MOTILAL OSWAL FINANCIAL SERVICES

22 August 2024

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,905	0.1	12.0
Nifty-50	24,770	0.3	14.0
Nifty-M 100	58,444	0.3	26.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,621	0.4	17.8
Nasdaq	17,919	0.6	19.4
FTSE 100	8,283	0.1	7.1
DAX	18,449	0.5	10.1
Hang Seng	6,142	-0.9	6.5
Nikkei 225	37,952	-0.3	13.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	80	0.2	2.6
Gold ($/OZ)	2,513	-0.1	21.8
Cu (US$/MT)	9,136	0.6	7.9
Almn (US$/MT)	2,461	-0.3	4.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.9	0.2	0.9
USD/EUR	1.1	0.2	1.0
USD/JPY	145.2	0.0	3.0
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.9	0.00	-0.3
10 Yrs AAA Corp	7.4	-0.01	-0.3
Flows (USD b)	**21-Aug**	**MTD**	**CYTD**
FIIs	-0.1	-1.87	1.9
DIIs	0.37	5.28	36.2
Volumes (INRb)	**21-Aug**	**MTD***	**YTD***
Cash	1,271	1310	1295
F&O	6,87,326	3,92,224	3,80,161

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Zomato: Solidifies going-out offering with acquisition

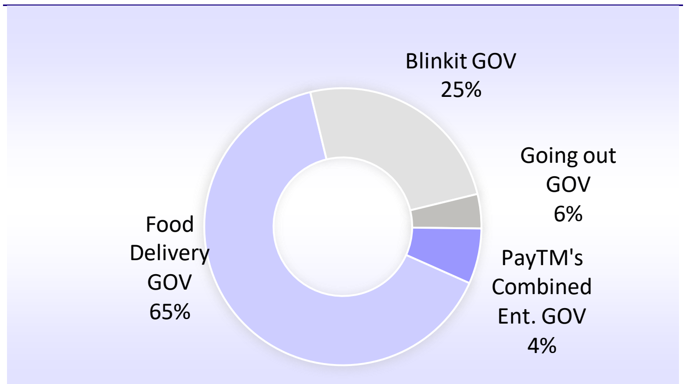
- Zomato has decided to acquire Paytm's entertainment and ticketing business for INR20.5b (1x EV/TTM GMV). As a part of its going out business, Zomato currently offers dine-out table bookings and a few live ticketing events whereas Paytm's platform offers ticket bookings for movies, sports and live events, which will significantly solidifies Zomato's impending launch of its "District" app.
- On an SOTP basis, District would hardly move the needle as of now; however, Zomato's vision of creating strong brands across food delivery, grocery, and going-out could make it a formidable platform that could command a high wallet share from urban consumers.
- Our back-of-the-envelope-calculation suggests that the take rate for this business could be ~12% (INR20b+ of GOV with revenue of INR2,360m in FY24). However, we believe commissions differ drastically across offerings – movie tickets could be highly commoditized, while exclusive ticketing rights to marquee sports/live music events could command notably higher platform fees.

Research covered

Cos/Sector	Key Highlights
Zomato	Solidifies going-out offering with acquisition
One 97 Communications	Paytm to sell entertainment ticketing business to Zomato
20th AGIC (Day 1 – Day 3)	Management Says (Auto | BFSI | Consumer | IT)
Telecom	Data subscribers continue to rise

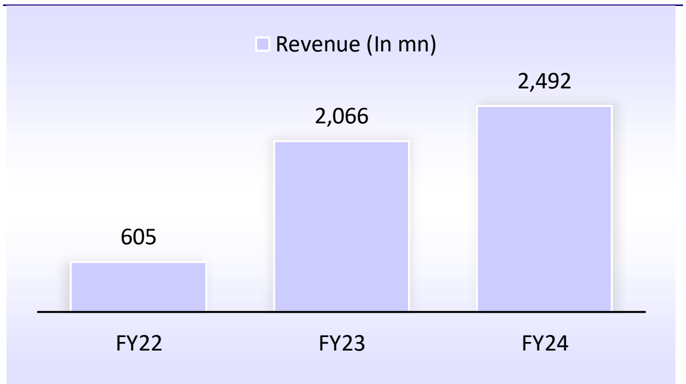
Chart of the Day: Zomato (Solidifies going-out offering with acquisition)

PayTM's combined entertainment GOV will be 4% of Zomato's total GOV



Source: MOFSL, Company

PayTM's entertainment business combined revenue grew by 21% YoY in FY24



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Premji invest, Ranjan Pai team looks to board Akasa Air

Premji Invest and Claypond Capital are in discussions to invest approximately $125 million for a significant minority stake in Akasa Air, valuing the airline at over $350 million. This investment demonstrates confidence in Indian carriers, historically struggling to attract interest.

2

Govt aiming to fully automate customs processes by April 2026

A recent report by the Central Board of Indirect Taxes and Customs said that for imports, out of the 15 ports surveyed, nine have witnessed a reduction in the average release time in 2024 vis-a-vis the previous year.

3

80% of jewellers skip registration with FIU

Jewellers continue to be hesitant about reporting high-value or suspicious cash transactions, even after a year-and-a-half of mandatory registration under the Prevention of Money Laundering Act. According to sources, less than one fifth of a total of 100,000 jewellers have registered with the respective trade bodies or reported any suspicious cash transactions…

4

E-way bills touch record high of 104.8 mn in July

With more goods being moved and sold, the uptick in e-way bills signals a sustained economic recovery, providing a positive outlook for the country's fiscal health.

5

Trent positioning Star Bazaar as its latest growth driver

Retail major Trent is looking to position Star Bazaar, its supermarket and hypermarket chain, as its third growth driver after Zudio and Westside. Star Bazaar will add around 20-25 stores in FY25, taking the overall footprint to around 90 stores by the end of the year.

6

Maharashtra government to bring new law to crack down on bogus pathology labs

Maharashtra Minister Uday Samant on Tuesday said the state government has drafted a law to crack down on bogus pathology labs, which will provide punishment to violators.

7

Rs 15,000 crore PLI sops likely this fiscal

The government may double the disbursements under production-linked incentive (PLI) schemes in this fiscal to Rs 15,000 crore. This would be more than double the amount of Rs 6,800 crore disbursed to various sectors in FY24

Zomato

BSE SENSEX	S&P CNX
80,905	24,770

zomato

Bloomberg	ZOMATO IN
Equity Shares (m)	8820
M.Cap.(INRb)/(USDb)	2296.2 / 27.4
52-Week Range (INR)	281 / 88
1, 6, 12 Rel. Per (%)	18/52/162
12M Avg Val (INR M)	10415
Free float (%)	100.0

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
GOV	322.0	404.2	505.2
Net Sales	121.1	202.0	315.7
Change (%)	71.1	66.7	56.3
EBITA	0.4	7.1	32.7
EBITA margin (%)	0.3	3.5	10.4
Adj. PAT	3.5	8.1	27.5
PAT margin (%)	2.9	4.0	8.7
RoE (%)	1.76	3.90	12.18
RoCE (%)	-2.82	-0.82	8.70
EPS	0.41	0.94	3.20
EV/ Sales	18.5	11.0	6.9
Price/ Book	11.0	10.5	9.3

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	15.8	15.3	9.9
FII	55.6	56.7	56.5
Others	28.7	28.0	33.6

FII Includes depository receipts

CMP: INR260 TP: INR300 (+15%) Buy

Solidifies going-out offering with acquisition

Miniscule impact on overall numbers, but an important step toward capturing a higher wallet share from urban consumers

Zomato has decided to acquire Paytm’s entertainment and ticketing business for INR20.5b (1x EV/TTM GMV). As a part of its going out business, Zomato currently offers dine-out table bookings and a few live ticketing events whereas Paytm’s platform offers ticket bookings for movies, sports and live events, which will significantly solidifies Zomato’s impending launch of its “District” app.

Strong brands across food, grocery and going-out to have formidable network effects

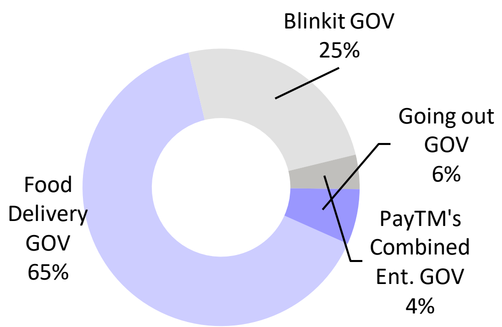
- These offerings will be a part of Zomato’s “District” app, which the management plans to launch in the coming weeks.
- On an SOTP basis, District would hardly move the needle as of now; however, Zomato’s vision of creating strong brands across food delivery, grocery, and going-out could make it a formidable platform that could command a high wallet share from urban consumers.
- Our back-of-the-envelope-calculation suggests that the take rate for this business could be ~12% (INR20b+ of GOV with revenue of INR2,360m in FY24). However, we believe commissions differ drastically across offerings – movie tickets could be highly commoditized, while exclusive ticketing rights to marquee sports/live music events could command notably higher platform fees.
- For example, Zomato’s own going-out business (mainly restaurant bookings along with some events) has a take rate of ~8%, which is low due to the commoditized nature of restaurant bookings. Paytm’s offerings through its own app (movie tickets) and Paytm Insider (live events) already offer a higher blended take rate, driven by exclusive access to music shows and other live events.
- We believe that, in the context of Zomato’s scale, discussion around fair valuation for the business is too premature. Zomato has demonstrated its capability to unlock value from its acquisitions earlier (most notably Blinkit). As we mention above, on its own, the District app could be a small part of Zomato’s business, but if executed correctly, it could give Zomato a strong mind share in the spending patterns of urban consumers across key forms of recreational or staple spending: groceries, food, and recreational “going-out” activities spanning dining, movies, sports, and music.
- While Paytm’s current business is at adjusted EBITDA of 1.5% of GOV, higher commissions for exclusive events and cost optimization could take this higher in the medium term.

Valuation and view

- The company expects to complete the acquisition in 2QFY25.
- Zomato's food delivery business is stable, and Blinkit offers a generational opportunity to participate in the disruption of industries such as retail, grocery and e-commerce.
- We value the business using a DCF methodology, assuming 12.5% cost of capital. **We maintain our BUY rating with a TP of INR300**, implying 15% potential upside.

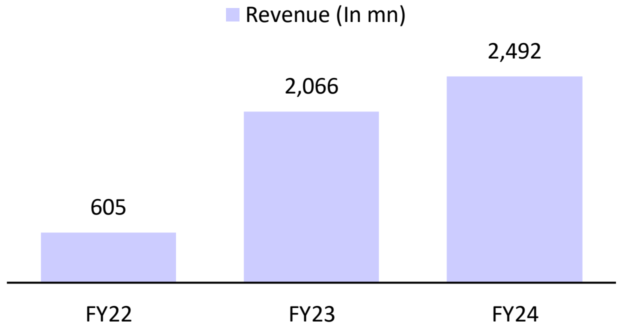
Story in charts

PayTM’s combined entertainment GOV will be 4% of Zomato’s total GOV



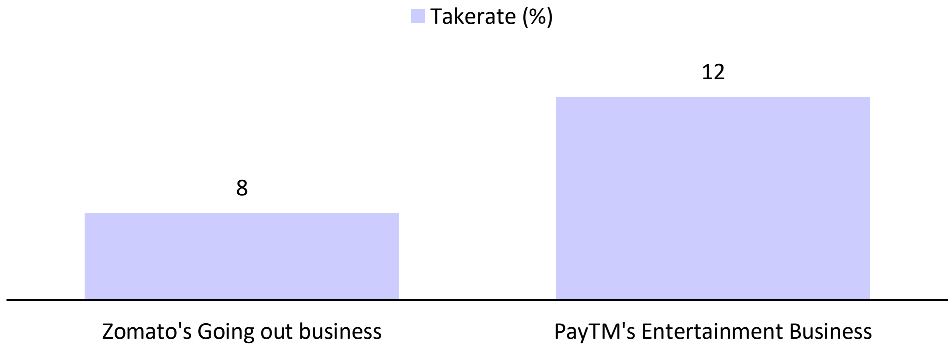
Source: MOFSL, Company

PayTM’s entertainment business combined revenue grew by 21% YoY in FY24



Source: MOFSL, Company

PayTM’s entertainment business commands a higher take rate due to exclusive ticketing rights for events



Source: MOFSL, Company

One 97 Communications

Bloomberg	PAYTM IN
Equity Shares (m)	636
M.Cap.(INRb)/(USDb)	365.3 / 4.4
52-Week Range (INR)	998 / 310
1, 6, 12 Rel. Per (%)	24/33/-59
12M Avg Val (INR M)	3446

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	7.2	6.9	3.6
FII	58.2	60.4	72.1
Others	34.6	32.7	24.3

FII Includes depository receipts

CMP: INR575 **TP: INR550 (-4%)** **Neutral**

Paytm to sell entertainment ticketing business to Zomato

- Paytm has agreed to sell its entertainment ticketing business to Zomato for INR20.48b in cash, which will allow Paytm to strengthen its focus on its core Payments and Financial Services Distribution business.
- The combined entertainment ticketing business is projected to generate INR2.97b in revenue and INR290m in adjusted EBITDA in FY24.
- Paytm earlier built its movie ticketing business from scratch, acquiring Insider and TicketNew for INR2.68b between 2017 and 2018.
- During the transition period (up to 12 months), movie and event tickets will remain available on the Paytm app, as well as on the TicketNew and Insider platforms, ensuring an uninterrupted experience for users and merchant partners.
- The transaction is expected to further strengthen the balance sheet for Paytm and will enable the company to focus on its core Payment and Financial business.

A brief summary of agreement between Paytm and Zomato

- One 97 communications Ltd (OCL) will transfer its entertainment ticketing business to Zomato through a two-step process:
  - **Subsidiary Transfer:** The entertainment ticketing business will be transferred to OCL's 100% subsidiaries, Orbgen Technologies Pvt Ltd (OTPL) and Wasteland Entertainment Pvt Ltd (WEPL).
  - **Stake Sale:** OCL will then sell 100% of its stake in OTPL and WEPL, which operate the TicketNew and Insider platforms, respectively, to Zomato.
- Around 280 existing employees from the entertainment ticketing business will be included in the transfer to Zomato.

Sharpens focus on core Payments and Financial Services business

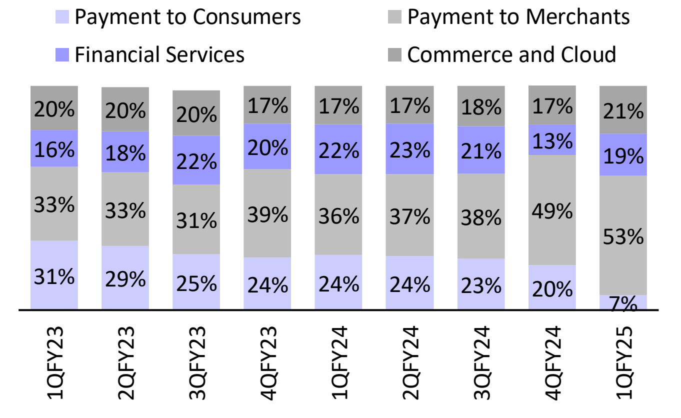
With this sale, Paytm aims to refocus on strategic areas pivotal for its growth and sustainability after the sale. These areas include:

- **Financial Products:** Investing in its financial products such as credit cards, insurance, and loans to offer a more comprehensive suite of financial services.
- **Merchant Services:** Expanding its merchant base by providing better payment solutions and marketing services.
- **Travel Services:** Enhancing travel-related offerings, providing users with better deals on flights, trains, and bus bookings.
- **Deals and Cashback:** Strengthening the deals and cashback services to attract more customers and retain the existing user base.

