Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	73,105	0.5	1.2
Nifty-50	22,218	0.5	2.2
Nifty-M 100	50,225	1.0	8.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,247	0.5	10.0
Nasdaq	16,511	0.8	10.0
FTSE 100	8,428	0.2	9.0
DAX	18,716	-0.1	11.7
Hang Seng	6,741	-0.3	16.9
Nikkei 225	38,356	0.5	14.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	81	-1.9	3.8
Gold ($/OZ)	2,358	0.9	14.3
Cu (US$/MT)	10,008	-0.7	18.2
Almn (US$/MT)	2,496	0.0	6.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.5	0.0	0.4
USD/EUR	1.1	0.3	-2.0
USD/JPY	156.4	0.1	10.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.1	-0.01	-0.1
10 Yrs AAA Corp	7.5	-0.01	-0.2
Flows (USD b)	**14-May**	**MTD**	**CYTD**
FIIs	-0.5	-3.44	-2.7
DIIs	0.42	3.60	21.5
Volumes (INRb)	**14-May**	**MTD***	**YTD***
Cash	975	1129	1176
F&O	3,83,204	3,40,081	3,83,994

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Siemens: Gaining from strong demand and margins

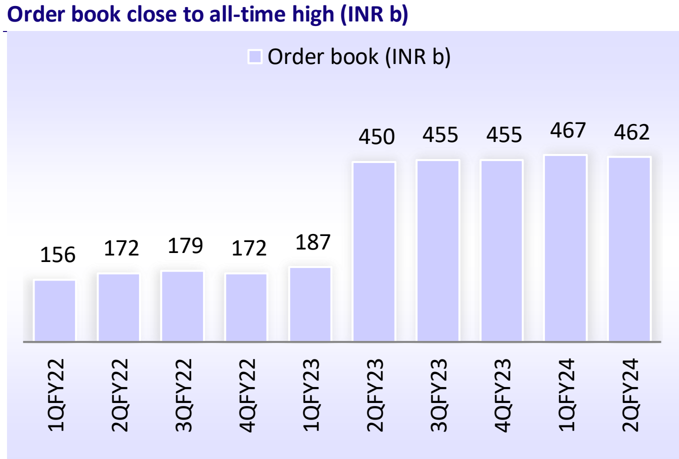
- SIEM's 2QFY24 result was ahead of our estimates, aided by a strong margin performance and higher other income leading to a sharp beat on PAT. The company reported revenue/PAT growth of 18%/70% YoY in 2QFY24. Margin outperformance was driven by an improved revenue mix, pricing gains and productivity measures taken by the company.
- SIEM aims to maintain margins at higher levels amid a strong demand scenario, along with productivity measures. Order inflows stood at INR51.8b, down 13% QoQ, due to delays in finalization. However, the enquiry pipeline remains strong.
- SIEM continues to benefit from a strong demand environment, especially in transmission, data center, EV, railways, semiconductor, electronics and hydrogen. It has planned a capex of INR5b for GIS and metros to capitalize on domestic and export demand.
- SIEM has also approved the demerger of its energy segment into a separate entity, which will be listed by CY25-end. We raise our estimates for FY24/FY25/FY26 by 17%/18%/26% primarily to factor in higher margin. We reiterate our BUY rating with a revised TP of INR7,800 (from INR6,050), based on 65x Sep'26E EPS.

Research covered

Cos/Sector	Key Highlights
Siemens	Gaining from strong demand and margins
DLF	Muted bookings in 4Q; pipeline remains strong
Union Bank of India	Business growth on track; RoA to sustain at >1%
Other Updates	Tube Investments of India | J K Cement | Devyani International | PVR-Inox | Bharti Airtel | Shree Cement | Colgate | Apollo Tyres | V-Mart Retail | Repco Home Finance | EcoScope

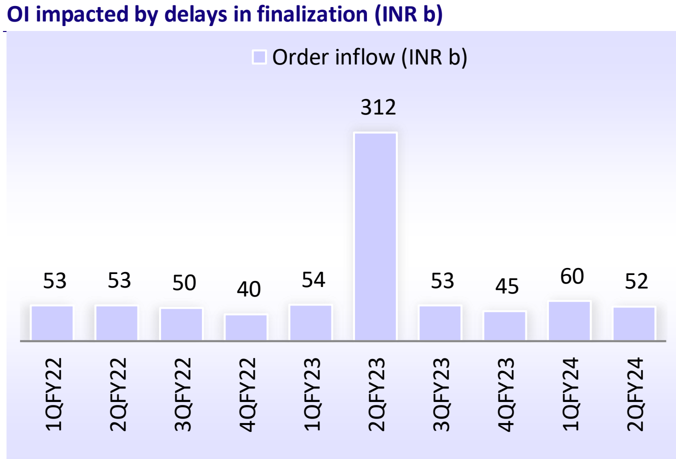
Chart of the Day: Siemens (Gaining from strong demand and margins)

Order book close to all-time high (INR b)



Source: Company, MOFSL

OI impacted by delays in finalization (INR b)



Source: Company, MOFSL

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In the news today

Kindly click on textbox for the detailed news link

1

Fed policy rate to stay at 2-decade high-mark, US inflation may not drop significantly in 2024: Powell

Powell said he felt it is unlikely that the Fed would raise interest rates again, restating the central bank will be patient and allow the current policy rate to have its full impact.

2

Reliance eyes bigger piece of FMCG pie

Consumer products arm aims to have 10-mn strong merchant base in 5 years

3

Cipla promoters to sell up to 2.53% for Rs 2,637 crore

The move, days after the company posted its best annual results, has triggered speculation that more such transactions could be in the offing. The collapse of the $7 billion sale last year after lengthy negotiations had reportedly led to divisions within the family, according to people with knowledge of the matter.

4

NCLAT lifts lien on IL&FS Transportation

NCLAT orders lifting of lien on ITNL's account, deeming Maharashtra tax department's attachment contrary to previous decision. PNB seeks interim distribution of Rs 12 crore from ITNL's account towards debt, allowing IL&FS board to consider fund distribution

5

Devyani International, PVR INOX announces strategic partnership for operating food courts in shopping malls

The partnership will empower Devyani International and PVR INOX to reach a wider audience and expand their market presence.

6

April car sales growth moderates on high base

A high base due to the strong growth in the last two years weighed on the year-on-year comparison, resulting in the tepid pace of growth in April. Though the growth rate moderated in April, it was the fourth consecutive month in CY24 when sales volume in the local market set a new record

7

Nayara Energy to invest Rs 600 crore to set up two ethanol plants

The total investment in the project is about $750 million.

Siemens

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	2371.9 / 28.4
52-Week Range (INR)	6702 / 3246
1, 6, 12 Rel. Per (%)	21/81/50
12M Avg Val (INR M)	1543

Financials Snapshot (INR b)

Y/E SEP	FY24E	FY25E	FY26E
Net Sales	232.9	280.0	337.3
EBITDA	33.9	42.6	53.3
PAT	28.3	34.2	42.7
EPS (INR)	79.5	96.1	119.9
GR. (%)	44.3	20.9	24.8
BV/Sh (INR)	426.4	497.4	586.1
Ratios			
ROE (%)	20.0	20.8	22.1
RoCE (%)	19.8	20.6	22.0
Valuations			
P/E (X)	83.7	69.3	55.5
P/BV (X)	15.6	13.4	11.4
EV/EBITDA (X)	66.8	52.6	41.6
Div Yield (%)	0.3	0.4	0.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	75.0	75.0	75.0
DII	7.4	7.7	8.5
FII	8.3	7.9	7.0
Others	9.3	9.4	9.5

FII Includes depository receipts

CMP: INR6,660 TP: INR7,800 (+17%) Buy

Gaining from strong demand and margins

SIEM's 2QFY24 result was ahead of our estimates, aided by a strong margin performance and higher other income leading to a sharp beat on PAT. The company reported revenue/PAT growth of 18%/70% YoY in 2QFY24. Margin outperformance was driven by an improved revenue mix, pricing gains and productivity measures taken by the company. SIEM aims to maintain margins at higher levels amid a strong demand scenario, along with productivity measures. Order inflows stood at INR51.8b, down 13% QoQ, due to delays in finalization. However, the enquiry pipeline remains strong. SIEM continues to benefit from a strong demand environment, especially in transmission, data center, EV, railways, semiconductor, electronics and hydrogen. It has planned a capex of INR5b for GIS and metros to capitalize on domestic and export demand. SIEM has also approved the demerger of its energy segment into a separate entity, which will be listed by CY25-end. We raise our estimates for FY24/FY25/FY26 by 17%/18%/26% primarily to factor in higher margin. We reiterate our BUY rating with a revised TP of INR7,800 (from INR6,050), based on 65x Sep'26E EPS.

Strong beat on profitability

Revenue at INR57.5b grew by 18% YoY/19% QoQ. This was driven by robust growth of 26%/56%/16% in Smart Infra/Mobility/Digital Industries, while the Energy segment grew by 5% YoY. Gross margin expanded by ~100bp YoY to 32.5%, which, coupled with a reduction in employee costs as a percentage of sales, led to a ~250bp YoY/290bp QoQ expansion in EBITDA margin to 15.3%. Consequently, EBITDA at INR8.8b jumped 41% YoY (record high). Driven by robust other income (+175% YoY due to property sale), PAT surged 70% YoY to INR8b. Order inflows came in at INR51.8 (not comparable to 2QFY23 which had a large order worth ~INR254b). The order book stands at INR462b (+3% YoY). The company has announced capex worth INR3.33b in Goa for GIS and Clean Air GIS technologies catering to industries such as data centers, metro rail, oil & gas, steel, T&D, etc. In Aurangabad, SIEM is investing ~INR1.86b in a state-of-the-art metro train manufacturing facility. With these two announcements, along with the earlier announcements for Power Transformers and Vacuum Interrupters, the cumulative capex has crossed INR10b.

Outlook remains strong across segments

SIEM is witnessing a strong demand environment, driven by government capex, private capex from PLI schemes, data centers, renewable spending, and semiconductor. Some government-led projects were deferred during the quarter, while a major increase in demand was seen in the transmission sector where the company can capitalize on HVDC projects too. We had highlighted this in our report on T&D opportunities (ref link) that the near-term prospect pipeline from CEA approvals jumped to INR1t.

Demerger of energy division to be completed by CY25-end

SIEM has also approved the demerger of its energy segment into a separate entity, Siemens Energy India (SEIL), which will be listed by CY25-end. This entity will have a mirror shareholding and shares will be allotted in a 1:1 ratio. Both companies will be able to execute their own strategy, with a tailored go-to-market and operational approach to leverage the full potential of the Indian and export markets. SEIL will get technology access related to its business from parent Siemens AG. The order book for the energy business stood at INR97b and revenue was INR60b as of FY23.

Leveraging facilities for export and domestic demand

SIEM is expanding facilities across GIS, metro and transformers to cater to both domestic and export demand. In the smart infrastructure division, GIS expansion will initially cater to demand for blue GIS, which will be primarily used for exports. Its C&S division is already stepping up and doing substantial exports. For the mobility division, metros and bogey factory will emerge as global hubs and will be used for exports to Australia, the Middle East and Asia. The company will also use the upcoming transformer facility for both export and domestic demand. The improving share of exports will also boost margins for SIEM.

Financial outlook

We raise our estimates for FY24/FY25/FY26 by 17%/18%/26% primarily to factor in higher margin. We expect a CAGR of 20%/29%/30% in revenue/EBITDA/PAT over FY23-26. We believe that the company is one of the beneficiaries of opportunities from investments in railways, T&D, data center and industrial activity.

Valuation and view

The stock is currently trading at a P/E of 69.3x/55.5x on FY25E/FY26E. We remain positive on SIEM, as the company is a direct play on the transmission and HVDC-related spending over the next few years. It is also rightly positioned to capture the railway-related opportunities. We value the stock at 65x Sep'26E EPS and maintain our **BUY** rating with a revised TP of INR7,800 (INR6050 earlier).

Consolidated - Quarterly Earnings Model (INR m)

Y/E September	FY23				FY24E				FY23	FY24E	FY24E	Est
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**40,151**	**48,578**	**48,732**	**58,077**	**48,252**	**57,499**	**59,318**	**72,249**	**1,95,538**	**2,32,928**	**57,165**	**1**
YoY Change (%)	17.4	22.8	14.4	24.7	20.2	18.4	21.7	24.4	21.2	19.1	17.7	
Total Expenditure	34,159	42,366	43,067	51,075	42,291	48,717	50,169	60,434	1,70,667	1,98,734	49,897	
EBITDA	**5,992**	**6,212**	**5,665**	**7,002**	**5,961**	**8,782**	**9,149**	**11,815**	**24,871**	**34,194**	**7,269**	**21**
Margins (%)	14.9	12.8	11.6	12.1	12.4	15.3	15.4	16.4	12.7	14.7	12.7	
Depreciation	761	785	876	786	785	800	876	825	3,208	3,338	851	-6
Interest	37	99	43	49	34	313	37	37	228	420	65	384
Other Income	1,017	1,166	1,324	1,455	1,641	3,210	1,564	1,564	4,962	7,979	1,566	105
PBT before EO expense	**6,211**	**6,494**	**6,070**	**7,622**	**6,783**	**10,879**	**9,800**	**12,517**	**26,397**	**38,415**	**7,919**	**37**
Extra-Ord expense	0	0	0	0	0	0	0	0	-1	0	0	
PBT	**6,211**	**6,494**	**6,070**	**7,622**	**6,783**	**10,879**	**9,800**	**12,517**	**26,398**	**38,415**	**7,919**	**37**
Tax	1,584	1,776	1,513	1,905	1,726	2,851	2,519	3,584	6,778	9,864	2,035	
Rate (%)	25.5	27.3	24.9	25.0	25.4	26.2	25.7	28.6	25.7	25.7	25.7	
Reported PAT	**4,627**	**4,718**	**4,557**	**5,717**	**5,057**	**8,028**	**7,281**	**8,933**	**19,620**	**28,551**	**5,884**	**36**
Adj PAT	**4,627**	**4,718**	**4,557**	**5,717**	**5,057**	**8,028**	**7,281**	**8,933**	**19,619**	**28,551**	**5,884**	**36**
YoY Change (%)	86.8	38.8	50.6	49.8	9.3	70.2	59.8	56.3	55.5	45.5	24.7	
Margins (%)	11.5	9.7	9.4	9.8	10.5	14.0	12.3	12.4	10.0	12.3	10.3	

DLF

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	2076.9 / 24.9
52-Week Range (INR)	968 / 440
1, 6, 12 Rel. Per (%)	-6/24/71
12M Avg Val (INR M)	3177

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	64.3	73.8	79.6
EBITDA	21.2	26.7	30.5
EBITDA (%)	33.0	36.2	38.3
PAT	27.2	36.8	39.6
EPS (INR)	11.0	14.9	16.0
EPS Gr. (%)	63.8	30.3	45.3
BV/Sh. (INR)	221.0	237.5	255.5
Ratios			
Net D/E	0.0	-0.1	-0.1
RoE (%)	7.1	9.0	9.0
RoCE (%)	4.5	4.9	5.1
Payout (%)	27.3	20.2	18.8
Valuations			
P/E (x)	76.3	56.5	52.5
P/BV (x)	3.8	3.5	3.3
EV/EBITDA (x)	98.0	76.3	66.3
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.1	74.1	75.0
DII	4.8	5.5	5.2
FII	16.5	15.8	14.7
Others	4.6	4.7	5.2

CMP: INR839 TP: INR850 (+1%) Neutral

Muted bookings in 4Q; pipeline remains strong

Targeting INR170b bookings in FY25

- DLF witnessed moderation in pre-sales to INR14.6b in 4QFY24, down 83% YoY/84% QoQ (48% below estimate) due to the lack of key project launches. In FY24, the company achieved bookings of INR148b, flat YoY.
- The management plans to launch INR360b worth of projects across the super luxury/premium segments in FY25 and has guided for INR170b of bookings. Moreover, the company has identified a pipeline of over INR950b for the next three-four years. Hence, we expect DLF to report a 25% CAGR in pre-sales over FY24-26 to INR230b.
- **Cash flow performance –** Collections increased 14% YoY to INR22b, while OCF was flat at INR11b due to higher construction spending. In FY24, DLF collected INR83b and generated OCF of INR42b.
- **P&L performance –** 4Q revenue came in at INR21b, up 47% YoY (in line). EBITDA increased 89% YoY to INR7.5b (in line) as margin expanded 800bp to 35%. DLF reported PAT of INR9.2b, up 62% YoY and 11% above our estimate, largely driven by higher other income.

