Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	78,675	-1.0	8.9
Nifty-50	23,883	-1.1	9.9
Nifty-M 100	55,258	-1.1	19.7
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,984	-0.3	25.5
Nasdaq	19,281	-0.1	28.4
FTSE 100	8,026	-1.2	3.8
DAX	19,034	-2.1	13.6
Hang Seng	7,127	-3.1	23.6
Nikkei 225	39,376	-0.4	17.7
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	73	0.8	-6.0
Gold ($/OZ)	2,598	-0.8	26.0
Cu (US$/MT)	9,002	-2.0	6.4
Almn (US$/MT)	2,528	-0.8	7.8
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.4	0.0	1.4
USD/EUR	1.1	-0.3	-3.8
USD/JPY	154.6	0.6	9.6
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.01	-0.3
10 Yrs AAA Corp	7.3	0.01	-0.5
Flows (USD b)	**12-Nov**	**MTD**	**CYTD**
FIIs	-0.4	-2.68	-2.2
DIIs	0.22	2.34	55.7
Volumes (INRb)	**12-Nov**	**MTD***	**YTD***
Cash	958	953	1273
F&O	4,84,371	3,19,452	3,80,049

Note: Flows, MTD includes provisional numbers. *Average

Today's top research idea

BSE: Strong operating performance boosts PAT growth

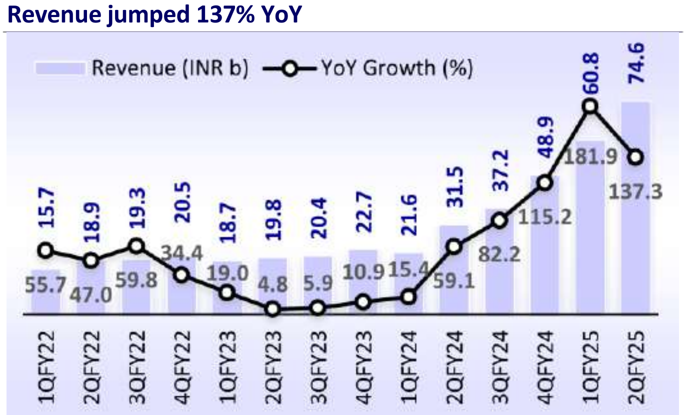
- BSE reported a strong performance in 2QFY25 as PAT jumped 192% YoY to INR3.46b (20% beat), driven by strong revenue growth and operational efficiency. The company has crossed the 50% operating margin threshold for the first time, with 2Q margin at 52%.
- BSE has set the transaction fee at a uniform rate of INR3,250 per crore of premium for the index derivatives options contract from 1st Oct'24. It will continue with Sensex Derivatives as the sole weekly expiry product w.e.f. 18th Nov'24.
- Though there is uncertainty about the impact of F&O regulation, we estimate a CAGR of 36%/27% in revenue/PAT over FY24-27, driven by a better premium to the notional turnover and healthy operational efficiency.

Research covered

Cos/Sector	Key Highlights
BSE	Strong operating performance boosts PAT growth
Technology	Trump 2.0: What's in store for IT services?
ONGC	Volume growth key catalyst in FY26
Siemens	Riding capex through tech-driven offerings
Hyundai Motor	Weak demand & high discounts dent 2Q performance
Hindalco	In-line revenue; lower costs lead to strong EBITDA beat
Britannia Industries	Healthy volume growth; miss on margin
Other Updates	Samvardhana Motherson | Bosch | Zydus LifeSciences | Triveni Turbine | Jyothy Laboratories | Barbeque Nation Hospitality | Vinati Organics | Cello World | Kirloskar Oil Engine | KNR Construction | Sunteck Realty | Repco Home Finance | Kolte Patil Developers | Healthcare Monthly | EcoScope

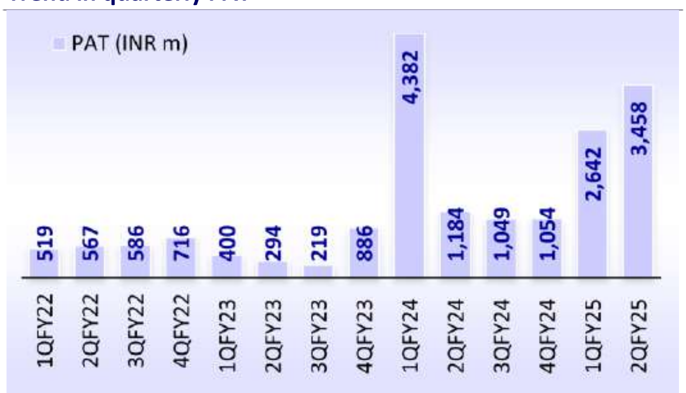
Chart of the Day: BSE (Strong operating performance boosts PAT growth)

Revenue jumped 137% YoY



Source: MOFSL, Company

Trend in quarterly PAT



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

IT spending to rise by 11.2% in 2025; higher impact on jobs

The IT spending shrunk by 0.5% to $112.56 billion in 2023 while it grew 10.7% to $124.61 billion in 2024.

2

FMCG growth slows as high rentals & lower wage hikes weigh on U=urban demand: Britannia

Britannia Industries' MD, Varun Berry, attributes the recent FMCG slowdown to shrinking consumer spending in metropolitan cities.

3

Pernod Ricard emerges as largest Indian spirit maker with Rs 26,773 cr revenue in FY24

Pernod Ricard India has overtaken United Spirits to become the top spirits maker in India in terms of revenue, reporting Rs 26,773.22 crore in FY24.

4

OPEC again cuts 2024, 2025 oil demand growth forecasts

OPEC has lowered its forecast for global oil demand growth for the fourth consecutive time.

5

Railways spends 61% of budgeted allocation till October via Rs 1.63 lakh crore capex

Budget 2024-25 had rejigged allocations to the Indian Railways public enterprises and tweaked amounts under other heads such as buying trains.

6

India's craving for healthy snacks : Segment is growing 1.2 times faster than traditional snacks

Indian consumers are increasingly choosing healthier snack options, driving the segment's rapid growth.

7

HCLTech appoints Arjun Sethi as chief growth officer for strategic segments

Arjun Sethi will report directly to CEO of HCLTech, C Vijayakumar.

12 November 2024

2QFY25 Results Update | Sector: Financials

BSE

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BSE IN
Equity Shares (m)	135
M.Cap.(INRb)/(USDb)	633.3 / 7.5
52-Week Range (INR)	4990 / 1941
1, 6, 12 Rel. Per (%)	8/68/98
12M Avg Val (INR M)	5279

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Net Sales	27.2	31.3	35.2
EBITDA	13.4	16.2	18.0
PAT	12.2	14.2	15.9
Adj. PAT	12.2	14.2	15.9
EPS (INR)	90.1	104.9	117.8
EPS Gr (%)	201.8	16.4	12.3
BV / Sh (INR)	271	303	338
Ratios (%)			
RoE	33.3	34.7	34.9
Payout ratio	70.0	70.0	70.0
Valuations			
P/E (x)	51.9	44.6	39.7
P / BV (x)	17.3	15.5	13.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	0.0	0.0	0.0
DII	11.7	11.6	8.1
FII	35.9	33.9	33.0
Others	52.4	54.5	58.9

FII Includes depository receipts

CMP: INR4,678 TP: INR4,500 (-4%) Neutral

Strong operating performance boosts PAT growth

- BSE reported a strong performance in 2QFY25 as PAT jumped 192% YoY and 31% QoQ to INR3.46b (20% beat), driven by strong revenue growth and better-than-expected operational efficiency. For 1HFY25, PAT surged 177% YoY to INR6.1b.
- Operating revenue grew 137% YoY to ~INR7.5b (5% beat), driven by 284%/38% YoY growth in transaction charges/services to corporates and strong volume growth across segments. For 1HFY25, revenue grew 155% YoY to INR13.5b.
- Star MF continued to report a strong performance, with a 100% YoY jump in revenue to INR587m. On average, the number of transactions processed per month grew 1.7x YoY to 50.6m in 1HFY25.
- EBIDTA grew to INR3.9b (+192% YoY and 21% beat). For 1HFY25, it grew 231% YoY to INR6.7b. EBITDA margins expanded to 52.1% in 2Q vs. our est. of 45.2% and 46.7% in 1QFY25.
- Factoring in strong growth in transaction income and lower-than-expected operating expenses, we raise our earnings estimates by 6%/9%/10% for FY25/FY26/FY27. Considering the uncertainty about the quantum of the F&O regulation impact, we maintain our Neutral rating on the stock with a TP of INR4,500 (premised on 40x Sept'26E EPS).

Strong growth in transaction income

- Transaction charges surged 284% YoY to INR5.1b, while services to corporates increased by 38% YoY to INR1.2m.
- Transaction charges for the cash segment were INR983m, up 62% YoY, (16% beat), while for the equity derivatives segment, they were INR3.5b (6% beat).
- Star MF recorded a jump of 100% YoY in revenue to INR587m, contributing to overall revenue growth. BSE will continue to invest in this platform.
- Opex was INR3.6b, up 97% YoY but 8% below our estimate due to lower employee costs, regulatory costs, clearing house expenses and other expenses.
- BSE has achieved the milestone of crossing the 50% operating margin threshold for the first time, which stood at 52% in 2Q.
- Investment income stood at INR725m, up 9% QoQ (11% beat).
- SGF contributions stood at INR1.1b for the equity derivatives segment and INR10b overall.
- Under the true-to-label charges regulation, BSE has increased the transaction fee to INR3,250 per crore for the index derivatives options contract from Oct'24. However, for the equity cash segment, the transaction charge remains unchanged as it is charged on a flat basis since Dec'22.
- For 2HFY25, we expect revenue/EBITDA/PAT to grow 64%/276%/197% YoY to INR14b/INR7.1/INR6.3b.

Key takeaways from the management commentary

- BSE will continue with Sensex derivatives as the sole weekly expiry w.e.f. 18th Nov’24, while it will move the Bankex and Sensex 50 weekly contracts to monthly contracts.
- The company is facing challenges related to differential regulatory fees and clearing & settlement charges. It has requested the regulators to reconsider the differential regulatory fees and the reply is still awaited. Any relief would benefit BSE.
- It has increased the lot sizes to 20 for Sensex, 30 for Bankex and 60 for Sensex 50.

Valuation and view: Reiterate Neutral

- The relaunch of BSE derivatives products has proved to be a trend-changing measure for BSE’s revenue and profitability. Increased member participation, new product launches (stock derivatives), rising awareness about products, and a recent launch of stock derivatives should continue to drive market share gains for BSE.
- Factoring in strong growth in transaction income and better-than-expected operational efficiency, we raise our earnings estimates by 6%/9%10% for FY25/FY26/FY27. While we expect a decline in option volumes in the short-term after the implementation of new regulations, the quantum of the impact and the pace of recovery remain uncertain. We maintain our Neutral rating on the stock with a TP of INR4,500 (premised on 40x EPS Sept’26).

Cons. Quarterly perf. **(INR m)**

Y/E March	FY24				FY25				FY24	FY25E	Est.	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	(%/bp)		
Revenue from operations	**2,156**	**3,145**	**3,717**	**4,885**	**6,077**	**7,463**	**7,228**	**6,851**	**13,903**	**27,619**	**7,104**	**5.1**	**137%**	**23%**
YoY Change (%)	15.4	59.1	82.2	115.2	181.9	137.3	94.5	40.2	70.5	98.7	126	1138bp		
Total Expenditure	1,455	1,814	2,796	3,923	3,239	3,573	3,468	3,537	9,988	13,817	3,890	-8.1	97%	10%
EBITDA	**701**	**1,331**	**921**	**962**	**2,838**	**3,890**	**3,760**	**3,314**	**3,915**	**13,802**	**3,214**	**21.0**	**192%**	**37%**
Margins (%)	32.5	42.3	24.8	19.7	46.7	52.1	52.0	48.4	28.2	50.0	45	688bp	980bp	541bp
Depreciation	214	227	249	265	240	291	285	306	954	1,122	275	6.0	29%	22%
Interest	65	0	0	0	0	0	0	0	65	0	38	-100.0	#DIV/0!	
Investment income	556	525	598	600	666	727	675	600	2,279	2,668	650	11.8	38%	9%
PBT before EO expense	**977**	**1,629**	**1,271**	**1,297**	**3,265**	**4,325**	**4,150**	**3,607**	**5,174**	**15,348**	**3,551**	**21.8**	**165%**	**32%**
Exceptional items	3,657	0	-16	-17	0	-2	0	0	3,624	-2	-16			
PBT	**4,634**	**1,629**	**1,255**	**1,280**	**3,265**	**4,323**	**4,150**	**3,607**	**8,798**	**15,346**	**3,535**	**22.3**	**165%**	**32%**
Tax	371	636	371	470	851	1,109	1,037	902	1,848	3,899	884	25.5	75%	30%
Rate (%)	8	39	30	37	26	26	25	25	21	25	25			
P/L of Asso. Cos.	119	190	165	244	227	244	245	254	719	970	235	3.7	28%	7%
Reported PAT	**4,382**	**1,184**	**1,049**	**1,054**	**2,642**	**3,458**	**3,357**	**2,959**	**7,668**	**12,416**	**2,886**	**19.8**	**192%**	**31%**
Adj PAT	**1,018**	**1,184**	**1,060**	**1,064**	**2,642**	**3,459**	**3,357**	**2,959**	**4,326**	**12,417**	**2,898**	**19.4**	**192%**	**31%**
YoY Change (%)	995	303	379	19	-40	192	220	181	273	62	147			
Margins (%)	47.2	37.6	28.5	21.8	43.5	46.3	46.5	43.2	55.2	45.0	41	555bp	871bp	288bp

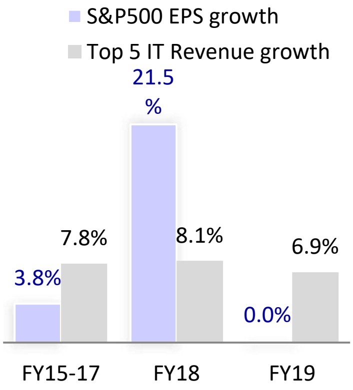
E: MOFSL Estimates

Technology

Trump 2.0: What's in store for IT services?

Now that the dust has settled following the US elections, we analyze the potential impact of the incoming Trump administration on major client industries in the US, their technology spending behaviors, and the subsequent effects on IT services' revenue growth rates. Our analysis focuses on three key vectors: 1) immigration policies; 2) corporate tax rates; and 3) trade war. Our findings indicate that IT services vendors are now largely immune to immigration shocks. While there could be a definite gross positive push from corporate tax cuts, a more intense trade war could offset some of these benefits, in our opinion. We also analyze how IT services companies fared in the earlier term. While the quantifiable impact of these initiatives may be debatable, we expect technology spending to trend upwards for CY26/CY27, led by a business-friendly administration and declining interest rates.

S&P 500 Index profitability was nil sequentially in 2019, but Indian IT services reported revenue growth



Impact of Visa and immigration

- The first term of the Trump presidency did lead to an outsized increase in rejection rates, as depicted in Exhibit 2. The rejection rates for H1B visas surged from an average of 4.6% prior to 2016 to 15.4% during the presidency.
- This was a blessing in disguise for the IT services sector; however, the companies fundamentally altered their hiring strategies and increased localized on-shore hiring.
- Exhibit 1 shows that IT services' hiring plans are now decoupled from the H1B regime; the number of applications has dipped by 51% from the peak of FY17.
- While the new administration may be incrementally positive about skilled immigration, we expect the impact to be neutral to marginally positive.

Corporate tax cuts: good in isolation, marred by tariffs

- Trump's Tax Cuts and Jobs Act (TCJA, Dec'17) reduced the federal corporate tax rate to 21% from 35%, along with a few other tax sops for the US corporates.
- As portrayed in our exhibits, this correlated with a bump in earnings growth across major industries.
- The key industries that benefitted were BFSI, IT and software, Energy, and Industrials.
- What is interesting, however, is that the ensuing trade war and tariff regime offset the gains from tax cuts for key industries.
- Our analysis suggests that semiconductors, automotive, steel, manufacturing, and retail companies experienced elevated manufacturing costs and significantly stressed supply chains, nullifying some of the impact from these tax cuts.

Indian IT services: Correlation with tax cuts only tangential

- The top 5 Indian IT services companies posted an average revenue growth of 7.5% during 2016-20 when Trump was in the helm of the White House, while the growth was 7.9% during the first three years of the presidency.
- While the fine print on immigration, tax cuts, or trade wars will matter, news reports suggest Trump's administration will be far more business-friendly as compared to the outgoing regime.

- The technology spending has been depressed over the past two years, and we believe a new regime along with continued rate cuts augur well for the tech spending cycle.
- Healthcare and the US banks will continue to lead growth; manufacturing (especially aero and automotive) may face short-term headwinds.
- We are especially enthused by hi-tech's resurgence, which we believe is ahead of schedule.
- **Our top picks are HCL Technologies (TP: INR2,300), LTIMindtree (TP: INR7,400), Coforge (TP: INR10,000), and Persistent Systems (TP: INR6,300).** We estimate HCL to lead revenue growth among large caps over the next three years, driven by its resilient portfolio and engineering services. Our positive outlook on LTIMindtree is based on its best-in-class offerings in data and ERP modernization, with a recovery in US banks' discretionary spending expected to further support its growth. We believe Coforge's healthy executable order book and a rebound in BFS client spending bode well for its organic business. Cigniti could prove to be an effective long-term asset. Persistent Systems, with its strong product engineering background, remains the fastest-growing IT services company in our coverage and is well-positioned to benefit from the long-term GenAI investments.

