

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	80,502	-0.1	11.4
Nifty-50	24,509	-0.1	12.8
Nifty-M 100	56,625	1.3	22.6
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,564	1.1	16.7
Nasdaq	18,008	1.6	20.0
FTSE 100	8,199	0.5	6.0
DAX	18,407	1.3	9.9
Hang Seng	6,254	1.4	8.4
Nikkei 225	39,599	-1.2	18.3
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	83	-2.7	7.0
Gold (\$/OZ)	2,397	-0.2	16.2
Cu (US\$/MT)	9,091	-1.0	7.4
Almn (US\$/MT)	2,242	-2.3	-4.4
Currency	Close	Chg .%	CYTD.%
USD/INR	83.7	0.0	0.5
USD/EUR	1.1	0.1	-1.3
USD/JPY	157.0	-0.3	11.3
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.0	0.00	-0.2
10 Yrs AAA Corp	7.5	0.00	-0.2
Flows (USD b)	22-Jul	MTD	CYTD
FII	0.4	4.13	4.1
DII	-0.20	-0.10	28.6
Volumes (INRb)	22-Jul	MTD*	YTD*
Cash	1,314	1485	1282
F&O	2,99,909	3,42,492	3,74,718

Note: Flows, MTD includes provisional numbers.

\*Average



**Today's top research idea**

**EcoScope: Economic Survey 2023 - 2024**

- ❖ The Union Finance Minister, Nirmala Sitharaman, tabled the Economic Survey 2023-24 on 22nd Jul'24. The survey highlighted that "the Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges". It further emphasized India's sustained post-Covid recovery, stable inflation, and a positive investment climate driven by both the public and private sectors.
- ❖ The survey projected a real GDP growth of 6.5-7.0% for FY25. Any escalation of geopolitical conflicts in 2024 might lead to supply disruptions, higher commodity prices, a resurgence of inflationary pressures, and a halt in monetary policy easing.
- ❖ The survey estimated that India would require significant job creation until 2036 (at an average of 8m non-farm jobs per annum) to accommodate its growing workforce, emphasizing the need for strategic planning in employment generation.



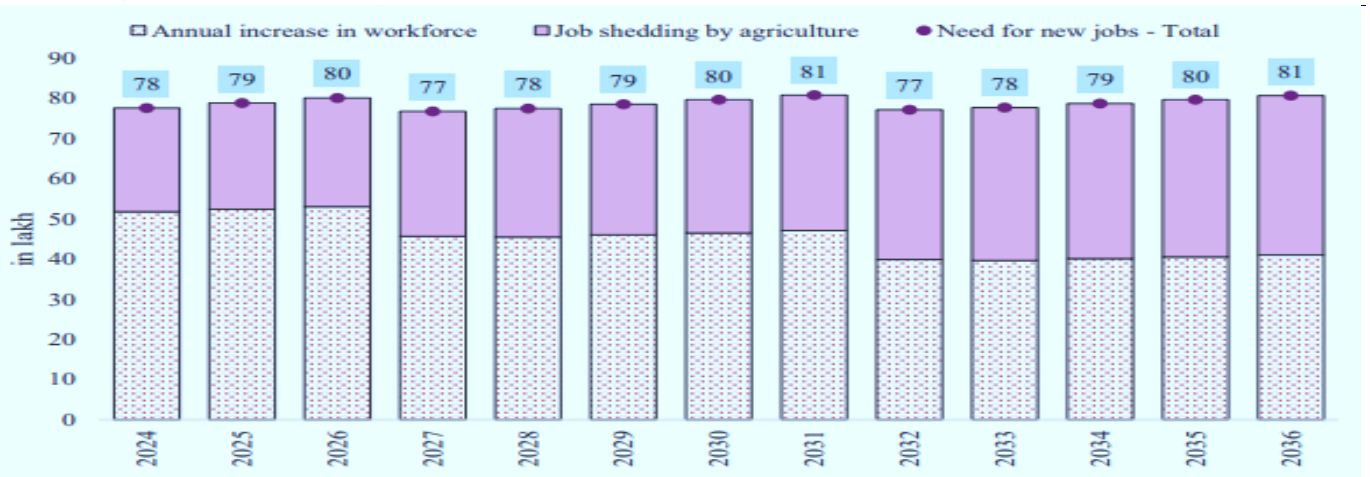
**Research covered**

Cos/Sector	Key Highlights
<b>EcoScope</b>	<b>Economic Survey 2023 - 2024</b>
<b>Oberoi Realty</b>	<b>Sustained performance in the residential segment</b>
<b>MRPL</b>	<b>Weak GRM, utilization dent 1Q performance</b>
<b>J K Cement</b>	<b>EBITDA in line; capacity expansion on track</b>
<b>Other Updates</b>	<b>Poonawalla Fincorp   PVR-Inox   Can Fin Homes   Cyient DLM   Zensar   Mahindra Logistics   Indian General Insurance</b>



**Chart of the Day: EcoScope (Economic Survey 2023 - 2024)**

Annual requirement for non-farm job creation 2024-2036



Source: Calculated using PLFS, MoHFW population estimates

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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

### RBI clears KVS Manian's appointment as MD & CEO of Federal Bank

The bank stated that Krishnan Venkat Subramanian (KVS) will join the bank on September 23, 2024, a day after Shyam Srinivasan ends his term at the south-based bank. He served the bank as MD and CEO for 14 years.

2

### Dispute with Baba Kalyani: Hiremath siblings seek mediation; court allows

Granting its consent to the Hiremath siblings' request, the court gave them 60 days to seek mediation and settle the dispute.

3

### Mamaearth pushing excess stock into general trade, claim distributors

Honasa Consumer refuted the allegations, saying it is committed to fostering "long-term partnerships with its distributors"

4

### GCCs boosting services exports, second only to IT services

GCCs have now become vital to India's economic framework, contributing more than 1% to the country's GDP

5

### Gensol Engineering wins bid for 116 MW solar projects in Gujarat

On Monday, Gensol Engineering Ltd announced winning a bid for 116 MW (150 MWp) solar projects across 27 locations in Gujarat under Paschim Gujarat Vij Co. Ltd. Expected EPC revenue is Rs 600 crore. Operational in 12 months post-LoA, the projects aim for agricultural feeder solarisation.

6

### Eureka Forbes to boost distribution, launch new products amid portfolio overhaul

In 2021, global private equity firm Advent International acquired a majority stake in Eureka Forbes from Shapoorji Pallonji Group. The transaction then valued Eureka Forbes at ₹4,400 crore.

7

### Polls, heatwave hit loan collections in Q1, asset quality declines

Indian lenders such as HDFC Bank, Kotak Mahindra Bank, RBL Bank, and Union Bank of India are experiencing a decline in asset quality, with increases in fresh slippages and gross NPAs.

- The Union Finance Minister, Nirmala Sitharaman, tabled the Economic Survey 2023-24 on 22nd Jul'24. The survey highlighted that “the Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges”. It further emphasized India’s sustained post-Covid recovery, stable inflation, and a positive investment climate driven by both the public and private sectors.
- The Indian economy has recovered and expanded in an orderly fashion post-pandemic. India’s real GDP in FY24 was 20% higher than the pre-Covid (FY20) levels, implying a 4.6% CAGR from FY20, despite a 5.8% decline in FY21. The survey highlighted that India grew at an average annual rate of 6.6% during the decade ended FY20, more or less reflecting the long-run growth prospects of the economy.
- The survey projected a real GDP growth of 6.5-7.0% for FY25. Any escalation of geopolitical conflicts in 2024 might lead to supply disruptions, higher commodity prices, a resurgence of inflationary pressures, and a halt in monetary policy easing.
- Public investment has been pivotal in sustaining capital formation, with the private sector also beginning to invest significantly since FY22. The survey noted that, "Public investment has sustained capital formation in the last several years even as the private sector shed its balance sheet blues and began investing in FY22".
- The survey indicates that the headline inflation rate is under control, supported by the Central Government’s timely policy interventions and the RBI’s price stability measures. However, elevated food inflation is worrisome. In this context, the Economic Survey suggested that, “India’s inflation targeting framework should consider targeting inflation, excluding food. Higher food prices are, more often, not demand-induced but supply-induced” (refer to Exhibit 1 and 2).
- The Periodic Labor Force Survey indicates a surge in agricultural employment, attributed to reverse migration and increased female participation in the labor force. The survey estimated that India would require significant job creation until 2036 (at an average of 8m non-farm jobs per annum) to accommodate its growing workforce, emphasizing the need for strategic planning in employment generation (refer to Exhibits 3 and 4).
- The fiscal balances of the central and state governments taken together have improved progressively despite expansionary public investments, according to the Economic Survey 2023-24. Tax compliance gains driven by procedural reforms, expenditure restraint, and increasing digitization have helped India achieve this fine balance. Since the pandemic, both the Union and the State Governments in general have focused on fiscal consolidation, leading to a declining debt trajectory of the government until FY23. The general government debt-to-GDP ratio inched up in FY24 despite a declining primary deficit as monetary tightening led to a spike in interest rates, while the decline in inflationary pressures resulted in a lower-than-budgeted nominal GDP growth (refer to Exhibit 5).
- The survey mentioned that the external balance has been pressured by subdued global demand for goods, which was largely offset by strong services exports. As a result, the Current Account Deficit stood at 0.7% of GDP in FY24, an improvement from the deficit of 2% of GDP in FY23 (refer to Exhibit 6 and 7).
- Six key areas were highlighted in the survey on which the growth strategy for “Amrit Kaal” will be based: 1) boosting private investments, 2) expanding India’s Mittelstand (MSMEs), 3) recognizing agriculture as a growth engine and removing policy impediments, 4) securing financing for the green transition, 5) bridging the education-employment gap, and 6) building state capacity and capability.



# Oberoi Realty

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,744**      **TP: INR1,560 (-11%)**      **Neutral**

## Sustained performance in the residential segment

### 360-West drives strong pre-sales

- Oberoi Realty's (OBER's) pre-sales more than doubled YoY (12% above estimate) to INR10.7b, driven by strong bookings at the '360-West', Worli project, which contributed INR4.8b to pre-sales across bookings of six units.
- The sales traction across other projects at Borivali (INR1.9b) and Mulund (INR1.3b) sustained on a YoY basis but was weak sequentially. Elysian Goregaon's pre-sales grew 64% YoY to INR2b, after the successful launch of the third tower in 4QFY24. Forestville, Thane (launched in 3Q) clocked bookings of INR0.6b across 32 units.
- Collections dipped 9% YoY to INR10b. OBER generated an OCF (post-WC) of INR6.6b, which was partially utilized to reduce debt. Net debt stood at INR8.4b vs. INR12.5b as of Mar'24, with a D/E ratio of 0.06x.
- **P&L performance:** Revenue rose 54% YoY to INR14.0b (41% above est.) led by higher recognition in 360-West. EBITDA stood at INR8.2b, up 72% YoY, led by 600bp margin expansion to 58% due to product mix. PAT, at INR5.8b, rose 82% YoY and was 46% above our estimate; the margin stood at 42%.

### Rentals commence from Commerz III; hospitality business steady

- OBER commenced operations at its largest office tower in Goregaon (2.3msf), Commerz III, with 54% occupancy and contributed INR0.7b of rental income, resulting in a three-fold growth in office rental income to INR1.1b. Occupancy at Commerz II was steady at 93%, while Commerz I, with 76% occupancy, is almost fully leased out.
- The Oberoi Mall clocked a 24% YoY jump in revenue, fueled by the increase in both area and occupancy. On a blended basis, the commercial segment generated an EBITDA of INR1.4b and a margin of 91%.
- **Hospitality:** Occupancy at Westin, Goregaon was stable at 83%. ARR rose 5% YoY to ~INR12,200. Hence, revenue was up 7% YoY to INR420m. EBITDA margin improved 330bp YoY to 40%, leading to an EBITDA of INR168m.

