6 August 2024

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	78,759	-2.7	9.0
Nifty-50	24,056	-2.7	10.7
Nifty-M 100	55,857	-3.6	21.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,186	-3.0	8.7
Nasdaq	16,200	-3.4	7.9
FTSE 100	8,008	-2.0	3.6
DAX	17,339	-1.8	3.5
Hang Seng	5,877	-1.6	1.9
Nikkei 225	31,458	-12.4	-6.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	77	-1.7	-1.0
Gold ($/OZ)	2,411	-1.3	16.9
Cu (US$/MT)	8,765	-1.9	3.6
Almn (US$/MT)	2,188	-0.7	-6.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.8	0.1	0.8
USD/EUR	1.1	0.4	-0.8
USD/JPY	144.2	-1.6	2.2
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.9	-0.03	-0.3
10 Yrs AAA Corp	7.4	-0.01	-0.4
Flows (USD b)	**5-Aug**	**MTD**	**CYTD**
FIIs	-1.2	-1.39	3.5
DIIs	1.09	2.50	32.7
Volumes (INRb)	**5-Aug**	**MTD***	**YTD***
Cash	1,705	1523	1298
F&O	3,03,629	2,88,781	3,77,167

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Marico: Operationally in line; growth acceleration to sustain

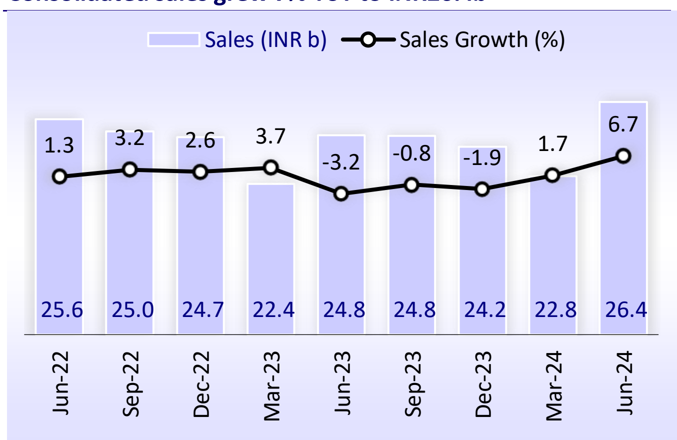
- Marico (MRCO) reported a 7% YoY growth in consolidated revenue for 1QFY25, with domestic revenue and volume growth at 7% and 4%, respectively.
- Parachute coconut oil saw 6% value and 2% volume growth, impacted by stock adjustments, yet gained 100bp market share.
- Value Added Hair Oils (VAHO) declined 5% due to mass segment weakness, while Saffola oil's volume grew mid-single digits, though revenue dipped 1% from price cuts. Foods grew strongly at 37% YoY.
- The premium and urban segments outperformed rural ones, with gradual rural demand improvement. Gross margin hit a 28-quarter high of 52.3%, and EBITDA margin expanded 50bp to 23.7%, leading to a 9% EBITDA growth.
- We maintain a BUY rating with a target price of INR750, citing potential volume recovery.

Research covered

Cos/Sector	Key Highlights
Marico	Operationally in line; growth acceleration to sustain
InterGlobe Aviation	IndiGo Standard Time (IST) – a sneak peek into the future!
Britannia Industries	Improving volume trajectory; miss on EBITDA
Other Updates	GSK Pharma | LIC Housing Finance | Motherson Wiring | Amara Raja | Tata Chemicals | Devyani International | CAMS | G R Infraprojects | Bharti Airtel | ONGC | Deepak Nitrite | Brigade Enterprises | Triveni Turbine | Syrma SGS Technology | V-Mart Retail | VRL Logistics | UDS | Strategy - The Eagle Eye | EcoScope

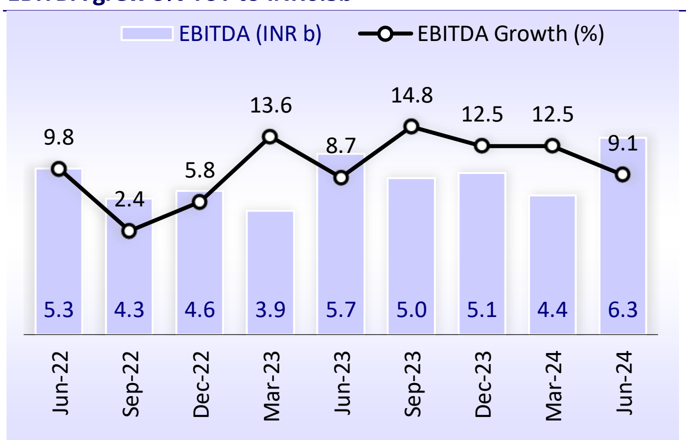
Chart of the Day: Marico (Operationally in line; growth acceleration to sustain)

Consolidated sales grew 7% YoY to INR26.4b



Source: Company, MOFSL

EBITDA grew 9% YoY to INR6.3b



Source: Company, MOFSL

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Kindly click on textbox for the detailed news link

1

Motherson JV set to join Apple vendors' family circle in India

Motherson Group has joined Apple's supply chain network in India in partnership with BIEL Crystal Manufactory. They will set up a manufacturing facility in Tamil Nadu with an investment of Rs 2,000-2,500 crore.

2

Actis, Mahindra unveil industrial parks JV; to invest $600 million

Ample Parks to invest Rs 800 crore in Chennai's Mahindra World City.

3

Staff-linked cost rationalisation complete: ZEE

Zee Entertainment Enterprises announced substantial progress in cost rationalisation, mainly affecting employees. CEO Punit Goenka stated most workforce reductions were completed. The company's employee benefit expenses dropped 12% to ₹225 crore in the June quarter.

4

Pharma industry urges govt for stable drug pricing policy

The Organisation of Pharmaceutical Producers of India (OPPI) has called for a stable and predictable drug pricing policy, urging the government to avoid using Para 19 of the Drug Pricing Control Order (DPCO), which allows significant price reductions in the public interest.

5

Bill in Parliament to bring policy stability in oil & gas

Introduced in Rajya Sabha, the Oilfields (Regulation and Development) Amendment Bill, 2024, aims to ensure policy stability for oil and gas producers, allow international arbitration, and extend lease periods. It is designed to create an investor-friendly environment and make future oilfield contracts globally competitive by addressing long-held concerns of exploration companies.

6

New line of Pond's products tailored for today's consumers: Hindustan Unilever's Pratik Ved

'Pond's is launching a line-up of new products with skin care ingredient Gluta-Niacinamide being the star ingredient.'

7

Bisk Farm secures trademark injunction against Parle Products

In an order dated July 19, 2024, Justice Krishna Rao of the Calcutta High Court issued a stay order preventing Parle from selling or marketing its product under the 'Top Gold Star' brand name until August 27.

Marico

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	MRCO IN
Equity Shares (m)	1295
M.Cap.(INRb)/(USDb)	870.2 / 10.4
52-Week Range (INR)	691 / 486
1, 6, 12 Rel. Per (%)	10/18/-7
12M Avg Val (INR M)	1220

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	96.5	105.4	116.0
Sales Gr. (%)	-1.1	9.2	10.1
EBITDA	20.3	22.7	25.4
EBITDA Margin. %	21.0	21.6	21.9
Adj. PAT	14.8	16.7	18.5
Adj. EPS (INR)	11.5	13.0	14.3
EPS Gr. (%)	13.7	12.8	10.7
BV/Sh.(INR)	29.7	31.2	33.0
Ratios			
RoE (%)	38.8	42.6	44.7
RoCE (%)	34.7	37.4	39.0
Payout (%)	91.5	88.8	87.2
Valuations			
P/E (x)	58.5	51.9	46.9
P/BV (x)	22.6	21.6	20.4
EV/EBITDA (x)	42.2	37.6	33.5
Div. Yield (%)	1.6	1.7	1.9

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	59.3	59.4	59.4
DII	11.3	10.1	10.5
FII	24.7	25.7	25.2
Others	4.7	4.9	5.0

FII Includes depository receipts

CMP: INR672 TP: INR750 (+12%) Buy

Operationally in line; growth acceleration to sustain

- Marico (MRCO) reported consol. revenue growth of 7% YoY (in line) in 1QFY25. Domestic revenue growth was 7% YoY with volume growth of 4% (3% in 4QFY24). International growth stood at 5% YoY (10% cc growth).
- Parachute coconut oil (PCNO) posted 6%/2% YoY growth in value/volume. Volume growth was partially affected by stock adjustments in GT. Volume offtakes grew by 8%. PCNO gained 100bp market share.
- VAHO revenue was down 5% YoY, affected by persistent weakness in the mass segment. Saffola oil clocked mid-single digit volume growth, but revenue marginally declined 1% due to price cuts. Foods sustained strong growth of 37% YoY.
- The premium and urban-centric segments outperformed the rural and mass segments. Rural demand is gradually improving, while urban markets remained stable. The management is optimistic about a growth revival in FY25 and expects double-digit revenue growth, led by volume.
- Gross margin hit a 28-quarter high of 52.3%, driven by softer input costs. EBITDA margin expanded 50bp YoY to 23.7%. EBITDA grew 9% (est. 10%).
- **We reiterate our BUY rating on the stock with a TP of INR750 (50x Jun'26E EPS). We believe that MRCO is a good play on volume recovery.**

Broadly in-line performance; volume up 4%

- **In-line revenue growth**: Consolidated net sales grew by 7% YoY at INR26.4b (est. INR26.7b) in 1QFY25. EBITDA/ PBT/Adj. PAT grew 9%/7%/9% YoY to INR6.3b/INR6.0b/INR4.6b/ (est. INR6.3b/INR6.1b/INR4.6b). Domestic volumes grew by 4% YoY (est. 4%).
- **Category performance:** PCNO pack registered 2% volume growth. VAHO remained weak, down 5% in value terms. Saffola Edible Oils posted mid-single digit volume growth, while value growth was down by 1%. Foods delivered 37% value growth YoY, with Saffola Oats clocking 20%+ growth. Premium Personal Care sustained its healthy growth trajectory.
- **International sees 10% CC growth**: International business delivered 10% CC growth, led by Bangladesh/MENA/South Africa, up 8%/20%/28% CC. South East Asia remained flat.
- **Improvement in margin**: Consolidated gross margin expanded by 230bp YoY to 52.3% (est. 51%, vs. 51.6% in 4Q) owing to softer input costs and a favorable portfolio mix. As a percentage of sales, staff costs rose 40bp to 7.7%, A&P expenses grew 50bp to 9.1% and other expenditure increased by 90bp to 11.8%. EBITDA margin expanded by 50bp YoY to 23.7% (est. 23.7%). EBITDA grew by 9.1% YoY (est. 10.5%).

Highlights from the management commentary

- The FMCG sector has seen a steady increase in demand, with rural growth surpassing urban growth.
- There is a sequential improvement in volume growth in the domestic business.
- Pricing growth remained flat YoY, but both HPC and Foods saw an increase, with HPC' seeing notable growth in the past six months.
- MRCO continues to focus on urban-centric and premium portfolios through the organized retail and e-commerce channels.
- The digital-first brands are expected to achieve double-digit EBITDA margin by FY27.
- Beardo is expected to hit double-digit EBITDA margin in FY25.
- The company aims to deliver double-digit revenue growth in FY25.

Valuation and view

- There is no material change in our FY25E/FY26E EPS.
- The improvement in rural markets, market share gains, accelerated growth in Foods and Premium Personal Care, healthy growth in international business, and the normalization of price cuts should help MRCO deliver a much better revenue print in FY25-26.
- To improve its distribution reach, MRCO has also started “Project SETU,” which helps to drive growth in GT through a transformative expansion of its direct reach.
- The company has been sustaining double-digit EBITDA growth, a better scorecard for MRCO (high commodity sensitive). We estimate an 11% EPS CAGR during FY24-27E.
- We value the stock based on **50x Jun’26E EPS to arrive a TP of INR750.** We reiterate our BUY rating on the stock. Although it has rallied 35% in the last three months, we continue to believe that rich valuation will sustain given earnings acceleration.

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Domestic volume growth (%)	3.0	3.0	2.0	3.0	4.0	6.0	7.0	11.1	2.8	7.0	4.3	
Net Sales	24,770	24,760	24,220	22,780	26,430	26,829	26,810	25,324	96,530	1,05,393	26,719	-1.1%
YoY Change (%)	-3.2	-0.8	-1.9	1.7	6.7	8.4	10.7	11.2	-1.1	9.2	7.9	
Gross Profit	12,380	12,500	12,420	11,750	13,810	13,897	13,807	13,079	49,050	54,593	13,626	1.3%
Gross margin (%)	50.0	50.5	51.3	51.6	52.3	51.8	51.5	51.6	50.8	51.8	51.0	
EBITDA	5,740	4,970	5,130	4,420	6,260	5,541	5,785	5,132	20,260	22,718	6,341	-1.3%
Margins (%)	23.2	20.1	21.2	19.4	23.7	20.7	21.6	20.3	21.0	21.6	23.7	
YoY Change (%)	8.7	14.8	12.5	12.5	9.1	11.5	12.8	16.1	11.9	12.1	10.5	
Depreciation	360	390	420	410	410	450	450	506	1,580	1,816	425	
Interest	170	200	190	170	170	165	120	195	730	650	165	
Other Income	460	380	430	150	370	375	375	430	1,420	1,550	400	
PBT	5,670	4,760	4,950	3,990	6,050	5,301	5,590	4,861	19,370	21,801	6,151	-1.6%
Tax	1,310	1,160	1,090	790	1,310	1,272	1,353	970	4,350	4,905	1,445	
Rate (%)	23.1	24.4	22.0	19.8	21.7	24.0	24.2	20.0	22.5	22.5	23.5	
Adjusted PAT	4,270	3,530	3,830	3,180	4,640	3,959	4,207	3,901	14,810	16,707	4,615	0.5%
YoY Change (%)	15.1	17.3	16.8	5.3	8.7	12.1	9.8	22.7	13.7	12.8	8.1	

E: MOFSL Estimates

Motilal Oswal | Morning India

6 August 2024

Update | Sector: Aviation

InterGlobe Aviation

CMP: INR4,228 TP: INR4,420 (+5%) Neutral

IndiGo Standard Time (IST) – a sneak peek into the future!

- **On the occasion of its 18th anniversary on 5th Aug'24, INDIGO hosted an event for the travel community, partners, investors and analysts. Mr. Rahul Bhatia, promoter of the company, and Mr. Rémi Maillard, President of Airbus India, were also present at the event. INDIGO made several announcements, including the launch of 'IndiGo Stretch,' a tailor-made business product for India, and its much-awaited loyalty program, IndiGo BluChip.**
- **CEO Mr. Peter Elbers has reiterated that with A350-900 aircraft, INDIGO will start operations on long-haul routes in CY27 and will double its capacity by CY30, as the aspirations of Indian travelers continue to rise. Mr. Bhatia emphasized the fact that he aims to realize the Indian aviation industry's dream of having a rightful seat on the global table.**
- **Here are some of the key highlights from the event.**

Vision 'Flight 6E 2030/2027/2024' – the future is now!

- Indigo announced its business class curated offering for India's busiest and top business routes. 'IndiGo Stretch' cabin will feature 12 seats in a 2-2 configuration with the remaining 6E cabin providing 208 seats, preserving its current layout. Sales will start from 6th Aug'24 on the Delhi-Mumbai route operational from mid-Nov'24. This would be gradually ramped up over a period of 12 months starting mid-Nov'24 on most of the metro-to-metro routes.
- The company also announced its loyalty program, IndiGo Bluchip, which will allow members to accumulate IndiGo BluChips on every IndiGo flight, based on their spending. IndiGo Bluchip will be launched in Sep'24 and pre-registration has already started. Points can be redeemed anytime during the year and do not have any expiry date if a customer is an active member of the program.
- In late Apr'24, IndiGo announced its plan to foray into the wide body aircraft space when it placed an order for 30 Firm A350-900 aircraft, with deliveries expected to start from CY27. This will help it to enhance connectivity from India to Southern Europe and potentially to the EU and US, reflecting the rapid economic development and growing aspirations of Indian travelers.
- India's GDP and aspirations are rising, with 65% of the world population within plane range of IndiGo. It aims to make India an aviation hub. IndiGo maintains cost leadership with a unique model, including codeshares, corporate fares, primary airports, cargo, co-branded credit cards, and hotels. The fleet will double by the decade's end, adding one aircraft weekly on an average.

BSE SENSEX	S&P CNX
78,759	24,056

Stock Info

Bloomberg	INDIGO IN
Equity Shares (m)	386
M.Cap.(INRb)/(USDb)	1629.8 / 19.4
52-Week Range (INR)	4610 / 2333
1, 6, 12 Rel. Per (%)	-1/23/45
12M Avg Val (INR M)	4284
Free float (%)	44.7

Financials Snapshot (INR b)

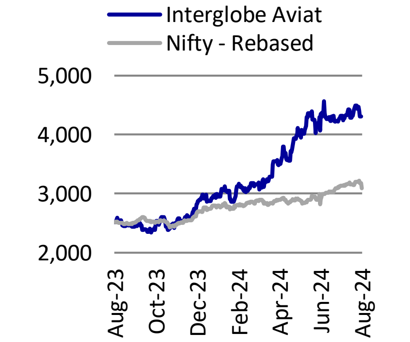
Y/E March	FY24	FY25E	FY26E
Sales	689.0	770.0	814.7
EBITDAR	173.7	189.7	212.4
NP	81.7	77.3	78.7
EPS (INR)	211.8	200.3	204.0
Growth (%)	LP	-5.5	1.9
BV/Sh (INR)	50.3	251.4	456.2
Ratios			
Net D:E	11.9	2.4	1.2
RoE (%)	-373.7	133.3	57.9
RoCE (%)	35.5	29.2	26.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	20.0	21.1	20.7
P/BV (x)	84.1	16.8	9.3
Adj.EV/EBITDAR(x)	10.7	10.3	8.9
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	12.2	0.8	2.7

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	55.3	57.3	67.8
DII	15.4	15.1	10.5
FII	24.4	23.7	19.8
Others	4.8	4.0	2.0

FII Includes depository receipts

Stock Performance (1-year)



IndiGo to maintain its structural cost leadership

- Mr. Bhatia has reiterated his dream of making India a global aviation hub. He said that the Indian customer deserves 'choice' and that complexity brings in challenges on costs, but if the vision outlasts additional costs, then INDIGO and its management will not shy away from going ahead to realize his vision while maintaining 'structural cost leadership'.
- Some investors raised concerns about the confidence of Mr. Bhatia in the airline when he sold off a 2% stake through InterGlobe Enterprises (promoter of IndiGo) in Jun'24. Mr. Bhatia clarified that the stake sale was to fund new businesses and for general corporate purposes and his commitment to IndiGo remains intact.

