Market snapshot

Equities - India	Close	Chg .%	CY24.%
Sensex	78,584	1.8	8.2
Nifty-50	23,739	1.6	8.8
Nifty-M 100	53,814	1.6	23.9
Equities-Global	**Close**	**Chg .%**	**CY24.%**
S&P 500	6,038	0.7	23.3
Nasdaq	19,654	1.4	28.6
FTSE 100	8,571	-0.1	5.7
DAX	21,506	0.4	18.8
Hang Seng	7,644	3.5	26.4
Nikkei 225	38,798	0.7	19.2
Commodities	**Close**	**Chg .%**	**CY24.%**
Brent (US$/Bbl)	76	0.4	-4.5
Gold ($/OZ)	2,843	1.0	27.2
Cu (US$/MT)	9,025	0.5	2.2
Almn (US$/MT)	2,648	0.7	7.7
Currency	**Close**	**Chg .%**	**CY24.%**
USD/INR	87.1	-0.1	2.9
USD/EUR	1.0	0.3	-6.2
USD/JPY	154.3	-0.3	11.5
YIELD (%)	**Close**	**1MChg**	**CY24 chg**
10 Yrs G-Sec	6.7	0.01	-0.4
10 Yrs AAA Corp	7.3	0.01	-0.5
Flows (USD b)	**4-Feb**	**MTD**	**CYTD**
FIIs	0.1	1.41	-0.8
DIIs	-0.05	3.97	62.9
Volumes (INRb)	**4-Feb**	**MTD***	**YTD***
Cash	54	1093	1025
F&O	1,36,306	1,27,438	1,84,545

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Acme Solar Holdings | Initiating Coverage: Fueling a greener tomorrow!

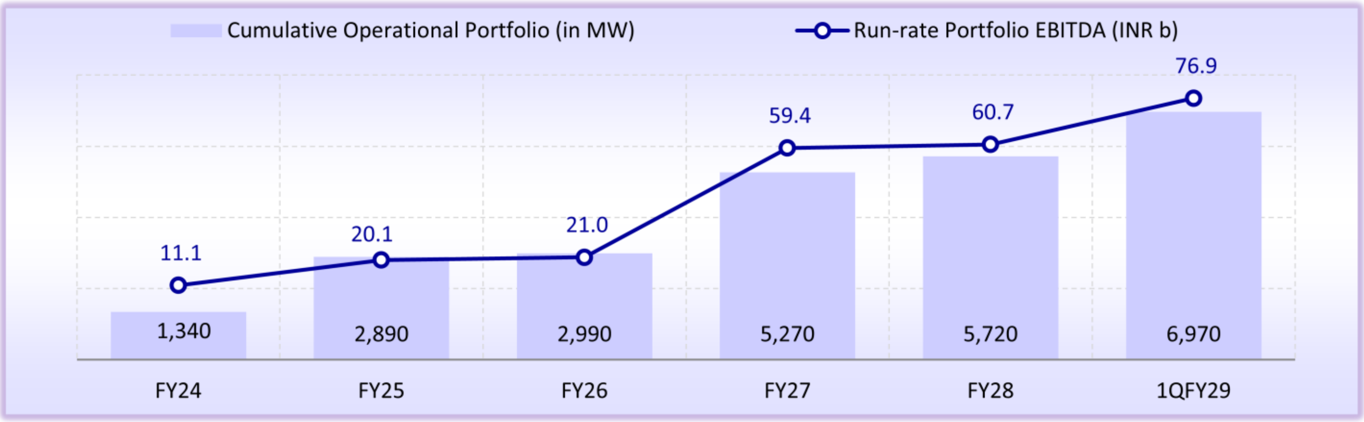
- ACME Solar Holdings (ACME) boasts a diversified portfolio of ~7GW of renewable capacity (operational + under construction + pipeline) spanning solar, wind, hybrid, and FDRE projects. The company has an operational portfolio of ~2.5GW, while the total project pipeline, including under-construction projects, stands at ~4.4GW.
- We estimate ACME's EBITDA to clock a CAGR of 52% over FY24-FY27, as the under-construction pipeline is commissioned and operational capacity surges ~3x over FY24-FY27E. The company is set to operationalize the 0.35GW/0.1GW/2.3GW projects in 4QFY25/FY26/FY27 (FY24 operational: 1.34GW).
- We initiate coverage on ACME with a BUY rating and a TP of INR330. We assign an EV/EBITDA multiple of 11x to FY28E EBITDA. Adjusting for net debt, we derive our TP of INR330, implying a 59% upside potential.

Research covered

Cos/Sector	Key Highlights
Acme Solar Holdings | Initiating Coverage	Fueling a greener tomorrow!
Asian Paints	Weak performance as expected; industry challenges persist
Nestlé India	Long-term drivers intact; rich valuation limits upside
Tata Power	Renewables to drive profitability in FY26-27
Other Updates	Godrej Properties | Tube Investments of India | KEC International | Castrol (India) | Eris Lifesciences | Kajaria Ceramics | EcoScope | Titan | Thermax | MAX Financial Services | Global Health | Fine Organic Industries | Lemon Tree Hotel | Birla Corporation | V-Mart Retail | NSE

Chart of the Day: Acme Solar Holdings (Fueling a greener tomorrow!)

Cumulative operational portfolio and run-rate EBITDA



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Budget 2025: 'Customs waiver on life-saving drugs won't benefit most patients'

The import duty waiver on life-saving drugs and drugs for rare diseases, announced in the union budget, will not benefit most patients as their prices will remain high due to patent monopolies that block generic supply, patients' representatives and activists said on Tuesday.

2

Citibank's Ashu Khullar to be global co-head of GAM; K Balasubramanian to be India CEO

Ashu Khullar, Citi's India chief, is appointed as the global co-head of GAM, based in London, and will oversee EMEA and Asia. K Balasubramanian will succeed him as India's CEO, pending RBI approval. During Khullar's tenure, Citi's revenue grew significantly...

3

Bandhan Bank to focus on asset quality, innovation, & digital offerings with new management teams

Bandhan Bank is putting more emphasis on monitoring asset quality, reinforcing credit administration, fostering innovation, and enhancing digital services. The bank has established four key management teams for these areas.

4

BPCL to raise capex by 42% to expands refining, petrochemical capacity

BPCL plans to boost its capital spending by 42% to ₹18,500 crore in 2025-26, with significant investments in refining, marketing, and petrochemicals. Meanwhile, ONGC and Indian Oil will maintain similar spending levels, and GAIL plans a reduction in expenditure.

5

Level of discounting in India is not sustainable, says Samsonite CEO

Discounting levels in India's luggage market are unsustainable, affecting profitability, says Samsonite CEO. Samsonite surpassed VIP Industries in revenue last fiscal year. New entrants like Mokobara and Uppercase offer discounts impacting industry profits. Despite growth, VIP's profits fell sharply. Samsonite reported a sales and profit increase.

6

FMCG companies step up play to stay ahead in q-commerce race

Consumer goods companies like Hindustan Unilever, Marico, and Parle are creating separate teams for quick commerce due to its need for a faster stock turnaround and distinct product portfolios.

7

Hero MotoCorp gets Rs 456 crore GST demand notice

The two-wheeler major said in a regulatory filing that the company has received an order from the Additional Commissioner, Central Goods and Services Tax, Alwar, Rajasthan, imposing a penalty of Rs 456.06 crore under Section 74 of the Central Goods and Service Tax Act, 2017, along with an equivalent amount of GST …

ACME Solar Holdings

BSE Sensex	S&P CNX
78,584	23,739

CMP: INR208 TP: INR330 (+59%) Buy

ACME
Leading Through Innovation

Stock Info

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USDb)	125.7 / 1.4
52-Week Range (INR)	292 / 168
1, 6, 12 Rel. Per (%)	-12/-/-
12M Avg Val (INR M)	647
Free float (%)	16.6

Financial Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	14.5	23.8	43.0
Sales Gr. %	9.8	64.1	80.9
EBITDA	12.1	20.7	38.1
EBITDA margin %	83.3	87.2	88.6
Adj. PAT	1.3	3.4	6.3
EPS (INR)	2.2	5.7	10.4
EPS Gr. (%)	-7.2	159.8	82.5
BV/Sh. (INR)	74.2	79.9	90.3
Ratios			
ND/Equity	1.8	4.7	7.8
ND/EBITDA	6.8	10.9	11.1
RoE (%)	3.7	7.4	12.2
RoIC (%)	5.8	5.5	5.2
Valuations			
P/E (x)	94.9	36.5	20.0
EV/EBITDA (x)	16.8	16.7	14.3

Fueling a greener tomorrow!

A focused play on renewable energy generation!

- ACME Solar Holdings (ACME) boasts a diversified portfolio of ~7GW of renewable capacity (operational + under construction + pipeline) spanning solar, wind, hybrid, and firm & dispatchable renewable energy (FDRE) projects. As of date, the company has an operational portfolio of ~2.5GW, while the total project pipeline, including under-construction projects, stands at ~4.4GW.
- About 86% of the company's portfolio is contracted with central off-takers, including SECI, NTPC, SJVN, and NHPC, involving minimal counterparty risk. The portfolio consists of about 49% plain vanilla solar projects, 2% plain vanilla wind projects, and 49% hybrid, FDRE, and other projects.

Modeling a strong 52% EBITDA CAGR over FY24-FY27E

- We estimate ACME's EBITDA to clock a CAGR of 52% over FY24-FY27, as the under-construction pipeline is commissioned and operational capacity surges ~3x over FY24-FY27E.
- The company is set to operationalize the 0.35GW/0.1GW/2.3GW projects in 4QFY25/FY26/FY27 (FY24 operational: 1.34GW). We are modelling a stable EBITDA margin of 87%-89% over FY26-27, in line with peers.
- Also, ACME has continued to bid and win new projects in YTD FY25 (1.9GW in the YTD FY25), and the pipeline has continued to expand given the robust pace of new Letters of Award (LoAs) by SECI and other central agencies in YTD FY25.

ACME's 100%/83% of FY26/FY27 upcoming capacities are PPA backed

- Of the total under-construction projects, amounting to 4.43GW until FY29, the company has already signed power purchase agreements (PPAs) for projects totaling ~2GW. This implies that the entire FY26 revenue/EBITDA is 'in the bag' i.e., backed by PPAs. With PPAs signed for 83% of the capacity coming up in FY27, a significant portion of the FY27 revenue/EBITDA is also 'in the bag'.
- Additionally, LoAs have been granted for the other 2.1GW projects**.** A few of these projects could be converted into PPAs over 4QFY25-1HFY26 in our opinion, thus enhancing the visibility of FY27 earnings further. Additionally, ACME has grid connectivity in place for all its under-construction projects with an additional ~2GW of connectivity (both applied and secured) available for future bids. This alleviates any concerns regarding grid availability.

ACME up-trading into complex projects to preserve mid-to-high-teen IRR

- The company's share of complex renewable energy (RE) projects has risen recently, with FDRE and hybrid projects now accounting for 49% of the entire portfolio (including under-construction projects).
- With rising competition in the RE sector, equity IRRs in some segments, such as plain vanilla solar and wind projects, have witnessed deterioration (low teens). The complex projects, though, still enjoy healthy IRRs (mid to high teens), according to our channel checks.

- ACME is one of the few players building wind capabilities. This gives the company an edge over peers, such as NTPC Green, which is less focused on wind energy.

EPC margin, debt refinancing, and operating cash flow to fund growth

- We are building in cumulative capex of INR397b over FY25-27 for the 4.43GW pipeline. We believe this would be financed by a combination of: 1) project debt, 2) operating cash flow generated over FY25-27, and 3) debt refinancing of projects being commissioned, raising debt proportion beyond the initial 75%.

Over FY25-27, 3.93GW of projects entailing a total capex of INR407b are likely to be commissioned, assuming 10% of additional debt refinancing for these projects yields a total cash flow of INR41b.

- Over FY25-27, 3.93GW of projects entailing a total capex of INR407b are likely to be commissioned, assuming 10% of additional debt refinancing for these projects yields a total cash flow of INR41b.
- In addition, we estimate operating cash flow to remain strong during FY25-27, totaling INR24.8b, which should aid financing for under-construction projects. Of the total under-construction capacity of 4.4GW, the company has already secured debt for 1.7GW, amounting to INR165b.
- While net debt to EBITDA is elevated throughout FY24-27, we anticipate this ratio to taper off by FY28 as the majority of the under-construction pipeline is commissioned.

Delays in PPA signing and high competitive intensity remain the key risks

- While the company remains confident about signing PPAs for all the under-construction projects in the near to mid-term, this has been a key investor concern in the sector recently (media article).
- Further, with intensifying competition in the RE sector, equity IRRs in a few segments, such as plain vanilla solar/wind projects, have experienced deterioration. However, complex projects enjoy healthy IRRs (in the mid-to-high teens) according to our channel checks. The rising competitive intensity remains a key risk worth monitoring, in our opinion.

We believe that ACME is one of the few players building wind capabilities, enabling it to win complex projects, which offsets competition risk to some extent.

- However, we believe that ACME is one of the few players building wind capabilities, enabling it to win complex projects, which offsets competition risk to some extent.

Valuation gap vs. NTPC Green to narrow; limited downside risk from hereon

- **We initiate coverage on ACME with a BUY rating and a TP of INR330.** We assign an EV/EBITDA multiple of 11x to FY28E EBITDA. Adjusting for net debt, we derive our TP of INR330, implying a 59% upside potential.
- Our EV/EBITDA multiple is at a discount to competitors, such as NTPC Green, which is trading at ~14x FY28 EV/EBITDA. Further, the Street is currently attributing 15x EV/EBITDA to the renewable businesses of JSWE and Tata Power.
- We believe ACME's steep valuation discount vs. NTPC Green is unsustainable and should narrow in the coming quarters. We further believe that NTPC Green's premium valuation is largely a function of lower financing costs (up to a 2% interest rate advantage). However, this advantage is dented given that NTPC Green outsources both EPC and O&M for its projects (which other players perform in-house).

We estimate NTPC Green will lose 79% of the interest cost savings over the project life. While we acknowledge NTPC Green's superior financing cost, we highlight that ACME saves significant costs.

- Assuming a 10% EPC margin and a 50% O&M margin for solar projects, we estimate NTPC Green will lose 79% of the interest cost savings over the project life. While we acknowledge NTPC Green's superior financing cost, we highlight that ACME (as well as other players who undertake in-house EPC/O&M for projects) saves significant costs.

Asian Paints

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	2258.3 / 25.9
52-Week Range (INR)	3395 / 2208
1, 6, 12 Rel. Per (%)	2/-20/-28
12M Avg Val (INR M)	3880

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	342.3	367.8	406.9
Sales Gr. (%)	-3.6	7.4	10.6
EBITDA	61.3	68.3	76.8
EBIT Margin (%)	17.9	18.6	18.9
Adj. PAT	42.8	48.2	55.1
Adj. EPS (INR)	44.6	50.3	57.4
EPS Gr. (%)	-23.0	12.7	14.2
BV/Sh.(INR)	198.1	206.4	221.4
Ratios			
RoE (%)	22.7	24.9	26.8
RoCE (%)	19.5	21.1	22.3
Payout (%)	91.9	81.5	71.4
Valuation			
P/E (x)	51.6	45.8	40.1
P/BV (x)	11.6	11.2	10.4
EV/EBITDA (x)	34.8	31.2	27.7
Div. Yield (%)	1.8	1.8	1.8

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	52.6	52.6	52.6
DII	14.1	13.2	10.6
FII	13.7	15.3	17.4
Others	19.7	18.9	19.4

FII includes depository receipts

CMP: INR2,354 TP: INR2,550 (+8%) Neutral

Weak performance as expected; industry challenges persist

- **Asian Paints (APNT) reported a weak 3QFY25. Its consolidated/standalone revenue declined 6%/8% YoY (in line).** Domestic volume inched up 1.6% YoY. Weak industry demand, downtrading, a subdued festive season, and rising competition adversely impacted the growth. The impact of last year's price cuts (3%) continued to drag value growth despite a 1% price hike in 2QFY25. The decorative paints industry saw a 4-5% decline in 3Q. International business delivered 5% revenue growth (17% in CC terms).
- Gross margin contracted 120bp YoY but expanded 170bp QoQ to 42.4%, driven by a 2% material cost deflation. EBITDA margin dipped 340bp YoY to 19.1% (est. 18.8%), impacted by an unfavorable product mix and higher sales & distribution expenses to counter competition. EBITDA fell 20% YoY.
- Management expects revenue weakness to persist for at least two more quarters. The company is targeting to achieve single-digit volume growth in the near term. The company is less worried about competition than industry challenges.
- The stock has massively underperformed (20% fall in the last one year) owing to a sharp cut in earnings. Considering the uncertainty of demand recovery in the near term, there is limited respite for the stock. Industry volume recovery and competitive strategy on pricing/incentives will be the key monitorables. Considering the uncertainty, we reiterate our **Neutral rating with a TP of INR2,550 (based on 45x Dec'26E EPS).**

In-line performance; domestic volume up ~2% YoY

- **Sluggish trends persist:** Consol. net sales declined 6% YoY to INR85.5b (est. INR86.8b) adversely impacted by muted demand conditions, especially in the urban market, coupled with downtrading and a weak festive season. Decorative business (India) clocked volume growth of 1.6% (est. -1%, -0.5% in 2QFY25) while revenue declined by 8% YoY.
- **Margins contract**: Gross margin contracted 120bp YoY to 42.4% (est. 41.5%). GP was down 9% YoY. Employee expenses rose 8% YoY, and other expenses were up 4% YoY. EBITDA margin contracted 340bp YoY to 19.1% (est. 18.8%).
- **Better performance for the industrial business:** The kitchen and bath business revenue grew 3% YoY. White teak and weather seal revenue declined 20% YoY. The industrial business delivered 4% revenue growth, supported by growth in the general industrial and refinish segments.
- **Currency devaluation continues to affect growth:** The International Business registered 5% revenue growth in INR terms (17% growth in CC terms) supported by strong demand in the Middle East and recovering macroeconomic conditions in key Asian markets.
- **Double-digit decline in profitability**: EBITDA declined 20% YoY to INR16.4b (est. INR16.2b). PBT dipped 24% YoY to INR14.7b (est. INR15.1b). Adj. PAT decline of 24% YoY to INR11.3b (est. INR11.7b).
- During 9MFY25, net sales/EBITDA/APAT declined 5%/22%/26% YoY.

