20th Annual Global Investor Conference

19th – 21st Aug, 2024 | Grand Hyatt, Mumbai

Motilal Oswal 20th Annual Global Investor Conference

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MOTILAL OSWAL FINANCIAL SERVICES

14 August 2024

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	78,956	-0.9	9.3
Nifty-50	24,139	-0.9	11.1
Nifty-M 100	56,882	-0.8	23.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,434	1.7	13.9
Nasdaq	17,188	2.4	14.5
FTSE 100	8,235	0.3	6.5
DAX	17,812	0.5	6.3
Hang Seng	6,049	0.3	4.9
Nikkei 225	36,233	3.4	8.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	83	0.3	7.3
Gold ($/OZ)	2,465	-0.3	19.5
Cu (US$/MT)	8,847	-0.7	4.5
Almn (US$/MT)	2,279	1.1	-2.8
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.0	0.0	0.9
USD/EUR	1.1	0.6	-0.4
USD/JPY	146.8	-0.3	4.1
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.9	0.00	-0.3
10 Yrs AAA Corp	7.4	0.00	-0.3
Flows (USD b)	**13-Aug**	**MTD**	**CYTD**
FIIs	-0.3	-1.99	2.0
DIIs	0.15	3.48	34.6
Volumes (INRb)	**13-Aug**	**MTD***	**YTD***
Cash	1,280	1360	1297
F&O	4,91,961	3,71,159	3,78,538

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Gravita India | Initiating Coverage: Getting the 'Lead Out' in style!

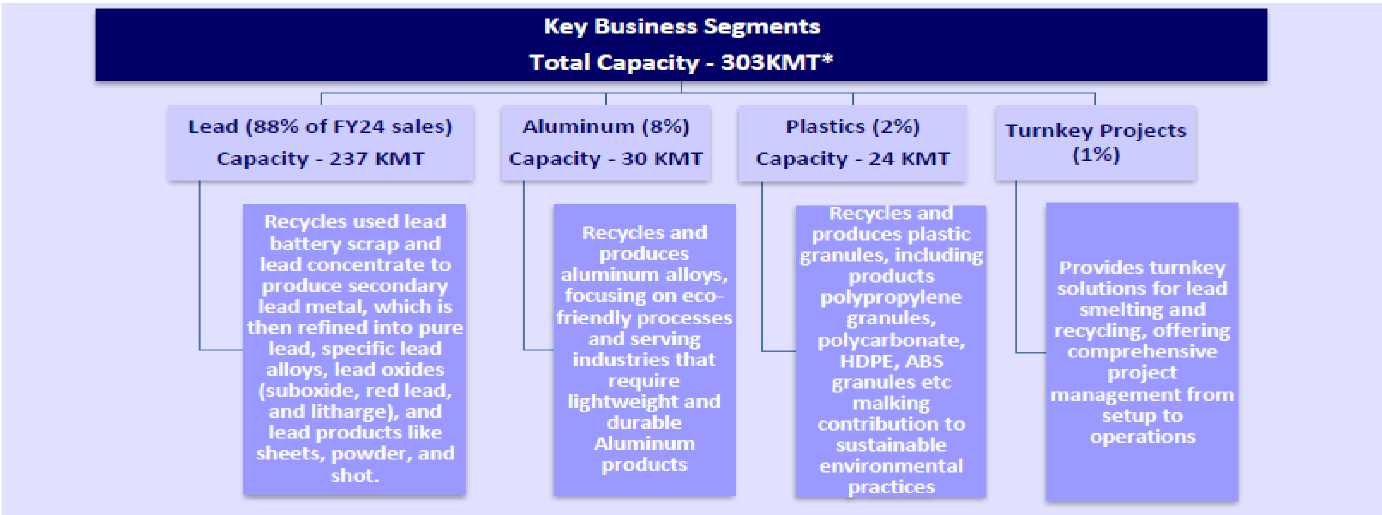
- Gravita India (Gravita) is one of the key players in the growing recycling industry in India. The company is primarily engaged in recycling lead (~88% of revenue in FY24), aluminum (~8%), and plastics (~2%). Additionally, it offers turnkey solutions to its customers, assisting them in setting up recycling plants.
- Gravita's core business of lead recycling is expected to sustain the strong revenue growth momentum (at ~21% CAGR over FY24-27), fueled by favorable regulatory changes and the formalization of the sector (BWMR, 2022).
- However, the other key business segments, such as Aluminum and Plastic, are expected to report a much higher revenue CAGR of ~49% and 52%, respectively, propelled by changing business scenario due to the introduction of new hedging mechanisms and stricter implementation of regulatory policies (such as the Plastic Waste Management Rule; PWMR).
- We believe that with strong industry tailwinds, favorable regulatory policies, the availability of additional hedging mechanisms, and the absence of significant supply chain disruption, Gravita can ramp up the utilization materially (driving ~30% sales volume CAGR over FY24-27E).
- We estimate Gravita to register a revenue/Adj. EBITDA/Adj. PAT CAGR of 26%/ 29%/31% over FY24-27. The stock currently trades at 31x/23x FY26E/FY27E EPS, with an RoE/RoCE of 30%/25% in FY27. We initiate coverage on the stock with a BUY rating and a TP of INR2,350 (based on 35x Sep'26E EPS).

Research covered

Cos/Sector	Key Highlights
Gravita India (Initiating Coverage)	Getting the 'Lead Out' in style!
Other Updates	Fund Folio | Hindalco | Samvardhana Motherson | Vodafone Idea | Muthoot Finance | Piramal Enterprises | Manappuram Finance | EPL | TCI Express | Hero Motocorp | Apollo Hospitals | MAX Financial Services | Endurance Technologies | IPCA Laboratories | MTAR Technologies | Capital Market Monthly | HOEC

Chart of the Day: Gravita India | Initiating Coverage (Getting the 'Lead Out' in style!)

Gravita - key business segments



*Including 12 KMT for rubber which is used for captive consumption.

Source: Company, MOFSL

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In the news today

Kindly click on textbox for the detailed news link

1

Vedanta to offload 2.6% stake in Hindustan Zinc via offer for sale; details here

Before the announcement, Hindustan Zinc's shares closed 4.57 per cent lower at ₹586.35 on the BSE, while Vedanta's shares also fell by more than 2 per cent, ending at ₹422.70 on the BSE

2

Railways cancels tender for 100 Vande Bharat trains over failed price negotiations

While Alstom India had agreed to lower their bid price from the initial Rs 150.9 crore quoted in May 2023, the Indian Railways and the company failed to arrive at a final price point

3

Apple's India business surpasses USD 23 billion as manufacturing growth reaches 50-year high

According to the recent Economic Survey, India contributes around 14% to the US tech giant's overall production, emerging as a key hub for its global exports. In FY23, India's contribution was about 7%. iPhones dominate the numbers.

4

Vi may diverge from rivals on 5G, likely to price it cheaper

Vodafone Idea may offer lower 5G service prices than rivals Jio and Airtel, according to CEO Akshaya Moondra. While exact launch dates remain undisclosed, the company is finalizing 5G rollout plans. Vi expects some revenue boost from recent tariff hikes, even as some users migrate to BSNL due to increased prepaid rates.

5

Govt considering proposal to increase ethanol prices from 2024-25 season

The government sees the ethanol blending programme as a key to meeting its green energy commitments and improving the financial health of sugar mills.

6

Travel remains upbeat; airfares, hotel prices have softened: Thomas Cook India CEO

The CEO said that over a longer period, there has been softening of airfares as well as a drop in the average spend by holidaymakers.

7

Paint majors pad up as Birla Opus grows presence

Asian Paints is set to invest Rs 2,200 crore annually over the next four years, totalling Rs 8,800 crore, in greenfield and brownfield projects, company's top officials said.

Gravita India

BSE Sensex	S&P CNX
78,956	24,139

Stock Info

Bloomberg	GRAV IN
Equity Shares (m)	69
M.Cap.(INRb)/(USDb)	123 / 1.5
52-Week Range (INR)	1915 / 693
1, 6, 12 Rel. Per (%)	30/90/125
12M Avg Val (INR M)	362
Free float (%)	36.6

Financial Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	40.7	50.9	63.8
EBITDA*	4.2	5.4	7.2
EBITDA Margin (%)*	10.3	10.7	11.2
Adj. PAT	3.0	4.0	5.3
Cons. Adj. EPS (INR)	43.7	57.8	77.2
EPS Gr. (%)	26	32	34
BV/Sh. (INR)	164	221	297
Ratios (%)			
Net D:E	0.4	0.3	0.2
RoE (%)	22.8	23.8	24.8
RoCE (%)	30.6	30.0	29.8
Valuations			
P/E (x)	41.2	31.1	23.3
EV/EBITDA (x)	30.5	23.8	18.0

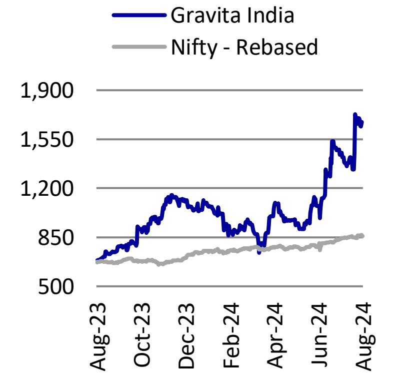
*Adjusted

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	63.4	66.5	66.5
DII	2.6	0.4	0.4
FII	14.9	12.5	11.3
Others	19.2	20.6	21.8

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,800 TP: INR2,350 (+31%) Buy

Getting the 'Lead Out' in style!

Pioneering India's recycling revolution!

Gravita India (Gravita) is one of the key players in the growing recycling industry in India. The company is primarily engaged in recycling lead (~88% of revenue in FY24), aluminum (~8%), and plastics (~2%). Additionally, it offers turnkey solutions to its customers, assisting them in setting up recycling plants.

- **Gravita's core business of lead recycling is expected to sustain the strong revenue growth momentum (at ~21% CAGR over FY24-27), fueled by favorable regulatory changes and the formalization of the sector (BWMR, 2022).**
- **However, the other key business segments, such as Aluminum and Plastic, are expected to report a much higher revenue CAGR of ~49% and 52%, respectively, propelled by changing business scenario due to the introduction of new hedging mechanisms and stricter implementation of regulatory policies (such as the Plastic Waste Management Rule; PWMR).**
- **The company is incurring a significant capex of over INR6b (INR4b for the existing segments and INR2b for the upcoming segments, like Lithium ion, Steel, and Paper) on the existing gross block of ~INR4.8b to more than double the capacity over the next three years (~686K MTPA by FY27 vs. ~303K in FY24).**
- **We believe that with strong industry tailwinds, favorable regulatory policies, the availability of additional hedging mechanisms, and the absence of significant supply chain disruption, Gravita can ramp up the utilization materially (driving ~30% sales volume CAGR over FY24-27E).**
- **Further, Gravita enjoys multiple competitive advantages, such as strategically located manufacturing units, a deep procurement network, a diverse global customer base, and lower costs for building new facilities (through the in-house turnkey division). These advantages provide long-term growth visibility.**
- **We estimate Gravita to register a revenue/Adj. EBITDA/Adj. PAT CAGR of 26%/ 29%/31% over FY24-27. The stock currently trades at 31x/23x FY26E/FY27E EPS, with an RoE/RoCE of 30%/25% in FY27. We initiate coverage on the stock with a BUY rating and a TP of INR2,350 (based on 35x Sep'26E EPS).**
- **Key downside risks: 1) supply chain issues and logistic disruptions, 2) unfavorable regulatory changes, 3) a delay in the ramp-up of new facilities, and 4) volatility in commodity prices where the company has not fully hedged.**

Lead recycling business to continue leading from the front

- Gravita commenced its lead recycling business with its first plant in Jaipur in CY94. Currently, it is the largest vertical (~88% of FY24 sales) and has been leading the growth trajectory (~21% revenue CAGR) during FY19-24.
- The margins were volatile in the initial years due to fluctuations in commodity prices. However, currently the company is hedging its entire position in the lead segment (including the core inventory), thereby eliminating any commodity price risk

- In order to secure its share in the massive and fast-growing global lead recycling market (valued at ~USD5.8b in CY23, with ~9.2% CAGR over CY23-32E), Gravita has been constantly increasing its manufacturing capacity (~237KMT in FY24 v/s 125KMT in FY21; further likely to rise to ~350KMT by FY27).
- Further, the demand for recycled lead is expected to rise at a higher pace in India (as of FY24, ~72% of Gravita's total lead recycling capacity is located in India), fueled by the Battery Waste Management Rules (BWMR), 2022 which mandate the minimum use of recycled materials in new batteries (~40% for Automotive/ Industrials by FY28 and ~20% for EV/Portable batteries by FY31).
- Further, BWMR, 2022 is based on the concept of Extended Producer Responsibility (EPR), where producers have an increased responsibility for the collection and recycling of end-of-life batteries. This leads to higher domestic scrap availability for the organized players. The automotive battery manufacturers are likely to collect and recycle ~70%/90% of batteries by FY25E/FY26E that were placed by them three years ago (up from ~50% in FY24).
- The strict implementation of BWMR in 2022, coupled with the proposed Reverse Charge Mechanism under GST for 'end-of-life batteries' (where the buyer of scrap is expected to pay the taxes), can lead to formalization of the sector. This could rapidly reduce the share of unorganized players (who currently hold over 60% of the market share in India), significantly benefitting organized players such as Gravita.
- Factoring in the tailwinds from regulatory changes, formalization of the sector, and strong industry demand, we expect Gravita's lead recycling business to experience ~21% revenue and EBITDA CAGR (each) over FY24-27.

New and upcoming segments to boost the growth trajectory

- Gravita has leveraged its experience and expertise in lead recycling to enter other verticals such as plastic (in CY15), aluminum (in CY16), and rubber (in CY22; used for captive consumption).
- The aluminum segment (~8% of revenue in FY24) witnessed a revenue decline in FY23/FY24 as the company tried to avoid the high risk of metal price fluctuations during the period due to the lack of hedging mechanisms.
- Going forward, an aluminum alloy derivative is likely to be launched by MCX over the next few months, providing an additional hedging mechanism. This, coupled with a strong capacity addition (~73K MTPA by FY27 v/s ~30K MTPA in FY24), will significantly boost the volumes within the segment (~49% revenue CAGR likely over FY24-27E).
- Similarly, the declining realizations and logistic disruptions have adversely impacted the plastic recycling segment (~2% of revenue in FY24). However, stricter implementation of the PWMR is likely to aid growth within the segment (~52% CAGR over FY24-27E).
- Apart from this, the company expects to enter other new verticals such as lithium-ion (a pilot project to start in FY26), steel, and paper (manufacturing facility for both to start by FY27). Gravita has allocated over INR2b of capex for these upcoming verticals during FY25-27E.
- Accordingly, with robust growth in the new segments and the addition of the upcoming segments, the share of new and upcoming segments is likely to rise to ~23% by FY27 (from ~12% in FY24), fueled by robust 58% CAGR over FY24-27E.

Multiple moats provide long-term visibility

- Gravita boasts over three decades of recycling experience and operates 11 strategically located manufacturing facilities globally (five each in India and Africa, and one in Sri Lanka). The new facilities are also coming up in Oman and the Dominican Republic. Strategic placement of these facilities near the regions of consumption and procurement provides a competitive edge.
- Gravita has a robust procurement network with over 1,700 touchpoints and ~31 own yards for scrap storage across Asia, Africa, the Middle East, Europe, and America. This global presence facilitates cost-effective raw material procurement by leveraging commodity price differences.
- Further, over the decades, Gravita has developed a diversified customer base, serving more than 350 customers in 32 countries, including over 240 domestic customers across 22 states of India.
- Apart from this, Gravita also offers turnkey solutions through its proprietary in-house recycling technology, achieving ~25% margin. This underscores its capability to construct cost-efficient manufacturing facilities, resulting in higher returns on investments and shorter payback periods.

Strong earnings and declining working capital to improve cash flows

- Going forward, Gravita is expected to compound its earnings at ~31% CAGR over FY24-27, aided by strong revenue CAGR of ~26% and improving adjusted EBITDA margin (~11.2% in FY27 vs. ~10.5% in FY24) due to favorable operating leverage.
- Net working capital days are expected to decline to 84 days by FY27 (from 108 in FY24), led by higher availability of domestic scrap resulting in significant improvement in cash flows from operations (CFO/EBITDA projected to improve to 52% in FY27 from 36% in FY24).
- RoCE is likely to remain stable at ~25% in FY27, with RoE to moderate to 30% in FY27 (vs. 33.5% in FY24) led by financial deleverage (net debt-to-equity ratio to contract to ~0.2x by FY27 from ~0.5x in FY24).

Set to thrive in a growing recycling industry – Initiate coverage with a BUY

- Gravita is one of the key players within the growing recycling industry in India. Going forward, we expect the company to report robust earnings growth on the back of: 1) strong growth within the lead recycling segment led by favorable regulatory changes; 2) faster growth from the new segments (aluminum and plastic) and addition of the steel and paper segments; 3) robust capacity addition across segments; and 4) a rise in the mix of value-added products.
- We estimate Gravita to register a revenue/Adj. EBITDA/Adj. PAT CAGR of 26%/ 29%/ 31% over FY24-27.
- Gravita currently trades at 31x/23x FY26E/FY27E EPS with an RoE/RoCE of 30%/25% in FY27E. We believe that the company will be a key beneficiary of the growing recycling industry in India and is poised to secure its share within the market led by multiple moats built around over the years. **We initiate coverage on the stock with a BUY rating and a TP of INR2,350 (based on 35x Sep'26E EPS).**
- **Key downside risks:** 1) supply chain issues and logistic disruptions, 2) unfavorable regulatory changes, 3) a delay in the ramp-up of new facilities, and 4) volatility in commodity prices where the company has not fully hedged.

Equity AUM at ~INR32t – another crest, another landmark!