Indian aviation set for robust growth

- The Indian aviation market is highly underpenetrated, with one of the lowest domestic/international seats per capita and only 6.5% Indians holding a valid passport. This provides huge headroom for growth. CAPA estimates Indian aviation passengers to increase from 225m in FY24E (70m international) to 510m by FY30E (160m).
- This growth would be enabled by accelerated infrastructure expansion, with the number of airports likely to reach 220 from 140 in CY19. Various greenfield and brownfield airport expansions are underway, with Jewar (Noida) and Navi Mumbai airports getting operational in CY24-end and CY25, respectively.
- Indian players also have robust capacity addition plans in terms of aircraft, with domestic players accounting for ~32% of the total aircraft orders in CY23 (only for Boeing and Airbus). IndiGo (aims to operate 550-600 aircraft by CY30) alone placed an order of 500 aircraft in CY23 (~44% of the 1,124 aircraft ordered by domestic airlines). India is also expected to be the third largest country in terms of fleet size by CY35.

Valuation and view

- INDIGO is striving to improve its international presence through strategic partnerships and loyalty programs. It served 106.7m customers in FY24, with a net increase of 63 aircraft. The company has eight strategic partners with a 27% international share in terms of ASKs in FY24.
- The management has also been taking several preemptive measures to increase its global brand awareness, as it expects to capture a bigger share of growth from its international market in the coming years. INDIGO is further enhancing its international travel and working relentlessly to adjust schedules to reassure customers.
- The stock is trading at ~21x FY26E EPS of INR204 and FY26E EV/EBITDAR of ~9x. We reiterate our Neutral rating on the stock with a TP of INR4,420, based on 9x FY26E EV/EBITDAR.

Britannia Industries

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1372.4 / 16.4
52-Week Range (INR)	6008 / 4348
1, 6, 12 Rel. Per (%)	4/1/-5
12M Avg Val (INR M)	1793

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	167.7	181.9	200.4
Sales Gr. (%)	2.9	8.4	10.2
EBITDA	31.7	35.0	38.9
EBITDA mrg. (%)	18.9	19.3	19.4
Adj. PAT	21.4	24.4	27.4
Adj. EPS (INR)	88.7	101.2	113.9
EPS Gr. (%)	10.1	14.1	12.5
BV/Sh.(INR)	163.6	189.2	225.5
Ratios			
RoE (%)	57.2	57.4	54.9
RoCE (%)	33.5	38.3	39.4
Payout (%)	82.9	74.6	68.1
Valuation			
P/E (x)	64.4	56.5	50.2
P/BV (x)	34.9	30.2	25.3
EV/EBITDA (x)	43.1	38.8	34.7
Div. Yield (%)	1.3	1.3	1.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	50.6	50.6	50.6
DII	16.8	15.8	12.6
FII	17.4	18.2	21.3
Others	15.2	15.5	15.6

FII Includes depository receipts

CMP: INR5,715 TP: INR5,850 (+2%) Neutral

Improving volume trajectory; miss on EBITDA

- Britannia Industries (BRIT) posted revenue growth of 4% YoY in 1QFY25 (est. 5%) and volume growth of 8%. Price actions continued to affect value growth for the company. Other operating income surged 195%, mainly due to the incentive received from the Ranjangaon plant, which qualified as an ultra-mega plant this year.
- Non-biscuit portfolio (rusk, cake, bread, etc.) remained the key growth driver and contributed 25% to total revenue. Rusk delivered double-digit volume growth, while cheese posted double-digit revenue growth. The management remains positive about the growth outlook of its non-biscuit portfolio and expects it to sustain outperformance by 1.5x vs. the biscuit portfolio.
- GM expanded by 150bp YoY to 43.4%. EBITDA margin improved 50bp YoY to 17.7% (est. 18.6%). EBITDA increased 9% YoY (est. 14%). We estimate EBITDA margin of 19-19.5% for FY25/FY26 (vs. 18.9% in FY24).
- The management has guided for double-digit volume growth in 2HFY25, along with price hikes. Volume is witnessing healthy improvement, which is expected to continue in the coming quarters. Operating margin is key monitorable, which missed out in 1Q to drive volumes. **We reiterate our Neutral with a TP of INR5,850 (premised on 50x Jun'26E EPS).**

In-line revenue; miss on EBITDA

- **Volume growth in high-single digit:** Consolidated net sales (excluding other operating income) rose 4% YoY to INR41.3b (est. INR41.7b). Other operating income jumped 195% YoY to INR1,204mn. Consolidated total sales rose 6% YoY to INR42.5b (est. INR42.3b); the four-year CAGR was 6%. The company delivered high single-digit volume growth in 1Q.
- **Margin improvement:** Consolidated gross margin improved by 150bp YoY but contracted 150bp QoQ to 43.4% (est. 43.5%). Employee/other expenses rose 7%/10% YoY. EBITDA margin slightly improved to 55bp YoY to 17.7% (est. 18. 6%). EBITDA increased 9% YoY (est. +14%).
- **Double-digit growth:** Consol. EBITDA/PBT/Adj. PAT grew 9%/14%/16% YoY to INR7.5b/INR7.1b/INR5.3b (est. INR7.8b/INR7.3b/INR5.3b).

Highlights from the management commentary

- FMCG industry posted value growth of 6.6% and volume growth of 6.5%.
- Rural growth, which lagged urban growth, has started improving, driven by better monsoons and moderate inflation. BRIT has a higher market share in urban areas vs. rural markets.
- Volume growth during the quarter was 8%.
- The company has previously implemented price rollbacks but is now focusing on consolidation and may only offer occasional promotions.
- Overall commodity costs remained benign in 1Q. Inflation in flour, sugar, cocoa and milk was offset by a softening in the prices of palm oil, laminates, and corrugated boxes.

- BRIT expects inflation of 4-5% in the coming months, driven by an increase in the prices of flour, sugar, and cocoa.
- Direct reach now stands at 2.82m outlets. BRIT has also strengthened its rural distribution reach to 30k distributors.

Valuation and view

- We broadly retain our FY24/FY25 EPS estimates.
- BRIT focuses on expanding distribution, primarily in the rural, innovating products, and scaling up in related categories. Rural demand is reviving and it should gradually start driving volume growth in FY25. We expect the volume recovery trend to continue in FY25.
- The company is operating at a peak margin; we do not see any margin catalysts in the near term. We estimate EBITDA margin of 19-19.5% for FY25/FY26 (vs. ~19% for FY24).
- Packaged food companies have outperformed personal care companies over the last two years, since they have maintained positive volume growth despite a steep price increase. We do not foresee such growth divergence going forward. BRIT is already trading at fair valuations. **Reiterate Neutral with a TP of INR5,850 (premised on 50x Jun'26E EPS, earlier 45x).**

Consol. Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Base business volume growth (%)	0.0	0.0	5.5	6.0	8.0	9.5	9.0	9.0	2.9	8.9	5.0	
Total Revenue	40,107	44,329	42,563	40,694	42,503	47,826	46,735	44,798	1,67,693	1,81,862	42,283	0.5
YoY change (%)	8.4	1.2	1.4	1.1	6.0	7.9	9.8	10.1	2.9	8.4	5.4	
Gross Profit	16,820	19,011	18,673	18,269	18,449	20,852	20,563	20,155	72,772	80,019	18,393	0.3
Margins (%)	41.9	42.9	43.9	44.9	43.4	43.6	44.0	45.0	43.4	44.0	43.5	
EBITDA	6,889	8,724	8,211	7,874	7,537	9,587	9,034	8,851	31,698	35,009	7,847	(4.0)
Margins (%)	17.2	19.7	19.3	19.4	17.7	20.0	19.3	19.8	18.9	19.3	18.6	
YoY growth (%)	37.6	22.6	0.4	-1.7	9.4	9.9	10.0	12.4	12.0	10.4	13.9	
Depreciation	708	717	781	799	739	825	825	925	3,005	3,314	800	
Interest	531	534	311	264	290	300	325	357	1,640	1,271	350	
Other Income	539	524	506	573	556	550	575	630	2,142	2,311	575	
PBT	6,190	7,997	7,625	7,384	7,064	9,012	8,459	8,199	29,196	32,734	7,272	(2.9)
Tax	1,665	2,121	2,026	1,980	1,762	2,298	2,157	2,130	7,793	8,347	1,927	
Rate (%)	26.9	26.5	26.6	26.8	24.9	25.5	25.5	26.0	26.7	25.5	26.5	
Adjusted PAT	4,555	5,865	5,586	5,366	5,295	6,707	6,295	6,063	21,371	24,361	5,307	(0.2)
YoY change (%)	35.7	19.5	0.3	-3.8	16.3	14.4	12.7	13.0	10.1	14.0	16.5	

Key Performance Indicators

Y/E March	FY24				FY25
	1Q	2Q	3Q	4Q	1Q
2Y average growth %					
Volumes	-1.0	2.5	3.0	3.3	4.0
Sales	8.6	11.3	9.4	7.2	7.2
EBITDA	14.0	25.0	26.0	22.0	23.5
PAT	11.2	24.0	25.7	21.9	26.0
% sales					
COGS	58.1	57.1	56.1	55.1	56.6
Staff cost	4.7	3.6	4.7	4.0	4.8
Others expenses	16.9	15.5	14.7	16.0	17.4
YoY change %					
COGS	-0.3	-5.3	1.0	1.2	3.3
Staff cost	28.1	-1.7	11.3	-5.0	7.2
ASP	4.0	2.0	2.0	42.2	20.0
Others	13.9	5.3	1.1	-3.7	8.7
Other income	-2.8	-1.7	-0.4	1.7	3.1
EBIT	37.4	21.3	-2.2	-3.8	10.0

GSK Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GLXO IN
Equity Shares (m)	169
M.Cap.(INRb)/(USDb)	468.2 / 5.6
52-Week Range (INR)	2860 / 1385
1, 6, 12 Rel. Per (%)	10/2/74
12M Avg Val (INR M)	386

Financials &valuations(INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	34.5	36.3	39.9
EBITDA	9.1	10.3	11.2
Adj. PAT	7.3	8.0	8.7
EBIT Margin (%)	24.3	26.4	26.3
Cons. Adj. EPS (INR)	43.3	47.3	51.5
EPS Gr. (%)	20.5	9.2	8.9
BV/Sh. (INR)	104.9	124.6	148.6
Ratios			
Net D:E	-0.6	-0.5	-0.6
RoE (%)	41.3	38.0	34.7
RoCE (%)	40.4	41.3	37.8
Payout (%)	61.1	61.1	56.1
Valuations			
P/E (x)	63.8	58.4	53.6
EV/EBITDA (x)	36.8	32.6	29.4
Div. Yield (%)	0.8	0.9	0.9
FCF Yield (%)	2.9	1.3	2.6
EV/Sales (x)	9.7	9.2	8.3

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	7.5	7.9	10.3
FII	4.0	3.5	2.4
Others	13.5	13.6	12.3

FII Includes depository receipts

CMP: INR2,764 TP: INR2,620 (-5%) Neutral

Superior execution and lower RM costs drive earnings

Work in progress to add new products to the offerings

- Glaxo Pharma (GLXO) delivered better-than-expected 1QFY25 performance. The robust growth in key brands, young potential brands, and vaccines aided by lower raw material costs led to higher-than-expected margins.
- We raise our estimates by 3%/2% for FY25/FY26 to factor in: a) the sustained benefits of lower RM costs, b) improved scale-up in brands like Nucala, and Treligy, and c) strong volume off-take of Ceftum. We value GLXO at 47x 12M forward earnings to arrive at our TP of INR2,620.
- Despite an increase in the share of portfolio under NLEM, GLXO has shown healthy growth in respiratory brands, legacy brands (Augmentin, T-Bact, Calpol), as well as the vaccines segment. Accordingly, we model a 9% earnings CAGR over FY24-26. However, we believe that the current valuation adequately factors in the upside in the earnings. **Reiterate Neutral.**

Brand mix and operating leverage drive profitability

- GLXO's revenue grew 7% YoY to INR8.1b (in line).
- Gross margin (GM) expanded 260bp YoY at 63.8%, due to a change in product mix and lower RM cost.
- Consequently, EBITDA margin expanded 940bp YoY to 28.3% (our est: 26.1%) fueled by higher GMs, and lower employee and other expenses (down 310bp and 370bp YoY as % of sales, respectively).
- EBITDA grew 60.2% YoY to INR2.3b (vs. est. of INR2.1b).
- Adj. PAT for GLXO grew 58.6% YoY to INR1.8b for the quarter (our est. INR1.7b).

Key highlights from the management commentary

- GSK witnessed strong volume traction in Ceftum.
- Field productivity improved 31% YoY. GSK realigned field force to focus on growth.
- Avg. price hike taken on Non-NLEM in the portfolio (ex-vaccine) was ~5%.
- Almost 800-1,000 patients benefited from treatment using Mucala.
- The clinical trial related to bepirovirsen would be completed by end-CY24.
- While the clinical trials are completed for Gepo, GLXO is assessing the economic prospects of the product in the Indian market.
- Calpol, Augmentin, and T-Bact delivered with 10% YoY growth and gained market share.
- The respiratory portfolio comprising Nucala and Trelegy delivered a growth of 57% for the quarter.
- The pediatrics vaccine segment delivered double-digit growth of 15% in 1Q.

Qtr Perf. (Consol.) (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Chg.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**7,617**	**9,570**	**8,053**	**9,298**	**8,147**	**9,739**	**8,534**	**9,894**	**34,537**	**36,313**	**8,096**	**1%**
YoY Change (%)	2.2	4.4	0.4	18.1	7.0	1.8	6.0	6.4	6.2	5.1	6.3	
Total Expenditure	6,178	6,675	5,872	6,725	5,841	6,739	6,451	6,998	25,450	26,030	5,983	
EBITDA	**1,439**	**2,895**	**2,181**	**2,573**	**2,305**	**3,000**	**2,082**	**2,896**	**9,087**	**10,283**	**2,113**	**9%**
YoY Change (%)	-3.4	12.7	-4.7	51.6	60.2	3.6	-4.5	12.6	13.0	13.2	46.8	
Margins (%)	18.9	30.3	27.1	27.7	28.3	30.8	24.4	29.3	26.3	28.3	26.1	
Depreciation	164	181	171	181	164	180	178	190	697	712	163	
EBIT	**1,276**	**2,714**	**2,010**	**2,392**	**2,141**	**2,820**	**1,904**	**2,705**	**8,390**	**9,571**	**1,950**	
YoY Change (%)	-4.2	12.8	-5.3	56.8	67.9	3.9	-5.2	13.1	13.6	14.1	52.9	
Margins (%)	16.7	28.4	25.0	25.7	26.3	29.0	22.3	27.3	24.3	26.4	24.1	
Interest	3	4	3	8	4	4	4	1	18	12	18	
Other Income	364	282	281	298	356	310	300	334	1,226	1,300	364	
PBT before EO Expense	**1,637**	**2,992**	**2,287**	**2,682**	**2,494**	**3,126**	**2,201**	**3,038**	**9,598**	**10,859**	**2,296**	
Tax	487	817	197	761	671	813	572	789	2,262	2,845	597	
Rate (%)	29.8	27.3	8.6	28.4	26.9	26.0	26.0	26.0	22.4	26.2	26.0	
Adjusted PAT	**1,150**	**2,175**	**2,090**	**1,921**	**1,823**	**2,313**	**1,628**	**2,249**	**7,336**	**8,014**	**1,699**	**7%**
YoY Change (%)	-1.1	12.5	18.8	56.1	58.6	6.3	-22.1	17.1	20.5	9.2	47.8	
Margins (%)	15.1	22.7	26.0	20.7	22.4	23.8	19.1	22.7	21.2	22.1	21.0	
One-off Expense/(Income)	-173	0	1,633	-24	0	0	0	0	1,436	0	0	
Reported PAT	**1,323**	**2,175**	**457**	**1,945**	**1,823**	**2,313**	**1,628**	**2,249**	**5,900**	**8,014**	**1,699**	**7%**

KPIs (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Cost Break-up											
RM Cost (% of Sales)	38.9	37.0	39.3	39.5	36.2	36.5	37.1	37.3	38.6	36.8	40.0
Staff Cost (% of Sales)	21.7	15.2	17.6	18.6	18.6	16.5	20.0	16.9	18.1	17.9	17.7
Other Cost (% of Sales)	20.6	17.5	16.0	14.3	16.9	16.2	18.5	16.6	17.0	17.0	16.2
Gross Margin (%)	61.1	63.0	60.7	60.5	63.8	63.5	62.9	62.7	61.4	63.2	60.0
EBITDA Margin (%)	18.9	30.3	27.1	27.7	28.3	30.8	24.4	29.3	26.3	28.3	26.1
EBIT Margin (%)	16.7	28.4	25.0	25.7	26.3	29.0	22.3	27.3	24.3	26.4	24.1

