

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	79,942	-0.5	10.7
Nifty-50	24,341	-0.5	12.0
Nifty-M 100	56,339	0.2	22.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,814	-0.3	21.9
Nasdaq	18,608	-0.6	24.0
FTSE 100	8,202	-0.2	6.1
DAX	19,362	-0.6	15.6
Hang Seng	7,287	-1.8	26.3
Nikkei 225	39,277	1.0	17.4
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	71	0.0	-8.1
Gold (\$/OZ)	2,785	0.4	35.0
Cu (US\$/MT)	9,538	1.6	12.7
Almn (US\$/MT)	2,616	-0.4	11.5
Currency	Close	Chg .%	CYTD.%
USD/INR	84.1	0.0	1.1
USD/EUR	1.1	0.1	-1.9
USD/JPY	153.0	-0.2	8.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.8	-0.03	-0.3
10 Yrs AAA Corp	7.4	0.00	-0.4
Flows (USD b)	30-Oct	MTD	CYTD
FII	-0.5	-10.72	0.9
DII	0.54	12.89	53.2
Volumes (INRb)	30-Oct	MTD*	YTD*
Cash	1,102	1147	1286
F&O	5,85,314	4,00,413	3,82,483

Note: Flows, MTD includes provisional numbers.
*Average



Today's top research idea

Larsen & Toubro: Ticking the right boxes

- ❖ Larsen & Toubro (LT)'s results came ahead of our estimates, primarily led by better- than-expected order inflow and execution, decent margin performance, further decline in NWC, and improving RoEs. The company reported 21%/13%/5% YoY growth in revenue/EBITDA/PAT on a consolidated basis. The core E&C revenue growth at 28% YoY continued to outperform in 2QFY25 too, vs. guidance of mid-teens growth for the full year.
- ❖ Core E&C margins improved slightly YoY. Further support for execution growth and margins will come from improved execution in the coming quarters. Though a large part of inflows during the quarter were driven by international projects, it has hedged the company very well against weaker domestic inflows. Beyond the core business, LT is also focusing on building up newer initiatives such as electrolyzers, semiconductors, data centers, and nuclear technology, as well as to further grow its real estate business.
- ❖ We tweak our estimates to factor in LT's improved execution. Reiterate BUY with a revised SoTP-based TP of INR4,300.



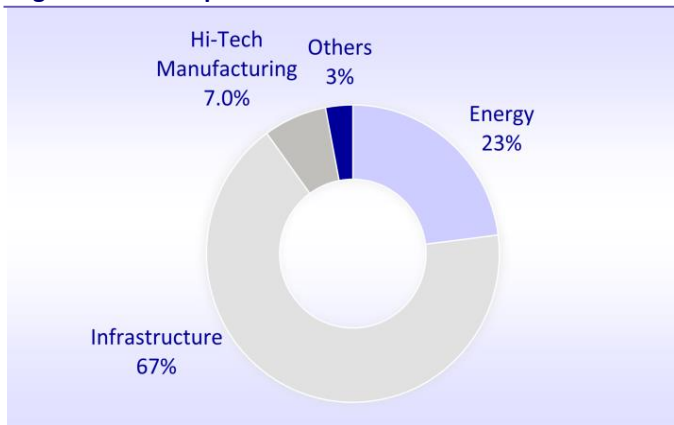
Research covered

Cos/Sector	Key Highlights
Larsen & Toubro	Ticking the right boxes
Tata Power	Focus on execution now
Dabur	In-line quarter; positive commentary for 2HFY25
Prestige Estates	Steady pre-sales; ask rate high for 2H but achievable
Volta	Healthy UCP performance; recovery continues in EMPS
Other Updates	Aditya Birla Capital P&G Hygiene and Healthcare Container Corporation Biocon Kaynes Technologies Star Health IRB Infrastructure Vedant Fashions Godrej Agrovet V-Mart Retail MTAR Technologies TCI Express Updater Services Automobiles



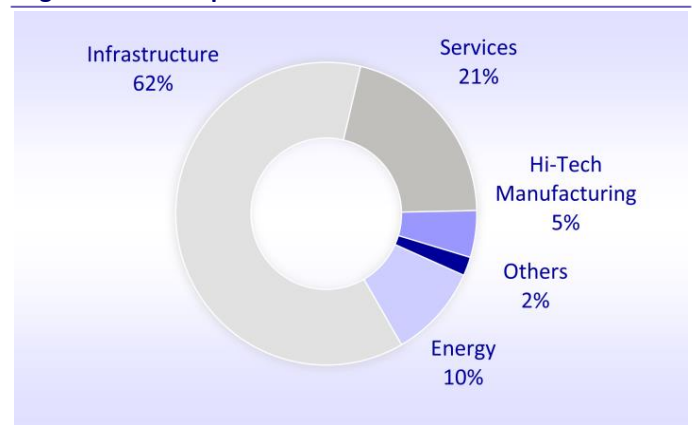
Chart of the Day: Larsen & Toubro (Ticking the right boxes)

Segmental breakup of INR5.1t order book



Source: MOFSL, Company

Segmental breakup of INR800b order inflows



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

Dabur to acquire Sesa Care at enterprise value of Rs 315-325 crore

Sesa Care, the third largest player in the ayurvedic hair oil category, had a consolidated turnover of Rs 133.3 crore in 2023-24

2

Zydus Wellness board approves acquisition of Naturell India for Rs 390 cr

Zydus Wellness on Wednesday said its board has approved the acquisition of Naturell (India), a maker of healthy snacks such as nutrition bars and protein chips, for Rs 390 crore.

3

Sagility India plans Rs 2,107 cr IPO with price band of Rs 28-30/share

Sagility India Ltd, a technology-enabled services provider in the healthcare space, on Wednesday said it has fixed a price band of Rs 28-30 per share for its Rs 2,107 crore initial public offering (IPO).

4

Sunil Mittal's Bharti Telecom to raise Rs 8,500 crore via bond market

Bharti Telecom Ltd., owned by billionaire Sunil Bharti Mittal, is planning to raise about Rs 8,500 crore (\$1.01 billion) in the local-currency bond market, according to people familiar with the matter.

5

India not looking for gains from US-China trade tensions: Piyush Goyal

Post COVID the world is looking to readjust the global supply chains and create alternate sources of critical materials and inputs. India is one of the countries that has been talked of as an alternative to China along with other economies in Southeast Asia.

6

Tata Power board okays Rs 5,666 crore for 1,000 MW pumped storage project

Tata Power on Wednesday said its board has approved Rs 5,666 crore investment for setting up a 1,000 MW pumped storage hydro project.

7

Life Insurance Corporation receives GST demand notice of Rs 65 crore

Life Insurance Corporation of India (LIC) on Wednesday said tax authorities have slapped a demand notice of about Rs 65 crore on it for short payment of Goods and Services Tax (GST) for 2017-18.



Larsen & Toubro

Estimate changes



TP change



Rating change



CMP: INR3,407

TP: INR4,300 (+26%)

Buy

Ticking the right boxes

Larsen & Toubro (LT)'s results came ahead of our estimates, primarily led by better-than-expected order inflow and execution, decent margin performance, further decline in NWC, and improving RoEs. The company reported 21%/13%/5% YoY growth in revenue/EBITDA/PAT on a consolidated basis. The core E&C revenue growth at 28% YoY continued to outperform in 2QFY25 too, vs. guidance of mid-teens growth for the full year. Core E&C margins improved slightly YoY. Further support for execution growth and margins will come from improved execution in the coming quarters. Though a large part of inflows during the quarter were driven by international projects, it has hedged the company very well against weaker domestic inflows. Beyond the core business, LT is also focusing on building up newer initiatives such as electrolyzers, semiconductors, data centers, and nuclear technology, as well as to further grow its real estate business. We tweak our estimates to factor in LT's improved execution. Reiterate BUY with a revised SoTP-based TP of INR4,300.

Core E&C execution and order inflow above estimates

LT reported better-than-expected consolidated revenue/EBITDA/PAT of INR616b/INR64b/INR34b, which grew 21%/13%/5%. For the core E&C business, order inflows came in above estimates at INR630b, down only 14% YoY vs. our estimate of 25% YoY decline due to high base as the company had bagged two ultra-mega hydrocarbon orders in 2QFY24. This outperformance in order inflows during the quarter was driven by sharp 77% YoY growth in order inflows for the Infrastructure segment, mainly from the international market. Domestic orders continue to be muted. Core E&C revenue came in at INR445.3b, a growth of 28% YoY vs. our estimate of 14% YoY growth. This is driven by robust execution in international projects, which jumped 83% YoY while domestic execution was largely flat YoY, presumably owing to monsoons. EBITDA margin at 7.6% for the core business came in below our estimates of 8%. Margins stood flat QoQ and up 20bp YoY. Core order book stood at INR5.1t, up 13% YoY. Net working capital improved sharply to 12.2% of sales in 1HFY25 vs. 16.7% in 1HFY24. RoE too improved from 15.3% to 16.1% YoY. Notably, operating cash flow jumped from INR35b to INR77b YoY.

Prospect pipeline down 8% YoY; domestic orders likely to improve

LT's prospect pipeline for 2HFY25 is down 8% YoY at INR8.08t, owing to a fall in hydrocarbon and carbon lite prospects. While domestic orders have been muted in 1HFY25, this softness was already factored in at the beginning of the year. With elections and government formation behind us, LT is confident of a pickup in domestic ordering, with prospects of INR4.13t across data centers, hospitals, residential and industrial real estate, rail, expressways, airports, hydel-related projects, etc. The company is well-placed to garner a decent share if these opportunities were to fructify. LT's order book grew 13% YoY to INR5.1t (3x TTM revenue). The international segment forms 40% of the overall order book. Within international, 85% comes from the Middle East.

Bloomberg	LT IN
Equity Shares (m)	1375
M.Cap.(INRb)/(USDb)	4686.5 / 55.7
52-Week Range (INR)	3949 / 2856
1, 6, 12 Rel. Per (%)	-2/-13/-11
12M Avg Val (INR M)	9225

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	2,638.0	2,945.1	3,315.6
EBITDA	280.3	324.8	365.4
PAT	152.7	188.5	220.4
EPS (INR)	111.1	137.2	160.3
GR. (%)	19.4	22.2	16.9
BV/Sh (INR)	714.9	820.6	944.2

Ratios

ROE (%)	16.8	17.9	18.2
RoCE (%)	9.6	10.3	10.6

Valuations

P/E (X)	30.3	24.8	21.2
P/BV (X)	4.8	4.2	3.6
EV/EBITDA (X)	16.7	14.4	12.8
Div Yield (%)	0.8	0.9	1.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	0.0	0.0	0.0
DII	40.3	38.7	37.1
FII	22.7	23.9	26.6
Others	37.0	37.4	36.3

FII Includes depository receipts

Revenue growth continues to outperform

We had been continuously highlighting in our previous [update](#) and 1QFY25 [update](#) that despite weaker prospect pipeline, the company's revenue growth for the year will continue to outperform the management's guidance. Revenue growth stood at 23% YoY in 1HFY25 and is driven by improvement in overseas execution owing to a higher share of international order inflows received over the last one year. A timely execution trend is being witnessed among large-sized orders in the Middle East, which will further ramp up in the coming quarters. This, coupled with better collections, improved the net working capital cycle to 12.2% of sales in 1HFY25 vs. 16.7% in 1HFY24.

Focusing to create new initiatives further

LT has already forayed into new initiatives and plans to build these areas further. It is focusing on: 1) enhancing technology for participating in the nuclear projects, 2) green energy initiatives, with an emphasis on expanding the electrolyzer capacity in the medium to long term, 3) semiconductor design and enhancing offerings in semiconductors, 4) expanding data center capacity from the existing Mumbai and Chennai locations to other areas too, and 5) further expanding the real estate business, where LT has another 60msf to be developed over the next few years. We expect these initiatives to bear fruit in the next few years.

Valuation and view

We tweak our estimates upwards and arrive at our revised TP of INR4,300 based on SOTP, valuing the core business at 30x P/E on a two-year forward basis and 25% holding company discount for subsidiaries. **We reiterate our BUY rating on LT.** Our multiple takes into account a strong prospect pipeline and improvements in NWC and RoE, despite margins being still far off from the earlier highs.

Key risks and concerns

A slowdown in order inflows, delays in the completion of mega and ultra-mega projects, a sharp rise in commodity prices, an increase in working capital, and increased competition are a few downside risks to our estimates.

Consolidated - Quarterly Earnings

(INR b)

Y/E March - INR b	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	479	510	551	671	551	616	672	799	2,211	2,638	566	9
YoY Change (%)	33.6	19.3	18.8	15.0	15.1	20.6	22.0	19.1	20.6	19.3	10.9	
Total Expenditure	430	454	494	598	495	552	601	709	1,976	2,358	505	
EBITDA	49	56	58	72	56	64	71	89	235	280	60	6
Margins (%)	10.2	11.0	10.4	10.8	10.2	10.3	10.6	11.2	10.6	10.6	10.6	
Depreciation	8	9	9	10	10	10	10	10	37	41	10	2
Interest	9	9	9	9	9	9	8	8	35	32	8	9
Other Income	11	11	8	10	9	11	9	9	42	37	9	20
PBT before EO expense	43	50	48	63	47	56	62	81	204	244	51	9
Extra-Ord expense	0	0	0	-1	0	0	0	0	-1	0	0	
PBT	43	50	48	64	47	56	62	81	205	244	51	9
Tax	12	11	12	14	12	14	16	21	49	63	13	
Rate (%)	28.1	22.8	24.7	22.1	26.4	26.0	25.8	26.4	24.1	25.8	25.8	
MI & Profit/Loss of Asso. Cos.	6	6	6	6	7	7	6	7	25	26	6	
Reported PAT	25	32	29	44	28	34	40	53	131	155	32	6
Adj PAT	25	32	29	43	28	34	40	53	130	155	32	6
YoY Change (%)	46.5	44.6	20.0	8.4	11.7	5.4	34.0	21.7	49.8	19.2	-1.0	
Margins (%)	5.2	6.3	5.3	6.4	5.1	5.5	5.9	6.6	5.9	5.9	5.6	

Segmental performance

INR b	FY24				FY25E				FY24	FY25E	YoY (%)	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE					
Segmental revenue													
Consolidated (ex-services)	327	349	393	510	386	445	495	615	1,579	1,942	23.0	399	12
Infrastructure Projects	221	246	278	380	269	320	346	419	1,126	1,354	20.3	259	24
Energy Projects	67	68	79	82	85	89	103	123	295	399	35.2	97	-8
Hi-Tech Manufacturing	18	19	21	25	18	21	28	43	82	110	34.2	25	-19
Others	22	16	15	23	14	16	18	30	76	79	3.0	19	-12
IT & Technology Services	109	112	119	112	115	118	121	122	445	476	7.1	119	0
Financial Services	30	31	32	36	37	38	42	47	131	164	25.0	32	18
Development Projects	13	18	18	13	13	14	14	15	56	56	0.0	18	-21
Total Revenues	479	510	562	671	551	616	672	799	2,211	2,638	19.3	568	8
Segmental EBITDA													
Consolidated (ex-services)	24	26	30	49	29	34	41	59	129	164	26.9	32	5
Infrastructure Projects	11	13	15	30	16	19	22	30	70	87	24.1	15	28
Energy Projects	6	6	8	9	7	8	10	13	30	38	29.3	9	-13
Hi-Tech Manufacturing	3	3	3	4	3	3	5	9	13	20	48.1	4	-39
Others	4	3	4	5	3	4	4	7	16	19	16.8	4	11
IT & Technology Services	22	23	24	23	23	25	26	27	92	100	9.2	24	5
Financial Services	7	8	8	7	9	10	10	10	31	39	28.0	8	25
Development Projects	2	7	4	2	2	2	2	2	15	8	-43.4	4	-39
Total EBITDA	56	64	65	81	64	70	79	98	266	311	17.0	67	5
Net reported EBITDA	49	56	60	72	56	64	71	89	238	280	17.9	67	-5
EBITDA margin (%)													
Consolidated (ex-services)	7.5	7.4	7.7	9.5	7.6	7.6	8.4	9.6	8.2	8.4		8.0	-44bp
Infrastructure Projects	5.1	5.4	5.5	7.9	5.8	6.0	6.5	7.0	6.2	6.4		5.8	20bp
Energy Projects	9.1	9.5	9.7	11.4	8.7	8.8	9.5	10.7	10.0	9.6		9.3	-50bp
Hi-Tech Manufacturing	16.8	14.9	16.7	16.7	17.4	12.8	17.5	21.1	16.3	18.0		17.0	-420bp
Others	18.6	20.0	24.4	22.6	23.4	25.1	23.5	24.2	21.3	24.1		20.0	510bp
IT & Technology Services	20.6	20.2	20.0	20.4	20.0	21.0	21.0	21.9	20.6	21.0		20.0	100bp
Financial Services	24.6	26.7	24.0	20.1	25.9	25.4	24.0	21.2	23.4	24.0		24.0	140bp
Development Projects	15.8	38.7	20.0	17.3	17.0	15.5	14.0	13.7	26.5	15.0		20.0	-450bp
Total EBITDA margin (%)	11.7	12.5	11.6	12.1	11.6	11.4	11.7	12.2	12.0	11.8		11.8	-36bp
Net reported EBITDA margin (%)	10.2	11.0	10.7	10.8	10.2	10.3	10.6	11.2	10.7	10.6		11.8	-147bp
Order inflow (INR b)	504	730	602	561	544	630	673	774	2,396	2,622		546	15
Order book (INR b)	4,155	4,541	4,732	4,793	4,944	5,140	5,318	5,477	4,793	5,477		5,107	1



Tata Power

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR427 TP: INR509 (+19%) BUY

Bloomberg	TPWR IN
Equity Shares (m)	3195
M.Cap.(INRb)/(USDb)	1364.4 / 16.2
52-Week Range (INR)	495 / 235
1, 6, 12 Rel. Per (%)	-6/-13/51
12M Avg Val (INR M)	7072

Focus on execution now

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	614.5	771.5	837.5
EBITDA	107.8	145.5	156.4
Adj. PAT	35.1	43.3	56.5
Adj. EPS (INR)	11.0	13.6	17.7
EPS Gr. (%)	5.1	23.6	30.5
BV/Sh.(INR)	101.2	115.1	132.5

Ratios

Net D:E	1.0	1.2	1.1
RoE (%)	11.5	12.5	14.3
RoCE (%)	8.4	10.2	9.4
Payout (%)	18.2	18.4	18.4

Valuations

P/E (x)	38.9	31.5	24.1
P/BV (x)	4.2	3.7	3.2
EV/EBITDA (x)	16.8	13.3	12.7
Div. Yield (%)	0.5	0.6	0.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	46.9	46.9	46.9
DII	17.0	15.8	16.0
FII	9.2	9.5	10.0
Others	27.0	27.8	27.1

FII Includes depository receipts

- Tata Power Co Ltd (TPWR)'s 2QFY25 EBITDA came in 15% above our estimate of INR32.6b despite challenges at Mundra (low plant availability) and Odisha discom operations (impacted by cyclone/heavy rains). However, the adjusted PAT was just a 2% miss vs our estimate.
 - Key highlights for the quarter included: 1) module manufacturing is now operating at near 100% utilization while cell operations have commenced, 2) the company is looking to execute a bulk of the EPC order book in 2HFY25, 3) while RE generation commissioning has been slow till now, management expects this to pick-up pace as cell/module manufacturing ramps up operations, and 4) the board approved the investment proposal for 1GW pumped storage project.
 - Following the weak 2QFY25 result at the reported PAT level, we cut our FY25 estimate by 13%, mainly as we build in the INR4.4b merger-related charges and given the weaker profitability at some of the Orissa subsidiaries. We also moderate our FY26 adjusted PAT by 5% as RE generation ramp-up has been somewhat behind expectations.
- **We reiterate our BUY rating on the stock with a TP of INR509.**

Steady 2Q; reported PAT impacted by merger-related charges

- **Results overview:**
 - TPWR reported a consolidated EBITDA of INR37.4b in 2QFY25, 15% above our estimate of INR41.7b (+21% YoY) driven by ramped-up solar manufacturing and operational efficiency across businesses.
 - Revenue stood at INR156.9b (-0.3% YoY) for 2QFY25, which was 18% below our est. of INR190b.
 - Adjusted PAT was just 2% below our est. at INR10.7b (+20% YoY).
 - In 1HFY25, net sales/EBITDA/APAT grew 7%/21%/11% YoY to INR329.9b/INR73.3b/18.9b, respectively. In 2HFY25, we expect net sales/EBITDA/PAT to increase 44%/52%/34% YoY.
- **Operational highlights for 1HFY25:**
 - In 1HFY25, the company installed 222MW of rooftop solar across the country in all segments.
 - The solar EPC order book stood at INR159 in 2QFY25 end.
 - As of Q2FY25, the company has a clean and green operational capacity of 6.4 GW with an additional 6.5GW under construction.
 - The transmission portfolio stands at 7,049 Ckm, including 4,633 Ckm commissioned and 2,416 Ckm under construction.
 - S&P Global Ratings upgraded its rating from 'BBB-' to 'BB+'.

