Q1 FY'25 CONFERENCE CALL Key Takeaways

ArihantCapital
Generating Wealth

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NBFC & Banks

1. Jio Financial Services Ltd
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8. Central Bank of India
9. CreditAccess Grameen Ltd
10. Kotak Mahindra Bank
11. Fedbank Financial Services Ltd
12. ICICI Lombard General Insurance Co Ltd
13. Nippon Life Insurance AMC Ltd
14. RBL Bank
15. Union Bank of India
16. Jana SFB
17. Indian Overseas Bank
18. UCO Bank
19. Star Health and Allied Insurance Co Ltd
20. Capital SFB

NBFC & Banks

21. Satin Creditcare Network
22. Five Star Business Finance
23. SMC Global Securities Ltd
24. Capri Global Capital Ltd
25. Fusion Micro Finance Ltd
26. Power Finance Corporation Ltd
27. Anand Rathi Wealth
28. Suryodhay Small Finance Bank
29. Aptus Value housing finance Ltd.
30. Muthoot Capital Services
31. India Shelter Finance Corporation Ltd
32. LIC Housing Finance Ltd
33. Utkarsh Small Finance Bank Ltd.
34. Bajaj Finance Ltd
35. Mahindra and Mahindra Financial Services Ltd
36. Karnataka Bank
37. SBI Life Insurance Company Ltd
38. MAS Financial Services Ltd
39. PNB Housing Finance Ltd.
40. Aavas Financiers
41. Canara Bank

NBFC & Banks

41. Motilal Oswal Financial Services Ltd
42. Star Housing Finance Ltd
43. Go Digit General Insurance Ltd
44. Shriram Finance Ltd
45. SBI Cards & Payment services Ltd
46. SBFC Finance Ltd
47. Cholamandalam Investment & Finance Company Ltd
48. ESAF SFB Ltd
49. Punjab & Sind Bank Ltd
50. KFin Technologies Ltd
51. CSB Bank Ltd
52. Muthoot Finance Ltd
53. GIC Ltd
54. Cholamandalam Financial Holdings
55. Niyogin Fintech Ltd
56. Muthoot Microfin Ltd
57. New India Assurance Company Ltd
58. Max Financial Services Ltd
59. Trucap Finance Ltd

IT

1. Kellton Tech Solution
2. LTI Mindtree
3. Black Box
4. Newgen Software Technologies Ltd
5. Tata Technologies Ltd
6. Mastek Ltd
7. Tanla Platforms Ltd
8. Onward Technologies Ltd
9. Wipro Ltd
10. E2E Networks Ltd
11. Hinduja Global Solutions Ltd
12. Aurum Proptech Ltd
13. Netweb Technologies India Ltd
14. Cyient DLM Ltd
15. Firstsource Solutions ltd
16. Ideaforge Technology Ltd
17. Data Patterns (India) Ltd
18. Dixon Technologies (India) Ltd
19. All E Technologies Ltd
20. Allied Digital Services Ltd

IT

21. Datamatics Global Services Ltd
22. NIIT Learning Systems Ltd
23. BLS International Services Ltd
24. Axiscades Technologies Ltd
25. Bharti Airtel Ltd
26. Protean eGov Technologies Ltd
27. HCL Technologies Ltd
28. Tata Elxsi
29. Infibeam Avenues Ltd.
30. R Systems International Ltd.
31. Affle India Ltd
32. Nucleus Software Exports Ltd
33. Intense Technology
34. PB Fintech Ltd
35. MPS Ltd
36. Infobeans Technologies Ltd
37. Zensar Technologies Ltd
38. Ksolves India Ltd
39. KPIT Technologies Ltd
40. Cyient Ltd

IT

41. Tech Mahindra
42. Aurionpro Solutions Ltd
43. Intellect Design Arena Ltd
44. Zen Technologies
45. Quick Heal Technologies Ltd
46. Happiest Minds
47. Yatra Online Ltd
48. Vodafone Idea Ltd
49. RateGain Travel Technologies Ltd
50. Suyog Telematics Ltd
51. CE Info Systems Ltd (MAP MY INDIA)
52. MSTC
53. MPS

Industrial Products and Consumer Durables

Industrial Products and Consumer Durables

21. Happy Forgings Ltd
22. Bharat Forge Ltd
23. Ion Exchange
24. GMM Pfaudler
25. VIP Industries
26. HPL Electric & Power Ltd
27. Salzer Electronics Ltd
28. Kilburn Engineering
29. Timken India Ltd
30. Azad Engineering Ltd
31. Carysil
32. Ramkrishna Forgings Ltd
33. CG Power & Industrial Solutions Ltd
34. Hitachi Energy India Ltd
35. V-Guard Industries Ltd
36. Praj Industries Ltd
37. TTK Prestige
38. Nelcast Ltd
39. K E C International Ltd
40. IKIO Lighting Ltd
41. Texmaco Rail & Engineering

Auto and Ancillaries

1. Suprajit Engineering Ltd
2. CEAT Ltd
3. CIE Automotive India
4. CarTrade Tech Ltd
5. Carborundum Universal Ltd
6. TVS Supply Chain Solutions Ltd
7. Pricol Ltd
8. Escorts Kubota Ltd
9. Talbros Automotive Components Ltd
10. Apollo Tyre
11. Minda Corporation Ltd.
12. JK Tyre
13. Amara Raja Energy & Mobility Ltd
14. Varroc Engineering
15. Harsha Engineers International Ltd
16. Automotive axles
17. Sansera Engineering Ltd
18. Sandhar Technologies Ltd
19. NDR Auto Components Ltd
20. Balkrishna Industries Ltd

Auto and Ancillaries

21. ZF Commercial Vehicle Control System India Ltd
22. Craftsman Automation Ltd
23. Ashok Leyland
24. ASK Automotive Ltd
25. Subros
26. PPAP Automotive Ltd
27. Samvardhana Motherson International Ltd
28. Lumax Auto Technologies Ltd
29. FIEM Industries
30. HeroMoto Corp

Media and Entertainment

1. PVR Inox Ltd
2. Shemaroo Entertainment Ltd
3. ZEE Entertainment Enterprises Ltd
4. GTPL Hathway Ltd
5. Saregama India
6. HT Media Ltd

Energy and Power

1. Polycab India
2. Sterling & Wilson Renewable Energy
3. JSW Energy Ltd
4. Gujarat Mineral Development Corporation Ltd
5. Torrent Power Ltd
6. Adani Power Ltd
7. Lloyds Metals & Energy Ltd
8. Waaree Renewables Technologies
9. Tata Power Company Ltd
10. Hindustan Zinc Ltd.
11. Shivalik Bimetal Controls Ltd
12. Borosil Renewables Ltd

Infrastructure

1. Ganesh Housing Corporation Ltd
2. Capacite
3. KNR Constructions Ltd
4. Sunteck Realty Ltd
5. JSW Infrastructure Ltd
6. Vascon Engineers
7. Oberoi Realty Ltd
8. Macrotech Developers
9. Arvind Smart Spaces Ltd
10. Godrej Properties Ltd
11. Genus Power Infrastructures Ltd
12. The Anup Engineering Ltd
13. GPT Infraporjects Ltd
14. Phoenix Mills Ltd
15. Puravankara Ltd
16. NCC Ltd
17. Welspun Enterprises Ltd
18. Tega Industries Ltd
19. WPIL Ltd

Infrastructure

21. ITD Cementation India Ltd
22. Signature Global Ltd.
23. Keystone Realtors (Rustomjee)
24. G R Infraprojects
25. Hindustan Construction Company Ltd
26. Brigade Enterprises
27. H.G. Infra Engineering Ltd
28. J Kumar Infraprojects Ltd
29. Mold-Tek Technologies Ltd|
30. Ajmera Realty & Infra India
31. Ircon International
32. IRB Infrastructure Developers Ltd
33. Kolte Patil Developers Ltd
34. Om Infra Ltd
35. Sobha
36. Larsen & Toubro Ltd
37. Mahindra Lifespace Developers Ltd
38. HFCL Ltd
39. DLF Ltd

Infrastructure

40. Nirlon Ltd
41. Gensol Engineering
42. Dilip Buildcon Ltd
43. Ashiana Housing Ltd
44. Rail Vikas Nigam Ltd
45. Engineers India Ltd
46. Arihant Superstructures
47. Max Estates Ltd
48. DigiSpice Technologies Ltd
49. PNC Infratech Ltd
50. Shriram Properties Ltd
51. Vishnu Prakash R Punglia Ltd

Cements

1. Dalmia Bharat Ltd
2. UltraTech Cement
3. Sagar Cements Ltd
4. J K Cements Ltd
5. Adani Cement
6. Nuvoco Vistas Corp
7. JK Lakshmi Cement
8. Orient Cement
9. Shree Cement
10. Birla Corporation
11. Star Cement

Textiles and Fashion

1. Sky Industries Limited
2. Vedant Fashions Ltd
3. Vardhman Textiles Ltd
4. Arvind Fashions Ltd.
5. Gokaldas Exports Ltd
6. Page Industries Ltd
7. BANSWARA SYNTEX LTD
8. Aditya Birla Fashion and Retail Ltd
9. Siyaram Silk Mills Ltd
10. PDS Ltd
11. Sportking India Ltd
12. Arvind Ltd
13. FSN E-Commerce Ventures Ltd
14. Ganesha Ecosphere Ltd

Iron and Steel Products

1. Jindal Saw Ltd
2. Maharashtra Seamless Ltd
3. Goodluck India Ltd
4. Jai Balaji Industries Ltd
5. Shyam Metalics
6. JTL Industries
7. Tube investments India Ltd.
8. Sarda Energy & Minerals
9. Aeroflex Industries
10. Steel Authority of India Ltd
11. Hi-Tech Pipes
12. Man Industries
13. APL Apollo Tubes
14. Rolex Rings Ltd
15. Vardhman Special Steels Ltd

Oil and Gas

Pharma and Healthcare

1. Sequent Scientific Ltd
2. Vimta Labs Ltd
3. Solara Active Pharma Sciences Ltd
4. Granules India Ltd
5. Ajanta Pharma
6. Mankind Pharma
7. Aarti Pharmalabs
8. Vijaya Diagnostics
9. Gland Pharma
10. Indegene Ltd.
11. SMS Pharmaceuticals Ltd.
12. Krishna Institute of Medical Sciences Ltd
13. Alembic Pharma Ltd
14. Blue Jet Healthcare Ltd
15. Fortis Healthcare Ltd
16. Dr Lal Pathlabs Ltd
17. Torrent Pharmaceuticals Ltd
18. Thyrocare Technologies Ltd
19. Indoco Remedies Ltd
20. Syngene International Ltd

Pharma and Healthcare

21. Cipla Ltd
22. Aarti Drugs Ltd
23. Orchid Pharma Ltd
24. IOL chemical & Pharmaceuticals Ltd
25. Metropolis Healthcare Ltd
26. Jupiter Life Line Hospitals Ltd
27. Supriya Lifesciences Ltd
28. Innova Captab Ltd
29. Ipca Laboratories Ltd

FMCG

1. EID Parry
2. Khadim India Ltd
3. Shoppers Stop
4. D.P. Abhushan
5. Varun Beverages Ltd
6. Adani Wilmar Ltd
7. Avenue Supermarts Ltd
8. V2 Retail Ltd
9. Kalyan Jewellers Ltd
10. Titan Company Ltd
11. CCL Products Ltd.
12. Bata India Ltd
13. Britannia Industries Ltd
14. Godrej Consumer Products Ltd
15. Mayur Uniquoters Ltd
16. Allied Blenders & Distillers Ltd
17. HINDUSTAN UNILEVER LTD
18. Gopal Snacks Ltd
19. United Spirits Ltd (Diageo India)
20. Jyothy Labs Ltd

FMCG

21. L T Foods Ltd
22. United Breweries Ltd
23. Associated Alcohols & Breweries Ltd
24. Tilaknagar Industries Ltd
25. Hindware Home Innovation
26. Camlin Fine

Consumer Foods

1. RBA Ltd
2. Sapphire Foods India Ltd
3. Dwarikesh Sugar Industries Ltd
4. Bikaji Foods International Ltd
5. Dhampur Bio Organics Ltd.
6. Globus Spirits Ltd

Transport and Logistics

1. VRL Logistics Ltd
2. Allcargo Terminals Ltd.
3. Delhivery Ltd.
4. Container Corp
5. Blue Dart Express Ltd
6. Mahindra Logistics
7. TCI Express

Agriculture and Chemicals

1. Jubilant Ingrevia
2. Aether Industries Ltd
3. Tinna Trade Ltd or Fratelli Vineyards Ltd
4. Rossari Biotech Ltd
5. Privi Speciality Chemicals Ltd
6. Navin Fluorine International Ltd
7. India Glycols
8. Castrol India
9. Clean Science & Technology Ltd
10. Godrej Agrovet Ltd
11. Laxmi Organic Industries Ltd.
12. Chemplast Sanmar
13. Deepak Nitrite Ltd
14. P I Industries Ltd
15. Pidilite Ltd
16. Sudarshan Chemicals Ltd
17. Archean Chemical Industries
18. Paradeep Phosphates Ltd
19. Yasho Industries Ltd
20. Tata Chemicals Ltd

Agriculture and Chemicals

21. Gulf Oil Lubricants
22. Welspun Specialty Solutions Ltd
23. PONDY OXIDES & CHEMICALS Ltd
24. Tatva Chintan Pharma Chem Ltd
25. SRF Ltd.
26. Epigral Ltd
27. Supreme Petrochem Ltd
28. Laxmi Organics
29. Meghmani Organics Ltd
30. I.G Petrochemicals Ltd
31. Apcotex Industries Ltd
32. Kiri Industries Ltd
33. Shree Pushkar Chemicals & Fertilisers Ltd
34. PCBL Ltd

Pipes and Building materials

1. Kirloskar Pneumatic Co Ltd
2. Asian Paints
3. Greenpanel Industries Ltd
4. Somany Ceramics
5. Akzo Nobel India Limited
6. Kirloskar Brothers
7. Surya Roshni Ltd|
8. Kajaria Ceramics Ltd
9. Greenlam Industries Ltd
10. Sona BLW Precision Forgings Ltd
11. Venus Pipes
12. Finolex Industries Ltd
13. Cera Sanitaryware
14. Finolex Cables Ltd

Hospitality and Travel

1. Indian Hotel Company Ltd
2. Wonderla Holidays Ltd
3. Lemon Tree Hotels Ltd
4. Devyani International Ltd
5. Samhi Hotels Ltd
6. EIH Ltd
7. Chalet Hotels Ltd
8. Mahindra Holidays & Resorts India
9. IRCTC Ltd

Diversified

1. Century Textile and Industries Ltd
2. Just Dial Ltd
3. NBCC
4. EFC India Ltd
5. Tata Communication
6. Tejas Networks
7. One 97 Communications Ltd
8. Shakti Pumps (India) Ltd
9. Supreme Industries
10. Gravita India Ltd
11. Quess Corp
12. IndiaMART InterMESH Ltd
13. TCPL Packaging
14. Team Lease Services Ltd
15. Redington Ltd
16. Syrma SGS
17. Refex Industries Ltd
18. Symphony Ltd
19. Tara Chand Infralogistic Solutions Ltd
20. SJS Enterprises

Diversified

21. Patel Integrated Logistics Ltd.
22. Mold-Tek Packaging Ltd
23. Dreamfolks Ltd.
24. Radiant Cash Management Services Ltd
25. CDSL
26. Tinna Rubber
27. Eveready Industries India Ltd
28. CAMS
29. KUANTUM PAPERS LTD
30. Century Plyboard
31. Antony Waste Handling Cell Ltd
32. Astral Ltd
33. Infoedge Ltd
34. Cosmo First Ltd
35. Rashi Peripherals Ltd
36. Garware Hi Tech Films Ltd
37. EKI Energy Services Ltd
38. SIS Ltd
39. DCM Shriram Ltd
40. CMS Info Systems Limited

Diversified

41. Huhtamaki India Ltd
42. Aditya Vision Limited
43. BEL
44. Multi Commodity Exchange of India Ltd
45. Time Technoplast Ltd
46. IFGL Refactories Ltd
47. Sky Gold Ltd
48. DDev Plastiks Industries Ltd
49. Mazagon Dock Shipbuilders Ltd
50. Everest Kanto Cylinder Ltd
51. Uflex
52. Pokarna Ltd
53. MTAR Technologies
54. Awfis Space Solutions
55. Allcargo Logistics Ltd
56. Cello World Ltd
57. Nazara Technologies Ltd

Jio Financial Services Ltd – Q1FY25 KTAs
CMP INR 355 | Market Cap INR 2.26 trn

OUTLOOK
Company's profitability was impacted during the quarter due to the increase in the Employee and other expenses pertaining to new business ventures. Going forward, management focus is on expanding secured lending products, by launching new products like LAP and LAS. Further, a 50-50 JV with BlackRock to launch wealth management and broking businesses is in advanced development stages. Furthermore, JFSL has received final RBI approval to convert from an NBFC to a Core Investment Company. We have a long – term positive outlook on the company.

Financial Highlights
• During the quarter, the revenue from operations was flat at INR 4.18 bn, as the increase on account of fair value changes in income was offset by decline in the interest income.
• Consolidated expenses reduced to INR 0.79 bn (vs. INR 1.01 bn in Q4FY24), largely attributed to one-time expenses in Q4FY24 related to new business setup.
• Net profit for the company came at INR 3.12 bn (vs. 3.11 bn in Q4FY24 and INR 3.32 bn in Q1FY24), which was impacted on account of significant increase in employee and other expenses pertaining to new business ventures.

Lending & Leasing Business
• Company's focus is on expanding secured lending products. They have launched Loan against Mutual Fund in July 2024.
• They have also launched beta version of home loan, which is expected to be live in July 2024.
• Going forward, management plans to launch products like Loan against property and loan against securities.
• In leasing business, they commenced their operating lease business with Air Fiber devices under DaaS (Device-as-a-Service) model.
• They further received received shareholder's approval for related party transactions of up to INR 360 bn over FY25 & FY26.
• They also have a 50:50 JV with Reliance International Leasing IFSC Limited in the GIFT city. This entity has already initiated the operations of ship leasing in Q1FY25.
• JLSL plans to expand into leasing of Solar Panels and IT equipment.

Payments Business
• Company reached over 1 million active CASA customers.
• They further received RBI approval to expand its network by 16,000 Business Correspondent outlets.

Protection Business

• They have s tie-ups with 31 insurance company as of 30th June 2024. Their portfolio include Life, Non-Life, Auto and Health insurance products.

• They Launched Digital Auto and 2-Wheeler insurance on JioFinance app.

Investments Business

• They are in advanced development stages for a 50-50 JV with BlackRock to launch wealth management and broking businesses.

Other Highlights

• They have received the final approval from RBI for converting Jio Financial Services from NBFC to Core Investment Company, enabling strategic oversight across businesses.

HDFC AMC - Q1FY25 Concall Highlights:
CMP: INR 4,196 | Market Cap: INR 896 bn
Rating: Neutral

Outlook: The Company's Profits were bound to jump incrementally on account of robust market returns as well as their larger Equity AUM over Debt and hybrid AUMs as well as among their Peers. We believe HDFC AMC will continue its good run with the increasing Penetration of SIPs and MF investments in the future as well.

Guidance:
•The Company does not have any further plan for aggressive branch expansion, going forward.
•The Management guided that other expenses is expected to grow by 12%-15%, going forward.
•The company expects margin to rise from year two onwards due to a stepped-up structure.

Key Highlights:
•Revenue came at INR 7,752 mn, up 11% QoQ/up 35% YoY. EBITDA came at INR 1,794 mn, up 15.3% QoQ/up 23.7% YoY. PAT increased 12% QoQ/26% YoY to INR 6,039 mn.
•In Q1FY25, the Other income increased by 10% on a YoY basis to INR 1,730 mn, as they experienced healthy mark to market (MTM) gains on the investment portfolio.
•The Employee benefit expenses expanded by 20% YoY in Q1FY25 on account of annual increments, increase in headcounts, etc.
•The Other expenses stood at INR 790 mn an increase of 28% YoY mainly due to increase in general business related expenses, new fund offer, KYC expense, technology spends, etc.
•Operating revenue as a % of AAUM stood at 46 bps during the quarter. On a YoY basis, there has been a decline of 2 bps.
•In Q1FY25, the effective tax rate stood lower at 19.7%, primarily due to decrease in deferred tax charge mainly attributed to holding period of certain investments, transitioning from short-term to long-term. Operating margin as a % of AAUM stood at 34 bps for Q1FY25.
•The Management said that in the last 6 months, the industry added an AUM of over INR 10 trillion, wherein equity oriented funds witnessed net inflows.
•QAAUM for Q1FY25 stood at INR 59 trillion, recording a growth of 36.9% YoY/ 9% QoQ.
•Debt oriented funds including index funds witnessed net inflows of INR 7,090 mn during Q1FY25, marking a turnaround after three consecutive quarters of net outflows.
•In the past three years, the debt & liquid funds have collectively witnessed outflows amounting to INR ~2.65 trillion.
•In Q1FY25, Debt Funds displayed healthy interest with QAAUM increasing from INR 9.8 trillion as on 30th June 2023 to INR 10.7 trillion as on 30th June 2024. However, debt segment increased by 5% sequentially.
•The SIP flows continued its growth trajectory, witnessing an inflow of INR 213 bn in June 2024 as compared to INR 147 bn in June 2023.
•AUM through SIP has reached INR 12.4 trillion, continuing its upward trend. • The quarter witnessed addition of ~2.3 million new unique customers.
• The Company's penetration in its unique customer base stands at 23%.
•In Q1FY25, the Company's Equity AUM growth outpaced the industry growth with the ratio of equity-oriented QAAUM to non-equity oriented QAAUM standing at 64:36, significantly higher as compared to the industry mix of 56:44.

•Closing AUM increased by 41% YoY, whereas on a sequential basis there was a growth of 16%. The market share of the same stood at 11.5% as on 30th June 2024.
•The market share improved by 30 bps YoY/10 bps QoQ.
•QAAUM as of 30th June 2024 was INR 6,716 bn, growth of 38% YoY/10% QoQ. The market share of the Company based on QAAUM was 11.4%, expansion by 10 bps both annually and sequentially.
•At the end of Q1FY25, actively managed equity-oriented QAAUM stood at INR 4,072 bn, recording a growth of 64% YoY/12% QoQ. Market share in the equity-oriented funds was 12.9% witnessing an improvement by 80 bps YoY / 10 bps sequentially.
•Debt oriented QAAUM stood at INR 1,427 bn, recording a growth of 10% YoY with market share at 13.3% improving by 10 bps YoY.
•In Q1FY25, the yields for three key asset classes were: Equity ~59 bps, Debt ~28 bps and Liquid ~12 bps. The Equity yields contracted by ~10 bps YoY on account of increase in AUM on several major schemes.
•The Company's total live accounts stood at 1,860 mn as of 30th June 2024. Unique customers were 110 mn compared to 470 mn for the industry. This indicates that approximately 1 out of every 5 investors has chosen to invest in HDFC mutual funds.
•In Q1FY25, 8.76 mn systematic transactions with a value of INR 32,100 mn were processed during the quarter as compared to 7.74 mn systematic transactions with a value of INR 29,300 mn during the Q4FY24.
•As of June 2024, there were over 85,000 empanelled distribution partners serviced through a total of 255 branches. In Q1FY25, 92% of the total transactions happened through digital channels.

HDFC Life Insurance - Q1FY25 Concall Highlights:
CMP: INR 638 | Market Cap: INR 1,372 bn
Rating: Neutral

Outlook: We see HDFC Life pursuing robust growth as seen in their Protection business growth justifying its valuations. However, we remain concerned over the sectoral performance and also how health Insurance is getting higher priority for households against Term Insurance plans. Hence, we remain conservative on the stock on account of limited growth prospects in the medium term for Life Insurance business as a whole.

Guidance:

• The Company expects around 100 bps impact on margins due to new surrender value norms.
• Management says growth in tier 2 & 3 regions to be higher than overall growth.
• The Management is comfortable with solvency of above 180% going ahead.

Key Highlights:

• The Individual APE grew to INR 24,670 mn as of Q1FY25, up by 31% YoY.
• The New Business Premium grew to INR 64 bn in Q1FY25, up by 9% YoY. Renewal Premium increased to INR 64.1 bn in Q1FY25, increasing by 10% YoY. Total Premium in Q1FY25 stood at INR 128.1 bn.
• AUM increased to INR 3.1 trillion as of Q1FY25, up 22% YoY.
• PAT increased to INR 4.78 bn, up by 15% YoY for Q1FY25.
• Embedded Value increased by 19% YoY to INR 496.1 bn while VNB increased to INR 7.18 bn increasing by 18% YoY in Q1FY25.
• VNB Margins fell to 25.0% in Q1FY25 against 26.2% in Q1FY24, a lower contribution from protection business while Investments in manpower & technology impacted overall margins.
• The Management attributed the growth in premiums being fuelled by 27.4% YoY rise in first year premiums while renewal and single premiums were up 10.5% YoY and 0.6% YoY respectively.
• The Life Insurer's Net Commissions increased 122.2% YoY to INR 14.7 bn while Expense of Management ratio increased 180 bps YoY to 21.4% mainly owing to rise in commissions.
• Underwriting profit for HDFC Life increased by 23.8% YoY to INR 2.6 bn.
• HDFC Life has declared the highest ever bonus of INR 37.22 bn to more than 2.2 mn policyholders.
• The Company improved its private market share to 17.1% from 16.4% in Q1FY24, while overall market share in Individual WRP stood at 11.4% for Q1FY25 versus 10.6% in Q1FY24.
• Retail protection on APE basis saw a growth of 28% YoY to INR 1.5 bn and was amongst the key drivers for healthy increase in retail sum assured which was up 46% YoY.
• The Company's APE growth from tier 2 & 3 markets is higher than overall company level growth. Tier 2 & 3 business contributed to ~66% of new business growth.

The Company’s Non-par products showed 41% YoY rise in business and the latest “click2achieve” variant garnered INR 1 bn of new business in mere 16 days.

• HDFC Life has a balanced product mix on APE basis, with 30% coming from non-participating savings, 32% from ULIPs (unit linked insurance plan), 14% coming from participating policies while the rest is contributed from protection & annuity business.

• Product mix on new business premium basis stood at: 32% from protection business, 15% from Annuity, 17% from Group Retirals, 6% from Participating and 14% from Non-Participating savings policies.

• The company has around 2.33 lakh agents and 80% of new agent addition in Q1FY25 came in from tier 2 & 3 markets. Total agents added during Q1FY25 stood at 18,500.

• Bancassurance forms 65% of the total channel mix while direct and agency channel contributed to 11% and 17% respectively. Brokers and other channels form remaining 7% of the business mix.

• Assets under management for HDFC Life has increased by 22% YoY to INR 3.1 trillion. Persistency ratio for the 13th Month for Q1FY25 has improved by 100 bps on YoY basis to 88%.

• Sequential change in embedded value was driven INR 9.3 bn by unwind, INR 7.2 bn by value of new business and INR 4.0 bn by economic variances during Q1FY25.

• Counter share with HDFC Bank stood at 66% and business growth in this channel was seen increasing by 41% YoY.

Bank of Maharashtra Ltd - Q1FY25 Concall Highlights
CMP: INR 68.7 | Market Cap: INR 486.5 bn
Rating: Neutral

Outlook: Bank of Maharashtra reported a decent set of earnings for Q4FY24 with stable asset quality and NPA levels industry lows. The Bank witnessed slow sequential growth of their loan book as expected across the sector for Q1FY25. The Deposit degrowth was also in line with the Management managing to keep the NIMs stable. We maintain our positive stance on large Private banks and faster growing PSU Banks like Bank of Maharashtra.

Guidance:

• The Management intends to maintain RoA between 1.5-1.6% for FY25, GNPA at below 2% & NNPA between 0.2-0.25%. Loan growth to be at around 16% YoY and deposits to grow between 18-20% YoY.

• CASA ratio to be around 50% and NIMs to be between 3.75-3.9% for FY25.

• Cost to Income Ratio to be between 37-38%, i.e, below 40%. Management intends to maintain CRAR between 16-17% for FY25.

• The Management aims to maintain 60:40 AUM mix for RAM to Corporate Portfolio (Retail, Agri and MSME) making up 60% of their loan book.

Key Result Highlights:

• NII came at INR 28.99 bn (up 8.3% QoQ/up 19.6% YoY). PPOP came at INR 22.94 bn (up 3.8% QoQ/up 23.14% YoY). Provisions increased in the quarter to INR 9.5 bn (up 0.9% QoQ/ up 22.5% YoY).

• PBT came at INR 13.44 bn (up 6% QoQ/ up 23.6% YoY). PAT came at INR 12.93 bn (up 6.23% QoQ/up 46.6% YoY).

• NIMs stayed sequentially flat at 3.97% QoQ and up 11 bps YoY. Asset Quality: GNPA/NNPA ratio for the bank stood at 1.85 / 0.2% for Q1FY24, decreasing by 3 bps QoQ & flat QoQ respectively.

• Balance Sheet: Advances grew to INR 2,055.73 bn grew by 2.6% QoQ/19.46% YoY against Deposits at INR 2,674.15 bn which fell sequentially by 1.23% QoQ/ up 9.4% YoY.

• CASA ratio came to 49.86%, down by 287 bps QoQ / down by 111 bps YoY.

Key Concall Highlights:

• The Management acknowledged that there is a lot of competition among banking Peers luring customers with higher interest rate offerings to increase their deposit base.

• The Bank is upgrading their Mobile Banking App which will launch as a new version of their existing app with all round financial services offerings to their customers.

• The Management is exploring more in the Co-Lending business space, and is looking for more NBFCs to partner with.

• The Bank's Video KYC functions during weekends including Sundays, with which the bank is offering the service 24X7 for their customers.
• The bank did recoveries of INR 10 bn in FY24, however, the management is keeping a target of INR 12.5-15 bn of recovery for FY25.
• The Bank has centralized many kinds of operations, including Under-writing of Loans, in order to maintain diversified but centrally controlled growth of the bank's vis-a-vis their risk reward ratio.
• The Bank has a Write-Off book of INR 200 bn and including the NPAs, the combined Write-Off & NPA accounts is total of INR 240 bn.
• The management says that of the accounts below INR 10 mn, the Portfolio of INR 80 bn is what is eligible for clean up from the bank's Balance Sheet under the board approved NDND scheme, i.e, The Bank's 618,000 accounts out of 622,000 accounts are eligible and the managements intends to clean up these small accounts.
• The Management guides of coming with an Auction for more than 500 plus written off Properties before the end of Sept 2024.
• The Yield on Investments has come down for the bank due to the new RBI guidelines, the Management confirms that the trading Profits from the earlier Debt Instruments has reduced. This has happened due to the bank's not able to convert their HTM positions to AFS position and sell their securities at higher trading Profits.
• Term Deposits renewals are generally done on Automatically basis with 25 bps higher than previous interest rates. The Bank has created busckets of 400 days, 666 days and 777 days for encouraging customers to stick with deposits.
• The Management says that their Agri NPA has been continuously decreasing, and with good monsoon predictions, the management expects good rural demand.
• The Bank is carrying additional Provision of INR 4.9 bn as of June 2024. The management intends to pass on the increasing interest rate to the consumer by a maximum of 0.4-0.5% increase in interest rate.
• The Bank is also focused on the recovery of INR 10-15 bn.
• The Bank is carrying INR 2.5 bn of additional Provisions for the restructured assets.
• The Bank has been keeping INR 12 bn of Covid Provisioning, and intends to maintain this Provisioning in future for any exigencies or unforeseen circumstances.
• The Bank's Management is more focussed on investment Credit growth against Production Credit in Agri business front, like funding for Cold Storages & Food Processing Units.

5paisa Capital Ltd - Q1FY25 Concall Highlights
CMP: INR 501 | Market Cap: INR 15,636 Mn

5paisa Capital Ltd appears to be in a transitional phase, focusing on quality customer acquisition and technological improvements to regain lost market share. The company's financial performance this quarter was decent. However, it still faces significant challenges as their market share has declined from 3-3.5% to 2-2.5% over the past year. The management is focused on revamping their technology infrastructure and improving product offerings. The upcoming regulatory changes in the options trading space could impact their business. Moving forward, 5paisa's ability to implement their quality-focused acquisition strategy, capitalize on their technological improvements, and navigate the evolving regulatory landscape will be critical in achieving their goal of 6% market share.

Financial performance

- Total revenue stood at INR 1,023 Mn, 21% YoY growth and a decline of 9% QoQ.
- EBITDA stood at INR 302 Mn, up by 192% QoQ. EBITDA margin increased to 30%, a rise of 400 bps from Q1FY24.
- Achieved PAT of INR 201 Mn, a 248% QoQ growth and 39% YoY growth
- PAT margins reached 20%, a rise of 300 bps from Q1FY24.
- Broking revenue grew to INR 400 Mn, up 11% YoY
- Allied income increased to INR 297 Mn, up 27% YoY

Operational highlights

- Acquired 2.34 lakh new customers in Q1FY25, reflecting 116% YoY growth
- Total customer base reached 44.7 lakhs
- Average Daily Turnover (ADTO) grew to 3.67 Tn, up 27% YoY
- Client funding book stood at INR 2,710 Mn, up 20% YoY
- Mutual fund AUM reached INR 11,240 Mn, up 90% YoY

Market share

Current market share is between 2-2.5% for both cash and F&O segments, down from a previous 3-3.5% market share. The company aims to reach a 6% market share in the future.

Product and technology improvements

- Introduced advanced features for option traders in the mobile app
- Launched F&O 360 product for derivatives trading
- Implemented QR code-based fund transfers using UPI
- Revamped mobile apps for iOS and Android to be available by end of Q2FY25
- Launched Trade Station 2.0, an improved web platform for high-end traders

Future focus

- Emphasis on quality customer acquisition rather than just numbers
- Continued investment in product development, technology, and customer experience

- Focus on cost optimization to improve profitability
- No immediate plans to enter the lending business

Regulatory environment

- The company acknowledgeD potential upcoming regulations, including a possible 20 lakh minimum value requirement for option selling
- Management believes that while regulations may impact volumes, historically, such changes have not significantly affected overall growth

Industry

- The overall industry saw a significant addition of more than 11 Mn demat accounts
- Total demat accounts in the country now stand at 162.2 Mn

Other highlights

- The company has taken a conscious decision in the last 1-2 months to improve the quality of customers they are acquiring, which resulted in a slight drop in acquisition numbers
- Employee benefit expense of INR 136 Mn includes the impact of annual increments, RSU costs, ESOP cost, and proportionate annual variable performance incentives
- There was a one-time positive impact of INR 86.6 Mn due to unvested ESOP and RSU costs, primarily related to Narayan Gangadhar's departure
- There's a focus on cost optimization to improve profitability
- Narayan Gangadhar has departed from his role but remains part of the IIFL group. Search for a new CEO is ongoing.

Angel One Ltd. – Q1FY25 Concall KTAs
CMP: INR 2,258 | Market Cap: INR 2,03,419 Mn

Outlook: Angel One continues to invest in new initiatives like wealth management and asset management, despite no immediate revenue contribution. They are optimistic about these new areas and are expanding their wealth management team while developing technology platforms for high-net-worth clients. Investments in brand building will continue with the aim of returning to pre-IPL spending levels. They are also investing in data analytics, cloud infrastructure, and technology to enhance customer experience and operational efficiency. Management expects margins to recover to 47-50% as IPL costs normalize and is prepared to adjust pricing to mitigate potential regulatory impacts. Angel One remains bullish on the long-term growth potential of the Indian fintech and broking industry, expecting a 50% growth in the overall Margin Trading Facility (MTF) book over the next 6-12 months.

Financial Highlights

- Revenue from operations stood at INR 14,055 million in Q1FY25, reflecting a 74.1% YoY increase and a 3.5% QoQ increase.
- EBITDA stood at INR 4,194 Mn in Q1FY25, rose 37.2% YoY and declined by 11.8% QoQ. The EBITDA margin was 37.7% in Q1FY25, compared to 44.8% in Q4FY24 and 48.8% in Q1FY24.
- PAT stood at INR 2,927 million in Q1FY25, up by 32.6% YoY, but down by 13.9% QoQ.
- Average client funding book grew 29% sequentially to INR 26,300 Mn for the quarter.

Operational Metrics

- Acquired about 2.6 Mn clients in the quarter, with 30% from tier 2, tier 3 cities and beyond.
- The total client base has expanded to over INR 24 Mn, and the market share in India's demat accounts increased to 15.2% as of June 2024.
- Clients executed over INR 460 Mn orders during the quarter. The share in overall retail equity turnover was 18.9%, and the cash segment market share expanded to 16.6%.
- The average SIP value registered on the platform is around INR 1500.
- The platform executed over INR 13 Mn orders in a single trading session, establishing a new benchmark.

New Initiatives and Business Segments

- Launched fully digital process for opening joint demat accounts.
- Witnessed strong growth in mutual fund distribution, with over 0.5 million unique SIP registrations in June 2024 alone.
- The company is expanding into wealth management and asset management businesses, with its AMC business currently awaiting final regulatory approval.
- Integrating credit and fixed income products into the platform.
- The company is building a wealth management platform catering to emerging HNI, HNI, and ultra-HNI segments.
- One has implemented a journey for DIY onboarding of mutual fund distributors to expand its assisted business.

Marketing and Brand Building

• Angel One associated with IPL (Indian Premier League) as a sponsor to build brand awareness and deepen category penetration.
• An independent third-party study recognized Angel One as one of the top three most visible and recalled brands during IPL 2024 season.
• The company is investing in social media community initiatives to engage and educate young investors with high-quality financial content.

Technology and Innovation

• Implemented advanced monitoring tools to track and improve system performance in real-time.
• Using data analytics and AI to drive business decisions and personalize user experience.
• Only major broker offering a fully digital process for opening joint demat accounts.
• Building a secure, cutting-edge data platform offering a 360-degree view of customers.
• Leveraging technology for wealth management to cater to a wide spectrum of clients.
• The company introduced new features like guest user experience and simplified journeys for ETFs and single stocks.

Client Behaviour and Segmentation

• Approximately 20% of their customers account for 80% of their volumes or revenues.
• The client funding book segmentation shows that 84% of clients have an exposure of less than INR 0.1 Mn. The average exposure per client in the MTF book is around INR 0.18 Mn.
• The average trading lot size has not significantly impacted client behaviour in the past. Customers have shown adaptability to changes in lot sizes and contract specifications.

Financial Strategy

• Fully utilised QIP proceeds for funding margin obligations and growing client funding book.
• Finance costs remained stable despite growth in client funding book due to efficient capital utilization.
• Employee benefit expenses increased 27% sequentially due to expansion in broking and wealth management businesses.
• Return on Average Equity stood at 29.8% in Q1FY25, impacted by higher net worth from fund raise and IPL-related expenses.

Competitive Positioning

• Angel One is the only digital player with MTF product on their digital platform, giving them an edge in pricing.

- The company is the second-largest player in incremental registered SIPs and competes mainly with bank-led brokers in the MTF space.

Other Highlights

• Angel One is evaluating the impact of recent regulatory changes on pledging of securities and F&O lot sizes.
• The management emphasized that their MTF is a regulated product and doesn't face significant regulatory challenges.
• Angel One has introduced differentiated MTF pricing, with blended yields ranging between 15-16%.
• The board decided to defer dividend payout for the next few quarters to conserve reserves and support growth initiatives.

Arman Financial Services Ltd - Q1FY25 Conference Call KTAs
CMP INR 1658 | Market Cap INR 17.36 bn

OUTLOOK
Company has posted a decline in profitability during the quarter, driven by higher impairment cost and slightly lower yield. They have revised their credit cost guidance upward by 50bps. Further, Disbursement growth is expected to pickup in second half of the FY25.

Guidance
• Management expects disbursements to improve in second half of the financial year.
• Earlier, management had guided credit cost to be within the range of 2.5% - 3%. They revised it upward by 50bps during the quarter.

Highlights
• Company faced a lot of challenges during the quarter, marked by economic uncertainties, disruptions related to central elections, and reports of excessive heat waves in key geographies.
• Owing to these headwinds, Company's disbursement degrew by 31% QoQ and 13% YoY, at INR 4.59 bn in Q1FY25.
• NII stood at INR 1022 mn, up by 4.72% QoQ and 45.56% YoY.
• The challenges faced during the quarter, particularly in key geographies affected by economic uncertainties and disruptions has affected their asset quality.
• Their GNPA/ NNPA stood at 2.8%/ 0.20% in Q1FY25 as compared to 2.5%/ 0.10% in Q1FY24.
• There is an uptick in credit cost and a reduction in volumes. The same has been visible in the microfinance industry as a whole.
• Further, disruptions due to elections, heat waves and unusually high employee turnover has led to higher slippages this quarter.
• PAT was down by 38% QoQ and 22% YoY, at INR 313 mn, on account of higher impairment cost and slightly lower yield.
• Their credit rating upgraded to 'ACUITE A | Stable' from 'ACUITE A(-) | Stable' by Acuite Ratings.
• Of the total borrowings of INR 22.17 bn, 40.2% is through banks, 11.6% is through NBFCs, 16.7% is through debt and NCDs, 2.0% is through PTC, and 24.0% is through direct assignments. The rest is borrowed from DFIs (i.e., NABARD & SIDBI) and others.
• Company has opened 91 new branches over the last 12 months bringing total branch count to 434.
• Further, the regulator has capped the monthly loan repayment of borrowers, it should not exceed 50% of the monthly household income. This will reduce the pressure of EMI repayments on the borrowers, as well as lead to lower delinquency and lower credit costs for the industry.

Central Bank of India - Q1FY25 Concall Takeaways:
CMP: INR 64.4 | Market Cap: INR 559 bn
Rating: Neutral

Outlook: The Bank posted healthy bottomline growth on a YoY basis for Q1FY25. However, we see no reason to doubt on the Credit Growth guidance as it is primarily fuelled by RAM Credit growth. The NPA levels have come down and are expected to stabilize at lower levels in the medium term as the Management is in no hurry for aggressive Corporate Credit growth. We expect gradual valuation catch up for the bank as growth may come lower than targetted.

Guidance:

• The Management stuck to their previously given guidance for the FY25. The guidance for Advances growth remained at 14-15%YoY.
• The Company expects deposit growth to accelerate, with a target of 8-10% YoY.
• The Company's guidance for the financial year remains at 65:35 for RAM versus Corporate credit with a plus or minus 5% variance.
• The management aims to achieve a Credit to Deposit ratio of 69-70% for FY25.
• RoA Guidance for the financial year FY25 is 0.75-0.85.

Key Highlights:

• NII came at INR 35,480 mn (up 0.2% QoQ/up 11.7% YoY).
• PPOP came at INR 19,930 mn (down 3.4% QoQ/up 8.4% YoY).
• Provisions decreased in the quarter to INR 11,130 mn (down 11.4% QoQ/ down 21.6% YoY).
• PAT came at INR 8,800 mn (up 9.05% QoQ/up 110.53% YoY).
• NIMs stayed at 3.57% and up 17 bps QoQ/14 bps YoY.
• Asset Quality: GNPA/NNPA ratio for the bank stood at 4.54% / 0.73% for Q1FY25, up 4 bps QoQ & down 50 bps QoQ respectively.
• Balance Sheet: Advances were at INR 2,409 bn, down by 1% QoQ/up 13.3% YoY against Deposits at INR 3,849 bn were flat QoQ/ up 5.9% YoY.
• CASA ratio remained stable at 49.19%, against 49.76% in Q1FY24.
• The Company expects at least a couple of rate cuts in the current fiscal year, with the first one likely in September. Inflation remains above the RBIs comfort level of 4% and is expected to remain "sticky".
• The Bank believes the yield should come back to 6.75% with the expected rate cuts.
• The Management sees the macro environment remaining affected by the ongoing war and geo-economic factors in major continents, as well as the US election year, which is causing conflicting data. Despite these factors, the bank expects a good year for the treasury.
• The total interest expenses for the bank increased by 18.23% while the net interest income has grown by 11.71%.
• The Fee Based Income has gone up by a mere 5.99% YoY to INR 4,250 mn.
• The Bank’s Recoveries and Write-offs have gone up by 22.46% YoY to INR 3,380 mn.
• The Retail NPA stood at 0.15%, Agri & Allied activities at 1.74%, MSME at 1.53% and Corporate NPA levels at 0.17%.

• The Bank's slippage ratio at the end of Q1FY25 is 0.34%.
• The Credit Cost is appearing as 2.13%. However, after removing the prudence based additional provisions that the bank has done, then the Credit Cost is only 0.63%.
• The Restructured book is at INR 60,380 mn, and accounts worth INR 16,780 mn are common in restructured as well as in the special mention accounts. The SMA book has come down from 7.75% of the total advances in Q1FY24 to 6.14% at the end of Q1FY25 to INR 154 bn.
• The Credit book in Retail segment grew by 13.87% YoY, Agri grew by 15.36% YoY, MSME grew by 30.2% YoY and the Corporate book grew slowly at 4.73%. The Housing Loan book grew by 15.5% YoY to INR 454 bn.
• Of the Corporate Credit book of INR 747 bn, 75% are AA and A rated credit underwritten.
• The Bank has made Provisions of INR 13,210 mn for Q1FY25. With slippage ratio of 0.63%, the standard Provisioning required was INR 5,230 mn, but the bank provided additional provisions of INR 7,100 mn.
• The Bank informed of the write back of tax to the tune of INR 3,500 mn from the Fair Value Transfer of INR 48,000 mn of Zero Coupon Bonds the bank was carrying. Secondly, the bank also saw a write back of tax of INR 780 mn for the additional Provisioning they did in the quarter.
• The Cost of Deposits has come down to 4.61% from 4.73% in last year.

CreditAccess Grameen Ltd Q1FY25 Concall Highlights
CMP: 1,284 | Market Cap: 2,04,890 Mn.

Outlook:
CreditAccess Grameen Ltd, outlook remains positive, driven by a 29.23% revenue growth YoY and a 14.83% YoY PAT growth in Q1FY25. Effective loan disbursement strategies, geographical expansion, and strong digital initiatives support future growth prospects.

Performance Consol:
• Revenue came in at INR 15,120.3 Mn. (3.74% QoQ) (29.23% YoY) in Q1FY25.
• PAT came in at INR 3976.6 Mn. (0.16% QoQ) (14.83% YoY) in Q1FY25.

Highlights:
• Loan Portfolio: The loan portfolio grew by 28% YoY in Q1FY25, reaching INR 1,45,000 Mn, driven by increased demand and effective loan disbursement strategies.
• NPA: In Q1FY25, the non-performing assets ratio stood at 2%, increasing 0.5% QoQ and decreased 1.5% YoY and increased.
• Geographical Expansion: The company expanded its geographical footprint by opening 9 new branches in Q1FY25.
• Customer Base and Retention: The customer base grew by 1.3% QoQ and 12.7% YoY, reaching 4.98 Mn customers, driven by effective marketing and outreach programs.
• Strategic Partnerships: New strategic partnerships were formed with fintech companies to enhance service delivery and expand the product portfolio.
• Employee Training Programs: Implementation of extensive employee training programs in Q1 resulted in a 15% improvement in service quality and operational efficiency.
• Liquidity Position: The liquidity position remained strong, with cash reserves of INR 12,000 Mn to meet short-term obligations.
• Loan Disbursement Efficiency: Improvement in loan disbursement efficiency was achieved through streamlined processes and technology adoption, reducing turnaround time by 20%.
• Dividend Payout: The company declared a dividend payout of INR 3 per share.

Other Highlights:
• Collection Efficiency: Collection efficiency remained high at 97.8%, demonstrating strong recovery processes.
• Digital and Technological Initiatives: Investment in digital platforms and technology enhancements led to a 25% reduction in operational costs, improved customer service, and the development of a mobile app for seamless loan applications and repayments.
• Employee Strength: The company's workforce increased by 12% to 10,000 employees in Q1.
• Credit Rating and Investor Relations: The company maintained a strong credit rating of A+.

Kotak Mahindra Bank - Q1FY25 Concall Highlights
CMP: INR 1,822 | Market Cap: INR 3,621 bn
Rating: Not Rated

Outlook: The Bank posted healthy bottomline on account of divestment of General Insurance business. Both the Advances and Deposits growth seemed muted on a sequential basis, which is attributed to the sector phenomenon as banks are seen struggling with deposits. The fall in NIMs is most significant to watch for the bank as this will reflect more for the bank known for higher yields among Peers.

Guidance:
• The Management intends to focus on the SME and Mid-corporate segment in wholesale banking for medium term growth.
• The Management continues to target mid-teens level for retail unsecured loans in total loan book.
• The Bank has already done the repricing, and has hardly any repricing left to be done.
• The Bank aims to reach 3,000-3,500 branches in the next 4-5 year time frame.
• The Management signals that IT spends to remain higher in the medium term driving the Cost to Income ratio higher.

Key Highlights:
• NII came at INR 68,420 mn (down 1% QoQ/up 9.75% YoY).
• PPOP came at INR 52,540 mn (down 3.8% QoQ/up 6.14% YoY).
• Provisions increased in the quarter to INR 5,780 mn (up 119% QoQ/ up 58.36% YoY).
• PAT came at INR 62,500 mn (up 51.2% QoQ/up 81% YoY). However, this included extraordinary gains from the Divestment of Kotak General Insurance for standalone consideration of INR 27,300 mn and consolidated consideration of INR 30,130 mn in Q1FY25.
• NIMs came down to 5.02% down 26 bps QoQ / down 55 bps YoY.
• Asset Quality: GNPA/NNPA ratio for the bank stood at 1.39% / 0.35% for Q1FY25, flat sequentially & down 1 bps QoQ respectively.
• Balance Sheet: Advances were at INR 3,899 bn, up by 3.7% QoQ/ up 18.7% YoY against Deposits at INR 4,474 bn were down 0.34% QoQ/ up 15.8% YoY.
• CASA ratio remained stable at 43.4% down 210 bps QoQ / down 560 bps YoY.
• Home loans & LAP increased by 17% YoY while the business banking segment was up 26% YoY.
• Personal loans and consumer durables reported a growth of 22% YoY while the credit card segment posted 29% YoY growth. Growth in credit card segment was slower on account of regulatory embargo on credit card and certain digital offerings.
• Tractor and Agri finance portfolio had a traction of 14% YoY and 3% YoY in lending segments. Used tractor business increased by 20% YoY.
• Retail microfinance segment had healthy loan growth of 49% YoY and Unsecured retail advances stood at 11.6% of net advances as against 11.8% a quarter ago.
• The Bank's Corporate book was up 21% YoY and 7% QoQ.

• The Bank saw a 33% YoY uptick in construction equipment and commercial vehicle segments.
• CASA deposits grew at a slower pace of 2.6% YoY and as a result of this the CASA ratio declined to 43.4% versus 49% YoY and 45.5% QoQ.
• Active money deposits growth stood at 66% YoY to INR 481.79 bn.
• CASA + Term deposits below INR 50 mn are now at 78% of total deposits versus 80% a year ago.
• Slippages for Q1FY25 stood at INR 13,580 mn v/s INR 13,050 mn in Q4FY24. Of these slippages around INR 2,890 mn slippages were upgraded.
• Recoveries and upgrades during the quarter stood at INR 5,860 mn versus INR 6,920 mn in Q1FY24. The Bank did not made any sale to ARC during the quarter.
• Credit cost for the quarter stood at 55 bps against 42 bps in Q4FY24. Credit cost was higher owing to losses in the unsecured segment especially in the low ticket segment and in micro credit loans in certain geographies.
• The Bank has tightened credit policy norms in credit cards as it sees some stress in this segment across industry in general.
• Within Mirco credit segment some pockets from Tamil Nadu, Maharashtra, UP & MP saw issues in collections owing to reasons like heat wave, election leading to restrictive movement etc.
• Kotak Mahindra prime's NII improved by 13.5% YoY to INR 5,030 mn while the Net Profits grew by 4% YoY to INR 2,320 mn.
• Car financing segment showed a growth of 24% YoY while 2-wheeler financing was up 30% YoY.
• Kotak securities reported revenue growth of 61.2% YoY while Net Profit growth was also robust at 82.6% YoY. Overall market share for the broking segment stood at 11.4% against 12.2% in Q1FY24, while for the derivative segment market share stood at 12.1% against 13.1% in Q1FY24.
• Kotak Life insurance saw gross premium growth of 8.3% YoY to INR 28,570 mn, Individual APE growth for new business stood at 13.2% YoY for the quarter.
• Kotak AMC saw AUM growth of 34.9% YoY to INR 4.2 trillion while PAT growth was at 65% YoY.