### Key management commentary

- **Launches:** The Pokhran Road, Thane project remains on schedule for launch during the festive season. Additionally, there are plans to launch a new tower at Borivali and Goregaon in 2HFY25. The Gurugram project along with Adarsh Nagar, Worli and the Tardeo project will be launched in FY26.
- **Annuity portfolio:** The company is witnessing a strong leasing traction across all three office assets, and they can be fully leased out by the end of FY25. OBER is also hopeful to achieve ~90% occupancy in the Borivali mall in FY25.
- **Glaxo land, Worli:** The project has a development potential of 1.6-1.8msf carpet area, and management has decided to build a mixed-use annuity project, which would include 0.6msf of mall, a boutique hotel of ~80-100k sqft, and ~1msf for office development.

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	634.1 / 7.6
52-Week Range (INR)	1953 / 1048
1, 6, 12 Rel. Per (%)	-12/2/41
12M Avg Val (INR M)	1211

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	45.0	47.4	63.5
EBITDA	24.1	26.1	35.4
EBITDA (%)	53.6	55.1	55.8
PAT	19.3	18.4	25.7
EPS (INR)	53.0	50.5	70.8
EPS Gr. (%)	1.2	-4.6	40.0
BV/Sh. (INR)	380.8	423.3	486.1

### Ratios

Net D/E	0.1	0.1	0.1
RoE (%)	14.8	12.6	15.6
RoCE (%)	12.8	11.5	14.5
Payout (%)	15.1	15.8	11.3

### Valuations

P/E (x)	32.9	34.5	24.6
P/BV (x)	4.6	4.1	3.6
EV/EBITDA (x)	27.0	24.8	18.2
Div Yield (%)	0.5	0.5	0.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	67.7	67.7	67.7
DIIDIIDIIDII	12.3	12.8	11.3
FIIFIIIFII	18.1	17.0	18.2
Others	2.0	2.5	2.8

**Valuation and view**

- OBER continues to deliver a steady performance in its residential business and has started to witness an uptick in its rental portfolio as it commences operations at its ongoing marquee office and retail assets. The residential segment will also experience a healthy scale-up, with the launch of projects across the MMR and Gurugram regions.
- We expect OBER to post 41% CAGR in pre-sales over FY24-26. However, a major part of the re-rating depends on re-investment of strong cash flow generation as the company monetizes its completed and near-completion inventories.
- At current valuations, OBER’s residential business implies a value of INR450-460b. The estimated value of the existing pipeline, including the Gurugram project, is INR230b, implying ~100% of the going concern premium, which already accounts for prospective business development in the near term.
- **Reiterate Neutral** with a TP of INR1,560, indicating a 10% downside potential.

**Financial and operational summary (INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>9,100</b>	<b>12,174</b>	<b>10,536</b>	<b>13,148</b>	<b>14,052</b>	<b>10,424</b>	<b>12,319</b>	<b>10,587</b>	<b>44,958</b>	<b>47,381</b>	<b>9,950</b>	41%
YoY Change (%)	-0.3	76.8	-35.3	36.8	54.4	-14.4	16.9	-19.5	7.2	5.4	9.3	
Total Expenditure	4,362	5,792	5,443	5,262	5,901	4,495	5,527	5,335	20,859	21,259	4,283	
<b>EBITDA</b>	<b>4,737</b>	<b>6,382</b>	<b>5,094</b>	<b>7,886</b>	<b>8,151</b>	<b>5,929</b>	<b>6,792</b>	<b>5,251</b>	<b>24,099</b>	<b>26,122</b>	<b>5,667</b>	44%
Margins (%)	52.1	52.4	48.3	60.0	58.0	56.9	55.1	49.6	53.6	55.1	57.0	75bp
Depreciation	113	113	114	135	202	228	270	338	475	1,037	218	
Interest	615	565	501	504	589	296	350	112	2,184	1,347	283	
Other Income	236	264	292	2,438	368	198	234	100	3,230	900	189	
<b>PBT before EO expense</b>	<b>4,245</b>	<b>5,968</b>	<b>4,771</b>	<b>9,685</b>	<b>7,728</b>	<b>5,602</b>	<b>6,406</b>	<b>4,902</b>	<b>24,669</b>	<b>24,638</b>	<b>5,356</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>4,245</b>	<b>5,968</b>	<b>4,771</b>	<b>9,685</b>	<b>7,728</b>	<b>5,602</b>	<b>6,406</b>	<b>4,902</b>	<b>24,669</b>	<b>24,638</b>	<b>5,356</b>	44%
Tax	1,046	1,421	1,192	1,833	1,905	1,429	1,633	1,315	5,491	6,283	1,366	
Rate (%)	24.6	23.8	25.0	18.9	24.7	25.5	25.5	26.8	22.3	25.5	25.5	
Mlt & Profit/Loss of Asso. Cos.	17	21	22	28	23	0	0	0	89	23	0	
<b>Reported PAT</b>	<b>3,216</b>	<b>4,568</b>	<b>3,602</b>	<b>7,880</b>	<b>5,845</b>	<b>4,174</b>	<b>4,772</b>	<b>3,587</b>	<b>19,266</b>	<b>18,378</b>	<b>3,990</b>	
<b>Adj PAT</b>	<b>3,216</b>	<b>4,568</b>	<b>3,602</b>	<b>7,880</b>	<b>5,845</b>	<b>4,174</b>	<b>4,772</b>	<b>3,587</b>	<b>19,266</b>	<b>18,378</b>	<b>3,990</b>	46%
YoY Change (%)	-20.2	43.4	-48.7	64.1	81.7	-8.6	32.5	-54.5	1.2	-4.6	24.1	
Margins (%)	35.3	37.5	34.2	59.9	41.6	40.0	38.7	33.9	42.9	38.8	40.1	
<b>Operational metrics</b>												
<b>Residential</b>												
Sale Volume (msf)	0.15	0.22	0.26	0.45	0.21	0.30	0.53	0.7	1.0	1.8	0.29	-27%
Sale Value (INRm)	4,760	9,650	7,868	17,907	10,519	10,000	16,000	22018	39,428	58,537	9,500	11%
Collections (INRm)	11,091	11,013	8,915	10,821	10,114	10,000	12,500	15336	40,086	47,950	10,500	-4%
Realization (INR/sft)	32,630	43,700	30,575	40,017	49,903	33,500	30,000	30,885	40,062	33,344	33,000	51%



Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR215      TP: INR170 (-21%)      Sell**

**Weak GRM, utilization dent 1Q performance**

Bloomberg	MRPL IN
Equity Shares (m)	1753
M.Cap.(INRb)/(USD\$b)	376.3 / 4.5
52-Week Range (INR)	289 / 80
1, 6, 12 Rel. Per (%)	-3/9/124
12M Avg Val (INR M)	1461

**Financials & Valuations (INR b)**

Y/E March	FY24	FY25E	FY26E
Sales	904	873	862
EBITDA	78	49	64
Adj. PAT	36	17	27
Adj. EPS (INR)	20.5	9.4	15.4
EPS Gr. (%)	36.6	-54.2	63.1
BV/Sh.(INR)	75.6	83.1	95.4

**Ratios**

Net D:E	0.9	0.7	0.5
RoE (%)	31.2	11.9	17.2
RoCE (%)	16.9	8.9	12.4
Payout (%)	14.6	20.0	20.0

**Valuation**

P/E (x)	10.4	22.8	14.0
P/BV (x)	2.8	2.6	2.2
EV/EBITDA (x)	6.4	9.9	7.2
Div. Yield (%)	1.4	0.9	1.4
FCF Yield (%)	14.6	7.1	9.7

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	88.6	88.6	88.6
DII	1.5	1.5	0.7
FII	2.3	2.7	1.1
Others	7.6	7.2	9.6

FII Includes depository receipts

- MRPL delivered a substantial miss vs. our estimates in 1QFY25 due to a weak refining performance, with GRM/throughput coming in 32%/7% below our estimates. As a result, EBITDA came in 56% below our estimate. In Jul'24, Singapore GRM (SG GRM) has been only marginally up at USD4/bbl vs. USD3.5/bbl in 1QFY25 and as such, we have trimmed our 2QFY25 earnings estimates, leading to a 32% cut in our FY25E PAT numbers.
- We build in GRM of USD6.9/USD8.4 per bbl in FY25/FY26, leading to RoE of 11.9%/17.2%. Further, we model a throughput of 17mmt in FY25/FY26, in line with company guidance.
- We believe strong FCF generation of INR26.9b/INR36.6b in FY25/26 and a reduction in debt will result in a declining the net debt-to-equity ratio to 0.5x by the end of FY26 (vs. 0.89x currently). MRPL earlier guided for INR80b of capex over the next five years toward:
  - increasing petchem integration from 10.0% to 12.5%
  - increasing total retail outlets to 1,000 by FY27 (from 100 currently)
  - launching isobutyl-benzene, with a pilot plant already awarded
- We are bullish on refining from a medium- to long-term perspective, given only 3.3mb/d of net capacity additions globally in the 2023-30 period. However at 2.2x FY26E P/B (FY26E RoE: 17.2%) we believe valuations for MRPL remain elevated and re-iterate our Sell rating, implying 21% potential downside from the CMP.

**Lower GRM and throughput lead to a miss**

- The refining throughput was below our est. at 4.4mmt (flat YoY) in 1QFY25.
  - Reported GRM was USD4.7/bbl (vs. our est. of USD6.9/bbl).
- Resultant EBITDA stood at INR6.2b (vs. our est. of INR14.1b). PAT came in at INR656m (vs. our est. of INR5.6b).
- Other highlights:
  - MRPL achieved the highest-ever monthly crude processing of 1,593tmt in May'24.
  - 'Varandey' crude from Russia and 'Eocene' crude from Saudi-Kuwait were processed for the first time in Jun'24. 'Kaliningrad' crude from Russia was processed for the first time in Apr'24.
  - As of Jun'24, the debt-to-equity ratio improved to 0.89x (vs. 0.94x as of Mar'24).