DCCDL: Rental run rate to ramp up to INR60b by FY25 end

- Rental income in DCCDL's commercial portfolio increased by 7% YoY to INR11b, driven by a 13% rise in retail income. Office rentals grew 5% YoY. In FY24, the company earned rental income of INR43b, up 9% YoY, It expects rental income to ramp up to INR60b by FY25 end.
- Occupancy in the non-SEZ portfolio stood at 97%. In SEZ assets, occupancy inched up to 86% from 84% in 3Q. The overall occupancy stood at 92% in DCCDL's office portfolio and 97% in its rental portfolio.
- Rental income for two towers (2.3msf) at Downtown Chennai will ramp up from 1QFY25 and it will ramp up for the pre-leased Standard Chartered tower (1msf) from 1QFY26. Similarly, tower 4 at Downtown Gurugram will also contribute to rentals from 1QFY26.

Key takeaways from the management interaction

- **Launches:** The pipeline has increased to INR360b (vs. INR295b in 3QFY24) and includes the 2nd phase of Privana (already launched in 1QFY25), Goa (2Q), a super luxury project in DLF 5 (3Q) and the 3rd phase of Privana, along with the Mumbai project in 4QFY25.
- **Land acquisition:** The recently acquired land is in Sector 61, Gurugram, where the company did not have much presence, except for the Arbour project. Moreover, the land will cost the company less than INR2500/sft, which would make the project very profitable. The company is not evaluating the Dwarka expressway (Gurugram) market.
- The new project in Mumbai has a large development potential of over 4msf; hence, there is no immediate need for new acquisition.
- **Cash flow:** The company aims to grow collections by 15% in FY25. It has surplus cash of INR20b (excluding INR40b locked in RERA escrow), of which INR10b will be utilized for debt repayment.

Valuation and view: Growth trajectory intact but already priced in

- DLF's vast land reserves continue to offer growth visibility. However, our assumption of a 12-13-year monetization timeline for its remaining 160msf of land bank (including TOD potential) adequately incorporates this growth.
- We estimate an 8-10% CAGR in prices across its key markets of Gurugram, New Gurugram, Delhi, and Chandigarh. Based on the above assumptions, we value the land at INR1109b. The current valuation already implies INR1162b of value for its land, indicating limited upside potential. We Maintain **Neutral** stance with TP of INR850**.**

Strong launch pipeline to help DLFU maintain sales momentum

Y/E March	FY23				FY24				FY23	FY24	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%/bp)
Gross Sales	**14,416**	**13,023**	**14,948**	**14,561**	**14,232**	**13,477**	**15,213**	**21,348**	**56,948**	**64,270**	**22,758**	**-6**
YoY Change (%)	26.5	-12.1	-3.5	-5.9	-1.3	3.5	1.8	46.6	-0.4	12.9	56.3	
Total Expenditure	10,280	8,657	10,176	10,577	10,271	8,853	10,103	13,807	39,690	43,034	15,516	
EBITDA	**4,137**	**4,367**	**4,772**	**3,984**	**3,962**	**4,624**	**5,110**	**7,541**	**17,259**	**21,236**	**7,242**	**4**
Margins (%)	28.7	33.5	31.9	27.4	27.8	34.3	33.6	35.3	30.3	33.0	31.8	350bps
Depreciation	373	367	386	360	364	370	380	367	1,486	1,480	453	
Interest	1,052	1,069	954	846	849	902	837	977	3,921	3,565	907	
Other Income	747	582	659	1,196	985	1,287	1,223	1,819	3,173	5,313	1,103	
PBT before EO expense	**3,458**	**3,512**	**4,090**	**3,974**	**3,734**	**4,639**	**5,115**	**8,016**	**15,024**	**21,505**	**6,985**	**15**
PBT	0	0	0	0	0	0	0	0	0	0	0	
Tax	**3,458**	**3,512**	**4,090**	**3,974**	**3,734**	**4,639**	**5,115**	**8,016**	**15,024**	**21,505**	**6,985**	**15**
Rate (%)	876	910	1,104	1,125	1,014	1,122	1,350	1,715	4,015	5,201	1,665	
MI & Profit/Loss of Asso. Cos.	25.3	25.9	27.0	28.3	27.2	24.2	26.4	21.4	33.2	24.2	23.8	
Reported PAT	2,111	2,169	2,203	2,848	2,541	2,701	2,792	2,897	9,330	10,931	2,959	
Adj PAT	**4,692**	**4,772**	**5,189**	**5,696**	**5,261**	**6,219**	**6,557**	**9,198**	**20,340**	**27,235**	**8,279**	**11**
YoY Change (%)	**4,692**	**4,772**	**5,189**	**5,696**	**5,261**	**6,219**	**6,557**	**9,198**	**20,340**	**27,235**	**8,279**	
Margins (%)	39.2	25.9	-16.7	40.5	12.1	30.3	26.4	61.5	16.6	33.9	45.3	
Operational Metrics												
Residential												
Pre-sales	20	21	25	85	20	22	90	15	151	148	28	**-48**
Collections	11	13	14	19	16	24	25	22	57	87	33	**-34**
Net Debt	23	21	21	7	1	-1	-12	-15	7	-15	-12	

Source: Company, MOFSL

14 May 2024

Update | Sector: Financials

Union Bank of India

BSE SENSEX	S&P CNX
73,105	22,218

CMP: INR134 **TP: INR165 (+23%)** **Buy**

Business growth on track; RoA to sustain at >1%

Asset quality outlook remains positive

We attended the analyst meet hosted by the entire top management team of Union Bank (UNBK). The management emphasized the bank's efforts in delivering profitable growth while continually making investments in the business and enhancing the technological capabilities of the bank. Management has conservatively guided FY25E NIMs of 2.8-3.0%, while RoA will be healthy at >1%. Following are the key takeaways from the meet:

Loan growth to remain healthy at 10-12%

UNBK is experiencing robust loan growth, driven by sustained momentum in Retail, Agriculture, MSME, Corporate, and Overseas lending segments. Additionally, there is a notable increase in demand for education loans. The bank anticipates a credit growth of ~10-12% in FY25, supported by strong credit demand. Presently, the bank has a healthy corporate pipeline of INR300b under discussion, along with around INR400b already sanctioned and prepared for disbursement. The bank foresees its deposit base growing healthily at a rate of 9-11%, bolstered by retail deposits via CASA and retail TDs. With a current CD ratio of 71%, the bank has mechanisms in place to further boost loan growth, aiming for a CD ratio within the range of 75-77%. Moreover, the bank holds excess SLR reserves amounting to INR700b, which can be utilized to enhance credit availability.

Margin outlook steady; NIM to be at 2.8-3.0% on a conservative basis

Although management has taken a cautious stance regarding NIM guidance, the bank possesses various mechanisms to optimize its margins. The bank forecasts margins in the range of approximately 2.8-3.0%. Despite a repo rate increase of 250bp, the bank has implemented only ~155bp of this increase, retaining flexibility to utilize the remainder when necessary. Additionally, the bank aims for a dummy interest of ~INR30b, which could contribute positively to margins in the future. Combined with the potential for further enhancement in the CD ratio, these factors could provide additional support to margins in FY25.

Limited impact from the RBI's draft circular on project finance

UNBK maintains a limited exposure to project finance loans. Out of its total corporate exposure of INR4.07t, only 28% is attributed to project loans, with 68% of this portion linked to completed projects. Consequently, only 32% of project loans are subject to provisioning requirements, leading the bank to anticipate minimal impact. Nevertheless, the bank remains in communication with the regulator to assess feedback and ascertain the potential provisioning requirement. The bank plans to transfer any impact to the borrowers and will vigilantly monitor corporate developments.

Stock Info

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1020.2 / 12.2
52-Week Range (INR)	163 / 68
1, 6, 12 Rel. Per (%)	-9/5/66
12M Avg Val (INR M)	2728
Free float (%)	25.2

Financials Snapshot (INR b)

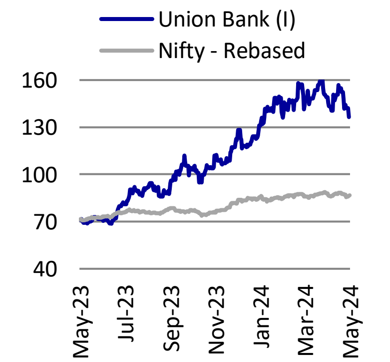
Y/E March	FY24	FY25E	FY26E
NII	365.7	386.5	429.5
OP	282.1	299.4	335.6
NP	136.5	158.6	180.5
NIM (%)	2.9	2.8	2.8
EPS (INR)	18.9	20.8	23.7
EPS Gr. (%)	52.9	10.1	13.8
BV/Sh. (INR)	123	139	159
ABV/Sh. (INR)	112	130	149
RoE (%)	16.7	16.3	16.3
RoA (%)	1.0	1.1	1.1
Valuations			
P/E(X)	7.5	6.8	6.0
P/BV (X)	1.2	1.0	0.9
P/ABV (X)	1.3	1.1	1.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.8	77.0	83.5
DII	12.6	12.3	8.3
FII	6.8	4.0	1.7
Others	5.9	6.8	6.6

FII Includes depository receipts

Stock's performance (one-year)



Asset quality robust; recoveries to maintain a healthy run-rate

UNBK's asset quality demonstrates ongoing enhancement, characterized by a consistent decline in NPA ratios. The bank has effectively contained slippages at 50% of total recoveries. For FY24, it achieved total recoveries amounting to INR185b and anticipates a similar figure of ~INR160b in FY25. With a total NPA pool of INR1.23t, ~INR800b is classified as TWO accounts, wherein the bank observes a 7% increase in recoveries. Currently, the bank is engaged in discussions regarding 11 A/Cs with the NARCL, aiming to recover INR20 billion in FY25. Encouragingly, the bank foresees favorable recoveries from ARCs, given the granular and staggered nature of recoveries witnessed in FY24. Maintaining confidence, the bank expects to sustain credit costs at their current level, thereby likely remaining below 1%.

Strong focus on profitability with UNBK being the fourth-largest PSU bank

UNBK has consistently demonstrated strong profitability, securing its position as the fourth-largest PSU in terms of profitability. With one of the lowest C/I ratios in the industry, UNBK sees potential for further improvement in operational expenditure by outsourcing certain business functions. Having already met its FY24 targets for RoA and ROE at 1% and 17%, respectively, UNBK aims to sustain a RoA of over 1% in FY25. To achieve this, the bank has implemented various initiatives focused on controlling credit costs, enhancing the CASA ratio, and maintaining robust margins.

Other highlights

- UNBK anticipates favorable conditions with a good monsoon, supportive Fed policies, and expected ease in liquidity, which should contribute to sufficient trading income.
- The bank prioritizes maintaining its profit level without compromising its revenue. Despite initially forecasting lower guidance, the bank has observed better-than-expected growth.
- Management is confident that deposit growth will not hinder loan growth.
- Deposit growth was stronger in the first half of the year, while credit growth remained robust in the second half.
- The bank does not maintain floating provisions and currently has standard asset provisions.
- UNBK plans to transition to lower tax rates of 25-27%, which were previously inflated due to the reversal of DTAs.
- The transition of the mobile banking platform is scheduled for the beginning of the next financial year.