Key highlights from the management commentary

- Demand was weak with overall sentiments being muted. This adversely impacted the paint industry, and downtrading hit value performance. The demand during 3QFY25 was also hurt by the shorter festive season along with the urban slowdown.
- Several premium products were launched. Apex Ultima Air-o-Clean was launched in the exterior category, which uses advanced technology that neutralizes known pollutants. It is available in 200+ shades. There is also a range of regional packs (Maharashtra, Gujarat, and Kerala) under Royale GLITZ. There has also been a packaging change, with premium looks across luxury, premium, and economy ranges. The contribution from the new products was 12% of revenue.
- The company has not seen much competition impact in 1HFY25; instead, it was the industry weakness that hit most players. It is too early to comment on the new competition impact as the category size at INR800b is huge. Competition has now rolled out products across price points; it will be important to see real value propositions to customers as there is no uniqueness in the product.

Valuation and view

- We cut our EPS by 4% each for FY26/FY27 to reflect weak volume growth and pressure on margin.
- APNT remains focused on new launches across price segments and packaging revamps to remain competitive against both organized and unorganized players. The entry of deep-pocketed new players with significant investment commitments could drive shifts in market share and cost structures across the industry.
- We remain cautious about both value growth and margin for FY26. Despite a correction in the stock, demand and competitive pressures still hover around earnings. **We reiterate our Neutral rating with a TP of INR2,550 (based on 45x Dec'26E EPS).**

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

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Est. Dom. Deco. Vol. growth (%)	**10.0**	**6.0**	**12.0**	**10.0**	**7.0**	**-0.5**	**1.6**	**5.0**	**9.5**	**3.3**	**-1.0**	
Net Sales	**91.8**	**84.8**	**91.0**	**87.3**	**89.7**	**80.3**	**85.5**	**86.8**	**354.9**	**342.3**	**86.5**	**-1.1%**
Change (%)	6.7	0.2	5.4	-0.6	-2.3	-5.3	-6.1	-0.5	2.9	-3.6	-5.0	
Gross Profit	**39.4**	**36.8**	**39.7**	**38.2**	**38.2**	**32.7**	**36.3**	**36.8**	**154.0**	**144.0**	**35.9**	
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	40.8	42.4	42.4	43.4	42.1	41.5	
EBITDA	**21.2**	**17.2**	**20.6**	**16.9**	**16.9**	**12.4**	**16.4**	**15.6**	**75.8**	**61.3**	**16.2**	**0.9%**
Margin (%)	23.1	20.2	22.6	19.4	18.9	15.4	19.1	17.9	21.4	17.9	18.8	
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-27.8	-20.4	-7.9	21.2	-19.2	-21.1	
Interest	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	2.1	2.3	0.6	
Depreciation	2.0	2.1	2.2	2.3	2.3	2.4	2.6	2.7	8.5	9.9	2.4	
Other Income	2.0	1.7	1.4	1.9	1.6	1.7	1.4	2.3	6.9	7.0	1.9	
PBT	**20.7**	**16.2**	**19.2**	**16.0**	**15.7**	**11.1**	**14.7**	**14.6**	**72.1**	**56.1**	**15.1**	**-2.6%**
Tax	5.3	4.2	4.9	3.5	4.2	2.7	3.9	3.3	17.9	14.0	3.6	
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	23.9	26.5	22.5	24.8	25.0	24.0	
Adjusted PAT	**15.7**	**12.3**	**14.8**	**12.8**	**11.9**	**8.7**	**11.3**	**10.9**	**55.6**	**42.8**	**11.7**	**-3.5%**
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-29.1	-23.5	-14.4	30.9	-23.0	-20.7	

E: MOFSL Estimates

4 February 2024

Update | Sector: Consumer

Nestlé India

BSE SENSEX	S&P CNX
78,584	23,739

CMP: INR2,300 TP: INR2,400 (+4%) Neutral

Long-term drivers intact; rich valuation limits upside

Nestle India (Nestle) hosted an analyst meet wherein the company highlighted its growth strategy, business moats and competitive positioning across the categories. Here are the key takeaways:

- Nestlé sees strong growth potential in India, as its per capita packaged food consumption remains low. With 60 million people expected to join the middle- and high-income segments by 2030, rising affordability will boost demand.
- Nestlé's growth strategy focuses on efficiency, brand investment, and market share expansion to drive profitability. The company focuses on premiumization, which is outpacing the overall growth. Innovation contributed 6.5% of sales in 9MFY25, which Nestle aims to increase to 10% in the medium term. The company has a strong distribution network of 5.3 million outlets (1.7 million direct reach). It achieved 33% growth in e-commerce (8.5% of total sales).
- In 9MFY25, growth was impacted by a consumption slowdown, commodity inflation, urban-rural disparities (with rural outperforming urban), and geopolitical uncertainties. Domestic volume growth was flat YoY and sales grew 3% YoY, driven by pricing. Barring beverages, Kitkat, Milkmaid, and the toddler range, demand weakness was broad-based, particularly in noodles, due to pricing actions and competitive pressure from local brands. Volatility in coffee and cocoa prices remains a challenge, and further price hikes may be considered if inflation persists. GP margin contracted 60bp YoY to 56.9%, while EBITDA margin declined 160bp YoY to 23.3% in 9MFY25.
- Over the long term, Nestlé intends to focus on volume-led growth. We model a 9% revenue CAGR over FY25-27E, driven by rural expansion, out-of-home consumption, capacity expansion, and premiumization. However, there are near-term risks such as moderating urban consumption and high food inflation. The stock trades at 63x FY26E/56x FY27E EPS, and given its expensive valuation, we maintain a Neutral rating with a TP of INR2,400 (based on 60x P/E Dec'26E).

Valuation view

- The long-term narratives for Nestle's revenue and earnings growth are attractive. India's packaged food market offers strong growth opportunities. Nestle 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. Nestle continues to focus on portfolio enhancement through ongoing innovation and premiumization initiatives.
- However, there are near-term risks such as moderating urban consumption and high food inflation, and it is critical to watch operating margins.
- We estimate a CAGR of 9%/11%/12% in net sales/EBITDA/APAT during FY25-27. The stock trades at 63x FY26E/56x FY27E EPS, and given its expensive valuation, we maintain a Neutral rating with a TP of INR2,400 (based on 60x P/E Dec'26E).

Stock Info

Bloomberg	NEST IN
Equity Shares (m)	964
M.Cap.(INRb)/(USDb)	2217 / 25.5
52-Week Range (INR)	2778 / 2131
1, 6, 12 Rel. Per (%)	4/-4/-16
12M Avg Val (INR M)	2431
Free float (%)	37.2

Financials Snapshot (INR b)

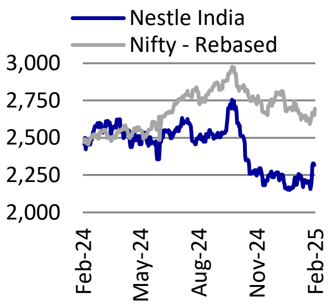
Y/E Dec	FY25E	FY26E	FY27E
Sales	202.7	221.7	242.7
Sales Gr. (%)	3.9	9.4	9.5
EBITDA	47.9	53.7	59.2
Margin (%)	23.6	24.2	24.4
Adj. PAT	31.6	35.4	39.6
Adj. EPS (INR)	32.7	36.7	41.1
EPS Gr. (%)	-20.2	12.2	11.8
BV/Sh.(INR)	42.5	49.9	58.1
Ratios			
RoE (%)	84.9	79.6	76.1
RoCE (%)	86.4	81.6	77.6
Payout (%)	80.0	80.0	80.0
Valuations			
P/E (x)	70.2	62.6	56.0
P/BV (x)	54.2	46.1	39.6
EV/EBITDA (x)	46.1	40.9	36.9
Div. Yield (%)	1.1	1.3	1.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.8	62.8	62.8
DII	10.8	9.5	9.2
FII	10.3	11.9	12.1
Others	16.2	15.8	16.0

FII Includes depository receipts

Stock Performance (1-year)



Nestle segmental performance

Revenue (INR bn) - (Dom+Export)	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	FY24E (15m)
Milk and Nutrition	46.7	46.3	48.2	51.9	56.5	61.5	62.7	68.2	98.7
Prepared dishes & Cooking Aids	13.1	23.2	27.1	31.1	35.0	39.1	45.5	53.0	73.9
Beverages	13.4	12.9	13.9	15.2	15.0	14.8	16.9	20.2	30.2
Chocolates	11.1	11.7	12.2	14.0	16.4	17.5	21.2	26.5	39.9
Total	**84.3**	**94.1**	**101.4**	**112.2**	**123.0**	**132.9**	**146.3**	**167.9**	**242.8**
Revenue mix (%)									
Milk and Nutrition	55%	49%	48%	46%	46%	46%	43%	41%	41%
Prepared dishes & Cooking Aids	16%	25%	27%	28%	28%	29%	31%	32%	30%
Beverages	16%	14%	14%	14%	12%	11%	12%	12%	12%
Chocolates	13%	12%	12%	12%	13%	13%	15%	16%	16%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Revenue Growth (%)									
Milk and Nutrition	2%	-1%	6%	8%	9%	9%	2%	9%	16%
Prepared dishes & Cooking Aids	-56%	76%	20%	15%	13%	12%	16%	16%	12%
Beverages	0%	-4%	15%	10%	-1%	-2%	15%	19%	20%
Chocolates	-11%	5%	10%	15%	17%	7%	21%	25%	20%
Total	**-17%**	**12%**	**11%**	**11%**	**10%**	**8%**	**10%**	**15%**	**16%**
Volume Growth (%)									
Milk and Nutrition	-3%	-2%	2%	5%	1%	0%	-3%	0%	0%
Prepared dishes & Cooking Aids	-59%	71%	19%	14%	10%	7%	16%	6%	2%
Beverages	-10%	0%	11%	11%	-2%	-21%	18%	14%	9%
Chocolates	-19%	7%	4%	15%	16%	3%	11%	12%	10%
Total	**-36%**	**25%**	**11%**	**11%**	**7%**	**3%**	**11%**	**6%**	**3%**
Price Growth (%)									
Milk and Nutrition	5%	1%	2%	3%	7%	9%	5%	9%	15%
Prepared dishes & Cooking Aids	10%	3%	-2%	0%	3%	5%	0%	10%	10%
Beverages	11%	-4%	-2%	-1%	1%	25%	-3%	4%	10%
Chocolates	10%	-1%	0%	0%	1%	4%	10%	11%	9%
Total	**20%**	**-14%**	**0%**	**0%**	**3%**	**5%**	**0%**	**9%**	**13%**

Slight impact of implementation of Goods and Services Tax (GST) on the CY16 financial statements

Note: FY24 growth is adjusted for 12months

Source: Company, MOFSL

Tata Power

Estimate change	↓	
TP change	⟷	
Rating change	⟷	

Bloomberg	TPWR IN
Equity Shares (m)	3195
M.Cap.(INRb)/(USDb)	1156.9 / 13.3
52-Week Range (INR)	495 / 338
1, 6, 12 Rel. Per (%)	-8/-17/-16
12M Avg Val (INR M)	6326

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	691.5	777.5	827.8
EBITDA	145.5	156.4	163.5
Adj. PAT	39.2	52.5	55.2
Adj. EPS (INR)	12.3	16.4	17.3
EPS Gr. (%)	11.7	34.1	5.2
BV/Sh.(INR)	113.8	129.9	147.2
Ratios			
Net D:E	1.2	1.1	1.1
RoE (%)	11.4	13.5	12.5
RoCE (%)	10.4	9.5	8.6
Payout (%)	20.4	19.8	18.8
Valuations			
P/E (x)	29.6	22.0	20.9
P/BV (x)	3.2	2.8	2.5
EV/EBITDA (x)	11.9	11.4	11.3
Div. Yield (%)	0.7	0.9	0.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	46.9	46.9	46.9
DII	15.7	17.0	16.4
FII	9.8	9.2	9.9
Others	27.6	27.0	26.9

FII Includes depository receipts

CMP: INR362 TP: INR490 (+35%) Buy

Renewables to drive profitability in FY26-27

- TPWR's 3QFY25 EBITDA came in 4% below our estimate but was up 38% on a YoY basis. The rise in EBITDA was driven by: 1) robust growth in the standalone business amid strong PLFs and regulatory upside in Mundra and 2) rising contribution from the renewables business amid progressive commissioning of renewable generation capacity and earnings contribution from the cell and module business. Profitability at the PAT level was driven by other income, which came in higher than our estimates.
- **Key highlights for the quarter include:** 1) TPWR commissioned 865MW of RE generation capacity in 9MFY25, which is trailing the guided target of ~2-2.5 GW of RE generation commissioning per annum; 2) cell operations continue to ramp up, with 2 GW commissioned in Nov'24, followed by another 2GW commissioned in Jan'25; 3) The company is actively exploring new bidding opportunities for DISCOM privatization across India, including in UP; 4) TPWR is evaluating opportunities in the nuclear space.
- While 3QFY25 adjusted PAT was above our expectations, overall, we trim our FY26-27 EPS by 7%/7%, mainly due to a slower-than-expected pace of commissioning in the RE generation business.
- **We reiterate our BUY rating on the stock with a TP of INR490.**

EBITDA in-line; adj. PAT boosted by higher other income

Results overview:

- TPWR reported a consolidated EBITDA of INR33.5b in 3QFY25, 4% below our estimate of INR35b (+38% YoY).
- Revenue stood at INR154b (+5% YoY) for 3QFY25, while the reported PAT was 5% above our est. at INR11.8b (+10% YoY), mainly on account of higher other income and lower-than-estimated tax rate.
- Adjusted PAT stood at INR10b (+8% YoY), which was 18% above our est. of INR8.7b.

Operational highlights for 3QFY25:

- Solar Utility Scale EPC & Group Captive order book stood at INR135b in 3QFY25-end.
- In 3QFY25, TPWR installed 134MW of rooftop solar, and its third-party solar order book stood at INR8.2b.
- The 4.3 GW module plant is operating at over 90% utilization, while an additional 2GW Mono PERC Cell line was commissioned in Dec'24 and a 0.3GW TOPCon Cell line is expected to be commissioned in Q4FY25.
- As of Q3FY25, the company had a clean and green operational capacity of 6.7 GW (43% of total installed capacity), with an additional 10.1GW under construction.
- The transmission portfolio stands at 7,047Ckm, including 4,633Ckm commissioned and 2,414Ckm under construction.
- The company entered into a partnership with Bhutan's Druk Green Power Corporation Ltd. to develop 5,100 MW of clean energy projects in Bhutan.

Highlights of 3QFY25 performance

- Capex: INR120b was spent in 9MFY25, with an additional INR100b planned for Q4FY25, bringing the total to ~INR220b for FY25.
- TPWR commissioned 865MW in renewable generation during 9MFY25, with a target of 600 MW for commissioning in Q4FY25. It plans to add 2-2.5 GW annually in FY26 and FY27, comprising solar and wind capacity.
- 2 GW Solar Cell line, commissioned in Nov'24, is operating at 90% capacity. An additional 2 GW Cell line, commissioned in Jan'25, is undergoing stabilization and is expected to be fully operational by Feb'25.
- The company is actively exploring new bidding opportunities for DISCOM privatization across India, including UP DISCOMs, under a potential public-private partnership model.
- Nuclear energy: The business model and approval process are under evaluation. Regulatory approvals typically take ~24 months, with construction spanning 4-5 years.

Valuation and view

- The valuation of TPWR is segmented across various business units, leading to a target price of INR490/share.
- The regulated business is valued using a 2.5x multiple on regulated equity.
- The coal segment is valued based on equity with a 1.5x multiple of FY24 book value.
- The renewables segment is valued at a 14x multiple of the projected FY27 EBITDA.
- The pumped storage segment is valued at 1x PB, while other segments are valued at 1.5x PB. Cash and investments add INR56/share.
- The sum of these contributions results in a total TP of INR490/share, reflecting the comprehensive valuation of TPWR's diverse business segments.

