

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We [request your ballot.](#)



**Market snapshot**

Equities - India	Close	Chg. %	CYTD.%
Sensex	77,580	-0.1	7.4
Nifty-50	23,533	-0.1	8.3
Nifty-M 100	54,043	0.5	17.0
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	5,871	-1.3	23.1
Nasdaq	18,680	-2.2	24.4
FTSE 100	8,064	-0.1	4.3
DAX	19,211	-0.3	14.7
Hang Seng	6,980	0.1	21.0
Nikkei 225	38,643	0.3	15.5
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	73	-0.3	-5.5
Gold (\$/OZ)	2,565	-0.3	24.3
Cu (US\$/MT)	8,882	0.2	4.9
Almn (US\$/MT)	2,627	5.5	12.0
Currency	Close	Chg. %	CYTD.%
USD/INR	84.4	0.0	1.4
USD/EUR	1.1	-0.3	-4.6
USD/JPY	156.3	0.5	10.8
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.9	0.03	-0.3
10 Yrs AAA Corp	7.3	0.02	-0.4
Flows (USD b)	14-Nov	MTD	CYTD
FII	-0.2	-2.36	-2.1
DII	0.29	3.44	56.7
Volumes (INRb)	14-Nov	MTD*	YTD*
Cash	919	963	1270
F&O	3,90,577	3,61,787	3,81,429

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

**Today's top research theme**

**India Strategy: Earnings review – 2QFY25: An insipid quarter; Commodities drag**

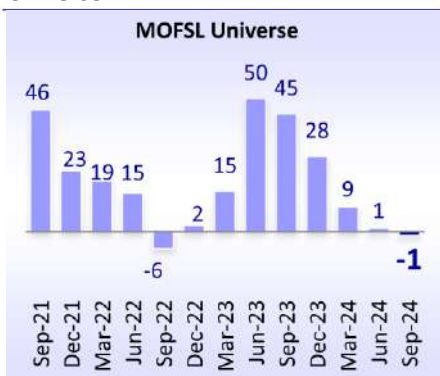
- ❖ The 2QFY25 corporate earnings scorecard was weak, but excluding commodities, it has reported an in-line earnings growth. Consumption has emerged as a weak spot, while select segments of BFSI are seeing asset-quality stress. The weak government spending (flat in 1HFY25 YoY) along with excess rainfall also impacted demand. As some of these factors self-correct in 2HFY25, we expect the corporate earnings to recover ahead.
- ❖ The aggregate earnings of the MOFSL Universe companies were in line with our estimates and declined 1% YoY (vs. our est. of flat YoY). Earnings for the Nifty-50 rose 4% YoY (vs. our est. of +3%). The aggregate performance was hit by a drag from global commodities (i.e., Metals and O&G). Excluding the same, the MOFSL Universe and Nifty posted 12% and 11% earnings growth vs. our expectations of +11% and +10%, respectively.
- ❖ Nifty delivered a 4% YoY PAT growth (vs. our est. of +3%). Nifty reported a single-digit PAT growth for the second successive quarter since the pandemic (Jun'20). Five Nifty companies – SBI, Hindalco, ONGC, ICICI Bank, and Axis Bank – contributed 140% of the incremental YoY accretion in earnings. Conversely, BPCL, JSW Steel, Coal India, Indusind Bank, and Reliance Industries contributed adversely to the earnings.
- ❖ The Nifty EPS estimate for FY25 was cut by 1.4% to INR1,057, largely owing to ONGC, BPCL, Reliance Industries, and Coal India. Ex-Commodities, Nifty FY25E earnings saw no downgrades. FY26E EPS was also trimmed by 2.2% to INR1,241 (from INR1,269) led by downgrades in ONGC, BPCL, Reliance Industries, and Tata Motors.

**Research covered**

Cos/Sector	Key Highlights
<b>India Strategy</b>	<b>Earnings review – 2QFY25: An insipid quarter; Commodities drag</b> Grasim   Hero MotoCorp   Muthoot Finance   PI Industries   Bharat Forge   Thermax   Vodafone Idea   Ipca Laboratories   Deepak Nitrite   Apollo Tyres   Global Health   Brigade Enterprises   Vinati Organics   Sobha   Senco Gold   VRL Logistics   Fusion Microfinance   Glenmark Pharma   Lemon Tree Hotel   Oil & Gas   EcoScope
<b>Other Updates</b>	

**Chart of the Day: India Strategy: Earnings review – 2QFY25 (An insipid quarter; Commodities drag)**

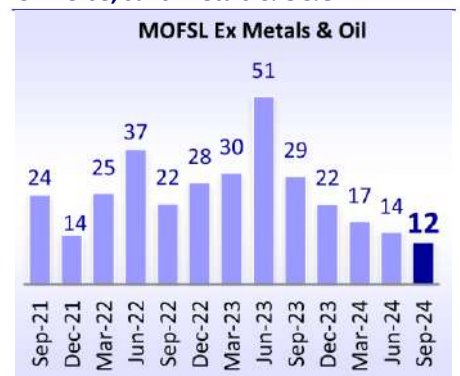
**PAT declined 1% YoY for the MOFSL Universe**



**PAT declined 9% YoY for the MOFSL Universe, excluding Financials**



**PAT rose 12% YoY for the MOFSL Universe, sans Metals & O&G**



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

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



Kindly click on textbox for the detailed news link

1

### **Adani Green Energy plans \$2-b fundraise via International bonds, loans**

Adani Green Energy is seeking to raise approximately \$2 billion through bonds and loans in the coming months.

2

### **Piramal-Bain ARC venture calls it quits**

Piramal Enterprises Ltd and Bain Capital Credit have relinquished their license for India Resurgence Asset Reconstruction Company to the Reserve Bank of India.

3

### **New tower companies bank on Vodafone Idea, BSNL expansion**

New companies are entering India's telecom tower market, challenging giants like Indus Towers and Data Infrastructure Trust. These startups offer competitive pricing and innovative solutions, attracting investments and partnerships with major telecom operators like Vi and BSNL.

4

### **Hyundai Motor India bets big on CNG models, sees growing demand across rural & urban markets**

Hyundai Motor India is witnessing a surge in demand for its CNG vehicles. The company attributes this growth to the expanding CNG infra and its innovative 'Hy-CNG Duo' technology.

5

### **Dr Reddy's, FDC recall products in US for manufacturing issues**

Dr Reddy's Laboratories and FDC Ltd issued voluntary recalls for medications in the US market due to manufacturing defects.

6

### **No pause in FTA negotiations, break only for Peru pact**

Peru has emerged as the third-largest trading partner of India in Latin American and Caribbean regions. In the last two decades, the trade between India and Peru has increased from \$ 66 million in 2003 to around \$ 3.68 billion in 2023.

7

### **Realty insolvency reforms to push for streamlined solutions for homebuyers, lenders**

The Insolvency and Bankruptcy Board of India (IBBI) has proposed reforms to expedite the insolvency process for real estate companies, aiming to provide relief for homebuyers.



# India Strategy

BSE Sensex: 77,580

Nifty-50: 23,533

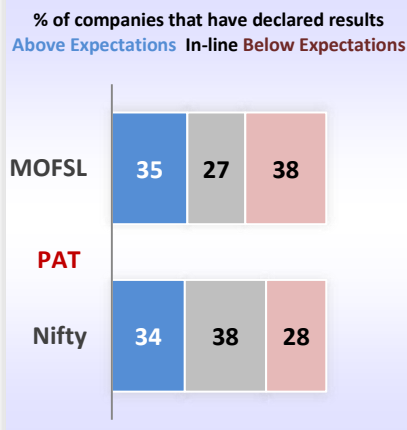
Refer to our Sep'24  
Quarter Preview



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### Expectations vs. delivery: 2QFY25

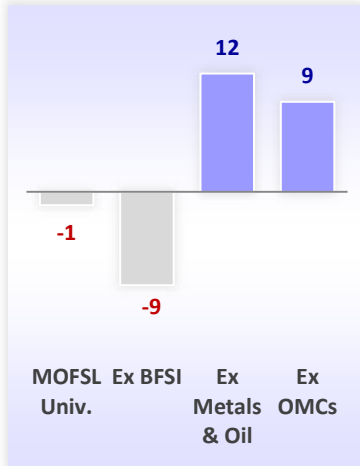


## Earnings review – 2QFY25: An insipid quarter; Commodities drag

### Internals muted; Earnings downgrades>>Upgrades

- Commodities dent corporate earnings:** The 2QFY25 corporate earnings scorecard was weak, but excluding commodities, it has reported an in-line earnings growth. Consumption has emerged as a weak spot, while select segments of BFSI are seeing asset-quality stress. The weak government spending (flat in 1HFY25 YoY) along with excess rainfall also impacted demand. As some of these factors self-correct in 2HFY25, we expect the corporate earnings to recover ahead.
- BFSI drives with PSU Banks leading from the front:** The aggregate earnings of the MOFSL Universe companies were in line with our estimates and declined 1% YoY (vs. our est. of flat YoY). Earnings for the Nifty-50 rose 4% YoY (vs. our est. of +3%). The aggregate performance was hit by a drag from global commodities (i.e., Metals and O&G). Excluding the same, the MOFSL Universe and Nifty posted 12% and 11% earnings growth vs. our expectations of +11% and +10%, respectively. The earnings growth was driven by BFSI (+15% YoY) with PSU Banks (+34% YoY against exp of 17% growth) and NBFC-Non-Lending (+92% YoY vs. exp of 85% growth) leading from the front. Technology (+8% YoY), Healthcare (+17% YoY), Utilities (+17% YoY) & Capital Goods (+17% YoY) also contributed to the growth. Conversely, earnings growth was hindered by global cyclical, such as O&G (OMC's profit plunged 92% YoY), which dipped 41% YoY, along with Cement (-46% YoY), Chemicals (-4% YoY), and Consumer (flat YoY).
- Nifty clocks single-digit growth for the second straight quarter:** Nifty delivered a 4% YoY PAT growth (vs. our est. of +3%). **Nifty reported a single-digit PAT growth for the second successive quarter since the pandemic (Jun'20).** Five Nifty companies – SBI, Hindalco, ONGC, ICICI Bank, and Axis Bank – contributed 140% of the incremental YoY accretion in earnings. Conversely, BPCL, JSW Steel, Coal India, Indusind Bank, and Reliance Industries contributed adversely to the earnings.
- The beat-miss dynamics:** The beat-miss ratio for the MOFSL Universe was unfavorable, with 38% of the companies missing our estimates, while 35% reported a beat at the PAT level. For the MOFSL Universe, the earnings upgrade-to-downgrade ratio has turned weaker for FY25E as 43 companies' earnings have been upgraded by >3%, while 121 companies' earnings have been downgraded by >3%. The earnings upgrade/downgrade ratio of 0.4x was the worst since 1QFY21. Further, the EBITDA margin of the MOFSL Universe (ex-Financials) contracted 180bp YoY to 16.2%, primarily dragged down by OMCs.
- Report card:** Of the 25 sectors under our coverage, 4/12/9 sectors reported profits above/in line/below our estimates. Of the 275 companies under coverage, 97 exceeded our profit estimates, 104 posted a miss, and 74 were in line.
- A Story of Two Halves – 1HFY25 and 2HFY25E:** The MOFSL/Nifty Universes delivered flat/ +4% YoY earnings growth in 1HFY25. Excluding Metals and O&G, MOFSL/Nifty reported 13%/12% YoY earnings growth. For 2HFY25, we expect MOFSL/Nifty earnings to report a growth of 9%/8% YoY. Excluding Metals and O&G, MOFSL/Nifty is expected to report a growth of 13%/9% YoY.

PAT growth YoY in 2QFY25 (%)



- FY25E earnings highlights:** The MOFSL Universe is likely to deliver sales/EBITDA/PAT growth of 6%/5%/4% YoY in FY25. The Financials and Metals sectors are projected to be the key growth engines, with 13% and 20% YoY earnings growth, respectively. Ex-OMC's, the MOFSL Universe is expected to post 10% YoY earnings growth in FY25.
- Nifty EPS cut by 1.4%/2.2% for FY25E/FY26E:** The Nifty EPS estimate for FY25 was cut by 1.4% to INR1,057, largely owing to ONGC, BPCL, Reliance Industries, and Coal India. Ex-Commodities, Nifty FY25E earnings saw no downgrades. FY26E EPS was also trimmed by 2.2% to INR1,241 (from INR1,269) led by downgrades in ONGC, BPCL, Reliance Industries, and Tata Motors.
- The top earnings upgrades in FY25E:** Bharti Airtel (16.3%), Tata Motors (11.6%), Tech Mahindra (8.8%) & Hindalco (8.6%).
- The top earnings downgrades in FY25E:** BPCL (-34.3%), Indusind Bank (-16.7%), Ultratech Cement (-15.5%), Asian Paints (-14%), and Trent (-12.1%).
- Key sectoral highlights – 1) Banks:** The banking sector reported a soft quarter amid moderation in margins and a rise in provisioning expenses, mainly for private banks. NIM contracted for several banks as cost pressures persisted amid intense competition for liabilities and continued pressure on CASA mix. Public sector banks (PSBs) delivered solid beat led by lower than expected provision costs. 2) **Autos:** After several quarters, rural demand showed some positivity, spurred by a healthy monsoon, the recent festive season, and the upcoming marriage season, which should benefit 2Ws and tractors. 3) **Consumer:** The demand environment was challenging due to adverse weather conditions, including floods and heavy rains in certain areas, coupled with persistent inflation that impacted urban demand. Volume growth across most companies was discouraging after seeing a slight pickup in 1QFY25. 4) **Oil & Gas:** The performance was below our estimate due to OMCs. EBITDA was below our estimate (down 33% YoY), with HPCL, BPCL, IOC, CSTR, GUJS, IGL, MAHGL, OINL, MRPL, PLNG, and AEGISLOG missing our estimates. Adjusted PAT was 12% below (down 42% YoY). 5) **Technology:** The IT services companies (MOFSL Universe) reported healthy performance (beating our estimates), with a median revenue growth of 2% QoQ CC in 2QFY25 (1%/0.7%/1.2% in 3QFY24/4QFY24/1QFY25). While results were encouraging, the outlook remained slightly guarded, signaling persisting uncertainties. This indicates that despite client pessimism bottoming out, a solid lift-off in discretionary spending has yet to emerge. 6) **Healthcare:** Our coverage companies (excluding hospitals) reported in-line sales/PAT while EBITDA was better than our estimates. The profitability was driven by: a) increased contribution from limited competition products, b) steady growth in chronic therapies, and c) ongoing higher inventory levels for raw materials at industry level, which benefited formulators.
- Our view:** The corporate earnings scorecard for 2QFY25 has shown weakness, but excluding commodities, it has been broadly in line. Consumption has emerged as a weak spot, while select segments of BFSI are experiencing asset-quality stress. Weakness in government spending has also been one of the factors driving moderation in earnings. After a flat 1HFY25, as the government spending revives in 2HFY25, this should augur well for corporate earnings along with a good kharif crop and improving rural demand. Nifty FY25 EPS has seen another 1% cut after a 4% cut in 2QFY25 preview. Overall, Nifty EPS has seen ~7% downward revision in the last six months, which has reduced the expected FY25 earnings growth to just 5%, the weakest since FY20. The Nifty is trading at a 12-month forward P/E of 20x, near to its long-period average (LPA) of 20.5x.






Despite the recent 10% correction from the highs, the broader markets are still trading at expensive valuations (NSE Midcap 100 at ~29x forward P/E). We had made several significant changes in our model portfolio in the 2QFY25 preview, where we raised the weights in BFSI, Technology, and Healthcare with a distinct bias towards large-caps. [Our model portfolio](#) reflects our conviction in domestic structural as well as cyclical themes. We are OW on IT, Healthcare, BFSI, Consumer Discretionary, Industrials, and Real Estate. In contrast, we are UW on Metals, Energy, and Automobiles.

**Our preferred ideas**

Company	MCap (USDb)	CMP (INR)	EPS (INR)			EPS CAGR (%) FY24-26	PE (x)			PB (x)			ROE (%)		
			FY25E	FY26E	FY27E		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>Preferred large cap stocks</b>															
HDFC Bank	153.1	1,693	88.2	100.1	115.6	11.8	19.2	16.9	14.7	2.6	2.3	2.1	14.4	14.6	14.9
Bharti Airtel	111.1	1,551	35.9	45.4	60.6	52.0	43.2	34.2	25.6	9.7	7.6	6.7	24.0	27.0	30.0
ICICI Bank	104.8	1,255	65.4	73.3	85.4	12.0	19.2	17.1	14.7	3.2	2.8	2.4	18.0	17.4	17.4
State Bank	85.0	804	89.3	98.8	115.4	14.7	9.0	8.1	7.0	1.5	1.3	1.1	18.8	17.4	17.2
HCL Technologies	59.8	1,859	63.7	71.9	80.3	11.5	29.2	25.9	23.2	7.5	7.6	7.7	25.6	29.3	33.1
Larsen & Toubro	57.4	3,527	111.1	137.2	160.3	20.5	31.7	25.7	22.0	4.9	4.3	3.7	16.5	17.9	18.2
Mahindra & Mahindra	39.9	2,809	99.7	116.2	136.7	14.4	28.2	24.2	20.5	5.5	4.7	4.0	21.0	20.8	20.8
Power Grid Corp.	34.4	312	17.5	18.4	19.5	5.0	17.8	16.9	16.0	3.2	3.1	3.0	18.4	18.7	19.1
Titan Company	33.6	3,184	43.0	53.6	64.0	16.9	74.0	59.4	49.8	23.5	18.4	14.6	35.7	34.7	32.7
Trent	27.2	6,461	47.8	65.9	89.8	50.2	135.3	98.0	72.0	37.2	26.5	19.0	34.5	33.8	32.9
Mankind Pharma	12.4	2,606	54.6	60.1	76.6	12.2	47.7	43.3	34.0	9.5	8.1	6.9	21.5	20.2	21.9
<b>Preferred midcap/smallcap stocks</b>															
Indian Hotels	12.5	741	11.8	14.3	16.1	26.8	62.8	52.0	46.0	9.4	8.0	6.9	16.2	16.6	16.1
Cummins India	10.9	3,328	74.1	88.7	104.3	21.6	44.9	37.5	31.9	13.3	11.6	10.2	31.3	33.0	34.0
Persistent Systems	10.6	5,714	89.5	115.0	133.8	23.7	63.8	49.7	42.7	15.2	12.8	10.9	25.6	27.9	27.5
Dixon Tech.	10.5	14,766	134.3	177.4	232.2	69.8	110.0	83.2	63.6	35.6	25.1	18.0	38.5	35.3	33.0
Godrej Properties	8.5	2,595	52.0	32.8	27.8	10.5	49.9	79.1	93.2	6.3	5.8	5.5	13.5	7.7	6.1
Coforge	6.4	8,081	147.1	239.2	291.0	34.0	54.9	33.8	27.8	13.0	11.0	9.2	24.6	34.9	35.7
Metro Brands	3.6	1,126	14.1	17.5	22.0	17.2	79.8	64.3	51.1	13.7	11.6	9.8	19.0	20.1	21.3
Global Health	3.4	1,071	19.1	24.0	30.2	16.0	56.1	44.7	35.5	8.6	7.5	6.4	16.4	17.9	19.3
Angel One	2.9	2,697	169.0	189.7	264.1	18.2	16.0	14.2	10.2	3.8	3.2	2.7	31.2	24.5	29.0
PNB Housing	2.8	904	72.3	88.8	108.4	23.7	12.5	10.2	8.3	1.4	1.2	1.1	11.8	12.9	14.0
Cello World	2.0	808	17.0	22.1	27.3	19.0	47.4	36.6	29.6	11.5	8.8	6.8	24.2	24.1	26.0

Note: LP = Loss to profit; Large Cap, Mid Cap and Small Cap Stocks listed above are as per the SEBI categorization



Estimate change   
 TP change   
 Rating change 

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Bloomberg	GRASIM IN
Equity Shares (m)	681
M.Cap.(INRb)/(USD\$b)	1697.4 / 20.1
52-Week Range (INR)	2878 / 1906
1, 6, 12 Rel. Per (%)	-1/0/10
12M Avg Val (INR M)	2085

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	314.1	354.0	396.6
EBITDA	17.2	28.3	36.9
Adj. PAT	9.2	15.1	22.0
EBITDA Margin (%)	5.5	8.0	9.3
S/A Adj. EPS (INR)	13.9	22.1	32.3
S/A EPS Gr. (%)	(43.1)	59.7	45.8
Consol EPS (INR)	85.4	102.6	120.7
BV/Sh. (INR)	810.3	840.7	883.1
<b>Ratios</b>			
Net D:E	0.2	0.1	0.1
RoE (%)	-0.8	1.8	4.1
RoCE (%)	2.7	4.8	6.4
<b>Valuations</b>			
P/E (x)	51.7	31.1	21.3
EV/EBITDA (x)	4.2	3.1	2.4
Div. Yield (%)	0.2	0.3	0.3
FCF Yield (%)	(2.0)	(0.6)	0.1

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	43.1	43.1	42.8
DII	17.8	16.7	16.9
FII	16.1	17.0	16.4
Others	23.0	23.3	23.9

FII Includes depository receipts

**CMP: INR2,524 TP: INR3,060 (+21%) BUY**

### EBITDA miss due to lower profitability in Chemical business

#### Utilization ramping up MoM in all three plants operational in Paints

- Grasim's 2Q EBITDA was below our estimates mainly due to lower-than-expected margins in chemical business and losses in textile business. EBITDA declined 45% YoY to INR3.3b (17% miss) and OPM was ~4% (-5pp YoY and 1pp below our estimate). Adj. PAT declined ~5% YoY to INR7.6b (~18% miss).
- Management indicated that the Paints business continues to perform in line with its expectations. The utilizations are ramping up MoM at three plants, which were commissioned in 1QFY25. It started a trial run at two more plants in 2Q, while the sixth plant in the East is expected to commence in 4QFY25. In VSF, utilization reached at 100% and the company is exploring ways to enhance production capacity through debottlenecking.
- We cut our EPS estimates by 12%/6%/5% for FY25/FY26/FY27 as we factor in lower margin in the chemicals business and loss in the textile business. **We reiterate our BUY rating with a revised TP of INR3,060** (earlier INR3,270) as we value its: 1) holdings in listed subsidiaries by assigning a discount of 35%, 2) standalone business at 7x Sep'26E EV/EBITDA, 3) paint business at 2.0x of investments, and 4) renewable business at 12x Sep'26E EV/EBITDA.

#### VSF's performance in line; op. loss of high-growth businesses at INR3.5b

- Standalone revenue/EBITDA stood at INR76b/INR3.3b (up 18%/down 45% YoY and in line/17% below our estimate) in 2QFY25.
- VSF segment: Sales volume was up 4% YoY and realization improves 2% YoY. EBITDA grew 6% YoY to INR4.9b (est. INR4.7b). OPM came in at ~12% (flat YoY). Chemical segment: Sales volume was down 4% YoY; while realization improves 7% YoY. EBITDA grew 16% YoY to INR2.7b (-14% miss). OPM was at ~13% (up 1.4pp YoY) vs. estimated ~15%.
- Losses in the new high-growth businesses (Paints and B2B e-commerce) stood at INR3.5b vs. INR1.1b/INR3.0b in 2QFY24/1QFY25. Depreciation/finance costs grew 39%/51% YoY, while other income increased 70% YoY.
- In 1HFY25, revenue/EBITDA/adj. PAT stood at INR145.2b/INR6.5b/INR7.1b (up 14%/down 49%/39% YoY). OPM contracted 5.5pp YoY to 4.5%. As per our estimates, revenue/EBITDA to grow 28%/2% YoY in 2HFY25, while PAT may decline 54% YoY due to higher depreciation and interest expenses as well as lower other income.

#### Highlights from the management commentary

- In VSF, China's inventory levels have reduced to eight days in 2QFY25 from 12 days in 2QFY24. The VFY business remained impacted due to low-priced imports from China, despite a slight demand increase during festival season.
- In Paints, over 900 SKU's with 129 products have been placed in the distribution channel. Currently, 114 depots are operational across 4300+ towns in India.
- Additional capex of INR1.4b has been approved by the Board for FY25. Of this, INR1.18b is for the pulp capacity expansion at Harrier, and INR200m is for the modernization of textile plants.

### Valuation and view

- GRASIM's VSF business is seeing recovery with higher capacity utilizations and an increase in VSF prices. In contrast, chemical ECU realization remained weak due to negative chlorine realization amid continued oversupply. We estimate VSF and chemical margin to improve in 2HFY25, led by demand improvement and price hikes. In Paints, the company is witnessing utilization ramp-up MoM and regular onboarding of its dealers. It is confident to achieve a high-single-digit market share in the Indian decorative paints market by FY25-exit.
- Reiterate BUY** with a revised TP of INR3,060 (earlier INR3,270) as we value its: 1) holdings in listed subsidiary companies by assigning a discount of 35%, 2) standalone business at 7x Sep'26E EV/EBITDA, 3) paint business at 2.0x of investments, and 4) renewable business at 12x Sep'26E EV/EBITDA.

### Quarterly Performance (S/A)

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>62.4</b>	<b>64.4</b>	<b>64.0</b>	<b>67.7</b>	<b>68.9</b>	<b>76.2</b>	<b>83.9</b>	<b>85.1</b>	<b>258.5</b>	<b>314.1</b>	<b>75.5</b>	1
YoY Change (%)	(14.0)	(4.5)	3.3	1.8	10.5	18.3	31.0	25.7	(3.7)	21.5	17.3	
<b>EBITDA</b>	<b>6.7</b>	<b>5.9</b>	<b>5.2</b>	<b>5.3</b>	<b>3.3</b>	<b>3.3</b>	<b>5.2</b>	<b>5.5</b>	<b>23.2</b>	<b>17.2</b>	<b>3.9</b>	(17)
YoY Change (%)	(49.0)	(37.9)	9.5	23.6	(51.7)	(45.2)	(0.5)	4.5	(27.2)	(25.7)		
Margins (%)	10.8	9.2	8.2	7.8	4.7	4.3	6.2	6.5	9.0	5.5	5.2	(93)
Depreciation	2.9	2.9	3.0	3.4	3.5	4.1	4.2	3.0	12.2	14.8	3.6	13
Interest	1.1	1.1	1.1	1.2	1.4	1.6	1.5	1.5	4.4	6.1	1.5	8
Other Income	1.2	7.6	1.2	2.6	0.9	12.9	1.3	0.9	12.6	16.0	12.6	3
<b>PBT before EO Items</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>3.3</b>	<b>-0.7</b>	<b>10.5</b>	<b>0.7</b>	<b>1.9</b>	<b>19.2</b>	<b>12.4</b>	<b>11.4</b>	(8)
Extraordinary Inc/(Exp)	-	-	-	(7.2)	-	(0.5)	-	-	(7.2)	(0.5)	-	
<b>PBT after EO Items</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>-3.9</b>	<b>-0.7</b>	<b>10.0</b>	<b>0.7</b>	<b>1.9</b>	<b>12.0</b>	<b>11.9</b>	<b>11.4</b>	(12)
Tax	0.4	1.6	0.0	0.5	-0.2	2.8	0.1	0.3	2.6	3.1	2.2	
Rate (%)	10.2	16.8	1.2	(13.5)	25.8	28.0	20.0	17.8	21.3	26.0	19.0	
<b>Reported PAT</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>-4.4</b>	<b>-0.5</b>	<b>7.2</b>	<b>0.6</b>	<b>1.6</b>	<b>9.5</b>	<b>8.8</b>	<b>9.2</b>	(22)
Prior period tax/DTL reversal	-	-	-	-	-	-	-	-	-	-	-	
<b>Adj. PAT</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>2.3</b>	<b>-0.5</b>	<b>7.6</b>	<b>0.6</b>	<b>1.6</b>	<b>16.2</b>	<b>9.2</b>	<b>9.2</b>	(18)
Margins (%)	5.7	12.3	3.7	3.4	-0.8	9.9	0.7	1.8	6.3	2.9	12.2	
YoY Change (%)	(56.1)	(22.9)	46.9	145.3	(114.7)	(4.7)	(75.6)	(31.5)	(22.8)	(43.1)	16.3	

### Segmental performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>VSF Segment</b>												
Sales Volume (ton)	196	221	215	219	222	230	230	225	851	906	227	1
YoY Change (%)	(5.3)	21.6	31.7	7.8	12.8	4.1	6.7	2.6	12.7	6.4		
Blended realization (INR/kg)	183	176	173	172	171	179	177	177	176	176	174	3
Net Sales (INR m)	35.8	38.9	37.1	37.6	37.9	41.3	40.7	39.8	149.5	159.7	39.5	4
YoY Change (%)	(16.7)	(0.4)	16.8	(0.1)	5.7	6.1	9.7	5.8	(1.3)	6.8		
EBITDA (INR m)	3.9	4.7	4.0	4.6	4.0	4.9	5.1	5.1	17.2	19.2	4.7	4
EBITDA (%)	10.9	12.0	10.8	12.3	10.7	12.0	12.5	12.8	11.5	12.0	12.0	(2)
EBITDA/kg (INR)	19.9	21.2	18.7	21.1	18.3	21.5	22.2	22.7	20.2	21.2	20.9	3
<b>Chemical Segment</b>												
Sales Volume (ton)	292	306	299	308	282	295	305	312	1,205	1,194	285	4
YoY Change (%)	5.0	3.4	5.3	7.7	(3.4)	(3.6)	2.0	1.4	5.3	(0.9)		
Blended realization (INR/kg)	73	65	67	68	73	70	75	79	68	74	73	(5)
Net Sales (INR m)	21.5	19.9	20.0	20.8	20.7	20.5	22.8	24.6	82.1	88.6	20.9	(2)
YoY Change (%)	(21.5)	(26.6)	(22.7)	(13.1)	(3.7)	3.3	14.2	17.9	(21.2)	7.8		
EBITDA (INR m)	3.6	2.4	2.6	2.0	3.1	2.7	3.2	3.7	10.5	12.7	3.2	(14)
EBITDA (%)	16.7	11.9	13.2	9.4	15.0	13.3	14.0	15.0	12.8	14.3	15.2	(191)



# Hero MotoCorp

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR4,604      TP: INR5,420 (+18%)      Buy**

## Inline operating performance

### Lined up six launches under core brands; Vida portfolio set to widen

- Hero MotoCorp (HMCL) posted an inline operating performance in 2QFY25. ICE margin stood at 16.5% (+160bps YoY) while the ramp-up of Vida led to 200bp margin contraction in Q2. HMCL has seen 13% volume growth in this festive period and expects this momentum to sustain on the back of the ongoing marriage season in November and improved rural sentiment.
- We cut our FY25 EPS estimates by 1% but a much higher 11% for FY26 as we lower our volume growth expectation and also moderate our other income estimates. Post the recent correction, stock is attractively valued at ~20x/18.5x FY25E/FY26E EPS. We reiterate our BUY rating on the stock with a TP of INR5,420 (19x Sep'26E EPS + INR143/INR264 for Hero FinCorp/Ather after 20% holding company discount).

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$b)	920.7 / 10.9
52-Week Range (INR)	6246 / 3113
1, 6, 12 Rel. Per (%)	-11/-15/27
12M Avg Val (INR M)	3748

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	374.6	415.3	454.7
EBITDA	52.6	58.8	64.0
Adj. PAT	40.9	45.5	49.9
Adj. EPS (INR)	204.6	227.4	249.1
EPS Gr. (%)	40.5	11.1	9.6
BV/Sh. (INR)	900	956	1,020
<b>Ratios</b>			
RoE (%)	23.6	24.5	25.2
RoCE (%)	23.1	24.0	24.7
Payout (%)	73.3	74.8	74.3
<b>Valuations</b>			
P/E (x)	22.5	20.3	18.5
P/BV (x)	5.1	4.8	4.5
Div. Yield (%)	3.3	3.7	4.0
FCF Yield (%)	4.7	4.3	5.1

### Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	34.8	34.8	34.8
DII	27.0	26.9	29.2
FII	29.6	29.9	26.8
Others	8.7	8.5	9.3

FII includes depository receipts

### Investment in EVs drags EBITDA margin by 200bp

- Revenue/EBITDA/Adj. PAT grew ~11%/14%/14% YoY to INR104.6b/INR15.2b/INR12b (est. INR102.4b/INR14.7b/INR11.3b). 1HFY25 revenue/EBITDA/adj.PAT grew 13%/17%/16% YoY. 2HFY25 revenue/EBITDA/adj.PAT grew 9%/3%/1% YoY.
- Net realizations grew 3% YoY to INR68.85k (est. INR67.4k). Volumes grew 7% YoY.
- Gross margins expanded 190bp YoY (+ 100bp QoQ) to 33.3% (est. 32.3%), owing to lower commodity costs and a favorable mix (clocked the highest accessories revenue at INR14.6b).
- However, higher other expenses (+140bp YoY as a % of sales) restricted EBITDA margin expansion. Margins stood at 14.5% (+40bp YoY v/s est. 14.3%). Core ICE margins stood at 16.5% (+160bps YoY).
- Further, higher other income boosted adj. PAT growth, which grew 14% YoY to INR12b (est. INR11.3b).
- CFO/FCF grew 2.6x/3.1x YoY.

### Highlights from the management commentary

- **Festive demand has been strong:** HMCL saw a 13% YoY growth leading to 1.6m retails during the 32-day festival period, which led to a retail market share of 31.6% in domestic two-wheelers. After the festival period, inventory was reduced to around four weeks at dealer's end. Going forward, management expects the demand momentum to sustain on the back of the ongoing marriage season in November and improved rural sentiment.
- **New launches:** The company aims to launch new products under its power brands Xtreme, Karizma, and Xoom and would continue to invest in brand building for these brands. Launches in the next six months would be Xpulse 210, Xtreme 250R, and Karizma XMR 250. There would be three ICE scooter launches happening by Mar'25 (full body change of Destiny, Xoom 125, and Xoom 160).



