MOTILAL OSWAL
FINANCIAL SERVICES

6 November 2024

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	79,477	0.9	10.0
Nifty-50	24,213	0.9	11.4
Nifty-M 100	56,115	0.6	21.5
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,783	1.2	21.2
Nasdaq	18,439	1.4	22.8
FTSE 100	8,172	-0.1	5.7
DAX	19,256	0.6	15.0
Hang Seng	7,557	2.6	31.0
Nikkei 225	38,475	1.1	15.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	77	2.0	-1.1
Gold ($/OZ)	2,744	0.3	33.0
Cu (US$/MT)	9,598	0.3	13.4
Almn (US$/MT)	2,624	1.5	11.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.1	0.0	1.1
USD/EUR	1.1	0.5	-1.0
USD/JPY	151.6	-0.3	7.5
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.00	-0.3
10 Yrs AAA Corp	7.3	-0.05	-0.5
Flows (USD b)	**5-Nov**	**MTD**	**CYTD**
FIIs	-0.3	-0.85	-0.5
DIIs	0.36	1.02	54.3
Volumes (INRb)	**5-Nov**	**MTD***	**YTD***
Cash	1,059	0	1278
F&O	4,61,424	0	3,80,145

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

ABB India: Changing mix of order book hurts 3Q

- ABB India (ABB)'s 3QCY24 performance was below our expectations due to lower-than-expected order inflows and execution. The quarter was hit by the changing mix of order book towards a higher share of long-gestation, large-sized orders. Margin performance, though, remained strong YoY, with improved pricing and lower RM costs.
- We expect the near-term execution velocity to be affected by slower-than-expected growth in order inflows and a shift of order book towards longer-gestation projects. However, with higher value-added content in large-sized order inflows, we expect margin performance to remain healthy. Order inflow growth across segments, except Electrification, was hit by decision delays from the private sector and high base in select segments.
- We cut our estimates by 9%/10%/11% for CY24E/CY25E/ CY26E to factor in 9MCY24 performance and the near-term impact on execution due to the longer execution cycle of orders. Our revised TP stands at INR8,500 (vs. INR9,500 earlier), implying 72x P/E on Dec'26E EPS.
- We continue to maintain our positive stance on ABB based on its ability to benefit from the high growth segments with its wide offerings and deeper penetration network. Reiterate BUY.

Research covered

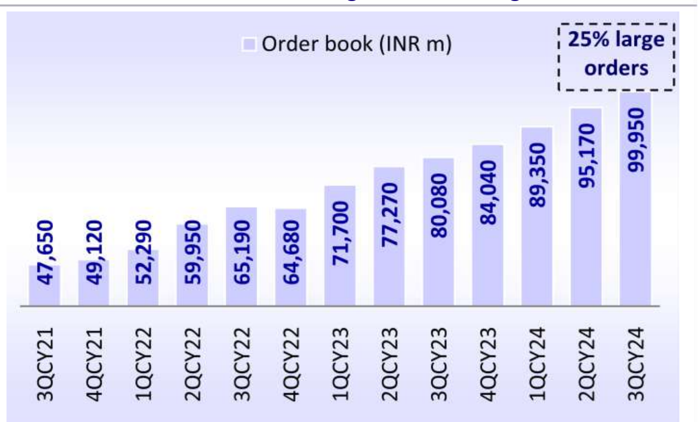
Cos/Sector	Key Highlights
ABB India	Changing mix of order book hurts 3Q
Titan Company	Demand trends positive; all eyes on margins
Other Updates	Mankind Pharma | Dr Reddy's Labs | Tube Investments of India | KEC International | Manappuram Finance | Angel One | Gail (India) | Max Healthcare | Oil India | Raymond Lifestyle | Alkyl Amines | Strategy - The Eagle Eye

Chart of the Day: ABB India (Changing mix of order book hurts 3Q)

Order inflows grew 11% YoY, with large orders up 11% YoY

Source: Company, MOFSL

Order book rose 25% YoY with a higher share of large orders



Source: Company, MOFSL

In the news today

Kindly click on textbox for the detailed news link

1

Hero MotoCorp plans to enter Europe, UK; to start with electric two-wheeler Vida

Hero MotoCorp, India's largest two-wheeler manufacturer, announced its plans to expand into Europe and the UK with its electric vehicle brand, Vida, starting in the second half of 2025.

2

NTPC board approves Rs 80,000 cr investment proposals for 6,400 MW thermal capacity

NTPC's board has greenlit investments totaling around Rs 80,000 crore for three thermal power projects.

3

Can make the elephant dance by pulling two levers in India: Unilever CEO Hein Schumacher

He acknowledged moderate short-term growth expectations, citing returning rural demand and moderate inflation.

4

Rising small-loan defaults may throw risk into India's broader economy

Personal-loan growth is moderating as the central bank last year clamped down on risky lending practices following a post-pandemic surge in credit

5

Jio IPO may be pegged at over $6 bn; listing expected in Q2 or Q3 of 2025

Reliance Jio, the telecom business of the Mukesh Ambani-promoted conglomerate, is expected to go for an initial public offering (IPO) of over $6.25 billion either in the second or the third quarter of the calendar year 2025, sources said. Reliance Retail is likely to be listed around the same time with a short gap, it is learnt.

6

Suzuki Motor unveils battery EV model e-Vitara; to start production in 2025

Maruti Suzuki unveiled its first electric car, the e-Vitara in Milan on Monday. It marks the company's foray into the electric vehicle segment, and its production is expected to start at its Gujarat unit next year.

7

Rs 7000 crore order: Bharat Forge bags big order from Indian Army - Tata to power defence capabilities?

Bharat Forge has emerged as the lowest bidder in a Rs 7,000 crore deal for advanced towed artillery guns, developed by DRDO.

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3QCY24 Result Update | Sector: Capital Goods

ABB India

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	ABB IN
Equity Shares (m)	212
M.Cap.(INRb)/(USDb)	1511.5 / 18
52-Week Range (INR)	9200 / 4141
1, 6, 12 Rel. Per (%)	-7/-1/45
12M Avg Val (INR M)	2664

Financials Snapshot (INR b)

Y/E DEC	CY24E	CY25E	CY26E
Net Sales	120.3	141.5	169.7
EBITDA	22.9	26.4	30.5
PAT	18.8	21.7	25.3
EPS (INR)	88.7	102.5	119.3
GR. (%)	50.5	15.6	16.3
BV/Sh (INR)	362.1	456.2	565.2
Ratios			
ROE (%)	27.6	25.1	23.4
RoCE (%)	27.8	25.2	23.5
Valuations			
P/E (X)	80.4	69.5	59.7
P/BV (X)	19.7	15.6	12.6
EV/EBITDA (X)	64.8	55.7	47.4
Div Yield (%)	0.3	0.3	0.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	5.4	5.6	7.4
FII	12.3	12.1	10.2
Others	7.3	7.3	7.5

FII Includes depository receipts

CMP: INR7,133 TP: INR8,500 (+19%) Buy

Changing mix of order book hurts 3Q

ABB India (ABB)'s 3QCY24 performance was below our expectations due to lower-than-expected order inflows and execution. The quarter was hit by the changing mix of order book towards a higher share of long-gestation, large-sized orders. Margin performance, though, remained strong YoY, with improved pricing and lower RM costs. We expect the near-term execution velocity to be affected by slower-than-expected growth in order inflows and a shift of order book towards longer-gestation projects. However, with higher value-added content in large-sized order inflows, we expect margin performance to remain healthy. Order inflow growth across segments, except Electrification, was hit by decision delays from the private sector and high base in select segments. We cut our estimates by 9%/10%/11% for CY24E/CY25E/ CY26E to factor in 9MCY24 performance and the near-term impact on execution due to the longer execution cycle of orders. Our revised TP stands at INR8,500 (vs. INR9,500 earlier), implying 72x P/E on Dec'26E EPS. We continue to maintain our positive stance on ABB based on its ability to benefit from the high growth segments with its wide offerings and deeper penetration network. Reiterate BUY.

Lower-than-expected order inflows and execution dent performance

ABB reported a miss in 3QCY24 vs. ours and consensus expectations. Revenue at INR29.1b grew 5% YoY, missing our expectation of INR34.3b as the order book tilted towards slightly longer gestation projects. Robotics & Motion/ Electrification segments grew 8%/11% YoY, while Process Automation declined 12% YoY. With robust demand, stable commodity prices, price hikes, and a better product mix, gross margin expanded ~670bp YoY to 43.4%. Other expenses rose during the quarter due to higher warranty costs. EBITDA margin came in at 18.6% vs. 15.8% in 3QCY23. PAT grew 22% YoY to INR4.4b, aided by higher other income (+21% YoY). Order inflows at INR33.4b rose 11% YoY, taking the order book to INR99.9b (+25% YoY). Cash balance stood at INR50b at the end of 3QCY24. For 9MCY24, ABB reported a revenue/EBITDA/PAT growth of 15%/ 54%/49% YoY. For 4QCY24, we expect a revenue/EBITDA/PAT growth of 14%/ 38%/36% YoY.

Shifting mix of order book vs. the past

ABB's order book mix has changed over the past few quarters, with a good share of large-sized order inflows (INR5b or more) coming from high-growth segments (refer to Exhibit 8). Larger orders follow a project milestone trajectory, and hence it has hurt revenue growth (+5% YoY) during the quarter. In the current order book of INR99b, the share of large orders is around 25%. Along with this, ABB's quarterly order inflow run rate had already moved up to INR30-35b per quarter from INR20-25b. Due to delayed decision-making from a few sectors, we expect the order inflow trajectory to plateau over the next few quarters before it starts improving again.

Execution growth hurt by the high exposures to low-growth sectors

ABB caters to diverse businesses through its 23 market segments. The high-growth segments, such as data centers, railways, and electronics, are growing at 20%+; moderate growth segments like water, power T&D, renewable, automobiles, and buildings and infra are witnessing 10-12% growth; while low-growth segments, such as base industries, are growing at less than 10%. ABB has a large installed base across base industries, and nearly 45-50% of the business originates from this segment, which is growing at less than 10%. About 15-20% of the business is from the fast-growing segments, which are experiencing 20%+ growth, and the remaining 30-35% of the business comes from the moderate growth segments. Due to longer gestation of the projects in high-growth segments, revenue growth was hurt during the quarter. However, as the pace of growth improves across base industries, we expect that overall revenue growth will start improving again.

Electrification segment continues to see strong inflows

The electrification segment witnessed a 71% YoY increase in 3QCY24 in order inflows, driven by orders from data centers, railways, and exports. Execution pace stood at 11% YoY in 3QCY24 as large-sized orders from data centers, railways, etc. have longer gestation periods and are linked with project milestones. Execution will improve as large orders get executed. Demand momentum remains strong across power T&D, renewables, building, and infrastructure.

Motion segment’s performance hit by low capex and pricing pressure

The motion segment’s order inflows were hit by pricing pressure in LT motors as well as muted demand from core sectors such as cement and steel. Despite pricing pressure, ABB has benefited from its offerings in traction motors and drives as well as energy-efficient motors. Pricing erosion in this segment appears to have bottomed out, and ABB expects to benefit from improved demand in the coming quarters.

Process automation segment witnesses both inflow and revenue declines

The process automation segment’s inflows remained weak in 3QCY24 and even in 9MCY24 due to delays in decision-making from core industries. ABB gained on inflows from the process and energy industries and expects to gain further from the expansion of city gas distribution, blending projects, de-bottlenecking of existing refineries of state PSUs or the private sector, pharma sector expansion, and paint sector expansion, while inflows so far remained weak from the core industries. We expect this segment to witness improvement once private capex starts improving.

Valuation and recommendation

ABB is currently trading at 69.5x/59.7x P/E on CY25/CY26 estimates. We cut our estimates by 9%/10%/11% for CY24E/CY25E/CY26E to factor in 9MCY24 performance and the near-term impact on execution due to the longer execution cycle of orders. We thus expect revenue growth of 15%/18%/20% in CY24/CY25/CY26 and margins of 19.0%/18.6%/18.0%, translating into a PAT growth of 51%/16%/16% for CY24/CY25/CY26E. Accordingly, we estimate a PAT CAGR of 27% over CY23-26. **We reiterate our BUY rating with a DCF-based TP of INR8,500, implying a multiple of 72x P/E on Dec’26E EPS.**

Key risks and concerns

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

Standalone - Quarterly Earnings Model (INR m)

Y/E December	CY23				CY24E				CY23	CY24E	CY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**24,112**	**25,086**	**27,692**	**27,575**	**30,804**	**28,309**	**29,122**	**31,440**	**1,04,465**	**1,20,347**	**34,292**	**-15**
YoY Change (%)	22.5	22.2	30.6	13.6	27.8	12.8	5.2	14.0	21.9	15.2	23.8	
Total Expenditure	21,259	21,599	23,307	23,403	25,152	22,884	23,719	25,689	89,567	97,443	27,694	
EBITDA	**2,853**	**3,487**	**4,385**	**4,172**	**5,652**	**5,425**	**5,402**	**5,751**	**14,898**	**22,904**	**6,598**	**-18**
Margins (%)	11.8	13.9	15.8	15.1	18.3	19.2	18.6	18.3	14.3	19.0	19.2	
Depreciation	274	292	303	329	314	310	328	345	1,199	1,297	328	0
Interest	22	14	9	82	38	45	30	31	127	144	14	119
Other Income	723	750	768	776	871	868	929	989	3,017	3,657	951	-2
PBT before EO expense	**3,279**	**3,931**	**4,842**	**4,537**	**6,171**	**5,938**	**5,973**	**6,366**	**16,589**	**25,120**	**7,207**	**-17**
Extra-Ord expense												
PBT	**3,279**	**3,931**	**4,842**	**4,537**	**6,171**	**5,938**	**5,973**	**6,366**	**16,589**	**25,120**	**7,207**	**-17**
Tax	827	972	1,222	1,085	1,575	1,511	1,568	1,676	4,106	6,330	1,816	
Rate (%)	25.2	24.7	25.2	23.9	25.5	25.5	26.3	26.3	24.8	25.2	25.2	
Reported PAT	**2,452**	**2,959**	**3,620**	**3,452**	**4,596**	**4,426**	**4,405**	**4,690**	**12,483**	**18,790**	**5,391**	**-18**
Adj PAT	**2,452**	**2,959**	**3,620**	**3,452**	**4,596**	**4,426**	**4,405**	**4,690**	**12,483**	**18,790**	**5,391**	**-18**
YoY Change (%)	-34.3	110.9	84.0	13.1	87.4	49.6	21.7	35.8	79.5	51.2	48.9	
Margins (%)	10.2	11.8	13.1	12.5	14.9	15.6	15.1	14.9	11.9	15.6	15.7	