Consolidated performance (INRb)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%	%	%
Net Sales	**152.1**	**157.4**	**146.5**	**158.5**	**172.9**	**157.0**	**153.9**	**208**	**614.5**	**691.5**	214.2	-28%	5.1	-2.0
YoY Change (%)	5.0	13.4	3.7	27.2	13.7	-0.3	5.1	31.1	11.5	12.5	46.2			
EBITDA	**29.4**	**30.9**	**24.2**	**23.3**	**35.9**	**37.5**	**33.5**	**39**	**107.8**	**145.5**	35.0	-4%	38.7	-10.5
Margins (%)	19.3	19.6	16.5	14.7	20.7	23.9	21.8	18.6	17.5	21.0	16.4			
Depreciation	9	9.3	9.3	10.4	9.7	9.9	10.4	11.6	37.9	41.6	10.7	-2%	12.4	5.5
Interest	12	11.8	10.9	11.4	11.8	11.4	11.7	13.1	46.3	48.0	12.0	-3%	6.9	2.3
Other Income	3	2.9	6.4	6.2	2.5	5.1	4.0	5.0	18.2	16.6	2.4	69%	-37.4	-21.6
Rate regulated activity	-2	-2.7	1.9	3.7	-6.9	-6.7	-2.7	0.0	0.9	-16.4	0.0			
PBT before EO expense	**9**	**10.1**	**12.3**	**11.5**	**10.0**	**14.5**	**12.7**	**19.1**	**42.7**	**56.3**	14.7			
Extra-ord items	2	-0.3	0.0	0.7	2.0	-2.2	0.0	0.0	2.8	-0.1	0.0			
PBT	**11**	**9.8**	**12.3**	**12.2**	**12.0**	**12.4**	**12.7**	**19.1**	**45.5**	**56.2**	14.7	-14%	3.3	2.6
Tax	3	2.1	4.1	4.9	3.0	3.8	2.7	6.6	14.5	16.1	4.6	-42%	-34.8	-29.2
Rate (%)	30	22	34	40	25	31	21	35	32	29	31			
Share of associates and JV	4	2.5	2.6	3.2	2.9	2.4	1.9	0.9	11.78	7.97	1.16			
Minority Interest	2	1.4	1.2	1.5	2.2	1.7	1.6	3.6	5.84	9.01	2.51			
Reported PAT	**11**	**10.2**	**10.8**	**10.5**	**11.9**	**10.9**	**11.9**	**13.3**	**42.80**	**48.00**	11.27	5%	10.4	8.6
Adj PAT	**8**	**9.0**	**9.5**	**8.5**	**8.2**	**10.8**	**10.3**	**9.7**	**35.05**	**39.08**	8.76	18%	8.2	-4.3

Godrej Properties

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	GPL IN
Equity Shares (m)	301
M.Cap.(INRb)/(USDb)	719.8 / 8.3
52-Week Range (INR)	3403 / 2080
1, 6, 12 Rel. Per (%)	-11/-16/-8
12M Avg Val (INR M)	2339

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	34.7	35.6	55.6
EBITDA	2.2	1.5	7.3
EBITDA (%)	6.2	4.2	13.1
PAT	14.3	17.9	18.0
EPS (INR)	51.3	64.4	64.8
EPS Gr. (%)	129.5	139.5	26.3
BV/Sh. (INR)	626.7	691.1	755.9
Ratios			
Net D/E	47	37	37
RoE (%)	4	3	3
RoCE (%)	313	435	88
Payout (%)	0	0	0
Valuations			
P/E (x)	0.1	-0.1	-0.1
P/BV (x)	10	10	9
EV/EBITDA (x)	6	7	7
Div Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	46.5	58.5	58.5
DII	9.4	7.1	4.7
FII	30.9	28.3	29.7
Others	13.3	6.1	7.1

CMP: INR2,390 TP: 3,435 (+44%) Buy

Stable quarter; highest pre-sales for the calendar year

Surpasses BD guidance by 17% for FY25

- GPL’s pre-sales volume for 3QFY25 declined 6% YoY (-21% QoQ) to 4.1msf, resulting in a pre-sales value of INR54.5b (-5% YoY/5% QoQ). Notably, 77% of the contribution came from newly launched projects. For 9MFY25, pre-sales were up 48% YoY to INR193b.
- In 3QFY25, GPL launched seven projects across four cities, with a total cumulative saleable potential of 2.2msf, and delivered 2.6msf.
- **Business development:** GPL added four new projects in 3QFY25 with a potential saleable area of 5.9msf and an estimated GDV of INR108b. Meanwhile, in 9MFY25, the company added 12 new projects with a saleable area of 16.9msf, surpassing the annual guidance of INR200b to INR234.5b. (117% of FY25 guidance).
- Commercial projects on Golf Course Road, Gurugram, received an OC in 3QFY25 and are 40% leased out, while the near-completion assets at Koregaon Park, Pune, (1.5msf) are 16% pre-leased.
- GPL leased ~0.59msf across five assets in 3QFY25.
- The company reported a net operating cashflow of INR615m for 3QFY25, while INR34.4b for 9MFY25.
- **P&L performance:** GPL reported revenue of INR9.7b, up 193% YoY (16% above our estimates), guided by the strong delivery of 2.6msf of projects. For 9MFY25, the company reported INR28b, up 74% YoY.
- GPL reported EBITDA of INR276m, compared to the loss of INR416m in 3QFY24 and against our estimate of INR753m, due to higher launches than our estimates. EBITDA margin came in at 2.8%.
- GPL's other income increased 24% YoY, resulting in a PAT of INR1.6b, up 153% YoY (43% below estimate), with a profit margin of 16.3%. For 9MFY25, the company reported a PAT jump of 276% YoY to INR10b.

QIP leads to debt reduction

- In 3QFY25, GPL’s gross collections jumped 27% YoY to INR34.6b, guided by the strong delivery of 2.6msf projects, whereas OCF (pre-interest and tax) was down 23% YoY to INR6.1b.
- In Q3FY25, the company raised INR60b through a QIP, ~23 million shares at INR2,595/share. It plans to use the funds to expand its project pipeline and grow its business.
- The company spent INR26.8b on new land investments and approvals. This, along with the capital raise, led to a cash surplus of INR37.2b and reduced the net debt to INR38b or 0.2x of equity (vs. 0.7x as of Sep’24).

Key highlights from the management commentary

- **Exceptional calendar year:** GPL achieved a record-breaking pre-sales of INR288b in CY24, securing the top position amongst its peers. This strong performance reflects the company's strategic focus on high-demand markets and its ability to capitalize on growth opportunities.

- **Long-term goal:** The company aspires to lead in each individual market besides maintaining a strong national presence.
- **Promoter stake:** The promoter stake reduced to 46.5% following the QIP issue in Q3, vs 58.5% in Q2.
- **4QFY25 anticipation:** The management is optimistic about building on the current momentum and is confident in meeting its FY25 sales guidance of INR270b, which would translate to a 4QFY25 run rate of INR77b.
- **Launches:** The company launched seven projects across four cities in 3QFY25, with a total saleable area of ~2.2msf, contributing ~77% of Q3 pre-sales.
  - **MMR:** Reserve, Avenue Eleven, Godrej City, Horizon
  - **Pune:** Evergreen Square
  - **NCR:** Miraya
  - **Kolkata:** Blue
- **Upcoming launches:** Management is confident in meeting the FY25 launch guidance of INR300b. The remaining inventory to be launched in Q4 is currently at INR64b. Upcoming launches are expected in Hyderabad, Noida, Gurgaon, MMR, Pune, and Indore.
- **QIP issue:** In Q3FY25, the company raised INR60b through a QIP, ~23 million shares at INR2,595/share. It plans to use the funds to expand its project pipeline and grow its business.
- **Sustenance sales:** Management believes that sustenance sales momentum is in line with the strategy and will continue to build on it in future.
- **Bangalore experiencing growth:** The growth in Bangalore sales, which reached INR48b in 9MFY25, was ~2x the sales of INR24b in FY24. Therefore, Bangalore will remain a key market for GPL, with continued growth expected.
- **NCR market:** Management believes that there is demand and pricing opportunity in both the premium and luxury segments. The Golf Course Road project is expected to drive growth in terms of value, while Noida is poised to deliver volume growth.

Valuation and view

- GPL completed 9MFY25 with strong performance across key operational parameters of pre-sales and cash flows. With a strong launch pipeline, the company remains on track to achieve/surpass its full-year pre-sales guidance. Thus, we keep our FY25/FY26 pre-sales estimates unchanged.
- While gross margin has sustained at a healthy 35-40% for recognized projects in P&L, the higher scale of operations has led to a proportionately high overhead increase, leading to subdued operating profits. We expect the sales booked over the last two years, with a better margin profile and outright ownership, to be recognized after FY26/FY27, which will allay investor concerns.
- We believe GPL will continue to surprise on growth, cash flows, and margins, given its strong pipeline and healthy realizations, which have been key concerns for investors. **We reiterate our BUY rating with a revised TP of INR3,435 (previously INR3,724), implying a 44% potential upside.** The reduction in TP is due to dilution as a result of the QIP issue.

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	(%/bp)
Gross Sales	**9,360**	**3,430**	**3,304**	**14,261**	**7,390**	**10,932**	**9,689**	**6,730**	**30,356**	**34,741**	**8,338**	**16**
YoY Change (%)	282.6	107.8	68.4	-13.4	-21.0	218.7	193.2	-52.81	34.8	14.4	152.3	
Total Expenditure	10,853	4,047	3,720	13,033	8,641	10,613	9,413	3,921	31,653	32,589	7,585	
EBITDA	**-1,493**	**-617**	**-416**	**1,228**	**-1,251**	**319**	**276**	**2,808**	**-1,297**	**2,152**	**753**	**-63**
Margins (%)	-15.9	-18.0	-12.6	8.6	-16.9	2.9	2.8	41.7	-4.3	6.2	9.0	-618.3
Depreciation	69	74	142	161	166	183	177	174	446	700	168	
Interest	297	480	430	315	408	446	424	1,927	1,521	3,204	865	
Other Income	3,299	2,621	2,179	4,887	9,605	2,533	2,711	4,583	12,986	19,432	3,886	
PBT before EO expense	**1,440**	**1,451**	**1,192**	**5,639**	**7,780**	**2,224**	**2,385**	**5,290**	**9,723**	**17,680**	**3,606**	**-34**
PBT	**1,440**	**1,451**	**1,192**	**5,639**	**7,780**	**2,224**	**2,385**	**5,290**	**9,723**	**17,680**	**3,606**	**-34**
Tax	592	388	319	1,230	1,974	-1,145	621	2,971	2,529	4,420	1,061	
Rate (%)	41.1	26.7	26.8	21.8	25.4	-51.5	26.0	56.2	26.0	25.0	29.4	
MI & Profit/Loss of Asso. Cos.	488	-336	-245	371	-618	-32	-183	1,832	277	999	240	
Reported PAT	**1,336**	**726**	**627**	**4,780**	**5,188**	**3,338**	**1,582**	**4,151**	**7,471**	**14,259**	**2,785**	**-43**
Adj PAT	**1,336**	**726**	**627**	**4,780**	**5,188**	**3,338**	**1,582**	**4,151**	**7,471**	**14,259**	**2,785**	
YoY Change (%)	208.5	8.4	11.2	5.2	288.3	359.5	152.2	-13.2	20.3	90.9	344.0	
Margins (%)	14.3	21.2	19.0	33.5	70.2	30.5	16.3	61.7	24.6	41.0	33.4	
Operational Metrics												
Sale Volume (msf)	2.3	5.2	4.3	8.2	9.0	5.2	4.1	8.7	20	27	6.5	**-37**
Sale Value (INRb)	23	50	57	95	86	52	54.5	77	225	270	65.0	**-16**
Collections (INRb)	22	27	27	53	34	43	35	73	129	185	58.8	**-41**
Realization/sft	10,018	9,607	13,180	11,651	9,607	10,093	13,381	8,865	11,264	10,032	10,000	**34**

4 February 2025
3QFY25 Results Update | Sector: Automobiles

Tube Investments of India

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	598.3 / 6.9
52-Week Range (INR)	4811 / 2981
1, 6, 12 Rel. Per (%)	-13/-20/-24
12M Avg Val (INR M)	1022

Consol. Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	194.1	227.1	263.0
EBITDA	22.5	27.4	31.7
Adj. PAT	8.6	11.3	13.5
EPS (INR)	44.4	58.7	69.6
EPS Gr. (%)	29.1	32.2	18.7
BV/Sh. (INR)	304	358	423
Ratios			
RoE (%)	15.6	17.7	17.8
RoCE (%)	31.3	34.1	34.7
Payout (%)	8.7	7.6	7.2
Valuations			
P/E (x)	69.5	52.6	44.3
P/BV (x)	10.1	8.6	7.3
Div. Yield (%)	0.1	0.1	0.2
FCF Yield (%)	1.5	2.0	2.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	44.1	45.0	45.1
DII	15.5	15.2	14.6
FII	28.2	28.4	28.8
Others	12.2	11.5	11.5

FII Includes depository receipts

CMP: INR3,093 TP: INR3,690 (+19%) Buy

Miss on estimates due to weak revenue growth

Targets operating breakeven for its two existing EV products by FY26

- Tube Investments (TIINDIA) reported a weak 3QFY25 performance, hit by subdued growth across key segments. The near-term outlook appears moderate, with key challenges in: i) Engineering – revenue growth pressure from metal price volatility and an uncertain export environment, ii) Metal Formed – weaker pricing in the railway segment, and iii) EVs – slower ramp-up.
- Considering the same, we cut our FY25E/FY26E consol. EPS by 3.5%/8.7%. However, structural growth drivers are still in place as we expect a ~16%/29% consol. revenue/PAT growth over FY25-27. Further, after the recent correction, the stock appears attractive at ~53x/44x FY26E/27E consol. EPS. **Reiterate BUY with a TP of ~INR3,690 (premised on Dec'26E SoTP).**

Revenue growth muted; EBITDA margin better at 12.7% (est. 11.8%)

- TIINDIA's 3QFY25 standalone revenue/EBITDA/PAT grew ~0.6%/1.5%/2.1% YoY to INR19.1b/2.4b/1.6b (est. INR20.6b/2.4b/1.7b).
- Revenue for mobility/engineering declined 4%/1% YoY, while it was offset by growth in metal formed/other businesses by 2%/15% YoY, respectively.
- The muted revenue growth in the engineering division was primarily due to lower metal prices, though volumes grew by 7-8%.
- Gross margin improved 230bp YoY/220bp QoQ to 38.4%.
- This resulted in an in-line EBITDA of INR2.4b (+1.5% YoY). EBITDA margin were largely flat YoY (+80bp QoQ) at 12.7% (est. 11.8%).
- Segmental EBIT performance- Mobility: -0.6% (-5.6% in 3QFY24, est. -3%), Engineering: 12.9% (12.4% in 3QFY24, est. 12.6%), Metal formed: 10.1% (12.1% in 3QFY24, est. 10.9%), Other businesses: 4.5% (6.3% in 3QFY24, est. 5%).
- Margins in the metal formed division weakened due to lower pricing in the railway segment, and a temporary dip in PV-related demand, especially in the door frame business, led by model and year-end changes.
- However, lower other income resulted in a miss on Adj. PAT at IN1.6b (+2% YoY, est. INR1.7b).
- The Board declared an interim dividend of INR2 per share for FY25.

Highlights from the management commentary

- **TIINDIA's 3W volumes underperformed the industry** with a flat YoY growth at 1,837 units sold in 3Q vs. industry growth of 19% YoY. Management reasoned that while 3Q industry growth was led largely by a festive boost, which is prevalent in North and West India, TIINDIA has a stronger market presence in South India and it has not lost share in this region.
- **Management targets to launch one new SCV and a new tractor EV** in 4Q, with a ramp-up in FY26. TIINDIA aims to achieve operating breakeven for its two existing EV products in the next FY, while the other two will still require investments.
- **Export opportunities**: It exports 35-40% to the US, with half of it linked to long-term OEM relationships, making it relatively insulated from immediate tariff changes. Beyond the engineering division, export growth opportunities are being explored in bicycles, Metal-Formed products, and industrial chains.
- **Acquisition strategy**: Management has indicated that they would remain focused on existing TI2 and TI3 businesses and target to ramp them up before considering further inorganic growth options. Management also indicated that valuations are currently not supportive of considering inorganic growth.

Valuation and view

- TIINDIA offers diversified revenue streams, with strong growth in the core business (~14% CAGR in standalone PAT over FY25-27E), ramp-up in CG Power, and the optionality of new businesses incubated under the TI-2 strategy. However, we have cut out FY26E/27E consol. EPS by 3.5%/8.7% to factor in the near-term weakness.
- The stock trades at 53x/44x FY26E/FY27E consolidated EPS. **Reiterate BUY with a TP of ~INR3,690 (premised on Dec'26E SOTP, based on 36x for the standalone business, valuing listed subsidiaries at a 30% HoldCo discount, and adding INR170/share for the e-3W businesses).**

Quarterly performance (S/A) **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	3QE	VAS.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Net Sales	**17,801**	**19,696**	**18,983**	**19,624**	**19,603**	**20,648**	**19,102**	**20,326**	**76,105**	**79,679**	**20,591**	**-7.2**
YoY Change (%)	-9.0	3.3	11.0	18.0	10.1	4.8	0.6	3.6	5.2	4.7	8.5	
EBITDA	**2,160**	**2,514**	**2,395**	**2,171**	**2,400**	**2,460**	**2,431**	**2,173**	**9,239**	**9,464**	**2,430**	**0.1**
Margins (%)	12.1	12.8	12.6	11.1	12.2	11.9	12.7	10.7	12.1	11.9	11.8	90bp
Depreciation	331	346	361	370	386	407	432	434	1,408	1,659	430	
Interest	70	77	74	75	72	69	54	62	295	258	65	
Other Income	219	358	137	1,451	137	261	175	1,787	2,165	2,359	350	
PBT before EO expense	**1,979**	**2,448**	**2,096**	**3,178**	**2,079**	**2,245**	**2,120**	**3,463**	**9,701**	**9,906**	**2,285**	**-7.2**
Tax	502	634	521	699	534	567	512	863	2,359	2,477	576	
Tax Rate (%)	25.4	25.9	24.9	22.0	25.7	25.3	24.2	24.9	24.3	25.0	25.2	-100bp
Adj PAT	**1,477**	**1,814**	**1,575**	**2,479**	**1,545**	**1,678**	**1,607**	**2,600**	**7,345**	**7,430**	**1,709**	**-5.9**
YoY Change (%)	10.0	13.2	14.4	-9.2	4.6	-7.5	2.1	4.9	4.1	1.2	8.5	

E: MOFSL Estimates

KEC International

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	KECI IN
Equity Shares (m)	266
M.Cap.(INRb)/(USDb)	216.4 / 2.5
52-Week Range (INR)	1313 / 636
1, 6, 12 Rel. Per (%)	-32/-4/13
12M Avg Val (INR M)	996

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	218.1	251.0	289.0
EBITDA	15.2	20.5	23.8
PAT	5.4	9.2	11.4
EPS (INR)	20.4	34.7	43.0
GR. (%)	57.0	69.9	23.7
BV/Sh (INR)	200.7	224.7	254.5
Ratios			
ROE (%)	11.5	16.3	17.9
RoCE (%)	12.1	14.9	16.1
Valuations			
P/E (X)	39.7	23.4	18.9
P/BV (X)	4.0	3.6	3.2
EV/EBITDA (X)	16.2	11.9	10.4
Div Yield (%)	0.8	1.3	1.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	50.1	50.1	51.9
DII	24.9	26.3	27.0
FII	15.2	13.6	10.9
Others	9.8	10.0	10.3

FII Includes depository receipts

CMP: INR813 TP: INR900 (+11%) Neutral

Weak quarter

KEC International (KEC)'s 3QFY25 result was weak, with a miss on the revenue and PAT fronts. Revenue growth was hit by slower execution of water projects, labor shortages, and extended monsoons in Southern India. Margins and order inflows surprised during the quarter. YTD order inflows have spiked 72% YoY to INR221b, taking the order book to INR374b, up 24% YoY, particularly driven by T&D. Delayed payments from water projects led to a build-up in working capital and net debt, which will ease in the coming quarters. We expect growth over FY26/27 to be largely driven by the T&D segment, while the non-T&D segments will grow at a slower pace. We cut our estimates for FY25/FY26/FY27 mainly to factor in higher debt and interest expenses. We reiterate our Neutral rating on the stock with a TP of INR900 (based on 20x Mar'27 estimates).