Highlights of the 2QFY25 performance:

- A large proportion of the current EPC Order Book (OB) projects is expected to be implemented in Q3-Q4FY25 and the management has reiterated its target of INR110b revenue in FY27 for the EPC business.
- The 4.3 GW module plant is operating at near 100% utilization, while cell operations commenced with the commissioning of a 2 GW cell production line during 2Q. By the end of Nov'24, full stabilization for the cell line should be achieved.
- The board has approved an investment in the 1,000 MW PSP project, the work for which will start from 1st Jan'25 and all necessary approvals for the project have been received barring one.
- ICRA, CARE, and S&P Global have all upgraded ratings recently, which should lead to lower interest costs.
- 5GW of under-construction RE projects will be executed by FY26 and the yearly run rate should be 2.5GW for RE generation commissioning.
- The Mundra plant could not be operated in Sep'24 due to a fault with the conveyor system. However, the plant is now operating at full capacity.

Valuation and view

- The valuation of TPWR is segmented across various business units, leading to a TP of INR509/share.
- The regulated business is valued using a 3x multiple on regulated equity.
- The coal segment is valued based on equity with a 1.5x multiple of FY24 book value.
- The renewables segment is valued at a 14x multiple of the projected FY27 EBITDA.
- The pumped storage segment is valued at 1x PB while the other segments are valued at 1.5x PB. Cash and investments add INR57/share.
- The sum of these contributions results in a total TP of INR509/share, reflecting the comprehensive valuation of TPWR's diverse business segments.

Consolidated performance

Y/E March	FY24					FY25E				FY24		FY25E		Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E	FY25E	2QE		
Net Sales	1,52,133	1,57,380	1,46,510	1,58,466	1,72,936	1,56,977	2,14,179	2,27,427	6,14,489	7,71,519	1,90,766	1,90,766	-18%	
YoY Change (%)	5.0	13.4	3.7	27.2	13.7	-0.3	46.2	43.5	11.5	25.6	21.2	21.2		
EBITDA	29,436	30,910	24,174	23,318	35,867	37,450	35,022	37,189	1,07,838	1,45,528	32,679	32,679	15%	
Margins (%)	19.3	19.6	16.5	14.7	20.7	23.9	16.4	16.4	17.5	18.9	17.1	17.1		
Depreciation	8,934	9,259	9,263	10,408	9,729	9,867	10,656	11,315	37,864	41,567	10,391	10,391	-5%	
Interest	12,214	11,818	10,943	11,357	11,762	11,431	12,009	12,752	46,332	47,955	11,847	11,847	-4%	
Other Income	2,714	2,915	6,431	6,174	2,474	5,131	3,300	3,504	18,234	14,409	3,922	3,922	31%	
Rate regulated activity	-2,100	-2,679	1,897	3,742	-6,880	-6,736	0	0	861	-13,616	0	0		
PBT before EO expense	8,902	10,069	12,297	11,469	9,969	14,547	15,657	16,625	42,737	56,799	14,362	14,362		
Extra-ord items	2,347	-277	0	738	2,040	-2,165	0	0	2,807	-125	0	0		
PBT	11,249	9,792	12,297	12,207	12,009	12,382	15,657	16,625	45,544	56,674	14,362	14,362	-14%	
Tax	3,346	2,133	4,126	4,914	3,017	3,802	4,629	4,915	14,519	16,363	4,077	4,077	-7%	
Rate (%)	30	22	34	40	25	31	30	30	32	29	28	28		
Share of associates and JV	3,507	2,515	2,590	3,164	2,894	2,351	3,210	3,408	11,776	11,863	2,691	2,691		
Minority Interest	1,685	1,419	1,231	1,504	2,177	1,666	2,505	2,660	5,839	9,008	2,004	2,004		
Reported PAT	11,410	10,174	10,761	10,456	11,886	10,931	14,238	15,118	42,801	52,174	12,977	12,977	-16%	
Adj PAT	8,076	8,972	9,530	8,511	8,182	10,766	11,732	12,458	35,050	43,254	10,973	10,973	-2%	



Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR547 TP: INR700 (+28%) Buy

In-line quarter; positive commentary for 2HFY25

Bloomberg	DABUR IN
Equity Shares (m)	1772
M.Cap.(INRb)/(USDb)	968.8 / 11.5
52-Week Range (INR)	672 / 489
1, 6, 12 Rel. Per (%)	-7/0/-23
12M Avg Val (INR M)	1641

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	124.0	128.9	143.9
Sales Gr. (%)	7.5	4.0	11.6
EBITDA	24.0	24.6	28.6
EBITDA mrg. (%)	19.4	19.1	19.9
Adj. PAT	18.8	19.1	21.9
Adj. EPS (INR)	10.6	10.8	12.3
EPS Gr. (%)	9.2	1.9	14.4
BV/Sh.(INR)	55.7	60.1	64.6

Ratios

RoE (%)	19.9	18.6	19.8
RoCE (%)	17.3	16.6	17.8
Payout (%)	52.0	64.9	68.9

Valuation

P/E (x)	51.6	50.6	44.2
P/BV (x)	9.8	9.1	8.5
EV/EBITDA (x)	37.6	36.2	30.9
Div. Yield (%)	1.0	1.3	1.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.3	66.3	66.2
DII	13.7	13.6	9.9
FII	15.0	15.0	18.4
Others	5.0	5.2	5.5

FII Includes depository receipts

- Dabur’s 2QFY25 performance was largely in line with our estimate. Consolidated revenue declined 5% YoY (in line) primarily due to a temporary adjustment in General Trade (GT) inventory because of the growth in emerging channels. India revenue declined 8% YoY, while secondary sales grew by 2%. Urban demand has moderated (MGT expects bottoming out), with rural demand outpacing it by 130bp in secondary sales. International business grew 13% YoY in CC terms.
- Home & Personal Care/Healthcare/F&B’s reported sales declined 8%/10%/21% YoY, while Home & Personal Care/Healthcare’s secondary sales grew 6%/4% but F&B’s sales dipped 11% YoY. In secondary sales, oral care grew by 5% (lower than peers after a long time), while home care achieved robust growth of 9%. The digestives segment increased 9% YoY, and foods posted a strong 21% growth. Beverages declined 12% YoY due to heavy rainfall. Badshah continued its strong trajectory with 15% growth.
- GM improved 100bp YoY to 49.3% (est. 48.4%). Conversely, EBITDA margin contracted 240bp YoY to 18.2% (in line) on operating deleverage. EBITDA declined 16% YoY.
- Dabur has also announced acquisition of Sesa Care, a leading ayurvedic hair oil brand, at a valuation of 2.4x of EV/sales and 19-20x of EV/EBITDA. EV (including debt) estimated at INR3.15-3.25b. Emami had acquired Kesh King at ~7x of EV/sales in 2015.
- We expect that Dabur will deliver high-single-digit revenue growth in 2HFY25, driven by healthy rural (50% mix), seasonal tailwinds, and the company’s initiatives for distribution expansion, new product launches, and increased brand visibility. **We value Dabur at 50x Sep’26E EPS to arrive at our TP of INR700. We reiterate our BUY rating on the stock.**

Weaker performance due to GT inventory correction

Consolidated

- **Weak reported performance:** Dabur’s 2QFY25 consolidated sales declined 5.5% (in line) to INR30.3b (est. INR30.4b). India revenue declined by 7.6% while secondary growth was at 2.3%. International CC growth was 13% YoY. EBITDA/PBT/adj. PAT decreased 16%/16%/17% YoY to INR5.5b/INR5.5b/INR4.3b (est. INR5.5b/INR5.4b/ INR4.4b).
- **HPC business delivers 6% YoY secondary sales growth:** HPC reported sales decline 8% YoY on inventory rationalization. Oral care’s secondary sales clocked 5% growth. Dabur Red Toothpaste continued to gain market share. Hair Oil, Home Care, Shampoo, and Skin Care clocked 4%, 9%, 3%, and flat YoY secondary growth, respectively.
- **F&B reported 11% YoY decline in secondary growth:** F&B business reported sales decline of 21% YoY with secondary decline of 11%. Secondary sales for the food business delivered 21% growth, while beverages declined 12% YoY. Beverages were hit by the heavy monsoon and floods. Badshah revenue was up 15% YoY.

- **Healthcare portfolio delivers 4% YoY secondary growth:** Healthcare reported sales decline 10%. Health supplements rose 3% YoY, Digestive was up 6% YoY, while OTC & Ethicals were flat YoY.
- **Operating margin contraction:** Gross margin expanded 100bp YoY to 49.3% (est. 48.4%). As a percentage of sales, ad-spending rose 70bp YoY to 7.5%, other expenses were up 140bp YoY to 12.5%, and staff costs grew 135bp YoY to 11.2%. EBITDA margin contracted 240bp to 18.2% (est. 18.2%).
- **International business delivers double-digit growth:** International business grew 13% in CC terms in 2QFY25. Egypt business grew 73% YoY, while Turkey business was up 3% YoY, and the Middle East markets posted a growth of 10% YoY. The Sub-Saharan Africa (SSA) business rose 26.1% YoY.
- **1HFY25** revenue remained flat at INR63.7b, while EBITDA and APAT declined to 4.6% and 5.4%, respectively. In 2HFY25, we model sales/EBITDA/APAT growth of 7%/10%/10%.

Highlights from the management commentary

- There is a moderation in urban demand, hit by sustained food inflation and adverse weather. Company sees urban consumption is bottoming out.
- Rural demand outpaced urban by 130bp in secondary sales. According to Nielsen data, rural growth was 600bp higher than urban during the quarter.
- Quick commerce channels are expanding swiftly, altering traditional sales landscapes, particularly in urban areas.
- The company expects mid-to-high single-digit revenue growth and flat margin expansion in 2HFY25.
- Distributor ROI has been improved with the reduction in inventory days from 30 days to 21 days after inventory correction. Dabur plans to bring it down further to 19 days by Dec'24.

Valuation and view

- There are no material changes to our FY25E/FY26E estimates.
- DABUR mitigated the impact of inflationary pressures through disciplined cost control, operational efficiencies, and judicious price increases. With a broader distribution reach (to ~0.12m villages and ~7.9m outlets), increased direct penetration (~1.4m outlets), and extensive presence/categorical leadership in the rural market, DABUR is better positioned to capitalize on the rural consumption trend compared to its peers.
- The operating margin, which has been hovering around the 20% band over the last 8-9 years (unlike its peers that have experienced expansions), also has room for expansion in the medium term.
- With external drivers remaining consistent, we view the recent stock price correction as an opportunity to be constructive on the stock. Once the company's growth trajectory improves, we expect a re-rating potential in the stock. **We reiterate our BUY rating on the stock with a TP of INR700 (premised on 50x P/E on Sep'26).**

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Domestic FMCG vol. growth (%)	3.0	3.0	4.0	3.0	5.2	-7.0*	7.0	7.5	3.3	4.0	-7.0	
Net sales	31,305	32,038	32,551	28,146	33,491	30,286	35,003	30,164	1,24,040	1,28,944	30,385	-0.3%
YoY change (%)	10.9	7.3	6.7	5.1	7.0	-5.5	7.5	7.2	7.5	4.0	-5.2	
Gross profit	14,588	15,482	15,823	13,679	16,005	14,943	17,151	14,826	59,571	62,925	14,706	1.6%
Margin (%)	46.6	48.3	48.6	48.6	47.8	49.3	49.0	49.2	48.0	48.8	48.4	
EBITDA	6,047	6,609	6,678	4,668	6,550	5,526	7,332	5,156	24,002	24,564	5,528	0.0%
Margins (%)	19.3	20.6	20.5	16.6	19.6	18.2	20.9	17.1	19.4	19.1	18.2	
YoY growth (%)	11.2	10.0	8.1	13.9	8.3	-16.4	9.8	10.4	10.5	2.3	-16.4	
Depreciation	966	983	969	1,074	1,091	1,110	1,110	1,138	3,992	4,449	1,085	
Interest	243	281	365	352	327	474	400	400	1,242	1,600	300	
Other income	1,098	1,164	1,274	1,289	1,294	1,515	1,450	1,467	4,824	5,726	1,350	
PBT	5,936	6,508	6,618	4,531	6,427	5,457	7,272	5,085	23,593	24,241	5,493	-0.7%
Tax	1,368	1,443	1,550	1,114	1,481	1,284	1,745	1,235	5,474	5,745	1,263	
Rate (%)	23.0	22.2	23.4	24.6	23.0	23.5	24.0	24.3	23.2	23.7	23.0	
Adjusted PAT	4,721	5,233	5,225	3,578	5,084	4,333	5,684	4,007	18,757	19,108	4,370	-0.9%
YoY change (%)	7.2	6.7	7.8	10.8	7.7	-17.2	8.8	12.0	9.3	1.9	-16.5	

E: MOFSL Estimates *MOFSL assumption



Prestige Estates Projects

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,647 TP: 2,130 (+29%) Buy

Steady pre-sales; ask rate high for 2H but achievable

Launches key monitorable; net D/E under control after the QIP

Bloomberg	PEPL IN
Equity Shares (m)	431
M.Cap.(INRb)/(USDb)	709.1 / 8.4
52-Week Range (INR)	2075 / 734
1, 6, 12 Rel. Per (%)	-5/12/92
12M Avg Val (INR M)	1887

- Prestige Estates Projects (PEPL) reported bookings of INR40.2b, down 43% YoY but up 33% QoQ (in line), due to muted launches and lower inventory.
- PEPL launched 8.2msf vs. 1.9msf in 1QFY24 and 0.8msf in 4QFY24. Further, it had an inventory of INR13b at the end of the quarter (vs. INR13b at the beginning of 4QFY24), indicating very low inventory overhang months.
- Sales volume also dipped 56% YoY/5% QoQ to 2.9msf, while realizations were up 29% YoY to INR13,409/sf. In terms of value, contribution from Bengaluru was down to 51% vs. 53% in FY24, as the contributions from Hyderabad and Mumbai scaled up to 21% and 26%, respectively.
- Total collections increased 4% YoY, but they were down -6% QoQ to INR27b, which led to an OCF of INR11.4b. However, QIP funds of INR50b brought net debt to INR36b (0.21x of equity) post spending on land/capex (INR7.9b).
- **P&L performance:** Revenue was up 3% YoY to INR23b (in-line); however, EBITDA inched up 7% YoY to INR6.3b (11% above est.) aided by ~900bp expansion in EBITDA margin to 27.4%. PAT (post-minority) grew 4% YoY to INR1.9b due to reversal of deferred tax liabilities.
- For 1HFY25, reported revenue of INR41.7b rose 6% YoY; therefore, 2H has to clock INR62.5b (+58% YoY) to meet our estimates for FY25E. EBITDA came in at INR14.3b, up 28% YoY; hence, the ask for 2H is INR13.6b (-1% YoY). Adj. PAT of INR4.3b dipped 6% YoY, while PEPL needs to achieve INR3.2b in 2H (+25% YoY).

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	78.8	104.2	114.3
EBITDA	25.0	27.9	31.8
EBITDA (%)	31.7	26.8	27.8
Adj. PAT	7.1	7.5	9.8
EPS (INR)	19.0	19.9	26.2
EPS Gr. (%)	86.2	42.5	120.3
BV/Sh. (INR)	301.0	452.5	477.1

Ratios

Net D/E	0.6	0.2	0.2
RoE (%)	6.7	5.3	5.6
RoCE (%)	9.3	6.8	6.7
Payout (%)	4.7	8.7	6.6

Valuations

P/E (x)	86.9	82.8	62.8
P/BV (x)	5.5	3.6	3.5
EV/EBITDA (x)	30.0	29.7	26.1
Div Yield (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	60.9	65.5	65.5
DII	16.8	14.4	12.8
FII	19.1	16.8	19.5
Others	3.2	3.3	2.2

Residential launches and commissioning of commercial assets key focus areas

- PEPL plans to launch The Prestige City Indrapuram NCR, Southern Star & Sunset Park Bangalore, Palava Gardens Chennai, Prestige Spring Heights Hyderabad, Beach Gardens Goa, and some small projects in Bangalore and Hyderabad will also be launched in 3Q. Nautilus to be launched in 4QFY25.
- Office assets: Leasing activity was robust, with occupancy above 90% across the operational assets. With the completion of Lakeshore Drive Phase I and Trade Center DIAL by the end of FY25, the exit rentals will be INR7.2b. Further, with the commissioning of all the ongoing and upcoming assets, the exit rental would reach INR33.3b by FY28.
- Retail: Leasing in all the assets was strong, and footfalls crossed 9m, with gross turnover (GTO) of retailers amounting to INR11b, having an occupancy of 99.2%. The current exit rentals for retail business are INR2.2b, which are expected to touch INR9.8b once all the 13 ongoing/upcoming assets are commissioned.

Key highlights from the management commentary

- With the restructuring of Prestige Acres, an amount of INR120b (49% of INR230b) and INR60b for PPPL (against 16% stake) will be added incrementally to the total GDV, with an average EBITDA margin of 40%. These stakes are brought at ~INR8b.
- Post-restructuring, the shareholding of the related party stands at 24% (i.e. Pinnacle and PPPL). PEPL might fully buy out the shares over a period.

- Utilization of QIP fund: The debt portion will be paid by Dec'24-end and land acquisition will also happen by Dec'24/Mar'25. Only the capex portion might take longer to deploy (by Jun/Sep'25).

Valuation and view

- While the company reported a steady operating performance in 2QFY25, its growth outlook remains intact with a strong launch pipeline. PEPL reiterated its 25-30% growth guidance and believes that it can be surpassed if the launch pipeline materializes as expected.
- PEPL also reported a sharp jump in leverage, but the INR50b capital raise and intended monetization of the hospitality portfolio will allay concerns on leverage and ensure improvement in balance sheet position over the course of the year.
- We retain our pre-sales and cash flow estimates as we await clarity on launches. As the company progresses with its growth trajectory in both the residential and commercial segments and unlocks value from its hospitality segment, we believe the stock will further re-rate. **Reiterate BUY** with a TP of INR2,130, indicating a 29% upside potential.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2Q	2Q		
Net Sales	16,809	22,364	17,958	21,640	18,621	23,044	28,128	34,385	78,771	1,04,178	22,919	1
YoY Change (%)	-13.3	56.6	-22.5	-17.8	10.8	3.0	56.6	58.9	-5.3	32.3	2.5	
Total Expenditure	11,542	16,439	12,443	13,363	10,658	16,731	20,590	28,279	53,787	76,258	17,215	
EBITDA	5,267	5,925	5,515	8,277	7,963	6,313	7,538	6,105	24,984	27,920	5,704	11
Margins (%)	31.3	26.5	30.7	38.2	42.8	27.4	26.8	17.8	31.7	26.8	24.9	
Depreciation	1,655	1,741	1,797	1,972	1,905	2,004	2,064	2,757	7,165	8,731	2,000	
Interest	2,382	2,639	2,932	4,238	3,461	3,565	3,387	1,300	12,191	11,712	3,288	
Other Income	2,854	1,684	1,747	685	1,624	1,194	1,125	224	6,970	4,167	917	
PBT before EO expense	4,084	3,229	2,533	2,752	4,221	1,938	3,213	2,272	12,598	11,644	1,333	45
Extra-Ord expense	0	8,512	0	0	0	0	0	0	8,512	0	0	
PBT	4,084	11,741	2,533	2,752	4,221	1,938	3,213	2,272	21,110	11,644	1,333	45
Tax	863	2,564	723	786	1,023	-519	803	1,604	4,936	2,911	333	
Rate (%)	21.1	21.8	28.5	28.6	24.2	-26.8	25.0	70.6	23.4	25.0	25.0	
MI & Profit/Loss of Asso. Cos.	552	668	647	566	872	535	127	-261	2,433	1,273	127	
Reported PAT	2,669	8,509	1,163	1,400	2,326	1,922	2,282	930	13,741	7,460	872	
Adj PAT	2,669	1,856	1,163	1,400	2,326	1,922	2,282	930	7,088	7,460	872	120
YoY Change (%)	174.0	397.2	-9.0	-69.5	-12.9	3.6	96.2	-33.6	-1.7	5.2	-53.0	
Margins (%)	15.9	8.3	6.5	6.5	12.5	8.3	8.1	2.7	9.0	7.2	3.8	
Key metrics												
Sale Volume (msf)	3.8	6.8	5.5	4.1	2.9	3.0	8.5	9.8	20.2	24.1	4	-25
Sale Value (INRb)	39.1	70.9	53.3	47.1	30.3	40.2	85.2	104.1	210.4	259.8	40	1
Collections - PEPL share (INRb)	25	24	29	33	27	26	38	46	110.5	136.4	24	6
Realization (INR/sft)	10,221	10,369	9,755	11,452	10,593	13,409	10,000	10,651	10,395	10,757	10,000	34



Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,698 TP: INR2,070 (+22%) BUY

Healthy UCP performance; recovery continues in EMP RAC's market share at 21% as of Sep'24

Bloomberg	VOLT IN
Equity Shares (m)	331
M.Cap.(INRb)/(USDb)	561.8 / 6.7
52-Week Range (INR)	1946 / 811
1, 6, 12 Rel. Per (%)	-2/7/76
12M Avg Val (INR M)	2370
Free float (%)	69.7

- Voltas (VOLT)'s 2QFY25 earnings were above our estimates, led by higher-than-estimated revenue/EBIT growth in the UCP segment and higher margin in the EMPS segment. Revenue grew 14% YoY to INR26.2b (5% beat), while EBITDA jumped 131% YoY to INR1.6b (11% beat). OPM surged 3.1pp YoY to ~6% (+30bp vs. our est.). Adj. PAT jumped 265% YoY to INR1.3b (est. INR1.2b).
- Management indicated that VOLT maintains a leadership position in the RAC segment, with an exit market share of 21% as of Sep'24. It has seen strong growth in its Voltbek home appliances business, with a market share of 7.5% for washing machine, and 5% for refrigerators as of Sep'24-YTD. The AC segment has delivered strong growth during the summer season, and VOLT expects the other appliances business to continue to do well given the ongoing festive period. In the EMPS segment, project execution was hit by heavy rains. It expects business to return to normal levels going forward.
- We broadly retain our EPS estimates for FY25/FY26. We **reiterate our BUY rating** on the stock with a TP of INR2,070 based on 55x Sep'26E EPS for the UCP segment, 40x Sep'26E EPS for the PES and EMPS segments, and INR38/share for Voltbek.

