.0	2.8	2.6
EV/EBITDA (x)	25.9	21.9	16.6
Div. Yield (%)	1.0	1.2	1.6
FCF Yield (%)	3.6	1.5	0.5

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	33.8	33.8	33.8
DII	4.5	3.5	4.7
FII	7.8	7.8	5.4
Others	53.9	54.9	56.0

FII Includes depository receipts

**Pricing pressure persists; volumes fare better**

- NOCIL's EBITDA/kg stood at INR27.3 in 1QFY25, down 33% YoY, missing our estimate. Sales volumes increased 8% YoY to 14.6tmt. Realization was down at INR255/kg (down 13% YoY) due to continued pricing pressure from Chinese suppliers. Hence, EBITDA was at INR398m (down 27% YoY) while PAT was at INR272m (up 19% YoY). Management highlighted that employee expenses were higher due to the annual revision in salaries along with retiral provisions.
- Management highlighted that while the domestic market continued to face pricing pressure, exports continued to show an upward trend despite facing significant challenges such as geopolitical issues, container shortages and rising freight costs. NOCIL managed to improve its volumes in the export market. Exports accounted for 72% of the volumes and 34% of the revenues during the quarter. NOCIL also maintained its prices in 1Q and didn't yield to the pricing pressure.
- The tire industry is facing some headwinds in terms of higher natural rubber prices because of a combination of lower domestic output and supply chain challenges in imports. Despite this, management is confident of the long term prospects of the tire industry as they look to invest in capacity expansion, technology upgrades, and R&D to enhance product quality and sustainability. NOCIL also introduced a product in accelerators and it has been various new products in the pipeline that it has been working on.
- We estimate a revenue/ EBITDA/ PAT CAGR of 16%/ 26%/ 27% over FY24-26 (primarily due to the lower base in FY24) with utilization expected to pick up not before FY26. Volumes are likely to grow at a CAGR of 15% over FY24-26. Downside risk to our volume numbers could be higher pricing pressure from Chinese suppliers and lower utilization levels of existing capacities, although management guides that 1Q volumes could be considered as a base.
- Due to the underperformance in 1QFY25 and persistent pricing pressure, we cut our EBITDA/ EPS estimated by 14%/ 8% for FY25 and by 9%/ 3% for FY26. NOCIL currently trades at a premium of ~71% to its long term average of 17.4x on one year forward P/E basis. The stock is also trading at ~24x FY26E EPS of INR12.6 and ~17x FY26E EV/EBITDA. Out target price is at INR315 (25x FY26E EPS, premised on ~0.7x PEG ratio).

**Miss led by higher employee and other expenses**

- Revenue came in at 3.7b (est. of INR3.7b, -6% YoY). Gross margin was at 41.7% (v/s 42.7% in 1QFY24)
- EBITDA was at INR398m (est. of INR536m, -27% YoY). **EBITDAM was at 10.7% (v/s 13.8% in 1QFY24)**
- PAT was at INR272m (est. of INR337m, -19% YoY).

### Operational details

- Sales volumes grew 8% YoY to ~14.6mt (in line with our estimate). Export volumes have continued to show growth. Realization declined 13% YoY to INR255/kg, while EBITDA/kg declined 33% YoY to INR27.3

### Valuation and view

- NOCIL is expanding its capacities (20% of current capacity of 110ktpa) in anticipation of demand being robust which is expected to come online in 2HFY27 with top three global players also expanding their respective capacities. Pick up in China's domestic consumption would be key to easing of pricing pressure for NOCIL which we do not see happening in the near term. There is still no timeline for optimum utilization of its existing facilities but management expects to be there in the next 1-1.5 years.
- NOCIL currently trades at a premium of ~71% to its long term average of 17.4x on one year forward P/E basis. The stock is also trading at ~24x FY26E EPS of INR12.6 and ~17x FY26E EV/EBITDA. Out target price is at INR315 (25x FY26E EPS, premised on ~0.7x PEG ratio).

### Standalone - Quarterly Earning Model

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	14,447	16,198	1QE	(%)
<b>Gross Sales</b>	<b>3,967</b>	<b>3,509</b>	<b>3,406</b>	<b>3,565</b>	<b>3,722</b>	<b>3,948</b>	<b>4,131</b>	<b>4,398</b>	<b>14,447</b>	<b>16,198</b>	<b>3,738</b>	<b>0%</b>
YoY Change (%)	-22.1	-9.9	4.6	-9.2	-6.2	12.5	21.3	23.4	-10.6	12.1	-5.8	
<b>Gross Margin (%)</b>	<b>42.7%</b>	<b>43.4%</b>	<b>46.3%</b>	<b>42.1%</b>	<b>41.7%</b>	<b>44.3%</b>	<b>47.3%</b>	<b>48.9%</b>	<b>43.6%</b>	<b>45.7%</b>	<b>40.8%</b>	<b>0.8%</b>
<b>EBITDA</b>	<b>547</b>	<b>441</b>	<b>477</b>	<b>434</b>	<b>398</b>	<b>501</b>	<b>570</b>	<b>776</b>	<b>1,899</b>	<b>2,245</b>	<b>536</b>	<b>-26%</b>
Margin (%)	13.8	12.6	14.0	12.2	10.7	12.7	13.8	17.6	13.1	13.9	14.3	-3.6
Depreciation	126	127	132	130	128	132	136	143	515	541	132	
Interest	4	3	5	4	5	4	5	5	16	18	3	
Other Income	44	49	61	249	100	96	101	109	403	406	50	
<b>PBT before EO expense</b>	<b>461</b>	<b>360</b>	<b>402</b>	<b>549</b>	<b>364</b>	<b>461</b>	<b>530</b>	<b>736</b>	<b>1,771</b>	<b>2,092</b>	<b>451</b>	<b>-19%</b>
<b>PBT</b>	<b>461</b>	<b>360</b>	<b>402</b>	<b>549</b>	<b>364</b>	<b>461</b>	<b>530</b>	<b>736</b>	<b>1,771</b>	<b>2,092</b>	<b>451</b>	<b>-19%</b>
Tax	125	91	104	138	92	116	134	185	458	527	114	
Rate (%)	27.2	25.3	25.9	25.1	25.3	25.2	25.2	25.1	25.8	25.2	25.2	
<b>Reported PAT</b>	<b>336</b>	<b>269</b>	<b>298</b>	<b>411</b>	<b>272</b>	<b>345</b>	<b>397</b>	<b>551</b>	<b>1,314</b>	<b>1,565</b>	<b>337</b>	<b>-19%</b>
<b>Adj PAT</b>	<b>336</b>	<b>269</b>	<b>298</b>	<b>411</b>	<b>272</b>	<b>345</b>	<b>397</b>	<b>551</b>	<b>1,314</b>	<b>1,565</b>	<b>337</b>	<b>-19%</b>
YoY Change (%)	-48.8	-25.2	58.7	44.9	-18.9	28.5	33.3	34.0	-11.7	19.2	0.4	
Margin (%)	8.5	7.7	8.7	11.5	7.3	8.7	9.6	12.5	9.1	9.7	9.0	-1.7
<b>Operational parameters</b>												
Total Volume Sold (mt)	13,466	12,859	12,454	13,973	14,580	14,863	15,318	15,904	52,751	39,285	14,408	1%
Implied Realization (INR/kg)	295	273	274	255	255	266	270	277	274	412	259	-2%
EBITDA (INR/kg)	40.6	34.3	38.3	31.1	27.3	33.7	37.2	48.8	36.0	57.1	37.2	-27%





# Avalon Technologies

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR473**      **TP: INR560 (+18%)**      **Buy**

## Adverse operating leverage and unfavorable product mix dent margins

Bloomberg	AVALON IN
Equity Shares (m)	66
M.Cap.(INRb)/(USDb)	31.2 / 0.4
52-Week Range (INR)	620 / 425
1, 6, 12 Rel. Per (%)	-10/-13/-44
12M Avg Val (INR M)	161

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	8.7	10.3	13.4
EBITDA	0.6	0.8	1.5
Adj. PAT	0.3	0.4	0.9
EBITDA Margin (%)	7.2	7.7	11.0
Cons. Adj. EPS (INR)	4.3	6.5	14.0
EPS Gr. (%)	(53.0)	51.7	117.5
BV/Sh. (INR)	83.3	89.7	103.8

### Ratios

Net D:E	(0.0)	(0.1)	(0.1)
RoE (%)	5.2	7.5	14.5
RoCE (%)	5.2	7.3	13.4

### Valuations

P/E (x)	111.3	73.4	33.7
EV/EBITDA (x)	49.5	38.7	20.8

### Shareholding pattern (%)

As on	Jun-24	Mar-24	Jun-23
Promoter	50.9	50.9	51.2
DII	23.2	22.5	16.6
FII	2.6	2.4	12.5
Others	23.4	24.2	19.7

Note: FII includes depository receipts

### Earnings lower than our estimate

- Avalon Technologies (Avalon) reported a weak quarter, with revenue declining 15% YoY in 1QFY25, led by a decline in India business (down 25% YoY due to elections) and US business (down 7% YoY due to subdued demand). Operating profitability was hampered (EBITDA down 73% YoY) by adverse operating leverage and an unfavorable business mix.
- The order book was resilient as order inflows rose 32% YoY/7% QoQ to INR2.95b.
- Factoring in the weak 1Q performance, we reduce our EPS estimates for FY25/FY26 by 31%/12%. **Reiterate BUY with a TP of INR560.**

### Elections/subdued demand led to decline in India/US businesses

- Consolidated revenue declined 15% YoY to INR2b, led by a decline in both domestic (down 25% YoY due to elections) and US (down 7% YoY due to subdued demand) operations.
- Consolidated EBITDA declined 73% YoY to INR44m. Consolidated EBITDA margin contracted 470bp to 2.2% (-570bp QoQ) mainly due to adverse operating leverage, while gross margin improved 40bp YoY to 33.2%. Employee/other expenses as % of sales increased 360bp/150bp YoY to ~22.8%/8.2% in 1QFY25.
- The company reported a net loss of INR23m vs. adj. PAT of INR71m in 1QFY24.
- The order book grew 32% YoY/7% QoQ to INR14.6b.
- Gross debt as of Jun'24 stood at INR1.4b vs. INR1.6b as of Mar'24. Net working capital days decreased to 156 from 161 in Mar'24, primarily led by higher payable (up 7 days) and lower receivable days (down 4 days).

### Highlights from the management commentary

- Guidance:** Avalon has raised its FY25 revenue growth guidance to 16-20% vs. 14-16% earlier. It expects healthy growth from 2QFY25 onward. Exports (US business) are expected to make up 60% of revenue mix in FY25, which the company expects to reduce to 50% in the long term. Gross margin is likely to be ~33-35%.
- US business:** US manufacturing stood at 12% of total manufacturing activity in 1QFY25 vs. 27% in 1QFY24. The company expects this proportion to be ~15% in FY25. The company has on-boarded four new customers in 1Q – two Auto component companies in the US and two industrial firms.
- India Business:** The rail segment slowed down in 1Q due to elections, but is expected to pick up significantly going ahead. Growth is likely to pick up on account of the execution of orders from new customers added in the railway, aerospace and industrial segments.

**Valuation and view**

- With a recovery of the US operations and a pickup in India business in sight, we believe Avalon’s revenue and profitability will improve in FY25. We also believe the company’s long-term revenue trajectory continues to be strong, backed by: 1) the addition of new customers in the US and Indian markets and 2) order inflows from the high-growth/high-margin industries, such as Clean Energy and Aerospace.
- We estimate Avalon to deliver a CAGR of 24%/53%/82% in revenue/EBITDA/adj. PAT over FY24-26 on the back of strong recovery and healthy order inflows.
- Factoring in the weak 1Q performance, we reduce our EPS estimates for FY25/FY26 by 31%/12%. **Reiterate BUY with a TP of INR560 (premised on 40x FY26E EPS).**

**Consolidated - Quarterly Earning Model**

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E 1QE	Var. %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Gross Sales</b>	<b>2,351</b>	<b>2,010</b>	<b>2,143</b>	<b>2,168</b>	<b>1,995</b>	<b>2,211</b>	<b>2,893</b>	<b>3,203</b>	<b>8,672</b>	<b>10,301</b>	<b>2,186</b>	<b>-9</b>
YoY Change (%)	19.9	-17.9	-7.9	-20.2	-15.2	3.2	33.4	NA	-8.2	18.8	-7.0	
Total Expenditure	2,189	1,884	1,977	1,996	1,951	2,084	2,610	2,859	8,046	9,504	2,029	
<b>EBITDA</b>	<b>162</b>	<b>126</b>	<b>165</b>	<b>172</b>	<b>44</b>	<b>127</b>	<b>282</b>	<b>344</b>	<b>626</b>	<b>797</b>	<b>157</b>	<b>-72</b>
Margins (%)	6.9	6.3	7.7	7.9	2.2	5.7	9.8	10.7	7.2	7.7	7.2	
Depreciation	53	55	60	61	66	66	70	73	229	275	62	
Interest	56	32	36	39	42	30	28	25	164	125	35	
Other Income	51	47	22	28	44	40	54	62	148	201	26	
<b>PBT before EO expense</b>	<b>105</b>	<b>86</b>	<b>91</b>	<b>99</b>	<b>-20</b>	<b>71</b>	<b>239</b>	<b>308</b>	<b>381</b>	<b>597</b>	<b>86</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>105</b>	<b>86</b>	<b>91</b>	<b>99</b>	<b>-20</b>	<b>71</b>	<b>239</b>	<b>308</b>	<b>381</b>	<b>597</b>	<b>86</b>	
Tax	34	13	25	29	3	20	66	85	101	173	24	
Rate (%)	32.4	15.2	27.5	29.0	-14.5	27.5	27.5	27.5	26.5	28.9	27.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>71</b>	<b>73</b>	<b>66</b>	<b>71</b>	<b>-23</b>	<b>51</b>	<b>173</b>	<b>223</b>	<b>280</b>	<b>424</b>	<b>63</b>	
<b>Adj PAT</b>	<b>71</b>	<b>73</b>	<b>66</b>	<b>71</b>	<b>-23</b>	<b>51</b>	<b>173</b>	<b>223</b>	<b>280</b>	<b>424</b>	<b>63</b>	<b>NA</b>
YoY Change (%)	-23.9	-50.7	14.7	-68.9	NA	-21.8	144.9	NA	-46.7	51.7	-11.3	
Margins (%)	3.0	3.6	3.1	3.3	-1.2	2.3	6.0	7.0	3.2	4.1	2.9	



# Kolte Patil Developers

Estimate change	
TP change	
Rating change	

Bloomberg	KPDL IN
Equity Shares (m)	76
M.Cap.(INRb)/(USDb)	28 / 0.3
52-Week Range (INR)	585 / 356
1, 6, 12 Rel. Per (%)	-10/-36/-44
12M Avg Val (INR M)	152

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	13.7	20.3	29.7
EBITDA	0.5	2.6	5.9
EBITDA (%)	3.7	12.8	19.8
PAT	-0.7	1.0	3.2
EPS (INR)	-9.2	13.3	42.1
EPS Gr. (%)	-167.7	-245.1	217.1
BV/Sh. (INR)	96.9	106.1	144.2

### Ratios

Net D/E	0.0	0.2	0.2
RoE (%)	-7.8	13.1	33.6
RoCE (%)	3.3	9.6	19.5
Payout (%)	0.0	0.2	0.2

### Valuations

P/E (x)	NA	27.9	8.8
P/BV (x)	3.8	3.5	2.6
EV/EBITDA (x)	68.1	13.9	6.3
Div Yield (%)	1.1	1.1	1.1

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	69.5	69.5	74.5
DIIDIIDIIDII	5.0	6.0	2.5
FIIFIFIIFII	4.5	4.8	1.5
Others	21.1	19.8	21.5

CMP: INR370

TP: INR620 (+68%)

Buy

## Steady pre-sales; strong show on cash flows

### Pre-sales flat YoY; upcoming launches to drive growth

- KPDL reported bookings of INR7.1b in 1QFY25, flat YoY/QoQ and in line with our estimate. Growth was largely constrained due to muted launches as the company launched 0.6msf of inventory worth INR4b at Life Republic in Pune. After Jun'24, the company has launched 1.4msf in Pune, taking the YTD launched GDV to INR15b.
- Pune contributed 85% or INR6b to total pre-sales (vs. 95% in FY24) as the contribution from MMR and Bengaluru ramped up to INR1b (or 15% of pre-sales) vs. INR1.4b in full year FY24. Excluding Life Republic, pre-sales from Pune sustained at INR3b per quarter, while the contribution from Life Republic declined by 20% from the FY24 quarterly run rate of INR3.7b.
- Collections rose the highest ever at INR6.1b, up 19% YoY, leading to a three-fold jump in OCF to INR2.5b. KPDL spent INR1.5b on land and approval, resulting into surplus of INR1b. Net cash as of Jun'24 was at INR370m.
- With the ramp-up in launches after the quarter and further targeted launches of INR65b for the rest of the year, we expect KPDL to exceed its INR7b pre-sales run rate and deliver 25% growth in FY25 to INR35b.
- **P&L performance:** Revenue declined 40% YoY to INR3.4b (16% miss) due to lower completions. EBITDA came in at INR278m, translating into EBITDA margins of 8.2% (down 800bp YoY but improved from loss in previous quarter). PAT was down 86% at INR62m.

### Key management commentary

- **Guidance:** So far in FY25, the company has launched INR15b worth of projects and it remains on track to launch INR80b of inventory and achieve bookings of INR35b in FY25. As a result, the quarterly sales run rate of INR7-7.5b will increase in 2Q.
- **Profitability:** KPDL expects to recognize INR18-19b in revenue in FY25 and would report EBITDA margin in early teens. As a framework, the company targets GM of 26-27%, EBITDA of 17-18% and PAT margin of 10-11%.
- **Business development:** A few deals have reached the advanced stage of negotiations and the management is confident of achieving BD of INR80b. The company has learned the dynamics of the redevelopment segment as it has delivered three projects, with five currently ongoing. It now aims to take on large projects.