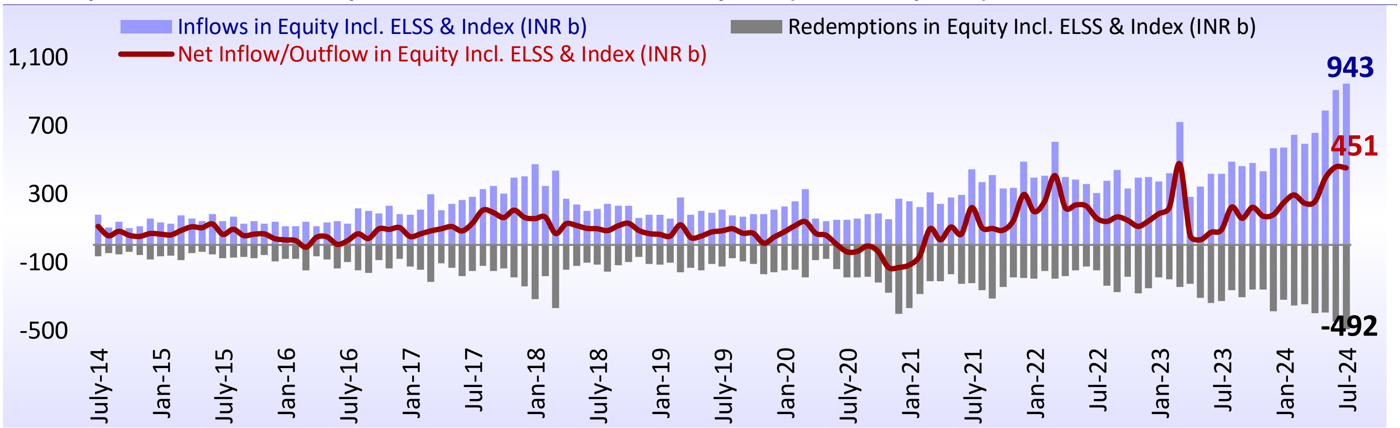
Key observations

- The Nifty touched a fresh high of ~25k before ending 3.9% up MoM at 24,951 in Jul'24. The index closed higher for the second successive month and recorded the second-best MoM returns in the last seven months. FIIs turned buyers of USD3.3b in Jul'24 for the second consecutive month. DII inflows were healthy at USD2.8b in Jul'24.
- Equity AUM for domestic MFs (including ELSS and index funds) increased 6% MoM to ~INR32t in Jul'24, fueled by a rise in market indices (Nifty up 3.9% MoM) and an increase in sales of equity schemes (up 4.1% MoM to INR943b). At the same time, redemptions increased 9.5% MoM to INR492b. Consequently, net inflows moderated by 1.2% to INR451b in Jul'24 from INR456b in Jun'24.
- Total AUM of the MF industry rose 6.2% MoM to ~INR65t in Jul'24, driven by a MoM increase in AUM for equities (INR1,808b), liquid (INR1,035b), other ETFs (INR327b), income (INR281b), and balanced (INR257b) funds.
- Investors continued to park their money in mutual funds, with inflows and contributions in systematic investment plans (SIPs) reaching a new peak of INR233.3b in Jul'24 (up 9.7% MoM and 53% YoY).

Some interesting facts

- The month saw **notable changes in the sector and stock allocation of funds.** On a MoM basis, the weights of Technology, Consumer, Healthcare, Utilities, Insurance, Real Estate, Infrastructure, and Chemicals increased, while those of Private Banks, NBFCs, Automobiles, Capital Goods, Oil & Gas, Telecom, PSU Banks, Metals, and Cement moderated.
- **Technology's weight climbed for the second consecutive month in Jul'24** to 8.9% (+60bp MoM; -20bp YoY), claiming the second spot in MF allocation.
- **Consumer's weight rose to a seven-month high of 6.2%** (+40bp MoM, -70bp YoY) in Jul'24.
- **Healthcare saw a rise in weight to 7.2%** (+30bp MoM, +50bp YoY) in Jul'24.
- **Private Banks' weight declined to around six-year low in Jul'24** to 16.1% (-110bp MoM; -370bp YoY).
- **In terms of value increase MoM, divergent interests were visible within sectors:** The top 5 stocks that saw a maximum rise in value were Infosys (+INR213b), ITC (+INR135b), L&T (+INR82.7b), ONGC (+INR66.2b), and Maruti Suzuki (+INR65.7b).

Monthly trends in sales, redemptions, and7 net amount raised by MFs (towards equities)



13 August 2024
1QFY25 Results Update | Sector: Metals

Hindalco

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1396.4 / 16.6
52-Week Range (INR)	715 / 438
1, 6, 12 Rel. Per (%)	-9/11/10
12M Avg Val (INR M)	4199
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	2,160	2,369	2,456
EBITDA	239	277	286
Adj. PAT	101	136	141
EBITDA Margin (%)	11	12	12
Cons. Adj. EPS (INR)	46	61	64
EPS Gr. (%)	1	34	4
BV/Sh. (INR)	361	414	472
Ratios			
Net D:E	0.5	0.4	0.3
RoE (%)	13.6	15.8	14.4
RoCE (%)	10.8	12.3	12.0
Payout (%)	0.0	9.8	9.4
Valuations			
P/E (x)	13.6	10.2	9.7
P/BV (x)	1.7	1.5	1.3
EV/EBITDA(x)	7.3	6.3	6.0
Div. Yield (%)	0.0	1.0	1.0
FCF Yield (%)	6.0	2.8	4.7

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	34.6	34.6	34.6
DII	25.8	26.0	26.3
FII	31.3	31.0	30.3
Others	8.3	8.4	8.7

FII Includes depository receipts

CMP: INR621 TP: INR750 (+21%) Buy

Performance in line with estimates

Consolidated performance

- Consolidated net sales stood at INR570b (+8 YoY/+2% QoQ), largely in line with our estimate of INR583b, aided by better realizations and efficiency in India operations.
- Consolidated EBITDA came in at INR75b (+31% YoY/+12% QoQ), largely in line with our estimate of INR70b, driven by lower input costs and higher volumes. APAT of INR34b (+38% YoY/+7% QoQ) came in line with our estimate of INR35b.
- The net debt-to-EBITDA ratio stood at 1.24x vs. 1.73x at 1QFY24.

Aluminum business

- Upstream revenue stood at INR88b (+10% YoY). Aluminum upstream EBITDA stood at INR35b (+81% YoY), driven by lower input costs.
- Upstream EBITDA margins came in at 40%.
- Downstream revenue stood at INR29b (+18% YoY). Sales of downstream aluminum stood at 96kt (+19% YoY).
- Downstream EBITDA/t was USD138 vs. USD202 in 1QFY24.

Copper business

- Copper business revenue was INR133b (+16% YoY), aided by high shipments and realization.
- EBITDA for the copper business was at an all-time high of INR8b, up 52% YoY, backed by higher average copper prices and robust operations.
- Copper metal sales stood at 119kt (flat YoY). CCR sales came in at 100kt (+2% YoY), in line with growing market demand for VAP.

Novelis: In-line operating performance

- Shipments volume stood at 951kt (+8% YoY/flat QoQ), in line with our estimate of 954kt. The growth was primarily led by normalized demand for beverage packaging sheet, which was affected by inventory reduction.
- Revenue stood at USD4.2b (+2% YoY/+3% QoQ) vs. our est. of USD4.4b, mainly driven by higher avg. aluminum prices and higher total shipments.
- Adj. EBITDA stood at USD500m (+19% YoY/-3% QoQ), in line with our estimate. This improvement was primarily driven by higher volume and favorable product pricing, which was partially offset by a less favorable product mix and higher costs.
- EBITDA/t came in at USD526/t, in line with our estimate of USD525/t.
- APAT stood at USD237m (+43% YoY/-3% QoQ), higher than our est. of USD207m, led by lower-than-expected depreciation and interest charges.
- The company reported an exceptional item of USD86mn, which included initial charges associated with flooding at Sierre plant in Switzerland in Jun'24, as well as higher restructuring and unfavorable metal price lag.
- Capex stood at USD348m, primarily attributed to strategic investments in new rolling and recycling capacity under construction.
- Novelis has a strong liquidity position of USD2.2b, with cash & cash equivalents of ~USD886m. Net debt stands at USD4.6b, with a net debt-to-adj. EBITDA ratio of 2.4x.

Highlights from the management commentary

- The management expects coal cost to remain flat QoQ in 2QFY25.
- Focus remains on downstream expansions at Silvassa Extrusion and Aditya FRP project, which are currently on track and expected to be commissioned by FY26, taking the total downstream capacity to 600kt.
- Silvassa extrusion capacity is currently operating at 40-45% of utilization and the management targets to reach an optimal utilization rate by FY25 end.
- The company has planned some large upstream expansion projects with expected capex of ~INR60-80b each: 1) Alumina refinery expansion in Odisha (expected timeline 20-24 months); 2) Copper smelter (under evaluation, to be commissioned in 36 months); 3) FRP-2 smelter of 180kt at Aditya.
- Out of the 300 MW of renewables capacity target by CY2025, the company achieved 57% or 173 MW in Q1FY25 and another 100 MW Hybrid (with storage) would be commissioned by 1HCY25.
- For FY25, the management expects capex of INR55-60b for India operation and USD1.4-2.1b for Novelis ongoing capex.
- Heavy rainfall led to flooding in Sierre and Valais regions in Switzerland, which affected operations at Novelis's Sierre plant. The management indicated that the cleaning and restoration work is underway and the plant is expected to restart production by 2Q end. The company expects net impact of USD30m to adj. EBITDA, of which the majority will occur in 2Q.
- Novelis reiterated its near-term EBITDA/t target of USD525 with the help of various operating levers: 1) capacity expansion, 2) favorable pricing, 3) Higher recycle content, and 4) operating leverage. In the long run, EBITDA/t is expected to reach USD600/t with the commissioning of the recycling projects and new capacities.

Valuation and view

- HNDL's 1Q consolidated performance was in line with expectations, driven by favorable pricing and lower input costs. Novelis also witnessed decent performance. Going forward, the cost of production in the aluminum business is expected to be under control, which would keep margins strong. Novelis would continue to see margin improvement across FY25 and FY26. The ongoing capex in Novelis would establish HNDL as the global leader in beverage cans and automotive FRP segments. The capex is likely to be completed within the revised timeline, and there will be no further changes in cost estimates.
- **At CMP, the** stock **trades at 6x EV/EBITDA and 1.3x P/B on FY26E. We broadly maintain our estimates. We reiterate our BUY rating on HNDL with a revised TP of INR750 (based on SOTP valuation).**

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**530**	**542**	**528**	**560**	**570**	**572**	**600**	**626**	**2,160**	**2,369**	**583**	**-2**
Change (YoY %)	-8.7	-3.6	-0.6	0.2	7.6	5.6	13.7	11.8	-3.2	9.7		
Change (QoQ %)	-5.1	2.2	-2.5	6.0	1.8	0.3	4.9	4.3	0.0	0.0		
Total Expenditure	473	486	469	493	495	510	534	553	1,921	2,092		
EBITDA	**57**	**56**	**59**	**67**	**75**	**62**	**66**	**73**	**239**	**277**	**70**	**7**
Change (YoY %)	-32.2	4.7	65.3	25.4	31.3	10.4	13.3	9.8	5.3	15.9		
Change (QoQ %)	7.3	-1.8	4.5	13.9	12.3	-17.4	7.2	10.5	0.0	0.0		
As % of Net Sales	10.8	10.4	11.1	11.9	13.2	10.8	11.1	11.7	11.1	11.7		
Interest	10	10	9	9	9	8	8	8	39	33		
Depreciation	18	18	19	20	19	19	19	19	75	76		
Other Income	4	5	3	4	4	3	3	2	15	13		
PBT (before EO item)	33	32	33	41	**52**	**38**	**43**	**49**	**140**	**181**		
Extra-ordinary Income	0	0	0	0	-3	0	0	0	0	-3		
PBT (after EO item)	**33**	**32**	**33**	**41**	**48**	**38**	**43**	**49**	**140**	**178**		
Total Tax	9	10	10	10	18	9	11	8	39	46		
% Tax	26.0	32.0	30.0	23.3	36.6	24.5	25.0	16.3	27.5	25.7		
PAT before MI and Associate	**25**	**22**	**23**	**32**	**31**	**29**	**32**	**41**	**102**	**132**		
MI	0	0	0	0	0	0	0	0	0	0		
Sh. of Associate	0	0	0	0	0	0	0	0	0	0		
PAT after MI and Associate	**25**	**22**	**23**	**32**	**31**	**29**	**32**	**41**	**102**	**132**		
Adjusted PAT	**25**	**22**	**23**	**32**	**34**	**29**	**32**	**41**	**101**	**136**	**35**	**-3**
Change (YoY %)	-39.5	-1.9	71.1	31.6	38.0	33.1	36.9	29.2	0.0	0.0		
Change (QoQ %)	2.3	-12.3	7.7	36.2	7.2	-15.4	10.8	28.4				

Source: MOFSL, Company

Quarterly performance for Novelis (USD m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales (000 tons)	**879**	**933**	**910**	**951**	**951**	**961**	**978**	**1,030**	**3,673**	**3,920**	**954**	**0**
Change (YoY %)	-8.6	-5.2	0.2	1.6	8.2	3.0	7.5	8.3	-3.1	6.7		
Change (QoQ %)	-6.1	6.1	-2.5	4.5	0.0	1.1	1.8	5.3	0.0	0.0		
Net Sales	**4,091**	**4,107**	**3,935**	**4,077**	**4,187**	**4,180**	**4,549**	**4,960**	**16,210**	**17,876**	**4,420**	**-5**
Change (YoY %)	-19.6	-14.4	-6.3	-7.3	2.3	1.8	15.6	21.7	-12.3	10.3		
Change (QoQ %)	-7.0	0.4	-4.2	3.6	2.7	-0.2	8.8	9.0	0.0	0.0		
EBITDA (adjusted)	**421**	**484**	**454**	**514**	**500**	**476**	**528**	**575**	**1,873**	**2,080**	**501**	**0**
Change (YoY %)	-25.0	-4.3	33.1	27.5	18.8	-1.6	16.4	11.8	3.4	11.0		
Change (QoQ %)	4.5	15.0	-6.2	13.2	-2.7	-4.7	10.9	8.8	0.0	0.0		
EBITDA per ton (USD)	**479**	**519**	**499**	**540**	**526**	**496**	**540**	**558**	**510**	**530**	**525**	**0**
Interest	70	74	67	64	64	66	66	68	275	265		
Depreciation	131	136	139	148	140	151	151	161	554	603		
PBT (before EO item)	**220**	**274**	**248**	**302**	**296**	**260**	**311**	**345**	**1,044**	**1,212**		
Extra-ordinary Income	(10)	(66)	(73)	(77)	(86)	-	-	-	(226)	(86)		
PBT (after EO item)	**210**	**208**	**175**	**225**	**210**	**260**	**311**	**345**	**818**	**1,126**		
Total Tax	54	51	54	59	60	72	87	97	218	315		
% Tax	25.7	24.5	30.9	26.2	28.6	27.8	27.8	28.0	26.7	28.0		
Reported PAT (after MI)	**156**	**157**	**121**	**166**	**151**	**187**	**225**	**249**	**600**	**812**	**207**	**-27**
Change (YoY %)	-49	-14	908	6	-3	19	86	50	-9	35		
Adjusted PAT	**166**	**223**	**194**	**243**	**237**	**187**	**225**	**249**	**826**	**898**	**207**	**14**
Change (YoY %)	-40.5	-9.3	33.8	23.4	42.8	-16.0	15.9	2.3	-4.7	8.7		
Change (QoQ %)	-15.7	34.3	-13.0	25.3	-2.5	-20.9	20.0	10.6	0.0	0.0		

Source: MOFSL, Company

Samvardhana Motherson

Estimate changes	⟷
TP change	↑
Rating change	⟷

Bloomberg	MOTHERSO IN
Equity Shares (m)	6776
M.Cap.(INRb)/(USDb)	1224.5 / 14.6
52-Week Range (INR)	209 / 87
1, 6, 12 Rel. Per (%)	-7/45/61
12M Avg Val (INR M)	2708

MOTHERSO: Financials & Valuations

Y/E March	2024	2025E	2026E
Sales	985	1,200	1,328
EBITDA	90.2	117.1	137.6
Adj. PAT	25.1	43.5	55.8
EPS (Rs)	3.7	6.4	8.2
EPS Growth (%)	63.6	73.2	28.3
BV/Share (Rs)	38.6	43.1	48.9
Ratios			
Net D:E	0.4	0.2	0.1
RoE (%)	10.3	15.7	17.9
RoCE (%)	10.0	12.5	14.1
Payout (%)	20.0	30.0	30.0
Valuations			
P/E (x)	48.8	28.2	22.0
P/BV (x)	4.7	4.2	3.7
Div. Yield (%)	0.4	1.1	1.4
FCF Yield (%)	2.9	3.9	6.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	60.4	60.4	64.8
DII	18.2	18.3	15.2
FII	12.9	12.4	10.8
Others	8.6	8.9	9.2

FII Includes depository receipts

CMP: INR181 TP: INR218 (+21%) Buy

Strong performance in a tough quarter

Synergy benefits with acquisitions to further help improve returns

- Samvardhana Motherson (MOTHERSO) reported a strong 65.5% YoY growth in earnings (in line with estimates) despite muted automotive production growth in 1Q. It reported an 18% annualized RoCE in 1Q and management expects the same would continue to improve in FY25, aided by synergy benefits of acquisitions.
- Our positive view on MOTHERSO remains intact based on the ramp up of new businesses in non-auto, execution of a strong order book for SMRPBV, and capacities in place for growth. We **reiterate our BUY rating** on the stock with a revised target price of INR218 (25x Jun'26E EPS).