**Valuation and view**

- The stock is currently trading at FY26E EV/EBITDA of 7.1x. Additionally, the dividend yield is expected to be a meager 0.9%/1.4% in FY25/FY26 at the current price. Our GRM assumptions of USD6.1/bbl for 2QFY25 and USD8.4/bbl from 3QFY24 onward are also at the higher end of what the company has delivered historically.
- We value the stock at 6x FY26E EBITDA of INR64.4b to arrive at our TP of INR170. **We reiterate our SELL rating.**

**Standalone - Quarterly Earnings**

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>192.3</b>	<b>192.3</b>	<b>246.7</b>	<b>253.3</b>	<b>232.5</b>	<b>218.2</b>	<b>213.0</b>	<b>209.3</b>	<b>904.0</b>	<b>873.0</b>	<b>254.6</b>	<b>-9%</b>
YoY Change (%)	-21.9	-21.9	-7.1	-0.1	20.9	13.5	-13.7	-17.4	-16.9	-3.4	32.4	
<b>EBITDA</b>	<b>22.4</b>	<b>22.4</b>	<b>11.8</b>	<b>23.4</b>	<b>6.2</b>	<b>10.9</b>	<b>16.8</b>	<b>15.0</b>	<b>78.3</b>	<b>48.8</b>	<b>14.1</b>	<b>-56%</b>
Margin (%)	11.7	11.7	4.8	9.2	2.7	5.0	7.9	7.2	8.7	5.6	5.5	
Depreciation	3.0	3.0	3.3	3.3	3.4	3.6	3.6	3.9	12.6	14.5	3.1	
Forex loss	1.0	1.0	0.2	0.1	0.1	0.0	0.0	0.0	1.3	0.1	0.0	
Interest	3.1	3.1	2.7	2.6	2.1	2.3	2.3	2.5	11.1	9.4	2.6	
Other Income	0.7	0.7	0.4	0.4	0.4	0.0	0.0	-0.4	2.1	0.2	0.1	
<b>PBT before EO expense</b>	<b>16.1</b>	<b>16.1</b>	<b>5.9</b>	<b>17.7</b>	<b>1.0</b>	<b>5.0</b>	<b>10.9</b>	<b>8.2</b>	<b>55.3</b>	<b>25.0</b>	<b>8.5</b>	<b>-88%</b>
<b>PBT</b>	<b>16.1</b>	<b>16.1</b>	<b>5.9</b>	<b>17.7</b>	<b>1.0</b>	<b>5.0</b>	<b>10.9</b>	<b>8.2</b>	<b>55.2</b>	<b>25.0</b>	<b>8.5</b>	<b>-88%</b>
Tax	5.5	5.5	2.0	6.3	0.4	1.7	3.7	2.8	19.3	8.5	2.9	
Rate (%)	34.0	34.0	34.5	35.6	34.8	34.0	34.0	34.0	34.9	34.0	34.0	
<b>Reported PAT</b>	<b>10.6</b>	<b>10.6</b>	<b>3.9</b>	<b>11.4</b>	<b>0.7</b>	<b>3.3</b>	<b>7.2</b>	<b>5.4</b>	<b>36.0</b>	<b>16.5</b>	<b>5.6</b>	<b>-88%</b>
YoY Change (%)	LP	LP	LP	-40.1	-93.8	-69.1	85.7	-52.7	36.6	-54.2	-47.2	
Margin (%)	5.5	5.5	1.6	4.5	0.3	1.5	3.4	2.6	4.0	1.9	2.2	
<b>Key Assumptions</b>												
Refining throughput (mmt)	3.2	3.2	4.4	4.6	4.4	4.2	4.2	4.2	12.2	16.8	4.7	-7%
Reported GRM (USD/bbl)	17.1	17.1	5.0	11.4	4.7	8.4	8.4	8.4	11.2	7.4	6.9	-32%

**MRPL: Key Assumptions**

Year-end: March (INRm)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Exchange Rate (USD/INR)	70.0	70.9	74.3	74.5	80.4	82.8	83.9	85.0
Brent Crude (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	78.7	75.0
Capacity (mmt)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Throughput (mmt)	16.4	14.2	11.5	14.9	17.2	16.0	17.0	17.0
Utilization (%)	110%	94%	77%	99%	115%	107%	113%	113%
MRPL Core GRM (USD/bbl)	4.1	(0.3)	3.0	7.9	9.7	10.8	6.9	8.4
Singapore	4.9	3.2	0.5	5.0	10.7	6.6	5.5	6.1
Premium/discount	(0.7)	(3.5)	2.5	2.9	(0.9)	4.2	1.4	2.2
<b>EPS</b>	<b>2.1</b>	<b>(23.6)</b>	<b>(4.3)</b>	<b>17.0</b>	<b>15.0</b>	<b>20.5</b>	<b>9.4</b>	<b>15.4</b>



# JK Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	346.2 / 4.1
52-Week Range (INR)	4594 / 2996
1, 6, 12 Rel. Per (%)	1/-1/17
12M Avg Val (INR M)	582

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	122.6	138.7	155.6
EBITDA	22.1	27.3	31.5
Adj. PAT	8.7	11.6	14.3
EBITDA Margin (%)	18.0	19.7	20.2
Adj. EPS (INR)	112.0	150.1	184.7
EPS Gr. (%)	9.0	34.0	23.1
BV/Sh. (INR)	782	902	1,056

### Ratios

Net D:E	0.8	0.7	0.5
RoE (%)	15.2	17.8	18.9
RoCE (%)	10.7	12.4	13.7
Payout (%)	22.3	20.0	16.2

### Valuations

P/E (x)	40.0	29.8	24.3
P/BV (x)	5.7	5.0	4.2
EV/EBITDA(x)	17.2	13.6	11.9
EV/ton (USD)	171	151	137
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	0.2	1.4	5.2

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	45.7	45.7	45.8
DII	22.1	23.4	23.2
FII	17.7	15.9	15.5
Others	14.5	15.0	15.5

FII Includes depository receipts

**CMP: INR4,480      TP: INR5,150 (+15%)      Buy**

## EBITDA in line; capacity expansion on track

### Central India expansion achieved 93% capacity utilization

- JK Cement (JKCE)'s consol. EBITDA grew 19% YoY to INR4.9b (est. INR4.7b), and EBITDA/t increased 14% YoY to INR1,003 (est. INR949) in 1QFY25. The impact of lower grey cement realization was offset by - 1) higher other operating income; and 2) lower other expenses. OPM surged 2.6pp YoY to 17.3% (est. 16.3%). Adj. PAT increased 49% YoY to INR1.9b (est. INR1.5b).
- Management highlighted its long-term capacity expansion plan of 45-50mtpa (vs. 24mtpa currently), including the greenfield expansion at Jaisalmer, followed by brownfield expansions at Muddapur (Karnataka), Panna (MP), and Orrisa plants. JKCE reiterated its cost-saving target of INR150-200/t over the next two years through logistics cost optimization and the increasing share of green energy and alternative fuel.
- We broadly maintain our FY25/FY26E EBITDA. We prefer JKCE due to its steady expansion and stronger execution strategy vs. peers. We value JKCE at 15x Jun'26E EV/EBITDA to arrive at our TP of INR5,150. **Reiterate BUY.**

### Grey cement volume up 6% YoY; opex/t down 6% YoY

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR28.1b/INR4.9b/INR1.9b (up 2%/19%/49% YoY and down 2%/up 4%/24% vs. our estimate). Combined sales volumes stood at 4.8mt (up 5% YoY). Blended realization stood at INR5,793/t (down 3% YoY/QoQ; in line) in 1QFY25. Grey cement realization declined 6%/5% YoY/QoQ to INR4,670 (3% miss). Other operating income/t stood at INR216 vs. INR178/INR182 in 1Q/4QFY24.
- Opex/t dipped 6% YoY. Variable costs/other expenses per tonne declined 13%/4% YoY, while freight costs/t rose 1% YoY. OPM improved 2.6pp YoY to 17.3% and EBITDA/t was up 14% YoY to INR1,003.
- Depreciation and interest costs increased 9% and 1% YoY, respectively. Other income grew 42% YoY.

### Highlights from the management commentary

- Cement demand is weak, and JKCE expects it to revive in Sep-Oct'24. Cement prices are also under pressure and down 1.0-1.5% vs. 1QFY25.
- Fuel consumption cost was INR1.62/kcal vs. INR2.19/INR1.80 in 1QFY24/4QFY24. Lead distance was down 11km YoY and 4km QoQ to 415km.
- JKCE commissioned a greenfield grinding unit at Prayagraj, with a capacity of 2mtpa in Jul'24 (within 10 months of commencement of work).

### Valuation & View

- We estimate JKCE's consol. revenue/EBITDA CAGR at 10%/15% over FY24-27, driven by an 11% CAGR in sales volume and improvement in EBITDA/t.
- The stock trades at 13.6x Mar'26E EV/EBITDA and an EV/t of USD151. Considering JKCE's growth strategy (long-term capacity target of 45-50mtpa), higher volume growth, improving regional mix, and improved profitability, we value the stock at 15x Jun'26E EV/EBITDA to arrive at our TP of INR5,150. **Reiterate BUY.**



Consolidate quarterly performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Dispatches (mt)	4.6	4.5	4.7	5.2	4.8	4.8	5.2	6.0	19.07	20.84	4.9	(2)
YoY Change (%)	25.4	24.5	13.5	11.3	4.7	5.8	10.0	15.8	17.5	9.3	6.7	
Realization (INR/t)	5,968	6,068	6,238	5,974	5,793	5,872	5,964	5,893	6,060	5,883	5,819	(0)
YoY Change (%)	(2.9)	(1.1)	6.1	0.5	(2.9)	(3.2)	(4.4)	(1.4)	1.2	(2.9)	(2.5)	
QoQ Change (%)	0.4	1.7	2.8	(4.2)	(3.0)	1.4	1.6	(1.2)			(2.6)	
<b>Net Sales</b>	<b>27.6</b>	<b>27.5</b>	<b>29.3</b>	<b>31.1</b>	<b>28.1</b>	<b>28.2</b>	<b>30.9</b>	<b>35.5</b>	<b>115.6</b>	<b>122.6</b>	<b>28.7</b>	(2)
YoY Change (%)	21.7	23.1	20.5	11.8	1.6	2.4	5.2	14.2	18.9	6.1	4.0	
Total Expenditure	23.5	22.9	23.1	25.5	23.2	24.1	25.1	28.1	95.0	100.5	24.1	(3)
<b>EBITDA</b>	<b>4.1</b>	<b>4.7</b>	<b>6.3</b>	<b>5.6</b>	<b>4.9</b>	<b>4.1</b>	<b>5.8</b>	<b>7.4</b>	<b>20.6</b>	<b>22.1</b>	<b>4.7</b>	4
Margin (%)	14.8	17.0	21.3	18.0	17.3	14.5	18.6	20.8	17.8	18.0	16.3	101bp
Depreciation	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	5.7	6.0	1.6	(5)
Interest	1.1	1.2	1.1	1.1	1.1	1.2	1.2	1.2	4.5	4.7	1.2	(6)
Other Income	0.3	0.3	0.4	0.5	0.4	0.3	0.4	0.5	1.5	1.6	0.3	49
<b>PBT before EO expense</b>	<b>2.0</b>	<b>2.4</b>	<b>4.1</b>	<b>3.4</b>	<b>2.7</b>	<b>1.7</b>	<b>3.4</b>	<b>5.1</b>	<b>11.9</b>	<b>13.0</b>	<b>2.3</b>	21
Extra-Ord. expense	0.2	-	-	(0.1)	-	-	-	-	0.1	-	-	
<b>PBT</b>	<b>1.8</b>	<b>2.4</b>	<b>4.1</b>	<b>3.5</b>	<b>2.7</b>	<b>1.7</b>	<b>3.4</b>	<b>5.1</b>	<b>11.8</b>	<b>13.0</b>	<b>2.3</b>	21
Tax	0.7	0.7	1.3	1.3	0.9	0.6	1.2	1.8	3.9	4.4	0.8	
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	(0.0)	(0.0)	-	
Rate (%)	37.2	26.9	30.6	36.7	32.3	33.6	33.6	34.3	32.4	33.6	33.6	
<b>Reported PAT</b>	<b>1.1</b>	<b>1.8</b>	<b>2.8</b>	<b>2.2</b>	<b>1.9</b>	<b>1.1</b>	<b>2.3</b>	<b>3.4</b>	<b>8.0</b>	<b>8.7</b>	<b>1.5</b>	24
<b>Adj. PAT</b>	<b>1.2</b>	<b>1.8</b>	<b>2.8</b>	<b>2.1</b>	<b>1.9</b>	<b>1.1</b>	<b>2.3</b>	<b>3.4</b>	<b>8.0</b>	<b>8.7</b>	<b>1.5</b>	24
YoY Change (%)	(23.7)	59.8	628.0	90.3	49.3	(36.5)	(19.5)	58.2	87.9	8.1	20.8	

