motilal oswal
Financial Services

9 April 2025

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	74,227	1.5	-5.0
Nifty-50	22,536	1.7	-4.7
Nifty-M 100	49,838	2.1	-12.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	4,983	-1.6	-15.3
Nasdaq	15,268	-2.1	-20.9
FTSE 100	7,911	2.7	-3.2
DAX	20,280	2.5	1.9
Hang Seng	7,431	2.3	1.9
Nikkei 225	33,013	6.0	-17.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	66	-0.8	-10.7
Gold ($/OZ)	2,983	0.0	13.7
Cu (US$/MT)	8,621	-0.8	-0.4
Almn (US$/MT)	2,306	-1.0	-8.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	86.2	0.5	0.7
USD/EUR	1.1	0.4	5.8
USD/JPY	146.3	-1.1	-7.0
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	-0.01	-0.3
10 Yrs AAA Corp	7.1	-0.01	-0.1
Flows (USD b)	**8-Apr**	**MTD**	**CYTD**
FIIs	-0.6	-2.46	-15.4
DIIs	0.36	4.68	23.9
Volumes (INRb)	**8-Apr**	**MTD***	**YTD***
Cash	994	1019	1010
F&O	1,65,606	1,90,883	1,98,527

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Gujarat Gas: Twin tailwinds emerging!

- Valuation de-rating largely over, in our opinion: Over the last six months, GUJGA's share price has corrected 34%, with the stock now trading at 21x FY27E P/E. Weakness in the stock price was driven by 1) higher spot LNG prices leading to elevated raw material costs and 2) subdued industrial and commercial PNG volumes amid weak ceramic exports and weak competitiveness vs. other fuels like Propane. However, we now believe fundamentals are undergoing a transformative shift:
- Weaker crude and lower slope – the twin emerging tailwinds: A weak crude price outlook together with a lower pricing slope for natural gas (given the impending LNG glut) will drive down gas costs and increase competitiveness vs. propane.
- While Brent crude prices averaged ~USD75.8/bbl in 4QFY25, we forecast Brent to average USD65/bbl in FY26/FY27 (earlier: USD70/bbl). We estimate every USD10/bbl decline in Brent prices reduces the landed cost of natural gas by USD2.3/mmbtu. Further, according to our discussions with the listed and unlisted India CGD companies, new long-term gas contracts are already being signed for a 1.0-1.3% lower slope given the expected surge in LNG supply in 2HFY26 and beyond.

Research covered

Cos/Sector	Key Highlights
Gujarat Gas	Twin tailwinds emerging!
KEI Industries	Capacity expansion to drive growth
Infrastructure	NHAI awarding picks up in 4Q, ends below target in FY25
CreditAccess Grameen	PAR accretion continues to dip MoM; KAR X-bucket CE has touched ~99% at the end of Mar'25
Senco Gold	Healthy revenue growth

Chart of the Day: Gujarat Gas (Twin tailwinds emerging!)

Margin improvement driven by lower Brent price and pricing slope % for long-term contracts

Particulars	Unit	Scenario 1	Scenario 2
Brent price	USD/bbl	75.0	65.0
Pricing slope	%	13.5	12.5
LNG price	USD/mmbtu	10.1	8.1
LNG Price post import duty	**USD/mmbtu**	**10.4**	**8.3**
Regasification charges	USD/mmbtu	0.8	0.8
Transportation tariff	USD/mmbtu	0.9	0.9
N Gas price pre tax	**USD/mmbtu**	**12.1**	**10.1**
VAT @ 15%	USD/mmbtu	1.8	1.5
LNG landed cost	**USD/mmbtu**	**13.9**	**11.6**
LNG landed cost	**INR/scm**	**44.4**	**36.9**
LT contract proportion	%		37.3
EBITDA margin improvement	**INR/scm**		**2.8**

Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Debt conversion plan: Vodafone Idea issues Rs 36,950 cr in equity to DIPAM

Vodafone Idea has issued and allotted 3,695 crore equity shares aggregating to Rs 36,950 crore to the DIPAM, following the government's recent decision to convert the debt-laden telco's spectrum auction dues into equity.

2

ITC to benefit as govt relaxes FDI rules for 'prohibited' sectors

The government has allowed Indian companies that are operating in areas where Foreign Direct Investment (FDI) is prohibited to issue bonus shares to its existing foreign shareholders with the condition that it does lead to an increase in their stake in the company.

3

Wistron picks Shapoorji Pallonji to build laptop plant in Bengaluru

Wistron partners with Shapoorji Pallonji to build a ₹1,500-crore laptop manufacturing plant in Bengaluru.

4

Odisha allots land to Inox Solar for ₹4,000 crore solar manufacturing facility

Part of the INOXGFL Group, Inox Solar plans to invest ₹4,000 crore in the project, which is expected to create over 3,400 jobs and catalyse infrastructure and economic development in the region.

5

JLR evaluating various steps to respond to US tariffs: Tata Motors

Tata Motors on Tuesday said its unit Jaguar Land Rover (JLR) is evaluating various steps to respond to the tariff announced by the US on April 2, 2025.

6

Samsung targets 10% market share in India's room air conditioner segment

The company is expecting broad-based growth across the channels and regions, helped by a rise in disposable income, aspiration and electrification at smaller places with a lesser number of outages.

7

Cyient launches wholly owned semiconductor subsidiary to tap global chip market

Cyient Ltd launched Cyient Semiconductors, a wholly owned subsidiary focused on ASIC turnkey solutions, aligning with India's semiconductor goals.