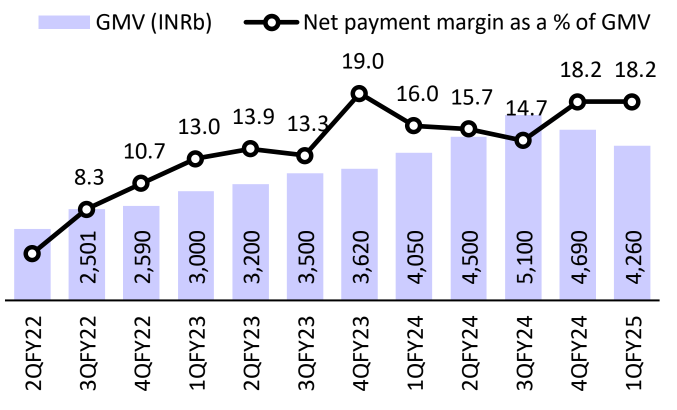
Valuation and view

- The sale would enable a sharper focus on core business, travel, deals, and cashback services, which are crucial for expanding the merchant base and grow overall sales. This strategic move could enhance shareholder value by concentrating efforts on high-growth areas.
- The sale of its entertainment business would provide a financial boost, as this transaction will generate significant profits for Paytm, allowing it to reinvest in other high-potential areas. Cash proceeds will further strengthen the balance sheet. We estimate Paytm's EBITDA to turn positive by FY27. **We maintain our Neutral rating with a TP of INR550.**

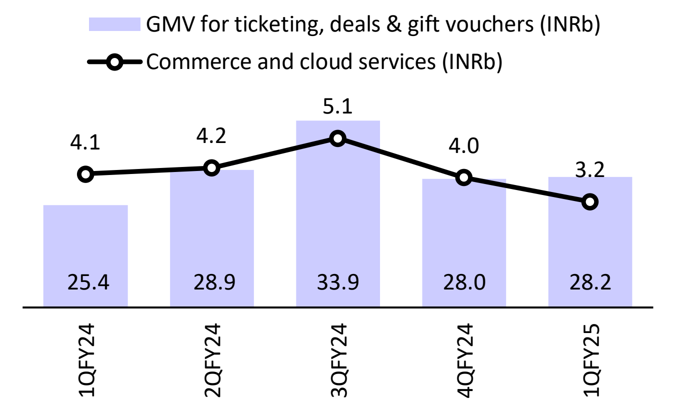
Payment and Financial services revenues form 79%, within which merchant segment mix has risen to ~53%



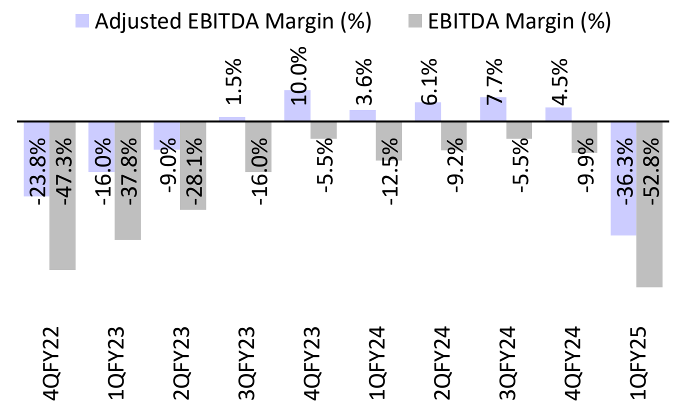
Total GMV declined 9% QoQ to INR4.3t in 1QFY25



GMV for ticketing services stood at INR28.2b in 1QFY25



Adj EBITDA and EBITDA margin declined in 1QFY25



Source: MOFSL, Company

Source: MOFSL, Company

Company	Takeaway
AUTOMOBILES	
APOLLO TYRES	■ **Demand**: Domestic replacement demand is expected to grow in double digits, while OEM demand would remain tepid. Exports are also expected to show strong growth. Despite a growth of 9% YoY in overall CV segment, APTY underperformed recently due to its absence in bus segment and decline in haulage volumes. EU demand remained weak in 1QFY25 but recovery was seen in Jul'25. However, as per management, this is too early to comment on full-fledged recovery and expects mid to high-single-digit growth for full year.
	■ **Input cost pressure**: Rubber prices have risen in 2Q partly due to a reduction in rubber tapping in Kerala. For a 5% increase in RM costs, the company needs to take a price hike of 3% to offset costs. There has been a price increase by the market leader in TBR segment in Aug'24, which the management believes should bring some sanity in the TBR segment.
	■ **Market share**: Its market share in PCR stands at 20%, just below Bridgestone, which is the market leader. However, it has lost 1% market share in the TBR segment vs. market leader.
	■ **Capex for FY25 would be INR10b,** with ~INR7b for maintenance and the rest for digitization initiatives.
Balkrishna Industries	■ **Europe regulations:** As per the upcoming European pollution regulations w.e.f. 31st Dec'24, the rubber cost is likely to increase by USD300 per MT on base of USD1,800 per MT. On an overall basis, input costs are likely to rise by 1-1.5%, which BKT expects to pass on to customers over a period of time.
	■ **Margin guidance:** Operating costs are increasing with rising freight costs and higher input costs. Despite these cost pressures, BKT targets to maintain margins at FY24 levels of 24.8% in FY25. The company aims to get its margins back to the target of 25-26% in due course.
	■ **Market dynamics and competitive position:** The global market is led by major players, like Bridgestone, Yokohama, and Michelin, with a significant share held by these brands. The company holds the highest market margins and is minimally affected by anti-dumping duties in the US. The focus is on high-margin sectors such as mining, where there is potential for growth.
	■ **Medium-term target:** The current medium-term target for BKT is to achieve about 10% of the global off-highway market share. To achieve this, BKT expects its mix to be evenly spread between agri and industrial segments. Its current capex of INR13b for setting up 35k MT OTR capacity is in line with its medium-term target.
BOSCH	■ **Comment on industry trend:** By 2030, 20% of passenger vehicles (PVs), 30-35% of light commercial vehicles (LCVs), and 10% of heavy commercial vehicles (HCVs) are expected to be electrified. The

Company	Takeaway
	transition toward e-bikes would be slower due to range anxiety and performance-related uncertainty.
	■ **Segmental growth trends**: The Indian auto market is poised for steady growth. PVs are expected to post a 3.3% volume CAGR by 2030, with 21% of this market transitioning to EVs driven by factors like total cost of ownership, premiumization, and a growing charging ecosystem. LCVs are expected to clock a 5.4% CAGR, with 20% EV penetration by 2030. HCVs are projected to see a 2% volume CAGR by 2030, returning to 2018 levels. The slower growth expectation for this segment is due to a change in mix toward higher tonnage vehicles, improvements in general turnaround time for fleet operators, phased implementation of DFC and increased load-carrying capacity. Further, EV penetration in this segment is expected to reach 6%.
	■ As BOS moves from conventional products to common rail systems, it expects a reduction in conventional products, where it has high localization. As it advances to supply common rail systems, the company anticipates increased imports in the interim until it scales up enough to justify the localization of these systems.
	■ **Chassis systems:** Bosch's Chakan subsidiary specializes in ABS and ESP systems for PVs and 2Ws, holding a significant market share in ABS. The division, with a turnover of INR3.5-4b, is around 40% localized and will explore further specialization and growth strategies.
	■ **Capacity and production:** Carbon black (CB) production capacity is equally divided between insourced and outsourced operations. The current output stands at 170k tons, with an additional 30k tons scheduled to come online in Sep'24. From the new advanced CB capacity, it can generate about INR4.5-5b in revenues.
EKA Mobility	■ **About the company:** EKA Mobility is an e-bus manufacturer based in Pune. Pinnacle Group, which is India's largest commercial vehicle seating and interior system manufacturing company, holds a majority stake in the company. Other marquee investors include Japan-based Mitsui & Co. and the Netherlands-based VDL. It has planned manufacturing capacity of 2500 units per annum. ■ **Addressable market:** As per EKA, bus TAM would be 140k units by FY27, with 30% penetration of e-buses. It supplies e-buses to government entities and currently 100 buses are plying on road. It is also targeting to export e-buses to markets like Sri Lanka, MENA, LatAM, etc. ■ EKA's USPs are **bus chassis,** which is monocoque in nature, and **vehicle control software**. Batteries and other e-powertrain related components are bought out currently, which the company plans to manufacture in future. ■ **Product roadmap:** Presently, it is in phase-1, which is focusing on buses (both 7/9m buses) and SCVs (1.5/2T). Phase 2 would focus on e-3Ws, bus coaches (13.5m), motor & power electronics, e-axle, and battery pack assembly, which is expected to happen by FY26-27. Phase 3 would

Company	Takeaway
	focus on medium commercial vehicles. Phase 4 would focus on battery and vehicle recycling.
Hero MotoCorp	■ **Demand:** Rural markets are showing signs of growth, which augurs well for the entry-level portfolio of HMCL. It expects the upcoming festival season to be better, indicating a strong inventory buildup ahead of the festival season. Also, there more marriage dates in 2HFY25, which should aid demand. ■ **Ramp-up of supplies of Xtreme 125R:** Feedback has been positive. Initial production of Xtreme 125R during the launch stood at 10-15k, which has ramped up to 25k units/month currently. It plans to ramp up the production to 35-40k units /month by the upcoming festival season. ■ **New launches and refreshes in FY25:** The company plans to launch e-2W and Xoom 125cc scooter. There would also be a launch of a premium motorcycle. The present scooter brand would gradually be replaced by a new brand. ■ **Margins:** ICE margins would be ~14-16% and there would be a drag due to investment in EVs, which would persist for next 4-6 quarters. ■ **R&D:** HMCL is working on different platforms of motorcycles and scooters in ICE/EVs/Hybrids/CNG.
JBM Auto	■ **Ranked among top-15 in NSE EV index:** JBMA has developed a unique, end-to-end business model in the electric bus segment, offering a one-stop solution for e-mobility, including EV manufacturing, batteries, power electronics, and charging infrastructure. ■ **World's largest e-bus facility outside China:** It is located in Delhi-NCR, with a 20,000-unit annual capacity and integrated electronics and vendor parks. ■ **35% market share in e-buses:** JBMA leads the e-bus segment with a 35% market share and an order book of over 5,000 buses. Partnering with Vertelo, JBMA will deliver 2,000 e-buses in the next three years, enhancing growth and supporting private fleet operators. ■ **Revenue mix:** It is a Tier-1 auto supplier, earns 70-75% of its revenue from passenger vehicles, 15% from commercial vehicles, and 5% from farm equipment. Its tooling division, the industry's largest, produces ~1,250 dies annually, contributing ~59% to consolidate revenue.
Mahindra and Mahindra	■ **Tractors:** Guiding for 5% YoY growth in tractors for FY25 with potential for a positive surprise. The rural economy is strong, supported by higher MSP, a healthy monsoon, and better financing. A rebound is visible in the south, though the full impact will be clearer in a month. Also, the company is targeting 10% global market share vs. 5% now. ■ **Automotive**: The management reiterated its volume growth guidance of mid to high-teens in FY25. While the growth will moderate in FY26 on a high base, it is still expected to outperform the industry. Inventory is not a concern and currently stands at 4-5 days higher than the normal. ■ **New Thar:** The company has increased its production capacity for Thar to ~9.5k units per month. Existing Thar is aimed at the age group between 25 and 35; however, the new Thar will widen this range by

Company	Takeaway
	catering to the family segment.
	■ **Price reduction in XUV700**: The product requires over 200 chips, but with chip costs now reduced, the company has cut prices for the next four months. The impact on the margins can be offset by higher volume of ~8k units per month.
	■ **CAFÉ Norms:** To meet CAFÉ-3 norms, MM needs a ~20% EV product mix, with LMM's EV share aiding this goal. The management prefers EVs over hybrids and views hybrids as a temporary bridge, but it is also prepared to develop hybrid technology if needed.
Samvardhana Motherson	■ **Demand:** There is not a strong reason for the significant volume decline even in global markets. The focus should be on production rather than sales figures. EU faces more challenges than the US, where job cuts are more related to IT reorientation rather than macroeconomic factors. ■ **Margin**: There is an increase in freight costs due to the Red Sea crisis. However, notwithstanding this, management has guided for margin expansion on YoY basis. ■ **Debt:** The net debt-to-EBITDA ratio stood at 1.5x and the management has indicated that it would tend toward 1x by the end of this year. If conditions become challenging, the company may delay its capex plans. ■ **Consumer electronics**: It would initially invest ~INR26b over a period of time and will start contributing from 2Q/3Q with a ramp-up in FY26. These investments would be utilized for the JV with BIEL Crystal (leading supplier of smartphone glass) and assembly of components.
Banks	
AU SFB	■ **Deposits:** Deposits are expected to grow by 25% in FY25, with close monitoring of the liquidity situation. The focus is on raising low-cost, stable retail deposits by engaging with customers. The bank expects to maintain CASA at ~33%. ■ **Advances:** Currently, asset growth is not facing significant risks. Due to the cyclical nature of the MFI business, the bank aims to maintain the MFI portfolio within 10%. It maintains a well-diversified loan portfolio, with no single district accounting for more than 2% of the total exposure, except for one, and also has exposure in Bihar and UP of ~7% and Tamil Nadu of about 12-13%. ■ **Opex:** Opex is cyclical, with some appraisal costs incurred in 1Q. The CI ratio is expected to be in the range of ~61-63%. The last quarter included one-off expenses due to the merger with Fincare, making 1Q sluggish in terms of overall opex. ■ **Yields, cost and margins:** The bank has healthy RoA and aims to achieve RoA of 1.6% in FY25 and has guided for 1.8% RoA by FY27. NIMs are expected to be in the 5.5% range (+/- 15bp). Yields have increased across portfolio with ~33bp increase in vehicle yield. The gold loan portfolio has moved to the Fincare strategy unit under Rajeev's leadership. Fincare has been building this book at a ~16% rate, and the strategy is to grow this book. ■ **Asset quality**: MFI saw cyclical trends in 1Q, with lower collection

Company	Takeaway
	efficiency due to elections, heatwaves, and increased customer leverage. The bank expects credit cost to stabilize at ~1.1%. The bank has been building contingent provisions, with a stringent policy of 100% provision on 180-day credit cards.
Andromeda	■ **Deposits:** Deposits are expected to grow by 25% in FY25, with close monitoring of the liquidity situation. The focus is on raising low-cost, stable retail deposits by engaging with customers. The bank expects to maintain CASA at ~33%.
	■ **Robust network and expansive reach:** With a presence in 100 major cities, 140+ loan partners, and 25,000+ agents, the company disbursed INR850b worth of loans last year. It offers comprehensive financial services, including loans, insurance, real estate, and wealth management.
	■ **Diverse loan portfolio and strategic partnerships**: The loan portfolio is balanced between banks and NBFCs, with housing loans making up 41%. Most loans are under INR7.5m, with a significant focus on mid-sized segments and strategic partnerships.
	■ **Rising challenges and market dynamics**: Banks are cooling on unsecured loans, and the RBI is concerned about inflation, aiming to keep credit losses below 1%. Larger NBFCs must continuously adapt to stay competitive in this shifting landscape.
	■ **Technological advancements and customer demographics**: Tech has drastically improved service delivery, with NBFCs leading in innovation. The customer base is 40% self-employed and 60% salaried, with DSAs contributing significantly to new business.
	■ **Strategic focus and outlook**: Planning for a public listing in two years, the company remains focused on growth through trust, tech-driven solutions, and strong partnerships, despite challenges like market slowdowns.
Axis Bank	■ **Margins**: The bank maintains a through-cycle NIM guidance of 3.80%, with 25bp cushion allowing for growth while managing deposit constraints. Integration was completed early, enhancing portfolio synergies. In terms of margins, the bank has benefitted from structural positives like reducing dependency on RIDF bonds and improved asset mix.
	■ **LDR and opex:** LDR has expanded with increased corporate lending and slower deposit growth in seasonally weak 1Q. The bank has submitted its LDR strategy to the RBI, which has been accepted. The bank continues to operate within the flexible parameters of its LDR strategy. Expense growth is likely to moderate vs prior trends despite continued investment in strengthening the franchise.
	■ **New investment guidelines:** New guidelines led to a net gain of INR12.19b, thereby improving CET-1 by 14bp but adversely affecting RoE/RoA by 82bp/7bp. Investment yields improved and accretion to AFS reserve stood at INR17b.
	■ **Advances and deposits:** Loan growth is driven by focus on MSMEs and mid-sized corporates, which make up 21% of the portfolio. There is a