Source: Company, MOFSL estimates

Consolidated quarterly performance

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gray Cement (mt)	4.1	3.9	4.2	4.7	4.3	4.2	4.6	5.5	16.9	18.6	4.4	(2)
Growth (%)	29.4	22.1	13.6	13.0	5.6	5.8	10.2	17.2	18.9	10.0	8.2	
As a percentage of total volume	88.7	86.7	88.2	89.9	89.4	86.7	88.4	91.1	88.4	89.0	89.9	
White Cement (mt)	0.5	0.6	0.6	0.5	0.5	0.6	0.6	0.5	2.2	2.3	0.5	3
Growth (%)	1.2	19.2	13.1	(1.9)	(2.4)	6.1	8.5	2.9	7.6	3.9	(5.4)	
As a percentage of total volume	11.3	13.3	11.8	10.1	10.6	13.3	11.6	8.9	11.6	11.0	10.1	

Per tonne analysis (INR)

<b>Net realization</b>	<b>5,968</b>	<b>6,068</b>	<b>6,238</b>	<b>5,974</b>	<b>5,793</b>	<b>5,872</b>	<b>5,964</b>	<b>5,893</b>	<b>6,060</b>	<b>5,883</b>	<b>5,819</b>	(0)
RM Cost	1,003	1,010	818	1,014	988	990	970	883	962	954	950	4
Employee Expenses	397	403	423	420	451	450	423	364	411	419	402	12
Power, Oil, and Fuel	1,493	1,396	1,383	1,184	1,176	1,230	1,170	1,160	1,358	1,182	1,228	(4)
Freight and handling	1,262	1,182	1,307	1,310	1,278	1,250	1,300	1,295	1,267	1,282	1,310	(2)
Other Expenses	932	1,048	979	970	897	1,100	990	965	981	986	980	(8)
<b>Total Exp.</b>	<b>5,087</b>	<b>5,039</b>	<b>4,909</b>	<b>4,897</b>	<b>4,790</b>	<b>5,020</b>	<b>4,853</b>	<b>4,667</b>	<b>4,980</b>	<b>4,823</b>	<b>4,870</b>	(2)
<b>EBITDA</b>	<b>881</b>	<b>1,029</b>	<b>1,329</b>	<b>1,077</b>	<b>1,003</b>	<b>852</b>	<b>1,111</b>	<b>1,226</b>	<b>1,080</b>	<b>1,060</b>	<b>949</b>	6

Source: Company, MOFSL estimates



# Poonawalla Fincorp

Estimate changes	↓
TP change	↓
Rating change	↔

**CMP: INR404      TP: INR465 (+15%)      BUY**

## Earnings miss due to NIM compression; loan growth strong

### Senior management rejig; articulation of strategy under the new MD/CEO

Bloomberg	POONAWAL IN
Equity Shares (m)	775
M.Cap.(INRb)/(USD\$b)	313.1 / 3.7
52-Week Range (INR)	520 / 336
1, 6, 12 Rel. Per (%)	-8/-31/-16
12M Avg Val (INR M)	1136

- Poonawalla Fincorp (PFL)'s 1QFY25 NII grew ~37% YoY to ~INR5.8b (5% miss), while its PPOP increased ~47% YoY to ~INR4.3b (9% miss). PFL's 1QFY25 PAT grew ~46% YoY and declined ~12% QoQ to ~INR2.9b (9% miss).
- Opex rose ~33% YoY to ~INR2.4b (~15% above estimate), with the C/I ratio broadly stable QoQ at ~36% (PY: ~38%). Provisions stood at INR425m (vs. estimated credit costs of ~INR500m).
- PFL articulated its strategy under the new MD & CEO Mr. Arvind Kapil (ex-HDFC Bank). The new management team will prioritize scalability by improving collections and distribution. It plans to double its product suite with new product offerings. Risk management will be a key focus area.
- We cut our FY25/FY26E earnings by 9%/13% to factor in NIM compression and elevated opex from investments in distribution, management team, and collections. We model a ~34%/29% AUM/PAT CAGR over FY24-FY26E and expect PFL to deliver an RoA/RoE of ~4.4%/~17% in FY26. **Reiterate BUY with a TP of INR465 (premised on 3.3x FY26E BVPS).**

### Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Income	22.0	29.1	38.6
PPOP	14.0	18.8	26.4
PAT	10.3	13.2	17.1
EPS (INR)	13.4	17.2	22.2
EPS Gr. (%)	73.3	28.2	29.0
BV/Share	106	121	140

### Ratios

NIM on AUM (%)	9.5	8.8	8.8
C/I ratio (%)	36.6	35.5	31.7
RoAA (%)	4.9	4.7	4.4
RoE (%)	14.2	15.1	17.0

### Valuations

P/E (X)	30.1	23.5	18.2
P/BV (X)	3.8	3.3	2.9

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.1	62.1	62.1
DII	6.8	5.8	8.0
FII	8.5	8.3	7.2
Others	22.6	23.8	22.7

FII Includes depository receipts

### Disbursements hit by a caution in the short-term personal loans (STPL)

- AUM grew ~52% YoY and ~8% QoQ to ~INR270b. Discontinued AUM (including legacy/DA) contributed ~4% to the AUM mix. The share of unsecured loans remained stable at ~51% of the AUM mix.
- PFL reported disbursements of ~INR74b, which grew ~5% YoY.
- Management guided ~30-35% AUM growth in FY25 and ~35-40% AUM CAGR over the next five years. We model an AUM CAGR of ~34% over FY24-26E.

### NIM contracts ~85bp QoQ due to ~70bp decline in yields

- NIM (calc.) contracted ~85bp QoQ to ~10%, due to a decline in yields. Spreads (calc.) declined ~50bp QoQ despite ~20bp dip in CoB (calc.) to ~8%.
- Unlike the short-tenure loans, which were earlier disbursed under the co-lending model, the direct origination model features personal loans with an average tenure exceeding one year, resulting in a fee amortization over a longer period. Management guided stable borrowing costs. We model a NIM of ~8.8% over FY25-FY26E.

### Highlights from the management commentary

- STPL (launched in 4QFY24) is not seasoned yet and will be monitored closely. The new management sensed that it needed to tweak credit policies and strengthen its collection capabilities in this segment. PFL will not accelerate STPL until the new management team gets a complete hold on it.
- PFL shared that investments in collections will be a key imperative for the company. Alongside, it will also be making investments in the new management team. **From the third year onwards, PAT growth will mirror AUM growth.**

**Asset quality continues to improve; credit costs still benign**

- Asset quality improved with GS3/NS3 at 1.2%/0.6% and the PCR on S3 loans rose ~2pp QoQ to ~49%.
- We model credit costs at 0.6%/1.1% over FY25/FY26.

**Senior management rejig under the leadership of the new MD & CEO**

- With the appointment of Mr. Arvind Kapil (ex-HDFC Bank) as MD & CEO, PFL has seen a management rejig. A few more individuals from HDFC Bank will join PFL's senior management team.
- Mr. Kapil shared that PFL aims to achieve productivity, predictability, and sustainability through **higher investments, mainly in collections, technology, and launch of new businesses**. The company plans to launch consumer durable loans, PL prime, shopkeeper loans, and used-CV loans in FY25.

**Valuation and view**

- Strong leadership teams across functions, realignment of customer and product segments, and focus on leveraging technology and analytics position PFL well to build scale and deliver superior risk-adjusted returns. **Reiterate BUY with a TP of INR465 (premised on 3.3x FY26E BVPS).**
- **Key downside risks:** a) inability to execute its articulated strategy despite a new management team, and investments in technology, distribution, and collections; and b) aggressive competitive landscape leading to pressure on spreads and margins and/or deterioration in asset quality.

Quarterly Performance (Standalone)

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25 E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	6,560	6,901	7,144	8,436	8,962	9,679	10,502	11,380	29,061	40,523	9,279	-3
Interest Expenses	2,348	2,155	2,237	2,811	3,201	3,569	3,837	4,276	9,503	14,883	3,204	0
<b>Net Interest Income</b>	<b>4,212</b>	<b>4,746</b>	<b>4,907</b>	<b>5,625</b>	<b>5,761</b>	<b>6,110</b>	<b>6,665</b>	<b>7,104</b>	<b>19,558</b>	<b>25,640</b>	<b>6,075</b>	<b>-5</b>
YoY Growth (%)	77.8	73.3	62.9	48.1	36.8	28.7	35.8	26.3	58.9	31.1	55.6	
Other Income	563	539	594	782	997	905	970	621	2,478	3,492	781	
<b>Total Income</b>	<b>4,775</b>	<b>5,285</b>	<b>5,501</b>	<b>6,407</b>	<b>6,758</b>	<b>7,015</b>	<b>7,635</b>	<b>7,725</b>	<b>22,036</b>	<b>29,132</b>	<b>6,856</b>	<b>-1</b>
YoY Growth (%)	70.3	57.1	52.8	57.0	46.9	32.7	38.8	20.6	54.7	32.2	54.1	
Operating Expenses	1,834	1,929	1,998	2,313	2,436	2,607	2,737	2,562	8,074	10,342	2,128	15
<b>Operating Profit</b>	<b>2,941</b>	<b>3,356</b>	<b>3,502</b>	<b>4,094</b>	<b>4,321</b>	<b>4,408</b>	<b>4,897</b>	<b>5,163</b>	<b>13,962</b>	<b>18,790</b>	<b>4,728</b>	<b>-9</b>
YoY Growth (%)	185.0	167.0	124.8	103.1	46.9	31.3	39.8	26.1	128.8	34.6	74.9	
Provisions & Loan Losses	266	281	-65	239	425	489	415	253	720	1,582	503	-15
<b>Profit before Tax</b>	<b>2,676</b>	<b>3,075</b>	<b>3,568</b>	<b>3,855</b>	<b>3,897</b>	<b>3,919</b>	<b>4,482</b>	<b>4,910</b>	<b>13,242</b>	<b>17,207</b>	<b>4,226</b>	<b>-8</b>
Exceptional items		6,560				0			6,560	0		
Tax Provisions	674	775	916	538	980	941	1,031	1,006	2,907	3,958	1,014	-3
<b>PAT (excl. exceptional)</b>	<b>2,002</b>	<b>2,300</b>	<b>2,651</b>	<b>3,317</b>	<b>2,916</b>	<b>2,979</b>	<b>3,451</b>	<b>3,904</b>	<b>10,335</b>	<b>13,250</b>	<b>3,211</b>	<b>-9</b>
<b>PAT (incl. exceptional)</b>	<b>2,002</b>	<b>8,861</b>	<b>2,651</b>	<b>3,317</b>	<b>2,916</b>	<b>2,979</b>	<b>3,451</b>	<b>3,904</b>	<b>16,896</b>	<b>13,250</b>	<b>3,211.48</b>	<b>-9</b>
YoY Growth (%)	86.0	76.7	76.3	83.6	45.7	29.5	30.2	17.7	73.9	28.2	66.0	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	16.3	15.8	15.3	16.3	15.5				15.6	15.4		
Cost of funds	8.0	7.2	7.5	8.2	8.0				7.2	8.0		
Spread	8.3	8.6	7.8	8.1	7.6				8.4	7.5		
NIM on loans	10.4	10.9	10.5	10.9	10.0				9.5	8.8		
C/I ratio	38.4	36.5	36.3	36.1	36.1				36.6	35.5		
Credit cost	0.6	0.6	-0.1	0.4	0.7				0.4	0.6		
Tax rate	25.2	17.7	25.7	13.9	25.2				21.9	23.0		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>70.6</b>	<b>78.1</b>	<b>87.3</b>	<b>96.9</b>	<b>74.0</b>				<b>199</b>	<b>246</b>		
Growth (%)	169.1	151.0	159.2	52.1	21.6				<b>111.3</b>	<b>10.4</b>		
<b>AUM (INR b)</b>	<b>178</b>	<b>202</b>	<b>219</b>	<b>250</b>	<b>270</b>				<b>178</b>	<b>202</b>		
Growth (%)	60.4	53.6	57.6	54.9	62.1				<b>60.4</b>	<b>53.6</b>		
<b>AUM mix (%)</b>												
Focused	96.3	89.0	91.7	94.1	96.0				96.3	89.0		
Discontinued (Legacy and DA)	3.7	11.0	8.3	5.9	4.0				3.7	11.0		
<b>Asset Quality Parameters</b>												
GS 3 (INR m)	2,450	2,660	2,750	2,680	1,660				2,450	2,660		
GS 3 (%)	1.4	1.4	1.3	1.2	0.7				1.4	1.4		
NS 3 (INR m)	1,310	1,400	1,450	1,360	790				1,310	1,400		
NS 3 (%)	0.8	0.7	0.7	0.6	0.3				0.8	0.7		
PCR (%)	46.5	47.4	47.3	49.3	52.4				46.5	47.4		

