

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	85,170	0.3	17.9
Nifty-50	26,004	0.2	19.7
Nifty-M 100	60,465	-0.6	30.9
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,722	-0.2	20.0
Nasdaq	18,082	0.0	20.5
FTSE 100	8,269	-0.2	6.9
DAX	18,919	-0.4	12.9
Hang Seng	6,766	0.8	17.3
Nikkei 225	37,870	-0.2	13.2
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	76	0.0	-2.4
Gold (\$/OZ)	2,657	0.0	28.8
Cu (US\$/MT)	9,665	0.0	14.2
Almn (US\$/MT)	2,534	0.0	8.0
Currency	Close	Chg .%	CYTD.%
USD/INR	83.6	-0.1	0.5
USD/EUR	1.1	0.0	1.3
USD/JPY	144.2	0.7	2.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.7	-0.02	-0.4
10 Yrs AAA Corp	7.3	0.00	-0.4
Flows (USD b)	25-Sep	MTD	CYTD
FII	-0.1	1.28	10.8
DII	0.21	5.97	38.9
Volumes (INRb)	25-Sep	MTD*	YTD*
Cash	1,199	1274	1299
F&O	5,70,481	4,09,275	3,81,777

Note: Flows, MTD includes provisional numbers.  
\*Average

**Today's top research idea**



**Oil & Gas: Demand a worry, but OMCs poised for another leg up**

- ❖ **Re-iterate Buy on ONGC and Oil India despite oil price-related risks:** In Jun'24, we highlighted the potential risks to ONGC and Oil India's crude realization assumption of USD 73-74/bbl. in our report titled "[Oil price outlook: Has the crude oil party peaked?](#)". Since then, the lower crude price momentum has led to corrections of 9%/18% for ONGC/Oil India over the past four weeks. However, following the recent corrections, **we believe that both ONGC and OINL are now pricing in the realization-related risks. Hence, we reiterate our BUY rating on both these stocks.**
- ❖ **Refining margin weak but likely to bottom out:** The Singapore GRM in 1HFY25YTD has averaged only USD3.6/bbl. However, key product inventories globally remain at the lower to mid-range of the last five years. We anticipate limited downside for refining margins from current levels as we approach the seasonally stronger winter months.
- ❖ **Marketing margin outlook remains robust; OMC profitability likely to remain strong:** The outlook for marketing margins remains strong amid low crude oil prices and range-bound weak refining GRMs. We believe concerns about significant retail price cuts for MS/HSD before key state elections are exaggerated. Although OMCs are trading at the higher end of historical ranges, current earnings estimates reflect only INR 3-4/lit in marketing margins, while actual margins exceed INR 10/lit.

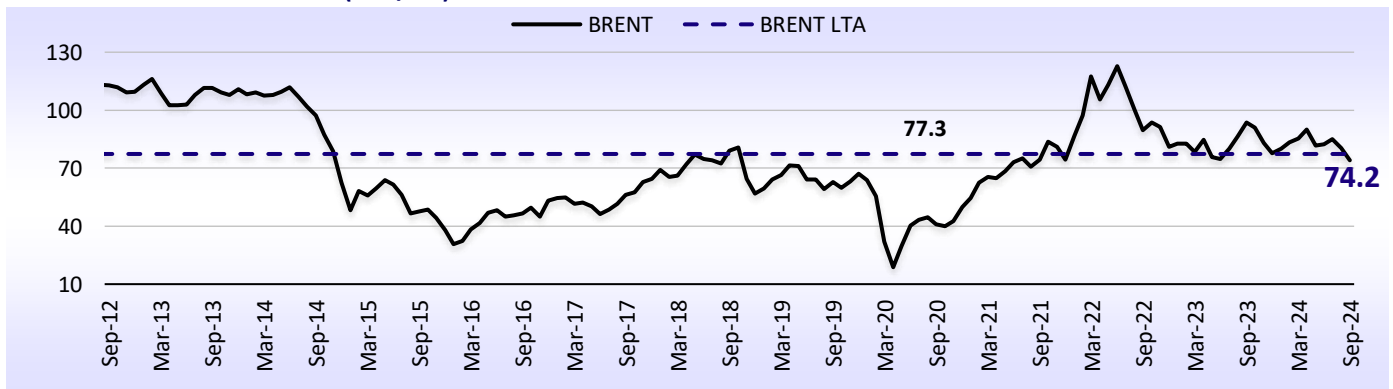


**Research covered**

Cos/Sector	Key Highlights
Oil & Gas	Demand a worry, but OMCs poised for another leg up
Capital Goods	Genset demand remains strong in 2QFY25
Consumer	Inflationary pressure on agri commodities
CAMS	Increased focus on non-MF business
NOCIL	Global expansion and capacity additions crucial for growth

**Chart of the Day: Oil & Gas (Demand a worry, but OMCs poised for another leg up)**

Brent crude – historical trend (USD/bbl)



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

### Telcos can operate under existing licences till they are valid: Trai

Telecom operators in India can continue under the current licensing regime until their licenses expire, after which a new authorisation mechanism will apply.

2

### India's manufacturing incentives progress amid efforts to cut China imports

India's production-linked incentive scheme has attracted over \$17 bn in investments since its 2020 launch, boosting domestic manufacturing across 14 sectors.

3

### Coromandel International to acquire additional 8.82% stake in BMCC

Coromandel International on Wednesday announced the acquisition of an additional 8.82 per cent equity stake in Senegal-based rock phosphate mining company BMCC through its wholly-owned subsidiary.

4

### Infosys, Swedish electric car maker Polestar to set up tech hub in Bengaluru

IT major Infosys has collaborated with Swedish electric performance car brand Polestar to create a base for the latter's development of in-car infotainment, software and electrical/electronics engineering, user experience, and cloud-powered digital services.

5

### Zaggle Prepaid picks up 26% stake in Mobileware Technologies

This investment of Rs 15.6 crore will let Zaggle leverage Mobileware's expertise and infrastructure to strengthen its payment offerings, which are now used by over 80 banks and 20 fintech firms. These payment offerings include UPI, IMPS, AePS, BBPS, and its proprietary API banking platform, TransXT.

6

### Cipla To Buy Out Local Partner's Stake In Chinese Subsidiary For Over Rs 42 Crore

Cipla Ltd., through its UK subsidiary, will buy out the stake of a local partner in its Chinese manufacturing unit, Cipla (Jiangsu) Pharmaceuticals Co. Cipla (EU) Ltd. will acquire the entire 6.9% equity interest of Jiangsu Xidi Pharmaceuticals Co.