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	145.6	168.1	188.5
EBITDA	10.7	13.7	16.8
Adj. PAT	8.9	11.5	14.5
EBITA Margin (%)	7.3	8.2	8.9
Cons. Adj. EPS (INR)	26.8	34.7	43.8
EPS Gr. (%)	270.9	29.3	26.4
BV/Sh. (INR)	200.6	228.6	263.8

Ratios

Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	13.4	15.2	16.6
RoCE (%)	13.9	15.1	15.9
Payout (%)	25.0	25.0	25.0

Valuations

P/E (x)	62.3	48.2	38.1
P/BV (x)	8.3	7.3	6.3
EV/EBITDA (x)	51.3	39.5	31.9
Div Yield (%)	0.4	0.5	0.7
FCF Yield (%)	0.8	1.6	2.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	30.3	30.3	30.3
DII	40.4	40.6	33.9
FII	15.1	14.7	19.1
Others	14.2	14.4	16.8

FII Includes depository receipts

UCP's margin contracts 30bp YoY to 7.3% (est. 8.0%) in 2QFY25

- Consol. revenue/EBITDA/Adj. PAT stood at INR26.2b/INR1.6b/INR1.3b (up 14%/131%/265% YoY and 5%/11%/8% above our estimates) in 2QFY25. Gross margin surged 1.3pp YoY to ~26% and OPM surged 3.1pp YoY to ~6%.
- Segmental highlights: a) **UCP** – revenue was up ~31% YoY to INR15.8b and EBIT rose 25% YoY to INR1.2. EBIT margin dipped 30bp YoY to 7.3%; b) **EMPS** – revenue declined 5% YoY to INR8.8b. The segment posted an EBIT of INR462m vs. a loss of INR490m in 2QFY24; and c) **PES** – revenue grew 9% YoY to INR1.5b, while EBIT declined 27% YoY to INR396m. EBIT margin contracted 13.1pp YoY to ~27% during the quarter.
- In 1HFY25, revenue/EBITDA/adj. PAT stood at INR75.4b/5.9b/4.7b (up 33%/129%/182% YoY). Based on our estimates, the implied revenue/EBITDA/PAT growth for 2HFY25 will be ~3%/120%/471%. Higher EBITDA/PAT growth is aided by estimating an EBIT of INR864m in 2HFY25 in the EMPS segment vs. a loss of INR2.3b in 2HFY24.

Highlights from the management commentary

- The commercial refrigeration industry faced challenges due to a reversal in the capex cycle, resulting in moderate growth for chest freezers and coolers. However, demand for water coolers and dispensers remained steady.
- Increased volume in Voltbek business led to a gradual reduction in losses. It is aiming to breakeven at the EBITDA level in the near future.
- Expanding distribution reach, adopting channel-specific tactics to enhance market presence in key regions, and maintaining a strong focus on boosting e-commerce and omnichannel development are key efforts to increase its market presence across various product categories.

Valuation and view

- We expect VOLT's EBITDA/adj. PAT to report a CAGR of 52%/82% over FY24-27, partly due to a low base in FY24 (because of higher provisioning in the EMPS segment for losses in Qatar projects). EBITDA/adj. PAT growth is estimated at ~25%/28% over FY25-27E. RoE is likely to improve to ~15%/17% in FY26/FY27E vs. in FY24 (average of ~12% over FY13-23).
- We project UCP's margin at 8.3%/8.7%/9.2% for FY25E/26E/27E v/s 8.5% in FY24. We reiterate our BUY rating on the stock with a TP of INR2,070 based on 55x Sep'26E EPS for the UCP segment, 40x Sep'26E EPS for the PES and EMPS segments, and INR38/share for Voltbek.

Quarterly performance

Y/E March	FY24				FY25				FY24	FY25E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Sales	33,599	22,928	26,257	42,029	49,210	26,191	27,743	42,493	1,24,812	1,45,638	24,917	5
Change (%)	21.4	29.7	30.9	42.1	46.5	14.2	5.7	1.1	31.4	16.7	8.7	
Adj. EBITDA	1,854	703	284	1,906	4,238	1,622	1,784	3,041	4,746	10,685	1,466	11
Change (%)	4.7	(30.3)	(62.8)	(12.6)	128.6	130.8	527.7	59.6	(17.1)	125.1	108.6	
Adj. EBITDA margin (%)	5.5	3.1	1.1	4.5	8.6	6.2	6.4	7.2	3.8	7.3	5.9	31
Depreciation	113	117	128	118	134	164	174	181	476	654	144	14
Interest	101	115	135	208	98	136	145	172	559	550	130	4
Other Income	700	710	579	544	803	1,055	850	958	2,533	3,666	813	30
Extra-ordinary items	0	-	-	-	0	0	0	0	0	0	0	
PBT	2,339	1,181	599	2,124	4,809	2,377	2,315	3,646	6,244	13,146	2,004	19
Tax	735	493	515	634	1,165	726	620	1,038	2,377	3,379	537	35
Effective Tax Rate (%)	31.4	41.7	85.9	29.9	24.2	30.5	26.8	28.5	38.1	25.7	26.8	
Share of profit of associates/JV's	(312)	(321)	(389)	(325)	(294)	(323)	(220)	(94)	(1,347)	(930)	-240	34
Reported PAT	1,293	367	(304)	1,164	3,350	1,328	1,474	2,515	2,520	8,838	1,227	8
Change (%)	18.7	NM	NM	(19.1)	159.1	262.1	NA	116.0	86.7	250.7	234.5	
Minority Interest	1	(10)	28	(58)	8	(12)	20	(55)	(39)	(39)	-10	
Adj. PAT	1,293	367	(304)	1,038	3,342	1,340	1,454	2,570	2,394	8,877	1,237	8
Change (%)	18.7	(62.9)	NM	(27.9)	158.5	265.3	NM	147.6	-36.8	270.9	237.2	

Note: 4QFY24 and FY24 Adj. PAT is after adjusting tax related to earlier periods



Aditya Birla Capital

Bloomberg	ABCAP IN
Equity Shares (m)	2605
M.Cap.(INRb)/(USDb)	561.1 / 6.7
52-Week Range (INR)	247 / 155
1, 6, 12 Rel. Per (%)	-4/-15/-2
12M Avg Val (INR M)	1447

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
PBT Break-up			
NBFC	29.9	38.7	44.8
Housing	3.8	5.2	7.5
AMC	10.1	12.2	13.8
Life Insurance	2.0	2.2	2.5
Health Insurance	-1.9	-1.5	-1.0
Other businesses	1.4	2.5	2.6
Consolidation adjustments	-5.4	-4.4	-3.4
Consol PBT	39.7	54.8	66.6
Consol PAT Post MI and others	33.3	36.7	42.7
Growth (%)	-30.5	10.1	16.2
RoE (%)	11.2	12.9	13.4
Con PE	21.2	15.2	13.1
Cons. PBV	2.1	1.9	1.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	68.9	68.9	69.0
DII	8.5	12.0	12.1
FII	11.1	7.2	7.4
Others	11.6	12.0	11.5

FII Includes depository receipts

CMP: INR215

TP: INR270 (+25%)

Buy

Strengthening all its key businesses; credit costs remain benign

Disbursement momentum improve in PL; strong AUM growth in HFC

- Aditya Birla Capital (ABCAP)'s 2QFY25 consolidated revenue grew 36% YoY to ~INR120b and **consolidated PAT grew 42% YoY to ~INR10b**. 1HFY25 PAT grew ~30% YoY and we expect 2HFY25 PAT to grow ~24% YoY.
- During 2QFY25, the company sold its entire stake of ~50% in Aditya Birla Insurance Brokers and recognized a gain of ~INR2b (~INR1.7b, net of tax). **Adjusted for this one-off gain, consol. PAT grew 18% YoY.**

NBFC: Personal loan disbursements improve and NIM moderate QoQ

- NBFC loan book grew ~23% YoY to ~INR1.15t. ABCAP's 2QFY25 disbursements grew ~17 YoY at ~INR193b. Loans to Retail, SME, and HNI customers constitute 65% of the total loan portfolio. Management guided for ~25% AUM CAGR over the next 2-3 years.
- Asset quality continued to improve with GS2 + GS3 assets declining ~20bp QoQ to ~4.3%. During the quarter, there was a decline in Stage 3 PCR because of an increase in the proportion of secured loans in its loan mix, which rose to ~74%. The management shared that there was no decline in its Stage 2 PCR and that the company will continue to make provisions based on its ECL model.
- Net Interest Margin (NIM) contracted ~25bp QoQ, primarily due to a compression in yields driven by a reduction in the Personal and Consumer (P&C) loans to 14% (PY: ~21%). The company has fully discontinued disbursements of small-ticket unsecured loans and has also taken several steps to calibrate the sourcing of P&C loans from digital partners.

Housing Finance: Strong AUM growth; PCR on Stage 3 shore up to ~41%

- The HFC reported a broad-based growth across customer segments, with ~113% YoY growth in disbursements to ~INR40b. Loan book grew ~51% YoY to ~INR232b.
- NIM remained largely stable QoQ at ~4.2%. 2QFY25 RoA/RoE stood at 1.5%/11.5%.
- Asset quality improved with GS2 and GS3 declining ~40bp QoQ to ~2.2%. PCR improved ~6pp QoQ to ~41%.

Asset Management: Healthy SIP inflows; QAAUM grows ~23% YoY

- The Quarterly Average AUM (QAAUM) rose 23% YoY to ~3.83t. Individual monthly average AUM grew 28% YoY to INR2.03t as of Sep'24.
- The domestic equity mix stood at ~47.1% (PQ: ~46%). The monthly SIP inflows grew ~47% YoY to ~INR14.2b in Sep'24.

Life Insurance: Individual FYP grows ~33% YoY; stable 13th month persistency

- Individual FYP grew 33% YoY to ~INR15.8b in 2QFY25, while renewal premium grew 12% YoY to INR39.4b in 2QFY25.
- Net VNB margin stood at 7.4% in 2QFY25. ~13M persistency was stable at ~88% in Sep'24.

Health Insurance: Market share among SAHIs improves

- GWP in the health insurance segment grew 39% YoY to ~INR21.7b, with Retail premium posting ~51% YoY growth. The combined ratio improved to 113% (from ~119% in 2QFY24).
- Market share among Standalone Health Insurers (SAHIs) rose from 10.7% in the previous year to 11.9% in Sep'24.

Highlights from the management commentary

- ABCAP raised ~INR30b of equity capital in Jun'23, and received ~INR5.7b of capital from the stake sale in the AMC business and ~INR1.7b from the stake sale of the Insurance broking business. Till now, ABCAP has infused ~INR6b in the Housing business and ~INR21b in the NBFC business.
- The management guided for NIM to exhibit improvement in the NBFC, driven by a gradual increase in the proportion of unsecured loans in the loan mix.

Valuation and view

- ABCAP continued to exhibit an improvement in operational metrics in 2QFY25. The remaining quarters of FY25 will see an uptick in growth, benign credit costs, and better return ratios across businesses.
 - We expect a consolidated PAT CAGR of ~26% over FY24-27E. The thrust on cross-selling, investments in digital, and leveraging 'One ABC' will lead to healthy return ratios, even as we build in a consolidated RoE of ~14.3% by FY27.
- Reiterate BUY with an unchanged SoTP (Sep'26E)-based TP of INR270.**

ABCAP: SOTP – Sep'26E

	Stake	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
NBFC	100	351	4.2	135	50	1.5x PBV
HFC	100	47	0.6	18	7	1.3x PBV
AMC	50	135	1.6	52	19	24x Earnings
LI	51	125	1.5	48	18	1.4x EV
Health Ins	46	36	0.4	14	5	1.2x GWP
Others		5	0.1	2	1	
Target Value		699	8.4	270	100	

Quarterly Performance

(INR M)

Y/E March	FY24				FY25E		FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q		
ABFSL - NBFC arm								
Net Income	14,337	15,200	16,488	16,926	17,089	17,114	62,951	65,703
Opex	4,370	4,370	5,320	5,500	5,080	5,310	19,560	20,270
Cost to Income Ratio (%)	30.5	28.7	32.3	32.5	29.7	31.0	31.1	30.9
Operating Profits	9,967	10,830	11,168	11,426	12,009	11,804	43,391	45,433
Provisions	3,060	3,470	3,500	3,490	3,680	3,360	13,520	14,140
Profit Before Tax	6,907	7,360	7,668	7,936	8,329	8,444	29,871	31,293
Change YoY (%)	50.6	50.9	42.1	31.4	20.6	14.7	42.9	4.8
Consolidated Earnings								
Cons PBT Before JV Interest	10,105	10,615	10,785	13,683	12,437	16,057	39,745	54,806
Growth YoY %	43.7	25.6	-70.1	45.2	23.1	51.3	-34.9	37.9
Lending	7,752	8,330	8,669	8,885	9,177	9,482	33,635	43,907
NBFC	6,907	7,360	7,668	7,936	8,329	8,444	29,871	38,746
HFC	845	969	1,002	949	848	1,038	3,765	5,162
AMC	2,403	2,368	2,635	2,676	3,045	3,351	10,082	12,165
Life Insurance	200	424	521	831	215	443	1,980	2,218
Health Insurance	-625	-795	-1,313	863	-540	-653	-1,870	-1,500
Others*	375	288	272	428	519	3,434	-4,082	-1,984
Taxes	2,460	2,840	2,890	2,710	2,930	3,560	11,435	16,442
Tax rate %	24.3	26.8	26.8	19.8	23.6	22.2	28.8	30.0
Profit After Tax	6,660	7,250	7,600	8,550	7,650	8,540	28,311	38,364
MI and Others	170	200	250	430	200	200	-2,000	-3,459
PAT post MI and other adjustments	6,490	7,050	7,350	8,120	7,450	8,340	26,311	34,905
Growth YoY %	51	44	39	33	15	18	41	33
Gain on Sale of stake in Subs/associate (net of tax)		0			140	1,670	7,039	1,810
Reported PAT		7,050			7,590	10,010	33,350	36,715
Growth YoY %		44.5				42.0	41.3	10.1
Details on lending business								
Loans (INR B)	1004	1090	1151	1241	1277	1379		
Change YoY (%)	43.7	40.7	33.9	31.5	27.2	26.6		
NBFC	859	935	986	1056	1073	1147		
Change YoY (%)	48.5	43.9	35.1	31.1	24.9	22.7		
HFC	145	154	165	184	204	232		
Change YoY (%)	20.4	24.0	27.3	33.4	40.6	50.5		
Net Interest Margins								
NBFC	6.98	6.87	6.88	6.86	6.56	6.29		
HFC	5.11	4.88	4.63	4.39	4.24	5.24		
GNPA %								
NBFC	2.80	2.64	2.59	2.50	2.51	2.50		
HFC	2.67	2.63	2.18	1.82	1.60	1.30		
Details on Other business								
AMC Business								
QAAUM (INR B)	3,084	3,235	3,247	3,458	3,676	4,004		
Change YoY (%)	5.4	10.1	10.8	20.8	19.2	23.8		
Life Ins - 13th Mt persistency	88.0	87.0	87.0	88.0	88.0	88.0		



P&G Hygiene and Healthcare

Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR16,250 TP: INR16,500 (+2%) Neutral

Bloomberg	PG IN
Equity Shares (m)	32
M.Cap.(INRb)/(USD\$b)	527.5 / 6.3
52-Week Range (INR)	19180 / 15306
1, 6, 12 Rel. Per (%)	3/-7/-30
12M Avg Val (INR M)	145

Financials & valuations (INR b)

Y/E June	FY24	FY25E	FY26E
Sales	42.1	45.5	49.8
Sales Gr. (%)	7.5	8.3	9.3
EBITDA	9.8	11.2	12.4
Margin (%)	23.4	24.5	25.0
Adj. PAT	7.2	8.3	9.3
Adj. EPS (INR)	220.3	254.0	286.7
EPS Gr. (%)	15.1	15.3	12.9
BV/Sh.(INR)	238.7	289.6	347.0

Ratios

RoE (%)	83.2	96.3	90.2
RoCE (%)	87.4	107.1	99.3

Valuations

P/E (x)	72.9	63.2	56.0
P/BV (x)	67.3	55.5	46.3
EV/EBITDA (x)	52.4	46.1	41.1
Div. Yield (%)	1.6	1.3	1.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	70.6	70.6	70.6
DII	15.3	15.2	15.4
FII	1.5	1.6	1.3
Others	12.6	12.7	12.6

FII Includes depository receipts

Underperformance continues

- P&G Hygiene and Healthcare (PGHH) delivered flat sales YoY at INR11.3b in 1QFY25 (est. INR12.4b) (FY ending June). Last three-year CAGR was 3% for the quarter and FY24 growth was 7.5%. Volume growth was muted in 1Q, after clocking healthy growth in 2HFY24 (12% growth). The company has witnessed growth in the feminine care category.
- Gross margin expanded 200bp YoY/370bp QoQ to 62.9% (est. 61.5%). Ad spends were up by 13% YoY (15.2% of sales). EBITDA grew 2% YoY to INR2.9b (est. INR3.0b). EBITDA margin expanded by 60bp YoY and 1150bp QoQ to 25.6%.
- With a portfolio of essentials and healthcare, the company remained focused on product innovation-led customer acquisition. Penetration play would continue but at a steady pace, despite the high scope of user additions. The stock trades at an expensive valuation of 63x/56x FY25E/ FY26E P/E. **We reiterate Neutral rating on the stock.**

Weak performance; margin improved

- **Muted sales growth:** PGHH reported flat sales YoY at INR11.3b (est. INR12.4b). Volume growth in the industry remained subdued, though the company saw growth in its feminine care segment.
- **Strong margin performance:** Gross margin expanded 200bp YoY and 370bp QoQ to 62.9% (est. 61.5%). Employee costs fell 5%, A&P rose +13% and other expenses remained flat YoY. As a percentage of sales, employee expenses declined 30bp YoY, Ad spending increased 180bp YoY to 15.2%, and other expenses remained flat YoY at 16.7%. EBITDA margin expanded 60bp YoY to 25.6% (est. 24.6%).
- **Miss on earnings performance:** EBITDA grew 2% YoY to INR2.9b (est. INR3.1b). PBT/PAT remained flat YoY at INR2.8b/INR2.1b.

