

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	80,040	-0.1	10.8
Nifty-50	24,406	0.0	12.3
Nifty-M 100	56,742	-0.2	22.9
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,399	-0.5	13.2
Nasdaq	17,182	-0.9	14.5
FTSE 100	8,186	0.4	5.9
DAX	18,299	-0.5	9.2
Hang Seng	6,017	-2.0	4.3
Nikkei 225	37,870	-3.3	13.2
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	83	-0.2	6.6
Gold (\$/OZ)	2,365	-1.4	14.6
Cu (US\$/MT)	9,004	0.3	6.4
Almn (US\$/MT)	2,215	-1.6	-5.6
Currency	Close	Chg .%	CYTD.%
USD/INR	83.7	0.0	0.6
USD/EUR	1.1	0.1	-1.7
USD/JPY	153.9	0.0	9.1
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.0	-0.01	-0.2
10 Yrs AAA Corp	7.5	-0.01	-0.3
Flows (USD b)	25-Jul	MTD	CYTD
FII	-0.3	3.80	4.5
DII	0.29	0.73	28.9
Volumes (INRb)	25-Jul	MTD*	YTD*
Cash	1,391	1497	1287
F&O	4,50,202	3,79,688	3,78,781

Note: Flows, MTD includes provisional numbers.

\*Average



**Today's top research idea**

**Mankind Pharma: Unlocking new vertical through BSV acquisition**

- ❖ Mankind Pharma (MANKIND) would acquire Bharat Serum Vaccines (BSV) for EV of INR136b, implying EV/EBITDA of 28x/22-23x on FY24/FY25 basis.
- ❖ This acquisition not only expands Mankind's niche portfolio, but also provides specialty R&D tech platform, in-house complex manufacturing capabilities and strong institutional reach.
- ❖ Considering access to high entry barrier business, healthy mix of domestic-international segment and potential for sustainable EBITDA growth (27% EBITDA YoY growth in FY25), we believe the valuation is fair to acquire BSV.
- ❖ We await clarity on deal structure in terms of debt/equity fund raise to consume the deal from the concall scheduled on today at 5pm. Having said this, considering current cash of INR42b from internal accruals, we assume debt/equity of INR60b/INR32b to complete the transaction. Free cash generated from base business would subsequently lower debt levels for Mankind. Maintain BUY.



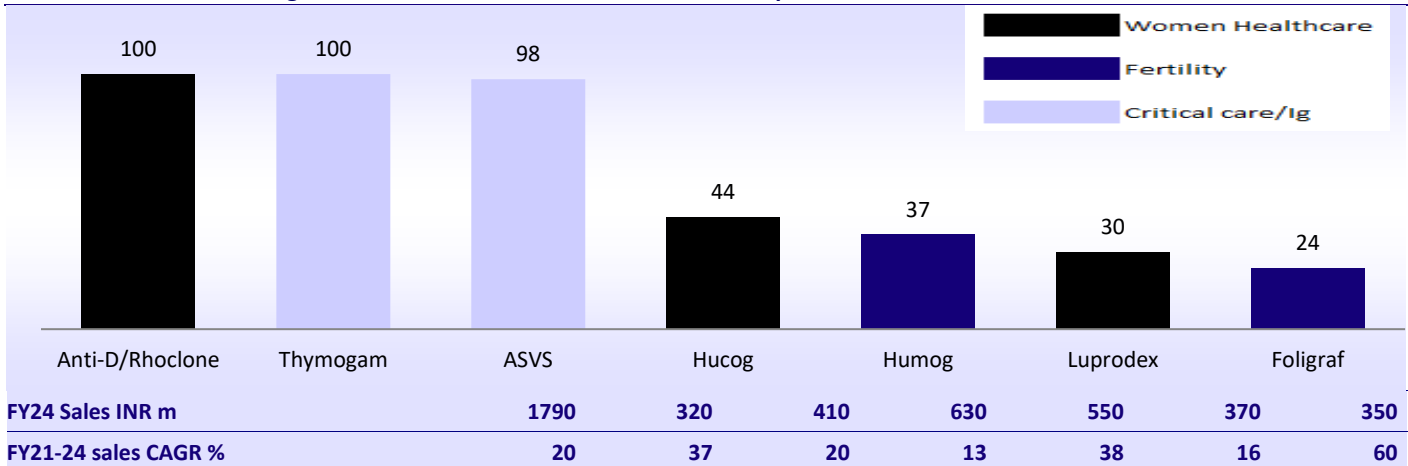
**Research covered**

Cos/Sector	Key Highlights
Mankind Pharma	Unlocking new vertical through BSV acquisition
Mahindra & Mahindra	Working to "Deliver Scale"
Other Updates	Nestlé India   Tech Mahindra   Canara Bank   AU Small Finance Bank   Hitachi Energy   Laurus Labs   Cyient   PNB Housing   Jyothy Laboratories   The Ramco Cements   AAVAS Financiers   Westlife Foodworld   Craftsman Automation   Mahindra Lifespaces   SIS   MAS Financial Services   Airtel Africa   Financials   DLF   Ashok Leyland   United Breweries   Mahanagar Gas   HomeFirst Finance   Fuel or Engines - Economy



**Chart of the Day: Mankind Pharma (Unlocking new vertical through BSV acquisition)**

All the BSV brands with higher CY market domestic market and lower competition



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

### Parle, Britannia top consumer choices

Ramakrishnan said the biggest challenge for brands is the smaller attention window of consumers.

2

### FMCG market projected to grow at 5% in FY25: Kantar

Kantar points to the stress that urban households are feeling in terms of household expenditure.

3

### Hindustan Zinc eyes gains from hard-to-extract critical minerals

Hindustan Zinc is controlled by natural resources major Vedanta, whose chairman Anil Agarwal has been quite vocal about local manufacturing to cut dependence on imports.

4

### Govt sets 25% market share target for BSNL by 2025

Notably, private telecom operators - Jio has a market share of 40.6%, followed by Airtel at 33.2% and Vodafone Idea at 18.6%

5

### 'No review of capital gains tax change for real estate'

The government is not open to reviewing the long-term capital gains regime for sale of property, which has ignited a debate, Sanjay Malhotra, secretary, Department of Revenue

6

### Foxconn eyes major expansion in India: Plans to assemble Apple iPads at Tamil Nadu facility

Foxconn is exploring the possibility of assembling Apple iPads at its Tamil Nadu facility, marking a significant expansion from its current focus on iPhones.

7

### New capital gains regime to aid future home buyers, says CBDT chairman Ravi Agarwal

CBDT Chairman Ravi Agarwal stated that recent tax changes will significantly benefit home buyers and investors. The new provisions, effective from the 2025-26 assessment year, lower capital gains tax on property sales held over two years to 12.5% from 20%...



# Mankind Pharma

BSE SENSEX 80,040 S&P CNX 24,406



Bloomberg	MANKIND IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	859.1 / 10.3
52-Week Range (INR)	2490 / 1681
1, 6, 12 Rel. Per (%)	-2/-9/-12
12M Avg Val (INR M)	1545

### Financials & Valuations (INR b)

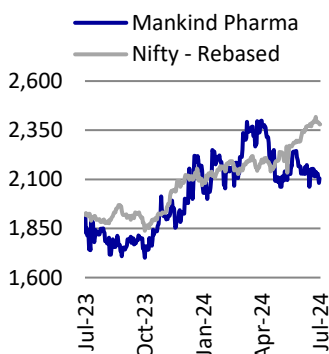
Y/E March	FY24	FY25E	FY26E
Sales	103.3	114.3	127.8
EBITDA	25.4	29.3	33.6
Adjusted PAT	19.1	21.7	25.0
EBIT Margin (%)	24.5	25.6	26.3
Cons. Adj EPS (INR)	47.8	54.1	62.4
EPS Gr. (%)	38.5	13.3	15.4
BV/Sh. (INR)	233.7	275.1	322.9
<b>Ratios</b>			
Net D-E	-0.4	-0.5	-0.6
RoE (%)	22.8	21.3	20.9
RoCE (%)	22.8	21.2	20.8
Payout (%)	20.0	20.0	20.0
<b>Valuation</b>			
P/E (x)	44.9	39.6	34.3
EV/EBITDA (x)	33.8	29.0	24.6
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	2.7	4.7	4.6
EV/Sales (x)	8.3	7.4	6.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	74.9	74.9	76.5
DII	9.9	11.1	4.6
FII	11.6	9.9	4.2
Others	3.6	4.1	14.7

FII Includes depository receipts

### Stock's performance (one-year)



CMP: INR2,144 TP: INR2,650 (+24%) Buy

## Unlocking new vertical through BSV acquisition

### Aim to be EPS-accretive from second year after deal closure

- Mankind Pharma has agreed to acquire Bharat Serum Vaccines (BSV) for EV of INR136b, implying EV/EBITDA of 28x/22-23x on FY24/FY25 basis.
- This acquisition not only expands Mankind's niche portfolio, but also provides a specialty R&D tech platform, in-house complex manufacturing capabilities and strong institutional reach.
- Considering access to a high-entry barrier business, a healthy mix of domestic-international segments and potential for sustainable EBITDA growth (27% EBITDA YoY growth in FY25), we believe the deal valuation is fair.
- We await clarity on the deal structure in terms of debt/equity fund raise to fund the deal from the concall scheduled for 26th Jul'24 at 5pm. Having said this, considering current cash of INR42b from internal accruals, we assume debt/equity of INR60b/INR32b to complete the transaction. Free cash generated from the base business would subsequently lower debt for Mankind. Maintain BUY.

### BSV – well placed to deliver high EBITDA growth in medium term

- BSV has posted sales CAGR of 21% over FY21-24 to INR17b. Adjusting for acquisition/exit-related costs, EBITDA margin was 28.4% for FY24.
- Management comment about 22-23x FY25 EBITDA implies potential to garner INR6b EBITDA in FY25 from INR4.8b in FY24.
- The top 10 brands form 60% of domestic sales (54% of total sales). International sales witnessed a 25% CAGR over FY21-24.

### Multiple moats in BSV business

- BSV has a **high-entry barrier specialty portfolio** across India/EMs. It has not only shown commercial success but also has a product pipeline in segments like women's health, fertility and critical care.
- It has **differentiated technology platforms** like Recombinant tech, complex deliver system, and immunoglobulins.
- BSV has a **wide coverage** of doctors as well as institutional reach.
- It has **presence in international markets** with marketing/regulatory teams.
- BSV also has **complex manufacturing capabilities** at Ambernath/Germany.
- Mankind gains access to an **exhaustive fertility drugs** portfolio.

### Pro forma financials based on our assumptions

Given a surplus cash of INR42b and a limit of 2x EBITDA for debt, we assume Mankind will raise debt of INR60b and equity of INR32b in the near term to complete the transaction. The robust growth in business and the repayment of debt from cash flow generated in the base business can enable earnings accrual from FY27 onward. FY25 would have one quarter of business after the deal closure.

#### Pro forma Financials

Particulars	FY25	FY26	FY27	Assumptions
Sales (INRm)	4,308	20,676	24,811	❖ 20% CAGR over FY25-27
EBITDA (INRm)	1,206	6,099	7,369	❖ 170bp margin expansion
EBITDA margin (%)	28.0	29.5	29.7	❖
Interest outgo	1,200	4,000	2,100	❖ 8% interest outgo
Dep/Amortization	852	3,408	3,408	❖ 5% dep/amortization
PBT	-846	-1,308	1,861	

## Complex product/synergies to drive growth

### Complex and high-entry barrier product portfolio

- Over the years, BSV has developed a niche portfolio while establishing a strong presence across women healthcare.
- With its strong R&D capabilities, BSV is the **sole innovator** of recombinant **Anti-D** in the world. This drug is used to treat Rhesus disease, which is a condition where antibodies in a pregnant woman's blood destroy her baby's blood cells.
- Further, BSV has a strong presence across women health care, particularly in IVP segment (In vitro fertilization), which has a huge room for improvement due to low penetration in India and emerging markets. BSV also has coverage across Pregnancy & Post-Pregnancy.
- Additionally, BSV has a presence in the animal bites category, including drugs like Snake Venom Antiserum and Equine Rabies IgG.
- To develop these complex biologic drugs/complex delivery systems, it requires 5-10 years of R&D and complex manufacturing process, which makes it a high-entry barrier space.

### Differentiated portfolio/strong reach driving growth in India market

- BSV was the first Indian company to launch Anti thymocyte Ig, r-FSH, High Pure HMG and r-HCG products in India.
- Thymogam (anti-thymocyte globulin) helps to prevent the immune system from attacking transplanted organs.
- Further, BSV has a field force of 1.2k and GP/CP coverage of 28k in India market. Also, it has strong gynae coverage of 28k.
- Additionally, BSV has solid institutional reach, which would add value for growth.

### Expanding reach globally with scalable portfolio

- BSV has a presence in more than 70 countries, including key emerging markets and developing countries with 260+ sales teams across 15 markets.
- BSV has a strong presence across ASEAN, MENA, LATAM and RCIS with two home markets in Philippines and Malaysia.
- BSV generates 46% of revenue from international markets. Over FY21-24, BSV registered a 25% CAGR in CC terms to USD77m, led by Complex & Specialty portfolio in Critical Care and fast-growing Fertility segment.
- BSV is expanding its reach in international markets by entering attractive EMs with higher regulatory barriers, scaling portfolio with add-on filings and increasing focus on fertility.

### Niche manufacturing capabilities

- BSV has two manufacturing facilities at Ambernath and Germany with strong manufacturing capabilities in injectable and API space.
- At its Ambernath facility, BSV has five dedicated injectable lines and two API lines. It manufactures human & equine biological, thrombolytic and urinary hormone products at its manufacturing plant.
- At its Germany facility, BSV manufactures six products in partnership with innovator companies. Further, BSV has adjacent land available for expansion.
- BSV has received a land parcel at Genome valley to further expand its manufacturing capacities.

**Strong synergies to drive growth over medium term**

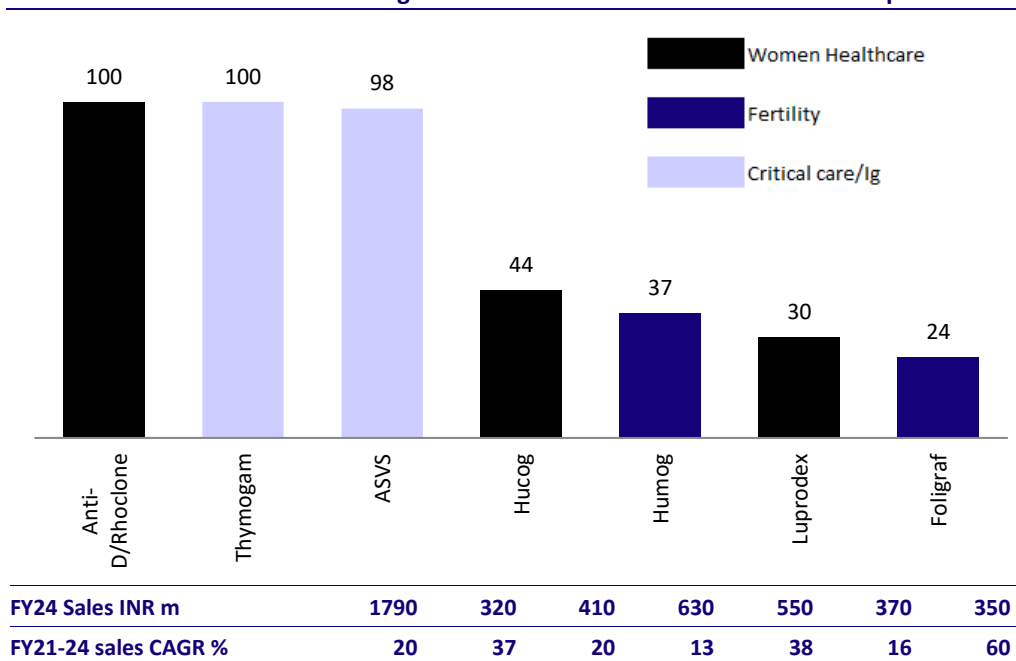
- With this acquisition, the product mix of Mankind would expand to recombinant and fertility, unlocking a new therapeutic segment.
- Further, the strong reach of Mankind would boost sales of the portfolio.
- Additionally, improved MR productivity and in house-manufacturing would improve the profitability.

**Exhibit 1: BSV has presence across all the women healthcare segments**

Global Infertility Drugs Market (USDb)	2027 estimated sales	CAGR % over 2022-2027
Fertility overall	9.9	9.8
FSH	3.5	9.7
HMG	2.2	12.9
Leuprorelin	1.5	8.4
HCG	0.4	5.9

Source: MOFSL, Company

**Exhibit 2: All the BSV brands with higher market domestic market and lower competition**



Source: MOFSL, Company



# Mahindra & Mahindra

BSE SENSEX  
80,040

S&P CNX  
24,406

**CMP: INR2,811**

**TP: INR3,300 (+17%)**

**Buy**



Bloomberg	MM IN
Equity Shares (m)	1244
M.Cap.(INRb)/(USDb)	3496.1 / 41.8
52-Week Range (INR)	3014 / 1416
1, 6, 12 Rel. Per (%)	-6/58/56
12M Avg Val (INR M)	6167
Free float (%)	81.9

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	988	1,177	1,374
EBITDA	129.2	154.3	187.2
Adj. PAT	107.2	129.7	154.6
EPS (INR)	89.4	108.2	128.9
EPS Gr. (%)	35.0	21.1	19.2
BV/Sh. (INR)	436	521	624

### Ratios

RoE (%)	22.4	22.6	22.5
RoCE (%)	20.5	21.5	21.7
Payout (%)	24	22	20

### Valuations

P/E (x)	32.8	27.1	22.7
P/BV (x)	6.7	5.6	4.7
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	1.8	3.1	3.7

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	18.1	18.1	18.9
DII	25.7	25.6	26.3
FII	46.8	46.8	45.4
Others	9.4	9.5	9.5

## Working to "Deliver Scale"

Remains committed to delivering 15-20% EPS growth and 18% ROE

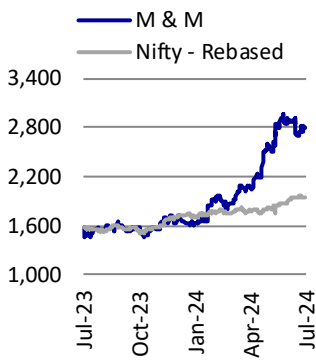
Mahindra & Mahindra's (MM) annual report FY24 outlines its strategic focus on its journey to "Deliver Scale" across its businesses, categorized into three buckets. First, it aims to capitalize on market leadership in SUVs and tractors by expanding its market presence through customer-obsessed brands, pioneering technology leadership, and global reach. Second, the company is focusing on unlocking the full potential of Mahindra Finance and Tech Mahindra, recognizing their significant potential for value creation. Both businesses have unique strengths that position them to become leaders in their respective segments. Lastly, its 'Growth Gems' are expected to achieve a fivefold increase in scale and value over the next 5-7 years. It remains committed to delivering 15-20% EPS growth and 18% ROE, ensuring sustained profitability and shareholder value. We maintain our BUY rating with a revised TP of INR3,300 (based on Jun'26E SOTP).

We present below the key insights from MM's annual report.

### Key highlights from MM's Annual Report FY24

- Farm Equipment Sector (FES) — Targets strong growth across segments:** Over the past three years, MM's market share grew by 3.4%. Strategic imperatives for the FES division include: 1) to reinforce its market share with new product launches and enhancement of its distribution reach, 2) to achieve 1.6x growth in exports by FY26 by ramping up its presence in Turkey, Finland and Japan, and 3) to target significant growth in farm machinery by FY26.
- Automotive — Capitalizing on market leadership in SUVs:** Notable achievements of the auto segment include: 1) No. 1 in SUV revenue market share for the second year in a row in FY24, 2) strengthening its leadership in the <3.5T LCV segment with a share of 49% in FY24, 3) 480bp margin improvement in two years. Going forward, MM aims to sustain its dominance in autos across key segments with new launches (23 products by 2030, including ICE, BEVs, and LCVs) and has earmarked capex of INR270b over FY25-27 for the same. MM aims to manufacture 200k EVs during 2027-2029 from its 'Born Electric' range and aims to have 20%-30% EV contribution to its SUV sales by 2027.
- Mahindra Finance (MMFS) and Tech Mahindra (TECHM) — Unlocking full potential:** MMFS and TECHM are sizeable businesses with strong potential for value creation. They have underperformed recently due to operational challenges. MM is currently implementing a plan to get the performance of these key entities back on track.
- 5x growth challenge for Growth Gems:** As per the management, the valuation of its Growth Gems has increased by more than 4x in the last four years to USD4.2b. By nurturing these 'Growth Gems,' MM aims to achieve a fivefold increase in their scale and value over the next 5-7 years.

**Stock Performance (1-year)**



**FES segment — Forecast of healthy monsoon bodes well for tractor demand**

- Domestic tractor industry volumes declined 7.4% YoY to ~876k units in FY24. However, MM managed to gain market share by 40bp to 41.6%.
- As indicated in the annual report, the forecast of a normal southwest monsoon this year is anticipated to further stimulate tractor demand in the upcoming months. Additionally, the government's announcement of increased horticulture production estimates and higher Rabi wheat output compared to last year should generate positive sentiment among farmers.
- Over the past three years, MM's market share has grown by 3.4%. FY24 witnessed the successful launch of OJA, Target, and Naya Swaraj. Through product innovation, improved financing, digital transformation and superior services, MM is expanding its dealer reach, strengthening the supply chain, optimizing pricing, and enhancing partnerships for a stronger market presence, including through its third brand, Trakstar.
- MM launched its new tractor program, OJA, designed for horticulture and paddy cultivation applications. The company recently launched the OJA series of lightweight tractors across three platforms. These tractors are equipped with three distinct Technology Packs: MYOJA (Intelligence Pack), PROJA (Productivity Pack), and ROBOJA (Automation Pack). This initiative introduces category-first features aimed at enhancing intelligence, productivity, and automation in agricultural operations.
- **Expanding international operations:** In F24, MM exported 13,860 tractors. Exports have been sluggish due to a slowdown in key markets like the US and Sri Lanka. M&M has launched the OJA in US market in Q4FY24, the 2<sup>nd</sup> largest market for MM outside India. They also plan to enter Europe in CY25. The rapid production scale-up of OJA tractors allows MM to address 25% of the global tractor market while entering new regions such as Europe and ASEAN.
- Following are the strategic imperatives for FES division:
  - **New product launches and channel expansion:** The farm division aims to introduce new products and broaden its distribution channels to reinforce its market position.
  - **Exponential growth in farm machinery:** Recognizing the high potential of the farm machinery segment, the division plans to scale up this segment significantly by F26 compared to F22.
  - **Expanding international business:** MM targets 1.6x growth in international business by F26, focusing on key markets and leveraging its centers of excellence in Turkey, Finland, and Japan.
  - **Leading in technology innovation:** By investing in cutting-edge technologies and forming strategic partnerships, MM aims to maintain its leadership in farm technology and bring innovative solutions to the market.

**Auto segment - To launch 23 new products across powertrain by 2030**

- The automotive segment achieved its highest-ever annual sales volume of ~825k units, up ~18% YoY. UV volumes grew ~28% YoY to 459.9k units, with a market share of 18.2%, up 40bp YoY. MM continues to dominate the SUV segment with a revenue market share of 20.4%, up 130bp YoY.

- As of 1st May'24, SUV bookings stood at 220k, significantly lower than last year. This indicates enhanced production capacity and delivery efficiency. SUV capacity was increased to 49k units per month by FY24 end from 39k in FY23, and will be increased to 64k by FY25 end and to 72k by FY26 end.
- MM's market share for LCVs under 3.5 tons stood at 49% in FY24, up 350b YoY, The market share gain was driven by the launch of a whole new range of Pik-Up under the brand Maxx-Pik Up catering to the requirements of intracity, intercity as well as rural customers.
- The company posted export volume of ~24,663 vehicles, down ~23.2% YoY. Total export volume was affected by continued headwinds in South Asia and Africa. However, there was growth in Australia, New Zealand, South and Central America, driven by a strengthened SUV portfolio. Its market share has reached 6.2% in South Africa and 5% in Australia. MM has also plans to enter new markets like the UK and Europe with its 'Born Electric' range.
- For the truck and bus division, the company achieved remarkable volume growth of 31% YoY to 13,155 units, significantly outpacing industry growth of 2%. Notably, this segment delivered positive EBDITA in all four quarters of FY24.
- Following are the strategic imperatives for the auto division-
  - **Strengthening ICE SUV leadership:** MM continues to reinforce its dominance in the ICE SUV market with strong brands like Scorpio, Bolero, XUV700, XUV 3XO, and Thar.
  - **New product launches:** The company plans to launch 23 new products by 2030, which include seven LCVs (five ICEs + two BEV in <3.5T segment), nine SUVs (six new and others mid-cycle upgrades) and seven BEVs.
  - Develop a new category of e-SUVs based on its proprietary INGLO platform
  - Maintain its lead in the LCV segment through ongoing innovation and product enhancements
  - Increase its international operations significantly
  - **Enhancing brand and customer focus:** MM aims to create a lasting legacy of SUV leadership and customer-focused innovations.
  - **MM is committed to investing INR270b in capex over FY25-27 —INR140b in ICE, INR120b in EVs and INR10b as investments. This is a sharp rise in capex from INR137b over FY22-24 (auto capex of INR91b and INR40bn in MEAL).**

#### **Electrification — Committed to investing INR120b over FY25-27**

- The EV industry has experienced exceptional growth globally, with a 51% CAGR over the past five years. In CY23, global EV sales reached 1b units, representing 15.5% of total PV sales. MM reported 61% YoY growth in EV sales to 74,217 units in FY24.
- By 2027, MM expects EVs to account for 20-30% of its SUVs by 2027, aligning with its commitment to becoming planet-positive by 2040 and leading the EV SUV sector. It aims to manufacture 200k EVs between 2027 and 2029 from its 'Born Electric' range.
- In line with its strategic vision, MM has committed INR120b over FY25-27 to establish manufacturing facilities and develop SUV electric vehicles. Progress has been made at its 'Born Electric' facilities, including the construction of a new factory and advanced battery manufacturing capabilities.



- During the year, MM finalized a securities subscription and shareholders' agreement with Jongsong Investments Pte Ltd (Temasek) and Mahindra Electric Automobile Limited (MEAL). Under this agreement, Temasek has agreed to invest INR12b in MEAL through compulsory convertible preference shares (CCPS), with a valuation of up to INR806b. This investment grants Temasek an ownership stake ranging from 1.49% to 2.97% in MEAL. They have invested INR3b in FY24.

### **MMFS and TECHM — Unlocking full potential**

- Over the past few years, they have underperformed their peers due to various operational challenges. In FY24, TECHM posted a ~52% YoY decline in PAT and MMFS posted an 11% YoY decline. MMFS and TECHM are sizeable businesses with strong potential for value creation. MM is implementing a plan aimed at achieving leadership positions in these sectors, which should unlock significant value.
- MMFS has laid down a comprehensive mission to achieve- i) stable asset quality GS-3 <6%, ii) 2x AUM growth, iii) 15% contribution from new business lines, iv) maintain NIMs at ~7.5%, v) operating leverage cost to assets of 2.5%, and vi) ROA of 2.5% on a sustained basis.
- TECHM has outlined a clear vision for FY27 with focus on three strategic objectives to achieve its stated objective of 'Scale at Speed': i) revenue sales improvement — sales organization has been simplified to six sales SBUs from 12, ii) margin improvement by working on centralizing the delivery structure to enable innovation and domain expertise, and iii) organization — internal policies are being reworked. Its FY27 goals include outperforming the peers in revenue growth, EBIT margin of 15%, ROCE of over 30% and capital return of over 85% of FCF.

### **5x challenge for Growth Gems**

- The management has shortlisted a few businesses within the group that are expected to become value creators in the future.
- Some of these businesses are: Farm machinery, Mahindra Susten, Mahindra Lifespace, Mahindra Holidays, Classic Legends, Last Mile Mobility, Mahindra Aerospace Defense, and Car & Bike.
- In FY24, these Growth Gems posted total PAT growth of 6% YoY.
- As per the management, the valuation of its Growth Gems has increased by over 4x in the last four years to USD4.2b. By nurturing these Growth Gems, it aims to achieve a fivefold increase in their scale and value over the next 5-7 years.

### **Last Mile Mobility (LMM) — Secured investment of INR10b in FY24**

- During the year ended 31st Mar'24, MM formed a wholly owned subsidiary, Mahindra Last Mile Mobility Limited (MLMML), and transferred identified assets and business pertaining to this business for a cash consideration of INR8.5b. MM's total investment in MLMML stood at INR8.6b as of Mar'24.
- The business includes models like electric Treo, Zor Grand, e-Alfa range, and ICE vehicles such as the Alfa 3-wheeler and Jeeto 4-wheeler.
- Total volumes for the business grew ~20.6% YoY to 101k units in FY24. EV volumes grew ~51.5% YoY to 66,190 units. It reported a revenue of INR23.7b and a net profit of INR262m during the year.

- Two marquee global investors have invested in LMM so far: 1) International Finance Corporation (IFC) has agreed to invest up to INR6b in the company (invested INR3b in FY24), 2) India Japan Fund, managed by National Investment and Infrastructure Fund Ltd., has agreed to invest INR4b in MLMML at a valuation of up to INR66b, and has so far invested INR2b in FY24.
- MM is setting up a new manufacturing unit for a state-of-the-art battery assembly line, producing power packs and manufacturing electronic as well as drivetrain components for e-3Ws and e-4Ws. This advanced facility, scheduled to commence operations in just 200 days, will have an annual capacity of 200k units and will integrate cutting-edge technologies such as AI, Vision systems and over 800 robots.
- As highlighted above, MM targets to launch over 10 new products or upgrades in LMM, featuring best-in-class powertrain efficiency and design by 2030.

**Classic Legends — Proposed investment of INR8.75b**

- In FY24, Classic Legends reported an ~11% YoY decline in revenue to INR6.4b with a net loss of INR1.5b (flat YoY).
- The domestic market volumes for FY24 were affected by delays in launching enhanced products and reduced marketing expenditures. Exports also declined due to economic slowdowns in the UK and Europe, compounded by the Russia-Ukraine conflicts, which dampened demand sentiment.
- Despite these challenges, with secured funding for future growth and the addition of new external investors, the focus is now on enhancing products, introducing new launches, dealer development, extending market reach, and implementing cost efficiencies. These initiatives aim to significantly boost volumes and enhance margins for FY25 and beyond.
- In FY24, Classic Legends entered into securities subscription agreements and an amended & restated shareholders' agreement with the company, existing shareholders of CLPL, and new investors. These agreements outline terms for a proposed investment of INR8.75b in CLPL. The investment will comprise INR5.25b from MM and INR3.5b from existing shareholders and new investors to be disbursed in tranches over the next 2-3 years as per the agreed terms.
- Part of the INR8.75b investment has already been completed in FY24. CLPL plans to utilize this investment to strengthen its business and leverage the synergies between the company and its partners.

**Farm machinery — Expects to sustain growth rate of over 30%**

- Farm machinery remains a promising sector amid concerns over farm productivity and labor shortages. MM's strategy for the farm machinery business is aggressive, focusing on 'Made in India' products like rotary tillers, harvesters, and rice transplanters.
- Despite rural economic challenges, farm machinery grew 32% YoY to INR8.66b in FY24.
- This growth was led by significant achievements in rotary tillers, propelling MM to the No. 2 position in just three years with a market share of 20.3% in FY24. With a revival in the rural economy, the segment is anticipated to sustain a growth rate of over 30% as per the management.
- The segment is expanding with the introduction of rotary tillers and harvesters for the domestic market, and tractor-driven implements for exports. Leveraging its CoE in Turkey, Finland, and Japan, the company aims to introduce advanced implements and machinery in India. It has also successfully launched rotary tillers, loaders and backhoes in North America in FY24.