INR m	CY23							CY24E	CY23	CY24E	CY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Segmental revenue												
Robotics & Motion	10,398	10,398	10,993	10,223	11,219	11,601	11,908	12,259	42,011	46,987	13,334	-11
YoY Change (%)	33.2	17.9	17.0	2.4	7.9	11.6	8.3	19.9	16.7	11.8	21.3	
Electrification Products	9,994	10,056	10,420	11,302	12,963	11,214	11,540	13,174	41,772	48,890	13,885	-17
YoY Change (%)	16.1	20.0	18.3	19.0	29.7	11.5	10.7	16.6	18.3	17.0	33.3	
Process Automation	4,202	5,096	6,756	6,307	7,263	6,327	5,963	6,269	22,361	25,822	6,772	-12
YoY Change (%)	22.8	37.6	93.1	23.5	72.9	24.2	-11.7	-0.6	42.1	15.5	0.2	
Unallocated and others (incl. excise duty)	19	53	24	29	26	44	47	49	125	165	359	-87
Less: inter-segmental	-500	-517	-502	-286	-667	-877	-335	-312	-1,804	-2,191	-59	
Total revenues	**24,112**	**25,086**	**27,692**	**27,575**	**30,804**	**28,309**	**29,122**	**31,440**	**1,04,465**	**1,19,674**	**34,292**	**-15**
Segmental EBIT												
Robotics & Motion	1,275	1,484	2,040	1,746	2,332	2,613	2,659	2,619	6,544	10,222	2,894	-8
Margin (%)	12.3	14.3	18.6	17.1	20.8	22.5	22.3	21.4	15.6	21.8	21.7	63bp
Electrification Products	1,946	1,640	2,011	2,148	3,078	2,594	2,397	2,687	7,746	10,756	3,124	-23
Margin (%)	19.5	16.3	19.3	19.0	23.7	23.1	20.8	20.4	18.5	22.0	22.5	-173bp
Process Automation	389	568	983	810	1,181	1,023	1,145	1,299	2,749	4,648	1,070	7
Margin (%)	9.2	11.1	14.5	12.8	16.3	16.2	19.2	20.7	12.3	18.0	15.8	341bp
Total	**3,609**	**3,692**	**5,034**	**4,704**	**6,590**	**6,230**	**6,202**	**6,604**	**17,039**	**25,626**	**7,088**	**-13**

5 November 2024

2QFY25 Results Update | Sector: Consumer

Titan Company

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USDb)	2867.8 / 34.1
52-Week Range (INR)	3887 / 3056
1, 6, 12 Rel. Per (%)	-9/-16/-27
12M Avg Val (INR M)	4249

Financials &Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	602.2	703.9	821.3
Sales Gr. (%)	17.9	16.9	16.7
EBITDA	60.3	72.5	84.8
EBITDA Margin (%)	10.0	10.3	10.3
Adj. PAT	38.3	47.7	57.0
Adj. EPS (INR)	43.0	53.6	64.0
EPS Gr. (%)	9.6	24.7	19.3
BV/Sh.(INR)	135.7	173.2	218.0
Ratios			
RoE (%)	35.7	34.7	32.7
RoCE (%)	16.7	17.3	18.0
Payout (%)	30.0	30.0	30.0
Valuation			
P/E (x)	74.4	59.7	50.0
P/BV (x)	23.6	18.5	14.7
EV/EBITDA (x)	47.7	39.5	33.6
Div. Yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	52.9	52.9	52.9
DII	11.5	10.9	10.1
FII	18.3	18.3	19.1
Others	17.3	17.9	18.0

FII Includes depository receipts

CMP: INR3,230 TP: INR3,850 (+19%) Buy

Demand trends positive; miss on margins

- Titan Company (TTAN) posted consolidated sales growth of 16% YoY in 2QFY25 (in line). The pressure on EBITDA margins led to a 7% miss on EBITDA (after adjusting customs duty). Higher interest costs (+71% YoY) and depreciation (+19%) led to only 2% YoY growth in adjusted PAT.
- Jewelry sales growth (standalone, excluding bullion) was strong at 26% YoY (+9% in 1QFY25) due to strong demand recovery after customs duty reduction. Buyer growth was 12% YoY. Studded growth was 12% YoY, and the ratio was 30% (300bp decline YoY). Net store additions were 35 in 2Q, taking the total store count to 1,009. Standalone LFL growth was 15%. Caratlane's growth was strong 28% in 2QFY25.
- Standalone jewelry EBIT margin (excl. bullion, adjusting customs duty) contracted 270bp YoY to 11.4% (est. 13.8%). The margin contraction was driven by rising gold costs, softer demand for large-carat stones amid price fluctuations, and rising competitive intensity. Caratlane's margin expanded 300bp YoY to 7%. For FY25, we model 11.3% standalone jewelry EBIT margin (excl. bullion, adjusting customs duty).
- The watch segment grew 19% YoY. In analog watches, Fastrack, Titan, and Helios clocked 14%, 15%, and 43% YoY growth, respectively, while wearables revenue declined 13% due to price cuts (double-digit volume growth).
- With the jewelry industry seeing faster formalization, we believe that TTAN will continue to benefit, driven by store additions, multi-format presence, better designs and customer understanding, and a strong recall of trust. Although the margin trajectory has been weak for the last 4-5 quarters, we expect limited pressure going ahead. **We reiterate our BUY rating with a TP of INR3,850 (premised on 60x Sep'26E EPS).**

Jewelry sustaining healthy demand; miss on profitability

- **Healthy revenue growth:** TTAN's consolidated revenue grew 16% YoY to INR145.3b (est. INR144.3b). Jewelry sales grew 15% YoY to INR127.7b (est. 127.1b) (ex-bullion sales grew by 27% to INR117.8b). Standalone sales (excl. bullion) grew by 26% to INR107.6b (est. INR102.9) and Caratlane's sales grew 28% YoY. The number of jewelry stores grew 20% YoY to 1,009. Watches, Eyewear, and Others segments clocked revenue growth of 19%, 7%, and 30% YoY.
- **Margin under pressure:** After adjusting the customs duty effect, consol. gross margin declined 70bp YoY to 22.7% (est. 23.1%). EBITDA margin contracted 80bp YoY to 10.5% (est. 11.4%). The standalone jewelry EBIT margin (excl. bullion) contracted 270bp YoY to 11.4% (est. 13.8%). Caratlane's EBIT margin expanded 300bp to 7%. Watches' margin expanded 40bp to 15% and eye care margin dipped 230bp YoY to 10.9%.

- **Muted profit growth**: After adjusting the customs duty effect, EBITDA grew 8% YoY to INR15.3b (est. INR16.4b) in 2QFY25. PBT declined 1% YoY to INR12.4b (est. INR14.3b) on higher interest (+ 71% YoY to INR2.4b) and higher depreciation (+19% YoY to INR1.7b). Adj. PAT was up 2% YoY to INR9.3b. Reported EBITDA/PBT/APAT (due to customs duty reduction) declined 12%/24%/23%.
- After adjusting the customs duty effect, 1HFY25 net sales grew 14%, EBITDA was up 9%, and APAT was down 2%. In 2HFY25, we estimate net sales/ EBITDA/APAT growth of 22%/18%/20%.

Highlights from the management commentary

- Wedding jewelry demand started picking up after the customs duty reduction announcement, and is expected to remain strong in the next two quarters.
- The average ticket size for studded jewelry has been affected partly by the decline in solitaire demand and delays in launching products in certain price ranges.
- TTAN expects 2H will see better margins than 1H. They expects jewelry EBIT margin of 11% to 11.5% for FY25.
- Customer interest in lab-grown jewelry significantly lower in products priced above INR1 lakh.
- CaratLane's pricing strategy targets the sub-INR50,000 range, with products typically priced between INR30,000 and INR50,000.
- Watches business grew 19% YoY, driven mainly by a ~26% increase in the analog segment, with Sonata/Fastrack up 20%/18% YoY.

Valuation and view

- We cut our EPS estimates by 5% each for FY25/FY26.
- TTAN, with its superior competitive positioning (in sourcing, studded ratio, youth-centric focus, and reinvestment strategy), has continued to outperform other branded players. The brand recall and business moat are not easily replicable; therefore, Tanishq's competitive edge will remain strong in the category. The store count reached 3,171 as of Sep'24, and the expansion story remains intact.
- TTAN's EBITDA margin has been under pressure during FY24 and 1HFY25 owing to a lower studded mix. It will be critical to monitor the margin outlook amid intensifying competition. The non-jewelry business is also scaling up well and will contribute to growth in the medium term. The business currently accounts for 13% of revenue and 12% of EBIT.
- We model a CAGR of 17%/17%/18% in revenue/EBITDA/PAT during FY24-27E. TTAN's valuation is rich, but it offers a long runway for growth with a superior execution track record. **Reiterate BUY with a TP of INR3,850 (based on 60x Sep'26E EPS).**

Consolidated Quarterly Performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Stores (Jewelry)	**792**	**844**	**898**	**937**	**974**	**1,009**	**1,045**	**1,079**	**937**	**1,079**	**1,009**	
Net Sales	**119.0**	**125.3**	**141.6**	**124.9**	**132.7**	**145.3**	**177.0**	**147.2**	**510.8**	**602.2**	**144.3**	0.7
YoY change (%)	26.0	36.7	22.0	20.6	11.5	16.0	25.0	17.8	25.9	17.9	15.2	
Gross Profit	**26.4**	**29.3**	**32.9**	**27.9**	**29.3**	**33.0**	**41.3**	**34.9**	**116.5**	**138.5**	**33.3**	
Margin (%)	22.2	23.4	23.3	22.3	22.1	22.7	23.3	23.7	22.8	23.0	23.1	
EBITDA	**11.3**	**14.1**	**15.7**	**11.9**	**12.5**	**15.3**	**17.9**	**14.6**	**52.9**	**60.3**	**16.4**	-7.1
EBITDA growth %	-5.9	13.2	16.2	9.4	10.8	8.2	14.6	22.5	8.5	13.9	16.4	
Margin (%)	9.5	11.3	11.0	9.5	9.4	10.5	10.1	9.9	10.4	10.0	11.4	
Depreciation	1.3	1.4	1.5	1.6	1.6	1.7	1.7	1.7	5.8	6.7	1.7	
Interest	1.1	1.4	1.7	2.0	2.3	2.4	2.0	1.9	6.2	8.6	1.8	
Other Income	1.1	1.2	1.4	1.6	1.2	1.2	1.5	1.6	5.3	5.4	1.4	
PBT	**10.0**	**12.5**	**13.8**	**9.9**	**9.7**	**12.4**	**15.7**	**12.6**	**46.2**	**50.4**	**14.3**	-13.7
Tax	2.5	3.4	3.3	2.2	2.6	3.1	3.7	2.8	11.3	12.1	3.5	
Rate (%)	24.6	26.9	23.6	22.2	26.5	24.8	23.3	22.2	24.4	24.0	24.4	
Adjusted PAT	**7.6**	**9.2**	**10.5**	**7.7**	**7.2**	**9.3**	**12.0**	**9.8**	**35.0**	**38.3**	**10.8**	-14.1
YoY change (%)	-4.3	9.6	15.5	4.8	-5.4	1.7	14.2	27.0	6.8	9.6	18.4	
Extraordinary	0.0	0.0	0.0	0.0	0.0	2.3	1.6	0.0	0.0	3.9	2.3	0.0
Reported PAT	**7.6**	**9.2**	**10.5**	**7.7**	**7.2**	**7.0**	**10.5**	**9.8**	**35.0**	**34.4**	**8.6**	-17.8

E: MOFSL Estimates

**2QFY25 is adjusted with customs duty impact of INR2.9bn*

Mankind Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MANKIND IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	1087.4 / 12.9
52-Week Range (INR)	2839 / 1733
1, 6, 12 Rel. Per (%)	7/10/27
12M Avg Val (INR M)	1799

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	125.8	149.9	170.7
EBITDA	33.6	41.4	48.1
Adj. PAT	21.9	24.1	30.7
EBIT Margin (%)	26.7	27.6	28.2
Cons. Adj. EPS (INR)	54.6	60.1	76.6
EPS Gr. (%)	14.3	10.1	27.4
BV/Sh. (INR)	274.8	320.8	379.4
Ratios			
Net D:E	-0.6	-0.7	-0.7
RoE (%)	21.5	20.2	21.9
RoCE (%)	22.7	22.0	22.7
Payout (%)	19.7	20.0	20.0
Valuations			
P/E (x)	49.7	45.1	35.4
EV/EBITDA (x)	32.1	25.4	21.4
Div. Yield (%)	0.4	0.4	0.6
FCF Yield (%)	5.0	4.9	5.8
EV/Sales (x)	8.6	7.0	6.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	74.9	74.9	76.5
DII	9.9	9.9	4.6
FII	12.4	11.6	4.2
Others	2.9	3.6	14.8

FII Includes depository receipts

CMP: INR2,714 TP: INR3,140 (+16%) Buy

Superior execution in consumer wellness/exports drives beat on 2Q estimates

Integration of BSV under way

- Mankind Pharma (MANKIND) delivered better-than-expected 2QFY25 performance, fueled by a strong revival in growth of the consumer business and continued growth momentum in the exports business.
- MANKIND continues to deliver a better growth rate than the industry in the Rx-prescription business, supported by a niche portfolio and superior execution in chronic therapies. However, this was partly offset by the pricing impact on certain brands and festival/seasonality in acute therapies.
- We tweak our earnings estimates (-3.7%/3.0% for FY26/FY27) factoring in: a) addition of business from the BSV acquisition, b) sustained growth prospects in exports, and c) a scale-up in the consumer healthcare business. We value the stock at 45x 12M forward earnings to arrive at our TP of INR3,140.
- MANKIND is working on multiple growth drivers, such as: a) increasing share of chronic therapies, driving sustainable growth in the Rx segment, b) higher penetration in Tier I/Metro cities, c) expanding offerings/adding distribution models of consumer wellness brands, d) developing digital platforms to enhance doctor-MR engagements, and d) enhancing niche portfolio offerings through inorganic/in-licensing strategies. Accordingly, we model 18% earnings CAGR over FY25-27. **Reiterate BUY.**

Superior product mix results in improved profitability on a YoY basis

- Sales grew 13.6% YoY to INR30.8b for the quarter (vs. est. of INR30.0b). Domestic business (91% of sales) grew 10.6% YoY to INR28b for the quarter. Prescription business (Rx; 92% of domestic sales) rose 9.8% YoY to INR25.6b. Consumer business (8% of domestic sales) grew 20% YoY to INR2.3b. Exports (9% of sales) improved 57% YoY to INR2.8b, aided by growth in base business supported by the new launches.
- Gross margin expanded by 200bp to 71.6% due to change in product mix and decline in RM prices.
- EBITDA margin expanded 240bp to 27.6% due to lower employee costs/other expenses (down 10bp/30bp as a % of sales) and a higher gross margin.
- Consequently, EBITDA grew 24.5% YoY to INR8.5b (vs. our est. of INR7.9b)
- Adj. PAT was up 30.4% YoY to INR6.5b (vs. our est. of INR6.0b).
- Revenue/EBITDA/PAT rose 13%/18%/24% to INR59.7b/INR15.7b/INR12.2b in 1HFY25. We expect the company's revenue/EBITDA/PAT to grow 31%/ 49%/4% YoY in 2HFY25 to INR66b/INR18b/INR9.6b.

