Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	79,496	0.0	10.0
Nifty-50	24,141	0.0	11.1
Nifty-M 100	55,854	-0.9	20.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,001	0.1	25.8
Nasdaq	19,299	0.1	28.6
FTSE 100	8,125	0.7	5.1
DAX	19,449	1.2	16.1
Hang Seng	7,356	-1.4	27.5
Nikkei 225	39,533	0.1	18.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	72	-2.3	-6.7
Gold ($/OZ)	2,619	-2.5	26.9
Cu (US$/MT)	9,187	-1.2	8.5
Almn (US$/MT)	2,549	-1.4	8.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.4	0.0	1.4
USD/EUR	1.1	-0.6	-3.5
USD/JPY	153.7	0.7	9.0
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.01	-0.4
10 Yrs AAA Corp	7.3	0.02	-0.5
Flows (USD b)	**11-Nov**	**MTD**	**CYTD**
FIIs	-0.3	-2.55	-2.2
DIIs	0.24	2.14	55.5
Volumes (INRb)	**11-Nov**	**MTD***	**YTD***
Cash	979	952	1274
F&O	2,39,216	2,95,893	3,79,566

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

EcoScope: General govt. capex contracts 12.7% in 1HFY25

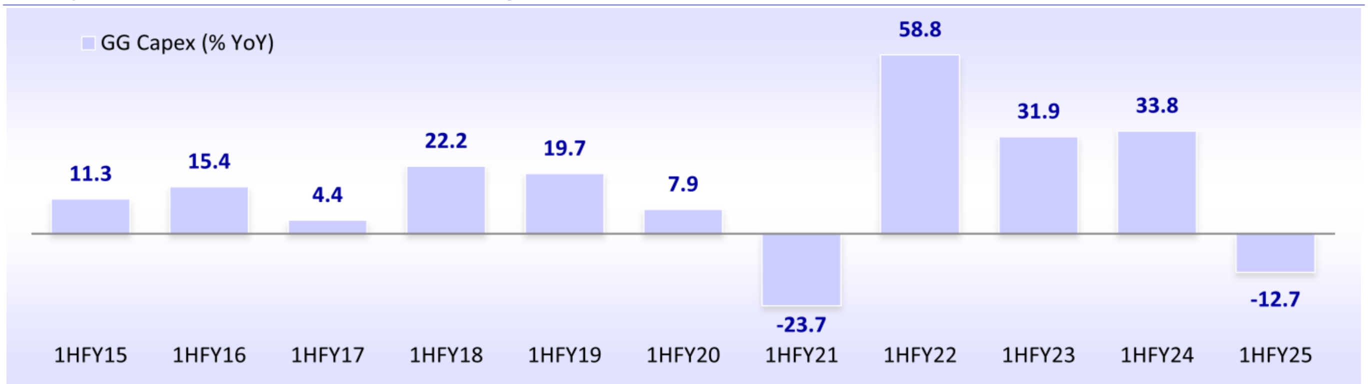
- The total capex of the general government (GG, Center + states) declined 12.7% YoY in 1HFY25, following a CAGR of 25% during the corresponding period in the last four years.
- Fiscal capex, thus, was only 32.9% of BEs in 1HFY25, compared to an average of ~39% in the last two years and lower than the past decade's average. It is very likely that fiscal capex will pick up in 2HFY25; however, elections cannot explain such weak growth in 1HFY25, especially for states.
- Assuming ~40% YoY growth in the Center's capex and ~20% YoY growth in states' capex in 2HFY25, combined capex could grow about 30% YoY in 2HFY25, following 17% growth in 2HFY24. It would then be 90% of BEs in FY25, similar to that in the last two years.

Research covered

Cos/Sector	Key Highlights
EcoScope	General govt. capex contracts 12.7% in 1HFY25
Adani Ports & SEZ	Volume guidance on track; focus on capacity expansion
Asian Paints	Miss on all fronts; industry challenges persist
Shree Cement	In-line EBITDA; strategic hurdles loom in the near term
Aurobindo Pharma	2Q in-line; EU/ROW markets drive earnings
NMDC	Revenue in line; high costs dent earnings
Other Updates	UPL | Jubilant FoodWorks | Exide | Devyani International | The Ramco Cements | Relaxo Footwears | Signature Global | Data Patterns (India) | Campus Activewear | EPL | ONGC | Hindalco | Britannia Industries | Triveni Turbine | Blue Dart Express | Galaxy Surfactants

Chart of the Day: EcoScope (General govt. capex contracts 12.7% in 1HFY25)

GG capex declined 12.7% YoY in 1HFY25 vs. a growth of 33.8% in 1HFY24



Source: MOFSL, Company

In the news today

Kindly click on textbox for the detailed news link

1

Global solar investment to hit $500 billion in 2024: What this means for India's green energy goals

India's renewable energy sector, particularly solar power, is experiencing remarkable growth.

2

Semiconductor sector to create 1 million jobs in India by 2026

India's semiconductor industry is projected to create 1 million jobs by 2026, driven by government initiatives and private investments.

3

Swiggy is piloting a new services marketplace called 'Yello,' offering customers access to professionals

Indian delivery giants Swiggy and Zomato are diversifying their services beyond food delivery.

4

Gautam Adani has a new $5 billion business idea in mind

Adani Group plans to invest at least $5 billion in setting up aluminium and steel businesses, and ramping up copper production.

5

Defaults coming back to bite, banks rein in growth of unsecured credit

Several lenders said that they now prefer offering loans to customers with credit scores of more than 750 from a cap of 720 seen prior to the onset of stress.

6

Ambuja Cements seeks CCI nod to acquire majority stake in Orient Cement

Ambuja Cements, owned by Gautam Adani, is seeking regulatory approval to acquire a majority stake in Orient Cement for Rs 8,100 crore.

7

Sterlite Power gets Rs 1,200 cr orders in Q2

Sterlite Power's Global Products and Services (GPS) business secured orders worth Rs 1,200 crore in Q2 FY25, driven by demand for high-performance conductors and power cables.

General govt. capex contracts 12.7% in 1HFY25

High chances that the govt. may undershoot its FY25 capex target

- **The Government of India (GoI) continued to focus on improving the quality of expenditure by raising its total capital spending (including loans & advances, L&As) by 17.1% YoY to INR11.1t in FY25BE. The spending surged 3.3x in just five years from INR3.4t in FY20. Excluding L&As, the Center's capital expenditure (capex) has been budgeted at INR9.2t in FY25BE *(Exhibit 1)*. Based on the unaudited provisional data, The Center's capex declined 13.5% YoY in 1HFY25, achieving only 39.1% of BEs in 1HFY25, compared to 50% each in the last two years and the lowest during the corresponding period in the past decade (except 1HFY21, *Exhibit 2*).**
- **This, however, was clearly a story of two halves – capex fell more than a third in 1QFY25, while it increased 14.6% YoY in 2QFY25 *(Exhibit 3)*. Interestingly though, it grew only in Apr'24 and Jul'24, while declining in four of the last six months. One of the reasons behind slower capex in 1H, thus, could be general elections (which took place in Apr-Jun this year). In any case, it means that the Center's capex has to grow by 50% YoY in 2HFY25, following 22% YoY in 2HFY24 *(Exhibit 4)*. This is not impossible but certainly a tall task since the Center's capex growth was < 25% in the last five years (barring FY22, when it grew 57%) and it averaged ~17% in the last ten years and 29% in the last four years. Therefore, we believe that the Center's actual capex this year could be only ~92-95% of BE (INR8.5-8.7t), undershooting the target by INR500-700b.**
- **It is no surprise that such contraction is visible in defense, roads & railways, since they account for 75-80% of the Center's capex. Defense capex was down 15.2% YoY and was only 31% of BEs in 1HFY25, compared to a growth of 6.2% YoY and an achievement of 39% of BEs in 1HFY24. Capex in railways and roads also dropped 4.8% and 10.1% YoY in 1HFY25, respectively, and were lower at 50-55% of BEs vs. ~60% each in 1HFY24 *(Exhibits 5 and 6)*.**
- **At the same time, capital spending of all states has also more than doubled to INR10.1t in FY25BE from INR4.6t in FY20. Nevertheless, unlike the GoI, which usually meets its budget estimates (BEs), states' actual capital spending was only 83% of BEs over the past decade. Therefore, states' targets must be taken with a big pinch of salt *(Exhibits 7 and 8)*.**
- **Excluding loans and advances (L&As), capital expenditure (capex) of all states was budgeted at INR9.2t in FY25BE. Assuming that states achieve 85% of BEs in FY25 (last 5- or 10-year average was 77-78%), it implies a target of INR7.8t and muted growth of just 3.7% YoY this year *(Exhibit 9)*.**
- **Based on the provisional/supplementary data of 18 states[1], all states' capex is estimated to have fallen 11.5% YoY in 1HFY25, reaching 26.7% of BEs, lower than 31.8% in 1HFY24, but in line with 26-27% achieved during the corresponding period in the past decade (*Exhibit 10*).**
- **States' capex declined in four of the six months in 1HFY25; it picked up in Jul'24 and Aug'24 but contracted again in Sep'24. Consequently, the contraction was modest in 2QFY25 vs. 1QFY25. Our estimates suggest that states' capex dipped 20.8% YoY in 1QFY25, followed by a decline of 5.7% YoY in 2Q *(Exhibits 11 and 12)*.**
- **An analysis of individual states suggests that nine out of 18 states witnessed a reduction in capex in 1HFY25 vs. four in 1HFY24 *(Exhibit 13).* Further, as many as seven states have achieved less than a quarter of its annual targets vs. five in 1HFY24 *(Exhibit 14)*.**
- **Overall, the total capex of the general government (GG, Center + states) declined 12.7% YoY in 1HFY25, following a CAGR of 25% during the corresponding period in the last four years *(Exhibit 15)*. Fiscal capex, thus, was only 32.9% of BEs in 1HFY25, compared to an average of ~39% in the last two years *(Exhibit 16)* and lower than the past decade's average.**
- **It is very likely that fiscal capex will pick up in 2HFY25; however, elections cannot explain such weak growth in 1HFY25, especially for states. Assuming ~40% YoY growth in the Center's capex and ~20% YoY growth in states' capex in 2HFY25, combined capex could grow about 30% YoY in 2HFY25, following 17% growth in 2HFY24. It would then be 90% of BEs in FY25, similar to that in the last two years.**

[1] These states account for 85-90% of all states' Budget. The states/UT covered in this report are Andhra Pradesh (AP), Assam (AS), Bihar (BH), Chhattisgarh (CT), Haryana (HR), Himachal Pradesh (HP), Jammu & Kashmir (JK), Karnataka (KA), Kerala (KL), Madhya Pradesh (MP), Maharashtra (MH), Punjab (PB), Rajasthan (RJ), Tamil Nadu (TN), Telangana (TS), Uttarakhand (UK), Uttar Pradesh (UP), and West Bengal (WB).

Adani Ports & SEZ

BSE SENSEX	S&P CNX
79,496	24,141

adani
Ports and Logistics

Stock Info

Bloomberg	ADSEZ IN
Equity Shares (m)	2160
M.Cap.(INRb)/(USDb)	2911.7 / 34.5
52-Week Range (INR)	1621 / 785
1, 6, 12 Rel. Per (%)	-1/-3/42
12M Avg Val (INR M)	6380
Free float (%)	34.1

Financials Snapshot (INR b)

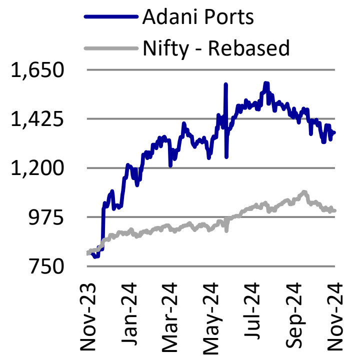
Y/E March	2025E	2026E	2027E
Net Sales	306.0	347.9	402.9
EBITDA	181.3	209.5	242.6
Adj. PAT	109.7	130.8	156.0
EBITDA Margin (%)	59.2	60.2	60.2
Adj. EPS (INR)	50.8	60.5	72.2
EPS Gr. (%)	23.0	19.2	19.3
BV/Sh. (INR)	290.0	341.5	402.9
Ratios			
Net D/E (x)	0.6	0.5	0.3
RoE (%)	19.0	19.2	19.4
RoCE (%)	12.3	13.0	13.8
Payout (%)	15.6	13.1	11.0
Valuations			
P/E (x)	26.5	22.2	18.6
P/BV (x)	4.6	3.9	3.3
EV/EBITDA (x)	18.0	15.5	13.2
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	2.5	2.8	3.7

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	65.9	65.9	65.5
DII	13.3	12.5	13.3
FII	15.2	15.2	13.8
Others	5.6	6.4	7.4

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR1,348 TP: INR1,780 (+32%) Buy

Volume guidance on track; focus on capacity expansion

- Adani Ports & SEZ (APSEZ) handled 257.7mmt (+8% YoY) of cargo volumes over Apr-Oct'24. This growth was supported by containers, which rose 19% YoY, followed by liquids & gas (+9%). Despite disruptions due to the worker strike at Gangavaram as well as severe weather conditions in Mudra and Tuna, management continues to retain its volume guidance of 460-480mmt for FY25, with revenue projected to be ~INR300b.
- APSEZ continues to focus on capacity expansion. APSEZ completed the Gopalpur Port acquisition in Oct'24 and acquired an 80% stake in Astro Offshore, adding 26 offshore support vessels. Gopalpur has started contributing to volumes in Oct'24. Similarly, the Vizhinjam Port started contributing in Oct'24, with full capacity utilization likely from FY26 onwards.
- APSEZ has a capex target of INR115b in FY25 (INR40b spent in 1HFY25), of which ~INR74b will be for the port business (incl. marine services capex), INR23b for the logistics business, and ~INR15b for renewables (for decarburization), under which the company plans to build 1,000MW of renewable power sources with a combination of both solar and wind. Solar panels are imported from China.
- APSEZ is expected to record 1.5-2.0x of India's cargo volume growth, driven by market share gains and increased capacity. Further, the logistics business will serve as a value addition to the domestic port business, with a focus on enhancing last-mile connectivity. We expect APSEZ to report 10% growth in cargo volumes over FY24-27. This would drive a CAGR of 15%/15%/21% in revenue/EBITDA/PAT over FY24-27. **We reiterate our BUY rating with a TP of INR1,780 (premised on 18x Sep'26E EV/EBITDA).**

Recent acquisitions & development of ports to aid volume growth in 2H

- The Gopalpur Port began contributing to volumes in Oct'24, following the completion of its acquisition in the same month. Management sees considerable potential in Gopalpur, with October 2024 volume figures showing strong initial results. This solid cargo flow positions Gopalpur as a valuable addition to the portfolio, enabling better access to natural resource opportunities along the East Coast.
- Similarly, the Vizhinjam Port began contributing to volumes in Oct'24, with full capacity utilization projected by FY26. Vizhinjam's performance has already surpassed the initial expectations, with multiple shipping lines expressing interests in the port. As APSEZ scales up and operates the automated terminal, the company's efficiency is likely to improve, allowing it to accommodate more vessels. Additionally, the second and final phase of capex at the port has commenced, with ~INR200b earmarked for investment.

- APSEZ received the Letter of Intent (LoI) in Jul'24 to develop Berth 13 at Kandla, Gujarat, for the 30-year concession under the DBFOT model to handle clean cargo, including containers. The 300m berth, with a capacity of 5.7mmt, is set to be operational by FY27, expanding APSEZ's presence at Deendayal Port and boosting service to Gujarat and North India.

APSEZ acquires a majority stake in a leading OSV operator

- APSEZ has agreed to acquire an 80% stake in Astro for USD185m. The existing promoters of Astro will hold the remaining 20% stake.
- Founded in 2009, Astro is a leading global offshore support vessel (OSV) operator with a fleet of 26 vessels, providing services across the Middle East, India, Far East Asia, and Africa. This acquisition supports APSEZ's goal to lead in marine operations and strengthen its presence in key regions while expanding its Tier-1 client base.

Building infrastructure for strong future growth in the logistics business

- As APSEZ aims to become India's largest integrated transport utility company by 2030, it is strengthening its capabilities in all logistics segments (ports, CTO, warehousing, last-mile delivery, ICDs, etc.). Hence, it offers end-to-end service to its customers, thereby capturing a higher wallet share and making the cargo sticky in nature.
- ALL expanded its services to cover container train operations, container handling in logistic parks, and warehouses offering storage and trucking solutions. With 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing space, and 1.2mmt of grain silos, ALL aims to establish a nationwide presence by further developing logistic parks and warehouses.

Valuation and view

- APSEZ is likely to outpace India's overall growth, driven by a balanced port mix along India's western and eastern coastlines and a diversified cargo mix. The company continues to invest heavily in the port and logistics business to drive growth.
- We expect APSEZ to report 10% growth in cargo volumes over FY24-27. This would drive a revenue/EBITDA/PAT CAGR of 15%/15%/21% over FY24-27. **We reiterate our BUY rating with a TP of INR1,780 (premised on 18x Sep-26 EV/EBITDA).**

Asian Paints

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	2439.3 / 28.9
52-Week Range (INR)	3423 / 2506
1, 6, 12 Rel. Per (%)	-13/-18/-42
12M Avg Val (INR M)	3803

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	350.5	388.1	436.2
Sales Gr. (%)	-1.2	10.7	12.4
EBITDA	64.4	75.2	85.3
EBIT Margin (%)	18.4	19.4	19.6
Adj. PAT	45.6	52.9	60.2
Adj. EPS (INR)	47.5	55.2	62.7
EPS Gr. (%)	-18.0	16.2	13.6
BV/Sh.(INR)	200.9	214.2	234.8
Ratios			
RoE (%)	24.0	26.6	27.9
RoCE (%)	20.6	22.7	23.5
Payout (%)	86.3	74.3	65.4
Valuation			
P/E (x)	53.5	46.1	40.5
P/BV (x)	12.7	11.9	10.8
EV/EBITDA (x)	36.6	31.3	27.5
Div. Yield (%)	1.6	1.6	1.6

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	52.6	52.6	52.6
DII	13.2	12.4	10.1
FII	15.3	15.3	17.7
Others	18.9	19.7	19.6

FII includes depository receipts

CMP: INR2,543 TP: INR2,650 (+4%) Neutral

Miss on all fronts; industry challenges persist

- Asian Paints (APNT) registered weak 2Q performance with a 5%/7% YoY decline in consolidated/standalone revenue. Decorative volumes dipped 0.5% YoY, a sharp deceleration after clocking 7% growth in 1QFY25. Weak industry demand, extended monsoon, price cuts, and competition led to weak growth. Decorative industry saw a 3%-4% decline in 2Q.
- Gross margin contracted 260bp/180bp YoY/QoQ to 40.8%. The company has implemented ~1% price hike, the benefits of which will be fully visible from 3Q. EBITDA margin saw a 480bp/340bp YoY/QoQ contraction to 15.4%. EBITDA dipped 28% YoY.
- The near-term demand outlook looks bleak given the weak demand and curtailed festive period due to extended monsoon and early Diwali. The rising competition also partially impacted the performance. Further, the operating margin is expected to witness weakness in the near term, as the company needs to reinvest in the business to counter competition.
- The stock has massively underperformed (18% fall in the last three years) and is not likely to offer respite in the near term. Industry volume recovery and competitive strategy on pricing/incentives will be key monitorables to relook the stock. In the uncertainty, we maintain our **Neutral rating with a TP of INR2,650 (based on 45x Sep26E EPS).**

Disappointing performance on all fronts

- **Decline in volume:** Consol net sales declined 5% YoY to INR80.3b (est. INR85.2b), impacted by weak demand conditions, price cuts implemented last year, a shift in the mix, and increased rebates. Volume declined 0.5% (est. +5.5%, 1QFY25 7%) in the domestic decorative paints business.
- **Miss on margin:** Gross margins contracted 260bp YoY to 40.8% (est. 43%). Employee expenses were up 14% YoY and other expenses were flat YoY. EBITDA margin contracted 480bp YoY and 340bp QoQ to 15.4% (est. 17.6%). EBITDA declined 28% YoY to INR12.4b (est. INR15.0b). PBT dipped 32% YoY to INR11.1b (est. INR14.0b). Adj. PAT declined 29% YoY to INR8.7b (est. INR10.8b).
- **Relatively better performance in emerging businesses:** The kitchen business revenue grew 9% while the bath business grew only 2%. White Teak and Weather Seal delivered double-digit revenue growth of 14%. Industrial business delivered 6% revenue growth, supported by growth in the General Industrial, Protective Coatings, and Refinish segments.
- **Currency devaluation continues to affect growth:** The International Business portfolio registered a marginal decline in revenues in 2QFY25 (8.7% growth in CC terms) due to a weak macroeconomic condition and currency devaluation in Ethiopia, Egypt, and Bangladesh.
- **In 1HFY25**, net sales, EBITDA, and APAT experienced a decline of 4%/ 24%/27%, respectively. In 2HFY25, we model 1% growth in net sales, while EBITDA and APAT decline to 6% and 9%.