Valuation and view

- We cut our EPS estimates by 2%/3% for FY25/FY26.
- Two factors make PGHH an attractive long-term core holding: 1) robust growth potential in the feminine hygiene segment (65-68% mix of FY24 sales), coupled with the potential for market share gains, aided by strategic initiatives, including the fortification of significant market advantages; and 2) potential for higher margin gains from the long-term trend of premiumization in the feminine hygiene segment.
- With a portfolio of essentials and healthcare, PGHH remained focused on product innovation-led customer acquisition. Penetration play would continue but at a stable pace, despite the high scope of user additions. The stock trades at expensive valuations of 63x/56x FY25E/ FY26E P/E. Further, we do not see any medium-term trigger. **Reiterate Neutral with a TP of INR16,500, based on 55xSep'26E EPS.**

Standalone - Quarterly Earnings

(INR m)

Y/E June	FY24				FY25E				FY24	FY25E	1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	11,384	11,334	10,022	9,318	11,352	12,581	11,224	10,386	42,057	45,543	12,419	-8.6%
YoY Change (%)	9.2	-0.3	13.5	9.7	-0.3	11.0	12.0	11.5	7.5	8.3	9.1	
Gross profit	6,932	6,825	6,644	5,514	7,139	7,926	7,161	5,919	25,915	28,146	7,638	-6.5%
Margin (%)	60.9	60.2	66.3	59.2	62.9	63.0	63.8	57.0	61.6	61.8	61.5	
EBITDA	2,849	3,097	2,573	1,313	2,905	3,573	2,928	1,752	9,833	11,158	3,057	-5.0%
Growth	33.1	6.6	72.4	-37.9	2.0	15.4	13.8	33.4	13.2	13.5	7.3	
Margins (%)	25.0	27.3	25.7	14.1	25.6	28.4	26.1	16.9	23.4	24.5	24.6	
Depreciation	143	143	145	134	117	135	135	160	565	547	164	
Interest	19	26	224	-1	19	29	40	27	268	115	21	
Other Income	158	156	136	73	85	150	140	167	523	542	162	
PBT	2,845	3,085	2,339	1,253	2,854	3,559	2,893	1,731	9,522	11,038	3,034	-5.9%
PBT after EO expense	2,845	3,085	2,029	1,123	2,854	3,559	2,893	1,731	9,082	11,038	3,034	-5.9%
Tax	738	796	796	345	735	854	694	498	2,674	2,782	749	
Rate (%)	25.9	25.8	39.2	30.7	25.7	24.0	24.0	28.8	29.4	25.2	24.7	
Adj PAT	2,107	2,289	1,854	908	2,119	2,705	2,199	1,233	7,159	8,256	2,285	-7.3%
YoY Change (%)	36.4	10.1	72.5	-38.5	0.6	18.2	18.6	35.8	15.3	15.3	8.4	
Margins (%)	18.5	20.2	18.5	9.7	18.7	21.5	19.6	11.9	17.0	18.1	18.4	

E: MOFSL Estimates

Key Performance Indicators

Y/E June	FY24				FY25
	1Q	2Q	3Q	4Q	
2Y average growth (%)					
Sales	3.8	1.9	6.3	10.9	4.4
EBITDA	2.1	2.3	31.4	88.6	17.6
PAT	3.6	4.1	33.8	104.3	18.5
% of Sales					
COGS	39.1	39.8	33.7	40.8	37.1
Employee Expenses	5.6	4.8	6.0	7.2	5.3
A&P Expenses	13.5	11.2	13.4	16.5	15.2
Other Expenses	16.8	16.9	21.2	21.4	16.7
Depreciation	1.3	1.3	1.5	1.4	1.0
YoY change (%)					
COGS	3.2	-7.2	-12.0	5.7	-5.4
Employee Expenses	24.3	-3.9	21.3	39.7	-5.0
A&P Expenses	-1.4	14.4	25.9	187.1	12.7
Other Expenses	0.3	-1.0	9.8	13.0	-0.6
Other Income	134.3	67.3	-5.9	-27.6	-46.1
EBIT	35.3	7.0	80.2	-39.8	3.0

E: MOFSL estimates



Container Corporation

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR835 TP: INR1,050 (+26%) Buy

Decent performance; maintains volume guidance for FY25 despite challenges in EXIM

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	509 / 6.1
52-Week Range (INR)	1194 / 672
1, 6, 12 Rel. Per (%)	-3/-26/-6
12M Avg Val (INR m)	2069

Financial Snapshot (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	94.7	115.0	145.8
EBITDA	21.9	27.1	32.3
Adj. PAT	13.9	18.1	21.7
EBITDA Margin (%)	23.2	23.5	22.2
Adj. EPS (INR)	22.8	29.7	35.7
EPS Gr. (%)	13.7	29.9	20.4
BV/Sh. (INR)	206.6	223.0	242.8

Ratios

Net D:E	(0.3)	(0.4)	(0.5)
RoE (%)	11.4	13.8	15.3
RoCE (%)	11.8	14.1	15.6
Payout (%)	45.6	44.6	44.6

Valuations

P/E (x)	36.6	28.2	23.4
P/BV (x)	4.0	3.7	3.4
EV/EBITDA(x)	20.7	16.3	13.1
Div. Yield (%)	1.2	1.6	1.9
FCF Yield (%)	2.4	3.4	4.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	54.8	54.8	54.8
DII	25.8	24.8	21.6
FII	13.7	16.2	20.7
Others	5.7	4.2	2.9

FII Includes depository receipts

- Container Corporation of India (CCRI)'s revenues grew 4% YoY to INR22.8b during 2QFY25 (in line with our estimate). Total volumes grew 6% YoY to 1.3m TEUs with EXIM/Domestic volumes at 1.0m/0.29m TEUs, respectively (+4%/+14% YoY).
- Blended realization declined ~2% YoY to INR17,516/TEU. EXIM/Domestic realization stood at INR15,232/INR25,231 per TEU, respectively (+2%/-12% YoY). EBITDA margins came in at 25.2% (vs. our estimate of 22.2%). EBITDA grew 7% YoY and was 10% above our estimate.
- In line with the operating performance, APAT grew 11% YoY to INR 4.0b (against our estimate of INR 3.4b). The land license fee for 1HFY25 stood at INR1.7b. LLF for FY25 is expected to be INR4.0b (vs. INR3.7b in FY24).
- In 1HFY25, Revenue stood at INR43.8b (+7% YoY), EBITDA at INR10.1b (+8% YoY), EBITDA margin at 23%, and APAT at INR6.5b (+8% YoY). In 2HFY25, revenue, EBITDA, and PAT are expected to grow 12%, 19%, and 18% YoY, respectively.
- With a pick-up in exports, EXIM volumes are expected to improve for the rest of FY25. Going forward, 1) the higher share of double-stacked trains in overall cargo volumes and 2) the focus of management on increasing the First Mile Last Mile (FMLM) service to ~50% and ~85% of cargo volumes by FY25 and FY26, respectively, would support volumes and earnings. We retain our estimates for FY25 and cut our EBITDA estimates for FY26E by 8% to factor in a softer outlook, especially on EXIM and delays in the commissioning of DFC. We reiterate BUY with a revised TP of INR1,050 (based on 20x EV/EBITDA on Sep'26).

Highlights from the management commentary

- Double stacking grew 12% YoY in 1HFY25, highlighting a significant improvement. There is considerable potential for double stacking in the country.
- In 1HFY25, CCRI commissioned two high-speed rakes and expects to commission 10 more in 2HFY25. CCRI's total rakes count stands at 380 and the company procured 5,130 new containers in 1HFY25.
- CCRI expects EXIM volume to grow 15% in FY25 and domestic volume by 25%, resulting in an overall volume growth of 18-20%. It expects a significant pick-up in EXIM volumes in 2HFY25.
- Domestic volume growth of 25% YoY in FY25 will be driven by: a) new initiatives to carry bulk cement that will yield full benefits in FY25, b) a long-term tie-up with shipping lines, and c) a focus on providing end-to-end solutions.

Valuation and view

- 2QFY25 experienced decent performance with margin expansions driven by lower LLF and cost control. Expanding the use of double-stacked trains with direct connections to ports will enable the company to capture a larger share of cargo volumes. Additionally, transporting bulk cement will help the company drive volume growth in FY25 and beyond.
- With DFC's commissioning and a continuous ramp-up in the number of double-stacked trains, we expect blended volumes to post a 14% CAGR during FY24-27. We expect EBITDA margin to be 22-25% over FY24-27. **Reiterate BUY with a revised TP of INR1,050 (based on 20x EV/EBITDA on Sep-26).**

Standalone quarterly snapshot

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	19,193	21,904	22,051	23,176	20,971	22,830	24,581	26,270	86,325	94,652	23,542	(3)
YoY Change (%)	-3.0	11.1	10.9	7.0	9.3	4.2	11.5	13.4	6.5	9.6	7.5	
EBITDA	3,916	5,373	5,117	4,890	4,319	5,750	5,662	6,203	19,296	21,933	5,234	10
Margins (%)	20.4	24.5	23.2	21.1	20.6	25.2	23.0	23.6	22.4	23.2	22.2	
YoY Change (%)	-17.1	7.7	20.0	10.0	10.3	7.0	10.6	26.9	4.8	13.7	-2.6	
Depreciation	1,378	1,486	1,543	1,603	1,649	1,617	1,620	1,509	6,009	6,395	1,570	
Interest	141	147	175	190	181	177	170	173	653	700	175	
Other Income	815	1,025	1,007	937	924	1,301	900	858	3,783	3,983	1,020	
PBT before EO expense	3,212	4,764	4,406	4,034	3,413	5,257	4,772	5,380	16,416	18,821	4,509	
Extra-Ord expense	0	0	0	71	0	333	0	0	-71	-333	0	
PBT	3,212	4,764	4,406	3,963	3,413	4,923	4,772	5,380	16,345	18,488	4,509	
Tax	771	1,187	1,062	1,017	859	1,213	1,288	1,469	4,037	4,829	1,136	
Rate (%)	24.0	24.9	24.1	25.7	25.2	24.6	27.0	27.3	24.7	26.1	25.2	
Reported PAT	2,441	3,577	3,344	2,945	2,554	3,711	3,483	3,911	12,308	13,659	3,372	10
Adj PAT	2,441	3,577	3,344	2,945	2,554	3,960	3,483	3,911	12,237	13,909	3,372	17
YoY Change (%)	-16.2	18.1	12.8	5.8	4.6	10.7	4.2	32.8	4.6	13.7	-5.7	
Margins (%)	12.7	16.3	15.2	12.7	12.2	17.3	14.2	14.9	14.2	14.7	14.3	



Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR321 TP: INR300 (-6%) Neutral

Generic/currency headwinds in biologics drag down earnings

USFDA compliance remains vital for biologics prospects

Bloomberg	BIOS IN
Equity Shares (m)	1201
M.Cap.(INRb)/(USD\$)	385 / 4.6
52-Week Range (INR)	396 / 218
1, 6, 12 Rel. Per (%)	-6/0/17
12M Avg Val (INR M)	1971

- Currency headwinds in the biologics segment, pricing challenges, and a planned shutdown in the generics segment affected the overall performance of BIOS in 2QFY25.
- Despite these challenges, BIOS delivered improved profitability QoQ thanks to a strong revival in its Syngene business. It also continued to gain decent market share by volume in its key biosimilars in the US and EU. New launches, including liraglutide in the UK market, should boost the outlook of its generic segment in 2HFY25.
- We cut our earnings estimates by 56%/48%/25% for FY25/FY26/FY27, factoring in a) the delay in regulatory clearance for its sites, which could impact business prospects of key biosimilars like bAspart, b-Bevacizumab; b) reduced operating leverage; c) pricing pressure on the base portfolio of its generics segment; and d) high interest outgo. Our TP of INR300 is based on SOTP (16x EV/EBITDA for biologics business, 54% share in Syngene at a 15% holding discount, and 10x EV/sales for generics segment).
- Though BIOS has strong capabilities and capacities in the development and manufacturing of biosimilars, timely successful compliance remains vital for growth potential in this segment. We await clarity on USFDA compliance at its Malaysia and Bengaluru sites. BIOS is also building a product pipeline in the peptide category in the generic segment. Likewise, the Liraglutide ANDA file is under review with USFDA. **Maintain Neutral.**

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	148.8	167.9	196.2
EBITDA	30.1	35.7	44.2
Adjusted PAT	2.6	5.8	11.7
EBIT Margin (%)	9.1	10.7	13.2
Cons. Adj EPS (INR)	2.1	4.8	9.8
EPS Gro. (%)	18.4	124.5	103.7
BV/Sh. (INR)	170.9	174.3	181.2

Ratios

Net D-E	0.8	0.7	0.7
RoE (%)	1.3	2.8	5.5
RoCE (%)	2.7	3.5	4.9
Payout (%)	29.3	29.3	29.3

Valuations

P/E (x)	149.8	66.7	32.8
EV/EBITDA (x)	16.7	13.9	11.4
Div. Yield (%)	0.7	0.4	0.8
FCF Yield (%)	4.3	6.2	8.9
EV/Sales (x)	3.4	3.0	2.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	60.6	60.6	60.6
DII	14.4	14.3	14.1
FII	6.2	6.2	8.4
Others	18.8	18.9	16.9

FII Includes depository receipts

Operating deleverage hurts profitability

- Total 2Q revenues grew 3.7% YoY to INR35.9b (est. INR36.3b). BBL (59% of sales) grew 11% YoY to INR2.2b. Syngene (24% of sales) declined 2% YoY to INR8.9b. Generics sales fell 8% YoY to INR6.2b (17% of sales).
- Gross margin (GM) declined by 20bp YoY to 64.4%.
- EBITDA margin was down 280bp YoY at 19.1% (est: 19.8%) due to higher employee costs (+550bp YoY as % of sales), offset by lower R&D/other expenses (-200bp/-130bp YoY).
- EBITDA margin for BBL was 21.5% (-150bs/-130bp QoQ). It was 28.5% for Syngene (+60bp YoY/+700bp QoQ basis). The generics business posted a negative EBITDA margin of 5.9% vs. positive margin of 5.1% YoY, but QoQ margin further declined by 240bp.
- EBITDA declined 7.4% YoY to INR6.8b (est: INR7b).
- After adjusting a one-off gain of INR260m for the reversal of provisions on inventory, adj. PAT declined 75% YoY to INR365m (est. INR256m).
- For 1HFY25, revenue grew 2% YoY to INR70b, EBITDA declined 10% YoY to INR13b, and adj. loss stood at INR1.2b (vs. profit of INR2.4b last year).

Highlights from the management commentary

- BIOS has indicated a better outlook for the rest of FY25, led by strong growth in Syngene in 2HFY25, market share gains in key biologics in the US, the launch of GLP-1 in the UK, and superior execution in other global markets.
- BIOS expects mid-teens growth over the next two years in the generics segment, led by the peptide opportunity, the launch of OSDs with near-term patent expiry, and cost optimization of its base portfolio.

Quarterly performance (Consolidated)

(INRb)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	vs Est
Net Sales	34.2	34.6	36.0	39.2	34.3	35.9	37.2	41.4	144.1	148.8	36.3	-1.2%
YoY Change (%)	57.9	49.2	22.5	7.4	0.3	3.7	3.1	5.6	30.0	3.3	5.0	
Total Expenditure	27.1	27.2	30.3	30.0	28.1	29.0	29.9	31.6	114.6	118.7	29.1	
EBITDA	7.1	7.4	5.8	9.2	6.2	6.9	7.2	9.8	29.5	30.1	7.2	-4.6%
YoY Change (%)	53.5	57.4	-16.3	5.1	-12.9	-7.4	25.7	6.8	18.1	2.2	-2.9	
Margins (%)	20.8	21.4	16.0	23.4	18.1	19.1	19.5	23.7	20.5	20.2	19.8	
Depreciation	3.6	3.9	4.2	4.1	4.1	4.2	4.2	4.1	15.7	16.6	4.2	
EBIT	3.6	3.5	1.6	5.1	2.2	2.7	3.1	5.7	13.8	13.6	3.0	
Interest	2.3	2.5	2.7	2.3	2.4	2.3	2.1	2.0	9.8	8.7	2.2	
Other Income	0.9	1.6	1.1	0.5	0.8	0.3	0.6	0.5	4.1	2.1	0.6	
Extraordinary Income	0.0	-0.2	8.3	-0.1	10.9	0.3	0.0	0.0	7.9	11.2	0.0	
Share of Profit/Loss from Associates	-0.3	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	
PBT	1.8	2.1	8.1	3.2	11.5	1.0	1.5	4.1	15.2	18.1	1.4	-31.2%
Tax	0.4	0.4	0.6	1.0	2.8	0.7	0.3	0.7	2.3	4.5	0.3	
Rate (%)	19.1	19.6	6.8	30.1	24.8	71.4	20.0	16.2	15.0	25.0	20.0	
Minority Interest	0.5	0.5	0.9	0.9	2.0	0.4	0.5	0.3	2.8	3.3	0.9	
PAT	1.0	1.3	6.6	1.4	6.6	-0.1	0.7	3.1	10.2	10.2	0.3	NA
Adj PAT	1.0	1.4	-1.7	1.4	-1.6	0.4	0.7	3.1	2.2	2.6	0.3	42.7%
YoY Change (%)	-51.1	-16.2	-176.5	-5.0	NA	-74.7	-141.9	117.1	-71.1	18.4	-82.3	
Margins (%)	2.9	3.6	18.3	3.5	19.2	-0.4	1.9	7.5	7.1	6.9	0.7	

Key performance Indicators (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Cost Break-up											
RM Cost (% of Sales)	38.7	35.4	36.6	36.2	37.2	35.6	35.9	35.4	36.7	36.0	37.4
Staff Cost (% of Sales)	15.2	15.3	15.4	13.6	20.4	20.8	20.2	18.3	14.8	19.9	19.9
R&D Expenses(% of Sales)	9.2	7.6	9.1	6.3	6.6	5.6	6.3	5.9	8.0	6.1	6.3
Other Cost (% of Sales)	16.1	20.2	22.8	20.6	17.7	18.9	18.1	16.7	20.0	17.8	16.6
Gross Margins(%)	61.3	64.6	63.4	63.8	62.8	64.4	64.1	64.6	63.3	64.0	62.6
EBITDA Margins(%)	20.8	21.4	16.0	23.4	18.1	19.1	19.5	23.7	20.5	20.2	19.8
EBIT Margins(%)	10.4	10.2	4.5	13.0	6.3	7.4	8.3	13.7	9.6	9.1	8.4

E: MOFSL Estimates



Kaynes Technologies

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR5,270 TP: INR6,600 (+25%) Buy

Continues to deliver robust performance

Earnings below estimates

- Kaynes Technologies India Ltd (KAYNES) delivered an all-round performance in 2Q with: revenue surging 59% YoY in 2QFY25, led by strong traction in the Industrials vertical (up 2.2x YoY; includes EV); order book growing 57% YoY to ~INR54.2b; and EBITDA margins expanding 90bp YoY during the quarter due to the favorable business mix.
- Its revenue has been growing at an average rate of ~58% over the last eight quarters and we believe this momentum to further strengthen due to the execution of a strong order book at hand. Margins are also expected to expand as a result of a favorable business mix toward high-margin sectors (industrials - smart meter, aerospace, and railways).
- We largely maintain our EPS estimates for FY25/FY26. We reiterate our BUY rating on the stock with a TP of INR6,600 (55x Sep'26E EPS).

Strong order book reaffirms robust growth visibility

- Consolidated revenue grew 59% YoY to INR5.7b (est. INR6b) in 2QFY25, while EBITDA grew 68% YoY to INR821m (est. INR890m).
- EBITDA margins expanded 90bp YoY to 14.4% (est. 14.8%), led by the corresponding increase in gross margins (up 90bp YoY) as a result of a favorable business mix.
- Adjusted PAT grew 86% YoY to INR602m (est. of INR667m).
- The order book increased to INR54.2b as of Sep'24 vs. INR50.4b/INR34.6b in Jun'24/Sep'23. Order inflows in 2Q grew ~16% YoY to INR9.6b. The company expects order inflows to accelerate in 2HFY25.
- In 1HFY25, KAYNES's revenue/EBITDA/Adj. PAT grew 64%/67%/95% YoY to INR10.7b/INR1.5b/INR1.1b; implied revenue/EBITDA/Adj. PAT growth in 2HFY25 is expected to be 71%/86%/84%, led by strong revenue growth coupled with margin expansion.
- Cash outflow from operating activities stood at ~INR2.3b in 1HFY25 vs. INR235m in 1HFY24. Net working capital days improved to 108 in 1HFY25 vs. 119 days in 1HFY24. Net debt stood at ~INR6b as of 1HFY25 vs. INR1.2b as of 1HFY24.

Highlights from the management commentary

- **Guidance:** The company maintains its guidance of surpassing INR30b revenue in FY25 with EBITDA margins of ~15%. It is expected to clock ~USD1b revenue by FY28 and triple its revenue by FY29 (on FY25 base). An increase in the mix of high-margin sectors, coupled with operating leverage, will drive margin expansion in 2HFY25.
- **Exports:** The company expects exports to pick up from 4QFY25/FY26. It expects exports to account for ~20% of the revenues in FY26 (vs 9.3% in FY24) and ~1/3rd of the revenues over the next 2-3 years.
- **Smart Meter:** The acquisition of Iskraemeco has opened up a significant opportunity worth ~40 to 50m smart meters to be executed over the next few years (revenue potential of ~INR65b). KAYNES expects to grab ~15-20% market share within the smart meter segment.

Bloomberg	KAYNES IN
Equity Shares (m)	64
M.Cap.(INRb)/(USD\$b)	337.3 / 4
52-Week Range (INR)	5910 / 2158
1, 6, 12 Rel. Per (%)	3/90/95
12M Avg Val (INR M)	1175

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	30.4	47.1	69.7
EBITDA	4.6	7.5	11.2
Adj. PAT	3.4	6.1	9.3
EBITDA Margin (%)	15.0	16.0	16.1
Cons. Adj. EPS (INR)	53.8	95.1	145.7
EPS Gr. (%)	87.4	76.9	53.3
BV/Sh. (INR)	442.8	537.9	683.7

Ratios

Net D:E	-0.4	-0.4	-0.3
RoE (%)	12.9	19.4	23.9
RoCE (%)	13.9	19.1	23.4

Valuations

P/E (x)	98	56	36
EV/EBITDA (x)	71	43	29

Shareholding pattern (%)

As on	Sep-24	Jun-24	Sep-23
Promoter	57.8	57.8	63.6
DII	16.1	17.9	15.9
FII	14.9	14.3	9.6
Others	11.3	10.0	10.9

Note: FII includes depository receipts

Valuation and view

- With a strong order book in hand and healthy order inflows, KAYNES is likely to accelerate the revenue growth momentum going forward. Further, the increased traction in some of the high-margin verticals will lead to margin expansion for the company.
- We estimate a CAGR of 57%/64%/72% in revenue/EBITDA/Adj. PAT over FY24-FY27. We reiterate our BUY rating on the stock with a TP of INR6,600 (55x Sep'26E EPS).