Highlights from the management commentary

- Management guided a 25-26% EBITDA margin for FY25.
- The company expects ~20%+ YoY growth in BSV's international markets in FY26, led by increased penetration in existing markets and expansion into newer geographies.
- MANKIND indicated the Panacea portfolio to have the highest EBITDA margin (33%) followed by Rx prescription, exports, and OTC businesses.

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	**25,786**	**27,081**	**26,070**	**24,411**	**28,934**	**30,765**	**33,923**	**32,182**	**1,03,348**	**1,25,803**	**29,982**	2.6
YoY Change (%)	18.3	11.6	24.7	18.9	12.2	13.6	30.1	31.8	18.1	21.7	10.7	
Total Expenditure	19,238	20,254	20,004	18,500	21,697	22,265	24,628	23,625	77,996	92,214	22,037	
EBITDA	**6,548**	**6,827**	**6,065**	**5,911**	**7,238**	**8,500**	**9,295**	**8,556**	**25,351**	**33,589**	**7,945**	7.0
YoY growth %	34.5	9.9	29.7	30.7	10.5	24.5	53.3	44.7	25	32	**16**	
Margins (%)	25.4	25.2	23.3	24.2	25.0	27.6	27.4	26.6	24.5	26.7	26.5	
Depreciation	874	965	1,097	1,047	1,077	1,056	1,985	1,984	3,983	6,102	1,075	
Interest	63	86	92	94	109	71	970	835	335	1,985	78	
Other Income	586	600	701	921	1,006	1,094	20	30	2,809	2,150	732	
PBT before EO expense	**6,197**	**6,375**	**5,577**	**5,692**	**7,057**	**8,468**	**6,360**	**5,767**	**23,842**	**27,652**	**7,524**	12.5
Extra-Ord expense	0	0	0	0	420	0	0	0	0	420	0	
PBT	**6,197**	**6,375**	**5,577**	**5,692**	**6,637**	**8,468**	**6,360**	**5,767**	**23,842**	**27,232**	**7,524**	
Tax	1,303	1,298	1,025	950	1,246	1,904	1,221	1,202	4,576	5,573	1,422	
Rate (%)	21.0	20.4	18.4	16.7	18.8	22.5	19.2	20.8	19.2	20.5	18.9	
Minority Interest & P/L of Asso. Cos.	25.9	66.8	14.5	29.5	26.7	28.4	30.0	51.5	136.6	136.6	111.0	
Reported PAT	**4,869**	**5,010**	**4,538**	**4,712**	**5,365**	**6,535**	**5,109**	**4,514**	**19,129**	**21,522**	**5,991**	9.1
Adj PAT	**4,869**	**5,010**	**4,538**	**4,712**	**5,706**	**6,535**	**5,109**	**4,514**	**19,129**	**21,863**	**5,991**	9.1
YoY Change (%)	53.9	12.8	47.3	50.5	17.2	30.4	12.6	-4.2	38.4	14.3	19.6	
Margins (%)	18.9	18.5	17.4	19.3	19.7	21.2	15.1	14.0	18.5	17.4	20.0	
EPS	**12.2**	**12.5**	**11.3**	**11.8**	**14.2**	**16.3**	**12.8**	**11.3**	**47.8**	**54.6**	**15.0**	

Dr Reddy's Labs

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	DRRD IN
Equity Shares (m)	833
M.Cap.(INRb)/(USDb)	1061.5 / 12.6
52-Week Range (INR)	1421 / 1057
1, 6, 12 Rel. Per (%)	-1/-8/-5
12M Avg Val (INR M)	2684

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	323.1	375.9	371.3
EBITDA	90.8	103.4	92.8
Adj. PAT	57.7	66.4	58.2
EBITDA Margin (%)	28.1	27.5	25.0
Adj. EPS (INR)	69.3	79.7	69.9
EPS Gr. (%)	9.2	15.0	-12.3
BV/Sh. (INR)	400	474	539
Ratios			
Net D:E	-0.5	-0.6	-0.8
RoE (%)	18.8	18.2	13.8
RoCE (%)	17.1	16.8	12.9
Payout (%)	7.2	6.3	7.2
Valuations			
P/E (x)	18.4	16.0	18.3
EV/EBITDA (x)	10.4	8.8	9.3
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.9	5.4	7.0
EV/Sales (x)	2.9	2.4	2.3

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	26.6	26.7	26.7
DII	21.5	20.7	21.0
FII	41.9	42.4	42.4
Others	10.0	10.2	9.9

FII includes depository receipts

CMP: INR1,272 TP: INR1,390 (+9%) Neutral

North America/Russia/ROW drive earnings

Limited visibility to grow beyond the g-Revlimid opportunity

- Dr Reddy's Lab (DRRD) delivered in-line 2QFY25 performance. DRRD exhibited robust YoY growth in North America (NA), Russia, and ROW markets and a healthy scale-up in the pharmaceutical services and active ingredients segment. This was offset by moderate YoY growth in the Europe/CIS business.
- Higher volume growth and new launches have been the key factors driving superior performance in NA, Russia, and ROW markets. Ex-Sanofi portfolio, the Indian business also delivered healthy YoY growth of 9% for the quarter.
- We largely maintain our earnings estimate for FY25/FY26/FY27. We value DRRD on an SOTP basis (22x base business earnings and add NPV of INR60 from g-Revlimid) to arrive at a TP of INR1,390.
- DRRD continues to work on building a differentiated product portfolio to suit its focus markets. Accordingly, it acquired the Nicotine Replacement Therapy (NRT) portfolio for global markets (Ex-US) and formed a JV with Nestle to expand its complimentary nutraceutical portfolio. It has complete manufacturing presence for GLP-1 products and is building a biosimilar pipeline for regulated markets. Having said that, the earnings are expected to be stable over the next two years due to competition kicking in g-Revlimid 4QFY26 onwards and some gestation period to achieve commercial benefits from the differentiated portfolio. Maintain Neutral on limited upside at current valuation.

Product mix benefits more than offset by higher SGA expenses YoY

- DRRD 2QFY25 revenues grew 16.5% YoY at INR80.2b (vs est. of INR78.1b). Sequentially, DRRD sales grew 4.5%. US sales were up 17.6% YoY to INR37.3b (~USD445m; 47% of sales). Europe sales were up 9.2% YoY to INR5.8b (7% of sales). India sales were up 17.8% YoY at INR14b (17% of sales). Emerging market sales grew 20% YoY to INR14.6b (18% of sales). The PSAI segment's revenue grew 20% YoY to INR8.4b (10% of sales).
- Gross Margin (GM) expanded 90bp YoY to 59.6%, led by a better product mix. However, the EBITDA margin contracted 40bp YoY to 28.6% (our est: 27.8%) led by higher SG&A/R&D expenses (+20bp/+120 YoY as a % of sales).
- EBITDA grew 12.1% YoY to INR22.4b (vs est. of INR21.7b).
- DRRD had an impairment related to gNuvaring (INR924m) and acquisition-related one-time expense (INR562m).
- DRRD had adj. PAT of INR13.6b (our est: INR14.2b), up 2% YoY.
- In 1HFY25, the Revenue/EBITDA/PAT were up 15%/9%/2% to INR157b/INR44b/INR27b, respectively. We expect Revenue/EBITDA/PAT to grow 16.3%/25.1%/16.5% YoY to INR166b/INR47b/INR30b in 2HFY25.

Highlights from the management commentary

- Adj. for one-time acquisition cost, DRRD indicated SGA spend would be 27.5%-28% of sales for FY25.
- Ex-Sanofi portfolio, the Indian business grew 9.7% YoY for 2QFY25.
- DRRD indicated that the b-Abatacept launch is likely to be in FY27.

Quarterly Performance - IFRS **(INRb)**

Y/E March	FY24				FY25E				FY24E	FY25E	Estimates	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	% Var
Sales	**67.4**	**68.8**	**72.1**	**70.8**	**76.7**	**80.2**	**82.9**	**83.4**	**279.2**	**323.1**	**78.1**	**2.6**
YoY Change (%)	35.2	9.1	6.6	17.4	13.9	16.5	14.9	17.7	15.9	15.7	13.6	
Total Expenditure	46.9	48.8	51.9	53.2	55.5	58.1	59.3	59.5	200.8	232.3	56.4	
EBITDA	**20.5**	**20.0**	**20.3**	**17.7**	**21.3**	**22.0**	**23.6**	**23.9**	**78.4**	**90.8**	**21.7**	**1.4**
YoY Change (%)	97.8	10.7	-1.3	34.0	4.0	10.3	16.4	35.1	26.2	15.8	8.8	
Margins (%)	30.3	29.0	28.1	24.9	27.7	27.5	28.5	28.6	28.1	28.1	27.8	
Amortization	3.6	3.8	3.9	3.5	3.8	4.0	4.9	5.1	14.8	17.8	3.8	
EBIT	**16.9**	**16.1**	**16.4**	**14.1**	**17.5**	**18.1**	**18.7**	**18.8**	**63.5**	**73.0**	**18.0**	
YoY Change (%)	131.5	8.3	-5.1	41.3	3.5	11.9	14.0	33.1	28.5	14.9	11.5	
Margins (%)	25.0	23.4	22.7	19.9	22.8	22.5	22.6	22.6	22.8	22.6	23.0	
Other Income	1.1	1.6	2.0	1.7	1.4	2.6	1.1	1.2	6.4	6.3	0.7	
PBT before EO expenses	**18.0**	**17.7**	**18.4**	**15.8**	**18.8**	**20.7**	**19.8**	**20.1**	**69.9**	**79.3**	**18.7**	**10.7**
One-off income/(expense)	0.5	1.4	-0.1	0.2	0.0	-1.5	0.0	0.0	2.0	-1.5	0.0	
Profit before Tax	**18.5**	**19.1**	**18.3**	**16.0**	**18.8**	**19.2**	**19.8**	**20.1**	**71.9**	**77.9**	**18.7**	**2.7**
PBT after EO Expenses	**18.5**	**19.1**	**18.3**	**16.0**	**18.8**	**19.2**	**19.8**	**20.1**	**71.9**	**77.8**	**18.7**	
Tax	4.4	4.3	4.5	2.9	4.9	5.8	4.7	3.1	16.2	18.5	4.4	
Rate (%)	24.0	22.7	24.5	18.4	26.0	30.0	23.9	15.7	22.5	23.8	23.7	
PAT	**14.0**	**14.8**	**13.8**	**13.1**	**13.9**	**13.4**	**15.1**	**16.9**	**55.7**	**59.3**	**14.2**	**-5.8**
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.0	2.7	0.0	
Reported Profit	**14.0**	**14.8**	**13.8**	**13.1**	**13.9**	**12.6**	**14.2**	**16.0**	**55.7**	**56.6**	**14.2**	**-11.8**
Adjusted PAT	**13.7**	**13.3**	**13.8**	**12.1**	**13.9**	**13.6**	**14.2**	**16.0**	**52.8**	**57.7**	**14.2**	**-4.5**
YoY Change (%)	66.6	16.5	5.1	50.1	2.0	2.4	2.9	32.0	29.6	9.2	7.2	
Margins (%)	20.3	19.3	19.1	17.1	18.1	17.0	17.1	19.2	18.9	17.9	18.2	
EPS	**16.4**	**15.9**	**16.5**	**14.5**	**16.7**	**16.3**	**17.0**	**19.2**	**63.4**	**69.3**	**17.1**	**-4.5**

E: MOFSL Estimates

Key performance Indicators (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
North America	32.0	31.7	33.5	32.6	38.5	37.3	38.2	38.7	129.9	152.6	36.5
YoY Change (%)	79.5	13.2	9.6	28.8	20.3	17.6	14.0	18.6	27.7	17.5	15.2
Europe	5.1	5.3	5.0	5.2	5.3	5.8	5.7	6.2	20.5	23.0	6.1
YoY Change (%)	22.5	25.9	15.5	5.0	3.8	9.2	15.0	19.5	16.5	12.0	15.0
India	11.5	11.9	11.8	11.3	13.3	14.0	13.7	12.7	46.4	53.6	13.6
YoY Change (%)	3.9	3.1	4.7	10.5	15.4	17.8	16.0	12.6	5.4	15.5	15.0
Russia & Others CIS	7.6	8.0	8.2	7.2	7.4	9.0	7.9	6.9	30.9	31.2	7.7
YoY Change (%)	49.8	-1.2	-9.9	-4.0	-2.6	12.5	-4.0	-4.3	3.8	0.9	-4.0
Others	4.0	4.2	4.6	4.9	3.7	5.6	7.9	8.2	17.7	25.4	4.9
YoY Change (%)	-0.1	2.2	15.9	34.3	-5.3	32.1	70.0	66.8	12.8	43.0	15.0
PSAI	6.7	7.0	7.8	8.2	7.7	8.4	8.4	8.6	29.8	33.1	8.3
YoY Change (%)	-5.4	9.3	1.0	5.5	14.1	19.5	7.0	4.7	2.5	10.9	18.0
Cost Break-up											
COGS (% of Sales)	41.3	41.3	41.5	41.4	39.6	40.4	40.7	40.8	41.4	40.4	40.3
SG&A (% of Sales)	21.0	21.7	22.7	23.9	24.6	23.0	22.5	22.0	22.3	23.0	24.0
R&D Expenses(% of Sales)	7.4	7.9	7.7	9.7	8.1	9.1	8.3	8.5	8.2	8.5	7.9
Gross Margins(%)	58.7	58.7	58.5	58.6	60.4	59.6	59.3	59.2	58.6	59.6	59.7
EBITDA Margins(%)	30.3	29.0	28.1	24.9	27.7	27.5	28.5	28.6	28.1	28.1	27.8
EBIT Margins(%)	25.0	23.4	22.7	19.9	22.8	22.5	22.6	22.6	22.8	22.6	23.0