12 November 2024

2QFY25 Results Update | Sector: Oil & Gas

ONGC

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ONGC IN
Equity Shares (m)	12580
M.Cap.(INRb)/(USDb)	3223.1 / 38.2
52-Week Range (INR)	345 / 188
1, 6, 12 Rel. Per (%)	-8/-13/8
12M Avg Val (INR M)	5666

Financials & Valuations (consol) (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	6,018	5,865	5,976
EBITDA	1,000	1,136	1,136
Adj. PAT	513	588	620
Adj. EPS (INR)	41	47	49
EPS Gr. (%)	(12)	15	6
BV/Sh.(INR)	290	322	356
Ratios			
Net D:E	0.1	0.0	(0.1)
RoE (%)	14.5	15.0	14.2
RoCE (%)	12.5	13.9	13.9
Payout (%)	30.4	30.5	29.3
Valuations			
P/E (x)	6.3	5.5	5.2
P/BV (x)	0.9	0.8	0.7
EV/EBITDA (x)	3.8	2.9	2.5
Div. Yield (%)	4.7	5.4	5.5
FCF Yield (%)	17.5	22.4	23.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	58.9	58.9	58.9
DII	29.3	29.1	29.9
FII	8.1	8.6	8.4
Others	3.7	3.5	2.8

FII Includes depository receipts

CMP: INR256 TP: IN330 (+29%) Buy

Volume growth key catalyst in FY26

- ONGC's reported EBITDA stood at INR182b (flat YoY) in 2QFY25, in line with our estimate. PAT was 30% above our estimate, mainly aided by higher other income. In the conference call, the management highlighted that gas from new wells from nominated blocks will be priced at 12% slope to the Indian crude basket price. The management also expressed confidence that ONGC Petro-Additions Limited (OPaL) will see a turnaround in FY26 amid lower interest costs and lower-priced feedstock gas. While gas from KG 98/2 asset is set to ramp up by FY25 end, the management has reduced overall production volume guidance (standalone + JV) for FY26/FY27 to 44.9/46.2mmtoe (from 46.5/49mmtoe for FY26/FY27).
- As a result, we trim our volume assumptions in line with the updated guidance and update our model for lower profitability at key subsidiaries HPCL/MRPL, for which we cut our earnings estimates significantly (given weak refining margins and LPG related losses). Accordingly, we reduce our adjusted PAT estimates for FY25/FY26/FY27 by 9%/11%/11%.
- ONGC management expects total production volume (incl. JV) to rise by 11% over FY24-FY27 to 46.2mmtoe, mainly driven by KG-98/2 and Daman upside development. Gas production from the KG-98/2 asset, which will begin in 4QFY25, is expected to ramp up to 10mmscmd by FY25 end-1QFY26, while oil production is expected to ramp up to 45,000bopd by 4QFY25. ONGC expects capex to average INR360b from FY26.
- Other key takeaways from the conference call:
  - Effective 8th Aug'24, ~4.7mmscmd gas shall be sold at 12% of price of the Indian crude basket.
  - Current production from KG 98/2: oil – 25kb/d from 8 active wells; Gas – ~2.5mmscmd.
  - Additional 5mmscmd/4mmscmd gas shall be produced from Daman upside/DSF-II from 2HFY27.
- We value the standalone business at 8x Dec'26E adj. EPS of INR30 and add the value of investments to arrive at a TP of INR330, implying 29% potential upside. **We reiterate our BUY rating on the stock.**

EBITDA in line; PAT boosted by other income

- ONGC's reported 2QFY25 EBITDA (INR 182bn) was in line with our est. of INR184b. Crude oil/gas sales came in -1%/+2% vs. our estimate. ONGC reported that as of Oct'24, oil production from KG DWN-98/2 field has risen to ~25kb/d (1QFY25: 12kb/d), which should boost investor confidence in the company's ability to implement volume growth initiatives. ONGC's stock price has corrected ~25% in the past three months on concerns that crude oil prices may average lower than USD75/bbl in CY25.
- In 2QFY25, crude oil/gas sales came in line with our est. at 4.6mmt/3.9bcm. VAP sales stood at 608tmt (est. 836tmt).
- Reported oil realization was in line with our est. at USD78.3/bbl (-18% YoY).

- While crude oil production (incl. JVs) stood at 5.16mmt (down 2% YoY), gas production (incl. JVs) stood at 5.06bcm, down 3% YoY.
- EBITDA came in line with our est. at INR182.4b (flat YoY), while PAT of INR119.8b was 30% above our est.
- **ONGC Videsh Limited**
- OVL's oil production increased by 3% YoY to 1.82mmt, while gas production was 0.705bcm (-13% YoY).
- Crude oil sales stood at 1.23mmt (flat YoY), while gas sales came in at 0.53bcm (-4% YoY).
- OVL's revenue was INR23.5b (-12% YoY) and PBDT stood at INR9.9b (flat YoY).
- ONGC announced six hydrocarbon discoveries so far in FY25 (one new discovery in 2Q).
- In Aug'24, ONGC entered into its first LNG master sale and purchase agreements (MSPAs) with Emirates National Oil Company Private Limited (ENOC) and M/s Gunvor Singapore Pte. Ltd. These agreements are designed to secure spot and short-term LNG sourcing and further strengthen ONGC's efforts toward greater integration across the hydrocarbon value chain.
- **Update on KG-DWN-98/2 Cluster-II Production:** The three oil wells in the A-field of the deep-water block KG-DWN-98/2 were brought online on 30th Oct'24, increasing the total oil production to ~25kb/d from the eight flowing wells of Cluster-II. The remaining five oil wells are scheduled to be opened in the near future.
- The board has approved an interim dividend of INR6/share (FV: INR5/share).

Valuation and view

- ONGC has guided for 11% growth in total production volume over FY24-FY27, driven by rising production from KG 98/2 asset, Daman upside development, and monetization of stranded gas reserves.
- ONGC is trading at 2.7x FY26E EV/EBITDA (SA) and 7 .2x FY26E P/E (SA). We value the company at 8x Dec'26E adj. EPS of INR30 and add the value of investments to arrive at our TP of INR330 (29% upside potential). **We reiterate our BUY rating** on the stock.

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	**338.1**	**351.6**	**347.9**	**346.4**	**352.7**	**338.8**	**331.9**	**343.0**	**1,384.0**	**1,366.4**	**351.9**	**-4%**
YoY Change (%)	*-20.1*	*-8.2*	*-9.8*	*-4.6*	*4.3*	*0.2*	*-5.6*	*-1.4*	*-11.0*	*-1.3*	*4.1*	
EBITDA	**194.5**	**183.6**	**171.6**	**174.1**	**186.2**	**182.4**	**211.5**	**218.8**	**723.8**	**798.8**	**183.7**	**-1%**
Margin (%)	*57.5*	*52.2*	*49.3*	*50.3*	*52.8*	*53.8*	*63.7*	*63.8*	*52.3*	*58.5*	*52.2*	
Depreciation	67.0	59.6	69.3	71.9	75.4	68.1	73.8	74.4	260.6	291.6	69.8	
Interest	10.1	10.2	10.2	10.3	11.8	11.6	14.6	20.3	40.8	58.3	14.6	
Other Income	16.1	20.9	34.0	36.8	20.6	47.7	24.2	4.3	107.8	96.7	24.3	
PBT before EO expense	**133.6**	**134.7**	**126.1**	**128.6**	**119.6**	**150.4**	**147.4**	**128.4**	**530.2**	**545.7**	**123.6**	**22%**
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	**133.6**	**134.7**	**126.1**	**128.6**	**119.6**	**150.4**	**147.4**	**128.4**	**530.2**	**545.7**	**123.6**	**22%**
Tax	33.5	32.6	27.2	29.9	30.2	30.5	37.1	32.3	124.9	130.1	31.1	
Rate (%)	*25.0*	*24.2*	*21.6*	*23.3*	*25.2*	*20.3*	*25.2*	*25.2*	*23.6*	*23.8*	*25.2*	
Reported PAT	**100.2**	**102.2**	**98.9**	**98.7**	**89.4**	**119.8**	**110.3**	**96.1**	**405.3**	**415.6**	**92.5**	**30%**
Adj PAT	**100.2**	**102.2**	**98.9**	**98.7**	**89.4**	**119.8**	**110.3**	**96.1**	**399.9**	**415.6**	**92.5**	**30%**
YoY Change (%)	*-34.1*	*-20.3*	*-10.4*	*41.9*	*-10.8*	*17.3*	*11.5*	*-2.7*	*-13.1*	*3.9*	*-9.5*	
Margin (%)	*29.6*	*29.1*	*28.4*	*28.5*	*25.3*	*35.4*	*33.2*	*28.0*	*28.9*	*30.4*	*26.3*	
Key Assumptions (USD/bbl)												
Oil Realization (pre windfall tax)	76.5	84.8	81.1	80.8	83.1	78.3	75.0	75.0	80.8	77.8	80.0	-2%
Crude Oil Sold (mmt)	4.7	4.7	4.7	4.7	4.6	4.6	4.8	4.9	18.8	19	4.7	-2%
Gas Sold (bcm)	4.1	4.0	4.0	3.8	3.8	3.9	3.9	3.9	15.9	16	3.8	3%
VAP Sold (tmt)	589	651	573	622	629	608	564	728	2,435	2,529	836	-27%

Siemens

BSE SENSEX	S&P CNX
78,675	23,883

SIEMENS

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	2421.4 / 28.7
52-Week Range (INR)	8130 / 3398
1,6,12 Rel. Per (%)	-8/2/76
12M Avg Val (INR M)	2302

Financials &Valuations (INR b)

Y/E SEPT	FY24E	FY25E	FY26E
Net Sales	220.7	254.3	302.6
EBITDA	31.0	38.4	47.7
PAT	26.1	31.2	38.7
EPS (INR)	73.4	87.5	108.7
GR. (%)	33.3	19.2	24.1
BV/Sh (INR)	421.9	486.6	566.9
Ratios			
ROE (%)	18.6	19.3	20.6
RoCE (%)	18.4	19.1	20.5
Valuations			
P/E (X)	92.6	77.7	62.5
P/BV (X)	16.1	14.0	12.0
EV/EBITDA (X)	74.7	59.8	47.6
Div Yield (%)	0.3	0.3	0.4

CMP: INR6,799 TP: INR8,400 (+24%) Buy

Riding capex through tech-driven offerings

We attended Siemens Innovation Day, where the company highlighted its key products and solutions that it has established for its customers. SIEM has participated in the journey of energy efficiency of various user industries, and it continues to focus on high growth areas, such as renewables, data centers, EVs, semiconductors, and other private capex-focused industries, to become more efficient. The opportunity pipeline remains strong from the above industries, and SIEM is ideally positioned to capture it with its key products, such as Xcelerator, industrial metaverse, and digital twins. We maintain our estimates and reiterate our BUY rating with a TP of INR8,400.

Opportunity pipeline remains strong

SIEM has a strong addressable market from T&D, railways, metros, and data centers, along with incremental investments led by PLI and semiconductor manufacturing. The company, with its tech-driven offerings, expects to ride on 1) the renewable energy-led capex, which is still growing at a strong pace; 2) private capex based on new areas such as data centers, batteries, EVs, and semiconductors, which is also growing strong; 3) conventional private capex, such as F&B, services, and pharma, which will revive in a few quarters; and 4) sustainability-driven capex, which is growing selectively. We expect SIEM's revenue to clock 16% CAGR over FY23-26.

Siemens Xcelerator provides varied solutions

Siemens Xcelerator has around 125 use cases, 11 ecosystem partners, and 200+ references. This is helping various industries, such as F&B, hotels, data centers, semiconductors, batteries, EVs, etc., by: 1) using AI and data to plug the gaps in systems, 2) reducing energy consumption and increasing the throughput , and 3) helping clients move towards energy sustainability. Going forward, SIEM plans to transform the supply chain by including suppliers and partners in its sustainable manufacturing journey.

Energy and mobility segment margins have levers to improve

SIEM is already benefiting from strong demand coming from renewable energy and corresponding investments in T&D. The demand-supply mismatch, particularly in the high-kVA transformers, has resulted in better margins for most players, which is yet to reflect in SIEM. The Energy segment is already witnessing tailwinds from the pipeline in renewable energy integration, transmission network expansion, modernization of aging turbines, adoption of WHRS in cement plants, et al. Along with this, we also expect the mobility segment margins to improve once the delivery of locomotives commences from FY25. For the mobility division, metros and bogey factory will emerge as global hubs and will be used for exports to Australia, the Middle East and Asia.

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	6.9	7.0	7.6
FII	8.7	8.6	7.9
Others	9.4	9.4	9.4

FII Includes depository receipts

Financial outlook

We maintain our estimates and expect SIEM's revenue/EBITDA/PAT to post a CAGR of 16%/24%/25% over FY23-26. We project EBITDA margin to improve 300bp over FY23-26, driven by better margins in the energy and mobility divisions because of strong demand and operating leverage benefits.

Valuation and view

The stock is currently trading at a P/E of 77.7x/62.5x on FY25E/FY26E. We remain constructive on SIEM, as the company is a direct play on the transmission and HVDC-related spending over the next few years. It is also rightly positioned to capture the railway-related opportunities. **Reiterate BUY with a TP of INR8,400.**

Key risks and concerns

a) Delays in order finalization from key government-focused segments such as transmission and railways, b) aggression in bids to procure large-sized projects would adversely impact margins, and c) related-party transactions with parent group entities at lower-than-market valuations to weigh on the stock performance.

Hyundai Motor

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HYUNDAI IN
Equity Shares (m)	813
M.Cap.(INRb)/(USDb)	1465.8 / 17.4
52-Week Range (INR)	1970 / 1752
1, 6, 12 Rel. Per (%)	-/-/-
12M Avg Val (INR M)	7480

Financials & valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	697	765	867
EBITDA	90	101	114
Adj. PAT	56	63	72
EPS (INR)	68	77	88
EPS Gr. (%)	(8)	13	14
BV/Sh. (INR)	172	219	272
Ratios			
RoE (%)	45.0	39.5	36.0
RoCE (%)	41.5	36.2	33.0
RoIC (%)	124.8	114.6	129.0
Valuations			
P/E (x)	26.4	23.3	20.4
P/BV (x)	10.5	8.3	6.6
EV/EBITDA (x)	15.3	13.2	11.3
Div. Yield (%)	1.5	1.7	2.0

Shareholding pattern (%)

As On	Sep-24
Promoter	82.5
DII	5.8
FII	7.4
Others	4.4

FII Includes depository receipts

CMP: INR1,804 TP: INR2,235 (+24%) Buy

Weak demand & high discounts dent 2Q performance

Well-positioned to benefit from the premiumization trend in India

- Hyundai Motor (HMI)'s 2QFY25 performance was hit by ~9% YoY volume decline and higher discounts, leading to a 30bp YoY/70bp QoQ EBITDA margin contraction to 12.8%. While the PV industry's demand remains moderate, we expect HMI to post steady growth given its favorable SUV mix and strong export opportunities going forward.
- We broadly retain our FY25E/26E EPS. We assign a slightly higher multiple to HMI at 27x Sep'26E EPS, compared to MSIL's 26x, given its strong parent support for new technology, superior financial metrics, a relatively premium brand perception, and better alignment with industry trends. **We reiterate our BUY rating with a revised TP of INR2,235.**

Higher discounts and operating deleverage dent margins sequentially

- HMI's 2QFY25 revenue/EBITDA/PAT grew ~8%/10%/16% YoY to INR172.6b/ INR22.1b/INR13.8b. Its 1HFY25 revenue/EBITDA/PAT was -2%/+2%/-3% YoY; we expect the same to be ~+2%/-12%/-22% YoY in 2HFY25.
- Volumes declined 8.5% YoY (flat QoQ). Net realizations grew 1% YoY (flat QoQ) to INR899.3k/unit.
- Gross margin contracted 60bp QoQ due to incremental discounts during the festive season. Discounts in the domestic market increased to 1.9% in 2Q from 1.5% in 1Q.
- EBITDA margin came in at 12.8% (-30bp YoY/-70bp QoQ), while the EBIT margin dipped 30bp YoY to 9.8%. The sequential margin impact was due to higher discounts and weak demand.
- CFO/FCF for 1HFY25 stood at INR8.4b/-INR6.98b vis-à-vis INR40.3b/ INR26.6b in 1HFY24.

Highlights from the management commentary

- **Domestic demand:** HMI has guided a low single-digit growth for the PV industry in FY25, on the high base of last year. Overall performance was weak in 2QFY25 as volume decline was due to domestic slowdown and geopolitical challenges, impacting exports. However, higher demand for SUVs and the marriage season in Nov'24 render confidence of a steady demand in 3Q.
- **Rural demand remains positive:** HMI believes that better crop output led by healthy monsoons should drive rural demand in the coming months. Rural contributes ~21% of overall volumes for HMI vs. 20% last year, which used to be ~16.5-17.0% a few years ago.
- **Exports:** Most of the countries, particularly Africa, Mexico, and LATAM, witnessed volume growth in 1HFY25. However, regions such as the Middle East faced headwinds due to the Red Sea crisis. The company reiterated that India will be its production hub for the emerging markets.
- **New product launches:** HMI has lined up four new EV launches, beginning with the Creta EV scheduled for 4Q launch. While HMI did not provide specifics on the upcoming ICE models, it noted that the company will continue to target white spaces and explore new and growing segments.

Valuation and view

- While FY25 is likely to be a moderate year for PVs in India and consequently for HMI, we project the company to report an 8% volume CAGR over the next two years. Following a moderation in FY25E earnings, we expect HMI to post 14% earnings CAGR over FY25-27E.
- When comparing HMI with MSIL, which is its closest peer, we believe that while both OEMs are very close in competency and future growth potential, we can ascribe a slight premium to HMI over MSIL given: 1) HMC's technological prowess in emerging technologies that can be customized to meet Indian customer requirements as needed; 2) superior financial metrics; 3) a relatively premium brand perception; and 4) better alignment with industry trends.
- We hence assign a 27x Sep'26E PER multiple to HMI, relative to our target multiple of 26x currently assigned to MSIL. Therefore, we arrive at our TP of INR2,235 for HMI, and **reiterate our BUY rating on the stock.**

Cons Quarterly Performance **(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q*	1Q	2Q	3QE	4QE		
Financial Performance										
Volumes ('000 units)	183.4	209.8	191.0	193.7	192.1	191.9	188.7	202.5	777.9	775.2
Change (%)					4.7	-8.5	-1.2	4.6	-58.2	-0.3
ASP (INR '000/car)	906.4	889.5	900.7	895.4	903.1	899.3	890.3	904.5	897.7	899.4
Change (%)					-0.4	1.1	-1.2	1.0	94.4	0.2
Net operating revenues	**166.2**	**186.6**	**172.0**	**173.4**	**173.4**	**172.6**	**168.0**	**183.2**	**698**	**697**
Change (%)					4.3	-7.5	-2.3	5.6	-18.8	-0.2
RM Cost (% of sales)	75.7	74.8	71.9	73.1	71.9	72.5	72.8	72.4	73.9	72.4
Staff Cost (% of sales)	2.9	2.6	2.9	2.9	3.2	3.2	3.2	3.1	2.8	3.2
Other Cost (% of sales)	9.4	9.5	10.7	11.4	11.5	11.5	11.8	11.5	10.2	11.6
EBITDA	**20.0**	**24.4**	**25.0**	**25.2**	**23.4**	**22.1**	**20.4**	**23.8**	**91**	**90**
EBITDA Margins (%)	12.0	13.1	14.5	14.5	13.5	12.8	12.2	13.0	13.1	12.9
Depreciation	5.6	5.6	5.3	5.6	5.3	5.2	5.2	5.5	22.1	21.1
EBIT	**14.4**	**18.8**	**19.7**	**19.6**	**18.1**	**16.9**	**15.2**	**18.3**	**69**	**69**
EBIT Margins (%)	8.6	10.1	11.4	11.3	10.4	9.8	9.1	10.0	9.9	9.8
Interest	0.4	0.3	0.5	0.4	0.3	0.3	0.3	0.3	1.6	1.2
Non-Operating Income	3.9	3.8	3.7	3.3	2.2	1.9	1.8	1.7	14.7	7.7
PBT	**17.9**	**22.3**	**22.9**	**22.6**	**20.0**	**18.5**	**16.7**	**19.8**	**82.4**	**75.0**
Effective Tax Rate (%)	25.7	27.0	23.4	25.8	25.6	25.6	26.0	26.7	26.5	26.0
Adjusted PAT	**13.3**	**16.3**	**17.5**	**16.8**	**14.9**	**13.8**	**12.4**	**14.5**	**60.6**	**55.5**
Change (%)					12.1	-15.5	-29.3	-13.6	-17.6	-8.4

*4Q numbers derived from full year numbers reported

Hindalco

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1464.4 / 17.4
52-Week Range (INR)	773 / 481
1, 6, 12 Rel. Per (%)	-8/-4/13
12M Avg Val (INR M)	4602
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	2,319	2,454	2,679
EBITDA	301	284	317
Adj. PAT	152	140	165
EBITDA Margin (%)	13	12	12
Cons. Adj. EPS (INR)	68	63	74
EPS Gr. (%)	50	-8	18
BV/Sh. (INR)	419	476	544
Ratios			
Net D:E	0.4	0.3	0.2
RoE (%)	17.5	14.1	14.6
RoCE (%)	14.4	11.8	12.7
Payout (%)	8.8	9.5	9.4
Valuations			
P/E (x)	9.5	10.3	8.7
P/BV (x)	1.5	1.4	1.2
EV/EBITDA(x)	5.9	6.2	5.5
Div. Yield (%)	0.9	0.9	1.1
FCF Yield (%)	3.2	3.9	4.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	34.6	34.6	34.6
DII	24.6	25.8	26.0
FII	32.8	31.3	31.1
Others	8.0	8.3	8.2

FII Includes depository receipts

CMP: INR649 TP: INR780 (+20%) Buy

In-line revenue; lower costs lead to strong EBITDA beat

Consolidated performance

- HNDL's consolidated net sales stood at INR582b (+7 YoY/+2% QoQ) in 2QFY25 vs. our est. of INR569b, aided by better realizations and efficiencies in India operations.
- Consolidated EBITDA stood at INR79b (+40% YoY/+5% QoQ) vs. our est. of INR66b, driven by lower costs. APAT stood at INR43b (+97% YoY/+25% QoQ) vs. our est. of INR31b.
- HNDL reported one-time exceptional expenses of INR5.1b related to flooding at the Sierre plant.
- For 1HFY25, revenue stood at INR1,152b (+8% YoY), EBITDA came in at INR154b (+36% YoY), and APAT was INR77b (+66% YoY). For 2HFY25, we expect revenues, EBITDA and APAT to grow by 8%, 18% and 34% YoY, respectively.
- The net debt-to-EBITDA ratio stood at 1.19x in 2QFY25 vs. 1.24x in 1QFY25.