Result below expectations

KEC reported weak numbers for 3QFY25, with a miss vs. our estimates at the revenue and PAT levels. Revenue growth stood at 7% YoY to INR53.5b vs. our estimate of INR57.9b. EBITDA grew 22% YoY to INR3.7b, while the margin at 7% improved 90bp YoY/70bp QoQ in line with management's guidance of a sequential improvement. Interest expenses continued to remain high due to higher debt and working capital. These adversely impacted PAT, which came in at INR1.3b vs. our estimate of INR1.5b. Order inflows surged 124% YoY to INR86b, taking the closing order book (OB) to INR374b (+24% YoY). T&D/non-T&D mix stood at 59%/41%. OB + L1 position stood at INR410b. For 9MFY25, revenue/EBITDA/PAT grew 9%/147%/55% YoY.

Execution hurt by labor shortages and delayed payments

KEC's 3QFY25 revenue growth was entirely driven by the T&D segment, which reported revenue of INR23.8b (+20% YoY), aided by a strong order book execution. The civil segment's execution was hit by labor shortages and execution slowdown in Water projects owing to a buildup in receivables. While the payments from state governments have started flowing in, the company will be cautious while bidding for upcoming JJM projects, closely observing the cash flow trajectory first. Railways revenue declined 30% YoY, as the company focuses on the physical completion of the 15-20 legacy projects in the next 1-2 quarters. Cable division growth stood at 6% YoY and would improve further on the commissioning of the conductor facility from 4QFY25.

T&D witnessing robust traction across geographies

The company sees a robust T&D opportunity pipeline across India, the Middle East, the Americas, and the CIS regions, driven by the thrust on energy transition. The NEP provides long-term visibility on domestic T&D projects, with the company reporting a growth of 103% in overall T&D order inflows for 9MFY25. KEC has already bagged ~INR6-7b of HVDC orders from PGCIL, NTPC, etc. In the Middle East, the company has a positive outlook for Saudi Arabia and Abu Dhabi, where it benefits from a localized presence and faces limited competition. Saudi Arabia has a healthy pipeline of transmission projects, in which the company intends to participate. For the coming few quarters, the company sees a domestic T&D pipeline of ~INR500b.

Margin improvement can be gradual

In 3QFY25, the company reported a three-year high margin of 7%, with the 9MFY25 margin at 6.4%. While KEC has been reporting a sequential uptick, we believe margin improvement would be limited to 8-8.5% in FY26, despite the T&D margin having reached double digits. The low-margin legacy railways orders will be executed over the next 1-2 quarters, which combined with operating de-leverage in the Civil segment, will ultimately have a bearing on overall margins.

Non-T&D execution may remain lower than T&D

Execution of non-T&D segments may be slower than the T&D segment, with the company taking a conscious decision to adopt a selective approach towards railway opportunities, where competitive intensity has surged, and water projects where it is facing payment delays. In contrast, the domestic oil & gas tendering pipeline has seen a slowdown. On the Civil side, though management is confident of ~15% growth in FY26, it is facing labor shortages, which might weigh on execution. Accordingly, we believe T&D segment execution will be much faster going forward.

Working capital to experience moderation from FY26

Management is confident of achieving NWC of ~110 days by Mar'25, from 134 days currently. This will be backed by the realization of dues from water projects, which stood at INR5b as of 3QFY25 out of which it has already received ~INR1.6b in Jan'25. Similarly, the company has received INR4.5b from Afghanistan to date, with another ~INR1-1.5b expected in 4QFY25. Overall, its collections are improving, and the company targets a debt reduction of INR5-6b by 4QFY25, taking the overall debt level to INR45-50b.

Financial outlook

We reduce our revenue, margin, and earnings estimates for FY25/FY26/FY27, factoring in the 9MFY25 performance. Accordingly, we expect a revenue/EBITDA/PAT CAGR of 13%/25%/49% over FY24-27. This will be driven by: 1) order inflow growth of 27% over the same period, led by a strong prospect pipeline; 2) a gradual recovery in EBITDA margin to 7.0%/8.2%/8.2% by FY25/26/27; and 3) a gradual reduction in NWC, which has moved up during FY25. With the expected improvement in execution and margins, we expect the RoE and RoCE to improve to 17.9% and 16.1% by FY27, respectively.

Valuation and recommendation

KEC is currently trading at 23x/19x on FY26E/27E earnings. We value the company at 20x, rolling forward to Mar'27E. Our estimates bake in a revenue CAGR of ~13% and EBITDA margins of 8.2%/8.2% for FY26E/27E. **We reiterate our Neutral rating with a TP of INR900.**

Key risks and concerns

A slowdown in order inflows, higher commodity prices, an increase in receivables and working capital, and heightened competition are some of the risks that could potentially impact our estimates.

KEC International

Consolidated - Quarterly Earnings Model (INR m)

Y/E March - INR m	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**42,436**	**44,990**	**50,067**	**61,648**	**45,119**	**51,133**	**53,494**	**68,360**	**1,99,141**	**2,18,105**	**57,915**	**(8)**
YoY Change (%)	27.9	10.7	14.4	11.6	6.3	13.7	6.8	10.9	15.2	9.5	15.7	
Total Expenditure	39,992	42,247	46,988	57,768	42,415	47,931	49,749	62,768	1,86,996	2,02,863	54,035	
EBITDA	**2,444**	**2,743**	**3,079**	**3,880**	**2,704**	**3,202**	**3,745**	**5,592**	**12,146**	**15,242**	**3,880**	**(3)**
Margins (%)	5.8	6.1	6.1	6.3	6.0	6.3	7.0	8.2	6.1	7.0	6.7	
Depreciation	418	465	488	483	465	453	453	571	1,853	1,943	531	(15)
Interest	1,587	1,778	1,644	1,543	1,550	1,681	1,702	1,596	6,551	6,528	1,413	20
Other Income	28	158	260	78	431	66	9	38	524	545	82	(89)
PBT before EO expense	**467**	**658**	**1,207**	**1,933**	**1,120**	**1,135**	**1,598**	**3,463**	**4,265**	**7,317**	**2,018**	**(21)**
Extra-Ord expense												
PBT	**467**	**658**	**1,207**	**1,933**	**1,120**	**1,135**	**1,598**	**3,463**	**4,265**	**7,317**	**2,018**	**(21)**
Tax	44	100	239	415	245	281	303	1,045	798	1,873	517	
Rate (%)	9.4	15.2	19.8	21.5	21.8	24.7	18.9	30.2	18.7	25.6	25.6	
Reported PAT	**423**	**558**	**969**	**1,517**	**876**	**854**	**1,296**	**2,418**	**3,467**	**5,444**	**1,502**	**(14)**
Adj PAT	**423**	**558**	**969**	**1,517**	**876**	**854**	**1,296**	**2,418**	**3,467**	**5,444**	**1,502**	**(14)**
YoY Change (%)	36.8	1.0	449.5	110.2	106.9	53.1	33.7	59.3	96.9	57.0	55.0	
Margins (%)	1.0	1.2	1.9	2.5	1.9	1.7	2.4	3.5	1.7	2.5	2.6	

	FY24				FY25				FY24	FY25E	YoY (%)
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**			
Segmental revenue											
T&D (domestic + SAE)	21,400	22,090	27,230	33,840	24,990	28,310	31,750	47,657	1,04,560	1,32,707	26.9
Cables	3,890	4,130	3,830	4,610	3,630	4,410	4,060	4,668	16,460	16,768	1.9
Railways	7,640	7,760	6,530	9,220	4,710	5,030	4,560	6,224	31,150	20,524	-34.1
Civil	11,080	12,560	14,380	16,370	12,580	14,250	14,160	15,232	54,390	56,222	3.4
Less intersegmental	-1,560	-1,550	-1,920	-2,390	-790	-870	-1,040	-5,416	-7,420	-8,116	9.4
Grand total	**42,450**	**44,990**	**50,050**	**61,650**	**45,120**	**51,130**	**53,490**	**68,365**	**1,99,140**	**2,18,105**	9.5

Castrol (India)

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CSTRL IN
Equity Shares (m)	989
M.Cap.(INRb)/(USDb)	185.8 / 2.1
52-Week Range (INR)	284 / 163
1, 6, 12 Rel. Per (%)	-6/-24/-14
12M Avg Val (INR M)	1418

Financials & Valuations (INR b)

Y/E Dec	CY24	CY25E	CY26E
Sales	53.6	55.1	58.2
EBITDA	12.8	12.8	13.5
PAT	9.3	9.4	10.0
EPS (INR)	9.4	9.5	10.1
EPS Gr. (%)	7.3	1.8	6.0
BV/Sh.(INR)	23.0	24.9	27.0
Ratios			
Net D:E	-0.6	-0.6	-0.6
RoE (%)	42.1	39.8	39.0
RoCE (%)	42.5	40.1	39.3
Payout (%)	138.7	80.0	80.0
Valuations			
P/E (x)	20.1	19.7	18.6
P/BV (x)	8.2	7.5	7.0
EV/EBITDA (x)	13.5	13.3	12.5
Div. Yield (%)	6.9	4.1	4.3
FCF Yield (%)	5.1	5.0	5.3

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	51.0	51.0	51.0
DII	14.5	15.2	15.9
FII	9.5	10.0	10.4
Others	25.0	23.8	22.7

FII Includes depository receipts

CMP: INR188 TP: INR260 (+36%) Buy

Beat fueled by strong margin performance

- Castrol's 4QCY24 EBITDA was a beat on our estimate, as the EBITDA margin came in at 27.8% (our est: 21.7%). The 4Q volumes were in line at 59m lit.
- Management highlighted that it remains focused on brand building, widening the distribution network, and launching new products, all of which we believe will contribute to volume growth and market share expansion.
- Management maintains a bullish outlook on India as a market and expects robust demand for lubricants to remain until the late CY30s and early CY40s, largely attributed to the low penetration of cars in the country. While the threat from EVs is real, EV adoption is expected to be gradual.
- CSTRL maintained its guidance of growing higher than the industry's average growth rate of 4-5% while aiming for a 22-25% EBITDA margin for CY25. We estimate ~23% EBITDA margin in both CY25 & CY26.
- CSTRL has always enjoyed a strong brand legacy, and we are confident in its ability to maintain profitability through an improved product mix, stringent cost-control measures, and the launch of advanced products that command better realization. **We reiterate our BUY rating with a TP of INR260.**

Beat on EBITDA driven by robust margin performance

- Castrol's 4QCY24 revenue stood at ~INR13.5b (+7%/+5% YoY/QoQ), in line with our estimate.
- EBITDA stood 25% above our estimates, at INR3.8b (up 14%/31% YoY/QoQ).
  - Beat was driven by a higher-than-estimated EBITDA margin of 27.8% (vs. 22.2% in 3QCY24).
  - Gross margin improved QoQ, while employee expenses declined QoQ.
- PAT was 18% above our est. at INR2.7b (+12%/+31% YoY/QoQ).
- The Board has recommended a final dividend of INR9.5/share (including a special dividend of INR4.5/share, FV: INR5/share).
- **Other key highlights of CY24**
  - Castrol launched new EDGE variants for SUVs, hybrids, and European cars, plus CRB TURBOMAX+ CK4 premium truck lubricant. Four new rust-preventive solutions (Rustilo DW 800/806/809/812) were also introduced.
  - Castrol opened a new technology center in Patalganga with blending and testing capabilities and future EV/data center testing plans. New filling lines were installed at the Paharpur and Silvassa plants.
  - Castrol expanded its rural presence to over 36k locations. Nationally, they now reach ~143k outlets, including 600 Castrol centers, ~29.5k independent workshops, and 10k multi-brand car workshops.
  - Castrol's marketing efforts included Shah Rukh Khan's "Stay Ahead" campaign for EDGE, reaching digital, TV, and outdoor audiences. The CRB TURBOMAX campaign engaged 70k truckers, and the POWER1 initiative promoted motorcycling talent with MotoGP training.
  - Castrol increased recycled plastic in its bottles to 50%, trained 45k drivers and mechanics (500k+ cumulatively), and implemented green energy projects at its Silvassa plant, cutting CO2 emissions by 45%.

Valuation and view

- Our EBITDA margin assumptions are already within the company's guided range of 22-25%.
- We also maintain our valuation multiple of 26x (average: 22.4x and mean + 1 S.D.: 29.6x) and arrive at our TP of INR260. **We reiterate our BUY rating.**

Quarterly Performance (INR m)

Y/E December	CY23				CY24				CY23	CY24	CY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Volume (m litres)	55.0	58.0	51.0	55.0	58.0	61.0	55.0	59.0	219.0	233.0	61.4	-4%
Realization	235	230	232	230	228	229	234	229	232	230	226	2%
Net Sales	12,939	13,338	11,829	12,640	13,252	13,975	12,882	13,539	50,746	53,649	13,897	-3%
YoY Change (%)	4.7	7.4	5.5	7.5	2.4	4.8	8.9	7.1	6.3	5.7	9.9	
EBITDA	2,950	3,098	2,686	3,291	2,937	3,224	2,861	3,759	12,024	12,782	3,018	25%
YoY Change (%)	-7.0	8.3	4.4	31.3	-0.4	4.1	6.5	14.2	8.2	6.3	-8.3	
Margin (%)	22.8	23.2	22.7	26.0	22.2	23.1	22.2	27.8	23.7	23.8	21.7	28%
Depreciation	227	218	229	250	237	261	245	254	924	998	261	
Interest	17	15	24	20	21	26	20	27	75	94	21	
Other Income	176	186	202	223	241	204	209	232	787	886	224	
PBT before EO expense	2,883	3,050	2,635	3,243	2,921	3,142	2,805	3,709	11,811	12,576	2,960	25%
PBT	2,883	3,050	2,635	3,243	2,921	3,142	2,805	3,709	11,811	12,576	2,960	25%
Tax	858	797	691	824	758	820	730	995	3,170	3,304	663	
Rate (%)	29.8	26.1	26.2	25.4	26.0	26.1	26.0	26.8	26.8	26.3	22.4	
PAT	2,025	2,253	1,944	2,419	2,162	2,322	2,074	2,714	8,641	9,272	2,298	18%
YoY Change (%)	-11.3	9.2	3.9	25.2	6.8	3.1	6.7	12.2	6.0	7.3	-5.0	
Operational Details (INR/lit)												
Volume (m litres)	55.0	58.0	51.0	55.0	58.0	61.0	55.0	59.0	219.0	233.0	61.4	-4%
Realization	235.3	230.0	231.9	229.8	228.5	229.1	234.2	229.5	231.7	230.3	225.8	2%
Gross margin	110.7	108.5	109.2	116.9	109.4	111.3	111.9	120.0	111.3	113.2	103.1	16%
EBITDA	53.6	53.4	52.7	59.8	50.6	52.9	52.0	63.7	54.9	54.9	49.1	30%
PAT	36.8	38.8	38.1	44.0	37.3	38.1	37.7	46.0	39.5	39.8	37.4	23%

Eris Lifesciences

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ERIS IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	170.2 / 2
52-Week Range (INR)	1594 / 809
1, 6, 12 Rel. Per (%)	-1/17/33
12M Avg Val (INR M)	243

Financials & valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	29.7	33.9	39.2
EBITDA	10.5	11.9	14.1
Adj. PAT	3.8	5.5	7.6
EBIT Margin (%)	24.3	25.6	27.7
Cons. Adj. EPS (INR)	27.4	40.1	55.2
EPS Gr. (%)	-6.2	46.2	37.6
BV/Sh. (INR)	210.0	244.6	294.4
Ratios			
Net D:E	0.7	0.5	0.2
RoE (%)	13.8	17.6	20.5
RoCE (%)	11.0	13.5	16.7
Payout (%)	20.0	13.7	10.0
Valuations			
P/E (x)	44.7	30.6	22.2
EV/EBITDA (x)	18.1	15.5	12.6
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	4.8	4.3	4.8
EV/Sales (x)	6.4	5.4	4.5

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	54.9	54.9	54.9
DII	18.1	18.7	14.6
FII	8.4	8.0	13.1
Others	18.7	18.5	17.4

FII includes depository receipts

CMP: INR1,231 TP: INR1,270 (+3%) Neutral

Recovery in base business, acquisitions drive operational performance

Preparing to benefit from GLP1 opportunity

- Eris Lifescience's (ERIS) 3QFY25 performance came in below our estimates. Lower-than-expected revenue growth led to lower operating leverage, which affected the overall performance. The base business witnessed some recovery in growth owing to new launches and price hikes.
- We reduce our FY25 EPS estimate by 4% (factoring in lower sales from biologics business) and largely maintain our estimates for FY26/FY27. We value ERIS at 25x 12M forward earnings to arrive at a TP of INR1,270.
- ERIS is building the GLP1 franchise by ensuring the sourcing of API for synthetic peptide and subsequently conducting clinical trials/enhancing manufacturing capacity for recombinant semaglutide. It continues to launch combination products in the SGLT2 space. Considering this and a reduction in financial leverage, we estimate a CAGR of 16%/42% in EBITDA/earnings over FY25-27. However, the current valuation leaves limited upside. Reiterate Neutral.