8 April 2025

Update | Sector: Oil & Gas

Gujarat Gas

BSE SENSEX	S&P CNX
74,227	22,536

GUJARAT GAS

Stock Info

Bloomberg	GUJGA IN
Equity Shares (m)	688
M.Cap.(INRb)/(USDb)	275 / 3.2
52-Week Range (INR)	690 / 360
1, 6, 12 Rel. Per (%)	3/-24/-29
12M Avg Val (INR M)	762
Free float (%)	39.1

Financials Snapshot (INR b)

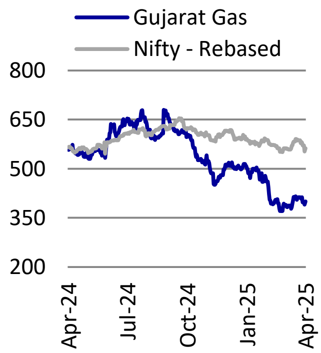
Y/E March	FY25E	FY26E	FY27E
Sales	163.4	166.4	178.8
EBITDA	18.5	20.7	22.3
PAT	10.9	11.9	13.1
EPS (INR)	15.8	17.2	19.0
EPS Gr. (%)	-1.1	8.9	10.3
BV/Sh.(INR)	122.1	133.5	146.0
Ratios			
Net D:E	-0.1	-0.2	-0.2
RoE (%)	13.5	13.5	13.6
RoCE (%)	18.7	18.4	18.5
Payout (%)	34.1	34.1	34.1
Valuations			
P/E (x)	25.3	23.2	21.0
P/BV (x)	3.3	3.0	2.7
EV/EBITDA (x)	14.3	12.6	11.4
Div. Yield (%)	1.3	1.5	1.6
FCF Yield (%)	1.9	2.5	3.2

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	60.9	60.9	60.9
DII	21.2	21.4	21.0
FII	4.5	4.5	3.3
Others	13.4	13.2	14.8

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR400 TP: INR475 (+19%) Buy

Twin tailwinds emerging!

- **<u>Valuation de-rating largely over, in our opinion:</u> Over the last six months, GUJGA's share price has corrected 34%, with the stock now trading at 21x FY27E P/E. Weakness in the stock price was driven by 1) higher spot LNG prices leading to elevated raw material costs and 2) subdued industrial and commercial PNG volumes amid weak ceramic exports and weak competitiveness vs. other fuels like Propane. However, we now believe fundamentals are undergoing a transformative shift:**
- **<u>Weaker crude and lower slope – the twin emerging tailwinds:</u> A weak crude price outlook together with a lower pricing slope for natural gas (given the impending LNG glut) will drive down gas costs and increase competitiveness vs. propane. While Brent crude prices averaged ~USD75.8/bbl in 4QFY25, we forecast Brent to average USD65/bbl in FY26/FY27 (earlier: USD70/bbl). We estimate every USD10/bbl decline in Brent prices reduces the landed cost of natural gas by USD2.3/mmbtu. Further, according to our discussions with the listed and unlisted India CGD companies, new long-term gas contracts are already being signed for a 1.0-1.3% lower slope given the expected surge in LNG supply in 2HFY26 and beyond.**
- **<u>Estimate ~INR2-3/scm margin expansion scope amid favorable fundamentals:</u> About 37%/ 27% of GUJGA's gas sourced is under long-term (majority Brent-linked)/spot contracts. We estimate that a USD10/bbl decline in crude prices and a simultaneous 1% decline in pricing slope can lead to an EBITDA margin improvement of INR2.8/scm for GUJGA. We think actual improvement might be lower as GUJGA might pass on some of the lower raw material cost benefits. Similarly, a USD1/mmbtu decline in spot LNG prices shall lead to an EBITDA margin improvement of INR1/scm for GUJGA. Also, we are building in a higher margin CNG segment to become 34% of GUJGA's total volumes (from 29% in FY24), which should further support blended margins.**
- **<u>Valuations at par with long-term average:</u> GUJGA's valuations have corrected 34% over the past six months, and the stock now trades at 23x 1-yr fwd P/E, slightly below its long-term average. We foresee limited downside from the current level amid the scope of margin expansion, robust CNG volume growth, and an expected uptick in Morbi volumes from 1QFY26. Additionally, our margin and volume estimates could see upside risks in case the fundamentals turn in favor of the company. We reiterate our BUY rating on GUJGA with a TP of INR475/sh.**

Twin tailwinds of lower slope and weaker oil prices unfolding

- We view the following as twin tailwinds for GUJGA in the coming years: 1) Brent to average USD65/bbl in FY26/FY27 (earlier forecast: USD70/bbl, 4QFY25 average: USD75.8/bbl), 2) lower pricing slope as LNG global supply expands.
- With the majority of GUJGA's long-term (LT) contracts being Brent-linked (pricing: ~13-13.5% slope to Brent), falling crude prices should drive down gas costs and increase competitiveness compared to propane.
  - The International Energy Agency (IEA) estimates global oil demand to grow by 1mb/d in CY25, primarily driven by upcoming petrochemical plants in China. However, non-OPEC+ countries are expected to increase oil supply by 1.5mb/d in CY25. IEA previously estimated that even with voluntary cuts staying in place, global oil supply shall exceed demand by at least ~1mb/d. However, OPEC+'s decision to gradually unwind 2.2mb/d voluntary cuts by Apr'25 shall widen the gap.

- Additionally, new import tariffs by the US on China shall adversely impact China's economic growth, which might lead to a decline in the estimated oil demand growth. Hence, we believe that downside risk to oil prices prevails, which shall be beneficial for CGDs.
- Moreover, with ~27% of the gas sourced by GUJGA being spot LNG, the company shall benefit from the anticipated lower spot LNG prices in 2HFY26 and beyond.