E: MOFSL Estimates

LIC Housing Finance

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	LICHF IN
Equity Shares (m)	550
M.Cap.(INRb)/(USDb)	377.4 / 4.5
52-Week Range (INR)	827 / 410
1, 6, 12 Rel. Per (%)	-13/-3/38
12M Avg Val (INR M)	1704

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	86.5	83.3	86.2
PPP	77.0	73.4	75.5
PAT	47.7	49.6	51.2
EPS (INR)	86.6	90.1	93.0
EPS Gr. (%)	64.8	4.0	3.3
BV/Sh (INR)	570	642	716
Ratios			
NIM (%)	3.2	2.9	2.7
C/I ratio (%)	13.0	14.2	14.8
RoAA (%)	1.7	1.6	1.6
RoE (%)	16.3	14.9	13.7
Payout (%)	10.4	10.5	10.6
Valuations			
P/E (x)	7.9	7.6	7.4
P/BV (x)	1.2	1.1	1.0
Div. Yield (%)	1.3	1.4	1.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	45.2	45.2	45.2
DII	21.2	22.3	25.2
FII	23.2	22.3	17.0
Others	10.4	10.2	12.6

FII Includes depository receipts

CMP: INR686 TP: INR860 (+25%) Buy

Weak operating performance; NIM contracts ~40bp QoQ

Credit costs benign at ~20bp, aided by provision releases

- LICHF's 1QFY25 PAT declined ~2% YoY to ~INR13b (in line). NII declined ~10% YoY to ~INR19.9b (8% miss). NII included NPA recoveries of INR900m (vs. INR2.3b in 4QFY24).
- Opex grew ~8% YoY to INR2.6b, and the cost-to-income ratio rose ~2pp YoY to ~13% (vs. ~11% in 1QFY24). PPoP at ~INR17.7b (8% miss) declined ~12% YoY.
- Reported yields and CoF stood at 9.8% and ~7.8%, respectively, leading to spreads of 2.1% (vs. 2.15% in 4QFY24). **NIM dipped ~40bp QoQ to ~2.75%, partly due to lower NPA recoveries vs. 4QFY24**. However, the management expects NIM to recover in the coming quarters and to be around 2.7%-2.9% in FY25. We estimate NIM of 2.9%/2.7% in FY25/FY26.
- We keep our FY25E/FY26E estimates largely unchanged. We estimate a CAGR of 9%/4% in advances/PAT over FY24-26 and RoA/RoE of 1.6%/14% in FY26.
- The company is looking to diversify its product mix by increasing the proportion of non-housing loans and the self-employed customer mix. Risk-reward is favorable at 1.0x FY26 P/BV. Reiterate **BUY with a TP of INR860 (premised on 1.2x FY26E P/BV).**

Disbursements muted; loan growth weak

- For LICHF, the base quarter, 1QFY24, was severely affected by technology changes. Loan disbursements rose ~16% YoY in individual home loans and 23% YoY in non-housing individual/commercial loans. Project loan disbursements grew ~108% YoY. Total disbursements increased by ~19% YoY to ~INR129b (muted vs. expectations).
- Overall loan book grew ~4% YoY and ~1% QoQ. Home loans grew ~7% YoY, while developer loan book declined ~51% YoY.
- The management shared that it continues to see downward pressure on the repricing of loans at lower interest rates to retain customers. The company also aims to increase its other loans (NHI, NHC and Project Loans) to ~20% of disbursements by FY25 (vs. ~13% in FY24). We model a CAGR of ~9% in advances over FY24-FY26E.

Highlights from the management commentary

- 1QFY25 credit costs stood at ~19bp and the company guided for FY25 credit costs of ~25-30bp.
- The management expects Stage 1 PCR to remain around 18-20bp; Stage 2 PCR in the range of 4%-5%, Stage 3 PCR at ~50% and ECL/EAD to remain around ~2%.

Valuation and View

- LICHF has strong moats in retail mortgages and on the liability side. It has demonstrated its ability to transmit higher borrowing costs to customers. We model higher credit costs of ~40bp for FY25 (vs. guidance of ~25-30bp).

- LICHF's valuation of ~1.0x FY26E P/BV reflects volatility in its provision cover and NIM profile, along with muted execution on loan growth. We estimate RoA/RoE of 1.6%/14% in FY26 and reiterate our **BUY** rating with a TP of INR860 (based on 1.2x FY26E BV).
- **Key downside risks:** a) elongated period of weak loan growth because of muted demand or high competitive intensity; and b) volatility in NIM profile and ECL provisioning.

Quarterly Performance (INR M)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act. v/s est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	67,037	67,066	67,437	68,875	67,391	68,537	70,319	72,614	2,70,416	2,78,862	69,633	-3
Interest Expenses	44,942	46,000	46,465	46,499	47,501	48,166	49,321	50,573	1,83,907	1,95,560	48,127	-1
Net Interest Income	**22,094**	**21,066**	**20,972**	**22,376**	**19,891**	**20,371**	**20,997**	**22,042**	**86,509**	**83,301**	**21,506**	-8
YoY Growth (%)	37.2	81.2	30.6	12.4	-10.0	-3.3	0.1	-1.5	36.7	-3.7	-2.7	
Fees and other income	429	521	488	493	446	625	585	573	1,931	2,230	515	-13
Net Income	**22,523**	**21,587**	**21,460**	**22,869**	**20,337**	**20,997**	**21,583**	**22,615**	**88,440**	**85,531**	**22,021**	-8
YoY Growth (%)	36.4	79.1	30.6	12.8	-9.7	-2.7	0.6	-1.1	36.3	-3.3	-2.2	
Operating Expenses	2,425	2,595	2,615	3,829	2,621	2,805	2,917	3,792	11,463	12,135	2,862	-8
Operating Profit	**20,098**	**18,993**	**18,845**	**19,041**	**17,715**	**18,192**	**18,666**	**18,823**	**76,976**	**73,396**	**19,159**	-8
YoY Growth (%)	38.8	101.1	39.0	8.7	-11.9	-4.2	-1.0	-1.1	40.0	-4.7	-4.7	
Provisions and Cont.	3,608	4,192	4,358	4,279	1,431	3,291	3,620	3,325	16,437	11,668	3,789	-62
Profit before Tax	**16,490**	**14,801**	**14,487**	**14,762**	**16,285**	**14,901**	**15,046**	**15,497**	**60,539**	**61,729**	**15,370**	6
Tax Provisions	3,253	2,920	2,858	3,854	3,282	2,935	2,964	2,979	12,885	12,161	2,920	12
Net Profit	**13,237**	**11,881**	**11,629**	**10,908**	**13,002**	**11,966**	**12,082**	**12,519**	**47,654**	**49,568**	**12,450**	4
YoY Growth (%)	43	290	142	-8	-2	1	4	15	65	4	-6	
Key Operating Parameters (%)												
Yield on loans (Cal)	9.72	9.68	9.65	9.70	9.37	9.41	9.46	9.51	9.9	9.6		
Cost of funds (Cal)	7.40	7.59	7.61	7.47	7.50	7.52	7.54	7.57	7.4	7.5		
Spreads (Cal)	2.33	2.09	2.04	2.23	1.87	1.89	1.92	1.95	2.5	2.1		
Margins (Cal)	3.21	3.04	3.00	3.15	2.76	2.80	2.83	2.89	3.1	2.8		
Credit Cost (Cal)	0.52	0.60	0.62	0.60	0.20	0.45	0.49	0.44	0.6	0.4		
Cost to Income Ratio	10.8	12.0	12.2	16.7	12.9	13.4	13.5	16.8	13.0	14.2		
Tax Rate	19.7	19.7	19.7	26.1	20.2	19.7	19.7	19.2	21.3	19.7		
Balance Sheet Parameters												
Loans (INR B)	2,764	2,780	2,812	2,868	2,887	2,940	3,004	3,102	2806	3028		
Change YoY (%)	8.1	6.0	4.8	4.3	4.4	5.8	6.8	8.2	4.8	7.9		
Indiv. Disb. (INR B)	106	142	148	167	124	0	0	0	564	654		
Change YoY (%)	-28.8	-13.1	-5.5	15.6	16.9	-100.0	-100.0	-100.0	-8.2	16.0		
Borrowings (INR B)	2,414	2,436	2,451	2,530	2,537	2,587	2,644	2,704	2525	2704		
Change YoY (%)	6.8	4.6	2.0	3.4	5.1	6.2	7.9	6.9	3.2	7.1		
Loans/Borrowings (%)	114.5	114.1	114.7	113.4	113.8	113.6	113.6	114.7	111.1	112.0		
Asset Quality Parameters												
GS 3 (INR B)	137.1	120.4	119.8	94.9	95.3				94.9	84.3		
Gross Stage 3 (% on Assets)	5.0	4.3	4.3	3.3	3.3				3.3	2.7		
NS 3 (INR B)	79.2	70.8	61.6	46.2	48.0				46.2	43.8		
Net Stage 3 (% on Assets)	2.9	2.6	2.2	1.6	1.7				1.6	1.4		
PCR (%)	42.3	41.2	48.6	51.4	49.6				51.4	48.1		
ECL (%)	2.75	2.34	2.45	2.19	1.96							
Loan Mix (%)												
Home loans	83.2	84.4	84.9	85.1	85.3							
LAP	12.3	12.1	12.1	12.8	12.7							
Non Individual loans	4.3	3.5	3.0	2.1	2.0							
Borrowing Mix (%)												
Banks	31.0	33.0	35.0	34.0	34.0							
NCD	54.0	53.0	52.0	52.0	54.0							
Sub Debt	1.0	1.0	1.0	1.0	1.0							
Deposits	5.0	5.0	4.0	4.0	3.0							
NHB	5.0	4.0	4.0	4.0	4.0							
CP	4.0	4.0	4.0	5.0	4.0							

E: MOFSL Estimates

5 August 2024

1QFY25 Results Update | Sector: Automobile

Motherson Wiring

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	MSUMI IN
Equity Shares (m)	4421
M.Cap.(INRb)/(USDb)	309.7 / 3.7
52-Week Range (INR)	80 / 58
1, 6, 12 Rel. Per (%)	-3/-12/-7
12M Avg Val (INR M)	569

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	83.3	93.3	107.3
EBITDA	10.1	11.4	14.3
Adj. PAT	6.4	7.4	9.4
EPS (Rs)	1.4	1.7	2.1
EPS Growth (%)	31.1	15.4	27.1
BV/Share (Rs)	3.8	4.7	5.8
Ratios			
Net D:E	-0.2	-0.1	0.0
RoE (%)	42.5	39.4	40.6
RoCE (%)	46.8	45.9	48.2
Payout (%)	55.4	60.0	60.0
Valuations			
P/E (x)	48.5	42.0	33.1
P/BV (x)	18.5	15.0	12.1
Div. Yield (%)	1.1	1.4	1.8
FCF Yield (%)	2.2	0.9	2.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	61.7	61.7	61.7
DII	16.2	16.2	18.0
FII	10.8	11.0	11.0
Others	11.3	11.1	9.3

FII Includes depository receipts

CMP:INR70 TP: INR80 (+15%) Buy

Start-up costs in greenfield plants hurt profitability

Share of revenue from EVs/hybrids at 5% in 1QFY25

- Motherson Wiring's (MSUMI's) 1QFY25 result was below estimate, mainly due to start-up costs of two new plants, resulting in lower-than-estimated EBITDA/PAT of INR2.4b/INR1.5b (est. INR2.7b/INR1.8b). Nonetheless, MSUMI reported a healthy revenue growth of ~17% YoY, notably outperforming the underlying domestic industry volumes led by content increase.
- To factor in high operating expenses, we cut our FY25E/26E EPS by 6%/5%. Despite this, we remain optimistic about margin expansion in the coming quarters, led by improved product mix, declining copper prices, and increasing localization. **Reiterate BUY** with a TP of INR80 (based on 36x Jun'26E EPS).

Greenfield start-up costs hurt margins

- In 1QFY25, revenue/EBITDA/adj. PAT grew ~17%/15%/21% YoY to INR21.8b/ INR2.4b/INR1.49b (est. INR22.1b/INR2.7b/INR1.8b). EV revenue grew ~50% YoY, and the share of EV and hybrid in overall revenue was ~5%.
- Gross margin improved 10bp YoY (flat QoQ) to 34.9% (vs. est. 34.8%). LME copper prices have risen 15% YoY/QoQ but signs of tapering down are visible. Despite the increase in RM prices, gross margin remained stable largely due to better product mix and localization efforts.
- There were some under-recoveries in copper prices, where there is a pass through over 3-6 months. Copper started moderating, and the impact of the same should be visible in the coming quarters.
- However, start-up costs for the greenfield facilities have led to higher employee costs and other expenses. These dented the EBITDA margin, which stood at 10.9% (-20bp YoY/-210bp QoQ vs. est. 12.4%).

Highlights from the management commentary

- **Revenue growth in 1QFY25 was led by an increase in volumes as well as content.** Overall, the long-term outlook is positive for the industry, as the OEMs are announcing new capacities and introducing new models.
- Hybrid volume for the industry grew ~34% YoY, while it grew ~11% for EVs.
- **Facilitating improved customer demand with two greenfields,** one commenced operations in Jul'24 and is likely to fully ramp up by 2Q-3QFY25, while the other is likely to come on stream by 1QFY26. There was a delay in SOP at the customer end, and hence, this plant got delayed by a couple of quarters.
- **Gross margin has remained stable QoQ despite higher copper prices due to better product mix and localization.** However, start-up costs for these two greenfields have led to higher employee costs and other expenses.
- The company has maintained its capex guidance of INR2b for FY25.
- The company is not taking the benefits of PLI as it is a pass-through given that OEMs would be taking the same.
- The royalty payment for the company was in INR denomination.

Valuation and view

- We expect the EBITDA margin trajectory to continue expanding, led by a better product mix, moderating commodity costs, localization efforts, and rising utilization rates in the new facilities starting from FY26 onwards.
- We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in Autos. The stock trades at 42x/33x FY25E/26E EPS. **Reiterate our BUY rating with a TP of INR80 (premised on ~36x June-26E EPS).**

MSUMI: Quarterly performance **(INR Million)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**18,718**	**21,046**	**21,145**	**22,327**	**21,848**	**23,596**	**23,124**	**24,707**	**83,283**	**93,276**	**22,103.4**	**-1**
YoY Change (%)	12.0	14.7	25.4	19.3	16.7	12.1	9.4	10.7	17.8	12.0	18.9	
RM Cost (% of sales)	65.2	66.2	65.5	65.1	65.1	65.4	65.3	65.3	65.5	65.3	65.2	
Staff Cost (% of sales)	17.5	16.3	16.1	15.4	17.2	16.0	16.2	15.2	16.3	16.1	15.9	
Other Expenses (% of sales)	6.2	5.7	6.0	6.4	6.7	6.4	6.4	5.8	6.1	6.3	6.5	
EBITDA	**2,072**	**2,481**	**2,620**	**2,913**	**2,388**	**2,872**	**2,804**	**3,358**	**10,132**	**11,422**	**2,738.5**	**-13**
Margins (%)	11.1	11.8	12.4	13.0	10.9	12.2	12.1	13.6	12.2	12.2	12.4	
Depreciation	338	364	377	394	399	400	405	404	1,473	1,609	380	
Interest	77	74	64	58	55	58	57	60	273	230	55	
Other Income	5	56	11	43	50	50	45	30	69	175	40	
PBT before EO expense	**1,661**	**2,100**	**2,190**	**2,505**	**1,984**	**2,464**	**2,387**	**2,924**	**8,455**	**9,759**	**2,344**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Expense	**1,661**	**2,100**	**2,190**	**2,505**	**1,984**	**2,464**	**2,387**	**2,924**	**8,455**	**9,759**	**2,343.5**	
Tax Rate (%)	26	26	23	24	25	25	25	24	25	25	24.5	
Reported PAT	**1,231**	**1,559**	**1,679**	**1,914**	**1,489**	**1,861**	**1,802**	**2,216**	**6,383**	**7,368**	**1,769**	
Adj PAT	**1,231**	**1,559**	**1,679**	**1,914**	**1,489**	**1,861**	**1,802**	**2,216**	**6,383**	**7,368**	**1,769**	**-16**
YoY Change (%)	-2.2	33.9	58.1	38.3	20.9	19.4	7.4	15.8	31.1	15.4	43.7	

E: MOFSL Estimates

Amara Raja

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	ARENM IN
Equity Shares (m)	183
M.Cap.(INRb)/(USDb)	275.9 / 3.3
52-Week Range (INR)	1776 / 599
1, 6, 12 Rel. Per (%)	-10/59/118
12M Avg Val (INR M)	1661

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	112.6	125.9	139.1
EBITDA	16.2	17.4	20.2
Adj. PAT	9.1	9.7	11.4
EPS (INR)	49.5	53.0	62.3
EPS Gr. (%)	10.4	7.0	17.6
BV/Sh. (INR)	370	414	467
Ratios			
RoE (%)	14.2	13.5	14.1
RoCE (%)	14.0	13.5	14.1
Payout (%)	20.0	17.0	14.4
Valuations			
P/E (x)	30.4	28.4	24.2
P/BV (x)	4.1	3.6	3.2
Div. Yield (%)	0.7	0.6	0.6
FCF yield (%)	3.4	3.9	4.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	32.9	32.9	28.1
DII	14.6	15.4	10.5
FII	23.8	24.5	35.2
Others	28.8	27.3	26.3

FII Includes depository receipts

CMP: INR1,508 TP: INR1,390 (-8%) Neutral

Weak mix and rising RM costs dent profitability

Commercializing tubular battery plant toward FY25 end

- Amara Raja's (ARENM) 1QFY25 financials were weak, with EBITDA margin contracting ~90bp QoQ to 13.7% (est. 14.8%). The margin contraction was due to a shift in the product mix, with traded goods rising to 23% of revenue (vs. ~12% in 4QFY24), along with some increase in RM costs. On a positive note, the quarter saw healthy volume growth in most segments.
- We cut FY25E/FY26E EPS by 10%/6% to factor in the increase in commodity prices. While market seems to be upbeat about ARENM's lithium ion foray, we remain circumspect of the returns from the business. The stock at ~28x/24x FY25/26E EPS appears fairly valued. We, hence, maintain Neutral rating with a revised TP of INR1,390 (based on 20x June-26E EPS).