# Nestlé India

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR2,481      TP: INR2,500 (+1%)      Neutral**

Bloomberg	NEST IN
Equity Shares (m)	964
M.Cap.(INRb)/(USDb)	2391.7 / 28.6
52-Week Range (INR)	2771 / 2145
1, 6, 12 Rel. Per (%)	-4/-14/-15
12M Avg Val (INR M)	2146

### Financials & Valuations (INR b)

Y/E Dec	FY24*	FY25E	FY26E
Sales	243.9	210.3	233.1
Sales Gr. (%)	15.5	-13.8	10.8
EBITDA	59.1	52.4	58.7
Margin (%)	24.2	24.9	25.2
Adj. PAT	39.6	35.5	39.3
Adj. EPS (INR)	41.0	36.8	40.8
EPS Gr. (%)	62.5	-10.2	10.7
BV/Sh.(INR)	34.6	41.8	49.6

### Ratios

RoE (%)	136.5	96.4	89.3
RoCE (%)	140.9	99.2	91.1
Payout (%)	78.4	80.0	80.0

### Valuations

P/E (x)	60.4	67.3	60.8
P/BV (x)	71.6	59.4	50.0
EV/EBITDA (x)	40.3	45.5	40.5
Div. Yield (%)	1.3	1.2	1.3

\*Note: FY24 is 15-month period as the company changed its accounting year-end from December to March

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.8	62.8	62.8
DII	9.2	9.1	9.1
FII	11.9	12.1	12.4
Others	16.1	16.1	15.8

FII Includes depository receipts

## Weak revenue growth; miss on all fronts

- Nestle India (Nestle) reported weak 3.3% YoY revenue growth (est. 8.6%) in 1QFY25. Last eight-quarter average revenue growth was 14%. Domestic sales grew 4.2% YoY, supported by volume growth and a favorable product mix. Export sales contracted by 7.2% YoY to INR1.8b.
- GM expanded 280bp YoY to INR57.6% (est. 55.5%). GP was up by 9% YoY. Input prices are seeing inflation, with coffee and cocoa prices hitting all-time highs. Cereals and grains (MSP led) are also seeing inflationary trends. Prices are stable for milk, edible oils and packaging. Nestle has seen a strong GM recovery (up 300bp) in the last 12 months; we model a limited expansion in FY25. With 11% growth in operating costs, EBITDA margin inched up 40bp. EBITDA grew 5% YoY to INR11.2b (est. INR12.1b).
- Nestle has been focusing on its RURBAN strategy and expanding its distribution reach in the untapped markets. E-commerce continued to deliver healthy growth, with double-digit growth in 1Q. During the quarter, Nestle added 800 distribution touchpoints and increased its village coverage by 5,000 to ~205,000 villages. Nestle posted broad-based growth across brands for the last few years. **We reiterate our Neutral rating with a TP of INR2,500 (based on 60x P/E Jun'26E) due to expensive valuations.**

## Miss on all fronts

- **Slowdown in domestic sales:** Nestle saw a sharp deceleration in revenue growth in 1QFY25 as net revenue was up only 3.3% YoY to INR48.1b (est. INR50.6b). Domestic sales grew 4.2% YoY to INR46.1b, while exports contracted by 7.2% YoY to INR1.8b. Domestic growth was primarily driven by healthy volume and a favorable product mix.
- **Broad-based growth across categories:** Nestle sustained broad-based growth across segments, though revenue growth was low. Five of the top 12 brands clocked double-digit growth. Beverages business delivered double-digit growth despite the scorching summer. Prepared Dishes maintained growth momentum, with innovations contributing to ~30% of growth. KITKAT delivered double-digit growth. E-commerce mix was 7.5% and growing at double digits.
- **Gross margin** continued to expand, up 280bp YoY at 57.6% (est. 55.5%). RM prices are seeing inflationary trends, especially in coffee, cocoa, cereals and grains. Employee/other expenses grew by 11%/12% YoY. EBITDA margin expanded by 40bp YoY to 23.3% (est. 23.8%). EBITDA rose 5.1% YoY to INR11.2b (est. INR 12.1b).
- PBT grew 6.9% YoY to INR10.2b (est. INR10.9b), and adj. PAT increased by 5.1% YoY to INR7.4b (est. INR8.0b).
- The board has recommended an interim dividend of INR2.75 per share.

**Valuation and view**

- There are no material changes to our FY25 and FY26 EPS estimates.
- The company has been focusing on its RURBAN strategy; hence, growth was higher in RURBAN markets. Most of Nestle’s categories have been reaping the benefits of distribution penetration. Packaged food penetration has improved in the tier-2 and rural markets.
- The GM trajectory has been volatile over the last three years. It was 57% in CY21, which then dropped to 54% in CY22. Owing to benign raw material inflation, GM expanded in CY23. We estimate ~56% margin in FY25/FY26.
- Nestle’s portfolio is relatively safe from local competition; thus, operating costs have not accelerated unlike its FMCG peers. We believe the company will be able to sustain its EBITDA margin at ~25% for FY25/FY26.
- The stock trades at expensive valuations of 67x/61x FY25E/FY26E EPS. **We reiterate our Neutral rating with a TP of INR2,500 (based on 60x P/E Jun’26E).**

**Quarterly performance**

(INR b)

Y/E December	FY24					FY25E				FY24E*	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	5Q	1Q	2QE	3QE	4QE		1QE		
<b>Net Sales</b>	<b>48.3</b>	<b>46.6</b>	<b>50.4</b>	<b>46.0</b>	<b>52.7</b>	<b>48.1</b>	<b>53.9</b>	<b>49.9</b>	<b>58.2</b>	<b>243.9</b>	<b>210.3</b>	<b>50.6</b>	<b>-4.9%</b>
YoY Change (%)	21.0	15.1	9.5	8.1	9.0	3.3	7.1	8.6	10.5	15.5	-13.8	8.6	
<b>Gross Profit</b>	<b>26.0</b>	<b>25.5</b>	<b>28.5</b>	<b>27.0</b>	<b>29.9</b>	<b>27.8</b>	<b>30.7</b>	<b>28.7</b>	<b>33.3</b>	<b>136.9</b>	<b>120.5</b>	<b>28.1</b>	
Margin (%)	53.8	54.8	56.5	58.6	56.8	57.6	57.0	57.5	57.1	56.1	57.3	55.5	
<b>EBITDA</b>	<b>11.2</b>	<b>10.7</b>	<b>12.5</b>	<b>11.3</b>	<b>13.4</b>	<b>11.2</b>	<b>13.6</b>	<b>12.4</b>	<b>15.2</b>	<b>59.1</b>	<b>52.4</b>	<b>12.1</b>	<b>-7.1%</b>
Margins (%)	23.3	22.9	24.8	24.5	25.5	23.3	25.3	24.8	26.1	24.2	24.9	23.8	
YoY Growth (%)	19.8	24.5	21.6	13.5	19.4	5.1	9.4	9.9	13.2	23.9	-11.3	13.2	
Depreciation	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	5.4	4.7	1.2	
Interest	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	1.5	1.2	0.3	
Other income	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.3	1.5	1.4	0.3	
<b>PBT</b>	<b>10.2</b>	<b>9.5</b>	<b>11.4</b>	<b>10.3</b>	<b>12.3</b>	<b>10.2</b>	<b>12.5</b>	<b>11.2</b>	<b>14.0</b>	<b>53.7</b>	<b>47.9</b>	<b>10.9</b>	<b>-6.9%</b>
Tax	2.5	2.4	3.1	2.3	3.2	2.6	3.2	2.8	3.2	13.6	11.8	2.7	
Rate (%)	24.9	25.4	27.6	22.5	25.6	25.8	25.4	25.3	22.7	25.2	24.7	25.2	
<b>Adjusted PAT</b>	<b>7.5</b>	<b>7.0</b>	<b>8.1</b>	<b>7.8</b>	<b>9.1</b>	<b>7.4</b>	<b>9.2</b>	<b>8.3</b>	<b>10.6</b>	<b>39.6</b>	<b>35.5</b>	<b>8.0</b>	<b>-7.6%</b>
YoY Change (%)	25.8	30.0	20.7	23.5	21.7	5.1	14.7	6.2	16.2	30.0	-10.2	13.8	

E: MOFSL Estimates

**Key Performance Indicators**

Y/E December	FY24					FY25E
	1Q	2Q	3Q	4Q	5Q	1Q
<b>2Y average growth (%)</b>						
Sales	15.8	15.8	14.0	10.8	15.0	9.2
EBITDA	10.1	12.7	14.0	14.0	19.6	14.8
PAT	12.5	16.5	14.0	17.2	23.7	17.5
<b>% of Sales</b>						
COGS	46.2	45.2	43.5	41.4	43.2	42.4
Employee Expenses	9.4	9.8	10.3	9.1	9.2	10.5
Other Expenses	21.1	22.1	21.5	24.9	22.1	23.9
Depreciation	2.1	2.3	2.2	2.4	2.1	2.3
<b>YoY change (%)</b>						
COGS	25.0	12.8	0.6	-0.9	2.0	-3.1
Employee Expenses	14.0	11.5	23.2	3.2	7.2	10.5
Other Expenses	17.2	12.7	10.5	22.8	13.9	11.5
Other Income	57.1	23.6	8.6	2.5	-20.6	63.3
EBIT	22.7	27.1	22.4	13.9	20.7	5.1

E: MOFSL Estimates \*Note: FY24 is 15-month period as the company changed its accounting year-end from December to March



# Tech Mahindra

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,530      TP: INR1,470 (-4%)      Neutral**

## Light at the end of the tunnel

**Decent revenue growth in seasonally weak quarter, margin recovery encouraging**

Bloomberg	TECHM IN
Equity Shares (m)	978
M.Cap.(INRb)/(USD\$b)	1496.2 / 17.9
52-Week Range (INR)	1548 / 1082
1, 6, 12 Rel. Per (%)	4/1/8
12M Avg Val (INR M)	3036

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	520	535	570
EBIT Margin (%)	7.6	9.2	12.4
Adj. PAT	36.2	39.5	56.4
Adj. EPS (INR)	41.1	44.5	63.6
PAT	23.6	39.5	56.4
EPS (INR)	26.8	44.5	63.6
EPS Gr. (%)	(51.0)	66.4	42.9
BV/Sh. (INR)	302.6	308.6	318.7

### Ratios

RoE (%)	13.3	14.6	20.3
RoCE (%)	12.4	15.9	22.2
Payout (%)	97.3	85.0	85.0

### Valuations

P/E (x)	37.5	34.5	24.2
P/BV (x)	5.1	5.0	4.8
EV/EBITDA (x)	23.0	19.8	15.1
Div Yield (%)	2.6	2.5	3.5

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	35.0	35.1	35.2
DII	30.9	29.7	27.1
FII	23.3	24.2	25.7
Others	10.8	11.1	12.0

FII Includes depository receipts

- Tech Mahindra (TECHM) reported 1QFY25 revenue of USD1.5b, up 0.7% QoQ in CC vs. our estimate of 0.4% QoQ CC. The weakness was primarily due to a continued slowdown in CME (down 2.0% QoQ). Banking and Technology were flat QoQ, while Manufacturing showed continued strength with 2.4% QoQ growth. EBIT margin was up 110bp QoQ at 8.5% (est. 7.7%). TCV stood at USD534m (+6.8% QoQ/+48.7% YoY). Adj. PAT stood at INR8.5b (est. INR8.1b), up 29% QoQ, due to lower sub-con costs and SG&A costs.

- We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. Further, TECHM's presence in the communications segment, which remains under notable duress, makes the new management's job that much harder.

- The recovery in EBIT margin despite the seasonal weakness in 1Q was encouraging, though a meaningful recovery and a return to low-teens margins may still be too early to call. However, bitter pills swallowed in FY24 (exiting unprofitable contracts) are bearing fruit. We expect demand improvement and further push on revenues to be key margin drivers from hereon.

- Our FY25/FY26 EPS estimates remain broadly unchanged. We see FY25E/FY26E EBIT margins at 9.2%/12.4%, resulting in a 25% CAGR in INR PAT over FY24-26E.

- We remain on the sidelines as we feel the current valuation fairly factors in the uncertainties around growth and margin. **We remain Neutral on the stock and upgrade our target multiple to 23x FY26E EPS. Our TP of INR1,470 implies a 5% downside.**

### Slight beat on revenues; margins ahead of estimates

- Revenue stood at USD1.5b, up 0.7% QoQ CC (est. 0.4% QoQ CC).
- IT service growth was down 0.7% QoQ, while BPO grew by 11.0% QoQ.
- CME saw a further decline of 1.9%. Manufacturing was up 2.4% QoQ. BFSI and Technology were flat QoQ whereas retail grew 5.2% QoQ.
- EBIT margin was up 110bp QoQ at 8.5% (est. 7.7%).
- Net employee addition: 2,165 (up 1.5% QoQ). Utilization (ex. trainees) remained flat at 86%. LTM attrition was also stable at 10%.
- NN Deal TCV was USD534m, up 6.8% QoQ/ 48.7% YoY.
- Adj. PAT stood at INR8.5b (up 29% QoQ), above our estimate of INR8.1b.
- FCF conversion to PAT stood at 104% vs. 163% in 4Q.

**Key highlights from the management commentary**

- TECHM expects the large deal win rate to improve going forward on the back of a good deal funnel. It is focusing on the US, Europe and priority markets in APAC for investments and deal wins.
- Demand remains stable compared to previous quarters; however, it has improved from last year. Demand should pick up in 2H.
- The demand environment in BFSI is reasonably stable. The company has the most experienced and domain-rich talent pool in BFSI compare to the industry.
- In the US, the company is seeing improved spending in compliance, wealth and Insurance segments, whereas IB, mortgage, etc. remain a little soft.
- BFSI is still relatively a small part of the business. Building out a new team to mine the existing accounts, coupled with on-boarding new logos.
- Cybersecurity has remained a focus area for TECHM’s clients.
- Growth was largely broad-based, except telecom, which was hit by seasonality in Comviva business. The company expects FY25 to be better than FY24.

**Valuation and view**

We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. Further, TECHM’s presence in the communications segment, which remains under notable duress, makes the new management’s job that much harder. We remain on the sidelines as we feel the current valuation fairly factors in the uncertainties around growth and margin. Our FY25/FY26 EPS estimates remain broadly unchanged. **We remain Neutral on the stock and upgrade our target multiple to 23x FY26E EPS. Our TP of INR1,470 implies a 5% downside.**

**Quarterly performance**

Y/E March	FY24				FY25				FY24	FY25E	Est	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	1,601	1,555	1,573	1,548	1,559	1,589	1,615	1,655	6,277	6,418	1,554	0.3
QoQ (%)	-4.0	-2.8	1.1	-1.6	0.7	1.9	1.6	2.5	-5.0	2.3	0.4	33bp
Revenue (INR b)	132	129	131	129	130	133	135	138	520	535	130	0.3
YoY (%)	3.5	-2.0	-4.6	-6.2	-1.2	3.0	2.8	7.2	-2.4	2.9	-1.5	33bp
GPM (%)	25.7	22.5	23.9	27.0	26.5	26.5	26.0	26.3	24.8	26.3	26.0	54bp
SGA (%)	13.5	11.5	13.6	16.1	14.5	14.0	13.5	13.0	13.7	13.7	15.0	-48bp
Adj. EBITDA	16	14	14	14	16	17	17	18	58	67	14	9.7
EBITDA Margin (%)	12.2	10.9	10.3	10.9	12.0	12.5	12.5	13.3	11.1	12.6	11.0	103bp
Adj. EBIT	12	9	9	9	11	12	12	14	40	49	10	10.4
EBIT Margin (%)	8.8	7.3	7.0	7.4	8.5	9.2	9.2	10.0	7.6	9.2	7.7	78bp
Other income	1	2	0	3	1	1	1	1	5	3	1	12.9
ETR (%)	21.8	9.9	17.6	23.4	26.7	23.0	23.0	23.0	18.5	23.8	23.4	326bp
Adj. PAT	10	10	7	10	9	10	10	11	36	39	8	4.1
QoQ (%)	-28.2	2.3	-26.5	34.9	-12.2	15.7	1.6	11.0			-15.7	350bp
YoY (%)	-15.5	-25.3	-44.6	-27.1	-10.9	0.7	39.3	14.6	-28.5	9.0	-14.4	355bp
Extra-Ordinary Item	-2.6	-4.8	-2.1	-3.1	0.0	0.0	0.0	0.0	-12.6	0.0	0.0	
Reported PAT	7	5	5	7	9	10	10	11	24	39	8	4.1
EPS (INR)	10.8	11.0	8.1	11.0	9.6	11.1	11.3	12.5	41.1	44.5	9.3	3.5

E: MOFSL estimates



# Canara Bank

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR112      TP: INR133 (+19%)      Buy**

## Earnings in line; margin contracts 17bp QoQ

### Asset quality ratios improve slightly

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USD\$)	1014.9 / 12.1
52-Week Range (INR)	129 / 64
1, 6, 12 Rel. Per (%)	-8/6/44
12M Avg Val (INR M)	4275

- Canara Bank (CBK) reported 1QFY25 standalone PAT of INR39.1b (up 10.5% YoY, in line), driven by lower provisions.
- NII grew 5.8% YoY to INR91.7b (5% miss). Margin contracted 17bp QoQ to 2.9% hit by a change in the accounting policy, though management maintained its NIM guidance of 2.95% by exit-FY25.
- On the business front, loan book rose 10.7% YoY/1.6% QoQ to INR9.5t, while deposits grew 12% YoY/1.7% QoQ to INR13.3t. CASA ratio moderated 131bp QoQ to ~31%.
- GNPA/NNPA ratios improved 9bp/3bp QoQ to 4.14%/1.24%. Fresh slippages moderated slightly to INR30.2b from INR30.8b in 4QFY24.
- We broadly retain our projections and estimate CBK to deliver an FY26E RoA/RoE of 1.1%/19.3%. **Reiterate BUY with a TP of INR133 (premised on 1.1x FY26E ABV).**

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	381.1	431.2
OP	294.1	316.5	361.4
NP	145.5	165.0	189.0
NIM (%)	2.7	2.5	2.6
EPS (INR)	16.0	18.2	20.8
EPS Gr. (%)	37.3	13.4	14.6
BV/Sh. (INR)	90	105	120
ABV/Sh. (INR)	80	95	110
RoE (%)	20.2	19.5	19.3
RoA (%)	1.0	1.1	1.1

### Valuations

P/E (x)	7.0	6.2	5.4
P/BV (x)	1.2	1.1	0.9
P/ABV (x)	1.4	1.2	1.0

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.9	62.9	62.9
DII	11.2	14.4	16.0
FII	11.9	10.6	8.9
Others	14.0	12.1	12.2

### Retail advances growth healthy; guides for exit FY25 NIMs of 2.95%

- CBK reported 1QFY25 standalone PAT of INR39.1b (up 10.5% YoY, in line), driven by lower provisions.
- NII grew 5.8% YoY to INR91.7b (5% miss) as the accounting treatment of penal interest has changed from recognizing it as interest income to other income. Margins moderated 17bp QoQ to 2.9%.
- Other income grew 10.4% YoY to INR53.2b (4% beat). Treasury income stood at INR5.03b vs. INR8.65b in 4QFY24. Total revenues thus grew 7.4% YoY (in line). Provisions came in lower than estimates at INR22.8b (down 16% YoY, 13% lower than MOFSLe).
- Operating expenses grew 16.8% YoY to INR68.7b (down 7.3% QoQ, inline). C/I ratio thus moderated 266bp QoQ to 47.4%. PPOp remained flat YoY to INR 76.2b (4% miss).
- Loan book grew 10.7% YoY (up 1.6% QoQ), led by retail segment, which grew 12.4% QoQ as the bank introduced a retail gold loan product with higher rate of interest. However, it stopped offering gold loans in metropolitan regions for agricultural purpose, leading to the Agri book declining 4.9% QoQ.
- Deposits grew 12% YoY (up 1.7% QoQ) led by term deposits. CASA ratio thus moderated 131bp QoQ to ~31%.
- GNPA/NNPA ratio improved by 9bp/3bp QoQ to 4.14%/1.24% respectively. Fresh slippages moderated slightly to INR30.2b vs. INR30.8b in 4QFY24. PCR stood at 71%. Credit cost stood at 0.90% as against guidance of 1.1% for FY25.
- The total SMA Book increased to 1.13% in 1QFY25 from 0.69% in 4QFY24, mainly due to one central PSU entity in Andhra Pradesh.

### Highlights from the management commentary

- The bank guided NIM to be at ~2.95% by exit-FY25.
- The accounting policy change hurt yields and NII. Earlier, the penal interest was shown in interest income, and now it is shown in other income, and the difference due to this has been ~INR1.5-1.6b.
- Canara Robeco disinvestment is expected to occur in 4Q, which will support CET-1 further.
- INR14b was added due to the new investment guidelines; of this, INR11b was added to reserve, and INR3b has gone to HTM.
- **Slippages break up:** INR9b in Agri, INR12.2b in MSME, INR5b in Retail, and INR6b in Corporate, including the existing NPA.

### Valuation and view

CBK reported a mixed quarter with in-line earnings led by lower provisions, thereby offsetting the muted NII. NIM contracted 17bp QoQ due to a change in the accounting policy; however, management expects NIM at 2.95% for exit-FY25. Loan growth was led by the retail segment, while deposit growth was modest, with the CASA ratio seeing sequential moderation. There has been an improvement in overall asset quality ratios, with slippages seeing a slight improvement. We broadly maintain our earnings and estimate CBK to deliver an FY26E RoA/RoE of 1.1%/19.3%. **Reiterate BUY with a TP of INR133 (premised on 1.1x FY26E ABV).**

### Quarterly performance

	FY24				FY25E				FY24	FY25E	FY25E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Interest Income</b>	<b>86.7</b>	<b>89.0</b>	<b>94.2</b>	<b>95.8</b>	<b>91.7</b>	<b>93.9</b>	<b>96.6</b>	<b>98.9</b>	<b>365.7</b>	<b>381.1</b>	<b>96.6</b>	<b>(5)</b>
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	5.5	2.6	3.3	16.3	4.2	11.5	
Other Income	48.2	46.3	43.0	52.2	53.2	53.0	54.1	56.0	189.7	216.2	51.2	4
<b>Total Income</b>	<b>134.8</b>	<b>135.4</b>	<b>137.1</b>	<b>148.0</b>	<b>144.9</b>	<b>146.9</b>	<b>150.6</b>	<b>154.9</b>	<b>555.3</b>	<b>597.3</b>	<b>147.8</b>	<b>(2)</b>
Operating Expenses	58.8	59.2	69.1	74.1	68.7	69.1	69.9	73.1	261.2	280.9	68.5	0
<b>Operating Profit</b>	<b>76.0</b>	<b>76.2</b>	<b>68.1</b>	<b>73.9</b>	<b>76.2</b>	<b>77.8</b>	<b>80.7</b>	<b>81.8</b>	<b>294.1</b>	<b>316.5</b>	<b>79.3</b>	<b>(4)</b>
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	2.2	18.6	10.7	6.1	7.6	4.3	
Other Provisions	27.2	26.1	19.0	24.8	22.8	23.5	24.2	24.8	97.1	95.3	26.2	(13)
<b>Profit before Tax</b>	<b>48.9</b>	<b>50.1</b>	<b>49.1</b>	<b>49.1</b>	<b>53.3</b>	<b>54.3</b>	<b>56.5</b>	<b>57.0</b>	<b>197.0</b>	<b>221.2</b>	<b>53.1</b>	<b>0</b>
Tax	13.5	14.0	12.5	11.5	14.3	13.8	14.4	13.6	51.5	56.2	13.5	5
<b>Net Profit</b>	<b>35.3</b>	<b>36.1</b>	<b>36.6</b>	<b>37.6</b>	<b>39.1</b>	<b>40.4</b>	<b>42.1</b>	<b>43.4</b>	<b>145.5</b>	<b>165.0</b>	<b>39.6</b>	<b>(1)</b>
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	12.1	15.1	15.5	37.3	13.4	12.0	
<b>Operating Parameters</b>												
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,710	14,084	14,370	13,124	14,370	13,348	
Loan ( (INR b)	8,551	8,923	9,206	9,316	9,464	9,794	10,134	10,378	9,316	10,378	9,506	
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	11.3	11.5	9.5	11.3	9.5	11.9	
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	9.8	10.1	11.4	12.2	11.4	11.2	
<b>Asset Quality</b>												
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	4.0	3.8	3.6	4.2	3.6	4.1	
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.1	1.1	1.0	1.3	1.0	1.2	
PCR (%)	70.6	71.4	70.8	70.9	71.0	71.8	72.3	72.7	70.8	72.7	71.4	

E: MOFSL Estimates





# AU Small Finance Bank

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR632**

**TP: INR735 (+16%)**

**Buy**

Bloomberg	AUBANK IN
Equity Shares (m)	743
M.Cap.(INRb)/(USDb)	469.4 / 5.6
52-Week Range (INR)	813 / 554
1, 6, 12 Rel. Per (%)	-10/-25/-38
12M Avg Val (INR M)	2007

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	51.6	81.1	99.8
PPoP	24.4	40.7	51.7
PAT	15.3	21.7	28.9
NIM (%)	5.2	6.2	5.9
EPS (INR)	23.0	30.8	38.9
EPS Gr. (%)	4.3	34.1	26.1
BV/Sh. (INR)	187	231	270
ABV/Sh. (INR)	183	227	265

## Ratios

RoE (%)	13.1	14.6	15.5
RoA (%)	1.5	1.7	1.7

## Valuations

P/E(X)	27.4	20.4	16.2
P/BV (X)	3.4	2.7	2.3
P/ABV (X)	3.4	2.8	2.4

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	22.9	25.5	25.5
DII	18.4	22.8	19.3
FII	39.6	39.4	41.6
Others	19.1	12.4	13.6

FII Includes depository receipts

## Low opex drives earnings beat; credit cost stays high

### NIMs improve sharply benefitting from merger with Fincare SFB

- AUBANK reported 1QFY25 PAT of INR5.02b, significantly ahead of our estimates, led by controlled opex. NII stood at INR19.2b (in line), while NIMs improved 90bp QoQ to 6%, benefitting from the merger with Fincare SFB.
- PPOp stood at INR9.9b (22% beat) as opex came in 13% lower than our estimate. C/I ratio thus declined sharply to 59.9% vs. 64.9% in 4QFY24.
- Advances, adjusted for the merger, grew 5% QoQ, led by both retail and wholesale. Deposits, adjusted for the merger, remained broadly flat QoQ, as the bank used a calibrated approach to stay away from high-cost deposits. As a result, the overall CD ratio jumped to 92% in 1QFY25.
- GNPA/NNPA ratios increased by 11bp/8bp QoQ to 1.78%/0.63%. Credit costs moderated to 0.29%. PCR improved to 84% (including TWO).
- We tweak our estimates slightly and estimate the bank to deliver RoA/RoE of 1.71%/15.5% by FY26. **Reiterate BUY with a TP of INR735 (based on 2.7x FY26E BV).**

### Earnings outlook healthy; NIM, C/I guidance remains unchanged

- AUBANK reported a healthy earnings beat at INR5.02b, aided by lower opex even as NII stood in line. We believe that this marks a good start to the first quarter of merged earnings, where yields improved and cost decreased. The improved geographical diversification can spur healthy growth in the coming quarters.
- Other income stood at INR5.5b (6% below MOFSLe), while treasury gains were healthy. Lower opex, however, resulted in a 22% beat in PPOp at INR9.9b. C/I ratio thus declined to 59.9%, though the bank guides for a C/I ratio of 61-63% going forward.
- NIMs increased sharply to 6%, backed by healthy improvements in yields and flat CoF. The management guides for NIMs of 5.5% (+/-15bp), with stable yields, but funding cost will increase slightly.
- Advances, adjusted for the merger, grew 5% QoQ, led by both retail and wholesale. Yield on advances improved by 91bp QoQ to 14.4%, with incremental disbursement yield up 174bp QoQ as the bank now has high-yielding assets like Gold and MFI in its portfolio.
- Deposits, adjusted for the merger impact, stood broadly flat QoQ, while CASA mix was also flat at 33%. The cost of funds rose 4bp QoQ to 7.03%.
- GNPA/NNPA ratios rose 11bp/8bp QoQ to 1.78%/0.63%. Outstanding restructured loans declined to INR3.6b (0.4% of loans vs. 0.6% in 4QFY24). The bank has additional INR640m of provisions for standard restructured assets, along with INR170m provisions for the MFI portfolio.

### Highlights from the management commentary

- The bank will soon apply for a universal bank license as it has received the board approval.
- The main challenge lies in cost, not deposits. The bank can incrementally build INR250b of deposits, though this may come at higher costs.
- The bank has a healthy RoA outlook and aims to maintain its RoA at 1.6% over FY25. NIMs are expected to be in the 5.5% range (+/- 15bp).
- The bank has 93% coverage on its overall MFI book, with total provisions (excluding write-offs) of INR670m, accounting for 70%.

### Valuation and view

AUBANK reported a healthy start to a merged quarter, which was characterized by improvement in yields and flat CoF as the bank refrained from growing high-cost deposits and shed excess liquidity on the balance sheet. Margins for the merged entity surprised positively as the bank witnessed sharp improvements in yields, while CoF was largely under control. On the business front, disbursements in both retail as well as corporate turned out to be good, while disbursement yields were much better. Asset quality deteriorated slightly, resulting in slightly higher-than-estimated provisions, though the management kept credit cost guidance unchanged at 1.1%. We expect the merger to drive business growth, with the expansion in a new geography along with improved product offerings. The conversion to a universal bank will further enable healthy growth and strengthen market position. We largely maintain our estimates, resulting in FY26E RoA/RoE of 1.7%/ 15.5%.

**Reiterate BUY with a TP of INR735 (based on 2.7x FY26E BV).**

### Quarterly performance

	(INR b)											
	FY24				FY25E				FY24	FY25E	FY25E	v/s Est
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	
<b>Net Interest Income</b>	12.5	12.5	13.2	13.4	19.2	19.9	20.5	21.5	51.6	81.1	21	-7.8
% Change (Y-o-Y)	27.7	15.3	14.9	10.2	54.1	59.1	54.9	60.9	16.5	57.3	67.2	
Other Income	3.2	4.3	4.5	5.6	5.5	6.1	6.4	7.7	17.5	25.7	6	-6.3
<b>Total Income</b>	15.6	16.7	17.7	18.9	24.7	26.0	27.0	29.2	69.0	106.8	27	-7.5
Operating Expenses	10.2	10.3	11.2	12.3	14.8	16.0	16.9	18.4	44.6	66.1	17	-15.4
<b>Operating Profit</b>	5.5	6.5	6.6	6.6	9.9	10.0	10.1	10.8	24.4	40.7	9	7.5
% Change (Y-o-Y)	38.6	29.9	18.2	16.3	80.9	54.3	53.0	62.5	20.7	67.0	68.4	
Provisions	0.3	1.1	1.6	1.3	3.2	3.0	2.9	2.8	4.4	11.9	2	30.1
Exceptional item	-	-	-	0.8	-	-	-	-	-	-	0	
<b>Profit before Tax</b>	5.1	5.3	5.0	4.5	6.7	7.0	7.1	8.0	20.0	28.8	7	-0.8
Tax	1.3	1.3	1.2	0.8	1.7	1.8	1.8	1.8	4.6	7.1	2	-2.5
<b>Net Profit</b>	3.9	4.0	3.8	3.7	5.0	5.2	5.3	6.2	15.3	21.7	5	-0.2
% Change (Y-o-Y)	44.4	17.3	(4.5)	(12.7)	29.9	29.6	42.0	67.0	7.5	41.7	30.1	
<b>Operating Parameters</b>												
Deposit (INR b)	693.2	757.4	801.2	871.8	972.9	1,064.4	1,107.2	1,177.6	871.8	1,177.6	1,021.2	
Loan (INR b)	628.6	641.7	667.4	731.6	896.5	916.0	956.9	1,024.2	731.6	1,024.2	886.9	
Deposit Growth (%)	26.9	29.8	31.1	25.7	40.4	40.5	38.2	35.1	25.7	35.1	47.3	
Loan Growth (%)	29.2	24.0	20.0	25.2	42.6	42.7	43.4	40.0	25.2	40.0	41.1	
<b>Asset Quality</b>												
GNPA (%)	1.8	1.9	2.0	1.7	1.8	1.6	1.7	1.7	1.7	1.7	1.7	
NNPA (%)	0.6	0.6	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	
PCR (%)	69.0	69.1	66.0	67.6	67.6	68.0	68.4	68.9	64.3	68.9	68.2	

E: MOFSL Estimates



# Hitachi Energy

Estimate changes	↓
TP change	↔
Rating change	↔

**CMP: INR11,750    TP: INR12,000 (+2%)    Neutral**

## Weak margin dents overall profitability

Hitachi Energy's 1QFY25 result came in significantly below our estimates due to a steep decline in margin. The company reported 28%YoY growth in revenue, whereas a contraction in EBITDA margin led to a sharp miss in PAT. The weak margin performance was due to higher other expenses, which will come down in the coming quarters. Revenue growth was driven by a strong order book and order inflows, which jumped 112% YoY to INR24b. Order inflows were led by strong growth in transmission, industries and renewables. We believe that Hitachi Energy will continue to benefit from energy transition initiatives across domestic and international markets. However, current valuations factor in potential HVDC wins and margin improvement. We thus maintain our Neutral rating on the stock with an unchanged two-year forward TP of INR12,000, based on DCF.