Business mix impact offset partly by better operating leverage (YoY)

- 3QFY25 revenue grew 49.6% YoY to INR7.3b (our est. INR7.7b). After the addition of Biocon II business, total domestic business grew 35% YoY to INR6.3b. Organic base domestic business grew 12% YoY to INR5.3b on the back of new product launches and price increases.
- Gross margin contracted 560bp YoY to 75.7% due to higher raw material costs and a change in the business mix.
- EBITDA margin contracted 170bp YoY to 34.4% (our est. 35.3%), owing to a change in the business mix, offset by lower employee expenses/other expenses (-300bp/-130bp as % of sales).
- EBITDA, however, increased by 43% YoY to INR2.5b (our est. INR2.7b).
- Adj. PAT declined 18.6% YoY to INR836m (our est. INR1b), due to higher interest (up 2.1x YoY) and depreciation (up 77% YoY).
- For 9MFY25, revenue/EBITDA grew 50.1%/45.3%, whereas PAT declined 19.5% YoY.

Highlights from the management commentary

- ERIS expects net debt at INR21b as of FY25 end vs. earlier guidance of INR26b.
- ERIS maintains its FY25 revenue/EBIDTA margin guidance of INR30b/35%.
- ERIS aims to achieve 22% ROCE in FY25 (vs. 19% in FY24) through base business growth, operating leverage, and the addition of newer growth levers.

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

Y/E March	FY24				FY25E				FY24	FY25E	Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Gross Sales	**4,666**	**5,053**	**4,863**	**5,509**	**7,197**	**7,412**	**7,275**	**7,863**	**20,091**	**29,747**	**7,732**	-5.9
YoY Change (%)	17.1	9.7	14.9	36.8	54.2	46.7	49.6	42.7	19.2	48.1	59.0	
Total Expenditure	2,969	3,242	3,108	3,811	4,697	4,767	4,771	5,041	13,129	19,276	5,003	
EBITDA	**1,697**	**1,811**	**1,755**	**1,698**	**2,500**	**2,645**	**2,503**	**2,823**	**6,962**	**10,471**	**2,729**	-8.3
Margins (%)	36.4	35.8	36.1	30.8	34.7	35.7	34.4	35.9	34.7	35.2	35.3	
Depreciation	409	421	457	539	759	805	812	852	1,830	3,228	810	
Interest	174	163	181	330	604	595	572	579	848	2,349	610	
Other Income	10	35	42	151	16	46	42	193	238	297	65	
PBT before EO expense	**1,125**	**1,262**	**1,159**	**980**	**1,153**	**1,291**	**1,162**	**1,586**	**4,522**	**5,192**	**1,374**	-15.5
Extra-Ord expense	0	0	0	214	0	0	0	0	214	0	0	
PBT	**1,125**	**1,262**	**1,159**	**766**	**1,153**	**1,291**	**1,162**	**1,586**	**4,308**	**5,192**	**1,374**	
Tax	188	39	144	-30	259	328	292	393	342	1,272	330	
Rate (%)	16.7	3.1	12.4	-3.9	22.5	25.4	25.2	24.8	7.9	24.5	24.0	
MI & Profit/Loss of Asso. Cos.	12	11	13	-87	62	48	33	4	-51	147	37.0	
Reported PAT	**948**	**1,234**	**1,027**	**710**	**832**	**916**	**836**	**1,189**	**3,916**	**3,773**	**1,008**	-17.0
Adj PAT	**948**	**1,234**	**1,027**	**815**	**832**	**916**	**836**	**1,189**	**4,021**	**3,773**	**1,008**	-17.0
YoY Change (%)	0.3	2.3	1.2	24.6	-12.3	-25.8	-18.6	45.8	5.2	-6.2	-1.9	
Margins (%)	20.3	24.4	21.1	14.8	11.6	12.4	11.5	15.1	20.0	12.7	13.0	

Kajaria Ceramics

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	KJC IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	152.9 / 1.8
52-Week Range (INR)	1579 / 956
1, 6, 12 Rel. Per (%)	-15/-30/-37
12M Avg Val (INR M)	328
Free float (%)	52.5

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	47.3	51.2	56.7
EBITDA	6.4	7.2	8.2
Adj. PAT	3.5	4.0	4.6
EBITDA Margin (%)	13.6	14.1	14.5
Cons. Adj. EPS (INR)	22.9	26.0	30.0
EPS Gr. (%)	-15.8	13.6	15.2
BV/Sh. (INR)	172	181	192
Ratios			
Net D:E	(0.1)	(0.1)	(0.1)
RoE (%)	13.1	14.2	15.5
RoCE (%)	16.0	17.2	18.8
Payout (%)	61.1	61.4	60.0
Valuations			
P/E (x)	41.9	36.9	32.0
P/BV (x)	5.6	5.3	5.0
EV/EBITDA(x)	23.1	20.6	18.1
EV/Sales (x)	3.2	2.9	2.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	47.5	47.5	47.5
DII	28.4	27.8	25.5
FII	16.1	16.2	18.5
Others	8.1	8.5	8.6

FII Includes depository receipts

CMP: INR960 TP: INR1,120 (+17%) Buy

Demand woes continue; realization under pressure

Volume growth guidance reduced to ~8-9% YoY in FY25

- Kajaria Ceramics (KJC)'s 3QFY25 EBITDA was below our estimate due to lower-than-estimated revenue and weak realization. EBITDA declined ~17% YoY to INR1.5b (14% miss) and OPM contracted 2.7pp YoY to ~13% (est. ~14%). Adj. PAT fell ~25% YoY to INR777m (25% miss), dragged down by lower-than-estimated other income and higher-than-estimated interest costs.
- Management highlighted that weakness in the domestic market and sluggish exports led to another subdued quarter for the tile industry. It anticipates volume growth of ~8-9% YoY in FY25, lower than its initial double-digit growth guidance. Plywood revenue declined significantly due to higher raw material prices, and KJC is now waiting for demand recovery rather than pushing sales (focusing on retail business).
- We cut our EPS estimates by ~12%/19%/23% for FY25/FY26/FY27 due to a slower-than-expected recovery in demand growth, weak realizations and negative operating leverage. Valuations appear reasonable even after assuming lower than historical margins; though demand recovery would be the key trigger to watch for. We maintain our BUY rating on KJC with a revised TP of INR1,120 (earlier INR1,450), based on 40x Dec'26E EPS.

Volume up 7% YoY; EBITDA margin contracts 2.7pp YoY to ~13%

- Consol. revenue/EBITDA/PAT stood at INR11.6b/INR1.5b/INR777m (+1%/-17%/-25% YoY and -5%/-14%/-25% vs. our estimates). Tile volume rose 7% YoY to 28.9msm, while realization declined 3% YoY to INR367/sqm.
- Gross margin declined 40bp YoY to ~38%. Employee costs increased 14% YoY (12.9% of revenue vs. 11.5% in 3QFY24). Other expenses rose 9% YoY (12.4% of revenue vs. 11.5% in 3QFY24). OPM contracted 2.7pp YoY to ~13%.
- In 9MFY25, revenue grew ~4% YoY, while EBITDA/PAT declined ~10%/21% YoY. OPM contracted 2pp YoY to ~14%. Tile sales volume grew ~8% YoY, while realization declined ~3%. In 4QFY25, we estimate revenue growth of ~3% YoY, whereas EBITDA/PAT may decline 1%/8% YoY.

Highlights from the management commentary

- Expects demand improvement in the retail segment in the coming months, led by positive effects of the budget and an anticipated rate cut by the RBI.
- Gas prices remained stable during the quarter, with the average price of INR37/scm. Propane prices are cheaper by 5-6%.
- Nepal plant, which was commissioned in Sep'24, operated at 70% utilization in 3QFY25. It plans to ramp up utilization to ~80%-85% by 4QFY25.

View and valuation

- KJC reported margin contraction due to lower realization and higher expenses. We are cautiously optimistic for the long term, given that: 1) it is a leading player in the domestic market and has delivered higher than the industry growth; 2) recovery in retail demand will benefit KJC the most, given its strong distribution network; and 3) continuous expansions across segments.

- We estimate KJC's to post a CAGR of 9%/13%/15% in revenue/EBITDA/PAT over FY25-27. We estimate tiles volume to clock ~10% CAGR over FY25-27. We factor in lower margins of 14.1%/14.5% for FY26/27E (v/s last 10 years' average of ~16%) considering delay in demand recovery in domestic markets and lower export revenues which in turn, has put pressure on realization. Improvement in profitability of bathware and sanitaryware segments would also help improvement in margins. Valuation at 37x/32x FY26/27E EPS appears reasonable; though, key trigger for stock price performance would be the demand recovery. We **maintain our BUY rating** with a revised TP of INR1,120 (earlier INR1,450), based on 40x Dec'26E EPS.

Consolidated quarterly performance (INR m)

	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net sales	**10,642**	**11,216**	**11,518**	**12,408**	**11,137**	**11,793**	**11,637**	**12,774**	**45,784**	**47,341**	**12,245**	(5)
YoY change (%)	5.6	4.1	5.6	3.0	4.6	5.1	1.0	3.0	4.5	3.4	**6.3**	
Total expenditure	8,950	9,419	9,730	10,688	9,466	10,204	10,150	11,078	38,787	40,898	**10,513**	(3)
EBITDA	**1,692**	**1,797**	**1,788**	**1,720**	**1,671**	**1,589**	**1,487**	**1,697**	**6,997**	**6,443**	**1,733**	(14)
Margin (%)	15.9	16.0	15.5	13.9	15.0	13.5	12.8	13.3	15.3	13.6	**14.2**	(137)
Depreciation	305	361	389	425	421	406	399	409	1,480	1,634	**413**	(3)
Interest	53	43	50	66	47	47	87	92	211	273	**48**	81
Other income	93	83	113	174	102	99	105	124	462	430	**135**	(22)
PBT before EO expense	**1,427**	**1,477**	**1,462**	**1,403**	**1,304**	**1,235**	**1,107**	**1,320**	**5,768**	**4,966**	**1,407**	(21)
Extra-ord expenses	0	0	0	0	0	0	0	0	0	0	**0**	
PBT after EO Expense	**1,427**	**1,477**	**1,462**	**1,403**	**1,304**	**1,235**	**1,107**	**1,320**	**5,768**	**4,966**	**1,407**	(21)
Tax	336	366	379	354	327	341	300	349	1,435	1,316	**350**	
Rate (%)	23.5	24.8	25.9	25.2	25.0	27.6	27.1	26.4	24.9	26.5	**24.9**	
Reported PAT	**1,091**	**1,110**	**1,083**	**1,050**	**978**	**893**	**808**	**972**	**4,334**	**3,650**	**1,057**	(24)
Minority interest	16	31	41	25	48	42	22	28	113	141	**25**	(10)
Adj. PAT	**1,075**	**1,080**	**1,042**	**1,024**	**898**	**843**	**777**	**943**	**4,221**	**3,461**	**1,032**	(25)
YoY change (%)	16.5	60.8	40.2	-2.3	-16.4	-21.9	-25.4	-8.0	24.7	-16.9	**(1.0)**	
Margin (%)	10.1	9.6	9.0	8.3	8.1	7.1	6.7	7.4	9.2	7.4	**8.4**	

Quarterly summary

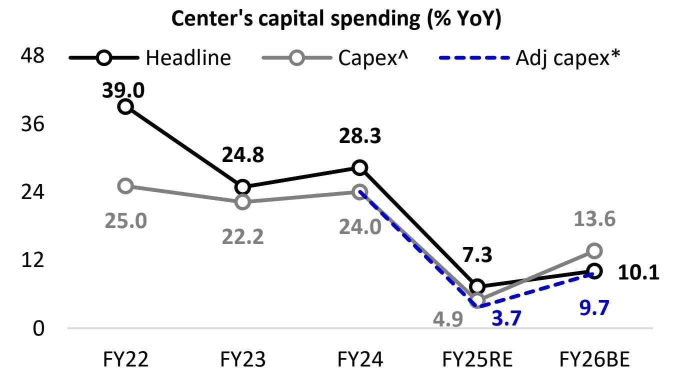
	FY24				FY25E					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	YoY (%)	QoQ (%)
Sales Volumes-mn sqm:										
Own Manufacturing	13.8	14.8	15.3	16.1	14.9	15.6	15.4	16.5	1	(1)
JVs	4.8	4.8	5.3	6.1	5.5	5.4	5.9	6.3	10	8
Trading	6.4	6.9	6.5	7.4	6.6	7.6	7.6	8.3	17	(1)
Total sales volumes	**25.0**	**26.5**	**27.1**	**29.6**	**27.0**	**28.7**	**28.9**	**31.1**	**7**	**1**
Revenue Mix (INR m)										
Own Manufacturing	5,393	5,705	5,791	6,062	5,585	5,873	5,688	6,113	(2)	(3)
JVs	1,340	1,825	1,995	2,255	1,999	1,945	2,067	2,247	4	6
Trading	2,833	2,469	2,343	2,599	2,312	2,717	2,651	2,930	13	(2)
Sanitaryware / faucets	837	853	922	1,023	910	901	945	1,078	2	5
Plywood	143	235	340	327	179	175	81	192	(76)	(54)
Adhesives	96	130	128	143	152	182	205	216	60	13
Total	**10,642**	**11,216**	**11,518**	**12,408**	**11,137**	**11,793**	**11,637**	**12,774**	**1**	**(1)**
Realization/sqm (INR)										
Own Manufacturing	391	386	380	377	375	376	368	370	(3)	(2)
JVs	279	379	375	369	362	358	352	355	(6)	(2)
Trading	442	360	360	352	352	356	349	353	(3)	(2)
Blended Realization	**386**	**383**	**379**	**374**	**372**	**373**	**367**	**370**	**(3)**	**(2)**
Growth (% YoY)	-1.7%	-3.1%	-2.9%	-4.4%	-3.6%	-2.4%	-3.1%	-1.2%		
Growth (% QoQ)	-1.2%	-0.9%	-1.0%	-1.2%	-0.4%	0.3%	-1.7%	0.7%		

Low base to push combined capex growth to 13.4% in FY26BE

Budgeted at 3.7% of GDP in FY26, lower than in pre-Covid years

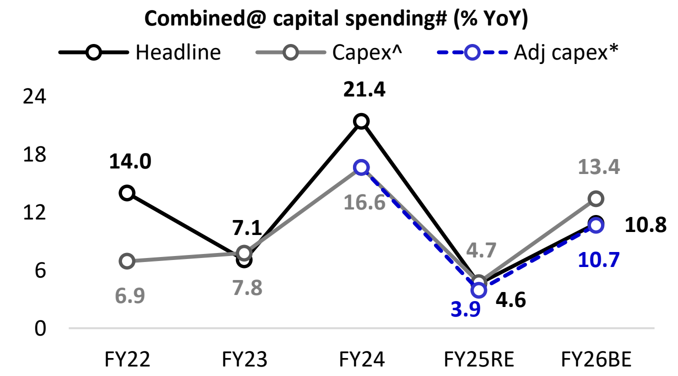
- **What is the budgeted capex growth and what should be included in the capex budget? The answers to these questions should not be a matter of confusion but they are. Therefore, we attempt these questions in this note.**
- **As of last year, the Center's budgeted capex estimates were widely quoted, which were growing at a fast pace. In the past many years, we have highlighted that off-budget capex (done by central public sector enterprises or CPSEs) must be included in the budgeted capex to find out the true capex estimates. While the inclusion of CPSEs is a widely accepted practice now, another line item – called 'grants for creation of capital assets' to states/UTs – is included in the budgeted and CPSEs capex this year to estimate growth in the Center's capex.**
- **Based on the headline data, growth in the Center's capital spending is revised to 7.3% YoY in FY25RE (from 16.9% YoY in FY25BE) and is budgeted to grow 10.1% YoY in FY26BE. CPSEs' capex is budgeted to grow 12.9% YoY in FY26BE, from a decline of 1.9% YoY in FY25RE (13.0% YoY in FY25BE), and the 'grants for creation of capital assets' are budgeted to grow at a 14-year high pace of 42.4% YoY in FY26BE, compared with a fall of 1.3% YoY in FY25RE (21.7% YoY in FY25BE). All combined, the aggregate capex is budgeted at INR19.8t in FY26BE from INR17.0t in FY25RE (INR18.7tn in FY25BE), implying a growth of 16.4% YoY next year, from a revised growth of 3.5% this year (from 17.1% YoY in FY25BE).**
- **There are good reasons why 'grants for creation of capital assets' should not be included in the Center's capex. Many of these schemes, such as MGNREGA or PM Surya Ghar Muft Bijli Yojana, are not capex, and more importantly, such expenditure on capital assets will be included in states' capex.**
- **Three further adjustments are needed to understand the true extent of the GoI's true capex: 1) The Center's capital spending has two parts – capital outlays/expenditure (or capex) and loans and advances (L&As). The latter must be excluded, as they would be included in states' capex; 2) The GoI has included the equity infusion of INR339b into BSNL in FY26BE under capex, which must also be excluded, as it does not have any capex multiplier; and 3) Investments of Food Corporation of India (FCI), within CPSEs capex, must be excluded since they are operational expenses.**
- **After adjusting these factors, the combined capex is budgeted to grow 13.4% YoY in FY26BE vs. 4.7% growth in FY25RE (revised from 14.3% YoY in FY25BE). Further, the GoI has included INR417b as 'New Schemes' under the Ministry of Finance, for which we could not find any details (vs. INR91b in FY25RE, revised from INR626b in FY25BE). The combined capex growth will ease to 10.7% YoY in FY26BE, from 3.9% YoY in FY25RE (8.5% YoY in FY25BE), if we exclude the allocation to 'New Schemes'.**
- **Overall, the combined capex is budgeted at 3.7% of GDP in FY26BE, better than 3.6% in FY25RE but lower than 3.8% of GDP in FY24 and 3.9% of GDP in the pre-Covid years.**

Exhibit 1: Center's capex budgeted to grow 10-14% YoY in FY26…



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

Exhibit 2: …and the combined capex, with CPSEs#, is targeted to grow 11-13%



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

Titan

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details

Date: 5th February 2025
Time: 8:15am IST
Dial-in details:
Click here

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	608.5	711.2	829.7
Sales Gr. (%)	19.1	16.9	16.7
EBITDA	59.9	72.9	85.2
EBITDA Margin (%)	9.8	10.2	10.3
Adj. PAT	38.0	47.5	56.7
Adj. EPS (INR)	42.7	53.4	63.7
EPS Gr. (%)	8.8	25.0	19.3
BV/Sh.(INR)	135.4	172.8	217.4
Ratios			
RoE (%)	35.4	34.6	32.6
RoCE (%)	16.6	17.3	18.0
Payout (%)	30.0	30.0	30.0
Valuations			
P/E (x)	84.0	67.2	56.3
P/BV (x)	26.5	20.8	16.5
EV/EBITDA (x)	53.8	44.0	37.5
Div. Yield (%)	0.4	0.4	0.5

CMP: INR3,588 — BUY

Robust growth with in-line Jewelry EBIT margin

Consolidated performance

- TTAN's consolidated revenue grew 25% YoY to INR177.4b (est. INR184b).
- The non-solitaire category grew in healthy double digits, while growth in the solitaire category remained muted.
- The relatively higher growth in gold jewelry and gold coins impacted the product mix, resulting in a ~1% lower studded share YoY.
- The studded ratio declined 100bp YoY to 23% in 3QFY25. Studded sales grew 21% YoY.
- Gross margin contracted 120bp YoY to 22% (est. 23%), adjusting the custom duty effect of INR2.53b in 3QFY25.
- EBITDA margin was maintained YoY at 10.9% (est. 10.1%).
- Ad spends increased 10% YoY to INR3.7b, other expenses increased 16% YoY to INR10.6b, and employee costs were up 16% YoY to INR5.6b.
- EBITDA grew 23% YoY to INR19.3b (INR18.5b) after adjusting the custom duty in 3QFY25.
- PBT was up 20% YoY to INR16.5b (est. INR16.1b), adjusting the custom duty.
- Adj. PAT was up 18% YoY to INR12.5b (est. INR12.2b).
- In 9MFY25, net sales grew 18%, EBITDA (adjusted) was up 15%, while APAT was up 6%.

