

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	79,486	-0.1	10.0
Nifty-50	24,148	-0.2	11.1
Nifty-M 100	56,352	-1.3	22.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,996	0.4	25.7
Nasdaq	19,287	0.1	28.5
FTSE 100	8,072	-0.8	4.4
DAX	19,215	-0.8	14.7
Hang Seng	7,461	-1.1	29.3
Nikkei 225	39,500	0.3	18.0
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	74	-2.1	-4.6
Gold (\$/OZ)	2,685	-0.8	30.1
Cu (US\$/MT)	9,302	-2.4	9.9
Almn (US\$/MT)	2,584	-2.9	10.2
Currency	Close	Chg .%	CYTD.%
USD/INR	84.4	0.0	1.4
USD/EUR	1.1	-0.8	-2.9
USD/JPY	152.6	-0.2	8.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.8	-0.01	-0.4
10 Yrs AAA Corp	7.2	-0.02	-0.5
Flows (USD b)	8-Nov	MTD	CYTD
FII	-0.4	-2.26	-1.8
DII	0.21	1.87	55.3
Volumes (INRb)	8-Nov	MTD*	YTD*
Cash	1,061	948	1276
F&O	1,20,360	3,05,339	3,80,219

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research theme

India Strategy: Embracing India's Magnitude

- ❖ Traditionally recognized for the secular growth potential, Indian equities are now evolving, bringing fresh dimensions to the investment landscape with their impressive size, diversity, and depth.
- ❖ India's market capitalization has soared to an impressive USD5.4t - positioning it as the fifth-largest market globally while its share in global market capitalization has jumped to 4.3% in Nov'24 from 1.6% in 2013.
- ❖ Although market is currently experiencing a tactical breather – evidenced by a ~8% dip in the Nifty index from its all-time high – we remain optimistic that the Indian equities will deliver a healthy long-term compounding given, the strength of corporate India balance sheet and prospects of secular profitable growth.
- ❖ We reckon this combination of **Size**, **Growth**, and **Diversity** is relatively uncommon in most global markets.



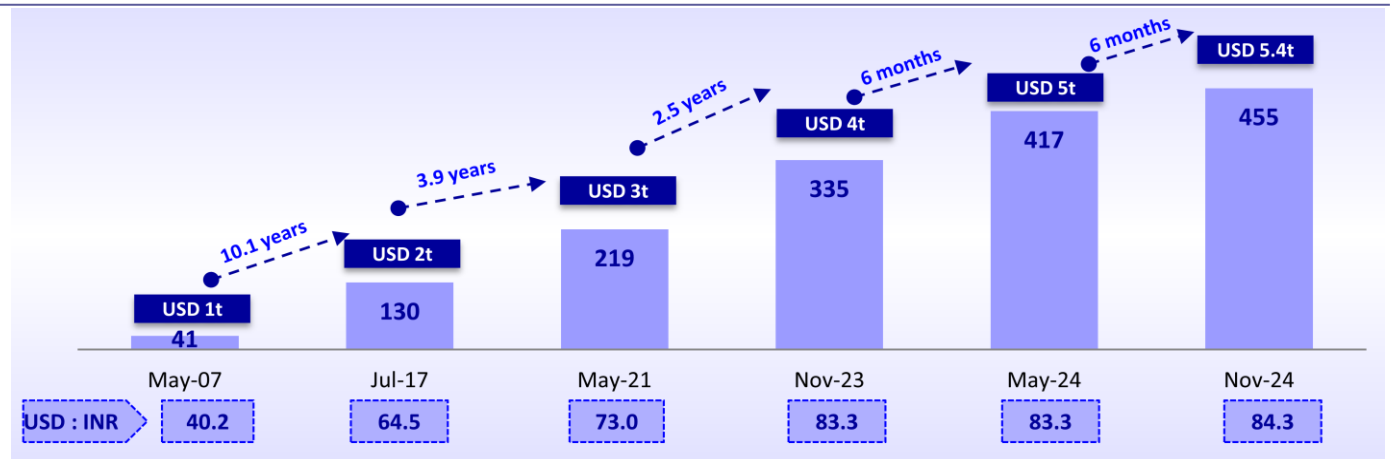
Research covered

Cos/Sector	Key Highlights
India Strategy	Embracing India's Magnitude
State Bank of India	Steady quarter; Asset quality ratios improve further
Other Updates	Life Insurance Corporation TATA Motors Power Grid Corporation of India Vedanta Divi's Laboratories Power Finance Corporation Info Edge Cummins India Lupin Ashok Leyland MRF SAIL Biocon Aditya Birla Fashion and Retail Emami Motherson Wiring Bata India Zen Technologies G R Infraprojects Fine Organic Industries India Cements Happy Forgings JK Lakshmi Cement Equitas Small Finance Indigo Paints DreamFolks Asian Paints Aurobindo Relaxo Footwears Signature Global Data Pattern (India) Cement Capital Market Monthly India Life Insurance



Chart of the Day: India Strategy (Embracing India's Magnitude)

India's market capitalization scaled USD5t in May'24 and stood at USD5.4t in Nov'24



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

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



Kindly click on textbox for the detailed news link

1

TA Associates to acquire majority stake in Vee Healthtek for \$250 m

US private equity firm TA Associates is set to acquire a majority stake in Vee Healthtek, an Indian revenue cycle management firm, for \$250 million.

2

Zomato introduces new 'food rescue' feature to avoid wastage

We don't encourage order cancellation at Zomato, because it leads to a tremendous amount of food wastage.

3

IHCL to adopt a more aggressive growth path

IHCL, backed by Tata Group, is set to unveil a new growth strategy. The company aims to accelerate its pace of expansion.

4

Northeast gas grid to be operational by 2026: Indian Gas Exchange CEO

The Northeast Natural Gas Grid, slated for completion by 2026, is set to unlock the region's vast natural gas reserves.

5

Auto companies embrace premium retail formats to tap into India's luxury market

Indian automobile companies are launching exclusive retail formats to cater to the rising demand for luxury products and experiences.

6

Commercial & captive coal output at 100 MT

India's coal production from captive and commercial mines has exceeded 100 million tonnes. The output reached 100.08 million tonnes till November 8 of the current financial year.

7

Flender India to invest further in Indian market

Flender India will increase its investments in the Indian market. The company aims to accelerate its growth. Flender India has three production sites in India.



India Strategy

BSE Sensex: 79,486

Nifty-50: 24,148

India listed market size



Embracing India’s Magnitude

An uncommon blend of size, growth, and diversity

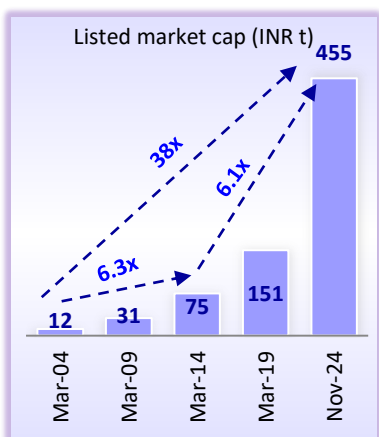
Traditionally recognized for the secular growth potential, Indian equities are now evolving, bringing fresh dimensions to the investment landscape with their impressive size, diversity, and depth. India’s market capitalization has soared to an impressive USD5.4t from USD1.2t in Mar’14, positioning it as the fifth-largest market globally. Notably, smaller companies and emerging industry segments are making substantial contributions across various sectors. Although the market is currently experiencing a tactical breather – evidenced by a ~8% dip in the Nifty index from its all-time high – we remain optimistic that the Indian equities will deliver a healthy long-term compounding given the strength of corporate India’s balance sheet and prospects of secular profitable growth.

In this report, we delve into a comprehensive analysis of the market capitalization of Indian stocks over time, unveiling some noteworthy insights.

India’s investible universe enhances and offers wider choices to investors

For a major portion of the 2010s, a primary concern among several large investors was the limited investible universe of Indian equities, characterized by fewer investible sectors, lower absolute size of companies, narrow sector breadth, and a relatively smaller number of large-sized stocks with good depth. However, the last five years have seen a remarkable transformation. The blazing growth in India’s market capitalization, along with wider participation of multiple sectors and smaller companies, as well as a wave of new issuances across sectors, has effectively quelled many of these concerns. This evolution has paved the way for diverse opportunities for investment across the market-cap curve and sub-sectors. To illustrate, at present, India has **11 mega-sized companies** (~INR5t+ market capitalization) vs. zero in 2014, with **5 companies having USD100b+** market capitalization. The number of mid-sized companies (with market capitalization between INR250b-INR1t) has more than quadrupled in 10 years from 50 to 209, while the number of small-sized companies (with market cap between INR50b-250b) stands at 466 vs. 128 in 2014. The **100th company (Lupin Ltd) and the 500th company (Symphony Ltd)** on the list today are **~8x and ~12x** bigger than the 100th company and the 500th company in 2014, respectively.

India market cap growth



Size does matter

India's growing economic stature indicates a probable structural shift in global capital allocation toward the country. As already listed Indian companies continue to grow and new companies get listed, a sustainable cycle of discovery and value appreciation is likely to unfold. Some of India’s mega-cap stocks (such as Reliance Industries, HDFC Bank, and TCS) have been included in various **MSCI World** Indices. We believe this list will expand over time, attracting interest and investments from large, globally focused active funds. This influx should gradually enhance free float, deepen market dynamics, and boost liquidity, paving the way for a more vibrant Indian equity landscape.

Key ingredients in place for structural growth in the economy and markets

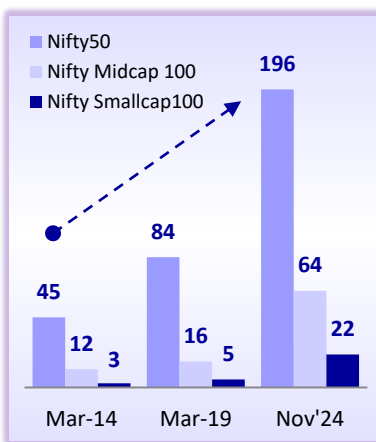
- The foundation for high-quality secular growth in India is being laid through several key factors: 1) robust development of physical and digital infrastructure; 2) the continuation of investor- and business-friendly policies; 3) a thriving entrepreneurial ecosystem; 4) the expansion of profit pools for smaller companies; 5) a sustained increase in domestic flows towards equities; 6) stable macro indicators, as evidenced by better growth visibility, controlled inflation, and stable twin balances, etc. This growth is further supported by various external tailwinds in the form of a geopolitical shift in India's favor, India emerging as a key alternative in the China+1 imperative, a less volatile crude price regime, etc.
- We reckon this combination of Size, Growth, and Diversity is relatively uncommon in most global markets. Therefore, it should enable India to maintain its status as a structurally significant market for an extended period.

Big, Bold, Boundless!

Key observations from our study:

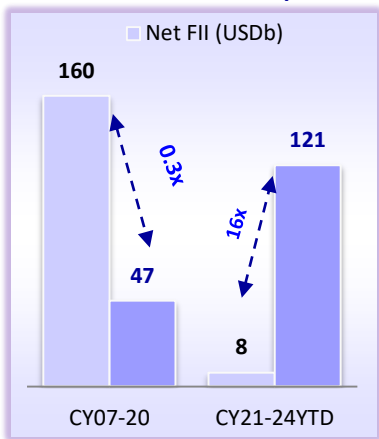
- The Indian equity market achieved a significant milestone of USD5t in market capitalization in May'24, with the latest print at **USD5.4t (INR455t) as of Nov'24**. India's share in global market capitalization jumped to **4.3%** in Nov'24 from the low of 1.6% in 2013, making it **the second highest among emerging markets**. Further, India's rank in global market capitalization scaled up to 5th from 17th in 2004, and 10th in 2014. **India's market capitalization has now reached levels comparable to those of the US market in the early 1990s, China in 2014, Japan in 2015, and Hong Kong in 2017**. Additionally, India's weightage in the MSCI EM Index had briefly surpassed that of China in Sep'24, rising to ~22% from ~7% in 2014. Although, after the recent rally, China has again assumed its leadership position, while India has slipped a bit post its recent correction.
- India has remained one of the fastest-growing equity markets during the past decade. **Its market capitalization surged ~3x/6x/15x/38x** in the past 5/10/15/20 years and achieved a remarkable size of USD5.4t (INR455t) in Nov'24.
- The degree of expansion of the Indian markets can be gauged from the following:
 - The current market capitalization of the **largest Indian publicly listed company**, Reliance Industries, is ~INR18t, which is more than the total market capitalization of the entire Indian equity market in 2005.
 - The **100th company** (Lupin) in the list today, with a market capitalization of INR1t, is ~8x bigger than the 100th company in 2014. The **500th company** at present, with a market capitalization of INR112b, is ~12x the size of its counterparts in 2014.
 - The current market capitalization of ICICI Bank, the second-largest bank, exceeds that of all private banks in 2016 and the entire banking sector in 2014.
 - The **top 10 companies**, valued at INR98t now (accounting for 22% of India's market capitalization), are larger than the entire market capitalization of India in 2016.
 - The **top 50 companies**, valued at INR214t now (accounting for ~47% of India's market capitalization), are more than the entire market capitalization of India in 2021 and ~3x bigger than India's market capitalization in 2014.

Key indices market cap (INR t)



- The **top 100 companies**, valued at INR277t now (accounting for ~61% of India’s market capitalization), are larger than the entire market capitalization of India in 2022 and ~4x that of India’s market capitalization in 2013-14.
- The **key benchmark Indian indices** have witnessed a remarkable rally. The market capitalization of the Nifty-50 /Nifty Midcap100/Nifty Smallcap100/ Nifty-500 indices jumped 4.3x/5.4x/8.1x/5.8x to INR196t/INR64t/INR22t/INR404t/ in the past 10 years (at a CAGR of 15%/17%/22%/18%).
- **Snowballing into giants:** In its journey to a market capitalization of USD5.4t, the Indian equity market has seen the ascent of several giants. India now has 11 mega-sized companies with a market capitalization of over INR5t each (vs. none in 2014), 87 large-sized companies with market capitalization between INR1t and INR5t (vs. 16 companies in 2014), 209 mid-sized companies with a market capitalization of INR250b-1t (vs. 50 in 2014), and 466 small-sized companies with a market capitalization in the range of INR50b-250b (vs. 128 in 2014).
- **Private companies continue to dominate:** The market capitalization of private listed companies jumped 6.4x to INR384t, whereas that of PSUs surged 5x to INR72t in the last 10 years. While private companies have continued to lead, PSUs have seen a strong revival between CY22 and CY24YTD, with their market contribution improving to 16% in 2024 from 10% in 2021-22.
- **Broad-based expansion in market capitalization:** Banks (Pvt+PSBs) topped with the highest market capitalization of ~INR51t, followed by Technology (INR44t). Among the other largest market-cap sectors, Capital Goods, NBFCs, Consumer, Oil & Gas, Automobile and Healthcare sectors jumped 6-10x to ~INR30-37t each as of Nov’24, collectively accounting for 43% of India’s market capitalization (vs. 46% in Mar’14). Conversely, other sectors, such as Chemicals, Telecom, Retail , Insurance, Cement, and Real Estate surged 5-18x to reach INR10-13t each as of Nov’24, collectively accounting for 13% of the total listed market capitalization (vs. 10% in Mar’14).
- **Upsurge of new-age businesses:** The number of new-age and e-commerce/Platform listed companies has grown to 29 in CY24 from just five in 2014, signifying a healthy business environment for startups in India. Their combined market capitalization is up from ~INR178b in Mar’14 to ~INR4.8t in Nov’24. This vibrant ecosystem of startups should be a supply pool of future listed companies, thereby helping India’s investible universe to expand.
- **Mid- and small-sized companies leading from the front:** Over the past 10 years (Oct’14-Oct’24), the Nifty-50 clocked a 11% CAGR, the midcap index posted an 17% CAGR, and the smallcap index reported a 14% CAGR. Notably, the **market capitalization of these indices** clocked a CAGR of 15%/17%/22%. Increased retail participation and rising SIP flows in mid- and smallcap mutual funds in the last 2-3 years have resulted in these indices outperforming largecaps by a wide margin. The Nifty-50/Midcap100/Smallcap100 indices clocked a CAGR of 16%/28%/27% in the past five years, while their market capitalization clocked a CAGR of 17%/28%/30%.
- **Domestic flows driving markets to new highs:** Cumulative DII inflows into Indian equities are ~16x higher than FII flows during CY21-CY24YTD. Net DII investment during CY21-24YTD is 2.6x the amount invested during CY07-20 (14 years).

Cumulative DII flows outpace FIIs



*As of 6th Nov 2024

- Buoyant capital markets and retail participation also attracted a flurry of new listings, which further added to the size of the India market. Notably, the number of large IPOs between FY15-25YTD jumped to ~1,450 (vs. ~500 between FY05 and FY14). Total funds raised (IPO+FPO+ OFS+QIP) during FY2015-25YTD stand at INR12t (vs. ~INR4t between FY05-14), while funds raised during FY20-25YTD accounted for over ~68% of total funds mobilized during the past 10 years.

Strong business environment and corporate earnings propel growth

- Growth in the Indian equity market has been backed by **resilient and strong macro and microeconomic** performances.
- The decade (2014-2024) started with a sluggish business environment, a policy paralysis, a weak banking sector, a tough phase of the PSU earnings cycle, and multiple regulatory shocks but also benefited from lower inflation, strong trends of formalization and digitization, political stability, the government's infrastructure and capex push, a cleaner corporate balance sheet, improved governance, margin tailwinds for commodities, and burgeoning order books.
- India's nominal GDP grew at a ~CAGR of 10% during 2014-24 and stood at INR295t (i.e., USD3.6t) in FY24, while the corporate earnings of listed companies grew at a CAGR of 14% and stood at INR15t (USD178b) in FY24.

Ascent to the big league

- **View:** India is one of the fastest-growing economies and set to become the third-largest economy in the next few years. In addition, it is also the fastest-growing equity market post-Covid. Its considerably large size and diverse sectoral offerings place India among the key equity markets globally.
- While the equity markets continue to reach new highs, so do the underlying corporate earnings. Over the past 1/3/5/10 years, the Nifty-50 clocked a CAGR of 27%/11%/15%/11%, while its earnings remained equally impressive, clocking a CAGR of 26%/ 25%/18%/12% to reach INR7.9t in FY24. In addition, the NSE-500 delivered a profit CAGR of 20%/21%/16%/11% to INR14.1t in FY24. Notably, the NSE-500 profit-to-GDP ratio climbed up to a 15-year high of 4.8% in FY24.
- We expect the earnings trajectory to remain largely intact, albeit the magnitude of its growth is expected to moderate to 12-14% CAGR over FY24-26 with some interim but short lived slowdown as currently witnessed in 2QFY25. In addition, the Nifty P/E remains marginally above its 10-year average, which is likely to maintain this level going forward (as emphasized in our recent note on [Nifty P/E dissection](#)).
- Given the expected pace of high-teen earnings growth and sustained valuation multiples, we expect India's market capitalization to double over the next five-six years to reach ~USD10t.
- We remain constructive on the Indian markets and currently prefer largecap stocks, as the valuations of mid- and smallcap indices are trading at a premium of 46% and 14% to Nifty-50, respectively. We remain positive on the BFSI, IT, Healthcare, and Real Estate sectors and remain underweight on Auto, Energy and Metals within our [model portfolio](#).
- **MOFSL top ideas: Largecaps** – ICICI Bank, HDFC Bank, SBI, Bharti Airtel, HUL, HCL Tech, L&T, M&M, Power Grid, Titan, and Mankind Pharma; **Midcaps and Smallcaps:** Indian Hotels, Persistent Systems, Dixon Tech, Cummins India, Godrej Properties, Metro Brands, Global Health, Angel One, PNB Housing, Cello World, and Coforge.

Note: We have defined large-, mid- and small-sized companies based on the market cap as of that year and not as per the SEBI classification. Defined market cap range of large-sized companies: above INR1t; mid-sized: INR250b-1t; and small-sized: INR50-250b.



State Bank of India

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR841 TP: INR1000 (+19%) Buy

Steady quarter; Asset quality ratios improve further

Margin contracts 8bp QoQ

Bloomberg	SBIN IN
Equity Shares (m)	8925
M.Cap.(INRb)/(USDb)	7524.8 / 89.2
52-Week Range (INR)	912 / 555
1, 6, 12 Rel. Per (%)	11/-4/21
12M Avg Val (INR M)	14236

- State Bank of India (SBIN) reported 2QFY25 PAT of INR183.3b (up 28% YoY, 12% beat), driven by a steady NII and robust treasury income.
- The bank is well poised to deliver robust growth as domestic CD ratio remains controlled at 67.9% while strong underwriting will enable a tight leash on credit cost.
- SBI has delivered three years earnings CAGR of 36% with an average RoA at 1%. The bank under the leadership of Mr. CS Setty has reaffirmed to maintain 14-15% loan growth while RoA to conservatively remain at 1%.
- 2QFY25 NII grew 5.4% YoY to INR416.2b (in-line). NIMs moderated 8bp QoQ to 3.14%.
- Loan book grew 15.3% YoY/2.9% QoQ, while deposits growth was healthy at 9.1% YoY/ 4.4% QoQ, after a sluggish 1Q. CASA ratio moderated 67bp QoQ to 40%.
- Fresh slippages declined to INR48.71b vs INR79b in 1Q. GNPA ratio improved 8bp QoQ to 2.13%, while NNPA ratio too declined 4bp QoQ to 0.53%. SMA 1&2 though inched up to 36bp of loans vs 12bp in 1Q.
- **We broadly maintain our earnings and estimate FY26 RoA/RoE of 1.1%/17.4%. SBI remains our preferred stock in the PSU banking space and we reiterate BUY with a TP of INR1,000 (1.5x FY26E ABV).**

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	1,599	1,691	1,868
OP	867	1,128	1,246
NP	611	712	764
NIM (%)	3.1	3.0	3.0
EPS (INR)	68.4	79.8	85.6
EPS Gr. (%)	21.6	16.6	7.3
ABV (INR)	365	432	500
Cons. BV (INR)	448	523	618
Ratios			
RoA (%)	1.0	1.1	1.1
RoE (%)	18.8	18.8	17.4
Valuations			
P/BV (x) (Cons.)	1.9	1.6	1.4
P/ABV (x)*	1.6	1.4	1.2
P/E (x)	11.2	9.4	8.5
P/E (x)*	8.6	7.4	6.9

*Adjusted for subsidiaries

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	56.9	56.9	56.9
DII	23.9	23.4	24.2
FII	11.6	12.1	11.6
Others	7.6	7.6	7.3

FII includes depository receipts

Credit growth guidance at ~14-15%; RoA guidance maintained at 1%

- SBIN reported 2QFY25 PAT of INR183.3b (up 28% YoY, 12% beat), led by robust other income and steady NII. NII grew 5.4% YoY (inline), while margins moderated 8bp QoQ to 3.14%. For 1HFY25, PAT stood at INR353.7b (up 13% YoY) and for 2HFY25, we expect PAT to be at INR358.7b (up 2% YoY, amid lower provisions expense in 1HFY24).
- Other income increased sharply to INR152.7b, on the back of healthy treasury income at INR46.4b (up 130% YoY/79% QoQ).
- Opex declined 11% YoY to INR275.9b (3% higher than MOFSLe). PPOp grew 51% YoY/11% QoQ to INR292.9b (core PPOp grew 42% YoY). C/I ratio moderated 91bp QoQ to 48.5%. Provisions increased 31% QoQ to INR45.1b.
- Advances grew 15.3% YoY/2.9% QoQ. Of which, Retail grew 12% YoY, Corporate grew 18% YoY, and Agri/SME stood at 17.7% YoY/17.4% YoY, respectively. Within Retail, Xpress credit moderated 1.2% QoQ (up 6.6% YoY). Deposits grew 9.1% YoY/4.4% QoQ, while CASA mix moderated 67bp QoQ to 40%. Domestic CD ratio moderated 142bp QoQ to 67.9%.
- Fresh slippages declined to INR48.7b vs INR79b in 1Q (annualized slippage rate at 0.68% vs 0.84% in 1Q). GNPA ratio improved 8bp QoQ to 2.13%, while NNPA ratio declined 4bp QoQ to 0.53%. Restructured book declined to INR148b (0.38% of advances), while SMA 1/2 portfolio inched sharply to INR137b (36bp of loans vs 12bp in 1Q). The bank guides FY25 credit cost at 0.5%.

- **Subsidiary performance:** SBICARD clocked a PAT of INR4.1b (down 33% YoY). SBILIFE's PAT grew 39.2% YoY to INR5.3b. PAT of the AMC business increased 46.7% YoY to INR6.9b, while SBI General reported a profit of INR2,310m (up 26% QoQ).

Highlights from the management commentary

- Credit growth guidance is at 14-15%, with broad-based growth across all segments.
- Deposits growth guidance is at 10%+ YoY.
- Incremental Credit growth will be funded by the Incremental Deposits growth.
- Credit cost is guided at 0.5% and slippages will be contained.
- RoA guidance is maintained at 1%.

Valuation and view

SBIN reported a healthy quarter, driven by robust treasury income and steady NII. Margins moderated 8bp QoQ; however, the bank now expects NIMs to be maintained at current levels, supported by levers such as CD ratio and MCLR repricing (30-35bp cushion in MCLR pricing). Credit growth was healthy while the unsecured book (Xpress Credit) saw continued moderation. Deposit growth was healthy after a sluggish 1Q though moderation in the CASA mix continues. The bank has seen a reduction in its domestic CD ratio to ~67.9%. Fresh slippages and credit cost were contained, which underscores the improvement in underwriting standards and enabled further reduction in NPA ratios. Restructured book was well in control at 0.38% of advances; however, the SMA pool saw a significant increase to 36bp of loans vs 12bp of loans in 1Q, driven by PSU accounts. **We broadly maintain our earnings and estimate FY26 RoA/RoE of 1.1%/17.4%. SBI remains our preferred stock in the PSU banking space and we reiterate BUY with a TP of INR1,000 (1.5x FY26E ABV).**

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	Est	
Net Interest Income	389.0	395.0	398.2	416.6	411.3	416.2	428.3	435.1	1,598.8	1,690.8	416.0	0%
% Change (YoY)	24.7	12.3	4.6	3.1	5.7	5.4	7.6	4.4	10.4	5.8	5.3	
Other Income	120.6	107.9	114.6	173.7	111.6	152.7	130.8	173.4	516.8	568.5	119.9	27%
Total Income	509.7	502.9	512.7	590.2	522.9	568.9	559.0	608.5	2,115.6	2,259.3	535.9	6%
Operating Expenses	256.7	308.7	309.4	302.8	258.4	276.0	286.1	310.5	1,248.6	1,131.0	268.0	3%
Operating Profit	253.0	194.2	203.4	287.5	264.5	292.9	272.9	298.0	867.0	1,128.3	267.8	9%
% Change (YoY)	98.4	-8.1	-19.4	16.8	4.6	50.9	34.2	3.7	3.6	30.1	37.9	
Provisions	25.0	1.2	6.9	16.1	34.5	45.1	50.7	44.5	49.1	174.7	46.7	-4%
Exceptional items (exp)	0.0	0.0	71.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0	0.0	
Profit before Tax	228.0	193.0	125.5	271.4	230.0	247.9	222.2	253.5	746.8	953.6	221.1	12%
Tax Provisions	59.1	49.7	33.8	64.4	59.6	64.6	57.3	59.7	207.1	241.3	57.0	13%
Net Profit	168.8	143.3	91.6	207.0	170.4	183.3	164.9	193.8	539.8	712.3	164.1	12%
% Change (YoY)	178.2	8.0	-35.5	24.0	0.9	27.9	79.9	-6.4	7.5	32.0	14.5	
Adj. Net profit	168.8	143.3	144.0	207.0	170.4	183.3	164.9	193.8	610.8		164.1	
Operating Parameters												
Deposits (INR t)	45.3	46.9	47.6	49.2	49.0	51.2	52.3	53.9	49.2	53.9	51.0	0.4%
Loans (INR t)	32.4	33.5	35.2	37.0	37.5	38.6	39.9	41.3	37.0	41.3	38.8	-0.7%
Deposit Growth (%)	12.0	11.9	13.0	11.1	8.2	9.1	9.9	9.6	11.1	9.6	8.7	
Loan Growth (%)	14.9	13.3	15.1	15.8	15.9	15.3	13.3	11.4	15.8	11.4	16.1	
Asset Quality												
Gross NPA (%)	2.76	2.55	2.42	2.24	2.21	2.13	2.07	2.05	2.24	2.05	2.16	
Net NPA (%)	0.71	0.64	0.64	0.57	0.57	0.53	0.52	0.50	0.57	0.50	0.55	
PCR (%)	74.8	75.4	74.2	75.0	74.4	75.7	75.3	76.0	74.8	76.0	74.8	

Source: Company, MOFSL



Life Insurance Corporation

Estimate change	
TP change	
Rating change	

CMP: INR 915 TP: INR 1,200 (+31%) Buy

APE grows 26% YoY, VNB margin expands 260bp YoY to 17.9% Strong growth in premiums driven by exceptional sales in Sep'24

- In 2QFY25, LIC reported net premium income of INR1.2t, up 12% YoY. For 1HFY25, net premium income grew 14% YoY to INR2.3t. We expect net premiums to grow 8% YoY during 2HFY25.
- New business APE grew 26% YoY to INR164.7b, driven by 31% YoY growth in Individual APE to INR114.2b and 15% YoY growth in Group APE to INR50.5b. For 1HFY25, new business APE grew 24% YoY to INR280.2b. We expect new business APE to grow 5% YoY in 2HFY25.
- VNB margins (net) improved by 260bp YoY to 17.9%, driven by 47% YoY growth in absolute VNB to INR29.4b. For 1HFY25, VNB grew 38% YoY to INR45.5b, reflecting VNB margin of 16.2% (14.6% in 1HFY24). We expect VNB to grow 12% YoY in 2HFY25.
- LIC reported a 4% YoY decline in shareholder PAT to INR76.2b. For 1HFY25, PAT grew 4% YoY to INR180.8b. We expect PAT to grow 4% YoY in 2HFY25.
- The management aims to achieve a positive growth trajectory in the par segment and expects strong growth to continue in the non-par segment.
- We have raised our premium growth and VNB margin estimates for FY25/FY26, factoring in 2QFY25 performance. We have also raised our EV estimates, factoring in higher economic variance. With the increase in the share of the non-par segment, we expect VNB margin to improve to 19% by FY26. **Reiterate BUY with a TP of INR1,200 (premised on 0.7x Sep'26E EV).**

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	5785.2 / 68.6
52-Week Range (INR)	1222 / 598
1, 6, 12 Rel. Per (%)	-2/-10/25
12M Avg Val (INR m)	3754

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	5,247	5,593	5,954
Surplus / Deficit	353.2	361.8	379.8
Sh. PAT	423.2	449.5	485.6
VNB margin (%)	17.2	19.0	19.0
RoEV (%)	15.5	11.2	10.9
Total AUMs (INRt)	61.7	70.9	81.5
APE (INRb)	642.3	698.9	752.7
VNB (INRb)	110.5	132.8	143.0
EV per share	1,328	1,477	1,638

Valuations

P/EV (x)	0.7	0.6	0.6
P/EVOP (x)	8.3	7.1	6.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	96.5	96.5	96.5
DII	1.2	0.9	0.8
FII	0.2	0.2	0.1
Others	2.2	2.4	2.6

FII Includes depository receipts

Rising share of non-par in APE mix

- LIC's first/renewal/single premium rose 12%/4%/24% YoY to INR112b/INR619.1b/INR469.4b in 2QFY25.
- For 2QFY25, individual new business premium income increased by 20% to INR176.5b and individual renewals grew 4% YoY to INR598.6b. Group business premium grew 20% YoY to INR424b.
- Par segment APE grew 7% YoY to INR82.5b in 2QFY25, contributing 50.1% to the mix.
- Non-par segment APE jumped ~3x YoY to INR31.6b in 2QFY25, taking the non-par contribution in APE to 19.2% from 7.4% in 2QFY24.
- On the distribution front, the share of the agency channel stood at 95% vs. 95.9% in 2QFY24. The share of the banca and alternate channels improved to 4.1% in 2QFY25 from 3.6% in 2QFY24.
- The 13th/25th/37th/49th/61st month persistency stood at 68.2%/65%/60.5%/56.5%/54.8% in 2QFY25 vs. 71.2%/65.2%/60.2%/57.7%/55.2% in 2QFY24.
- AUM increased to INR55.4t in 2QFY25 from INR47.4t in 2QFY24, up 16% YoY.

Highlights from the management commentary

- Commission has been aligned to policy duration and not reduced. The company is currently not implementing clawback provisions and may make a decision after seeing the experience on new products. Rewards and benefits, apart from commission, can be introduced going forward to encourage business in areas with wider spread and profitable customers.

- LIC is redesigning products with a mindset of 1) aligning with the regulator’s expectations, 2) maintaining investor profitability, and 3) keeping benefits of intermediary intact. While there has been no change in commission rates, policies have been modified to link rewards to better persistency.
- The company has relaunched 32 out of 54 products in the first tranche. Many products have undergone revisions in premium rates, along with design changes. The company has realigned product offerings to ensure no adverse impact on margins due to new regulations.
- LIC is working to find the right opportunity in SAHI sector. The plan is to buy stake in a SAHI, which can be done without a composite license, and restrictions will only be due to investment regulation.

Valuation and view

LIC maintains its industry-leading position and is focusing on ramping up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). New product launches, stronger banca & alternates channel presence, and digitization will enable LIC to bridge the gap with private players. The modified commission structure after new surrender value regulations will be key for growth and profitability. We have raised our premium growth and VNB margin estimates for FY25/FY26, factoring in 2QFY25 performance. We have also raised our EV estimates after factoring in higher economic variance. With the increase in the share of the non-par segment, we expect VNB margin to improve to 19% by FY26. We expect LIC to deliver a 10% CAGR in APE over FY24-27, enabling a 14% VNB CAGR. We expect operating RoEV to remain modest at 11.2% in FY26, given its lower margin profile vs. private peers and a large EV base. We have reduced our EV multiple factoring in higher sensitivity to equity market movements, weaker than expected performance in Oct’24 and impact of surrender charges. **Reiterate BUY with a TP of INR1,200 (premised on 0.7x Sep’26E EV).**

Quarterly Performance

									(INR b)	
Policy holder's A/c (INRb)	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
First year premium	68.1	99.9	84.3	138.1	74.7	112.0	89.3	149.2	390.4	425.2
Growth (%)	-8%	9%	-13%	8%	10%	12%	6%	8%	0%	9%
Renewal premium	536.4	596.4	624.3	773.7	564.3	619.1	664.6	810.3	2,530.8	2,658.3
Growth (%)	7%	6%	4%	2%	5%	4%	6%	5%	4%	5%
Single premium	380.6	378.5	463.6	613.6	500.0	469.4	542.9	659.2	1,836.3	2,171.4
Growth (%)	-7%	-43%	10%	42%	31%	24%	17%	7%	-5%	18%
Gross premium income	983.6	1,074.0	1,170.2	1,522.9	1,137.7	1,199.0	1,311.8	1,598.8	4,750.7	5,247.3
Growth (%)	0%	-19%	5%	16%	16%	12%	12%	5%	0%	10%
PAT	95.4	79.3	94.4	137.6	104.6	76.2	97.3	145.0	406.9	423.2
Growth (%)	NM	NM	49%	2%	10%	-4%	3%	5%	12%	4%
Key metrics (INRb)										
New Business APE	95.3	131.0	131.6	211.8	115.6	164.7	134.9	227.2	569.7	642.3
Growth (%)	-7%	-12%	7%	11%	21%	26%	2%	7%	1%	13%
VNB	13.1	20.0	26.3	36.5	16.1	29.4	23.8	41.2	95.8	110.5
Growth (%)	-6%	-12%	46%	-2%	23%	47%	-10%	13%	4%	15%
AUM	46.1	47.4	49.7	51.2	53.6	55.4	58.1	61.7	51.2	61.7
Growth (%)	12%	10%	12%	16%	16%	17%	17%	21%	16%	21%
Key Ratios (%)										
VNB margins (%)	13.7	15.3	20.0	17.2	13.9	17.9	17.6	18.1	16.8	17.2



TATA Motors

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TTMT IN
Equity Shares (m)	3681
M.Cap.(INRb)/(USD\$b)	3374.4 / 40
52-Week Range (INR)	1179 / 639
1, 6, 12 Rel. Per (%)	-9/-29/1
12M Avg Val (INR M)	11985

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Net Sales	4,379	4,402	4,872
EBITDA	596.1	581.7	644.9
Adj. PAT	224.9	234.4	231.5
Adj. EPS (INR)	58.7	63.7	63.0
EPS Gr. (%)	-	9	-1
BV/Sh. (INR)	221.6	290.5	349.3

Ratios

Net D/E (x)	0.2	0.1	0.0
RoE (%)	34.5	24.4	19.7
RoCE (%)	18.7	15.3	14.0
Payout (%)	10.3	6.6	6.7

Valuations

P/E (x)	16.5	15.1	15.3
P/BV (x)	4.4	3.3	2.8
EV/EBITDA (x)	6.7	6.5	5.5
Div. Yield (%)	0.6	0.4	0.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	42.6	46.4	46.4
DII	16.4	16.1	17.5
FII	20.6	18.2	18.4
Others	20.4	19.4	17.7

FII Includes depository receipts

CMP: INR806 **TP: INR840 (+4%)** **Neutral**

Incremental headwinds emerge for JLR

JLR likely to see persistent margin pressure ahead

- Tata Motors (TTMT) reported a weak consolidated performance in 2QFY25, with margins contracting ~150bp YoY to 11.6% (est. 13.2%). This was mainly due to weaker volumes and high cost pressures for JLR, while India business remained resilient despite weak demand.
- While management has maintained its guidance for JLR despite several headwinds, we believe margin pressure is likely to persist for JLR over FY24-27E, given weak demand, rising discounts and normalizing mix. Even in India, both CV and PV businesses are seeing moderation in demand. We have lowered our EBITDA estimates for TTMT by 3%/7% for FY25/FY26 to factor in weakness in JLR business. The stock trades at 15x FY25E/FY26E consol. EPS and 6.5x/5.5x EV/EBITDA. Reiterate Neutral with Sep'26E SOTP-based TP of INR840.

India business remains resilient despite weak volumes

- **Consolidated business:** 2QFY25 consol. revenue/EBITDA/PAT declined ~3.5%/14.5%/14% YoY to INR1014.5b/INR117.4b/INR33.4 (est. INR1002b/INR132.6b/INR42.7b). EBITDA margin declined 150bp YoY to 11.6% (est. 13.2%). There was a cash outflow of INR29b in 2Q (vs. FCF of INR12b in 1Q). Net auto debt increased by INR34b to INR220b. 1HFY25 revenue/EBITDA remained flat YoY, and PAT grew 16% YoY. 2HFY25 revenues are estimated to remain flat YoY, while EBITDA/adj. PAT are expected to decline 4%/2% YoY.
- **JLR:** Volumes (incl. JV) declined 11% YoY to 97.2k (est. 105k units). Net realization was up 5% YoY/flat QoQ at GBP74.2k/unit (est. GBP73.4k). EBITDA margin declined 320bp YoY to 11.7% (est. 14.5%), while EBIT margin contracted 220bp YoY to 5.1% (est. 6.8%). Margins were impacted by lower wholesales and higher selling costs, partially offset by prioritization of RR production and reduced material costs.
- **TTMT CV business:** Revenue declined 14% YoY to INR173.3b (est. INR167.7b), led by volume decline of ~20% YoY. ASP grew 7% YoY to INR2.01m (est. INR1.93m). EBITDA margins expanded 30bp YoY (-90bp QoQ) to 10.7% (est. 10.8%). The benefit of RM cost softening was offset by higher staff costs.
- **TTMT PV business:** Revenue declined 4% YoY to INR117.85b (est. INR109.9b), affected by 6% YoY decline in volumes but 2.5% YoY growth in realizations at INR903.1k/unit (est. INR831.1k). EBITDA margins contracted 20bp YoY (+40bp QoQ) to 6.2% (est. 5%) due to operating deleverage.

Highlights from the management commentary

- **JLR outlook:** Despite tougher market conditions, JLR has maintained its FY25 guidance of 8.5% EBIT margin (1HFY25 margin at 7.1%) but reduced its FCF guidance from GBP1.8b to GBP1.3b (vs. cash outflow in 1HFY25). It has also retained its FY26 guidance, but clarified that it now has little headroom left to achieve the same.

- **Incremental headwinds in China market:** China is facing severe headwinds, as a weak demand environment has led to extreme levels of discounting in the market. While the ICE market was down 22% YoY in 1H, the premium auto market was down 12% YoY. JLR has done relatively well in China in 2Q, the company expects this macro weakness to hurt its performance in 2H.
- **India CV outlook:** Increased infra spending, coupled with festive consumption, should help to revive CV demand in 2H. In terms of recovery, passenger bus segment is expected to grow better in 2HFY25, followed by ILCV segment, as per management. Demand for SCV and HCV will be monitored given a weak show in 2Q. Overall, management expects FY25 to remain flat or slightly improve YoY.
- **India PV business:** TTMT clocked 68.5k units of retails (highest ever) in Oct'24, which led to Vahan market share bouncing back to 13.7% (vs. 13.3% in 1HFY25). Nexon clocked the highest ever retails since FY17. Channel inventory now stands at below 30 days. It expects lower industry wholesales in the next couple of months as OEMs would focus on streamlining inventory to adequate levels ahead of CY25.

Valuation and view

- While management has maintained its guidance for JLR, we think it is likely to see persistent margin pressure over FY24-27E, given: 1) weak demand in key regions 2) rising cost pressure as it invests in demand generation, 3) normalizing mix, and 4) EV ramp-up, which is likely to be margin-dilutive. Even in India, both CV and PV businesses are seeing moderation in demand.
- While there is no doubt that TTMT delivered a robust performance across its key segments in FY24, there are clear headwinds ahead that could hurt its performance. We have lowered our EBITDA estimates for TTMT by 3%/7% for FY25/FY26 to factor in weakness in JLR business. The stock trades at 15x FY25E/FY26E consol. EPS and 6.5x/5.5x EV/EBITDA. Reiterate Neutral with Sep'26E SOTP-based TP of INR840.