Bloomberg	POWERIND IN
Equity Shares (m)	42
M.Cap.(INRb)/(USDb)	498 / 5.9
52-Week Range (INR)	14390 / 3896
1, 6, 12 Rel. Per (%)	0/85/160
12M Avg Val (INR M)	580

### Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	65.2	88.8	111.2
EBITDA	5.6	9.9	13.6
PAT	3.2	6.4	9.1
EPS (INR)	75.4	149.9	213.5
GR. (%)	95.3	98.7	42.4
BV/Sh (INR)	396.2	546.1	759.6
<b>Ratios</b>			
ROE (%)	19.0	27.5	28.1
RoCE (%)	19.6	27.5	28.1
<b>Valuations</b>			
P/E (X)	155.6	78.3	55.0
P/BV (X)	29.6	21.5	15.5
EV/EBITDA (X)	89.2	49.8	35.7
Div Yield (%)	65.2	88.8	111.2

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	8.6	9.8	8.1
FII	5.0	3.5	4.5
Others	11.4	11.8	12.4

FII Includes depository receipts

## Results sharply lower than our estimates

Hitachi Energy posted an extremely weak set of numbers in 1QFY25, as a sharp contraction in margins resulted in a significant miss on net profit vs. our estimate. Revenue grew 27.6% YoY to INR13.3b (est. INR13.7b), led by the execution of the Mumbai-HVDC project, which is now 30-40% complete. EBITDA margin came in at 3.6%, sharply lower than our expectation of 9%, affected by higher other expenses. The increase in other expenses was due to higher IT expenses (as the company shifted to new systems) and higher royalty (calculated on the base of 4QFY24 revenues and forex hedging cost). The company maintained its double-digit EBITDA margin guidance by FY25-end. Order inflow in 1Q stood at INR24.4b, up 112% YoY, and order backlog stood at INR85.4b. Order inflow came from renewables, distribution utilities, upgrade of digital solutions and service orders. Export orders for transformers, power quality technologies and other key products were booked from markets like Europe, the Middle East, Australia and neighboring countries in South Asia.

## We expect Hitachi to be a key beneficiary of high-growth segments

The company remains optimistic about opportunities in energy transition as well as from high-growth segments such as renewables, HVDC, data centers, electrification of transport, etc. In its FY24 annual report too, the company highlighted that it is committed to delivering higher growth than the market and will increase capex on various business units. Additionally, it also plans to launch new products in digital and air-insulated switchgear and is also working on building local capabilities on e-mobility and energy storage. We expect the company to target nearly 60-70% of TAM from HVDC projects and 15-20% of TAM from data center projects. We currently factor in order inflows of INR97b/INR121b/INR139b for FY25/FY26/FY27.

### Order inflows boosted by large order win in Australia

Order inflows during the quarter surged 112% YoY to INR24b, led by a healthy contribution from transmission, renewables and industries. Data centers, however, saw a 77% YoY decline as ordering activity tends to be chunky in nature. There was a large transmission order (~INR7.9b) for the Marinus Link Project in Australia, which has been allocated by the parent. Key order wins in 1QFY25 included a) 6x500 MVA ICT, 400kV SR - Adani for Gujarat, TBCB; b) Renew-400/33KV AIS SS\_400 MW Solar - NTPC & 200 MW DVC-SECI VIII-NEEMBA-Fatehgarh; c) Kanpur-400/200 kV Digital S/s CRP SAS Retrofit of Existing SS; d) Marinus Link, Australia - HVDC Light Voltage Source Converter; and e) Canada-800 kV CT for Hydro-Québec, Canada.

### Focus remains on increasing share of exports and services

The company has managed to improve the share of exports from low-single digits to 25-30% currently, led by robust traction in key geographies such as the Middle East, SE Asia, etc. It is pursuing opportunities both independently as well as through the parent as a feeder factory. Key orders won during the quarter included a) Cegelec Morocco-POLE 26 Senegal Project, b) Quebec Canada-800 KV CT for Hydro- HE Canada, c) Ministry of Electricity Iraq- 145 kV GIS HE Iraq, d) Damco Energy Greece- 420 kV GIS- HE Greece, and e) EEM: 145 KV GIS- HE Portugal. Similarly, service is another key focus area for the company, with a 4% share in 1Q order inflows, which the management is confident of increasing to high-single digits going forward.

### Financial outlook

We maintain our order inflow and revenue estimates for FY25/FY26 and introduce FY27 estimates. However, given the weak margin performance in 1QFY25 and the management's reiteration of double-digit margin by FY25-end, we cut our margin estimates for FY25/FY26 by 100bp each to 8.5%/11.1%.

### Valuation and view

The stock is currently trading at 78x/55x P/E on FY26E/27E earnings. We maintain our Neutral rating with an unchanged two-year forward TP of INR12,000, based on DCF.

#### Quarterly Earning Model

	(INR m)											
	FY24				FY25E				FY24	FY25E	FY25E	Est
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	1QE	Var (%)
<b>Net Sales</b>	<b>10,401</b>	<b>12,280</b>	<b>12,742</b>	<b>16,953</b>	<b>13,272</b>	<b>15,648</b>	<b>16,300</b>	<b>19,979</b>	<b>52,375</b>	<b>65,198</b>	<b>13,692</b>	<b>-3</b>
Change (%)	5.5	10.2	23.2	27.1	27.6	27.4	27.9	17.8	17.2	24.5	31.6	
<b>EBITDA</b>	<b>337</b>	<b>653</b>	<b>680</b>	<b>1,820</b>	<b>479</b>	<b>1,283</b>	<b>1,500</b>	<b>2,303</b>	<b>3,490</b>	<b>5,565</b>	<b>1,232</b>	<b>-61</b>
Change (%)	31.3	-13.7	72.4	91.4	42.3	96.4	120.5	26.6	47.9	59.5	266.0	
As of % Sales	3.2	5.3	5.3	10.7	3.6	8.2	9.2	11.5	6.7	8.5	9.0	
Depreciation	223	225	227	225	221	233	238	244	900	978	227	-3
Interest	110	107	137	112	109	94	94	94	466	375	94	16
Other Income	29	2	22	39	1	29	29	58	93	117	28	-97
<b>PBT</b>	<b>34</b>	<b>324</b>	<b>338</b>	<b>1,522</b>	<b>150</b>	<b>985</b>	<b>1,197</b>	<b>2,024</b>	<b>2,217</b>	<b>4,330</b>	<b>939</b>	<b>-84</b>
Tax	10	76	108	385	46	257	313	529	579	1,131	245	
Effective Tax Rate (%)	28.7	23.6	32.0	25.3	30.8	26.1	26.1	26.1	26.1	26.1	26.1	
<b>Reported PAT</b>	<b>24</b>	<b>247</b>	<b>230</b>	<b>1,137</b>	<b>104</b>	<b>728</b>	<b>884</b>	<b>1,495</b>	<b>1,638</b>	<b>3,199</b>	<b>694</b>	<b>-85</b>
Change (%)	79.9	-33.3	401.5	123.7	332.4	194.2	284.9	31.5	74.4	95.3	2,778.7	
<b>Adj PAT</b>	<b>24</b>	<b>247</b>	<b>230</b>	<b>1,137</b>	<b>104</b>	<b>728</b>	<b>884</b>	<b>1,495</b>	<b>1,638</b>	<b>3,199</b>	<b>694</b>	<b>-85</b>
Change (%)	79.9	-33.3	402	123.7	332.4	194.2	284.9	31.5	74.4	95.3	2,778.7	



# Laurus Labs

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR437      TP: INR505 (+16%)      Buy**

## Lower ARV formulations and reduced operating leverage hurt earnings

Bloomberg	LAURUS IN
Equity Shares (m)	539
M.Cap.(INRb)/(USDb)	233.9 / 2.8
52-Week Range (INR)	485 / 328
1, 6, 12 Rel. Per (%)	-1/0/1
12M Avg Val (INR M)	958

- Laurus Labs (LAURUS) posted a weak 1QFY25 due to deviation in buying of ARV formulations and deferral of some orders in the other API segment. Lower raw material costs led to a sharp improvement in gross margin (450bp YoY/530bp QoQ), offsetting the adverse impact of lower revenue in 1Q.
- We cut our earnings estimates by 8% each for FY25/FY26 factoring in: a) lower off-take of ARV products, b) a gradual uptick in the CDMO segment, and c) a front-loading of opex related to expanded/new facilities. We value LAURUS at 31x 12M forward earnings to arrive at our TP of INR505.
- LAURUS continues to implement efforts towards the CDMO capex (chemical synthesis for human drugs/animal health/crop science). Considering that exhibit/validation batches are underway, we expect commercial batches to commence over the medium term. Accordingly, the operating leverage would improve with the scaling up of batches from 2HFY25. The customer funding to the formulation facility for higher off-take further provides confidence on its efficient manufacturing capabilities. **Reiterate BUY.**

### Financials & valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	50.4	58.1	68.3
EBITDA	7.8	11.2	14.9
Adj. PAT	1.6	3.9	6.9
EBIT Margin (%)	7.8	12.1	16.1
Cons. Adj. EPS (INR)	3.0	7.2	12.9
EPS Gr. (%)	-79.6	139.9	78.2
BV/Sh. (INR)	76.4	82.5	93.4

### Ratios

Net D:E	0.6	0.5	0.5
RoE (%)	4.0	9.1	14.7
RoCE (%)	4.6	8.0	11.5
Payout (%)	15.6	15.6	15.6

### Valuations

P/E (x)	144.9	60.4	33.9
EV/EBITDA (x)	33.5	23.1	17.5
Div. Yield (%)	0.1	0.2	0.4
FCF Yield (%)	-0.4	1.4	0.6
EV/Sales (x)	5.2	4.5	3.8

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	27.2	27.2	27.2
DII	13.6	11.8	10.4
FII	25.7	26.0	22.5
Others	33.6	35.1	39.9

FII includes depository receipts

## Gross margin benefit offset by reduced operating leverage

- LAURUS' 1QFY25 revenue was largely flat YoY at INR11.9b (our est. INR14.3b). Synthesis business (18% of sales) was down 11% YoY to INR2.1b. FDF sales declined 4% YoY to INR2.7b (23% of sales), affected by lower ARV volumes (down 20% YoY). This offset the healthy growth in the Developed market portfolio (+25% YoY). API sales (56% of sales) rose 11% YoY to INR6.6b. The Onco-API sales surged 2.2x YoY to INR2.1b. The other API segment sales grew 6% YoY to INR1.5b. The ARV API sales dipped 2% YoY to INR4b. The Bio division sales (3% of sales) declined 14% YoY to INR430m.
- The gross margin (GM) expanded 450bp YoY to 55.1%, due to a change in segmental mix.
- However, EBITDA margin expanded at a lower rate of ~20bp YoY to 14.3% (our est: 15.6%) due to reduced operating leverage (other expenses/employee costs up 320bp/100p YoY as a % of sales).
- EBITDA grew 2.7% YoY to INR1.7b (vs. our est. INR2.2b).
- PAT declined at a higher rate of 52.7% YoY to INR127m (our est: INR692m) on account of higher depreciation/interest expenses/ tax rate.

## Highlights from the management commentary

- LAURUS maintained its outlook for FY25. It is implementing efforts to deliver medium-to-long term contracts and commercial opportunities in the late-phase NCE projects along with EBITDA margin improvement.
- LAURUS indicated ARV business to be INR25b for FY25.
- Gross margin expansion for the quarter on a YoY/QoQ basis was due to a reduction in ARV-API raw material prices and process improvement.

**Consolidated - Quarterly Earnings**

(INR b)

Y/E Mar (INR b)	FY24				FY25E				FY24	FY25E	FY25E 1QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>11.8</b>	<b>12.2</b>	<b>11.9</b>	<b>14.4</b>	<b>11.9</b>	<b>13.1</b>	<b>14.8</b>	<b>18.2</b>	<b>50.4</b>	<b>58.1</b>	<b>14.3</b>	<b>-16.4</b>
YoY Change (%)	-23.2	-22.3	-22.6	4.3	1.1	7.2	23.9	26.7	-16.6	15.3	21.0	
Total Expenditure	10.2	10.4	10.1	12.0	10.2	10.9	11.9	13.9	42.6	46.9	12.1	
<b>EBITDA</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>	<b>2.4</b>	<b>1.7</b>	<b>2.2</b>	<b>2.9</b>	<b>4.4</b>	<b>7.8</b>	<b>11.2</b>	<b>2.2</b>	<b>-23.3</b>
YoY Change (%)	-63.3	-58.1	-55.0	-15.4	2.7	17.4	62.4	80.3	-51.2	44.3	33.8	
Margins (%)	14.1	15.3	15.2	16.8	14.3	16.8	19.9	23.9	15.4	19.3	15.6	
Depreciation	0.9	0.9	1.0	1.0	1.1	1.1	1.0	1.0	3.8	4.2	0.9	
<b>EBIT</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>1.4</b>	<b>0.7</b>	<b>1.1</b>	<b>1.9</b>	<b>3.3</b>	<b>3.9</b>	<b>7.0</b>	<b>1.3</b>	<b>-50.7</b>
YoY Change (%)	-80.1	-74.3	-74.0	-29.9	-14.5	20.7	129.6	139.2	-69.0	78.9	73.4	
Margins (%)	6.4	7.7	6.9	9.7	5.5	8.7	12.9	18.3	7.8	12.1	9.2	
Interest	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.8	2.1	0.5	
Other Income	0.0	0.0	0.0	0.2	0.0	0.1	0.1	0.1	0.3	0.3	0.1	
<b>PBT before EO expense</b>	<b>0.4</b>	<b>0.5</b>	<b>0.3</b>	<b>1.1</b>	<b>0.2</b>	<b>0.7</b>	<b>1.5</b>	<b>2.9</b>	<b>2.4</b>	<b>5.3</b>	<b>0.9</b>	<b>-79.7</b>
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>PBT</b>	<b>0.4</b>	<b>0.5</b>	<b>0.3</b>	<b>1.1</b>	<b>0.2</b>	<b>0.7</b>	<b>1.5</b>	<b>2.9</b>	<b>2.4</b>	<b>5.3</b>	<b>0.9</b>	<b>-79.7</b>
Tax	0.1	0.1	0.1	0.3	0.1	0.2	0.4	0.7	0.7	1.3	0.2	
Rate (%)	30.0	27.0	27.3	29.8	33.9	24.6	24.8	24.3	28.8	24.8	24.0	
<b>Reported PAT</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.8</b>	<b>0.1</b>	<b>0.5</b>	<b>1.1</b>	<b>2.2</b>	<b>1.6</b>	<b>3.9</b>	<b>0.7</b>	<b>-81.7</b>
<b>Adj PAT</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.8</b>	<b>0.1</b>	<b>0.5</b>	<b>1.1</b>	<b>2.2</b>	<b>1.6</b>	<b>3.9</b>	<b>0.7</b>	<b>-81.7</b>
YoY Change (%)	-89.4	-84.2	-88.6	-28.1	-52.7	38.3	371.6	187.0	-79.6	139.9	158.4	
Margins (%)	2.3	3.0	1.9	5.3	1.1	3.9	7.4	11.9	3.2	6.7	4.8	

E: MOFSL Estimates

**Key performance Indicators (Consolidated)**

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>INRb</b>											
API	6.0	6.3	5.7	7.5	6.6	7.0	7.0	7.3	25.5	27.9	6.7
YoY Change (%)	2.4	(7.5)	(9.2)	4.3	11.2	11.3	21.8	(2.2)	(2.5)	9.7	12.3
Custom Synthesis	2.5	2.2	2.1	2.4	2.1	2.7	3.2	4.4	9.2	12.4	2.7
YoY Change (%)	(56.7)	(68.9)	(67.0)	3.5	(14.4)	20.0	52.0	86.3	(57.5)	35.0	8.0
Formulation	2.9	3.3	3.7	4.3	2.7	3.0	4.1	6.0	14.1	15.8	4.5
YoY Change (%)	(18.3)	122.8	47.4	9.4	(3.9)	(10.0)	12.0	39.5	24.0	12.0	57.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	49.4	47.5	45.6	50.2	44.9	48.0	47.0	46.0	48.3	46.5	50.1
Staff Cost (% of Sales)	13.5	13.4	13.0	11.2	14.6	12.4	11.2	10.7	12.7	12.0	11.8
R&D Expenses(% of Sales)	4.1	4.7	3.6	4.5	4.1	4.4	2.9	3.6	3.4	2.9	3.4
Other Cost (% of Sales)	22.9	23.8	26.2	21.9	26.2	22.8	21.9	19.4	23.6	22.2	22.5
Gross Margins (%)	50.6	52.5	54.4	49.8	55.1	52.0	53.0	54.0	51.7	53.5	49.9
EBITDA Margin (%)	14.1	15.3	15.2	16.8	14.3	16.8	19.9	23.9	15.4	19.3	15.6
EBIT Margin (%)	6.4	7.7	6.9	9.7	5.5	8.7	12.9	18.3	7.8	12.1	9.2

E: MOFSL Estimates



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,894      TP: INR2,070 (+9%)      Buy**

**Broad-based miss on revenue and profitability**

**Decent vertical exposure undermined by execution challenges**

Bloomberg	CYL IN
Equity Shares (m)	111
M.Cap.(INRb)/(USD\$b)	210.1 / 2.5
52-Week Range (INR)	2459 / 1423
1, 6, 12 Rel. Per (%)	-1/-21/5
12M Avg Val (INR M)	881

**Financials & Valuations (INR b)**

Y/E Mar	2024	2025E	2026E
Sales	71.5	70.3	78.9
EBIT Margin (%)	14.5	14.6	16.0
PAT	7.3	7.9	9.9
EPS (INR)	66.9	71.4	89.7
EPS Gr. (%)	27.7	6.8	25.6
BV/Sh. (INR)	387.5	412.8	448.7

- CYL reported a broad-based decline in revenues across verticals in 1QFY25. DET business revenue declined 5.0% QoQ in CC vs. our estimate of a 1.5% fall. EBIT margin of the DET business declined 20% QoQ/19% YoY to 13.5%, below our estimates. Service order intake was muted at USD182.7m, down 5.5% YoY. PAT declined 19% QoQ/17% YoY to INR1410m (est. INR1,860m).

- **CYL's underperformance in the recent past is surprising**, considering that its portfolio, which has been assiduously realigned by the current management in the past three years, stands to benefit from several sectoral tailwinds. Its presence in high-growth areas (such as aerospace, defense and sustainability) and its investments in new growth areas (such as autos) should ideally have led to a much smoother revenue runway. While the remainder of the year implies a CQGR of 3%+, we believe a flat YoY revenue growth trajectory is disappointing.

- We expect weak 1Q results to weigh on CYL's performance, but we believe that if CYL can fix execution issues, it is aligned to the right vertical exposures and has potential to grow in high-single digits in FY26.
- EBIT margin missed our estimate as it was affected by the revenue decline. We expect the company to now be slow in ramping up its margins from the current levels. This should help DET deliver a CAGR of 30% in INR PAT over FY23-25, which we see as attractive.

- Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 22x FY26E EPS. We lower our DET PAT estimates for FY25/FY26 by 15%/5%.

- We maintain our BUY rating on the stock, mainly owing to undemanding valuations and exposure to structurally strong verticals such as aerospace and sustainability. Our SOTP-based target price of INR2070 implies an upside of 10%.

**Ratios**

RoE (%)	18.3	16.8	19.6
RoCE (%)	16.1	14.3	16.6
Payout (%)	44.9	60.0	60.0

**Valuations**

P/E (x)	28.4	26.5	21.1
P/BV (x)	4.9	4.6	4.2
EV/EBITDA (x)	15.9	15.2	12.4
Div Yield (%)	1.6	2.3	2.8

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	23.2	23.2	23.4
DII	27.1	25.9	21.3
FII	30.3	31.9	37.5
Others	19.4	19.0	17.8

FII Includes depository receipts

**Beat on revenue growth, guidance trimmed**

- DET revenue stood at USD169m, down 5.0% QoQ CC vs. our estimate of a 1.5% decline.

- Sustainability revenue declined 2.8% CC, while Connectivity revenue was down 7.6% QoQ in CC terms. Transportation (down 7%) and new growth areas (down 1.6%) were also weak.

- DET margins came in at 13.5% (est. 16.4%), down 250bp QoQ/250bp YoY.

- The order intake was muted at USD182.7mn, down 5.5% YoY.

- PAT declined 19% QoQ/17% YoY to INR1410m (est. INR1,860m).

### Key highlights from the management commentary

- Revenue and Project Delays: DET revenue declined by 5.0% QoQ and 3.6% YoY in constant currency due to project delays in the Connectivity segment and ongoing sectoral challenges in Rail.
- Outlook: The company anticipates a strong recovery in 2Q and expects EBIT margins to reach 16% by 4Q. Revenue growth for FY25 is expected to be flat YoY.
- Deals and Order Book: Won five large deals worth USD52.4m in Q1, with a strong order backlog, particularly in Connectivity and new growth areas.
- Vertical Performance: Transportation segment saw a 7.0% QoQ decline, mainly due to Rail challenges, while Aerospace showed robust demand. Connectivity and Sustainability segments are expected to recover strongly.
- Operational and Hiring Updates: Broad-based headcount additions across verticals; operational challenges addressed; and 15+ projects in the GenAI segment. New semiconductor subsidiary under DLM and DET businesses is expected to start operations by year-end.

### Valuation and view

Based on SOTP, we value the company's stake in DLM at market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 22x FY26E EPS. We lower our DET PAT estimates for FY25/FY26 by 15%/5%. We maintain our BUY rating on the stock, mainly owing to undemanding valuations and favorable vertical exposures. Our SOTP-based target price of INR2,070 implies an upside of 10%.

### Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			Est.	Var.
Revenue (USD m)	205	214	219	224	205	206	212	224	862	847	213	-3.8
QoQ (%)	-3.6	4.4	2.1	2.4	-8.3	0.2	3.2	5.6	15.5	-1.7	-4.7	-363bp
Revenue (INR m)	16,865	17,785	18,215	18,607	16,757	17,155	17,712	18,696	71,472	70,320	17,801	-5.9
YoY (%)	34.9	27.4	12.6	6.2	-0.6	-3.5	-2.8	0.5	18.8	-1.6	5.6	-619bp
GPM (%)	36.6	35.7	35.4	35.2	35.7	37.6	37.9	38.0	35.7	37.3	36.2	-49bp
SGA (%)	17.9	17.4	17.5	17.2	19.9	18.4	18.4	18.4	17.5	18.8	18.2	169bp
EBITDA	3,156	3,258	3,261	3,353	2,651	3,294	3,454	3,664	13,028	13,063	3,204	-17.3
EBITDA margin (%)	18.7	18.3	17.9	18.0	15.8	19.2	19.5	19.6	18.2	18.5	18.0	-218bp
EBIT	2,480	2,600	2,600	2,682	1,993	2,608	2,745	2,917	10,362	10,263	2,492	-20.0
EBIT margin (%)	14.7	14.6	14.3	14.4	11.9	15.2	15.5	15.6	14.5	14.5	14.0	-211bp
Other income	-176	-134	-100	-89	-46	34	35	37	-499	61	36	-229.2
ETR (%)	22.9	23.6	23.3	24.0	24.2	22.9	22.9	22.9	23.4	23.2	24.1	
Adj. PAT	1,777	1,884	1,918	1,970	1,476	2,038	2,145	2,278	7,549	7,937	1,920	-23.1
QoQ (%)	0.9	6.0	1.8	2.7	-25.1	38.1	5.3	6.2			1.5	-2653bp
YoY (%)	53.1	54.7	17.8	11.8	-16.9	8.2	11.8	15.7	30.9	5.1	8.6	-2557bp
EPS (INR)	16	17	17	17	13	18	19	21	67	71	17.5	-25.5





# PNB Housing

**Estimate changes**



TP change



Rating change



Bloomberg	PNBHOU5I IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	202.9 / 2.4
52-Week Range (INR)	914 / 598
1, 6, 12 Rel. Per (%)	-3/-19/-10
12M Avg Val (INR M)	883

**Financials Snapshot (INR b)**

Y/E MARCH	FY24	FY25E	FY26E
NII	24.8	28.2	35.5
OP	21.3	24.3	31.9
NP	15.1	18.1	23.1
EPS (Rs)	58	70	89
EPS Gr. (%)	-6	20	27
BV/Share	577	646	723

**Ratios**

NIM (%)	4.1	4.0	4.2
C/I ratio (%)	24.0	25.0	22.7
RoE (%)	2.2	2.3	2.5
RoA (%)	11.6	11.4	13.0

**Valuations**

P/E (x)	13.5	11.2	8.8
P/BV (x)	1.4	1.2	1.1

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	28.1	28.1	28.2
DII	10.9	6.9	7.6
FII	17.9	25.0	24.8
Others	43.0	40.0	39.5

FII Includes depository receipts

**CMP: INR781**

**TP: INR1,015 (+30%)**

**Buy**

## Healthy quarter: transformation on track

**Earnings aided by provision write-backs; asset quality continues to improve**

- PNBHF's 1QFY24 PAT was up 25% YoY/flat QoQ at ~INR4.33b (in line). NII rose ~4% YoY to ~INR6.4b (in line).
- Opex rose ~26% YoY to ~INR1.9b (+ 8% QoQ). Investments in branches were up-fronted and opex was slightly elevated because of the impact of increments following performance appraisals done for FY24. The management guided for opex to assets of ~1%.
- PPOP grew ~7% YoY to INR5.4b. Credit costs, net of reversal of provisions and recoveries, resulted in a write-back of ~INR120m (-7bp of credit costs).
- PNBHF guided that NIM could be under pressure for the next two quarters because of 1) a declining proportion of Corporate book in the mix, and 2) repricing to retain customers and prevent BT-OUTs and foreclosures. However, with improvement in the proportion of emerging and affordable segments, NIM should subsequently start improving. The company also shared that there was scope for a further improvement in the borrowing costs. We model NIMs of 4.0%/4.2% for FY25/FY26 (FY24: 4.1%).
- We continue to believe in our thesis that a transformation in this franchise and the management's ability to deliver RoA improvement predicated on a) healthy retail loan CAGR of 17%+, b) NIM improvement in 2HFY25, and c) benign credit costs from asset quality improvement and recoveries from the written-off pool.
- We expect PNBHF to deliver a CAGR of 16%/24% in AUM/PAT over FY24-FY26 and ~2.5%/13% RoA/RoE in FY26. Maintain BUY with a TP of INR1,015 (based on 1.4x FY26E BVPS).

## Highlights from the management commentary

- The emerging and affordable segments contributed ~33% of the retail disbursements in 1QFY25. The management guided that ~40-42% of the incremental disbursements in FY25 will come from these two segments.
- Recoveries stood at ~INR800m in 1QFY25. PNBHF guided for retail recoveries of ~INR1.7-INR1.8b in FY25. Corporate segment has ~INR12.5b written-off pool wherein recoveries will happen over the next three years.

## Valuation and view

- PNBHF expects to benefit from better loan growth, the expansion of spreads/margin, and the introduction of the PMAY CLSS scheme announced in the Union Budget.
- The stock trades at 1.1x FY26E P/BV, and we believe that risk-reward is favorable for a re-rating in the valuation multiple as investors gain higher confidence in the company's sustained execution in retail (across prime, emerging and affordable). We maintain BUY with a TP of INR1,015 (based on 1.4x Mar'26E BVPS). Key risks: a) inability to drive NIM expansion amid aggressive competition in mortgages, and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Quarterly performance

(INR M)

	FY24				FY25E				FY24	FY25E	1QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	16,669	17,029	16,795	16,929	17,391	18,086	19,352	20,853	67,422	75,682	17,860	-3
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,430	12,184	12,874	42,611	47,457	11,125	-1
<b>Net Interest Income</b>	<b>6,194</b>	<b>6,456</b>	<b>5,929</b>	<b>6,232</b>	<b>6,421</b>	<b>6,656</b>	<b>7,168</b>	<b>7,979</b>	<b>24,811</b>	<b>28,225</b>	<b>6,735</b>	<b>-5</b>
YoY Growth (%)	68.1	1.9	-17.3	7.2	3.7	3.1	20.9	28.0	7.8	13.8	8.7	
Other income	408	765	765	1,211	930	977	1,025	1,241	3,149	4,173	950	-2
<b>Total Income</b>	<b>6,602</b>	<b>7,221</b>	<b>6,694</b>	<b>7,443</b>	<b>7,352</b>	<b>7,633</b>	<b>8,193</b>	<b>9,220</b>	<b>27,960</b>	<b>32,398</b>	<b>7,685</b>	<b>-4</b>
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.7	22.4	23.9	6.3	15.9	16.4	
Operating Expenses	1,530	1,702	1,700	1,778	1,929	1,987	2,047	2,124	6,710	8,088	1,832	5
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	16.8	20.4	19.5	26.3	20.5	19.7	
<b>Operating Profits</b>	<b>5,072</b>	<b>5,519</b>	<b>4,994</b>	<b>5,665</b>	<b>5,422</b>	<b>5,646</b>	<b>6,147</b>	<b>7,096</b>	<b>21,250</b>	<b>24,311</b>	<b>5,854</b>	<b>-7</b>
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	2.3	23.1	25.3	1.2	14.4	15.4	
Provisions	606	448	591	66	-120	200	300	674	1,711	1,054	199	-160
<b>Profit before Tax</b>	<b>4,467</b>	<b>5,071</b>	<b>4,403</b>	<b>5,598</b>	<b>5,542</b>	<b>5,446</b>	<b>5,847</b>	<b>6,422</b>	<b>19,539</b>	<b>23,256</b>	<b>5,654</b>	<b>-2</b>
Tax Provisions	994	1,241	1,019	1,206	1,214	1,253	1,345	1,305	4,459	5,116	1,301	-7
<b>Profit after tax</b>	<b>3,473</b>	<b>3,830</b>	<b>3,384</b>	<b>4,393</b>	<b>4,328</b>	<b>4,193</b>	<b>4,502</b>	<b>5,117</b>	<b>15,080</b>	<b>18,140</b>	<b>4,354</b>	<b>-1</b>
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	9.5	33.0	16.5	44.2	20.3	25.4	
<b>Key Operating Parameters (%)</b>												
Rep. Yield on loans	10.59	10.58	10.19	10.08	10.03							
Rep. Cost of funds	7.97	7.99	8.07	7.98	7.92							
Spreads	2.62	2.59	2.12	2.10	2.11							
Net Interest Margins	3.86	3.95	3.49	3.65	3.65							
Cost to Income Ratio	23.2	23.6	25.4	23.9	26.2							
Credit Cost	0.40	0.30	0.38	0.04	-0.07							
Tax Rate	22.2	24.5	23.1	21.5	21.9							
<b>Balance Sheet Parameters</b>												
Loans (INR B)	604	609	623	654	670							
Change YoY (%)	6.2	5.2	7.4	10.3	15.5							
AUM (INR B)	673	674	685	712	725							
Change YoY (%)	4.0	2.6	4.3	6.9	11.6							
Borrowings (Ex Assgn.) (INR B)	527	536	531	551	557							
Change YoY (%)	3.3	2.3	1.2	2.6	13.9							
Loans/Borrowings (%)	114.6	113.6	117.4	118.7	120.2							
Off BS loans/AUM (%)	10.4	9.7	9.1	8.3	11.3							
Debt/Equity (x)	3.8	3.8	3.7	3.7	3.6							
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR Mn)	22,700	10,860	10,790	9,840	9,060							
Gross Stage 3 (% on loans)	3.76	1.78	1.73	1.51	1.35							
NS 3 (INR Mn)	15,430	7,170	7,080	6,160	6,120							
Net Stage 3 (% on loans)	2.59	1.19	1.14	0.95	0.92							
PCR (%)	32.0	34.0	34.4	37.4	32.45							

E: MOFSL Estimates



# Jyothy Laboratories

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR548      TP: INR565 (+3%)      Neutral**

## In-line performance; focus on volume-driven growth

Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	201.1 / 2.4
52-Week Range (INR)	574 / 243
1, 6, 12 Rel. Per (%)	28/-14/64
12M Avg Val (INR M)	599

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Net Sales	27.6	30.2	33.4
Sales Gr. (%)	10.9	9.6	10.6
EBITDA	4.8	5.4	6.0
EBITDA Margins (%)	17.4	17.9	18.1
Adj PAT	3.6	4.1	4.6
Adj. EPS (INR)	9.8	11.1	12.4
EPS Gr. (%)	54.8	12.8	12.3
BV/Sh (INR)	49.2	52.1	58.0

### Ratios

RoE (%)	21.5	21.8	22.6
RoCE (%)	21.1	21.4	22.8
Payout (%)	43.2	59.0	52.6

### Valuation

P/E (x)	48.6	43.1	38.4
P/BV (x)	9.7	9.2	8.2
EV/EBITDA	36.0	31.5	27.8
Div. Yield (%)	0.7	1.1	1.1

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.9	62.9	62.9
DII	14.4	13.3	15.4
FII	15.1	16.4	14.0
Others	7.7	7.4	7.8

FII Includes depository receipts

- Jyothy Laboratories (JYL) reported a revenue growth of 8% YoY (in line) in 1QFY25. It delivered a volume growth of 11% and continued to focus on volume-led growth to gain market share across categories. The company is not expecting price hike-led growth in FY25.
- Fabric care delivered 9% growth, with growth from both main-wash and post-wash categories. Dish-wash growth stood at 7% YoY, led by LUPs. Exo's market share in the eastern region increased from low-single digits to double digits. HI grew 2% YoY only, hurt by the extended and harsh summer. Personal care was weaker than expected, clocking 11% YoY growth (vs. ~21% growth in FY24).
- Gross margin (GM) was up 340bp YoY to 51.3%, at an all-time high led by the mix, lower RM costs, and better sourcing. EBITDA margin inched up 90bp YoY to 18%. EBITDA grew 14% YoY during the quarter, on a high base (~96% EBITDA growth in 1QFY24), and a five-year CAGR is 15%.
- We model a 10%/12% revenue/EBITDA CAGR over FY24-26E. With a stable RM basket, we expect the EBITDA margin to be ~18%.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. Due to its expensive valuations, **we reiterate our Neutral rating on the stock with a TP of INR565 (premised on 45x Jun'26E P/E).**

## Overall in-line quarter; volume growth stood at 11% YoY

- **Sales growth across segments:** JYL registered a net sales growth of 8% YoY to INR7,418m (est. INR7,524m). Volume growth was 10.8% YoY (est. 9.0%) in 1QFY25. The Fabric care/Dish-wash/HI/Personal care sales grew 9%/7%/2%/11% YoY to INR3,228m/INR2,480m/INR503m/INR932m in 1QFY25. The four-year CAGR for Fabric care stood at 23%, while Dish wash and Personal care CAGR stood at +12% each. HI declined 6%.
- **Improvement in margins:** Gross margin expanded ~340bp/180bp YoY/QoQ to 51.3% (est. 48.5%). As a percentage of sales, staff costs rose 60bp YoY to 11.6%, ad spending increased 100bp YoY to 8.3%, and other expenses grew 100bp YoY to 13.4%. EBITDA margin expanded 90bp YoY to 18.0%. (est. 17.5%).
- **Segmental profitability:** EBIT margins in the Fabric care/Household Insecticide segments expanded 270bp/820bp YoY to 24.9%/(10.8%), while Personal care margin contracted 730bp YoY to 11%. Dish-wash's EBIT margin was stable at 20% in 1QFY25.
- **Double-digit growth:** EBITDA grew 14% YoY to INR1,335m (est. of INR1,317m). PBT grew 18% YoY to INR1,324m (est. INR1,269m). Adj. PAT increased 17% YoY to INR1,017m (est. INR977m).