Aluminum business

- Upstream revenue stood at INR91b in 2QFY25 (+16% YoY), led by higher average aluminum prices.
- Aluminum upstream EBITDA stood at INR37b (+79% YoY), driven by lower input costs. EBITDA margin was 41% in 2QFY25 vs. 26.3% in 2QFY24.
- Downstream revenue stood at INR32b (+20% YoY) due to higher volumes. Downstream aluminum sales came in at 103kt (+10% YoY), led by market recovery.
- Downstream EBITDA/t was USD179 vs. USD138 in 1QFY25 and USD202 in 2QFY24.

Copper business

- Copper business revenues stood at INR131b (+5% YoY), aided by higher average copper prices.
- EBITDA was at an all-time high of INR8.3b in 2QFY25, up 27% YoY, backed by higher copper prices and robust operations.
- Copper metal sales stood at 117kt (-13% YoY) and CCR sales stood at 90kt (-10% YoY) in 2QFY25.

Novelis: In-line operating performance

- Shipment volumes stood at 945kt (+1% YoY/flat QoQ) vs. our estimate of 961kt. The growth was primarily led by strong demand for beverage packaging, offset by lower VAP shipments and automotive shipments. Volumes were also impacted by flooding-related production interruption at the Sierre plant.
- Novelis' 2QFY25 revenue stood at USD4.3b (+5% YoY/+3% QoQ), in line with our est. of USD4.2b, mainly driven by higher aluminum prices.

- Adjusted EBITDA stood at USD462m (-5% YoY/-8% QoQ), in line with our estimate. The EBITDA decline was primarily driven by a rapid increase in aluminum scrap prices and an unfavorable product mix, along with USD25m impact at the Sierre plant due to floods.
- EBITDA/t stood at USD489 (est. USD496) and APAT came in at USD202m (-9% YoY/-15% QoQ) vs. our est. of USD187m.
- Total capex for 1HFY25 stood at USD717m, primarily attributed to new rolling and recycling capacity.
- For 1HFY25, Novelis posted revenue of USD8.5b (+3% YoY), EBITDA of USD962m (+3% YoY), and APAT of USD439m (+13% YoY).

Highlights from the management commentary

- Aluminium CoP in 2QFY25 was down 1.2% QoQ and is expected to increase marginally by 1-1.5% in 3QFY25 due to higher coal auction premiums.
- Management expects to clock an EBIDTA run rate of INR6b per quarter in copper business.
- Coal sourcing: Linkages – 50%, Own mines – 2%, E-Auction – 48%
- Out of the 300MW of renewables capacity target by CY2025, HNDL achieved 183MW in 1H, and another 15MW of solar and 100MW Hybrid (with storage) would be commissioned by 1HCY25.
- The company has hedged 30% of commodity at USD2517/t, and additional 15% is hedged at USD2262/t with a ceiling price of USD2542/t.
- Bauxite supply disruption in Guinea and Alcova pushed alumina prices higher to USD700/t. The high cost alumina impact will start reflecting from 3Q as ~80% of the contract is benchmarked to spot minus 1-month price and 20% on spot basis.

Valuation and view

- HNDL's 1HFY25 consolidated performance was better than our estimates, driven by favorable pricing and lower input costs. Novelis has also posted a decent performance as anticipated. Going forward, the cost of production in the aluminum business is expected to inch up, led by coal e-auction premium and rising scrap prices, which might impact margins in the near term. Novelis would continue to see margin-softened earnings in 2HFY25, due to rising scrap prices and a weak demand outlook in Europe.
- The ongoing capex in Novelis would establish HNDL as the global leader in beverage cans and automotive FRP segments. The capex is likely to be completed within the revised timeline, and management does not see any further capex increase.
- We maintained our FY26/FY27 estimates, while we raised our EBITDA/APAT estimates by 6%/9% for FY25. **At CMP, the stock trades at 5.5x EV/EBITDA and 1.1x P/B on FY27E. We reiterate our BUY rating on HNDL with a revised SoTP-based TP of INR780.**

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	**529.9**	**541.7**	**528.1**	**559.9**	**570.1**	**582.0**	**582.9**	**583.6**	**2,159.6**	**2,318.7**	**569.5**	**2.2**
Change (YoY %)	-8.7	-3.6	-0.6	0.2	7.6	7.4	10.4	4.2	-3.2	7.4		
Change (QoQ %)	-5.1	2.2	-2.5	6.0	1.8	2.1	0.2	0.1	0.0	0.0		
Total Expenditure	472.8	485.6	469.4	493.1	495.1	503.2	510.9	508.1	1,920.9	2,017.2		
EBITDA	**57.1**	**56.1**	**58.7**	**66.8**	**75.0**	**78.8**	**72.0**	**75.6**	**238.7**	**301.4**	**65.5**	**20.3**
Change (YoY %)	-32.2	4.7	65.3	25.4	31.3	40.5	22.8	13.1	5.3	26.3		
Change (QoQ %)	7.3	-1.8	4.5	13.9	12.3	5.1	-8.6	4.9	0.0	0.0		
As % of Net Sales	10.8	10.4	11.1	11.9	13.2	13.5	12.4	12.9	11.1	13.0		
Interest	9.9	10.3	9.4	8.9	8.6	8.7	8.1	7.1	38.6	32.6		
Depreciation	17.9	18.4	18.7	20.2	18.9	19.3	18.7	17.0	75.2	73.9		
Other Income	3.9	4.6	2.8	3.6	4.2	10.8	3.8	4.2	15.0	23.0		
PBT (before EO item)	**33.3**	**32.0**	**33.3**	**41.4**	**51.8**	**61.6**	**49.0**	**55.6**	**139.9**	**218.0**		
Extra-ordinary Income	-0.1	0.3	0.0	0.0	-3.3	-5.1	0.0	0.0	0.2	-8.4		
PBT (after EO item)	**33.2**	**32.3**	**33.3**	**41.4**	**48.5**	**56.4**	**49.0**	**55.6**	**140.1**	**209.5**		
Total Tax	8.6	10.4	10.0	9.6	17.7	17.3	14.1	16.9	38.6	66.1		
% Tax	26.0	32.0	30.0	23.3	36.6	30.7	28.8	30.4	27.5	31.6		
PAT before MI and Associate	**24.5**	**22.0**	**23.3**	**31.8**	**30.7**	**39.1**	**34.9**	**38.7**	**101.5**	**143.4**		
MI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sh. of Associate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PAT after MI and Associate	**24.5**	**22.0**	**23.3**	**31.7**	**30.7**	**39.1**	**34.9**	**38.7**	**101.6**	**143.4**		
Adjusted PAT	**24.7**	**21.6**	**23.3**	**31.7**	**34.0**	**42.7**	**34.9**	**38.7**	**101.3**	**151.9**	**31.5**	**35.7**
Change (YoY %)	-39.5	-1.9	71.1	31.6	38.0	97.3	49.6	22.0	0.0	0.0		
Change (QoQ %)	2.3	-12.3	7.7	36.2	7.2	25.4	-18.3	11.1				

Source: MOFSL, Company

Quarterly performance for Novelis (USD m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales (000 tons)	**879**	**933**	**910**	**951**	**951**	**945**	**951**	**953**	**3,673**	**3,800**	**961**	**-1.7**
Change (YoY %)	-8.6	-5.2	0.2	1.6	8.2	1.3	4.5	0.2	-3.1	3.5		
Change (QoQ %)	-6.1	6.1	-2.5	4.5	0.0	-0.6	0.6	0.2	0.0	0.0		
Net Sales	**4,091**	**4,107**	**3,935**	**4,077**	**4,187**	**4,295**	**4,398**	**4,394**	**16,210**	**17,274**	**4,156**	**3.3**
Change (YoY %)	-19.6	-14.4	-6.3	-7.3	2.3	4.6	11.8	7.8	-12.3	6.6		
Change (QoQ %)	-7.0	0.4	-4.2	3.6	2.7	2.6	2.4	-0.1	0.0	0.0		
EBITDA (adjusted)	**421**	**484**	**454**	**514**	**500**	**462**	**460**	**467**	**1,873**	**1,889**	**476**	**-3.0**
Change (YoY %)	-25.0	-4.3	33.1	27.5	18.8	-4.5	1.4	-9.2	3.4	0.8		
Change (QoQ %)	4.5	15.0	-6.2	13.2	-2.7	-7.6	-0.4	1.4	0.0	0.0		
EBITDA per ton (USD)	**479**	**519**	**499**	**540**	**526**	**489**	**484**	**490**	**510**	**497**	**496**	**-1.4**
Interest	70	74	67	64	64	67	66	67	275	265		
Depreciation	131	136	139	148	140	141	148	151	554	580		
PBT (before EO item)	**220**	**274**	**248**	**302**	**296**	**254**	**246**	**248**	**1,044**	**1,044**		
Extra-ordinary Income	(10)	(66)	(73)	(77)	(86)	(74)	-	-	(226)	(160)		
PBT (after EO item)	**210**	**208**	**175**	**225**	**210**	**180**	**246**	**248**	**818**	**884**		
Total Tax	54	51	54	59	60	51	69	69	218	249		
% Tax	25.7	24.5	30.9	26.2	28.6	28.3	28.0	28.0	26.7	28.2		
Reported PAT (after MI)	**156**	**157**	**121**	**166**	**151**	**128**	**177**	**179**	**600**	**635**		
Change (YoY %)	-49	-14	908	6	-3	-18	47	8	-9	6		
Adjusted PAT	**166**	**223**	**194**	**243**	**237**	**202**	**177**	**179**	**826**	**795**	**187**	**7.8**
Change (YoY %)	-40.5	-9.3	33.8	23.4	42.8	-9.4	-8.6	-26.4	-4.7	-3.7		
Change (QoQ %)	-15.7	34.3	-13.0	25.3	-2.5	-14.8	-12.2	0.9				

Source: MOFSL, Company

12 November 2024

2QFY25 Results Update | Sector: Consumer

Britannia Industries

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1211 / 14.3
52-Week Range (INR)	6473 / 4626
1, 6, 12 Rel. Per (%)	-12/-9/-15
12M Avg Val (INR M)	1796

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	180.5	198.5	218.5
Sales Gr. (%)	7.6	10.0	10.1
EBITDA	32.3	36.4	40.5
EBITDA mrg. (%)	17.9	18.4	18.6
Adj. PAT	22.5	25.8	29.1
Adj. EPS (INR)	93.5	107.0	120.7
EPS Gr. (%)	5.5	14.4	12.8
BV/Sh.(INR)	181.2	210.2	251.0
Ratios			
RoE (%)	54.3	54.7	52.3
RoCE (%)	35.9	38.6	39.1
Payout (%)	80.7	72.4	65.9
Valuation			
P/E (x)	53.7	47.0	41.7
P/BV (x)	27.7	23.9	20.0
EV/EBITDA (x)	37.1	32.6	29.1
Div. Yield (%)	1.5	1.5	1.6

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	50.6	50.6	50.6
DII	16.4	16.8	14.0
FII	17.9	17.4	19.7
Others	15.2	15.2	15.8

FII includes depository receipts

CMP: INR5,028 TP: INR5,500 (+9%) Neutral

Healthy volume growth; miss on margin

- Britannia Industries (BRIT) posted revenue growth of 5% YoY in 2QFY25 (est. 7%) and volume growth of 8%. Other operating income surged 62%, mainly due to the incentive received from the Ranjangaon plant, which qualified as an ultra-mega plant this year.
- GM contracted 135bp/190bp YoY/QoQ to 41.5%. Employee costs were up 45% on phantom stocks being revalued based on the share price (impact of INR500m). EBITDA margin saw a sharp decline of 290bp YoY to 16.8% (est. 19.7%). EBITDA decreased 10% YoY (est. +7%). We estimate EBITDA margin of 18-18.5% for FY25-FY27 (vs. 19% in FY24).
- The management has guided for 4-5% price hike in 2HFY25. Volume is witnessing healthy improvement, which is expected to continue in the coming quarters. We previously highlighted a risk for BRIT in sustaining such a high operating margin. The operating margin remains a key monitorable, as it missed expectations to drive volumes in 1HFY25. **We reiterate our Neutral rating with a TP of INR5,500 (premised on 50x Sep'26E EPS).**

In-line revenue; miss on EBITDA

- **Volume growth in high single-digit:** Consolidated net sales (excluding other operating income) rose 4.5% YoY to INR45.7b (est. INR46.7b) during the quarter. Other operating income increased 62% YoY to INR1b. Consolidated revenue rose 5% YoY to INR46.7b (est. INR47.4b). The company has delivered ~8% volume growth in 2Q (8% in 1QFY25, est of 9%).
- **Commodity pressure on margin**: Consolidated gross margin contracted 135bp/190bp YoY/QoQ to 41.5% (est. 43.7%). Employee and other expenses were up 45% and 4% YoY. EBITDA margin declined 290bp/90bp YoY/QoQ to 16.8% (est. of 19.7%).
- **Miss on profitability**: BRIT's consol. EBITDA/PBT/Adj. PAT declined 10%/10%/9% YoY to INR7.8b/INR7.2b/INR5.3b (est. INR9.3b/INR8.7b/INR6.5b).
- **In 1HFY25,** net sales increased 6% while EBITDA remained flat and APAT saw an increase of 2%.

Highlights from the management commentary

- The demand environment remains challenging, impacted by a combination of weak demand and high inflation.
- According to NIQ, FMCG market growth is the lowest in metro areas, where it has remained nearly flat.
- Rural growth was at a high single-digit and is growing 2x more than urban growth. Metro areas contribute ~30% to the total FMCG business.
- Commodity costs are on the rise, with palm oil prices increasing 45% in Q2FY25 compared to Q1FY25. This surge is driven by a 40% import duty, along with demand and supply challenges in key producing countries such as Malaysia and Indonesia.

- BRIT expects inflation of 4-5% in the coming months, driven by an increase in the prices of flour, sugar, and cocoa. To offset increasing material costs, the company is implementing a 4-5% price adjustment during the next two months, with targeted pricing strategies across different channels and brands.
- Direct reach now stands at 2.82m outlets. BRIT has also strengthened its rural distribution reach to 30k distributors.

Valuation and view

- We cut our EPS by 6-7% for FY25/FY26 to factor in lower operating margin.
- BRIT focuses on expanding distribution, primarily in rural areas, innovating products, and scaling up in related categories. Rural demand is reviving and should gradually start driving volume growth in FY25. We expect healthy volume growth to sustain in 2HFY25.
- We had highlighted the margin as a risk in BRIT given the rising inflation, focus on volume growth (increase in promotional, marketing, and other activities), and a high margin base. The margin pressure is likely to sustain in the near term. We model EBITDA margin of 18-18.5% for FY25-FY27 (vs. ~19% for FY24).
- Packaged food companies have outperformed personal care companies over the last two years since they have maintained positive volume growth despite a steep price increase. We do not foresee such growth divergence going forward. **We reiterate a Neutral rating with a TP of INR5,500 (premised on 50x Sep'26E EPS).**

Consol. Quarterly Performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Base business volume growth (%)*	**0**	**-**	**5.5**	**6.0**	**0**	**8.0**	**6.0**	**6.0**	**2.9**	**7.0**	**9.0**	
Net Sales	**40.1**	**44.3**	**42.6**	**40.7**	**42.5**	**46.7**	**46.7**	**44.6**	**167.7**	**180.5**	**47.4**	(1.5)
YoY change (%)	8.4	1.2	1.4	1.1	6.0	5.3	9.8	9.6	2.9	7.6	6.9	
Gross Profit	**16.8**	**19.0**	**18.7**	**18.3**	**18.4**	**19.4**	**19.6**	**19.3**	**72.8**	**76.7**	**20.7**	(6.4)
Margins (%)	41.9	42.9	43.9	44.9	43.4	41.5	42.0	43.2	43.4	42.5	43.7	
EBITDA	**6.9**	**8.7**	**8.2**	**7.9**	**7.5**	**7.8**	**8.6**	**8.2**	**31.7**	**32.3**	**9.3**	(15.9)
Margins (%)	17.2	19.7	19.3	19.4	17.7	16.8	18.5	18.5	18.9	17.9	19.7	
YoY growth (%)	37.6	22.6	0.4	-1.7	9.4	-10.2	5.3	4.7	12.0	1.8	6.8	
Depreciation	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.8	3.0	3.1	0.8	
Interest	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	1.6	1.3	0.3	
Other Income	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.7	2.1	2.3	0.6	
PBT	**6.2**	**8.0**	**7.6**	**7.4**	**7.1**	**7.2**	**8.1**	**7.9**	**29.2**	**30.2**	**8.7**	(17.8)
Tax	1.7	2.1	2.0	2.0	1.8	1.8	2.1	2.0	7.8	7.7	2.2	
Rate (%)	26.9	26.5	26.6	26.8	24.9	25.5	25.5	26.0	26.7	25.5	25.5	
Adjusted PAT	**4.6**	**5.9**	**5.6**	**5.4**	**5.3**	**5.3**	**6.0**	**5.8**	**21.4**	**22.4**	**6.5**	(18.3)
YoY change (%)	35.7	19.5	0.3	-3.8	16.3	-9.3	7.8	8.0	10.1	4.9	11.0	