Quarterly Performance [Consol]

(INR b)

INR b	FY24				FY25E				FY24	FY25E	2QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
JLR Volumes (incl JV; '000 units)	106.3	109.1	113.9	120.6	110.5	97.2	113.6	124.4	450.0	445.6	105.0	-7.4
JLR Realizations (GBP/unit)	74,024	70,824	72,989	71,331	74,400	74,167	74,538	74,527	72,252	74,420	73,656	
JLR EBITDA Margins (%)	16.3	14.9	16.2	16.3	15.8	11.7	13.5	14.8	15.9	14.0	14.5	
India CV Volumes ('000 units)	88.6	106.8	98.8	111.3	93.7	86.0	95.5	108.9	405.5	384.1	86.8	-0.9
India CV Realizations (INR '000/unit)	1925.4	1887.2	2042.9	1943.9	1910.1	2014.9	1994.7	2009.3	1949.5	1978.7	1,933	
India CV EBITDA Margins (%)	9.4	10.4	11.1	11.9	11.6	10.7	11.5	12.3	10.8	11.6	10.8	
India PV Volumes ('000 units)	140.4	139.0	138.6	155.6	138.8	130.5	137.6	154.1	573.6	560.9	132.2	-1.3
India PV Realizations (INR '000/unit)	921.8	880.9	938.1	931.7	856.8	903.1	906.7	905.4	918.7	892.9	831	
India PV EBITDA Margins (%)	5.2	6.4	6.5	7.3	5.8	6.2	6.2	7.7	6.4	6.5	5.0	
Net Consol. Op Income	1022.4	1051.3	1105.8	1199.9	1080.5	1014.5	1106.7	1200.7	4379.3	4402.4	1001.8	1.3
Growth (%)	42.1	32.1	25.0	13.3	5.7	-3.5	0.1	0.1	26.6	0.5	-4.7	
Consol. EBITDA	135.6	137.2	153.3	169.9	155.1	117.4	141.6	167.7	596.1	581.7	132.6	-11.5
EBITDA Margins (%)	13.3	13.1	13.9	14.2	14.4	11.6	12.8	14.0	13.6	13.2	13.2	
Depreciation	66.3	66.4	68.5	71.5	65.7	60.1	61.0	60.9	272.7	247.7	68.0	
Other Income	13.6	16.3	15.0	14.6	15.8	15.7	15.2	14.8	59.5	61.4	15.5	
Interest Expenses	26.2	27.0	24.8	22.3	20.9	20.3	22.0	21.6	100.3	84.9	22.0	
PBT before EO	53.3	61.1	75.8	92.1	87.0	56.9	73.8	100.0	282.3	317.6	58.1	
EO Exp/(Inc)	6.8	1.2	0.9	-87.0	-0.4	0.0	0.0	0.0	-78.12	-0.42	0.00	
PBT after EO Exp	46.5	59.9	74.9	179.1	87.4	56.9	73.8	100.0	360.4	318.0	58.1	
Tax rate (%)	33.6	36.8	7.2	3.5	36.4	40.8	18.0	15.3	13.7	26.3	27.0	
PAT	30.9	37.8	69.5	172.8	55.6	33.7	60.5	84.6	311.1	234.4	42.4	
Minority Interest	-1.0	-0.7	-1.2	-1.2	-1.3	-1.1	-1.0	-1.2	-4.1	-4.5	-0.7	
Share in profit of Associate	2.1	0.5	1.9	2.5	1.3	0.8	1.2	1.4	7.0	4.7	1.0	
Reported PAT	32.0	37.6	70.3	174.1	55.7	33.4	60.7	84.9	314.0	234.7	42.7	
Adj PAT	37.9	38.7	71.0	77.3	55.3	33.4	60.7	84.9	224.9	234.4	42.7	-21.7
Growth (%)	-158.3	-407.9	140.1	37.4	46.1	-13.6	-14.5	9.9	2629.7	4.2	10.3	

E: MOFSL Estimates



Power Grid Corporation of India

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR315 TP: INR426 (+36%) BUY

Steady quarter; capex upcycle continues

Bloomberg	PWGR IN
Equity Shares (m)	9301
M.Cap.(INRb)/(USDb)	2941.3 / 34.9
52-Week Range (INR)	366 / 206
1, 6, 12 Rel. Per (%)	0/-4/29
12M Avg Val (INR M)	5448

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	452.7	484.5	509.7
EBITDA	393.3	416.1	431.5
Adj. PAT	155.7	163.1	171.5
Adj. EPS (INR)	16.7	17.5	18.4
EPS Gr. (%)	1.0	4.7	5.2
BV/Sh.(INR)	93.6	97.2	100.5

Ratios

Net D:E	1.4	1.3	1.2
RoE (%)	18.3	18.4	18.7
RoCE (%)	10.0	10.4	10.8
Payout (%)	67.2	68.4	70.5

Valuations

P/E (x)	18.8	17.9	17.1
P/BV (x)	3.4	3.2	3.1
EV/EBITDA (x)	10.4	9.4	8.8
Div. Yield (%)	3.6	3.8	4.1
FCF Yield (%)	8.8	13.5	11.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.3	51.3	51.3
DII	16.9	16.3	13.2
FII	28.3	28.7	32.0
Others	3.5	3.6	3.4

FII Includes depository receipts

- Power Grid (PWGR)'s 2QFY25 reported standalone (SA) PAT was in line with our estimate at INR37.1b (-3% YoY). On a consolidated basis, reported PAT was flat YoY at INR37.9b. In the analyst meet, 1) FY25 capex guidance was increased marginally to INR200b (INR180b previously), 2) capex and capitalization guidance for FY26 was INR250-300b while capitalization for FY27 was guided at INR400b, 3) PWGR highlighted that assuming a ~50% win rate, it could secure INR1.92t in upcoming project bids under NEP 2032, in addition to its current INR1.43t order book, implying a minimum cumulative capex of INR3t by 2032. Of the current order book, ~32% is from RTM projects, where the company earns a healthy 15% ROE.

- Following 2QFY25 results, we moderate our FY25 PAT estimate marginally (-4%) due to 1H consolidated capitalization (INR40b), trailing previously provided guidance of INR140-150b. PWGR declared an interim dividend of INR4.50 per share for FY25. We are building in FY25 DPS of INR 12, which is expected to rise to INR13.5 by FY27.

- In the analyst meet, PWGR management highlighted a total capex potential of INR6.6t in Inter-State Transmission Systems, where PWGR holds a leading 50-60% market share. Management also highlighted six upcoming HVDC projects and three cross-border linkage projects (India-Bangladesh, India-Myanmar, and India-Sri Lanka), in which PWGR remains well placed to compete and execute. As such, we believe capex and capitalization should continue on an upward trajectory in the coming years. PWGR is trading at FY27 PB of 3x with a dividend yield of 4.3%, which we think is attractive. We reiterate our BUY rating on the stock with a TP of INR426.

Steady 2Q; in line with expectations

- PWGR reported SA revenue for 2QFY25 at INR102b (+5% YoY), 2% below our estimate of INR104b. EBITDA came in at INR87.8b (+3% YoY), ~4% below our est. of INR91.3b, impacted by a sharp rise in opex.
- Reported SA PAT was in line with our est. and stood at INR37.1b. Adjusted SA PAT of INR35b (+5% YoY) was 3% lower than our est. of INR36.2b. On a consolidated basis, reported PAT came in at INR37.9b (flat YoY) and EBITDA was up 2% YoY at INR99b.
- The transmission segment accounted for 97.7% of consol. EBIT of INR69b, whereas the telecom segment contributed 2%, with its EBIT rising to INR1.4b (+33% YoY, +87% QoQ).
- In 2QFY25, its JVs reported a loss of INR1,046m, compared to a profit of INR290m in 1QFY25.
- In 1HFY25, on a YoY basis, net sales grew 1.7% to INR203b, EBITDA was flat at INR175b but APAT fell 2.3% to INR69.6. In 2HFY25, we expect net sales/EBITDA to increase 3.1%/3.5% YoY but PAT to fall 9% YoY.
- In 1HFY25, SA capex was INR34b, while consol. capex was INR100b.

- Other key details:
- During the quarter, net movement in regulatory deferral account balances was positive INR2.4b.
- The board declared the first interim dividend of INR4.50/share for FY25.

Highlights of the 2QFY25 performance:

- PWGR emerged as the L1 bidder for 8 ISTS TBCB projects during 2QFY25 (levelized tariff: INR54.7b).
- Project Execution and Financial Performance:
 - Capex stood at INR53.8b on a consolidated basis and INR17.2b on a standalone basis.
 - The company capitalized INR16.8b on a consolidated basis and INR8.2b on a standalone basis.
 - Added 405ckm of transmission lines and 8,515MVA of transformation capacity.
 - The transmission system had an availability rate of 99.8%, reflecting high operational efficiency.
 - The reliability rate was 0.17 trippings per line.
 - On a standalone basis, the average borrowing cost was 7.73%.
- Telecom Division Highlights:
 - The telecom division successfully added 13 new customers during the quarter and reported an income of INR2.6b.

Valuation and view

We derive the TP of INR426 for PWGR based on Dec'26E EBITDA and an EV/EBITDA multiple of 11x, which we think is reasonable, though at the higher end of the historical range.

Standalone Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Sales	1,02,446	97,440	1,06,766	1,10,505	1,00,682	1,02,601	1,11,351	1,12,651	4,18,267	4,27,283	1,04,359	-2%
YoY Change (%)	-2.7	-6.6	-0.6	-2.2	-1.7	5.3	4.3	1.9	-2.5	2.2	7.1	
EBITDA	90,048	85,318	94,006	91,422	87,441	87,870	96,301	95,622	3,61,903	3,67,235	91,310	-4%
YoY Change (%)	1.4	-3.5	0.2	-9.0	-2.9	3.0	2.4	4.6	-2.8	1.5	7.0	
As of % Sales	87.9	87.6	88.0	82.7	86.8	85.6	86.5	84.9	86.5	85.9	87.5	
Depreciation	31,414	31,418	31,586	31,164	30,732	31,617	34,897	36,164	1,25,582	1,33,410	31,148	2%
Interest	21,214	23,891	25,156	20,208	21,601	26,046	25,319	18,090	90,469	91,056	23,494	11%
Other Income	6,436	7,864	7,910	12,032	7,822	11,233	8,157	8,099	34,242	35,310	8,109	39%
Extraordinary Inc / (Exp)	-2,860	5,561	1,123	-1,744	-610	2,469	0	0	2,081	1,858	0	
PBT	40,996	43,434	46,298	50,338	42,319	43,909	44,243	49,466	1,82,175	1,79,937	44,778	-2%
Tax	5,570	5,095	6,595	9,060	8,198	6,798	7,698	12,133	26,320	34,827	8,517	-20%
Effective Tax Rate (%)	13.6	11.7	14.2	18.0	19.4	15.5	17.4	24.5	14.4	19.4	19.0	
Reported PAT	35,427	38,340	39,702	41,278	34,122	37,112	36,544	37,333	1,54,746	1,45,111	36,261	2%
YoY Change (%)	-5.9	6.5	14.5	-0.9	-3.7	-3.2	-8.0	-9.6	2.3	-6.2	-5.4	
Adjusted PAT	37,898	33,431	38,739	42,708	34,613	35,025	36,544	37,333	1,52,775	1,43,516	36,261	-3%
YoY Change (%)	0.6	-7.1	11.7	2.5	-8.7	4.8	-5.7	-12.6	1.0	-6.1	26.3	

PWGR valuation

Dec-26 EBITDA	INR b	447
EV/EBITDA multiple	(x)	11
EV	INR b	4,783
Net debt	INR b	819
Target Price	INR	426
CMP	INR	315
Upside / (Downside)	%	36%



Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR458 TP: INR520 (+14%) Neutral

Operating performance in line; aims to maintain strong earnings growth

Bloomberg	VEDL IN
Equity Shares (m)	3910
M.Cap.(INRb)/(USDb)	1790.6 / 21.2
52-Week Range (INR)	524 / 231
1, 6, 12 Rel. Per (%)	-4/5/69
12M Avg Val (INR M)	6191
Free float (%)	43.6

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	1,494	1,593	1,645
EBITDA	425.8	484.9	509.9
EBITDA margin	28.5	30.4	31.0
APAT	135.1	168.0	189.7
Adj. EPS (INR)	36.3	45.2	51.0
EPS Gr (%)	173.9	24.4	13.0
BV/Sh. (INR)	86.5	109.8	139.0

Ratios

Net D:E	1.8	1.1	0.6
RoE (%)	42.9	46.0	41.0
RoCE (%)	27.4	29.5	28.9
Payout (%)	99.5	48.4	42.8

Valuations

P/E (x)	12.6	10.1	8.9
P/BV	5.3	4.2	3.3
EV/EBITDA (x)	6.5	5.6	5.0
Div. Yield (%)	7.9	4.8	4.8
FCF Yield (%)	12.2	16.0	16.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	56.4	59.3	63.7
DII	16.5	14.9	10.7
FII	11.6	10.4	7.9
Others	15.5	15.4	17.7

FII Includes depository receipts

- Vedanta (VEDL) reported consolidated net sales of INR376b (+10% YoY and +5% QoQ), in line with our estimates. The sequential growth was primarily fueled by higher volumes, partly offset by lower output commodity prices.
- VEDL’s consolidated EBITDA came in at INR98b (+46% YoY and flat QoQ) vs. our estimate of INR95b. EBITDA was driven by favorable output commodity prices, structural cost-saving initiatives, and increased premia across businesses. EBITDA margin stood at 26.1% in 2QFY25 vs. 27.8% in 1Q and 19.7% in 2QFY24. APAT for the quarter was INR30b (+505% YoY and -18% QoQ) against our estimate of INR28b.
- VEDL reported an exceptional gain of INR11.4b led by impairment reversal in the Oil & Gas business, partly offset by impairment charges in ASI, and cess in zinc & iron ore vide a Supreme Court judgment to levy additional cess on mineral-bearing land & mining rights.
- Net debt stood at INR569b as of 2QFY25, while net debt/EBITDA improved to 1.49x.
- During 1HFY25, VEDL’s revenue grew 8% YoY and EBITDA rose 51% YoY. We expect its revenue/EBITDA to grow 7%/32% in 2HFY25.

Segmental highlights:

- **Aluminum:** VEDL produced 609kt of aluminum, registering a growth of 3% YoY and 2% QoQ. Alumina production from Lanjigarh refinery grew 8% YoY, while it declined 7% QoQ to 499kt.
- Net sales stood at INR137b (YoY/QoQ: +15% / +2%), in line with our est. of INR134b. Reported EBITDA came in at INR42b (YoY/QoQ: +111% / -6%) vs. our estimate of INR38b.
- Aluminum cost of production was lower by 4% YoY but witnessed a slight QoQ increase of 1% because of higher scrap and alumina prices in 2QFY25.
- **Zinc International:** Zinc production rose 18% QoQ (-33% YoY), supported by a 21% increase at Gamsberg.
- Revenue stood at INR10b (YoY/QoQ: -6% / +24%), in line with our estimate.
- EBITDA came in at INR3.8b (YoY/QoQ: +31% / +104%) against our estimate of INR2b, led by the lowest-ever quarterly CoP for Gamsberg at USD1,125/t.
- **Copper:** Copper cathodes production at 41kt was up 16% YoY (2x QoQ).
- Revenue came in at INR64b (YoY/QoQ: +38% / +35%) led by healthy pricing. It posted an operating loss of INR100m during the quarter.
- **Iron Ore:** Saleable ore production stood at ~1.3mt, up 7% YoY and 3% QoQ.
- Revenue stood at INR13.7b (YoY/QoQ: -34% / +4%), while EBITDA stood at INR1.4b (YoY/QoQ: -57% / -25%) in 2QFY25.

Highlights from the management commentary

- Despite rising alumina prices globally, the company maintained its hot metal costs QoQ, led by their assets, operational, and buying efficiencies.
- VEDL expects coal costs to be USD50-60 lower post-monsoons, due to better coal grades obtained through MCL E-auctions with nil premiums.
- Management anticipates achieving 230kt of total MIC production for FY25 in its Zinc International business.
- Alumina cost inflation is a headwind, but VEDL anticipates it to be offset by lower costs and Lanjigarh ramp up.
- Management reduced its aluminum volume estimates to 2.3-2.4mt, due to a delay in Lanjigarh expansion. Lanjigarh's current production run-rate is 3mt.
- Radhikapur coal block is likely to start operations by 1QFY26. VEDL secured the EC and completed land acquisition and is currently following with compliance checks.
- The Kurloi coal mine block is progressing well and is in an advanced stage, with public hearing completed. Management expects it to be operationalized by 1QFY26 (earlier 4QFY25) and ramped up by 3QFY26.

Valuation and view

- VEDL's 2QFY25 performance came largely in line across segments. The capex plans are progressing well, which would lead to further cost savings.
- Management targets to maintain strong growth in earnings, led by the upcoming capacity, which will produce higher VAP products. VEDL remains firm on its deleveraging plans, and higher cash flows going forward will support its expansion plan along with deleverage.
- **The stock currently trades at 5x FY27E EV/EBITDA. We largely maintain our estimates and reiterate our Neutral rating on the stock with a revised SoTP-based TP of INR520.**

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25E 2QE	Vs. Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	337.3	341.8	355.4	355.1	357.6	376.3	377.4	382.2	1,389.7	1,493.6	359.1	4.8
Change (YoY %)	-12.7	-6.7	4.2	-6.4	6.0	10.1	6.2	7.6	-5.7	7.5		
Change (QoQ %)	-11.1	1.3	4.0	-0.1	0.7	5.2	0.3	1.3				
Total Expenditure	273.1	274.7	270.1	267.4	258.2	278.1	266.3	265.2	1,085.3	1,067.8		
EBITDA	64.2	67.2	85.3	87.7	99.5	98.3	111.1	116.9	304.4	425.8	95.1	3.3
Change (YoY %)	-37.0	-12.7	20.7	-7.3	54.9	46.3	30.3	33.4	-11.6	39.9		
Change (QoQ %)	-32.1	4.6	27.0	2.8	13.4	-1.2	13.1	5.2				
As % of Net Sales	19.0	19.7	24.0	24.7	27.8	26.1	29.4	30.6	21.9	28.5		
Finance cost	21.1	25.2	24.2	24.2	22.2	26.7	23.6	22.0	94.7	94.6		
DD&A	25.5	26.4	27.9	27.4	27.3	27.0	27.6	28.4	107.2	110.3		
Other Income	5.5	6.4	7.8	5.8	9.3	13.0	6.6	-2.5	25.5	26.5		
PBT (before EO item)	23.1	21.9	41.1	41.9	59.3	57.7	66.5	64.0	128.0	247.4	54.5	5.7
EO exp. (income)	-17.8	-59.8	0.0	2.0	0.0	-18.7	0.0	0.0	-75.6	-18.7		
PBT (after EO item)	40.9	81.8	41.1	39.9	59.3	76.3	66.5	64.0	203.6	266.1		
Total Tax	7.8	90.9	12.4	17.2	8.3	20.3	23.3	27.9	128.3	79.8		
% Tax	19.0	111.2	30.1	43.1	14.0	26.6	35.0	43.7	63.0	30.0		
PAT before MI and Asso.	33.1	-9.2	28.7	22.7	51.0	56.0	43.2	36.0	75.3	186.3		
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Minority interest	6.7	8.7	8.6	9.1	14.9	12.5	9.3	0.5	33.0	37.2		
PAT after MI and Asso.	26.4	-17.8	20.1	13.7	36.1	43.5	33.9	35.5	42.4	149.1		
APAT	8.6	4.9	20.1	15.7	36.1	29.5	33.9	35.5	49.3	135.1	27.8	6.2
Change (YoY %)	-80.5	-65.7	29.0	-49.6	319.5	504.8	68.6	126.3	-53.1	173.9		
Change (QoQ %)	-72.4	-43.3	312.5	-22.0	129.8	-18.2	15.0	4.7				

Sources: MOFSL, Company

Business wise EBITDA (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25E 2QE	Vs. Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
EBITDA	64.2	67.2	85.3	87.7	99.5	98.3	111.1	116.9	304.4	425.8	95.1	3.3
Copper	0.0	-0.6	0.1	-0.1	-0.6	-0.1	0.0	0.7	-0.7	0.0	0.0	
Aluminum	18.2	19.7	28.7	30.0	44.4	41.6	49.5	55.3	96.6	190.9	37.9	
Iron ore	1.6	3.2	6.3	5.6	1.8	1.4	3.2	6.3	16.8	12.8	2.6	
Power	2.9	2.5	2.1	2.2	2.8	1.9	1.7	4.2	9.7	10.7	2.6	
Zinc-India	33.5	31.4	35.2	36.5	39.5	41.2	43.7	40.8	136.6	165.2	41.2	
Zinc-Int	2.8	2.9	0.6	0.6	1.9	3.8	3.3	-2.4	6.9	6.5	2.2	
Oil & Gas	11.5	11.0	12.6	15.1	10.8	11.7	11.3	12.1	50.2	45.9	10.0	
Steel	0.2	1.2	1.1	-0.2	0.8	-0.1	1.2	3.3	2.2	5.2	0.8	
Others	-6.4	-4.0	-1.4	-2.1	-2.0	-3.1	-2.8	-3.4	-13.9	-11.4	-2.3	
Change (YoY %)	-37.0	-12.7	20.7	-7.3	54.9	46.3	30.3	33.4	-11.6	39.9		
Change (QoQ %)	-32.1	4.6	27.0	2.8	13.4	-1.2	13.1	5.2				
As % of Net Sales	19.0	19.7	24.0	24.7	27.8	26.1	29.4	30.6	21.9	28.5		

Sources: MOFSL, Company



Divi's Laboratories

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR5,950 TP: INR5,630 (-5%) Neutral

Custom synthesis outperforms; generics vertical underperforms

Bloomberg	DIVI IN
Equity Shares (m)	265
M.Cap.(INRb)/(USD\$)	1579.5 / 18.7
52-Week Range (INR)	6276 / 3350
1, 6, 12 Rel. Per (%)	11/43/46
12M Avg Val (INR M)	2600

Augmenting capabilities/capacities in Peptides/contrast media space

- Divi's Labs (DIVI) delivered better-than-expected financial performance in 2QFY25. The custom synthesis (CS) segment has maintained its strong YoY growth momentum for four quarters now. DIVI continues to face pricing challenges in its generics segment.
- Capex programs (Unit 3/Kakinada) remain on track and will cater to future requirements of the CS and generics segments.
- We largely maintain our estimates for FY25/FY26/FY27. We value DIVI at 50x 12M forward earnings to arrive at a TP of INR5,630.
- DIVI is currently enhancing its offering in GLP-1 category by supplying fragments of products for CS business only. It is also working on Gadolinium-based contrast media products as an additional growth driver over the next 2-3 years. It is recalibrating its supply chain management to minimize delay in the availability of materials due to ongoing geopolitical tensions.
- We build in 17%/22.6%/24.9% YoY growth in revenue/EBITDA/PAT over FY25-27. While the outlook is promising, the valuation at 60x FY26E/49x FY27E EPS largely factors in the earnings upside. **Maintain Neutral.**

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	93.7	109.3	129.3
EBITDA	28.3	35.2	42.5
Adj. PAT	20.5	26.1	31.9
EBIT Margin (%)	26.0	28.5	29.8
Cons. Adj. EPS (INR)	77.2	98.2	120.3
EPS Gr. (%)	28.7	27.2	22.5
BV/Sh. (INR)	565.1	632.9	715.9

Ratios

Net D:E	-0.2	-0.2	-0.2
RoE (%)	14.3	16.4	17.8
RoCE (%)	14.3	16.4	17.8
Payout (%)	31.0	31.0	31.0

Valuations

P/E (x)	76.4	60.0	49.0
EV/EBITDA (x)	54.1	43.5	35.9
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	-0.1	0.4	0.7
EV/Sales (x)	16.3	14.0	11.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.9	51.9	51.9
DII	21.1	21.8	21.8
FII	17.3	16.2	14.6
Others	9.8	10.2	11.7

FII Includes depository receipts

Improved operating leverage drives margins YoY/QoQ

- DIVI revenues grew 22.5% YoY to INR23.3b (our est: INR22b).
- Gross margin was stable YoY at 58.6%.
- However, EBITDA margin expanded 450bp YoY to 30.6% (our est: 30.6%) due to better operating leverage (employee costs/other expenses down 90bp/360bp as % of sales).
- As a result, EBITDA grew 43.5% YoY to INR7.2b (our est: INR6.7b).
- Adjusted for INR290m in forex gains, PAT grew 38.3% YoY to INR4.9b (our est: INR4.7b).
- In 1HFY25, revenue/EBITDA/PAT increased 20.9%/33.4%/29.3% YoY to INR44.5b/INR13.3b/INR9.2b.

Highlights from the management commentary

- Contrast media can be into generics or CS segments depending on the process used to manufacture the product.
- DIVI is currently focusing on fragment of GLP1 products and only for innovator customers. It has also commercialized liquid phase peptides for a long time. DIVI has started solid phase peptides over the past one year.
- In the contrast media category, iodine-based products are under qualification and some are already commercialized. Gadolinium-based compounds are under qualification phase and commercialization is expected over the next 1-2 years.

Quarterly Performance

(INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	17,780	19,090	18,550	23,030	21,180	23,380	24,198	24,967	78,450	93,726	22,042	6.1
YoY Change (%)	-21.1	2.9	8.6	18.1	19.1	22.5	30.4	8.4	1.0	19.5	15.5	
Total Expenditure	12,740	14,100	13,660	15,720	14,960	16,220	16,818	17,423	56,220	65,421	15,341	
EBITDA	5,040	4,990	4,890	7,310	6,220	7,160	7,381	7,545	22,230	28,305	6,701	6.9
YoY Change (%)	-40.5	-19.7	19.8	48.6	23.4	43.5	50.9	3.2	-6.1	27.3	34.3	
Margins (%)	28.3	26.1	26.4	31.7	29.4	30.6	30.5	30.2	28.3	30.2	30.4	
Depreciation	930	950	950	950	970	990	980	960	3,780	3,900	975	
EBIT	4,110	4,040	3,940	6,360	5,250	6,170	6,401	6,585	18,450	24,405	5,726	7.8
YoY Change (%)	-46.1	-24.5	22.5	57.1	27.7	52.7	62.4	3.5	-8.9	32.3	41.7	
Interest	0	10	0	20	0	0	0	0	30	0	0	
Other Income	810	750	770	770	780	770	870	1,048	3,100	3,468	810	
PBT before EO Income	4,920	4,780	4,710	7,110	6,030	6,940	7,271	7,633	21,520	27,873	6,536	
Forex gain /(Loss)	30	-90	180	20	10	290	0	0	140	300	0	
PBT	4,950	4,690	4,890	7,130	6,040	7,230	7,271	7,633	21,660	28,173	6,536	10.6
Tax	1,360	1,210	1,310	1,750	1,740	2,120	1,861	1,745	5,630	7,466	1,765	
Rate (%)	27.5	25.8	26.8	24.5	28.8	29.3	25.6	22.9	26.0	26.5	27.0	
PAT	3,590	3,480	3,580	5,380	4,300	5,110	5,409	5,888	16,030	20,707	4,771	7.1
Adj. PAT	3,568	3,547	3,448	5,365	4,293	4,905	5,409	5,888	15,928	20,495	4,771	2.8
YoY Change (%)	-45.6	-24.4	25.9	65.7	20.3	38.3	56.9	9.7	-7.5	28.7	34.5	
Margins (%)	20.2	18.2	19.3	23.4	20.3	21.9	22.4	23.6	20.4	22.1	21.6	
Adj. EPS	13.4	13.4	13.0	20.2	16.2	18.5	20.4	22.2	60.0	77.2	18.0	

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Cost Break-up											
RM Cost (% of Sales)	38.7	41.4	39.3	39.2	40.3	41.4	40.8	40.3	39.9	40.7	40.4
Staff Cost (% of Sales)	14.8	13.9	14.4	12.9	13.8	13.0	13.3	13.5	13.9	13.4	13.0
Other Expenses(% of Sales)	18.2	18.5	19.9	16.2	16.6	14.9	15.4	16.0	17.8	15.7	16.2
Tax rate (%)	27.5	25.8	26.8	24.5	28.8	29.3	25.6	22.9	26.0	26.5	27.0
Gross Margins(%)	61.3	58.6	60.7	60.8	59.7	58.6	59.2	59.7	60.1	59.3	59.6
EBITDA Margins(%)	28.3	26.1	26.4	31.7	29.4	30.6	30.5	30.2	28.3	30.2	30.4
EBIT Margins(%)	23.1	21.2	21.2	27.6	24.8	26.4	26.5	26.4	23.5	26.0	26.0



Power Finance Corporation

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR449 **TP: INR560 (+25%)** **Buy**

Healthy quarter; disbursements to accelerate further in 2H

Asset quality improves due to stressed asset resolution; NIM flat QoQ

Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USDb)	1483.2 / 17.6
52-Week Range (INR)	580 / 260
1, 6, 12 Rel. Per (%)	0/-6/46
12M Avg Val (INR M)	7305

- Power Finance Corporation (PFC)'s 2QFY25 PAT grew ~14% YoY to INR43.7b. Its 1HFY25 PAT grew 18% YoY to INR80.9b and we expect the 2HFY25 PAT to increase ~14% YoY.
- NII in 2QFY25 grew ~18% YoY to ~INR44.1b. Other income grew ~23% YoY to ~INR14.7b, which included dividend income of INR12.5b (PY: INR10.8b).
- Opex rose ~106% YoY to ~INR2.4b, mainly driven by CSR expense of ~INR1.3b. PPOp grew ~14% YoY to INR53.3b.
- Yields (calc.) and CoB (calc.) declined ~8bp and ~9bp QoQ to ~10.1% and ~7.3%, respectively, resulting in spreads remaining stable QoQ at ~2.7%. Reported NIM was broadly stable QoQ at ~3.57%.
- GS3 improved ~70bp QoQ to ~2.7% and NS3 improved ~15bp QoQ to ~0.7%. This was driven primarily by the resolution of Lanco Amarkantak (PFC's outstanding at ~INR23.8b), which resulted in a provision reversal of ~INR2b. Total provision write-backs in the P&L stood at INR1.2b. This translated into annualized credit costs of -10bp (PY: -9bp and PQ: 5bp).
- Two projects with a total exposure of ~INR16.6b (Shiga Energy with an outstanding of INR5.2b and TRN Energy with an outstanding of INR11.4b) are in advanced stages of resolution. The company shared that it expects both of these stressed exposures to be resolved in the current financial year itself. Provisions carried against each of the stressed assets will be sufficient to take care of resolutions, and there will be some write-backs as well.
- We estimate a CAGR of 16%/14%/13% in disbursement/advances/PAT over FY24- FY27, RoA/RoE of 2.9%/18.5% and a dividend yield of ~4% in FY27E.

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	156	182	201
PPP	175	201	225
PAT	144	167	183
EPS (INR)	43.5	50.5	55.4
EPS Gr. (%)	-1	16	10
BV/Sh. (INR)	240	275	314
ABV/Sh. (INR)	196	231	270
RoAA (%)	3.0	3.1	3.0
RoAE (%)	19.5	19.6	18.8
Div Payout (%)	31.0	30.0	30.0

Valuations

P/E (x)	10.3	8.9	8.1
P/BV (x)	1.9	1.6	1.4
Core P/E (x)	6.5	5.6	5.1
Core P/BV (x)	1.4	1.2	1.0
Div. Yld (%)	3.0	3.4	3.7

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	56.0	56.0	56.0
DII	17.5	17.1	17.9
FII	17.7	17.9	16.9
Others	8.8	9.0	9.3

FII Includes depository receipts

Key highlights from the management commentary

- PFC's sanctions in 1HFY25 stood at INR1.6t, and it has a healthy pipeline of sanctions going forward as well.
- PFC has done a detailed due diligence on the Shapoorji Pallonji (SP) Group, but the company's Board does not want to take that high an exposure. Finally, PFC has decided **not** to go ahead with the sanctioning of the loans to the SP Group.
- Disbursements were slightly slower in 1HFY25 as PFC began implementing the transformation strategy recommended by BCG from Apr'24. The company is progressing well on the transformation strategy, and management expects that its disbursement trajectory will be back on track from 3QFY25. PFC guided a loan growth of ~14%, similar to last year.

Valuation and view

- PFC (standalone) trades at 1x FY26E P/BV and 5x FY26 P/E, and we believe that the risk-reward is attractive considering good visibility on loan growth, earnings growth, stressed asset resolutions, and healthy return ratios.
- We reiterate our **BUY** rating with an SoTP (Sep'26E)-based TP of INR560 (based on 1.2x target multiple for the PFC standalone business and INR211/share for PFC's stake in REC after a hold-co discount of 20%).
- Key risks:** 1) rise in exposure to private infrastructure projects as these loans fall outside PFC's core expertise of lending to power projects; 2) increase in exposure to power projects without PPAs, 3) compression in spreads and margins due to aggressive competitive landscape.

Quarterly Performance										(INR m)
Y/E March	FY24				FY25E				FY24	FY25E
Particulars	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,01,241	1,06,921	1,13,313	1,14,937	1,18,270	1,19,090	1,24,211	1,30,189	4,36,411	4,91,760
Interest Expenses	66,207	69,631	71,735	72,564	74,990	75,007	78,007	81,773	2,80,138	3,09,776
Net Interest Income	35,034	37,289	41,578	42,373	43,280	44,083	46,204	48,416	1,56,274	1,81,983
YoY Gr %	1.0	-3.1	16.4	21.9	23.5	18.2	11.1	14.3	8.8	16.5
Other Income	-2,111	11,904	5,875	7,165	3,160	14,655	5,301	4,827	22,832	27,943
Net Operational Income	32,923	49,193	47,452	49,538	46,440	58,738	51,504	53,243	1,79,106	2,09,926
YoY Gr %	-8.9	7.6	20.6	14.3	41.1	19.4	8.5	7.5	8.9	17.2
Exchange gain/(loss)	4,827	-1,188	-2,231	723	589	-3,100	-2,000	3,011	2,131	-1,500
Total Net Income	37,750	48,005	45,221	50,261	47,029	55,639	49,504	56,254	1,81,237	2,08,426
YoY Gr %	32.6	22.5	23.2	24.3	24.6	15.9	9.5	11.9	25.2	15.0
Operating Expenses	1,018	1,143	1,100	3,431	1,016	2,355	1,430	2,569	6,691	7,369
Operating Profit	36,732	46,863	44,121	46,830	46,013	53,284	48,075	53,686	1,74,545	2,01,057
YoY Gr %	35.5	22.6	24.1	23.7	25.3	13.7	9.0	14.6	25.8	15.2
Provisions	22	-989	2,626	-3,370	620	-1,241	-1,500	-1,956	-1,712	-4,076
PBT	36,710	47,852	41,495	50,200	45,393	54,525	49,575	55,641	1,76,257	2,05,134
Tax	6,641	9,377	7,723	8,845	8,214	10,821	9,419	9,906	32,587	38,360
Tax Rate %	18.1	19.6	18.6	17.6	18.1	19.8	19.0	17.8	18.5	18.7
PAT	30,069	38,474	33,772	41,355	37,179	43,704	40,156	45,735	1,43,670	1,66,774
YoY Gr %	42.5	28.3	12.4	18.4	23.6	13.6	18.9	10.6	23.5	16.2

Key Parameters (Calc., %)

Yield on loans	9.8	10.0	10.2	10.0	10.1	10.1
Cost of funds	7.3	7.4	7.4	7.2	7.4	7.3
Spread	2.5	2.6	2.9	2.8	2.7	2.7
NIM	3.4	3.5	3.8	3.7	3.6	3.6
C/I ratio	2.9	3.1	2.6	8.1	2.3	5.3
Credit cost	0.0	(0.02)	0.1	(0.1)	0.01	(0.03)

Balance Sheet Parameters

Disbursements (INR b)	228	328	235	486	195	467
Growth YoY (%)	391	91	(7)	25	(15)	42
AUM (INR b)	4,313	4,495	4,570	4,815	4,750	4,934
Growth YoY (%)	17	19	16	14	10	10

Asset Quality Parameters

GS 3 (INR B)	165.0	165	160.7	160.7	161	134
GS 3 (%)	3.8	3.7	3.5	3.3	3.4	2.7
NS 3 (INR B)	45.0	44.8	41.1	41.1	41.1	35.3
NS 3 (%)	1.0	1.0	0.9	0.9	0.9	0.7
PCR (%)	72.7	72.8	74.4	74.4	74.4	73.6

E: MOSL Estimates

PFC: SOTP - Sep 2026

	Stake	Target Multiple	Value (INR B)	INR per share	% To Total	Rationale
PFC Standalone	100	1.2	1,152	349	62	1.2x Sep'26 PBV
REC Stake (Pre-Holdco)	53	1.6	873	265		1.6x Sep'26 PBV
Hold Co Discount (20%)			175			
REC Stake (Post-Holdco)			698	211	38	
Target Value			1,850	560	100	



Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR7,655 TP: INR7,000 (-9%) Neutral

Regaining momentum

IT hiring possibly turning around; reiterate Neutral on valuations

Bloomberg	INFOE IN
Equity Shares (m)	130
M.Cap.(INRb)/(USDb)	991.9 / 11.8
52-Week Range (INR)	8472 / 4360
1, 6, 12 Rel. Per (%)	-4/19/46
12M Avg Val (INR M)	1817

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	26.8	31.2	38.6
EBITDA	10.9	13.0	15.6
Adj. PAT	7.2	11.7	14.1
Reported PAT	8.3	11.7	14.1
Adj. EPS	55.4	90.2	108.4
EPS (INR)	63.8	90.2	108.4
EPS Gr. (%)	(0.8)	41.5	20.2
BV/Sh. (INR)	2,036	2,100	2,164

Ratios

RoCE (%)	2.6	4.0	4.7
Payout (%)	50	50	50

Valuations

P/E (x)	119.6	84.6	70.4
P/BV (x)	3.7	3.6	3.5

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	37.7	37.9	38.0
DII	19.6	19.4	18.8
FII	32.5	32.3	31.3
Others	10.3	10.5	12.0

FII includes depository receipts

- Info Edge (INFOE) delivered in-line revenue growth in 2QFY25, with standalone revenue rising 10.6% YoY/2.7% QoQ in-line with our estimate. EBITDA margin came in at 41.8% (up 280bp QoQ/120bp YoY), in-line with our estimate of 40.8%. Overall billings were up 14.3% YoY, a double digit growth after 5 quarters, and stood at INR6.5b. Adj. PAT was up 9.3% YoY to INR1.9b (below our est. of 2.3b). The company’s revenue/EBITDA grew 10.0%/12.0% YoY while PAT declined -22.1% YoY in 1HFY25 compared to 1HFY24. We expect revenue/EBITDA/PAT to grow 15.4%/15.7%/19.9% YoY in 2HFY25. We reiterate our NEUTRAL rating on INFOE with a TP of INR7,000, implying a 9% downside.
- In 2QFY25, recruitment growth was broad-based, with IT growing 12% and Non-IT achieving a 20% increase. This gradual IT recovery provides support to Naukri's revenue, contributing to a 14% YoY increase in overall billings—the first double-digit growth in five quarters. We expect Non-IT to sustain its strong trajectory, positioning Naukri for continued double-digit growth. That said, IT services still account for the lion’s share of hiring and are critical to a sustained turnaround.
- 99acres experienced healthy growth in billings, driven by improvements in both the number of billed customers and average billing per customer. However, low inventory of unsold projects in major metros and moderated new project sales in Q2 may introduce some near-term uncertainties for 99acres, in our view. Nonetheless, given its growth trajectory, the company expects 99acres to be nearing breakeven by FY25. For Jeevansathi, marketing expense rationalization continued, with costs down 36% YoY while maintaining growth momentum, positioning the business to reach its breakeven target as well, in our view.
- INFOE has achieved a notable margin improvement over the last few quarters, driven by reduced dependency on advertising and operating leverage. However, with plans for incremental advertising investments this year, we see limited room for further margin expansion. We expect FY25/FY26/FY27 EBITDA margin at 40.5%/41.6%/40.3%.
- We forecast standalone revenue/PAT to clock an 18%/19% CAGR each over FY24-27. The change in estimate for FY25 is due to increased tax expenses on previously recorded unrealized mark-to-market gains; otherwise, we have kept our EPS estimates largely unchanged. We continue to see a healthy long-term growth opportunity in its operating entities. However, the stock has rallied over the past six months and current valuations fairly price in its growth outlook. We expect the stock price to remain sideways in the near term.
- We value the company’s operating entities using DCF valuation. Our SoTP-based valuation indicates a TP of INR7,000. **Reiterate Neutral.**

In-line revenues and margins; healthy growth in billings

- Standalone revenue stood at INR6.5b, up 10.6% YoY/2.7% QoQ, in line with our estimate.
- Overall billings rose 14.3% YoY and were INR6.5b. Billings for Recruitment/ 99 Acres came in at INR4.9b/INR1.0b vs. INR4.3b/INR0.9b in 2QFY24.
- The recruitment business continued the uptick in 2Q, whereas non-recruitment businesses also continued to grow with reduced operating losses.
- EBITDA margin came in at 41.8% (up 280bp QoQ/120bp YoY), in-line with our estimate of 40.8%. The margin expansion was due to lower advertisement expenses (11.5% of revenue vs. 13.4% in 1QFY25).
- Naukri's PBT margin was up 380bp QoQ at 57.7%, while 99acres' PBT loss percentage increased 10bp QoQ to 13.9%.
- Adj. PAT was down 9.3% YoY to INR1.9b (below our est. of 2.3b) owing to increased tax expenses on previously recorded unrealized mark-to-market gains.

Highlights from the management commentary

- **Recruitment:** Overall billings grew 14% YoY in 2QFY25, marking double-digit growth for the first time in five quarters. Revenue growth lagged due to stalled billings observed in previous quarters. Key non-IT sectors such as BFSI, Healthcare, Infrastructure, and Manufacturing experienced strong double-digit growth. Billings increased due to favorable macro conditions, as indicated by JobSpeak data. The October JobSpeak report is promising, with growth opportunities expanding in GCC, IT, and Tier 2-3 cities. Non-IT segments continue to perform well; listing business models are consistent across IT and Non-IT segments, with little contribution from price increases.
- **Real Estate:** Billing growth in Q2 was driven by improvements in both the number of billed customers and average billing per customer. Unsold new project inventory remains low across most metro areas. New project sales moderated in Q2 as well. Sequential price increases have also moderated QoQ across most metro markets. Sequential price growth has moderated, and new project sales slowed in 2Q. Pricing on 99acres leverages data analytics, with city-specific pricing models. The company continued to increase the efficiency of digital performance marketing spends, applying analytics, creative content, and audience optimization.