### Highlights from the management commentary

- Demand is likely to accelerate with normal monsoons. Rural demand pickup is key for positive momentum.
- JYL delivered 11% YoY volume growth during the quarter. The value-volume gap is due to the increase in grammages and price cuts taken by the company.
- The contributions of modern trade and e-commerce to revenue have increased to 15%, up from 10% two to three years ago.
- Capex will be INR500-600m in FY25. Cash balance is over INR6.5b at the end of 1QFY25.

### Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. JYL's margin expansion beyond ~18% is also constrained by its focus on the mass and rural segments. Therefore, we believe its growth potential is adequately priced-in at the current valuation. **We reiterate our Neutral rating on the stock with a TP of INR565 (premised on 45x Jun'26E P/E).**

### Consolidated quarterly performance

Y/E March	FY24				FY25E						(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E	FY25 1QE	Var. (%)
<b>Net Sales</b>	<b>6,871</b>	<b>7,323</b>	<b>6,775</b>	<b>6,600</b>	<b>7,418</b>	<b>8,056</b>	<b>7,453</b>	<b>7,287</b>	<b>27,569</b>	<b>30,213</b>	<b>7,524</b>	<b>-1.4</b>
YoY change (%)	15.1	11.1	10.6	7.0	8.0	10.0	10.0	10.4	10.9	9.6	9.5	
<b>Gross Profit</b>	<b>3,289</b>	<b>3,604</b>	<b>3,371</b>	<b>3,267</b>	<b>3,805</b>	<b>4,108</b>	<b>3,801</b>	<b>3,695</b>	<b>13,531</b>	<b>15,409</b>	<b>3,649</b>	<b>4.3</b>
Margins (%)	47.9	49.2	49.8	49.5	51.3	51.0	51.0	50.7	49.1	51.0	48.5	
<b>EBITDA</b>	<b>1,174</b>	<b>1,354</b>	<b>1,186</b>	<b>1,084</b>	<b>1,335</b>	<b>1,530</b>	<b>1,312</b>	<b>1,222</b>	<b>4,798</b>	<b>5,398</b>	<b>1,317</b>	<b>1.4</b>
EBITDA growth %	96.2	68.3	40.6	18.7	13.7	13.0	10.6	12.8	51.9	12.5	12.1	
Margins (%)	17.1	18.5	17.5	16.4	18.0	19.0	17.6	16.8	17.4	17.9	17.5	
Depreciation	120	123	128	129	134	130	136	134	500	535	132	
Interest	11	12	12	13	14	13	13	13	47	52	12	
Other Income	79	132	106	130	137	130	125	108	447	500	95	
<b>PBT</b>	<b>1,123</b>	<b>1,351</b>	<b>1,152</b>	<b>1,072</b>	<b>1,324</b>	<b>1,517</b>	<b>1,288</b>	<b>1,183</b>	<b>4,698</b>	<b>5,312</b>	<b>1,269</b>	<b>4.3</b>
Tax	250	311	243	291	307	355	301	285	1,095	1,248	292	
Rate (%)	22.3	23.0	21.1	27.1	23.2	23.4	23.4	24.1	23.3	23.5	23.0	
<b>Adjusted PAT</b>	<b>873</b>	<b>1,040</b>	<b>909</b>	<b>781</b>	<b>1,017</b>	<b>1,162</b>	<b>986</b>	<b>898</b>	<b>3,603</b>	<b>4,064</b>	<b>977</b>	<b>4.1</b>
YoY change (%)	124.1	78.2	34.9	31.9	16.6	11.8	8.5	14.9	54.8	12.8	12.0	

E: MOFSL Estimates

### Key performance indicators

Y/E March	FY24				FY25			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
<b>2Y average growth %</b>								
Sales	14.7	12.5	13.2	10.0	11.5	10.5	10.3	8.7
EBITDA	44.1	44.1	40.0	39.0	54.9	40.7	25.6	15.8
PAT	60.6	58.4	62.6	54.9	70.3	45.0	21.7	23.4
<b>% sales</b>								
COGS	52.1	50.8	50.2	50.5	48.7	49.0	49.0	49.3
Other expenditure	30.8	30.7	32.3	33.1	33.3	32.0	33.4	33.9
Depreciation	1.7	1.7	1.9	1.9	1.8	1.6	1.8	1.8
<b>YoY change %</b>								
COGS	-0.3	-5.2	-2.4	-0.5	0.9	6.1	7.3	7.8
Other expenditure	18.7	20.6	21.6	14.4	16.8	14.6	13.9	13.3
Other income	80.0	147.8	-30.6	127.5	72.8	-1.7	18.0	-16.9
EBIT	125.2	82.6	46.5	20.4	13.8	13.8	11.1	13.9

E: MOFSL Estimates



# The Ramco Cements

Estimate change

TP change

Rating change

**CMP: INR801**

**TP: INR890 (+11%)**

**Neutral**

## Earnings in line; leverage high

### Increased capacity target to 30mtpa by FY26 vs. 26mtpa earlier

- TRCL's 1QFY25 EBITDA was in line with our estimate as lower-than-estimated opex/t offset lower-than-estimated volume. EBITDA came in at INR3.2b (est. INR3.1b), while EBITDA/t stood at INR733 (est. INR679). OPM was flat at 15% (est. 14%). PAT stood at INR355m (est. INR345m).
- The management has increased its capacity target to 30mtpa by FY26 vs. the earlier estimate of 26mtpa. Currently, TRCL is expanding its clinker/grinding capacities at the Kurnool plant in Andhra Pradesh by 3.15mt/1.5mtpa (brownfield expansion). It further plans to add capacities through debottlenecking and expansion of grinding capacities at exiting locations with a minimal capex. It has taken effective steps to monetize certain non-core assets worth INR10b in the next one year.
- We cut our EBITDA/EPS estimates by 6%/11% for FY25 due to persistently weak prices in its core market. We maintain our estimates of FY26/FY27. We value TRCL at 12x Jun'26E EV/EBITDA to arrive at a TP of INR890. We reiterate our Neutral rating on the stock.

### Volume inches up ~1% YoY; opex/t down 8% YoY

- Revenue/EBITDA/PAT stood at INR20.9b/INR3.2b/INR355m (down 7%/6%/55% YoY and down 6%/up 2%/3% vs. our estimates) in 1QFY25. Sales volume inched up 1% YoY to 4.36mt (5% below estimates).
- Realization at INR4,792/t (declined 8% YoY) was in line with our estimate. Opex/t declined ~8% YoY, mainly led by a fall in variable costs (down ~15%). Freight costs/t remained flat, while other expenses/t increased 1% YoY. OPM remained flat YoY at ~15% (est. 14%) and EBITDA/t was down 8% YoY at INR733 (est. INR679).
- Depreciation/interest costs increased 13%/21% YoY due to commissioning of new capacity in 1HCY24. Other income grew ~8% YoY.

### Highlights from the management commentary

- Cement demand was affected by elections and monsoon. However, demand outlook is positive in Andhra Pradesh with the new government in power. Cement prices are under pressure across TRCL's key markets.
- Blended fuel consumption cost was USD137/t (INR1.49/kcal) vs. USD141 (INR1.65/kcal) in 4QFY24.
- The management maintained its FY25 capex guidance of INR12b. Capex stood at INR2.81b in 1Q. Net debt stood at INR49.8b vs. INR48.2b as of Mar'24. The net debt-to-EBITDA ratio stood at 3.8x vs. 3.1x as of Mar'24.

### View and valuation

- We estimate the company's volume growth to moderate to ~7% CAGR over FY24-27 vs. ~23% over FY21-24. Pricing pressure in its key markets, higher leverage, and low return ratios (RoE/ROCE estimated in mid-single digits in FY25) will keep stock price range-bound.
- At CMP, the stock trades at 13x/11x FY25E/FY26E EV/EBITDA. We value TRCL at 12x Jun'26E EV/EBITDA and reiterate our Neutral rating with a TP of INR890.

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USD\$b)	189.2 / 2.3
52-Week Range (INR)	1058 / 700
1, 6, 12 Rel. Per (%)	-9/-32/-35
12M Avg Val (INR M)	643

### Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	96.6	105.5	114.8
EBITDA	16.7	20.4	22.8
Adj. PAT	4.3	6.7	7.9
EBITDA Margin (%)	17.3	19.4	19.8
Adj. EPS (INR)	18.4	28.2	33.3
EPS Gr. (%)	10.0	53.4	18.0
BV/Sh. (INR)	317	342	372

### Ratios

Net D:E	0.7	0.7	0.6
RoE (%)	5.9	8.6	9.3
RoCE (%)	6.1	7.5	7.9
Payout (%)	19.0	12.4	0.0

### Valuations

P/E (x)	43.5	28.4	24.0
P/BV (x)	2.5	2.3	2.2
EV/EBITDA(x)	13.4	11.3	10.1
EV/ton (USD)	113	107	108
Div. Yield (%)	0.4	0.4	0.0
FCF Yield (%)	0.6	1.7	2.6

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	42.3	42.3	42.1
DII	34.5	35.6	35.8
FII	7.4	7.4	8.0
Others	15.8	14.7	14.1

FII Includes depository receipts

**Quarterly Performance**

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales volume (m ton)	4.30	4.61	4.00	5.49	4.36	4.71	4.85	5.68	18.40	19.60	4.61	(5)
YoY Change (%)	29.9	37.7	9.9	16.8	1.3	2.1	21.2	3.5	22.5	6.5	7.2	
Realization (INR/ton)	5,212	5,053	5,265	4,869	4,792	4,752	5,032	5,101	5,081	4,931	4,812	(0)
YoY Change (%)	(1.6)	(3.8)	(4.5)	(10.9)	(8.1)	(6.0)	(4.4)	4.8	(5.6)	(3.0)	(7.7)	
QoQ Change (%)	(4.6)	(3.1)	4.2	(7.5)	(1.6)	(0.8)	5.9	1.4			(1.2)	
<b>Net Sales</b>	<b>22.4</b>	<b>23.3</b>	<b>21.1</b>	<b>26.7</b>	<b>20.9</b>	<b>22.4</b>	<b>24.4</b>	<b>29.0</b>	<b>93.5</b>	<b>96.6</b>	<b>22.2</b>	(6)
YoY Change (%)	26.4	30.5	4.8	4.0	(6.8)	(4.0)	15.8	8.5	14.9	3.4	(1.0)	
<b>Total Expenditure</b>	<b>19.0</b>	<b>19.3</b>	<b>17.1</b>	<b>22.6</b>	<b>17.7</b>	<b>19.4</b>	<b>19.7</b>	<b>23.2</b>	<b>78.0</b>	<b>79.9</b>	<b>19.1</b>	(7)
<b>EBITDA</b>	<b>3.4</b>	<b>4.0</b>	<b>4.0</b>	<b>4.2</b>	<b>3.2</b>	<b>3.0</b>	<b>4.7</b>	<b>5.8</b>	<b>15.5</b>	<b>16.7</b>	<b>3.1</b>	2
Margins (%)	15.2	17.1	18.8	15.6	15.3	13.4	19.4	20.0	16.6	17.3	14.1	
Depreciation	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7	6.4	6.7	1.7	(1)
Interest	0.9	1.2	1.0	1.0	1.1	1.1	1.1	1.2	4.2	4.6	1.0	8
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.1	1
<b>PBT before EO expense</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>0.5</b>	<b>0.3</b>	<b>2.0</b>	<b>3.1</b>	<b>5.4</b>	<b>5.9</b>	<b>0.5</b>	1
<b>PBT</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>0.5</b>	<b>0.3</b>	<b>2.0</b>	<b>3.1</b>	<b>5.4</b>	<b>5.9</b>	<b>0.5</b>	1
Tax	0.3	0.4	0.4	0.4	0.1	0.1	0.6	0.9	1.5	1.6	0.1	
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	26.7	30.8	25.2	26.3	28.0	28.0	27.3	27.3	27.5	28.0	
<b>Reported PAT</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>1.2</b>	<b>0.4</b>	<b>0.2</b>	<b>1.4</b>	<b>2.3</b>	<b>3.9</b>	<b>4.3</b>	<b>0.3</b>	3
<b>Adj PAT</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>1.2</b>	<b>0.4</b>	<b>0.2</b>	<b>1.4</b>	<b>2.3</b>	<b>3.9</b>	<b>4.3</b>	<b>0.3</b>	3
YoY Change (%)	(29.7)	783.2	38.6	(20.4)	(55.0)	(76.4)	53.5	86.8	15.0	8.8	(56.3)	
Margins (%)	3.5	4.3	4.4	4.5	1.7	1.1	5.9	7.8	4.2	4.4	1.6	

**Per ton analysis (incl. Dry mortar)**

(INR/t)

	5,212	5,053	5,265	4,869	4,792	4,752	5,032	5,101	5,081	4,931	4,812	(0)
<b>Net realization</b>	<b>5,212</b>	<b>5,053</b>	<b>5,265</b>	<b>4,869</b>	<b>4,792</b>	<b>4,752</b>	<b>5,032</b>	<b>5,101</b>	<b>5,081</b>	<b>4,931</b>	<b>4,812</b>	(0)
RM Cost	760	959	820	1,132	835	900	850	1,029	934	910	980	(15)
Employee Expenses	294	300	342	227	314	296	291	249	286	285	278	13
Power, Oil & Fuel	1,758	1,358	1,384	1,128	1,300	1,290	1,240	1,186	1,389	1,250	1,230	6
Freight cost	1,064	1,025	1,073	1,082	1,064	1,049	1,065	1,052	1,062	1,057	1,075	(1)
Other Expenses	541	546	658	541	546	580	610	566	567	576	570	(4)
<b>Total Expenses</b>	<b>4,418</b>	<b>4,188</b>	<b>4,277</b>	<b>4,110</b>	<b>4,059</b>	<b>4,116</b>	<b>4,056</b>	<b>4,082</b>	<b>4,238</b>	<b>4,078</b>	<b>4,133</b>	(2)
<b>EBITDA</b>	<b>794</b>	<b>865</b>	<b>988</b>	<b>760</b>	<b>733</b>	<b>636</b>	<b>977</b>	<b>1,019</b>	<b>844</b>	<b>853</b>	<b>679</b>	8

Source: Company, MOFSL Estimates



# AAVAS Financiers

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,778      TP: INR1,800 (+1%)      Neutral**

## Pressure on NIM continues; operating efficiency now showing up

### The RBI circular hurts business momentum as well as margins

- AAVAS Financiers (AAVAS)'s 1QFY25 PAT grew 15% YoY to ~INR1.26b (6% miss) and NII grew 8% YoY to ~INR2.45b (in line).
- Other income grew 16% YoY and included an assignment income of ~INR305m (PY: INR330m) and fee income of ~INR261m (PY: ~INR174m).
- Reported 1QFY25 NIM contracted ~70bp YoY to ~7.3% (FY24 NIM of ~7.9% in FY24). 1QFY25 NIM (calc.) contracted ~15bp QoQ to ~6.9%. Reported spreads declined ~5bp QoQ to 5.0%. NIM compression was because of 1) reduced assignments, 2) increase in borrowing costs, and 3) pressure on yields, along with interest income reversal from the RBI circular.
- Opex rose ~3% YoY to INR1.4b (in line). The opex-to-avg. AUM declined to ~3.1% (PY: 3.7% and PQ: 3.4%). Employee expenses dipped QoQ because of reversal of the long-term incentive and ESOP expenses. We estimate the opex-to-avg. assets ratio to decline to ~3.3% by FY26 (v/s ~3.6% in FY24).
- We estimate ~23% CAGR each in AUM and PAT over FY24-26, with an RoA/RoE of 3.4%/16% in FY26. The RBI circular on Fair Practices (charging of Interest), which was published in end-Apr'24, hurt business operations during the quarter, resulting in a sanction-to-disbursement ratio of 77-78%.
- AAVAS trades at 2.8x FY26E P/BV. We believe that the valuations now largely reflect the positives of the company to accelerate disbursements/loan growth and exhibit operating efficiencies, now that the technology transformation is finally reaching its climax. **Reiterate Neutral with a TP of INR1,800 (based on 2.8x FY26E BVPS).**

### AUM rises ~22% YoY; disbursements slightly muted

- AUM grew 22% YoY/ 3% QoQ to ~INR178b. Disbursements rose ~13% YoY to ~INR12.1b. Share of HL in disbursement stood at ~67%. The Annualized run-off in the loan-book stood at ~15.8% (PY: ~16.5% and PQ: ~16.4%).
- The sanction-to-disbursement ratio declined to ~77-78%, which resulted in muted disbursements.
- Securitization during the quarter amounted to ~INR2.3b (PY: ~INR2b), while securitization margin contracted ~60bp QoQ to 13.3%.

### Highlights from the management commentary

- AAVAS is confident of delivering an AUM growth of 20-25% aided by controlled foreclosures (BT-OUTS) and better disbursement momentum.
- Management shared that the PMAY CLSS scheme, in the past, had a positive impact on both AUM growth and asset quality because of the improvement in affordability of housing and home loans.

### Valuation and View

- AAVAS reported RoA/RoE of ~3.0%/~13% in 1QFY25. The company's constant endeavor to improve its technological edge and relentless focus on asset quality have made it a standout player among peers. Notably, its 1+DPD remains within the guided levels, driven by its prudent underwriting process and efficient collection efforts.

	AAVAS IN
Bloomberg Equity Shares (m)	79
M.Cap.(INRb)/(USD\$)	140.7 / 1.7
52-Week Range (INR)	1979 / 1307
1, 6, 12 Rel. Per (%)	-7/4/-14
12M Avg Val (INR M)	565

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	9.1	10.7	13.1
PPP	6.5	7.8	9.8
PAT	4.9	5.9	7.4
EPS (INR)	62.0	74.4	94.1
EPS Gr. (%)	14	20	26
BV/Sh. (INR)	477	551	645

### Ratios (%)

NIM	5.8	5.5	5.5
C/I ratio	45.6	44.4	42.4
Credit cost	0.19	0.20	0.17
RoA	3.3	3.2	3.4
RoE	13.9	14.5	15.7

### Valuation

P/E (x)	28.8	24.0	18.9
P/BV (x)	3.7	3.2	2.8

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	26.5	26.5	39.1
DII	24.4	24.0	14.4
FII	35.9	34.8	35.0
Others	13.3	14.7	11.5

FII Includes depository receipts

■ Given that investments are made in sourcing, distribution, and technology, we expect AAVAS to accelerate its disbursement growth trajectory over the next few quarters. The stock trades at 2.8x FY26E P/BV and any re-rating in valuation multiples will depend on stronger AUM growth and delivery of operating efficiencies to further improve the RoA profile. **Reiterate Neutral with a TP of INR1,800 (based on 2.8x FY26E BVPS).**

**Quarterly performance**

Y/E March	FY24				FY25E				FY24		FY25E		v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QFY25E	1QFY25E			
Interest Income	4,128	4,259	4,373	4,586	4,797	5,018	5,334	5,730	17,347	20,880	4,884	-2	
Interest Expenses	1,866	2,036	2,166	2,216	2,352	2,439	2,585	2,839	8,284	10,214	2,360	0	
<b>Net Income</b>	<b>2,262</b>	<b>2,223</b>	<b>2,208</b>	<b>2,371</b>	<b>2,446</b>	<b>2,579</b>	<b>2,749</b>	<b>2,892</b>	<b>9,063</b>	<b>10,666</b>	<b>2,525</b>	<b>-3</b>	
YoY Growth (%)	26	18	6	7	8	16	25	22	14	18	12		
Other income	540	716	719	882	628	829	923	1,005	2,856	3,386	664	-5	
<b>Total Income</b>	<b>2,802</b>	<b>2,938</b>	<b>2,926</b>	<b>3,252</b>	<b>3,074</b>	<b>3,409</b>	<b>3,673</b>	<b>3,896</b>	<b>11,919</b>	<b>14,051</b>	<b>3,189</b>	<b>-4</b>	
YoY Growth (%)	28	16	12	14	10	16	26	20	17	18	14		
Operating Expenses	1,339	1,308	1,349	1,434	1,379	1,490	1,603	1,769	5,430	6,241	1,401	-2	
YoY Growth (%)	30	14	12	19	3	14	19	23	19	15	5		
<b>Operating Profits</b>	<b>1,464</b>	<b>1,631</b>	<b>1,577</b>	<b>1,818</b>	<b>1,695</b>	<b>1,918</b>	<b>2,070</b>	<b>2,127</b>	<b>6,489</b>	<b>7,811</b>	<b>1,788</b>	<b>-5</b>	
YoY Growth (%)	27	17	11	10	16	18	31	17	15.6	20.4	22.2		
Provisions	57	65	80	43	86	94	99	35	245	314	62	37	
<b>Profit before Tax</b>	<b>1,407</b>	<b>1,565</b>	<b>1,497</b>	<b>1,775</b>	<b>1,609</b>	<b>1,824</b>	<b>1,971</b>	<b>2,093</b>	<b>6,244</b>	<b>7,497</b>	<b>1,726</b>	<b>-7</b>	
Tax Provisions	310	348	331	349	348	401	434	422	1,338	1,606	380	-8	
<b>Profit after tax</b>	<b>1,097</b>	<b>1,217</b>	<b>1,166</b>	<b>1,426</b>	<b>1,261</b>	<b>1,423</b>	<b>1,537</b>	<b>1,670</b>	<b>4,907</b>	<b>5,891</b>	<b>1,346</b>	<b>-6</b>	
YoY Growth (%)	23	14	9	13	15	17	32	17	14.1		22.7		
<b>Key Parameters (%)</b>													
Yield on loans	13.3	13.2	13.1	13.1	13.1				13.6	13.4			
Cost of funds	7.7	7.9	8.0	8.1	8.1				7.5	7.5			
Spread	5.6	5.3	5.1	5.1	5.0				6.1	6.0			
NIM - YTD	8.0	8.0	7.9	7.9	7.3				5.8	5.5			
Credit cost	0.2	0.2	0.20	0.1	0.2				0.2	0.2			
Cost to Income Ratio	47.8	44.5	46.1	44.1	44.8				45.6	44.4			
Tax Rate (%)	22.0	22.2	22.1	19.7	21.7				21.4	21.4			
<b>Balance Sheet</b>													
<b>AUM (INR B)</b>	<b>146.5</b>	<b>153.2</b>	<b>160.8</b>	<b>173.1</b>	<b>178.4</b>				<b>173.1</b>	<b>213.1</b>			
Change YoY (%)	23.2	22.1	22.9	22.2	21.8				22.2	23			
<b>AUM mix (%)</b>													
Home loans	69.8	69.7	69.3	69.3	69.0				69.3	68.1			
Mortgage loans	30.2	30.3	30.7	30.7	14.0				30.7	31.9			
<b>Loans (INR B)</b>	<b>119.1</b>	<b>124.0</b>	<b>129.9</b>	<b>140.0</b>	<b>144.4</b>				<b>140.0</b>	<b>170.4</b>			
% of AUM	81.3	81.0	80.8	80.9	81.0				22.0	21.7			
<b>Disbursements (INR)</b>	<b>10.7</b>	<b>12.6</b>	<b>13.6</b>	<b>18.9</b>	<b>12.1</b>				<b>55.8</b>	<b>69.2</b>			
Change YoY (%)	-2.3	9.7	13.3	19.7	13.4				11.1	24			
<b>Borrowings (INR B)</b>	<b>106.8</b>	<b>111.4</b>	<b>114.7</b>	<b>124.0</b>	<b>126.0</b>				<b>123.4</b>	<b>150.8</b>			
Change YoY (%)		30.0	25.2	25.4					25.4	22			
Borrowings/Loans (%)	89.6	89.9	88.3	88.5	87.2				88.1	88.5			
Debt/Equity (x)	3.2	3.2	3.2	3.3	3.2				3.3	3.5			
<b>Asset Quality (%)</b>													
<b>GS 3 (INR M)</b>	<b>1,193.4</b>	<b>1,295</b>	<b>1,425</b>	<b>1,319</b>	<b>1,466.1</b>				<b>1,193</b>	<b>1,295</b>			
G3 %	1.0	1.04	1.09	0.94	1.0				1.00	1.04			
<b>NS 3 (INR M)</b>	<b>871.8</b>	<b>939</b>	<b>1,033</b>	<b>939</b>	<b>1,043.4</b>				<b>872</b>	<b>939</b>			
NS3 %	0.73	0.76	0.79	0.67	0.72				0.73	0.76			
<b>PCR (%)</b>	<b>26.9</b>	<b>27.5</b>	<b>27.5</b>	<b>28.8</b>	<b>28.8</b>				<b>26.9</b>	<b>27.5</b>			
ECL (%)	0.6	0.64	0.65	0.60	0.6				0.64	0.64			
<b>Return Ratios - YTD</b>													
ROA (Rep)	3.2	3.3	3.2	3.3	3.0				3.3	3.2			
ROE (Rep)	13.2	13.6	13.5	13.9	13.1				13.9	14.5			





# Westlife Foodworld

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR833**      **TP: INR775 (-7%)**      **Neutral**

## Sluggish performance; earnings risk continues

Bloomberg	WESTLIFE IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	129.9 / 1.6
52-Week Range (INR)	1025 / 701
1, 6, 12 Rel. Per (%)	-8/-14/-32
12M Avg Val (INR M)	159

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	23.9	26.4	30.4
Sales growth (%)	5.0	10.6	15.0
EBITDA	3.8	4.2	5.2
Margins (%)	15.8	15.9	17.0
Adj. PAT	0.7	1.0	1.6
Adj. EPS (INR)	4.4	6.2	10.5
EPS Growth (%)	-38.0	40.5	69.2
BV/Sh.(INR)	37.7	53.2	56.3

### Ratios

RoE (%)	12.0	13.7	19.3
RoCE (%)	8.0	8.7	11.1

### Valuations

P/E (x)	188.9	134.4	79.4
P/BV (x)	22.2	15.7	14.9
EV/EBITDA (x)	37.8	33.8	27.5
EV/Sales (x)	6.0	5.4	4.7

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	56.3	56.3	56.2
DII	21.0	23.0	24.1
FII	14.2	11.9	10.0
Others	8.6	8.8	9.6

FII Includes depository receipts

- Westlife Foodworld (WLDL) reported flat YoY sales of INR6.2b in 1QFY25. Its sales were hit by a 6.7% YoY decline in same-store sales (est. -5.0% YoY). The off-premise business grew 6% YoY, led by delivery and drive-thru stores, while on-premise dropped 3% YoY. Demand challenges and fast store additions by the industry over the last three years continued to hurt the growth metrics.
- WLDL added six new stores (+12% YoY) and entered two new cities in 1Q. Its store expansion spree will continue as the management guided 45-50 new store additions in FY25, with a focus on South India, smaller towns, and drive-thru stores.
- GM expanded marginally by 20bp YoY to 70.8% (est. 70.5%). EBITDA margin contracted 420bp YoY/70bp QoQ to 13% (est. 13.5%). Restaurant operating margin (ROM; post-IND-AS) contracted 390bp/30bp YoY/QoQ to 19.1% due to operating deleverage and royalty expenses.
- PBT continued to show weakness and dipped 89% YoY in 1QFY25 (margin at <1%). Demand recovery is still uncertain in the near term. PBT margin was 6.6%/4.0% for FY23/FY24; we model 4.9%/7.2% PBT margin for FY25/ FY26, backed by gradual demand improvement and better profitability of the recently opened stores. However, we continue to see earnings risk due to slow demand recovery, competitive pressure, and weak unit economics. **We reiterate our Neutral rating with a TP of INR775, based on 30x Jun'26E EV/EBITDA (pre-IND-AS).**

## Weak SSSG dents operating performance

- Muted sales growth:** WLDL's sales were flat YoY at INR6.2b (est. INR6.4b) led by 12% YoY store additions. Same store sales declined 6.7% YoY in 1QFY25 (est. -5.0%). WLDL opened net six stores, taking the total count to 403 stores in 66 cities (added two cities). The on-premise business declined 3% YoY, while the off-premise business grew 6% YoY. Average sales per store dipped 8% YoY to INR61.3m (ann.) in 1QFY25.
- Weakness in margin sustains:** GM expanded marginally by 20bp YoY to 70.8% (est. 70.5%). It expanded 60bp QoQ (70.2% in 4QFY24). The EBITDA margin contracted 420bp YoY/70bp QoQ to 13.0%. (est. 13.5%). ROM contracted 390bp YoY/30bp QoQ to 19.1%. The Pre-IND-AS EBITDA margin was 8% (down 480bp YoY) during the quarter.
- Decline in EBITDA/PBT/APAT:** EBITDA declined 24% YoY to INR799m (est. INR863m) due to operating expenses. PBT dipped 89% YoY to INR45m (est. INR128m). PAT declined 89% YoY to INR33m (est. INR96m).

## Key takeaways from the management commentary

- Management observed improvement in demand trends. It is expecting a gradual improvement in the business in 2HFY25.
- It launched a new entry-level Chicken Surprise burger and expanded its McCafé offerings by rolling out a new range of cakes and bakes along with newly introduced mango-flavored desserts.

- The gross margin continued its upward trajectory, showcasing the effectiveness of the value platform strategy. EBITDA margin contracted YoY due to higher operating expenses, due to higher marketing spends.
- It targets to open 45-50 stores in FY25 with a focus on South India, smaller towns, and drive-thru stores. It aims to reach 580-630 restaurants by FY27.