Motilal Oswal | Morning India

5 November 2024

2QFY25 Results Update | Sector: Automobiles

Tube Investments of India

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	809.1 / 9.6
52-Week Range (INR)	4811 / 3107
1, 6, 12 Rel. Per (%)	6/2/5
12M Avg Val (INR M)	1079

Consol. Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	196.9	220.9	255.4
EBITDA	22.8	28.2	33.5
Adj. PAT	8.9	12.4	15.1
EPS (INR)	46.0	64.2	78.2
EPS Gr. (%)	33.7	39.7	21.7
BV/Sh. (INR)	306	365	438
Ratios			
RoE (%)	16.1	19.1	19.5
RoCE (%)	32.1	35.2	36.4
Payout (%)	8.6	7.3	6.7
Valuations			
P/E (x)	90.9	65.1	53.5
P/BV (x)	13.7	11.4	9.5
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	1.2	1.6	2.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	45.0	45.1	46.1
DII	15.2	16.0	11.9
FII	28.4	27.4	30.4
Others	11.5	11.6	11.5

FII Includes depository receipts

CMP: INR4,183 TP: INR4,750 (+14%) Buy

Performance below estimates; 2HFY25E to be better

To launch 3W cargo and e-tractors/e-SCVs in the next 2-3 months

- Tube Investments (TIINDIA)'s 2QFY25 result was weak, with standalone PBIT margin at 9.9% (-110bp YoY, vs. est. 10.6%), hit by one-offs in engineering segment and railway pricing challenge. However, management remains optimistic for 2HFY25, expecting strong 2W volumes, improved exports, and diversification beyond automotive that would drive growth.
- We cut our FY25E/FY26E consolidated EPS by 24%/14% to factor in moderate demand in domestic PVs and CVs and slower than expected ramp-up at CG Power. The stock trades at 65x/54x FY26E/FY27E consol. EPS. **Reiterate BUY with a TP of ~INR4,750 (premised on Sep'26E SoTP).**

One-off in engineering and pricing challenges in railways hurt margins

- TIINDIA's 2QFY25 standalone revenue/EBITDA/PAT were ~+5%/-2%/-8% YoY at INR20.6b/INR2.5b/INR1.7b (vs. est. INR21.2b/INR2.6b/INR1.9b). Its 1HFY25 revenue/EBITDA/PAT were ~+7%/+4%/-2% YoY. For 2HFY25, we expect its revenue/EBITDA/PAT at ~+10%/+4%/-2% YoY.
- Revenue during the quarter was driven by ~4%/1%/18% YoY growth in INR13.2b/4.0b/2.4b for engineering/metal formed/ other business (est. INR13.9b/4.1b/2.3b). Revenue for the mobility division declined 5% YoY to INR1.7b (est. INR1.8b).
- Gross margin dipped 10bp YoY/60bp QoQ to 36.2%. This resulted in lower-than-expected EBITDA at INR2.46b (-2% YoY; est. of INR2.64b).
- EBITDA margin contracted 90bp YoY/30bp QoQ to 11.9% (est. 12.5%).
- Overall PBIT margin was down 160bp YoY/20bp QoQ to 10.5% (est. 11.5%). The dip was largely due to lower margin in the metal formed business at 11.3% (-210bp YoY; est. of 13.2%), while PBIT margin for the other business contracted 480bp YoY to 3.6% (est. of 6.3%).
- Mobility and engineering divisions reported a PBIT margin of -0.2% (vs. -1.7% in 2QFY24; est. of -1.5%) and 12.3% (-100bp YoY; est. of 12.8%), respectively. Adjusted for one-off, margin for the engineering division would have been stable YoY.
- Adj. PAT declined 8% YoY to INR1.7b (est. INR1.9b).
- CFO/FCF declined 11%/48% in 1HFY25.

Highlights from the management commentary

- **Outlook:** While domestic PV and CV segments are witnessing weak demand, management expects its core segment revenues to remain stable given its diversification into non-auto as well as exports. In exports, while demand in the EU is soft, TI is shifting its focus toward the U.S. and South Asia, where it expects continued momentum. Overall, management expects 2H to be better than 1H.
- **New launches:** The company plans to introduce e-tractors and e-SCVs within the next 2-3 months. In the e-truck segment, customer acceptance is growing as they experience the operational and environmental benefits, despite the higher cost. TI holds a healthy order book in this segment over the coming quarters.
- **Medical devices:** The domestic market is performing well, with double-digit growth (~18-19%). In exports, regulatory processes such as CE registration are underway, which the management expects to conclude in the next one to two quarters, setting up for export growth.
- **CDMO:** TIINDIA's CDMO lab has begun operations, currently working with around 30 customers across 40-45 projects. The kilolab is commissioned, and the semi-commercial plant is expected to begin trial batches by Nov'24, pending environmental clearance for the full operation.

Valuation and view

- TIINDIA offers diversified revenue streams, with strong growth in the core business (~15% CAGR in standalone PAT over FY25-27E), ramp-up in CG Power, and the optionality of new businesses incubated under the TI-2 strategy.
- The stock trades at 65x/54x FY26E/FY27E consolidated EPS. **Reiterate BUY with a TP of ~INR4,750 (premised on Sep'26E SOTP, based on 36x for the standalone business, valuing listed subsidiaries at 15% HoldCo discount and adding INR353/share for the three EV businesses).**

Quarterly performance (S/A) (INR M)

Y/E March	FY24				FY25E				FY24	FY25E	2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				(%)
Net Sales	**17,801**	**19,696**	**18,983**	**19,624**	**19,603**	**20,648**	**20,562**	**22,008**	**76,105**	**82,821**	**21,181**	-2.5
YoY Change (%)	-9.0	3.3	11.0	18.0	10.1	4.8	8.3	12.1	5.2	8.8	7.5	
EBITDA	**2,160**	**2,514**	**2,395**	**2,171**	**2,400**	**2,460**	**2,431**	**2,458**	**9,239**	**9,748**	**2,644**	-7.0
Margins (%)	12.1	12.8	12.6	11.1	12.2	11.9	11.8	11.2	12.1	11.8	12.5	-60bp
Depreciation	331	346	361	370	386	407	430	434	1,408	1,656	400	
Interest	70	77	74	75	72	69	65	61	295	267	42	
Other Income	219	358	137	1,451	137	261	350	1,624	2,165	2,372	350	
PBT before EO expense	**1,979**	**2,448**	**2,096**	**3,178**	**2,079**	**2,245**	**2,286**	**3,587**	**9,701**	**10,197**	**2,552**	-12.0
Tax	502	634	521	699	534	567	576	899	2,359	2,577	643	
Tax Rate (%)	25.4	25.9	24.9	22.0	25.7	25.3	25.2	25.1	24.3	25.3	25.2	10bp
Adj PAT	**1,477**	**1,814**	**1,575**	**2,479**	**1,545**	**1,678**	**1,710**	**2,688**	**7,345**	**7,620**	**1,909**	-12.1
YoY Change (%)	10.0	13.2	14.4	-9.2	4.6	-7.5	8.6	8.4	4.1	3.7	5.2	

E: MOFSL Estimates

KEC International

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	KECI IN
Equity Shares (m)	266
M.Cap.(INRb)/(USDb)	252.6 / 3
52-Week Range (INR)	1068 / 550
1, 6, 12 Rel. Per (%)	-5/18/32
12M Avg Val (INR M)	769

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	222.8	254.2	294.4
EBITDA	15.7	21.1	25.0
PAT	6.3	10.5	13.0
EPS (INR)	23.7	39.6	48.9
GR. (%)	81.8	67.4	23.3
BV/Sh (INR)	210.4	239.2	274.8
Ratios			
ROE (%)	13.3	18.3	19.7
RoCE (%)	12.9	16.3	17.6
Valuations			
P/E (X)	38.7	23.1	18.8
P/BV (X)	4.5	4.0	3.5
EV/EBITDA (X)	16.9	12.7	10.8

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	50.1	51.9	51.9
DII	26.3	25.3	27.2
FII	13.6	12.7	11.3
Others	10.0	10.2	9.7

FII includes depository receipts

CMP: INR949 TP: INR900 (-5%) Neutral

Performance impacted by lower margin and higher interest cost

KEC International Ltd (KECI)'s results were a mixed bag with in-line revenue being offset by a PAT miss. Revenue growth could have been higher; however, it was impacted by labor shortage and heavy monsoons in certain states. YTD order inflows jumped 50% YoY to INR134.8b, taking the order book to INR340.9b, up 9% YoY. For 1HFY25, the company reported revenue/EBITDA/PAT growth of 10%/14%/76% while for 2HFY25, we expect the same to grow at 13%/41%/84%. Net debt including acceptances declined YoY and QoQ on better collections. Overall, we continue to expect KECI to benefit from a strong T&D tendering pipeline for the coming few years. We marginally cut our estimates for FY25E/FY26E to bake in 2QFY25 performance. We maintain a NEUTRAL rating on the stock with a revised TP of INR900 (vs. INR950 earlier).

Results a mixed bag; miss on PAT

KECI's 2QFY25 results were a mixed bag, as an in-line revenue print was offset by a miss at the PAT level. Revenue came in at INR51.1b, up 14% YoY, aided by the healthy execution of the opening order book of INR327.1b. Gross margin at 22.8% contracted ~50bp YoY/110bp QoQ. Staff costs stood at 7.9% of sales vs. 8.4% in 2QFY24. Other expenses as a % of sales were flat YoY at 8.6%. EBITDA grew 17% YoY to INR3.2b, while margin expanded 20bp YoY/30bp QoQ to 6.3%, below our estimate of 6.6%. Interest expenses as a % of sales marginally eased to 3.3% vs. 3.4% in 1QFY25 and 4% in 2QFY24. PAT came in at INR854m, up 53% YoY, despite a 58% decline in other income and a higher effective tax rate (24.7% vs. 15.2% in 2QFY24). Order inflows jumped 29% YoY to INR58.1b, taking the closing Order Book (OB) to INR340.9b (+9% YoY). T&D/non-T&D mix stood at 55%/45%. OB + L1 position stood at INR425b. For 1HFY25, revenue/EBITDA/PAT grew 10%/14%/76%, while free cash outflow narrowed to INR5.7b vs. INR12b in 1HFY24.

Revenue growth driven by T&D

2QFY25 revenue growth was entirely driven by the T&D segment, which reported revenues of INR28.3b (+28% YoY), led by a strong execution of the opening order book of INR166.8b along with a 72% YoY surge in order inflows in 1HFY25 to INR93b. The revenue growth could have been much higher but heavy monsoons in Rajasthan and Gujarat, coupled with labor shortage, affected execution. Notably, key international geographies such as the Middle East, CIS, Africa, and Americas are also seeing robust traction.

Civil segment to be a major growth driver

The Civil segment has been growing at a robust pace over the past few years, aided by traction in data centers, commercial and residential real estate, water projects, metros, etc. For 1HFY25, order inflows have been muted owing to elections, and partly due to a conscious decision to stay away from certain metro and water projects, where collection periods have become a little stretched. 2QFY25 witnessed 9% revenue growth at INR11.5b. For FY25, the company aims to bag orders worth INR40-50b, focusing on orders with execution timelines below 24 months. The current order book stands at ~INR100b.

Prospect pipeline remains robust for T&D and Civil

Overall, the prospect pipeline for KECI stands strong at ~INR1.5t, which is spread across transmission (INR600b), railways (INR150-160b), civil (INR500b), and INR150b for oil & gas and renewables combined. The recently unveiled NEP provides a fillip to domestic T&D visibility, envisaging an outlay of INR9.15t across the entire value chain by FY2032. The company is also witnessing a healthy uptick in international markets such as the Middle East, Africa, CIS, and Americas on the T&D side. The Civil segment will continue to see sustained growth as the prospects for real estate, data centers, private capex, etc. remain sanguine. Water projects too are expected to see an uptick once the state elections are over and outstanding dues get released. We factor in order inflows to post a CAGR of 29% over FY24-27.

Financial outlook

We slightly tone down our margin estimates for FY25/26, factoring in 1HFY25 performance while retaining our revenue estimates. Accordingly, we expect a revenue/EBITDA CAGR of 14%/27% over FY24-27 for KECI. This will be driven by: 1) order inflow growth of 29% over the same period, led by a strong prospect pipeline, 2) a gradual recovery in EBITDA margin to 7.1%/8.3%/8.5% by FY25/26/27, and 3) control over working capital due to improved customer advances, improved debtor collections from railways, and selective participation in projects based on the execution timeline. With improvement in margins and stable working capital, we expect the RoE and RoCE to improve to 19.7% and 17.6% by FY27, respectively.

Valuation and recommendation

KECI is currently trading at 23.1x/18.8x on FY26E/27E earnings. Our estimates bake in a revenue CAGR of ~14% and EBITDA margins of 8.3%/8.5% for FY26E/27E. We maintain our **Neutral** rating with a revised TP of INR900 (vs. INR950 earlier) based on 21x two-year forward earnings.

Key risks and concerns

A slowdown in order inflows, higher commodity prices, an increase in receivables and working capital, and heightened competition are some of the risks that could potentially impact our estimates.