Key highlights from the management commentary

- Demand was impacted by the seasonal market, extended monsoons, and flooding in some parts of the country during August and September.
- Management indicated that October was a bit challenging in terms of demand conditions, given the fact that last year there was a late Diwali and October was a full month in terms of sales.
- The decorative paint industry saw a decline of 3%-4% in 2Q.
- The company has implemented ~1% price hike in the quarter, but full realization benefits will be visible in Q3.
- The company has guided for FY25 EBITDA margin of ~18.5%.
- The distribution footprint continues to expand, with ~1.67 lakh retail touchpoints.
- Forex losses due to currency devaluation (INR560m in Ethiopia), along with subdued performance in Asia, negatively impacted overall profitability.

Valuation and view

- We cut our EPS by 14% and 11% for FY25 and FY26 to reflect weak volume growth and pressure on margin.
- APNT launched 'Neo Bharat Latex' paint in Jan'24 to compete with the unorganized segment, with a branded solution that is affordable and accessible to consumers. It will address the market size of INR50-55b (targets to achieve a 30% share in the medium term).
- With the entry of new players with deep pockets and massive commitments to investments, the overall industry may see a shift in market share and cost structures. These factors will be the key monitorables in FY25-FY26.
- We remain cautious about both value growth and margin for FY25/FY26. Despite a correction in the stock, demand and competitive pressure still hovers around earnings. **We reiterate our Neutral rating with a TP of INR2,650 (based on 45x Sep'26E EPS).**

Quarterly Performance (Consol.) **(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Est. Dom. Deco. Vol. growth (%)	**10.0**	**6.0**	**12.0**	**10.0**	**7.0**	**-0.5**	**-1.0**	**9.5**	**9.5**	**3.8**	**5.5**	
Net Sales	**91.8**	**84.8**	**91.0**	**87.3**	**89.7**	**80.3**	**87.4**	**93.2**	**354.9**	**350.5**	**85.2**	**-5.8%**
Change (%)	6.7	0.2	5.4	-0.6	-2.3	-5.3	-4.0	6.7	2.9	-1.2	0.5	
Gross Profit	**39.4**	**36.8**	**39.7**	**38.2**	**38.2**	**32.7**	**36.5**	**39.3**	**154.0**	**146.7**	**36.6**	
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	40.8	41.8	42.2	43.4	41.9	43.0	
EBITDA	**21.2**	**17.2**	**20.6**	**16.9**	**16.9**	**12.4**	**16.8**	**18.3**	**75.8**	**64.4**	**15.0**	**-17.5%**
Margin (%)	23.1	20.2	22.6	19.4	18.9	15.4	19.2	19.6	21.4	18.4	17.6	
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-27.8	-18.3	8.0	21.2	-15.1	-12.4	
Interest	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	2.1	2.2	0.6	
Depreciation	2.0	2.1	2.2	2.3	2.3	2.4	2.4	2.4	8.5	9.5	2.3	
Other Income	2.0	1.7	1.4	1.9	1.6	1.7	1.8	1.9	6.9	7.0	1.8	
PBT	**20.7**	**16.2**	**19.2**	**16.0**	**15.7**	**11.1**	**15.6**	**17.3**	**72.1**	**59.7**	**14.0**	**-20.6%**
Tax	5.3	4.2	4.9	3.5	4.2	2.7	3.8	4.3	17.9	14.9	3.5	
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	23.9	24.0	25.1	24.8	25.0	25.0	
Adjusted PAT	**15.7**	**12.3**	**14.8**	**12.8**	**11.9**	**8.7**	**12.1**	**12.8**	**55.6**	**45.6**	**10.8**	**-18.8%**
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-29.1	-17.7	0.6	30.9	-18.0	-12.7	

E: MOFSL Estimates

Shree Cement

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	881.2 / 10.4
52-Week Range (INR)	30738 / 23700
1, 6, 12 Rel. Per (%)	4/-14/-32
12M Avg Val (INR M)	1038

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	181.1	202.0	224.8
EBITDA	35.3	43.0	49.2
Adj. PAT	10.8	11.8	14.9
EBITDA Margin (%)	19.5	21.3	21.9
Cons. Adj. EPS (INR)	300	326	413
EPS Gr. (%)	-56.1	8.5	26.9
BV/Sh. (INR)	5,830	6,006	6,239
Ratios			
Net D:E	-0.3	-0.2	-0.2
RoE (%)	5.2	5.5	6.8
RoCE (%)	5.7	5.8	7.0
Payout (%)	40.0	46.1	43.5
Valuations			
P/E (x)	81.4	75.0	59.1
P/BV (x)	4.2	4.1	3.9
EV/EBITDA(x)	22.8	19.0	16.9
EV/ton (USD)	169	148	131
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	-0.5	-0.5	0.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	62.6	62.6	62.6
DII	14.5	13.0	12.6
FII	10.4	11.9	12.2
Others	12.6	12.6	12.7

FII Includes depository receipts

CMP: INR24,424 TP: INR23,910 (-2%) Neutral

In-line EBITDA; strategic hurdles loom in the near term

Focus on value over volume to help drive better realizations/t

- Shree Cement (SRCM)'s 2QFY25 EBITDA was in line as lower-than-estimated realization/t was offset by lower-than-estimated opex/t. EBITDA declined ~32% YoY to INR5.9m (in line), and EBITDA/t declined 27% YoY to INR780 (est. INR815). OPM contracted 3pp YoY to 16%. PAT declined 81% YoY to INR931m (vs. est. of INR738m, due to lower tax provisioning).
- Management indicated that it is following a strategy of value over volume. The company's disciplined pricing and focus on premium products helped it report flat sequential cement realization/t vs. a decline for the industry. Management anticipates SRCM's volume growth to be in line with the industry in 2HFY25. Ongoing capacity expansions of 15.4mtpa include grinding capacity spread across the North, including western UP (9.0mtpa), East (3.4mtpa), and South (3.0mtpa), which are likely to be commissioned by 1QFY26. SRCM reiterated its capacity target of +80mtpa by FY28 vs. 56.4mtpa currently.
- We cut our EBITDA estimates by 5% for FY25 and 2-3% for FY26/27. Our EPS estimates reduce by ~17-20% for FY25/26 and ~11% for FY27 due to likely accelerated depreciation on account of commissioning of new capacities. The stock is currently trading at 19x/17x FY26E/FY27E EV/EBITDA. **Reiterate Neutral with a revised TP of INR23,910 (earlier 26,580).**

Volumes decline 7% YoY; opex/t down 8% YoY

- Standalone revenue/EBITDA/PAT stood at INR37.3b/INR5.9b/INR931m (down 18%/32%/81% YoY and down 2%/3%/ up 26% vs. our estimate) in 2QFY25. Sales volumes declined 7% YoY to 7.6mt. Cement realization was down ~14% YoY (flat QoQ) at INR4,447/t.
- Opex/t declined 8% YoY in 2QFY25. Variable cost/t dipped 21% YoY, while freight costs/other expenses per ton increased 1%/7% YoY. OPM was contracted 3.2pp YoY to ~16% and EBITDA/t declined 27% YoY to INR780. Depreciation jumped 102% YoY, while interest costs declined 17% YoY. Other income grew 41% YoY.
- In 1HFY25, revenue/EBITDA/PAT stood at INR85.6b/INR15.1b/INR4.1b (was down 10%/16%/62% YoY). Volumes grew 1% YoY, while blended realization declined 11% YoY. EBITDA/t declined 17% YoY to INR875. Based on our estimates, the revenue/EBITDA/PAT may decline 4%/21%/52% YoY in 2HFY25. We estimate a flat YoY volume growth in 2HFY25 and EBITDA/t of INR1,105 vs. INR1,390 in 2HFY24.

Highlights from the management commentary

- Capacity utilization was ~56% (overall) in 2QFY25, with ~58% utilization in the North, ~63% in the East, and ~40% in the South. Current cement prices are better than the 2QFY25 average. However, sustained price improvement would be propelled by demand recovery.
- Avg. fuel cost declined to INR1.71/Kcal vs. INR2.05/INR1.76 in 2QFY24/ 1QFY25. In the current quarter, fuel consumption cost is INR1.65/Kcal due to the old inventory, while the current purchase price is INR1.51/Kcal.
- It has seven RMC plants currently in the West, South, and Mumbai markets. It is constructing plants in other regions and targets to reach double digits by FY25-end.

Valuation and view

- SRCM's operating performance was in line with our estimates. However, a few strategic changes, such as a focus on brand equity and product premiumization, are near-term hurdles in gaining market share despite capacity expansions. The company reinstated a few previous brands, such as Roofon, under the premium category, and Shree Jungrodhak under the master brand Bangur, which also led to uncertainties over the company's marketing strategies.
- We continue to believe most of the company's expansions focus on existing markets (North, East, and part of South), while a large part of Central India and West will remain untapped until FY27E. We estimate a revenue/EBITDA CAGR of 5%/4% over FY24-27. The stock is currently trading at 19x/17x FY26E/FY27E EV/EBITDA. **We reiterate our Neutral rating with a revised TP of INR23,910 (earlier INR26,580).**

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	(%)
Net Sales	**49.7**	**45.6**	**49.0**	**50.7**	**48.3**	**37.3**	**44.6**	**50.9**	**195.0**	**181.1**	**38.1**	-2
YoY Change (%)	18.3	20.6	20.4	6.0	-2.7	-18.3	-9.0	0.3	15.8	-7.2	-16.8	
Total Expenditure	40.4	36.9	36.7	37.5	39.2	31.3	35.8	39.5	151.4	145.8	32.0	-2
EBITDA	**9.3**	**8.7**	**12.3**	**13.3**	**9.2**	**5.9**	**8.8**	**11.4**	**43.6**	**35.3**	**6.1**	-3
YoY Change (%)	13.9	66.3	74.3	48.7	-1.7	-31.9	-28.5	-14.1	48.3	-19.1		
Margin (%)	18.8	19.1	25.2	26.2	19.0	15.9	19.8	22.4	22.4	19.5	16.1	
Depreciation	3.1	3.3	3.5	6.3	6.4	6.7	6.7	6.8	16.1	26.6	5.9	13
Interest	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	2.6	2.3	0.6	-2
Other Income	1.6	1.3	1.4	1.4	1.3	1.8	1.4	1.4	5.6	5.9	1.3	41
PBT before EO Exp.	**7.1**	**6.0**	**9.7**	**7.7**	**3.5**	**0.4**	**2.9**	**5.5**	**30.5**	**12.4**	**0.9**	-51
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	**7.1**	**6.0**	**9.7**	**7.7**	**3.5**	**0.4**	**2.9**	**5.5**	**30.5**	**12.4**	**0.9**	-51
Tax	1.3	1.1	2.3	1.1	0.3	-0.5	0.6	1.1	5.8	1.5	0.2	
Rate (%)	18.2	17.6	24.0	14.3	9.4	-108.1	20.0	20.3	19.0	12.5	20.0	
Reported PAT	**5.8**	**4.9**	**7.3**	**6.6**	**3.2**	**0.9**	**2.4**	**4.4**	**24.7**	**10.8**	**0.7**	26
Tax adjustment prior period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. PAT	**5.8**	**4.9**	**7.3**	**6.6**	**3.2**	**0.9**	**2.4**	**4.4**	**24.7**	**10.8**	**0.7**	26
YoY Change (%)	84.2	159.1	165.3	68.8	-45.3	-81.0	-68.0	-34.0	110.3	-56.1	-85.0	
Quarterly performance												
Sales Dispat. (mt)	**8.92**	**8.20**	**8.89**	**9.54**	**9.64**	**7.60**	**8.74**	**9.56**	**35.54**	**35.54**	**7.52**	1
YoY Change (%)	18.8	9.9	10.7	8.0	8.1	-7.3	-1.7	0.3	11.7	0.0	-8.2	
Realization	**5,575**	**5,564**	**5,510**	**5,320**	**5,015**	**4,904**	**5,101**	**5,324**	**5,488**	**5,096**	**5,070**	-3
YoY Change (%)	-0.5	9.7	8.8	-1.9	-10.0	-11.9	-7.4	0.1	3.7	-7.2	-9.4	
Expenditure												
RM Cost	638	671	494	371	530	539	490	486	538	510	580	-7
Staff Cost	263	285	264	247	254	328	291	261	264	281	319	3
Power and Fuel	1,700	1,673	1,392	1,497	1,458	1,317	1,350	1,359	1,562	1,375	1,430	-8
Freight	1,192	1,160	1,094	1,096	1,157	1,173	1,160	1,163	1,135	1,163	1,125	4
Other Expenses	735	714	879	717	667	766	800	862	762	773	800	-4
Total Op. cost	**4,529**	**4,503**	**4,123**	**3,928**	**4,065**	**4,124**	**4,091**	**4,131**	**4,260**	**4,102**	**4,254**	-3
EBITDA	**1,046**	**1,062**	**1,387**	**1,392**	**951**	**780**	**1,009**	**1,193**	**1,228**	**994**	**816**	-5

Source: Company, MOFSL Estimates

Aurobindo Pharma

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	ARBP IN
Equity Shares (m)	581
M.Cap.(INRb)/(USDb)	748.7 / 8.9
52-Week Range (INR)	1593 / 959
1, 6, 12 Rel. Per (%)	-11/5/7
12M Avg Val (INR M)	2263

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	302.3	332.0	368.4
EBITDA	66.3	74.4	83.3
Adj. PAT	36.1	41.5	47.5
EBIT Margin (%)	16.7	17.0	17.5
Cons. Adj. EPS (INR)	61.7	70.8	81.1
EPS Gr. (%)	10.0	14.8	14.5
BV/Sh. (INR)	567.3	634.1	711.2
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	11.5	11.8	12.1
RoCE (%)	10.5	11.1	11.6
Payout (%)	6.5	5.6	4.9
Valuations			
P/E (x)	20.8	18.1	15.8
EV/EBITDA (x)	10.8	9.4	8.1
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.9	2.0	3.5
EV/Sales (x)	2.4	2.1	1.8

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.8	51.8	51.8
DII	25.1	24.8	18.3
FII	16.6	16.7	22.5
Others	6.5	6.7	7.4

FII includes depository receipts

CMP: INR1,289 TP: INR1,360 (+6%) Neutral

2Q in-line; EU/ROW markets drive earnings

Ramping up production/optimizing yield of PEN-G project

- Aurobindo Pharma (ARBP) delivered in-line performance for 2QFY25. It exhibited robust growth momentum in Europe/ROW markets. This was partly offset by moderate show in the US generics/API segment.
- ARBP is working to scale up manufacturing batches for PEN-G and optimize yield. This product will start contributing to profitability from FY26.
- We cut our earnings estimate by 7%/4%/5% for FY25/FY26/FY27, factoring in: a) reduced outlook from Eugia III unit, b) increased R&D spend, c) operational costs related to Pen-G, and d) higher tax outgo. We value ARBP 18x 12M forward earnings to arrive at a TP of INR1,360.
- ARBP is building multiple levers of growth through: a) developing GLP-1 peptides/building manufacturing capacities, b) the biosimilar portfolio for global markets, c) ramping up the manufacturing of Pen-G for internal consumption/external sales, and d) ongoing expansion in the offerings of ANDAs for the US market.
- Accordingly, we build 15% earnings CAGR over FY25-27. Maintain Neutral given the limited upside from current levels.

Lower RM cost/better operating leverage drive margins YoY

- ARBP 2QFY25 sales rose 8% YoY to INR78b (our est.: INR73.3b).
- Overall formulation sales increased 11.3% YoY to INR66.4b. The US formulations revenue grew 4.3% YoY to INR35.3b (CC: +2.9% YoY to USD421m; 45% of sales). Europe formulation sales improved 19% YoY to INR21.1b (27% of sales). Growth Markets sales rose 44% YoY to INR8.1b (10% of sales). API sales contracted 0.9% YoY basis to INR11.6b (15%).
- Gross Margin (GM) expanded 370bp YoY to 58.8%.
- However, the EBITDA margin expanded slower at 70bp YoY to 20.1% (our estimate: 21.1%) led by improved gross margin offset by an increase in employee costs/other expenses (+100bp/+90bp YoY as a % of sales).
- EBITDA was up 11.6% YoY to INR15.7b (our est.: INR15.5b).
- PAT grew 5.1% YoY to INR8.2b (our est.: INR8.3b) due to lower other income and higher tax outgo.
- ARBP's revenue/EBITDA/PAT grew 9.2%/27.6%/25.3% YoY in 1HFY25.
- ARBP's revenue/EBITDA/PAT is expected to grow -0.5%/2.6%/-0.9% YoY to INR148.6b/ INR33.7b/INR18.9b in 2HFY25.

Highlights from the management commentary

- ARBP aims to sustain the growth momentum and maintain its EBITDA margin of 21-22% for FY25.
- The company took ~35 Pen-G commercial batches in 2QFY25 and 35-40 batches in Oct'24. It aims to achieve breakeven in its Pen-G business from 4QFY25.
- Including Revlimid sales, ARBP expects ~USD600m (+/-5%) injectables sales for FY25.