#### Valuation and view

- We cut our EPS estimates by 13%/11% for FY25 and FY26.
- WLDL has been aggressive on store additions, which was not the case historically. The current demand environment is not conducive to aggressive expansion. Therefore, the benefits of the same will be back-ended.
- The QSR industry has been witnessing weakness in growth metrics, leading to a sharp deceleration in the margin profile (a typical trend in QSR during the downcycle). We do not see any near-term respite in demand and operating margin.
- **We reiterate our Neutral rating with a TP of INR775, based on 30x Jun'26E EV/EBITDA (pre-IND-AS).**

#### Consolidated quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	1QE	(%)
SSSG %	7.0	1.0	(9.0)	(5.0)	(6.7)	(2.0)	7.0	9.7	-1.5	2.0		-5.0
No. of McDonald's restaurants	361	370	380	397	403	413	428	442	397	442		405
<b>Net Sales</b>	<b>6,145</b>	<b>6,147</b>	<b>6,003</b>	<b>5,623</b>	<b>6,163</b>	<b>6,524</b>	<b>6,953</b>	<b>6,803</b>	<b>23,918</b>	<b>26,444</b>		<b>6,400</b>
YoY Change (%)	14.2	7.4	-1.8	1.1	0.3	6.1	15.8	21.0	5.0	10.6		4.1
<b>Gross profit</b>	<b>4,337</b>	<b>4,310</b>	<b>4,219</b>	<b>3,945</b>	<b>4,362</b>	<b>4,619</b>	<b>4,923</b>	<b>4,818</b>	<b>16,811</b>	<b>18,722</b>		<b>4,512</b>
Margin (%)	70.6	70.1	70.3	70.2	70.8	70.8	70.8	70.8	70.3	70.8		70.5
<b>EBITDA</b>	<b>1,053</b>	<b>997</b>	<b>960</b>	<b>771</b>	<b>799</b>	<b>929</b>	<b>1,191</b>	<b>1,277</b>	<b>3,780</b>	<b>4,196</b>		<b>863</b>
YoY Change (%)	14.3	0.9	-12.9	-16.1	-24.1	-11.8	19.5	33.0	-3.8	11.0		-18.1
Margins (%)	17.1	16.2	16.0	13.7	13.0	14.2	17.1	18.8	15.8	15.9		13.5
Depreciation	439	453	491	503	506	508	513	510	1,886	2,038		517
Interest	260	274	282	283	298	279	280	245	1,099	1,103		263
Other Income	52	32	44	35	51	55	65	70	162	241		45
<b>PBT</b>	<b>406</b>	<b>302</b>	<b>231</b>	<b>20</b>	<b>45</b>	<b>197</b>	<b>463</b>	<b>592</b>	<b>958</b>	<b>1,297</b>		<b>128</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0		0
<b>PBT after EO expense</b>	<b>406</b>	<b>302</b>	<b>231</b>	<b>20</b>	<b>45</b>	<b>197</b>	<b>463</b>	<b>592</b>	<b>958</b>	<b>1,297</b>		<b>128</b>
Tax	118	78	59	12	13	49	116	147	266	324		32
Rate (%)	29.0	26.0	25.3	60.6	28.0	25.0	25.0	24.8	27.8	25.0		25.0
<b>Adj PAT</b>	<b>288</b>	<b>224</b>	<b>172</b>	<b>8</b>	<b>33</b>	<b>147</b>	<b>347</b>	<b>445</b>	<b>692</b>	<b>972</b>		<b>96</b>
YoY Change (%)	22.0	-29.2	-52.6	-96.1	-88.7	-34.0	101.2	5,648.3	L/P	L/P		-66.7
Margins (%)	4.7	3.6	2.9	0.1	0.5	2.3	5.0	6.5	2.9	3.7		1.5

E: MOFSL Estimates



# Craftsman Automation

Estimate changes

TP change

Rating change



Bloomberg	CRAFTSMA IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	124.2 / 1.5
52-Week Range (INR)	5840 / 3782
1, 6, 12 Rel. Per (%)	-8/-5/-11
12M Avg Val (INR M)	283

### Consol. Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	44.5	49.9	57.9
EBITDA	8.8	9.1	11.6
Adj. PAT	3.0	3.4	5.2
EPS (INR)	144.2	142.2	218.5
EPS Gr. (%)	22.6	-1.4	53.7
BV/Sh. (INR)	785	1,323	1,519

### Ratios

RoE (%)	20.1	14.1	15.4
RoCE (%)	15.2	11.6	13.2
Payout (%)	7.8	12.7	10.1

### Valuations

P/E (x)	36.1	36.6	23.8
P/BV (x)	6.6	3.9	3.4
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	-0.8	0.3	2.8

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	48.7	55.0	55.0
DII	21.5	16.0	17.2
FII	15.8	12.6	12.1
Others	14.1	16.5	15.7

FII Includes depository receipts

**CMP: INR5,208**

**TP: INR5,965 (+15%)**

**Buy**

## Weak 1Q; gradual recovery expected ahead

### New acquisitions open up significant growth opportunities

- Craftsman Automation (CRAFTSMA) reported a weak 1Q performance, as PAT of INR532m came in significantly below our est. of INR801m, mainly due to a weak performance in the aluminum division. Aluminum segment margins were impacted by weak demand in PVs and a sharp rise in input costs, which the company would pass on with a quarter lag.
  - To factor in the near-term slowdown in CVs and rising input cost pressure, we cut FY25E/FY26E EPS by ~20%/10%. FY25 is likely to be a moderate growth year when Craftsman is expected to get its capabilities on track. We expect the company to deliver a much stronger growth momentum from FY26 onward as its new facilities ramp up and acquisitions are integrated.
- We reiterate our BUY rating with a TP of INR5,965 (25x Jun-26E EPS).**

### Rising cost pressure hurts 1Q performance

- 1Q consol. revenue grew ~11% YoY to INR11.5b (est. INR11.2b). EBITDA/PAT declined 8%/29% YoY to INR1.97b/0.5b (est. INR2.2b/0.8b).
- Auto powertrain/Alu products/industrial segments grew 9%/17%/22.5% YoY. DR Axion revenue grew 3% YoY.
- Gross margin declined 380bp YoY to 43.7% (est. 46%), largely due to rising input costs of Al and continued competitive pressure in the storage solution business.
- As a result, EBITDA margin declined 350bp YoY (-160bp QoQ) to 17.1% (est. 19.4%). EBITDA declined 8% YoY to INR1.97b (est. INR2.2b).
- PBIT margin for both auto powertrain and industrial declined 490bp YoY each to 17%/1.7%, while that for Alu products grew 60bp YoY to 13.2%.

### DR Axion

- Revenue grew 3% YoY to INR2.9b (est. INR3.2b). EBITDA margins declined 100bp YoY to 17.1% (est. 20.3%) due to an increase in Al prices and weak PV demand. EBITDA declined 3% YoY to INR494m (est. INR657m).

### Others

- The company has decided to infuse INR0.6b into its German subsidiary to acquire assets of Fronberg Guss (company under liquidation) to expand its presence and operations in the European markets, including Germany.

### Highlights from the management interaction

- **1Q performance:** The MHCV segment showed no respite from a declining trend, while the tractor industry exhibited some green shoots. The 2W segment remained robust, but the PV segment slowed down. Aluminum segment margins were impacted by weak demand in PVs and a sharp rise in input costs, which the company would pass on with a quarter lag.

- **Acquisition of Frongberg Guss** : It is a high-tech foundry for large engines used in industrial applications. The deal cost was EUR5.5m (EUR3.5m for the purchase of assets and EUR2m for working capital), and another EURO.5m in debt (so, total INR600m). The management would invest another INR600m to further improve efficiencies. CY23 revenue was INR2.5b, with EBITDA margin in high-single digits.
- **Sunbeam acquisition:** An MoU has been signed, and due diligence is nearly complete. Revenue stands at INR12b. It is currently a loss-making business, largely due to the duplication of costs as the erstwhile promoters targeted to move away production from their Gurgaon plant. This business would give the company entry into exports to the US, in addition to complementary and mutually beneficial capabilities.

#### Valuation and view

- To factor in the near-term slowdown in CVs and rising input cost pressure, we cut FY25E/FY26E EPS by ~20%/10%. FY25 is likely to be a moderate growth year when the company is expected to get its capabilities on track. We expect the company to deliver a much stronger growth momentum from FY26 onward as its new facilities ramp up and acquisitions are integrated.
- We estimate a CAGR of 14%/15%/31% in consolidated revenue/EBITDA/PAT over FY24-26E. At CMP, the stock appears attractively valued at ~37x/24x FY25E/FY26E consolidated EPS. Hence, **we reiterate our BUY rating on the stock with a TP of INR5,965 (valued at 25x Jun'26E EPS).**

#### Quarterly (Consol)

(INR Million)

	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
<b>Net operating income</b>	<b>10,376</b>	<b>11,791</b>	<b>11,297</b>	<b>11,053</b>	<b>11,512</b>	<b>12,328</b>	<b>12,749</b>	<b>13,277</b>	<b>44,517</b>	<b>49,866</b>	<b>11,217</b>
Change (%)	53.5	52.9	50.8	12.7	10.9	4.6	12.9	20.1	39.9	12.0	8.1
RM/Sales (%)	52.5	53.2	53.2	54.1	56.3	55.9	54.9	54.7	53.3	55.4	54.0
Staff Cost (% of Sales)	6.5	6.1	6.8	6.6	6.4	6.3	6.3	6.0	6.5	6.2	6.5
Other Exp. (% of Sales)	20.4	20.6	20.6	20.5	20.1	20.2	20.2	20.1	20.5	20.2	20.1
<b>EBITDA</b>	<b>2,142</b>	<b>2,375</b>	<b>2,202</b>	<b>2,069</b>	<b>1,973</b>	<b>2,173</b>	<b>2,373</b>	<b>2,541</b>	<b>8,788</b>	<b>9,060</b>	<b>2,181</b>
EBITDA Margins (%)	20.6	20.1	19.5	18.7	17.1	17.6	18.6	19.1	19.7	18.2	19.4
Non-Operating Income	37	47	35	53	48	40	39	31	172	158	38
Interest	424	416	442	464	492	335	335	296	1745	1458	440
Depreciation	683	668	703	723	725	790	810	851	2777	3176	720
Minority Int/Share of Profit	62	97	82	79	61	0	0	0	320	61	0
<b>PBT after EO items</b>	<b>1,011</b>	<b>1,241</b>	<b>1,010</b>	<b>856</b>	<b>744</b>	<b>1,088</b>	<b>1,267</b>	<b>1,424</b>	<b>4,118</b>	<b>4,523</b>	<b>1,059</b>
Eff. Tax Rate (%)	26.3	23.8	27.6	27.2	28.5	24.7	24.8	23.7	26.1	25.0	24.4
<b>Rep. PAT</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>623</b>	<b>532</b>	<b>819</b>	<b>953</b>	<b>1,086</b>	<b>3,045</b>	<b>3,390</b>	<b>801</b>
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-13.4	30.3	74.3	22.6	11.3	7.5
<b>Adj. PAT</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>623</b>	<b>532</b>	<b>819</b>	<b>953</b>	<b>1,086</b>	<b>3,045</b>	<b>3,390</b>	<b>801</b>
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-13.4	30.3	74.3	22.6	11.3	7.5

E: MOFSL Estimates



# Mahindra Lifespaces

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR605      TP: INR600 (-1%)      Neutral**

## New launches drive performance

### Achieves the highest ever quarterly collections

Bloomberg	MLIFE IN
Equity Shares (m)	155
M.Cap.(INRb)/(USDb)	93.8 / 1.1
52-Week Range (INR)	679 / 471
1, 6, 12 Rel. Per (%)	-5/-5/3
12M Avg Val (INR M)	224

- Mahindra Lifespaces (MLDL) achieved bookings of INR10.2b, up 195% YoY (in line) in 1QFY25, driven by a strong response in the new projects in Pune and Bengaluru, which were launched towards the end of 4QFY24. These two projects generated ~INR7b of combined pre-sales.
- **IC&IC segment** – In the IC segment, MLDL leased 19 acres across Jaipur and Chennai for INR0.8b in 1QFY25. Realization stood at INR40m/acre.
- **Cash flows** – The company collected INR5.4b during the quarter and spent INR.8b on construction. The OCF for 1QFY25 stood at INR2.9b, leading to a decline in net debt to INR4.0b from INR6.4b in 4QFY24.
- **P&L performance** – In 1QFY25, MLDL’s revenue came in at INR1.9b, up 92% YoY, driven by 0.1msf completion of the premium project Vicino. It reported an operating loss of INR0.4b. However, PAT came in at INR127m, aided by INR365m of contribution from the JV projects and the IC business.

### Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	2.1	4.0	4.9
EBITDA	-1.7	-1.6	-0.9
EBITDA (%)	NM	NM	NM
Net profit	1.0	1.0	0.9
EPS (INR)	6.3	6.3	5.7
EPS Growth (%)	111.6	0.5	-9.8
BV/Share (INR)	120.8	124.9	128.3

### Ratios

Net D/E	0.4	0.2	0.3
RoE (%)	5.3	5.2	4.5
RoCE (%)	-3.2	-3.2	-2.4
Payout (%)	36.3	36.2	40.1

### Valuations

P/E (x)	95.8	95.4	105.8
P/BV (x)	5.0	4.8	4.7
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.4	0.4	0.4

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	51.2	51.2	51.2
DII	21.3	22.3	19.9
FII	9.7	9.1	11.5
Others	17.8	17.5	17.5

### Key highlights from the management commentary

- **New launches:** Management is aiming to launch over INR35b worth of inventories across seven projects in the next three quarters. The key among them include Kandivali Phase 2, Malad redevelopment, Citadel, Pune phase 3, and the plotted project in Jaipur.
- **Business development:** MLDL signed INR20b worth of projects, and it currently has a pipeline of INR200b. Hence, management does not wish to chase new deals and its focus remains on signing projects that fit the profitability framework, especially given that the expectations of land owners have intensified. In FY24, the company spent INR8.5b on BD, and the spending for FY25 will be similar or lower.
- **P&L:** Most of the projects currently getting completed were launched before FY20. These projects are either in the affordable segment or have faced multiple execution challenges and hence, will continue to drag the P&L performance for a few quarters more. However, the profitability will improve from FY26.

### Valuation and view: Growth priced in; reiterate Neutral

- MLDL posted a strong booking growth and it is well poised to sustain the momentum given the healthy project pipeline across all focused markets.
- We estimate the value of the existing pipeline at INR40b. Further, at the CMP, the residential segment is valued at INR72b, in line with our DCF-based value of INR74b. This indicates that the near-term growth potential is already factored into the current price.
- **We reiterate our NEUTRAL rating on the stock with an unchanged TP of INR600, indicating fair valuation.**

**Financial and Operational performance**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Income from Operations</b>	<b>980</b>	<b>178</b>	<b>820</b>	<b>143</b>	<b>1,881</b>	<b>880</b>	<b>1,040</b>	<b>198</b>	<b>2,121</b>	<b>3,999</b>	<b>1,600</b>	<b>18</b>
YoY Change (%)	3.7	-74.5	-56.1	-94.4	91.9	395.1	26.8	38.6	-65.0	88.6	63.2	
Total Expenditure	1,412	527	1,210	684	2,297	1,238	1,463	629	3,832	5,627	2,011	
<b>EBITDA</b>	<b>-431</b>	<b>-349</b>	<b>-390</b>	<b>-541</b>	<b>-416</b>	<b>-358</b>	<b>-423</b>	<b>-431</b>	<b>-1,711</b>	<b>-1,628</b>	<b>-411</b>	<b>1</b>
Margins (%)	-44.0	-196.5	-47.6	-378.6	-22.1	-40.7	-40.7	-217.4	-80.7	-40.7	-25.7	
Depreciation	30	31	38	38	43	44	39	25	137	152	39	
Interest	42	2	3	26	60	72	87	69	74	288	31	
Other Income	120	79	68	403	186	132	156	126	670	600	64	
<b>PBT before EO expense</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-202</b>	<b>-334</b>	<b>-343</b>	<b>-393</b>	<b>-398</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-418</b>	<b>-20</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-202</b>	<b>-334</b>	<b>-343</b>	<b>-393</b>	<b>-398</b>	<b>-1,252</b>	<b>-1,468</b>	<b>-418</b>	<b>-20</b>
Tax	-94	-108	-109	-129	-97	-81	-95	-94	-440	-367	-120	
Rate (%)	24.4	35.7	30.1	63.8	28.9	23.6	24.3	23.7	35.2	25.0	28.7	
Minority Interest & Profit/Loss of Asso. Cos.	247	6	754	788	365	521	542	657	1,790	2,084	417	
<b>Reported PAT</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>715</b>	<b>127</b>	<b>259</b>	<b>244</b>	<b>353</b>	<b>979</b>	<b>983</b>	<b>119</b>	<b>7</b>
<b>Adj PAT</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>715</b>	<b>127</b>	<b>259</b>	<b>244</b>	<b>353</b>	<b>983</b>	<b>983</b>	<b>119</b>	
YoY Change (%)	NM	NM	NM	NM	NM	NM	-51.2	-50.7	NM	0.0	NM	
Margins (%)	-4.4	-106.5	61.0	500.2	6.8	29.4	23.5	178.0	46.3	24.6	7.4	

E: MOFSL Estimates

**Operational performance**

<b>Area sold (msf)</b>	0.4	0.7	0.5	0.9	1.2	0.7	0.5	0.7	<b>2.5</b>	<b>3.1</b>	1.1	<b>5</b>
<b>Booking value (INR b)</b>	3.5	4.6	4.4	10.9	10.2	6.0	6.0	7.8	<b>23</b>	<b>30</b>	10.0	<b>2</b>
<b>Avg Realization (INR)</b>	8214	6691	8358	12776	8718	9000	12000	10663	<b>9,391</b>	<b>9,779</b>	9000	<b>-3</b>

Source: Company, MOFSL



Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR425 TP: INR540 (+27%) Buy**

**India & FM to drive earnings growth; International business faces short-term headwinds**

**Focus on rationalizing loss-making/tail accounts; reiterate BUY**

Bloomberg	SECIS IN
Equity Shares (m)	144
M.Cap.(INRb)/(USDb)	61.3 / 0.7
52-Week Range (INR)	565 / 393
1, 6, 12 Rel. Per (%)	-7/-32/-26
12M Avg Val (INR M)	49

**Financials & Valuations (INR b)**

Y/E Mar	2024	2025E	2026E
Sales	122.6	137.0	156.8
EBITDA	5.2	6.8	8.2
Adj. PAT	1.9	4.4	5.7
EPS (INR)	13.0	29.2	38.4
EPS Gr. (%)	-44.2	125.4	31.4
BV/Sh. (INR)	353.1	417.5	500.9

**Ratios**

RoE (%)	8.0	16.7	18.2
RoCE (%)	6.8	12.4	14.1
Payout (%)	0.0	0.0	0.0

**Valuations**

P/E (x)	32.8	14.5	11.1
P/BV (x)	1.2	1.0	0.8
EV/EBITDA (x)	13.5	10.2	7.8
EV/Sales (x)	0.6	0.5	0.4

**Shareholding pattern (%)**

As On	Jun-24	Mar-24	Jun-23
Promoter	71.7	71.7	71.6
DII	3.0	2.9	4.0
FII	16.6	16.9	15.2
Others	8.7	8.5	9.2

FII Includes depository receipts

- SIS (SECIS)'s 1QFY25 revenue was up 5.1% YoY/flat QoQ at INR31.2b, lower than our estimate of +15% YoY, due to a weakness in Security Solutions – International business (+2.7% YoY). EBITDA margin came in at 4.4% (vs. est. 5.0%), down 30bp YoY, also due to the weakness in Security Solutions – International. The EBITDA margin for India Security remained flat at 5.4%, whereas margin in the International business contracted 60bp YoY due to the loss of certain high-margin contracts during the previous year as well as increased SG&A costs. Consolidated adj. PAT stood at INR642m (down 28% YoY), below our estimate of INR1,100m.
- The India Security business is on a strong footing and should sustain its growth momentum going forward. We expect the India business to clock a revenue CAGR of 17% over FY24-26. Conversely, its International business, particularly the Australia business, is still under pressure and could post a modest 5.7% CAGR over FY24-26. Management expects a further couple of quarters of turbulence in its International business, particularly in Australia.
- The margin contraction in 1QFY25 (-30bp YoY) was due to the International business (-60bp YoY) because of labor shortages and high labor costs. These trends are expected to continue over the medium term, with higher wage costs and labor issues taking a couple of quarters to resolve in Australia. The International business is projected to have a 4.0%-4.5% margin, while the Facility Management (FM) business margin is expected to inch up towards 5.0%. Management aims for an overall 6% EBITDA margin by focusing on rationalizing loss-making/tail accounts and transitioning to high-margin contracts. We expect overall margins at 5.0%/5.2% in FY25E/FY26E. The company is expected to return to its FY21-level margin in the medium-term, backed by positive operating leverage in its India business and stable performance in the FM business.
- We trim our FY24E EPS by ~5% to factor in the revenue miss in 1Q. Given the multi-dimensional opportunity, we value SECIS at INR540 (27% potential upside), assigning an 8x forward EV/EBITDA multiple to its international business (in line with global peers) and DCF to its India business. We reiterate our **BUY** rating on the stock.

**Miss on revenue, margins in-line**

- Revenue was up 5% YoY/flat QoQ at ~INR31.2b, below our est. of +15% YoY.
- Revenue growth was aided by ~8.8% YoY growth in India Security, whereas FM/International Security posted a modest growth of 2.2%/ 2.7% YoY.
- EBITDA margin came in at 4.4%, down 30bp YoY (vs. est. 5.0%). Margin for India Security remained flat at 5.4%, while the same for International Business contracted 60bp YoY.
- PBT stood at INR643m (down 19% YoY), below our estimates of INR1,101m.

- Consolidated adj. PAT stood at INR642m (down 28% YoY). On a standalone basis, SIS's current tax rate continues to be close to NIL due to the benefits accruing under Section 80JJAA of the Income Tax Act, 1961.
- Net debt mounted to INR10.2b from INR8.9b in 4QFY24. Net debt/EBITDA stood at 1.7x vs. 1.5x in 4QFY24.
- OCF/EBITDA conversion was weak at -30.9% owing to the four-day increase in DSO days.

### Key highlights from the management commentary

- In India, new wins of more than INR320m of monthly revenue were reported during the quarter, with major contributions from the Manufacturing, BFSI, Automobile, and Real Estate sectors. There was no negotiation for passing through wage hikes to the customers in the India business, unlike the International business.
- SECIS generated ~INR6b monthly revenue in India. Andhra Pradesh has been the largest revenue contributor and is now ~INR0.5b business.
- International business will have a couple of quarters to pass through higher wage costs and labor issues. The company expects two quarters of turbulence in the International business, particularly in Australia. Further, the April to June quarter in Australia & New Zealand is generally muted.
- The management is confident of sustaining the EBITDA margin of 6% for its India Security business. However, the sequential trend could be volatile. The international business is projected to have a 4.0%-4.5% margin, while the FM business margin is expected to inch up towards 5.0%.

### Valuation and view: Resilient growth profile to drive further upside

- With the liberalization and formalization of labor markets and laws, SECIS should be among the biggest direct beneficiaries. It has managed to gain market share during the last few years, and the trend is expected to continue.
- We value SECIS using SOTP: 1) DCF for the India Security business (INR356), 2) an EV/EBITDA multiple of 8x (INR126) for the International Security business (in line with global peers), and 3) DCF for the FM business (INR106) less net debt (INR103). **Consequently, we arrive at our TP of INR540. We reiterate our BUY rating on the stock.**
- Our TP implies a P/E multiple of 14x FY26E EPS, which is reasonable given its strong growth profile and unique resilience to macroeconomic shocks.

### Consolidated - Quarterly performance

Y/E March	FY24				FY25				FY24	FY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY25	(%/bp)
<b>Gross Sales</b>	<b>29,767</b>	<b>30,736</b>	<b>30,734</b>	<b>31,376</b>	<b>31,299</b>	<b>34,438</b>	<b>35,070</b>	<b>36,213</b>	<b>1,22,614</b>	<b>1,37,019</b>	<b>34,232</b>	<b>-8.6</b>
YoY Change (%)	11.1	11.1	5.8	4.7	5.1	12.0	14.1	15.4	8.1	11.7	15.0	-990bp
Total Expenditure	28,377	29,292	29,221	30,537	29,925	32,729	33,256	34,296	1,17,426	1,30,206	32,521	-8.0
<b>EBITDA</b>	<b>1,390</b>	<b>1,445</b>	<b>1,514</b>	<b>839</b>	<b>1,374</b>	<b>1,709</b>	<b>1,814</b>	<b>1,917</b>	<b>5,188</b>	<b>6,813</b>	<b>1,712</b>	<b>-19.7</b>
Margin (%)	4.7	4.7	4.9	2.7	4.4	5.0	5.2	5.3	4.2	5.0	5.0	-60bp
Depreciation	358	404	416	486	427	468	476	491	1,663	1,862	497	-13.9
Interest	327	347	404	403	422	200	200	129	1,482	951	214	97.1
Other Income	88	125	54	160	118	118	118	45	427	400	100	18.3
<b>PBT</b>	<b>793</b>	<b>819</b>	<b>748</b>	<b>111</b>	<b>643</b>	<b>1,159</b>	<b>1,256</b>	<b>1,342</b>	<b>2,470</b>	<b>4,400</b>	<b>1,101</b>	<b>-41.6</b>
Tax	-50	132	447	289	70	58	63	67	819	258	55	26.8
Rate (%)	-6.2	16.1	59.8	261.6	10.9	5.0	5.0	5.0	33.1	5.9	5.0	590bp
MI & Profit/Loss of Asso. Cos.	52	66	69	62	69	64	64	65	249	261	54	27
<b>Adjusted PAT</b>	<b>895</b>	<b>753</b>	<b>369</b>	<b>-117</b>	<b>642</b>	<b>1,165</b>	<b>1,257</b>	<b>1,340</b>	<b>1,900</b>	<b>4,404</b>	<b>1,100</b>	<b>-41.6</b>
YoY Change (%)	8.4	11.6	-64.3	-112.6	-28.3	54.7	240.4	NA	-45.2	131.8	22.9	
Margins (%)	3.0	2.4	1.2	-0.4	2.1	3.4	3.6	3.7	1.5	3.2	3.2	-120bp





# MAS Financial Services

Estimate change	
TP change	
Rating change	

**CMP: INR290      TP: INR360 (+24%)      Buy**

## Steady execution: Earnings in line; NIM stable QoQ

### AUM growth slightly muted at ~23% YoY

- MASFIN's PAT grew 23% YoY to INR704m (in line) in 1QFY25. Net total income rose ~27% YoY to INR1.75b (in line), while Opex at INR567m grew ~33% YoY (in line). PPOp stood at INR1.19b (in line) and grew 25% YoY.
- Opex rose ~33% YoY to INR567m, while the C/I ratio and Opex-to-AUM were broadly stable at ~32% and 2.2%, respectively. Provisions at INR239m, translated into annualized credit costs of 0.9% (stable YoY).
- The contribution of direct retail distribution to the standalone AUM stood at ~66% (PY: ~63%). Management expects this to increase to 70-75% over the next few years. The company also has the right ingredients in place to deliver a healthy AUM growth, improvement in NIM, healthy asset quality, and benign credit costs.
- We estimate a ~27% PAT CAGR over FY24-26, with RoA/RoE of ~3%/15% in FY26. **Reiterate BUY with a TP of INR360 (based on 1.8x FY26E BV).**

### AUM rises 23% YoY, slightly muted vs. expectations

- Standalone AUM stood at ~INR103.8b and rose ~23% YoY. AUM of Micro-enterprise/SME/2Ws rose 12%/23%/17% YoY. Salaried personal loans stood at ~6% of the AUM mix.
- MASFIN's thrust on distribution and branch expansion continued, and it will continue to expand the branch network and establish its footprint in southern and northern India.

### Sequential expansion in spreads; NIM stable QoQ

- Yields (calc.) rose ~50bp to 14.8% while CoF (calc.) grew ~30bp QoQ to 9.6%. This resulted in ~20bp QoQ expansion in spreads to ~5.1%.
- NIM (calc.) was stable QoQ at ~6.8%. Reported CoF declined ~2bp QoQ.

### Increase in 1+dpd; asset quality largely stable

- The 1+dpd increased ~70bp QoQ to 6.4% in 1QFY25. Total standalone Covid-related provisions stood at ~INR176m (~0.20% of on-book loans).
- GNPA/NNPA (basis AUM) was broadly stable QoQ at 2.3%/1.5%. PCR on Stage 3 assets increased ~20bp QoQ to ~39%.

### Other highlights

- The avg. ticket size of Micro-enterprise loans rose to ~INR69K (PQ: ~53K).
- RoTA increased ~3bp QoQ to ~2.98% in 1QFY25.

### HFC subsidiary:

- MAS Housing reported an AUM of ~INR6.2b, which grew ~38% YoY
- GS3 was stable QoQ at ~0.9%

Bloomberg	MASFIN IN
Equity Shares (m)	181
M.Cap.(INRb)/(USDb)	52.7 / 0.6
52-Week Range (INR)	388 / 247
1, 6, 12 Rel. Per (%)	-10/-26/-9
12M Avg Val (INR M)	93

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Total income	6.1	7.9	10.0
PPP	4.2	5.4	7.0
PAT	2.5	3.1	4.0
EPS (INR)	15.1	17.2	22.2
EPS Gr. (%)	23.3	14.0	28.7
BVPS (INR)	105	138	158

### Ratios (%)

NIM	6.2	6.2	6.4
C/I ratio	31.0	31.6	29.8
RoA	3.0	2.9	3.0
RoE	15.6	14.8	15.0
Payout	10.0	10.2	9.8

### Valuations

P/E (x)	19	17	13
P/BV (x)	2.8	2.1	1.8
Div. yield (%)	0.5	0.6	0.7

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	66.6	73.7	73.7
DII	20.4	14.4	10.6
FII	3.6	1.8	1.6
Others	9.4	10.1	14.1

FII Includes depository receipts

**Key highlights from the management commentary**

- Management continued to guide an AUM CAGR of 20-25% over the medium term and an RoA of 2.8%-3.0%
- The Wheels segment to become ~25% of the product mix, over the next 3-5 years. The Wheels portfolio will comprise used CV, used cars, and 2W.

**Valuation and view**

- We model a standalone AUM/PAT CAGR of 23%/27% over FY24-FY26E with an RoA/RoE of 3.0%/15.0% in FY26E. The company has maintained a high earnings quality, backed by healthy AUM growth. With improvement in economic activity and thrust on MSME in the budget, we expect its earnings growth to be stronger in the future.
- MASF has developed a niche expertise to serve the MSME market and continues to demonstrate healthy loan growth momentum, while its asset quality is perhaps the best among MFI and SME lending peers.
- **Reiterate BUY with a TP of INR360 (premised on 1.8x FY26E BV).** Key risk: Slowdown in the economic environment leading to a sluggish loan growth and deterioration in asset quality.