Margin expansion of ~INR2-3/scm driven by favorable fundamentals

- According to our channel checks, the slope for mid-term Brent-linked contracts currently tracks the following trend: contracts slope for FY26/FY27/FY28 is at ~15.0%/13.5%/12.0% of the Brent crude price.
- We have estimated the benefits of a lower slope and reduced Brent prices w.r.t. the long-term contracts for GUJGA, having ~37% LT gas contracts, the majority of which are Brent-linked.
- Scenario 1: Brent price averaging USD75/bbl and pricing slope of 13.5%,
- Scenario 2: Brent price averaging USD65/bbl and pricing slope of 12.5%.
- We estimate that a USD10/bbl decline in crude prices and a simultaneous 1% decline in pricing slope can lead to an EBITDA margin improvement of INR2.8/scm for GUJGA. We think actual improvement might be lower as GUJGA might pass on some of the lower raw material cost benefits.
- We also estimate that for every USD1/mmbtu decline in spot LNG prices, the company shall have an ~INR1/scm improvement in margin.
- For deriving natural gas landed cost, we assume a 2.5% import duty, INR70/mmbtu regas charges, GAIL's Zone 2 transportation tariff, and a 15% VAT. We also assume an exchange rate of INR86.2/USD.

Margin improvement driven by lower Brent price and pricing slope % for long-term contracts

Particulars	Unit	Scenario 1	Scenario 2
Brent price	USD/bbl	75.0	65.0
Pricing slope	%	13.5	12.5
LNG price	USD/mmbtu	10.1	8.1
LNG Price post import duty	**USD/mmbtu**	**10.4**	**8.3**
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LNG landed cost	**USD/mmbtu**	**13.9**	**11.6**
LNG landed cost	**INR/scm**	**44.4**	**36.9**
LT contract proportion	%		37.3
EBITDA margin improvement	**INR/scm**		**2.8**

Source: Company, MOFSL

KEI Industries

BSE SENSEX	S&P CNX
74,227	22,536

Bloomberg	KEII IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	247.5 / 2.9
52-Week Range (INR)	5040 / 2424
1, 6, 12 Rel. Per (%)	-20/-28/-31
12M Avg Val (INR M)	1677
Free float (%)	65.0

Financials & Valuations (INR b)

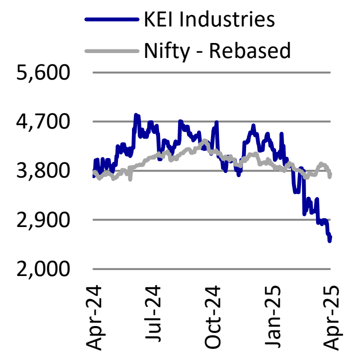
Y/E MARCH	FY25E	FY26E	FY27E
Sales	94.6	108.9	125.8
EBITDA	9.4	11.0	13.4
Adj. PAT	6.6	7.5	8.8
EBITA Margin (%)	10.0	10.1	10.6
Cons. Adj. EPS (INR)	68.9	78.9	92.4
EPS Gr. (%)	7.1	14.4	17.2
BV/Sh. (INR)	606	679	765
Ratios			
Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	14.7	12.3	12.8
RoCE (%)	15.1	12.7	13.3
Payout (%)	7.0	7.6	6.5
Valuations			
P/E (x)	37.7	33.0	28.1
P/BV (x)	4.3	3.8	3.4
EV/EBITDA (x)	24.2	20.8	17.1
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	(2.7)	(0.2)	0.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	35.0	37.1	37.1
DII	20.7	16.0	16.1
FII	29.8	31.1	31.0
Others	14.5	15.8	15.9

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR2,600 TP: INR3,000 (+15%) Neutral

Capacity expansion to drive growth

We met with KEII's management to gain insights into near-term industry trends and the company's growth outlook. Management indicated that demand remains strong for cables, led by an increase in government capex activities. The demand for wires has also improved, supported by an improvement in real estate demand and higher copper prices, which are encouraging inventory stocking. The company has maintained its revenue growth target of ~18% in FY25E/26E and ~20% in FY27E. With rising demand from power transmission, industrial infrastructure, real estate, and data centers, KEII is strengthening its manufacturing capabilities through brownfield expansions and a new greenfield facility in Sanand, Gujarat. The company is also enhancing its backward integration efforts to improve cost efficiency and supply security. Additionally, management remains focused on expanding its retail presence, optimizing its product mix, and capitalizing on industry tailwinds to sustain long-term growth. Considering recent concerns around growth and RM cost volatility following reciprocal tariff announcements by the US, we have cut our EPS estimates by ~4%/8% for FY26/FY27. This revision reflects reduced margin estimates, as we now factor in stable margins for both cables and wires. KEII has corrected by ~25% in the past month, following announcements by UTCEM and Adani Group regarding their entry into the Cables & Wires (C&W) segment. The stock now trades fairly at 33x/28x FY26E/27E EPS. We maintain our Neutral rating on the stock and value KEII at 32x FY27E EPS to arrive at our TP of INR3,000.

Industry growth and KEII's strategic positioning

- The Indian C&W industry is witnessing strong growth, with an estimated market size of INR900b. The market has clocked a CAGR of ~10% over the last 12 years, with organized players increasing their share from ~35% in FY15 to ~70% currently. The sector is projected to post a CAGR of ~11-13% over FY24-27, reaching INR1.2t by FY27E, driven by factors such as infrastructure expansion, increasing construction activity, and growing digital connectivity. Among key segments, power transmission cables hold the largest market share (28-30%), followed by building wires (21-23%).
- According to industry data, the revenue share of our coverage companies (HAVL, POLYCAB, KEII, and RRKABEL) increased to ~44% in FY24 vs ~26% in FY19. Considering historical data and various industry estimates (sectoral growth of ~13%), the industry size is projected to reach INR1.2b-INR1.3t by FY28, which is likely when UTCEM's capacity will become fully operational. This implies ~5-6% of industry size at peak capacity utilization. Notably, UTCEM's management recently indicated that there are no plans to increase allocated capex for the C&W segment in the near future.
- As one of the leading players in the industry, KEII is well-positioned to capitalize on this industry growth through strategic capacity expansion, backward integration, and operational efficiency. The company has significantly scaled up its production, with cable capacity increasing ~36% and wires capacity rising ~27% in 1HFY25, compared to FY24-end levels.