E: MOFSL estimates



# PVR-Inox

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,430 TP: INR1,400 (-2%) Neutral**

## Weak occupancy hurts operating performance

- PVR-Inox reported a subdued quarter, with 20% occupancy and -3.2% EBITDA margin. Revenue declined 9% YoY (in line) due to a 13% drop in movie releases. Weak ticketing and F&B revenue, coupled with operating deleverage, led to a net loss of INR1.4b (in line).
- Continued fluctuation in occupancy remains a key monitorable as the business is highly sensitive to occupancy, and even a 200-300bp blip could derail screen economics. **Reiterate Neutral with a TP of INR1,400.**

Bloomberg	PVRINOX IN
Equity Shares (m)	98
M.Cap.(INRb)/(USD)	140.3 / 1.7
52-Week Range (INR)	1880 / 1204
1, 6, 12 Rel. Per (%)	-5/-20/-29
12M Avg Val (INR M)	1036

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	61.1	62.5	71.3
EBITDA	7.1	6.4	9.9
Adj. PAT	1.1	0.2	2.7
EBITDA Margin (%)	11.7	10.3	13.9
Adj. EPS (INR)	11.7	2.2	27.1
EPS Gr. (%)	LP	-81.3	1141.8
BV/Sh. (INR)	747.3	749.5	776.6

### Ratios

Net D:E	1.1	1.1	0.0
RoE (%)	1.6	0.3	3.6
RoCE (%)	2.8	1.9	4.6
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	122.4	653.2	52.6
P/BV (x)	1.9	1.9	1.8
EV/EBITDA (x)	21.5	23.7	15.2
Div Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	27.8	27.8	27.6
DII	38.8	40.2	33.1
FII	18.1	16.8	26.8
Others	15.3	15.2	12.4

FII Includes depository receipts

## Revenue declined 9% YoY; EBITDAM at -3.2%

- Consolidated 1QFY25 revenue declined 9% YoY (-5% QoQ) to INR11.9b (in line) due to a 13% YoY drop in the number of movie releases.
- Occupancy was weak at 20.3% (vs. 22.6%/22.4% in 4QFY24/1QFY24) and ATP declined 4% YoY to INR235. Hence, ticketing revenues declined 14.5% YoY (-6.6% QoQ) to INR5.9b.
- F&B revenues also declined 6.1% YoY (-2.8% QoQ) to INR4b due to a 10% fall in admissions, offset by a 3% increase in SPH to INR134.
- Ad revenue grew 4.6% YoY (-10.6% QoQ) to INR934m.
- EBITDA loss (pre Ind-AS 116) stood at INR378m due to operating deleverage and higher rentals.
- Reported margin stood at -3.2% (vs. 6.2%/0.1% in 1QFY24/4QFY24).
- Movie distribution expenses declined 18% YoY due to fewer movie releases.
- Depreciation increased by 5% YoY and interest costs declined by 3% YoY.
- As a result, the reported loss after tax stood at INR1.4b (in line).
- Gross debt declined by INR231m to INR16.9b. However, due to EBITDA loss, net debt increased by INR255m to INR13.2b.

## Highlights from the management commentary

- **Weak quarter:** The prolonged general elections for 44 days, along with the Cricket World Cup, affected the release calendar of producers, resulting in a 13% YoY drop in the number of releases.
- **Current environment:** Kalki was released at Jun'24 end, which will see spillover effects in 2Q. The movie pipeline for the next few quarters includes Stree 2, Deadpool, Sitare Zameen Par and Pushpa 2. The management expects 3Q to be the biggest quarter of FY25 for PVR-Inox.
- **Advertisement revenue** increased 5% YoY in 1Q, led by Kalki's standout performance and off-screen sponsorship deals. PVR-Inox expects healthy growth in ad revenue, supported by big releases in 2Q/3Q.
- **Screen adds guidance:** PVR-Inox expects to add 120 screens and close 70 screens, resulting in net 50 additions in FY25. The management is selective in adding new screens and is gradually implementing a capitalized growth model by partnering with developers and jointly investing in new stream capex.

**Valuation and view**

- Occupancy moderated in 1Q as the quarter witnessed a decline in releases and the impact of the general elections. 2Q started on a positive note with the release of Kalki.
- Stable occupancies, healthy recovery in advertising revenues, increased risk of rising scale, and the traction of movie releases over OTT platforms continue to be our key monitorables, as highlighted in our report.
- We broadly keep our FY25 estimates unchanged due to a reasonable movie pipeline but cut FY26 revenue/EBITDA estimates by 3%/9%.
- Maintaining occupancy and traction in ad revenues amid an increasing threat from deep-pocketed OTT players remains a key catalyst for growth. We value PVR-Inox at 14x FY26E EV/EBITDA to arrive at our TP of INR1,450. **Reiterate Neutral.**

**Quarterly Performance**

Y/E March	FY24				FY25E				FY24	FY25E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E	FY25 1QE	Est. Var (%)
<b>Net Sales</b>	<b>13,049</b>	<b>19,999</b>	<b>15,459</b>	<b>12,564</b>	<b>11,907</b>	<b>17,212</b>	<b>17,349</b>	<b>16,058</b>	<b>61,071</b>	<b>62,526</b>	<b>11,688</b>	<b>2</b>
YoY Change (%)	-16.5	88.7	6.2	9.9	-8.8	-13.9	12.2	27.8	16.9	2.4	-10.4	
Total Expenditure	12,241	15,723	13,434	12,552	12,285	14,901	14,895	14,023	53,950	56,104	12,206	<b>1</b>
<b>EBITDA</b>	<b>808</b>	<b>4,276</b>	<b>2,025</b>	<b>12</b>	<b>-378</b>	<b>2,310</b>	<b>2,454</b>	<b>2,036</b>	<b>7,121</b>	<b>6,422</b>	<b>-518</b>	<b>-27</b>
YoY Change (%)	-74.1	-8,018.5	-3.1	-77.4	-146.8	-46.0	21.2	16,863.2	36.6	-9.8	-164.1	
Depreciation	1,111	1,220	1,254	1,122	1,164	1,199	1,235	1,576	4,707	5,174	1,133	<b>3</b>
Interest	464	486	451	453	451	469	488	520	1,854	1,928	458	<b>-1</b>
Other Income	195	197	234	340	179	242	242	304	966	966	242	<b>-26</b>
<b>PBT before EO expense</b>	<b>-572</b>	<b>2,767</b>	<b>554</b>	<b>-1,223</b>	<b>-1,814</b>	<b>884</b>	<b>973</b>	<b>243</b>	<b>1,526</b>	<b>286</b>	<b>-1,867</b>	<b>-3</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-572</b>	<b>2,767</b>	<b>554</b>	<b>-1,223</b>	<b>-1,814</b>	<b>884</b>	<b>973</b>	<b>243</b>	<b>1,526</b>	<b>286</b>	<b>-1,867</b>	<b>-3</b>
Tax	-131	693	142	-322	-448	223	245	52	384.1	72.0	-470	<b>-5</b>
Rate (%)	22.9	25.0	25.6	26.3	24.7	25.2	25.2	21.4	25.2	25.2	25.2	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>-441</b>	<b>2,074</b>	<b>412</b>	<b>-901</b>	<b>-1,366</b>	<b>661</b>	<b>728</b>	<b>191</b>	<b>1,142</b>	<b>214</b>	<b>-1,396</b>	<b>-2</b>
<b>Adj PAT</b>	<b>-441</b>	<b>2,074</b>	<b>412</b>	<b>-901</b>	<b>-1,366</b>	<b>661</b>	<b>728</b>	<b>191</b>	<b>1,142</b>	<b>214</b>	<b>-1,396</b>	<b>-2</b>
YoY Change (%)	-131.0	-364.5	47.7	-38.2	209.8	-68.1	76.6	-121.2	-311.8	-81.3	322.3	



# Can Fin Homes

**Estimate changes**

TP change

Rating change



Bloomberg	CANF IN
Equity Shares (m)	133
M.Cap.(INRb)/(USD\$b)	112.5 / 1.3
52-Week Range (INR)	938 / 680
1, 6, 12 Rel. Per (%)	-6/-4/-23
12M Avg Val (INR M)	716

**Financials Snapshot (INR b)**

Y/E March	FY24	FY25E	FY26E
NII	12.6	13.5	15.4
PPP	10.8	11.5	13.1
PAT	7.5	8.6	9.7
EPS (INR)	56.4	64.8	72.9
EPS Gr (%)	21	15	13
BVPS (INR)	326	385	452

**Ratios (%)**

NIM	3.8	3.7	3.6
C/I ratio	16.8	17.5	17.2
RoAA	2.2	2.2	2.2
RoE	18.8	18.2	17.4
Payout	10.6	9.3	8.2

**Valuation**

P/E (x)	15.0	13.1	11.6
P/BV (x)	2.6	2.2	1.9
Div. Yield (%)	0.7	0.7	0.7

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	30.0	30.0	30.0
DII	27.8	27.9	28.0
FII	11.5	11.5	10.7
Others	30.7	30.6	31.3

FII Includes depository receipts

**CMP: INR847**

**TP: INR890 (+5%)**

**Neutral**

**Disbursements weak and loan growth muted**

**Earnings miss due to higher provisions; NIM contracts ~15bp QoQ**

- Can Fin Homes (CANF)'s 1QFY25 PAT grew ~9% YoY to ~INR2b (7% miss). NII rose 13% YoY to ~INR3.2b (in line), while other income stood at ~INR70m.
- Opex rose ~12% YoY to INR488m (12% below MOFSLe). The cost-to-income ratio came in at ~15% (PQ: 21%, PY: 15%). RoA/RoE stood at ~2.2%/~17.6%.
- Management retained its loan growth guidance of ~15% in FY25, and is confident of achieving disbursements of ~INR105b in FY25. This will be aided by: 1) branch expansions and resultant improvements in productivity, b) enhanced organizational structure with zonal offices, c) investments in improving its APF tie-ups with developers, and d) investments in sales teams and digital marketing.
- We estimate a 15%/14% Advances/PAT CAGR over FY24-26, with an RoA/RoE of ~2.2%/~17.0% in FY26. CANF, in our view, is a robust franchise with strong moats on the liability side. However, we await: 1) a recovery in disbursement momentum, 2) early signs of execution on loan growth guidance, and 3) clarity on the margin trajectory, before turning constructive on the stock. CANF might also benefit from the potential announcements in the Union Budget on Affordable Housing Fund (AHF) and demand-side incentivization for low-ticket housing. However, at 1.9x FY26E P/BV, we believe valuations are broadly factoring in the positive elements. **Reiterate Neutral with a TP of INR890 (premised on 2.0x FY26E P/BV).**

**State-specific issues hit disbursements; advances rise ~10% YoY**

- The AP and Telangana registrations have been hit after the change in the state governments. AP disbursements dipped ~15% YoY, and Telangana disbursements decreased ~40% YoY in 1QFY25. Consequently, CANF's total disbursements declined 6% YoY to INR18.5b. The April and May disbursements were weak due to elections and seasonality in mortgages. However, disbursements recovered to ~INR8b in Jun'24.
- Advances grew ~10% YoY to ~INR356b. Annualized run-off in advances stood at ~15% (PQ: 16% and PY: ~13%).