Consolidated - Quarterly Earning Model												(INR m)
Y/E March - INR m	**FY24**				**FY25E**				**FY24**	**FY25E**	**FY25E**	**Est**
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3QE**	**4QE**			**2QE**	**Var. (%)**
Net Sales	**42,436**	**44,990**	**50,067**	**61,648**	**45,119**	**51,133**	**57,915**	**68,584**	**1,99,141**	**2,22,751**	**50,119**	**2**
YoY Change (%)	27.9	10.7	14.4	11.6	6.3	13.7	15.7	11.2	15.2	11.9	11.4	
Total Expenditure	39,992	42,247	46,988	57,768	42,415	47,931	54,035	62,627	1,86,996	2,07,008	46,811	
EBITDA	**2,444**	**2,743**	**3,079**	**3,880**	**2,704**	**3,202**	**3,880**	**5,957**	**12,146**	**15,743**	**3,308**	**(3)**
Margins (%)	5.8	6.1	6.1	6.3	6.0	6.3	6.7	8.7	6.1	7.1	6.6	
Depreciation	418	465	488	483	465	453	531	584	1,853	2,033	506	(10)
Interest	1,587	1,778	1,644	1,543	1,550	1,681	1,413	1,281	6,551	5,924	1,550	8
Other Income	28	158	260	78	431	66	83	106	524	687	89	(25)
PBT before EO expense	**467**	**658**	**1,207**	**1,933**	**1,120**	**1,135**	**2,020**	**4,198**	**4,265**	**8,473**	**1,341**	**(15)**
Extra-Ord expense												
PBT	**467**	**658**	**1,207**	**1,933**	**1,120**	**1,135**	**2,020**	**4,198**	**4,265**	**8,473**	**1,341**	**(15)**
Tax	44	100	239	415	245	281	517	1,127	798	2,169	343	
Rate (%)	9.4	15.2	19.8	21.5	21.8	24.7	25.6	26.8	18.7	25.6	25.6	
Reported PAT	**423**	**558**	**969**	**1,517**	**876**	**854**	**1,503**	**3,071**	**3,467**	**6,304**	**998**	**(14)**
Adj PAT	**423**	**558**	**969**	**1,517**	**876**	**854**	**1,503**	**3,071**	**3,467**	**6,304**	**998**	**(14)**
YoY Change (%)	36.8	1.0	449.5	110.2	106.9	53.1	55.2	102.4	96.9	81.8	78.8	
Margins (%)	1.0	1.2	1.9	2.5	1.9	1.7	2.6	4.5	1.7	2.8	2.0	

	FY24				**FY25**		**FY24**	**FY25E**	**YoY (%)**
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**			
Segmental revenue									
T&D (domestic + SAE)	21,400	22,090	27,230	33,840	24,990	28,310	1,04,560	1,28,139	22.6
Cables	3,890	4,130	3,830	4,610	3,630	4,410	16,460	20,048	21.8
Railways	7,640	7,760	6,530	9,220	4,710	5,030	31,150	23,312	-25.2
Civil	11,080	12,560	14,380	16,370	12,580	14,250	54,390	59,540	9.5
Less intersegmental	-1,560	-1,550	-1,920	-2,390	-790	-870	-7,420	-8,289	11.7
Grand total	**42,450**	**44,990**	**50,050**	**61,650**	**45,120**	**51,130**	**1,99,140**	**2,22,751**	**11.9**

Manappuram Finance

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USDb)	134.6 / 1.6
52-Week Range (INR)	230 / 134
1, 6, 12 Rel. Per (%)	-13/-27/-12
12M Avg Val (INR M)	1814

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	55.9	64.2	70.0
PPP	35.4	40.5	42.4
PAT	22.0	21.7	23.6
EPS (INR)	26.0	25.7	27.9
EPS Gr. (%)	46.5	-1.0	8.7
BV/Sh.(INR)	136	159	183
Ratios			
NIM (%)	14.9	15.1	13.5
C/I ratio (%)	41.6	41.3	43.7
RoA (%)	5.1	4.5	4.3
RoE (%)	20.7	17.4	16.3
Payout (%)	13.7	13.5	12.1
Valuations			
P/E (x)	6.1	6.2	5.7
P/BV (x)	1.2	1.0	0.9
Div. Yld. (%)	2.2	2.2	2.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	35.3	35.2	35.2
DII	11.0	9.3	12.3
FII	30.4	33.0	27.1
Others	23.4	22.4	25.5

FII Includes depository receipts

CMP: INR159 **TP: INR160 (+1%)** **Neutral**

Healthy gold loan growth; MFI business remains key monitorable

Asset quality deteriorates across segments; credit costs high in microfinance

- Manappuram Finance's (MGFL) consol. PAT in 2QFY25 grew 2% YoY to INR5.7b (in line). NII grew ~21% YoY to ~INR16.4b and PPoP rose ~19% YoY to ~INR10.3b. 1HFY25 PAT grew 7% YoY to INR11.3b and we expect 2HFY25 PAT to decline 8% YoY.
- Consol. credit costs stood at ~INR2.6b, resulting in annualized credit costs of ~2.3% (vs. ~2.1% in 1Q). Higher credit costs were primarily attributable to asset quality stress in its microfinance business.
- **Gold AUM grew ~3% QoQ and ~17% YoY to ~INR244b.** Net yields on gold loans rose ~30bp QoQ to ~22.5%. However, net yields on the standalone business rose ~20bp QoQ to ~22% and standalone CoB increased by ~10bp QoQ to ~9.1%, resulting in a ~10bp expansion in spreads.
- Standalone GNPA/NNPA increased by ~40bp each QoQ to ~2.4%/~2.1%. Asirvad's Stage 3 rose ~160bp QoQ to 4.5%. Asset quality deteriorated across non-gold segments, with GS3 increasing in vehicle finance (~4.2% vs. ~3.6% in 1Q), housing finance (~3.3% vs ~2.9% in 1Q) and MSME & personal loans (~4.2% vs. ~3.4% in 1Q).
- The management shared that the secured segments within the product mix are expected to grow faster than the unsecured segments and the company is aiming for consolidated AUM growth of ~15%-18%.
- While the gold loan growth and increase in gold customer additions were healthy, we will watch out for the developments in its microfinance business amid asset quality headwinds in the sector and the RBI ban on Asirvad on new sanctions and disbursements. The management said that Asirvad has addressed all the concerns raised by the regulator and has already submitted a plan for compliance to the RBI. It remains hopeful that the RBI will conduct an inspection soon and lift the ban on Asirvad MFI.
- We keep our FY25/FY26 PAT estimates largely unchanged. Over FY24-27, we estimate a CAGR of 15%/14% in gold/consolidated AUM and ~11% in consolidated PAT, with consolidated RoA/RoE of ~4.7%/18% in FY27. **Reiterate our Neutral rating on the stock with a TP of INR160 (based on 0.8x Sep'26E consolidated BVPS).**

Gold AUM up ~3% QoQ; Gold tonnage remains sequentially stable

- Gold AUM grew ~3% QoQ and ~17% YoY to ~INR244b. Gold tonnage was stable QoQ at ~60t. LTV declined ~2pp QoQ to ~58%, while the average ticket size (ATS) in gold loans rose to INR62.5K (vs. INR62k in 1Q). Its gold loan customer base increased to ~2.7m (vs. 2.6m in 1Q).
- The management continued to guide for gold loan growth of ~12%-15% in FY25. We estimate gold loan growth of ~18% in FY25.

Asirvad MFI: Credit costs high; GS3 up ~160bp QoQ

- Asirvad's GS3 rose ~160bp QoQ to 4.5%. Credit costs stood at ~INR2b (~INR1.7b in 1Q), translating into annualized credit costs of ~7% (~6% in 1Q). Credit costs were high because of a decline in collections in specific regions and adverse climate conditions.
- Asirvad's AUM grew ~11% YoY but declined ~1% QoQ to ~INR121.5b. Asirvad reported PAT of INR750m (vs. INR1b in 1Q), down ~37% YoY and ~25% QoQ.
- The management expects repayments to improve from 4QFY25 onward, with green-shoots already visible in 3QFY25.

Update on RBI ban on Asirvad MFI

- Asirvad MFI has submitted a compliance report to the RBI, conveying that it will reduce its lending rates to be among the lowest in the industry. It has also implemented advanced tracking systems for better borrower assessment.
- Its entire framework is now fully compliant with the RBI's requirements, and the company anticipates that the regulator will expedite its process and carry out the inspection soon.
- The company has halted lending operations and is focusing on collections by motivating customers and incentivizing employees. It will ensure that collections are not impacted by regulatory actions.
- Asirvad's lenders are confident in its compliance efforts, backed by strong liquidity support from its parent company. It is addressing a covenant breach and awaits the RBI's inspection, after which the ban could be lifted.

Highlights from the management commentary

- The company has decided not to grant any digital personal loans (PL) to customers until they close their gold loans. This issue was raised by the regulator in its inspection of MGFL in Sep'24. After this was flagged by the RBI, MGFL stopped digital PLs to its gold loan customers.
- The company has guided for slightly elevated credit costs in the microfinance business in FY25. It expects momentum to improve from 4QFY25 onward.

Valuation and view

- MGFL management said that the company is now fully compliant with all RBI observations that led to the ban on Asirvad MFI. The company is now awaiting the RBI's inspection, after which the ban could potentially be lifted. Historically, such bans have taken ~6 months to resolve, but the management expects this ban to be lifted within ~4-6 months.
- MGFL trades at 0.9x FY26E P/BV, and we believe that there could be a near-term impact on profitability and growth due to the ban on Asirvad MFI. **We reiterate our Neutral rating on the stock with a TP of INR160 (based on 0.8x Sep'26E consolidated BVPS).**

MGFL - Quarterly Performance (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	19,363	20,438	22,011	22,734	23,861	25,411	25,233	24,795	84,546	99,299	24,887	2
Interest Expenses	6,484	6,894	7,487	7,792	8,483	9,057	8,921	8,628	28,657	35,089	9,077	0
Net Interest Income	**12,879**	**13,543**	**14,524**	**14,943**	**15,378**	**16,354**	**16,312**	**16,167**	**55,889**	**64,210**	**15,810**	**3**
YoY Growth (%)	34.6	25.5	33.0	32.8	19.4	20.8	12.3	8.2	31.4	14.9	16.7	
Other income	1,209	1,303	1,256	888	1,259	961	1,168	1,447	4,655	4,834	1,252	-23
Net Income	**14,088**	**14,846**	**15,780**	**15,831**	**16,636**	**17,314**	**17,479**	**17,614**	**60,544**	**69,044**	**17,062**	**1**
Operating Expenses	6,068	6,182	6,419	6,497	6,823	6,984	7,190	7,536	25,165	28,531	6,985	0
Operating Profits	**8,020**	**8,664**	**9,361**	**9,333**	**9,814**	**10,331**	**10,290**	**10,078**	**35,379**	**40,512**	**10,077**	**3**
YoY Growth (%)	57.5	36.8	58.1	52.0	22.4	19.2	9.9	8.0	50.7	14.5	16.3	
Provisions	1,212	1,197	1,496	1,878	2,286	2,604	3,012	3,140	5,783	11,043	2,504	4
PBT	**6,808**	**7,467**	**7,864**	**7,455**	**7,528**	**7,727**	**7,278**	**6,937**	**29,595**	**29,470**	**7,574**	**2**
Tax Provisions	1,828	1,861	2,111	1,820	1,963	2,006	1,892	1,860	7,621	7,721	1,975	2
PAT	**4,980**	**5,607**	**5,753**	**5,635**	**5,565**	**5,721**	**5,385**	**5,077**	**21,974**	**21,749**	**5,599**	**2**
YoY Growth (%)	77	37	46	36	12	2	-6	-10	46	-1	0	
Key Ratios (%)												
Yield on loans	22.3	22.6	23.2	22.8	22.5	22.9	22.6	22.4	22.5	23.4		
Cost of funds (Cal)	9.1	9.1	9.3	9.5	9.4	9.4	9.5	9.6	9.2	10.1		
Spreads (Cal)	13.2	13.5	13.9	13.3	13.1	13.5	13.1	12.9	13.3	13.3		
NIMs (Cal)	14.8	15.0	15.3	15.0	14.5	14.8	14.6	14.6	14.9	15.1		
C/I ratio	43.1	41.6	40.7	41.0	41.0	40.3	41.1	42.8	41.6	41.3		
Credit Cost	1.3	1.3	1.5	1.8	2.1	2.3	2.7	2.8	1.5	2.6		
Tax Rate	26.9	24.9	26.8	24.4	26.1	26.0	26.0	26.8	25.8	26.2		
Balance Sheet Parameters												
Consol. AUM (INR b)	**371**	**390**	**404**	**421**	**449**	**457**	**452**	**449**				
Change YoY (%)	20.6	27.0	26.7	18.7	21.2	17.4	12.0	6.7				
Gold loans (INR b)	**206**	**208**	**208**	**215**	**236**	**244**	**247**	**254**				
Change YoY (%)	0.6	8.4	11.5	8.9	14.8	17.1	19.1	18.0				
Gold stock (tonnes)	59	59	58	59	60	60	0	0				
Gold loans/branch (INR m)	51	51	51	53	58	60	0	0				
Consol. Borrowings (INRb)	**285**	**322**	**319**	**337**	**385**	**385**	**366**	**356**				
Change YoY (%)	19.0	20.5	18.2	18.2	34.8	19.4	14.7	5.9				
Borrowings Mix (%)												
Debentures	20.3	18.2	18.5	14.4	12.3	12.1	18.5	14.4				
CPs	0.0	2.0	0.1	2.5	2.3	1.5	0.1	2.5				
WC/CC	27.0	27.5	25.7	22.7	20.5	19.1	25.7	22.7				
TL	49.5	50.2	52.9	56.5	54.3	47.7	52.9	56.5				
ECB	3.3	0.6	1.6	2.8	10.0	19.0	1.6	2.8				
Others	0.0	1.4	1.3	1.2	0.6	0.7	1.3	1.2				
Debt/Equity (x)	1.4	1.5	1.4	0.9	1.6							
Asset Quality Parameters (%)												
GNPL ratio (Standalone)	1.4	1.6	2.0	1.9	2.0	2.4						
NNPL ratio (Standalone)	1.2	1.4	1.8	1.7	1.7	2.1						
Return Ratios (%)												
RoA (Rep)	5.0	5.3	5.2	4.9	4.8	4.4						
RoE (Rep)	20.1	21.6	21.2	19.9	16.7	18.6						

E: MOFSL estimates

Angel One

BSE SENSEX	S&P CNX
79,477	24,213

Bloomberg	ANGELONE IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	262.8 / 3.1
52-Week Range (INR)	3900 / 2025
1, 6, 12 Rel. Per (%)	13/0/-22
12M Avg Val (INR M)	3108
Free float (%)	64.4

CMP: INR2,916

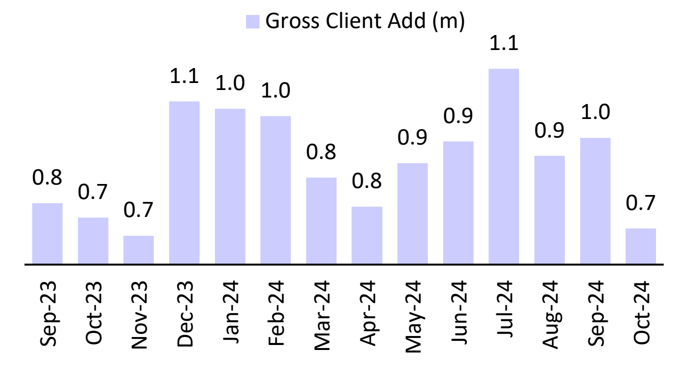
Market share accretion in Oct'24; order run-rate rises to 7.8m

Angel One (ANGELONE) released its key business numbers for Oct'24. Here are the key takeaways:

- ANGELONE's gross client acquisition declined 26.3% MoM to ~0.7m in Oct'24 (-4% YoY).
- The total client base stood at 28.1m in Oct'24 (+2.1% MoM/+57.8% YoY).
- The average funding book was up 0.7% MoM to ~INR41.2b (+118.6% YoY).
- The number of orders increased to 171.3m for Oct'24 (+9.3% MoM /+61.7% YoY), driven by the higher number of trading days and a 4.3% MoM increase in the number of orders per day to 7.8m.
- The overall ADTO was up 1.1% MoM, led by a 1.4% increase in the F&O segment's ADTO, while the cash and commodity segments' ADTO declined 14.3% and 16.7% MoM, respectively.
- Based on the option premium turnover, the overall market share increased 90bp MoM while F&O's market share increased 120bp MoM to 20.3%/ 21.9%, respectively. The market share for the cash segment increased 20bp MoM to 17.7%.
- The number of registered unique MF SIPs declined 9.2% MoM to ~0.73m in Oct'24 (+214% YoY).