Share of traded goods rises to 23% from 12% QoQ, denting margins

- 1QFY25 revenue/EBITDA/adj. PAT grew 13%/17%/23% YoY to INR31.3b/INR4.3b/INR2.4b (est. INR29.9b/INR4.4b/INR2.6b). Revenue from the lead acid battery (LAB) business grew ~15% YoY, driven by growth in domestic and export automotive businesses.
- The company reported ~20% YoY growth in revenue from new energy business, predominantly mobility and energy storage.
- Gross margins came in lower at 31.1%, (-340bp QoQ, up 70bp YoY, est. 33.5%) due to a higher trading mix during the quarter at 23% (vs. ~12% in 4QFY24) and a rise in RM prices, partially offset by prices hikes of ~1% in Jun'24. It further took a price hike of 0.75% in Jul'24.
- EBITDA margin stood at 13.7% (est. 14.8%), up 40bp YoY/down 90bp QoQ).
- Lower margins and slightly higher depreciation led to lower adj. PAT of INR2.4b (up 23% YoY, est. INR2.6b).
- ARENM infused INR4.5b during 1QFY25 into its cell manufacturing subsidiary, ARACT, taking total equity investment till date to INR8.5b.

Highlights from the management commentary

- **Domestic volume grows YoY across segments:** i) 4W – Aftermarket 11%, OE 6-7%; ii) 2Ws – Aftermarket: 18-19%, OE: ~25%; iii) Inverter batteries – 15% YoY. International 4W volumes grew 45% YoY, led by new accounts in North America. Industrial declined 5% due to ~20% YoY decline in telecom segment.
- **Replacement:** ARENM expects steady growth in replacement segment with 4Ws expected to maintain 8-9% growth at industry level and 2Ws to see 12-13%. It is confident of outperforming industry growth in both segments.
- **The company has guided for INR8b capex for LAB**, with INR4.5b for a new tubular battery plant and the rest for maintenance capex.
- **New energy capex:** The pack facility in the Telangana giga corridor has been completed and the commercial production is expected to start in 10 days from now. Construction is going on for the customer qualification plant and 2GWH NMC line. The commercial production should start by FY26 end or 1QFY27. Capex of INR20b will be required for these projects. In LFP, it is setting up an initial capacity of 4-5GWH, at an investment of INR20-25b capex. Commercial production to start in CY27.

Valuation and view

- ARENM's venture into the lithium-ion sector is strategically sound given the opportunities in the segment and risks facing its core business. However, there are notable challenges: 1) market opportunities are limited by existing OEM partnerships; 2) the new facility will require years to become fully operational; 3) low-margin nature of lithium-ion manufacturing could dilute returns; and 4) long-term viability of technology remains uncertain despite the large capital investment.
- While the market is optimistic about ARENM's li-ion initiative, we are cautious about its potential returns. We believe the stock trading at around 28x/24x FY25/26E EPS appears fairly valued. Therefore, we maintain a Neutral rating with a revised target price of INR 1390, based on 20x June-26E EPS.

Quarterly Performance (INR Million)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net Sales	**27,707**	**28,108**	**28,817**	**27,967**	**31,312**	**31,199**	**32,131**	**31,284**	**1,12,603**	**1,25,927**	**29,915**
YoY Change (%)	5.8	4.1	9.3	14.9	13.0	11.0	11.5	11.9	8.4	11.8	8.0
RM Cost (% of sales)	69.6	68.4	66.0	65.5	68.9	68.0	68.2	67.7	66.9	68.2	66.5
Staff Cost (% of sales)	6.4	5.8	6.3	5.8	5.9	6.0	5.9	5.9	6.2	6.0	6.0
Other Exp (% of sales)	10.7	12.1	12.6	14.1	11.5	11.7	12.2	12.8	12.5	12.1	12.7
EBITDA	**3,689**	**3,870**	**4,349**	**4,077**	**4,304**	**4,463**	**4,388**	**4,223**	**16,214**	**17,378**	**4,422**
Margins (%)	13.3	13.8	15.1	14.6	13.7	14.3	13.7	13.5	14.4	13.8	14.8
Depreciation	1,168	1,148	1,202	1,210	1,183	1,250	1,325	1,378	4,787	5,136	1150
Interest	76	62	77	97	90	95	95	100	332	380	85
Other Income	218	275	238	283	256	280	285	280	1,015	1,100	260
PBT after EO	**2,662**	**2,935**	**3,307**	**3,053**	**3,287**	**3,398**	**3,253**	**3,024**	**12,110**	**12,962**	**3,447**
Tax	676	791	779	773	841	918	911	773	3,052	3,266	896
Tax Rate (%)	25.4	27.0	23.6	25.3	25.6	27.0	28.0	25.6	25.2	25.2	26.0
Adj PAT	**1,987**	**2,143**	**2,528**	**2,280**	**2,446**	**2,481**	**2,342**	**2,251**	**9,059**	**9,695**	**2,551**
YoY Change (%)	51.1	6.0	13.5	29.7	23.1	15.8	-7.4	-1.3	18.4	7.0	32.5

E: MOFSL Estimates

Tata Chemicals

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	268.3 / 3.2
52-Week Range (INR)	1350 / 933
1, 6, 12 Rel. Per (%)	-3/-3/-23
12M Avg Val (INR M)	1947

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	154.2	156.9	167.0
EBITDA	28.5	25.7	31.6
PAT	9.2	7.6	12.6
EBITDA (%)	18.5	16.3	18.9
EPS (INR)	36.1	29.6	49.4
EPS Gr. (%)	(60.5)	(18.0)	66.7
BV/Sh. (INR)	873	887	921
Ratios			
Net D/E	0.2	0.2	0.1
RoE (%)	4.4	3.4	5.5
RoCE (%)	4.0	4.4	6.3
Valuations			
P/E (x)	29.1	35.5	21.3
EV/EBITDA (x)	11.2	12.2	9.5
Div Yield (%)	1.4	1.4	1.5
FCF Yield (%)	3.6	5.9	7.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	38.0	38.0	38.0
DII	20.0	20.0	19.9
FII	13.8	13.8	14.5
Others	28.3	28.2	27.6

CMP: INR1,053 **TP: INR980 (-7%)** **Neutral**

Pricing pressure continues to hurt performance

Operating performance misses our expectations

- TTCH's 1QFY25 consolidated EBITDA declined 45% YoY, due to subdued operating performance across geographies, with India/US/UK/Kenya reporting EBITDA decline of 19%/58%/84%/61% YoY.
- Factoring in weak 1Q performance and pricing-led margin pressure across geographies, we cut our FY25/FY26 EBITDA estimates by 6%/3%. **Reiterate our Neutral rating with an SoTP-based TP of INR980.**

Broad-based revenue decline

- TTCH reported total revenue of INR37.9b (est. INR39.5b) in 1QFY25, down 10% YoY, due to lower realization YoY across regions. EBITDA margin contracted by 960bp YoY to 15.1% (est. 16.5%) due to adverse operating leverage; EBITDA stood at INR5.7b (est. INR6.5b), down 45% YoY. Adj. PAT was down 74% YoY at INR1.35b (est. INR1.8b).
- Basic Chemistry Products revenue declined 12% YoY to INR29.7b, EBIT fell 62% YoY to INR3b, and EBIT margins stood at 10% (down 1320bp YoY).
- Specialty Products revenue declined 2% YoY to INR8.2b, EBIT declined 8% YoY to INR600m, and EBIT margins stood at 7.3% (down 50bp YoY).
- India standalone/TCNA/TCEHL/TCAHL revenue declined 8%/14%/19%/15% YoY to INR10.5b/INR12.8b/INR5.3b/INR1.5b. Rallis revenue was flat YoY at INR7.8b.
- EBITDA declined across the board, with TCEHL/TCAHL/TCNA declining the most by 84%/61%/58% YoY to INR180m/INR250m/INR1,980m, followed by India Standalone/Rallis down 19%/13% to INR2.4b/INR960m. EBITDA margins for India Standalone/TCNA/TCEHL/TCAHL contracted 3pp/16.6pp/14pp/ 19.7pp/1.8pp YoY to 22.4%/15.5%/ 3.4%/16.9%/12.3%. EBITDA/MT of TCNA/TCAHL declined by 63%/69% YoY to ~USD40/~USD43.
- Gross/net debt stood at ~INR63.8b/INR47.9b as of Jun'24 (vs. ~INR55.6b/ INR41.6b as of Mar'24).

Highlights from the management commentary

- **Demand-Supply scenario:** Overall, soda ash demand is balanced and is expected to remain similar for the next couple of quarters. However, the company is watchful of demand from China, which has been fairly good so far.
- **Guidance:** The company has commissioned 230KMT/330KMT/70KMT of soda ash/salt/bicarb capacity as per its ongoing expansion plan. It expects ~INR4b of incremental EBITDA in FY26 from new capacities. It will incur ~INR20b of capex over FY25-28E to increase soda ash capacity by ~20%, bicarb by ~30% and silica by 5x.
- **TCNA**: Domestic prices in the US are likely to remain stable until Dec'24. Export prices will be in sync with the market. Margins in export orders is likely to increase due to better realization.

Valuation and view

- There are certain short-term challenges in the soda ash demand-supply dynamics owing to weak demand in Western Europe, which result in suppliers (majorly from Turkey) exporting soda ash beyond Europe (impacting global prices adversely). However, the situation is expected to balance out in the medium term, with the emergence of new applications, such as solar glass and lithium-ion batteries.
- Factoring in weak 1Q performance and pricing-led margin pressure across geographies, we cut our FY25/FY26 EBITDA estimates by 6%/3%. **Reiterate our Neutral rating with an SoTP-based TP of INR980.**

Consolidated - Quarterly Earning (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	%
Net Sales	**42,180**	**39,980**	**37,300**	**34,750**	**37,890**	**40,707**	**39,125**	**39,195**	**154,210**	**156,918**	**39,462**	**-4**
YoY Change (%)	5.6	-5.7	-10.1	-21.1	-10.2	1.8	4.9	12.8	-8.1	1.8	-4.9	
Total Expenditure	31,750	31,790	31,880	30,320	32,150	34,197	32,685	32,235	125,740	131,267	32,956	
EBITDA	**10,430**	**8,190**	**5,420**	**4,430**	**5,740**	**6,511**	**6,440**	**6,960**	**28,470**	**25,651**	**6,505**	**-12**
Margins (%)	24.7	20.5	14.5	12.7	15.1	16.0	16.5	17.8	18.5	16.3	16.5	
Depreciation	2,290	2,340	2,460	2,710	2,730	2,730	2,730	2,735	9,800	10,925	2,720	
Interest	1,230	1,450	1,320	1,300	1,330	1,150	1,100	911	5,300	4,491	1,200	
Other Income	490	850	380	1,140	470	935	418	348	2,860	2,171	539	
PBT before EO expense	**7,400**	**5,250**	**2,020**	**1,560**	**2,150**	**3,566**	**3,028**	**3,663**	**16,230**	**12,406**	**3,124**	
Extra-Ord expense	-90	-1,020	0	9,630	0	0	0	0	8,520	0	0	
PBT	**7,490**	**6,270**	**2,020**	**-8,070**	**2,150**	**3,566**	**3,028**	**3,663**	**7,710**	**12,406**	**3,124**	
Tax	1,710	1,200	680	220	940	874	742	897	3,810	3,453	765	
Rate (%)	22.8	19.1	33.7	-2.7	43.7	24.5	24.5	24.5	49.4	27.8	24.5	
MI & Profit/Loss of Asso. Cos.	550	790	-240	-20	-140	509	489	540	1,080	1,398	564	
Reported PAT	**5,230**	**4,280**	**1,580**	**-8,270**	**1,350**	**2,183**	**1,797**	**2,225**	**2,820**	**7,555**	**1,795**	
Adj PAT	**5,163**	**3,515**	**1,580**	**-1,048**	**1,350**	**2,183**	**1,797**	**2,225**	**9,210**	**7,555**	**1,795**	**-25**
YoY Change (%)	-12.8	-44.4	-60.1	-114.7	-73.8	-37.9	13.7	-312.4	-60.5	-18.0	-54.7	
Margins (%)	12.2	8.8	4.2	-3.0	3.6	5.4	4.6	5.7	6.0	4.8	4.5	

Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (000'MT)										
North America	535	545	529	626	588	572	545	639	**2,235**	**2,288**
Europe	153	156	156	144	148	156	161	161	**609**	**604**
Africa	55	61	64	64	69	64	66	68	**244**	**258**
EBITDA/MT										
North America (USD)	108.2	70.9	32.9	28.3	40.4	43.0	45.0	50.0	**58.9**	**42.6**
Europe (GBP)	72.7	71.6	35.5	42.6	11.8	23.0	25.0	28.0	**55.8**	**40.7**
Africa (USD)	141.6	101.2	105.2	73.4	43.4	60.0	85.0	88.7	**104.1**	**79.9**
Cost Break-up										
RM Cost (% of sales)	16.8	20.5	18.7	13.7	21.1	21.5	20.0	16.0	**17.5**	**19.6**
Staff Cost (% of sales)	10.9	11.4	12.6	13.8	12.6	12.0	12.9	13.3	**12.1**	**12.7**
Power and Fuel Cost (% of sales)	16.2	16.3	18.9	18.2	14.4	14.8	15.5	15.0	**17.3**	**14.9**
Freight and Distribution Cost (% of sales)	12.5	13.1	14.9	19.0	17.6	16.0	16.0	16.0	**14.7**	**16.4**
Other Cost (% of sales)	18.9	18.3	20.4	22.5	19.2	19.7	19.1	21.9	**19.9**	**20.0**
Gross Margins (%)	83.2	79.5	81.3	86.3	78.9	78.5	80.0	84.0	**82.5**	**80.4**
EBITDA Margins (%)	24.7	20.5	14.5	12.7	15.1	16.0	16.5	17.8	**18.5**	**16.3**
EBIT Margins (%)	19.3	14.6	7.9	4.9	7.9	9.3	9.5	10.8	**12.1**	**9.4**

5 Aug 2024

1QFY25 Results Update | Sector: Retail

Devyani International

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DEVYANI IN
Equity Shares (m)	1206
M.Cap.(INRb)/(USDb)	218.7 / 2.6
52-Week Range (INR)	228 / 142
1, 6, 12 Rel. Per (%)	11/1/-27
12M Avg Val (INR M)	491

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	35.6	48.6	54.2
Sales Gr. (%)	18.6	36.6	11.6
EBITDA	6.5	9.0	10.6
Margins (%)	18.3	18.5	19.5
Adj. PAT	0.9	1.2	2.5
Adj. EPS (INR)	0.8	1.0	2.1
EPS Gr. (%)	-66.5	27.8	111.7
BV/Sh.(INR)	8.8	6.1	6.0
Ratios			
RoE (%)	9.2	13.2	34.3
RoCE (%)	7.6	7.5	10.0
Valuation			
P/E (x)	234.9	183.9	86.8
P/BV (x)	20.7	29.5	30.0
EV/Sales (x)	6.9	5.1	4.6
EV/EBITDA (x)	37.6	27.5	23.5

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.7	62.7	62.8
DII	14.2	12.2	8.8
FII	11.7	12.4	12.1
Others	11.4	12.6	16.4

FII Includes depository receipts

CMP: INR181 TP: INR210 (+16%) Buy

Weakness sustains; all eyes on recovery in 2HFY25

- Devyani International (Devyani)'s consol. revenue grew 44% YoY (in line) including the recent acquisition in Thailand. India revenue up 6% YoY, despite a 20% YoY store growth, which was offset by weak SSSG across brands. KFC's SSS declined 7%, PH at -8.6%, and Costa Coffee at +0.6%. Devaluation of the Nigerian Naira also hit revenue growth. KFC's revenue grew 7% YoY, while PH's revenue contracted 1% YoY. Growth metrics sustained a weakness; a similar trend was witnessed across its QSR peers.
- India business ROM contracted 2% YoY to INR1.4b with a margin contraction of 140bp YoY to 16.2% (14.9% in 4Q). KFC's ROM dipped 160bp YoY to 19.5% (19.0% in 4Q), and PH's ROM contracted 510bp YoY to 4.9% (4.4% in 4Q).
- Consolidated GM dipped 170bp YoY to 69.2% (in line), as the Thailand business operated at lower GM vs. India. The operating margin improved sequentially on cost optimization and a rise in ADS. Consol. EBITDA was up 29% YoY to INR2.2b, with a margin contraction of 220bp YoY to 18.3% (16.6% in 4Q). Consol. ROM improved 21% YoY to INR1.9b, with a margin dip of 290bp YoY to 15.3% (13.5% in 4Q). The Pre-Ind-AS EBITDA increased 27% YoY to INR1.4b, as margin contracted 160bp YoY to 11.6% (9.2% in 4Q).
- We maintain our cautious stance on QSR due to sustained competition and ongoing demand challenges. **We reiterate our BUY rating on the stock with a TP of INR210 (premised on 35x Jun'26E Pre-Ind-AS EV/EBITDA).**

Weak SSSG across brands; margin better than expected

- **Sluggish growth metrics**: Consol. sales growth was at 44% YoY to INR12.2b (est. INR11.9b) due to Thailand acquisition. India revenue was up by 6% YoY to INR8.4b. (est. INR8.6b). KFC's revenue grew 7% YoY, Costa Coffee's revenue rose 40% YoY, while PH's revenue declined 1% YoY.
- **Store expansion:** Total 54 stores were added in 1QFY25 and reached 1,836. The store additions in KFC/PH/CC/Vaango and International stood at 21/3/13/7/10. The total store count stood at 1,836 distributed among KFC/PH/CC/Vaango/others/International stores at 617/570/192/72/22/363.
- **Better-than-expected margin print**: Gross profit grew 41% YoY to INR8.5b (est. INR8.2b) and margin contracted 170bp YoY, while it was stable QoQ at 69.2 (est. 69.0%). Consol. reported EBITDA margin contracted 220bp YoY, while it expanded 170bp QoQ to 18.3% (est. 16.8%). Consol. ROM improved 21% YoY to INR1.9b and margin contracted 290bp YoY to 15.3%. Pre-Ind-AS EBITDA increased 27% YoY to INR1.4b and margin contracted 160bp YoY to 11.6%.
- Consol. reported EBITDA rose 29% YoY to INR2.2b (est. INR2.0b). PBT fell 37% YoY to INR381m (est. INR224m). Consol. PBT declined 37% YoY to INR381m due to an increase in depreciation (up 66% YoY) and interest (up 56% YoY). PBT margin was 3%. APAT declined 17% YoY to INR281m (est. PAT of INR179m).