- Cable capacity utilization stood at ~83-85% in Q3FY25 and is projected to reach **~**85% by Q4FY25**.** This expansion is driven by a mix of brownfield and greenfield projects**,** ensuring long-term scalability**.**
- KEII maintains high asset utilization (10x for brownfield projects) and a disciplined capex approach. With FY24 capacity utilization at ~71%, the company ensures steady RoCE and profitability.
- To enhance cost efficiency, KEII has implemented backward integration for PVC compound manufacturing, which is currently operating at ~70-75% utilization, with room for further expansion. Going forward, KEII has significant scope to increase its backward integration, thereby improving self-sufficiency, optimizing margins, and reinforcing its pursuit of ambitious growth targets.
- KEII expects a volume CAGR of ~17% over FY25-27E, with overall revenue growth of ~18% in both FY25 and FY26, and ~20% in FY27. Exports are expected to reach INR2b, driven primarily by ESP product shipments to the US.

Capacity expansion, marketing strategies, and key growth segments

- KEII continues to expand capacity in its wires segment with annual additions. Cable capacity expansion typically takes 1.5 years, with greenfield projects requiring about two years and brownfield expansions taking roughly one year.
- KEII is investing INR19b in LT, HT, and EHV cables, with an expected revenue potential of INR58b, while aiming to maintain RoCE in line with its established performance standards.
- The company's upcoming Sanand plant is strategically located near key ports and copper suppliers in Gujarat, enabling optimized logistics costs and reduced raw material procurement costs.
- Chinchpada plant expansion: During 9MFY25, KEII incurred a capex of INR570m for the expansion of its Chinchpada plant. The brownfield expansions at Chinchpada and Pathredi have been completed, adding capacity for wires and power cables. Following the expansion, capacity utilization improved across key segments—with cables at ~85%, house wires at ~69.7%, and stainless steel wires at ~91%. This investment is expected to drive volume growth of 16-17% in FY25. To support this growth and improve production efficiency, the company has installed new equipment, including a 32-wire multi-wire drawing machine, additional bunchers, and machines for HT and LT cables.
- **Key growth drivers:** a) industrial segments (cement, fertilizers, etc.) rely on robust cabling infrastructure for manufacturing and operations. Demand is supported by capacity expansions, modernization, and higher industrial capex; b) the rapid growth of cloud computing and digitalization is driving significant investments in data centers, which require specialized, high-performance cabling solutions. KEII is well-positioned to cater to this high-growth segment; c) the transmission sector plays a critical role in India's power value chain, ensuring efficient energy flow from generating stations to demand centers; d) with increasing rural development, demand for additional electrification is expected to rise. Government programs continue to support the extension of power networks. With increasing infrastructure development and electrification projects, demand for extra high voltage (EHV) and high-tension (HT) cables is rising. KEII's increased focus on these segments positions it well to capture growth opportunities.

- KEI's top 10 customers contribute ~12-14% of total revenue, while dealers hold 15-20 days of inventory. Retail prices are adjusted every 15-20 days to reflect raw material fluctuations. However, KEI's effective cost management minimizes the impact on annual profitability. The company aims to increase the retail segment's share to ~50% by FY26 (from ~47% in FY24). To support this goal, KEII has expanded its dealer network to over 2,100 in FY25 (from 1,990 in FY24).
- For smaller projects, ~50% of revenue comes from retail, 22-23% from wires, and the rest from LT and medium tension cables, ensuring a balanced product mix. For institutional orders, the company typically maintains 3-4 months of inventory to ensure smooth execution.

Valuation and view

- KEII has corrected by ~25% in the past month following announcements by UTCEM and Adani Group regarding their entry into the cables & wires segment. We had anticipated a negative reaction for C&W companies and subsequently downgraded our rating on KEII and RRKABEL to Neutral, expecting a de-rating in valuation multiples following the announcement of entry by sizeable players in this business (**Link**). That said, KEII's business fundamentals remain strong, and we do not foresee any financial impact over the next two years, as: 1) UTCEM's plant is expected to be commissioned by Dec'26 (**Link**), and 2) Adani Group has not yet announced its capex plans in this segment (**Link**).
- We have reduced our margin estimates and now factor in stable margin for cables in FY26E/27E, resulting in a 4%/8% EPS reduction for FY26E/27E. We expect KEII's EPS to clock a 16% CAGR over FY25-27E. The stock now trades fairly at 33x/28x FY26E/27E EPS. We maintain our Neutral rating on the stock and value KEII at 32x FY27E EPS to arrive at our TP of INR3,000.