- **EVs:** Vida is now seeing a much better acceptance in many markets with a market share of 20% in four cities (Kolkata/Mysore/Bhilwada/Cuttack) and the same at 10% market share in 10 cities. Overall, the Vida market share now stands at 5.4%. HMC targets to launch affordable EV variants by FY25 end. It would also launch new EV scooters in FY26E. The company is currently in the development stage of middle-weight performance oriented electric motorcycle in partnership with Zero Motorcycles.
- **Exports:** HMCL exports grew 30% YoY in 1HFY25 (vs industry growth of 16% YoY). Its 2QFY25 market share stood at 6.1% (+60bp YoY). It is experiencing healthy demand from markets such as Columbia (the subsidiary has now turned profitable) and Mexico but continues to see weakness in some of the other markets, such as Bangladesh, Turkey, and Nigeria.

#### Valuation and view

- We expect HMCL to deliver a volume CAGR of 7.5% over FY25-27E, driven by new launches in the 125cc, scooters, and premium segments and a ramp-up in exports. HMCL will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments.
- We expect a CAGR of ~9.5%/9%/11% in revenue/EBITDA/PAT over FY25-27. The stock currently trades at ~20x/18.5x FY25E/FY26E EPS. We reiterate our BUY rating on the stock with a TP of INR5,420 (19x Sep'26E EPS + INR143/INR264 for Hero FinCorp/Ather after 20% holding company discount).

#### Quarterly Performance (S/A)

Y/E March	FY24				FY25E				FY24	FY25E	2Q	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Total Volumes ('000 nos)	1,353	1,417	1,460	1,392	1,535	1,520	1,580	1,505	5,621	6,140	1,520	
Growth YoY (%)	-2.7	-0.8	12.3	9.6	13.5	7.3	3.1	8.1	5.5	9.2	7.3	
Net Realization	64,819	66,680	66,604	68,373	66,076	68,851	67,474	68,155	66,632	67,632	67,398	
Growth YoY (%)	7.4	4.9	5.5	4.6	1.9	3.3	2.3	-0.3	5.0	1.5	1.1	
<b>Net Op Revenues</b>	<b>87,673</b>	<b>94,454</b>	<b>97,237</b>	<b>95,193</b>	<b>1,01,437</b>	<b>1,04,632</b>	<b>1,06,612</b>	<b>1,02,577</b>	<b>3,74,557</b>	<b>4,15,258</b>	<b>1,02,423</b>	<b>2.2</b>
Growth YoY (%)	4.5	4.1	18.5	14.6	15.7	10.8	5.5	7.8	10.8	10.9	8.4	
RM Cost (% sales)	69.4	68.6	66.2	66.4	67.7	66.7	67.6	67.4	67.6	67.4	67.7	
Staff Cost (% sales)	6.6	6.1	6.2	6.8	6.0	6.2	6.2	6.3	6.4	6.2	6.0	
Other Exp (% sales)	10.3	11.2	12.5	12.5	11.9	12.6	12.5	12.3	11.7	12.3	12.0	
<b>EBITDA</b>	<b>12,063</b>	<b>13,283</b>	<b>14,687</b>	<b>13,592</b>	<b>14,598</b>	<b>15,159</b>	<b>14,615</b>	<b>14,382</b>	<b>53,624</b>	<b>58,753</b>	<b>14,678</b>	<b>3.3</b>
EBITDA Margins (%)	13.8	14.1	15.1	14.3	14.4	14.5	13.7	14.0	14.3	14.1	14.3	
Other Income	2,222	2,483	2,420	1,800	2,317	2,830	2,400	1,739	8,926	9,286	2,200	
Interest	47	48	45	46	48	49	45	38	185	180	45	
Depreciation	1,690	1,749	1,825	1,851	1,932	1,937	1,950	1,965	7,114	7,783	1,950	
<b>PBT before EO Exp/(Inc)</b>	<b>12,548</b>	<b>13,970</b>	<b>15,237</b>	<b>13,496</b>	<b>14,935</b>	<b>16,003</b>	<b>15,020</b>	<b>14,118</b>	<b>55,250</b>	<b>60,075</b>	<b>14,883</b>	
Effective Tax Rate (%)	24.7	24.6	22.6	24.7	24.8	24.8	24.3	22.9	24.1	24.2	24.3	
<b>Adj. PAT</b>	<b>9,462</b>	<b>10,538</b>	<b>11,801</b>	<b>10,161</b>	<b>11,226</b>	<b>12,035</b>	<b>11,370</b>	<b>10,884</b>	<b>41,962</b>	<b>45,515</b>	<b>11,267</b>	<b>6.8</b>
Growth (%)	51.5	47.2	42.9	18.3	18.6	14.2	-7.8	7.1	44.2	8.5	6.9	



# Muthoot Finance

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR1,776      TP: INR1,815 (+2%)      Neutral**

## Operationally strong quarter; healthy growth in gold loans

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	712.9 / 8.4
52-Week Range (INR)	2079 / 1262
1, 6, 12 Rel. Per (%)	-3/0/17
12M Avg Val (INR M)	1021

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	77.9	100.0	114.6
PPP	56.5	74.5	85.0
PAT	40.5	51.3	60.9
EPS (INR)	100.9	127.9	151.6
EPS Gr. (%)	16.6	26.8	18.6
BV/Sh.(INR)	605	706	826

### Ratios

NIM (%)	11.2	11.6	11.2
C/I ratio (%)	29.8	27.3	27.6
RoA (%)	5.1	5.3	5.3
RoE (%)	17.9	19.5	19.8
Payout (%)	23.8	21.3	20.7

### Valuations

P/E (x)	17.8	14.1	11.9
P/BV (x)	3.0	2.6	2.2
Div. Yld. (%)	1.3	1.5	1.7

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	73.4	73.4	73.4
DII	13.3	14.5	14.6
FII	9.8	8.7	8.1
Others	3.5	3.4	3.9

FII Includes depository receipts

- **NIM stable sequentially; guidance raised on gold loan growth**
- Muthoot Finance (MUTH)'s 2QFY25 performance was characterized by: 1) strong gold loan growth of ~28% YoY to ~INR862b without the associated trade-off in margins; 2) sequentially stable NIM at ~11.8%; and 3) an increase in gold tonnage by ~3% QoQ to 199 tonnes.
- MUTH's 2QFY25 PAT grew 26% YoY to ~INR12.5b (in line). Its 1HFY25 PAT grew ~18% YoY to ~INR23.3b, and we expect 2HFY25 PAT to grow ~35% YoY. Reported RoA/RoE in 2QFY25 was healthy at 5.7%/20.0%.
- Net total income grew 34% YoY to ~INR25.8b. Opex rose ~15% YoY to INR6.6b, resulting in a cost-to-income ratio of ~26% (PY: 30%). PPOP rose 43% YoY to ~INR19.1b (~7% beat). Provisions in 2QFY25 stood at ~INR2.1b and translated into annualized credit costs of ~95bp (PY: 10bp/PQ: 110bp).
- Gold Loan growth was supported by growth in gold tonnage (up 3% QoQ), along with an increase in the customer base by (up 4% QoQ) to ~6.14m. LTV was largely stable QoQ at ~63%.
- Management acknowledged that the competitive aggression from banks in gold loans has reduced. Additionally, lower availability of unsecured credit in the form of personal loans/MFI loans have resulted in stronger demand for gold loans. Management also indicated that some of the Fintechs/NBFCs have calibrated their lending into unsecured loans. This suggests that the strong gold loan demand could sustain in the near term. MUTH has delivered a Gold AUM growth of ~18% in YTD-FY25 and raised its FY25 Gold AUM growth guidance to ~25%.
- We model a standalone AUM CAGR of ~18% over FY24-27E. This, we believe, will result in a PAT CAGR of ~19% over this period. We model an RoA/ RoE of ~5.2%/19% for FY27.
- MUTH now trades at 2.2x FY26E P/BV and, in our view, has benefited from the tailwinds of: 1) Sharp rise in gold prices; 2) an improvement in gold loan demand because of industry-wide rationing in unsecured credit; and c) a lower competitive intensity in gold loans. MUTH is indeed one of the best franchises for gold loans in the country, as is evident from its ability to deliver stronger gold loan growth and best-in-class profitability. However, we believe that the positives are already factored in its valuations, and we anticipate limited upside catalysts for the stock. **We reiterate our Neutral rating with a revised TP of INR1,815 (based on 2x Sep'26E P/BV).**

## Belstar: Sequential decline in AUM; deterioration in asset quality

- MUTH's microfinance subsidiary, Belstar, reported a ~3% QoQ decline in AUM to ~INR96.2b. Reported PAT stood at ~INR526m, down ~41% QoQ.
- Asset quality deteriorated, with GS3 increasing ~115bp QoQ to ~3.5%.
- Belstar reduced ~9 branches in 2QFY25, and its CRAR stood at ~22%.
- MUTH approved an additional equity infusion of ~INR5b in Muthoot Money, a wholly owned subsidiary.

### Highlights from the management commentary

- MUTH gives time to the customers, rather than rushing to auction those gold loans since the company is in the money (because of higher gold prices). By doing this, the credit losses do not go up; however, the ECL provisioning requirement does increase.
- Management shared that it has not come across any change in regulations as far as the LTV norms are concerned.
- A large part of the growth in non-gold loans over the last one year came from personal loans (PL), and loans to subsidiaries. In the non-gold business of the standalone entity, the GNPA stood at INR1.93b (vs. INR900m in 1QFY25). This loan book has been ~100% provided for. PLs are written off when they become more than 180dpd.
- Among its non-gold businesses, the management shared that it expects its Home Loans business to become sizeable, and the aspiration is to make it the second-largest product segment for MUTH.
- 

### Valuation and view

- MUTH reported a healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. However, MUTH reported a minor sequential deterioration in asset quality resulting in higher provisions during the quarter.
- With a favorable demand outlook for gold loans driven by reduced competition from banks and limited availability of unsecured credit, the company is well-positioned to maintain its growth momentum. However, we would continue to watch out for any increase in competitive intensity and the impact of any decline in gold prices in 2HFY25.
- We believe that the positives are already factored in its valuations of 2.2x FY26E P/BV, and we anticipate limited upside catalysts for the stock. We reiterate our Neutral rating with a revised TP of INR1,815 (based on 2x Sep'26E BVPS).

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	29,577	30,147	31,176	33,575	36,560	40,685	41,906	43,407	1,24,476	1,62,558	39,009	4
Other operating income	410	450	501	514	478	489	551	600	1,874	2,118	517	-5
<b>Total Operating income</b>	<b>29,987</b>	<b>30,597</b>	<b>31,677</b>	<b>34,089</b>	<b>37,038</b>	<b>41,174</b>	<b>42,457</b>	<b>44,007</b>	<b>1,26,350</b>	<b>1,64,676</b>	<b>39,527</b>	<b>4</b>
YoY Growth (%)	19.8	22.5	19.1	19.5	23.5	34.6	34.0	29.1	20.2	30.3	29.2	
Other income	276	139	80	95	63	88	72	127	590	350	132	-34
<b>Total Income</b>	<b>30,263</b>	<b>30,736</b>	<b>31,757</b>	<b>34,184</b>	<b>37,101</b>	<b>41,262</b>	<b>42,529</b>	<b>44,134</b>	<b>1,26,940</b>	<b>1,65,026</b>	<b>39,659</b>	<b>4</b>
YoY Growth (%)	20.6	22.8	19.1	19.4	22.6	34.2	33.9	29.1	20.4	30.0	29.0	
Interest Expenses	10,638	11,563	12,119	12,228	13,511	15,505	16,497	17,080	46,548	62,593	14,727	5
<b>Net Income</b>	<b>19,625</b>	<b>19,173</b>	<b>19,638</b>	<b>21,956</b>	<b>23,590</b>	<b>25,758</b>	<b>26,032</b>	<b>27,054</b>	<b>80,393</b>	<b>1,02,433</b>	<b>24,932</b>	<b>3</b>
Operating Expenses	5,620	5,751	5,696	6,861	6,437	6,608	6,872	8,027	23,927	27,944	6,952	-5
<b>Operating Profit</b>	<b>14,006</b>	<b>13,422</b>	<b>13,942</b>	<b>15,095</b>	<b>17,153</b>	<b>19,150</b>	<b>19,159</b>	<b>19,027</b>	<b>56,466</b>	<b>74,489</b>	<b>17,980</b>	<b>7</b>
YoY Growth (%)	36.8	16.9	10.4	16.9	22.5	42.7	37.4	26.0	19.5	31.9	34.0	
Provisions	860	120	137	860	2,236	2,070	1,300	-192	1,978	5,414	450	360
<b>Profit before Tax</b>	<b>13,145</b>	<b>13,302</b>	<b>13,805</b>	<b>14,236</b>	<b>14,917</b>	<b>17,080</b>	<b>17,859</b>	<b>19,219</b>	<b>54,488</b>	<b>69,075</b>	<b>17,530</b>	<b>-3</b>
Tax Provisions	3,394	3,392	3,532	3,673	4,130	4,568	4,590	4,449	13,991	17,737	4,505	1
<b>Net Profit</b>	<b>9,751</b>	<b>9,910</b>	<b>10,273</b>	<b>10,563</b>	<b>10,787</b>	<b>12,511</b>	<b>13,270</b>	<b>14,770</b>	<b>40,497</b>	<b>51,338</b>	<b>13,025</b>	<b>-4</b>
YoY Growth (%)	21.6	14.3	13.9	17.0	10.6	26.3	29.2	39.8	16.6	26.8	31.4	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	18.3	17.9	18.1	18.6	18.5	18.9						
Cost of funds (Cal)	8.4	8.7	8.6	8.4	8.7	9.0						
Spreads (Cal)	9.9	9.2	9.5	10.2	9.84	9.91						
NIMs (Cal)	12.0	11.2	11.2	11.9	11.8	11.8						
Credit Cost	0.5	0.1	0.1	0.5	1.1	0.9						
Cost to Income Ratio	28.6	30.0	29.0	31.2	27.3	25.7						
Tax Rate	25.8	25.5	25.6	25.8	27.7	26.7						
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	676	690	712	758	843	902						
Change YoY (%)	19.3	20.6	23.3	20.0	24.7	30.7						
<b>Gold loans (INR b)</b>	<b>660</b>	<b>675</b>	<b>692</b>	<b>729</b>	<b>809</b>	<b>862</b>						
Change YoY (%)	17.6	19.5	21.8	17.8	22.54	27.6						
Gold Stock Holding (In tonnes)	182	183	184	188	194	199						
Avg gold loans per branch (INR m)	139	142	145	150	167	177						
<b>Borrowings (INR b)</b>	513	553	580	588	659	724						
Change YoY (%)	12.8	18.2	31.0	18.2	28.7	30.8						
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	24.8	24.4	28.8	27.9	28.0	27.0						
Term loans	59.8	65.4	61.6	63.0	55.0	57.0						
Commercial Paper	7.7	8.3	8.0	7.9	7.2	6.0						
Others	2.6	1.9	1.6	1.3	1.6	1.0						
Debt/Equity (x)	2.3	2.3	2.2	2.3	2.6	2.7						
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	28,789	27,639	25,767	24,845	33,532	38,807						
Gross Stage 3 (% on Assets)	4.3	4.0	3.6	3.3	4.0	4.3						
Total Provisions (INR m)	11,422	11,486	11,542	12,304	14,413	16,327						
<b>Return Ratios (%)</b>												
RoAUM (Rep)	6.0	5.8	5.9	5.8	5.4	5.7						
RoE (Rep)	18.5	18.3	18.1	17.8	17.7	20.0						

E: MOFSL estimates





# PI Industries

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR4,265      TP: INR5,200 (+22%)      Buy**

## CSM business supports operating performance

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

### Earnings above estimates

Bloomberg	PI IN
Equity Shares (m)	152
M.Cap.(INRb)/(USD\$b)	647.1 / 7.7
52-Week Range (INR)	4804 / 3060
1, 6, 12 Rel. Per (%)	0/10/-5
12M Avg Val (INR M)	1455

- PI Industries (PI) reported revenue growth of 5% YoY in 2QFY25, led by healthy growth in the CSM business (up 10% YoY). However, the domestic and pharma businesses continued to witness subdued demand (revenue down 5%/43% YoY). EBITDA grew 14% YoY, led by an improvement in gross margin (up 520bp) on account of favorable product mix and operating leverage.
- We believe the demand for domestic business will recover in 2H, aided by healthy reservoir levels and the late withdrawal of monsoon, while the pharma business is also positioned for sequential recovery, led by heightened inquiries and an improving demand scenario.
- However, factoring in the continued global industry challenges and downward revision in management guidance, we lower our FY26 earnings estimates by 5%. Despite lowering our revenue estimate by 4% in FY25, we maintain our FY25 earnings estimate due to higher other income in 2Q. **Reiterate BUY with a TP of INR5,200** (35x Dec'26 EPS).

### Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	83.6	96.4	112.1
EBITDA	23.2	26.9	31.6
PAT	17.8	19.7	23.2
EBITDA (%)	27.8	28.0	28.2
EPS (INR)	117.0	129.6	152.9
EPS Gr. (%)	5.7	10.8	18.0
BV/Sh. (INR)	680	798	939

### Ratios

Net D/E	(0.4)	(0.4)	(0.4)
RoE (%)	18.7	17.5	17.6
RoCE (%)	18.5	17.4	17.5
Payout (%)	9.8	8.9	7.5

### Valuations

P/E (x)	36.3	32.8	27.8
EV/EBITDA (x)	26.5	22.7	18.9
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.1	1.2	2.4

### Shareholding Pattern (%)

As on	Sep-24	Jun-24	Sep-23
Promoter	46.1	46.1	46.1
DII	26.4	26.0	23.3
FII	19.0	18.8	20.0
Others	8.5	9.1	10.6

Note: FII includes depository receipts

### Volume growth across export and domestic business drives revenue

- Consolidated revenue stood at INR22.2b (est. in line), up 5% YoY.
- EBITDA stood at INR6.3b (est.in line), up 14% YoY. EBITDA margins expanded 220bp YoY to 28.3% (est. 26.5%), led by a favorable product mix and operating leverage. Gross margins came in at 51.8% (up 520bp YoY). Employee expenses rose 110bp YoY to 8.8%. Other expenses increased 190bp YoY to 14.7% of sales.
- Adjusted PAT was up 6% YoY at INR5.1b (est. INR4.4b). Higher Adj. PAT against estimate was led by a significant increase in other income, up 2.6x YoY to INR1.2b (est. INR549m).
- Agrochemical revenue in 2QFY25 stood at INR21.7b (up 7% YoY). EBIT grew 30% YoY to INR7.1b, with an EBIT margin of ~32.9% (up 600bp YoY).
- Export (CSM) revenue grew 10% to INR17.2b, driven by growth in new products (up 42% YoY) and healthy volume growth. The domestic agrochem revenue declined 5% YoY to INR4.6b due to reduced supply to institutional customers.
- Pharma revenue stood at INR411m (~2% of total revenue) in 2QFY25, down 43% YoY due to deferment of supply to customers having high inventory.
- CFO in 2QFY25 stood at INR1.8b (v/s INR3.7b in 2QFY24). Net working capital days improved to 70 days as of Sep'24 vs. 84 as of Sep'23 on account of lower receivable days of 50 vs. 63 YoY.
- In 1HFY25, revenue/EBITDA/adj. PAT increased 7%/19%/11% to INR42.9b/INR12.1b/INR9.5b. For 2HFY25, implied revenue/EBITDA growth is 12%/11% YoY, led by the improving demand scenario.

### Highlights from the management commentary

- **Guidance:** The company is guiding for revenue growth of high single-digit in FY25 against its earlier guidance of ~15%. It expects the domestic branded business to perform well in 2H (early double-digit growth) led by the higher reservoir level. Meanwhile, exports are expected to grow by high single digit.
- **Pharma:** The company is targeting revenue of INR2.5-2.7b from the pharma business in FY25. It is expecting volumes in pharma to pick up in 2H, led by green shoots within some categories coupled with the heightened pace of interaction with new customers.
- **New product portfolio:** New products witnessed ~42% YoY growth during the quarter and account for ~16-18% of the total revenue. The margin profile for new products is largely similar to existing products. However, with improvement in sales, margins for new products are expanding.

### Valuation and view

- PI continues to deliver modest growth amidst challenging business environment. Although demand is likely to be better for domestic crop protection and pharma business in 2H, overall global industry challenges have tapered down the near-term growth outlook for the company.
- However, we still believe that PI has enough levers in place to deliver healthy growth in medium to long term, led by: 1) consistent growth momentum in the CSM business, driven by the rising pace of commercialization of new molecules and a sale ramp-up in existing molecules; 2) product launches in the domestic market (six to seven new launches in FY25); and 3) ramping up of the pharma API and CDMO segments.
- We expect a CAGR of 13%/16%/11% in revenue/EBITDA/adj. PAT over FY24-27. We **reiterate BUY with a TP of INR5,200** (35x on Dec'26 EPS).

### Quarterly Earning Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2Q		(%)
<b>Net Sales</b>	<b>19,104</b>	<b>21,169</b>	<b>18,975</b>	<b>17,410</b>	<b>20,689</b>	<b>22,210</b>	<b>21,015</b>	<b>19,653</b>	<b>76,658</b>	<b>83,567</b>	<b>23,085</b>	<b>-4</b>
YoY Change (%)	23.8	19.6	17.6	11.2	8.3	4.9	10.8	12.9	18.1	9.0	9.0	
Total Expenditure	14,426	15,655	13,439	12,992	14,857	15,928	15,105	14,480	56,512	60,369	16,967	
<b>EBITDA</b>	<b>4,678</b>	<b>5,514</b>	<b>5,536</b>	<b>4,418</b>	<b>5,832</b>	<b>6,282</b>	<b>5,911</b>	<b>5,173</b>	<b>20,146</b>	<b>23,198</b>	<b>6,117</b>	<b>3</b>
Margins (%)	24.5	26.0	29.2	25.4	28.2	28.3	28.1	26.3	26.3	27.8	26.5	
Depreciation	697	803	783	799	834	798	850	950	3,082	3,432	890	
Interest	43	78	70	109	83	85	60	55	300	283	70	
Other Income	469	469	561	579	727	1,222	700	720	2,078	3,369	549	
<b>PBT before EO expense</b>	<b>4,407</b>	<b>5,102</b>	<b>5,244</b>	<b>4,089</b>	<b>5,642</b>	<b>6,621</b>	<b>5,701</b>	<b>4,888</b>	<b>18,842</b>	<b>22,852</b>	<b>5,706</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>4,407</b>	<b>5,102</b>	<b>5,244</b>	<b>4,089</b>	<b>5,642</b>	<b>6,621</b>	<b>5,701</b>	<b>4,888</b>	<b>18,842</b>	<b>22,852</b>	<b>5,706</b>	
Tax	625	317	772	418	1,175	1,546	1,311	1,124	2,132	5,156	1,312	
Rate (%)	14.2	6.2	14.7	10.2	20.8	23.3	23.0	23.0	11.3	22.6	23.0	
Minority Interest & Profit/Loss of Asso. Cos.	-47	-20	-14	-24	-21	-7	-24	-31	-105	-83	-34	
<b>Reported PAT</b>	<b>3,829</b>	<b>4,805</b>	<b>4,486</b>	<b>3,695</b>	<b>4,488</b>	<b>5,082</b>	<b>4,414</b>	<b>3,795</b>	<b>16,815</b>	<b>17,779</b>	<b>4,428</b>	
<b>Adj PAT</b>	<b>3,829</b>	<b>4,805</b>	<b>4,486</b>	<b>3,695</b>	<b>4,488</b>	<b>5,082</b>	<b>4,414</b>	<b>3,795</b>	<b>16,815</b>	<b>17,779</b>	<b>4,428</b>	<b>15</b>
YoY Change (%)	45.9	43.5	27.5	31.7	17.2	5.8	-1.6	2.7	36.8	5.7	-7.9	
Margins (%)	20.0	22.7	23.6	21.2	21.7	22.9	21.0	19.3	21.9	21.3	19.2	



# Bharat Forge

Estimate changes

TP change

Rating change



**CMP: INR1,329**

**TP: INR1,320 (-1%)**

**Neutral**

## Weak demand in core segments hurts earnings

### Defense and JSA likely to remain key growth pillars in the near term

- Bharat Forge (BHFC)'s 2QFY25 overall performance was below our estimates, primarily due to lower-than-estimated growth in the domestic business and a decline in exports. However, the slowdown in its core segments – CVs and PVs (in both domestic and exports) – was broadly offset by strong growth in defense and JS AutoCast segments.
- We cut our FY25E/FY26E EPS by 16%/11% to factor in demand weakness in its core segments and in Europe. Defense and JS AutoCast segments are likely to continue to be its key growth pillars in the near term. The stock appears fairly valued at the current valuation of 47.5x/34.0x FY25E/FY26E consolidated EPS. **We reiterate our Neutral rating with a TP of INR1,320 (based on 30x Sep'26E consolidated EPS).**

### Weak demand across core segments dents performance

- BHFC's standalone revenue/EBITDA/adj. PAT remained flat YoY at INR22.5b/INR6.1b/INR3.5b (est. INR24.5b/INR6.8b/INR4b). 1HFY25 revenue/EBITDA/adj. PAT grew 5%/8%/10% YoY. Its 2HFY25 revenue/EBITDA/adj. PAT is estimated to grow 9%/8%/5% YoY.
- Domestic revenues grew 12% YoY (CVs declined 15.5% YoY while non-autos grew 26% YoY, primarily led by 67% YoY growth in defense), while exports declined 9% YoY mainly due to weakness in the EU CVs.
- Gross margin improved 180bp YoY (-30bp QoQ) to 58.5% (est. 57.9%).
- EBITDA margin remained flat YoY at 27.2% (est. 27.6%), as savings in RM costs were offset by higher other expenses.
- Overseas subsidiary operations remained largely stable sequentially despite a seasonally weak quarter. While the European subsidiary's margin improved 40b QoQ to 3.9%, the US subsidiary clocked an operating loss of INR216m vs. an operating loss of INR235m in 1QFY24.
- CFO grew 27% YoY, but FCF declined 78% YoY.

### Highlights from the management interaction

- Total order wins in 1HFY25 stood at INR22.16b (~INR14b/~INR3b/~INR6.46b in defense/aerospace/traditional businesses). It has added three new customers in its component business in 1HFY25.
- Strong order backlog in defense (order backlog was INR59b) as well as in JS Autocast would continue to be the key growth drivers for BHFC in the coming quarters. BHFC is hopeful of a pickup in domestic CV demand in a couple of quarters and remains cautiously optimistic in CV exports.
- Aerospace revenue for 1HFY25 stood at ~INR1b. It has won orders of INR3b in 1HFY25 (revenue for FY24 from the aerospace stood at INR2.4b). The aerospace segment is likely to witness robust growth going forward.
- In overseas subsidiaries, while it has worked on pricing-related issues in the aluminum business, the steel forgings business continues to be hit by weak demand. BHFC would look to rationalize costs in the business for the same.

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Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USD\$b)	618.7 / 7.3
52-Week Range (INR)	1826 / 1032
1, 6, 12 Rel. Per (%)	-4/-14/8
12M Avg Val (INR M)	1860

#### Consol. Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	156.8	163.9	190.6
EBITDA (%)	16.3	18.0	19.2
Adj. PAT	9.2	13.0	18.4
EPS (INR)	19.7	28.0	39.5
EPS Gr. (%)	61.8	41.7	41.2
BV/Sh. (INR)	154	169	193

#### Ratios

Net D:E	0.5	0.5	0.3
RoE (%)	13.2	17.3	21.8
RoCE (%)	8.7	10.6	13.7
Payout (%)	46.3	41.0	40.7

#### Valuations

P/E (x)	67.3	47.5	33.6
P/BV (x)	8.6	7.9	6.9
EV/EBITDA (x)	25.7	22.2	17.7
Div. Yield (%)	0.7	0.8	1.2

#### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	45.3	45.3	45.3
DII	26.5	28.1	28.1
FII	18.7	17.0	16.3
Others	9.6	9.6	10.3

FII Includes depository receipts

- Consol capex intensity would slow down in 2HFY25 after spending ~INR8b in 1H, which included INR5b in subsidiaries (USD8-10m to be further invested in 2H).

#### Valuation and view

- The bulk of BHFC's core segments, including PV and CVs (both domestic and exports), as well as oil and gas, are currently witnessing a slowdown in demand. Further, the ongoing slowdown in the European PV segment has hurt the ramp-up of its overseas subsidiaries. In light of this, its defense, JS Auto Cast, and aerospace segments are likely to be the growth pillars in the near term.
- To factor in the ongoing slowdown in Europe and domestic CVs, we cut our earnings by 16%/11% for FY25E/FY26E. We estimate a CAGR of 14%/20%/32% in consolidated revenue/EBITDA/PAT over FY25-27. The stock appears fairly valued at the current valuation of 47.5x/34x FY25E/FY26E consolidated EPS. **Reiterate Neutral with a TP of INR1,320 (based on 30x Sep'26E consolidated EPS).**

#### S/A Quarterly

(INR m)

	FY24				FY25E				FY24	FY25E	2QE	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net operating income</b>	<b>21,273</b>	<b>22,494</b>	<b>22,634</b>	<b>23,286</b>	<b>23,381</b>	<b>22,467</b>	<b>24,113</b>	<b>26,021</b>	<b>89,686</b>	<b>95,980</b>	<b>24,505</b>	<b>-8.3</b>
Change (%)	20.9	20.7	15.9	16.6	9.9	-0.1	6.5	11.7	18.4	7.0	8.9	
RM/Sales (%)	44.3	43.3	41.9	41.4	41.8	41.5	42.0	42.0	42.7	41.7	42.1	
Staff Cost (% of Sales)	7.0	6.7	6.7	6.5	7.0	7.2	7.0	6.7	6.7	7.0	6.6	
Other Exp. (% of Sales)	22.7	22.8	22.9	24.0	23.4	24.2	23.2	23.3	23.0	23.5	23.7	
<b>EBITDA</b>	<b>5,534</b>	<b>6,111</b>	<b>6,453</b>	<b>6,541</b>	<b>6,515</b>	<b>6,101</b>	<b>6,703</b>	<b>7,283</b>	<b>24,777</b>	<b>26,754</b>	<b>6,763</b>	<b>-9.8</b>
EBITDA Margins (%)	26.0	27.2	28.5	28.1	27.9	27.2	27.8	28.0	27.6	27.9	27.6	
Non-Operating Income	472	424	346	382	446	348	400	462	1,623	1,656	460	
Interest	705	726	809	634	702	635	600	583	2,874	2,520	680	
Depreciation	1089	1128	1124	1079	1094	1083	1120	1204	4,420	4,501	1150	
EO Exp / (Inc)	47	63	-179	82	1,457	-135	0	0	154		0	
<b>PBT after EO items</b>	<b>4,165</b>	<b>4,616</b>	<b>5,044</b>	<b>5,127</b>	<b>3,708</b>	<b>4,866</b>	<b>5,383</b>	<b>5,958</b>	<b>18,952</b>	<b>21,388</b>	<b>5,393</b>	
Tax	1050	1156	1266	1231	1014	1407	1454	1900	4,703	5,775	1348	
Eff. Tax Rate (%)	25.2	25.0	25.1	24.0	27.3	28.9	27.0	31.9	24.8	27.0	25.0	
<b>Rep. PAT</b>	<b>3,115</b>	<b>3,460</b>	<b>3,778</b>	<b>3,897</b>	<b>2,694</b>	<b>3,458</b>	<b>3,930</b>	<b>4,058</b>	<b>14,250</b>	<b>15,613</b>	<b>4,045</b>	
Change (%)	42.4	28.7	21.6	85.7	-13.5	-0.1	4.0	4.1	36.3	9.6	16.9	
<b>Adj. PAT</b>	<b>3,150</b>	<b>3,508</b>	<b>3,644</b>	<b>3,958</b>	<b>3,787</b>	<b>3,510</b>	<b>3,930</b>	<b>4,058</b>	<b>14,250</b>	<b>14,292</b>	<b>4,045</b>	<b>-13.2</b>
Change (%)	19.0	30.9	32.3	31.4	20.2	0.1	7.8	2.5	36.3	0.3	15.3	

E: MOFSL Estimates

#### Key Performance Indicators

Segment Mix	FY24				FY25E				FY24	FY25E	2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Auto</b>	<b>11,163</b>	<b>12,253</b>	<b>11,880</b>	<b>11,737</b>	<b>11,375</b>	<b>11,087</b>	<b>11,225</b>	<b>11,923</b>	<b>47,033</b>	<b>45,610</b>	<b>11,931</b>	<b>-7.1</b>
Growth (%)	15.9	17.0	8.1	4.5	1.9	-9.5	-5.5	1.6	10.7	-3.0	-2.7	
Contribution (%)	52.5	54.5	52.5	50.4	48.7	49.3	46.6	45.8	52.4	47.5	48.7	
<b>Non-Auto</b>	<b>10,110</b>	<b>10,241</b>	<b>10,754</b>	<b>11,549</b>	<b>12,006</b>	<b>11,380</b>	<b>12,888</b>	<b>14,098</b>	<b>42,654</b>	<b>50,372</b>	<b>12,573</b>	<b>-9.5</b>
Growth (%)	26.9	25.4	26.0	32.1	18.8	11.1	19.8	22.1	48.7	18.1	22.8	
Contribution (%)	47.5	45.5	47.5	49.6	51.3	50.7	53.4	54.2	47.6	52.5	51.3	
<b>Net operating revenues</b>	<b>21,273</b>	<b>22,494</b>	<b>22,634</b>	<b>23,286</b>	<b>23,381</b>	<b>22,467</b>	<b>24,113</b>	<b>26,021</b>	<b>89,686</b>	<b>95,980</b>	<b>24,505</b>	<b>-8</b>
Change (%)	20.9	20.7	15.9	16.6	9.9	-0.1	6.5	11.7	18.4	7.0	8.9	0.0
RM/Sales %	44.3	43.3	41.9	41.4	41.8	41.5	42.0	42.0	42.7	41.7	42.1	
Staff Cost (% of sales)	7.0	6.7	6.7	6.5	7.0	7.2	7.0	6.7	6.7	7.0	6.6	
Other Cost (% of sales)	22.7	22.8	22.9	24.0	23.4	24.2	23.2	23.3	23.0	23.5	23.7	
Gross Margin (%)	55.7	56.7	58.1	58.6	58.2	58.5	58.0	58.0	57.3	58.3	57.9	
EBITDA Margins (%)	26.0	27.2	28.5	28.1	27.9	27.2	27.8	28.0	27.6	27.9	27.6	
EBIT Margins (%)	20.9	22.1	23.5	23.5	23.2	22.3	23.2	23.4	22.6	23.0	22.9	

E: MOFSL Estimates





# Thermax

Estimate changes



TP change



Rating change



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	TMX IN
Bloomberg Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	596.2 / 7.1
52-Week Range (INR)	5840 / 2500
1, 6, 12 Rel. Per (%)	4/1/51
12M Avg Val (INR M)	838

### Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	110.5	129.4	152.8
EBITDA	10.1	13.4	16.3
PAT	7.1	9.3	11.5
EPS (INR)	63.1	82.8	102.2
GR. (%)	20.9	31.3	23.5
BV/Sh (INR)	443.4	511.2	598.4

### Ratios

ROE (%)	15.1	17.3	18.4
RoCE (%)	13.1	14.8	15.9

### Valuations

P/E (X)	79.3	60.4	48.9
P/BV (X)	11.3	9.8	8.4
EV/EBITDA (X)	56.0	42.0	34.1
Div Yield (%)	0.3	0.3	0.3

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	62.0	62.0	62.0
DII	12.7	12.9	15.5
FII	20.9	20.6	18.0
Others	4.4	4.5	4.5

FII Includes depository receipts

**CMP: INR5,004**

**TP: INR4,900 (-2%)**

**Neutral**

## Improving ordering pipeline

Thermax (TMX)'s 2QFY25 results were ahead of our estimates, primarily due to incentive income received from the Government of Maharashtra. Revenue/ EBITDA/PAT grew by 13%/36%/25% YoY for the quarter. Order inflow for the quarter jumped 70% YoY to INR33.5b, resulting in an order book of INR116b, up just 13% YoY. This was on the back of large-sized orders worth INR10b during the quarter booked for industrial infra segment. TMX is experiencing an improved pipeline of large projects across steel, mining, and refining sectors. The company has maintained its clear stance for thermal power project opportunities by identifying only boiler-related packages. We cut our estimates by 4%/1%/1% for FY25/26/27 to factor in the 2Q performance. We roll forward our TP to Dec'26 and arrive at our revised TP of INR4,900 (vs. INR4,950) based on 55x Dec'26E EPS and add value of investments in Green Solutions at 1.5x P/BV. Reiterate Neutral.