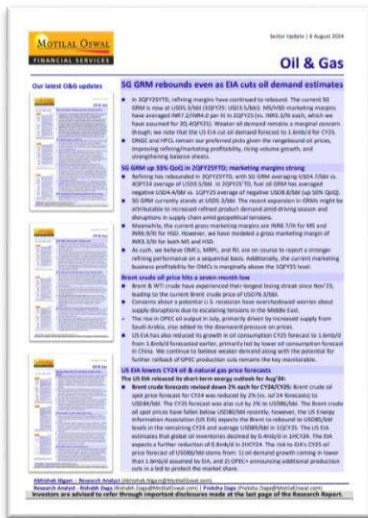
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### Ahead of merger with Disney's Star India, Nita and Akash Ambani join Viacom18 board

Nita Ambani and Akash Ambani have joined the board of Viacom18 as it nears its merger with Walt Disney's Star India. The new board will include representatives from both companies, aiming to create an \$8.5 billion media giant.

# Oil & Gas

## Our latest O&G updates

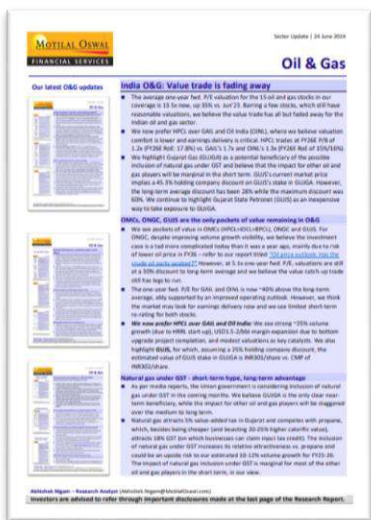


## Demand a worry, but OMCs poised for another leg up

- Re-iterate Buy on ONGC and Oil India despite oil price-related risks:** In Jun'24, we highlighted the potential risks to ONGC and Oil India's crude realization assumption of USD 73-74/bbl in our report titled "[Oil price outlook: Has the crude oil party peaked?](#)" Since then, the lower crude price momentum has led to corrections of 9% for ONGC and 18% for Oil India over the past four weeks. The International Energy Agency (IEA) has continued to moderate its demand assumptions for both CY24 and CY25, even as supply risks continue to mount. However, following the recent corrections, **we believe that both ONGC and OIIN are now pricing in the realization-related risks. Hence, we reiterate our BUY rating on both these stocks.**
- Refining margin weak but likely to bottom out:** The Singapore GRM in 1HFY25YTD has averaged only USD3.6/bbl, reflecting the effects of a subdued oil demand environment. However, key product inventories globally remain at the lower to mid-range of the last five years. We anticipate limited downside for refining margins from current levels as we approach the seasonally stronger winter months.
- Marketing margin outlook remains robust; OMC profitability likely to remain strong:** Against the backdrop of weak crude oil prices and a range-bound refining GRM environment, the outlook for marketing margins remains strong. We believe the risk of a substantial retail price cut for MS/HSD before the upcoming key state elections is overstated. Instead, the central government may urge individual states to reduce state taxes to provide relief to consumers. While OMCs appear to be trading at the higher end of the historical range, street earnings estimates are building in only INR3-4/lit marketing margin (current margins are above INR10/lit).

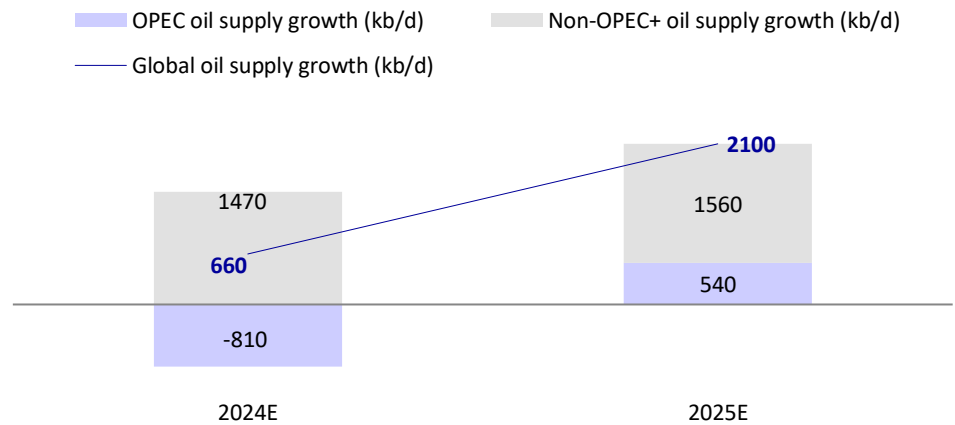
## Demand and OPEC+ spare capacity multi-year overhangs

- In its latest monthly oil market report, IEA reiterated that:** 1) the oil demand outlook remains soft at 900/950kb per day in CY24/CY25; and 2) oil supply is set to rise 2.1mb/d in CY25, assuming voluntary cuts remain in place. IEA increased its OPEC+ supply growth marginally by 140kb/d for CY25.
- Demand estimate dips marginally:** IEA has reduced its global oil demand estimate to 900/950kb per day in CY24/CY25 (marginally below the previous estimate). According to the IEA, global oil demand growth continues to slow down, with an increase of 800kb/d in 1HCY24, amid muted demand from China.
- The persistent weakness in oil demand, as per the IEA, is due to a contraction in Chinese consumption, an expanding EV fleet, and an improvement in vehicle efficiency.** Crude oil imports hit a 22-month low in Jul'24, as demand for industrial fuels and petrochemical feedstock was weak.
- Key OPEC players raise production in Aug'24:** According to IEA, Iran, Kuwait, Saudi Arabia, and the UAE increased their oil production by ~1.5-2.0% each MoM in Aug'24, leading to 300kb/d increase in oil production and an equivalent reduction in spare capacity. Kuwait, the UAE, and Saudi Arabia together still account for 77% of the OPEC+ spare capacity. With the reversal of voluntary cuts from Dec'24, these four countries together shall add ~1.8mb/d oil production over the current levels by Dec'25.