Sequential net debt increases by INR30b due to M&A closure

- **Consol. revenue grew** 28.5% YoY to INR288.7b (est INR291b) largely led by inorganic growth. Contribution from the acquisitions to its revenue/EBITDA stood at INR62.5b/INR6.88b. Consol. EBITDA grew 44% YoY to INR27.7b (est. INR26.8b) and consol. adj. PAT rose 65.5% YoY to INR9.9b (est. INR9.3b).
- **Wiring harness business** grew by 9% YoY to INR83.3b (est. INR82.35b) and EBITDA margin improved 150bp YoY (+60bp QoQ) to 11.7% (vs. est. 10.3%). Growth was supported by increased intake in truck OEMs in North and South America. Content increase in India also supported growth.
- **Modules & Polymer business** revenues grew 27% YoY to INR151.9b (est. INR151.7b) and EBITDA margin improved 120bp YoY (-210bp QoQ) to 8.7% (est. 8.5%). The full impact of the Yachiyo 4W business was seen in 1Q. There was a strong growth on the low base of last year, as Dr. Schneider business was not there in 1QFY24.
- **Vision system business revenue** grew 8% YoY to INR50b (est. INR51.3b), while EBITDA margin remained stable YoY (-340bp QoQ) to 9.5% (est. 9.4%). Growth was partly supported by Ichikoh's mirror business (which was not there in 1QFY24) and volume growth in China. However, it was offset to some extent by the delayed EV launches in the EU/NA**.**
- **Integrated assemblies business** revenue grew 6% QoQ to INR25.2b. Margin stood at 10.1% (-270bp QoQ). The sluggishness in EVs hurt growth.
- **Emerging business** grew 42% YoY to ~INR25.9b (est. INR21.7b) and EBITDA margin expanded 100bp YoY (-480bp QoQ) to 12.2% (est. 12.0%).
- **Net debt (ex-lease liabilities) grew QoQ to INR133.7b (vs. INR103.7b in 4QFY24).** The increase in debt of INR30b QoQ was on account of the payout for closure of acquisition (~INR17.5b) and the increase in working capital due to the Red Sea crisis.

Highlights from the management commentary

- **Automotive production**: 2Q automobile production to remain muted due to holidays in Aug'24. For FY25, global light vehicle production is likely to decline a bit or remain flat YoY.
- **Reduction in RM costs** on a YoY basis was due to: a) improved mix (integrated assemblies integration that has lower RM and remained a high-margin business), b) repriced products with customers, c) RM cost pass through.
- **Consumer electronics:** It would initially invest ~INR26b over a period of time. These investments would be utilized for the JV with BIEL Crystal (leading supplier of smartphone glass) and assembly of components. Manufacturing with the JV partner would start by end-2HFY25 and would see a ramp-up in FY26.
- MOTHERSO posted an 18% annualized RoCE in 1Q, and management expects the same would continue to improve in FY25, aided by synergy benefits of acquisitions.

Valuation and view

- Given its well-diversified presence across components, geographies, and customers, MOTHERSO is emerging as the key beneficiary of the growing popularity of EVs and the rising trend towards premiumization across segments. This is evident in a significant ramp-up in its order book, with its booked business scaling up to USD83.9b.
- The stock trades at reasonable valuations of 28x/22x FY25E/FY26E consolidated EPS. Our positive view on MOTHERSO remains intact based on the ramp up of new businesses in non-auto, execution of a strong order book for SMRPBV, and capacities in place for growth. We **reiterate our BUY rating** with a revised TP of INR218 based on 25x Jun-26E EPS.

Quarterly performance (Consol.) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	2,24,622	2,34,738	2,56,439	2,68,612	2,88,680	2,87,897	3,08,560	3,14,923	9,84,947	12,00,059	2,90,974	-0.8
YoY Change (%)	27.2	28.5	26.5	19.3	28.5	22.6	20.3	17.2	25.0	21.8	29.5	
EBITDA	19,246	18,888	23,159	26,686	27,753	27,133	30,190	31,981	90,206	1,17,056	26,777	3.6
Margins (%)	8.6	8.0	9.0	9.9	9.6	9.4	9.8	10.2	9.2	9.8	9.2	
Depreciation	8,389	8,674	10,164	10,878	10,646	10,700	10,800	11,184	38,105	43,330	10,400	
Interest	2,526	4,879	6,203	4,504	4,445	4,000	4,000	3,906	18,112	16,351	4,000	
Other income	529	1,654	1,084	836	709	600	550	392	1,876	2,251	550	
PBT before EO expense	8,860	6,989	7,877	12,140	13,371	13,033	15,940	17,282	35,865	59,626	12,927	
Extra-Ord expense	0	2,494	9	-4,974	0	0	0	0	-2,472	0	0	
PBT after EO Expense	8,860	4,495	7,868	17,114	13,371	13,033	15,940	17,282	38,336	59,626	12,927	
Tax Rate (%)	29.5	32.8	27.6	28.3	26.0	27.0	27.0	27.8	29.3	27.0	27.0	
Min. Int & Share of profit	241	188	272	-43	-51	20	30	44	658	44	100	
Reported PAT	6,009	2,015	5,420	13,718	9,942	9,494	11,606	12,442	27,162	43,483	9,336	
Adj PAT	6,009	4,509	5,420	9,170	9,942	9,494	11,606	12,442	25,108	43,483	9,336	6.5
YoY Change (%)	325.5	43.2	19.2	45.6	65.5	110.5	114.1	35.7	65.6	73.2	55.4	

E: MOFSL Estimates

13 August 2024

1QFY25 Results Update | Sector: Telecom

Vodafone Idea

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	IDEA IN
Equity Shares (m)	67879
M.Cap.(INRb)/(USDb)	1050.1 / 12.5
52-Week Range (INR)	19 / 8
1, 6, 12 Rel. Per (%)	-2/-6/67
12M Avg Val (INR M)	9667

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Net Sales	427	453	525
EBITDA	171	187	227
Adj. PAT	-320	-290	-280
EBITDA Margin (%)	40.2	41.4	43.3
Adj. EPS (INR)	-11.1	-10.1	-9.7
EPS Gr. (%)	9.3	-9.3	-3.7
BV/Sh. (INR)	-32.4	-34.9	-43.6
Ratios			
Net D:E	-2.4	-2.3	-2.0
RoE (%)	NM	NM	NM
RoCE (%)	-3.6	-2.4	-1.0
Payout (%)	0.0	0.0	0.0
Valuations			
EV/EBITDA (x)	19.2	17.9	15.9
P/E (x)	-1.4	-1.5	-1.6
P/B (x)	-0.5	-0.4	-0.4
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	38.2	48.9	50.4
DII	31.3	34.4	33.9
FII	12.7	2.0	2.3
Others	17.9	14.7	13.4

FII Includes depository receipts

CMP: INR15 | **TP: INR15** | **Neutral**

Revenue down marginally; subscriber loss continues

- Vodafone Idea (VIL) reported a 1%/4% revenue/EBITDA decline sequentially (pre-Ind-AS-116), due to subscriber loss, flat ARPU, and operating deleverage. Overall subscriber loss of 2.5m continued, but data subscribers remained flat.
- The capital raise has led to some respite as the long pending capex and continuous subscriber churn were hurting its operating performance. With the fundraising, the capex was directed towards the rollout of 4G and 5G. We broadly retain our estimates and expect revenue/EBITDA (pre-Ind-AS-116) CAGR at 11%/31% over FY24-26. Assuming a 15x EV/EBITDA and a net debt of INR2t, there is limited opportunity for the stock.

Pre-Ind-AS EBITDA declines 4% sequentially

- VIL's revenue declined 1% QoQ to INR105b (in line), due to a 1% QoQ subscriber loss (2.5m loss). ARPU was flat QoQ at INR146.
- Reported EBITDA declined 3% QoQ to INR42b (in line) and margin contracted 90bp QoQ to 40% due to operating deleverage.
- **Pre-Ind-AS EBITDA declined 4% QoQ to INR21b (in line), and margin contracted 60bp QoQ to 20%.**
- Interest cost includes two exceptions: a) VIL reversed the interest cost of INR2.63b following the Hon'ble Supreme Court's pronouncement of a further judgment regarding the waiver of interest on tax and b) INR6.5b towards reversal of interest accruals towards vendors.
- **Adj. net loss reduced to INR73b from INR77b loss on a QoQ basis.**
- Net debt reduced INR114b to INR1.96t. This included: 1) Spectrum and AGR debt, which accounted for INR2.1b, and b) market debt at INR47b.
- Capex increased to INR7.6b (from INR5.5b in 4Q) and INR18.5b in FY24.

Highlights from the management commentary

- **Tariff-led revenue growth:** With the current tariff hike, VIL expects a 17% blended price hike in the prepaid category, which could result in revenue growth at 2/3rd to 3/4th of the hike.
- **Churn rate should reduce:** VIL expects entry-price subscribers would not see SIM consolidation. However, it will closely monitor the BSNL actions and subscriber movements. It expects the churn rate to come down after the next quarter as the capex deployment will commence.
- **Capex guidance intact:** Capex guidance continues to remain in the range of INR500-550b over the next three years, with the majority of the capex to be front-ended. Management is in talks with vendors to deploy hardware/sites and expects the discussion to end by Aug/Sep'24.
- **Tower additions:** Management expects the unique towers to increase to around 210-220k from 183k. There could be some exits in the existing towers, but the 4G towers could reach ~215k (20-25k additions p.a.).

Valuation and view

- VIL has experienced a continued rise in ARPU, led by the shift to 4G, higher data monetization, and an increase in minimum recharge vouchers. However, there has been an elevated subscriber churn during this period.
- Limited network investments had slowed the customer experience, resulting in subscriber churn. Improvement in network investment may take 2-3 years. With this, the company expects to restrict the subscriber churn and grow its data subscriber base.
- The company expects to invest INR500-550b over the next three years toward expanding 4G coverage, 5G launch, capacity expansion, which holds significant importance.
- However, it still holds a debt of INR2t with an annual installment of INR430b from FY26 onwards. This looks challenging against the 1QFY25 annualized EBITDA (IND-AS 116) of INR80b.
- The significant amount of cash required to service debt leaves limited upside opportunities for equity holders, despite the high operating leverage opportunity from any source of ARPU improvement. We expect the conversion into equity of unpaid installments post-moratorium to start by FY26/27.
- We are factoring in a revenue/EBITDA CAGR of 11/31% over FY24-26E. Assuming 15x EV/EBITDA, coupled with net debt, we derive our TP of INR15. Reduction in AGR liability and restriction in subscriber churn rate could remain the key catalysts for the stock. **We reiterate our Neutral rating on the stock**.

Consolidated - Quarterly Earnings Model (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Revenue	**107**	**107**	**107**	**106**	**105**	**111**	**118**	**120**	**427**	**453**	**106**	**-0.9**
YoY Change (%)	2.4	1.0	0.5	0.7	-1.4	3.1	10.2	12.8	1.1	6.2	0.6	
Total Expenditure	65	64	63	63	63	65	69	69	255	265	64	-1.0
EBITDA	**42**	**43**	**44**	**43**	**42**	**46**	**49**	**51**	**171**	**187**	**42**	**-0.7**
YoY Change (%)	-4.0	4.5	4.1	3.0	1.1	6.8	12.6	17.0	1.8	9.5	0.5	
Depreciation	56	57	56	58	54	55	57	59	226	224	59	-8.5
Net Finance Costs	64	65	65	62	53	64	64	64	257	245	63	-17.0
PBT before EO expense	**-78**	**-79**	**-77**	**-77**	**-64**	**-73**	**-72**	**-72**	**-312**	**-281**	**-80**	**19.4**
Extra-Ord expense	0	0	-8	0	0	0	0	0	-8	0	0	
PBT	**-78**	**-79**	**-70**	**-77**	**-64**	**-73**	**-72**	**-72**	**-304**	**-281**	**-80**	**19.4**
Tax	0.0	8.2	0.0	0.1	0.1	0.0	0.0	-0.1	8.3	0.0	0.0	
Rate (%)	0.0	-10.3	0.0	-0.1	-0.1	0.0	0.0	0.1	-2.7	0.0	0.0	
Reported PAT	**-78**	**-87**	**-70**	**-77**	**-64**	**-73**	**-72**	**-72**	**-312**	**-281**	**-80**	**19.4**
Adj PAT	**-78**	**-87**	**-77**	**-77**	**-73**	**-73**	**-72**	**-72**	**-320**	**-290**	**-80**	**7.9**
YoY Change (%)	7.4	15.0	-3.1	20.0	-6.3	-16.4	-7.0	-6.5	9.3	-9.3	24.7	

E: MOFSL Estimates

Muthoot Finance

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	744 / 8.9
52-Week Range (INR)	1905 / 1170
1, 6, 12 Rel. Per (%)	2/25/13
12M Avg Val (INR M)	925

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	77.9	96.4	108.3
PPP	56.5	70.8	79.0
PAT	40.5	50.9	57.3
EPS (INR)	100.9	126.7	142.8
EPS Gr. (%)	16.6	25.6	12.7
BV/Sh.(INR)	605	705	818
Ratios			
NIM (%)	11.2	11.4	11.0
C/I ratio (%)	29.8	28.4	28.9
RoA (%)	5.1	5.4	5.2
RoE (%)	17.9	19.4	18.8
Payout (%)	23.8	21.5	20.5
Valuations			
P/E (x)	18.4	14.6	13.0
P/BV (x)	3.1	2.6	2.3
Div. Yld. (%)	1.3	1.5	1.6

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	73.4	73.4	73.4
DII	14.5	14.7	13.7
FII	8.7	8.3	8.7
Others	3.4	3.6	4.2

FII Includes depository receipts

CMP: INR1,854 TP: INR1,720 (-7%) Neutral

Operationally healthy quarter with strong gold loan growth

Earnings miss from higher provisioning; NIM compression from rise in CoB

- MUTH's 1QFY25 performance was characterized by: 1) gold loan growth of ~11% YoY to ~INR809b; 2) NIM compression of ~15bp QoQ to 11.8%; and 3) the rise in gold tonnage by ~3% QoQ to 194 tonnes.
- PAT grew 11% YoY and 2% QoQ to ~INR10.8b (8% miss). Net total income rose 7% YoY to ~INR23.6b (in line), and PPOP was up 22% YoY at ~INR17.2b (in line).
- Gold loan growth was supported by gold tonnage growth, along with an increase in the customer base by ~4% QoQ to ~5.9m. LTV was largely stable QoQ at ~63%.
- We model a standalone AUM CAGR of ~18% over FY24-26E. This, we believe, will result in a PAT CAGR of ~19% over this period. We model RoA/ RoE of ~5.2%/19% in FY26.
- MUTH's valuations have re-rated in the last three months, aided by 1) higher gold prices, resulting in better visibility on stronger gold loan growth, and 2) RBI's gold loan ban on (once) the second largest gold loan NBFC, resulting in lower competitive intensity and better gold loan growth for other gold NBFC peers.
- The management acknowledged that the competitive aggression from banks in gold loans has reduced over the last couple of quarters. Additionally, lower availability of unsecured credit in the form of personal loans/MFI loans, could have resulted in stronger demand for gold loans. This improvement in gold loan demand could sustain in the near term.
- MUTH now trades at 2.3x FY26E P/BV and, in our view, has benefited from the sharp rise in gold prices and the RBI ban on gold loans on a large gold loan NBFC. In the short term, the removal of the RBI embargo on gold loans for its gold loan NBFC peer could change the dynamics of both gold loan growth and pricing for MUTH. **We maintain our Neutral rating with a revised TP of INR1,720 (based on 2.1x FY26E P/BV).**

Strong AUM growth in Belstar; deterioration in asset quality

- MUTH's microfinance subsidiary, Belstar, reported 42% YoY growth in AUM to ~INR99.5b. Reported PAT stood at ~INR900m, down ~14% QoQ.
- Asset quality deteriorated, with GS3 increasing ~55bp QoQ to ~2.4%.
- Belstar added ~6 branches in 1QFY25, and CRAR stood at ~21%.

Highlights from the management commentary

- MUTH management continued to guide for gold loan growth of ~15% and will revise its growth guidance after 1HFY25 results. Trends in July/August disbursements have been along similar lines as during 1QFY25.
- The company expects CoB to further increase by ~35bp over the next few quarters.