## Results boosted by the receipt of government incentives

Thermax reported in-line revenue of INR26.1b (+13% YoY) in 2QFY25, led by 7%/15%/40% growth in Industrial Products/Industrial Infra/Green Solutions segments, while Chemicals segment was flat YoY. Revenue also included incentives worth INR656m from the Government of Maharashtra. Gross margin improved ~40bp YoY/110bp QoQ to 44.8%. Other expenses as % of sales saw a healthy improvement to 21.8% vs. 23.2% in 2QFY24. As a result, EBITDA came in higher than expected at INR2.8b (up 36% YoY), and margin expanded ~170bp YoY to 10.6%. With a lower effective tax rate (25.6% vs. 27% in 2QFY24) and strong operating performance, PAT grew 25% YoY to INR2b, 10% ahead of our estimate. Order inflows jumped 70% YoY to INR33.5b, aided by large order wins in Botswana, Africa, worth INR10.3b under the Industrial Infra segment. Excluding these orders, base order growth was 18% YoY. The order book rose 13% YoY to INR115.9b. For 1HFY25, revenue/EBITDA/adj. PAT grew 13%/24%/22% YoY, while free cash outflow narrowed to INR154m vs. INR3.1b in 1HFY24. For 2HFY25, we expect a revenue/EBITDA/PAT growth of 23%/28%/ 20%.

## Segment wise performance a mixed bag

Industrial Products reported 7% YoY revenue growth, while order inflow grew 25% YoY. Margin saw an 80bp expansion at 10.8%. Industrial Infra revenue grew 15% YoY to INR12.4b, while orders jumped 167% owing to large wins in Botswana. Margin at 7.1% received a boost from receipt of incentives from Maharashtra government. Green Solutions clocked in 40% revenue growth, while orders declined 2% YoY. Margin saw a robust improvement (12.3% vs. 6.4% in 1QFY24). For Chemicals, revenue was flat YoY with order inflow growth of 11% YoY. Margins at 16.1% saw a ~230bp YoY contraction.

### Ordering pipeline witnessing healthy traction

TMX sees an improving pipeline from sectors such as steel, refineries, petrochemicals, thermal power, et al. and expects an uptick in 2HFY25. While it would refrain from participating in mega-sized opportunities on the thermal side, it will target larger-sized contracts, where the scope would exclude the civil and construction portions, in line with its execution and profitability criteria. While base orders jumped 18% YoY in 2QFY25, this was on a low base since order inflows have remained in the INR20-23b range for the past few quarters, with large domestic orders yet to materialize. The Industrial Products business continued to see healthy traction and will grow at double digits going forward, led by an improving demand scenario and newer product offerings. Green Solutions has been impacted by severe flooding in Tamil Nadu, which will also have a bearing on 2HFY25 execution. Chemicals growth continued to be hit by freight issues; however, ordering is not a concern.

### Investments lined up for the Green Solutions business

To fund FEPL's growth requirements, TMX earmarked an additional equity infusion of INR7b to take the installed capacity to 600 MW by FY26, from 200 MW currently. To reach its stated goals of ~1 GW capacity, FEPL would need further infusion from TMX, which will pan out over the coming 2-3 years. Similarly, over the next 18 months, the company would be investing ~INR1b on the hydrogen side, and it has already deployed a team that is developing solutions to cater to ferrous opportunities.

### We expect 25% PAT CAGR over FY24-27

We expect a CAGR of 18%/27%/25% in revenue/EBITDA/PAT over FY24-27. Growth will be driven by: 1) 24% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the Industrial Product and Chemical divisions to 10.9% and 19.0%, respectively, by FY27E, and 3) control over working capital and NWC (at 17 days).

### Valuation and view

The stock is currently trading at 79x/60x/49x FY25E/FY26E/FY27E EPS. We roll forward our valuation to Dec'26E and revise our TP of INR4,900, based on 55x Dec'26E EPS and add value of investments in Green Solutions at 1.5x P/BV. **Reiterate Neutral.**

### Key risks and concerns

Slowdown in order inflows, a sharp rise in commodity prices, slower-than-expected revival in private sector capex, and increased competition are the key risks to our estimates.

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>19,330</b>	<b>23,025</b>	<b>23,244</b>	<b>27,637</b>	<b>21,844</b>	<b>26,116</b>	<b>29,684</b>	<b>32,830</b>	<b>93,235</b>	<b>1,10,474</b>	<b>25,633</b>	<b>2</b>
YoY Change (%)	16.8	10.9	13.4	19.6	13.0	13.4	27.7	18.8	15.2	18.5	11.3	
Total Expenditure	18,008	20,978	21,369	24,905	20,433	23,336	26,921	29,683	85,261	1,00,373	23,008	
<b>EBITDA</b>	<b>1,322</b>	<b>2,046</b>	<b>1,874</b>	<b>2,732</b>	<b>1,412</b>	<b>2,780</b>	<b>2,763</b>	<b>3,146</b>	<b>7,974</b>	<b>10,101</b>	<b>2,625</b>	<b>6</b>
Margins (%)	6.8	8.9	8.1	9.9	6.5	10.6	9.3	9.6	8.6	9.1	10.2	
Depreciation	294	330	358	499	360	421	440	440	1,481	1,660	394	7
Interest	134	198	266	278	275	294	348	348	876	1,265	342	-14
Other Income	531	659	584	553	841	598	447	447	2,326	2,332	514	16
<b>PBT before EO expenses</b>	<b>1,425</b>	<b>2,177</b>	<b>1,834</b>	<b>2,507</b>	<b>1,617</b>	<b>2,663</b>	<b>2,422</b>	<b>2,805</b>	<b>7,943</b>	<b>9,507</b>	<b>2,404</b>	<b>11</b>
Extra-Ord expense	506	0	-1,261						-755	0		
<b>PBT</b>	<b>919</b>	<b>2,177</b>	<b>3,095</b>	<b>2,507</b>	<b>1,617</b>	<b>2,663</b>	<b>2,422</b>	<b>2,805</b>	<b>8,698</b>	<b>9,507</b>	<b>2,404</b>	<b>11</b>
Tax	315	589	721	633	519	683	613	591	2,258	2,405	608	
Rate (%)	34.3	27.0	23.3	25.2	32.1	25.6	25.3	21.1	26.0	25.3	25.3	
<b>Reported PAT</b>	<b>600</b>	<b>1,586</b>	<b>2,371</b>	<b>1,876</b>	<b>1,094</b>	<b>1,980</b>	<b>1,809</b>	<b>2,218</b>	<b>6,432</b>	<b>7,102</b>	<b>1,796</b>	<b>10</b>
<b>Adj PAT</b>	<b>932</b>	<b>1,586</b>	<b>1,403</b>	<b>1,952</b>	<b>1,094</b>	<b>1,980</b>	<b>1,809</b>	<b>2,218</b>	<b>5,873</b>	<b>7,102</b>	<b>1,796</b>	<b>10</b>
YoY Change (%)	58.1	45.3	11.0	24.9	17.4	24.9	28.9	13.7	42.7	10.4	13.2	
Margins (%)	4.8	6.9	6.0	7.1	5.0	7.6	6.1	6.8	6.3	6.4	7.0	

INR m	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Segmental revenue</b>										
Industrial Products	8,359	9,894	10,226	12,074	9,608	10,576	13,335	15,869	40,552	49,388
Industrial Infra	9,162	10,851	10,974	13,565	9,251	12,426	13,306	14,300	44,552	49,283
Green Solutions	1,132	1,246	1,235	1,458	1,737	1,751	1,815	1,956	5,071	7,259
Chemical	1,608	1,879	1,606	1,541	1,708	1,903	2,178	2,277	6,634	8,066
Less: Inter-segmental	(931)	(845)	(797)	(1,001)	(691)	(541)	(950)	(1,341)	(3,574)	(3,522)
<b>Total revenues</b>	<b>19,330</b>	<b>23,025</b>	<b>23,244</b>	<b>27,637</b>	<b>21,613</b>	<b>26,116</b>	<b>29,684</b>	<b>33,061</b>	<b>93,235</b>	<b>1,10,474</b>
<b>Segmental EBIT</b>										
Industrial Products	560	988	1,015	1,407	867	1,145	1,400	1,773	3,970	5,186
Margin (%)	6.7	10.0	9.9	11.7	9.0	10.8	10.5	11.2	9.8	10.5
Industrial Infra	303	573	389	825	(184)	882	333	448	2,089	1,478
Margin (%)	3.3	5.3	3.5	6.1	(2.0)	7.1	2.5	3.1	4.7	3.0
Green Solutions	100	80	133	137	230	216	200	226	449	871
Margin (%)	8.8	6.4	10.8	9.4	13.2	12.3	11.0	11.5	8.9	12.0
Chemical	265	345	331	296	304	306	381	421	1,238	1,412
Margin (%)	16.5	18.4	20.6	19.2	17.8	16.1	17.5	18.5	18.7	17.5



# Vodafone Idea

Estimate changes



TP change



Rating change



**CMP: INR7**

**TP: INR8 (+9%)**

**Neutral**

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Bloomberg	IDEA IN
Equity Shares (m)	69700
M.Cap.(INRb)/(USDb)	511.6 / 6.1
52-Week Range (INR)	19 / 7
1, 6, 12 Rel. Per (%)	-13/-51/-68
12M Avg Val (INR M)	10514

### Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Net Sales	427	443	481
EBITDA	171	185	206
Adj. PAT	-320	-279	-260
EBITDA Margin (%)	40.2	41.8	42.7
Adj. EPS (INR)	-11.1	-9.7	-9.1
EPS Gr. (%)	9.3	-12.7	-6.8
BV/Sh. (INR)	-32.4	-34.0	-38.4

### Ratios

Net D:E	-2.4	-2.1	-2.0
RoE (%)	NM	NM	NM
RoCE (%)	-3.6	-2.0	-0.5
Payout (%)	0.0	0.0	0.0

### Valuations

EV/EBITDA (x)	16.8	14.5	13.7
P/E (x)	-0.7	-0.8	-0.8
P/B (x)	-0.2	-0.2	-0.2
Div. Yield (%)	0.0	0.0	0.0

### Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	37.3	38.2	50.4
DII	28.0	31.3	35.0
FII	12.7	12.7	2.5
Others	22.0	17.9	12.2

FII includes depository receipts

## Inline 2Q; subscriber base stabilization remains key

- Vodafone Idea (Vi) reported a broadly in-line set with revenue/EBITDA growing 4%/8% QoQ, driven by the partial benefit of tariff hike flow-through and a part offset by a continued decline in the subscriber base.
- Vi's net debt increased ~INR92b on repayment of vendor/banking dues and spectrum purchases, while capex inched up to INR14b (from INR8b QoQ). Management has guided for a capex of INR80b in 2H.
- Vi continued to lose market share to peers in 2Q with losses in data subs and weaker customer engagement metrics. Bharti was the biggest gainer in 2Q, gaining ~90bp QoQ market share on RMS and ~40bp QoQ on SMS.
- Vi's network investments are contingent on debt raise, which in turn is dependent on securing bank guarantee waivers and continued support from Gol (INR440b+ annual repayments to Gol from 1HFY26).
- We believe gaining back subscribers would be a tall ask for Vi, given its peers' superior free cash generation and deeper pockets.
- Our earnings estimates are broadly unchanged as the lower subscriber base is offset by higher ARPU. Stabilization of Vi's subscriber base remains the key monitorable. We retain our Neutral rating on Vi with a revised TP of INR8, based on DCF implied ~14x Dec'26 EV/EBITDA.

## Broadly in line; subscriber trend post-network rollout a key monitorable

- Vi's overall revenue at INR109b (+4% QoQ, +2% YoY) was largely in line as the tariff hike boost was partly offset by continued subscriber declines.
- Wireless ARPU was up 7% QoQ to INR156 (+10% YoY, vs. +7%/+10% QoQ for RJio and Bharti) and was in line.
- Vi's overall subscriber base at ~205m declined by further 5.1m QoQ (vs. 2.5m decline in 1QFY25, and higher than our estimate of -4m).
- Reported EBITDA at INR45.b (+8% QoQ/+6% YoY, vs. +8%/+13% QoQ for RJio and Bharti-India wireless) was ~3% above, led by lower network opex (-2% QoQ, ~6% below) and lower SG&A costs (-1% QoQ, 7% below).
- Reported EBITDA margin inched up ~160bp QoQ to 41.6% (+165bp YoY, +50/+145bp QoQ for RJio and Bharti-India wireless).
- Pre Ind-AS 116 EBITDA at INR23.2b, improved ~11% QoQ (+13% YoY), and was ~1% ahead. Pre Ind-AS 116 EBITDA margin expanded ~125bp QoQ to 21.2% (+200bp YoY and was ~40bp higher vs. our estimate).
- Vi's reported losses stood at INR72b (from INR64b QoQ, and our estimate of INR70b), largely driven by higher net finance costs (3% above, +20% QoQ) and higher D&A (+1% QoQ, 2% above).
- Vi's reported net debt (excluding leases but including interest accrued and not due) increased INR93b QoQ to INR2.12t on dues repayment to vendors/banks and also spectrum acquisition.
- Vi owes ~INR2.23t to Gol for deferred spectrum (~INR1.52t) and AGR dues (INR703b). Bank debt declined to modest ~INR33b (vs. INR46b QoQ, INR79b YoY).
- Vi's capex increased to INR14b (from INR7.6b in 1Q). Management has guided for INR80b capex for 2HFY25.



### Highlights from the management commentary

- **Tariff hike flow through:** Blended tariff hike was ~16-17%; however, segments such as Enterprise and M2M saw no increase in tariffs. Management indicated that some impact has been observed from customers sticking with earlier price points and not upgrading their recharge plans to earlier data consumption levels, which could impact the flow-through of tariff hikes by 2-3%.
- **Network rollout:** Vi rolled out 42k 4G sites during 2Q, which led to an increase in 4G population coverage by 22m to 1.05b by Sep'24. Management expects to reach 4G population coverage of 1.1b by Mar'25 and 1.2b by Sep'25. Further, it aims to start rolling out 5G services from 4QFY25.
- **Debt raise:** Management reiterated that the AGR waiver was not part of the business plan submitted to the lenders. However, post the AGR verdict, lenders are in the wait-and-watch mode. Further, Vi's debt raise has also been delayed as lenders are seeking more clarity on the Bank Guarantee (BG) waivers. Vi remains engaged with GoI for the waiver of ~INR250b BGs pertaining to spectrum auctions before the Sep'21 reforms package.
- **AGR:** As per Vi's management, the curative petition was rejected on technical grounds rather than the merits of the case. Further, Vi is engaged with GoI for support and highlighted that GoI remains supportive of three strong private players in the Indian telecom industry.

### Valuation and view

- Vi continues to lose market share to peers on account of lower ARPU translation, given its inferior subscriber mix and continued subscriber declines.
- Vi plans to embark on a significant capex cycle (INR500-550b over the next 2-3 years) to bridge the network gap with peers.
- However, we believe Vi's network investments are contingent on debt raise, which in turn is dependent on securing bank guarantee waivers and continued support from GoI (INR440b+ annual repayments to GoI from 1HFY26).
- Further, we believe gaining back subscribers would be a tall ask for Vi, given its peers' superior free cash generation and deeper pockets.
- Our earnings estimates are broadly unchanged as the lower subscriber base is offset by higher ARPU. Stabilization of Vi's subscriber base remains the key monitorable.
- We **retain our Neutral rating on Vi with a revised TP of INR8**, based on DCF implied ~14x Dec'26 EV/EBITDA.

### Consolidated - Quarterly Earnings Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	(INR b)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est Var (%)
<b>Revenue</b>	107	107	107	106	105	109	115	114	427	443	110	-0.6
YoY Change (%)	2.4	1.0	0.5	0.7	-1.4	2.0	7.3	7.6	1.1	3.9	-73.8	
Total Expenditure	65	64	63	63	63	64	66	65	255	258	66	-2.8
<b>EBITDA</b>	42	43	44	43	42	45	49	49	171	185	44	2.7
YoY Change (%)	-4.0	4.5	4.1	3.0	1.1	6.2	12.7	12.6	1.8	8.3	-73.8	
Depreciation	56	57	56	58	54	54	54	54	226	215	53	1.6
Net Finance Costs	64	65	65	62	53	63	63	62	257	240	61	3.3
<b>PBT before EO expense</b>	-78	-79	-77	-77	-64	-72	-67	-67	-312	-270	-70	-2.4
Extra-Ord expense	0	0	-8	0	0	0	0	0	-8	0	0	
<b>PBT</b>	-78	-79	-70	-77	-64	-72	-67	-67	-304	-270	-70	-2.4
Tax	0.0	8.2	0.0	0.1	0.1	0.1	0.0	0.0	8.3	0.1	0.0	
Rate (%)	0.0	-10.3	0.0	-0.1	-0.1	-0.1	0.0	0.0	-2.7	0.0	0.0	
<b>Reported PAT</b>	-78	-87	-70	-77	-64	-72	-67	-67	-312	-270	-70	-2.5
<b>Adj PAT</b>	-78	-87	-77	-77	-64	-72	-67	-67	-320	-270	-70	-2.5
YoY Change (%)	7.4	15.0	-3.1	20.0	-18.0	-17.9	-13.1	-12.9	9.3	-15.6	-2.5	

E: MOFSL Estimates



# Ipsca Laboratories

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,537      TP: INR1,930 (+26%)      Buy**

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Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	389.8 / 4.6
52-Week Range (INR)	1709 / 1041
1, 6, 12 Rel. Per (%)	-2/13/25
12M Avg Val (INR M)	625

### Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	89.7	102.1	119.8
EBITDA	16.7	20.3	24.3
Adjusted PAT	8.7	11.4	14.1
EBIT Margin (%)	14.2	15.9	16.8
Cons. Adj EPS (INR)	34.4	44.8	55.5
EPS Gr. (%)	65.3	30.3	23.8
BV/Sh. (INR)	278.8	316.9	364.0
<b>Ratios</b>			
Net D-E	0.1	0.0	-0.1
RoE (%)	13.0	15.0	16.3
RoCE (%)	12.2	14.0	15.2
Payout (%)	21.5	17.2	19.3
<b>Valuation</b>			
P/E (x)	44.9	34.4	27.8
EV/EBITDA (x)	23.5	19.3	16.2
Div. Yield (%)	0.5	0.5	0.7
FCF Yield (%)	2.0	1.9	2.5
EV/Sales (x)	4.4	3.8	3.3

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	46.3	46.3	46.3
DII	34.2	33.8	35.0
FII	10.8	10.9	9.9
Others	8.6	9.1	8.8

FII Includes depository receipts

## DF and better Unichem operations drive earnings

### Preparing for re-launch/new offerings in the US generics market

- Ipsca Labs (IPCA) reported a slight miss on 2QFY25 performance. Its revenue was better than expected, driven by domestic formulations (DF) and exports. However, margins were lower than estimated due to higher opex.
- Unichem's EBITDA margin continues to improve to 12.4% in 2QFY25 from 2.0% in 2QFY24.
- We largely maintain our estimates for FY25/FY26/FY27. We value IPCA at 36x 12M forward earnings to arrive at our TP of INR1,930.
- IPCA is working on multiple fronts to maintain its strong earnings momentum over the next 2-3 years. The momentum will be driven by: 1) re-launch of products in the US market, 2) new offerings through its own site as well as Unichem sites, c) outperforming the industry in DF/ROW markets, and d) building synergy between IPCA and Unichem's operations.
- Accordingly, we model a 26% earnings CAGR over FY25-27. IPCA would be among the few pharma companies to clock a strong growth momentum over the next three years. Further, this growth is not derived from any product-specific opportunity and hence appears more sustainable. **Reiterate BUY.**

### Better segmental mix partly offset by higher opex on a YoY basis

- IPCA's 2QFY25 sales grew 15.8% YoY to INR23.5b (our est: INR22.8b). DF sales grew 11.3% YoY to INR9.4b (40% of total sales). Exports (generics formulation) grew 8.4% YoY to INR2.9b (12% of total sales). Exports (branded formulation) declined 2.2% YoY to INR1.4b (6% of total sales). Exports (institutional sales) grew 85.4% YoY to INR1.1b. API sales declined 4.9% YoY to INR3.2b (14% of sales). Domestic API sales grew 14.4% YoY to INR972m. Export API sales declined 11.4% YoY to INR2.2b. Revenue from subsidiaries grew 47% YoY to INR5.4b (23% of sales).
- Gross margin (GM) expanded 110bp YoY to 67.8%, due to superior product mix and lower RM costs.
- In line with GM, EBITDA margin expanded 110bp YoY to 18.8% (our est: 20.7%), due to lower other expenses (-60bp YoY as % of sales), partly offset by higher employee expenses (+50bp YoY as % of sales).
- EBITDA grew 22.7% YoY to INR4.4b (our est: INR4.7b).
- Adj. PAT for the company grew 36.4% YoY to INR2.3b (our est: INR2.4b).
- Revenue/EBITDA/PAT grew 22.8%/27.6%/30.9% YoY in 1HFY25.
- We expect Revenue/EBITDA/PAT to grow 10.7%/27.6%/120% in 2HFY25.

### Highlights from the management commentary

- IPCA guided revenue growth of 9-10% with EBITDA margins of 22% in FY25.
- Specifically, for Unichem, IPCA guided revenue of INR19b in FY25 with EBITDA margins of ~14-15% in FY25.
- Interestingly, the prices of products earlier sold by IPCA in the US markets have remained stable to slightly better, because IPCA had a significant market share in these products before the import alert.

**Quarterly Performance**

(INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	% Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Revenues (Core)</b>	<b>15,876</b>	<b>20,340</b>	<b>20,529</b>	<b>20,330</b>	<b>20,926</b>	<b>23,549</b>	<b>22,929</b>	<b>22,298</b>	<b>77,074</b>	<b>89,703</b>	<b>22,750</b>	<b>3.5</b>
YoY Change (%)	0.1	27.0	32.8	34.5	31.8	15.8	11.7	9.7	23.2	16.4	11.9	
<b>EBITDA</b>	<b>2,941</b>	<b>3,606</b>	<b>3,310</b>	<b>3,219</b>	<b>3,927</b>	<b>4,425</b>	<b>4,081</b>	<b>4,251</b>	<b>13,076</b>	<b>16,685</b>	<b>4,709</b>	<b>-6.0</b>
YoY Change (%)	3.8	32.4	42.7	77.9	33.5	22.7	23.3	32.1	33.3	27.6	30.6	
Margins (%)	18.5	17.7	16.1	15.8	18.8	18.8	17.8	19.1	17.0	18.6	20.7	
Depreciation	693	903	995	981	989	1,004	995	980	3,572	3,967	985	
<b>EBIT</b>	<b>2,249</b>	<b>2,702</b>	<b>2,315</b>	<b>2,238</b>	<b>2,938</b>	<b>3,421</b>	<b>3,086</b>	<b>3,271</b>	<b>9,503</b>	<b>12,717</b>	<b>3,724</b>	<b>-8.1</b>
YoY Change (%)	1.4	29.6	40.0	100.7	30.7	26.6	33.3	46.2	32.0	33.8	37.8	
Margins (%)	14.2	13.3	11.3	11.0	14.0	14.5	13.5	14.7	12.3	14.2	16.4	
Interest	314	441	334	294	241	226	230	-45	1,383	651	248	
Other Income	449	386	225	16	206	263	235	196	1,075	900	190	
<b>PBT before EO Expense</b>	<b>2,383</b>	<b>2,647</b>	<b>2,205</b>	<b>1,960</b>	<b>2,904</b>	<b>3,458</b>	<b>3,091</b>	<b>3,513</b>	<b>9,195</b>	<b>12,966</b>	<b>3,666</b>	
One-off (gain)/ Expense	-135	393	-684	1,194	0	0	0	0	769	0	0	
<b>PBT after EO Expense</b>	<b>2,518</b>	<b>2,254</b>	<b>2,889</b>	<b>766</b>	<b>2,904</b>	<b>3,458</b>	<b>3,091</b>	<b>3,513</b>	<b>8,426</b>	<b>12,966</b>	<b>3,666</b>	
Tax	856	879	662	737	914	994	927	860	3,135	3,695	1,137	
Rate (%)	34.0	39.0	22.9	96.2	31.5	28.7	30.0	24.5	34.1	28.5	31.0	
<b>Reported PAT</b>	<b>1,662</b>	<b>1,374</b>	<b>2,227</b>	<b>29</b>	<b>1,990</b>	<b>2,464</b>	<b>2,164</b>	<b>2,653</b>	<b>5,292</b>	<b>9,271</b>	<b>2,530</b>	<b>-2.6</b>
Minority Interest	-34	76	-428	-598	-67	-160	-180	-143	-984	-550	-90	
<b>Adj PAT after Minority Interest</b>	<b>1,539</b>	<b>1,690</b>	<b>1,115</b>	<b>930</b>	<b>1,922</b>	<b>2,305</b>	<b>1,984</b>	<b>2,510</b>	<b>5,274</b>	<b>8,721</b>	<b>2,440</b>	<b>-5.5</b>
YoY Change (%)	0.9	-9.2	-6.1	32.7	24.9	36.4	77.9	169.9	0.0	65.3	44.3	
Margins (%)	9.7	8.3	5.4	4.6	9.2	9.8	8.7	11.3	6.8	9.7	10.7	

E: MOFSL Estimates. Quarter - Standalone; Full year - Consolidated

**Key performance Indicators**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INRm</b>											
Domestic formulations	7,827	8,450	7,796	6,898	8,734	9,405	8,677	7,253	30,972	34,069	9,464
YoY Change (%)	14.3	10.4	11.0	13.5	11.6	11.3	11.3	5.1	12.2	10.0	12.0
Exports formulations	3,979	4,707	4,331	4,737	3,954	5,415	5,378	5,962	17,753	20,708	5,048
YoY Change (%)	-1.0	16.4	8.2	9.5	-0.6	15.0	24.2	25.9	8.3	16.6	7.2
API sales	2,951	3,349	2,850	3,343	2,880	3,186	3,212	3,315	12,493	12,593	3,076
YoY Change (%)	-21.3	9.0	-11.6	-3.6	-2.4	-4.9	12.7	-0.8	-9.3	0.8	-8.2
<b>Cost Break-up</b>											
RM Cost (% of Sales)	32.5	33.3	34.0	33.7	30.8	32.2	33.0	32.8	33.4	32.2	31.5
Staff Cost (% of Sales)	22.5	20.9	22.4	22.9	23.3	21.7	22.2	22.5	22.2	22.4	21.8
Other Cost (% of Sales)	26.5	28.0	27.6	27.5	27.2	27.4	27.0	25.6	27.5	26.8	26.0
Gross Margin (%)	67.5	66.7	66.0	66.3	69.2	67.8	67.0	67.2	66.6	67.8	68.5
EBITDA Margin (%)	18.5	17.7	16.1	15.8	18.8	18.8	17.8	19.1	17.0	18.6	20.7
EBIT Margin (%)	14.2	13.3	11.3	11.0	14.0	14.5	13.5	14.7	12.3	14.2	16.4

E: MOSL Estimates



# Deepak Nitrite

Estimate change

TP change

Rating change



**CMP: INR2,639**

**TP: INR2,485 (-6%)**

**Neutral**

## Margin under pressure; guidance remains sketchy

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Bloomberg	DN IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	359.9 / 4.3
52-Week Range (INR)	3169 / 2021
1, 6, 12 Rel. Per (%)	-1/1/4
12M Avg Val (INR M)	1025

### Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	84.4	95.1	105.2
EBITDA	12.8	16.7	19.1
PAT	8.4	10.6	11.9
EPS (INR)	61.5	78.0	87.5
EPS Gr. (%)	11.5	26.9	12.2
BV/Sh.(INR)	405.4	473.5	550.0

### Ratios

Net D:E	0.0	0.1	0.2
RoE (%)	16.2	17.7	17.1
RoCE (%)	14.9	15.4	14.1
Payout (%)	12.6	12.6	12.6

### Valuations

P/E (x)	42.9	33.8	30.1
P/BV (x)	6.5	5.6	4.8
EV/EBITDA (x)	28.3	22.1	19.5
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	-1.1	-1.4	-0.8

### Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	49.2	49.2	49.1
DII	22.3	21.2	18.0
FII	6.7	6.9	6.5
Others	21.8	22.7	26.4

FII includes depository receipts

- Deepak Nitrite (DN) delivered a beat in 2QFY25, led by a strong performance in Deepak Phenolics (DPL) as a result of improved realization amid increased production. EBITDA was above our estimate by 12% and stood at INR3b (-2% YoY). Adj. PAT was INR1.9b (estimate of INR1.7b, -5% YoY). EBIT margin contracted 760bp YoY for the Advanced Intermediates (AI) segment while the same contracted 30bp YoY in DPL.
- Management highlighted that the business sentiment remains mixed and is expected to continue in 3QFY25, with a more positive outlook anticipated for 4Q. In the Advanced Intermediates (AI) segment, DN maintained its wallet share with customers. Pricing pressure contributed to the decline in the segment. The robust performance in DPL YoY was attributed to several initiatives around debottlenecking phenol & acetone plants and expanding the IPA capacity.
- Several projects are expected to come online in the next 6-8 months (according to the management) that would ramp up from 2HFY26 onwards and could contribute 2-4% to the EBITDAM in the standalone business. The pre-commissioning of the Nitric Acid plant has already started and is expected to be online in 2HFY25. MIBK, MIBC, and Acetophenone would come online in 1QFY26 while Photochlorination, hydrogenation, and nitration blocks would get commissioned in 4QFY25.
- DN also announced a Polycarbonate (PC) resins manufacturing capex of INR50b, which would be commissioned in 4QFY28. The demand for the product is anticipated to grow faster than India's GDP, which is currently met completely by imports right now (240ktpa). There is no royalty that DN would have to pay to Trinseo (the company from which the technology and assets have been purchased) for the technology transfer, but if the capacity is expanded from 165ktpa then additional payments may have to be made.
- Despite the outperformance, we cut our EBITDA/EPS estimates by 15%/17% for FY25 due to the management guidance of near-term margin pressure. We broadly maintain our estimates for FY26 and FY27. Our EBITDAM stands at 15.1%/17.6%/18.2% for FY25/26/27. The stock trades at ~34x FY26E EPS of INR78 and at ~22x FY26E EV/EBITDA. **We reiterate our Neutral rating**, valuing the stock at 30x Sep'26E EPS to arrive at our TP of INR2,485

## Beat led by better performance in DPL YoY

- Revenue was at INR20.3b (our est. INR20.1b, up 14% YoY).
- EBITDA was at INR3b (our est. of INR2.6b, down 2% YoY).
- Gross margin was at 32% (down 250bp YoY) while EBITDAM stood at 14.6% (vs. 17% in 2QFY24).
- In 1HFY25**, revenue was at INR42b (+18% YoY), EBITDA at INR6.1b (+18% YoY), and PAT at INR4b (+12% YoY). EBITDAM was at 14.4% (flat YoY). The **implied 2HFY25** revenue/EBITDA/PAT growth is 3%/11%/11% YoY.