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 2QE	Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	2,972	3,608	5,093	6,373	5,040	5,721	8,658	10,962	18,046	30,381	6,026	-5
YoY Change (%)	49.1	32.1	76.2	74.8	69.6	58.5	70.0	72.0	60.3	68.3	67.0	
Total Expenditure	2,569	3,121	4,394	5,421	4,371	4,900	7,339	9,203	15,505	25,812	5,136	
EBITDA	403	488	699	952	669	821	1,319	1,759	2,542	4,568	890	-8
Margins (%)	13.5	13.5	13.7	14.9	13.3	14.4	15.2	16.0	14.1	15.0	14.8	
Depreciation	53	65	60	74	84	86	95	110	251	375	97	
Interest	113	118	148	153	227	221	200	180	533	829	215	
Other Income	81	90	94	294	283	336	200	180	559	999	260	
PBT before EO expense	319	394	585	1,019	641	849	1,224	1,649	2,317	4,363	838	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	319	394	585	1,019	641	849	1,224	1,649	2,317	4,363	838	
Tax	72	71	133	207	133	247	233	313	483	927	172	
Rate (%)	22.6	18.0	22.7	20.3	20.8	29.1	19.0	19.0	20.8	21.2	20.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	246	323	452	813	508	602	991	1,336	1,834	3,437	667	
Adj PAT	246	323	452	813	508	602	991	1,336	1,834	3,437	667	-10
YoY Change (%)	149.0	52.8	97.7	97.3	106.0	86.4	119.4	64.4	92.9	87.4	106.3	
Margins (%)	8.3	9.0	8.9	12.8	10.1	10.5	11.5	12.2	10.2	11.3	11.1	



Star Health

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR516 TP: INR630 (+22%) Buy

Elevated loss ratio hits profitability, PAT miss of 29%

Bloomberg	STARHEAL IN
Equity Shares (m)	588
M.Cap.(INRb)/(USD\$)	303.1 / 3.6
52-Week Range (INR)	648 / 455
1, 6, 12 Rel. Per (%)	-9/-17/-39
12M Avg Val (INR M)	557

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
NEP	149.7	175.3	205.9
U/W Profit	-0.6	1.6	3.9
PBT	13.3	16.7	21.4
PAT	10.0	12.5	16.0

Ratios (%)

Claims	67.9	67.0	66.5
Commission	13.8	13.8	13.8
Expense	16.6	16.2	15.7
Combined	98.3	97.0	96.0
RoE	14.0	15.1	16.6
EPS (INR)	17.0	21.3	27.4
EPS Growth (%)	17.8	25.4	28.5

Valuations

P/E (x)	30.6	24.4	19.0
P/BV (x)	4.0	3.4	2.9

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	57.7	57.9	58.0
DII	17.1	20.4	23.0
FII	17.7	16.3	13.7
Others	7.6	5.4	5.2

FII Includes depository receipts

- Star Health (STARHEAL)'s net earned premium grew 16% YoY to INR37b (in line). For 1HFY25, net earned premium rose 16% YoY.
- Total investment income stood at INR3.6b (15% above est.), up 39% YoY. For 1HFY25, it came in at INR6.5b, a growth of 29% YoY.
- Claim ratio stood at 72.8% (vs. our est. of 70.5%). It increased 410bp YoY mainly due to the rising share of the group segment (leading to a higher loss ratio), heightened medical inflation, and elevated claims.
- The increase in loss ratio led to a 380bp YoY surge in the combined ratio to 103% (est. 100%) in 2QFY25. The company is confident of achieving a 95-96% combined ratio in the long term, but heightened medical inflation remains a challenge in the short term.
- The underwriting loss for the quarter came in at INR1.9b vs. INR784m YoY.
- A higher-than-expected loss ratio led to a 29% miss in PAT in 2QFY25 to INR1.1b (down 11% YoY). For 1HFY25, PAT grew 4% YoY to INR4.3b. Management guides for PAT to increase to INR25b by FY28.
- Considering the weak performance in 2QFY25 and structural headwinds in the form of elevated medical inflation, we cut our earnings estimates by 7.4%/12.2%/14.7% for FY25/FY26/FY27. **We reiterate our BUY rating on the stock with a TP of INR630 (based on 26x Sep'26E EPS).**

Claims ratio at 73%, the highest since Covid-19, hits profitability

- Gross written premium at INR43.7b grew 17% YoY (in line) in 2QFY25, led by 15% YoY growth in retail health premium and 42% YoY growth in group health premium. Management guides GWP to reach INR300b by FY28.
- New business contributed ~25% of the overall premiums, +31% YoY in 1HFY25. Growth was driven by value as well as volume. 12% of the new business was contributed by portability. New customers to Star Health as well as industry will be drivers for growth in new business.
- The commission ratio at 13.8% (est. 13.2%) was largely flat YoY, while net commission grew 13% YoY to INR5.5b (5% above our est.).
- Expense ratio at 16.4% (est. 16.2%) declined 40bp YoY on account of a 60bp decline in other expenses, while employee expenses increased 30bp as a % of NWP. Operating expenses were in line with our estimates.
- To maintain the loss ratio, STARHEAL has carried out repricing of products, contributing 10-12% of the premiums. The company is planning a repricing of ~50-60% of the product portfolio, following the differential pricing method based on cohorts.
- The solvency ratio for 2QFY25 was 2.2x vs. 2.1x in 2QFY24.
- For 2HFY25, we expect NEP/PAT to grow 16%/31% YoY to INR77.5b/INR5.7b. The Loss ratio and combined ratio for 2HFY25 are likely to be 66% and 96% (flat YoY), respectively.

Key takeaways from the management commentary

- Claims ratio increased owing to: 1) a seasonal impact in 2Q because of the extended monsoon, 2) 10% increase in severity, 3) 6% increase in frequency led by a jump in medical claims, 4) higher reinsurance business taken last year, and 5) a rising share in the group business.
- Price corrections, investments in wellness initiatives, and hospital network management will help in keeping the loss ratio under control.
- Management is confident about achieving the guided 50bp improvement in opex ratio; however, improvement in claims ratio will be uncertain due to elevated claims and medical inflation.
- Management maintains the overall growth guidance at 18% for FY25 and anticipates to reach a GWP of INR300b and PAT of INR25b by FY28.

Valuation and view

Claims ratio witnessed an increase of 410bp YoY owing to the prolonged monsoon impact, increased severity, higher claims, and rising share of the group business. While scale benefits will help reduce the expense ratio, the loss ratio will be driven by pricing actions and product mix apart from external factors such as medical inflation. We cut our earnings by 7.4%/12.2%/14.7% for FY25/FY26/FY27. **We reiterate our BUY rating with a TP of INR630 (based on 26x Sep'26E EPS).**

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	2Q FY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Gross premium	29.5	37.3	36.1	49.7	34.8	43.7	42.5	54.5	152.5	175.6	43.3	1.0	17%	26%
Net written premium	28.0	35.4	31.5	45.7	31.7	39.8	38.8	49.8	140.7	160.1	39.5	0.7	12%	25%
Net earned premium	30.4	32.1	32.9	34.0	35.2	37.0	40.7	36.7	129.4	149.7	36.3	2.0	16%	5%
Investment Income	1.5	1.5	1.6	1.8	1.7	2.1	1.9	2.7	6.4	8.4	1.8	16.9	39%	23%
Total Income	31.9	33.6	34.6	35.8	36.9	39.1	42.6	39.4	135.8	158.1	38.1	2.7	17%	6%
Change YoY (%)	13.6	15.0	15.9	17.1	15.7	16.6	23.4	10.1	15.4	16.4	13.6			
Incurring claims	19.9	22.0	22.3	21.8	23.8	27.0	27.5	23.4	86.0	101.6	25.6	5.3	22%	13%
Net commission	3.7	4.9	3.5	6.5	4.3	5.5	5.4	7.0	18.5	22.1	5.2	5.3	13%	28%
Employee expense	3.6	4.0	3.9	4.7	3.7	4.5	4.3	5.2	16.1	17.7	4.2	7.0	14%	21%
Other expenses	1.8	2.0	2.1	1.8	2.0	2.0	2.3	2.6	7.8	8.8	2.2	-7.1	0%	2%
Total Operating Expenses	29.0	32.8	31.8	34.9	33.8	39.0	39.4	38.1	128.5	150.3	37.2	4.8	19%	15%
Change YoY (%)	14.5	17.0	16.0	17.1	16.6	18.7	23.8	9.3	16.2	17.0	13.3			
Underwriting profit	1.5	-0.8	1.1	-0.9	1.4	-1.9	1.4	-1.4	0.9	-0.6	-0.9		149%	
Operating profit	2.9	0.7	2.8	0.9	3.1	0.2	3.3	1.3	7.3	7.8	0.9	-82.8	-78%	-95%
Shareholder's P/L	-	-	-	-	-	-	-	-	-	-	-			
Transfer from Policyholder's	2.9	0.7	2.8	0.9	3.1	0.2	3.3	1.3	7.3	7.8	0.9	-82.8	-78%	-95%
Investment income	1.0	1.1	1.2	1.1	1.3	1.5	1.4	1.9	4.5	6.0	1.3	12.6	37%	17%
Total Income	4.0	1.8	4.0	2.0	4.4	1.6	4.6	3.1	11.8	13.8	2.2		-10%	-63%
Provisions other than taxation	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0	-			
Other expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.1	10.3	11%	21%
Total Expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.1	10.4	9%	21%
PBT	3.8	1.7	3.9	1.9	4.3	1.5	4.5	3.0	11.3	13.3	2.1	-28.7	-11%	-65%
Change YoY (%)	33.5	38.5	37.6	39.5	10.9	-11.0	16.4	.	36.6	17.8	24.9			
Tax Provisions	1.0	0.4	1.0	0.5	1.1	0.4	1.1	0.7	2.8	3.3	0.5	-28.1	-10%	-65%
Net Profit	2.9	1.3	2.9	1.4	3.2	1.1	3.4	2.3	8.5	10.0	1.6	-28.9	-11%	-65%
Change YoY (%)	35.0	34.6	37.6	39.8	10.8	-11.2	16.8	60.8						
Key Parameters (%)														
Claims ratio	65.4	68.7	67.7	64.1	67.6	72.8	67.5	63.7	66.5	67.9	70.5	229bp	409bp	521bp
Commission ratio	13.1	13.7	11.1	14.3	13.5	13.8	13.8	14.0	13.2	13.8	13.2	61bp	11bp	28bp
Expense ratio	19.3	16.8	19.0	14.4	18.1	16.4	16.8	15.6	17.0	16.6	16.2	25bp	-37bp	-160bp
Combined ratio	97.8	99.2	97.8	92.8	99.2	103.0	98.1	93.3	96.7	98.3	99.9	314bp	383bp	389bp



IRB Infrastructure

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR54 TP: INR60 (+11%) Neutral

Marginal miss in EBITDA; higher other income drives beat in APAT

Bloomberg	IRB IN
Equity Shares (m)	6039
M.Cap.(INRb)/(USDb)	326.3 / 3.9
52-Week Range (INR)	78 / 33
1, 6, 12 Rel. Per (%)	-6/-28/31
12M Avg Val (INR M)	2765

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	79.0	94.6	103.0
EBITDA	37.3	42.6	49.0
PAT	9.2	12.6	14.7
EBITDA (%)	47.2	45.0	47.5
EPS (INR)	1.5	2.1	2.4
EPS Gr. (%)	51.6	36.9	17.2
BV/Sh. (INR)	23.9	25.6	27.7

Ratios

Net D/E	1.1	1.0	0.8
RoE (%)	6.5	8.4	9.1
RoCE (%)	7.7	8.4	8.9
Payout (%)	23.7	17.3	14.8

Valuations

P/E (x)	35.5	25.9	22.1
P/BV (x)	2.3	2.1	1.9
EV/EBITDA (x)	13.1	11.4	9.6
Div Yield (%)	0.6	0.6	0.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	30.4	30.4	34.4
DII	8.1	44.5	7.4
FII	46.0	7.7	47.3
Others	15.5	17.5	10.9

FII Includes depository receipts

- IRB Infrastructure's (IRB) revenue declined 9% YoY to INR15.9b in 2QFY25 (9% below our estimate). EBITDA margin came in at 48.3% (est. 46.3%), up 280bp YoY and 200bp QoQ. EBITDA declined 4% YoY to INR7.7b (5% miss). APAT rose 4% YoY to INR999m, 16% above our estimate of INR 860m, led by higher other income.
- Construction revenues stood at INR10b (-15% YoY), while BOT revenue came in at INR5.8b (+2.4% YoY). The order book stood at ~INR326b (excl. GST) as of 2Q end. The O&M order book stood at INR286b, while the construction order book stood at INR40b.
- Lower execution in construction business impacted revenue, while better cost management led to better operating margin during the quarter. Given its strong order pipeline of INR2t and track record of winning 25-30% of its targeted bids, we expect IRB's order inflows to pick up going ahead. With a strong order book and a robust tender pipeline, driven by BOT projects, we expect a revenue CAGR of ~12% over FY24-27. We broadly retain our APAT estimates for FY26/FY27, though we trim our APAT estimate for FY25 by ~5% due to lower execution in construction division in 1HFY25. Reiterate Neutral with a SoTP-based TP of INR60.

Robust order pipeline along with a strong balance sheet

- Awarding by NHAI was subdued in 1HFY25 as only ~227km of projects were awarded. However, IRB's order book was healthy. The tender pipeline remains robust at INR2t, of which IRB aims to win at least INR200-250b worth of orders in FY25. IRB's priority would be BOT toll projects, followed by TOT projects, and then HAM projects.
- As of Sep'24, IRB's net debt-to-equity ratio was 0.86x, with minimal equity commitments in FY25. This financial strength provides IRB with the flexibility to bid for the strong order pipeline of INR2t.

Key takeaways from the management commentary

- Due to severe monsoons, construction revenue and toll collections were impacted in 2Q. However, Oct'24 has seen a good pickup in execution and 2HFY25 could see a much better performance.
- The construction vertical is likely to clock a ~15% CAGR over the next two to three years, with a stable EBITDA margin.
- The management expects INR200-250b worth of order inflows in FY25, given a healthy pipeline of orders in the BoT and ToT segments.
- Losses in JVs/associates would be in the range of INR1.5-1.6b in FY25.

Valuation and view

- Fueled by a robust order book and a strong tender pipeline, primarily due to BOT projects, we expect IRB's execution to pick up, leading to a ~12% CAGR in revenue and stable margins. We broadly retain our APAT estimates for FY26/FY27, though we trim our APAT estimate for FY25 by ~5% due to lower execution in construction division in 1HFY25. Reiterate Neutral with a revised SoTP-based TP of INR60.

Quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	16,342	17,450	19,685	20,612	18,529	15,858	20,498	24,144	74,090	79,030	17,394	(9)
YoY Change (%)	(15.1)	29.9	30.0	27.2	13.4	(9.1)	4.1	17.1	15.7	6.7	(0.3)	
EBITDA	7,778	7,946	8,695	8,899	8,570	7,667	9,522	11,536	33,318	37,296	8,049	(5)
Margins (%)	47.6	45.5	44.2	43.2	46.3	48.3	46.5	47.8	45.0	47.2	46.3	
Depreciation	2,367	2,327	2,513	2,742	2,550	2,312	2,555	2,589	9,949	10,006	2,450	
Interest	3,815	4,346	4,327	6,145	4,387	4,342	4,000	4,051	18,633	16,780	4,450	
Other Income	1,112	1,295	1,088	4,433	1,187	1,658	800	803	7,928	4,448	1,100	
PBT	2,709	2,569	2,942	4,443	2,820	2,671	3,767	5,700	12,663	14,958	2,249	
Tax	836	858	561	1,201	887	835	1,017	1,303	3,456	4,042	589	
Rate (%)	30.9	33.4	19.1	27.0	31.4	31.3	27.0	22.9	27.3	27.0	26.2	
Share of profit in Associates	(535)	(753)	(507)	(1,353)	(534)	(837)	(200)	(161)	(3,148)	(1,732)	(800)	
Reported PAT	1,338	958	1,874	1,889	1,400	999	2,550	4,236	6,058	9,184	860	
Adj PAT	1,338	958	1,874	1,889	1,400	999	2,550	4,236	6,058	9,184	860	16
YoY Change (%)	(63.2)	12.2	32.6	45.0	4.6	4.3	36.0	124.3	(15.9)	51.6	(10.2)	
Margins (%)	8.2	5.5	9.5	9.2	7.6	6.3	12.4	17.5	8.2	11.6	4.9	



Vedant Fashions

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1,345 TP: INR1,500 (+12%) Neutral

Outperformance driven by strong SSSG

Bloomberg	MANYAVAR IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	326.7 / 3.9
52-Week Range (INR)	1488 / 886
1, 6, 12 Rel. Per (%)	5/33/-23
12M Avg Val (INR M)	315

- Vedant Fashions (VFL) delivered good quarter with revenue/PAT rising 23%/37% YoY (10%/21% beat) driven by strong SSS growth of 17% YoY, lower base (-12% YoY in 2QFY24), and a favorable shift in festive dates.
- Our estimates are broadly unchanged. We build in FY24-27E CAGR of 15%/17%/19% in revenue/EBITDA/PAT, mainly driven by footprint expansion and single-digit SSSG.
- Demand revival in 2HFY25 on account of the festive season and higher wedding dates remains a key trigger for re-rating. **Reiterate Neutral with a TP of INR1,500, valuing the stock at 55x Dec'26E P/E.**

Financials & Valuations Consol (INR b)

Y/E March	FY24	FY25E	FY25E
Sales	13.7	14.7	17.3
EBITDA	6.6	7.3	8.7
Adj. PAT	4.1	4.5	5.5
EBITDA Margin (%)	48.1	49.3	50.2
Adj. EPS (INR)	17.1	18.4	22.8
EPS Gr. (%)	(3.5)	7.7	24.0
BV/Sh. (INR)	64.0	72.9	83.9

Ratios

Net D:E	(0.4)	(0.5)	(0.5)
RoE (%)	27.6	26.0	26.3
RoCE (%)	23.9	22.4	24.4
Payout (%)	49.8	50.0	50.0

Valuations

P/E (x)	78.8	73.2	59.0
EV/EBITDA (x)	50.3	45.3	37.5
EV/Sales (X)	24.2	22.3	18.8
Div. Yield (%)	0.6	0.7	0.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	11.6	11.9	14.9
FII	9.5	9.0	6.7
Others	3.9	4.1	3.5

FII Includes depository receipts

Revenue/PAT decline 23%/37% YoY (10%/21% miss)

- Customer sales grew ~24% YoY to INR3.3b, driven by healthy ~17% SSSG.
- Consolidated **revenue grew 23% YoY to INR2.7b (10% beat)**, driven by: 1) a lower base (revenue -12% YoY in 2QFY24), 2) 17% SSS growth in customer sales and 7% YoY area addition, and 3) a shift in festival dates.
- VFL closed 12 stores sequentially. The closures led to a reduction in Manyavar's presence in 7 Indian and 1 international cities. The total store count stood at 650, with ~1.7m sq.ft store area.
- Gross profit increased 26% YoY to INR2b (12% beat) as margin expanded 180bp YoY to 75.4%.
- Employee costs were largely flat YoY, while other expenses grew 23% YoY (7% ahead). The growth in other expenses could be due to the launch of the new brand "Diwas by Manyavar".
- EBITDA increased 31% YoY to INR1.2b (17% beat), driven by revenue growth and GM expansion.
- EBITDA margin expanded 300bp YoY to 45.5% (280bp beat).
- Depreciation/finance costs grew 15%/28% YoY and other income increased 27% YoY during the quarter.
- Consequently, PAT grew 37% YoY to INR669m (21% beat).
- For 1HFY25, VFL's revenue/EBITDA/PAT declined 4%/3%/8% YoY. The implied revenue/EBITDA/PAT growth for 2H is 15%/18%/16% on our estimates.
- FCF outflow of INR56m in 1HFY25 (vs. +INR310m in 1HFY24). The cash outflow was due to: 1) a decline in EBITDA and b) the amount blocked in WC (inventory stocking ahead of the festive season).
- WC days increased YoY to 243 (vs. 215 days YoY).

Highlights from the management commentary

- **Demand trends:** In Q2, the business returned to normalcy. Q3 saw a decent start with Diwali being couple of weeks earlier (vs. last year). Management remains upbeat on 2H growth on account of higher and spread-out wedding dates starting Nov'24.

- **Store expansion:** The management indicated that store expansions are likely to be higher in 2H, with some spillover anticipated into FY26. Some store openings in Q2 were postponed to the first week of Q3 (because of the Shradh period). The company usually closes 2-2.5% of its retail area every year. However, this year, the closure is expected to be higher at ~4-5%(a major clean up like this happens once in 4-5 years).
- **Diwas:** VFL has launched a festive and celebration wear brand called Diwas. It is a digital-first brand available on online marketplaces, VFL's D2C website, and the distributor network. The price point for Diwas is at INR1-2k (vs INR2-6k for Manyavar) and management does not expect any cannibalization on Manyavar sales, given the difference in channels and target consumption (festive vs. wedding).