Infrastructure

Key Indicators

	FY23	FY24	FY25
Daily average FASTag toll collections (INR b)	1.5	1.8	2.0
Tenders awarded by NHAI (km)	6,003	2,500	4,080
Road construction by NHAI (km)	4,882	6,644	5,614

NHAI awarding picks up in 4Q, ends below target in FY25

- **NHAI's project awarding in FY25 stood at 4,080km, below the 5,000km target, mainly due to general elections in 1QFY25 and subdued activity until 3QFY25. Awarding picked up in 4QFY25, with ~2,600km awarded during the quarter. The overall muted awarding has impacted order inflows for several road construction companies. NHAI exceeded its highway construction target of 5,150km and built 5,614km in FY25.**
- **FASTag toll collections grew ~15% YoY in terms of volume and ~17% YoY in terms of value in 4QFY25, supporting asset monetization plans.**
- **In FY25, NHAI monetized assets worth INR287b, below the INR390b target, due to MoRTH's directive to pause ToT (toll-operate-transfer)-based monetization. However, it raised a record INR177b through the fourth round of NHAI InVIT. For FY26, NHAI targets INR300b in monetization, with 24 road assets (1,472km) identified for the process.**
- **The Dedicated Freight Corridor Corporation of India (DFCCIL) has commissioned 2,741km of the planned 2,843km for both the Eastern and Western Dedicated Freight Corridors (DFCs). The completion deadline is extended to Dec'25 due to delays in land acquisition.**

NHAI awarding remains subdued in FY25; construction activity exceeds target

In FY25, NHAI awarded road projects totaling 4,080km, falling short of its initial target of 5,000km. There were no project awards in 1QFY25 due to the general elections, followed by subdued awarding activity in 2Q and 3Q. On a YoY basis, project awards rose by 63%, largely due to the low base in FY24. Muted awarding over the past two fiscals has significantly impacted order inflows for many road construction companies. On the construction front, NHAI exceeded its highway construction target of 5,150km by completing 5,614km in FY25. However, this still marked a 15% YoY decline YoY.

FASTag toll collections showing consistent improvement

FASTag toll collection volume improved ~15% YoY in 4QFY25, while the collection value increased ~17% YoY. During FY25, FAStag toll collections increased 13% YoY. Higher toll collections play a crucial role in expediting the monetization process of road assets by the Ministry. Additionally, toll collections benefit companies that aim to monetize their existing toll assets.

Declining input prices to boost margins for contractors

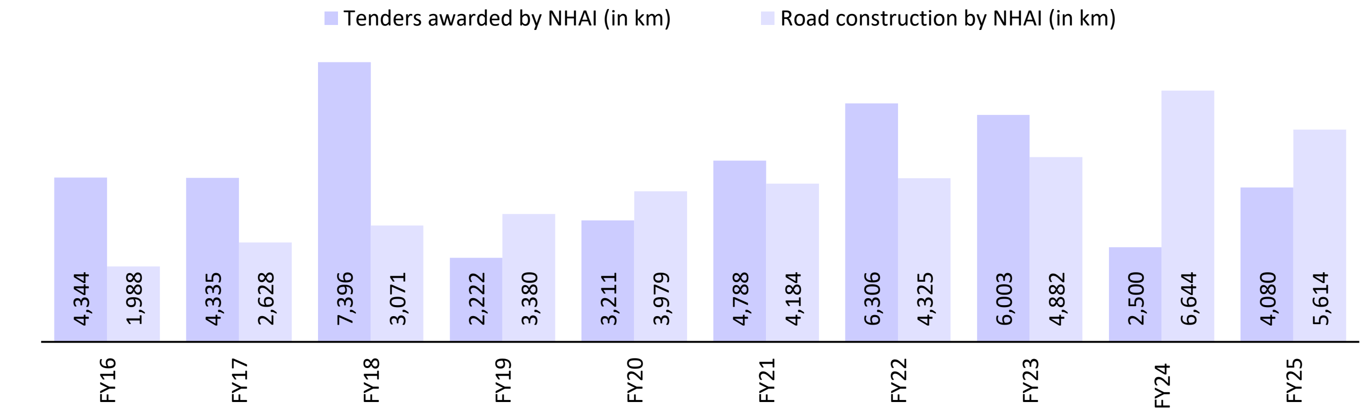
Steel and aluminum prices have decreased ~25% and ~18%, respectively, from their highs seen in Apr'22. Cement prices have decreased ~8% from their highs seen in Oct'23. With higher construction activities and stability in commodity prices, road contractors anticipate some improvement in profitability and margins in FY26.

Players with robust order books, strong balance sheets, and diversified operations well placed

Although there has been a slowdown in project awarding in FY24 and FY25, the tender pipeline is currently robust. Entities with significant order backlogs, strong financial standings, and involvement across diverse sectors are well-positioned to benefit.

Awarding remains subdued in FY25

NHAI's awarding and construction trends (in km)



Sources: NHAI, MOFSL

- Project awarding by NHAI totaled 4,080km in FY25 vs. the target of 5,000km at the start of FY25. Order awarding by NHAI was NIL in 1QFY25 due to the general elections, followed by subdued awarding in 2Q and 3Q of FY25. On a YoY basis, awarding increased by 63% YoY primarily due to a lower base of FY24. Muted awarding by NHAI in the last two fiscals has severely affected order inflows for several road construction companies.
- On the construction side, NHAI exceeded its highway construction target of 5,150km and built 5,614km in FY25. However, compared to FY24, construction activity was lower by 15%. NHAI also reached an all-time high capex of INR2.5t in FY25, exceeding the target of INR2.4t.