Valuation and view

UNBK has been reporting a healthy performance, with earnings driven by healthy revenue, loan growth, and controlled provisions. Fresh slippages have been under control which, coupled with healthy recoveries and upgrades, have resulted in an improvement in asset quality ratios. Further, a low SMA book and controlled restructuring provide a better outlook on asset quality. Loan growth has been trending well and has been broad-based, with its focus likely to remain on further credit growth improvement. We estimate loans to grow at ~12% over FY24-26, with RoA/RoE at 1.1%/16% by FY26. **We reiterate our BUY rating with a revised TP of INR165 (premised on 1x FY26E ABV).**

Tube Investments of India

Estimate changes	↓
TP change	↔
Rating change	↔

Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	726.7 / 8.7
52-Week Range (INR)	4163 / 2622
1, 6, 12 Rel. Per (%)	8/4/15
12M Avg Val (INR M)	847

Consol. Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	168.9	190.8	217.3
EBITDA	19.5	24.2	29.2
Adj. PAT	6.7	12.0	14.9
EPS (INR)	34.4	62.3	77.0
EPS Gr. (%)	-15.1	81.0	23.7
BV/Sh. (INR)	264	317	382
Ratios			
RoE (%)	14.7	21.5	22.0
RoCE (%)	32.8	34.1	35.9
Payout (%)	10.2	14.9	14.7
Valuations			
P/E (x)	109.1	60.3	48.8
P/BV (x)	14.2	11.9	9.8
Div. Yield (%)	0.1	0.2	0.3
FCF Yield (%)	-0.2	1.6	2.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	45.1	45.1	46.2
DII	15.3	14.6	12.3
FII	28.3	28.8	28.9
Others	11.3	11.5	12.6

FII Includes depository receipts

CMP: INR3,758 TP: INR4,400 (+17%) Buy

Miss on operating profit due to higher other expenses

FY25E capex for S/A business is INR5b, while it is INR4.7b for TICMPL

- Tube Investments of India (TIINDIA)'s 4QFY24 result was operationally weak, as margin came in at 11.1% (v/s est. 12.7%), mainly due to higher other expenses and rising competition in its metal-formed business on the railway side. TIINDIA has further outlined a capex of INR4.7b for TICMPL, expecting these businesses to be the future growth drivers despite a delay in ramp-up.
- We cut our FY25E/FY26E consolidated EPS by ~8/7% to factor in margin pressure in the metal-formed business. We value its EV vertical (ex- SCV) at INR350 per share in the SoTP after assigning a value to its e-HCV business. The stock trades at 60x/49x FY25E/FY26E consol. EPS. **We reiterate our BUY rating with a TP of ~INR4,400 (premised on Mar'26 SoTP).**

Political contributions result in higher other expenses

- TIINDIA's S/A revenue grew 18% YoY to INR19.6b (vs. est. INR20b), due to lower-than-est. growth in the engineering /metal-formed businesses, offset by higher-than-est. growth in the others business vertical.
- Gross margin contracted 90bp YoY (+20bp QoQ) to 36.3%.
- EBITDA rose 3% YoY to INR2.2b (vs. est. INR2.5b). EBITDA margin contracted 160bp YoY to 11.1% (vs. est. 12.7%) as other expenses remained elevated (grew 150bp YoY as a % of sales). Other expenses were higher on account of political contributions.
- Further, lower-than-estimated other income was offset by lower tax, leading to adj. PAT declining 9% YoY to INR2.5b (vs. est. INR3.0b).
- **During FY24,** revenue/EBITDA/adj. PAT rose 5%/5%/4% YoY.
- Revenue from the Mobility business remained flat YoY at INR1.5b. Its PBIT margin was -5.7% (vs. -5.6%/-3.2% in 3QFY24/4QFY23 and est. 1%).
- Revenue from the Engineering business grew 22% YoY to INR12.8b. PBIT margin was 12.5% (vs. 12.4%/12.6% in 3QFY24/4QFY23 and est. 13.6%).
- Revenue from the Metal-formed Product business grew 11% YoY to INR3.9b. Its PBIT margin was 11% (vs. 12.1%/12.9% in 3QFY24/4QFY23 and est. 10.8%).
- Revenue from the Others business vertical grew 20.5% YoY to INR2.3b. PBIT margin was 7.5% (vs. 6.3%/5.8% in 3QFY24/4QFY23 and est. 3.9%).
- Consol. business revenue grew 19% YoY to INR44.9b, but EBITDA/Adj. PAT declined 9%/16% YoY to INR4.5b/INR2.8b during the quarter.
- The Board declared a final dividend of INR1.5/share for FY24 (the total dividend for FY24 stood at INR3.5/share, similar to the last year levels).
- S/A's FY24 FCF stood at INR2.6b (vs. INR4.4b in FY23), mainly due to lower operating cash flow that stood at INR5.9b (vs. INR6.2b in FY23), despite a lower capex of INR2.6b (vs. INR4.4b in FY23).
- The Board has approved long-term borrowing up to INR3.5b by way of term loans or NCDs in one or more tranches in FY25, although it has not decided anything on the deployment of the same.

Highlights from the management commentary

- **Metal-formed business:** Despite growing in double digits, which was in line with the 2W industry growth, the benefits of lower RM costs had to be passed on to the customers. This limited its revenue growth. As competition has been mounting on the railway business side, it has affected margins for this business vertical.
- **e-SCV:** This product is planned to be launched in the next two months (Jul-Aug'24) and the company is investing INR3.2b for the Chennai manufacturing facility.
- **e-3Ws**: There was a drop in the primary sales of e-3Ws as there was a transition from FAME scheme to the new EMPS scheme. TIINDIA has taken a price hike after it and has taken some cost absorption too.

Valuation and view

- TIINDIA offers diversified revenue streams, with strong growth in the core business (~20% S/A PAT CAGR over FY24E-26E), ramp-up in CG Power, and the optionality of new businesses incubated under the TI-2 strategy.
- The stock trades at 60x/49x FY25E/FY26E consolidated EPS. **We reiterate our BUY rating and a TP of ~INR4,400 (premised on Mar'26E SOTP; 36x for the standalone business, valuing listed subsidiaries at a 20% HoldCo discount, and adding INR350/share for the three EV businesses).**

Quarterly performance (S/A) (INR M)

Y/E March	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net Sales	**19,570**	**19,059**	**17,097**	**16,634**	**17,801**	**19,696**	**18,983**	**19,624**	**72,360**	**76,105**	**19,975**
YoY Change (%)	55.7	14.4	0.5	-4.1	-9.0	3.3	11.0	18.0	13.8	5.2	20.1
EBITDA	**2,040**	**2,512**	**2,144**	**2,106**	**2,160**	**2,514**	**2,395**	**2,171**	**8,803**	**9,239**	**2,530**
Margins (%)	10.4	13.2	12.5	12.7	12.1	12.8	12.6	11.1	12.2	12.1	12.7
Depreciation	325	346	337	448	331	346	361	370	1,456	1,408	374
Interest	36	52	60	68	70	77	74	75	216	295	70
Other Income	120	145	171	1,717	219	358	137	1,451	2,152	2,165	1,948
PBT before EO expense	**1,800**	**2,258**	**1,919**	**3,306**	**1,979**	**2,448**	**2,096**	**3,178**	**9,283**	**9,701**	**4,034**
Tax	457	599	542	507	502	634	521	699	2,104	2,359	1,023
Tax Rate (%)	25.4	29.6	28.2	16.8	25.4	25.9	24.9	22.0	24.0	24.3	25.4
Adj PAT	**1,343**	**1,603**	**1,377**	**2,729**	**1,477**	**1,814**	**1,575**	**2,479**	**7,053**	**7,345**	**3,011**
YoY Change (%)	38.5	32.0	14.3	100.2	10.0	13.2	14.4	-9.2	46.7	4.1	10.3

E: MOFSL Estimates

J K Cement

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	303 / 3.6
52-Week Range (INR)	4575 / 2893
1, 6, 12 Rel. Per (%)	-7/0/7
12M Avg Val (INR M)	511

Financial Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	115.6	129.4	143.6
EBITDA	20.6	25.6	29.0
Adj. PAT	8.0	10.9	13.1
EBITDA Margin (%)	17.8	19.8	20.2
Adj. EPS (INR)	102.7	141.5	170.1
EPS Gr. (%)	86.2	37.8	20.2
BV/Sh. (INR)	695	811	951
Ratios			
Net D:E	0.8	0.7	0.6
RoE (%)	15.9	18.8	19.3
RoCE (%)	10.8	12.6	13.4
Payout (%)	19.6	17.7	17.6
Valuations			
P/E (x)	38.1	27.7	23.0
P/BV (x)	5.6	4.8	4.1
EV/EBITDA(x)	16.4	13.1	11.2
EV/ton (USD)	164	145	132
Div. Yield (%)	0.5	0.6	0.8
FCF Yield (%)	2.6	0.8	2.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	45.7	45.7	45.8
DII	23.4	24.1	22.5
FII	15.9	15.2	15.5
Others	15.0	15.0	16.2

FII Includes depository receipts

CMP: INR3,922 TP: INR5,300 (+35%) Buy

Miss estimates; prices to remain soft in the near term

Estimate volume growth of 10% YoY in FY25 vs. 6-7% for the industry

- JK Cement (JKCE) consol. EBITDA grew 60% YoY to INR5.6b (est. INR6.1b) and EBITDA/t increased 44% to INR1,077 (est. INR1,133) in 4QFY24. EBITDA miss was led by higher-than-estimated opex/t (+3% vs. est.) and lower sales volume (-2%/10% miss on grey/white cement volume vs. est.). OPM surged 5.5pp YoY to 18% (est. ~19%). Adj. PAT (adjusted for reversal of provision of INR95m) stood at INR2.1b (est. INR2.4b).
- The management highlighted a potential cost reduction of INR150-200/t over the next two-three years. This was primarily be driven by savings in logistics, power and fuel, and other fixed costs. Further, the capacity expansion plan at Panna (clinker line – II having capacity of 3.3mtpa) and grinding capacity of 1.1mtpa is on track, which is likely to be commissioned in 2QFY26.
- We largely retain our FY25/FY26 EBITDA estimates. We prefer JKCE for its steady expansion and strong execution strategy vs. peers. We value JKCE at 15x FY26E EV/EBITDA to arrive at our TP of INR5,300. **Reiterate BUY.**

Grey cement volume up 13% YoY; Opex/t down 6% YoY

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR31.1b/INR5.6b/INR2.1b (up 12%/60%/90% YoY and down 2%/8%/12% vs. our estimate). Combined sales volumes stood at 5.2mt (up 11% YoY). Blended realization stood at INR5,974/t (flat YoY; 1% above our estimates, led by higher realization of white cement) in 4QFY24. Other operating income/t stood at INR182 vs. INR111/INR195 in 4QFY23/3QFY24.
- Opex/t declined 6% YoY (3% above our estimate), mainly led by a 17% decline in variable cost (flat QoQ). Freight cost/other expenses/employee cost per tonne was up 4%/3%/17% YoY. OPM was up 5.5pp YoY to 18% and EBITDA/t was up 44% YoY (but down 19% QoQ) to INR1,077.
- In FY24, revenue grew 19% YoY, driven by 17% volume growth and 1% increase in realization. EBITDA grew 57% YoY to INR20.6b and OPM was up 5.3pp YoY to 17.8%. EBITDA/t grew 33% YoY to INR1,080. Adj. PAT grew 88% YoY to INR8b. The company announced a dividend of INR20/share (includes special dividend of INR5/share).
- In FY24, CFO increased 31% YoY to INR19.6b. Capex stood at INR11.7b vs. INR16.1b in FY23. Consolidated net debt stood at INR25.8b vs. INR29.1b in Mar'23. Net debt to EBITDA stood at 1.3x vs. 2.2x in FY23.

Highlights from the management commentary

- Industry volume growth is estimated moderate to ~6-7% YoY in FY25 while JKCE's volume is expected to grow ~10% YoY. Cement price is under pressure and price hike is expected only in 3QFY25.
- Fuel consumption cost was INR1.79/kcal vs. INR2.41/INR1.82 in 4QFY24/3QFY24. Lead distance was down 19km YoY and 8km QoQ to 419km.
- Capex is pegged at INR19b/INR18b in FY25E/FY26E. Additionally, it will spend INR400m on the modernization and working capital requirements of the Toshali plant.

View and valuation

- JKCE has shown strong volume growth (grey cement volume up ~19% YoY in FY24), aided by capacity expansion and strong execution. In our previous report, we highlighted about the company's superior execution capabilities. We estimate the company's grey cement volumes to report ~11% CAGR over FY24-26, better than the industry average growth.
- JKCE trades at 13x/11x FY25E/FY26E EV/EBITDA. Considering JKCE's growth plans (one of the best among mid-sized companies) and cost-saving strategies, we value the company at 15x FY26E EV/EBITDA to arrive at our TP of INR5,300. Reiterate BUY.

Consolidate quarterly performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales Dispatches (mt)	3.7	3.6	4.1	4.7	4.6	4.5	4.7	5.2	16.23	19.07	5.4	(3)
YoY Change (%)	22.0	9.4	24.8	15.8	25.4	24.5	13.5	11.3	16.4	17.5	14.8	
Realization (INR/t)	6,149	6,138	5,879	5,947	5,968	6,068	6,238	5,974	5,988	6,060	5,894	1
YoY Change (%)	8.6	7.9	(3.8)	2.1	(2.9)	(1.1)	6.1	0.5	4.5	1.2	(0.9)	
QoQ Change (%)	5.5	(0.2)	(4.2)	1.2	0.4	1.7	2.8	(4.2)			(5.5)	
Net Sales	**22.7**	**22.4**	**24.4**	**27.8**	**27.6**	**27.5**	**29.3**	**31.1**	**97.2**	**115.6**	**31.6**	(2)
YoY Change (%)	32.4	18.0	20.0	18.1	21.7	23.1	20.5	11.8	21.6	18.9	13.8	
Total Expenditure	18.7	19.2	21.9	24.3	23.5	22.9	23.1	25.5	84.1	95.0	25.5	(0)
EBITDA	**4.0**	**3.1**	**2.5**	**3.5**	**4.1**	**4.7**	**6.3**	**5.6**	**13.1**	**20.6**	**6.1**	(8)
Margin (%)	17.8	14.0	10.2	12.6	14.8	17.0	21.3	18.0	13.5	17.8	19.2	(120)
Depreciation	1.1	1.1	1.2	1.3	1.3	1.4	1.4	1.5	4.6	5.7	1.5	5
Interest	0.7	0.7	0.8	1.0	1.1	1.2	1.1	1.1	3.1	4.5	1.2	(3)
Other Income	0.2	0.1	0.2	0.4	0.3	0.3	0.4	0.5	0.9	1.5	0.4	28
PBT before EO expense	**2.5**	**1.5**	**0.7**	**1.6**	**2.0**	**2.4**	**4.1**	**3.4**	**6.3**	**11.9**	**3.8**	(11)
Extra-Ord. expense	-	-	-	-	0.2	-	-	(0.1)	-	0.1	-	
PBT	**2.5**	**1.5**	**0.7**	**1.6**	**1.8**	**2.4**	**4.1**	**3.5**	**6.3**	**11.8**	**3.8**	(8)
Tax	0.9	0.4	0.3	0.5	0.7	0.7	1.3	1.3	2.1	3.9	1.3	
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	-	
Rate (%)	35.8	27.6	46.2	30.5	37.2	26.9	30.6	36.7	32.5	32.4	35.6	
Reported PAT	**1.6**	**1.1**	**0.4**	**1.1**	**1.1**	**1.8**	**2.8**	**2.2**	**4.3**	**8.0**	**2.4**	(10)
Adj. PAT	**1.6**	**1.1**	**0.4**	**1.1**	**1.2**	**1.8**	**2.8**	**2.1**	**4.3**	**8.0**	**2.4**	(12)
YoY Change (%)	(15.3)	(26.1)	(73.2)	(43.1)	(23.7)	59.8	628.0	90.3	(37.9)	87.9	117.5	

Source: Company, MOFSL estimates

Devyani International

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	DEVYANI IN
Equity Shares (m)	1206
M.Cap.(INRb)/(USDb)	189.2 / 2.3
52-Week Range (INR)	228 / 142
1, 6, 12 Rel. Per (%)	-3/-28/-32
12M Avg Val (INR M)	483

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	35.6	49.7	55.8
Sales Gr. (%)	18.6	39.6	12.5
EBITDA	6.5	8.8	10.5
Margins (%)	18.3	17.7	18.7
Adj. PAT	0.9	1.5	2.5
Adj. EPS (INR)	0.8	1.3	2.1
EPS Gr. (%)	-66.5	65.6	65.6
BV/Sh.(INR)	8.8	6.5	6.4
Ratios			
RoE (%)	9.2	16.7	32.7
RoCE (%)	7.6	8.0	10.0
Valuation			
P/E (x)	203.8	123.1	74.3
P/BV (x)	17.9	24.1	24.5
EV/Sales (x)	6.1	4.4	3.9
EV/EBITDA (x)	33.2	24.9	21.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	62.7	62.7	62.8
DII	12.2	8.5	9.7
FII	12.4	12.5	9.8
Others	12.6	16.3	17.8