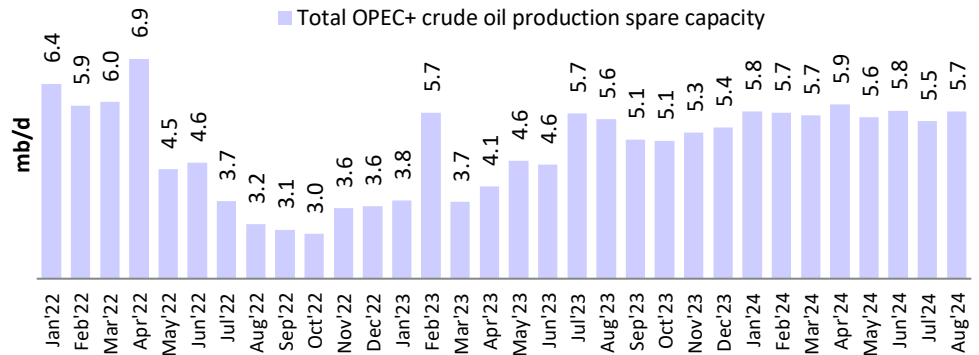
- **Non-OPEC supply remains robust:** The IEA expects global oil supply to report a lower-than-estimated increase of 660kb/d for CY24 (vs. 730kb/d rise estimated previously). This reduction is primarily attributable to outages in Libya and the US Gulf. OPEC+ production is projected to decline 810kb/d in CY24 (vs. 760kb/d decline estimated previously). In CY25, global supply is estimated to rise 2.1mb/d (+1.9mb/d est. in Aug'24), as non-OPEC+ output is expected to rise 1.6mb/d.
- **Our oil price assumption down 12% vs. the US EIA:** We are modeling oil prices of USD75/bbl in both FY25 and FY26, but we believe risks to a lower oil price curve continue to mount given the strong non-OPEC supply response in CY25 and beyond.

**Global oil supply to increase 660kb/d in CY24E and 2.1mb/d in CY25E**



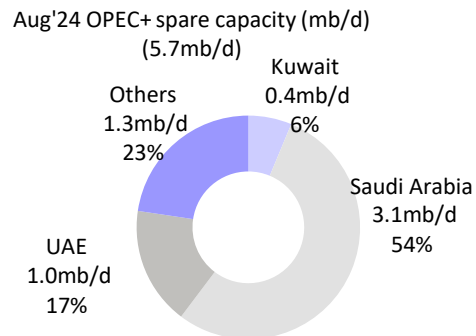
Source: IEA, MOFSL

**OPEC's surplus crude oil production capacity (mb/d)**



Source: IEA, MOFSL

**OPEC+ crude production – spare capacity break-up in Aug'24 (mb/d)**



Source: IEA, MOFSL





# Capital Goods

## KKC - Financials Snapshot (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	106.6	126.3	147.8
EBITDA	21.8	25.9	30.3
PAT	20.6	24.7	29.2
EPS (INR)	74.2	89.0	105.5
GR. (%)	23.7	19.9	18.5
BV/Sh (INR)	251.4	286.2	327.6
<b>Ratios</b>			
ROE (%)	31.3	33.1	34.4
RoCE (%)	29.6	31.3	32.5
<b>Valuations</b>			
P/E (X)	50.7	42.3	35.7
P/BV (X)	15.0	13.1	11.5
EV/EBITDA (X)	47.0	39.4	33.5
Div Yield (%)	1.1	1.3	1.6

## KOEL - Financials Snapshot (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	58.1	68.9	81.9
EBITDA	7.8	9.9	12.3
PAT	5.2	6.7	8.5
EPS (INR)	36.1	46.2	58.6
GR. (%)	44.4	28.2	26.7
BV/Sh (INR)	207.6	241.4	284.3
<b>Ratios</b>			
ROE (%)	18.6	20.6	22.3
RoCE (%)	17.9	20.1	21.9
<b>Valuations</b>			
P/E (X)	33.6	26.2	20.7
P/BV (X)	5.8	5.0	4.3
EV/EBITDA (X)	22.4	17.4	13.6
Div Yield (%)	0.8	1.0	1.3

## Genset demand remains strong in 2QFY25

### Genset channel checks

Our channel checks with genset players indicate that demand has remained strong in 2QFY25, barring initial few days of norm shift. Demand is driven by channel inventory filling, along with fresh demand from other user industries. The festive season from Sep'24 to mid-Nov'24 too will keep genset demand strong. Some part of the demand, which was earlier driven by pre-buying from the residential and commercial segments, moderated in Jul-Aug'24. Prices are higher by 20-40% and may remain high until the festive season, after which we can expect some moderation. Thus, our initial reading indicates that volumes have likely improved YoY but may have declined 10-12% QoQ. Overall revenue growth for 2QFY25 will be supported by price increases too. Export markets are growing selectively and an uptick will start reflecting in a few quarters. We maintain our positive stance on key players in the genset industry and see Cummins India (KKC) gaining market share in the current scenario, with strong demand in the below-800kVa and HHP segments. We maintain BUY on both KKC (TP: INR4,300) and KOEL (TP: INR1,540).

### Key highlights from our interaction with genset players

#### Demand remains strong in 2QFY25

- **Continuity of healthy demand in 2QFY25:** 1QFY25 had seen strong pre-buying ahead of the implementation of CPCB 4+ norms, which resulted in bulk buying too in 1QFY25. With an increase in new genset pricing by nearly 20-40% across nodes, the initial expectation was that demand would cool off in the short term. However, contrary to our expectations, our channel checks suggest that demand has remained firm across regions even after these price hikes.
- **Sub-segments going slow:** Sub-segments, such as real estate, MSMEs etc., had done significant pre-buying during FY24, and hence these segments would remain weak and resume purchases closer to the completion date of their existing projects.
- **Demand-supply mismatch:** In some of the regions, demand was quite strong and supplies were not able to keep pace with the demand as it was earlier expected that demand could come off after price hikes. Along with this, some smaller players were late in their product launches, while bigger players like KKC and KOEL were ready with their products since last year.
- **Sequential impact on volumes:** Volumes are higher on YoY basis for players that are ready with their products. Sequentially, there can be a negative impact of 10-12% on volumes due to pre-buying. However, on both YoY and QoQ basis, prices are higher by 20-40%. Hence, it can offset the sequential decline in volumes for 2QFY25 with a net gain in powergen revenues for players like KKC.
- **HHP demand** is driven by fast-growing data center market: Data centers remain a key growth driver for HHP genset, which continued to grow at a faster rate than low- to mid-range gensets. KKC is a leader in the HHP segment and continues to gain from strong demand in this sub-segment.

### Higher pricing of CPCB 4+ genset is accepted by the market currently

Higher prices in the CPCB 4+ regime seem to have been accepted by the market on account of the continuation of strong demand. Prices are currently higher by 20-40% across various nodes for CPCB 4+ and now the market comprises only CPCB 4+ products. A discount of 4-5% is currently being offered by dealers on bigger brands on pricing. With expectations of strong demand in the upcoming festive season too, prices can remain firm in the near term and may witness some moderation after Diwali.