**Margin contracts QoQ; the share of CP remains stable**

- NIM (reported) contracted ~15bp QoQ to ~3.6%. Reported spreads also declined ~15bp QoQ, primarily due to ~20bp QoQ increase in CoB. We model NIMs of ~3.7%/~3.6% for FY25/FY26 (FY24: ~3.8%).
- Bank borrowings in the mix declined to ~56% (PQ: ~59%), while NHB borrowings and the proportion of CPs remained stable at ~16% and ~7%, respectively.

### Seasonal deterioration in asset quality

- Asset quality deteriorated, with GS3/NS3 increasing by ~10bp each QoQ to ~0.9%/0.5%. PCR on stage 3 loans declined ~160bp QoQ to ~47%.
- Credit costs stood at INR245m, resulting in annualized credit costs of ~30bp [PQ: ~2bp and PY: ~20bp]
- The increase in Gross Stage 3 in 1QFY25 was because of seasonal deterioration in asset quality. Recoveries and asset quality exhibited no geographical color, and management shared that delinquencies showed no particular pattern too. Management guided credit costs of ~12bp in FY25. We model credit costs of ~14/18bp for FY25/26.

### Expectations on Union Budget announcements to spur housing demand

- The Union Budget may reintroduce allocation towards the affordable housing finance (AHF) fund where NHB offers loans to HFCs at attractive rates that can be utilized for lending to customers with a ~4% capping on spreads. The spread cap for lending of funds availed under the AHF scheme could potentially be increased to 4.5% (from 4.0% earlier).
- CANF previously received ~INR9.75b in CLSS subsidies. About 45% of the outstanding portfolio of CANF was below ATS <INR2m and ~34% of the company's FY24 disbursements were <INR2m ticket size.

### Highlights from the management commentary

- CANF guided AUM growth of ~15%, spreads of ~2.55-2.60%, NIM of ~3.5%, and a cost-to-income ratio of ~16-18% in FY25. Management is confident that CANF should be able to deliver ~INR25b of disbursements in 2QFY25. It expects disbursements to improve to INR28-29b in 3Q and ~INR31-33b in 4QFY25.
- The decline in spreads is due to the higher rate of borrowing in 4QFY24. CANF will see a repricing benefit of ~30-40bp (from 2QFY25) on ~INR22b of CP borrowings.

### Valuation and view

- CANF has successfully demonstrated its ability to maintain its pristine asset quality for several years, and we expect the same to continue. However, CANF will have to accelerate its disbursements in the next few quarters to deliver on its guided loan growth. We estimate a CAGR of 11%/10%/14% in NII/PPOP/PAT over FY24-26, with an RoA of 2.2% and an RoE of ~17% in FY26.
- **Reiterate Neutral with a TP of INR890 (premised on 2.0x FY26E P/BV).**



**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E	1Q FY25E	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	8,181	8,652	8,948	9,117	9,242	9,491	9,804	10,251	34,899	38,788	9,373	-1
Interest Expenses	5,330	5,484	5,660	5,839	6,027	6,166	6,394	6,672	22,314	25,259	6,017	0
<b>Net Interest Income</b>	<b>2,851</b>	<b>3,168</b>	<b>3,288</b>	<b>3,278</b>	<b>3,214</b>	<b>3,325</b>	<b>3,410</b>	<b>3,579</b>	<b>12,585</b>	<b>13,529</b>	<b>3,355</b>	-4
YoY Growth (%)	13.9	26.1	30.6	25.5	12.7	5.0	3.7	9.2	24.0	7.5	17.7	
Other income	60	58	71	159	70	81	99	164	348	414	84	-17
<b>Total Income</b>	<b>2,911</b>	<b>3,226</b>	<b>3,359</b>	<b>3,437</b>	<b>3,284</b>	<b>3,407</b>	<b>3,509</b>	<b>3,743</b>	<b>12,933</b>	<b>13,943</b>	<b>3,439</b>	-5
YoY Growth (%)	13.9	25.7	30.8	25.7	12.8	5.6	4.5	8.9	24.1	7.8	18.2	
Operating Expenses	435	524	494	720	488	528	587	834	2,173	2,438	558	-12
YoY Growth (%)	7.4	29.5	12.7	39.3	12.3	0.8	18.8	15.9	23.1	12.2	28.2	
<b>Operating Profits</b>	<b>2,476</b>	<b>2,702</b>	<b>2,865</b>	<b>2,717</b>	<b>2,796</b>	<b>2,878</b>	<b>2,922</b>	<b>2,909</b>	<b>10,760</b>	<b>11,505</b>	<b>2,882</b>	-3
YoY Growth (%)	15.2	25.0	34.6	22.5	12.9	6.5	2.0	7.0	24.3	6.9	16.4	
Provisions	137	722	308	18	245	165	145	-48	1,185	507	155	58
<b>Profit before Tax</b>	<b>2,339</b>	<b>1,980</b>	<b>2,557</b>	<b>2,700</b>	<b>2,551</b>	<b>2,713</b>	<b>2,777</b>	<b>2,957</b>	<b>9,575</b>	<b>10,999</b>	<b>2,727</b>	-6
Tax Provisions	504	399	556	609	555	581	600	641	2,068	2,376	586	-5
<b>Profit after tax</b>	<b>1,835</b>	<b>1,581</b>	<b>2,001</b>	<b>2,090</b>	<b>1,996</b>	<b>2,133</b>	<b>2,177</b>	<b>2,317</b>	<b>7,507</b>	<b>8,623</b>	<b>2,140</b>	-7
YoY Growth (%)	13.1	11.5	32.1	26.1	8.8	34.9	8.8	10.8	20.8	14.9	16.7	
<b>Key Parameters (%)</b>												
Yield on loans	10.2	10.5	10.6	10.6	10.5							
Cost of funds	7.3	7.3	7.3	7.4	7.5							
Spread	3.0	3.2	3.3	3.2	3.0							
NIM	3.6	3.8	3.9	3.8	3.6							
Credit cost	0.17	0.9	0.4	0.0	0.28							
Cost to Income Ratio (%)	14.9	16.2	14.7	20.9	14.9							
Tax Rate (%)	21.6	20.2	21.7	22.6	21.7							
<b>Balance Sheet Parameters</b>												
<b>Loans (INR B)</b>	<b>325.1</b>	<b>333.6</b>	<b>340.5</b>	<b>350.0</b>	<b>355.6</b>	<b>366.6</b>	<b>380.7</b>	<b>398.0</b>				
Growth (%)	18.0	15.7	13.1	10.9	9.4	9.9	11.8	13.7				
<b>AUM mix (%)</b>												
Home loans	89.1	89.1	89.1	88.9	88.9							
Non-housing loans	10.9	10.9	10.9	11.1	11.1							
Salaried customers	72.7	72.4	72.1	71.9	71.7							
Self-employed customers	27.2	27.5	27.8	28.0	28.3							
<b>Disbursements (INR B)</b>	<b>19.7</b>	<b>20.2</b>	<b>18.8</b>	<b>23.1</b>	<b>18.5</b>	<b>24.0</b>	<b>27.1</b>	<b>30.7</b>				
Change YoY (%)	14.2	-10.1	-23.1	-8.8	-5.7	19.0	44.0	32.5				
<b>Borrowing mix (%)</b>												
Banks	54.0	57.0	60.0	59.0	56.0							
NHB	22.0	19.0	19.0	16.0	16.0							
Market borrowings	23.0	23.0	20.0	24.0	27.0							
Deposits	1.0	1.0	1.0	1.0	1.0							
<b>Asset Quality</b>												
GNPL (INR m)	2,052	2,540	3,088	2,860	3,250							
NNPL (INR m)	1,096	1,420	1,674	1,470	1,740							
GNPL ratio %	0.63	0.76	0.91	0.82	0.91							
GNPL ratio %	0.34	0.43	0.49	0.42	0.49							
PCR %	46.6	44	45.8	48.6	47.0							
<b>Return Ratios (%)</b>												
ROA (Rep)	2.2	1.9	2.3	2.5	2.2							
ROE (Rep)	19.2	16.0	19.4	19.3	17.6							

E: MOFSL Estimates



# Cyient DLM

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR766      TP: INR880 (+15%)      Buy**

## Strong growth in aerospace and defense drives revenue

### Earnings above our estimates

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	60.7 / 0.7
52-Week Range (INR)	884 / 450
1, 6, 12 Rel. Per (%)	0/2/30
12M Avg Val (INR M)	283

- Cyient DLM (CYIENTDL) reported a healthy quarter, with revenue growth of ~19% YoY in 1QFY25, led by significant traction in the aerospace and defense verticals. However, margins declined 140bp YoY to 7.8%, mainly due to higher SG&A expenses.
- We maintain our FY25/FY26 EPS estimates and retain our BUY rating on the stock with a TP of INR880 (40x FY26E EPS).

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	11.9	15.9	21.2
EBITDA	1.1	1.7	2.5
Adj. PAT	0.6	1.2	1.7
EBITDA Margin (%)	9.3	10.7	11.8
Cons. Adj. EPS (INR)	7.7	14.5	21.9
EPS Gr. (%)	92.9	88.0	51.1
BV/Sh. (INR)	114.6	129.1	151.0

### Ratios

Net D:E	-0.4	-0.5	-0.6
RoE (%)	11.1	11.9	15.6
RoCE (%)	11.2	12.3	16.9

### Valuations

P/E (x)	99	53	35
EV/EBITDA (x)	51	32	21

### Shareholding pattern (%)

As on	Jun-24	Mar-24	Jun-23
Promoter	66.7	66.7	66.7
DII	17.4	12.6	12.2
FII	5.1	7.0	7.2
Others	10.8	13.7	14.0

Note: FII includes depository receipts

### Higher investment in SG&A led to temporary margin drag

- Consol. revenue grew 19% YoY to INR2.6b (in line with est.) in 1Q, mainly led by the defense (+80% YoY) and aerospace (+78% YoY) verticals.
- The order book stood at ~INR21.3b as of 1QFY25 (down 2% QoQ) vs. ~INR25b as of 1QFY24. The company expects higher order inflows in 2QFY25. Historically, order inflows have been soft in 1Q.
- EBITDA margins declined 140bp YoY to 7.8% (est. 7.1%) due to higher employee expenses (~12.7% of sales vs. ~11.3% in 1QFY24). This increase was led by continued investments in SG&A (strengthening management team by hiring of CXOs). EBITDA was flat at INR200m (est. of INR184m).
- Adjusted PAT grew 98% YoY to INR106m (est. INR93m), aided by high 'other income' of INR89m.

### Highlights from the management commentary

- **Outlook:** The company expects a strong 2QFY25, led by the spillover of certain orders from 1Q due to supply chain issues in the procurement of some raw materials. Margins are expected to pick up in the upcoming quarters, led by operating leverage.
- **Guidance:** CYIENTDL has maintained its guidance for ~30% revenue CAGR with double-digit margins in the medium term.
- **Industrial segment** witnessed a revenue decline as a key client was undergoing inventory rationalization. The company is adding new clients in this space and expects growth to return in 2HFY25.