Quarterly performance (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	**68.5**	**72.2**	**73.5**	**75.8**	**75.7**	**78.0**	**76.1**	**72.5**	**290.0**	**302.3**	**73.3**	**6.3%**
YoY Change (%)	9.9	25.8	14.7	17.1	10.5	8.0	3.5	-4.3	16.7	4.2	1.5	
EBITDA	**11.5**	**14.0**	**16.0**	**16.9**	**16.9**	**15.7**	**16.3**	**17.5**	**58.4**	**66.3**	**15.5**	**1.3%**
YoY Change (%)	12.4	33.4	67.8	68.3	47.2	11.6	1.7	3.4	44.9	13.6	10.2	
Margins (%)	16.8	19.4	21.8	22.3	22.4	20.1	21.4	24.1	20.1	22.0	21.1	
Depreciation	3.3	4.2	4.2	3.5	4.0	3.8	4.0	4.1	15.2	15.9	4.1	
EBIT	**8.2**	**9.9**	**11.8**	**13.3**	**12.9**	**11.8**	**12.3**	**13.3**	**43.2**	**50.4**	**11.4**	
YoY Change (%)	10.7	30.7	86.1	103.0	56.5	20.1	4.7	0.1	54.9	16.7	15.7	
Interest	0.6	0.7	0.8	0.9	1.1	1.1	1.1	1.0	2.9	4.3	1.1	
Other Income	0.8	1.9	1.2	1.4	1.2	1.4	1.4	1.5	5.2	5.5	1.4	
PBT before EO expense	**8.5**	**11.0**	**12.2**	**13.8**	**13.0**	**12.1**	**12.7**	**13.9**	**45.5**	**51.6**	**11.7**	**3.1%**
Forex loss/(gain)	-0.4	0.3	-0.5	0.1	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	
Exceptional (expenses)/income	-0.7	0.0	0.0	-1.2	0.2	0.0	0.0	0.0	-1.9	0.2	0.0	
PBT	**8.1**	**10.7**	**12.7**	**12.4**	**13.3**	**12.1**	**12.7**	**13.9**	**44.0**	**51.9**	**11.7**	**3.1%**
Tax	2.4	3.2	3.2	3.2	4.1	3.9	3.7	3.8	12.1	15.5	3.5	
Rate (%)	29.7	30.1	25.5	26.0	30.6	32.3	29.0	27.5	27.5	29.8	29.5	
Minority Interest	0.0	-0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	
Reported PAT	**5.7**	**7.6**	**9.4**	**9.1**	**9.2**	**8.2**	**9.0**	**9.9**	**31.7**	**36.3**	**8.3**	**-0.9%**
Adj PAT	**5.9**	**7.8**	**9.0**	**10.1**	**9.0**	**8.2**	**9.0**	**9.9**	**32.8**	**36.1**	**8.3**	**-0.9%**
YoY Change (%)	0.9	17.2	87.4	96.3	51.9	5.1	0.0	-1.8	46.1	10.0	6.0	
Margins (%)	8.7	10.8	12.3	13.3	11.9	10.5	11.9	13.7	11.3	12.0	11.3	
EPS	**10.1**	**13.3**	**15.4**	**17.3**	**15.4**	**14.0**	**15.4**	**16.9**	**56.0**	**61.7**	**14.1**	**-92.6%**

E: MOFSL Estimates

Key performance indicators (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Formulations	**58.2**	**59.7**	**62.9**	**65.1**	**64.8**	**66.4**	**64.8**	**62.9**	**244.2**	**258.8**	**61.4**
YoY Change (%)	9.2	25.1	15.4	19.3	11.3	11.3	3.0	-3.4	16.2	6.0	2.9
ARV form.	1.9	2.5	1.8	2.4	2.3	1.9	2.1	2.5	8.7	8.9	2.3
YoY Change (%)	-49.8	52.4	-28.7	49.7	20.2	-22.8	20.0	4.4	-9.0	2.0	-10.0
US generic form.	33.0	33.9	37.6	35.9	35.6	35.3	36.3	37.8	138.7	144.9	33.3
YoY Change (%)	11.2	28.3	25.1	17.8	7.6	4.3	-3.3	5.3	19.0	4.5	-1.7
EU and ROW form.	23.2	23.3	23.6	26.8	26.9	29.2	26.3	22.6	96.8	105.0	25.9
YoY Change (%)	17.4	18.5	7.0	19.2	15.8	25.0	11.7	-15.7	15.3	8.4	11.0
APIs	**10.3**	**11.7**	**10.2**	**10.2**	**10.9**	**11.6**	**11.3**	**9.7**	**42.4**	**43.5**	**11.9**
YoY Change (%)	14.0	20.3	7.1	0.2	5.7	-0.9	11.0	-5.3	10.2	2.5	2.0
Cost Break-up											
RM Cost (% of Sales)	46.1	44.8	42.9	40.4	40.6	41.2	41.0	40.4	43.5	40.8	42.0
Staff Cost (% of Sales)	13.9	13.2	13.5	13.5	14.2	14.2	14.1	13.1	13.5	13.9	13.9
R&D Expenses(% of Sales)	5.7	4.2	5.4	5.2	4.5	5.3	5.1	5.4	5.1	5.1	4.7
Other Cost (% of Sales)	17.6	18.3	16.5	18.7	18.4	19.2	18.4	17.1	17.5	18.3	18.3
Gross Margins(%)	53.9	55.2	57.1	59.6	59.4	58.8	59.0	59.6	56.5	59.2	58.0
EBITDA Margins(%)	16.8	19.4	21.8	22.3	22.4	20.1	21.4	24.1	20.1	22.0	21.1
EBIT Margins(%)	12.0	13.7	16.0	17.6	17.1	15.2	16.2	18.4	14.9	16.7	15.6

E: MOFSL Estimates

NMDC

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	NMDC IN
Equity Shares (m)	2931
M.Cap.(INRb)/(USDb)	682.6 / 8.1
52-Week Range (INR)	286 / 167
1, 6, 12 Rel. Per (%)	3/-18/14
12M Avg Val (INR M)	3538

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	257	273	306
Adj EBITDA	88	105	120
Adj. PAT	68	79	89
EBITDA Margin (%)	34	38	39
Cons. Adj. EPS (INR)	23	27	30
EPS Gr. (%)	18	16	12
BV/Sh. (INR)	103	122	144
Ratios			
Net D:E	-0.4	-0.4	-0.4
RoE (%)	24.4	24.1	22.8
RoCE (%)	30.0	30.2	29.1
Payout (%)	33.3	31.3	28.1
Valuations			
P/E (x)	10.0	8.6	7.7
P/BV (x)	2.3	1.9	1.6
EV/EBITDA(x)	6.5	5.2	4.2
Div. Yield (%)	3.3	3.6	3.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	60.8	60.8	60.8
DII	14.1	14.3	17.7
FII	12.6	12.8	8.3
Others	12.5	12.1	13.2

FII Includes depository receipts

CMP: INR233 TP: INR280 (+20%) Buy

Revenue in line; high costs dent earnings

Consolidated result

- NMDC's revenue was in line with our est. at INR49b (+23% YoY), while it was down 9% QoQ. The sequential decline was due to weak NSR & muted volumes.
- Iron ore production stood at 8.3mt (YoY/QoQ: -7%/-10%), while sales came in at 9.9mt (YoY/QoQ: +4%/-1%) during the quarter.
- ASP stood at INR4,954/t (YoY/QoQ: +18%/-8%), in line with our est.
- EBITDA was INR14b (YoY/QoQ: +16%/-41%) vs. our estimate of INR17b. The miss was primarily due to the increase in operating costs. EBITDA/t stood at INR1,395/t (YoY/QoQ: +12% / -40%) vs. our estimate of INR1,679/t.
- APAT for the quarter stood at INR12b (YoY/QoQ: +17%/-39%) against our estimate of INR13b in 2QFY25, on account of muted operating performance.
- For 1HFY25, NMDC posted revenue of INR103b (+10% YoY), EBITDA of INR37b (+17% YoY), and adj. PAT of INR32b (+18% YoY). For 2H, its revenue is likely to grow at 29% YoY, EBITDA at 24% YoY, and APAT at 18% YoY.
- Iron ore production for 1HFY25 stood at 17.5mt and sales volume of 20mt, reporting a decline of 11% YoY and 3% YoY, respectively.
- Average blended NSR for 1HFY25 stood at INR5,167/t, grew by 13% YoY. EBITDA/t grew 20% YoY to INR1,863/t.
- The Board declared bonus shares in the ratio of 2:1.

Valuations remain attractive

- Despite weak volume in 1HFY25, the revenue growth remained healthy, led by better realization. NMDC raised iron ore prices twice in Oct'24, with cumulative hikes of INR1,000/t for lumps and INR800/t for fines. These price hikes will support realizations going forward.
- India's crude steel capacity is expected to reach 300mt by FY30-31, which will increase the iron ore requirement to ~435-445mt. As NMDC holds 16% of the market share, we believe it is well placed to capitalize on the opportunities ahead.
- NMDC has planned capex for various evacuation and capacity enhancement projects, which are expected to improve the product mix and increase its production capacity to ~100mt by FY29-30E.
- With challenges owing to pending EC clearances and monsoons behind, volume growth is likely to be robust going forward. At CMP, NMDC trades at 4.2x EV/EBITDA on FY27E. We marginally cut our FY25E EBITDA/PAT by 6% each due to weak 2QFY25 performance. **We reiterate our BUY rating on NMDC with a revised TP of INR280 (based on 6x Sep'26 EV/EBITDA).**
- **Key risks:** More than 100 iron ore blocks have been auctioned since FY16. When the remaining captive mines become operational, it would lead to a rise in the supply of iron ore, thus intensifying the competition for NMDC.

Consolidated Quarterly Performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Iron ore Production (mt)	**10.7**	**8.9**	**12.2**	**13.2**	**9.2**	**8.3**	**12.7**	**18.6**	**45.0**	**48.7**	**8.3**	**-**
Iron ore Sales (mt)	**11.0**	**9.6**	**11.4**	**12.5**	**10.1**	**9.9**	**12.7**	**16.0**	**44.5**	**48.7**	**9.9**	**-**
Avg NSR (INR/t)	4,915	4,194	4,748	5,174	5,377	4,954	5,304	5,425	4,623	5,287	4,877	1.6
Net Sales	**53.9**	**40.1**	**54.1**	**64.9**	**54.1**	**49.2**	**67.1**	**86.9**	**213.1**	**257.3**	**48.4**	**1.6**
Change (YoY %)	13.2	20.6	45.4	10.9	0.4	22.5	24.0	33.9	20.6	20.8		
Change (QoQ %)	-7.8	-25.6	34.8	20.0	-16.6	-9.1	36.4	29.5				
EBITDA	**19.9**	**11.9**	**20.1**	**21.0**	**23.4**	**13.9**	**22.3**	**28.8**	**72.9**	**88.4**	**16.7**	**(16.9)**
Change (YoY %)	5.0	39.9	76.0	-2.8	17.4	16.4	11.3	36.9	20.5	21.2		
Change (QoQ %)	-7.8	-40.3	68.6	4.7	11.3	-40.8	61.2	28.8				
EBITDA per ton (INR/t)	**1,816**	**1,244**	**1,762**	**1,676**	**2,324**	**1,395**	**1,765**	**1,796**	**1,640**	**1,815**	**1,679**	**(16.9)**
Interest	0.1	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.8	1.1		
Depreciation	0.7	0.9	0.8	1.1	0.7	1.0	1.0	1.0	3.5	3.8		
Other Income	2.9	3.2	3.4	4.2	3.6	3.6	3.4	3.5	13.7	14.1		
PBT (before EO Item)	**22.1**	**14.0**	**22.3**	**23.9**	**26.1**	**16.1**	**24.4**	**30.9**	**82.3**	**97.6**	**19.2**	**(16.1)**
Extra-ordinary item	0.0	0.0	-2.5	-0.3	0.0	0.0	0.0	0.0	-2.8	0.0		
PBT (after EO Item)	**22.1**	**14.0**	**19.8**	**23.6**	**26.1**	**16.1**	**24.4**	**30.9**	**79.5**	**97.6**		
Total Tax	5.5	3.8	5.1	9.4	6.4	4.2	7.1	11.5	23.8	29.3		
% Tax	24.9	27.0	25.7	40.0	24.7	25.9	29.0	37.4	29.9	30.0		
PAT before MI and Sh. of Asso.	**16.6**	**10.3**	**14.7**	**14.2**	**19.6**	**12.0**	**17.4**	**19.3**	**55.7**	**68.3**		
MI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sh. of Asso.	-0.1	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0		
PAT after MI and Sh. of Asso.	**16.5**	**10.3**	**14.8**	**14.1**	**19.6**	**12.0**	**17.4**	**19.3**	**55.8**	**68.3**		
Adjusted PAT	**16.5**	**10.3**	**16.8**	**14.3**	**19.6**	**12.0**	**17.4**	**19.3**	**57.8**	**68.3**	**13.3**	**(9.9)**
Change (YoY %)	14.3	5.6	83.6	-9.0	18.8	16.5	3.6	35.1	18.0	18.0		
Change (QoQ %)	5.1	-37.9	63.2	-14.6	37.2	-39.1	45.2	11.4				

UPL

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	UPLL IN
Equity Shares (m)	751
M.Cap.(INRb)/(USDb)	386.7 / 4.6
52-Week Range (INR)	625 / 448
1, 6, 12 Rel. Per (%)	-8/-7/-30
12M Avg Val (INR M)	1771

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	461.7	506.7	545.3
EBITDA	77.8	93.2	106.3
PAT	19.2	36.0	50.1
EBITDA (%)	16.8	18.4	19.5
EPS (INR)	25.1	47.1	65.5
EPS Gr. (%)	587.0	87.2	39.2
BV/Sh. (INR)	497	547	625
Ratios			
Net D/E	1.0	0.8	0.6
RoE (%)	7.7	13.7	16.9
RoCE (%)	5.2	9.9	11.6
Payout (%)	78.6	29.7	21.4
Valuations			
P/E (x)	20.4	10.9	7.8
EV/EBITDA (x)	8.1	6.4	5.3
Div Yield (%)	2.8	2.8	2.8
FCF Yield (%)	15.3	18.8	17.9

Shareholding Pattern (%)

	Sep-24	Jun-24	Sep-23
Promoter	32.5	32.5	32.5
DII	17.7	15.7	17.3
FII	37.5	37.8	37.6
Others	12.3	13.9	12.6

Note: FII includes depository receipts

CMP: INR515 **TP: INR550 (+7%)** **Neutral**

Pricing pressure continues to hurt operating performance

Operating performance below expectations

- UPL Ltd (UPLL) reported a muted quarter as EBITDA remained flat on a YoY basis, largely due to a price decline (down 7% YoY) led by overcapacity in China. Volume grew 16% (indicating a healthy demand environment), resulting in revenue growth of 9% YoY.
- UPLL is expecting improvement in the global business, with inventory destocking nearing completion. Further, margins are expected to witness a significant uptick in 2H, led by the benefit of lower-cost inventory, increase in high-margin product sales, favorable regional mix, and margin expansion in the Indian business.
- We largely retain our FY25E/ FY26E EPS on the back of positive commentary on the outlook (expected margin recovery and mid-single digit volume growth in 2HFY25) and unchanged guidance. **Reiterate Neutral with a TP of INR550.**

Strong volume growth drives revenue

- UPL reported revenue of INR110.9b (est. INR106.5b) in 2QFY25, up 9% YoY (volume growth: 16%, price decline: 7%). EBITDA stood at INR15.8b (est. INR16.8b), flat YoY. EBITDA margin was 14.2% vs. 15.5% in 2QFY24, due to a 110bp contraction in gross margin. The contribution margin was hit due to pricing pressure and a change in the regional mix.
- Net loss came in at INR630m (est. Adj. PAT INR635m) vs. net profit of INR1.1b in 2QFY24. The company witnessed a higher loss on account of the impact of income tax charge due to non-recognition and the reversal of DTA in some countries.
- **India** revenue increased 13% YoY to INR15.7b, led by higher volume on account of better demand closer to application seasons. **North America** revenue grew 10% YoY to INR5.5b on account of the continued strong in-season demand. **LATAM** revenue was flat at INR50.4b, as the strong volume growth was offset by price softening. **Europe** revenue rose 8% YoY to INR13.6b, aided by strong volume growth in Fungicides, while **RoW** revenue grew 29% YoY to INR25.5b, owing to volume-led growth in Africa.
- Advanta revenue increased 4% YoY to INR11.1b, driven by grain sorghum in Argentina and Australia and corn in India, Thailand, and ASEAN, while UPL specialty Chemical revenue remained flat at INR26b as growth in the non-captive business was offset by a decline in the captive business.
- Gross debt (excluding perpetual bonds) declined to INR318.4b in Sep'24 vs. INR339.3b as of Sep'23, Net debt declined to INR275.3b in Sep'24 vs INR307b in Sep'23.
- In 1HFY25, revenue increased 5% to INR201.6b. However, EBITDA declined 14% YoY to INR27.2b. Net loss stood at INR2.7b vs Adj Pat of INR5.1m in 1HFY24. For 2HFY25, implied Revenue/EBITDA growth is 9%/2.2x, led by margin expansion.

Highlights from the management commentary

- **Guidance:** The company expects mid-single-digit volume growth in 2H. Management has maintained its guidance of ~4-8% revenue growth in FY25, with an absolute EBITDA growth of ~50%. It expects FCF generation of USD300-400m.
- **Outlook**: UPLL is expecting improvement in the global business with inventory destocking nearing completion. However, the pricing pressure continues due to overcapacity in China. Management expects it to abate going forward.
- **Capex:** UPLL will incur a capex of ~INR18b in FY25, with ~INR7b already incurred in 1HFY25.