FII Includes depository receipts

CMP: INR157 TP: INR185 (+18%) Buy

Weak SSSG hurts profitability

- Devyani International (Devyani) reported 38.7% YoY revenue growth in 4QFY24, including the Thailand acquisition. The organic growth **(ex-acquisition) is expected to be ~5% YoY (est. 7.5%)** despite a 20% store growth. This was, however, offset by the same-store sales (SSS) decline for both KFC (-7%) and PH (-14%) along with the devaluation of the Nigerian naira. KFC's revenue grew 11% YoY, while PH's revenue dropped 5% YoY. The growth metrics of the company have been sustaining weakness, a similar trend that is visible across QSR peers.
- Gross margin (GM) was positive across brands due to a benign RM basket. However, consolidated GM contracted 40bp YoY to 69.2% (est. 70.4%) due to the Thailand business (having lower margins than the India business). KFC's ROM expanded 150bp YoY to 19% (same in 3Q). However, PH's ROM declined 490bp YoY to 4.4% (vs. 6.1% in 3Q).
- Consolidated restaurant EBITDA (including Thailand) increased 15% YoY to INR1.4b, with a margin dip of 280bp YoY to 13.6%. The Pre-Ind-AS EBITDA increased 5% YoY to INR959m, while the margin contracted 290bp YoY to 9.2%. PBT declined 86% YoY to INR59m (est. INR85m), while the PBT margin was at 0.4%. APAT declined 95% YoY to INR33m (vs. est. PAT of INR35m).
- Devyani has successfully completed integration of its Thailand business during the quarter and also entered into a partnership with PVR–INOX for operating food courts in shopping malls.
- We maintain our cautious stance on QSR in the near term due to the ongoing demand challenges. The stock trades at 25x and 21x Post-Ind-AS EV/EBITDA on FY25E and FY26E. **We reiterate our BUY rating on the stock with a TP of INR185 (premised on 22x FY26E Post-Ind-AS EV/EBITDA).**

Weak sales growth; miss on margin

- **Sluggish growth metrics**: Devyani's sales growth was healthy at 38.7% YoY to INR10.5b (est. INR8.1b), mainly due to its Thailand acquisition. The organic growth (ex-acquisition) is expected to be ~5% YoY (est. 7.5%). KFC's revenue grew 11% YoY and Costa Coffee's revenue rose 36% YoY, while PH's revenue declined 5% YoY during the quarter.
- **Store Expansion:** Total store addition during the quarter was 330, mainly due to 288 stores added from the recent acquisition in Thailand. The store additions in KFC/PH/CC/Vaango were 6/2/25/9. The total store count stood at 1,782, distributed among KFC/PH/CC/Vaango/others. International stores were at 596/567/179/63/24/353. Management maintains its store addition guidance of 275-300 in FY25. However, it will expand PH stores cautiously.
- **Weak margin print**: Consolidated GM contracted 40bp YoY to 69.2% (est. 70.4%). GP rose 38% YoY to INR7.2b (est. INR5.7b); EBITDA was up 15% YoY to INR1.7b (est. INR1.4b), while margin contracted 340bp YoY to 16.6% (est. 17.4%). Consolidated ROM increased 15% YoY to INR1.4b and margin contracted 280bp YoY to 13.6%. The Pre-Ind-AS EBITDA increased 5% YoY to INR959m, while margin contracted 290bp YoY to 9.2%. PBT declined 91% YoY to INR44m (est. INR85m). PBT margin was 0.4%. APAT declined 95% YoY to INR33m (est. INR35m).

- **In FY24,** net sales grew 18.6% YoY; EBITDA remained flattish YoY, while APAT declined 67% YoY.

Highlights from the management commentary

- The company has taken strategic initiatives such as optimizing menu pricing in a subdued environment, which has aided revenue growth.
- To capitalize on India's emerging status as a major destination for travel, tourism, and value shopping, the company is focusing on food courts as an essential component of its growth strategy across various consumption channels and touchpoints of travel and shopping.
- Devyani has partnered with PVR-INOX to operate in various food courts in shopping malls nationwide, enhancing its presence and enriching its brand portfolio. It will help the company co-promote the movies and food. The initiative aims to capitalize on the growing trend of 'Food on the Go' in major consumer spaces.
- There is an improvement in gross margins across its core brands (KFC India and Pizza Hut), led by the cost-saving initiatives taken by the company.
- Management maintains its store addition guidance of 275-300 in FY25. However, it will expand PH stores cautiously.

Valuation and view

- On account of the consolidation in the Thailand business, we have adjusted our overall numbers accordingly. Revenue for FY25/FY26 has increased 25%/21% YoY. The Thailand business operates at an EBITDA margin of ~11-12% (pre-acquisition). Post-acquisition, there is also an added acquisition cost (interest) for Devyani. Therefore, the deal is likely to be EPS dilutive in the near term. Hence, we cut our EPS by ~8%/5% for FY25E/FY26E.
- KFC's store addition will sustain in FY25, but PH's store addition will be muted as management is aiming to fix the ADS and profitability for the current network.
- The QSR industry continues to see weak unit economics across dine-in and delivery formats. Despite these industry-wide difficulties, however, KFC has shown resilience in managing the crisis effectively. Conversely, PH has been struggling, partly attributed to intense competition in the market. We maintain our cautious stance on QSR in the near term due to the ongoing demand challenges. The stock trades at 25x and 21x Post-Ind-AS EV/EBITDA on FY25E and FY26E. **We reiterate our BUY rating on the stock with a TP of INR185 (premised on 22x FY26E Post-Ind-AS EV/EBITDA).**

Quarterly Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
KFC - No. of stores	391	423	461	490	510	540	590	596	490	596	630	-34.0
PH - No. of stores	436	466	483	506	521	535	565	567	506	567	591	-24.0
KFC - SSSG (%)	63.6	13.0	3.0	1.9	-0.9	-3.9	-4.7	-7.1	16.0	-4.6	-4.5	-2.6
PH - SSSG (%)	31.5	2.9	-6.1	-3.2	-5.3	-10.4	-12.6	-14.0	4.4	-10.9	-9.7	-4.3
Net Sales	**7,047**	**7,474**	**7,906**	**7,550**	**8,466**	**8,195**	**8,431**	**10,471**	**29,977**	**35,563**	**8,120**	29%
YoY change (%)	99.8	44.8	26.6	27.8	20.1	9.6	6.6	38.7	43.8	18.6	7.5	
Gross Profit	**5,010**	**5,246**	**5,482**	**5,254**	**5,998**	**5,802**	**5,954**	**7,244**	**20,991**	**24,997**	**5,720**	27%
Margin (%)	71.1	70.2	69.3	69.6	70.8	70.8	70.6	69.2	70.0	70.3	70.4	
EBITDA	**1,643**	**1,655**	**1,739**	**1,513**	**1,734**	**1,588**	**1,463**	**1,739**	**6,551**	**6,524**	**1,414**	23%
EBITDA growth %	167.0	34.2	17.7	5.6	5.6	-4.1	-15.9	14.9	37.6	-0.4	-6.6	
Margin (%)	23.3	22.1	22.0	20.0	20.5	19.4	17.4	16.6	21.9	18.3	17.4	
Depreciation	684	634	652	706	796	907	930	1,275	2,782	3,907	916	
Interest	328	348	378	420	404	417	482	567	1,475	1,869	468	
Other Income	90	45	81	110	68	66	46	146	326	326	55	
PBT	**721**	**719**	**790**	**497**	**603**	**330**	**97**	**44**	**2,620**	**1,074**	**85**	-49%
Tax	24	19	-62	-186	146	-168	46	110	-206	133	50	
Rate (%)	3.3	2.7	-7.8	-37.5	24.1	-50.9	47.6	249.9	-7.9	12.4	58.6	
Adjusted PAT	**744**	**644**	**776**	**606**	**339**	**506**	**51**	**33**	**2,770**	**929**	**35**	-7%
Margin (%)	10.6	8.6	9.8	8.0	4.0	6.2	0.6	0.3	9.2	2.6	0.4	
YoY change (%)	-619.2	51.7	18.7	-26.3	-54.4	-21.4	-93.5	-94.6	61.5	-66.5	-94.2	

E: MO.FSL Estimates

14 May 2024

4QFY24 Results Update | Sector: Media

PVR-Inox

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	PVRINOX IN
Equity Shares (m)	98
M.Cap.(INRb)/(USDb)	127.3 / 1.5
52-Week Range (INR)	1880 / 1248
1, 6, 12 Rel. Per (%)	-7/-35/-32
12M Avg Val (INR M)	1045

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	61.1	63.7	74.1
EBITDA	7.1	7.5	11.1
Adj. PAT	1.1	0.8	3.3
EBITDA Margin (%)	11.7	11.8	15.0
Adj. EPS (INR)	11.7	7.8	34.0
EPS Gr. (%)	LP	-33.2	336.1
BV/Sh. (INR)	747.3	755.1	789.0
Ratios			
Net D:E	1.1	1.0	0.0
RoE (%)	1.6	1.0	4.4
RoCE (%)	2.8	2.5	5.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	111.3	166.6	38.2
P/BV (x)	1.7	1.7	1.6
EV/EBITDA (x)	19.7	18.6	12.3
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	27.8	27.8	27.5
DII	40.2	39.2	30.2
FII	16.8	21.8	31.2
Others	15.2	11.1	11.2

FII Includes depository receipts

CMP: INR1,297 TP: INR1,400 (+8%) Neutral

Subdued performance; near-term outlook weak

- PVR-Inox reported a subdued quarter, with 22.6% occupancy and 0.1% EBITDA margin. Revenue declined 19% QoQ, led by weak ticketing and ad revenue, which, coupled with an increase in movie distribution and other expenses, led to EBITDA of INR12m (big miss).
- The 2024 general elections and T20 Cricket World Cup are likely to weigh on the 1QFY25 movie pipeline, which could lead to lower occupancy. Hence, we cut our EBITDA estimates by 24%/13% for FY25/FY26. Continued fluctuation in occupancy could remain a key monitorable, as the business remains highly sensitive to occupancy, and even a 200-300bp blip could derail the screen economics**. Reiterate Neutral with a TP of INR1,400.**

Big miss in EBITDA; occupancy remains soft

- Consolidated revenues grew 10% YoY (-19% QoQ) to INR12.6b (in line) due to a decline in ticketing and ad revenues.
- EBITDA (pre Ind-AS 116) stood at INR12m (big miss) due to an increase in movie distribution expenses, print charges and other expenses (+900bp of sales QoQ), partially offset by a decrease in movie exhibition costs (-430bp QoQ). Reported margin stood at 0.1% (vs. 0.5%/13.1% in 4QFY23/3QFY24).
- Depreciation declined 11% QoQ and interest costs remained flat QoQ.
- Accordingly, reported loss stood at INR901m (vs. est. loss of INR967m).
- FY24 revenue/EBITDA grew by 17% /37% YoY, and PAT grew to INR1.1b (vs. a loss of INR539m in FY23).
- OCF jumped 5.8x to INR9.2b due to 37% YoY growth in EBITDA to INR8b and an increase in trade payable days. Capex was flat YoY at INR6.3b and interest payout grew 24% YoY to INR1.8b. As a result, FCF grew by INR1.1b (vs. INR6.2b outflow in FY23). Net debt fell by INR1.1b to INR13.1b in FY24.
- WC days stood at -134 in FY24 (vs. -126 days in FY23), led by an increase in trade payables.

Highlights from the management commentary

- **Current environment:** The ongoing general election has impacted the flow of new releases in 1QFY25, which is expected to stabilize by mid-Jun'24.
- **Merger synergies:** The company had guided for annual EBITDA level synergies of INR2.25b during the merger, out of which around INR1.85-2.08b have been achieved. The full impact of these synergies would be visible when occupancy improves.
- **Net cash focus:** The company focuses on becoming a net cash company and evaluating monetization of real estate assets (INR3-4b) owned by the company and using the proceeds to reduce leverage.
- **Capital-light model:** It aims to reduce annual capex by exploring models like FOCO, where investment will be made by the property owner and PVR-Inox will be operating. It expects to reduce total capex in FY25 by ~25% YoY. This will improve ROCE, while margins may see a slight dip.

Valuation and view

- Occupancy moderated in 4Q as the quarter witnessed some normalcy across the releases and impact of the IPL and general elections.
- Stable occupancies, healthy recovery in advertising revenues, increased risk of rising scale, and the traction of movie releases over OTT platforms continue to be our key monitorables, as highlighted in our report.
- The 2024 general elections and T20 Cricket World Cup are likely to weigh on the 1QFY25 pipeline, which could lead to lower occupancy. Hence, we cut our EBITDA estimates by 24%/13% for FY25/FY26.
- Maintaining occupancy and traction in ad revenues amid an increasing threat from deep-pocketed OTT players would remain a key catalyst for growth. We value PVR-Inox at 13x FY26E EV/EBITDA to arrive at our TP of INR1,400. **Reiterate Neutral**.