CreditAccess Grameen

BSE SENSEX	S&P CNX
74,227	22,536

Stock Info

Bloomberg	CREDAG IN
Equity Shares (m)	160
M.Cap.(INRb)/(USDb)	159.2 / 1.8
52-Week Range (INR)	1553 / 750
1, 6, 12 Rel. Per (%)	3/-3/-32
12M Avg Val (INR M)	1088
Free float (%)	33.5

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	36.3	38.7	46.0
Total Income	38.5	41.3	48.8
PPoP	26.8	28.1	33.5
PAT	5.5	12.0	18.3
EPS (INR)	35	76	115
EPS Gr. (%)	-62	117	52
BV (INR)	437	513	627
Ratios (%)			
NIM	14.5	14.5	14.5
C/I ratio	30.3	31.8	31.3
Credit cost	7.5	4.3	2.8
RoA	1.9	4.0	5.1
RoE	8.2	15.9	20.1
Valuations			
P/E (x)	27.9	12.8	8.5
P/BV (x)	2.2	1.9	1.5

CMP:INR985 Buy

PAR accretion continues to dip MoM; KAR X-bucket CE has touched ~99% at the end of Mar’25

AUM growth slightly below our estimate; healthy collections from PAR buckets

Loan growth

- CREDAG’s AUM declined ~3% YoY and grew ~5% QoQ to INR259b as of Mar’25 (slightly below our estimates) vs. INR248b as of Dec’24. The share of Karnataka in AUM stood at INR80.1b as of Mar’25 vs. INR79.3 as of Dec’24, while AUM in other states stood at INR179b as of Mar’25 vs. INR169b as of Dec’24.
- During 4QFY25, 250K+ new borrowers were added.

Collections

- The X bucket CE % (ex-Karnataka) largely normalized at >99.6% in Mar’25.
- The PAR 15+ and PAR 0 Accretion/AUM in Karnataka improved significantly in Mar’25, following an uptick in Feb’25. The X bucket CE % in Karnataka improved to ~98.5% in Mar’25 from ~96.9% in Feb’25, touching ~99.0% at the end of Mar’25.
- There was a significant reduction in PAR 15+ accretion across other operating geographies during 4QFY25.
- Collections were healthy from the PAR buckets, with 40% of borrowers in PAR 1-60 and 10% of borrowers in PAR 60+ making partial payments.

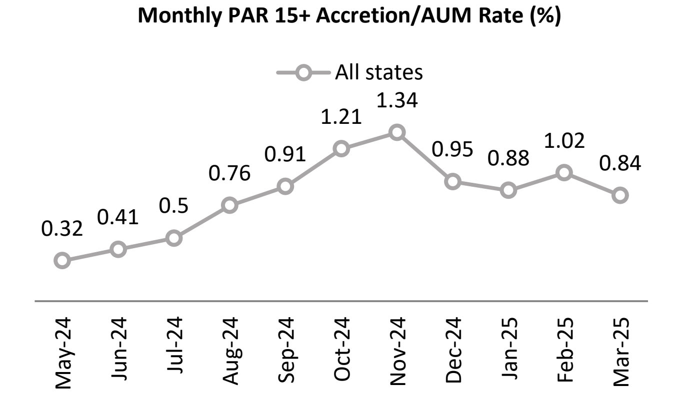
Asset quality

- Stabilizing asset quality led by declining PAR accretion rates across all states, partially offset by elevated PAR accretion in Karnataka. PAR accretion continued to decline in all states (including Karnataka) in Mar’25.
- PAR 0+ (ex-Karnataka) declined ~190bp QoQ to 6.1%. PAR 30+ rose 40bp QoQ, PAR 60+ increased 50bp QoQ and PAR 90+ rose 70bp QoQ to 5.5%, 4.3%, and 3.3%, respectively.

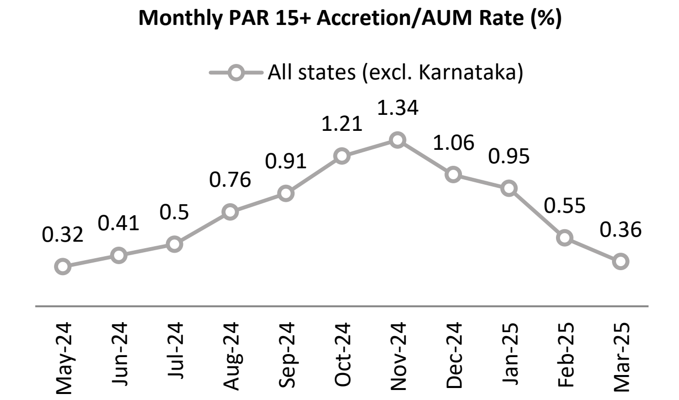
Write-offs

- Accelerated write-offs stood at INR5b in 4QFY25.

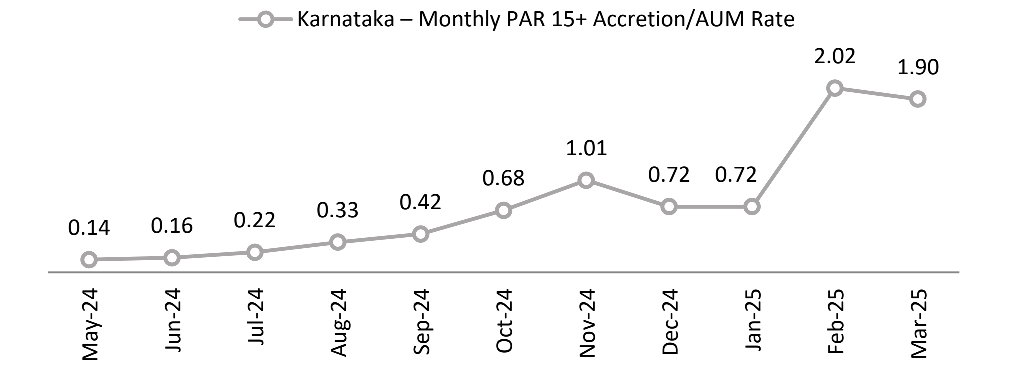
Monthly PAR 15+ (all states) improved in Mar'25