Valuation and view

- We expect 2HFY25 to witness a recovery in margins, aided by the benefit of lower-cost inventory and a favorable regional mix. Demand is expected to be normalized with a major part of global inventory destocking being completed.
- However, any short-term challenges due to price volatility, cash flow generation, and debt repayments remain the key monitorables.
- **We reiterate Neutral with a TP of INR550 (based on 10x Sep'26E EPS)**

Cons.: Quarterly Earning Model **(INRb)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	%
Net Sales	**89.6**	**101.7**	**98.9**	**140.8**	**90.7**	**110.9**	**106.8**	**153.4**	**431.0**	**461.7**	**106.5**	**4%**
YoY Change (%)	-17.2	-18.7	-27.7	-15.0	1.2	9.0	8.0	8.9	-19.6	7.1	4.7	
Total Expenditure	73.7	86.0	94.7	121.5	79.2	95.2	85.9	123.7	375.8	383.9	89.7	
EBITDA	**15.9**	**15.8**	**4.2**	**19.3**	**11.5**	**15.8**	**20.9**	**29.7**	**55.2**	**77.8**	**16.8**	**-6%**
Margins (%)	17.8	15.5	4.2	13.7	12.6	14.2	19.5	19.4	12.8	16.8	15.8	
Depreciation	6.4	6.6	6.8	7.9	6.6	7.0	7.5	8.6	27.6	29.7	6.7	
Interest	7.0	8.7	11.9	10.9	9.1	10.7	9.0	8.5	38.5	37.3	9.0	
Other Income	1.0	1.1	1.5	1.3	1.0	1.1	1.4	1.3	4.8	4.8	1.0	
Exch. difference on trade rec./payable	3.2	2.5	3.2	0.8	0.5	2.2	0.0	0.0	9.8	2.7	0.0	
PBT before EO expense	**0.4**	**-1.0**	**-16.2**	**0.9**	**-3.7**	**-3.0**	**5.8**	**13.9**	**-15.9**	**12.9**	**2.1**	
Extra-Ord expense	0.4	0.9	0.2	1.1	0.5	0.1	0.0	0.0	2.5	0.6	0.0	
PBT	**0.0**	**-1.9**	**-16.4**	**-0.1**	**-4.2**	**-3.1**	**5.8**	**13.9**	**-18.5**	**12.3**	**2.1**	
Tax	-1.6	-1.0	-0.6	1.1	0.7	1.4	1.0	2.5	-2.1	5.6	0.4	
Rate (%)	3,280.0	51.9	3.6	-733.3	-17.0	-44.2	18.0	18.0	11.3	45.7	18.0	
MI & P/L of Asso. Cos.	-0.1	1.0	-3.6	-1.7	-1.1	-0.1	-4.0	-1.7	-4.4	-6.9	1.1	
Reported PAT	**1.7**	**-1.9**	**-12.2**	**0.4**	**-3.8**	**-4.4**	**8.7**	**13.2**	**-12.0**	**13.6**	**0.6**	
Adj PAT	**4.0**	**1.1**	**-5.9**	**3.6**	**-2.0**	**-0.6**	**8.7**	**13.2**	**2.8**	**19.2**	**0.6**	**NA**
YoY Change (%)	-61.7	-89.8	-144.2	-65.1	-150.8	-159.3	-248.0	260.5	-93.7	587.0	-40.2	
Margins (%)	4.5	1.0	-6.0	2.6	-2.2	-0.6	8.2	8.6	0.6	4.2	0.6	

Note: Adjusted PAT = Reported PAT + forex adjustment + exceptional item

11 November 2024

2QFY25 Results Update | Sector: Retail

Jubilant FoodWorks

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	JUBI IN
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	397.2 / 4.7
52-Week Range (INR)	715 / 421
1, 6, 12 Rel. Per (%)	-1/21/-6
12M Avg Val (INR M)	1554

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	78.7	89.1	100.7
Sales Gr. (%)	39.2	13.2	13.0
EBITDA	15.7	18.6	21.7
EBITDA Margin (%)	19.9	20.9	21.6
Adj. PAT	3.4	5.1	6.6
Adj. EPS (INR)	5.1	7.7	10.0
EPS Gr. (%)	29.9	50.7	29.7
BV/Sh.(INR)	34.9	37.0	40.6
Ratios			
RoE (%)	14.7	20.9	24.7
RoCE (%)	9.9	11.4	13.2
Valuation			
P/E (x)	117.5	77.9	60.1
P/BV (x)	17.2	16.3	14.8
EV/EBITDA (x)	27.5	23.1	19.6
EV/Sales (x)	5.5	4.8	4.2

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	41.9	41.9	41.9
DII	30.4	29.9	22.4
FII	21.4	20.8	26.4
Others	6.3	7.4	9.4

FII Includes depository receipts

CMP: INR602 TP: INR 625 (+4%) Neutral

Stable performance; focus on network expansion

- Jubilant Foodworks (JUBI) reported standalone sales growth of 9% YoY to INR14.7b (in line), led by 20% order growth. LFL grew 2.8% (in line). The delivery business performed well, growing 16% YoY; the business raised its share to 70%. Dine-in revenue, however, dipped 6% YoY. Waving of delivery charges has been shifting the dine-in demand to delivery.
- Domino's India has added 50 new stores and entered 20 new cities in 2Q. The store expansion spree for Domino's and other brands will continue to broaden the customer reach and gain market share.
- Standalone gross margin was down marginally (-30bp YoY to 76.1%), and EBITDA margin contracted 150bp YoY to 19.4%. The contraction is due to higher investments in technology, supply chain enhancements, and negative operating leverage. Additionally, the company intensified its value proposition by offering free delivery. JUBI emphasized that **customer retention and acquisition are critical priorities** in the current demand environment.
- Weak operating margins were further hurt by higher depreciation (investments on backend capabilities) and interest costs. Standalone PBT declined 28% YoY, and margin came in at 4.8% in 2QFY25. Standalone PAT declined 28% YoY during the quarter.
- The QSR industry is still reeling under pressure due to growth metrics-led weakness on unit economics. Outperformance of delivery demand has supported healthy traffic growth for Jubilant. The growth recovery still looks more gradual, and operating margin would see slower recovery. **We reiterate our Neutral rating on the stock with a TP of INR625.**

Overall performance in line; LFL up 2.8%

- **Positive LFL growth:** sales growth of 9% YoY to INR14.7b (est. INR14.7b) led by order growth of 20.2%. Dominos LFL grew by 2.8% (in line) led by delivery LFL growth of 11.4%.
- **Store expansion continues**: In India, JUBI opened 51 net stores, taking the total count to 2,199. Domino's opened 50 new Domino's Pizza stores, taking the count to 2,079. Popeyes opened four new stores, taking the count to 54. Hong's Kitchen opened one store, taking the count to 34. Dunkin' Donuts closed four stores, taking the count to 32.
- **Weak EBITDA margin:** Gross profit grew 9% YoY to INR11.1b (in line). GM dipped 30bp YoY, while it was flat QoQ at 76.1% (est. 75.5%). EBITDA margin contracted 150bp YoY, while it expanded 10bp QoQ to 19.4% (est. 19.4%). PBT margin was 4.8% vs. 7.2% 2QFY24 and 4.7% 1QFY25.
- **Decline in PBT/PAT:** EBITDA inched up 1% YoY to INR2.8b (est. INR2.8b). PBT (before exceptional) continued to decline and was down 28% YoY to INR698m (est. INR710m). Adj. PAT dipped 28% YoY to INR521m (est. 531m).
- In 1HFY25, net sales/EBITDA rose 10%/1%, while APAT declined 30% YoY. In 2HFY25, we model sales/EBITDA growth of 12%/5% and flat APAT YoY.

International business

- Domino's Sri Lanka revenue rose 34% YoY to INR170m, led by strategic store relocations, new product launches, and focused local initiatives. No store has been opened during the quarter.
- Domino's Bangladesh revenue declined 5% YoY to INR126m on account of temporary store closures amidst a challenging operating environment. However, all stores are now operational. Five stores were opened in Bangladesh, taking the total count to 35 stores.

DPEU

- Domino's system sales stood at INR6,924m. Domino's Turkey LFL growth was down 6%.
- COFFY's system sales came in at INR651m. COFFY's LFL growth dipped 4%.
- Revenue for DPEU came in at INR4,605m, with operating EBITDA of 26.1% and PAT margin of 10.5%.
- In DP Eurasia, the company opened 17 stores in 2QFY25, taking the total count to 846.

Highlights from the management commentary

- JUBI has achieved strong volume growth momentum driven by its own initiatives, even in a softer demand environment. Growth momentum is expected to accelerate in 3QFY25 compared to 2Q.
- A lunch menu priced at INR99 boosted in-store traffic during off-peak hours (11 AM to 3 PM), supporting sales growth.
- No price hikes have been taken in the past nine quarters, with inflation absorbed through internal cost optimization and productivity enhancements.
- Margins have been impacted by the company's free delivery initiatives; however, approximately two-thirds of these costs have been offset through internal cost-efficiency measures.
- Operating margin recovery will be slower than growth recovery as the company is in a reinvestment mode.

Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- The QSR industry is still reeling under pressure on unit economics. JUBI was the beneficiary of healthy traffic growth for the delivery business. Delivery is expected to outperform in the near term, which will continue to lead to better growth metrics than JUBI's peers in the near term. Operating margin is likely to experience slower recovery owing to JUBI's continuous reinvestment in its core capabilities.
- We value the India business at 35x EV/EBITDA (pre-IND AS) and the international business at 15x EV/EBITDA (pre-IND AS) on Sep'26E to arrive at our TP of INR625. **We reiterate our Neutral rating on the stock.**

Quarterly Standalone Perf. (INR m)

Y/E March	FY24				FY25E						FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E	2QE	(%)
No of stores (Dominos)	1,838	1,888	1,928	1,995	2,029	2,079	2,127	2,175	1,995	2,175	2,077	
LFL growth (%)	-1.3	-1.3	-2.9	0.1	3.0	2.8	4.0	4.5	-1.4	3.6	2.5	
Net Sales	13,097	13,448	13,551	13,313	14,396	14,669	15,109	14,883	53,409	59,056	14,659	0.1%
YoY change (%)	5.6	4.5	2.9	6.3	9.9	9.1	11.5	11.8	4.8	10.6	9.0	
Gross Profit	9,956	10,275	10,387	10,200	10,955	11,157	11,483	11,289	40,817	44,883	11,067	0.8%
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	76.1	76.0	75.8	76.4	76.0	75.5	
EBITDA	2,764	2,807	2,827	2,543	2,782	2,842	2,916	2,729	10,941	11,269	2,844	-0.1%
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	1.3	3.1	7.3	-5.6	3.0	1.3	
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	19.3	18.3	20.5	19.1	19.4	
Depreciation	1,328	1,379	1,465	1,511	1,552	1,654	1,685	1,628	5,684	6,519	1,574	
Interest	513	534	583	609	619	640	640	645	2,239	2,544	635	
Other Income	91	69	40	86	73	150	125	102	285	450	75	
PBT	1,014	963	819	508	683	698	716	558	3,303	2,655	710	-1.7%
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-27.5	-12.6	9.9	-38.6	-19.6	-26.3	
Tax	262	241	209	132	168	177	180	138	844	664	179	
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.4	25.2	24.8	25.6	25.0	25.2	
Adjusted PAT	752	721	610	345	515	521	536	420	2,428	1,992	531	-2.0%
YoY change (%)	-38.2	-39.5	-31.16	-44.38	-31.5	-27.8	-12.11	21.72	-38.0	-18.0	-26.4	

E: MOFSL Estimates

Store count

Total Stores	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Management control										
India:										
Domino's	1,625	1,701	1,760	1,816	1,838	1,888	1,928	1,995	2,029	2,079
Popeye’s	6	8	12	13	17	22	32	42	50	54
Dunkin	25	24	24	21	21	21	25	31	36	32
Hong's Kitchen	17	14	12	13	15	18	22	28	33	34
Ekdum	3	6	6	-	-	-	-	-	-	-
Total Stores in India	1,676	1,753	1,814	1,863	1,891	1,949	2,007	2,096	2,148	2,199
Store addition	51	77	61	49	28	58	58	89	52	51
Sri Lanka and Bangladesh	46	51	60	65	70	73	76	78	80	85
Total Stores under MGT control	1,722	1,804	1,874	1,928	1,961	2,022	2,083	2,174	2,228	2,284
Store addition	53	82	70	54	33	61	61	91	54	56
DP Eurasia	-	-	859	859	714	742	761	817	829	846
Total	1,722	1,804	2,733	2,787	2,675	2,764	2,844	2,991	3,057	3,130
Store addition	53	82	929	54	(112)	89	80	147	66	73

Exide

Estimate changes	↓
TP change	↓
Rating change	⟷

Bloomberg	EXID IN
Equity Shares (m)	850
M.Cap.(INRb)/(USDb)	371.1 / 4.4
52-Week Range (INR)	620 / 267
1, 6, 12 Rel. Per (%)	-14/-13/39
12M Avg Val (INR M)	2661

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	173.6	193.3	212.7
EBITDA	20.0	23.7	26.1
Adj. PAT	11.5	13.6	15.0
Adj. EPS (INR)	13.5	16.0	17.6
EPS Gr. (%)	8.9	18.9	9.7
BV/Sh. (INR)	165.5	178.6	192.9
Ratio			
RoE (%)	8.2	9.0	9.1
RoCE (%)	8.5	9.4	9.7
Payout (%)	18.5	18.7	18.5
Valuations			
P/E (x)	32.4	27.2	24.8
P/BV (x)	2.6	2.4	2.3
Div Yield (%)	0.6	0.7	0.7
FCF Yield (%)	1.5	3.2	3.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	46.0	46.0	46.0
DII	18.0	17.9	19.1
FII	12.3	13.7	12.8
Others	23.7	22.4	22.1

FII Includes depository receipts

CMP: INR437 **TP: INR435** **Neutral**

Demand weakness hurts margins

OE and telecom demand remain weak, other segments grow

- Exide (EXID)'s 2QFY25 result was disappointing, as EBITDA margin stood at 11.3% (-50bp YoY; est. 11.8%) due to lower absorption of fixed overheads. While demand is likely to remain steady in the LAB segment, we expect margins to stabilize at current levels in H2.
- We cut our FY26E EPS by ~4.5% to factor in lower margins while broadly retaining our FY25E EPS. While the market appears to be upbeat on EXID's lithium ion foray, we remain cautious of the returns from the same in the long run. Besides, the stock at ~32x/27x FY25/26E EPS appears fairly valued. **Reiterate Neutral with a TP of INR435 (based on 22x Sep'26E EPS).**

Margin remains under pressure

- EXID's 2QFY25 revenue grew 4% YoY to INR42.7b (est. INR44.4b); EBITDA was flat YoY at INR4.8b (est. INR5.2b), while Adj. PAT grew ~4% YoY at INR2.97b (est. INR3b). 1HFY25 revenue/EBITDA/PAT grew ~5%/7%/9% YoY. We expect the same for 2HFY25 to grow ~12%/6%/9% YoY.
- The replacement market witnessed double-digit revenue growth. However, auto OEM demand remained muted due to excess channel inventory. Industrial UPS and Solar enjoyed strong demand momentum; however, the Home UPS segment remained soft.
- Gross margin expanded 40bp YoY (+80bp QoQ) to 31.5% (est. 30.3%), due to improved mix.
- However, higher other expenses hurt EBITDA margin, which stood at 11.3% (-50bp YoY vs. est. of 11.8%). It was affected mainly by lower absorption of fixed overheads.
- Higher other income led to an adj. PAT growth of 4% YoY.
- FCFF/CFO declined 62%/51% YoY.
- During the quarter, EXID invested INR2.5b in EESL-Li-ion, its cell manufacturing subsidiary (further INR1b invested in Oct'24), bringing the total investment to INR28.5b until now.

Highlights from the management interaction

- **Outlook**: 1) the 4W OEM production was weak in 1HFY25; however, it saw one of the best festival retails, leading to a reduction in inventory to 30 days. Management expects 4W demand to revive in 2HFY25; 2) the Telecom segment declined on a high base, but the base is likely to normalize in 4Q; and 3) management expects the Invertor segment's demand to pick up from 4Q after a seasonally weak 3QFY25. Further, all the other segments that grew (auto replacement, solar segment, industrial UPS, and infra segment) in 2Q are likely to sustain their momentum in 2HFY25.
- Despite weak 2Q margins, management reiterated its EBITDA margin guidance of 13% for the near term and 14% over the medium term. This would be possible on the back of cost optimization efforts, exports, and improvement in capacity utilization.

- It has committed INR50b investment for phase 1 (6GWh-3GWh each for NMC and LFP), of which it has invested INR28.5b (INR5.5b invested in FY25YTD) in terms of equity so far. Bulk of the balance investments would happen in 2H, with some spillover possible for FY26E. EXID may need to take some bridge loans to fund part of this balance investment. Commercialization of its phase 1 capacity is likely in the middle of next year.

Valuation and view

- The lead acid battery business is experiencing healthy demand momentum across both auto replacement and industrial segments, and EXID is expected to emerge as the key beneficiary of the same given its market leadership in most segments.
- However, given the significant imminent risk to its core business, Exide has forayed into the manufacturing of lithium ion cells in partnership with S-Volt at a total investment of INR60b in two phases. While the market appears to be upbeat on EXID's lithium ion foray, we remain cautious of the returns from the same. **We, hence, reiterate our Neutral rating on the stock with a revised TP of INR435 (based on 22x Sep-26E EPS).**

S/A Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**40,726**	**41,067**	**38,405**	**40,094**	**43,128**	**42,673**	**43,014**	**44,755**	**1,60,292**	**1,73,569**	**44,352**	**-3.8**
Growth YoY (%)	4.4	10.4	12.6	13.2	5.9	3.9	12.0	11.6	9.8	8.3	8.0	
RM cost (%)	71.7	68.9	68.5	67.0	69.3	68.5	69.2	69.3	69.1	69.1	69.7	
Employee cost (%)	5.8	6.2	6.4	6.1	6.1	6.3	6.2	6.1	6.1	6.2	5.9	
Other Exp (%)	11.8	13.1	13.6	14.1	13.1	13.9	13.1	12.9	13.1	13.3	12.7	
EBITDA	**4,322**	**4,831**	**4,399**	**5,162**	**4,943**	**4,836**	**4,947**	**5,233**	**18,714**	**19,959**	**5,211**	**-7.2**
EBITDA Margin (%)	10.6	11.8	11.5	12.9	11.5	11.3	11.5	11.7	11.7	11.5	11.8	
Change (%)	11.8	17.1	9.7	40.6	14.4	0.1	12.4	1.4	19.3	6.7	8	
Non-Operating Income	192	392	227	34	142	528	250	36	845	956	270	**95.6**
Interest	98	115	145	128	87	103	130	181	486	500	150	
Depreciation	1,194	1,259	1,274	1,248	1,257	1,270	1,290	1,305	4,975	5,122	1,280	
PBT after EO Exp	**3,222**	**3,849**	**3,208**	**3,819**	**3,741**	**3,991**	**3,777**	**3,784**	**14,099**	**15,292**	**4,051**	**-1.5**
Effective Tax Rate (%)	24.9	25.4	25.1	25.7	25.3	25.4	25.4	23.9	25.3	25.0	25.0	
Adj. PAT	**2,419**	**2,870**	**2,403**	**2,838**	**2,796**	**2,978**	**2,818**	**2,878**	**10,530**	**11,469**	**3,039**	**-2.0**
Change (%)	6.9	16.6	7.7	36.5	15.6	3.8	17.3	1.4	16.5	8.9	5.9	
Key performance indicators												
Cost Break-up												
RM (%)	71.7	68.9	68.5	67.0	69.3	68.5	69.2	69.3	69.1	69.1	69.7	-120bp
Employee cost (%)	5.8	6.2	6.4	6.1	6.1	6.3	6.2	6.1	6.1	6.2	5.9	40bp
Other Exp (%)	11.8	13.1	13.6	14.1	13.1	13.9	13.1	12.9	13.1	13.3	12.7	120bp
Gross Margin (%)	28.3	31.1	31.5	33.0	30.7	31.5	30.8	30.7	30.9	30.9	30.3	120bp
EBITDA Margin (%)	10.6	11.8	11.5	12.9	11.5	11.3	11.5	11.7	11.7	11.5	11.8	-40bp
EBIT Margin (%)	7.7	8.7	8.1	9.8	8.5	8.4	8.5	8.8	8.6	8.5	8.9	-50bp
Lead Price (INR/Kg)	174.0	180.1	176.4	172.3	180.5	170.2			172.3			
Change (%)	2.8	14.2	1.7	-1.9	3.8	-5.5			2.0			

E: MOFSL Estimates

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2QFY25 Results Update | Sector: Retail

Devyani International

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DEVYANI IN
Equity Shares (m)	1206
M.Cap.(INRb)/(USDb)	210.6 / 2.5
52-Week Range (INR)	223 / 142
1, 6, 12 Rel. Per (%)	-1/-1/-29
12M Avg Val (INR M)	535

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	48.5	54.3	61.6
Sales Gr. (%)	36.3	12.0	13.6
EBITDA	8.5	10.4	12.1
Margins (%)	17.5	19.1	19.6
Adj. PAT	0.5	2.1	2.8
Adj. EPS (INR)	0.5	1.8	2.3
EPS Gr. (%)	-41.4	288.2	31.4
BV/Sh.(INR)	5.5	5.0	4.8
Ratios			
RoE (%)	6.3	33.3	46.7
RoCE (%)	6.2	9.2	10.0
Valuation			
P/E (x)	387.4	99.8	75.9
P/BV (x)	31.8	34.8	36.1
EV/Sales (x)	5.0	4.5	3.9
Pre-Ind AS EV/EBITDA (x)	46.1	35.9	30.0

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	62.7	62.7	62.7
DII	15.4	14.2	8.3
FII	11.2	11.7	13.3
Others	10.7	11.4	15.6

FII includes depository receipts

CMP: INR175 TP: INR215 (+23%) Buy

Weak growth metrics; muted near-term recovery outlook

- Devyani International Ltd's (DEVYANI) consol. revenue grew 49% YoY (est. +42%), including the recent acquisition in Thailand. India revenue was up 7% YoY, despite a 20% YoY store growth, which was offset by weak Same Store Sales Growth (SSSG) across brands. SSSG declined 7% for KFC (-8% for Sapphire) and 5.7% for PH (-3% for Sapphire). Costa Coffee SSSG increased 8.7%. Revenue growth for KFC was 7% YoY, Costa Coffee was up 42% YoY, while PH revenue was flat YoY. Growth metrics (SSSG, ADS) sustained a weakness; a similar trend was witnessed across its QSR peers.
- The Indian business ROM was down 7% and margin contracted 200bp to 13.2%, an all-time low (exclu. COVID quarters), owing to operating deleverage. KFC's ROM contracted 280bp YoY to 16.6% (16.5% for Sapphire) and PH's ROM contracted 460bp YoY/180bp QoQ to 3.1% (4.1% for Sapphire).
- The demand environment for international business was impacted due to geopolitical conditions. SSSG in Thailand was at breakeven or slightly negative (positive in 1QFY25), as well as negative for Nigeria. The continued devaluation in the Nigerian currency (-9%) impacted international performance.
- Consolidated GM contracted 150bp YoY while it was stable QoQ at 69.3% (est. 69.2%), as the Thailand business operates at a lower GM compared to that of India. EBITDA margin contracted 310bp YoY and 200bp QoQ to 16.3% (est. 17.8%). DEVYANI reported loss before tax (first time excl. the COVID period) of INR9m on higher depreciation (+53%) and interest cost (+27%). Loss after tax (adjusted) was INR27m, compared to a profit of INR281mn in 1QFY25.
- We maintain our cautious stance on Quick-Service Restaurants (QSR) due to sustained competition and ongoing demand challenges. We reiterate our BUY rating on the stock with a TP of INR215 (premised on 35x Sep'26E Pre-Ind-AS EV/EBITDA).