Valuations and view

- While we expect a gradual recovery in IT services demand in late FY25, near-term recruitment growth is likely to remain range-bound as companies rely on their current bench to meet demand, resulting in overall muted growth for INFOE.
- With the management investing prudently, some of its current investments should scale up over the medium-to-long term, thereby contributing to the group's valuation.
- We value the company's operating entities using DCF valuation. Our SoTP-based valuation indicates a TP of INR7,000. **Reiterate Neutral.**

Standalone Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25	Est. 2QFY25E	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenues	5,843	5,930	5,954	6,083	6,389	6,561	6,796	7,097	23,811	26,843	6,619	-0.9
YoY (%)	15.1	11.5	7.2	7.9	9.3	10.6	14.1	16.7	10.3	12.7	11.6	-100bp
Salary costs	2,464	2,435	2,422	2,500	2,587	2,624	2,790	2,934	9,821	10,935	2,721	-3.5
Ad and Promotion costs	680	686	686	692	856	755	782	830	2,744	3,223	761	-0.7
Other Expenses	432	398	439	422	452	437	449	468	1,692	1,806	437	0.0
EBITDA	2,266	2,411	2,407	2,469	2,495	2,744	2,776	2,864	9,554	10,879	2,700	1.6
EBITDA Margin (%)	38.8	40.7	40.4	40.6	39.0	41.8	40.8	40.4	40.1	40.5	40.8	100bp
Depreciation	153	176	174	174	175	186	170	177	677	708	165	12.3
EBIT Margin (%)	36.2	37.7	37.5	37.7	36.3	39.0	38.3	37.9	37.3	37.9	38.3	70bp
Other Income	578	636	650	728	770	803	714	745	2,592	3,032	662	21.4
PBT bef. Extra-ordinary	2,667	2,824	2,837	2,976	3,043	3,315	3,272	3,382	11,306	13,012	3,150	5.2
Provision for Tax	668	687	701	745	720	3,537	769	795	2,802	5,820	756	367.8
ETR (%)	25.0	24.3	24.7	25.0	23.7	106.7	23.5	23.5	24.8	44.7	24.0	8270bp
PAT bef. Extra-ordinary	1,999	2,087	2,136	2,109	2,323	859	2,503	2,587	8,332	8,272	2,394	-64.1
EOI	0	-50	0	-121	0	1,080	0	0	-171	1,080	0.0	
Adj. PAT	1,999	2,137	2,136	2,231	2,323	1,939	2,503	2,587	8,504	7,191	2,394	-19.0
QoQ (%)	1.1	6.9	-0.1	4.4	4.1	-16.5	29.1	3.4			3.1	
YoY (%)	34.7	27.1	11.4	12.9	16.2	-9.3	17.2	16.0	20.5	-15.4	12.0	
EPS (INR)	15.5	16.2	16.5	16.3	18.0	6.7	19.4	20.0	64.3	63.8	18.5	-64.1

Key performance indicators

Y/E March	FY24				FY25		FY24
	1Q	2Q	3Q	4Q	1Q	2Q	
Operating metrics							
Headcount	5,568	5,594	5,602	5,750	5,817	5,820	5,750
Naukri – Revenue per unique customer	56279	58,465	58,826	57,067	57,639	60,185	1,36,775
99acres – Listings (k)	1,163	1,134	1,007	1,081	1,103	1,162	4,384
Revenue (YoY %)							
Recruitment	15%	9%	3%	3%	6%	9%	7%
99acres	25%	25%	22%	23%	20%	17%	23%



Cummins India

Estimate change	
TP change	
Rating change	

CMP: INR3,655 TP: INR4,300 (+18%) Buy

Bloomberg	KKC IN
Equity Shares (m)	277
M.Cap.(INRb)/(USD\$)	1013.3 / 12
52-Week Range (INR)	4172 / 1692
1, 6, 12 Rel. Per (%)	2/-2/83
12M Avg Val (INR M)	2233

Moving in the right direction across segments

Cummins India's (KKC) 2QFY25 results exceeded our and consensus estimates, with 31%/42%/37% YoY growth in revenue/EBITDA/PAT. Revenue growth was driven by strong YoY growth in the powergen, industrial and distribution segments, while exports remained weak. EBITDA margin expanded to 19.3%. Revenue growth improvement in powergen and industrial segments was far ahead of our estimates, driven by strong demand and price hikes. Export markets have been consistently improving QoQ for the last four quarters. We maintain our positive stance on KKC, led by: 1) its strong market positioning across segments, 2) positive underlying demand drivers, 3) the ability to sustain margins at higher levels, and 4) the ability to benefit from the fast-growing data center market. We fine tune our estimates and reiterate BUY on the stock with an unchanged TP of INR4,300.

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	106.6	126.4	147.8
EBITDA	21.8	26.0	30.4
PAT	20.5	24.6	28.9
EPS (INR)	74.1	88.7	104.3
GR. (%)	23.6	19.6	17.7
BV/Sh (INR)	251.2	286.0	327.2

Ratios

ROE (%)	31.3	33.0	34.0
RoCE (%)	29.5	31.2	32.3

Valuations

P/E (X)	49.4	41.3	35.1
P/BV (X)	14.6	12.8	11.2
EV/EBITDA (X)	45.8	38.3	32.5
Div Yield (%)	1.1	1.3	1.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.0	51.0	51.0
DII	22.6	22.4	22.2
FII	17.5	18.0	16.5
Others	8.9	8.7	10.4

FII Includes depository receipts

Results ahead of our estimates

KKC reported a strong result in 2QFY25, with a beat on all parameters. Revenue came in at INR24.9b, up 31% YoY/8% QoQ (our est. INR22.4b). Domestic revenue at INR20b grew 47% YoY, whereas exports at INR4.4b declined 13% YoY but improved 13% QoQ. Powergen/Industrial/Distribution grew by 84%/35%/20%. Gross margin at 35.8% contracted 90bp YoY/200bp QoQ. This was offset by lower-than-expected employee costs, which led to EBITDA growth of 42% YoY to INR4.8b (8% beat). Margin came in at 19.3%, up 150bp YoY but down 100bp QoQ. PAT stood at INR4.5b (+37% YoY), 10% ahead of our estimates, aided by revenue and EBITDA outperformance and 22% YoY growth in other income to INR1.6b. For 1HFY25, revenue/EBITDA/PAT grew 16%/40%/35%, while FCF increased by 6% YoY to INR5.9b. For 2HFY25, we expect revenue/EBITDA/PAT to clock 22%/13%/5% growth.

Powergen segment benefiting from strong demand and price hikes

KKC has been benefiting from its strong market positioning in the powergen market and has gained market share in the current transition. With a range of nodes already available in the market for the last one year, the company has gained versus other smaller players, which faced range availability concerns during the quarter. We expect the current revenue run rate of INR8-9b in the powergen segment to improve in the coming quarters, driven by the benefit of improved demand, price hikes as well as the fast-growing data center market. In the near term, we can see increasing supplies in the powergen market from other players as well as its impact on pricing. However, over the medium to long term, we expect improved demand and increased indigenization to support revenues and margin.

Distribution segment benefiting from increased penetration

KKC's distribution segment revenue grew by 20% YoY during 2QFY25. This segment is benefiting from improved demand in the powergen segment and consequently increased requirements for spares and warranties. The company is also benefiting from increasing penetration of its products. We bake in a CAGR of 25% in distribution segment revenue over FY24-27.

Industrial segment to witness emission norm change from 4QFY25

Industrial segment revenue continued to clock robust performance, with 35% YoY growth in 2Q, driven by sustained traction in the construction space. Notably, emission norms for construction engines (CEV-V regulations) will be implemented 4QFY25 onward, thereby creating pre-buying opportunities in 3QFY25, which will further boost demand. We estimate a 14% CAGR for this segment over FY24-27E.

Exports have been continuously improving sequentially

Export revenues, though down 13% YoY, were up 13% sequentially. Europe and Latin America saw healthy demand, while other geographies such as APAC, Africa, and the Middle East were muted. Given that CPCB 4+ products are technologically advanced, the company is well-prepared as and when emission norms in these geographies become more stringent. We expect export revenue of INR17.4b/INR19.6b/INR22.1b for FY25/FY26/FY27.

Financial outlook

We fine tune our estimates and expect a CAGR of 18%/20% in revenue/PAT over FY24-27. We build in EBITDA margin of 20.4%/20.5%/20.5% for FY25/FY26/FY27. Our estimates factor in gross margin of 35.6% (vs. 36.7% in 1HFY25), as we expect some gross margin decline owing to the normalization of price levels for CPCB 4+.

Valuation and view

The stock is currently trading at 41x/35x on FY26E/FY27E EPS. We maintain our TP of INR4,300, based on 45x two-year forward EPS. Maintain BUY rating on the stock.

Key risks and concerns

Key risks to our recommendation would come from lower-than-expected demand for key segments, higher commodity prices, increased competitive intensity and lower-than-expected recovery in exports.

Cummins India

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	22,087	18,997	25,341	23,162	23,042	24,923	28,733	29,931	89,586	1,06,629	22,388	11
YoY Change (%)	31.0	-2.6	16.2	20.3	4.3	31.2	13.4	29.2	15.7	19.0	17.8	
Total Expenditure	18,681	15,611	19,961	17,719	18,369	20,113	22,672	23,715	71,972	84,868	17,934	
EBITDA	3,406	3,386	5,379	5,443	4,673	4,810	6,060	6,217	17,614	21,761	4,453	8
Margins (%)	15.4	17.8	21.2	23.5	20.3	19.3	21.1	20.8	19.7	20.4	19.9	
Depreciation	358	379	419	420	439	452	430	443	1,576	1,764	387	17
Interest	77	67	63	62	48	26	72	150	268	295	70	(64)
Other Income	1,175	1,322	1,136	2,045	1,322	1,611	1,428	1,495	5,678	5,856	1,378	17
PBT before EO expense	4,146	4,263	6,034	7,006	5,509	5,944	6,987	7,119	21,448	25,559	5,374	11
Extra-Ord expense			17						17	0		
PBT	4,146	4,263	6,017	7,006	5,509	5,944	6,987	7,119	21,431	25,559	5,374	11
Tax	989	978	1,467	1,390	1,311	1,438	1,680	1,717	4,824	6,146	1,292	
Rate (%)	23.9	22.9	24.4	19.8	23.8	24.2	24.0	24.1	22.5	24.0	24.0	
Reported PAT	3,157	3,285	4,549	5,615	4,198	4,506	5,307	5,402	16,606	19,413	4,082	10
Adj PAT	3,157	3,285	4,562	5,615	4,198	4,506	5,307	5,402	16,619	19,413	4,082	10
YoY Change (%)	50.6	30.2	26.7	76.3	33.0	37.2	16.3	-3.8	45.7	16.8	24.2	
Margins (%)	14.3	17.3	18.0	24.2	18.2	18.1	18.5	18.0	18.6	18.2	18.2	

INR m	FY24				FY25E				FY24	FY25E	YoY (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Segmental revenue											
Powergen	8,700	4,860	10,730	9,420	8,030	8,960	12,149	14,251	33,710	43,391	28.7
Industrial	2,400	3,000	4,104	3,480	3,720	4,060	3,764	3,393	12,984	14,937	15.0
Distribution	5,300	5,490	6,620	6,040	6,510	6,580	7,812	8,411	23,450	29,313	25.0
Exports	5,000	5,070	3,250	3,440	3,890	4,400	4,576	4,580	16,760	17,446	4.1
Total	21,746	18,715	25,018	22,685	22,620	24,484	28,310	29,704	88,164	1,05,119	19.2



Estimate change

TP change

Rating change

CMP: INR2,097

TP: INR2,210 (+5%)

Neutral

India, EU, and growth markets drive earnings

Building a respiratory, injectable, and GLP-1 pipeline

Bloomberg	LPC IN
Equity Shares (m)	456
M.Cap.(INRb)/(USDb)	960.1 / 11.4
52-Week Range (INR)	2312 / 1154
1, 6, 12 Rel. Per (%)	-2/22/50
12M Avg Val (INR M)	2314

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	224.8	251.6	276.3
EBITDA	49.9	56.1	63.0
Adj. PAT	30.9	34.1	37.8
EBIT Margin (%)	17.6	18.0	18.7
Cons. Adj. EPS (INR)	68.3	75.0	83.2
EPS Gr. (%)	64.5	9.8	10.9
BV/Sh. (INR)	379.5	451.6	534.9

Ratios

Net D:E	0.0	-0.2	-0.3
RoE (%)	19.6	18.1	16.9
RoCE (%)	18.0	17.0	16.2
Payout (%)	4.3	3.9	0.0

Valuations

P/E (x)	30.7	28.0	25.2
EV/EBITDA (x)	19.0	16.4	14.0
Div. Yield (%)	0.1	0.1	0.0
FCF Yield (%)	2.6	3.4	3.7
EV/Sales (x)	4.2	3.6	3.2

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	47.0	47.0	47.1
DII	25.1	26.8	29.4
FII	21.5	19.3	15.0
Others	6.4	6.9	8.5

FII Includes depository receipts

- Lupin (LPC) delivered better-than-expected 2QFY25 performance. The beat was fueled by improved India business (the tender component), robust execution in the EU market, and lower raw material costs. However, the healthy performance was partly offset by higher R&D spending (up 60bp YoY as a % of sales) and higher employee costs.
- We raise our earnings estimates by 15%/8%/7% for FY25/FY26/FY27, factoring in: 1) improved visibility for the tender business, 2) enhanced prospects in the Europe/growth markets, 3) increased scope of business from complex products in the US generics, and 4) lower ETR.
- We value LPC at 28x 12M forward earnings to arrive at our TP of INR2,210.
- LPC has demonstrated a remarkable turnaround in its overall financial performance, transitioning from a two-year decline in earnings during FY21-23 to robust growth in earnings over FY23-25E. This turnaround has been driven by the addition of niche products in the US generics segment, industry outperformance in the domestic formulation (DF) segment, and differentiated product launches in the EU/growth markets. Going forward, we expect 11% earnings CAGR over FY25-27. However, considering its earnings prospects and valuations (at 28x/25x FY26/FY27 P/E), we believe there is limited upside from the current levels. **Reiterate Neutral.**

Product mix and better operating leverage fuel margins YoY

- Lupin's 2QFY25 revenue grew 10% YoY to INR55.4b (our est. at INR54.5b), adjusting for the government grant of INR1.3b (included in other operating income). The US sales increased 5.6% YoY to INR19.7b (up 3.3% YoY in CC to USD220m; 36% of sales). DF sales rose 18.8% YoY to INR16.9b (37% of sales). EMEA sales grew 19.6% YoY to INR5.7b (10% of sales). Growth market sales grew 11.8% YoY to INR4.9b (9% of sales). API sales rose 9.7% YoY to INR2.9b (5% of sales), while the ROW sales dipped 18.1% YoY to INR1.6b (3% of sales).
- Gross margin (GM) expanded 330bp YoY to 69.5% on better product mix.
- EBITDA margin improved 400bp YoY to 22.3%, largely due to better GM. A decline in other expenses (-240bp YoY as a % of sales) was offset by higher employee costs/R&D expenses (+110bp/+60bp as a % of sales)
- As a result, EBITDA grew 34% YoY to INR12.4b (vs. our est. of INR11.6b).
- Adjusting for dispute related provision (INR585m), forex gain (INR321m), and PLI income (INR1.3b), Adj. PAT grew 55.5% to INR7.7b (est: INR6.9b).
- In 1HFY25, revenue/EBITDA grew 16%/65% YoY to INR112b/INR26b. PAT jumped 2.1x to INR17b. We expect 12%/19%/30% YoY growth in sales/EBITDA/PAT for 2HFY25.

Highlights from the management commentary

- Management expects the gross margin to be in the range of 68-69% for FY25. EBITDA margin is likely to be 22-23% for FY25.
- LPC looks forward to a GLP-1 opportunity in the emerging markets (from CY26 onwards). Marketing excellence would be the key in emerging markets.
- LPC guided the US business to grow in double digits in FY25, led by Predforte, gMyrbetriq, Tiotropium, gProlensa, and other key products.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 2QE	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	46,087	50,385	51,974	49,608	56,003	55,427	56,688	56,718	1,98,054	2,24,837	54,523	1.7
YoY Change (%)	23.1	21.5	20.2	12.0	21.5	10.0	9.1	14.3	19.0	13.5	8.2	
Total Expenditure	39,574	41,153	41,755	39,640	42,389	43,059	44,387	45,088	1,62,123	1,74,923	42,964	
EBITDA	6,513	9,232	10,220	9,968	13,614	12,368	12,301	11,631	35,932	49,914	11,559	7.0
YoY Change (%)	297.3	112.6	83.8	65.0	109.0	34.0	20.4	16.7	104.4	38.9	25.2	
Margins (%)	14.1	18.3	19.7	20.1	24.3	22.3	21.7	20.5	18.1	22.2	21.2	
Depreciation	2,347	2,479	2,572	2,559	2,477	2,569	2,575	2,635	9,956	10,256	2,570	
EBIT	4,166	6,754	7,648	7,409	11,137	9,799	9,726	8,996	25,977	39,658	8,989	9.0
YoY Change (%)	LP	192.7	127.9	117.9	167.3	45.1	27.2	21.4	196.0	52.7	33.1	
Margins (%)	9.0	13.4	14.7	14.9	19.9	17.7	17.2	15.9	13.1	17.6	16.5	
Interest	856	806	740	713	680	709	698	682	3,116	2,769	700	
Other Income	228	404	294	293	678	423	525	474	1,218	2,100	550	
EO Exp/(Inc)	-2,053	54	-160	2,012	1,204	-1,036	0	0	-147	168	0	
PBT	5,591	6,298	7,361	4,977	9,930	10,549	9,553	8,788	24,227	38,821	8,839	19.3
Tax	1,055	1,344	1,174	1,295	1,875	1,954	2,102	1,867	4,867	7,798	1,945	
Rate (%)	18.9	21.3	15.9	26.0	18.9	18.5	22.0	21.2	20.1	20.1	22.0	
Minority Interest	-11	-57	-56	-88	-42	-69	-24	38	-211	-97	-22	
Reported PAT	4,525	4,898	6,131	3,594	8,013	8,526	7,428	6,958	19,149	30,926	6,872	24.1
Adj PAT	2,855	4,940	5,997	5,083	8,990	7,682	7,428	6,958	18,875	31,058	6,872	11.8
YoY Change (%)	LP	319.9	256.1	95.0	214.9	55.5	23.9	33.1	382.1	64.5	39.1	
Margins (%)	6.2	9.8	11.5	10.2	16.1	13.9	13.1	11.9	9.5	13.7	12.6	
EPS	10	11	14	8	18	19	16	15	42	68	15	24.1

Key performance Indicators (Consolidated)

(INR m)

Y/E March	FY24E				FY25E				FY24	FY25E	FY25E 2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Domestic formulations	16,384	16,915	17,251	16,015	19,259	20,096	19,804	18,056	66,564	77,214	18,776
YoY Change (%)	9.8	6.8	13.4	8.3	17.5	18.8	9.0	12.7	9.6	16.0	11.0
US formulations	15,905	18,666	18,885	19,006	20,408	19,711	20,894	22,652	72,462	83,599	20,331
YoY Change (%)	57.4	40.4	23.7	22.6	28.3	5.6	10.6	19.2	33.8	15.4	8.9
Europe	2,601	3,156	3,426	3,259	3,259	3,609	3,632	3,754	12,444	14,254	3,314
YoY Change (%)	34.3	46.2	61.7	26.6	25.3	14.4	6.0	15.2	37.9	14.6	5.0
ROW	7,108	7,971	8,458	8,090	8,595	8,609	8,722	8,894	31,626	34,819	8,579
YoY Change (%)	8.9	12.0	20.3	12.2	11.0	12.0	15.0	9.9	0.0	0.0	12.0
API	3,371	2,684	2,779	2,581	3,622	2,944	3,001	2,882	11,415	12,449	2,899
YoY Change (%)	32.1	7.4	(1.3)	(20.0)	7.4	9.7	8.0	11.6	2.9	9.1	8.0
Cost Break-up											
RM Cost (% of Sales)	35.6	33.8	33.2	31.7	31.2	30.5	30.8	30.8	34.2	31.1	32.0
Staff Cost (% of Sales)	18.3	17.1	17.1	18.1	17.3	18.2	18.1	19.2	18.0	18.4	17.8
R&D Expenses(% of Sales)	8.0	7.5	6.9	8.6	6.2	8.1	7.8	7.5	7.8	7.5	7.0
Other Cost (% of Sales)	24.0	23.3	23.2	21.5	21.0	20.9	21.6	22.1	23.4	21.6	22.0
Gross Margin (%)	64.4	66.2	66.8	68.3	68.8	69.5	69.2	69.2	65.8	68.9	68.0
EBITDA Margin (%)	14.1	18.3	19.7	20.1	24.3	22.3	21.7	20.5	18.1	22.2	21.2
EBIT Margin (%)	9.0	13.4	14.7	14.9	19.9	17.7	17.2	15.9	13.1	17.6	16.5

E: MOFSL Estimates



Ashok Leyland

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR222 TP: INR255 (+15%) Buy

Operationally in line; higher other income drives PAT beat

Reiterates its target to achieve mid-teen EBITDA margin

Bloomberg	AL IN
Equity Shares (m)	2936
M.Cap.(INRb)/(USD\$)	651.6 / 7.7
52-Week Range (INR)	265 / 158
1, 6, 12 Rel. Per (%)	3/4/4
12M Avg Val (INR M)	3030

- Ashok Leyland's (AL) 2QFY25 results were operationally in line, reporting a robust margin of 11.6% (+100bp QoQ) despite weak demand. Margin was supported by lower steel prices (+50bp impact) and cost savings (+50bp). Management is optimistic about recovery in CV demand in 2H, driven by expected benefits of revival in Govt spending, healthy freight rates, and an extended replacement cycle.

- Given the weak demand in H1, we have cut our FY25E/FY26E EPS by ~11%/8%. We view AL as the top investment choice in a CV growth cycle, given its positioning to expand revenue and profit pools. **Reiterate our BUY rating with a TP of INR255 (based on 11x Sep'26E EV/EBITDA + ~INR19/sh for the NBFC).**

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	374.8	425.2	482.5
EBITDA	45.2	53.8	63.1
Adj. PAT	28.6	35.6	42.9
Adj. EPS (INR)	9.7	12.1	14.6
EPS Gr. (%)	6.6	24.6	20.4
BV/Sh. (INR)	34.7	40.9	48.5

Ratios

RoE (%)	30.1	32.1	32.7
ROCE (%)	24.9	27.7	29.0
Payout (%)	51.3	49.4	47.9

Valuations

P/E (x)	22.8	18.3	15.2
P/BV (x)	6.4	5.4	4.6
EV/EBITDA (x)	14.0	11.4	9.3
Div. Yield (%)	2.3	2.7	3.2

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.1	51.1	51.1
DII	12.3	14.1	16.5
FII	25.0	22.7	20.9
Others	11.6	12.2	11.6

FII Includes depository receipts

Yet another quarter of healthy margins

- AL's 2QFY25 revenue/EBITDA declined ~9%/6% YoY to INR87.7b/INR10.2b (est. INR88.5b/INR10.2b). PAT grew 20% YoY to INR6.9b (est. INR6.3b). 1HFY25 revenues declined 3% YoY, while EBITDA/adj. PAT grew 1.5%/6% YoY. For 2HFY25, we expect revenue/EBITDA to decline 2%/4% YoY, while adj. PAT to grow ~10% YoY.

- Net realizations declined 1% YoY (-2% QoQ) to INR1.92m (est. INR1.94m). Volumes declined 8.5% YoY (+4% QoQ). Within non-CV business, revenue growth was ~17% YoY for Engine and ~13% for spares.

- Gross margins expanded 240bp YoY (+100bp QoQ) to 28.8% (est. 28%).

- Despite operating deleverage, EBITDA margins expanded 40bp YoY (+100bp QoQ) to 11.6% (in line). Margin expansion was aided by reduction in steel prices and its cost cutting initiatives. EBITDA declined 6% YoY to INR10.2b (in line). The company has maintained its guidance of mid-teens EBITDA margin in the medium term.

- There was an extraordinary income of INR1.2b from fair valuation of investment in subsidiary.

- Higher other income drove 20% YoY growth in adj. PAT to INR6.9b (est. INR6.3b).

- AL declared its first interim dividend of INR2/share for FY25.

- FCF turned positive in 1HFY25, mainly aided by better operating cash flow, which jumped 3.8x YoY. Capex also doubled from 1HFY24 levels.

- AL reported net debt of INR5.01b as of 1HFY25 end vs. INR11.39b in 2QFY24 and INR12.95b in 1QFY25. Debt-to-equity ratio stood at 0.05x.

Highlights from the management commentary

- Demand outlook:** Demand is expected to improve, with anticipated government spending. ICRA projects 0-3% YoY growth MHCV trucks for FY25, suggesting high single-digit growth in 2HFY25. AL continues to aspire for 35% market share in MHCVs.

- **Freight utilization and freight rates are moving in the right direction.** While freight utilization averaged 60-65% in the central and eastern regions in Jul-Aug'24, it has now revived back to ~95% in October.
- **Capex:** The management has guided for capex of INR7.5-8b for FY25 (invested capex of INR1.53b for 2Q and INR3.07b for 1HFY25). While they have not invested anything in subsidiaries and associates in H1, they intend to invest about INR2-2.5b in HFL in H2.
- **EV buses:** The order book of 2k buses should take 15 months to execute. Its subsidiary Ohm has received orders of 500 buses from Chennai MTC and 300 buses from Bangalore. Switch is actively working on fulfilling an order for ~1,200 buses from DTC, with deliveries expected to begin later this year. Switch India aims to achieve EBITDA breakeven this year.

Valuation and view

- We are optimistic about a recovery in CV demand, driven by strong fleet utilization, government focus on infrastructure, and rising replacement demand. Although the recovery may take a few more quarters, we view AL as the top investment choice in the CV growth cycle, given its positioning to expand revenue and profit pools. Moreover, its focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY24-26E.
- We have cut our FY25E/FY26E EPS by ~11%/8% to factor in near-term weakness in CV demand. **Reiterate our BUY rating with a TP of INR255 (based on 11x Sep'26E EV/EBITDA + ~INR19/sh for the NBFC).**

Quarterly Performance (S/A)

(INR M)

	FY24				FY25E				FY24	FY25E	2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Total Volumes (nos)	41,329	49,846	47,241	56,267	43,893	45,624	42,989	58,571	1,94,683	1,91,077	45,624	0.0
Growth %	4.2	10.0	-0.7	-5.7	6.2	-8.5	-9.0	4.1	1.3	-1.9	-8.5	
Realizations (INR '000)	1,981	1,934	1,963	2,002	1,959	1,922	1,980	1,981	1,971	1,962	1,939	-0.9
Change (%)	8.8	6.0	3.4	2.8	-1.1	-0.6	0.9	-1.0	4.8	-0.5	0.3	
Net operating revenues	81,893	96,380	92,730	1,12,667	85,985	87,688	85,103	1,16,051	3,83,670	3,74,827	88,483	-0.9
Change (%)	13.4	16.6	2.7	-3.1	5.0	-9.0	-8.2	3.0	6.2	-2.3	-8.2	
RM/sales %	73.7	73.5	72.2	71.8	72.2	71.2	71.3	72.1	72.7	71.7	72.0	
Staff/sales %	6.6	5.9	6.1	4.9	6.4	6.8	6.8	5.3	5.8	6.3	6.6	
Other exp/sales %	9.7	9.3	9.6	9.1	10.9	10.4	10.3	8.7	9.4	10.0	9.8	
EBITDA	8,208	10,798	11,139	15,921	9,109	10,173	9,851	16,032	46,066	45,164	10,232	-0.6
EBITDA Margins(%)	10.0	11.2	12.0	14.1	10.6	11.6	11.6	13.8	12.0	12.0	11.6	
Interest	699	587	616	592	591	607	450	277	2,494	1,924	500	
Other Income	512	475	300	1,179	223	973	475	299	2,466	1,970	475	
Depreciation	1,794	1,803	1,785	1,797	1,727	1,754	1,800	1,802	7,178	7,084	1,750	
PBT before EO Item	6,227	8,883	9,039	14,711	7,014	8,785	8,076	14,251	38,859	38,126	8,457	
EO Exp/(Inc)	6	229	6	697	0	-1,174	0	0	937	0	0	
PBT after EO	6,221	8,654	9,033	14,014	7,014	9,958	8,076	14,251	37,922	38,126	8,457	
Effective Tax Rate (%)	7.3	35.2	35.8	35.8	25.1	22.7	25.0	24.5	31.0	25.0	25.0	
Adj PAT	5,768	5,768	5,804	9,485	5,256	6,933	6,057	10,755	26,826	28,594	6,343	9.3
Change (%)	868.8	197.4	62.7	32.7	-8.9	20.2	4.3	13.4	102.5	6.6	10.0	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
M&HCV	26,165	32,086	29,485	37,147	27,885	28,180	30,790	40,491	1,24,883	2,23,601	28180
Dom. M&HCV Mkt sh (%)	31.2	31.9	29.8	31.5	30.7	31.1	-	-	31.1	-	-
LCV	15,164	17,760	17,756	19,120	16,008	17,444	16,772	19,206	69,800	1,24,436	17444
Dom. LCV Mkt sh (%)	10.7	11.0	11.7	11.3	11.1	12.0	-	-	11.2	-	-
Total Volumes (nos)	41,329	49,846	47,241	56,267	43,893	45,624	47,562	59,697	1,94,683	3,48,037	45624
AL's CV Market Sh (%)	17.9	18.8	18.6	19.8	18.3	18.9	-	-	-	18.8	-
Realizations (INR '000)	1,981	1,934	1,963	2,002	1,959	1,922	1,980	1,981	1,971	1,962	1939
Growth %	8.8	6.0	3.4	2.8	-1.1	-0.6	0.9	-1.0	33.9	40.6	0
Cost Break-up											
RM Cost (% of sales)	73.7	73.5	72.2	71.8	72.2	71.2	71.3	72.1	72.7	71.7	72.0
Staff Cost (% of sales)	6.6	5.9	6.1	4.9	6.4	6.8	6.8	5.3	5.8	6.3	6.6
Other Cost (% of sales)	9.7	9.3	9.6	9.1	10.9	10.4	10.3	8.7	9.4	10.0	9.8
Gross Margin (%)	26.3	26.5	27.8	28.2	27.8	28.8	28.7	27.9	27.3	28.3	28.0
EBITDA Margins (%)	10.0	11.2	12.0	14.1	10.6	11.6	11.6	13.8	12.0	12.0	11.6
EBIT Margins (%)	7.8	9.3	10.1	12.5	8.6	9.6	9.5	12.3	10.1	10.2	9.6

E: MOFSL Estimates



Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR119,100 TP: INR104,380 (-12%) Sell

Margins remain under pressure due to rising costs

Benefits of RM cost moderation likely to reflect in 4QFY25

- MRF reported a lower-than-expected operating performance in 2QFY25, as higher RM costs led to a 410bp YoY contraction in EBITDA margin to 14.4% (est. 15%). The company expects margins to remain weak in 3Q but anticipates benefits of softening rubber prices starting in 4Q.
- We reduce our FY25/FY26 EPS estimates by 6%/8% to factor in high RM costs and high depreciation. The stock trades at 26.7x/23.4x FY25E/FY26E EPS (higher than APTV's 19.4x/14.9x and CEAT's 21.7x/16.2x), which does not align with its weakening competitive position. Maintain Sell with a TP of INR104,380, based on 19x Sep'26E EPS.

Rising cost pressure drives margin miss

- Standalone revenue grew ~11% YoY to INR67.6b (in line), but EBITDA/adj. PAT declined 14%/20% YoY to INR9.7b/INR4.55b (est. INR10.2b/INR4.6b). 1HFY25 revenue grew 11.5% YoY, while EBITDA/adj. PAT declined 6%/12% YoY. 2HFY25 revenue is expected to grow 12% YoY, but EBITDA/adj. PAT may decline 4%/12% YoY.
- Gross margin contracted 430bp YoY (-80bp QoQ) to 36.5% (est. 36.8%) due to a rise in rubber prices.
- EBITDA margins came in at 14.4% (-410bp YoY/-170bp QoQ; est. 15%). RM costs and employee costs were 30bp higher, while other expenses remained in line with our estimates.
- Despite higher other income, adj. PAT came in at INR4.56b (est. INR4.8b), down 20% YoY.
- FCF jumped 2.1x YoY, owing to lower capex (down 50% YoY). Operating cash flow grew 6% YoY.
- The board has declared its first interim dividend of INR3/share for FY25.

Valuation and view

- MRF's competitive positioning in the sector has weakened over the past few years, which reflects in the dilution of pricing power in the PCR and TBR segments. This, coupled with the impact of the planned capex, should limit the expansion in its return ratios. We expect MRF's return ratios to dilute over the next two years as its RoE is expected to reach 11.7% by FY27E (vs. ~13.5% in FY24).
- Valuations at 26.7x/23.4x FY25E/FY26E EPS appear expensive given its weakening competitive position and similar capital efficiency as peers. Hence, we maintain our Sell rating on the stock with a TP of INR104,380 (valuing at 19x Sep'26E EPS).

Bloomberg	MRF IN
Equity Shares (m)	4
M.Cap.(INRb)/(USDb)	505.1 / 6
52-Week Range (INR)	151445 / 107033
1, 6, 12 Rel. Per (%)	-6/-14/-14
12M Avg Val (INR M)	1277

Financials & valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	279.4	307.8	338.8
EBITDA	41.3	46.2	51.5
Adj. PAT	19.0	21.6	25.1
EPS (INR)	4,472	5,093	5,913
EPS Growth (%)	-10.4	13.9	16.1
BV/Share (INR)	43,346	47,839	53,052

Ratios

RoE (%)	10.8	11.2	11.7
RoCE (%)	10.9	11.2	11.6
Payout (%)	11.6	11.8	11.8

Valuations

P/E (x)	26.7	23.4	20.2
P/BV (x)	2.8	2.5	2.2
Div. Yield (%)	0.4	0.5	0.6
FCF yield (%)	3.2	3.1	3.9

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	27.8	27.8	27.8
DII	11.7	10.7	11.2
FII	18.7	19.1	19.6
Others	41.9	42.4	41.5

FII Includes depository receipts

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY24				FY25E				FY24	FY25E	2QE	VAR(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	63,233	60,876	60,478	62,151	70,778	67,604	67,130	68,713	2,46,737	2,74,225	68,181	-1
YoY Change (%)	12.9	6.4	9.3	8.6	11.9	11.1	11.0	10.6	9.3	11.1	12.0	
Total Expenditure	52,091	49,589	50,084	52,096	59,400	57,869	57,778	58,480	2,04,595	2,33,528	57,941	
EBITDA	11,142	11,286	10,394	10,055	11,378	9,734	9,352	10,232	42,142	40,697	10,240	-5
Margins (%)	17.6	18.5	17.2	16.2	16.1	14.4	13.9	14.9	17.1	14.8	15.0	
Depreciation	3,317	3,500	3,591	3,842	3,943	4,079	4,100	4,110	14,250	16,232	3,950	
Interest	780	749	776	858	754	667	710	760	3,163	2,891	725	
Other Income	739	696	766	924	827	1,121	810	880	3,125	3,638	820	
PBT before EO expense	7,783	7,734	6,792	6,279	7,509	6,109	5,352	6,242	27,853	25,212	6,385	
Extra-Ord expense	0	0	0	1,200	0	0	0	0	464	0	0	
PBT	7,783	7,734	6,792	5,079	7,509	6,109	5,352	6,242	27,389	25,212	6,385	
Tax	1,969	2,015	1,712	1,284	1,883	1,555	1,365	1,627	6,980	6,429	1,628	
Rate (%)	25.3	26.1	25.2	25.3	25.1	25.4	25.5	26.1	25.5	25.5	25.5	
Reported PAT	5,814	5,719	5,080	3,795	5,625	4,554	3,987	4,616	20,409	18,783	4,757	
Adj PAT	5,814	5,719	5,080	4,692	5,625	4,554	3,987	4,616	20,755	18,783	4,757	-4
YoY Change (%)	417.6	361.3	200.2	32.7	-3.3	-20.4	-21.5	-1.6	173.9	-9.5	-16.8	
Margins (%)	9.2	9.4	8.4	7.5	7.9	6.7	5.9	6.7	8.4	6.8	7.0	

E: MOFSL Estimates

Key Performance Indicators

RM Cost(% of sales)	61.2	59.2	59.9	61.1	62.7	63.5	64.0	63.5	60.3	63.4	63.2
Staff Cost(% of sales)	6.5	7.1	7.2	7.5	6.3	6.9	6.8	6.6	7.1	6.6	6.6
Other costs(% of sales)	14.7	15.1	15.7	15.2	14.9	15.2	15.3	15.0	15.5	15.1	15.2
Gross Margin(%)	38.8	40.8	40.1	38.9	37.3	36.5	36.0	36.5	39.7	36.6	36.8
EBITDA Margin(%)	17.6	18.5	17.2	16.2	16.1	14.4	13.9	14.9	17.1	14.8	15.0

E: MOFSL Estimates



Estimate change

TP change

Rating change



CMP: INR118

TP: INR130 (+10%)

Neutral

Weak volumes and low realization drag down earnings

Bloomberg	SAIL IN
Equity Shares (m)	4131
M.Cap.(INRb)/(USDb)	488.2 / 5.8
52-Week Range (INR)	176 / 85
1, 6, 12 Rel. Per (%)	-7/-35/13
12M Avg Val (INR M)	5235
Free float (%)	35.0

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	1,046	1,195	1,305
EBITDA	82	121	146
APAT	14	43	61
EBITDA Margin (%)	8	10	11
Cons. Adj. EPS (INR)	3	10	15
EPS Gr. (%)	27	212	43
BV/Sh. (INR)	143	149	158

Ratios

Net D:E	0.5	0.5	0.4
RoE (%)	2.4	7.1	9.7
RoCE (%)	4.0	7.8	9.9
Payout (%)	40.0	40.0	40.0

Valuations

P/E (x)	35.5	11.4	8.0
P/BV (x)	0.8	0.8	0.7
EV/EBITDA(x)	9.4	6.4	5.2
Div. Yield (%)	1.1	3.5	5.0
FCF Yield (%)	18.3	5.2	9.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	65.0	65.0	65.0
DII	16.0	15.7	14.6
FII	2.8	3.0	3.7
Others	16.2	16.3	16.7

FII Includes depository receipts

- In 2QFY25, SAIL received a one-time revenue and EBITDA gain of INR16.4b related to rail price revisions for FY23. For a like-to-like comparison, we have adjusted its 2QFY25 financials by excluding this one-time gain.
- SAIL reported a revenue of INR230b (-18% YoY and -4% QoQ), which was 12% below our estimate of INR262b. This decline was primarily attributed to weak sales volume and lower realization during the quarter.
- EBITDA dipped 40% YoY/43% QoQ to INR13b, against our estimate of INR15b. EBITDA/t stood at INR3,111/t (vs. our est. of INR3,271) in 2QFY25.
- Adjusted net loss came in at INR4b vs. our loss estimate of INR0.4b.
- Crude steel production stood at 4.76mt (flat YoY/+2% QoQ). Sales volume stood at 4.1mt (-15% YoY/+2% QoQ).
- ASP for the quarter stood at INR56,191/t (-4% YoY/-6% QoQ).

Highlights from the management commentary

- Currently, the share of indigenous coking coal stands at 15%, which SAIL aims to increase to 20-25% with its own Tasra captive coal mine.
- In 2QFY25, avg. landed coking coal costs stood at INR21,681/t (imported INR20,000/t and indigenous INR13,500/t) vs. INR23,000/t in 1QFY25. For 3QFY25, the management expects coking coal costs to decline further by INR2,000/t QoQ.
- The sequential decline in NSR was driven by weak pricing due to monsoon and higher cheap imports. 2Q NSR stood at INR50,500/t (long: INR52,000/t and flat: INR49,000) and for 3QFY25, the company expects a decline of INR1,000-1500/t QoQ as spot prices remain muted. Flat and longs both have seen marginal improvements in Nov'24.
- High imports dragged down flat prices in domestic markets and prices will remain under pressure in the near term due to elevated imports. Long steel prices would rebound as construction activities and government Infra spending pick up.
- The rail price revision for FY23 has been completely accounted. It expects FY24 price revisions to be accounted in the coming quarters.

Valuation and view

- SAIL plans to undertake multiple expansions to increase its installed capacity to 35mt by FY30-31. As the capex intensity is likely to pick up after FY25/FY26, it would limit the deleveraging efforts going forward. 1H remained weak for the company, mainly due to muted steel prices. Hence, we cut our revenue/EBITDA/PAT estimates by 8%/3%/19% for FY25. Moderated coal costs will continue to offset the impact partly.
- At CMP, SAIL trades at 5.2x EV/EBITDA on FY27E. We believe the stock is fully priced at current levels. **We reiterate our Neutral rating on the stock with a revised TP of INR130 (premised on 6x EV/EBITDA on Sep'26 est.).**

Quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 2QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales (m tons)	3.9	4.8	3.8	4.6	4.0	4.1	4.7	5.2	17.0	18.0	4.6	(11.0)
Change (YoY %)	23.0	14.0	(8.5)	(2.6)	3.4	(14.6)	24.0	13.6	5.2	5.6		
Realization (INR ton)	62,781	58,256	61,444	57,554	59,845	56,191	56,691	59,508	59,809	58,090	56,845	(1.2)
Change (YoY %)	(17.6)	(6.5)	1.8	(7.5)	(4.7)	(3.5)	(7.7)	3.4	(7.3)	(2.9)		
Net Sales	243.6	279.6	233.5	262.4	240.0	230.4	267.1	308.1	1,019.2	1,045.6	261.9	(12.0)
Change (YoY %)	1.4	6.5	(6.8)	(9.9)	(1.5)	(17.6)	14.4	17.4	(2.4)	2.6		
Change (QoQ %)	(16.4)	14.8	(16.5)	12.4	(8.6)	(4.0)	15.9	15.4				
Total Expenditure	227.1	258.4	212.1	244.8	217.8	217.6	247.8	280.1	942.3	963.2		
EBITDA	16.5	21.3	21.4	17.7	22.2	12.8	19.3	28.1	76.9	82.4	15.1	(15.4)
Change (YoY %)	(28.4)	189.2	3.1	(39.5)	34.6	(40.0)	(9.7)	58.7	(4.4)	7.2		
Change (QoQ %)	(43.6)	28.9	0.8	(17.4)	25.5	(42.5)	51.6	45.1				
EBITDA (INR/t)	4,250	4,429	5,638	3,879	5,536	3,111	4,105	5,422	4,511	4,576	3,271	(4.9)
Interest	6.1	6.1	6.1	6.4	6.9	7.6	5.6	6.0	24.7	26.1		
Depreciation	12.8	13.3	13.2	13.6	14.0	13.0	13.0	14.6	52.8	54.7		
Other Income	4.6	1.5	1.4	3.1	1.8	1.7	4.0	5.1	10.7	12.5		
Share of Asso/JVs/Inv.	0.6	1.0	1.3	1.5	1.1	1.6	1.4	0.7	4.4	4.7		
PBT (before EO Inc.)	2.9	4.4	4.9	2.3	4.1	(4.6)	6.1	13.2	14.4	18.7	(0.6)	NA
EO Income (exp)	-	13.3	0.8	12.1	(3.1)	16.4	-	-	26.2	13.3		
PBT (after EO Inc.)	2.9	17.7	5.6	14.4	1.0	11.7	6.1	13.2	40.6	32.0		
Total Tax	0.8	4.6	1.4	3.2	0.2	2.8	1.5	3.5	10.0	7.9		
% Tax	26.3	26.2	24.8	21.9	16.6	23.5	25.0	26.4	24.5	24.8		
Reported PAT	2.1	13.1	4.2	11.3	0.8	9.0	4.5	9.7	30.7	24.1		
Adjusted PAT	2.1	3.2	3.7	1.8	3.2	(3.8)	4.5	9.7	10.8	13.7	(0.4)	NA
Change (YoY %)	(73.6)	LP	50.3	(84.9)	52.9	(219.3)	24.1	438.2	(43.8)	27.3		
Change (QoQ %)	(82.3)	49.7	15.1	(50.7)	80.0	(216.9)	(219.8)	113.7				

Source: MOFSL, Company



BSE SENSEX 79,486 S&P CNX 24,148

CMP: INR320 TP: INR300 (-7%) Neutral



Bloomberg	BIOS IN
Equity Shares (m)	1201
M.Cap.(INRb)/(USD\$b)	385.8 / 4.6
52-Week Range (INR)	396 / 223
1, 6, 12 Rel. Per (%)	-3/-4/17
12M Avg Val (INR M)	1998

Financials & Valuations (INR b)

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

Ratios

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

Valuation

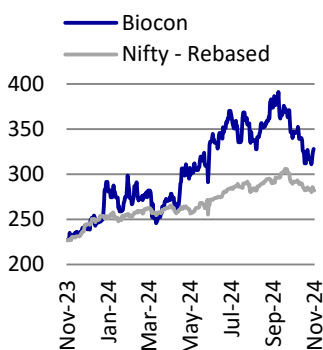
P/E (x)	149.8	66.7	32.8
EV/EBITDA (x)	16.7	13.9	11.4
Div. Yield (%)	0.7	0.4	0.8
FCF Yield (%)	4.3	6.2	8.9
EV/Sales (x)	3.4	3.0	2.6

Shareholding pattern (%)

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

FII Includes depository receipts

Stock's performance (one-year)



'VAI' brings much-needed regulatory respite

Await clarity on Malaysia inspection

- Biocon (BIOS) has received 'voluntary action indicated' (VAI) for its Biocon Park, Bengaluru. The approvals for these sites were stuck for more than 15 months.
- A favorable compliance outcome provides visibility for product approvals, namely b-Bevacizumab and b-Ustekinumab. Further, the VAI classification for this park provides a boost to the Liraglutide opportunity as well.
- While VAI is positive for BIOS, competition has intensified in some products over the past two years.
- BIOS' earnings declined significantly over the past two years (50% compounded decline over FY22-24), led by the lack of potential approvals for the US market and increased financial leverage. With compliance in place for Biocon Park, we expect product approvals/launches to boost the company's growth outlook over the next 2-3 years. Accordingly, we maintain our Neutral stance on the stock, as the current valuation captures the earnings upside.