### Valuation and view

- CYIENTDL, being an integrated EMS and solutions provider in the rapidly growing critical end-user industries, is likely to capture its share of the pie on the back of its strong core competencies and high technical capabilities.
- Going ahead, we expect CYIENTDL to sustain its growth momentum, aided by: 1) expected healthy order inflows; 2) high customer stickiness; and 3) strong promoter heritage.
- We estimate CYIENTDL to report a CAGR of 33%/50%/69% in revenue/EBITDA/ Adj. PAT over FY24-26.
- We maintain our FY25/FY26 EPS estimates and retain our BUY rating on the stock with a TP of INR880 (40x FY26 EPS).

**Consolidated - Quarterly Earning Model**

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
<b>Gross Sales</b>	<b>2,171</b>	<b>2,918</b>	<b>3,210</b>	<b>3,618</b>	<b>2,579</b>	<b>3,837</b>	<b>4,366</b>	<b>5,162</b>	<b>11,919</b>	<b>15,944</b>	<b>2,606</b>	<b>-1</b>
YoY Change (%)	27.6	71.5	49.7	30.5	18.8	31.5	36.0	42.7	43.2	33.8	20.0	
Total Expenditure	1,972	2,683	2,916	3,238	2,379	3,476	3,869	4,513	10,809	14,237	2,422	
<b>EBITDA</b>	<b>200</b>	<b>235</b>	<b>294</b>	<b>380</b>	<b>200</b>	<b>361</b>	<b>497</b>	<b>649</b>	<b>1,110</b>	<b>1,707</b>	<b>184</b>	<b>9</b>
Margins (%)	9.2	8.1	9.2	10.5	7.8	9.4	11.4	12.6	9.3	10.7	7.1	
Depreciation	48	55	58	62	67	69	71	73	223	280	64	
Interest	91	76	83	94	80	50	25	10	344	165	30	
Other Income	9	93	93	83	89	49	54	84	278	276	35	
<b>PBT before EO expense</b>	<b>70</b>	<b>198</b>	<b>247</b>	<b>307</b>	<b>142</b>	<b>291</b>	<b>455</b>	<b>650</b>	<b>821</b>	<b>1,538</b>	<b>125</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>70</b>	<b>198</b>	<b>247</b>	<b>307</b>	<b>142</b>	<b>291</b>	<b>455</b>	<b>650</b>	<b>821</b>	<b>1,538</b>	<b>125</b>	
Tax	16	51	63	80	36	73	115	164	209	387	31	
Rate (%)	23.3	25.9	25.3	25.9	25.2	25.2	25.2	25.2	25.5	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>54</b>	<b>147</b>	<b>184</b>	<b>227</b>	<b>106</b>	<b>218</b>	<b>341</b>	<b>486</b>	<b>612</b>	<b>1,151</b>	<b>93</b>	
<b>Adj PAT</b>	<b>54</b>	<b>147</b>	<b>184</b>	<b>227</b>	<b>106</b>	<b>218</b>	<b>341</b>	<b>486</b>	<b>612</b>	<b>1,151</b>	<b>93</b>	<b>13</b>
YoY Change (%)	-15.2	106.4	222.9	80.7	97.7	48.6	84.7	113.8	92.9	88.0	74.5	
Margins (%)	2.5	5.0	5.7	6.3	4.1	5.7	7.8	9.4	5.1	7.2	3.6	

BSE SENSEX 80,502 S&amp;P CNX 24,509

CMP: INR749

Neutral

## Conference Call Details

Date: 23<sup>th</sup> July 2024

Time: 08:45 am IST

Dial-in details:

+91 22 6280 1458

+91 22 7115 8846

## Financials &amp; Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	49.0	54.8	62.8
EBIT Margin (%)	15.0	14.5	14.7
PAT	6.6	6.7	7.7
EPS (INR)	29.1	29.5	33.6
EPS Gr. (%)	102.7	1.4	13.9
BV/Sh. (INR)	157.3	178.4	202.9
<b>Ratios</b>			
RoE (%)	20.3	17.7	17.8
RoCE (%)	15.9	15.0	15.5
Payout (%)	24.0	24.0	24.0
<b>Valuations</b>			
P/E (x)	25.7	25.4	22.3
P/BV (x)	4.8	4.2	3.7
EV/EBITDA (x)	17.9	16.9	14.1
Div yld (%)	0.9	0.9	1.1

## Beat on revenue but miss on margins; Healthcare/BFSI verticals lead growth

Revenue up 3.4% YoY, while EBITDA down 16.0% YoY in USD terms

## P&amp;L highlights

- USD revenue came in at USD154.4m, up 4.3% QoQ CC, ahead of our estimates of 1.9% QoQ CC growth. Reported USD revenue was also up 4.2% QoQ.
- Growth was driven by Healthcare & Life Sciences (up 6.9% QoQ CC) and BFSI (up 6.8% QoQ CC). Manufacturing & Consumer Services/Telecom, Media and Tech grew 2.7%/1.2% QoQ CC.
- In terms of regional performance, the US registered strong 6.6% QoQ CC growth, while Europe was down 0.1% QoQ CC.
- EBITDA declined 3.9% QoQ/16.0% YoY to INR1,962m. EBITDA margin came in at 15.2% (est. 16.4%), down 130bp QoQ, due to higher SG&A (+110bp QoQ, one-off due to bad debt provisions) and higher cost of delivery.
- PAT stood at INR1,579m (-8.9% QoQ), beating our estimate of INR1,454m, led by revenue growth and higher other income.

## Operational highlights

- Deal TCV: bookings stood at USD 154m (-15% QoQ/flat YoY) and the book-to-bill ratio was 1x.
- During the quarter, 855 gross employees were added, bringing the total headcount to 10,396, representing ~1% QoQ growth.
- LTM attrition was 10.6% (-30bp QoQ) and utilization was up 20bp QoQ to 83.9%. DSO days improved by 1 day to 72 days.

**Valuation and view:** We will revisit our estimates after the earnings call.Commentaries on the near-term growth outlook across verticals and margin will be keenly watched. **We reiterate our Neutral rating on the stock.**

## Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			Est.	Var. (% / bp)
<b>(Consolidated)</b>												
Revenue (USD m)	149	150	145	148	154	160	166	173	592	653	151	1.9
QoQ (%)	1.2	0.6	-3.7	2.3	4.3	3.8	3.3	4.2	-2.0	10.3	2.3	196bp
Revenue (INR m)	12,272	12,408	12,041	12,297	12,881	13,470	13,916	14,505	49,018	54,771	12,636	1.9
QoQ (%)	2.0	0.5	0.5	1.4	5.0	8.6	15.6	18.0	1.1	11.7	3.0	199bp
GPM (%)	33.6	31.8	31.1	30.6	30.4	33.5	33.5	33.5	31.8	32.7	33.5	-312bp
SGA (%)	14.9	13.2	13.9	14.1	15.2	16.5	16.7	16.8	14.0	16.3	17.1	-195bp
EBITDA	2,301	2,308	2,076	2,030	1,961	2,286	2,334	2,419	8,715	9,001	2,072	-5.4
EBITDA Margin (%)	18.8	18.6	17.2	16.5	15.2	17.0	16.8	16.7	17.8	16.4	16.4	-118bp
EBIT	1,878	1,942	1,764	1,793	1,714	2,026	2,066	2,139	7,377	7,945	1,756	-2.4
EBIT Margin (%)	15.3	15.7	14.6	14.6	13.3	15.0	14.8	14.7	15.0	14.5	13.9	-59bp
Other income	224	306	356	493	383	174	180	187	1,379	924	164	133.2
ETR (%)	25.7	22.7	23.8	24.2	24.7	23.7	23.7	23.6	24.1	23.9	24.3	
Adj. PAT	1,562	1,738	1,616	1,733	1,579	1,680	1,714	1,776	6,649	6,749	1,454	8.6
QoQ (%)	30.9	11.3	-7.0	7.2	-8.9	6.4	2.1	3.6			-16.1	
YoY (%)	108.0	206.0	111.2	45.3	1.1	-3.4	6.1	2.5	102.9	1.5	-6.9	
Reported EPS (INR)	6.8	7.6	7.1	7.6	6.9	7.4	7.5	7.8	29.1	29.5	6.4	8.5

# Mahindra Logistics

**BSE SENSEX** 80,502  
**S&P CNX** 24,509

**CMP: INR527**

**Neutral**

## Conference Call Details



**Date:** 23<sup>th</sup> July 2024  
**Time:** 04:00 PM IST  
**Dial-in details:**  
+91 22 6280 1309

### Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	55.1	63.1	79.2
EBITDA	2.3	3.2	4.2
Adj. PAT	-0.6	0.6	1.4
EBITDA Margin (%)	4.2	5.0	5.3
Adj. EPS (INR)	-8.2	8.5	19.0
EPS Gr. (%)	-322.8	-203.7	124.2
BV/Sh. (INR)	68.8	74.8	91.3
<b>Ratios</b>			
Net D:E	0.5	0.2	0.0
RoE (%)	-11.0	11.6	22.5
RoCE (%)	7.5	12.3	20.0
Payout (%)	-28.7	29.5	13.1
<b>Valuations</b>			
P/E (x)	NA	61.1	27.2
P/BV (x)	7.5	6.9	5.7
EV/EBITDA(x)	17.4	12.0	8.9
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	5.9	5.4	3.5

## Operating performance in line; high tax outgo hits APAT

### Earnings snapshot: 1QFY25

- Revenue grew ~10% YoY to INR14.2b in 1QFY25, in line with our estimate.
- EBITDA margin came in at 4.7% in 1QFY25 (-50bp YoY/+80bp QoQ) vs. our estimate of 4.5%.
- EBITDA stood flat YoY at INR663m, in line.
- The company reported adjusted net loss of INR93m in 1QFY25 vs. adjusted net loss of INR86m in 1QFY24 (our estimate of INR19m profit). Higher tax outgo adversely impacted APAT.

### Segmental performance

- Supply chain management recorded revenue of INR13.4b (+10.4% YoY) and EBIT loss of INR42m.
- Enterprise Mobility Services (EMS) reported revenue of INR800m (+0.7% YoY) and EBIT of INR17m.