Growth weakness persists; store addition continues

- **Sluggish growth metrics**: Consol. sales growth was at 49% YoY to INR12.2b (est. INR 11.7b) due to the Thailand acquisition. India revenue was up 7% YoY to INR8.4b. (est. INR8.4b). KFC's revenue grew 7% YoY, Costa Coffee's revenue rose 42% YoY, while PH's revenue was flat YoY.
- **Store expansion:** 85 stores were added in 2QFY25, bringing the total to 1,921. The store additions in KFC/PH/CC/Vaango/International stood at 28/23/ 15/18/1. The total store count stood at 1,921 distributed among KFC/PH/CC/Vaango/Others/International stores at 645/593/207/90/22/364.
- **Weak margins**: Gross profit grew 46% YoY to INR8.5b (est. 8.1b) and margins contracted 150bp YoY while remaining stable QoQ to 69.3 (est. 69.2%). Consol. reported EBITDA margins contracted 310bp YoY and 200bp QoQ to 16.3% (est. 17.8%). Consol. ROM expanded 32% YoY to INR1.7b and margin contracted 180bp YoY to 13.6%. Pre Ind-AS EBITDA increased 21% YoY to INR1.1b and margin contracted 210bp YoY to 9.4%.

- Reported EBITDA increased 25% YoY to INR2.0b (est. INR2.1b). On higher depreciation (+53%) and interest cost (+27%), the company reported loss before tax first time (exclude. The COVID period) of INR9m (est. PBT of INR197m). Loss after tax was INR27m (est. APAT of INR156m).
- In 1HFY25, net sales and EBITDA grew 47%/27%. In 2HFY25, we expect that net sales and EBITDA will grow 27% and 33%.
- **New franchise agreement for India:** The company has executed three new franchise agreements with Tealive, New York Fries (NYF), and Sanook Kitchen. Tealive is a renowned Malaysian tea and beverage brand. NYF is a Canadian quick-service snacking brand, celebrated for its French fries, hot dogs, and poutine. SANOOK KITCHEN is a popular Singapore-based brand specializing in Thai and Asian cuisine.

Highlights from the management commentary

- Demand conditions in the QSR sector were muted in 2Q, a typically slow quarter due to the Shravan month, which sees an increase in vegetarian days.
- Brand contribution declined due to the deleveraging effect of lower ADS. The company expects to recover lost margins of 2Q in the upcoming quarter.
- SSSG in Thailand was at breakeven or slightly negative (positive in 1QFY25), and that in Nigeria was also negative.
- 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.
- The QSR industry continues to see weakness in unit economics across dine-in and delivery formats. Both KFC and PH have seen pressure on unit economics after witnessing pressure on SSSG. We maintain our cautious stance on QSRs for the near term due to ongoing demand challenges.
- The stock trades at 46x and 36x Pre-Ind-AS EV/EBITDA on FY25E and FY26E. **We reiterate our BUY rating on the stock with a TP of INR215 (premised on 35x Sep'26E Pre-Ind-AS EV/EBITDA).**

Quarterly Performance **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
KFC - No. of stores	510	540	590	596	617	645	670	696	596	696	639	
PH - No. of stores	521	535	565	567	570	593	608	622	567	622	573	
KFC - SSSG (%)	-0.9	-3.9	-4.7	-7.1	-7.0	-7.0	-2.0	0.0	-4.6	-4.0	-7.0	
PH - SSSG (%)	-5.3	-10.4	-12.6	-14.0	-8.6	-5.7	-2.0	4.3	-10.9	-3.0	-3.0	
Net Sales	**8,466**	**8,195**	**8,431**	**10,471**	**12,219**	**12,222**	**12,297**	**11,728**	**35,563**	**48,465**	**11,665**	5%
YoY change (%)	20.1	9.6	6.6	38.7	44.3	49.1	45.8	12.0	18.6	36.3	42.4	
Gross Profit	**5,998**	**5,802**	**5,954**	**7,244**	**8,450**	**8,474**	**8,509**	**8,016**	**24,997**	**33,449**	**8,072**	5%
Margin (%)	70.8	70.8	70.6	69.2	69.2	69.3	69.2	68.4	70.3	69.0	69.2	
EBITDA	**1,734**	**1,588**	**1,463**	**1,739**	**2,234**	**1,987**	**2,068**	**2,200**	**6,524**	**8,489**	**2,080**	-4%
EBITDA growth %	5.6	-4.1	-15.9	14.9	28.8	25.2	41.4	26.5	-0.4	30.1	31.0	
Margin (%)	20.5	19.4	17.4	16.6	18.3	16.3	16.8	18.8	18.3	17.5	17.8	
Depreciation	796	907	930	1,275	1,322	1,391	1,391	1,377	3,907	5,481	1,335	
Interest	404	417	482	567	630	653	653	658	1,869	2,594	630	
Other Income	68	66	46	146	99	48	75	78	326	300	80	
PBT	**603**	**330**	**97**	**44**	**381**	**-9**	**99**	**243**	**1,074**	**714**	**195**	
Tax	146	-168	46	110	81	10	20	32	133	143	39	
Rate (%)	24.1	-50.9	47.6	249.9	21.2	-113.1	20.0	13.2	12.4	20.0	20.0	
Adjusted PAT	**339**	**506**	**51**	**33**	**281**	**-27**	**79**	**211**	**929**	**545**	**156**	
Margin (%)	4.0	6.2	0.6	0.3	2.3	-0.2	0.6	1.8	2.6	1.1	1.3	
YoY change (%)	-54.4	-21.4	-93.5	-94.6	-17.2	NM	56.1	542.0	-66.5	-41.4	-69.2	

E: MOFSL Estimates

The Ramco Cements

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USDb)	205.7 / 2.4
52-Week Range (INR)	1058 / 700
1, 6, 12 Rel. Per (%)	4/5/-36
12M Avg Val (INR M)	678

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	89.3	99.4	111.2
EBITDA	14.6	18.5	22.3
Adj. PAT	2.7	5.1	7.3
EBITDA Margin (%)	16.4	18.6	20.1
Adj. EPS (INR)	11.6	21.7	31.0
EPS Gr. (%)	-30.6	86.6	43.2
BV/Sh. (INR)	327	346	373
Ratios			
Net D:E	0.6	0.6	0.6
RoE (%)	3.7	6.4	8.6
RoCE (%)	5.8	6.5	7.9
Payout (%)	12.3	16.2	0.0
Valuations			
P/E (x)	75.7	40.5	28.3
P/BV (x)	2.7	2.5	2.4
EV/EBITDA(x)	16.3	13.3	11.0
EV/ton (USD)	118	112	112
Div. Yield (%)	0.4	0.4	0.0
FCF Yield (%)	2.4	1.3	2.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	42.3	42.3	42.1
DII	34.3	34.5	36.8
FII	6.6	7.4	7.9
Others	16.9	15.8	13.3

FII Includes depository receipts

CMP: INR870 TP: INR880 (+1%) Neutral

Lower opex/t drives earnings beat

Focusing on non-core asset monetization to reduce net debt

- TRCL's 2QFY25 earnings beat our estimates, aided by lower-than-estimated opex/t (6% below our estimate). EBITDA declined ~22% YoY to INR3.1b (~26% beat) and EBITDA/t declined 20% YoY to INR695 (est. INR584). OPM dipped 1.8pp YoY to ~15% (est. ~12%). PAT declined 75% YoY to INR256m (vs. estimated loss of INR134m).
- The company is focusing on non-core asset monetization and has monetized non-core assets worth INR3.8b as of Oct'24 out of the targeted value of INR10b by Jun'25. It has also entered into an agreement to sell land worth INR740m, which is expected to be realized during 3QFY25. TRCL reiterated its capacity target of 30mtpa by Mar'26.
- Despite the earrings beat in 2Q, we largely maintain our earnings estimates for FY25-27 due to pricing pressure in the company's core market (south) and higher competition in the near term in south region due to capacity expansion by leading players. We value TRCL at 12x Sep'26E EV/EBITDA to arrive at a TP of INR880. We reiterate our Neutral rating on the stock.

Volume declines ~3% YoY; realization/t down 10% YoY

- Revenue/EBITDA/PAT stood at INR20.4b/INR3.1b/INR256m (down 12%/22%/75% YoY and up 2%/26%/291% vs. our estimates) in 2QFY25. Sales volume fell ~3% YoY to 4.49mt (6% above estimates). Realization declined 10% YoY to INR4,539/t (down 3% vs. our estimate).
- Opex/t declined ~8% YoY, led by lower variable/other expenses/freight cost per ton by 13%/7%/1%. OPM dipped 1.8pp YoY to 15% and EBITDA/t was down 20% YoY at INR695. Depreciation/interest costs grew ~7%/3% YoY, whereas other income declined ~16% YoY.
- In 1HFY25, revenue/EBITDA/PAT stood at INR41.3b/INR6.3b/INR611m (down 10%/15%/66% YoY). Sales volume/realization declined 1%/9% YoY. EBITDA/t declined ~14% YoY to INR714. Based on our estimates, revenue is estimated to remain flat YoY in 2HFY25, EBITDA may grow ~2% YoY, and PAT may decline 1% YoY. In 2HFY25, we estimate 6% YoY volume growth and EBITDA/t of INR820 (vs. INR855 in 2HFY24).

Highlights from the management commentary

- General elections and extended monsoon affected overall demand during the quarter. However, the company continues to focus on right products for right applications to make its brand stronger.
- Blended fuel consumption cost was USD130/t (INR1.60/kcal) vs. USD137 (INR1.49/kcal) in 1QFY25. Green power share stood at ~39% vs. ~33% in 1Q.
- It maintained capex guidance of INR12b for FY25. Capex stood at INR2.6b in 2QFY25 and INR5.4b in 1HFY25. Net debt stood at INR51.0b vs. INR49.7b as of Jun'24. The net debt-to-EBITDA ratio stood at 4.0x vs. 3.8x as of Jun'24.

View and valuation

- We estimate the company's volume growth to moderate to a ~7% CAGR over FY24-27 vs. ~23% over FY21-24. Higher competition and pricing pressure in its key markets, leveraged balance sheet, and low return ratios (RoE/ROCE estimated in mid-single digits till FY26) will keep stock price range-bound. Its net debt increased to INR47b in Mar'24 v/s INR29.3b in FY21 and we expect it to remain at INR50b in FY26 (net-debt to EBITDA at 2.7x in FY26).
- At CMP, the stock trades at 13x/11x FY25E/FY26E EV/EBITDA. We value TRCL at 12x Sep'26E EV/EBITDA and reiterate our Neutral rating with a TP of INR880. Key factors to monitor would be company's capex plans and competitive intensity in the South/East regions.

Quarterly Performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales volume (m ton)	4.30	4.61	4.00	5.49	4.36	4.49	4.62	5.48	18.40	18.95	4.24	6
YoY Change (%)	29.9	37.7	9.9	16.8	1.3	(2.6)	15.6	(0.2)	22.5	3.0	(8.0)	
Realization (INR/ton)	5,212	5,053	5,265	4,869	4,792	4,539	4,669	4,824	5,081	4,711	4,692	(3)
YoY Change (%)	(1.6)	(3.8)	(4.5)	(10.9)	(8.1)	(10.2)	(11.3)	(0.9)	(5.6)	(7.3)	(7.1)	
QoQ Change (%)	(4.6)	(3.1)	4.2	(7.5)	(1.6)	(5.3)	2.9	3.3			(2.1)	
Net Sales	**22.4**	**23.3**	**21.1**	**26.7**	**20.9**	**20.4**	**21.6**	**26.4**	**93.5**	**89.3**	**19.9**	2
YoY Change (%)	26.4	30.5	4.8	4.0	(6.8)	(12.5)	2.5	(1.1)	14.9	(4.5)	(14.6)	
Total Expenditure	19.0	19.3	17.1	22.6	17.7	17.3	18.1	21.6	78.0	74.7	17.4	(1)
EBITDA	**3.4**	**4.0**	**4.0**	**4.2**	**3.2**	**3.1**	**3.5**	**4.8**	**15.5**	**14.6**	**2.5**	26
YoY Change (%)	13.6	116.9	38.9	1.0	(6.5)	(21.7)	(12.1)	15.8	31.4	(5.8)		
Margins (%)	15.2	17.1	18.8	15.6	15.3	15.3	16.1	18.3	16.6	16.4	12.4	
Depreciation	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7	6.4	6.8	1.7	1
Interest	0.9	1.2	1.0	1.0	1.1	1.2	1.1	1.1	4.2	4.6	1.1	5
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.1	(19)
PBT before EO expense	**1.1**	**1.4**	**1.3**	**1.6**	**0.5**	**0.3**	**0.8**	**2.1**	**5.4**	**3.7**	**(0.2)**	NM
PBT	**1.1**	**1.4**	**1.3**	**1.6**	**0.5**	**0.3**	**4.8**	**2.1**	**5.4**	**7.7**	**(0.2)**	-
Tax	0.3	0.4	0.4	0.4	0.1	0.1	0.2	0.6	1.5	0.9	(0.1)	NM
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	26.7	30.8	25.2	26.3	26.9	3.2	27.3	27.3	12.3	28.0	
Reported PAT	**0.8**	**1.0**	**0.9**	**1.2**	**0.4**	**0.3**	**4.6**	**1.5**	**3.9**	**6.7**	**(0.1)**	
Adj PAT	**0.8**	**1.0**	**0.9**	**1.2**	**0.4**	**0.3**	**0.6**	**1.5**	**3.9**	**2.7**	**(0.1)**	NM
YoY Change (%)	(29.7)	783.2	38.6	(20.4)	(55.0)	(74.7)	(35.5)	25.9	15.0	(30.6)	(113.2)	NM
Margins (%)	3.5	4.3	4.4	4.5	1.7	1.3	2.8	5.8	4.2	3.1	(0.7)	

Per ton analysis (incl. Dry mortar) (INR/t)

	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E	FY25 2QE	Var. (%)
Net realization	**5,212**	**5,053**	**5,265**	**4,869**	**4,792**	**4,539**	**4,669**	**4,824**	**5,081**	**4,711**	**4,692**	(3)
RM Cost	760	959	820	1,132	835	894	920	928	934	896	850	5
Employee Expenses	294	300	342	227	314	303	303	266	286	295	329	(8)
Power, Oil & Fuel	1,758	1,358	1,384	1,128	1,300	1,121	1,071	1,130	1,389	1,152	1,290	(13)
Freight cost	1,064	1,025	1,073	1,082	1,064	1,018	1,065	1,078	1,062	1,057	1,049	(3)
Other Expenses	541	546	658	541	546	509	560	540	567	539	590	(14)
Total Expenses	**4,418**	**4,188**	**4,277**	**4,110**	**4,059**	**3,844**	**3,918**	**3,942**	**4,238**	**3,940**	**4,108**	(6)
EBITDA	**794**	**865**	**988**	**760**	**733**	**695**	**751**	**882**	**844**	**771**	**584**	19

Source: Company, MOFSL Estimates

Relaxo Footwears

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	RLXF IN
Equity Shares (m)	249
M.Cap.(INRb)/(USDb)	183.9 / 2.2
52-Week Range (INR)	950 / 732
1, 6, 12 Rel. Per (%)	-4/-23/-43
12M Avg Val (INR M)	78

Financials & Valuations (INR b)

INRb	FY24	FY25E	FY26E
Net Sales	29.1	30.5	33.6
Gross Profit	16.9	18.6	20.6
EBITDA	4.1	4.3	5.2
Adj. PAT	2.0	2.1	2.6
Gross Margin (%)	58.1	61.2	61.5
EBITDA Margin (%)	14.0	14.2	15.5
Adj. EPS (INR)	8.1	8.3	10.4
EPS Gr. (%)	29.8	3.0	25.8
BV/Sh. (INR)	80.4	86.6	94.5
Ratios			
Net D:E	0.0	-0.1	-0.1
RoE (%)	10.4	9.9	11.5
RoCE (%)	10.0	9.4	10.9
RoIC (%)	10.6	10.3	12.8
Valuations			
P/E (x)	91.8	89.0	70.8
EV/EBITDA (x)	45.3	42.1	34.8
EV/Sales (X)	6.3	6.0	5.4
Div. Yield (%)	0.4	0.3	0.4

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	71.3	71.3	71.3
DII	10.0	9.6	8.5
FII	3.4	3.4	3.2
Others	15.3	15.8	17.0

FII includes depository receipts

CMP: INR739 TP: INR680 (-8%) Neutral

Revenue decline offset by cost controls

- Relaxo Footwears' (RLXF) revenue declined 5% YoY as the 6% YoY ASP increase was offset by a 10% YoY volume decline on subdued demand and higher competition from lower-priced unorganized players.
- However, RLXF's EBITDA (-4% YoY) and PAT (-17% YoY) were broadly in line, driven by 310bp YoY gross margin expansion and cost control measures.
- RLXF decided against diluting pricing and margins during 2Q, which may impact the market share in the near term. However, the management believes this strategy would reap dividends in the longer term.
- We lower our FY25/26 revenue estimates by 2%/5%, EBITDA estimates by 9-10%, and PAT estimates by 11-12% on weaker volume recovery. We build in a CAGR of 8%/15%/17% in revenue/EBITDA/PAT over FY24-27E.
- We ascribe a P/E of 55x on Dec'26E EPS to arrive at our TP of INR680 and **reiterate our Neutral rating on the stock.**

Weaker revenue; in line EBITDA/PAT driven by cost control

- Revenue declined 5% YoY to INR 6.8b (8% miss) on account of subdued overall demand and an increase in competition from lower-priced, unorganized players.
- Volume declined 10% YoY to 4.3m pairs, while ASP was up 6% YoY to INR156/pair.
- Gross profit was flat YoY at INR4.1b (7% miss) as gross margin expanded 310bp YoY (in line) on account of price hikes implemented in open footwear in the last few quarters, along with RLXF's decision to not dilute pricing and margins.
- Employee expenses grew 11% YoY, while other expenses declined 3% YoY (13% below).
- EBITDA at INR877m declined 4% YoY (inline) as cost controls offset the impact from revenue decline.
- EBITDA margin expanded 10bp YoY to 12.9% (100bp ahead).
- PAT declined 17% YoY to INR367m (in line) due to weak EBITDA and other income. PAT margin contracted 80bp YoY to 5.4% (55bp ahead).
- 1HFY25 revenue/EBITDA/PAT declined 2%/6%/19% YoY.
- However, OCF grew 6% YoY to INR1.1b due to a reduction in WC and lower taxes. Capex remained flat YoY at INR655m, which resulted in an FCF generation of INR455m (+19% YoY).
- RLXF paid a dividend of INR747m. This led to a decrease in the net cash position by ~INR300m in 1HFY25 to ~INR1.5b.
- For 2HFY25, the implied growth rate of 11%/19%/26% in revenue/EBITDA/PAT is contingent on recovery in consumer sentiments.