Fedbank Financial Services Ltd. – Q1FY25 Concall Highlights
CMP: INR 125 | Market Cap: INR 47 bn

OUTLOOK

Bank reported strong financial performance during the quarter and maintains it credit growth guidance of 25% YoY, with targeted ROA and ROE of 2.7-2.75% and 14%, respectively. We remain optimistic on the long term performance of the stock.

Guidance

• Management maintains its credit growth guidance of 25% YoY for FY25.
• The Bank plans to open 50 gold Loan branches as well as 30 small ticket loan branches in FY25.
• ROA is projected to be within the range of 2.7% - 2.75% for FY25 v/s 2.4% in FY24.
• ROE is targeted to be upwards of 14% for FY25 v/s 13.5% in FY24.
• Cost to Income is expected to be reduced to at least 56% for FY25 v/s 58.2% in FY24.
• The bank is not entering any new region in FY25, and will expand in the states where they already have their presence.

Financial Highlights

• PAT for the Q1FY25 stood at INR 702.3 mn witnessing a growth of 3.8% QoQ and 30.3% YoY.
• NII grew by 19% QoQ and 41% YoY at INR 2496 mn v/s INR 2106 mn in Q4FY24 and INR 1777 mn in Q1FY24.
• AUM reached INR 131.88 bn, up by 8.2% QoQ and 40% YoY.
• Disbursements during Q1FY25 came at INR 50 bn (+15.4% QoQ, +68.8% YoY).

Highlights

• GS3 assets rose to 2% v/s 1.7% in Q4FY24 and 2.3% in Q1FY24, driven by increased delinquencies in the mortgage book. However, management expects this to be a seasonal trend and projects improvement in the coming quarters.
• Credit Cost increased to 1.4% for the Q1FY25, primarily due to one-off write-offs and higher ECL provisions in the mortgage book.
• Management expects the annualized credit cost to remain within the guided 0.8 v/s 0.7% in FY24.
• Approximately 88.7% of the loan book is linked to floating rate benchmarks, with 30% linked to external benchmarks allowing for faster transmission of rate changes.
• Management's focus will be on expanding the customer base for gold loans, particularly in North India, and leveraging the insurance agency license to generate additional fee income.
• Management obtained Insurance Agency License in June, with the company in the process of formalizing agreements with insurance companies to start generating fee income.
• Bank completed across all 180 mortgage branches, enabling a fully digital origination and disbursement process.

ICICI Lombard General Insurance Co Ltd – Q1FY25 KTAs
CMP INR 1,886 | Market Cap INR 926 bn

OUTLOOK

The company has posted positive results during the quarter. The decline in combined ratio was aided by lower claims ratio . We have a long - term positive outlook on the company, on the back of continued growth momentum in health segment.

Guidance

• Combined ratio is expected to reach around 101.5% by end of FY25 v/s 102.3% in Q1FY25.
• Loss ratio in motor third party is expected to be in the range of 65% - 70% and retail loss ratio is expected to be 70% in FY25 v/s 78.9% in FY24.
• ICICI Lombard expects health segment to show continued growth momentum.

Highlights

• Combined ratio in Q1FY25, declined by 150 bps YoY, to 102.3% as against 103.8% YoY and on a sequential basis it was flat. The fall in combined ratio was mainly on account of lower claims ratio.
• Claims ratio for the quarter declined 10 bps YoY/ 540 bps QoQ basis to 74%.
• In Q1FY25, Gross direct premium income growth for the quarter stood at 20.4% YoY to INR 76.88 bn and was ahead of industry growth at 13.3% YoY.
• Motor segment showed a growth of 26.3% v/s 12% for the industry, and this was mainly owing to healthy traction in old vehicle segment.
• Private car business mix stood at 51.5% v/s 48.7% YoY while 2-wheeler business was at 26% of total premium in Q1FY25.
• In Q1FY25, the insurer launched long term product offerings for private cars and 2-wheelers.
• The Gross written premium for Q1FY25 increased by 19.8% YoY to INR 79.31 bn, while net earned premium was up 15.9% YoY at INR 45.04 bn.
• Total agent count has increased from 1.28 lakh to 1.31 lakh on a sequential basis.

Nippon Life India AMC Ltd – Q1FY25 Concall KTAs
CMP: INR 635 | Market Cap: INR 401.45 Bn

OUTLOOK
The company has witnessed a decline in profitability on a sequential basis primarily due to increase in EE expenses, on account of annual increments and increase in headcounts. Further, the market share of the company improved in terms of AUM. We have a long term positive outlook on the company.

Industry Highlights
• QAAUM for Q1FY25 stood at INR 59 lakh crore, recording a growth of 36.9% YoY/ 9% QoQ.
• In the last 6 months, the industry added AUM of over INR 10 lakh crore, wherein equity - oriented funds witnessed net inflows.
• Strong inflows were witnessed across thematic, multicap & multi asset allocation funds in Q1FY25. The inflow in small & midcap funds were higher sequentially.

Guidance
• They plan to launch new products on the passive side, both in Index and ETF category.

Highlights
• Company's PAT came at INR 3.17 bn v/s INR 3.25 bn in Q4FY24 and INR 2.22 bn in Q1FY24.
• The sequential decline in profitability was primarily due to increase in EE expenses, which increased by 33.8% YoY and 18.3% QoQ, on account of annual increments, increase in headcounts, etc.
• Other income increased by 11.9% YoY and 39.77% QoQ, to INR 1.31 bn, as they experienced healthy mark to market gains on the investment portfolio.
• Company's mutual fund QAAUM grew by 54.2% YoY/ 12.2% QoQ to INR 4,838 bn, with a market share at 8.2%. The company witnessed expansion in its market share both on a YoY and sequential basis by 93 bps and 24 bps, respectively.
• The ratio of equity-oriented AUM to non - equity oriented AUM remained at 50:50 as compared to 45:55 in Q1FY24.
• The performance in most of the equity schemes remained strong during the quarter, which resulted in a near double-digit market share in the net sales under this category.
• Its retail assets stood at INR 1527.9 bn and it contributed 30% to NIMF's (Nippon India Mutual Fund) AUM as compared to the industry average of 27%.
• HNI AUM stood at INR 1,426 bn, recording a growth of 15% QoQ and improving the market share in this category by 20 bps sequentially to 6.9%.

RBL Bank Q1FY25 Concall Highlights
CMP INR 239 | Market Cap INR 145 bn

OUTLOOK

Management expects margins to improve in the second half of the year and plans to focus on brand building. The bank has no immediate plans for raising equity capital but intends to raise Tier 2 capital during the year. Overall, RBL Bank has displayed a positive performance during the quarter, signalling a long - term positive outlook on the company.

Guidance

• Loan book is expected to grow by around 20% in FY25, with granular deposit growth in the 23-25% range to fund incremental advances growth.
• Management has given a ROA guidance of around 1.4% to 1.5% by FY26.
• They aim to increase the share of granular deposits to more than 50%, in the upcoming quarters.
• NIMs in Q2FY25, is expected to be flattish.

Highlights

• NIMs improved by 22 bps QoQ/ 63 bps YoY to 5.67%. The margins during the quarter, had an impact of tax refund which the company received. Excluding the same, margins were flat on a sequential basis.
• Other income grew by 17.5% YoY to INR 8.05 crore in which core fee income was up 20% YoY.
• Provisions for the quarter increased by 37.6% YoY but was down by 11.5% QoQ to INR 3.66 bn.
• The bank saw advances growth of 18.6% YoY/ 3.2% QoQ, with a retail to wholesale mix of 62:38 as compared to 56:44 in Q1FY24.
• The yields on housing & business loans improved by 50 bps in Q1FY25 on new sourcing, as the bank focused on profitable sourcing.
• The management's focus during the quarter was towards granular deposit (deposits less than INR 3 cr) growth. The share of granular deposits increased both on a YoY and sequential basis to 49.3% during the quarter, which is expected to further increase beyond 50%.
• Asset quality improved on a YoY basis as GNPA and NNPA ratio for the quarter declined by 53 bps and 31 bps respectively. GNPA/ NNPA stood at 2.69%/ 0.74%.
• Sequentially the asset quality deteriorated as both the ratios increased by 4 bps and 23 bps, respectively, largely on account of micro finance, credit card and retail agri segment. The increase in slippage in the credit card segment has a partly impacted on account of transition.
• Fresh slippages during the quarter increased by 5.9% QoQ to INR 7.20 bn.

Union Bank of India – Q1FY25 Concall Highlights
CMP INR 135 | Market Cap INR 1.04 trn

OUTLOOK

Union Bank of India experienced growth in global advances and domestic deposits, and is focusing on digital initiatives and branch expansion. Going forward, the bank is cautiously optimistic about credit growth.

Guidance for FY25

• Advance growth guidance of 11 – 13% v/s 11.46% in Q1FY25.
• Deposit growth expected to be at 9 – 11% v/s 8.52% in Q1FY25
• NIMs for Q1FY25 stood at 3.05%, against the guidance of 2.8% - 3% for FY25.
• Bank plans to open approximately 200-250 branches this year.

Highlights

• Net profit of the bank stood at INR 36.79 bn in Q1FY25, recording a growth of 13.68% YoY and 11.11% QoQ. PPOP stands at INR 77.85 bn, showing a YoY growth of 8.44%/ 19.16% QoQ.
• NII for Q1 FY25 is Rs.9,412 crore, a 6.47% YoY growth but a 0.26% decline QoQ. The decline is attributed to lower DLI recovery.
• Non – interest income increased by 15.53% YoY but declined 4.21% QoQ, reaching INR 45.09 bn.
• Yield on advances has declined by 15 bps, primarily due to lower DLI recovery and a slight increase in average advances.
• The cost of funds reduced marginally by 5 bps QoQ, at 4.89%, primarily due to abundant liquidity.

Jana SFB – Q1FY25 Concall Highlights
CMP INR 694 | Market Cap INR 73.32 bn

OUTLOOK

The company has posted a strong numbers during the quarter. Management remains confident on the growth prospects of the company. Asset quality was impacted on a sequential basis, due to burst in collections attributable to the elections/ We expect the asset quality to improve, going forward. NIMs improved to 8.0%, despite the increase in cost of funds. Management continues to focus on increasing their secured book. This is expected to impact their NIMs by 20 – 30 bps. We have a long term positive outlook on the company

Guidance remains intact

• Management has guided an AUM growth of 20% along with Deposit growth of 20%.
• PAT growth is expected to be within the range of 30 – 40%.
• ROA guidance of 1.8 – 2.0% and ROE at 19 – 21%.
• Credit cost is expected to be 1.5 – 1.6% in FY25.

Highlights

• NII has grown to INR 6.1 bn in Q1FY25 vs INR 4.62 bn in Q1FY24 (up 32% YoY) and INR 5.91 bn in Q4FY24 (up 3.2% QoQ), driven by advances growth of 25.1% YoY and 4.1% QoQ, at INR 257.59 bn in Q1FY25.
• NIMs improved to 8.0% in Q1FY25 v/s 7.6% in Q1FY24 (+40 bps YoY), despite the increase in cost of funds by 50 bps YoY at 8%, led by change in product mix.
• NIMs declined marginally by 1 bps sequentially, which was due to increase in NPA, during the Q1FY25.
• Asset quality: GNPA/ NNPA stood at 2.51%/ 0.95% (Q4FY24: 2%/ 0.53%, Q1FY24: 2.68%/ 1.09%).
• The sequential increase in asset quality was attributable to burst in their collections, led by the elections due to which elections were lower in Q1FY25. This is expected to improve in coming quarters.
• The bank closed a few unbanked rural branches during the Q1FY25, which has led to reduction in number of banking outlets from 808 in Q4FY24 to 780 in Q1FY25.
• The bank continues to focus on building their secured book, which has increased from 60 to 62% on a sequential basis.
• Their secured book is is expected to rise to 80% in next 3 years.
• As their product mix move towards secured book, it is expected to impact company's yields, which in turn will impact its NIM. Management estimates a 20 – 30 bps impact on NIMs as a result of increase in the secured book.
• Bank has grown their Loans to NBFCs during the quarter by 28.2% QoQ. As the momentum picks up in Q2/ Q3 FY25, they will do less of this business.
• Total deposits stood at INR 237.1 bn (+41% YoY, +5% QoQ).
• The pace of CASA growth was higher as compared to term deposits. CASA grew by 47% YoY/ 9% QoQ, whereas TD grew by 40% YoY/ 4% QoQ.
• Company may look to venture into used two – wheeler segment and used car segment in the future. It will happen slowly and gradually, state by state.

Indian Overseas Bank - Q1FY25 Concall Highlights
CMP: INR 64.8 | Market Cap: INR 1,225 bn
Rating: Not Rated

Outlook: Indian Overseas Bank posted Q1FY25 earnings with advances and deposits growth seen unlike most banking Peers. We expect the sale of NPA accounts pool to complete within this year. However, we believe the H2FY25 will allow the Bank to outpace their current guidance. .

Guidance:

• The Bank maintained their previously given guidance of 13% credit growth and 11-12% deposit growth for this year. However, internally, the Management intends to achieve higher deposit growth than credit growth.

• The Management intends to maintain NIMs at ~3.10% for FY25.

Key Highlights:

• NII came at INR 24,410 mn (down 11.65% QoQ/up 5.13% YoY).

• PPOP came at INR 16,760 mn (down 14.54% QoQ/up 24.6% YoY).

• Provisions increased in the quarter to INR 9,380 mn (up 22.17% QoQ/ up 11.92% YoY).

• PAT came at INR 6,330 mn (down 21.68% QoQ/up 26.56% YoY).

• NIMs went up to 3.06% down 47 bps QoQ / down 15 bps YoY.

• Cost of Funds for the Bank came down sequentially to 5.03%, down 6 bps QoQ/ up 59 bps YoY.

• Asset Quality: GNPA/NNPA ratio for the bank stood at 2.89% / 0.51% for Q1FY25, down 21 bps / down 6 bps QoQ respectively.

• Balance Sheet: Advances were at INR 2,301 bn, up by 5.06% QoQ/ up 20.30% YoY against Deposits at INR 2,987 bn were up 4.47% QoQ/ up 12.97% YoY.

• CASA ratio remained stable at 42.17% down 173 bps QoQ / down 197 bps YoY.

• Non-interest income improved by 28.52% YoY due to recoveries in return of accounts, sale of PSLC and accrual of discount on securities and other fee income.

• Credit to Deposit ratio improved by 43 bps QoQ / up 470 bps YoY to 77.04%.

• The Bank’s Agri Loans grew by 35.52% YoY while MSME segment grew by 18.62% YoY due to credit growth under medium enterprises.

• Corporate credit grew by 15.82% YoY with the Bank’s main focus on A & above rated corporate borrowers constituting more than 65% and unrated accounts representing state government entities.

• Restructured Account saw a reduction by 12.5% YoY compared to the March quarter.

• Credit Cost improved by 0.29% in Q1FY25 over Q4FY24. The Bank’s total recovery from NPA during Q1FY25 was INR 5,823 mn. The total recovery from technical return of accounts was INR 3,642 mn.

• Provision coverage ratio improved from 94.03% to 96.96% QoQ. Slippage ratio of the bank reduced from 0.31% to 0.13% YoY.

• Regarding the decline in Operating Profits of the bank during Q1FY25, the management explained that the 91 NPA accounts for which they came out with an Auction, that could not be completed as the ARCs were not interested in NCLT accounts, and were rather interested in the individual accounts. The Management said that this will be completed in future and the process has only been delayed but not deferred.

UCO Bank - Q1FY25 Concall Highlights
CMP: INR 56 | Market Cap: INR 669 bn
Rating: Not Rated

Outlook: UCO Bank posted a decent set of earnings for the Q1FY25 with growth, Profitability and Asset Quality improvement seen across all parameters. We expect the Bank to continue posting improving numbers as the Recovery to Return accounts in the NCLT for INR 190 bn are liquidated and the bank recovers some part of it in future giving some boost to their Profits as these accounts are already provided for. Also, the new initiatives taken by the bank improve their customer serviceability and bringing it on par with peer PSU banks.

Guidance:
• The Management maintained their guidance on Deposit growth given earlier in the year at 8-10% growth as they see Loan Deposit ratio still below their intended level of 75%.
• The Management is focusing on CASA and Retail term deposits growth for the current quarter and subsequent quarters. They intend to reduce their dependence on Bulk deposits.

Key Highlights:
• NII came at INR 22,540 mn (up 3.05% QoQ/up 12.2% YoY).
• PPOP came at INR 13,210 mn (up 3.78% QoQ/up 9.81% YoY).
• Provisions increased in the quarter to INR 7,700 mn (up 3.08% QoQ/ down 21.4% YoY).
• PAT came at INR 5,510 mn (up 4.78% QoQ/up 147.09% YoY).
• NIMs went up to 3.29% up 5 bps QoQ / up 26 bps YoY.
• Cost of Funds for the Bank came down sequentially to 4.79%, down 4 bps QoQ/46 bps YoY.
• Asset Quality: GNPA/NNPA ratio for the bank stood at 3.32% / 0.78% for Q1FY25, down 14 bps / down 11 bps QoQ respectively.
• Balance Sheet: Advances were at INR 1,932.53 bn, up by 3.41% QoQ/ up 17.64% YoY against Deposits at INR 2,681.55 bn were down 1.91% QoQ/ up 7.39% YoY.
• CASA ratio remained stable at 38.62% down 63 bps QoQ / up 52 bps YoY.
• The Bank's Retail advances grew by 21.84% YoY supported by Home loan growth of 20.37% YoY. Agriculture loans grew by 19.64% YoY while the MSME segment grew by 14.04% YoY.
• The SMA portfolio of more than INR 10 mn which is now INR 7,000 mn in 1 & 2 category, is 0.36% of the total standard advances.
• The Bank has already placed order for INR 2700 mn for IT systems and another project for Integrated Treasury establishment. The Bank has earlier in the year said about INR 10 bn of budget allocated for IT initiatives.
• The Bank had started Tab banking and already 1,700 branches are tabbed by Q1FY25. The Management aims to take this to 2,000 branches by the end of Q2FY25, and complete all the 3,000 plus branches by the end of this year.
• The Bank has started a Green Deposit product wherein they are offering 20 bps higher interest than regular bank rates.

• To improve their CASA levels, the Bank has started UCO Pink baskets for their female customers wherein UCO Prajita is a saving scheme, UCO Jayal Lakshmi for women entrepreneurs through current account and UCO Senchaika as RD scheme has been launched to support the women customers.

• To address the customer servicing needs the Bank has started the state of the art call centre been started.

• For MSME customers the Bank has launched products for MSME customers to purchase their Office for rice sellers, etc.

• Co-lending Tie ups has been started with tie-ups with MAS Financial and several other NBFCs.

• Earlier the bank's 20-25% of branches were connected with Underwriting Hubs, which now they have changed with Hub structure for the entire bank. Since, 1st July, the bank has 43 Retail Loan hubs for underwriting, 43 MSME and Agri Hubs, and 12 integrated Hubs which have both Retail as well as MSME & Agri underwriting.

• The Management explained that as a prudence measure, the bank has provided for 50% of the Doubtful category 1 assets, and for the doubtful Category 2 assets of more than INR 10 mn, they have made 100% provisions. This has resulted in the bank's increased Provision Coverage Ratio.

• The Bank has around INR 270 bn of assets in the Recovery in return books, of which INR 190 bn of assets are in the NCLT.

• The Bank had opened a Corporate account of INR 10 bn at the fag end of the year last quarter, and that has caused a spike of INR 10 bn in the SMA 0 account increasing it from INR 3.66 bn to INR 18.92 bn. For the remaining, the management said that the more than INR 10 mn accounts, the SMA 1 & 2 is less than INR 7 bn.

Star Health and Allied Insurance Company Ltd – Q1FY25 KTAs
CMP INR 620 | Market Cap INR 359.83 bn

OUTLOOK

The industry outlook appears robust, particularly in light of the government's "Insurance for All" initiative set for 2047, alongside the sustained expansion of the Indian economy. Given these favorable conditions, we believe that Star Health is well - positioned to capitalize on emerging growth opportunities and remain positive on the stock.

Industry overview

• The RBI's economic survey has revised India's GDP growth at 6.5% to 7% for the FY25, which is a testament to the India growth story.

• Management believes that while the nation is rapidly surging forward, a majority percentage of individuals and households are exposed to financial risk by virtue of being uninsured or underinsured on an individual level. This gives an opportunity to the health insurance segment with a long headroom for growth.

• Further, the initiative of insurance for all by 2047, driven by the Insurance Regulatory and Development Authority of India, coupled with the steadfast growth of the indian economy, provides an opportune period for the expansion of the insurance sector.

Guidance for FY28

• Management aspires to double their GWP to INR 300 bn and triple thier tax to INR 25 bn.

Highlights

• The GWP for Q1FY25 rose by 18 YoY to INR 34.76 bn.

• Star Health Insurance now holds a 42% market share in the standalone health insurance sector, with an overall share of 4.8% among all general insurance companies, an increase of 20 bps YoY.

• The factors driving growth are strong fresh business across channels, a wider distribution network, innovative product portfolio and digitization initiatives.

• Investment assets grew by 19% YoY to INR 158.02 bn, with an investment income of INR 2.95 bn, reflecting an 18% YoY increase.

• The combined ratio for Q1FY25 was 99.2%, compared to 97.8% in Q1FY24.

• The Company made an Underwriting Profit of INR 1.40 bn in Q1FY25.

• The company's solvency ratio stands strong at 2.29 times, well above the regulatory requirement of 1.5 times.

• The yield for Q1FY25 was up by 10bps YoY at 7.5% v/s 7.4% in Q1FY24.

Capital SFB – Q1FY25 Concall KTAs
CMP INR 348 | Market Cap INR 15.67 bn

OUTLOOK

Capital Small Finance Bank has posted positive operational performance during the quarter. We expect the asset quality to improve further in coming quarters, driven by improvement in recoveries. Further, improvement in yields on advances with stable cost of deposits will help the company to improve their NIMs further. Furthermore, growth capital infusion has started showing upright progress, which is helping the company to grow. Strong macro – economic scenarios along with positive operational performance signals a positive outlook on long - term positive performance of the company.

Guidance for FY25

• Currently operating with 177 branches across 5 states and 1 Union Territory, the Bank plans to enhance its footprint by reaching more than 200 branches in FY25.
• Opex ratio for the FY24 stands at approximately 3.1%, out of which 0.01% pertains to one - time payment made during Q1FY25. Excluding the one - time payment, it came at 3%. Management expects it remain at similar levels on the back of increasing scale of business and growing matured branches.
• The GNPA ratio stood at 2.7% (-10bps QoQ) for Q1FY25. Management is optimistic about future recoveries, which are expected to enhance asset quality. It is expected to be within the range of 2.45 – 2.55% by the end of FY25, with NNPA of less than 1%.
• Management aims to improve its NIM to 4.5% over the next three years, up from the current 4.2% in Q1FY25.
• Bank is targeting to achieve a loan portfolio growth ranging from 22% - 24% in FY25.
• Management is confident on the long – term sustainable growth of the company.

Highlights

• Capital Small Finance Bank Ltd. commenced operations as India's first small finance bank in 2016, offering a range of banking products on the asset and liability side, in 5 states of Punjab, Haryana, Delhi, Rajasthan, Himachal Pradesh and Union Territory of Chandigarh.
• They have increased their number of branches from 47 to 177 branches since conversion from largest local area bank to small finance bank.
• Their emphasis is on rural and semi urban geographies and Middle - Income Group segment.
• Management believes that operating as a local area bank for around 15 years, gives them a competitive advantage over others.
• Its asset products primarily include 35% agriculture loans, 27% MSME and trading loans (working capital, machinery loans etc.) and 21% mortgages (housing loans and loans against property).
• Gross advances increased by 4% QoQ/ 16% YoY to INR 63.91 bn and total deposit increased by 4% QoQ to INR 77.78 bn with Casa ratio of 39.5% (against 38.3%in Q4FY24) and retail deposit share of 94.5%.
• Advance and deposit growth during the quarter are in line with Bank's estimate.

• Growth capital infusion has started showing upright progress, with growth in gross advances of 12% during last 6 months, post growth capital infusion.
• Bank has zero write-offs during the Q1FY25, which is expected to remain at similar levels, in coming quarters.
• Credit cost stood at 0.1% (Q4FY24: 0.1%, Q1FY25: 0.1%) , and is expected to remain at similar levels going forward.
• GNPA/ NNPA stood at 2.7%/ 1.3% for Q1FY25 v/s 2.8%/ 1.4% in Q4FY24 and 2.8%/ 1.4% in Q1FY24. The improvement in asset quality was driven by improvement in slippages from INR 0.52 bn to INR 0.16 bn QoQ.
• Management is optimistic on further improvement in asset quality.
• NIM stood at 4.2% (+40 bps QoQ/ +10 bps YoY). Improvement in NIMs was driven by increase in yields, due to the repricing of portfolio. Around 30% of the portfolio is yet to be repriced, the impact of which is expected to be seen in coming quarters.
• The yields are expected to increase in Q2FY25 and then stabilize, going forward.
• Cost of deposits stood at 5.8%, which is flat QoQ. Management expects it remain at 5.8%, thereby improving NIMs.
• Management is confident on the long – term sustainable growth of the company.

Satin Creditcare Network – Q1FY25 Concall KTAs
CMP: INR 222 | Market Cap.: INR 24.47 bn

Outlook:
Satin Creditcare Network Limited reported strong financial performance in Q1FY25 with a 23% YoY growth in AUM, reaching INR 117.06 bn. MSME and housing sectors received substantial support from the government in the Union Budget 2024, and the company is well positioned to capitalize on these opportunities. Looking ahead, SATIN revised its AUM growth guidance to 20% YoY for FY25 and set ambitious targets for its housing finance and MSME subsidiaries. We remain optimistic on company's long term performance.

Guidance
• Revised AUM growth guidance downward from 25% to 20% for the FY 24 – 25.
• Management do not foresee any significant elevation in their credit cost.
• Their Housing Finance Subsidiary will be aiming for INR 50 bn AUM in 3-4 years.
• MSME Subsidiary is expected to be over INR 10 bn AUM in FY25.

Highlights
• Asset quality degraded during the quarter, driven by severe heat wave across every region and operational constraints during the general election which impacted regular collection and follow ups in the delinquent buckets.
• GNPA increased by 24 bps YoY at 2.7%.
• Their top 4 states contribute to 56% of total AUM in Q1FY25 and the states are UP, Bihar, West Bengal and Madhya Pradesh.
• As a part of their strategy, they are continuously reducing the wholesale portfolio; reduced the same to INR 2.47 bn as on Q1FY25 (INR 3.83 bn as on Q1FY24); at 2.4% of AUM as compared to 4.6% as on Q1FY24.
• Company instituted a dedicated collection team for different DPD buckets, driven by the findings of their data analysis initiated from Q4FY24 onwards.
• Company have decided not to onboard new to credit clients for few of their identified branches. This measure was initiated from February 24 onwards to augment the effectiveness and efficiency.
• Company has implemented risk based pricing strategy based on the vintage and credit history of clients. This means that the interest rates are adjusted basis on the client's repayment history and tenure with them.
• By considering the clients track record and loyalty, they are able to offer more competitive pricing to clients, while appropriately managing risk for newer clients.
• Companies average FOIR/ customer for existing clients is 48%, which is below the RBI prescribed maximum limit.
• They forayed into one new state i.e. Nagaland marking their presence in 27 States and UTs.
• They provide financing of various products and include loans for bicycles, solar products, home appliances, consumer durables, water and sanitation facilities.
• Company added a new wholly owned subsidiary to their offerings in the technology space. This company will aim to provide technological solutions to the financial services sector.

Five Star Business Finance – Q1FY25 Concall Highlights
CMP: 765 | Market Cap: INR 223 Bn

Outlook:

Company has displayed a positive performance during the quarter, despite election and heat wave across entire country, which impacted their collection efficiency marginally. Company remains confident on achieving their AUM growth guidance of 30% YoY, with a credit cost of 70 – 80 bps and a ROE of more than 20% by the end of FY25. We have a positive outlook on the stock.

Guidance

• Plans to achieve a 30% YoY AUM growth by expanding the branch network and increasing manpower, primarily in South India.
• Credit cost guidance of 70 – 80 bps.
• Guidance of 35% for cost to income ratio.
• Management is confident on achieving an ROE of 20%+ comfortably.
• Company aims to achieve non - cash to cash payment ratio of 70:30 for FY25.

Highlights

• Profit after tax increased by 37% YoY/ 7% QoQ, amounting to INR 2,516 Mn in Q1FY25.
• In terms of branches, company have added opened 27 branches in Q1FY25, which keeps our total branch strength at 547 branches.
• Collection efficiency in June was a bit lower comparing with Q4FY24. That's a usual effect of June quarter. Adding to that, election and heat wave across entire country, had an impact on the collection efficiency.
• Collection efficiency ratio stood at 99.5% in Q4FY24 v/s 98.5% in Q1FY25.
• Company’s cost of funds on book was 9.6% in Q1FY25, which was flat QoQ. But the incremental cost of borrowing is coming down from 9.58% in Q4FY24 to 9.47% in Q1FY25. This will help them to improve NIMs.
• There is a compression in NIMs on account of increased debt and increased leverage. The NIMs dropped to 16.72% as against 17.74% in the Q1FY24.
• Company aims to consistently decrease the proportion of cash collections by promoting digital payment methods.

SMC Global Securities Ltd – Q1FY25 Concall KTAs
CMP INR 150 | Market Cap INR 16 bn

Outlook:
Management remains optimistic on their guidance to double their loan book in next 3- 4 years. Company has displayed an overall positive performance during the quarter with improvement in profitability on YoY basis and improvement in margins. We have a long term positive outlook.

Guidance
• Management aims to double their loan book in next 3 – 4 years.
• They plan to keep their unsecured loan book at a level of 30% of total AUM.
• Management intends to focus more on Micro LAP book, which is a higher margin and low - ticket size secured book.
• They expect to double their clients by the end of 2026, driven by launching the new marketing campaign and have launched a new trading platform also.

Highlights
• PAT grew by 77% YoY/ -19.6% QoQ, at INR 532 mn.
• EBITDA margin improved by 270bps YoY to 27.9% and PAT margin grew by 222 bps to 11.9%.
• The margins improved due to a volume increase and stable fixed costs.
• SMC has 3in1 Tie-ups (Bank & Demat Account facility provided by the bank to its customer and Trading account facility will be provided by the SMC).
• Company has a few prestigious, even three in one tie ups with say, Indian Overseas Bank, Union bank of India, Ujivan bank. They tied up recently and Karur vyasa bank.
• Cash market constitute 58% of the total revenue and F & O constitute around 38% and the rest pertaining to other segments.

Capri Global - Q1FY25 Concall Highlights
CMP: INR 209.45 | Market Cap: INR 172,783.7 Mn

Outlook:
The company is focused on expanding its gold loan portfolio and retail lending, leveraging its extensive branch network and technological investments to achieve robust growth. With plans to raise capital through equity and debt, Capri Global aims to fuel further expansion in key segments such as MSME, gold, and housing loans.

Financial Highlights:
- AUM of the company at INR 174,579 Mn, up from INR 112,262 Mn (55.5% YoY, 11.5% QoQ), driven by a 40% YoY increase in home loans and strong growth in gold loans.
- PAT stood at INR 757 Mn in Q1FY25, up from INR 636 Mn in Q4FY24 (19.1% YoY, -8.3% QoQ).
- Disbursement reduce at INR 56,197 Mn from INR 59,514 Mn (109.1% YoY, -5.6% QoQ).
- Companies cost to income improved to 64.9% in Q1FY25 from 70.5% in Q4FY24.
- Net Income (NII) at INR 4,102 Mn in Q1FY25, up from INR 3,175 Mn in Q4FY24 (29.1% YoY, 10.5% QoQ).
- NII has increased to INR 301 in Q1FY25 from INR 237 in Q4FY24.
- Indirect Lending reduced to INR 3,439 Mn from INR 4,027 Mn in Q4FY24 (17.7% YoY, -14.6% QoQ).
- Operating Profit Increased to INR 1,452 Mn, up by 32.5% QoQ.

Other Highlights:
- Company gold loan lending increased to INR 54,001 Mn (237.6% YoY, 54.7% QoQ), with a net profit of INR 750 Mn, supported by an extensive network of 750 branches.
- The company shifted focus to improve branch and employee productivity, leading to a 5.9% YoY decline in costs. Significant investments in technology and process streamlining have reduced the cost-to-income ratio by 5.9% QoQ.
- The company's GNPA and NNPA ratios remained stable at 2% and 1.1%, respectively also stage 3 ratio stood at 43%. Retail lending accounts for over 80% of the portfolio.
- Capri Global aims for an AUM of INR 300,000 Mn to fuel growth and is well-positioned to achieve this target.
- The company plans to raise INR 20,000 Mn through equity, debt, convertible securities, or QIP.
- Capri Global has tied up with 11 insurance companies, generating INR 120 Mn in income.

Growth Projections:
- Strong growth in gold loans is expected to continue, with plans to add 50 more branches in the coming years, building on the existing 750 branches.
- The company is confident in the MSME sector, with 28% growth projected, alongside 30% growth in gold loans and 23% in housing loans as government actions also align to boost growth in MSME.
- Initial losses from technology platform development and team training have stabilized, with anticipated growth in revenue.

Fusion Micro Finance Ltd Q1FY25 Concall KTAs
CMP: INR 435 | Market Cap: INR 43,945 Mn

The company achieved robust financial growth with Total Income of INR 706.88 Cr, NII of INR 396.55 Cr, and a NIM of 11.64%, despite increased risk provisioning and conservative adjustments.

Financial Highlights

The company reported a Total Income of INR 706.88 Cr, marking a 27.84% increase (YoY) and a 4.67% rise(QoQ). Net Interest Income (NII) grew by 34.85% YoY and 10.16% QoQ to reach INR 396.55 Cr, with a Net Interest Margin (NIM) of 11.64%, up by 75 basis points (bps) YoY and 5 bps QoQ. The Marginal Cost of Funds declined by 19 bps YoY to 10.05%, while the Cost to Income ratio stood at 38.39%. Profit Before Provisions and Taxes (PPOP) was INR 297.75 Cr.

Impact of Risk Management

• Early Risk Recognition: Elevated LGD assumptions due to a shift from a five-year to a three-year average ECL model, leading to significant impact and early recognition of potential defaults.
• Provisioning: Conservative provisioning impacted overall profitability.
• Customer Migration: 48,000 customers moved from Stage 1 to Stage 3, and 6,500 from Stage 2 to Stage 3.

Operational Adjustments

• Disbursement Strategy: Calibrated disbursement in Q2 in line with portfolio risk assessment; stopped disbursement in 104 branches.
• Onboarding Criteria: Tighter criteria from 1st August; rationalized customer handling at RO level from 540 to 440.
• Collections: Strengthened collection team, aiming to improve collection efficiency (Q1 at 96.3%).

Network and Growth

• Branch Expansion: Added 101 branches.
• Rural vs. Urban Presence: 94% rural, 6% urban.
• AUM Growth: 25.54% over five years.
• MSME Book Growth: Grew approximately 8% QoQ to INR 570 Cr.

Strategic Initiatives

• Customer Loyalty Program: Rolled out across more than 100 branches with early signs of success.
• New Sourcing Criteria: Revised for better risk management.
• Incentive Structures: Revamped to align with collections.

Outlook

• Cost of Funds: Expect to maintain marginal cost of funds at current levels.
• Risk Management: Ongoing review and adjustment of policies based on macroeconomic conditions and customer behaviours to ensure financial stability and mitigate future risks.

Power Finance Corporation Ltd Q1FY25 Concall Highlights
CMP: 474 | Market Cap: 1,564.41 Bn.

Outlook:
PFC demonstrated a quite Q1, with a increase in YoY performance but decrease in QoQ. The company maintains strong fundamentals, with reduced NPAs and a solid capital adequacy ratio of 27%, positioning it well for future opportunities in green energy financing.

Performance Consol:
• Revenue came in at INR 1,19,101 Mn. (-2.72% QoQ) (17.46% YoY) in Q1FY25.
• PAT came in at INR 37178.8 Mn. (-10.09% QoQ) (23.64% YoY) in Q1FY25.

Highlights:
• The consolidated profit after tax stood at INR 71,820 Mn, a 20% increase year-on-year.
• Consolidated gross NPA reached below 3%, at 2.97% in Q1FY25 compared to 3.54% in Q1FY24.
• NII increased by 24% YoY, supported by improving yields, stable spread, and steady net interest margin.
• Yield for Q1FY25 was at 10.08%, spread at 2.64%, and NIM at 3.55%.
• Incremental provision of around INR 620 Mn in Q1FY25, with no major adverse provisioning impact anticipated.
• Capital Adequacy Ratio stood at 27%, indicating a strong balance sheet.
• The net worth of the company was INR 8,32,650 Mn.
• Company announced an interim dividend of INR 3.25 per share.
• The net NPA ratio reduced to 0.87% in Q1FY25 from 1.04% YoY.
• Three projects worth INR 40,360 Mn are in advanced stages of resolution.
• Q1FY25 disbursements were INR 1,94,830 Mn, slightly subdued but with unchanged loan growth targets for FY25.
• Transformation Exercise: Initiated a transformation exercise with Boston Consulting Group to adapt to new business realities.
• **ESG Report:** Company launched its first ESG report in Q1FY25, outlining the company's vision and practices in environmental, social, and governance domains.
• Distribution sector played a major role in Q1FY25 disbursements, accounting for 59% of the total disbursement.
• Company recorded 18% of Q1FY25 disbursements were for the renewable sector.
• No major adverse impact on PFC despite some states' non-repayment issues affecting peer companies.
• Expected resolution of three projects will reduce the gross NPA ratio below 3%.
• The government's focus on green energy and climate finance is expected to create significant opportunities for PFC in long-term project financing.

Anand Rathi Wealth – Q1FY25 Concall KTAs
CMP INR 4,086 | Market Cap INR 169.4 bn

OUTLOOK
Anand Rathi Wealth Ltd reported strong set of numbers with a 28.9% QoQ growth in profitability. The company's share of debt in AUM decreased from 9% to 7% sequentially, due to currently flat yield curve that limits debt's capital appreciation potential. They aim for consistent long-term growth, with a focus on reallocation from equity mutual funds to structured products and a target of 3 - 4% market share in the Indian equity mutual fund market. With the Indian economy poised for continued growth, we have a long – term positive outlook on the stock.

Guidance for FY25
• Company has given a revenue guidance of INR 9.1 bn for the whole FY25.
• PAT guidance of INR 2.8 bn.
• AUM guidance of INR 720 bn against AUM of INR 690.18 bn for Q1FY25.
• Company is expected to grow by 20 – 25% in long term.
• Management wishes to achieve a 50:50 split between trail and upfront revenue.
• They target to gain a 3 – 4% market share in the Indian equity MF market.

Industry Highlights
• The AUM to GDP ratio of India came at 7.3% which is quite low as compared to global AUM to GDP ratio of 30.3%. The global average is 4x of India. This implies that India has a huge scope of penetration towards professionally managed financial assets like mutual funds.
• The HNI population in India has been growing at a 21% CAGR since 2017 and is expected to grow at 15.7% CAGR till 2027. Strong macro-economic trends and a growing HNI families expected to drive growth in the Indian wealth solutions space.
• Indian households allocated approximately 60% of their financial assets in low but guaranteed returns assets, such as deposits, small savings and pension and provident funds and approximately 8% of the financial asset is held in cash with no return.
• There is massive potential to increase the share of equity in client portfolios. Equity investment needs guidance, thereby, creating huge opportunity for wealth outfits.

Private Wealth Business
• PAT margin improved by 110bps QoQ and 10 bps YoY to 29.9%.
• AUM increased to INR 672.91 bn (+13% QoQ, +59% YoY).
• In Q1FY25, industry has seen net inflows of INR 316.85 bn (excluding SIP inflows), but ARWL has seen inflows of INR 19.48 bn.
• Active clients increased to 10,382 in Q1FY25 v/s 9,911 in Q4FY24 (+5% QoQ, +19% YoY).
• Company added 28 new RMs over the last quarter, taking it to 360 RMs. It is expected to be reach around 500 RM in next 3-4 years.

Digital Wealth Business
• AUM increased by 48% YoY and 12% QoQ to INR 17.27 bn.
• Number of clients grew by 19% YoY and 5% QoQ to 5,106.

OFA business (Omni Financial Advisors)
• Assets under Administration (AuA) of MFDs on this platform is INR 1,411.24 bn (Q1FY24: INR 1,068.04 bn, Q4FY24: INR 1,329.08 bn).

Other Highlights
• Buyback of INR 1.65 bn (excluding charges and taxes) was successfully completed in June 2024.

Suryodhay Small Finance Bank Q1FY25 Concall KTAs
CMP INR 197 | Market Cap INR 21 bn

OUTLOOK

Company has displayed positive performance during the quarter, despite industry headwinds. Management continues to maintain their Advances growth guidance of 30 – 35% with deposit growth guidance of 40 – 45%. We remain optimistic on the stock.

Guidance for FY25

• Advances to grow at 30 – 35%, along with a higher deposit growth of 40 – 45%, for the whole FY25.
• CASA growth guidance has been revised downward to 20%.
• NIMs are expected to stay between 9.5 – 9.7%.
• Asset quality is expected to remain below 1%, with GNPA/ NNPA at 2.5%/ 0.6% respectively.
• Cost to income ratio to improve and be within the range of 57 – 58%.
• ROA guidance of 2.2 - 2.3% and ROE at 14 – 16%.

Highlights

• The gross advances the bank's gross advances stood at INR 90.37 bn in Q1FY25 v/s INR 63.72 bn in Q1FY24 (+41.8% YoY/ +4.5% QoQ). The growth is primarily driven by continued momentum and disbursements across all segments.
• On the disbursements front, the disbursals for the quarter stood at INR 17.40 bn as compared to INR 11.90 bn in Q1FY24 (Q4FY24: INR 23.4bn) (+46.3% YoY/ -25.6% QoQ).
• Company continues to focus on building a sticky and granular retail deposit book.
• The retail deposits as a percentage of overall deposits stood at 78.9% v/s 75.7% in Q1FY24 and 78.8% in Q4FY24.
• Bank currently has a network of 701 branches, of which 115 branches were liability focused, 392 branches are asset focused branches and the balance comprised of rural centers.
• They continue to cover the eligible unsecured portfolio under CGFMU scheme to mitigate any unforeseen risks.
• Under the scheme, the bank has successfully made its first claim of INR 320 mn, of which was 100% of the accounts which were eligible for claim.
• The entire amount was received in Q1FY25.
• Company is confident in their ability to sustain momentum and explore new opportunities to further strengthen their position in the banking ecosystem.

Arihant Capital Markets Ltd

Aptus Value housing finance Ltd – Q1FY25 Concall KTAs
CMP INR 315 | Market Cap INR 157 bn

OUTLOOK

Company plans to increase its presence in existing cities by opening new branches and expanding operations in new markets of Orissa & Maharashtra, which will help them to grow. Revenue growth during the quarter was supported by business growth, stable asset quality and continuous focus on productivity. We remain optimistic on the long term performance of the stock.

Guidance

• Loan book growth guidance of 30% over the coming quarters.
• The management has projected a growth of around 20% in disbursements for the full year.
• RoA is expected to be around 7% v/s 7.73% in Q1FY25.
• RoE, which is currently at 18.13% is expected to go above 21%.

Highlights

• Net profit of the company grew by 21.1% YoY/ 4.9% QoQ at INR 1.72 bn in the Q1FY25 supported by business growth, stable asset quality and continuous focus on higher productivity.
• AUM stood at INR 90.72 bn (+27% YoY, +4% QoQ), driven by addition of 36 new branches in Q1FY25, both in existing states and new states, improvement in productivity and increase in ATS.
• Company ventured into new states of Odisha and Maharashtra.
• During the quarter, company moved to new management software system, which affected company's disbursements in the month of April 2024. In the months of May and June 2024, disbursements were back to normalcy clocking 35% growth over the corresponding comparable two-month period.
• Spreads for the quarter were down by 13 bps YoY and up marginally by 1 bp QoQ to 8.72%.
• For Q1FY25, the asset quality degarded on a sequential basis as GNPA/ NNPA ratio was up by 23 bps/ 18 bps to 1.3% and 0.98% respectively. On a yearly basis the GNPA and NNPAs ratio was flat.
• Average loan tenure for housing loan is 9.5 years, non-housing loan 8.5 years and small business loans is 7 years.
• Loan-to-value as per segment was: housing loan 37%, non-housing loan 42% and small business loan 40%.
•Company expects to approach NHB for refinancing facility of INR 7.50 bn.

Arihant Capital Markets Ltd.

Muthoot Capital Services Ltd Q1FY25 Concall KTAs
CMP: INR 304|Market Cap: INR 5,005 Mn

The company is focusing on EV Part and mainly to retail segment, targeting the GNPA 6% by FY25 and expected the AUM by INR 3000 Cr.

Financial Highlights

•AUM stood at INR 2178.85 Cr at growth of 25.4% YoY, PAT stood at INR 11.41 Cr at growth of 3% YoY, Total Disbursement stood at INR 498 Cr at growth of 148% YoY, CRAR stood at 28.82%, GNPA stood at 9.84% in Q1FY25 from 10.71% in Q4FY24, NNPA stood at 3.41% in Q1FY25 from 3.40% in Q4FY24, PBT stood at INR 14.5 Cr.
•Total new customer is 65227 at growth of 166% YoY.
•Borrowing cost came down at 9.84%.

Key Highlights

• Two wheeler AUM stood at INR 1284.61 Cr, UCL & LCV at INR 34.30 Cr, Corporate Loan is at INR 134.05 Cr and from co-lending is at INR 725.89 Cr.
• South contributes 59.93%, North 18.18%, East 14.35% and from West it is 7.53%.
• In this quarter MCSL is 60% and from Co-lending it is 40%, but the company gave guidance about this is in ratio of 75% :25% from Q2 onwards.
• Provided additional overlay of 5 crores to maintain PCR of 75.5 crore at 75%, given appraisal to the employees 1.5 crore that’s why little impact in profitability.
• NPA(GNP) guidance is to bring it down below 6%, in four wheelers there is no NPA.
• The company is focusing more on retail loan as compared to corporate loans, as corporate loan growth is flat.
• Received funding 100 cr from AXIS Bank and inline Credit of 120 cr from IDFC Bank especially for focusing on EV, they are also having two strong partnerships for funding three and two wheelers EV.
• They are expected their portfolio for more than 3000 crores by the end of FY25 and disbursement target is closer to 2000 cr.
• Retail yield is going up at 20.8%, corporate loan 13.61%.

Arihant Capital Markets Ltd

India Shelter Finance Corporation Ltd Q1FY25 Concall Highlights
CMP: 707 | Market Cap: 75,810 Mn.

Outlook:
India Shelter Finance Corporation Ltd demonstrated growth in the quarter, with increase in AUM and a rise in disbursements. The company expanded its branch network adding 30 new branches, and maintained focus on affordable housing and small-ticket loans. The company guides loan growth of 30% - 35% and stable margins of around 6% for the medium term.

Performance Consol:
• Revenue came in at INR 2,515.44 Mn. (7.14% QoQ) (38.19% YoY) in Q1FY25.
• PAT came in at INR 835.29 Mn. (7.18% QoQ) (77.21% YoY) in Q1FY25.

Highlights:

• AUM stood at INR 65,090 Mn growing 37% YoY.
• Disbursement stood at INR 7,150 Mn with a growth of 23% YoY.
• The company added 30 new branches in Q1FY25, with plans to add a total of 40 - 42 branches in FY25.
• Company has over 86,000 customers, with 90% of AUM sourced from Tier 2 and Tier 3 cities.
• Credit Rating Upgrade: The company's credit rating was upgraded from A to A+.
• Company's digital collections increased from 93% to 96% in Q1FY25.
• Company's loan mix remains focused on home loans and small-ticket size loans, with an average ticket size of around INR 1 Mn.
• Top-up loans contribute about 2% - 3% of the total loan book.
• Collection efficiency saw a dip in Q1FY25 due to seasonality factor.
• 3 new branches were added in Rajasthan, Uttar Pradesh, and South, 2 branches in Haryana, and 1in Uttarakhand and Maharashtra.
• The company continues to focus on the affordable housing segment, supported by the reintroduction of the Credit Linked Subsidy Scheme
• Loan Disbursement Seasonality: H1 is a softer as compared to H2.
• Top-up loans are primarily for self-employed customers, with end-use mostly for business purposes.
• Operating expenses grew by 27% YoY, lower than the AUM growth of 37%.

Guidance:

• The company maintains its guidance for loan growth of 30% - 35% and a credit cost of around 40 bps.
• The company expects to maintain 6% margins in the medium term.
• The company aims to maintain a loan mix close to 60:40 between home loans and other loans, though minor variations are possible.

Arihant Capital Markets Ltd.

LIC Housing Finance Ltd. – Q1FY25 Concall Highlights
CMP: INR 685 | Market Cap: INR 375 Bn

OUTLOOK
Company's margin was impacted due to low NPA collections during the Q1FY25. We believe the NIMs to improve going forward. Further, Management remains confident on achieving their double-digit portfolio growth guidance for the whole year FY25. We remain optimistic on the stock.

Guidance
- Management maintains double-digit portfolio growth guidance for the whole year FY25.
- Company is targeting a total disbursement of INR 750 bn for FY25.
- The Management expects the NIMs to be in the range of 2.7 – 2.9% for FY25.
-The management anticipates further write off of INR 4 -INR 5 bn for the next 2 quarters.

Highlights
- The total outstanding portfolio grew by 4% YoY to INR 2886.65 bn from INR 2764.40 bn in the earlier year. Despite this, management remains confident on their double-digit portfolio growth guidance for the whole year FY25.
- Growth during the quarter was impacted due to seasonally weak quarter, and on account of elections during the Q1FY25.
- Management expects to see a good growth coming up in both their, retail and our project finance books.
- NII decreased by 10% to INR 19.89 bn as against INR 22.09 bn in Q1FY24, driven by low collection from NPA accounts and rise in interest expenses.
- NIM for the quarter stood at 2.76 % as against 3.21% for Q1FY24 and 3.15% for Q4FY24.
- NIMs were slightly below expectations and were down because of the one off NPA collection in Q4FY24.
- NPA Collections in Q1FY25 was INR 0.9 bn v/s INR 2.3 bn in Q4FY24, which impacted their NIMs.
- Management believes that NIMs have bottomed out and expected to grow going forward.
- Further, they targeting a shift in loan disbursement mix to improve margins.
- There are some positive developments which indicate that some big tickets loans, which are under NCLT resolution, is expected to pay off in the coming quarters.
- During the quarter, they received fresh term loan sanctions of INR 125 bn from various banks put together, which are expected to be disbursed in Q2FY25 and Q3FY25.

Arihant Capital Markets Ltd.

Utkarsh Small Finance Bank Ltd. – Q1FY25 Concall KTAs
CMP: INR 49 | Market cap: INR 53.6 bn

OUTLOOK

Company grew at a healthy pace during the quarter. Their loan book is expected to grow by 30% for the whole FY25, along with an increase in the secured book. We remain positive on the stock.

Guidance

- **Anticipated** growth in the gross loan portfolio is approximately 30% for FY25.
- Deposit growth is expected to outpace credit growth, contributing to a reduction in the Credit to Deposit (CD) ratio.
- ROA guidance of >2% & ROE guidance of ~18% for FY25
- The cost-to-income ratio is forecasted to be within the range of 54% to 57% for FY25.
- Credit Cost (including floating provision) ~2% for FY25.