### Higher competition in smaller nodes

With the shift in technology, the product is available with almost all players. However, bigger players like KKC and KOEL stand out in terms of wider node ranges. Smaller players are active in the low kVa range of up to 250kVa and have their products at a discount to bigger players. The low-kVa product market is dominated by smaller players, which cater to price sensitive clients, particularly from real estate, commercial users, and small factories. However, in markets for above-250kVa products, the preference is given to bigger players like KKC and KOEL, which stand out in terms of better product quality, after-sales service, and resale value.

### Export markets to recover selectively in few quarters

KKC's export revenues were down 22% YoY in 1QFY25 but were up by 13% QoQ. Sequential improvement in exports for KKC came from geographies like Middle East and Africa, while other regions such as Europe, South East Asia, and Latin America stood largely at the same levels of 4QFY24. These export markets are currently struggling with low demand in key countries, thereby witnessing dumping in select markets. For KOEL, exports in 1QFY25 grew YoY to INR1.1b. KOEL currently has a small base of exports and aims to increase them with a different approach for each country. The investment in the Wildcat brand is part of the strategy to gain entry in the US market.

### Factors to watch out for in next few quarters

Demand has remained strong in most parts of the country despite price hikes of 20-40% across nodes. In the coming quarters, we would be watching out for 1) demand sustainability at the current levels, 2) any further improvement in genset demand during the festive season, 3) stability of price hikes, 4) continuity of HHP demand from the data center market, and 5) recovery in export markets.

### Growth strategies of players in the current market

Based on our discussions with players and channel partners in the industry, market share gains will be visible for players that were well-timed in their launches and have already tested waters in the last one year. With a wide range of models across nodes, KKC seems to be gaining market share in the current transition period. KOEL is focusing on margin improvement and it has improved the share of sales from mid-high kVA nodes. Smaller players like Ashok Leyland, Eicher and Greaves are offering lower prices in LHP nodes and trying to gain market share, particularly in below-250kVa nodes. Node availability is limited for MNC players like Baudouin and Perkins and they are targeting mostly nodes above 400kVa.

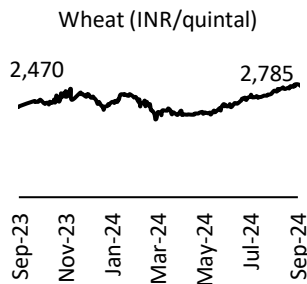
### Valuation and recommendation

KKC is currently trading at 42.3x P/E and KOEL is trading at 26.2x P/E on Mar'26E EPS. We value KKC at 45x P/E on two-year forward estimates and KOEL at 29x P/E on two-year forward estimates for core business. We maintain BUY on both KKC (TP: INR4,300) and KOEL (TP: INR1,540) as they are ready to tide over the emission norm transition.

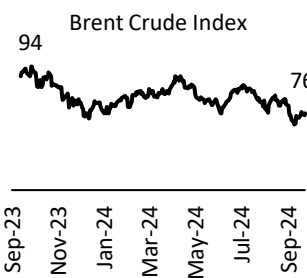


# Consumer

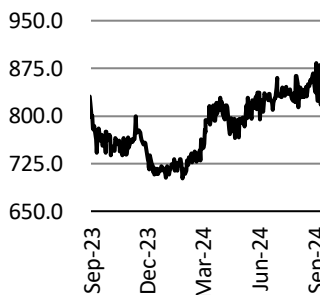
## Wheat Prices (INR/100kg)



## Brent Crude Index (USD/bbl)



## Palm Fatty Acid Prices USD/MT



## Inflationary pressure on agri commodities

We analyze price movements in key commodities and identify companies under our coverage that could either benefit from these changes or face adverse effects.

### Agri commodity prices exhibiting inflationary trend

- Most agricultural commodities have experienced a rise in prices YoY, which is expected to impact FMCG companies such as Dabur, HUL, Nestle, Britannia, Marico, and Tata Consumer. Wheat prices have increased 11% YoY and 8% QoQ. Barley prices have surged 15% YoY and 7% QoQ, which is expected to affect companies such as United Breweries and Nestle India. Sugar prices have increased 4% YoY but remained flattish QoQ, while coffee prices have surged 14% YoY and 6% QoQ, potentially impacting companies such as Nestle and HUL. Copra prices have increased 8% YoY and 5% QoQ. Palm oil prices have increased 5% YoY while stabilizing on a sequential basis.
- Further, the government has recently increased import duty on edible oil to support domestic producers. The import duty on crude palm oil, soybean oil, and sunflower oil has been raised from 0% to 20%, while the tariff on the refined varieties of these oils has surged from 12.5% to 32.5%.
- In response to the rising costs of raw materials, companies are planning to implement price hikes in 2HFY25. FMCG companies may also consider adopting new cost-saving initiatives, optimizing supply chains, and exploring product mix adjustments to mitigate the effects of the rising input prices.

### Non-agri commodity prices cooling off

- Crude oil prices are experiencing a decline, primarily due to the economic slowdown in China, and are currently trading at around USD75/barrel. The average crude price has decreased 7% YoY and 5% QoQ, which is expected to benefit paint companies significantly.
- Additionally, the prices of other commodities such as TiO2, TiO2 China are experiencing a downward trend. VAM China prices have declined 19% YoY and 4% QoQ, which will benefit companies such as Pidilite (PIDI).
- Gold prices have risen 21% YoY, while remaining stable QoQ. Although gold prices initially decreased by approximately 8-10% following the cut in customs duty, they have surged again due to an increase in global prices.

### Impact of commodity prices on companies

- APNT and PIDI:** With crude oil and its derivatives following a deflationary trend, paint and adhesive companies stand to benefit. This trend will be favorable for both APNT and PIDI. The lower input costs are likely to benefit their profitability, enhancing their cost structures moving forward.
- BRIT:** Commodity inflation remains a challenge for BRIT as key raw materials have witnessed significant price increase; for instance, wheat price is up 11% YoY, while the prices of sugar and milk have risen 4% YoY. The company is likely to initiate price hikes to manage the rising input costs, ensuring sustained margin levels.



Consumer Products Ltd.