Company	Takeaway
	cautious approach to unsecured loans, requiring careful monitoring of product segments and competition. The bank expects deposit and loan growth to align closely, with no significant disparity between the two. The bank maintains medium-term loan growth guidance of 300-400bp higher than the system.
	■ **Asset quality:** 1QFY25 credit costs were affected by timing differences and lower corporate recoveries. Credit costs for the industry and Axis Bank have been below the through-cycle levels. However, credit costs in retail unsecured portfolios are rising, as they can not stay at trough levels throughout the cycle.
	■ **Miscellaneous:** RWAs increased by 300bp due to operational risks and a change in the balance sheet mix. The bank has launched Neo for business and updated its corporate services to match technological trends.
Bank of Baroda	■ **Advances and deposits:** BOB expects retail book to grow at above 20% and corporate at ~10%, leading to overall growth in advances of 12-14%. The bank expects LDR ratio of ~80-82%, with a bias toward 80% going forward. ~30-35% growth in PL is expected and the bank wants to grow more in agri and MSME books. Deposit growth stood at 8.9% YoY as against guidance of 12%. The bank is reducing its dependency on wholesale deposits. ■ **Cost, margins and yields:** The recent increase in domestic yields on investment is attributed to the new investment guidelines issued by the RBI. However, the recovery from written-off accounts, which was higher last quarter due to a one-off event, has returned to normalized levels this quarter. NIMs moderated by 9bp QoQ to 3.18% in 1QFY25. The bank expects NIMs at 3.15% (+/- 5bp) going forward. ■ **RBI guidelines:** Adjusted for 1QFY25 profits, the CET-1 ratio would have been 13.53% and CRAR at 17.27%. The new investment norms have impacted the CRAR by 30bp, bringing it to 16.82%, excluding profits. The guidelines also led to a write-back of depreciation and a reduction in treasury gains. Despite these changes, the bank expects no substantial impact from the ECL guidelines. ■ **Asset quality**: Asset quality in personal loans and MSMEs remained stable despite seasonal slippages. Credit cost stood at 47bp, with slippages at 1.05%, within the 1-1.2% guidance range. The bank guides for less than 1% NNPAs and credit cost at 0.75%. ■ **Guidance and projections:** The bank maintains NIM guidance of 3.15% (+/- 5bp). Advances are expected to grow 12%-14% in FY25. Deposit growth is projected at 10-12%, focusing on CASA.
HDFC Bank	■ **Post-merger strategic focus:** The bank focuses on profitable growth, with a deliberate effort to reduce the loan-to-deposit ratio (LDR) faster than market expectations. Stability has been maintained in key metrics, such as NIMs, C/I, GNPA, and RoA, even amid changes in competition and liquidity. ■ **Deposit and borrowing trends**: The bank added 2.2m relationships in 1QFY25, with a 20% YoY increase in monthly inflows across savings, salary, and current accounts. Borrowings saw a significant decline, with a focus on managing the maturity profile and maintaining a high proportion of fixed-rate and fully hedged borrowings.

Company	Takeaway
	■ **Loans:** Loan growth in 1QFY25 did not align with its strategic objectives, but the bank aims to demonstrate resilience in customer relationships over the next three quarters. The home loan franchise is focused on increasing primary account relationships, while growth in unsecured personal loans has moderated.
	■ **Operations:** The bank is in a period of operational adjustments, with a focus on stabilizing the C/I ratio and managing staff costs due to recent workforce additions and compensation adjustments. HDB credit costs have been influenced by seasonal factors, with stable GNPA at 1.9%. The bank is seeing positive progress in distributing AMC and insurance products, contributing to a favorable business share trajectory.
	■ **Priority Sector Lending & LDR:** Overall PSL targets are met. The focus remains on non-organic acquisitions mainly in the SMF segment. It expects to lower LDR, despite tight liquidity; robust funding capabilities maintained. The bank will also look to organically grow its margins.
ICICI Bank	■ **Advances and Deposits:** There is no target for loan growth, and deposits are sufficient to support the underlying growth. Deposits remain tight, with wholesale deposits even tighter, leading to some increases in deposit rates. There has been no significant tightening in personal loans and credit cards. Some actions taken in the personal loan segment last year have slowed growth, while credit cards continue to undergo refinements and are expected to grow.
	■ **Product Strategy and Funding Costs:** The bank does not set a fixed product mix but rather adapts based on each segment, with a bottom-up approach guiding growth decisions. The cost of funds is more critical than the CD ratio, and the bank is open to borrowing if the rates are favorable.
	■ **Liquidity and Regulatory Impact:** Liquidity conditions have improved, especially with increased government spending and money circulation. The upcoming implementation of LCR guidelines next April will impact credit and deposit growth and the bank is closely monitoring how this will unfold. Despite tight liquidity, the bank expects short-term yields to be affected, but overall condition is better than it was during the election period.
	■ **Margins and Yields**: For products like home loans and various asset classes, yields had increased but are now stable and not rising further. The competitive intensity remains high in corporate and mortgage segments. The bank remains competitive in terms of yields for high-quality customers.
	■ **Asset Quality:** The pace of recoveries in retail will vary, and a slowdown is expected. Credit cards make up less than 5% of the loan portfolio. The bank views this as a growth area and aims to expand in this business. Overall credit cost is currently at ~50bp and should gradually normalize, though predicting the long-term average is challenging but it is expected to be better than historical levels.

Company	Takeaway
IDFC First	■ **Costs, yields, and margins:** The bank's digitalization has increased the income, with a C/I ratio target of ~65% in three years and projected improvement in credit card C/I ratio to ~75% by FY27. CoF rose by 4bp and CoD by 11bp due to FD repricing. Fee income remained stable at 2.12% of assets. Opex is expected to grow 20% YoY, with income rising by 23-24% YoY. ■ **Loans and deposits:** CASA ratio remained stable, excluding temporary govt inflows. JLG constitutes 6.1% of the loan book, impacting credit costs by ~18-20bp for FY25. Retail deposits grew 38% YoY, supporting legacy borrowing repayments and asset growth. CASA ratio is 46.6%, with ~80% of deposits being retail. ■ **Credit Cost:** Credit cost in MFI, which was previously around 1.5%, could reach 5% in FY25. While 2Q may see elevated credit cost, it is expected to decrease in 3Q and return to normal by 4Q. The MFI sector remains promising, fulfilling the PSL requirements. The bank is securing 100% of its MFI business with CGMFU and is prepared for cyclical fluctuations. ■ **Asset quality and collection efficiency**: Credit costs are projected at ~1.85% with JLG and ~1.65% without it. JLG loans are insured with CGFMU guarantees. The bank's CE has returned to normalized levels. The improvement in CE is attributed to a stable state in TN, marking a recovery from the challenges faced in Apr-May'24. ■ **Opex:** Opex is expected to decrease, growing by 20% compared to the previous run rate of 33%, which will lead to an improved C/I ratio. PPoP is set to rise, though the credit cost increase will result in stable RoA for FY25. The bank anticipates stronger growth in PAT next year, driven by improved credit cost and high PPoP. ■ **Guidance**: RoA is expected at ~1.2% next year, flat for the current year. GNPA/NNPA ratios are projected to be ~1.5%/0.4% by FY29. The bank aims for ~20% balance sheet growth, with INR120b-130b in profits by FY29. It plans to open ~1,700-1,800 branches. CASA ratio is expected to reach ~50% with C/I ratio improving from 3QFY25.
IndusInd Bank	■ **Deposits and loan dynamics:** MFI exposure was reduced in Odisha, UP, and Jharkhand due to cautious growth, while Rajasthan and Maharashtra saw good business performance. Vehicle finance is expected to grow 18-20% YoY; overall advances are projected to grow 18-20% YoY in FY25. With CD ratio at 87.2%, IIB expects it to remain in the range of 88-90% going forward. ■ **Margins, yields and costs:** NIM is expected to remain stable at 4.3%-4.4%, despite seasonal slowdowns in vehicle and microfinance disbursements. Vehicle disbursement yield stood at ~12.5%-13%, while MFI yield was ~22-23%. Slower revenue due to weak seasonal disbursements in vehicle and MFI impacted the cost-to-income ratio. C/I ratio is expected to be ~47-48% going forward. ■ **Asset quality**: The bank writes off loans as per its approved policy. Credit cost is expected to be 110-130bp, including excess provisions on MFI and vehicle business. ■ **MFI business:** MFI disbursements were typically lower due to election activity, with average loan outstanding per customer reducing by 4% QoQ. Collection intensity remains high, and the bank aims to normalize

Company	Takeaway
	the overdue book in a few months. IIB expects stable credit costs in MFI business on YoY basis.
Kotak Mahindra Bank	■ **RBI order:** The bank demonstrated commitment, added resources and laid down a formulated plan in consultation with the RBI. Due to the RBI order, there was no impact on existing business operations. The focus has been shifted from customer acquisition to the enhancement of existing customer relationships. The RBI has appointed a consultant (Grand Thornton) for the bank. KMB is internally checking each document before handing over them to the RBI. ■ **Advances:** Credit card business was slower as the bank cannot issue new cards due to restrictions. Due to over leveraging on the customer side, credit card growth was not healthy for the industry. ■ **Deposits:** Savings deposits continue to be a challenge for the bank. KMB has bundled proposition for certain key segments and has re-launched ActivMoney with an outreach program. Deposit growth thus is in focus, mainly CASA and ActivMoney. ■ **Margins and yields:** Growth in unsecured advances affected the yield, but the bank expects the unsecured lending trajectory to remain stable with mid-teen growth. The bank aims to expand across various segments while maintaining business as usual. ■ **Costs:** The bank is making efforts to build the deposit franchise and get deposits at low cost with sustainable growth. Most of the repricing has been done. CoF will move up but the move will be calibrated vs. the past trend. ■ **Asset quality:** KMB has maintained high underwriting standards; benign credit quality on corporate and secured retail side. Unsecured retail advances (incl retail micro-credit) as a % of net advance stood at 11.6% in 1QFY25. ■ **MD & CEO:** MD & CEO Mr. Ashok Vaswani has a good background in consumer banking business. He has been accepted very well and is a person who takes people along. ■ **IDBI transaction:** The IDBI transaction is in process for now one and half years. The bank will re-evaluate it further whether this transaction is of value to bank or not, when it proceeds further.
PNB	■ **Advances:** PNB has provided credit growth guidance of 12-13%; credit growth exceeded the guidance in all previous quarters. PNB aims to increase the share of RAM from 55% to 60% going forward. ■ **Deposits**: The bank will continue to focus on garnering CASA deposits. Almost 58-60% of loan book is linked to MCLR, while deposit repricing is expected to take some time. PNB has INR1t of excess SLR and the bank has other levers to deploy this money. ■ **ECL:** The impact of ECL guidelines will push slight rise in credit cost but the bank expects the impact to be in line with the peer banks. ■ **Asset Quality:** Slippage stood at 0.76% as against guidance of 1%; the lowest in last 12 quarters. Recovery from NCLT book was INR2.9b in

Company	Takeaway
	1QFY25 and the bank expects the recovery to be ~INR12b in 2Q, ~INR9.97b in 3Q and INR5b in 4Q. Recovery in 1QFY25 was impacted as 60% of the staff was involved in elections. There is consistent reduction in slippages and bank targets recoveries at 2x of the slippages. The bank expects INR180b of recoveries over FY25. PNB has a TWO book of INR900b.
	■ **Opex:** In last 2 years, the bank heavily invested in digital adoption and branches, which led to higher opex. Discussions with tax consultants are underway for transitioning toward the new tax regime, while the bank continues to benefit from certain provisions of the old tax regime.
	■ **Guidance:** NIM guidance stands at 2.9-3%. The bank aims for better NII in every quarter. Operating profit to grow 10-15% going forward. The bank expects GNPA/NNPA ratios to be below 4%/0.5% by FY25. The bank guides for credit cost of <0.5%. FY25 slippages ratio will be <1%. The bank guides for FY25E RoA of 0.8% and aims to take it to 1% by FY25 end.
RBL Bank	■ **Deposits and Advances:** Deposit growth declined due to CA inflows in 4QFY25, which saw unwinding in 1QFY25; deposits are expected to grow by 18-20%, with granular deposits achieving 23-25% growth. LDR is projected to range between 83% and 85%. MFI growth impacted by heatwaves and elections; average growth expected to return in 2Q. Rural VF and credit card spending trends are affected by cyclical factors. Household leverage is rising, signaling potential challenges ahead, but the bank anticipates better disbursement performance in upcoming quarters.
	■ **Credit Card Strategy:** The bank is tightening filters on loan approvals and is particularly focused on collections for loans aged 90-360 days. In the credit card segment, the focus has shifted from growth to profitability, targeting higher-income customers to reduce delinquency.
	■ **Operating Expenses:** The transition in cards had some impact, and higher collection efforts led to an increase in opex. There will be opex related to geographic expansion, but cost growth will be lower than the advances growth. Opex is likely to grow in the mid-teens.
	■ **Increase in Risk Weights:** Risk weights have selectively increased, especially for Bandhan, though RBL Bank has not received similar directives.
	■ **Asset Quality**: MFI slippages are trending up and similar trends are expected in 2Q. Improvement is anticipated in 2H if all goes well. Collection, previously managed by a Bajaj Finance group entity, is now controlled by the bank, temporarily increasing costs.
	■ **Capital & Investment:** INR750m impact on capital from new investment guidelines; 7-8bp impact expected. Capital raised after Covid-19; 1% cushion available currently. Plans to raise Tier 2 capital; QIP resolution pending at AGM for capital raising within the year.
	■ **Guidance:** The target is to achieve an exit RoA of 1.15% by 4QFY25. C/I ratio: Income is expected to grow faster than costs, with the C/I ratio

Company	Takeaway
	anticipated to decrease by 2-3% annually. Credit cost: 2Q is expected to be similar to 1Q. Achieving 15% RoE is unlikely without raising additional capital.
SBI	■ **Advances & Deposits Related:** The corporate segment grew by 16%, with strong performance in foreign advances. The daily average balance is improving. SA market share stood at 27%. It has a cautious approach in Xpress Credit, while overall retail book growth sustains at 16%. The bank has given 14-16% credit growth guidance. ■ **Yields, costs and margins:** Recent rate hikes in term deposits increased overall deposit costs. C/I ratio is expected at below 50%; NIMs are expected to remain stable with minor fluctuations. ■ **Asset quality**: Slippages increased due to aging provisions and some delays in salary credits. GNPA saw a temporary rise in Xpress Credit but it is expected to recover. Credit cost guidance remains at 0.5%. ■ **Capital raise and investment strategy:** It has approval to raise INR250b in capital, with a strategic focus on profits. New investment guidelines yield INR36.73b benefit on reserves, with a shift to HTM portfolio. Trading gains present in both fixed income and equities. ■ **Guidance**: Credit growth guidance stands at 14-16%, with broad-based growth expected. CD ratio is projected to rise to 72%; LCR at 129%. Prudent risk management, particularly in long-term projects; ongoing monitoring of Yes Bank developments. ■ **New Chairman:** Mr. Challa Sreenivasulu Setty was MD of retail and has handled the most challenging verticals. YONO will be a focus area for the new chairman; 63% of the SA have been opened through YONO.
Utkarsh SFB	■ **Geographical opportunities in UP and Bihar:** UP and Bihar remain under-penetrated and offer significant growth potential. The bank holds 45% of its branches and 71% of micro banking in these states. UP's rapid growth, boosted by government investments and improving law and order, presents further opportunities. ■ **AUM growth and CD ratio:** AUM is expected to grow by over 30%, led by micro and non-micro banking businesses. ■ **Deposits growth:** Deposit growth is anticipated at 27%-28%, driven by a focus on CASA and retail TD with their mix likely to increase to 80% (vs. 68% currently). The bank plans to add 150+ branches, increasing the total to over 1,000. It focuses on India's top 100 centers for deposit generation, which contribute 95% of the deposit base. ■ **Asset quality:** There has been over-leveraging, which is attributable to the RBI removing the cap in number of lenders. The trends in Jul-Aug'24 have been quite similar and there is no further stress build-up. MFI normalized credit cost is expected to be ~1.5-1.7% as delinquencies have been going up since Apr'24. ■ **Guidance and outlook** – NIM is expected to stay above 9%, with stable cost of funds and a credit cost of around 2%. The bank targets a steady-state RoE of 18%-20% and RoA of 2.2%-2.3% over the medium term.