Quarterly performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Revenue from Operations</b>	<b>2,801</b>	<b>2,982</b>	<b>3,206</b>	<b>3,295</b>	<b>3,465</b>	<b>3,735</b>	<b>4,045</b>	<b>4,391</b>	<b>12,246</b>	<b>15,636</b>	<b>3,545</b>	<b>-2</b>
Interest Income	2,362	2,490	2,651	2,757	2,952	3,129	3,379	3,693	10,223	13,152	2,972	-1
Gain on assignments	242	272	319	336	304	340	381	437	1,170	1,462	354	-14
Other operating Income	196	219	236	202	210	266	285	262	853	1,023	219	-4
Interest expenses	1,428	1,461	1,638	1,615	1,714	1,834	2,018	2,217	6,142	7,784	1,761	-3
<b>Total income</b>	<b>1,373</b>	<b>1,520</b>	<b>1,569</b>	<b>1,680</b>	<b>1,751</b>	<b>1,901</b>	<b>2,027</b>	<b>2,174</b>	<b>6,104</b>	<b>7,853</b>	<b>1,784</b>	<b>-2</b>
Growth Y-o-Y (%)	30	28	27	33	27	25	29	29	29	29	30	
Operating Expenses	427	484	467	555	567	607	643	667	1,894	2,484	569	0
<b>Operating Profits</b>	<b>946</b>	<b>1,036</b>	<b>1,102</b>	<b>1,125</b>	<b>1,183</b>	<b>1,294</b>	<b>1,384</b>	<b>1,508</b>	<b>4,210</b>	<b>5,368</b>	<b>1,215</b>	<b>-3</b>
Growth Y-o-Y (%)	34	34	35	27	25	25	26	34	33	28	28	
Provisions	188	236	257	214	239	280	322	350	896	1,192	242	-1
<b>Profit before tax</b>	<b>758</b>	<b>800</b>	<b>845</b>	<b>911</b>	<b>944</b>	<b>1,014</b>	<b>1,062</b>	<b>1,157</b>	<b>3,314</b>	<b>4,176</b>	<b>973</b>	<b>-3</b>
Growth Y-o-Y (%)	22	22	25	29	25	27	26	27	25	26	28	
Tax Provisions	186	200	221	230	240	253	265	294	837	1,052	243	-2
<b>Net Profit</b>	<b>573</b>	<b>600</b>	<b>624</b>	<b>681</b>	<b>704</b>	<b>760</b>	<b>796</b>	<b>863</b>	<b>2,478</b>	<b>3,124</b>	<b>730</b>	<b>-4</b>
Growth Y-o-Y (%)	23	22	24	23	23	27	28	27	23	26	28	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	14.3	14.5	14.5	14.3	14.8							
Cost of funds (Cal)	9.6	9.2	9.7	9.31	9.61							
Spreads (Cal)	4.7	5.3	4.8	5.0	5.1							
NIM on AUM (Cal)	6.7	7.0	6.7	6.8	6.8							
Credit Cost (%)	0.9	1.1	1.1	0.9	0.9							
Cost to Income Ratio	31.1	31.9	29.7	33.0	32.4							
Tax Rate	24.5	25.0	26.1	25.3	25.4							
<b>Balance Sheet Parameters</b>												
<b>Standalone AUM (INR B)</b>	<b>84.2</b>	<b>90.5</b>	<b>96.7</b>	<b>101.3</b>	<b>103.8</b>							
Change YoY (%)	25.9	26.7	27.2	25.1	23.4							
<b>Disbursements (INR B)</b>	<b>22.8</b>	<b>25.0</b>	<b>26.6</b>	<b>27.9</b>	<b>27.3</b>							
Change YoY (%)	5.8	10.5	19.8	11.9	19.5							
<b>Borrowings (INR B)</b>	<b>59.9</b>	<b>67.1</b>	<b>68.0</b>	<b>70.8</b>	<b>71.9</b>							
Change YoY (%)	18.5	15.0	14.5	19.9	20.1							
Debt/Equity (x)	3.8	4.1	4.0	4.0	3.1							
<b>Asset liability Mix</b>												
<b>AUM Mix (%)</b>												
Micro Enterprises	47.8	47.1	44.9	43.3	43.6							
SME loans	36.5	35.7	35.7	36.9	36.4							
2W loans	6.8	6.9	6.9	6.6	6.4							
CV loans	5.3	6.2	6.8	7.4	7.9							
<b>Borrowings Mix (%)</b>												
Direct Assignment	23.0	23.3	23.9	24.0	24.4							
Cash Credit	17.0	16.0	16.0	11.9	11.3							
Term Loan	48.0	50.6	51.9	54.0	52.9							
NCD	8.0	7.1	4.6	6.8	8.1							
Sub Debt	4.0	3.0	3.5	3.3	3.3							
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	1,355	1,555	1,747	1,906	2,043							
GS 3 (%)	2.13	2.17	2.23	2.25	2.29							
NS 3 (INR m)	795	916	1,023	1,164	1,243							
NS 3 (%)	1.47	1.47	1.48	1.51	1.52							
PCR (%)	41.3	41.1	41.4	38.9	39.1							
<b>Return Ratios (%)</b>					0.2							
ROA	3.0	2.9	2.9	3.0	3.0							
Tier I ratio	21.1	21.2	20.6	20.3	25.4							

E: MOFSL estimates



# Airtel Africa

BSE SENSEX

80,040

S&amp;P CNX

24,406

## Moderate growth led by growth across regions

### Revenue/EBITDA up 5/2% QoQ on CC basis

Airtel Africa in 1QFY25, reported revenue/EBITDA grew by 3%/flat QoQ to USD1.17b/ USD515m. In Constant Currency (CC), revenue/EBITDA grew by 5%/2% QoQ to USD1.17b/ USD531m led by growth across region. Subscribers grew 1.8% QoQ (+2.7m net adds) to 155.4m, ARPU grew 5% QoQ to USD 2.2. Higher depreciation and forex fluctuation led interest cost has led to 13% QoQ decline in PAT to USD111m. OCF increased to USD376m (vs USD277m QoQ) led by lower capex of USD 147m (vs USD243m QoQ).

### Higher crude price and decrease in Nigeria share impacts EBITDA

- Nigeria's CC revenue reported sequential growth of 5% to USD271m supported by 6% QoQ increase in blended ARPU to USD1.8. This was offset by decline in subscriber base, which declined 1% QoQ to 50m. Voice/Data revenues grew 11%/-1% QoQ led by increase in ARPU. EBITDA declined 2% QoQ to USD131m and margins stood at 48.3% (-320 bps QoQ), this is due to increase in diesel prices (+70% YoY). The churn improved by 50 bps QoQ to 3.2%.
- East Africa's revenue grew by 5% QoQ to USD5554m led by 4% QoQ growth in subscribers while ARPU remained flat. All segment recorded growth at Voice/Data/Mobile revenue growing 2%/5%/8% QoQ growth resp. EBITDA were up 5% QoQ to USD289m and margins were flat at 52.2%. The churn improved to 3.7% (-80bp QoQ).
- Francophone Africa CC revenue grew sequential by 3% to USD346m led by blended ARPU growth of 3% QoQ. Voice/Data/Mobile revenue grew 3%/3%/4% QoQ resp. EBITDA declined 1% QoQ to USD144m and margins declined to 41.6% (-170 bps QoQ). The churn improved by 10 bps QoQ to 6.1%.

### Highlights from the management commentary

- **Data Centres as a new opportunities:** Company would be leveraging its 5,600 km fibre lines and enterprise business customer base alongwith Nxtra India business. Hence, fibre, data centers and Home business would be the growth opportunity of the company.
- **Repayment of HoldCo debt and achieving a zero-debt position:** The Company has repaid the bond of USD550m in strategy to reduce external foreign currency debt (86% of the market debt is now in local currency). Capex guidance for the full year remains between USD725m-750m.
- **NIN directive:** Since the directive issued, 8.7m customers have already been verified. Currently company is engaging with ~4.9m customers whose NINs are yet to be verified, with approximately USD3-4m of monthly revenue at risk.

### Valuation continues to remain compelling

Airtel Africa is trading at 3.5x on FY26. Further, if we exclude the ~11% stake that was sold in the Mobile Money business to MasterCard and TPG Group at a 12x valuation, the remaining Airtel Africa business is valued at 3.0x on FY26. A strong balance sheet with low leverage and healthy FCF further adds to the strong capabilities. Assuming a 5x multiple, there could be a potential 4% upside for Bharti. Our SOTP-based TP for Bharti stands at INR1650, which includes a value of INR104/share from Airtel Africa at 5x EV/EBTDA for FY26E.

# Financials

## The RBI tightens LCR computation: Increased run-off rates on deposits to adversely affect LCR

The Reserve Bank of India (RBI) has issued draft guidelines aimed at enhancing the liquidity resilience of banks under the Basel III Framework on Liquidity Standards. These guidelines focus on reviewing haircuts on High Quality Liquid Assets (HQLA) and run-off rates on certain categories of deposits. The key amendments and their impact on banks are as follows:

### Additional run-off rates have been revised upwards for deposits

The draft guidelines introduce higher run-off factors for retail deposits facilitated through Internet and Mobile Banking (IMB) services and unsecured wholesale funding by non-financial small business customers.

#### Retail deposits with IMB:

- Stable Deposits: The run-off factor has been increased to 10% from the existing 5%.
- Less Stable Deposits: The run-off factor has been increased to 15% from the existing 10%.

#### Unsecured wholesale funding by small business customers:

- Stable Deposits: Treated similarly to retail deposits, with the run-off factor increasing to 10% for deposits with IMB.
- Less Stable Deposits: Treated similarly to retail deposits, with the run-off factor increasing to 15% for deposits with IMB.

### Valuation adjustments for Level 1 HQLA

The guidelines mandate that Level 1 HQLA, particularly Government Securities, be valued at no more than their current market value. These valuations must also be adjusted for applicable haircuts in accordance with the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) requirements.

### Treatment of pledged deposits

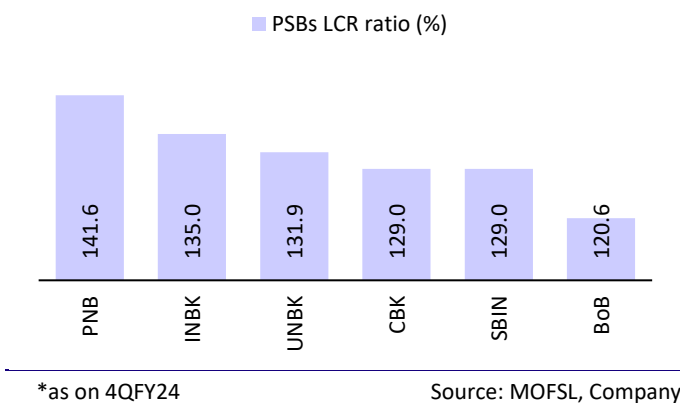
- Deposits that were previously excluded from LCR computation, such as non-callable fixed deposits, will now be treated as callable if they are contractually pledged as collateral to secure a credit facility or loan. This change brings such deposits under the provisions of the March 23, 2016, circular on LCR.
- Overall, these amendments will adversely impact the calculation of liquid assets and required liquidity coverage, thereby potentially increasing the liquidity buffer requirements for banks. The guidelines mandate higher outflow assumptions for digital banking facilities, reflecting the increased withdrawal risk. The new rules also ensure that government securities are appropriately valued, maintaining the liquidity standards as per Basel III.

**Our view**

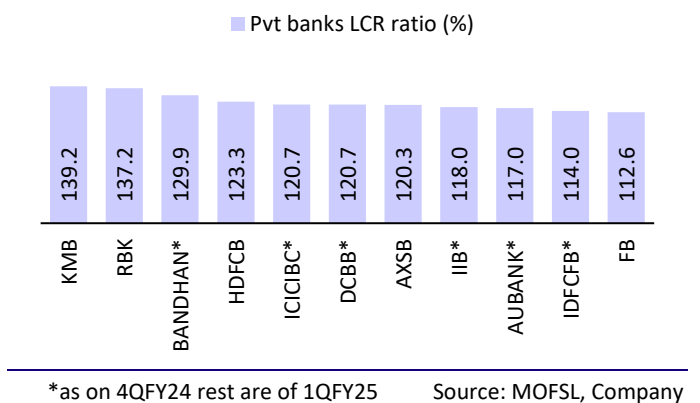
- These draft guidelines from the RBI are proactive steps towards strengthening the liquidity framework of banks in India. By increasing the run-off factors for digital banking deposits and ensuring accurate valuation of HQLA, these measures aim to enhance the overall liquidity resilience of banks, ensuring they are better prepared to manage risks in the evolving financial landscape.
- Within our coverage universe, Federal Bank, IDFC First Bank, and AU SFB among the PVBs have relatively lower LCRs, while Bank of Baroda among the PSBs has a lower LCR ratio. Generally, PSBs seem to be in a better position as most have reasonably higher LCRs compared to PVBs. However, PSBs hold a larger share of retail deposits, which might somewhat offset this advantage.
- From Exhibit 5 below, we observe that the impact on the banks' LCR ratio is broadly in the range of 7-13%, based on the assumptions that 60% of the PVBs deposits fall under the IMB category and 50% for the PSBs.

**Story in Charts**

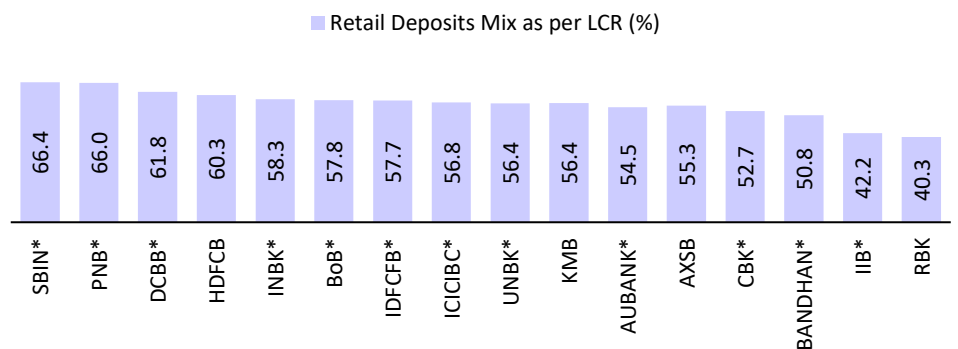
**PSBs have higher LCR with PNB at 141.6%...**



**...while, private banks have lower LCR with KMB at 139.2%**



**PSBs have higher retail deposits, which can attract higher outflow rates**



\* Indicates data for 4QFY24 ,Source: MOFSL, Company

**Trends in LCR ratio for banks**

LCR Ratio (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
PNB	160%	149%	137%	142%	
RBK	129%	142%	132%	140%	137%
INBK	136%	129%	133%	135%	
KMB	122%	127%	127%	133%	139%
UNBK	166%	145%	126%	132%	
BANDHAN	183%	155%	158%	130%	
CBK	129%	132%	136%	129%	
SBIN	148%	146%	138%	129%	
FB	125%	125%	120%	128%	113%
ICICIBC	122%	120%	118%	121%	
DCBB	122%	117%	128%	121%	
BoB	153%	147%	137%	121%	
AXSB	123%	118%	118%	120%	120%
IIB	132%	117%	122%	118%	
AUBANK	139%	125%	123%	117%	117%
HDFCB	126%	121%	110%	115%	123%
IDFCFB	126%	122%	120%	114%	

**Overview of the drop in the LCR ratio for the banks**

	Old LCR (%)	New LCR (%)	Drop in LCR (in %)
HDFC Bank	123.3	113.8	-9.5
ICICI bank*	120.7	112.5	-8.2
Axis Bank	120.3	111.5	-8.8
Kotak Bank	139.2	129.0	-10.2
IndusInd bank*	118.0	111.2	-6.7
Federal Bank	112.6	100.2	-12.4
SBI*	129.0	119.4	-9.6
BoB*	125.4	115.1	-10.3
Canara Bank	129.5	120.9	-8.6

Note – Indicative impact under the assumption of IMB customers for PVBs at 60% and PSBs at 50%, \* indicates data for 4QFY24, Source: MOFSL, Company

BSE SENSEX  
80,040S&P CNX  
24,406

CMP: INR812

Neutral

## Conference Call Details

Date: 26<sup>th</sup> July 2024

Time: 16:00 IST

Dial in details: [Webcast link](#)

## Financials &amp; Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	64.3	73.8	79.6
EBITDA	21.2	26.7	30.5
EBITDA Margin (%)	33.0	36.2	38.3
PAT	27.2	38.7	42.0
EPS (INR)	11.0	15.6	17.0
EPS Gr. (%)	-3.5	42.1	8.5
BV/Sh. (INR)	221.0	238.6	257.9
<b>Ratios</b>			
RoE (%)	7.1	9.4	9.5
RoCE (%)	4.5	4.8	5.1
Payout (%)	27.3	19.2	17.7
<b>Valuations</b>			
P/E (x)	73.8	51.9	47.9
P/BV (x)	3.7	3.4	3.1
EV/EBITDA (x)	94.9	73.7	64.0
Div yld (%)	0.4	0.4	0.4

## Four-fold growth in bookings driven by Privana

## Collections too witness 2x surge

## Residential performance

- DLF reported bookings of INR64b, up 3x/4x YoY/QoQ (7% above estimate)
- The performance was fueled by the overwhelming response received at the subsequent phase of Privana, which was sold out at launch and generated bookings of INR56b.
- DLF also witnessed a strong uptick in collections, which increased 96%/36% YoY/QoQ. Consequently, OCF jumped 152%/67% YoY/QoQ to INR19b. The net cash position stood at INR29b v/s INR15b in 4QFY24
- The launch pipeline for FY25 has further been increased by INR60b and now the pipeline stands at INR420b. It is now INR125b higher than the initial guidance of INR295b given in 3QFY24.
- The pipeline beyond FY25 now stands at INR625b v/s INR580b in 4QFY24.

## Rental performance (DCCDL)

- The overall occupancy in DCCDL's office portfolio stood at 92% (97% - non-SEZ/86% - SEZ) – flat sequentially.
- Rental income increased by 10% YoY at INR11.5b
- The pre-leasing for 3.1msf of under construction portfolio stood at 85%.
- Net debt declined marginally to INR176b v/s INR179b in 4QFY24, with the net debt to GAV at 0.23.

## P&amp;L highlights

- Revenue came in at INR13.6b, down 4%/36% YoY/QoQ (8% below estimate), and EBITDA decreased 42% YoY to INR2.3b (57% below estimate) as margin contracted 19pp to 17%. The drop in margin was on account of 85% YoY rise in other expenses.
- DLF reported a PAT of INR6.4b, up 23% YoY driven by INR3b contribution from the JV (DCCDL).



**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Gross Sales</b>	<b>14,232</b>	<b>13,477</b>	<b>15,213</b>	<b>21,348</b>	<b>13,624</b>	<b>14,016</b>	<b>16,229</b>	<b>29,899</b>	<b>64,270</b>	<b>73,767</b>	<b>14,753</b>	<b>-8</b>
YoY Change (%)	-1.3	3.5	1.8	46.6	-4.3	4.0	6.7	40.1	12.9	14.8	3.7	
Total Expenditure	10,271	8,853	10,103	13,807	11,337	8,891	10,218	16,600	43,034	47,046	9,489	
<b>EBITDA</b>	<b>3,962</b>	<b>4,624</b>	<b>5,110</b>	<b>7,541</b>	<b>2,286</b>	<b>5,125</b>	<b>6,010</b>	<b>13,299</b>	<b>21,236</b>	<b>26,720</b>	<b>5,264</b>	<b>-57</b>
Margins (%)	27.8	34.3	33.6	35.3	16.8	36.6	37.0	44.5	33.0	36.2	35.7	-1890bps
Depreciation	364	370	380	367	373	391	411	548	1,480	1,724	385	
Interest	849	902	837	977	1,012	1,032	1,053	670	3,565	3,767	928	
Other Income	985	1,287	1,223	1,819	3,675	1,223	1,055	-1,158	5,313	4,795	1,182	
<b>PBT before EO expense</b>	<b>3,734</b>	<b>4,639</b>	<b>5,115</b>	<b>8,016</b>	<b>4,576</b>	<b>4,924</b>	<b>5,601</b>	<b>10,923</b>	<b>21,505</b>	<b>26,025</b>	<b>5,133</b>	<b>-11</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>3,734</b>	<b>4,639</b>	<b>5,115</b>	<b>8,016</b>	<b>4,576</b>	<b>4,924</b>	<b>5,601</b>	<b>10,923</b>	<b>21,505</b>	<b>26,025</b>	<b>5,133</b>	<b>-11</b>
Tax	1,014	1,122	1,350	1,715	1,183	1,239	1,409	3,417	5,201	6,548	1,291	
Rate (%)	27.2	24.2	26.4	21.4	25.9	25.2	25.2	31.3	24.2	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	2,541	2,701	2,792	2,897	3,054	3,655	4,232	8,295	10,931	19,236	3,847	
<b>Reported PAT</b>	<b>5,261</b>	<b>6,219</b>	<b>6,557</b>	<b>9,198</b>	<b>6,447</b>	<b>7,340</b>	<b>8,424</b>	<b>15,801</b>	<b>27,235</b>	<b>38,713</b>	<b>7,688</b>	<b>-16</b>
<b>Adj PAT</b>	<b>5,261</b>	<b>6,219</b>	<b>6,557</b>	<b>9,198</b>	<b>6,447</b>	<b>7,340</b>	<b>8,424</b>	<b>15,801</b>	<b>27,235</b>	<b>38,713</b>	<b>7,688</b>	
YoY Change (%)	12.1	30.3	26.4	61.5	22.5	18.0	28.5	71.8	33.9	42.1	46.1	
Margins (%)	37.0	46.1	43.1	43.1	47.3	52.4	51.9	52.8	42.4	52.5	52.1	-479bps
<b>Operational Metrics</b>												
<b>Residential</b>												
Pre-sales	20	22	90	15	64	40	40	36	148	307	60	<b>7</b>
Collections	16	24	25	22	30	23	24	24	87	171	22	<b>35</b>
Net Debt	1	-1	-12	-15	-29	0	0	0	-15	0	0	

Note: Estimates are under review and we will revise them after the earnings call

Source: MOFSL, Company

## Ashok Leyland

BSE SENSEX  
80,040S&P CNX  
24,406

CMP: INR232

Buy

## Conference Call Details

Date: 26<sup>th</sup> July 2024

Time: 4 PM IST

Dial-in details: [\[Link\]](#)  
+91 22 6280 1552 /  
7115 8370

## Financials and Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	383.7	421.6	471.2
EBITDA	46.1	52.8	61.8
Adj. PAT	26.8	34.2	41.2
Adj. EPS (INR)	9.1	11.7	14.0
EPS Gr. (%)	102.5	27.6	20.5
BV/Sh. (INR)	30.0	35.7	42.7
<b>Ratios</b>			
RoE (%)	31.1	35.5	35.8
ROCE (%)	24.0	29.0	30.9
Payout (%)	54.2	51.5	49.8
<b>Valuations</b>			
P/E (x)	25.4	19.9	16.5
P/BV (x)	7.7	6.5	5.4
EV/EBITDA (x)	14.5	12.7	10.5
Div. Yield (%)	2.1	2.6	3.0

## Below est. largely due to higher other costs

- Net realizations declined 1% YoY to INR1.96m (est. INR1.98m) in 1QFY25. Volumes grew 6% YoY.
- Net revenue grew 5% YoY to INR86b (est. INR87b).
- Gross margins expanded 160bp YoY (-30bp QoQ) to 27.8% (est. 28%).
- Higher other expenses (+120bp YoY as % of sales) led to a margin miss, which came as a surprise.
- EBITDA margins expanded 60bp YoY (-350bp QoQ) to 10.6% (est. 12.2%). The company has maintained its guidance for achieving mid-teen EBITDA margin in the near term.
- EBITDA grew 11% YoY to INR9.1b (est. INR10.6b).
- Adj. PAT came in at INR5.25b (est. INR6.5b), down 9% YoY.
- The net debt-to-equity ratio stood at 0.1x at the end of 1QFY25.
- Mr. Dheeraj Hinduja, Chairman, Ashok Leyland, said, "I am happy to note that the industry continues to maintain the growth momentum, contrary to the expectations at the start of this year. 1Q industry volumes were at comparable levels of the previous peak of 1QFY19. Ashok Leyland's 1Q performance has beaten all expectations. We have been able to post excellent results with focused market performance while reining in costs. Through our electric vehicle subsidiary, Switch Mobility, we are geared to participate in the growing EV market with a clear road map. The launch of leV3 this month, second e-LCV launch by Switch, will further strengthen our position in this market."
- Mr. Shenu Agarwal, MD & CEO, Ashok Leyland, said, "With expansion in revenues and efficient cost management, we have seen our bottom line improving substantially. The non-CV businesses also have grown substantially. While we continue to expand our market penetration on the back of efficient products and network expansion, we shall remain acutely focused on achieving mid-teen EBITDA in the medium term. This is important for us as we continue to focus on investing in technologies of the future."
- Valuation and view:** The stock trades at 10.5x EV/EBITDA and 5.4x P/BV on FY26E basis.

**Quarterly Performance (S/A)**

(INR Million)

	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Total Volumes (nos)	41,329	49,846	47,241	56,267	43,893	50,843	51,965	61,271	1,94,683	2,07,972	43,893
Growth %	4.2	10.0	-0.7	-5.7	6.2	2.0	10.0	8.9	1.3	6.8	6.2
Realizations (INR '000)	1,981	1,934	1,963	2,002	1,959	1,979	1,998	2,140	1,971	2,027	1,982
Change (%)	8.8	6.0	3.4	2.8	-1.1	2.3	1.8	6.9	4.8	2.9	0.0
<b>Net operating revenues</b>	<b>81,893</b>	<b>96,380</b>	<b>92,730</b>	<b>1,12,667</b>	<b>85,985</b>	<b>1,00,596</b>	<b>1,03,844</b>	<b>1,31,133</b>	<b>3,83,670</b>	<b>4,21,558</b>	<b>87,011</b>
Change (%)	13.4	16.6	2.7	-3.1	5.0	4.4	12.0	16.4	6.2	9.9	6.2
RM/sales %	73.7	73.5	72.2	71.8	72.2	72.5	72.5	72.7	72.7	72.5	72.0
Staff/sales %	6.6	5.9	6.1	4.9	6.4	5.9	5.8	4.6	5.8	5.6	6.3
Other exp/sales %	9.7	9.3	9.6	9.1	10.9	9.3	9.3	8.7	9.4	9.4	9.5
<b>EBITDA</b>	<b>8,208</b>	<b>10,798</b>	<b>11,139</b>	<b>15,921</b>	<b>9,109</b>	<b>12,351</b>	<b>12,920</b>	<b>18,398</b>	<b>46,066</b>	<b>52,778</b>	<b>10,587</b>
EBITDA Margins(%)	10.0	11.2	12.0	14.1	10.6	12.3	12.4	14.0	12.0	12.5	12.2
Interest	699	587	616	592	591	500	450	191	2,494	1,732	550
Other Income	512	475	300	1,179	223	475	475	797	2,466	1,970	500
Depreciation	1,794	1,803	1,785	1,797	1,727	1,820	1,850	1,846	7,178	7,243	1,800
<b>PBT before EO Item</b>	<b>6,227</b>	<b>8,883</b>	<b>9,039</b>	<b>14,711</b>	<b>7,014</b>	<b>10,506</b>	<b>11,095</b>	<b>17,157</b>	<b>38,859</b>	<b>45,773</b>	<b>8,737</b>
EO Exp/(Inc)	6	229	6	697	0	0	0	0	937	0	0
<b>PBT after EO</b>	<b>6,221</b>	<b>8,654</b>	<b>9,033</b>	<b>14,014</b>	<b>7,014</b>	<b>10,506</b>	<b>11,095</b>	<b>17,157</b>	<b>37,922</b>	<b>45,773</b>	<b>8,737</b>
Effective Tax Rate (%)	7.3	35.2	35.8	35.8	25.1	25.2	25.2	25.3	31.0	25.2	25.2
<b>Adj PAT</b>	<b>5,768</b>	<b>5,768</b>	<b>5,804</b>	<b>9,485</b>	<b>5,256</b>	<b>7,859</b>	<b>8,299</b>	<b>12,824</b>	<b>26,826</b>	<b>34,238</b>	<b>6,535</b>
Change (%)	868.8	197.4	62.7	32.7	-8.9	36.2	43.0	35.2	102.5	27.6	13.3

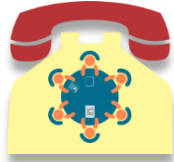
E: MOFSL Estimates

# United Breweries

**BSE SENSEX** 80,040  
**S&P CNX** 24,406

**CMP: INR2,109**

## Conference Call Details



**Date: 26 July 2024**

**Time: 3:00 PM**

**Dial-in details:**

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[Diamond Pass](#)

## Financials & Valuations (INR b)

Y/E MAR	FY24	FY25E	FY26E
Net Sales	81.2	92.2	104.5
Sales Gr. (%)	8.3	13.5	13.3
EBITDA	7.0	10.5	13.6
Margin (%)	8.6	11.4	13.1
Adj. PAT	4.1	6.8	9.0
Adj. EPS (INR)	15.5	25.7	34.2
EPS Gr. (%)	24.7	65.3	33.1
BV/Sh. (INR)	158.0	171.8	190.1
<b>Ratios</b>			
RoE (%)	10.1	15.6	18.9
RoCE (%)	10.2	15.8	19.1
<b>Valuations</b>			
P/E (x)	135.7	82.1	61.7
P/BV (x)	13.3	12.3	11.1
EV/EBITDA (x)	79.8	51.6	40.7

## Weak volume growth; miss on all fronts

- UBBL's standalone net sales grew 9% YoY to INR24.7b (est. INR26.2b), despite the harsh summer season.
- Volume growth was 5% YoY (est. 11%), with premium segment volume rising 44% YoY.
- North, West, and South reported 7%, 6%, and 6% YoY volume growth, respectively. The East region was muted at +2% YoY.
- Gross margin improved 250bp/130bp YoY/QoQ to 43.0% (est. 43.5%). The favorable mix and price hikes expanded gross margin.
- As a percentage of sales, employee expenses rose (+90bp YoY to 7.4%), while other expenses declined 15bp YoY to 24.1%.
- The standalone EBITDA margin expanded 170bp YoY to 11.5% (est. 11.8%).
- EBITDA/PBT/APAT grew 28/29%/21% to INR2.9b/INR2.3b/INR1.7b (est. INR3.1b/INR2.7b/INR2.0b).

## Other key highlights

- Net sales were led by volume growth, price increase, and positive mix.
- Volume growth was driven by Karnataka, Andhra Pradesh, Uttar Pradesh, Maharashtra, Haryana, and West Bengal. Volume growth, however, was partially offset by a decline in Telangana, and Delhi.
- Price increases in multiple markets included Rajasthan, Karnataka, Andhra Pradesh, Maharashtra, and Tamil Nadu.
- Positive mix was driven by premiumization and state-mix, partially offset by growth of the economy segment.

## Standalone Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 1QE	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>22,732</b>	<b>18,880</b>	<b>18,227</b>	<b>21,315</b>	<b>24,730</b>	<b>21,354</b>	<b>20,432</b>	<b>25,694</b>	<b>81,227</b>	<b>92,209</b>	<b>26,187</b>	-5.6%
YoY Change (%)	-6.7	12.4	13.1	20.8	8.8	13.1	12.1	20.5	8.3	13.5	15.2	
<b>Gross Profit</b>	<b>9,221</b>	<b>8,408</b>	<b>8,018</b>	<b>8,894</b>	<b>10,642</b>	<b>9,481</b>	<b>9,174</b>	<b>11,736</b>	<b>34,703</b>	<b>41,033</b>	11,391	-6.6%
Margin (%)	40.6	44.5	44.0	41.7	43.0	44.4	44.9	45.7	42.7	44.5	43.5	
<b>EBITDA</b>	<b>2,228</b>	<b>1,846</b>	<b>1,456</b>	<b>1,420</b>	<b>2,847</b>	<b>2,336</b>	<b>2,136</b>	<b>3,208</b>	<b>6,962</b>	<b>10,528</b>	3,087	-7.8%
YoY Change (%)	-15.9	-15.8	89.9	165.6	27.8	26.6	46.7	126.0	13.0	51.2	38.6	
Margins (%)	9.8	9.8	8.0	6.7	11.5	10.9	10.5	12.5	8.6	11.4	11.8	
Depreciation	513	508	518	577	577	521	523	474	2,119	2,095	518	
Interest	17	14	21	18	16	25	25	40	69	105	28	
Other Income	103	122	241	263	73	190	217	347	737	826	188	
<b>PBT</b>	<b>1,801</b>	<b>1,446</b>	<b>1,158</b>	<b>1,088</b>	<b>2,327</b>	<b>1,980</b>	<b>1,805</b>	<b>3,041</b>	<b>5,511</b>	<b>9,154</b>	2,729	-14.7%
Tax	440	369	310	280	595	511	466	699	1,403	2,362	704	
Rate (%)	24.5	25.5	26.7	25.7	25.5	25.8	25.8	23.0	25.5	25.8	25.8	
<b>Adj PAT</b>	<b>1,361</b>	<b>1,076</b>	<b>849</b>	<b>808</b>	<b>1,733</b>	<b>1,469</b>	<b>1,340</b>	<b>2,342</b>	<b>4,109</b>	<b>6,792</b>	2,025	-14.4%
YoY Change (%)	-15.8	-19.8	274.9	730.8	27.3	36.5	57.9	189.7	24.7	65.3	48.8	
Margins (%)	6.0	5.7	4.7	3.8	7.0	6.9	6.6	9.1	5.1	7.4	7.7	

E: MOFSL Estimates

# Mahanagar Gas

BSE SENSEX  
80,040

S&P CNX  
24,406

CMP: INR1,752

Buy

## Conference Call Details



**Date:** 26 July 2024

**Time:** 1600 hours IST

**Dial-in details:**

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## Beat driven by higher-than-estimated margin

### Standalone

- Total volumes were in line with est. at 3.9mmscmd (+13% YoY)
- CNG volumes were at 2.8mmscmd (+12% YoY).
- PNG total volumes stood at 1.1mmscmd (+17% YoY)
- EBITDA/scm came 9% above our estimate at INR11.9 (-29% YoY).
- Other expenses and employee costs came in INR150m below our estimates.
- Resultant standalone EBITDA was 8% above our estimate at INR4.2b (-20% YoY; our est. INR3.9b).
- PAT was also above our estimate at INR2.8b (our est. INR2.6b, -23% YoY).

### Consolidated figures including Unison Enviro Private Limited (UEPL)

- In 1QFY25, net sales stood at INR16.7b (+8% YoY, +3% QoQ).
- EBITDA amounted to INR4.4b (-16% YoY, +11% QoQ) led by a sharp decline in margin YoY.
- Resultant PAT stood at INR2.9b (-22%YoY, +14% QoQ).