Hindustan Unilever Limited



- **DABUR:** A notable increase in maize prices, up 22% YoY and 15% QoQ, adds pressure to DABUR's cost base. However, with mentha prices declining 4% YoY and stabilizing sequentially, the company may selectively raise prices to protect margins.
- **GCPL:** GCPL's commodity basket presents a mixed outlook. While crude oil and soda ash prices have declined, Malaysian palm oil and palm fatty acid prices have shown inflationary pressure, potentially impacting overall cost management.
- **HUVR:** HUVR is witnessing a mixed pricing environment. The declining crude oil and soda ash prices provide some relief, but inflationary trends in maize, tea, coffee, Malaysian palm oil, and palm fatty acids are likely to challenge margin stability.
- **HMN:** HMN remains conservative on pricing, planning only minimal hikes of 1-2% in FY25. Mentha prices have seen a 4% YoY decline while stabilizing sequentially, providing HMN with relief on costs.
- **Nestle:** A sharp inflation in Nestle's commodity basket, attributed to an increase in wheat, sugar, cocoa beans, coffee, and milk prices, is likely to pressure margins. The company is expected to implement a price hike as a response to the input cost inflation.
- **UBBL:** Barley and glass bottles (packaging costs) are the key RMs for UBBL. Barley has experienced a price rise again, up 15% YoY and 7% QoQ, following a sharp decline in FY24. Packaging costs, particularly for glass bottles, remained stable for six quarters, providing some respite.
- **UNSP:** For UNSP, molasses prices are up 6% YoY but have stabilized QoQ. Glass packaging prices remained steady, which will enable the company to efficiently manage costs in the near term.

### Our View

We anticipate improved volume growth in FY25, driven by enhanced demand sentiment, a favorable monsoon, and increased government budget allocation for the rural economy. We reiterate our overweight stance on the staple sector and continue to favor HUL, GCPL, Dabur, and Emami as our top picks.





**BSE SENSEX** 85,170  
**S&P CNX** 26,004

**CMP: INR4,423 TP: INR5,100 (+15%) BUY**



Bloomberg	CAMS IN
Equity Shares (m)	49
M.Cap.(INRb)/(USDb)	218 / 2.6
52-Week Range (INR)	4911 / 2230
1, 6, 12 Rel. Per (%)	-5/26/45
12M Avg Val (INR M)	1384

**Financials Snapshot (INR b)**

Y/E March	2025E	2026E	2027E
AAUM (INR t)	40.2	46.7	54.3
Revenue	13.5	15.6	18.1
EBITDA	6.1	7.3	8.9
Margin (%)	45.3	46.7	49.1
PAT	4.4	5.3	6.4
PAT Margin (%)	32	34	36
EPS	89.3	107.7	131.6
EPS Grw. (%)	24.7	20.6	22.2
BVPS	217.9	255.6	301.7
RoE (%)	44.1	45.5	47.2
Div. Payout (%)	65.0	65.0	65.0

**Valuations**

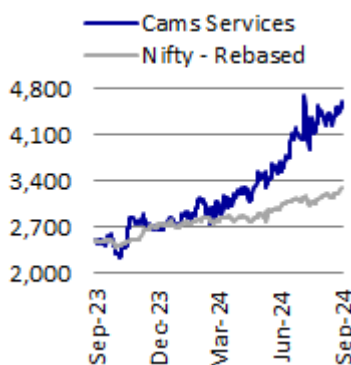
P/E (x)	50.1	41.6	34.0
P/BV (x)	20.5	17.5	14.8
Div. Yield (%)	1.3	1.6	1.9

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	19.9
DII	19.4	19.9	11.7
FII	56.5	53.8	35.8
Others	24.1	26.3	32.6

FII Includes depository receipts

**Stock's performance (one-year)**



**Increased focus on non-MF business**

CAMS held an analyst meet to present granular aspects of various business segments, outlining its key growth drivers and initiative to gain market share in non-mutual fund (MF) business segments. Here are the key takeaways:

- The redesign of its transfer agent platform in Google Cloud will enhance the company's control over the database, improve the ability to provide insights and reduce wastage due to easy availability and fungible additional capacity. The cutting-edge capability of Google's software would also give an added advantage.
- While the revenue trajectory of its MF business remains robust, CAMS has sharpened its focus on non-MF businesses to boost their revenue contribution to 20% by FY27 from 13% in FY24.
- The acceleration in revenue growth, profitability and market share of its non-MF segments will be driven by (a) track record of two wins a week in alternate investment funds (AIFs), (b) client base expansion with the GIFT City launch, (c) expansion of its KRA business to larger capital markets, (d) expansion of CAMSPay operations beyond MFs in new sectors like education and cards, (e) the acceleration of ePolicy conversions in CAMSRep by improving penetration, and (f) strong growth in transactions in CAMSFinserv.
- **Guidance:** CAMSKRA and CAMSPay are expected to report FY25 revenue of INR500m each, while revenue from AIFs may come in slightly below INR500m. In CAMSRep, the company aims to integrate 2-3 insurers every month on its Bima Central platform. In CAMSFinserv, the management expects to hit FY28 guidance of 1m transactions per day by FY26. The share of non-MF business is expected to rise to 20% in FY27 from 13% in FY24. Given the scale advantage, CAMS expects EBITDA margin improvement of 1% every year.
- We expect CAMS to deliver a CAGR of 16.7%/22.2% in revenue/PAT during FY24-27E. **We maintain our BUY rating with a revised 1-year target price of INR5,100 (premised on 42x Sep'26E EPS).**

**Surge in retail participation boosts MF business to new highs**

- On an industry level, MF folios grew by ~98% YoY in FY24 vs. 49% growth in Demat folios; however, the gap is narrowing in FY25.
- Household savings via MFs (6.1% of total household savings) is significantly higher compared to direct equities (0.8%).
- Over the last four years, MF assets increased by a 23% CAGR vs. 11% CAGR in bank deposits.
- CAMS services ~INR44.7t AUM out of total industry AUM of INR66t, with a market share of 68%, capturing four of the top five AMCs.

- For CAMS, the investor base stood at ~49m (as of Aug'24), with ~11m investors added in the last one year. The numbers of unique investors have grown 40% since Apr'23 (surged from ~26m in Apr'24 to 36m in Aug'24), with monthly average additions of ~0.5m (1.5x of competitors).
- Its equity assets continue to climb steadily and are clocking higher growth than competitors, with over 70% of industry net inflows being serviced by CAMS.
- The market share of CAMS in new SIP registrations grew to 62.3% as of Aug'24 from 60.7% in FY23, with monthly average registrations increasing to 3.6m.
- The transaction volumes increased by 75% to a monthly run rate of 70m in YTD FY25 vs. 39m in FY23, backed by enhanced capabilities and automated processes.
- Tech power and API stack (for richness and robustness) are the USPs reflected by the scale of volumes. Every stage of transaction processing has been looked at and automated, with human touch only for a few exceptions, which aids operational efficiency.
- CAMS has introduced AI across the stack to ensure maximum process automation and introduced various dashboards to enhance the monitoring mechanism and ensure regulatory compliances. Audit dashboard is also available and it is run every week to ensure compliance in all transactions.
- A system is already in place for higher volumes, and CAMS will invest in a new platform to be future-ready for a significant spike in volumes amid surging retail participation. CAMS is redesigning its existing TA platform, wherein it has tied up with Google to transfer all the data on cloud. This will enhance the control on database and capacity with no requirement for in-house capacity.