VAI classification for Biocon Park

- USFDA in Jul'24 inspected four drug substances, two drug products, four QA/QC, and one microbiology labs, and issued 10 observations.
- BIOS has implemented appropriate comprehensive and preventive action to address the issues highlighted by USFDA, which led to the VAI classification. This implies sites are under compliance from the approval perspective.
- The potential products from this park are: b-Bevacizumab, b-Ustekinumab and generic Liraglutide.

Competition intensifies in Bevacizumab/Ustekinumab for US market

- BIOS has filed Bevacizumab/Ustekinumab in US market in Apr'20/Feb'24.
- Currently, there are 5 biosimilars of Bevacizumab and 5 biosimilar of Ustekinumab commercialized in US market (Exhibit 2). Further, there are 6 competitors, including Biocon, which have filed the drug and are waiting for USFDA approval for marketing of Ustekinumab.
- Accordingly, its biosimilars market share has reached 88% in b-Bevacizumab. Likewise, the innovator (avastin) sales have declined from the peak (USD3b) in 2019 to USD453m in the past 12 months. Ustekinumab has seen four biosimilar approvals since Apr'24.
- With delay in compliance and subsequent approvals, the scope of business has reduced for BIOS over the past two years in these products.
- Liraglutide can be an interesting opportunity in GLP-1 space, subject to timely ANDA approval. Innovator annual sales for this product are USD300m.

Valuation and view

- Delayed compliance at Biocon Park/Malaysia site and increased debt (due to Viartis deal) had led to a significant deterioration in earnings for BIOS over the past two years. While Malaysia site classification is awaited, the biocon park compliance should boost its business performance going forward.
- We maintain our Neutral stance, as the improved business outlook is priced in the current valuation (67x FY26E/33x FY27E PE).

USFDA inspection history of Biocon

Company name	City	Inspection End Date	Classification
Biocon Biologics	Johor, Malaysia	Sep-24	Form 483 with 5 observations
Biocon Biologics	Bengaluru	Jul-24	Form 483 with 6 observations
Biocon Limited	Paravada	Jun-24	VAI
Biocon Biologics	Electronics City, Bengaluru	Feb-24	VAI
Biocon Pharma	Bengaluru	Jun-23	NAI
Biocon Limited	Sangareddy	May-23	NAI
Biocon Biologics	Johor, Malaysia	Aug-22	OAI
Biocon Biologics	Bengaluru	Aug-22	Form 483 with 11 observations
Biocon Generics	Cranbury	Feb-22	VAI
Biocon Limited	Bangalore	Feb-20	VAI

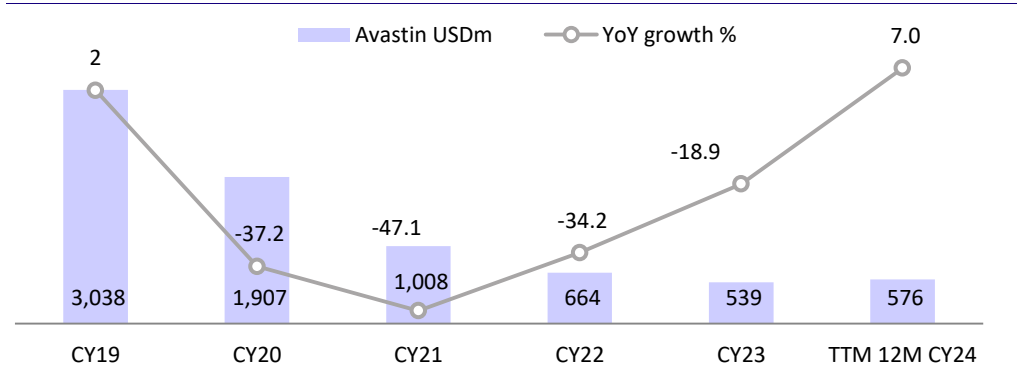
Source: Company, MOFSL,USFDA

Increased competition in Bevacizumab and Ustekinumab biosimilars

Product	Company	Biosimilar Name	USFDA status/Approval date	12m Sales USDm
Beverizumab	Roche	Avastin	Originator	453
	Amgen	Mvasi	Jul-19	468
	Pfizer	Zirabev	Jan-20	424*
	Amneal	Almysys	Oct-22	
	Celltrion	Vegzelma	Apr-23	
	Bio-Thera	Avzivi	FDA approval Dec-23	
	Biocon	MYL-14020	Under review since Mar-20	
Ustekinumab	Janssen	Stelara	Originator	6807
	Amgen Inc.	Wezlana	Oct-23	
	Alvotect USA Inc.	Selarsdi	Apr-24	
	Samsung Bioepis Co., Ltd.	Pyzchiva	Jun-24	
	Fresenius Kabi USA, LLC	Otulfi	Sep-24	
	Accord BioPharma Inc.	Imuldosa	Oct-24	
	Celltrion	CT-P43	Pending USFDA Approval	
	Formycon	FYB202	Pending USFDA Approval	
	Samsung Bioepis	SB17	Pending USFDA Approval	
	Biocon	BMAB-1200	Pending USFDA Approval	
	Meiji Seika Pharma/Dong-A	DMB-3115	Pending USFDA Approval	
	Hikma/Bio-Thera	BAT2206	Pending USFDA Approval	
	Neuclone	Neulara	Phase 1 completed	
BioFactura	BFI-751	Phase 1 completed		

*Note: Pfizer’s Zirabev sales is for CY23, Source: Company, MOFSL, Cardinal Health, USFDA

Sharp decline in sales post launch of biosimilars from Jul’19



Source: Company, MOSL, Roche Annual report



Aditya Birla Fashion and Retail

Estimate changes



TP change



Rating change



Bloomberg	ABFRL IN
Equity Shares (m)	1071
M.Cap.(INRb)/(USDb)	318.3 / 3.8
52-Week Range (INR)	365 / 198
1, 6, 12 Rel. Per (%)	-7/9/12
12M Avg Val (INR M)	1671

Financials & Valuations (INR b)

Y/E MAR	FY24	FY25E	FY26E
Sales	140.0	153.8	169.7
EBITDA	14.5	17.3	20.4
Adj. PAT	-7.5	-7.6	-6.3
EBITDA Margin (%)	10.4	11.3	12.0
Adj. EPS (INR)	-7.4	-7.4	-6.2
EPS Gr. (%)	955.4	0.9	-17.1
BV/Sh. (INR)	46.5	39.1	32.9

Ratios

Net D:E	1.7	2.0	2.3
RoE (%)	-18.6	-17.4	-17.1
RoCE (%)	0.3	0.5	1.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	-39.7	-47.9
EV/EBITDA (x)	30.4	25.4	22.2
EV/Sales (x)	2.8	2.5	2.3
Div. Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	49.3	52.0	55.5
DII	14.8	14.5	17.0
FII	20.1	20.4	14.5
Others	15.9	13.1	13.0

FII includes depository receipts

CMP: INR297

TP: INR335 (+13%)

Neutral

Revenue in-line; modest EBITDA beat on improved profitability in Pantaloons

- Aditya Birla Fashion and Retail (ABFRL)'s consol. revenue grew 13% YoY, driven by TCNS consolidation and improvement in Lifestyle's LTL growth.
- ABFRL's EBITDA was up 12% YoY (4% beat) as improvement in Pantaloons' profitability was offset by ~300bp YoY margin contraction in Lifestyle. ABFRL posted a net loss of INR2.1b in 2Q (INR13.6b cumulative loss since 4QFY23).
- We lower our FY25-26 revenue estimate by 3%/6% on lower store additions, while our EBITDA estimates are broadly unchanged.
- We build in a CAGR of 10%/17% in revenue/EBITDA over FY24-27E. We believe our estimates of profitability improvement in newer segments are optimistic. Delays in ramp-up in profitability could pose downside risks.
- We value ABFRL on the SOTP basis. We assign EV/EBITDA multiple of 15x to both ABLBL and Pantaloons businesses and EV/sales of 1x to other businesses of ABFRL (demerged) on Dec'26E. We reiterate our Neutral rating with a TP of INR335.

Modest EBITDA beat on improved profitability in Pantaloons

- ABFRL's consolidated revenue grew 13% YoY (in-line) to INR36.4b, driven by the TCNS acquisition and robust growth in ethnic and TMRW.
- Lifestyle revenue grew 3% YoY (vs. -7% YoY in 1Q), driven by 3.4% LTL growth in the retail channel, while Pantaloons' revenue grew 3% YoY, led by 1.3% LTL growth.
- Gross Profit grew 19% YoY to INR20.6b (5% beat) as margins expanded 310bp YoY to 56.5%.
- EBITDA increased 12% YoY (4% beat) to INR3.6b as higher gross margin was offset by the 23%/26% YoY increase in employee costs and other expenses.
- Consolidated EBITDA margin contracted 10bp YoY to 9.9% as 560bp margin expansion in Pantaloons and lower losses in ethnic/TMRW were offset by ~300bp margin contraction in Lifestyle EBITDA margin.
- ABFRL continued to report a net loss. Reported loss was INR2.1b loss (vs. estimated loss of INR2.4b).
- Revenue/EBITDA for 1HFY25 grew 10%/17% YoY, while net loss increased to INR4.3b (from INR3.6b in 1HFY24).
- For 2HFY25, the implied ask-rate for revenue/EBITDA growth is 10%/21% YoY.

Balance sheet and cash flow analysis

- ABFRL's consolidated net working capital days stood at 48 (vs 61/43 in 1HFY24/FY24), driven by a reduction in inventory days.
- 1HFY25 OCF (post leases) outflow was INR0.3b, though lower than the INR4.9b outflow in 1HFY24, largely on favorable WC movement. Capex stood at INR2.6b (vs. INR4b YoY). As a result, ABFRL's 1HFY25 outflow stood at INR7.5b (vs. outflow of INR12.8b YoY).
- ABFRL's net debt increased ~INR9b in 1HFY25 to INR37.6b.

Key highlights from the management interaction

- **Demand environment:** The overall demand environment remained subdued in 2Q, but with festive and occasion led sales picking up, 2H should be better.
- **Capital allocation:** ABFRL has expanded its portfolio significantly through acquisitions in the past few years. Management indicated that the acquisition phase is over and the focus is now on ramping up profitability.
- **Pantaloon's profitability improvement:** Management highlighted that profitability improvement in Pantaloon's was driven by better inventory markdown management, rationalization of unprofitable stores, and cost improvement drive across the company. Further, management does not plan to use discounting as a lever to grow and is focused on store/merchandise improvement to drive higher store productivity.
- **ABLBL weaker margins:** ABLBL margins were impacted by the scaling down of business in one of its top four trading partners (Centro). Further, 2QFY24 benefitted from one-off gains (on account of the reversal of the minimum wages norm in Karnataka) and the overall margins in 2QFY25 appear optically lower on a higher base. Management expects to achieve an 18% EBITDA margin in ABLBL in the longer term.
- **Store additions:** Management's focus was on consolidating unprofitable stores in 1H and expects ~100 store openings in urban-centric locations in ABLBL Lifestyle brands and Reebok stores in 2H. Further, management aims to open 20-25 stores annually in Pantaloon's in larger towns.
- **Demerger update:** It has received NOC from stock exchanges and filed an application with the NCLT. It expects the demerger to be completed by the end of FY25.

Valuation and view

- In the last few years, ABFRL has invested in multiple new businesses, with a long tail of businesses that are presently loss-making or yet to stabilize. Scaling up the ethnic wear business and Reebok and turning around the newly set up Digital First brands could be a bumpy ride. The inclusion of TCNS in this portfolio may further accentuate near-term profitability risks.
- We lower our FY25-26E revenue estimate by 3%/6% on lower store additions, while our EBITDA estimates are broadly unchanged. We build in a CAGR of 10%/17% in revenue/EBITDA over FY24-27E. We believe our estimates of profitability improvement in newer segments are optimistic and any delays in ramp-up in profitability could pose downside risks to our EBITDA/PAT estimates.
- We value ABFRL on the SOTP basis. We assign EV/EBITDA multiple of 15x to both ABLBL and Pantaloon's businesses and EV/sales of 1x to other businesses of ABFRL (demerged) on Dec'26E. We **reiterate our Neutral rating with a TP of INR335.**

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue	31,961	32,264	41,667	34,067	34,278	36,439	45,950	37,153	1,39,959	1,53,820	36,510	-0.2
YoY Change (%)	11.2	4.9	16.1	18.3	7.3	12.9	10.3	9.1	12.7	9.9	13.2	
Total Expenditure	29,037	29,031	36,134	31,230	30,694	32,825	40,053	32,930	1,25,433	1,36,502	33,020	-0.6
EBITDA	2,923	3,233	5,533	2,837	3,584	3,613	5,897	4,223	14,526	17,317	3,490	3.5
Change, YoY (%)	-37.6	-18.5	27.0	47.1	22.6	11.8	6.6	48.9	-2.7	19.2	7.9	
Depreciation	3,670	3,888	4,441	4,554	4,359	4,610	4,841	4,913	16,552	18,723	4,621	
Interest	1,873	2,084	2,454	2,355	2,195	2,500	2,700	2,835	8,766	10,231	2,327	
Other Income	603	457	441	875	478	516	567	577	2,376	2,138	574	
PBT before EO expense	-2,017	-2,281	-922	-3,197	-2,493	-2,982	-1,077	-2,948	-8,417	-9,498	-2,884	3.5
Extra-Ord expense	0	0	0	0	0	-231	0	0	0	-231	0	0.0
Share in JV	4	-5	73	56	-3	-32	30	37	128	32	0	
PBT	-2,017	-2,281	-922	-3,197	-2,493	-2,750	-1,077	-2,948	-8,417	-9,267	-2,884	-4.6
Tax	-397	-282	227	-478	-346	-636	-230	-736	-930	-1,947	-401	
Rate (%)	19.7	12.4	-24.6	14.9	13.9	23.1	21.3	25.0	11.0	21.0	13.9	
Reported PAT	-1,616	-2,003	-1,076	-2,664	-2,149	-2,147	-817	-2,175	-7,359	-7,288	-2,483	-13.5
Adj PAT	-1,616	-2,003	-1,076	-2,664	-2,149	-1,964	-817	-2,175	-7,359	-7,106	-2,483	-20.9
YoY Change (%)	-272.3	-765.4	-1,713.2	35.3	33.0	-1.9	-24.1	-18.3	1,009.8	-3.4	24.2	

E: MOFSL Estimates



Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	HMN IN
Equity Shares (m)	437
M.Cap.(INRb)/(USDb)	294.1 / 3.5
52-Week Range (INR)	860 / 417
1, 6, 12 Rel. Per (%)	-6/17/7
12M Avg Val (INR M)	622

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	38.6	41.7	44.8
Sales Gr. (%)	7.9	7.9	7.6
EBITDA	10.5	11.6	12.7
EBIT Margin (%)	27.2	27.9	28.3
Adj. PAT	9.0	9.9	10.7
Adj. EPS (INR)	20.6	22.7	24.4
EPS Gr. (%)	13.9	10.5	7.6
BV/Sh.(INR)	63.7	72.3	81.1

Ratios

RoE (%)	34.3	33.4	31.9
RoCE (%)	36.9	36.0	33.9
Payout (%)	53.5	55.1	57.3

Valuation

P/E (x)	35.4	32.0	29.8
P/BV (x)	11.4	10.1	9.0
EV/EBITDA (x)	29.3	26.2	23.7
Div. Yield (%)	1.5	1.7	1.9

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	54.8	54.8	54.8
DII	21.5	21.6	25.2
FII	14.4	14.0	11.9
Others	9.3	9.5	8.0

FII Includes depository receipts

CMP: INR670 TP: INR850 (+27%) Buy

Weak volume print; better delivery expected in 2HFY25

- Emami reported 3% YoY sales growth in 2QFY25 (est. 5%). The domestic business grew 2.6% YoY, led by volume growth of 1.7% (est. 3%). This quarter faced headwinds as persistently high food inflation continued to suppress mass consumer spending. Seasonal product pipeline filling was also pushed back to 3Q, which partially impacted 2Q performance.
- Navratna and Dermicool products posted healthy 10% YoY growth. The healthcare segment reported 11% YoY growth, led by new launches and strong traction on the digital platform. Pain management and BoroPlus reported 5%/2% YoY growth. Kesh King and male grooming dipped 9% and 13% YoY, respectively. D2C portfolio declined 9% due to the management change (increased Helios stake to 98.3% from 50.4%).
- The GM trajectory remained healthy, with 60bp YoY expansion to 70.7% (27-quarter high). EBITDA margin expanded by 110bp YoY to 28.1% (in line). Organized channel contributed 26.6% to revenue (+190bp in 1HFY25). The GT segment also improved.
- With seasonal tailwinds to kick in (expect strong performance of winter portfolio) and core drivers to remain intact (expanding distribution, new products, etc.), we expect better revenue delivery in 2HFY25. We model 8%/11% growth in revenue/EBITDA in FY25. **We reiterate our BUY rating on the stock with a TP of INR850 (premised on 35x P/E on Sep'26E EPS).**

Slow revenue growth; margins remain healthy

- **Muted sales growth:** Consolidated net sales grew 3% YoY to INR8,906m (est. INR9,089m). Domestic business grew by 2.6% YoY, with volume growth of 1.7% (est. 3%, 8.7% in 1QFY25). Major brands (Navratna/Dermicool), healthcare range and pain management range performed well.
- **Margin expansion:** Gross margin expanded by 60bp YoY to 70.7%. (est. 70.3%). Ad spends decreased 6% YoY to INR1,457m, but declined by 150bp YoY as % of sales to 16%. Employee expenses increased by 90bp YoY to 13%. Other expenses remained flat YoY at 14% in 2QFY25. EBITDA margin expanded by 110bp YoY to 28.1% (est. 27.4%).
- **Double-digit growth in profitability:** EBITDA grew 7% YoY to INR2,505m (est. INR2,491m). PBT rose 15% YoY to INR2,251m (est. INR2,161m). APAT increased by 19% YoY to INR2,333m (est. INR2,142m). Reported PAT was up 17% YoY at INR2,110m (est. INR1,960m).
- **International performance:** International business registered 6% YoY growth in both INR and CC terms, driven by strong performance in the MENA regions. Excluding Bangladesh, international business delivered 12% YoY sales growth.
- In 1HFY25, net sales/EBITDA/APAT increased by 6%/10%/19% YoY. We expect 2HFY25 net sales/EBITDA/APAT to grow by 9%/11%/10% YoY.

Highlights from the management commentary

- The quarter witnessed challenges as sticky high food inflation continued to weigh on mass consumer spending. With a favorable winter forecast, the company expects strong performance from its winter portfolio in 3Q.
- The company remains committed to achieving high single-digit revenue growth and double-digit EBITDA growth in FY25.
- The company did not execute channel filling for Boroplus in 2Q but plans to do so in 3Q, which will also drive the growth.
- The Man Company saw a temporary decline in 2Q due to a transition that is set to complete by mid-Nov'24, with some growth expected in 3Q. The company is optimistic about Helios' growth from 4Q onward.
- The company continued to drive its innovation pipeline forward, launching 11 new products this quarter.

Valuation and view

- We broadly maintain our FY25/FY26 EPS estimates.
- Emami's core categories are niche, and they have been witnessing slow user addition over the last five years. Although it commands a high market share in core categories, the share gain is no longer a catalyst for volume growth.
- The management has initiated several steps (e.g., team additions, new launches, hiring consultants, marketing spending, etc.) over the last three to four years to revive volume growth; the results have started showing in numbers. We expect volume growth acceleration in 2HFY25, driven by urban pickup, seasonal tailwinds, aggressive marketing spends, and new launches.
- Emami is currently trading at 35x and 32x on FY25E and FY26E EPS. **We reiterate our BUY rating** with a TP of INR850, based on 35x Sep'26E EPS.

Consol. Quarterly performance

Y/E MARCH	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Domestic volume growth (%)	3.0	2.0	-1.0	6.4	8.7	1.7	6.0	8.0	2.6	6.1	3.0	
Net Sales	8,257	8,649	9,963	8,912	9,061	8,906	10,837	9,812	35,781	38,616	9,089	-2.0%
YoY change (%)	6.8	6.3	1.4	6.6	9.7	3.0	8.8	10.1	5.1	7.9	5.1	
Gross Profit	5,401	6,061	6,851	5,863	6,131	6,296	7,478	6,470	24,176	26,374	6,390	-1.5%
Gross margin (%)	65.4	70.1	68.8	65.8	67.7	70.7	69.0	65.9	67.6	68.3	70.3	
EBITDA	1,900	2,337	3,149	2,110	2,165	2,505	3,428	2,411	9,495	10,508	2,491	0.5%
Margins (%)	23.0	27.0	31.6	23.7	23.9	28.1	31.6	24.6	26.5	27.2	27.4	
YoY change	9.6	19.6	7.0	5.6	13.9	7.2	8.9	14.3	10.1	10.7	6.6	
Depreciation	460	461	458	480	444	447	463	469	1,859	1,823	430	
Interest	21	23	27	29	21	23	25	31	100	100	25	
Other Income	83	111	167	107	105	216	125	108	468	553	125	
PBT	1,502	1,964	2,831	1,708	1,805	2,251	3,065	2,019	8,005	9,139	2,161	4.1%
Tax	129	158	155	225	278	94	245	296	667	914	195	
Rate (%)	8.6	8.1	5.5	13.2	15.4	4.2	8.0	14.7	8.3	10.0	9.0	
Adj. PAT	1,413	1,967	2,828	1,669	1,702	2,333	3,024	1,906	7,876	8,970	2,142	8.9%
YoY change (%)	36.9	12.5	11.0	13.0	20.5	18.6	6.9	14.2	15.7	13.9	8.9	
Reported PAT	1,368	1,800	2,607	1,468	1,506	2,110	2,809	1,706	7,241	8,132	1,960	7.6%
YoY change (%)	88.1	-0.1	11.9	3.6	10.1	17.2	7.8	16.3	15.4	12.3	8.9	

E: MOFSL Estimates



Motherson Wiring

Estimate change	↓
TP change	↓
Rating change	↔

CMP:INR64 TP: INR74 (+16%) Buy

Start-up costs of new plants hurt performance

Content increases drive consistent outperformance to core

- Motherson Wiring's (MSUMI) 2QFY25 operating performance was below our estimate, mainly due to start-up costs of new plants, resulting in lower-than-estimated EBITDA/PAT of INR2.5b/INR1.7b (est. INR2.7b/INR1.7b).
- To factor in high operating expenses due to the ramp-up of greenfield facilities, we cut our FY25E/FY26E EPS by 11%/10%. We expect EBITDA margin to improve in FY26E, led by the ramp-up of the new greenfield plants, moderating commodity costs and localization efforts. We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in autos.

Reiterate BUY with a TP of INR74 (premised on ~36x Sep'26E EPS).

Greenfield start-up costs hurt margins

- In 2QFY25, revenue/EBITDA grew ~10.5%/1% YoY to INR23.3b/INR2.5b (est. INR22.9b/INR2.7b). PAT declined 2% YoY to INR1.5b (est. INR1.7b). 1HFY25 revenue/EBITDA/adj. PAT grew 13%/7%/8% YoY. 2HFY25 revenue is expected to grow 5% YoY, but EBITDA/adj. PAT are expected to decline 2%/7% YoY.
- Gross margins improved 120bp YoY (+20bp QoQ) to 35.1% (est. 34.6%) due to a reduction in copper prices (-1% QoQ) and improved mix.
- However, higher-than-estimated staff costs (+17% YoY) and higher other expenses (+37% YoY) hurt EBITDA margins, resulting in a decline of 110bp YoY to 10.7% (est. 11.7%). Operating expenses were higher in 2Q due to start-up costs from the two new greenfield plants.
- 1HFY25 CFO/FCF declined 34%/54% YoY, and capex jumped 3.6x YoY.

Highlights from the management commentary

- MSWIL revenue growth was 10.5% YoY despite flat PV industry volumes due to increase in content per vehicle. EV share in revenues now stands at 4.1%.
- Gross margins improved QoQ due to reduction in copper prices (-1% QoQ) and improved mix. JPY appreciation does have temporary impact on financials as the pass-through to customers is with a lag of a quarter or a half year.
- Start-up costs from the ramp-up of two new greenfields led to an increase in operating costs, which hurt margins (-110bp YoY to 10.7%). SOP for one of these greenfields has been delayed by half a year due to a delay in customer launch schedule. It is likely to take 6-9 months for production to stabilize from these plants post SOP.
- It is also planning to set up another greenfield in Kharkhoda, which will commence production in 2HFY26.
- Capex guidance for FY25E remains at INR2b (INR950m already invested in 1HFY25).
- RoCE for 1HFY25 stood at over 40%.
- As penetration of EVs rises in India, the company would look to increase localization of high-voltage wiring harness. It is currently localizing cables, charging connectors, etc.

Bloomberg	MSUMI IN
Equity Shares (m)	4421
M.Cap.(INRb)/(USDb)	283 / 3.4
52-Week Range (INR)	80 / 58
1, 6, 12 Rel. Per (%)	0/-15/-17
12M Avg Val (INR M)	589

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	83.3	90.9	103.7
EBITDA	10.1	10.3	12.8
Adj. PAT	6.4	6.4	8.2
EPS (Rs)	1.4	1.4	1.9
EPS Growth (%)	31.1	-0.4	29.5
BV/Share (Rs)	3.8	4.4	5.5

Ratios

Net D:E	-0.2	-0.2	-0.1
RoE (%)	42.5	35.0	37.5
RoCE (%)	46.8	41.1	44.4
Payout (%)	55.4	55.0	55.0

Valuations

P/E (x)	44.3	44.5	34.4
P/BV (x)	16.9	14.4	11.6
Div. Yield (%)	1.3	1.2	1.6
FCF Yield (%)	2.4	1.7	2.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	61.7	61.7	61.7
DII	16.3	16.2	17.8
FII	10.5	10.8	11.1
Others	11.4	11.3	9.4

FII Includes depository receipts

Valuation and view

- We expect EBITDA margin to improve in FY26E, led by a better product mix, ramp-up of the new greenfield plants, moderating commodity costs, and localization efforts.
- We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in Autos. The stock trades at 44.5x/34x FY25E/FY26E EPS. **Reiterate our BUY rating with a TP of INR74 (premised on ~36x Sep-26E EPS).**




Quarterly performance

Y/E March	(INR m)											
	FY24				FY25E				FY24	FY25E	Var.	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	(%)		
Net Sales	18,718	21,046	21,145	22,327	21,848	23,256	22,791	23,048	83,283	90,944	22,940.8	1
YoY Change (%)	12.0	14.7	25.4	16.7	16.7	10.5	7.8	5.5	17.8	9.2	9.0	
RM Cost (% of sales)	65.2	66.2	65.5	65.1	65.1	64.9	65.2	65.1	65.5	65.1	65.4	
Staff Cost (% of sales)	17.5	16.3	16.1	15.4	17.2	17.3	16.7	16.6	16.3	16.9	16.5	
Other Expenses (% of sales)	6.2	5.7	6.0	6.4	6.7	7.1	6.5	6.4	6.1	6.7	6.4	
EBITDA	2,072	2,481	2,620	2,913	2,388	2,496	2,653	2,756	10,132	10,293	2,687.5	-7
Margins (%)	11.1	11.8	12.4	10.9	10.9	10.7	11.6	12.0	12.2	11.3	11.7	
Depreciation	338	364	377	394	399	444	450	454	1,473	1,747	400	
Interest	77	74	64	58	55	72	65	61	273	252	58	
Other Income	5	56	11	43	50	48	45	43	69	185	50	
PBT before EO expense	1,661	2,100	2,190	1,984	1,984	2,027	2,183	2,284	8,455	8,478	2,280	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Expense	1,661	2,100	2,190	2,505	1,984	2,027	2,183	2,284	8,455	8,478	2,279.5	
Tax Rate (%)	26	26	23	25	25	25	25	25	25	25	24.5	
Reported PAT	1,231	1,559	1,679	1,914	1,489	1,521	1,637	1,712	6,383	6,359	1,721	
Adj PAT	1,231	1,559	1,679	1,914	1,489	1,521	1,637	1,712	6,383	6,359	1,721	-12
YoY Change (%)	-2.2	33.9	58.1	7.5	20.9	-2.4	-2.5	15.0	31.1	-0.4	10.4	

E: MOFSL Estimates



Bata India

Estimate change 
 TP change 
 Rating change 

CMP: INR1,333 TP: INR1,240 (-7%) Neutral

Bloomberg	BATA IN
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	171.8 / 2
52-Week Range (INR)	1724 / 1269
1, 6, 12 Rel. Per (%)	0/-7/-38
12M Avg Val (INR M)	601

Modest growth recovery offset by lower gross margin

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	34.8	36.3	38.9
EBITDA	7.9	7.9	8.8
Adj. PAT	2.9	3.0	3.4
EBITDA Margin (%)	22.6	21.7	22.7
Adj. EPS (INR)	22.8	23.3	26.6
EPS Gr. (%)	-9.3	2.4	14.1
BV/Sh. (INR)	118.8	137.4	150.7

Ratios

Net D:E	0.5	0.3	0.2
RoE (%)	19.7	18.2	18.5
RoCE (%)	13.7	12.5	13.1
RoIC (%)	15.5	14.5	16.6

Valuations

P/E (x)	58.5	57.2	50.1
EV/EBITDA (x)	23.0	22.6	20.1
EV/Sales (X)	5.2	4.9	4.6
Div. Yield (%)	0.9	0.9	1.0

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	50.2	50.2	50.2
DII	27.1	27.5	30.0
FII	8.8	7.6	7.5
Others	13.9	14.7	12.4

FII includes depository receipts

- Bata India (BATA) delivered a modest growth recovery with 2% YoY revenue growth. The 10% miss on EBITDA was primarily driven by lower gross margin (-140bp YoY) on account of a shift in the channel mix (higher franchisee and e-commerce) and inventory clearance. Adj. PAT declined 19% YoY.
- Management indicated improvement in the demand environment in 2Q and expects further improvement in 2H with the onset of the festive season. However, the persistent softness, particularly in the mass segment (<INR1,000 ASP), remains a drag.
- BATA's focus on premiumization (Hush Puppies, Power), steady network rollout, and a product revamp (including apparel and sneakers) could drive growth recovery and offset weak demand trends in the value category.
- We estimate a CAGR of 6%/8%/13% in revenue/EBITDA/Adj. PAT over FY24-27. **We reiterate our Neutral rating with a TP of INR1,240 (based on 40x Dec'26E EPS).**

EBITDA declined 4% YoY (10% miss) on lower gross margin

- Revenue at INR8.4b (in line) grew at a modest ~2% YoY (vs. 1% YoY decline in 1Q) as 10% YoY store additions were likely offset by a decline in SSS.
- BATA added 39 net stores during 2Q, taking the total store count to 1,955 (+10% YoY). Further, it renovated 48 stores in 1H.
- Gross profit remained flat YoY at INR4.7b (2% miss).
- Gross margin contracted 140bp YoY to 56.6% (though up 175bp QoQ) and was ~120bp below our estimate due to a change in the channel mix (higher contribution from franchise and e-commerce) and inventory clearance.
- EBITDA declined 4% YoY to INR 1.7b (10% miss) on account of higher employee cost (+8% YoY) and weaker gross margin.
- EBITDA margin contracted 130bp YoY and stood at 20.9%.
- Adjusted PAT declined 19% YoY to INR520m (25% miss) due to weaker EBITDA, higher D&A (+10% YoY), and finance cost (+12% YoY).
- Net working capital days improved to 117 (from 137 YoY) on account of lower inventory days.
- 1HFY25 FCF (post leases) improved to 1.8b (from 0.6b YoY) on account of a favorable change in the working capital.
- For 1HFY25, BATA's revenue was flat YoY, while EBITDA/Adj. PAT declined ~15%/20%. The implied revenue/EBITDA growth for 2H is 9%/17%.

Key takeaways from the management interaction

- **Demand:** The management highlighted that demand improved modestly in Q2 (vs. Q1) with demand in Sep'24 much better than that in July'24. Tier 2 and below towns witnessed better traction, which was partially offset by premium products performing better than mid and mass products (<1k products contribution declined to ~30% from ~40% YoY).
- **Gross margin:** GM was impacted due to a shift in the channel mix, with increased contribution from franchisee (11-12%) and e-commerce, which command a lower margin. Further, there was an impact on inventory clearance. Management remains confident on gross margin expansion in the medium term.

- **Zero Base Merchandizing (ZBM):** With the ZBM initiative, BATA has been able to uplift the consumer experience and increase efficiency. ZBM has been piloted in 8 stores so far, with plans to expand to 100 stores by Dec'24 and 250 by end-FY25. ZBM led to a 20% increase in Sales/sq ft and a 60% reduction in lines.
- **Power:** Power brand saw volume (+9% YoY)-backed growth. BATA now operates 4 Power EBOs, with a plan to increase it to 10 by Dec'24. The Apparel segment also continues to experience strong traction (90% YoY). Overall, Power contributes in mid-teens to BATA's turnover.

Valuation and view

- BATA's robust balance sheet, marked by a net cash position, healthy FCF generation, and impressive returns profile, along with substantial growth potential within the industry, is expected to drive its growth initiatives.
- Over the last couple of years, following the change in management, a renewed focus on growth has been evident, characterized by a brand refresh, introduction of new product lines (such as Sneakers), and enhancements in the backend supply chain infrastructure.
- BATA's focus on premiumization (Hush Puppies, Power), steady network rollout, and a product revamp (including apparel and sneakers) could aid growth and offset the weak demand trends in the value category.
- We trim our revenue estimates by 1-3% and lower margins, which drives a 12%/21% cut in FY25/FY26 PAT estimates. We estimate a CAGR of 6%/8%/13% in revenue/EBITDA/Adj. PAT over FY24-27. **We reiterate our Neutral rating with a TP of INR1,240 (based on 40x Dec'26E EPS).**

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E Est 2QE Var (%)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue	9,581	8,191	9,035	7,979	9,446	8,371	9,768	8,709	34,786	36,295	8,355	0.2
YoY Change (%)	1.6	-1.3	0.4	2.5	-1.4	2.2	8.1	9.2	0.8	4.3	2.0	
Gross Profit	5,246	4,755	5,065	4,798	5,182	4,740	5,666	5,191	19,864	20,779	4,829	-1.8
Gross margin%	54.7	58.1	56.1	60.1	54.9	56.6	58.0	59.6	57.1	57.3	57.8	
Total Expenditure	7,186	6,375	7,210	6,156	7,597	6,625	7,541	6,674	26,927	28,437	6,408	3.4
EBITDA	2,395	1,817	1,824	1,823	1,849	1,746	2,227	2,035	7,859	7,858	1,947	-10.3
EBITDA margin	25.0	22.2	20.2	22.8	19.6	20.9	22.8	23.4	22.6	21.7	23.3	
Change YoY (%)	-2.1	12.9	-11.5	0.2	-22.8	-3.9	22.1	11.7	-1.0	0.0	7.2	
Depreciation	811	817	860	903	872	902	922	870	3,391	3,566	882	2.3
Interest	281	284	295	310	308	318	327	310	1,170	1,263	311	2.2
Other Income	133	155	111	219	162	172	170	175	617	679	170	1.3
PBT before EO expense	1,436	870	780	829	832	698	1,148	1,030	3,915	3,707	923	-24.4
Extra-Ord expense	0	409	0	0	-1,340	0	0	0	409	-1,340	0	
PBT	1,436	461	780	829	2,171	698	1,148	1,030	3,506	5,047	923	-24.4
Tax	367	121	201	193	431	178	289	260	881	1,157	233	-23.5
Rate (%)	25.5	26.3	25.7	23.2	19.8	25.5	25.2	25.2	25.1	22.9	25.2	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	1,069	340	580	636	1,741	520	859	770	2,625	3,889	691	-24.7
Adj PAT	1,069	641	580	636	849	520	859	770	2,927	2,998	691	-24.7
YoY Change (%)	-10	17	-30	-3	-21	-19	48	21	-9	2	8	
Margins (%)	11%	8%	6%	8%	9%	6%	9%	9%	8%	8%	8%	

E: MOFSL Estimates



Zen Technologies

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1,824 **TP: INR2,200 (+21%)** **Buy**

Steady performance

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	164.7 / 2
52-Week Range (INR)	1999 / 688
1, 6, 12 Rel. Per (%)	14/87/133
12M Avg Val (INR M)	557

Zen Technologies (ZEN) reported better-than-expected performance of 277%/265%/276% YoY increase in revenue/EBITDA/PAT in 2QFY25, driven by strong execution. EBITDA margin at 32.9% declined YoY, mainly due to the project and geography mix. Strong revenue performance, higher other income, and lower-than-expected tax rate resulted in outperformance at PAT level too. PAT margin came at 27%. Order inflows were weak in 1HFY25 and will start ramping up from 2HFY25 onward. We marginally revise our estimates to factor in the 1H performance and reiterate BUY rating on ZEN with a TP of INR2,200, based on 40x two year forward EPS (vs. INR1,900 earlier). ZEN has the advantage of a faster CAGR in revenue and PAT, stronger margins, and reasonable NWC. Reiterate BUY.

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	10.0	14.2	20.1
EBITDA	3.8	5.4	7.6
EBITDA Margin (%)	38.0	38.0	38.0
PAT	2.7	4.1	5.7
EPS (INR)	29.7	45.8	63.6
EPS Growth (%)	111.4	54.3	38.7
BV/Share (INR)	190.6	236.5	300.1

Ratios

Net D/E	-0.7	-0.6	-0.6
RoE (%)	24.7	21.5	23.7
RoCE (%)	25.1	21.7	23.9

Valuations

P/E (x)	61.4	39.8	28.7
P/BV (x)	9.6	7.7	6.1
EV/EBITDA (x)	40.1	27.9	19.4

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	51.3	55.1	57.5
DII	8.1	3.4	0.2
FII	6.2	3.6	5.6
Others	34.5	37.9	36.8

FII includes depository receipts

Better-than-expected results

ZEN reported a strong YoY jump in revenue of 277% to INR2.42b, exceeding our estimates by 21%. Absolute EBITDA surged 265% YoY to INR794m, beating our estimates by 13%, while margin contracted 110bp YoY to 32.9% vs. our estimate of 35.0%. The company's PAT was 32% above our estimate at INR652m (our estimate at INR495m). PAT margin was flat YoY at 27.0%, but 230bp higher than our estimates of 24.7%. The value of the orders on hand as of 30th Sep'24 was ~INR9.6b. Operational cash flow declined YoY during 1HFY25 due to higher receivables, which we believe will come down in the coming quarters as payments are released. The company has allotted 6.2m equity shares for cash to qualified eligible buyers pursuant to a Qualified Institutional Placement. This has resulted in an increase of INR6.25m in the issued and paid-up equity share capital and INR9.8b (net of share issue expenses) in the share premium account. For 2HFY25, we expect revenue/EBITDA/PAT growth of 118%/123%/107% YoY.

Visibility on order inflows and acquisitions to come in a few months

There is an order pipeline of INR35b in the market, of which the management expects INR12b worth of orders to be received in FY25, starting from end of 3QFY25. These orders will be a mix of training simulators and anti-drone systems but the demand is expected to be more biased toward anti-drone systems. Further, the management added that it is also looking for opportunities to cater to the Navy and Air Force segments organically as well as through acquisitions. Management also stated that, off the underlying cash balance of INR11b, ~INR4b will be used for acquisitions, ~INR1b for capex, and due to the extreme growth in recent quarters, ~INR3-4b would be for working capital requirements.

Eyeing opportunities in the US market

ZEN is looking to expand its geographical reach into the North and South American market by setting up a manufacturing unit in the region. Currently, the company outsources 85% of its manufacturing to multiple supply chains, while it takes on the responsibilities of looking after the final integration, testing, and assembly before dispatching the orders. The company plans to follow a similar business model where a supply chain is built and ready to execute the orders, which helps the company's capital requirement to be not stuck in setting up a whole manufacturing unit with huge PP&E. The management mentioned that it is already in the process of identifying the supply chains and in about 8-9 months, it should be able to identify these supply chains and start testing them for the production of orders. These orders are, however, expected to largely reflect from FY27 onwards in the books.