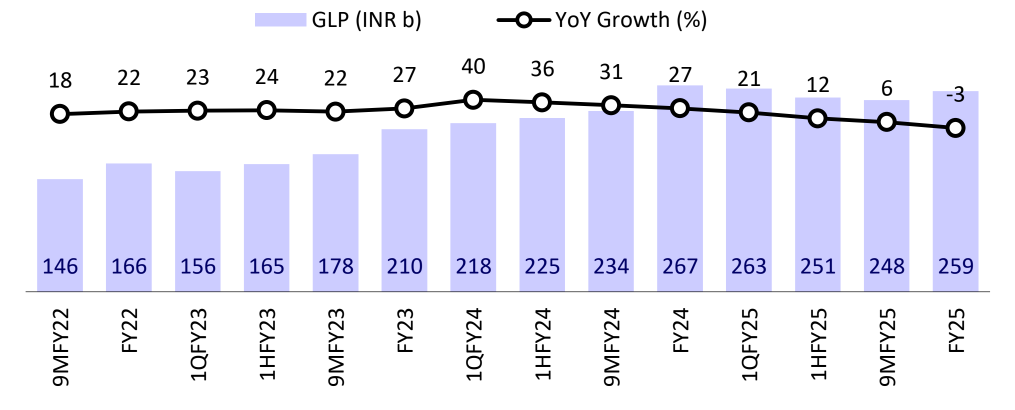
Monthly PAR 15+ (ex-Karnataka) improved during Jan-Mar'25



Karnataka – Monthly PAR 15+ Accretion/AUM rate



AUM declined ~3% YoY but grew 5% QoQ to INR259b



Trends in asset quality for the last 10 quarters

Particulars (%)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Feb'25	Mar'25
PAR 0+	2.2	1.5	1.2	1.3	1.8	1.7	2.5	4.9	6.8	7.5	6.9
PAR 0+ (excl. Karnataka)									8.0	7.3	6.1
PAR 30+	1.9	1.2	1	0.9	1.2	1.4	1.8	3.3	5.1	5.4	5.5
PAR 60+	1.6	1.1	0.8	0.7	1	1.2	1.4	2.4	3.8	4.3	4.3
PAR 90+	1.4	1	0.7	0.6	0.8	0.9	1.1	1.7	2.6	3.4	3.3

Senco Gold

BSE SENSEX	S&P CNX
74,227	22,536

Stock Info

Bloomberg	SENCO IN
Equity Shares (m)	164
M.Cap.(INRb)/(USDb)	49.6 / 0.6
52-Week Range (INR)	772 / 227
1, 6, 12 Rel. Per (%)	1/-45/-25
12M Avg Val (INR M)	546
Free float (%)	35.9

Financials Snapshot (INR b)

Y/E March	2025E	2026E	2027E
Sales	63.6	75.3	86.7
Sales growth (%)	21.2	18.5	15.2
EBITDA	4.0	5.0	5.7
EBITDA Margin (%)	6.3	6.6	6.5
Adj. PAT	1.8	2.3	2.8
EPS (INR)	11.2	14.0	17.1
EPS Gr. (%)	-3.5	24.7	21.8
BV/Sh. (INR)	118.1	130.4	145.1
Ratios			
Debt/Equity	0.4	0.5	0.5
RoE (%)	11.1	11.3	12.4
RoIC (%)	10.2	11.0	11.1
Valuations			
P/E (x)	27.0	21.6	17.8
EV/EBITDA (x)	5.6	4.7	4.1

CMP: INR303 — Neutral

Healthy revenue growth

Senco Gold (SENCO) released its pre-quarterly update for 4QFY25. Here are the key takeaways:

Industry update

- Gold prices continued their upward trajectory in 4Q, reflecting sustained bullish momentum.
- Consumer sentiment toward gold remained strong, with gold continuing to be viewed as a reliable store of value. Gold prices rose 11% QoQ and 33% YoY during the quarter.
- Over the past six months alone, gold prices surged 19%, reaching an all-time high of USD 3,150 per ounce.
- Persistent purchases by central banks throughout the year supported demand, significantly contributing to the price rally.

Business performance

- **Wedding & festive demand:** A robust wedding and festive season in 4Q significantly boosted business performance. This resulted in higher footfalls and a 6% increase in invoices, with Average Transaction Value (ATV) and Average Selling Price (ASP) rising 16% and 17%, respectively. Customer preference leaned toward yellow gold amid rising gold prices.
- **Revenue growth: On a standalone basis, 4Q revenue grew 19% YoY (est. ~19% in 4QFY25, 27% in 3QFY25, 40% in 4QFY24), with retail revenue increasing 23% YoY.** Growth in Tier 3 and Tier 4 towns outpaced that in metros and Tier 2 cities. Non-East India revenue crossed INR11b in FY25, up 23% from INR9.4b in FY24. Coin and bullion sales contributed less than 4% of overall gold sales, indicating a largely ornament-focused customer base.
- **SSSG stood at 18.4% for 4Q and 14.6% for FY25.**
- **Studded jewelry** sales grew 39% YoY during 4Q, compared to 9% in 9MFY25, leading to a 14% growth in FY25. The stud ratio improved slightly to 10.9% in FY25 vs 10.5% in 9MFY25.
- **Old gold exchange**: Volatile gold prices in 4Q led to a surge in old gold jewelry exchanges. Old gold contributed 40% to overall sales, with ~61% of it sourced from new (non-SENCO) customers in FY25.
- **Jewelry purchase scheme**: The company maintained a steady base of scheme customers, supporting future footfall and redemptions during upcoming festive seasons. The re-launch of the 18-month scheme aims to build a pipeline of loyal, long-term customers.
- **Margin stability:** The impact of customs duty reduction in 2Q and 3Q, along with other factors, led to margin contraction of 80-90bp, resulting in an adjusted EBITDA margin of 6.2%. However, strong diamond jewelry sales in 4Q are expected to improve margins, with EBITDA margin outlook remaining positive. The full impact of the customs duty cut was absorbed by 3Q, with no further margin headwinds seen in 4QFY25.