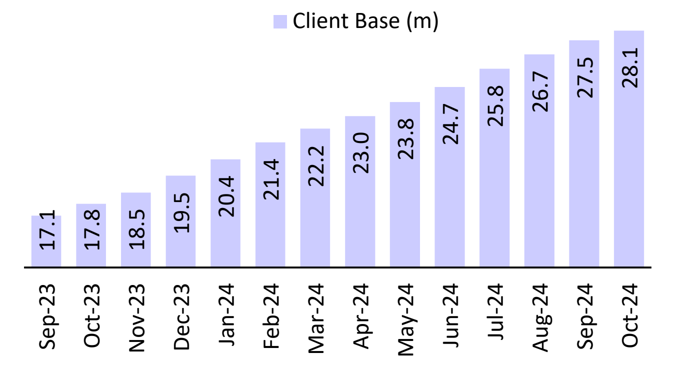
Key Metrics	Oct-23	Dec-23	Feb-24	Apr-24	Jun-24	Aug-24	Sep-24	Oct-24	% YoY	% MoM
No of Days	20	20	21	20	19	21	21	22		
Client Base (m)	17.8	19.5	21.4	23.0	24.7	26.7	27.5	28.1	57.8	2.1
Gross Client Add (m)	0.73	1.05	1.01	0.76	0.94	0.90	0.95	0.70	-4.1	-26.3
Avg MTF book (INR b)	18.8	18.4	20.4	21.0	30.4	38.5	40.9	41.2	118.6	0.7
Orders (m)	105.9	137.2	172.7	135.5	168.0	161.2	156.7	171.3	61.7	9.3
Per day orders (m)	5.3	6.9	8.2	6.8	8.8	7.7	7.5	7.8	46.9	4.3
Unique MF SIPs registered (In m)	0.23	0.4	0.48	0.44	0.58	0.74	0.81	0.74	214.0	-9.2
Angel's ADTO (INR b)										
Overall	31,537	42,014	45,168	41,900	45,742	44,850	47,930	48,469	53.7	1.1
F&O	31,082	41,539	44,697	41,366	45,112	44,148	47,173	47,835	53.9	1.4
Cash	44	72	81	76	106	96	91	78	77.3	-14.3
Commodity	355	334	336	453	524	607	666	555	56.3	-16.7
Angel's Premium T/O (INR b)										
Overall	552	609	628	677	823	854	904	791	43.3	-12.5
F&O	98	135	158	143	193	151	147	157	60.2	6.8
Retail T/o Market Share									**bps YoY**	**bps MoM**
Overall Equity	26.5	27.1	N.A	N.A	N.A	N.A	N.A	N.A		
F&O	26.6	27.2	N.A	N.A	N.A	N.A	N.A	N.A		
Overall Equity - based on option premium T/O	17.3	17.3	18.2	18.4	18.9	19.3	19.4	20.3	300	90
F&O - based on option premium T/O	18.4	18.9	20.2	19.8	20.7	20.7	20.7	21.9	350	120
Cash	15.2	14.9	15.2	16.4	16.4	17.4	17.5	17.7	250	20
Commodity	58.4	60.2	60.4	57.6	59.1	63.3	61.8	61.3	290	-50

Run rate in client additions declined MoM



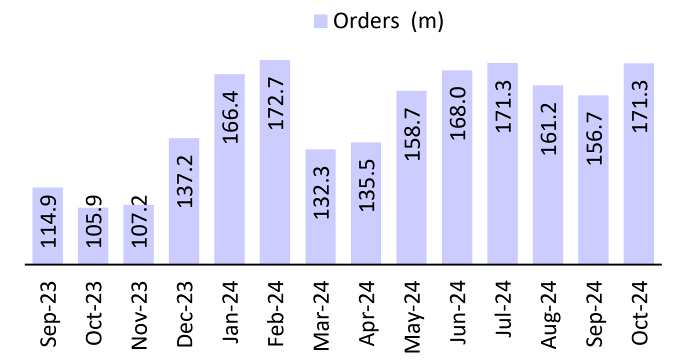
Source: MOFSL, Company

Total client base stood at 28.1m in Oct'24



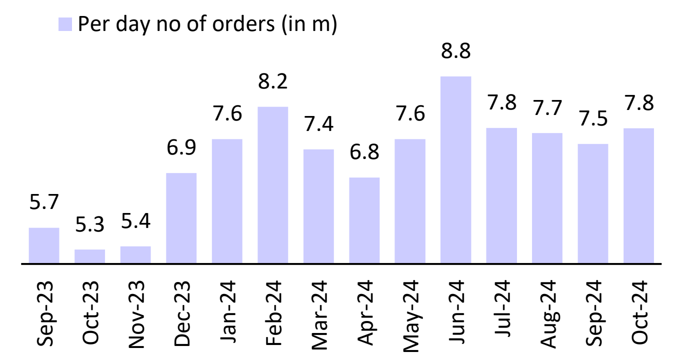
Source: MOFSL, Company

No. of orders increased MoM…



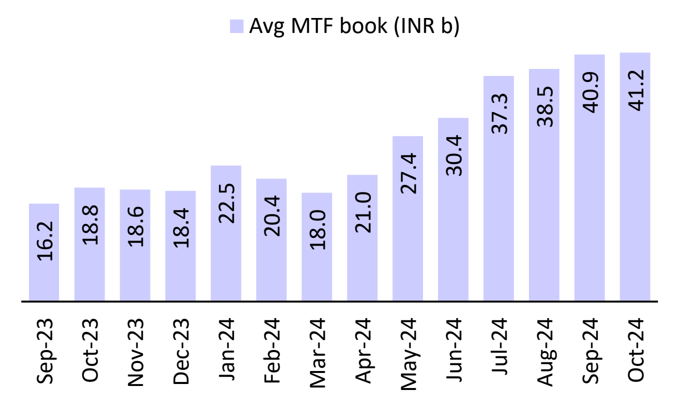
Source: MOFSL, Company

…backed by a MoM increase in the no. of orders per day



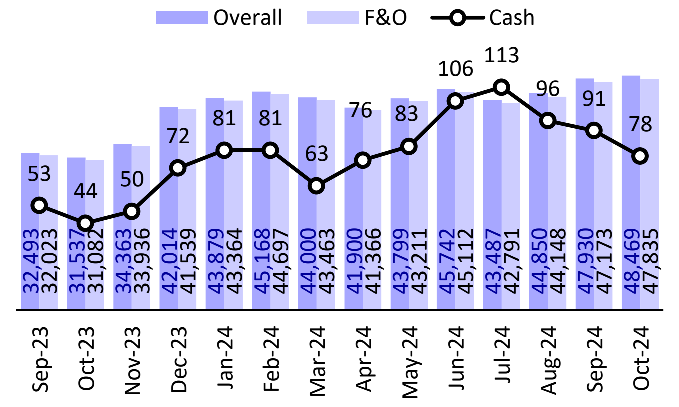
Source: MOFSL, Company

Client funding book inches up MoM



Source: MOFSL, Company

ANGELONE's ADTO trend (INR b)



Source: MOFSL, Company

Gail (India)

BSE SENSEX	S&P CNX
79,477	24,213

CMP: INR196 Buy

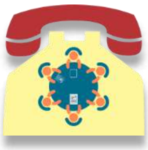
In-line EBITDA; lower DDA, higher other income drive PAT beat

- GAIL's 2QFY25 performance was in line with our estimates, with transmission EBITDA stable QoQ, petchem turning profitable again (on higher volumes) and a QoQ decline in EBITDA (largely attributable to trading business).
- EBITDA was up 7% YoY at INR37.4b (in line with our est. of INR37.5b).
- PAT rose 11% YoY to INR26.7b (14% above our est. of INR23.4b), led by higher other income and lower DDA vs. our estimates.
- Natural gas transmission volume stood at 130.6mmscmd (vs. our est. of 128.5mmscmd; 131.8mmscmd in 1QFY25). We believe transmission volumes are already at the peak (and in line with our est.) and unlikely to materially surprise on the upside from here in 2HFY25.
- Petchem sales increased 34% QoQ/35% YoY to 226tmt (vs. our est. of 212.6mmscm), leading to petchem segment EBIT of INR1.7b.
- In 2QFY25, GAIL incurred a capex of INR18.9b (INR35.4b in 1HFY25), primarily on pipelines and petrochemicals.

Segmental EBIT details for 2QFY25:

- Gas transmission business posted EBIT of INR14b (up 9% YoY; our est. of INR13.1b).
- LPG transmission EBIT stood at INR855m (in line, YoY).
- Marketing business posted EBIT of INR13.3b (down 26% YoY; our est. of INR13.2b).
- Petchem segment EBIT was INR1.6b (vs. EBIT loss of INR1.6b in 2QFY24; our est. of INR572m).
- LPG and HC reported EBIT of INR2.5b (vs. EBIT loss of INR167m in 2QFY24).
- **In 1HFY25**, GAIL's net sales/EBITDA/PAT grew 4%/36%/35% to INR665.9b/INR82.7b/INR54b

Conference Call Details



Date: 06 November 2024

Time: 11:00 hrs IST

Dial-in details:

+91 22 6280 1143

+91 22 7155 8044

Standalone quarterly performance										(INR m)
Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	2QE	(%)	(%)	(%)
Net Sales	**3,24,079**	**3,18,226**	**3,42,535**	**3,23,345**	**3,36,738**	**3,29,117**	**3,40,080**	**-3%**	**3%**	**-2%**
Change (%)	-13.7	-17.3	-3.2	-1.6	3.9	3.4	687%			
EBITDA	**26,131**	**34,913**	**38,226**	**35,578**	**45,281**	**37,450**	**37,547**	**0%**	**7%**	**-17%**
% of Net Sales	8.1	11.0	11.2	11.0	13.4	11.4	11.0			
Depreciation	6,358	7,503	7,843	11,605	10,489	8,153	10,489			
Interest	1,758	1,718	1,564	1,932	2,092	1,901	1,557			
Other Income	2,676	5,609	8,121	6,376	3,716	7,135	6,008			
PBT	**20,691**	**31,301**	**36,940**	**28,418**	**36,416**	**34,531**	**31,509**	**10%**	**10%**	**-5%**
Tax	4,767	7,252	8,514	6,648	9,176	7,812	8,059			
Rate (%)	23.0	23.2	23.0	23.4	25.2	22.6	25.6			
PAT	**15,924**	**24,049**	**28,426**	**21,770**	**27,240**	**26,719**	**23,449**	**14%**	**11%**	**-2%**
Change (%)	-45.4	56.5	1,056.8	260.7	71.1	11.1	-2.5			
EPS (INR)	**2.4**	**3.7**	**4.3**	**3.3**	**4.1**	**4.1**	**3.6**	**14%**	**11%**	**-2%**
Operational details										
Gas Trans. volume (mmsmd)	116.3	120.3	121.5	123.7	131.8	130.6	128.5	2%	9%	-1%
Petchem sales ('000MT)	162.0	168.0	215.0	242.0	169.0	226.0	212.6	6%	35%	34%
Segmental EBIT Breakup (INR m)										
Gas Transmission	10,246	12,907	12,151	9,798	14,469	14,028	13,090	7%	9%	-3%
LPG Transmission	802	819	794	756	808	855	881	-3%	4%	6%
Natural Gas Marketing	10,136	17,846	18,804	13,887	20,328	13,288	13,154	1%	-26%	-35%
Petrochemicals	-3,009	-1,600	619	2,623	-415	1,575	572	175%	LP	LP
LPG & Liq.HC (pre-subsidy)	2,021	-167	2,575	3,266	2,299	2,489	2,893	-14%	LP	8%
Unallocated; GAILTEL	1,528	1,588	1,294	-701	1,675	1,460	2,477	-41%	-8%	-13%
Total	**21,724**	**31,392**	**36,238**	**29,629**	**39,163**	**33,695**	**33,066**	**2%**	**7%**	**-14%**

Max Healthcare

BSE SENSEX	S&P CNX
79,477	24,213

Conference Call Details

Date: 7th Nov 2024
Time: 12:00 pm IST
Dial-in details:
Call details: Link

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	83.6	100.6	117.6
EBITDA	22.2	26.8	32.0
Adj. PAT	15.2	18.6	23.2
EBIT Margin (%)	21.4	21.9	22.9
Cons. Adj. EPS (INR)	15.6	19.1	23.9
EPS Gr. (%)	13.9	22.4	24.9
BV/Sh. (INR)	111.4	130.5	154.4
Ratios			
Net D:E	0.1	(0.1)	(0.2)
RoE (%)	15.1	15.8	16.8
RoCE (%)	13.3	14.6	15.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	59.7	48.8	39.1
EV/EBITDA (x)	41.1	33.4	27.2
EV/Sales (x)	0.0	0.0	0.0
FCF Yield (%)	(0.5)	1.9	2.4

CMP: INR916

Performance in line with estimates

- For 2QFY25, Max network revenues (including trust business) grew 23.3% YoY to INR21.2b (our est. INR20.2b).
- EBITDA margin contracted 140bp YoY to 26.8% (our est. 26.8%) owing to higher other expenses (+550bp YoY as % of revenue), offset by lower employee expenses (-460bp YoY as % of revenue).
- EBITDA grew 17.1% YoY to INR5.7b (our est. INR 5.4b), primarily driven by higher revenue growth.
- Adjusted PAT grew 4.9% YoY to INR3.7b (our est. INR3.8b), led by higher depreciation and tax burden.
- EBITDA per bed (annualized) stood at INR7.5m (+6% YoY and -5% QoQ)
- 1HFY25 Revenue/EBITDA/PAT grew 21%/16%/3% to INR40.5b/INR10.6b/ INR6.8b.