Valuation and view

- MUTH reported healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. Despite the expected seasonality in gold loan growth in 2Q/3Q, we expect it to remain healthy in the near term, aided by higher gold prices and levers on LTV (~63% as of Jun'24).
- The removal of the RBI's ban on gold loans for a large gold loan NBFC remains a near-term risk for MUTH. If and when the RBI revokes the ban, we expect competitive intensity to again increase in the gold loan ecosystem, even though it might not be as aggressive as earlier. **Maintain our Neutral rating with a revised TP of INR1,720 (based on 2.1x FY26E BVPS).**

Quarterly Performance												(INR M)
Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	29,577	30,147	31,176	33,575	36,560	38,753	39,916	41,030	1,24,476	1,56,259	35,523	3
Other operating income	410	450	501	514	478	517	551	572	1,874	2,118	471	1
Total Operating income	**29,987**	**30,597**	**31,677**	**34,089**	**37,038**	**39,271**	**40,467**	**41,602**	**1,26,350**	**1,58,377**	**35,994**	**3**
YoY Growth (%)	19.8	22.5	19.1	19.5	23.5	28.3	27.7	22.0	20.2	25.3	20.0	
Other income	276	139	80	95	63	132	84	121	590	400	121	-48
Total Income	**30,263**	**30,736**	**31,757**	**34,184**	**37,101**	**39,403**	**40,551**	**41,722**	**1,26,940**	**1,58,777**	**36,115**	**3**
YoY Growth (%)	20.6	22.8	19.1	19.4	22.6	28.2	27.7	22.1	20.4	25.1	19.3	
Interest Expenses	10,638	11,563	12,119	12,228	13,511	14,727	15,464	16,189	46,548	59,891	13,083	3
Net Income	**19,625**	**19,173**	**19,638**	**21,956**	**23,590**	**24,676**	**25,087**	**25,533**	**80,393**	**98,886**	**23,032**	**2**
Operating Expenses	5,620	5,751	5,696	6,861	6,437	6,952	7,160	7,534	23,927	28,083	6,518	-1
Operating Profit	**14,006**	**13,422**	**13,942**	**15,095**	**17,153**	**17,724**	**17,927**	**17,999**	**56,466**	**70,803**	**16,514**	**4**
YoY Growth (%)	36.8	16.9	10.4	16.9	22.5	32.0	28.6	19.2	19.5	25.4	17.9	
Provisions	860	120	137	860	2,236	350	250	-483	1,978	2,353	700	219
Profit before Tax	**13,145**	**13,302**	**13,805**	**14,236**	**14,917**	**17,374**	**17,677**	**18,482**	**54,488**	**68,450**	**15,814**	**-6**
Tax Provisions	3,394	3,392	3,532	3,673	4,130	4,465	4,543	4,438	13,991	17,576	4,064	2
Net Profit	**9,751**	**9,910**	**10,273**	**10,563**	**10,787**	**12,909**	**13,134**	**14,044**	**40,497**	**50,873**	**11,749**	**-8**
YoY Growth (%)	21.6	14.3	13.9	17.0	10.6	30.3	27.9	33.0	16.6	25.6	20.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	18.3	17.9	18.1	18.6	18.5							
Cost of funds (Cal)	8.4	8.7	8.6	8.4	8.7							
Spreads (Cal)	9.9	9.2	9.5	10.2	9.8							
NIMs (Cal)	12.0	11.2	11.2	11.9	11.8							
Credit Cost	0.5	0.1	0.1	0.5	1.1							
Cost to Income Ratio	28.6	30.0	29.0	31.2	27.3							
Tax Rate	25.8	25.5	25.6	25.8	27.7							
Balance Sheet Parameters												
AUM (INR b)	676	690	712	758	843							
Change YoY (%)	19.3	20.6	23.3	20.0	24.7							
Gold loans (INR b)	**660**	**675**	**692**	**729**	**809**							
Change YoY (%)	17.6	19.5	21.8	17.8	22.54							
Gold Stock Holding (In tonnes)	182	183	184	188	194							
Avg gold loans per branch (INR m)	139	142	145	150	167							
Borrowings (INR b)	513	553	580	588	659							
Change YoY (%)	12.8	18.2	31.0	18.2	28.7							
Borrowings Mix (%)												
Listed secured NCDs	24.8	24.4	28.8	27.9	28.0							
Term loans	59.8	65.4	61.6	63.0	55.0							
Commercial Paper	7.7	8.3	8.0	7.9	7.2							
Others	2.6	1.9	1.6	1.3	1.6							
Debt/Equity (x)	2.3	2.3	2.2	2.3	2.6							
Asset Quality Parameters (%)												
GS 3 (INR m)	28,789	27,639	25,767	24,845	33,532							
Gross Stage 3 (% on Assets)	4.3	4.0	3.6	3.3	4.0							
Total Provisions (INR m)	11,422	11,486	11,542	12,304	14,413							
Return Ratios (%)												
RoAUM (Rep)	6.0	5.8	5.9	5.8	5.5							
RoE (Rep)	18.5	18.3	18.1	17.8	17.7							

E: MOFSL estimates

Piramal Enterprises

Bloomberg	PIEL IN
Equity Shares (m)	225
M.Cap.(INRb)/(USDb)	222.2 / 2.6
52-Week Range (INR)	1140 / 737
1, 6, 12 Rel. Per (%)	7/4/-28
12M Avg Val (INR M)	1441

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
PPOP	12.0	18.2	27.4
PAT	-16.8	9.2	17.6
PAT*	-15.4	-2.8	12.6
EPS	-75	41	78
EPS Gr. (%)	-	-	92
BV/Sh. (INR)	1,182	1,213	1,275
RoA (%)	-2.0	1.0	1.7
RoE (%)	-5.8	3.4	6.3
Valuation			
P/E (x)	-13.2	24.1	12.6
P/BV (x)	0.8	0.8	0.8
Dividend yield (%)	1.0	1.7	2.0

***(ex-exceptional)**

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	46.0	46.2	43.5
DII	13.4	13.2	11.9
FII	16.7	17.5	26.5
Others	23.9	23.2	18.1

FII Includes depository receipts

CMP: INR986 TP: INR950 (-4%) Neutral

Strong retail loan growth; legacy book will be aggressively run down

Opex ratio continues to improve; minor deterioration in asset quality

- PIEL reported 1QFY25 net profit of ~INR1.8b (PQ: ~INR1.4b). This included an exceptional gain of ~INR1b from recoveries in AIF portfolio. Reported PAT in 4QFY24 included provision write-back on AIF investments of INR11.4b and stake sale in Shriram Investment Holding, resulting in gain of INR8.7b.
- NII rose 6% YoY and 2% QoQ to ~INR7.2b. PPOP at ~INR2.4b declined ~76% YoY. Total AUM grew 10% YoY and declined 2% QoQ. Wholesale 2.0 AUM grew 11% QoQ to INR70.7b, while Wholesale 1.0 AUM declined ~50% YoY/ 11% QoQ to INR130b. Retail AUM grew ~45% YoY to INR505b with its share in the loan book increasing to ~72% (PQ: 70%).
- GS3/NS3 increased ~30bp each to 2.7%/1.1%. Stage 3 PCR declined by ~5pp QoQ to ~60%. Total ECL/EAD declined by ~70bp QoQ to ~4.4% of the AUM.
- Total SRs declined ~6% QoQ to INR45.8b. As resolution processes continues, SR portfolio will continue to reduce in the near term.
- The implementation process for the proposed merger of Piramal Enterprises (PEL) with its subsidiary Piramal Capital & Housing Finance (PCHFL) and the renaming of PCHFL as Piramal Finance Limited (PFL) is on track and expected to be completed by 1QFY26.
- Management targets to reduce legacy AUM to <10% of total AUM by end-FY25. We believe that this will entail elevated credit costs in FY25. The company pointed out that it has a) management overlay of ~INR6.9b on the legacy AUM, b) expects gains of ~INR12b from AIF over FY25, and c) residual stakes in Shriram Life and General Insurance will be monetized. It will look to opportunistically take the credit cost impact of running down the legacy AUM on P&L when there are one-off gains from the pockets of opportunity in its legacy business.
- We estimate a total AUM CAGR of ~24% and a ~36% CAGR in Retail AUM over FY24-FY26E. While its growth business (excluding one-off gains and exceptional items) is showing signs of improvement, it will still take at least 12-15 months for it to mitigate the earnings and credit costs impact of an accelerated decline in the legacy AUM.
- Pockets of opportunity, which we earlier thought will be utilized for some inorganic acquisition in retail businesses or for strengthening the balance sheet, will potentially be utilized to run down the stressed legacy AUM. We do not see catalysts for any meaningful improvement in the core earnings trajectory of the company. **We maintain our Neutral rating with a revised TP of INR950 (based on Mar'26E SOTP).**

Highlights from the management commentary

- The company has taken a PLR increase of ~25bp, effective Aug'24, across all its product portfolios. The management shared that its borrowing costs continue to rise and there will be pressure on NIMs over the next one-two quarters.
- Guided for an opex-to-AUM ratio of ~3.5%-4% in the medium term.

Valuation and view

- Our earnings estimates for FY25 and FY26 only factor in exceptional gains from the AIF exposures and low tax outgo in the foreseeable future. Because of the uncertainty and unpredictability around the timing of the monetization of the stake in Shriram Life and General insurance, we have not factored it in our estimates yet. It will, however, provide one-off gains, which can help offset the credit costs required to dispose of the stressed legacy AUM.
- We expect PIEL to deliver ~1.7% RoA and ~6% RoE in FY26. We value the lending business at 0.6x FY26E P/BV and **maintain our Neutral rating on the stock with a revised TP of INR950 (premised on Mar'26 SOTP).**

Piramal: Quarterly Performance **(INR m)**

Y/E March	FY24				FY25	FY24	FY25E
	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25		
Interest Income	17,251	17,783	19,307	19,009	19,285	73,349	86,722
Interest Expenses	10,439	10,500	11,178	11,887	12,047	44,004	53,018
Net Interest Income	**6,812**	**7,283**	**8,129**	**7,121**	**7,238**	**29,345**	**33,704**
YoY Growth (%)	-31.0	-12.3	-21.3	-22.3	6.3		
Other operating income	11,739	4,150	5,450	5,724	1,943	27,064	12,962
Other Income	208	119	706	549	226	1,581	1,692
Total Income	**18,759**	**11,552**	**14,284**	**13,394**	**9,407**	**57,989**	**48,358**
YoY Growth (%)	75.4	22.5	-38.3	53.9	-49.9		
Operating Expenses	9,061	6,641	6,970	14,451	7,034	37,123	30,116
Operating Profit	**9,698**	**4,911**	**7,314**	**-1,057**	**2,373**	**20,867**	**18,242**
YoY Growth (%)	54.5	22.1	-58.3	-153.7	-75.5		
Provisions & Loan Losses	3,090	4,385	5,995	20,852	1,007	34,322	22,459
Profit before Tax	**6,609**	**526**	**1,319**	**-21,909**	**1,366**	**-13,455**	**-4,218**
Tax Provisions	1,732	107	-9,575	-8,212	664	-15,949	-633
PAT (before associate income)	**4,877**	**419**	**10,894**	**-13,696**	**702**	**2,493**	**-3,585**
Associate Income	211	707	728	-108	76	1,537	770
PAT (before exceptional)	**5,088**	**1,125**	**11,622**	**-13,805**	**778**	**4,031**	**-2,815**
Exceptional items	0	-643	-35,398	15,176	1,037	-20,866	12,000
Profit from Discontinued operations						-	-
PAT (after exceptional)	**5,088**	**482**	**-23,776**	**1,371**	**1,815**	**-16,835**	**9,185**

Manappuram Finance

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USDb)	175 / 2.1
52-Week Range (INR)	230 / 125
1, 6, 12 Rel. Per (%)	-6/5/16
12M Avg Val (INR M)	1899

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	55.9	64.5	76.0
PPP	35.4	40.9	48.3
PAT	22.0	24.2	30.2
EPS (INR)	26.0	28.6	35.7
EPS Gr. (%)	46.5	10.2	24.8
BV/Sh.(INR)	136	161	193
Ratios			
NIM (%)	14.9	14.4	14.4
C/I ratio (%)	41.6	41.1	40.5
RoA (%)	5.1	4.7	5.0
RoE (%)	20.7	19.2	20.2
Payout (%)	13.7	13.5	12.1
Valuations			
P/E (x)	8.0	7.2	5.8
P/BV (x)	1.5	1.3	1.1
Div. Yld. (%)	1.7	1.9	2.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	35.2	35.2	35.2
DII	9.3	9.5	10.7
FII	33.0	32.0	30.7
Others	22.4	23.3	23.4

FII Includes depository receipts

CMP: INR207 TP: INR250 (+21%) Buy

Earnings in line; strong gold AUM growth at ~10% QoQ

Credit costs remain elevated in the MFI business

- Manappuram Finance (MGFL)'s consol. PAT grew ~12% YoY, but declined ~1% QoQ to ~INR5.6b (in line) in 1QFY25. NII grew ~19% YoY to ~INR15.4b (in line), and PPoP rose ~22% YoY to ~INR9.8b (in line) during the quarter.
- Consol. credit costs stood at ~INR2.3b. Annualized credit costs for the quarter rose ~30bp QoQ to 2.1% (v/s PQ: ~1.8%). Higher credit costs were primarily attributable to the MFI business.
- **Gold AUM grew ~10% QoQ and ~15% YoY to ~INR236b.** Net yields on Gold loans declined ~30bp to ~22.2% (PQ: ~22.5%). However, net yields on the standalone business rose ~10bp QoQ to 21.8%. Standalone CoB increased ~20bp QoQ to 9.0%, resulting in a sequential compression in NIM.
- Standalone GNPA rose ~10bp QoQ to ~2.0% and NNPA was stable at ~1.7%.
- Asset quality deteriorated across non-gold segments (except MFI), with GS3 increasing in Vehicle Finance (~3.6% vs. ~2.8% in 4Q), Housing Finance (~2.9% vs. ~2.4% in 4Q), and MSME & Personal Loans (3.4% vs. ~2.8% in 4Q), despite a healthy sequential loan growth in each of these product segments. For Asirvad MFI, collections were weaker due to farmer agitation (in Punjab), general elections, and rumors regarding loan waivers as well as heat waves in certain parts of Northern India.
- Management shared that the competitive intensity from banks has reduced, allowing for no irrationality around pricing/yields in gold lending. We believe that capping on cash disbursements at INR20K in gold loans will also help MGFL gain market share from smaller/fringe gold loan players in the near-term.
- We cut our FY25 PAT estimates by ~5% each to factor in lower growth (in some non-gold segments like MFI and Personal Loans) and higher credit costs from the MFI business. We estimate a 15%/19% AUM CAGR in gold/consolidated AUM over FY24-26. We model a ~17% consolidated PAT CAGR over the same period to arrive at a consolidated RoA/RoE of ~5%/20% in FY26. **Reiterate BUY (as the risk-reward is still favorable at a valuation of 1.1x FY26E P/BV) with a TP of INR250 (based on 1.3x FY26E consolidated BVPS).**

Gold AUM rises ~10% QoQ with a minor increase in gold tonnage

- Gold AUM grew ~10% QoQ and ~15% YoY to ~INR236b. Gold tonnage grew ~1% QoQ to ~60t. LTV increased ~2pp QoQ to ~60% while the average ticket size (ATS) in gold loans rose to INR62.1K (PQ: INR58.5K). Gold loan customer base increased to ~2.6m (PQ: 2.4m).
- The company guided for Gold Loan growth of >15% in FY25.
- The Union Budget slashed the customs duty on gold from ~15% to 6%, which has hit the domestic price of gold. However, the increase in gold volumes will be positive for MGFL and other gold lenders.

Highlights from the management commentary

- Management guided borrowing costs to remain stable at the current levels.
- Climatic challenges such as floods and heat waves affected the income of customers and caused delays in repayments. The company is taking all possible steps to identify the bottlenecks and improve the collections.

Valuation and view

- MGFL trades at 1.1x FY26E P/BV, and we believe that there is scope for a re-rating in valuation multiples for a franchise that can deliver a sustainable RoE of ~19-20%. **Reiterate BUY (as the risk-reward is still favorable at a valuation of 1.1x FY26E P/BV) with a TP of INR250 (based on 1.3x FY26E consolidated BVPS).**
- For a stronger re-rating in the valuation multiples based on business fundamentals, MGFL will have to consistently demonstrate healthy gold loan growth without the associated trade-offs with margins/spreads.

MGFL - Quarterly Performance (Consolidated)												(INR m)
Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	19,363	20,438	22,011	22,734	23,861	24,887	25,509	26,564	84,546	1,00,821	23,757	0
Interest Expenses	6,484	6,894	7,487	7,792	8,483	9,119	9,302	9,429	28,657	36,333	8,298	2
Net Interest Income	**12,879**	**13,543**	**14,524**	**14,943**	**15,378**	**15,768**	**16,207**	**17,135**	**55,889**	**64,488**	**15,459**	**-1**
YoY Growth (%)	34.6	25.5	33.0	32.8	19.4	16.4	11.6	14.7	31.4	15.4	20.0	
Other income	1,209	1,303	1,256	888	1,259	1,252	1,325	998	4,655	4,834	1,015	24
Net Income	**14,088**	**14,846**	**15,780**	**15,831**	**16,636**	**17,020**	**17,532**	**18,133**	**60,544**	**69,322**	**16,474**	**1**
Operating Expenses	6,068	6,182	6,419	6,497	6,823	6,985	7,190	7,461	25,165	28,459	6,856	0
Operating Profits	**8,020**	**8,664**	**9,361**	**9,333**	**9,814**	**10,035**	**10,343**	**10,672**	**35,379**	**40,863**	**9,618**	**2**
YoY Growth (%)	57.5	36.8	58.1	52.0	22.4	15.8	10.5	14.3	50.7	15.5	19.9	
Provisions	1,212	1,197	1,496	1,878	2,286	2,290	2,013	1,477	5,783	8,066	1,839	24
PBT	**6,808**	**7,467**	**7,864**	**7,455**	**7,528**	**7,745**	**8,329**	**9,195**	**29,595**	**32,798**	**7,779**	**-3**
Tax Provisions	1,828	1,861	2,111	1,820	1,963	2,019	2,166	2,445	7,621	8,593	2,023	-3
PAT	**4,980**	**5,607**	**5,753**	**5,635**	**5,565**	**5,726**	**6,164**	**6,750**	**21,974**	**24,205**	**5,757**	**-3**
YoY Growth (%)	77	37	46	36	12	2	7	20	46	10	16	
Key Ratios (%)												
Yield on loans	22.3	22.6	23.2	22.8	22.5	22.3	22.3	22.3	22.5	22.5		
Cost of funds (Cal)	9.1	9.1	9.3	9.5	9.4	9.5	9.6	9.6	9.2	9.9		
Spreads (Cal)	13.2	13.5	13.9	13.3	13.1	12.9	12.6	12.7	13.3	12.6		
NIMs (Cal)	14.8	15.0	15.3	15.0	14.5	14.2	14.1	14.4	14.9	14.4		
C/I ratio	43.1	41.6	40.7	41.0	41.0	41.0	41.0	41.1	41.6	41.1		
Credit Cost	1.3	1.3	1.5	1.8	2.1	2.0	1.7	1.2	1.5	1.8		
Tax Rate	26.9	24.9	26.8	24.4	26.1	26.1	26.0	26.6	25.8	26.2		
Balance Sheet Parameters												
Consol. AUM (INR b)	**371**	**390**	**404**	**421**	**449**	**467**	**481**	**504**				
Change YoY (%)	20.6	27.0	26.7	18.7	21.2	19.8	19.1	19.9				
Gold loans (INR b)	**206**	**208**	**208**	**215**	**236**	**245**	**248**	**256**				
Change YoY (%)	0.6	8.4	11.5	8.9	14.8	17.6	19.7	19.0				
Gold stock (tonnes)	59	59	58	59	60	0	0	0				
Gold loans/branch (INR m)	51	51	51	53	58	0	0	0				
Consol. Borrowings (INR b)	**285**	**322**	**319**	**337**	**385**	**387**	**385**	**399**				
Change YoY (%)	19.0	20.5	18.2	18.2	34.8	20.1	20.5	18.5				
Borrowings Mix (%)												
Debentures	20.3	18.2	18.5	14.4	12.4	18.2	18.5	14.4				
CPs	0.0	2.0	0.1	2.5	2.3	2.0	0.1	2.5				
WC/CC	27.0	27.5	25.7	22.7	20.6	27.5	25.7	22.7				
TL	49.5	50.2	52.9	56.5	54.6	50.2	52.9	56.5				
ECB	3.3	0.6	1.6	2.8	10.1	0.6	1.6	2.8				
Others	0.0	1.4	1.3	1.2	0.0	1.4	1.3	1.2				
Debt/Equity (x)	1.4	1.5	1.4	1.4	3.2							
Asset Quality Parameters (%)												
GNPL ratio (Standalone)	1.4	1.6	2.0	1.9	2.0							
NNPL ratio (Standalone)	1.2	1.4	1.8	1.7	1.7							
Return Ratios (%)												
RoA (Rep)	5.0	5.3	5.2	4.9	4.8							
RoE (Rep)	20.1	21.6	21.2	19.9	16.7							