Management commentary

- **Demand environment:** The management noted that Oct'24 was not a great festive start, but remains optimistic for a better Nov-Dec'24 due to the higher number of weddings.
- **Unorganized competition:** The industry witnessed an increase in competition from lower-priced unorganized players in 2QFY25, which led to down trading by consumers in a high inflationary environment. Margin pressure was also high from organized trade channels. RLXF decided against diluting pricing and margins to unsustainable levels. This strategy may impact its market share in the near term; however, the management believes this strategy would reap dividends in the longer term.
- **Strategy to withstand competition:** RLXF targets to add new distributors across India, launch new products, and optimize costs to increase the market share. To drive premiumization, RLXF has collaborated with global brands such as 'Disney' and 'Marvel'.
- **Guidance:** Expect flattish volumes for FY25, wherein management expects 8-10% revenue growth for the Sparx brand.

Valuation and view

- A gradual recovery in rural demand sentiments is crucial for RLXF's volume growth. Further, growth in the Sparx portfolio should help the company gain market share in closed footwear.
- Recovery in the open footwear category, product mix-led ASP improvement, and an increase in the mix of closed footwear – particularly in the S&A wear, remain the key growth drivers for RLXF.
- We lower our FY25/26 revenue estimates by 2%/5%, EBITDA estimates by 9-10%, and PAT estimates by 11-12%. We build in a CAGR of 8%/15%/17% in revenue/EBITDA/PAT over FY24-27E.
- We ascribe a P/E of 55x on Dec'26E EPS to arrive at our TP of INR680 and **reiterate our Neutral rating on the stock.**

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var. (%)
Gross Sales	**7,388**	**7,153**	**7,127**	**7,472**	**7,482**	**6,794**	**7,899**	**8,277**	**29,141**	**30,452**	**7,341**	**-7**
YoY Change (%)	10.7	6.8	4.7	-2.3	1.3	-5.0	10.8	10.8	4.7	4.5	2.6	
Total RM Cost	3,151	3,013	3,065	2,968	2,847	2,648	3,041	3,279	12,197.0	11,815	2,863	-8
Gross Profit	**4,237**	**4,140**	**4,062**	**4,504**	**4,635**	**4,146**	**4,858**	**4,998**	**16,944**	**18,637**	**4,478**	**-7**
Margins (%)	57.4	57.9	57.0	60.3	62.0	61.0	61.5	60.4	58.1	61.2	61.0	2
Total Expenditure	6,313	6,238	6,255	6,269	6,493	5,917	6,635	7,083	25,075	26,128	6,467	-9
EBITDA	**1,076**	**915**	**872**	**1,204**	**989**	**877**	**1,264**	**1,195**	**4,066**	**4,324**	**874**	**0**
Margins (%)	14.6	12.8	12.2	16.1	13.2	12.9	16.0	14.4	14.0	14.2	11.9	100
Depreciation	346	369	375	385	391	398	409	417	1,475	1,615	403	-1
Interest	45	47	48	47	49	50	47	41	187	186	50	-1
Other Income	73	105	60	51	54	66	63	69	289	253	54	22
PBT before EO expense	**758**	**604**	**508**	**823**	**603**	**496**	**871**	**806**	**2,693**	**2,776**	**475**	**4**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**758**	**604**	**508**	**823**	**603**	**496**	**871**	**806**	**2,693**	**2,776**	**475**	**4**
Tax	195	162	123	209	160	128	220	203	688	711	120	7
Rate (%)	25.7	26.8	24.1	25.4	26.5	25.9	25.2	25.2	25.6	25.6	25.2	
Reported PAT	**563**	**442**	**386**	**614**	**444**	**367**	**652**	**603**	**2,005**	**2,066**	**355**	**3**
Adj PAT	**563**	**442**	**386**	**614**	**444**	**367**	**652**	**603**	**2,005**	**2,066**	**355**	**3**
YoY Change (%)	45.6	97.0	28.3	-3.0	-21.2	-16.9	69.0	-1.8	29.8	3.0	-19.6	
Margins (%)	7.6	6.2	5.4	8.2	5.9	5.4	8.2	7.3	6.9	6.8	4.8	57

E: MOFSL Estimates

Signature Global

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	SIGNATUR IN
Equity Shares (m)	141
M.Cap.(INRb)/(USDb)	180.3 / 2.1
52-Week Range (INR)	1647 / 684
1, 6, 12 Rel. Per (%)	-11/-7/64
12M Avg Val (INR M)	811

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	12.4	37.3	52.3
EBITDA	-0.3	5.1	10.2
EBITDA (%)	-2.2	13.6	19.5
Adj. PAT	0.2	4.1	7.9
EPS (INR)	1.2	29.0	56.5
EPS Gr. (%)	NA	2367.1	94.9
BV/Sh. (INR)	44.6	73.6	130.1
Ratios			
Net D/E	1.9	-0.3	-0.2
RoE (%)	4.9	49.1	55.5
RoCE (%)	5.8	20.0	39.2
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	1,090.4	44.2	22.7
P/BV (x)	28.7	17.4	9.9
EV/EBITDA (x)	-694.6	34.8	17.2
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	69.6	69.6	69.6
DII	4.7	5.3	6.0
FII	12.2	8.3	5.4
Others	13.5	16.7	18.9

CMP: INR1,282 TP: 2,000 (+56%) Buy

Strong operational performance

P&L declined due to higher indirect costs related to new launches

- Signature Global achieved pre-sales of INR27.8b in 2QFY25, higher by 183% YoY, aided by strong contributions from Titanium SPR (group housing) and Daxin Vistas (township project), which were launched in 1HFY25.
- Strong pre-sales were boosted by volumes of 2.38msf, up 143% YoY and 17% QoQ. In 1HFY25, volumes jumped 132%YoY to 4.41msf.
- The company reported pre-sales of INR59b (217% YoY) in 1HFY25, which is 59% of its FY25 guidance. Additionally, Signature launched projects worth GDV of INR90b vs. its full-year guidance of INR160b.
- During 1HFY25, the company added 2.9msf at the strategic location of Sector 37D, and part of the projects in Sector 88A have been converted from JDA to owned. The company continues to focus on consolidation in three micro markets, e.g., Sec 71, Sec 37 D, and Sohna.
- **P&L performance:** The company reported revenue of INR7.5b, higher by 660% YoY and 87% QoQ (18% below our est.). Additionally, it reported an operating loss of INR116m, while a profit of INR41m was driven by the deferred tax credits of INR291m.
- For 1HFY25, the company posted revenue of INR11.5b, up 335% YoY (31% of FY25E); EBITDA loss of INR128m; and adj. PAT of INR110m (vs. loss of INR261m in 1HFY24).

Steady collections but debt inches up due to business development

- Collections were up 27% YoY at INR9.2b, driven by strong pre-sales and steady execution.
- For 1HFY25, collections were higher by 60% YoY to INR21.3b, which is 35% of its FY25 guidance. Further, Signature posted an operating cash surplus before land investment of INR8.1b/INR2.8b for 1HFY25/2QFY25.
- Debt rose to INR10.1b in 2Q from INR9.8b in 1Q (lower by ~INR1.4b vs. INR11.6b in FY24).

Key highlights from the management commentary

- Management reiterated its FY25 guidance of INR100b in pre-sales and INR60bn in collections.
- It is confident of recognising revenue of INR38b in FY25 and INR70b in FY26, as ~16msf is expected to be delivered over FY25-26E, which has potential GDV of INR110b. Additionally, it is confident of achieving blended embedded operating margin of 35% for the projects.
- For FY25, gross debt is expected to come down to INR5-6b from INR10bn currently (well below 0.5x).
- Management is confident of achieving 25% growth post FY25, which will be driven by 8-10% realization growth and the remaining from volumes.
- Signature intends to launch projects worth GDV of IN350b over FY26-27 and plans to keep replenishing inventory in the present markets.

Valuation and view

- Signature reported a strong 63% CAGR in pre-sales over FY21-24, driven by an increase in projects under execution and premiumization. As Signature gears up with a strong launch pipeline of premium projects, we expect it to deliver 35% CAGR in bookings over FY24-27E as the growth momentum remains intact.
- Strong pre-sales growth will also lead to a rapid scale-up in operations across the key parameters, e.g., cash flows, revenue and profitability, which will give confidence in the company's execution capability and future growth potential.
- Based on the NPV method, we value Signature's existing project pipeline of ~30msf at INR150b. Thus, the current valuation implies 30% of going concern premium for the company (vs. 50-100% for comparable peers), indicating that a large part of future growth potential is yet to be accounted for.
- We maintain our **BUY** rating with a TP of INR2,000/share, indicating a 56% upside potential.

Quarterly performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	
Net Sales	**1,659**	**985**	**2,818**	**6,944**	**4,006**	**7,493**	**11,921**	**13,833**	**12,406**	**37,253**	**9,127**	-18%
YoY Change (%)	-69.4	-20.3	53.9	-1.5	141.5	660.5	323.0	99.2	-20.1	200.3	826.3	
Total Expenditure	1,757	1,282	2,887	6,738	4,019	7,609	10,294	10,248	12,664	32,170	6,969	
EBITDA	**-98**	**-297**	**-69**	**206**	**-13**	**-116**	**1,626**	**3,584**	**-259**	**5,082**	**2,158**	N/A
Margins (%)	-5.9	-30.1	-2.5	3.0	-0.3	-1.5	13.6	25.9	-2.1	13.6	23.6	*N/A*
Depreciation	48	51	55	61	52	68	69	27	216	216	53	
Interest	63	107	53	78	75	169	107	-17	302	333	88	
Other Income	130	226	199	284	274	281	288	57	840	899	158	
PBT before EO expense	**-80**	**-229**	**22**	**350**	**135**	**-71**	**1,738**	**3,631**	**63**	**5,432**	**2,175**	
Extra-Ord expense	5	8	1	4	2	0	0	0	0	-2	0	
PBT	**-85**	**-237**	**20**	**346**	**133**	**-72**	**1,738**	**3,631**	**63**	**5,430**	**2,175**	
Tax	-13	-38	-1	-67	65	-113	435	972	-119	1,358	544	
Rate (%)	15.4	15.8	-6.3	-19.3	48.8	157.9	25.0	26.8	-187.2	-0.8	25.0	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1	-1	
Reported PAT	**-72**	**-199**	**21**	**412**	**68**	**41**	**1,303**	**2,659**	**183**	**4,074**	**1,632**	-97%
Adj PAT	**-68**	**-192**	**22**	**417**	**69**	**41**	**1,303**	**2,659**	**165**	**4,073**	**1,632**	-97%
YoY Change (%)	-115.2	-33.4	-106.4	331.7	-201.1	-121.2	5,698.5	536.9	NA	2,365.9	-947.9	
Margins (%)	-4.1	-19.5	0.8	6.0	1.7	0.5	10.9	19.2	1.3	10.9	17.9	
Key metrics												
Sale Value (INRb)	8.8	9.8	12.6	41.5	31.2	27.8	32.2	9.5	72.7	100.7	23	20%
Collections (INRb)	6	7	8	10	12	9	20	21	31.1	62.0	15	-39%

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2QFY25 Results Update | Sector: Midcaps

Data Patterns (India)

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DATAPATT IN
Equity Shares (m)	56
M.Cap.(INRb)/(USDb)	122.2 / 1.4
52-Week Range (INR)	3655 / 1751
1, 6, 12 Rel. Per (%)	-9/-32/-5
12M Avg Val (INR M)	1275

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	6.3	8.4	10.6
EBITDA	2.7	3.6	4.6
Adj. PAT	2.2	2.9	3.7
EBITDA Margin (%)	42.0	42.5	43.0
Cons. Adj. EPS (INR)	39.1	51.4	65.7
EPS Gr. (%)	20.4	31.6	27.8
BV/Sh. (INR)	274.4	324.8	389.6
Ratios			
Net D:E	-0.5	-0.5	-0.5
RoE (%)	15.3	17.2	18.4
RoCE (%)	15.8	17.6	18.8
Valuations			
P/E (x)	56	42	33
EV/EBITDA (x)	43	32	24

Shareholding Pattern (%)

As on	Sep-24	Jun-24	Sep-23
Promoter	42.4	42.4	42.4
DII	8.7	8.5	9.6
FII	14.4	15.0	7.2
Others	34.5	34.1	40.9

Note: FII includes depository receipts

CMP: INR2,182 TP: INR2,300 (+5%) Neutral

Revenue deferment hampers performance

Earnings below estimates

- Data Patterns (DATAPATT) witnessed a revenue decline (down 16% YoY) in 2QFY25, led by ~97% decline in development revenue on account of the deferment of an order. However, the company expects to record revenue growth in 2H, maintaining its FY25 guidance. Despite this, EBITDA margins expanded marginally by 10bp YoY, led by a favorable business mix.
- We maintain our FY25/FY26 EPS estimates in expectation of a strong pickup in 2H. **We reiterate our Neutral rating with a TP of INR2,300 (premised on 45x FY26E EPS)**, owing to its higher working capital cycle and rich valuations.

Favorable business mix supports margins

- Consolidated revenue declined 16% YoY to INR910m (est. INR1.3b) in 2QFY25, led by strong growth in production/service revenue (up 2x/68% YoY), while development revenue declined 97% YoY. The company posted lower-than-expected revenue in 2QFY25 due to the deferment of the delivery schedule of completed products by a customer.
- Gross margins expanded 700bp YoY to 76%, led by a favorable business mix (execution of high-margin contracts). Employee/other expenses grew 5.5pp/1.4pp YoY to 29.2%/9.1% in 2QFY25.
- Accordingly, EBITDA margins expanded 10bp YoY to 37.7% (est. 38.4%). EBITDA declined 16% YoY to INR343m (est. INR495m). Adjusted PAT declined 10% YoY to INR303m (est. INR419m).
- The order book stood at INR9.7b as of Sep'24 vs. INR10.2b/INR10b in Jun'24/Sep'23.
- In 1HFY25, revenue declined 1% at INR1.9b. However, EBITDA/Adj. PAT increased 4%/6% YoY at INR715m/631m. For 2HFY25, implied Revenue/EBITDA/Adj. PAT growth is 36%/27%/28% YoY, led by strong revenue growth.

Highlights from the management commentary

- **Guidance**: DATAPATT guides for ~20-25% revenue growth in FY25, with EBITDA margins of ~35-40%. The company expects revenue growth for 2H, led by deferment of orders.
- **Order Intake:** The company witnessed a delay in order inflows, leading to slower-than-anticipated order book growth in 1HFY25. The company has received orders worth ~INR827m in Oct'24 and expects to receive a large order of ~INR2-2.25b in the next couple of months. Overall, it expects ~INR7-8b of order inflow in FY25.
- **Capex:** The company expects to incur ~INR1.5b of capex over the next two years. It will construct new testing facilities and set up additional lines for production.

Valuation and view

- DATAPATT is likely to witness strong revenue growth in 2HFY25 led by the execution of order in hand and an uptick in order inflows (orders inflow ~INR6-7b expected in 2HFY25).
- We estimate a CAGR of 27%, each in revenue/EBITDA/adj. PAT over FY24-27. We maintain our FY25/FY26 EPS estimates. **We reiterate our Neutral rating with a TP of INR2,300 (premised on 45x FY26E EPS)**, owing to its higher working capital cycle and rich valuations.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	%
Gross Sales	**897**	**1,083**	**1,395**	**1,823**	**1,041**	**910**	**1,953**	**2,424**	**5,198**	**6,329**	**1,289**	**-29**
YoY Change (%)	31.2	22.9	24.8	-1.5	16.0	-16.0	40.0	33.0	14.6	21.8	19.0	
Total Expenditure	619	676	795	893	669	567	1,109	1,326	2,982	3,671	794	
EBITDA	**278**	**408**	**600**	**930**	**372**	**343**	**845**	**1,099**	**2,217**	**2,658**	**495**	**-31**
Margins (%)	31.0	37.6	43.0	51.0	35.7	37.7	43.2	45.3	42.6	42.0	38.4	
Depreciation	28	31	33	70	31	35	42	52	162	160	40	
Interest	17	23	23	30	30	28	24	20	93	102	25	
Other Income	116	108	113	123	123	120	135	140	460	519	130	
PBT before EO expense	**349**	**463**	**657**	**953**	**435**	**400**	**914**	**1,167**	**2,422**	**2,915**	**560**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**349**	**463**	**657**	**953**	**435**	**400**	**914**	**1,167**	**2,422**	**2,915**	**560**	
Tax	91	125	148	242	107	98	230	294	605	728	141	
Rate (%)	25.9	27.0	22.4	25.4	24.5	24.4	25.2	25.2	25.0	25.0	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**258**	**338**	**510**	**711**	**328**	**303**	**684**	**873**	**1,817**	**2,187**	**419**	
Adj PAT	**258**	**338**	**510**	**711**	**328**	**303**	**684**	**873**	**1,817**	**2,187**	**419**	**-28**
YoY Change (%)	81.4	60.5	53.0	28.4	26.9	-10.4	34.1	22.8	46.6	20.4	24.0	
Margins (%)	28.8	31.2	36.5	39.0	31.5	33.3	35.0	36.0	35.0	34.6	32.5	

Campus Activewear

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CAMPUS IN
Equity Shares (m)	305
M.Cap.(INRb)/(USDb)	93.9 / 1.1
52-Week Range (INR)	372 / 213
1, 6, 12 Rel. Per (%)	1/14/-6
12M Avg Val (INR M)	467

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	14.5	15.8	18.0
EBITDA	2.1	2.4	3.0
Adj. PAT	0.9	1.2	1.6
EBITDA Margin (%)	14.6	15.0	16.6
Adj. EPS (INR)	2.9	3.9	5.3
EPS Gr. (%)	-23.6	34.5	34.5
BV/Sh. (INR)	21.3	25.2	30.5
Ratios			
Net D:E	0.2	0.2	0.0
RoE (%)	13.7	15.6	17.3
RoCE (%)	13.1	15.2	17.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	105.1	78.2	58.1
EV/EBITDA (x)	45.3	40.5	31.7
EV/Sales (X)	6.6	6.1	5.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.0	0.8	1.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	73.9	73.9	73.9
DII	11.8	9.5	4.8
FII	5.7	5.9	9.3
Others	8.7	10.8	12.1

FII Includes depository receipts

CMP: INR307 TP: INR360 (+17%) Buy

Strong growth albeit on lower base; margins weak

- Campus Activewear (Campus) delivered 29% YoY revenue growth (8% beat) on a lower base, driven by 36% YoY volume growth.
- However, EBITDA (13% miss) and PAT (23% miss) were weaker as margin was impacted by higher discounts in retail meet/online channel, non-BIS inventory liquidation, and higher advertisement spends ahead of festive sales.
- Despite weaker margins in 1HFY25 (~13.4%), management expects FY25 margins to be higher than FY24 levels (14.6%), fueled by operating leverage benefits with strong sales momentum in 2H.
- We cut our FY25-26 revenue estimates by 2-3% and PAT estimates by 6-8%. We build in a CAGR of 13%/21/34% in revenue/EBITDA/PAT over FY24-27. **We reiterate our BUY rating with a TP of INR360** based on 55x Dec'26 P/E.