Quarterly Performance (INR m)

Y/E March	FY23E				FY24				FY23*	FY24	FY24	Est.
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4Q			4QE	Var. %
Net Sales	**15,636**	**10,601**	**14,556**	**11,431**	**13,049**	**19,999**	**15,459**	**12,564**	**52,224**	**61,071**	**12,477**	**1**
YoY Change (%)	2961.1	860.3	131.1	33.9	-16.5	88.7	6.2	9.9	292.8	16.9	9.2	
Total Expenditure	12,513	10,655	12,466	11,378	12,241	15,723	13,434	12,552	47,012	53,950	12,174	3
EBITDA	**3,123**	**-54**	**2,090**	**53**	**808**	**4,276**	**2,025**	**12**	**5,212**	**7,121**	**303**	**-96**
YoY Change (%)	-340.9	-95.7	290.7	-85.4	-74.1	-8,018.5	-3.1	-77.4	-323.6	36.6	471.8	
Depreciation	894	906	919	1,196	1,111	1,220	1,254	1,122	3,915	4,707	1,244	-10
Interest	415	417	418	419	464	486	451	453	1,669	1,854	522	-13
Other Income	260	217	188	216	195	197	234	340	881	966	154	121
PBT before EO expense	**2,074**	**-1,160**	**941**	**-1,346**	**-572**	**2,767**	**554**	**-1,223**	**509**	**1,526**	**-1,309**	**-7**
Extra-Ord expense	0	0	244	108	0	0	0	0	352	0	0	
PBT	**2,074**	**-1,160**	**697**	**-1,454**	**-572**	**2,767**	**554**	**-1,223**	**157**	**1,526**	**-1,309**	**-7**
Tax	650	-376	662	1,402	-131	693	142	-322	2338.0	384.1	-341	-6
Rate (%)	31.3	32.4	95.0	-96.4	22.9	25.0	25.6	26.3	1489.2	25.2	26.1	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,424**	**-784**	**35**	**-2,856**	**-441**	**2,074**	**412**	**-901**	**-2,181**	**1,142**	**-967**	**-7**
Adj PAT	**1,424**	**-784**	**279**	**-1,458**	**-441**	**2,074**	**412**	**-901**	**-539**	**1,142**	**-967**	**-7**
YoY Change (%)	-200.3	-50.9	-226.6	734.3	-131.0	-364.5	47.7	-38.2	-87.1	-311.8	-334.8	

*Restated for merged entity; MOFSL Estimates

Bharti Airtel

BSE SENSEX	S&P CNX
73,105	22,218

Conference Call Details

Date: 15st May 2024
Time: 14:30 hours IST

Financial Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Sales	1,500	1,650	1,816
EBITDA	783	877	983
Adj. PAT	113	194	241
EBITDA Margin (%)	52.2	53.2	54.1
Adj. EPS (INR)	20.2	34.7	43.1
EPS Gr. (%)	39	72	24
BV/Sh. (INR)	147	219	262
Ratios			
Net D:E	2.4	1.2	0.8
RoE (%)	14.2	19.0	17.9
RoCE (%)	9.6	13.0	13.9
Div. Payout (%)	0.0	0.0	0.0
Valuations			
EV/EBITDA (x)	11.8	10.0	8.5
P/E (x)	63.5	37.0	29.8
P/BV (x)	8.8	5.9	4.9
Div. Yield (%)	0.0	0.0	0.0

CMP: INR1284 Buy

Soft growth with elevated capex

India Mobile and Africa EBITDA (CC) growth stood at 2%/-1% QoQ

Key highlights

- **Currency devaluation impact:** Consol. revenue/EBITDA declined 0.8%/2.3% QoQ (in line), led by African currency devaluation. However, a) India Mobile revenue/EBITDA grew 2% QoQ each (ARPU/subscriber up 0.5%/1.9%) and b) Africa CC revenue grew 3% but EBITDA fell 1% QoQ.
- **Home business is the silver lining,** with 5% QoQ subscriber adds, maintaining steady growth for last 15 quarters. It has expanded to 1,290 cities now vs. a merely 100 cities in FY20, with 2.5x growth in subscribers in last three years. Revenue/EBITDA each grew by 3% QoQ led by subscriber adds partial offset by decline in ARPU. The new Xtream AirFibre launch should further accelerate growth.
- **Capex remains elevated; deleveraging continues:** Capex remained high at INR105b (+13% QoQ). India Mobile capex increased 5% QoQ to INR60.1b. Even with high capex, it continue to deleverage its book. Repaid ~INR14b debt in 4QFY24 and stands at INR1,409b, which could further be reduced by 11% through INR160b right issue call money.
- **Superior network capability:** BHARTI's data traffic and subscribers are yet 20%/40% below RJio's, yet it maintains strong sites adds at 10.5k, along with accelerated fiberization.

In detail

Consolidated result

- **Consol. revenue/EBITDA declined 0.8%/2.3% QoQ to INR376b/INR194b (in line/5% miss), led by currency devaluation in the Africa segment.**
- India Mobile/Africa CC revenue grew 2%/3% QoQ and EBITDA was up 2%/down 1% QoQ.
- Consol. PAT after minority was down 15% QoQ at INR21b. Adjusted (for exceptional) consol. PAT post minority stood at INR30b (vs. INR25b QoQ and INR22b est.).

Mobile India revenue/EBITDA up 2% QoQ (in line) led by both subs and ARPU growth

- **Revenue at INR221b grew 2% QoQ (in line) on the back of 0.5% ARPU growth to INR209 and 1.9% subscriber growth to 352m.**
  - 4G subs adds growth steady at 7.8m (vs. 7.4m in 3Q), reaching 253m subscribers (+3 % QoQ), i.e., 72% of total subscribers.
  - RJio revenue grew by 2.3% QoQ and it net added 10.9m subscribers, while BHARTI added 6.7m total subscribers.
- **ARPU increased by 0.5% QoQ to INR209 (vs. +2.5% in 3Q). Slower ARPU growth could be due to 1 days less in 4QFY24.**
  - Growth continues to be attributed by 4G and postpaid-led mix improvement and pack upgrades.

- **EBITDA grew 2.0% QoQ to INR122b (in line),** with flat margin at 55.1%. Incremental margin was at 55%.
- Data traffic grew by 10% QoQ to 18.4t GB, with 23.2GB/user. BHARTI's data usage per subscriber is ~20% below that of RJio and data subscribers far below.
- **Churn improved** QoQ to 2.4% vs. ~4.3% for VIL and 1.7% for RJio (lowest).
- MOU rose 1% QoQ to 1,138 mins, while RJio voice consumption stood at 1,008 mins.
- India Mobile capex remained high at INR60.1b (up 5% QoQ). Annual capex stood at INR252.7b, up 22% YoY.

Africa saw soft growth led by Nigeria

- Africa revenue/EBITDA declined 10%/14% QoQ to INR93b/INR43b (reported currency) due to Naira devaluation.
- **However, in CC, revenue was up 3% QoQ at USD1.4b, whereas EBITDA declined 1% QoQ to USD652m.**
- Subs base grew 1.0% QoQ to 152.7m and ARPU was flat QoQ at USD2.6.

Home business continues to add subscribers

- **Home business continued to see strong growth:** 3%/3% QoQ growth in revenue/EBITDA. Subscriber growth was healthy at 5% QoQ (this strong growth continued for the last seven quarters), but ARPU declined 1% QoQ to INR577 (vs. INR800 in FY20), with increased offtake of lower-price plans.
  - Reach has increased to 1,290 cities (+23 cities in the quarter) vs. 100+ cities in FY20.
- **Enterprise** revenue/EBITDA grew 5%/1% QoQ to INR55b/INR21b, led by the underlying portfolio and consolidation of Beetel. Adjusting to Beetel, both revenue/EBITDA grew 1% QoQ. Against this, TCOM saw flat growth in adjusted revenue/EBITDA.
- **Digital TV** revenue declined 1.8% QoQ, while EBITDA rose 2.5% QoQ. Revenue declined as the subscriber base was flat QoQ, while ARPU declined 2% QoQ.

OCF drives FCF; debt reduction continues

- For FY24, revenue/EBITDA grew 8%/10%, whereas PAT declined 11% YoY.
- FCF (post interest) declined to ~INR49b in FY24 (vs. INR122b in FY23), due to higher interest costs.
  - Capex grew by 34% YoY to INR521b (vs. INR388b in FY23). India capex was INR331b (vs. RJio capex of INR533b for FY24).
  - OCF grew 23% YoY to IRN710b, led by 10% YoY increase in EBITDA and partial benefit from release in WC.
- Net debt (excl lease liability) declined by INR116b YoY to INR1,409b.
  - Lease liability increased to INR637b. Subsequently, overall net debt reduced by INR85b to INR2,047b, with TTM net debt to EBITDA at 1.8x.
  - BHARTI has INR160b (right issue call money) yet to receive, which could reduce net debt by about 11%.

Others

- Airtel Africa brought back USD9m worth of shares, resulting in an increase in the Group's effective shareholding from 56.01 % to 56.12%.
- The board has recommended a final dividend of INR8 per fully paid-up equity share of FV of INR5 each and INR2 per partly paid-up equity share (paid-up INR1.25 per equity share).

Consolidated - Quarterly Earning Model **(INR b)**

Y/E March	FY23				FY24				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**328**	**345**	**358**	**360**	**374**	**370**	**379**	**376**	**1,391**	**1,500**	**389**	-3.2
YoY Change (%)	22.2	21.9	19.9	14.3	14.1	7.3	5.9	4.4	19.4	7.8	7.9	
Total Expenditure	163	169	174	173	178	175	181	182	679	717	185	-1.2
EBITDA	**165**	**176**	**185**	**187**	**196**	**195**	**198**	**194**	**713**	**783**	**204**	-5.1
YoY Change (%)	27.3	27.4	25.5	16.6	18.6	10.9	7.4	3.6	23.9	9.8	9.1	-61
Depreciation	88	89	93	94	97	97	101	101	364	395	105	-4.2
Net Finance cost	45	49	47	52	56	52	66	52	193	226	55	-4.6
Other Income	4	6	-1	9	9	9	11	11	17	41	13	-11.3
PBT before EO expense	**36**	**43**	**44**	**50**	**53**	**55**	**42**	**52**	**172**	**203**	**57**	-8.5
Extra-Ord expense	0	0	7	0	34	16	1	25	7	76	0	
PBT	**36**	**43**	**37**	**50**	**19**	**39**	**41**	**28**	**166**	**127**	**57**	-51.4
Tax	11	13	11	8	3	18	12	7	43	41	17	-57.3
Rate (%)	31.3	30.2	29.2	15.7	18.0	46.9	30.0	25.6	25.8	32.5	29.1	
Minority Interest & P/L of Asso. Cos.	9	8	10	12	-1	8	4	0	39	11	19	
Reported PAT	**16**	**21**	**16**	**30**	**16**	**13**	**24**	**21**	**83**	**75**	**22**	-5.8
Adj PAT	**15**	**21**	**20**	**26**	**29**	**30**	**25**	**30**	**82**	**113**	**22**	34.2
YoY Change (%)	469.4	245.7	147.0	39.4	91.3	44.2	25.0	13.9	131.2	38.6	-15.2	

E: MOFSL Estimates

Shree Cement

BSE Sensex	S&P CNX
73,105	22,218

Conference Call Details

Date: 15 November 2024
Time: 11:00 IST
Dial-in details:
+ 91 22 6280 1144
+ 91 22 7115 8045
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	195.9	208.6	226.2
EBITDA	43.6	47.5	53.8
Adj. PAT	24.7	22.6	24.2
EBITDA Margin (%)	22.3	22.8	23.8
Adj. EPS (INR)	684	625	671
EPS Gr. (%)	110.3	-5.1	7.4
BV/Sh. (INR)	5,648	6,133	6,654
Ratios			
Net D:E	-0.3	-0.2	-0.2
RoE (%)	12.8	10.6	10.5
RoCE (%)	12.2	10.3	10.2
Payout (%)	15.3	19.2	22.3
Valuations			
P/E (x)	38.0	41.6	38.8
P/BV (x)	4.6	4.2	3.9
EV/EBITDA(x)	19.8	18.4	16.3
EV/ton (USD)	195	187	162
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	0.3	-1.0	-0.2

CMP: INR26,025 **Neutral**

Performance above estimate; EBITDA/t at INR1,393

- Shree Cement (SRCM)'s 4QFY24 EBITDA grew 49% YoY to INR13.3b (+16% vs. est.). EBITDA/t was up 38% YoY (flat QoQ) at INR1,393 (est. INR1,218). OPM improved 7.4pp YoY to 26% (est. 23%). Adjusted PAT grew 69% YoY to INR6.6b (est. INR5.7b).
- The company targets increasing grinding capacity to 65.8mtpa by Mar'25 from 53.5mtpa by Mar'24. In Apr'24, it commissioned a greenfield-integrated cement plant in Guntur, Andhra Pradesh with a grinding capacity of 3mtpa. It is planning to invest INR45b for expansion in FY25.
- The Board recommended a final dividend of INR55/sh (payout of ~15%, including an interim dividend of INR50/sh announced with 3QFY24 result).
- We have a **Neutral rating** on the stock. We will review our assumptions after the concall.

Volumes rise 8% YoY; Opex/t declines 10% YoY

- Standalone revenue/EBITDA/PAT stood at INR51.0b/INR13.3b/INR6.6b (up 7%/49%/69% YoY and up 3%/16%/16% vs. our estimate) in 4QFY24. Sales volumes grew 8% YoY to 9.53mt. Blended realization declined 1% YoY (3% QoQ) to INR5,353/t (1% above est.).
- Opex/t declined 10% YoY and 4% QoQ (-3% vs. our estimate) in 4QFY24. Variable costs/freight costs/other expenses per ton dipped 16%/6%/1% YoY. OPM was up 7.4pp YoY to 26% and EBITDA/t increased 38% YoY to INR1,393. Depreciation rose 42%/81% YoY/QoQ. PAT grew 69% YoY to INR6.6b.
- **In FY24,** revenue grew 16% YoY, led by 12% volume growth and 4% surge in realization. EBITDA grew 48% YoY to INR43.6b and OPM improved 4.8pp YoY to 22%. EBITDA/t was up 33% YoY to INR1,228. PAT increased 110% YoY to INR24.7b. OCF grew 22% YoY to INR33b, led by improvement in profits. Capex stood at INR27.6b vs. INR28.1b in FY23. The company generated FCF of INR5.5b in FY24 vs. FCF outflow of INR1b in FY23.

Highlights from the management commentary

- The share of green power increased to 56% vs. 51% in FY23. Green power capacity stood at 480MW vs. 385.6MW in FY23-end. The company is further investing in green power and adding another 188MW of green power capacity at various locations.
- The work on other 18mtpa capacity expansion projects already announced is progressing as per schedule. Upon completion, the total cement production capacity of the company will increase to 74.8mtpa.