Valuation and view

- Manyavar has successfully achieved scale within the growing men's celebration and occasion wear market, which is difficult to replicate.
- VFL has a long runway for growth with footprint expansion in Manyavar. Further, the ramp-up of Mohey (women's celebration wear) and Twamev (premium celebration wear), coupled with the company's foray into newer categories (Diwas by Manyavar, fragrances, etc.), provides additional growth triggers. However, sustained demand revival remains the key near-term trigger for a re-rating.
- Our estimates are broadly unchanged. We build in FY24-27E CAGR of 15%/17%/19% in revenue/EBITDA/PAT, mainly driven by footprint expansion and single-digit SSSG.
- Demand revival in 2HFY25 on account of the festive season and higher wedding dates remains a key trigger for any re-rating. **Reiterate Neutral with a TP of INR1,500, valuing the stock at 55x Dec'26E P/E** (vs. 65x average LT 1-year forward P/E).

Quarterly Earnings Snapshot

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	3,116	2,183	4,745	3,632	2,398	2,679	5,414	4,216	13,675	14,708	2,442	9.7
YoY Change (%)	-4.1	-11.6	7.5	6.3	-23.0	22.7	14.1	16.1	0.9	7.6	11.9	
Total Expenditure	1,635	1,255	2,324	1,881	1,271	1,460	2,572	2,154	7,094	7,457	1,399	4.3
EBITDA	1,482	928	2,420	1,751	1,127	1,220	2,843	2,062	6,581	7,251	1,043	17.0
EBITDA margins (%)	47.5	42.5	51.0	48.2	47.0	45.5	52.5	48.9	48.1	49.3	42.7	
Change YoY (%)	-9.1	-19.6	7.8	4.3	-23.9	31.4	17.4	17.7	96.0	84.2	12.3	
Depreciation	299	325	344	381	372	373	384	489	1,349	1,618	390	-4.5
Interest	94	107	112	132	139	137	139	141	445	557	141	-2.5
Other Income	150	151	155	241	215	192	221	257	697	885	226	-15.0
PBT before EO expense	1,238	648	2,119	1,479	831	902	2,540	1,688	5,484	5,961	738	22.3
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
Tax	319	161	542	321	206	233	639	424	1,342	1,502	186	25.4
Rate (%)	25.7	24.8	25.6	21.7	24.8	25.8	25.2	25.1	24.5	25.2	25.2	2.6
Reported PAT	919	487	1,577	1,158	625	669	1,901	1,264	4,142	4,459	552	21.2
Adj PAT	919	487	1,577	1,158	625	669	1,901	1,264	4,142	4,459	552	21.2
YoY Change (%)	-9	-29	5	6	-32	37	21	9	-3	8	13	

E: MOFSL Estimates



Godrej Agrovet

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	136.8 / 1.6
52-Week Range (INR)	878 / 460
1, 6, 12 Rel. Per (%)	-1/23/25
12M Avg Val (INR M)	240

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	98.0	111.8	122.7
EBITDA	9.4	10.9	12.6
Adj. PAT	5.0	6.6	7.9
EBITDA Margin (%)	9.6	9.8	10.2
Cons. Adj. EPS (INR)	26.2	34.4	41.0
EPS Gr. (%)	39.7	31.6	19.1
BV/Sh. (INR)	147	171	212

Ratios

Net D:E	0.3	0.2	0.0
RoE (%)	18.8	21.7	21.4
RoCE (%)	13.9	16.1	16.8
Payout (%)	40.1	30.5	-

Valuations

P/E (x)	27.3	20.8	17.4
EV/EBITDA (x)	16.1	13.5	11.3
Div. Yield (%)	1.5	1.5	-
FCF Yield (%)	4.0	3.4	4.3

Shareholding pattern (%)

	Sep-24	Jun-24	Sep-23
Promoter	74.0	74.0	74.1
DII	5.9	12.1	13.0
FII	7.5	1.7	1.8
Others	12.6	12.1	11.2

Note: FII includes depository receipts

CMP: INR715 **TP: INR910 (+27%)** **Buy**

Broad-based improvement in margin profiles

Operating performance in line with estimates

- Godrej Agrovet (GOAGRO) reported healthy operating performance (EBIT grew 11% YoY) in 2QFY25 despite a decline in revenue (down 5% YoY). This can be attributed to the improved profitability in the Animal Feed (AF)/palm oil/dairy business (EBIT up ~24%/7%/2.9x YoY), which was partly offset by a decline in the operating profitability in the Crop Protection (CP)/Poultry (Tyson) business (EBIT down 15%/97% YoY).
- Despite subdued revenue growth in 2Q (down 5% YoY), GOAGRO has been able to improve its overall profitability backed by strategic initiatives incorporated across businesses. We expect continued improvement in profitability in 2H and FY26.
- We largely maintain our FY25/26 EBITDA estimate and reiterate our BUY rating on the stock with an SOTP-based TP of INR910.

Volumes in AF, palm oil, and Tyson remain under pressure in 1H

- Consolidated revenue declined 5% YoY to INR24.5b (est. INR24.8b). EBITDA margins expanded 130bp YoY to 9.1% (est. 9.2%), led by expansion in gross margins by 190bp YoY to 25.6%. EBITDA stood at INR2.2b, up 11% YoY (est. in line).
- Adjusted PAT declined 9% YoY to INR958m (est. INR1.3b). The decline of adjusted PAT in 2Q is attributed to the withdrawal of indexation benefit on LTCG. The company has reversed the deferred tax assets created on certain capital assets (carried at indexed cost), having a one-time non-cash impact of INR196m on adjusted PAT. Without this, adjusted PAT grew 10% YoY to INR1.2b in 2QFY25.
- AF:** Revenue declined ~3% YoY to INR12b, led by a volume decline of 3% YOY to 362kmt on account of lower volumes in cattle feed as a result of lower milk prices. EBIT/kg grew 27% YoY to INR1.95, led by favorable commodity positions and optimization measures.
- Palm Oil:** Revenue declined 1% YoY to INR4.4b, led by the delay in the arrival of fresh fruit bunch (volume down 13% YoY) majorly offset by higher realizations in Crude Palm Oil (CPO) and Palm Kernel Oil (PKO). EBIT margin expanded 135bp YoY to 16.7%, leading to EBIT growth of 7% YoY to INR736m, led by improved Oil Extraction Ratio (OER) and increased downstream VAP.
- CP:** Consolidated CP revenue declined 22% YoY to INR3b, led by demand and realization pressure in both standalone CP and Astec (down 24%/17% YoY to ~INR2b/INR987m). Consolidated CP EBIT declined 15% YoY to INR551m, largely due to operating loss in Astec (INR300m), while standalone CP EBIT grew 10% to INR850m.
- Dairy** business's revenue grew ~3% YoY to INR4b, while EBIT grew 2.9x to INR84m due to significant improvement in operational efficiencies and improved milk spread.

- **Poultry and Processed Food** business's revenue declined ~17% YoY to INR2b, primarily due to lower volumes in the live bird business and seasonally weaker quarter for branded products. EBIT margin contracted 604bp YoY to 0.26%, leading to a 97% YoY decline in EBIT at INR5m.
- In 1HFY25, the revenue declined 6% to INR48b while EBITDA/Adj. PAT grew 14%/10% to INR4.5b/INR2.3b; implied revenue in 2HFY25 is expected to decline 4% due to lower realization, while EBITDA/Adj. PAT is expected to grow 18%/21% led by margin expansion.

Highlights from the management commentary

- **Palm Oil:** The company expects 2HFY25 to be better on a YoY basis as the oil palm season in India has been slightly postponed (FFB arrivals have been deferred to 2H). The prices are expected to rise going forward due to an increase in the basic custom duty.
- **Astec:** The company reaffirms its guidance of 5% YoY growth for FY25 and anticipates ~INR4-4.5b revenue from the CDMO business. Astec is expected to breakeven in 2HFY25 and achieve profitability by 4QFY25.
- **Animal Feed:** The demand for the cattle feed business is returning as volumes grew 10% MoM in Oct'24. The Fish Feed business was adversely impacted by higher rainfall during 1H, and the company is anticipating a volume decline in the segment on a YoY basis in FY25.

Valuation and view

- GOAGRO is witnessing margin expansion across businesses, led by strategic initiatives taken over the last few years.
- Its AF and standalone CP businesses are likely to sustain their healthy performances. Meanwhile, Astec is facing short-term hurdles in its enterprise products and CDMO segment, which are expected to recover from 2HFY25 onwards. The dairy and Tyson businesses sustained the turnaround witnessed in 4QFY24 and are expected to maintain robust performance in 2HFY25. This growth trajectory is led by an enhanced focus on value-added/branded products.
- We largely maintain our FY25/26 EBITDA estimate and reiterate our BUY rating on the stock with an SOTP-based TP of INR910.

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	25,102	25,709	23,452	21,343	23,508	24,488	25,547	24,456	95,606	97,998	24,868	-2
YoY Change (%)	0.0	5.1	0.9	1.9	-6.4	-4.8	8.9	14.6	2.0	2.5	-3.3	
Total Expenditure	23,173	23,694	21,861	19,863	21,246	22,254	23,082	22,031	88,591	88,613	22,586	
EBITDA	1,929	2,014	1,591	1,480	2,261	2,234	2,465	2,425	7,015	9,385	2,282	-2
Margins (%)	7.7	7.8	6.8	6.9	9.6	9.1	9.6	9.9	7.3	9.6	9.2	
Depreciation	528	529	530	556	546	583	598	619	2,143	2,346	579	
Interest	295	279	251	254	302	398	315	320	1,079	1,334	310	
Other Income	115	112	84	102	92	126	98	149	413	466	112	
PBT before EO expense	1,222	1,318	894	772	1,506	1,379	1,650	1,635	4,206	6,170	1,505	
PBT	1,222	1,318	894	772	1,506	1,379	1,650	1,635	4,206	6,170	1,505	
Tax	353	369	191	220	345	541	415	412	1,133	1,713	379	
Rate (%)	28.9	28.0	21.3	28.5	22.9	39.3	25.2	25.2	26.9	27.8	25.2	
MI & Profit/Loss of Asso. Cos.	-185	-104	-215	-19	-190	-121	-138	-118	-523	-567	-156	
Reported PAT	1,053	1,053	918	571	1,352	958	1,373	1,341	3,596	5,023	1,282	
Adj PAT	1,053	1,053	918	571	1,352	958	1,373	1,341	3,596	5,023	1,282	-25
YoY Change (%)	27.3	46.7	43.5	84.2	28.3	-9.0	49.5	134.8	44.1	39.7	21.8	
Margins (%)	4.2	4.1	3.9	2.7	5.7	3.9	5.4	5.5	3.8	5.1	5.2	

Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Segment Revenue Gr. (%)										
Animal Feed (AF)	3.1	1.8	1.5	-2.3	-10.1	-3.0	5.0	9.2	1.0	0.2
Palm Oil	-39.9	10.5	-2.2	28.3	12.4	-1.5	9.0	8.0	(6.0)	5.7
Crop Protection	3.8	2.3	3.1	5.1	-4.6	-21.7	35.6	57.6	3.5	10.2
Dairy	7.9	8.1	5.3	-1.7	1.0	3.2	7.0	11.0	4.8	5.4
Segment EBIT Margin (%)										
Animal Feed	4.2	4.6	4.0	5.7	6.8	5.9	5.9	5.9	4.6	6.1
Palm Oil	12.1	15.4	19.0	4.9	9.2	16.7	15.0	15.0	14.2	14.4
Crop Protection	20.9	17.1	11.1	18.4	23.8	18.6	22.6	21.8	17.5	21.8
Dairy	-0.6	0.8	2.8	5.2	4.3	2.1	4.0	4.3	2.0	3.7
AF Volumes (000'MT)	374	372	390	362	346	362	406	380	945	1,013
AF Realization (INR/kg)	34.3	33.4	33.1	32.8	33.4	33.3	33.4	34.2	33.4	33.6
Cost Break-up										
RM Cost (% of sales)	75.8	76.3	76.3	74.5	73.2	74.4	74.6	73.4	75.8	73.9
Staff Cost (% of sales)	5.4	5.5	5.2	6.6	6.0	5.0	5.3	5.9	5.6	5.5
Other Cost (% of sales)	11.1	10.3	11.7	12.0	11.2	11.5	10.5	10.8	11.3	11.0
Gross Margins (%)	24.2	23.7	23.7	25.5	26.8	25.6	25.4	26.6	24.2	26.1
EBITDA Margins (%)	7.7	7.8	6.8	6.9	9.6	9.1	9.6	9.9	7.3	9.6
EBIT Margins (%)	5.6	5.8	4.5	4.3	7.3	6.7	7.3	7.4	5.1	7.2



V-Mart Retail

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR4,500 TP: INR4,750 (+5%) Neutral

Strong SSSG and lower LR losses drive 2Q beat

Bloomberg	VMART IN
Equity Shares (m)	20
M.Cap.(INRb)/(USDb)	89 / 1.1
52-Week Range (INR)	4502 / 1591
1, 6, 12 Rel. Per (%)	17/101/150
12M Avg Val (INR M)	118

- V-Mart Retail's (VMART) revenue grew 20% YoY in 2QFY25, led by strong SSSG and store additions. EBITDA beat our estimate by 30%, aided by better productivity, improvement in gross margin for offline format, and lower losses in LimeRoad (LR).
- We broadly maintain our revenue/EBITDA estimates for FY25/FY26. We expect revenue/EBITDA CAGR of 17%/39% over FY24-27 as we build in improved SSSG and lower losses in the online segment.
- Consistent demand recovery in the value fashion category could be the key growth driver for VMART. **Reiterate Neutral with a TP of INR4,750.**

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	27.9	33.3	39.0
EBITDA	2.1	3.9	4.7
NP	-1.0	0.0	0.4
EBITDA Margin (%)	7.6	11.6	12.1
Adj. EPS (INR)	-53.5	-1.9	20.3
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	412.8	410.9	431.2

Ratios

Net D:E	1.8	2.2	2.3
RoE (%)	NM	NM	4.8
RoCE (%)	0.4	5.1	6.6
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	NM	221.5
EV/EBITDA (x)	48.2	27.4	22.7
EV/Sales (x)	3.2	2.8	2.4
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	44.3	44.3	44.3
DII	32.8	32.6	32.6
FII	16.0	15.5	14.3
Others	6.9	7.6	8.7

FII Includes depository receipts

Big beat on EBITDA led by strong SSSG and reduction in LR losses

- Revenue grew 20% YoY to INR6.6b, driven by 15% blended SSSG and 7% YoY store additions.
- VMART opened 21 new stores (16 in V-Mart and 5 in Unlimited) and closed two V-Mart stores during the quarter, taking the total store count to 467 (V-Mart: 384 and Unlimited: 83).
- Gross profit grew 17% YoY to INR2.2b (in line), as gross margin contracted 100bp YoY to 33.6% (50bp miss), due to lower commission from LR. For offline business, gross margins improved 60bp YoY.
- Employee expenses grew 21% YoY to INR865m on incentive payouts.
- Other expenses declined 18% YoY to INR969m, mainly on account of lower losses in the online segment (LR EBITDA loss down 63% YoY) and closure of the unprofitable stores.
- Consequently, EBITDA stood at INR386m (30% beat) with margin at 5.8% (135bp beat).
 - 2QFY25 pre-Ind AS EBITDA margin came in at -2.8% (vs. -9% YoY).
- Depreciation and interest grew 11% and 9% YoY, respectively.
- Loss before tax stood at INR580m (vs. our estimate of INR624m loss).
- For 1HFY25, revenue/EBITDA rose 18%/2.6x YoY, but net loss continued at INR444m. For 2HFY25, we expect revenue/EBITDA growth of 21%/55%, led by 11% SSSG.
- Despite an increase in EBITDA, the company's FCF (outflow) stood at INR613m in 1HFY25 (vs. outflow of INR387m YoY) due to the amount blocked in WC (higher inventory for festive period) and capex of INR610m. This led to a rise in net debt to INR1.38b (vs. INR781m in FY24).

Highlights from the management commentary

- **Guidance:** GM of offline business is expected to remain stable over the medium term; however, the drag from lower LR commissions could impact blended gross margins. Overall, VMART expects to get back to pre-Ind-AS EBITDA margin of 7-8% (pre-Covid margins) in the next 2-3 years.
- **Demand trends in 2Q:** The management indicated there has been a slight recovery in overall demand after elections. Some parts of rural markets have recovered, while urban demand is still under pressure.

- **Store additions:** The management guided for the addition of 55-60 stores in FY25. Store renovation is driving higher capex; however, average capex per store has not increased meaningfully. The management aspires for 12-13% annual sq. ft. additions over the long term.
- **Demand outlook:** The management highlighted that Oct'24 demand was below its expectation due to delayed winters in North. Further, it indicated that growth in Pujo sales in East India was also softer.
- **Inventory:** The company has a conservative inventory policy. Any item that is not sold is provisioned after two seasons. Inventory days have improved by 11% to 111 days.

Valuation and view

- Improved performance of V-Mart/Unlimited stores, closure of non-performing stores and lower losses in the online segment have addressed near-term profitability concerns mentioned earlier in our [report](#).
- The massive growth opportunity in the value fashion segment and VMART's strong execution capability remain key triggers. These drivers can help VMART potentially sustain double-digit revenue growth for an extended period, led by new store additions. With its low price points, cost leadership, strong liquidity, and prudent inventory management, VMART has a competitive edge over its rivals, in our view.
- The stock has seen a healthy recovery from its recent lows. A recovery in demand and improved profitability in the online segment would remain the key catalysts for the stock going forward.
- We broadly maintain our revenue/EBITDA estimates for FY25/FY26. We expect revenue/EBITDA CAGR of 17%/39% over FY24-27 as we build in improved SSSG and lower losses in the online segment.
- We value VMART at 20.5x Dec'26E EBITDA to arrive at our TP of INR4,750. **We maintain our Neutral rating on VMART.**

Consol. Quarterly Earning Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	6,785	5,494	8,891	6,686	7,861	6,610	10,741	8,055	27,856	33,267	6,610	0
YoY Change (%)	15.4	8.5	14.4	12.6	15.9	20.3	20.8	20.5	13.0	19.4	20.3	
Total Expenditure	6,261	5,488	7,694	6,284	6,871	6,224	9,087	7,232	25,725	29,414	6,313	-1
EBITDA	525	7	1,197	402	990	386	1,654	823	2,131	3,853	297	30
EBITDA Margin (%)	7.7	0.1	13.5	6.0	12.6	5.8	15.4	10.2	7.6	11.6	4.5	
Depreciation	499	532	583	607	568	592	628	646	2,221	2,434	602	-2
Interest	330	359	376	359	375	391	411	426	1,424	1,604	375	4
Other Income	15	20	130	44	46	18	44	32	210	140	56	-68
PBT	-290	-864	369	-520	93	-580	659	-218	-1,305	-46	-624	-7
Tax	-70	-223	87	-131	-28	-15	165	-133	-337	-11	189	
Rate (%)	24.2	25.8	23.5	25.1	-30.3	2.6	25.0	61.1	25.9	25.0	-30.3	
Reported PAT	-219	-641	282	-389	121	-565	494	-85	-968	-34	-813	-30
Adj PAT	-219	-641	282	-389	121	-565	494	-85	-968	-34	-813	-30
YoY Change (%)	-207.3	466.8	41.3	5.3	-155.3	-11.9	75.1	-78.2	1,132.9	-96.5	26.8	

E: MOFSL Estimates



MTAR Technologies

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR1,625 TP: INR2,000 (+23%) Buy

Space and Clean Energy business drives recovery

Operating performance in line with estimates

- MTARTECH reported healthy revenue growth in 2QFY25 (14% YoY/48% QoQ) after three consecutive quarters of declining revenue, indicating a recovery going ahead. Margins improved 640bp QoQ (down 230bp YoY), led by favorable operating leverage. The order book remained healthy at INR9.4b (up 5% QoQ).
- The management expects a strong performance in 2HFY25, with full-year revenue guidance of ~INR7.25b and margins recovering to ~21% aided by strong visibility from orders in hand. With a recovery in order flows from Bloom Energy (BE) and inflows of new orders, MTARTECH's near-term outlook remains healthy.
- The management, however, has lowered its FY25/FY26 revenue growth guidance to ~25%/20% from 30%/30-35% earlier. Accordingly, we reduce our EPS estimates for FY25/FY26 by 9%/11%. We retain our BUY rating on the stock with a TP of INR2,000 (34x Sep'26E EPS).