Segmental Performance:

Jewelry Segment

- Standalone sales (ex-bullion) grew 25% to INR147.0b (est. INR145.1). There were no bullion sales made during the quarter.
- The growth was led by the strong festive demand, higher gold prices, and 29% growth in wedding purchases.
- Standalone EBIT (ex-bullion) was at INR16.5b and EBIT margin contracted 100bp YoY to 11.2% (est. 11.1%), adjusting the custom duty impact.
- Consolidated sales grew 27% YoY to INR161.3b (est. INR167.0b) (ex-bullion, sales grew 27% to INR160b).
- Consolidated EBIT margin (adj to custom duty) declined 90bp YoY to 10.9% (est. 10.5%).

Watch Segment

- Watch sales grew 15% YoY to INR11.4b (est. INR11.5b).
- EBIT margin was up 380bp YoY to 9.5% (est. 9%).

Eye Care

- Eye care sales grew 17% YoY to INR2.0b (est. INR1.9b).
- EBIT margin was up 250bp YoY to 10.2% (est. 14%).

Consolidated Quarterly Performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Stores (Jewelry)	**792**	**844**	**898**	**937**	**974**	**1,009**	**1,055**	**1,079**	**937**	**1,079**		
Net Sales	**119.0**	**125.3**	**141.6**	**124.9**	**132.7**	**145.3**	**177.4**	**153.1**	**510.8**	**608.5**	**184.0**	-3.6
YoY change (%)	26.0	36.7	22.0	20.6	11.5	16.0	25.2	22.6	25.9	19.1	29.9	
Gross Profit	**26.4**	**29.3**	**32.9**	**27.9**	**29.3**	**33.0**	**39.1**	**36.1**	**116.5**	**137.5**	**42.3**	
Margin (%)	22.2	23.4	23.3	22.3	22.1	22.7	22.0	23.6	22.8	22.6	23.0	
EBITDA	**11.3**	**14.1**	**15.7**	**11.9**	**12.5**	**15.3**	**19.3**	**13.0**	**52.9**	**59.9**	**18.5**	3.9
EBITDA growth %	-5.9	13.2	16.2	9.4	10.8	8.2	23.1	9.1	8.5	13.2	18.5	
Margin (%)	9.5	11.3	11.0	9.5	9.4	10.5	10.9	8.5	10.4	9.8	10.1	
Depreciation	1.3	1.4	1.5	1.6	1.6	1.7	1.8	1.7	5.8	6.8	1.7	
Interest	1.1	1.4	1.7	2.0	2.3	2.4	2.3	1.7	6.2	8.7	2.2	
Other Income	1.1	1.2	1.4	1.6	1.2	1.2	1.3	1.7	5.3	5.4	1.5	
PBT	**10.0**	**12.5**	**13.8**	**9.9**	**9.7**	**12.4**	**16.5**	**11.4**	**46.2**	**49.9**	**16.1**	2.7
Tax	2.5	3.4	3.3	2.2	2.6	3.1	4.0	2.2	11.3	11.9	3.9	
Rate (%)	24.6	26.9	23.6	22.2	26.5	24.8	24.5	19.2	24.4	23.8	24.3	
Adjusted PAT	**7.6**	**9.2**	**10.5**	**7.7**	**7.2**	**9.3**	**12.5**	**9.2**	**35.0**	**38.0**	**12.2**	2.4
YoY change (%)	-4.3	9.6	15.5	4.8	-5.4	1.7	18.3	18.9	6.8	8.8	15.5	
Extraordinary	0.0	0.0	0.0	0.0	0.0	2.3	2.0	0.0	0.0	4.3	1.6	0.0
Reported PAT	**7.6**	**9.2**	**10.5**	**7.7**	**7.2**	**7.0**	**10.5**	**9.2**	**35.0**	**33.7**	**10.6**	-1.1

E: MOFSL Estimates

Segmental Information

Consolidated (INR b)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Total Sales	**94.9**	**92.2**	**117.0**	**104.7**	**120.1**	**126.5**	**143.0**	**126.5**	**133.9**	**146.6**	**178.7**
Watches sales (INR b)	7.9	8.3	8.1	8.8	9.1	10.9	9.9	9.4	10.2	13.0	11.4
YoY Growth	168%	20%	14%	41%	16%	32%	22%	6%	12%	19%	15%
Jewelry sales (INR b)	83.5	80.0	104.5	91.2	107.0	110.8	127.4	110.1	118.1	127.7	161.3
YoY Growth	174%	22%	15%	33%	28%	39%	22%	21%	10%	15%	27%
Jewelry (excluding gold ingots)	80.0	75.2	101.3	80.7	97.6	92.7	125.6	98.2	108.1	117.8	159.9
YoY Growth	204%	18%	13%	25%	22%	23%	24%	22%	11%	27%	27%
Eyewear sales (INR b)	1.8	1.7	1.7	1.7	2.0	1.9	1.7	1.7	2.1	2.0	2.0
YoY Growth	173%	4%	12%	23%	11%	13%	-3%	1%	3%	7%	17%
Others	1.7	2.3	2.7	3.1	2.0	2.9	4.0	5.4	3.5	3.8	4.0
YoY Growth	53%	80%	58%	13%	19%	27%	51%	77%	73%	30%	-1%
Total EBIT	**11.4**	**12.0**	**13.2**	**10.8**	**11.1**	**13.9**	**15.5**	**11.9**	**12.0**	**14.8**	**18.7**
Watches	1.0	1.2	0.8	1.1	1.0	1.6	0.6	0.8	1.1	2.0	1.1
YoY Growth	-261%	36%	2%	960%	3%	31%	-32%	-28%	10%	23%	93%
EBIT Margin	12.5%	14.7%	10.1%	12.0%	11.1%	14.7%	5.7%	8.1%	10.9%	15.0%	9.5%
Jewelry EBIT (INR b)	10.5	10.9	12.4	10.0	10.2	12.2	14.8	10.9	11.0	12.6	17.4
YoY Growth	431%	35%	-3%	26%	-3%	12%	19%	9%	8%	4%	18%
EBIT Margin	12.6%	13.6%	11.9%	11.0%	9.6%	11.0%	11.6%	9.9%	9.3%	9.9%	10.8%
Eyewear EBIT (INR b)	0.4	0.3	0.3	0.0	0.4	0.3	0.1	0.1	0.2	0.2	0.2
YoY Growth	-377%	-24%	-6%	33%	-3%	-11%	-59%	250%	-46%	-12%	54%
EBIT Margin	19.7%	16.8%	18.4%	1.2%	17.2%	13.2%	7.7%	4.2%	9.0%	10.9%	10.2%
Others EBIT (INR b)	(0.5)	(0.4)	(0.3)	(0.3)	(0.5)	(0.1)	(0.0)	0.2	(0.3)	(0.0)	0.0

Standalone Jewelry data

Sales (Standalone) (INRb)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	1QFY25	2QFY25	3QFY25
Jewelry	79.6	76.9	98.3	86.3	100.1	103.3	118.3	101.3	107.9	116.5	147.0
-YoY growth (%)	175%	22%	14%	33%	26%	34%	20%	17%	8%	13%	24%
Bullion	3.6	4.8	3.2	10.6	9.4	17.6	1.2	11.3	9.1	8.8	0.0
-YoY growth (%)	-16%	151%	483%	181%	163%	264%	-62%	7%	-3%	-50%	-100%
% of Jewelry	4%	6%	3%	12%	9%	17%	1%	11%	8%	8%	0%
Jewelry (ex-bullion)	76.0	72.0	95.2	75.8	90.7	85.8	117.1	90.0	98.8	107.6	147.0
-YoY growth (%)	208%	18%	11%	24%	19%	19%	23%	19%	9%	26%	26%
Jewelry EBIT (INR m) (ex-bullion)	10.3	11.0	12.4	10.0	10.0	12.1	14.3	10.9	11.0	12.2	16.5
-YoY growth (%)	396%	39%	-2%	30%	-3%	9%	16%	9%	10%	1%	15%
EBIT margin (%)	**13.5%**	**15.3%**	**13.0%**	**13.2%**	**11.0%**	**14.1%**	**12.2%**	**12.1%**	**11.2%**	**11.4%**	**11.2%**
Caratlane											
Sales (INR m)	4.8	4.5	6.8	5.8	6.4	6.5	8.9	7.5	7.5	8.3	11.2
-YoY growth (%)	204%	53%	51%	59%	33%	45%	32%	29%	18%	28%	25%
EBIT (INR m)	0.3	0.3	0.6	0.4	0.4	0.3	0.8	0.5	0.4	0.6	1.3
EBIT margin (%)	7.0%	6.5%	9.5%	6.7%	5.5%	4.0%	9.2%	7.0%	5.0%	7.0%	11.7%

Jewelry	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Studded share	26	32	26	33	26	33	24	33	26	30	23
Jewelry Secondary USP growth(%)											
LTL growth (%)									3	15	22
Sales growth									9	21	28
Tanishq											
LTL growth (%)	195	9	9	19	16	22	10	14			
Sales growth	202	13	14	25	21	27	16	19			
Caratlane											
LTL growth (%)	306	41	35	29	8	10	2	3	8	28	15
Sales growth	370	72	60	57	44	47	37	31	18	43	25

Store data

*includes international store	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	1QFY25	2QFY25	3QFY25
Watches											
World of Titan	570	577	601	622	636	646	655	665	670	688	700
Fastrack	161	163	170	185	188	193	198	218	225	227	228
Helios	151	165	182	198	207	212	223	237	242	256	266
Jewelry											
Tanishq	395	403	411	423	433	445	466	479	491	502	515
Zoya	5	6	6	7	7	8	8	8	11	12	12
Mia	63	79	93	111	119	145	162	178	197	209	222
Carat Lane	143	157	175	222	233	246	262	272	275	286	306
Eye Wear											
Titan Eye+	786	822	858	896	901	905	913	902	905	908	905
Fastrack (Eyewear)	3	5	5	5	7	8	8	3	3	2	2
Others											
Taneira	26	31	36	41	47	51	62	73	77	81	82
IRTH											2
Total	**2,303**	**2,408**	**2,537**	**2,710**	**2,778**	**2,859**	**2,957**	**3,035**	**3,096**	**3,171**	**3,240**

Thermax

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details

Date: 7th February 2025

Time: 11:15am IST

Dial-in details:

Diamond pass

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	110.5	124.6	144.2
EBITDA	10.1	12.8	15.3
PAT	7.1	8.9	10.7
EPS (INR)	63.1	79.1	95.2
Gr. (%)	20.9	25.4	20.4
BV/Sh (INR)	443.4	507.5	587.7
Ratios			
ROE (%)	15.1	16.6	17.4
RoCE (%)	13.1	14.2	15.1
Valuations			
P/E (X)	56.2	44.8	37.2
P/BV (X)	8.0	7.0	6.0
EV/EBITDA (X)	39.8	31.1	25.8
Divd Yld (%)	0.4	0.4	0.4

CMP: INR3,546 Sell

Dismal performance on all fronts

- Thermax reported muted revenue at INR25.1b (+8% YoY) (MOFSL est. INR28.2b), led by 6%/3%/53%/19% YoY growth in the Industrial Products/Industrial Infra/Green Solutions/Chemical segments.
- Gross margin contracted ~40bp YoY/60bp QoQ to 44.2%, owing to an adverse mix in the Industrial Infra and Chemical segments. This, coupled with operating de-leverage, led to an EBITDA margin contraction of ~60bp YoY to 7.5%, while EBITDA at INR1.9b grew by a mere 1% YoY, far below our estimates.
- With a weak operational performance and lower other income (down 46% YoY), adj. PAT at INR1.1b declined 19% YoY, 34% below our estimates.
- Order inflow declined 8% YoY to INR23b, while the order book stood at INR113.8b, up 6% YoY.
- For 9MFY25, the company reported revenue/EBITDA/adj. PAT growth of 11%/16%/7%.
- **Segmental margins**: While the Industrial Product division did well on margins, margins in all other segments came below expectations. The Industrial Infra segment's PBIT stood at 0.1%, which could have been due to write-offs related to projects and cost overruns. Green Solutions margins were also impacted QoQ and YoY. Additionally, the Chemical segment's margins were impacted by product mix changes and forex volatility.

Thermax

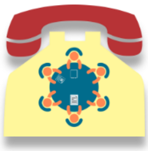
Consolidated - Quarterly Earning Model												(INR m)
Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**19,330**	**23,025**	**23,244**	**27,637**	**21,844**	**26,116**	**25,078**	**37,436**	**93,235**	**1,10,474**	**28,249**	**-11**
YoY Change (%)	16.8	10.9	13.4	19.6	13.0	13.4	7.9	35.5	15.2	18.5	21.5	
Total Expenditure	18,008	20,978	21,369	24,905	20,433	23,336	23,188	33,417	85,261	1,00,373	25,603	
EBITDA	**1,322**	**2,046**	**1,874**	**2,732**	**1,412**	**2,780**	**1,890**	**4,019**	**7,974**	**10,101**	**2,647**	**-29**
Margins (%)	6.8	8.9	8.1	9.9	6.5	10.6	7.5	10.7	8.6	9.1	9.4	
Depreciation	294	330	358	499	360	421	351	529	1,481	1,660	440	-20
Interest	134	198	266	278	275	294	287	410	876	1,265	348	-18
Other Income	531	659	584	553	841	598	315	578	2,326	2,332	447	-29
PBT before EO expense	**1,425**	**2,177**	**1,834**	**2,507**	**1,617**	**2,663**	**1,568**	**3,659**	**7,943**	**9,507**	**2,306**	**-32**
Extra-Ord expense	506	0	-1,261						-755	0		
PBT	**919**	**2,177**	**3,095**	**2,507**	**1,617**	**2,663**	**1,568**	**3,659**	**8,698**	**9,507**	**2,306**	**-32**
Tax	315	589	721	633	519	683	425	778	2,258	2,405	583	
Rate (%)	34.3	27.0	23.3	25.2	32.1	25.6	27.1	21.3	26.0	25.3	25.3	
Reported PAT	**600**	**1,586**	**2,371**	**1,876**	**1,094**	**1,980**	**1,137**	**2,890**	**6,432**	**7,102**	**1,722**	**-34**
Adj PAT	**932**	**1,586**	**1,403**	**1,952**	**1,094**	**1,980**	**1,137**	**2,890**	**5,873**	**7,102**	**1,722**	**-34**
YoY Change (%)	58.1	45.3	11.0	24.9	17.4	24.9	-19.0	48.1	42.7	10.4	22.7	
Margins (%)	4.8	6.9	6.0	7.1	5.0	7.6	4.5	7.7	6.3	6.4	6.1	

	FY24				FY25E				FY24	FY25E
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**		
Segmental revenue										
Industrial Products	8,359	9,894	10,226	12,074	9,608	10,576	10,801	18,402	40,552	49,388
Industrial Infra	9,162	10,851	10,974	13,565	9,251	12,426	11,317	16,290	44,552	49,283
Green Solutions	1,132	1,246	1,235	1,458	1,737	1,751	1,892	1,879	5,071	7,259
Chemical	1,608	1,879	1,606	1,541	1,708	1,903	1,916	2,539	6,634	8,066
Less: Intersegmental	(931)	(845)	(797)	(1,001)	(691)	(541)	(849)	(1,442)	(3,574)	(3,522)
Total revenues	**19,330**	**23,025**	**23,244**	**27,637**	**21,613**	**26,116**	**25,078**	**37,667**	**93,235**	**1,10,474**
Segmental EBIT										
Industrial Products	560	988	1,015	1,407	867	1,145	1,215	1,958	3,970	5,186
Margin (%)	6.7	10.0	9.9	11.7	9.0	10.8	11.3	10.6	9.8	10.5
Industrial Infra	303	573	389	825	(184)	882	13	767	2,089	1,478
Margin (%)	3.3	5.3	3.5	6.1	(2.0)	7.1	0.1	4.7	4.7	3.0
Green Solutions	100	80	133	137	230	216	180	245	449	871
Margin (%)	8.8	6.4	10.8	9.4	13.2	12.3	9.5	13.0	8.9	12.0
Chemical	265	345	331	296	304	306	264	538	1,238	1,412
Margin (%)	16.5	18.4	20.6	19.2	17.8	16.1	13.8	21.2	18.7	17.5

MAX Financial Services

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details



Date: 05th Feb'25
Time: 9:00am IST
Dial-in details:
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Gross Premiums	344.2	395.9	455.0
Sh. PAT	6.3	7.3	9.8
NBP gr - APE (%)	23.2	16.7	16.1
Premium gr (%)	16.5	15.0	14.9
VNB Margin (%)	23.0	24.5	25.0
Op. RoEV (%)	19.0	19.5	19.4
Total AUMs (INRb)	1,693	1,904	2,147
VNB(INRb)	20.7	25.7	30.5
EV Per Share	538	642	767
Valuations			
P/EV (x)	2.5	2.1	1.8
P/EVOP (x)	15.9	13.0	11.0

CMP: INR1,094

APE and VNB margins in line

- Gross premium income grew 12.7% YoY to INR82.2b (in line). For 9MFY25, it came in at INR213.6b, up 14% YoY. Renewal premium grew 13.3% YoY to INR52.2b (in line).
- Total new business APE rose 17.4% YoY (in line) to INR21.1b. For 9MFY25, it came in at INR57.3b, up 26% YoY.
- 3QFY25 VNB remained flat YoY (in line) at INR 4.9b. VNB margins contracted to 23.2% from 27.2% in 3QFY24 and 23.6% in 2QFY25 (MOFSLe: 23.5%).
- ULIPs continued to exhibit strong growth momentum, reporting 70% YoY growth. Retail Protection and Group Credit Life grew 37% and 18% YoY, respectively. The Par segment reported a 16% YoY decline.
- 3Q shareholder PAT declined 54% YoY to INR0.7b (56% miss). For 9MFY25, it reported a PAT of INR3.7b, down 11% YoY.
- Solvency ratio stood at 196% in 3QFY25 vs. 179% in 3QFY24 and 198% in 2QFY25.
- AUM grew 20.4% YoY to INR1.72t.
- **Valuation and view:** MAXLIFE reported weak margins due to the continued popularity of ULIPs. Overall, the share of non-PAR savings improved during 3QFY25. The proprietary channel maintained a strong growth trajectory on account of agency, cross-sell, and e-commerce. Persistency trends improved across cohorts. We will review our estimates and TP after the earnings call scheduled for 05th Feb'25.