Highlights from the management commentary

- The consumer demand remained subdued in 1QFY25, as observed in the QSR industry. It expects the demand scenario to improve during the festive season.
- The focus area remains on product innovation, optimizing marketing spends, a value layer, menu instruction, and promotions to deliver margins.
- Gross margin contracted due to the acquisition of the Thailand business. The Thailand business's gross margin (~64%) was less than the India business margin (~72%).
- Thailand SSSG was healthy, despite the southern Thailand stores being hit by geopolitical issues.
- The company is on track to reach 2,000 stores by FY25.

Valuation and view

- There are no material changes to our EBITDA estimates for FY25 and FY26.
- KFC's store additions will sustain in FY25, but PH's store additions will be muted as the management is aiming to fix the ADS and profitability for the current network.
- The QSR industry continues to see weak unit economics across dine-in and delivery formats. Despite these industry-wide difficulties, KFC has shown resilience in managing the crisis effectively. On the other hand, PH has been struggling, partly attributed to intense competition in the market. We maintain a cautious stance due to the ongoing demand challenges in the near term. The stock trades at 42x and 35x Pre-Ind-AS EV/EBITDA on FY25E and FY26E. **We reiterate our BUY rating on the stock with a TP of INR210 (premised on 35x Jun'26E Pre-Ind-AS EV/EBITDA).**

Quarterly performance **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
KFC - SSSG (%)	-0.9	-3.9	-4.7	-7.1	-7.0	-2.0	5.0	8.0	-4.6	1.0	-6.0	-1.0
PH - SSSG (%)	-5.3	-10.4	-12.6	-14.0	-8.6	-4.0	4.0	4.6	-10.9	-1.0	-9.0	0.4
Net Sales	**8,466**	**8,195**	**8,431**	**10,471**	**12,219**	**11,907**	**12,385**	**12,074**	**35,563**	**48,585**	**11,936**	2%
YoY change (%)	20.1	9.6	6.6	38.7	44.3	45.3	46.9	15.3	18.6	36.6	41.0	
Gross Profit	**5,998**	**5,802**	**5,954**	**7,244**	**8,450**	**8,240**	**8,570**	**8,374**	**24,997**	**33,634**	**8,236**	3%
Margin (%)	70.8	70.8	70.6	69.2	69.2	69.2	69.2	69.4	70.3	69.2	69.0	
EBITDA	**1,734**	**1,588**	**1,463**	**1,739**	**2,234**	**2,186**	**2,309**	**2,260**	**6,524**	**8,989**	**2,008**	11%
EBITDA growth %	5.6	-4.1	-15.9	14.9	28.8	37.7	57.8	30.0	-0.4	37.8	15.8	
Margin (%)	20.5	19.4	17.4	16.6	18.3	18.4	18.6	18.7	18.3	18.5	16.8	
Depreciation	796	907	930	1,275	1,322	1,335	1,340	1,340	3,907	5,337	1,297	
Interest	404	417	482	567	630	630	630	628	1,869	2,518	565	
Other Income	68	66	46	146	99	80	88	83	326	350	78	
PBT	**603**	**330**	**97**	**44**	**381**	**301**	**427**	**375**	**1,074**	**1,484**	**224**	70%
Tax	146	-168	46	110	81	60	85	70	133	297	45	
Rate (%)	24.1	-50.9	47.6	249.9	21.2	20.0	20.0	18.7	12.4	20.0	20.0	
Adjusted PAT	**339**	**506**	**51**	**33**	**281**	**240**	**341**	**306**	**929**	**1,187**	**179**	57%
Margin (%)	4.0	6.2	0.6	0.3	2.3	2.0	2.8	2.5	2.6	2.4	1.5	
YoY change (%)	-54.4	-21.4	-93.5	-94.6	-17.2	-52.5	573.2	828.4	-66.5	27.8	-47.1	

E: MOFSL Estimates

CAMS

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	CAMS IN
Equity Shares (m)	49
M.Cap.(INRb)/(USDb)	196.4 / 2.3
52-Week Range (INR)	4911 / 2230
1, 6, 12 Rel. Per (%)	7/27/50
12M Avg Val (INR M)	1171

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
AAUM (INR t)	33.4	40.2	46.7
Revenue	11.4	13.5	15.6
EBITDA	5.0	6.1	7.3
Margin (%)	44.4	45.3	46.7
PAT	3.5	4.4	5.3
PAT Margin (%)	31	32	34
EPS	71.6	89.3	107.7
EPS Grw. (%)	23.3	24.7	20.6
BVPS	186.9	217.9	255.6
RoE (%)	41.3	44.1	45.5
Div. Payout (%)	58.8	65.0	65.0
Valuations			
P/E (x)	55.1	44.2	36.7
P/BV (x)	21.1	18.1	15.5
Div. Yield (%)	1.1	1.5	1.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	19.9
DII	19.4	19.9	11.7
FII	56.5	53.8	35.8
Others	24.1	26.3	32.6

FII Includes depository receipts

CMP: INR3,960 TP: INR4,600 (+16%) Buy

In-line performance, PAT up 41% YoY

- **CAMS reported a net profit of INR1.07b, up 41.3% YoY (in line with our estimate) in 1QFY25. Growth was driven by a YoY increase in the share of non-MF business and an improved mix of equity AUM in total MF AUM.**
- **Operating revenue reached INR3.3b, up 26.8% YoY, in line with our estimates. The continued strong growth in Non-MF businesses led to a 40bp YoY increase in their revenue contribution to 13.3% vs 12.6% in 1QFY24.**
- **The management is confident that CAMS WealthServ, CAMSPay, CAMSRep and Think360 would contribute sizable revenues in the coming quarters. It expects 20%+ growth in revenues from Non-MF businesses.**
- **We broadly maintain our estimates and BUY rating on the stock with a 1-year target price of INR4,600 premised at a P/E multiple of 42x on FY26E earnings.**

Increased focus on Non-MF businesses

- QAAUM grew 34.3% YoY and 8.3% QoQ to INR40.3t. Equity AUM grew 55% YoY to INR21.5t.
- Revenue contribution of non-MF businesses was 13.3% vs. 12.6% in 1QFY24.
- Non-MF revenue increased by 34% YoY to INR441m. CAMS KRA/CAMS Pay/ Alternative Services segments recorded YoY revenue growth of 104%/45%/ 22% in 1QFY25.
- Overall expenses grew 20% YoY and 8.7% QoQ to INR1.8b (in line). Employee expenses rose 19% YoY and 7.8% QoQ to INR1.1b, primarily led by increments and hiring in non-MF businesses.
- The cost-to-income ratio came in at 54.8% vs. 57.9% in 1QFY24 and 53.8% in 4QFY24.
- EBITDA came in at INR1.5b, up 36.1% YoY and 4.5% QoQ (in line with our estimates). EBITDA margin stood at 45.2% vs. 42.1% in 1QFY24.
- PAT grew 41.3% YoY and 3.9% QoQ to INR1.07b, in line with our estimates.
- The board has declared a dividend of INR11 per equity share.

Key takeaways from the management commentary

- CAMS announced a strategic partnership with Google Cloud to redesign its RTA platform. The new platform will integrate state-of-the-art practices in service design, database design (and performance) and security protocols.
- In the first year, Think360 has not scaled up much because 1) Algo360 served as a sort of forerunner to account aggregators; however, CAMS can see that the market for account aggregators is clearly indicating a preference, and 2) one of the large US-based analytics contracts has not seen the scale-up it expected.
- CAMS expects ~15-20% YoY growth in the AIF segment.

Valuation and View

- Empirically, CAMS has traded at a premium to listed AMCs in terms of one-year forward P/E. The premium for CAMS is well deserved, given: 1) the duopoly nature of the industry and high-entry barriers, 2) relatively low risk of a market share loss, and 3) higher customer ownership as compared to AMCs.
- Structural tailwinds in the MF industry would drive absolute growth in MF revenue. With favorable macro triggers and right investments, revenue contribution of non-MF businesses for CAMS is expected to increase in the next three to five years.
- We broadly maintain our estimates and BUY rating on the stock with a 1-year target price of INR4,600 premised at a P/E multiple of 42x on FY26E earnings.

Quarterly Performance

Y/E March	FY24				FY25				FY25E	1QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Revenue from Operations	2,613	2,751	2,897	3,105	3,314	3,347	3,381	3,484	13,525	3,290	0.7
Change YoY (%)	10.4	13.5	18.9	24.6	26.8	21.7	16.7	12.2	19.0	25.9	
Employee expenses	950	977	997	1,048	1,130	1,141	1,153	1,163	4,587	1,089.0	3.8
Total Operating Expenses	1,512	1,530	1,603	1,671	1,816	1,834	1,852	1,898	7,401	1,760	3.2
Change YoY (%)	9.0	12.2	18.4	19.2	20.1	19.9	15.6	13.6	17.2	16.4	
EBITDA	**1,101**	**1,221**	**1,294**	**1,433**	**1,498**	**1,513**	**1,528**	**1,585**	**6,125**	1,530	-2.1
Other Income	97	96	99	114	117	117	117	122	473	110	6.4
Depreciation	165	174	185	181	170	170	170	173	682	185	-8.2
Finance Cost	20	20	21	21	21	21	21	18	82	20	6.7
PBT	**1,012**	**1,124**	**1,187**	**1,346**	**1,424**	**1,439**	**1,454**	**1,516**	**5,833**	**1,435**	-0.8
Change YoY (%)	16.4	15.9	21.4	36.6	40.7	28.1	22.5	12.7	25.0	41.8	
Tax Provisions	255	286	302	316	354	360	364	381	1,458	362	-2.0
Net Profit	**757**	**838**	**885**	**1,030**	**1,070**	**1,079**	**1,091**	**1,136**	**4,375**	**1,073**	-0.3
Change YoY (%)	17.1	16.2	20.3	38.5	41.3	28.8	23.2	10.3	24.7	41.8	
Key Operating Parameters (%)											
Cost to Operating Income Ratio	57.9	55.6	55.3	53.8	54.8	54.8	54.8	54.5	54.7	53.5	1.3
EBITDA Margin	42.1	44.4	44.7	46.2	45.2	45.2	45.2	45.5	45.3	46.5	-1.3
PBT Margin	38.7	40.8	41.0	43.3	43.0	43.0	43.0	43.5	43.1	43.6	-0.6
Tax Rate	25.2	25.4	25.4	23.5	24.9	25.0	25.0	25.1	25.0	25.2	-0.3
PAT Margin	29.0	30.5	30.6	33.2	32.3	32.2	32.3	32.6	32.3	32.6	-0.3

G R Infraprojects

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	GRINFRA IN
Equity Shares (m)	97
M.Cap.(INRb)/(USDb)	158.7 / 1.9
52-Week Range (INR)	1860 / 1025
1, 6, 12 Rel. Per (%)	-7/14/1
12M Avg Val (INR M)	154

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	76.9	78.2	91.8
EBITDA	10.4	10.7	13.5
APAT	7.1	7.6	9.7
EBITDA (%)	13.5	13.7	14.8
EPS (INR)	73.0	79.0	99.9
EPS Gr. (%)	-17.2	8.3	26.4
BV/Sh. (INR)	744.2	818.1	918.0
Ratios			
Net D/E	0.0	0.0	0.0
RoE (%)	11.4	10.1	11.5
RoCE (%)	7.8	10.0	11.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	22.5	20.8	16.4
P/BV (x)	2.2	2.0	1.8
EV/EBITDA (x)	15.6	15.2	11.9
Div Yield (%)	0.0	0.0	0.0
FCF Yield (%)	4.6	4.2	4.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	74.7	74.7	79.7
DII	20.5	20.6	16.2
FII	1.4	0.8	0.6
Others	3.4	3.9	3.5

FII Includes depository receipts

CMP: INR1,641 **TP: INR1,910 (+16%)** **Buy**

Operating performance marginally below estimates

- G R Infraprojects (GRINFRA)'s revenue was down 12% YoY to ~INR18.9b in 1QFY25 (in line). EBITDA margin was 13% (-160bp YoY) vs. our estimate of 13.7%. EBITDA dipped 22% YoY to INR2.5b, and was 8% above our estimate.
- Higher other income offset the weak operating performance as APAT dipped 3% YoY to ~INR2b, (9% above our estimates).
- As of Jun'24, net working capital days rose to 122 from 112 days in Mar'24, primarily due to SPV debtors. The debt-to-equity ratio improved to 0.12x as of Jun'24 vs. 0.13x as of Mar'24. During 1QFY25, Bharat Highways InVIT claimed a sum of INR494m for the loss incurred to one of its subsidiaries, and GRINFRA had to compensate for such a loss, which was recorded as an exceptional item in the standalone financial results.
- The order book currently stands at ~INR191b (incl. L1), with road projects accounting for 77% of the order book. GRINFRA expects muted revenue growth in FY25 as some projects are likely to receive appointed dates in the coming quarters, and a meaningful revenue contribution from those projects would be seen in FY26. It expects FY26 revenue growth of 10-20%.
- **Performance in 1QFY25 has been marginally below our estimates. Revenue growth and margins are expected to be muted in FY25 and improve materially from FY26 onwards. The company is targeting an order inflow of INR200b during FY25. Given the current order book and robust tender pipeline, we expect GRINFRA to clock a 9% revenue CAGR over FY24-26, with an EBITDA margin in the range of 13-15%. Reiterate BUY with a revised TP of INR1,910, based on an SoTP valuation.**

Robust order pipeline with a focus on diversification

- The order pipeline is robust with projects worth INR2.6t likely to be tendered in near term. GRINFRA has submitted 16 bids amounting to approximately INR150b, which are expected to be opened soon. It is also working on submitting additional bids as opportunities arise.
- GRINFRA is targeting diversified order inflows, with Roads contributing 70% of the new order inflows and balance from the other segments. The focus continues to be diversification into segments like Railways, Tunneling, T&D, etc.

Key takeaways from the management commentary

- As of Mar'24, the order book was INR191b (incl. L1). Roads and highway projects constituted 77% of the order book. The company currently holds 29 projects across the infrastructure segment. Of the 29 projects, 22 are ongoing, and 7 are awaiting appointed dates (likely by 2QFY25 and 3QFY25).
- Management projects 10-20% revenue growth in FY26, contingent on order inflows in FY25 and timely receipt of appointed dates in FY25.
- Pending equity Investments in HAM projects stand at INR20b. Of this, INR6b is expected to be invested in FY25 and the balance over FY26 and FY27.