Patents granted during the quarter

During the quarter, ZEN received patent grants for:

- **Infantry Virtual Training Simulation System:** An advanced, state-of-art simulation system that provides military personnel with a highly realistic and immersive virtual training environment
- **TacSim:** A Force Training System designed to evaluate and enhance the operational capabilities of the defense forces
- **Mine Detection System:** Designed to function in extreme environmental conditions, operating at temperatures ranging from -25°C to +45°C and altitudes up to 15,000 feet above the mean sea level

Strong market opportunity for new systems

ZEN also launched four ground-breaking remote-controlled weapon and surveillance systems in the end of Sep'24, both of which have a TAM of USD1b each:

- **Parashu:** A versatile remote-controlled weapon system featuring advanced thermal imaging and anti-drone capabilities, optimized for vehicles and ships
- **Fanish:** Boosts firepower of T-72 and T-90 tanks with its sophisticated thermal targeting system, ensuring precision in challenging weather conditions
- **Sharur:** A robust naval weapon system capable of engaging both surface and aerial threats up to 2 kilometers away, boasting advanced stabilization technology for accuracy in low-visibility scenarios
- **Durgam:** A surveillance camera system equipped with day/night vision technology to detect potential dangers in real time, making it an ideal solution for armored vehicles and high-threat zones

The company also introduced an AI-powered robot along with new self-reliant, IP-owned, and innovative defense products for global security:

- **Hawkeye:** An anti-drone system camera with multiple sensors tracking up to a range of 15km.
- **Barbarik – URCWS:** The world's lightest remote-controlled weapon station offering precise targeting capabilities for ground and naval vessels
- **Prahasta:** An AI-driven quadruped robot to create real-time 3D terrain mapping for unparalleled mission planning, navigation, and threat assessment
- **Sthir Stab 640:** A rugged stabilized sight designed mainly for armored vehicles, ICVs, and boats

Financial outlook

We expect a revenue/EBITDA/PAT CAGR of 67%/63%/65% during FY24-27. This growth will be led by: 1) order inflow growth of 31%, due to a strong pipeline across simulators and anti-drones, 2) EBITDA margin of 38% for FY25, FY26, and FY27, and 3) enhanced control over working capital due to improved collections.

Valuation and recommendation

The stock currently trades at 39.8x/28.7 P/E on FY26/27E earnings. We marginally revise our estimates to factor in the 1H performance and reiterate BUY rating ZEN with a TP of INR2,200, based on 40x two year forward EPS (vs. INR1,900 earlier). ZEN has the advantage of a faster CAGR in revenue and PAT, stronger margins, and reasonable NWC. Reiterate BUY.

Key risk and concerns

Any slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of reduced order inflows and hinder its growth. ZEN is also exposed to foreign currency risks for its export revenue. High working capital can also pose risks to cash flows, as historically ZEN's working capital has remained high due to issues related to high debtors and high inventories. This is likely to come down due to improved collections and lower inventory, according to the management. However, any delays in the same can affect cash flows for FY25/26.

Standalone - Quarterly Earnings Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est Var. (%)
Net Sales	1,324	640	981	1,357	2,540	2,417	2,511	2,578	4,303	10,045	2,001	21
YoY Change (%)	298.5	203.1	197.8	83.0	91.7	277.4	156.0	89.9	166.5	133.5	212.5	
Total Expenditure	663	423	539	906	1,508	1,623	1,577	1,521	2,530	6,228	1,301	25
EBITDA	662	218	442	451	1,032	794	934	1,057	1,772	3,817	700	13
Margins (%)	50.0	34.0	45.1	33.2	40.6	32.9	37.2	41.0	41.2	38.0	35.0	
Depreciation	15	18	19	22	22	23	22	22	73	90	23	3
Interest	4	4	4	6	10	21	17	17	18	64	6	255
Other Income	26	48	42	23	30	84	35	35	139	185	35	138
PBT	670	243	461	422	1,030	835	931	1,053	1,796	3,848	707	18
Tax	199	70	144	140	288	182	279	417	552	1,167	212	-14
Rate (%)	29.6	28.7	31.2	33.2	28.0	21.8	30.0	39.6	30.7	30.3	30.0	
Reported PAT	471	173	317	282	742	652	651	636	1,244	2,682	495	32
Adj PAT	471	173	317	306	742	652	651	636	1,268	2,682	495	32
YoY Change (%)	474.2	279.1	467.2	77.3	57.4	276.1	105.7	107.7	237.0	111.4	185.5	
Margins (%)	35.6	27.1	32.3	22.6	29.2	27.0	25.9	24.7	29.5	26.7	24.7	



G R Infraprojects

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR1,600 TP: INR1,830 (+15%) Buy

Sharp fall in execution dents earnings; order inflow and growth to resume from FY26E onwards

Bloomberg	GRINFRA IN
Equity Shares (m)	97
M.Cap.(INRb)/(USDb)	154.8 / 1.8
52-Week Range (INR)	1860 / 1025
1, 6, 12 Rel. Per (%)	3/11/12
12M Avg Val (INR M)	171

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	69.7	80.0	97.8
EBITDA	8.7	11.8	14.7
APAT	7.1	8.8	10.8
EBITDA (%)	12.5	14.8	15.0
EPS (INR)	73.6	91.3	111.5
EPS Gr. (%)	0.8	24.1	22.2
BV/Sh. (INR)	813.8	905.1	1016.6

Ratios

Net D/E	0.0	0.0	0.0
RoE (%)	9.4	10.6	11.6
RoCE (%)	9.0	10.5	11.5
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	21.7	17.5	14.3
P/BV (x)	2.0	1.8	1.6
EV/EBITDA (x)	17.9	13.2	10.3
Div Yield (%)	0.0	0.0	0.0
FCF Yield (%)	4.8	4.4	5.8

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	74.7	74.7	79.7
DII	20.1	20.5	15.9
FII	2.1	1.4	0.7
Others	3.1	3.4	3.7

FII Includes depository receipts

- G R Infraprojects (GRINFRA)'s revenue declined 28% YoY to ~INR11.3b during 2QFY25 (vs. our estimate of INR16.8b). GRINFRA faced a slowdown in project execution during 2Q, primarily due to heavy rainfall and fewer projects under execution. EBITDA margin stood at 10.4% (-190bp YoY) vs. our estimate of 13.2%. EBITDA declined by 40% YoY to INR1.2b (47% below our estimate). EBITDA was impacted due to lower execution.
- Higher other income partially offset weak operating performance. APAT declined by 6% YoY to ~INR1.2b (19% below our estimates). Due to a change in the long-term capital gain tax rate from 10% to 12.5% in the Union Budget 2024, the company incurred deferred tax of INR280m, which we added back to APAT for like-to-like comparison.
- In 1HFY25, revenue stood at INR30.2b (-19% YoY), EBITDA came in at INR3.6b (-28% YoY), EBITDA margin was 12%, and APAT was INR3.2b (-4% YoY). During 2H, revenue/EBITDA/APAT are likely to be 0%/-4%/+9% YoY.
- The order book currently stands at ~INR146b (excl. L1), with road projects accounting for 74% of the order book. GRINFRA expects a 10% decline in revenue in FY25 due to weak execution in 1HFY25 and a lower executable order book as of now. However, management expects double digit revenue growth in FY26 as more orders move into execution and as more orders are received in 2HFY25.
- **GRINFRA's 2QFY25 was hit by a sharp fall in execution. With delayed execution pick-up and a muted growth outlook in the near to medium term, we cut our EPS estimates for FY25/FY26 by 7%/9%, while broadly retaining our FY27E EPS. Given the current order book and robust tender pipeline, we expect GRINFRA to clock 8% revenue CAGR over FY24-27, with an EBITDA margin in the range of 13-15%. Reiterate BUY with a revised TP of INR1,830, based on an SoTP valuation.**

Robust order pipeline with a focus on diversification

- The infrastructure sector presents a pipeline of INR 1.5t in opportunities. Although NHAH has a substantial pipeline of INR 1.3t, the actual awarding of projects has been slow. GRINFRA, however, holds a decent order book and anticipates additional EPC projects that could support double-digit revenue growth in FY26.
- Additionally, GRINFRA secured two power transmission EPC projects valued at INR 11-12b. The company aims to grow its transmission EPC order book to INR 20b in FY25, with a target of INR 80-100b in the next 2-3 years. An equity infusion of INR 30b is projected for these projects over the coming three years.

Key takeaways from the management commentary

- As of Sep'24, the order book was INR146b (excl. L1). Roads and highway projects constituted 74% of the order book. Of the 29 projects, 23 are ongoing, and 5 are awaiting appointed dates.
- In FY25, management expects a revenue decline of ~10% due to the current execution run-rate and order book. In FY26, management anticipates double-digit revenue growth as more projects move into execution.
- GRINFRA targets a margin of 12-13% in 2HFY25, with margins expected to return to 14-15% in FY26 as execution improves.
- The remaining equity contribution for HAM projects is INR 20b, with INR 3-3.5b expected to be contributed in 2H FY25 (INR 3b of equity infusion in 1HFY25).

Valuation and view

- With minimal order inflows and weak execution during 1HFY25, revenue growth is expected to decline on a YoY basis and improve only from FY26E. GRINFRA plans to diversify its order book and bid for various projects in other segments.
- Considering a sharp fall in execution during 2QFY25 and muted awarding activity by NHAI, we cut our EPS estimates for FY25/FY26 by 7%/9%, while broadly retaining our FY27E EPS. Given the current order book and robust tender pipeline, we expect GRINFRA to clock 8% revenue CAGR over FY24-27, with an EBITDA margin in the range of 13-15%. **Reiterate BUY with a revised TP of INR1,830, based on an SoTP valuation.**

Quarterly Performance (Standalone)

(INR m)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25 2QE	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	21,524	15,738	18,064	21,554	18,965	11,281	17,430	22,042	76,880	69,718	16,806	-33%
YoY Change (%)	(13.1)	(11.4)	(4.9)	8.0	(11.9)	(28.3)	(3.5)	2.3	(5.6)	(9.3)	6.8	
EBITDA	3,147	1,937	2,280	2,990	2,466	1,171	2,179	2,898	10,354	8,715	2,218	-47%
Margins (%)	14.6	12.3	12.6	13.9	13.0	10.4	12.5	13.1	13.5	12.5	13.2	
Depreciation	602	617	610	612	632	631	632	629	2,442	2,525	625	
Interest	266	277	245	250	281	214	210	197	1,038	902	220	
Other Income	511	614	578	550	1,081	1,311	1,000	1,076	2,253	4,468	550	
PBT before EO expense	2,790	1,656	2,003	2,678	2,634	1,637	2,337	3,148	9,127	9,755	1,923	
Extra-Ord expense	-	-	83	14,720	(494)	356	-	(0)	14,803	(138)	-	
PBT	2,790	1,656	2,086	17,398	2,140	1,993	2,337	3,148	23,930	9,617	1,923	
Tax	710	423	532	2,490	621	845	588	834	4,155	2,888	484	
Rate (%)	25.4	25.6	25.5	14.3	29.0	42.4	25.2	26.5	17.4	30.0	25.2	
Reported PAT	2,080	1,233	1,554	14,908	1,520	1,148	1,749	2,313	19,774	6,730	1,439	
Adj PAT	2,080	1,233	1,492	2,249	1,890	1,161	1,749	2,313	7,054	7,113	1,439	-19%
YoY Change (%)	(35.2)	(25.0)	(14.4)	17.0	(9.1)	(5.8)	17.2	2.9	(17.2)	0.8	16.8	
Margins (%)	9.7	7.8	8.3	10.4	10.0	10.3	10.0	10.5	9.2	10.2	8.6	



Fine Organic Industries

Estimate changes	↔
TP change	↓
Rating change	↔

CMP: INR5,000 TP: INR3,885 (-22%) Sell

Margin under pressure due to weak medium-term outlook

Bloomberg	FINEORG IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	153.3 / 1.8
52-Week Range (INR)	5959 / 4005
1, 6, 12 Rel. Per (%)	3/9/-7
12M Avg Val (INR M)	203

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	23.4	22.8	24.0
EBITDA	5.7	4.8	4.8
PAT	4.5	3.5	3.3
EPS (INR)	147.0	114.4	107.7
EPS Gr. (%)	22.5	-22.2	-5.8
BV/Sh.(INR)	741.9	846.7	945.4

Ratios

Net D:E	-0.5	-0.4	-0.4
RoE (%)	21.8	14.4	12.0
RoCE (%)	21.9	14.5	12.1
Payout (%)	8.3	8.3	8.3

Valuations

P/E (x)	34.0	43.7	46.5
P/BV (x)	6.7	5.9	5.3
EV/EBITDA (x)	25.0	29.8	29.3
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	1.7	(0.2)	1.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	11.6	11.1	12.2
FII	4.9	4.9	3.8
Others	8.6	8.9	9.1

FII Includes depository receipts

- Fine Organic Industries (FINEORG) reported revenue of INR6b, 7% above our estimate, while EBITDA was INR1.4b (6% above; up 37% YoY) in 2QFY25. EBITDAM expanded 190bp YoY to 24%, while gross margin contracted 140bp YoY to 40.5%. PAT increased 43% YoY to INR1.1b (our est. INR1b). There was strong demand from the international markets, as exports contributed 61% of the revenue in 2Q, while domestic sales accounted for 39% of total revenue.
- All plants are currently running at optimal capacity, except Patalganga-II, where there is still some headroom available for capacity ramp-up. FINEORG recently signed a lease deed with the Jawaharlal Nehru Port Authority (JNPA) to set up a manufacturing unit for the next 60 years situated at the SEZ (land parcel of ~29.2 acres). This would primarily cater to the export markets. Management announced a capex of INR7.5b and plans to start commercial production by FY27, with no further guidance on capacity/revenue/asset turn.
- FINEORG has already applied for Environment Clearance (EC) and expects approvals in the coming months. That said, it would take six months for EC and another 18-24 months to set up new capacities. Although the greenfield capacity is expected to take care of growth for the next 10 years, we do not expect the growth to commence until the beginning of FY28. Exports account for more than 50% of the total revenue for FINEORG. The Thailand JV has started production trials and is in the process of product standardization.
- Management highlighted that the higher input costs in 2Q were due to the sharp increase in prices of some of the vegetable oils. The freight costs and lead time were higher in 2Q, which adversely affected operational efficiency. Rising power and fuel costs also contributed to increased overall expenses. However, the overall demand for its products remained stable both in the domestic and international markets.
- Due to the outperformance in 2QFY25, we raise our revenue/EBITDA/PAT estimates by 9%/19%/24% for FY25. We factor in the new capex announced and cut our FY26/FY27 EPS by 4%/13%. FINEORG is currently trading at ~44x FY26E EPS and ~30x FY26E EV/EBITDA. Valuations appear expensive for a company that is going to experience earnings decline during FY24-27. **We reiterate our Sell rating on the stock with a TP of INR3,885.**

Operating performance above estimates, PAT beat led by higher OI and lower depreciation

- Revenue stood at INR6b (+7% vs. our est.; +26% YoY). **Gross margin contracted 140bp YoY to 40.5%, with EBITDAM at 24% (+190bp YoY).**
- EBITDA was INR1.4b (est. of INR1.3b, +37% YoY).
- PAT stood at INR1.1b (est. of INR1b, +43% YoY).
- **For 1HFY25**, revenue was INR11b (+10% YoY), EBITDA stood at INR2.6b (+3% YoY), while PAT came in at INR2.1b (+10% YoY). EBITDAM was 24% (-150bp YoY). The **implied 2HFY25** revenue/EBITDA/PAT growth is 31%/35%/37% YoY.

Valuation and view

- The long-term prospects for FINEORG remain robust, as the company operates within the oleochemicals industry and has consistently driven growth through R&D innovations over the years. However, we anticipate that its performance may be adversely affected in the near-to-medium term due to the following: 1) longer-than-expected delays in the commissioning of new capacities for expansion, 2) existing plants operating at optimum utilization with no potential of debottlenecking, and 3) further delays in the commencement of commercial supplies from the Thailand JV.
- We estimate a revenue/EBITDA/PAT CAGR of 11%/0%/-5% over FY24-27, with margin in the range of 20-21% during the same period. FINEORG is currently trading at ~44x FY26E EPS and ~30x FY26E EV/EBITDA. Valuations appear expensive for a company that is going to experience earnings decline during FY24-27. **We reiterate our Sell rating on the stock with a TP of INR3,885.**

Standalone – Quarterly Snapshot

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Gross Sales	5,321	4,717	4,258	5,215	5,083	5,955	6,146	6,230	19,511	23,414	5,580	7%
YoY Change (%)	-29.3	-43.0	-43.2	-25.3	-4.5	26.2	44.4	19.5	-35.6	20.0	18.3	
Gross Margin (%)	42.9%	41.9%	41.8%	43.6%	42.2%	40.5%	40.8%	41.0%	42.6%	41.1%	41.7%	-1.2%
EBITDA	1,519	1,044	924	1,322	1,218	1,429	1,505	1,523	4,809	5,675	1,344	6%
Margin (%)	28.5	22.1	21.7	25.4	24.0	24.0	24.5	24.4	24.6	24.2	24.1	-0.1
Depreciation	117	144	147	153	117	124	130	145	561	516	159	
Interest	6	7	5	5	4	4	6	9	23	23	6	
Other Income	145	172	174	226	241	217	221	228	717	908	190	
PBT before EO expense	1,540	1,064	946	1,391	1,338	1,518	1,590	1,597	4,941	6,043	1,369	11%
Extra-Ord expense	0	0	0	6	0	0	0	0	6	0	0	
PBT	1,540	1,064	946	1,385	1,338	1,518	1,590	1,597	4,935	6,043	1,369	11%
Tax	397	270	249	342	348	387	401	399	1,259	1,535	346	
Rate (%)	25.8	25.4	26.4	24.7	26.0	25.5	25.2	25.0	25.5	25.4	25.2	
Reported PAT	1,142	794	697	1,043	990	1,131	1,189	1,198	3,676	4,508	1,023	11%
Adj PAT	1,142	794	697	1,047	990	1,131	1,189	1,198	3,680	4,508	1,023	11%
YoY Change (%)	-27.4	-51.6	-46.9	-24.2	-13.3	42.5	70.7	14.4	-37.7	22.5	28.9	
Margin (%)	21.5	16.8	16.4	20.1	19.5	19.0	19.3	19.2	18.9	19.3	18.3	0.7



India Cements

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR361 TP: INR310 (-14%) Sell

Volume improves QoQ, but weak realization dents earnings

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	111.9 / 1.3
52-Week Range (INR)	386 / 173
1, 6, 12 Rel. Per (%)	4/63/44
12M Avg Val (INR M)	1570

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	42.3	48.2	52.9
EBITDA	-2.6	3.8	6.2
Adj. PAT	-6.0	-0.5	1.5
EBITDA Margin (%)	-6.1	8.0	11.7
Adj. EPS (INR)	-19.3	-1.7	4.9
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	160.6	158.9	163.8

Ratios

Net D:E	0.5	0.5	0.4
RoE (%)	-11.5	-1.1	3.1
RoCE (%)	-4.6	2.1	4.7
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	Loss	Loss	74.5
P/BV (x)	2.3	2.3	2.2
EV/EBITDA(x)	n/m	36.0	21.8
EV/ton (USD)	113	112	109
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	28.4	28.4	28.4
DII	6.1	5.9	10.0
FII	16.2	17.6	13.4
Others	49.4	48.1	48.1

FII Includes depository receipts

- India Cements (ICEM) reported an operating loss of INR1.6b (vs. estimated loss of INR490m) in 2QFY25. Sales volume dipped ~3% YoY to 2.3mt (~30% above our estimate), while blended realization declined 14% YoY to INR4,416 (10% below our estimate). ICEM's net loss widened to INR2.5b (estimated loss of INR1.3b) vs. a net loss of INR814m in 2QFY24.
- The company's capacity utilization improved to 59% in 2QFY25 vs. 50% in 1QFY25. However, a sharp decline in cement prices led to higher operating loss. Industry demand growth stood at ~2% in 1HFY25 vs. ~10% in 1HFY24. Weak demand growth resulted in higher competition, leading to pricing pressure in the industry. A steep decline in NPR hurt margins. The company has maintained a blended cement mix of 60%. Management expects cement demand to pick up in 2HFY25, evident from the ~7% growth in Sep'24.
- It is already known that the promoter and the promoter group of ICEM have agreed to sell their stake to UTCEM in Jul'24. UTCEM's management, in its earnings concall, highlighted that the deal is pending regulatory approvals. We value ICEM at a replacement cost (EV/t of USD100) and arrive at our TP of INR310. **Reiterate Sell.**

Volume declines ~3% YoY and realization dips ~14% YoY

- ICEM's revenue declined 17% YoY to INR10.2b in 2QFY25 (~17% beat), led by higher sales volume at 2.3mt (~30% above our est.), which declined 3% YoY. Blended realization/t declined ~14%/11% YoY/QoQ to INR4,416 (10% miss).
- Opex/t remained flat YoY, led by a 1% drop in variable cost/t. Other expenses and freight costs per tonne were up 5% and 1% YoY, respectively. ICEM reported an operating loss of INR1.6b vs. EBITDA of INR81m in 2QFY24. Finance costs rose 23% YoY and 'Other Income' was up 64% YoY. It reported a net loss of INR2.5b vs. a net loss of INR814m in 2QFY24.
- In 1HFY25, revenue declined 24% YoY to INR19.9b. Operating loss stood at INR1.9b (vs. EBITDA of INR131m in 1HFY24). Net loss stood at INR3.6b (vs. a net loss of INR1.6b in 1HFY24). Volume/realization declined 15%/10% YoY. We estimate its revenue to decline ~4% YoY in 2HFY25 and operating loss to be INR646m (vs. an EBITDA of INR959m in 2HFY24). We estimate a net loss of INR2.3b in 2HFY25 vs. a net loss of INR780m in 2HFY24.

Valuation and view

- ICEM's operating performance was hit in the past few quarters amid volume loss, weak cement prices in its core markets, and higher production costs. Due to the recurring losses, working capital constraints, and higher net debt, the promoter (including the promoter group) agreed to sell the entire stake to UTCEM. We continue to monitor the progress on regulatory approvals and merger with UTCEM.
- ICEM's net loss estimate has widened for FY25 due to underperformance in 2QFY25 and continuing pricing pressure. We retain our earnings estimates for FY26/27. We value ICEM at a replacement cost (EV/t of USD100) and arrive at our TP of INR310. **Reiterate Sell.**

Standalone quarterly performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	
Sales Volumes (mt)	2.7	2.4	2.0	2.4	2.0	2.3	2.1	2.6	9.5	9.0	1.8	30
Change (YoY %)	(0.2)	5.1	(9.0)	(12.5)	(26.4)	(2.9)	5.0	8.2	(4.4)	(5.0)	(25.0)	
Realization (INR/ton)	5,225	5,157	5,450	5,112	4,954	4,416	4,691	4,796	5,226	4,709	4,893	(10)
Change (YoY %)	(3.5)	(7.4)	(2.5)	(2.5)	(5.2)	(14.4)	(13.9)	(6.2)	(3.9)	(9.9)	(5.1)	
Change (QoQ %)	(0.4)	(1.3)	5.7	(6.2)	(3.1)	(10.9)	6.2	2.2			(1.2)	
Net Sales	13.9	12.2	10.8	12.5	9.7	10.2	9.8	12.6	49.4	42.3	8.7	17
Change (YoY %)	(3.7)	(2.6)	(11.3)	(14.7)	(30.3)	(16.8)	(9.6)	1.5	(8.1)	(14.4)	(28.8)	
EBITDA	0.1	0.1	0.5	0.5	(0.3)	(1.6)	(0.8)	0.2	1.1	(2.6)	(0.5)	NM
Change (YoY %)	(83.7)	NM	NM	NM	NM	NM	NM	(61.3)	NM	NM		
Margin (%)	0.4	0.7	4.5	3.8	(3.2)	(16.1)	(8.5)	1.4	2.2	(6.1)	(5.6)	
Depreciation	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.6	2.2	2.2	0.6	(2)
Interest	0.6	0.6	0.6	0.6	0.8	0.7	0.8	0.8	2.4	3.1	0.8	(9)
Other Income	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.5	0.4	0.1	63
PBT before EO expense	(1.0)	(1.0)	(0.5)	(0.5)	(1.6)	(2.8)	(2.0)	(1.0)	(3.0)	(7.5)	(1.8)	NM
Extra-Ord. expense	-	-	(0.3)	(0.2)	(2.4)	(0.1)	-	-	(0.4)	(2.5)	-	
PBT	(1.0)	(1.0)	(0.2)	(0.3)	0.8	(2.7)	(2.0)	(1.0)	(2.5)	(5.0)	(1.8)	NM
Tax	(0.2)	(0.2)	(0.1)	(0.0)	0.2	(0.3)	(0.6)	(0.2)	(0.5)	(0.9)	(0.5)	
Rate (%)	23.9	17.6	31.3	10.9	26.6	12.6	30.0	16.6	20.5	18.2	26.6	
Reported PAT	(0.8)	(0.8)	(0.2)	(0.3)	0.6	(2.4)	(1.4)	(0.9)	(2.0)	(4.1)	(1.3)	NM
Tax	-	-	-	-	-	-	-	-	-	-	-	
Adj. PAT	(0.8)	(0.8)	(0.3)	(0.4)	(1.2)	(2.5)	(1.4)	(0.9)	(2.3)	(5.9)	(1.3)	NM
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(5.4)	(6.7)	(3.2)	(3.5)	(12.3)	(24.2)	(14.5)	(6.7)	(4.7)	(14.0)	(15.0)	

Per tonne analysis

(INR/t)

RM Cost	1,068	918	989	930	951	982	992	952	978	969	971	1
Employee Expenses	345	416	434	402	534	410	458	361	396	434	577	(29)
Power, Oil, and Fuel	2,046	1,942	1,863	1,891	1,826	1,843	1,793	1,702	1,942	1,786	1,776	4
Freight cost	1,104	1,054	1,085	1,034	1,067	1,060	1,080	1,036	1,070	1,059	1,045	1
Other Expenses	643	793	832	663	735	834	765	676	725	750	800	4
Total Expense	5,206	5,122	5,203	4,920	5,112	5,128	5,087	4,727	5,111	4,997	5,169	(1)
EBITDA	19	34	247	192	(158)	(712)	(397)	69	115	(289)	(276)	158
YoY (%)	(83.6)	NM	NM	NM	NM	NM	NM	(64.2)	NM	NM	NM	



Happy Forgings

Estimate changes	
TP change	
Rating change	

CMP: INR1,135 TP: INR1,300 (+15%) Buy

Bloomberg	HAPPYFOR IN
Equity Shares (m)	94
M.Cap.(INRb)/(USDb)	106.9 / 1.3
52-Week Range (INR)	1300 / 813
1, 6, 12 Rel. Per (%)	2/12/-
12M Avg Val (INR M)	190

Consol. Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	14.8	18.2	22.4
EBITDA	4.3	5.5	6.8
Adj. PAT	2.8	3.8	4.9
EPS (INR)	30.2	40.8	51.6
EPS growth %	17.2	34.9	26.5
BV/Sh. (INR)	196	230	273

Ratios

RoE (%)	16.5	19.1	20.5
RoCE (%)	15.5	18.3	19.8
Payout (%)	17.0	17.0	17.0

Valuations

P/E (x)	37.6	27.9	22.0
P/BV (x)	5.8	4.9	4.2
EV/EBITDA (x)	24.4	19.2	15.3
Div. Yield (%)	0.5	0.6	0.8

Shareholding Pattern (%)

As On	Sep-24	Jun-24
Promoter	78.6	78.6
DII	17.1	16.7
FII	2.3	2.2
Others	2.0	2.5

Margin beats estimate, led by better product mix Focusing on gradually ramping up presence in Industrial segment

- Happy Forgings (HFL)'s 2QFY25 result was encouraging as it reported a healthy EBITDA margin of 29.2% (+190bp YoY, est. 28%) led by a higher mix of machining and industrial segment. Despite a muted demand outlook for its core CV division, we expect HFL to continue outperforming, driven by new order ramp-up, particularly in exports and industrials, growth in new segments such as PVs, and higher value addition.
- To account for the weakness in CVs and export geographies, we have reduced our FY26E EPS estimate by 4.5%, while FY25E remains unchanged. **Reiterate BUY with a TP of INR1,300 (premised on 28x Sep'26E EPS).**

Machining mix improves to 88% in 1HFY25 (vs 84% in 1HFY24)

- HFL's revenue/EBITDA/adj. PAT grew 5%/12%/21% YoY to INR3.6b/INR1.05b/INR0.67b (est. INR3.6b/INR0.99b/INR0.67b).
- In Q2FY24, its avg ASP was boosted by compensation towards air freight order of a customer. Adjusting for the same in the base quarter, revenue/EBITDA/PAT grew 6%/15%/24% YoY in 2QFY25.
- Finished goods volume for the quarter grew 3% YoY while realizations grew ~4% YoY. Realizations improved INR9/kg YoY in 1HFY25 despite a fall in raw material costs during this period. This growth was driven by a favorable product mix following an increase in the share of the industrials segment and higher machining mix.
- This resulted in the gross margin expansion of 350bp YoY (+230bp QoQ) to 58.8%. The machining mix was at 88% in 1HFY25, up from 84% in 1HFY24.
- However, higher other expenses (+170bp YoY/ +180bp QoQ; as a % of sales) limited the EBITDA margin expansion. The margin expanded 190bp YoY to 29.2% (est. 28%). Other expenses rose mainly due to higher logistics costs driven by geopolitical factors.
- 1HFY25 revenue/ EBITDA/ adj. PAT grew 4%/5%/9% YoY while we expect 2HFY25 to grow ~14%/20%/25%, led by a recovery in tractors demand outlook, execution of orders in industrials, and better margins.
- The operating cash flow grew 41% YoY; meanwhile, cash inflow stood at INR9.1m in 1HFY25 (vs. outflow of INR207m in 1HFY24) following the capex spend.

Highlights from the management interaction

- Outlook:** Top-line growth in the medium term is expected at around 15-18%, driven by new projects in the PV, CV, and industrial segments.
- Exports:** Direct exports currently make up 20% while 9% are indirect; this is projected to rise to 30-35% together over the next 2-3 years. Approximately 70% of orders are from global players.

- **Industrial business:** The business contributes 12-13% of the revenue and the company expects it to reach 18-20% over the next 2-3 years. Additionally, it aims to expand its product offerings and weight range to 1 ton, currently capped at 250 kg.
- **Farm equipment:** While agri segment in Europe and US is seeing a marked slowdown, HFL's outperformance in this segment is expected to be supported by healthy order inflows
- **The projected annual capex for FY25 and FY26 is INR2-2.5b**, primarily focused on expanding machining capacity and product development in key growth segments. Utilization of the 14k ton press line currently stands at 50-55%, and the company aims to increase this to 70% by next year.

Valuation & view

- Given its stable performance in CVs and healthy outlook for domestic tractors, we expect HFL to continue to perform well. Further, its healthy order wins in the Industrials and Exports segments will contribute to an improved mix. HFL's superior financial track record relative to peers serves as a testament to its inherent operational efficiencies and is likely to be a key competitive advantage going forward.
- To account for the weakness in CVs and export geographies, we have reduced our FY26E EPS estimate by 4.5%, while FY25E remains unchanged. We estimate an 18%/21%/ 26% CAGR in the standalone revenue/EBITDA/PAT during FY24-27. **We reiterate our BUY rating on the stock with a TP of INR1,300 (based on 28x Sep'26E EPS).**

Quarterly (Standalone)

	(INR M)											
	FY24				FY25E				FY24	FY25E	Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net operating income	3,298	3,431	3,420	3,433	3,415	3,611	3,830	3,988	13,582	14,844	3,568	1.2
Change (%)			16.2	13.5	3.5	5.3	12.0	16.1	13.5	9.3	4.0	
RM/Sales (%)	43.0	44.7	44.5	43.5	43.5	41.2	41.0	41.3	43.9	41.7	43.5	
Staff Cost (%)	7.5	8.5	9.0	8.6	8.5	8.5	8.7	8.6	8.4	8.6	8.9	
Other Exp. (%)	19.1	19.5	18.7	19.6	19.4	21.2	20.8	20.5	19.1	20.5	19.7	
EBITDA	1,002	938	952	971	976	1,054	1,130	1,181	3,875	4,340	998	5.5
EBITDA Margins (%)	30.4	27.3	27.8	28.3	28.6	29.2	29.5	29.6	28.5	29.2	28.0	
Non-Operating Income	34	7	33	72	77	83	82	81	134	323	80	
Interest	27	44	38	9	14	16	14	14	118	57	15	
Depreciation	155	162	171	160	180	197	200	207	647	783	182	
EO Exp						-48						
PBT after EO items	855	738	777	875	859	973	998	1,042	3,244	3,823	881	
Tax	214	185	198	217	220	259	254	242	814	975	226	
Eff. Tax Rate (%)	25.1	25.1	25.5	24.8	25.6	26.6	25.5	23.2	25.1	25.5	25.6	
Rep. PAT	640	553	579	658	639	714	743	800	2,430	2,848	655	
Change (%)			39.2	29.7	-0.3	29.3	28.4	21.6	18.3	17.2	18.6	
Adj. PAT	640	553	579	658	639	666	743	800	2,430	2,848	655	1.7
Change (%)			39.2	29.7	-0.3	20.6	28.4	21.6	16.4	17.2	18.6	

E: MOFSL Estimates



JK Lakshmi Cement

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR766 TP: INR880 (+15%) BUY

Miss on estimates; weak realization a key challenge

Expects industry volume growth at ~4-5% YoY in FY25

Bloomberg	JKLC IN
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	90.2 / 1.1
52-Week Range (INR)	1000 / 709
1, 6, 12 Rel. Per (%)	-1/-11/-24
12M Avg Val (INR M)	223

- JK Lakshmi Cement (JKLC)'s 2QFY25 earnings were below our estimates due to lower-than-estimated volume and higher-than-estimated opex/t. JKLC's consol. EBITDA declined 59% YoY to INR893m and EBITDA/t dipped 55% to INR360. It posted a net loss of INR140m vs. a PAT of INR927m in 2QFY24.
- Management indicated that 2QFY25 was a challenging quarter due to sluggish demand and depressed pricing. The company maintained its market share in its core markets, while due to weak pricing, JKLC cut volumes in its non-core markets since those were not profitable. Management expects industry volume growth at ~4-5% in FY25 and believes the company's growth will align with the industry in 2HFY25. Its capacity expansion plans remain intact, but the expected timelines of commissioning have been extended by six months.
- We cut our EBITDA estimates by ~15%/10-11% for FY25/FY26-27 due to lower volumes and margin estimates. We estimate EPS to decline in FY27 due to higher depreciation and interest costs, given the expected commissioning of its Durg expansion. We **reiterate our BUY rating** on the stock and value it at 10x Sep'26E EV/EBITDA (in line with its long-term average valuation) to arrive at our revised TP of INR880 (vs. INR970 earlier).

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	62.7	72.3	81.5
EBITDA	8.1	11.4	13.3
Adj. PAT	2.6	4.7	4.6
EBITDA Margin (%)	12.9	15.8	16.4
Adj. EPS (INR)	22.3	40.2	38.9
EPS Gr. (%)	-43.6	80.2	-3.3
BV/Sh. (INR)	287	321	354

Ratios

Net D:E	0.6	0.5	0.8
RoE (%)	8.0	13.2	11.5
RoCE (%)	6.4	9.4	9.2
Payout (%)	21.0	15.8	16.9

Valuations

P/E (x)	34.3	19.0	19.7
P/BV (x)	2.7	2.4	2.2
EV/EBITDA(x)	13.0	10.1	8.9
EV/ton (USD)	72	70	65
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	-3.2	1.5	-10.3

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	46.3	46.3	46.3
DII	25.0	25.4	27.6
FII	11.5	11.3	10.5
Others	17.2	17.0	15.5

FII Includes depository receipts

Sales volume dips 9% YoY; realization/t drops 14% YoY

- Consolidated revenue/EBITDA stood at INR12.3b/INR893m (down 22%/59% YoY and down 13%/42% vs. our estimate) in 2QFY25. JKLC posted a net loss of INR140m vs. a PAT of INR927m in 2QFY24. Sales volume dipped 9% YoY to 2.48mt. Realization was down 14% YoY/3% QoQ to INR4,983/t (-1% vs. est.).
- Opex/t declined 7% YoY, driven by a 17%/1% decline in variable/freight cost. Other expenses/employee cost per tonne increased 13%/16% YoY. OPM contracted 6.6pp YoY to ~7% and EBITDA/t declined 55% YoY to INR360 in 2QFY25. Depreciation/finance costs increased 32%/28% YoY. Other income was down 40% YoY.
- JKLC's 1HFY25 consol. revenue/EBITDA/PAT stood at INR28.0b/INR3.1b/INR563m (down 15%/25%/67% YoY). Volume/realization declined 4%/11% YoY. EBITDA/t dipped 21% YoY to INR565 and OPM contracted 1.4pp YoY to ~11%. Based on our estimate, the implied revenue is likely to be flat YoY in 2H, while EBITDA/PAT may decline ~23%/30% due to weak pricing. We estimate ~7% YoY volume growth and EBITDA/t of INR740 vs. INR1,030 in 2HFY24.

Highlights from the management commentary

- Cement demand growth was muted in 1H due to the elections and monsoons. Management expects industry demand growth of ~4%/9-10% in 3Q/4QFY25.
- The cement price decline was higher in the East, West, and North, while the price drop in the South and Northeast was least during the quarter. Prices were stable in Oct'24 and management expects prices to improve with a likely recovery in demand post-festivals.
- Average fuel cost stood at INR1.62/kcal vs. INR1.63/Kcal in 1QFY25. Green power share is likely to increase to ~48-49% by FY25-end vs. ~47% currently.

Valuation and view

- JKLC's 2QFY25 performance was significantly below our estimates due to lower volumes and depressed pricing. Further, negative operating leverage hurt margins. However, variable costs declined due to lower fuel costs and higher usage of green energy. JKLC is continuing its Durg expansion and is expected to commission capacities in a phased manner during FY27.
- Given the accelerated capex plans, we estimate JKLC's net debt to mount to INR33b from INR22b as of Sep'24. The net debt-to-EBITDA ratio is expected to remain stable at 2.5x. The stock trades at 10x/9x FY26E/FY27E EV/EBITDA. We value JKLC at 10x Sep'26E EV/EBITDA to arrive at our TP of INR880 (vs. INR970 earlier). **Reiterate BUY.**

Quarterly performance (consolidated)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	(%)	
Sales Volumes (mt)	3.04	2.73	2.96	3.26	3.04	2.48	3.05	3.61	11.99	12.17	2.79	(11)
YoY Change (%)	1.2	12.3	7.6	0.9	0.0	(9.3)	2.9	10.6	5.0	1.5	2.3	
Net Sales	17.3	15.7	17.0	17.8	15.6	12.3	15.4	19.3	67.9	62.7	14.1	(13)
YoY Change (%)	4.6	14.6	9.0	(4.4)	(9.6)	(21.6)	(9.4)	8.5	5.2	(7.6)	(10.4)	
EBITDA	2.0	2.2	3.0	3.4	2.2	0.9	1.7	3.2	10.5	8.1	1.5	(42)
YoY Change (%)	(23.6)	32.5	63.1	44.6	13.3	(58.9)	(42.3)	(4.9)	25.4	(23.4)		
Margin (%)	11.3	13.8	17.7	18.9	14.2	7.2	11.3	16.6	15.5	12.9	10.9	(363)
Depreciation	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	2.5	3.0	0.7	4
Interest	0.3	0.3	0.4	0.4	0.5	0.4	0.4	0.5	1.5	1.8	0.5	(14)
Other Income	0.1	0.1	0.2	0.3	0.1	0.1	0.1	0.2	0.7	0.5	0.2	(63)
PBT before EO expense	1.2	1.4	2.1	2.5	1.2	(0.2)	0.7	2.1	7.2	3.8	0.5	(138)
Extra-Ord. expense	-	-	(0.1)	-	-	-	-	-	(0.1)	-	-	
PBT	1.2	1.4	2.2	2.5	1.2	(0.2)	0.7	2.1	7.3	3.8	0.5	(138)
Tax	0.4	0.5	0.7	0.9	0.5	(0.1)	0.3	0.6	2.4	1.3	0.2	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.7	32.0	32.7	35.1	43.6	46.2	46.2	28.8	33.4	35.6	33.2	
Reported PAT	0.8	1.0	1.5	1.6	0.7	(0.1)	0.4	1.5	4.9	2.4	0.4	(130)
Minority Interest	0.0	0.0	0.1	0.1	(0.1)	0.0	(0.1)	(0.1)	0.2	(0.2)	0.1	
Adj. PAT	0.8	0.9	1.4	1.6	0.7	(0.1)	0.4	1.6	4.7	2.6	0.3	(153)
YoY Change (%)	(29.4)	51.9	80.1	42.7	(10.4)	(115.1)	(69.4)	4.7	29.9	(43.6)	(71.8)	
Per ton analysis (INR)												
Net realization	5,699	5,763	5,753	5,459	5,149	4,983	5,063	5,354	5,662	5,155	5,049	(1)
RM Cost	1,385	1,255	1,066	1,140	1,269	1,047	1,040	1,172	1,210	1,138	1,269	(17)
Employee Expenses	357	382	370	292	334	444	364	312	348	357	398	12
Power, Oil, and Fuel	1,508	1,574	1,492	1,273	1,127	1,295	1,280	1,236	1,455	1,232	1,107	17
Freight and Handling Outward	1,131	1,094	1,117	1,064	1,038	1,086	1,096	1,081	1,101	1,075	1,038	5
Other Expenses	672	663	687	658	650	751	711	665	670	690	690	9
Total Expenses	5,053	4,968	4,732	4,428	4,417	4,623	4,491	4,467	4,784	4,492	4,501	3
EBITDA	646	795	1,021	1,032	732	360	572	887	878	662	548	(34)

Source: Company, MOFSL



Equitas Small Finance

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR69 TP: INR80 (+17%) Buy

PPoP in line; provisioning surge drives big earnings miss

Margin contracts 28bp QoQ

Bloomberg	EQUITASB IN
Equity Shares (m)	1138
M.Cap.(INRb)/(USDb)	78.2 / 0.9
52-Week Range (INR)	117 / 66
1, 6, 12 Rel. Per (%)	-4/-35/-53
12M Avg Val (INR M)	444

- Equitas SFB (EQUITASB) reported 2QFY25 PAT of ~INR129m (-93.5% YoY; 93% miss on MOFSLe) as the bank made additional provision of INR1.46b toward the MFI segment (INR1b toward SMA 1&2 advances and INR456m toward an additional NPA provision).
- NII grew 4.8% YoY to INR8.02b (3% miss). Margins moderated 28bp QoQ to 7.69%.
- Business growth was healthy with Advances growing 18% YoY/6.4% QoQ and Deposits at 29% YoY/6.2% QoQ. CASA mix moderated 67bp QoQ to 30.6%.
- Slippages were elevated, with fresh slippages increasing to INR5b/6.5% due to stress in the MFI business. GNPA/NNPA increased 22bp/14bp QoQ to 2.95%/0.97%. PCR moderated to 67.7%.
- We cut our FY25E/FY26E EPS by 44%/18% and estimate FY26E RoA/RoE of 1.4%/12.8%. **Reiterate BUY with a TP of INR80 (1.4x FY26E ABV).**

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	30.8	33.7	41.0
OP	13.8	14.7	18.8
NP	8.0	3.6	8.3
NIM (%)	8.5	7.5	7.4
EPS (INR)	7.1	3.1	7.3
BV/Sh. (INR)	53	54	60
ABV/Sh. (INR)	50	52	57

Ratios

RoA (%)	2.0	0.7	1.4
RoE (%)	14.4	5.9	12.8

Valuations

P/E(X)	9.7	22.0	9.4
P/BV (X)	1.3	1.3	1.1
P/ABV (X)	1.4	1.3	1.2

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	0.0	0.0	0.0
DII	43.7	45.4	43.9
FII	16.9	19.7	18.2
Others	39.4	34.9	37.9

FII includes depository receipts

Asset quality deteriorates sharply; business growth healthy

- EQUITASB reported a PAT of ~INR129m (-93.5% YoY; 93% miss on MOFSLe) as the bank made an additional provision of INR1.46b in MFI advances. In 1HFY25, earnings declined 90% YoY to INR386m (~INR3.2b for 2HFY25; implying a 22% decline).
- NII grew 4.8% YoY to INR8.02b (in-line). Margins moderated 28bp QoQ to 7.69%. Other income grew 31.7% YoY (up 14.5% QoQ) to INR 2.4b (8% beat). Treasury income stood at 460m vs 290m in 1QFY25.
- Opex grew 12% YoY at INR6.9b (in-line), leading to a stable C/I ratio of 66.4%. PPoP, thus, stood in-line at INR3.5b (up 6% YoY/2.7% QoQ).
- Advances grew 18% YoY (up 6.4% QoQ) to INR339.6b, led by healthy traction across segments, barring MFI, as management took a cautious step amid the rising stress in the segment.
- Disbursements stood at INR48.5b in 2QFY25 (down 2.2% YoY, up 20.4% YoY) with the vehicle business growing at 10.7% YoY. The share of MFI AUM decreased to 15.6% from 17.1% in 1QFY25. Management guided for continued stress in the MFI portfolio and aims to lower the segment share over the medium term.
- Deposits grew healthy at 29% YoY/6.2% QoQ to INR398.6b. CASA mix moderated 67bp QoQ to 30.6%. CD ratio remained stable at ~85% in 2QFY25.
- On the asset quality front, slippages were elevated at INR5b (up 97% YoY) due to stress in the MFI business. GNPA/NNPA increased 22bp/14bp QoQ to 2.95%/0.97%. PCR moderated to 67.7%.
- Credit cost for the MFI portfolio has moved up significantly to 10.18%. The overall credit cost for the bank (excluding the one-time floating provision), stands at 2.59%.