**Valuation and view**

- After a stagnant pre-sales performance for the last seven quarters, we expect KPDL to get back to its growth trajectory in 2QFY25, given the pick-up in launch and a strong pipeline. Further, with the upcoming project pipeline of INR250b, healthy growth should continue. We expect the company to deliver 18% CAGR in pre-sales over FY24-27E.
- The scale-up in pre-sales run rate and progress on business development after the recent management change will provide visibility on future growth and drive confidence on business continuity, thereby leading to re-rating.
- We cut our FY25E pre-sales by 13% to INR35b (in line with guidance) as we incorporate the phased launch pipeline of INR80b. We await further clarity in progress on business development after the management change; hence, we for now eliminate the value of INR40b for expected new project additions from our SOTP calculation and revise the TP to INR620 from INR700 earlier, still indicating 68% upside. **Reiterate BUY.**

**Financial and Operational Summary (INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>5,712</b>	<b>1,982</b>	<b>758</b>	<b>5,264</b>	<b>3,408</b>	<b>5,083</b>	<b>4,575</b>	<b>7,267</b>	<b>13,715</b>	<b>20,332</b>	<b>4,066</b>	<b>-16</b>
YoY Change (%)	185	61	-79	-34	-40	157	504	38	-7.9	48.2	-28.8	
Total Expenditure	4,800	1,947	1,124	5,332	3,130	4,434	3,991	6,182	13,204	17,736	3,767	
<b>EBITDA</b>	<b>912</b>	<b>35</b>	<b>-367</b>	<b>-68</b>	<b>278</b>	<b>649</b>	<b>584</b>	<b>1,085</b>	<b>511</b>	<b>2,595</b>	<b>299</b>	<b>-7</b>
Margins (%)	16.0	1.8	-48.4	-1.3	8.2	12.8	12.8	14.9	3.7	12.8	7.4	
Depreciation	31	31	42	39	42	44	46	39	142	170	40	
Interest	366	94	308	210	187	245	220	326	979	978	196	<b>-4</b>
Other Income	74	67	79	13	95	58	52	27	233	233	47	<b>105</b>
<b>PBT before EO expense</b>	<b>588</b>	<b>-24</b>	<b>-637</b>	<b>-303</b>	<b>144</b>	<b>419</b>	<b>370</b>	<b>747</b>	<b>-377</b>	<b>1,680</b>	<b>110</b>	<b>31</b>
Extra-Ord expense	0	124	0	111	0	0	0	0	-235	0	0	
<b>PBT</b>	<b>588</b>	<b>-147</b>	<b>-637</b>	<b>-414</b>	<b>144</b>	<b>419</b>	<b>370</b>	<b>747</b>	<b>-611</b>	<b>1,680</b>	<b>110</b>	<b>31</b>
Tax	100	93	-42	-185	104	139	123	191	-34	557	36	
Rate (%)	17.0	-63.0	6.6	44.6	72.2	33.2	33.2	25.6	0.1	0.3	33.2	
MI & Profit/Loss of Asso. Cos.	29	13	34	41	-22	29	26	83	116	116	23	
<b>Reported PAT</b>	<b>460</b>	<b>-253</b>	<b>-629</b>	<b>-270</b>	<b>62</b>	<b>251</b>	<b>221</b>	<b>472</b>	<b>-694</b>	<b>1,006</b>	<b>50</b>	<b>24</b>
<b>Adj PAT</b>	<b>460</b>	<b>-253</b>	<b>-629</b>	<b>-270</b>	<b>62</b>	<b>251</b>	<b>221</b>	<b>472</b>	<b>-693</b>	<b>1,006</b>	<b>50</b>	<b>24</b>
YoY Change (%)	116	188	134	-123	-86	-199	-135	-275	-167.6	-245.3	-89.1	
Margins (%)	8.0	-12.8	-83.0	-5.1	1.8	4.9	4.8	6.5	-5.0	5.0	1.2	59bp

**Key operational performance**

Key metrics	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sale Volume (msf)	0.9	1.0	1.0	1.0	1.0	1.2	1.3	0.9	4.1	4.1	1.04	<b>-8</b>
Sale Value (INR m)	7,010	6,320	7,460	7,430	7,110	8,500	12,000	7,312	29,912	29,912	7500	<b>-5</b>
Collections (INR m)	5,130	4,720	4,930	5,920	6,120	5,664	6,409	6,480	20,128	20,128	5643	<b>8</b>
Realization (INR/sft)	7,545	6,426	7,579	7,226	7,406	7,200	9,500	8,163	7,296	7,296	7,200	<b>5</b>

## Aurobindo

BSE SENSEX

79,706

S&amp;P CNX

24,368

CMP: INR1442

## Conference Call Details

Date: 12<sup>th</sup> May 2024

Time: 8:30 am IST

Dial-in details:

Zoom [Link](#)

## Financials &amp; Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	290.0	315.8	346.8
EBITDA	58.4	70.4	76.7
Adj. PAT	32.8	39.3	44.4
EBIT Margin (%)	14.9	16.7	17.0
Cons. Adj. EPS (INR)	56.0	67.0	75.7
EPS Gr. (%)	46.1	19.6	13.0
BV/Sh. (INR)	509.3	572.4	644.1
<b>Ratios</b>			
Net D:E	0.0	-0.1	-0.1
RoE (%)	11.6	12.4	12.5
RoCE (%)	10.7	11.1	11.5
Payout (%)	6.6	6.0	5.3
<b>Valuations</b>			
P/E (x)	25.7	21.5	19.0
EV/EBITDA (x)	14.5	11.5	10.4
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	-0.6	4.4	1.9
EV/Sales (x)	2.9	2.6	2.3

## Result in line; higher other income drives profitability

- Aurobindo (ARBP)'s 1QFY25 sales grew 10.5% YoY to INR75.7b (our estimate: INR76b).
- Overall Formulation sales grew 11% YoY to INR64.8b.
- US formulations revenues grew 7.6% YoY to INR35.6b (CC: +5.7% YoY to USD426m; 47% of sales).
- Europe formulation sales grew 7.9% YoY to INR19.8b (26% of sales).
- Growth Markets sales grew 45.9% YoY to INR7.1b (9.4% of sales).
- ARV revenue grew 20.2% YoY to INR2.3b (3% of sales).
- API sales grew 5.7% YoY basis to INR10.9b (14% of sales).
- Gross margin (GM) expanded 540bp YoY to 59.4%.
- However, EBITDA margin expanded 460bp YoY to 21.4% (our estimate: 22.1%) led by improved gross margin offset by increase in employee cost/other expense (+30bp/+60bp YoY as a % of sales).
- EBITDA was up 41% YoY to INR16.2b (our estimate: INR17.0b).
- Adjusting for the forex gain of INR10m, PAT grew at a higher rate of 54.8% YoY to INR9.2b (our est: INR9.7b), led by higher other income up 2.8x YoY offset by higher tax outgo.

## Other highlights

- ARBP filed eight ANDAs with USFDA in 1QFY25.
- The company received final approvals for 10 ANDAs, including one specialty and injectable product, in 1QFY25.
- ARBP launched 10 products including one injectable product in 1QFY25.
- R&D expenses were INR3.4b and formed 4.5% of sales for the quarter.
- Net capex stood at USD74m for the quarter.
- Total investment for the Biosimilar project was ~US365m until Jun'24.
- 1QFY25: Specialty & Injectables revenue in the US was ~USD102m and global specialty was ~USD141m.
- Net cash, including investments, stood at ~US101m as of Jun'24 vs. ~US19m as of Mar'24.



Quarterly performance (Consolidated)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
<b>Net Sales</b>	<b>68.5</b>	<b>72.2</b>	<b>73.5</b>	<b>75.8</b>	<b>75.7</b>	<b>79.3</b>	<b>79.9</b>	<b>81.0</b>	<b>290.0</b>	<b>315.8</b>	<b>76.6</b>	<b>-1.2%</b>
YoY Change (%)	9.9	25.8	14.7	17.1	10.5	9.8	8.6	6.8	16.7	8.9	11.8	
<b>EBITDA</b>	<b>11.5</b>	<b>14.0</b>	<b>16.0</b>	<b>16.9</b>	<b>16.2</b>	<b>17.8</b>	<b>17.7</b>	<b>18.7</b>	<b>58.4</b>	<b>70.4</b>	<b>16.9</b>	<b>-4.3%</b>
YoY Change (%)	12.4	33.4	67.8	68.3	40.7	26.6	10.7	11.1	44.9	20.5	47.0	
Margins (%)	16.8	19.4	21.8	22.3	21.4	22.4	22.2	23.1	20.1	22.3	22.1	
Depreciation	3.3	4.2	4.2	3.5	4.0	3.7	4.5	5.3	15.2	17.6	3.6	
<b>EBIT</b>	<b>8.2</b>	<b>9.9</b>	<b>11.8</b>	<b>13.3</b>	<b>12.2</b>	<b>14.1</b>	<b>13.2</b>	<b>13.4</b>	<b>43.2</b>	<b>52.9</b>	<b>13.3</b>	
YoY Change (%)	10.7	30.7	86.1	103.0	47.4	42.6	12.3	0.6	54.9	22.3	61.8	
Interest	0.6	0.7	0.8	0.9	1.1	0.8	0.7	0.4	2.9	3.0	0.9	
Other Income	0.8	1.9	1.2	1.4	2.2	1.1	1.1	0.2	5.2	4.5	1.0	
<b>PBT before EO expense</b>	<b>8.5</b>	<b>11.0</b>	<b>12.2</b>	<b>13.8</b>	<b>13.2</b>	<b>14.3</b>	<b>13.6</b>	<b>13.1</b>	<b>45.5</b>	<b>54.3</b>	<b>13.4</b>	<b>-1.5%</b>
Forex loss/(gain)	-0.4	0.3	-0.5	0.1	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	
Exceptional (expenses)/income	-0.7	0.0	0.0	-1.2	0.0	0.0	0.0	0.0	-1.9	0.0	0.0	
<b>PBT</b>	<b>8.1</b>	<b>10.7</b>	<b>12.7</b>	<b>12.4</b>	<b>13.3</b>	<b>14.3</b>	<b>13.6</b>	<b>13.1</b>	<b>44.0</b>	<b>54.3</b>	<b>13.4</b>	<b>-1.4%</b>
Tax	2.4	3.2	3.2	3.2	4.1	3.9	3.8	3.2	12.1	14.9	3.6	
Rate (%)	29.7	30.1	25.5	26.0	30.6	27.5	27.7	24.2	27.5	27.5	27.0	
Minority Interest	0.0	-0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	
<b>Reported PAT</b>	<b>5.7</b>	<b>7.6</b>	<b>9.4</b>	<b>9.1</b>	<b>9.2</b>	<b>10.4</b>	<b>9.8</b>	<b>9.9</b>	<b>31.7</b>	<b>39.3</b>	<b>9.7</b>	<b>-5.3%</b>
<b>Adj PAT</b>	<b>5.9</b>	<b>7.8</b>	<b>9.0</b>	<b>10.1</b>	<b>9.2</b>	<b>10.4</b>	<b>9.8</b>	<b>9.9</b>	<b>32.8</b>	<b>39.3</b>	<b>9.7</b>	<b>-5.3%</b>
YoY Change (%)	0.9	17.2	87.4	96.3	54.8	33.3	9.1	-2.4	46.1	19.6	63.6	
Margins (%)	8.7	10.8	12.3	13.3	12.1	13.1	12.3	12.2	11.3	12.4	12.7	

E: MOFSL Estimates

# APL Apollo Tubes

BSE SENSEX 79,706 S&P CNX 24,368

**CMP: INR1,425**

**Buy**

## Conference Call Details



**Date:** 12<sup>th</sup> Aug, 2024  
**Time:** 12:00pm IST  
**Concall link:**  
[Click here](#)

## Earnings below estimates

- Consolidated revenue grew 9%/4% YoY/QoQ to INR49.7b (est. INR50b).
- Gross margin came in at 14.2% (up 50bp YoY, up 90bp QoQ).
- Gross Profit/MT stood at INR9,772 (up 4% YoY, up 5% QoQ).
- EBITDA dipped 2% YoY (up 8% QoQ) to INR3b (est. INR3.3b), while EBITDA/MT stood at INR4,183 (down 10% YoY, up 1% QoQ).
- Adjusted PAT was flat YoY, while it grew 13% QoQ to INR1.9b (est. INR2b).

## Quarterly volume data

- Quarterly sales volume grew 9% YoY to **721,063 MT** in 1QFY25 (up 6% QoQ). Volumes were strong despite the quarter being impacted due to the general elections in the country.
- VAP mix increased to 60% in 1QFY25 from 57%/60% in 1QFY24/4QFY24.

## Consolidated - Quarterly Earning Model

Y/E March	FY24				FY25				FY24	FY25E	FY24E	(INRm)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	Var. %	
<b>Gross Sales</b>	<b>45,449</b>	<b>46,304</b>	<b>41,778</b>	<b>47,657</b>	<b>49,743</b>	<b>58,156</b>	<b>57,723</b>	<b>63,648</b>	<b>1,81,188</b>	<b>2,29,270</b>	<b>49,969</b>	<b>0</b>
YoY Change (%)	32.2	16.7	-3.5	7.6	9.4	25.6	38.2	33.6	12.1	26.5	9.9	
Total Expenditure	42,377	43,054	38,982	44,854	46,727	54,116	53,448	58,989	1,69,266	2,13,279	46,708	
<b>EBITDA</b>	<b>3,072</b>	<b>3,250</b>	<b>2,795</b>	<b>2,804</b>	<b>3,016</b>	<b>4,040</b>	<b>4,275</b>	<b>4,659</b>	<b>11,922</b>	<b>15,990</b>	<b>3,261</b>	<b>-8</b>
Margins (%)	6.8	7.0	6.7	5.9	6.1	6.9	7.4	7.3	6.6	7.0	6.5	
Depreciation	409	413	471	466	465	535	560	603	1,759	2,163	490	
Interest	271	266	285	311	278	255	200	155	1,134	888	290	
Other Income	217	196	150	186	247	235	188	246	749	916	249	
<b>PBT before EO expense</b>	<b>2,608</b>	<b>2,767</b>	<b>2,190</b>	<b>2,212</b>	<b>2,520</b>	<b>3,485</b>	<b>3,703</b>	<b>4,147</b>	<b>9,777</b>	<b>13,855</b>	<b>2,731</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>2,608</b>	<b>2,767</b>	<b>2,190</b>	<b>2,212</b>	<b>2,520</b>	<b>3,485</b>	<b>3,703</b>	<b>4,147</b>	<b>9,777</b>	<b>13,855</b>	<b>2,731</b>	
Tax	672	738	535	508	589	877	932	1,044	2,453	3,442	687	
Rate (%)	25.8	26.7	24.4	23.0	23.4	25.2	25.2	25.2	25.1	24.8	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>1,936</b>	<b>2,029</b>	<b>1,655</b>	<b>1,704</b>	<b>1,932</b>	<b>2,608</b>	<b>2,771</b>	<b>3,103</b>	<b>7,324</b>	<b>10,414</b>	<b>2,043</b>	
<b>Adj PAT</b>	<b>1,936</b>	<b>2,029</b>	<b>1,655</b>	<b>1,704</b>	<b>1,932</b>	<b>2,608</b>	<b>2,771</b>	<b>3,103</b>	<b>7,324</b>	<b>10,414</b>	<b>2,043</b>	<b>-5</b>
YoY Change (%)	60.5	35.1	-2.2	-15.5	-0.2	28.6	67.4	82.1	14.1	42.2	5.5	
Margins (%)	4.3	4.4	4.0	3.6	3.9	4.5	4.8	4.9	4.0	4.5	4.1	

# Metro Brands

BSE SENSEX 79,706 S&P CNX 24,368

**CMP: INR1,351**

**Buy**

## Conference Call Details



**Date:** 12<sup>th</sup> Aug 2024  
**Time:** 03:30PM IST

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	23.6	27.5	33.4
EBITDA	7.0	8.3	10.4
Adj. PAT	4.1	4.2	5.2
EBITDA Margin (%)	29.7	30.3	31.2
Adj. EPS (INR)	12.7	15.3	19.0
EPS Gr. (%)	(5.2)	20.2	24.0
BV/Sh. (INR)	70.2	83.1	99.1
<b>Ratios</b>			
Net D:E	0.1	0.1	0.1
RoE (%)	20.3	20.5	21.3
RoCE (%)	17.7	14.8	15.1
Payout (%)	14.9	17.6	17.6
<b>Valuations</b>			
P/E (x)	106.0	88.2	71.2
EV/EBITDA (x)	53.9	45.4	36.3
EV/Sales (X)	16.0	13.7	11.3
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	1.3	1.3	1.7

## A marginal dip in PAT despite weak SSS

- Consolidated revenue declined 1% YoY to INR5.8b (9% miss) due to a 10% YoY decline in revenue/sqft. Area addition remained strong at 12% YoY.
- The company added 17 stores (in two new cities) and closed two stores, taking the net store additions of 15 and the overall count to 854 stores (including three FILA stores).
- Management indicated lower wedding dates, election-related headwinds, and subdued footfalls due to intense heat waves as the primary reasons for weak revenue growth.
- Gross profit was flat at INR3.4b (9% miss), while margin expanded 40bp YoY to 59.5%.
- The GM continued to remain elevated due to higher sales contribution from INR3,000+ ASP products and own-brand products.**
- Despite weak SSS, the company was able to restrict the EBITDA decline at 3% YoY to INR1.8b (11% miss) due to strong cost-control measures.**
- Margin contracted 70bp YoY to 31.3% during the quarter.
- Depreciation/finance costs grew 11%/12% YoY, while other income rose 63% YoY.
- Resultantly, PAT declined 2% YoY to INR919m (11% miss).

## Cravatex brands (CBL) update-

- Liquidation of excess inventory of Fila is on track and is expected to complete with the EOSS in 2QFY25 .
- As guided earlier, in FY25, the focus would be on the relaunch of FILA by leveraging Footlocker and Metro / Mochi MBO's distribution network.
- Post-stabilizing the FILA operations in FY26, the company will restart opening FILA EBO's.

## Update on BIS:

- The Department for Promotion of Industry and Internal Trade (DPIIT) issued a notification where the purchases of footwear from factories that have applied for BIS certification are allowed until Jul'24.
- MBL has front-loaded inventory buying to some extent, which is expected to lead to **higher inventory levels**.

## New era partnership:

- New Era Cap, LLC. is an international lifestyle brand with a global revenue of ~USD1b. The company is headquartered in Buffalo, NY and operates in Canada, Europe, Brazil, Japan, and Hong Kong.
- The agreement is a **long-term exclusive Distribution Agreement for India** and has multiple dates and gates for renewal.
- With this partnership, MBL will gain access to its premium headwear collection.
- MBL will engage in distribution and sale of New Era's Products i.e. Caps, Hats, Visors, Apparel, Accessories, and all other headwear in India through Kiosks, brick and mortar stores, and other channels of trade.
- New Era will also help MBL strengthen its sports & athleisure offerings in **Foot Locker**.