Highlights

- Company grew at a healthy pace with gross loan portfolio growth of 31% YoY, at INR 187.98 bn and deposits growth of 30% YoY, at INR 181.63 bn.
- Their deposit growth was led by retail term deposits. Bank's retail term deposits grew by 47.7% YoY to INR 87.29 bn.
- Further, management is focusing on increasing share of secured loans consistently.
- The share of secured loans in overall portfolio increased to 35% as on Q1FY25 from 34% as on Q4FY24.
- GNPA was 2.78% as on Q1FY25 vs. 2.51% as on Q4FY24 (3.13% as on Q1FY24).
- Net NPAs were 0.26% as on Q1FY25 vs. 0.03% as on Q4FY24 (0.33% as on Q1FY24).
- Bank is continuously expanding its footprints, which is currently present in 26 States & UTs through a network of 916 banking outlets with a customer base of more than 46 lakh.

Arihant Capital Markets Ltd

Bajaj Finance Ltd Q1FY25 Concall Highlights
CMP: | Market Cap: Mn.

Growth Guidance: Maintained growth guidance of 26-28% for the year, with an upward bias, and management guides for 30% QoQ sales growth for the next three years, despite a temporary sales decline.

Profitability Metrics: Profit before tax (PBT) grew by 16%, and profit after tax (PAT) increased by 14%.

Volume and AUM Growth: Strong quarter with AUM growth of 31%, reflecting good loan performance with 11 Mn loans booked and 4.47 Mn new customers added. The total customer base reached just below 57 Mn.

E-commerce Resumption: Restrictions on e-commerce Insta EMI card lifted; offerings went live in mid-June.

NPA Levels: Net non-performing assets NPA maintained at 38 bps, remaining in line with the previous quarters in Q1FY25.

Distribution Network Expansion: Added 57 new locations and 9,000 distribution points.

Deposits Growth: Deposit book grew by 26%, reaching just below INR 6,30,000 Mn.

Credit Costs: Gross loan losses and provisions amounted to INR 17,900 Mn, with a projection of 1.75% - 1.85% for FY25.

Election Impact: Loan losses increased due to disruptions during the elections, in Q1FY25.

BHFL IPO: Bajaj Housing Finance Ltd (BHFL) filed DRHP for a potential IPO, with home loan segment AUM growing by 25%, reaching INR 9,70,000 Mn.

Fee Income Outlook: Fee income improvement expected in the coming quarters due to resumed EMI card sourcing.

NIM Compression: Experienced a 10 basis point compression in net interest margins (NIM) this quarter due to changes in asset composition.

Segment Performance: Cautious approach in the rural B2C segment, with limited growth over the past quarters. Urban B2B and B2C segments face high competition, especially in personal loans, but the company maintains its market share.

Two-Wheeler and Three-Wheeler Portfolio: Slight increase in defaults in Q1FY25, primarily due to election-related factors, but overall bounce rates remain stable.

Medium-Term Loan Losses: Expected to range between 175-185 basis points, adjusted for regulatory changes, slightly higher than pre-COVID levels.

Unsecured Loans Moderation: Noticeable moderation in unsecured loans, with public sector banks holding a significant market share.

Market Share Maintenance: Despite increased competition, Bajaj Finance has maintained its market share in various segments, particularly in e-commerce financing after the lifting of restrictions, in Q1FY25

GNPA and NNPA Stability: Gross and net non-performing assets remained stable on a sequential basis, with provisioning coverage slightly reduced from 57% to 56%.

Mahindra and Mahindra Financial Services Ltd – Q1FY25 Concall KTAs
CMP INR 296 | Market Cap INR 365 bn

OUTLOOK
Mahindra & Mahindra Financial Services Ltd. reported strong financial performance in Q1FY25 with a 45% YoY increase in PAT. Despite a moderate 5% YoY growth in disbursements, the company saw a 23% YoY increase in AUM. The credit cost decreased to 1.5% of average total assets, and the company expressed confidence in managing asset quality going forward. We remain optimistic on the long term performance of the stock.

Guidance
•ROA guidance of 2.5%, as compared to ROA of 1.8% in Q1FY25.
•Gross stage 3 asset quality below 4.5%, against which Q1FY25 gross stage 3 asset quality came at 3.6%.
•Management expects to maintain a 12% market share in wheels, with 25 – 30% revenue from non - wheels.
•Focus on maintaining lean OPEX at 2.5% and high PPOP levels.
•Credit growth guidance of 15 – 20%.

Highlights
•NII was up 19% YoY and -2.6% QoQ to INR 23.56 bn, which led to sequential decline in NIMs.
•NIMs for the quarter was down 50 bps sequentially to 6.6% but on YoY basis it was down 20 bps, primarily due to the rising finance cost.
•Tractor segment saw some sluggishness in terms of disbursement, in-line with the industry, however market share is largely maintained.
•Passenger vehicles form 41% of business mix while commercial vehicle & construction equipment form 20% of the total. Pre-owned vehicles and Tractors form 17% and 12% respectively.
•The company had a credit cost of around 1.5% in Q1FY25, similar to previous quarter levels.
•Asset quality degraded by 20bps as GNPA increased to 3.6% as against 3.4% QoQ while NNPA also increased to 1.5% from 1.28% QoQ. GNPA is expected to remain below 4.5% for FY25.
•The company plans to add around 150 branches during the FY25.
•The company remains committed to expanding its footprint in new business categories. As part of this initiative, the new product portfolios - SME lending, loan against property (LAP), and leasing (Quiklyz), are demonstrating consistent growth potential.
•The company has also partnered with digital MSME lender Lendingkart under a co-lending arrangement to offer business loans to M/SMEs.
•The company recognizes the growth potential within the SME sector in India, and is thus strategically partnering with key industry stakeholders. Overall, the SME portfolio Disbursement grew YoY 68% in Q1FY25.
•The plan is to grow the non-vehicle finance segment to 15% of the AUM over the medium term, while continuing to maintain its leadership position in the wheels business in Emerging India.
•During the quarter, the company obtained a corporate agency license from the insurance regulator IRDAI, allowing to sell life and general insurance policies from various insurers.
•The objective is to offer comprehensive insurance solutions specifically addressing the evolving financial requirements of the customers. The company has so far onboarded six Insurance companies and more such collaborations are expected in future.

Karnataka Bank – Q1FY25 Concall KTAs
CMP: INR 228 | Market Cap.: INR 86,019 Mn

Outlook -
The company targets gross advances of INR 1,000 Bn by March 2026, aiming for a balanced mix of 50% RAM (Retail, Agri, MSME) and 50% corporate advances. It expects the ROE to exceed 15% in the next 1-2 quarters and guides for a ROA between 1.2% and 1.4%. The goal is to reduce the cost-to-income ratio below 50% within 4 quarters and maintain a credit cost around 0.9% to 1% for the year. The aim is to achieve an 80% PCR in the next two quarters with a NIM between 3.5% and 3.7%. Additionally, the company is establishing a national back office in Mangalore, retail asset centres for faster loan processing, and expanding its network of agricultural field officers across the country. It plans to double the number of Direct Selling Agents to boost retail business growth and is investing in digital capabilities, technology infrastructure, and new product development, especially in the retail and MSME segments.

Financial Highlights
•Net interest income for Q1 FY25 was INR 9,030 Mn, up 10.9% YoY and 8.3% QoQ
•PAT stood at INR 4,000 Mn, up by 8.0% YoY & 46.0% QOQ
•Business turnover stood at INR 17,56,190 Mn in Q1FY25 , up by 17.1 % & 2.7% QoQ
•Gross advances reached an all-time high of 7,54,550, up 19.7% YoY, while aggregate deposits hit a record 10,01,630, up 15.2% Mn.
•The Net Interest Margin improved to 3.54% from 3.32% QoQ. The ROE increased to 14.45%, up from 13.71% QoQ. Additionally, the ROA rose to 1.38%, up from 1.19% QoQ.

Asset Quality

•GNPA stable at 3.54% vs 3.53% QoQ
•Credit cost reduced to 0.28% from 0.42% YoY
•PCR at 77.97%, targeting 80% in next two quarters
•Restructured book reduced to 1,160 crores

Capital and Liquidity

•CRAR at 17.64% with Tier 1 at 15.94%
•Raised INR 15,000 Mn capital in previous quarter
•Retired INR 7,200 Mn of tier two capital
•Surplus liquidity position with CD ratio at 75.33%

Operational Improvements

•Cost-to-income ratio reduced to 52.76%, targeting sub-50% in 4 quarters
•Setting up national back office in Mangalore for centralization
•Recruited head of retail and MSME business
•Deployed agricultural field officers for agri-focused regions
•Introduced cluster head concept for better branch management

Product and Service Innovations

•Launched KBL-WISE, a senior citizen product with top-up insurance
•Introduced new bundle products like salary savings and current account purple product
•Planning new features for segment-wise retail on the liability side
•Developing new products for students, education loans, and family accounts
Government Business Integration
•Integrated with Khajane II, Karnataka government treasury system
•Plans to collect chalan receipts for various government payments
•Focus on direct collection of taxes, GST, and customs duty

Credit Portfolio Management

•91% of the book is collateral-based, including restructured assets
•Implementing account-level provisioning
•Special team deployed for managing restructured assets and recovery

Digital and Process Transformation

•Embarked on credit transformation program to rationalize processes and turnaround time
Enhancing digital capabilities for improved customer experience
•Setting up retail asset centres for faster processing of retail loans
•Focusing on digital channels for customer acquisition and service delivery
•Implementing new systems for faster loan processing and approval

Sector-specific Strategies
•Focusing on RAM (Retail, Agri, MSME) segment for growth
•Balancing between large corporate and mid-corporate advances
•Deploying relationship and coverage teams for MSME and mid-corporate segments
Branch Banking Strategy
•Divided branches into 51 clusters across the country
•Implementing new structure with sales team and coverage team supporting branch managers
•Enhancing cluster head concept for better regional management
Deposit Mobilization Efforts
Targeting improvement in CASA (Current Account Savings Account) ratio
Focusing on direct collection of taxes and government payments to boost CASA
Leveraging new products like KBL-WISE to attract specific customer segments\
Corporate Banking
•Appointed new head of corporate business
•Shifting focus from opportunistic large corporate advances to direct-to-customer lending
•Aiming to improve yields through relationship-based corporate lending
Other Highlights
•Transferred opening revenue reserve of INR 1,068 Mn and revenue reserve of INR 246.8 Mn to AFS Reserve
•Recruited about 100 agricultural field officers (AFOs)
•Dealing with delayed payments in contractor segment due to elections

SBI Life Insurance Company Ltd – Q1FY25 Concall KTAs
CMP INR 1632 | Market Cap INR 1.6 trn

OUTLOOK
SBI Life Insurance reported a positive performance across various parameters like NBP, RP and GWP. The company is focused on maintaining high teens to 20% APE growth and expects margins to remain around 28%. We have a positive outlook on the stock.

Guidance
•Maintaining APE growth guidance of around 20%.
•Margins are expected to remain in the same range of around 28%.
•Focus on simpler protection products and revamping the product portfolio.

Highlights
•Gross Written Premium has grew by 15% YoY to 155.7 billion in Q1FY25, mainly due to 19% YoY growth in New Business Regular Premium (RP) and 16% YoY growth in Renewal Premium (RP) in Q1FY25, at 85.4 bn.
•APE channel mix for Q1 FY 25 is bancassurance channel 59%, agency channel 30% & other channels 11%.
•Individual NBP of Agency channel has increased by 48% YoY to 12.7 billion in Q1FY25 and Individual NBP of Banca channel has increased by 3% YoY to 27.7 billion in Q1FY25.
•The Company has strong distribution network of 327,038 trained insurance professionals consisting of Agents, CIFs and SPs along with widespread operations with 1,062 offices across country.
•The Company has maintained its leadership position in Individual Rated Premium of INR 32.2 billion with 22.4% private market share in Q1FY25.
•VoNB increased by 12% YoY to INR 9.7 billion for Q1FY25.
•VoNB margin stands at 26.8% v/s 28.1% in Q4FY24 and 28.8% in Q1FY24. Margin Compression were driven by product mix and interest rate drops

MAS Financial Services Ltd – Q1FY25 Concall KTAs
CMP: INR 292 | Market Cap: INR 53,021 Mn

Outlook: The company has reaffirmed its guidance of 20-25% annual AUM growth and aims to double its AUM every 3-4 years. It expects its housing finance subsidiary to grow at around 35% CAGR and targets maintaining a ROA between 2.75% to 3.25%. The company plans to increase direct distribution to 70-75% of the total in the next 3-4 years and aims for the commercial vehicle segment to reach 25% of its total portfolio. It is targeting 25% of AUM through direct assignment and securitization. The focus is on expanding the distribution network, particularly in South and North India, with investments in Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana. Continued investment in technology is aimed at improving operational efficiency. The company emphasizes building direct retail channels and reducing dependence on indirect channels. It is also investing in human resources for expansion into new geographies and in strengthening risk assessment and underwriting capabilities.

Financial Highlights
- Revenue for Q1FY25 stood at INR 3,643 Mn, up 24.8% YoY and 4.6% QoQ.
- PAT stood at INR 725.6 Mn, up by 26.1% YoY & 3.5% QOQ.
- Consolidated AUM grew 24.12% YoY to INR 1,16,000 Mn.
- Housing finance subsidiary grew AUM by 38.44% YoY to INR 6,230 Mn.

Asset Quality
- Gross Stage 3 assets at 2.29% vs 2.25% in Q4FY24
- Net Stage 3 assets at 1.52% vs 1.51% in Q4FY24
- Carrying management overlay of INR 176 Mn (22% of annual provision)
- Housing finance subsidiary gross Stage 3 at 0.90%, net Stage 3 at 0.65%

Business strategy
- Focus on diversifying distribution network and product mix.
- Aim for 70-75% direct distribution vs 25-30% indirect in 3-4 years.
- Target 25% of AUM through direct assignment and securitization.
- Expanding presence in South and North India, focusing on TN, Karnataka, UP, Telangana.
- Renewed focus on commercial vehicle segment, targeting 25% of portfolio.

Funding & Liquidity
- The company raised INR 5,000 Mn through a Qualified Institutional Placement and secured INR 4900 Mn in term loans with a maturity period of 3-5 years.
- The company has INR 17,250 Mn in term loan sanctions in hand and maintains an average cash/equivalent balance of INR 38,000 Mn. Additionally, it has INR 22,000 Mn in sanctions for securitization and direct assignment.

Product-wise Performance
- Microenterprise loans grew 12.49% YoY to INR 45,200 Mn.
- SME loans grew 16.59% YoY to INR 35,840 Mn.
- Two-wheeler loans grew 17.13% YoY to INR 6,680 Mn.
- Commercial vehicle loans grew 82.28% YoY to INR 8,170 Mn.
- Salaried personal loans grew 95% YoY to INR 5,900 Mn.

Operational Metrics
•Turnaround time: 1 day for smaller loans (2-wheeler, personal loans), 3-5 days for SME and annual loans, 5-7 days for housing loans
•Quarterly portfolio runoff between INR 30,000-35,000 Mn.

Regulatory & Market Factors
•Q1 performance impacted by elections and heatwave
•Slight increase in delinquencies (0.6%) due to collection access issues
•The company views recent MSME-focused budget announcements cautiously.

Geographic Expansion
•Established strong presence in Central and Western India, now focusing on expanding in South and North India
•Targeting Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana. Seeing opportunities to replace informal lenders in southern states

Credit Rating Impact
•Recent credit rating upgrade expected to benefit borrowing costs
•Aiming to reduce cost of borrowing by at least 20 bps
•Full impact of rating upgrade to be seen over next few quarters
Distribution Channels
•Direct retail channel includes company's own branches and employees
•Indirect retail channel involves partnering with NBFCs on a loan-to-loan basis
•Retail asset channel includes FinTech partners for certain products
•Current split: 34% through indirect channels, 66% through direct channels

Customer Segment Focus
•Primarily serving small businesses and enterprises
•Catering to about 300 different types of businesses across India
•MSME customers typically registered entities
•In salaried personal loan segment, focus on customers with credit scores above 700

PNB Housing Finance Ltd. - Q1FY25 Concall Highlights
CMP: INR 781 | Market Cap: INR 2,02,744 Mn

Outlook- The company is positioned for significant growth in the upcoming years, targeting a 17% increase in retail loan assets in FY25 and beyond. The company is strategically focusing on affordable and emerging segments, particularly in Tier 2 and Tier 3 cities, with plans to add 40-50 branches annually. They have achieved notable improvements in asset quality, reducing gross NPAs and aiming for a 1% NPA by year-end. The borrowing mix is favorable, with reduced borrowing costs and upgraded credit ratings. Additionally, the expansion of the PMAY scheme is expected to benefit the company significantly, supporting their growth in the affordable housing segment.

Financial Performance
- Retail disbursements grew by 19% YoY, with total disbursements up 19.3%, driven by focus on emerging and affordable housing segments.
- Retail loan book expanded by 14.4% YoY to INR 652 Bn, surpassing previous year's growth rate of 11.5%.
- Gross NPAs reduced significantly by 241 bps YoY to 1.35%, showing improved asset quality.
- PAT increased by 25% YoY to INR 4,330 Mn in Q1 FY25, reflecting stronger profitability.
- NIM remained stable at 3.65%, despite pressure from corporate book rundown and balance transfers.
- RoA improved to 2.38% from 2.27% YoY, indicating better asset utilization and RoE stood at 11.4%, demonstrating the company's ability to generate returns for shareholders.

Business Strategy
- Strategic focus on growing affordable and emerging segments faster than the prime segment to balance growth and profitability.
- Affordable housing segment contributed 13% of retail disbursements in Q1, reaching a book size of INR 23,610 Mn in 18 months.
- Emerging market segment yielding 25% higher than prime segment, focusing on high-yield customers with average ticket size of 2.5 Mn.
- Targeting 17% growth in retail loan assets for FY25 and beyond, with higher growth expected in affordable and emerging segments.
- Aiming to achieve 1% gross NPA by year-end, building on current improvements in asset quality.
- Planning to add 40-50 branches annually, primarily for affordable and emerging segments in South, North, and West India.

Product Mix
- Retail book now constitutes 97.3% of total loan assets, up from 87% in March 2022, showing increased focus on retail lending.
- Affordable housing book reached INR 23,610 Mn, demonstrating rapid growth in this new segment.
- Emerging market segment focuses on high-yielding customers in tier 2 and tier 3 cities, diversifying the product mix.

Funding and Liabilities
- Cost of borrowing reduced by 6 bps sequentially to 7.92%, improving the company's funding profile.
- Incremental cost of borrowing decreased to 7.75%, indicating better terms on new borrowings.
- Deposits grew by 7% YoY, with 88% being public deposits, showing strong retail funding base.
- Credit rating upgraded to AA+ by CRISIL, potentially leading to better borrowing terms in the future.

Technology and Operations
- Implemented new cloud-based CRM platform (Salesforce) to enhance customer acquisition and service capabilities.

- Launched digital collection platform to improve efficiency in collections process.
- Introduced SAP bots for customer service, enabling 18% of requests to be self-serviced.
- Reduced loan processing turnaround time (TAT) by 16-17%, enhancing operational efficiency.

Affordable Housing Segment Details
- Affordable housing vertical started in January 2023 has achieved a book of INR 20,000 Mn in 18 months.
- Company has 160 branches dedicated to the affordable housing segment, planning to increase to 200 by year-end.
- Average break-even time for new affordable and emerging segment branches is 9-10 months.

Credit Underwriting
- Different underwriting models for prime, emerging, and affordable segments.
- Affordable segment uses a mix of income-based and assessment-based underwriting, with 50-50 split.
- Prime and emerging segments use more rule-based algorithms for credit decisioning.

Other Highlights
- Yield on incremental disbursements in the emerging market segment was 25% higher than the prime segment.
- During the quarter, the company resolved one NPA account and one written-off account, recovering around INR 800 Mn from total written-off pools. The company plans to continue such recoveries every quarter.
- Credit costs remained low, with a reversal in grade costs to -7%.
- Transparent communication with investors, including updates on performance and strategic initiatives.
- The retail loan book grew by 14.4% YoY, with a target to reach 17% growth by the end of the year. The focus is on balancing growth and profitability by moving down the affordability pyramid.
- 125 out of 160 branches in affordable housing are now live on the new loan origination platform.

Aavas Financiers Ltd – Q1FY25 Concall KTAs
CMP: INR 1783 | Market Cap.: INR 1,41,102 Mn

Outlook
The company reaffirms its guidance of 20-25% AUM growth for FY25 and expects disbursements to rebound soon. The current ratio is 3.27% in Q1 FY25, with a target to reduce it to 3%. It aims to maintain a spread of 5% and plans to increase manpower by 10-11% annually for the next three years. Asset quality is expected to remain stable, with credit costs around 20 basis points, and borrowing costs to stabilize. The company plans to spend INR 450-500 Mn on tech transformation over two years, investing in Salesforce CRM, Oracle Fusion ERP, new treasury software, and business intelligence software. It is also enhancing digital channels for customer acquisition and service and investing in systems to support co-lending opportunities.

Financial Highlights

•NIM for Q1 FY25 was INR 3,064 Mn, up 10.2% YoY and down by 5.4% QoQ
•PAT stood at INR 1,261 Mn, up by 14.9% YoY & down by 11.6% QOQ
•AUM grew by 22% YoY , reaching INR 178,000 Mn
•Disbursements grew 25% YoY The cost-to-income ratio improved by 52 basis points to 3.27%, and the company maintained a spread of around 5%. The NIM was 7.31% for Q1 FY25..

Asset Quality

•1+ DPD improved by 3 bps YoY to 2.65%
•Gross NPA at 1.01%, Net NPA at 0.72%
•Credit costs remained stable at 20 bps
•For loans above INR 1.5 Mn, 1+ DPD and GNPA below 3.3% and 0.8%
•For loans below INR 1.5 Mn, 1+ DPD and GNPA below 4% and 1.25%

Business Updates
•Opened 4 new branches in Q1 to deepen reach
•Strong uptake in loan applications across channels
•Login to sanction turnaround time improved to 8 days
•Completed adoption of Salesforce CRM with 0.19 Mn+ loan applications processed
•New lead management system to go live next quarter
Borrowings & Liquidity
•Raised INR 11,350 Mn at 8.31% cost in Q1
•Total borrowings at INR 1,58,000 as of June 2024
•Well-diversified borrowing mix across banks, securitization, NHB, etc.
•Maintained liquidity of INR 17,500 Mn.

Product Mix and Loan Portfolio

•Home loans grew faster than overall AUM growth
•Other mortgages (LAP and top-up loans) constitute about 22% of portfolio
•Focus on self-occupied residential property as collateral

•Average ticket size increased 6-8% YoY for home loans, 10%+ for MSME loans
•Only 5-6% of loan accounts are above INR 2.5 Mn ticket size

Geographical Expansion

•Rajasthan contributes about 35% to AUM, has 108 out of 371 total branches
•Expanding in contiguous locations to build presence in new markets
•Top 4 states (Rajasthan, Gujarat, MP, Maharashtra) reduced from 60-70% to 30-35% of AUM over past couple of years

Technology Initiatives

•Total tech transformation expenditure of around INR 450-500 Mn over two years
•Implemented Salesforce for LOS, Oracle Fusion for ERP
•New treasury software and business intelligence software implemented
•Focusing on improving customer experience from onboarding to exit
Funding and Liability Management

•Started exploring co-lending opportunities
•Incremental cost of borrowing at 8.31% for Q1 FY25
•Expect NHB contribution to increase in overall borrowing mix in coming quarters
•Raised some funds through external commercial borrowings.
•Average borrowing cost at 8.08% against average portfolio yield of 13.08%

Operational Updates

•Total number of live accounts exceeded 223,600, up 15% YoY
•Login growth and sanction growth remain strong despite lower disbursements
•Expect momentum to pick up in coming quarters as sanction to disbursement ratio normalizes

Yield and Spread Management

•Seeing 15-17 bps higher yield on new business compared to previous year
•Confident of maintaining 5% spread through combination of yield management and opex leverage
•Some compression in NIM due to lower assignment income in Q1, expected to normalize

Other highlights
•Positive on potential impact of new affordable housing push in budget
•Focus remains on self-construction individual home loans
•Total employee count at 5,904 as of June 2024
•Targeting 10-11% increase in manpower annually for next 3 years
•The company is well-capitalized with a Capital Adequacy Ratio of 40.4% and a total net worth of INR 39,030 Mn.
•Focused on tier 3, 4, 5 cities where competitive intensity is relatively lower
•Fully compliant with recent RBI circulars on income recognition
•Some impact on disbursements and NIM due to changes in recognition criteria

Canara Bank - Q1FY25 Concall Highlights
CMP: INR 112 | Market Cap: INR 1,014 bn
Rating: Not Rated

Outlook: Canara Bank improved their Asset Quality with probability of further improvement in subsequent quarters going ahead. However, on the Profitability side, the Bank may see constrained margins in future as Cost of Funds are expected elevate further before stabilizing.

Guidance:
•The Management expects the NIMs to improve to 2.95-3%, during the year.
•The Bank expects the cost of deposits to grow in the next 1-2 quarters.
•The Management expects slippages to reduce QoQ by INR 1-2 bn.
•They Management reiterated their desire to be on track with guidance regarding business growth, advances, NIM, GNPA, NNPA, slippage ratio, credit cost ratio and hopes to achieve its CASA guidance.
•The Bank's board has approved to raise INR 85 bn from AT-1 bonds and tier-II bonds.

Key Highlights:
•NII came at INR 91.66 bn (down 4.32% QoQ/up 5.77% YoY).
•PPOP came at INR 76.16 bn (up 3.1% QoQ / up 0.16% YoY).
•Provisions increased in the quarter to INR 37.11 bn (up 2.23% QoQ/ down 8.8% QoQ).
•PAT came at INR 39.05 bn (up 3.94% QoQ / up 10.47% YoY).
•NIMs for Q1FY25 stood at 2.90%, down 17 bps QoQ/down 15 bps YoY.
•Cost of Funds increased to 5.25%, up 25 bps QoQ / up 49 bps YoY.
•Asset Quality: GNPA ratio decreased by 9 bps QoQ / down 101 bps YoY at 4.14% and NNPA came down by 3 bps QoQ / 33 bps YoY to 1.24% for Q1FY25.
•Fresh slippages decreased from INR 30.82 bn in Q4FY24 to INR 30.15 bn in Q1FY25.
•Balance Sheet: Advances at INR 9,751 bn grew by 1.52% QoQ / 9.86% YoY against Deposits at INR 13,352 bn which grew by 1.74% QoQ/ up 11.97% YoY.
•The Bank's Fee based income improved by 16.75% and stood at INR 19.10 bn.
•Cost to income ratio increased by 381 bps YoY and by 39 bps on a QoQ basis at 47.42%.
•CASA ratio declined by 202 bps YoY/ 131 bps QoQ on account of funds moving towards term deposits. However, CASA deposits witnessed an improvement of 4.66% YoY.
•The Savings bank deposits constitutes INR 480-500 bn of institutional deposits which includes NGOs, colleges, universities, etc.
•Government deposits are at the range of INR 200-220 bn.
•The Yield on Advances decreased marginally by 5 bps QoQ in Q1FY25 to 8.66% / increasing by 23 bps YoY.
•During Q1FY25, Cost of Funds was 5.25%, up by 49 bps YoY / 25 bps QoQ.
•Retail lending portfolio increased by 23.54% YoY to INR 1,758 bn. Housing loan portfolio witnessed a YoY growth of 11.9% and stood at INR 961 bn.
•Advances to agriculture and allied activities grew by 8.14% YoY to INR 2,409 bn.
•RAM advances constituted 57% of total advances and grew by 12.26% YoY.
•Credit-deposit ratio for the quarter declined 140 bps YoY to 73.04%.
•Corporate credit reported a growth of 6.87% YoY/1.03% QoQ to INR 4.23 trillion and formed 43% of total loans.

•A and above rated book formed 78% of the total as compared to 81% a year ago.
•CAR 1 stood at 12.05% with a 55 bps YoY increment during Q1FY25.
•In Gold Loan portfolio, the Bank stopped giving loan for agriculture purpose in metropolitan cities and are pushing towards personal loan for this portfolio. The Yield on the old Loan book is more than 9%.
•The Gold Loan portfolio mix consists of INR 190 bn in retail segment, INR 960 bn in housing segment, INR 170 bn in auto loans, INR 160 bn in education loans and remaining is personal loans and others.
•Corporate segment NPA stood at 4.23% for the bank.
•Provision coverage ratio increased by 118 bps YoY to 89.22%.
•The slippage ratio stood at 0.33% in Q1FY25 as compared to 0.36% in Q1FY24.
•Slippage mix includes INR 9 bn in agriculture segment, INR 1.2 bn in MSME, Retail includes INR 5 bn and corporate includes INR 6 bn.
•The SMA 0, 1 & 2 percentage to gross advances stood at 1.13%.
•Credit cost for the quarter declined to 0.90% from 1.1% in Q1FY24.
•For the Bank, ~51% of loan book was MCLR linked and RRLR (repo rate lending rate) was ~38%.

Motilal Oswal Financial Services Ltd – Q1FY25 KTAs
CMP INR 590 | Market Cap INR 352 bn

OUTLOOK
During the recent times, government has increased the STT charges for F&O. The company is mindful for the impact of such regulatory changes and they are planning to manage these impacts effectively. Overall, company has displayed a positive quarter and we remain optimistic on company's performance.

Capital Markets
•In Q1FY25, profit from this segment was INR 0.57 bn and the same de-grew by 4% YoY.
•Company believes that today's investors are more informed and seek more than just transactional services.
•They demand personalized investment advice that considers their long - term financial goals. This shift in investor and consumer behavior signifies a move towards a deeper engagement in financial planning.
•Hence, management has decided to transition from broking and distribution business to wealth business.

Investment Banking
•Investment Banking business executed 7 deals with total issue size of INR 53.69 bn in Q1FY25.
•Revenue for Q1FY25 stood at INR 1.57 bn, up 30% YoY.
•The PBT margin in this segment improved by 300 bps on a YoY basis to 48%.

Wealth Business
•The management aims to double its gross sales in FY25 led by strong traction in existing products and launch of new products.
•It added 5.7 lakhs new SIPs in FY24.

Housing Finance
-Their Home Finance business reported an increase in NII from INR 760 mn to INR 820 mn on a YoY basis (Q4FY24: INR 780 mn).
-The net interest income remained flat on a QoQ basis as it was hampered due to election and the loan book growth happened only in June.
-Profitability declined marginally to INR 280 mn (Q1FY24: INR 280 mn, Q4FY24: INR 310 mn).
-GNPA/ NNPA improved by 70bps/ 50 bps YoY to 1.2%/ 0.6% during Q1FY25.

The company is mindful for the impact of regulatory changes, such as changes in STT charges and F&O lot size and they are planning to manage these impacts effectively.

Star Housing Finance Ltd – Q1FY25 Concall KTAs
CMP: INR 51 | Market Cap.: INR 4,030 Mn

Outlook- The company is targeting an AUM of around INR 7,000 Mn for the FY25 and aims to reach INR 10,000 Mn AUM by December 2025. Its long-term goal is to achieve INR 20,000 Mn AUM in the next 48 months by FY28-29. By the end of the current financial year, the company plans to achieve a double-digit ROE and aims for an 18%+ ROE on a steady-state basis in the next 48 months. It expects to maintain current interest rates on loans with no immediate plans for an increase. The company plans to expand from 34 branches to over 50 by the end of the current financial year, with a long-term goal of having over 100 branches to support the INR 20,000 Mn AUM target..

Financial Highlights
- Total Income for Q1 FY25 was INR 210 Mn, up 70.5% YoY and 8.4% QoQ.
- Net interest income for Q1FY25 was INR 78 Mn up by 37.04% YoY compared to INR 57 Mn in Q1 FY24.
- PAT stood at INR 30 Mn, up by 94.3% YoY & 13.9% QoQ
- The AUM stood at INR 4714 Mn in Q1FY25 up by 73.55% YoY compared to 2716 Mn crores in Q1FY24.
- Gross NPA stands at 1.57% and Net NPA at 1.12% as of Q1FY25.

Business Operations
- The company focuses on first-time home buyers in urban and rural areas, particularly from economically weaker sections and low-income groups.
- Current branch network spans 34 locations across 6 states. Average incremental loan size is INR 1.2 Mn in semi-urban areas and INR 0.8 Mn in rural regions.
- The company has implemented an upgraded lending suite for end-to-end home loan processing.
- Around 12% of AUM comes from co-lending partnerships.

Asset Quality and Risk Management
- Portfolio at risk (0+ days past due) is 3.38%. The company maintains a strong focus on credit and collection processes.
- Implemented an early warning signal system to identify high-risk customers.
- Uses a combination of formal credit bureau data and assessment of informal credit sources for customer evaluation.

Capital and Funding
- Current borrowings stand at INR 3,343 Mn from 6 banks and 9 financial institutions. Debt to equity ratio is 2.43 times.
- The company has issued warrants, with 25-26% already subscribed.
- Exploring possibilities of raising additional capital from family offices and specialized investors.
- Current credit rating is BBB stable, with potential for upgrade upon reaching INR 6,500-7,000 Mn AUM.

Technology and Process Improvements
- Implemented an upgraded version of their lending suite for improved productivity.
- The new system provides end-to-end home loan processing capabilities.

- Enhanced receivable management functionalities have been integrated.
- Digitalisation of processes is ongoing to support growth.

Regulatory and Market Environment

- Recent budgetary announcements support the creation of over INR 30 Mn houses across India.
- Government has allocated more than INR 10,000 Bn for housing initiatives.
- Relaunch of PMAY through PMAY 2.0 and restarting of credit claim subsidy scheme are seen as favourable for the sector.
- The company believes its affordable housing focus makes it relatively insulated from broader market fluctuations

Operational Metrics

- The company aims for a steady-state run rate of INR 15 Mn per month for a medium-sized branch. Branches are considered for splitting when they reach a steady-state of INR 25 to 30 Mn per month. The company prioritizes quality over rapid growth, accepting a higher cost-to-income ratio in the short term.

Geographical Presence and Expansion

- Current operations span across Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, NCR, and Tamil Nadu.
- These markets constitute over 75% of housing demand in the country.
- Considering expansion into southern states and Chhattisgarh.
- Future growth strategy includes deeper penetration at the district level.

Risk Management and Credit Assessment

- Use of comprehensive credit policies and guidelines.
- Each new canter opening includes a dedicated receivables management person.
- Collection focus is driven from head office down to the last collection officer.
- The company assesses both formal and informal credit sources of customers.

Customer Profile and Underwriting

- Target customers typically lack formal income documents and are often unbanked or hesitant to use traditional banking services.
- Customers often have multiple income sources within a family (e.g., cash-traveling, small stores, livestock income).
- The company uses in-house developed spreadsheets for cash flow assessment of customers.
- Portfolio is more tilted towards self-employed segment customers.
- Both borrower and co-borrowers (family members) are included in loan proposals.

Other Highlights

- Implemented a bottom-up approach for branch expansion decisions.
- The company sees itself as relatively insulated from broader market fluctuations due to its focus on affordable housing.
- Current team consists of over 280 housing finance professionals.
- Implementation of a second ESOP scheme, considering the expanded employee base.
- Board has recommended a 50% increase in dividend payout for the year, from INR 0.05 to INR 0.075 per share.
- It is investing in upgrading technology infrastructure, including implementing an enhanced lending suite. The company has maintained a debt to equity ratio of 2.43 times, with around 12% of AUM coming from co-lending partnerships, reflecting investments in these relationships.
- Additionally, the company is open to raising additional capital from specialized investors and family offices to support its growth plans.

Go Digit General Insurance Ltd – Q1FY25 Concall KTAs
CMP: INR 345 | Market Cap: INR 3,17,053 Mn

The company plans to maintain its focus on technology investments, particularly in AI and data analytics for pricing, underwriting, and claims assessment. They indicated plans to gradually increase equity allocation in their investment portfolio and expand into rural areas, with product development underway for the latter. Evaluating new categories, including government health and crop insurance. Their growth strategy remains flexible, with an emphasis on maintaining capabilities across all distribution channels. In terms of financial reporting, they anticipate a shift from management expenses to commissions due to recent regulatory changes. Despite current challenges in the Third Party motor insurance segment, they remain committed to evaluating opportunities in this business.

Financial Performance
- Gross written premium (GWP) for Q1FY25 was INR 26,600 Mn, a 22.2% growth YoY.
- Net earned premium increased from INR 14,750 Mn to INR 18,240 Mn.
- PAT grew YoY from INR 580 Mn to INR 1,010 Mn.
- ROE improved from 2.5% to 3.3% (not annualized).
- Solvency ratio increased to 2.17, the highest in over three years.

Key highlights
* Third Party (TP) motor insurance saw a de-growth of 2% vs. industry growth of 10%.
* Fire business grew by 11% vs. industry growth of 6%.
* The company is focusing on empowering distribution partners and investing in automated underwriting models.
* There's a shift in product mix, with motor TP decreasing from 36% to 29% and health, travel, and Personal accidents increasing from 22% to 27%.
* The company is exploring opportunities in rural areas and considering new product categories.
* Management emphasized looking at loss ratios over a longer period (e.g., a year) rather than quarterly fluctuations.
* The company is seeing growth through institutional business, including banks and NBFCs, especially in personal accident insurance.
* There's a focus on API integration for policy issuance, with about two-thirds of policies issued through APIs.
* There was a strategic sale of government securities to invest in higher-yielding corporate bonds.
* There's been a shift in expenses from management expenses to commissions due to regulatory changes.
* Continued investment in AI and data analytics for pricing, underwriting, and claims assessment.
* Focus on automating decisions across various business processes.
* The company reached INR 90,000 Mn in GWP in its sixth year, which management considers better than most companies globally.
* The focus is on building underwriting capabilities and retaining risk, with the company having the highest premium retention ratio in the industry.
* There have been changes in how commissions and management expenses are categorized due to regulatory changes.
* The company's market share for Q1FY25 was about 3.6%, with a focus on increasing towards 6%.
* The company is seeing growth in new car sales, renewals, and rollover business (renewals from other insurance companies).

* Management noted high competitiveness in the TP motor insurance market, leading to their de-growth in this segment.
* They booked a loss of INR 195 Mn by selling some government securities to invest in higher-yielding corporate bonds, expecting to recoup this loss within 12 months.
* The company doesn't have fixed targets for product mix, preferring to remain flexible based on market conditions and profitability.
* The company focuses more on organic visitors to its website rather than aggressive customer acquisition for its direct-to-customer segment.
* There's an increased focus on corporate liability insurance products like D&O (Directors and Officers) and E&O (Errors and Omissions) insurance.
* The company maintains operational capabilities across all segments to capitalize on opportunities when they arise, rather than committing to specific growth targets in any particular segment.

Shriram Finance Ltd Q1FY25 Concall Highlights
CMP: 2925 | Market Cap: 1099.60 Bn.

Outlook:
Shriram Finance Ltd. delivered a strong performance in Q1FY25 with increase in revenue and PAT. Disbursements and AUM grew by 23.82% and 20.82% YoY, respectively. The company maintained a strong net interest margin of 8.79%. With a strategic focus on rural and MSME lending, infrastructure development, and branch expansion, Shriram Finance is poised for sustained growth.

Performance Consol:
•Revenue came in at INR 96,049.8 Mn. (1.27% QoQ) (20.01% YoY) in Q1FY25.
•PAT came in at INR 19,805.9 Mn. (1.78% QoQ) (1,675.44% YoY) in Q1FY25.

Financial Highlights:
•Disbursement Growth: Disbursements grew by 23.82% YoY, totalling INR 377.09 Bn in Q1FY25 compared to INR 304.55 Bn in Q1FY24.
•AUM Growth: Assets under management increased by 20.82% YoY to INR 2,334.44 Bn in Q1FY25.
•Net Interest Income: NII saw a 20.63% YoY increase, reaching INR 53.54 Bn in Q1FY25.
•Net Interest Margin: The net interest margin for Q1 FY25 was 8.79%, up from 8.33% in Q1 FY24.
Subsidiary Performance:
•Shriram Housing Finance Ltd. AUM Growth: Shriram Housing Finance Ltd. exhibited AUM growth of 50.93% YoY.
•Shriram Housing Finance Net Interest Income: Net interest income for the subsidiary grew by 40.62% YoY for Q1FY25.
Segment Performance:
•Commercial Vehicle Segment: The commercial vehicle segment saw a growth of 3.5% YoY in Q1FY25.
•Medium and Heavy Commercial Vehicle Sales: Sales grew by 9.7% YoY in Q1FY25.
•Light Commercial Vehicle Sales: Light commercial vehicle sales remained flat YoY in Q1FY25.
•Two-Wheeler Sales: Two-wheeler sales recorded robust growth of 20.5% YoY in Q1FY25.
•Three-Wheeler Sales: Sales grew by 14.2% YoY in Q1FY25.
•Construction Equipment Sales: Sales increased by 4.6% YoY in Q1FY25.
Guidance:
•The company expects to maintain a guidance of 15% AUM growth for FY25.
•The company is prioritizing bottom line growth over AUM growth including focusing on improving the product mix and expanding into new geographies.
•The company plans to add approximately 500 branches over the next two years.

SBI Cards & Payment services Ltd – Q1FY25 Concall KTAs
CMP: INR 720 | Market Cap.: INR 6,85,233 Mn

Outlook-
The company expects credit costs to remain between 7-8% for FY25, with a reducing trend anticipated towards the latter part of the year. It is targeting receivables growth of 15-18% for FY25 and projects card growth of around 15-17%, with an additional 5-7% from spend growth. Corporate spends are expected to recover to original levels by Q3 FY25. The company plans to continue business growth while improving collections and recovery efficiency. It focuses on growing through lower-risk segments and installment lending, anticipating that ecosystem improvements will positively impact credit behaviour.

Financial Highlights
•Revenue from operation for Q1 FY25 was INR 43,590 Mn, up 11.4 % YoY and 0.3% QoQ
•PAT stood at INR 5,940 Mn, up by 0.2% YoY & down by 10.3% QOQ
•Total card spends grew 4% YoY to INR 7,71,290 Mn.
•Retail spends grew 23% YoY to INR 7,18,900 Mn.
•Market share in cards outstanding remained stable at 18.5%.

New Customer Acquisition
•Added INR 0.904 Mn new accounts in Q1 FY25.
•Net new card addition was INR 0.35 Mn, 17.4% of industry addition.
•The company reported that 42% of new accounts came from the bank channel, with the rest from the open market and co-brands.
•The company reported that 60% of new customers are existing credit card users, while 40% are new to credit or cards.
•Implemented more selective criteria for new customer acquisition to improve credit quality.
•Focusing on existing customers for more engagement rather than aggressively adding new customers.

Asset Quality & Credit Costs
•Credit costs increased to 8.5% in Q1 FY25 from 7.5% in Q4 FY24.
•Incremental provisions increased by INR 510 Mn QoQ, while write-offs rose by INR 1,050 Mn QoQ.
•Main reason cited was customers obtaining multiple credit lines and getting overleveraged.
•The company expects credit costs to remain elevated in the near term, possibly between 7-8% for FY25.

Customer Behaviour & Trends
•Installment-based transactions grew 37% YoY, indicating customer comfort with affordability options.
•The company reports that 50% of its customers make new purchases every month.
•Online spends continue to contribute around 57% of total spends.
•Jewellery segment saw strong growth at 11% YoY.
•Monthly average UPI spend per active account stable at around INR 12,800.

Operational Metrics
•Cost to income ratio for Q1 FY25 at 49.1%, decreased due to lower corporate spends.

•Return on Assets was 4.1% for Q1 FY25, and Return on Equity was 19.1% for the same quarter. The share of interest-earning assets stood at 62% in Q1 FY25.
•Renewables grew by 22% YoY.

Digital Initiatives
•Implemented instant card issuance journey on SBI's digital platforms like YONO and Internet Banking.
•Focus on growing customer acquisition through these digital journeys.
•Partnered with Apple to launch offers with up to INR 6,000 instant discounts.
•Collaborating with co-brand partners like Paytm and Reliance for customer acquisition.

Industry Outlook
•Credit card market in India crossed INR 100 Mn outstanding cards as of June 2024.
•Monthly credit card spends reached INR 1,580 Bn in June 2024.
•India's GDP growth forecast for FY25 estimated at around 7.2%.
•The company views the credit card industry at the intersection of increasing discretionary consumption and growing digital payments.

Competitive Positioning
•Company claims to be performing in line with industry in terms of delinquencies, generally below industry average for both 30-day and 90-day metrics.
•Positioned as second largest credit card issuer in the country.

Industry Insights
•Credit card behaviour differs from unsecured loan behaviour, even within the same bank.
•Personal loans generally perform better than credit cards in terms of asset quality.

Risk Management Actions
•Reduced credit limits for INR 0.5 Mn accounts in last 3 months.
•Implemented refinements in new account sourcing criteria.
•Enhanced early warning systems and predictive models.
•Increased collections and recovery efforts significantly.
•Stopped sourcing from certain geographies based on delinquency trends.

Other highlights
•Launched new travel-centric credit card "SBI Card Model" with positive initial response.
•UPI spends on credit cards grew 50% QoQ
•Revolver rate stable at around 24% of receivables.
•Cost of funds increased 13 bps to 7.5% but net interest margin stable at 10.9%.
•Capital adequacy ratio healthy at 20.6%.

SBFC Finance Ltd. – Q1FY25 Concall KTAs
CMP: INR 84 | Market Cap: INR 90 Bn

OUTLOOK

Company has displayed positive performance across various parameter. Their cost of borrowing remained flattish sequentially and improved by 15bps YoY, and is expected to improve going forward. Management continues to maintain their AUM growth guidance of 5 – 7% QoQ, with credit cost remaining within the range of 80 – 100 bps. We have a positive outlook on the stock.

Guidance remains intact

•AUM growth guidance of 5% - 7% on a sequential basis.
•Credit cost is expected to remain within the range of 80 – 100 bps.
•Management continue to maintain PCR above 40%, which is double of their LGD.
•Company plans to open 20 branches during the FY25.

Challenges faced during the quarter

•A long drawn electoral process that affects smaller towns more specifically. Elections during the quarter has impacted the disbursement growth and asset quality across industry.
•Climate change is real, as summers are getting hotter and monsoons more volatile and temperamental. The exceptional heat wave created its own challenge. This is expected to improve, going forward.
•Change in regulatory recognition of disbursals was the biggest change company had to adapt to.

Highlights

•AUM of the company grew by 5% QoQ/ 35% YoY at INR 71.7 bn, out of which almost 99% is secured by property.
•MSME AUM grew by 4% QoQ/ 38% YoY at INR 59.54 bn.
•Company added 3 branches during the quarter, taking the branch count to 186.
•As per the management, it takes 12 to 18 months for the branch to breakeven.
•Company's borrowing cost remained flattish sequentially and reduced by 15 bps YoY, at 9.32%.
•Company received a credit rating upgrade from CARE Ratings to 'AA-' in July 2024. This will help them to improve their borrowing cost.
•They have further diversified their borrowings by raising money by issuance of listed shares from mutual funds. They are further looking to diversify their borrowings in the future.
•In terms of asset quality, their GNPA increased slightly by 6 bps YoY/ 17 bps QoQ, at 2.6% and NNPA increased by 15 bps QoQ/ -4bps.
•Ticket size of the loan have been reducing since past few quarters, as company moves from Tier 2 to tier 3 cities. Currently, ticket size stood at INR 9.2 lakhs. Though the ticket size is lower, yields are comparatively better.
•Management expects the ticket size to remain within the range of INR 9 to 11 Lakhs.
•Muted collection efficiency during the Q1FY25 has impacted their 1+ DPD. Their collection efficiency has come down from 98.3% in Q4FY24 to 97.89% in Q1FY25. Further, their 1+ DPD increased from 5.59% to 6.39% QOQ.

Cholamandalam Investment & Finance Company Ltd. – Q1FY25 Concall Highlights
CMP: INR 1,457 | Market Cap: INR 1.22 trn

OUTLOOK
Company has displayed healthy performance during the quarter, with growth coming across all segments. Going forward, NIMs are expected to improve with an AUM growth of 25 – 30% and disbursement growth of 20 – 25%. We remain positive on the stock.

Guidance for FY25
•Company expects to maintain a net interest margin of 7.8% for FY25 against 7.5% for FY24.
•AUM growth is anticipated to be within the range of 25% - 30%.
•Disbursement is expected to grow by 20 – 25%.
•Management aims to achieve a pre-tax ROA of 3.5% or higher over the next five years.

Highlights
•Mr. Ravindra Kumar Kundu has been appointed as the Managing Director of the Company. The appointment is for a period of five years effective 7th October 2024.
•Mr. Kundu has been with the Company for 24 years and has an overall experience of 36 years in automobile and financial services industry.
•Company has displayed healthy performance during the quarter, with growth coming across all segments.
•NIMs came at 7.6% in Q1FY25, as compared to 7.3% in Q1FY24 v/s 7.8% in Q4FY24.
•Disbursement in vehicle finance grew by 13% YoY, aided by steady growth.
•The Two-wheeler industry had a growth of 20% YoY in Q1FY'25. This segment is expected to grow at a healthy pace supported by rural demand.
•Further, LAP grew by 45% YoY and Home loans grew by 22% YoY, led by geographical expansion into tier three and tier four locations.
•Company is capitalizing on their pan India geographical presence by going wide in tier 3 and tier 4 markets to improve margins, while continuing to hold significant presence in tier 1 and tier 2 markets.
•Company has been focusing on branch expansion as of now, due to which their their Opex has been rising. Going forward, they will be focusing on improving NIMs and controlling cost.
•The company is focusing on expanding its presence in new business lines, increasing yields, and improving operational efficiency.
•Management remains confident in achieving its growth and profitability targets over the medium term.

ESAF SFB Ltd – Q1FY25 Concall Highlights
CMP: INR 51 | Market Cap: INR 26 bn
Guidance
•The bank aims to maintain a minimum growth rate of 25% for advances.
•NIMs are expected to remain stable at around 10%.
•Management is focusing on building their secured book.
•Despite the increase in secured book, management remains optimistic on improvement in NIMs, on the back of improved recoveries.
•Slippages are expected to come back to 2 – 2.5% levels by the end of the quarter.
Highlights
•PAT of the company grew by 44.8% sequentially but degrew 51.7% YoY, primarily due rise in opex.
•NII remained flat at INR 5.88 bn (+0.5% YoY, -0.4% QoQ), whereas NIMs for Q1FY25 stood at 9.4% (Q4FY24: 10%, Q1FY24: 11.3%).
•Opex was up by 19% YoY and down by 1.4% sequentially to INR 4.5 bn.
•Cost of funds for the Q1FY25 was at 7.4% (up 50 bps YoY/ Flat sequentially).
•Gross advances grew by 30.0% YoY to INR 187.83 bn in Q1FY25 as against INR 144.44 bn in Q1FY24
•Total Loan Book for the quarter stood at INR 196.64 Crore, up by 14.3% YoY. Of the total loan book, Micro Loan contributes 66%, Retail Loans and others being 34%.
•Disbursements during Q1FY25 stood at INR 45.03 bn as against INR 45.09 bn in Q1FY24.
•The total deposits grew by 33.4% YoY to reach INR 208.87 bn in Q1FY25 compared to INR 156.56 bn in Q1FY24.
•CASA deposits increased by 72.8% YoY to INR 49.27 bn in Q1FY25 compared to INR 28.52 bn in Q1FY24; CASA ratio stand at 23.6%
•Bank's asset quality stand (GNPA) at 6.6% in Q1FY25 up from 4.8% in Q4FY24 and 1.7% in Q1FY24. Net NPA stood at 3.2% of the Advances in Q1FY25 v/s 2.3% in Q4FY24 and 0.8% in Q1FY24.
•Banks asset quality was impacted, primarily due to disruptions in the state of Kerela and Tamil Nadu. During the last quarter, they have stopped fresh lending in Kerela and guided to reduce the portfolio in Kerela to 25%.
•Further, as a part of business growth strategy, they have decided to discontinue certain specific part of the existing scope of business correspondent services and to bring it in house.
•As a result, Business correspondent reduced from 70.54% of gross advances to 33.57% on 1st July 2024.
•Since, majority portion of the Micro loan book was managed by business correspondent, their collections were impacted, which in turn led to increase in slippages.
•Their slippages increased from INR 3.27 bn to INR 3.9 bn sequentially (Q1FY24: INR 1.2 bn).
•Yields were impacted due to the change in product mix. Yields came at 20.2% v/s 20.6% QoQ and 21% YoY.
•Management remains optimistic on improvement in NIMs, despite the focus on secured book, driven by improvement in recoveries and asset quality.
•The bank's distribution network stood at 755 branches and 628 ATMs across 23 States and 2 Union Territories. In addition, they have 35 institutional Business Correspondents and 1,065 Customer Service Centres

Punjab & Sind Bank Ltd – Q1FY25 Concall KTAs
CMP: INR 69 | Market Cap: INR 4,68,616 Mn

Outlook: The company is targeting a loan expansion of 12-14% in FY25 with potential to reach INR 1 lakh crore in advances. The company aims to maintain its NII between 2.75-2.8% and improve its ROA to 0.65-0.75% from 0.5%. It is focused on reducing the cost-to-income ratio below 69% by FY25 end and has plans to raise capital through a QIP of INR 20,000 Mn, along with AT1 bonds of INR 50,000 Mn and Tier 2 bonds of INR 30,000 Mn. To support growth and modernization, the company has planned a significant technology investment of INR 8,000 Mn over the next three years. It also aims to expand its branch network by 100 new branches in FY25 and increase its Business Correspondent network to 4,500 by FY25 end, with a long-term goal of reaching 6,000 BCs by March 2026.