Bloomberg	MTARTECH IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	50.2 / 0.6
52-Week Range (INR)	2584 / 1495
1, 6, 12 Rel. Per (%)	-1/-21/-61
12M Avg Val (INR M)	578

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	7.4	9.2	12.2
EBITDA	1.5	2.3	3.2
Adj. PAT	0.8	1.4	2.2
EBITDA Margin (%)	20.9	24.5	26.5
Cons. Adj. EPS (INR)	27.0	46.5	71.9
EPS Gr. (%)	48.0	72.1	54.7
BV/Sh. (INR)	246.9	293.4	365.3

Ratios

Net D:E	0.2	0.1	0.0
RoE (%)	11.6	17.2	21.8
RoCE (%)	11.0	15.8	20.6

Valuations

P/E (x)	60.2	35.0	22.6
EV/EBITDA (x)	33.4	22.5	15.6

Shareholding pattern (%)

As on	Sep-24	Jun-24	Sep-23
Promoter	36.4	36.4	39.1
DII	17.3	16.0	24.1
FII	7.8	7.8	8.8
Others	38.5	39.9	28.0

Note: FII includes depository receipts

Lower margins YoY due to operating deleverage

- Consolidated revenue stood at INR1.9b (up 14% YoY/48% QoQ). EBITDA grew 2% YoY to INR368m (+2.2x QoQ).
- EBITDA margins contracted 230bp YoY to 19.4% (+640bp QoQ) as other expenses/employee expenses as % of sales increased by 250bp/170bp YoY to 12.4%/15.7%. Gross margins improved to 47.5% (+190bp YoY, -40bp QoQ). Adj. PAT declined ~8% YoY to INR188m (+4.2x QoQ).
- Clean energy/Space/Products & others revenue grew 9%/2.7x/17% YoY to INR1,063m/INR250m/INR429m, while revenue for clean energy - nuclear/defense declined 23%/44% YoY to INR117m/INR43m.
- The order book as of Sep'24 stood at INR9.4b, with inflows of ~INR2.5b in 2QFY25. The order book mix was ~54%/15%/17%/8%/6% for clean energy/nuclear/space/defense/product & others.
- NWC days for 2Q declined to 247 vs. 277 in Jun'24, largely due to a drop in inventory days to 186 (vs. 245), partially offset by an increase in receivable days to 120 (vs. 98) and a decline in payable days to 55 (vs. 57).
- In 1HFY25, revenue remained flat YoY at INR3.2b, while EBITDA/adj. PAT declined by 24%/43% YoY to INR534m/232m. For 2HFY25, implied Revenue/EBITDA/adj. PAT growth is 60%/2.4x/3.9x YoY, led by strong growth across all verticals, coupled with margin recovery.

Highlights from the management commentary

- **Guidance:** For FY25, the management has guided for revenue of ~INR7.25b and margins of ~21%. Cost optimization and operating leverage will drive margins in 2HFY25. It expects ~20% revenue growth in FY26 (down from 30-35% guided earlier) with margins improvement to ~22-24%.

- **Clean Energy – Fuel cells:** The closing order book for BE as of 1HFY25 stood at INR4.9b. The company expects similar execution in 2HFY25. BE gave a strong indication of execution of 4,000 units in CY25 vs. 3,000 units indicated earlier. BE is returning to the original demand scenario.
- **Products:** MTARTECH’s roller screws have been approved by the Ministry of Defence (pending documentation), which will replace imports. The company will also export them. The company expects INR500-700m in revenue from this product.

Valuation and view

- MTARTECH witnessed a recovery in 2QFY25, led by growth in its key segment (clean energy – fuel cells). We expect this recovery to sustain with improved order visibility across all segments (from existing and new clients added over the last few quarters).
- We estimate a CAGR of 28%/42%/58% in revenue/EBITDA/adj. PAT over FY24-FY27, driven by a healthy growth trajectory in the order book across segments and improvement in margins. We retain our BUY rating on the stock with a TP of INR2,000 (34x Sep’26E EPS).

Consolidated - Quarterly Earning

Y/E March	(INRm)											
	FY24				FY25				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		%
Gross Sales	1,526	1,668	1,184	1,430	1,283	1,902	1,953	2,216	5,808	7,354	1,969	-3%
YoY Change (%)	67.6	32.2	-26.1	-27.2	-15.9	14.0	65.0	55.0	1.2	26.6	18.0	
Total Expenditure	1,180	1,307	945	1,247	1,117	1,534	1,503	1,666	4,681	5,819	1,584	
EBITDA	345	361	239	182	166	368	451	550	1,127	1,535	385	-4%
Margins (%)	22.6	21.6	20.2	12.7	12.9	19.4	23.1	24.8	19.4	20.9	19.6	
Depreciation	56	58	58	59	61	78	79	80	232	298	62	
Interest	57	55	56	55	48	52	52	55	223	207	50	
Other Income	41	8	5	4	5	14	30	35	58	85	25	
PBT before EO expense	273	257	129	72	62	253	350	450	730	1,115	298	
PBT	273	257	129	72	62	253	350	450	730	1,115	298	
Tax	69	52	24	23	18	65	88	113	169	285	75	
Rate (%)	25.4	20.3	18.9	32.2	28.6	25.8	25.2	25.2	23.2	25.5	25.2	
Reported PAT	203	205	104	49	44	188	262	337	561	831	223	
Adj PAT	203	205	104	49	44	188	262	337	561	831	223	-16%
YoY Change (%)	25.4	-17.1	-66.8	-84.3	-78.2	-8.2	150.5	591.8	-45.7	48.0	9.0	
Margins (%)	13.3	12.3	8.8	3.4	3.5	9.9	13.4	15.2	9.7	11.3	11.3	



TCI Express

Estimate change

TP change

Rating change



CMP: INR977

TP: INR1,060 (+8%)

Downgrade to Neutral

Weak volumes continue to hurt profitability

Performance below our estimates

- TCI Express (TCIE)'s 2QFY25 revenue decreased 3% YoY to ~INR3.1b (7% below our estimate), while volumes declined ~1% YoY. Volumes were hit by slower growth in the manufacturing, automobiles, and textile sectors. The quarter also saw several challenges, such as higher costs from multimodal enhancements and high inflation adversely affecting customers.
- Volumes stood at 0.25m tonnes (-2% YoY), while realization was INR12,462 per ton (down 2% YoY). EBITDA came in at INR368m with a margin of 11.8% (vs. our estimate of 13.3%). TCIE faced cost pressures in its Air Express division along with slower growth in the manufacturing, automobiles, and textile sectors, thereby adversely impacting the business. In line with weak operating performance, TCIE's APAT dipped 29% YoY to INR252m (our est. at INR303m).
- In 1HFY25, revenue stood at INR6.0b (-3% YoY), EBITDA was INR 0.69b (-28% YoY), EBITDA margin came in at 11.5%, and APAT was INR0.48b (-30% YoY). During 2HFY25, revenue is expected to grow 10% YoY, EBITDA to remain flat YoY, while APAT is expected to decline 3% YoY.
- Weak volume growth, particularly from MSME customers, and higher costs led to a weak performance in 2Q. Management remains cautious on volume growth in the near to medium term. We cut our EBITDA/PAT estimates for FY25 by 12%/13% to incorporate the weak 1H performance and the challenges ahead. We also reduce our EBITDA/PAT estimates for FY26 by 9%/10% to incorporate the soft business outlook. We expect TCIE to clock an 8% volume CAGR and a revenue/EBITDA CAGR of 10%/11% over FY24-27. **TCIE has struggled to generate volumes, which has hit growth and margins. Volume growth is likely to remain muted in the near to medium term. We downgrade the stock to Neutral with a revised TP of INR1,060 (based on 25x Sep-26E EPS).**

Stock Info

Bloomberg	TCIEXP IN
Equity Shares (m)	38
M.Cap.(INRb)/(USDb)	37.5 / 0.4
52-Week Range (INR)	1448 / 966
1, 6, 12 Rel. Per (%)	-5/-13/-54
12M Avg Val (INR m)	70

Financials Snapshot (INR b)

Y/E March	2025E	2026E	2027E
Net Sales	13.0	14.7	16.8
EBITDA	1.6	2.2	2.6
Adj. PAT	1.1	1.5	1.8
EBITDA Margin (%)	12.4	14.9	15.3
Adj. EPS (INR)	28.5	39.4	45.9
EPS Gr. (%)	-17.2	38.3	16.4
BV/Sh. (INR)	204	236	274

Ratios

Net D/E (x)	0.0	0.0	0.0
RoE (%)	14.7	17.9	18.0
RoCE (%)	14.5	17.7	17.8
Payout (%)	28.1	20.3	17.4

Valuations

P/E (x)	34.2	24.7	21.2
P/BV (x)	4.8	4.1	3.6
EV/EBITDA (x)	23.1	17.0	14.5
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	0.7	0.5	0.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	69.5	69.6	69.6
DII	10.1	10.2	8.9
FII	1.7	1.6	3.0
Others	18.6	18.6	18.5

FII Includes depository receipts

Highlights from the management commentary

- Volumes in 2QFY25 stood at 0.25m tonnes (down 1% YoY). Slower growth in sectors like manufacturing, automobiles, and Textile resulted in lower demand, contributing to softer revenues and reduced profit margins.
- TCIE expects volume to grow in mid-single digits in 2HFY25 due to weak industry volumes.
- TCIE undertook capex of INR106m in 2QFY25 and generated CFO of INR216m in 1HFY25. The capex was primarily towards the development of branch networks, sorting centers, and IT infrastructure.
- Management expects a 20-25% contribution to revenue from new value-added services by FY25.

Valuation and view

- Volume growth has been muted in 2QFY25 due to slower growth in manufacturing, automobiles, and textile sectors. Management remains cautious on future growth owing to the industry-level weakness.
- We expect TCIE to clock an 8% volume CAGR and a revenue/ EBITDA CAGR of 10%/11% over FY24-27. **TCIE has struggled to generate volumes, which have adversely affected growth and margins. Volume growth is likely to remain muted in the near to medium term. We downgrade the stock to Neutral with a revised TP of INR1,060 (based on 25x Sep-26 EPS).**

Quarterly snapshot

	FY24				FY25E				FY24	FY25E	FY25	INR m
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	vs Est	
Net Sales	3,049	3,200	3,119	3,171	2,930	3,115	3,356	3,553	12,538	12,954	3,361	(7)
YoY Change (%)	5.0	3.3	-0.8	-2.8	-3.9	-2.6	7.6	12.0	1.0	3.3	5.0	
EBITDA	464	505	456	448	327	368	420	493	1,872	1,607	447	(18)
Margins (%)	15.2	15.8	14.6	14.1	11.2	11.8	12.5	13.9	14.9	12.4	13.3	
YoY Change (%)	8.4	-2.0	-1.1	-17.2	-29.4	-27.1	-7.9	9.9	-3.7	-14.2	-11.4	
Depreciation	46	47	48	49	51	51	55	56	190	213	55	
Interest	4	4	3	4	3	3	4	4	15	14	4	
Other Income	15	18	20	19	23	25	19	10	72	77	17	
PBT before EO expense	429	472	424	415	297	338	380	443	1,740	1,458	405	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	429	472	424	415	297	338	380	443	1,740	1,458	405	
Tax	105	116	103	99	74	87	96	111	423	367	102	
Rate (%)	24.6	24.5	24.2	23.9	24.8	25.6	25.2	25.0	24.3	25.2	25.2	
Reported PAT	323	356	322	316	223	252	284	332	1,317	1,091	303	(17)
Adj PAT	323	356	322	316	223	252	284	332	1,317	1,091	303	(17)
YoY Change (%)	4.3	-5.8	0.5	-17.8	-31.0	-29.3	-11.8	5.2	-5.4	-17.2	-14.9	
Margins (%)	10.6	11.1	10.3	10.0	7.6	8.1	8.5	9.4	10.5	8.4	9.0	



Updater Services

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	UDS IN
Equity Shares (m)	67
M.Cap.(INRb)/(USD\$b)	25.7 / 0.3
52-Week Range (INR)	405 / 243
1, 6, 12 Rel. Per (%)	9/17/21
12M Avg Val (INR M)	145

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	28.4	33.6	38.6
EBIT	1.3	1.6	2.2
PAT	1.1	1.5	2.0
Adj PAT	1.2	1.6	2.0
EPS (INR)	16.7	22.6	29.6
Adj EPS (INR)	17.5	23.5	30.5
EPS growth (%)	19%	34%	30%
BV/Sh (INR)	145.8	168.4	198.0

Ratios

RoE (%)	12.2	14.4	16.2
RoCE (%)	10.8	11.9	13.3

Valuations

P/E (x)	23.3	17.2	13.1
P/BV (x)	2.7	2.3	2.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	58.9	58.9	58.5
DII	15.3	13.5	12.4
FII	3.5	3.9	12.2
Others	22.3	23.8	17.0

CMP: INR383 TP: INR450 (+17%) Buy

Charting the high margin trajectory...

...by focusing on the Business Support Services (BSS) business

■ Updater Services (UDS) reported 13.3% YoY/4.3% QoQ revenue growth to INR6.7b, in line with our estimate of ~INR7.1b. EBITDA margin came in at 6.4% (est. 6.1%), stable YoY. IFM's PBT margin improved 100bp QoQ to 5.2%. BSS's PBT margin contracted 80bp QoQ to 5.8%. Consolidated adj. PAT stood at INR280m (up 42% YoY), in line with our estimate of INR264m. The company's revenue/EBITDA/PAT grew 13%/36%/34% in 1HFY25 vs. 1HFY24. We expect revenue/EBITDA/adj. PAT to grow organically by 19%/26%/23% YoY in 2HFY25. **We reiterate our BUY rating and a TP of INR450 (premised on 18x Sep'26E EPS).**

Our view: BSS drives growth in 2Q

- UDS is strategically shifting its business mix, prioritizing growth in its high-margin BSS segment while leveraging the diverse capabilities of its subsidiaries. In 2QFY25, the revenue contribution of IFM/BSS segments stood at ~65%/35% vs. ~70%/30% in 1QFY24. The company forecasts organic growth of over 20% in BSS, with revenue contributions expected to rise to 40-42%. We estimate a revenue CAGR of 21.1% for BSS over FY24-27, underscoring this shift toward higher-margin opportunities to drive both revenue growth and profitability. For IFM, we anticipate a 13% CAGR over FY24-27, with margins stabilizing around 5%.
- **Margins:** EBITDA margin stood at 6.4% (vs. our est. of 6.1%), led by IFM business (+100bp QoQ). This improvement reflects the company's strategy of exiting low-margin contracts, although there is a trade-off between revenue growth and margin in the IFM business. Management targets a consistent IFM margin range of 5-6%, aiming to enhance EBITDA by onboarding clients with equal or higher margins and rationalizing tail accounts. For the BSS segment, we anticipate stable margins of 9-10%.

Valuation and changes to our estimates

- We broadly retain our estimates, given UDS's solid foothold in the IFM business and the high-margin BSS business. We expect a CAGR of 16%/30% in revenue/EBITDA over FY24-27. **Reiterate BUY with a TP of INR450 (premised on 18x Sep'26E EPS).** Our TP implies a 16% upside potential.

Revenue and margins in line

- Revenue was up 13.3% YoY and 4.3% QoQ at ~INR6.7b, in line with our estimate of ~INR7.1b.
- Revenue growth was aided by ~20% YoY growth in BSS, whereas IFM reported a growth of 10% YoY.
- UDS has witnessed a notable shift in its business mix. In 2QFY25, the IFM and BSS segments contributed ~65% and 35%, respectively, compared to ~70% and ~30% in 2QFY24.

- EBITDA margin came in at 6.4%, stable YoY (vs. est. 6.1%). IFM's PBT margin was up 100bp QoQ at 5.2%. BSS's PBT margin contracted 80bp QoQ to 5.8%.
- Consolidated adj. PAT stood at INR280m (up 42% YoY), in line with our estimates of INR264m.
- Adj. RoCE stood at 23% on an annualized basis in Sep'24 vs. 23.5% in Mar'24. The company added 74 logos during 2QFY25.
- Denave has become a wholly owned subsidiary of UDS, and further shares were acquired in Athena (74%). Digital onboarding of retailers, virtual audits aided by technology in the retail space, sales intelligence through AI initiatives for global giants, et al. helped Denave penetrate into new avenues.
- Long-standing relationships with customers have 95%/93% retention over a five-year window in the IFM/BSS businesses.

Key highlights from the management commentary

- UDS has a strong hold in southern markets and the manufacturing segment. Manufacturing is growing and seeing strong traction, while warehousing, infrastructure, and industrials remain key areas. Telecom handset manufacturers are also showing interest.
- The IFM business is emerging from a cycle where the company has been rationalizing its portfolio, as guided in the previous quarter. The IFM business is emerging from a cycle where the company has been rationalizing its portfolio, as guided in the previous quarter.
- In BSS, strong momentum is seen in audit and assurance business; early signs of hiring in IT are encouraging. The company is actively pursuing acquisitions in the BSS area.
- Denave has become a wholly-owned subsidiary of UDS, and further shares were acquired in Athena (74%). Digital onboarding of retailers, virtual audits, and AI-driven sales intelligence initiatives have helped Denave penetrate new avenues.

Valuation and view

- We see the company benefitting from the long-term trend of outsourcing non-core business operations for greater efficiency and service quality. With continued momentum in the IFM space and an inorganic growth engine in the high-margin BSS vertical, we expect UDS to deliver sustainable and profitable growth.
- We expect a CAGR of 16%/30% in revenue/EBITDA over FY24-27E. With visibility of healthy earnings growth over the medium term and strong value from the BSS business, **we reiterate our BUY rating with a TP of INR450 (premised on 18x Sep'26E EPS)**. Our TP implies a 16% upside potential.

Consolidated – Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY25	(%/bp)
Gross Sales	5,764	6,001	6,361	6,318	6,522	6,800	7,579	7,538	24,444	28,439	7,149	-4.9
YoY Change (%)	20.3	16.7	17.3	10.5	13.1	13.3	19.1	19.3	16.0	16.3	19.1	-580bp
Total Expenditure	5,404	5,616	5,959	5,944	6,112	6,363	7,116	7,056	22,923	26,647	6,692	-4.9
Core EBITDA	360	385	401	374	409	437	462	482	1,520	1,791	458	-4.5
Margins (%)	6.3	6.4	6.3	5.9	6.3	6.4	6.1	6.4	6.2	6.3	6.4	0bp
ESOP cost	0.0	31.7	21.7	18.9	0.0	0.0	0.0	0.0	72.3	0.0	21.4	-100.0
Fair value changes	31.8	57.2	31.8	-47.4	0.0	0.0	0.0	0.0	105.9	0.0	0.0	
EBITDA	329	296	348	403	409	437	462	482	1,342	1,791	436	0.2
Margins (%)	5.7	4.9	5.5	6.4	6.3	6.4	6.1	6.4	5.5	6.3	6.1	30bp
Depreciation	131	137	149	123	115	123	152	151	539.6	540.1	143	-13.8
Interest	56	63	42	31	34	29	27	26	192.8	116.3	25	17.8
Other Income, net	27	27	93	56	65	69	45	45	236	225	43	61.5
PBT	169	123	250	305	326	354	330	351	846	1,359	311	13.7
Tax	45	31	44	63	69	74	49	53	183.2	244.9	47	57.9
Rate (%)	26.7	25.2	17.7	20.7	21.3	20.8	15.0	15.0	21.7	18.0	15.0	580bp
Minority Interest & Profit/Loss of Asso. Cos.	-5	-8	-3	-17	3	-1	0	0	-17	2	0	
Adjusted PAT	202	197	275	194	256	280	280	298	885	1,177	264	5.9
YoY Change (%)	-22.6	-19.8	114.2	-10.3	27.2	41.8	2.1	53.5	137.9	33.0	33.9	
Margins (%)	3.5	3.3	4.3	3.1	3.9	4.1	3.7	4.0	3.6	4.1	3.7	40bp

Key Performance Indicators

Y/E March	FY24				FY25		FY24
	1Q	2Q	3Q	4Q	1Q	2Q	
Segment Revenue (INR m)							
Integrated Facility Management Services	4,050	4,297	4,181	4,282	4,363	4,594	16,809
Business Support Services	1,744	1,993	2,283	2,091	2,343	2,387	8,112
PBT Margin (%)							
Integrated Facility Management Services	1.9	2.8	3.0	3.7	4.2	5.2	3.1
Business Support Services	6.0	5.1	6.2	6.9	6.6	5.8	6.0



Automobiles

“If we see the first 10 days of October, we are already witnessing a 35% month-on-month growth, and hopefully, the festivities would bring cheer to the PV volumes.”