### Segmental details

- Phenolics EBIT margin was at 14.9%, with EBIT at INR2.1b. Advanced Intermediates (AI) EBIT margin was at 7.8%, with EBIT at INR475m.
- The revenue mix of Phenolics stood at 70% in 2QFY25, with Advanced Intermediates share at 30%. The EBIT mix for AI was at 18% from 38% in 1QFY24. Contribution from Phenolics was at 82% (from 62% in 2QFY24).
- In 1HFY25, AI revenue was at INR13.2b (-4% YoY), while DPL revenue was at INR29.1b (+33% YoY). AI EBIT was at INR1.1b (-48% YoY), while DPL EBIT was at INR4.2b (+64% YoY). AI EBIT margin was at 8.6% (-720bp YoY), while DPL EBIT margin was at 14.5% (+270bp YoY).

### Other highlights

- Deepak Chem Tech (DCTL), WOS of [DN](#), [has approved to undertake a project for manufacturing Polycarbonate Resins \(PC\)](#). It would be a Greenfield project in Dahej. DCTL has signed agreements with affiliates of Trinseo PLC to license its technology for the manufacture of PC as well as acquire its assets, including all proprietary equipment. The agreement also provides access to Trinseo's globally recognized CALIBRA resins and trademark.
  - The annual capacity of the plant is 165ktpa, which is presently located at Stade, Germany. Annual imports in India are to the tune of 240kt.
  - Capex is to the tune of INR50b, funded through a suitable mix of debt and equity. The project is expected to start in 4QFY28.
  - PC has extensive applications in electric vehicles, electronics, semiconductors, mobility, medical devices, defense equipment, etc.
- In Aug'24, DN acquired 100% equity stake in OXOC Chemicals for INR1lakh. Subsequently, OXOC Chemicals has been treated as a WOS in 2QFY25. DN further invested INR345m in the company.

### Valuation and view

- The company aims to become the largest player in solvents, with a play on import substitution. It is foraying into PC (165ktpa), Methyl Isobutyl Ketone (MIBK, 40ktpa), Methyl Isobutyl Carbinol (MIBC, 8ktpa), and Sodium Nitrite/ Nitrate, among other products. These products are taking shape and is expected to be commissioned in line with the plan. Some other previously announced capex projects have already been commissioned (fluorination plant, specialty salts unit).
- DN is aggressively pursuing both backward and forward integration projects in order to de-risk its business model and expand its product portfolio. However, its entire product portfolio consists of commodities. The stock trades at ~34x FY26E EPS of INR78 and ~22x FY26E EV/EBITDA, which we believe is expensive for a commodity chemical company. We reiterate our Neutral rating with a TP of INR2,485 (30x Sep'26E EPS).



**Consolidated - Quarterly Snapshot**

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Gross Sales</b>	<b>17,683</b>	<b>17,781</b>	<b>20,092</b>	<b>21,262</b>	<b>21,668</b>	<b>20,320</b>	<b>20,684</b>	<b>21,775</b>	<b>76,818</b>	<b>84,448</b>	<b>20,107</b>	<b>1%</b>
<i>YoY Change (%)</i>	-14.1	-9.4	0.9	8.4	22.5	14.3	2.9	2.4	-3.6	9.9	13.1	
<b>Gross Margin (%)</b>	<b>30.8%</b>	<b>34.4%</b>	<b>31.7%</b>	<b>30.7%</b>	<b>30.8%</b>	<b>32.0%</b>	<b>32.6%</b>	<b>33.7%</b>	<b>31.8%</b>	<b>32.3%</b>	<b>27.6%</b>	<b>4.4%</b>
<b>EBITDA</b>	<b>2,098</b>	<b>3,023</b>	<b>3,047</b>	<b>3,011</b>	<b>3,092</b>	<b>2,975</b>	<b>3,173</b>	<b>3,553</b>	<b>11,178</b>	<b>12,793</b>	<b>2,649</b>	<b>12%</b>
<i>Margin (%)</i>	11.9	17.0	15.2	14.2	14.3	14.6	15.3	16.3	14.6	15.1	13.2	1.5
Depreciation	381	394	417	465	475	485	492	496	1,657	1,947	477	
Interest	18	27	29	44	58	63	66	79	118	266	63	
Other Income	319	170	136	191	188	213	181	221	816	802	152	
<b>PBT</b>	<b>2,017</b>	<b>2,772</b>	<b>2,736</b>	<b>3,492</b>	<b>2,748</b>	<b>2,640</b>	<b>2,796</b>	<b>3,199</b>	<b>11,017</b>	<b>11,383</b>	<b>2,261</b>	<b>17%</b>
Tax	518	721	715	953	723	698	739	840	2,908	2,999	569	
<i>Rate (%)</i>	25.7	26.0	26.1	27.3	26.3	26.4	26.4	26.3	26.4	26.4	25.2	
<b>Reported PAT</b>	<b>1,499</b>	<b>2,051</b>	<b>2,020</b>	<b>2,538</b>	<b>2,025</b>	<b>1,942</b>	<b>2,057</b>	<b>2,359</b>	<b>8,108</b>	<b>8,384</b>	<b>1,692</b>	<b>15%</b>
<b>Adj PAT</b>	<b>1,499</b>	<b>2,051</b>	<b>2,020</b>	<b>1,958</b>	<b>2,025</b>	<b>1,942</b>	<b>2,057</b>	<b>2,359</b>	<b>7,521</b>	<b>8,384</b>	<b>1,692</b>	<b>15%</b>
<i>YoY Change (%)</i>	-36.1	17.5	-3.4	-16.3	35.1	-5.3	1.8	20.5	-11.7	11.5	-17.5	
<i>Margin (%)</i>	8.5	11.5	10.1	9.2	9.3	9.6	9.9	10.8	9.8	9.9	8.4	1.1
<b>Segmental Revenue (INR m)</b>												
Advanced Intermediates	7,083	6,702	6,743	6,711	7,157	6,060	6,307	7,034	23,036	23,266	6,954	-13%
Phenolic	10,679	11,201	13,493	14,661	14,636	14,435	14,490	14,784	36,356	34,194	13,268	9%
<b>Segmental EBIT (INR m)</b>												
Advanced Intermediates	1,149	1,034	937	1,339	665	475	598	919	4,224	3,989	1,153	-59%
Phenolic	876	1,704	1,798	2,061	2,076	2,149	1,981	2,362	4,067	3,917	2,495	-14%
<b>Segmental EBIT Margin (%)</b>												
Advanced Intermediates	16.2%	15.4%	13.9%	20.0%	9.3%	7.8%	9.5%	13.1%	18.3%	17.1%	16.6%	-8.7%
Phenolic	8.2%	15.2%	13.3%	14.1%	14.2%	14.9%	13.7%	16.0%	11.2%	11.5%	18.8%	-3.9%



# Apollo Tyres

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR475 TP: INR555 (+17%) Buy**

## Standalone disappoints, Europe impresses

### Input cost inflation likely to abate from 4Q

- Apollo Tyres' (APTY) 2QFY25 consolidated performance was operationally weak, with EBITDA margin declining 480bp YoY to 13.6% (vs. est. 14.1%). Margin contraction was largely due to margin pressure at the standalone entity even as Europe margins improved QoQ led by improved mix. While demand outlook for the standalone replacement segment is positive, there are no signs of demand recovery in OE and exports.
- Given the under-recovery in commodity prices and higher other expenses, we cut our FY25E/FY26E consol. EPS by 16%/13%. APTY offers the best blend of earnings growth, balance sheet deleveraging, improving capital efficiencies, and cheap valuations. **We reiterate our BUY rating on APTY with a TP of INR555 (valued at 17x Sep'26E consol. EPS).**

### Under recovery of 6% despite price increases in 2Q

- Consol. revenue grew ~2.5% YoY to INR64.4b (est. INR63.8b), while EBITDA/adj. PAT declined ~24%/38% YoY to INR8.8b/INR3b (est. INR9b/INR3.4b). 1HFY25 revenue grew 2% YoY, while EBITDA/PAT declined 19%/29% YoY. We expect 2HFY25 revenue to grow 3% YoY and EBITDA/PAT to decline 20%/26% YoY.
- 2Q volume growth was flat. Replacement segment posted mid-single-digit YoY growth in volumes, helped by healthy growth in TBR, PCR and agri segments. Exports saw double-digit YoY growth. OEM volumes remained soft, declining by double digits.
- Gross margins contracted 90bp YoY (-70bp QoQ) to 44.8% (est. 45%), led by ~8% QoQ growth in the commodity basket. While APTY has increased prices in 2Q, there is still an under-recovery of ~6% YoY.
- Lower gross margins, combined with higher expenses (up 26% YoY), dented EBITDA margin by 490bp YoY/80bp QoQ to 13.6% (est. 14.1%).
- Higher than est. interest costs and lower other income hurt adj. PAT.
- S/A business revenue was in line with estimates at INR44.6b (up 1% YoY). Gross margins contracted by 330bp YoY (-160bp QoQ) to 36.5% (est. 37.8%). Higher other expenses (+26% YoY) and lower gross margins reduced EBITDA margins by 700bp YoY (-170bp QoQ) to 12.1% (est. 13.4%). Adj. PAT declined 52% YoY to INR1.7b (est. INR2.3b).
- EU revenue grew ~1% YoY to EUR171m (est. EUR172m), with an EBITDA margin of 14.8%, up 70bp YoY, for the quarter.
- CFO/FCF for 1HFY25 declined 59%/75% YoY. Net debt as of Sep'24 stood at INR30b, up from INR25b in Mar'24.

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Bloomberg	APTY IN
Equity Shares (m)	635
M.Cap.(INRb)/(USD b)	301.9 / 3.6
52-Week Range (INR)	585 / 414
1, 6, 12 Rel. Per (%)	1/-6/-7
12M Avg Val (INR M)	1391

### Financials & valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	259.5	281.2	305.0
EBITDA	36.2	41.8	47.4
Adj. PAT	13.5	18.4	23.0
EPS (INR)	21.3	29.0	36.1
EPS Growth (%)	-25.7	36.1	24.5
BV/Share (INR)	292.8	320.3	354.8

### Ratios

RoE (%)	9.4	11.8	13.4
RoCE (%)	12.1	14.8	17.0
Payout (%)	24.1	24.1	23.5
P/E (x)	22.3	16.4	13.2
P/BV (x)	1.6	1.5	1.3
Div. Yield (%)	1.1	1.5	1.8
FCF Yield (%)	7.6	8.2	9.4

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	37.4	37.4	37.3
DII	27.1	26.7	19.3
FII	14.5	14.5	22.1
Others	21.0	21.5	21.2

FII Includes depository receipts

### Highlights from the management commentary

- **Outlook:** Volume growth for the quarter was flat. However, it expects better demand in 2HFY25, led by strong replacement demand. Management did acknowledge that their revenue growth has been lower than that of peers. While APTY had continued to outperform in the replacement segment, its underperformance in 2Q was due to weak demand in OEMs and exports.
- **Although early to conclude, the initial trends suggest a good season for winter tyres in Europe, as per management.** It has continued with its premiumization trend as the UHP mix in stood at 46% vs. 39% in 2QFY24.
- **RM costs may inch up 1% QoQ in 3Q** and then decline in 4Q. RM costs in 2Q went up by 8% QoQ. APTY has increased prices by ~2% in TBR (half of the effect was in 2Q) and 3% in PCR (hike taken in the middle of 2Q). There is an under-recovery of ~6% due to the rise in input costs relative to last year.
- **Net debt as of Sept'24 increased by INR4.6b** compared to Mar'24, due to an increase in short-term borrowings, which was in turn impacted by high working capital. While working capital has increased due to a seasonal rise in winter tyre inventory, it is expected to normalize in 4Q.

### Valuation and view

- We cut our FY25E/FY26E consol. EPS by 16%/13% to factor in the increase in RM costs and higher operating expenses.
- APTY's prudent capital allocation and the subsequent improvement in RoCE have been truly commendable. APTY offers the best blend of earnings growth, balance sheet deleveraging, improving capital efficiencies, and cheap valuations. **We reiterate our BUY rating on APTY** with a TP of INR555 (valued at 17x Sep'26E consol. EPS).

Consolidated - Quarterly Earnings Model

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	2QE	VAR
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Revenues</b>	<b>62,446</b>	<b>62,796</b>	<b>65,954</b>	<b>62,582</b>	<b>63,349</b>	<b>64,370</b>	<b>68,068</b>	<b>63,718</b>	<b>2,53,777</b>	<b>2,59,505</b>	<b>63,805</b>	<b>1</b>
YoY Change (%)	5.1	5.4	2.7	0.2	1.4	2.5	3.2	1.8	3.3	2.3	1.6	
<b>EBITDA</b>	<b>10,515</b>	<b>11,598</b>	<b>12,081</b>	<b>10,794</b>	<b>9,093</b>	<b>8,779</b>	<b>9,785</b>	<b>8,575</b>	<b>44,987</b>	<b>36,231</b>	<b>8,997</b>	<b>-2</b>
Margins (%)	16.8	18.5	18.3	17.2	14.4	13.6	14.4	13.5	17.7	14.0	14.1	
Depreciation	3,620	3,603	3,676	3,880	3,695	3,759	3,785	3,818	14,778	15,056	3,710	
Interest	1,355	1,328	1,230	1,146	1,070	1,197	1,068	1,044	5,059	4,379	1,070	
Other Income	355	253	184	743	308	217	360	655	1,536	1,540	350	
<b>PBT before EO expense</b>	<b>5,896</b>	<b>6,921</b>	<b>7,358</b>	<b>6,511</b>	<b>4,636</b>	<b>4,040</b>	<b>5,292</b>	<b>4,368</b>	<b>26,685</b>	<b>18,336</b>	<b>4,567</b>	
Extra-Ord expense	132	122	151	1,381	404	52	0	0	1,786	456	0	
<b>PBT</b>	<b>5,764</b>	<b>6,799</b>	<b>7,207</b>	<b>5,130</b>	<b>4,232</b>	<b>3,988</b>	<b>5,292</b>	<b>4,368</b>	<b>24,899</b>	<b>17,880</b>	<b>4,567</b>	
Tax Rate (%)	31.1	30.3	31.1	31.0	28.6	25.4	25.0	25.8	30.9	26.2	25.6	
<b>Reported PAT</b>	<b>3,969</b>	<b>4,743</b>	<b>4,966</b>	<b>3,541</b>	<b>3,020</b>	<b>2,975</b>	<b>3,969</b>	<b>3,241</b>	<b>17,217</b>	<b>13,204</b>	<b>3,400</b>	
<b>Adj PAT</b>	<b>4,060</b>	<b>4,827</b>	<b>5,071</b>	<b>4,649</b>	<b>3,318</b>	<b>3,013</b>	<b>3,969</b>	<b>3,241</b>	<b>18,607</b>	<b>13,541</b>	<b>3,400</b>	<b>-11</b>
YoY Change (%)	112.9	169.1	81.9	18.1	-18.3	-37.6	-21.7	-30.3	80.8	-27.2	-29.6	
Margins (%)	6.5	7.7	7.7	7.4	5.2	4.7	5.8	5.1	7.3	5.2	5.3	

E: MOFSL Estimates

Standalone (India)

<b>Net Revenues</b>	<b>44,133</b>	<b>44,067</b>	<b>43,319</b>	<b>43,874</b>	<b>45,916</b>	<b>44,617</b>	<b>45,485</b>	<b>45,437</b>	<b>1,75,393</b>	<b>1,81,455</b>	<b>44,948</b>	<b>-1</b>
YoY Change (%)	-0.5	3.6	2.0	0.5	4.0	1.2	5.0	3.6	1.4	3.5	2.0	
<b>EBITDA</b>	<b>7,867</b>	<b>8,414</b>	<b>7,840</b>	<b>7,358</b>	<b>6,331</b>	<b>5,389</b>	<b>5,208</b>	<b>5,630</b>	<b>31,480</b>	<b>22,559</b>	<b>6,023</b>	<b>-11</b>
Margins (%)	17.8	19.1	18.1	16.8	13.8	12.1	11.5	12.4	17.9	12.4	13.4	
<b>Adj PAT</b>	<b>3,111</b>	<b>3,511</b>	<b>3,064</b>	<b>2,706</b>	<b>2,275</b>	<b>1,675</b>	<b>1,574</b>	<b>2,024</b>	<b>12,392</b>	<b>7,569</b>	<b>2,256</b>	<b>-26</b>
YoY Change (%)	198.1	434.1	146.6	13.3	-26.9	-52.3	-48.6	-25.2	114.1	-38.9	-35.7	

Europe (EUR m)

<b>Net Revenues</b>	<b>144</b>	<b>169</b>	<b>176</b>	<b>182</b>	<b>146</b>	<b>171</b>	<b>182</b>	<b>177</b>	<b>671</b>	<b>676</b>	<b>172</b>	<b>-1</b>
YoY Change (%)	-4.6	-6.6	-2.2	2.8	1.4	1.2	3.4	-3.0	-2.5	0.7	2.0	
Margins (%)	13.4	14.1	20.3	19.1	13.7	14.8	18.5	17.6	16.9	16.3	14.0	<b>6</b>

Source: MOFSL Estimates



# Global Health

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1072**      **TP: INR1,320 (+23%)**      **Buy**

## Result beats est.; developing hospitals on a revival path

### Investing in the emerging markets of Mumbai and Delhi

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	MEDANTA IN
Equity Shares (m)	269
M.Cap.(INRb)/(USD b)	287.9 / 3.4
52-Week Range (INR)	1514 / 872
1, 6, 12 Rel. Per (%)	9/-30/-3
12M Avg Val (INR M)	612

#### Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	35.6	41.3	49.1
EBITDA	8.6	10.4	12.8
Adj. PAT	5.1	6.4	8.1
EBIT Margin (%)	18.5	19.4	20.5
Cons. Adj. EPS (INR)	19.1	24.0	30.2
EPS Gr. (%)	7.2	25.6	25.8
BV/Sh. (INR)	123.9	143.7	168.5

#### Ratios

Net D:E	0.1	0.0	(0.1)
RoE (%)	16.4	17.9	19.3
RoCE (%)	14.7	16.1	17.5
Payout (%)	17.6	17.6	17.6

#### Valuations

P/E (x)	56.2	44.7	35.5
EV/EBITDA (x)	33.8	27.7	22.2
EV/Sales (x)	8.2	7.0	5.8
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	0.5	0.9	1.6
EV/Sales (x)	8.2	7.0	5.8

#### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	33.0	33.0	33.1
DII	11.1	10.6	10.9
FII	12.2	12.9	10.7
Others	43.7	43.4	45.3

FII Includes depository receipts

- Global Health (Medanta) delivered better-than-expected 2QFY25 financial performance. Strong revival in profitability of developing hospitals led to a beat on earnings.
- Medanta has added six senior directors across specialties, thereby improving the overall clinical capabilities at Lucknow.
- We broadly maintain our estimates for FY25/FY26/FY27. We value Medanta at 30x 12M forward EV/EBITDA to arrive at our TP of INR1,360.
- In addition to the consistently improved volume of patients being treated at mature hospitals, Medanta has also revitalized the developing hospitals, namely Lucknow. Considering the demand potential at Lucknow/Patna, it intends to expand bed capacities at these locations over the next two years. The superstructure for Noida is almost complete. Based on the existing hospitals and commencing of operations at Noida in 1QFY26, we expect 17%/22%/25% revenue/EBITDA/PAT CAGR over FY25-27. Medanta is also expanding into other densely populated micromarkets of Northwest and West Delhi as well as Mumbai, providing visibility for growth beyond FY27. **Reiterate BUY.**

### Higher opex related to newer beds dents margins YoY

- In 2QFY25, Medanta's sales grew 13.3% YoY to INR9.6b. (vs. our est: INR8.8).
- EBITDA margin contracted 140bp YoY to 24.5% (our est: 22.8%) owing to higher RM cost share (+90bp YoY) and employee expense share (+60bp YoY).
- Accordingly, Medanta reported EBITDA growth of 7.3% YoY to INR2.3b (vs. our est: INR2.0b).
- PAT grew 9.4% YoY to INR1.4b. (vs. our est: INR1.1b) owing to a marginally lower interest burden.
- In 2QFY25, ARPOB grew 1.9% YoY to 62k. IPD/OPD volumes both increased 8.8%/6.6% YoY for the quarter. Despite volume growth, occupancy levels contracted ~70bp YoY to 64.3% due to the addition of 73 operational beds.
- Revenue/EBITDA/PAT grew 12%/6%/7% to INR18.1b/INR4.3b/INR2.4b during 1HFY25.
- We expect Revenue/EBITDA/PAT to grow 4%/5%/11% in 2HFY25.

### Highlights from the management commentary

- Medanta has witnessed signs of recovery at its Lucknow hospital. It has expanded clinical capabilities as well at this site.
- Lower realization at Patna continued to drag ARPOB at developing hospitals.
- There is delay in Delhi/Indore projects. Pollution control led to the stoppage of the Delhi project, while ongoing litigation has affected the Indore project.
- The O&M project would cater to the micromarkets of Northwest and West Delhi and would require a capex of INR6b.



Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Vs. Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
<b>Gross Sales</b>	<b>7,730</b>	<b>8,439</b>	<b>8,365</b>	<b>8,086</b>	<b>8,611</b>	<b>9,566</b>	<b>8,596</b>	<b>8,803</b>	<b>32,751</b>	<b>35,575</b>	<b>8,839</b>	<b>8.2%</b>
YoY Change (%)	25.2	24.3	20.5	14.4	11.4	13.3	2.8	8.9	21.6	8.6	4.7	
Total Expenditure	5,887	6,255	6,150	6,175	6,699	7,222	6,490	6,556	24,467	26,966	6,824	
<b>EBITDA</b>	<b>1,843</b>	<b>2,185</b>	<b>2,215</b>	<b>1,911</b>	<b>1,912</b>	<b>2,344</b>	<b>2,106</b>	<b>2,247</b>	<b>8,284</b>	<b>8,609</b>	<b>2,015</b>	<b>16.3%</b>
YoY Change (%)	38.7	38.3	36.1	12.7	3.7	7.3	-4.9	17.6	33.7	3.9	-7.8	
Margins (%)	23.8	25.9	26.5	23.6	22.2	24.5	24.5	25.5	25.3	24.2	22.8	
Depreciation	468	485	495	572	515	494	485	522	2,020	2,017	525	
Interest	179	201	177	182	180	160	155	152	739	647	165	
Other Income	215	208	181	274	219	182	190	298	747	889	230	
<b>PBT before EO expense</b>	<b>1,410</b>	<b>1,707</b>	<b>1,724</b>	<b>1,431</b>	<b>1,437</b>	<b>1,872</b>	<b>1,656</b>	<b>1,871</b>	<b>6,271</b>	<b>6,835</b>	<b>1,555</b>	<b>20.4%</b>
Extra-Ord expense/(Income)	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>1,410</b>	<b>1,707</b>	<b>1,724</b>	<b>1,431</b>	<b>1,437</b>	<b>1,872</b>	<b>1,656</b>	<b>1,871</b>	<b>6,271</b>	<b>6,835</b>	<b>1,555</b>	<b>20.4%</b>
Tax	390	455	488	157	374	503	397	435	1,490	1,709	407	
Rate (%)	27.7	26.6	28.3	11.0	26.0	26.9	24.0	23.2	23.8	25.0	26.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>1,020</b>	<b>1,252</b>	<b>1,235</b>	<b>1,273</b>	<b>1,063</b>	<b>1,369</b>	<b>1,259</b>	<b>1,436</b>	<b>4,781</b>	<b>5,126</b>	<b>1,148</b>	<b>19.3%</b>
<b>Adj PAT</b>	<b>1,020</b>	<b>1,252</b>	<b>1,235</b>	<b>1,273</b>	<b>1,063</b>	<b>1,369</b>	<b>1,259</b>	<b>1,436</b>	<b>4,781</b>	<b>5,126</b>	<b>1,148</b>	<b>19.3%</b>
YoY Change (%)	73.8	46.1	53.3	26.0	4.2	9.4	1.9	12.8	46.6	7.2	-8.3	
Margins (%)	13.2	14.8	14.8	15.7	12.3	14.3	14.6	16.3	14.6	14.4	13.0	



# Brigade Enterprises

Estimate change	↔
TP change	↑
Rating change	↔

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

Bloomberg	BRGD IN
Equity Shares (m)	244
M.Cap.(INRb)/(USD\$b)	267.6 / 3.2
52-Week Range (INR)	1453 / 705
1, 6, 12 Rel. Per (%)	-8/3/35
12M Avg Val (INR M)	570

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	49.0	49.7	49.8
EBITDA	11.9	15.8	17.5
EBITDA (%)	24.4	31.8	35.2
PAT	4.5	7.7	9.0
EPS (INR)	22.1	37.8	44.1
EPS Gr. (%)	82.6	71.0	16.6
BV/Sh. (INR)	178.6	287.7	329.8

### Ratios

Net D/E	1.0	0.2	0.0
RoE (%)	13.1	16.2	14.3
RoCE (%)	8.9	10.9	10.8
Payout (%)	9.1	5.3	4.5

### Valuations

P/E (x)	50	29	25
P/BV (x)	6.1	3.8	3.3
EV/EBITDA (x)	21.7	14.9	12.9
Div Yield (%)	0.2	0.2	0.2

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	41.4	43.7	43.8
DII	24.0	22.9	25.4
FII	18.5	16.2	13.4
Others	16.1	17.3	17.4

**CMP: INR1,094 TP:INR1,540 (+41%) Buy**

## Strong residential show, steady annuity performance

### Chennai and Hyderabad to accelerate growth

- BRGD reported bookings of INR18.2b in 2QFY25, up 46% YoY (9% below estimate), driven by 45% YoY growth in realization. Volume was flat YoY 1.7msf.
- Aided by the launch of a premium project in Bengaluru, BRGD recorded its highest-ever quarterly realization of INR10,840/sf, up 45% YoY.
- The company intends to launch 3msf/2.5msf/2msf in Chennai/Hyderabad/Bangalore in the next three quarters with potential GDV of INR30b/INR24b/INR20b.
- With scale-up in Chennai and Hyderabad, we expect BRGD to deliver 32% CAGR in pre-sales over FY24-26E to INR105b.
- P&L performance:** Revenue declined 22% YoY to INR10.8b (12% below estimate). EBITDA stood at INR2.9b, down 10% YoY, with a margin of 27% (up 346bp YoY). Adj. PAT declined 11% YoY to INR1.2b, clocking a margin of 11%.
- For 1HFY25, the company achieved revenue of INR21.5b, up 6% YoY (43% of FY25E). EBITDA came in at INR5.8b (up 17% YoY), with a margin of 27%. (37% of FY25E), and Adj. PAT was up 18%YoY at INR2b.
- Gross debt stood at INR46.4b, while net debt was INR8.6b. The net debt-to-equity ratio was 0.15x by the end of 2Q. The cost of debt was 8.75%.

### Annuity business reports healthy growth

- Leasing revenue grew 26% YoY to INR3b, and the hotel business reported a revenue of INR1.3b, up 13% YoY.
- Over the last four quarters, the company has made good progress in the commercial portfolio's occupancy, which rose to 97% by 2QFY25 from 86% in 1QFY24. BRGD currently has ~2.3msf of office and retail assets under-construction and aims to launch 1.5msf of commercial projects soon.

### Highlights from the management commentary

- New launches:** During 1HFY25, launches contributed 47-50% to total pre-sales. The company intends to launch projects worth GDV of INR74b (~7.5msf) over the next three quarters. It plans to launch 10.5msf of projects in FY26 with potential GDV of INR100-120b, subject to necessary approvals.
- Leasing portfolio growth:** In Brigade Twin towers, one tower of 0.55msf is slated for strata sales, and the company plans to retain all the other under-construction assets under the leasing model. BRGD has commenced construction of Brigade Tech Boulevard, Chennai (0.8msf), and Brigade Padmini Tech Valley Block B (0.7msf). Over the next nine months, BRGD will commence construction for 1.5msf of assets across Bengaluru, Kochi, and the GIFT City.
- Hospitality:** The company has filed a draft paper with the regulator, proposing a sheet of requisite approvals to list its hospitality arm as a wholly owned subsidiary, named Brigade Hotel Ventures Ltd.

### Valuation and view

- BRGD reported a steady quarter, guided by strong demand for its recently launched projects across its core markets. However, it has a strong pipeline of ~13msf, which should enable it to sustain the growth traction going ahead.
- The management intends to keep assessing growth opportunities in the residential segment and expects to spend higher on business development over the next two years. This will provide growth visibility in the residential segment and lead to further re-rating. **We reiterate our BUY rating with a TP of INR1,540, implying 41% potential upside.**

### Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>6,540</b>	<b>13,666</b>	<b>11,738</b>	<b>17,024</b>	<b>10,777</b>	<b>10,722</b>	<b>12,914</b>	<b>15,256</b>	<b>48,967</b>	<b>49,668</b>	<b>12,169</b>	-12%
YoY Change (%)	-27.5	55.4	43.1	102.0	64.8	-21.5	10.0	-10.4	42.1	1.4	-11.0	
Total Expenditure	4,792	10,418	9,117	12,696	7,851	7,802	8,781	9,452	37,023	33,887	8,394	
<b>EBITDA</b>	<b>1,748</b>	<b>3,248</b>	<b>2,620</b>	<b>4,327</b>	<b>2,926</b>	<b>2,919</b>	<b>4,132</b>	<b>5,804</b>	<b>11,944</b>	<b>15,782</b>	<b>3,775</b>	-23%
Margins (%)	26.7	23.8	22.3	25.4	27.1	27.2	32.0	38.0	24.4	31.8	31.0	-379bps
Depreciation	681	757	821	762	679	689	724	919	3,021	3,011	747	
Interest	1,081	1,100	1,349	1,380	1,519	1,226	1,104	841	4,910	4,690	1,216	
Other Income	315	413	344	603	357	660	361	380	1,674	1,758	434	
<b>PBT before EO expense</b>	<b>300</b>	<b>1,803</b>	<b>795</b>	<b>2,788</b>	<b>1,084</b>	<b>1,664</b>	<b>2,666</b>	<b>4,424</b>	<b>5,687</b>	<b>9,839</b>	<b>2,246</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>300</b>	<b>1,803</b>	<b>795</b>	<b>2,788</b>	<b>1,084</b>	<b>1,664</b>	<b>2,666</b>	<b>4,424</b>	<b>5,687</b>	<b>9,839</b>	<b>2,246</b>	
Tax	82	679	237	680	279	513	671	1,013	1,676	2,476	565	
Rate (%)	27.1	37.6	29.8	24.4	25.7	30.8	25.2	22.9	29.5	19.0	25.2	
MI & P/L of Asso. Cos.	-166	-210	-177	48	-32	-39	-94	-196	-506	-361	-88	
<b>Reported PAT</b>	<b>385</b>	<b>1,335</b>	<b>735</b>	<b>2,061</b>	<b>837</b>	<b>1,190</b>	<b>2,089</b>	<b>3,607</b>	<b>4,516</b>	<b>7,723</b>	<b>1,769</b>	-33%
<b>Adj PAT</b>	<b>385</b>	<b>1,335</b>	<b>735</b>	<b>2,061</b>	<b>837</b>	<b>1,190</b>	<b>2,089</b>	<b>3,607</b>	<b>4,516</b>	<b>7,723</b>	<b>1,769</b>	-33%
YoY Change (%)	-52.0	103.0	29.2	289.1	117.3	-10.9	184.3	75.0	79.6	71.0	32.5	
Margins (%)	5.9	9.8	6.3	12.1	7.8	11.1	16.2	23.6	9.2	15.5	14.5	
<b>Operational Performance</b>												
Pre Sales (msf)	1.5	1.7	1.7	2.7	1.2	1.7	2.4	3.8	7.5	9.1	1.8	-8%
Booking Value (INRb)	10.0	12.5	15.2	22.4	10.9	18.2	22.0	34.3	60.1	85.3	20	-9%
Avg rate/sf (INR)	6,822	7,466	8,994	8,246	9,442	10,838	9,000	8,928	7966	9364	11000	-1%

E: MOFSL Estimates



# Vinati Organics

Estimate changes	↓
TP change	↔
Rating change	↔

**CMP: INR1,835 TP: INR2,545 (+39%)**

**Buy**

## In-line performance; guidance remains intact

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Bloomberg	VO IN
Equity Shares (m)	104
M.Cap.(INRb)/(USD\$)	190.2 / 2.3
52-Week Range (INR)	2331 / 1462
1, 6, 12 Rel. Per (%)	0/11/-16
12M Avg Val (INR M)	163

### Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	23.8	29.2	33.7
EBITDA	5.9	7.5	8.8
PAT	4.3	5.4	6.4
EPS (INR)	41.5	51.9	61.3
EPS Gr. (%)	33.0	25.2	18.0
BV/Sh.(INR)	269.9	310.2	357.7

### Ratios

Net D:E	0.1	0.1	0.0
RoE (%)	16.3	17.9	18.4
RoCE (%)	14.5	15.5	16.7
Payout (%)	22.4	22.4	22.4

### Valuations

P/E (x)	44.2	35.3	29.9
P/BV (x)	6.8	5.9	5.1
EV/EBITDA (x)	32.9	25.8	21.7
Div. Yield (%)	0.5	0.6	0.8
FCF Yield (%)	-0.9	1.5	2.2

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	74.3	74.3	74.1
DII	7.3	6.8	8.2
FII	5.5	5.3	4.6
Others	13.0	13.6	13.1

FII Includes depository receipts

- Vinati Organics' (VO) 2QFY25 revenue came in line with our estimate at INR5.5b. Gross margin was flat YoY at 45.8%, while EBITDAM was up 160bp YoY at 24.2%. EBITDA increased 28% YoY to INR1.3b and PAT grew 46% to INR1.1b (our est. INR914m). ATBS sales normalized both in terms of price and volumes in 2QFY25, and the management expects strong performance to continue going forward.
- The IBB segment remained largely flat YoY, while IB product delivered healthy sales. For MEHQ and Guaiacol, samples are being sent to customers right now for approvals, but the management noted that a meaningful contribution from these products would begin only from FY26 onward. AO revenue stood at ~INR1b in 1HFY25, and the management believes that it can achieve the revenue target of ~INR2b for FY25.
- Sales mix in 2QFY25 stood at 36% for ATBS, 11% for IBB, 21% for Butyl Phenol and other IB derivatives, 3% for Customized products, 13% for IB and HPMTBE, 11% for AO, and the rest from 'Others'. VO's global market share in ATBS stands at ~65% and it is enhancing its ATBS capacity by 50%, which is expected to come online in 2H. Other projects in Veeral Organics are expected to come online by Dec'24.
- The domestic: exports mix stood at 44:56 in 2QFY25 and 47:53 in 1HFY25. The management has guided for a revenue CAGR of 20% in the next three years, driven by new as well as existing products. It always looks to achieve RoI of 15-20% for all other new products. We expect a CAGR of 21%/23%/25% in revenue/EBITDA/PAT during FY24-27, with EBITDAM likely to gradually be at 26% by FY27.
- We have cut our revenue/EBITDA estimates by 6%/7% for FY25 while keeping FY26/FY27 estimates unchanged. We continue to believe that VO's long-term growth outlook is healthy. **We reiterate our BUY rating on the stock with a TP of INR2,545 (based on 45x Sep'26E EPS).**

### EBITDA in line; PAT beat led by 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). The **implied 2HFY25** revenue/ EBITDA/ PAT growth is 30%/24%/31% YoY.