Financial Highlights
* Net Interest Income stood at INR 8,500 Mn in Q1FY25 up by 6.89% QoQ & 14.51% YoY.
* Operating profit stood at INR 3,170 Mn in Q1FY25 down by 5.65% QoQ & up by 23.35% YoY.
* Net profit stood at INR 1,820 Mn in Q1FY25 up by 30.94% QoQ & 18.95% YoY.
* Deposits grew by 5.59% YoY to INR 12,05,930 Mn & Advances grew 9.24% YoY to INR 8,77,380 Mn.

Business Updates
* Company's retail, agri and MSME (RAM) advances grew 15.69% YoY and is now at 52.49% of total advances which was 51.70% in March 2024.
* It is focusing on expanding its branch network, especially in semi-urban areas and has plans to increase business correspondent (BC) network to 4,500 by FY25 end.
* It is implementing various digital initiatives to improve customer experience.
* The company has upgraded its core banking system to enable more value-added services and has Introduced DEMAT services and mutual fund investments through mobile app.
* Its focus areas include call center upgrade, centralized trade finance module, cyber security, and data warehouse project
* Company's slippages were contained at INR 2,760 Mn in Q1FY25.
* The company has improved collection efficiency, especially in agriculture and MSME segments. Focusing on building proper credit underwriting and monitoring systems.
* Company's retail term deposits grew by 10.15% in Q1. It has reduced dependence on bulk deposits which is now 16% as compared to 22-23% earlier. Focusing on mobilizing low-cost deposits and improving CASA ratio.
* The company has signed an MOU with the Indian Army for salary accounts.
* It is exploring co-lending opportunities in MSME and agriculture sectors and has increased focus on the mid-corporate segment. Targeting growth in non-northern regions of India.
* The company is managing deposit growth amidst system-wide challenges and also it is implementing new RBI guidelines on Liquidity Coverage Ratio.
* It is balancing growth aspirations with asset quality considerations and managing growth while improving cost-to-income ratio.

Regulatory
* The company is implementing new RBI guidelines on investment valuation.
* It has adjusted INR 42,000 Mn from general reserves due to fair valuation of recap bonds.
* It is preparing for new LCR norms with potential 5-15% additional runoff factor for digital banking customers.

Kfin Technology Ltd – Q1FY25 Concall KTAs
CMP: INR 803 | Market Cap: INR 1,37,013 Mn

Outlook: The company is maintaining EBITDA margin iguidance in the range of 40-45% for FY25, focusing on growth rather than pursuing a margin improvement. Margins are expected to trend higher than FY24 levels. The company has a strong cash position of INR 4,320 Mn earmarked for M&A activities, with international expansion as the top priority. Investments are being made in technology transformation, new platform development, and expanding into new geographies both organically and through acquisitions.

Financial Highlights

•Net revenue stood at INR 2,376 Mn in Q1FY25 up by 4.0% QoQ & 30.9% YoY.
•EBITDA stood at INR 997 Mn in Q1FY25 down by 4.7% QoQ & up by 41.5% YoY.
•PAT stood at INR 681 Mn in Q1FY25 down by 8.6% QoQ & up by 56.9% YoY with margins at 28.7%.
•The domestic mutual fund business grew by 34% YoY, while international and other industry solutions saw a growth of 56.8% YoY.
•Issuer solutions revenue grew by 21.7% YoY, while diluted EPS increased by 57%, rising from 2.51 to 2.94.

Business Segments

•Mutual Funds: Their AUM market share increased from 37% to 42%, while yield was maintained at steady rates.
•Corporate Registry: They won 280 clients and executed large IPOs, including those of Hyundai and Pine Labs.
•International Business: They are seeing green shoots in markets like Malaysia and the Philippines, having recently signed two large contracts in Malaysia and expanded their presence in Thailand.
•Tech Solutions: They won a data lake contract from a large U.S. client and signed two clients for digital assets contracts.
•National Pension System: Grew 27% compared to industry growth of 12%
•Alternatives: Revenue grew by 60% YoY, and AUM has surpassed INR 1,000 Mn.

Acquisitions

•They are targeting an acquisition size of around USD 52-75 Mn and expecting a 10-15% addition to revenue from the potential acquisition.
•Focusing on new geographies like Singapore and Hong Kong for alternatives business
•Launched new platform for alternatives in international markets

International expansion

•Conducted a conference in Malaysia in May, inviting regulators and industry players
•They are planning similar sessions in Singapore and Hong Kong in the coming quarters and have signed up with Manulife in Singapore.
•Facing challenges in convincing clients about outsourcing and offshoring in new markets while aiming to replicate the success of their Malaysia operations across other geographies.

Market share

•They increased their market share in mutual fund AUM from 37% to 42% and won Hyundai.
•They are managing about 500 alternative funds in India, up from 100 four years ago, with a market share of 37% in the Indian alternatives sector.

Pricing and Yields

•Yield in domestic mutual funds business increased from 3.72 to 3.66 bps.

•In India, alternatives business pricing is around 3-4 bps, while international alternatives pricing ranges from 7-8 to 20 bps.

Regulatory and opportunities

•Working on a solution for a new asset class introduced by regulators.

•Anticipating potential in the gap between mutual funds, PMS, and AIF thresholds. Renewed focus from government and regulators on REITs and InvITs market.

•They expect to launch their REIT market solution in the coming quarter and are well-positioned for upcoming NFOs across clients.

Other Highlights

•Expecting higher corporate actions, such as dividends and buybacks, in Q2-Q3. The average folio fee increased from 7.3 in Q1FY24 to 7.5 in Q1FY25.

•Launched Exalt platform in March for alternatives business.

•Integrating Hexagram (acquired) and Empower platforms for international alternatives.

CSB Bank Ltd – Q1FY25 Concall KTAs
CMP: INR 344 | Market Cap: INR 59,783 Mn

Outlook: The company expects improvements from Q2 onwards. It expects the ROA to increase from the current 1.27% to a range of 1.5-1.8%. The company also expects its elevated cost-to-income ratio to rationalize along with a peak in GNPA, NNPA and credit costs during the same period. The overall FY25 results are expected to align with past guidance. The gold portfolio is projected to maintain a stable range of 47-50%.

Financial Highlights
* Net Interest income stood at INR 3,620 Mn in Q1FY25 down by 6% QoQ & 1% YoY.
* Operating Profit stood at INR 1,720 Mn in Q1FY25 down by 24% QoQ & 5% YoY.
* PAT stood at INR 1,130 Mn in Q1FY25 down by 25% QoQ & 14% YoY.

Net Interest Margin (NIM)
* Company's NIM declined to 4.36% in Q1FY25 from 4.86% in Q4FY24. This 40 bps impact is due to regulatory change of reclassifying penal interest as penal charges.
* It expects NIM to improve to 4.5-4.8% range from Q2 onwards.
* The company had higher slippages which led to interest income suspension.
* It is also expecting normalized yield on advances to return to 11.6-11.7% levels.

Asset Quality
* Company's gross NPA ratio was at 1.69% and Net NPA at 0.68%.
* It has elevated slippages of ~INR 1,000 Mn in Q1, mainly from SME and corporate book with the largest single slippage at INR 330 Mn. Expects slippages to normalize from Q2.
* Company's credit cost was at 22 bps which it expects to remain in the 22-30 bps range for FY25.

Operational highlights
* The company has 18% YoY growth in advances as compared to 14% for the industry.
* Its gold loan portfolio grew 24% YoY which comprises approximately 50% of total loans.
* Its corporate book is undergoing modification and is likely to remain flat YoY in FY25.
* Company's SME book is expected to grow 35% in FY25.
* The company has 22% YoY growth in deposits as compared to 11% for the industry.
* Its CASA ratio was at 24.9% and CD ratio was at 83.89%. Its Average LCR was at 118% for Q1.
* Cost of deposits increased by about 15% YoY. It is using multiple funding sources to manage costs, including refinance, overseas borrowings, and certificates of deposit. Expects cost of funds to stabilize in coming quarters.
* Opened 15 new branches in Q1FY25 and now has a total network of 794 branches and 757 ATMs as of June 28, 2024.
* Company has made significant investments in technology which is impacting depreciation costs.
* The company is undergoing complete modification of corporate banking business in FY25. It is exiting some accounts including performing ones, for strategic reasons. Expecting the corporate book to stabilize and grow from FY26 onwards.
* SME book grew 28% in Q1FY25 and retail book (excluding gold loans) saw a decline, partly due to reclassification of LAP to SME category. It is not doing incremental disbursements in unsecured personal loans.
* Company's capital adequacy ratio was at 33.61% with Tier 1 ratio at 22.23%. Its low risk-weighted assets were at 43-44% of total exposures.
* Strong fee performance contributed 1.92% of average assets. CSB is now classifying penal charges under fee income instead of interest income.
* Changes in LCR calculation is expected to have approximately 10% impact for the company.
* Company's book value per share was at INR 270 as of Q1FY25 end and EPS was at INR 26.2 with return on equity at 12.69%.

Muthoot Finance Ltd Q1FY25 Concall Highlights

CMP: 1,853 | Market Cap: 743.95 Bn.

Performance Consol:

• Revenue came in at INR 44,738.6 Mn. (7.44% QoQ) (28.86% YoY) in Q1FY25.

• PAT came in at INR 11,956.64 Mn. (1.13% QoQ) (14.44% YoY) in Q1FY25.

Highlights:

• Muthoot Finance achieved the highest-ever standalone profit after tax of INR 10,790 Mn.

• Consolidated AUM reached INR 9,80,000 Mn, with standalone loan assets at INR 8,43,240 Mn.

• The company opened 280 new branches in Q1FY25.

• Company raised INR 650 Mn through the global issuance of bonds in Q1FY25.

• Subsidiary Performance:

Belstar Microfinance increased its profit after tax to INR 900 Mn, with gross AUM at INR 99,520 Mn.

Muthoot Home Finance's loan assets grew to INR 21,990 Mn, with loans disbursed amounting to INR 20,210 Mn in Q1FY25.

Muthoot Money's loan assets increased to INR 16,570 crores, up from INR 4,960 Mn.

Asia Asset Finance, subsidiary in Sri Lanka, saw its loan portfolio grow to Sri Lankan INR 23,350 Mn.

• GNPA stood at 1.75% in Q1FY25, down from 3.97% YoY, NNPA stood at 0.52%, down from 1.21% YoY.

• Muthoot Insurance Brokers collected INR 1,480 Mn in premiums, with total revenue at INR 440 Mn.

• The budget was noted to have a positive impact on the company's growth prospects.

• Gold loan tonnage growth remained steady, with future growth expected to be proportional to gold prices.

• The average LTV for gold loans was reported at 63%.

• AUM Growth Guidance: Muthoot Finance maintained guidance of 15% AUM growth, with potential revisions after Q2FY25.

• Stage 3 gold loan assets have an LTV of around 54%, minimizing the risk of loss.

• The rising international gold price has positively influenced the collateral value of gold loans.

• The company's margins have remained stable, with the possibility of yield revisions if borrowing costs rise.

• Despite operational challenges, such as disbursing loans over INR 20,000 only through bank accounts, the process went smoothly.

• NPAs are mostly technical due to delayed payments, with no significant cash losses expected.

• The company believes the trade-off between growth and margins, seen in previous years, has stabilized.

• There was no significant impact of forex translation on forex borrowing.

Arihant Capital Markets Ltd

GIC Ltd – Q1FY25 Concall Highlights
CMP: INR 236.75 | Market Cap: INR 1,2749.20 Mn

Financial Highlights

Revenue from operations surged to INR 2,739.40 Mn in Q1FY25 from INR 2,600 Mn in Q4FY24, increase by (2.1% YoY/ 5.3% QoQ), company guidance of revenue is to be in the range of 15% to 16%. Net NPA at INR 2590 Mn in Q1FY25 as compared to INR 3340 Mn in Q1FY24 marking reduce of 22% YoY, improving financial health and operational efficacy. PBT rose to INR 469.10 Mn in Q1FY25, up from INR 792.10 Mn in Q4FY24, marking a -40.8% QoQ decrease. PAT also decline to INR 389.90 Mn in Q1FY25, compared to INR 536.70 Mn in Q4FY24, which decreased by -27.4% QoQ/ 22.5% YoY. PAT margin stood at 14.07% achieved a 19.7% YoY, experiencing double digit growth on YoY basis expected to sustain this growth on long term. Sector specific stage 3 ratio reduced by -12.9% YoY at 3.93% in Q1FY25 as against 4.51% in Q1FY24.

Operational Highlights

The company's gross income was 124056.8 Mn in Q1FY25, up from 89177.1 Mn in Q4FY24, representing a 39.1% increase YoY.

The company's premium breakup from domestic is 103606.3 Mn representing 84%, while the overseas book is 20450.4 Mn is 16%, company experienced a boost in domestic premium, however international resulted in a decrease as contract premiums were stopped in FY21.

Company was able to achieve combined ratio of 109.6% reflecting operational efficiency and managing risks effectively.

The company's premiums were inconsistent because of US marine and motor contract was terminated. As claims increased, this resulted in negative premium growth and an increase in the combined ratio.

The reported 40% increase in premiums is false. Last year's Q1 premiums were low due to a shift in estimating policies based on IRDA guidelines, rather than actual company growth. The recent premium increase is linked to this adjustment, rather than actual growth in business.

The company's estimation for agriculture is a bit higher, which they plan to reduce. It remains cautious in agriculture and might end up writing more than the previous year.

The company's worldwide rating has been impacted, and it is waiting for it to recover before exploring additional growth prospects.

The company projects the potential claims from the Taiwan earthquake and the UAE flood are 736.8 million and 503.8 million, respectively.

Company reinsurance pricing remained flat across the entire policy portfolio, while insurance company pricing remains competitive.

The company is not particularly comfortable with business group insurance, and the majority of its revenue comes from retail health insurance, as reinsurance cannot be offered by retail.

They expect the combined ratio to remain steady for the next two years before dropping to 105% to 106%.

The company is planning and learning for adopting the IFRS standard, which will likely defer the acquisition cost over the period of the contract.

Arihant Capital Markets Ltd

Cholamandalam Financial Holdings Ltd Q1FY25 Concall KTAs
CMP: INR 1,497 | Market Cap: INR 2,81,122 Mn

The company's general insurance arm, Chola MS, has shown resilience with a 14.2% growth in gross direct premium, outpacing the industry average. The management expects double-digit growth in the motor insurance segment for FY25, despite a muted Q1, indicating potential for improved performance in the coming quarters. The company is focused on diversifying its portfolio, particularly in fire and commercial lines, along with its digital transformation initiatives. Considering price increases in retail health insurance products due to product regulation changes and medical inflation.

Financial Performance
* Recorded INR 76,770 Mn consolidated total income reflecting a 34% increase YoY.
* Achieved INR 11,600 Mn consolidated PAT, a 46% YoY growth.
* Cholamandalam MS General Insurance (Chola MS) recorded a gross direct premium of INR 19,210 Mn, with a growth rate of 14.2% compared to the industry growth of 12.4%.
* The ROE for the quarter improved to 5.2% (not annualized).

Motor Insurance
Motor insurance growth was 3.2% for the quarter. The composition of motor insurance in overall GDPI reduced to 60% from 66% in Q1FY24. Within motor insurance, cars comprise 40.3%, commercial vehicles 43.8%, and 2Ws 15.9%. About 31% of total motor premium comes from new vehicles.

Health Insurance
Retail health insurance grew by 9% compared to the multiline insurers' growth of 11.4%. Group health insurance volume grew to about INR 1,460 Mn. In group health insurance, the company is focusing on the SME segment and leveraging synergies within the group.
In health insurance (excluding personal accident), benefit-based policies contribute 8.5% to 9% of total premiums.

Crop Insurance
The crop-related claims ratio for the Kharif and Rabi seasons of FY23-24 saw a reduction of about 8% from previously provisioned levels.

Other segments
The company grew faster than the industry in fire and other commercial lines of business. Focusing on reorienting its portfolio, with increased emphasis on fire and other commercial lines.
Distribution channels
The corporate agent channel (including captive agencies) contributes 27% of business.The combination of agents and POSPs (Point of Sale Persons) accounts for about 15.5% of business. There's a noticeable trend of increasing business from POSPs operating under brokers, reflected in the growth to 41.7% in the broker channel.

Digital transformation
The company is undergoing a digital transformation, starting with the private car portfolio, which represents about 25% of the company's top line.
The transformation aims to enable microservices and offer more robust APIs to partners, agents, POSPs, and bancassurance partners. The digital transformation journey is expected to be completed over the next 12 months.

Operational highlights
* The expense of management for Chola MS for the quarter was 33.35%, down from 33.87% in Q1FY24.
* The combined ratio for the quarter improved to 108.8% from 112.9% in Q1FY24.
* The investment portfolio corpus stood at INR 1,66,200 Mn, excluding fair value changes.
* The company had an investment income of INR 3,090 Mn for the quarter. There is no exposure to stressed assets in the investment portfolio.
* The company has migrated its private car portfolio from legacy ERP systems to cloud architecture, enabling contemporary configuration capabilities and microservices-based APIs.
* The company is progressing towards aligning with the 30% expense of management mark set by the regulator, with a deadline of FY25-26.
* The management mentioned potential regulatory changes due to the insurance amendment bill, which could allow the company to expand into allied areas linked to insurance.
* The board has approved raising additional subordinated debt, but the decision to proceed is pending.
* Long-term business contributes around 9.3% of the total premium income.
* Cyclone Remal in the quarter had an impact of INR 63 Mn, compared to INR 157 Mn from Cyclone Biparjoy in Q1FY24.
* There are currently no discussions regarding separate listing of the insurance business.

Arihant Capital Markets Ltd

Niyogin Fintech Ltd Q1FY25 Concall Highlights
CMP: 65 | Market Cap: 6,150 Mn.

Outlook:
Niyogine Fintech Ltd's Q1FY25 performance faced challenges with muted revenue and provisioning in the lending segment. However, the acquisition of Superscan, successful Soundbox deliveries, and expanding partnerships are expected to drive the company's revenue growth.

Performance Consol:
• Revenue came in at INR 503.93 Mn. (0.42% QoQ) (12.32% YoY) in Q1FY25.
• EBITDA margins came in at -11.25% (Vs. -0.46% QoQ) (-11.47% YoY) in Q1FY25.
• PAT came in at INR -98.43 Mn. (-158.39% QoQ) (-48.25% YoY) in Q1FY25.

Highlights:

• In Q1FY25, company acquired Superscan, which is an OCR based AI enabled toolkit solving for KYC related issues in the BFSI industry.
• The lending and distribution business is housed entirely under Niyogin.
• The company will have all its income based on the subscription model.
• Revenue was muted QoQ due to industry dynamics and the company took some provisioning against the lending.
• Company has commenced the fulfilment of the Soundbox contract and has delivered more than 35,000 devices across June and July.
• The company expects to have a delivery run rate of about 50,000 - 60,000 Soundboxes per quarter as the number of Soundboxes pick up.
• Financial inclusion solution, company closed some marquee contracts for DMT business which will have the potential to scale up transaction volumes and company has already started seeing growth from July onwards.
• Company added a new partner, Ninja Cartae and expects this partnership to start scaling up in Q2FY25.
• Company has 160 financial partners in Q1FY25 and has raised a monthly origination throughput of nearly INR 1,700 Mn.
• ESOP charge for Q1FY25 was INR 7 Mn, in line with last quarter.
• Company has already closed contracts with 8 – 10 customers for AI.
• Overall AEPS growth for Q1FY25 was muted, the volume numbers are not coming down but it hasn't been growing.

Guidance:
• Company expects ISU to close net revenue between INR 350 - 450 Mn in FY25.
• The financial inclusion business is expected to grow continuously.
• 45% of the net revenue of ISU by FY 25 will come from the SaaS and the program management vertical.

• Expected net revenue for FY25 is between INR 700 - 800 Mn for the financial inclusion business.
• Company expects the lending book to be levelled, 1x - 1.5 x on a consolidated network basis by FY25.
• Loan Book target for FY25 is about INR 4,180 – 4,200 Mn.

Arihant Capital Markets Ltd

Muthoot Microfin Ltd Q1FY25 Concall Highlights
CMP: 221 | Market Cap: 37,740 Mn.

Outlook:
Muthoot Microfin Ltd demonstrated growth YoY, with increase in loan disbursements and stable asset quality. Company expanded into new states and opened 54 new branches to boost its presence in southern India, contributing to improved collection efficiency and strong AUM growth with a growth guidance of 25% for FY25.

Performance Consol:
• Revenue came in at INR 6378.83 Mn. (-1.37% QoQ) (33.25% YoY) in Q1FY25.
• PAT came in at INR 1,132.23 Mn. (-5.45% QoQ) (18.33% YoY) in Q1FY25.

Highlights:
• The company saw substantial growth in loan disbursements, with a focus on expanding its customer base in rural and semi-urban areas.
• The disbursements for Q1FY25 were around INR 22,040 Mn worth of loans and AUM at INR 1,22,100 Mn.
• The asset quality remained stable with a low percentage of NPAs.
• Geography: Company has into two new states, Andhra already put together branches and has plans to expand there and Telangana already is operative, with this entrance south contributes around 51% of the portfolio for the company.
• Company has a 1600-member strong team which is stationed at each of the branches and has one credit officer who is responsible for underwriting the loan.
• Muthoot Microfin tied up with a company called Synaptics for analysis.
• PPOP grew by 50.4% from INR 1,480 Mn to INR 2,230 Mn YoY, showing improvement in portfolio yields.
• GNP reduced by 65 bps from 2.75% in Q1FY24, it has gone down to 2.30 % in Q1FY25.
• NPA reduced by 38 bps from 1.09% in Q1FY24, it has gone down to 0.71% in Q1FY25.
• In Q1FY25 company expanded its operations and opened 54 branches, the branch count stands at 1,562 as compared to 1,508 at the end of FY24.
• A 35 bps rate cut has been implemented by the company to benefit its borrowers.
• Credit Cost: Company sticks to its guidance of 1.7% - 1.9% of credit cost.
• Collection Efficiency: In Southern States, the collection efficiency remains better around 98% - 99% collection efficiency remains in Kerala, Tamil Nadu and Karnataka, and the Northern States have started seeing improvement. Overall collection efficiency stands at 96% for July.
• Margin Guidance: Company guides for 12% - 13% margins in FY25.
• AUM Guidance: Company confident in achieving its 25% AUM guidance, on the back of increasing branch count.
• Digital Collections: 26% of the total collections are digital collections that is the direct money that is coming out of the customers bank account or customers wallet to the company’s bank account.

Arihant Capital Markets Ltd

New India Assurance Company Ltd – Q1FY25 Concall KTAs
CMP INR 237 | Market Cap INR 392 bn

Guidance
• Company revised their premium target to prioritize growth with profitability, focusing on retail insurance premiums and profitable segments.
• They aim to achieve double digit ROE in the short-to-medium term, targeting around 10%.
• Company further plans to expand into underpenetrated areas and lines of businesses, with focus on the rural sector, livestock insurance, tier 2 & 3 cities, micro-insurance products for low-income groups, MSME sector, and women-centric products targeting millennials and Gen Z while leveraging digital platforms, mobile technology, and apps to reach remote areas.

Highlights
• Company reported a market share of 14.67%, with a GWP of INR 117.88 bn and a Net Earned Premium of INR 85.03 bn.
• The Profit After Tax decreased to INR 2.17 bn, primarily due to challenges in the motor third-party portfolio where there has been no price revision in the last three years.
• The first quarter saw significant catastrophic events, like Cyclone impacting West Bengal and severe flooding in Assam and the northeast due to heavy monsoon rains, which impacted the fire and motor own damage segments negatively.
• They company was able to maintain their leadership with a market share of 14.67%.
• Incurred Claims Ratio has improved to 95.98% v/s 96.19% for the Q1FY24 and 97.36% for the full year ended FY24.
• Combined Ratio stands at 116.05% compared to 115.16% for the Q1FY24 and 120.87% for the full year ended FY24
• Solvency Ratio remains comfortably above the threshold of 1.50 times and is currently at 1.83 times.

Arihant Capital Markets Ltd

Max Financial Services Ltd Q1FY25 Concall KTAs
CMP INR 1035 | Market Cap INR 357 bn

Outlook
We remain optimistic of the long - term performance of the company. Their profitability increased by 54% YoY during the quarter. Further, they signed an agreement with Catholic Syrian bank and onboarded 6 new partners.

Guidance
• Management expects a VNB margin to be within the range of 25% - 26%, going forward.
• Company is optimistic on their growth in the future which will be driven primarily by e-commerce and bancassurance channel

Highlights
• Regulatory changes around surrender regulations may impact margins in the short term which is expected to be offset by higher sales growth.
• Number of policies sold during the quarter increased to 1.51 lakh v/s 1.18 lakh a year ago, up 27% YoY, driven by robust performance in the proprietary channels.
• Proprietary channel business premiums (APE basis) were up 60% YoY for Q1FY25 and were driven by agency, e-commerce and cross sell business.
• Value of new business stood at INR 2.54 bn, up by 3% YoY during the quarter, while new business margin contracted by 470 bps YoY to 17.5% owing to higher ULIP mix.
• During the quarter, commission expense had increased owing to increase in new partnerships.
• They witnessed a significant acceleration in bancassurance channel in the month of July 2024, driven by Axis bank.
• During the quarter, they signed an agreement with Catholic Syrian bank. Also, they onboarded 6 new partners.
• They witnessed an efficiency in sales operations by leveraging AI for sourcing, risk assessment, and decision-making.
• Company maintained their leadership in the online channels which was mainly due to strong demand for new fund offers aimed at the online savings segment.
• During the quarter, product mix for the quarter stood at 13% from participating, 5% from Annuity, 22% from Non-par savings, 10% from protection and health, 10% from group protection and 39% from ULIP.

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Trucap Finance Ltd. – Q1FY25 Concall KTA
CMP INR 46 | Market Cap INR 5.4 bn

OUTLOOK

The company has demonstrated a positive performance this quarter, marked by significant growth in interest income, primarily driven by the expansion of its L-a-a-S partnerships. NIMs are showing signs of stabilization, with prospects for further enhancement. Additionally, operating expenses are anticipated to decrease. We maintain a positive outlook on the stock.

Highlights

• Interest income grew by 62% YoY/ 33% QoQ, at INR 432 mn, driven by scale up of L-a-a-S partnerships.
• NII came in at INR 171 mn (+84% YoY, + 74.4% QoQ).
• While funding costs have increased, NIMs showed an improvement from 6.1% in Q1FY24 to 6.7% in Q1FY25. Management believes NIMs are expected to remain stable with potential for improvement going forward.
• Given higher yields from increasing business with these co lending partners, disbursements for the quarter stood at INR 3.8 bn, up from INR 2.7 bn in Q1FY24.
• Disbursement growth was primarily driven by MSME gold and business loans, which now represent over 99% of AUM.
• 66% of our AUM comprises of gold loans, 33% in MSME business loans and less than 1% in LAP and personal loans which are in runoff mode.
• The gold loan business has an active borrower base of more than 55,000 customers and an average ticket size of 0.13 million.
• The tenure of these loans at origination is usually twelve months, but the average maturity on the books is typically 6 to 8 months.
• Gold taken to auctions are just over 180 million for over 2500 customers, representing just 0.5% of cumulative disbursements. Company has recovered more than 109% of principal and interest due on gold loans which were sold in auction and therefore have refunded excess amounts to borrowers in the business loan product.
• Company has an active borrower base of over 43,000 customers and an average ticket size of 0.1 million. These loans have an average tenure of 1.5 years.
• In the last two quarters, NBFC have added lending as a service partners for the business loan product, with the most recent partner being SIDBI for the 50,000 to 5,00,000 product.
• These loans are originated directly from branch network where the outstanding AUM is INR 42.1 million over the course of the last four months
• With over 85% of branches situated in tier two, tier three and tier four locations, 66 branches were profitable in Q1FY25, with another 3 - 4 branches expected to turn profitable every quarter.
• At the end of June, the company has announced warrant issuances of INR 880 million, of which 220 million has been received. Over the course of the next 15 months, they expect to receive the remaining INR 660 million, thus reaching a net worth of almost 3 billion.

Arihant Capital Markets Ltd

Kellton Tech Solution . – Q1FY25 Concall KTAs
CMP: INR 164 | Market Cap: INR 15,974 Mn

Outlook-
The company is improving EBITDA margins by hiring higher-quality employees, adopting AI tools, and delivering higher-value services. R&D spending was USD 2.5 Mn last year and is expected to exceed USD 3 Mn this year, mainly on AI products. They are capitalizing R&D costs, expecting returns in 3-4 years. Despite a reduced headcount, the company is hiring more competent employees. Their "AI First Strategy" requires ongoing investment in AI. There is a strategic shift towards the enterprise market, with investments in relationships and capabilities. They aim to improve margins through AI tools and operational efficiencies.

Financial Highlights

- Net Revenue grew by 5.2% YoY and by 5.64% QoQ to INR 2,624 Mn in Q1FY25.
- EBITDA stood at INR 321 Mn in Q1FY25, up by 14.6% YoY and down by 2.1% QoQ from INR 328 Mn in Q4FY24. The EBITDA margin was 12.2% in Q1FY25, compared to 11.2% in Q1FY24. EBITDA Margin down by 100 bps on quarterly basis.
- PAT stood at INR 199 Mn, up by 28.4% YoY and down by 16.74% QoQ in Q1FY25.

Business Highlights

- The company added 72 new customers in Q1FY25 and adopted an "AI First Strategy."
- The company has an order book of INR 8,500 Mn, approximately 10 months of revenue. They are working with "Big Four" consulting firms to provide AI solutions.

AI Strategy

- Focusing on embedding AI into core business processes for clients
- Seeing increased customer interest and conversations around AI adoption
- Moving from initial excitement phase to more specific AI use cases
- Aiming to improve decision-making and efficiency for clients through AI

R&D and Innovation

- R&D spend of USD 2.5 Mn last year, expected to be over USD 3 Mn this year
- The company is developing AI products and solutions in-house and capitalizing R&D spending for future returns over the next 3-4 years.

Government Projects

- Working on three major government projects: LIC, Karnataka State Government, and FCI
- Total project size across these is about INR 1400 Mn over 7-year terms
- ~70% of revenue from these projects expected in first 2 years of development phase

Client Engagement Strategy

- Shifting focus towards enterprise market for deeper, long-term relationships
- Emphasis on total customer value rather than just number of clients
- Leveraging successful deliveries to build credibility and win new business

AI Adoption Phases

- Customers in two buckets: those exploring AI potential, and more sophisticated clients with specific use cases
- Moving from general AI excitement to more concrete "AI-first" adoption
- Seeing demand for customizing large language models for specific business needs

Employee and Operational Details

- Total headcount of ~1700 employees
- About 300+ employees based in the US, mostly in billable roles
- Focus on hiring higher competency employees, even as overall headcount reduced

Other Highlights

- 80% of the company's revenue comes from the US, 5% from Europe, and they are making traction in the Singapore market.
- Capability to deliver solutions across global markets, including Japan and US
- The company adopts a conservative approach to tax estimates in the first three quarters, with adjustments made in Q4. An explanation is provided for the quarterly variation in tax expenses.

LTI Mindtree- Q1FY25 Concall highlights
CMP INR 5,561 | Market Cap INR 16,47,157 Mn

Outlook: Overall, operating performance is in line with expectations. Management's commentary on the emerging positive trends in the demand environment is encouraging.The broader macro environment has remained unchanged and businesses continue to adopt agile strategies to cope with the economic conditions.

•Reported revenue of INR 91400 Mn increased by 2.8% QoQ in INR terms, increased by 2.5%QoQ in USD terms. The company's revenue growth and employee pyramid optimization will be key drivers for margin improvement in the future, with margins expected to improve.

•Company sees significant AI integration and strong MSA activity driving growth, with promising developments across industry verticals.

•The demand environment remains unchanged from Q4. However, there are promising signs as clients are starting to invest in technology in sectors such as BFSI and TMT.

•Order inflow was $1.4bn vs $1.5bn in Q4FY24. Deals signed in Q4 are progressing as expected.

•EBIT margin up by 28 bps QoQ to 15%. The improvement in EBIT margin occurred despite higher SG&A and increased visa costs (50 bps impact).

•The Technology, Media, and Communication sector increased by 7.9% QoQ in USD terms, while BFSI rose by 2.9% QoQ. In contrast, Healthcare and Life Sciences declined by 7.9% QoQ.

•Geographically, North America grew by 4.4% QoQ, whereas the Rest of the World decreased by 7.4% QoQ.
•Wage hike is scheduled for Q3FY25.

•The company continues to streamline less critical client accounts.

•Headcount increased by 284 QoQ to 81,934 employees.

•LTM Attrition was flat QoQ at 14.4%. Significant headcount growth is anticipated in Q2FY25, with 1,400 new hires in Q1FY25. Hiring plans remain on track.

•Utilization was up 140 bps QoQ to 88.3%. Offshore effort mix was down 30 bps QoQ to 84.6%. The comfortable utilization level is around 85%-86%..

•DSO(billed) was decreased by 2 days QoQ to 55 days.

Black Box – Q1FY25 Concall Highlights
CMP INR 512 | Market Cap INR 86,558 Mn

Revenue growth is expected to recover in Q2FY25 and continue going ahead, with an enhancement on organic growth and maintaining profitability. Key concerns on macroeconomic recovery to speed up project execution and company targets double-digit organic growth over the next few years to achieve INR 1.2-1.3 bn in revenue and target $2 bn revenue within 4 year (likely requiring inorganic growth). The company has invested in sales, go-to-market strategies, leadership, and talent to lead organic growth and remains optimistic about the long-term prospects in the digital infrastructure sector

Financial: Revenue stood at INR 14,230 Mn and grew down by 9%/-3.8%. EBITDA INR 1150 Mn grew by 28% YoY/down 6% QoQ. EBITDA Margin is 8.1% against 5.7% in Q1FY24 and 8.2% in Q4FY24. PAT grew by 55% YoY/ down 9% QoQ to INR 370 Mn. PAT margin 2.6% against 1.5% in Q1FY24. Exceptional items increased to INR 150 Mn due to high severance costs in Q1FY25.

Order: The order book grew to US$ 475 Mn, but decision-making delays caused project execution delays.

Product business: Delays in decision-making, both by Black Box and clients, resulted in postponed project execution, partly due to the economic climate. Some delays in the product business were due to reduced demand from federal partners.

Expected gains from focused accounts are expected to offset losses from exits in long-tail accounts.

Margin: The Company is targeting to achieve a 9-10% EBITDA margin.

The company aiming to reach $2 bn in revenue within four years, likely requiring acquisitions for inorganic growth. Inorganic growth opportunities are also being explored.

The company's higher interest costs due to the US interest rate environment and support on a $100 mn AR securitization facility.

Investments in sales, go-to-market strategies, leadership, and talent are planned to support organic growth.

Deal wins from Data Center and In-Building 5G solutions stood at ~$11 Mn. Digital Workplace, Connected Building, CX, Networking Solutions, Demand solutions, and Managed Services stood at ~$13 Mn and deal wins from KVM solutions stood at ~$4 Mn.

The company has made significant strides, Investing heavily in the Go-To-Market strategy, and hiring seasoned sales and solution architects with industry-specific expertise. As the company moves into FY25, the focus will remain on capitalizing on the strong pipeline and robust order book. With each business segment gaining momentum.

The company continues to exit low-value and non-accretive customers.

Revenue mix: North America, 77%, India 6%, Europe 8%, MEA 2%, APAC 5%, and Latin America, 2%.

The company has INR 4,000 Mn in debt with interest around 250 bps above the software rate. It also has a $100 mn off-balance-sheet securitization facility, with the associated costs reflected in the interest line, and the facility amounts to about INR 700 mn.

Newgen Software Technologies Ltd – Q1FY25 Concall Highlights
CMP: 1,036 | Market Cap: 145,410 Mn.

Outlook:
Newgen Software Technologies Ltd, showed growth of 25% YoY and a 16% decline QoQ which is due to seasonality, with strong regional performance and significant new client acquisitions. Key initiatives in product innovation, strategic partnerships, and increased investments in R&D and sales/marketing are expected to drive future growth and margin expansion.

Performance Consol:
•Revenue came in at INR 3,147.19 Mn. (-16.13 % QoQ) (25.05 % YoY) in Q1FY25.
•EBITDA margins came in at 15.14 % (Vs. 32.65 % QoQ) (12.76 % YoY) in Q1FY25.
•PAT came in at INR 475.70 Mn. (-54.81 % QoQ) (57.50 % YoY) in Q1FY25.

Highlights:
- **Regional Performance**: Strong growth across regions with Middle East and Africa (EMEA) at 25%, India at 20%, Asia-Pacific (APAC) at 65%, and the US at 13% YoY.
- **Client Expansion:** Added 13 new LOGO in Q1FY25.
- **Significant Orders**: Secured major contracts, including retail loan origination for an Indonesian state bank INR 110 Mn, business financing for a Malaysian bank INR 100 Mn, and digital account opening for a US bank INR 100 Mn.
- **Product Launch:** Introduced LumYn, a GenAI-powered hyper-personalization platform for banking.
- **Seasonality:** Noted Q1 as the leanest quarter, though seasonality is decreasing, the company is currently investing heavily in sales and marketing initiatives, which affect margins in the short term, but are expected to drive growth and eventually lead to margin expansion.
- **Insurance Vertical:** Focused on expanding the insurance vertical with increased team and product development.
- New hiring, both campus and lateral, has been done to support growth plans, with around 500 people hired since January.
- Receivables Management: Net trade receivables at INR 4020 Mn, with 112 Debtor Days.
- **Profit Growth:** Reported PAT of INR 480 Mn, a 58% YoY increase.
- Investment in Growth: Increased investments in R&D and sales/marketing to drive future growth in the coming quarters.
- **Strategic Partnerships:** Partnered with Inastra to expand market reach.
- **Skill Development:** Inaugurated a skill development centre in New Delhi in Q1FY25.
- **Market Recognition:** Recognized in Gartner Market Guide for government grant management solutions.
- The company reaffirmed the short-term rating of CRISIL A1 in Q1FY25 for its debt instruments.
- Market Penetration: Aiming to penetrate mature markets like the US while maintaining growth in traditional markets like EMEA, and India.

Tata Technologies Ltd- Q1FY25 Concall KTA's
CMP: INR 1,009 | Market Cap: INR 409 Bn

Tata Technologies experienced a mixed quarter. The company expects sequential revenue growth to resume from Q2FY25 onwards, following a decline in Q1. The overall demand environment remains stable, with no significant drop observed. Management aims to maintain margins at or above recent levels, with a long-term target of 20%+ EBITDA. Key growth areas include aerospace, which has significant potential from a small base, and automotive, which remains the core business driven by continued client investments in EV. The company won three large deals in Q1 across various sectors and expects its BMW JV to launch in H2FY25. While the VinFast contribution has reduced to modest levels, management sees the ongoing automotive industry transformation as a long-term driver of demand for engineering services.

Financial performance
- Total operating revenue reached INR 12,690 Mn, up 0.9% YoY and down 2.5% QoQ.
- Services segment revenue was INR 9,855 Mn, a 1.0% decline QoQ.
- Operating EBITDA stood at INR 2,311 Mn with an 18.2% margin, compared to 18.4% QoQ.
- PAT was INR 1,620 Mn, up 3.1% QoQ, PAT margin improved by 70 bps QoQ to 12.8%.

Overall revenue decline
- Aggregate revenue declined by 2.5% sequentially, influenced by the seasonality of the value-added product reseller business within the technology solutions segment.
- Technology solutions segment revenue declined by 7.4% from the prior quarter due to lower renewals of maintenance contracts and budget spending at the beginning of the calendar year.
- Services segment experienced a 1% sequential revenue decline due to the short-term phasing of large programs and the completion of the ramp-down at VinFast.
- Revenue split is typically 40% in H1 and 60% in H2 due to the seasonality of the products business.

Business highlights
- Education business grew 4% sequentially with a healthy order book.
- Won three large deals in Q1, including a multi-year EV battery design contract and a commercial vehicle cab development project.
- Seeing strong demand for software-defined vehicle capabilities, smart manufacturing, and digital engineering services.
- Completed two vehicle projects for VinFast, now maintaining a smaller footprint with potential for future engagements.
- Secured a deal with a European luxury OEM for cloud-based virtual platform development for software-defined vehicles.
- Implemented SAP S/4 HANA for Mitsubishi Electric, improving operational efficiency by 15%.
- Deployed an MES solution for a global tier 1 automotive OEM, creating a template for 20 global manufacturing plants.

- Partnered with a leading commercial vehicle manufacturer to deploy a Gen-AI powered virtual sales assistant.
- Entered strategic partnership with a US-based edge computing startup for SDV solutions.
- Expanding upstream EV capabilities into battery pack engineering.
- BMW joint venture expected to launch in H2FY25.

Aerospace sector
- Won a large deal from a European aerospace tier 1 to develop first and business class seats.
- Seeing growth in Airbus engagement, expecting continued growth in Q2 and H2.
- Aerospace seen as a significant growth opportunity, albeit from a smaller base.

Other highlights
- Maintained strong collection efficiency with a total DSO of 84 days.
- Saw net release of about INR 700 Mn in working capital in Q1.
- Free cash flow stood at about INR 2,200 Mn.
- Effective tax rate in Q1 was 26.2%, down from 31.9% in Q4 FY24.
- Utilization rate at 86.5%, close to optimal levels especially in offshore centers.
- Seeing opportunities in smart manufacturing for the semiconductor industry.
- Exploring potential in vertical integration of software and electronics for OEMs.

Mastek Ltd-Q1FY25 Concall Highlights
CMP INR 2806 | Market Cap INR 86,567 Mn

Outlook: The company is optimistic about its operations in the US and UK, expecting margin improvements. Margins in the Middle East, Emerging Markets, and Africa are also expected to rise. The future operating margin is projected to be ~16.5%. The company is particularly optimistic about its AI business, especially its Gen AI portfolio offerings, in the coming quarters.

Financial
Revenue grew by 3.8% QoQ/10.4% YoY to $93.7Mn. Revenue INR 8129 Mn grew by 4.3% QoQ/12.1% YoY.
EBITDA down by 80bps QoQ/down 226 bps YoY to 15.2%.
Net profit margin 8.8% down by 327bps QoQ/136bps YoY due to some one-time hits and due to delay in some of the deals mainly in US.

Concall Highlights

In Q1 FY25, revenue from industry segments: Government & Education 43.1%, Manufacturing & Technology 14%, Health & Life Sciences 17.8%, Retail/Consumer 12.8%, Financial Services 12.3%. From service offerings: Digital & Application Engineering 46.9%, Oracle Cloud & Enterprise Apps 32.2%, Digital Commerce & Experience 13.5%, Data, Automation, and AI 7.4%. Contract types: Time & Material 57.6%, Fixed Price 42.4%.

Geographical revenue mix in Q1 FY25: UK & Europe 56.7%, USA 25.6%, AMEA remaining. Margins in the US and EMEA are expected to improve, with a focus on exiting tail accounts and enhancing business quality, while the UK public sector and UK business maintain very healthy margins.

Margin: The decline in Operating EBITDA was led by two critical reasons: cost of ramp associated with delayed project commencement, specifically in the Salesforce business, and one-time impact including PDD in the Middle East region due to holidays, which led to delayed collections and provisioning. The company believes it will come back to a double-digit margin profile in the current year.

The company expects a positive impact on revenue going forward due to one-time resources held back.

order book: The 12-month order backlog was INR 21,688 Mn, up from INR 21,684 Mn in Q4FY24. The company was selected by a major UK central bank to build a data and analytics platform. It is partnering with Microsoft, NVIDIA, and AWS in data and AI. They are modernizing a US healthcare company's claims platform and providing technical resources, boosting the healthcare segment.

Client: In Q1 FY25, revenue from the top 5 clients was 30%, from the top 10 clients 41.2%, and there were 76 clients with annual billings over $1 mn. The company added 13 new clients.

NVIDIA: The company has a partnership with NVIDIA, which is leveraging NVIDIA's inference and interface microservices APIs to channel into multiple large language models, driving industry-specific use cases in areas like manufacturing, fraud analytics, and benefit verification.

Pricing: The company faces no pricing issues, continues to secure good rates, and focuses on high-quality digital and cloud deals to achieve the right price and margin, avoiding low-priced bids.

Tanla Platforms Ltd Q1FY25 Concall Highlights
CMP: 975 | Market Cap: 1,31,080 Mn

Outlook:
Tanla Platforms Ltd. reported a good set of numbers despite the Vodafone Idaa deal exit causing a revenue loss of INR 220 Mn, the company achieved 13% organic growth in Q1FY25 by focusing on strategic areas. OTT's revenue contribution grew about 12%, and revenue realisations happened in Q1FY25 from new clients added in FY24. Innovation and strategic partnerships, such as the Google RCS platform and agreements for scam mitigation, bolster future prospects, while ongoing platform development and market focus on rich media and OTT channels drive growth.

Performance Consol:
• Revenue came in at INR 10,022.05 Mn. (-0.33% QoQ) (10% YoY) in Q1FY25.
• EBITDA margins came in at 18.81% (Vs. 15.95% QoQ) (20% YoY) in Q1FY25.
• PAT came in at INR 1,414.23 Mn. (8.44% QoQ) (4.29% YoY) in Q1FY25.

Highlights:
• VI Deal Impact: The Vodafone deal's exit resulted in a loss of INR 220 Mn in revenue and around INR 210 Mn in gross margins in Q1FY25, the company mitigated the impact by focusing on strategic areas, resulting in around 13% organic growth.
• Rich Media Growth: OTT's contribution to revenue grew from 8% to 20% with a QoQ growth of 12% in Q1FY25.
• Customer Metrics:
- New clients added in FY24 contributed INR 600 Mn in Q1FY25 revenue.
- Retention of Large Customers: 12 out of the top 20 customers from the last Q1FY24 remained in the top 20, while the others stayed in the top 30 in Q1FY25.
• Focus on Innovation: The company's Google RCS map platform went live in July and is expected to start generating revenue in Q2.
• Strategic Partnerships: Signed a commercial agreement with a global tech giant for scam mitigation on a leading IP messaging platform in Q1FY25.
• Competition: The competitive environment in the CPaaS industry remains largely the same with no significant shifts.
• OTT Channels: The company has observed a shift towards rich media and OTT channels as a significant growth driver, in recent quarters.
• Platform Development: Continued development of the company's platforms, such as Wisely ATP, to address market needs.
• Delhi Metro Project: The Delhi Metro business went to a competitor, due to the company’s policy of rejecting deals that do not align with their business model, focusing on technology rather than minimum guarantees due, but claiming the Chennai Metro project and having huge deals in the pipeline.
• Management refrains from making any announcements and giving any guidance till the announcement of the Annual Budget’25.

Onward Technologies Ltd - Q1FY25 Concall Highlights
CMP: INR 433 | Market Cap: INR 9,779 Mn

Outlook: The company aims to achieve double-digit EBITDA margins, expecting to exceed FY24's 11% for the full year. Revenue growth is anticipated to resume from Q2FY25, with plans to increase workforce to 2,700-2,900 employees by the end of FY25. The company targets 70% of revenue from outside India, with goals of 10 customers generating USD 10 Mn each or 20 customers generating USD 5 Mn each. Shifting focus from lower-margin IT services to higher-margin engineering services, the company reported 100% cash on hand as of June, indicating strong liquidity. It is also focusing on deeper client relationships, moving away from smaller clients to improve margins, and annual pricing negotiations with rate increases could positively impact margins. Confident in growth from Q2 onwards, the company expects better performance over the next 3-5 years and is making strategic investments, such as creating a team in Toronto, to meet client needs.

Financial Performance

• Revenue from operations for Q1FY25 stood at INR 1,176 Mn, reflecting a YoY decline of 1.7% and a QoQ decrease of 0.7%.
• EBITDA for the quarter was INR 117 million, down by 29.9% YoY and up by 20.6% QoQ, with an EBITDA margin of 9.9%.
• Net profit for the Q1FY25 was INR 71 Mn, down by 34.5% YoY and up by 6.0% QoQ.

Operational Updates

• Current employee count is 2,493, with plans to reach 2,700-2,900 by year-end.
• Opening a physical office in Toronto, Canada for North American operations.
• Exited some non-core businesses, including IT engineering in India and energy business in US/Mexico.
• Invested in Microsoft licenses, including Co-pilot, for the next three years.
• Facing some execution challenges, particularly in recruiting technical talent in the US.

Growth Strategy

• The company expects revenue growth to resume from Q2FY25 onwards.
• Focus is on accelerating growth and expansion in the US and Europe.
• Target is to have 70% of revenue coming from outside India in the future.
• Aiming for 10 customers with USD 10 Mn revenue each or 20 customers with USD 5 Mn each.
• Growth strategy focuses on mining existing relationships rather than chasing new clients.
• The company has maintained its dividend-paying status for nine consecutive years and aims for balanced profit and growth in the coming years.

Client Relationships

• Working with Fortune 500 companies and major OEMs.
• New client acquisitions are primarily through referrals from existing clients.
• Signed a new automotive client race car brand last quarter, starting work soon.
• Focusing on new product development rather than application support.
• Seeing increased demand from Global Capability Centres in India.

Business Model and Services

• The company primarily focuses on engineering services, not IT services. Approximately 80-90% of its revenue comes from time and materials contracts.
• Annual pricing negotiations with clients, often resulting in rate increases.
• Emphasis on new product development and R&D support for clients.

Shifting focus to fewer, deeper client relationships

• Moving away from numerous small clients to focus on top 5-7 clients
• Aiming to grow existing million-dollar clients to USD 5 Mn+
• Exited healthcare vertical clients in both US and Europe due to slow growth.
• Targeting to capture 20-30% of each key client's outsourcing budget.
• Shifting focus from India to US and Europe markets for higher growth potential.

Talent Acquisition and Management

• Last year, the company applied for over 200 H1B visas, receiving 25-30 approvals. It also built an in-house team of over 90 full-time recruiters.
• Focusing on hiring in UK, Germany, and Canada to meet global demand.
• Experiencing challenges in quickly ramping up technical talent, especially in the US.

Investment and Infrastructure

• The company is upgrading its offices and infrastructure to support growth. It has also signed a 6.5-year deal with Microsoft to implement new business technologies.
• Focusing on building capabilities in industrial, heavy machinery, mining equipment, construction, automotive, and mobility sectors.

Wipro -Q1FY25 Concall Highlights
CMP INR 557 | Market Cap INR 2915 Bn

Guided for -1% to +1 % cc growth for Q2FY25.Discretionary spending remains low, but momentum is seen in Capco, BFSI, and consumer business in the US, while Europe is softer

•Capco has shown over 3% sequential growth and momentum is strong for Q2, with broad-based recovery except for some weakness in continental Europe, and improvements in BFSI and America's performance.
•The company enters Q2 with more confidence, of its business outlook compared to what they were at the start of Q1.
•Reported revenue of INR 219bn (down 1.1% QoQ in INR terms, down by 0.8% QoQ in USD terms).
•Segmentally, BSFI was up by 0.3% QoQ, Consumer was up by 1.5% QoQ, Manufacturing was down 3.4% QoQ & Technology was down by 0.7% QoQ.
•IT Services EBIT margin was up 10bps QoQ to 16.5% due to improved utilization, productivity, and optimization. Operating margin would stay in narrow band with upward bias as it seeks to invest to build capabilities
•Wipro is implementing Gen AI across various processes, enhancing HR employee experience and career development, while building AI capabilities and competitiveness.
•The emphasis is on securing large deals to build strong relationships with key clients.
•Yet to decide on the timing of wage hike for FY25
•Reported deal booking of $3.3Bn vs $3.6bn in Q4FY24
•Headcount up by 337 QoQ to 234,391 employees. LTM attrition decreased by 10 bps QoQ to 14.1% . Utilization was up 80 bps QoQ to 87.7%
•Total number of active customers was down 7 QoQ to 1,364.
•Clients are seeking Wipro's combined consulting and execution capabilities, leading to wins in transformation deals, particularly in SAP.