## Standalone - Quarterly Earnings Model

Y/E March							(INR m)		
	FY24				FY25		Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	1QE	(%)	(%)	(%)
<b>Net Sales</b>	<b>15,378</b>	<b>15,709</b>	<b>15,688</b>	<b>15,671</b>	<b>15,896</b>	<b>15,059</b>	<b>6%</b>	<b>3%</b>	<b>1%</b>
YoY Change (%)	5.7	0.5	-6.1	-2.7	3.4	-2.1			
<b>EBITDA</b>	<b>5,213</b>	<b>4,789</b>	<b>4,487</b>	<b>3,938</b>	<b>4,185</b>	<b>3,876</b>	<b>8%</b>	<b>-20%</b>	<b>6%</b>
EBITDA/SCM	16.8	14.6	13.3	11.5	11.9	10.9	9%	-29%	4%
Margin (%)	33.9	30.5	28.6	25.1	26.3	25.7	0.0	-0.2	0.0
Depreciation	620	658	683	775	719	742			
Interest	25	25	27	38	31	26			
Other Income	390	437	481	446	402	355			
<b>PBT before EO expense</b>	<b>4,957</b>	<b>4,543</b>	<b>4,258</b>	<b>3,570</b>	<b>3,837</b>	<b>3,462</b>	<b>11%</b>	<b>-23%</b>	<b>7%</b>
<b>PBT</b>	<b>4,957</b>	<b>4,543</b>	<b>4,258</b>	<b>3,570</b>	<b>3,837</b>	<b>3,462</b>	<b>11%</b>	<b>-23%</b>	<b>7%</b>
Tax	1,273	1,158	1,086	920	992	872			
Rate (%)	25.7	25.5	25.5	25.8	25.8	25.2			
<b>Reported PAT</b>	<b>3,684</b>	<b>3,385</b>	<b>3,172</b>	<b>2,650</b>	<b>2,845</b>	<b>2,591</b>	<b>10%</b>	<b>-23%</b>	<b>7%</b>
YoY Change (%)	98.9	106.4	84.3	-1.4	-22.8	-29.7			
Margin (%)	24.0	21.5	20.2	16.9	17.9	17.2	0.0	-6.1	1.0
<b>Sales Volumes (mmscmd)</b>									
CNG	2.5	2.6	2.6	2.7	2.8	2.9	-3%	12%	4%
PNG - Domestic	0.5	0.5	0.5	0.6	0.55	0.58	-6%	10%	-3%
PNG - Industrial/ Commercial	0.4	0.5	0.5	0.6	0.54	0.46	18%	24%	-2%
PNG - Total	0.9	1.0	1.0	1.1	1.09	1.04	5%	17%	-2%
<b>Total Volumes</b>	<b>3.4</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>-1%</b>	<b>13%</b>	<b>2%</b>

## HomeFirst Finance

BSE SENSEX  
80,040S&P CNX  
24,406

CMP: INR1,030

Buy

## Conference Call Details



Date: 26 July 2024

Time: 1600 hours IST

[Link for the call](#)

Dial-in details:

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## Financials &amp; Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	5.3	6.5	8.2
PPoP	4.3	5.2	6.6
PAT	3.1	3.8	4.8
EPS (INR)	34.5	43.1	54.4
EPS Gr. (%)	33.2	24.8	26.2
BV/Sh. (INR)	240	278	328
ABV/Sh. (INR)	231	269	317
<b>Ratios</b>			
NIM (%)	6.2	5.8	5.6
C/I ratio (%)	35.2	36.6	36.1
RoAA (%)	3.8	3.6	3.6
RoAE (%)	15.5	16.7	18.0
<b>Valuations</b>			
P/E (x)	29.8	23.9	18.9
P/BV (x)	4.3	3.7	3.1
P/ABV (x)	4.5	3.8	3.2
Div. yield (%)	0.3	0.4	0.4

## Execution better than peers; earnings in line, NIM steady

## Strong AUM growth of ~35% YoY; asset quality stable

- 1QFY25 PAT grew 27% YoY to INR878m (in line). NII grew 18% YoY to INR1.46b (in line). Other income grew 34% YoY to INR382m (15% above MOFSLe). This was aided by higher assignment income from better yields on assignments.
- Opex grew 18% YoY (in line) to INR655m. PPop rose ~22% YoY to INR1.2b (in line). Credit costs of INR56m translated into annualized credit costs of ~20bp (PQ: ~10bp and PY: ~40bp).

## Business momentum healthy with improvement in BT-out rates

- Disbursements grew 30% YoY to ~INR11.6b and this led to AUM growth of 35% YoY to ~INR104.8b.
- BT-OUT rate (annualized) in 1QFY25 declined to ~6.3% (PQ: ~8.3% and PY ~6.5%).

## Yields declined ~10bp QoQ, while CoB and NIM were stable

- Reported yield declined ~10bp QoQ to 13.4% and CoB was stable QoQ at 8.3%. Reported spreads contracted ~10bp QoQ to 5.1%.
- Reported NIM was stable QoQ at 5.3%. Incremental CoF and origination yield in 1QFY25 stood at 8.6% and 13.4%, respectively.

## Asset quality stable; bounce rate rises in 1QFY25 but normalizes in July

- Despite seasonality of 1Q, GS3 and NS3 remained broadly stable QoQ at 1.7% and 1.3%, respectively. PCR declined ~220bp QoQ to ~27.5%.
- 1+dpd increased ~30bp QoQ to 4.5%. Bounce rates increased to ~15.3% in 1QFY25 (vs. ~14.7% in 4QFY24). However, it declined to 14.5% in Jul'24.
- Capital adequacy stood at 36.2% (Tier 1: 35.8%)

## Valuation and view

HomeFirst has made strategic investments to position itself to capitalize on the strong growth potential of affordable housing finance. The company continues to expand its distribution network aggressively across Tier I, II, and III cities within its existing states. We estimate HomeFirst to deliver a ~30% AUM CAGR over FY24-FY26, along with NIM of 5.8%/5.6% in FY25/FY26. We expect cost efficiencies to kick in and drive a sustained improvement in its operating cost ratios over the medium term. HomeFirst's asset quality is expected to strengthen, and credit costs are likely to remain benign over FY25-FY26 as the company prioritizes early bucket collections, thereby driving improvement in asset quality. We might revise our estimates after the earnings call on 26<sup>th</sup> Jul'24.

**Quarterly Performance**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	2,313	2,491	2,646	2,827	3,032	3,241	3,477	3,728	10,277	13,477	3,026	0
Interest expenses	1,068	1,170	1,302	1,459	1,568	1,681	1,807	1,926	4,999	6,981	1,567	0
<b>Net Interest Income</b>	<b>1,246</b>	<b>1,321</b>	<b>1,344</b>	<b>1,368</b>	<b>1,464</b>	<b>1,560</b>	<b>1,670</b>	<b>1,802</b>	<b>5,278</b>	<b>6,496</b>	<b>1,460</b>	0
YoY Growth (%)	32.6	30.1	21.4	22.4	17.5	18.1	24.3	31.7	26.3	23.1	17.2	
Other Income	285	289	364	351	382	341	443	536	1,289	1,702	333	15
<b>Net Income</b>	<b>1,530</b>	<b>1,610</b>	<b>1,708</b>	<b>1,719</b>	<b>1,846</b>	<b>1,901</b>	<b>2,113</b>	<b>2,338</b>	<b>6,567</b>	<b>8,198</b>	<b>1,793</b>	3
YoY Growth (%)	40.9	36.1	35.7	24.2	20.6	18.1	23.7	36.0	33.7	24.8	17.1	
Operating Expenses	553	565	611	584	655	690	745	911	2,313	3,001	643	2
<b>Operating Profit</b>	<b>977</b>	<b>1,044</b>	<b>1,097</b>	<b>1,135</b>	<b>1,191</b>	<b>1,211</b>	<b>1,368</b>	<b>1,427</b>	<b>4,254</b>	<b>5,197</b>	<b>1,149</b>	4
YoY Growth (%)	39.8	40.9	34.5	24.8	21.9	16.0	24.7	25.7	34.3	22.2	17.6	
Provisions and Cont.	77	80	70	27	56	50	110	30	254	246	40	39
<b>Profit before Tax</b>	<b>900</b>	<b>964</b>	<b>1,027</b>	<b>1,107</b>	<b>1,135</b>	<b>1,161</b>	<b>1,258</b>	<b>1,396</b>	<b>4,000</b>	<b>4,951</b>	<b>1,109</b>	2
Tax Provisions	209	221	239	273	258	261	289	316	942	1,124	250	3
<b>Net Profit</b>	<b>691</b>	<b>743</b>	<b>788</b>	<b>835</b>	<b>878</b>	<b>900</b>	<b>969</b>	<b>1,081</b>	<b>3,057</b>	<b>3,827</b>	<b>860</b>	2
YoY Growth (%)	34.9	36.9	34.5	30.4	27.0	21.1	22.9	29.5	33.9	25.2	24.4	
<b>Key Operating Parameters (%)</b>												
Other income to Net Income Ratio	18.6	17.9	21.3	20.4	20.7				19.6	20.8		
Credit Cost	0.41	0.40	0.32	0.12	0.22				1.4	1.0		
Cost to Income Ratio	36.1	35.1	35.7	34.0	35.5				35.2	36.6		
Tax Rate	23.2	23.0	23.3	24.6	22.7				23.6	22.7		
<b>Balance Sheet Parameters</b>												
AUM (INR m)	77,760	83,654	90,137	96,978	1,04,781				96,978	1,27,553		
Change YoY (%)	33.3	33.3	33.5	34.7	34.7				34.7	31.5		
Loans (INR m)	65,194	70,253	75,479	81,434	87,940				81,434	1,06,319		
Change YoY (%)	38.1	36.5	34.9	35.8	34.9				35.8	30.6		
Borrowings (INR m)	68,215	72,792	82,514	87,954	95,120				73,021	93,986		
Change YoY (%)	41.0	39.2	42.2	47.7	39.4				51.7	28.7		
Loans/Borrowings (%)	95.6	96.5	91.5	92.6	92.5				112	113		
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	1,077	1,233	1,295	1,393	1,540				1,393	1,608		
Gross Stage 3 (% on Assets)	1.6	1.7	1.7	1.7	1.7				1.70	1.50		
NS 3 (INR m)	743	859	908	979	424				979	1,109		
Net Stage 3 (% on Assets)	1.13	1.21	1.19	1.19	1.26				1.19	1.04		
PCR (%)	31.0	30.3	29.9	29.7	27.5				29.7	31.0		
ECL (%)	0.94	0.91	0.89	0.86	0.83				0.94	0.91		
<b>Return Ratios (%)</b>												
ROAA (Rep)	3.9	3.8	3.7	3.6	3.6				3.8	3.6		
ROAE (Rep)	15.0	15.6	15.8	16.1	16.3				15.5	16.7		

E: MOFSL Estimates

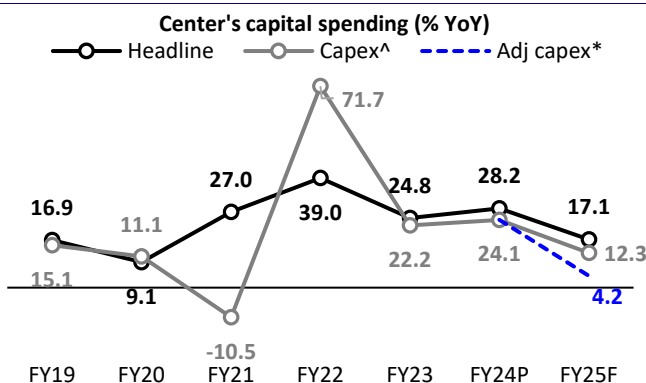
## Decoding the capex budget!

### Combined capex likely to rise to 3.7% of GDP in FY25BE

- Once again, the Government of India (GoI) sent a very loud and clear message with the [Union Budget 2024-25](#) that its priority is to focus on the long-term macroeconomic stability, even if it means sacrificing growth for the short term. We have [highlighted](#) the restricted ability of the GoI to support economic growth if it is serious about its fiscal deficit consolidation path. However, like [every year](#), more time needs to be spent to understand the nuances of the capex budget.
- The GoI has not only prioritized the deficit consolidation path, but also continued to focus on improving the quality of expenditure by raising its total capital spending by 17.1% YoY to INR11.1t in FY25BE (unchanged from the Interim Budget 2024 presented in Feb'24), up 3.3x in just five years from INR3.4t in FY20. If achieved, the GoI's capital spending would jump to 3.4% of GDP in FY25BE from 1.7% of GDP during the pre-Covid period (FY18-FY20).
- However, two-three important adjustments are needed to understand the true extent of the GoI's investment push: 1) Capital spending has two parts – capital outlays/expenditure (or capex) and loans and advances (L&As). The GoI has budgeted INR1.6t of capital spending as L&As to states (vs. INR1.4t in FY25[I]). 2) The GoI has included equity infusion of INR829b to BSNL in FY25BE under capex (same as in FY25[I]), and 3) there is a new entry totaling INR626b called 'New Schemes' under the Ministry of Finance, for which we could not find any details (vs. INR704b in FY25[I]). After adjusting for the first two adjustments, GoI's capex is budgeted to grow 12.3% YoY. The growth will ease to 4.2% in FY25BE, if we exclude the allocation to 'New schemes'.
- Further, the capex of Central Public Sector Enterprises (CPSEs), excluding the Department of Food & Public Distribution (DF&PD), must also be included to estimate the GoI's true investment plan. After four consecutive declines, CPSEs' capex is budgeted to grow 12.5% YoY this year (better than 2.4% growth budgeted in FY25[I]), led by HUDCO.
- Overall, the combined capex (of the Center and CPSEs) is budgeted to grow 12.4% this year (or just 6.5% if we exclude INR626b as 'New Schemes') similar to 12.7% YoY growth in FY24P. It also means that the combined capex is budgeted at 3.7% (or 3.5%) of GDP in FY25, better than 3.6% in FY24P but lower than 3.9% of GDP in the pre-Covid years.

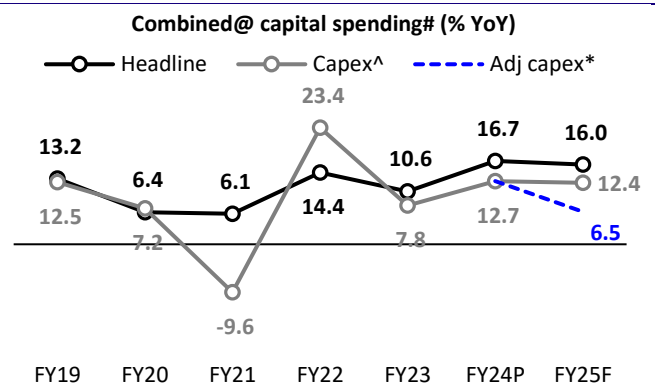
The GoI continued to focus on improving the quality of expenditure by raising its total capital spending by 17.1% YoY to INR11.1t in FY25BE, up 3.3x in the last five years. If achieved, the GoI's capital spending would jump to 3.4% of GDP in FY25BE from 1.7% of GDP during the pre-Covid period (FY18-FY20).

Center's capex budgeted to grow 4-12% YoY in FY25BE...



^Excluding Loans & advances to states and capital infusion into PSUs  
\*Excluding 'New Schemes' under the Ministry of Finance

...and the combined capex, with CPSEs#, is targeted to grow 7-12%



#CPSEs capex excluding DF&PD  
@Center + CPSEs  
Source: Budget documents, MOFSL





### **CG Power: Margin in this quarter was driven by several favourable factors. As demand environment improves, pricing and margin will be better; Natarajan Srinivasan, MD**

- Motors saw some impact due to elections, but order inflow was 20% higher QoQ
- As demand environment improves, pricing and margin will be better
- Motor biz can recover from H2FY25 Onwards
- Kavach will receive a large part of budget outlay for railways

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### **KPIT Tech: Expect growth to revive in the US in H2FY25; Sachin Tikekar, President & Joint MD**

- Making investments in off highways, there are 3-4 large OEMs in US
- See more global OEMs investing in US given its protected from Chinese OEMs
- Our biggest business from Asia comes from Japan
- There is now added focus in KPIT to invest in China
- Expect existing business to contribute nearly 85% to revenue

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### **Mahindra Lifespace Developers: Aspire to beat guidance of Rs. 2,500 cr sales for FY25; Amit Kumar Sinha, MD & CEO**

- Expect to see fewer launched in Q2
- Changes related to withdrawal of indexation will have some impact
- Will announce launch of Mahindra Vista phase 2 in Q3

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### **PG Electroplast: AC Market is seeing secular growth, expanding capacity in AC biz; Vikas Gupta, MD-Operations**

- Q1 revenue growth led by a 124% increase in the product business
- ACs contribute significantly to product revenue, with a forecasted revenue of Rs. 2,150 cr
- The company is expanding AC production capacity with new plants in North India and Maharashtra
- Big increase in first-time AC buyers, especially in tier 2 and tier 3 cities
- Targeting 33% YoY growth for FY25
- Remaining optimistic about demand despite possible overcapacity concerns
- Planning to enter new allied product categories

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Bajaj Fin.	Neutral	6649	7500	13	233.7	275.5	359.2	22.8	17.9	30.4	24.1	18.5	4.5	3.7	20.2	21.8
BSE	Neutral	2468	3000	22	57.0	86.3	112.5	275.5	51.4	30.3	28.6	21.9	9.1	8.1	32.0	37.0
Cams Services	Buy	4036	4310	7	71.6	88.9	106.6	23.3	24.1	19.9	45.4	37.9	18.5	15.8	43.9	45.1
Can Fin Homes	Neutral	828	890	7	56.4	64.8	72.9	20.8	14.9	12.5	12.8	11.4	2.2	1.8	18.2	17.4
Cholaman.Inv.&Fn	Buy	1365	1660	22	40.7	52.9	69.9	25.6	29.9	32.1	25.8	19.5	4.8	3.7	20.5	21.6
CreditAccess	Buy	1273	1520	19	90.7	104.5	124.0	74.5	15.2	18.7	12.2	10.3	2.5	2.0	22.7	21.8
Fusion Micro	Buy	437	550	26	50.2	63.4	78.0	30.2	26.3	23.0	6.9	5.6	1.3	1.0	20.1	20.2
Five-Star Business	Buy	725	950	31	28.6	35.5	43.1	38.0	24.3	21.3	20.4	16.8	3.4	2.8	18.2	18.4
HDFC Life Insur.	Buy	684	750	10	7.3	7.7	9.6	15.4	6.0	24.6	88.4	70.9	2.7	2.3	16.7	16.5
Home First Fin.	Buy	1030	-	-	34.5	43.1	54.4	33.2	24.8	26.2	23.9	18.9	3.7	3.1	16.3	17.7
ICICI Pru Life	Buy	701	740	6	5.9	6.5	7.6	5.0	10.3	16.6	107.4	92.1	2.0	1.7	19.8	20.1
ICICI Lombard	Buy	1962	2200	12	38.9	51.1	64.5	11.0	31.2	26.3	38.4	30.4	7.1	6.0	19.6	21.4
IIFL Finance	Buy	453	605	34	46.2	37.4	55.8	17.2	-19.1	49.3	12.1	8.1	1.4	1.2	13.3	16.5
360 ONE WAM	Buy	999	1150	15	22.4	26.7	32.4	21.3	19.3	21.2	37.4	30.8	9.8	9.3	27.1	31.0
IndoStar	Buy	250	280	12	8.5	13.2	21.1	-48.5	54.6	60.2	19.0	11.9	1.0	0.9	5.4	8.1
L&T Finance	Buy	174	230	32	9.3	11.7	15.2	42.4	26.0	29.2	14.8	11.5	1.7	1.5	11.9	13.9
Life Insurance Corp.	Buy	1161	1270	9	64.3	68.3	73.6	11.8	6.2	7.7	17.0	15.8	0.9	0.8	11.6	11.4
LIC Hsg Fin	Buy	767	930	21	86.6	90.5	93.0	64.8	4.5	2.8	8.5	8.2	1.2	1.1	14.9	13.7
MCX	Buy	4181	4400	5	16.3	106.9	118.5	-44.2	555.8	10.9	39.1	35.3	14.3	13.3	38.0	39.0
Manappuram Fin.	Buy	205	245	20	26.0	30.0	35.3	46.5	15.4	17.8	6.8	5.8	1.3	1.1	20.1	19.8
MAS Financial	Buy	291	360	24	15.1	17.2	22.2	23.3	13.8	29.1	17.0	13.0	2.1	1.8	14.8	15.0
Max Financial	Neutral	1096	1030	-6	17.2	24.2	30.1	87.1	40.8	24.1	45.3	36.5	2.0	1.7	19.5	19.2
M&M Fin.	Buy	290	350	21	14.3	22.6	28.1	-11.4	58.5	24.4	12.8	10.3	1.7	1.5	13.9	15.5
Muthoot Fin	Neutral	1741	1630	-6	100.9	124.8	141.0	16.6	23.7	13.0	13.9	12.3	2.5	2.1	19.1	18.6
Piramal Enterp.	Neutral	937	925	-1	-75.0	30.9	65.8	-200.1	LP	112.7	30.3	14.2	0.8	0.7	2.6	5.3
PNB Housing	Buy	781	1015	30	58.1	69.8	88.8	-6.3	20.2	27.2	11.2	8.8	1.2	1.1	11.4	13.0
Poonawalla Fincorp	Buy	366	465	27	13.4	17.2	22.2	73.3	28.2	29.0	21.3	16.5	3.0	2.6	15.1	17.0
Repco Home Fin	Neutral	531	595	12	63.1	66.0	72.0	33.3	4.5	9.2	8.1	7.4	1.0	0.9	13.4	12.9
Spandana Sphoorty	Buy	698	915	31	70.2	84.0	110.4	3,922.1	19.6	31.4	8.3	6.3	1.2	1.0	15.2	17.0
Shriram Finance	Buy	2680	3400	27	191.3	227.2	279.9	19.8	18.7	23.2	11.8	9.6	1.8	1.6	16.4	17.6
SBI Life Insurance	Buy	1695	1900	12	18.9	19.9	23.2	10.0	5.3	16.5	85.2	73.1	2.4	2.0	21.9	20.5
Star Health Insu	Buy	613	730	19	14.4	18.4	24.4	35.8	27.2	33.0	33.4	25.1	4.7	3.9	15.0	17.0
<b>Aggregate</b>								<b>-2.0</b>	<b>23.7</b>	<b>25.3</b>	<b>21.4</b>	<b>17.3</b>	<b>3.0</b>	<b>2.6</b>	<b>14.0</b>	<b>14.9</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	2011	1955	-3	29.1	41.5	55.8	-34.9	42.7	34.5	48.5	36.0	7.3	6.5	15.9	19.0
Atul	Neutral	7312	6480	-11	103.4	117.2	162.0	-38.8	13.3	38.2	62.4	45.1	4.0	3.7	6.6	8.5
Clean Science	Neutral	1521	1375	-10	23.0	30.4	34.4	-17.3	32.3	13.1	50.1	44.3	10.9	9.0	24.0	22.2
Deepak Nitrite	Neutral	2952	2705	-8	55.1	69.2	77.3	-11.7	25.5	11.7	42.6	38.2	7.2	6.2	18.1	17.3
Fine Organic	Sell	5233	4095	-22	120.0	119.2	116.9	-37.7	-0.7	-1.9	43.9	44.7	7.3	6.4	18.0	15.2
Galaxy Surfact.	Buy	2870	3450	20	85.0	97.7	115.0	-20.9	14.9	17.7	29.4	25.0	4.2	3.7	15.0	15.8
Navin Fluorine	Neutral	3518	3555	1	46.1	61.6	88.9	-39.1	33.6	44.3	57.1	39.6	6.7	6.0	12.2	15.9
NOCIL	Neutral	305	260	-15	7.9	10.2	13.0	-11.7	29.5	27.4	29.8	23.4	2.8	2.6	9.8	11.7
PI Inds.	Buy	4008	4400	10	110.6	111.9	131.9	36.8	1.2	17.8	35.8	30.4	5.9	5.0	17.9	17.9
SRF	Neutral	2399	2130	-11	47.5	52.6	74.0	-37.7	10.7	40.7	45.6	32.4	5.7	5.0	13.0	16.4
Tata Chemicals	Neutral	1047	1000	-4	36.1	33.5	51.3	-60.5	-7.3	53.1	31.2	20.4	1.2	1.1	3.8	5.6
Vinati Organics	Buy	2064	2340	13	31.2	42.7	52.0	-22.8	36.8	21.8	48.4	39.7	7.6	6.6	16.8	17.9
<b>Aggregate</b>								<b>-26.4</b>	<b>21.5</b>	<b>19.7</b>	<b>54.8</b>	<b>45.1</b>	<b>6.6</b>	<b>5.9</b>	<b>12.1</b>	<b>13.1</b>
<b>Capital Goods</b>																
ABB India	Buy	7628	9500	25	58.9	90.5	111.9	81.9	53.7	23.5	84.2	68.2	21.0	16.3	28.1	26.9
Bharat Electronics	Buy	301	360	19	5.5	6.7	8.2	33.7	21.0	22.7	45.3	36.9	10.8	8.7	24.0	23.5
Cummins India	Buy	3608	4300	19	60.0	74.2	89.0	33.4	23.7	19.9	48.6	40.6	14.4	12.6	31.3	33.1
Hitachi Energy	Neutral	11739	12000	2	38.6	75.4	149.9	74.4	95.2	98.8	155.6	78.3	29.6	21.5	19.0	27.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Kalpataru Proj.	Buy	1321	1385	5	32.6	54.7	75.1	8.3	67.8	37.2	24.1	17.6	3.3	2.8	14.6	17.3
KEC International	Neutral	885	800	-10	13.5	24.5	39.2	97.0	81.8	60.0	36.1	22.5	5.0	4.3	14.6	20.6
Kirloskar Oil	Buy	1219	1500	23	25.0	34.4	44.1	33.8	37.9	28.1	35.4	27.6	5.9	5.1	17.8	19.8
Larsen & Toubro	Buy	3620	4150	15	94.5	105.8	136.0	24.5	12.0	28.5	34.2	26.6	5.1	4.4	15.8	17.8
Siemens	Buy	6835	8700	27	55.1	81.0	97.0	55.5	47.1	19.7	84.3	70.4	16.0	13.7	20.4	20.9
Thermax	Neutral	4943	4710	-5	52.2	67.1	83.1	30.3	28.6	23.9	73.7	59.5	11.0	9.6	15.9	17.3
Triveni Turbine	Buy	607	720	19	8.5	11.0	14.8	39.8	29.8	35.1	55.2	40.9	15.9	12.4	32.2	34.2
Zen Technologies	Buy	1458	1775	22	15.1	28.1	40.1	218.8	85.9	42.9	52.0	36.4	17.8	11.9	41.3	39.3
<b>Aggregate</b>								<b>32.3</b>	<b>23.6</b>	<b>27.6</b>	<b>57.8</b>	<b>46.7</b>	<b>9.5</b>	<b>8.2</b>	<b>16.5</b>	<b>17.6</b>
<b>Cement</b>																
Ambuja Cem.	Buy	676	800	18	15.6	14.3	18.0	9.4	-8.1	25.6	47.3	37.7	3.0	2.8	7.3	7.7
ACC	Buy	2580	3300	28	99.3	123.8	135.7	88.7	24.6	9.6	20.8	19.0	2.7	2.4	13.6	13.2
Birla Corp.	Buy	1501	1970	31	54.0	66.8	87.2	1,052.2	23.7	30.5	22.5	17.2	1.6	1.5	7.5	9.1
Dalmia Bhar.	Buy	1772	2300	30	40.8	52.4	69.7	11.5	28.6	32.9	33.8	25.4	1.9	1.8	5.9	7.4
Grasim Inds.	Buy	2800	3150	13	95.6	97.2	108.9	-2.9	1.7	12.0	28.8	25.7	3.4	3.3	1.7	2.5
India Cem	Sell	361	180	-50	-7.6	-1.8	6.0	-49.9	Loss	LP	NM	60.7	2.1	2.0	-1.0	3.4
J K Cements	Buy	4403	5150	17	102.7	112.0	150.1	86.2	9.0	34.0	39.3	29.3	5.6	4.9	15.2	17.8
JK Lakshmi Ce	Buy	841	1100	31	39.6	41.9	47.0	29.9	5.8	12.2	20.1	17.9	2.7	2.4	14.5	14.4
Ramco Cem	Neutral	800	890	11	16.7	18.4	28.2	15.0	10.1	53.3	43.5	28.4	2.5	2.3	5.9	8.6
Shree Cem	Neutral	27482	30300	10	684.2	626.4	624.3	110.3	-8.4	-0.3	43.9	44.0	4.5	4.1	10.6	9.8
Ultratech	Buy	11449	13000	14	244.5	261.3	336.6	39.4	6.9	28.8	43.8	34.0	5.0	4.2	11.9	13.5
<b>Aggregate</b>								<b>32.4</b>	<b>6.9</b>	<b>21.8</b>	<b>39.3</b>	<b>36.8</b>	<b>4.0</b>	<b>3.5</b>	<b>10.2</b>	<b>9.6</b>
<b>Consumer</b>																
Asian Paints	Neutral	2902	3150	9	57.9	58.0	65.7	30.9	0.1	13.3	50.1	44.2	13.7	12.4	28.5	29.5
Britannia	Neutral	5829	5400	-7	88.7	102.6	115.0	10.1	15.6	12.1	56.8	50.7	30.7	25.7	58.0	55.2
Colgate	Neutral	3153	2700	-14	49.2	54.1	58.4	26.8	10.0	7.9	58.3	54.0	38.4	32.0	71.7	64.7
Dabur	Buy	631	700	11	10.6	12.1	13.3	9.2	14.2	9.7	52.2	47.6	10.4	9.7	20.8	21.1
Emami	Buy	807	850	5	18.0	21.1	23.2	17.0	16.7	10.3	38.3	34.7	12.6	11.0	35.0	33.9
Godrej Cons.	Buy	1480	1600	8	19.3	22.5	26.7	13.2	16.4	18.6	65.8	55.5	10.7	9.6	17.2	18.2
HUL	Buy	2709	3250	20	43.7	47.9	53.6	0.7	9.6	11.9	56.5	50.5	12.2	11.8	21.8	23.7
ITC	Buy	490	500	2	16.4	17.4	18.9	9.0	6.3	8.5	28.1	25.9	7.8	7.4	28.4	29.2
Indigo Paints	Buy	1476	1650	12	31.3	34.8	38.0	28.8	11.3	9.0	42.4	38.9	6.8	5.9	17.1	16.3
Jyothy Lab	Neutral	547	565	3	9.8	11.1	12.4	54.8	13.1	11.7	43.1	38.4	9.2	8.2	21.8	22.6
Marico	Buy	675	700	4	11.5	12.7	14.1	13.7	11.0	10.6	52.9	47.9	21.8	20.7	42.0	44.4
Nestle	Neutral	2480	2500	1	41.0	36.8	40.8	62.5	-10.3	10.8	67.3	60.8	59.5	53.1	96.4	89.3
Page Inds	Neutral	41323	37500	-9	510.3	597.6	722.8	-0.4	17.1	20.9	69.1	57.2	24.7	21.1	35.7	36.8
Pidilite Ind.	Neutral	3109	2850	-8	35.9	42.5	48.6	42.2	18.6	14.2	73.1	64.0	16.5	14.9	24.1	24.5
P&G Hygiene	Neutral	17281	17000	-2	250.6	284.7	314.7	31.0	13.6	10.5	60.7	54.9	47.5	40.5	85.0	79.7
Tata Consumer	Buy	1224	1350	10	14.6	17.7	20.1	28.7	20.7	13.5	69.2	61.0	5.5	5.2	9.6	9.4
United Brew	Sell	2108	-		15.5	25.7	34.2	24.7	65.3	33.1	82.1	61.6	12.3	11.1	15.6	18.9
United Spirits	Neutral	1445	1400	-3	18.1	19.3	22.0	42.7	6.3	14.1	75.0	65.8	12.6	10.5	16.7	16.0
Varun Beverages	Buy	1651	1900	15	15.8	21.7	26.6	37.3	37.2	22.4	76.1	62.2	22.7	17.1	34.5	31.4
<b>Aggregate</b>								<b>15.3</b>	<b>8.0</b>	<b>11.3</b>	<b>51.8</b>	<b>47.9</b>	<b>13.1</b>	<b>12.1</b>	<b>25.4</b>	<b>25.2</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1831	1820	-1	20.3	25.8	31.4	18.5	27.4	21.4	70.9	58.4	13.5	11.7	19.0	20.1
KEI Industries	Buy	4240	5230	23	64.4	79.9	99.1	21.7	24.0	24.1	53.1	42.8	10.0	8.2	18.8	19.2
Polycab India	Buy	6421	8200	28	118.8	130.1	156.6	40.0	9.6	20.4	49.4	41.0	10.0	8.4	20.2	20.4
R R Kabel	Buy	1736	2210	27	26.4	38.6	52.4	57.0	46.0	35.9	45.0	33.1	9.0	7.3	21.7	24.3
Voltas	Buy	1462	1670	14	7.2	21.0	31.8	-36.8	190.6	51.3	69.5	46.0	7.5	6.6	10.8	14.4
<b>Aggregate</b>								<b>23.2</b>	<b>30.0</b>	<b>26.4</b>	<b>75.2</b>	<b>57.9</b>	<b>11.9</b>	<b>10.2</b>	<b>15.8</b>	<b>17.7</b>
<b>EMS</b>																
Avalon Tech	Buy	518	640	24	4.3	9.3	15.9	-53.0	118.3	71.0	55.7	32.6	5.6	4.8	10.6	15.8
Cyient DLM	Buy	772	880	14	7.7	14.5	21.9	92.9	88.0	51.1	53.2	35.2	6.0	5.1	11.9	15.6
Data Pattern	Neutral	3392	2720	-20	32.4	39.7	54.0	46.6	22.3	36.2	85.5	62.8	12.3	10.3	15.5	17.9