Valuation and view

- With minimal order inflows and delays in receipt of appointed dates in projects, revenue growth is expected to be muted and improve only from FY26 onwards. GRINFRA plans to diversify its order book and bid for various projects in other segments.
- Considering a strong order pipeline and diversification of the order book, we largely retain our EPS estimates for FY25/FY26 by and expect GRINFRA to post a revenue CAGR of 9% over FY24-26, with an EBITDA margin in the range of 13-15%. **We reiterate our BUY rating with a revised TP of INR1,910 (based on SoTP valuation).**

Quarterly Performance (Standalone) (INR m)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**21,524**	**15,738**	**18,064**	**21,554**	**18,965**	**17,197**	**19,542**	**22,464**	**76,880**	**78,169**	**19,542**	**-3%**
YoY Change (%)	(13.1)	(11.4)	(4.9)	8.0	(11.9)	9.3	8.2	4.2	(5.6)	1.7	(9.2)	
EBITDA	**3,147**	**1,937**	**2,280**	**2,990**	**2,466**	**2,339**	**2,677**	**3,227**	**10,354**	**10,709**	**2,677**	**-8%**
Margins (%)	14.6	12.3	12.6	13.9	13.0	13.6	13.7	14.4	13.5	13.7	13.7	
Depreciation	602	617	610	612	632	625	627	612	2,442	2,497	620	
Interest	266	277	245	250	281	220	210	172	1,038	883	240	
Other Income	511	614	578	550	1,081	550	600	610	2,253	2,842	650	
PBT before EO expense	**2,790**	**1,656**	**2,003**	**2,678**	**2,634**	**2,044**	**2,440**	**3,053**	**9,127**	**10,171**	**2,467**	
Extra-Ord expense	-	-	83	14,720	(494)	-	-	0	14,803	(494)	-	
PBT	**2,790**	**1,656**	**2,086**	**17,398**	**2,140**	**2,044**	**2,440**	**3,053**	**23,930**	**9,677**	**2,467**	
Tax	710	423	532	2,490	621	514	614	784	4,155	2,533	622	
Rate (%)	25.4	25.6	25.5	14.3	29.0	25.2	25.2	25.7	17.4	26.2	25.2	
Reported PAT	**2,080**	**1,233**	**1,554**	**14,908**	**1,520**	**1,530**	**1,826**	**2,269**	**19,774**	**7,145**	**1,846**	
Adj PAT	**2,080**	**1,233**	**1,492**	**2,249**	**2,014**	**1,530**	**1,826**	**2,269**	**7,054**	**7,639**	**1,846**	**9%**
YoY Change (%)	(35.2)	(25.0)	(14.4)	17.0	(3.2)	24.1	22.4	0.9	(17.2)	7.3	(11.3)	
Margins (%)	9.7	7.8	8.3	10.4	10.6	8.9	9.3	10.1	9.2	9.7	9.4	

Bharti Airtel

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR1466 Buy

Conference Call Details

Date: 06st Aug 2024

Time: 14:30 hours IST

Financial Valuations (INR b)

INRb	FY24	FY25E	FY26E
Net Sales	1,500	1,643	1,864
EBITDA	783	865	1,036
Adj. PAT	113	190	291
EBITDA Margin (%)	52.2	52.7	55.6
Adj. EPS (INR)	19.7	33.1	50.6
EPS Gr. (%)	37	68	53
BV/Sh. (INR)	147	219	271
Ratios			
Net D:E	2.4	1.2	0.7
RoE (%)	14.2	18.6	21.2
RoCE (%)	9.6	11.8	14.2
Div. Payout (%)	0.0	0.0	0.0
Valuations			
EV/EBITDA (x)	13.4	11.6	9.2
P/E (x)	74.6	44.3	29.0
P/BV (x)	10.0	6.7	5.4

Moderate growth, but capex declined

India Mobile and Africa's EBITDA (CC) growth at 3%/2% QoQ

Key highlights

- **Growth softens (in line):** Consol. revenue/EBITDA increased 2% QoQ each, led by: a) India Mobile's revenue/EBITDA growth of 2%/3% QoQ each (ARPU/ subscriber growth at 1%/0.6%) and b) Africa's CC revenue/EBITDA growth of 5/2% QoQ. India Mobile's subscriber growth for the quarter slowed down to 2.3m vs. average additions of 4.2m in the last four quarters.
- **HOME business the silver lining** with 5% QoQ EBITDA growth (led by 5% QoQ subscriber adds). It continues with its steady growth trend in the last 16 quarters. It has expanded in 1,317 cities vs. a mere 100 cities in FY20, with 2.5x growth in subscribers in the last three years. Xtream AirFibre launch should further accelerate growth.
- **Capex moderates, deleveraging continues:** Capex moderated to INR80b (-24% QoQ). India Mobile's capex decreased 20% QoQ to INR48.5b. Subsequently, it repaid a debt of ~INR58b and the debt stood at INR1,351b. This could further reduce by 12% through the INR160b Rights issue call money.
- **Superior network capability:** Bharti's data traffic and subscriber base are still 20%/40% below RJio's. Still, Bharti continues to add sites at 10.5k along with accelerated fiberization.

Result in details

Consolidated result

- **Consol. revenue/EBITDA rose 2.4%/1.8% QoQ to INR385b/INR197b (in line), led by all segments.**
- India Mobile/Africa's (in CC) revenue grew 2%/4% QoQ and EBITDA rose 3%/1% QoQ.
- Adjusted (for exceptional) consol. PAT (post-minority) stood at INR29b (vs. INR30b QoQ and INR37b estimated).

India Mobile's revenue/EBITDA up 2/3% QoQ (in line) led by both subscriber and ARPU growth

- **Revenue at INR225b grew 2% QoQ (in line) on the back of 1% ARPU growth to INR211 and 0.6% subscriber growth to 355m.**
  - Subscriber growth for the quarter slowed down to 2.3m vs. average additions of 4.2m in the last four quarters.
  - **4G subscriber additions were steady at 6.7m vs. an average addition of 7.1m in the last four quarters, reaching 259m subscribers (+3 % QoQ), i.e. 73% of total subscribers.**
  - RJio's revenue grew 2% QoQ and it had a net addition of 7.9m subscribers vs. Airtel's 2.3m net subscriber addition.
  - **Churn remained elevated** QoQ at 2.8% (RJio lowest at 1.7%).

- **ARPU increased 1% QoQ (INR2) to INR211,** growth continued to be led by 4G and postpaid-led mix improvement.
- **EBITDA was up 3% QoQ to INR125b (in line)** and margin improved 50bp QoQ to 55.6%. Incremental margin was 79%.
- Data traffic grew 19% QoQ to 19.2t GB with 24.3GB/user. Bharti's data usage/subs stood ~20% below RJio's and data subscribers were far below.
- Bharti's MOU was down 3% QoQ to 1,128 mins, while RJio's voice consumption was 974 mins.
- **India Mobile's capex declined to INR48.5b (vs. INR60.1b QoQ).**

Africa posted growth across all regions

- Africa's revenue/EBITDA declined 15%/22% QoQ to INR96b/INR44b (reported currency) due to the Naira devaluation.
- **However, in CC terms, revenue/EBITDA grew 5%/2% QoQ to USD1.17b/ USD531m.**
- The subscriber base grew 1.8% QoQ (+2.7m) to 155.4m and ARPU grew 5% QoQ to USD2.2.
- **Africa's capex declined to INR12.2b (from INR20.2b QoQ).**

Home business continued its growth momentum; Enterprise segment was moderate

- **Home business continued to see strong growth:** Revenue/EBITDA posted 4%/5% QoQ growth. Subscriber growth was healthy at 5% QoQ (this strong growth continued from the last eight quarters), but ARPU continued to decline 1% QoQ to INR572 from INR800 in FY20, with increased offtake at lower price plans.
  - Reach increased to 1,317 cities (+27 cities in the quarter), which was hardly 100+ cities in FY20.
- Enterprise revenue and EBITDA were flat/-5% QoQ to INR55b/INR20b. Against this, TCOM saw 1%/6% QoQ data revenue/EBITDA growth.
- Digital TV Revenue/EBITDA increased 1%/flat QoQ. Revenue growth was led by subscriber additions, while ARPU declined 1% QoQ to INR159.

Deleveraging continues

- OCF was up 27% QoQ to INR200b led by 2% QoQ increase in EBITDA and WC release. Capex stood at INR178b (including spectrum payment, DPL) and interest costs of INR39b led to cash outflow of INR17b.
- Net debt (excluding lease liability) declined INR58b YoY to INR1,351b led by prepayment of deferred payment liability of INR79b in 1QFY25.
  - Lease liability increased to INR675b. Subsequently, the overall net debt reduced by INR51b to INR2,026b, with TTM net debt to EBITDA at 2.6x.
  - Bharti had INR160b (the Rights issue call money) yet to receive, which could reduce the net debt by about 12%.

Others

- Airtel Africa bought back USD19.69m shares, resulting in an increase in Bharti's effective shareholding from 56.12% to 56.33%.

Consolidated - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Revenue	**374**	**370**	**379**	**376**	**385**	**403**	**423**	**432**	**1,500**	**1,643**	**387**	-0.4
YoY Change (%)	14.1	7.3	5.9	4.4	2.8	8.9	11.6	14.8	7.8	9.5	3.3	
Total Expenditure	178	175	181	182	188	193	197	200	717	777	184	2.4
EBITDA	**196**	**195**	**198**	**194**	**197**	**211**	**226**	**231**	**783**	**865**	**203**	-3.0
YoY Change (%)	18.6	10.9	7.4	3.6	0.6	8.0	14.2	19.5	9.8	10.5	3.6	-85
Depreciation	97	97	101	101	105	108	109	112	395	434	106	-0.4
Net Finance cost	56	52	66	52	52	50	50	47	226	198	53	-3.2
Other Income	9	9	11	11	13	13	14	15	41	54	12	7.2
PBT before EO expense	**53**	**55**	**42**	**52**	**53**	**66**	**81**	**88**	**203**	**288**	**56**	-5.4
Extra-Ord expense	34	16	1	25	-7	0	0	0	76	-7	0	
PBT	**19**	**39**	**41**	**28**	**60**	**66**	**81**	**88**	**127**	**296**	**56**	7.7
Tax	3	18	12	7	13	16	20	22	41	71	14	-6.5
Rate (%)	18.0	46.9	30.0	25.6	21.7	24.7	24.7	24.7	32.5	24.1	25.0	
Minority Interest & P/L of Asso. Cos.	-1	8	4	0	6	6	8	9	11	28	5	
Reported PAT	**16**	**13**	**24**	**21**	**42**	**44**	**53**	**57**	**75**	**196**	**37**	13.6
Adj PAT	**29**	**30**	**25**	**30**	**29**	**44**	**53**	**57**	**113**	**183**	**37**	-20.1
YoY Change (%)	91.3	44.2	25.0	13.9	0.8	47.0	113.3	94.2	38.6	62.1	26.2	

E: MOFSL Estimates

ONGC

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR310 | Buy

EBITDA in line; but PAT miss due to higher dry well write-offs and lower sequential other income

Conference Call Details

Date: 6 Aug'24
Time: 1530 hours IST
Dial-in details:
044- 4770 2296
044- 7126 1480

- In 1QFY25, crude oil sales stood at 5% below our estimate at 4.6mmt, while gas sales came in line at 3.8bcm. VAP sales stood at 629tmt (our est. of 836tmt).
- Crude oil production in 1QFY25 (incl. JVs) stood at 5.24mmt, down 1% on a YoY basis.
  - Gas production in 1QFY25 (incl. JVs) stood at 5bcm, down 4% on a YoY basis.
- Reported oil realization was in line with our est. at USD83.1/bbl (+9% YoY).
- EBITDA came in line with our est. at INR186.2b (-4% YoY), while PAT was 9% below our INR89.4b (our est. of INR98.3b).
  - The miss in PAT was led by higher-than-expected depreciation and dry well write-offs, and lower other income QoQ.
- **OVL's** oil production increased by 1% QoQ to 1.79mmt, while gas production was 0.722bcm in 1QFY25 (-14% QoQ).
  - Crude oil sales stood at 1.18mmt (-4% YoY), while gas sales came in at 0.485bcm (-14% YoY).
- OVL's revenue was INR24.8b (+5% YoY), and PBDT stood at INR11.7b (+38% YoY).
- ONGC announced making five hydrocarbon discoveries to date. The company has submitted a field development plan to DGH for monetization of the Hatta Discovery Vindhyan Basin, Madhya Pradesh.

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25		Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	1QE	(%)	(%)	(%)
Net Sales	**338.1**	**351.6**	**347.9**	**346.4**	**352.7**	**371.9**	**-5%**	**4%**	**2%**
YoY Change (%)	*-20.1*	*0.0*	*-9.8*	*-4.6*	*4.3*	*10.0*			
EBITDA	**194.5**	**188.1**	**171.6**	**174.1**	**186.2**	**186.6**	**0%**	**-4%**	**7%**
Margin (%)	*57.5*	*53.5*	*49.3*	*50.3*	*52.8*	*50.2*			
Depreciation	67.0	59.6	69.3	71.9	75.4	64.7			
Interest	10.1	10.2	10.2	10.3	11.8	14.6			
Other Income	16.1	20.9	34.0	36.8	20.6	24.0			
PBT	**133.6**	**163.6**	**126.1**	**128.6**	**119.6**	**131.3**	**-9%**	**-11%**	**-7%**
Tax	33.5	32.6	27.2	29.9	30.2	33.1			
Rate (%)	*25.0*	*21.6*	*21.6*	*23.3*	*25.2*	*25.2*			
Reported PAT	**100.2**	**128.3**	**98.9**	**98.7**	**89.4**	**98.3**	**-9%**	**-11%**	**-9%**
Adj. PAT	**100.2**	**128.3**	**98.9**	**98.7**	**89.4**	**98.3**	**-9%**	**-11%**	**-9%**
YoY Change (%)	*-34.1*	*0.0*	*-10.4*	*41.9*	*-10.8*	*-1.9*			
Margin (%)	*29.6*	*33.5*	*28.4*	*28.5*	*25.3*	*26.4*			
Key Assumptions (USD/bbl)									
Oil Realization (pre windfall tax)	76.5	95.5	81.1	80.8	83.1	85.0	-2%	9%	3%
Crude oil sold (mmt)	4.7	4.7	4.7	4.7	4.6	4.9	-5%	-2%	-1%
Gas sold (bcm)	4.1	4.0	4.0	3.8	3.8	3.7	3%	-6%	0%
VAP sold (tmt)	589.0	651.0	573.0	622.0	629.0	836.3	-25%	7%	1%

Deepak Nitrite

BSE SENSEX	S&P CNX
78,759	24,056

Conference Call Details

Date: 8th August 2024

Time: 1500hours IST

Dial-in details:

+91 22 6280 1259

+91 22 7115 8160

CMP: INR2,953 **Neutral**

Beat led by better performance in DPL YoY

- Revenue stood at INR21.7b (our est. INR18.6b, up 23% YoY).
- EBITDA was INR3.1b (our est. of INR2.8b, up 47% YoY). Gross margin was flat YoY at 30.8%, while EBITDAM was 14.3% (vs. 11.9% in 1QFY24).
- Reported PAT stood at INR2b (our est. of INR1.8b, up 35% YoY).

Segmental EBIT details

- Phenolics' EBIT margin was 14.2%, with an EBIT of INR2.1b. Advanced Intermediates (AI)'s EBIT margin was 9.3%, with an EBIT of INR665m.
- Revenue mix of Phenolics stood at 67% in 1QFY25, with Advanced Intermediates' share at 33%. EBIT mix for AI was 24% vs. 57% in 1QFY24, with contribution from Phenolics at 76% (from 43% in 1QFY24).

Other highlights

- In May'24, Deepak Chem Tech Ltd (DCTL) entered into a share purchase agreement with Narmada Thermal Power Pvt Ltd (NTPPL) to acquire 100% paid up share capital of NTPPL for INR617m. NTPPL was considered a step-down subsidiary of DNL in 1QFY25.

Consolidated - Quarterly Snapshot (INR m)

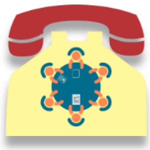
Y/E March	FY24				FY25		Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1QE	1QAct	(%)	(%)	(%)
Gross Sales	**17,683**	**17,781**	**20,092**	**21,262**	**18,611**	**21,668**	**16%**	**23%**	**2%**
YoY Change (%)	*-14.1*	*-9.4*	*0.9*	*8.4*	*5.2*	*22.5*			
Gross Margin (%)	*30.8%*	*34.4%*	*31.7%*	*30.7%*	*32.4%*	*30.8%*	*-1.7%*	*0.0%*	*0.1%*
EBITDA	**2,098**	**3,023**	**3,047**	**3,011**	**2,773**	**3,092**	**12%**	**47%**	**3%**
Margin (%)	*11.9*	*17.0*	*15.2*	*14.2*	*14.9*	*14.3*	*-0.6*	*2.4*	*0.1*
Depreciation	381	394	417	465	536	475			
Interest	18	27	29	44	27	58			
Other Income	319	170	136	191	141	188			
PBT before EO expense	**2,017**	**2,772**	**2,736**	**2,694**	**2,350**	**2,748**	**17%**	**36%**	**2%**
Extra-Ord expense	0	0	0	-798	0	0			
PBT	**2,017**	**2,772**	**2,736**	**3,492**	**2,350**	**2,748**	**17%**	**36%**	**-21%**
Tax	518	721	715	953	592	723			
Rate (%)	*25.7*	*26.0*	*26.1*	*27.3*	*25.2*	*26.3*			
Reported PAT	**1,499**	**2,051**	**2,020**	**2,538**	**1,759**	**2,025**	**15%**	**35%**	**-20%**
Adj PAT	**1,499**	**2,051**	**2,020**	**1,958**	**1,759**	**2,025**	**15%**	**35%**	**3%**
YoY Change (%)	*-36.1*	*17.5*	*-3.4*	*-16.3*	*17.3*	*35.1*			
Margin (%)	*8.5*	*11.5*	*10.1*	*9.2*	*9.5*	*9.3*	*-0.1*	*0.9*	*0.1*
Segmental Revenue (INR m)									
Advanced Intermediates	7,083	6,702	6,743	6,711	5,993	7,157	19%	1%	7%
Phenolic	10,679	11,201	13,493	14,661	12,744	14,636	15%	37%	0%
Segmental EBIT (INR m)									
Advanced Intermediates	1,149	1,034	937	1,339	1,146	665	-42%	-42%	-50%
Phenolic	876	1,704	1,798	2,061	2,232	2,076	-7%	137%	1%
Segmental EBIT Margin (%)									
Advanced Intermediates	*16.2%*	*15.4%*	*13.9%*	*20.0%*	*19.1%*	*9.3%*	*-9.8%*	*-6.9%*	*-10.7%*
Phenolics	*8.2%*	*15.2%*	*13.3%*	*14.1%*	*17.5%*	*14.2%*	*-3.3%*	*6.0%*	*0.1%*

Brigade Enterprises

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR1,124 **Buy**

Conference Call Details



Date: 07 August 2024
Time: 14:30 IST
Dial-in details:
+91-22 6280 1209

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	49.0	49.7	49.8
EBITDA	11.9	15.8	17.5
EBITDA (%)	24.4	31.8	35.2
PAT	4.5	7.6	8.6
EPS (INR)	22.1	37.1	42.0
EPS Gr. (%)	82.6	67.9	13.2
BV/Sh. (INR)	178.5	213.6	253.6
Ratios			
RoE (%)	13.1	18.9	18.0
RoCE (%)	8.9	11.6	12.1
Payout (%)	9.1	5.4	4.8
Valuations			
P/E (x)	51	30	27
P/BV (x)	6.3	5.3	4.4
EV/EBITDA (x)	22.2	16.2	14.1
Div yld (%)	0.2	0.2	0.2

Encouraging performance across all fronts

Strong launch pipeline provides growth visibility in near term

Operational performance

- BEL reported bookings of INR10.9b in 1QFY25, up 9% YoY (16% below estimate).
- Volume stood at 2.7msf, down 21% YoY.