Strong growth recovery offset by weaker GM and higher ad spends

- Revenue grew 29% YoY on a low base (-22% YoY in 2QFY24) to INR3.3b (8% beat) during the quarter.
- Volume grew 36% YoY to 5.4m (on a low base), while ASP declined 5% YoY to INR622. ASP was adversely impacted by non-BIS inventory liquidation and higher discounts in online/retailer meets.
- Gross profit was up 24% YoY to INR1.75b (6% beat) despite the gross margin (GM) contraction of 200bp YoY to 52.4% (95bp miss).
- EBITDA rose 56% YoY to INR382m (13% miss) due to weaker GM and higher other expenses (+16% YoY, 18% higher) on account of higher ad spends ahead of the festive season.
- EBITDA margin improved 200bp YoY to 11.5% (275bp miss), led by operating leverage benefits.
- PAT improved to INR143m (23% miss) with a margin of 4.3% (170bp miss).
- For 1HFY25, Campus' revenue grew ~10% YoY (on a low base), while EBITDA was largely flat YoY. Based on our estimates, the implied ask rate for 2HFY25 revenue/EBITDA growth is 8%/21%.
- Campus' net working capital (NWC) days improved to 93 in 1HFY25 (from 125 in 1HFY24), driven mainly by a reduction in inventory days (118 vs. 142 YoY).
- The company's 1HFY25 FCF (post-interest and leases) stood at INR17m (vs. an outflow of INR147m YoY).

Key takeaways from the management commentary

- **Demand environment:** Management highlighted that the markets have opened in 3Q and demand has improved (vs. 3Q), driven by the festive season. Further, tertiary demand has also improved in 3QFY25.
- **ASP dilution**: The non-BIS inventory clearance impacted ASPs by INR 8-12 per pair (or ~1.5-2%), while the rest of ASP dilution was on account of incentives to retailers and higher discounts in online sales. Management expects ASPs to improve in the coming quarters as the impact of retailer meets and non-BIS inventory clearance subsides.

- **Margins:** Management indicated that margins were hit by non-BIS inventory clearance-led lower ASPs (~50bp), higher advertisement spends on performance marketing ahead of the festive sales, and higher commission on online sales. Despite weaker margins in 1H, Campus guided for YoY margin expansion.
- **Capex**: Campus will incur INR350m capex at the Haridwar and Ganaur plants for increasing the backward integration by 10-12%. The new capacity will be more focused on the sneaker range and is likely to be commercialized by end-4QFY25.

Valuation and view

- Campus' innovative designs, color combinations, and attractive price points make it a market leader in the Sports and Athleisure category. We expect the revival of demand environment in 2H and stabilization in D2C online channel to aid Campus' growth recovery.
- We cut our FY25-26 revenue estimates by 2-3% and PAT estimates by 6-8%. We build in a CAGR of 13%/21/34% in revenue/EBITDA/PAT over FY24-27. **We reiterate our BUY rating with a TP of INR360**.

Consolidated - Quarterly Earnings (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Revenue	**3,538**	**2,587**	**4,720**	**3,639**	**3,392**	**3,333**	**5,069**	**3,958**	**14,483**	**15,752**	**3,079**	**8.3**
YoY Change (%)	4.8	-22.4	1.4	4.6	-4.1	28.9	7.4	8.8	-2.4	8.8	19.0	
Gross Profit	**1,888**	**1,406**	**2,420**	**1,815**	**1,797**	**1,745**	**2,611**	**2,008**	**7,528**	**8,160**	**1,641**	6.3
Gross margin	53.4	54.3	51.3	49.9	53.0	52.4	51.5	50.7	52.0	51.8	53.3	-95
Total Expenditure	2,876	2,342	4,158	3,000	2,874	2,951	4,192	3,380	12,375	13,397	2,642	11.7
EBITDA	**662**	**245**	**563**	**639**	**517**	**382**	**877**	**579**	**2,108**	**2,355**	**437**	**-12.7**
EBITDA margins (%)	18.7	9.5	11.9	17.6	15.3	11.5	17.3	14.6	14.6	15.0	14.2	-275
Depreciation	171	181	184	186	162	176	186	189	721	713	172	1.8
Interest	69	65	58	40	37	45	40	40	232	161	40	10.4
Other Income	2	4	14	25	23	34	34	35	45	126	23	51.1
PBT	**424**	**4**	**335**	**438**	**341**	**196**	**685**	**385**	**1,200**	**1,607**	**247**	**-20.7**
Tax	109	1	86	110	87	53	171	93	306	405	62	-14.2
Rate (%)	25.8	13.5	25.6	25.2	25.6	27.0	25.0	24.2	25.5	25.2	25.0	
Reported PAT	**315**	**3**	**249**	**328**	**254**	**143**	**514**	**292**	**894**	**1,203**	**185**	**-22.9**
Adj PAT	**314**	**3**	**249**	**328**	**254**	**143**	**514**	**292**	**894**	**1,203**	**185**	**-22.9**
YoY Change (%)	1	-98	-48	43	-19	NM	107	-11	-23.6	34.5	NM	

E: MOFSL Estimates

EPL

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	EPLL IN
Equity Shares (m)	319
M.Cap.(INRb)/(USDb)	80.5 / 1
52-Week Range (INR)	280 / 170
1, 6, 12 Rel. Per (%)	-1/23/7
12M Avg Val (INR M)	370

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	42.7	46.8	51.0
EBITDA	8.6	10.0	11.1
PAT	3.5	4.7	5.5
EBITDA (%)	20.1	21.4	21.7
EPS (INR)	10.9	14.8	17.4
EPS Gr. (%)	33.6	35.3	18.0
BV/Sh. (INR)	72.1	81.9	94.4
Ratios			
Net D/E	0.1	-0.0	-0.2
RoE (%)	15.8	19.2	19.8
RoCE (%)	14.9	17.1	18.4
Payout (%)	45.7	33.8	28.7
Valuations			
P/E (x)	23.1	17.1	14.5
EV/EBITDA (x)	9.7	7.9	6.7
Div Yield (%)	2.0	2.0	2.0
FCF Yield (%)	6.2	6.5	8.0

Shareholding pattern (%)

	Sep-24	Jun-24	Sep-23
Promoter	51.5	51.5	51.5
DII	11.2	11.6	15.5
FII	13.4	11.4	10.4
Others	23.9	25.6	22.5

Note: FII includes depository receipts

CMP: INR253 TP: INR315 (+25%) Buy

Europe and the Americas propel operating performance

Operating performance in line

- EPLL reported a healthy operating performance in 2QFY25. EBITDA grew 22% YoY, led by Europe (up 2.1x YoY), followed by the Americas (up 59% YoY; ramp-up of Brazil). However, EBITDA for AMESA declined ~6% YoY (due to negative pricing YoY in India), while EAP grew marginally by 3% YoY.
- A strong margin recovery in Europe and the Americas is expected to sustain, aided by measures such as manufacturing realignment in Europe (shifted plant from Germany to Poland), robust performance in Brazil (added three new MNC clients to date), and a better product mix (increasing mix of personal care and beyond).
- Factoring in a strong performance in 2Q, we increase our FY25E earnings by 5% and broadly maintain our FY26 estimates. We value the stock at 20x Sep'26E EPS to arrive at our TP of INR315. **Reiterate BUY.**

Healthy demand across regions drives revenue

- Revenue grew ~8% YoY to INR10b (in line), aided by broad-based growth. Gross margin expanded 70bp YoY to 58%. EBITDA margin improved 220bp YoY to 20.3% (est. 19.6%), led by improving margins in the Americas and Europe. EBITDA stood at INR2.2b (in line), up 22% YoY. Adj. PAT grew 72% YoY to INR870m (in line).
- Revenue from AMESA/EAP/Americas/Europe grew 4%/9%/9%/21% YoY to INR3.9b/INR2.7b/INR2.8b/INR2.6b. EBITDA margin expanded 560bp/720bp YoY for Americas/Europe to 18%/17, whereas EBITDA margin contracted for AMESA/EAP by 180bp/130bp YoY to 18.2%/21.7%. EBITDA for Americas/ Europe/EAP grew 59%/2.1x/2.8% YoY to INR496m/INR446m/INR580m, while it declined for AMESA by 5.6% YoY to INR712m during the quarter.
- The Oral care/Personal care segments rose 6%%/10% YoY in 2QFY25. The share of the Personal care segment was ~48% (vs. 47% in 2QFY24).
- In 1HFY25, revenue/EBITDA/adj. PAT grew by 10%/20%/44% YoY to INR20.9b/INR4.1b/INR1.5b. Implied growth for 2H stands at 9%/20%/26%, respectively, led by margin expansion in key geographies.

Highlights from the management commentary

- **Guidance:** EPLL is on track to achieve its sustainable double-digit revenue growth, with over 20% EBITDA margin in FY25, and expects to maintain this momentum on a sustainable basis.
- **Brazil:** The region is witnessing strong momentum on account of new customer acquisitions (added one more in 2Q, taking the count to three). The management indicated a possible capacity expansion given strong demand for the beauty and cosmetic segment.
- **Sustainability:** Recyclable tube mix reached 33% in 2Q vs. 19% in 1HFY24. The management expects this mix to be in the range of 34-39% for FY25 and cross 60% in the next two to three years.

Valuation and view

- EPLL is witnessing growth across regions and has achieved its sustainable margin target of ~20% in 2Q. The company expects to sustain this going ahead, aided by cost rationalization measures, healthy performance in Brazil, improving product mix and operating leverage, thereby boosting its earnings.
- We expect a CAGR of 9%/16%/29% in revenue/EBITDA/adjusted PAT over FY24-27. We value the stock at 20x Sep'26E EPS (i.e., at ~20% discount to the five-year average of one-year fwd. P/E of 24.8x) to arrive at our TP of INR315. **Reiterate BUY.**

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	%
Gross Sales	**9,102**	**10,016**	**9,751**	**10,292**	**10,074**	**10,862**	**10,684**	**11,072**	**39,161**	**42,691**	**10,929**	**-1**
YoY Change (%)	9.4	5.6	3.2	6.2	10.7	8.4	9.6	7.6	6.0	9.0	9.1	
Total Expenditure	7,512	8,206	7,917	8,383	8,216	8,657	8,425	8,820	32,018	34,118	8,785	
EBITDA	**1,590**	**1,810**	**1,834**	**1,909**	**1,858**	**2,205**	**2,259**	**2,252**	**7,143**	**8,573**	**2,144**	**3**
Margins (%)	17.5	18.1	18.8	18.5	18.4	20.3	21.1	20.3	18.2	20.1	19.6	
Depreciation	800	836	842	850	836	852	880	920	3,328	3,488	870	
Interest	235	306	294	321	290	291	285	270	1,156	1,136	276	
Other Income	100	96	237	161	65	140	177	125	594	507	140	
PBT before EO expense	**655**	**764**	**935**	**899**	**797**	**1,202**	**1,270**	**1,187**	**3,253**	**4,456**	**1,138**	
Extra-Ord expense	0	0	0	605	0	0	0	0	605	0	0	
PBT	**655**	**764**	**935**	**294**	**797**	**1,202**	**1,270**	**1,187**	**2,648**	**4,456**	**1,138**	
Tax	106	254	70	152	139	301	307	290	582	1,037	275	
Rate (%)	16.2	33.2	7.5	51.7	17.4	25.0	24.2	24.4	22.0	23.3	27.0	
Minority Interest & Profit/Loss of Asso. Cos.	-6	-5	-4	81	-16	-31	-4	86	66	35	-5	
Reported PAT	**543**	**505**	**861**	**223**	**642**	**870**	**959**	**983**	**2,132**	**3,454**	**858**	
Adj PAT	**543**	**505**	**861**	**677**	**642**	**870**	**959**	**983**	**2,586**	**3,454**	**858**	**1**
YoY Change (%)	57.4	9.3	37.1	-19.7	18.2	72.3	11.4	45.2	13.5	33.6	69.8	
Margins (%)	6.0	5.0	8.8	6.6	6.4	8.0	9.0	8.9	6.6	8.1	7.8	

ONGC

BSE SENSEX	S&P CNX
79,496	24,141

Conference Call Details

Date: 12 Nov'24
Time: 1530 hours IST
Dial-in details:
086 3416 8410
086 4536 7179

CMP: INR257 Buy

EBITDA in line; PAT boosted by other income

- ONGC's reported 2QFY25 EBITDA of INR182b was in line with our est. of INR184b. Crude oil/gas sales came in -1%/+2% vs. our estimates. ONGC reported that oil production, by Oct'24 end, from KG DWN-98/2 field has risen to ~25kb/d (1QFY25: 12kb/d), which should boost investor confidence in the company's ability to implement volume growth initiatives. ONGC's stock price has corrected ~25% in the past three months on concerns that crude oil prices may average lower than USD75/bbl in CY25. ***While we acknowledge the risk of lower oil prices in FY26, we believe the stock is over-sold at the current levels, given 1) expected production growth from KG-DWN and Daman upside development, 2) strong financial position for subsidiary HPCL, and 3) valuations at 0.78x FY26E PB close to trough.***
- In 2QFY25, crude oil/gas sales came in line with our est. at 4.6mmt/3.9bcm. VAP sales stood at 608tmt (est. 836tmt).
  - Reported oil realization was in line with our est. at USD78.3/bbl (-18% YoY).
- While crude oil production (incl. JVs) stood at 5.16mmt (down 2% YoY), gas production (incl. JVs) stood at 5.06bcm, down 3% YoY.
- EBITDA came in line with our est. at INR182.4b (-3% YoY), while PAT of INR119.8b was 30% above our est.
- **ONGC Videsh Limited (OVL)**
  - OVL's oil production increased by 3% YoY to 1.82mmt, while gas production was 0.705bcm (-13% YoY).
  - Crude oil sales stood at 1.23mmt (flat YoY), while gas sales came in at 0.53bcm (-4% YoY).
  - OVL's revenue was INR23.5b (-12% YoY). PBDT stood at INR9.9b (flat YoY).
- ONGC announced six hydrocarbon discoveries till date in FY25 (one new discovery in 2Q).
- In Aug'24, ONGC entered into its first LNG master sale and purchase agreements (MSPAs) with Emirates National Oil Company Private Limited (ENOC) and M/s Gunvor Singapore Pte. Ltd. These agreements are designed to secure spot and short-term LNG sourcing and further strengthen ONGC's efforts toward greater integration across the hydrocarbon value chain.
- **Update on KG-DWN-98/2 Cluster-II Production:** The three oil wells in the A-field of the deep-water block KG-DWN-98/2 were brought online on 30th Oct'24, increasing the total oil production **to ~25kb/d** from the eight flowing wells of Cluster-II. The remaining five oil wells are scheduled to be opened in the near future.
- The board has approved an interim dividend of INR6/share (FV: INR5/share).

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	2QE	(%)	(%)	(%)
Net Sales	**338.1**	**351.6**	**347.9**	**346.4**	**352.7**	**338.8**	**351.9**	**-4%**	**-4%**	**-4%**
YoY Change (%)	*-20.1*	*0.0*	*-9.8*	*-4.6*	*4.3*	*-3.6*	*0.1*			
EBITDA	**194.5**	**188.1**	**171.6**	**174.1**	**186.2**	**182.4**	**183.7**	**-1%**	**-3%**	**-2%**
Margin (%)	*57.5*	*53.5*	*49.3*	*50.3*	*52.8*	*53.8*	*52.2*			
Depreciation	67.0	59.6	69.3	71.9	75.4	68.1	69.8			
Interest	10.1	10.2	10.2	10.3	11.8	11.6	14.6			
Other Income	16.1	20.9	34.0	36.8	20.6	47.7	24.3			
PBT	**133.6**	**163.6**	**126.1**	**128.6**	**119.6**	**150.4**	**123.6**	**22%**	**-8%**	**26%**
Tax	33.5	32.6	27.2	29.9	30.2	30.5	31.1			
Rate (%)	*25.0*	*21.6*	*21.6*	*23.3*	*25.2*	*20.3*	*25.2*			
Reported PAT	**100.2**	**128.3**	**98.9**	**98.7**	**89.4**	**119.8**	**92.5**	**30%**	**-7%**	**34%**
Adj. PAT	**100.2**	**128.3**	**98.9**	**98.7**	**89.4**	**119.8**	**92.5**	**30%**	**-7%**	**34%**
YoY Change (%)	*-34.1*	*0.0*	*-10.4*	*41.9*	*-10.8*	*-6.6*	*-27.9*			
Margin (%)	*29.6*	*33.5*	*28.4*	*28.5*	*25.3*	*35.4*	*26.3*			
Key Assumptions (USD/bbl)										
Oil Realization (pre windfall tax)	76.5	95.5	81.1	80.8	83.1	78.3	80.0	-2%	-18%	-6%
Crude oil sold (mmt)	4.7	4.7	4.7	4.7	4.6	4.6	4.7	-2%	-2%	-1%
Gas sold (bcm)	4.1	4.0	4.0	3.8	3.8	3.9	3.8	3%	-4%	2%
VAP sold (tmt)	589.0	651.0	573.0	622.0	629.0	608.0	836.3	-27%	-7%	-3%

Hindalco

BSE SENSEX	S&P CNX
79,496	24,141

Conference Call Details

Date: 12 November 2024
Time: 4:30 pm IST
Registration:
Diamond Pass
Dial in:
+91 22 6280 1303
+91 22 7115 8024

CMP: INR655 **Buy**

Weak volumes and realization dent earnings

Highlights of the consolidated result

- HNDL's consolidated net sales stood at INR582b (YoY/QoQ: +7/+2%) against our est. of INR569b, on account of better realizations and efficiencies in India operations.
- Consolidated EBITDA stood at INR79b (YoY/QoQ: +40%/ +5%) vs. our est. of INR66b, driven by lower costs.
- APAT stood at INR43b (YoY/QoQ: +97%/ +25%) vs. our est. of INR31b.
- HNDL reported INR5.1b of one-time exceptional expenses towards flooding of the Sierre plant.
- For 1HFY25, revenue stood at INR1,152b (+8% YoY), and EBITDA came in at INR154b (+36% YoY). HNDL reported APAT of INR77b (+66% YoY) during 1H.
- Net debt/EBITDA stood at 1.19x in 2QFY25 vs. 1.24x in 1QFY25.