E: MOFSL Estimates

Samvardhana Motherson

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	MOTHERSO IN
Equity Shares (m)	7036
M.Cap.(INRb)/(USDb)	1168.3 / 13.8
52-Week Range (INR)	217 / 87
1, 6, 12 Rel. Per (%)	-18/22/60
12M Avg Val (INR M)	3406

Financials & Valuations

INR Billion	2024	2025E	2026E
Sales	985	1,160	1,298
EBITDA	90.2	110.9	128.1
Adj. PAT	25.1	39.2	51.7
EPS (INR)	3.7	5.5	7.3
EPS Growth (%)	63.6	48.9	31.7
BV/Share (INR)	38.6	49.6	54.7
Ratios			
Net D:E	0.4	0.0	-0.1
RoE (%)	10.3	12.8	13.9
RoCE (%)	10.0	11.2	12.2
Payout (%)	20.0	30.0	30.0
Valuations			
P/E (x)	44.3	29.7	22.6
P/BV (x)	4.2	3.3	3.0
Div. Yield (%)	0.5	1.0	1.3
FCF Yield (%)	3.2	3.9	5.7

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	58.1	60.4	64.8
DII	19.9	18.2	15.0
FII	13.5	12.9	11.4
Others	8.5	8.6	8.8

FII Includes depository receipts

CMP: INR166 TP: INR210 (+26%) Buy

Weak result; 2HFY25E to be better

QIP proceeds utilized to pare down debt; preparing for opportunities

- Samvardhana Motherson (MOTHERSO) reported muted results, with an EBITDA margin of 8.8%, down 80bp QoQ (vs. est. 9.4%), hit by global PV industry slowdown, slower EV ramp-up, and seasonal factors. Despite the global challenges and inflated working capital, the company's RoCE for 1HFY25 stood at 17.3% (up from 16.9% in FY24).
- To factor in the weak demand in key regions, we cut our FY25E/FY26E EPS by ~13.1%/~13.5%. We expect MOTHERSO to continue outperforming the global automobile sales, fueled by rising premiumization and EV transition, a robust order backlog, and successful integration of recent acquisitions. **We reiterate our BUY rating with a revised TP of INR210 (based on 25x Sep'26E EPS).**

Net debt declines INR28.7b QoQ to INR104.9b in 2QFY25

- **Consol. revenue grew** 18% YoY to INR278.1b (est. INR287.2b) largely led by inorganic growth. Revenue for organic business grew 4-5% YoY, while the global light vehicle industry declined by 5% YoY. Consol. EBITDA grew 23% YoY to INR24.5b (est. INR27.1b), and consol. adj. PAT grew 65.7% YoY to INR7.5b (est. INR9.5b). Revenue from the acquired assets stood at INR62b in 2QFY25 vs. INR18.5b YoY. Normalized EBITDA included contributions from acquired assets at INR5.9b in 2QFY25 vs. INR1.8b in 2QFY24.
- The company's 1HFY25 revenue/EBITDA/PAT grew ~23%/34%/66% YoY, while we expect the same to grow ~13%/18%/49% YoY in 2HFY25.
- **Wiring harness business** grew 4% YoY to INR81.1b (est. INR85.1b), and EBITDA margin improved 60bp YoY (-50bp QoQ) to 11.2% (est. 11.2%). The segment reported revenue growth despite softening of CV production volumes in North America, Europe, and China.
- **Modules & Polymer business** revenue grew 27% YoY to INR146.4b (est. INR142.5b), and EBITDA margin improved 30bp YoY (-130bp QoQ) to 7.4% (est. 8.3%). Growth was driven by the full impact of the acquisitions (Dr. Schneider and Yachiyo), while organic business growth was flat.
- **Vision system business revenue** grew 3% YoY to INR48.1b (est. INR52.4b), while EBITDA margin remained stable YoY (-30bp QoQ) to 9.2% (est. 9.9%). Revenue growth was fueled by China and South Asia, partially offset by lower volumes in North America.
- **Integrated assemblies business** revenue grew 53% YoY to INR25.3b. Margin stood at 11.9% (-180bp QoQ; est. 10.0%). Sluggishness in EVs hurt growth. However, YoY growth numbers are not comparable, as 2QFY24 had only two months of operations.
- **Emerging business** grew 43% YoY to ~INR29.1b (est. INR29.8b), and EBITDA margin expanded 90bp YoY (+110bp QoQ) to 13.3% (est. 14.0%).

- **Net debt declined QoQ to INR104.96b (vs. INR133.7b in 1QFY25).** Liquidity as of Sep’24 included proceeds from QIP of ~INR64.37b. ~INR60b of this has been subsequently used to pay down debt and for general corporate purposes.

Highlights from the management commentary

- **Management expects 2HFY25 to be better than 1H given**: 1) a seasonally strong half; 2) some of the stuck projects to ramp-up; 3) margins would normalize as the company had taken upfront costs for some projects that got delayed; and 4) the normalization of increased working capital in 2H.
- **ROCE improved despite global challenges and inflated working capital:** Despite the global challenges and inflated working capital, the company’s RoCE for 1HFY25 stood at 17.3% (up from 16.9% in FY24).
- **Booked business stands at USD88b** (up from USD84b in FY24); this would be executed over the next 5-6 years. Almost 24% of this comes from EVs.
- **The non-auto segment has ramped up to a run rate of INR30b** for FY25E. The pilot line for the consumer electronics segment has commenced production from Nov’24. The large plant is expected to commence production in 1.5 years, which should propel non-auto segment revenue.
- **Key challenges ahead:** Apart from a weak demand macro globally, some of the other challenges include: 1) Cu has started inching up again after cooling off in 2Q; 2) energy costs have started rising again in Europe; and 3) logistics challenges continue due to the Red Sea crisis.

Valuation and view

- We expect MOTHERSO to continue outperforming the global automobile sales, fueled by rising premiumization and EV transition, a robust order backlog, both in autos and non-autos (booked business of USD88b as of 2Q-end); and successful integration of recent acquisitions.
- To factor in the slowdown in demand in key regions, we cut our FY25E/FY26E EPS by ~13.1%/~13.5%. The stock trades at reasonable valuations of 30x/23x FY25E/FY26E consolidated EPS. We **reiterate our BUY** rating with a revised TP of INR210 (based on 25x Sep’26E EPS).

Quarterly performance (Consol.) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E		var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	**2,24,622**	**2,35,275**	**2,56,439**	**2,68,612**	**2,88,680**	**2,78,119**	**2,91,430**	**3,01,727**	**9,84,947**	**11,59,955**	**2,87,181**	**-3.2**
YoY Change (%)	27.2	28.8	26.5	19.3	28.5	18.2	13.6	12.3	25.0	17.8	22.3	
EBITDA	**19,246**	**19,878**	**23,159**	**26,686**	**27,753**	**24,479**	**26,964**	**31,669**	**90,206**	**1,10,866**	**27,112**	**-9.7**
Margins (%)	8.6	8.4	9.0	9.9	9.6	8.8	9.3	10.5	9.2	9.6	9.4	
Depreciation	8,389	8,674	10,164	10,878	10,646	11,028	11,200	11,501	38,105	44,375	10,700	
Interest	2,526	4,879	6,203	4,504	4,445	5,462	4,000	3,602	18,112	17,508	4,000	
Other income	529	664	1,084	836	709	862	710	745	1,876	3,026	620	
PBT before EO expense	**8,860**	**6,989**	**7,877**	**12,140**	**13,371**	**8,852**	**12,474**	**17,311**	**35,865**	**52,008**	**13,032**	
Extra-Ord expense	0	2,494	9	-4,974	0	-1,730	0	0	-2,472	-1,730	0	
PBT after EO Expense	**8,860**	**4,495**	**7,868**	**17,114**	**13,371**	**10,582**	**12,474**	**17,311**	**38,336**	**53,738**	**13,032**	
Tax Rate (%)	29.5	32.8	27.6	28.3	26.0	33.2	27.0	27.3	29.3	27.9	27.0	
Min. Int & Share of profit	241	188	272	-43	-51	-1,152	50	-126	658	-1,278	60	
Reported PAT	**6,009**	**2,016**	**5,420**	**13,718**	**9,942**	**8,797**	**9,056**	**12,712**	**27,162**	**40,507**	**9,453**	
Adj PAT	**6,009**	**4,510**	**5,420**	**9,170**	**9,942**	**7,470**	**9,056**	**12,712**	**25,108**	**39,244**	**9,453**	**-21.0**
YoY Change (%)	325.5	43.2	19.2	45.6	65.5	65.7	67.1	38.6	65.6	56.3	109.6	

E: MOFSL Estimates

Bosch

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BOS IN
Equity Shares (m)	29
M.Cap.(INRb)/(USDb)	981.5 / 11.6
52-Week Range (INR)	39089 / 19450
1, 6, 12 Rel. Per (%)	-9/1/48
12M Avg Val (INR M)	1259

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	167.3	178.4	203.4
EBITDA	20.9	23.2	28.2
Adj. PAT	18.3	21.6	25.9
EPS (INR)	620.5	731.6	877.4
EPS Gr. (%)	28.5	17.9	19.9
BV/Sh. (INR)	4,091	4,462	4,920
Ratios			
RoE (%)	15.9	17.1	18.7
RoCE (%)	20.6	21.7	23.7
Payout (%)	44.4	49.2	47.9
Valuations			
P/E (x)	53.6	45.4	37.9
P/BV (x)	8.1	7.5	6.8
Div. Yield (%)	1.1	1.1	1.3
FCF Yield (%)	0.9	1.1	1.3

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	70.5	70.5	70.5
DII	15.8	15.8	17.1
FII	6.2	6.0	3.6
Others	7.5	7.7	8.9

FII Includes depository receipts

CMP:INR33,279 TP: INR34,280 (+3%) Neutral

Operational beat mainly led by improved mix

Auto volumes likely to largely remain stable YoY in FY25E

- Bosch's (BOS) 2QFY25 performance beat our estimates owing to lower RM costs (led by lower traded goods) as BOS continued its efforts for the localization of components. Auto demand remains weak across its key segments, especially for CVs and PVs. While BOS continues to work toward the localization of new technologies, given the long gestation projects, its margin remains under pressure with no visibility of improvement, at least in the near term.
- We maintain our FY25/FY26 EPS estimates. At ~45x FY25E/38x FY26E EPS, the stock appears fairly valued. **We reiterate our Neutral stance on the stock with a TP of INR34,280 (based on ~35x Sep'26E EPS).**

Improved mix drives margin beat

- 2Q revenue/EBITDA/adj. PAT rose 6%/14%/29% YoY to INR43.9b/INR5.6b/ INR4.96b (est. INR44.6b/INR5.35b/INR5.1b). 1HFY25 revenue/EBITDA/ adj. PAT grew 5%/13%/21% YoY. 2HFY25 revenue/EBITDA/adj. PAT are likely to grow 8%/10%/16% YoY.
- Mobility business grew 7% YoY, driven by growth in mobility aftermarket (9% YoY), power solutions (6% YoY) and 2W segment (13% YoY).
- Consumer goods segment grew ~10% YoY, while the building technologies business grew 20% YoY.
- Gross margins expanded 170bp YoY (-60bp QoQ) to 34.9% (est. 35.5%) mainly due to lower RM costs and better mix.
- As a result, EBITDA margins expanded to 12.8% (+90bp YoY; est.12%).
- Adj. PAT came in at INR4.96b (est. INR5.1b), up 29% YoY after adjusting a one-time gain of INR485m due to the sale of OE diagnosis business.
- Operating cash flow/FCF grew 5.7x/9.7x YoY.

Highlights from the management commentary

- **Domestic demand outlook:** Management expects overall auto volumes to remain stable YoY in FY25.
- BOS is well prepared for early transitions in terms of localization of components for TREM-5 norms (expected in Apr'26) for tractors. It is also prepared to cater to a sudden surge in demand (mainly expected in 2HFY25) and pre-buying effect due to TREM-5 for tractors.
- **Exports business**: This is a longer-term opportunity for the next five years. Growth in 1HFY25 was 10% YoY.
- FY25 capex guidance stands at INR4b (vs. ~INR1b in 1HFY25) mainly for the plants and machinery.

Valuation and view

- Auto demand remains weak across its key segments, especially for CVs and PVs. While BOS continues to work toward the localization of new technologies, given the long gestation projects, its margin remains under pressure with no visibility of improvement, at least in the near term.
- We maintain our FY25/FY26 EPS estimates. While BOS is outperforming the underlying auto industry growth with new order wins, visibility for margin recovering to 15-16% is low. At ~45x FY25E/38x FY26E EPS, the stock appears fairly valued. **Hence, we reiterate our Neutral rating with a TP of INR34,280 (premised on 35x Sep'26E EPS).**

Quarterly performance (S/A) (INR Million)

Y/E March	FY24				FY25E				FY24	FY25E	2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				(%)
Net Sales	**41,584**	**41,301**	**42,052**	**42,334**	**43,168**	**43,943**	**45,416**	**45,855**	**1,67,271**	**1,78,382**	**44,605**	-1.5
YoY Change (%)	17.3	12.8	14.9	4.2	3.8	6.4	8.0	8.3	12.0	6.6	8.0	
RM Cost (% of sales)	64.5	66.8	62.3	65.5	64.6	65.1	64.0	63.6	64.8	64.3	64.5	
Staff Cost (% of sales)	7.4	8.1	7.9	8.5	7.8	7.8	7.7	7.6	8.0	7.7	8.0	
Other Expenses (% of sales)	17.9	13.2	16.0	12.8	15.7	14.3	15.0	14.9	14.7	14.9	15.5	
EBITDA	**4,679**	**4,913**	**5,784**	**5,572**	**5,197**	**5,605**	**6,061**	**6,385**	**20,948**	**23,248**	**5,348**	4.8
Margins (%)	11.3	11.9	13.8	13.2	12.0	12.8	13.3	13.9	12.5	13.0	12.0	
Depreciation	921	1,013	1,173	1,188	856	900	1,050	1,089	4,295	3,895	950	
Interest	308	122	39	39	26	22	30	42	508	120	35	
Other Income	1,875	1,542	1,548	2,262	1,793	2,089	2,000	2,195	7,227	8,077	2,050	
PBT before EO expense	**5,325**	**5,320**	**6,120**	**6,607**	**6,108**	**6,772**	**6,981**	**7,449**	**23,372**	**27,309**	**6,413**	
Extra-Ord expense	0	-7,850	-588	0	0	-485	0	0	-8,438	0	0	
PBT after EO Expense	**5,325**	**13,170**	**6,708**	**6,607**	**6,108**	**7,257**	**6,981**	**7,449**	**31,810**	**27,309**	**6,413**	
Tax	1,235	3,181	1,527	962	1,453	1,898	1,466	918	6,905	5,735	1,347	
Tax Rate (%)	23.2	24.2	22.8	14.6	23.8	26.2	21.0	12.3	21.7	21.0	21.0	
Reported PAT	**4,090**	**9,989**	**5,181**	**5,645**	**4,655**	**5,359**	**5,515**	**6,531**	**24,905**	**21,574**	**5,066**	
Adj PAT	**4,090**	**3,843**	**4,721**	**5,645**	**4,655**	**4,965**	**5,515**	**6,531**	**18,058**	**21,574**	**5,066**	-2.0
YoY Change (%)	22.4	3.2	48.0	41.5	13.8	29.2	16.8	15.7	26.8	19.5	31.8	

E: MOSL Estimates

Segmental Mix (INR m)

	FY24				FY25E		FY24
	1Q	2Q	3Q	4Q	1QE	2QE	
Auto	36,232	35,708	36,522	35,114	37,418	37,594	1,43,576
Growth (%)	16.5	13.3	12.7	2.8	3.3	5.3	11.2
PBIT margin (%)	10.9	12.5	14.2	13.9	13.8	13.9	12.9
Contribution (%)	87.1	86.5	86.8	82.9	86.7	85.6	85.8
Non-Auto	5,424	5,634	5,764	7,256	5,814	6,420	24,078
Growth (%)	23.6	7.6	29.1	8.6	7.2	14.0	15.8
PBIT margin (%)	16.4	9.3	13.5	11.4	7.9	11.1	12.5
Contribution (%)	13.0	13.6	13.7	17.1	13.5	14.6	14.4
a) Consumer goods	3,754	3,897	3,336	5,237	3,939	4,290	16,224
Growth (%)	17.8	10.5	31.0	10.1	4.9	10.1	15.6
PBIT margin (%)	15.5	7.2	11.7	11.5	3.1	9.3	11.4
b) Others	1,670	1,737	2,428	2,019	1,875	2,130	7,854.0
Growth (%)	39.2	1.6	26.7	4.8	12.3	22.6	16.3
PBIT margin (%)	18.3	14.0	16.1	11.2	18.0	14.7	14.8
Total Revenue (post inter segment)	41,584	41,301	42,052	42,334	43,168	43,943	1,67,271
Growth (%)	17.3	12.8	14.9	4.2	3.8	6.4	12.0

E:MOFSL Estimates

Motilal Oswal | MORNING INDIA

12 November 2024

2QFY25 Results Update | Sector: Healthcare

Zydus LifeSciences

Estimate change	↑
TP change	↓
Rating change	↔

Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1006
M.Cap.(INRb)/(USDb)	955.7 / 11.3
52-Week Range (INR)	1324 / 614
1, 6, 12 Rel. Per (%)	-6/-12/30
12M Avg Val (INR M)	1731

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	230.3	252.7	260.6
EBITDA	68.2	73.8	65.7
Adj. PAT	45.5	49.7	43.9
EBIT Margin (%)	25.6	25.4	21.5
Cons. Adj. EPS (INR)	45.2	49.4	43.6
EPS Gr. (%)	20.2	9.1	-11.7
BV/Sh. (INR)	252.6	294.9	331.3
Ratios			
Net D:E	-0.1	-0.3	-0.4
RoE (%)	20.1	18.0	13.9
RoCE (%)	18.8	16.9	13.2
Payout (%)	12.8	11.7	13.3
Valuations			
P/E (x)	21.0	19.3	21.8
EV/EBITDA (x)	13.4	11.9	12.8
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	3.2	4.9	4.8
EV/Sales (x)	4.0	3.5	3.2

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	10.7	12.6	13.1
FII	7.5	5.6	4.9
Others	6.9	6.8	7.1

FII Includes depository receipts

CMP: INR950 | TP: INR1,010 (+6%) | Neutral

The US and international markets drive earnings

Broad-based efforts to improve growth prospects across focus markets

- Zydus LifeSciences (ZYDUSLIF) delivered better-than-expected operational performance for the quarter. While its revenue grew at a lower rate of 19% YoY (vs. est. of 25%), improved traction in the US and other international markets resulted in better-than-expected margins for 2QFY25.
- We raise our earnings by 3%/4%/3% for FY25E/FY26E/FY27E to factor in: 1) superior execution in international markets, and 2) controlled opex, partly offset by increased competition in g-Asacol and higher effective tax rates. We value ZYDUSLIF at 22x 12M forward earnings to arrive at our TP of INR1,010.
- While ZYDUSLIF is implementing efforts to add differentiated products across focus markets and improve growth visibility in the domestic formulations market through increased share of chronic categories, we expect earnings to remain stable over FY25-27. This is due to reduced scope of business in products such as g-Revlimid (from 4QFY26) and g-Asacol. **We reiterate our Neutral rating on the stock as the current valuation factors in stable earnings over the next two years.**

Segment mix benefits partly offset by higher opex on a YoY basis

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

Highlights from the management commentary

- Management reiterated its FY25 revenue growth guidance for high teens.
- Mirabegron remains an interesting opportunity in 2HFY25 for the US market.
- It has two ANDAs pending for approval in transdermal space, of which one is certain for launch.
- ZYDUS is working closely with the USFDA to implement corrective and preventive action (CAPA) in order to resolve WL at its Jarod site.
- Under its JV with Perfect Day, ZYDUSLIF is setting up a state-of-the-art manufacturing facility to produce fermented animal-free protein.