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Nalco	Neutral	184	185	1	9.1	12.3	14.1	16.3	35.1	15.0	15.0	13.0	2.1	1.9	14.8	15.3
NMDC	Buy	230	300	30	19.7	25.5	28.5	18.0	29.4	11.5	9.0	8.1	2.2	1.8	26.5	24.7
SAIL	Neutral	142	160	13	2.6	9.8	12.7	-43.8	277	29.1	14.4	11.2	1.0	0.9	7.0	8.6
Tata Steel	Neutral	157	170	8	2.7	9.5	13.3	-61.8	252	39.6	16.5	11.8	2.1	2.0	13.4	17.3
Vedanta	Neutral	432	520	20	13.3	33.9	44.7	-53.1	155	32.1	12.8	9.7	4.6	3.7	38.4	42.6
<b>Aggregate</b>								<b>0.1</b>	<b>33.5</b>	<b>25.4</b>	<b>17.9</b>	<b>13.4</b>	<b>2.8</b>	<b>2.5</b>	<b>15.9</b>	<b>18.9</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	882	770	-13	16.2	18.0	22.0	10.8	11.2	22.3	49.0	40.0	7.2	6.4	15.4	17.0
BPCL	Neutral	326	320	-2	63.3	29.0	35.4	1,271.9	-54.2	22.1	11.2	9.2	1.7	1.6	15.7	17.7
Castrol India	Buy	271	250	-8	8.7	9.6	10.5	6.0	10.0	9.3	28.2	25.8	11.9	11.1	43.4	44.6
GAIL	Buy	229	260	14	13.7	13.2	16.1	70.1	-3.6	21.4	17.3	14.2	2.1	1.9	13.0	14.6
Gujarat Gas	Buy	649	755	16	16.0	21.0	23.6	-27.8	31.3	12.2	30.9	27.5	5.2	4.6	17.7	17.7
Gujarat St. Pet.	Buy	328	405	23	22.8	11.6	12.1	35.9	-48.9	4.1	28.2	27.1	1.7	1.7	6.3	6.2
HPCL	Buy	374	390	4	75.2	41.3	45.3	-329.4	-45.1	9.7	9.1	8.3	1.5	1.3	17.5	17.0
IOC	Buy	177	195	10	29.5	11.7	13.6	344.7	-60.2	15.6	15.1	13.0	1.3	1.2	8.6	9.4
IGL	Sell	535	465	-13	25.0	22.6	30.2	21.0	-9.4	33.3	23.6	17.7	3.9	3.4	17.4	20.3
Mahanagar Gas	Buy	1754	-		132.3	111.3	117.2	65.4	-15.9	5.4	15.8	15.0	3.0	2.7	20.1	18.8
MRPL	Sell	217	170	-21	20.5	9.4	15.4	36.6	-54.2	63.1	23.0	14.1	2.6	2.3	11.9	17.2
Oil India	Buy	566	560	-1	48.7	46.8	51.7	16.2	-3.9	10.5	12.1	11.0	1.9	1.7	16.3	16.1
ONGC	Buy	336	330	-2	46.3	50.3	56.0	44.9	8.6	11.3	6.7	6.0	1.1	1.0	17.6	17.2
PLNG	Neutral	365	380	4	23.6	30.9	31.3	9.1	30.9	1.5	11.8	11.7	2.8	2.5	25.4	22.7
Reliance Ind.	Buy	2983	3435	15	102.9	113.9	144.8	4.4	10.7	27.1	26.2	20.6	2.2	2.0	9.3	10.7
<b>Aggregate</b>								<b>80.0</b>	<b>-14.9</b>	<b>18.9</b>	<b>13.9</b>	<b>16.3</b>	<b>2.1</b>	<b>1.9</b>	<b>15.0</b>	<b>11.6</b>
<b>Real Estate</b>																
Brigade Enterpr.	Buy	1218	1525	25	22.1	37.1	42.0	82.6	67.9	13.2	32.8	29.0	5.7	4.8	18.9	18.0
DLF	Neutral	813	-		11.0	15.6	17.0	-3.5	42.1	8.5	52.0	47.9	3.4	3.2	9.4	9.5
Godrej Propert.	Buy	3099	3725	20	26.9	34.2	37.8	20.3	27.2	10.6	90.6	81.9	7.9	7.2	9.1	9.2
Kolte Patil Dev.	Buy	409	700	71	-9.2	13.3	42.7	-167.7	LP	221.3	30.8	9.6	3.9	2.8	13.1	34.0
Oberoi Realty	Neutral	1729	1560	-10	53.0	50.5	70.8	1.2	-4.6	40.0	34.2	24.4	4.1	3.6	12.6	15.6
Macrotech Devel.	Buy	1395	1770	27	16.9	23.7	35.4	6.0	40.3	49.1	58.8	39.4	6.8	5.9	12.2	16.0
Mahindra Lifespace	Neutral	608	600	-1	6.3	6.3	5.7	111.6	-0.2	-9.5	95.4	105.8	4.8	4.7	5.2	4.5
Sunteck Realty	Buy	587	640	9	4.8	16.2	23.2	4,699.7	234.8	43.1	36.2	25.3	2.6	2.4	7.4	9.7
Sobha	Buy	1863	2250	21	5.1	35.2	74.2	-52.9	591.2	110.5	52.8	25.1	6.3	5.1	12.7	22.6
Prestige Estates	Buy	1849	2100	14	19.0	19.9	26.2	-1.5	5.0	31.9	93.0	70.5	5.8	5.4	6.4	7.9
Phoenix Mills	Neutral	3501	3220	-8	61.6	60.8	83.0	50.6	-1.3	36.5	57.6	42.2	6.0	5.2	10.9	13.2
<b>Aggregate</b>								<b>17.2</b>	<b>30.7</b>	<b>30.0</b>	<b>73.9</b>	<b>56.6</b>	<b>6.1</b>	<b>5.6</b>	<b>8.3</b>	<b>9.9</b>
<b>Retail</b>																
Avenue Supermarts	Buy	5170	5500	6	39.0	49.8	66.4	6.2	27.9	33.2	103.7	77.8	15.3	12.8	16.0	17.9
Aditya Birla Fashion	Neutral	325	335	3	-7.4	-7.1	-6.4	955.4	Loss	Loss	NM	NM	8.2	9.8	-16.4	-17.7
Bata India	Neutral	1597	1400	-12	22.8	29.2	40.1	-9.2	27.9	37.3	54.7	39.9	10.8	8.5	21.9	23.8
Barbeque-Nation	Neutral	540	600	11	-2.9	-0.5	2.3	-172.8	Loss	LP	NM	234.8	5.4	5.3	-0.5	2.2
Campus Activewe.	Buy	309	335	8	2.9	4.2	5.6	-23.6	42.3	33.8	74.3	55.5	12.1	10.0	16.3	17.9
Devyani Intl.	Buy	179	200	12	0.8	1.2	2.1	-66.5	55.5	74.0	149.7	86.1	28.3	28.8	15.9	33.2
Jubilant Food.	Neutral	578	525	-9	3.9	5.5	8.2	-32.9	39.5	48.3	105.1	70.9	16.6	15.7	15.8	22.1
Kalyan Jewellers	Buy	574	570	-1	5.8	8.5	11.5	29.9	46.8	35.6	67.4	49.7	12.2	10.4	19.4	22.6
Metro Brands	Buy	1296	1420	10	12.7	15.3	19.0	-5.2	20.2	23.9	84.6	68.3	15.6	13.1	20.5	21.3
Raymond	Buy	2093	3755	79	104.1	119.2	151.6	10.2	14.5	27.2	17.6	13.8	2.6	2.2	15.9	17.2
Relaxo Footwear	Neutral	868	795	-8	8.1	10.4	13.3	29.8	29.5	27.1	83.2	65.5	9.8	8.8	12.4	14.2
Restaurant Brands	Buy	107	140	31	-4.8	-2.1	0.3	-2.5	Loss	LP	NM	363.0	10.1	9.8	-18.1	2.7
Sapphire Foods	Buy	1575	1800	14	8.2	14.0	24.4	-52.5	71.9	73.8	112.3	64.6	7.0	6.3	6.5	10.3
Shoppers Stop	Neutral	762	780	2	5.5	6.9	10.0	-50.2	24.8	45.5	110.9	76.2	15.9	12.5	20.9	24.2
Senco Gold	Buy	938	1350	44	23.3	30.3	37.1	1.6	30.0	22.6	31.0	25.2	4.6	3.9	15.9	16.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Titan Company	Buy	3405	4000	17	39.3	47.1	57.9	6.8	19.9	22.8	72.3	58.9	24.6	19.0	38.6	36.4
Trent	Buy	5312	6080	14	29.2	49.4	62.7	162.5	69.0	27.0	107.6	84.7	30.3	21.9	35.5	32.1
V-Mart Retail	Neutral	3379	2880	-15	-53.5	-23.3	15.1	1,132.9	Loss	LP	NM	223.7	8.7	8.4	NM	3.8
Vedant Fashions	Neutral	1070	1010	-6	17.1	19.3	23.8	-3.5	13.2	23.3	55.4	44.9	14.2	12.0	26.9	25.9
Westlife Foodworld	Neutral	835	775	-7	4.4	6.2	10.5	-38.0	39.7	69.4	134.4	79.4	15.7	14.9	13.7	19.3
<b>Aggregate</b>								<b>-0.7</b>	<b>35.8</b>	<b>33.7</b>	<b>124.9</b>	<b>92.0</b>	<b>18.8</b>	<b>16.1</b>	<b>15.1</b>	<b>17.5</b>
<b>Technology</b>																
Cyient	Buy	1894	2070	9	66.9	71.4	89.7	27.7	6.8	25.6	26.5	21.1	4.6	4.2	16.8	19.6
HCL Tech.	Buy	1588	1850	16	57.9	62.5	68.5	5.6	7.9	9.7	25.4	23.2	6.5	6.6	25.4	28.2
Infosys	Buy	1825	2000	10	63.3	65.4	78.1	10.0	3.3	19.4	27.9	23.4	8.6	8.5	30.8	36.6
LTI Mindtree	Buy	5597	7000	25	154.8	166.8	198.8	2.0	7.7	19.2	33.6	28.2	7.2	6.3	23.0	23.9
L&T Technology	Buy	5197	5950	14	123.0	129.2	156.1	11.3	5.1	20.8	40.2	33.3	9.1	8.0	24.2	25.7
Mphasis	Neutral	2844	2335	-18	81.8	93.7	101.1	-6.0	14.6	7.9	30.3	28.1	5.6	5.2	19.5	19.4
Coforge	Neutral	6322	6100	-4	133.2	150.3	202.8	2.0	12.8	34.9	42.1	31.2	9.8	8.5	24.3	28.8
Persistent Sys	Buy	4718	5700	21	75.1	88.9	114.0	20.1	18.4	28.3	53.1	41.4	12.8	11.0	25.8	28.9
TCS	Buy	4323	4660	8	126.3	143.5	155.4	9.5	13.7	8.3	30.1	27.8	18.0	18.5	58.3	64.9
Tech Mah	Neutral	1530	1470	-4	41.1	44.6	63.8	-28.2	8.5	43.0	34.5	24.2	5.0	4.8	14.6	20.3
Wipro	Neutral	507	500	-1	20.4	22.0	24.5	-1.5	7.9	11.5	23.0	20.7	3.6	3.5	15.7	17.3
Zensar Tech	Neutral	772	750	-3	29.1	28.2	32.8	102.7	-3.3	16.3	27.4	23.6	4.4	3.8	17.0	17.4
<b>Aggregate</b>								<b>3.8</b>	<b>10.5</b>	<b>13.5</b>	<b>32.7</b>	<b>29.6</b>	<b>9.2</b>	<b>9.1</b>	<b>28.0</b>	<b>30.8</b>
<b>Telecom</b>																
Bharti Airtel	Buy	1449	1654	14	19.7	35.3	52.6	36.7	79.6	49.1	41.1	27.5	6.6	5.3	19.8	21.9
Indus Towers	Neutral	425	337	-21	22.4	25.1	27.8	151.1	12.0	11.0	16.9	15.3	3.4	2.8	22.2	20.0
Vodafone Idea		15			-11.1	-10.9	-10.4	9.3	Loss	Loss	NM	NM	-0.4	-0.3	NM	NM
Tata Comm	Neutral	1832	1950	6	42.3	44.3	77.5	-30.0	4.9	74.8	41.3	23.6	19.2	11.4	56.1	60
<b>Aggregate</b>								<b>Loss</b>	<b>Loss</b>	<b>LP</b>	<b>-75</b>	<b>-323</b>	<b>150.5</b>	<b>22.8</b>	<b>-201.4</b>	<b>-7.1</b>
<b>Others</b>																
APL Apollo Tubes	Buy	1461	1850	27	26.4	37.9	55.7	14.1	43.7	46.7	38.5	26.2	9.0	6.9	26.0	29.8
Cello World	Buy	968	1090	13	15.6	19.0	24.0	24.4	22.1	26.0	50.9	40.4	13.4	10.1	26.3	25.1
Coromandel Intl	Buy	1626	1810	11	55.8	63.0	71.3	-18.5	12.9	13.3	25.8	22.8	4.4	3.8	18.3	17.9
EPL	Buy	224	260	16	8.2	10.1	14.1	13.5	23.7	39.5	22.2	15.9	3.1	2.8	14.7	18.6
Godrej Agrovvet	Neutral	847	830	-2	18.7	24.5	31.3	44.1	30.8	27.6	34.6	27.1	5.8	5.1	17.7	20.1
Indian Hotels	Buy	624	665	7	8.9	10.5	12.9	25.9	18.5	22.6	59.4	48.4	8.2	7.1	14.7	15.6
Interglobe	Neutral	4431	4135	-7	211.8	187.7	182.6	-2,678.8	-11	-3	23.6	24	18.6	10.5	130.4	55.5
Kajaria Ceramics	Buy	1445	1670	16	27.2	30.7	38.0	27.2	13.0	23.6	47.0	38.0	8.0	7.2	17.4	19.5
Lemon Tree Hotel	Buy	147	175	19	1.9	2.7	4.0	25.7	42.8	48.9	54.1	36.3	9.7	7.7	19.8	23.6
MTAR Tech	Buy	1906	2310	21	18.2	32.1	57.2	-45.7	75.8	78.2	59.4	33.3	7.6	6.2	13.6	20.4
One 97	Neutral	463	500	8	-22.4	-33.2	-13.8	-20.2	Loss	Loss	NM	NM	2.5	2.6	-16.8	-7.6
Qess Corp	Neutral	713	-		22.5	30.3	37.0	96.4	34.5	22.3	23.5	19.2	2.8	2.5	16.2	18.1
SIS	Buy	425	540	27	13.0	29.2	38.4	-44.2	125.1	31.5	14.5	11.1	1.0	0.8	16.7	18.2
Team Lease Serv.	Buy	3297	-		64.8	90.9	129.2	-0.5	40.3	42.2	36.3	25.5	5.2	4.4	15.0	18.1
UPL	Neutral	530	540	2	3.7	27.3	45.9	-93.7	646.4	68.0	19.4	11.5	1.0	0.9	8.3	13.0
Updater Services	Buy	316	-		11.4	17.9	23.6	67.8	57.7	31.6	17.6	13.4	2.1	1.9	11.5	13.4
Zomato	Buy	219	220	0	0.4	1.2	3.3	-134.2	189.4	175.7	185.6	67.3	9.1	8.0	5.0	12.6



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	-0.1	2.5	20.6
<b>Nifty-50</b>	0.0	2.9	24.0
<b>Nifty Next 50</b>	0.5	1.2	62.6
<b>Nifty 100</b>	0.1	2.6	29.8
<b>Nifty 200</b>	0.0	2.6	33.2
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>1.3</b>	<b>1.5</b>	<b>62.6</b>
Amara Raja Ener.	-0.5	-4.9	149.4
Apollo Tyres	-0.4	3.4	27.8
Ashok Leyland	0.0	-3.9	27.1
Bajaj Auto	0.2	-4.0	91.3
Balkrishna Inds	0.8	-0.7	32.5
Bharat Forge	0.1	-7.4	83.6
Bosch	1.9	2.8	82.7
CEAT	-1.4	4.9	4.9
Craftsman Auto	-2.0	-4.7	12.8
Eicher Motors	-0.3	2.6	47.3
Endurance Tech.	0.4	-3.9	50.9
Escorts Kubota	-2.1	-3.4	71.5
Exide Inds.	0.0	-6.9	115.7
Happy Forgings	0.1	0.7	
Hero Motocorp	-0.3	-1.9	72.1
M & M	0.2	-3.4	79.6
CIE Automotive	-0.8	2.5	22.8
Maruti Suzuki	0.2	3.2	28.2
MRF	0.2	8.4	34.2
Sona BLW Precis.	1.5	10.1	17.4
Motherson Sumi	0.8	-0.8	94.8
Motherson Wiring	1.6	-1.9	19.9
Tata Motors	6.2	14.2	70.6
TVS Motor Co.	0.0	1.4	77.0
Tube Investments	1.9	-4.2	28.7
<b>Banks-Private</b>	<b>-0.9</b>	<b>-3.2</b>	<b>8.1</b>
AU Small Fin. Bank	-4.2	-7.4	-13.6
Axis Bank	-5.1	-7.5	22.2
Bandhan Bank	-1.2	-8.7	-14.8
DCB Bank	-4.6	-10.2	1.7
Equitas Sma. Fin	-0.7	11.5	122.0
Federal Bank	1.7	16.3	54.4
HDFC Bank	0.8	-5.5	-4.7
ICICI Bank	-2.1	0.0	20.4
IDFC First Bank	-1.3	-10.0	-10.1
IndusInd Bank	-1.3	-7.8	-2.6
Kotak Mah. Bank	1.7	-0.4	-5.4
RBL Bank	-3.3	-9.3	3.1
SBI Cards	-1.8	-0.2	-16.7
<b>Banks-PSU</b>	<b>-0.6</b>	<b>-2.6</b>	<b>58.9</b>
BOB	-1.4	-12.6	25.1
Canara Bank	-0.5	-5.2	68.1
Indian Bank	-0.3	6.6	72.5
Punjab Natl.Bank	1.0	-5.2	93.9
St Bk of India	-0.4	0.7	39.2
Union Bank (I)	-1.9	-5.8	50.0

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>0.0</b>	<b>2.4</b>	<b>35.6</b>
<b>Nifty Midcap 100</b>	<b>-0.2</b>	<b>2.5</b>	<b>53.8</b>
<b>Nifty Smallcap 100</b>	<b>-0.3</b>	<b>2.4</b>	<b>61.5</b>
<b>Nifty Midcap 150</b>	<b>-0.3</b>	<b>1.7</b>	<b>52.4</b>
<b>Nifty Smallcap 250</b>	<b>-0.3</b>	<b>2.5</b>	<b>56.9</b>
<b>NBFCs</b>	<b>-0.5</b>	<b>-2.0</b>	<b>12.3</b>
Aditya Birla Capital Ltd	1.3	-8.0	15.7
Angel One	-2.4	-16.8	33.1
Bajaj Fin.	0.6	-6.0	-12.6
BSE	2.3	-2.1	234.6
Cholaman.Inv.&Fn	-1.7	-4.7	21.0
Can Fin Homes	-2.6	-8.0	-2.7
Cams Services	-0.8	9.6	72.7
CreditAcc. Gram.	-2.2	-6.5	-7.2
Fusion Microfin.	1.1	-4.5	-30.4
Five-Star Bus.Fi	-2.7	-8.8	7.2
Home First Finan	-0.6	2.2	25.8
Indostar Capital	1.0	0.5	46.1
IIFL Finance	-2.5	-1.5	-18.9
L&T Finance	-0.6	-6.4	36.8
LIC Housing Fin.	-1.9	-0.4	95.4
MCX	2.9	6.1	151.2
M & M Fin. Serv.	-3.0	-5.3	-8.2
Muthoot Finance	0.0	-2.2	32.8
Manappuram Fin.	-2.8	6.0	57.3
MAS Financial Serv.	0.0	-7.6	14.6
360 One	-2.2	19.4	92.2
PNB Housing	0.7	0.0	14.1
Repco Home Fin	-0.7	-0.1	68.3
Shriram Finance	-1.7	-10.4	46.9
Spandana Sphoort	-2.0	-4.4	-9.3
<b>Insurance</b>			
HDFC Life Insur.	1.5	15.6	4.8
ICICI Pru Life	1.1	16.9	21.6
ICICI Lombard	2.7	10.1	42.8
Life Insurance	0.0	15.2	86.3
Max Financial	0.3	12.0	35.1
SBI Life Insuran	3.8	16.0	30.3
Star Health Insu	0.0	16.8	-4.6
<b>Chemicals</b>			
Alkyl Amines	-0.2	-5.1	-16.7
Atul	-0.1	14.6	11.2
Clean Science	3.0	4.1	17.3
Deepak Nitrite	1.8	20.1	47.1
Fine Organic	-1.0	8.9	11.8
Galaxy Surfact.	1.7	7.2	7.2
Navin Fluo.Intl.	-0.5	-0.6	-18.4
NOCIL	2.8	7.3	45.5
P I Inds.	0.0	5.9	12.2
SRF	1.4	0.2	10.9
Tata Chemicals	-0.4	-4.5	7.2
Vinati Organics	4.4	4.5	13.8





Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>	<b>-3.3</b>	<b>-2.1</b>	<b>26.5</b>
A B B	1.3	-9.2	75.9
Bharat Electron	0.4	-2.7	137.3
Cummins India	2.0	-9.9	87.8
Hitachi Energy	-2.3	2.9	183.5
K E C Intl.	-0.2	3.1	36.4
Kalpataru Proj.	-0.7	11.5	122.0
Kirloskar Oil	-0.2	-11.6	194.2
Larsen & Toubro	2.8	0.9	41.3
Siemens	1.0	-9.6	85.1
Thermax	0.1	-3.4	88.4
Triveni Turbine	-0.6	1.6	50.1
Zen Technologies	0.7	24.1	131.0
<b>Cement</b>			
Ambuja Cem.	-1.0	4.2	53.6
ACC	-1.5	0.4	36.3
Birla Corp.	-2.1	-2.1	25.1
Dalmia Bhar.	0.0	-2.5	-7.2
Grasim Inds.	-0.3	11.1	53.6
India Cem	3.4	57.6	70.3
J K Cements	-1.3	1.6	35.5
JK Lakshmi Cem.	-0.9	-1.0	22.6
The Ramco Cement	1.6	-5.9	-10.8
Shree Cement	-0.2	1.0	16.1
UltraTech Cem.	-0.1	5.5	36.3
<b>Consumer</b>	<b>-0.1</b>	<b>10.5</b>	<b>18.8</b>
Asian Paints	-0.4	1.5	-14.7
Britannia Inds.	0.0	8.9	19.3
Colgate-Palm.	0.3	11.3	66.0
Dabur India	-0.5	6.4	11.1
Emami	0.8	13.4	90.4
Godrej Consumer	1.4	7.6	43.0
Hind. Unilever	-0.4	11.3	5.4
ITC	-0.8	15.7	6.0
Indigo Paints	-2.2	7.4	-1.6
Jyothy Lab.	7.8	30.7	88.3
Marico	2.6	9.7	24.9
Nestle India	-2.4	-1.4	8.9
Page Industries	0.8	2.1	11.1
Pidilite Inds.	0.0	-0.9	19.3
P & G Hygiene	1.1	6.7	13.8
Tata Consumer	-0.6	11.8	40.9
United Breweries	4.3	5.6	42.4
United Spirits	4.4	12.6	46.8
Varun Beverages	2.5	4.0	105.3
<b>Consumer Durables</b>	<b>-0.8</b>	<b>0.2</b>	<b>39.0</b>
Polycab India	1.7	-11.1	36.9
R R Kabel	-0.4	-1.4	
Havells	2.0	-4.7	40.1
Voltas	-2.5	-2.9	90.5
KEI Industries	1.4	-5.9	63.6
<b>EMS</b>			
Kaynes Tech	1.8	3.6	126.6

Company	1 Day (%)	1M (%)	12M (%)
Avalon Tech	-1.5	-6.7	-14.6
Syrma SGS Tech.	-0.7	-4.4	-0.6
Cyient DLM	-0.6	4.1	61.1
Data Pattern	9.9	14.2	69.9
<b>Healthcare</b>	<b>0.9</b>	<b>8.1</b>	<b>46.7</b>
Alembic Pharma	2.2	32.3	73.1
Alkem Lab	-0.2	1.8	31.2
Apollo Hospitals	-0.6	1.4	22.5
Ajanta Pharma	0.6	2.9	58.7
Aurobindo	0.7	11.9	73.0
Biocon	4.0	6.7	47.3
Zyudus Lifesci.	2.2	12.5	93.9
Cipla	-0.2	0.0	42.2
Divis Lab	-0.1	0.2	22.3
Dr Reddy's	0.5	12.7	26.3
ERIS Lifescience	2.0	5.4	40.5
Gland Pharma	-0.9	9.8	63.1
Glenmark	-0.1	17.4	81.7
Global Health	0.1	-5.9	68.4
Granules	2.4	12.9	78.3
GSK Pharma	-0.6	1.4	90.9
IPCA Labs	1.7	14.2	57.5
Laurus Labs	-0.2	1.5	25.1
Lupin	-0.8	15.5	92.0
Mankind Pharma	1.9	0.8	11.8
Max Healthcare	-2.1	3.8	51.8
Piramal Pharma	-0.2	4.1	63.8
Sun Pharma	2.9	10.7	52.1
Torrent Pharma	-1.9	9.0	56.4
<b>Infrastructure</b>	<b>0.8</b>	<b>3.3</b>	<b>54.5</b>
G R Infraproject	0.1	-3.0	35.4
IRB Infra.Devl.	-1.7	0.8	160.7
KNR Construct.	-1.1	8.0	51.7
<b>Logistics</b>			
Adani Ports	0.1	2.1	98.5
Blue Dart Exp.	-1.9	1.2	8.3
Container Corpn.	-0.9	-3.5	49.3
JSW Infrast	2.8	9.5	
Mahindra Logis.	-0.3	5.0	36.9
Transport Corp.	-0.3	5.0	26.4
TCI Express	0.7	3.6	-17.9
VRL Logistics	-0.1	1.2	-23.7
<b>Media</b>	<b>0.8</b>	<b>2.5</b>	<b>1.5</b>
PVR INOX	0.5	4.8	0.9
Sun TV	1.1	8.8	51.6
Zee Ent.	2.4	-5.9	-40.6
<b>Metals</b>	<b>-1.3</b>	<b>-7.2</b>	<b>39.0</b>
Hindalco	-0.8	-5.7	43.8
Hind. Zinc	-3.6	-7.9	92.2
JSPL	-3.6	-11.9	41.1
JSW Steel	-0.8	-6.0	9.2
Nalco	-1.3	-2.3	94.1
NMDC	-1.2	-10.9	104.9



Company	1 Day (%)	1M (%)	12M (%)
SAIL	-3.0	-3.0	54.6
Tata Steel	-1.8	-10.4	32.0
Vedanta	-0.4	-5.1	55.6
<b>Oil &amp; Gas</b>	<b>2.9</b>	<b>11.5</b>	<b>63.7</b>
Aegis Logistics	1.2	7.8	136.2
BPCL	3.6	10.1	68.8
Castrol India	0.1	30.6	97.6
GAIL	2.1	7.2	96.2
Gujarat Gas	0.1	6.0	38.5
Gujarat St. Pet.	1.0	8.9	12.5
HPCL	5.6	11.7	86.7
IOCL	4.8	7.6	78.6
IGL	-2.5	12.9	13.0
Mahanagar Gas	0.0	17.2	60.9
MRPL	-0.6	0.3	164.0
Oil India	4.3	21.6	224.0
ONGC	5.1	25.8	94.1
PLNG	4.2	14.8	61.9
Reliance Ind.	-0.2	2.6	20.1
<b>Real Estate</b>	<b>-0.8</b>	<b>-4.5</b>	<b>99.1</b>
Brigade Enterpr.	2.0	-12.4	116.6
DLF	-0.9	-1.6	69.1
Godrej Propert.	-0.8	0.7	87.6
Kolte Patil Dev.	-3.2	-8.3	6.6
Mahindra Life.	-3.3	-2.1	26.5
Macrotech Devel.	-0.4	-5.7	91.8
Oberoi Realty Ltd	-0.8	-5.5	62.4
Sobha	2.1	-9.0	230.4
Sunteck Realty	-0.7	-2.4	60.1
Phoenix Mills	-1.8	-5.5	111.8
Prestige Estates	-2.0	-7.0	233.1
<b>Retail</b>			
Aditya Bir. Fas.	1.1	2.3	49.5
Avenue Super.	0.3	8.1	40.6
Bata India	-0.3	9.5	-6.1
Campus Activewe.	1.7	7.0	3.1
Barbeque-Nation	2.7	-1.3	-20.1
Devyani Intl.	-1.0	7.1	-9.8
Jubilant Food	-0.7	3.5	21.3
Kalyan Jewellers			
Metro Brands	-1.5	4.2	20.6
Raymond	5.0	21.5	91.8
Relaxo Footwear	1.4	4.3	-8.4
Restaurant Brand	-1.0	2.3	-5.5
Sapphire Foods	-2.8	0.3	13.5
Senco Gold	-3.9	-10.1	148.4
Shoppers St.	-1.9	-0.2	-2.1
Titan Co.	-2.1	0.1	12.4
Trent	0.4	-0.5	210.6
V-Mart Retail	-2.9	16.9	53.0
Vedant Fashions	-1.0	-3.4	-14.4
Westlife Food	-2.8	-5.3	-7.6

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>	<b>-0.1</b>	<b>13.1</b>	<b>34.6</b>
Cyient	0.4	1.5	29.2
HCL Tech.	0.3	9.7	42.9
Infosys	-0.5	18.3	36.7
LTIMindtree	-1.2	9.3	15.0
L&T Technology	0.5	7.5	30.8
Mphasis	-0.9	18.1	25.4
Coforge	-0.2	18.1	34.9
Persistent Sys	-2.1	18.7	101.5
TCS	0.4	12.6	27.2
Tech Mah	-0.2	7.2	32.3
Wipro	1.3	2.0	26.6
Zensar Tech	0.9	3.0	59.4
<b>Telecom</b>	<b>-0.6</b>	<b>4.3</b>	<b>71.5</b>
Bharti Airtel	-0.4	2.4	64.0
Indus Towers	-0.3	23.4	147.3
Idea Cellular	-2.6	-11.7	92.2
Tata Comm	-0.9	-0.3	13.7
<b>Utilites</b>	<b>1.0</b>	<b>2.1</b>	<b>92.4</b>
Coal India	0.0	5.3	114.8
NTPC	-0.1	8.7	95.4
Power Grid Corpn	0.7	3.7	80.2
<b>Others</b>			
APL Apollo Tubes	-1.8	-10.1	-1.2
Cello World	0.8	5.9	
Coromandel Intl	-0.3	6.6	68.2
EPL Ltd	-1.1	16.1	-1.8
Godrej Agrovet	-1.6	25.7	77.9
Havells	2.0	-4.7	40.1
Indian Hotels	-1.6	-5.5	59.0
Interglobe	1.3	4.7	71.5
Kajaria Ceramics	-1.7	0.4	-0.7
Lemon Tree Hotel	-0.5	-2.6	62.3
MTAR Technologie	1.5	2.1	-9.8
One 97	1.4	12.1	-41.4
Piramal Enterp.	0.7	6.6	-6.5
Quess Corp	3.8	17.1	67.1
SIS	-2.9	-3.9	-1.5
Team Lease Serv.	-0.7	12.4	37.0
UPL	-1.4	-7.3	-15.4
Updater Services	0.4	8.4	
Voltas	-2.5	-2.9	90.5
Zomato Ltd	-1.9	8.4	165.3

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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