Commercial:

- Leasing revenue grew 23% YoY to INR2.6b. The hotel business reported a revenue of INR1.2b, up 12% YoY.
- Hospitality portfolio had occupancy of 75% and ARR of INR6,233, flat YoY.

Financial performance

- Revenue increased 65% YoY to INR11b (6% below estimate).
- EBITDA stood at INR2.9b, up 67% YoY. EBITDA margin came in at 27%, up 40bp YoY.
- Adj. PAT jumped 2x YoY to INR837m, with a margin of 8%.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	(%)
Gross Sales	**6,540**	**13,666**	**11,738**	**17,024**	**10,777**	**12,169**	**12,914**	**13,809**	**48,967**	**49,668**	**11,424**	-6%
YoY Change (%)	-27.5	55.4	43.1	102.0	64.8	-11.0	10.0	-18.9	42.1	1.4	74.7	
Total Expenditure	4,792	10,418	9,117	12,696	7,851	8,394	8,781	8,860	37,023	33,887	8,245	
EBITDA	**1,748**	**3,248**	**2,620**	**4,327**	**2,926**	**3,775**	**4,132**	**4,949**	**11,944**	**15,782**	**3,179**	-8%
Margins (%)	26.7	23.8	22.3	25.4	27.1	31.0	32.0	35.8	24.4	31.8	27.8	*-68bps*
Depreciation	681	757	821	762	679	693	707	1,119	3,021	3,197	777	
Interest	1,081	1,100	1,349	1,380	1,519	1,367	1,231	573	4,910	4,690	1,352	
Other Income	315	413	344	603	357	434	361	606	1,674	1,758	330	
PBT before EO expense	**300**	**1,803**	**795**	**2,788**	**1,084**	**2,148**	**2,556**	**3,863**	**5,687**	**9,652**	**1,380**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**300**	**1,803**	**795**	**2,788**	**1,084**	**2,148**	**2,556**	**3,863**	**5,687**	**9,652**	**1,380**	
Tax	82	679	237	680	279	541	643	1,705	1,676	2,430	347	
Rate (%)	27.1	37.6	29.8	24.4	25.7	25.2	25.2	44.1	29.5	19.4	25.2	
MI & Profit/Loss of Asso. Cos.	-166	-210	-177	48	-32	-88	-94	-96	-506	-361	-83	
Reported PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,696**	**2,007**	**2,254**	**4,516**	**7,584**	**1,116**	-25%
Adj PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,696**	**2,007**	**2,254**	**4,516**	**7,584**	**1,116**	-25%
YoY Change (%)	-52.0	103.0	29.2	289.1	117.3	27.1	173.1	9.4	79.6	67.9	141.5	
Margins (%)	5.9	9.8	6.3	12.1	7.8	13.9	15.5	16.3	9.2	15.3	9.8	
E: MOFSL Estimates												
Operational Performance												
Pre Sales (msf)	1.5	1.7	1.7	2.7	1.2	1.5	2.2	4.2	7.5	7.2	1.6	-27%
Booking Value (INRb)	10.0	12.5	15.2	22.4	10.9	17.0	20.0	37.5	60.1	61.0	13	-16%
Avg rate/sf (INR)	6,822	7,466	8,994	8,246	9,442	11,000	9,000	8,933	7966	8431	8250	14%

Source: MOFSL, Company **Note: We will revisit our estimates after the concall**

MOTILAL OSWAL | MORNING INDIA

RESULTS FLASH

05 August 2024

1QFY25 Results Flash | Sector: Capital Goods

Triveni Turbine

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR595 — Buy

Robust quarter; record operating performance

- TRIV reported record revenue, above our estimates, at INR4.6b (+23% YoY) fueled by robust execution of the opening order book of INR15.5b. Domestic/export revenue growth stood at 27%/19% YoY.
- While gross margin expanded ~40bp YoY to 51.8%, EBITDA margin was up ~180bp YoY to 20.6% on the back of operating leverage benefits. Accordingly, EBITDA grew 35% YoY/6% QoQ to INR956m.
- PBT at INR1.1b grew 37% YoY, supported by higher other income (+45% YoY). PAT grew 32% YoY, despite a higher effective tax rate (25.4% vs. 22.5% in 1QFY24).
- Order inflow came in at a record INR6.4b, up 40% YoY, largely propelled by export order booking (+74% YoY), while domestic orders inched up 2% YoY. This took the order book to a record INR17.2b (+23% YoY).

Conference Call Details

Date: 6th August 2024

Time: 12:30pm IST

Dial-in details:

Diamond pass

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	16.5	21.3	28.6
EBITDA	3.2	4.2	5.7
Adj. PAT	2.7	3.5	4.7
Adj. EPS (INR)	8.5	11.0	14.8
EPS Gr. (%)	39.8	29.8	35.1
BV/Sh.(INR)	30.2	38.1	48.8
Ratios			
RoE (%)	31.3	32.2	34.2
RoCE (%)	31.6	32.3	34.3
Payout (%)	28.0	28.0	28.0
Valuations			
P/E (x)	70.3	54.1	40.1
P/BV (x)	19.7	15.6	12.2
EV/EBITDA (x)	58.1	43.7	32.0
Div. Yield (%)	0.4	0.5	0.7

Triveni Turbine

Consolidated Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	3,764	3,878	4,317	4,581	4,633	5,121	5,548	6,036	16,539	21,338	4,268	9
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	32.1	28.5	31.8	32.6	29.0	13.4	
Total Expenditure	3,055	3,134	3,480	3,682	3,677	4,122	4,466	4,848	13,352	17,113	3,423	
EBITDA	709	744	837	898	956	999	1,082	1,188	3,188	4,225	845	13
Margins (%)	18.8	19.2	19.4	19.6	20.6	19.5	19.5	19.7	19.3	19.8	19.8	
Depreciation	49	51	55	53	62	63	63	63	208	251	63	-2
Interest	7	6	6	7	10	5	5	5	27	21	5	91
Other Income	133	144	171	176	194	174	179	168	622	715	170	14
PBT before EO expense	786	830	947	1,014	1,078	1,105	1,192	1,288	3,576	4,667	947	14
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	786	830	947	1,014	1,078	1,105	1,192	1,288	3,576	4,667	947	14
Tax	177	190	264	252	274	278	300	338	883	1,173	238	
Rate (%)	22.5	22.9	27.9	24.9	25.4	25.1	25.1	26.3	24.7	25.1	25.1	
Reported PAT	610	640	683	762	804	827	893	950	2,693	3,494	709	13
Adj PAT	610	640	683	762	804	827	893	950	2,693	3,494	709	13
YoY Change (%)	59.0	38.2	29.8	37.0	31.9	29.2	30.7	24.6	39.6	29.6	16.3	
Margins (%)	16.2	16.5	15.8	16.6	17.4	16.1	16.1	15.7	16.3	16.4	16.6	

Syrma SGS Technology

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR466 Buy

Conference Call Details

Date: 6th Aug 2024
Time: 10:30am IST
Dial-in details:
Click Here

Earnings below estimates

- Consolidated revenue grew 93% YoY to INR11.6b (est. INR10b).
- EBITDA margins contracted 230bp YoY to 3.8% (est. 5.5%), led by gross margins contraction by 710bp YoY to 15%.
- EBITDA grew 21% YoY to INR446m (est. INR554m).
- Adjusted PAT declined 32% YoY to INR193m (est. INR266m).
- Auto/Consumer/Healthcare/Industrial/IT & Railways segments accounted for ~16%/53%/5%/19%/7% of total sales during 1QFY25.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Gross Sales	**6,013**	**7,117**	**7,067**	**11,341**	**11,599**	**10,178**	**10,247**	**14,317**	**31,538**	**46,341**	**10,042**	**16**
YoY Change (%)	54.4	52.4	37.9	66.9	92.9	43.0	45.0	26.2	54.0	46.9	47.8	
Total Expenditure	5,644	6,627	6,679	10,604	11,153	9,564	9,507	13,169	29,554	43,392	9,488	
EBITDA	**369**	**490**	**388**	**737**	**446**	**614**	**740**	**1,148**	**1,984**	**2,948**	**554**	**-20**
Margins (%)	6.1	6.9	5.5	6.5	3.8	6.0	7.2	8.0	6.3	6.4	5.5	
Depreciation	101	116	139	158	174	163	166	174	515	677	160	
Interest	75	80	100	123	130	105	95	86	378	416	115	
Other Income	221	89	121	156	153	165	180	177	587	675	150	
PBT before EO expense	**413**	**383**	**270**	**612**	**295**	**511**	**659**	**1,064**	**1,678**	**2,530**	**429**	
Extra-Ord expense	0	14	0	0	0	0	0	0	14	0	0	
PBT	**413**	**370**	**270**	**612**	**295**	**511**	**659**	**1,064**	**1,664**	**2,530**	**429**	
Tax	130	64	67	160	91	129	166	268	421	654	108	
Rate (%)	31.5	17.4	24.8	26.1	31.0	25.2	25.2	25.2	25.3	25.9	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-2	22	48	103	10	70	85	56	170	222	55	
Reported PAT	**285**	**283**	**155**	**349**	**193**	**312**	**408**	**740**	**1,073**	**1,654**	**266**	
Adj PAT	**285**	**297**	**155**	**349**	**193**	**312**	**408**	**740**	**1,087**	**1,654**	**266**	**-27**
YoY Change (%)	84.0	4.8	-53.2	-17.4	-32.3	5.2	163.2	111.9	-8.9	52.2	-37.1	
Margins (%)	4.7	4.2	2.2	3.1	1.7	3.1	4.0	5.2	3.4	3.6	2.7	

V-Mart Retail

BSE SENSEX	S&P CNX
78,759	24,056

We will revisit our estimates post earnings call/management interaction.

Conference Call Details

Date: 06th Aug 2024
Time: 16:00 IST

Financials & Valuations (INR b)

INR million	FY24	FY25E	FY26E
Sales	27.9	32.3	37.3
EBITDA	2.1	3.2	4.2
NP	-1.0	-0.4	0.3
EBITDA Margin (%)	7.6	9.8	11.3
Adj. EPS (INR)	-53.5	-23.3	15.1
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	412.8	389.5	404.6
Ratios			
Net D:E	1.8	2.1	2.1
RoE (%)	NM	NM	3.8
RoCE (%)	0.4	2.9	6.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	NM	NM	215.0
EV/EBITDA (x)	36.6	25.0	18.9
EV/Sales (x)	2.3	2.1	1.8
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	3.4	1.1	3.1

CMP: INR3,370 — Neutral

EBITDA up 89% YoY (big beat) led by SSSG and reduction in LR losses

- Revenue grew 16% YoY to INR7.9b (in line), led by 11% blended SSSG and 4% footprint addition.
  - SSSG for V-Mart (core) and Unlimited has improved for the third straight quarter and stood at 12% and 8%, respectively.
  - **Limeroad** revenue declined 29% YoY to INR120m. This is positive, as it curtailed consol EBITDA loss. Adjusted for this, VMART revenue (including Unlimited stores) rose 16% YoY.
  - **Unlimited** revenue, with throughput of ~INR1,600/sqft (+8% SSSG), stood at ~INR1.2b (calculated), up ~5% YoY.
  - **V-Mart (core)** revenue stood at ~INR6.5b (calculated), up ~20% YoY, with throughput of ~INR2,000/sqft.
- The company opened 7 new stores (5 in V-Mart and 2 in Unlimited) and closed 3 stores of Unlimited (none in V-Mart) during the quarter, taking the total store count to 448 (V-Mart 370 and Unlimited 78).
- Gross profit grew 14% YoY to INR2.8b (in line), but margins declined 60bp YoY.
- Other expenses declined 21% YoY to INR937m, which could mainly be due to lower losses in Limeroad and closures of loss-making stores.
- Employee expenses grew 17% YoY to INR841m.
- Resultantly, EBITDA grew by 89% YoY to INR990m (47% beat), with margin expansion of ~490bp to 12.6%.
  - Pre Ind-AS 116 EBITDA would be ~INR360m with ~5% margin.
- PAT stood at INR121m (vs. est. loss of INR176m), led by EBITDA improvement.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Revenue	**6,785**	**5,494**	**8,891**	**6,686**	**7,861**	**6,372**	**9,945**	**8,135**	**27,856**	**32,313**	**7,860**	**0**
YoY Change (%)	15.4	8.5	14.4	12.6	15.9	16.0	11.9	21.7	13.0	16.0	15.8	
Total Expenditure	6,261	5,488	7,694	6,284	6,871	6,213	8,433	7,619	25,725	29,136	7,189	-4
EBITDA	**525**	**7**	**1,197**	**402**	**990**	**159**	**1,512**	**516**	**2,131**	**3,177**	**671**	**48**
EBITDA Margin (%)	7.7	0.1	13.5	6.0	12.6	2.5	15.2	6.3	7.6	9.8	8.5	
Depreciation	499	532	583	607	568	574	580	850	2,221	2,571	613	-7
Interest	330	359	376	359	375	375	375	282	1,424	1,407	352	7
Other Income	15	20	130	44	46	46	46	101	210	240	60	-23
PBT	**-290**	**-864**	**369**	**-520**	**93**	**-743**	**604**	**-515**	**-1,305**	**-561**	**-234**	**-140**
Tax	-70	-223	87	-131	-28	225	-183	-154	-337	-140	-59	
Rate (%)	24.2	25.8	23.5	25.1	-30.3	-30.3	-30.3	30.0	25.9	25.0	25.0	
Reported PAT	**-219**	**-641**	**282**	**-389**	**121**	**-968**	**786**	**-361**	**-968**	**-421**	**-176**	**-169**
Adj PAT	**-219**	**-641**	**282**	**-389**	**121**	**-968**	**786**	**-361**	**-968**	**-421**	**-176**	**-169**
YoY Change (%)	-207.3	466.8	41.3	5.3	-155.3	50.9	178.5	-7.3	1,132.9	-56.5	-19.9	

E: MOFSL Estimates

05 Aug 2024

Results Flash | Sector: Logistics

RESULTS FLASH

VRL Logistics

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR544 — Buy

Revenue in line; margins below estimate

Earnings snapshot – 1QFY25

- Revenue grew 8% YoY to ~INR7.3b (-5% QoQ), in line with our estimate.
- Tonnage handled stood at 1.07m tons (+7% YoY).
- EBITDA margins stood at 11.9% against our estimate of 13%. The margins were impacted YoY by an increase in operating expenses and staff costs. The election period caused a prolonged shortage of drivers and loading/unloading staff, affecting services and vehicle turnaround. A heatwave in the North also reduced efficiency. Temporary workers were hired to maintain operations, incurring additional costs.
- Diesel consumption increased by ~7% YoY due to more kms run by own vehicles. The average cost per liter of diesel decreased by 1.6% from INR87.5 in 1QFY24 to INR86.2 in 1QFY25.
- EBIDTA declined 15% YoY to INR869m (6% below our estimate of INR925m).
- Higher depreciation and interest costs were partially offset by higher other income. During the quarter, the company sold immovable property (comprising land and building) to a promoter group company for INR149m. PBT on the sale, amounting to INR114m, has been accounted under Other Income.
- APAT declined 60% YoY to INR134m (vs. our estimate of INR202m).

Conference Call Details

Date: 6th Aug 2024

Time: 10:30 AM IST

Dial-in details:

Link

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	28.9	32.2	37.7
EBITDA	3.9	4.5	5.4
Adj. PAT	0.9	1.4	2.1
EBITDA Margin (%)	13.6	14.0	14.4
Adj. EPS (INR)	10.1	15.8	23.6
EPS Gr. (%)	-46.1	56.4	48.8
BV/Sh. (INR)	108.1	114.0	125.5
Ratios			
Net D:E	0.3	0.2	0.1
RoE (%)	9.2	14.3	19.7
RoCE (%)	11.6	14.8	19.2
Payout (%)	0.0	63.1	50.9
Valuations			
P/E (x)	53.7	34.3	23.1
P/BV (x)	5.0	4.8	4.3
EV/EBITDA(x)	12.8	11.0	9.0
Div. Yield (%)	0.0	1.8	2.2
FCF Yield (%)	2.9	2.8	4.5

Quarterly performance INR m

Y/E March (INR m)	FY24				FY25	FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q			1QE	vs Est
Net Sales	**6,742**	**7,093**	**7,367**	**7,684**	**7,114**	**28,886**	**32,208**	**7,114**	-
YoY Change (%)	9.7	8.4	8.1	10.1	5.5	9.1	11.5	5.5	
EBITDA	**1,019**	**918**	**944**	**1,053**	**925**	**3,935**	**4,518**	**925**	-
Margins (%)	15.1	12.9	12.8	13.7	13.0	13.6	14.0	13.0	
YoY Change (%)	11.7	-1.3	-8.6	-7.7	-9.2	-2.0	14.8	-9.2	
Depreciation	489	522	568	583	550	2,162	2,206	550	
Interest	163	185	213	218	170	779	713	170	
Other Income	89	60	24	38	65	211	253	65	
PBT before EO expense	**456**	**271**	**187**	**291**	**270**	**1,205**	**1,852**	**270**	
Extra-Ord expense	0	-3	0	0	0	-3	0	0	
PBT	**456**	**274**	**187**	**291**	**270**	**1,208**	**1,852**	**270**	
Tax	117	77	50	76	68	319	467	68	
Rate (%)	25.6	28.0	26.9	26.0	25.2	26.4	25.2	25.2	
Reported PAT	**339**	**197**	**137**	**215**	**202**	**889**	**1,385**	**202**	
Adj PAT	**339**	**194**	**137**	**215**	**202**	**886**	**1,385**	**202**	-
YoY Change (%)	-7.5	-36.7	-63.7	-64.7	-40.4	-46.7	56.4	-40.4	
Margins (%)	5.0	2.7	1.9	2.8	2.8	3.1	4.3	2.8	

UDS

BSE SENSEX	S&P CNX
78,759	24,056

CMP: INR310 Buy

Miss on revenues, but beat on margins

Revenue/EBITDA/PAT up ~13%/20%/97% YoY

P&L highlights

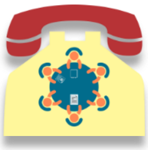
- Revenue was up 13% YoY and 3.2% QoQ at ~INR6.5b, below our estimate of 18% YoY growth.
- Revenue growth was aided by ~33% YoY growth in BSS, whereas IFM reported a modest growth of 5.0% YoY.
- UDS has witnessed a notable shift in its business mix. In 1QFY25, the IFM and BSS segments contributed ~65% and 35%, respectively, compared to ~70% and ~30% in 1QFY24.
- EBITDA margin came in at 6.3%, up 40bp YoY (vs. est. 4.0%). IFM margin was up by 30bp QoQ at 4.0%. BSS margin declined 20bp QoQ to 6.7%.
- Consolidated adj. PAT stood at INR254m (up 97% YoY), above our estimates.
- Adj. ROCE stood at 24.2% on annualized basis in Jun'24 vs. 20.7% in Mar'24.