Company	Takeaway
	Ongoing transformation projects are aimed at enhancing operational efficiencies. The reverse merger with the holding company is expected to receive regulatory approvals in 12-15 months.
Consumer	
	■ **Industry demand to test festive season:** Asian Paints experienced slower demand over the past 2-3 quarters, with ongoing downtrading in the market. Demand remains subdued in the current quarter, but the company expects channel filling to begin at the end of this quarter, with festive demand benefits to start from Sep'24 onward.
	■ **Price hike of 1-2%:** In response to rising inflation over the past few months, the company has implemented a 1-2% price increases. If inflationary trend sustains, the company may take further price hike in coming quarters. However, value growth will still be 400-500bp lower than volume growth due to product mix change.
	■ **B2B business:** The core of Asian Paints' business lies in retail and repainting, which account for 85% of their sales, with the remaining 15% coming from infrastructure, government projects, and B2B segments. The B2B business is slower in FY25 so far vs. FY24 due to general elections, and slow government's infrastructure spending.
	■ **International business seeing improvement:** International operations are showing signs of recovery, with improvements in Sri Lanka. However, Egypt remains weak due to currency devaluation. The Middle East market continues to experience strong growth for the company.
Asian Paint	■ **Economy Paint (NeoBharat):** The NeoBharat paint, which caters to the lower end of the market previously dominated by distempers, has performed exceptionally well. Asian Paints has launched NeoBharat, an emulsion product priced at INR45-50 per kg, aimed at customers upgrading from distemper. Although it has lower margins compared to other emulsion products, it represents a significant opportunity for the company due to the rapid shift from unorganized to organized sectors. Distemper currently accounts for 25% of the market.
	■ **Home Décor Segment:** Asian Paints is the leading integrated player in the home décor market, holding the top position in various categories, including decorative lighting. The company is also a major player in modular kitchens, wall coverings, and textures, and ranks second in fabrics and furnishings. Although the home décor segment represents only 4% of revenue, the company has experienced mixed performance but strong growth in this area outside of its core paint segment.
	■ **Capacity expansion:** The white cement backward integration project in Fujairah, UAE, is progressing as planned and is expected to be commissioned in FY25. Additionally, the VAM VAE manufacturing project and other backward integration initiatives are on track for completion by CY26. This will result in a 1.5% improvement in the company's margins.
Dabur	■ **Demand Environment –** Dabur has seen a gradual recovery in rural

Company	Takeaway
	markets (45% contribution) over the past two quarters, moderating inflationary impact and a gradual step-up in demand drivers. The company expects to sustain rural recovery, supported by improving consumer sentiment, expectation of normal monsoon, and govt's measures to spur demand. Revenue growth is expected to be primarily driven by volume with some price hike for Dabur during coming quarters.
	■ **Margin and pricing outlook –** Dabur foresees raw material inflation in 2HFY25 and plans to take price hikes to maintain margins. The company will sustain brand investments to further gain market share. The management expects a gradual improvement in EBITDA margin.
	■ **Healthcare** –Health supplements are performing well, led by Dabur Glucose, which has gained market share. Value-added variants of Dabur Glucose have outperformed regular glucose, benefiting margins. The Digestives segment is seeing good traction, especially with the Hajmola franchise and Pudin Hara. New launches like Hajmola Mr. Aam and Hajmola Jeera (drink) have received positive responses. Health Juices, Dabur Baby, and branded ethicals posted strong double-digit growth. Dabur expects health juices to contribute INR500m to revenue in FY25.
	■ **Home and personal care –** Oral care has shown double-digit value growth with high single-digit volume growth over the past two years. The growth was led by share gains in the natural segment and opportunities in non-herbal categories. Hair oil performance is mixed, with strength in coconut oil but weakness in Dabur Amla oil due to price cuts and competition. Dabur plans to drive growth in hair oil through premiumization, new sub segments, and through organic & inorganic opportunities. Shampoo is performing well, and Odomos liquid vaporizers are scaling up, with a pivot toward mosquito repellency.
	■ **Food and beverages –** Beverages were impacted by severe heat waves, as consumers preferred carbonated drinks over functional or nutritional beverages due to thirst-quenching needs and a widening price gap. In foods, both Homemade and Badshah brands are performing well. Dabur aims to achieve INR6-7b revenue from Badshah over the next three years.
	■ **Product innovation to sustain –** the company remains positive about growth acceleration through new launches across categories. The company has not entered into new categories (baby care, herbal tea, etc.) but widened portfolio in the exiting categories.
Emami	■ **Demand Environment**: There is a sequential improvement in rural demand, with the northern and southern regions performing better than the western and eastern regions. However, rising food inflation could negatively impact discretionary consumption. Due to the severe summer, healthy performance was witnessed for the summer products, while sales of non-summer products and out-of-home consumption were hit. ■ **Category share**: The company's portfolio is anchored by five major

Company	Takeaway
	brands: Cooling Oil, Balms, Antiseptic Cream, Male Grooming, and Kesh King. Cooling Oil contributes 22% to the company's revenue, Boroplus 15%, Male Grooming 5%, Kesh King 7-8%, Healthcare 10%, International Business 17%, and startups 5%. New-age channels are posting double-digit growth, now contributing 25% to overall revenue. Although margins are lower in the international, startup, and new-age channels, the company has maintained its overall margins through effective cost management and strategic initiatives. ■ **Merger and acquisition**: Given the challenges in organic growth, the company is actively pursuing inorganic growth opportunities, supported by its strong balance sheet, to enhance its growth prospects through mergers and acquisitions. ■ **Guidance**: Over the past five years, the company has achieved a ~5% revenue CAGR and is now aiming for double-digit growth in the next five years. The focus remains on gaining market share while maintaining stable margins. Significant growth opportunities have been identified in the healthcare sector, international markets, and the Kesh King brand. Additionally, the company, currently involved only in the natural medicines segment of the pet care business and is exploring expansion in this area due to ample growth potential.
Godrej Consumer Products	■ **Strategy:** GCPL has been strategically rationalizing its portfolio. The company's largest category – soaps – is highly penetrated with slow growth. To drive growth, GCPL has begun expanding into new, under-penetrated categories such as air fresheners, sexual wellness, deodorants, body wash, and pet care. These categories offer higher growth potential and have helped streamline GCPL's business focus in recent years. ■ **HI:** In the incense sticks market, valued at INR12b, and the larger LV category worth INR25b, GCPL has made strategic changes, including updating the packaging of LV and revising its advertising communication. The new "Gold Flash" product will be replaced by a new deep red variant, with the old product being phased out over the next six months. GCPL has encountered challenges in e-commerce and modern trade, with some products taking over three months to list online. ■ **RCCL business:** GCPL expects strong double-digit growth for RCCL, with 20% of its portfolio rationalized through SKU reduction. RCCL has a strong connection to the cosmetics industry and is targeting double-digit volume growth over the next 3-4 years. Management is now returning to RCCL's previous strategy of focusing on GT channels, recognizing that cosmetic stores require more active selling than distribution. GCPL aims to achieve EBITDA of ~INR1.4-1.5b in FY25. ■ **Pet care market:** GCPL has entered the INR50b pet care market in India, which is expected to see strong double-digit growth over the coming decades. The company plans to invest INR5b in this sector over the next five years, with the expectation of turning cash positive afterward. The pet care market is focused on dogs, accounting for 80% of the industry,

Company	Takeaway
	while cats and fish make up the remaining 20%. 70% of the market is dominated by major players like Mars (50%) and Royal Canin (20%). The market includes products such as pet food and shampoo.
	■ **Outlook:** Consolidated business will deliver high-single-digit volume growth with mid-teens EBITDA margin in FY25. Over the medium term, the company is looking to achieve high single to low double digit volume growth in India with healthy mix of pricing. EBITDA margin is also expected to be in mid-high 20s. International business will continue to improve operating profitability by reducing overhead costs and closing down non-performing business.
Hindustan Unilever	■ **Rural market outperforming:** The rural market has begun to recover, supported by improving macroeconomic conditions and normal monsoon patterns this year, compared to last year's poor rainfall. Non-agricultural wages are also on the rise, driven by growth in infrastructure and other sectors in rural areas. The upcoming rabi crop yield is expected to further boost rural consumption. Overall growth in the FMCG sector is being driven by e-commerce, modern trade, and the recovery in rural markets.
	■ **Soap segment:** HUL is dealing with different market dynamics, particularly in the lower-end segment. The company is focusing on its premium products like Dove and Pears, while relaunching Lux and Lifebuoy in 1Q with new formulations. Since the soap market is price-sensitive with high penetration, body wash will be in focus in this category. HUL expects to see encouraging sales in Jul'24 for newly launched Lux and Lifebuoy soaps.
	■ **Detergent segment:** In the detergent segment, HUL is intensifying its focus on market investments, premiumization, and innovation, particularly in the liquid detergent category, where it leads with brands like Rin and Surf. Although only 2 out of 10 consumers currently use liquid detergents, HUL has secured a strong market share. To stay competitive as more players, enter the market and prices drop, HUL plans to introduce tier-2 liquid detergent brands under Rin. The laundry segment saw market share gains in 1Q, supported by declining commodity prices, which facilitated the launch of new products.
	■ **Food business:** HUL's food segment is dominated by tea, coffee, nutrition drinks and ice cream. In the tea segment, inflation has widened the gap between mass and premium tea, with downtrading impacting the tea market, while premium tea continues to grow. HUL expects price corrections in tea, which could boost volume and value share. The company is focusing on food categories with healthy margins of 18-20%, as consumers shift from loose food to packaged foods. They are exploring growth opportunities in mayonnaise, pasta, and Korean cuisine. In the health food segment, HUL's Horlicks brand is facing slow growth in the kids' nutrition portfolio, while the adult portfolio performs better. The focus is on increasing consumption, particularly in formulations like Horlicks without added sugar, aligning with consumer

Company	Takeaway
	health trends.
	■ **Distribution:** HUL has reached its peak in expanding retail outlets in India, with a presence in ~9m retail outlets across the country, effectively covering 90% of the market. Over the past five years, the mix between general trade (GT), modern trade (MT), and e-commerce has shifted from 80%/12%/6% to 70%/20%/10%. While general trade remains stable, a gradual shift is visible. E-commerce is the fastest-growing channel, followed by modern trade. HUL enjoys better margins in modern trade, where premium products and larger pack sizes are well-positioned.
	■ **Outlook:** HUL expects growth to be more balanced across various segments in FY25, with volume being the primary driver. Prices have stabilized across the portfolio, and the company anticipates no price cut impact in 2Q. The second half of the year may see low single-digit price growth. HUL aims to maintain its 23% EBITDA margin at the company level for the next few quarters. Volume growth can be ~5% in coming years (close to long-term average) with low-single-digit price hike.
ITC	■ **Steady trends in cigarettes:** Illicit mix has not come down, but govt measures have restricted the expansion. A moderation in taxes has helped to stabilize the illicit market. Demand is stable, and the company focuses on a disciplined pricing strategy. ITC is trying to offset RM inflation through a better mix. Loose cigarettes still form a big share (60-65%) of volume. Capsule cigarette is growing well, with ITC aiming for ~15% volume mix. As competitive pressure is rising, ITC is focusing on product innovation and better on-ground brand visibility. ■ **FMCG demand trend to improves**: There is some gradual improvement seen in the rural market (30% contribution). The competitive intensity remained high (including regional and local players) in categories such as Biscuits, Snacks, Noodles, Popular Soaps, and Education & Stationery products. Mass segment is seeing more entrants; therefore, the company focuses on the premium segment by production innovation. Local and new entrants cannot spend much on innovation and marketing. ■ **FMCG brands**: The company's FMCG segment depends on top four brands, which are Aashirvaad, Sunfeast, Bingo and Yippi. Aashirvaad Aata has 40% mkt share in the organized category, which is built on competitive pricing due to strong backend capabilities. Value-added product mix in Aashirvaad Atta is in double digits. EBIT margins moved from low-single to high-single digits to a double-digit range. Unorganized contributes 40-50%. Spices is the adjacent category where the unorganized mix is 80%, playing through Aashirvaad & Sunrise brand - for only veg & veg/non-veg association of brands. Spice is regional-based category where Aashirvaad has higher salience in AP & Telegana . Sunrise is WB-based with 60% market share. Smaller categories like Dairy, Chocolate and Beverages, have huge potential and the gross margins are comparable to other players. The focus is on profitable growth. Beverages are still EBITDA loss making but not making dent. ■ **Distribution Reach**: The cigarette segment now spans a total of 8m outlets, including 1.5m direct outlets. Meanwhile, the FMCG business

Company	Takeaway
	has expanded to 7m outlets with a direct reach of 2.8m. Also, 30% of the FMCG distribution is comprised of new-age channels such as modern trade and quick commerce.
Joyalukkas	■ **Overview:** Joyalukkas has firmly established itself as a leading jewelry brand with a strong global presence. The company has been operating for 9 years in US and 36 years in Dubai. Currently, Joyalukkas manages 101 stores in India and 59 international locations, capturing a 10% market share in the Indian jewelry market. ■ **Store expansion plan:** Joyalukkas has added 20-25 new stores, including 10 in Kerala, with new showrooms typically measuring between 3,000 to 4,000 sq. ft. The company reported a 19% growth in FY24 and aims to increase this to 24% by FY28. It also plans to boost its market share in North India from 15% to 25%, opening new stores in Uttar Pradesh, Bihar, Maharashtra, and Rajasthan. By FY28, Joyalukkas aims to have 150 stores in India and 80 internationally, with 60% of new stores concentrated in North India. Internationally, the company plans to expand from 10 to 25 stores outside the GCC region. In the US, where margins are stronger, Joyalukkas adheres to a company-owned, company-operated (COCO) model and has no plans to franchise. ■ **Performance:** Joyalukkas has achieved a 16% revenue CAGR over the past five years. The company allocates 1% of its total sales to marketing expenses. It operates with an EBIT margin of 9% and a PBT of 8%, while maintaining a healthy net debt to equity ratio of 0.3x. Notably, the company does not utilize Gold Metal Loans (GML) and follows traditional methods for hedging inventory, despite facing challenges from rising hedging costs. The product mix consists of 5-6% bullion and 19% studded jewelry. ■ **Outlook:** The company aims to increase the studded jewelry sales ratio to 24% by FY 2027-28 (from 19% in FY 2023-24). It plans to expand and strengthen presence in North India, aiming for 25% of total stores in the region by FY 2027-28 (from 15% in FY 2023-24).
Kalyan Jewellers	■ **Demand trends:** The management has observed strong consumer interest following the recent duty cuts, with a noticeable increase in footfall for two weeks. However, demand has now stabilized to normal levels. ■ **Hyper-local strategy to drive growth:** The company continues to emphasize its local and regional strategy to drive growth. ~40% of inventory in stores is tailored to local preferences, and local staff are employed to boost sales. This approach positions the company between national and regional players, allowing it to capture market share from both. ■ **Candere expansion:** The company is increasing its stake in Candere by acquiring shares from promoters, moving towards 100% ownership. It plans to open 50 new stores in FY25 while also building brand visibility among consumers. Candere showrooms typically cover 1,000 sq. ft., with an average ticket size of INR35-40k. Each store holds inventory

Company	Takeaway
	valued at INR30m, with an inventory turnover of 1.5x. Candere operates with a gross margin of 35%, and 75% of its inventory consists of studded jewelry, catering to a fast-growing category in the light-wear and fast-fashion jewelry space.
	■ **Store expansion:** The company is gearing up for store expansion in FY25, with most stores set to open before Diwali to capitalize on the festival season. Plans for FY26 include opening an additional 90-100 stores, all of which will be FOCO stores. The company has entered into nine-year agreements with franchise owners, which include a four-year lock-in period.
	■ **Debt reduction plan:** The company has transitioned to an asset-light model, which has helped reduce its debt. The company aims to eliminate its term loans by FY27, with the remaining loans primarily consisting of Gold Metal Loans (GML).
	■ **Bottom line outpacing top line:** As the company transitions to a franchise model, gross margins and EBITDA margins have contracted. However, improvements are being observed at the PBT level. PBT margin to be at 5%.
Marico	■ **Demand Trends:** There has been a gradual improvement in demand, with rural growth outpacing urban areas. While pricing growth remained flat year-over-year in 1Q, some improvement is expected in the current quarter. Both the HPC and Foods segments have seen an uptick in demand. ■ **Launched hair & care oil in Serum:** Marico has introduced its latest innovation, Hair & Care Oil in Serum, combining the nourishing power of almond oil with the sleek finish of a serum. Launched in key regions like West Bengal, Orissa, Punjab, and the Northeast, this ultra-light serum, enriched with Vitamin E, promises to control frizz and leave hair smooth, shiny, and silky—all at an affordable price of just INR2 per use. ■ **VOHO:** Value-added hair oils have been showing sluggish growth due to increased competition and stock adjustments in the lower segment. Demand remains similar to 1Q. The segment faces pressure from competitors. The segment is under pressure from competitors, prompting the company to invest in ATL marketing to drive recovery. ■ **Digital first brands:** Marico's D2C brands are performing well, with Beardo set to achieve a double-digit EBITDA margin and Just Herbs expected to surpass INR1b in revenue this year. Plix is also showing strong growth. Both Just Herbs and Plix are scaling efficiently with minimal cash burn, and Beardo and Plix have the potential to reach INR5b in ARR each within 3 to 4 years. ■ **Update on Bangladesh:** Manufacturing operations have been back to normal for the past week, and most retail sales and distributors have resumed activity. Demand remains soft, and a full recovery will take time in Bangladesh. ■ **Project SETU:** Phase-1 of Project SETU, launched in six states with a mix of stronghold and opportunity markets, has shown promising results with successful direct coverage expansion in both urban and rural areas. New outlets have responded well to both core and new products. In FY25 Phase-1 will be scaled up and expanded into additional states.