Policyholder A/c (INR b)	FY24				FY25				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Gross premium	**48.7**	**66.3**	**73.0**	**107.4**	**54.0**	**77.4**	**82.2**	**13**	**6**
First year premium	9.9	15.3	17.6	25.4	12.6	20.5	20.4	16	0
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.2	52.2	13	11
Single premium	8.7	8.9	9.3	15.2	8.2	9.7	9.6	3	-1
Shareholder PAT	**1.0**	**1.6**	**1.5**	**-0.5**	**1.6**	**1.4**	**0.7**	**-54**	**-50**
APE data (INRb)									
PAR	1.9	3.9	3.3	4.3	1.9	2.1	3.5	5	65
Individual Protection	0.9	1.6	1.6	1.8	1.5	2.2	2.1	30	-3
Group protection	1.2	1.0	1.0	0.5	1.5	1.1	0.9	-8	-17
Non Par Savings	4.2	4.6	3.5	13.0	3.9	6.6	2.7	-23	-59
ULIP	2.8	5.5	5.8	11.9	5.7	9.5	9.4	61	-1
APE (% of total)									
PAR	17.0	23.7	18.5	14.8	13.0	9.7	16.4	-202	678
Individual Protection	8.0	9.7	9.0	6.4	10.0	10.0	10.0	100	0
Group protection	11.0	6.0	5.5	1.8	10.0	5.0	4.3	-118	-71
Non Par Savings	38.0	28.0	19.3	45.1	27.0	30.3	12.7	-661	-1,765
ULIP	25.0	33.4	32.5	41.4	39.0	44.0	44.7	1,218	71
Distribution mix (%)									
Proprietary	40.0	40.0	40.0	40.0	49.0	43.7	41.7	170	-200
Banca	58.0	59.7	59.0	56.4	48.0	54.3	56.2	-275	193
Others	2.0	0.3	1.0	3.6	2.0	2.0	2.1	106	7
Key Ratios (%)									
Operating ratios									
Opex to GWP ratio (%)	23.6	22.8	22.6	22.0	26.3	25.6	24.3	170	-130
Solvency Ratio	188.0	184.0	179.0	172.0	203.0	198.0	196.0	1,700	-200
Profitability ratios									
VNB margins	22.2	25.2	27.2	28.6	17.5	23.6	23.2	-404	-40
Persistency ratios (%)									
13th Month	84.0	84.0	85.0	87.0	87.0	87.0	85.0	0	-200
25th Month	69.0	70.0	70.0	70.0	71.0	71.0	72.0	200	100
37th Month	52.0	62.0	63.0	63.0	64.0	64.0	64.0	100	0
49th Month	64.0	65.0	65.0	66.0	67.0	67.0	67.0	200	0
61st Month	58.0	57.0	58.0	58.0	58.0	58.0	58.0	0	0
Key Metrics (INRb)									
VNB	2.5	4.2	4.9	8.2	2.5	5.1	4.9	0	-4
AUM	1,291	1,342	1426	1508	1612	1701	1717	20	1
Equity Mix (%)	26.5	28.1	30.1	30.0	29.7	43.3	0.0	-3,009	-4,327

Global Health

BSE SENSEX	S&P CNX
77,187	23,361

Conference Call Details

Date: 5st February 2025

Time: 4:00 pm IST

Dial-in details:

Zoom Link

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	35.6	41.3	49.1
EBITDA	8.6	10.4	12.8
Adj. PAT	5.1	6.4	8.1
EBIT Margin (%)	18.5	19.4	20.5
Cons. Adj. EPS (INR)	19.1	24.0	30.2
EPS Gr. (%)	7.2	25.6	25.8
BV/Sh. (INR)	123.9	143.7	168.5
Ratios			
Net D:E	0.1	0.0	(0.1)
RoE (%)	16.4	17.9	19.3
RoCE (%)	14.7	16.1	17.5
Payout (%)	17.6	17.6	17.6
Valuations			
P/E (x)	54.5	43.4	34.5
EV/EBITDA (x)	32.8	26.9	21.6
Div. Yield (%)	7.9	6.8	5.6
FCF Yield (%)	0.3	0.3	0.4
EV/Sales (x)	0.6	0.9	1.6

CMP: INR1,040

Beat on estimates

- In 3QFY25, sales grew 12.8% YoY to INR9.4b (vs our est: INR8.8).
- EBITDA margin contracted 90bp on a YoY basis to 25.6%, primarily due to a higher share of RM costs (+150bp YoY), offset by a lower share of employee expense (-40bps YoY) and a reduced share of other expenses (-20bp YoY).
- Medanta reported EBITDA growth of 8.9% YoY to INR2.4b (vs our est: INR2.2b).
- PAT grew 18.4% YoY to INR1.5b. (vs our est: INR1.3b) owing to marginally lower interest and tax burden.
- Revenue/EBITDA/PAT in 9MFY25 grew 13%/7%/11% to INR27.6b/INR6.7b/INR3.9b

Key highlights

- Mature hospitals revenue (69% of total revenue) grew 10.1% YoY to INR6.5b. EBITDA was INR1.6b during the quarter, while margins contracted 30bp YoY to 25%.
- Developing hospitals revenue (31% of total revenue) grew 9.5% YoY to INR3b. EBITDA was INR1b during the quarter, with margin contraction of 150bp YoY to 33.8%.
- Medanta's Board has approved the signing of a lease agreement to operate and manage a newly built 110-bedded hospital in Ranchi.
- The company added 34 beds in 3QFY25 to a total bed capacity of 3,042 beds.
- In 3QFY25, ARPOB grew 1.2% YoY to INR61.3K due to a combination of tariff hikes in matured facilities and changes in the case mix across the group.
- IPD/OPD volumes both increased 13.2%/8.7% YoY during the quarter.
- Occupancy levels stood at 63.6% (vs. 64% in 3QFY24 and 64.3% in 2QFY25).
- ALOS stood at 3.23 days (vs. 3.3/3.2 days in 3QFY24/2QFY25).
- OPD Pharmacy revenue increased 21.4% YoY to INR290m.

Consol. Quarterly Earning **(INRm)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	(%)
Gross Sales	**7,730**	**8,439**	**8,365**	**8,086**	**8,611**	**9,566**	**9,434**	**7,965**	**32,751**	**35,575**	**8,789**	**7.3%**
YoY Change (%)	25.2	24.3	20.5	14.4	11.4	13.3	12.8	-1.5	21.6	8.6	5.1	
Total Expenditure	5,887	6,255	6,150	6,175	6,699	7,222	7,023	6,023	24,467	26,966	6,636	
EBITDA	**1,843**	**2,185**	**2,215**	**1,911**	**1,912**	**2,344**	**2,412**	**1,941**	**8,284**	**8,609**	**2,153**	**12.0%**
YoY Change (%)	38.7	38.3	36.1	12.7	3.7	7.3	8.9	1.6	33.7	3.9	-2.8	
Margins (%)	23.8	25.9	26.5	23.6	22.2	24.5	25.6	24.4	25.3	24.2	24.5	
Depreciation	468	485	495	572	515	494	484	523	2,020	2,017	485	
Interest	179	201	177	182	180	160	163	145	739	647	155	
Other Income	215	208	181	274	219	182	160	328	747	889	190	
PBT before EO expense	**1,410**	**1,707**	**1,724**	**1,431**	**1,437**	**1,872**	**1,925**	**1,602**	**6,271**	**6,835**	**1,703**	**13.0%**
Extra-Ord expense/(Income)	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,410**	**1,707**	**1,724**	**1,431**	**1,437**	**1,872**	**1,925**	**1,602**	**6,271**	**6,835**	**1,703**	**13.0%**
Tax	390	455	488	157	374	503	462	370	1,490	1,709	409	
Rate (%)	27.7	26.6	28.3	11.0	26.0	26.9	24.0	23.1	23.8	25.0	24.0	
Reported PAT	**1,020**	**1,252**	**1,235**	**1,273**	**1,063**	**1,369**	**1,463**	**1,232**	**4,781**	**5,126**	**1,294**	**13.0%**
Adj PAT	**1,020**	**1,252**	**1,235**	**1,273**	**1,063**	**1,369**	**1,463**	**1,232**	**4,781**	**5,126**	**1,294**	**13.0%**
YoY Change (%)	73.8	46.1	53.3	26.0	4.2	9.4	18.4	-3.3	46.6	7.2	4.8	
Margins (%)	13.2	14.8	14.8	15.7	12.3	14.3	15.5	15.5	14.6	14.4	14.7	

E: MOFSL Estimates

Fine Organic Industries

BSE SENSEX	S&P CNX
78,584	23,739

CMP: INR4,527 Sell

Miss on operating performance; margin contracts YoY and QoQ

- Revenue stood at INR5.2b (-19% from our est., +22% YoY). **Gross margin contracted 360bp YoY to 38.2%, with EBITDAM at 20% (-170bp YoY).**
- EBITDA stood at INR1b (est. of INR1.6b, +13% YoY). PAT stood at INR890m (est. of INR1.2b, +28% YoY).
- **For 9MFY25**, revenue was at INR16.3b (+14% YoY) and EBITDA was at INR3.7b (+6% YoY). PAT was at INR3b (+14% YoY). EBITDAM was at 22.7% (-170bp YoY)

Standalone - Quarterly Snapshot (INR m)

Y/E March	FY24				FY25				Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct	(%)	(%)	(%)
Gross Sales	**5,321**	**4,717**	**4,258**	**5,215**	**5,083**	**5,955**	**6,424**	**5,215**	**-19%**	**22%**	**-12%**
YoY Change (%)	*-29.3*	*-43.0*	*-43.2*	*-25.3*	*-4.5*	*26.2*	*50.9*	*22.5*			
Gross Margin (%)	*42.9%*	*41.9%*	*41.8%*	*43.6%*	*42.2%*	*40.5%*	*40.3%*	*38.2%*	*-2.1%*	*-3.6%*	*-2.4%*
EBITDA	**1,519**	**1,044**	**924**	**1,322**	**1,218**	**1,429**	**1,583**	**1,042**	**-34%**	**13%**	**-27%**
Margin (%)	*28.5*	*22.1*	*21.7*	*25.4*	*24.0*	*24.0*	*24.6*	*20.0*	*-4.7*	*-1.7*	*-4.0*
Depreciation	117	144	147	153	117	124	130	130			
Interest	6	7	5	5	4	4	6	4			
Other Income	145	172	174	226	241	217	219	288			
PBT before EO expense	**1,540**	**1,064**	**946**	**1,391**	**1,338**	**1,518**	**1,666**	**1,197**	**-28%**	**27%**	**-21%**
Extra-Ord expense	0	0	0	6	0	0	0	0			
PBT	**1,540**	**1,064**	**946**	**1,385**	**1,338**	**1,518**	**1,666**	**1,197**	**-28%**	**27%**	**-21%**
Tax	397	270	249	342	348	387	420	307			
Rate (%)	*25.8*	*25.4*	*26.4*	*24.7*	*26.0*	*25.5*	*25.2*	*25.6*			
Reported PAT	**1,142**	**794**	**697**	**1,043**	**990**	**1,131**	**1,246**	**890**	**-29%**	**28%**	**-21%**
Adj PAT	**1,142**	**794**	**697**	**1,047**	**990**	**1,131**	**1,246**	**890**	**-29%**	**28%**	**-21%**
YoY Change (%)	*-27.4*	*-51.6*	*-46.9*	*-24.2*	*-13.3*	*42.5*	*78.9*	*27.8*			
Margin (%)	*21.5*	*16.8*	*16.4*	*20.1*	*19.5*	*19.0*	*19.4*	*17.1*	*-2.3*	*0.7*	*-1.9*

Lemon Tree Hotel

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details

Date: 6th Feb'25
Time: 4:00pm IST
Dial-in details:
Click here

CMP: INR147 — Buy

Operating performance in line

- LEMONTREE's 3QFY25 revenue grew 23% YoY to INR3.6b (in line). EBITDA grew 32% YoY to INR1.8b (in line). EBITDA margin expanded 350bp YoY to ~52% (est.~50.3%) on the back of a favorable operating leverage. Adj. PAT grew 71% YoY to INR625m (est. INR664m).
- Revenue/EBITDA/Adj. PAT grew 23%/24%/37% to INR9.1b/INR4.3b/INR1.1b in 9MFY25.
- In 3QFY25, **gross ARR stood at INR6,763,** up 7% YoY. **Occupancy improved** ~830bp YoY **to 74.2%** in 3QFY25.
- **Management fees** in 3QFY25 stood at INR184m, up 24% YoY.
- During the quarter, LEMONTREE signed 13 new management & franchise contracts, which added 766 new rooms to its pipeline, and operationalized one hotel, which added 38 rooms to the portfolio.
- As of 31st Dec'24, inventory for the group stood at 112 operational hotels with 10,317 rooms and a pipeline of 88 hotels with 6,068 rooms.
- LEMONTRE received a Letter of Award from the Directorate of Tourism, Government of Meghalaya to redevelop Shillong's Orchid Hotel as Aurika under a PPP model, featuring 120 rooms, dining, and wellness facilities. The project qualifies for capital subsidy and various incentives, including GST reimbursement, under the Meghalaya Industrial and Investment Promotion Policy 2024 and the Uttar Poorva Transformative Industrialization Scheme 2024. **Opening expected in three years.**

Consolidated Quarterly Performance (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	(%)
Gross Sales	**2,223**	**2,272**	**2,887**	**3,273**	**2,680**	**2,844**	**3,552**	**3,754**	**10,655**	**12,830**	**3,528**	**1**
YoY Change (%)	15.7	15.5	23.6	29.5	20.6	25.2	23.0	14.7	21.8	20.4	22.2	
Total Expenditure	1,178	1,253	1,490	1,558	1,530	1,536	1,710	1,807	5,479	6,583	1,752	
EBITDA	**1,045**	**1,019**	**1,397**	**1,715**	**1,151**	**1,307**	**1,842**	**1,947**	**5,176**	**6,247**	**1,776**	**4**
Margins (%)	47.0	44.8	48.4	52.4	42.9	46.0	51.9	51.9	48.6	48.7	50.3	
Depreciation	228	226	333	334	346	348	351	355	1,121	1,399	350	
Interest	481	473	534	528	518	513	503	460	2,016	1,994	480	
Other Income	24	29	22	39	4	5	6	50	113	65	60	
PBT before EO expense	**359**	**348**	**552**	**892**	**291**	**451**	**994**	**1,182**	**2,151**	**2,918**	**1,006**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**359**	**348**	**552**	**892**	**291**	**451**	**994**	**1,182**	**2,151**	**2,918**	**1,006**	
Tax	87	86	118	50	91	102	197	281	341	671	240	
Rate (%)	24.2	24.8	21.3	5.6	31.2	22.7	19.8	23.8	15.9	23.0	23.9	
MI & P/L of Asso. Cos.	38	35	80	172	2	52	173	233	325	460	102	
Reported PAT	**235**	**226**	**354**	**670**	**198**	**296**	**625**	**667**	**1,485**	**1,787**	**664**	
Adj PAT	**235**	**226**	**354**	**670**	**198**	**296**	**625**	**667**	**1,485**	**1,787**	**664**	**-6**
YoY Change (%)	34.5	35.1	-11.4	52.4	-15.6	30.9	76.5	-0.4	25.7	20.3	87.5	
Margins (%)	10.6	10.0	12.3	20.5	7.4	10.4	17.6	17.8	13.9	13.9	18.8	

Birla Corporation

BSE Sensex	S&P CNX
78,584	23,739

Conference Call Details

Date: 05 February 2025
Time: 14:00 IST
Dial-in details:
+91 22 6280 1458,
+91 22 7115 8846
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	89.6	97.3	105.6
EBITDA	10.7	14.1	16.5
Adj. PAT	1.8	4.4	6.0
EBITDA Margin (%)	12.0	14.5	15.6
Adj. EPS (INR)	23.6	57.4	78.3
EPS Gr. (%)	-56.3	143.0	36.4
BV/Sh. (INR)	878	924	990
Ratios			
Net D:E	0.5	0.4	0.4
RoE (%)	2.7	6.4	8.2
RoCE (%)	3.7	5.7	7.0
Payout (%)	51	21	15
Valuations			
P/E (x)	49.8	20.5	15.0
P/BV (x)	1.3	1.3	1.2
EV/EBITDA(x)	10.3	7.6	6.4
EV/ton (USD)	63	58	53
Div. Yield (%)	1.0	1.0	1.0

CMP: INR1,176 **Buy**

Earnings below estimate; EBITDA/t at INR551

- BCORP's 3QFY25 operating performance was below our estimates due to lower-than-expected realization and higher-than-estimated variable cost/t. Although sales volume grew 7% YoY (+4% vs. our estimate), consol. EBITDA declined ~34% YoY to INR2.5b (est. INR2.7b). EBITDA/t declined ~39% YoY to INR551 (est. INR614). OPM dipped 5.4pp YoY to ~11% (est. ~12%). Adj PAT declined ~71% YoY to INR312m (est. INR444m).
- The company's overall capacity utilization stood at ~92%, compared to ~85% in 3QFY24, aided by improved performance at its Chanderia plant (North). It is steadily increasing renewable energy (RE) usage, reaching 26% of total power consumption in 3QFY25 from ~25% in 2QFY25. In Jan'25, its Maihar unit secured a 12MW wind-solar hybrid power agreement, which is likely to increase the RE power % at this plant to ~45% by end-4QFY25.
- **We have a BUY rating on the stock**; we will review our assumptions after the conference call.