Mr. Shailesh Chandra
Managing Director, Tata
Motors Passenger
Vehicles

Two wheelers to outperform, but growth set to moderate

2Ws and tractors likely to report growth in retail; unlike CVs / PVs

- We observed varied demand trends in Oct'24, with 2Ws and tractors showing positive momentum and PVs and CVs witnessing moderate demand. A better monsoon is helping drive positive sentiment in rural regions, though the sustainability of this demand remains to be seen. Overall, 2Ws performed better, with festive growth expected at 4-5% YoY, partially constrained by a high base. PVs may see a fall in the festive season vs. last year. Inventory levels are currently high for both 2Ws and PVs, making Diwali sales a critical period to gauge inventory clearance. Tractor volumes are recovering and are expected to perform well in 2HFY25. In CVs, sentiment improved MoM, driven by demand in certain industries, though a full recovery remains distant. Overall, we expect dispatch growth for 2Ws/tractors/3Ws by 12%/2%/5% YoY, flat for PVs and a decline of 4% YoY for CVs.
- **2Ws:** Retail sales during the Navratras grew by mid to high-single digits across regions we interacted. Rural sales have remained muted during the Navratras but are expected to improve during Diwali. TVSL's refreshed Jupiter 110cc has been well received and currently has a waiting period of two weeks. There are no cash discounts on any ICE variants in TVSL. However, we noted a dip in its market share for its 125CC segment (Raider) due to rising competitive intensity. HMCL is currently offering a discount of INR4-5.5k on HF Deluxe, INR3k on Passion, INR4.7k on Destini Prime and INR12k/8k on premium Mavrick/Karizma XMR depending on the regions. There is also an additional discount of INR2.5k for farmers and milkman to boost rural demand. However, HMCL's Splendor/Xtreme 125R do not have any discounts. BJAUT's Freedom 125 has seen a pan-India rollout with a waiting period of one week noted in some regions. For RE, retails have seen a marked improvement in the last couple of months largely due to improved availability of models in this festive period as also a good pick up for the recently launched Bullet Standard variant specifically in state of Punjab. Inventory stands at 70-75 days for HMCL, 50-55 days for TVSL/HMSI, 60 days for BJAUT, and 30 days for RE. We expect dispatches for BJAUT/HMCL/ TVSL/RE to grow ~6%/13.5%/15%/16% YoY.
- **PVs:** During the last week of Oct'24, inquiries and bookings are seeing a slight improvement for PV OEMs, especially MSIL and TTMT. Nexon was launched in the CNG version and has been able to garner good initial response from consumers. MM's XUV3XO saw a price hike of INR25k across variants in Oct'24. Thar Roxx deliveries have commenced for some of the mid-level variants. Dealers are quoting a waiting period of 4-6 months for mid variants and 6-8 months for higher variants of Thar Roxx. MM's XUV700 has also seen a rise in the waiting period, which now stands at two months amid increased consumer interest during the festival period. There is no blanket discount on XUV700, except for the mid-level variant (a discount of INR25-30k). Discounts have risen ~10-15% MoM for MSIL's entry-level models. TTMT's Punch commands a discount of INR15k depending on variants, while Tiago/Tigor/Nexon have a discount in the range of INR20-30k. We expect dispatches for MSIL (including

LCVs)/ TTMT to decline 3% /5% YoY but grow 10% YoY for MM UVs (incl pickups).

- **CVs:** Weakness in CV demand persisted even during the festival, and we expect volumes to decline ~5% YoY. However, the situation still seems better than last month as we noted improvement in fleet utilization levels in most of the regions we interacted. A fleet operator based in MP mentioned fleet utilization of over 75%, driven by higher demand from industries like metals, FMCG, consumer durables, etc. This was offset by slower demand in autos and agri. In other northern regions, utilization remained in the range of 68-70%. Point to note here is that despite persistent muted demand, both the leading players, AL and TTMT, have not increased discounts (at 7-9%, stable MoM), which should bode well for their profitability. We expect dispatches for TTMT CV/AL/ VECV to decline 6%/3%/1% YoY
- **Tractors:** We observed improvement in tractor demand, with volumes expected to grow 2-4% YoY despite the delayed monsoon. Key states like Maharashtra, Karnataka, Telangana, and Andhra Pradesh experienced a roughly two-week delay in harvesting due to monsoon impact. However, dealers in southern regions have reported encouraging demand recovery in Oct'24. On the other hand, demand in northern regions is yet to catch up and the same is expected to materialize next month. Additionally, the government's recent MSP increase by ~6% for key crops like wheat, barley, and gram for the next fiscal year should support positive sentiment in the tractor and rural markets. Discounts remain stable, while inventory stands at 6-7 weeks. We expect dispatches for MM/Escorts to grow by 2% each.
- **Valuation and view:** Even for the festive season, the 2W segment is expected to outperform other categories. However, growth is gradually moderating for even the 2W segment. Given this and given the relative premium valuation for 2W segment, we continue to like PVs over 2Ws. Our top picks in Auto OEMs are MSIL, Hyundai and M&M.



Canara Bank: Witnessed 4% QoQ credit growth for the first time in Sep quarter; K Satyanarayana Raju, CEO

- Avg Loan-To-Value in gold loans ratio is at 66.73%
- One state govt. exposure had moved into SMA2; has now come to SMA1
- Don't see any threats to slippages from SMA1 & SMA2
- Took steps & discontinued gold loans in metro cities once gold loans size reached Rs.1.5 Lk Cr.

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Cipla: India biz saw slower growth in antibiotic segment; Umang Vohra, MD & CEO

- Seeing a strong trajectory for respiratory franchise
- H2 will be faster than H1
- Q3 would be impacted by Lanreotide shortage
- Expecting peptide launches over the next 6 months period

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Marico: Double-Digit revenue growth on the cards in H2; Saugata Gupta, MD & CEO

- Haven't seen significant reduction in urban consumption
- There is some stress in urban consumption due to food inflation
- There has been some inflation in Copra
- Will focus on maximizing vol. growth

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Prestige: The peak of real estate or the best is yet to come; Irfan Razack, MD

- Almost 50k Cr. of inventory will come from Prestige which will help us to achieve our target
- More high ticket products will lead to reduction of buyers
- Should focus on mid-income groups; see strong demand in that segment
- QIP funds were used to repay around Rs.1.5K-1.6K Cr. of debt' rest of funds is used for business developments

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Greenply Industries: Volume growth will be at 8-10% in H225; Manoj Tulsian, MD & CEO

- Second half will be better for us
- Vol. growth will be at 8-10% in H2FY25
- Value growth will be 50% in FY25
- There was a delay of 2-2.5 months in getting machines

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Index	1 Day (%)	1M (%)	12M (%)
Sensex	-0.5	-5.2	24.7
Nifty-50	-0.5	-5.7	27.2
Nifty Next 50	-0.4	-8.9	60.0
Nifty 100	-0.5	-6.3	32.0
Nifty 200	-0.4	-6.3	34.0
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	0.0	-12.7	47.2
Amara Raja Ener.	2.0	-4.9	114.9
Apollo Tyres	-0.3	-9.2	33.0
Ashok Leyland	0.6	-11.0	24.7
Bajaj Auto	0.9	-19.5	87.2
Balkrishna Inds	-0.7	-5.6	11.8
Bharat Forge	2.7	-6.3	38.1
Bosch	-0.7	-4.0	85.7
CEAT	2.0	-10.3	34.6
Craftsman Auto	1.5	-22.4	4.8
Eicher Motors	-0.6	-3.1	45.0
Endurance Tech.	0.0	-2.8	45.5
Escorts Kubota	2.6	-14.9	14.8
Exide Inds.	-0.4	-7.4	83.0
Happy Forgings	-0.7	-8.5	
Hero Motocorp	2.5	-14.1	57.8
Hyundai Motor	4.2		
M & M	-1.4	-12.5	80.8
CIE Automotive	1.5	-11.6	4.1
Maruti Suzuki	1.9	-15.0	8.3
MRF	-0.4	-11.9	11.9
Sona BLW Precis.	-0.1	-7.8	25.4
Motherson Sumi	-2.7	-12.5	100.4
Motherson Wiring	2.1	-12.2	4.0
Tata Motors	-0.3	-13.8	33.7
TVS Motor Co.	0.5	-13.4	52.8
Tube Investments	-2.2	2.9	45.8
Banks-Private	-0.9	-4.2	13.7
AU Small Fin. Bank	-1.9	-17.7	-8.5
Axis Bank	-1.4	-5.0	18.3
Bandhan Bank	-0.9	-10.7	-17.3
DCB Bank	2.0	-2.5	2.3
Equitas Sma. Fin	1.7	-9.2	110.6
Federal Bank	1.3	3.3	44.2
HDFC Bank	-1.0	0.1	16.8
ICICI Bank	-1.5	3.1	41.9
IDFC First Bank	1.8	-7.5	-17.3
IndusInd Bank	1.8	-27.0	-27.4
Kotak Mah. Bank	-1.5	-6.4	1.0
RBL Bank	1.4	-14.0	-21.2
SBI Cards	-0.2	-11.6	-8.8
Banks-PSU	-0.3	-0.2	36.8
BOB	-1.2	1.5	26.8
Canara Bank	-0.4	-7.2	35.1
Indian Bank	1.2	12.2	42.9
Punjab Natl.Bank	-1.4	-6.8	36.7
St Bk of India	-1.2	4.4	45.5

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	-0.2	-6.2	35.2
Nifty Midcap 100	0.2	-6.3	45.4
Nifty Smallcap 100	1.1	-4.1	45.3
Nifty Midcap 150	0.2	-6.3	43.9
Nifty Smallcap 250	1.2	-5.0	45.3
Union Bank (I)	0.6	-5.0	17.0
NBFCs	-1.3	-1.8	24.9
Aditya Birla Capital Ltd	5.3	-9.3	25.2
Angel One	2.0	18.2	18.1
Bajaj Fin.	-1.0	-9.7	-7.3
BSE	1.3	17.8	128.7
Cholaman.Inv.&Fn	-1.4	-20.7	10.3
Can Fin Homes	2.6	-0.8	17.7
Cams Services	1.2	-0.6	92.2
CreditAcc. Gram.	4.8	-17.9	-38.8
Fusion Microfin.	5.0	-15.8	-65.7
Five-Star Bus.Fi	-12.8	-1.9	4.8
Home First Finan	2.1	2.0	29.4
Indostar Capital	2.1	-5.8	71.0
IIFL Finance	-0.6	-8.9	-27.6
L&T Finance	1.8	-21.2	10.6
LIC Housing Fin.	-0.7	-4.4	40.4
MCX	-6.4	12.9	180.5
M & M Fin. Serv.	-1.7	-19.0	11.7
Muthoot Finance	0.4	-3.1	48.3
Manappuram Fin.	3.5	-19.9	20.2
MAS Financial Serv.	3.2	-2.2	-4.8
PNB Housing	0.2	-6.1	28.8
Power Fin.Corp.	-1.8	-5.0	94.0
REC Ltd	-2.4	-3.7	91.9
Repco Home Fin	1.2	-9.4	27.6
Shriram Finance	-2.4	-10.9	68.4
Spandana Sphoort	8.4	-29.6	-54.8
Insurance			
HDFC Life Insur.	-2.1	1.3	19.7
ICICI Pru Life	-2.7	-4.2	43.7
ICICI Lombard	0.8	-11.3	42.3
Life Insurance	0.1	-7.2	54.7
Max Financial	-1.6	5.2	35.7
SBI Life Insuran	-1.9	-11.6	22.9
Star Health Insu	-3.8	-15.0	-12.3
Chemicals			
Alkyl Amines	1.6	-10.1	-3.9
Atul	1.9	0.3	23.5
Clean Science	2.5	-4.9	15.0
Deepak Nitrite	0.2	-6.7	36.2
Fine Organic	2.5	-9.1	3.9
Galaxy Surfact.	2.4	-2.2	11.9
Navin Fluo.Intl.	0.0	-3.1	-2.6
NOCIL	2.3	-3.1	27.2
P I Inds.	1.9	-3.4	34.1
SRF	0.1	-9.4	3.7



Company	1 Day (%)	1M (%)	12M (%)
Tata Chemicals	3.2	3.7	19.1
Vinati Organics	2.6	-7.3	11.3
Capital Goods	0.0	-9.1	-2.5
A B B	-0.9	-7.8	82.5
Bharat Electron	1.7	1.2	118.7
Cummins India	1.1	-7.7	109.5
Hitachi Energy	-3.9	-5.8	228.4
K E C Intl.	2.7	-8.5	47.1
Kalpataru Proj.	1.6	-7.8	94.0
Kirloskar Oil	1.7	-9.2	110.6
Larsen & Toubro	0.8	-7.3	16.5
Siemens	0.3	-4.4	102.0
Thermax	-2.7	-2.4	75.6
Triveni Turbine	1.6	-1.8	98.5
Zen Technologies	2.7	5.4	156.6
Cement			
Ambuja Cem.	0.8	-8.4	37.4
ACC	0.1	-7.2	23.6
Birla Corp.	0.9	-9.4	-6.4
Dalmia Bhar.	2.4	-4.8	-10.0
Grasim Inds.	-0.5	-4.4	42.8
India Cem	1.0	-1.5	71.5
J K Cements	-0.3	-6.6	40.7
JK Lakshmi Cem.	1.3	4.2	15.9
The Ramco Cement	2.1	1.8	-10.3
Shree Cement	0.1	-3.6	-2.3
UltraTech Cem.	0.8	-5.1	33.3
Consumer	0.9	-8.8	16.7
Asian Paints	0.1	-10.0	1.0
Britannia Inds.	2.0	-8.8	29.6
Colgate-Palm.	-0.1	-18.8	50.5
Dabur India	2.0	-12.6	4.4
Emami	2.7	-12.9	31.5
Godrej Consumer	1.7	-6.7	32.9
Hind. Unilever	0.3	-13.6	3.1
ITC	0.7	-5.1	14.2
Indigo Paints	-3.9	10.8	17.1
Jyothy Lab.	2.0	-7.6	40.6
Marico	3.5	-6.4	22.4
Nestle India	0.4	-15.4	-5.8
Page Industries	-0.2	0.9	15.2
Pidilite Inds.	1.4	-6.1	36.4
P & G Hygiene	-1.0	-2.5	-2.6
Tata Consumer	3.1	-14.6	15.9
United Breweries	-0.1	-11.3	19.9
United Spirits	-0.2	-9.1	40.7
Varun Beverages	-0.6	-0.1	65.2
Consumer Durables	-1.2	-9.5	39.6
Polycab India	-0.1	-8.1	29.5
R R Kabel	1.7	-14.5	10.2
Havells	-0.6	-17.4	31.0
Voltas	-4.1	-8.0	103.5
KEl Industries	1.9	-10.0	56.4

Company	1 Day (%)	1M (%)	12M (%)
EMS			
Amber Enterp.	-3.7	25.8	102.6
Avalon Tech	2.7	2.3	19.1
Cyient DLM	3.8	-5.3	-1.1
Data Pattern	12.5	7.0	31.0
Dixon Technolog.	-5.1	2.7	177.7
Kaynes Tech	0.5	-2.9	121.8
Syrma SGS Tech.	1.5	18.9	-16.9
Healthcare	-1.0	-3.9	51.4
Alembic Pharma	2.2	-10.0	47.7
Alkem Lab	-2.2	-4.2	57.0
Apollo Hospitals	-0.1	-3.0	44.2
Ajanta Pharma	1.9	-6.9	69.9
Aurobindo	-0.5	-3.8	63.1
Biocon	-1.9	-11.7	44.5
Zydus Lifesci.	-1.7	-7.8	69.8
Cipla	-4.0	-14.3	18.8
Divis Lab	1.4	8.1	73.0
Dr Reddy's	-1.9	-7.4	16.9
ERIS Lifescience	-1.0	-3.2	50.1
Gland Pharma	1.0	-8.6	7.0
Glenmark	-0.3	-0.2	122.6
Global Health	0.9	5.9	41.7
Granules	-0.3	-0.7	70.2
GSK Pharma	1.7	-2.8	87.1
IPCA Labs	-1.4	4.3	59.4
Laurus Labs	-0.7	4.7	34.3
Lupin	-2.2	-1.5	89.3
Mankind Pharma	3.9	4.2	49.9
Max Healthcare	-0.2	0.7	72.4
Piramal Pharma	0.6	10.3	164.5
Sun Pharma	-1.0	-3.9	66.1
Torrent Pharma	-2.4	-7.6	62.6
Infrastructure	0.1	-8.2	43.7
G R Infraproject	1.5	-7.3	40.7
IRB Infra.Devl.	4.1	-11.5	58.0
KNR Construct.	-0.4	-15.8	12.0
Logistics			
Adani Ports	1.7	-3.6	77.9
Blue Dart Exp.	1.7	-4.5	22.5
Container Corpn.	3.3	-9.0	21.3
JSW Infrast	0.0	-8.4	86.2
Mahindra Logis.	0.0	-14.8	17.0
Transport Corp.	1.4	-0.2	32.2
TCI Express	0.5	-10.8	-26.9
VRL Logistics	4.3	-0.8	-15.4
Media	2.3	-7.3	-9.0
PVR INOX	2.2	-6.4	-2.0
Sun TV	0.5	-10.5	18.2
Zee Ent.	2.5	-11.3	-51.2
Metals	0.0	-8.4	44.4
Hindalco	-0.7	-9.0	50.8
Hind. Zinc	1.9	7.3	91.4



Company	1 Day (%)	1M (%)	12M (%)
JSPL	0.4	-11.6	42.8
JSW Steel	-0.2	-7.1	30.3
Nalco	-0.5	8.0	146.7
NMDC	-0.8	-8.4	43.8
SAIL	0.3	-17.9	38.4
Tata Steel	-0.7	-11.6	25.0
Vedanta	-0.8	-8.6	116.4
Oil & Gas	-0.6	-13.7	50.3
Aegis Logistics	2.0	3.3	166.4
BPCL	0.0	-15.9	79.5
Castrol India	2.0	-13.1	53.5
GAIL	-0.7	-15.2	71.6
Gujarat Gas	-0.5	-14.7	28.2
Gujarat St. Pet.	-0.4	-8.6	41.9
HPCL	-2.8	-14.3	130.3
IOCL	-0.5	-20.4	62.5
IGL	0.9	-24.6	9.2
Mahanagar Gas	1.1	-25.7	41.8
MRPL	1.4	-18.4	40.5
Oil India	-1.7	-18.8	132.7
ONGC	-1.3	-12.1	38.6
PLNG	-1.0	-3.1	64.1
Reliance Ind.	0.3	-9.0	16.2
Real Estate	-0.1	-8.9	68.1
Brigade Enterpr.	0.4	-15.5	93.3
DLF	-0.7	-7.7	49.0
Godrej Propert.	-2.4	-9.1	75.3
Kolte Patil Dev.	1.9	-6.2	-21.5
Mahindra Life.	0.0	-9.1	-2.5
Macrotech Devel.	-0.7	-4.5	55.1
Oberoi Realty Ltd	-2.9	1.9	72.5
SignatureGlobal	0.0	-13.7	143.9
Sobha	3.5	-17.3	133.6
Sunteck Realty	-0.9	-6.6	26.8
Phoenix Mills	3.2	-15.1	71.1
Prestige Estates	2.6	-10.8	119.1
Retail			
Aditya Bir. Fas.	0.2	-12.2	42.0
Avenue Super.	-0.8	-22.8	7.8
Bata India	0.3	-5.3	-13.2
Campus Activewe.	2.0	-15.4	8.1
Barbeque-Nation	0.8	-13.7	-14.4
Devyani Intl.	2.6	-14.1	-8.0
Jubilant Food	0.5	-15.2	17.0
Kalyan Jewellers	0.2	-7.7	131.5
Metro Brands	1.3	-7.1	-0.1
Raymond Lifestyl	0.9	-6.8	
Relaxo Footwear	1.0	-7.7	-16.0
Restaurant Brand	-1.4	-17.8	-17.7
Sapphire Foods	-0.4	-9.4	26.1
Senco Gold	6.2	-15.0	84.0
Shoppers St.	-0.4	-15.2	4.6
Titan Co.	0.8	-13.5	6.2

Company	1 Day (%)	1M (%)	12M (%)
Trent	-2.1	-4.3	242.1
V-Mart Retail	0.7	11.7	176.9
Vedant Fashions	-0.9	-0.4	4.6
Westlife Food	2.0	-18.8	-5.2
Technology	-0.9	-0.7	36.0
Cyient	2.6	-2.7	15.2
HCL Tech.	-1.8	2.4	45.4
Infosys	-2.0	-3.9	30.9
LTIMindtree	-1.0	-7.2	12.5
L&T Technology	-0.9	-3.5	23.4
Mphasis	-0.5	-0.1	40.2
Coforge	-0.1	10.3	55.2
Persistent Sys	-0.9	3.1	85.2
TCS	0.2	-4.3	20.9
Tech Mah	-0.8	6.8	49.5
Wipro	0.5	4.4	48.0
Zensar Tech	0.3	3.9	43.5
Telecom	0.3	-8.5	44.6
Bharti Airtel	-0.2	-4.5	76.3
Indus Towers	-1.5	-12.7	101.8
Idea Cellular	-3.5	-25.9	-34.1
Tata Comm	0.2	-16.3	8.5
Utilities	-0.5	-9.7	76.6
Coal India	0.8	-12.0	42.8
NTPC	-0.9	-7.8	74.1
Power Grid Corpn	-0.7	-9.7	58.6
Tata Power Co.	0.4	-11.5	78.6
JSW Energy	-1.3	-8.0	70.3
Indian Energy Ex	-2.0	-13.7	40.7
Others			
APL Apollo Tubes	-1.3	-5.9	-7.0
Cello World	1.8	-9.6	
Coromandel Intl	2.4	-1.7	58.1
Dreamfolks Servi	1.2	-9.4	27.6
EPL Ltd	2.6	3.5	48.1
Gravita India	0.3	-18.4	103.5
Godrej Agrovet	-4.4	-6.6	52.3
Havells	-0.6	-17.4	31.0
Indian Hotels	0.9	0.0	79.2
Indiamart Inter.	0.8	-11.3	42.3
Info Edge	0.1	-7.2	54.7
Interglobe	0.8	-15.2	62.6
Kajaria Ceramics	-0.5	-17.9	-5.4
Lemon Tree Hotel	1.1	-5.0	4.9
MTAR Technologie	3.1	-6.5	-33.9
One 97	1.0	9.3	-18.5
Piramal Enterpr.	-0.4	-2.2	11.8
Quess Corp	5.3	-9.7	66.3
SIS	3.8	-4.0	-6.2
Team Lease Serv.	2.0	-10.4	15.0
UPL	2.2	-10.9	1.4
Updater Services	6.5	3.1	48.1
Voltas	-4.1	-8.0	103.5

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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