Highlights from the management commentary

- Provisioning of ~INR1.46b toward Microfinance was made during the quarter:
 - The bank has further strengthened its IRAC provisioning in Microfinance, which has led to additional provisions of ~ INR456m.
 - A one-time additional stress sector provisioning of ~INR1b was proactively created during the quarter for MFI. This translates to about 50% of 31-90 DPD of MFI portfolio as of 2QFY25.
- In MSE Finance, NPA increased due to one account of INR300m that slipped into 2Q; however, this is expected to be recovered in 3Q.
- Disbursement in MFI has slowed down in the coming quarter. In 3 to 4 years, the MFI mix will be in single digits and personal loan and credit card will fill the balance.

Valuation and view: Reiterate BUY with a TP of INR80

- EQUITASB reported a weak quarter, characterized by a sharp rise in the slippage run-rate and a further 28bp QoQ contraction in margins. Deposit growth remained healthy, led by strong growth in retail term deposits, although the CASA mix moderated further. Asset quality deteriorated further due to higher slippages and lower recoveries. The bank is witnessing higher stress due to the overleveraging of MFI customers. It aims to reduce the MFI mix and replace it with personal loans and credit cards in 3-4 years, targeting to achieve an overall unsecured loan mix of ~20%. We cut our FY25E/FY26E EPS by 44%/18% and estimate FY26E RoA/RoE of 1.4%/12.8%. **Reiterate BUY with a TP of INR80 (1.4x FY26E ABV).**

Quarterly performance

Y/E March	(INR m)											
	FY24				FY25E				FY24	FY25E	FY25E	v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Interest Income	12.5	13.6	14.3	14.4	15.0	15.5	16.7	18.2	54.9	65.5	16	3%
Interest Expense	5.1	5.9	6.4	6.6	7.0	7.5	8.2	9.1	24.1	31.9	8	3%
Net Interest Income	7.4	7.7	7.9	7.9	8.0	8.0	8.5	9.1	30.8	33.7	8	-3%
% Change (YoY)	28.0	25.6	21.3	11.2	7.9	4.8	8.5	15.8	21.0	9.3	7.5	
Other Income	1.7	1.8	2.1	2.4	2.1	2.4	2.4	2.7	8.0	9.5	2	8%
Total Income	9.1	9.5	9.9	10.3	10.1	10.4	10.9	11.8	38.8	43.2	10	0%
Operating Expenses	6.0	6.2	6.3	6.5	6.7	6.9	7.3	7.6	25.0	28.5	7	0%
Operating Profit	3.1	3.3	3.6	3.7	3.4	3.5	3.6	4.1	13.8	14.7	4	0%
% Change (YoY)	16.4	36.3	29.1	-3.0	9.1	5.9	1.1	9.8	17.1	6.4	6.0	
Provisions	0.6	0.6	0.8	1.1	3.0	3.3	2.0	1.6	3.1	9.9	1	200%
Profit before Tax	2.5	2.7	2.8	2.7	0.4	0.2	1.7	2.5	10.6	4.8	2	-92%
Tax	0.6	0.7	0.7	0.6	0.1	0.1	0.4	0.6	2.6	1.2	1	-88%
Net Profit	1.9	2.0	2.0	2.1	0.3	0.1	1.2	1.9	8.0	3.6	2	-93%
% Change (YoY)	97.1	70.2	18.7	9.3	-86.5	-93.5	-38.4	-6.9	39.3	-55.4	-9.3	
Operating Parameters												
AUM	296	312	328	343	349	361	398	419	343	419	361	
Deposits	277	308	324	361	375	399	417	441	361	441	399	
Loans	275	288	292	310	319	340	359	378	310	378	340	
AUM Growth (%)	36	37	32	23	18	15	21	22	23	22	15	
Deposit Growth (%)	36	42	38	42	35	29	29	22	42	22	29	
Loan Growth (%)	34	32	25	20	16	18	23	22	20	22	18	
Asset Quality												
Gross NPA (%)	2.8	2.3	2.5	2.6	2.7	3.0	3.1	3.2	2.6	3.2	2.7	
Net NPA (%)	1.2	1.0	1.1	1.2	0.8	1.0	0.9	1.1	1.2	1.1	0.8	
PCR (%)	57.8	57.7	56.0	56.1	70.3	67.7	71.4	65.5	56.1	65.5	70.8	

E: MOFSL Estimates



Indigo Paints

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	INDIGOPN IN
Equity Shares (m)	48
M.Cap.(INRb)/(USDb)	73.1 / 0.9
52-Week Range (INR)	1720 / 1250
1, 6, 12 Rel. Per (%)	8/2/-17
12M Avg Val (INR M)	378

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	14.2	16.3	18.7
Sales Gr. (%)	9.0	14.5	15.0
EBITDA	2.5	2.9	3.4
EBIT Margin (%)	17.3	18.0	18.1
Adj. PAT	1.5	1.8	2.1
Adj. EPS (INR)	31.3	36.9	43.3
EPS Gr. (%)	1.1	17.8	17.4
BV/Sh.(INR)	215.3	244.5	288.1

Ratios

RoE (%)	15.5	16.0	16.3
RoCE (%)	15.2	15.8	16.1

Valuation

P/E (x)	48.9	41.5	35.4
P/BV (x)	7.1	6.3	5.3
EV/EBITDA (x)	28.7	24.1	20.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	53.9	53.9	54.0
DII	16.1	1.1	2.3
FII	12.3	8.3	8.8
Others	17.6	36.7	35.0

FII Includes depository receipts

CMP: INR1,534 TP: INR1,750 (+14%) Buy

In-line revenue; watchful for demand pickup in 2HFY25

- Indigo Paints' (INDIGOPN) standalone sales growth stood at 7% YoY in 2QFY25 (6% in 1QFY25, 18% in FY24) due to subdued industry demand (1% down in 1HFY25). Apple Chemie (subsidiary) clocked robust sales growth of 28% YoY. Consolidated sales rose 7% YoY to INR3.0b (in line).
- Consolidated GM contracted 190bp YoY/290bp QoQ to 43.7% (est. 46.1%) due to price cuts in 2HFY24. Employee costs increased 17% YoY (+80bp), while other expenses remained flat YoY. EBITDA margin dipped by 120bp YoY/140 QoQ to 13.9% (est. 14.7%).
- The company expects the low demand scenario to end in 3Q, with a sharp rebound to normal growth rates in the seasonally favorable quarters. We model 10% revenue and 7% EBITDA growth in 2HFY25.
- The management indicates that the paint industry is growing at an 8-9% CAGR, with a market size of INR600b. The entry of new players will not impact the company's growth materially due to the large market opportunity, noted the management. The company adds 1,200-1,500 tinting machines annually, taking the total to 10,555. However, 65% of the company's portfolio does not require a tinting machine.
- INDIGOPN is sustaining its growth outperformance vs. peers and successfully executing its strategy of combating competition. Industry growth has been weak over the last 6-9 months. We are watchful for a possible trend reversal in 2HFY25. We reiterate our **BUY rating with a TP of INR1,750**, considering its growth outperformance, synergies with Apple Chemie, consistent capacity & distribution expansion, and its favorable valuation multiples vs. peers.

In-line sales, miss on margin

Consolidated

- **Slow but in-line sales growth** - Net sales grew by 7% YoY to INR2,995m (est. INR2,972m). Standalone revenue rose 7% YoY to INR2,939m. Apple Chemie delivered sales growth of 28% YoY to INR110m in 2QFY25.
- **Category-wise growth** - Putty and cement paints posted value and volume growth of 3% each. Enamels and wood coatings saw 4% volume growth and 3.6% value growth. Emulsion clocked strong volume/value growth of 7% each. Primer and distempers saw volume growth of 7% and value growth of 14%.
- **Miss on margin** - Gross margin contracted 190bp YoY and 290bp QoQ to 43.7% (est. 46.1%). As a percentage of sales, employee costs increased by 80bp YoY to 9.9%, while other expenses contracted 140bp YoY to 19.9%. EBITDA margin contracted 120bp YoY and 140bp QoQ to 13.9% (est. 14.7%), the lowest in eight quarters.
- **EBITDA/PBT/PAT declined**: EBITDA declined by 2% YoY to INR415m (est. INR437m). Higher depreciation (36% up) led to PBT decline of 9% YoY to INR306m (est. INR311m). APAT fell 11% YoY to INR226m (est. INR230m).
- **In 1HFY25**, net sales grew 8% YoY, while EBITDA/APAT declined 3%/13%.

Highlights from the management commentary

- The industry is facing weak demand, with growth falling short of expectations. Jul'24 was a strong month, but demand dropped in Aug'24 and Sep'24, which led to slow 2Q growth.
- The company's pricing is now 3-3.5% lower than a year ago, leading to a slight drop in gross margin.
- PAT margin moderated primarily due to higher depreciation on account of the new plant in Tamil Nadu. It will be in the base from 3Q onward.
- Margins of Apple Chemie were impacted significantly by an adverse product mix, but they are expected to improve significantly in the upcoming quarters.
- It added 345 tinting machines, taking the total to 10,555 in 2QFY25.
- The Indian paint industry is valued at INR600b and is growing at an annual rate of 8-9%.

Valuation and view

- There are no material changes in our estimates for FY25 and FY26.
- Indigo's strategic shift to focusing on non-metro towns and increased investments in distribution and influencers as part of its Strategy 2.0 are proving to be a successful endeavor, as evidenced by its outperformance to industry growth by 3x-4x for the two consecutive quarters.
- Given the relatively small scale of INDIGOPN (INR13b revenue in FY24) in the large paints industry, the company has been able to grow much faster than the industry. Consumers' rising acceptance of the brand and the expansion of distribution have been driving its outperformance. However, the changing competitive landscape will be a key monitorable. We reiterate our BUY rating with a revised TP of INR1,750 (40x Sep'26E EPS).

Consolidated Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	2,884	2,790	3,538	3,849	3,110	2,995	3,891	4,240	13,061	14,236	2,972	0.8%
Change (%)	28.8	15.0	25.8	18.3	7.8	7.4	10.0	10.2	21.7	9.0	6.5	
Raw Material/PM	1,519	1,519	1,833	1,968	1,661	1,686	2,082	2,216	6,839	7,645	1,602	
Gross Profit	1,365	1,271	1,705	1,881	1,449	1,309	1,810	2,024	6,222	6,591	1,370	-4.4%
Gross Margin (%)	47.3	45.6	48.2	48.9	46.6	43.7	46.5	47.7	47.6	46.3	46.1	
EBITDA	491	421	622	846	474	415	658	916	2,381	2,463	437	-4.9%
Margin (%)	17.0	15.1	17.6	22.0	15.2	13.9	16.9	21.6	18.2	17.3	14.7	
Change (%)	39.2	24.8	53.5	17.9	-3.5	-1.5	5.7	8.3	31.1	3.4	3.6	
Interest	5	6	6	5	6	7	6	4	21	23	6	
Depreciation	101	113	146	156	152	154	155	156	516	617	160	
Other Income	38	32	31	42	42	51	50	42	142	185	40	
PBT	423	335	501	727	357	306	546	798	1,986	2,007	311	-1.6%
Tax	108	81	125	183	90	83	137	193	497	502	77	
Effective Tax Rate (%)	25.6	24.3	25.0	25.1	25.3	27.2	25.0	24.1	25.0	25.0	24.8	
Adjusted PAT	310	253	373	537	262	226	413	588	1,474	1,490	230	-1.5%
Change (%)	55.9	22.1	41.9	10.3	-15.6	-10.6	10.8	9.6	27.4	1.1	-9.3	

E: MOFSL Estimates



DreamFolks

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR462 TP: INR520 (+12%) Buy

Navigating through turbulence

Dark clouds over revenue guidance

Bloomberg	DREAMFOL IN
Equity Shares (m)	53
M.Cap.(INRb)/(USD\$)	24.5 / 0.3
52-Week Range (INR)	582 / 421
1, 6, 12 Rel. Per (%)	4/-19/-33
12M Avg Val (INR M)	141

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	13.1	15.1	18.0
EBIT	0.9	1.3	1.5
NP	0.7	1.0	1.2
EPS (INR)	13.3	18.9	22.4
EPS growth (%)	6.1	42.1	18.8
BV/Sh (INR)	58.4	77.9	101.0

Ratios

RoE (%)	26.6	28.6	25.9
RoCE (%)	24.6	26.1	23.8

Valuations

P/E (x)	34.8	24.5	20.6
P/BV (x)	7.9	5.9	4.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.0	66.0	66.0
DII	7.9	9.3	6.1
FII	3.6	3.9	5.6
Others	22.6	20.8	22.2

FII Includes depository receipts

■ DreamFolks (DFS) posted a revenue growth of 12.2% YoY/down 1.2% QoQ to INR3.2b below our estimate of INR3.5b. Gross profit grew 7.1% YoY/4.2% QoQ to INR392m, with a gross margin of 12.4% (flat YoY/up 70bp QoQ). EBIT margin came in at 7.0%, down 130bp YoY/up 10bp QoQ. Consolidated PAT was INR160m (down 9.3% / 6.5% YoY/QoQ) below our estimate of INR238m, with a PAT margin of 5.1%. The company's revenue/EBITDA/PAT grew 10%/13%/14% in 1HFY25 vs. 1HFY24. We expect its revenue/EBITDA/PAT to grow 14%/0.5%/4.0% YoY in 2HFY25. **We reiterate our BUY rating** on Dreamfolks with a TP of INR520, implying a 12% potential upside.

■ **Structural challenges could hurt growth in the near term:** While DFS commands a dominant market share, accounting for ~68% of total lounge access volumes across both domestic and international terminals in FY24, recent changes in credit card spend criteria could derail the growth story in the short to medium term.

■ Management has pulled back its FY25 growth guidance, and commentary suggests weakness could persist going into FY26E as well. We cut our revenue estimates by ~15% for FY26 to reflect the near-term issues as well as slower growth in passenger traffic than expected.

■ **DFS maintained its FY25 margin guidance** of 11-13% for gross margins and 7-9% for EBITDA margins. We believe margins would come under pressure as well as growth suffers.

■ **That said, over the long term, DFS will be the direct beneficiary of the growth in the lounge market going ahead.** However, we see near-term headwinds hindering the growth. Thus, we cut our EPS estimates by 19.9%/14.5%/12.6% for FY25E/FY26E/FY27E. We value DFS at INR520 per share (12% upside), assigning 25x to our Sep'26E EPS.

Miss on revenue and margins; pax volumes decline owing to spend-based programs

- DFS' 2QFY25 revenue dipped 1.2% QoQ but rose 12.2% YoY to INR3.2b, below our estimate of INR3.5b, largely due to a 4.1% YoY drop in pax count to 2.6m.
- DFS's revenue split was 75% domestic and 25% international in this quarter.
- EBITDA was down 5.0% YoY but inched up 0.8% QoQ to INR231m in 2QFY25, below our estimate of INR316m. EBITDA margin stood at 7.3%, down 130bp/20bp YoY/QoQ.
- Domestic passenger traffic was flat QoQ to 39.2m against 40.2m in 1QFY25.
- EBIT stood at INR 222m (down 5.3% YoY), with an EBIT margin of 7.0% (down 130bp YoY/up 10bp QoQ).
- Consolidated PAT was INR160m (down 9.3%/6.5% YoY/QoQ) below our estimate of INR238m, with a PAT margin of 5.1%.
- Credit cards in circulation increased 14.1% YoY to 106.1m, vs. 103.8m in 1QFY25, while the average spending per credit card increased by 2.8% YoY to INR49.1k in 2QFY25.

Key highlights from the management commentary

- DFS entered into highway lounge services. This is anticipated to be accessible at over 600 establishments located along national highways, covering 60 highways. This model is asset-light, similar to the airport lounge model, and involves partnerships with F&B outlets.
- The increase in spend limits by issuers may impact the company's revenue growth projections of 20% for FY25. The company is closely monitoring these changes and expects it will take a year to fully factor them into projections.
- DreamFolks' pax decelerated QoQ by 4.1% to reach 2.6m, due to the implementation of spend-based programs by banks. The rise in spend limits by issuers may impact the company's revenue growth projections of 20% for FY25.
- Services outside of India's airport lounges contributed 6.7% to revenue in Q2FY25, up from 5.5% in Q2FY24. The company maintains its guidance of generating 20% of its revenue from non-lounge services over the next 4-5 years. DreamFolks is working with enterprises, airlines, and e-commerce companies, in addition to lounge providers, to drive this growth.
- The company's guidance for gross margin remains intact, and is expected to remain within the range of 11% to 13%.

Valuation and view

- India's airport lounge market is still in its early stages, with the number of users expected to grow exponentially in the coming years. DFS will be the direct beneficiary of the growth in the lounge market going ahead. However, we see near-term headwinds hindering the growth. Thus, we cut our EPS estimates by 19.9%/14.5%/12.6% for FY25E/FY26E/FY27E. We value DFS at INR520 per share (12% upside), assigning a 25x to our Sep'26E EPS. **Reiterate BUY.**

Consolidated - Quarterly performance

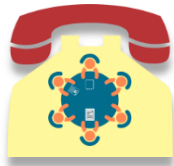
Y/E March	FY24				FY25E				FY24	FY25E	Est. 2QFY25	Var (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	2,663	2,825	3,051	2,811	3,208	3,169	3,367	3,333	11,350	13,077	3,475	-8.8
YoY Change (%)	66.2	65.0	49.5	18.2	20.5	12.2	10.4	18.6	46.8	15.2	23.0	-1,080bp
GPM (%)	10.7	12.4	12.5	12.5	11.7	12.4	12.0	12.0	12.0	12.0	13.0	
Employee benefit expenses (%)	2.8	2.6	2.4	2.3	3.2	3.6	3.0	2.8	10.0	12.6	2.6	38.4
EBITDA	176	243	274	246	229	231	259	263	939	982	316	-27.0
Margins (%)	6.6	8.6	9.0	8.8	7.1	7.3	7.7	7.9	8.3	7.5	9.1	-180bp
Depreciation	8.6	9.2	9.7	9.6	9.0	9.3	11.8	11.7	37.0	41.7	12.2	-23.5
EBIT	168	234	264	237	220	222	247	252	902	940	304	
Margins (%)	6.3	8.3	8.7	8.4	6.9	7.0	7.4	7.6	7.9	7.2	8.8	
Interest	2	3	3	4	3	8	3	3	12	18	3	142.0
Other Income	11	5	7	11	17	8	19	18	33	62	19	-59.7
PBT	176	236	268	243	234	221	263	267	924	984	320	-30.9
Tax	47	60	68	64	63	61	67	68	238	258	82	-25.7
Rate (%)	26.4	25.3	25.2	26.4	26.8	27.4	25.5	25.5	25.8	26.3	25.5	190bp
PAT	130	177	200	179	171	160	196	199	686	726	238	-32.7
YoY Change (%)	-3.5	19.2	5.5	-29.3	32.3	-9.3	-2.3	11.0	-5.3	5.9	34.8	
Margins (%)	4.9	6.3	6.6	6.4	5.3	5.1	5.8	6.0	6.0	5.6	6.9	-180bp

Asian Paints

BSE SENSEX 79,486 S&P CNX 24,148

CMP: INR2,767

Conference Call Details



Date: 11 Nov 2024

Time: 5:00 PM

Dial-in details:

+91 22 6280 1260 /

+91 22 7115 8197

[Zoom link](#)

Financials & Valuations (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	371.5	416.6	467.8
Sales Gr. (%)	4.7	12.1	12.3
EBITDA	74.4	84.0	94.9
Margin (%)	20.0	20.2	20.3
Adj. PAT	53.0	59.3	67.0
Adj. EPS (INR)	55.3	61.8	69.8
EPS Gr. (%)	-4.6	11.8	13.0
BV/Sh. (INR)	208.6	228.4	256.0
Ratios			
RoE (%)	27.4	28.3	28.8
RoCE (%)	23.4	24.2	24.5
Valuations			
P/E (x)	50.1	44.8	39.6
P/BV (x)	13.3	12.1	10.8
EV/EBITDA (x)	34.6	30.5	26.8

Miss on all fronts

- Asian Paints reported a consol net sales decline of 5% YoY to INR80.3b (est. INR85.2b), impacted by weak demand conditions, price cuts taken last year, a shift in the mix, and increased rebates.
- Volume declined 0.5% (est. +5.5%, 1QFY25 7%) in the domestic decorative paints business.
- Weak consumer sentiments coupled with persistent rains through the quarter and floods in some parts of the country impacted consumption.
- Gross margins contracted 260bp YoY to 40.8% (est. 43%).
- Employee expenses were up 14% YoY and other expenses were flat YoY.
- EBITDA margin contracted 480bp YoY and 340bp QoQ to 15.4% (est. 17.6%).
- EBITDA declined 28% YoY to INR12.4b (est. INR15.0b).
- PBT dipped 32% YoY to INR11.1b (est. INR14.0b).
- Adj. PAT declined 29% YoY to INR8.7b (est. INR10.8b).
- In 1HFY25, net sales, EBITDA, and APAT experienced a decline of 4%/24%/27%, respectively.

Other highlights

- The company has implemented price hikes during the quarter, the full impact of which will be seen in 2HFY25.
- Demand conditions remain challenging.
- Industrial Business registered decent growth, supported by the General Industrial, Protective Coatings, and Refinish segments.
- The International Business portfolio registered a marginal decline in revenues in 2QFY25 (8.7% growth in CC terms) due to a weak macroeconomic condition and currency devaluation in Ethiopia, Egypt, and Bangladesh.
- The company expects margins to recover in the coming quarters on the back of anticipated softening in material prices coupled with price increases implemented in the last few months.

Quarterly Performance (Consol.)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Est. Dom. Deco. Vol. growth (%)	10.0	6.0	12.0	10.0	7.0	-0.5	13.0	14.0	9.5	8.4	5.5	
Net Sales	91.8	84.8	91.0	87.3	89.7	80.3	99.7	101.9	354.9	371.5	85.2	-5.8%
Change (%)	6.7	0.2	5.4	-0.6	-2.3	-5.3	9.5	16.7	2.9	4.7	0.5	
Gross Profit	39.4	36.8	39.7	38.2	38.2	32.7	43.4	47.3	154.0	161.6	36.6	
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	40.8	43.5	46.5	43.4	43.5	43.0	
EBITDA	21.2	17.2	20.6	16.9	16.9	12.4	22.1	23.0	75.8	74.4	15.0	-17.5%
Margin (%)	23.1	20.2	22.6	19.4	18.9	15.4	22.1	22.5	21.4	20.0	17.6	
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-27.8	7.3	35.8	21.2	-2.0	-12.4	
Interest	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	2.1	2.2	0.6	
Depreciation	2.0	2.1	2.2	2.3	2.3	2.4	2.5	2.5	8.5	9.7	2.3	
Other Income	2.0	1.7	1.4	1.9	1.6	1.7	1.8	1.9	6.9	7.0	1.8	
PBT	20.7	16.2	19.2	16.0	15.7	11.1	20.8	21.9	72.1	69.5	14.0	-20.6%
Tax	5.3	4.2	4.9	3.5	4.2	2.7	5.1	5.4	17.9	17.4	3.5	
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	23.9	24.5	24.9	24.8	25.0	25.0	
Adjusted PAT	15.7	12.3	14.8	12.8	11.9	8.7	16.0	16.4	55.6	53.0	10.8	-18.8%
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-29.1	8.3	28.8	30.9	-4.6	-12.7	

E: MOFSL Estimates

Aurobindo

BSE SENSEX
79,486S&P CNX
24,148

CMP: INR1327

Conference Call Details

Date: 11th Nov 2024

Time: 8:30 am IST

Dial-in details:

Zoom [Link](#)

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	309.4	339.8	376.9
EBITDA	70.2	75.1	85.6
Adj. PAT	38.9	43.2	49.9
EBIT Margin (%)	17.3	16.9	17.7
Cons. Adj. EPS (INR)	66.3	73.8	85.2
EPS Gr. (%)	18.3	11.3	15.4
BV/Sh. (INR)	572.0	641.8	722.9
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	12.3	12.2	12.5
RoCE (%)	11.2	11.3	11.9
Payout (%)	6.1	5.4	4.7
Valuations			
P/E (x)	22.2	20.0	17.3
EV/EBITDA (x)	11.8	10.8	9.2
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.4	1.8	3.2
EV/Sales (x)	2.7	2.4	2.1

Result in line; higher other income drives profitability

- Aurobindo's (ARBP) 2QFY25 sales rose 8% YoY to INR78b (our est.: INR73.3b).
- Overall Formulation sales increased 11.3% YoY to INR66.4b.
- The US formulations revenue grew 4.3% YoY to INR35.3b (CC: +2.9% YoY to USD421m; 45% of sales).
- Europe formulation sales improved 19% YoY to INR21.1b (27% of sales).
- Growth Markets sales rose 44% YoY to INR8.1b (10% of sales).
- ARV revenue contracted 22.8% YoY to INR1.9b (2% of sales).
- API sales contracted 0.9% YoY basis to INR11.6b (15% of sales).
- Gross margin (GM) expanded 370bp YoY to 58.8%.
- EBITDA margin expanded 70bp YoY to 20.1% (our estimate: 21.1%) led by improved gross margin offset by an increase in employee costs/other expenses (+100bp/+90bp YoY as a % of sales).
- EBITDA was up 11.6% YoY to INR15.7b (our est.: INR15.5b).
- PAT grew slower at 5.1% YoY to INR8.2b (our est.: INR8.3b), due to lower other income and higher tax outgo.
- ARBP's revenue/EBITDA/PAT grew 9.2%/27.6%/25.3% YoY to INR153.6b/INR32.6b/INR17.2b in 1HFY25.

Other highlights

- ARBP filed 10 ANDAs with the USFDA in 2QFY25.
- It received final approvals for eight ANDAs in 2QFY25.
- ARBP launched 14 products in 2QFY25.
- R&D spending was INR4.1b and formed 5.3% of sales for the quarter.
- The net capex of USD80m was primarily towards capacity enhancement.
- 2QFY25: Specialty & Injectables revenue in the US was ~USD81m (19% of the US revenue) and global specialty was ~USD121m.
- Net debt, including investments, stood at ~US133m as of Sep'24.

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	68.5	72.2	73.5	75.8	75.7	78.0	78.7	77.0	290.0	309.4	73.3	6.3%
YoY Change (%)	9.9	25.8	14.7	17.1	10.5	8.0	7.1	1.6	16.7	6.7	1.5	
EBITDA	11.5	14.0	16.0	16.9	16.9	15.7	18.0	19.7	58.4	70.2	15.5	1.3%
YoY Change (%)	12.4	33.4	67.8	68.3	47.2	11.6	12.1	16.6	44.9	20.2	10.2	
Margins (%)	16.8	19.4	21.8	22.3	22.4	20.1	22.8	25.5	20.1	22.7	21.1	
Depreciation	3.3	4.2	4.2	3.5	4.0	3.8	4.2	4.7	15.2	16.7	4.1	
EBIT	8.2	9.9	11.8	13.3	12.9	11.8	13.8	15.0	43.2	53.5	11.4	
YoY Change (%)	10.7	30.7	86.1	103.0	56.5	20.1	16.7	12.4	54.9	23.7	15.7	
Interest	0.6	0.7	0.8	0.9	1.1	1.1	1.0	0.9	2.9	4.1	1.1	
Other Income	0.8	1.9	1.2	1.4	1.2	1.4	1.4	1.5	5.2	5.5	1.4	
PBT before EO expense	8.5	11.0	12.2	13.8	13.0	12.1	14.2	15.6	45.5	54.9	11.7	3.1%
Forex loss/(gain)	-0.4	0.3	-0.5	0.1	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	
Exceptional (expenses)/income	-0.7	0.0	0.0	-1.2	0.2	0.0	0.0	0.0	-1.9	0.2	0.0	
PBT	8.1	10.7	12.7	12.4	13.3	12.1	14.2	15.6	44.0	55.2	11.7	3.1%
Tax	2.4	3.2	3.2	3.2	4.1	3.9	4.1	3.9	12.1	16.0	3.5	
Rate (%)	29.7	30.1	25.5	26.0	30.6	32.3	29.0	25.1	27.5	29.0	29.5	
Minority Interest	0.0	-0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	
Reported PAT	5.7	7.6	9.4	9.1	9.2	8.2	10.1	11.6	31.7	39.0	8.3	-0.9%
Adj PAT	5.9	7.8	9.0	10.1	9.0	8.2	10.1	11.6	32.8	38.9	8.3	-0.9%
YoY Change (%)	0.9	17.2	87.4	96.3	51.9	5.1	11.6	14.8	46.1	18.3	6.0	
Margins (%)	8.7	10.8	12.3	13.3	11.9	10.5	12.8	15.1	11.3	12.6	11.3	
EPS	10.1	13.3	15.4	17.3	15.4	14.0	17.2	19.8	56.0	66.3	14.1	-92.6%

E: MOFSL Estimates

Relaxo Footwears

BSE SENSEX
79,486S&P CNX
24,148

CMP: INR771

Neutral

Conference Call Details

Date: 11th Nov 2024

Time: 04:00PM IST

Financials & Valuations (INR b)

INRb	FY24	FY25E	FY26E
Net Sales	29.1	31.2	35.4
Gross Profit	16.9	19.1	21.7
EBITDA	4.1	4.7	5.8
Adj. PAT	2.0	2.3	2.9
Gross Margin (%)	58.1	61.2	61.3
EBITDA Margin (%)	14.0	15.2	16.3
Adj. EPS (INR)	8.1	9.4	11.8
EPS Gr. (%)	29.8	16.7	25.4
BV/Sh. (INR)	80.4	87.4	96.3
Ratios			
Net D:E	0.0	-0.1	-0.1
RoE (%)	10.4	11.2	12.8
RoCE (%)	10.0	10.6	12.1
RoIC (%)	10.6	12.0	15.1
Valuations			
P/E (x)	95.7	82.0	65.4
EV/EBITDA (x)	47.3	39.9	32.7
EV/Sales (X)	6.6	6.1	5.3
Div. Yield (%)	0.4	0.3	0.4

Revenue decline offset by cost controls, which lead to in-line EBITDA/PAT

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

INRm	2QFY24	1QFY25	2QFY25	YoY%	QoQ%	2QFY25E	v/s Est (%)
Net sales	7,153	7,482	6,794	-5.0	-9.2	7,341	-7.5
Raw Material cost	3,013	2,847	2,648	-12.1	-7.0	2,863	-7.5
Gross Profit	4,140	4,635	4,146	0.1	-10.6	4,478	-7.4
Gross margin (%)	57.9	62.0	61.0	314	-93	61.0	2
Employee Costs	958	1,096	1,062	10.9	-3.1	1,072	-0.9
SGA Expenses	2,267	2,551	2,207	-2.7	-13.5	2,533	-12.9
Total Opex	6,238	6,493	5,917	-5.1	-8.9	6,467	-8.5
EBITDA	915	989	877	-4.2	-11.4	874	0.3
EBITDA margin (%)	12.8	13.2	12.9	11	-32	11.9	100
Depreciation and amortization	369	391	398	7.6	1.6	403	-1.3
EBIT	546	598	479	-12.2	-19.9	471	1.8
EBIT margin (%)	7.6	8.0	7.1	-58	-94	6.4	64
Finance Costs	47	49	50	5.1	1.8	50	-1.0
Other income	105	54	66	-37.0	22.3	54	22.3
Profit before Tax	604	603	496	-17.9	-17.8	475	4.4
Tax	162	160	128	-20.7	-19.5	120	7.3
Tax rate (%)	0.3	26.5	25.9			25.2	
Profit after Tax	442	444	367	-16.9	-17.2	355	3.4
Adj Profit after Tax	442	444	367	-16.9	-17.2	355	3.4
PAT margin (%)	6.2	5.9	5.4	-77	-52	4.8	57

Signature Global

BSE SENSEX
79,486S&P CNX
24,148

CMP: INR1,269

Buy

Conference Call Details



Date: 11 Nov 2024

Time: 11:00 IST

Dial-in details:

+91-22 6280 1144

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	12.4	37.3	52.3
EBITDA	-0.3	8.8	12.8
EBITDA Margin (%)	-2	24	25
PAT	0.2	6.7	9.7
EPS (INR)	1.2	47.4	69.2
EPS Gr. (%)	NA	3,931.0	46.1
BV/Sh. (INR)	44.6	92.0	161.2

Ratios

RoE (%)	4.9	69.4	54.7
RoCE (%)	5.8	28.9	40.5
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	1,079.2	26.8	18.3
P/BV (x)	28.4	13.8	7.9
EV/EBITDA (x)	-687.9	20.7	13.5
Div yld (%)	0.0	0.0	0.0

Strong operational performance

P&L drags due to higher RM cost

Operational performance

- Signature Global has achieved pre-sales of INR27.8b higher by 183% YoY, guided by the strong contribution from Titanium SPR (group housing) and Daxin Vistas (township project), which were launched in 1HFY25.
- The strong pre-sales have been translated from the volumes of 2.38msf, higher by 143% YoY and 17% QoQ. Further, for 1HFY25, the company achieved volumes of 4.41msf higher by 132%YoY.
- The company achieved pre-sales of INR59b (217% YoY) for 1HFY25, which is 59% of the guidance for FY25. Additionally, the company launched projects of INR90b GDV against the full-year guidance of INR160b.
- During 1HFY25, the company added 2.9msf at the strategic location of Sector 37D, and part of the projects in Sector 88A have been converted from JDA to Owned. The company continues to focus on consolidation in three micro markets i.e. Sec 71, Sec 37 D, and Sohna.

Cash flow

- Collections too were 27% YoY up and reported at INR9.2b, driven by the strong pre-sales as well as steady execution.
- For 1HFY25, collections were INR21.3b higher by 60% YoY, which is 35% of the guidance for FY25. Further, the company achieved an operating cash surplus before land investment of INR8.1b and INR2.8b for 1HFY25/2QFY25, respectively.
- The company's debt has moved up to INR10.1b from INR9.8b in 1QFY25, while is lower by ~INR1.4b from INR11.6b for FY24.

Financial performance

- The company reported revenue of INR7.5b higher by 660% YoY and 87% QoQ (18% below our est). Additionally, it reported a loss of INR116m at an operating level while a profit of INR41m (-121% YoY & -41% QoQ), guided by the deferred tax credits of INR291m.
- For 1HFY25, the company achieved revenue of INR11.5b, up by 335% YoY (31% of FY25E); EBITDA loss of INR128m; and Adj. PAT of INR110m against the loss of INR261m for 1HFY24.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E Var (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	1,659	985	2,818	6,944	4,006	7,493	9,686	16,068	12,406	37,253	9,127	-18%
YoY Change (%)	-69.4	-20.3	53.9	-1.5	141.5	660.5	243.7	131.4	-20.1	200.3	826.3	
Total Expenditure	1,757	1,282	2,887	6,738	4,019	7,609	7,396	9,422	12,664	28,445	6,969	
EBITDA	-98	-297	-69	206	-13	-116	2,290	6,646	-259	8,808	2,158	N/A
Margins (%)	-5.9	-30.1	-2.5	3.0	-0.3	-1.5	23.6	41.4	-2.1	23.6	23.6	N/A
Depreciation	48	51	55	61	52	68	56	40	216	216	53	
Interest	63	107	53	78	75	169	93	21	302	358	88	
Other Income	130	226	199	284	274	281	167	-79	840	644	158	
PBT before EO expense	-80	-229	22	350	135	-71	2,308	6,506	63	8,877	2,175	
Extra-Ord expense	5	8	1	4	2	0	0	0	0	-2	0	
PBT	-85	-237	20	346	133	-72	2,308	6,506	63	8,875	2,175	
Tax	-13	-38	-1	-67	65	-113	577	1,690	-119	2,219	544	
Rate (%)	15.4	15.8	-6.3	-19.3	48.8	157.9	25.0	26.0	-187.2	-0.5	25.0	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1	-1	
Reported PAT	-72	-199	21	412	68	41	1,731	4,815	183	6,657	1,632	-97%
Adj PAT	-68	-192	22	417	69	41	1,731	4,815	165	6,657	1,632	-97%
YoY Change (%)	-115.2	-33.4	-106.4	331.7	-201.1	-121.2	7,599.0	1,053.5	NA	3,929.8	-947.9	
Margins (%)	-4.1	-19.5	0.8	6.0	1.7	0.5	17.9	30.0	1.3	17.9	17.9	
Operational Performance												
Booking Value (INRb)	8.8	9.8	12.6	41.5	31.2	27.8	26.2	15.5	72.7	100.7	23	20%
Collections (INRb)	6	7	8	10	12	9	16	25	31.1	62.0	15	-39%

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

Data Pattern (India)

BSE SENSEX
79,486S&P CNX
24,148

CMP: INR2,311

Neutral

Conference Call Details

Date: 11th Nov 2024

Time: 5:30pm IST

Dial-in details:

[Click Here](#)

Earnings below estimate

- Consolidated revenue declined 16% YoY to INR910m (est. INR1.3b). Revenue for the quarter was affected by the deferment of the delivery schedule of completed products by the customer.
- Gross margin improved 700bp YoY to 76%.
- EBITDA declined 16% YoY to INR343m (est. INR495b).
- EBITDA margin expanded 10bp YoY to 37.7% (est. 38.4%).
- Adj. PAT declined 10% YoY to INR303m (est. of INR419m).
- The order book grew 5% YoY to INR10.5b.

Consolidated - Quarterly Earnings Model

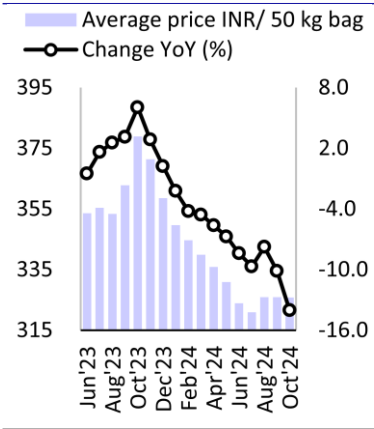
(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var. %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	2QE		
Gross Sales	897	1,083	1,395	1,823	1,041	910	1,772	2,348	5,198	6,071	1,289	-29
YoY Change (%)	31.2	22.9	24.8	-1.5	16.0	-16.0	27.0	28.8	14.6	16.8	19.0	
Total Expenditure	619	676	795	893	669	567	1,002	1,246	2,982	3,485	794	
EBITDA	278	408	600	930	372	343	769	1,102	2,217	2,586	495	-31
Margins (%)	31.0	37.6	43.0	51.0	35.7	37.7	43.4	46.9	42.6	42.6	38.4	
Depreciation	28	31	33	70	31	35	47	55	162	168	40	
Interest	17	23	23	30	30	28	23	17	93	98	25	
Other Income	116	108	113	123	123	120	132	132	460	508	130	
PBT before EO expense	349	463	657	953	435	400	831	1,162	2,422	2,828	560	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	349	463	657	953	435	400	831	1,162	2,422	2,828	560	
Tax	91	125	148	242	107	98	209	293	605	706	141	
Rate (%)	25.9	27.0	22.4	25.4	24.5	24.4	25.2	25.2	25.0	25.0	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	258	338	510	711	328	303	622	870	1,817	2,122	419	
Adj PAT	258	338	510	711	328	303	622	870	1,817	2,122	419	-28
YoY Change (%)	81.4	60.5	53.0	28.4	26.9	-10.4	22.0	22.3	46.6	16.8	24.0	
Margins (%)	28.8	31.2	36.5	39.0	31.5	33.3	35.1	37.0	35.0	35.0	32.5	

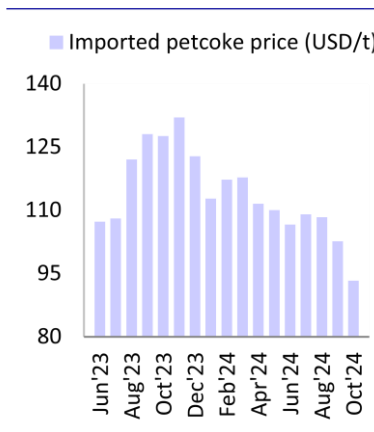


Cement

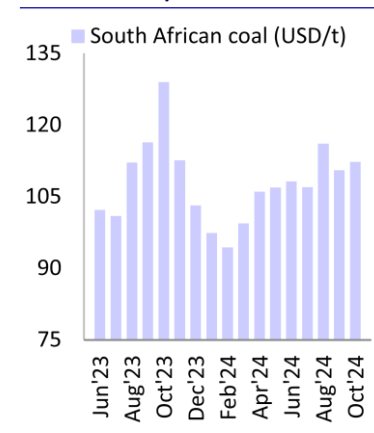
Average price of cement per 50kg bag down 14% YoY (flat MoM) in Oct'24



Average imported petcoke price down 27%/9% YoY/MoM to USD93/t in Oct'24



Average imported coal price down 13% YoY to USD112/t in Oct'24



Muted pricing; eyeing on demand recovery post-festivals

Cement prices remain flat

- Our channel checks suggest that the all-India average cement price remained flat MoM in Oct'24, partly due to subdued cement demand during the month. Cement price improved ~1% in North, Maharashtra, and Madhya Pradesh, and remained flat in Gujarat and Uttar Pradesh. Conversely, cement prices declined in East and South by ~1% MoM each in Oct'24. Cement demand growth was tepid due to a higher base, festivals, labor unavailability, and unseasonal rains in few parts of the country. We estimate industry volume growth of -1% to flat YoY in Oct'24.
- Cement industry volume was muted (~2% YoY growth) in 1HFY25 due to general elections, followed by intense monsoon across the country and lower government spending. However, cement demand is likely to improve in 2H, backed by pickup in construction activities, government spending towards infrastructure projects, pent-up demand, and sustained demand from the housing segment. We estimate industry volumes to grow ~8-9% YoY in 2HFY25 and ~6% in FY25.
- Petcoke prices declined ~8-9% MoM in Oct'24, while imported coal prices broadly remained flat MoM. At spot prices, imported petcoke consumption costs stood at INR1.12/Kcal, while imported coal costs stood at INR1.65/kcal. We believe fuel costs to decline marginally in 3QFY25 on a QoQ basis, while the benefit of lower petcoke prices would kick in from Dec'24 or 4QFY25.
- Weak cement prices and negative operating leverage hurt margin in 2QFY25. OPM of cement companies under our coverage (for results announced so far) declined 3.4pp YoY/QoQ to ~13% (in line) and EBITDA/t declined ~27%/22% YoY to INR690.