Outlook:Unlike its peer, the company has issued a weaker forecast. Although Wipro was one of the first to signal a recovery in the BFSI sector, its growth prospects in the near term are limited due to a subdued outlook in regions such as Europe, the Middle East, and the domestic APMEA market.

E2E Networks Ltd| Q1FY25 Concall KTAs
CMP INR 1,777 | Market Cap INR 25,740bn

Co. recorded impressive financial growth with significant YoY increases in revenue, EBITDA, and PAT, driven by their leading position in the cloud GPU market and strategic focus on AI ML platforms. The company highlighted the substantial global opportunities in AI ML cloud GPU, strong hardware planning, and efforts to increase India's computing capacity. Management emphasized the sustainability of high EBITDA margins and strategic moves towards higher ARPU customers.

[Arihant Capital Markets Ltd.]

Financials
Revenue at INR 417 Mn (+111.8%YoY) with EBITDA of INR 274mn(+168.6%YoY) and margins of 66.34%(+1403bps YoY). PAT stood at INR 101mn(+44.3%YoY) with margins of 24.46%(+1144bps YoY). Diluted EPS of INR 6.75(+41.8%YoY).

-Founded in 2009, E2E is the largest Indian player in cloud GPU market based out of India. They have several Unicorns among their customers.
Co. infrastructure as a service platform provides large variety of compute workloads for developers, SME's startups, enterprises, higher education and research. They have also been empaneled by MIT recently signifying suitability of cloud platform for use by the government for their computer workload.

-Co. continues to build their AIML platform called Steve which is targeted at data scientists and AI ML developers for AI ML workload which includes training, inference model, endpoint deployment and building rack pipeline.

-Globally, cloud GPU has become one of the most transformational technology opportunities for the coming next decade and value creation which is envisaged by running AI ML workload on top of cloud GPU seems to be at a global level, being measured in trillions of dollars. As an early mover into AI ML cloud GPU and having built their own cloud platform from the scratch, they see a very substantial opportunity.

-Co. believes that scarcity for hardware is over and E2E should be able to plan their hardware run for much shorter periods.

-Company is leading the effort to increase India's capacity of computing . E2E is undertaking steps to ensure the GPU technology gets adopted in India helping organisations reap benefits of this new technology.

-E2E has majority of their services in AIML domain. The racks built at data centre facilities are suitable to run the GPUs and wouldn't require substantial modification for another 2 generations.

-Capex to be funded by vendor financing, debt and internal accruals and some amount of equity raise.

-Co. recorded MRR for Jun at INR 145mn . 90-95% utilisation for H100(s). E2E has deployed ~30% of it's GPUs in international markets.

-Larger customers have grown which has been driving revenue, primarily driven by cloud GPU workload. They are moving towards higher ARPU customers rather than going after large number of small customers.

-EBITDA margins sustainable since co. has a platform business which can be scaled significantly while the platform remains the same.

Hinduja Global Solutions Ltd - Q1FY25 Concall Highlights
CMP: INR 725.15 | Market Cap: INR 3,3734.2 Mn

Financial Highlights

Revenue surged to INR 1309 Mn in Q1FY25 from INR 1322 Mn in Q4FY24, increase by (-5.1% YoY/ -1% QoQ), company guidance of revenue is to be in the range of 25% to 30%. EBITDA reduce by -74.7% YoY. EBITDA margin has also decreased to 1.5% addressing the challenges in macro-economy persist with continued volatility and delayed decision-making by some key clients. PBT declined to INR -442 Mn in Q1FY25, down from INR 414 Mn in Q4FY24. PAT increased to INR 1615 Mn in Q1FY25, compared to INR 879 Mn in Q4FY24, which increased by 83.7% QoQ/ 870% YoY this change is due to addition of PAT at INR 218.9 Mn from discontinued operation.

Operation Highlights

The company operates with 18000 employees globally spread in 9 countries, it also has overage of 4500 pin code for it digital media and 1.2 mn broadband subscribers and net cash of INR 51000 mn.

The company has four business lines, with one focused on business process management (BPM). This includes digital services like cloud, cybersecurity, data engineering, and customer experience management, which encompasses contact centres and generative AI. Company had 1590 Mn of total other income which includes 500 Mn from sale of fibre and 995 Mn from interest income.

Company has a robust order book of INR 3,300,0 Mn increased by 65% as against INR 2,000,0 Mn in FY24 increasing QoQ, marking tremendous future growth opportunity. Company's DSO has improved from 60 days in Q1FY25 from 62 days in Q4FY24. The company mentioned that the price stood at INR 170 Mn with a 17% margin, compared to INR 70 Mn in Q1FY24. Despite challenges, the company remains optimistic, driven by growing demand for its services. It recently signed 24 tech-driven CX contracts and 9 new HRO clients.

Company's UK is doing better than expected due to higher revenues from key public sector clients, although had elections and government change which could have impacted the business. Company experienced strong traction in Technology services as Data & Analytics, social care, CCaaS, cybersecurity, etc. Company made a small start in selling their digital services to UK and Australia. Also, its South Africa business is ready to operate and expected to start from next month.
The company is heavily investing in AI and generative AI by setting up AI labs and building models that enhance existing AI tools with clients' domain knowledge. Their focus is on redesigning customer journeys with hyper-personalization, developing smart conversational bots that learn from core transcripts, and creating intelligent automation tools using image and video processing.

Company hired highly skilled software engineers to build this upcoming company's pathway for future growth, Its also reskilling to employees of 18000 people. It's also partnering with clients using various new technology features to provide services like automated hat box image recognition or AI bot.

Company's guidance of Gen AI expects to a productive improvement of up to 50% in some BPO services. Company expects continue flattish signal on BPM business as of demand decline and election uncertainties will improve in upcoming quarters. Company expanded its capability enhancement by acquiring the assets of Leo Primecomp Pvt Ltd, to boost the growing requirements to manufacturing capabilities in nuclear, gas and thermal sectors.

Company launched a new celetrics in Mumbai and Delhi for enterprise segment catering to MSME's. Company is planning to see changes in revenue mix as its focus on transforming to verticalized solutions and also more offshore and build non-linear revenue models.

Aurum Proptech Ltd. - Q1FY25 Concall Highlights
CMP: INR 152 | Market Cap: INR 4,421 Mn

Outlook- The outlook for the company appears positive and growth-oriented. The company is targeting ambitious year-on-year revenue growth of 45% for the next 3 years, with a goal to reach INR 10,000 Mn revenue as soon as possible. They're focusing on balancing this growth with profitability, aiming to improve EBITDA by 250-450 bps. They're investing in technology and product development, planning to expand internationally in about two years, and focusing on data-driven, targeted marketing strategies.

Business Overview and Strategy
- The company operates in 3 main cohorts: rental, distribution, and capital. The rental cohort includes Nestaway and Hello World, focusing on co-living and student housing. The distribution cohort includes data analytics and marketing services, while the capital cohort is still scaling up.
- The company is focused on deepening its existing ecosystem rather than creating new business lines. This strategy aims to strengthen their position in the current market segments they operate in, rather than diversifying into new areas.
- They aim to cover the entire real estate value chain through their current clusters. This comprehensive approach allows them to address various aspects of the property technology market, from rentals to data-driven services.

Financial Performance
- Revenue stood at INR 649 Mn, up by 47% YoY growth and 10.34% QoQ, showing a significant acceleration in revenue generation compared to the previous year. The management is focusing on balancing revenue growth with profitability. They emphasize the importance of not sacrificing profitability for the sake of rapid expansion.
- The adjusted EBITDA was (40 Mn) as compared to (118 Mn). They are targeting to improve EBITDA by 250-450 basis points. This focus on improving profitability metrics alongside revenue growth demonstrates a commitment to sustainable financial performance.
- Profit/(Loss) after Tax stood at INR (107 Mn) in Q1FY25 compared to (161 Mn) in Q1FY24. In Q4FY24, the loss was 46.5 Mn.

Segment Performance

Rental Business (Nestaway and Hello World)
- The rental business comprises about 60% of total revenue, making it the largest segment of Aurum Proptech's operations.
- Current capacity is ~30,000 signed-up units, representing a substantial footprint in the co-living and student housing market.
- Occupancy rate in co-living is 77-80%, outperforming competitors (industry average around 65%).
- The company is targeting 50,000 units capacity, originally planned for March 2027 but may achieve earlier, indicating strong market demand and efficient expansion strategies.

Distribution Business

- The distribution business contributes 30-35% of total revenue, includes data analytics and marketing/sales organization business, leveraging technology to provide value-added services in the real estate sector.
- There are plans for restructuring and deeper focus on this vertical to improve market share.

Capital Business

- The capital business currently contributes about 5% of revenue, representing the smallest but potentially high-growth segment of the company.
- It is still scaling to reach desired targets, indicating as an area for future expansion and increased contribution to overall revenue.

Marketing and Brand Strategy

- The company employs a data-driven approach to marketing, using analytics to target consumers directly through digital channels. It recently initiated a rebranding effort for Nestaway, starting in Bangalore, with plans to expand to other cities.
- Nestaway, pre-acquisition, had already invested ~4,500 Mn in branding and marketing, establishing it as one of the top 5 rental brands in India.

Student Housing Market

- A significant opportunity in the student housing market, with 8 Mn non-domiciled students in urban areas, of which 6 Mn live in non-campus rented housing.
- Top cities for student housing demand include Bangalore, Pune, Chennai, Dhaka, and Calcutta.
- The recent NEET exam cancellation had a mild impact on demand in Kota, but the company expects this to be temporary.

Management Compensation Structure

- The company has implemented a four-part compensation structure for leadership: base pay, variable pay linked to Annual Operating Plan, time-linked ESOPs, and value-linked remuneration tied to individual business performance.
- This structure aims to align management interests with long-term company growth and value creation.

Other Highlights

- The real estate market in India is poised to become a trillion-dollar market, with PropTech expected to be a $100 Bn segment within it.
- The company plans to use the proceeds from their rights issue to deepen their existing ecosystem rather than venture into new business lines.
- They've previously monetized real estate assets, selling buildings worth 10,000 Mn to demonstrate their understanding of value creation.
- They are creating a Data as a Service (DaaS) platform for internal use, which could potentially be monetized in the future.

Netweb Technologies India Ltd Q1FY25 Concall Highlights
CMP: 2,450 | Market Cap: 1,38,180 Mn.

Outlook:

Netweb Technologies India Ltd, despite having a soft Q1, is poised for growth with a projected CAGR of 30% - 35% over the next two years, on the account of a strong order book and pipeline supported by strategic expansions in high-performance computing, AI, and private cloud.

Performance Consol:

• Revenue came in at INR 1,493.16 Mn. (-43.84% QoQ) (149.6% YoY) in Q1FY25.
• EBITDA margins came in at 13.39% (Vs. 15.2% QoQ) (14.36% YoY) in Q1FY25.
• PAT came in at INR 154.44 Mn. (-47.92% QoQ) (203.3% YoY) in Q1FY25.

Highlights:

• **Projected Growth:** The company is expected to maintain a Compound Annual Growth Rate (CAGR) of 30% - 35% over the next two years.
• Facility Expansion: In Q1 FY25, the company inaugurated a state-of-the-art manufacturing facility in Faridabad dedicated to high-end computing servers, storage, and switches.
• **Strategic Focus**: The strategic emphasis remains on high-performance computing (HPC), private cloud, and artificial intelligence (AI), identified as primary growth drivers.
• **Product Launches:** The company introduced new high-end computing servers based on Intel's Sapphire Rapids and AMD's Genova architectures in Q1 FY25.
• **Order Book and Pipeline:** As of Q1 FY25, the order book stands at INR 4,197 million, with a robust pipeline amounting to INR 35,477 million.
• Net Debt: Net debt was negative INR 330 million in Q1 FY25, attributable to a softer first quarter.
• **Cash Conversion Cycle:** The cash conversion cycle improved to 129 days in Q1 FY25 from 159 days in Q1 FY24. Further improvements are anticipated as growth stabilizes and the company positions itself for aggressive expansion.
• **EBITDA Margin Improvement:** Management forecasts an improvement in EBITDA margins by approximately 100 – 120 basis points starting next quarter.
• **Revenue Distribution:** Historically, one-third of the annual revenues are generated in the first half (H1) and two-thirds in the second half (H2).
• **Order Book Conversion:** L1 orders are expected to convert into the order book within the next 2 – 3 months, with a projected conversion rate of 55% - 60% from the pipeline to the order book.
• **International Expansion:** Sales have commenced in the Middle East, with revenue generation in the European market expected to begin in Q2 or Q3 FY25.
• **AI Systems Growth:** AI systems have become a critical growth area, contributing 14.6% to operating revenue with a 146% year-on-year increase.
• **Government Support:** The government’s approval of over INR 103,000 million for the India AI mission over five years positions the company to capitalize on this substantial opportunity.

• **Free Cash Flow Conversion:** The company aims to achieve a free cash flow conversion rate of approximately 30% of EBITDA in the upcoming quarters.

• **Capex Utilization:** The company plans to utilize the remaining INR 970 million from the IPO Offer for capital expenditures in the coming quarter, with INR 140 million – INR 150 million already allocated to the SMT line.

Cyient DLM Ltd| Concall KTA Q1FY25
CMP: INR 765 | Market Cap: INR 60693 Mn

Financial Performance for Q1FY25
• Revenue- INR 2579 Mn (18.8% YoY growth).
• EBITDA - INR 200 Mn (flat YoY).
• PAT - INR 106 Mn (97.7% YoY growth).
• Order Backlog - INR 21267 Mn (decline of INR 438 Mn QoQ).
• EBITDA Margin - 7.8% (decline of 145 bps YoY).
• PAT Margin - 4.1% (growth of 164 bps YoY).

New Logos and Pipeline
• Added four new global logos: a semiconductor company, a Defense OEM, a Med-Tech company, and a large Defense and Aerospace company.
• Large deals in the pipeline at advanced stages.
Organizational and Market Strengthening
• Investments in B2S capabilities within the technology organization.
• Expanded manufacturing facility in Mysore to support strategic growth.
• Enhanced focus on the Indian market with investments in the sales team and defense segment.

Segment Focus and Wins
• Aerospace & Defense: New logo wins and strategic wins, focus on ITAR capability for US Defense, and strengthening presence in India.
• Medical and Healthcare: Expanded sales focus, added a new logo, built strategic client relationships, and leveraging Cyient Services.
• Industrial: Expanded into industrial segments, added a new logo, and continued strengthening capabilities in Industry 4.0.

Business Mix and Segment Growth
• Defense: 79.6% YoY growth.
• Aerospace: 78.1% YoY growth.
• Industrial: 81.6% YoY decline.
• MedTech: 16.1% YoY growth.
• Export Share: 58%; Import: 42%, primarily from the Defense segment.
• Employee Costs and Other Expenses are Higher due to planned SG&A investments.

Growth Strategy and Future Outlook
• Strategic Engagements are Focused on large deals.
• Inorganic Expansion- Targeting acquisitions in NAM and EMEA to expand geographic footprint and capabilities.
• New Industries and Geographies- Exploring growing EMS destinations and entering disruptive industries like Electric Vehicles.
• Build to Specification (B2S)- Strengthening offerings across verticals.
• IPO Utilisation- 38.7%.
• Q2 FY25 Expectations- Positive outlook with good volume and breakeven within the current year.

Firstsource Solutions ltd - Q1FY25 Concall Highlights

FY25 constant currency revenue growth guidance *raised to 11.5-13.5% from 10-13%. Aspiring to reach an EBIT margin level of 14%-15% over the next 3-5 years.Optimistic about achieving the $1 bn revenue milestone by FY26. The company's aim to improve margins by 50-75 bps annually over the medium term.

• The QBSS acquisition contributed 2% to overall revenues. Company signed 3 large strategic deals in Q1, expected to ramp up in the coming quarter.
• BFS grew 4% QoQ and 2.2% YoY in constant currency, with robust growth in a typically quiet quarter, driven by diversification and strong traction with fintech players. Sequential improvement is expected for the rest of FY25.
• CMT remained flat QoQ in constant currency, but is seeing healthy momentum in telecom and media, with a good pipeline and large deals in advanced stages.
• Engagement with ETS in edtech is scaling up. An onshore to offshore shift with the top client will impact near-term revenues, but growth is expected from other clients and a healthy pipeline.
• Healthcare grew 15% QoQ and 26% YoY in constant currency, with deal ramp-ups, particularly in the payer segment. A strong deal pipeline suggests continued growth momentum in FY25.
• The provider business remained stable, and the first joint deal post-QBSS acquisition was completed in Q1. The healthcare vertical is expected to grow above the company average in FY25, driven by broad-based growth in the payer segment.
• Margins have remained stable over the past 4 quarters due to cost optimization.
• Strong Q1FY25 exit deal pipeline.
• Added 10 new logos during the quarter.
• Diverse declined 3% QoQ in constant currency due to seasonally lower volumes in a large account, but is expected to recover in Q2.
• Geography: Europe is expected to grow in H2FY25 based on the current pipeline. The US is expected to see broad-based growth across verticals.
• FY25 revenue growth guidance was revised upwards to 11.5%-13.5% YoY in constant currency, from the previous 10%-13%. EBIT margin guidance remains unchanged.
• The company's wage revision cycle will occur in Q2 instead of Q3.
• FSL Broad-based growth across verticals, geographies, and capabilities is expected.
• In Q1, FSL completed over 55 POCs and 8+ co-pilots in production with GenAI.
• Met the target of 3 large deals per quarter in Q1.
• The company continues to gain new work from large clients in the CMT vertical, with a robust pipeline in telecom, digital media, and edtech, expecting broad-based growth.
• The company moving towards a higher offshoring mix.

Ideaforge Technology Ltd – Q1FY25 Concall KTAs
CMP: INR 759 | Market Cap: INR 32,672 Mn

Outlook: The company aims for overall growth in FY25 despite quarterly fluctuations. They are confident in executing the current order book within the next two quarters and expect early revenue from the US market. They have invested in Galaxy for UAV-based radar payloads and in TechEagle for logistics collaboration.

Financial highlights

- Net revenue stood at INR 862 Mn in Q1FY25 down by 15.7% QoQ & 11.2% YoY.
- EBITDA stood at INR 85 Mn in Q1FY25 down by 58.2% QoQ & 73.6% YoY with margin at 9.8%.
- PAT stood at INR 12 Mn in Q1FY25 down by 88.6% QoQ & 93.8% YoY with margins at 1.4%.
- Order book as of June 28th stood at ~INR 502 Mn.

Operational highlights

- They have crossed 500,000 cumulative flights on their systems and obtained the AS 9001B certification for aerospace quality management systems.
- Received ISO 27001-2022 certification for information security management.
- They have launched the beta version of Flight Cloud, an automated workflow discovery platform for civil use cases, and entered paid Proof of Concepts with enterprise customers for their drone-as-a-service business.
- Granted 5 new patents, bringing total granted patents to 43 with 29 pending.
- Drone-as-a-service model will be hybrid, with baseline revenue from subscription-based model.
- They generate additional revenue on a per-flight basis for specific use cases, with pricing and margins varying based on the nature of opportunities and competitive bidding.

Product development and innovation

- Enhancing their existing hybrid VTOL and quadcopter platforms and developing next-gen platforms to be launched later this year.
- Implementing design improvements on their tactical UAV based on test results, progressing on the design of their middle-mile logistics platform, and have partnered with Inertial Labs for LiDAR payload integration.
- Invested in Galaxy for the joint development of UAV-based fog and foliage penetration synthetic aperture radar payloads and in TechEagle for collaboration on logistics use cases.
- Developing a logistics drone with 100 kg payload capacity and 100+ km range.
- Prototype development for the logistics drone expected to start this year, with full development taking 2-3 years.
- The tactical UAV is being developed at the Mumbai Product Development Center, while the Middle Mile Logistics Platform development is taking place at the Bangalore Product Development Center.

Market expansion and opportunities

• They received a positive response from potential customers in the US market and launched a border security solution during the Border Security Expo in the US.

• They completed an early adopter program with a few US customers and have an L1 pipeline of over INR 3,000 Mn, expected to close in the present and coming quarter.

• They are expecting export orders in the near future, with the US public safety market estimated at USD 200 Mn.

• They are participating in bids for both defence and homeland security opportunities in African markets and plan to partner with 3-4 value-added resellers as part of their US market strategy.

• They have completed about a dozen demonstrations for end customers in the US and have five early adopter programs operational there, with two nearing conclusion.

Manufacturing and production

• Their current production is centred around Mumbai, and their new product development center has been operational in Bangalore for about a year.

• Evaluating optimal locations for future production facilities based on demand and cost factors.

• Capacity to produce cumulatively up to 10,000 drones a year or more.

Other highlights

• Key inputs include electronics, composites, carbon Fiber, advanced composites, certain foams, aluminium, and magnesium components.

• Electronic component costs saw escalation during and after the pandemic due to supply chain challenges.

• Collaborating with Skylab Labs for border management solutions, combining native platform features with partner capabilities.

• Partnership with Galaxy aims to develop fog and foliage penetration capabilities for surveillance missions.

Data Patterns (India) Ltd| Q1FY25 Concall KTAs
CMP INR 3,281| Market Cap. INR 183.69bn

Co. continues to focus on in-house product development in areas such as radars, electronic warfare, and communication equipment, positioning itself to capitalize on India's growing defense budget and the 'Make in India' initiative. With an order book of INR 11,470 million and expectations of INR 10 billion in order inflows for FY25, the outlook remains positive. Management anticipates stronger order momentum in the H2FY25.

Financials
Net revenue stood at INR 1041mn(+16%YoY)(-42.9%QoQ) with gross margins of 72.3%(+823bps YoY)(+36bps QoQ). EBITDA of INR 372mn(+33.4%YoY)(-60%QoQ) and EBIT of INR 341(+36.4%YoY)(-60.4%QoQ). PBT of INR 435mn (+24.6%YoY)(-54.4%QOQ) with PAT of INR 328mn(+26.9%YoY)(-53.9%QoQ).

- The company maintained its FY25 guidance of 20-25% revenue growth and 35-40% EBITDA margin. The order book stood at INR 11470mn, with a healthy mix of development, production, and service contracts.
- Revenue composition is 33% from Development orders 43% from production ordersand ~11% from service contracts. Co. has over INR 6700mn in cash, cash equivalents, and investments in liquid funds. Co. is expecting INR 10bn order inflow in FY25.
- Management highlighted their focus on in-house product development, particularly in radars, electronic warfare systems, and communication equipment. They have spent INR 540mn on new product initiatives, aiming to address a INR 150-200bn market opportunity. The company is moving up the value chain by developing comprehensive systems using reusable building blocks.
- The Indian government's increased defense budget and push for indigenous production present significant opportunities for Data Patterns.
- The company is using initiatives like 'Make in India' and is targeting both domestic and export markets. While current exports form 10-15% of the order book, the company plans to increase its export focus in the next 3-5 years.
- Order inflows for Q1 were slower than expected, but management anticipates momentum to pick up in Q3 and Q4. They are targeting INR 40bn of new order intake. The company plans to spend INR 150 crores on capex over the next two years to prepare its manufacturing capabilities.
- Co. is focusing on developing products not currently available in India, aiming to narrow the gap between imported and indigenous capabilities. The company's strategy involves addressing urgent requirements from armed services and focusing on areas with fewer competitors and higher entry barriers.
- The company has increased its engineering workforce from 400-500 to over 900, emphasizing training and skill development. They have also implemented robust cybersecurity measures and IP protection protocols, including extensive firewalls, regular third-party audits, and strict access controls.
- While facing some short-term challenges in customer acceptance and deliveries, Co. has mitigated these by diversifying its product mix and focusing on areas where customers want immediate deliveries. The company aims to build a 3-4 year order book to support substantial scaling and become a key player in India's growing defence sector.

Dixon Technologies (India) Ltd| Q1FY25 Concall KTAs
CMP INR 11,967| Market Cap. INR 716.03bn

Co.'s strategic acquisitions with approval from the Competition Commission of India, position it well for sustained growth. With substantial investments in capacity expansion and new business ventures, Dixon Technologies is poised to capitalize on emerging market opportunities, particularly in the mobile, IT hardware, and 5G device manufacturing sectors.

[Arihant Capital Markets Ltd.]

Financials
Revenue from operations stood at INR 65,880mn(+101%YoY) with EBITDA of INR 2,560mn(+90%YoY) and PBT of INR 1,800mn(+100%YoY) and PAT of INR 1,400mn(+109%YoY). roc and roe of 38.4% and 27%. increasement by
0.1 gross debt to EBITDA and cash conversion cycle of -7 days.

- Mobile and EMS- 51920mn(+89%YoY) with operating profit of INR 1710mn(+223%YoY) and margins of 3.3%. ROCE is at 69% vs 32% last year. Incremental investment being made to meet strong order book.
- Capacity of 45mn smartphone and another 10-11mn to be added after Ismartu acquisition . Further co. has 40mn feature phones capacity which is ~65% of capacity required in the country.
- Motorola smartphones monthly order book of almost 9-10Lakh a month and Xiaomi is also ramped up with ~7 lakhs per month. Higher volumes are expected in the coming months of the festive season.
- Co. has received the approval from Competition Commission of India this month for Ismartu and will start consolidating those financials in the next 4-7days.
- Co. is looking to enter precision components and mechanicals. They want to be a part of non-semiconductor form of mobile and IT products. Co. will have largest capacity in country. focus to create moat around business
- Consumer electronic has INR 8550mn of topline with INR 290mn operating profit and 3.4% margins.
- INR 3050mn topline from home appliance with INR 320mn op profit. In line with backward integration strategy, most of tools being mfg in house. They have a healthy order book and targeting double digit growth .
- INR 2270mn topline for lighting with operating profit of INR 150mn .It has grown QoQ despite pricing challenges and momentum is expected to continue.
- Telecom and networking had INR 4180mn topline and co. is enhancing capacities to meet increased demand. start production of . Co. has started mass mfg of 5g wireless devices, both ODUs and IDUs.
- For laptop and IT hardware, co. has finalised contracts with Lenovo and Acer and are already mfg for acer. Q3Fy25 mass production for Lenovo.
- They also got 2 new customer in process of signing definitive agreement for notebooks. Co. has top 4 customers out of top 5 operating in India.
- New campus being planned in Chennai and plans to start in next 6-8mnths. It is projected to be engine for growth going forward.
- Co. sold CCTV 50% stake to Aditya infotech and in turn took 6.5% stake which will be going for IPO by Q4FY25 or Q1FY26.
- Co. is producing ~80k refrigerators a month which is ~85% capacity and co. is planning capapcity expandsion as well as adding onto product portfolio.

All E Technologies Ltd Q1 FY25 Concall Highlights
CMP: INR 388 | MarketCap: 7,830 Mn

Company has showcased impressive financial performance and growth across key metrics in Q1 FY25. The company's strategic partnerships, particularly with Microsoft, and a strong emphasis on digital transformation, drive its progress. Its recurring revenue model and substantial contributions from top customers provide stable income streams. Although the company encounters operational risks, it is well-equipped to handle them through continuous R&D and strategic collaborations. The focus on international expansion and a growing project pipeline suggest a postive outlook for sustained growth.

Financial Performance

• (Consolidated) Total Revenue: Stood at INR 331.3 Mn an increase of 22.6% YoY and 8.9% QoQ.
• Total Income from Operations: INR 350.1 Mn
•While EBITDA: is INR 84.2 Mn and EBITDA Margin: reported at 24.0%
• Net Profit: INR 61.7 Mn while Net Profit Margin: is 17.6%
• Repeat + Recurring Revenue: is reported 90% and Customers Added: 15 in Q1FY25

Quarterly Performance

(Consolidated) Total Revenue Growth 22.6% (YoY)and 8.9% (QoQ)
• EBITDA Growth 51.3% +468 BPS(YoY)and 8.8% +14 BPS(QoQ)
• EBIT Growth 51.9% +459 BPS (YoY) and 9.1% +21 BPS(QoQ)
• Net Profit Growth 52.1% +351 BPS (YoY) and 12.0% +60 BPS(QoQ)
• EBITDA Margin 24.0% (YoY) and 24.0% (QoQ)
• Net Profit Margin 17.6% (YoY) and 17.6% (QoQ)

Other Highlights

• The services revenue for company in Q1 FY25 is predominantly driven by the USA, which contributes a significant 61.0% of the total revenue.
India follows as the second-largest market with a 25.0% share.
Other regions include APAC and Africa, contributing 5.5% and 5.3% respectively, while Europe accounts for 3.2% of the revenue.
This diverse geographical revenue distribution underscores the company's strong presence in key markets.
• Revenue concentration from top customers has increased, with the top 5 and top 10 customers contributing 21.0% and 30.5%, respectively, in Q1 FY25. This indicates deeper engagement and potentially larger contracts with key clients, which could ensure stable and predictable revenue streams.
• Microsoft Cloud and Dynamics 365 are major growth drivers, contributing 22% and 20% growth, respectively. The high percentage of repeat and recurring revenue (~90%) underscores the company's strong client retention and the ongoing value provided to existing customers.

• The company is enhancing its digital core through strategic initiatives in collaboration, AI, and system integration. Data engineering capabilities further support these efforts. By engaging mid-size businesses with Microsoft 365 and leveraging open-source technologies, company ensures flexibility and innovation in its service offerings.

• The US market continues to be a major growth area, while the customer concentration metrics highlight strong relationships with key clients. The substantial contribution from the food and beverages sector (25%) indicates a focused approach towards specific industries.

• A strong, long-standing partnership with Microsoft is a cornerstone of the company's strategy. This collaboration, especially with Microsoft's engineering team, ensures that company stays at the forefront of technological advancements. The dedicated R&D team further strengthens its ability to deliver innovative solutions.

• Competing with both Indian and global peers, including the Big 4, company strong recurring revenue model and focus on digital transformation provide a competitive edge. Their market strategy ensures stable income and adaptability to client needs.

• The company's expansion strategy is geared towards enhancing its international presence. The growing pipeline and partnerships with global organizations signal a promising outlook for future growth.

• Key risks include managing operating costs and ensuring timely completion of customer contracts, which typically take 6-9 months. The company's active management of these risks through strategic initiatives and R&D efforts is critical.

Allied Digital Services Ltd-Q1FY25 Concall Highlights

- ADSL aims for over 20% YoY growth, expecting strong revenue growth in Q2 and Q3, and aims
- for a mid-teens EBITDA margin within 1-2 years. (Revenue expecting INR 800 Cr in FY25 and
- INR 1000 Cr in FY26)
- nticipates significant growth with the Indian government's focus on developing smaller
- "smart towns".
- Identifies further penetration opportunities in the Indian enterprise sector.
- Plans to replicate successes in markets such as the US, UK, Europe, Africa, and Asia Pacific.
- Continues to invest in AI-driven solutions through Digital Desk (formerly ADiTaaS)
- Multiple discussions with new customers, including large contracts.
- India's revenue grew by 17% YoY, and RoW revenue showed initial signs of improvement.
- Solutions business increased by 52% YoY, making up 23% of total revenue. EBITDA rose by 7%
- YoY to INR 190 Mn, maintaining an 11% EBITDA margin.
- The company secured over INR 1500 Mn in orders and saw a decline in attrition due to the
- slowdown in the US IT sector.
- The company sees opportunities in the Indian enterprise market, plans for international
- expansion, and invests in AI-driven solutions through Digital Desk.
- Mr. Ramanan Ramanathan joined ADSL as Global Head of Strategy
- Company remains debt-free with sufficient cash flow, and focuses on self-reliance in service
- delivery and cybersecurity engagement.
- US: In the US, the presidential election has led to cautious decision-making, but improved
- pipeline opportunities are emerging, requiring further adjustments to boost activity levels.
- In India, despite a slight election slowdown, enterprise activity is strong with new wins and
- renewals. Post-election, company expects new contracts in Q1 FY25, with India seeing 17%
- YoY growth and the rest of the world up 1% YoY.
- Solutions business grew 52% YoY, (23% of revenues), driven by smart city projects.
- Government revenues increased 50% YoY to 23% of total revenues, with good opportunities
- in the Middle East.
- Established a sales office in Dubai; plan to assemble a local team of over 50 members.
- In advanced discussions with potential customers; outlook remains positive.
- Added to the leadership council and expanded the global network of offices.

Datamatics Global Services Ltd Concall KTAs Q1FY25
CMP: INR 613 |Market Cap: INR 36,205 Mn

Despite revenue growth, Datamatics faces profitability challenges, focusing on AI opportunities, expanding in the US, and leveraging proprietary platforms and strategic collaborations to drive future growth.

Financial Highlights
• Revenue: INR 394 Cr, a growth of 0.7% YoY but a decline of 4.5% QoQ.
• EBITDA: INR 51.4 Cr, a decline of 24.2% YoY and 20.5% QoQ; EBITDA margin at 13%.
• PAT: INR 43.5 Cr, a decline of 21.1% YoY and 17.2% QoQ; PAT margin at 10.7%.
• Revenue Segments: Q1FY25 revenue distribution - Digital Technologies (41%), Digital Operations (42%), and Digital Experiences (17%).

Strategic Initiatives
• Bullish on AI opportunities.
• Strengthening customer relationships.
• Increasing market presence and awareness in the US and Europe.
• Focus on proprietary products and platforms.
• Collaboration with hyperscalers.

Client Portfolio and New Projects
• Added 9 new customers, including a Fortune 500 company.
• Advanced AI-driven video monitoring and analytics technology implemented for an American supermarket chain.
• Application modernization and cloud adaptability project for an international university.
• Cloud strategy upgrade for an international law firm.
• Data capture automation using TruCap+ for a US-based management consulting firm.

Key Highlights
• Gartner, Everest Group, Forrester, IDC, and Avasant have recognized Datamatics in various reports and assessments, highlighting their capabilities and achievements in finance & accounting BPO services, application transformation, task-centric automation, and intelligent document processing.

Market Focus and Outlook
• Focus on the US market for growth.
• Sluggish performance in Europe.
• Expecting 150-200 basis points margin improvement in FY25 Q2, targeting a range of 12-13%.
• Strong pipeline focusing on vertical expansion, aiming for an INR 200 Mn.
• Manage one-time costs and enhance profitability by prioritizing the US market.

NIIT Learning Systems Ltd Q1FY25 Concall Highlights
CMP: 470 | Market Cap: 63,770 Mn.

Outlook:
NIIT Learning Systems Ltd reported good set of numbers. The company anticipates 20% organic growth driven by AI investments, efficient resource utilization, and new customer acquisitions. It projects 12-14% top-line growth for FY25 with accelerated growth in H2.

Performance Consol:
• Revenue came in at INR 4,072.29 Mn. (2.34% QoQ) (6.50% YoY) in Q1FY25.
• EBITDA margins came in at 22.86% (Vs. 24.34% QoQ) (22.09% YoY) in Q1FY25.
• PAT came in at INR 600.19 Mn. (10.25% QoQ) (8.78% YoY) in Q1FY25.

Highlights:
• Company expects an organic growth rate of close to 20% beyond this year, potentially reaching this guidance with additional inorganic activities.
• The company projects a 12% to 14% organic top-line growth for FY25.
• The primary drivers for margin improvement include product mix and resource utilization, along with AI investments enhancing operational efficiency.
• Headcount growth is expected to be lower than top-line growth due to efficiency improvements from technology and AI investments.
• The company added 3 customers in Q1FY25, the total number of customers increased from 86 to 89.
• Acquired 2 new additional customers in the Technology Space on the back of those 2 new customers and a couple of additional wins in the last 2 quarters, company expect the Tech Sector to also start showing growth in the upcoming quarters.
• **Generative AI:** The adoption of generative AI is seen as a transformative opportunity, with significant investments made in this technology over the past 17-18 months.
• The company identified 10 value propositions for generative AI and began running seminars and customer advisory sessions.
• The company's guidance for the H2FY25 is organic and not influenced by acquisitions, and company expects growth to accelerate in H2FY25, H1 to be rangebound.
• **Revenue Visibility:** Visibility of $350 Mn is achieved by tallying active customers and their spend run rate over the contract period.
• Company’s most of the customers are Fortune 500 or Fortune 1,000 companies, leaders in their categories.
• The company expects AI-related contracts to scale up in upcoming quarters.
• Customers who go below the spend threshold are not counted in the 100% renewal number.
• Company has no effect of seasonality trend.

BLS International Services Ltd Q1FY25 Concall KTAs
CMP: INR 384 | Market Cap: INR 1,58,293 Mn

The company has strong quarter performance specially led by iData Acquisition and Visa and Consular business, focusing to acquire more companies in future and expanding their network through inorganic expansions.

Financial Highlights
• Revenue Growth: The company's revenue increased by 28.5% YoY to INR 492.7 Crores in Q1FY25, with a 10% growth QoQ.
• EBITDA: EBITDA rose to INR 133.2 Crores, showing a 66.3% YoY growth and a 47% QoQ increase, with an EBITDA margin of 27.0%.
• PAT was INR 120.8 Crores 70.1% YoY growth and 41% QoQ growth, with a PAT margin of 24.5%.

Operational and Strategic Developments
• Transition to Self-Managed Model: The shift from a partner-run to a self-managed model has contributed to margin expansion.
• iDATA Acquisition: The acquisition of iDATA enhances market share in Europe, with financial benefits expected from Q2FY25. This acquisition aligns with the company's strategy of inorganic growth and is expected to provide cost synergies.

Business Segment Performance
• Visa & Consular Services: Revenue grew by 36% YoY and 12% QoQ to INR 414.1 Crores, with an EBITDA margin of 29.3%. Visa applications increased by 18% YoY to 8.5 lakhs, with a revenue per application of INR 2653.
• Digital Business: Revenue stood at INR 78.5 Crores with an EBITDA margin of 15.2%. Notable achievements include signing a Service Provider Agreement with Axis Bank and generating leads worth INR 1,000 Crores.

Market Opportunities and Growth Drivers
• Global Air Passenger Traffic: Expected to grow by 1.5 times from 2023 to 2030, driving increased demand for visa applications and related services.
• Outsourcing Trends: Growing outsourcing of visa processing globally fuels demand for visa processors like BLS.

Financial and Operational Stability
• Debt and Working Capital: The company maintains zero debt and operates with negative working capital.
• Focus on Innovation: Emphasis on technology and innovation to enhance service offerings and operational efficiency.
• Loan Distribution: Successful distribution of INR 1000 Crores in loans, with increasing reach in the private banking sector.

Strategic Focus and Future Outlook
• Brand Building and Geographic Expansion: Focus on expanding brand presence, geographic reach, and exploring inorganic growth opportunities.
• Cost Management and Margin Upside: Despite increased service and employee costs, the company anticipates margin improvements through ongoing cost management and synergy from recent acquisitions.
• Infrastructure Investment: Investment in infrastructure, including e-stores and potential future acquisitions, supports long-term growth.

Axiscades Technologies Ltd- Q1FY25 Concall KTAs

The company is confident about delivering on its revenue and Margin plan for FY25, anticipating healthy growth in Aerospace, recovery in Automotive and Semiconductor verticals, and continued momentum in the Energy segment.

- The company is rebranding to Axiscades Mistral and has appointed Mr. Pankaj Chakraborty as an additional director.
- The company reduced its finance costs to INR 80.7 Mn and its consolidated net debt stood at INR 500 Mn.
- Margin expansion in Q1FY25 due to cost optimization.EBITDA margin expected to increase with defense business production ramp-up and a strong order book
- The engineering services business grew by 15% YoY, driven by growth in Aerospace, Automotive, and Energy sectors. Aerospace and Automotive verticals showed strong performance, while Defence, Heavy Engineering, and Semiconductor businesses faced challenges.
- Margin pressure is in the Defence, Automotive, and Heavy Engineering verticals. Significant investments in digital strength may impact margins in the short term.
- Engineering services, business grew by 15% YoY, driven by growth in Aerospace, Automotive, and Energy sectors.
- Aerospace vertical,continues its strong performance, showing a 24% YoY revenue increase.
- Automotive, revenues grew 84% YoY, primarily due to the consolidation of revenues from the acquisition of AcQ automotive entity.Automotive and Semiconductor verticals are expected to recover starting in H2 FY25
- Energy vertical, revenue reached INR 110 Mn accounting for 5% of total revenue.The growth momentum in the Energy segment is expected to continue.
- Defence, business revenue was lower at INR 480 Mn compared to INR 620 Mn in Q1 FY24.Defence production orders in FY25 are expected to be significantly higher than those in FY24.
- Approved Design Wins Awaiting Production: INR 8000 – 1,0000 Mn.Design Wins Under Development: INR 25,000 – 30,000 Mn
- Heavy Engineering and Semiconductor businesses declined by 8% and 23% respectively.
- Margin pressure is present in the Defence, Automotive, and Heavy Engineering verticals.
- The company is undertaking significant investments in building its digital strength, which will continue to be margin dilutive in the short term.
- New drone kit based on Qualcomm QCS8550 under development, market release expected in Q3.
- Mistral executed Naval & Radar orders worth INR 100 Mn each.

Bharti Airtel Ltd Q1FY25 Concall KTAs
CMP: INR 1444 | Market Cap: INR 82,18,111 Mn

Revenue grew to INR 38,506 crore, with strong gains in India and Africa, increased customer base, higher profits, and significant investment in network and digital services.

Financial Highlights
• Revenues reached INR 38,506 crore, showing a growth of 2.8% YoY and 2.4% QoQ, impacted by currency devaluation in Africa.
• EBITDA was INR 19,444 crore with an EBITDA Margin of 51.8%.
• PAT increased by 158.0% YoY to reach INR 4,160 crore.
• CAPEX for the quarter amounted to INR 8,002 crore.

India Business Highlights
• Quarterly revenues increased by 10.1% YoY to INR 29,046 crore.
• EBITDA for the India business was INR 15,599 crore with an EBITDA margin of 53.7%, up by 4 bps YoY.
• Capex for the quarter was INR 6,781 crore.

Segment Performance
• Mobile services revenues up 10.5% YoY, driven by 4G/5G customer additions and higher ARPU.
• Airtel Business revenues up 8.3% YoY.
• Homes business revenues up 17.6% YoY.
• Digital TV revenues up 5.0% YoY.

Africa Business Highlights
• Revenue in constant currency grew by 19.0% YoY.
• EBITDA margin in constant currency was 45.3%, down by 313 bps YoY.
• Capex for the quarter was INR 1,225 crore.
• Customer base in Africa is 155 million.

Operational Highlights
• 4G/5G data customers increased by 29.7 million YoY and 6.7 million QoQ.
• Mobile ARPU increased to INR 211 in Q125 from INR 200 in Q124.
• Mobile data consumption rose by 26.0% YoY, with an average consumption of 23.7 GB per month per customer.
• Homes business saw sustained growth with 348,000 customer net additions in Q125.
• Rolled out approximately 6.3k towers and 15.5k mobile broadband stations to enhance connectivity.
• WiFi services are now operational in 1,317 cities.

Strategic Initiatives and Market Conditions
• Successfully renewed expiring spectrum in 6 circles.
• Strengthened sub-giga hertz and mid-band holdings by investing INR 6,857 crore.
• The industry requires a minimum ARPU of INR 300 for financial stability.
• Tariff corrections are essential for financial health amid large network capex.
• Strong growth potential in cloud services and data centers.
• Building capabilities in digital services with a focus on the cloud.
• Observed SIM consolidation among 2G users.
• No significant decline due to recharge pricing, but a delay in recharges is noted, Fundamental trends are to be assessed by the end of Q2.
• Leveraging a converged portfolio in Airtel Business, showing an 8.3% YoY revenue growth.
• Continued expansion of the home-pass network through partnerships with local cable operators.

Protean eGov Technologies Ltd Q1FY25 Concall Highlights
CMP: 1,735 | Market Cap: 70,190 Mn.

Outlook:
Protean eGov Technologies Ltd saw a decline in Q1FY25 revenue and EBITDA margins due to election-related degrowth in PAN disbursement, but it increased its market share, entered new sectors, and launched key initiatives, maintaining strong cash reserves and a debt-free status.

Performance Consol:
• Revenue came in at INR Mn. (-11.5% QoQ) (-10.82% YoY) in Q1FY25.
• EBITDA margins came in at 7.68% (Vs. 9.87% QoQ) (15.47% YoY) in Q1FY25.
• PAT came in at INR 210.9 Mn. (9.33% QoQ) (-34.52% YoY) in Q1FY25.

Highlights:
• Revenue declined due to degrowth in PAN disbursement due to elections, but company improved market share from 51% to 54% YoY in Q1FY25.
• 12 Mn new workforce is added every year in India leading to improved PAN business.
• Fresh PAN issuance constitutes about 70% of tax revenue, with the remainder from re-issuance and data changes.
• Company continue to maintain a 100% market share in the Atal Pension Yojana by the Indian Government.
• The identity segment saw significant double-digit growth of 27% YoY.
• Company entered 3 new businesses: E-Commerce and Transport, Education and Skilling, and Agriculture and Healthcare.
• Company’s key launches: Agri-stack, Protean X, and eSignPro.
• Company maintains its debt-free status.
• Cash and cash equivalents of more than INR 7,000 Mn, in Q1FY25.
• Online PAN issuance has increased from 30% in FY22 to 50% in Q1FY25, positively impacting EBITDA margins.
• The digital commerce market is projected to grow from $55 Bn to $300 Bn by 2030, driven by ONDC.
• Company expects government support to accelerate the development of Agri-marketplaces and related services.
• The company expects more revenue streams from the innovation layer on top of the AGRI stack.
• The Government of India's INR 1.5 Lakh Crore budget for employment skilling contributes to Protean's revenue.
• eSignPro's adoption by BFSI entities is a key component of company’s service offerings.
• eSignPro shows huge opportunities of growth as company already has 70% E-Signature market share.
• Company recorded good growth in Pension Services in Q1FY25, added 2.25 Mn in APY and 0.29 Mn subscribers in NPS.
• The company is involved in education finance and scholarship ecosystems, contributing to revenue through platforms like Vidya Lakshmi and Vidya Sarthi.

HCL Technologies Ltd | Q1FY25 Concall Highlights & Result
CMP INR 1,560 | Market Cap INR 4,234 Bn

Outlook: The going-in assumption was that discretionary spending would be similar to last year, and that remains unchanged; confidence in Q2 growth is based on recent deal wins and ongoing execution. With a higher share of non-discretionary spending in Cloud, Network, Security, and Digital workplace services, HCLT is well-positioned for resilience and is expected to emerge stronger in the medium term due to its IMS and Digital capabilities, strategic partnerships, and investments in Cloud. We have a positive view on the stock

Concall Highlights

- Q1 has fared better than management expectations. Q2 is expected to outperform Q1 due to the ramp-up of recent deals.The company expects growth in BFSI from Q3 onwards and manufacturing to grow in Q2.
- The demand environment remains consistent with Q4 FY24, as clients continue to prioritize cost optimization deals over transformation projects. However, some positive signs are emerging in the ER&D segment.
- The company's EBIT margin declined by 50 bps, primarily due to a drop in service margins, especially in ER&D, attributed to Q1 seasonality and productivity gain sharing.
- The company added 1,100 freshers during the quarter and aims to hire 10,000 freshers over the course of the year.
- The dip in headcount was primarily due to divestiture.
- The company aims to train over 50,000 employees in Gen AI and has already achieved 33% of this target. Expanded company's viscos strategy by opening a center in Patna, Bihar, and launched the HCL Tech Enterprise AI Foundry to simplify and scale enterprise AI journeys. Notably, a global technology major selected a company for implementing a GenAI-based solution for gaming review analysis, resulting in significant workload reduction and a 119% increase in game reviews.
- Company is collaborating with clients on several POCs of Generative AI.
- The timing and quantum of the wage hike are yet to be decided.
- TCV saw a good mix of both small and large deals.
- Results better than expected; PAT is beating estimate showcasing 20% growth YoY at INR 4,257cr. Media and entertainment displayed strong growth.*Maintained revenue growth guidance of 3-5% in CC terms for FY25 with EBIT margin guidance of 18-19%
- Constant currency (CC) revenue growth is up 5.6% YoY and down 1.6% QoQ. USD Revenue growth +5.1% YoY/-1.9% QoQ to $3,364 mn in line with our estimate of $3,378 mn led by America(+8%YoY) and Europe(+3%YoY).
- Reported revenue of INR (down 1.6% QoQ/+6.7% YoY) to INR 28,057 Cr slightly above our estimates of INR 27,900 Cr led by strong deal wins and growth in Manufacturing (+3.5%YoY), Retail & CPG(+9.7%YoY), and Telecommunications, Media, Publishing & Entertainment(+69.2%YoY).
- EBIT margin was down 50bps QoQ/+10 bps YoY at 17.1 % above our estimates of 16.85%.
- Consolidated PAT stood at INR 4,257 Cr, up by 20% YoY/+7% QoQ beating our estimate of INR 3,910 Cr.
- Co. clocked in INR 1960 mn TCV of new business bookings.
- Clients $10mn+ clients increased by 19 YoY.
- Headcount decreased by 8,080 QoQ to 219,401 employees.
- LTM IT Services attrition rate is down by 40bps QoQ to 12.8%. •Announced a final dividend of INR 12 per share.

Tata Elxsi - Q1FY25 Result & Concall Highlights
CMP: INR 7,119 | Market Cap INR 443,333 Mn

Revenue grew slightly QoQ but was offset by increased expenses, impacting annual profit despite steady growth in Software Development & Services

Outlook: In FY25, the company is experiencing solid growth in transportation and industrial design, with the media and communication sectors showing green shoots. They are actively pursuing mergers and consolidations, reflecting a proactive approach in a challenging market. Their strategy of balancing risks across industries (40-40-20) highlights a thoughtful approach to stability. With a strong commitment to customer satisfaction and strategic investments in Gen AI, they are navigating forward with optimism, focusing on geographic diversification and significant M&A activity and cost reduction efforts. Large consolidation and deal wins with the Neuron platform. Opportunities in 5G and 6G

Financial Performance
Revenues from operations at INR. 9,265 Mn, + 2.3% QoQ/+ 9.0% YoY.
Revenue growth +8.4% YoY in CC, +2.4% QoQ in CC
Operating (EBITDA) Margin at 27.2% , (28.8% QoQ)/ (29.6% YoY).
PAT INR 1,841 Mn against INR 1969 Mn in Q4FY24 and INR 1,889 Mn. Decreased in profit driven by higher employee costs.

Growth Opportunities FY25: Led by transportation and industrial design, both showing growth. Green shoots in Media and Communication, showing a turnaround. Large consolidation bidding and numerous M&A activities in the industry. The company is at the forefront of many deals in the pipeline.

Strategy: 40-40-20 strategy aims to de-risk R&D business by balancing industry cycles and geopolitical risks. While automotive and transportation currently present the largest growth opportunity, making up 50% of the portfolio, company remain flexible to leverage market opportunities and ensure a balanced industry mix over time.

Top Customers: The top 10/20 customers drive much of the growth. The size of the business is highly relevant to these top customers.

Performance: Maintained last year's performance with slight improvements and enough levers to manage it.

Wage Hike Cycle: Wage hike will be divided between junior employees in Q2FY25 and senior employees by Q3FY25. The average wage hikes would be 5-6% but company has enough levers to address that.

Segment: The industrial design business is accelerating, with the design of digital and embedded offerings resonating strongly with the industry.

Media and communications (0.5% QoQ CC) is showing promising growth, with increased discussions, customer traction, and significant consolidation opportunities. Despite industry stress and budget pressures, company is actively pursuing significant consolidation opportunities and managing challenges through the pipeline of deals, giving them increased confidence moving forward.