Store expansion

- In 4Q, the company opened four new showrooms under both Franchisee and COCO models at BT Road/Dunlop (Kolkata, WB), Budge Budge (Kolkata, WB), Ghatal (Medinipur, WB), and Varanasi II (UP).
- For FY25, 15 net new showrooms were launched, including six under the franchisee model.
- The total showroom count has now reached 175, comprising 72 franchisee-operated outlets and one international showroom located in Dubai.

Other highlights

- The company anticipates a robust start to FY26, driven by strong demand during key occasions such as Poila Baisakh, Akshaya Tritiya, and the ongoing wedding season. These events are expected to significantly contribute to 1QFY26 sales.
- The recent decline in gold prices is expected to further boost consumer demand in 1Q, aided by rising purchasing power.
- The company plans to open 5-7 new stores in 1QFY26, aligned with its full-year target of launching 20-22 new outlets under its own as well as franchisee models, aimed at strengthening its market presence.
- To deepen customer outreach, ~70 new Shop-in-Shop (SIS) outlets are planned, aiming to bring the total SIS store count to around 100 by Mar'26.
- The company has planned to open 5-7 new SENNES stores through its wholly-owned subsidiary, Sennes Fashion Limited. These stores will cater to lifestyle product categories, including lab-grown diamonds, leather accessories, and perfumes.

Consolidated Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Stores	**142**	**145**	**155**	**159**	**165**	**166**	**171**	**177**	**159**	**177**
Net Sales	**13,054**	**11,466**	**16,522**	**11,373**	**14,039**	**15,005**	**21,025**	**13,483**	**52,414**	**63,552**
Change (%)	29.6	25.8	23.3	39.7	7.5	30.9	27.3	18.6	28.5	21.2
Gross Profit	**1,632**	**1,354**	**3,083**	**1,944**	**2,428**	**1,976**	**2,373**	**2,104**	**8,014**	**8,881**
Gross Margin (%)	12.5	11.8	18.7	17.1	17.3	13.2	11.3	15.6	15.3	14.0
Operating Expenses	960	960	1,272	1,067	1,341	1,159	1,297	1,103	4,259	4,900
% of Sales	7.4	8.4	7.7	9.4	9.5	7.7	6.2	8.2	8.1	7.7
EBITDA	**672**	**395**	**1,811**	**877**	**1,087**	**818**	**1,076**	**1,000**	**3,755**	**3,981**
Margin (%)	5.1	3.4	11.0	7.7	7.7	5.4	5.1	7.4	7.2	6.3
Change (%)	22.1	21.2	11.3	31.5	61.8	107.1	-40.6	14.0	18.6	6.0
Interest	266	234	283	298	322	326	339	359	1,081	1,346
Depreciation	126	133	158	184	181	178	131	185	601	675
Other Income	94	110	89	128	123	149	127	125	422	524
PBT	**375**	**139**	**1,459**	**524**	**708**	**462**	**732**	**581**	**2,495**	**2,484**
Tax	98	20	366	202	195	117	190	143	685	646
Effective Tax Rate (%)	26.1	14.1	25.1	38.6	27.6	25.3	26.0	24.6	27.5	26.0
Adjusted PAT	**277**	**119**	**1,093**	**322**	**513**	**345**	**542**	**438**	**1,810**	**1,838**
Change (%)	24.2	37.3	6.0	24.7	85.3	188.7	-50.4	36.2	14.2	1.5
PAT	**277**	**119**	**1,093**	**322**	**513**	**121**	**335**	**438**	**1,810**	**1,407**

E: MOFSL Estimates

Motherson Group: Currently insulated from Tariffs; Vaaman Sehgal, VP

- We produces in the US, we produce locally and supply locally – quite insulated from these tariffs
- Demand will be seen on how automobile demand globally
- We trying to have no country customer component more than 10% of the business
- Have pivoted from just Auto company to Multiple new industry

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Cyient: Early to speculate on listing of semiconductor biz; Krishna Bodanapu, MD

- Intent of carving out semicon biz is similar to what happened with Cyient DLM
- Early to speculate on listing of semicon biz, has to become much larger in rev. terms
- Semicon biz is cyclical, see 10% YoY growth for last 5 years
- Board committed to invest $100m & authorized to look at external capital

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Quess Corp: Demerger timeline, listings of new venture & expansion outlook; Guruprasad Srinivasan, CEO

- Demerger is done basis to bring in sharper focus to each of platform
- Digitide solution will be the tech co. and Bluespring will be the infra space company
- Quess Corp will be the remaining company which will be the work-force company
- Total impact for international revenue is <20%, Quess would have the least presence in North America

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Affle: We are resilient & well prepared to mitigate risks; Anuj Khanna Sohum, CMD

- Targeting 10x growth for next decade, basically 25% compounded annual growth rate for revenues
- Unveiled optics AI – creatives platform – power about billion unique hyperlocal/hyper contextual creatives
- Advertising is a strictly local business, we have an local entity there
- There is no import export involved in doing advertising services

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Bank of Maharashtra: Pretty confident that we will outperform guidance on all ratios like NIM; Nidhu Saxena, MD

- Have set up a new business vertical for institutional deposits
- Have opened 200 branches in last one year
- Have not finalized guidance for FY26
- There are challenges in the system w.r.t. business momentum

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

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.