Quarterly Performance (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Revenues	**51.4**	**43.7**	**45.1**	**55.3**	**62.1**	**52.4**	**54.4**	**61.4**	**195.5**	**230.3**	**54.5**	**-4.0**
YoY Change (%)	29.6	9.1	5.8	10.4	20.8	19.9	20.9	11.0	13.4	17.8	24.9	
Total Expenditure	36.1	33.0	34.2	39.1	41.0	38.2	39.9	43.1	142.4	162.1	41.6	
EBITDA	**15.3**	**10.6**	**10.8**	**16.3**	**21.1**	**14.2**	**14.6**	**18.3**	**53.0**	**68.2**	**13.0**	**9.1**
YoY Change (%)	111.5	32.6	20.3	23.7	37.6	33.1	34.9	12.8	41.8	28.6	22.0	
Margins (%)	29.8	24.4	24.0	29.4	34.0	27.0	26.8	29.9	27.1	29.6	23.8	
Depreciation	1.8	1.8	1.9	2.1	2.2	2.3	2.4	2.3	7.6	9.2	1.9	
EBIT	**13.5**	**8.8**	**8.9**	**14.2**	**18.9**	**11.8**	**12.2**	**16.0**	**45.4**	**59.0**	**11.1**	
YoY Change (%)	148.6	41.8	23.6	25.0	40.0	34.4	37.7	12.6	50.4	29.9	26.5	
Margins (%)	26.3	20.1	19.7	25.7	30.5	22.6	22.4	26.0	23.2	25.6	20.4	
Interest	0.2	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.8	1.0	0.2	
Other Income	0.4	0.5	0.4	1.6	0.6	0.7	0.7	0.5	2.8	2.5	0.5	
PBT before EO Income	**13.7**	**9.3**	**9.0**	**15.4**	**19.2**	**12.3**	**12.6**	**16.2**	**47.4**	**60.4**	**11.4**	**7.2**
EO Exp/(Inc)	0.4	-0.8	-0.2	-0.1	0.3	-0.5	0.0	0.0	-0.7	-0.2	0.0	
PBT after EO Income	**13.3**	**10.1**	**9.3**	**15.5**	**19.0**	**12.7**	**12.6**	**16.2**	**48.1**	**60.6**	**11.4**	**11.2**
Tax	2.2	2.3	2.1	3.2	4.4	3.7	3.2	3.6	9.8	14.8	2.6	
Rate (%)	16.3	22.5	23.1	20.8	23.0	29.4	25.0	22.1	20.3	24.5	22.5	
Min. Int/Adj on Consol	-0.3	0.2	0.6	-0.5	-0.4	0.1	0.1	0.2	0.1	-0.1	-0.1	
Reported PAT	**10.9**	**8.0**	**7.7**	**11.8**	**14.2**	**9.1**	**9.5**	**12.8**	**38.4**	**45.6**	**8.8**	**3.4**
Adj PAT	**11.2**	**7.4**	**7.5**	**11.7**	**14.4**	**8.8**	**9.5**	**12.8**	**37.9**	**45.5**	**8.8**	**-0.2**
YoY Change (%)	155.4	45.7	29.6	52.1	28.2	19.1	26.8	9.0	65.0	20.2	19.4	
Margins (%)	21.8	16.9	16.7	21.2	23.2	16.8	17.5	20.9	19.4	19.8	16.2	
EPS (INR/sh)	**7.6**	**7.3**	**7.5**	**8.8**	**11.7**	**8.6**	**9.5**	**99.1**	**37.6**	**45.2**		

E: MOFSL Estimates

Key performance Indicators (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
INRb	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Domestic formulations	12.3	13.3	14.3	13.8	13.8	14.6	15.9	15.9	53.7	60.1	15.1
YoY Change (%)	9.1	5.5	15.9	7.1	12.1	9.2	11.5	15.1	9.3	12.0	13.0
US sales	24.5	18.6	18.4	25.2	30.9	24.2	24.9	28.0	86.9	108.0	26.6
YoY Change (%)	57.4	9.2	-4.3	12.0	26.0	29.6	35.1	10.8	16.7	24.3	42.4
Consumer healthcare	6.9	4.4	4.0	7.8	8.4	4.9	4.5	7.8	23.0	25.5	4.6
YoY Change (%)	0.3	3.0	-3.5	9.6	20.6	12.0	13.0	0.8	3.0	11.0	6.0
EU	0.6	0.6	0.7	1.0	0.9	0.6	0.8	0.9	3.0	3.2	0.6
YoY Change (%)	5.0	5.0	5.0	39.7	45.0	8.0	8.5	-14.2	15.0	8.3	8.0
Emerging markets	4.2	3.9	4.2	3.9	4.4	4.8	4.9	4.9	16.3	18.9	4.4
YoY Change (%)	34.7	19.0	17.0	7.4	3.0	21.3	16.0	24.8	23.6	16.0	12.0
API	1.4	1.3	1.4	1.4	1.4	1.2	1.4	1.6	5.7	5.6	1.5
YoY Change (%)	13.5	14.4	-23.9	14.8	1.9	-6.5	-2.0	8.3	3.4	-1.6	15.0
Cost Break-up											
RM Cost (% of Sales)	32.6	33.7	32.6	29.1	25.6	28.1	28.5	26.2	31.9	27.0	30.4
Staff Cost (% of Sales)	14.2	17.2	18.1	15.1	14.2	16.8	16.9	17.1	16.1	16.2	16.8
R&D Expenses(% of Sales)	6.3	7.4	7.0	6.4	6.3	9.2	7.3	6.3	6.7	7.2	7.5
Other Cost (% of Sales)	17.1	17.3	18.3	20.0	19.9	18.9	20.5	20.6	18.3	20.0	21.5
Gross Margin (%)	67.4	66.3	67.4	70.9	74.4	71.9	71.5	73.8	68.1	73.0	69.6
EBITDA Margin (%)	29.8	24.4	24.0	29.4	34.0	27.0	26.8	29.9	27.1	29.6	23.8
EBIT Margin (%)	26.3	20.1	19.7	25.7	30.5	22.6	22.4	26.0	23.2	25.6	21.0

E: MOFSL Estimates

Triveni Turbine

Estimate changes	↑
TP change	⟷
Rating change	⟷

Bloomberg	TRIV IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	206 / 2.4
52-Week Range (INR)	844 / 350
1, 6, 12 Rel. Per (%)	-14/8/37
12M Avg Val (INR M)	840

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	20.3	26.5	35.6
EBITDA	4.4	5.4	7.3
PAT	3.7	4.6	6.2
EPS (INR)	11.6	14.3	19.5
GR. (%)	36.5	24.2	35.7
BV/Sh (INR)	38.5	48.8	62.9
Ratios			
ROE (%)	33.6	32.9	34.9
RoCE (%)	33.8	33.0	35.0
Valuations			
P/E (X)	56.0	45.1	33.2
P/BV (X)	16.8	13.2	10.3
EV/EBITDA (X)	46.0	36.7	27.0
Div Yield (%)	0.5	0.6	0.8

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	55.8	55.8	55.8
DII	11.5	12.3	11.7
FII	28.1	27.5	27.7
Others	4.6	4.3	4.8

FII includes depository receipts

CMP: INR648 TP: INR830 (+28%) Buy

Export growth continues to impress

Triveni Turbine (TRIV)'s 2QFY25 results exceeded our expectations on both the revenue and profitability front. The company reported a revenue/EBITDA/PAT growth of 29%/50%/41% YoY in 2QFY25. Domestic order inflows grew 4% YoY, as inquiry generation in the preceding two quarters was impacted by elections. Export ordering growth continued to be robust at 50% YoY. Domestic order inflow pipeline will see an uptick in ensuing quarters with healthy inquiries from distilleries, municipal solid waste, cement, steel, process co-generation, chemicals, petchem, etc. We maintain our revenue estimates while increasing our margin estimates for FY25, based on 1HFY25 performance and order book mix. We reiterate our BUY rating with an unchanged TP of INR830, based on 48x two-year forward earnings.

2QFY25 results show continued outperformance

Revenue came in line with our estimates at INR5b (up 29% YoY), backed by robust execution of the opening order book of INR17.2b. Domestic/export revenue grew 32%/26% YoY during the quarter. EBITDA at INR1.1b jumped 50% YoY, 11% ahead of our estimates, on account of operating leverage benefits as gross margin was flat YoY. PAT at INR910m (8% above estimates) clocked a 41% YoY growth despite a much higher effective tax rate (26.7% vs 22.8% in 2QFY24). Other income grew 35% YoY to INR196m. Order inflows rose 25% YoY to INR5.7b, driven largely by inflows from exports with domestic/export growth of 4%/50% YoY. This took the closing order book to INR17.9b (+22% YoY). For 1HFY25, the company reported revenue/EBITDA/PAT growth of 26%/43%/37%, while FCF grew 54% YoY to INR1.5b. For 2HFY25, we build in 20%/33%/36% growth in revenue/EBITDA/PAT.

Strong growth in export inflows offset weakness in domestic orders

Domestic ordering remained weak in the last few quarters on account of finalization delays owing to the election cycle. Accordingly, 1HFY25 order inflows grew at a mere 3% YoY. However, the company is confident of an improvement, as indicated by improving inquiries in 2QFY25 from steel, cement, municipal solid waste, chemicals, biomass, petrochemicals, etc. Over the long term, TRIV believes the domestic market will grow at a sustainable pace of 10-15%. In contrast, export inquiry generation and order inflows continue to be robust, with order inflows growing 63% in 1HFY25. As a result, the order book is tilted toward exports (61% share), vs. a 41% share in FY23. While Europe, Americas, and the Middle East are seeing robust traction, SE Asia has been tepid. API, bio-mass-based process co-generation, paper and pulp, renewable solutions, etc. were some of the main segments to witness growth. Besides this, the aftermarket has also seen breakthrough orders from steam and non-steam-based turbines from a diverse set of customers.

Margins to be on the higher side in the near term

With the order book mix being skewed toward exports, which have a superior margin profile, TRIV is confident of sustaining the current level of margins in the near term. However, in the medium to long term, the company's focus would be to grow the topline, while further margin expansion will be a function of vendor diversification, sourcing imports from low-cost geographies, and an overall endeavor to streamline costs.

Foray into the US market to start bearing fruit by FY26

The foray into the US market provides TRIV with a vast untapped opportunity potential, with the US having the largest installed base of turbines and other rotating equipment, where the company can exploit opportunities on the refurbishment side. Accordingly, it has already made investments in terms of personnel and a local presence, and the associated costs will likely have an impact of ~INR250m for FY25, which has been budgeted for in 1HFY25 by the management. However, from FY26 onwards, the business is expected to report a marginal profit, as it scales up its operations.

Key focus areas to drive growth going ahead

Over the past few years, the company has made inroads in the higher range of turbines (above 30MW), API turbines, and refurbishment jobs, which has facilitated robust growth in order inflows and revenues. In 2QFY25, it received an order for a 95MW turbine, underscoring its efforts to increase its market share in the above 30MW market, where it traditionally has had a lower share. Similarly, TRIV is gaining increasing acceptance for its API turbines, resulting in healthy orders from the Middle East as these turbines find applications in refinery and hydrocarbon sectors.

We build in a PAT CAGR of 32% over FY24-27

We maintain our estimates on the revenue front for FY25/26/27, while increasing our FY25 margin estimate to account for 1HFY25 performance. We expect TRIV's revenue/EBITDA/PAT to clock a CAGR of 29%/32%/32% over FY24-27. Backed by a comfortable negative working capital cycle, strong margins, and low capex requirements, we expect its OCF and FCF to report a CAGR of 39% and 43% over the same period, respectively.

Valuation and view

The stock is currently trading at 45x/33x FY26E/27E P/E. We marginally revise our estimates and maintain our TP of INR830 based on 48x two-year forward EPS. Key risks to our recommendation would come from slower-than-expected order inflow growth particularly in domestic, lower-than-expected margins, and a slowdown in global geographies.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**3,764**	**3,878**	**4,317**	**4,581**	**4,633**	**5,011**	**5,285**	**5,399**	**16,539**	**20,328**	**4,879**	**3**
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	29.2	22.4	17.9	32.6	22.9	25.8	
Total Expenditure	3,055	3,134	3,480	3,682	3,677	3,897	4,175	4,208	13,351	15,957	3,879	
EBITDA	**709**	**744**	**837**	**898**	**956**	**1,114**	**1,110**	**1,191**	**3,188**	**4,371**	**1,000**	**11**
Margins (%)	18.8	19.2	19.4	19.6	20.6	22.2	21.0	22.1	19.3	21.5	20.5	
Depreciation	49	51	55	53	62	61	62	64	208	249	62	-2
Interest	7	6	6	7	10	8	5	-3	27	20	5	57
Other Income	134	146	172	171	194	196	201	213	622	804	194	1
PBT before EO expense	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,244**	**1,343**	**3,576**	**4,906**	**1,126**	**10**
PBT	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,244**	**1,343**	**3,576**	**4,906**	**1,126**	**10**
Tax	177	190	264	252	274	331	313	315	883	1,233	283	
Rate (%)	22.4	22.8	27.8	25.0	25.4	26.7	25.1	23.5	24.7	25.1	25.1	
Profit/Loss of JV	0	-2	-2	5	0	0			2			
Reported PAT	**610**	**644**	**686**	**751**	**804**	**910**	**931**	**1,027**	**2,691**	**3,673**	**843**	**8**
Adj PAT	**610**	**644**	**686**	**751**	**804**	**910**	**931**	**1,027**	**2,691**	**3,673**	**843**	**8**
YoY Change (%)	59.2	39.0	30.4	35.1	31.8	41.4	35.7	36.7	39.5	36.3	31.0	
Margins (%)	16.2	16.6	15.9	16.4	17.4	18.2	17.6	19.0	16.3	18.1	17.3	

MOTILAL OSWAL | MORNING INDIA

12 November 2024

2QFY25 Results Update | Sector: Consumer

Jyothy Laboratories

CMP: INR441 **TP: INR500 (+13%)** **Neutral**

Estimate change

TP change

Rating change

Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	162.1 / 1.9
52-Week Range (INR)	596 / 367
1, 6, 12 Rel. Per (%)	-12/-12/-17
12M Avg Val (INR M)	541

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Net Sales	29.2	32.1	35.3
Sales Gr. (%)	5.8	10.0	9.9
EBITDA	5.2	5.7	6.3
EBITDA Margins (%)	18.0	17.8	17.7
Adj PAT	4.0	4.3	4.7
Adj. EPS (INR)	10.8	11.7	12.9
EPS Gr. (%)	9.9	8.7	10.3
BV/Sh (INR)	51.8	57.0	63.4
Ratios			
RoE (%)	21.3	21.5	21.5
RoCE (%)	20.9	21.7	21.7
Payout (%)	60.6	55.7	50.5
Valuation			
P/E (x)	44.2	40.7	36.9
P/BV (x)	9.2	8.4	7.5
EV/EBITDA	32.4	29.4	26.4
Div. Yield (%)	1.1	1.1	1.1

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	62.9	62.9	62.9
DII	15.3	14.4	14.1
FII	15.1	15.1	14.6
Others	6.7	7.7	8.4

FII includes depository receipts

Miss on sales; focus on volume-driven growth

- Jyothy Laboratories (JYL) reported flat sales YoY (miss) in 2QFY25. It posted a five-year CAGR of 10%. Volume growth was at 3%, on account of a high base (+11% in 1QFY25, +9% in 2QFY24) and muted consumer demand. Jul'24 saw muted performance, impacted by flooding in the South (40% sales contribution), while Sept'24 delivered double-digit volume growth. Oct'24 volume growth is expected in the mid- to high-single digits, supported by the festive demand.
- The company is focused on volume-led growth, targeting mid- to high-single digit growth in 2HFY25 to capture market share across categories. Price hikes are anticipated in the soap category in 3QFY25, with potential low single-digit increases across other segments in 2HFY25, aiming for high single-digit revenue growth.
- The revenue growth was subdued across all segments. Fabric care sales were flat YoY. Dish wash growth stood at 1% YoY. Pril larger packs are gaining momentum in MT. HI sales were flat YoY, with LV delivering double-digit growth, though coil faced a negative impact. Personal care experienced a 5% sales decline (vs. ~22% growth in 2QFY24).
- Gross Margin (GM) was up 100bp YoY but down 100bp QoQ to 50.3%. EBITDA margin inched up 30bp YoY to 18.9%, a 33-quarter high. EBITDA grew 2% YoY during the quarter on account of a high base (~68% EBITDA growth in 2QFY24), and the five-year CAGR is 12%.
- We model a 9%/9% revenue/EBITDA CAGR over FY24-27E. With a stable RM basket, we expect the EBITDA margin to be ~18% in FY25.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. **We reiterate our Neutral rating on the stock with a TP of INR500 (premised on 40x Sep'26E P/E)**.

Miss on sales

- **Flat sales YoY:** JYL reported flat YoY net sales of INR7,338m (est. INR7,983m). Volume growth was 3% (est. 10%) in 2QFY25. Fabric Care and HI sales were flat YoY, Dishwashing grew 1% YoY, while Personal Care sales declined 5% in 2QFY25.
- **Improvement in margins**: Gross margin expanded ~100bp YoY to 50.2% (est. 51.2%). As a percentage of sales, the staff cost increased 50bp YoY to 11.5%, ad spends increased 50bp YoY to 8.3%, while other expenses declined 40bp YoY to 12.0%. EBITDA margin expanded marginally by 30bp YoY to 18.9%. (est. 18.9%).
- **Segmental profitability**: EBIT margins in the Personal Care and Household Insecticides expanded 260bp/810bp YoY to 13.6%/(9.5%), while Fabric Care and Dishwashing margin contracted 120bp/180bp YoY to 24.9%/19.1% in 2QFY25.

- **Marginal growth in profitability**: EBITDA grew 2% YoY to INR1,385m (est. of INR1,509m). PBT was flat YoY at INR1,357m (est. INR1,496m). Adj. PAT grew 1% YoY to INR1,050m (est. INR1,146m).
- In 1HFY25, net sales, EBITDA, and APAT grew 4%/8%/8%. In 2HFY25, we expect net sales, EBITDA, and APAT to grow 8%, 11%, and 12%.