### Valuation and view

- VOPL has commissioned a plant for MEHQ and Guaiacol with other products (Anisole, 4-MAP, Iso Amylene, etc.), which will come online in FY25. VO has 3ktpa capacity (combined) for MEHQ and Guaiacol, 5ktpa for Anisole, 30ktpa Iso Amylene, and 1ktpa for 4-MAP. These products will be the key growth drivers for VO going forward.
- The supply of AOs started in FY24, with revenue of INR1.3b for that year. The amalgamation of VO with VAPL has already been approved by the NCLT. VO is now the largest and the only double-integrated manufacturer of AOs in India. Our long-term view remains positive for the segment, although there is a threat of Chinese supplies.
- The stock is trading at ~35x FY26E EPS of INR52 and ~26x FY26E EV/EBITDA. It had a fixed asset turnover of 1.5x as of FY24. We continue to believe that VO's long-term growth outlook is healthy. We value VO at 45x Sep'26E EPS to arrive at our TP of INR2,545. **We reiterate our BUY rating on the stock.**

### Standalone - Quarterly Earning Model

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
<b>Gross Sales</b>	<b>4,387</b>	<b>4,629</b>	<b>4,480</b>	<b>5,503</b>	<b>5,247</b>	<b>5,533</b>	<b>6,246</b>	<b>6,767</b>	<b>19,000</b>	<b>23,793</b>	<b>5,354</b>	<b>3%</b>
YoY Change (%)	-13.3	-18.3	-13.3	6.0	19.6	19.5	39.4	23.0	-8.3	25.2	15.6	
<b>Gross Margin (%)</b>	<b>47.6%</b>	<b>45.8%</b>	<b>47.2%</b>	<b>46.6%</b>	<b>44.9%</b>	<b>45.8%</b>	<b>47.5%</b>	<b>49.2%</b>	<b>46.8%</b>	<b>47.0%</b>	<b>47.5%</b>	<b>-1.7%</b>
<b>EBITDA</b>	<b>1,004</b>	<b>1,048</b>	<b>1,147</b>	<b>1,502</b>	<b>1,251</b>	<b>1,340</b>	<b>1,554</b>	<b>1,721</b>	<b>4,701</b>	<b>5,866</b>	<b>1,319</b>	<b>2%</b>
Margin (%)	22.9	22.6	25.6	27.3	23.8	24.2	24.9	25.4	24.7	24.7	24.6	-0.4
Depreciation	167	173	193	194	196	205	213	217	728	830	215	
Interest	9	9	10	9	4	1	2	3	36	10	9	
Other Income	98	106	88	96	93	222	164	176	388	654	126	
<b>PBT before EO expense</b>	<b>925</b>	<b>972</b>	<b>1,032</b>	<b>1,396</b>	<b>1,144</b>	<b>1,357</b>	<b>1,503</b>	<b>1,677</b>	<b>4,325</b>	<b>5,680</b>	<b>1,221</b>	<b>11%</b>
<b>PBT</b>	<b>925</b>	<b>972</b>	<b>1,032</b>	<b>1,396</b>	<b>1,144</b>	<b>1,357</b>	<b>1,503</b>	<b>1,677</b>	<b>4,325</b>	<b>5,680</b>	<b>1,221</b>	<b>11%</b>
Tax	231	247	262	351	284	295	378	423	1,091	1,380	308	
Rate (%)	25.0	25.4	25.4	25.1	24.8	21.8	25.2	25.2	25.2	24.3	25.2	
<b>Reported PAT</b>	<b>694</b>	<b>725</b>	<b>770</b>	<b>1,045</b>	<b>860</b>	<b>1,061</b>	<b>1,124</b>	<b>1,254</b>	<b>3,234</b>	<b>4,300</b>	<b>914</b>	<b>16%</b>
<b>Adj PAT</b>	<b>694</b>	<b>725</b>	<b>770</b>	<b>1,045</b>	<b>860</b>	<b>1,061</b>	<b>1,124</b>	<b>1,254</b>	<b>3,234</b>	<b>4,300</b>	<b>914</b>	<b>16%</b>
YoY Change (%)	-31.4	-37.5	-28.0	-0.2	23.9	46.4	46.0	20.0	-22.8	33.0	26.0	
Margin (%)	15.8	15.7	17.2	19.0	16.4	19.2	18.0	18.5	17.0	18.1	17.1	2.1





Estimate change	↔
TP change	↓
Rating change	↔

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Bloomberg	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	153.7 / 1.8
52-Week Range (INR)	2178 / 819
1, 6, 12 Rel. Per (%)	-5/-13/67
12M Avg Val (INR M)	698

**Financials & Valuations (INR b)**

Y/E Mar	FY24	FY25E	FY26E
Sales	31.0	42.0	50.3
EBITDA	2.8	6.3	11.4
EBITDA (%)	8.9	15.0	22.7
PAT	0.5	3.4	7.1
EPS (INR)	5.2	33.6	70.8
EPS Gr. (%)	-52.1	549.7	110.5
BV/Sh. (INR)	265.1	377.5	445.4

**Ratios**

Net D/E	0.5	(0.3)	(0.2)
RoE (%)	2.0	10.7	17.2
RoCE (%)	4.7	9.4	14.4
Payout (%)	61.6	8.9	4.2

**Valuations**

P/E (x)	296	46	22
P/BV (x)	6	4	3
EV/EBITDA (x)	57	23	13
Div Yield (%)	0.2	0.2	0.2

**Shareholding Pattern (%)**

As On	Sep-24	Jun-24	Sep-23
Promoter	52.8	52.3	52.3
DII	23.4	18.6	15.0
FII	10.9	11.5	11.2
Others	12.9	17.7	21.6

**CMP: INR1,534 TP: INR2,213 (+44%) Buy**

**Landbank rationalization; pipeline provides healthy visibility**

**Best ever quarter for Kerala**

- Sobha Ltd (SOBHA) reported bookings of INR11.8b (41% below estimate) in 2QFY25, down 32%/ 37% YoY/QoQ. The decline in performance was due to slower sales in recently launched projects. SOBHA has launched new projects with a total area of 0.5msf.
- Total volume for the quarter stood at 0.9msf, down 45%/21% YoY/QoQ. However, the realizations improved 24% YoY while declining 41% QoQ to INR12,675/sft as Gurgaon’s contribution declined in 2QFY25.
- Kerala contributed 30% (the highest ever) to the quarterly sales value with INR3.4b, while Bangalore regained its top spot with 52% contribution for the quarter.
- In line with its strategy to accelerate the monetization of the existing pipeline, SOBHA has consistently scaled up its launches since 3QFY24, which led to a 9msf inventory at ongoing projects (vs 3.6msf in 2QFY24). The overall pipeline (incl. inventory) stood at 30msf in 2QFY25 (vs 28msf in 1QFY25), thus providing healthy growth visibility.
- Total collections were down 3% YoY to INR12b, which led to a 19% YoY decline in OCF to INR2b. The company increased spending on land to INR1.7b. The company utilized surplus cash flows along with rights issue cash to repay debt, which decreased to INR2.8b or 0.08x net D/E.
- **P&L performance** – Revenue was up 26% YoY to INR9.4b (36% lower than our estimate), with 80% contribution from the real estate segment, which came in at INR7.8b. The company delivered 0.9msf in 2QFY25. EBITDA was up 8% YoY to INR0.8b, with a margin of 8.3% (vs 8.7% in 1QFY25). The margin in both residential and contractual segments remained subdued, which impacted the overall profitability. Adj. PAT stood at INR261m, up 75% YoY.
- For 1HFY25, the company reported INR15.7b revenue, which was a 5% decline and 37% of our FY25E. EBITDA came in at INR1.3b, which was a 6% decline YoY, while the margin stood at 8.5%. Adj. PAT came in at INR321m, up 19% YoY.

**Highlights from the management commentary**

- **Launches and guidance:** SOBHA intends to launch one project in Bangalore (1.1msf), for which it has already received approval in 3QFY25, while Town Park (3.5msf) and another 0.7msf project awaits approval, which is expected in one to three months. In 2HFY25, the company expects to launch 5.5msf, taking the yearly launches to ~9msf across four projects in Bangalore and thereby retaining its pre-sales guidance of INR85b. Further, the company plans to launch 10msf in FY26.

- **New markets:** SOBHA entered Greater Noida with 3.6 acres of land through auction and has 0.7msf of development potential, which will allow the company to navigate the full project cycle from acquisition to launch and then delivery. The company is pursuing multiple opportunities in this area.
- SOBHA now intends to foray into Mumbai using a calibrated approach. Unlike other cities, Mumbai offers a range of opportunities across segments, and the management intends to build a strong presence in the city over the long term.
- **Margins:** Sales generated since FY23 have a project-level EBITDA of 30%+ and will be reflected in P&L as these projects get delivered. Lower-margin projects along with front loading of overheads on new projects are adversely impacting current profitability. The P&L will gradually improve from FY26 onwards.

### Valuation and view

- SOBHA continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the ongoing fund raise and strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- We incorporate the updated launch pipeline and new projects acquired during the year. The ongoing and upcoming projects are likely to generate INR150b of gross cash flows and value the same at INR95b.
- SOBHA's ~190msf of balance land reserve is valued at INR90b, assuming 25-75 years of monetization. The company trades at 8.5x FY25E EV/EBITDA (based on FY25E pre-sales), which is at a 15-30% discount to its comparable peers (PEPL, GPL, MLDL, and Sunteck).
- **We reiterate our BUY rating on the stock with an unchanged TP of INR2,213, indicating a 44% upside potential.**

### Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		2Q		
<b>Net Sales</b>	<b>9,079</b>	<b>7,412</b>	<b>6,849</b>	<b>7,629</b>	<b>6,404</b>	<b>9,336</b>	<b>10,918</b>	<b>15,334</b>	<b>30,969</b>	<b>41,991</b>	<b>10,078</b>	-7%
YoY Change (%)	60.8	11.1	-21.1	-36.9	-29.5	25.9	59.4	101.0			36.0	
Total Expenditure	8,425	6,658	6,108	7,008	5,845	8,565	9,280	12,003	28,199	35,693	8,827	
<b>EBITDA</b>	<b>654</b>	<b>754</b>	<b>741</b>	<b>621</b>	<b>559</b>	<b>771</b>	<b>1,638</b>	<b>3,331</b>	<b>2,770</b>	<b>6,299</b>	<b>1,251</b>	-38%
Margins (%)	7.2	10.2	10.8	8.1	8.7	8.3	15.0	21.7	8.9	15.0	12.4	-416bps
Depreciation	183	193	201	205	204	232	225	205	782	867	208	
Interest	611	639	614	590	539	494	469	440	2,455	1,942	512	
Other Income	313	324	288	284	295	317	331	697	1,209	1,640	373	
<b>PBT before EO expense</b>	<b>173</b>	<b>247</b>	<b>214</b>	<b>109</b>	<b>111</b>	<b>362</b>	<b>1,275</b>	<b>3,382</b>	<b>742</b>	<b>5,130</b>	<b>904</b>	-60%
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>173</b>	<b>247</b>	<b>214</b>	<b>109</b>	<b>111</b>	<b>362</b>	<b>1,275</b>	<b>3,382</b>	<b>742</b>	<b>5,130</b>	<b>904</b>	-60%
Tax	52	97	63	39	50	101	431	1,153	251	1,736	306	
Rate (%)	30.2	39.4	29.4	35.5	45.4	28.0	33.8	34.1	33.8	33.8	33.8	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>121</b>	<b>149</b>	<b>151</b>	<b>70</b>	<b>61</b>	<b>261</b>	<b>843</b>	<b>2,230</b>	<b>491</b>	<b>3,395</b>	<b>598</b>	-56%
<b>Adj PAT</b>	<b>121</b>	<b>149</b>	<b>151</b>	<b>70</b>	<b>61</b>	<b>261</b>	<b>843</b>	<b>2,230</b>	<b>491</b>	<b>3,395</b>	<b>598</b>	
YoY Change (%)	168.3	-22.2	-52.6	-85.5	-49.8	74.6	459.3	3,071.1	-52.9	591.1	300.1	
Margins (%)	1.3	2.0	2.2	0.9	0.9	2.8	7.7	14.5	1.6	8.1	5.9	
<b>Key metrics</b>												
Sale Volume (msf)	1.4	1.7	1.7	1.3	1.2	0.9	2.0	3.0	5.5	7.1	1.8	-48%
Sale Value (INRb)	14.6	17.2	19.5	15.0	18.7	11.8	22.0	32.7	66.4	85.2	20.0	-41%
Collections (INRb)	11.5	12.6	12.9	13.3	13.9	12.2	17.0	23.3	50.3	66.4	16.0	
Realization (INR/sft)	10,537	10,224	11,735	11,230	15,879	12,673	11,000	10,816	12,128	11,948	11,111	14%



# Senco Gold

Estimate change	↔
TP change	↓
Rating change	↔

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Bloomberg	SENCO IN
Equity Shares (m)	78
M.Cap.(INRb)/(USDb)	83.8 / 1
52-Week Range (INR)	1544 / 668
1, 6, 12 Rel. Per (%)	-17/19/34
12M Avg Val (INR M)	498

### Financials & Valuations (INR b)

Y/E March (INR b)	FY25E	FY26E	FY27E
Sales	62.0	73.0	84.4
Sales Growth (%)	18.4	17.7	15.6
EBITDA	4.9	5.7	6.5
Margins (%)	7.9	7.9	7.8
Adj. PAT	2.5	3.0	3.5
Adj. EPS (INR)	32.2	38.3	44.7
EPS Growth (%)	38.1	19.0	16.8
BV/Sh.(INR)	200.6	235.9	276.5

### Ratios

Debt/Equity	0.7	0.7	0.6
RoE (%)	17.1	17.5	17.4
RoIC (%)	12.7	12.8	12.9

### Valuations

P/E (x)	33.4	28.1	24.1
EV/EBITDA(x)	17.1	14.7	12.8

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	67.5	68.5	68.5
DII	9.6	10.5	20.1
FII	8.6	7.7	2.8
Others	14.4	13.4	8.6

FII Includes depository receipts

**CMP: INR 1,078 TP: INR1,400 (+30%)**

**Buy**

### Growth outlook stable; miss on margins

- SENCO delivered consolidated revenue growth of 31% YoY to INR15.0b (in line) in 2QFY25. SSSG was at 20% (vs. 4% in 1QFY25, 19% in 2QFY24). SSSG was driven by favorable monsoon in eastern India (strong growth in tier-3/tier-4 cities) and demand recovery after the reduction in customs duty. Strong festive demand led to 12-15% SSSG for SENCO in Oct'24.
- Retail sales grew 27% with value growth of 30% in gold and 9% in diamond. Volume growth was 7% in gold, whereas diamond saw 3% volume decline, which hurt margins. ATV increased by 12%. Old gold exchange increased to 32% – over 62% old gold is non-Senco.
- Adjusting inventory loss of INR298m, GM expanded 240bp YoY to 14.2% (17.3% in 1QFY25, est. 16%). Because of gold price volatility, SENCO saw fluctuation in gross margin on quarterly basis. Studded ratio was 11% (12% in 2QFY24, 10% in 1QFY25). EBITDA margin expanded 200bp YoY to 5.4%. Management guided for revenue growth of ~18%, GP margin of ~16%, and profitability growth of 15-18% in FY25.
- We estimate a CAGR of 17% in sales, 20% in EBITDA and 24% in APAT over FY24-27, driven by SENCO's strategic expansion across eastern and other regions. The company plans to grow its customer base by focusing on lightweight jewelry and leveraging the rising demand for studded jewelry. We reiterate our BUY rating on the stock with a TP of INR1,400 (based on 35x Sep'26 P/E).

### In-line sales; underlying margin weaker than estimates

- **Robust sales growth:** Consolidated revenue grew 31% YoY to INR15.0b (est. INR14.6b). Retail growth was robust at 27% YoY. Same store sales improved substantially to 20% in 2Q vs. 4% in 1Q.
- **Margin improvement lower than expectation:** After adjusting the custom duty effect of INR298m on inventory, gross margin expanded 240bp YoY to 14.2% (17.3% in 1Q, est. 16%). As a percentage of sales, staff costs were stable YoY at 2.2% and other expenses rose 40bpYoY to 6.6%. EBITDA margin expanded 200bp YoY to 5.4% (7.7% in 1Q, est. 6.7%).
- **Healthy double-digit growth:** Adjusting the inventory loss, EBITDA/PBT/adj. PAT grew 107%/232%/189% YoY to INR818m/INR462m/INR3465m (est. INR917m/INR586m/ INR439m).
- In 1HFY25, net sales, EBITDA and APAT grew by 18%, 79% and 116% YoY, respectively. In 2HFY25, we expect that net sales, EBITDA and APAT will grow by 18%, 12% and 16%.

### Key takeaways from the management commentary

- Good monsoon in Eastern India acted as a tailwind for robust growth in tier 3 and tier 4 cities. Customs duty reduction in Jul'24 by 9% (15% to 6%) also bolstered pent-up demand of 1Q.

- Smaller towns see high demand for mid-ticket items (INR70,000–100,000), while urban areas showed higher demand for daily and high-end wear.
- In 1HFY25, gold saw volume growth of 1% and value growth of 22%, while diamonds clocked volume degrowth of 8% but value growth of 3%.
- The company incurred a customs duty impact of INR550-600m on inventory, with INR298m realized in 2Q and the remainder expected in 2H.
- SENCO plans to raise INR5b through a qualified institutional placement (QIP) to fund expansion. With increased gold demand, the company aims to overcome capex constraints through these additional funds.

#### Valuation and view

- We maintain our FY25 and FY26 EPS estimates.
- The company is further expanding its footprint in eastern markets and scaling up its network in other regions. SENCO aims to expand its consumer base (presence in 16 states and 109 towns & cities) by focusing on lightweight jewelry and capturing the consumer trend of studded (250bp gain in studded ratio in the last three years to 11.4%). In line with the formalization in the jewelry market, we continue to see store expansion-led growth for SENCO (estimate addition of 34 stores during FY24-26E, taking the total to 193 stores).
- We estimate a CAGR of 17%/20%/24% in revenue/EBITDA/adj. PAT over FY24-27E. The stock is currently trading at 28x FY26E EPS, with RoE/RoIC of 17%/13% in FY26E. **We reiterate our BUY rating with a TP of INR1,400 (based on 35x Sep'26 P/E).**

#### Consolidated quarterly performance

Y/E March	(INR m)											Var. (%)
	FY24				FY25E				FY24	FY25E	FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
<b>Net Sales</b>	<b>13,054</b>	<b>11,466</b>	<b>16,522</b>	<b>11,373</b>	<b>14,039</b>	<b>15,005</b>	<b>20,157</b>	<b>12,832</b>	<b>52,414</b>	<b>62,033</b>	<b>14,561</b>	3.0
Change (%)	29.6	25.8	23.3	39.7	7.5	30.9	22.0	12.8	28.5	18.4	27.0	
<b>Gross Profit</b>	<b>1,632</b>	<b>1,354</b>	<b>3,083</b>	<b>1,944</b>	<b>2,428</b>	<b>2,137</b>	<b>3,568</b>	<b>2,126</b>	<b>8,014</b>	<b>10,259</b>	<b>2,330</b>	(8.3)
Gross Margin (%)	12.5	11.8	18.7	17.1	17.3	14.2	17.7	16.6	15.3	16.5	16.0	
Operating Expenses	960	960	1,272	1,067	1,341	1,319	1,498	1,177	4,259	5,335	1,359	
% of Sales	7.4	8.4	7.7	9.4	9.5	8.8	7.4	9.2	8.1	8.6	9.3	
<b>EBITDA</b>	<b>672</b>	<b>395</b>	<b>1,811</b>	<b>877</b>	<b>1,087</b>	<b>818</b>	<b>2,069</b>	<b>950</b>	<b>3,755</b>	<b>4,924</b>	<b>971</b>	(15.8)
Margin (%)	5.1	3.4	11.0	7.7	7.7	5.4	10.3	7.4	7.2	7.9	6.7	
Change (%)	22.1	21.2	11.3	31.5	61.8	107.1	14.3	8.2	18.6	31.1	145.9	
Interest	266	234	283	298	322	326	325	327	1,081	1,300	325	
Depreciation	126	133	158	184	181	178	185	189	601	733	185	
Other Income	94	110	89	128	123	149	122	92	422	486	125	
<b>PBT</b>	<b>375</b>	<b>139</b>	<b>1,459</b>	<b>524</b>	<b>708</b>	<b>462</b>	<b>1,681</b>	<b>525</b>	<b>2,495</b>	<b>3,377</b>	<b>586</b>	(21.1)
Tax	98	20	366	202	195	117	422	144	685	878	147	
Effective Tax Rate (%)	26.1	14.1	25.1	38.6	27.6	25.3	25.1	27.3	27.5	26.0	25.1	
<b>Adjusted PAT</b>	<b>277</b>	<b>119</b>	<b>1,093</b>	<b>322</b>	<b>513</b>	<b>345</b>	<b>1,259</b>	<b>382</b>	<b>1,810</b>	<b>2,499</b>	<b>439</b>	(21.4)
Change (%)	24.2	37.3	6.0	24.7	85.3	188.7	15.2	18.7	14.2	38.1	310.3	
<b>PAT</b>	<b>277</b>	<b>119</b>	<b>1,093</b>	<b>322</b>	<b>513</b>	<b>121</b>	<b>1,072</b>	<b>382</b>	<b>1,810</b>	<b>2,088</b>		

E: MOFSL Estimates





# VRL Logistics

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR515      TP: INR670 (+30%)      Buy**

**Revenue in-line, strong beat on earnings driven by price hikes**

**Network expansion to play a key role in volume growth**

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Bloomberg	VRL IN
Equity Shares (m)	87
M.Cap.(INRb)/(USD\$)	45.1 / 0.5
52-Week Range (INR)	799 / 494
1, 6, 12 Rel. Per (%)	-4/-12/-45
12M Avg Val (INR M)	89

**Financial Snapshot (INR b)**

Y/E MARCH	2025E	2026E	2027E
Sales	32.4	36.6	41.3
EBITDA	4.8	5.4	6.0
Adj. PAT	1.3	2.0	2.2
EBITDA Margin (%)	14.9	14.8	14.6
Adj. EPS (INR)	15.2	23.1	25.3
EPS Gr. (%)	49.8	51.9	9.5
BV/Sh. (INR)	113.3	124.4	135.6

**Ratios**

Net D:E	0.1	0.1	0.1
RoE (%)	13.7	19.4	19.4
RoCE (%)	15.2	19.8	20.6
Payout (%)	65.9	52.1	55.4

**Valuations**

P/E (x)	33.9	22.3	20.4
P/BV (x)	4.5	4.1	3.8
EV/EBITDA(x)	9.6	8.5	7.6
Div. Yield (%)	1.9	2.3	2.7
FCF Yield (%)	4.9	4.1	3.4

**Shareholding Pattern (%)**

As On	Sep-24	Jun-24	Sep-23
Promoter	60.2	60.2	60.2
DII	25.5	25.6	29.0
FII	3.9	3.8	2.2
Others	10.4	10.3	8.6

FII includes depository receipts

- VRL Logistics (VRL)'s 2QFY25 revenue grew 13% YoY (+10% QoQ) to ~INR8b (in line). Growth in revenue was primarily driven by strategic rate hikes across all regions, contributing to an 8% improvement in freight realization per ton (from INR6,681 to INR7,241), and a 4% increase in transport volumes (from 1.05MT to 1.09MT).
- EBITDA margins stood at 16.6% against our estimate of 13.9%. The margins were supported by price hikes implemented at the end of 1QFY25. EBITDA grew 45% YoY to INR1.3b (21% above our estimate). Strong operating performance led to an 84% YoY growth in APAT to INR358m (vs. our estimate of INR259m).
- In 2Q, the company saw an increase in the bulk purchase of fuel at lower costs, resulting in better control of fuel expenses. During 2Q FY25, VRL also witnessed improvement in kms and load factor by own vehicles, leading to an increase in owned vehicle utilization, which supported margins. Additionally, during 2Q, operations returned to normalcy after facing disturbances such as labor shortages due to elections and a heat wave in 1QFY25. VRL announced a capex of INR2.5b toward the purchase of a Bangalore hub (leased currently), as it expects to be more beneficial against leasing from a longer-term perspective.
- VRL's 2Q FY25 performance was robust, driven by price hikes, while volumes remained muted. Looking ahead, the company expects focus on branch expansion to continue, which should drive its volume growth through market share gains. With good monsoons and labor issues behind, the management expects the tonnage growth to improve in the coming quarters. We increase our FY25 EBITDA/APAT estimates by 9%/19%, respectively, to incorporate the strong performance and improved near-term outlook. We largely retain earnings estimates for FY26/27E. **We expect VRL to clock a volume/revenue/EBITDA/PAT CAGR of 7%/13%/15%/36% over FY24-27. We reiterate our BUY rating with a TP of INR670 (based on 28x Sep'26 EPS).**

**Highlights from the management commentary**

- The rate increase was a strategic shift as it was implemented without a fuel price hike. VRL expects the price hike to sustain and does not see any rollback.
- Volume growth was enhanced by VRL's branch network expansion. The company added 82 branches in the past year, contributing roughly 2.5% to the tonnage growth.
- VRL is allocating substantial investments to strengthen its infrastructure. This includes INR2.5b for acquiring and upgrading its 25-acre Bengaluru transshipment hub, which currently costs around INR15m monthly in rent and could save INR200m annually; INR200m for a new facility in Mysuru; and an estimated INR500m per quarter for vehicle additions, aligned with operational requirements.



**Valuation and view**

- VRLL’s 2QFY25 performance was robust, driven by price hikes, while volumes remained muted. Looking ahead, the company expects the focus on branch expansion to continue, which should drive its volume growth through market share gains. Sustaining the margin profile would be a key monitorable ahead.
- **We expect VRLL to clock a volume/revenue/EBITDA/PAT CAGR of 7%/13%/15%/36% over FY24-27. We reiterate our BUY rating with a revised TP of INR670 (based on 28x Sep’26 EPS).**

**Quarterly performance**

INR m

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25 2QE	Var. vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>6,742</b>	<b>7,093</b>	<b>7,367</b>	<b>7,684</b>	<b>7,272</b>	<b>7,995</b>	<b>8,416</b>	<b>8,670</b>	<b>28,886</b>	<b>32,353</b>	<b>7,941</b>	<b>1</b>
YoY Change (%)	9.7	8.4	8.1	10.1	7.9	12.7	14.2	12.8	9.1	12.0	12.0	
<b>EBITDA</b>	<b>1,019</b>	<b>918</b>	<b>944</b>	<b>1,053</b>	<b>869</b>	<b>1,331</b>	<b>1,321</b>	<b>1,302</b>	<b>3,935</b>	<b>4,822</b>	<b>1,102</b>	<b>21</b>
Margins (%)	15.1	12.9	12.8	13.7	11.9	16.6	15.7	15.0	13.6	14.9	13.9	
YoY Change (%)	11.7	-1.3	-8.6	-7.7	-14.7	44.9	39.9	23.6	-2.0	22.6	19.9	
Depreciation	489	522	568	583	615	638	640	646	2,162	2,539	610	
Interest	163	185	213	218	226	224	205	196	779	851	210	
Other Income	89	60	24	38	148	25	80	85	211	337	65	
<b>PBT before EO expense</b>	<b>456</b>	<b>271</b>	<b>187</b>	<b>291</b>	<b>176</b>	<b>493</b>	<b>556</b>	<b>545</b>	<b>1,205</b>	<b>1,770</b>	<b>347</b>	
Extra-Ord expense	0	-3	0	0	0	0	0	0	-3	0	0	
<b>PBT</b>	<b>456</b>	<b>274</b>	<b>187</b>	<b>291</b>	<b>176</b>	<b>493</b>	<b>556</b>	<b>545</b>	<b>1,208</b>	<b>1,770</b>	<b>347</b>	
Tax	117	77	50	76	42	135	140	126	319	442	87	
Rate (%)	25.6	28.0	26.9	26.0	23.6	27.3	25.2	23.1	26.4	25.0	25.2	
<b>Reported PAT</b>	<b>339</b>	<b>197</b>	<b>137</b>	<b>215</b>	<b>134</b>	<b>358</b>	<b>416</b>	<b>419</b>	<b>889</b>	<b>1,327</b>	<b>259</b>	
<b>Adj PAT</b>	<b>339</b>	<b>194</b>	<b>137</b>	<b>215</b>	<b>134</b>	<b>358</b>	<b>416</b>	<b>419</b>	<b>886</b>	<b>1,327</b>	<b>259</b>	<b>38</b>
YoY Change (%)	-7.5	-36.7	-63.7	-64.7	-60.4	84.4	203.4	94.4	-46.7	49.8	33.4	
Margins (%)	5.0	2.7	1.9	2.8	1.8	4.5	4.9	4.8	3.1	4.1	3.3	



# Fusion Microfinance

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR178      TP: INR165 (-7%)      Neutral**

## Dismal quarter; auditor noted uncertainty in going concern premise

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### Annualized credit costs at ~26% in 2Q, higher than guidance

Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USD\$)	18 / 0.2
52-Week Range (INR)	675 / 178
1, 6, 12 Rel. Per (%)	-15/-68/-90
12M Avg Val (INR M)	214

- Fusion Microfinance (Fusion) reported a net loss of ~INR3.1b in 2QFY25 (vs. MOFSLe loss of ~INR1.8b) due to significantly high credit costs. Its 1HFY25 net loss was INR3.4b, and we expect 2HFY25 loss at INR280m. NII grew ~30% YoY to ~INR4b in 2Q, while PPop rose ~17% YoY to ~INR2.8b (in line).
- The cost-to-income ratio stood at ~40% (PQ: ~38% and PY: ~36%). Recalibration of incentive structures and rationalization of manpower at field level led to higher opex. Net credit costs stood at ~INR6.9b (vs. MOFSLe of ~INR5.2b). **Annualized credit costs rose sharply to ~26% (PY: ~3.4% and PQ: 13%).**
- Disbursements declined ~44% QoQ to ~INR16.6b. AUM declined ~5% QoQ to ~INR116b. We model credit costs of 15%/3.4% (as % of loans) in FY25/FY26. We cut our FY25/FY26/FY27 EPS estimates to factor in lower AUM growth and high credit costs. We estimate an AUM CAGR of ~13%, a PAT CAGR of ~9% over FY24-FY27 and an RoA/RoE of ~4%/17% in FY26.
- We will keenly monitor the asset quality stress, which is unfolding in the sector. We believe that credit costs are likely to remain high in 3Q as well and will be far from normal levels. We have not yet factored in the planned Rights Issue of ~INR5.5b in our estimates and will look forward to the appointment of the new CEO.
- Fusion will have to navigate tough times ahead to get waivers from its lenders on breach of covenants and will have to give further confidence to all its stakeholders that will remain in a position to discharge all its liabilities (both contracted as well as those repayable on demand, if any). With no other near-term catalysts, we reiterate our **Neutral rating with a revised TP of INR165 (based on 0.5x Sep'26E P/BV).**

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Total Income	16.2	18.3	18.3
PPP	10.3	10.5	9.7
PAT	5.1	-3.7	4.6
EPS (INR)	50.2	-37	46
EPS Gr. (%)	30	-	-
BV (INR)	283	246	293

### Valuations

NIM (%)	14.1	15.0	13.8
C/I ratio (%)	36.6	42.5	47.0
RoAA (%)	4.8	-3.3	4.0
RoE (%)	19.5	-13.8	17.1

### Valuations

P/E (x)	3.5	-	3.9
P/BV (x)	0.6	0.7	0.6

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	57.7	57.7	67.9
DII	19.2	22.8	15.4
FII/FIIFII	3.2	4.3	5.7
Others	19.9	15.2	11.0

FII Includes depository receipts

## Covenant breaches prompt auditor note on going concern assumption

- Fusion has breached various financial covenants (with respect to borrowings of ~INR56.2b as of Sep'24), resulting in these borrowings being repayable on demand. The company was negotiating with its lenders to obtain a waiver for a period of 12 months. The lenders have not yet waived their right to demand immediate repayment.
- These covenant breaches were due to higher levels of GNPA/NNPA as well as the credit rating downgrade from CARE. This condition resulted in auditors noting material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern. Management shared that even at ~90% collection efficiency in the subsequent months, it will be in a position to discharge all its debt obligations.