Operational highlights

- In 1QFY25, 29/15 logos were added in IFM/BSS business.
- Long-standing relationships with customers have 95%/93% retention over a 5-year window in IFM/BSS business.
- Launched GenAI-enabled sales Intelligence service with a major global conglomerate.

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

Conference Call Details



Date: 7th August 2024
Time: 02:00 pm IST
Dial-in details:
+91 22 6280 1309
+91 22 7115 8210

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	24.4	28.9	34.9
EBIT	0.8	1.3	1.7
PAT	0.7	1.2	1.4
Adj PAT	0.8	1.3	1.7
EPS (INR)	11.4	19.7	23.6
Adj EPS (INR)	13.9	21.9	28.0
EPS growth (%)	-13%	57%	28%
BV/Sh (INR)	126.4	146.6	167.6
Valuations			
P/E (x)	27.3	15.7	13.1
P/BV (x)	2.5	2.1	1.9
RoE (%)	10.9	12.8	13.3
RoCE (%)	9.2	11.0	10.7

Quarterly performance (INR m)

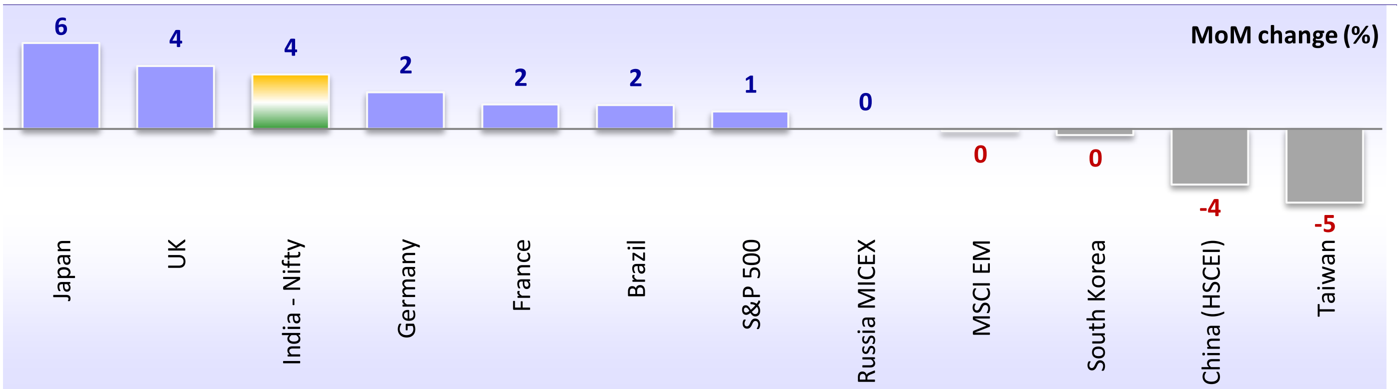
Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY25	(%/bp)
Gross Sales	**5,777**	**6,019**	**6,361**	**6,318**	**6,522**	**7,009**	**7,462**	**7,946**	**24,474**	**28,939**	**6,809**	**-4.2**
YoY Change (%)	20.5	17.0	17.3	10.5	12.9	16.5	17.3	25.8	16.1	18.2	17.9	**-500bp**
Total Expenditure	5,376	5,616	5,959	5,944	6,112	6,491	6,910	7,358	22,895	26,871	6,509	-6.1
Core EBITDA	**401**	**403**	**401**	**374**	**409**	**519**	**552**	**588**	**1,579**	**2,068**	**300**	**36.6**
Margins (%)	6.9	6.7	6.3	5.9	6.3	7.4	7.4	7.4	6.5	7.1	4.4	190bp
ESOP cost	28.3	31.7	21.7	18.9	0.0	28.0	29.8	31.8	100.6	89.7	27.2	-100.0
Fair value changes	31.8	57.2	31.8	-47.4	0.0	0.0	0.0	0.0	73.3	0.0	0.0	
EBITDA	**341**	**314**	**348**	**403**	**409**	**491**	**522**	**556**	**1,405**	**1,978**	**272**	**50.3**
Margins (%)	5.9	5.2	5.5	6.4	6.3	7.0	7.0	7.0	5.7	6.8	4.0	230bp
Depreciation	131	137	149	123	115	161	172	183	539.6	630.2	150	-23.5
Interest	56	63	42	31	34	14	15	16	192.8	78.8	14	149.2
Other Income, net	15	9	93	56	65	42	45	48	173	199	41	58.7
PBT	**169**	**123**	**250**	**305**	**326**	**357**	**381**	**405**	**846**	**1,469**	**150**	**117.4**
Tax	45	31	44	63	69	71	76	81	183.2	297.9	30	131.0
Rate (%)	26.7	25.2	17.7	20.7	21.3	20.0	20.0	20.0	21.7	20.3	20.0	130bp
Minority Interest & Profit/Loss of Asso. Cos.	-5	-8	-3	-17	3	0	0	0	-32	3	0	
Adjusted PAT	**129**	**99**	**208**	**258**	**254**	**286**	**304**	**324**	**695**	**1,168**	**120**	**111.7**
YoY Change (%)	25.0	-0.4	213.8	151.7	96.5	187.8	46.2	25.5	86.8	68.1	-7.1	
Margins (%)	2.2	1.7	3.3	4.1	3.9	4.1	4.1	4.1	2.8	4.0	1.8	210bp

INDIA STRATEGY – Aug'24 (The Eagle Eye): Indian market remains resilient despite new global challenges

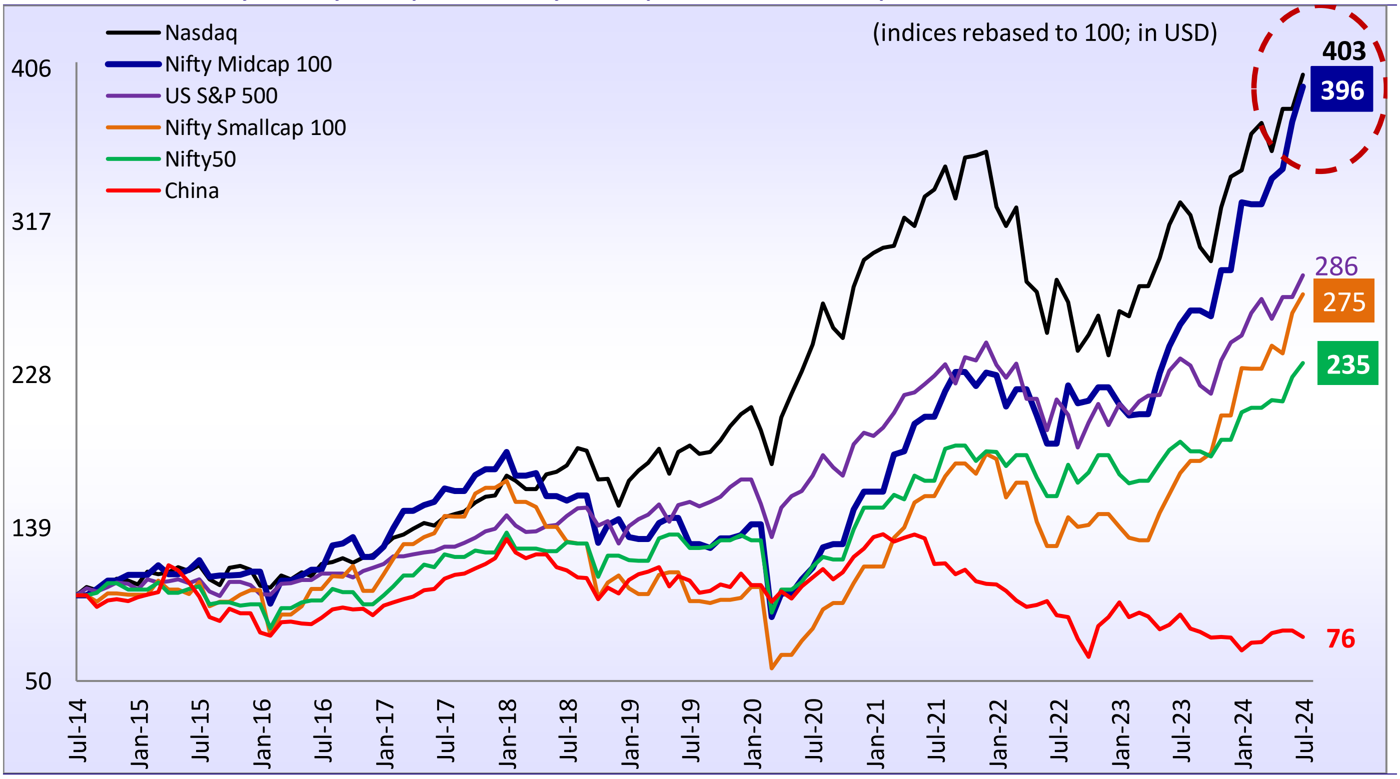
The key highlights of the 'The Eagle Eye' are as follows:

- **India outperforms key global markets, in Jul'24; b) Nifty Midcap's performance near that of Nasdaq in the last 10 years; c) INR remains stable amid volatile global currencies; d) Midcaps outperform; Technology and Healthcare among the top gainers; e) Institutional flow remains buoyant during the month; f) Monthly average cash and F&O volumes remain strong; g) Retail participation continues to scale new peaks; h) India's forex reserves climbed to an all-time high level of USD671b; i) Revenue and profit growth to converge in FY25, following a volatile FY23 and FY24.**
- **Notable Published reports in Aug'24: a) Zen Technologies: A niche defense play; b) Union Budget 20204: Government remains focused on long-term macro stability.**

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



Performance of the Nifty-50, Nifty Midcap 100 and Nifty Smallcap 100 vs. the US Nasdaq, US S&P500, and China



EAI – Monthly Dashboard: Economic activity accelerates in Jun'24

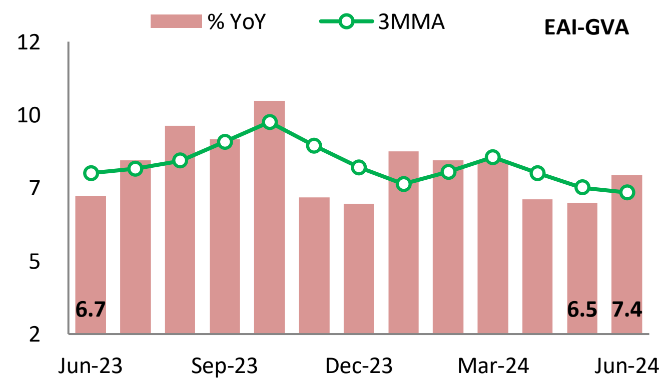
Expect real GDP growth at 6.5-7.0% in 1QFY25 vs. the RBI's projection of 7.3%

- **Preliminary estimates indicate that India's EAI-GVA grew at a three-month high rate of 7.4% YoY in Jun'24 (vs. 6.5%/6.7% in May'24/Jun'23), primarily led by three-month highest growth in the services sector. At the same time, industrial sector growth decelerated to a five-month low of 7.5% in Jun'24 (vs. 8.1%/8.9% in May'24/Jun'23). Farm sector growth remained muted at 2.4% in Jun'24. In 1QFY25, EAI-GVA grew 6.9% YoY vs. 8.1%/7.5% in 4Q/1QFY24.**
- **On the other hand, EAI-GDP grew at a six-month lowest rate of 2.2% YoY in Jun'24 vs. 2.5%/4.6% YoY in May'24/Jun'23, led by slower growth in investments and an adverse contribution from external trade. Excluding fiscal spending, EAI-GDP grew 3.2% YoY in Jun'24, weaker than 4.0% YoY a month ago and 3.6% YoY a year ago. In 1QFY25, EAI-GDP grew 2.9% YoY vs. 3.6%/5.3% in 4Q/1QFY24.**
- **Selected high frequency indicators (HFIs) portray a mixed picture for Jul'24 growth. The growth slowed last month for some indicators, such as power generation, CV sales, air cargo traffic, and PV sales, which posted their first contraction in 31 months. Conversely, the manufacturing and services PMIs remained robust, water reservoir levels increased for the first time in 19 months, Vaahan registrations grew at a three-month high, and toll collections continued to grow decently.**
- **During the past four quarters, India's real GDP growth has been much better than expected (close to or above 8%), beating all estimates. However, our estimates suggest that EAI-GVA decelerated to 6.9% for 1QFY25. Thus, we expect 1QFY25 real GDP growth in the range of 6.5-7.0%, lower than the RBI's projection of 7.3%.**

Preliminary estimates indicate that India's EAI-GVA grew 7.4% YoY in Jun'24, the fastest in three months

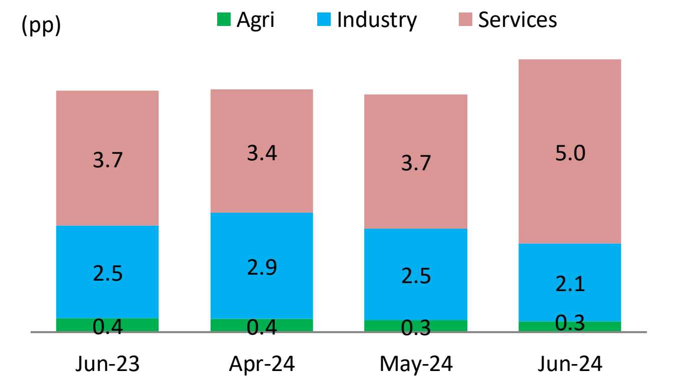
- **EAI-GVA growth at three-month high in Jun'24:** Preliminary estimates indicate that India's EAI-GVA grew at a three-month high rate of 7.4% YoY in Jun'24 (vs. 6.5%/6.7% in May'24/Jun'23), primarily led by a three-month high growth in the services sector. At the same time, industrial sector growth dipped to a five-month low of 7.5% in Jun'24 (vs. 8.1%/8.9% in May'24/Jun'23). The farm sector growth remained muted at 2.4% in Jun'24 *(Exhibits 1 and 2).* In 1QFY25, EAI-GVA grew 6.9% vs. 8.1%/7.5% in 4Q/1QFY24.
- **EAI-GDP growth at six-month low in Jun'24:** On the other hand, EAI-GDP grew at a six-month lowest rate of 2.2% YoY in Jun'24 vs. 2.5%/4.6% YoY in May'24/Jun'23, led by slower growth in investments and an adverse contribution from external trade. Excluding fiscal spending, EAI-GDP grew 3.2% YoY in Jun'24, weaker than 4.0% YoY a month ago and 3.6% YoY a year ago *(Exhibits 3 and 4)*. In 1QFY25, EAI-GDP grew 2.9% YoY vs. 3.6%/5.3% in 4Q/1QFY24.

Exhibit 1: EAI-GVA growth at a three-month high in Jun'24…



Please refer to our earlier report for details

Exhibit 2: …led by acceleration in the services sector



Source: Various national sources, CEIC, MOFSL

Bank of India: Net NPA Should Improve And Come Down To 0.90% By Mar'25; Rajneesh Karnatak, MD & CEO

- Credit-Deposit ratio at 78.53% vs 74.41% YoY, 79.36% QoQ
- Expect credit growth of 13-14% in FY25
- guides for 13-14% advances; 11-12% deposit growth in FY25
- 40-45% of NPA in loan book

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Titan: Will Have About ₹500-550 Cr In Terms Of Inventory Loss On Customs Duty; Ashok Sonthalia, CFO

- Seeing a lot of traction coming for gold jewellery post customs duty cut
- Encouraging signs for rest of the year
- Saw healthy double-digit growth in sales post budget
- No direct implication of LTCG cut on jewellery industry
- Increasing competitive intensity in the organized space

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Narayana Health: Saw Good Expansion In Revenue & Margin In Q1; Looking At Inorganic Growth; Sandhya J, Group CFO

- Saw good expansion in revenue & margin in 1Q
- 1Q occupancy was around 60%; 1Q is generally lower quarter for the sector
- More higher end procedures seen in 1Q
- Aims for occupancy at 60-65%
- Made significant investments for the Co's robotic program

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Aeroflex Industries: Recent Acquisition To Start Contributing From Start Of Next FY; Asad Duad, MD

- Stick to 25% revenue growth for FY25
- 9% of revenue growth impacted by global supply chain & capacity constraints in 1Q
- SS Flexible Hoses Phase 2: Added 1.5m meters in Aug'24; plans to add 1.5m meters by Dec'24
- Capacity to expand to 16.5m meters after completion of Phase 2

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MakeMyTrip: International Segment Grew Higher Than Domestic; Rajesh Magow, Co-Founder & Group CEO

- Profitable since last 11 quarters
- Will grow twice the industry's growth rate
- Could see short term headwinds from inflation front
- Flights biz has grown more than 2x
- International biz clocked 25% growth in 1Q; likely to expand to 40% in 3-4 years
- Maintain outlook due to investments in digital, physical infra

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