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY24				FY25E				FY24	FY25	FY25E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Revenue</b>	<b>5,825</b>	<b>5,557</b>	<b>6,355</b>	<b>5,830</b>	<b>5,761</b>	<b>6,291</b>	<b>7,572</b>	<b>7,900</b>	<b>23,567</b>	<b>27,524</b>	<b>6,342</b>	<b>-9.2</b>
YoY Change (%)	14.7	16.7	6.1	7.1	-1.1	13.2	19.2	35.5	10.8	16.8	8.9	
Total Expenditure	3,959	4,003	4,365	4,244	3,957	4,491	5,097	5,639	16,571	19,185	4,320	-8.4
<b>EBITDA</b>	<b>1,866</b>	<b>1,554</b>	<b>1,990</b>	<b>1,586</b>	<b>1,804</b>	<b>1,799</b>	<b>2,475</b>	<b>2,261</b>	<b>6,996</b>	<b>8,339</b>	<b>2,022</b>	<b>-10.8</b>
EBITDA Margin (%)	32.0	28.0	31.3	27.2	31.3	28.6	32.7	28.6	29.7	30.3	31.9	0.6
Depreciation	543	572	586	591	600	615	630	730	2,291	2,575	614	-2.3
Interest	185	197	204	203	208	221	236	287	789	952	216	-3.9
Other Income	144	162	160	244	234	195	195	156	708	779	195	20.0
<b>PBT</b>	<b>1,282</b>	<b>946</b>	<b>1,359</b>	<b>1,036</b>	<b>1,230</b>	<b>1,157</b>	<b>1,804</b>	<b>1,400</b>	<b>4,624</b>	<b>5,591</b>	<b>1,386</b>	<b>-11.3</b>
Tax	353	275	379	-508	309	292	455	371	499	1,426	349	-11.6
Rate (%)	27.5	29.1	27.9	-49.0	25.1	25.2	25.2	26.5	10.8	25.5	25.2	
MI & Profit/Loss of Asso. Cos.	6	5	7	12	2	0	0	0	30	2	0	
<b>PAT before MI</b>	<b>929</b>	<b>671</b>	<b>981</b>	<b>1,544</b>	<b>921</b>	<b>866</b>	<b>1,349</b>	<b>1,029</b>	<b>4,124</b>	<b>4,165</b>	<b>1,037</b>	<b>-11.2</b>
<b>Adj PAT post MI</b>	<b>935</b>	<b>676</b>	<b>988</b>	<b>866</b>	<b>919</b>	<b>866</b>	<b>1,349</b>	<b>1,029</b>	<b>3,465</b>	<b>4,163</b>	<b>1,037</b>	<b>-11.4</b>
YoY Change (%)	-12	-13	-13	26	-2	28	37	19	-5.2	20.2	11	

E: MOFSL Estimates

# Amara Raja Energy and Mobility

BSE SENSEX 79,706 S&P CNX 24,368

CMP: INR1,506

Neutral

## Financials Snapshot (INR b)

Y/E March	2024	2025E	2026E
Sales	112.6	125.9	139.1
EBITDA	16.2	17.4	20.2
Adj. PAT	9.1	9.7	11.4
EPS (INR)	49.5	53.0	62.3
EPS Gr. (%)	10.4	7.0	17.6
BV/Sh. (INR)	370	414	467

## Ratios

RoE (%)	14.2	13.5	14.1
RoCE (%)	14.0	13.5	14.1
Payout (%)	20.0	17.0	14.4

## Valuations

P/E (x)	30.4	28.4	24.1
P/BV (x)	4.1	3.6	3.2
Div. Yield (%)	0.7	0.6	0.6
FCF yield (%)	3.4	3.9	4.1

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	32.9	32.9	28.1
DII	14.6	15.4	10.5
FII	23.8	24.5	35.2
Others	28.8	27.3	26.3

FII Includes depository receipts

## EV transition in India: Opportunities & challenges

We attended the second edition of EVOLVE (virtually), a unique conclave on battery technology hosted by Amara Raja (ARENM), where industry experts discussed the theme "Energy Transition: Future-Ready and India-Centric." This year's event emphasized the enduring relevance of lithium-ion batteries and explored the opportunities and challenges of positioning India as a global manufacturing hub. Key topics included the importance of modular and cost-effective manufacturing processes and the role of new-age technologies in scaling up battery production. The discussions also delved into funding strategies for gigafactories and highlighted the long-term opportunities that India presents in the energy transition landscape. Following are the key takeaways from the conclave:

### Opportunities and challenges of establishing India as a global hub

- Vertical integration and reducing dependency on China:** India needs to develop its local supply chain for manufacturing battery components and reduce its overdependence on China in order to: 1) reduce production costs and hence be globally competitive, 2) incorporate any new changes swiftly as and when required, and 3) improve serviceability. While domestic demand is still maturing, exports will be crucial for maintaining industry momentum and achieving economies of scale.
- Importance of technology partnerships:** To secure a competitive position in emerging technologies, Indian companies must focus on research and development (R&D) and design. Forming strategic technology partnerships will enable Indian firms to innovate and adapt quickly to new advancements. Investment in R&D is critical for developing expertise in advanced battery technologies, positioning Indian companies as leaders in the global market. In India, while Amara has tied up with Gotion Inobat, Exide has tied up with SVolt Energy Technology for technological support.
- Government support and industry investment:** The Indian government has played a pivotal role in encouraging local industries through various schemes and subsidies. This support has already created substantial traction within the EV industry. The next phase involves attracting significant investments, particularly in advanced chemistry cells, and the government has already doled out the PLI scheme to encourage the same. Erstwhile lead acid players like ARENM and EXIDE have already taken strides in this area.
- Role of the start-up ecosystem:** Startups are crucial in driving innovation within the battery and energy sectors. Similar to their impact in the two-wheeler (2W) OEM space, startups are now pivotal in creating demand and solving industry challenges. Collaboration between large industries and startups is essential for advancing technological solutions and addressing ongoing issues in the sector.



- **Recycling as a major opportunity:** Recycling represents a significant opportunity within India's battery value chain. Developing a robust recycling infrastructure will be essential to support the circular economy and reduce dependency on raw material imports.
- **Battery swapping and standardization challenges:** Battery swapping is a key focus for the government, aimed at extending facilities to users. However, resistance from OEMs regarding the standardization of batteries is a significant barrier for implementing swappable solutions. Overcoming this resistance is crucial for the widespread adoption of battery swapping, which would enhance convenience for users and support the growth of the EV ecosystem.

### Battery ecosystem at present

- India is expected to see a growth of ~7% in GDP over the next 10 years, but that growth has also brought rise in emissions. Energy contributed 51% of total carbon emissions. India's contribution in total emissions has increased to 7.3% of global emissions from 5.36% share of global emissions in 2012.
- Energy transition would require USD1.2t investment until 2030. Energy and transport sectors represent 85% share of overall investment.
- Global battery demand is expected to reach 4700GWh by 2030 (v/s present demand of 1700GWh) while supply announcements have already exceeded 8800GWh. India demand is estimated to be 205GWh by 2030, with a 74% requirement from EVs. In terms of value chain, India is likely to capture ~50% of value chain from cell manufacturing.
- About 53% of the demand is for NMC batteries followed by LFP at 40%. Critical minerals such as Lithium, Nickel, and Cobalt are situated in China.
- Oversupply of batteries: Presently there is a demand and supply mismatch in global battery supply. China has overcapacity but a country like India is still in the catch-up stage, which needs to be balanced.
- The current headwinds are: 1) intense competition from China, 2) limited domestic value addition potential, and c) limited technical know-how capacity.

### Strategic importance of financing in driving future mobility

- **Decarbonization and green bonds:** Funding the decarbonization initiative is critical, and green bonds play a pivotal role. The issuance of green bonds peaked at USD633b in 2021 and stands at USD600b in 2024. This robust market underscores the commitment to sustainable investments, driving the transition to a low-carbon economy.
- **Localization as a decarbonization driver:** Localization is essential for achieving decarbonization, particularly through the use of green electricity. By prioritizing local production and resources, companies can significantly reduce their carbon footprints. The success of this strategy relies on existing businesses becoming cash cows to fund future technologies, fostering collaboration, attracting top talent, and cultivating a culture of unlearning outdated practices.
- **Financing Gigafactories and the EV sector:** Standard Chartered has demonstrated significant commitment by funding six gigafactories in Europe and two in Asia. The enthusiasm within the financial sector for supporting the EV transition is palpable. However, challenges remain in financing EVs compared to

internal combustion engine (ICE) vehicles. Asset-backed financing, clear residual values, and platform-based financing solutions, such as a central agency, are vital to bridging the financing gap.

- **Risks in financing auto ancillary players:** Financing in the auto ancillary sector carries risks such as implementation risk, where stable cash flow businesses like battery packs and chargers provide comfort to financiers. Demand risk can be mitigated through OEM tie-ups, especially as hybrids gain popularity. Funding risk is another consideration, with equity and private equity funding seen as beneficial. Finally, technology risk can be managed through partnerships, ensuring innovation and competitiveness.

#### Mr. Amitabh Kant, G20 Sherpa and Former CEO of NITI Ayog

- **Urgency in decarbonization:** As 2023 becomes the hottest year on record, the urgency for India to decarbonize and achieve energy independence is more critical than ever. India must seize this opportunity to lead the world in low-carbon urbanization and industrialization.
- **Leapfrogging to final solutions:** India should focus on adopting final solutions like electric vehicles, battery storage, and green hydrogen, rather than intermediate steps (like hybrids). Bold actions are necessary to drive innovation and secure the country's energy future.
- **India as the global energy leader:** India has the potential to become the epicenter of the world's energy revolution. Initiatives such as EVOLVE play a crucial role in uniting industry leaders, academia, and policymakers to create a sustainable future and set global standards.

# Vinati Organics

**BSE SENSEX** 79,706  
**S&P CNX** 24,368

**CMP: INR2,265**

**Buy**

## Miss across the board; sequential decline in margin

- Revenue stood at INR5.2b (our est. at INR5.6b, +25% YoY).
- EBITDA came in at INR1.3b (est. of INR1.5b, +50% YoY).
- Gross margin was 44.9% (-270bp YoY), with EBITDAM at 23.8% (+100bp YoY).
- PAT was INR860m (est. of INR1.1b, +51% YoY).

### Standalone - Quarterly Earning Model

Y/E March	FY24				FY25		Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1QE	1QAct			
<b>Gross Sales</b>	<b>4,387</b>	<b>4,629</b>	<b>4,480</b>	<b>5,503</b>	<b>5,605</b>	<b>5,247</b>	-6%	25%	-5%
YoY Change (%)	-13.3	-18.3	-13.3	6.0	30.0	19.6			
<b>Gross Margin (%)</b>	<b>47.6%</b>	<b>45.8%</b>	<b>47.2%</b>	<b>46.6%</b>	<b>46.9%</b>	<b>44.9%</b>	-2.0%	-2.7%	-1.7%
<b>EBITDA</b>	<b>1,004</b>	<b>1,048</b>	<b>1,147</b>	<b>1,502</b>	<b>1,502</b>	<b>1,251</b>	-17%	50%	-17%
Margin (%)	22.9	22.6	25.6	27.3	26.8	23.8	-2.9	1.0	-3.5
Depreciation	167	173	193	194	212	196			
Interest	9	9	10	9	10	4			
Other Income	98	106	88	96	139	93			
<b>PBT before EO expense</b>	<b>925</b>	<b>972</b>	<b>1,032</b>	<b>1,396</b>	<b>1,419</b>	<b>1,144</b>	-19%	51%	-18%
<b>PBT</b>	<b>925</b>	<b>972</b>	<b>1,032</b>	<b>1,396</b>	<b>1,419</b>	<b>1,144</b>	-19%	51%	-18%
Tax	231	247	262	351	357	284			
Rate (%)	25.0	25.4	25.4	25.1	25.2	24.8			
<b>Reported PAT</b>	<b>694</b>	<b>725</b>	<b>770</b>	<b>1,045</b>	<b>1,061</b>	<b>860</b>	-19%	51%	-18%
<b>Adj. PAT</b>	<b>694</b>	<b>725</b>	<b>770</b>	<b>1,045</b>	<b>1,061</b>	<b>860</b>	-19%	51%	-18%
YoY Change (%)	-31.4	-37.5	-28.0	-0.2	27.5	23.9			
Margin (%)	15.8	15.7	17.2	19.0	18.9	16.4	-2.5	0.6	-2.6

# Cello World

BSE SENSEX  
79,706

S&P CNX  
24,368

**CMP: INR919**

**Buy**

## Conference Call Details



**Date:** 14<sup>th</sup> Aug, 2024

**Time:** 9:00am IST

**Concall link:**

[Click here](#)

## Earnings in line with estimates

- Consol. revenue grew 6% YoY, while it was down 2% QoQ to INR5b (est. in line) during 1QFY25.
- Gross margin expanded 120bp/90bp YoY/QoQ to 53.8%.
- EBITDA grew ~8% YoY, while it declined 3% QoQ to INR1.3b (est. in-line). EBITDA margin expanded 60bp YoY while it dipped 20bp QoQ to 25.8%
- Adj. PAT grew 7% YoY, while it was down 7% QoQ to INR826m (est. in line).

### Consolidated - Quarterly Earning Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1Q		
<b>Gross Sales</b>	<b>4,718</b>	<b>4,890</b>	<b>5,271</b>	<b>5,125</b>	<b>5,007</b>	<b>5,623</b>	<b>6,483</b>	<b>6,567</b>	<b>20,003</b>	<b>23,680</b>	<b>5,142</b>	<b>-3%</b>
YoY Change (%)	NA	NA	NA	5.0	6.1	15.0	23.0	28.1	11.3	18.4	9.0	
Total Expenditure	3,526	3,687	3,949	3,792	3,714	4,201	4,777	4,798	14,954	17,490	3,847	
<b>EBITDA</b>	<b>1,192</b>	<b>1,203</b>	<b>1,321</b>	<b>1,333</b>	<b>1,293</b>	<b>1,422</b>	<b>1,705</b>	<b>1,770</b>	<b>5,049</b>	<b>6,190</b>	<b>1,295</b>	<b>0%</b>
Margins (%)	25.3	24.6	25.1	26.0	25.8	25.3	26.3	26.9	25.2	26.1	25.2	
Depreciation	118	127	147	175	141	184	187	191	567	703	179	
Interest	6	7	5	8	6	4	3	3	26	16	6	
Other Income	81	107	45	66	60	137	60	75	299	332	85	
<b>PBT before EO expense</b>	<b>1,149</b>	<b>1,176</b>	<b>1,214</b>	<b>1,215</b>	<b>1,206</b>	<b>1,371</b>	<b>1,575</b>	<b>1,651</b>	<b>4,755</b>	<b>5,803</b>	<b>1,195</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>1,149</b>	<b>1,176</b>	<b>1,214</b>	<b>1,215</b>	<b>1,206</b>	<b>1,371</b>	<b>1,575</b>	<b>1,651</b>	<b>4,755</b>	<b>5,803</b>	<b>1,195</b>	
Tax	321	310	307	250	311	345	397	414	1,188	1,468	301	
Rate (%)	27.9	26.4	25.3	20.6	25.8	25.2	25.2	25.1	25.0	25.3	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	54	66	58	77	69	80	66	88	256	303	60	
<b>Reported PAT</b>	<b>774</b>	<b>800</b>	<b>849</b>	<b>888</b>	<b>826</b>	<b>945</b>	<b>1,112</b>	<b>1,149</b>	<b>3,311</b>	<b>4,033</b>	<b>834</b>	
<b>Adj PAT</b>	<b>774</b>	<b>800</b>	<b>849</b>	<b>888</b>	<b>826</b>	<b>945</b>	<b>1,112</b>	<b>1,149</b>	<b>3,311</b>	<b>4,033</b>	<b>834</b>	<b>-1%</b>
YoY Change (%)	NA	NA	NA	-81.8	6.6	18.2	31.1	29.4	24.4	21.8	7.7	
Margins (%)	16.4	16.4	16.1	17.3	16.5	16.8	17.2	17.5	16.6	17.0	16.2	



# Financials

## Network accretion across banks

	AFS Reserve Accretion (INR b)	NW Accretion (INR b)	% of FY24 NW
HDFCB	-	1.3	0%
ICICIBC	20.6	32.1	1%
AXSB	0.0	14.6	1%
KMB	NA	29.1	3%
IIB	NA	1.7	0%
FB	NA	3.4	1%
BANDHAN	0.7	1.1	0%
SBIN	38.7	25.4	1%
BOB	NA	30.2	3%
CBK	0.6	18.1	2%
UNBK	0.2	17.2	2%
INBK	2.1	0.0	0%
PNB	0.3	21.3	2%
BOM	2.0	2.0	1%
CBOI	2.5	-10.0	-3%
UCO	0.4	7.9	3%
IOB	0.2	0.2	0%
PJSB	0.2	-42.3	-37%
BOI	NA	1.3	0%
IDBI	4.0	14.9	3%

## Assessing the impact of new investment guidelines

### Net worth of PSBs increases by average ~2%; investment yields rise 15-40bp

The RBI in Sep'23 released new master directions regarding the classification of an investment portfolio. Previously, banks classified and valued their investment portfolios based on the 2021 regulations, which were primarily founded on a framework introduced in Oct'2000. The revised regulations align investment classification with global standards and incorporate international best practices. With the 1Q earnings season almost over, we revisit the impact of these regulations on major banks under our coverage. In this note, we have analyzed the impact for all of our coverage banks and note that the network of our coverage public sector banks (PSBs) has improved by average ~2% (highest for BOB at ~3%), while their investment yields improved by around 15-40bp. Among private banks, KMB saw the highest network accretion at 3%, while the increase for other banks was limited to 1%. We expect volatility in trading gains to subside, while the direct pass-through of unrealized gains (losses) to reserves would support capital ratios when interest rates moderate. Our preferred picks are ICICIBC, HDFCB, SBIN and FB.

### Key changes in investment regulations – A quick recap

Following are some of the key changes between the old and new investment regulations. For details, please refer to Exhibit 11.

#### ■ Investment Classification:

- **Old:** Investments were classified under HTM, AFS and HFT buckets.
- **New:** Investments are classified as HTM, AFS and FVTPL (HFT is a separate category under FVTPL), with separate categories for JVs, subsidiaries, and associates.

#### ■ Reclassification Rules:

- **Old:** Annual reclassification allowed with Board approval.
- **New:** Reclassification only in exceptional cases with Board and RBI approval.

#### ■ Gains/Losses on AFS Securities:

- **Old:** Gains/losses taken to P&L; net losses provided in P&L; net appreciation ignored.
- **New:** Net gains/losses are credited/debited to the AFS reserve.

#### ■ HTM Investment Ceiling:

- **Old:** HTM investments capped at 25% of total investments.
- **New:** No limit on HTM investments.

#### ■ Holding Period for HFT/FVTPL:

- **Old:** HFT investments to be sold within 90 days.
- **New:** No sale period stipulated for FVTPL or HFT.

#### ■ Sale of HTM Investments:

- **Old:** Disclosure of HTM investments' market value if sale/transfer exceeds 5% of book value.
- **New:** HTM sale exceeding 5% needs RBI approval.

#### ■ Acquisition of Investments at Discount/Premium:

- **Old:** Recognized as one-time gains/losses in P&L.
- **New:** Discount/premium on HTM and AFS securities amortized over the instrument's life.