E: MOFSL estimates

EPL

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	EPLL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	69.3 / 0.8
52-Week Range (INR)	242 / 170
1, 6, 12 Rel. Per (%)	-5/2/-15
12M Avg Val (INR M)	220

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	39.2	42.3	46.0
EBITDA	7.1	8.2	9.7
PAT	2.6	3.2	4.4
EBITDA (%)	18.2	19.5	21.1
EPS (INR)	8.2	10.2	13.9
EPS Gr. (%)	13.5	25.1	35.5
BV/Sh. (INR)	66.2	71.4	80.3
Ratios			
Net D/E	0.3	0.1	-0.0
RoE (%)	12.7	14.9	18.3
RoCE (%)	12.2	13.9	15.9
Payout (%)	63.7	48.9	36.1
Valuations			
P/E (x)	26.6	21.2	15.7
EV/EBITDA (x)	10.4	8.7	7.1
Div Yield (%)	2.0	2.3	2.3
FCF Yield (%)	1.8	7.0	7.3

Shareholding pattern (%)

	Jun-24	Mar-24	Jun-23
Promoter	51.5	51.5	51.5
DII	11.6	13.4	15.9
FII	11.4	10.9	12.2
Others	25.6	24.2	20.4

Note: FII includes depository receipts

CMP: INR218 TP: INR275 (+26%) Buy

The Americas and Europe drive operating performance

Operating performance in line

- EPLL reported healthy operating performance in 1QFY25, with EBITDA rising 17% YoY, led by the Americas (up 94% YoY; ramp up of Brazil), followed by Europe/EAP (up 31%/10% YoY). However, EBITDA for AMESA declined 4% YoY (due to higher investments to drive growth ahead).
- We broadly maintain our earnings estimates for FY25/FY26. We value the stock at 20x FY26E EPS to arrive at our TP of INR275. **Reiterate BUY.**

Broad-based growth across regions drives revenue

- Revenue grew 11% YoY to INR10b (est. of INR10.2b), aided by broad-based growth. Gross margin expanded 180bp YoY to 59.5%. EBITDA margin improved 90bp YoY to 18.4% (est. 18.5%) led by improving margins within the Americas and Europe. EBITDA stood at INR1.9b (in line), up 17% YoY. Adj. PAT grew 18% YoY to INR642m (est. of INR626m).
- Revenue from AMESA/EAP/Americas/Europe grew 9%/14%/19%/9% YoY to INR3.7b/INR2.5b/INR2.6b/INR2.3b. EBITDA margin expanded 610bp/230bp YoY to 15.8%/13.6% for Americas/Europe, while EBITDA margin contracted 280bp/90bp YoY to 19%/21.9% for AMESA/EAP. EBITDA grew 94%/31%/10% YoY to INR408m/INR314m/INR536m for Americas/ Europe/EAP while declined 4% YoY to INR700m for AMESA during the quarter.
- The Oral care/Personal care segments rose 15%/6% YoY in 1QFY25. The share of the Personal care segment was ~47% (vs. 49% in 1QFY24).

Highlights from the management commentary

- **Guidance:** EPLL expects to sustain double-digit revenue growth, with over 20% EBITDA margin. Gross margin of 1Q are sustainable going forward. It expects a tax rate of ~21-23% in FY25 as well as in the longer term.
- **Brazil:** The region is witnessing strong momentum on account of new customer acquisitions. It has started supplying to two new MNC customers and one local customer, in addition to an anchor customer. The Brazil plant is operating at 65-70% utilization.
- **AMESA:** Margins contracted due to higher investments for improving performance and driving growth ahead. EPLL expects margins to improve going forward with an increase in sales. Egypt is not expected to be a drag on the AMESA going ahead.

Valuation and view

- We expect EPLL to report healthy sales growth and margin expansion, fueled by cost rationalization measures, margin improvement in Brazil, and operating leverage, thereby boosting its earnings.
- We expect a revenue/EBITDA/adjusted PAT CAGR of 8%/16%/30% over FY24-26.
- We largely maintain our earnings estimates for FY25/FY26. We value the stock at 20x FY26E EPS (i.e., at ~20% discount to the five-year average of one-year fwd. P/E of 24.7x) to arrive at our TP of INR275. **Reiterate BUY.**

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	%
Gross Sales	**9,102**	**10,016**	**9,751**	**10,292**	**10,074**	**10,882**	**10,526**	**10,856**	**39,161**	**42,338**	**10,200**	**-1**
YoY Change (%)	9.4	5.6	3.2	6.2	10.7	8.6	7.9	5.5	6.0	8.1	12.1	
Total Expenditure	7,512	8,206	7,917	8,383	8,216	8,746	8,451	8,675	32,018	34,089	8,314	
EBITDA	**1,590**	**1,810**	**1,834**	**1,909**	**1,858**	**2,135**	**2,074**	**2,181**	**7,143**	**8,248**	**1,886**	**-2**
Margins (%)	17.5	18.1	18.8	18.5	18.4	19.6	19.7	20.1	18.2	19.5	18.5	
Depreciation	800	836	842	850	836	870	900	940	3,328	3,546	879	
Interest	235	306	294	321	290	276	266	259	1,156	1,091	290	
Other Income	100	96	237	161	65	140	177	125	594	507	149	
PBT before EO expense	**655**	**764**	**935**	**899**	**797**	**1,129**	**1,085**	**1,107**	**3,253**	**4,118**	**866**	
Extra-Ord expense	0	0	0	605	0	0	0	0	605	0	0	
PBT	**655**	**764**	**935**	**294**	**797**	**1,129**	**1,085**	**1,107**	**2,648**	**4,118**	**866**	
Tax	106	254	70	152	139	273	263	270	582	945	234	
Rate (%)	16.2	33.2	7.5	51.7	17.4	24.2	24.2	24.4	22.0	22.9	27.0	
Minority Interest & Profit/Loss of Asso. Cos.	-6	-5	-4	81	-16	-5	-4	86	66	61	-6	
Reported PAT	**543**	**505**	**861**	**223**	**642**	**851**	**818**	**923**	**2,132**	**3,234**	**626**	
Adj PAT	**543**	**505**	**861**	**677**	**642**	**851**	**818**	**923**	**2,586**	**3,234**	**626**	**3**
YoY Change (%)	57.4	9.3	37.1	-19.7	18.2	68.6	-5.0	36.3	13.5	25.1	15.2	
Margins (%)	6.0	5.0	8.8	6.6	6.4	7.8	7.8	8.5	6.6	7.6	6.1	

Key performance indicators

Y/E March	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Segment Revenue Gr. (%)									
AMESA	13%	17%	9%	8%	5%	5%	-1%	5%	9%
EAP	-6%	1%	-8%	9%	11%	13%	12%	4%	14%
Americas	20%	20%	19%	17%	10%	13%	12%	16%	19%
Europe	11%	9%	10%	20%	8%	6%	9%	2%	9%
Segment EBITDA Margin (%)									
AMESA	20%	18%	21%	22%	22%	21%	21%	20%	19%
EAP	19%	23%	22%	18%	23%	23%	22%	18%	22%
Americas	12%	12%	12%	10%	10%	15%	16%	18%	16%
Europe	9%	10%	6%	11%	11%	10%	9%	11%	14%
Cost Break-up (%)									
RM Cost (% of sales)	44%	46%	45%	46%	42%	43%	42%	43%	40%
Employee Cost (% of sales)	20%	18%	19%	18%	20%	19%	20%	19%	21%
Other Cost (% of sales)	21%	20%	21%	20%	20%	20%	20%	20%	20%
Gross Margins (%)	56%	54%	55%	54%	58%	57%	58%	57%	60%
EBITDA Margins (%)	15%	16%	16%	16%	17%	18%	19%	19%	18%
EBIT Margins (%)	7%	9%	8%	8%	9%	10%	10%	10%	10%

TCI Express

Estimate change	↓
TP change	↓
Rating change	↔

Stock Info

Bloomberg	TCIEXP IN
Equity Shares (m)	38
M.Cap.(INRb)/(USDb)	43.1 / 0.5
52-Week Range (INR)	1555 / 998
1, 6, 12 Rel. Per (%)	-6/-18/-45
12M Avg Val (INR M)	76

Financials Snapshot (INR b)

Y/E March	2024	2025E	2026E
Net Sales	12.5	13.6	15.2
EBITDA	1.9	1.8	2.4
Adj. PAT	1.3	1.3	1.7
EBITDA Margin (%)	14.9	13.5	15.7
Adj. EPS (INR)	34.4	32.8	43.5
EPS Gr. (%)	-5.4	-4.5	32.6
BV/Sh. (INR)	184	209	244
Ratios			
Net D/E (x)	0.0	0.0	0.0
RoE (%)	20.3	16.7	19.2
RoCE (%)	20.0	16.5	19.0
Payout (%)	23.3	24.4	18.4
Valuations			
P/E (x)	32.9	34.4	25.9
P/BV (x)	6.1	5.4	4.6
EV/EBITDA (x)	23.0	23.5	17.9
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	3.0	0.7	0.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	69.6	69.6	69.7
DII	10.2	8.9	10.2
FII	1.6	2.4	2.3
Others	18.6	19.1	17.9

FII Includes depository receipts

CMP: INR1,130 TP: INR1,400 (+24%) Buy

Weak volumes due to elections temporarily hit 1QFY25

- TCI Express (TCIE)'s 1QFY25 revenue decreased 4% YoY to ~INR2.9b (7% below our estimate), while volumes declined 2% YoY. Volumes were temporarily hit by the general elections. The quarter also saw several challenges, such as higher costs from multimodal enhancements, and high inflation affecting customers.
- Volumes stood at 0.23m tonnes (-2% YoY), while realization was INR12,467 per ton (down 2% YoY). EBITDA came in at INR327m with a margin of 11.2% (vs. our estimate of 14.2%). Margin was hurt by the weakness in volumes handled, high charges by airport operators, and increased costs from multimodal enhancements. In line with weak operating performance, TCIE's APAT dipped 31% YoY to INR223m (vs. our estimate of INR310m).
- TCIE undertook capex of INR 750m and generated CFO of INR 110m in 1QFY25. The capex was primarily towards the development of sorting centers.
- Weak volume growth, particularly from MSME customers, and increased costs led to a weak performance in 1Q. However, management remains optimistic of maintaining 10-15% volume growth in FY25 and FY26. We cut our EBITDA/PAT estimates for FY25 by 13%/14% to incorporate the weak 1Q performance and near-term challenges. We marginally reduce our EBITDA/PAT estimates for FY26 by 2%/3%. We expect TCIE to clock a 9% volume CAGR and a revenue/ EBITDA CAGR of 10%/13% over FY24-26. **Reiterate BUY with a revised TP of INR1,400 (based on 32x FY26E EPS).**

Highlights from the management commentary

- The quarter saw reduced fleet utilization, down to 82%, due to lower volumes, though management expects recovery from Jul'24 onwards.
- TCIE's 1QFY25 witnessed a temporary volume dip due to elections. This led to lower capacity utilization and margins. As festive season led demand kicks in from 2Q FY25 onwards, volumes would pick up.
- The Air Express segment saw a rise in costs primarily due to the consolidation of airlines, which led to reduced competition and higher freight rates. Additionally, other cost increases in this segment further pressured margins.
- Management expects a 20-25% contribution to revenue from new value-added services by FY25.
- TCIE aims to achieve a double-digit growth in FY25 with margin of ~14%.

Valuation and view

- Volume growth for both the industry and the company in 1QFY25 due to general election. While 1QFY25 has been muted, volumes have started to improve from July'24 onwards, driven by improvement in industry growth and new branch additions.
- Factoring in the weak quarter and short-term challenges, we cut our EBITDA/ PAT estimates for FY25 by 13%/14%, while we marginally reduce our EBITDA/ PAT estimates for FY26 by 2%/3%. We expect TCIE to clock a 9% volume CAGR and revenue/EBITDA CAGR of 10%/13% over FY24-26. **Reiterate BUY with a revised TP of INR1,400 (based on 32x FY26E EPS).**

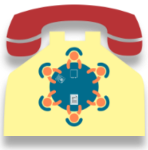
Quarterly snapshot INR m

	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	**3,049**	**3,200**	**3,119**	**3,171**	**2,930**	**3,529**	**3,556**	**3,571**	**12,538**	**13,586**	**3,140**	**(7)**
YoY Change (%)	5.0	3.3	-0.8	-2.8	-3.9	10.3	14.0	12.6	1.0	8.4	3.0	
EBITDA	**464**	**505**	**456**	**448**	**327**	**467**	**513**	**524**	**1,872**	**1,831**	**447**	**(27)**
Margins (%)	15.2	15.8	14.6	14.1	11.2	13.2	14.4	14.7	14.9	13.5	14.2	
YoY Change (%)	8.4	-2.0	-1.1	-17.2	-29.4	-7.5	12.5	16.8	-3.7	-2.2	-3.6	
Depreciation	46	47	48	49	51	55	53	54	190	213	52	
Interest	4	4	3	4	3	4	5	3	15	14	3	
Other Income	15	18	20	19	23	17	19	18	72	77	22	
PBT before EO expense	**429**	**472**	**424**	**415**	**297**	**425**	**474**	**486**	**1,740**	**1,681**	**414**	**(28)**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**429**	**472**	**424**	**415**	**297**	**425**	**474**	**486**	**1,740**	**1,681**	**414**	**(28)**
Tax	105	116	103	99	74	107	120	123	423	423	104	
Rate (%)	24.6	24.5	24.2	23.9	24.8	25.2	25.2	25.2	24.3	25.2	25.2	
Reported PAT	**323**	**356**	**322**	**316**	**223**	**317**	**354**	**363**	**1,317**	**1,258**	**310**	**(28)**
Adj PAT	**323**	**356**	**322**	**316**	**223**	**317**	**354**	**363**	**1,317**	**1,258**	**310**	**(28)**
YoY Change (%)	4.3	-5.8	0.5	-17.8	-31.0	-10.8	10.1	14.9	-5.4	-4.5	-4.2	
Margins (%)	10.6	11.1	10.3	10.0	7.6	9.0	10.0	10.2	10.5	9.3	9.9	

Hero Motocorp

BSE SENSEX	S&P CNX
78,956	24,139

Conference Call Details



Date: 14th Aug 2024
Time: 10:30 AM
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Financials & valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	374.6	430.7	495.6
EBITDA	52.6	64.7	74.8
Adj. PAT	40.9	51.1	60.9
Adj. EPS (INR)	204.6	255.4	304.2
EPS Gr. (%)	40.5	24.9	19.1
BV/Sh. (INR)	900	974	1,078
Ratios			
RoE (%)	23.6	27.3	29.6
RoCE (%)	23.1	26.7	29.1
Payout (%)	73.3	70.5	65.8
Valuations			
P/E (x)	25.6	20.5	17.2
P/BV (x)	5.8	5.4	4.9
Div. Yield (%)	2.9	3.4	3.8
FCF Yield (%)	4.2	4.0	5.5

CMP: INR5,246 Buy

Operating performance below est. mainly due to lower-than-estimated improvement in realization

- Net realizations improved 2% YoY to INR66.1k (est. INR69.1k). Volumes grew 13.5% YoY.
- Net sales grew ~16% YoY to INR101.4b (est. INR106b).
- Gross margins improved 170bp YoY (-130bp QoQ) to 32.3% (est. 33%).
- EBITDA margin stood at 14.4% (+60bp YoY v/s est. 15.1%)
- EBITDA improved 21% YoY to INR14.6b (est. INR16b).
- Adj. PAT stood at INR11.2b (est. INR12.45b); grew 19% YoY.
- **Valuation:** The stock trades at 20.5x/17.0x FY25E/FY26E EPS.
- **Excerpt from the statement by CEO Mr. Niranjan Gupta,** "We are seeing a sharp recovery in market share in 125 cc segment charged by the new model Xtreme 125 cc, while we continue to maintain formidable market share in entry and deluxe 100/110 cc segment of over 70% powered by our brands like Splendor, Passion, and HF deluxe. Our focus moving forward will be, building our brands in premium segment on the back of launches done in last few quarters, to win in this segment. We will be launching new models in scooters as well in next two quarters, to re-energize this portfolio. We have seen now our EV brand Vida starting to increase its presence and market share, and we will be expanding portfolio into affordable segment within this fiscal."