Highlights from the management commentary

- The value-volume gap is due to the increase in grammage and price cuts implemented by the company in certain SKUs .
- July saw subdued performance, partly due to flooding in the South, which contributed 40% to sales. September, however, experienced double-digit volume growth.
- The company plans to implement a price hike in the soap portfolio in 3QFY25 as well as in other categories in 2HFY25 if required.
- New products and category expansions are anticipated in CY25.
- Modern Trade (MT) and e-commerce channels are also experiencing double-digit growth rates.

Valuation and view

- We cut our EPS estimates by 3% for FY25 and 6% for FY26.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. JYL's margin expansion beyond ~18% is also constrained by its focus on the mass and rural segments. Therefore, we believe its growth potential is adequately priced-in at the current valuation. **We reiterate our Neutral rating on the stock with a TP of INR500 (premised on 40x Sep'26E P/E).**

Consolidated Quarterly Performance **(INR m)**

Y/E March	FY24				FY25E						FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E	2QE	(%)
Volume growth (%)	9%	9%	11%	10%	11%	3%	6%	6%	9%	9%	10%	
Net Sales	6,871	7,323	6,775	6,600	7,418	7,338	7,317	7,094	27,569	29,167	7,983	-8.1
YoY change (%)	15.1	11.1	10.6	7.0	8.0	0.2	8.0	7.5	10.9	5.8	9.0	
Gross Profit	3,289	3,604	3,371	3,267	3,805	3,683	3,695	3,605	13,531	14,787	4,087	-9.9
Margins (%)	47.9	49.2	49.8	49.5	51.3	50.2	50.5	50.8	49.1	50.7	51.2	
EBITDA	1,174	1,354	1,186	1,084	1,335	1,385	1,317	1,210	4,798	5,246	1,509	-8.2
EBITDA growth %	96.2	68.3	40.6	18.7	13.7	2.3	11.0	11.7	51.9	9.3	11.4	
Margins (%)	17.1	18.5	17.5	16.4	18.0	18.9	18.0	17.1	17.4	18.0	18.9	
Depreciation	120	123	128	129	134	139	136	126	500	535	130	
Interest	11	12	12	13	14	14	13	11	47	52	13	
Other Income	79	132	106	130	137	125	125	128	447	515	130	
PBT	1,123	1,351	1,152	1,072	1,324	1,357	1,293	1,201	4,698	5,174	1,496	-9.3
Tax	250	311	243	291	307	307	292	310	1,095	1,216	350	
Rate (%)	22.3	23.0	21.1	27.1	23.2	22.6	22.6	25.8	23.3	23.5	23.4	
Adjusted PAT	873	1,040	909	781	1,017	1,050	1,001	890	3,603	3,958	1,146	-8.3
YoY change (%)	124.1	78.2	34.9	31.9	16.6	1.0	10.1	14.0	54.8	9.9	10.2	

E: MOFSL Estimates

Barbeque Nation Hospitality

CMP: INR530 | **TP: INR600 (+13%)** | **Neutral**

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	BARBEQUE IN
Equity Shares (m)	39
M.Cap.(INRb)/(USDb)	32.8 / 0.4
52-Week Range (INR)	1440 / 815
1, 6, 12 Rel. Per (%)	-10/-28/-42
12M Avg Val (INR M)	185

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	12.8	14.7	16.6
Sales Gr. (%)	2.4	14.3	13.2
EBITDA	2.3	2.7	3.1
Margins (%)	17.6	18.3	18.4
Adj. PAT	0.0	0.1	0.2
Adj. EPS (INR)	-1.1	2.0	4.8
EPS Gr. (%)	N/M	L/P	144.0
BV/Sh.(INR)	99.5	101.4	106.2
Ratios			
RoE (%)	-1.1	1.9	4.5
RoCE (%)	5.0	6.7	7.5
Valuation			
P/E (x)	N/M	267.5	109.7
P/BV (x)	5.3	5.2	4.9
EV/EBITDA (x)	11.7	7.2	6.1
Pre-IND AS EV/ EBITDA (x)	20.6	16.3	12.7

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	33.6	33.7	33.8
DII	25.7	24.4	26.1
FII	15.2	16.5	17.1
Others	25.6	25.4	23.0

FII includes depository receipts

Stable show; improvement in margin

- Barbeque Nation Hospitality (BARBEQUE) revenue grew 1.3% YoY, impacted by higher vegetarian days in 2Q and sluggish demand. SSSG remained weak and reported -2.5% YoY in 2QFY25 vs. -10.7% in 2QFY24 and -7.4% in 1QFY25. The company has seen MoM improvement in the SSSG trend. Dine-in revenue remained flat at INR2,598m while delivery was up 4% to INR459m.
- GM trajectory remained strong, expanding 210bp YoY to 68.1%. ROM was up 120bp YoY to 12.4%, cost control initiatives helped in margin expansion, which offset the negative OpLev pressure on margin. EBITDA margin expanded over 20bp YoY to 14.9% (est. 15%). The company posted a PBT loss of INR 100m vs. a loss of INR151m in YoY.
- The management is looking to add 25 stores in FY25. It has opened 8 stores in 1HFY25, with 3 new stores already opened in Oct'24, while 6 new stores are under construction. The company plans to open 100 stores over the next three years. BARBEQUE's current valuations at 19.1x FY25E and 15.5x FY26E pre-Ind AS EV/EBITDA are comfortably positioned. However, we are watchful of BARBEQUE's operating margin profile in FY25 amidst the challenging demand environment. We reiterate our Neutral rating on the stock with a TP of INR600, based on 17x Sep'26E Pre Ind-AS EV/EBITDA.

In-line performance; SSSG at -2.5%

- **Growth metrics gradually stabilizing**: BARBEQUE reported flat sales growth YoY at INR3.1b (est. INR 3.0b) in 2QFY25. Dine-in channel (85% of sales) remained flat YoY at INR2.59b. Delivery channel (15% of sales) was up 4% YoY to INR0.46b.
- **Digital KPIs:** Cumulative App download was 6.8m+ vs. 6.3m in 2QFY24. Own digital asset contribution was at 30% vs. 29.6% in 2QFY24.
- **Store addition:** The company has added four stores and closed one store, bringing the total store count to 222. Out of 222 stores, it has 187 Indian stores, 8 international stores, and 27 Toscano & Salt stores. Total metro and tier-1 accounted for 173 stores and tier 2/3 accounted for 49 stores in 2QFY25.
- **Improvement in margins**: Gross margin expanded 210bp YoY to 68.1%, while remaining flat QoQ. EBITDA grew 3% YoY to INR456m (est. INR456m). EBITDA margin expanded 20bp YoY to 14.9% (est. 15.0%). Pre-Ind AS EBITDA increased 24% YoY to INR166m in 2QFY25 and margin expanded 100bp YoY to 5.4%.
- **PBT loss sustains**: PBT loss has come at INR -100m vs -151m in 2QFY24. BARBEQUE reported a loss of INR71m vs INR 119m in 2QFY24.
- **In 1HFY25,** net sales declined 2% to INR6,114m while EBITDA expanded 6% to INR96m.

Highlights from the management commentary

- Month-over-month improvement was observed in Same-Store Sales Growth (SSSG), with dine-in performance surpassing industry standards as the company focuses on driving growth in this channel.
- Premium dining experiences offered at Salt and Toscano enhance the culinary appeal and guest engagement, contributing positively to the brand.
- The company maintained flat pricing across the portfolio over the past year; however, it employed differentiated pricing on weekdays and weekends and adjusted prices regionally. With this, it delivered 2.5-3% price CAGR (excluding the COVID period).
- Management guided ~68% GP margins for FY25.
- The company plans to open 25 stores in FY25 and reach 240 stores. Currently, 185 stores are mature while the remaining 37 stores are new.
- The capex requirement for opening a new store is INR30m. The break-even and payback period of the new store is three years.

Valuation and view

- There is no material change in our EBITDA estimates for FY25E and FY26E.
- BARBEQUE PBT margin profile is weaker than that of QSR players. Hence, despite a comfortable position on valuation, we are watchful of operating margin delivery in FY25.
- **BARBEQUE's current valuations are at 19.1x FY25E and 15.5x FY26E pre-Ind AS EV/EBITDA. We reiterate our Neutral rating on the stock with a TP of INR600, based on 17x Sep'26E Pre Ind-AS EV/EBITDA.**

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
SSSG (%)	-7.7	-10.7	-4.9	1.4	-7.4	-2.5	1.0	1.7	-6.5	-1.8	-1.0	
No. of stores	212	212	210	217	219	222	229	239	217	239	217	
Net Sales	3,239	3,017	3,309	2,981	3,057	3,057	3,513	3,221	12,545	12,847	3,037	0.7
YoY change (%)	2.9	-2.8	0.8	6.4	-5.6	1.3	6.2	8.1	1.7	2.4	0.7	
Gross Profit	2,073	1,990	2,245	2,053	2,081	2,081	2,382	2,193	8,361	8,736	2,010	3.5
Margin (%)	64.0	65.9	67.9	68.9	68.1	68.1	67.8	68.1	66.6	68.0	66.2	
EBITDA	468	444	663	547	509	456	703	594	2,122	2,261	456	0.1
EBITDA growth %	-33.6	-23.9	7.0	37.3	8.8	2.7	6.0	8.5	-8.0	6.6	2.7	
Margin (%)	14.4	14.7	20.0	18.4	16.6	14.9	20.0	18.4	16.9	17.6	15.0	
Depreciation	375	443	414	447	405	409	415	436	1,679	1,665	456	
Interest	187	195	190	186	186	189	209	211	759	795	211	
Other Income	40	43	16	77	27	43	33	38	176	140	30	
PBT	-55	-151	75	-9	-55	-100	111	-16	-140	-59	-181	
Tax	-14	-32	27	-9	-11	-28	28	-4	-28	-15	-46	
Rate (%)	26.1	21.3	35.5	95.9	20.9	28.4	25.2	25.2	20.3	25.2	25.2	
Adjusted PAT	-41	-119	48	0	-43	-71	83	-12	-112	-44	-136	
YoY change (%)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	

E: MOFSL Estimates

Vinati Organics

BSE SENSEX	S&P CNX
78,675	23,883

CMP: INR1,835 **Buy**

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

- Revenue was at INR5.3b (est. of INR5.4b, +20% YoY).
- EBITDA came in at INR1.3b (est. of INR1.3b, +28% YoY). Gross margin was at 45.8% (flat YoY), with **EBITDAM at 24.2% (+160bp YoY).**
- PAT came in at INR1.1b (est. of INR914m, +46% YoY).
- **In 1HFY25**, revenue stood at INR10.8b (+20% YoY), EBITDA came in at INR2.6b (+26% YoY), and PAT was at INR1.9b (+35% YoY). EBITDAM was at 24% (+130bp YoY).

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct	(%)	(%)	(%)
Gross Sales	**4,387**	**4,629**	**4,480**	**5,503**	**5,247**	**5,354**	**5,533**	**3%**	**20%**	**5%**
YoY Change (%)	*-13.3*	*-18.3*	*-13.3*	*6.0*	*19.6*	*15.6*	*19.5*			
Gross Margin (%)	*47.6%*	*45.8%*	*47.2%*	*46.6%*	*44.9%*	*47.5%*	*45.8%*	*-1.7%*	*0.0%*	*0.9%*
EBITDA	**1,004**	**1,048**	**1,147**	**1,502**	**1,251**	**1,319**	**1,340**	**2%**	**28%**	**7%**
Margin (%)	*22.9*	*22.6*	*25.6*	*27.3*	*23.8*	*24.6*	*24.2*	*-0.4*	*1.6*	*0.4*
Depreciation	167	173	193	194	196	215	205			
Interest	9	9	10	9	4	9	1			
Other Income	98	106	88	96	93	126	222			
PBT before EO expense	**925**	**972**	**1,032**	**1,396**	**1,144**	**1,221**	**1,357**	**11%**	**40%**	**19%**
PBT	**925**	**972**	**1,032**	**1,396**	**1,144**	**1,221**	**1,357**	**11%**	**40%**	**19%**
Tax	231	247	262	351	284	308	295			
Rate (%)	*25.0*	*25.4*	*25.4*	*25.1*	*24.8*	*25.2*	*21.8*			
Reported PAT	**694**	**725**	**770**	**1,045**	**860**	**914**	**1,061**	**16%**	**46%**	**23%**
Adj. PAT	**694**	**725**	**770**	**1,045**	**860**	**914**	**1,061**	**16%**	**46%**	**23%**
YoY Change (%)	*-31.4*	*-37.5*	*-28.0*	*-0.2*	*23.9*	*26.0*	*46.4*			
Margin (%)	*15.8*	*15.7*	*17.2*	*19.0*	*16.4*	*17.1*	*19.2*	*2.1*	*3.5*	*2.8*

Cello World

BSE SENSEX	S&P CNX
78,675	23,883

Conference Call Details

Date: 13th Nov, 2024
Time: **9:00am** IST
Concall link:
[Click here]

CMP: INR919 Buy

Earnings below estimates

- Consol. revenue stood flat YoY, while declined 2% QoQ to INR4.9b (est. INR5.3b).
- Gross margins contracted 180bp/220bp YoY/QoQ to 51.6%.
- EBITDA declined 1%/8% YoY/QoQ to INR1.2b (est. INR1.35b). EBITDA margins contracted 40bp/160bp YoY/QoQ to 24.2% (est. 25.7%).
- Adj. PAT grew 2% YoY while declined 1% QoQ to INR816m (est. INR890).
- The Board of Cello World (CELLO) has considered and approved a scheme for the demerger, transfer, and vesting of the Manufacturing Business of WPL (Wim Plast Ltd, subsidiary of CELLO) into CCPPL (Cello Consumer Products Private Limited, wholly-owned subsidiary of CELLO) on a going concern basis, and amalgamation of WPL with CELLO. The company will issue equity shares to the shareholders of WPL.

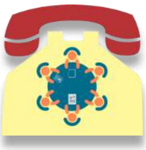
Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	
Gross Sales	**4,718**	**4,890**	**5,271**	**5,125**	**5,007**	**4,901**	**6,377**	**6,406**	**20,003**	**22,690**	**5,281**	**-7%**
YoY Change (%)	NA	NA	NA	5.0	6.1	0.2	21.0	25.0	11.3	13.4	8.0	
Total Expenditure	3,526	3,687	3,949	3,792	3,714	3,715	4,695	4,728	14,954	16,852	3,925	
EBITDA	**1,192**	**1,203**	**1,321**	**1,333**	**1,293**	**1,186**	**1,682**	**1,678**	**5,049**	**5,839**	**1,356**	**-13%**
Margins (%)	25.3	24.6	25.1	26.0	25.8	24.2	26.4	26.2	25.2	25.7	25.7	
Depreciation	118	127	147	175	141	148	190	205	567	685	165	
Interest	6	7	5	8	6	3	3	3	26	15	4	
Other Income	81	107	45	66	60	133	65	80	299	338	110	
PBT before EO expense	**1,149**	**1,176**	**1,214**	**1,215**	**1,206**	**1,168**	**1,554**	**1,550**	**4,755**	**5,478**	**1,297**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,149**	**1,176**	**1,214**	**1,215**	**1,206**	**1,168**	**1,554**	**1,550**	**4,755**	**5,478**	**1,297**	
Tax	321	310	307	250	311	300	392	389	1,188	1,391	327	
Rate (%)	27.9	26.4	25.3	20.6	25.8	25.7	25.2	25.1	25.0	25.4	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	54	66	58	77	69	51	66	88	256	274	80	
Reported PAT	**774**	**800**	**849**	**888**	**826**	**816**	**1,096**	**1,073**	**3,311**	**3,812**	**890**	
Adj PAT	**774**	**800**	**849**	**888**	**826**	**816**	**1,096**	**1,073**	**3,311**	**3,812**	**890**	**-8%**
YoY Change (%)	NA	NA	NA	-81.8	6.6	2.1	29.2	20.9	24.4	15.1	11.2	
Margins (%)	16.4	16.4	16.1	17.3	16.5	16.7	17.2	16.8	16.6	16.8	16.8	

Kirloskar Oil Engine

BSE SENSEX	S&P CNX
78,675	23,883

Conference Call Details



Date: 13th November 2024

Time: 04:00pm IST

Dial-in details:

Diamond Pass

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	58.1	68.9	81.9
EBITDA	7.8	9.9	12.3
Adj. PAT	5.2	6.7	8.5
Adj. EPS (INR)	36.1	46.2	58.6
EPS Gr. (%)	44.4	28.2	26.7
BV/Sh.(INR)	207.6	241.4	284.3
Ratios			
RoE (%)	18.6	20.6	22.3
RoCE (%)	17.9	20.1	21.9
Valuations			
P/E (x)	31.6	24.6	19.4
P/BV (x)	5.5	4.7	4.0
EV/EBITDA (x)	21.0	16.3	12.7
Div. Yield (%)	0.8	1.1	1.4

CMP: INR1,139 Buy

Largely in-line results

- 2QFY25 revenue was largely in line with our estimate at INR11.9b, up 13% YoY but down 11% QoQ. B2B segment grew by 17% YoY, whereas B2C declined by 13% YoY, due to a planned plant transition under which the company consolidated five of its manufacturing locations into a single unit in Ahmedabad.
- Reported EBITDA of INR1.6b (+67% YoY) beat our estimate, largely aided by a reversal of provisions for doubtful debts worth INR174.4m. Adjusted for this, EBITDA was in line. Accordingly, adj. EBITDA margin came in at 12.4% vs. 10.3% in 2QFY24 and 12.9% in 1QFY25.
- Adj. PAT came in line at INR936m (+8% YoY), supported by higher other income (up 84% YoY) and a lower effective tax (24.7% vs. 25.9% in 1QFY24).
- For 1HFY25, revenue/adj. EBITDA/adj. PAT grew 9%/23%/19%, while free cash outflow narrowed to INR49m, from INR481m in 1HFY24.