### Y/E March (INR m)

	FY24				FY25	FY24	FY25E	FY25	Var. vs Est
	1Q	2Q	3Q	4Q	1Q		1QE		
<b>Net Sales</b>	<b>12,932</b>	<b>13,648</b>	<b>13,972</b>	<b>14,508</b>	<b>14,200</b>	<b>55,060</b>	<b>63,056</b>	<b>14,436</b>	<b>(2)</b>
YoY Change (%)	7.8	2.9	5.1	14.0	9.8	7.4	14.5	11.6	
<b>EBITDA</b>	<b>666</b>	<b>536</b>	<b>522</b>	<b>566</b>	<b>663</b>	<b>2,290</b>	<b>3,177</b>	<b>650</b>	<b>2</b>
Margins (%)	5.2	3.9	3.7	3.9	4.7	4.2	5.0	4.5	
YoY Change (%)	1.4	-20.7	-16.8	-11.2	-0.5	-11.8	38.7	-2.5	
Depreciation	545	518	515	513	550	2,090	1,995	525	
Interest	178	165	164	174	195	682	570	140	
Other Income	62	66	23	29	57	179	192	38	
<b>PBT before EO Items</b>	<b>6</b>	<b>-82</b>	<b>-134</b>	<b>-92</b>	<b>-25</b>	<b>-302</b>	<b>803</b>	<b>23</b>	
Extra-Ord expense	0	0	-38	0	0	38	0	0	
<b>PBT</b>	<b>6</b>	<b>-82</b>	<b>-96</b>	<b>-92</b>	<b>-25</b>	<b>-340</b>	<b>803</b>	<b>23</b>	
Tax	89	73	68	27	53	257	202	6	
Rate (%)	1,556.1	-89.2	-71.4	-29.2	-213.6	-75.5	25.2	25.2	
<b>PAT before MI, Associates</b>	<b>-83</b>	<b>-155</b>	<b>-164</b>	<b>-119</b>	<b>-78</b>	<b>-597</b>	<b>601</b>	<b>16.9</b>	
Share of associates/ Minority Interest	-3	-5	-10	-9	-15	-27	6	2	
<b>Reported PAT</b>	<b>-86</b>	<b>-159</b>	<b>-174</b>	<b>-128</b>	<b>-93</b>	<b>-624</b>	<b>607</b>	<b>19</b>	
<b>Adj PAT</b>	<b>-86</b>	<b>-159</b>	<b>-212</b>	<b>-128</b>	<b>-93</b>	<b>-586</b>	<b>607</b>	<b>19</b>	<b>NA</b>
YoY Change (%)	NA	PL	PL	NA	NA	NA	NA	NA	
Margins (%)	-0.7	-1.2	-1.5	-0.9	-0.7	-1.1	1.0	0.1	



Insurance Tracker

Premium growth driven by the Health & Motor segments

SAHIs and private multi-line players outperform industry growth

- The industry's gross written premium (GWP) increased 8% YoY to INR222b in Jun'24. This was led by the Motor segment, which grew 6% YoY, while the overall Health segment rose 15.4% YoY. In Jun'24, the Fire segment declined 7.6% YoY, the Crop segment inched up, whereas the Marine segment jumped 12.7% YoY.
- During the month, PSU players (INR71b in Jun'24) grew 3% YoY (lower than the industry growth of 8% YoY). SAHIs and private multi-line players outperformed industry growth and reported a GWP of INR30.2b (up ~22% YoY) and INR117.5b (up 9% YoY), respectively, in Jun'24 (vs. industry growth of 8% YoY).
- Among the key players, ICICI/Bajaj Allianz reported a strong growth of 16%/8% YoY in Jun'24. STARHEAL/Go Digit recorded a GWP growth of 15%/13% YoY, whereas New India remained flat at +4% YoY.

Health business jumps 15% YoY, fueled by higher growth in Group Health

The Health business jumped 15% YoY, with the Group segment reporting 28% YoY growth and Retail Health clocking 16% YoY growth. The overseas segment rose 12% YoY, but the government health segment declined 50% YoY. Within the overall Health segment, SAHIs/Private multi-line players grew 23%/18% YoY. Within SAHIs, STARHEAL rose 16% YoY on an overall basis, with 11%/92% YoY growth in Retail/Group segments. Within Retail Health and Group segments, Aditya Birla Health surged 46% YoY and 20% YoY, respectively. ILOM registered 14% YoY and 31% YoY growth in Retail Health and Group Health, respectively. Bajaj Allianz clocked a strong growth of 30% YoY in the Group Health segment. The PSU multi-line players posted 8% YoY growth in Retail Health and a strong 24% YoY growth in Group Health.

Motor segment clocks 6% YoY growth

The Motor business grew 6% YoY, led by 5% YoY growth in the Motor TP segment, while Motor OD rose 7% YoY in Jun'24. Private multi-line players outperformed the industry in both the Motor OD (up 12% YoY) and the Motor TP (up 7% YoY) segments. ILOM grew 22%/15% YoY in the Motor OD/ Motor TP segments. Bajaj Allianz posted flattish growth in Motor OD, while it reported an 8% YoY decline in Motor TP. Acko General posted a strong 31%/28% YoY growth in the Motor OD/Motor TP segments. TATA AIG clocked 10%/9% YoY growth in the Motor OD/Motor TP segments. Go Digit recorded an overall growth of 14% YoY with a 31%/5% growth in Motor OD/Motor TP. HDFC Ergo clocked a strong growth of 29% YoY in the Motor OD segment, while it reported a decline of 41% YoY in the Motor TP segment.

YTD performances of key players

SAHIs/Private multi-line players gained ~110bp/~130bp market share during Jun'24, while public players lost ~200bp share.

- ILOM reported a growth of 20% YoY (market share of 10.6% vs. 9.9%).
- Bajaj Allianz clocked a growth of 24% YoY (market share of 6.5% vs. 5.9%).
- New India posted a growth of 3% YoY (market share of 14.7% vs. 16.2%).
- STARHEAL registered a growth of 18% YoY (market share of 4.8% vs. 4.6%).
- GO DIGIT recorded a growth of 18% YoY (market share of 3.2% vs. 3.1%).

Premium and YoY growth (%)

GWP, INRb	Jun-24	YoY (%)
<b>Grand Total</b>	<b>222</b>	<b>8</b>
<b>Total Public</b>	<b>71</b>	<b>3</b>
<b>Total Private</b>	<b>118</b>	<b>9</b>
<b>SAHI</b>	<b>30</b>	<b>22</b>
Bajaj Allianz	12	8
ICICI -Lombard	22	16
New India	30	4
Star Health	13	15

Source: GIC, MOFSL

Overall premium growth and market share

INRb	GWP						Market share		
	Jun-24	Jun-23	YoY	YTFY25	YTFY24	YoY	YTFY25	YTFY24	YoY bps
Acko General	1.6	1.3	21%	5.1	4.2	20%	0.7%	0.7%	4
<b>Bajaj Allianz</b>	<b>12.3</b>	<b>11.5</b>	<b>8%</b>	<b>47.2</b>	<b>37.9</b>	<b>24%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>61</b>
Cholamandalam MS	5.9	5.2	14%	19.2	16.8	14%	2.7%	2.6%	3
Zuno	0.7	0.5	45%	2.3	1.4	56%	0.3%	0.2%	9
Future Generali	3.5	3.3	9%	14.6	11.7	25%	2.0%	1.8%	20
Go Digit	6.6	5.9	13%	23.4	19.9	18%	3.2%	3.1%	13
HDFC ERGO	10.5	9.7	9%	37.5	34.2	10%	5.2%	5.3%	-15
Navi General *	0.0	0.1	-20%	0.1	0.2	-18%	0.0%	0.0%	-1
<b>ICICI -Lombard</b>	<b>22.2</b>	<b>19.1</b>	<b>16%</b>	<b>76.9</b>	<b>63.9</b>	<b>20%</b>	<b>10.6%</b>	<b>9.9%</b>	<b>67</b>
IFFCO -Tokio	5.6	9.0	-38%	18.5	26.3	-30%	2.6%	4.1%	-154
Kotak Mahindra	1.4	1.0	38%	4.4	3.2	38%	0.6%	0.5%	11
Liberty General	1.8	1.6	11%	5.5	5.6	-1%	0.8%	0.9%	-11
Magma HDI	2.4	2.1	13%	8.3	6.0	39%	1.1%	0.9%	22
Raheja QBE	0.4	0.1	217%	1.2	0.4	221%	0.2%	0.1%	10
Reliance General	11.0	10.1	10%	33.1	28.5	16%	4.6%	4.4%	14
Royal Sundaram	3.0	2.5	18%	10.1	8.1	24%	1.4%	1.3%	13
SBI General	9.1	7.5	22%	26.0	19.7	32%	3.6%	3.1%	53
Shriram General	2.7	2.2	20%	7.3	5.6	31%	1.0%	0.9%	14
Tata-AIG	13.3	11.9	13%	43.4	38.7	12%	6.0%	6.0%	-3
Universal Sompo	3.4	3.3	3%	11.2	10.1	12%	1.6%	1.6%	-2
<b>Private Players</b>	<b>117.5</b>	<b>107.8</b>	<b>9%</b>	<b>395.2</b>	<b>342.1</b>	<b>16%</b>	<b>54.5%</b>	<b>53.3%</b>	<b>127</b>
United India	15.7	13.1	20%	52.9	45.9	15%	7.3%	7.2%	15
National	11.0	14.0	-21%	34.8	35.6	-2%	4.8%	5.5%	-73
<b>New India</b>	<b>30.1</b>	<b>29.0</b>	<b>4%</b>	<b>106.7</b>	<b>103.8</b>	<b>3%</b>	<b>14.7%</b>	<b>16.2%</b>	<b>-143</b>
Oriental	14.2	12.6	12%	47.0	41.8	12%	6.5%	6.5%	-3
<b>Public Players</b>	<b>70.9</b>	<b>68.6</b>	<b>3%</b>	<b>241.3</b>	<b>227.1</b>	<b>6%</b>	<b>33.3%</b>	<b>35.3%</b>	<b>-204</b>
Aditya Birla	4.3	3.4	27%	10.4	7.7	35%	1.4%	1.2%	23
ManipalCigna	1.3	1.2	10%	4.1	3.6	12.5%	0.6%	0.6%	0
Niva Bupa	5.1	3.9	32%	14.6	11.2	30.8%	2.0%	1.7%	28
Care Insurance	6.5	5.0	30%	19.3	14.5	32.7%	2.7%	2.3%	40
Star Health	13.0	11.3	15%	34.7	29.5	17.9%	4.8%	4.6%	21
<b>SAHI</b>	<b>30.2</b>	<b>24.7</b>	<b>22%</b>	<b>83.2</b>	<b>66.6</b>	<b>25.0%</b>	<b>11.5%</b>	<b>10.4%</b>	<b>112</b>
AIC (Crop)	1.7	2.1	-18%	1.8	4.0	-54.4%	0.3%	0.6%	-37
ECGC (Export & Credit)	1.2	1.0	17%	3.1	2.6	19.1%	0.4%	0.4%	2
Specialized PSU	2.9	3.1	-7%	4.9	6.6	-25.4%	0.7%	1.0%	-35
<b>Industry</b>	<b>222</b>	<b>204</b>	<b>8%</b>	<b>725</b>	<b>642</b>	<b>13%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>

**JSW Steel: Increased value added product share to 64%-- which was value accretive; Jayant Acharya, MD & CEO**

- Expect costs to come down further in Q2, lower costs to aid spreads in Q2
- Shutdowns completed, Volumes expected to inch higher in Q2
- Slurry pipeline in Odisha to help reduce logistics cost
- Important for the govt to take action against rising steel imports
- Had expressed interest in NMDC Steel assets earlier– haven't received any official confirmation from then yet
- Continue to look for high grade coking coal mining assets globally

[→ Read More](#)**IHCL: Believe an exceptional Q2 will be there; Puneet Chatwal, MD & CEO**

- Growth of New/Reimagined basis-guidance of >30% for coming years
- Not seeing any slowdown in business
- Guided at opening 25 hotels this year
- Expecting opening 40 home stays
- Strategy remain to complete dominance in Indian markets
- Hotel rates have stabilised and are expected to increase

[→ Read More](#)**Patanjali Foods: Volumes marginally decline YoY, on-track to achieve 6-8% volume growth in FY25; Sanjeev Asthana, CEO**

- Witnessed pricing stability during the quarter
- Margin tapered off during qtr, excessive heat also affected volumes
- Nutraceutical biz margin is at 25%, Indian speciality foods biz at 16-18%
- Hopeful that FMCG & edible portfolio will be 50:50 in 3-4 years

[→ Read More](#)**Netweb Technologies: Have been guiding for 35-40% revenue annual growth. Orderbook is similar to last quarter despite strong growth in Q1; Sanjay Lodha, CMD**

- Private cloud & Data centre demand is booming
- The 3 segments we work in are super computing, private cloud & AI systems
- Private cloud biz is a part of data centre biz, which is 35% of our rev
- We are one of the OEMs having a tie-up with Nvidia

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