Company	Takeaway
	■ **Partners with Kaya to expand personal care products:** Marico's collaboration with Kaya enables it to broaden its reach in science-backed personal care. Marico now holds exclusive rights to expand Kaya's efficacy-based products beyond its 75 clinics in India. This partnership offers a potential INR1b over the next 4-5 years.
Polycab	■ **Cable & Wire Segment**: Domestic volume growth of C&W was ~10% in 1QFY25. There was a decline in the international business in 1Q due to the transition of business model in the US. Demand has improved; however, dealer inventory is still around 10 days vs. normally around three weeks. Demand from data centers and renewable power is likely to scale up going forward. EHV expansion project is on time and the company expects the entire project up and running by FY26-end. ■ **FMEG Segment**: Losses in the FMEG segment decreased due to reduced ad spending and increased contributions from the switchgear and conduit pipes businesses. Previously focused on fans and lights (50-55% of revenue share), the company has now shifted attention to switches and switchgear (in high teens), where competition is lower and margins are better. The company also focuses on backward integration by enhancing in-house manufacturing. The company has no plan to diversify this business and it will continue with all exiting product categories. ■ **EPC segment:** The robust growth in the EPC segment was due to strong execution of the RDSS order book. The company expects mid to high-single-digit contribution to revenue, more than what it has contributed in the past. The RDSS program aims to overhaul the power distribution infrastructure in select regions, where there is a significant emphasis on cable supply.
Restaurant Brands Asia	■ **Demand dynamics:** Demand largely remains similar to 1Q but has been improving MoM, with Jul'24 witnessing a slowdown for the industry and RBA and Aug'24 showing signs of recovery. ■ **SSSG to improve in 2HFY25:** The company has maintained positive SSSG for the past nine quarters, led by transaction growth. The current transaction growth is 6-7%. To boost transaction volumes, the company is implementing several initiatives, including menu engineering (introducing new items like puffs), offering value propositions, and embracing digital transformation. The company has recently increased prices for delivery orders by INR10. The management expects SSSG to improve further in 2HFY25. ■ **Store matrix:** The company's business model is predominantly dine-in, with an average store size of 2,000-2,200 sq. ft. The capex required per store is INR30m, with a breakeven period of 4-5 years. Stores located in malls are leased for nine years, while those on high streets have a 15-year lease. Stores can handle 300-400 transactions per day, with a 30-minute table turnover rate, and experience 3-4 peak hours daily, from breakfast through dinner. Stores opened in FY24 are currently loss-making at the store level, with a shift toward delivery and increased utility costs impacting overall EBITDA.

Company	Takeaway
	■ **BK Café driving growth:** The company operates 352 BK Café restaurants in India, accounting for 80% of its portfolio. BK Cafes contributes an additional INR8-9k in Average Daily Sales (ADS), making them a significant driver of gross margin. Most BK Cafés are now included in the company's baseline performance metrics.
	■ **Strong performance in mall stores:** 40% of the company's stores are located in malls, which have shown robust growth alongside high street locations. Mall stores tend to reach system-level performance faster, with 70-75% of ADS coming from dine-in. Additionally, the company operates 60 stores along highways.
	■ **Indonesia strategy:** In Indonesia, the company has rationalized its portfolio by closing 26 underperforming stores in FY24. Growth is expected to resume following significant improvements in outlook, including a ~25% reduction in corporate overheads and manpower costs, as well as supply chain efficiencies and lower store costs. The focus is on boosting delivery sales to navigate geopolitical challenges, implementing price and menu adjustments for incremental profitability, and launching marketing initiatives to enhance the dine-in channel.
	■ **Maintain guidance:** The company maintains its guidance, with India's gross margins expected to remain between 67-69%. The target is to reach 510 stores in India by the end of FY25, with a focus on deeper penetration in existing geographies, particularly Tier 1 cities, and expansion into the North East region.
Senco Gold	■ **Demand:** Demand in 1Q was muted due to fewer wedding days and the impact of heatwaves. However, after the duty cut, pent-up demand emerged, and this momentum continued. SSSG of 14-15% was evident following the duty cut, driven by a mix of wedding and non-wedding purchases. Currently, 45% of Senco's sales come from wedding-related purchases. ■ **Inventory loss:** Senco is expected to incur an inventory loss of INR500m post customs duty cut. The company has improved its hedge coverage to 95%, up from 80% previously. The inventory loss is expected to be spread over the next 2 to 3 quarters. ■ **Studded ratio:** The studded ratio was lower in 1Q, primarily due to a decrease in wedding-related purchases. However, the company aims to improve its studded ratio in the upcoming quarters. There has already been an improvement in the current quarter, with the overall studded ratio reaching around ~11%, and in the North, it is at 17%. ■ **Store expansion:** Senco has expanded its retail footprint by opening 6 new stores, comprising 4 company-owned and 2 franchised locations, bringing the total store count to 165. For FY25, the company plans to open an additional 9 COCO and 9 franchise-owned stores. The majority of these new stores will be opened in the northern region (65%) and the eastern region (35%). ■ **Sennes:** Currently, in phase 1 of its expansion, Senco is focusing on establishing a strong presence in East and North India. The brand

Company	Takeaway
	operates through 19 SIS formats dedicated to leather bags, 2 MBOs in Lajpat Nagar, Delhi, and Elante Mall, Chandigarh, and 3 EBOs in Mani Square, Forum, and City Centre-2. Sennes offers a diverse product range, including women's leather bags and wallets, men's bags, laptop bags, backpacks, and men's wallets. The brand is targeting a revenue of INR5b in FY25, which is expected to double by FY26. ■ **Guidance –** The company expects revenue growth of 18-20% in FY25, with SSSG of 13-14%. The profit growth is expected to reach 15% post inventory loss.
Westlife Foodworld	■ **Demand Dynamics:** After 7-8 quarters of decline, out-of-home consumption trends remained stable sequentially but were lower YoY. Eating-out frequency, which had been under pressure, showed sequential improvement, returning to last year's levels. Further improvement is expected in 2HFY25. ■ **Network Expansion:** Despite a weak macroeconomic environment, Westlife plans to maintain its store expansion targets, with 45-50 new stores in FY25 and 580-630 stores by FY27. The focus will be on South India, smaller towns, and drive-thru locations. South India remains underpenetrated, where Westlife's position has strengthened. Store opening costs range around INR35-40m, with a payback period of 3-5 years. All new stores will be funded internally. ■ **On and Off Premises Channels:** Off-premise channels improved, contributing 42% to the mix, while on-premise channels have declined. Although same-store sales growth (SSSG) declined overall, off-premise performance remained stable, indicating positive momentum. Dine-in was impacted by certain external challenges at certain stores. The margins are largely similar in both channels. ■ **Innovation and Value Focus:** To drive performance in a challenging environment, Westlife is focusing on value offerings and innovation. It introduced value-based Extra Value Meals (EVM) at INR179 in Jun'23, and further strengthened it in Oct'23 with an INR149 option. Westlife also launched entry-level products like the Chicken Surprise burger in Jun'24 and McSaver+ 1+1 meals in Jul'24, both priced at INR69, to boost footfall and affordability. Despite this focus on value, McDonald's aims to lead across the pricing spectrum with offerings like McCafe, EOTF formats, and gourmet burgers. ■ **Margin Outlook:** Westlife sustained gross margin improvement due to a favorable raw material environment and cost optimization, despite a mix shift toward value offerings. The company remains confident in managing costs, even with some inflationary pressures and seasonal challenges in vegetable supply, due to strategic sourcing and strong vendor relationships. Westlife aims to improve margins through cost cutting, an effective product mix (with higher contributions from coffee), and strategic price increases, typically in the 3-5% range annually.

Company	Takeaway
NBFC	
360 One	■ **Mid-market segment:** It plans to build a team of ~60-65 people, of which 10 members have been on-boarded and around 10-15 members will be reassigned from the UHNI segment to the HNI segment and the balance will be on-boarded as and when required. It will take around 2-2.5 years to break-even from overall cost perspective in this segment.
	■ **Global Business:** It has on-boarded a 10-member team, which will expand to ~15 in the near term, mainly in Dubai and Singapore. In 3QFY25, it will start its operations and from 1QFY26 it will start showing results.
	■ **MF Business**: 360ONE has appointed Mr. Raghav Iyengar as CEO of its AMC business (360ONE Asset). No new schemes will be launched in near term and focus will be on the existing ones to gain the market share in the best way possible. 360ONE has invested a lot in building a strong distribution over the last 6-12 months. The team size has increased from 20-22 to 28 now. It is expected to increase to 40 by end of FY25.
	■ **Net Flows:** Total net flows are expected at ~12-15% of ARR AUM (INR250-300b of net flows expected in FY25). In Asset Management, 360ONE expects to end the year with INR80-100b of net flows (INR130-140b of gross flows).
	■ **C/I ratio:** The cost-to-income ratio went up in FY24 to ~48.5% due to investments made in the new businesses. Management guided for ~100-150bp reduction in the C/I ratio as RM efficiency starts scaling up. An RM in the mid-market segment will be expected to handle ~70-75 clients in the HNI segment vs ~35 families in the UHNI segment
	■ **Expansion:** In the UHNI segment, 360 ONE has expanded the base tier 2 cities and caters to ~23 locations vs ~20 locations last year and targets to expand to ~35 in a couple of years.
	■ **ET Money:** In Jun'24, 360ONE WAM entered into a definitive agreement to acquire wealth-focused ET MONEY, subject to regulatory approvals.
Aadhar Housing	■ **AUM Growth**: AUM grew ~21% YoY to INR216.3b and the company guided for AUM CAGR of 22-23%, backed by disbursement growth of 17-18%. The company has 536 branches spread across 21 states and UTs.
	■ **Asset quality:** Aadhar guides for GNPA in the range of 1.1-1.2% and does not see any asset quality risks in the affordable housing segment.
	■ **Promoter Shareholding:** Blackstone owns ~76% (post IPO) and the company has three Nominee Directors on the Board of the Company. The Promoter Blackstone has another five-six years in the life of the fund from which it invested. Around 4-5 years of capital requirement was taken care of with the primary infusion of ~INR10b in the IPO.
	■ **Guidance and outlook:** Company is confident of maintaining RoA in excess of ~4% over the near to medium term.
Angel One	■ **Regulation:** If all the measures listed in the consultation paper are included in the final regulations, turnover volumes for ANGELONE are likely to be affected by them. ANGELONE has several levers to offset the

Company	Takeaway
	impact of these changes, such as rationalizing the pricing structure, levying charges on cash delivery (which is free currently), and levying charges for accepting non-cash collateral beyond 50% of the overall margin, among others.
	■ **Market share:** To further enhance its market share, ANGELONE has introduced innovative features in its Super App. It is keen to scale up its market share in the cash segment, as it penetrates deeper into tier 3 & 4 cities and focuses on on-boarding new-to-market clients. It has also reduced charges in the cash segment from 0.25% of turnover to 0.03% recently.
	■ **MTF book:** MTF book size stood at INR34b as of 1QFY25 end. Over the next 1-2 years, the company aims to increase its market share in this segment as it focuses on significantly growing this book.
	■ **AP:** The Assisted Business unit accounts for over 22% of net broking revenues for ANGELONE. It plans to materially scale up its authorized person (AP) network and demerge this segment into a separate subsidiary. The focus will be on adding APs with capabilities to distribute multiple products.
	■ **Revenue diversification:** ANGELONE currently derives over 95% of its revenues from broking-related activities. However, over the medium term (5-7 years), the share of non-broking businesses is expected to increase materially as multiple business lines become accretive.
	■ **Wealth:** ANGELONE is building its wealth management business under a separate subsidiary. Currently, the targeted ticket size is INR100-150m, but eventually with the variety of products and technology, the ticket size is expected to come down to INR10m.
	■ **AMC:** It will focus on passives only. The company believes that passives align well with the customer segment it serves, specifically its customer base in tier 2, 3 & 4 towns. The final approval for the AMC business is likely in the near term.
BSE	■ **Regulation:** With regards to the consultation paper on restricting F&O volumes for retail segment, it is currently difficult to assess the impact on the total volumes.
	■ **SGF:** The SGF contribution is volumes based and since volumes in currency derivatives declined in 1Q, it led to zero SGF contribution.
	■ **Mix/ FPIs:** The derivative turnover mix stands at: 70% from top 10 investors, 25% from mid-size investors and balance 5% from FPIs. BSE currently has 95 active FPIs and is targeting to reach ~200 by end of FY25.
	■ **Colocation Facility:** BSE charges for colocation facility to recover its operating and capital expenditure. It has ~10% of the racks that NSE has and is currently focusing on building the capacity. BSE has 200 live racks as of Jun'24 vs NSE having around 2500. It is planning to add more 100 racks of higher capacity (~15kva) than the normal capacity (6kva).
	■ **Product:** BSE forays into single stock derivatives (w.e.f 1 July 2024) with mid-month expiry on second Thursday of the month. So far 35 members

Company	Takeaway
	have participated in single stock options and futures
	■ **Star MF:** BSE will launch Star MF 2.0 (more from functionality perspective) in 2QFY25. Star MF continues to maintain ~85-90% market share in this segment
CreditAccess Grameen	■ **Asset Quality:** Fresh PAR accretion in Jul/Aug'24 is similar to 1QFY25 level. However, the company is able to collect partial payments from the earlier PAR portfolio customers. Part of the stress is also attributable to customer over-leveraging in certain pockets of the country. This continues to be an evolving situation and the company will be in a better position to assess and guide on credit costs for the full year when it reports its 1H results. ■ **Promoter Stake Sale:** The company has not received any formal communication from the Promoter; if at all there is anything, it is being evaluated at the holding company level. ■ **MFIN guardrails**: CREDAG is now compliant with the MFIN guardrails of maximum four lenders per borrower and aggregate customer borrowings of INR200k. In certain geographies, it has put in place even more stringent norms than the one advocated by MFIN. ~12% of CREDAG customers have more than 4 lenders, and ~8% of the customers have more than 4 lenders and overall exposure of >INR200k. MFIN guardrails might slow growth in the MFI industry and will course correct some of the things that MFI players could have avoided.
Grihum Housing Finance	■ **Customer and product mix:** Grihum will be crossing AUM milestone of ~INR90b in Aug'24. ~65% of its customers are self-employed and ~35% customers are formal/informal salaried. Home loans contribute ~65% to AUM, while LAP forms ~35% of AUM. Average ticket size is ~INR1m. ■ **Yields and spreads/margins:** The home loan rate is 13.0-13.25% and LAP is priced ~250bp higher than home loans. Average yields are 14.0%-14.25%, higher than the industry. The company targets spreads of ~5.5%. ■ **Operating expenses**: The company has invested significantly in technology over the last one year, which has kept its opex ratios elevated. The opex-to-AUM ratio increased to ~5.7% in FY24, which subsequently declined to ~4.9% in 1QFY25. It expects the ratio to decline to ~4% by FY25 end. ■ **Return Ratios:** Grihum has a credit rating of CRISIL AA- and CARE AA without any parental support. CoB rose ~125bp after the repo rates started going up and it has passed on ~150bp to customers. Guided for RoA of 3.0%-3.25% from FY26 onward.
HomeFirst	■ **AUM Growth:** HomeFirst has 133 branches in 135 districts. Gujarat is the largest state for Home First and it will expand into MP, Rajasthan and UP. The company continued to guide for AUM CAGR of ~30% over the next couple of years. ■ **Liabilities and Credit Rating**: It has a Credit Rating of AA- (Positive). Now that its AUM has crossed an important milestone of ~INR100b, it is in discussions with the credit rating agencies for a credit rating upgrade