#### **Continued growth in AIFs amid bull market**

- CAMS continues to grow in AIFs with >50% market share in the domestic segment. Key drivers of growth are the declining attractiveness of real assets, the enabling regulatory framework, superior returns and structuring options, and higher liquidity. The industry is pegged to post a CAGR of 27-29% by FY27.
- CAMS is the 1st RTA at GIFT City servicing 19 clients through its branch office.
- Key emerging trends in this segment: 1) New entrants: Witnessing new entrants in funds and services, with many fund managers starting own funds; 2) Regulations: Increase in regulatory oversight to ensure improved transparency and standardization in last 12-18 months; 3) Digitalization: Increasing digital adoption with renewed interest from industry on digital initiatives – WealthServ360 comes into play as digital stack for asset managers; it is integrated with seven custodians, which gives the capability to take the offering to all clients in the market; 4) GIFT City launch: Accelerated fund launches aided by conducive IFSCA regulatory framework. CAMS is expanding to new premises in the next 30 days and already has its first overseas mandate.
- CAMS is scaling its digital prowess for its ecosystem partners through Finwyze. Finwyze has capabilities across two versions. One version is for asset managers and distributors focusing on investor on-boarding, integrated CRMs, products & fee management, and distributor portal & administration. Another version is for custodians and service providers; it connects custodians and service providers to

the entities that leverage their services, such as asset managers, NBFCs, insurers, etc.

- Similarly, CAMS will soon be launching a platform for NPS.
- CAMS is aiming for quicker implementation, expansion to UPS and wealth, and usage of AI for no code platform development and one-touch deployment.

### **CAMSPay – Strategic Outlook in the Payment Aggregator Business**

- CAMSPay received the final PA Authorization from the RBI on 10th Apr'24 to be recognized as an account aggregator.
- CAMS guides for 60% growth in revenue in FY25.
- Key focus area for FY25: 1) build own payment gateway for card processing and partnering with a bank for BIN sponsorship; 2) develop a payment system for MFs; 3) enable affordability options such as EMI and BNPL; 4) enable digital wallets; 5) expansion into education system – identified few partners and in process of going live soon; ~7-8 clients have started rolling and executing. CAMS sees a lot of traction in this segment.
- CAMSPay is useful mainly in three segments: 1) MFs: UPI is the preferred payment method for MF investments (CAGR 17% FY22-24), 2) Insurance business: the industry is expected to grow fastest among G20 countries at 7.1%; After UPI, digital wallets and Cards are widely used payment methods in the insurance industry; 3) NBFC/Banking: NBFC growth is expected at 17% in FY25, backed by digitization, niche specialization and focus on underserved markets.

### **CAMSKRA – Gaining momentum driven by tech initiatives**

- The KYC process in the capital markets is becoming increasingly stringent due to tighter regulations being implemented by the regulator, positioning CAMS at the sweet spot to capitalize on the opportunities.
- Revenue growth in the segment has been driven mainly by a ~54% CAGR in the number of demat and MF accounts over the last five years.
- CAMS is monetizing well and gaining market share against its peers. With respect to PAN card additions, CAMS currently holds ~20% market share.
- Fintech companies are increasingly joining CAMSKRA's client base due to the company's strengthened product offerings and adoption of AI. They have moved from SFTP (Secure File Transfer Protocol) to REST data models, which enhance onboarding, integration, and security without the need for manual interventions.
- Its 10-minute KYC process is the fastest in the industry, with the second-best competitor offering a process that takes three hours.
- CAMS has launched Nexus, the industry's first real-time dashboard, which helps intermediaries make the customer journey smoother and faster.
- The company has introduced "On-tap KYC," which allows KYC to be completed via WhatsApp, taking only 2.5 to 3 minutes to complete the entire application process.
- CAMS aims to surpass INR500m in revenue by FY25 and double its market share by FY28, driven by its cutting-edge technology product offerings.
- Although the incumbent holds the largest market share, most buyers previously used a single KRA platform. However, with the rise of fintechs, multiple

providers are now being considered to diversify the workload. The company's superior product has led to market share gains, and as more buyers seek a second KRA, the business is expected to grow along with its market share.

### **CAMSFinserv – Account aggregator building for a billion Indians**

- CAMSFinserv's monthly market share has increased significantly, from 1% to 17.5% over 16 months.
- The business is gaining traction in various sectors, including lending (through bank statement sharing, loan monitoring, and bank validation), capital market (for demat account opening and bank verification), and insurance/pensions (for pension account opening and income estimation).
- There was 3x growth in consents from Sep'23 to Aug'24, while the volume of deliveries increased 11x.
- A challenge in opening an F&O account is that a six-month bank statement is required. Only 4-5% of demat accounts were converted into F&O accounts earlier, but now the conversion rate is improving. Notably, 0.8m out of 0.9m F&O accounts opened in Jun'24 by stockbrokers were facilitated by CAMSfinserv.
- The company's growth drivers include: (a) establishing a position as the "Aggregator of Aggregators," (b) fostering a multi-consent journey, and (c) integrating MF opportunities into the Account Aggregator system to provide a seamless experience for clients, with the potential to offer pre-approved lending on mutual funds.
- The previous guidance of handling 1m transactions per day, which was expected to be achieved by FY28, is now expected to be reached by FY26.

### **CAMSRep – Bima central becomes the growth driver**

- CAMSRep offers two services: (1) insurance repository that collaborates with 49 out of 55 insurance companies, capturing close to 40% market share in dematerialized policies, and (2) insurer services business that provides end-to-end policy servicing capabilities to customers and processing capabilities to insurers.
- There exists a significant opportunity with 160m insurance policies available each year. This includes a one-time opportunity worth INR50m-250m for life insurance policies, with 70m base transactions and 30m renewal transactions. The revenue potential from these activities is estimated to be INR1b-1.5b.
- The regulatory environment has accelerated digital momentum through the introduction of Bima Sugam, which mandates the issuance of electronic policies. Insurers have the option to transition to electronic insurance accounts (eIA) to issue these electronic policies directly. There is a pressing need for the insurance ecosystem to standardize service and data exchange protocols across the industry among insurers.
- In Apr'24, Bima Central was launched as the first-ever insurance benefit realization platform. This platform is equipped with AI-enabled Optical Character Recognition (OCR) technology for automated policy onboarding, allowing customers to simply push a policy document or a photograph for processing.