Other highlights:

- For hospitals business, ARPOB stood at INR76.1K in 2QFY25 (+2% YoY/-1% QoQ).
- ARPOB in existing units (excl. Alexis/Sahara hospitals) grew 6.8% YoY to INR79.7k.
- ARPOB improvement on YoY basis was driven by growth in Oncology & General Surgery, along with price revisions from self-pay, insurance and institutional segments.
- Occupancy was 81% in 2QFY25 vs. 77% in 2QFY24 and 75% in 1QFY25.
- Payor mix changed, as 1) cash segment revenue share rose 190bp YoY to 35.3%, 2) institutional revenue share grew 18.5% YoY due to price revision, and 3) international revenue share declined 40bp YoY to ~8.9%.
- Drop in patient footfall from Bangladesh and Yemen was due to the ongoing political unrest in these countries.
- TPA and Corporate segment revenue share declined 220bp YoY to 37.2%.
- Max Lab gross revenue was INR460m for 2QFY25 (+21% YoY/+12% QoQ).
- Max@Home gross revenue stood at INR530m (+26% YoY, +8.2% QoQ).
- Max commenced operations at Max Super Specialty Hospital, Dwarka – a 303-bed greenfield hospital operated under an O&M arrangement.
- Max acquired a controlling stake in Jaypee Healthcare Ltd, which owns and operates 500-bed super specialty hospital in Noida and a 200-bed secondary care hospital in Chitta, near Bulandshahr. This marks Max's entry into Noida – an attractive micro market.
- Net cash surplus stood at INR3b at the end of 2QFY25.

Case mix Snapshot for the quarter

(INRm)	% revenue	2QFY25	2QFY24	YoY growth (%)	1QFY24	QoQ growth (%)
Oncology	26.1	4,575	3,577	27.9	4,022	13.8
Cardiac sciences	10.3	1,806	1,555	16.1	1,724	4.8
Neuro sciences	9.1	1,595	1,244	28.2	1,468	8.6
Orthopedics	10.1	1,771	1,456	21.6	1,915	-7.6
Renal sciences	9.4	1,648	1,244	32.4	1,468	12.2
Liver and biliary sciences	3.1	543	509	6.8	543	0.1
Internal medicine	8.3	1,455	1,258	15.6	1,069	36.1
OBGY and pediatrics	5.8	1,017	792	28.4	862	18.0
MAS and general surgery	5	877	721	21.5	910	-3.7
Pulmonology	3.2	561	424	32.2	511	9.8
Others	9.6	1,683	1,357	24.0	1,468	14.6
Total IP revenue	**100**	**17,530**	**14,140**	**24.0**	**15,960**	**9.8**

Payor mix Snapshot for the quarter

(INRm)	% revenue	1QFY25	1QFY24	YoY growth (%)	4QFY24	QoQ growth (%)
Self Pay	43	7,480	5,741	30.3	6,739	11.0
TPA and Corporates	45	7,883	6,773	16.4	7,512	4.9
International	11	1,886	1,599	18.0	1,603	17.7
Insitutional	22	3,920	3,077	27.4	3,456	13.4

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	% var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	**16,220**	**17,190**	**16,820**	**17,910**	**19,310**	**21,190**	**20,689**	**22,399**	**68,150**	**83,588**	**20,181**	**5.0**
YoY Change (%)	16.7	16.8	14.9	15.6	19.1	23.3	23.0	25.1	16.0	22.7	17.4	
Total Expenditure	11,930	12,350	12,170	12,970	14,370	15,520	15,041	16,440	49,420	61,370	14,773	
EBITDA	**4,290**	**4,840**	**4,650**	**4,940**	**4,940**	**5,670**	**5,648**	**5,960**	**18,730**	**22,218**	**5,409**	**4.8**
Margins (%)	26.4	28.2	27.6	27.6	25.6	26.8	27.3	26.6	27.5	26.6	26.8	
Depreciation	640	660	700	840	900	970	1,080	1,359	2,840	4,309	990	
Interest	-30	-170	-140	-40	80	50	-130	-7	-380	-7	-110	
Other Income	70	130	60	90	40	60	130	355	350	585	155	
PBT before EO expense	**3,750**	**4,480**	**4,150**	**4,230**	**4,000**	**4,710**	**4,828**	**4,963**	**16,620**	**18,501**	**4,684**	
Extra-Ord expense	190	190	40	250	190	270	0	-270	670	190	0	
PBT	**3,560**	**4,290**	**4,110**	**3,980**	**3,810**	**4,440**	**4,828**	**5,233**	**15,950**	**18,311**	**4,684**	
Tax	660	910	730	870	870	950	821	655	3,160	3,296	881	
Rate (%)	18.5	21.2	17.8	21.9	22.8	21.4	17.0	12.5	19.8	18.0	18.8	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**2,900**	**3,380**	**3,380**	**3,110**	**2,940**	**3,490**	**4,007**	**4,578**	**12,790**	**15,015**	**3,803**	
Adj PAT	**3,055**	**3,530**	**3,413**	**3,319**	**3,087**	**3,702**	**4,007**	**4,342**	**13,316**	**15,138**	**3,803**	**-2.7**
YoY Change (%)	28.3	24.5	20.3	4.6	1.0	4.9	17.4	30.8	18.6	13.7	7.7	
Margins (%)	18.8	20.5	20.3	18.5	16.0	17.5	19.4	19.4	19.5	18.1	18.8	
EPS	**3.2**	**3.6**	**3.5**	**3.4**	**3.2**	**3.8**	**4.1**	**4.5**	**13.7**	**15.6**	**3.9**	

Oil India

BSE SENSEX	S&P CNX
79,477	24,213

CMP: INR495 Buy

Miss on EBITDA amid weaker-than-expected gas sales; higher other opex

- Oil India (OINL)'s 2QFY25 EBITDA was 11% below our estimates, mainly due to gas sales (0.65bcm) coming in significantly below our est. of 0.74bcm and a 14% rise in other opex on a YoY basis. The rise in other opex is likely attributed to impairments/exploration cost write-offs; we await further clarity in the conference call tomorrow. PAT was 10% above our expectations, mainly due to higher other income.
- Revenue was in-line with our estimate at INR55.2b (-7% YoY).
  - Oil sales came in at 0.84mmt (our estimate of 0.84mmt, -2% YoY). Gas sales stood at 0.65bcm (our estimate of 0.74bcm, -1% YoY).
  - Oil realization, net of windfall tax, was USD73.9/bbl (our estimate of USD73/bbl).
- EBITDA came 11% below our estimate at INR21.8b (-12% YoY).
- However, reported PAT was 10% above our estimate at INR18.3b (est. INR16.7b) due to higher-than-expected other income.
- Numaligarh refinery performance:
  - PBT stood at INR2.5b (vs. PBT of INR9.9b during 2QFY24), led by subdued GRM of USD2.3/bbl in 2QFY25 (vs. GRM of USD16.4/bbl in 2QFY24).
  - Crude throughput stood at 683tmt (vs. 778tmt in 2QFY24) and distillate yield stood at 84.1% (vs.85.3% in 2QFY24).
- **In 1HFY25**, while net sales grew 8% YoY to INR113.6b, EBITDA/APAT declined 3%/6% YoY to INR46.5b/INR33b, respectively.
- The Board has declared an interim dividend of INR3/sh (FV of INR10/sh).

Conference Call Details

Date: 6 Nov'24
Time: 10:00am IST
Dial in:
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+91 22 7115 8243

Standalone Quarterly Performance (INR m)

Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	2QE	(%)	(%)	(%)
Net Sales	**46,447**	**59,133**	**58,150**	**57,567**	**58,397**	**55,190**	**55,872**	**-1%**	**-7%**	**-5%**
Change (%)	*-22.1*	*2.4*	*-1.1*	*2.0*	*25.7*	*-6.7*	*-5.5*			
EBITDA	**23,289**	**24,885**	**21,058**	**23,357**	**24,660**	**21,832**	**24,409**	**-11%**	**-12%**	**-11%**
% of Net Sales	*50.1*	*42.1*	*36.2*	*40.6*	*42.2*	*39.6*	*43.7*			
Change (%)	*-11.5*	*34.6*	*-26.2*	*-0.5*	*5.9*	*-12.3*	*-1.9*			
D,D&A	3,974	4,234	4,992	4,551	4,558	5,036	4,792			
Interest	1,659	2,235	1,814	1,893	1,970	2,299	2,535			
OI (incl. Oper. other inc.)	3,341	7,092	5,080	8,332	1,617	8,556	5,204			
PBT before exceptional	**20,997**	**25,509**	**19,331**	**25,244**	**19,750**	**23,054**	**22,287**	**3%**	**-10%**	**17%**
Exceptional item	0	23,627	0	0	0	0	0			
PBT after exceptional	**20,997**	**1,882**	**19,331**	**25,244**	**19,750**	**23,054**	**22,287**	**3%**	**1125%**	**17%**
Tax	4,863	-1,372	3,489	4,956	5,082	4,713	5,610			
Rate (%)	*23.2*	*-5.4*	*18.0*	*19.6*	*25.7*	*20.4*	*25.2*			
PAT	**16,134**	**3,253**	**15,843**	**20,288**	**14,668**	**18,341**	**16,677**	**10%**	**464%**	**25%**
Change (%)	*3.7*	*-81.1*	*-9.3*	*13.5*	*-9.1*	*463.8*	*412.7*			
Adj. PAT	**16,134**	**19,088**	**15,843**	**20,288**	**14,668**	**18,341**	**16,677**	**10%**	**-4%**	**25%**
Change (%)	*3.7*	*10.9*	*-9.3*	*13.5*	*-9.1*	*-3.9*	*-12.6*			
Key Assumptions (USD/bbl)										
Gross Oil Realization	74.3	75.5	74.3	78.8	74.6	73.9	73.0	1%	-2%	-1%
Oil sales (mmt)	0.75	0.85	0.85	0.84	0.83	0.84	0.84	-1%	-2%	1%
Gas sales (bcm)	0.54	0.65	0.68	0.65	0.68	0.65	0.74	-13%	-1%	-5%
Net Oil Realization	**74.3**	**75.5**	**74.3**	**78.8**	**74.6**	**73.9**	**73.0**	1%	-2%	-1%

Raymond Lifestyle

BSE SENSEX	S&P CNX
79,477	24,213

Conference Call Details

Date: 06th Nov 2024
Time: 17:00 IST

Y/E MARCH	FY24	FY25E	FY26E
Net Sales	65,354	69,104	77,649
EBITDA	9,368	9,872	11,609
NP	4,795	4,972	5,852
EPS (INR)	78.7	81.6	96.1
EPS Gr (%)	-	3.7%	17.7%
BV/Share (INR)	1,599	1,681	1,777
P/E (x)	27.8	26.8	22.8
P/BV (x)	1.4	1.3	1.2
RoE (%)	10.7	10.5	11.1
RoCE (%)	15.1	14.3	13.9

CMP: INR2,192 BUY

Weak quarter; demand recovery to be in focus in 2H

- Raymond Lifestyle's (RLL) consolidated revenue declined 5% YoY to INR17.1b on account of muted customer demand.
  - RLL opened 53 new stores in 2Q (including 11 Ethnix by Raymond stores), taking total retail store network to 1,592 (up 10% YoY).
- Gross profit **declined 1% YoY** to INR7.6b as **Gross margin expanded 210bp YoY** to 44.7%.
- EBITDA **declined 17% YoY** to INR2.1b on adverse operating leverage and higher employee costs (+9% YoY) and other expenses (+7% YoY).
  - EBITDA margin contracted 190bp YoY to 12.6%.
- Depreciation and amortization rose 28% YoY, while finance costs jumped 24% YoY.
- Reported PAT plunged 70% YoY, dragged down by lower EBITDA/other income and higher D&A/finance costs.
- Further, RLL booked an exceptional item of ~INR0.6b pertaining to stamp duty on demerger. Adjusted for the same, PAT stood at INR1b, down 27% YoY.

Balance sheet: FCF outflow led to sharp increase in net debt

- Net working capital days stood at 105 in 2QFY25 (vs. 78 at end-Mar'24) on account of inventory stocking in the retail and distribution network, ahead of the festive and wedding seasons.
- 1HFY25 FCF outflow was INR5.1b (vs. INR5.8b outflow YoY) as YoY lower OCF (~INR2b lower YoY) and higher capex (~INR0.5b higher) were offset by favorable working capital change (INR2b) and lower tax outgo (~INR1b).
- As a result, RLL's net debt increased to INR5.7b from net cash of INR0.2b at end-Mar'24.

Segmental performance:

- **Branded Textile:** Revenue at INR8.5b declined ~8% YoY owing to muted customer demand. EBITDA declined 22% YoY to INR1.6b as margin contracted 330bp YoY to 18.9%.
- **Branded Apparel:** Revenue at INR4.4b inched up 1% YoY as 10% YoY store addition was offset by a likely decline in SSSG due to subdued demand and challenging market conditions. EBITDA was up 8% YoY as margin expanded 80bp YoY to 13%, driven by focus on intake margins.
- **Garmenting:** Revenue at INR2.6b declined 9% YoY due to the impact of delays in shipment dispatches amid logistical challenges. However, EBITDA improved 15% YoY as margin expanded 210bp YoY to 9.6%.
- **High-value cotton shirting (HVCS):** Revenue at INR2.3b was up ~8% YoY as B2B customers stocked up for the upcoming festive and wedding seasons. However, EBITDA declined 20% YoY as margin contracted 340bp YoY to 9.7%, impacted by higher input costs.