**Accretion in CET-1 across banks**

	CET-1 – 1QFY25	Change in CET-1 QoQ (bp)
KMB	21.3%	210
AU SFB	19.5%	70
HDFCB	16.8%	50
IIB	16.2%	33
AXSB	14.1%	32
IDFCB	13.3%	-2
ICICI	15.2%	-36
FB	14.2%	-44
RBK	13.9%	-53
BANDHAN	14.1%	-310
BOB	13.1%	54
IOB	15.0%	52
CBK	12.1%	47
UCO	14.4%	22
UNBK	13.8%	16
IDBI	20.3%	15
PJSB	14.8%	6
PNB	11.0%	-9
INBK	13.4%	-10
SBIN	10.3%	-11
BOM	12.2%	-30

**AFS and general reserve accretion led to increase in network**

The new investment regulations specify that unrealized gains on AFS securities need to be routed to the AFS reserve account, which was ignored hitherto. From 1QFY25 results, we note that the network of most banks increased by around 1-2%, with KMB and BoB witnessing the highest growth of ~3%. We note that the AFS reserve accretion as a proportion of total investments was the highest for ICICI owing to its active trading and treasury, benefitting from the IPO. KMB stands out among its peers due to the highest percentage of its portfolio in the AFS book, leading to higher gains. Additionally, BOB witnessed higher gains among peer PSBs, resulting in a healthy network accretion.

**Capital ratios improve for banks; PSBs witness up to 54bp boost in CET-1**

Unrealized gains on AFS securities need to be routed to the newly formed AFS reserve account and they will be considered under CET-1 capital. With bond yields correcting in 1Q, most banks benefitted from the increase in the value of AFS securities and thus reported a slight accretion in their CET-1 ratios. PSBs reported a CET-1 accretion of around **-11bp to +54bp**, while it ranged from **-53bp to +70bp** for private banks (excluding Bandhan and KMB). Among the outliers, KMB reported a healthy accretion in CET-1 by 2.1%, aided by stake sale in Kotak General insurance subsidiary, while Bandhan reported a sharp 3.1% decline in CET-1, affected by the increase in risk-weight in its EEB portfolio.

**New norms drive an uptick in investment yields; PSBs see 15-40bp gain**

Investment yields for most banks have increased as they earlier used to shift their high-yielding securities from HTM to AFS in order to book profits. However, new regulations restrict this practice, causing high-yielding assets to remain on the book. Additionally, revised norms now require amortizing discounts and premium over the security's term, contributing to the uptick in investment yields. This change means that investment yields will now follow a normalized trajectory and prevent any abrupt volatility. While many private banks do not disclose investment yield movements, PSBs have reported 3bp to 27bp improvement in investment yields. This has actually helped margins for PSBs as most of them reported a controlled NIM decline despite a continued rise in deposit costs, while the yield on advances also moderated for select PSBs.

**Volatility in trading gains to moderate**

PSBs historically have reported high volatility in trading profits depending on the interest rate environment. However, the new regulations are expected to limit this volatility in treasury gains, while banks' reserves/net worth will directly reflect the MTM movement on the AFS portfolio. We believe that banks will now actively manage their FVTPL portfolio to improve their overall treasury performance. This becomes even more critical as the reclassification of investments has been made more stringent and needs prior board/RBI approval.

**Valuation and sector view**

Although the overall guidelines has supported investment yields, capital ratios for banks and aligns investment classification to best practices, we remain watchful of growth outlook and performance on key metrics (margins, credit cost, LCR regulations etc.). During 1QFY25 earnings, we have moderated growth estimates

across many banks and estimate ~13% loan growth cagr over FY24-26E. This has resulted in a ~2-3% cut in Private Banks sector earnings growth to low double digit run-rate during FY25E while PSBs are likely to fare better here. However, robust balance sheets, strong contingency buffers and reasonable sector valuations keeps us positive on the sector, though return outlook remains modest. **Our preferred picks** are ICICIBC, HDFCB, SBIN and FB.

Among private banks, KMB saw the maximum increase in net worth by 3%, led by reserve accretion of INR29b.

Punjab Sind Bank and Central Bank reported a decline in general reserves due to a change in valuation methodology related to the treatment of zero coupon bonds.

**AFS + General reserve accretion across key private banks & PSBs during 1QFY25**

	AFS	% of FY24	% of total	General	% of FY24	% of total	NW	% of FY24	% of total
HDFCB	NA	NA	NA	1.3	0.0%	0.0%	1.3	0.0%	0.0%
ICICIBC	20.6	0.9%	0.4%	11.6	0.5%	0.2%	32.1	1.3%	0.7%
AXSB	0.0	0.0%	0.0%	14.6	1.0%	0.5%	14.6	1.0%	0.5%
KMB	NA	NA	NA	NA	NA	NA	29.1	3.0%	1.8%
IIB	NA	NA	0.0%	1.7	0.3%	0.2%	1.7	0.3%	0.2%
FB	NA	NA	NA	NA	NA	NA	3.4	1.2%	0.5%
BANDHAN	0.7	0.3%	0.2%	0.3	0.2%	0.1%	1.1	0.5%	0.3%
SBIN	38.7	1.0%	0.2%	-13.3	-0.4%	-0.1%	25.4	0.7%	0.2%
BOB	NA	NA	NA	NA	NA	NA	30.2	2.7%	0.8%
CBK	0.6	0.1%	0.0%	17.5	2.0%	0.5%	18.1	2.1%	0.5%
UNBK	0.2	0.0%	0.0%	17.0	1.8%	0.5%	17.2	1.8%	0.5%
INBK	2.1	0.4%	0.1%	-2.1	-0.4%	-0.1%	0.0	0.0%	0.0%
PNB	0.3	0.0%	0.0%	21.0	2.0%	0.5%	21.3	2.0%	0.5%
BOM	2.0	0.9%	0.3%	NA	NA	NA	2.0	0.9%	0.3%
CBOI	2.5	0.8%	0.2%	-12.4	-3.8%	-0.9%	-10.0	-3.1%	-0.7%
UCO	0.4	0.1%	0.0%	7.5	2.7%	0.4%	7.9	2.9%	0.4%
IOB	0.2	0.1%	0.0%	NA	NA	NA	0.2	0.1%	0.0%
PJSB	0.2	0.2%	0.0%	-42.5	-37.3%	-9.5%	-42.3	-37.1%	-9.5%
BOI	NA	NA	NA	NA	NA	NA	1.3	0.2%	0.1%
IDBI	4.0	0.8%	0.3%	10.9	2.0%	0.9%	14.9	2.8%	1.3%

Source: MOFSL, Company

**Capital ratios improve for most banks; PSBs witness CET-1 boost of up to 54bp**

Banks	NW accretion (INR b)	% of NW	CET 1 -1QFY25	QoQ Change (bp)	CRAR - 1QFY25
<b>Private*</b>					
HDFCB	1.3	0%	16.8%	50	19.3%
ICICIBC	32.1	1%	15.2%	-36	16.0%
AXSB	14.6	1%	14.1%	32	16.7%
KMB	29.1	3%	21.3%	210	22.4%
IIB	1.7	0%	16.2%	33	17.6%
FB	3.4	1%	14.2%	-44	15.6%
BANDHAN	1.1	0%	14.1%	-310	15.7%
IDFCB	5.3	2%	13.3%	-2	15.9%
RBK	0.8	1%	13.9%	-53	15.6%
<b>Public</b>					
SBIN	25.4	1%	10.3%	-11	13.9%
BOB	30.2	3%	13.1%	54	16.8%
CBK	18.1	2%	12.1%	47	16.4%
UNBK	17.2	2%	13.8%	16	17.0%
INBK	0.0	0%	13.4%	-10	16.5%
PNB	21.3	2%	11.0%	-9	15.8%
BOM	2.0	1%	12.2%	-30	17.0%
UCO	7.9	3%	14.4%	22	17.1%
PJSB	-42.3	-37%	14.8%	6	17.3%
IDBI	14.9	3%	20.3%	15	22.4%

Source: MOFSL, Company; \*Investment book break-up for private bank is as on FY24

# India Financials – NBFC/HFC

## Cabinet approves PMAY (Urban) 2.0 and CLSS scheme

### CLSS subsidy to be given in five yearly instalments; max subsidy of INR180k

- The Union Cabinet on 9th Aug'24 approved [PMAY Urban 2.0](#), under which financial assistance will be provided to 10m urban poor and middle class families to construct, purchase or rent a house at an affordable cost in urban areas over five years. Government assistance of INR2.3t (over five years) will be provided under the scheme. PMAY (U) 2.0 focuses on its mission components, i.e., beneficiary-led construction, affordable housing in partnership, slum redevelopment/upgradation, **interest subsidy scheme (CLSS)**, and affordable rental housing.
- Additionally, the corpus fund of Credit Risk Guarantee Fund Trust has been increased from INR10b to INR30b to provide the benefits of credit risk guarantee on affordable housing loans to the EWS/LIG segments for the construction or purchase of their first home. The credit risk guarantee scheme will be restructured and the modified guidelines will be issued by the Ministry of Housing & Urban Affairs (MoHUA).
- The PMAY (U) has been a phenomenal success. About 11.8m houses have been sanctioned under four different verticals of the scheme. So far, more than 11.4m houses have been grounded and over 8.55m houses have already been constructed and delivered to the beneficiaries. The total outlay of the scheme is INR8.07t, including the government's share of ~INR2t, of which INR1.64t had already been released to states/UTs.
- The government will be incentivizing the developers (supply side) to construct more affordable houses under the affordable housing in partnership. However, the end customers (demand side) will be incentivized through the interest subsidy scheme. **In the last Union Budget, the government reintroduced CLSS and allocated ~INR30b for EWS/LIG and ~INR10b for MIG.** We elucidate below the key points of the scheme — what has changed from the earlier version of this scheme and what impact it will have on housing financiers (HFCs), especially affordable housing financiers (AHFCs).

### ■ Interest subsidy scheme (CLSS)

- **This scheme will provide subsidy on home loans to EWS/LIG and MIG families. The subsidy will be given in yearly installments for a period of five years (compared to the full subsidy amount being credited upfront earlier).**
- The households belonging to the EWS/LIG/MIG segments without a having pucca house anywhere in the country and with an annual income of up to INR300k (EWS), INR600k (LIG) and INR900k (MIG) will be eligible for this scheme.
- Carpet area of houses under CLSS shall be up to 60sqm for EWS/LIG and up to 120sqm for MIG (vs. up to 160sqm under MIG1 and up to 200sqm under MIG2 earlier).
- **Only loans up to INR2.5m and house value up to INR3.5m will be eligible for subsidy under this scheme.** The eligible beneficiaries belonging to EWS/LIG and MIG segments can avail housing loans of up to INR2.5m, but the interest subsidy would be limited to 4% on the first INR800k for 12 years only. The **maximum subsidy of INR180k will be given to eligible beneficiaries having a loan tenure of more than five years.**

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- **Our view and observations on the draft note on CLSS**
- Instead of an upfront subsidy, the subsidy amount will be spread over five years, which is a welcome change for HFCs. The upfront (bullet) subsidy was adjusted from the principal outstanding and made run-offs volatile in quarters in which the subsidy was received from the government. This will support the run-off in AUM, more evenly for the lending institutions.
- The budgetary allocations of ~INR30b for EWS/LIG and ~INR10b for MIG are for the remainder of FY25 alone. Based on the progress and uptake of the CLSS scheme, we believe the government would make more allocations for the CLSS scheme over the next four years.
- The change in the property value (up to INR3.5m) and loan value (up to INR2.5m) is also positive, since the scheme can now cater to a wider base of targeted and eligible customers.
- While there is no supporting data to establish the degree/extent to which the CLSS scheme had spurred (affordable) housing demand in its previous edition, we strongly believe that the interest subsidy scheme does incentivize customers to make housing purchase decisions and aids affordable housing demand.
- While all lending institutions offering affordable home loans to EWS/LIG/MIG segments will benefit, we expect AHFCs in particular, like HomeFirst, Aavas, Aadhar Housing Finance (Not Rated), India Shelter (Not Rated) and even CANF to benefit from the CLSS scheme. Among large HFCs, players like PNB Housing will also benefit.

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**Exhibit 1: Comparison of the CLSS scheme under prior PMAY (U) 1.0 and under the revised PMAY (U) 2.0**

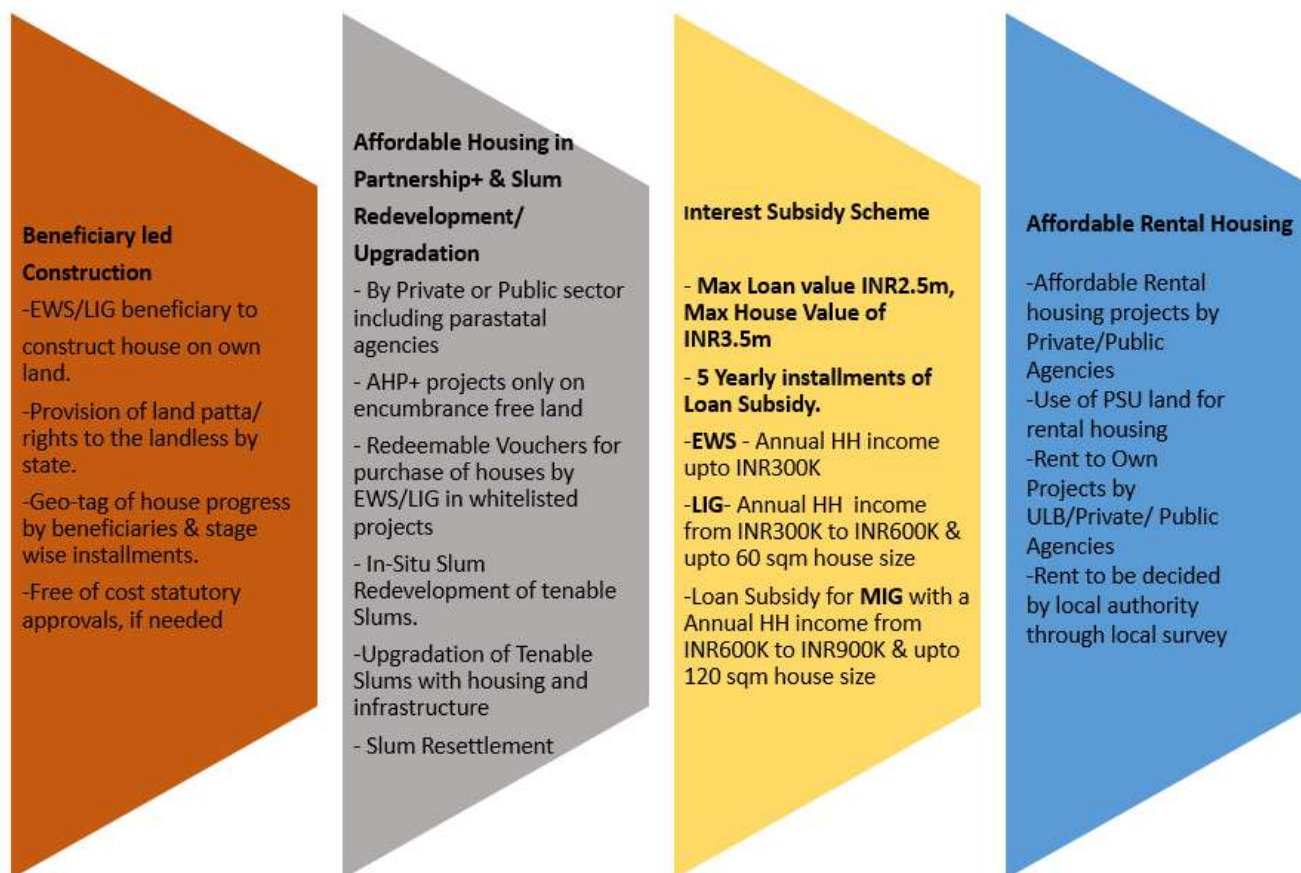
CLSS	PMAY (U) 1.0	PMAY (U) 2.0
<b>Maximum Subsidy (INR)</b>		
EWS/LIG	2,67,820	1,80,000
MIG-I	2,35,068	
MIG-II	2,30,156	
<b>Subsidy payment to beneficiary</b>	Credited Upfront - Bullet fashion (Entire amount in one shot)	In yearly installments over a period of five years
<b>Income Criteria</b>	<b>EWS:</b> up to INR300K <b>LIG:</b> INR300K-600K <b>MIG-I:</b> INR600K-INR1.2m <b>MIG-II:</b> INR1.2m-1.8m	<b>EWS:</b> up to INR300K <b>LIG:</b> INR300K-600K <b>MIG:</b> INR600K-900K
<b>Carpet Area of House</b>	<b>EWS:</b> up to 30# sqm <b>LIG:</b> up to 60# sqm <b>MIG-I:</b> up to 90 -> 120 --> 160 sqm <b>MIG-II:</b> up to 110 -> 150 -> 200 sqm	<b>EWS/LIG:</b> up to 60 sqm <b>MIG:</b> up to 120 sqm
<b>Eligible Housing Loan Amount for Interest Subsidy</b>	<b>EWS/LIG:</b> up to INR600K <b>MIG-I:</b> up to INR900K <b>MIG-II:</b> up to INR1.2m	<b>EWS/LIG:</b> up to INR600K <b>MIG:</b> up to INR900K
<b>Maximum Value of Property and Size of Loan</b>		House Value up to INR3.5m and Home Loan up to INR2.5m

Source: Draft Concept Note, PMAY Urban 2.0, Press Information Bureau India, MOFSL

Note: MIG 1 and 2 Schemes were effective from 1 Jan 2017 till 31 March 2021

# Beneficiary at his discretion can build a house of larger area but interest subvention would be limited to first INR600K only

**Exhibit 2: PMAY Urban 2.0: Mission components**



Source: Draft Concept Note, PMAY Urban 2.0, MoHUA, MOFSL

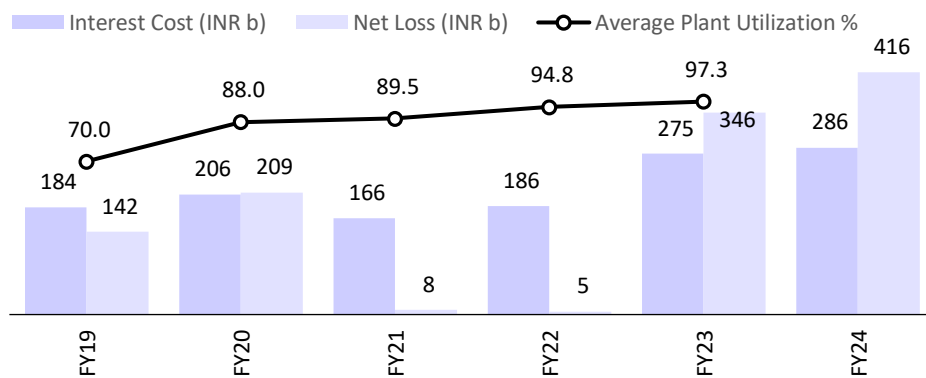


# Oil & Gas

## OPAL moves one step closer to turnaround

- On 9th Aug'24, ONGC announced that it received approval from the Government of India (GoI) for the infusion of additional equity capital (INR105b) and retirement of the compulsory convertible debentures (CCDs) (INR77.8b) in ONGC Petro Additions Limited (OPAL). ONGC also received approval for the allocation of gas for providing feedstock support to OPAL.
- In FY24, OPAL reported a net loss of INR34.6b, with interest costs of INR28.6b. As ONGC retires CCDs, we estimate interest cost savings for OPAL of INR5.3b annually. Interest cost savings can be even higher, should ONGC decide to retire additional debt given the total investment is INR183.6b.
- The allocation of gas from nominated blocks should not only alleviate feedstock security concerns but also provide feedstock advantage during a petchem downtrend. Potentially, should the petchem cycle turn around in FY26, OPAL's operations could turn profitable and open the pathway to divesting stake in the venture, an option that the management has talked about in the past.
- We maintain our BUY rating on ONGC with a TP of INR360/share.
- **About OPAL:** It is a mega petrochemical complex situated in port city of Dahej, Gujarat, having a capacity to produce 1.4mmtpa of polymers and 500ktpa of chemicals. It includes 1,100ktpa of ethylene and 400ktpa of propylene. Other units feature a pyrolysis gasoline hydrogenation unit, a butadiene extraction unit, and a benzene extraction unit. The polymer plants consist of two 360ktpa LLDPE/HDPE swing units, one 340ktpa dedicated HDPE unit, and one 340ktpa polypropylene unit. Prior to this transaction, ONGC/GAIL/GUJS held 49.4%/49.21%/1.43% equity in OPAL.
- **Details of the GoI's approval are as mentioned below:**
- On 9th Aug'24, the Ministry of Petroleum & Natural Gas provided ONGC approval for the infusion of up to INR105b in additional equity capital into OPAL, conversion of backstopped CCDs totaling INR77.8b and the remaining payment of INR860m related to share warrants. All these transactions total INR183.6b.
  - Post these transactions, OPAL shall be a 95.69% subsidiary of ONGC.
  - Additionally, the GoI has also authorized the allocation of:
    - 50% of the annual gas production from new wells or well interventions in ONGC's nomination fields, or
    - Up to 3.2mmscmd of domestic natural gas, whichever is lower,
    - At a price up to 20% above the APM price, aiming to provide feedstock support to OPAL.