- Over the past year, three major insurers—SBI General, ICICI Prudential, and SUD Life—have endorsed the transition to an insurance repository for their customers through Bima Central, further solidifying its credibility and trustworthiness. The use cases for Bima Central include an increase in transactions on the platform as a result of transactions made on the websites of integrated insurers. Additionally, the platform consists of integrated financiers that provide loans against policies, which can aid in policy retention and renewal, creating a mutually beneficial scenario for both customers and insurers.
- Bima Central is poised for significant growth, aiming to triple its policy base. With no direct competition, the platform is well-positioned for success. It offers a range of use cases, from renewals to claims filing and KYC processes. The plan is to integrate 2 to 3 insurers each month to ensure sustained transaction growth. Currently, two insurers are integrated, with two more expected to join by Oct'24.

#### Valuation and View

- Structural tailwinds in the MF industry shall aid absolute growth in MF revenue. With favorable macro triggers and right investments, non-MF share of revenues for CAMS is expected to increase its share in the next three to five years.
- **The business continues to do well with our expectations of 16.7%/22.2% revenue/PAT CAGR during FY24-27E. We maintain our BUY rating with a revised 1-year target price of INR5,100 (42x Sep'26E EPS).**





# NOCIL

BSE SENSEX 85,170 S&P CNX 26,004

**CMP: INR282 TP: INR305 (+8%) Neutral**



**Stock Info**

Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	47.1 / 0.6
52-Week Range (INR)	336 / 210
1, 6, 12 Rel. Per (%)	-7/-4/-10
12M Avg Val (INR M)	339
Free float (%)	66.2

**Financials Snapshot (INR b)**

Y/E March	FY24	FY25E	FY25E
Sales	14.4	16.2	18.7
EBITDA	1.9	2.2	2.9
PAT	1.3	1.6	2.0
EPS (INR)	7.9	9.4	12.3
EPS Gr. (%)	-11.7	19.2	30.9
BV/Sh.(INR)	101	107	115

**Ratios**

Net D:E	-0.1	-0.1	-0.0
RoE (%)	8.1	9.0	11.1
RoCE (%)	7.7	8.5	10.5
Payout (%)	38.1	38.1	38.1

**Valuations**

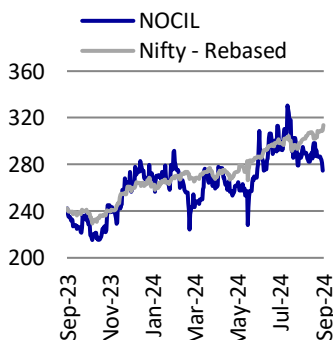
P/E (x)	36.1	30.3	23.2
P/BV (x)	2.8	2.7	2.5
EV/EBITDA (x)	24.4	20.7	16.3
Div. Yield (%)	1.1	1.3	1.6
FCF Yield (%)	3.8	1.6	0.9

**Shareholding Pattern (%)**

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

FII includes depository receipts

**Stock performance (one-year)**



**Global expansion and capacity additions crucial for growth**

- NOCIL is poised to benefit from the rising global demand for rubber chemicals, expanding its market share through strategic sales, diversification, and operational efficiency while navigating strong competition and volatility in raw material prices.
- NOCIL is investing INR2.5b in growth-focused capex for capacity expansion at its Dahej and Navi Mumbai facilities, aiming for long-term market leadership and sustainability by enhancing production and adopting green technologies.
- It currently trades at a premium of ~38% to its long-term average of 17.9x on a one-year forward P/E basis. The stock is also trading at 23.2x FY26E EPS of INR12.3 and 16.3x FY26E EV/EBITDA. Our TP of INR305 is premised on 25x FY26E EPS (~0.7x PEG ratio). Reiterate Neutral.

**Focus on global expansion amidst tough competition**

- The demand for rubber chemicals is expected to rise, driven by growth in the tire, automotive, and EV markets, along with infrastructure development. NOCIL is expected to leverage its expertise and expanded capacity to meet the global demand.
- NOCIL plans to strengthen its global footprint in rubber chemicals by expanding sales in Asia, Europe, and the US. It aims for a double-digit global market share, focusing on customer relationships and China +1 and Europe +1 strategies in the medium to long term. The company is diversifying into non-tire applications and emerging sectors such as electric vehicles.
- However, it faces strong competition from Chinese (China Sunline) and global players, leading to price pressures and margin impact. Volatile raw material prices are also a risk. That being said, the company is enhancing its operational efficiency and product differentiation to address these challenges. Further, it leverages strong supplier relationships to source RMs.

**Capacity expansion crucial to support growth**

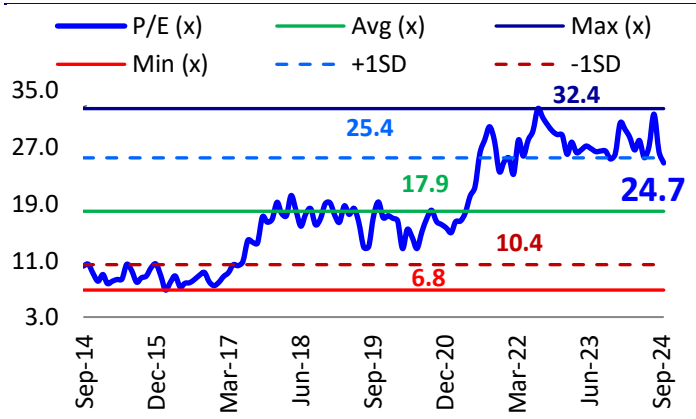
- NOCIL's capex is growth-focused and the company aims for long-term market leadership by expanding capacity to serve its growing tire and non-tire customer base. Ongoing projects are expected to boost production and sustainability. These investments are expected to drive significant returns through increased capacity and cost efficiencies.
- NOCIL has committed INR2.5b for capacity expansion (expected to come online in 2HFY27), mainly at its Dahej facility, to meet the rising demand for rubber chemicals domestically and internationally. This aligns with its long-term strategy for sustainable growth and market leadership. The capex also includes modernizing processes and adopting green technologies to boost energy efficiency, cut emissions, and lower costs.

- The Dahej site, strategically located at key ports and the petrochemical industry, is the focus of its expansion. NOCIL has also invested in its Navi Mumbai plant to enhance precision in rubber chemical manufacturing as part of its drive for operational excellence.