Aluminum (India)

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

Copper business

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

Novelis' 2QFY25 performance

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

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

Consolidated performance INR b

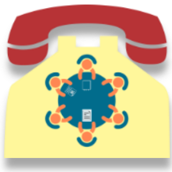
Y/E March	FY24				FY25		FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	(%)
Net Sales	**530**	**542**	**528**	**560**	**570**	**582**	**2,160**	**2,362**	**569**	**2**
Change (YoY %)	-8.7	-3.6	-0.6	0.2	7.6	7.4	-3.2	9.4		
Change (QoQ %)	-5.1	2.2	-2.5	6	1.8	2.1	0	0		
Total Expenditure	**473**	**486**	**469**	**493**	**495**	**503**	**1,921**	**2,077**		
EBITDA	**57**	**56**	**59**	**67**	**75**	**79**	**239**	**285**	**66**	**20**
Change (YoY %)	-32.2	4.7	65.3	25.4	31.3	40.5	5.3	19.5		
Change (QoQ %)	7.3	-1.8	4.5	13.9	12.3	5.1	0	0		
As % of Net Sales	10.8	10.4	11.1	11.9	13.2	13.5	11.1	12.1		
Interest	10	10	9	9	9	9	39	33		
Depreciation	18	18	19	20	19	19	75	76		
Other Income	4	5	3	4	4	11	15	13		
PBT (before EO item)	**33**	**32**	**33**	**41**	**52**	**62**	**140**	**190**		
Extra-ordinary Income	0	0	0	0	-3	-5	0	-8		
PBT (after EO item)	**33**	**32**	**33**	**41**	**48**	**56**	**140**	**181**		
Total Tax	9	10	10	10	18	17	39	48		
% Tax	26	32	30	23.3	36.6	30.7	27.5	26.5		
PAT before MI and Associate	**25**	**22**	**23**	**32**	**31**	**39**	**102**	**133**		
Adjusted PAT	**25**	**22**	**23**	**32**	**34**	**43**	**101**	**142**	**31**	**36**
Change (YoY %)	-39.5	-1.9	71.1	31.6	38	97.3	0	0		
Change (QoQ %)	2.3	-12.3	7.7	36.2	7.2	25.4				

Britannia Industries

BSE SENSEX	S&P CNX
79,496	24,141

CMP: INR5,435

Conference Call Details



Date: 12th November 2024
Time: 10:00 AM
Dial-in details:
+91 22 6280 1313 /
+91 22 7115 8214
[Diamond Pass]

In-line revenue; miss on EBITDA

- Britannia Industries (BRIT)'s consolidated net sales (excluding other operating income) rose 4.5% YoY to INR45.7b (est. INR46.7b) during the quarter.
- Other operating income increased 62% YoY to INR1b. Consolidated revenue rose 5% YoY to INR46.7b (est. INR47.4b).
- The company delivered ~8% volume growth in 2Q (8% in 1QFY25, est of 9%).
- Consolidated gross margin contracted 135bp/190bp YoY/QoQ to 41.5% (est. 43.7%).
- Employee and other expenses were up 45% and 4% YoY.
- EBITDA margin contracted to 290bp/90bp YoY/QoQ to 16.8% (est. of 19.7%).
- BRIT's consol. EBITDA/PBT/Adj. PAT declined 10%/10%/9% YoY to INR7.8b/ INR7.2b/INR5.3b (est. INR9.3b/INR8.7b/INR6.5b).

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	181.9	200.4	219.9
Sales Gr. (%)	8.4	10.2	9.7
EBITDA	35.0	38.9	42.9
EBITDA mrg. (%)	19.3	19.4	19.5
Adj. PAT	24.4	27.4	30.7
Adj. EPS (INR)	101.2	113.9	127.3
EPS Gr. (%)	14.1	12.5	11.8
BV/Sh.(INR)	188.9	224.8	272.1
Ratios			
RoE (%)	57.4	55.0	51.2
RoCE (%)	38.3	39.5	39.0
Payout (%)	74.6	68.1	62.5
Valuation			
P/E (x)	53.7	47.7	42.7
P/BV (x)	28.8	24.2	20.0
EV/EBITDA (x)	36.9	33.0	29.6
Div. Yield (%)	1.4	1.4	1.5

Other key highlights

- **Commodity Inflation:** Substantial inflation was witnessed for key commodities such as Wheat, Palm, and Cocoa.
- **Global Foods Strategy:** The company is progressing toward becoming a "Total Global Foods Company," with adjacent businesses such as Croissants, Milk Shakes, Wafers, and International segments growing healthily.
- **Distribution Strategy:** It is redefining the distribution strategy to optimize range distribution and improve outlet servicing, with encouraging preliminary results from pilots in 25 cities covering over 50,000 outlets.

Consol. Quarterly Performance (INR b)

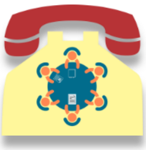
Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Base business volume growth (%)*	**0.0**	**0.0**	**5.5**	**6.0**	**8.0**	**8.0**	**9.0**	**9.0**	**2.9**	**8.5**	**9.0**	
Net Sales	**40.1**	**44.3**	**42.6**	**40.7**	**42.5**	**46.7**	**46.7**	**45.9**	**167.7**	**181.9**	**47.4**	(1.5)
YoY change (%)	8.4	1.2	1.4	1.1	6.0	5.3	9.8	12.9	2.9	8.4	6.9	
Gross Profit	**16.8**	**19.0**	**18.7**	**18.3**	**18.4**	**19.4**	**20.6**	**21.6**	**72.8**	**80.0**	**20.7**	(6.4)
Margins (%)	41.9	42.9	43.9	44.9	43.4	41.5	44.0	47.1	43.4	44.0	43.7	
EBITDA	**6.9**	**8.7**	**8.2**	**7.9**	**7.5**	**7.8**	**9.3**	**10.4**	**31.7**	**35.0**	**9.3**	(15.9)
Margins (%)	17.2	19.7	19.3	19.4	17.7	16.8	19.9	22.5	18.9	19.3	19.7	
YoY growth (%)	37.6	22.6	0.4	-1.7	9.4	-10.2	13.1	31.5	12.0	10.4	6.8	
Depreciation	0.7	0.7	0.8	0.8	0.7	0.8	0.8	1.0	3.0	3.3	0.8	
Interest	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	1.6	1.3	0.3	
Other Income	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.7	2.1	2.3	0.6	
PBT	**6.2**	**8.0**	**7.6**	**7.4**	**7.1**	**7.2**	**8.7**	**9.8**	**29.2**	**32.7**	**8.7**	(17.8)
Tax	1.7	2.1	2.0	2.0	1.8	1.8	2.2	2.5	7.8	8.3	2.2	
Rate (%)	26.9	26.5	26.6	26.8	24.9	25.5	25.5	25.9	26.7	25.5	25.5	
Adjusted PAT	**4.6**	**5.9**	**5.6**	**5.4**	**5.3**	**5.3**	**6.5**	**7.2**	**21.4**	**24.3**	**6.5**	(18.3)
YoY change (%)	35.7	19.5	0.3	-3.8	16.3	-9.3	15.6	34.4	10.1	13.6	11.0	

E: MOFSL Estimates

Triveni Turbine

BSE SENSEX	S&P CNX
79,496	24,141

Conference Call Details



Date: 11th November 2024
Time: 2:30pm IST
Dial-in details:
Diamond pass

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	20.3	26.5	35.6
EBITDA	4.2	5.4	7.3
Adj. PAT	3.5	4.5	6.2
Adj. EPS (INR)	11.0	14.3	19.4
EPS Gr. (%)	30.5	29.4	35.8
BV/Sh.(INR)	38.1	48.4	62.4
Ratios			
RoE (%)	32.3	33.0	35.0
RoCE (%)	32.5	33.2	35.2
Valuations			
P/E (x)	56.7	43.8	32.2
P/BV (x)	16.4	12.9	10.0
EV/EBITDA (x)	46.7	35.5	26.1
Div. Yield (%)	0.5	0.6	0.9

CMP: INR626 Buy

Robust result; record operating performance

- Revenue came in line with our estimates at INR5b (up 29% YoY), backed by robust execution of the opening order book of INR17.2b. Domestic/ export revenue grew 32%/26% YoY during the quarter.
- EBITDA at INR1.1b jumped 50% YoY, 11% ahead of our estimates, on the back of operating leverage benefits as gross margin was flat YoY.
- PAT at INR910m (8% above estimates) clocked a 41% YoY growth, despite a much higher effective tax rate (26.7% vs 22.8% in 2QFY24). Other income grew 35% YoY to INR196m.
- Order inflows rose 25% YoY to INR5.7b, with domestic/export growth of 4%/50% YoY. This took the closing order book to INR17.96b (+22% YoY).
- For 1HFY25, the company has reported revenue/EBITDA/PAT growth of 26%/43%/37% while FCF grew by 54% YoY to INR1.5b.

Triveni Turbine

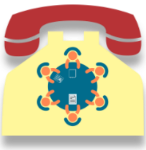
Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**3,764**	**3,878**	**4,317**	**4,581**	**4,633**	**5,011**	**5,285**	**5,399**	**16,539**	**20,328**	**4,879**	**3**
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	29.2	22.4	17.9	32.6	22.9	25.8	
Total Expenditure	3,055	3,134	3,480	3,682	3,677	3,897	4,202	4,385	13,351	16,161	3,879	
EBITDA	**709**	**744**	**837**	**898**	**956**	**1,114**	**1,083**	**1,014**	**3,188**	**4,167**	**1,000**	**11**
Margins (%)	18.8	19.2	19.4	19.6	20.6	22.2	20.5	18.8	19.3	20.5	20.5	
Depreciation	49	51	55	53	62	61	62	64	208	249	62	-2
Interest	7	6	6	7	10	8	5	-3	27	20	5	57
Other Income	134	146	172	171	194	196	198	205	622	794	194	1
PBT before EO expense	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,215**	**1,158**	**3,576**	**4,692**	**1,126**	**10**
PBT	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,215**	**1,158**	**3,576**	**4,692**	**1,126**	**10**
Tax	177	190	264	252	274	331	305	269	883	1,180	283	
Rate (%)	22.4	22.8	27.8	25.0	25.4	26.7	25.1	23.2	24.7	25.1	25.1	
Minority Interest & Profit/Loss of Asso. Cos.	0	-2	-2	5	0	0			2			
Reported PAT	**610**	**644**	**686**	**751**	**804**	**910**	**909**	**889**	**2,691**	**3,512**	**843**	**8**
Adj PAT	**610**	**644**	**686**	**751**	**804**	**910**	**909**	**889**	**2,691**	**3,512**	**843**	**8**
YoY Change (%)	59.2	39.0	30.4	35.1	31.8	41.4	32.6	18.3	39.5	30.3	31.0	
Margins (%)	16.2	16.6	15.9	16.4	17.4	18.2	17.2	16.5	16.3	17.3	17.3	

Blue Dart Express

BSE SENSEX	S&P CNX
79,496	24,141

Conference Call Details



Date: 13th Nov 2024
Time: 4:30 PM IST
Dial-in details:
Link

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	59.7	72.0	83.1
EBITDA	6.0	9.0	10.8
Adj. PAT	3.3	5.3	6.5
EBITDA Margin (%)	10.1	12.5	13.0
Adj. EPS (INR)	137.1	223.5	271.8
EPS Gr. (%)	12.7	63.0	21.6
BV/Sh. (INR)	683.4	846.9	1058.7
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	21.3	29.2	28.5
RoCE (%)	23.1	30.8	29.7
Payout (%)	43.8	26.8	22.1
Valuations			
P/E (x)	57.7	35.4	29.1
P/BV (x)	11.6	9.3	7.5
EV/EBITDA(x)	30.0	19.7	16.1
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	1.3	1.8	2.8

CMP: INR7,911 Buy

Revenue in-line; high operating costs keep margins under pressure

Earnings snapshot – 2QFY25

- Revenues grew 9% YoY to INR14.5b (in-line).
- EBITDA margins stood at 8.4% (against our estimate of 9.7%). The margins decreased 140bp YoY. EBITDA margins were impacted due to the increase in freight handling costs as a percentage of revenues.
- EBITDA declined ~7% YoY to INR1.2b (against our estimate of INR1.5b).
- PAT declined 15% YoY to INR608m (our estimates of INR776m).
- During 1HFY25, revenue was INR27.9b (+9% YoY), EBITDA was INR2.3b (-5% YoY), EBITDA margin came in at 8.3%, and APAT was INR1.1b (-14% YoY).

Quarterly snapshot - Standalone INR m

Y/E March (INR m)	FY24				FY25		FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	vs Est
Net Sales	12,376	13,245	13,829	13,229	13,427	14,485	52,678	59,685	14,870	(3)
YoY Change (%)	-4.3	-0.1	3.4	8.7	8.5	9.4	1.8	13.3	12.3	
EBITDA	1,133	1,305	1,343	1,394	1,094	1,219	5,175	6,012	1,450	(16)
Margins (%)	9.2	9.9	9.7	10.5	8.1	8.4	9.8	10.1	9.7	
YoY Change (%)	-40.6	-19.8	-10.8	8.7	-3.4	-6.6	-18.2	16.2	-1.0	
Depreciation	444	456	473	500	523	519	1,873	2,157	535	
Interest	45	48	47	53	70	70	193	259	63	
Other Income	157	151	228	183	191	190	718	754	184	
PBT before EO expense	801	952	1,050	1,024	693	819	3,828	4,351	1,036	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	
PBT	801	952	1,050	1,024	693	819	3,828	4,351	1,036	
Tax	204	240	235	263	178	212	942	1,096	260	
Rate (%)	25.4	25.2	22.4	25.7	25.7	25.9	24.6	25.2	25.1	
Reported PAT	598	713	816	761	515	608	2,886	3,254	776	
Adj PAT	598	713	816	761	515	608	2,886	3,254	776	(22)
YoY Change (%)	-49.0	-22.5	-6.2	8.1	-13.8	-14.8	-21.2	12.7	8.8	
Margins (%)	4.8	5.4	5.9	5.7	3.8	4.2	5.5	5.5	5.2	

Galaxy Surfactants

BSE SENSEX	S&P CNX
79,496	24,141

Conference Call Details

Date: 13th November 2024

Time: 1200hours IST

Dial-in details:

+91 22 6280 1309

+91 22 7115 8210

CMP: INR2,937 — Buy

Miss on EBITDA due to higher-than-expected opex

- GALSURF's revenue stood at INR10.6b (vs. est. of INR10.7b, +8% YoY).
- EBITDA came in at INR1.3b (est. of INR1.4b, +2% YoY)**.** Gross margin was 33% (+150bp YoY), with **EBITDAM of 12% (-70bp YoY)** for the quarter**.**
- PAT came in at INR847m (vs. est. of INR901m, +9% YoY).
- **In 1HFY25**, revenue was INR20.4b (+6% YoY) and EBITDA stood at INR2.5b (+1% YoY). PAT came in at INR1.6b (+8% YoY), while EBITDAM was 12.4% (-50bp YoY).
- The parent company has incorporated two WOS, viz., Galaxy Surfactants Mexico S.A. de C.V. in Sep'24 and Tri-k Mexico S.A. de C.V. on Oct'24 in Mexico.
- It also received an Order from GIDC to vacate the land for non-utilization within the required period, having a carrying value of INR743m in Oct'24. The company has initiated legal proceedings against the Order, and no provision has been made as of now.

Further details awaited

Consolidated – Quarterly snapshot (INR m)

Y/E March	FY24				FY25			Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct	(%)	(%)	(%)
Gross Sales	**9,418**	**9,831**	**9,405**	**9,290**	**9,741**	**10,698**	**10,630**	**-1%**	**8%**	**9%**
YoY Change (%)	*-18.7*	*-20.5*	*-13.3*	*-5.2*	*3.4*	*8.8*	*8.1*			
Gross Margin (%)	*32.4%*	*31.5%*	*31.8%*	*32.6%*	*33.6%*	*32.3%*	*33.0%*	*0.7%*	*1.5%*	*-0.6%*
EBITDA	**1,232**	**1,249**	**1,125**	**1,017**	**1,241**	**1,411**	**1,276**	**-10%**	**2%**	**3%**
Margin (%)	*13.1*	*12.7*	*12.0*	*10.9*	*12.7*	*13.2*	*12.0*	*-1.2*	*-0.7*	*-0.7*
Depreciation	238	247	251	262	266	268	278			
Interest	57	54	59	54	40	55	41			
Other Income	25	27	64	239	54	42	87			
PBT	**962**	**975**	**878**	**940**	**989**	**1,131**	**1,045**	**-8%**	**7%**	**6%**
Tax	210	201	165	165	192	230	198			
Rate (%)	*21.8*	*20.6*	*18.8*	*17.5*	*19.4*	*20.4*	*18.9*			
Reported PAT	**752**	**774**	**714**	**775**	**797**	**901**	**847**	**-6%**	**9%**	**6%**
Adj PAT	**752**	**774**	**714**	**775**	**797**	**901**	**847**	**-6%**	**9%**	**6%**
YoY Change (%)	*-25.1*	*-7.7*	*-32.8*	*-14.4*	*6.0*	*16.4*	*9.4*			
Margin (%)	*8.0*	*7.9*	*7.6*	*8.3*	*8.2*	*8.4*	*8.0*	*-0.4*	*0.1*	*-0.2*

Ashok Leyland : Premiumisation & Cost Reduction remains Key Focus; Shenu Agarwal, MD & CEO

- Happy with the Margin Story, 7th straight QTR of Double digit Margin
- Have Posted 14-15% growth in Exports, FY25 will be the best Yr ever
- H2 should be good for the Industry on the back of good monsoon & Increased Govt Capex
- Premiumisation & Cost Reduction remains Key Focus

Read More

Vedanta : Vedanta's Net Debt/ EBITDA is 1.49x in Q2FY25, will be down to 1x; Arun Misra, Executive Director

- Demerger will continue by end of FY25 which will unlock value for shareholders
- Guided for Vedanta resources Debt to reduce BY $3Bn in 3 years
- Vedanta's Net Debt/EBITDA is 1.49x in Q2FY25, will go down to 1x
- Even in Q3FY25 expects aluminium cost of production to remain at current levels

Read More

Info Edge : Expecting double digit growth in FY25; Chintan Thakkar, Whole Time Director & CFO

- Non- IT Revenues may account for 40-45% of mix
- Expanding Branches in Tier 2-3 Towns
- Waiting till Q4 to consider another round of expansion
- Jeevansathi has been growing 30% + in last 2 quarters, almost as EBITDA Breakeven
- Expecting double digit growth in FY25

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