- Fusion has borrowings of more than ~INR5b each from some of its key lenders such as HSBC, Axis Bank, Yes Bank, ICICI Bank, SIDBI, and IDFC First Bank. The company is in active discussions with all its lenders for the requisite waivers. **The company shared that it was successful in getting all the covenant breach waivers in 1QFY25 and was confident of obtaining these waivers in 2Q as well.**

#### Sharp deterioration in asset quality; annualized credit costs at 26%

- GS3/NS3 rose ~395bp/ ~115bp QoQ to 9.4%/2.4%. Stage 2 rose ~240bp QoQ to 3.9%. The company also increased the PCR on its Stage 1 and 2 loans, resulting in ECL/EAD (incl. management overlay of ~INR595m) at ~11.1% (PQ: 5.9%).
- Customers with Fusion + >=3 lending relationships stood at ~22% as of Sep'24 (v/s ~32% in Mar'24). PAR 0+ in this particular customer cohort stood at 23%. Fusion reported that its All India PAR 0+ stood at 14.9%. As of Sep'24, ~28% of Fusion customers (v/s ~32% as of Mar'24) had total MFI loans outstanding (across all lenders) of >INR100K.
- Write-offs in 2QFY25 stood at ~INR2b. Collection efficiency in 2Q (including arrears) declined to ~91% (PQ: 96.3%). **Annualized credit costs spiked to ~26% (PY: ~3.4% and PQ: 13.2%). We model credit costs of 15.0% and 3.4% for FY25 and FY26, respectively.**

#### Highlights from the management commentary

- Fusion's promoters are completely supportive of its ~INR5.5b Rights Issue. The company has been working on it for the last 1.5 months and has expedited the process. The company plans to launch the Rights Issue in the current quarter.
- Fusion shared that in its new credit policies, it has decided to not onboard a customer who has gone beyond 30+dpd in the past with other lenders.
- Overall collection efficiency (CE) is holding up, and even in Oct'24, the CE was more or less similar to Sep'24.
- Management shared that the company has observed some early positive signs even though they are still at a nascent stage. The Center meeting attendance has improved wherever customer loyalty programs have been launched.
- The company guided that it expects to see some improvement in its performance in 2HFY25. However, since the situation is still evolving and dynamic, the management did not provide guidance on credit costs for FY25.

#### Valuation and view

- Management shared that the macroeconomic environment accentuated the asset quality stress in the MFI sector in 2QFY25. We are also monitoring the situation closely but believe that the situation is not just 'transitory' and that the recovery is still distant ([refer to our detailed sector note](#)). Over-leveraging of customer cohorts typically manifests itself in asset quality stress over longer periods rather than just one or two quarters. We believe that credit costs are likely to remain high in 3Q as well and will be far from normal levels.
- Fusion, in our view, can deliver an AUM CAGR of ~13% and PAT CAGR of ~9% over FY24-FY27E. We estimate an RoA/RoE of ~4%/17% in FY26. With the company having to navigate tough times ahead, **we reiterate our Neutral rating on the stock with a revised TP of INR165 (based on 0.5x Sep'26E P/BV).**

Fusion: Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	4,790	4,968	5,400	5,761	6,213	6,261	5,935	5,238	20,919	23,647	6,151	2
Interest Expenses	1,835	1,910	2,015	2,149	2,234	2,274	2,183	2,078	7,908	8,769	2,245	1
<b>Net Interest Income</b>	<b>2,955</b>	<b>3,058</b>	<b>3,386</b>	<b>3,612</b>	<b>3,979</b>	<b>3,987</b>	<b>3,753</b>	<b>3,160</b>	<b>13,011</b>	<b>14,879</b>	<b>3,905</b>	<b>2</b>
YoY Growth (%)	58.7	26.1	34.2	30.6	34.6	30.4	10.8	-12.5	35.9	14.4	28	
Other Income	738	745	732	991	854	776	808	962	3,205	3,401	860	-10
<b>Total Income</b>	<b>3,693</b>	<b>3,803</b>	<b>4,118</b>	<b>4,603</b>	<b>4,833</b>	<b>4,764</b>	<b>4,561</b>	<b>4,122</b>	<b>16,216</b>	<b>18,279</b>	<b>4,766</b>	<b>0</b>
YoY Growth (%)	70.0	28.9	38.0	32.8	30.9	25.3	10.8	-10.4	40.1	12.7	25	
Operating Expenses	1,339	1,385	1,515	1,696	1,855	1,925	1,964	2,028	5,935	7,773	1,933	0
<b>Operating Profit</b>	<b>2,354</b>	<b>2,418</b>	<b>2,603</b>	<b>2,907</b>	<b>2,978</b>	<b>2,838</b>	<b>2,596</b>	<b>2,095</b>	<b>10,281</b>	<b>10,507</b>	<b>2,832</b>	<b>0</b>
YoY Growth (%)	95.8	29.1	41.6	31.5	26.5	17.4	-0.2	-27.9	44.3	2.2	17	
Provisions & Loan Losses	759	762	938	1,190	3,485	6,941	3,470	1,452	3,649	15,348	5,200	33
<b>Profit before Tax</b>	<b>1,595</b>	<b>1,656</b>	<b>1,665</b>	<b>1,717</b>	<b>-507</b>	<b>-4,102</b>	<b>-874</b>	<b>642</b>	<b>6,633</b>	<b>-4,841</b>	<b>-2,368</b>	<b>-</b>
Tax Provisions	390	399	401	390	-151	-1,052	-211	261	1,580	-1,152	-568	-
<b>Net Profit</b>	<b>1,205</b>	<b>1,257</b>	<b>1,265</b>	<b>1,327</b>	<b>-356</b>	<b>-3,050</b>	<b>-663</b>	<b>381</b>	<b>5,053</b>	<b>-3,689</b>	<b>-1,800</b>	<b>-</b>
YoY Growth (%)	60	32	23	16	-130	-343	-152	-71	31	-	-243	
<b>Key Parameters (%)</b>												
Yield on loans	21.5	21.7	21.9	21.8	21.7	21.5						
Cost of funds	10.6	10.6	10.4	10.2	10.1	10.1						
Spread	10.9	11.1	11.5	11.6	11.6	11.4						
NIM	10.9	11.1	11.5	11.6	11.6	11.5						
Credit cost	0.8	0.79	1.0	1.2	3.28	6.55						
Cost to Income Ratio (%)	36.3	36.4	36.8	36.8	38.4	40.4						
Tax Rate (%)	24.5	24.1	24.1	22.7	29.8	25.6						
<b>Performance ratios (%)</b>												
Avg o/s per borrower (INR '000)	26	26	27	29	30	29						
AUM/ RO (INR m)	14.0	14.0	13.0	13.0	1.2	1.1						
AUM/ Branch (INR m)	91	88	9	9	9	8						
Borrower/ Branch (INR m)	3,513	3,381	3,260	3,204	3,017	2,805						
<b>Balance Sheet Parameters</b>												
<b>AUM (INR B)</b>	<b>97.1</b>	<b>100.3</b>	<b>106.9</b>	<b>114.8</b>	<b>121.9</b>	<b>115.7</b>						
Change YoY (%)	31.4	24.6	23.6	23.5	25.5	15.4						
<b>Disbursements (INR B)</b>	<b>22.8</b>	<b>23.4</b>	<b>27.1</b>	<b>29.5</b>	<b>29.9</b>	<b>16.6</b>						
Change YoY (%)	15.2	14.2	24.0	24.4	30.7	-29.1						
<b>Borrowings (INR B)</b>	<b>71.9</b>	<b>75.3</b>	<b>80.2</b>	<b>86.2</b>	<b>91.2</b>	<b>86.4</b>						
Change YoY (%)	19.6	15.0	22.7	27.1	26.9	14.8						
Borrowings/Loans (%)	85.5	86.6	85.8	86.6	89.0	94.6						
Debt/Equity (x)	2.9	2.9	3.0	3.0	3.2	3.4						
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>2,790</b>	<b>2,411</b>	<b>2,939</b>	<b>2,973</b>	<b>5,952</b>	<b>9,672</b>						
GS3 %	3.2	2.7	3.0	2.9	5.5	9.4						
NS 3 (INR M)	664	569	730	603	1,301	2,302						
NS3 %	0.8	0.65	0.8	0.61	1.27	2.52						
<b>PCR (%)</b>	<b>76.2</b>	<b>76.4</b>	<b>75.2</b>	<b>79.7</b>	<b>78.1</b>	<b>76.2</b>						
ECL (%)	3.8	3.3	3.2	3.4	5.9	11.1						
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	5.0	4.9	4.7	4.6	-1.2	-10.3						
ROE (Rep)	20.2	20.0	19.1	19.1	-5.0	-45.7						

E: MOFSL Estimates

## Glenmark Pharma

BSE SENSEX  
77,580S&P CNX  
23,533

CMP: INR1,538

## Conference Call Details

Date: 18<sup>th</sup> Nov 2024

Time: 8:30 am IST

Dial-in details:

Diamond [Link](#)

## Financials &amp; Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	135.4	149.4	167.3
EBITDA	25.7	30.4	35.9
Adj. PAT	13.4	16.7	19.3
EBIT Margin (%)	15.3	16.9	17.4
Cons. Adj. EPS (INR)	47.5	59.2	68.5
EPS Gr. (%)	1811.9	24.6	15.7
BV/Sh. (INR)	322.6	381.8	450.3
<b>Ratios</b>			
Net D:E	0.0	-0.1	-0.1
RoE (%)	15.8	16.8	16.5
RoCE (%)	16.7	17.2	16.7
Payout (%)	7.6	0.0	0.0
<b>Valuations</b>			
P/E (x)	36.2	29.0	25.1
EV/EBITDA (x)	19.0	15.8	13.3
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	-1.6	1.9	0.8
EV/Sales (x)	3.6	3.2	2.8

## Operational performance misses estimates

- Glenmark's 2QFY25 revenues grew 7.1% YoY to INR34b (our est. INR33.7b).
- India formulations (DF) grew 14.3% YoY to INR12.8b (37% of sales).
- RoW (RoW+LatAm) sales declined 3.9% YoY to INR7b (21% of sales).
- Europe generics revenue rose 14.6% YoY to INR6.9b (20% of sales).
- NA revenues were flat YoY at INR7.4b (USD91m; 22% of sales).
- Gross margins (GM) expanded 620bp YoY to 68.8% due to lower RM costs and a change in the product mix.
- EBITDA margin expanded by 180bp YoY due to higher other expenses (up 440bp as % of sales).
- Accordingly, EBITDA grew by 19% YoY to INR6b (est. INR6.5b).
- Adj. PAT surged 2.5x YoY to INR3.5b (in line) due to higher other income and lower interest.
- In 1HFY25, revenue/EBITDA grew 7%/29% to INR66.8b/INR12b, while PAT jumped 2.8x YoY to INR7b.
- In 2QFY25, revenue/EBITDA missed BBG estimates by 2%/12%, while PAT was in-line with BBG estimates.

## Guidance for FY25

- Consolidated Revenue: INR135-140b
- R&D Investment: 7-7.25% of total sales
- EBITDA margin: ~19%
- Consolidated capex: INR7b
- Targets double-digit PAT margin
- Plans to launch RYALTRIS in 10-11 additional markets over next few quarters
- Glenmark plans to file Envafolimab in more than 20 markets in FY-25 and the first to launch in market is expected in FY-26.
- Plans to launch WINLEVI® in FY26
- TISLELIZUMAB and ZANUBRUTINIB launched in the next 6-9 months after the receipt of the required regulatory approvals in India market
- Novel biologic asset, ISB 2001, developed by Ichnos Glenmark Innovation (IGI), has shown promising efficacy and safety in Phase 1 trials.



(INRm)

Y/E March	FY24				FY25E				FY24	FY25E	Estimate	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	% Var.
<b>Net Revenues (Core)</b>	<b>30,361</b>	<b>32,074</b>	<b>25,067</b>	<b>30,630</b>	<b>32,442</b>	<b>34,338</b>	<b>34,178</b>	<b>34,452</b>	<b>1,18,131</b>	<b>1,35,409</b>	<b>33,674</b>	<b>2.0</b>
YoY Change (%)	9.3	6.3	-19.1	2.1	6.9	7.1	36.3	12.5	2.0	14.6	5.0	
<b>EBITDA</b>	<b>4,374</b>	<b>5,053</b>	<b>-1,444</b>	<b>5,043</b>	<b>6,102</b>	<b>6,019</b>	<b>6,665</b>	<b>6,873</b>	<b>13,025</b>	<b>25,659</b>	<b>6,499</b>	<b>-7.4</b>
YoY Change (%)	-7.5	-3.2	-130.5	26.7	39.5	19.1	-561.4	36.3	-20.3	97.0	28.6	
Margins (%)	14.4	15.8	-5.8	16.5	18.8	17.5	19.5	20.0	11.0	18.9	19.3	
Depreciation	1,420	1,415	1,471	1,513	1,178	1,203	1,250	1,319	5,819	4,950	1,210	
<b>EBIT</b>	<b>2,953</b>	<b>3,638</b>	<b>-2,915</b>	<b>3,530</b>	<b>4,924</b>	<b>4,816</b>	<b>5,415</b>	<b>5,554</b>	<b>7,206</b>	<b>20,710</b>	<b>5,289</b>	
YoY Change (%)	-9.4	-3.3	-190.4	34.3	66.7	32.4	-285.7	57.3	-32.4	187.4	45.4	
Margins (%)	9.7	11.3	-11.6	11.5	15.2	14.0	15.8	16.1	6.1	15.3	15.7	
Interest	1,116	1,215	1,343	1,486	396	485	100	-317	5,160	664	200	
Other Income	197	17	454	7,732	315	394	90	-449	8,400	350	100	
<b>PBT before EO Expense</b>	<b>2,034</b>	<b>2,441</b>	<b>-3,805</b>	<b>9,776</b>	<b>4,843</b>	<b>4,726</b>	<b>5,405</b>	<b>5,422</b>	<b>10,447</b>	<b>20,396</b>	<b>5,189</b>	<b>-8.9</b>
One-off loss/(gain)	520	3,684	1,409	4,468	220	0	0	0	10,082	220	0	
<b>PBT after EO Expense</b>	<b>1,514</b>	<b>-1,244</b>	<b>-5,214</b>	<b>5,308</b>	<b>4,623</b>	<b>4,726</b>	<b>5,405</b>	<b>5,422</b>	<b>364</b>	<b>20,176</b>	<b>5,189</b>	<b>-8.9</b>
Tax	1,137	559	-718	17,695	1,221	1,181	1,794	2,502	18,673	6,698	1,718	
Rate (%)	75.1	-45.0	13.8	333.3	26.4	25.0	33.2	46.1	5,123.0	33.2	33.1	
<b>Reported PAT</b>	<b>377</b>	<b>-1,803</b>	<b>-4,496</b>	<b>-12,386</b>	<b>3,402</b>	<b>3,545</b>	<b>3,610</b>	<b>2,920</b>	<b>-18,309</b>	<b>13,478</b>	<b>3,472</b>	<b>2.1</b>
Minority Interest	232	204	206	40	0	3	15	58	681	75	10	
<b>Reported PAT after Minority Interest</b>	<b>145</b>	<b>-2,007</b>	<b>-4,701</b>	<b>-12,427</b>	<b>3,403</b>	<b>3,542</b>	<b>3,595</b>	<b>2,862</b>	<b>-18,990</b>	<b>13,403</b>	<b>3,462</b>	
<b>Adj PAT</b>	<b>1,111</b>	<b>1,397</b>	<b>-3,486</b>	<b>1,680</b>	<b>3,565</b>	<b>3,542</b>	<b>3,595</b>	<b>2,862</b>	<b>701</b>	<b>13,564</b>	<b>3,462</b>	<b>2.3</b>
YoY Change (%)	-34.0	-39.9	-368.6	247.6	220.9	153.5	-203.1	70.4	-81.2	1,835.0	147.8	
Margins (%)	3.7	4.4	-13.9	5.5	11.0	10.3	10.5	8.3	0.6	10.0	10.3	
<b>Adj. PAT from discontinued operations</b>	<b>1,355</b>	<b>1,187</b>	<b>1,188</b>	<b>244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>3,973</b>	<b>-</b>	<b>0</b>	<b>NA</b>
YoY Change (%)												
<b>Overall Adj. PAT</b>	<b>2,465</b>	<b>2,584</b>	<b>(2,299)</b>	<b>1,923</b>	<b>3,565</b>	<b>3,542</b>	<b>3,595</b>	<b>2,862</b>	<b>4,674</b>	<b>13,564</b>	<b>3,462</b>	<b>2.3</b>

E: MOFSL Estimates Note: Sum of 4 quarter for FY23 will not match as 1QFY24 is not restated

# Lemon Tree Hotel

BSE SENSEX 77,580  
S&P CNX 23,533

**CMP: INR122**

**Buy**

## Conference Call Details



**Date:** 18<sup>th</sup> Nov'24

**Time:** 4:00pm IST

**Dial-in details:**

[Click here](#)

## Operating performance beats our estimate

- 2QFY25 revenue grew 25% YoY to INR2.8b (est. in line). EBITDA rose 28% YoY to INR1.3b (est. INR1.2b). EBITDA margin expanded 110bp YoY to 46% (est. ~44%) on the back of favorable operating leverage.
- Adj. PAT increased by 31% YoY to INR296m (est. INR266m).
- 1HFY25 revenue/EBITDA/adj. PAT grew 23%/19%/7% YoY to INR5.5b/INR2.5b/INR294m.
- In 2QFY25, **gross ARR stood at INR5,902**, up 12% YoY. **Occupancy declined by 330bp YoY to 68.4%** in 2QFY25.
- **Management fees** in 2QFY25 stood at INR134m, up 28% YoY.
- During the quarter, LEMONTREE signed 19 new management & franchise contracts, which added 1,373 new rooms to its pipeline, and operationalized five hotels, which added 193 rooms to the portfolio.
- As of 30th Sep'24, inventory for the group stood at 112 operational hotels with 10,318 rooms, and a pipeline of 75 hotels with 5,220 rooms.

## Consolidated Quarterly Performance

(INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Gross Sales</b>	<b>2,223</b>	<b>2,272</b>	<b>2,887</b>	<b>3,273</b>	<b>2,680</b>	<b>2,844</b>	<b>3,919</b>	<b>3,776</b>	<b>10,655</b>	<b>13,220</b>	<b>2,799</b>	<b>2</b>
YoY Change (%)	15.7	15.5	23.6	29.5	20.6	25.2	35.8	15.4	21.8	24.1	23.2	
Total Expenditure	1,178	1,253	1,490	1,558	1,530	1,536	1,948	1,865	5,479	6,879	1,561	
<b>EBITDA</b>	<b>1,045</b>	<b>1,019</b>	<b>1,397</b>	<b>1,715</b>	<b>1,151</b>	<b>1,307</b>	<b>1,971</b>	<b>1,911</b>	<b>5,176</b>	<b>6,340</b>	<b>1,239</b>	<b>6</b>
Margins (%)	47.0	44.8	48.4	52.4	42.9	46.0	50.3	50.6	48.6	48.0	44.2	
Depreciation	228	226	333	334	346	348	350	355	1,121	1,398	348	
Interest	481	473	534	528	518	513	480	460	2,016	1,971	505	
Other Income	24	29	22	39	4	5	50	41	113	99	40	
<b>PBT before EO expense</b>	<b>359</b>	<b>348</b>	<b>552</b>	<b>892</b>	<b>291</b>	<b>451</b>	<b>1,191</b>	<b>1,137</b>	<b>2,151</b>	<b>3,070</b>	<b>426</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>359</b>	<b>348</b>	<b>552</b>	<b>892</b>	<b>291</b>	<b>451</b>	<b>1,191</b>	<b>1,137</b>	<b>2,151</b>	<b>3,070</b>	<b>426</b>	
Tax	87	86	118	50	91	102	285	271	341	748	102	
Rate (%)	24.2	24.8	21.3	5.6	31.2	22.7	23.9	23.8	15.9	24.4	23.9	
MI & P/L of Asso. Cos.	38	35	80	172	2	52	112	248	325	413	58	
<b>Reported PAT</b>	<b>235</b>	<b>226</b>	<b>354</b>	<b>670</b>	<b>198</b>	<b>296</b>	<b>795</b>	<b>619</b>	<b>1,485</b>	<b>1,908</b>	<b>266</b>	
<b>Adj PAT</b>	<b>235</b>	<b>226</b>	<b>354</b>	<b>670</b>	<b>198</b>	<b>296</b>	<b>795</b>	<b>619</b>	<b>1,485</b>	<b>1,908</b>	<b>266</b>	<b>11</b>
YoY Change (%)	34.5	35.1	-11.4	52.4	-15.6	30.9	124.5	-7.6	25.7	28.5	17.4	
Margins (%)	10.6	10.0	12.3	20.5	7.4	10.4	20.3	16.4	13.9	14.4	9.5	

# Oil & Gas

## CNG price hikes key to sustaining margins after further de-allocation

- **APM gas de-allocated again:** Indraprastha Gas (IGL) and Mahanagar Gas (MAHGL) have announced that there has been a further ~20% reduction in the APM gas allocation for the CNG business. The lower allocation will be applicable from 16<sup>th</sup> Nov'24. We understand that: 1) similar de-allocation will be applicable for other CGD companies who have not made a formal announcement yet; 2) D-PNG allocation has not been impacted; and 3) companies may be allocated gas from new fields, which we estimate should cost USD 9-10/mmbtu (vs. APM cost of USD6.5/mmbtu). We note that APM allocation was reduced by ~20% from 16 Oct'24 onwards, and after this recent de-allocation, we estimate CGD companies are receiving 35-40% of the overall CNG requirement.
- **CNG price hikes of INR5-6/kg needed now:** Overall, we estimate CGD companies will need to take CNG price hikes of ~INR5-6/kg to maintain their EBITDA/scm margins, assuming de-allocated APM gas has been replaced with gas priced at USD9-10/mmbtu. We had recently cut our EBITDA/scm estimates across CGD companies to account for the previous de-allocation, which was applicable from 16<sup>th</sup> Oct'24 onwards.
- **MAHGL better placed to take price hikes:** While the Maharashtra elections will be over in Nov'24, after which MAHGL should be able to increase prices, Delhi elections are due in Feb'25 that are deferring IGL's potential price hike by several months, in our opinion.
- **CNG's competitiveness to MS/HSD still robust:** Even in a scenario where CNG prices are increased by INR5/kg and petrol prices are increased by INR5/lit, we believe CNG retains a formidable cost advantage over petrol (measured in cost/Km).

## Valuation and view

- As such, we continue to believe that IGL shall be affected the most by this significant reduction in the domestic gas allocation, followed by MAHGL and then GUJGA.
- **IGL:** While IGL's volumes saw a 9.8% CAGR in FY16-24, we estimate a 7% CAGR in FY24-27. We reiterate our Sell rating on the stock.
- **MAHGL:** We expect a 9% CAGR in volume over FY24-27, driven by multiple initiatives implemented by the company, such as collaborating with OEMs to drive conversions of commercial CNG vehicles and providing guaranteed price discounts to new I/C-PNG customers.

**INR3.5/INR3.1/INR1.4 per scm contraction in margins for IGL/MAHGL/GUJGA**

Particulars	Unit	IGL	MAHGL	GUJGA
<b>FY24 sales volume split</b>				
CNG	mmscmd	6.3	2.6	2.9
D-PNG	mmscmd	0.6	0.5	0.9
I&C-PNG & NG	mmscmd	1.5	0.5	6.0
<b>[A] Total</b>		<b>8.4</b>	<b>3.6</b>	<b>9.7</b>
CNG	mmscmd	6.3	2.6	2.9
reduction (%)		41%	38%	40%
<b>[B] APM allocation reduction</b>	mmscmd	2.6	1.0	1.2
<b>[C] Implied reduction over entire volume (%) (A x B)</b>		31%	27%	12%
Overall cost increase (USD3.5/mmbtu x C)	USD/mmbtu	1.1	1.0	0.4
<b>Margin impact</b>	INR/scm	<b>3.5</b>	<b>3.1</b>	<b>1.4</b>
<b>FY24 EBITDA</b>	INR/scm	<b>7.7</b>	<b>13.9</b>	<b>5.5</b>
<b>Margin impact over FY24 EBITDA/scm</b>	%	<b>46%</b>	<b>22%</b>	<b>25%</b>
<b>CNG price hike required</b>	INR/kg	<b>6.2</b>	<b>5.8</b>	<b>6.1</b>

**CNG's competitiveness to MS/HSD might be under pressure**

**Current fuel cost in Delhi**

Vehicle	Fuel cost		On-road mileage	Cost/km	
Wagon R	Petrol (INR/lit)	94.7	km/lit	20.0	4.7
Wagon R	CNG (INR/kg)	75.1	km/kg	28.0	2.7

**Assuming INR5 cut in Petrol and INR5 rise in CNG**

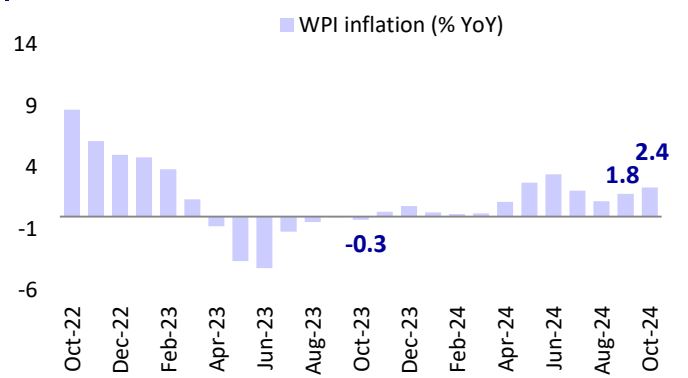
Vehicle	Fuel cost		On-road mileage	Cost/km	
Wagon R	Petrol (INR/lit)	89.7	km/lit	20.0	4.5
Wagon R	CNG (INR/kg)	80.1	km/kg	28.0	2.9

## WPI rises to a four-month high of 2.4% in Oct'24

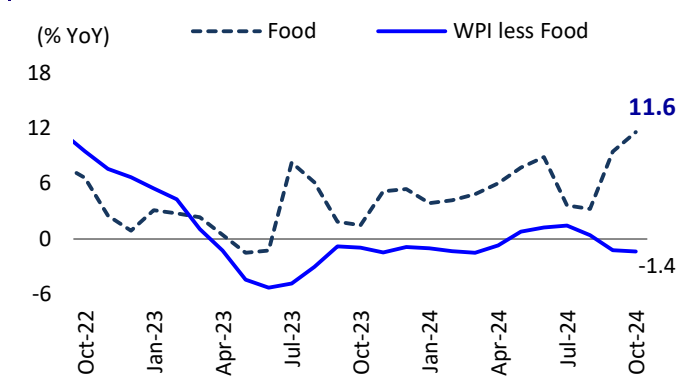
### Led by higher food inflation

- The Wholesale Price Index (WPI)-based inflation rose to a four-month high of 2.4% in Oct'24 (vs. 1.8% in Sep'24 and -0.3% in Oct'23), mainly led by higher food prices (especially vegetables), which were partly offset by a contraction in the prices of fuel & power items. WPI-based inflation remained in the positive territory for the 11th consecutive month after having been in the deflationary zone for the majority of the previous financial year. (*Exhibit 1*). Sequentially, WPI increased 1.0% in Oct'24 vs. growth of 0.1% in Sep'24. The figure was higher than the Bloomberg consensus of 2.3% and our expectation of 2.2%.
- The acceleration in WPI was primarily driven by higher food inflation, which was the highest in the last 28 months (11.6% YoY in Oct'24 vs. 9.5% in Sep'24). WPI, excluding food, contracted 1.4% in Oct'24 (lowest in seven months) vs. a contraction of 1.2% in Sep'24. (*Exhibit 2*). Within the food category, prices of primary food articles increased 8.1% in Oct'24 vs. 6.6% in Sep'24 (the highest in 15 months), while prices of manufactured food products increased 7.8% in Oct'24 vs. 5.5% in Sep'24. Within the primary food articles category, an increase in the prices of vegetables and fruits was the major driver of higher food inflation.
- Acceleration in WPI was partly offset by a contraction in the prices of fuel & power items. WPI for fuel and power contracted 5.8% in Oct'24 (lowest in 14 months), following a contraction of 4.1% in Sep'24, led by a contraction in the prices of mineral oils (-0.4%, lowest in 14 months) and electricity (-3.6%, lowest in 12 months).
- WPI for non-food manufacturing products increased 0.3% in Oct'24 (vs. 0.1% in Sep'24), led by a rise in the prices of rubber and plastic products, machinery & equipment, motor vehicles, and other manufacturing products.
- Agro inflation increased to a 15-month high of 10.6% in Oct'24 vs. 9% in Sep'24. At the same time, agro input inflation contracted 2.9% YoY in Oct'24 (higher contraction than the last month) vs. a contraction of 2% YoY in Sep'24. Consequently, agricultural terms of trade growth accelerated to 13.9% in Oct'24 (vs. 11.2% in Sep'24, highest in 14 months) (*Exhibit 4*). Inflation in imported items contracted 1.5% in Oct'24 (1.9% in Sep'24). On the other hand, non-agro domestic inflation increased 1.2% YoY in Oct'24 (vs. 1.3% in Sep'24). (*Exhibit 3*).
- We expect WPI inflation to rise in the coming months as the favorable base effect wanes. We expect WPI to rise to ~2.5%-3% in Nov'24.

**Exhibit 1: WPI eased to a four-month high of 2.4% YoY in Oct'24 vs. 1.8% in Sep'24...**

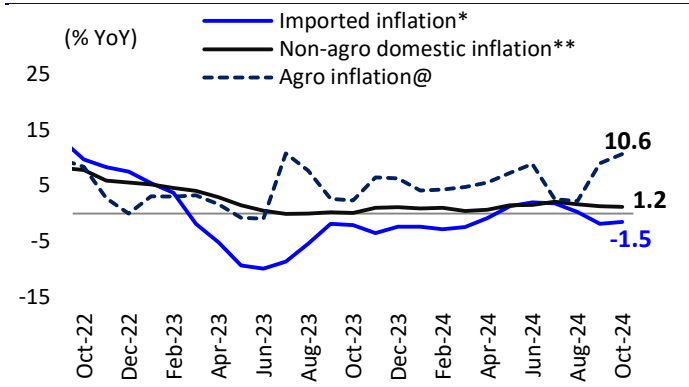


**Exhibit 2: ...led by higher food inflation, the highest in 28 months**



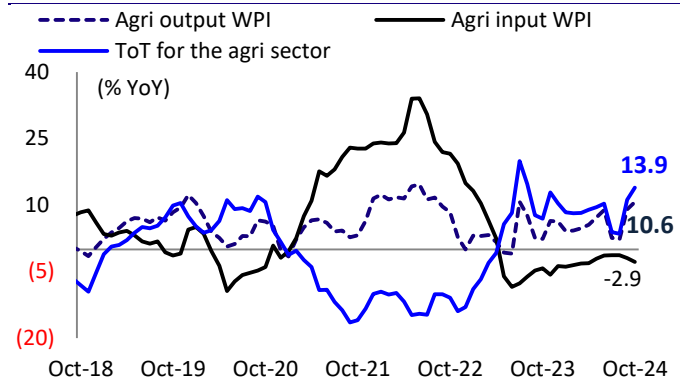


**Exhibit 3: Agro inflation rose to a 15-month high of 10.6% in Oct'24 vs. 9% in Sep'24**



\*Constituting ~41.8% weightage in the WPI basket  
 \*\*Constituting ~38.8% weightage in the WPI basket  
 @Constituting ~19.4% weightage in the WPI basket

**Exhibit 4: Terms of trade for the agri sector grew at a 14-month high of 13.9% in Oct'24**



Source: Office of Economic Adviser, MOFSL



### **Thermax : Financial closure of projects is taking longer than expected, Delay in Pick ups are also seen; Ashish Bhandari**

- Enquiry pipeline is good and healthy, with big projects coming back
- Things have improved from Q1 but not as good as FY24
- Financial closure of projects is taking longer than expected, Delay in Pick ups are also seen
- Will not be able to sustain the 10%+ margin the investment plans

[→ Read More](#)

### **Happiest Minds : Targeting Markets in Africa & APAC; Venkatraman Narayanan, MD & CEO**

- We have our task cut out to achieve revenue guidance of 30-35% for FY25
- H1 margin at 22.7% is well ahead of guidance of 20-22%
- Made \$2 Million of gen AI Investments
- Targeting Markets in Africa & APAC

[→ Read More](#)

### **Gokuldas Exports : US Retail demand is very strong of 3% growth; Siva Ganapathi, VC**

- Higher expenses have impacted margins, Overall demand looks good
- Freight Is not seen as big problem
- US Retail demand is very strong of 3% growth
- Keyna Factories had few challenges due to sharp rise in local currency

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### **Bharat Forge : Demand from Europe is coming down dramatically; Baba Kalyani, CMD**

- Fundamentally, Q2 Performance was resilient
- Better Product Mix & cost control led to improvement in margin
- Demand from North America class 8 truck remains good
- Demand from Europe is coming down dramatically