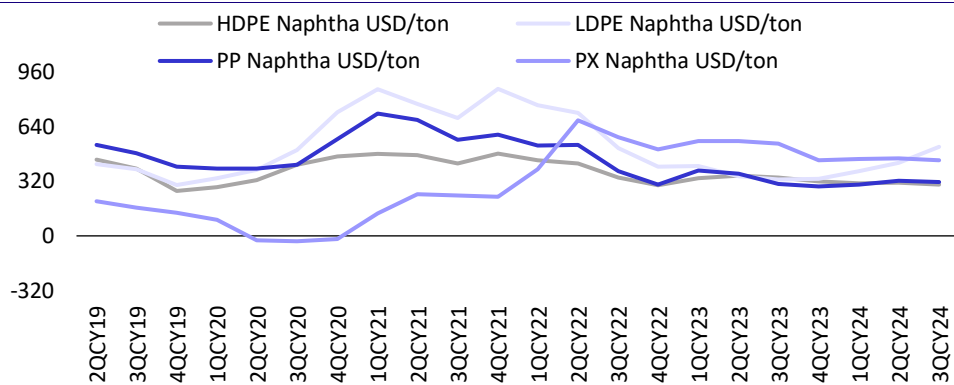
**OPaL's historical net loss, interest cost and capacity utilization**



Source: Company, MOFSL

\*OPaL's FY24 capacity utilization is not available yet

**PE , PP and PX spreads over Naphtha**



Source: Company, MOFSL

## ONGC: Financial summary and assumptions – BUY (TP: INR360)

### Key Assumptions

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Exchange Rate (INR/USD)	70.0	70.9	74.3	74.5	80.4	82.8	84.0	85.0
APM Gas Price (USD/mmBtu)	3.5	3.8	2.3	2.6	7.3	6.6	6.5	7.0
Brent crude price (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	78.7	75.0
<b>Production Details (mmtoe)</b>								
Domestic Oil Production (mmt)	24.2	23.4	22.5	21.7	21.5	21.1	21.4	22.2
Domestic Gas Production (bcm)	25.8	24.9	22.8	21.7	21.4	20.6	22.0	24.6
<b>Domestic Production (mmtoe)</b>	<b>50.0</b>	<b>48.3</b>	<b>45.3</b>	<b>43.4</b>	<b>42.8</b>	<b>41.8</b>	<b>43.4</b>	<b>46.8</b>
<b>OVL Production (mmtoe)</b>	<b>14.8</b>	<b>14.7</b>	<b>13.0</b>	<b>12.3</b>	<b>9.8</b>	<b>10.5</b>	<b>11.4</b>	<b>11.8</b>
<b>Group Production (mmtoe)</b>	<b>64.9</b>	<b>62.9</b>	<b>58.4</b>	<b>55.7</b>	<b>52.6</b>	<b>52.3</b>	<b>54.7</b>	<b>58.6</b>
<b>Oil Price Realization (USD/bbl)</b>								
Gross	68.9	58.8	42.8	76.4	92.1	80.8	78.3	75.0
Windfall tax	0.0	0.0	0.0	0.0	13.0	10.4	5.2	2.0
<b>Net (post windfall)</b>	<b>68.9</b>	<b>58.8</b>	<b>42.8</b>	<b>76.4</b>	<b>79.0</b>	<b>70.4</b>	<b>73.0</b>	<b>73.0</b>
<b>Consolidated EPS</b>	<b>27.7</b>	<b>13.3</b>	<b>16.5</b>	<b>32.9</b>	<b>32.0</b>	<b>46.3</b>	<b>47.9</b>	<b>53.5</b>

### Financial Summary

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales	4,536.8	4,249.6	3,605.7	5,317.6	6,848.3	6,430.4	6,171.7	6,149.1
EBITDA	840.4	611.3	566.0	857.7	857.1	1,086.5	1,139.2	1,235.4
Adj. PAT	348.8	167.3	207.0	413.6	402.4	583.0	602.6	673.6
Adj. EPS (INR)	27.7	13.3	16.5	32.9	32.0	46.3	47.9	53.5
EPS Gr. (%)	37.3	-52.1	23.8	99.8	-2.7	44.9	3.4	11.8
BV/Sh.(INR)	167.9	159.8	172.2	202.2	220.3	262.7	295.8	333.2
<b>Ratios</b>								
Net D:E	0.4	0.5	0.5	0.4	0.4	0.2	0.1	0.0
RoE (%)	16.7	8.0	9.7	17.2	14.8	18.8	16.8	16.7
RoCE (%)	11.3	6.4	7.3	15.7	11.9	14.6	13.9	14.6
Payout (%)	31.3	77.7	21.6	27.3	42.4	27.5	29.3	28.9
<b>Valuations</b>								
P/E (x)	11.0	23.0	18.6	9.3	9.6	6.6	6.4	5.7
P/BV (x)	1.8	1.9	1.8	1.5	1.4	1.2	1.0	0.9
EV/EBITDA (x)	5.8	8.0	8.8	5.8	5.8	4.4	3.8	3.1
Div. Yield (%)	2.2	1.9	1.2	3.4	3.7	4.0	4.5	4.9
FCF Yield (%)	9.1	7.3	3.9	11.4	12.1	15.7	17.1	19.7



### **Cosmo First: Injection Moulding Will Improve As Utilisation Will Scale Up; Pankaj Poddar, Group CEO**

- Improvement in EBITDA in 1Q backed by higher specialty sales
- Focused on consolidation in Zigly during first two quarters before next level of growth
- FY25 revenue target at Rs.3000 Cr
- EBITDA margins to be better than 1Q going forward

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### **Alembic Pharma: API Business Could Be Sluggish; Pranav Amin, MD**

- API biz could see growth seen earlier by the end of year
- US biz to grow 10-15% in FY25; Animal biz to grow 20%
- Sees double-digit price erosion in US
- Margins to improve in FY25; aims for 18-20% in next 2 years

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### **Astral: Plumbing Segment Margin Will Range Between 15-16%; Hiranand Savlani, ED & CFO**

- Pipes volume growth guidance at 15% for FY25
- Bathware division sales grew 90% YoY
- Historically 1Q is always weak & 4Q is always high in terms of volumes
- Guides for plumbing margins at 16-18%; Paints & adhesives at 16%

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### **PI Industries: Will Continue To Build On Differentiated Opportunities In The Pharma Business; Mayank Singhal, VC & MD**

- Agro chem exports surges 14% YoY driven by volumes & new products
- New products growth at 24% YoY
- Domestic revenue subdued due to delayed sowing & erratic spread of monsoon
- Maintains 15% revenue growth guidance for FY25
- Expects sustained improvement in margins; guides for 26% margins

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### **Gokaldas Exports: 90% Of Bangladesh's Textile, Apparel Industry Is Operating Again; Sivaramkrishnan Ganapathi, VC & MD**

- Guides for mid-teen revenue growth in FY25
- Order book is strong securing robust near-term prospects
- Margins will recover to 11% in H2FY25
- Brands are looking at Bangladesh+1, so it could be opportunity for India

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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	1503	1390	-8	49.5	53.0	62.3	10.4	7.0	17.6	28.4	24.1	3.6	3.2	13.5	14.1
Apollo Tyres	Buy	492	590	20	28.7	26.5	33.0	77.3	-7.6	24.6	18.5	14.9	1.7	1.5	11.6	13.1
Ashok Ley.	Buy	253	285	13	9.1	11.8	14.6	102.5	29.5	23.3	21.4	17.4	7.1	5.8	35.9	36.8
Bajaj Auto	Neutral	9764	8695	-11	276.1	316.4	380.9	28.9	14.6	20.4	30.9	25.6	9.8	9.2	33.5	36.9
Balkrishna Inds	Neutral	3056	2770	-9	76.5	84.1	109.1	39.6	9.9	29.7	36.3	28.0	5.9	5.1	17.2	19.5
Bharat Forge	Neutral	1636	1470	-10	19.7	34.8	46.8	61.8	76.4	34.5	47.0	34.9	9.3	7.8	21.2	24.4
Bosch	Neutral	31967	29540	-8	620.5	736.5	872.0	28.5	18.7	18.4	43.4	36.7	7.2	6.5	17.2	18.6
CEAT	Buy	2782	3090	11	169.4	153.0	192.6	226.6	-9.7	25.9	18.2	14.4	2.5	2.2	14.4	16.0
Craftsman Auto	Buy	5269	5965	13	144.2	142.2	218.5	22.6	-1.4	53.7	37.1	24.1	4.0	3.5	14.1	15.4
Eicher Mot.	Sell	4830	3920	-19	146.3	155.6	172.8	37.3	6.4	11.0	31.0	27.9	6.4	5.6	21.9	21.2
Endurance Tech.	Buy	2573	3100	20	47.3	65.5	85.6	36.5	38.6	30.7	39.3	30.0	6.3	5.4	17.2	19.3
Escorts Kubota	Neutral	3685	3725	1	94.9	97.2	124.1	85.0	2.3	27.7	37.9	29.7	4.5	4.0	12.3	14.1
Exide Ind	Neutral	493	480	-3	12.4	14.1	18.0	16.5	14.1	27.7	34.9	27.3	3.0	2.7	8.5	10.1
Happy Forgings	Buy	1230	1430	16	25.8	31.8	44.4	10.6	23.2	39.8	38.7	27.7	6.2	5.2	17.2	20.6
Hero Moto	Buy	5206	6375	22	204.6	255.4	304.2	40.5	24.9	19.1	20.4	17.1	5.3	4.8	27.3	29.6
M&M	Buy	2748	3310	20	88.7	106.4	124.7	34.0	19.9	17.1	25.8	22.0	5.3	4.4	22.3	21.9
CIE Automotive	Buy	547	675	23	21.1	23.7	28.9	16.8	12.5	21.9	23.1	18.9	3.1	2.8	14.2	15.5
Maruti Suzuki	Buy	12226	15160	24	429.0	486.0	565.2	56.8	13.3	16.3	25.2	21.6	4.0	3.6	15.9	16.3
MRF	Sell	136903	108000	-21	4,990.2	4,752.7	5,557.1	175.2	-4.8	16.9	28.8	24.6	3.1	2.8	11.4	12.1
Samvardh. Motherson	Buy	188	230	22	3.7	6.5	8.5	63.6	74.7	31.7	29.0	22.0	4.4	3.8	15.8	18.5
Motherson Wiring	Buy	71	80	12	1.4	1.7	2.1	31.1	15.4	27.1	42.7	33.6	15.3	12.3	39.4	40.6
Sona BLW Precis.	Neutral	679	620	-9	8.9	10.6	13.3	31.6	18.7	25.3	63.9	51.0	12.4	10.7	20.7	22.5
Tata Motors	Neutral	1067	1025	-4	58.7	59.8	69.9	2,628.0	2.0	16.8	17.8	15.3	3.7	3.0	23.1	21.9
TVS Motor	Neutral	2581	2265	-12	43.8	57.1	70.0	44.4	30.2	22.7	45.2	36.8	12.2	9.6	30.6	29.2
Tube Investments	Buy	4008	4740	18	34.4	60.2	75.1	-15.2	75.2	24.7	66.5	53.4	12.5	10.3	20.6	21.2
<b>Aggregate</b>								<b>94.5</b>	<b>13.5</b>	<b>19.7</b>	<b>30.3</b>	<b>26.7</b>	<b>5.9</b>	<b>5.1</b>	<b>19.4</b>	<b>19.0</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	626	735	17	23.0	30.8	38.9	4.3	34	26.1	20.3	16.1	2.7	2.3	14.6	15.5
Axis Bank	Neutral	1144	1175	3	80.7	85.6	98.3	14.9	6.1	14.8	13.4	11.6	2.0	1.8	16.3	16.2
Bandhan Bank	Neutral	200	220	10	13.8	26.3	30.3	1.6	90	15.2	7.6	6.6	1.3	1.2	18.6	18.9
DCB Bank	Buy	119	175	47	17.1	19.5	24.0	14.6	13.5	23.3	6.1	5.0	0.7	0.6	12.1	13.3
Equitas Small Fin.	Buy	79	110	40	7.1	6.3	10.0	46.6	-12.0	60.0	12.6	7.9	1.4	1.2	11.4	16.3
Federal Bank	Buy	198	230	16	16.3	17.4	20.7	14.5	6.7	18.9	11.3	9.5	1.5	1.3	13.7	14.5
HDFC Bank	Buy	1650	1850	12	80.0	90.7	104.5	1.0	13.3	15.2	18.2	15.8	2.5	2.2	14.7	15.1
ICICI Bank	Buy	1172	1400	19	58.4	64.1	73.2	27.5	9.8	14.2	18.3	16.0	3.0	2.6	17.7	17.3
IDFC First Bk	Neutral	73	83	14	4.3	4.5	6.4	13.8	3.9	42.5	16.2	11.4	1.5	1.3	9.4	12.0
IndusInd	Buy	1350	1700	26	115.5	122.4	151.1	20.3	5.9	23.5	11.0	8.9	1.5	1.3	14.2	15.4
Kotak Mah. Bk	Neutral	1769	1800	2	91.6	97.4	113.5	21.9	6.3	16.6	18.2	15.6	2.4	2.1	14.2	14.3
RBL Bank	Neutral	217	270	25	19.3	23.6	31.3	31.1	22.2	32.5	9.2	6.9	0.8	0.8	9.3	11.5
SBI Cards	Neutral	710	770	9	25.4	28.0	37.7	6.2	10.5	34.4	25.3	18.8	4.7	3.8	20.1	22.2
<b>Aggregate</b>								<b>27.0</b>	<b>11.4</b>	<b>16.8</b>	<b>18.6</b>	<b>16.7</b>	<b>2.8</b>	<b>2.5</b>	<b>15.1</b>	<b>14.7</b>
<b>Banks - PSU</b>																
BOB	Buy	246	290	18	34.4	37.5	42.6	26.1	9.2	13.6	6.5	5.8	1.0	0.9	16.9	16.8
Canara Bank	Buy	111	133	20	16.0	18.2	20.8	37.3	13.4	14.6	6.1	5.3	1.1	0.9	19.5	19.3
Indian Bank	Buy	577	670	16	62.2	75.6	85.5	46.7	21.5	13.1	7.6	6.7	1.2	1.1	18.0	17.7
Punjab Natl. Bank	Neutral	115	135	17	7.5	12.8	15.4	228.8	71.0	20.0	9.0	7.5	1.1	1.0	13.6	14.5
SBI	Buy	824	1015	23	75.2	89.4	103.2	20.6	19	15.4	9.2	8.0	1.6	1.3	18.8	18.2
Union Bank (I)	Buy	123	165	34	18.9	20.7	23.4	52.9	10	13.1	5.9	5.2	0.9	0.8	16.2	16.1
<b>Aggregate</b>								<b>34.0</b>	<b>20</b>	<b>15</b>	<b>10</b>	<b>8.1</b>	<b>1.5</b>	<b>1.3</b>	<b>15.4</b>	<b>16.3</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	1645	1800	9	62.0	74.4	94.1	14.0	20.1	26.4	22.1	17.5	3.0	2.5	14.5	15.7
Aditya Birla Cap	Buy	212	270	27	10.1	13.2	17.2	19.0	30.9	29.5	16.0	12.3	1.8	1.6	12.1	13.9
Angel One	Buy	2176	3300	52	135.9	179.9	205.8	26.4	32.4	14.4	12.1	10.6	3.0	2.6	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	6619	7500	13	233.7	275.5	359.2	22.8	17.9	30.4	24.0	18.4	4.4	3.7	20.2	21.8
BSE	Neutral	2651	2700	2	57.0	85.6	97.3	275.5	50.2	13.7	31.0	27.2	9.8	8.9	31.7	32.6
Cams Services	Buy	4369	4600	5	71.6	89.3	107.7	23.3	24.7	20.6	48.9	40.6	20.0	17.1	44.1	45.5
Can Fin Homes	Neutral	804	890	11	56.4	64.8	72.9	20.8	14.9	12.5	12.4	11.0	2.1	1.8	18.2	17.4
Cholaman.Inv.&Fn	Buy	1350	1675	24	40.7	54.6	72.2	25.6	34.1	32.2	24.7	18.7	4.7	3.6	21.1	22.1
CreditAccess	Buy	1252	1520	21	90.7	104.5	124.0	74.5	15.2	18.7	12.0	10.1	2.5	2.0	22.7	21.8
Fusion Micro	Neutral	305	440	44	50.2	43.3	72.0	30.2	-13.8	66.3	7.0	4.2	0.9	0.8	14.2	19.9
Five-Star Business	Buy	704	950	35	28.6	37.3	45.1	38.0	30.3	21.1	18.9	15.6	3.3	2.7	19.0	19.0
HDFC Life Insur.	Buy	703	750	7	7.3	7.7	9.6	15.4	6.0	24.6	90.9	72.9	2.7	2.3	16.7	16.5
Home First Fin.	Buy	1048	1215	16	34.5	43.0	55.1	33.2	24.5	28.1	24.4	19.0	3.8	3.2	16.6	18.2
ICICI Pru Life	Buy	739	740	0	5.9	6.5	7.6	5.0	10.3	16.6	113.2	97.1	2.1	1.7	19.8	20.1
ICICI Lombard	Buy	1966	2200	12	38.9	51.1	64.5	11.0	31.2	26.3	38.5	30.5	7.1	6.0	19.6	21.4
IIFL Finance	Buy	423	560	32	46.2	23.6	48.3	17.2	-48.8	104.2	17.9	8.8	1.4	1.2	8.6	15.0
360 ONE WAM	Buy	1032	1300	26	22.4	29.8	35.6	21.3	33.2	19.3	34.6	29.0	10.1	9.4	30.1	33.7
IndoStar	Buy	246	290	18	8.5	12.5	18.5	-48.5	47.3	47.9	19.7	13.3	1.0	0.9	5.1	7.5
L&T Finance	Buy	166	230	38	9.3	11.7	15.2	42.4	26.0	29.2	14.2	11.0	1.6	1.4	11.9	13.9
Life Insurance Corp.	Buy	1134	1350	19	64.3	70.2	76.2	11.8	9.1	8.5	16.2	14.9	0.9	0.8	11.5	11.3
LIC Hsg Fin	Buy	638	860	35	86.6	90.1	93.0	64.8	4.0	3.3	7.1	6.9	1.0	0.9	14.9	13.7
MCX	Buy	4380	4850	11	16.3	93.9	121.3	-44.2	476.3	29.2	46.6	36.1	15.1	14.0	33.6	40.3
Manappuram Fin.	Buy	205	245	20	26.0	30.0	35.3	46.5	15.4	17.8	6.8	5.8	1.3	1.1	20.1	19.8
MAS Financial	Buy	282	360	28	15.1	17.2	22.2	23.3	14.0	28.7	16.4	12.7	2.0	1.8	14.8	15.0
Max Financial	Neutral	1093	1030	-6	17.2	24.2	30.1	87.1	40.8	24.1	45.1	36.4	2.0	1.7	19.5	19.2
M&M Fin.	Buy	300	350	17	14.3	22.6	28.1	-11.4	58.5	24.4	13.3	10.7	1.8	1.6	13.9	15.5
Muthoot Fin	Neutral	1878	1630	-13	100.9	124.8	141.0	16.6	23.7	13.0	15.0	13.3	2.7	2.3	19.1	18.6
Piramal Enterp.	Neutral	968	925	-4	-75.0	30.9	65.8	-200.1	LP	112.7	31.3	14.7	0.8	0.8	2.6	5.3
PNB Housing	Buy	823	1015	23	58.1	69.8	88.8	-6.3	20.3	27.1	11.8	9.3	1.3	1.1	11.4	13.0
Poonawalla Fincorp	Buy	366	465	27	13.4	17.2	22.2	73.3	28.2	29.0	21.3	16.5	3.0	2.6	15.1	17.0
Repco Home Fin	Neutral	478	550	15	63.1	69.0	73.1	33.3	9.4	5.8	6.9	6.5	0.9	0.8	13.9	13.0
Spandana Sphoorty	Buy	601	830	38	70.2	79.1	104.2	3,922.1	12.6	31.8	7.6	5.8	1.0	0.9	14.4	16.2
Shriram Finance	Buy	2957	3400	15	191.3	226.5	279.2	19.8	18.4	23.3	13.1	10.6	2.0	1.7	16.4	17.6
SBI Life Insurance	Buy	1725	1900	10	18.9	19.9	23.2	10.0	5.3	16.5	86.7	74.4	2.4	2.0	21.9	20.5
Star Health Insu	Buy	579	730	26	14.4	18.4	24.6	35.8	27.6	33.4	31.4	23.5	4.4	3.7	15.0	17.1
<b>Aggregate</b>								<b>-2.0</b>	<b>22.6</b>	<b>26.3</b>	<b>21.3</b>	<b>17.4</b>	<b>3.0</b>	<b>2.6</b>	<b>14.0</b>	<b>14.8</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	2089	1955	-6	29.1	41.5	55.8	-34.9	42.7	34.5	50.3	37.4	7.6	6.7	15.9	19.0
Atul	Buy	7982	9100	14	103.4	160.8	214.4	-38.8	55.5	33.3	49.6	37.2	4.3	3.9	8.9	10.9
Clean Science	Neutral	1605	1440	-10	23.0	27.5	36.1	-17.3	19.8	31.1	58.4	44.5	11.7	9.5	22.0	23.6
Deepak Nitrite	Neutral	3076	3060	-1	55.1	65.3	76.4	-11.7	18.5	17.0	47.1	40.2	7.5	6.5	17.2	17.3
Fine Organic	Sell	5258	4095	-22	120.0	119.2	116.9	-37.7	-0.7	-1.9	44.1	45.0	7.3	6.4	18.0	15.2
Galaxy Surfact.	Buy	2991	3450	15	85.0	97.7	115.0	-20.9	14.9	17.7	30.6	26.0	4.4	3.9	15.0	15.8
Navin Fluorine	Neutral	3550	3450	-3	46.1	60.3	86.2	-39.1	30.8	43.0	58.9	41.2	6.8	6.0	12.0	15.5
NOCIL	Neutral	302	260	-14	7.9	10.2	13.0	-11.7	29.5	27.4	29.6	23.2	2.8	2.6	9.8	11.7
PI Inds.	Buy	4489	5200	16	110.6	113.8	137.5	36.8	2.9	20.8	39.4	32.7	6.6	5.6	18.2	18.6
SRF	Neutral	2555	2130	-17	47.5	52.6	74.0	-37.7	10.7	40.7	48.6	34.5	6.0	5.3	13.0	16.4
Tata Chemicals	Neutral	1042	980	-6	36.1	29.6	49.4	-60.5	-18.0	66.7	35.1	21.1	1.2	1.1	3.4	5.5
Vinati Organics	Buy	2273	-		31.2	42.7	52.0	-22.8	36.8	21.8	53.3	43.7	8.4	7.3	16.8	17.9
<b>Aggregate</b>								<b>-26.4</b>	<b>23.0</b>	<b>23.1</b>	<b>57.6</b>	<b>46.8</b>	<b>7.0</b>	<b>6.2</b>	<b>12.1</b>	<b>13.3</b>
<b>Capital Goods</b>																
ABB India	Buy	7970	9500	19	58.9	97.0	114.2	81.9	64.7	17.8	82.2	69.8	21.5	16.7	29.8	27.0
Bharat Electronics	Buy	302	360	19	5.5	6.7	8.2	33.7	21.0	22.7	45.4	37.0	10.9	8.7	24.0	23.5
Cummins India	Buy	3715	4300	16	60.0	74.2	89.0	33.4	23.7	19.9	50.1	41.8	14.8	13.0	31.3	33.1
Hitachi Energy	Neutral	10997	12000	9	38.6	75.4	149.9	74.4	95.3	98.7	145.8	73.4	27.8	20.1	19.0	27.5