Volumes rise 7% YoY; opex/t declines 3% YoY

- Consol. revenue/EBITDA/Adj. PAT stood at INR22.6b/INR2.5b/INR312m (down 2%/34%/71% YoY and +3%/-7%/-30% vs. our estimates) in 3QFY25. Sales volumes increased 7% YoY to 4.5mt (+4% vs. our estimate). Cement realization declined 10% YoY and 1% QoQ to INR4,790 (-1% vs. estimate).
- Opex/t declined ~3% YoY (1% above our estimate), driven by a 6% decline in variable costs (+3% vs. our estimate). Employee cost/other expense per ton declined ~5%/1% YoY, whereas freight cost remained flat. OPM contracted 5.4pp YoY to ~11% and EBITDA/t decreased 39% YoY to INR551. Interest costs dipped 14% YoY, and 'Other income' declined 5% YoY. ETR stood at ~25% vs. 29% in 3QFY24.
- In 9MFY25, consol. revenue/EBITDA/PAT declined 9%/29%/83% YoY. Sales volume remained flat YoY and realization fell ~9% YoY. OPM contracted 3pp YoY to ~11% and EBITDA/t declined 30% YoY to INR532.

Highlights from management commentary

- Healthy rural demand and higher government spending boosted cement demand, enabling a December price hike sustained through January.
- The blended cement share declined to 79% from 83% in 3QFY24, and trade volume declined to 68% from 69% in 3QFY24. Premium cement share (as % of trade volume) increased to 59% vs. 52% in 3QFY24.
- Despite sluggish demand and depressed prices, the company boosted premium cement sales by 19% YoY to 1.8 MT, with Perfect Plus growing 23% YoY.

Valuation and View

- BCORP's 3QFY25 operating performance was below our estimates due to lower retaliation and higher opex/t. However, volume growth was impressive with improved capacity utilization. The management is optimistic about the improvement in operations and profitability.
- We have a **BUY** rating on the stock. We will review our assumptions after the concall on 05th Feb'25 at 14:00 IST (Link for the Call).

Consolidated performance (INR b)

Y/E March	FY24				FY25				FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	(%)
Cement Sales (MT)	4.4	4.2	4.2	4.9	4.4	4.0	4.5	5.0	4.3	4
YoY Change (%)	12.2	14.8	12.9	9.2	(0.7)	(5.0)	7.1	2.1	3.0	
Cement Realization	5,229	5,211	5,316	5,218	4,843	4,722	4,790	4,975	4,842	(1)
YoY Change (%)	(2.2)	1.2	2.7	(1.2)	(7.4)	(9.4)	(9.9)	(4.7)	(8.9)	
QoQ Change (%)	(0.9)	(0.3)	2.0	(1.8)	(7.2)	(2.5)	1.4	3.9	2.5	
Net Sales	**24.1**	**22.9**	**23.1**	**26.6**	**21.9**	**19.5**	**22.6**	**25.6**	**21.8**	**3**
YoY Change (%)	9.3	14.3	14.7	7.9	(9.1)	(14.6)	(2.4)	(3.7)	(5.6)	
Total Expenditure	21.1	20.0	19.3	21.8	19.3	17.8	20.1	21.7	19.2	5
EBITDA	**3.0**	**2.9**	**3.8**	**4.7**	**2.6**	**1.8**	**2.5**	**3.9**	**2.7**	**(7)**
Margin (%)	12.4	12.6	16.4	17.8	11.8	9.1	11.0	15.3	12.2	(118)
YoY Change (%)	14.9	207.4	162.1	72.2	-13.3	-38.7	-34.5	-17.4		
Depreciation	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.5	1.4	(3)
Interest	1.0	1.0	1.0	0.8	0.9	0.9	0.8	0.8	0.8	(0)
Other Income	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2	(34)
Profit before Tax	**0.8**	**0.8**	**1.5**	**2.7**	**0.4**	**-0.4**	**0.4**	**1.9**	**0.6**	**(34)**
EO (Income)/Expense	-	0.0	-	(0.1)	-	-	-	-	-	
Profit before Tax after EO	**0.8**	**0.8**	**1.5**	**2.7**	**0.4**	**-0.4**	**0.4**	**1.9**	**0.6**	**(34)**
Tax	0.2	0.2	0.4	0.8	0.1	-0.1	0.1	0.5	0.2	
Rate (%)	21.7	24.3	28.9	29.2	25.9	29.4	24.6	26.3	29.4	
Reported PAT	**0.6**	**0.6**	**1.1**	**1.9**	**0.3**	**-0.3**	**0.3**	**1.4**	**0.4**	**(30)**
Adj. PAT	**0.6**	**0.6**	**1.1**	**1.9**	**0.3**	**-0.3**	**0.3**	**1.4**	**0.4**	**(30)**
Margin (%)	2.5	2.6	4.7	7.1	1.5	-1.3	1.4	5.6	2.0	
YoY Change (%)	(16.2)	NM	NM	164.6	(45.4)	NM	(71.4)	(23.9)	(59.3)	
Per ton analysis (INR)										
Blended Realization	**5,461**	**5,468**	**5,505**	**5,477**	**5,001**	**4,918**	**5,015**	**5,166**	**5,032**	**5,043**
YoY Change (%)	(2.6)	(0.5)	1.6	(1.2)	(8.4)	(10.1)	(8.9)	(5.7)	(8.1)	(8.4)
Raw Material	958	917	782	921	666	719	749	730	717	699
Staff Cost	317	341	336	274	337	354	320	307	328	341
Power and Fuel	1,153	1,183	1,094	1,000	1,004	1,025	1,025	1,008	1,015	1,020
Transport and Forwarding	1,321	1,240	1,325	1,284	1,322	1,249	1,319	1,298	1,298	1,310
Other Exp.	1,038	1,096	1,066	1,024	1,082	1,126	1,051	1,034	1,071	1,060
Total Expenditure	**4,786**	**4,777**	**4,604**	**4,503**	**4,411**	**4,472**	**4,464**	**4,378**	**4,429**	**4,430**
EBITDA	**675**	**691**	**901**	**974**	**590**	**446**	**551**	**788**	**603**	**614**

Source: Company, MOFSL Estimates

V-Mart Retail

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details

Date: 5th Feb 2025

Time: 11:00am IST

Financials & Valuations (INR b)

INR million	FY24	FY25E	FY26E
Sales	27.9	32.6	38.4
EBITDA	2.1	3.6	4.4
NP	-1.0	-0.2	0.1
EBITDA Margin (%)	7.6	11.1	11.5
Adj. EPS (INR)	-48.9	-12.6	5.0
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	377.6	399.0	404.4
Ratios			
Net D:E	1.8	2.4	2.5
RoE (%)	NM	NM	1.3
RoCE (%)	0.4	4.2	5.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	n/m	n/m	706.0
EV/EBITDA (x)	38.9	23.8	19.9
EV/Sales (x)	2.5	2.2	1.9

CMP: INR3,499 — Neutral

Strong performance; 12% EBITDA beat on lower Limeroad losses

- Total revenue grew 16% YoY to INR10.3b (in line), driven by 10% blended SSSG and 7.5% YoY store addition.
  - **V-Mart (core)** revenue came in at INR8.6b, up 19% YoY, with quarterly throughput of INR2,650/sq.ft. SSSG remained robust at 10%.
  - **Unlimited** revenue stood at INR1.5b (up 6% YoY), with throughput of ~INR1,900/sqft (+11% SSSG).
  - **Limeroad** revenue declined 35% YoY to INR110m. Adjusted for this, VMART revenue (including Unlimited stores) was up ~17% YoY.
- VMART opened 21 new stores (19 in V-Mart and 2 in Unlimited) during the quarter, taking the total store count to 488 (V-Mart: 403, Unlimited: 85).
- Gross profit grew 16% YoY to INR3.7b (largely in line), as gross margins expanded 25bp YoY to 35.8% (75bp beat).
- Employee expenses grew 24% YoY to INR953m.
- Other expenses declined 16% YoY to INR1b, mainly on account of lower losses in the online segment (Limeroad) and lower other expenses in Unlimited.
- **Reported EBITDA grew 43% YoY to INR1.7b (12% beat), with margins at 16.7% (180bp beat).**
  - V-Mart (core) EBITDA at INR1.5b was up 28% YoY as margins expanded 125bp YoY to 17.9%.
  - Unlimited EBITDA came in at INR235m (+84% YoY) as margins expanded ~650bp YoY to 15.4% on operating leverage benefits.
  - Limeroad operating loss declined 59% YoY to INR65m (vs. INR141m loss YoY).
  - Pre-Ind AS EBITDA margin improved 320bp YoY to 10.8%.
- Depreciation/interest grew by 7%/13% YoY.
- Profit before tax stood at INR697m (30% beat vs. our estimate of INR535m).
- For 9MFY25, revenue/EBITDA grew 17%/79% YoY, but PAT remained modest at ~INR273m.

P&L (INR m)

	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	3QFY25E	v/s est (%)
Revenue	**8,891**	**6,610**	**10,267**	***15.5***	***55.3***	**10,270**	***0.0***
Raw Material cost	5,734	4,389	6,596	*15.0*	*50.3*	6,676	*-1.2*
Gross Profit	**3,157**	**2,221**	**3,672**	***16.3***	***65.3***	**3,595**	***2.2***
Gross Margin (%)	**35.5**	**33.6**	**35.8**	*25bps*	*216bps*	**35.0**	*76bps*
Employee Costs	772	865	953	*23.6*	*10.2*	904	*5.5*
Other Expenses	1,189	969	1,005	*-15.5*	*3.6*	1,161	*-13.4*
EBITDA	**1,197**	**386**	**1,714**	***43.2***	***343.7***	**1,530**	***12.0***
EBITDA margin (%)	***13.5***	***5.8***	***16.7***	*323bps*	*NM*	***14.9***	*179bps*
Depreciation and amortization	583	592	626	*7.4*	*5.6*	628	*-0.3*
EBIT	614	-206	1,088	*77.2*	*NM*	902	*-20.6*
EBIT margin (%)	*6.9*	*-3.1*	*10.6*	*369bps*	*NM*	*8.8*	*181bps*
Finance Costs	376	391	424	*13.0*	*8.4*	411	*3.1*
Other income	130	18	34	*-74.1*	*91.0*	44	*-23.6*
Exceptional item	0	0	0	*0.0*	*0.0*	0	*NM*
Profit before Tax	**369**	**-580**	**697**	***89.1***	***-220.3***	**535**	***30.3***
Tax	87	-15	-19	***-121.8***	***27.7***	134	
Tax rate (%)	*23.5*	*2.6*	*-2.7*	*-2616bps*	*-526bps*	*25.0*	
Profit after Tax	**282**	**-565**	**716**	***153.7***	***-226.8***	**401**	***78.5***

	3QFY24	2QFY25	3QFY25	YoY%	QoQ%
Total stores	454	467	488	*7.5*	*4.5*
Store adds	17	19	21	*23.5*	*10.5*

NSE

BSE SENSEX	S&P CNX
78,584	23,739

Conference Call Details

Date: 05th February 2025

Time: 04:00pm IST

[Link for the call](#)

Financials (INR b)

INR b	FY22	FY23	FY24
Revenue	83.1	118.6	147.8
EBITDA	66.1	94.3	98.7
PAT	51.9	73.7	83.1
EPS (INR)	21.0	29.8	33.6
EPS Gr.%	45.2	42.0	12.7
RoE (x)	37.7	41.1	37.4

NOT RATED

Cost efficiency boosts PAT despite a decline in volumes

- NSE reported operating revenue of INR43.5b, reflecting 24% YoY growth. For 9MFY25, operating revenue grew 33% YoY to INR133.7b.
- The revenue mix was dominated by transaction charges (72%), which grew 22% YoY. Income from data centre & connectivity (6%) grew 33% YoY, followed by operating investment income (5%), which grew 3% YoY. Listing services (2%) and clearing & settlement services (2%) were the fastest-growing segments, growing 60%/83% YoY, respectively.
- Income from transaction charges declined sequentially to INR34.2b (-4% QoQ), driven by a 19%/23% decline in charges from equity futures/cash market. Charges from equity options grew 2% QoQ, despite a 7% QoQ decline in premium ADTO, likely due to the True to Label implementation.
- Total expenditure at INR8.8b (+26% YoY) declined 45% QoQ, largely due to the impact of SEBI settlement fees in 2QFY25. Employee expenses grew 39% YoY to INR1.6b (-16% QoQ), technology expenses grew 79% YoY to INR2.7 (+20% QoQ), and regulatory charges declined 5% YoY to INR2.4b (-20% YoY).
- SGF contribution was reported at INR680m (-88% YoY) vs a reversal of INR4.3b in 2QFY25.
- Operational efficiency, along with profit on the sale of investments to the tune of INR11.6b, resulted in 90% YoY/40% QoQ growth in PAT to INR38.2b. Excluding the one-off gain, normalized PAT grew 50% YoY/7% QoQ to INR29.2b.

Quarterly Performance (INR m)

Y/E March	FY24				FY25			FY24	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			
Gross Sales	**29,871**	**36,518**	**35,166**	**46,246**	**45,097**	**45,102**	**43,494**	**1,47,800**	**24%**	**-4%**
YoY Change (%)	13.1	18.1	24.5	33.9	51.0	23.5	23.7	24.7		
Employee Expense	1,137	1,106	1,174	1,187	1,477	1,942	1,627	4,604	39%	-16%
Other Expenses	5,656	6,422	5,825	8,957	6,689	13,985	7,200	26,861	24%	-49%
Total Expenditure	6,793	7,528	6,999	10,144	8,166	15,927	8,827	31,465	26%	-45%
EBITDA	**23,078**	**28,989**	**28,167**	**36,101**	**36,931**	**29,175**	**34,667**	**1,16,336**	**23%**	**19%**
Margins (%)	77.3	79.4	80.1	78.1	81.9	64.7	79.7	78.7		
Depreciation	1,035	1,066	1,132	1,163	1,261	1,370	1,324	4,396	17%	-3%
Other Income	3,697	3,714	3,756	4,555	4,406	5,131	4,571	15,722	22%	-11%
PBT before EO expense	**25,741**	**31,637**	**30,791**	**39,493**	**40,077**	**32,936**	**37,914**	**1,27,662**	**23%**	**15%**
Contribution to SGF	505	5,602	5,561	5,743	5,873	-4,265	684	17,410	**-88%**	**-116%**
PBT	**25,236**	**26,035**	**25,231**	**33,751**	**34,203**	**37,201**	**37,230**	**1,10,252**	**48%**	**0%**
Tax	6,413	6,171	6,225	8,969	8,492	10,226	10,993	27,778		
Rate (%)	25	20	20	23	21	31	22	25		
Exceptional Item	-229	0	814	0	0	0	11,549	585.5		
Minority Interest & Profit/Loss of Asso. Cos.	226	255	303	221	246	298	367	1,005		
Reported PAT	18,820	20,119	20,123	25,003	25,957	27,273	38,154	84,065	90%	40%
Adjusted PAT	**18,991**	**20,119**	**19,469**	**25,003**	**25,957**	**27,273**	**29,172**		50%	7%
YoY Change (%)	10.3	14.1	4.3	19.6	36.7	35.6	49.8	8.3		
Margins (%)	63.6	55.1	55.4	54.1	57.6	60.5	67.1	56.5		
Revenue break-up (INR m)										
Trading Services	28,109	33,711	31,941	41,498	40,835	40,746	39,753		24%	-2%
Clearing Services	658	1,778	5,515	7,552	6,978	7,660	6,409		16%	-16%
Other Segments	1,104	1,028	1,587	5,044	5,044	1,227	1,536		-3%	25%
Revenue mix					.	.	.			
Trading Services	94%	92%	82%	77%	77%	82%	83%			
Clearing Services	2%	5%	14%	14%	13%	15%	13%			
Other Segments	4%	3%	4%	9%	10%	2%	3%			

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- 70% exposure is there in global markets out which 25% goes to US

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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