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
<b>Automobiles</b>																
Amara Raja Ener.	Neutral	1256	1310	4	53.8	61.3	69.6	8.7	14.0	13.5	23.4	20.5	3.0	2.7	13.7	13.9
Apollo Tyres	Buy	475	555	17	21.3	29.0	36.1	-27.2	36.1	24.5	22.3	16.4	1.6	1.5	9.4	11.8
Ashok Ley.	Buy	218	255	17	9.7	12.1	14.6	6.6	24.6	20.4	22.4	17.9	6.3	5.3	30.1	32.1
Bajaj Auto	Neutral	9490	11450	21	302.1	387.9	492.8	9.4	28.4	27.0	31.4	24.5	9.5	8.7	32.0	37.2
Balkrishna Inds	Neutral	2740	2890	5	85.0	110.6	130.2	11.1	30.1	17.7	32.2	24.8	5.2	4.5	17.3	19.5
Bharat Forge	Neutral	1328	1320	-1	28.0	39.5	48.4	41.7	41.2	22.7	47.5	33.7	7.9	6.9	17.3	21.8
Bosch	Neutral	33843	34280	1	731.6	877.4	1,081.4	17.9	19.9	23.2	46.3	38.6	7.6	6.9	17.1	18.7
CEAT	Buy	2779	3450	24	131.9	176.3	229.5	-22.2	33.6	30.2	21.1	15.8	2.5	2.2	12.5	15.0
Craftsman Auto	Neutral	4688	5435	16	120.1	193.3	279.2	-16.7	60.9	44.4	39.0	24.3	3.6	3.2	12.0	13.9
Eicher Mot.	Sell	4886	4000	-18	158.8	171.3	196.6	8.5	7.9	14.8	30.8	28.5	6.4	5.6	22.3	21.0
Endurance Tech.	Buy	2375	2825	19	60.2	75.4	90.6	27.2	25.4	20.1	39.5	31.5	5.9	5.1	15.9	17.4
Escorts Kubota	Neutral	3501	3560	2	102.0	113.8	140.6	7.4	11.6	23.6	34.3	30.8	4.2	3.8	12.9	13.0
Exide Ind	Neutral	418	435	4	13.5	16.0	17.6	8.9	18.9	9.7	31.0	26.1	2.5	2.3	8.2	9.0
Happy Forgings	Buy	1079	1300	20	30.2	40.8	51.6	17.2	34.9	26.5	35.7	26.5	5.5	4.7	16.5	19.1
Hero Moto	Buy	4604	5420	18	227.4	249.1	278.7	11.1	9.6	11.9	20.3	18.5	4.8	4.5	24.5	25.2
Hyundai Motor	Buy	1766	2235	27	68.3	77.3	88.4	-8.4	13.1	14.4	25.8	22.9	10.3	8.1	45.0	39.5
M&M	Buy	2809	3420	22	99.7	116.2	136.7	12.4	16.5	17.7	28.2	24.2	5.5	4.7	21.0	20.8
CIE Automotive	Buy	472	605	28	22.0	25.5	29.9	4.1	15.9	17.6	21.5	18.5	2.7	2.4	13.2	13.8
Maruti Suzuki	Buy	11008	13875	26	444.6	500.6	566.9	3.6	12.6	13.2	24.8	22.0	3.7	3.3	14.0	15.0
MRF	Sell	120663	104380	-13	4,472.1	5,093.3	5,912.7	-10.4	13.9	16.1	27.0	23.7	2.8	2.5	10.8	11.2
Samvardh. Motherson	Buy	165	210	27	5.5	7.3	8.8	48.9	31.7	21.8	30.0	22.8	3.3	3.0	12.8	13.9
Motherson Wiring	Buy	61	74	21	1.4	1.9	2.2	-0.4	29.5	20.6	42.4	32.7	13.8	11.1	35.0	37.5
Sona BLW Precis.	Neutral	668	685	3	10.7	13.5	16.2	19.4	26.4	20.1	62.6	49.5	12.2	10.5	20.8	22.8
Tata Motors	Neutral	774	840	8	63.7	63.0	68.3	8.6	-1.2	8.5	12.1	12.3	2.7	2.2	24.4	19.7
TVS Motor	Neutral	2396	2610	9	53.6	67.9	82.2	22.3	26.7	21.1	44.7	35.3	11.6	9.1	29.0	28.8
Tube Investments	Buy	3444	4750	38	46.0	64.2	78.2	33.7	39.7	21.7	74.9	53.6	11.3	9.4	16.1	19.1
<b>Aggregate</b>								<b>7.4</b>	<b>14.4</b>	<b>16.4</b>	<b>25.7</b>	<b>22.4</b>	<b>4.8</b>	<b>4.2</b>	<b>18.6</b>	<b>18.6</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	574	830	45	31.8	39.3	51.8	38.3	24	31.9	18.1	14.6	2.6	2.2	15.4	16.2
Axis Bank	Neutral	1141	1225	7	85.1	98.2	115.5	5.4	15.5	17.6	13.4	11.6	2.0	1.7	16.1	15.9
Bandhan Bank	Neutral	167	190	14	24.3	26.5	29.7	75.5	9	12.1	6.9	6.3	1.1	1.0	17.0	16.3
DCB Bank	Buy	113	160	41	18.8	24.7	31.0	9.8	31.3	25.6	6.0	4.6	0.7	0.6	11.7	13.7
Equitas Small Fin.	Buy	63	80	27	3.1	7.3	10.3	-55.9	133.7	40.6	20.0	8.6	1.2	1.0	5.9	12.8
Federal Bank	Buy	197	230	17	17.1	20.3	24.8	4.5	18.7	22.3	11.5	9.7	1.5	1.3	13.4	14.1
HDFC Bank	Buy	1693	2050	21	88.2	100.1	115.6	10.2	13.5	15.4	19.2	16.9	2.6	2.3	14.4	14.6
ICICI Bank	Buy	1255	1500	19	65.4	73.3	85.4	12.0	12.1	16.6	19.2	17.1	3.2	2.8	18.0	17.4
IDFC First Bk	Neutral	63	73	15	3.5	5.7	7.3	-20.0	64.3	28.8	18.3	11.2	1.3	1.2	7.3	11.0
IndusInd	Buy	1017	1500	47	94.9	128.2	163.1	-17.9	35.1	27.2	10.7	7.9	1.1	1.0	11.2	13.6
Kotak Mah. Bk	Neutral	1708	1950	14	95.5	108.5	130.5	4.3	13.6	20.3	17.9	15.7	2.3	2.0	13.9	13.6
RBL Bank	Neutral	155	220	42	16.9	28.4	42.2	-12.5	68.2	48.5	9.2	5.5	0.6	0.6	6.7	10.7
SBI Cards	Neutral	683	750	10	21.5	30.1	37.6	-15.5	40.1	25.1	31.8	22.7	4.7	3.9	15.7	18.8
<b>Aggregate</b>								<b>7.8</b>	<b>16.1</b>	<b>18.2</b>	<b>17.5</b>	<b>15.1</b>	<b>2.5</b>	<b>2.2</b>	<b>14.3</b>	<b>14.6</b>
<b>Banks - PSU</b>																
BOB	Buy	242	290	20	35.8	39.3	43.5	4.3	9.8	10.5	6.7	6.1	1.0	0.9	16.2	15.7
Canara Bank	Buy	97	125	28	17.9	20.2	22.6	11.7	12.9	11.8	5.4	4.8	0.9	0.8	19.3	18.9
Indian Bank	Buy	537	650	21	77.3	83.7	93.9	24.2	8.4	12.1	7.0	6.4	1.1	1.0	18.4	17.3
Punjab Natl.Bank	Neutral	99	120	21	13.9	15.4	17.5	85.7	10.6	13.6	7.2	6.5	0.9	0.8	14.4	14.1
SBI	Buy	804	1000	24	89.3	98.8	115.4	18.7	11	16.8	9.0	8.1	1.5	1.3	18.8	17.4
Union Bank (I)	Buy	114	135	19	20.4	22.4	24.8	8.0	10	10.9	5.6	5.1	0.8	0.7	15.9	15.4
<b>Aggregate</b>								<b>20.6</b>	<b>11</b>	<b>14</b>	<b>8</b>	<b>7.0</b>	<b>1.2</b>	<b>1.1</b>	<b>16.2</b>	<b>15.9</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	1651	1880	14	73.1	90.2	112.7	18.0	23.4	25.0	22.6	18.3	3.0	2.6	14.2	15.2
Aditya Birla Cap	Buy	189	270	43	14.2	16.5	19.9	39.9	16.2	21.1	13.3	11.5	1.6	1.4	12.9	13.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Angel One	Buy	2697	4100	52	169.0	189.7	264.1	24.4	12.3	39.2	16.0	14.2	3.8	3.2	31.2	24.5
Bajaj Fin.	Neutral	6553	7320	12	266.7	343.8	441.2	14.1	28.9	28.3	24.6	19.1	4.1	3.5	18.9	19.9
BSE	Neutral	4548	4500	-1	90.1	104.9	117.8	58.1	16.4	12.3	50.5	43.3	16.8	15.0	33.3	34.7
Cams Services	Buy	4583	5500	20	99.2	119.5	144.0	38.5	20.4	20.5	46.2	38.3	20.7	17.4	48.6	49.3
Can Fin Homes	Neutral	824	960	17	65.1	72.6	83.2	15.5	11.5	14.7	12.6	11.3	2.1	1.8	18.3	17.4
Cholaman.Inv.&Fn	Buy	1206	1570	30	52.6	70.2	92.1	29.2	33.4	31.2	22.9	17.2	4.3	3.3	20.4	21.7
CreditAccess	Buy	885	1155	30	65.8	102.5	128.7	-27.4	55.6	25.7	13.4	8.6	1.9	1.6	15.0	19.7
Fusion Finance	Neutral	178	165	-7	-37.0	46.0	66.0	-173.7	LP	43.5	NM	3.9	0.7	0.6	-13.8	17.1
Five-Star Business	Buy	647	1015	57	36.9	43.0	51.2	29.1	16.7	18.9	17.5	15.0	3.0	2.5	18.8	18.3
HDFC Life Insur.	Buy	694	900	30	8.3	9.5	10.6	13.2	14.8	11.5	84.1	73.2	2.7	2.3	16.8	16.3
Home First Fin.	Buy	1049	1320	26	42.7	52.8	66.1	23.6	23.7	25.1	24.6	19.9	3.8	3.2	16.5	17.5
ICICI Pru Life	Buy	693	900	30	6.4	7.9	10.6	8.5	23.2	33.6	108.0	87.7	2.0	1.7	19.3	19.8
ICICI Lombard	Buy	1863	2400	29	48.8	58.2	73.4	25.2	19.4	26.2	38.2	32.0	6.8	5.9	18.8	19.6
IIFL Finance	Buy	422	530	26	16.4	50.7	64.4	-64.5	208.7	27.0	25.7	8.3	1.4	1.2	6.0	16.1
IndoStar	Buy	260	315	21	10.7	16.4	24.8	26.2	52.4	51.4	24.2	15.9	1.0	1.0	4.4	6.7
L&T Finance	Buy	138	200	45	11.2	13.9	18.5	20.3	24.3	33.1	12.3	9.9	1.3	1.2	11.4	12.8
Life Insurance Corp.	Buy	908	1200	32	66.9	71.1	76.8	4.0	6.2	8.0	13.6	12.8	0.7	0.6	15.5	11.2
LIC Hsg Fin	Buy	608	760	25	93.1	93.4	102.1	7.6	0.3	9.3	6.5	6.5	0.9	0.8	15.3	13.7
MCX	Buy	5951	7600	28	120.3	158.5	188.9	638.3	31.7	19.2	49.5	37.6	20.2	18.3	42.6	51.1
Manappuram Fin.	Neutral	156	160	3	25.7	27.9	35.2	-1.0	8.7	26.2	6.1	5.6	1.0	0.8	17.4	16.3
MAS Financial	Buy	294	360	22	17.4	22.2	27.2	15.0	27.5	22.9	16.9	13.3	2.1	1.9	14.9	15.0
Max Financial	Neutral	1232	1300	6	14.6	16.9	22.8	92.9	16.0	34.8	84.5	72.8	2.3	1.9	19.0	19.4
M&M Fin.	Buy	257	335	30	19.6	24.8	31.1	37.7	26.3	25.3	13.1	10.4	1.5	1.4	12.1	14.0
Muthoot Fin	Neutral	1778	1815	2	127.9	151.6	169.0	26.8	18.6	11.4	13.9	11.7	2.5	2.2	19.5	19.8
Piramal Enterp.	Neutral	1045	1015	-3	39.2	57.4	75.3	-152.2	46.4	31.3	26.7	18.2	0.9	0.8	3.3	4.7
PNB Housing	Buy	904	1235	37	72.3	88.8	108.4	24.5	22.8	22.0	12.5	10.2	1.4	1.2	11.8	12.9
Poonawalla Fincorp	Buy	356	350	-2	1.9	14.6	23.3	-85.8	666.7	59.5	187.2	24.4	3.4	3.0	1.8	12.9
PFC	Buy	455	560	23	50.5	55.4	62.2	16.1	9.7	12.1	9.0	8.2	1.7	1.4	19.6	18.8
REC	Buy	503	630	25	60.5	69.3	80.1	13.6	14.6	15.6	8.3	7.3	1.6	1.4	21.3	20.9
Repco Home Fin	Neutral	459	500	9	70.4	70.3	78.5	11.5	-0.1	11.8	6.5	6.5	0.9	0.8	14.2	12.5
Spandana Sphoorty	Buy	366	540	48	-8.4	69.0	101.5	-111.9	LP	47.2	NM	5.3	0.7	0.6	-1.6	12.8
Shriram Finance	Buy	2825	4000	42	223.3	264.7	321.6	16.7	18.5	21.5	12.7	10.7	1.9	1.7	16.2	16.8
SBI Life Insurance	Buy	1562	2100	34	23.9	24.8	27.7	26.1	3.8	11.7	65.4	63.0	2.2	1.8	21.3	20.0
Star Health Insu	Buy	475	630	33	17.0	21.3	27.4	17.8	25.4	28.5	27.9	22.2	3.6	3.1	14.0	15.1
<b>Aggregate</b>								<b>11.9</b>	<b>25.6</b>	<b>21.3</b>	<b>14.9</b>	<b>11.9</b>	<b>2.2</b>	<b>1.9</b>	<b>14.7</b>	<b>16.0</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	1954	2095	7	37.2	51.4	68.4	27.9	38.0	33.1	52.5	38.0	7.2	6.4	14.3	17.8
Atul	Buy	7300	9995	37	177.3	231.0	282.0	61.2	30.3	22.1	41.2	31.6	3.9	3.5	9.8	11.7
Clean Science	Neutral	1300	1430	10	24.4	36.0	45.6	6.2	47.7	26.6	53.3	36.1	9.7	7.8	19.7	24.0
Deepak Nitrite	Neutral	2636	2485	-6	61.5	78.0	87.5	11.5	26.9	12.2	42.9	33.8	6.5	5.6	16.2	17.7
Fine Organic	Sell	4768	3885	-19	147.0	114.4	107.7	22.5	-22.2	-5.8	32.4	41.7	6.4	5.6	21.8	14.4
Galaxy Surfact.	Buy	2733	3865	41	95.6	118.3	139.3	12.4	23.7	17.8	28.6	23.1	4.0	3.5	14.7	16.2
Navin Fluorine	Neutral	3306	3240	-2	57.6	82.1	103.1	25.0	42.5	25.6	57.4	40.3	6.3	5.7	11.5	14.9
NOCIL	Neutral	266	270	2	7.8	8.7	12.9	-1.1	11.1	48.7	34.1	30.7	2.5	2.4	7.5	8.0
PI Inds.	Buy	4267	5200	22	117.0	129.6	152.9	5.7	10.8	18.0	36.5	32.9	6.3	5.3	18.7	17.5
SRF	Neutral	2236	2080	-7	40.5	67.4	88.9	-14.7	66.4	32.0	55.2	33.2	5.5	4.9	10.2	15.5
Tata Chemicals	Neutral	1059	1070	1	30.7	49.0	61.6	-14.9	59.4	25.6	34.4	21.6	1.2	1.1	3.5	5.4
Vinati Organics	Buy	1836	2545	39	41.5	51.9	61.3	33.0	25.2	18.0	44.3	35.3	6.8	5.9	16.3	17.9
<b>Aggregate</b>								<b>20.7</b>	<b>23.1</b>	<b>18.8</b>	<b>42.0</b>	<b>34.1</b>	<b>5.5</b>	<b>4.9</b>	<b>13.1</b>	<b>14.3</b>
<b>Capital Goods</b>																
ABB India	Buy	6680	8500	27	88.7	102.5	119.3	50.5	15.6	16.3	75.3	65.2	18.4	14.6	27.6	25.1
Bharat Electronics	Buy	281	360	28	6.7	8.2	9.9	21.0	22.7	20.9	42.2	34.4	10.1	8.1	24.0	23.5
Cummins India	Buy	3328	4300	29	74.1	88.7	104.3	23.6	19.6	17.7	44.9	37.5	13.3	11.6	31.3	33.0



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hitachi Energy	Neutral	11775	13000	10	75.2	155.5	232.3	94.6	106.9	49.3	156.7	75.7	29.7	21.4	19.0	28.2
Kalpataru Proj.	Buy	1197	1500	25	46.4	63.9	84.5	42.5	37.6	32.3	25.8	18.7	3.1	2.7	12.5	15.2
KEC International	Neutral	1008	900	-11	23.7	39.6	48.9	81.8	67.4	23.3	42.6	25.4	5.0	4.4	13.3	18.3
Kirloskar Oil	Buy	1137	1500	32	35.1	44.7	56.2	40.5	27.3	25.8	32.4	25.4	5.5	4.7	18.1	20.0
Larsen & Toubro	Buy	3527	4300	22	111.1	137.2	160.3	17.6	23.4	16.9	31.7	25.7	4.9	4.3	16.5	17.9
Siemens	Buy	6724	8400	25	73.4	87.5	108.7	33.3	19.2	24.1	91.6	76.8	15.9	13.8	18.6	19.3
Thermax	Neutral	4999	4900	-2	63.1	82.8	102.2	20.9	31.3	23.5	79.3	60.4	11.3	9.8	15.1	17.3
Triveni Turbine	Buy	655	830	27	11.6	14.3	19.5	36.5	24.2	35.7	56.7	45.7	17.0	13.4	33.6	32.9
Zen Technologies	Buy	1767	2200	24	29.7	45.8	63.6	111.4	54.3	38.7	59.5	38.6	9.3	7.5	24.7	21.5
<b>Aggregate</b>								<b>24.6</b>	<b>24.9</b>	<b>20.1</b>	<b>45.3</b>	<b>36.2</b>	<b>7.9</b>	<b>6.8</b>	<b>17.5</b>	<b>18.7</b>
<b>Cement</b>																
Ambuja Cem.	Buy	545	710	30	9.0	13.6	17.4	-35.3	50.7	28.4	60.5	40.2	2.5	2.4	4.6	6.0
ACC	Buy	2188	3000	37	81.1	108.9	142.4	-18.3	34.3	30.7	27.0	20.1	2.4	2.1	9.1	11.2
Birla Corp.	Buy	1086	1500	38	24.7	60.2	80.1	-54.2	143.4	33.2	44.0	18.1	1.2	1.2	2.8	6.7
Dalmia Bhar.	Buy	1714	2250	31	45.9	65.0	83.6	12.8	41.5	28.5	37.3	26.4	1.9	1.8	5.2	7.0
Grasim Inds.	Buy	2529	3060	21	82.1	100.5	119.2	-14.2	22.5	18.5	30.8	25.2	3.1	3.0	-0.3	1.8
India Cem	Sell	355	310	-13	-19.3	-1.7	4.9	154.9	Loss	LP	NM	NM	2.2	2.2	-11.5	-1.1
J K Cements	Buy	3998	5000	25	84.7	126.9	171.7	-17.5	49.8	35.3	47.2	31.5	5.2	4.7	11.1	15.7
JK Lakshmi Ce	Buy	697	880	26	22.3	40.2	38.9	-43.6	80.2	-3.3	31.2	17.3	2.4	2.2	8.0	13.2
Ramco Cem	Neutral	903	880	-3	11.6	21.7	31.0	-30.6	86.6	43.2	77.8	41.7	2.8	2.6	3.7	6.4
Shree Cem	Neutral	24097	23910	-1	300.1	325.7	413.4	-56.1	8.5	26.9	80.3	74.0	4.1	4.0	5.2	5.5
Ultratech	Buy	10736	13000	21	211.9	313.6	392.7	-13.3	48.0	25.2	50.7	34.2	4.8	4.0	9.8	12.9
<b>Aggregate</b>								<b>-22.9</b>	<b>44.6</b>	<b>25.8</b>	<b>46.5</b>	<b>32.1</b>	<b>3.2</b>	<b>3.0</b>	<b>7.0</b>	<b>9.2</b>
<b>Consumer</b>																
Asian Paints	Neutral	2483	2650	7	47.5	55.2	62.7	-18.0	16.2	13.6	52.3	45.0	12.4	11.6	24.0	26.6
Britannia	Neutral	4915	5500	12	93.5	107.0	120.7	5.5	14.4	12.8	52.5	45.9	27.1	23.4	54.3	54.7
Colgate	Neutral	2710	3250	20	55.6	61.2	66.8	13.0	10.1	9.2	48.8	44.3	34.1	29.9	74.9	71.9
Dabur	Buy	507	700	38	10.8	12.3	14.2	1.9	14.4	14.7	47.1	41.1	8.4	7.9	18.6	19.8
Emami	Buy	640	850	33	20.6	22.7	24.4	13.9	10.5	7.6	31.2	28.2	10.1	8.9	34.3	33.4
Godrej Cons.	Buy	1175	1550	32	21.1	25.7	29.7	9.1	22.0	15.3	55.7	45.6	8.8	8.0	16.4	18.4
HUL	Buy	2389	3200	34	45.3	51.0	56.2	3.7	12.5	10.1	52.7	46.8	10.9	10.7	20.7	23.0
ITC	Buy	466	575	23	16.7	18.2	19.8	1.9	9.2	8.4	27.9	25.6	7.5	7.2	27.5	28.7
Indigo Paints	Buy	1499	1750	17	31.3	36.9	43.3	1.1	17.8	17.4	47.9	40.7	7.0	6.1	15.5	16.0
Jyothy Lab	Neutral	427	500	17	10.8	11.7	12.9	9.9	8.7	10.3	39.6	36.4	8.2	7.5	21.3	21.5
L T Foods	Buy	355	520	46	18.0	24.0	28.5	5.6	33.0	18.5	19.7	14.8	3.2	2.7	17.2	19.7
Marico	Buy	592	750	27	12.7	14.1	15.2	10.9	11.1	7.4	46.5	41.9	19.1	18.2	42.0	44.5
Nestle	Neutral	2184	2400	10	34.0	38.6	43.6	-17.1	13.5	12.8	64.2	56.6	50.9	43.1	87.7	82.5
Page Inds	Buy	45378	54000	19	603.4	724.6	872.8	18.2	20.1	20.5	75.2	62.6	28.9	24.8	38.4	39.6
Pidilite Ind.	Neutral	3022	3200	6	42.4	49.0	55.9	18.4	15.4	14.1	71.2	61.7	16.1	14.5	24.0	24.7
P&G Hygiene	Neutral	15699	16500	5	254.0	286.7	327.1	15.3	12.9	14.1	61.8	54.7	54.2	45.2	96.3	90.2
Tata Consumer	Buy	925	1320	43	16.0	19.5	21.5	11.3	22.3	10.0	58.0	47.4	3.9	3.5	8.0	8.1
United Brew	Neutral	1881	1950	4	21.7	31.1	38.7	39.4	43.6	24.3	86.8	60.5	11.1	10.1	13.2	17.5
United Spirits	Neutral	1442	1550	7	18.8	21.2	23.4	4.0	12.5	10.4	76.5	68.0	12.6	10.6	16.4	15.6
<b>Aggregate</b>								<b>1.7</b>	<b>13.0</b>	<b>10.9</b>	<b>45.4</b>	<b>40.2</b>	<b>10.7</b>	<b>10.1</b>	<b>23.7</b>	<b>25.1</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1618	1830	13	23.9	29.6	36.8	17.8	24.0	24.3	67.7	54.6	12.0	10.5	17.8	19.3
KEI Industries	Buy	3811	5100	34	75.6	91.1	112.1	17.4	20.6	23.0	50.4	41.8	9.1	7.6	18.0	18.1
Polycab India	Buy	6301	8340	32	124.9	151.4	182.2	5.2	21.2	20.4	50.4	41.6	9.8	8.3	19.5	20.0
R R Kabel	Buy	1530	1900	24	23.8	39.7	56.1	-10.1	67.0	41.4	64.4	38.6	8.6	7.3	13.9	20.4
Voltas	Buy	1707	2070	21	26.8	34.7	43.8	270.9	29.3	26.4	63.6	49.2	8.5	7.5	13.4	15.2
<b>Aggregate</b>								<b>24.9</b>	<b>25.7</b>	<b>24.3</b>	<b>58.4</b>	<b>46.5</b>	<b>10.0</b>	<b>8.6</b>	<b>17.1</b>	<b>18.5</b>
<b>EMS</b>																
Amber Enterp.	Buy	6116	7350	20	78.0	113.0	172.3	97.7	44.9	52.5	78.4	54.1	8.9	7.6	12.0	15.1
Avalon Tech	Buy	773	920	19	9.2	16.6	25.5	115.1	80.7	54.2	84.4	46.7	8.4	7.1	10.4	16.4