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	1242	1500	21	32.6	49.3	69.6	8.3	51.3	41.1	25.2	17.9	3.2	2.7	13.2	16.4
KEC International	Neutral	835	830	-1	13.5	24.5	39.6	97.0	81.6	61.6	34.1	21.1	4.7	4.1	14.6	20.8
Kirloskar Oil	Buy	1222	1540	26	25.0	36.1	46.2	33.8	44.4	28.2	33.9	26.4	5.9	5.1	18.6	20.6
Larsen & Toubro	Buy	3592	4150	16	94.5	105.8	136.0	24.5	12.0	28.5	33.9	26.4	5.1	4.4	15.8	17.8
Siemens	Buy	6883	7800	13	55.1	74.9	87.7	55.5	35.9	17.1	91.9	78.5	16.3	14.1	18.9	19.3
Thermax	Neutral	4356	4950	14	52.2	66.0	83.6	30.3	26.5	26.7	66.0	52.1	9.8	8.5	15.7	17.4
Triveni Turbine	Buy	696	720	3	8.5	10.8	13.6	39.8	27.5	26.1	64.5	51.1	18.3	14.6	31.7	31.8
Zen Technologies	Buy	1737	1820	5	15.1	28.4	40.7	218.8	88.4	43.0	61.1	42.7	21.1	14.1	41.7	39.6
<b>Aggregate</b>								<b>32.3</b>	<b>22.8</b>	<b>27.0</b>	<b>58.6</b>	<b>47.8</b>	<b>9.7</b>	<b>8.4</b>	<b>16.5</b>	<b>17.5</b>
<b>Cement</b>																
Ambuja Cem.	Buy	632	800	27	13.9	12.6	18.2	-2.2	-9.1	44.0	50.0	34.8	2.8	2.6	6.4	7.8
ACC	Buy	2351	3300	40	99.3	110.5	134.3	88.7	11.2	21.6	21.3	17.5	2.5	2.2	12.2	13.2
Birla Corp.	Buy	1362	1850	36	54.0	42.1	82.2	1,052.2	-22.0	95.0	32.3	16.6	1.5	1.4	4.8	8.8
Dalmia Bhar.	Buy	1742	2300	32	40.8	52.4	69.7	11.5	28.6	32.9	33.2	25.0	1.9	1.8	5.9	7.4
Grasim Inds.	Buy	2573	3030	18	95.6	91.0	105.2	-2.9	-4.8	15.6	28.3	24.5	3.2	3.0	0.1	1.7
India Cem	Sell	367	310	-16	-7.6	-9.4	2.3	-49.9	Loss	LP	NM	160.8	2.2	2.1	-5.5	1.3
J K Cements	Buy	4228	5150	22	102.7	112.0	150.1	86.2	9.0	34.0	37.7	28.2	5.4	4.7	15.2	17.8
JK Lakshmi Ce	Buy	822	1080	31	39.6	34.5	45.9	29.9	-12.9	33.3	23.9	17.9	2.7	2.4	12.1	14.4
Ramco Cem	Neutral	799	890	11	16.7	18.4	28.2	15.0	10.0	53.4	43.5	28.3	2.5	2.3	5.9	8.6
Shree Cem	Neutral	24283	27500	13	684.2	509.4	528.7	110.3	-25.5	3.8	47.7	45.9	4.0	3.8	8.7	8.5
Ultratech	Buy	11305	13000	15	244.5	261.3	336.6	39.4	6.9	28.8	43.3	33.6	4.9	4.1	11.9	13.5
<b>Aggregate</b>								<b>30.3</b>	<b>-0.3</b>	<b>29.4</b>	<b>37.8</b>	<b>37.9</b>	<b>3.8</b>	<b>3.4</b>	<b>10.0</b>	<b>8.9</b>
<b>Consumer</b>																
Asian Paints	Neutral	3040	3150	4	57.9	58.0	65.7	30.9	0.1	13.3	52.4	46.3	14.4	12.9	28.5	29.5
Britannia	Neutral	5743	5850	2	88.7	101.2	113.9	10.1	14.1	12.5	56.7	50.4	30.3	25.5	57.4	54.9
Colgate	Neutral	3451	3150	-9	49.2	57.7	62.2	26.8	17.4	7.8	59.8	55.4	42.3	36.8	76.7	70.9
Dabur	Buy	624	750	20	10.6	11.8	13.2	9.2	11.8	11.8	52.7	47.2	10.3	9.6	20.4	21.1
Emami	Buy	797	950	19	18.0	21.0	23.4	17.0	16.3	11.7	38.0	34.0	12.4	10.9	34.9	34.1
Godrej Cons.	Buy	1445	1700	18	19.3	22.4	27.1	13.2	15.8	21.3	64.6	53.3	10.5	9.3	17.1	18.5
HUL	Buy	2749	3250	18	43.7	47.9	53.6	0.7	9.6	11.9	57.4	51.2	12.4	12.0	21.8	23.7
ITC	Buy	496	575	16	16.4	17.3	18.8	9.0	5.5	8.7	28.7	26.4	7.9	7.5	28.2	29.1
Indigo Paints	Buy	1423	1700	19	31.0	32.5	38.3	27.5	4.9	17.9	43.8	37.1	6.6	5.8	16.0	16.5
Jyothy Lab	Neutral	544	565	4	9.8	11.1	12.4	54.8	12.8	12.3	49.2	43.8	10.4	9.4	21.8	22.6
Marico	Buy	653	750	15	11.5	13.0	14.3	13.7	12.8	10.7	50.4	45.6	21.0	19.8	42.6	44.7
Nestle	Neutral	2503	2500	0	41.0	36.8	40.8	62.5	-10.2	10.7	67.9	61.4	60.0	50.4	96.4	89.3
Page Inds	Neutral	40155	38000	-5	510.3	576.2	699.4	-0.4	12.9	21.4	69.7	57.4	25.7	22.1	36.8	38.5
Pidilite Ind.	Neutral	3132	2950	-6	35.9	43.3	49.8	42.2	20.8	14.9	72.3	63.0	16.6	14.9	24.5	24.9
P&G Hygiene	Neutral	17027	17000	0	250.6	284.7	314.7	31.0	13.6	10.5	59.8	54.1	46.8	39.9	85.0	79.7
Tata Consumer	Buy	1186	1380	16	14.6	16.6	20.2	28.7	13.1	22.1	71.6	58.6	5.3	5.0	9.0	9.5
United Brew	Sell	1945	1800	-7	15.5	25.7	34.2	24.7	65.3	33.2	75.7	56.9	11.3	10.2	15.6	18.9
United Spirits	Neutral	1451	1400	-4	18.1	19.3	22.0	42.7	6.3	14.1	75.3	66.0	12.6	10.6	16.7	16.0
Varun Beverages	Buy	1508	1850	23	15.8	20.7	25.9	37.3	30.5	25.4	73.0	58.2	21.1	15.9	33.1	31.1
<b>Aggregate</b>								<b>15.3</b>	<b>7.6</b>	<b>11.8</b>	<b>52.1</b>	<b>48.4</b>	<b>13.2</b>	<b>12.2</b>	<b>25.4</b>	<b>25.2</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1800	1820	1	20.3	25.8	31.4	18.5	27.4	21.4	69.7	57.4	13.3	11.5	19.0	20.1
KEI Industries	Buy	4226	5230	24	64.4	80.0	99.1	21.7	24.2	23.9	52.8	42.7	10.0	8.2	18.9	19.2
Polycab India	Buy	6649	8200	23	118.8	130.1	156.6	40.0	9.6	20.4	51.1	42.4	10.3	8.7	20.2	20.4
R R Kabel	Buy	1644	2140	30	26.4	34.2	50.1	57.0	29.5	46.6	48.0	32.8	8.7	7.1	19.5	23.9
Voltas	Buy	1430	1670	17	7.2	21.0	31.8	-36.8	190.6	51.3	68.0	44.9	7.3	6.5	10.8	14.4
<b>Aggregate</b>								<b>23.2</b>	<b>28.8</b>	<b>27.0</b>	<b>75.8</b>	<b>58.8</b>	<b>12.0</b>	<b>10.3</b>	<b>15.8</b>	<b>17.6</b>
<b>EMS</b>																
Avalon Tech	Buy	474	560	18	4.3	6.5	14.0	-53.0	51.7	117.5	73.4	33.7	5.3	4.6	7.5	14.5
Cyient DLM	Buy	768	880	15	7.7	14.5	21.9	92.9	88.0	51.1	53.0	35.1	6.0	5.1	11.9	15.6
Data Pattern	Neutral	2961	2900	-2	32.4	39.9	53.1	46.6	23.1	32.9	74.1	55.7	10.8	9.0	15.6	17.6