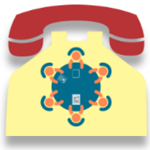
Quarterly Performance (S/A)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%)
Total Volumes ('000 nos)	1,353	1,417	1,460	1,392	1,535	1,523	1,571	1,580	5,621	6,209	1,535	
Growth YoY (%)	-2.7	-0.8	12.3	9.6	13.5	7.5	8.2	13.5	5.5	10.5	13.5	
Net Realization	64,819	66,680	66,604	68,373	66,076	66,737	66,403	78,020	66,632	69,361	69,057	-4.3
Growth YoY (%)	7.4	4.9	5.5	4.6	1.9	0.1	17.1	14.1	5.0	4.1	6.5	
Net Op Revenues	**87,673**	**94,454**	**97,237**	**95,193**	**1,01,437**	**1,01,639**	**1,04,288**	**1,23,292**	**3,74,557**	**4,30,656**	**1,06,013**	**-4.3**
Growth YoY (%)	4.5	4.1	18.5	14.6	15.7	7.6	26.8	29.5	10.8	15.0	20.9	
RM Cost (% sales)	69.4	68.6	66.2	66.4	67.7	67.2	67.3	66.5	67.6	67.2	67.0	
Staff Cost (% sales)	6.6	6.1	6.2	6.8	6.0	6.1	6.0	6.8	6.4	6.2	6.4	
Other Exp (% sales)	10.3	11.2	12.5	12.5	11.9	11.5	11.5	11.4	11.7	11.6	11.5	
EBITDA	**12,063**	**13,283**	**14,687**	**13,592**	**14,598**	**15,444**	**15,842**	**18,845**	**53,624**	**64,729**	**15,969**	**-8.6**
EBITDA Margins (%)	13.8	14.1	15.1	14.3	14.4	15.2	15.2	15.3	14.3	15.0	15.1	
Other Income	2,222	2,483	2,420	1,800	2,317	2,550	2,600	3,273	8,926	10,740	2,400	
Interest	47	48	45	46	48	45	45	42	185	180	45	
Depreciation	1,690	1,749	1,825	1,851	1,932	1,900	1,920	1,892	7,114	7,644	1,880	
PBT before EO Exp/(Inc)	**12,548**	**13,970**	**15,237**	**13,496**	**14,935**	**16,049**	**16,477**	**20,183**	**55,250**	**67,644**	**16,444**	
Effective Tax Rate (%)	24.7	24.6	22.6	24.7	24.8	24.3	24.3	24.2	24.1	24.4	24.3	
Adj. PAT	**9,462**	**10,538**	**11,801**	**10,161**	**11,226**	**12,149**	**12,473**	**15,289**	**41,962**	**51,138**	**12,448**	**-9.8**
Growth (%)	51.5	47.2	42.9	18.3	18.6	15.3	29.6	50.5	44.2	21.9	31.6	

Apollo Hospitals

BSE SENSEX	S&P CNX
78,956	24,139

Conference Call Details



Date: 14th Aug 2024

Time: 2:00 pm IST

Dial-in details:

Diamond pass link: Link

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	190.6	211.9	246.4
EBITDA	23.9	27.5	35.5
Adj. PAT	9.0	12.7	18.1
EBIT Margin (%)	12.5	13.0	14.4
Cons. Adj. EPS (INR)	62.4	88.5	125.9
EPS Gr. (%)	29.6	41.8	42.3
BV/Sh. (INR)	498.5	583.9	708.0
Ratios			
Net D:E	0.2	0.0	-0.2
RoE (%)	13.7	16.9	20.1
RoCE (%)	12.8	15.1	18.2
Payout (%)	9.4	6.6	4.6
Valuations			
P/E (x)	98.4	69.4	48.8
EV/EBITDA (x)	37.9	32.3	24.5
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	0.9	2.1	2.7
EV/Sales (x)	4.7	4.2	3.5

CMP: INR6,589

Performance in line with estimates

- Apollo Hospitals (APHS) 1QFY25 revenues grew 15% YoY to INR50.9b (est. INR50.1b).
- Healthcare services revenue rose 16.8% YoY to INR25.6b.
- Healthco revenue was up 15.3% YoY at INR20.8b.
- AHLL revenue increased 14.9% YoY to INR3.7b.
- EBITDA margin expanded by 180bp YoY to 13.3% (our est: 13.5%) due to lower employee/other expenses (down 50bp/150bp YoY as % sales).
- EBITDA grew 32.6% YoY to INR6.8b (in line).
- Adj. PAT rose 83% YoY to INR3.1b (our est: INR3b).
- Revenue/EBITDA/PAT missed BBG estimates by 2.9%/8.3%/15.5%.

Segmental highlights:

Healthcare services

- Hospital EBITDA grew 15% YoY to INR6.2b. EBITDA margin was flat YoY at 23.6%.
- ARPOB grew by 2% YoY to INR59,073. Effectively, volume of patients treated grew ~11% YoY.
- Occupancy was 68% vs. 62% in 1QFY24.
- ALOS stood flat at 3.3 days.

Healthco

- Healthco posted EBITDA of INR225m vs. INR566m loss in 1QFY24.
- Platform GMV grew 9% YoY to INR7b.
- Pharma average order value (AOV) increased 15% YoY to INR1,072.
- Opened net 44 stores during the quarter, taking total stores to 6074.

AHLL

- Non-Covid Diagnostics revenue (excluding Covid Testing) grew by 10% YoY to INR1.2b.
- Revenues of primary care grew 14% YoY to INR964m.
- Revenues of specialty care rose 21% YoY to INR1.7b.
- Network collection centers increased by 420 centers YoY to 2,330 centers.

Consolidated - Quarterly Earning Model

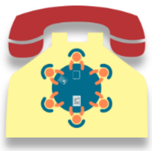
Y/E March	FY24				FY25E				FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	**44,178**	**48,469**	**48,506**	**49,439**	**50,856**	**54,278**	**55,559**	**51,185**	**1,90,592**	**2,11,877**	**50,133**	**1.4%**
YoY Change (%)	16.4	14.0	13.8	14.9	15.1	12.0	14.5	3.5	14.7	11.2	13.5	
Total Expenditure	39,088	42,194	42,369	43,034	44,105	47,032	48,225	44,971	1,66,685	1,84,333	43,365	
EBITDA	**5,090**	**6,275**	**6,137**	**6,405**	**6,751**	**7,246**	**7,334**	**6,214**	**23,907**	**27,544**	**6,768**	**-0.3%**
YoY Change (%)	3.7	11.0	21.4	31.2	32.6	15.5	19.5	-3.0	16.6	15.2	33.0	
Margins (%)	11.5	12.9	12.7	13.0	13.3	13.4	13.2	12.1	12.5	13.0	13.5	
Depreciation	1,669	1,634	1,670	1,897	1,774	1,800	1,850	1,492	6,870	6,916	1,750	
Interest	1,062	1,113	1,126	1,193	1,164	1,025	980	750	4,494	3,919	1,080	
Other Income	282	222	278	281	372	286	312	259	1,063	1,229	292	
PBT before EO expense	**2,641**	**3,750**	**3,619**	**3,596**	**4,185**	**4,707**	**4,816**	**4,232**	**13,606**	**17,938**	**4,230**	**-1.1%**
Extra-Ord expense/(Income)	0	-19	0	0	0	0	0	0	-19	0	0	
PBT	**2,641**	**3,769**	**3,619**	**3,596**	**4,185**	**4,707**	**4,816**	**4,232**	**13,625**	**17,938**	**4,230**	**-1.1%**
Tax	966	1,300	1,089	1,098	1,145	1,294	1,372	1,211	4,453	5,023	1,248	
Rate (%)	36.6	34.5	30.1	30.5	27.4	27.5	28.5	28.6	32.7	28.0	29.5	
Minority Interest & Profit/Loss of Asso. Cos.	9	140	77	-40	-12	50	68	87	186	193	0	
Reported PAT	**1,666**	**2,329**	**2,453**	**2,538**	**3,052**	**3,363**	**3,375**	**2,934**	**8,986**	**12,722**	**2,982**	**2.3%**
Adj PAT	**1,666**	**2,317**	**2,453**	**2,538**	**3,052**	**3,363**	**3,375**	**2,934**	**8,973**	**12,722**	**2,982**	**2.3%**
YoY Change (%)	2.6	3.0	59.8	47.1	83.2	3.0	37.6	15.6	29.6	41.8	79.0	
Margins (%)	3.8	4.8	5.1	5.1	6.0	6.2	6.1	5.7	4.7	6.0	5.9	

E: MOFSL Estimates

MAX Financial Services

BSE SENSEX	S&P CNX
78,956	24,139

Conference Call Details



Date: 13th Aug'24

Time: 9:00am IST

Dial-in details:

+91-22-7195 0000

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Premiums	295.3	343.7	399.2
Sh. PAT	3.6	8.9	11.1
NBP gr - unwtd (%)	23.0	16.0	16.0
NBP gr - APE (%)	17.7	15.2	16.0
Premium gr (%)	16.5	16.4	16.1
VNB margin (%)	26.5	26.4	26.7
Op. RoEV (%)	20.2	19.6	19.5
Total AUMs (INRb)	1,508	1,828	2,067
VNB(INRb)	19.7	22.2	26.1
EV per Share	452	540	644
Valuations			
P/EV (x)	2.5	2.1	1.7
P/EVOP (x)	14.8	12.7	10.7

CMP: INR1,053

VNB margin down 470bp YoY as product mix shifts toward ULIP

- Gross written premium grew to INR54b (~10.8% YoY; 7% miss) in 1QFY25. New business APE increased 30.5% YoY, led by 27% YoY growth in first-year premium. The renewal premium grew 10.3% YoY (in line). Shareholders' PAT grew 51.4% YoY to INR1.6b (12% miss).
- AUM grew 24.8% YoY (in line) to INR1.6t.
- ULIPs reported an exponential growth of 104% YoY. Retail and Group protection grew 63% and 19% YoY, respectively. The non-par savings business declined 7% YoY to INR3.9b.
- On a YoY basis, the business mix moved in favor of ULIPs, to 39% (vs. 25% in 1QFY24), and the share of Non-PAR savings declined to 27% in 1QFY25 from 38% in 1QFY24.
- Absolute VNB grew 2.8% YoY to INR2.5b (22% miss), and VNB margin came in at 17.5% in 1QFY25 (vs our estimates of 23%).
- On the distribution side, banca APE/proprietary channels grew 9%/60% YoY. The growth in proprietary business was aided by agency, cross-sell and E-commerce.
- On the cost front, the opex-to-GWP ratio increased 50bp YoY to 17.9% for 1QFY25.
- **Valuation and view:** MAXLIFE reported weak margins due to a change in the product mix toward ULIPs. Overall, the share of non-PAR savings weakened. The proprietary channel maintained strong trends on the back of agency, cross sell and e-commerce. Persistency trends improved YoY. We will review our estimates and TP after the earning call scheduled for 14th Aug'24.

Quarterly Snapshot

Policyholder A/c (INRb)	FY23				FY24				FY25		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Gross premium	**41.0**	**58.0**	**62.8**	**91.5**	**48.7**	**66.3**	**73.0**	**107.4**	**54.0**	**11**	**-50**
First year premium	9.2	11.1	14.6	24.1	9.9	15.3	17.6	25.4	12.6	27	-50
Renewal premium	26.2	39.1	40.2	58.3	30.1	42.0	46.1	66.8	33.2	10	-50
Single premium	5.7	7.8	8.0	9.1	8.7	8.9	9.3	15.2	8.2	-6	-46
Shareholders PAT	**0.9**	**0.5**	**2.3**	**0.6**	**1.0**	**1.6**	**1.5**	**-0.5**	**1.6**	**51**	**-406**
APE data (INRb)											
PAR	1.7	2.0	1.8	2.6	1.9	3.9	3.3	4.3	1.9	0	-56
Individual Protection	0.7	0.8	1.1	1.2	0.9	1.6	1.6	1.8	1.5	63	-21
Group Protection	1.1	0.7	0.5	0.9	1.2	1.0	1.0	0.5	1.5	19	177
Non-PAR Savings	2.7	4.5	8.3	14.4	4.2	4.6	6.2	10.2	3.9	-7	-62
ULIP	3.8	3.9	3.4	6.4	2.8	5.5	5.8	11.9	5.7	104	-52
APE (% of total)											
PAR	17.0	17.0	12.1	10.1	17.0	23.7	18.5	14.8	13.0	-400	-182
Individual Protection	7.0	7.0	7.0	4.5	8.0	9.7	9.0	6.4	10.0	200	359
Group Protection	11.0	5.5	3.1	3.5	11.0	6.0	5.5	1.8	10.0	-100	818
Non-PAR Savings	27.0	38.1	55.1	56.8	38.0	28.0	34.5	35.6	27.0	-1,100	-859
ULIP	38.0	32.5	22.7	25.1	25.0	33.4	32.5	41.4	39.0	1,400	-235
Distribution mix (%)											
Proprietary	34	36	33	41	39	41	40	40	49	1,000	900
Banca	65	63	66	58	59	59	59	56	48	-1,100	-841
Others	1	1	1	1	2	0	1	4	2	0	-159
Key Ratios (%)											
Operating ratios											
Opex to GWP ratio (%)	22.9	21.0	20.4	20.5	23.6	22.8	22.6	22.0	26.3	270	430
Solvency Ratio	196.0	196.0	200.0	190.0	188.0	184.0	179.0	172.0	203.0	1,500	3,100
Profitability ratios											
VNB margins	21.1	31.3	39.3	30.3	22.2	25.2	27.2	28.6	17.5	-471	-1,111
13th Month	84.0	84.0	83.0	84.0	84.0	84.0	85.0	87.0	87.0	300	0
25th Month	68.0	68.0	68.0	68.0	69.0	70.0	70.0	70.0	71.0	200	100
37th Month	61.0	62.0	62.0	62.0	61.0	62.0	63.0	63.0	64.0	300	100
49th Month	56.0	64.0	63.0	63.0	57.0	65.0	65.0	66.0	67.0	1,000	100
61st Month	50.0	58.0	58.0	58.0	51.0	57.0	58.0	58.0	58.0	700	0
Key Metrics (INRb)											
VNB	2.1	3.7	5.9	7.7	2.5	4.2	4.9	8.2	2.5	3	-69
AUM	1071	1134	1184	1229	1291	1342	1426	1508	1612	25	7
Equity Mix (%)	23.8	23.8	25.2	25.1	26.5	28.1	30.1	30.0	29.7	328	-26

Endurance Technologies

BSE SENSEX	S&P CNX
78,956	24,139

Conference Call Details

Date: 14th Aug 2024

Time: 12pm IST

Dial-in details: [Diamond pass link]

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Financials & Valuations (INR b)

INR Billion	FY24	FY25E	FY26E
Sales	102.2	118.5	138.3
EBITDA	13.1	16.3	19.8
Adj. PAT	6.7	9.2	12.0
EPS (Rs)	47.3	65.5	85.6
EPS Growth (%)	36.5	38.6	30.7
BV/Share (INR)	353.9	408.4	480.1
Ratios			
Net Debt/Equity	-0.1	-0.2	-0.2
RoE (%)	14.2	17.2	19.3
RoCE (%)	13.1	15.7	17.8
Payout (%)	17.6	16.8	16.3
Valuations			
P/E (x)	54.0	38.9	29.8
P/BV (x)	7.2	6.2	5.3
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.7	1.6	2.0

CMP: INR2,554 Buy

India business in line; EU business beat on underlying industry growth; Maxwell loss widens

- 1QFY25 consol. revenues grew 15% YoY to INR28.25b (in line). EBITDA rose 16% YoY to INR3.7b (in line) and adj. PAT was up 25% YoY at INR2b (in line).

India business:

- Revenue grew 16% YoY to INR21.2b (est. INR21.9b) compared with underlying 2W industry production growth of ~20% YoY.
- Underperformance vs. the industry was driven by uneven growth for key customers.
- EBITDA margins at 12.9% (est. 12.8%) grew 30bp YoY (-60bp QoQ).
- Adj. PAT rose 25% YoY to INR1.6b (est. ~INR1.7b).

EU businesses:

- EU revenue grew 17% YoY to EUR80m (est. EUR70m), compared to 5% YoY growth in EU new car registrations.
- EBITDA margins at 16.5% (est. 16.3%) improved 40bp YoY (-130bp QoQ).
- Adj. PAT grew 17% YoY to EUR4.9m (est. EUR4m).

Maxwell business:

- Revenue declined 81% YoY to INR30m (est. INR200m) as the key customer has again started ramping up volumes from Jul'24.
- Operating loss stood at INR42m, up from INR28m loss in 1QFY24.
- ENDU has further increased stake in Maxwell by 5.5% to 61.5%.

Valuation view: The stock trades at 39x/30x FY25E/FY26E consol. EPS.