Kirloskar Oil Engine Limited

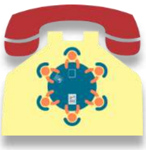
Standalone - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var. (%)
Net Sales	**12,647**	**10,590**	**11,352**	**13,917**	**13,429**	**11,944**	**14,529**	**18,215**	**48,505**	**58,117**	**12,205**	**(2)**
YoY Change (%)	26.5	4.8	13.5	20.7	6.2	12.8	28.0	30.9	17.8	19.8	15.2	
Total Expenditure	11,102	9,603	10,023	12,135	11,452	10,294	12,568	15,957	42,864	50,271	10,740	
EBITDA	**1,545**	**986**	**1,329**	**1,782**	**1,977**	**1,650**	**1,961**	**2,258**	**5,642**	**7,846**	**1,465**	**13**
Margins (%)	12.2	9.3	11.7	12.8	14.7	13.8	13.5	12.4	11.6	13.5	12.0	
Depreciation	213	243	257	257	247	266	250	236	970	999	244	9
Interest	14	16	20	29	27	26	33	46	78	132	33	(21)
Other Income	70	64	57	85	108	118	80	15	274	320	80	47
PBT before EO expense	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**1,759**	**1,991**	**4,868**	**7,034**	**1,268**	**16**
PBT	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**1,759**	**1,991**	**4,868**	**7,034**	**1,268**	**16**
Tax	355	205	287	405	462	365	453	533	1,252	1,814	327	
Rate (%)	25.6	25.9	25.9	25.6	25.5	24.7	25.8	26.8	25.7	25.8	25.8	
Reported PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**1,305**	**1,458**	**3,616**	**5,221**	**941**	**18**
Adj PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**1,305**	**1,458**	**3,616**	**5,221**	**941**	**18**
YoY Change (%)	59.9	-19.3	20.5	81.3	30.5	89.6	58.8	23.9	33.8	44.4	60.6	
Margins (%)	8.2	5.5	7.2	8.5	10.0	9.3	9.0	8.0	7.5	9.0	7.7	

KNR Construction

BSE SENSEX	S&P CNX
78,675	23,883

Conference Call Details



Date: 13th Nov 2024
Time: 11:00 AM IST
Dial-in details:
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Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	40.3	46.6	51.6
EBITDA	6.9	8.5	9.5
Adj. PAT	4.1	5.3	5.9
EBITDA Margin (%)	17.2	18.3	18.5
Adj. EPS (INR)	14.6	18.9	21.1
EPS Gr. (%)	-4.4	29.7	11.9
BV/Sh. (INR)	130.6	149.0	169.6
Ratios			
Net D:E	-0.1	-0.1	-0.1
RoE (%)	11.9	13.5	13.3
RoCE (%)	12.9	14.0	13.8
Payout (%)	3.0	2.6	2.4
Valuations			
P/E (x)	19.5	15.0	13.4
P/BV (x)	2.1	1.8	1.6
EV/EBITDA(x)	10.6	8.7	7.7
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	8.9	2.1	3.6

CMP: INR284 — Buy

Marginal miss on revenue and EBITDA; higher other income drives beat on APAT

Earnings snapshot: 2QFY25

- During 2QFY25, KNR received certain one-time adjustments and arbitration claims. For like-to-like comparison, we have adjusted the same in revenue, other income, other expenses, and total taxes for 2QFY25 and have shown these as exceptional items. The arbitration claims were relating to the following:
- KNR received an arbitration claim from its Odisha project for an amount of INR277m (included in revenue) and INR431m towards interests on such claims, which were included in other income. Further expenses relating to the aforementioned claim amounting to INR9.3m were included in other expenses.
- KNR received INR1.4b towards interest on unsecured loans, which was included in other income, and the resultant tax of INR357m was included in current tax.
- KNR made a provision of INR545m towards doubtful advances and trade receivables, which were included in other expenses in FY24. The said provision has been reversed and included in other income during the quarter ended Sep'24.
- Revenues declined 9% YoY to ~INR8.6b during 2QFY25 (8% below our estimate).
- EBITDA margin contracted 150bp YoY to 16.1% (vs. our estimate of 16.8%) in 2QFY25. EBITDA declined 17% YoY to INR1.4b (vs. our estimate of INR1.6b).
- Due to higher other income and lower tax outgo, APAT for the quarter grew 48% YoY to INR1.5b against our estimate of INR913m.
- Current order book stands at ~INR53b.
- During 1HFY25, revenue came in INR16.7b (-11% YoY), EBITDA stood at INR2.7b (-19% YoY), and APAT was INR2.3b (+9% YoY).

Quarterly performance -Standalone (INR m)

Y/E March	FY24				FY25		FY24	FY25E	MOSL	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	
Net Sales	**9,296**	**9,415**	**9,054**	**11,793**	**8,193**	**8,561**	**39,558**	**40,336**	**9,277**	**-8**
YoY Change (%)	4.4	11.1	9.1	0.3	-11.9	-9.1	5.7	2.0	-1.5	
EBITDA	**1,733**	**1,663**	**1,473**	**2,033**	**1,356**	**1,380**	**6,902**	**6,938**	**1,559**	**-11**
Margins (%)	18.6	17.7	16.3	17.2	16.6	16.1	17.4	17.2	16.8	
Depreciation	283	311	325	326	225	226	1,245	1,363	338	
Interest	50	58	72	113	41	20	293	282	65	
Other Income	71	50	60	147	51	575	328	242	65	
PBT before EO expense	**1,470**	**1,344**	**1,136**	**1,741**	**1,141**	**1,709**	**5,692**	**5,534**	**1,221**	
Extra-Ord expense	0	0	0	654	531	1,867	654	2,398	0	
Tax	367	346	281	414	334	344	1,407	1,440	307	
Rate (%)	25.0	25.7	24.7	23.8	29.2	20.1	24.7	26.0	25.2	
Reported PAT	**1,103**	**999**	**855**	**1,982**	**1,339**	**3,344**	**4,938**	**6,605**	**913**	
Adj PAT	**1,103**	**999**	**855**	**1,328**	**807**	**1,477**	**4,284**	**4,207**	**913**	**62**
YoY Change (%)	9.4	-7.2	10.1	3.2	-26.8	47.9	3.3	-1.8	-8.5	
Margin (%)	11.9	10.6	9.4	11.3	9.9	17.3	10.8	10.4	9.8	

Sunteck Realty

BSE SENSEX	S&P CNX
78,675	23,883

Conference Call Details

Date: 13th November 2024
Time: 16:00 IST
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+91-22 6280 1289

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	5.6	11.1	21.3
EBITDA	1.2	2.1	6.2
EBITDA Margin (%)	20.8	19.3	29.1
PAT	0.7	1.5	4.6
EPS (INR)	4.8	10.4	31.3
EPS Gr. (%)	NA	115.5	199.6
BV/Sh. (INR)	213.3	222.2	252.0
Ratios			
RoE (%)	2.4	4.8	13.2
RoCE (%)	3.5	5.1	12.7
Payout (%)	31.0	14.4	4.8
Valuations			
P/E (x)	106.2	49.3	16.4
P/BV (x)	2.4	2.3	2.0
EV/EBITDA (x)	66.5	33.6	13.1
Div yld (%)	0.3	0.3	0.3

CMP: INR581 — Buy

Steady pre-sales and collections

Revenue recognition needs to ramp up

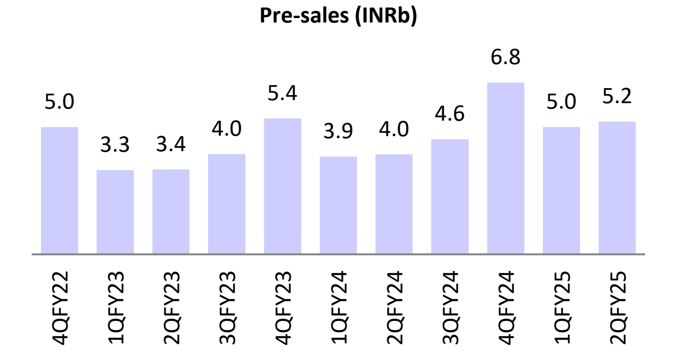
Operational performance

- Sunteck reported pre-sales of INR5.2b in 2QFY25, up 33% YoY (13% lower than our estimate).
- During 1HFY25, the company achieved pre-sales of INR10.3b, up 31% YoY, fueled by the strong traction in uber-luxury projects. Sunteck achieved 41% of the total pre-sales guidance for FY25 (INR25b).
- Collections increased 25% YoY to INR2.7b for 2QFY25, while the company achieved INR6.1b (up 21% YoY) for 1HFY25; collections stood at 37% of our FY25 estimate.
- Net operating cashflow surplus also grew 112% YoY to INR1.9b.
- The net debt-to-equity ratio stood at zero, with a net cash surplus of INR980m at the end of 2QFY25.

P&L highlights

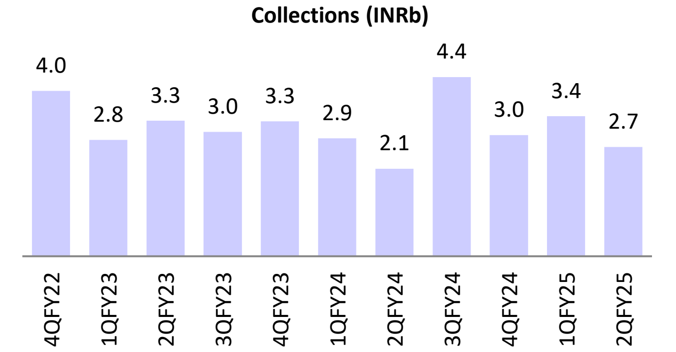
- Revenue jumped ~7x YoY to INR1.7b, while it was 54% below our estimate as the company is only recognizing revenue from the Naigaon project.
- The company reported EBITDA of INR0.4b vs. a loss of INR141m in 2QFY24. EBITDA margin came in at 22% (vs. 9.9% in 1QFY25).
- PAT stood at INR346m vs. net loss of INR139m in 2QFY24.

Pre-sales increased 33% YoY to INR5.2b



Source: Company, MOFSL

Collections rose 25% YoY to INR2.7b



Source: Company, MOFSL

Quarterly performance **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	(%)
Net Sales	**706**	**250**	**424**	**4,269**	**3,163**	**1,690**	**3,002**	**3,263**	**5,648**	**11,118**	**3,671**	**-54**
YoY Change (%)	-50.8	-69.1	-52.5	773.4	348.2	577.3	607.2	-23.6			1,370.6	
Total Expenditure	780	391	573	2,735	2,849	1,317	2,423	2,385	4,476	8,973	2,722	
EBITDA	**-75**	**-141**	**-148**	**1,534**	**314**	**374**	**579**	**878**	**1,173**	**2,145**	**948**	**-61**
Margins (%)	-10.6	-56.5	-34.9	35.9	9.9	22.1	19.3	26.9	20.8	19.3	25.8	
Depreciation	18	22	24	31	34	36	73	127	95	270	70	
Interest	173	158	171	182	103	99	109	92	684	403	105	
Other Income	178	113	185	81	117	130	153	166	555	566	90	
PBT before EO expense	**-87**	**-208**	**-158**	**1,402**	**295**	**368**	**550**	**824**	**949**	**2,037**	**863**	**-57**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**-87**	**-208**	**-158**	**1,402**	**295**	**368**	**550**	**824**	**949**	**2,037**	**863**	**-57**
Tax	-27	-64	-55	386	70	22	138	280	240	509	216	
Rate (%)	31.0	30.5	34.9	27.5	23.9	5.9	25.0	34.0	25.3	25.0	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	7	-6	-6	3	-3	1	0	0	-1	-1	0	
Reported PAT	**-67**	**-139**	**-97**	**1,013**	**228**	**346**	**413**	**544**	**710**	**1,529**	**647**	**-47**
Adj PAT	**-67**	**-139**	**-97**	**1,013**	**228**	**346**	**413**	**544**	**710**	**1,529**	**647**	**-47**
YoY Change (%)	-75.8	105.7	-29.9	-1,141.7	-77.5	51.9	19.2	31.9	NA	NA	184.0	
Margins (%)	-9.6	-55.6	-22.9	23.7	7.2	20.5	13.8	16.7	12.6	13.8	17.6	
Operational metrics												
Pre-sales	3,860	3,950	4,550	6,780	5,020	5,240	6,500	8,472	19,140	25,232	6,000	**-13**
Collections	2,880	2,140	4,380	2,960	3,420	2,670	4,818	5,648	12,360	16,556	3,210	-17

Source: MOFSL, Company

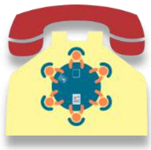
Note: Estimates are under review since we will revise them after the earnings call

Repco Home Finance

BSE Sensex	S&P CNX
78,675	23,883

CMP: INR462 — Neutral

Conference Call Details



Date: 13th Nov 2024

Time: 16:00 HRS IST

Dial-in details:

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Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	6.5	6.9	7.6
PPP	5.2	5.6	6.2
PAT	3.9	4.3	4.6
EPS (INR)	63.1	68.9	74.3
EPS Gr. (%)	33	9	8
BV/Sh. (INR)	463	528	599
Ratios			
NIM (%)	5.2	5.0	5.0
C/I ratio (%)	24.6	25.8	25.6
RoAA (%)	3.0	3.0	2.9
RoE (%)	14.6	13.9	13.2
Payout (%)	4.8	4.7	4.7
Valuation			
P/E (x)	7.3	6.7	6.2
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	0.9	0.8
Div. Yield (%)	0.6	0.7	0.8

Loan growth muted; asset quality improves

Earnings in line; NIM stable QoQ

- Repco's 2QFY25 PAT grew 15% YoY to INR1.1b (in line). Its 1HFY25 PAT grew ~16% YoY to ~INR2.2b. NII declined ~2% YoY to ~INR1.7b (in line). Other income grew 230% YoY to INR229m. Opex rose ~21% YoY to INR517m (~10% higher than MOFSLe).
- PPOP grew ~2% YoY to INR1.4b (in line). Provision writebacks for 2Q stood at ~INR160m, translating into annualized credit costs of ~-45bp (PY: ~5bp and PQ: ~4bp).
- GNPA declined ~30bp QoQ to ~4%, while NNPA dipped ~5bp QoQ to ~1.7%. The company reduced the PCR on S3 loans by ~110bp QoQ to ~61%.

Subdued loan growth; higher repayment rates

- Disbursements increased ~9% YoY to INR8.7b in 2QFY25.
- Loan book grew ~8% YoY to ~INR140b. Home loans grew 5% YoY. LAP book grew 19% YoY. The run-offs were higher with repayment rates increasing ~85bp YoY to ~17.6% (PY: ~16.8).
- The contribution of self-employed customers was largely stable at ~52%.

Reported spreads and NIM stable QoQ

- Reported yields rose ~10bp QoQ to ~12.1%, and reported CoF also increased ~20bp to ~8.8%, leading to stable spreads of ~3.4%. Reported NIM was stable QoQ to 5.1%.
- The cost-to-income ratio (CIR) increased ~275bp QoQ to ~27.4%.

Other details

- Repco reported an RoA/RoE of 3.3%/16% in 2QFY25.
- CRAR was healthy at ~34% in 2QFY25.

Valuation and view

- While there was an improvement in asset quality, it will be interesting to hear from the management about growth momentum and credit cost expectations in FY25.
- Repco trades at 0.8x FY26E P/BV. We will look forward to the management's commentary on the demand environment and its strategies for increasing disbursements. We may review our estimates after the earnings conference call on 13th Nov'24.

Quarterly performance (INR M)

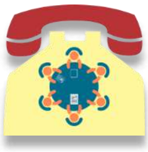
Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	Act v/s est(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	3,572	3,770	3,787	3,831	4,007	4,051	4,135	4,396	14,960	16,589	4,118	-2
Interest Expenses	2,026	2,075	2,153	2,203	2,330	2,396	2,448	2,485	8,456	9,658	2,395	0
Net Income	**1,546**	**1,695**	**1,635**	**1,628**	**1,677**	**1,656**	**1,687**	**1,911**	**6,504**	**6,931**	**1,723**	**-4**
YoY Growth (%)	16.5	23.6	17.8	10.5	8.5	-2.3	3.2	17.4	17.0	6.6	1.6	
Other income	93	69	145	141	155	229	170	73	448	627	160	43
Total Income	**1,639**	**1,765**	**1,779**	**1,769**	**1,833**	**1,884**	**1,857**	**1,985**	**6,952**	**7,558**	**1,883**	**0**
YoY Growth (%)	15.7	18.9	18.7	11.9	11.8	6.8	4.4	12.2	16.2	8.7	6.7	
Operating Expenses	392	426	410	483	452	517	537	440	1,710	1,946	470	10
YoY Growth (%)	15.7	24.4	2.9	27.6	15.4	21.2	31.3	-8.8	17.3	13.8	10.3	
Operating Profits	**1,247**	**1,338**	**1,370**	**1,287**	**1,380**	**1,367**	**1,319**	**1,545**	**5,242**	**5,612**	**1,412**	**-3**
YoY Growth (%)	15.7	17.3	24.5	6.9	10.7	2.2	-3.7	20.0	15.9	7.1	5.5	
Provisions	50	16	29	-100	14	-160	-35	63	-5	-118	-35	363
Profit before Tax	**1,198**	**1,322**	**1,341**	**1,387**	**1,366**	**1,528**	**1,355**	**1,482**	**5,247**	**5,730**	**1,447**	**6**
Tax Provisions	307	341	346	306	312	403	352	355	1,300	1,421	362	11
Profit after tax	**891**	**981**	**994**	**1,081**	**1,054**	**1,125**	**1,003**	**1,127**	**3,947**	**4,309**	**1,085**	**4**
YoY Growth (%)	43.5	37.9	23.1	31.6	18.4	14.7	0.8	4.3	33.3	9.2	10.6	
Loan growth (%)	6.7	7.1	8.1	8.5	8.3	8.1	8.4	8.8	9.0	10.3	8.4	
Cost to Income Ratio (%)	23.9	24.2	23.0	27.3	24.7	27.4	28.9	22.2	24.6	25.8	25.0	
Tax Rate (%)	25.6	25.8	25.8	22.1	22.8	26.3	26.0	23.9	24.8	24.8	25.0	
Key Parameters (%)	1,871.9				2,179.5	16.4						
Yield on loans (Cal)	11.4	11.8	11.6	11.5	11.8	11.7	11.7	12.1	12.0	12.1		
Cost of funds (Cal)	8.2	8.3	8.4	8.4	8.6	8.6	8.6	8.6	8.2	8.6		
Spreads (Cal)	3.2	3.5	3.2	3.1	3.2	3.1	3.1	3.5	3.8	3.5		
NIMs (Reported)	5.1	5.4	5.3	5.1	5.1	5.1	0.0	0.0	5.2	5.0		
Credit Cost	0.16	0.05	0.09	-0.30	0.04	-0.46	-0.10	0.17	0.0	-0.1		
Cost to Income Ratio	23.9	24.2	23.0	27.3	24.7	27.4	28.9	22.2	24.6	25.8		
Tax Rate	25.6	25.8	25.8	22.1	22.8	26.3	26.0	23.9	24.8	24.8		
Balance Sheet												
AUM (INR B)	126.6	129.2	131.9	135.1	137.0	139.6	142.9	147.1	135.1	147.1		
Change YoY (%)	6.7	7.1	8.1	8.5	8.3	8.1	8.4	8.8	8.5	8.8		
AUM Mix (%)												
Non-Salaried	51.8	51.0	51.3	51.4	51.6	51.8	0.0	0.0	51.8	51.0		
Salaried	48.2	49.0	48.7	48.6	48.4	48.2	0.0	0.0	48.2	49.0		
AUM Mix (%)												
Home loans	76.9	76.2	75.6	74.7	74.3	73.8	0.0	0.0	74.7	74.0		
LAP	23.1	23.8	24.4	25.3	25.7	26.2	0.0	0.0	25.3	26.0		
Disbursements (INR B)	6.8	8.0	7.6	8.9	6.8	8.7	8.4	9.8	31.3	33.7		
Change YoY (%)	6.6	6.9	9.0	7.1	-0.6	8.8	11.0	9.6	7.4	7.5		
Borrowings (INR B)	99.1	100.5	103.6	107.0	109.1	114.6	113.7	117.1	107.0	117.1		
Change YoY (%)	6.4	4.3	7.9	7.9	10.2	14.1	9.7	9.4	7.9	9.4		
Loans/Borrowings (%)	127.8	128.6	127.3	126.3	125.5	121.8	125.7	125.6	126.3	125.6		
Borrowings Mix (%)												
Banks	74.1	75.6	77.7	79.2	79.8	81.4	0.0	0.0	74.1	75.6		
NHB	14.9	13.1	12.0	10.8	10.6	9.5	0.0	0.0	14.9	13.1		
Repco Bank	11.0	11.4	10.3	10.0	9.6	9.1	0.0	0.0	11.0	11.4		
NCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Asset Quality												
GS 3 (INR B)	6.9	6.4	6.2	5.5	5.8	5.5	0.0	0.0	5.5	5.0		
Gross Stage 3 (% on Assets)	5.5	4.9	4.7	4.1	4.3	4.0	0.0	0.0	4.1	3.4		
NS 3 (INR B)	3.4	2.7	2.5	1.9	2.23	2.17	0.0	0.0	1.9	1.7		
Net Stage 3 (% on Assets)	2.8	2.2	1.9	1.5	1.7	1.6	0.0	0.0	1.5	1.2		
PCR (%)	51.4	57.4	60.1	65.2	61.8	60.7			65.2	65.0		
Return Ratios (%)												
ROA (Rep)	2.8	3.1	3.1	3.2	3.1	3.3	0.0	0.0	3.0	3.0		
ROE (Rep)	15.8	16.1	15.8	16.5	16.3	16.0	0.0	0.0	14.6	13.9		