Management commentary:

- 2Q was impacted by subdued demand, weaker consumer sentiment and higher inflationary pressures.
- RLL has launched Sleepz (sleepwear brand) and is getting good response from the trade channel.
- 3Q is seeing buoyance in demand with the onset of the festive and wedding seasons.
- RLL plans to capture demand through its retail expansion plans, new product launches and marketing campaigns.

Consol P&L (INR m)	2QFY24	1QFY25	2QFY25	YoY%	QoQ%
Total Revenue	**18,034**	**12,201**	**17,083**	**-5**	**40**
Raw Material cost	10,348	6,909	9,443	-9	37
Gross Profit	**7,686**	**5,292**	**7,639**	**-1**	**44**
Gross margin (%)	***42.6%***	***43.4%***	***44.7%***	***209.9***	***134.8***
Employee Costs	2,220	2,344	2,422	9	3
Other expenses	2,864	2,351	3,070	7	31
EBITDA	**2,602**	**597**	**2,148**	**-17**	**260**
EBITDA margin (%)	***14.4%***	***4.9%***	***12.6%***	***-185.8***	***767.8***
Depreciation and amortization	598	746	763	28	2
EBIT	2,004	-148	1,385	-31	-1,033
EBIT margin (%)	*0.1*	*-1.2%*	*8.1%*	*NM*	*NM*
Finance Costs	428	463	532	24	15
Other income	458	294	270	-41	-8
Exceptional item loss/(gain)	0	-5	594	*NM*	*NM*
Profit before Tax	**2,035**	**-313**	**528**	**-74**	**-269**
Tax	641	-91	106	-83	-217
Tax rate (%)	*31.5%*	*28.9%*	*20.1%*	*-36.1*	*-30.4*
Profit after Tax	**1,393**	**-222**	**422**	**-70**	**-290**
Adj Profit after Tax	**1,393**	**-218**	**1,016**	**-27**	**-567**

Segment Revenue	2QFY24	1QFY25	2QFY25	YoY%	QoQ%
Branded Textile	9,327	5,650	8,540	-8.4%	51.2%
Branded Apparel	4,366	3,030	4,410	1.0%	45.5%
Garmenting	2,860	2,520	2,600	-9.1%	3.2%
HVCS	2,108	1,860	2,280	8.1%	22.6%
Consolidated Revenue	**18,034**	**12,201**	**17,083**	**-5.3%**	**40.0%**
Elimination	**627**	**859**	**747**		

Segment EBITDA	2QFY24	1QFY25	2QFY25	YoY%	QoQ%
Branded Textile	2,061	560	1,610	-21.9%	187.5%
Branded Apparel	533	150	570	7.0%	280.0%
Garmenting	220	90	250	13.6%	177.8%
HVCS	282	100	220	-22.1%	120.0%
Consolidated EBITDA	**2,602**	**597**	**2,148**	**-17.5%**	**259.6%**
Elimination	**494**	**303**	**502**		

Alkyl Amines

BSE SENSEX	S&P CNX
79,477	24,213

Earnings call is tomorrow at 1500 hours:
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CMP: INR2,170 — Neutral

EBITDA in line; PAT beat due to higher-than-expected other income

- Revenue was at INR4.1b (est. of INR4b, +18% YoY). **Gross margin stood at 45.4%**, with EBITDAM at 17.7% (vs. ~13.7% in 2QFY24).
- EBITDA came in at INR735m (est. of INR710m, +52% YoY), while PAT stood at INR475m (est. of INR406m, +74% YoY).
- **In 1HFY25**, revenue was at 8.1b (+7% YoY) and EBITDA was at INR1.5b (+25% YoY). PAT was at INR963m (+25% YoY), whereas EBITDAM stood at 18.7% (+270bp YoY).
- **The board has approved capex to set up a new plant for introducing specialty chemical products at existing facilities in Dahej, Gujarat.**
  - The plant is expected to have a 3-4ktpa capacity and is slated for completion within 15-50 months. Capex is to the tune of INR1.2-1.5b, which will be funded through internal accruals.
  - The new products will help the company increase its product base, meet increasing demands in the domestic and international markets, and gradually replace imports.

Standalone - Quarterly Snapshot (INR m)

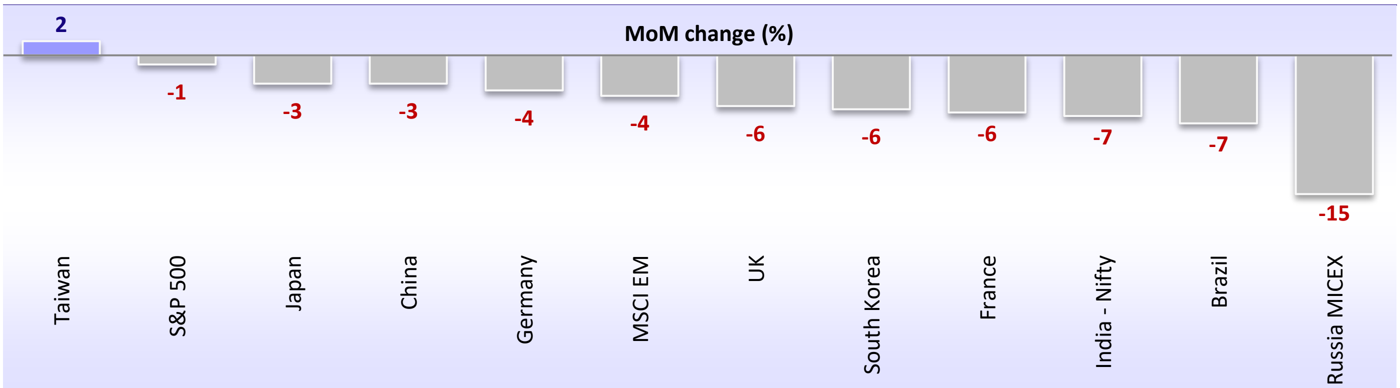
Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct	(%)	(%)	(%)
Gross Sales	**4,098**	**3,522**	**3,221**	**3,566**	**3,997**	**3,976**	**4,149**	**4%**	**18%**	**4%**
YoY Change (%)	*-13.5*	*-13.9*	*-17.1*	*-13.5*	*-2.5*	*12.9*	*17.8*			
Gross Margin (%)	*44.7%*	*45.7%*	*47.6%*	*49.2%*	*47.0%*	*46.3%*	*45.4%*	*-0.9%*	*-0.3%*	*-1.6%*
EBITDA	**740**	**483**	**596**	**689**	**791**	**710**	**735**	**4%**	**52%**	**-7%**
Margin (%)	*18.1*	*13.7*	*18.5*	*19.3*	*19.8*	*17.8*	*17.7*	*-0.1*	*4.0*	*-2.1*
Depreciation	122	125	168	174	177	186	180			
Interest	9	17	11	7	2	10	4			
Other Income	55	24	46	26	47	28	92			
PBT before EO expense	**664**	**364**	**463**	**533**	**659**	**543**	**643**	**19%**	**77%**	**-2%**
PBT	**664**	**364**	**463**	**533**	**659**	**543**	**643**	**19%**	**77%**	**-2%**
Tax	166	92	129	149	170	137	169			
Rate (%)	*25.0*	*25.2*	*27.8*	*27.9*	*25.9*	*25.2*	*26.2*			
Reported PAT	**498**	**272**	**334**	**385**	**489**	**406**	**475**	**17%**	**74%**	**-3%**
Adj PAT	**498**	**272**	**334**	**385**	**489**	**406**	**475**	**17%**	**74%**	**-3%**
YoY Change (%)	*-39.2*	*-48.0*	*-26.8*	*-20.9*	*-1.8*	*49.0*	*74.2*			
Margin (%)	*12.1*	*7.7*	*10.4*	*10.8*	*12.2*	*10.2*	*11.4*	*1.2*	*3.7*	*-0.8*

INDIA STRATEGY – Nov'24 (The Eagle Eye): Indian markets slide from their highs amid severe FII selling

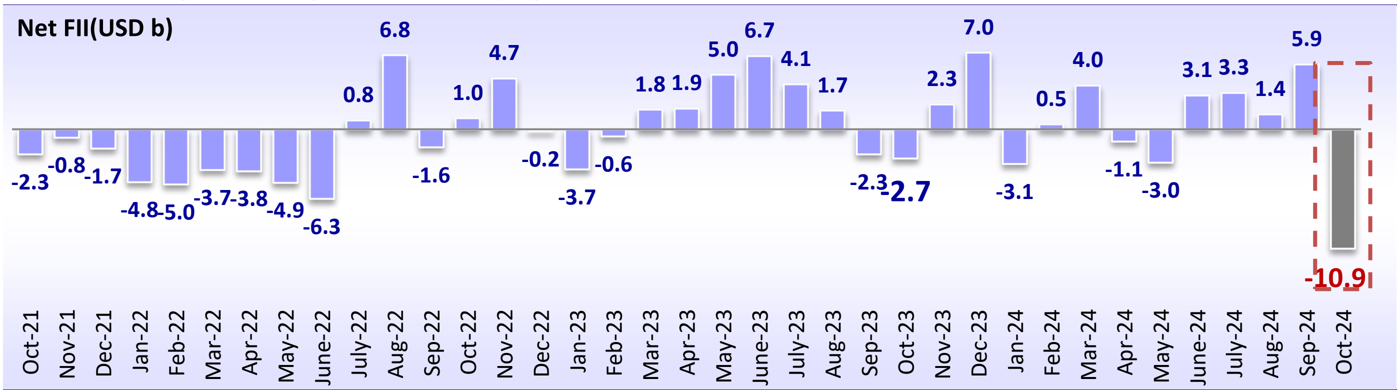
The key highlights of the 'The Eagle Eye' are as follows:

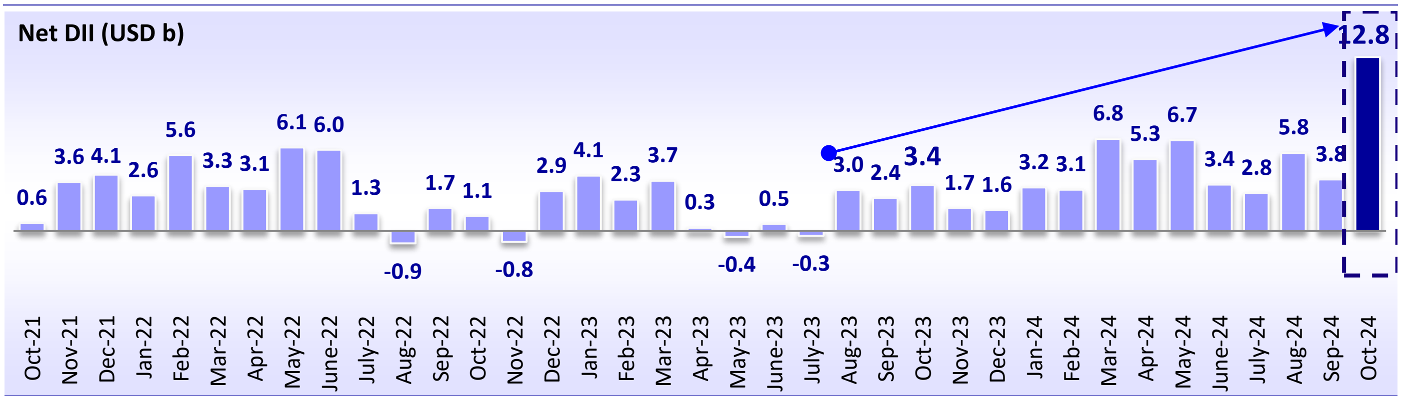
- a) World equity indices decline in Oct'24; Taiwan and the US remain the outperformers in CY24YTD; b) Record FII selling and the highest-ever DII buying in a month; c) Nifty Midcap remains the second-best performing index following NASDAQ in the past 10 years, despite the recent decline; d) MSCI US outperforms YTD; MSCI China subsides from Oct'24 highs; e) Broader markets moderate from the all-time highs; f) About 88% of Nifty constituents and about 87% of BSE-200 constituents end lower in Oct'24; g) Contribution of new listings to overall market-cap sees an uptick; h) India witnesses a 3x jump in 'billion dollar' companies in the last decade; i) Large caps' contribution to overall market cap at a multi-year low.
- Notable Published reports in Nov'24: a) Hyundai Motors: In tune with Industry trends; b) Raymond: Lifestyle : On a transformative journey; c) Power Financers: The Power Play: Key to India's energy transition

World equity indices (MoM) in USD terms (%)



Record FII selling and the highest-ever DII buying in a month





JK Paper : Cheaper Imports have put pressure on overall Pricing; K R VEERAPPAN, CFO

- Margins have been impactied by higher wood costs due to a supply shortage
- Given the high level of imports, requested the govt to consider imposing an import duty
- Demand is expected to remain stable in the coming quarters, though wood costs will continue to be a challenge this year, With a potential decline anticipated next year
- Cheaper Imports have put pressure on overall Pricing

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V2 Retail : Women's Wear Remained highest growth drivers followed by Men's Wear; Akash Agarwal, Whole Time Director

- Seen rise in Avg bill value and footfall in the festive season
- Overall Footfalls haven't increased meaningfully during festive season
- Rural has start showing recovery from last 4 Months
- Women's Wear Remained highest growth drivers followed by Men's Wear
- Wedding season remain key monitorable
- Value fashion is doing better than premium apparel

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Tilaknagar Ind : H2 is preferred to be better than H1 , Awaiting things to be settled in Andhra; Amit Dahanukar, Chairman

- Expect to cross rs1.300 cr revenue this year
- Andhara & Telangana Account for 50% of our total sales
- Will hold margin around 15.5% ex incentives
- Looking to expand Geos
- H2 is preferred to be better than H1 , Awaiting things to be settled in Andhra

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APL Apollo : Expects to be Debt Free in next 1-2 quarters; Deepak Goyal, Director & Group CFO

- 1H impacted due to some regions and Margins impacted due to HRC prices
- 25% growth FY26 Targeting 4 Million Tonnes
- Inventory loss won't be there in Q3.. Sales Discount will be given but only to gain market share
- Expects to be Debt Free in next 1-2 quarters

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BAJAJ Auto : Festive Season Has Provided a boost to sales; Rakesh Sharma, ED

- Ontrack to outpace the industry
- Non Metro performance has been much superior to the metro segment
- 125cc has been the fastest growing segment
- Export trajectory Improving each quarter largely led by latin America

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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