Cement prices flat; hopes contingent on demand improvement

- Unlike last year, the price hike attempted in the beginning of Oct'24 could not be sustained, partly due to the persistent subdued cement demand and low capacity utilizations. Cement prices increased INR5-10/bag MoM in Oct'24 (~1%) in the North, Maharashtra, and Madhya Pradesh, and remained flat MoM in Gujarat and Uttar Pradesh. In contrast, prices declined by INR5-10/bag (~1%) in East and South. Consequently, the all-India average cement price was flat MoM in Oct'24. Cement prices in the past three years (CY21-23) grew 2-5% MoM in Oct, while they remained neutral MoM before that (CY16-20).
- On the demand side, industry volume growth was muted (up ~2% YoY) in 1HFY25 due to general elections followed by intense monsoons across the country and lower government spending. Central government capex declined ~15% YoY in 1HFY25. The cement industry capacity utilization stood at ~67% in 1HFY25 (vs. ~71% in 1HFY24). We estimate cement demand to improve in 2HFY25 and expect ~8-9% YoY growth led by a pick-up in construction activities, government spending towards infrastructure development projects (rail, road, highways, metro, etc.), and sustained demand from housing and real estate. We estimate industry capacity utilization to improve to 74-75% in 2HFY25 (vs. 70-71% in 2HFY24). Further, good monsoon led a foundation for strong rural demand in 1HCY25.
- In 2QFY25, the aggregate volume of cement companies under our coverage (for results announced so far) grew ~4% YoY (in line with our estimate). ACEM and DALBHARA reported ~3-4% higher-than-estimated volume growth, while JKCE/JKLC missed the volume growth estimate by ~6%/11%. UTCHEM and BCORP volumes were in line with our estimate.

Favorable fuel prices leading to lower variable costs

- Petcoke prices declined ~8-9% MoM in Oct'24, while imported coal prices were flat during the month. In Oct'24, average imported petcoke prices declined 9% MoM to USD93/t and domestic petcoke prices declined 8% MoM to INR11,637/t. Average imported coal (South Africa) prices broadly remained flat MoM at USD112/t.
- Variable cost/t for cement companies under our coverage (whose results announced so far) declined ~6% YoY and 1% QoQ (in line with our estimates), due to lower fuel prices and increasing usage of green power. Fuel consumption cost (INR/Kcal) in 2Q stood at INR1.36-INR1.47 for DALBHARA/BCORP, in the range of INR1.57-INR1.65 for ACC/ACEM/JKCE and at INR1.84 for UTCEM (higher than the peers due to carrying high cost fuel contracts, which are nearing the end).
- At spot prices, imported petcoke consumption costs were INR1.12/Kcal, while imported coal costs stood at INR1.65/kcal. We estimate cement spread to improve (due to lower fuel prices) up to INR20/t in 3QFY25 over 1HFY25, whereas it should increase INR50-60/t in 4QFY25 over 1HFY25, considering the prevailing spot prices.

Outlook: hopes on demand improvement followed by price hikes

- The cement industry experienced headwinds in 1HFY25 with muted demand growth, pricing pressure, and higher competitive intensity. However, we expect 2HFY25 to be better with a likely recovery in cement demand followed by price hikes. We expect profitability to bottom out in 2Q, and this should improve in 2H.
- We continue to believe that intensifying consolidation in the industry, cost reduction measures by leading players (increasing usage of green power, alternative fuel, optimizing logistics costs, etc.), and the focus on improvement in brand presence (most of the companies are improving brand architecture and internal control) are the key positive factors for the sector in the long term.
- We prefer UTCEM and ACEM in the large cap space and JKCE in the midcap space.

Valuation summary

	M-cap (USD b)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			EV/t (USD)			ROE (%)			Net debt/ EBITDA (x)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
UTCEM	37.8	11,048	Buy	52.1	35.2	28.1	25.8	18.8	15.3	226	202	183	9.8	12.9	13.9	0.1	(0.0)	(0.4)
ACEM	13.3	564	Buy	53.6	35.6	27.7	26.1	18.0	14.1	203	158	148	4.6	6.0	7.3	(2.6)	(1.7)	(1.8)
SRCM	10.5	24,552	Neutral	54.6	48.1	41.6	19.8	17.0	15.1	170	148	132	7.7	8.3	9.0	(1.3)	(0.8)	(0.4)
ACC	5.1	2,289	Buy	28.2	21.0	16.1	13.9	10.2	7.6	107	97	85	9.1	11.2	13.1	(1.3)	(1.4)	(1.7)
DALBHARA	3.9	1,767	Buy	38.5	27.2	21.2	11.9	10.1	8.6	82	81	79	5.2	7.0	8.5	0.6	0.4	0.1
JKCE	3.7	4,082	Buy	48.2	32.2	23.8	18.9	14.2	11.6	172	138	136	11.1	15.7	18.5	2.6	2.1	1.6
TRCL	2.4	866	Neutral	72.8	39.0	27.3	16.4	13.3	11.1	119	113	113	3.9	6.9	9.2	3.5	2.9	2.5
ICEM	1.3	360	Sell	Loss	Loss	69.6	Loss	35.0	21.2	110	108	106	(11.4)	(0.9)	3.2	Loss	6.5	3.5
BCORP	1.0	1,142	Buy	46.2	19.0	14.2	10.7	7.8	6.6	68	62	57	2.8	6.7	8.3	3.0	2.2	1.8
JKLC	1.1	765	Buy	34.3	19.0	19.7	13.0	10.1	8.9	72	70	65	8.0	13.2	11.5	2.4	1.8	2.5

Source: MOFSL, Company; Note: ACEM estimates and valuation on a consolidated basis



Capital Market Monthly

Capital Market Tracker

Key statistics

Parameter	Oct'24	YoY (%)	MoM (%)
Demat A/c (m)	179	35	2
NSE Active (m)	49	44	2
ADTO (INR t)			
Overall	520	47	-3
- F&O	519	47	-3
- Cash (INR b)	1,143	58	-12
- Retail Cash (INR b)	441	52	-15

Source: MOFSL, NSE, BSE, CDSL, NSDL

Market activity declines in Oct'24; BSE's market share falls

Demat run-rate declines MoM; CDSL's market share on the rise

Overall ADTO declined 3.5% MoM to INR519.8t, with both F&O ADTO and cash ADTO declining 3.5% and 12.4% MoM, respectively. Retail cash ADTO declined 15.3% MoM to INR441b. Demat additions declined to 3.5m in Oct'24 (average monthly additions of 3.9m YTD FY25). Further, the number of active users on NSE increased to ~48.9m in Oct'24 from 47.9m in Sep'24.

Demat addition falls below 4m after four months

- The total number of demat accounts increased to 179m in Oct'24. New account additions declined to 3.5m in Oct'24 (average monthly additions of 3.9m YTD FY25).
- In Oct'24, CDSL continued to gain market share in terms of the total number of demat accounts as well as incremental demat accounts. On a YoY basis, NSDL lost 400bp/210bp market share in total/incremental demat accounts.

NSE active clients maintain an upward trajectory

- The number of active clients on NSE increased 2.1% MoM to 48.9m in Oct'24. Currently, the top five discount brokers account for 64.5% of the total NSE active clients vs. 61.4% in Oct'23.
- **Performance of key discount brokers – Groww and Angel One maintain the fastest growth**
 - Zerodha reported a 1.2% MoM increase in its client count to 8.1m, with a 15bp fall in the market share to 16.5%.
 - Groww reported a 2.8% MoM increase in its client count to 12.6m, with a 20bp rise in the market share to 25.8%.
 - Angel One reported a 2.4% MoM increase in its client count to 7.5m, with a consistent market share of 15.4%.
 - Upstox reported a 1.4% MoM increase in its client count to 2.9m, with a 5bp fall in the market share to 5.8%.
- **Performance of key traditional brokers – Bank-promoted brokers maintain the lead**
 - ICICI Sec reported a 0.7% MoM increase in its client count to 1.9m, with a consistent market share of 4%.
 - Kotak Sec reported a 2.8% MoM increase in its client count to 1.5m, with a consistent market share of 3%.
 - HDFC Sec reported a 3.2 MoM increase in its client count to 1.3m, with a consistent market share of 2.7%.

ADTO declines MoM across F&O and cash segments

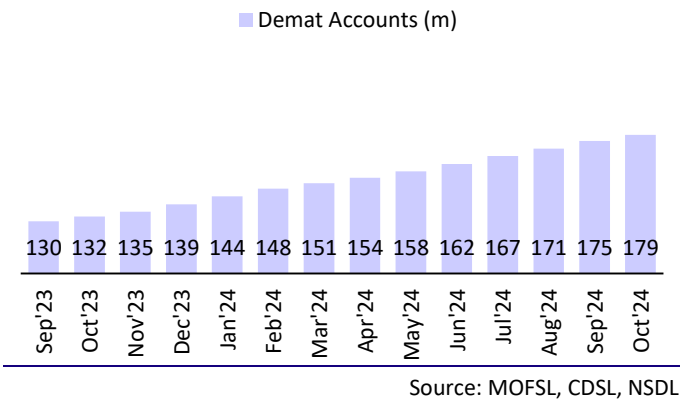
- Total ADTO declined 3.5% MoM to INR519.8t on account of a 12.4%/3.5% decline in cash/F&O ADTO.
- Total ADTO declined 16% MoM for BSE (owing to a decline in cash and F&O volumes) and grew 1.2% MoM for NSE (rise in option volumes).
- On an MoM basis, the market share of BSE in the total cash T/O segment declined to 6.4% in Oct'24 from 6.6% in Sep'24. BSE's market share in the options notional T/O segment declined to 23.2% from 26.8% in Sep'24 (9.4% in Oct'23). The options premium T/O market share for BSE declined MoM to 11.4% in Oct'24 (13.3% in Sep'24).

Commodity volumes rise MoM

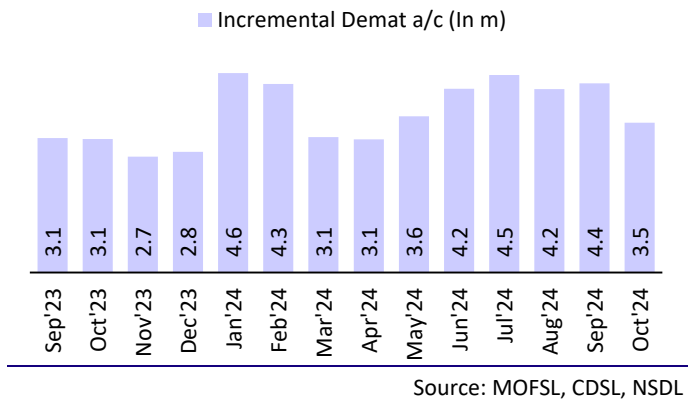
- Total volumes on MCX declined 14.6% MoM to INR45.3t in Oct'24 after achieving an all-time high of INR53.1t in Sep'24. The decline was due to the 16.8% MoM decline in option futures.
- Overall ADTO declined 18.5% MoM, led by a 20.6% MoM decline in option ADTO and a 1.8% MoM decline in futures ADTO.
- The MoM decline of Options ADTO was driven by a 48.3%/19.7%/10.8% MoM decline in Gold ADTO/Crude Oil ADTO/Natural Gas ADTO, while Silver ADTO increased 59.4% MoM.
- The decline in volumes in futures ADTO was mainly driven by a 19.5%/5.9%/16.3% MoM decline in Gold ADTO/Crude Oil ADTO/Natural Gas ADTO, while Silver ADTO increased 19.6% MoM.

Primary market: In Oct'24, INR332.7b was raised through five IPOs. This included Hyundai Motor IPO of INR278.7b.

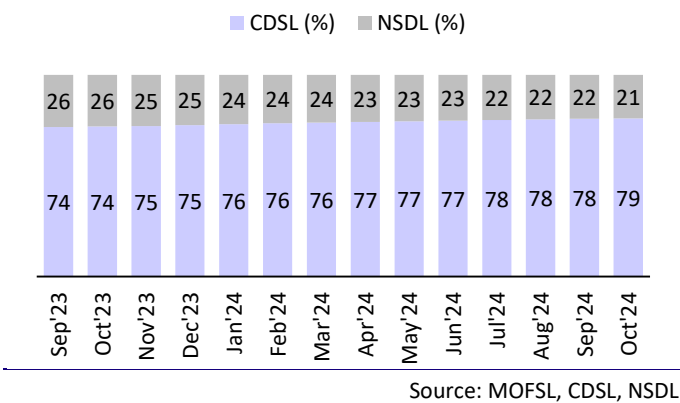
The number of demat accounts rose to 179m



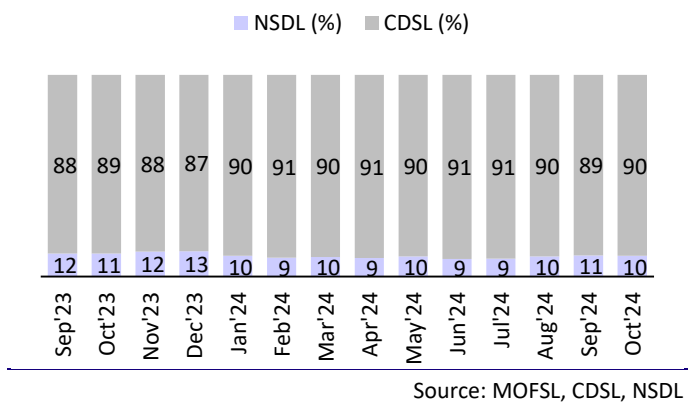
Incremental demat accounts



Market share led by CDSL



Market share in incremental accounts led by CDSL





Insurance Tracker

Individual WRP for private players grows 12% YoY in Oct'24

Tepid growth of overall individual WRP at 3% YoY; LIC's individual WRP declines 15% YoY

- In Oct'24, the individual Weighted Received Premium (WRP) growth for private players stood at 12% YoY vs the industry growth of 3% YoY. LIC witnessed a 15% YoY decline in individual WRP after achieving a 48% YoY growth in Sep'24.
- Among listed players, individual WRP for IPRULIFE/Bajaj Allianz/ MAXLIFE/HDFCLIFE/SBILIFE saw a growth of 22%/10%/15%/21%/10% YoY. Aditya Birla Sun Life grew 35% YoY.
- IRDAI's surrender value regulations were implemented from 01 Oct'24, leading to notable changes in the product and commission construct. We expect the premium growth to be volatile for the rest of FY25. Nevertheless, over the medium term, we believe these changes to be favorable for customers and help resume growth. HDFCLIFE and SBILIFE are our preferred picks in the space.

Individual WRP and YoY growth (%)

Individual WRP, INR m	Oct'24	YoY gr. (%)
Grand Total	77,932	3.0%
Total Private	56,429	12.1%
LIC	21,503	-15.1%
Total Public	21,503	-15.1%
SBI Life	14,265	9.9%
HDFC life	8,415	21.4%
ICICI Prudential	5,852	21.8%
Max Life	5,418	15.4%
Tata AIA	5,252	5.9%
Bajaj Allianz	4,879	9.8%
Birla Sun life	2,674	34.5%
Kotak Life	1,808	6.4%

Source: IRDAI, LIC Council, MOFSL

Note - *including Excide life

On an individual WRP basis, LIC reported a market share loss MoM

- In terms of individual WRP, the market share of private players improved ~720bp MoM to 72.4% in Oct'24. LIC's market share declined significantly to 27.6% in Oct'24 from 34.8% in Sep'24.
- On a YTD basis, the market share of private players improved 230bp YoY to 68.2%. LIC's YTD market share stood at 31.8%.
- For Oct'24, SBILIFE remained the largest private insurer, holding an 18.3% market share with respect to individual WRP, followed by HDFCLIFE at 10.8% and IPRU at 7.5%.
- On an unweighted premium basis, HDFCLIFE was the largest private insurer with a market share of 9.2%, followed by SBILIFE (8.7%) and IPRU (5.5%).

Performance of key private players

On an individual WRP basis, the combined market share of listed players – SBILIFE, HDFCLIFE, IPRU, and MAXLIFE – accounted for 60.2% of the private insurance industry while the overall industry share accounted for 43.6% as of Oct'24. Among other prominent private insurers, TATA AIA and Bajaj Allianz held the fifth and sixth position with a market share of 6.7% and 6.3%, respectively, growing 5.9% and 9.8% YoY, respectively.

Among key listed players on the basis of individual WRP –

- **HDFCLIFE** (including the Excide merger) grew 21.4% YoY in Oct'24 (up 27.5% YoY in YTD FY25). The total unweighted premium grew 27.9% YoY (up 14.1% YoY in YTD FY25).
- **SBILIFE** rose 9.9% YoY in Oct'24 (up 13.9% YoY in YTD FY25). The total unweighted premium declined 3.8% YoY (down 3.4% YoY in YTD FY25).
- **IPRU** grew 21.8% YoY in Oct'24 (up 36.5% YoY in YTD FY25). The total unweighted premium was up 25.3% YoY in Oct'24 (up 18.6% YoY in YTD FY25).
- **MAXLIFE** grew 15.4% YoY in Oct'24 (up 28.6% YoY in YTD FY25). The total unweighted premium grew 15.4% YoY in Oct'24 (up 18.5% YoY in YTD FY25).



SBI: Deposits Have Crossed ₹50 Tn Milestone At Q2 End; CS Setty, Chairman

- Aiming to be first company to have net profit of Rs 1 lk cr in a fiscal year
- Aiming for 14-16% credit growth this financial yr, double digit credit growth
- Will be able to able to maintain margins at current level
- NIMs will stay over 3% this fiscal
- Good number of projects in renewable sector, broad based corporate credit growth
- Maintain RoA target of over 1%, RoE target of over 15%

[→ Read More](#)

ITD Cementation: Open Offer Will Come To An End In December 2024; Jayanta Basu, MD

- Seasonal factors affected quarterly performance, particularly with ongoing projects.
- Political issues in Bangladesh hindered project progress, but work is set to resume soon.
- Secured order book worth ₹3,500 crore with a pipeline of close to ₹30,000 crore.
- Management maintains revenue growth expectations of 15-20% for the coming quarters.

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Indian Hotels: Targeting 40% Margins In FY25 Backed By Strong H2; Puneet Chhatwal, MD & CEO

- The increase in disposable income and tourism is a key driver
- Anticipates strong performance in 2H, capitalizing on seasonal events like weddings and holidays, which historically boost occupancy rates.
- Expansion includes openings in Bhutan and Germany
- Plans to enhance wellness offerings in future developments.

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M&M: Urban Slowdown Did Not Have A Major Impact On Company's SUV Sales; Rajesh Jejurikar, ED & CEO

- Festival season sales showed double-digit growth in tractors.
- Urban market slowdown noted, but SUV demand remains robust.
- Planned EV costs could impact near-term margins.
- Upcoming EV launch on November 26, promising innovative technology.

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RHI Magnesia: Price Increase Will Ensure H2 Shows Topline Growth; Parmod Sagar, MD & CEO

- Expect volumes to pick up in H2FY25
- Margins to hover in a 14%-15% band
- Alumina pricing is increasing rapidly
- No clue on whether Dalmia wants to sell stake in RHI