E: MOFSL Estimates

Kolte Patil Developers

BSE SENSEX	S&P CNX
78,675	23,883

Conference Call Details



Date: 13th November 2024
Time: 15:00 IST
Dial-in details:
+91-22 6280 1102

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	13.7	20.3	29.7
EBITDA	0.5	2.6	5.9
EBITDA Margin (%)	3.7	12.8	19.8
PAT	-0.7	1.0	3.2
EPS (INR)	-9.2	13.3	42.1
EPS Gr. (%)	-167.7	-245.1	217.1
BV/Sh. (INR)	96.9	106.1	144.2
Ratios			
RoE (%)	-7.8	13.1	33.6
RoCE (%)	3.3	9.6	19.5
Payout (%)	-43.8	30.2	9.5
Valuations			
P/E (x)	-39.9	27.5	8.7
P/BV (x)	3.8	3.4	2.5
EV/EBITDA (x)	67.4	13.8	6.2
Div yld (%)	1.1	1.1	1.1

CMP: INR365 — Buy

Bookings driven by Life Republic, 24K product

Launches vital for 2HFY25

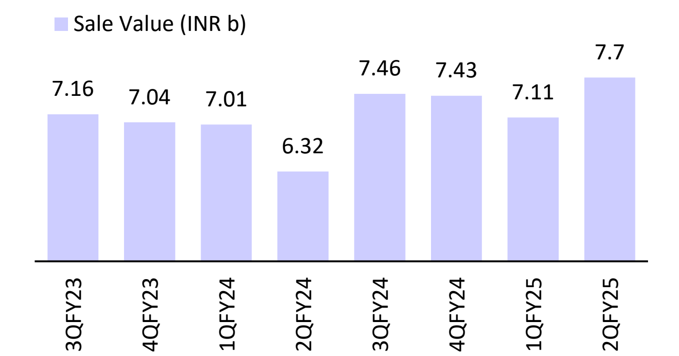
Operational performance

- Kolte Patil Developers (KPDL) reported pre-sales of INR7.7b in 2QFY25, up 22% YoY, guided by the strong sales momentum in Life Republic (50% of total sales) and 24K (28%).
- Volumes inched up 5% YoY to 1.03msf as pre-sales were driven by the higher ticket size products.
- Collections increased 17% YoY to INR5.5b but were lower by 10% QoQ.
- As per its FY25 launch plan, KPDL could launch only 2.21msf with estimated GDV of INR18b. It intends to launch another 5.76msf with estimated GDV of INR52b in 2HFY25, subject to approvals.
- The company reiterated its business development guidance of INR80b and expects a 25% CAGR in pre-sales over FY25-27.
- KPDL continues to increase it presence in Mumbai and Bangalore and targets to achieve 30% contribution cumulatively from these cities, with the rest 70% from Pune.
- It has gross debt of INR5.1b and net cash of INR580m.
- By the end of 1HFY25, KPDL has operating cashflow of INR4.4b.

P&L highlights

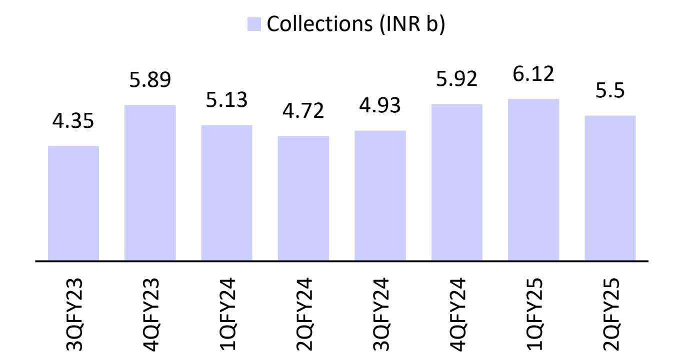
- For 2QFY25, revenue jumped 56% YoY to INR3.1b but came in 39% below our estimate. For 1HFY25, revenue declined 16% YoY to INR6.5b (32% of our FY25 revenue estimate).
- EBITDA of INR162m was up by 365% YoY and lower by 42% QoQ. EBITDA margin came in at 5.2% (vs. 8.2% in 1QFY25).
- PAT stood at INR97m vs. a net loss of INR253m in 2QFY24.
- For 1HFY25, KPDL posted EBITDA of INR440m (down 54% YoY) and adjusted PAT declined 23% YoY to INR160m.

Pre-sales increased 22% YoY to INR7.7b



Source: Company, MOFSL

Collections were up 17% YoY to INR5.5b



Source: Company, MOFSL

Quarterly performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	
Net Sales	**5,712**	**1,982**	**758**	**5,264**	**3,408**	**3,083**	**4,575**	**9,267**	**13,715**	**20,332**	**5,083**	**-39**
YoY Change (%)	185	61	-79	-34	-40	56	504	76	-7.9	48.2	156.5	
Total Expenditure	4,800	1,947	1,124	5,332	3,130	2,921	3,991	7,695	13,204	17,736	4,434	
EBITDA	**912**	**35**	**-367**	**-68**	**278**	**162**	**584**	**1,572**	**511**	**2,595**	**649**	**-75**
Margins (%)	16.0	1.8	-48.4	-1.3	8.2	5.2	12.8	17.0	3.7	12.8	12.8	
Depreciation	31	31	42	39	42	24	26	79	142	170	44	
Interest	366	94	308	210	187	107	220	463	979	978	245	**-56**
Other Income	74	67	79	13	95	127	52	-42	233	233	58	**118**
PBT before EO expense	**588**	**-24**	**-637**	**-303**	**144**	**157**	**391**	**988**	**-377**	**1,680**	**419**	**-63**
Extra-Ord expense	0	124	0	111	0	0	0	0	-235	0	0	
PBT	**588**	**-147**	**-637**	**-414**	**144**	**157**	**391**	**988**	**-611**	**1,680**	**419**	**-63**
Tax	100	93	-42	-185	104	69	130	254	-34	557	139	
Rate (%)	17.0	-63.0	6.6	44.6	72.2	44.0	33.2	25.7	0.1	0.3	33.2	
MI & Profit/Loss of Asso. Cos.	29	13	34	41	-22	-10	26	122	116	116	29	
Reported PAT	**460**	**-253**	**-629**	**-270**	**62**	**97**	**235**	**612**	**-694**	**1,006**	**251**	**-61**
Adj PAT	**460**	**-253**	**-629**	**-270**	**62**	**97**	**235**	**612**	**-693**	**1,006**	**251**	**-61**
YoY Change (%)	116	188	134	-123	-86	-138	-137	-327	-167.6	-245.3	N/A	
Margins (%)	8.0	-12.8	-83.0	-5.1	1.8	3.2	5.1	6.6	-5.0	5.0	4.9	-177bp
Operational metrics												
Sale Volume (msf)	0.9	1.0	1.0	1.0	1.0	1.0	1.3	1.0	4.1	4.1	1.04	**-1**
Pre-sales (INR m)	7,010	6,320	7,460	7,430	7,110	7,700	12,000	8,112	29,912	29,912	7500	**3**
Collections (INR m)	5,130	4,720	4,930	5,920	6,120	5,500	6,409	6,644	20,128	20,128	5643	**-3**

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

Source: MOSL, Company

High base moderates IPM growth for Oct'24

- The Indian Pharma Market (IPM) grew 5% YoY in Oct'24 (vs. 5.2% in Sep'24 and **16.5% in Oct'23**).
- The growth was primarily dragged by the decline in Anti-infective/Respiratory therapies.
- While acute therapy underperformed IPM by ~300bp, chronic therapy outgrew IPM by 500bp in Oct'24.
- Cardiac/Anti-diabetic/Dermatology outperformed IPM by 790bp/460bp/430bp.
- For the 12 months ending in Oct'24, IPM grew 6.8% YoY, led by price growth/new launches, which contributed 4.2%/2.6% YoY to the overall growth. However, volume growth was flat in Oct'24.
- Out of the top 10 brands, Pan D/Udiliv clocked a growth of 20%/16% YoY to INR540m/INR580m in Oct'24.
- Out of the top 40 brands, Monocef/Calpol/Azithral/Pantop posted a decline of 26%/26%/24%/10% YoY in Oct'24.

JB Chemical/Sun/Ajanta outperform in Oct'24

- In Oct'24, among the top 20 pharma companies, JB Chemical (up 11.8% YoY), Sun (up 10.1% YoY), and Ajanta (up 9.3% YoY) recorded notably higher growth rates than IPM.
- **Notably, acute-focused companies** such as Alembic (69% acute)/Alkem (82% acute)/Mankind (63% acute) recorded 1010bp/370bp/370bp underperformance to IPM.
- JB Chemical outperformed IPM, led by strong performance across the top four therapies in Oct'24.
- Sun Pharma outperformed IPM, led by 13.4%/11.3%/10.5% in Gastro/Cardiac/Neuro in Oct'24.
- Ajanta outperformed IPM, led by double-digit growth in Cardiac/Pain therapies.
- IPCA reported industry-leading volume/price growth of 4.4%/7% YoY on a MAT basis. Eris posted the highest growth in new launches (up 4.7% YoY).

Cardiac/Gastro/Derma lead to YoY growth on a MAT basis

- On a MAT basis, the industry reported 6.8% growth YoY.
- Cardiac/Gastro/Derma grew 11.1%/8.2%/7.9% YoY.
- Respiratory /Anti-Infectives/Gynae sales underperformed IPM by 670bp/440bp/270bp, hurting the overall growth.
- Acute therapy continued to grow in low single-digit in Oct'24. The acute segment's share in the overall IPM stood at 61% for MAT Oct'24, with YoY growth of 2%. The chronic segment (39% of IPM) grew 10% YoY.

India and MNC pharma witness growth moderation in Oct'24

- As of Oct'24, Indian pharma companies held a majority share of 84% in IPM, while the remaining was held by multi-national pharma companies.
- Both MNCs and Indian companies registered single-digit growth QoQ in Aug'24.
- In MNCs, Abbott registered the highest growth of 9% YoY, while Sanofi registered a decline of 3.3% in Oct'24.

Performance of top companies in Oct'24

Company	MAT Growth (%)	Oct'24 (%)
IPM	6.8	5.0
Abbott*	7.8	9.0
Ajanta	9.3	9.3
Alembic	1.2	-5.1
Alkem*	3.7	1.3
Cipla	7.1	5.6
Dr Reddy's	8.5	7.7
Emcure*	5.0	2.3
Eris	6.5	4.0
Glaxo	0.0	-1.9
Glenmark	11.5	7.8
Intas	11.3	9.1
Ipca	12.6	5.8
Jb Chemical*	10.9	11.8
Lupin	7.3	7.3
Macleods	5.7	-1.8
Mankind	7.6	1.4
Sanofi	4.6	-3.3
Sun*	8.9	10.1
Torrent	8.1	9.3
Zydus*	6.7	7.0

Oct’24 CPI inflation surges to 14-month high of 6.2%

High Oct’24 inflation and weak Sep’24 IIP growth will delay rate cuts

- **Headline CPI inflation spiked to a 14-month high of 6.2% YoY in Oct’24 (vs. 5.5% in Sep’24), higher than our forecast of 5.8% and the Bloomberg consensus of 5.9%. The acceleration was broad-based. Food inflation jumped to a 48-month high of 10.8% in Oct’24 vs. 9.3% in Sep’24. At the same time, core inflation rose to a 10-month high of 3.7% (vs. 3.5% in Sep’24). In Apr-Oct’24, inflation stood at 4.8% vs. 5.4% in Apr-Oct’23.**
- **Food inflation came in at 10.8% YoY in Oct’24 (highest in 48 months) vs. 9.3% in Sep’24. Details suggest that higher food inflation (vs. last month) was mainly driven by a spike in the prices of fruits & vegetables (32.2% in Oct’24, highest in 57 months) and oils & fats (9.5% in Oct’24, highest in 29 months). Vegetable prices grew 42.2% in Oct’24 (vs. 36% in Sep’24, highest in 57 months), with primary vegetables—tomatoes, onions, and potatoes—remaining costly throughout the month. CPI, excluding veggies, stood at an eight-month high of 3.6% in Oct’24 (vs. 3.4% in Sep’24). Conversely, notable declines in inflation were observed in pulses, eggs, sugar, and spices. Prices of spices contracted for the fourth consecutive month in Oct'24 (-7% YoY vs. -6.1% in Sep'24).**
- **Other details suggest that: 1) Core inflation (excluding F&B and F&L) rose 3.7% in Oct’24, highest in 10 months, led by higher inflation in housing, education and personal care & effects categories; 2) Services inflation hit a 12-month high of 3.5% YoY, while goods inflation jumped to a 14-month high of 7.1% in Oct’24; 3) CPI, excluding veggies (weight 94%), stood at an eight-month high of 3.6% YoY; 4) Imported inflation spiked to a 20-month high of 4.6% in Oct’24, while domestically generated inflation increased to 6.4%, highest in 10 months (vs. 4% in Sep’24); 5) Standard core inflation (excluding food & energy) stood at 3.9% YoY in Oct’24 (vs. 3.7% in Sep’24), highest in 10 months; 6) Details confirm that 26% of the CPI basket posted 5%+ inflation in Oct’24.**
- **Industrial output grew at a higher pace of 3.1% YoY in Sep’24 (vs. -0.1% in Aug’24), but lower than 6.4% in Sep’23. The improvement in industrial output was mainly led by better mining activity and a pick-up in manufacturing output (vs. last month). The number was higher than the consensus estimate of 2.5% but lower than our expectation of 4%. IIP growth averaged 4% in 1HFY25 vs. an average of 6.3% in 1HFY24.**
- **Manufacturing sector output grew 3.9% in Sep'24 vs. 1.1% in Aug'24 and 5.1% in Sep'23. The details of the manufacturing sector suggest that 51% of the items within the sector grew at a slower rate compared to last year (vs. 78% in Aug'24), 75% of the items grew at a rate less than 5% (vs. 87% in Aug'24), and only 5% of the items posted a contraction (vs. 49% in Aug'24). At the same time, mining output grew 0.2% in Sep'24, better than last month but still lower than a year ago (vs. -4.3% in Aug'24 and 11.5% in Sep'23). Further, electricity output grew 0.5% YoY in Sep'24 (lowest in last 17 months, barring Aug'24) vs. -3.7% in Aug'24 and 9.9% in Sep'23.**
- **According to the use-based classification, the growth in the output of consumer goods accelerated to a four-month high of 3.9% in Sep’24 (vs. -0.5% in Aug’24 and 1.9% in Sep’23). Within the consumer goods category, the growth of consumer durables was robust (6.5% in Sep’24 vs. 5.3% in Aug’24), while consumer non-durables output moved into positive territory in Sep’24 after contracting for three straight months (2% in Sep’24 vs. -4.5% in Aug’24). At the same time, the output of capital goods (2.8% in Sep’24, 4% in 1HFY25 vs. 7% in 1HFY24) and infra & construction goods (3.3% in Sep’24, 5.7% in 1HFY25 vs. 13% in 1HFY24) exhibited better growth in Sep’24 vs. last month, but it remained weak.**
- **Oct’24 headline CPI inflation jumped to 6.2% YoY, the highest in 14 months and higher than the market consensus of 5.9% (our forecast of 5.8%). The acceleration was broad-based, with food and core inflation coming in higher than expected. On the other hand, IIP growth was 3.1% YoY in Sep'24, slightly better than market consensus of 2.5% (our forecast of 4%). It implies IIP growth of 2.6% in 2QFY25, weakest in seven quarters. Overall, the combination of weak growth and high inflation is not favorable at a time when many global central banks are cutting rates. In any case, we still stick with our forecast of the first rate cut by the RBI in Feb'25, assuming a sharp deceleration in 2Q GDP growth and its outlook.**

CPI inflation hits 14-month high: Headline CPI inflation spiked to a 14-month high of 6.2% YoY in Oct’24 vs. 5.5% in Sep’24. The acceleration was broad-based. Food inflation jumped to a 48-month high of 10.8% in Oct’24 vs. 9.3% in Sep’24. At the same time, core inflation rose to a 10-month high of 3.7% (vs. 3.5% in Sep’24) *(Exhibit 1).* On a sequential basis, inflation rose by 1.3% in Oct’24 (highest in three months). The inflation number was higher than our forecast of 5.8% and the Bloomberg consensus of 5.9%. In Apr-Oct’24, inflation stood at 4.8% vs. 5.4% in Apr-Oct’23.

Shree cement : Demand was flattish in 1H, seeing green shots for second half; Neeraj Akhoury, MD

- Demand was flattish in 1H, seeing some green shots for second half
- Expects growth of 8-9% in the next 2 quarters
- Expects Double Digit growth in FY26
- Building a plant Rs75/t is better than buying at a very high price

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PG Electroplast : Revenue Growth will be driven by product biz; Vikas Gupta, MD- Operations

- Optimistic about the upcoming AC Season
- We are looking to raise capital this year will be via QIP and used for working capital
- Looking at asset turn of 4-5x times & 18-20% ROCE
- Revenue Growth will be driven by product biz

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Keystone Realtors : Launched 5 projects this year will add 8 more for the year; Boman Irani, CMD

- Confident of surpassing Rs3k Cr FY25 pre sales guidance
- Recently Forayed into plotted development
- Aims to stay asset light Model
- Will deploy QIP Funds over the Next 1-1.5yrs
- Launched 5 projects this year will add 8 more for the year

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- Seeing weakness in European Auto Demand
- Will wait for right time For Novelis IPO
- Confident of completing bay Minette capex at $4.1bn

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Bank Of INDIA : Domestic Growth has been 12-13% for deposits; Shri Rajneesh Karnatak, MD

- CD Ratio at global level is 80% and at domestic level remain level at 77%
- RoA Can remain near 1% mark in FY25
- Uptick in SMA 1, 2 Due to 5-6 public sector accounts
- Domestic Growth has been 12-13% for deposits

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