Valuation and view

- SRCM is one of the lowest-cost producers in the cement industry. Now, it is also focusing on improving its brand equity by enhancing the consumer pull for its products in the market, and increasing the premium product share. SRCM's aim is to increase its grinding capacity to +80mtpa by FY28 vs. 56.5mtpa currently.
- The stock trades at 18.4x/16.3x FY25E/FY26E EV/EBITDA. We will review our assumptions after the concall on 15th May'24 at 11:00 (IST) Concall Link

Standalone quarterly performance **(INR b)**

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**42.0**	**37.8**	**40.7**	**47.9**	**50.0**	**45.8**	**49.0**	**51.0**	**168.4**	**195.9**	**49.8**	3
YoY Change (%)	21.8	17.9	14.6	16.7	18.9	21.3	20.4	6.6	17.5	16.3	4.0	
Total Expenditure	33.8	32.6	33.6	38.9	40.7	37.1	36.7	37.7	139.0	152.2	38.3	-1
EBITDA	**8.2**	**5.2**	**7.1**	**8.9**	**9.3**	**8.7**	**12.3**	**13.3**	**29.4**	**43.6**	**11.5**	16
Margin (%)	19.5	13.8	17.4	18.7	18.7	19.0	25.2	26.0	17.5	22.3	23.0	
Depreciation	3.3	3.6	4.1	4.4	3.1	3.3	3.5	6.3	15.5	16.1	4.4	42
Interest	0.6	0.7	0.7	0.7	0.8	0.7	0.6	0.6	2.7	2.6	0.8	-14
Other Income	-0.2	1.6	1.6	1.4	1.6	1.3	1.4	1.4	4.3	5.6	1.5	-6
PBT before EO Exp.	**4.1**	**2.5**	**3.8**	**5.1**	**7.1**	**6.0**	**9.7**	**7.7**	**15.6**	**30.5**	**7.7**	-0
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	**4.1**	**2.5**	**3.8**	**5.1**	**7.1**	**6.0**	**9.7**	**7.7**	**15.6**	**30.5**	**7.7**	-0
Tax	1.0	0.6	1.1	-0.3	1.3	1.1	2.3	1.1	2.3	5.8	2.0	
Rate (%)	23.4	23.9	28.0	23.6	18.2	17.6	24.0	14.3	14.8	19.0	26.3	
Reported PAT	**3.2**	**1.9**	**2.8**	**5.5**	**5.8**	**4.9**	**7.3**	**6.6**	**13.3**	**24.7**	**5.7**	16
Tax adjustment prior period	0.0	0.0	0.0	-1.5	0.0	0.0	0.0	0.0	-1.5	0.0	0.0	
Adj. PAT	**3.2**	**1.9**	**2.8**	**3.9**	**5.8**	**4.9**	**7.3**	**6.6**	**11.7**	**24.7**	**5.7**	16
YoY Change (%)	-52.3	-66.9	-43.7	-28.1	84.2	159.1	165.3	68.8	-48.3	110.3	45.4	
Quarterly performance												
Sales Dispat. (mt)	**7.50**	**7.46**	**8.03**	**8.83**	**8.92**	**8.20**	**8.89**	**9.53**	**31.82**	**35.53**	**9.41**	1
YoY Change (%)	9.7	18.0	22.6	10.0	18.8	9.9	10.7	8.0	14.7	11.7	6.6	
Realization	**5,602**	**5,071**	**5,065**	**5,420**	**5,607**	**5,594**	**5,513**	**5,353**	**5,292**	**5,512**	**5,287**	1
YoY Change (%)	11.1	0.0	-6.6	6.2	0.1	10.3	8.8	-1.3	2.4	4.2	-2.5	
Expenditure												
RM Cost	234	496	352	488	646	556	494	379	396	516	440	-14
Staff Cost	290	281	271	250	263	285	264	247	272	264	251	-2
Power and Fuel	1,923	1,646	1,622	1,782	1,709	1,671	1,393	1,520	1,743	1,571	1,407	8
Freight	1,204	1,148	1,174	1,168	1,192	1,160	1,095	1,097	1,173	1,135	1,121	-2
Other Expenses	859	799	765	721	750	861	880	717	783	799	849	-16
Total Op. cost	**4,511**	**4,369**	**4,184**	**4,409**	**4,561**	**4,533**	**4,125**	**3,960**	**4,367**	**4,284**	**4,069**	-3
EBITDA	**1,091**	**701**	**881**	**1,011**	**1,046**	**1,062**	**1,388**	**1,393**	**925**	**1,228**	**1,218**	14

Source: Company, MOFSL Estimates

Colgate

BSE SENSEX	S&P CNX
73,105	22,218

Conference Call Details

Date: 15 May 2024
Time: 10:30 PM
Dial-in details:
+9 1 22 6280 1245 /
+91 22 7115 8146
Webcast link

Financials & Valuations (INR b)

Y/E MAR	FY24	FY25E	FY26E
Net Sales	56.8	61.4	66.2
Sales Gr. (%)	8.7	8.1	7.8
EBITDA	19.0	20.1	21.8
Margin (%)	33.5	32.8	33.0
Adj. PAT	13.4	14.2	15.5
Adj. EPS (INR)	49.2	52.2	56.9
EPS Gr. (%)	26.8	6.2	8.9
BV/Sh. (INR)	72.3	83.6	98.4
Ratios			
RoE (%)	72.7	67.0	62.5
RoCE (%)	71.8	66.7	62.2
Valuations			
P/E (x)	57.3	53.9	49.5
P/BV (x)	39.0	33.7	28.6
EV/EBITDA (x)	39.8	37.4	34.3

CMP: INR2,820

In-line revenue; positive trends in rural demand

- Colgate sales grew 10% YoY to INR14.9b (est. INR15.0b).
- Gross margins increased 240bp YoY to 69.3% (est. 70.6%).
- EBITDA grew 18% YoY to INR5.3b (est. INR5.1b).
- PBT rose 19% YoY to INR5.1b (est. INR4.8b).
- Adj. PAT grew 20% YoY to INR3.8b (est. INR3.7b).
- The company continues to invest in brand building. Ad spending increased by 18% YoY to INR1.7b.
- As a percentage of sales, lower other expanses stood at 16% (-60bp YoY), higher advertising expenses stood at 11% (+70bp YoY) and staff costs stood at 7% (+10bp YoY). **EBITDA margin expanded by ~230bp YoY to 35.7%**.
- **In FY24,** net sales/EBITDA/adj. PAT growth stood at 9%/23%/27% YoY. In FY24, toothpaste delivered double-digit growth.

Other key highlights

- The company has relaunched Colgate Active Salt available in an accessible 80g pack.
- It has also launched exotic, new variants in the Palmolive body wash portfolio with unique fragrances.
- Rural markets continued to exhibit positive signs of demand recovery, outpacing urban markets.
- Modern trade and e-commerce platforms delivered strong performance.
- The company showed successful execution in its strategic objectives, e.g., growth acceleration in core portfolio, premiumization through innovation, driving Toothbrush growth, and building Personal care category.
- “Bright Smiles, Bright Futures” program reached to 5.2mn children in FY24.
- There was a one-time special interim dividend of INR10 per share for FY24. The total dividend was INR58 per share for FY24.

Quarterly Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Volume Gr %	**-4.0**	**-2.5**	**-2.5**	**-4.5**	**3.0**	**-1.0**	**-1.0**	**4.0**	**-3.4**	**1.3**	**4.0**	
Net Sales (incldg. OOI)	**11,968**	**13,875**	**12,913**	**13,506**	**13,237**	**14,711**	**13,957**	**14,900**	**52,262**	**56,804**	**15,002**	-0.7%
YoY change (%)	-2.9	8.1	10.7	-0.1	10.6	6.0	8.1	10.3	3.8	8.7	*11.1*	
COGS	4,031	5,029	4,407	4,475	4,179	4,594	3,883	4,573	17,942	17,230	4,415	
Gross Profit	**7,938**	**8,846**	**8,506**	**9,031**	**9,058**	**10,117**	**10,073**	**10,327**	**34,320**	**39,574**	**10,586**	-2.5%
Gross margin (%)	66.3	63.8	65.9	66.9	68.4	68.8	72.2	69.3	65.7	69.7	*70.6*	
Other operating Expenses	4,681	4,766	4,891	4,512	4,877	5,295	5,389	5,005	18,850	20,566	5,437	
% to sales	39.1	34.3	37.9	33.4	36.8	36.0	38.6	33.6	36.1	36.2	*36.2*	
EBITDA	**3,257**	**4,080**	**3,615**	**4,519**	**4,181**	**4,821**	**4,684**	**5,322**	**15,470**	**19,008**	**5,149**	3.3%
Margins (%)	27.2	29.4	28.0	33.5	31.6	32.8	33.6	35.7	29.6	33.5	*34.3*	
YoY growth (%)	-12.1	-3.3	1.8	12.8	28.4	18.2	29.6	17.8	-0.1	22.9	*13.9*	
Depreciation	442	439	437	431	438	443	414	421	1,748	1,715	474	
Interest	13	13	13	11	11	11	15	14	49	50	14	
Financial other Income	115	113	104	204	150	210	179	227	536	765	162	
PBT	**2,918**	**3,741**	**3,269**	**4,281**	**3,883**	**4,578**	**4,434**	**5,114**	**14,209**	**18,008**	**4,823**	6.0%
Tax	727	961	837	1,100	951	1,178	1,133	1,315	3,724	4,577	1,154	
Rate (%)	24.9	25.7	25.6	25.7	24.5	25.7	25.6	25.7	26.2	25.4	*23.9*	
Adj PAT	**2,167**	**2,780**	**2,432**	**3,175**	**2,883**	**3,401**	**3,301**	**3,798**	**10,555**	**13,383**	**3,669**	3.5%
YoY change (%)	-12.8	-11.6	4.3	18.0	33.1	22.3	35.7	19.6	-0.9	26.8	*15.5*	

E: MOFSL Estimates

Apollo Tyres

BSE SENSEX	S&P CNX
73,105	22,218

Conference Call Details

Date: 15th May 2024
Time: 3.30PM IST
Dial-in details: Webinar link

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	253.8	264.3	285.1
EBITDA	45.0	44.7	46.5
Adj. PAT	18.4	20.1	21.8
EPS (Rs)	29.0	31.7	34.3
EPS Growth (%)	79.0	9.2	8.2
BV/Share (Rs)	273.1	305.8	340.4
Ratios			
RoE (%)	13.9	13.6	13.2
RoCE (%)	16.8	16.2	16.0
Payout (%)	18.5	17.4	19.0
Valuations			
P/E (x)	16.3	15.0	13.8
P/BV (x)	1.7	1.6	1.4
Div. Yield (%)	1.1	1.2	1.4
FCF Yield (%)	7.4	15.4	7.2

CMP: INR474 **Buy**

Operating performance in line; PAT beat led by higher other income

- Consol. revenues remained flat YoY at INR62.6b (in line).
- Gross margins expanded 380bp YoY (+60bp QoQ) to 47.2%, supported by RM cost tailwind.
- EBITDA grew 8% YoY to INR10.8b (est. INR11b). EBITDA margins expanded 120bp YoY to 17.2% (est. 17.7%), but affected by higher other expenses (+190bp YoY as % of sales) after adjusting EPR expenses of INR513.7m in exceptional items.
- Exceptional items of INR1.4b include EPR expenses of INR312.2m/INR513.7m for FY23/9MFY24, VRS expenses of INR55.8m, and deferred tax liability of INR499m.
- Aided by higher other income, adj. PAT grew 18% YoY to INR4.65b (est. INR4.4b).
- FY24 consol. revenues/EBITDA/adj. PAT grew 3%/36%/78% YoY.
- Standalone business revenue was in line with our estimate at INR43.9b (flat YoY). Gross margins expanded by 310bp YoY (-40bp QoQ) to 40.5% (est. 40%). EBITDA margin expanded by 80bp YoY to 16.8% (est. 17.5%).
- Derived EU revenue declined 1% YoY in INR terms. EBITDA margins expanded 230bp YoY to 18.4%. We await details for the EU operations.
- FCFF for FY24 stood at INR27.7b (vs. INR13.7b in FY23) due to strong operating cash flow of INR34.4b (vs. INR21.4b in FY23). Capex for FY24 stood at INR6.7b (vs. INR7.6b in FY23).
- APTY declared a final dividend of INR6/share in FY24 (vs. INR4.3/share in FY23).
- **Valuation:** The stock trades at 15x/14x FY25E/FY26E consolidated EPS.

Consolidated - Quarterly Earning Model (INR M)

Y/E March	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net Revenues	**59,420**	**59,560**	**64,228**	**62,473**	**62,446**	**62,797**	**65,954**	**62,582**	**2,45,681**	**2,53,777**	**62,659**
YoY Change (%)	29.6	17.3	12.5	12.0	5.1	5.4	2.7	0.2	17.3	3.3	0.3
Total Expenditure	52,522	52,440	55,094	52,489	51,931	51,198	53,873	51,788	2,12,545	2,08,790	51,650
EBITDA	**6,898**	**7,120**	**9,134**	**9,985**	**10,515**	**11,599**	**12,081**	**10,794**	**33,137**	**44,987**	**11,009**
Margins (%)	11.6	12.0	14.2	16.0	16.8	18.5	18.3	17.2	13.5	17.7	17.6
Depreciation	3,437	3,485	3,544	3,724	3,620	3,603	3,676	3,880	14,191	14,778	3,723
Interest	1,182	1,320	1,420	1,390	1,355	1,328	1,230	1,146	5,312	5,059	1,203
Other Income	106	69	67	169	355	253	184	743	411	1,536	187
PBT before EO expense	**2,384**	**2,383**	**4,237**	**5,039**	**5,896**	**6,922**	**7,358**	**6,511**	**14,044**	**26,685**	**6,270**
Extra-Ord expense	0	0	0	-226	132	122	151	1,381	-226	1,786	0
PBT	**2,384**	**2,383**	**4,237**	**5,265**	**5,764**	**6,800**	**7,207**	**5,130**	**14,269**	**24,899**	**6,270**
Tax Rate (%)	20.0	24.8	34.2	22.1	31.1	30.3	31.1	31.0	26.7	30.9	30.2
Reported PAT	**1,907**	**1,794**	**2,788**	**4,103**	**3,969**	**4,744**	**4,966**	**3,541**	**10,458**	**17,219**	**4,377**
Adj PAT	**1,907**	**1,794**	**2,788**	**3,938**	**4,060**	**4,828**	**5,071**	**4,648**	**10,293**	**18,607**	**4,377**
YoY Change (%)	48.4	1.6	24.5	246.7	112.9	169.1	81.9	18.1	60.0	80.8	11.4
Margins (%)	3.2	3.0	4.3	6.3	6.5	7.7	7.7	7.4	4.2	7.3	7.0

E: MOFSL Estimates

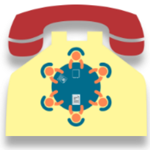
Standalone (India)

Net Revenues	**44,362**	**42,519**	**42,466**	**43,662**	**44,133**	**44,067**	**43,319**	**43,874**	**1,73,010**	**1,75,393**	**44,099**
YoY Change (%)	37.8	16.5	12.0	9.5	-0.5	3.6	2.0	0.5	18.1	1.4	1.0
EBITDA	**4,288**	**4,374**	**5,483**	**6,964**	**7,867**	**8,414**	**7,840**	**7,358**	**21,109**	**31,480**	**7,718**
Margins (%)	9.7	10.3	12.9	15.9	17.8	19.1	18.1	16.8	12.2	17.9	17.5
Adj PAT	**1,044**	**657**	**1,243**	**2,389**	**3,112**	**3,513**	**3,064**	**3,284**	**5,787**	**12,973**	**3,091**
YoY Change (%)	52.4	-27.0	152.6	340.0	198.3	434.3	146.6	37.5	120.9	124.2	20.7

V-Mart Retail

BSE SENSEX	S&P CNX
73,105	22,218

Conference Call Details



Date: 15th May 2024
Time: 15:00 IST

Financials & Valuations (INR b)

INR million	FY24	FY25E	FY26E
Sales	27.9	31.3	35.7
EBITDA	2.1	3.2	4.1
NP	-1.0	-0.1	0.5
EBITDA Margin (%)	7.6	10.3	11.6
Adj. EPS (INR)	-53.5	-3.6	28.6
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	412.8	409.2	437.8
Ratios			
Net D:E	1.8	2.2	2.2
RoE (%)	NM	NM	6.8
RoCE (%)	0.4	4.1	6.2
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	NM	NM	75.9
EV/EBITDA (x)	26.6	18.4	14.6
EV/Sales (x)	1.6	1.5	1.3
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	5.3	-2.0	0.0

CMP: INR2,172 — Neutral

EBITDA up 76% YoY (big beat), led by SSSG and cost-control measures

- Revenue grew 13% YoY to INR6.7b (in line), led by 6% SSSG and 5% footprint addition.
  - SSSG for V-Mart (core) and Unlimited stood at 4% and 13%, respectively.
  - **Limeroad** revenue grew 27% YoY to INR152m. Adjusted for this, VMart revenue (including Unlimited stores) was up 12% YoY.
  - **Unlimited** revenue with throughput of ~INR1,200/sqft (+13% SSSG) stood at ~INR950m (calculated), which grew ~9% YoY.
  - **V-Mart (core)** revenue stood at ~INR5.6b (calculated), which grew ~13% YoY with throughput of ~INR1,800/sqft.
  - The company opened 9 new stores (8 in V-Mart and 1 in Unlimited) and closed 19 stores (10 in V-Mart and 9 in Unlimited) during the quarter, taking the total store count to 444 stores (V-Mart 365 and Unlimited 79).
- Gross Profit grew 12% YoY at INR2.1b (in line); however, margins declined 20bp YoY.
  - Employee and other expenses grew -2%/+6% YoY (11%/8% lower than est) which could mainly be on account of cutting down of losses within the online segment (Limeroad) and closures of loss making stores.
  - Resultantly, EBITDA grew 76% YoY to INR402m (53% beat) with a margin expansion of ~210bp to 6.0%.
  - However, for 4QFY24 pre Ind-AS EBITDA would be negative at ~INR11m and -1.6% margin.
- The company reported a loss of INR389m (5% beat), compared to a loss of INR370m in 4QFY23. This increase can be attributed to higher depreciation (26% YoY) and finance costs (7% YoY).
  - Adjusted for tax related to previous year, loss stood at INR605m (vs. INR523m loss of 4QFY23).