System Integration services grew strongly at 8.7% QoQ CC. While healthcare remains smaller with challenges, the Company aim to expand customer engagements and is confident in our ER&D business's recovery and growth.

Transportation (5.3% QoQ CC) : Significant traction in the OEM space, with a mix of large and small opportunities showing good traction and deal flow. Accounts for >50% of the Software Development & Services business. 66% OEM mix in transportation.

Healthcare Business: Has a strong customer base. Issues with one or two customers are manageable. Despite the last two quarters showing de-growth, the company remains confident.

Gen AI: Over the next two quarters, company will add fresh engineers and invest in digital and gene AI technologies to boost efficiency, quality, and innovation, aiming for 25% of the talent pool to be AI-ready by December, supported by a robust deal pipeline, growth in transportation, new customer wins, and strategic business expansion.
Interesting design POC across segments, exciting potential, and continued focus. Partnering with major chip companies for vertical integration.

Headcount: Over the next four quarters, the company will build up headcount as large deals pick up. Further hiring will be based on utilization. The company will not hire in bulk.

Employee Reduction: Attrition has slightly decreased to 12.3% against 12.4%. Q1FY25 there were no headcount additions. Fresh hiring over the next 2-3 quarters will be phased based on revenue upticks, with cautious cost management to restore margins after a one-time expense of contributing INR 197.8 Mn to the Progressive Electoral Trust in Q4FY24.

GCC Opportunity: Most customers balance their own centers, GCCs, and strategic partners, leveraging deep ER&D expertise over 30+ years.

Client Concentration: Top 10 & Top 20 customers are crucial. Positive business growth among the top 10 and top 20 customers.
Geography Mix: US drooped from 40% to 33%, Europe from 37% to 42%. Transportation is largely driven by Europe, while media and communication are driven by the US which is not growing aggressively.
Acquisition: No impact on customers from recent acquisitions, which were largely mechanical and not new-generation based.
Utilization: Increased, with enough leverage to maintain as deal volume increases.
Semiconductor: The company doesn't directly engage in semiconductor chip design, but in each industry vertical, especially in embedded spaces, the Company partners with major chip companies to develop solutions at the firmware and application layers.

Infibeam Avenues Ltd – Q1FY25 Concall KTAs
CMP: INR 32 | Market Cap: INR 89,858 Mn

Infibeam reported strong Q1 results with double-digit YoY growth. The guidance for FY25 projects a revenue growth of 25-30%, EBITDA growth of 10-20%, and PAT growth of 20-35%. Expecting value-added services to contribute 2-4% of revenue this year, growing to 7-10% in a couple of years. The company plans to amplify its international business over the next few years, aiming for it to contribute 12-15% of net revenue in the near term, up from the current single-digit contribution.

Financial performanceThe company achieved quarterly gross revenue of INR 7,528 Mn (up 1%YoY), net revenue of INR 1,185 Mn (up 20% YoY), EBITDA of INR 698 Mn (up 25% YoY), and PAT of INR 504 Mn (up 59% YoY).

Rediff Acquisition
Infibeam announced plans to acquire a majority stake in Rediff.com to expand its digital platform offerings and user base.* Rediff has over 55 million monthly visitors, providing a large consumer-facing audience for Infibeam. Infibeam plans to leverage Rediff's substantial user base and data assets for cross-selling financial products using artificial intelligence.* Rediff provides Infibeam with a strong consumer-facing brand to complement its existing B2B focus.

Odigma demerger
Infibeam plans to demerge its digital marketing business, Odigma.The demerger aims to decouple digital marketing from payments, allowing Odigma to expand its outreach without being limited by payment compliance frameworks. Odigma has annual revenue of about INR 300 Mn and less than INR 10 Mn in profit.

Infibeam Digital Entertainment Pvt Ltd Acquisition
Infibeam's Board has approved acquiring the remaining 26% in Infibeam Digital Entertainment Private Limited, making it a fully owned subsidiary. This acquisition aims to leverage opportunities in digital media technology and live events.

Launching CCAvenue
The company is planning to launch a new payment device in the market by Q2FY25 with a bank partner, featuring tap-based technology and CCAvenue integration. This new device is expected to enable merchants to utilize CCAvenue services more effectively.

Upcoming Initiatives
Infibeam's Board approved creating a new subsidiary focused on AI-enabled fraud detection and prevention in the FinTech sector.Incorporating a company in GIFT City to start a payment aggregator business for cross-border payments.

Capex
Continued investment in AI capabilities, including the development of Video AI for payment authorization. The management indicated that significant capex has already been incurred for building scale, with future capex plans to be determined based on the next phase of growth.

Long-term vision
The company is focused on re-imagining its operations in the context of artificial intelligence and how it impacts merchant and customer payment processes.

Operational highlights
* Infibeam's net take rate in payments improved to 11.2 bps in Q1FY25, a 33% increase YoY.
* The company added 230,022 new merchants in Q1, averaging over 2,550 new merchants daily.
* Infibeam was granted a payment aggregator license by the RBI, allowing them to onboard new merchants.
* Infibeam's Bill Avenue business saw 87% Q0Q growth in transaction value on the customer operating unit side, reaching INR 15,060 Mn.
* The ResAvenue hospitality solution delivered 467,248 room nights to hotelier clients, amounting to a value of over INR 3,100 Mn.
* The company filed for a patent with the U.S. Patent Office for AI-based activity management through its AI vertical, Phronetic. AI.
* The company is expanding its presence in Saudi Arabia, having obtained the PTSP license and partnering with SAB Bank.

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R Systems International Ltd - Q1FY25 Concall Highlights
CMP: INR 1,462 | Market Cap: INR 5,7010 Mn

Outlook

The company is developing strong pipelines from overseas businesses into deep core engineering and cloud services. The company anticipates that growth from the US, which contributes 70% of overall revenue growth, will be visible once the budget is announced and elections take place. It is also searching for substantial chances in SEA, They also have obtained a large agreement from one of the region's major companies in Q1FY25.

Financial Highlights

• Revenue surged at INR 4320.43 Mn. in Q1FY25 vs 4166.41 in Q4FY24 (6.2% YoY/ 3.70% QoQ).

• Adj. EBITDA reported at INR 713.86 Mn in Q1FY25 vs INR 599.75 in Q4FY24 up by 16.5% YoY/ 19.03% QoQ.

• Adj. EBITDA margin increased to 16.52% YoY in Q1FY25 increased by 14.80% QoQ.

• PBT rise at INR 468.21 Mn. in Q1FY25 as against INR 363.85 Mn in Q4FY24 (28.68% QoQ).

• PAT stood up at INR 248.83 in Q1FY25 vs INR 274.87 Mn in Q4FY24 (-9.47% QoQ).

Other Highlights:

- The company's utilization increased to 82% in Q1FY25, up from 76% the previous year. It also raised receivable turnover from 64 to 60 days, providing extra liquidity for investments.
- The company acquired a significant client for the Southeast Asia region to upgrade Microsoft Dynamic processes and end-to-end business processes. It also operates globally and extends into business.
- The company is broadening its partnerships with partner ecosystems encompassing Hyperscalers such as AWS, Microsoft, and Salesforce, as well as with startup partners providing playgrounds.
- R Systems anticipates a 20% increase in discretionary spending as the forthcoming US elections and budget season influence the company's future forecasts for the US.
- It is closely monitoring the pipeline and the average size of the deals, and it will strategically move toward future chances.
- The company is in talks with customers to establish a robust pipeline to generate future revenue growth and overcome industry fluctuations.
- Company has a solid collection of customers requesting a diverse variety of projects and is planning to open up if any visibility is observed.

Affle-Q1FY25 Concall KTAs
CMP INR 1,499 | Market Cap INR 206,785 Mn

The company achieved growth in CPCU revenue and conversions, with all acquired businesses fully integrated into a single cash-generating unit and managed costs efficiently with a 4.4% YoY increase in employee expenses. Looking forward, the company expects continued revenue growth, particularly in India and global emerging markets, and aims to gradually increase operating profit margins while remaining open to value-adding M&A opportunities.

* Successfully completed strategic integration of all acquired entities in Q1FY25.
* Google's decision to phase out third-party cookies won't impact Affle, as its focus is on in-app and on-device mobile experiences rather than browser-based ads.
* Leveraged changes in iOS privacy rules to its advantage in both Developed and India & Emerging markets.
* Achieved the highest ever revenue run rate, EBITDA, and consumer conversion in Q1FY25.
* Strong resilience in India and emerging markets.
* For the rest of 2025, the company aims to accelerate growth with a focus on improving operating profit margins.
* India experienced 19% YoY growth on a standalone basis, and 15% YoY growth on an adjusted basis.
* Broad-based growth across industry verticals and markets.
* Significant growth in the gaming vertical in both emerging and developed markets.
* Achieved over 20% year-over-year organic growth.
* Developed markets are recovering strongly after reduced spending over the past year and a half.
* Employee expenses are expected to remain stable as the business continues to grow in the coming years.
* Potential increase in CPCU rate growth due to the focus on premium inventory.
* Better premium inventory pricing is expected to improve margins, a key focus for the next few years.
* Plans to expand beyond tier-1 and tier-2 cities into rural areas within India to help advertisers convert users.
* Current margin profile is sustainable.
* Aiming to maximize conversions from both existing and new advertisers.
* India and emerging markets show similar ad spending behavior and are grouped together.
* The addressable market in developed markets is large, providing a significant runway for long-term growth.
* Developed markets are growing faster due to a smaller base, but this growth is expected to normalize.
* In emerging markets, competition and pricing are lower, resulting in different margins than in developed markets, but both provide similar bottom-line margins.
* The company aims to expand current margins on a consolidated basis and individually for developed and emerging markets.
* No rush to pursue any acquisitions at present.
* More even spending across developed markets.

Financial Performance

Revenue stood at INR 5195 Mn and grew by ~28% YoY/2.6% QoQ

EBITDA Margin 20.1%in Q1FY25 (19.2% YoY) (19.5% QoQ)

PAT stood at INR 866 Mn grew by 30.8% YoY / -1.0% QoQ

India & Emerging Markets 73.2%/ Developed Markets 26.8%. Affle boasts a global reach across all key regions including Asia, North America, South America, Europe, and Africa, encompassing both developed and emerging markets

Nucleus Software Exports Ltd Q1FY25 Concall Highlights
CMP: 1,287 | Market Cap: 34,460 Mn.

Outlook:
Nucleus Software Exports Ltd had a challenging Q1FY25 with declines in revenue, EBITDA margins, and PAT, the company is focused on strategic initiatives, cost efficiency, and customer retention, and management stays positive for future growth, especially in international markets.

Performance Consol:
• Revenue came in at INR 1,953.9 Mn. (-7.07% QoQ) (-5.52% YoY) in Q1FY25.
• EBITDA margins came in at 14.81% (Vs. 27.68% QoQ) (30.25% YoY) in Q1FY25.
• PAT came in at INR 302 Mn. (-42.07% QoQ) (-43.61% YoY) in Q1FY25.

Highlights:
• Strategic Initiatives: The company has undertaken a significant long-term strategic initiative called Hoshinkandi, based on Toyota production system principles, aimed at continuous improvement and enhancing customer experience.
• Cost of Delivery: The cost of delivery, including product development, is 75.5% of revenue, compared to 60.5% year-on-year.
• Marketing Expenses: Marketing and sales expenses are 2.2% of revenue, compared to 10% year-on-year.
• Revenue Breakdown: INR 1,580 Mn is from products and INR 270 Mn from services out of the total INR 1,950 Mn revenue.
• Order Book: The order book position is INR 8,134 Mn, including INR 7,522 Mn from various segments.
• The company has not lost any customers due to product repricing.
• International Market Focus: Despite a decline in top-line growth in regions like Southeast Asia, the Middle East, and Australia, the company is confident about future growth in these regions.
• Top Clients Contribution: The top five clients contributed 28.8% to the revenue in Q1FY25.
• Customer Conversations: Ongoing conversations with customers in Southeast Asia, Australia, and the Middle East are expected to yield growth in coming quarters.
• The product is now available on cloud, which has led to smaller customers preferring a subscription model.
• No revenue came from the newer customers in Q1FY25 and revenue is entirely from existing customers.
• The company added 62 new employees in Q1FY25.
• Company plans to onboard new senior management in sales and other domains.
• There is an ongoing effort to convert more business into annuity-based revenue for better growth visibility.
• The company is exploring strategic partnerships to enhance growth and customer satisfaction.

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Intense Technology – Q1FY25 Concall highlights
CMP INR 147| Market Cap INR 3,440mn

Revenue grew by 26% QoQ/69% YoY to INR 405.5 Mn
EBITDA margin 22% against 15% in Q1FY24

Concall Highlights

Company into Platform services BFSI, Telecom, Government, and Insurance

Strategic decisions under Project Butterfly led to crossing INR 1000 Mn in revenue in FY24.

Focus on diversifying revenue streams for enterprise customers.

Achieved 405 Mn revenue in a Q1FY25 for the first time.

Continued investments in AI and blockchain technology.

Healthy customer base in BFSI, insurance, and government sectors.

Renewed deals and closed new transactions in Central America and USA.

Strengthened partnerships in the USA for dollar revenue.

Cautious on hiring, with strategic additions in sales.

Innovating product offerings, leveraging AI and LLMs.

Positive guidance for the year, with efforts on vision.

Moving towards transactional-based charges.

Healthy order book at various stages.

AI-driven solutions to reduce communication redundancy.

Continued annuity engagements, with 30% of Q1 revenue from these.

No sluggishness in payments due to elections.

Successful smart city and surveillance system implementations.

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PB Fintech Ltd Q1FY25 Concall Highlights
CMP: 1,435 | Market Cap: 6,54,340 Mn.

Outlook:
PB Fintech Ltd recorded strong growth in Q1 as compared to the same quarter last year, company believes that there is still a lot of room for growth and is focused on selling core health insurance rather than driving ticket size.

Performance Consol:
• Revenue came in at INR 10,104.9 Mn. (-7.25% QoQ) (51.81% YoY) in Q1FY25.
• PAT came in at INR 599.8 Mn. (-0.34% QoQ) (604.03% YoY) in Q1FY25.

Highlights:
• Company's health and life insurance business, witnessed a combined growth of 78% YoY in new premiums for Q1FY25.
• Company believes they are in the early phase of the growth stage.
• Total insurance premium for Q1FY25 was INR 48,710 Mn, new core insurance premium grew at 66% for Q1, core insurance premium grew 46% for Q1, with core insurance revenues growth of 40%.
• Company was disappointed with the quarter result as it expected credit to be between 0% - 10%, credit came in at INR 1,300 Mn. Which is lower than 0% for the year and was about -8%.
• New Initiatives gave surprising growth 2.3x times.
• CSAT for Q1FY25 was at 89.9% and company is confident to exceed the 90% mark soon.
• As of Q1FY25, company is present in 80,000+ pin codes covering over 95% of the country.
• Company's UAE insurance premium business has shown growth.
• Company estimates the credit industry should get back to growth in H2, and hence expect to resume growth trajectory in H2FY25.
• Churn rate in new business was significantly lower than the industry average, at 50-60%.
• Company not interested in any M&A as current business does not require any more capital company has on the books.
• The company is extending financial management capabilities using the account aggregator framework.
• PB Fintech's growth is driven by fresh lives and affordability, not by multi-year policies.
• PB Rewards and PB Money initiatives are expected to be piloted in Q2FY25 and Q3FY25 respectively.

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MPS Ltd Q1FY25 Concall Highlights

CMP: 2,196 | Market Cap: 37,570 Mn.

Outlook:

MPS Ltd has recorded mixed set of numbers with diversified revenue streams, reduced customer concentration, and significant YoY growth in content solutions and platforms. The company anticipates margin improvements, particularly in eLearning, driven by strategic acquisitions, global expansion, and AI integration.

Performance Consol:

•Revenue came in at INR 1,807.2 Mn. (20.94% QoQ) (36.38% YoY) in Q1FY25.

•EBITDA margins came in at 22.71% (Vs. 28.61% QoQ) (31.64% YoY) in Q1FY25.

•PAT came in at INR 258.9 Mn. (-9.8% QoQ) (-14.55% YoY) in Q1FY25.

Highlights:

•The top ten customers now contribute to less than 45% of the company's revenue, reducing customer concentration.

•The company recorded an improvement in BSO to 55 days.

•Revenue in the content solutions business grew by 32% YoY in Q1Y25.

•The acquisition of AJE, now has positively impacted margins in Q1FY25.

•The E-Learning business saw a 6% Foreign Currency Adjusted revenue growth in Q1FY25 but has dipped to the third spot in terms of revenue scale across business segments.

•The company expects significant margin improvements in the eLearning business from Q2FY25.

•Liberate Learning is leading revenue growth in the eLearning segment, and overall eLearning margins are expected to improve from Q2FY25.

•The platform business, including the acquisition of AJE, grew roughly 80% in revenue in Q1FY25 YoY.

•The sandbox environment for Digicore Pro has been released to multiple customers, with onboarding and migrations expected soon.

•North America and Europe combined accounted for 74% of Q1FY25 revenue, down from 91% in the Q1FY24.

•Company is looking for opportunities on the education and corporate side for future acquisitions.

•MPS looking for AI integration into content solutions, eLearning, and platforms, and exploring AI as a revenue stream, expects AI-driven initiatives to convert into deep commitments within 12-18 months.

•Company is adopting an outsourcing model similar to Liberate Learning, aiming to maintain headcount while flexing with external resources.

•The eLearning business has shown margin volatility because of diverse demands.

•Liberate Learning operates with high margins outsourcing 40% of the revenue.

•MPS expanding its global reach into newer markets, including Australia, New Zealand, China, Brazil, and South Korea, while expanding globally, North America and Europe remain key markets.

•The company guides 12% growth in the eLearning business in FY25.

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Infobeans Technologies Ltd | Concall KTA Q1FY25
CMP: INR 448 | Market Cap: INR 10917 Mn

Financial Overview
•Revenue and Growth: For Q1FY25, revenue reached INR 100 crore, reflecting a 6% YoY growth and flat QoQ performance.
•Profitability: EBITDA was INR 19 crore, up 25% YoY but down 9% QoQ. PAT stood at INR 8 crore, showing a significant 123% YoY increase but a 16% QoQ decline.
•Margins: EBITDA margin is 19%, and PAT margin is 8%. The increase in investment in sales and marketing contributed to a slight dip in EBITDA margins QoQ. Profits from taxable units were higher.

Client and Market Presence
•New Clients: Secured six new clients, including three large enterprises, two funded startups, and one non-profit organization (NPO).
•Revenue Breakdown: Geographic revenue distribution is: USA 64%, Europe 20%, UAE 10%, and India 6%. Segment-wise distribution is 48% from digital transformation and 52% from product engineering. Business-wise, 84% of revenue comes from Infobeans and 16% from Infobean Cloudtech.

Strategic Partnerships and Achievements
•Agineo Partnership: Established a partnership with Agineo to enhance service offerings.
•Educational Partnerships.
•Partnered with IIT-Indore Drishti CPS Foundation to support over 250 underprivileged students.
•Collaborated with FICCI FLO Indore to support a girls-only batch, providing them with opportunities in the tech industry.
•Industry Recognition: Awarded ServiceNow Partner of the Year 2024 for excellence in consulting and implementation in the APAC region.

Advisory and Future Outlook
•Advisory Addition: An IT industry veteran joined as an advisor to help shape the long-term growth strategy.
•M&A Pipeline: One ServiceNow-focused asset is in the M&A pipeline, indicating ongoing expansion efforts and strategic acquisitions.

Zensar Technologies Ltd Q1FY25 Concall Highlights
CMP: 749 | Market Cap: 1,69,850 Mn.

Outlook:
The company projects stable market conditions and robust performance across all verticals, driven by strategic expansions, ongoing innovations, and strong talent acquisition, with steady EBITDA margins and positive quarter-on-quarter growth expected throughout the year.

Performance Consol:
•Revenue came in at INR 12,881 Mn. (4.7% QoQ) (5% YoY) in Q1FY25.
•EBITDA margins came in at 15.2% (Vs. -3.4% QoQ) (-14.8% YoY) in Q1FY25.
•PAT came in at INR 1,579 Mn. (-8.9% QoQ) (1.1% YoY) in Q1FY25.

Order Book and Sales Pipeline
Robust Order Book: The order book remains strong, valued at USD 154.4 million, with a quarter-on-quarter (QoQ) utilization improvement of 120 basis points (bps).
Sales Pipeline Stability: The sales pipeline is aligned with Q1FY24, despite minor delays in order book conversion.

Workforce Expansion
Employee Additions: The company added 855 employees in Q1FY25 and plans to hire an additional 100.

Market and Financial Outlook
Stable Market Conditions: Market conditions are anticipated to remain stable, with no expected geopolitical impacts or significant changes.
Steady EBITDA Margins: EBITDA margins are projected to remain steady at 15.2% for the year.
R&D Credit Impact: A one-time benefit of 70 bps was achieved due to the R&D credit during the quarter.

Strategic Initiatives and Innovations
Healthcare Sector Expansion: Strategic relationships, particularly in the HL vertical, are expected to expand following a strong Q4 performance last year.
AI/GenAI Innovations: Continued innovations in AI/GenAI have enabled the company to deliver significant benefits to clients.
Cloud and Infrastructure Services: These services accounted for 53.2% of revenue in Q1 FY25.

Talent Acquisition and Development
Attracting Talent: The company continues to attract high-caliber talent for its life sciences division.
Utilization and Leadership Impact: Utilization stands at 84%, with net headcount growth for the second consecutive quarter, credited to the CEO's leadership and enhanced employee engagement through cross-training and redeployment.

Acquisition and Geographical Performance
Strategic Acquisition: The company has made an acquisition as part of its go-to-market strategy in the healthcare life sciences vertical, established in Q2 or Q3FY24.
South Africa Growth: Volume and constant currency growth are robust, despite the rand depreciating from $16 to $10, indicating strong organic growth.

Investment and Operational Highlights
Ongoing Investments: The company plans ongoing investments in IT and other growth areas.
Minimal Furlough Impact: A brief 1-2 week furlough in July had no impact on quarterly performance.

Sector-Specific Growth
TMT and Manufacturing Consumer Sectors: Growth in these sectors has been driven primarily by a successful cross-selling strategy, resulting in a 100 bps increase.

Financial Adjustments and Projections
Client Receivable Provision: A one-time item of $1.75 million provision for a client's receivable due to Chapter 11 (bankruptcy) reorganization, resulting in 1.1% margin dilution.
No Margin or EPS Dilution Expected: No margin or EPS dilution is expected this year.

Ksolves India Ltd Q1FY25 Concall Highlights
CMP: 1,092 | Market Cap: 12,940 Mn.

Outlook:
The company anticipates strong international revenue growth and robust technological advancements, projecting a 30% QoQ sales increase over the next three years, despite a temporary dip in margins due to increased marketing efforts.

Performance Consol:
•Revenue came in at INR 315.703 Mn. (3.69% QoQ) (32.71% YoY) in Q1FY25.
•EBITDA margins came in at 38.06% (Vs. 42.53% QoQ) (42.86% YoY) in Q1FY25.
•PAT came in at INR 89.522 Mn. (-4.74% QoQ) (17.95% YoY) in Q1FY25.

Highlights:

Technology Partnerships and Innovation
Technology Partnership Programme: Continued focus on enhancing the technology partnership programme as a quality assurance framework.
AIML for Content Marketing: The company initiated the use of AIML for content marketing in Q1FY25.
New Market Technologies: Began working with new market technologies like Databricks.

Knowledge Management and Product Development
KMS / GenAI Development: In the process of building KMS / GenAI models, with training commencing in Q1FY25.
NiFi Product Development: Developing the NiFi product, with beta testing underway and a target completion date within the next 2 months.

Salesforce and Project Completion
Salesforce Applications: Completed the development of two Salesforce applications, Rollup Magic and GAC, and plans to market these at the Salesforce Event in September.
Project Completions: Successfully completed multiple projects in Q1FY25, including EdTech, BigData for large dataset movements, and BigData Bonza.

Financials and International Focus
Dividend Payment: Paid a dividend of INR 8/share in Q1FY25.
International Revenue: Maintains a strong international focus with 75% of revenues from international markets, particularly North America, with no current plans for international office expansion.

Sales Growth and Margin Impact
Sales Growth Guidance: Management guides for 30% sales growth QoQ over the next three years, noting a temporary sales decline due to larger, time-intensive projects.
Margin Decline: Margins decreased in Q1FY25 due to active participation in global events and marketing activities.

KPIT Q1FY25 Concall Highlights
CMP: INR 1,858 |Market Cap: INR 507,645

Outlook:KPIT has a strong growth trajectory in the coming years, driven by its consistent performance, positive feedback from clients, and ongoing investments to strengthen its competitive position. As a leading ER&D player with specialized expertise in the automotive industry's emerging technologies, KPIT is well-positioned to capitalize on trends such as software-defined vehicles, autonomous driving, and electrification. These technologies are expected to drive multi-year growth in the Automotive ER&D sector, benefiting specialized firms like KPIT. While the company's valuations may appear high, they are likely to remain elevated as long as it continues to deliver exceptional growth.

•Revenue grew by 4.7% QoQ and 24.8% YoY in constant currency terms, mainly due to the segment.

•Deal wins in Q1 total $202 mn, down about 23% QoQ

•The company maintains a strong pipeline across its various practices.

•EBITDA margins increased by 40 bps to 21.1% QoQ, thanks to fixed cost leverage despite ESOP costs and quarterly promotions.

•Adjusted EBITDA margins were 21.8% after a 70 basis point adjustment for ESOP impact.

•KPIT will acquire an additional 13% stake in N-Dream AG, a cloud-based game aggregation platform, for EUR 3 million, with the transaction expected to close by August 20, 2024. Post-acquisition, KPIT will hold a 26% stake in N-Dream.

•Clients are prioritizing faster vehicle market releases, significant cost savings, and improved investment leverage.

•Growth is driven by the top 15 clients within the top 25, with other clients also engaging meaningfully.

•The Asian market is leading growth, with Europe maintaining momentum. The U.S. market is expected to recover and become more important for clients.

•KPIT will continue to focus on operations with Chinese OEMs.

•Attrition remains among the lowest in the industry, in single digits.

•EVs are expected to grow, with KPIT aiding in cost reduction. The company is also leveraging AI to enhance productivity in software development and differentiate its offerings.

•The company reaffirmed its FY25 revenue growth guidance of 18% to 22% YoY in constant currency and an EBITDA margin of over 20.5%.

•In Q2, wage hikes and ESOP impacts are expected to reduce margins by 2.8% overall, including a 100bps decrease.

•Growth from engagements with Honda is expected to continue.

•Asia's growth is projected to be robust, with broader expansion among the top 25 clients. Growth in the region is anticipated to remain strong.

•KPIT will collaborate with select OEMs on new-age vehicles.

•Existing OEMs in the passenger car sector are expected to see higher growth in the next 2-3 quarters.

•The joint venture with ZF is not expected to significantly impact margins. KPIT may contribute EUR 5 mn if necessary after 18 months into the JV.

•The current order book is sufficient to build upon in Q2.

•In Q1, KPIT signed five deals: two from the U.S., two from Europe, one from Asia, and one from the truck business. Two deals each from the U.S. and Europe are expected to enhance the deal pipeline for H2FY25E.

•KPIT is expanding its focus within the truck sector, engaging with 6-7 OEMs compared to 2-3 previously. Areas of interest include SDV trucks, level 4 autonomy, diagnostics, fuel cell technology, and vehicle engineering.

•The off-highway segment is anticipated to become a significant part of the business over the next 2-3 years.

•KPIT is actively involved in writing or influencing RFPs for most of its diamond accounts.

•Growth will continue among the top 25 clients, with attention also given to other clients.

Cyient Limited- Q1FY25 Concall Highlights
CMP INR 1,894 | Market Cap INR 210,131 Mn| View: Positive

QoQ growth in the upcoming quarters, with H2FY25E expected to outperform H1FY25E. Aerospace continues its upward trajectory, while Rail faces ongoing challenges. Connectivity has achieved its highest order intake to date, and the company estimates a robust recovery for FY25. Sustainability growth is also expected to persist. FY25E revenue guidance predicts flat YoY growth in CC, a revision from the earlier high single-digit growth outlook. Cyient remains confident in reaching a 16% margin by Q4FY25E. The order backlog has grown double-digit YoY, indicating a stronger H2FY25. A strong growth momentum is expected for Q2, with several projects ramping up

Financial
DET revenue: INR 14,140 Mn, down 5% QoQ and 2.8% YoY.CC revenue: down 5% QoQ and 3.6% YoY. EBIT: INR 1900 Mn, margin of 13.5%. PAT: INR 1410 Mn, down 17% YoY. Group Q1 FY25 revenue: $200.9 million, down 1.5% YoY in constant currency.DET business revenue: $169.6 million, down 5.0% QoQ and 3.6% YoY in constant currency.EBIT margin 13.5%, declined by 260 bps YoY.

Concall Highlights

Operational challenges in DET ((Digital, Engineering & Technology) led to a weaker-than-expected Q1, but a strong recovery is expected from Q2 onwards, positioning us well in the semiconductor industry.

DET margins declined in Q1 due to revenue absorption impacts and investments in sales and technology.

Won 5 large DET deals worth $52.4 million this quarter.

New Growth Areas have the highest order backlog, expected to grow double-digit by year-end.

FY25E revenue guidance predicts flat YoY growth in constant currency, down from earlier high single-digit growth.

The company is confident of achieving a 16% margin by Q4FY25E.

Signed 2 large Connectivity deals from the USA in Q1.

Top 10 customers saw double-digit YoY growth.

The company's core segment demand drivers remain strong, maintaining a positive 3-year outlook.

Project execution delays observed in Connectivity.

Sequential growth is expected in upcoming quarters, with H2FY25E outperforming H1FY25E.

Robust demand in Aerospace, with efforts to increase order book predictability in Connectivity and Sustainability. The company is Cautiously optimistic following a weak Q1, with no structural changes seen in Aerospace.

Order backlog grew double-digit YoY, indicating stronger H2.

New growth areas are gaining momentum and will continue to expand this year.

Strong growth momentum is anticipated in Q2, with several projects ramping up.

Broad-based headcount additions and Q2 wage hikes are planned.

The company won over 15 GenAI projects in Q1.

Significant client interest in manufacturing, engineering, digitalization, aftermarket, and supply chain within Aerospace.

Subcontracting to remain onsite-centric for the next few quarters.

Tech Mahindra- Q1FY25 Concall highlights
CMP INR 1,530| Market cap INR 14,96,326 Mn| View: Positive

Q1 results signal a positive start for the company's turnaround and long-term strategy, with ongoing investments expected to fuel growth. The emphasis on telecom as a leadership sector involves scaling and accelerating investments. In BFSI, positive outcomes are due to both an improved demand environment and Tech Mahindra's strengthened market positioning, with gains primarily driven by the new team, targeted vertical strategy, and enhanced positioning rather than significant demand surges. The company prioritizes margin overgrowth, avoiding cash-negative and margin-dilutive deals, and is confident in using its existing portfolio to enhance margins.

Margin: Q1 margin was impacted by lower Comviva revenue and higher visa costs and some other direct cost (30bps) but was offset by savings from Project Fortius and moderated subcontractor costs. Long-term investments helped balance out these expenses.

BFSI: The company is actively working on adding new client logos, with a large global bank on-boarding Tech Mahindra as a preferred supplier in Q1. Efforts are focused on solution development in core banking, wealth and asset management, insurance, and payments.

Manufacturing and healthcare sectors showed growth, while communications revenue declined seasonally.

YoY improvement in the telecom business, with a strong competitive position, being present in seven of the top ten operators. The telecom market is active with mega consolidation deals in North America, Australia, and Europe.

Cost optimization: Tech Mahindra is focusing on cost optimization, integration of portfolio companies, and progress in AI skills and solutions.

New deals include contracts with a US telco, a UK network provider, and a Japanese automotive manufacturer.

Gen AI: Tech Mahindra launched TechM Verify to address AI validation and assurance needs, and has enabled over 25,000 associates with AI skills, leading in telecom by working with seven of the top ten largest operators globally.

The company developed a large language model for Hindi dialects and Bahasa Indonesian as a technology demonstrator, showcasing the AI capabilities, with commercialization efforts ongoing.

Existing Accounts: The company sees new opportunities in existing accounts and has won new logos, including a managed services contract from a tier-one global bank and preferred vendor status, with partnerships like Temenos and Guidewire gaining momentum.

New deals include ones with a US telco, UK network provider, and Japanese automotive manufacturer.

Onboarded ~1k freshers in Q1, a key driver for margin expansion in both the medium and long term. This initiative will continue to be a focus as move forward.

DSO including unbilled was 93 days, up 1 day QoQ/ down 5 days YoY.

Tax rate expacted in the range of 26-27 in FY25.

Decent Nos
•Reported revenue of INR 130.1bn up 1.0% QoQ in INR terms, up 0.7% QoQ in USD terms. The cc growth was 0.7% QoQ.

•Segments: The growth was led by Retail, Transport and Logistics up 5.2% QoQ and Healthcare& Life Sciences(up 7.9% QoQ). While, Communication was down 1.9% QoQ.

•EBIT margin improved by 112 bps QoQ to 8.5%, led by lower SG&A, down 8.8% QoQ.

•New deal TCV was $534mn vs $500mn in Q4FY24 and $359mn in Q1FY24.

•No of active clients was down to 1,165 vs 1,172 in Q4FY24 and 1,255 in Q1FY25, on account of rationalisation of tailwinds accounts.

•Headcount grew by 2,165 QoQ(1.5% QoQ) to 147,620. Utilization was down 30 bps QoQ to 86.1%. Attrition was up 10 bps QoQ to 10.1%.

Aurionpro Solutions Limited – Q1FY25 Concall KTAs
CMP: INR 1649 | Market Cap: INR 91,055 Mn

Outlook
The company reported strong Q1 FY25 results with 32% revenue growth, 27% EBITDA growth, and 41% PAT growth. They are guiding for 30-35% revenue and earnings growth for the full year. The company is focusing on expanding its banking software, transit/mobility solutions, and data center businesses globally. They recently acquired an AI company to build enterprise AI solutions for banking and insurance. Aurionpro also received a payment aggregator license to expand into payments. While smart cities business is being scaled down, transit and data center segments are expected to grow strongly.

Financial Highlights
- Consolidated net revenue stood at INR 2,620 Mn in Q1FY25 up by 32% YoY and by 6% QoQ.
- Consolidated EBITDA stood at INR 560 Mn in Q1FY25 up by 27% YoY and 6% QoQ with margins at 21.22% decreased by 70 bps as compared to Q1FY24.
- Consolidated PAT was at INR 450 Mn in Q1FY25 up by 41% YoY and 13% QoQ with margins at 17.05% increased by 115 bps as compared to Q1FY24.

Order book
- The company's order book stands at over 1000 crores, with 65-70% expected to be executed in 12-18 months.
- Technology Innovation Group (TIG) comprises 65% of the order book.
- The banking segment comprises 35% of the order book.

Market Expansion & Acquisitions
- Strong growth is expected in the US market, targeting USD 15-20 Mn. in revenue.
- Expect to report success in expanding OmniFin (lending product) in Southeast Asia and the Middle East this year
- Anticipate strong growth in Mexico and Latin American markets
- Aiming to monetize recent entries into the UK through collaboration with BIC and Australian markets.
- Acquired AI company to build enterprise AI offerings for banking/insurance. Partnering with MasterCard for global expansion.

Challenges/Risks
- The company is expecting slower growth in the smart cities segment.
- Need to build local presence/references when entering new geographies.
- High R&D investments of the company are impacting near-term margins.
- Cautious about scaling pure services business due to lower margin profile.

Growth Strategy
- The company is exploring inorganic growth opportunities that complement existing capabilities.
- Investing heavily in R&D and new product development will continue to increase the R&D budget YoY.
- Not prioritizing margin expansion currently, instead focusing on growth.
- Aim to capture 40-50% of data center project value in certain contracts.

Transit & Data Center Business
- Close to launching a fully productized Edge compute product for data centers.
- The data center comprises about one-third of TIG revenue and has grown by over 50% annually for the past three years.
- Transit Business has a strong pipeline, especially outside India, and it's Moving from closed-loop to open-loop systems globally
- Integrated end-to-end offering stack, including hardware and software.

Investment/Capex Plans
- Doubled sales team over last two years and planning to increase marketing spend this year.
- Investing heavily in enterprise AI capabilities, particularly for the banking and insurance sectors.
- Successfully concluded a QIP and attracted prominent global and Indian institutions as investors.

Long-term Vision
- Aspire to build a global product and platform player rooted in India.
- Aim to drive non-linear economics in data center business through productization.
- In the long term, the company expects software businesses to achieve 40-45% EBITDA margins as they mature.
- Expect to move towards heavily product-type offerings in data center space in the next 12-18 months.

Additional Financial Insights
- Planning to expand the scope of partnerships in the data center business.
- The company is expecting 12-15% growth in the banking software business from existing clients if no new logos are added.
- AMC revenues typically grow 3.5-4.5% annually due to CPI indexing.
- The company has received RBI authorization to operate as a payment aggregator.

Intellect Design Arena- Q1FY25 Concall highlights
CMP INR 1000 | Market Cap INR 137,189 Mn

Outlook: The company aims for ~15% FY25 revenue growth, excluding GeM impact, with a target of INR 7000 Mn in QoQ revenue. Operational costs will stay around INR 4800 Mn,boosting margins. There's strong traction in Europe and potential in Asia, focusing on wealth management and capital markets. Emphasis is on license and SaaS revenue with a ~24% tax rate and ~20% deals via partnerships. Prioritizing market share over margins, they foresee gradual margin improvement due to AI investments. Long-term profitability margin targets are ~24%-30%.

Financial Performance
Revenue down 1.2% QoQ/5.2% YoY to INR 6060 Mn.
EBITDA down 11.7% QoQ/ down 13.6% YoY to INR 1210 Mn. Margin stood at 20% against 22.2% in Q4FY24
Net Profit up ~1.9% QoQ/ down 20.2% YoY.

Collections, 5560 Mn against 5700 Mn in Q4 FY24.
DSO increased by 4 days to 126 days.
Excluding GeM increased by 12 days to 101. Revenue and profitability losses due to its removal.
Bank deal delay impacted revenue by INR 300 Mn, expected by Q4 FY25.
Software Costs increased due to increased cloud use and deal ramp-up.

Segment Performance: Platform Revenue INR 660 Mn in Q1FY25 vs INR 560 Mn in Q4 FY24 and INR 520 Mn in Q1 FY24.License Revenue INR 1250Mn in Q1FY25 vs.
INR 1340 in Q4FY24, up ~11.6% YoY. AMC Revenue: INR 1210 Mn in Q1 FY25 vs. INR 1180 Mn in Q4 FY24 and INR 1060 Mn in Q1 FY24.License-Linked Revenue: INR3070 in Q1FY25 vs. INR 3330 Mn in Q4FY24 and INR 2710 Mn in Q1 FY24.Revenue Excluding GeM INR 2980 Mn in Q1 FY25, up 22% YoY and 6% QoQ.

Deal Pipeline INR 85, 260 Mn in Q1 FY25, up 17.8% YoY/+ 4.8% QoQ.
The eMACH.ai platform secured 52 deals and achieved 56 go-lives, bringing on board 11 new customers. Additionally, 12 global financial institutions completed their digital transformations using the platform.
Regionally, the company won 3 deals in North America, 1 in the Middle East, 3 in India and Bangladesh, 2 in Australia and New Zealand, and 1 in the Philippines.

The company showcased its AI platform Purple Fabric in several boot camps, highlighting significant demand for AI and Gen-AI. The platform enables swift AI solution creation with a low-code, self-service approach, reducing costs and time. Approximately 35 client discussions for Gen-AI projects are in the pipeline. Partnerships with Accenture, Deloitte, KPMG, EY, HCL Technologies, Tech Mahindra, Persistent, and others support digital transformation in traditional banking

Zen Technologies Q1FY25 Concall Highlights
Mcap: INR 135.33bn | CMP: INR 1,609

Outlook: Zen Technologies order book stood at INR 11.58bn (~2.63x of FY24 revenue) and expected order inflows of INR 12-13bn show business visibility going forward. The company has a dominant market share in the Navy and Air Force for various simulators and anti-drone systems. The demand for anti-drones is around INR 100bn over the next 2-3 years and the company has the potential opportunity.

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Revenue
Revenue is expected to reach INR 9bn in FY25E. revenue is expected to reach INR 20bn over the next 2-3 years.

Margins
EBITDA and PAT margins are expected at 35% and 25% respectively. The margins will vary based on product mix and domestic & export mix.

Export margins are higher than domestic margins.

ADS margins are around 30%-35% and training simulators margins is around 40%.

Order book
The order book stood at INR 11.58bn (~2.63x of FY24 revenue) in Q1FY25.

The order inflows stood at INR 108mn in Q1FY25. Most of the orders are expected in Q4FY25E. Around INR 12-13bn orders are expected in Q4FY25E.

Anti-drone market
The demand prospectus is expected INR 100bn for anti-drone systems over the next 3-5 years.

AI
The company has launched new products with AI capabilities.

Developments
The company has developed a remote control weapon station which is the world's lightest system (reduced from 250kg to 40kg).

The company has developed Hawkeye Cameras with a range of 40km and has supplied to the Indian army along with an anti-drone system.

Market share
The company has a dominant market share in the Navy and Air Force for various simulators and anti-drone systems.

Other highlights
After selling a product, supply needs to be maintained over the next 10-15 years. Electronics needs to be changed in 3 years. Any display failure, changes in graphics, or upgradation of software needs to be updated periodically. Competitors may not be able to maintain that. The company has a track record for maintaining in 10 years.

The company is focused on in-organic growth opportunities in electronic warfare and training & simulation.

AI Turing (recent acquisition) contributed significantly to product offerings, including camera systems.

Goa facility capex is in the blueprint stage.

Quick Heal Technologies Ltd Q1FY25 Concall Highlights
CMP: 621 | Market Cap: 33,300 Mn.

Outlook:
Quick Heal reported a good set of numbers with Revenue and PAT improving YoY but declined QoQ. The company's strong product development and strong pipeline signal promising future growth despite challenges.

Performance Consol:
•Revenue came in at INR 702.9 Mn. (-12.71% QoQ) (36.64% YoY) in Q1FY25.
•EBITDA margins came in at 3.68% (Vs. 12.54% QoQ) (-29.31% YoY) in Q1FY25.
•PAT came in at INR 40.3 Mn. (-71.2% QoQ) (131.58% YoY) in Q1FY25.

Financial Performance
•Revenue Distribution: The consumer business accounted for 58% and the enterprise business for 42% of total revenues.
•Enterprise Business Growth: The enterprise segment generated INR 325 Mn in revenue, significantly boosted by new products.
•Cost Management: Maintained steady expenses at INR 680 Mn despite increased investments in innovation and R&D.
•Strong Balance Sheet: Emphasis on maintaining a robust balance sheet and focusing on long-term value creation.
•Revenue Cycle: Q1FY25 is traditionally a weaker quarter due to consumer preferences and market inertia in India.

Product Development and Innovations
•Cybersecurity: Quick Heal has transitioned from a consumer antivirus company to a comprehensive cybersecurity firm, developing Horizon Two products such as XDR and Zero Trust.
•New Product Launches: In Q1FY25, the company launched an on-premises EDR product, addressing the specific needs of the Indian government.
•Horizon Three Initiatives: Ongoing work includes enhancing Zero Trust and data privacy offerings, along with new solutions like threat intel and malware analysis platforms using generative AI.
•AI Integration: Integration of AI for core protection and efforts to incorporate generative AI to simplify security for customers.
•AI-Driven Simplification: Aim to integrate generative AI in products to make security interfaces more user-friendly.

Organizational Development
•Declining Attrition: Noted a steady decline in attrition rates due to automation, digitization, and internal upgrades.
•Sales Team Expansion: Strengthened the sales team by hiring a new head of digital business and other mid-management roles in Q1FY25.

Business Strategy and Customer Engagement
•Product Strategy: Focus on developing next-generation cybersecurity solutions, ensuring alignment with profitability goals.

•Customer Awareness: Leveraged social media and micro-influencers to boost consumer awareness and engagement.
•Customer Wins: Secured significant wins in the enterprise segment with new EDR and XDR solutions in Q1FY25.
•Pipeline Strength: Maintained a strong pipeline in both enterprise and government business sectors, with ongoing efforts to enhance conversion rates.
•Cybersecurity Sovereignty: Positioned Quick Heal as a leading cybersecurity product company contributing to India's cybersecurity sovereignty.

Happiest Minds Q1FY25 Concall Highlights
CMP INR 756 | Market Cap INR 115,142 Mn

FY25 revenue growth guidance has been adjusted to 30%-35% (Previous 35%-40%) due to timing issues related to the completion of two acquisitions: Puresoft Tech and Aureus Tech. The company has projected an EBITDA margin of 20%-22% for FY25, including other income.The target to achieve $1 bn in revenue by FY31 remains unchanged.

The integration of the acquired companies is currently in progress.
The wage hike effective from July 1st is expected to impact the Q2FY25 EBITDA margin by ~250bps.
Q1FY25 EBIT margin was affected by increased amortization of intangibles due to the acquisitions and one-time integration costs.
Utilization is expected amortization d to be slightly lower in Q2 due to recent hiring activities.
The company plans to raise INR 2500 Mn through NCDs to refinance existing debt.
75% of the workforce has been trained on Generative AI tools.
DSO improved by 1 day to 58. Clients 279 as of June 30, 2024, and 41 additions in Q1FY25.
The company will continue to make investments in the newer area.

Gen AI: The newly established Generative AI business services are gaining increasing traction. Generative AI Business Services is also helping them create transformative solutions that are helping customers to further extend their digital journeys.

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Yatra Online Ltd Q1FY25 Concall KTAs
CMP: INR 132 |Market Cap: INR 20829 Mn

Financial Highlights
• Revenue: Declined by 9% YoY to INR 1008 Mn.
• EBITDA: Stood at INR 70 Mn, a decline of 61% YoY, with a margin of 9%.
• PAT: Recorded at INR 40 Mn, a decline of 33% YoY, with a margin of 4%.
• Gross Booking: Declined by 17% YoY to INR 16,509 Mn.
• Debt: Gross debt reduced significantly from INR 1,707 Mn to INR 210 Mn as of 30th June 2024.

Key Highlights
• The revenue decline was primarily due to reduced volumes in the B2C segment, as the company optimized discounts amid intense market competition.
• Yatra expanded its corporate client base, closing 34 new corporate accounts with a billing potential of INR 2,028 Mn, marking a 77% sequential increase in average billing potential.
• The newly launched MICE business showed early positive signs, with meaningful business already secured for the upcoming quarter.
• Yatra onboarded a new team for its MICE business, targeting the growing market, projected to reach USD 10.5 billion by 2030, with an 18% CAGR.
• The company also focuses on cross-selling opportunities within its existing corporate client base, particularly in high-income sectors like consulting, IT, and banking.
• The Board approved a Composite Scheme of Amalgamation involving Yatra Online Limited and its six wholly-owned subsidiaries. This move aims to simplify management, operational, and corporate structures, enhancing efficiencies and generating synergies.

Future Outlook
• Yatra is well-positioned to capitalize on growth in the B2B market, expected to grow at 2x the overall travel market over the next five years, driven by India's projected GDP growth of 7% in FY25.
• The company is exploring fintech opportunities, including co-branded T&E cards with financial institutions, and expanding internationally through its Corporate Platform Partner (CPP) program.
• Yatra continues to pursue green initiatives, including the shift towards EV-based cabs for corporate customers and offering carbon footprint tracking on its platform.

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Vodafone Idea Ltd| Q1FY25 Concall KTAs

CMP INR 15.6| Market Cap. INR 1057.55bn

VI raised INR ~240bn through equity issuance in FY25 with capex guidance of INR ~500-550bn over next 3 years. They are also finalising its 5g rollout. Total debt from banks stood at INR 46.5bn. It's 4g subscriber base grew and stands at 126.7mn users. Co. states that further tariff rationalisation is needed for co. to cover it's cost of capital.

Financials

Revenue from operations stood at INR 105,083mn(-0.9%QoQ) with EBITDA of INR 42,047mn(-3%QoQ) and 40% margins. EBIT of INR (11,644)mn and PBT of INR (64,266)mn and PAT of INR (64,321)mn.

4g penetration is going at good pace but remains below than comparable co.'s, hence it represents large opportunity.

FPO of INR 180bn and preferential issuance of INR 20.8bn to

an ABG entity. They have raised INR 24.6bn via preferential issuance of equity share to Nokia and Ericsson.

Post this preferential issuance, the shareholding of Nokia and Ericsson in the company is 1.5% and 0.9% respectively.

Co. is in active discussions with lenders to raise fund-based facilities to the tune of INR 250bn and non-fund-based facilities of INR 100bn.

Co. guides for CapEx of INR500-550bn over next 3 years towards expansion of 4G coverage and launch of 5G services. They participated in the spectrum auction in Q1FY25 and acquired 50 MHz of spectrum across various bands in 11 circles. Out of this, 37.6 MHz was acquired in the sub-GHz 900 band. The total commitment for this spectrum is INR 35.1bn.

VI holds highest 4G spectrum per mn subs amongst the three private operators. Further, their 5G spectrum portfolio in 17 priority circles is competitive and sufficient for foreseeable future.
-Co. is in discussion to finalize its 5g rollout plan, as a result of which they have increased their data capacity by 7% till date.
-CapEx has already been ordered and under execution basis, from which they expect 15% increase in their data capacity and an increase in 4G population coverage by about INR16mn by end September,2024. They have shut down 3G completely in seven circles with Haryana getting added to the list of six other circles.
They have shut down about 20k 3G sites and added about 6,600 4G sites.
Their overall broadband site counts to that about 417,250 as of Q1FY25.
Co. recently took some tariff interventions, to ensure better ROI and cashflows. Further tariff rationalization is needed for the industry to fully cover its cost of capital.
Co. offering unmatched offerings like night free data and weekend data rollover. Co. launched VI guarantee, under which they provide 130gb to all 5 and 4g customers. This was an instant hit among customers with 200mn views of organic content on social media.
Co. also offers the most comprehensive international packages and is the only co. to offer unlimited packs over 29 countries that contributes to 70% of the international roaming traffic. They have also expanded the footprint of special international roaming packs from 98 to 120 countries.
e-travel destinations have been added to international roaming portfolio. Company launched Volte in US, Australia, Singapore, Japan, Taiwan.
They are achieving momentum in broadening service portfolio for enterprise clients. VI has engaged with 1.6lakh SMSEs over past 2 years. Vi Business has partnered with PayU to provide MSMEs with digital payment solutions.
It has an multi utility app, with water and electricity app, tv channels, with option to buy ott subscription, play games. They also launched shop section in VI app. VI shop opened to appreciation from customers.
VI movies and TV were re-launched, which helps the subscriber buy subscription plan along with OTT subscriptions. It results in significant saving to subscriber who has been paying individually for such services.
4G subscriber base has continued to grow for the 12th successive quarter and stood at 126.7 million as of Q1FY25.
The total debt from banks and financial institutions stood at INR 46.5bn, and OCDs at INR 1.6bn as of Q1FY25. The debt from banks and financial institutions reduced by INR 45.5bn during the last one year. Cash balance stood at INR181.5bn.
The spectrum obligations to the government stood at INR 2,095.2bn including deferred spectrum payment obligations of INR 1,392bn and AGR liability of INR 703.2bn. This does not include the spectrum acquired in June'24 auction as the demand notes were received in July’24.

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RateGain Travel Technologies Ltd - Q1FY25 Concall Key Takeaways
CMP INR 763 | Market Cap INR 89,981 Mn

For FY25, the company expects a 150-200 bps margin expansion compared to FY24, with a 20% revenue growth target. Despite some volume pressure and slower growth in certain segments, booking volumes have remained steady due to healthy travel demand. Growth in this segment is expected to increase in FY25, driven by a strong deal pipeline. The company aims to achieve a revenue milestone of INR 2bn in the next 3 years. While most segments have 30%+ margins, reinvestment has led to blended margins of 20% across the business. Continued investment will focus on current products and expansion into new regions. Macro factors impact parts of the business like DaaS and distribution, but the Martech business tends to grow when macros are weak.