Company	Takeaway
	within the next 6-9 months.
	■ **Impact of reintroduction of CLSS scheme:** Last time the PMAY scheme was launched, there was a big thrust on affordable housing loans. Now that the scheme has been re-launched, there will be acceleration in growth at some point in time.
	■ **Nimble Business Model:** HomeFirst will continue to focus on housing. It will largely be a distribution-led strategy and it will also double down on technology. HFFC has a business model advantage and is nimbler. Cost of disbursing (opex to disbursements) is the lowest for HomeFirst over a period of time.
IIFL Securities	■ **Investment Banking:** Significant opportunities continue to exist in the investment banking space and the company is investing in building its capabilities further. It envisages strong growth momentum to sustain in this segment. ■ **Wealth Management:** Company is going under a transformation from being a transaction-based company dealing mainly in broking segment to wealth management space as it sees a lot of traction and opportunity in the HNI and UHNI segments. It has hired an experienced team to run the wealth management space. The wealth management segment will be targeted to become profitable in the coming 3 years ■ **Asset Size:** Company has around INR300b cross-sell assets (distribution assets), which it is targeting to double in 3 years. The core product will be mutual funds. ■ **Costs:** The fees and commission costs were up on account of sub broker pay-out. Admin costs were up on account of tech costs incurred, which will reduce in the coming year. Employee costs will remain elevated as the RM headcount is increasing and more hiring are done in other segments ■ **Others:** Company has non-core real estate asset size of INR3.5-4b, which it is planning to sell off and reduce. Currently the RM count stands at ~500 and plans to add around 200 more RMs in next 2 years. Management guides for PAT to increase to INR7-7.5b in next 2 years from INR5.13b in FY24. Other income of INR700m in FY24 was due to M2M gains from shares of BSE. ■ Company will be renamed soon from IIFL Securities to IIFL Capital services awaiting approval for the same.
IPru Life	■ **Annuity & protection:** A large portion of the annuity comes from the regular premium policy (tenure: 5-10 years), with the majority category belonging to 50+ age group. It only has upfront commission and not deferred commission. The return on premium (ROP) is ~20% across retail protection, which is broadly in line with the industry. ■ **Agency channel growth:** Growth in the agency channel has been led by investments made over the past couple of years. The number of agency managers has increased, which has translated into an increase in agency hiring from 35k to 45k annually. ■ **ICICI Bank channel:** 80% of the premium is from ULIPs, while the rest is

Company	Takeaway
	from protection and annuity (mainly single premium). The run rate of INR1b per month should sustain over the medium term. There is a significant thrust toward selling protection in the channel.
	■ **Surrender value:** New surrender values have made the product more liquid, giving distributors further ammunition to increase sales. Relatively, the impact for IPRU is lower owing to a lower share of non-par segment and as the persistency is relatively higher (90%+ for non-linked savings). The company will distribute the impact across all stakeholders – distributors (trail commission or clawback), customers (lower IRRs) and shareholders (profitability hit).
	■ **Investments:** The company will continue to invest in three areas: 1) distribution capacity, 2) technology – a lot can be done akin to quick transactions in MFs and FDs, 3) brand building.
	■ **VNB & VNB margin:** IPRU aims to grow VNB at a higher rate compared to APE growth. Margins will be a play on the product mix and as protection/annuity increases, the impact will be favorable.
LIC Housing	■ **AUM size and growth:** With AUM of INR3t, the company is the largest standalone housing finance company in India. It expects that growth will be achieved more in mid-tier and small towns than in metro cities. The company has soft launched a new product (yield of ~11%), which focuses on the informal and unorganized sector with strong banking transaction data. ■ **Disbursements**: Disbursement momentum has been strong even in Jul/Aug'24. The company has been accelerating its disbursements even in the project finance segment as well as loans to other smaller HFCs. It targets disbursements of ~INR700b in FY25. ■ **Yields and spreads:** Guided for yields to improve based on multiple interventions both the pricing side as well as well as the product mix. LICHF expects CoB to decline further even if the repo rates remain stable. It maintains that NIM will improve in the subsequent quarters. ■ **Asset quality:** The company took technical write-offs of ~INR27b in FY24 and guided that the asset quality stress across both retail and wholesale was now behind. It guided for credit costs to decline to ~25-30bp.
MAS Financial	■ **MFI overview:** Portfolio stress has become more pronounced, particularly in loans sourced through partners. Currently, 45% of the portfolio is through partners, supported by FLDG arrangements. Yields have increased from 13-14% to 17-18%, and bounce rates are expected to be around 10-15%. Partner sourcing has declined from ~55% to ~45%, with a growing focus on retail expansion in tier-2 and tier-3 cities. ■ **MSME Loans:** For MSME and SME loans, sovereign guarantees are available through CGFMU and CGTMSE, with each contributing ~50% to the scheme. Typically, claims under this scheme are settled within 12 to 15 months. ■ **Future Focus and Outlook**: Going forward, yields are expected to rise along with increase in credit costs and opex. However, the overall RoA is expected to remain steady. Partnership model, in place since 2010, will

Company	Takeaway
	remain in focus, aiming to balance growth with operational efficiency.
Muthoot Finance	■ **Gold loans:** The biggest USP is the dedicated branches and the quick turnaround time in gold loans. Strong gold loan growth in 1Q was characterized by higher gold prices, higher demand for gold loans from customers and lower competitive intensity from banks. ■ **Spreads/margins:** MUTH guided for CoB to increase by ~30bp from the current levels. MUTH's endeavour will be to absorb this increase in CoB, which could result in a minor impact on NIM. ■ **Disbursements and loan growth**: Disbursement trends remained strong in Jul/Aug'24, which were in line with the trends seen in 1QFY25. ■ **Microfinance:** There is some overheating in the MFI segment at the sectoral level. Belstar has performed better than many of its MFI peers. MP, Haryana and Punjab are few of the states which have exhibited higher stress.
Nippon AMC	■ **Performance:** Performance of most schemes has been strong. It has near double-digit market share in equity and hybrid segment inflows in 1QFY25. B30 AUM saw 16% growth in QoQ, with 8.98% market share – 20% of the AUM vs 18% for the industry ■ **ETFs:** The ETF business has on standalone basis grown ~20x in last 10 years though the team size remained the same. NAM is the largest player with a market share of ~17.8% (108bp increase QoQ) and has ~60% share in folios. ■ **Offshore:** The offshore AUM grew to ~INR174b as on Jun'24. There is huge opportunities in Japan and NAM is planning to launch some schemes in next 1-2 quarters in the MF space or direct into the market (small and mid-cap). ■ **Employee cost:** Increase in employee costs was due to fresh ESOP, 12-13% increment, higher variable pay compared to last year and Increase in employee engagement activity. Expects 12-13% increase ex-ESOP expenses. ■ **Debt Fund:** If the interest rates decline, on the debt side the TER will be increased.
Nuvama Wealth	■ **Wealth Segment:** In the wealth (HNI segment) space, growth of ~20-25% is achievable with the current resources. The company will focus more on MFs, AIFs and PMS. About 28% of total comes from external wealth managers. Wealth offices are spread across ~70-75 locations. ■ **Private Segment:** On the private (UHNI segment) front, the focus will be on the AIFs and PMS and ~60% of revenue comes from ARR and ~40% from transaction income. Private offices are spread across ~13-15 locations. ■ **International business:** Nuvama has got the license to start its operations in the Middle East, which will begin in next 10 days. Through DIFC, the management is confident of covering the entire region in a couple of years. For Singapore, the management is skeptical owing to adverse market dynamics. ■ **Advisory:** The contribution from the advisory segment is small (INR100-

Company	Takeaway
	120m) as in India, a company giving advisory services is not allowed to give any other services to the same clients.
	■ **RM:** In the last 12 months, around ~350 RMs were added to the mid-market segment, and it will increase the capacity by ~15-20% every year for the next 2-3 years in the wealth and private segments. RM attrition in the private wealth segment is ~2-3%. In the wealth business, RM attrition for the older category (>2-3 years) is 2-3% and for newly joined, it is higher at 10-15%. In the private segment, the tenure of 80% of RMs (~120) is around 3-5 years and the rest are new joinees. On the wealth front, the tenure of ~60-65% of RMs is around 2-3 years and the rest are new joinees.
	■ **Guidance:** The management aims to maintain the yields in the range of ~85-90bp for each Private and Wealth segments. The C/I ratio is up by ~100-150bp due to RM additions. The ratio would have dropped by ~200bp without RM additions.
Piramal	■ **Growth business** comprises Retail Loans and Wholesale 2.0. This segment is a relatively young business and achieved breakeven in FY24. Guided for RoA of 3.0%-3.25% by FY28 and also expects the loss from the legacy business to reduce to ZERO by FY26.
	■ **Legacy business:** Legacy book declined to ~INR135b as of Jun'24. Piramal has ECL provisions outstanding of ~INR20b on the legacy book. Also, it has guided for recoveries of ~INR17b from the AIF book and also has pockets of opportunities from stake monetization in both Shriram Life and Shriram General Insurance. Legacy book has only one account with ticket size higher than INR5b (but less than INR10b).
	■ **Unsecured retail loans**: The company is not too worried about all the noise which is there in unsecured retail loans. Embedded Finance/Loans done through partnerships do not contribute too much to profitability but are instead a customer acquisition funnel for cross-selling other retail products in the future. Customer MOB in unsecured loans has reached its peak maturity of 9 months and given that the book has now seasoned, it expects the credit costs in this segment to now decline.
	■ **Levers for improvement in return ratios:** Improvement in opex ratios and expected decline in cost of borrowings (in part from any potential credit rating upgrade) will contribute to improvement in RoA, from current levels.
PNB Housing	■ **AUM growth:** Guided for ~17% Retail Loan CAGR to reach Retail AUM of ~INR1t by FY27, which will include mix of 60%/25%/15% for Prime/Emerging/ affordable.
	■ **Asset Quality:** Guided for credit costs to remain benign over the next 3-4 quarters, aided by recoveries from both Retail as well as Corporate. On a normalized and steady state basis, credit costs will be ~18bp in prime, ~23bp in emerging, ~50bp in affordable, with blended credit costs of ~30-32bp.
	■ **Efforts to improve NIM and RoA**: The company will look to improve yields through an improvement in the product mix in favor of emerging

Company	Takeaway
	and affordable housing segments. In addition, the company also expects PMAY and AHF schemes from NHB for better spreads. The company is also looking to restart corporate lending, which will be better yielding than prime and emerging segment loans. Cost of borrowings declined after the Credit Rating upgrade and there is room for a further reduction of ~10-12bp over the next 3 quarters. PNBHF targets to improve the RoA to ~2.5% by FY27.
	■ **Affordable housing segment:** Focus will be on the informal income and self-employed customer segment, including focus on EWS/LIG segment of customers. This segment will operate at yields of ~13%. Affordable housing will be largely independent house driven markets in Tier 2,3 and 4 cities.
Ring (Kisht)	■ **AUM Growth:** Ring (Kissht) had AUM of INR27.5b as of Mar'24, which reached ~INR25b as of Jul'24. About 11.2m customers have taken loans from Kissht and the company acquires 6,000 customers every day.
	■ **Products and sourcing channels:** The company offers unsecured personal and business loans and has also started LAP. Short-term loans comprise personal loans, whereas medium- to long-term loans consist of consumer durables, loans for repairs, and renovation. The company's focus is on acquiring customers through the merchant channel as the cost of acquisition is low in this channel compared to digital marketing.
	■ **Yields and spreads**: Yield APR is ~60% (annualized) for short term loans and 36-37% (annualized) for long term loans. Post-tax RoA is ~6% for short terms and 5% for long terms. The company has capped unsecured lending at maximum INR200k.
	■ **Purpose of loans:** ~45% of the loans are for business purpose, ~30% for consumption purposes (mobile phones, gifts, consumer durables), ~15% for emergency needs – medical/education and in ~10% cases, the purpose of the loans cannot be ascertained.
Shriram Finance	■ **AUM Growth**: The company guided for AUM growth of 15-17%, which includes growth of 12-13% in CV and 20% in PV segments as the company will continue to add more non-vehicle products to many branches.
	■ **Asset quality:** Collection efficiency, which saw a minor deterioration in 1Q because of seasonality, has recovered in 2Q. So long as the collateral values do not decline by 10-15%, credit costs cannot increase significantly. Credit costs stand at 1.5%-1.6% in SHFL products and ~2.8% in SCUF products.
	■ **NIMs and spreads:** Incremental CoB is in the range of 8.5%-9.0% and PSL borrowings are in the range of 8.0-8.5%. Higher-cost borrowings have already been repriced. It does not have pricing power in products where the lending rates are >20%, irrespective of the interest rate cycle. NIM will remain in the range of 8.8%-9.0%.
	■ **Credit rating upgrade:** The company is confident that within the next 3-6 months, it could get a credit rating upgrade from at least one credit rating agency. The other credit rating agencies will follow thereafter.

Company	Takeaway
	Credit rating upgrade will bring down CoB by 30-40bp over two years.
Vastu Housing	■ **AUM growth:** Vastu Housing reported a consolidated AUM of ~INR92.5b as of Mar'24, which included ~INR74b in the HFC entity and ~INR18b in the NBFC entity. The NBFC entity is predominantly into Vehicle Finance and has also started doing LAP business. It targets an AUM of ~INR120b by Mar'25. ■ **Primary raise:** Vastu raised ~INR6.2b of primary equity in Mar'24. Since inception, the company has raised ~INR22.8b. The company recently did a round of USD300-400m which include a primary raise of USD75m. IFC was one of the investors in this round. ■ **HFC Franchise**: Vastu HFC has passed on ~235bp to customers compared to the ~250bp increase in the Repo rates. The ATS of Housing Loans are between INR1.2m-1.4m and the blended yields of the company is between 14.0-14.5%. ~45% of the business is sourced directly and ~55% is non-direct (through a combination of referrals, connectors and lead generators). It has a self-employed and salaried customer mix of ~80%:20%. Rajasthan, Karnataka, MP, Telangana and Maharashtra are among the largest states of Vastu Housing. ■ **Liabilities:** Vastu has a strong liability franchise and has strong relationships with both Private Banks as well as PSU Banks. Now that there are expectations of interest rate cuts, it will start improving the proportion of NCDs in its borrowing mix towards the second half of this fiscal year. Portfolio CoB for the company stood at ~8.75% and the incremental CoB stood at ~8.5%-8.6%. It expects quite a few developmental finance institutions (DFIs) to come into its liability mix from this fiscal onwards.
Non Lending	
CAMS	■ **Revenue:** The contribution of Non-MF revenue grew to ~13.3% from ~10% last year. CAMS has been focusing on the Non-MF segment for the last four years and targets the contribution of this segment to total revenue to reach ~20% in the next three years. ■ **Industry data:** For the industry, 52% of registered SIPs are ceased within three months and the ones that cross six months last at least 26 months. The average investment in SIP today by an individual is only INR3,000, hence there is room for penetration in the MF industry. ■ **International Business:** Unlike the competitor, currently CAMs is not planning to start any international business, as it sees a lot of traction yet in the domestic markets and wants to focus more on growth of the six non-MF businesses that it has established. ■ **MF Business:** Strong growth in equity assets drove total AUM to INR40t. CAMS recently acquired Mumbai-based Think Analytics to give value-added services to the MF business. ■ **CAMS KRA:** The KRA business is profitable for CAMS as it charges INR15 for every upload and INR35 for every download. It processed around 4.5m new KYC transactions last month. ■ **Insurance Repository:** CAMS recently launched the transaction portal, Bima Central, which is showing good traction. It has also launched features of premium payment and checking surrender charges amount.