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Cyient DLM	Buy	629	870	38	13.1	24.7	34.3	70.3	87.9	38.9	47.9	25.5	4.9	4.1	10.8	17.6
Data Pattern	Neutral	2166	2300	6	39.1	51.4	65.7	20.4	31.6	27.8	55.5	42.1	7.9	6.7	15.3	17.2
Dixon Tech.	Buy	14766	17500	19	134.3	177.4	232.2	118.3	32.1	30.9	110.0	83.2	35.6	25.1	38.5	35.3
Kaynes Tech	Buy	5540	6600	19	53.8	95.1	145.7	87.4	76.9	53.3	103.0	58.3	12.5	10.3	12.9	19.4
Syrma SGS Tech.	Buy	548	550	0	9.5	14.7	22.1	54.7	55.4	49.9	57.8	37.2	5.5	4.9	10.0	14.0
<b>Aggregate</b>								<b>84.3</b>	<b>48.1</b>	<b>41.4</b>	<b>89.9</b>	<b>60.7</b>	<b>14.0</b>	<b>11.4</b>	<b>15.6</b>	<b>18.8</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	1030	1110	8	31.7	37.9	47.5	0.7	19.6	25.4	32.5	27.2	3.8	3.4	12.1	13.1
Alkem Lab	Neutral	5523	5720	4	189.5	209.5	232.1	18.7	10.5	10.8	29.1	26.4	5.5	4.7	20.2	19.2
Ajanta Pharma	Buy	2860	3470	21	76.7	88.6	104.0	23.1	15.6	17.4	37.3	32.3	8.5	7.1	24.8	23.9
Apollo Hospitals	Buy	6858	8660	26	97.4	126.3	164.5	56.0	29.7	30.2	70.4	54.3	11.6	9.6	18.4	19.9
Aurobindo	Neutral	1248	1360	9	61.7	70.8	81.1	10.0	14.8	14.5	20.2	17.6	2.2	2.0	11.5	11.8
Biocon	Neutral	336	300	-11	2.1	4.8	9.8	18.4	124.5	103.7	157.3	70.1	2.0	1.9	1.3	2.8
Cipla	Neutral	1500	1420	-5	56.8	62.7	66.1	8.3	10.3	5.5	26.4	23.9	3.9	3.4	15.0	14.4
Divis Lab	Neutral	5744	5630	-2	77.2	98.2	120.3	28.7	27.2	22.5	74.4	58.5	10.2	9.1	14.3	16.4
Dr Reddy's	Neutral	1226	1390	13	69.3	79.7	69.9	9.2	15.0	-12.3	17.7	15.4	3.1	2.6	18.8	18.2
ERIS Lifescience	Neutral	1354	1230	-9	28.6	40.1	54.2	-2.2	40.4	35.1	47.4	33.7	6.4	5.5	14.3	17.6
Gland Pharma	Buy	1771	1970	11	49.3	60.2	71.2	3.6	22.1	18.2	35.9	29.4	3.1	2.8	8.9	9.9
Glenmark	Buy	1532	-		47.5	59.2	68.5	1,811.9	24.6	15.7	32.2	25.9	4.7	4.0	15.8	16.8
GSK Pharma	Neutral	2457	2800	14	50.2	56.2	64.6	15.9	12.1	14.9	49.0	43.7	19.2	15.7	39.3	36.0
Global Health	Buy	1071	1320	23	19.1	24.0	30.2	7.2	25.6	25.8	56.1	44.7	8.6	7.5	16.4	17.9
Granules India	Buy	534	680	27	21.6	28.6	36.0	24.2	32.8	25.8	24.8	18.6	3.5	3.0	15.1	17.2
IPCA Labs	Buy	1537	1930	26	34.4	44.8	55.5	65.3	30.3	23.8	44.7	34.3	5.5	4.9	13.0	15.0
Laurus Labs	Buy	486	530	9	6.3	11.0	15.2	108.1	75.0	38.4	77.4	44.2	5.9	5.3	7.9	12.7
Lupin	Neutral	2014	2210	10	68.3	75.0	83.2	64.5	9.8	10.9	29.5	26.8	5.3	4.5	19.7	18.1
Mankind Pharma	Buy	2606	3140	20	54.6	60.1	76.6	14.3	10.1	27.4	47.7	43.3	9.5	8.1	21.5	20.2
Max Healthcare	Buy	1006	1240	23	15.1	19.9	24.0	9.6	32.0	20.7	66.8	50.6	9.1	7.7	14.6	16.5
Piramal Pharma	Buy	258	310	20	2.4	5.2	7.5	469.7	115.2	45.2	107.1	49.8	3.7	3.5	4.0	8.0
Sun Pharma	Buy	1769	2280	29	49.3	59.3	67.4	19.0	20.2	13.7	35.9	29.8	5.8	4.9	17.2	17.8
Torrent Pharma	Neutral	3102	3430	11	59.8	79.3	99.4	27.1	32.5	25.4	51.8	39.1	6.5	5.3	27.0	29.8
Zydus Lifesciences	Neutral	958	1010	5	45.2	49.4	43.6	20.2	9.1	-11.7	21.2	19.4	3.8	3.2	20.1	18.0
<b>Aggregate</b>								<b>22.7</b>	<b>19.2</b>	<b>12.5</b>	<b>36.1</b>	<b>30.3</b>	<b>5.3</b>	<b>4.6</b>	<b>14.7</b>	<b>15.2</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1570	1830	17	73.6	91.3	111.5	0.8	24.1	22.2	21.3	17.2	1.9	1.7	9.4	10.6
IRB Infra	Neutral	48	60	26	1.5	2.1	2.4	51.6	36.9	17.2	31.4	22.9	2.0	1.9	6.5	8.4
KNR Constructions	Buy	302	370	22	14.8	16.7	21.4	-2.9	12.7	28.6	20.4	18.1	2.2	2.0	11.7	11.5
<b>Aggregate</b>											<b>25.7</b>	<b>20.1</b>	<b>2.0</b>	<b>1.8</b>	<b>7.8</b>	<b>9.1</b>
<b>Logistics</b>																
Adani Ports	Buy	1264	1780	41	50.8	60.5	72.2	23.0	19.2	19.3	24.9	20.9	4.4	3.7	19.0	19.2
Blue Dart Express	Buy	7634	8800	15	121.7	213.5	265.5	0.1	75.4	24.4	62.7	35.7	11.4	9.3	19.1	28.7
Concor	Buy	787	1050	33	22.8	29.7	35.7	13.7	29.9	20.4	34.5	26.5	3.8	3.5	11.4	13.8
JSW Infra	Buy	291	350	20	6.0	8.2	11.0	3.9	35.7	34.1	48.3	35.6	6.7	5.9	14.8	17.7
Mahindra Logistics	Neutral	391	440	12	3.6	17.3	29.2	-143.7	384.6	68.6	109.3	22.6	5.6	4.6	5.0	22.0
Transport Corp.	Buy	1166	1290	11	52.6	64.5	75.4	14.8	22.6	16.9	22.2	18.1	3.8	3.2	18.2	18.8
TCL Express	Neutral	847	1060	25	28.5	39.4	45.9	-17.2	38.3	16.4	29.8	21.5	4.1	3.6	14.7	17.9
VRL Logistics	Buy	515	670	30	15.2	23.1	25.3	49.8	51.9	9.5	33.9	22.3	4.5	4.1	13.7	19.4
<b>Aggregate</b>											<b>28.8</b>	<b>23.2</b>	<b>4.6</b>	<b>4.0</b>	<b>16.1</b>	<b>17.2</b>
<b>Media</b>																
PVR Inox	Neutral	1462	1750	20	7.4	26.7	48.6	-36.8	262.9	81.8	198.4	54.7	1.9	1.9	1.0	3.5
Sun TV	Neutral	731	670	-8	48.2	53.4	58.9	1.2	10.9	10.3	15.2	13.7	2.5	2.3	16.6	16.6
Zee Ent.	Neutral	116	145	25	7.2	9.6	10.6	58.7	33.3	11.2	16.1	12.1	1.0	0.9	6.2	7.8
<b>Aggregate</b>								<b>9.8</b>	<b>23.5</b>	<b>16.3</b>	<b>20.4</b>	<b>16.5</b>	<b>1.8</b>	<b>1.7</b>	<b>8.8</b>	<b>10.1</b>
<b>Metals</b>																
Coal India	Buy	410	560	37	56.8	67.4	70.5	-6.5	18.7	4.7	7.2	6.1	2.5	2.1	35.1	34.6
Hindalco	Buy	627	780	24	68.4	63.1	74.4	49.9	-7.7	17.8	9.2	9.9	1.5	1.3	17.5	14.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hind. Zinc	Neutral	495	570	15	23.0	30.6	31.4	25.1	33.3	2.7	21.5	16.2	17.1	10.4	70.8	80.1
JSPL	Buy	877	1200	37	52.2	95.5	110.0	-10.7	83.0	15.2	16.8	9.2	1.8	1.5	11.2	18.0
JSW Steel	Buy	939	1200	28	31.5	67.8	85.5	-14.3	114.8	26.2	29.8	13.9	2.7	2.3	9.5	17.9
Nalco	Neutral	220	240	9	17.0	13.9	16.2	87.5	-18.3	16.5	12.9	15.8	2.4	2.2	20.0	14.4
NMDC	Buy	219	280	28	23.3	27.1	30.3	18.0	16.4	11.6	9.4	8.1	2.1	1.8	24.4	24.1
SAIL	Neutral	112	130	16	3.3	10.4	14.8	27.3	212	43.0	33.7	10.8	0.8	0.8	2.4	7.1
Tata Steel	Neutral	138	160	16	5.7	12.2	18.0	111.6	112	48.2	24.1	11.3	2.0	1.8	8.2	16.8
Vedanta	Neutral	434	520	20	36.3	45.2	51.0	173.9	24	13.0	11.9	9.6	5.0	3.9	42.9	46.0
<b>Aggregate</b>								<b>20.4</b>	<b>34.9</b>	<b>16.4</b>	<b>13.4</b>	<b>9.9</b>	<b>2.4</b>	<b>2.0</b>	<b>17.6</b>	<b>20.6</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	804	810	1	17.3	21.7	23.6	6.4	25.9	8.8	46.6	37.0	6.6	5.9	14.8	16.8
BPCL	Neutral	298	335	12	21.4	26.2	26.9	-66.2	22.2	3.0	13.9	11.4	1.6	1.5	11.7	13.5
Castrol India	Buy	191	275	44	8.9	9.7	10.7	2.0	8.3	10.6	21.4	19.8	8.4	7.9	40.3	41.3
GAIL	Buy	189	265	40	15.9	18.0	20.5	15.8	13.1	14.2	11.9	10.5	1.7	1.5	15.5	16.0
Gujarat Gas	Buy	486	660	36	18.6	20.6	22.5	16.5	10.5	9.4	26.1	23.6	3.9	3.5	15.8	15.7
Gujarat St. Pet.	Neutral	351	415	18	16.0	11.4	11.4	-29.6	-29.2	0.0	21.9	30.9	1.8	1.7	8.5	5.8
HPCL	Buy	373	455	22	15.4	37.4	40.1	-79.6	143.8	7.1	24.3	10.0	1.6	1.4	6.8	15.3
IOC	Buy	135	185	37	4.3	7.9	8.0	-85.3	82.3	1.1	31.1	17.1	1.0	1.0	3.2	5.7
IGL	Sell	406	375	-8	23.0	24.0	25.7	-8.1	4.6	7.1	17.7	16.9	2.9	2.6	17.6	16.4
Mahanagar Gas	Buy	1311	1970	50	112.1	117.8	123.8	-15.3	5.1	5.1	11.7	11.1	2.2	2.0	20.2	18.9
MRPL	Sell	149	131	-12	2.2	9.9	11.4	-89.4	356.0	14.9	68.6	15.0	1.9	1.8	2.8	12.2
Oil India	Buy	476	660	39	45.1	48.8	52.6	-7.2	8.0	7.8	10.5	9.8	1.6	1.4	15.7	15.3
ONGC	Buy	251	330	32	40.8	46.7	49.3	-12.0	14.6	5.5	6.2	5.4	0.9	0.8	14.5	15.0
PLNG	Neutral	314	385	23	25.7	30.9	34.0	8.9	20.4	9.9	12.2	10.2	2.5	2.2	21.4	22.9
Reliance Ind.	Buy	1268	1628	28	48.4	64.8	73.5	-6.0	34.1	13.4	26.2	19.6	2.0	1.8	7.9	9.8
<b>Aggregate</b>								<b>-32.7</b>	<b>28.1</b>	<b>9.3</b>	<b>17.4</b>	<b>13.6</b>	<b>1.6</b>	<b>1.5</b>	<b>9.4</b>	<b>11.0</b>
<b>Real Estate</b>																
Brigade Enterpr.	Buy	1094	1540	41	37.8	44.1	63.1	71.1	16.7	43.1	29.0	24.8	3.8	3.3	16.2	14.3
DLF	Buy	763	925	21	10.4	19.0	13.7	-5.2	82.2	-27.7	73.2	40.1	3.3	3.0	6.3	10.7
Godrej Propert.	Buy	2595	3725	44	52.0	32.8	27.8	93.4	-36.9	-15.1	49.9	79.1	6.3	5.8	13.5	7.7
Kolte Patil Dev.	Buy	355	525	48	13.3	42.1	37.7	-245.1	217.1	-10.5	26.8	8.4	3.3	2.5	13.1	33.6
Oberoi Realty	Neutral	1983	2056	4	66.7	82.8	96.6	26.0	24.0	16.7	29.7	24.0	4.5	3.9	16.3	17.4
Macrotech Devel.	Buy	1221	1568	28	23.4	35.3	38.3	38.3	51.0	8.3	52.2	34.6	6.0	5.1	12.1	16.0
Mahindra Lifespace	Neutral	471	555	18	6.3	6.9	22.4	0.5	8.9	223.9	74.3	68.3	3.8	3.6	5.2	5.4
SignatureGlobal	Buy	1303	2000	53	29.0	56.5	3.9	2,367.1	94.9	-93.1	44.9	23.0	17.7	10.0	49.1	55.5
Sunteck Realty	Buy	494	745	51	10.4	31.3	10.1	115.5	199.6	-67.6	47.3	15.8	2.2	2.0	4.8	13.2
Sobha	Buy	1532	2213	44	33.6	70.8	87.2	558.9	110.7	23.2	45.5	21.6	4.1	3.4	10.7	17.2
Prestige Estates	Buy	1548	2130	38	19.9	26.2	38.9	5.0	31.9	48.4	77.8	59.0	3.4	3.2	5.3	5.6
Phoenix Mills	Neutral	1399	1652	18	30.3	41.6	55.6	-1.4	36.9	33.7	46.1	33.7	4.8	4.2	10.9	13.3
<b>Aggregate</b>								<b>31.1</b>	<b>43.2</b>	<b>0.0</b>	<b>52.3</b>	<b>36.5</b>	<b>4.9</b>	<b>4.3</b>	<b>9.3</b>	<b>11.9</b>
<b>Retail</b>																
Avenue Supermarts	Buy	3822	5300	39	44.3	55.2	67.1	13.8	24.5	21.6	86.2	69.2	11.5	9.9	14.3	15.4
Aditya Birla Fashion	Neutral	288	335	16	-7.4	-6.2	-5.4	0.9	Loss	Loss	NM	NM	7.3	8.6	-17.3	-16.9
Bata India	Neutral	1308	1240	-5	23.3	26.6	32.4	2.4	14.1	21.9	56.1	49.1	9.5	8.7	18.2	18.5
Barbeque-Nation	Neutral	510	600	18	-1.1	2.0	4.8	-60.6	LP	144.0	NM	261.0	5.1	5.0	-1.1	1.9
Campus Activewe.	Buy	275	360	31	3.9	5.3	7.0	34.5	34.5	31.8	70.0	52.0	10.9	9.0	15.6	17.3
Devyani Intl.	Buy	164	215	31	0.5	1.8	2.3	-41.4	288.2	31.4	363.0	93.5	29.8	32.6	6.3	33.3
Jubilant Food.	Neutral	608	625	3	5.1	7.7	10.0	29.9	50.7	29.7	118.6	78.7	17.4	16.4	14.7	20.9
Kalyan Jewellers	Buy	654	800	22	8.1	10.8	13.5	38.9	34.2	25.2	81.1	60.5	14.4	12.3	18.7	22.0
Metro Brands	Buy	1126	1465	30	14.1	17.5	22.0	10.7	24.2	25.8	79.8	64.3	13.7	11.6	19.0	20.1
Raymond Lifestyle	Buy	2107	3000	42	66.9	81.4	104.7	-16.7	21.7	28.6	31.5	25.9	1.3	1.2	8.7	9.7
Relaxo Footwear	Neutral	678	680	0	8.3	10.4	13.0	3.0	25.8	24.4	81.7	64.9	7.8	7.2	9.9	11.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Restaurant Brands	Buy	85	135	58	-3.6	-1.0	1.2	-23.6	Loss	LP	NM	NM	9.4	10.6	-33.6	-11.6
Sapphire Foods	Buy	307	415	35	1.3	3.3	4.8	-21.4	160.9	44.4	239.2	91.7	7.1	6.6	3.0	7.5
Shoppers Stop	Neutral	625	750	20	3.3	3.7	8.7	-40.4	12.5	135.2	190.4	169.2	14.5	13.0	10.5	10.7
Senco Gold	Buy	1078	1400	30	32.2	38.3	44.7	38.1	19.0	16.8	33.5	28.2	5.4	4.6	17.1	17.5
Titan Company	Buy	3184	3850	21	43.0	53.6	64.0	9.6	24.7	19.3	74.0	59.4	23.5	18.4	35.7	34.7
Trent	Buy	6461	8200	27	47.8	65.9	89.8	63.4	38.1	36.1	135.3	98.0	37.2	26.5	34.5	33.8
V-Mart Retail	Neutral	3647	4750	30	-1.9	20.3	47.2	-96.5	LP	132.2	NM	179.5	8.9	8.5	NM	4.8
Vedant Fashions	Neutral	1321	1500	14	18.4	22.8	28.8	7.7	24.0	26.3	71.9	58.0	18.1	15.7	26.0	26.3
Westlife Foodworld	Neutral	705	800	13	1.1	5.7	8.6	-75.3	418.0	50.8	642.8	124.1	14.8	15.2	2.6	12.1
<b>Aggregate</b>								<b>26.2</b>	<b>35.2</b>	<b>27.7</b>	<b>98.6</b>	<b>73.8</b>	<b>14.2</b>	<b>12.5</b>	<b>14.4</b>	<b>16.9</b>
<b>Technology</b>																
Cyient	Buy	1801	2100	17	69.1	86.2	97.8	3.3	24.8	13.4	26.1	20.9	4.3	4.0	16.3	19.0
HCL Tech.	Buy	1859	2300	24	63.7	71.9	80.3	10.1	12.9	11.6	29.2	25.9	7.5	7.6	25.6	29.3
Infosys	Buy	1864	2200	18	63.4	71.1	79.6	0.2	12.0	12.1	29.4	26.2	8.7	8.7	29.8	33.4
LTI Mindtree	Buy	5993	7400	23	164.6	191.8	233.7	6.3	16.5	21.8	36.4	31.2	7.8	6.8	22.7	23.2
L&T Technology	Buy	5166	6400	24	126.3	149.4	170.9	2.7	18.3	14.4	40.9	34.6	9.1	7.8	24.0	24.5
Mphasis	Neutral	2842	3400	20	91.4	104.7	117.2	11.8	14.5	12.0	31.1	27.1	5.7	5.2	19.1	20.2
Coforge	Buy	8081	10000	24	147.1	239.2	291.0	10.4	62.6	21.7	54.9	33.8	13.0	11.0	24.6	34.9
Persistent Sys	Buy	5714	6300	10	89.5	115.0	133.8	19.3	28.4	16.4	63.8	49.7	15.2	12.8	25.6	27.9
TCS	Buy	4146	5400	30	141.0	156.8	172.0	11.7	11.2	9.7	29.4	26.4	15.7	14.7	54.8	57.4
Tech Mah	Neutral	1687	1700	1	47.9	63.7	71.1	16.5	33.1	11.5	35.2	26.5	5.5	5.3	15.7	20.3
Wipro	Neutral	566	550	-3	22.6	24.5	25.9	11.0	8.1	5.9	25.0	23.1	4.0	4.0	16.1	17.3
Zensar Tech	Neutral	704	750	7	28.2	31.7	36.1	-3.1	12.4	13.7	24.9	22.2	4.0	3.5	17.0	16.9
<b>Aggregate</b>								<b>10.0</b>	<b>13.0</b>	<b>11.0</b>	<b>30.2</b>	<b>26.7</b>	<b>9.1</b>	<b>8.7</b>	<b>30.0</b>	<b>32.7</b>
<b>Telecom</b>																
Bharti Airtel	Buy	1551	1900	23	35.9	45.4	60.6	82.5	26.6	33.5	43.2	34.2	9.7	7.6	24.0	27.0
Indus Towers	Neutral	317	385	21	22.1	24.2	26.6	-1.3	9.7	9.9	14.4	13.1	2.6	2.3	19.3	18.0
Vodafone Idea	Neutral	7	8	9	-9.7	-9.1	-8.2	-12.7	Loss	Loss	NM	NM	-0.2	-0.2	NM	NM
Tata Comm	Neutral	1750	1790	2	36.5	58.1	76.3	-13.7	59.3	31.3	48.0	30.1	20.2	13.5	48.9	54
<b>Aggregate</b>								<b>Loss</b>	<b>LP</b>	<b>136.7</b>	<b>-2,597</b>	<b>119</b>	<b>69.4</b>	<b>34.9</b>	<b>-2.7</b>	<b>29.4</b>
<b>Utilities</b>																
Indian Energy Exchange	Neutral	162	200	24	4.3	5.2	6.0	13.5	18.5	17.2	37.1	31.3	12.6	10.5	37.1	36.5
JSW Energy	Buy	733	900	23	17.7	21.4	18.9	69.0	20.6	-11.5	41.3	34.2	5.5	4.8	14.0	14.9
NTPC	Neutral	373	450	21	21.6	25.7	27.8	0.7	18.8	8.3	17.2	14.5	2.1	1.9	12.6	13.8
Power Grid Corpn	Buy	312	426	36	17.5	18.4	19.5	4.7	5.2	5.9	17.8	16.9	3.2	3.1	18.4	18.7
Tata Power Co.	Buy	405	509	26	13.6	17.7	18.6	23.6	30.5	5.0	29.8	22.9	3.5	3.1	12.5	14
<b>Aggregate</b>								<b>7.5</b>	<b>15.1</b>	<b>5.8</b>	<b>20</b>	<b>18</b>	<b>2.8</b>	<b>2.6</b>	<b>13.9</b>	<b>14.8</b>
<b>Others</b>																
APL Apollo Tubes	Buy	1471	1750	19	25.6	43.0	55.8	-3.2	68.2	29.7	57.6	34.2	9.8	7.9	18.3	25.6
Cello World	Buy	808	1000	24	17.0	22.1	27.3	9.3	29.6	23.5	47.4	36.6	11.5	8.8	24.2	24.1
Coromandel Intl	Buy	1714	2000	17	55.9	72.9	85.7	0.2	30.4	17.6	30.7	23.5	4.7	4.1	16.4	18.6
Dreamfolks Services	Buy	428	520	22	13.3	18.9	22.4	6.1	42.1	18.8	32.2	22.6	7.3	5.5	26.6	28.6
EPL	Buy	267	315	18	10.8	14.7	17.3	33.6	35.3	18.0	24.6	18.2	3.7	3.3	15.8	19.2
Gravita India	Buy	2098	2800	33	43.0	59.9	80.3	24.0	39.4	34.1	48.8	35.0	12.9	9.4	30.2	31.1
Godrej Agrovet	Buy	729	910	25	26.2	34.4	41.0	39.7	31.6	19.1	27.9	21.2	5.0	4.3	18.8	21.7
Indian Hotels	Buy	741	770	4	11.8	14.3	16.1	33.0	20.9	13.0	62.8	52.0	9.4	8.0	16.2	16.6
Indiamart Inter.	Buy	2282	3500	53	72.2	80.0	100.8	30.7	10.9	25.9	31.6	28.5	6.5	5.6	22.6	21.2
Info Edge	Neutral	7768	7000	-10	63.8	90.2	108.4	-0.8	41.5	20.2	121.8	86.1	3.8	3.7	2.8	4.4
Interglobe	Neutral	3890	4130	6	187.1	222.9	266.1	-11.7	19	19	20.8	17	16.3	8.4	130.3	63.9
Kajaria Ceramics	Buy	1156	1500	30	27.0	33.1	40.9	-0.7	22.6	23.4	42.8	34.9	6.6	6.0	15.3	17.4
Lemon Tree Hotel	Buy	122	-		2.4	3.8	4.5	23.9	62.4	18.8	51.6	31.8	8.2	6.5	17.4	23.0
MTAR Tech	Buy	1570	2000	27	27.0	46.5	71.9	48.0	72.1	54.7	58.1	33.8	6.4	5.4	11.6	17.2
One 97	Neutral	769	700	-9	-26.2	-10.5	3.1	17.0	Loss	LP	NM	NM	4.0	4.2	-13.2	-5.7



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Qess Corp	Neutral	636	750	18	27.1	34.1	40.4	32.8	25.6	18.6	23.5	18.7	2.4	2.2	14.1	16.5
SIS	Buy	383	480	25	26.3	33.4	39.9	102.5	27.3	19.4	14.6	11.5	0.9	0.8	14.6	16.0
Team Lease Serv.	Buy	2738	3550	30	79.1	126.5	146.2	22.1	59.9	15.6	34.6	21.6	5.0	4.0	15.1	20.4
UPL	Neutral	525	550	5	25.1	47.1	65.5	587.0	87.2	39.2	20.9	11.2	1.1	1.0	7.7	13.7
Updater Services	Buy	388	450	16	16.6	22.6	29.6	46.4	35.9	31.0	23.4	17.2	2.7	2.3	12.2	14.4
Zomato	Buy	270	330	22	1.1	3.4	7.4	172.7	205.2	116.8	242.5	79.4	10.9	9.6	4.6	12.8



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>-0.1</b>	<b>-5.4</b>	<b>19.5</b>
<b>Nifty-50</b>	<b>-0.1</b>	<b>-6.3</b>	<b>21.0</b>
<b>Nifty Next 50</b>	<b>0.5</b>	<b>-10.9</b>	<b>46.6</b>
<b>Nifty 100</b>	<b>0.1</b>	<b>-7.0</b>	<b>25.1</b>
<b>Nifty 200</b>	<b>0.1</b>	<b>-7.4</b>	<b>26.1</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.7</b>	<b>-13.4</b>	<b>40.0</b>
Amara Raja Ener.	0.7	-9.7	96.4
Apollo Tyres	4.1	-5.6	14.4
Ashok Leyland	0.1	-4.9	25.1
Bajaj Auto	0.3	-20.3	74.8
Balkrishna Inds	3.2	-8.1	6.4
Bharat Forge	0.5	-10.8	28.9
Bosch	2.0	-12.7	73.9
CEAT	2.7	-7.6	31.5
Craftsman Auto	0.4	-25.3	-2.2
Eicher Motors	6.4	2.2	34.0
Endurance Tech.	-0.8	1.7	48.1
Escorts Kubota	0.5	-11.4	12.0
Exide Inds.	0.0	-21.1	53.9
Happy Forgings	0.8	-4.2	
Hero Motocorp	1.9	-17.1	47.6
Hyundai Motor	1.5		
M & M	0.3	-11.0	82.3
CIE Automotive	0.2	-11.8	-2.8
Maruti Suzuki	-0.4	-12.2	5.8
MRF	0.1	-8.6	12.0
Sona BLW Precis.	0.4	1.3	19.4
Motherson Sumi	3.4	-22.8	84.5
Motherson Wiring	1.1	-6.2	3.5
Tata Motors	-1.5	-16.6	18.5
TVS Motor Co.	0.9	-14.9	46.1
Tube Investments	0.6	-17.9	9.7
<b>Banks-Private</b>	<b>0.3</b>	<b>-5.0</b>	<b>7.6</b>
AU Small Fin. Bank	2.3	-18.1	-21.4
Axis Bank	0.1	-2.0	11.2
Bandhan Bank	1.3	-16.4	-23.8
DCB Bank	-0.1	-2.4	0.5
Equitas Sma. Fin	3.7	-5.0	103.7
Federal Bank	-1.2	0.1	28.8
HDFC Bank	0.7	0.3	13.7
ICICI Bank	0.3	2.0	34.5
IDFC First Bank	-0.3	-13.1	-26.6
IndusInd Bank	-1.9	-25.8	-32.6
Kotak Mah. Bank	1.2	-10.6	-2.3
RBL Bank	1.7	-25.1	-37.1
SBI Cards	0.4	-7.3	-9.2
<b>Banks-PSU</b>	<b>-0.7</b>	<b>-2.1</b>	<b>25.4</b>
BOB	-0.7	-1.2	22.8
Canara Bank	-0.9	-6.7	20.5
Indian Bank	-0.6	2.2	20.1
Punjab Natl.Bank	-1.1	-5.3	25.8
St Bk of India	-0.5	-0.1	38.3

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>0.2</b>	<b>-7.4</b>	<b>26.8</b>
<b>Nifty Midcap 100</b>	<b>0.5</b>	<b>-9.1</b>	<b>31.8</b>
<b>Nifty Smallcap 100</b>	<b>0.8</b>	<b>-7.8</b>	<b>29.3</b>
<b>Nifty Midcap 150</b>	<b>0.5</b>	<b>-8.9</b>	<b>31.5</b>
<b>Nifty Smallcap 250</b>	<b>0.8</b>	<b>-8.0</b>	<b>31.9</b>
Union Bank (I)	-1.5	-0.1	1.7
<b>NBFCs</b>	<b>0.3</b>	<b>-2.8</b>	<b>18.7</b>
Aditya Birla Capital Ltd	0.7	-15.7	6.2
Angel One	3.1	-1.0	-4.2
Bajaj Fin.	-0.3	-9.2	-11.0
BSE	1.2	-5.4	95.9
Cholaman.Inv.&Fn	0.1	-20.3	4.9
Can Fin Homes	0.9	-5.6	9.9
Cams Services	2.0	-0.4	70.8
CreditAcc. Gram.	-1.4	-16.1	-48.7
Fusion Microfin.	-5.0	-21.7	-69.3
Five-Star Bus.Fi	0.8	-21.4	-18.8
Home First Finan	2.1	-13.6	10.5
Indostar Capital	-1.9	-5.1	50.7
IIFL Finance	0.5	-10.5	-30.3
L&T Finance	1.2	-16.8	-4.8
LIC Housing Fin.	0.2	-1.6	34.9
MCX	0.0	-8.5	114.5
M & M Fin. Serv.	-0.3	-9.1	-5.3
Muthoot Finance	0.3	-8.9	37.6
Manappuram Fin.	-1.6	-15.4	10.9
MAS Financial Serv.	3.7	0.6	-2.4
PNB Housing	-2.2	-8.6	16.6
Power Fin.Corp.	-1.5	-4.0	47.9
REC Ltd	-1.2	-7.0	50.6
Repco Home Fin	-0.8	-9.8	4.4
Shriram Finance	-1.1	-16.9	43.4
Spandana Sphoort	-0.9	-30.5	-63.4
<b>Insurance</b>			
HDFC Life Insur.	1.3	-6.3	11.7
ICICI Pru Life	0.9	-6.1	32.0
ICICI Lombard	-0.3	-10.8	37.1
Life Insurance	1.2	-5.3	50.1
Max Financial	3.1	3.0	34.5
SBI Life Insuran	1.0	-10.1	17.6
Star Health Insu	1.7	-13.7	-13.4
<b>Chemicals</b>			
Alkyl Amines	1.1	-16.3	-8.3
Atul	1.3	-7.7	9.7
Clean Science	-0.7	-18.1	-6.3
Deepak Nitrite	5.8	-7.4	24.8
Fine Organic	1.2	-5.7	11.2
Galaxy Surfact.	-1.3	-6.2	-3.6
Navin Fluo.Intl.	1.2	-1.3	-9.1
NOCIL	4.6	-7.5	19.6
P I Inds.	-4.1	-6.6	16.2
SRF	1.7	-4.6	-4.4





Company	1 Day (%)	1M (%)	12M (%)
Tata Chemicals	1.7	-4.2	11.8
Vinati Organics	-1.3	-6.4	5.0
<b>Capital Goods</b>	<b>-0.8</b>	<b>-7.3</b>	<b>-7.6</b>
A B B	-1.8	-22.1	56.7
Bharat Electron	-0.2	-1.7	95.9
Cummins India	0.1	-9.2	87.2
Hitachi Energy	-2.8	-26.0	170.0
K E C Intl.	4.2	-0.3	76.0
Kalpataru Proj.	1.0	-7.8	82.1
Kirloskar Oil	3.7	-5.0	103.7
Larsen & Toubro	-0.6	-0.8	15.7
Siemens	0.5	-12.8	97.1
Thermax	2.0	-2.2	72.5
Triveni Turbine	1.6	-17.9	62.5
Zen Technologies	4.2	-7.5	138.6
<b>Cement</b>			
Ambuja Cem.	-0.2	-7.5	29.8
ACC	-0.4	-5.6	19.3
Birla Corp.	0.1	-12.3	-14.8
Dalmia Bhar.	-1.4	-9.3	-18.8
Grasim Inds.	0.8	-7.4	31.4
India Cem	0.2	-2.0	67.1
J K Cements	0.6	-6.9	16.8
JK Lakshmi Cem.	-1.7	-14.6	-11.0
The Ramco Cement	2.1	3.7	-9.3
Shree Cement	0.2	-2.0	-8.0
UltraTech Cem.	-0.5	-5.1	23.6
<b>Consumer</b>	<b>-1.5</b>	<b>-10.6</b>	<b>7.2</b>
Asian Paints	0.5	-18.3	-19.5
Britannia Inds.	-2.6	-17.8	4.7
Colgate-Palm.	-2.0	-23.1	27.3
Dabur India	-0.5	-10.4	-4.2
Emami	-1.1	-11.3	26.0
Godrej Consumer	-0.7	-10.5	19.8
Hind. Unilever	-3.1	-14.3	-3.6
ITC	-1.3	-6.2	6.9
Indigo Paints	0.0	1.6	-1.1
Jyothy Lab.	-2.1	-18.1	-1.7
L T Foods	-2.8	-11.1	80.1
Marico	-0.8	-14.1	13.7
Nestle India	-2.3	-12.7	-9.3
Page Industries	-1.0	-0.6	22.5
Pidilite Inds.	1.1	-3.5	24.4
P & G Hygiene	1.3	-4.6	-11.5
Tata Consumer	-2.9	-16.9	2.2
United Breweries	1.5	-9.6	19.7
United Spirits	1.1	-6.3	38.1
<b>Consumer Durables</b>	<b>-0.1</b>	<b>-9.0</b>	<b>33.8</b>
Polycab India	-0.4	-15.8	22.8
R R Kabel	0.1	-12.3	-3.7
Havells	0.3	-16.6	29.4
Voltas	1.4	-4.8	109.9

Company	1 Day (%)	1M (%)	12M (%)
KEI Industries	-2.0	-16.8	47.8
<b>EMS</b>			
Amber Enterp.	0.5	18.9	97.7
Avalon Tech	2.1	22.9	60.9
Cyient DLM	2.6	-11.0	-1.1
Data Pattern	-0.3	-11.1	16.0
Dixon Technolog.	0.4	-3.2	182.3
Kaynes Tech	1.8	-2.5	124.9
Syrma SGS Tech.	2.0	31.7	2.5
<b>Healthcare</b>	<b>-0.3</b>	<b>-8.1</b>	<b>40.4</b>
Alembic Pharma	0.8	-8.7	39.5
Alkem Lab	-0.8	-11.6	28.5
Apollo Hospitals	0.0	-3.3	31.4
Ajanta Pharma	1.2	-12.2	53.0
Aurobindo	0.0	-16.1	27.5
Biocon	1.3	-3.1	47.7
Zydus Lifesci.	-0.7	-9.9	54.4
Cipla	-0.4	-6.2	20.9
Divis Lab	-0.3	-7.5	63.8
Dr Reddy's	-1.5	-7.9	13.2
ERIS Lifescience	1.8	-1.3	49.3
Gland Pharma	4.1	5.5	9.1
Glenmark	-0.4	-15.6	111.7
Global Health	3.8	2.4	17.7
Granules	0.3	-12.3	44.7
GSK Pharma	0.2	-9.6	67.0
IPCA Labs	2.1	-8.7	45.7
Laurus Labs	2.0	1.5	30.2
Lupin	-1.1	-10.2	71.8
Mankind Pharma	2.6	-5.9	41.5
Max Healthcare	0.4	6.2	69.8
Piramal Pharma	-0.5	17.5	115.0
Sun Pharma	-0.6	-7.4	50.1
Torrent Pharma	-0.5	-11.1	50.2
<b>Infrastructure</b>	<b>0.0</b>	<b>-8.4</b>	<b>33.3</b>
G R Infraproject	0.0	-2.0	41.7
IRB Infra.Devl.	-1.6	-18.5	36.7
KNR Construct.	-1.7	-4.7	15.0
<b>Logistics</b>			
Adani Ports	-1.8	-10.3	56.1
Blue Dart Exp.	2.9	-10.1	13.4
Container Corpn.	-0.8	-10.8	6.5
JSW Infrast	-0.2	-8.9	45.0
Mahindra Logis.	-0.4	-21.4	8.5
Transport Corp.	2.7	13.0	31.6
TCI Express	-2.3	-17.8	-36.6
VRL Logistics	-3.3	-10.4	-23.6
<b>Media</b>	<b>2.3</b>	<b>-6.4</b>	<b>-14.0</b>
PVR INOX	1.3	-8.1	-10.8
Sun TV	0.8	-7.2	8.7
Zee Ent.	0.6	-12.0	-54.2
<b>Metals</b>	<b>-0.1</b>	<b>-10.9</b>	<b>31.5</b>
Hindalco	0.1	-15.6	28.7



Company	1 Day (%)	1M (%)	12M (%)
Hind. Zinc	2.0	-4.8	64.4
JSPL	2.2	-11.7	37.8
JSW Steel	0.3	-7.3	23.4
Nalco	0.1	-3.0	138.7
NMDC	-2.0	-7.7	24.9
SAIL	0.1	-16.7	26.8
Tata Steel	-0.9	-12.8	14.0
Vedanta	-0.3	-13.2	79.1
<b>Oil &amp; Gas</b>	<b>-0.5</b>	<b>-13.1</b>	<b>36.1</b>
Aegis Logistics	4.3	19.2	155.2
BPCL	-2.5	-12.5	54.1
Castrol India	0.1	-16.3	41.8
GAIL	-0.3	-18.1	49.9
Gujarat Gas	-1.2	-17.5	16.2
Gujarat St. Pet.	-2.4	-13.5	26.1
HPCL	0.3	-8.2	84.2
IOCL	-0.9	-18.6	36.1
IGL	-3.3	-21.7	3.4
Mahanagar Gas	-1.3	-26.7	26.3
MRPL	-2.2	-13.5	30.1
Oil India	-1.1	-18.9	126.9
ONGC	-0.7	-12.4	28.1
PLNG	-0.3	-11.5	58.9
Reliance Ind.	1.2	-7.6	9.5
<b>Real Estate</b>	<b>1.0</b>	<b>-10.4</b>	<b>42.7</b>
Brigade Enterpr.	2.1	-14.2	55.9
DLF	1.9	-11.6	25.4
Godrej Propert.	1.0	-16.1	42.5
Kolte Patil Dev.	-1.3	-8.3	-28.1
Mahindra Life.	-0.8	-7.3	-7.6
Macrotech Devel.	1.7	1.0	43.7
Oberoi Realty Ltd	2.8	-0.9	60.6
SignatureGlobal	3.8	-13.3	85.1
Sobha	-0.8	-11.1	88.3
Sunteck Realty	0.6	-11.1	10.5
Phoenix Mills	-3.3	-13.4	32.5
Prestige Estates	1.8	-16.6	83.5
<b>Retail</b>			
Aditya Bir. Fas.	-0.5	-16.7	33.9
Avenue Super.	1.7	-8.6	0.7
Bata India	-0.8	-7.7	-16.7
Campus Activewe.	-1.9	-12.3	6.0
Barbeque-Nation	-2.5	-25.5	-16.1
Devyani Intl.	-3.0	-8.5	-10.2
Jubilant Food	-2.7	-1.6	20.4
Kalyan Jewellers	-2.5	-12.9	93.9
Metro Brands	-0.4	-6.7	-10.9
Raymond Lifestyl	0.8	1.2	
Relaxo Footwear	-0.8	-14.6	-24.8
Restaurant Brand	0.6	-19.4	-26.3
Sapphire Foods	-1.5	-14.7	15.2
Senco Gold	1.9	-23.0	55.0
Shoppers St.	-0.1	-18.3	-6.5
Titan Co.	-0.1	-9.0	-2.5

Company	1 Day (%)	1M (%)	12M (%)
Trent	-0.5	-21.1	152.6
V-Mart Retail	3.6	-16.3	115.4
Vedant Fashions	-0.5	0.3	-1.4
Westlife Food	-2.8	-19.3	-14.5
<b>Technology</b>	<b>0.1</b>	<b>-1.1</b>	<b>38.4</b>
Cyient	0.3	-2.5	8.0
HCL Tech.	-0.3	0.2	47.4
Infosys	-0.2	-4.8	35.7
LTIMindtree	0.8	-7.0	13.9
L&T Technology	0.3	-1.7	21.9
Mphasis	0.2	-3.8	32.5
Coforge	0.2	8.6	58.8
Persistent Sys	1.3	1.7	83.2
TCS	-0.1	0.2	24.4
Tech Mah	0.7	-0.3	49.2
Wipro	-0.4	3.1	48.5
Zensar Tech	1.0	-2.4	44.5
<b>Telecom</b>	<b>0.6</b>	<b>-8.8</b>	<b>34.3</b>
Bharti Airtel	0.0	-8.6	65.8
Indus Towers	-0.1	-17.9	69.6
Idea Cellular	-0.3	-19.3	-47.4
Tata Comm	0.3	-10.3	2.5
<b>Utilities</b>	<b>-0.4</b>	<b>-13.2</b>	<b>58.3</b>
Coal India	0.7	-17.8	17.3
NTPC	-2.3	-12.2	51.6
Power Grid Corpn	-1.9	-5.6	47.0
Tata Power Co.	1.3	-12.5	57.4
JSW Energy	0.4	4.1	86.5
Indian Energy Ex	-0.7	-17.7	21.9
<b>Others</b>			
APL Apollo Tubes	-1.9	-5.8	-12.3
Cello World	-1.2	-9.7	2.7
Coromandel Intl	1.8	5.5	54.4
Dreamfolks Servi	-0.8	-9.8	4.4
EPL Ltd	2.1	0.9	37.5
Gravita India	-2.4	-17.2	83.0
Godrej Agrovet	3.8	-5.7	52.9
Havells	0.3	-16.6	29.4
Indian Hotels	3.8	5.1	80.5
Indiamart Inter.	-0.3	-10.8	37.1
Info Edge	1.2	-5.3	50.1
Interglobe	1.1	-16.8	53.2
Kajaria Ceramics	1.1	-17.8	-10.5
Lemon Tree Hotel	3.0	-4.1	6.7
MTAR Technologie	0.8	-11.7	-28.8
One 97	2.1	7.2	-14.0
Piramal Enterpr.	3.2	-4.7	10.5
Quess Corp	0.2	-11.1	29.5
SIS	4.4	-4.0	-12.8
Team Lease Serv.	0.8	-8.8	10.1
UPL	2.0	-9.1	-4.9
Updater Services	-0.7	0.1	38.6
Voltas	1.4	-4.8	109.9
Zomato Ltd	4.4	-3.7	120.7

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