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	4276	5000	17	28.7	54.3	90.6	75.3	89.1	67.0	78.8	47.2	9.6	8.0	13.0	18.5
Syrma SGS Tech.	Buy	415	540	30	6.1	9.0	15.4	-9.3	47.1	70.6	46.1	27.0	4.2	3.7	9.5	14.6
<b>Aggregate</b>								<b>33.2</b>	<b>57.7</b>	<b>59.4</b>	<b>103.0</b>	<b>65.3</b>	<b>8.4</b>	<b>7.5</b>	<b>8.2</b>	<b>11.5</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	1129	1155	2	31.5	37.6	41.5	43.9	19.7	10.3	30.0	27.2	4.1	3.6	14.3	13.9
Alkem Lab	Neutral	5793	6030	4	159.7	178.1	202.9	50.6	11.6	13.9	32.5	28.6	5.8	5.0	19.1	18.8
Ajanta Pharma	Buy	3001	2935	-2	62.3	75.8	88.1	26.6	21.7	16.2	39.6	34.1	8.9	7.4	24.5	23.8
Apollo Hospitals	Buy	6589	7070	7	62.4	88.5	125.9	29.6	41.8	42.3	74.5	52.3	11.3	9.3	16.9	20.1
Aurobindo	Neutral	1447	-		56.0	67.0	75.7	46.1	19.6	13.0	21.6	19.1	2.5	2.2	12.4	12.5
Biocon	Neutral	337	340	1	1.8	5.0	10.4	-71.1	180.0	106.1	66.7	32.4	1.9	1.9	3.0	5.9
Cipla	Buy	1575	1830	16	52.5	58.7	65.6	39.0	11.9	11.7	26.8	24.0	4.1	3.6	15.4	14.9
Divis Lab	Neutral	4830	4680	-3	60.0	77.7	95.1	-7.5	29.6	22.4	62.1	50.8	8.6	7.7	14.4	15.9
Dr Reddy's	Neutral	7015	7100	1	317.1	353.8	389.0	29.6	11.6	9.9	19.8	18.0	3.5	3.0	19.1	17.7
ERIS Lifescience	Neutral	1198	1075	-10	29.2	30.4	42.0	5.2	4.0	38.0	39.4	28.5	5.6	4.8	15.2	18.2
Gland Pharma	Buy	2029	2440	20	47.6	56.1	67.8	-5.6	17.8	20.9	36.2	29.9	3.5	3.1	10.1	10.9
Glenmark	Neutral	1472	1200	-18	2.5	42.7	50.5	-88.0	1,619.7	18.3	34.4	29.1	4.6	4.0	14.4	14.8
GSK Pharma	Neutral	2878	2620	-9	43.3	47.3	51.5	20.5	9.2	8.9	60.8	55.9	23.1	19.4	38.0	34.7
Global Health	Buy	1132	1380	22	17.8	19.1	24.7	46.7	7.4	29.2	59.2	45.8	9.1	7.8	16.5	18.4
Granules India	Buy	659	680	3	17.4	24.0	31.9	-19.5	38.5	32.5	27.4	20.7	4.2	3.5	16.6	18.6
IPCA Labs	Neutral	1364	1150	-16	20.8	30.5	40.6	0.0	46.5	33.3	44.8	33.6	5.0	4.4	11.6	13.9
Laurus Labs	Buy	426	505	18	3.0	7.2	12.9	-79.6	139.9	78.2	58.9	33.1	5.2	4.6	9.1	14.7
Lupin	Neutral	2114	2050	-3	41.5	59.2	69.9	382.6	42.4	18.2	35.7	30.2	5.7	4.9	17.3	17.4
Mankind Pharma	Buy	2135	2650	24	47.8	54.5	62.4	38.5	14.1	14.6	39.2	34.2	7.8	6.6	21.4	20.9
Max Healthcare	Buy	883	1055	20	13.7	15.9	19.4	18.6	15.8	21.9	55.5	45.5	7.9	6.7	15.3	16.0
Piramal Pharma	Buy	181	195	7	0.4	2.5	5.1	-170.2	497.1	103.1	71.8	35.3	2.6	2.4	4.1	7.9
Sun Pharma	Buy	1735	1980	14	41.4	49.3	58.4	15.8	19.1	18.4	35.2	29.7	5.7	4.8	17.3	17.6
Torrent Pharma	Neutral	3336	3340	0	47.1	63.4	82.0	26.7	34.6	29.3	52.6	40.7	6.9	5.7	28.5	30.5
Zydus Lifesciences	Neutral	1301	1210	-7	37.6	43.9	47.3	68.0	16.5	7.9	29.7	27.5	5.2	4.5	19.6	17.4
<b>Aggregate</b>								<b>24.8</b>	<b>23.7</b>	<b>18.9</b>	<b>44.6</b>	<b>36.1</b>	<b>6.1</b>	<b>5.3</b>	<b>13.7</b>	<b>14.8</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1602	1910	19	73.0	79.0	99.9	-17.2	8.3	26.4	20.3	16.0	2.0	1.7	10.1	11.5
IRB Infra	Neutral	62	61	-2	1.0	1.6	2.0	-15.9	58.6	28.4	38.9	30.3	2.6	2.4	6.8	8.2
KNR Constructions	Buy	367	400	9	15.2	15.3	20.1	3.3	0.2	31.5	24.1	18.3	2.8	2.5	12.5	14.4
<b>Aggregate</b>											<b>36.4</b>	<b>29.4</b>	<b>2.6</b>	<b>2.4</b>	<b>7.2</b>	<b>8.3</b>
<b>Logistics</b>																
Adani Ports	Buy	1533	1850	21	41.3	51.2	61.1	16.5	24.2	19.2	29.9	25.1	5.3	4.5	19.1	19.3
Blue Dart Express	Buy	7921	9500	20	121.6	137.1	223.5	-21.2	12.7	63.0	57.8	35.4	11.6	9.4	21.3	29.2
Concor	Buy	981	1180	20	20.3	22.3	32.6	5.8	9.9	46.1	43.9	30.1	4.8	4.4	11.2	15.2
JSW Infra	Buy	318	390	22	5.8	6.5	9.3	6.8	11.7	44.3	49.2	34.1	7.4	6.4	15.9	20.0
Mahindra Logistics	Neutral	486	510	5	-8.2	6.6	19.2	-322.8	LP	190.3	73.4	25.3	6.7	5.4	9.1	23.2
Transport Corp.	Buy	1016	1160	14	45.8	52.6	64.5	10.1	14.8	22.6	19.3	15.8	3.3	2.7	18.2	18.8
TCI Express	Buy	1167	1450	24	34.4	38.3	44.6	-5.4	11.5	16.5	30.4	26.1	5.4	4.7	19.3	19.2
VRL Logistics	Buy	529	660	25	10.1	12.7	23.4	-46.1	25.7	83.6	41.5	22.6	4.8	4.3	11.6	20.1
<b>Aggregate</b>											<b>40.8</b>	<b>33.4</b>	<b>6.3</b>	<b>5.5</b>	<b>15.5</b>	<b>16.4</b>
<b>Media</b>																
PVR Inox	Neutral	1501	1400	-7	11.7	2.2	27.1	-152.3	-81.3	1,141.8	687.3	55.4	2.0	1.9	0.3	3.6
Sun TV	Neutral	914	860	-6	47.6	47.7	50.8	12.0	0.3	6.5	19.2	18.0	3.2	3.0	16.9	16.7
Zee Ent.	Neutral	138	155	13	4.5	7.1	10.2	-4.9	56.9	43.4	19.4	13.5	1.2	1.1	6.1	8.3
<b>Aggregate</b>								<b>16.7</b>	<b>6.6</b>	<b>25.6</b>	<b>26.4</b>	<b>24.7</b>	<b>2.2</b>	<b>2.1</b>	<b>8.5</b>	<b>8.7</b>
<b>Metals</b>																
Coal India	Buy	529	600	13	60.7	61.9	68.1	17.8	2.0	10.0	8.5	7.8	3.2	2.7	37.7	34.5
Hindalco	Buy	623	800	28	45.6	61.2	63.6	0.8	34.1	3.9	10.2	9.8	1.5	1.3	15.8	14.3
Hind. Zinc	Neutral	594	610	3	18.4	23.1	29.9	-26.2	25.5	29.9	25.8	19.8	12.6	9.1	55.6	53.5
JSPL	Buy	916	1200	31	58.4	63.6	95.7	60.4	8.9	50.4	14.4	9.6	1.8	1.6	13.5	17.6
JSW Steel	Buy	905	1030	14	36.7	55.9	78.0	149.9	52.3	39.5	16.2	11.6	2.5	2.1	16.3	19.6



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	177	185	4	9.1	12.3	14.1	16.3	35.1	15.0	14.4	12.5	2.0	1.8	14.8	15.3
NMDC	Buy	221	300	35	19.7	25.5	28.5	18.0	29.4	11.5	8.7	7.8	2.1	1.8	26.5	24.7
SAIL	Neutral	129	140	8	2.6	9.0	12.4	-43.8	247	36.6	14.3	10.5	0.9	0.9	6.4	8.4
Tata Steel	Neutral	152	180	19	2.7	9.9	13.7	-61.8	264	39.4	15.4	11.1	2.1	1.9	13.8	17.7
Vedanta	Neutral	429	460	7	13.3	33.6	44.4	-53.1	154	31.9	12.7	9.7	4.6	3.7	38.2	42.4
<b>Aggregate</b>								<b>0.1</b>	<b>37.8</b>	<b>22.8</b>	<b>17.6</b>	<b>12.8</b>	<b>2.8</b>	<b>2.5</b>	<b>15.9</b>	<b>19.4</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	755	760	1	16.2	17.5	21.7	10.8	7.9	24.2	43.1	34.7	6.2	5.5	15.0	16.8
BPCL	Neutral	333	320	-4	63.3	29.0	35.4	1,271.9	-54.2	22.1	11.5	9.4	1.7	1.6	15.7	17.7
Castrol India	Buy	256	310	21	8.7	9.8	11.0	6.0	12.6	11.9	26.0	23.3	11.2	10.5	44.4	46.6
GAIL	Buy	227	275	21	13.7	15.3	17.0	70.1	11.5	10.9	14.9	13.4	2.0	1.9	15.0	15.2
Gujarat Gas	Buy	611	715	17	16.0	20.6	23.8	-27.8	28.5	15.8	29.7	25.7	4.9	4.3	17.3	17.9
Gujarat St. Pet.	Buy	327	405	24	22.8	11.6	12.1	35.9	-48.9	4.1	28.1	27.0	1.7	1.6	6.3	6.2
HPCL	Buy	377	460	22	75.2	26.7	47.0	-329.4	-64.5	75.8	14.1	8.0	1.6	1.4	11.6	18.3
IOC	Buy	169	215	27	29.5	9.5	13.3	344.7	-67.8	40.5	17.9	12.7	1.2	1.2	6.9	9.3
IGL	Sell	537	475	-12	25.0	23.4	30.8	21.0	-6.5	31.7	23.0	17.4	3.9	3.4	17.9	20.6
Mahanagar Gas	Buy	1804	2200	22	132.3	129.4	136.9	65.4	-2.2	5.9	13.9	13.2	3.0	2.7	23.1	21.4
MRPL	Sell	205	170	-17	20.5	9.4	15.4	36.6	-54.2	63.1	21.8	13.3	2.5	2.1	11.9	17.2
Oil India	Buy	644	740	15	48.7	48.7	55.3	16.2	0.0	13.6	13.2	11.6	2.1	1.9	16.9	17.1
ONGC	Buy	333	360	8	46.3	47.9	53.5	44.9	3.4	11.8	6.9	6.2	1.1	1.0	16.8	16.7
PLNG	Neutral	367	380	4	23.6	30.9	31.3	9.1	30.9	1.5	11.9	11.7	2.8	2.5	25.4	22.7
Reliance Ind.	Buy	2948	3435	17	102.9	113.9	144.8	4.4	10.7	27.1	25.9	20.4	2.2	2.0	9.3	10.7
<b>Aggregate</b>								<b>80.0</b>	<b>-17.9</b>	<b>22.5</b>	<b>14.0</b>	<b>17.0</b>	<b>2.1</b>	<b>1.9</b>	<b>15.0</b>	<b>11.2</b>
<b>Real Estate</b>																
Brigade Enterpr.	Buy	1126	1525	35	22.1	37.1	42.0	82.6	67.9	13.2	30.3	26.8	5.3	4.4	18.9	18.0
DLF	Neutral	831	850	2	11.0	16.6	17.0	-3.5	50.5	2.4	50.2	49.0	3.5	3.2	10.0	9.4
Godrej Propert.	Buy	2925	3725	27	26.9	52.0	34.4	20.3	93.4	-33.8	56.3	85.0	7.1	6.6	13.5	8.0
Kolte Patil Dev.	Buy	369	620	68	-9.2	13.3	42.1	-167.7	LP	217.1	27.8	8.8	3.5	2.6	13.1	33.6
Oberoi Realty	Neutral	1789	1560	-13	53.0	50.5	70.8	1.2	-4.6	40.0	35.4	25.3	4.2	3.7	12.6	15.6
Macrotech Devel.	Buy	1245	1770	42	16.9	23.4	35.3	6.0	38.3	51.0	53.2	35.2	6.1	5.2	12.1	16.0
Mahindra Lifespace	Neutral	559	600	7	6.3	6.3	5.7	111.6	0.5	-9.8	88.2	97.8	4.5	4.4	5.2	4.5
Sunteck Realty	Buy	580	640	10	4.8	16.2	23.2	4,699.7	234.8	43.1	35.7	25.0	2.5	2.3	7.4	9.7
Sobha	Buy	1710	2250	32	5.1	35.2	74.2	-52.9	591.2	110.5	48.5	23.1	5.8	4.7	12.7	22.6
Prestige Estates	Buy	1718	2100	22	19.0	19.9	26.2	-1.5	5.0	31.9	86.4	65.5	5.4	5.0	6.4	7.9
Phoenix Mills	Neutral	3362	3220	-4	61.6	60.8	83.0	50.6	-1.3	36.5	55.3	40.5	5.7	5.0	10.9	13.2
<b>Aggregate</b>								<b>17.2</b>	<b>37.8</b>	<b>22.4</b>	<b>70.6</b>	<b>51.3</b>	<b>5.9</b>	<b>5.3</b>	<b>8.3</b>	<b>10.4</b>
<b>Retail</b>																
Avenue Supermarts	Buy	4988	5500	10	39.0	49.8	66.4	6.2	27.9	33.2	100.1	75.1	14.8	12.4	16.0	17.9
Aditya Birla Fashion	Neutral	325	340	5	-7.4	-6.8	-6.4	955.4	Loss	Loss	NM	NM	8.2	9.7	-15.8	-17.4
Bata India	Neutral	1442	1400	-3	22.8	27.6	34.9	-9.3	21.1	26.6	52.3	41.3	9.4	7.7	20.3	20.4
Barbeque-Nation	Neutral	560	625	12	-2.9	-0.7	1.7	-172.8	Loss	LP	NM	328.0	5.6	5.5	-0.7	1.7
Campus Activewe.	Buy	294	335	14	2.9	4.2	5.6	-23.6	42.3	33.8	70.7	52.9	11.6	9.5	16.3	17.9
Devyani Intl.	Buy	173	210	22	0.8	1.0	2.1	-66.5	27.8	111.7	175.2	82.8	28.1	28.6	13.2	34.3
Jubilant Food.	Neutral	599	550	-8	3.9	5.5	8.3	-32.9	39.5	51.1	108.8	72.0	17.0	15.8	15.6	22.0
Kalyan Jewellers	Buy	539	650	21	5.8	8.4	11.3	29.9	45.4	34.1	63.9	47.6	11.5	9.8	19.3	22.2
Metro Brands	Buy	1344	-		12.7	14.8	18.3	-5.2	16.1	23.9	90.9	73.4	16.3	13.7	19.8	20.7
Raymond	Buy	1920	2310	20	104.1	118.9	151.3	10.2	14.2	27.3	16.1	12.7	2.4	2.0	15.8	17.2
Relaxo Footwear	Neutral	822	790	-4	8.1	9.8	12.3	29.8	22.1	24.9	83.6	66.9	9.4	8.5	11.7	13.3
Restaurant Brands	Buy	107	140	31	-4.8	-2.3	-0.2	-2.5	Loss	Loss	NM	NM	10.3	10.5	-19.9	-2.0
Sapphire Foods	Buy	1591	1850	16	8.2	13.0	23.8	-52.5	59.5	82.7	122.3	66.9	7.1	6.4	6.0	10.1
Shoppers Stop	Neutral	746	780	5	5.5	6.9	10.0	-50.2	24.8	45.5	108.7	74.7	15.6	12.2	20.9	24.2
Senco Gold	Buy	1037	1350	30	23.3	30.3	37.1	1.6	30.0	22.6	34.2	27.9	5.1	4.4	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	3332	4000	20	39.3	46.0	56.9	6.8	17.1	23.8	72.5	58.5	24.2	18.8	37.8	36.1
Trent	Buy	6277	7040	12	29.2	55.5	73.4	162.5	90.0	32.1	113.1	85.6	34.5	24.1	39.0	35.5
V-Mart Retail	Neutral	3669	3500	-5	-53.5	-3.0	29.5	1,132.9	Loss	LP	NM	124.3	9.0	8.4	NM	7.0
Vedant Fashions	Neutral	1120	1050	-6	17.1	18.8	23.3	-3.5	10.5	23.6	59.5	48.1	15.0	12.7	26.3	25.5
Westlife Foodworld	Neutral	801	775	-3	4.4	6.2	10.5	-38.0	40.5	69.2	128.4	75.9	15.0	14.2	13.7	19.3
<b>Aggregate</b>								<b>-0.7</b>	<b>36.4</b>	<b>34.3</b>	<b>125.4</b>	<b>92.0</b>	<b>18.9</b>	<b>16.1</b>	<b>15.1</b>	<b>17.6</b>
<b>Technology</b>																
Cyient	Buy	1679	2070	23	66.9	71.4	89.7	27.7	6.8	25.6	23.5	18.7	4.1	3.7	16.8	19.6
HCL Tech.	Buy	1590	1850	16	57.9	62.5	68.5	5.6	7.9	9.7	25.5	23.2	6.5	6.6	25.4	28.2
Infosys	Buy	1771	2000	13	63.3	65.4	78.1	10.0	3.3	19.4	27.1	22.7	8.3	8.3	30.8	36.6
LTI Mindtree	Buy	5372	7000	30	154.8	166.8	198.8	2.0	7.7	19.2	32.2	27.0	7.0	6.1	23.0	23.9
L&T Technology	Buy	4895	5950	22	123.0	129.2	156.1	11.3	5.1	20.8	37.9	31.4	8.6	7.5	24.2	25.7
Mphasis	Neutral	2720	2800	3	81.8	91.2	103.4	-6.0	11.5	13.4	29.8	26.3	5.4	5.0	19.0	19.9
Coforge	Neutral	5875	6100	4	133.2	150.3	202.8	2.0	12.8	34.9	39.1	29.0	9.1	7.9	24.3	28.8
Persistent Sys	Buy	4700	5700	21	75.1	88.9	114.0	20.1	18.4	28.3	52.9	41.2	12.7	11.0	25.8	28.9
TCS	Buy	4230	4660	10	126.3	143.5	155.4	9.5	13.7	8.3	29.5	27.2	17.6	18.1	58.3	64.9
Tech Mah	Neutral	1507	1470	-2	41.1	44.5	63.6	-28.2	8.3	42.9	33.8	23.7	4.9	4.7	14.6	20.3
Wipro	Neutral	491	500	2	20.4	22.0	24.5	-1.5	7.9	11.5	22.3	20.0	3.5	3.4	15.7	17.3
Zensar Tech	Neutral	773	750	-3	29.1	28.2	32.8	102.7	-3.3	16.3	27.4	23.6	4.4	3.8	17.0	17.4
<b>Aggregate</b>								<b>3.8</b>	<b>10.4</b>	<b>13.5</b>	<b>32.1</b>	<b>29.0</b>	<b>9.0</b>	<b>8.9</b>	<b>28.0</b>	<b>30.8</b>
<b>Telecom</b>																
Bharti Airtel	Buy	1464	1650	13	19.7	31.4	53.8	36.7	59.8	71.2	46.6	27.2	6.7	5.3	17.7	22.5
Indus Towers	Neutral	415	395	-5	22.4	23.7	25.5	151.1	5.9	7.7	17.5	16.2	3.3	2.8	21.2	18.7
Vodafone Idea		16			-11.1	-10.9	-10.4	9.3	Loss	Loss	NM	NM	-0.4	-0.4	NM	NM
Tata Comm	Neutral	1886	1950	3	42.3	44.3	77.5	-30.0	4.9	74.8	42.5	24.3	19.8	11.7	56.1	60
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>LP</b>	<b>-75</b>	<b>-176</b>	<b>150.9</b>	<b>23.6</b>	<b>-201.4</b>	<b>-13.4</b>
<b>Others</b>																
APL Apollo Tubes	Buy	1427	-		26.4	37.9	55.7	14.1	43.7	46.7	37.6	25.6	8.8	6.7	26.0	29.8
Cello World	Buy	919	-		15.6	19.0	24.0	24.4	22.1	26.0	48.3	38.3	12.7	9.6	26.3	25.1
Coromandel Intl	Buy	1696	1960	16	55.8	56.3	71.8	-18.5	0.9	27.6	30.1	23.6	4.7	4.0	16.5	18.4
EPL	Buy	216	260	20	8.2	10.1	14.1	13.5	23.7	39.5	21.4	15.3	3.0	2.7	14.7	18.6
Godrej Agrovet	Neutral	831	880	6	18.7	27.2	35.2	44.1	45.5	29.3	30.5	23.6	5.6	4.8	19.5	22.0
Indian Hotels	Buy	619	665	7	8.9	10.5	12.9	25.9	18.5	22.6	58.9	48.1	8.1	7.0	14.7	15.6
Interglobe	Neutral	4289	4420	3	211.8	200.3	204.0	-	-5	2	21.4	21	17.1	9.4	133.3	57.9
Kajaria Ceramics	Buy	1449	1670	15	27.2	30.7	38.0	27.2	13.0	23.6	47.1	38.2	8.0	7.2	17.4	19.5
Lemon Tree Hotel	Buy	120	170	42	1.9	2.5	3.9	25.7	29.8	57.1	48.5	30.9	8.1	6.4	18.1	23.1
MTAR Tech	Buy	1813	2310	27	18.2	32.1	57.2	-45.7	75.8	78.2	56.5	31.7	7.2	5.9	13.6	20.4
One 97	Neutral	512	500	-2	-22.4	-33.2	-13.8	-20.2	Loss	Loss	NM	NM	2.7	2.9	-16.8	-7.6
Qness Corp	Neutral	707	680	-4	20.4	28.1	33.7	78.3	37.5	19.9	25.2	21.0	2.7	2.5	14.6	16.3
SIS	Buy	427	540	26	13.0	29.2	38.4	-44.2	125.4	31.4	14.6	11.1	1.0	0.9	16.7	18.2
Team Lease Serv.	Buy	3025	4120	36	64.8	89.7	137.4	-0.5	38.4	53.2	33.7	22.0	5.4	4.4	15.9	20.3
UPL	Neutral	555	550	-1	3.7	26.1	45.0	-93.7	612.8	72.5	21.3	12.3	1.1	1.0	7.9	12.9
Updater Services	Buy	332	400	20	11.4	15.3	21.8	67.8	35.0	41.9	21.7	15.3	2.3	2.0	11.3	14.0
Zomato	Buy	267	300	12	0.4	0.9	3.2	-134.9	131.3	239.2	283.1	83.5	10.8	9.6	3.9	12.2