Consolidated - Quarterly

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**24,500**	**25,450**	**25,611**	**26,648**	**28,255**	**29,392**	**29,795**	**31,085**	**1,02,209**	**1,18,527**	**28,303**	**-0.2**
YoY Change (%)	15.9	7.8	22.2	19.3	15.3	15.5	16.3	16.7	16.1	16.0	15.5	
EBITDA	**3,213**	**3,183**	**2,990**	**3,694**	**3,741**	**4,043**	**4,125**	**4,431**	**13,080**	**16,340**	**3,806**	**-1.7**
Margins (%)	13.1	12.5	11.7	13.9	13.2	13.8	13.8	14.3	12.8	13.8	13.4	
Depreciation	1,129	1,184	1,144	1,282	1,288	1,290	1,305	1,294	4,740	5,176	1,265	
Interest	90	98	109	129	112	93	84	92	427	382	115	
Other Income	166	155	270	265	339	265	325	326	856	1,255	235	
PBT before EO expense	**2,159**	**2,056**	**2,006**	**2,548**	**2,680**	**2,925**	**3,061**	**3,371**	**8,769**	**12,037**	**2,661**	
Exceptional Item	0	0	0	-200	0	0	0	0	-200	0	0	
PBT after EO	**2,159**	**2,056**	**2,006**	**2,748**	**2,680**	**2,925**	**3,061**	**3,371**	**8,969**	**12,037**	**2,661**	
Eff. Tax Rate (%)	24.3	24.8	24.1	23.5	23.9	23.8	22.9	23.1	75.9	23.4	23.8	
Adj. PAT	**1,635**	**1,546**	**1,523**	**1,950**	**2,039**	**2,230**	**2,359**	**2,593**	**6,653**	**9,220**	**2,028**	**0.5**
YoY Change (%)	47.0	17.5	40.7	42.9	24.7	44.3	54.9	33.0	36.5	38.6	24.1	

Standalone Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**18,254**	**19,736**	**19,934**	**20,586**	**21,204**	**22,697**	**22,924**	**24,407**	**78,510**	**91,231**	**21,904**	**-3.2**
YoY Change (%)	13.0	3.6	24.8	24.8	16.2	15.0	15.0	18.6	16.0	16.2	20.0	
RM Cost (% of sales)	66.0	65.9	66.3	63.9	64.6	65.5	65.5	65.9	65.5	65.4	65.0	
Staff Cost (% of sales)	5.0	4.8	4.8	4.8	5.1	4.8	4.5	4.1	4.8	4.6	4.5	
Other Expenses (% of sales)	16.4	16.8	17.3	17.9	17.4	16.3	16.8	16.8	17.1	16.8	17.7	
EBITDA	**2,302**	**2,478**	**2,311**	**2,773**	**2,742**	**3,045**	**3,034**	**3,237**	**9,863**	**12,058**	**2,805**	**-2.2**
Margins (%)	12.6	12.6	11.6	13.5	12.9	13.4	13.2	13.3	12.6	13.2	12.8	
Depreciation	643	651	658	673	692	710	715	712	2,625	2,829	685	
Interest	10	9	5	5	7	3	4	6	30	20	5	
Other Income	107	107	136	145	142	180	170	223	495	715	170	
PBT before EO expense	**1,756**	**1,924**	**1,783**	**2,240**	**2,185**	**2,512**	**2,485**	**2,742**	**7,703**	**9,924**	**2,285**	
Extra-Ord expense	0	0	0	-200	0	0	0	0	-200	0	0	
Tax Rate (%)	25.6	25.9	25.7	25.3	25.5	25.2	25.2	24.9	25.6	25.2	25.2	
Adj. PAT	**1,305**	**1,425**	**1,324**	**1,674**	**1,629**	**1,879**	**1,859**	**2,058**	**5,729**	**7,424**	**1,709**	**-4.7**
YoY Change (%)	47.4	8.6	43.6	60.2	24.8	31.8	40.4	22.9	37.5	29.6	30.9	
Margins (%)	7.2	7.2	6.6	8.1	7.7	8.3	8.1	8.4	7.3	8.1	7.8	

EU Subs

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
EUR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**69**	**63**	**63**	**68**	**80**	**72**	**75**	**67**	**263**	**295**	**70**	**14.8**
YoY Change (%)	12.6	10.1	5.5	1.4	16.8	14.7	18.3	-1.2	7.2	12.0	1.7	
EBITDA	**11.1**	**9.3**	**9.8**	**12.1**	**13.3**	**11.5**	**12.4**	**11.5**	**42.4**	**48.6**	**11**	**16.2**
Margins (%)	16.1	14.8	15.5	17.8	16.5	16.0	16.5	17.0	16.1	16.5	16.3	
PAT	**4.2**	**2.5**	**3.3**	**4.0**	**4.9**	**3.9**	**4.0**	**3.6**	**13.9**	**0.0**	**4**	
YoY Change (%)	44.8	47.1	9.9	-10.9	16.7	55.5	20.6	-9.8	15.8	-100.0	-13.3	

E: MOFSL Estimates

Maxwell

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**160**	**170**	**190**	**110**	**30**	**320**	**230**	**620**	**630**	**1,200**	**200**	
YoY Change (%)		325.0	227.6	37.5	-81.3	88.2	21.1	463.6	253.9	90.5		
EBITDA	**-28.0**	**-43.0**	**-34.0**	**-13.0**	**-42.0**	**-22.4**	**-4.6**	**45.0**	**-118.0**	**-24.0**	**-10**	
Margins (%)	-17.5	-25.3	-17.9	-11.8	-140.0	-7.0	-2.0	7.3	-18.7	-2.0	-5.0	

IPCA Laboratories

BSE SENSEX	S&P CNX
78,956	24,139

Conference Call Details

Date: 14th Aug 2024
Time: 3:30 pm IST
Dial-in details:
Diamond Pass link: Link

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	77.1	89.4	101.4
EBITDA	13.1	15.6	18.8
Adj. PAT	5.3	7.7	10.3
EBIT Margin (%)	12.3	13.0	14.6
Cons. Adj. EPS (INR)	20.8	30.5	40.6
EPS Gr. (%)	0.0	46.5	33.3
BV/Sh. (INR)	249.6	275.5	310.0
Ratios			
Net D:E	0.2	0.3	0.2
RoE (%)	8.7	11.6	13.9
RoCE (%)	9.2	10.4	11.7
Payout (%)	36.9	24.0	18.9
Valuations			
P/E (x)	54.6	37.3	27.9
EV/EBITDA (x)	22.1	18.6	15.4
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	-8.4	1.3	3.1
EV/Sales (x)	3.8	3.2	2.9

CMP: INR1,397

Operationally better than estimates

- 1QFY25 sales grew 31.8% YoY to INR20.9b (our est: INR21.6b).
- Formulations sales grew 7.5% YoY to INR12.7b (61% of sales).
- Domestic formulation sales grew 11.6% YoY to INR8.7b (69% of formulation sales).
- Exports sales were stable YoY at INR4b (31% of formulation sales).
  - Generics formulation exports declined 4.5% YoY to INR2.3b (57% of export sales).
  - Branded formulation exports declined 1.1% YoY to INR1.1b (29% of export sales).
  - Institutional sales exports grew 19% YoY to INR577m (15% of export sales).
- API sales declined 2.4% YoY to INR2.9b (14% of sales).
  - Domestic API sales grew 19% YoY to INR925m (32% of API sales).
  - API exports declined 10.1% YoY to INR2b (68% of API sales).
- Revenue from subsidiaries grew 4.3x YoY to INR5.3b (25% of sales), largely led by Unichem.
- Gross margin (GM) expanded 170bp YoY to 69.2%, due to a superior product mix and lower RM costs.
- However, EBITDA margin expanded at a lower rate of 20bp YoY to 18.8% (our est: 17%), due to higher employee expenses/other expenses (+80bp/70bp YoY as % of sales).
- EBITDA grew 33.5% YoY to INR3.9b (our est: INR3.7b).
- Adj. PAT grew 25% YoY to INR1.9b (our estimate: INR1.7b).
- Revenue missed our estimate by 3.6%, while EBITDA/PAT beat BBG estimates by 2.9%/1.8%.

1QFY25 pro forma analysis for IPCA (excluding Unichem)

- Revenue grew 4% to INR16.4b.
- EBITDA rose 18.7% YoY to INR3.4b
- EBITDA margin expanded 270bp YoY to 21.2%
- PAT was up 19% YoY at INR1.8b.

1QFY25 Unichem snapshot

- Sales grew 36.7% YoY to INR4.2b.
- Gross margin (GM) expanded by 380bp YoY/270bp QoQ to 64%.
- EBITDA margin rose 311bp YoY to 9.7%, aided by improved gross margins but offset by an increase in other expenses (up 200bp YoY as % of sales).
- EBITDA registered 55% YoY growth to INR435m.
- Unichem reported adj. Profit of INR93m vs. adj. loss of INR7m in 1QFY24 and INR1.3b in 4QFY24.

Quarterly Performance (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	% Chg.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Revenues (Core)	15,876	20,340	20,529	20,330	20,926	22,916	23,053	21,833	77,074	89,380	21,578	-3.0
YoY Change (%)	0.1	27.0	32.8	34.5	31.8	12.7	12.3	7.4	23.2	16.0	35.9	
EBITDA	2,941	3,606	3,310	3,219	3,927	4,194	4,150	2,630	13,076	15,552	3,668	7.1
YoY Change (%)	3.8	32.4	42.7	77.9	33.5	16.3	25.4	-18.3	33.3	18.9	24.7	
Margins (%)	18.5	17.7	16.1	15.8	18.8	18.3	18.0	12.0	17.0	17.4	17.0	
Depreciation	693	903	995	981	989	985	990	938	3,572	3,902	996	
EBIT	2,249	2,702	2,315	2,238	2,938	3,209	3,160	1,692	9,503	11,650	2,672	10.0
YoY Change (%)	1.4	29.6	40.0	100.7	30.7	18.7	36.5	-24.4	32.0	22.6	18.8	
Margins (%)	14.2	13.3	11.3	11.0	14.0	14.0	13.7	7.7	12.3	13.0	12.4	
Interest	314	441	334	294	241	248	230	250	1,383	969	272	
Other Income	449	386	225	16	206	190	235	269	1,075	900	220	
PBT before EO Expense	2,383	2,647	2,205	1,960	2,904	3,151	3,165	1,711	9,195	11,581	2,620	
One-off (gain)/ Expense	-135	393	-684	1,194	0	0	0	0	769	0	0	
PBT after EO Expense	2,518	2,254	2,889	766	2,904	3,151	3,165	1,711	8,426	11,581	2,620	
Tax	856	879	662	737	914	911	902	574	3,135	3,301	760	
Rate (%)	34.0	39.0	22.9	96.2	31.5	28.9	28.5	33.6	34.1	28.5	29.0	
Reported PAT	1,662	1,374	2,227	29	1,990	2,240	2,263	1,136	5,292	8,280	1,860	7.0
Minority Interest	-34	76	-428	-598	-67	-67	-67	-348	-984	-550	-138	
Adj PAT after Minority Int	1,539	1,690	1,115	930	1,922	2,173	2,195	789	5,274	7,730	1,723	11.6
YoY Change (%)	0.9	-9.2	-6.1	32.7	24.9	28.5	96.9	-15.2	0.0	46.6	11.9	
Margins (%)	9.7	8.3	5.4	4.6	9.2	9.5	9.5	3.6	6.8	8.6	8.0	

Key performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
INRm	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Domestic formulations	7,827	8,450	7,796	6,898	8,734	9,168	8,849	7,367	30,972	33,759	8,375
YoY Change (%)	14.3	10.4	11.0	13.5	11.6	8.5	13.5	6.8	12.2	9.0	7.0
Exports formulations	3,979	4,707	4,331	4,737	3,954	5,219	5,567	5,808	17,753	21,341	4,747
YoY Change (%)	-1.0	16.4	8.2	9.5	-0.6	10.9	28.5	22.6	8.3	20.2	19.3
API sales	2,951	3,349	2,850	3,343	2,880	3,367	3,376	3,461	12,493	13,448	3,244
YoY Change (%)	-21.3	9.0	-11.6	-3.6	-2.4	0.5	18.5	3.5	-9.3	7.6	9.9
Cost Break-up											
RM Cost (% of Sales)	32.5	33.3	34.0	33.7	30.8	33.9	34.1	38.1	33.4	34.0	33.7
Staff Cost (% of Sales)	22.5	20.9	22.4	22.9	23.3	21.8	22.2	23.0	22.2	22.4	21.7
Other Cost (% of Sales)	26.5	28.0	27.6	27.5	27.2	26.0	25.7	26.8	27.5	26.2	27.6
Gross Margins(%)	67.5	66.7	66.0	66.3	69.2	66.1	65.9	61.9	66.6	66.0	66.3
EBITDA Margins(%)	18.5	17.7	16.1	15.8	18.8	18.3	18.0	12.0	17.0	17.4	17.0
EBIT Margins(%)	14.2	13.3	11.3	11.0	14.0	14.0	13.7	7.7	12.3	13.0	12.4

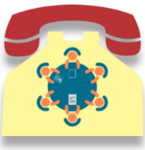
E: MOFSL Estimates

MTAR Technologies

BSE SENSEX	S&P CNX
78,956	24,139

CMP: INR1,783 — Buy

Conference Call Details



Date: 14th Aug'24
Time: 10:00am IST
Dial-in details:
click here

Weak operating performance

Performance in 1QFY25

- Consolidated revenue stood at INR1.3b (-16% YoY, -10% QoQ).
- EBITDA declined 52% YoY to INR166m (-9% QoQ). EBITDA margins contracted by 970bp YoY to 12.9% (+20bp QoQ), led by a 200bp YoY contraction in gross margins to 47.9% (+260bp QoQ) and an increase in other expenses/employee expenses as % of sales by 600bp/170bp YoY to 13.1%/21.8%.
- Adj. PAT declined 78% YoY to INR44m (-9% QoQ).

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY24				FY25				FY24	FY25E	FY25	VAR %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Gross Sales	**1,526**	**1,668**	**1,184**	**1,430**	**1,283**	**1,522**	**2,013**	**2,787**	**5,808**	**7,604**	**1,297**	**-1%**
YoY Change (%)	67.6	32.2	-26.1	-27.2	-15.9	-8.8	70.0	94.9	1.2	30.9	-15.0	
Total Expenditure	1,180	1,307	945	1,247	1,117	1,219	1,548	2,089	4,681	5,972	1,064	
EBITDA	**345**	**361**	**239**	**182**	**166**	**303**	**465**	**698**	**1,127**	**1,632**	**233**	**-29%**
Margins (%)	22.6	21.6	20.2	12.7	12.9	19.9	23.1	25.0	19.4	21.5	18.0	
Depreciation	56	58	58	59	61	65	67	78	232	271	68	
Interest	57	55	56	55	48	53	55	57	223	213	52	
Other Income	41	8	5	4	5	28	30	32	58	96	24	
PBT before EO expense	**273**	**257**	**129**	**72**	**62**	**213**	**373**	**595**	**730**	**1,243**	**137**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**273**	**257**	**129**	**72**	**62**	**213**	**373**	**595**	**730**	**1,243**	**137**	
Tax	69	52	24	23	18	0	0	0	169	313	34	
Rate (%)	25.4	20.3	18.9	32.2	28.6	0.0	0.0	0.0	23.2	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**203**	**205**	**104**	**49**	**44**	**213**	**373**	**595**	**561**	**930**	**102**	
Adj PAT	**203**	**205**	**104**	**49**	**44**	**213**	**373**	**595**	**561**	**930**	**102**	**-57%**
YoY Change (%)	25.4	-17.1	-66.8	-84.3	-78.2	4.3	256.7	1,122.2	-45.7	65.7	-49.7	
Margins (%)	13.3	12.3	8.8	3.4	3.5	14.0	18.5	21.4	9.7	12.2	7.9	

Capital Market Monthly

Capital Market Tracker

Overall ADTO remains flat, while NSE active clients rise MoM

Demat additions surge MoM; CDSL's demat market share jumps MoM

Overall ADTO remained flat on a MoM basis to INR498t, with F&O ADTO being flat and Cash ADTO declining ~9% MoM. Retail cash ADTO came in at INR645.7b. Demat additions surged ~4.5m in Jul'24 (average monthly additions of 3.9m YTD25). Further, the number of active users on NSE increased to ~45.7m in Jul'24 from ~31.9m in Jul'23.

Demat additions surge 4.5m MoM

- The total number of demat accounts increased to 167m in Jul'24. The new account additions jumped 4.5m in Jul'24 (average monthly additions of 3.9m YTD25).
- In Jul'24, CDSL continued to gain market share in terms of the total number of demat accounts. On a YoY basis, NSDL lost 420bp/510bp market share in total/incremental demat accounts.

NSE active clients increase sequentially

- The number of active clients on NSE increased 3.2% MoM to 45.7m in Jul'24. Currently, the top five discount brokers account for 64.6% of total NSE active clients vs. 58.1% in Jul'22.
- Performance of key discount brokers:
  - Zerodha posted a 1.7% MoM increase in its client count to 7.8m, with a 25bp fall in market share to 17.1%.
  - Groww recorded a 4.9% MoM rise in its client count to 11.5m, with a 40bp rise in market share to 25.1%.
  - Angel One reported a 3.8% MoM growth in its client count to 7m, with a 10bp rise in market share to 15.3%.
  - Upstox clocked a 2.7% MoM increase in its client count to 2.7m, with a market share of 6%.
- Performance of key traditional brokers:
  - ICICI Sec reported client count at 1.9m, with a 10bp dip in its market share to 4.2%.
  - IIFL Sec reported client count at 0.5m, with a market share of 1%.

BSE's F&O ADTO increases MoM

- The total ADTO remained flat on MoM basis (up 62% YoY) to INR498t, with F&O ADTO remaining flat MoM and Cash ADTO declining 9% MoM.
- The total ADTO for BSE increased 6% MoM (led by growth in F&O volumes), and for NSE it declined 2% MoM.
- On a MoM basis, the market share of BSE in the total cash T/O segment came in at ~7.1% in Jul'24 (vs. ~6% in Jul'23). BSE's market share in the options notional T/O segment grew to ~23.4% from ~22% in Jun'24 and for options premium T/O grew to ~9.8% from ~8.7% in Jun'24.