**Valuation and view**

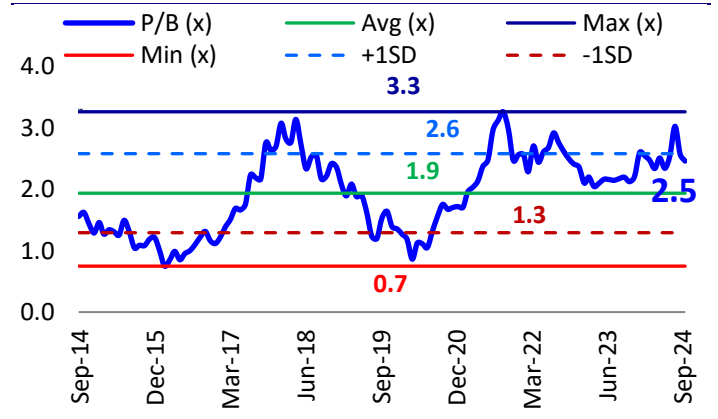
- NOCIL is expanding its capacities (20% of the current capacity of 110ktpa), in anticipation of demand being robust, which is expected to come online in 2HFY27, with the top three global players also expanding their respective capacities.
- The pick-up in China’s domestic consumption is expected to play a key role in easing pricing pressure for NOCIL, though we do not anticipate this happening in the near term. There is currently no timeline for the optimum utilization of its existing facilities, but management anticipates achieving this within the next 1 to 1.5 years.
- NOCIL currently trades at a premium of ~38% to its long-term average of 17.9x on a one-year forward P/E basis. The stock is also trading at 23.2x FY26E EPS of INR12.3 and 16.3x FY26E EV/EBITDA. Our TP of INR305 is premised on 25x FY26E EPS (~0.7x PEG ratio). Reiterate Neutral.

**One year forward P/E**



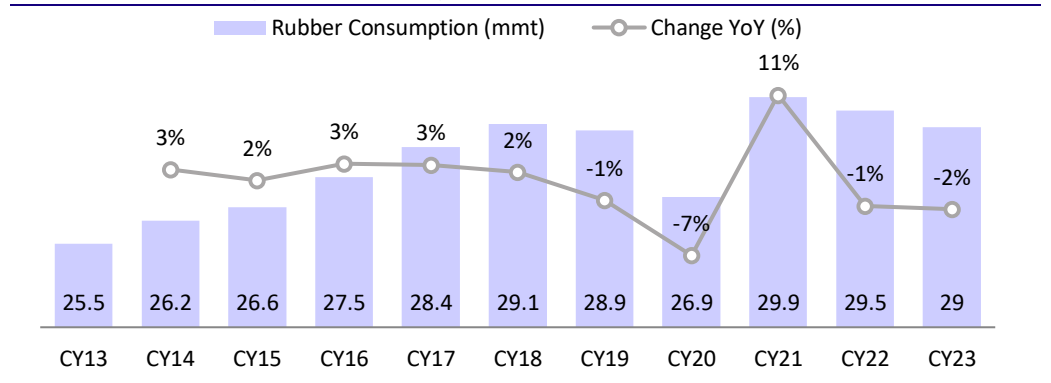
Source: MOFSL

**One year forward P/B**



Source: MOFSL

**Global rubber consumption (natural + synthetic)**



Source: Company, MOFSL



### **IIFL: Will Diversify & Focus On MSME Seg To Avoid Over-Reliance On Gold Loans In The Medium Term; Nirmal Jain, Founder & Chairman, IIFL Group**

- The company has started gold loan disbursements again, with a steady ramp-up plan ensuring full compliance and risk control.
- Positive Customer Response: Customers are returning to the gold loan business, and the company expects to ramp up the gold loan book to pre-ban levels within 6-12 months.
- Higher gold prices are favorable but pose risks. A significant price correction, like the 25-30% drop in 2013-14, could negatively impact the industry.
- The company plans to diversify its portfolio and reduce reliance on gold loans, focusing on housing finance, microfinance (MFI), and MSME lending as growth drivers.
- Co-lending, especially in gold loans, remains a key focus, with many banks eager to restart partnerships. The company has returned ₹11,000 crore in bank money for co-lending during the past 6.5 months.
- Once the gold loan business stabilizes, guidance for the FY25 book will be provided. The company expects to achieve historical growth rates of 20-25% by FY26, assuming a stable economy, while avoiding aggressive pricing tactics.

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### **Spicejet: Sufficiently Funded For Next Few Years Post The QIP; Ajay Singh, Chairman and MD**

- After the QIP, the company is financially secure for the next few years and is focusing on expanding and reviving the airline, similar to efforts in 2015.
- The airline plans to increase its fleet from 28 to 100 aircraft in the next two years, with a target of 40 planes by FY25 and 80 by FY26.
- The company is facing no issues with pilots or lessors, with many pilots keen on rejoining post-fundraising, and an amicable settlement has been reached with lessors.
- The goal is to return to 5,000 flights per month in the near future, focusing on profitable operations rather than targeting specific market share numbers.
- Outstanding statutory dues of ₹650 crore will be fully settled, and the ₹3,700 crore lessor dues will be significantly reduced.
- The company's market cap will rise to ₹10,000 crore post-QIP, with expectations of a PBT of ₹700-750 crore over the next three years, narrowing the gap with InterGlobe Aviation.
- The potential for air travel in India is immense, with only 5% of the population currently flying, a number that could rise to 10% and then 20%.

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### **Indo Count: Expect \$50 m In Revenue From Fluvitex In The First Year Of Acquisition; Kailash Lalpuria, ED & CEO**

- New Acquisition Helps Distribution Across US Market, Aids Our Bedding Biz
- This A Strategic Investment To Build Utility Bedding Biz
- Expect Revenue Of \$50 m In Fluvitex From The First Year Of Acquisition
- On Track To Achieve The Margin Guidance Of 16-18% Aided By Capacity Utilisation
- Maintained EBITDA margin guidance of 16-18% for FY25

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### **Piramal Pharma: We Want To Be A \$2 Bn Company; Increase EBITDA To 25% By 2030; Nandini Piramal, Chairperson**

- Co wants to reduce debt/EBITDA to 1x or less than 1x.
- Want to focus on innovative work in contract manufacturing biz
- 25% is a sustainable rate of margin; would focus on margin via operating leverage, utilisation improving at CDMO sites
- BIOSECURE is an opportunity but will take time
- Overall intention is to reduce debt to EBITDA
- No immediate plans for fund raising; debt to reduce through internal accruals

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### **TVS Supply Chain: Plans to Reduce Logistics Costs and Boost Profitability; Ravi Viswanathan, Managing Director**

- Focus has been on looking at large scale outsourcing and focusing on global accounts
- Focus is to increase presence across Fortune 500 cos
- Expect to win at least one significant large deal by end of the year
- Have ability to now cross sell our capabilities to large customers
- Want to bring best practices from the West to India
- Biz has grown significantly in UK, continue to benefit from diversified portfolio
- Confident on double digit topline growth

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### **MCX: Floats revised Transaction fees for F&O contracts**

- Don't expect major change in transaction charges
- Charging almost at average realizations
- Business will go on as usually, no impact for traders
- Seeing strong benefits from Software Transition
- Hope to bring lot of ancillary product into market

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## NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

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