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Automobiles																
Amara Raja Ener.	Neutral	1302	1310	1	53.8	61.3	69.6	8.7	14.0	13.5	24.2	21.3	3.1	2.8	13.7	13.9
Apollo Tyres	Buy	491	630	28	25.4	33.2	40.8	-11.6	30.7	22.9	19.3	14.8	1.7	1.5	11.1	13.3
Ashok Ley.	Buy	222	255	15	9.7	12.1	14.6	6.2	24.7	20.7	22.8	18.3	6.4	5.4	30.1	32.1
Bajaj Auto	Neutral	9911	11450	16	302.1	387.9	492.8	9.4	28.4	27.0	32.8	25.5	9.9	9.1	32.0	37.2
Balkrishna Inds	Neutral	2832	2890	2	85.0	110.6	130.2	11.1	30.1	17.7	33.3	25.6	5.4	4.6	17.3	19.5
Bharat Forge	Neutral	1419	1465	3	33.4	44.3	53.5	69.1	32.7	20.8	42.5	32.0	8.2	6.9	20.4	23.4
Bosch	Neutral	35099	34275	-2	731.6	877.2	1,081.4	17.9	19.9	23.3	48.0	40.0	7.9	7.1	17.1	18.7
CEAT	Buy	2864	3450	20	131.9	176.3	229.5	-22.2	33.6	30.2	21.7	16.2	2.6	2.3	12.5	15.0
Craftsman Auto	Neutral	5002	5435	9	120.1	193.3	279.2	-16.7	60.9	44.4	41.6	25.9	3.8	3.4	12.0	13.9
Eicher Mot.	Sell	4788	4095	-14	161.1	175.7	199.2	10.1	9.0	13.4	29.7	27.3	6.3	5.5	22.6	21.4
Endurance Tech.	Buy	2425	2825	16	60.2	75.4	90.6	27.2	25.4	20.1	40.3	32.1	6.0	5.2	15.9	17.4
Escorts Kubota	Neutral	3636	3560	-2	102.0	113.8	140.6	7.4	11.6	23.6	35.7	31.9	4.4	3.9	12.9	13.0
Exide Ind	Neutral	437	470	7	13.7	16.8	19.8	10.4	22.8	18.1	32.0	26.0	2.6	2.5	8.3	9.4
Happy Forgings	Buy	1132	1300	15	30.2	40.8	51.6	17.1	35.1	26.5	37.4	27.7	5.8	4.9	16.5	19.1
Hero Moto	Buy	4763	6625	39	230.3	280.1	331.6	12.6	21.6	18.4	20.7	17.0	5.0	4.6	24.8	28.0
Hyundai Motor	Buy	1840	2345	27	68.7	79.8	93.9	-7.9	16.2	17.7	26.8	23.1	10.7	8.4	45.2	40.6
M&M	Buy	2979	3420	15	99.7	116.2	136.7	12.4	16.5	17.7	29.9	25.6	5.8	4.9	21.0	20.8
CIE Automotive	Buy	481	605	26	22.0	25.5	29.9	4.1	15.9	17.6	21.9	18.9	2.8	2.5	13.2	13.8
Maruti Suzuki	Buy	11307	13875	23	444.6	500.6	566.9	3.6	12.6	13.2	25.4	22.6	3.8	3.4	14.0	15.0
MRF	Sell	119286	104380	-12	4,472.0	5,093.0	5,913.0	-10.4	13.9	16.1	26.7	23.4	2.8	2.5	10.8	11.2
Samvardh. Motherson	Buy	176	240	36	6.3	8.4	10.2	71.3	32.3	22.0	27.7	21.0	4.1	3.6	15.5	18.3
Motherson Wiring	Buy	64	74	16	1.4	1.9	2.2	-3.0	35.7	15.8	44.5	34.4	14.4	11.6	35.0	37.5
Sona BLW Precis.	Neutral	703	685	-3	10.7	13.5	16.2	19.4	26.4	20.1	65.8	52.1	12.8	11.0	20.8	22.8
Tata Motors	Neutral	806	840	4	63.7	63.0	68.3	8.6	-1.1	8.4	15.1	15.3	3.3	2.8	24.4	19.7
TVS Motor	Neutral	2465	2610	6	53.6	67.9	82.2	22.3	26.7	21.1	46.0	36.3	11.9	9.3	29.0	28.8
Tube Investments	Buy	3886	4750	22	46.0	64.2	78.2	33.7	39.7	21.7	84.5	60.5	12.7	10.6	16.1	19.1
Aggregate								6.5	20.6	18.2	26.5	22.0	5.0	4.3	18.7	19.5
Banks - Private																
AU Small Finance	Buy	581	830	43	31.8	39.3	51.8	38.3	24	31.9	18.3	14.8	2.6	2.2	15.4	16.2
Axis Bank	Neutral	1162	1225	5	85.1	98.2	115.5	5.4	15.5	17.6	13.7	11.8	2.0	1.7	16.1	15.9
Bandhan Bank	Neutral	178	190	7	24.3	26.5	29.7	75.5	9	12.1	7.3	6.7	1.2	1.0	17.0	16.3
DCB Bank	Buy	120	160	34	18.8	24.7	31.0	9.8	31.3	25.6	6.4	4.8	0.7	0.6	11.7	13.7
Equitas Small Fin.	Buy	69	80	16	3.1	7.3	10.3	-56.4	135.5	41.1	22.2	9.4	1.3	1.1	5.9	12.8
Federal Bank	Buy	207	230	11	17.1	20.3	24.8	4.5	18.7	22.3	12.1	10.2	1.5	1.3	13.4	14.1
HDFC Bank	Buy	1755	2050	17	88.2	100.1	115.6	10.2	13.5	15.4	19.9	17.5	2.7	2.4	14.4	14.6
ICICI Bank	Buy	1259	1500	19	65.4	73.3	85.4	12.0	12.1	16.6	19.3	17.2	3.2	2.8	18.0	17.4
IDFC First Bk	Neutral	66	73	11	3.5	5.7	7.3	-20.0	64.3	28.8	19.0	11.6	1.3	1.2	7.3	11.0
IndusInd	Buy	1054	1500	42	94.9	128.2	163.1	-17.9	35.1	27.2	11.1	8.2	1.2	1.1	11.2	13.6
Kotak Mah. Bk	Neutral	1747	1950	12	95.5	108.5	130.5	4.3	13.6	20.3	18.3	16.1	2.3	2.0	13.9	13.6
RBL Bank	Neutral	165	220	33	16.9	28.4	42.2	-12.5	68.2	48.5	9.8	5.8	0.6	0.6	6.7	10.7
SBI Cards	Neutral	699	750	7	21.5	30.1	37.6	-15.5	40.1	25.1	32.6	23.3	4.8	4.0	15.7	18.8
Aggregate								8.0	16.0	18.2	18.0	15.5	2.6	2.3	14.3	14.6
Banks - PSU																
BOB	Buy	256	290	13	35.8	39.3	43.5	4.3	9.8	10.5	7.2	6.5	1.1	1.0	16.2	15.7
Canara Bank	Buy	104	125	21	17.9	20.2	22.6	11.7	12.9	11.8	5.8	5.1	1.0	0.9	19.3	18.9
Indian Bank	Buy	561	650	16	77.3	83.7	93.9	24.2	8.4	12.1	7.3	6.7	1.2	1.0	18.4	17.3
Punjab Natl. Bank	Neutral	105	120	15	13.9	15.4	17.5	85.7	10.6	13.6	7.5	6.8	1.0	0.9	14.4	14.1
SBI	Buy	843	1000	19	89.3	98.8	115.4	18.8	11	16.8	9.4	8.5	1.4	1.2	18.8	17.4
Union Bank (I)	Buy	118	135	15	20.4	22.4	24.8	8.0	10	10.9	5.8	5.3	0.8	0.7	15.9	15.4
Aggregate								19.5	13	15	8	7.4	1.3	1.2	16.0	16.0
NBFCs																
AAVAS Financiers	Neutral	1663	1880	13	73.1	90.2	112.7	18.0	23.4	25.0	22.7	18.4	3.0	2.6	14.2	15.2
Aditya Birla Cap	Buy	201	270	34	14.2	16.5	19.9	39.9	16.2	21.1	14.2	12.2	1.7	1.5	12.9	13.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Angel One	Buy	2846	4100	44	169.0	189.7	264.1	24.4	12.3	39.2	16.8	15.0	4.0	3.4	31.2	24.5
Bajaj Fin.	Neutral	6899	7320	6	266.7	343.8	441.2	14.1	28.9	28.3	25.9	20.1	4.4	3.7	18.9	19.9
BSE	Neutral	4694	4000	-15	85.2	96.2	107.0	49.4	13.0	11.2	55.1	48.8	17.4	15.7	31.6	32.2
Cams Services	Buy	4664	5500	18	99.2	119.5	144.0	38.5	20.4	20.5	47.0	39.0	21.1	17.7	48.6	49.3
Can Fin Homes	Neutral	850	960	13	65.1	72.6	83.2	15.5	11.5	14.7	13.1	11.7	2.2	1.9	18.3	17.4
Cholaman.Inv.&Fn	Buy	1260	1570	25	52.6	70.2	92.1	29.2	33.4	31.2	23.9	17.9	4.4	3.4	20.4	21.7
CreditAccess	Buy	921	1155	25	65.8	102.5	128.7	-27.4	55.6	25.7	14.0	9.0	2.0	1.6	15.0	19.7
Fusion Finance	Neutral	202	240	19	-1.7	54.0	69.7	-103.4	LP	29.0	NM	3.7	0.7	0.6	-0.6	17.5
Five-Star Business	Buy	647	1015	57	36.9	43.0	51.2	29.1	16.7	18.9	17.5	15.0	3.0	2.5	18.8	18.3
HDFC Life Insur.	Buy	708	900	27	8.3	9.5	10.6	13.2	14.8	11.5	85.8	74.7	2.7	2.4	16.8	16.3
Home First Fin.	Buy	1093	1320	21	42.7	52.8	66.1	23.6	23.7	25.1	25.6	20.7	3.9	3.4	16.5	17.5
ICICI Pru Life	Buy	710	900	27	6.4	7.9	10.6	8.5	23.2	33.6	110.6	89.7	2.0	1.7	19.3	19.8
ICICI Lombard	Buy	1909	2400	26	48.8	58.2	73.4	25.2	19.4	26.2	39.2	32.8	6.9	6.0	18.8	19.6
IIFL Finance	Buy	443	530	20	16.4	50.7	64.4	-64.5	208.7	27.0	27.0	8.7	1.5	1.3	6.0	16.1
IndoStar	Buy	274	315	15	10.7	16.4	24.8	26.2	52.4	51.4	25.5	16.7	1.1	1.1	4.4	6.7
L&T Finance	Buy	140	200	43	11.2	13.9	18.5	20.3	24.3	33.1	12.5	10.1	1.4	1.2	11.4	12.8
Life Insurance Corp.	Buy	915	1200	31	66.9	71.1	76.8	4.0	6.3	8.0	13.7	12.9	0.7	0.6	15.5	11.2
LIC Hsg Fin	Buy	635	760	20	93.1	93.4	102.1	7.6	0.3	9.3	6.8	6.8	1.0	0.9	15.3	13.7
MCX	Buy	6407	7600	19	120.3	158.5	188.9	638.3	31.7	19.2	53.3	40.4	21.8	19.7	42.6	51.1
Manappuram Fin.	Neutral	150	160	6	25.7	27.9	35.2	-1.0	8.7	26.2	5.9	5.4	0.9	0.8	17.4	16.3
MAS Financial	Buy	298	360	21	17.4	22.2	27.2	15.0	27.5	22.9	17.2	13.5	2.2	1.9	14.9	15.0
Max Financial	Neutral	1218	1300	7	14.6	16.9	22.8	92.9	16.0	34.8	83.5	72.0	2.3	1.9	19.0	19.4
M&M Fin.	Buy	276	335	21	19.6	24.8	31.1	37.7	26.3	25.3	14.1	11.1	1.6	1.5	12.1	14.0
Muthoot Fin	Neutral	1803	1800	0	126.7	145.3	165.6	25.6	14.7	14.0	14.2	12.4	2.6	2.2	19.3	19.1
Piramal Enterp.	Neutral	1048	1015	-3	39.2	57.4	75.3	-152.2	46.4	31.3	26.8	18.3	0.9	0.8	3.3	4.7
PNB Housing	Buy	948	1235	30	72.3	88.8	108.4	24.5	22.8	22.0	13.1	10.7	1.5	1.3	11.8	12.9
Poonawalla Fincorp	Buy	366	350	-4	1.9	14.6	23.3	-85.8	666.7	59.5	192.4	25.1	3.5	3.1	1.8	12.9
PFC	Buy	449	560	25	50.5	55.4	62.2	16.0	9.7	12.3	8.9	8.1	1.6	1.4	19.6	18.8
REC	Buy	515	630	22	60.5	69.3	80.1	13.6	14.6	15.6	8.5	7.4	1.7	1.4	21.3	20.9
Repco Home Fin	Neutral	480	580	21	68.9	74.3	82.5	9.2	7.9	11.1	7.0	6.5	0.9	0.8	13.9	13.2
Spandana Sphoorty	Buy	384	540	40	-8.4	69.0	101.5	-111.9	LP	47.2	NM	5.6	0.8	0.7	-1.6	12.8
Shriram Finance	Buy	3006	4000	33	223.3	264.7	321.6	16.7	18.5	21.5	13.5	11.4	2.0	1.8	16.2	16.8
SBI Life Insurance	Buy	1570	2100	34	23.9	24.8	27.7	26.1	3.8	11.7	65.7	63.3	2.2	1.9	21.3	20.0
Star Health Insu	Buy	482	630	31	17.0	21.3	27.4	17.8	25.4	28.5	28.3	22.6	3.7	3.2	14.0	15.1
Aggregate								11.5	25.6	21.6	15.7	12.5	2.3	2.0	14.7	16.0
Chemicals																
Alkyl Amines	Neutral	2058	2095	2	37.2	51.4	68.4	27.9	38.0	33.1	55.3	40.1	7.6	6.7	14.3	17.8
Atul	Buy	7883	9995	27	177.3	231.0	282.0	61.2	30.3	22.1	44.5	34.1	4.2	3.8	9.8	11.7
Clean Science	Neutral	1472	1430	-3	24.4	36.0	45.6	6.2	47.7	26.6	60.4	40.9	10.9	8.9	19.7	24.0
Deepak Nitrite	Neutral	2676	3005	12	73.8	80.6	91.1	33.9	9.1	13.0	36.2	33.2	6.4	5.5	19.2	17.9
Fine Organic	Sell	5006	3885	-22	147.0	114.4	107.7	22.5	-22.2	-5.9	34.0	43.7	6.7	5.9	21.8	14.4
Galaxy Surfact.	Buy	3007	3755	25	97.7	115.0	135.1	14.9	17.7	17.4	30.8	26.1	4.4	3.9	15.0	15.8
Navin Fluorine	Neutral	3539	3240	-8	57.6	82.1	103.1	25.0	42.5	25.6	61.4	43.1	6.8	6.1	11.5	14.9
NOCIL	Neutral	278	270	-3	7.8	8.7	12.9	-1.1	11.1	48.7	35.6	32.0	2.6	2.5	7.5	8.0
PI Inds.	Buy	4559	5470	20	112.5	136.9	160.3	1.7	21.7	17.1	40.5	33.3	6.7	5.7	18.0	18.5
SRF	Neutral	2299	2080	-10	40.5	67.4	88.9	-14.7	66.4	32.0	56.8	34.1	5.6	5.0	10.2	15.5
Tata Chemicals	Neutral	1101	1070	-3	30.7	49.0	61.6	-14.9	59.4	25.6	35.8	22.5	1.2	1.2	3.5	5.4
Vinati Organics	Buy	1910	2500	31	42.7	50.9	60.2	36.8	19.2	18.4	44.8	37.6	7.1	6.2	16.8	17.5
Aggregate								24.3	20.7	19.8	44.4	36.8	6.0	5.3	13.5	14.4
Capital Goods																
ABB India	Buy	7040	8500	21	88.7	102.5	119.3	50.5	15.6	16.3	79.4	68.7	19.4	15.4	27.6	25.1
Bharat Electronics	Buy	298	360	21	6.7	8.2	9.9	21.0	22.7	20.9	44.7	36.4	10.7	8.6	24.0	23.5
Cummins India	Buy	3658	4300	18	74.1	88.7	104.3	23.6	19.7	17.6	49.4	41.3	14.6	12.8	31.3	33.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hitachi Energy	Neutral	14019	13000	-7	75.2	155.5	232.3	94.6	106.9	49.3	186.5	90.1	35.4	25.4	19.0	28.2
Kalpataru Proj.	Buy	1245	1500	20	46.4	63.9	84.5	42.5	37.6	32.3	26.8	19.5	3.2	2.8	12.5	15.2
KEC International	Neutral	1018	900	-12	23.7	39.6	48.9	81.8	67.4	23.3	43.0	25.7	5.0	4.4	13.3	18.3
Kirloskar Oil	Buy	1174	1540	31	36.1	46.2	58.6	44.4	28.2	26.7	32.5	25.4	5.7	4.9	18.6	20.6
Larsen & Toubro	Buy	3661	4300	17	111.1	137.2	160.3	17.6	23.4	16.9	32.9	26.7	5.1	4.5	16.5	17.9
Siemens	Buy	7166	8400	17	73.4	87.5	108.7	33.3	19.2	24.1	97.6	81.9	17.0	14.7	18.6	19.3
Thermax	Neutral	5119	4950	-3	66.0	83.6	103.1	26.5	26.7	23.3	77.6	61.2	11.5	9.9	15.7	17.4
Triveni Turbine	Buy	634	830	31	11.0	14.3	19.4	30.5	29.4	35.8	57.4	44.3	16.6	13.1	32.3	33.0
Zen Technologies	Buy	1826	2200	21	29.7	45.8	63.6	112.1	54.2	38.9	61.4	39.8	9.6	7.7	24.7	21.5
Aggregate								24.7	25.0	20.2	47.6	38.1	8.3	7.1	17.5	18.7
Cement																
Ambuja Cem.	Buy	564	710	26	9.0	13.6	17.4	-35.3	50.7	28.4	62.7	41.6	2.6	2.4	4.6	6.0
ACC	Buy	2289	3000	31	81.1	108.9	142.4	-18.3	34.3	30.7	28.2	21.0	2.5	2.2	9.1	11.2
Birla Corp.	Buy	1142	1500	31	24.7	60.2	80.1	-54.2	143.4	33.2	46.2	19.0	1.3	1.2	2.8	6.7
Dalmia Bhar.	Buy	1767	2250	27	45.9	65.0	83.6	12.8	41.5	28.5	38.5	27.2	2.0	1.9	5.2	7.0
Grasim Inds.	Buy	2546	3270	28	89.4	104.9	122.9	-6.5	17.2	17.2	28.5	24.3	3.1	3.0	0.8	2.5
India Cem	Sell	360	310	-14	-19.3	-1.7	4.9	Loss	Loss	LP	NM	NM	2.3	2.3	-11.5	-1.1
J K Cements	Buy	4082	5000	22	84.7	126.9	171.7	-17.5	49.8	35.3	48.2	32.2	5.4	4.8	11.1	15.7
JK Lakshmi Ce	Buy	765	880	15	22.3	40.2	38.9	-43.7	80.3	-3.2	34.3	19.0	2.7	2.4	8.0	13.2
Ramco Cem	Neutral	866	860	-1	11.9	22.2	31.8	-28.8	86.8	42.9	72.8	39.0	2.8	2.6	3.9	6.9
Shree Cem	Neutral	24552	26580	8	449.3	510.4	589.9	-34.3	13.6	15.6	54.6	48.1	4.1	3.9	7.7	8.3
Ultratech	Buy	11048	13000	18	211.9	313.6	392.7	-13.3	48.0	25.2	52.1	35.2	4.9	4.1	9.8	12.9
Aggregate								-17.4	39.8	24.8	44.6	31.9	3.3	3.0	7.5	9.5
Consumer																
Asian Paints	Neutral	2769	-		55.3	61.8	69.8	-4.6	11.8	13.0	50.1	44.8	13.3	12.1	27.4	28.3
Britannia	Neutral	5749	6100	6	101.2	113.9	127.3	14.1	12.5	11.8	56.8	50.5	30.4	25.5	57.4	54.9
Colgate	Neutral	2870	3250	13	55.6	61.2	66.8	13.0	10.1	9.2	51.6	46.9	36.1	31.6	74.9	71.9
Dabur	Buy	532	700	32	10.8	12.3	14.2	1.9	14.4	14.7	49.3	43.1	8.8	8.2	18.6	19.8
Emami	Buy	670	850	27	20.6	22.7	24.4	14.2	10.2	7.5	35.4	32.0	11.4	10.1	34.3	33.4
Godrej Cons.	Buy	1251	1550	24	21.1	25.7	29.7	9.1	22.0	15.3	59.2	48.6	9.4	8.5	16.4	18.4
HUL	Buy	2508	3200	28	45.3	51.0	56.2	3.7	12.5	10.1	55.3	49.1	11.4	11.2	20.7	23.0
ITC	Buy	478	575	20	16.7	18.2	19.8	1.9	9.2	8.4	28.7	26.2	7.7	7.4	27.5	28.7
Indigo Paints	Buy	1532	1750	14	31.3	36.9	43.3	1.0	17.9	17.3	48.9	41.5	7.1	6.3	15.5	16.0
Jyothy Lab	Neutral	489	575	18	11.1	12.4	13.7	12.8	12.3	10.6	44.2	39.4	9.4	8.4	21.8	22.6
L T Foods	Buy	383	520	36	18.0	24.0	28.5	5.6	33.0	18.5	21.2	15.9	3.4	2.9	17.2	19.7
Marico	Buy	629	750	19	12.7	14.1	15.2	10.9	11.1	7.4	49.4	44.5	20.3	19.3	42.0	44.5
Nestle	Neutral	2296	2400	5	34.0	38.6	43.6	-17.1	13.5	12.8	67.5	59.5	53.5	45.3	87.7	82.5
Page Inds	Buy	47988	54000	13	603.4	724.6	872.8	18.2	20.1	20.5	79.5	66.2	30.5	26.2	38.4	39.6
Pidilite Ind.	Neutral	3127	3200	2	42.4	49.0	55.9	18.4	15.4	14.1	73.7	63.9	16.7	15.0	24.0	24.7
P&G Hygiene	Neutral	15608	16500	6	254.0	286.7	327.1	15.3	12.9	14.1	61.4	54.4	53.9	45.0	96.3	90.2
Tata Consumer	Buy	993	1320	33	16.0	19.5	21.5	11.3	22.3	10.0	62.2	50.8	4.2	3.7	8.0	8.1
United Brew	Neutral	1926	1950	1	21.7	31.1	38.7	39.4	43.6	24.3	88.9	61.9	11.4	10.3	13.2	17.5
United Spirits	Neutral	1448	1550	7	18.8	21.2	23.4	4.0	12.5	10.4	76.9	68.3	12.6	10.7	16.4	15.6
Varun Beverages	Buy	591	730	23	7.9	10.2	12.6	29.4	29.3	24.0	75.2	58.1	21.6	10.1	32.9	23.6
Aggregate								3.3	12.6	10.9	47.0	41.7	11.3	10.5	24.0	25.2
Consumer Durables																
Havells India	Neutral	1661	1830	10	23.9	29.6	36.8	17.8	24.0	24.3	69.5	56.1	12.4	10.8	17.8	19.3
KEI Industries	Buy	3986	5100	28	75.6	91.1	112.1	17.4	20.6	23.0	52.7	43.7	9.5	7.9	18.0	18.1
Polycab India	Buy	6715	8340	24	124.9	151.4	182.2	5.2	21.2	20.4	53.8	44.4	10.5	8.9	19.5	20.0
R R Kabel	Buy	1548	1900	23	23.8	39.7	56.1	-10.1	67.0	41.4	65.1	39.0	8.7	7.4	13.9	20.4
Voltas	Buy	1766	2070	17	26.8	34.7	43.8	270.9	29.3	26.4	65.8	50.9	8.8	7.7	13.4	15.2
Aggregate								24.9	25.7	24.3	61.2	48.7	10.5	9.0	17.1	18.5
EMS																
Amber Enterp.	Buy	6147	7350	20	78.0	113.0	172.3	97.7	44.9	52.5	78.8	54.4	8.9	7.6	12.0	15.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Avalon Tech	Buy	791	920	16	9.2	16.6	26.3	115.1	80.7	58.6	86.3	47.8	8.6	7.3	10.4	16.4
Cyient DLM	Buy	662	870	31	13.1	24.7	34.3	70.3	87.9	38.9	50.4	26.8	5.2	4.3	10.8	17.6
Data Pattern	Neutral	2320	-		40.0	53.1	67.8	23.2	32.8	27.7	58.0	43.7	8.4	7.1	15.6	17.6
Dixon Tech.	Buy	15629	17500	12	128.4	177.1	231.9	108.8	37.9	30.9	121.7	88.2	38.2	26.8	37.1	35.7
Kaynes Tech	Buy	5544	6600	19	53.8	95.1	145.7	87.4	76.9	53.3	103.1	58.3	12.5	10.3	12.9	19.4
Syrma SGS Tech.	Buy	549	550	0	9.5	14.7	22.1	54.7	55.4	49.9	58.0	37.3	5.6	4.9	10.0	14.0
Aggregate								81.5	50.8	41.4	95.9	63.6	14.8	12.0	15.4	18.9
Healthcare																
Alembic Phar	Neutral	1039	1110	7	31.7	37.9	47.5	0.7	19.6	25.4	32.8	27.4	3.8	3.4	12.1	13.1
Alkem Lab	Neutral	5701	6072	7	187.8	204.3	210.6	17.6	8.8	3.1	30.4	27.9	5.7	4.9	20.1	18.8
Ajanta Pharma	Buy	2866	3470	21	76.7	88.6	104.0	23.1	15.6	17.4	37.4	32.3	8.5	7.1	24.8	23.9
Apollo Hospitals	Buy	7421	8660	17	97.4	126.3	164.5	56.0	29.7	30.2	76.2	58.8	12.5	10.3	18.4	19.9
Aurobindo	Neutral	1328	-		66.3	73.8	85.2	18.3	11.3	15.4	20.0	18.0	2.3	2.1	12.3	12.2
Biocon	Neutral	321	300	-7	2.1	4.8	9.8	18.4	124.5	103.7	149.8	66.7	1.9	1.8	1.3	2.8
Cipla	Neutral	1592	1420	-11	56.8	62.7	66.1	8.3	10.3	5.5	28.0	25.4	4.2	3.6	15.0	14.4
Divis Lab	Neutral	5938	5630	-5	77.2	98.2	120.3	28.7	27.2	22.5	76.4	60.0	10.4	9.3	14.3	16.4
Dr Reddy's	Neutral	1282	1390	8	69.3	79.7	69.9	9.2	15.0	-12.3	18.5	16.1	3.2	2.7	18.8	18.2
ERIS Lifescience	Neutral	1303	1230	-6	28.6	40.1	54.2	-2.2	40.4	35.1	45.6	32.5	6.2	5.3	14.3	17.6
Gland Pharma	Buy	1781	1970	11	49.3	60.2	71.2	3.6	22.1	18.2	36.1	29.6	3.1	2.8	8.9	9.9
Glenmark	Buy	1666	1930	16	47.5	59.2	68.5	1,811.9	24.6	15.7	35.1	28.1	5.2	4.4	15.8	16.8
GSK Pharma	Neutral	2555	2800	10	50.2	56.2	64.6	15.9	12.1	14.9	50.9	45.4	20.0	16.3	39.3	36.0
Global Health	Buy	1068	1263	18	19.3	24.8	29.2	8.2	29.0	17.4	55.5	43.0	8.6	7.4	16.6	18.5
Granules India	Buy	583	680	17	21.6	28.6	36.0	24.2	32.8	25.8	27.0	20.4	3.8	3.2	15.1	17.2
IPCA Labs	Buy	1557	1950	25	33.4	42.8	55.9	60.8	28.1	30.5	46.6	36.3	5.6	5.0	12.7	14.5
Laurus Labs	Buy	499	530	6	6.3	11.0	15.2	108.1	75.0	38.4	79.5	45.4	6.1	5.5	7.9	12.7
Lupin	Neutral	2104	2210	5	68.3	75.0	83.2	64.5	9.8	10.9	30.7	28.0	5.5	4.6	19.6	18.1
Mankind Pharma	Buy	2659	3140	18	54.6	60.1	76.6	14.3	10.1	27.4	48.7	44.2	9.7	8.3	21.5	20.2
Max Healthcare	Buy	1078	1240	15	15.1	19.9	24.0	9.6	32.0	20.7	71.6	54.3	9.8	8.3	14.6	16.5
Piramal Pharma	Buy	282	310	10	2.4	5.2	7.5	469.7	115.2	45.2	116.8	54.3	4.1	3.8	4.0	8.0
Sun Pharma	Buy	1811	2280	26	49.3	59.3	67.4	19.0	20.2	13.7	36.7	30.6	5.9	5.0	17.2	17.8
Torrent Pharma	Neutral	3195	3430	7	59.8	79.3	99.4	27.1	32.5	25.4	53.4	40.3	6.6	5.5	27.0	29.8
Zydus Lifesciences	Neutral	969	1140	18	43.9	47.3	43.6	16.5	7.9	-7.8	22.1	20.5	3.9	3.3	19.6	17.4
Aggregate								22.0	19.0	12.7	37.7	31.7	5.5	4.8	14.6	15.1
Infrastructure																
G R Infraproject	Buy	1598	1830	15	73.6	91.3	111.5	0.9	24.0	22.1	21.9	21.7	2.1	2.0	10.6	11.6
IRB Infra	Neutral	51	60	17	1.5	2.1	2.4	51.6	36.9	17.2	33.8	24.7	2.1	2.0	6.5	8.4
KNR Constructions	Buy	288	410	42	14.6	18.9	21.1	-4.4	29.7	11.9	19.8	15.3	2.2	1.9	11.9	13.5
Aggregate											26.6	20.1	2.1	1.9	8.0	9.7
Logistics																
Adani Ports	Buy	1363	1780	31	50.8	60.5	72.2	23.0	19.2	19.3	26.9	22.5	4.7	4.0	19.0	19.2
Blue Dart Express	Buy	7908	9900	25	137.1	223.5	271.8	12.7	63.0	21.6	57.7	35.4	11.6	9.3	21.3	29.2
Concor	Buy	826	1050	27	22.8	29.7	35.7	13.7	29.9	20.4	36.2	27.8	4.0	3.7	11.4	13.8
JSW Infra	Buy	305	350	15	6.0	8.2	11.0	3.9	35.7	34.1	50.6	37.3	7.1	6.2	14.8	17.7
Mahindra Logistics	Neutral	400	440	10	3.6	17.3	29.2	-143.7	384.6	68.6	111.7	23.1	5.7	4.7	5.0	22.0
Transport Corp.	Buy	1181	1290	9	52.6	64.5	75.4	14.8	22.6	16.9	22.4	18.3	3.8	3.2	18.2	18.8
TCL Express	Neutral	972	1060	9	28.5	39.4	45.9	-17.2	38.3	16.4	34.1	24.7	4.8	4.1	14.7	17.9
VRL Logistics	Buy	570	670	18	12.7	23.4	25.8	25.7	83.6	10.4	44.8	24.4	5.1	4.7	11.6	20.1
Aggregate											30.8	24.9	5.0	4.3	16.1	17.2
Media																
PVR Inox	Neutral	1467	1750	19	7.4	26.7	48.6	-36.8	262.9	81.8	199.0	54.8	1.9	1.9	1.0	3.5
Sun TV	Neutral	754	860	14	47.1	50.2	53.4	-1.0	6.5	6.4	16.0	15.0	2.7	2.5	16.8	16.5
Zee Ent.	Neutral	123	145	18	7.2	9.6	10.6	58.7	33.3	11.2	17.1	12.8	1.0	1.0	6.2	7.8
Aggregate								8.0	20.6	14.0	21.7	18.0	1.9	1.8	8.8	10.0
Metals																
Coal India	Buy	424	560	32	56.8	67.4	70.5	-6.5	18.7	4.7	7.5	6.3	2.6	2.2	35.1	34.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hindalco	Buy	650	880	35	63.0	63.1	74.6	38.0	0.1	18.3	10.3	10.3	1.6	1.4	16.2	14.2
Hind. Zinc	Neutral	506	570	13	23.0	30.6	31.4	25.1	33.3	2.7	22.0	16.5	17.5	10.6	70.8	80.1
JSPL	Buy	928	1200	29	52.2	95.5	110.0	-10.7	83.0	15.2	17.8	9.7	1.9	1.6	11.2	18.0
JSW Steel	Buy	997	1200	20	31.5	67.8	85.5	-14.3	114.8	26.2	31.6	14.7	2.9	2.4	9.5	17.9
Nalco	Neutral	239	220	-8	12.9	13.9	16.2	42.2	7.8	16.5	18.5	17.1	2.7	2.4	15.6	15.0
NMDC	Buy	236	290	23	24.8	27.1	30.3	25.8	9.2	11.7	9.5	8.7	2.3	1.9	25.8	23.8
SAIL	Neutral	118	130	10	3.3	10.4	14.8	26.5	215	42.4	35.5	11.4	0.8	0.8	2.4	7.1
Tata Steel	Neutral	148	160	8	5.7	12.2	18.0	111.6	112	48.2	25.8	12.1	2.1	2.0	8.2	16.8
Vedanta	Neutral	458	520	14	36.3	45.2	51.0	173.9	25	12.8	14.2	11.4	6.0	4.7	42.9	46.0
Aggregate								18.7	36.3	16.9	14.4	10.6	2.5	2.2	17.4	20.6
Oil & Gas																
Aegis Logistics	Neutral	768	810	5	17.3	21.7	23.6	6.4	25.9	8.8	44.5	35.4	6.3	5.6	14.8	16.8
BPCL	Neutral	310	335	8	21.4	26.2	26.9	-66.2	22.2	3.0	14.5	11.9	1.7	1.5	11.7	13.5
Castrol India	Buy	207	275	33	8.9	9.7	10.7	2.0	8.3	10.6	23.2	21.4	9.1	8.6	40.3	41.3
GAIL	Buy	204	265	30	15.9	18.0	20.5	15.8	13.1	14.2	12.9	11.4	1.8	1.7	15.5	16.0
Gujarat Gas	Buy	523	660	26	18.6	20.6	22.5	16.5	10.5	9.4	28.1	25.4	4.2	3.8	15.8	15.7
Gujarat St. Pet.	Neutral	380	415	9	16.0	11.4	11.4	-29.6	-29.2	0.0	23.7	33.5	2.0	1.9	8.5	5.8
HPCL	Buy	383	455	19	15.4	37.4	40.1	-79.6	143.8	7.1	24.9	10.2	1.7	1.5	6.8	15.3
IOC	Buy	140	185	32	4.3	7.9	8.0	-85.3	82.3	1.1	32.4	17.8	1.1	1.0	3.2	5.7
IGL	Sell	442	375	-15	23.0	24.0	25.7	-8.1	4.6	7.1	19.3	18.4	3.2	2.9	17.6	16.4
Mahanagar Gas	Buy	1420	1970	39	112.1	117.8	123.8	-15.3	5.1	5.1	12.7	12.1	2.4	2.2	20.2	18.9
MRPL	Sell	161	131	-18	2.2	9.9	11.4	-89.4	356.0	14.9	73.9	16.2	2.1	1.9	2.8	12.2
Oil India	Buy	508	660	30	45.1	48.8	52.6	-7.2	8.0	7.8	11.3	10.4	1.7	1.5	15.7	15.3
ONGC	Buy	262	365	39	45.0	52.8	55.6	-2.8	17.2	5.4	5.8	5.0	0.9	0.8	15.9	16.5
PLNG	Neutral	329	385	17	25.7	30.9	34.0	8.9	20.4	9.9	12.8	10.6	2.6	2.3	21.4	22.9
Reliance Ind.	Buy	1284	1628	27	48.4	64.8	73.5	-6.0	34.1	13.4	26.5	19.8	2.0	1.9	7.9	9.8
Aggregate								-30.5	28.5	9.2	17.7	13.8	1.7	1.6	9.6	11.3
Real Estate																
Brigade Enterpr.	Buy	1123	1630	45	37.1	42.0	59.6	67.9	13.2	41.8	30.3	26.7	5.3	4.4	18.9	18.0
DLF	Buy	786	925	18	10.4	19.0	13.7	-5.2	82.2	-27.7	75.4	41.3	3.3	3.1	6.3	10.7
Godrej Propert.	Buy	2685	3725	39	52.0	32.8	27.8	93.4	-36.9	-15.1	51.6	81.8	6.5	6.0	13.5	7.7
Kolte Patil Dev.	Buy	375	620	65	13.3	42.1	37.7	-245.1	217.1	-10.5	28.3	8.9	3.5	2.6	13.1	33.6
Oberoi Realty	Neutral	2012	2056	2	66.7	82.8	96.6	26.0	24.0	16.7	30.2	24.3	4.6	3.9	16.3	17.4
Macrotech Devel.	Buy	1167	1568	34	23.4	35.3	38.3	38.3	51.0	8.3	49.9	33.0	5.7	4.9	12.1	16.0
Mahindra Lifespace	Neutral	513	555	8	6.3	6.9	22.4	0.5	8.9	223.9	80.9	74.3	4.1	4.0	5.2	5.4
SignatureGlobal	Buy	1269	-		47.4	69.2	3.8	3,931.0	46.1	-94.4	26.8	18.3	13.8	7.9	69.4	54.7
Sunteck Realty	Buy	543	745	37	16.2	23.2	10.4	234.8	43.1	-55.3	33.5	23.4	2.4	2.2	7.4	9.7
Sobha	Buy	1598	2250	41	35.2	74.2	91.4	591.2	110.5	23.2	45.3	21.5	5.4	4.4	12.7	22.6
Prestige Estates	Buy	1580	2130	35	19.9	26.2	38.9	5.0	31.9	48.4	79.4	60.2	3.5	3.3	5.3	5.6
Phoenix Mills	Neutral	1478	1652	12	30.3	41.6	55.6	-1.4	36.9	33.7	48.7	35.6	5.0	4.5	10.9	13.3
Aggregate								34.7	39.8	-0.3	53.2	38.0	5.2	4.6	9.7	12.1
Retail																
Avenue Supermarts	Buy	3873	5300	37	44.3	55.2	67.1	13.8	24.5	21.6	87.4	70.2	11.7	10.0	14.3	15.4
Aditya Birla Fashion	Neutral	298	335	13	-7.4	-6.2	-5.4	Loss	Loss	Loss	NM	NM	7.6	9.0	-17.4	-17.1
Bata India	Neutral	1335	1250	-6	23.3	26.6	32.4	2.3	14.2	21.8	57.2	50.1	9.7	8.8	18.2	18.5
Barbeque-Nation	Neutral	558	700	25	-2.4	1.2	4.4	-17.2	LP	254.5	NM	448.0	5.7	5.6	-2.4	1.3
Campus Activewe.	Buy	305	390	28	4.3	5.6	7.0	46.8	30.8	24.6	71.1	54.3	11.9	9.8	16.8	18.0
Devyani Intl.	Buy	171	220	29	0.8	1.9	2.4	-2.3	148.8	27.5	226.9	91.2	29.4	31.0	10.3	33.1
Jubilant Food.	Neutral	607	625	3	5.3	8.0	10.3	34.8	50.4	28.9	114.1	75.9	17.3	16.3	15.2	21.4
Kalyan Jewellers	Buy	693	850	23	8.4	11.4	13.7	44.9	35.4	20.1	82.5	60.9	14.8	12.6	19.2	22.3
Metro Brands	Buy	1165	1465	26	14.1	17.5	22.0	10.7	24.2	25.8	82.6	66.5	14.2	12.0	19.0	20.1
Raymond Lifestyle	Buy	2205	3000	36	66.9	81.4	104.7	-16.7	21.7	28.6	33.0	27.1	1.3	1.3	8.7	9.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Relaxo Footwear	Neutral	769	-		9.4	11.8	14.0	16.7	25.4	19.2	81.9	65.3	8.8	8.0	11.2	12.8
Restaurant Brands	Buy	91	135	49	-3.6	-1.0	1.2	-23.6	Loss	LP	NM	NM	10.1	11.3	-33.6	-11.6
Sapphire Foods	Buy	321	415	29	1.3	3.3	4.8	-21.4	160.9	44.4	250.2	95.9	7.5	6.9	3.0	7.5
Shoppers Stop	Neutral	635	750	18	3.3	3.7	8.7	-40.4	12.5	135.2	193.7	172.1	14.7	13.2	10.5	10.7
Senco Gold	Buy	1130	1700	50	31.3	37.4	44.1	34.4	19.5	17.8	36.1	30.2	5.5	4.7	16.4	16.8
Titan Company	Buy	3186	3850	21	43.0	53.6	64.0	9.6	24.7	19.3	74.1	59.4	23.5	18.4	35.7	34.7
Trent	Buy	6300	8200	30	47.8	65.9	89.8	63.4	38.1	36.1	131.9	95.5	36.3	25.8	34.5	33.8
V-Mart Retail	Neutral	4109	4750	16	-1.9	20.3	47.2	-96.5	LP	132.2	NM	202.2	10.0	9.5	NM	4.8
Vedant Fashions	Neutral	1402	1500	7	18.4	22.8	28.8	7.7	24.0	26.3	76.3	61.6	19.2	16.7	26.0	26.3
Westlife Foodworld	Neutral	754	800	6	1.1	5.7	8.6	-75.3	418.0	50.8	686.9	132.6	15.8	16.2	2.6	12.1
Aggregate								29.0	34.2	28.4	97.9	73.8	14.4	12.6	14.7	17.1
Technology																
Cyient	Buy	1883	2100	12	69.1	86.2	97.8	3.3	24.8	13.4	27.3	21.8	4.5	4.2	16.3	19.0
HCL Tech.	Buy	1838	2300	25	63.7	71.9	80.3	10.1	12.9	11.6	28.8	25.5	7.4	7.5	25.6	29.3
Infosys	Buy	1831	2200	20	63.4	71.1	79.6	0.2	12.0	12.1	28.9	25.8	8.6	8.6	29.8	33.4
LTI Mindtree	Buy	5926	7400	25	164.6	191.8	233.7	6.3	16.5	21.8	36.0	30.9	7.7	6.7	22.7	23.2
L&T Technology	Buy	5099	6400	26	126.3	149.4	170.9	2.7	18.3	14.4	40.4	34.1	9.0	7.7	24.0	24.5
Mphasis	Neutral	2858	3400	19	91.4	104.7	117.2	11.8	14.5	12.0	31.3	27.3	5.7	5.3	19.1	20.2
Coforge	Buy	7954	10000	26	147.1	239.2	291.0	10.4	62.6	21.7	54.1	33.3	12.8	10.9	24.6	34.9
Persistent Sys	Buy	5668	6300	11	89.5	115.0	133.8	19.3	28.4	16.4	63.3	49.3	15.0	12.7	25.6	27.9
TCS	Buy	4145	5400	30	141.0	156.8	172.0	11.7	11.2	9.7	29.4	26.4	15.7	14.7	54.8	57.4
Tech Mah	Neutral	1683	1700	1	47.9	63.7	71.1	16.5	33.1	11.5	35.1	26.4	5.4	5.3	15.7	20.3
Wipro	Neutral	569	550	-3	22.6	24.5	25.9	11.0	8.1	5.9	25.1	23.3	4.0	4.0	16.1	17.3
Zensar Tech	Neutral	729	750	3	28.2	31.7	36.1	-3.1	12.4	13.7	25.8	23.0	4.1	3.6	17.0	16.9
Aggregate								10.0	13.0	11.0	29.8	26.4	9.0	8.6	30.0	32.7
Telecom																
Bharti Airtel	Buy	1570	1900	21	35.9	45.4	60.6	82.5	26.6	33.5	43.8	34.6	9.8	7.7	24.0	27.0
Indus Towers	Neutral	326	385	18	22.1	24.2	26.6	-1.3	9.7	9.9	14.8	13.5	2.6	2.3	19.3	18.0
Vodafone Idea	Neutral	8	10	27	-9.8	-9.3	-8.7	-11.6	Loss	Loss	NM	NM	-0.2	-0.2	NM	NM
Tata Comm	Neutral	1771	1790	1	37.6	58.1	76.3	-11.1	54.7	31.3	47.1	30.5	20.5	13.7	50.4	54
Aggregate								Loss	LP	133.9	-1,551	130	72.7	34.9	-4.7	26.9
Utilities																
Indian Energy Exchange	Neutral	171	200	17	4.3	5.2	6.0	13.5	18.5	17.2	39.3	33.2	13.3	11.1	37.1	36.5
JSW Energy	Buy	712	900	26	17.7	21.4	18.9	69.0	20.6	-11.5	40.1	33.3	5.3	4.7	14.0	14.9
NTPC	Neutral	398	450	13	21.6	25.7	27.8	0.7	18.8	8.3	18.4	15.5	2.2	2.1	12.6	13.8
Power Grid Corpn	Buy	316	426	35	17.5	18.4	19.5	4.5	5.1	6.0	17.9	17.1	3.2	3.1	18.4	18.7
Tata Power Co.	Buy	433	509	18	13.6	17.7	18.6	23.6	30.5	5.0	31.9	24.4	3.8	3.3	12.5	14
Aggregate								8.9	15.1	5.4	21	18	3.0	2.7	14.1	14.9
Others																
APL Apollo Tubes	Buy	1518	1750	15	25.6	43.0	55.8	-3.2	68.2	29.7	59.4	35.3	10.2	8.1	18.3	25.6
Cello World	Buy	861	1150	34	18.3	23.0	28.5	17.4	25.8	23.7	47.0	37.4	12.0	9.2	25.5	24.5
Coromandel Intl	Buy	1751	2000	14	55.9	72.9	85.7	0.2	30.4	17.6	31.3	24.0	4.8	4.2	16.4	18.6
Dreamfolks Services	Buy	462	520	12	13.3	18.9	22.4	6.1	42.1	18.5	34.8	24.5	7.9	5.9	26.6	28.6
EPL	Buy	262	310	18	10.4	14.4	16.9	27.7	38.0	17.6	25.1	18.2	3.7	3.2	15.2	18.9
Gravita India	Buy	2231	2800	25	43.0	59.9	80.3	24.0	39.4	34.1	51.9	37.3	13.7	10.0	30.2	31.1
Godrej Agrovet	Buy	724	910	26	26.2	34.4	41.0	39.7	31.6	19.1	27.7	21.0	4.9	4.2	18.8	21.7
Indian Hotels	Buy	733	770	5	11.8	14.3	16.1	33.0	20.9	13.0	62.2	51.4	9.3	7.9	16.2	16.6
Indiamart Inter.	Buy	2373	3500	47	72.2	80.0	100.8	30.7	10.9	25.9	32.9	29.7	6.8	5.8	22.6	21.2
Info Edge	Neutral	7662	7000	-9	63.8	90.2	108.4	-0.8	41.4	20.2	119.6	84.6	3.7	3.6	3.8	4.5
Interglobe	Neutral	3999	4130	3	187.1	222.9	266.1	-11.7	19	19	21.4	18	16.8	8.7	130.3	63.9
Kajaria Ceramics	Buy	1200	1500	25	27.0	33.1	40.9	-0.7	22.6	23.4	44.4	36.2	6.8	6.2	15.3	17.4
Lemon Tree Hotel	Buy	122	165	36	2.4	3.8	4.5	26.5	59.1	18.7	50.6	31.8	8.2	6.5	17.7	22.9
MTAR Tech	Buy	1618	2000	24	27.0	46.5	71.9	48.0	72.1	54.7	59.9	34.8	6.6	5.5	11.6	17.2



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
One 97	Neutral	848	700	-17	-26.2	-10.5	3.1	17.0	Loss	LP	NM	NM	4.4	4.6	-13.2	-5.7
Qess Corp	Neutral	710	750	6	27.1	34.1	40.4	32.8	25.6	18.6	26.2	20.8	2.7	2.5	14.1	16.5
SIS	Buy	388	480	24	26.3	33.4	39.9	102.5	27.3	19.4	14.8	11.6	0.9	0.8	14.6	16.0
Team Lease Serv.	Buy	2737	3550	30	79.1	126.5	146.2	22.1	59.9	15.6	34.6	21.6	5.0	4.0	15.1	20.4
UPL	Neutral	558	650	17	26.3	45.1	63.3	618.2	71.8	40.2	21.2	12.4	1.1	1.0	8.0	12.9
Updater Services	Buy	407	450	11	16.6	22.6	29.6	46.4	35.9	31.0	24.5	18.0	2.8	2.4	12.2	14.4
Zomato	Buy	249	330	32	1.1	3.4	7.4	172.7	205.2	116.8	224.0	73.4	10.0	8.8	4.6	12.8



Index	1 Day (%)	1M (%)	12M (%)
Sensex	-0.1	-2.6	22.3
Nifty-50	-0.2	-3.5	24.2
Nifty Next 50	-1.2	-6.5	52.0
Nifty 100	-0.4	-4.0	28.4
Nifty 200	-0.6	-4.0	30.1
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	0.0	-9.3	46.8
Amara Raja Ener.	-0.6	-2.5	105.2
Apollo Tyres	-1.3	-3.5	19.7
Ashok Leyland	2.8	-0.3	27.9
Bajaj Auto	0.5	-16.6	83.6
Balkrishna Inds	-1.3	-5.8	8.8
Bharat Forge	-1.8	-4.1	37.3
Bosch	-0.7	-7.5	78.8
CEAT	-0.3	-4.8	34.9
Craftsman Auto	-0.4	-19.4	2.4
Eicher Motors	-1.9	2.0	34.8
Endurance Tech.	0.4	9.8	41.2
Escorts Kubota	-0.2	-5.7	15.5
Exide Inds.	-2.4	-11.5	64.1
Happy Forgings	-0.3	-1.3	
Hero Motocorp	-1.0	-13.8	52.3
Hyundai Motor	0.4		
M & M	2.9	-6.0	100.0
CIE Automotive	-3.2	-10.7	1.0
Maruti Suzuki	0.0	-9.8	9.5
MRF	-1.6	-9.9	9.9
Sona BLW Precis.	-0.1	4.5	25.1
Motherson Sumi	-3.6	-13.6	89.6
Motherson Wiring	-0.6	-3.0	7.5
Tata Motors	-1.7	-12.4	25.4
TVS Motor Co.	-0.5	-9.9	49.8
Tube Investments	-2.3	-4.1	19.6
Banks-Private	-0.3	-0.7	10.8
AU Small Fin. Bank	-3.6	-20.2	-14.0
Axis Bank	0.1	0.7	13.6
Bandhan Bank	-2.1	-5.3	-18.3
DCB Bank	-1.8	1.6	4.9
Equitas Sma. Fin	1.2	3.3	118.1
Federal Bank	0.4	10.1	40.6
HDFC Bank	0.5	6.3	17.6
ICICI Bank	-1.6	1.8	34.5
IDFC First Bank	-1.3	-10.3	-21.6
IndusInd Bank	-0.3	-22.5	-29.2
Kotak Mah. Bank	-0.1	-3.2	0.0
RBL Bank	-3.5	-15.7	-31.2
SBI Cards	-0.1	-4.5	-6.6
Banks-PSU	-2.0	4.0	36.3
BOB	-2.3	3.8	33.3
Canara Bank	-1.3	-1.2	34.7
Indian Bank	-2.4	6.1	32.2
Punjab Natl.Bank	-1.8	2.2	38.2
St Bk of India	-1.9	7.9	45.3

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	-0.7	-3.7	31.2
Nifty Midcap 100	-1.3	-3.7	39.3
Nifty Smallcap 100	-1.7	-0.9	38.3
Nifty Midcap 150	-1.3	-3.5	38.2
Nifty Smallcap 250	-1.6	-1.4	40.7
Union Bank (I)	-2.1	2.6	13.1
NBFCs	-0.6	1.6	22.2
Aditya Birla Capital Ltd	-1.1	-10.2	15.2
Angel One	-1.3	9.7	6.4
Bajaj Fin.	-0.1	-4.0	-7.6
BSE	-3.7	10.6	126.7
Cholaman.Inv.&Fn	-1.7	-17.7	10.3
Can Fin Homes	-1.0	-0.6	11.6
Cams Services	0.2	6.0	92.4
CreditAcc. Gram.	-2.8	-19.4	-44.7
Fusion Microfin.	-3.6	-11.4	-64.8
Five-Star Bus.Fi	-1.1	-19.7	-16.3
Home First Finan	-4.5	-15.0	19.2
Indostar Capital	-2.9	-1.1	55.9
IIFL Finance	-2.4	-3.4	-25.3
L&T Finance	-2.8	-18.5	-0.6
LIC Housing Fin.	-0.6	3.2	39.9
MCX	-0.1	6.8	144.5
M & M Fin. Serv.	1.3	-4.4	3.4
Muthoot Finance	-1.1	-4.2	36.4
Manappuram Fin.	-2.2	-17.8	7.7
MAS Financial Serv.	-0.8	5.9	0.2
PNB Housing	-2.4	0.9	28.7
Power Fin.Corpn.	-2.7	-3.5	70.5
REC Ltd	-2.7	-1.9	65.9
Repco Home Fin	-2.2	-5.0	9.4
Shriram Finance	-2.0	-9.7	51.9
Spandana Sphoort	-2.6	-29.8	-59.4
Insurance			
HDFC Life Insur.	-0.4	-0.2	14.5
ICICI Pru Life	-0.5	-4.3	33.9
ICICI Lombard	-0.3	-9.0	39.6
Life Insurance	-1.6	-5.2	49.1
Max Financial	-1.4	5.6	30.3
SBI Life Insuran	-1.3	-9.1	16.7
Star Health Insu	-3.4	-15.6	-11.6
Chemicals			
Alkyl Amines	-3.2	-9.1	-4.2
Atul	-1.9	0.8	19.5
Clean Science	-0.3	-4.0	7.8
Deepak Nitrite	-4.9	-4.0	25.1
Fine Organic	-2.7	-0.3	17.7
Galaxy Surfact.	-2.7	5.6	6.2
Navin Fluo.Intl.	0.1	6.0	-1.7
NOCIL	-1.8	-0.4	25.5
P I Inds.	-2.8	-0.2	27.5
SRF	-3.0	-1.0	-2.0



Company	1 Day (%)	1M (%)	12M (%)
Tata Chemicals	-1.7	1.5	14.9
Vinati Organics	-0.8	-3.3	8.2
Capital Goods	-0.4	3.1	0.6
A B B	0.7	-13.6	64.8
Bharat Electron	-0.9	6.2	112.1
Cummins India	2.8	-1.4	106.8
Hitachi Energy	-2.2	-0.1	207.1
K E C Intl.	-2.9	0.7	82.7
Kalpataru Proj.	-1.9	-5.8	105.8
Kirloskar Oil	1.2	3.3	118.1
Larsen & Toubro	0.4	3.6	22.2
Siemens	1.4	-2.7	109.5
Thermax	0.6	0.9	74.5
Triveni Turbine	-3.4	-13.4	63.8
Zen Technologies	-2.6	10.5	157.6
Cement			
Ambuja Cem.	-1.0	-6.8	34.2
ACC	-1.3	-4.0	23.6
Birla Corp.	-1.5	-6.5	-11.3
Dalmia Bhar.	-1.7	-6.0	-16.8
Grasim Inds.	-0.7	-7.1	32.1
India Cem	0.2	0.1	68.5
J K Cements	0.2	-8.1	18.7
JK Lakshmi Cem.	-1.2	-4.7	0.2
The Ramco Cement	-1.2	1.0	-14.3
Shree Cement	-1.0	-4.1	-6.6
UltraTech Cem.	-0.1	-3.0	27.0
Consumer	0.3	-7.8	11.3
Asian Paints	-2.6	-10.3	-10.5
Britannia Inds.	1.0	-7.4	23.0
Colgate-Palm.	-1.4	-23.3	34.3
Dabur India	-0.6	-6.3	-1.4
Emami	-0.2	-9.4	31.2
Godrej Consumer	-0.6	-4.1	23.2
Hind. Unilever	1.3	-11.0	-0.5
ITC	0.0	-5.9	9.4
Indigo Paints	-5.8	4.4	7.4
Jyothy Lab.	-1.9	-9.7	17.3
L T Foods	-2.0	-3.5	91.5
Marico	-0.3	-9.8	21.0
Nestle India	1.4	-11.1	-5.5
Page Industries	6.5	13.6	26.7
Pidilite Inds.	-1.0	-1.9	26.4
P & G Hygiene	0.6	-6.9	-11.5
Tata Consumer	0.8	-11.3	9.7
United Breweries	-0.2	-8.7	21.2
United Spirits	0.7	-4.6	31.7
Varun Beverages	-1.0	0.3	46.6
Consumer Durables	0.7	-5.3	35.7
Polycab India	-1.3	-7.4	31.1
R R Kabel	-0.2	-11.8	-3.7
Havells	-0.3	-14.8	32.6
Voltas	-0.1	-1.9	115.3

Company	1 Day (%)	1M (%)	12M (%)
KEI Industries	-0.6	-5.1	56.0
EMS			
Amber Enterp.	-1.1	21.5	84.5
Avalon Tech	12.1	44.6	58.0
Cyient DLM	0.2	-2.9	4.5
Data Pattern	-2.9	-2.3	18.7
Dixon Technolog.	-0.5	7.6	191.6
Kaynes Tech	-4.1	5.5	123.9
Syrma SGS Tech.	-3.3	34.8	5.0
Healthcare	0.1	-3.3	45.5
Alembic Pharma	-3.9	-16.7	41.7
Alkem Lab	-0.3	-8.7	34.8
Apollo Hospitals	0.0	7.2	45.2
Ajanta Pharma	-4.1	-15.6	59.0
Aurobindo	-1.7	-11.0	41.7
Biocon	-2.0	-6.2	41.6
Zydus Lifesci.	-0.3	-8.0	55.2
Cipla	1.0	-2.9	28.3
Divis Lab	-0.2	7.3	70.4
Dr Reddy's	-0.3	-3.6	17.7
ERIS Lifescience	0.3	-4.6	45.5
Gland Pharma	-1.5	4.6	9.4
Glenmark	0.6	-3.9	112.0
Global Health	-1.6	8.3	28.1
Granules	2.2	5.0	63.2
GSK Pharma	-1.9	-5.3	77.2
IPCA Labs	0.0	1.4	47.9
Laurus Labs	0.9	13.7	34.4
Lupin	-0.3	-5.1	73.8
Mankind Pharma	-2.5	2.1	44.3
Max Healthcare	0.0	12.9	82.7
Piramal Pharma	-3.7	25.6	143.6
Sun Pharma	1.0	-5.6	53.8
Torrent Pharma	1.2	-9.0	57.8
Infrastructure	-0.7	-4.9	38.4
G R Infraproject	-1.8	-0.1	35.9
IRB Infra.Devl.	-1.4	-12.7	47.8
KNR Construct.	-2.9	-9.2	8.0
Logistics			
Adani Ports	0.7	-3.9	66.5
Blue Dart Exp.	-1.0	-8.4	16.7
Container Corpn.	-2.5	-7.2	11.5
JSW Infrast	-3.3	-5.6	50.5
Mahindra Logis.	-3.5	-16.8	8.6
Transport Corp.	-3.1	15.5	34.4
TCI Express	-0.9	-5.8	-26.4
VRL Logistics	-0.9	4.5	-14.4
Media	-2.1	-4.7	-13.5
PVR INOX	-2.5	-8.5	-12.2
Sun TV	-0.8	-5.5	14.8
Zee Ent.	-1.8	-3.3	-52.8
Metals	-0.9	-5.0	40.5
Hindalco	0.4	-9.9	33.3



Company	1 Day (%)	1M (%)	12M (%)
Hind. Zinc	-0.3	-0.9	70.5
JSPL	-2.1	-5.6	47.6
JSW Steel	0.7	-0.2	31.7
Nalco	0.1	12.3	154.1
NMDC	-1.2	7.8	45.3
SAIL	-4.2	-10.0	37.5
Tata Steel	-2.2	-7.5	24.0
Vedanta	0.0	-8.0	93.1
Oil & Gas	-2.1	-9.4	41.2
Aegis Logistics	-4.0	12.4	161.5
BPCL	-1.4	-8.2	61.6
Castrol India	-2.1	-7.6	52.2
GAIL	-3.0	-9.2	63.8
Gujarat Gas	-3.2	-13.2	25.6
Gujarat St. Pet.	-2.4	-7.1	38.4
HPCL	-3.4	-1.8	91.8
IOCL	-2.6	-14.6	35.7
IGL	1.3	-17.0	11.7
Mahanagar Gas	-1.1	-22.3	35.8
MRPL	-3.3	-8.2	41.2
Oil India	-3.1	-10.1	145.6
ONGC	-1.0	-10.5	34.4
PLNG	-5.1	-6.9	64.7
Reliance Ind.	-1.7	-8.1	9.9
Real Estate	-2.9	-6.0	48.3
Brigade Enterpr.	-2.7	-16.3	61.8
DLF	-2.2	-6.4	31.9
Godrej Propert.	-4.5	-9.0	51.4
Kolte Patil Dev.	0.6	-2.4	-23.4
Mahindra Life.	-0.4	3.1	0.6
Macrotech Devel.	-3.9	0.3	38.5
Oberoi Realty Ltd	-0.8	14.6	65.1
SignatureGlobal	-8.3	-17.2	91.2
Sobha	-3.5	-9.1	107.2
Sunteck Realty	-3.3	-3.2	20.4
Phoenix Mills	-2.5	-10.8	41.1
Prestige Estates	-4.1	-13.0	89.7
Retail			
Aditya Bir. Fas.	0.1	-10.9	36.2
Avenue Super.	-0.4	-13.2	4.4
Bata India	-0.3	-3.9	-14.2
Campus Activewe.	-3.3	-1.9	14.0
Barbeque-Nation	-2.2	-16.3	-10.4
Devyani Intl.	-0.6	-3.7	-7.3
Jubilant Food	1.8	-1.3	19.6
Kalyan Jewellers	-1.7	-2.2	99.5
Metro Brands	-1.7	-4.4	-9.1
Raymond Lifestyl	1.2	2.0	
Relaxo Footwear	-1.0	-2.7	-15.2
Restaurant Brand	-1.8	-14.8	-20.4
Sapphire Foods	0.9	-8.2	23.5
Senco Gold	-1.9	-16.8	62.7
Shoppers St.	-2.1	-16.9	-2.7
Titan Co.	2.1	-8.8	-3.8

Company	1 Day (%)	1M (%)	12M (%)
Trent	-3.2	-21.7	156.8
V-Mart Retail	-5.0	-7.8	143.1
Vedant Fashions	0.4	5.6	4.7
Westlife Food	-2.9	-15.9	-7.8
Technology	0.7	-0.8	36.0
Cyient	-1.8	3.0	13.5
HCL Tech.	0.3	2.7	45.0
Infosys	1.5	-6.1	31.6
LTIMindtree	0.7	-7.1	13.3
L&T Technology	-0.8	-0.9	19.2
Mphasis	0.7	-1.5	31.0
Coforge	1.3	8.6	55.6
Persistent Sys	-1.2	6.8	80.3
TCS	-0.1	-2.5	22.6
Tech Mah	1.8	3.2	47.6
Wipro	1.0	8.0	48.9
Zensar Tech	-1.6	6.4	48.1
Telecom	-1.0	-5.5	37.6
Bharti Airtel	-0.4	-5.3	67.6
Indus Towers	-3.9	-11.8	77.1
Idea Cellular	-2.1	-17.1	-42.3
Tata Comm	-1.7	-11.5	3.4
Utilities	-1.5	-7.1	69.9
Coal India	-2.6	-13.8	33.6
NTPC	-1.5	-5.5	68.0
Power Grid Corpn	1.1	-3.3	52.8
Tata Power Co.	-2.7	-5.3	69.7
JSW Energy	-0.4	-1.5	85.1
Indian Energy Ex	-1.7	-16.4	29.2
Others			
APL Apollo Tubes	-0.2	-1.6	-5.5
Cello World	-0.3	-1.4	7.6
Coromandel Intl	-1.5	11.3	57.9
Dreamfolks Servi	-2.2	-5.0	9.4
EPL Ltd	-4.1	-3.3	31.5
Gravita India	-2.9	-5.8	96.2
Godrej Agrovet	-1.6	-2.6	53.0
Havells	-0.3	-14.8	32.6
Indian Hotels	7.2	7.0	80.7
Indiamart Inter.	-0.3	-9.0	39.6
Info Edge	-1.6	-5.2	49.1
Interglobe	0.2	-13.0	55.3
Kajaria Ceramics	-1.8	-14.7	-5.3
Lemon Tree Hotel	2.7	5.7	3.5
MTAR Technologie	-2.6	-6.8	-36.6
One 97	6.6	13.0	-5.3
Piramal Enterpr.	-1.8	2.3	6.0
Quess Corp	-0.8	-5.2	61.1
SIS	-1.4	-2.8	-9.7
Team Lease Serv.	-0.5	-8.7	8.9
UPL	-1.7	-3.3	0.3
Updater Services	-3.0	8.2	52.0
Voltas	-0.1	-1.9	115.3
Zomato Ltd	-2.5	-10.8	98.7

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Investment Rating	Expected return (over 12-month)
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