Company	Takeaway
	Different policy comparison feature will be launched soon. This gives an edge to CAMS as no other insurance company is providing this. The company sees lot of growth potential in this segment and will soon start to contribute in absolute terms.
	■ **Accounts Aggregator:** This segment is in huge demand and is doing well, with revenue growth of 300% YoY in 1QFY25. The market share of customers linked to AA ecosystem has grown to 16% from 13% last quarter. The management expects this segment to pick up in the next 6-8 quarters.
	■ **Margins:** The blended margins for new businesses stood at ~15%, which will comfortably cross 20% by next year. The management targets 30%.
HDFC AMC	■ **PMS/Alternatives/Index**: In PMS, the company is targeting only UHNI customers, and the business is at an early stage and growing slowly and steadily. The alternatives division is yet small but important. On the Index side, HDFC AMC has ~21-22% market share and is seeing good results.
	■ **Private credit**: The company sees traction in private credit, hence a dedicated team has been on-boarded. It will launch products soon.
	■ **AUM:** The company's total monthly average AUM is largely being contributed by individual investors at (~71% vs. 61% for industry), with a market share of 13.3%. In QAAUM, equity weight is higher compared to debt at 64:36 (vs. industry levels at 56:44). Further, the growing sip flows and MTM gains will push the equity AUM contribution.
	■ **Products:** The company has recently launched an NFO and an index fund, hence it does not look forward to launch any new products and would rather focus on achieving top positions in the categories already launched.
	■ **GIFT City:** It has set up a 100% subsidiary in GIFT City, which is going live in 2QFY25. Approvals have been received for setting up six own feeders for all types of schemes.
	■ **Employee cost:** The employee cost has increased on account of an increase in headcount. ~280 employees were added in the last one year to serve the dedicated channel set up for HDFC Bank, to have a larger tech team in place and service ~24 new branches added this year. The large part of addition is done in sales force and client servicing. The overall growth in employee costs will be 12-15% in FY25.
	■ **Guidance:** Reasonable levels for the C/I ratio is 12-13bp of total AUM. For operating margins, it is 34-35bp of total AUM and for PAT, it is 29-30bp of total AUM.
HDFC Life	■ **ULIP:** Term attachments are increasing and crossing beyond 20x and 30x. The company believes that there is huge scope to increase the same. Exit share of ULIPs in the overall business was 35%.
	■ **Premium:** Confident of growing premium at 20% CAGR, led by an increased share of HDFC Bank, new product launches, limited impact in new regulatory environment, and pickup in agency channel.
	■ **Regulations:** HDFCLIFE expects a 100bp impact on VNB margins from surrender charges, considering no changes by the company in the new environment. The impact is relatively lower as it assumes miniscule surrender profits in VNB margin calculations.
	■ **Products:** HDFCLIFE expects moderation in share of ULIPs to continue as new product launches in other segments pick up momentum. Strong

<table>
<tr><th>Company</th><th>Takeaway</th></tr>
<tr><td></td><td>growth was seen in non-par products, especially in new variants in click-to-achieve segment.
■ **Distribution:** The company is investing in agency channel growth and improving productivity. Expanded to 60 new locations, taking the total count to 600. Added new partners, which will enhance reach in new customer segments.
■ **Guidance:** The company aims to double its APE and VNB in the next four years. APE growth will be driven by the HDFC Bank channel and agency channel, where investments have been made. VNB growth will come from a favorable mix (share of ULIPs to decline) and higher rider attachments.
■ **GIFT City:** HDFCLIFE plans to launch new products, and enhanced LRS will allow higher sales.</td></tr>
<tr><td>LIC</td><td>■ **Non agency:** The share of non-agency business has been increasing and with sustained investments in bancassurance and digital channel, the share will continue to increase. However, the share of agency will continue to be 90%+ in the medium term.
■ **Agency:** LIC has a large share of vintage agents (more than 5 years). This holds well for them from a long-term growth perspective. In the past changes of commission (2014 and 2019), agency business continued to grow.
■ **Non-par share** has been moving higher and was 23%+ in 1QFY25. It will continue to increase, which will aid margin expansion.
■ **Guidance:** The company has guided for double-digit growth in premium, and VNB margins will improve further, led by product mix.
■ **Surrender charges:** If no changes are done in commission or product level returns, VNB margins will be hit. Commission constructs, product constructs and a stronger growth can offset the impact.</td></tr>
<tr><td>SBILIFE</td><td>■ **ULIP:** With strong equity markets, demand for ULIPs continues to be strong for SBILIFE and the industry. VNB margins for ULIPs are significantly higher than the industry level owing to high attachment rates.
■ **Tier 2/3:** Other private players have started focusing on growing their share of tier 2 and 3 in overall premium. For SBILIFE/SBI, 50%/60% of business comes from these geographies. While competition is expected to increase, other companies will have to alter their assumptions and pricing to compete.
■ **Protection segment:** Relative to agency channel, protection is more penetrated in the SBI channel. Recently, there has been a pickup in protection business in the channel as reflected in 30%+ growth in the past few months. The company is expected to launch new products to further increase its market share. The product will be focused on higher sum assured and will have multiple options.
■ **VNB margins:** With strong premium growth likely, scale benefits are expected to accrue. Also, the product mix is expected to be favorable, with a higher share of protection and non-par, which will support margins. The management guides VNB margins in the range of 26-28% in the medium term. Structurally, for the industry, margins will move higher only with an increase in the share of protection.
■ **Surrender charges:** Under the new regulations, VNB margins will be hit by about 50bp, if the company does not take any action. The company</td></tr>
</table>

Company	Takeaway
	expects to compensate this via stronger growth.
Star Health	■ **Fresh business** has seen strong momentum in the recent past and has been growing at 12-13% range in the past few months. Also, the company has indicated strong momentum going ahead, especially in the agency channel.
	■ **Price hike:** Following the price hike in the family health optima (FHO), STARHEAL is now looking to implement 10-15% price hike in a few other products, which account for 25% of the business.
	■ **Group segment:** Momentum in group segment is likely to sustain as the company scales up its associations with the recently tied up banca partners. It envisages 25-30% growth in the group segment.
	■ **Digital sales:** The company has a relatively low share in the web aggregator segment and aims to increase the same rapidly. For this, the company is closely working with the largest web aggregator to develop innovative solutions.
	■ **Direct to customer:** The share of direct-to-customer sales is expected to increase going ahead, with the company adding 800 more tele-calling partners in the past few months.
	■ **Profitability:** The loss ratio is expected to be elevated in 2Q given the rising cases of dengue across the country. Overall, the company is looking at 16-18% premium growth and a steady improvement in combined ratio.
Technology	
BLS Int. Services (BLS)	■ **Market Leader:** BLS is 2nd largest in visa processing market. Visa services contribute account for ~80% of its total revenue, with 95% of visa services revenue generated from outside India. Regionally, the Middle East accounts for 39% (with Dubai representing 50% of the ME market), North America 26% (with Canada as a key player), and India 23.5% (primarily from digital services).
	■ **iData Acquisition:** BLS has acquired 100% ownership of iDATA and its wholly owned subsidiaries for a total consideration of INR7.2b (INR5b internal accruals and the rest through debt from HSBC). iDATA has established strong, long-standing partnerships, serving the Italian government since 2006 and the German government since 2012. These deep-rooted relationships and high customer retention rates are expected to benefit BLS's operations.
	■ **Pricing and Contract Renewals:** There are no major contract renewals in the near term, with the next large renewal (Spain) due in five years. Growth over the next five years will be driven by volume rather than pricing, as price escalations occur only during retendering.
	■ **Guidance:** BLS is confident of maintaining current revenue growth over the next few years and aims to achieve a sustainable EBITDA margin of 30%.
DreamFolks Services (DFS)	■ **Market Leader:** As of FY24, DFS held over 95% of the card-based access to domestic airport lounges in India and accounted for ~68% of total lounge access volumes across domestic and international terminals in FY24. Additionally, it has gained market share from global

Company	Takeaway
	competitors like Collinson in India, leveraging its first-mover advantage and strong relationships with banks.
	■ **International business:** The company plans to replicate its business model in international markets such as the Middle East and East Asia. Furthermore, margins and pricing are more favorable in international markets than in the Indian markets.
	■ **Negotiations with lounge operators:** The company negotiates buying rates with lounge operators based on volume and technology. DFS partners with 26-27 operators, and most of the consolidation among lounge operators has already occurred. Additionally, agreements with lounge operators generally span 3-5 years, ensuring stable and long-term partnerships.
	■ **Guidance**: DFS maintains its guidance of 20% revenue growth, which will be driven by expanding service offerings and diversifying the client base. The company also maintains its gross margin guidance of 11-13% and EBITDA margin guidance of 7-9% for FY25.
HCLT	■ **Growth:** HCLT is optimistic about growth improvement in 2QFY25 from 1QFY25, both at the company and IT services levels. Sequential growth is expected across verticals and geographies, except for the Financial Services vertical, which will be affected by State Street divestment (~80bp impact). ■ **Telecom:** HCLT has acquired the Communications Technology Group (CTG) in May'24, a business division of HPE, for US225m to strengthen its footprint in the telecom vertical. The company aims to leverage this acquisition to strengthen its position in Japan, North America, and Europe. The acquisition timeline is 6-9 months. Revenue and margin guidance exclude the impact of this acquisition. ■ **ER&D:** HCLT serve Hi-tech companies in this business, which includes major tech firms that currently have lower spending and are addressing this gap through strategic acquisitions like the ASAP acquisition. Overall, the ER&D business is solid, though large Hi-tech clients are currently putting pressure on revenue. ■ **Guidance:** HCLT maintains its guidance of 3-5% services revenue growth and margin guidance of 18-19% for FY25. Further, HCLT has a dividend distribution policy of 75% payout, with a strategy for selective, targeted acquisitions.
Infosys (INFO)	■ **Demand:** Volumes remained strong, with positive outcomes particularly in the US financial sector. INFO anticipates that potential rate cuts over the next 12-24 months could further lead to increased spending in debt-heavy industries like telecom and manufacturing, which together account for 25% of revenues. ■ **Impact of one-off events and market sentiment:** The 50bp increase contributed by its India business was a one-off event, which is expected to reverse. Further, US card companies are cautiously optimistic, but retailers remain skeptical that the worst is behind them, as inflation in the US continues to impact discretionary

Company	Takeaway
	spending. ■ **Margins**: Project Maximus and value-based selling are key drivers, though wage hikes and the ramp-up of earlier signed large deals pose headwinds. Further, realization is expected to serve as a margin lever. The management expects margins to be in the range of 20-22% in FY25. ■ **Growth guidance:** INFO has revised its revenue growth guidance to 3-4% CC and expects 1H to be better than 2H in FY25.
KPIT	■ **Demand:** Demand is led by growing technology requirements in new car models. Revenue is independent of car sales volumes. To expand its global presence and support local partners, KPIT is actively seeking partnerships in China. ■ **Growth:** KPIT expects a 20% CAGR over the next three years, with middleware contributing more significantly. There is a move toward middleware and new areas such as digital cockpits and multi-screen interfaces. Additionally, the Renault deal has reached a stable state, while the Honda deal is still ramping up. ■ **Margins**: The company anticipates a 60bp annual improvement in organic margins, with most of the additional margin likely to be reinvested in R&D. ■ **Competition:** ER&D sector in the automotive industry is expanding rapidly, with larger IT firms entering the space. KPIT maintains its leadership position due to its 1) exclusive focus on the automotive sector, 2) long-standing client relationships, some spanning over 20 years, and 3) continuous investment in R&D.
LTIMindtree (LTIM)	■ **Demand:** The overall demand environment remains unchanged. However, LTIM witnessed early signs of clients deploying savings and budgets into high-priority transformation programs and laying the foundation for AI, especially in BFSI, Retail and Hi-Tech. ■ **Discretionary spending:** The company's discretionary-focused portfolio has slowed down due to a weak demand environment. However, when spending resumes, LTIM is poised to benefit more than its competitors, with cross-selling and upselling expected to boost performance as the market stabilizes. ■ **GCCs and talent pool:** GCCs are focusing on insourcing by moving operations offshore, prioritizing talent arbitrage over cost arbitrage. This has resulted in increased employee costs for IT services, impacting margins. ■ **Margin levers:** Revenue growth itself serves as a key margin lever, along with the optimization of the talent pyramid, as LTIM seeks to lower utilization rates (aiming for a comfortable level of ~85%) by increasing headcount. Margins are expected to remain stable in the near term.
NetWeb Technologies	■ **Comprehensive service offering:** NetWeb provides a wide range of services, including high-performance computing systems, private cloud, AI systems, high-performance storage, data center servers, and

Company	Takeaway
	cloud-managed services, distinguishing it as the only Indian company with such an extensive service portfolio. ■ **Clientele:** NetWeb's major clients include Zoho, Infosys, and CDAC, alongside other important customers like ISRO and educational institutions. Moreover, NetWeb has secured PLI for its server and network/telecom segments. ■ **Strong order book:** The company has an order book of INR4.1b, an L1 book of INR3b, and a pipeline of INR34.5b, with a 60% win ratio (pipeline-to-order conversion ratio). ■ **Growth and margin outlook:** The company expects to achieve revenue growth of 30-35% over the next two to three years, with an annual margin expansion of 50bp (excluding FY25).
ShadowFax	■ **Evolution:** ShadowFax started as a last-mile food delivery service and evolved into a versatile logistics provider. Initially, it crowdsourced gig delivery partners through an API, then expanded into reverse and forward logistics. However, forward logistics has become increasingly commoditized. ■ **Quick commerce:** SDFX is a key player in quick commerce, handling market deliveries and partnering with several platforms. The company also commands a large wallet share in reverse and exchange services. ■ **Premium services:** The company charges a premium for doorstep quality checks and absorbs losses if quality checks fail. This policy is now being extended to its exchange services. ShadowFax was a pioneer in creating an exchange product that facilitates automatic refunds for returned items. ■ **Delivery efficiency:** ShadowFax offers same-day delivery for direct-to-consumer brands and express e-commerce shipments, and also serves the food tech and pharma delivery sectors, giving it a competitive edge.
TCS	■ **Demand and order book:** Clients are prioritizing the services that uplift their productivity while leveraging the next-gen technology levers like GenAI, IoT and others. Currently, 80% of deals are renewals and the rest are new logo wins. The average deal tenure remains stable at 3-5 years, with a steady flow of USD7-9b per quarter. ■ **Emerging markets:** TCS has invested more heavily in emerging markets than its peers, which is expected to create new growth opportunities. As enterprises in these regions transition from hardware-centric to software-oriented services, this shift is anticipated to boost revenue for the company. ■ **Consulting strategy:** While peers focus on top-down engagement with CXOs, TCS takes a bottom-up approach, understanding and executing at the ground level. Moreover, discussions on AI impact are growing among CXOs. ■ **GenAI/AI:** Currently, there are 270+ PoCs in GenAI, and the AI/GenAI pipeline is growing at rapid scale, reaching USD1.5b in 1QFY25. Cloud and data infrastructure are essential for GenAI and serve as a major

Company	Takeaway
	growth driver for TCS.
TECHM	■ **Deal wins:** TECHM expects the large deal win rate to improve going forward on the back of a good deal funnel. It is focusing on the US, Europe and priority markets in APAC for investments and deal wins. It is aiming for a USD500m quarterly run rate, with a selective approach to smaller deals. ■ **Telecom** sector is undergoing significant challenges, while major telcos remain under stress as they have invested heavily in 5G infrastructure and are awaiting outcomes from those projects. TECHM expects to see improvement on YoY basis going ahead. ■ **BFSI:** In the US, the company is seeing improved spending in compliance, wealth and insurance segments, whereas IB, mortgage, etc. remain a little soft. BFSI is still relatively a small part of the business. Building out a new team to mine the existing accounts, coupled with on-boarding new logos. ■ **Margins**: In 1QFY25, Project Fortius generated a 110-120bp benefit in SG&A, with 70bp being sustainable and the remaining savings influenced by seasonal fluctuations. Further, wage hikes are anticipated in 2HFY25. The company aims to reduce sub-con costs to single digits, and improved utilization is expected to enhance margins. TECHM targets EBIT margin of 13-15% by FY27.
Wipro (WPRO)	■ **Demand:** The macro environment remains uncertain, leading to softness in discretionary spending. Nonetheless, WPRO is witnessing some positive momentum among the US consumers, Capco business, and BFSI sectors. ■ **Consulting Portfolio:** Consulting, which contributes 10-15% of revenue and has a higher BFSI focus than peers, has been hit by lower discretionary spending. Nonetheless, Capco is recently - a consultancy-led business - experiencing good demand in the financial services segment. ■ **Vertical Performance:** BFSI is seeing robust performance from Capco, particularly with large US banks, though the UK market is lagging. Healthcare continues to show positive trends. Despite challenges in Communications, some good deals have been secured. Meanwhile, Technology remains stable, driven by good traction from Hyperscalers. ■ **Margins:** Despite a decline in revenue, margins have been maintained or improved. WPRO's strategy to trim the low-margin businesses and low-potential accounts is progressing well. Key levers include enhancing productivity, cost synergies on the back end, pyramid optimization, and increasing offshore work. The company expects margin to sustain to its current level with an upward bias and aspires to achieve a 17% margin in the long term.