Key statistics

Parameter	Jul'24	YoY (%)	MoM (%)
Demat A/c (m)	167	35	3
NSE Active (m)	46	43	3
ADTO (INR t)			
Overall	498	62	0
- F&O	497	62	0
- Cash (INR b)	1,499	92	-9
- Retail Cash (INR b)	646	109	0

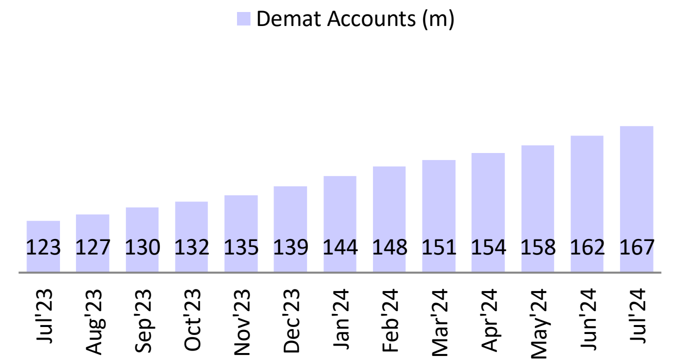
Source: MOFSL, NSE, BSE, CDSL, NSDL

Total commodities volumes grew 22.6% on a MoM basis

- The total volumes on MCX grew 22.6% MoM to INR44.9t in Jul'24 (vs. INR36.6t in Jun'24); Option volumes increased 24.7% MoM to INR39.2t.
- Overall ADTO increased 6.6% MoM to INR1.95t; Options ADTO increased 8.4% MoM, while Futures ADTO declined 4.3% MoM.
- Options ADTO increased due to a 19.9%/104% increase in Crude Oil/Gold ADTO. On the other hand, Natural Gas/Silver ADTO declined 40%/72% on a MoM basis.
- Futures ADTO declined 4.3% MoM, led by a decline in Silver/Natural Gas ADTO 20%/33% MoM while Gold ADTO/Crude Oil grew 38%/29% on a MoM basis

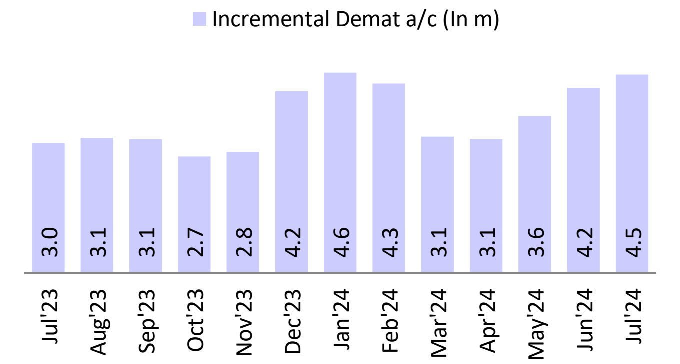
Primary market: In Jul'24, an amount of INR56.3b was raised via five IPOs.

The number of demat accounts rose to 167m



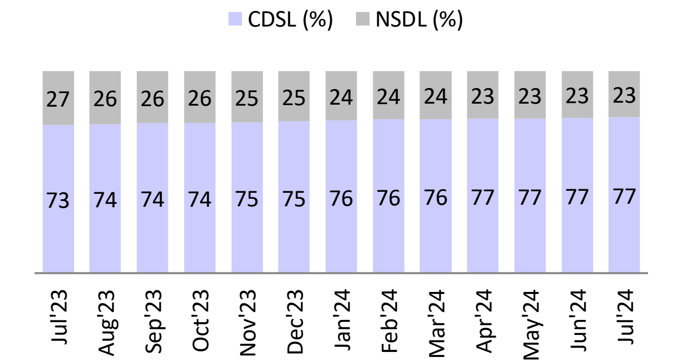
Source: MOFSL, CDSL, NSDL

Incremental demat accounts



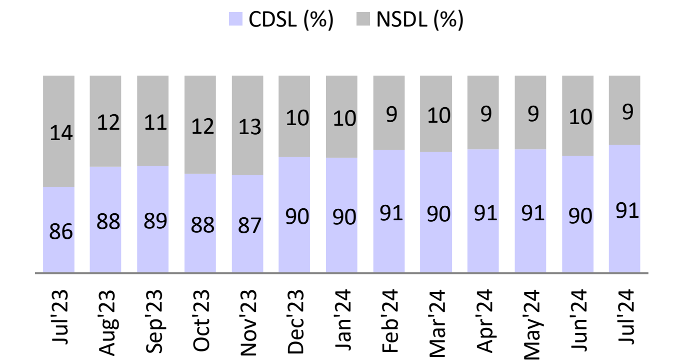
Source: MOFSL, CDSL, NSDL

Market share led by CDSL



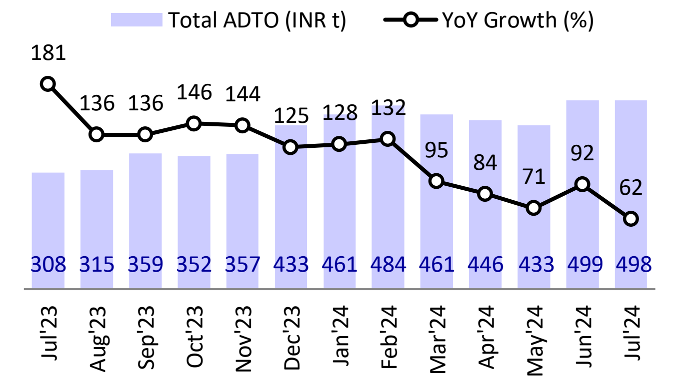
Source: MOFSL, CDSL, NSDL

Market share in incremental accounts led by CDSL



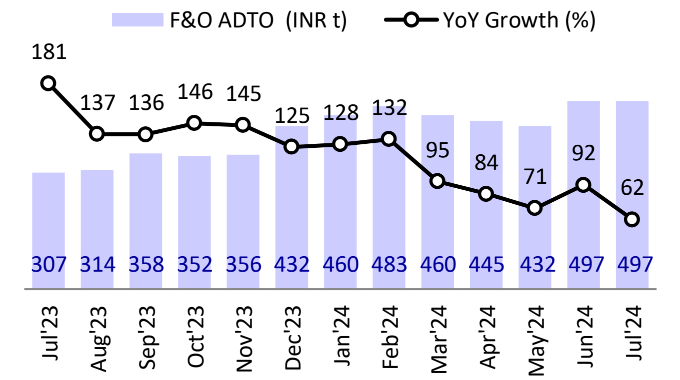
Source: MOFSL, CDSL, NSDL

Exhibit 1: Overall ADTO and growth



Source: MOFSL, NSE, BSE

F&O ADTO and growth



Source: MOFSL, NSE, BSE

HOEC

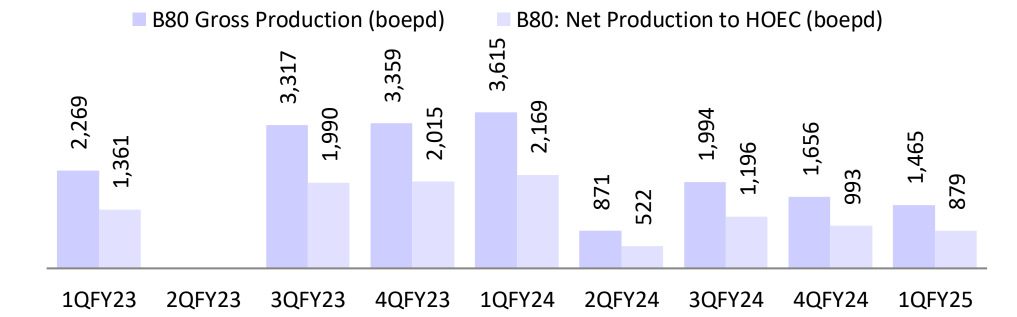
B80 shutdown, gas price revision hit 1Q performance

- **In 1QFY25, HOEC's standalone/consolidated revenue declined 69%/53% QoQ, primarily due to:**
  - A downward revision in B80 gas contract price as slope was revised to 12.05% of Brent vs. 22.2% earlier. This led to a fall in average gas price realization to USD10.3/mmbtu in 1QFY25 from USD15.9/mmbtu in FY24.
  - B80 field oil well was closed for 15 days during the quarter (so as to restart the second oil well), leading to a 12% QoQ decline in production at B80.
  - 4QFY24 revenue was higher due to the sale of oil booked in Jan'24 from B80 well.
- **1QFY25 operational performance impacted by B80 shutdown:**
  - Gross production from Dirok field was flat QoQ at 4,207boepd.
  - Gross production from B80 field declined 12% QoQ to 1,465boepd.
  - Lower production was driven by 19% QoQ decline in oil production, due to well closure for 15 days.
  - While production at Kharsang field declined 12% QoQ to 381boepd, production at Cambay was up 27% QoQ at 165boepd.
  - Overall, net production for HOEC declined 8% QoQ in 1QFY25.
- **Standalone reported PAT down 40% QoQ:**
  - In 1QFY25, revenue decreased 69% QoQ to INR652m. EBITDA contracted to INR87m (down 69% YoY/61% QoQ).
  - HOEC reported standalone PAT of INR114m (down 47% YoY and 40% QoQ).
- **Consolidated reported PAT down 41% QoQ:**
  - In 1QFY25, EBITDA stood at INR624m (down 31% YoY, 16% QoQ). Revenue decreased by 53% QoQ to INR1362m.
  - HOEC reported consolidated PAT of INR419m, down 41% QoQ.
  - Other income surged 3.5x QoQ to INR106m, which included interest due on the refund of liquidated damages awarded by the Tribunal.
- **Finance cost on declining trend:** Consolidated finance cost declined to INR60.1m in 1QFY25 vs. INR63.3m in 4QFY24.
  - HOECs' board approved an increase in the borrowing limits of the company not exceeding INR7.5b for inorganic growth opportunities.

Standalone - Quarterly Snapshot (INR m)

Y/E March	FY23				FY24				FY25	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q		
Net Sales	**622**	**758**	**1,013**	**1,416**	**901**	**658**	**951**	**2,130**	**652**	**-28%**	**-69%**
YoY Change (%)	*149.3*	*144.2*	*179.6*	*3,557.3*	*44.8*	*-13.3*	*-6.2*	*50.4*	*-27.7*		
Total Expenditure	266	601	723	268	626	218	899	1,910	565	**-10%**	**-70%**
Gross Margins (%)	*111%*	*98%*	*116%*	*126%*	*131%*	*166%*	*104%*	*50%*	*136%*		
EBITDA	**356**	**157**	**290**	**1,149**	**275**	**440**	**51**	**220**	**87**	**-69%**	**-61%**
Margins (%)	*57.2*	*20.7*	*28.7*	*81.1*	*30.5*	*66.8*	*5.4*	*10.3*	*13.3*		
Depreciation	42	50	80	104	89	48	70	61	56	-37%	-9%
Interest	52	100	102	65	76	55	50	42	40	-48%	-6%
Other Income	80	59	50	91	103	50	116	75	123	19%	65%
PBT before EO expense	**342**	**66**	**159**	**1,070**	**213**	**387**	**48**	**191**	**114**	**-47%**	**-40%**
PBT	**342**	**66**	**159**	**1,070**	**213**	**387**	**48**	**191**	**114**	**-47%**	**-40%**
Tax	0	0	0	0	0	0	0	0	0		
Rate (%)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		
Reported PAT	**342**	**66**	**159**	**1,070**	**213**	**387**	**48**	**191**	**114**	**-47%**	**-40%**
Adj PAT	**342**	**66**	**159**	**1,070**	**213**	**387**	**48**	**191**	**114**	**-47%**	**-40%**
YoY Change (%)	*192.2*	*-62.3*	*-9.6*	*-1,081.9*	*-37.6*	*489.7*	*-69.7*	*-82.1*	*-46.6*		
Margins (%)	*55.0*	*8.7*	*15.7*	*75.5*	*23.7*	*58.8*	*5.1*	*9.0*	*17.5*		
Gross production (boepd)											
Dirok	**4,659**	**6,280**	**6,113**	**5,577**	**1,894**	**4,270**	**4,404**	**4,218**	**4,207**	**122%**	**0%**
Gas (mmscfd)	25	34	33	30	10	23	24	23	23	121%	0%
Condensate (bpd)	492	613	613	577	187	418	419	448	432	131%	-4%
B-80	**2,269**	**0**	**3,317**	**3,359**	**3,615**	**871**	**1,994**	**1,656**	**1,465**	**-59%**	**-12%**
Gas (mmscfd)	11	0	12	12	15	3	6	4	4	-70%	-2%
Oil (bopd)	369	0	1,400	1,329	1,158	404	1,044	914	740	-36%	-19%
Kharsang: Phase I Development Plan											
Oil Production (boepd)	**476**	**455**	**439**	**424**	**356**	**355**	**420**	**433**	**381**	**7%**	**-12%**
Cambay: Developments	**138**	**134**	**122**	**130**	**136**	**132**	**128**	**130**	**165**	**22%**	**27%**
Oil Production (bopd)	77	74	64	73	75	75	71	70	87	16%	24%
Gas (mmscfd)	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.4	0.5	29%	31%

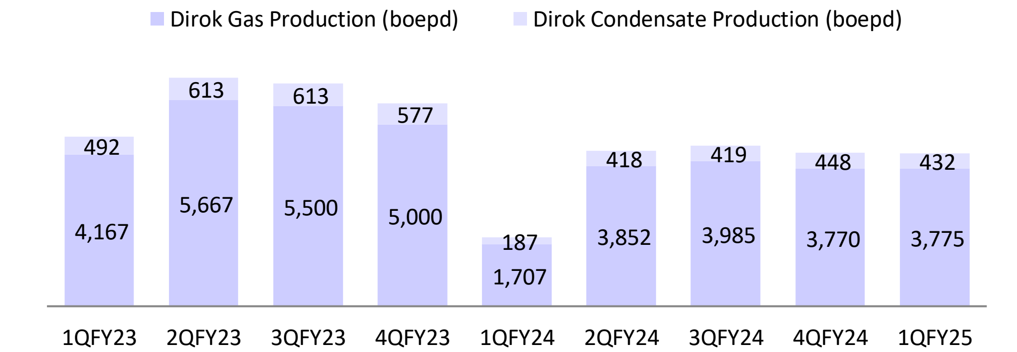
B80 gross and net quarterly production trends



Source: Company, MOFSL

**Both the wells were shut down in 2QFY23*

Dirok gross production (boepd)



Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Borrowing limit increased to INR7.5b

- The borrowing limit is increased to INR7.5b only for inorganic opportunities and is **only an enabling resolution for now**.
- There is **no immediate plan** to take on this debt unless a suitable opportunity arises.
  - The management foresees a wide range of opportunities in the O&G service sector, including operating MOPUs, FSOs, or rigs.

Revision of gas price contract

- The revision of gas price contract **from USD17.54/mmbtu in 4QFY24 to USD10.34/mmbtu in 1QFY25** led to a sharp decline in revenue QoQ.
  - However, in 2QFY25, these prices have rebounded to ~USD13/mmbtu.

Other key takeaways

- 4QFY24 revenue was higher due to the sale of oil from B80 well amounting to **INR1.7b** booked in Jan'24.
- Capex of INR10b will be incurred in three years via internal accruals. No amount shall be borrowed for organic growth.
- B80 production was shut down for ~10 days in 2QFY25 and may be shut down for a few more days.
  - A hawser has been ordered and shall take maximum 7-10 days to arrive. A Hawser costs ~INR6-7m.
- **Dirok:**
  - The North-East Gas Grid pipeline connection is expected in 3Q/4QFY25, post which HOEC will get back to minimum gas production of ~40mmscfd.
  - The management expects no demand constraint post connection of NE Gas Grid.
  - Also, before the workover is complete, the company can go up to 55mmscfd.
  - HOEC plans to drill two additional wells, which can ramp up the production to ~70mmcmd.
  - Sand 9 was tested successfully for another 6mmscfd of Gas. However, Sand 10 testing was inconclusive.
- **Greater Dirok:**
  - Approval has been received to drill 1 exploration well.
  - HOEC has also made application for extension and aims to drill another 1-2 wells.
- **Cambay blocks:**
  - HOEC will start drilling 2 wells each at Asjol and North Balol over an area of ~38km.
  - These wells are shallow and shall be drilled at the earliest.
- **Offshore:**
  - HOEC is unable to achieve production due to rough weather conditions. However, it should resume shortly.
  - Production is expected to be consistent when it re-starts.
  - Avg. gas price realized stood at ~USD10/mmbtu in 1QFY25.
- **PY-1:**
  - 3 drilling locations have been identified and 1st development well will be drilled in Apr-Jun'25.

Financials - HOEC

Financial Snapshot - Standalone						(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24
Sales	2,368.9	1,798.4	994.4	1,305.0	3,810.5	4,640.0
EBITDA	1,739.9	1,221.5	498.3	756.9	1,952.6	1,004.0
PAT	1,489.6	1,408.3	650.6	358.3	1,636.7	840.1
EPS (INR)	11.2	8.7	2.8	5.3	12.4	6.4
BV/Sh.(INR)	40.0	50.3	55.2	57.9	70.3	76.6
Ratios						
Net D:E	(0.0)	(0.1)	0.1	0.3	0.2	0.0
RoE (%)	28.1	19.3	5.4	9.4	19.3	8.6
RoCE (%)	28.3	20.2	5.6	8.2	17.5	9.2
Valuations						
P/E (x)	20.9	27.2	83.1	44.3	19.0	37.1
P/BV (x)	5.9	4.7	4.3	4.1	3.3	3.1
EV/EBITDA (x)	17.5	25.0	64.6	43.9	17.1	31.5

Hudco: Target AUM of ₹1.2 Lk Cr By FY25, ₹1.5 Lk Cr By FY26; Sanjay Kulshrestha, CMD

- PMAY 2.0 is expected to boost demand
- Requirement from states under PMAY will be INR7.8Lk cr in next few years
- Target disbursals at INR 35000 cr in FY25
- Expect NIMs at 3.3% to 3.5%
- Targeting 25% Loan book growth this year

Read More

NCC: Witnessed Strong Order Execution In Q1FY25; Neerad Sharma, Head Strategy

- Maintain 15% revenue growth for FY25 with margins at 9.5-10%
- Order inflow at INR20000-22000 cr
- Hopeful of getting pending claims of INR 150 cr from Andhra Pradesh Government
- Confident of converting L1 in couple of projects into orders

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- Expect margins to be in the range of 25-27% in FY25
- Working capital will reduce to 170 days
- Order book at INR3400 cr; expect INR1600 cr+ of order inflows in FY25
- Throughput/machine has increased from INR27 Lk to INR40-50 Lk/ machine

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- Capacity of 340 KL to be operational by 2Q

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- 95% of co's inventory hedged
- Diamond demand has lagged supply, leading to lower prices

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