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>1.0</b>	<b>-0.8</b>	<b>20.8</b>
<b>Nifty-50</b>	<b>1.0</b>	<b>-0.3</b>	<b>24.1</b>
<b>Nifty Next 50</b>	<b>1.2</b>	<b>-1.5</b>	<b>61.8</b>
<b>Nifty 100</b>	<b>1.0</b>	<b>-0.4</b>	<b>30.0</b>
<b>Nifty 200</b>	<b>1.0</b>	<b>-0.3</b>	<b>32.9</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>1.7</b>	<b>-1.8</b>	<b>63.7</b>
Amara Raja Ener.	0.5	-9.8	141.1
Apollo Tyres	-3.8	-8.4	12.2
Ashok Leyland	2.8	10.9	35.0
Bajaj Auto	1.3	2.4	109.3
Balkrishna Inds	-2.2	-4.0	29.9
Bharat Forge	1.9	-2.0	69.9
Bosch	0.3	-10.4	74.3
CEAT	5.5	2.2	15.9
Craftsman Auto	-0.1	-2.9	11.4
Eicher Motors	5.5	0.0	41.6
Endurance Tech.	-0.5	-4.0	55.5
Escorts Kubota	0.0	-11.4	42.5
Exide Inds.	1.5	-14.7	86.7
Happy Forgings	-0.3	-2.3	
Hero Motocorp	0.9	-6.8	70.2
M & M	2.5	-6.0	79.1
CIE Automotive	0.3	-11.6	16.3
Maruti Suzuki	0.0	-4.7	29.2
MRF	-2.5	4.2	28.7
Sona BLW Precis.	3.6	-0.2	22.4
Motherson Sumi	2.9	-7.5	90.3
Motherson Wiring	-1.0	-1.5	17.9
Tata Motors	2.5	5.2	71.6
TVS Motor Co.	2.1	5.9	92.6
Tube Investments	0.0	-9.2	36.6
<b>Banks-Private</b>	<b>0.5</b>	<b>-4.1</b>	<b>8.3</b>
AU Small Fin. Bank	0.0	-2.2	-12.7
Axis Bank	0.4	-11.4	20.3
Bandhan Bank	0.2	-0.6	-14.1
DCB Bank	0.8	-12.1	1.7
Equitas Sma. Fin	-0.3	-4.8	94.2
Federal Bank	2.0	5.2	46.8
HDFC Bank	0.5	0.8	0.0
ICICI Bank	0.6	-6.1	20.4
IDFC First Bank	1.2	-8.0	-17.3
IndusInd Bank	0.2	-5.9	-4.2
Kotak Mah. Bank	-0.2	-4.2	-3.4
RBL Bank	0.8	-12.0	-1.9
SBI Cards	-0.8	-2.8	-18.5
<b>Banks-PSU</b>	<b>1.9</b>	<b>-4.6</b>	<b>54.2</b>
BOB	1.9	-6.1	26.7
Canara Bank	3.3	-4.6	64.6
Indian Bank	4.0	6.7	50.8
Punjab Natl.Bank	1.1	-5.8	87.3
St Bk of India	2.0	-4.3	43.7
Union Bank (I)	2.2	-12.0	35.0

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>1.0</b>	<b>-0.6</b>	<b>34.8</b>
<b>Nifty Midcap 100</b>	<b>0.9</b>	<b>0.2</b>	<b>50.3</b>
<b>Nifty Smallcap 100</b>	<b>0.6</b>	<b>-2.9</b>	<b>55.7</b>
<b>Nifty Midcap 150</b>	<b>0.8</b>	<b>-0.9</b>	<b>48.6</b>
<b>Nifty Smallcap 250</b>	<b>0.6</b>	<b>-2.1</b>	<b>51.6</b>
<b>NBFCs</b>	<b>0.6</b>	<b>-2.9</b>	<b>14.7</b>
Aditya Birla Capital Ltd	0.6	-8.0	13.5
Angel One	1.1	-3.0	25.4
Bajaj Fin.	0.5	-6.4	-7.1
BSE	2.0	13.4	187.0
Cholaman.Inv.&Fn	-0.1	-3.9	27.8
Can Fin Homes	2.2	-8.7	9.6
Cams Services	2.7	9.6	81.7
CreditAcc. Gram.	0.0	-2.3	-13.4
Fusion Microfin.	-2.4	-30.7	-49.5
Five-Star Bus.Fi	-3.2	-11.1	-15.5
Home First Finan	1.6	0.4	22.9
Indostar Capital	-2.2	1.6	47.2
IIFL Finance	-1.5	-15.6	-25.4
L&T Finance	0.3	-9.7	31.7
LIC Housing Fin.	-0.3	-17.3	48.1
MCX	3.9	12.9	170.7
M & M Fin. Serv.	1.4	-0.7	3.9
Muthoot Finance	1.7	4.0	37.9
Manappuram Fin.	3.3	-0.9	43.8
MAS Financial Serv.	2.5	-3.8	4.4
360 One	0.3	3.7	104.1
PNB Housing	2.1	3.5	29.4
Repco Home Fin	5.7	-14.8	24.5
Shriram Finance	3.0	5.9	60.0
Spandana Sphoort	1.0	-17.1	-27.5
<b>Insurance</b>			
HDFC Life Insur.	-1.1	12.6	8.8
ICICI Pru Life	0.1	14.3	27.8
ICICI Lombard	0.3	6.3	41.7
Life Insurance	0.7	9.8	76.0
Max Financial	-1.3	7.8	38.3
SBI Life Insuran	1.1	13.1	27.8
Star Health Insu	-1.1	1.5	-8.4
<b>Chemicals</b>			
Alkyl Amines	-0.1	-0.4	-10.3
Atul	-0.2	17.6	15.8
Clean Science	0.9	7.8	14.3
Deepak Nitrite	0.7	13.9	48.9
Fine Organic	0.4	-1.4	14.9
Galaxy Surfact.	3.7	0.0	12.1
Navin Fluo.Intl.	0.0	-3.8	-20.4
NOCIL	6.0	1.4	35.7
P I Inds.	0.7	16.2	15.6
SRF	0.7	6.8	11.0
Tata Chemicals	1.1	-3.8	3.1
Vinati Organics	-2.0	18.6	20.8





Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>	<b>0.3</b>	<b>-9.7</b>	<b>8.7</b>
A B B	0.4	-7.2	76.3
Bharat Electron	1.2	-9.8	129.3
Cummins India	-0.4	-6.8	112.5
Hitachi Energy	0.1	-18.4	151.9
K E C Intl.	-2.3	-8.1	32.2
Kalpataru Proj.	-0.3	-4.8	94.2
Kirloskar Oil	5.5	-11.7	173.6
Larsen & Toubro	1.1	-2.0	35.5
Siemens	1.8	-11.3	84.6
Thermax	0.0	-21.7	70.2
Triveni Turbine	1.1	10.4	75.0
Zen Technologies	3.0	30.2	112.7
<b>Cement</b>			
Ambuja Cem.	-1.0	-6.7	36.6
ACC	-0.2	-12.4	18.3
Birla Corp.	-4.3	-13.3	11.8
Dalmia Bhar.	-1.7	-6.8	-13.5
Grasim Inds.	1.1	-6.8	39.9
India Cem	-0.3	30.2	60.2
J K Cements	0.2	-0.2	25.9
JK Lakshmi Cem.	-0.6	-6.2	25.7
The Ramco Cement	0.6	-0.9	-7.5
Shree Cement	0.6	-12.5	-0.1
UltraTech Cem.	0.4	-3.2	39.3
<b>Consumer</b>	<b>0.2</b>	<b>5.0</b>	<b>19.1</b>
Asian Paints	1.2	4.7	-8.7
Britannia Inds.	0.0	1.3	24.9
Colgate-Palm.	-0.4	15.3	75.4
Dabur India	-2.1	-1.0	9.1
Emami	2.5	2.6	54.8
Godrej Consumer	-1.3	2.3	41.8
Hind. Unilever	0.5	6.1	7.6
ITC	0.2	9.6	8.1
Indigo Paints	-1.0	2.3	-11.1
Jyothy Lab.	-0.1	8.0	70.4
Marico	0.1	2.4	11.6
Nestle India	0.6	-4.9	12.7
Page Industries	-1.4	1.9	2.9
Pidilite Inds.	-1.1	0.6	20.3
P & G Hygiene	-0.2	2.2	9.9
Tata Consumer	0.7	5.1	39.6
United Breweries	0.0	-7.4	25.6
United Spirits	-0.3	12.9	42.8
Varun Beverages	1.3	-6.4	83.3
<b>Consumer Durables</b>	<b>0.9</b>	<b>-1.0</b>	<b>35.4</b>
Polycab India	0.3	3.0	42.0
R R Kabel	-1.1	-10.2	
Havells	0.8	-6.3	37.1
Voltas	-0.5	-2.7	68.2
KEI Industries	2.2	-7.5	75.1
<b>EMS</b>			
Kaynes Tech	0.0	3.1	139.9

Company	1 Day (%)	1M (%)	12M (%)
Avalon Tech	-4.2	-10.3	-19.6
Syrma SGS Tech.	2.9	-15.5	-12.3
Cyient DLM	0.1	0.3	56.6
Data Pattern	0.0	-9.5	40.2
<b>Healthcare</b>	<b>0.4</b>	<b>7.6</b>	<b>41.5</b>
Alembic Pharma	-6.9	16.1	43.8
Alkem Lab	1.9	8.9	37.1
Apollo Hospitals	0.7	4.2	32.3
Ajanta Pharma	1.3	33.2	71.4
Aurobindo	-2.0	8.8	64.9
Biocon	-0.6	-7.2	24.8
Zyodus Lifesci.	1.7	11.6	96.6
Cipla	0.3	4.1	24.4
Divis Lab	-0.1	6.1	29.2
Dr Reddy's	1.1	6.5	19.5
ERIS Lifescience	2.9	15.9	42.9
Gland Pharma	-0.1	-0.3	21.2
Glenmark	1.5	8.4	77.8
Global Health	-3.4	-10.1	66.7
Granules	0.9	26.3	104.3
GSK Pharma	0.0	12.5	100.6
IPCA Labs	0.3	11.9	49.8
Laurus Labs	-1.3	-11.2	3.9
Lupin	3.1	16.5	92.2
Mankind Pharma	3.1	1.6	18.4
Max Healthcare	0.9	-3.8	60.6
Piramal Pharma	-1.9	16.5	82.7
Sun Pharma	-0.1	9.5	50.5
Torrent Pharma	0.1	13.7	61.0
<b>Infrastructure</b>	<b>1.0</b>	<b>-1.1</b>	<b>52.1</b>
G R Infraproject	-0.7	-10.5	21.4
IRB Infra.Devl.	-2.8	-8.4	137.4
KNR Construct.	1.3	-0.5	51.1
<b>Logistics</b>			
Adani Ports	1.0	3.8	93.9
Blue Dart Exp.	-0.2	-4.3	27.2
Container Corpn.	-1.7	-5.7	38.3
JSW Infrast	0.5	-7.6	
Mahindra Logis.	1.0	-7.3	32.5
Transport Corp.	2.0	7.2	33.1
TCI Express	0.1	-4.5	-19.4
VRL Logistics	1.7	-9.7	-22.9
<b>Media</b>	<b>1.8</b>	<b>2.7</b>	<b>0.0</b>
PVR INOX	3.2	3.0	-8.5
Sun TV	3.7	15.7	71.6
Zee Ent.	-0.5	-8.7	-43.2
<b>Metals</b>	<b>0.8</b>	<b>-8.5</b>	<b>35.3</b>
Hindalco	1.4	-11.9	32.8
Hind. Zinc	-1.0	-11.8	85.3
JSPL	-0.3	-10.3	35.0
JSW Steel	2.0	-3.2	9.9
Nalco	2.7	-13.1	83.0
NMDC	-0.4	-11.9	96.7



Company	1 Day (%)	1M (%)	12M (%)
SAIL	-5.9	-17.1	39.2
Tata Steel	1.0	-11.6	26.3
Vedanta	1.6	-7.9	75.7
<b>Oil &amp; Gas</b>	<b>0.8</b>	<b>4.4</b>	<b>66.0</b>
Aegis Logistics	2.8	-19.8	102.8
BPCL	-1.4	11.1	85.0
Castrol India	0.3	2.3	68.0
GAIL	0.0	-0.8	92.9
Gujarat Gas	-1.8	-6.0	29.4
Gujarat St. Pet.	-2.6	5.1	15.8
HPCL	-3.2	13.9	112.1
IOCL	-0.7	-1.5	80.1
IGL	-0.8	2.9	16.8
Mahanagar Gas	0.2	8.5	69.6
MRPL	1.4	-12.0	138.6
Oil India	5.1	26.5	249.3
ONGC	3.1	11.8	88.0
PLNG	0.7	9.6	58.4
Reliance Ind.	1.7	-7.3	16.8
<b>Real Estate</b>	<b>1.5</b>	<b>-9.3</b>	<b>91.2</b>
Brigade Enterpr.	-3.0	-13.1	98.9
DLF	-0.2	-0.9	71.1
Godrej Propert.	1.7	-10.5	91.6
Kolte Patil Dev.	-1.0	-9.8	-19.7
Mahindra Life.	0.3	-9.7	8.7
Macrotech Devel.	4.7	-20.3	75.1
Oberoi Realty Ltd	2.5	4.1	64.2
Sobha	1.0	-14.9	202.2
Sunteck Realty	1.4	1.6	49.0
Phoenix Mills	1.7	-16.5	99.6
Prestige Estates	2.9	-3.6	193.0
<b>Retail</b>			
Aditya Bir. Fas.	2.8	0.8	50.3
Avenue Super.	0.2	3.8	37.5
Bata India	-0.9	-4.8	-15.1
Campus Activewe.	-1.2	1.2	1.7
Barbeque-Nation	0.4	-1.0	-17.0
Devyani Intl.	-1.4	3.8	-10.9
Jubilant Food	0.3	4.4	19.5
Kalyan Jewellers	0.4	8.4	195.1
Metro Brands	0.4	5.4	25.9
Raymond	-0.5	1.0	58.2
Relaxo Footwear	-1.2	-0.7	-11.1
Restaurant Brand	0.3	-6.4	-10.6
Sapphire Foods	-0.7	2.5	16.1
Senco Gold	0.2	3.1	158.6
Shoppers St.	3.0	-1.8	-6.5
Titan Co.	1.1	3.6	12.7
Trent	11.2	12.2	251.0
V-Mart Retail	1.8	11.4	53.5
Vedant Fashions	0.3	6.4	-12.8
Westlife Food	1.0	-4.0	-12.5

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>	<b>1.5</b>	<b>3.6</b>	<b>26.2</b>
Cyient	-0.7	-6.5	7.7
HCL Tech.	2.1	3.8	39.0
Infosys	1.6	6.9	27.0
LTIMindtree	0.7	-0.1	5.3
L&T Technology	0.0	-3.5	14.2
Mphasis	2.8	4.6	15.1
Coforge	0.6	2.0	16.0
Persistent Sys	1.9	1.3	93.8
TCS	1.3	6.1	22.1
Tech Mah	2.7	2.8	22.7
Wipro	0.8	-9.2	17.6
Zensar Tech	2.6	6.3	58.5
<b>Telecom</b>	<b>0.3</b>	<b>0.7</b>	<b>67.5</b>
Bharti Airtel	0.8	2.0	65.7
Indus Towers	-0.5	7.8	142.1
Idea Cellular	1.5	-4.5	96.3
Tata Comm	1.8	2.4	11.6
<b>Utilites</b>	<b>1.3</b>	<b>2.4</b>	<b>96.2</b>
Coal India	1.2	7.3	125.7
NTPC	0.7	8.9	87.8
Power Grid Corpn	1.0	1.4	91.9
<b>Others</b>			
APL Apollo Tubes	-0.7	-8.3	-6.7
Cello World	-0.1	-5.5	
Coromandel Intl	3.2	5.2	59.4
EPL Ltd	2.5	-7.5	3.2
Godrej Agrovet	4.2	2.4	69.4
Havells	0.8	-6.3	37.1
Indian Hotels	0.7	1.6	60.1
Interglobe	0.8	-0.3	65.8
Kajaria Ceramics	-1.6	0.4	-0.7
Lemon Tree Hotel	-5.1	-20.5	25.4
MTAR Technologie	-0.8	-7.8	-20.1
One 97	0.5	10.7	-39.1
Piramal Enterpr.	3.1	5.1	-6.8
Quess Corp	4.5	13.0	68.8
SIS	0.5	-2.8	-6.4
Team Lease Serv.	-1.1	2.6	29.0
UPL	1.2	-1.7	-9.9
Updater Services	4.1	8.3	
Voltas	-0.5	-2.7	68.2
Zomato Ltd	0.6	25.7	183.8

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

## 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

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