Telecom

Data subscribers continue to rise

RJio leads in both wireless and wired broadband subscriber additions; VIL continues to decline

The Telecom Regulatory Authority of India (TRAI) released the subscriber data for June'24. The key highlights are as follows:

- **Continued shift towards 4G/5G subscribers:**
  - The industry's **gross subscriber** additions stood at **1.6m MoM** (vs. +2m in May'24), taking the total base to 1,171m. The additions were continued to be driven by RJio and Bharti, which added 1.9m and 1.3m subscribers MoM, respectively. VIL lost 0.9m subscribers MoM (vs. 0.9m loss in May'24).
  - **The active subscriber base** increased by **1.3m MoM** to 1,061m (vs. 2.1m in May'24). For the last six months, average additions were 2.2m per month. Growth in active subscribers was driven by RJio and Bharti, which added 4m and 0.7m subscribers, respectively. VIL lost 2.7m subscribers (vs. 1.7m loss in May'24).
  - The industry's **MBB (4G+5G) subscriber additions were strong at 5.1m MoM** (vs. +6.1m in May'24 and average 5.5m per month in the last six months), taking the total to 898m (84.7% of active subscribers). RJio/Bharti added 1.9m/3.2m subscribers and VIL added 0.6m MoM.
  - The industry's **rural subscriber base grew 0.7m MoM** (vs. +1.5m in May'24) to 535.5m, led by RJio/Bharti, which added 1m/0.2m rural subscribers. VIL lost 0.5m rural subscribers. RJio continued to lead in rural markets, with a 39.3% share (+10bp MoM), followed by Bharti at 35.7% (flat MoM), and VIL at 19.9% (-10bp MoM).
- **Mobile number portability (MNP)**: Total MNP requests has been increasing, validated by a high churn and SIM consolidation. The number of MNP requests stood at 11.8m (vs. 12.0m in May'24) – 1.1% of total active subscribers.
- **RJio leading the growth.** Gross/active subscriber additions stood at 1.9m/4.0m MoM (vs. +2.2m/3.5m in May'24). Its active market share increased 40bp MoM to 41.6% (the highest in the industry). Its 4G subscriber additions were 1.9m MoM (vs. +2.2m in May'24) to reach 477m.
- **Bharti's MBB adds remain strong.** Gross/active subscriber additions were 1.3m/0.7m (vs. +1.3m/0.8m in May'24 and average +1.2m per month in the last six months). Its active market share was flat MoM at 36.3%. The company continued to add MBB subscribers – 3.2m adds (vs. +2.6m in May'24), taking its total 4G subscriber base to 273m (71% of gross subscribers).
- **VIL continued to lose subscribers,** with a 0.9m/2.7m MoM decline in gross/ active subscribers (vs. 0.9m/1.7m loss in May'24). Its active market share contracted to 17.7% (-30bp MoM). Its 4G subscriber base grew 0.6m MoM (vs. +0.8m in May'24) to 128m (59% of gross subscribers).
- **Wired broadband subscribers** for the industry increased by 520k MoM to 41.83m (vs. +600k in May'24), led by RJio/Bharti, which added 410k/90k subscribers MoM (vs. +380k/110k in May'24). RJio is aggressively rolling out JioAirFiber, which could aid growth. BSNL's net subscribers rose 10k MoM (vs. +40k in May'24).

Exhibit 1: Active subscriber base grew in line with gross subscribers

Active subscriber base (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	373	376	376	376	375	375	378	381	383	385	383	384	385
VIL	203	202	199	200	198	199	197	195	194	193	193	191	188
RJio	414	416	417	420	422	423	425	426	427	430	433	437	441
Top Three players	**990**	**994**	**992**	**996**	**995**	**996**	**999**	**1002**	**1003**	**1009**	**1009**	**1012**	**1014**
Other players	**53**	**52**	**51**	**51**	**50**	**50**	**49**	**49**	**49**	**49**	**48**	**48**	**47**
Total	**1043**	**1046**	**1043**	**1047**	**1045**	**1046**	**1048**	**1051**	**1052**	**1058**	**1058**	**1060**	**1061**

Source: TRAI, MOFSL

Exhibit 2: RJio continue to add the highest active subscribers; VIL continued to lose subscribers

Active subscriber net adds (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	0.1	3.2	-0.4	0.6	-1.2	-0.4	3.0	3.6	1.5	2.8	-2.1	0.8	0.7
VIL	-2.5	-0.4	-2.9	0.4	-1.4	0.1	-1.8	-1.7	-1.1	-0.6	-0.6	-1.7	-2.7
RJio	2.3	1.4	1.2	3.1	1.8	1.2	1.2	1.1	1.2	3.6	3.1	3.5	4.0
Top Three players	**-0.1**	**4.2**	**-2.1**	**4.1**	**-0.8**	**0.9**	**2.4**	**2.9**	**1.6**	**5.8**	**0.3**	**2.7**	**2.0**
Other players	**-0.5**	**-0.6**	**-0.9**	**-0.7**	**-0.6**	**-0.4**	**-0.4**	**-0.2**	**-0.1**	**-0.2**	**-0.4**	**-0.6**	**-0.7**
Total	**-0.5**	**3.6**	**-3.0**	**3.4**	**-1.4**	**0.5**	**1.9**	**2.7**	**1.5**	**5.6**	**0.0**	**2.1**	**1.3**

Source: TRAI, MOFSL

Exhibit 3: Active subscriber market share – RJio continued to lead and grow (in %)

Active subscriber market share	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	35.7	35.9	36.0	35.9	35.9	35.8	36.0	36.3	36.4	36.4	36.2	36.3	36.3
VIL	19.4	19.3	19.1	19.1	19.0	19.0	18.8	18.6	18.4	18.3	18.2	18.0	17.7
RJio	39.7	39.7	40.0	40.1	40.4	40.5	40.5	40.5	40.6	40.7	41.0	41.2	41.6
Top Three players	**94.9**	**95.0**	**95.1**	**95.2**	**95.2**	**95.3**	**95.3**	**95.3**	**95.4**	**95.4**	**95.4**	**95.5**	**95.6**
Other players	**5.1**	**5.0**	**4.9**	**4.8**	**4.8**	**4.7**	**4.7**	**4.7**	**4.6**	**4.6**	**4.6**	**4.5**	**4.4**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 4: Gross subscribers continued to grow

Gross subscriber base (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	374	375	376	378	378	380	382	382	384	386	387	388	389
VIL	230	228	228	228	225	224	223	222	221	220	219	218	217
RJio	439	442	446	449	452	456	460	464	468	470	472	475	477
Top Three players	**1042**	**1046**	**1050**	**1055**	**1056**	**1060**	**1065**	**1068**	**1072**	**1075**	**1078**	**1081**	**1083**
Other players	**102**	**100**	**98**	**96**	**95**	**94**	**94**	**93**	**93**	**90**	**89**	**88**	**88**
Total	**1144**	**1146**	**1148**	**1150**	**1151**	**1154**	**1158**	**1161**	**1165**	**1165**	**1167**	**1169**	**1171**

Source: TRAI, MOFSL

Exhibit 5: In terms of gross subscribers, RJio/Bharti gained, while VIL lost

Gross subscriber net adds (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	1.4	1.5	1.2	1.3	0.4	1.7	1.9	0.8	1.5	1.8	0.8	1.3	1.3
VIL	-1.3	-1.3	0.0	-0.7	-2.0	-1.1	-1.4	-1.5	-1.0	-0.7	-0.7	-0.9	-0.9
RJio	2.3	3.9	3.2	3.5	3.2	3.4	4.0	4.2	3.6	2.1	2.7	2.2	1.9
Top Three players	**2.4**	**4.1**	**4.4**	**4.0**	**1.5**	**4.1**	**4.5**	**3.4**	**4.1**	**3.2**	**2.7**	**2.5**	**2.3**
Other players	**-2.0**	**-1.4**	**-2.2**	**-2.3**	**-0.6**	**-0.9**	**-0.2**	**-1.2**	**-0.2**	**-2.4**	**-1.2**	**-0.5**	**-0.7**
Total	**0.4**	**2.7**	**2.2**	**1.7**	**0.8**	**3.2**	**4.3**	**2.2**	**3.9**	**0.8**	**1.5**	**2.0**	**1.6**

Source: TRAI, MOFSL

Exhibit 6: RJio continued to gain gross subscriber market share while VIL continued to lose

Gross subscriber market share (%)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	32.7	32.7	32.8	32.8	32.9	32.9	33.0	33.0	33.0	33.1	33.1	33.2	33.2
VIL	20.1	19.9	19.9	19.8	19.6	19.4	19.3	19.1	18.9	18.9	18.8	18.7	18.6
RJio	38.4	38.6	38.8	39.1	39.3	39.5	39.7	40.0	40.1	40.3	40.5	40.6	40.7
Top Three players	**91.1**	**91.3**	**91.5**	**91.7**	**91.7**	**91.9**	**91.9**	**92.0**	**92.1**	**92.3**	**92.4**	**92.4**	**92.5**
Other players	**8.9**	**8.7**	**8.5**	**8.3**	**8.3**	**8.1**	**8.1**	**8.0**	**7.9**	**7.7**	**7.6**	**7.6**	**7.5**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 7: 4G subscriber base continued to increase

MBB subscriber base (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	242	244	247	251	251	255	257	260	262	266	268	270	273
VIL	125	124	126	127	126	127	127	127	127	128	126	127	128
RJio	439	442	446	449	452	456	460	464	468	470	472	475	477
Top Three players	**805**	**811**	**818**	**826**	**829**	**838**	**844**	**851**	**856**	**863**	**866**	**872**	**878**
Other players	20	20	21	21	21	20	21	21	20	20	21	21	21
Total	**825**	**832**	**839**	**847**	**850**	**858**	**865**	**871**	**876**	**883**	**887**	**893**	**898**

Source: TRAI, MOFSL

Exhibit 8: All telecom operators saw net addition in 4G subscribers

MBB subscriber net adds (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	1.3	2.9	2.6	3.6	0.5	4.0	2.3	2.4	2.3	3.5	2.1	2.6	3.2
VIL	1.3	-0.6	1.3	1.0	-0.8	1.0	0.7	-0.5	-0.2	1.1	-1.3	0.8	0.6
RJio	2.3	3.9	3.2	3.5	3.2	3.4	4.0	4.2	3.6	2.1	2.7	2.2	1.9
Top Three players	**4.9**	**6.2**	**7.1**	**8.0**	**2.9**	**8.4**	**6.9**	**6.1**	**5.6**	**6.8**	**3.5**	**5.6**	**5.6**
Other players	-0.9	-0.1	0.5	0.0	0.0	-0.4	0.4	0.0	-0.5	0.0	0.3	0.5	-0.5
Total	**4.0**	**6.1**	**7.6**	**8.0**	**2.8**	**8.0**	**7.3**	**6.0**	**5.2**	**6.8**	**3.8**	**6.1**	**5.1**

Source: TRAI, MOFSL

Exhibit 9: 4G subscriber market share

MBB subscriber market share	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Bharti	29.3	29.4	29.4	29.6	29.5	29.7	29.7	29.8	29.9	30.1	30.2	30.2	30.4
VIL	15.1	14.9	15.0	14.9	14.8	14.8	14.7	14.5	14.4	14.5	14.3	14.2	14.2
RJio	53.1	53.2	53.1	53.0	53.2	53.1	53.1	53.3	53.4	53.2	53.3	53.1	53.1
Top Three players	**97.5**	**97.6**	**97.5**	**97.5**	**97.5**	**97.6**	**97.6**	**97.6**	**97.7**	**97.7**	**97.7**	**97.6**	**97.7**
Other players	2.5	2.4	2.5	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.4	2.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: TRAI, MOFSL

Exhibit 10: MNP requests remained elevated

Mobile Number Portability (m)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Request submitted	10.9	11.8	12.7	12.7	12.7	12.0	12.4	12.4	11.5	11.4	11.1	12.0	11.8
Cumulative request submitted	853.0	864.8	877.4	890.1	902.8	914.8	927.2	939.6	951.1	962.5	973.6	985.6	997.4
% to active subscribers	1.0%	1.1%	1.2%	1.2%	1.2%	1.1%	1.2%	1.2%	1.1%	1.1%	1.0%	1.1%	1.1%

Source: TRAI, MOFSL

Ambuja Cement: No plans to merge ACC & Ambuja as of now; Vinod Bahety, CFO

- Optimistic on volumes, pricing & cost savings
- Expect industry to grow 7-8%, expect Ambuja to outpace industry at >8% growth
- Expect to take market share from 14% to 20% at 140 mt capacity
- Infra & Real Estate are currently in a good expansion phase

Read More

Raymond: Garment Business Worth ₹800-1,000 Crore Can Shift From Bangladesh To India; Amit Agarwal, CFO

- Lifestyle Business will be listed in 2-3 weeks
- Real Estate pre-sales to touch 4000 Cr in 4 years
- Engineering business to double in next 5 years
- Expect good demand in the wedding season

Read More

Dhanuka Agritech: 100 Bps Decline In Margins & 18-20% Revenue Growth Will Be Seen In FY25; Mahendra Kumar Dhanuka, Chairman

- Will not do any more buybacks due to changes in tax policy
- Effects of El Nino have subsided; La Nina effect yet to be observed
- Raw material prices have mostly stabilized now
- Will launch two 9(4) products and one exclusive 9(3) product
- August has continued to be weak due to erratic rainfall

Read More

Mankind Pharma: BSV Deal Is Approx ₹14,000 Cr & Intends To Fund ₹4,000 Cr Via Internal Accruals; Rajeev Juneja, VC & MD

- BSV also has some non-core biz that will be put on the block
- In the hospitality segment, has 2 hotels which will be sold off. Expects to make 600-700cr from the sale
- Estimate 25-26% margin in FY25
- Expect 37% of sales from the chronic side

Read More

Mazagon Dock Shipbuilders: Orderbook Is At ₹40,000 Cr & Will Be Executed Over Next 4-5 Year; Sanjeev Singhal, Chairman

- Expecting order worth 27,000 cr for 3 submarines in near term
- Expects substantial orders in next few years
- Seeing positive development in project-75 (India) submarine, order is likely in December FY26
- On Schedule to deliver 4th destroyer this year

Read More

NOTES

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

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

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	**Companies where there is interest**
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under

applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.