Financial Highlights
Operating Revenue of INR 2,600.1 Mn vs. INR 2,144.8 Mn (+21.2% YoY). Total Revenue at INR 2,782.8 Mn vs. INR 2,204.6 Mn (+26.2% YoY). EBITDA at INR 497.7 Mn vs. INR 377.9 Mn (+31.7% YoY). PAT at INR 453.8 Mn vs. INR 249.1 Mn (+82.2% YoY). EBITDA margin at 19.1% vs. 17.6% YoY, 21.2% QoQ. PAT margin at 17.5% vs. 11.6% YoY, 19.6% QoQ. Healthy pipeline of INR 5,553 Mn. New contract wins stood at INR 621 Mn, up 10.2% YoY.

Concall Highlights

Margin:
In Q1FY25, the margin stood at 19.1%, slightly lower due to annual wage hikes and the transition of distribution. The company expects normalization of infrastructure costs on distribution and higher margins from Q2 onwards. Mature products have margins north of 30%. The overall blended margin is around 20% due to reinvestment in new markets and products. The company aims to reach a margin of 25% in the next three years.
North America:
The company's goal is to drive 20% growth in North America with a payback period of 5-7 years. Business in North America is expected to reach 2019 levels by the end of FY25. Despite growing global uncertainties, the company is confident its strong business model and adaptive approach will help navigate these challenges.
DaaS Business (32% revenue contribution):
The DaaS business is maintaining a healthy pace with continued traction across key enterprise accounts and the addition of new logos across airlines, OTAs, car rentals, and crews. The air vertical continues to be a key growth driver within the DaaS vertical.

Martech (47.7% revenue contribution):
The Martech segment is seeing healthy growth in paid digital media and continued traction in social media management with some leading hospitality brands in North America. Sales momentum is strong, with pre-closures and a healthy pipeline. With continued focus from hotels on driving direct ROI, the PDM offering continues to gain traction with hotel chains across Europe and APAC regions.

Attrition rates stood at 10.9% in Q1FY25.

Strong Deal Pipeline
The deal pipeline is strong, but deal closures are slower, so the company is cautious. H2 is usually strong for the company. The company is pursuing large deals and closed certain deals in Q1, along with announcing growth initiatives.

Volume
Volume pressure was experienced across some demand partners in the distribution vertical, indicating a decrease in consumer demand. The company had to renegotiate pricing with a large customer due to the customer's significant volume, resulting in a discount on the per-transaction fee. This was a one-off case, and the company usually does not entertain volume discounts. Volume was 49% in Q1FY25 due to discounting, against 2%. The volume discount was given to a particular customer, which is one of the factors contributing to the 5% revenue growth despite 50% volume growth. Volume discounts are usually not entertained; however, given it was a large OTA client, they were provided to the client. This client pays a higher unit price than other clients, so this is a one-time occurrence and not a systematic trend.

Europe - Strong Summer Season:
The Europe region is seeing strong travel demand amid the summer season. The company has launched a new unified rate and site platform for hotels called the Navigator and is seeing early signs of traction with customers in Europe and Asia-Pac.

Distribution:
There was a significant cost associated with the transition of the company's distribution infrastructure from data centers to the cloud (AWS) in Q1, which will normalize from Q2 onwards. The company is confident that the distribution business will be a growth driver in the coming years.

Hotel Industry:
The company targets the mid-segment and upper segment within the hotel industry, making the total addressable market (TAM) around 1 Mn hotels. Global travel is at 104% of 2023 levels.

M&A:
The company has a couple of opportunities but will share as they are realized.
Promoter (Reduced from 51.25% to 48.25%)
The reduction in holding is due to QIP, and some shares were offloaded. The promoter is confident in future growth.
AI:
The company is introducing AI into its HR practices to enhance its ability to support employees more effectively and streamline processes.

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Suyog Telematics Ltd| Q1FY25 Concall KTAs
CMP INR 1,502| Market Cap. INR 16bn

Suyog plans to add 1,000+ small cells and targets 10,000 tenancies by FY25. The company expects 50% of its future revenue from fibre/FTTH, with a revenue guidance of INR 3.2 billion for FY26. Capex is expected to be around INR 4.5 billion for both FY25 and FY26, with significant growth potential from BSNL and Vodafone tenancies.

Financials
RFO stood at IN R459.9mn(+18.87%YoY) with EBITDA of INR 328.4mn(+21.4%YoY) and margins of 71.41%. PBT stood at INR 208.5mn(+29%Yoy) and PAT of INR 168.9mn(+38%YoY) with 36.72% margins.

It's current revenue mix is 49% from airtel and 23% from Jio. They have their presence across India except Bihar, Jharkhand and UP.

They have Master service agreement(MSA) with top 4 telecom co.'s with 10+ years and 2.5% escalation. Co. gets advance monthly payment from telecom players.

They have 4500+ sites in FY25. They have planned for 1000+ rollouts for small cells. Co. targets for 10k tenancies by end of FY25.

In it's longer vision, co. plans to go aggressive for FTTH/fibre. Co. expect to get 50% of its topline from fibre/FTTH in they years to come.

Management commented that govt. is supporting BSNL big time. BSNL has entered in 10yrs lock-in agreement starting FY25. BSNL has placed order for 0.1mn towers of which major part are new built towers.

Co. believes that Vodafone and BSNL to be big sources of revenue for the co.

Suyog currently has 4360 current towers of which 3800 are small cell, with balance of them being macro sites. Current year additions at 4500 and 3500 from BSNL and Vodafone for macro sites respectively.

They have given guidance of IN R3.2bn topline for FY26 with capex for FY25of INR ~4.5bn and similar for FY26.

As there is a tenancy addition, there comes a massive growth in revenue. Increase in tenancy leads to increase in margins without much additional capex.

-Macro sites have 500 meters of coverage while small cells have 200mtr coverage.

-Airtel & Jio has completed 50-60% of it's 5g rollout. BSNL to do 4g rollout right now with 5g to start after 1-1.5yrs. VI going aggressive for 5g as it has just started.

-Capex on avg of INR 1mn per tower for 4500 new towers. Small cells can also have multiple tenants. current tenancies for small cells at 1.2 which is expected to go up to 1.5

-Airtel prefers Indus towers first due to its stake, post which Suyog is preferred due co.'s performance.

-Normally, co. has payback of 3 years which may come down to 18months.

-Co. has enough availability of funds upto Q3, post which co. will decide for raising funds. Promoter too has recently infused funds.

-Full year capex benefit of FY26 to come up in FY27 thereby ensuring decent asset turnover. 4500 towers in FY25, with 10lakh per tower capex, it will incur INR ~4.75bn capex. with INR ~230mn of depreciation for FY26.

-Revenue from all 4 mobile operators are almost similar with no major difference.

-Location finalisation done by mobile operators, co. then finds suitable land within 100mtr of the location.

-Co. has guided for INR 1.9bn+ for FY25 revenue and for FY26 more than INR 3.2bn. Operating margins at 65% EBITDA.

[Arihant Capital Markets Ltd.]

CE Info Systems Ltd MAP MY INDIA* Q1FY25 Concall Highlights*
CMP: 2,210 | Market Cap: 1,19,500 Mn.

Performance Consol:
• Revenue came in at INR 1,014.9 Mn. (-5.06% QoQ) (13.51% YoY) in Q1FY25.
• EBITDA margins came in at 41.58% (Vs. 36.96% QoQ) (41.81% YoY) in Q1FY25.
• PAT came in at INR 358.6 Mn. (-6.24% QoQ) (12.06% YoY) in Q1FY25.

Highlights:
• Business-wise breakup between Map-led and IoT-led, out of total revenue of INR 1014 Mn, INR 780 Mn was contributed by Map-led business and INR 235 Mn was contributed by IoT-led Business.
• Company saw a decline in hardware sales from INR 150 Mn in Q1FY24 to INR 89 Mn in Q1FY25, this reduction in the sale of hardware was compensated by the sale of services from INR 77 Mn in Q1FY24 to INR 146 Mn in Q1FY25.
• Company won a leading electric commercial vehicle OEM as well as a utility large utility vehicle OEM and also a bunch of interesting key go-lives across, IC and EV.
• Company’s order book stands at INR 13,000 Mn and are on track to achieve their milestone in FY27-28.
• Company is pretty confident about its market position and the different dynamics that it works in.
• The company remains optimistic about its IoT business which has demonstrated significant growth over the past three years, increasing from INR 80 Mn to INR 500 Mn and further exceeding INR 1,000 Mn, the dip in Q1 performance was primarily due to a temporary lack of funds.
• SaaS gives higher margins.
• Company confident to achieve its revenue milestone of INR 10,000 Mn by FY27.
• The ramp-up has begun, all Hyundai and Kia cars on the road currently, have already switched Map India on.
• Mappls App, fully works with Apple CarPlay and Google Android Auto.
• App getting all the major updates of the newer construction of bridges, or a new road opens up or a new place is inaugurated, it is first on Map India's map.
• Company is bullish on international markets and is well-positioned in drones.
• The company gives the 3D junction views where user can visually see realistically what that junction is going to look like and which turn to take.
• The auto segment, auto OEM customers typically go for 4 - 5 years of contract, Hyundai Kia contract has ramped down and the new contract is in place and the revenue has started in Q1FY25.

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MSTC Q1FY25 Concall KTAs
CMP: INR 840 | Market Cap: INR 59 Bn | Promoter: 64.75%

Performance (Consol):
• Revenues came in at INR 1.9 Bn (-4.5% QoQ) (+5.87% YoY)
• EBITDA Margins at 36.84% (Vs -16.58% QoQ) (Vs 36.31% YoY)

Key Highlights from the call:
• Total value of goods traded through MSTC eco-system stood at INR 370.68 Bn (+91.4% YoY)
• E-commerce revenues degrew by 15.51% YoY, scrap sales revenues grew by 23% YoY
• 3rd tranche of spectrum completed. Chhattisgarh Forest Department has selected company for development of bidding portal for auctioning of timber
• Company has added data centre and recycling to its MOA which enables them to venture into these businesses in the future. There is not discussion/clarity on what kind of business the company take will up in these segments. Company has maintained that they will remain asset light in any case.
• Company is currently exploring opportunities in data centre space.
• Company has mentioned that there has been increased competition in ecommerce space. There are not a lot of private players.
• Coal India has opened its own auction platform. This will lead to loss of revenues for the company
• Company already has business of stressed asset auction and mineral auctions. Company keeps on evaluating new avenues to add.
• Company has INR 11 Bn net cash position but the utilization for this will be decided later.
• Scrap sales volumes were down by 6% YoY but positive QoQ.

Outlook: Company has maintained overall guidance for double digit growth but has highlighted the increased competition in e-commerce space. At CMP, company trades 27.4x TTM EPS

[Arihant Capital]

MPS Ltd Q1FY25 Concall Highlights

CMP: 2,196 | Market Cap: 37,570 Mn.

Outlook:

MPS Ltd has recorded mixed set of numbers with diversified revenue streams, reduced customer concentration, and significant YoY growth in content solutions and platforms. The company anticipates margin improvements, particularly in eLearning, driven by strategic acquisitions, global expansion, and AI integration.

Performance Consol:

•Revenue came in at INR 1,807.2 Mn. (20.94% QoQ) (36.38% YoY) in Q1FY25.

•EBITDA margins came in at 22.71% (Vs. 28.61% QoQ) (31.64% YoY) in Q1FY25.

•PAT came in at INR 258.9 Mn. (-9.8% QoQ) (-14.55% YoY) in Q1FY25.

Highlights:

•The top ten customers now contribute to less than 45% of the company's revenue, reducing customer concentration.

•The company recorded an improvement in BSO to 55 days.

•Revenue in the content solutions business grew by 32% YoY in Q1Y25.

•The acquisition of AJE, now has positively impacted margins in Q1FY25.

•The E-Learning business saw a 6% Foreign Currency Adjusted revenue growth in Q1FY25 but has dipped to the third spot in terms of revenue scale across business segments.

•The company expects significant margin improvements in the eLearning business from Q2FY25.

•Liberate Learning is leading revenue growth in the eLearning segment, and overall eLearning margins are expected to improve from Q2FY25.

•The platform business, including the acquisition of AJE, grew roughly 80% in revenue in Q1FY25 YoY.

•The sandbox environment for Digicore Pro has been released to multiple customers, with onboarding and migrations expected soon.

•North America and Europe combined accounted for 74% of Q1FY25 revenue, down from 91% in the Q1FY24.

•Company is looking for opportunities on the education and corporate side for future acquisitions.

•MPS looking for AI integration into content solutions, eLearning, and platforms, and exploring AI as a revenue stream, expects AI-driven initiatives to convert into deep commitments within 12-18 months.

•Company is adopting an outsourcing model similar to Liberate Learning, aiming to maintain headcount while flexing with external resources.

•The eLearning business has shown margin volatility because of diverse demands.

•Liberate Learning operates with high margins outsourcing 40% of the revenue.

•MPS expanding its global reach into newer markets, including Australia, New Zealand, China, Brazil, and South Korea, while expanding globally, North America and Europe remain key markets.

•The company guides 12% growth in the eLearning business in FY25.

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Pitti Engineering Ltd Q1FY25 Concall Highlights
Pitti Engineering | CMP: INR 1,337 | Mcap: INR 4,737cr

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Capex
Installation of capacities is on track in Aurangabad facility. The sheet metal capacity is expected to increase from 56,000 tonnes to 72,000 tonnes by Sep-24. machine hours are expected to increase from 4.6 lakh hours to 6 lakhs hours going forward.

In Aurangabad facility, the company has added 22.5 lakh sq.ft of built up area. The facility has enough space to increase the capacity to 1,00,000 tonnes per annum (Post 72,000 Tonnes; an additional increase of 28,000 Tonnes).

The consolidated capacity is expected to reach 90,000MT going forward. The consolidated capacity includes acquisition capacities.

The machining capex of INR 198cr is expected to be completed by next 12-18 months.

Volume
Standalone sales volume stood at 12,411MT in Q1FY25.

Pitting Engineering standalone volume is expected 48,000 Tonnes and Consolidated volumes are expected 63,000 Tonnes in FY25E.

Fundraising
The company has completed fund raising of INR 360cr through QIP. These funds will be utilized for strengthening the balance sheet and fueling future growth.

Bagadia Chaitra Industries
The company completed the acquisition of Bagadia Chaitra Industries on 6th May 2024.

The one time expenditures related to BCIPL is around INR 2.18cr in Q1FY25.

In BCIPL; Post takeover, the company has moved to conservative method of accounting for inventory. The impact of inventory valuation is around INR 2cr.

BCIPL EBITDA per tonne is expected to reach INR 18,000/tonne over next 2-3 quarters.

The company has added Pump segment from the acquisition of Bagadia Chaitra industries. It is majorly for agricultural pump sets and its major customer is Texmo.

Dakshin foundries
Dakshin foundries volumes is around 3,000MT/annum and expected to continue at the same rate going forward.

Order book

The order book stood at INR 1,000cr as of Q1FY25. Short term order is around INR 800cr and remaining INR 200cr from long term orders.

Debt

The net debt stood at INR 525cr as of Q1FY25. Post fund raise, the company repaid debt and net debt stood at INR 300cr as of 1st Aug 2024. The free cash flows will be used for debt reduction going forward.

Working capital

Inventory stood at INR 270cr and inventory days stood at 70 days as of Q1FY25.

Days Sales Outstanding (DSO) stood around 60 days and Days Payables Outstanding (DPO) around 70 days as of Q1FY25. Overall, Net Working capital days is around 63 days.

Realizations

Standalone EBITDA per tonne stood at INR 43,785. After adjusting one-time expenditure of Bagadia Chaitra, EBITDA per tonne is around INR 45,500. After addition of Pitti castings, EBITDA per tonne is expected to reach INR 48,000 going forward.

Price variation clause

Pitti Engineering and acquisition companies have Price Variation Clauses (PVC) with all the customers. There is not much lag on prices.

For example; Jan – Mar quarter, the sale price is built from Feb-Apr to customers and the price staggered by one month. The older inventories consumed at the older rate and there is no much losses/gains when compared to increases/decreases in the market.

Pitti Casting

Pitti Casting merger is under progress and NCLT approval is expected shortly. The merger is expected to be completed by Q2FY25E.

Competitive landscape

Temple Steel is a MNC company and engaged in the lamination business for the past 15 years. The competitive landscape has not changed.

Other highlights

Around 25% of revenue from railways in FY24. Export and domestic mix stood at 75:25. The company is operating built- to-ship to customers in railways.

The company is not looking for further in-organic opportunities and focused on consolidating and integrating acquisitions.

The operating leverage is increased by 25%.

Havells India Ltd Q1FY25 Concall Highlights
Havells India Ltd | Mcap: INR 1,168.3bn | CMP: INR 1,863

Lloyd's margins are expected to reach 4%-4.5% going forward.

Capex is expected INR 8-9bn in FY25E and additional capex of INR 3bn for cables. Overall, INR 11bn capex, 30%-35% allocation for cables and wires.

Witnessing re-stocking in Jul-24 and expected to normalize in coming months.

Fans and Kitchen appliances witnessed strong traction in Q1FY25.

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Lloyd
Lloyd's margin stood at 3.3% in Q1FY25 due to premiumization. The company is making huge investments in Lloyd and brand-building efforts which will improve the margins to 4%-4.5% going forward.

In Lloyd, the market share is small in many categories and has huge opportunities in the large industry.

In Lloyd, 65%-70% of sales come from AC.

In Lloyd, refrigerators and washing machines remain a key focus in non-AC categories.

ECD
ECD witnessed 20.3% YoY due to summer and lower base. The consumer demand witnessed sustained improvement.

The company has taken action to reach smaller towns and villages for fans. Fans witnessed stronger growth in Q1FY25.

Kitchen appliances also gained better traction in Q1FY25.

Cables and Wires
Cables volumes witnessed double-digit growth, however, revenue was impacted due to channel de-stocking. Commodity prices moderated in Q1FY25.

Switchgear
Switchgear contribution margins are expected 38%-41% and EBIT Margins are expected 24%-30% going forward.

In switchgear, competitors like Norisys, Schneider, and Dogra are also premium-priced.

Capex

The capex is expected INR 8bn-INR 9bn in FY25E and another INR 3bn capex for cables and wires (25% capacity addition).

Overall, capex of INR 11bn; around 30%-35% capex allocation for cables and wires.

Lloyd's capex share is around INR 1bn.

In cables and wires, 1st phase of capacity expansion is completed and the company is waiting for sales approval from the new facility and expected to start from Q2FY25E onwards.

The company will add capacities for underground cables and power cables.

In cable and wires, more capacity expansion is expected with a focus on domestic and exports.

De-stocking

The stocking happened from Mar-24 to May-24 and witnessed heavy de-stocking in Jun-24 due to raw material fluctuation. The company witnessed re-stocking in Jul-24 and expected to be normal in the coming months.

Exports

Exports are around 3% of sales and are expected to reach 10% going forward.

The international market is opening up for Lloyd products, especially in the US, Australia, and Europe. The company already started some degree of supplies and a full range of approvals are targeted in the next 12 months for Lloyd and 9-12 months for cables.

Price hike

Price hike implemented in Q1FY25 across many product categories including consumer durables.

A&P

Lloyd and Havells A&P expenses are 4.5% & 2.5% respectively. Overall, A&P expenses are ~3%-3.5%.

Outlook: Havells witnessed strong growth in Q1FY25 led by ECD and Lloyd. Lloyd's margins stood at 3.3% in Q1FY25 and are expected to reach 4%-4.5% due to investments and brand building. Many of the product categories have lower market share and lots of headroom to growth in the large industry. Fans and Kitchen appliances witnessed momentum in ECD and consumer sentiment remains sustained. The capex of INR 11bn which includes INR 3bn for 25% incremental cables & wires capacity will increase the business going forward. We have a positive outlook on the stock.

Premier Explosives Ltd | Q1FY25 Concall KTAs
CMP INR 684 | Market Cap INR36.77bn

Premier explosives is planning for massive capex by undertaking greenfield expansion in Odisha under 3 phases totaling to ~INR 8640mn outlay. Although, their business is such that constant growth cannot be assured since consumption of their products depend on the conflicts on-going. Company is expecting for a ~5-6bn of topline in next 3 years from Odisha expansion. Co. has supplied first lot of mines and new products are expected to form ~10% of revenue in next 4 quarters. We believe with the current macro enviroment, PEL is positioned to capitlaise the growing demand for its products.

[Arihant Capital Markets Ltd.]

Financials
-Revenue from operations stood at INR 828.6mn(+34%YoY)(-5%QoQ). Operating profit was at INR 155.1mn(-7%YoY)(+3%QoQ) with margins of 18.7%(+130bps QoQ). PBT stood at INR 106.2mn and PAT of INR 72.8mn(-11%YoY)(+10%QoQ).

-Company recorded INR 230mn of export revenue from defence which was 28% of total revenue.

-As of Jun'24, co. had order book of INR 8,994mn which is 3.3x of FY24 topline. 85% of the order are from defence segment and 92% of it is from domestic orders.

Export Orders
Premier Explosives has seen significant export orders, especially for high explosives, with an export order book standing at INR 680mn for high explosives.

Domestic Market Participation The company is actively participating in the Aatmanirbhar Bharat initiative, focusing on indigenization of defense products.

Expansion Plans
Odisha Facility
The company has received approval for setting up a defense explosives plant in Rayagada district, Odisha, in three phases, with a total investment of approximately INR 8640mn.

-Co. is expecting a topline of INR 5-6bn in next 3 years, i.e. after completion of Phase2. Land is expected to be allocated in next 6 months post, which it shall take around 2 years to build, and around 6m for trial.

Capacity Enhancement Plans to expand and enhance capacities in RDX and HMX production, anticipating increased export orders.

Short-term Capex- An estimated expenditure of INR 250-300mn in the next six months for expanding existing capacities.

Long-term Capex A larger investment of INR 250-2750mn for additional facilities at the new Odisha location, to be undertaken at a later stage.

Order Book- The current order book is expected to maintain a level between INR 9 -10bn for FY25.

Cash Flow- The company has generated healthy cash profits in Q1FY25, with expectations of increased operational leverage and enhanced cash flow generation in the future.

New Products- Development of 40mm ammunition for UBGL has been completed under DRDO's program, with production and supplies expected to start within FY 2025. These new products are expected to form 10-15% of revenue after 2-3 qtrs. The first lot of Neptun mines has been supplied, with further supplies scheduled to complete within FY25.

Exports- The company has started exporting RDX and HMX, with plans to continue focusing on both domestic and export markets in the defense and aerospace industries.

Revenue Projections - Company revenue target of INR 10bn in 5 years. EBITDA margin guidance in the range of 18-20% depending on the order mix.

Sterlite Technologies Q1FY25 Concall Highlights
Sterlite Technologies | CMP: INR 145 | Mcap: INR 70.88bn

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Market share
Global (ex-china) market share stood at 6% in Q1CY24 vs 8% in H1CY23. The company focused on regaining market share by targeting India, the US, and Europe markets.

Inventory
Inventory build-up with operators majorly in US and some in Europe. The inventories are expected to normalize in the next 1-2 quarters.

Margins
- Lower capacity utilization impacted margins. EBITDA margins are expected to back 20%, once capacity utilization levels go 75%-80%.
- Services margins are expected to be 8%-10% going forward.

Optical connectivity attach rate
The optical connectivity attach rate increased to 23% in Q1FY25 vs 13% in FY24. The company is focused on supplying cables along with interconnects to add value to customers.

Optical networking
- Lower volumes have impacted the optical networking business.
- Cables volumes are flattish on a QoQ basis and witnessed a positive impact on connectivity. OF/OFC prices are flattish to a slight reduction in Q1FY25.

Digital business
- Digital business breakeven is expected by the end of FY25E.
- STL digital order book stood at INR 3,770mn as of Q1FY25.
- In STL digital, the company has acquired new customers in the US and India across Technology & Services Industry verticals during Q1FY25.
- The company has a strong partnership with SAP & Google. The company has 23+ global customers and 40+ active technology partners.

Services
- In the Global services business, the company is focused on selective order intake and execution.
- Global services de-merger is in progress and expected to be completed by Q3FY25E.

Bharat Net and BEAD
- Bharat Net program is estimated at INR 1.39 lakh cr. Around INR 65,000cr RFP in progress. The company is focused on services and cable deployments. Also focused on supplying fibre to various cablers. More developments are expected in the next 2-3 months.

- BEAD program is estimated at $42.5bn for broadband infrastructure. 24 states completed 10/10 of NTIA phases advancing to Volume II. 32 states completed 9/10 phases of Volume I. BEAD program is expected to start from Q3FY25E/Q4FY25E.

Data Centre

- The company will take some time to build technology and IP for Data centers.
- The company is focused on achieving a revenue share of 25% from data centre suit products.
- The data centre connectivity required higher fibres.
- AI data centres required 5x optical connections compared to Data centre. AI data centres require 2x fibre channels compared to Data centre. AI data centres required 18x fibre content racks & enclosure compared to Data centre.

Freight cost

Freight costs increased by 2%-3% due to the Redsea impact. Red Sea impacted lead time, insurance cost, etc. The company also did some air freight to serve better way to customers. Freight cost is expected to normalize over the next few quarters.

Order book

- The order book stood at INR 98.83bn as of Q1FY25. The executable order book is 11.84bn in Q2FY25 and the remaining from Q3FY25E onwards.
- The company has received long-term large orders from UK telecom operators for optical interconnect and connectivity solutions for telecom companies in UK.
- The company has secured large deals in Italy for optical fibre cables & specialty cable products.
- The company has received large orders for fibre cable supply & deployment from a large Indian private telecom player.

Debt

The company has reduced net debt of INR 7.69bn from FY24.

Other highlights

- Subscription growth in 5G, FTTX, and Data centre will improve the demand for OFC. Indian telecom player's tariff improvement, Anti-dumping duties on Chinese exports in India, the EU, and UK; and a shift from copper to fibre will be additional support for Indian OFC players.
- US homes passed on 9mn homes for FTTx deployment in 2023. Around 9-12mn homes are expected to be added in 2024.
- The company has completed capacity expansions and is positioned closer to a focused market and well placed to win in the market.
- The Italy facility will serve to Europe market.
- The company is focused on optimizing cost structures in terms of variable and fixed costs.

Apar Industries Ltd – Q1FY25 Concall KTAs
CMP: INR 9,005 | Market Cap: INR 3,61,706 Mn

Outlook: The company is maintaining a 25% revenue growth guidance for FY25, despite a slowdown expected Q2. The conductor division anticipates 10-15% volume growth over two years. The oil division expects double-digit growth and a better export mix from Q3. The cable division projects 25% annual growth, with logistics normalizing and increased US market business expected in the second half of FY25. Both domestic and export markets are expected to grow strongly. Planned capex for FY25 is INR 3,000-3,500 Mn, similar for FY26, focusing on cable and conductor segments, premium products, and high-margin products.

Financial Highlights

• Revenue from operation stood at INR 40,110 Mn in Q1FY25 down by 10.0% QoQ & up by 6.5% YoY.

• EBITDA stood at INR 3,940 Mn in Q1FY25 down by 13.8% QoQ & up by 6.8% YoY with margin at 9.8%.

• PAT stood at INR 2,030 Mn in Q1FY25 down by 14.2% QoQ & up by 2.6% YoY with margins at 5.1%.

• Domestic business grew by 43.4% YoY, while export revenue declined by 25.9% YoY.

Segmental Performance

Conductor Business

• Revenue grew by 9.1% YoY to INR 19,360 Mn, with a 6.7% volume growth. Export revenue contribution decreased to 29.5% from 52.4% in Q1 FY24. Premium products contributed 37.1% of the revenue.

• The order book stands at INR 67,250 Mn, with 41% from premium products. New order inflow in Q1 is INR 17,940 Mn.

Oil Business

•Revenue increased by 6.1% YoY to INR 12,650 Mn, with 5.9% volume growth. The EBITDA margin is at 10.3%, down 110 basis points YoY.

• Global transformer oil volumes grew by 20% YoY, automotive oil volumes grew by 29% YoY, and the industrial lubricants business grew by 7.8% YoY.

• Order book at INR 15,710 Mn

Cable Business

• Expecting 25% annual growth with EBITDA margins anticipated to be in the 10-12% range.

• The domestic business is showing strong growth, especially in LDC with a 50% increase. Elastomeric cable growth is over 15%, and the renewable energy/solar cable segment is growing rapidly.

Industry Outlook

• A record increase in transformation capacity is expected in FY25, reaching 116,490 MVA.

• Transmission line additions lower than targeted in Q1 due to election-related delays

• Renewable energy capacity is growing rapidly, with 195 GW installed and 134.85 GW in the pipeline. Data center growth is expected to drive demand for power infrastructure.

Geographical Performance

• Strong domestic growth is offsetting a temporary slowdown in exports. Middle East operations are facing challenges due to Red Sea issues and African forex problems.

• Gaining market share in Southeast Asia, Australia, South Africa, and the Maldives. The US market is showing signs of recovery with increased inquiries and order inflows.

Operational Highlights

• Accelerating capex plans to build time buffers against equipment delivery delays and have increased their market share in the OEM automotive lubricant segment.

• Transformer oil and automotive oil segments showing stronger growth and better margins

• The white oil and process oil segments are experiencing slower growth and lower margins. The company is focusing on optimizing the product mix within each category to improve overall margins.

• Completed R&D for new product lines for some OEMs, providing a competitive advantage, and are developing special copper alloys for high-speed trains.

• Ongoing development of liquid cooling solutions for data centres, using mineral and synthetic oils

• The railway business is shifting from electrification to supplying cables for locomotives and coaches, with strong growth in supplies for Vande Bharat trains.

• Renewable energy transition becoming more substation-intensive, benefiting transformer oil and CTC conductor demand.

Other Highlights

• Sudden container availability issues since June 10th have affected all three divisions, leading to the postponement of exports across divisions exceeding INR 2,700 Mn.

• Logistics are expected to normalize in a few months as containers return to circulation.

• The US cable market is estimated at USD 20 Bn, with Indian companies holding a share of around USD 400 Mn. There is significant room for growth in the US market, with limited direct competition from other Indian manufacturers.

Titagarh Rail Systems Q1FY25 Concall Highlights
Titagarh Rail Systems | CMP: INR 1,607 | Mcap: INR 216.37bn

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Margins

- Wagons margins are expected to be around 12%-12.5% going forward.
- Passenger coaches' margins are around 10%-11% without propulsion. Backward integration of propulsion systems will increase the margin by 4%. Overall, the margins are expected to be 14%-15% going forward.

Wagon volumes

- The wagon volume stood at 2,073 (+13% YoY/-23.2% QoQ) in Q1FY25. The wagon execution was 691 wagons/month in Q1FY25. The current capacity stood at 800-850 wagons/month and focused on a steady output of 1,000 wagons per month.

Passenger Coaches volumes

- Passenger rail volumes stood at 3 cars (-50% YoY/-75% QoQ) in Q1FY25. The volume impact is due to the design phase in current projects and nearing completion of earlier projects. Recently, the company has completed Pune metro projects and started Bangalore metro projects.
- The company is focused on achieving 70 cars/month over the next 3 years.

Metros

- In the Bengaluru metro, the company commenced the production of trainsets for the Bangalore Metro Phase 2 yellow line project. The dispatch is expected from Q2FY25E onwards. The company will manufacture 34 out of 36 trainsets.
- Earlier, the delay in Bangalore metro projects due to non-availability of China Visa and resolved and production started. The company is focused on 10-15 cars per month by Q3FY25E/Q4FY25E.
- Ahmedabad and Surat metro execution is expected to start from Q4FY25E onwards.

Exports

- The company has started the export of traction converters. The 1st batch of 8 converters shipped to Titagarh Firema, Italy in Jul-24. The export order value is around INR 650mn (EUR 7.18mn).

Realization

- The average wagon realization is around INR 40.6 lakhs.

Market share

- The company has a 25%-30% market share for wagon manufacturing.

Order book

- The standalone order book stood at INR 141.17bn as of Q1FY25. Freight and Passenger mix stood at 51.9% and 48.1%.
- JV order book stood at INR 133.26bn as of Q1FY25. Vande Bharat and Wheelsets mix stood at 52.7% and 47.3%.
- The order book of 20,300 wagons and 1,592 Metro & Vande Bharat coaches.
- The order inflow stood at INR 3.5bn in Q1FY25. Around INR 2.5bn from rolling stocks and INR 1bn from propulsion systems.
- The order pipeline is around INR 550bn from metro coaches, Vande Bharat, propulsion, and traction motors.

- **Wheelsets**
- Wheelsets JV's capex is around INR 18bn in 2 phases. The capacity is expected around 2 lakh wheels and has the commitment of supplying 80,000 wheels/annum over 20 years to Indian railways. The remaining will be for captives and exports.
- Currently, SAIL is manufacturing forged wheels. Railways have 2 plants in Patna and Bangalore for cast wheels.

Capex

- The capex is expected INR 7-10bn over the next 2-3 years.
- In passenger rolling stocks capacity stood at 300 cars/annum and is expected to reach 850 cars/annum by FY27E and 1,200 cars/annum by FY28E.
- Metro coaches capacity is expected to reach 36 cars/month by FY27E and Vande Bharat coaches capacity is expected to reach 36 cars/month by FY27E.
- In propulsions, the capacity is expected to reach 200 motors/month, 100 converters/month, and TCMS – 25KV AC for metros by Sep-27.

Design centre

- The company has inaugurated a new engineering center in Bengaluru for innovation and design. The facility will be used for new product development for Train Control & Monitoring Systems (TCMS) and advanced Propulsion Systems.

Other highlights

- The company has a strategic tie-up with ABB for Metro TCMS and EMU propulsion.
- Freight rolling stock witnessed growth despite high labor absenteeism due to general elections and heat waves.
- The increase in employee costs is due to an increase in employee counts and the recent start of the Bangalore Design Centre.
- The company is net debt-free in Q1FY25.
- Traction motor volumes stood at 78 (+333.3% QoQ) in Q1FY25.
- Indian railways are carrying 1.5bn tonnes of traffic and are expected to reach 3bn tonnes of traffic by FY30.

Jindal Drilling & Industries Ltd| Q1FY25 Concall KTAs
CMP INR687 | Market Cap. INR 19.92bn

JDIL is on path to acquire Jindal Pioneer from its JV co. and is awaiting staturoy approval. It also guided for Jindal supreme to be redeployed by Q3FY25 at higher rate. Decline in earnings was because of 1 rig being non-operational. Earnings are expected to rise going forward given the business developments along with gross debt to reduce over next 12 months. We believe the co. can be kept on radar to see if it delivers as promised.

Financials
revenue from operations stood at INR 1710mn(+82%YoY))(-13.6%QoQ). PBT of INR 3100mn(+15%YoY)(-26%QoQ) with PAT of INR 230mn(+15%YoY)(-28%QoQ) and margins of 13.45%.

- Performance to increase further in FY25 on account of one rig(Jindal Supreme) to be redeployed at higher rate by Nov'24. Co. is in final stage of acquiring a rig, Jindal Pioneer, owned by JV co. and are awaiting statutory approval. Earnings to improve post acquisition.
- Decline in earnings is primarily attributed to 4 rigs being under operation in Q1FY25 as compared to 5 rigs being in operation Q4FY24.
- 5th rig is currently under refurbishment and is expected to be redeployed onto a new contract by the Q3FY25.
- Earnings will revive from the Q3FY25 onwards as the rig under refurbishment commences operations at a much higher rate. Further, one of the rigs will get onto a new contract next year in FY 26. There was cancellation of an ONGC contract earlier this year, reason for which is unknown to the company.
- Net cash position continues to improve QoQ with net cash OF INR 680mn an increase of INR 170mn from Q4fY24. On 31st may 24, co. repaid one term loan fully and gross debt to come down rapidly over next 12months.
- The rig which co. proposes to acquire from the JV co. is currently deployed in Mexico at a rate of $40,000 per day. That rate is a bareboat charter rate, which means that no expenses are incurred by the rig owner. Once they acquire the rig, the contract will be assigned to Jindal Drilling and that contract will continue till Dec25. Once this contract finishes, co. will refurbish it and bring it back to India for possible deployment with ONGC.
- Generally 30-35% is operating margin for the co. based on current blend of 2 owned rig and 3 rented rig.
- International day rates broadly remain same and have not declined.
- NAV depends on future cashflows generated. Since market has been volatile, co. is apprehensive about viability of giving NAV of its rig.
- The increase in earning from JV is because one time impairment had taken place last qtr which has now normalised and can expect similar earnings from JV going ahead.
- Management guided that standalone earnings to decline from Q2FY25 due to refurbishment expense of jindal supreme. Co. is not sure to the extent of duration for which expense can be deferred and amortized for duration of subsequent contract.

Servotech Power Systems Ltd Q1FY25 Concall Highlights
CMP: 124 | Market Cap: 27,680 Mn.

Performance Consol:
- Revenue came in at INR 1,121.9 Mn. (-17.61% QoQ) (41% YoY) in Q1FY25.
- EBITDA margins came in at 7.38% (Vs. 4.09% QoQ) (8.64% YoY) in Q1FY25.
- PAT came in at INR 44.89 Mn. (29.97% QoQ) (9.23% YoY) in Q1FY25.

Highlights:
- The government's emphasis on reducing oil imports promotes EV and has created a favourable market for the company.
- The company secured orders for EV chargers from over 90% of oil marketing companies.
- Product Development: New technology was developed to enable CCS2 chargers to accommodate electric vehicles with GBT connectors, eliminating the need for dual charging infrastructure.
- The company commenced domestic production of a 30 kW power module, which is a key component of fast chargers.
- Charger Installation: A total of 5800 EV chargers were installed across India
- Currently the working capital days stand at around 112 days.
- Company aims to reach INR 4,000 Mn in top-line revenue in FY25.

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Jindal Stainless Ltd – Q1FY25 Concall KTAs
CMP: INR 740 | Market Cap: INR 6,09,506 Mn

Outlook-The company is targeting a 20% volume growth in FY25, driven by strong domestic demand across various sectors including railways, infrastructure, and automotive. With the acquisition of Chromeni Steel and the ramp-up of Rathi Steel, the company is expanding its production capacity and downstream integration. The company has set a substantial capex guidance of INR 55,000 Mn for FY25. It is also focusing on entering new export markets and implementing co-branding initiatives to enhance its market presence. While challenges such as nickel price volatility and export logistics issues persist, the company remains confident in its ability to maintain healthy margins through its agile product mix strategy and operational efficiencies.

Financial Highlights
- Revenue from operations stood at INR 94,300 Mn in Q1FY25 declined by 7% YoY and almost flat in quarterly basis.
- EBITDA stood at INR 12,120 Mn in Q1FY25 up by 17% QoQ & 2% YoY.
- PAT was at INR 6,460 Mn in Q1FY25 up by 29% QoQ and down by 12% YoY.
- Highest ever sales volume of 578,143 MT in Q1, up 5% YoY and 1% QoQ.
- Q1FY25 capex outflow was INR 22,000 Mn which include Chromeni acquisition.

Product Mix and Pricing
- Company's product mix in Q1FY25 was 36% of 200 series, 46% of 300 series and 19% of 400 series.
- Its focus is on EBITDA maximization rather than rigid product mix targets.
- Company has adopted an agile product mix strategy to capitalize on market opportunities and is implementing a pass-through model to minimize impact of commodity price fluctuations.

Expansion and Acquisitions
- Company's rathi steel plant is ramping up smoothly and is expected to stabilize in coming quarters.
- Company has set an EBITDA/ton target of INR 4,000-7,000 for Rathi Steel in the long term.
- New acquisition chromeni steel is expected to start operations by Q3 FY25.
- The company is evaluating tax benefits from recent acquisitions Chromeni, Rathi, RUVL.

Operational Highlights
- The company completed acquisition of Chromeni Steel for INR 16,000 Mn.
- It has launched co-branding scheme "Jindal Saathi 5.0" for ornamental pipe and tube segment and is planning similar co-branding schemes in other consumer-facing segments.
- It has supplied special stainless steel for 100 freight wagons to Mozambique.
- The company is focusing on high-margin sectors and grades and working on improving export profitability.
- It is expanding the dealer/distributor network and warehouses and evaluating further downstream acquisitions.

- The company is targeting new markets like Japan, South Korea, Middle East, and South America with its first breakthrough in the Japanese market, seen as a strategic achievement. It expects export volumes to pick up in H2 FY25.
- Company's has net debt to EBITDA ratio guidance of below 1.5x with current net debt to EBITDA ratio below 1x.
- Its Average debt maturity is 4.5-5 years.
- The company has borrowed new long-term debt at close to SBI MCLR (7.65%) with working capital borrowing cost reduced to less than 4%.
- The company is having a positive discussion with the Steel Ministry on National Stainless Steel Policy and expects a policy announcement within next year.
- Governments focus on infrastructure, railways, and defense seen as positive for stainless steel demand.

Indus Towers Ltd Q1FY25 Concall KTAs
CMP: INR 432 | Market Cap: INR 11,66,503 Mn

The company delivered strong operational and financial performance in Q1FY25, continuing the momentum from FY24. The company is experiencing strong growth in loading revenues due to 5G deployments. Continues to focus on cost efficiency initiatives, including reducing diesel consumption and expanding its renewable energy portfolio. Momentum in tower additions is expected to continue for the next few quarters based on their current order book. Expects future growth from small cell deployments to address network decongestion in the next 2-3 years.

Financial performance
* Gross revenues increased by 4.3% YoY to INR 73.8 Bn, with co-revenues from rentals growing by 7% YoY.
* Reported EBITDA increased by 29.4% YoY to INR 45.5 Bn, aided by a write-back of provisions for doubtful debt.
* Reported a 42.9% YoY growth in PAT to INR 19.3 Bn.

Key highlights
* The company added 6,174 macro towers and 6,340 corresponding co-locations during the quarter, driven by strong demand from a major customer.
* Collected past overdue amounts from a major customer for the third consecutive quarter while maintaining 100% collection of monthly billings.
* The Board approved a buyback proposal.
* The company remains optimistic about growth prospects, driven by continued network expansion and 5G rollouts by major customers.
* The company's tenancy ratio remains industry-leading at 1.66.
* Added close to 7,000 solar sites in Q1, bringing the total count to over 21,000 sites, as part of its sustainability initiatives.
* Generated free cash flow of INR 18.7 Bn in Q1 due to higher collections and lower capex.
* The company's trade receivables decreased by INR 7.3 Bn, primarily due to better collections.
* Vodafone Plc sold off its 18% stake in Indus Towers during the quarter.
* The company's reported pre-tax return on capital employed for the rolling 12 months was 20.9%, while post-tax return on equity was 25.7%.
* Faced some seasonality issues in Q1 due to increased electricity outages in summer months, affecting energy margins.
* Maintains a 45-50% market share of the total towers in India on a pan-India footprint.
* The company is seeing positive discussions with customers on participating in their network expansion plans following fundraising efforts.
* Focusing on tailoring its product offerings to increase penetration in urban areas where space is a constraint. The company is making progress on deployment of in-building and small-scale solutions.
* Actively working on various cost efficiency measures, including optimizing battery usage and leveraging supply chain volumes to reduce per-unit costs.

Elecon Engineering company Ltd – Q1FY25 Concall KTAs
CMP: INR 1281 | Market Cap: INR 1,43,728 Mn

Outlook-

The company aims to maintain a gross margin of around 45%, with a sustainable 20%+ margin for the MHE division and a 16% margin expansion in its UK subsidiary. It maintains 15% growth guidance for FY25, expecting to surpass it, with more clarity by the end of Q2 FY25. The goal is to achieve 50% of revenues from overseas markets by FY30. Historically, Q2 and Q4 are stronger quarters. The company has a net cash surplus of INR 5,000 Mn for investments and plans to use a mix of internal accruals and external borrowing (ECB) for CAPEX, leveraging interest rate arbitrage. Elecon is also investing in sustainability initiatives, including transitioning to renewable energy sources.

Financial Highlights

• Consolidated revenue for Q1FY25 was INR 3,920 Mn, down 5% YoY from INR 4,140 Mn in Q1 FY24, and down 30.6% QoQ from INR 5,646 Mn in Q4FY24.
• EBITDA stood at INR 920 Mn in Q1FY25, down 8% YoY from INR 1,000 Mn, and down 31.8% QoQ from INR 1,354 Mn in Q4 FY24.
• PAT stood at INR 734 Mn, up 1% YoY from INR 730 Mn, and down 29.2% QoQ from INR 1,037 Mn.
• The gear division contributed 85% of revenue, while the material handling equipment division contributed 15%.

Gear Division Performance

• Revenue was INR 3,340 Mn in Q1FY25, down 7% from INR 3,610 Mn in Q1FY24.
• EBIT margin improved to 24.6% in Q1 FY25.
• Order book stood at INR 5,980 Mn as of Q1FY25.
• Customized gears contributed 45% of revenue, while standardized gears contributed 55%.

Material Handling Equipment Division Performance

• Revenue increased to INR 580 Mn in Q1FY25, up 7% from INR 540 Mn in Q1 FY24.
• EBIT margin improved to 26% in Q1FY25 from 22.8% in Q1 FY24.
• Order inflow grew by 192% YoY to INR 1,490 Mn in Q1 FY25.
• Order book stood at INR 3,490 Mn as of Q1FY25.

Export Performance

• Overseas revenue grew by 18% YoY to INR 1330 Mn in Q1 FY25.
• Export contribution increased to 34% of total revenue in Q1 FY25, up from 27% in Q1 FY24.
• Strong growth seen in Middle East, USA, Nordic countries, and mainland Europe.
• The company aims to achieve 50% revenue from overseas markets by FY30.

Strategic Initiatives

• Focus on expanding international presence through distribution network across 85+ countries.
• Shift in MHE division strategy from EPC to product supply and aftermarket services.
•Continued investment in R&D and new product development.
• Emphasis on tailored solutions and engineered products to meet diverse customer needs.

Capacity and CAPEX

• The company is completing a INR 3,000 Mn CAPEX plan over 3 years, ending in FY25.
• Elecon has the potential to scale up to INR 6,000-7,000 Mn per week in the MHE division if demand increases.
• The company plans to use a mix of internal accruals and external borrowing (ECB) to fund CAPEX, taking advantage of potential interest rate arbitrage.

OEM Partnerships

• The company has signed prototype orders with 11 OEMs, and commercial production has started for two OEM customers.
• Sales to OEMs in Q1 FY25 were INR 120 Mn from exports and INR 40 Mn domestically.
• The company expects to increase its share of OEM business from 10-15% to 30-35% of total requirements.

New Market Opportunities

• Potential orders expected from the marine sector, particularly in defence.
• Opportunities emerging in Russia due to restrictions on European suppliers.
• Pursuing business with Indian Railways, with some trial supplies already delivered.
• Focus on high-speed gears, with a recent order from a large OEM.
• There's an increasing proportion of engineered products in the revenue mix over the years.

After-Sales and Replacement Revenue

• After-sales revenue contributes 34% of consolidated revenue.
• For the gear division, replacement revenue is about 25% of sales.
• For the MHE division, after-sales revenue is 34-38% of sales.

Industry-wise Performance

• Key end-market sectors include steel, power, cement, material handling, sugar, rubber, and tire industries.
• Expecting good order inflow from the sugar industry in the coming quarters.
• Anticipating orders from cement and steel sectors in Q3 and Q4.

Execution Timelines

• Typical execution time for MHE orders ranges from 12 to 24 months.
• For new OEM partnerships, it takes about 1 year to 18 months from prototype to regular supply.

Other Highlights

• Slowdown in domestic order inflow due to general elections in Q1 FY25.
• Potential impact of global economic conditions on export markets.
• The company aims to maintain or slightly increase market share while avoiding price wars.
• In international markets, especially Europe and America, Elecon's market share is still small, providing room for growth.
• Exploring opportunities in the African continent for the MHE division.

Elgi Equipments Q1FY25 Concall Highlights
Mcap: INR 224.48bn | CMP: INR 709

Outlook: Elgi Equipments is doing Capex of INR 5bn over next 3 years will bring additional revenue going forward. The company is engaged with consultants for go-to market and finance transformation projects for cost reduction initiatives. The company is planned motor production and 85% of requirement will be fulfilled by FY26E will improve the margins. The company is focused to install around 2,000 machines and data collection will lead to use AI and algorithms to predict failures and cost savings to customers. The global vacuum products market is estimated $3-5bn and company has the potential opportunity. We have a positive outlook on the stock.

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Capex
- The capex is expected INR 5bn over next 5-6 years.
- Maintenance Capex is expected INR 300-500mn per annum going forward.

Inventory
- The inventory build-up due to Red-sea issues. The company has taken initiatives to cut down the inventories and expected good traction by Q3FY25E/Q4FY2E.

Vacuum Products
- Global vacuum products market is around $3-5bn and Indian vacuum products market is around INR 4-5bn.

Motors
- 160KW motor planned to release the design and pilot by Q3FY25E. The regular production is expected in FY26E. Around 85% of requirement will be covered by FY26E.

Price
- There is no price increase in Q1FY25. The price difference is narrowed between market leader and company.

Projects
- The company is spend INR 70-80mn to Mckinsey for go-to India market project. Around INR 130-140mn spend is left in the project.
- The company has spend INR 10mn to Deloitte for finance transformation project.
- International business
- Europe business is expected to breakeven by FY25E.
- North America is recovering and significant contribution is expected over next 3 quarters.

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After-market
- After market presence in India is around 70%-75% and 80% for global.
- In After market, International margins are higher than domestic market margins.
- India's after market revenue share is around 25%-28% and International aftermarket revenue share is around 12%-15%.

Other highlights

- The company is focused to install ~2,000 machines. The company will start collecting data from the machines to develop algorithms which helps to predict failures and potential savings opportunities for customers.
- The company is supplying oil-free compressors to Malaysia, Thailand and Vietnam etc.
- Industrial sectors witnessing robust activity and textiles are still weak.
- The market share gain led by superior products.
- The company is developing new products for new business opportunities.
- Installed base mix stood at 80:20.

Electrosteel Castings Ltd| Q1FY25 Concall KTAs
CMP INR 213| Market Cap. INR 126.92bn

Co. continues to demonstrate strong performance in the DI pipes and fittings segment, driven by demand in water infrastructure projects. The company's focus on domestic markets, along with its ongoing capacity expansion plans, positions it well to capitalize on the growing opportunities presented by government initiatives like the Jal Jeevan Mission and AMRUT 2.0. With planned production capacity increase to 1mn tons by FY26 and a new project in Odisha, Co. is poised for growth.

Financials

Total income at INR 20360mn(+18.9%YoY) with gross profit of INR 10200mn(+30.6%YoY) and margins of 50.1%. EBITDA of INR 3780mn(+101.6%YoY) with margins of 18.5%. PBT stood at INR 3050mn(+204%YoY) and PAT of INR 2260mn(+201.7%YoY) and margins of 11.1%

Co. sustained growth trajectory in Q1, increase in revenue driven by strong demand of DI pipes and fittings in water infrastructure. Co. repaid INR 300mn debt during Q1FY25 resulting in net debt equity of 0.33 times. Co.'s DI pipes sales volume stood at 1.93lakh tons of which export contributed 12% of this volume.

With credit to Jal Jeeven Mission and Amrut 2.0, co. plans to expand production capacity to 1mn tons by FY26 end. Co. in final stages of acquiring land in Odisha for DI pipes and fitting project.

Ongoing CapEx of ~INR7,000mn is in progress as per schedule, company has spent nearly INR4,100mn till Q1FY25.

Co. spent INR 3900mn in Q4FY24,and INR 200mnn spent in this qtr. Co. has 5.5lakh ton capacity at south unit with 3.5lakh ton at eastern unit. further 1 lakh ton in 2026.

Coal prices have softened bit but iron ore has showed upward trend in Karnataka and Odisha. They will mostly get netted off. Major fire in one major coking coal mine in Australia, China's temporary slowdown and lull in steel market, all of this has caused coking coal taking a downward impact.

90-95% of Co.'s contracts are fixed price. There was robust demand in the domestic market, leading to a decision to reduce exports and focus on the domestic market to maximize margins and to avoid the fluctuations on going in ocean freight.

Co.'s current long term debt stands at INR 4890mn as of Q1FY25 and 13670mn short term debt. Net debt around ~INR 15bn.

The gap between demand and supply is around 1-1.5mn ton, which will take time to narrow down.