Full-year analysis

- FY24 revenue grew 13% YoY, EBITDA declined 21% YoY, and reported a loss of INR968m (vs. INR78m loss).
- OCF stood at INR1.8b in FY24 (vs. –INR23m in FY23), led by a release of WC amounting to INR1.7b. Capex declined to INR1.2b (vs. INR2.8b in FY23). FCF post interest was reported at INR431m (vs cash outflow of INR2.8b in FY23). Consequently, this led to a decrease in net debt by INR411m to INR781m in FY24.
- WC days reduced from 57 days in FY23 to 24 days in FY24, led by a) reduction in inventory days from 129 in FY23 to 107 days and b) increase in payable days from 72 days to 83 days.

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY23				FY24				FY23	FY24	FY24	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var. (%)
Revenue	**5,879**	**5,062**	**7,769**	**5,939**	**6,785**	**5,494**	**8,891**	**6,686**	**24,648**	**27,856**	**6,677**	**0**
YoY Change (%)	231.4	49.8	12.3	29.5	15.4	8.5	14.4	12.6	47.9	13.0	12.4	
Total Expenditure	4,992	4,526	6,732	5,710	6,261	5,488	7,694	6,284	21,959	25,725	6,401	-2
EBITDA	**887**	**536**	**1,037**	**229**	**525**	**7**	**1,197**	**402**	**2,689**	**2,131**	**277**	**45**
EBITDA Margin (%)	15.1	10.6	13.3	3.9	7.7	0.1	13.5	6.0	10.9	7.6	4.1	
Depreciation	402	441	473	484	499	532	583	607	1,800	2,221	531	14
Interest	247	279	307	336	330	359	376	359	1,169	1,424	360	0
Other Income	41	27	7	75	15	20	130	44	150	210	15	201
PBT	**278**	**-157**	**264**	**-516**	**-290**	**-864**	**369**	**-520**	**-130**	**-1,305**	**-600**	**-13**
Tax	74	-44	64	-146	-70	-223	87	-131	-52	-337	-167	
Rate (%)	26.5	27.9	24.4	28.3	24.2	25.8	23.5	25.1	39.7	25.9	27.9	
Reported PAT	**205**	**-113**	**200**	**-370**	**-219**	**-641**	**282**	**-389**	**-78**	**-968**	**-432**	**-10**
Adj PAT	**205**	**-113**	**200**	**-370**	**-219**	**-641**	**282**	**-389**	**-78**	**-968**	**-432**	**-10**
YoY Change (%)	-171.2	-20.0	-65.0	1,314.5	-207.3	466.8	41.3	5.3	-167.4	1,132.9	17.0	

E: MOFSL Estimates

Repco Home Finance

BSE Sensex	S&P CNX
73,105	22,218

Conference Call Details

Date: 16th May 2024
Time: 16:00 HRS IST
Dial-in details:
+91 22 6280 1315
Link

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	6.5	7.0	7.9
PPP	5.2	5.6	6.3
PAT	3.9	4.2	4.5
EPS (INR)	63.1	67.3	71.3
EPS Gr. (%)	33	7	6
BV/Sh. (INR)	463	527	595
Ratios			
NIM (%)	5.2	5.0	5.0
C/I ratio (%)	24.6	25.4	24.9
RoAA (%)	3.0	2.9	2.7
RoE (%)	14.6	13.6	12.7
Payout (%)	4.8	4.6	4.6
Valuation			
P/E (x)	7.7	7.2	6.8
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	1.0	0.8
Div. Yield (%)	0.6	0.6	0.7

CMP: INR483 **Neutral**

Miss on PPOP, but earnings beat driven by provision write-backs

NIM contracts ~20bp QoQ | Healthy improvement in asset quality

- Repco's 4QFY24 PAT grew 32% YoY to INR1.1b (8% beat), while FY24 PAT rose ~33% YoY to INR3.95b. NII rose ~11% YoY to ~INR1.6b (in line). Other income was up 31% YoY to INR141m. Repco took net provision write-backs of ~INR100m. PPOP grew ~7% YoY but declined ~6% QoQ to INR1.3b (6% miss).
- GNPA improved ~60bp QoQ to 4.1% and NNPA improved ~40bp to ~1.5%. The company increased the PCR on S3 loans by ~5pp QoQ to ~65%. ECL/EAD declined to ~3.8% (PQ: ~4%).

Disbursements gaining momentum

- Disbursements rose 7% YoY to INR8.9b in 4QFY24. The loan book grew 9% YoY to ~INR135b. Home loans grew 2% YoY. LAP book grew 33% YoY.
- The run-offs increased with repayment rates rising ~2pp YoY to ~17% (PY: ~15%).
- The contribution of self-employed customers remained stable at ~51%.

Spreads contract sequentially, driven by lower yields

- Reported yields declined ~20bp to ~11.7% and reported CoF dipped ~10bp to ~8.3%, leading to spreads declining ~10bp QoQ to ~3.3%. Reported NIM contracted ~20bp QoQ to 5.1%.
- The cost-to-income ratio (CIR) increased ~4pp QoQ to ~27.3%.

Other details

- Repco reported an RoA/RoE of 3.2%/16.5% in 4QFY24.
- CRAR was healthy at ~35% in 3QFY24.

Valuation and view

- While asset quality continues to improve, it will be interesting to hear from the management about growth momentum, asset quality improvements, and credit cost expectations in FY25.
- Repco trades at 0.8x FY26E P/BV. We will look forward to the management's commentary on the demand environment and its strategies for increasing disbursements. We may review our estimates after the earnings conference call on 16th May'24.

Quarterly performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	4Q FY24E	Act v/s est(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,980	3,064	3,197	3,330	3,572	3,770	3,787	3,831	12,570	14,960	3,843	0
Interest Expenses	1,653	1,692	1,810	1,856	2,026	2,075	2,153	2,203	7,011	8,456	2,237	-2
Net Income	**1,327**	**1,372**	**1,387**	**1,474**	**1,546**	**1,695**	**1,635**	**1,628**	**5,560**	**6,504**	**1,606**	**1**
YoY Growth (%)	-8.4	-12.1	-7.0	4.9	16.5	23.6	17.8	10.5	-5.8	17.0	9.0	
Other income	90	112	111	108	93	69	145	141	421	448	177	-20
Total Income	**1,417**	**1,484**	**1,499**	**1,581**	**1,639**	**1,765**	**1,779**	**1,769**	**5,981**	**6,952**	**1,783**	**-1**
YoY Growth (%)	-3.4	-7.3	-2.4	1.2	15.7	18.9	18.7	11.9	-3.0	16.2	12.8	
Operating Expenses	339	343	398	378	392	426	410	483	1,458	1,710	416	16
YoY Growth (%)	37.8	21.1	15.8	2.8	15.7	24.4	2.9	27.6	17.5	17.3	9.9	
Operating Profits	**1,078**	**1,141**	**1,101**	**1,203**	**1,247**	**1,338**	**1,370**	**1,287**	**4,523**	**5,242**	**1,368**	**-6**
YoY Growth (%)	-11.7	-13.4	-7.7	0.7	15.7	17.3	24.5	6.9	-8.2	15.9	13.7	
Provisions	237	188	12	79	50	16	29	-100	516	-5	10	-1,066
Profit before Tax	**841**	**954**	**1,089**	**1,124**	**1,198**	**1,322**	**1,341**	**1,387**	**4,008**	**5,247**	**1,357**	**2**
Tax Provisions	220	242	282	303	307	341	346	306	1,047	1,300	357	-14
Profit after tax	**621**	**712**	**808**	**821**	**891**	**981**	**994**	**1,081**	**2,961**	**3,947**	**1,000**	**8**
YoY Growth (%)	93.2	-17.2	156.6	95.3	43.5	37.9	23.1	31.6	54.6	33.3	21.8	
Loan growth (%)	-1.0	1.5	3.5	5.9	6.7	7.1	8.1	8.5	5.9	9.0	8.4	
Cost to Income Ratio (%)	23.9	23.1	26.6	23.9	23.9	24.2	23.0	27.3	24.4	24.6	23.3	
Tax Rate (%)	26.2	25.4	25.8	27.0	25.6	25.8	25.8	22.1	26.1	24.8	26.3	
Key Parameters (%)												
Yield on loans (Cal)	10.1	10.2	10.5	10.8	11.4	11.8	11.6	11.5	10.8	11.9		
Cost of funds (Cal)	7.0	7.1	7.5	7.6	8.2	8.3	8.4	8.4	7.1	8.2		
Spreads (Cal)	3.1	3.1	3.0	3.2	3.2	3.5	3.2	3.1	3.7	3.7		
NIMs (Reported)	4.6	4.8	4.8	5.1	5.1	5.4	5.3	5.1	4.8	5.2		
Credit Cost	0.80	0.63	0.04	0.26	0.16	0.05	0.09	-0.30	0.4	0.0		
Cost to Income Ratio	23.9	23.1	26.6	23.9	23.9	24.2	23.0	27.3	24.4	24.6		
Tax Rate	26.2	25.4	25.8	27.0	25.6	25.8	25.8	22.1	26.1	24.8		
Balance Sheet												
AUM (INR B)	118.6	120.7	122.0	124.5	126.6	129.2	131.9	135.1	124.5	135.1		
Change YoY (%)	-1.0	1.5	3.5	5.9	6.7	7.1	8.1	8.5	5.9	8.5		
AUM Mix (%)												
Non-Salaried	51.2	51.0	50.9	51.6	51.8	51.0	51.3	51.4	51.6	51.8		
Salaried	48.8	49.0	49.1	48.4	48.2	49.0	48.7	48.6	48.4	48.2		
AUM Mix (%)												
Home loans	80.7	80.4	79.9	79.3	76.9	76.2	75.6	74.7	79.3	74.7		
LAP	19.3	19.6	20.1	20.7	23.1	23.8	24.4	70.0	20.7	25.3		
Disbursements (INR B)	6.4	7.5	7.0	8.4	6.8	8.0	7.6	8.9	29.2	31.3		
Change YoY (%)	167.9	54.0	56.8	38.9	6.6	6.9	9.0	7.1	65.0	7.4		
Borrowings (INR B)	93.1	96.4	96.0	99.1	99.1	100.5	103.6	107.0	99	107.0		
Change YoY (%)	-6.9	-2.6	-0.2	2.3	6.4	4.3	7.9	7.9	2.3	7.9		
Loans/Borrowings (%)	127.4	125.2	127.1	125.6	127.8	128.6	127.3	126.3	125.6	126.3		
Borrowings Mix (%)												
Banks	71.0	71.8	72.1	73.8	74.1	75.6	77.7	79.2	73.8	74.1		
NHB	19.3	17.4	16.5	15.1	14.9	13.1	12.0	10.8	15.1	14.9		
Repco Bank	9.8	10.8	11.4	11.1	11.0	11.4	10.3	10.0	11.1	11.0		
NCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Asset Quality												
GS 3 (INR B)	7.6	7.9	7.5	7.2	6.9	6.4	6.2	5.5	7.2	5.5		
Gross Stage 3 (% on Assets)	6.4	6.5	6.2	5.8	5.5	4.9	4.7	4.1	5.8	4.1		
NS 3 (INR B)	4.8	4.5	4.0	3.6	3.4	2.7	2.5	1.9	3.6	1.9		
Net Stage 3 (% on Assets)	4.2	3.9	3.5	3.0	2.8	2.2	1.9	1.5	3.0	1.5		
PCR (%)	36.8	43.1	46.2	49.6	51.4	57.4	60.1	65.2	49.6	65.2		
Return Ratios (%)												
ROA (Rep)	2.1	2.4	2.7	2.7	2.8	3.1	3.1	3.2	2.4	3.0		
ROE (Rep)	11.9	13.3	14.7	14.4	15.8	16.1	15.8	16.5	11.8	14.6		

E: MOFSL Estimates

Decoding consumption: Rural spending contracted yet again in 4QFY24…

…implying FY24 was its worst year in the past quarter of a century

- **An analysis of 12 proxy indicators suggests that rural consumption spending declined for the third successive quarter in 4QFY24, marking the worst in 33 quarters. Rural spending contracted 3.1% YoY in 4QFY24 following a drop of 2.0% YoY in 3QFY24 and a growth of 2.6% YoY in 4QFY23. This was mainly due to a second consecutive contraction in fiscal real rural spending, continuous deterioration in reservoir levels, farm exports, and tractor sales, and the worst contraction in fertilizer sales since 1QFY14 along with muted rural wage growth. They outweighed improvements in two-wheeler sales, decent growth in farm terms of trade, and farm real credit. Consequently, rural spending contracted 1.3% YoY in FY24 – the worst decline since FY99 and its first contraction in eight years – compared to a growth of 4.8% YoY in FY23.**
- **Conversely, urban consumption – estimated by compiling nine proxy indicators – grew at a six-quarter fastest pace of 9.6% YoY in 4QFY24 vs. 9.0%/3.8% YoY in 3QFY24/4QFY23. A simple average of the nine indicators suggests that urban spending grew 7.9% YoY in FY24, slightly lower than 8.9%/10.0% YoY growth in FY23/FY22. It implies that urban spending grew at an average of ~9% during the past three years, following an average decline of 2% in the previous two years. A detailed analysis of the nine indicators used in urban consumption confirms that five indicators – domestic PV sales, petrol consumption, real personal credit, house prices, and IIP for consumer durable goods – witnessed an acceleration in growth, while salary & wages of BSE500 companies and real non-farm consumer imports decelerated in 4QFY24 (vs. 3QFY24).**
- **During the past three years (FY22-FY24), the growth in urban consumption has outpaced rural consumption in each quarter, which is in contrast to FY20-FY21, when the latter grew faster than the former. Within the rural sector, it is clear that agricultural activities have weakened more. Not surprisingly, then, real private consumption expenditure growth is likely to decelerate to 3-4% in FY24, the slowest in two decades (barring FY21).**
- **Will the rural sector see a sharp turnaround in FY25? Well, the FMCG companies are certainly more hopeful, and the predictions of a normal monsoon bode well for rural India's recovery. However, MGNREGA data suggested that employment demand remained at elevated levels in Apr'24 (though lower than Apr'23), and government spending is budgeted to contract for the second consecutive year in FY25. All-in-all, while the hopes may be running high and the rural economy – based on our indicators – may not decline again this year, it may find it challenging to grow more than 5% in FY25, notwithstanding the favorable base.**

Rural spending contracted 1.3% YoY in FY24 – the worst decline since FY99 and its first contraction in eight years – compared to a growth of 4.8% YoY in FY23

Rural consumption declined for the third consecutive quarter in 4QFY24: An analysis of 12 proxy indicators suggests that the rural sector's[1] spending declined for the third successive quarter in 4QFY24, marking the worst in 33 quarters. Rural spending contracted 3.1% YoY in 4QFY24, following a decline of 2% YoY in 3QFY24 and a growth of 2.6% in 4QFY23 *(Exhibit 1)*. This was mainly led by a second successive contraction in fiscal real rural spending, continuous deterioration in reservoir levels, farm exports, and tractor sales, and the worst contraction in fertilizer sales since 1QFY14 along with muted rural wage growth. They outweighed improvements in two-wheeler sales, decent growth in farm terms of trade, and farm real credit. Consequently, rural spending contracted 1.3% YoY in FY24 – the worst decline since FY99 and its first contraction in eight years – compared to a growth of 4.8% YoY in FY23 *(Exhibit 2)*.

[1] **The 12 proxy indicators include:** 1) Real agricultural wages, 2) Real non- agricultural wages, 3) Two-wheeler sales, 4) Farmers' terms of trade, 5) Tractor sales, 6) Real agricultural exports, 7) Fertilizer sales, 8) Real agricultural credit, 9) IIP food products, 10) Reservoir levels, 11) Fiscal real rural spending, and 12) Real farm GVA. The rural consumption spending growth is estimated as simple average of these 12 indicators.

Exhibit 1: Rural consumption declined for the third successive quarter in 4QFY24…

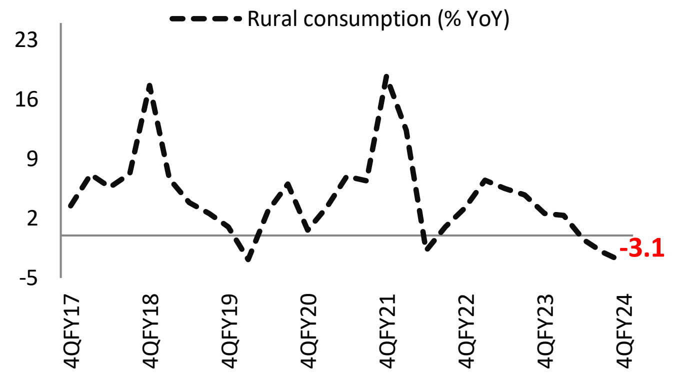
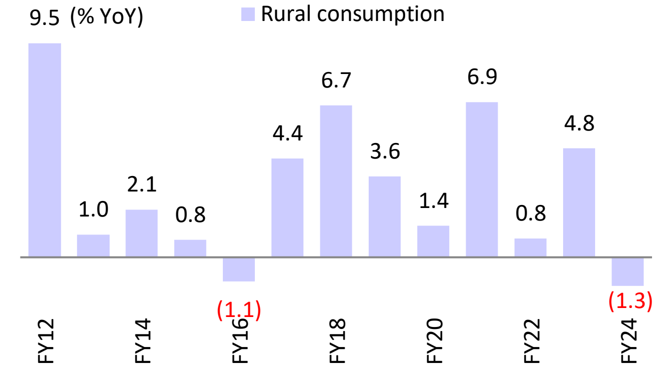


Exhibit 2: …leading to a contraction of 1.3% YoY in FY24, the worst since FY99



Source: Various national sources, CEIC, MOFSL

A detailed analysis of key indicators used suggests that eight out of the 12 proxy indicators used for assessing rural spending trends have posted contraction and another variable witnessed a deceleration in growth in 4Q. Fiscal rural spending declined for the second successive quarter in 4QFY24; tractor sales posted the fourth successive contraction (-19.8% YoY, the worst in eight quarters); agricultural and non-agricultural wages contracted yet again, and farm exports and reservoir levels continued to post double-digit declines. However, two-wheeler sales grew at a seven-quarter high in 4QFY24, and (real) farm credit continued to remain strong. According to the CSO's second advance estimates (SAEs), real agricultural GVA is likely to contract 0.6% YoY in 4QFY24, following -0.8% YoY in 3QFY24; however, we believe that the contraction could be worse than expected *(Exhibit 3).*

On a full-fiscal year basis, as many as six out of 12 indicators posted contractions in FY24 and another four indicators witnessed a deceleration in growth.

Exhibit 3: Summary of key indicators used in gauging rural consumption spending (% YoY)

Rural consumption indicators	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	FY20	FY21	FY22	FY23	FY24
Real agricultural GVA@	7.6	3.5	1.6	(0.8)	(1.8)	6.2	4.0	4.6	4.7	0.4
Real agricultural wages@#	0.8	0.5	(0.2)	(1.0)	(0.8)	(3.2)	0.8	(0.0)	0.0	(0.4)
Real non- agricultural wages#@	(0.9)	0.3	(0.4)	(0.9)	0.6	(3.1)	1.0	(0.4)	(1.1)	(0.1)
Two-Wheeler sales	7.6	11.6	(1.6)	22.6	24.9	(17.8)	(13.2)	(10.9)	17.7	13.4
Farm terms of trade$	(6.3)	4.3	14.1	10.0	7.4	5.8	5.8	(11.2)	(11.2)	8.9
Tractors sales	12.4	(5.3)	(8.7)	(7.2)	(19.8)	(10.5)	26.5	(1.7)	10.2	(9.8)
Real agricultural exports#	(6.0)	(22.3)	(11.3)	(12.0)	(10.6)	(15.9)	11.3	15.4	(0.8)	(14.4)
Fertilizer sales	1.9	17.4	(5.1)	3.1	(13.8)	5.9	3.3	(0.7)	7.0	0.1
Real farm credit#	7.9	12.7	9.5	10.9	11.9	(0.8)	7.5	6.1	7.9	11.9
IIP: food products	3.8	0.6	3.8	1.9	(0.4)	2.0	(2.6)	5.9	3.8	1.4
Reservoir level	(3.3)	(2.6)	(18.4)	(19.9)	(15.5)	31.8	5.1	(2.8)	8.6	(16.2)
Fiscal real rural spending#~	5.9	7.5	10.9	(30.6)	(19.5)	16.1	33.4	5.0	10.7	(11.3)
Rural consumption*	2.6	2.3	(0.5)	(2.0)	(3.1)	**1.4**	**6.9**	**0.8**	**4.8**	**(1.3)**

*Simple average of indicators
@ Our forecast for 4QFY24
$ Output price inflation over input price inflation
# Nominal data deflated by CPI for agricultural workers/rural workers (CPI-AW/RL)
~ Assuming that the GoI meets its FY24RE targets
Source: Various national sources, CEIC, MOFSL

WPI rises to a 13-month high of 1.3% in Apr'24

Led by an adverse base effect and higher food and fuel prices

- **The Wholesale Price Index (WPI)-based inflation went up sharply to a 13-month high of 1.3% in Apr'24 (vs. 0.5% in Mar'24 and -0.8% in Apr'23), partly led by an unfavorable base effect. Thus, WPI-based inflation remained in the positive territory for the sixth consecutive month, after having been in the deflationary zone for the majority of the previous financial year. Sequentially, WPI increased 0.8% in Apr'24 vs. a growth of 0.4% in Mar'24. The figure was higher than the Bloomberg consensus and our expectation of 1.1%. *(Exhibit 1)***
- **The acceleration in WPI was primarily driven by higher food inflation, which was the highest in the last eight months (5.5% YoY in Apr'24 vs. 4.7% in Mar'24), and a spike in prices of fuel & power items, which marked its first increase after contracting for 11 straight months (1.4% YoY in Apr'24 vs. -0.8% in Mar'24). WPI, excluding food and fuel, contracted 0.8% in Apr'24 vs. a contraction of 1.1% in Mar'24. *(Exhibit 2)*.**
- **Within food, prices of primary food articles increased 7.7% in Apr'24 vs. 6.8% in Mar'24 (the highest in four months), while prices of manufactured food products increased 1.2% in Apr'24 vs. 0.7% in Mar'24 (the highest in 15 months). Within primary food articles, acceleration in the prices of onions, potatoes, and paddy were the major drivers of higher food inflation. Meanwhile, the prices of cereals and pulses decelerated during the month, but remained elevated. On the other hand, fruits and protein-rich items like eggs and meat and milk provided some relief during the month.**
- **The WPI for fuel and power entered the positive territory after 11 months in April, as the prices of high-speed diesel, cooking gas, and petrol accelerated during the month, despite remaining in contraction.**
- **WPI for non-food manufacturing products continued to contract for the 14th month in a row. It declined 0.7% YoY in Apr'24 (vs. a fall of 1.2% in Mar'24), led by a continuing contraction in the prices of textiles (-1.2%), paper (-6.9%), chemicals (-3.6%), and metals (-3.6%) among others.**
- **Agro inflation stood at a four-month high of 5.3% in Apr'24 vs. 4.6% in Mar'24. However, agro input inflation contracted 0.7% YoY in Apr'24 vs. a contraction of 1.2% YoY in Mar'24. Consequently, agricultural terms of trade growth remained steady at 6% in Apr'24 (vs. 5.9% in Mar'24) (*Exhibit 4).* Prices of imported items declined 1.1% in Apr'24 vs. a 2.4% fall in Mar'24. Additionally, non-agro domestic inflation remained steady at 1.3% YoY in Apr'24 *(Exhibit 3).***
- **We expect WPI inflation to rise in the coming months as the favorable base effect wanes. Although Brent crude prices have moderated in the past couple of weeks, the recent uptick in global commodity prices, especially industrial metal prices, is expected to exert upward pressure on WPI. Elevated food inflation continues to remain a cause of concern. It's crucial to monitor the temporal and spatial distribution of the monsoon, along with external risks emerging from ongoing geopolitical tensions.**

Exhibit 1: WPI stood at 1.3% YoY in Apr'24 vs. 0.5% in Mar'24...

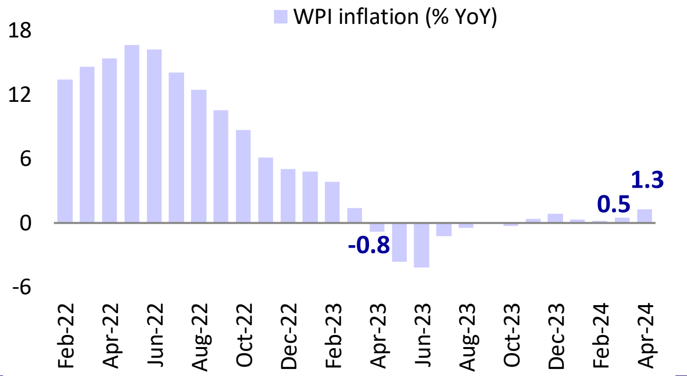


Exhibit 2: Food inflation at 5.5% in Apr'24 vs. 4.7% in Mar'24

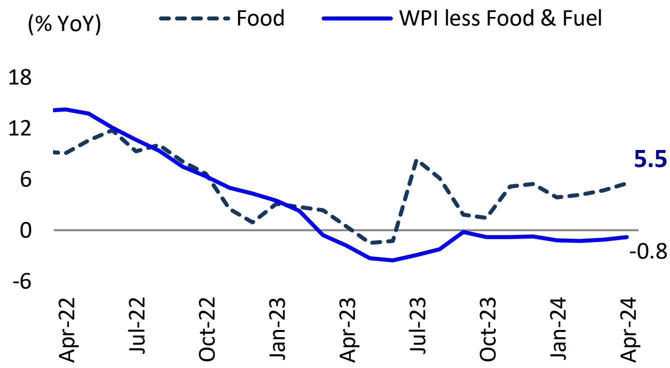
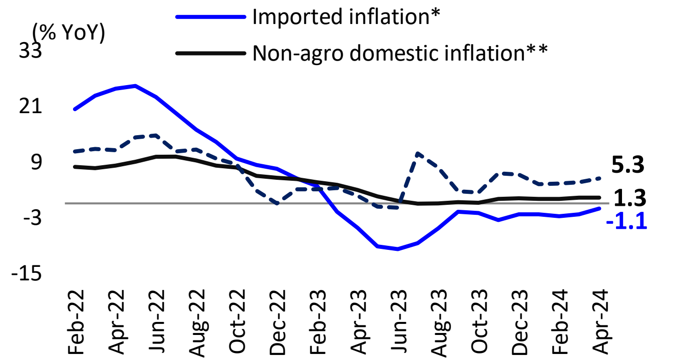
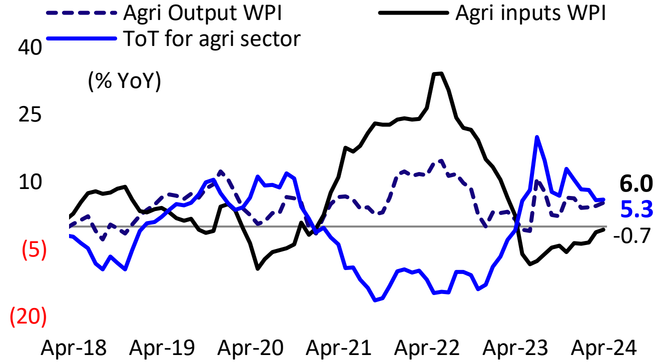


Exhibit 3: Agro inflation came in higher at 5.3% in Apr'24 vs. 4.6% in Mar'24



*Constituting ~41.8% weightage in the WPI basket;
**Constituting ~38.8% weightage in WPI basket @Constituting ~19.4% weightage in WPI basket

Exhibit 4: Terms of trade for agri sector grew 6% in Apr'24 vs. 5.9% in Mar'24



Source: Office of Economic Adviser, MOFSL

Kalyan Jewellers: High gold prices are impacting the demand, leading to a decrease in gross margins; Ramesh Kalyanaraman, ED

- 1st 40 days of FY25 has been positive & strong SSSG
- SSSG is in double digit so far despite a high base of 15% last year
- Gross & EBITDA Margin will see a de-growth due to the FOCO model
- PBT margins will see an expansion
- Middle east revenue contribution will continue to be in early teens
- Focus will be on Candere and have opened 7 stores in FY25 so far

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