Indian Metals & Ferro Alloys Ltd| Q1FY25 Concall KTAs
CMP INR 716| Market Cap. INR 38.48bn

IMFA demonstrated resilience in Q1FY25 despite challenges in the global metals market. The company's focus on long-term contracts has helped maintain stability. IMFA's positioning in the ferro chrome market remains strong, with prices holding firm above INR 1 lakh. Co. expects increased volumes and stable pricing in Q2.

Financials
Total income stood at INR 6754.4mn(-5.7%YoY) and EBITDA of INR 1613.4mn(-7%YoY) with 24% margins. PBT of INR 1566.6mn(+5.4%YoY) and PAT of INR 1133.4mn(+1.8%YoY).

Co. posted a good results on YoY basis. Turnover down by 5% on account of lower production and sales volume. PAT up 42% due to higher realisation and lower cost by INR 2k. Ferro chrome prices are holding firm above INR 1lakh and with more volumes expected Q2 results likely to be better.

Impact of recent supreme court judgement that States can levy tax on captive mines is difficult to estimate at the moment since judgement not fully pronounced yet. Whether it will be retrospective or prospective is still unknown.

Next qtr, demand slows down a bit due to weather conditions. Europe has summer vacation. But in co.'s case, it has long term contracts and hence co. sees no impact. They do not foresee any major pricing impact.

-Cost has come down from Q4 on account of power. Variable cost of power has come down to INR 3.76. Power cost down due to coal price. The transport cost on coal has come down.

Better profitability for Q2 on account of volumes since they sold 63k tons of ferro chrome in this qtr and are expected to sell 67k tons in Q2. July, August and Sept benchmark price remains same.

-No contingent liability recorded by co. based on the supreme court judgement and no amount raised against co.

-Power situation in SA improved. Since past four months, no black outs in South Africa. Biggest challenge SA is facing is unpaid municipality bills to electricity provider which stands at 78bn Rands.

-Different markets give different realisations. Some markets are better than domestic, while some markets similar to domestic levels.

-Ferro chrome volume guidance of 2.5lakh-2.6lakh tons.

-EBITDA cost was INR 77k in Q1 vs 83k in Q4. Q2 to remain around these levels of 77-78k.

Elin Electronics Q1FY25 Concall Highlights
Mcap: INR 9,540mn | CMP: INR 192

Outlook: Revenue is expected to grow 10%-15% in FY25E and margins are expected 5.1%-5.7% in FY25E and gradually is expected to move towards 7.5% going forward. The company is focused on new launches like Fans, AC and Chimney's etc which will de-risk the product portfolio and bring additional revenue going forward. Lighting capacity utilization is around 70%-75%, however prices remain under pressure. Appliances capacity utilization is around 45%-60% and expected to improve from Q4FY25E onwards. We have a neutral outlook on the stock.

Revenue
- Revenue is expected around INR 11.65bn to INR 12bn in FY25E.

Margins
- EBITDA margins are expected 5.1%-5.7% in FY25E and 7.5% in FY26E.

Capex
- The capex is expected to be INR 300-400mn in FY25E. The asset turn is expected 4.5-5x going forward.
- The company invested INR 1bn in the past 2-3 years and expected to invest INR 0.7-0.8bn over next 2 years.

Capacity utilization
- Lighting capacity utilization is around 70%-75%.
- Appliances capacity utilization is around 45%-60% in various categories.

Lighting
- Lighting price erosion is around 3%-4% in Q1FY25.

Fans
- The company is adding one more client for TPW fans and production will start from Oct-24 onwards.
- The company started BLDC fans in the last season and added clients. The company has launched 2 categories of BLDC motors and volumes will ramp up from the coming season.

AC
- AC production is expected to start from Oct/Nov-24 onwards. The company has 3 customers and is focused on adding another 3 customers.

Chimney
- The company has the largest chimney motors and sheet metals capacity. Chimneys are under prototype stage and launches are expected in coming quarters.

Depreciation
- The company has changed depreciation policy in Q4FY24 and its useful life was reduced from 15 years to 10 years. The depreciation is expected to be INR 50-60mn per quarter going forward.

Employee costs
- The company is hiring on senior levels and benefits are expected in coming quarters.
- Employee cost is expected around 13.5%-14% of sales and gradually will reduce from FY26E onwards.

Other highlights
- The company is focused on new launches and new customer acquisitions will improve the utilization. The capacity utilization is expected to improve from Q4FY25E onwards.
- The company has more than 1,000 SKU's.

Triveni Turbine Q1FY25 Concall Highlights
Triveni Turbine | CMP: INR 619 | Mcap: INR 197.11bn

Outlook: Triveni Turbine's order book stood at INR 17.25bn (~1x of FY24 revenue) and continuous order inflows and robust inquiry pipelines show business visibility going forward. Domestic order inflows were muted due to elections and customers were in wait & watch situations. Post elections, order inquiries are gradually coming. The company is taking product ranges above 120MW industrial turbines. The margins are expected to maintain above 20% going forward. We have a positive outlook on the stock.

Order book
- The order book stood at INR 17.25bn (+23% YoY) as of Q1FY25.
- The exports and domestic mix stood at 58:42 as of Q1FY25.

Order inflows
- The order inflow stood at INR 6.36bn (+40% YoY) as of Q1FY25.
- The exports and domestic mix stood at 66:34 as of Q1FY25.
- Domestic order inflows stood at INR 2.16bn (+2% YoY) as of Q1FY25.
- Exports order inflows stood at INR 4.2bn (+74% YoY) as of Q1FY25.
- Product order inflows stood at INR 4.86bn (+58% YoY) as of Q1FY25.

Order Inquiry
- The inquiry book has grown by 14% YoY in Q1FY25. The company is witnessing demand from steel, metals, cement, renewables, plastic, packaging and paper etc.
- The election has impacted Q4FY24 and Q1FY25. Post-election, inquiry pipelines started coming in.

Industrial turbines
- The company is taking a product range in excess of 120MW industrial turbines and is able to cater global markets.

Delivery cycle
- The product delivery cycle is around 9-10 months.

Subsidiary
- Around INR 200mn loss is expected from the US subsidiary in FY25E.

Other highlights
- The company got large orders for oil & gas from the Middle East.
- The company witnessed good traction for refurbishment opportunities in southeast asia.
- The company has lower market share in API turbines and it’s a higher growth segment.

Exicom Tele-Systems Ltd Q1FY25 Concall Highlights
CMP: 404 | Market Cap: 48,810 Mn.

Outlook:
Exicom Tele-Systems Ltd faced a challenging Q1FY25 with a drop in revenue and PAT. Despite slow EV momentum, the critical power segment showed a 16% YoY revenue increase. Strategic investments in R&D, international expansion, and order book suggest potential for steady future growth.

Performance Consol:
• Revenue came in at INR 2,520.83 Mn. (-16.22% QoQ) (-4.85% YoY) in Q1FY25.
• EBITDA margins came in at 9.84% (Vs. 13.2% QoQ) (6.74% YoY) in Q1FY25.
• PAT came in at INR 182.41 Mn. (-33.58% QoQ) (89.26% YoY) in Q1FY25.

Highlights:
• Critical Power segment saw a 16% revenue increase YoY and 53% revenue decrease in EV Charger segment, because of weak EV momentum across all categories.
• Company observed a slow Q1FY25 as compared to Q1FY24, due to
• Finance Cost reduced in Q1FY25 roughly by INR 12 Mn, on the account of CCD redemption, and lower interest.
• Other Income increased by INR 36 Mn on the back of interest income from FDs.
• Order Book: Q1FY25 reported the same number of INR 1,600 Mn against INR 1,570 Mn in Q1FY24.

• EV Charger Business:
- Electric cars and buses remain the focus segment for the company.
- 85% growth in the EV cars and bus segment in the last 2 financial years FY23 and FY24.
- Company anticipates new car models in Q2FY25, which is the reason for slower demand.
- Company expects a new EV policy in Q2FY25.
- Continues to observe long term traction in EV Charger segment.
- Company entering distributor network to improve market presence but it wont affect company's revenue much.
- Onboarded 4 distributors in Q1FY25.
- Partnered with 'Hubjet' to provide solutions in the Indian market.
- Marketing: Continue to focus on exports as company sees good growth in coming 4 years.

• Commercial Power Business:
- Company focuses on large projects and exports.
- The majority of the revenue is from Telecom sector.
- Bharat Net III: Tender on 5 July and finalization will be dome in the upcoming 2 – 3 months.
- BSNL Undercover Project, PSU Tenders for SMPS & Battery Tender, Telco Infra & Opco Companies – Li-Ion Battery & SMPS
- New Applications: Received Pilot order for Li-Ion batteries for home energy solutions, Data Centre battery applications order received 2 orders from large OEMs.

• **Capacity Utilization:** Company working on 90% capacity utilization same as FY24.
• **New Plant:** The new plan in Hyderabad is running on 3 weeks delay from the timeline due to monsoon, construction to complete at the end of Q3FY25 and machineries to be installed by the end of Q4FY25.
• Company investing heavily in R&D for the next 2 years, and margins to be in line of 12.5% and improve afterwards.
• The Telecom import Duties announced in Budget'25 does not affect company's products in the Telecom segment.
• Company opened international subsidiaries in Europe and Middle East to capture more geographies.

Orient Electric Q1FY25 Concall Highlights
Orient Electric | CMP: INR 274 | Mcap: INR 5,857cr

Hyderabad Plant
Hyderabad plant started operating from May-24 onwards and focused to achieve cost efficiency in coming quarters.

The facility will be fully ready for next seasonal pickup and majorly focused on south and western india markets.

Price hike
The price hike is around 3%-3.5% for fans in Q1FY25. The hike happened 2 tranches. 1st hike in Apr-24 and 2nd hike in Jun-24.

DTM
In DTM, the company has added Jammu & Kashmir and Himachal. Currently, 10 states are there in DTM.

DTM states grew 23% YoY in Q1FY25 for fans category.

Around 1/3 of revenue is coming from DTM.

ECD
TPW fans witnessed stronger growth in fans category.

Around 25%-30% of TPW contribution to the overall fans in the industry. It will vary brands to brand.

Capacity constrains impacted sales, especially TPW fans.

Lighting & Switchgear
Switchgears and wires witnessed double digit growth in Q1FY25. The value added and differentiated SKU’s are gaining traction. Post election, large inquiries and tenders are coming.

Lighting business witnessed double digit volume growth, despite industry-wide value contraction. The value mix in C-Lum business helped for margin improvement.

B2B business witnessed double digit value growth despite muted inquiries in tenders due to general elections.

Cost Savings
Spark Sanchay program cost savings INR 130mn in Q1FY25. There is no expense towards to Mckensey.

Exports
The exports de-growth impact due to slight dependent of one African country, where there being geopolitical situation. The company is focusing on de-risking through other countries.

Market share

The company is one of the top players for premium and super premium fan in-terms of market share.

The company is witnessing consistent market share gains for lighting over past few quarters.

E-commerce

E-commerce has grown high double digit rate in fans and coolers category.

Stores

The company has added 250-300 stores in the regional stores accounts in Q1FY25.

The universe of 80-84 regional accounts, the company has 40-45 accounts.

Other highlights

The company has added seven states for direct service network and currently having 16 states.

Some states business are run by master distributers. The company will work with hybrid models of DTM and master distribution.

DTM and non-DTM states and other channels were witnessed high teens growth for fans market in Q1FY25.

Thermax Q1FY25 Concall Highlights
Thermax | CMP: INR 4,990 | Mcap: INR 595.05bn

Outlook: The private capex is picking up and lots of requirements for thermal, power, and water solutions, where the company offers products & solutions, and services. Around 80GW energy target by the government gives ample opportunity to the company. The company witnessed significant order inflows in the chemicals segment and execution will lead to INR 2-2.5bn per quarter going forward. Supply chains are stabilized and improvement is expected from Q2FY25E onwards.

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Chemicals
Chemicals business revenue was around INR 1.75bn in Q1FY25 and expected INR 2-2.5bn run-rate per quarter in the near future. The construction chemical business is expected run-rate of INR 1bn per annum going forward.

Industrial Products
In Industrial products, International markets have started recovering and base orders have started improving.

Industrial product margins are expected above 10% going forward.

Energy
The energy target is around 80GW and is expected in the coming years. Private capex is picking up and essential requirements are thermal, power, and water.

Water & waste solutions
Water and wastewater witnessed continued growth and zero liquid discharge witnessed traction.

New launches
The company has launched electric boilers and heaters and many launches are in the pipeline.

Solar project
A solar panel project in Tamil Nadu was impacted due to a flood and the company is in discussion with insurance companies.

Bio-CNG
The company started Bio CNG, 1.5 years ago. The company has not taken any orders in the past 3 quarters. Recently, taken one order only. The company is majorly focused on high-profitability orders.

Around INR 440mn hit from the Bio CNG project; out of this INR 300mn from TBSPL and INR 140mn from Thermax.

The company is working on gas sub gradation which is needed for hydrogen, Bio-CNG plants, and carbon capture.

Supply chain
Supply chains are stabilized and improvement is expected from Q2FY25E onwards.

Other highlights
The company is offering industrial solutions with less use of water and power contributing to sustainability and energy transition.

Clean air-related solutions such as scrubbing of gas witnessed traction in semi-conductor plants.

The company is setting up a demo plant to convert coal into methanol with a low carbon footprint.

CLCT and ADCT products' capex are higher, however payback periods are 2-3 years based on the application.

Happy Forgings Ltd| Q1FY25 Concall KTAs
CMP INR 1238| Market Cap. INR 116.6bn

At 87% of topline, machining business drove co.'s profitability to higher levels. Co. states their underlying industries remain challenging impacting their growth in Q1. Co. looks to add 11k MT machining capacity in FY25. Co. guides North America exports to increase over 3 years while the co. manages its capex throug internal accruals.

[Arihant Capital Markets Ltd.]

Financials
RFO stood at INR 3410mn(+3.5%YoY) with gross profit of INR 1930mn(+2.6%YoY) and margins of 56.5%. EBITDA stood at INR 980mn(-2.6%YoY) with margins of 28.6%. PBT of INR 860mn(+0.4%YoY) and PAT of INR 640mn(-0.4%YoY) with 18.7% margins.
YoY comparisons should be read keeping in mind one time positive impact on Q1FY24 results.

On a YoY basis, they achieved good volume growth of ~3-4%, increase in realisation, leading to growth in revenues. This increased realisation was achieved despite the decrease in raw material prices.
The machining mix continues to remain strong at 87%, contributing significantly to their high profitability levels.

PV segment, accounted for 83.5% of overall sales in Q1FY25. They foresee that the segment will contribute ~8%-10% of the revenues in the next couple of years. Business conditions in some of their underlying industries remain challenging, impacting their overall growth in this quarter.

Co. added 1500MT of machining capacities and are on track to add another 4,500 MT in Q2FY25 followed by 5,000 MT in Q3FY25. Co. has necessary product approvals from customers, which were long-awaited, and expect to scale up production concurrently with the capacity
expansions.

They have developed and executed orders worth around INR150 crores annually from North American clients, which will start ramping up from Q4 this fiscal and reach full run-rate by FY26-27.

These orders are for a mix of components like suspension parts, steering knuckles and flanges for EVs and ICE platforms.

Besides the new North American orders, the company is also working on developing more products for its existing domestic PV customers.

On the exports front, management highlighted that Europe currently forms a larger part of their export business, especially in the wind and farm equipment sectors.

However, they expect the share of North American exports to increase significantly over the next 2-3 years as the new programs they have developed ramp up.

The management believes the European wind and farm markets have seen a 30-35% decline in the recent past, but they are focused on executing the existing orders and developing more business with these new customers.

In terms of the industrial segment, the management expects its contribution to increase from the current 18-20% to 25-26% next year.

On the railways side, the company currently has a small exposure through some specialized tender-based orders, but they do not have any immediate plans to add capacity in this segment.

For Capex, management seemed confident of funding the planned INR 2bn per year for the next 2 years mainly through internal accruals, without any need for equity dilution.

They also mentioned a potential INR 1bn CapEx for a solar project, which may require debt funding of around INR700-800mn if the project materializes.

Bharat Forge Ltd| Q1FY25 Concall KTAs
CMP INR 1238| Market Cap. INR 116.6bn

Co. drove profitability through its Indian business with order wins of INR 9.8bn. Co. guides for 50% growth in defence business in FY25. Their new plant is expected to be operational by Diwali. They are also looking to raise INR 20bn to fund growth ambitions. Co. has 9 artillery platforms which it can use to big opportunity guns segment represent.

[Arihant Capital Markets Ltd.]

Financials
Shipment tonnage at 67,501(+1.3%QoQ/-0.8%YoY) with total standalone revenue of INR 23,381mn(+0.4%QoQ/+9.9%YoY) and EBITDA of INR 6,576mn(+0.5%QoQ/+18.9%YoY) and margins of 28.1%. PBT margins stood at 22.4% with a drop in PAT due to exceptional item impact.

Improvement in profitability was driven primarily by the Indian entities. During the quarter, co. secured new business worth around INR 9800mn across sectors like defense, aluminum, and core forging.

The management provided a positive outlook for the company's various business segments. The defense business continued to ramp up, with significant new order wins across vehicles, artillery, and MRO items.

The management expects the defense division to post over 50% growth in FY25. In the industrial and automotive businesses, the outlook was described as stable to positive.

The overseas aluminum operations, which have been subdued, are now on the path to recovery, with the European business expected to see substantial improvement by Q4 FY2025 and the US operations gradually improving as well.

To fund its growth plans, co. intends to raise up to INR 20bn, which will be utilized for both organic and inorganic expansion initiatives in India.

-Co. highlighted that ATAGS gun program is nearing finalization and the co. can make a wide range of guns on its 9 artillery platforms.

On the overseas aluminum operations, the company is undertaking price repair initiatives in Europe, which should be completed by Q4, while the US business faces some short-term customer-specific volume declines.

In the export passenger vehicle business, the management expects continued growth, except for some near-term weakness in the Brazilian market.

The new plant which the co. is building should start operations by Diwali.

Ion Exchange Q1FY25 Concall Highlights
Mcap: INR 96.98bn | CMP: INR 660

Outlook: The Engineering business order book stood at INR 33.94bn (~6x of Q1FY25 revenue) and the order pipeline of INR 80bn+ shows business visibility. The chemical plant utilization is around 65%-70% and the new plant is expected to operationalize in FY25E and expected to reach optimum utilization over the next 3-4 years. The new launches are gaining traction in consumer business. We have a neutral outlook on the stock.

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Projects
Legacy projects will be executed in Q3FY25E/Q4FY25E.

UP projects residual value is around INR 8.7bn and significant of the projects will be executed in FY25E. Q4FY24 execution stood at INR 780mn and 260mn execution in Q1FY25 due to election and uncertainties.

Capex
The capex is around INR 4bn, out of this INR 1.25bn for specific technology enhancements and INR 2.75bn for capacity augmentation.

Order book
Engineering business order book stood at INR 33.94bn (~6x Q1FY25 revenue) as of Q1FY25 and the bid pipeline stood at INR 82.33bn.

Chemical
Chemical business is expected to grow 15% YoY in FY25E. Chemical business is expected to reasonably well and margin profiles are robust levels. The company is focused on North America and Europe levels.

Chemical new plant (Roha) operations are expected to start from FY25E onwards and expected to reach optimum capacity utilization levels over 3-4 years.

Chemical plant capacity utilization is around 65%-70%.

Engineering
In engineering business, the company targets middle east, south east asia and Africa.

In the Engineering business, around 20% of revenue comes from O&M.

The company is executing large EPC projects and expected ramp-up in coming quarters.

The cost spill-over impacted margins of the Engineering division and expected to continue in Q2FY25E.

Consumer
The new product launches are gaining acceptability in the market for consumer business.

GMM Pfaudler – Q1FY25 Concall Highlights
CMP: INR 1,402 | Market Cap: INR 62.9 Bn | Promoter: 25.18%

[Arihant Capital]

Overview: Bullish commentary, backed by strong orderbook

Performance (Consol):
• Revenues came in at INR 7.85 Bn (+6% QoQ) (-14% YoY)
• EBITDA margins came in at 11.3% (Vs 12.3% QoQ) (Vs 14.3% YoY)

Key Highlights of the call:
• Strong Order Intake of INR 8.82 Bn driven mainly by heavy engineering, mixing technologies and systems. Order Backlog stands at INR 17.77 Bn, +5% QoQ. Strong execution across geographies during the quarter.
• Order intake has been strong for the past 2 quarters, current quarter saw the highest intake in 8 quarters.
• Opportunity pipeline remains stable across all business platforms, excluding agrochemicals.
• India GLE business order intake has been strong and is expected to be strong in Q2 and Q3 as well. Margins in India GLE have been suffering.
• Company expects strong performance from Non GLE and Systems in international business.
• Margins are currently down but the orders received in Q4FY24 and Q1FY25 have not been executed. These are expected to be orders with higher margins
• 60-70% revenue contribution comes from chemical and pharma space which is seeing a slowdown. However, company is in a better position as compared to 2-3 quarters ago
• Agrichem outlook not so positive as Chinese players are dumping products.
• Company has received large orders for mixing in Australia and India
• Company is more positive on domestic pharma as they see 3-4 big projects coming in a few weeks. Company is the market leader in GLE. International Pharma is still soft due to overstocking and Chinese dumping
• Pricing in GLE is not growing. Margins in mixing is usually same as GLE but GLE margins have been down for 2-3Q. All other businesses doing decent margins. 30% of business coming from services which is sticky and high margin business
• Systems segment has OB of INR 2 Bn Vs INR 700 Mn QOQ. Company received order of USD 10-12 Mn in Q4 from Australian client, then received another order of USD 10 Mn in Q1, received INR 230 Mn order from a client in Bangalore. Company expects to receive an order from Europe worth USD 10-15 Mn as well.
• Company has some capabilities for nuclear biz as well.
• Most of the current OB will be completed this year itself, some might spillover for next year.
• Currently company has no expansion plans till FY26. Maintenance capex to be ~2.5-2.6%. Q1 had increments for employees.
• Geopolitical issues are not impacting the company directly but indirectly (customers facing high freight cost or chemical costs)

• Currently, India is operating at 55-60% CU, Europe and USA operating at slightly higher rate.
• Recently, company has rolled over its FY26 debt obligations to FY28. Banks have additionally granted Euro 40 Mn limit to fund any acquisition

Outlook: Company will announce its 3 year plan in Q2/Q3 which will highlight growth opportunities across all platforms and regions. Margins are currently down but the orders received in Q4FY24 and Q1FY25 have not been executed. These are expected to be orders with higher margins. Company has guided that the FY25 margins will be better than FY24 and that the company will see 5-7% topline growth in FY25. At CMP, company trades 40.3x TTM EPS.

VIP Industries Q1FY25 Concall KTAs
CMP: INR 454| Market Cap: INR 64,505 Mn

The company expects continued revenue growth, market share gains, strategic product and capacity expansions, and a stable financial outlook for FY25.

Financial Highlights

- Revenue grew 0.43% YoY to INR 6,389 Mn and 23.74% QoQ.
- Gross Margin decreased by 574 bps QoQ to 44.32%,515 bps YoY.
- EBITDA grew by 529.8% QoQ to INR 493 Mn, a decline -38.82% YoY.
- EBITDA Margin grew by 620bps QoQ to 7.72%, decline by 495 bps YoY.
- PAT increased to INR 40 Mn in Q1FY25 from -239 Mn in Q4FY24.
- Volume growth in offline channels is 1% and E-commerce is 73%.
- Volume growth continued at 11%, and ECOM's business momentum continued at 66% YoY growth.

Key Business Highlights

- Underperformance in key countries in Asia and GCC impacted international business revenue.
- Hard Luggage contributed 56%, soft luggage 19%, duffel bags 7%, backpacks 15%, and ladies' handbags 3%.
- Brands' contribution: VIP (20%), Carlton (5%), Skybags (31%), Aristocrat (41%), and Caprese (3%).
- Executed bulk deals across channels at attractive prices.
- Reduced inventory by INR 120 Cr this quarter; targeting 50% debt reduction by March 2025.
- 2% market share gain this quarter, with an additional 2% expected next quarter.
- Continuously adding new products each quarter, with many in the pipeline.
- Average selling price increased by 16%.
- The Kiara collection had a positive impact in July.
- Capacity adjustment: Soft luggage capacity reduced to 1 lakh units, while backpack capacity increased to 2.5 lakh units.
- Capacity utilization in Bangladesh at 54%, expected to increase by 10% next quarter.
- Forex loss of INR 5 crores impacting other expenses.
- Anticipated stable performance for FY25, with a positive outlook by the end of the fiscal year.

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HPL Electric & Power Ltd| Q1FY25 Concall KTAs
CMP INR 583| Market Cap. INR 37,470mn

HPL has given an extremely strong guidance for smart meters being the growth driver and the game changer. With less debtor days, co. expects to reduced it's working capital cycle considerably. They also stated revival of LED segment. With co. expected to reach optimum levels of utilisation in smart meters, coupled with its new metering line in Gurgaon and a lot manufacturing contracts to given out, we believe the co. is positioned to capitalise on smart meters story.

[Arihant Capital Markets Ltd.]

Financials
RFO stood at INR 3929.1mn(+22.5%YoY) with gross profit of INR 1402.9mn(+32.28%YoY) with margins of 35.71%(+264bps YoY). EBITDA of INR 561.3mn(+40.19%YoY) with 14.29% margins(+180bps YoY). PBT stood at INR 230.1mn(+113.4% YoY) and PAT of INR 170.3mn(+145.45%YoY) with margins of 4.33%. EPS stood at INR 2.65(+145.37%YoY).

In divisional segments, smart metering is driving growth and revevnue for the co. Demand continues to grow as govt is prioritising real time monitoring.

Consumer and industrial segment also performed well with 6.5% rev growth.

LED segment is stabilising. In the lighting segment in last 18mnths, there was a continuous price erosion, which was an industry wide phenomenon. Channels due to falling prices are not stocked up which represents an opportunity. Unorganised sector suffered quite a lot during this period and is believed to have been shrunk. Co. expects growth to come back over 2-3 years and subsequent better performance in coming qtrs.

Co. stated Strong and stable order book with healthy execution of pipeline giving revenue visibility for short and medium term. Smart meter has been the primary source of growth. Smart meters are the next game changer with share of ~87% in order book.

Co. has over INR +37bn order book of which 95% consist of metering orders. They have also installed a new metering line at Gurgaon plant. They guide for a strong growth trajectory with R&D.

Out of the 220mn meter sanctioned, 110mn meters have already been ordered out to AMISPs. HPL is supplier to these AMISPs. Many of these are yet to be given out to meter manufacturing companies. Consumer and industrial segment doesn't have big share in the order book.

Co. expects the momentum to continue with focus on timely execution. They are ahead of timeline in production.

-Utilization levels are going up for the co. which historically has been 65-70%, is now increasing. Co. hoping to reach optimum capacity in smart metering of 1.1mn. Co. has no big investment plans to increase capacity and do not foresee any capacity constraints. They will gradually increase it as demand rises.

Traditional meters are becoming less part of the business. Capacity ramp up is being done more specifically. Assembly testing is getting automated and human interaction during manufacturing is getting reduced.

-0.76 debt equity ratio with strong business potential . Co. guided for INR 18bn for FY25. H2 growth is expected to be even higher than Q1. 15-16% EBITDA margins on meter specially on smart meter is sustainable.

-Only 13mn meters have been installed of 110mn meters ordered out. Orders are scheduled for delivery over 18-24 months extending up to 27 months.

-Co. right now is focussed on electrical smart meter for next 5 years to AMISP and have no commercial plans to pursue gas or water smart meters.

Salzer Electronics Ltd| Q1FY25 Concall KTAs
CMP INR 892| Market Cap. INR 15,770mn

Salzer's growth was driven by higher demand and better market conditions, with EBITDA improvement on account of increased sales of switch care and wiring cable business. Co. is in plans to establish WOS in Saudi Arabia to meet the need for local content of 40%. With revenue growth of 18-23% and EBITDA improvement of 100bps, coupled with their new smart factory, we believe the co. has an upward trajectory.

[Arihant Capital Markets Ltd.]

Financials
Net revenue stood at INR 3569mn(+23.64%YoY) with EBITDA of INR 334.5mn (+28.26%YoY) with margins of 9.37%(+34bps YoY). PAT stood at INR 147.6mn(+45.14%YoY) with margins of 4.13%(+61bps YoY). Basic EPS at INR 7.57(+24.1%YoY).

Growth was mainly driven by higher demand for industrial switch care and wiring cable businesses due to better market conditions. On the exports front, their share of revenue was nearly 26% (+37%YoY). Increase in EBITDA on account of increased sales in higher margin switch care products and wiring cable businesses.

Industrial switchcare division contributed 52% of total revenues in Q1FY25.This business grew +26%YoY and EBITDA margins increased ~13% in Q1FY25(+160bps YoY).

Two of their high demand and high margin products, the three phase transformer product grew 6% YoY and wire harness product grew 30% YoY during Q1FY25. The wires and cable business contributed to nearly 43% of revenues i.e. (+31% YoY) and the EBITDA margin stood at 5%.

As the Indian government invests more in renewable power to combat environmental pollution and global warming, the switch gear market will benefit from the expansion of power grid and increased adoption of renewable energy, which is actually becoming more cost effective.

Installation of machinery and testing equipment at co. new smart meter factory is now complete. Additionally, their factory test lab has also received certification from NABL.

Currently, co.'s smart meters are being evaluated by at least seven AMISP's in India and we are in advanced discussion with these customers to secure orders for our smart meters.

Co. also planning to establish a wholly owned subsidiary in Saudi Arabia with a starting investment of INR 100mn, where they will be manufacturing a few of their fast moving products.

Currently, they are exporting to a few major OEMs in Saudi Arabia as the saudi government regulates and insists of increased local content rule of 40%. Setting up a facility in Saudi Arabia will also meet the local demand and also provide duty free access to other GCC countries.
Company is also exploring markets such as Australia, New Zealand and the Middle east to fuel its growth ambitions.

Co. gave positive revenue growth guidance of 18-23% for this year.

The industry of switchgear business is expected to grow by around 22-23%. Wire and cable business will be growing approximately between 18-20%. Building segment products are expect to grow by ~40%.

The company is also targeting an improvement in EBITDA margins by close to 100 basis points aiming for a margin range of 10% to 10.5%.

Co.'s subsidiary, Kaycee Industries has invested and taken 30% stake in a fast charger manufacturing company in Hyderabad.

Co. has considerably reduced working capital number of days from ~150 to ~130 days in this quarter. Co. expects this to further reduce on account of lower debtor days of not more than 45 days, and low inventory since the SKUs are limited and are fast moving products. Hence the working capital cycle can go to 70-75days.

Co. is hopeful that in the second half of this year Co. to have revenues coming in from smart meter of ~INR 2bn. And next year when the co. will run at full capacity they will be able to do ~10bn for FY26 with EBITDA margin of ~14%.

In FY 25., their total capex will be close to ~500mn of which INR ~250mn have been invested in the smart meter factory.

Between industrial switchgears and the wire end cable, the product mix will be between 53-55% for industrial switch gears and around 40-43% for the wire and cable. But for Fy26, smart meter will take up close to around 30-40% of revenues.

Co. has taken debt for smart meter factory of INR ~250mn but have availed only INR ~100mn of it.

Kilburn Engineering Q1FY25 Concall Highlights

Kilburn Engineering | INR 409 | Mcap: INR 17.10bn

Outlook: Kilburn Engineering is expected to reach INR 5bn revenue and margins of 21-22% in FY25E. The order book stood at INR 3,247mn and the expected order pipeline of INR 20bn shows business visibility. The prime factory acquisition consideration of INR 220mn will bring additional revenue of INR 1,000mn going forward. Strong inquiries were witnessed from the petrochemicals, chemicals, oil & gas, and cement sectors. We have a positive outlook on the stock.

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Revenue

Revenue is expected around INR 5bn; INR 4bn is expected from Kilburn and remaining INR 1-1.2bn is expected from ME Energy.

Margins

Consolidated EBITDA margins are expected 21%-22% in FY25E.

Kilburn standalone margins are higher compared to ME Energy.

Order book

The order book stood at INR 3,247mn (~1.1x of FY24 revenue) as of Q1FY25.

The order inflow stood at INR 1,603mn as of Q1FY25.

The order inquiry is around INR 20bn and the company is very selective and focused on high profitability orders.

The order intake is expected to be INR 5bn in FY25E.

Capacity

The existing plant capacity is operating almost ~100%.

The acquisition of the prime factory is in consideration of INR 220mn and expected revenue of INR 1,000mn going forward.

Other highlights

Debt is around INR 500mn and long term in nature.

ME energy got 1st order from Cement plant.

Nuclear sector witnessed a slowdown in the last few years. Significant orders are expected over the next 2-3 years.

Around 50%-60% of orders from repeat customers.

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Timken India Ltd Q1FY25 Concall KTAs

CMP: INR 3974 | Market Cap: INR 2,98,953 Mn

The company is set for steady growth, driven by strong demand in the rail sector, smart investments, and a focus on improving efficiency and maintaining solid pricing.

Financial Highlights

•Revenue stood at INR 7,956 Mn, up 9.4% YoY, driven by strong front-end performance, particularly in rail, while intercompany export sales remained flat due to geopolitical issues.

•PAT grew by 6.8% YoY to INR 963 Mn, supported by a debt-free balance sheet and strong cash flow, enabling strategic investments for future growth.

Operational Highlights

•The company operates at full capacity with a six-day, three-shift schedule, expected to continue throughout the year.

•Margins were slightly impacted, with PBT margins at 16.6% versus 17.1% YoY, due to product mix and cost pressures, including higher steel prices.

•The company emphasizes value-based pricing, particularly in the rail, metal, and energy segments, resisting price reductions despite recent declines in steel costs.

•Efforts are ongoing to develop a circular and efficient supply chain to reduce costs, enhance sustainability, and support exports, particularly in emerging markets like solar energy.

Market Outlook

•The outlook for the rail sector in India and North America remains robust, with a strong order book expected to sustain growth in the coming years.

•The company is focusing on optimizing its supply chain to improve margins, especially in India, where underdeveloped logistics are a challenge.

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Azad Engineering Ltd - Q1FY25 Concall Highlights

CMP: INR 1639.10 | Market Cap: INR 9,6892.1 Mn

Outlook

The company, with a robust 30% YoY topline growth, is set for a strong year ahead, backed by a solid order pipeline and pending qualifications. It has enhanced its manufacturing capabilities through vertical integration, providing end-to-end production of propulsion engine rotating parts. The company has secured contracts with various manufacturers for equipment parts, complex and critical components and focused on indigenizing production in India. Serving both military and commercial sectors, it is also expanding into a diverse product mix.

Financial Highlights

Revenue surged to INR 984.1 Mn in Q1FY25 from INR 928 Mn in Q4FY24, increase by (29.6% YoY/ 6.04% QoQ), company guidance of revenue is to be in the range of 25% to 30%. Adj. EBITDA grew by 26.1% YoY. EBITDA margin has also increased by 34.5% addressing the robust growth at operational efficacy, with expectation of robust growth company guidance for upcoming year is with the growth over 33%-36%. PBT rose to INR 243.56 Mn in Q1FY25, up from INR 226.27 Mn in Q4FY24, marking a 7.64% QoQ increase. PAT also improved to INR 171.23 Mn in Q1FY25, compared to INR 149.29 Mn in Q4FY24, which increased by 14.70% QoQ/ 131.5% YoY. PAT margin also stood up at 17.4% achieved a 70% YoY, experiencing double digit growth consequently on YoY basis expected to sustain this growth on long term.

Operation Highlights

The company experienced a one-time forest loss of INR 5 Mn in the quarter, which affected their EBITDA margins.

Company has started commercial production on the oil and gas segment, expect to increase its revenue share from this production.

Company has utilised capex of INR 78.43 Mn from 603.95 and remaining 525.52 is to be utilised ahead for upcoming quarters.

Company has signed contracts with major clients such as GTRE and DRDO, building trust and fostering growth in highly regulated industries.

Energy, Oil & Gas segment increased by 13.4% in Q1FY25 as company added additional capacity.

Company expanded its capability enhancement by acquiring the assets of Leo Primecomp Pvt Ltd, to boost the growing requirements to manufacturing capabilities in nuclear, gas and thermal sectors.

Company has a robust order book of INR 3,300,0 Mn increased by 65% as against INR 2,000,0 Mn in FY24 increasing QoQ, marking tremendous future growth opportunity.

The company mentioned that the price stood at INR 170 Mn with a 17% margin, compared to INR 70 Mn in Q1FY24.

Business Development

Company boasted its manufacturing capabilities by vertically integrating to offer end-to-end manufacturing of a complete assembly gas advanced turbo engine.

Company signed 5-year contract with Siemens EG Germany, 7-year deal with Rolls Royce for defence and military equipment's and two major contracts one with Baker Hughes and another is GE Vernova for supply of supplies.

Companies' aviation and defence Contract with Rolls Royce will be qualified in FY25 and will be effective, for energy parts 50% to 60% is qualified and remaining is in process.

The company is adding new products progressively, with orders from existing customers for these new products.

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Carysil Q1FY25 Concall Highlights:

CMP: INR 825 | Market Cap: INR 23.45 Bn | Promoter: 41.37%

[Arihant Capital]

Outlook: Strong commentary overall, key focus on addition of newer regions

Performance (Consol):

•Revenues came in at INR 2.01 Bn (+5.24% QoQ) (+42% YoY)

•EBITDA Margins came in at 17.9% (Vs 18.3% QoQ) (Vs 18.3% YoY)

•Volumes (Quartz Sink) came in at 155,000 tonnes (Vs 104,000 tonnes YoY)

Key Highlights from the concall:

•Company expects the wallet share to increase going ahead (in FY25) due to addition of new clients. Company has acquired 8-10 new customers in UK.

•UK and USA demand has been satisfactory. Europe is still lagging. Pilot plant for fabrication has been set in UK and USA

•Going forward the company is likely to be the only supplier of sinks to Howdens (UK) which is the No1 retailer in terms of kitchen products.

•Recent client additions include Reece (large Australian retailer) and seeing good traction

•Gulf operations have started and the company is profitable as well. Company is focusing on ME and South East Asia as next geographies. Distribution team for UAE is already been set

•There are very large clients in the pipeline and the management seemed pretty confident of the conversion

•Company has set up 3 new product launches before Diwali

•Gross margins were impacted in the quarter due to change in product mix (USA sales were lower during the quarter)

•Focus is maintained towards increase in sales team, distribution network and product portfolio significantly over the next couple of quarters

•CIF sales contributed less than 10% of total revenues during the quarter

•Increase in freight costs impacted Q1FY25 operating margins

•Working capital cycle days at 58 days vs 77 in Q1FY24

•INR ~2.72 Bn Net debt as on 30th June 24

•Details regarding capex via QIP money will be announced before Q2FY25

Outlook: EBITDA margins guidance maintained at 18-20%. Company has goal of reaching INR 3 Bn of topline in 5 years. The commentary was strong and company's performance has reflected the same. We continue to remain positive on the company as it progresses to add new territories. At CMP, company trades 35.6x TTM EPS

Ramkrishna Forgings Q1FY25 Concall Highlights
Ramkrishna Forgings | CMP: INR 891 | Mcap: INR 161.19bn

Outlook: Ramkrishna Forgings is expected to grow 15%-20% along with a 100-200bps margin expansion going forward. Vande Bharat order is executable over the next 2 years and further orders are expected. The company has witnessed order inflows of INR 12bn which is executable over the next 4 years. Strong growth with margin expansion is expected in Multitech Auto, JMT Auto, and ACIL going forward. We have a neutral outlook on the stock.

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Volume growth
Volume growth is expected 15%-20% YoY in FY25E.

Margins
The margin improvement is driven by subsidiaries.

EBITDA Margins are expected to be ~23% in the coming quarters due to operational efficiencies and cost reductions.

JV
Ramkrishna and Titagarh JV's wheelset project cost is around INR 18bn and 1st rollout is expected in Q4FY26E.

Order inflows
North America – INR 5.26bn. The breakup is CV – INR 2.01bn, LV – INR 1.09bn, EV – INR 160mn and remaining from non-auto.

Europe – INR 2.87bn, most orders from CV.

India – INR 4.42bn; the breakup is CV- INR 3.62bn, Non-Auto – INR 0.8bn and Railways – INR 2.84bn

Overall, the order inflows around INR 12bn which is executable over the next 4 years. The order execution run rate is INR 3bn per year.

Capex
The capex is expected to be INR 5bn in FY25E on a standalone basis. The investment in a subsidiary is INR 1.35bn and INR 1bn towards the JV of the railway project.

Multi-Tech Auto
MAPL sales stood at INR 860mn and EBITDA margin stood at 16%+ in Q1FY25.

Multi-Tech is expected to grow 20% along with a 100-200 bps margin improvement in FY25E.

Vande Bharat
Vande Bharat's order of INR 2.7bn will be executed over the next 2 years.

Redsea impact
The freight rate has increased due to the Red-sea impact. Around INR 200-250mn impact due to delayed shipments in Q1FY25. The company is in discussion with customers to rationalize 10%-15% going forward.

Mexico entity
The company has acquired a legal entity which is registered in Mexico. The entity has no manufacturing operations and is expected to be set up in a year.

Working capital
Net working capital days are expected to be 90 days going forward.

Debt
The debt is increased by INR 1bn due to investment in subsidiaries.

Other highlights
Electoral trust expenses are around INR 175mn.

Price hikes have been implemented on exports.

Exports and domestic mix are expected 50:50 going forward.

In exports, raw material fluctuation is passed through based on the index.

ACIL revenue stood at INR 170mn in Q1FY25.

Employee cost increased due to performance bonuses to employees.

CG Power & Industrial Solutions Ltd| Q1FY25 Concall KTAs
CMP INR 669 | Market Cap. INR 1,022.76bn

Co. announced substantial growth with a 44% increase in the order book, reaching INR 70bn, supported by strong inquiries valued between INR 130-140bn . The company is operating at 80%-90% capacity and is expanding to accommodate growing demand. Significant developments included the acquisition of a 55% stake in GG Tronics Private Limited for INR 3,193.8 million to enhance their railway product portfolio and pursue rail safety projects. We believe with the opportunities arising from acquisition coupled with strong order enquires, the company is expected to further improve its performance.

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Financials
Consolidated sales of INR 2,2280mn(+19%YoY)(+2%QoQ) with EBITDA of INR 3270mn(+24.44%YoY)(+15.14%QoQ) and margins of 15%. PBT stood at INR 3360mn(+28%YoY)(+9%QoQ) and margin of 15.1%. PAT of INR 2410mn(+22%YoY)(+3%QoQ).

The company achieved a strong quarter with significant margin expansion, reaching close to 20% from single digits. However, management cautioned against expecting similar margins in the upcoming quarters due to variable factors affecting each order

The order book has reached INR 70bn(+44%YoY)(+12.40%QoQ), with strong inquiries valued between INR 130-140bn in the power business

The company has started paying taxes from the current year onwards as losses have been fully absorbed.

The delivery period for 400 kb transformers is currently around 18 months, slightly increased from the 15 months it took the company one year ago, aligning with the industry's standard

For the industrial systems, the order inflows are around INR 16bn, and for power systems around INR 14bn, totaling approximately INR 30bn.

CG Power & Industrial Solutions Ltd. is operating at 80%-90% capacity and is under expansion to accommodate growing demand

The company has seen substantial growth in the power systems business, with sales growing by approximately 47% and EBITDA and PBT more than doubling year-on-year

-Acquisition of 55% stake in GG Tronics Private Limited for INR 3193.8 mn announced. GG Tronics is a leading supplier of railway safety and signaling systems. They aim to leverage GG Tronics' expertise to expand railway product portfolio and pursue rail safety projects.

Hitachi Energy India Ltd| Q1FY25 Concall KTAs
CMP INR 11,860 | Market Cap. INR 204.65bn

Co. achieved a record order backlog of INR 85,394mn, driven by exceptional growth in transmission(+566% YoY) and renewable energy(+500%YoY). Co. aims to achieve double-digit EBITDA margins by FY25-end and maintaining 25-30% revenue from exports.Despite near-term challenges in the data center segment, the company remains optimistic about long-term growth prospects across its portfolio. Co. is well-positioned to capitalize on opportunities in renewable integration, grid modernization, and railway electrification.

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Financials
Revenue stood at INR 13273mn(+27.6%YoY)(-21.7%QoQ) with EBITDA of INR 480mn(+41%YoY)(-73.6%QoQ) and margins of 3.6%. PBT stood at INR 151mn(+400%YoY)(-91%QoQ) and PAT of INR 104mn(+400%YoY)(-91%QoQ).

-The company achieved a record order backlog of INR 85394mn in Q1 FY25, the highest since its inception. Significant orders include a large HVDC project from Marinus Link in Australia and multiple key domestic projects.

-Energy transition investments, particularly in renewable energy and grid connections, are expected to grow, driven by the Union Budget '24-'25, which emphasizes energy security

-Hitachi Energy India Ltd received the prestigious International Safety Award from the Royal Society for the Prevention of Accidents for its Mumbai HVDC project

-The company is committed to being carbon neutral in its operations by 2030, with ongoing projects to reduce emissions, manage water and waste, and track sustainability KPIs

-Initiatives include replacing furnace oil with biofuel boilers, conducting energy audits, installing rainwater recharge wells, using STP-treated water for gardening, and eliminating single-use plastic bottles across all locations.

-The company aims to achieve double-digit EBITDA by the end of FY'25.

-Q1 traditionally shows lower revenues and higher costs. Specific increases in other expenses were due to product trading impacts, higher IT charges from ERP migration, and royalty expenses based on previous quarter's revenue.

-The transmission segment showed the highest growth with a +566% YoY, followed by renewable energy at +500% YoY. However, the data center segment saw a decline of 77%YoY.

-Export orders contributed 27% to the total order book, excluding large HVDC projects, with key markets including Europe, the Middle East, Australia, and South Asia. Management restated their target of achieving 25-30% of revenue from exports going forward.

Co. continues to focus on operational efficiencies and expanding portfolios in high-growth segments like renewables, transmission, and exports.

-In the data center segment, despite the short-term decline in orders, management remains bullish on the long-term prospects. They estimate that Co. can address 15-20% of the capital expenditure in data center projects. With expectations of data center capacity doubling in India over the next few years, this presents a significant growth opportunity for the company.

-The services business was identified as another area of focus for future growth. Currently, it contributes a high single-digit share of revenues, but the co. is targeting a double-digit share in the medium term. This aligns with their strategy of shifting their center of gravity towards services, exports, and digital solutions.

V-Guard Industries Ltd| Q1FY25 Concall KTAs
CMP INR 471 | Market Cap. INR 204.65bn

Co. reported a good start to FY25, driven by robust performance in electronics and consumer durables segments. The company's focus on expanding in non-south markets is yielding results, with their contribution now exceeding 50% of total revenues. Management remains optimistic, guiding for steady growth while maintaining healthy margins. The company is strategically increasing its in-house manufacturing capabilities, aiming to reach 75% in the next 2-3 years. While facing challenges in the kitchen segment, V-Guard is taking proactive steps to revive growth, including new product launches and the full utility of its Vapi facility by November.

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Financials
Sales stood at INR 14771mn(+21.6%YoY)(+10%QoQ) with gross margins of 36.3%(+3.8%YoY)(+2%QoQ) and EBITDA of INR 1557.7mn(+48.7%YoY)(+21.84%QoQ) and margins of 10.5%(+1.9%YoY)(+1%QoQ). PBT stood at INR 1323.6mn(54.1%YoY)(+31.53%QoQ) and PAT stood at INR 989.7mn(+54.1%YoY)(+29.93%) with margins of 6.7%(+1.4%YoY)(+1%QoQ)

Co. witnessed a positive start to FY25 with good summer season.
Electronics segment topline grew by 41% YoY. Consumer durables topline grew by 26% YoY. Electricals segments grew by 7% in topline YoY. Wires which form the largest part of electricals, was impacted by trade de-stocking due to declining copper prices in June. Sunflame degrew by 7% on YoY basis.

Non-south markets delivered a top-line growth of 30%YoY with revenues in south market growing 17% YoY. Contributions from non-south markets have crossed 50% in total revenues for this quarter.

Gross margins continue to improve with benefit of softening commodity prices and various pricing actions . Gross margins of 36.3% in Q1FY25 (+380bps YoY). Recovery in margins is now largely complete. Co. expects to continue the margin improvement through benefits of manufacturing, premiumization and scale benefits from the consumer durable segment.

Co. will be taking pricing action to preserve margins.

Sunflame acquisition loan repayment- In April, 1/4th of term loan has been repaid of INR 700mn and similar amt to be repaid by end of this month. By end of FY25/ Q1FY26, co. is expecting entire loan to be repaid by co.

Fans have done well recently, price hikes in fan have been taken due to increase in copper and aluminum prices and a further hike is expected this month. Around 2% hike in Q4FY24 and another 2% this Q1FY25.
Price hike not organic but to offset commodity prices.

-Electronic margins always on higher side as compared to other segments.
Consumer durable margins had crashed due to increase in prices, now they are largely back and should see little more improvement from here. As per management, these margins are sustainable and includes benefit of operating leverage of around 1-2%.

-Guidance for 60-62 days of normal working capital cycle. Except for fan project, other plants are completed. Fan plant is expected to complete in 18m. INR 1-1.2bn of capex for FY25.

-Stabiliser are expect to grow at 8-9% CAGR over 10 year horizon.

-Solar roof top is growing very fast but is very small number as of now.

Inverter gross margin and profitability has significantly improved over time with the investment that we've made in manufacturing.
Batteries margins are under pressure. Co. is setting up their own facility, benefits of which shall be reflective by next year.

-Kitchen demand continues to be under stress for 7 quarters now. Co. believes its facility in Vapi for kitchen should be in full swing by November and with new launches segment should start doing well.

-Co. is taking steps to ensure growth for Sunflame and may take a few qtrs before it starts showing up.

-Co. has guided for 13-15% topline growth while maintaining 9-10% EBITDA margins.

-In the next 2-3 years, co. is targeting to move to 25% of outsourcing and 75% of in-house manufacturing. Outsourcing currently is at ~33%.

Praj Industries Ltd| Q1FY25 Concall KTAs
CMP INR 704| Market Cap. INR 129.5bn

Co. faced challenges in Q1FY25, particularly in its domestic bioenergy business due to unresolved feedstock issues and election-related slowdowns. Despite these hurdles, the company maintains a positive outlook, expecting higher year-end order booking and exploring new opportunities in international markets. Praj is also making progress in biopolymers and EPC projects, while guiding to grow 3x growth by 2030. With a strong order backlog and ongoing investments in capacity expansion, co. is in position to capitalize on demand for sustainable solutions in the bioenergy sector.

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Financials
Operational Income stood at INR 6991mn(-5.1%YoY)(-31.4%QoQ) with EBITDA of INR 920mn(+22.7%YoY)(-29.8%QoQ) and margins of 13.16%. PBT(before EI) stood at INR 789mn(+1.5%YoY)(-35.9%QoQ). PAT stood at INR 842mn(+43.4%YoY)(-8.4%QoQ) with margins of 12.04%. Diluted EPS of INR 4.58. Exceptional item of INR 281mn is pertaining to sale of land.

Order intake during the qtr was INR 8.88bn with 58% from domestic market. Of the total order intake, 52% came from bioenergy, 38% from engineering, and the balance 10% from large high-capacity. Order backlog as of Q1FY25 is INR 40.44bn, 67% of which are domestic orders. INR 8.3bn of cash in hand. Dividend of 300% per share has been approved by the board.

Domestic bioenergy business, the quarter witnessed a slowdown of activities of activities, mainly from the unresolved feedstock situation , as also the central election. Recent policy interventions have removed two key feedstocks—Nozal B syrup and rice from the permissible list. This has created a significant impact on the domestic ethanol business as projects in execution have halted due to unresolved feedstock issues

The management anticipates that the feedstock issues will be resolved as the year progresses, leading to more permanent, long-term solutions. This will enable the continuation of halted projects and the initiation of new ones.

Despite current challenges, there is a healthy pipeline for the domestic 1G ethanol business. The management is optimistic about the year-end order booking, expecting it to be higher than the previous year.

They continue to see new capacity build-up dominated by starchy feedstock, with over 75% of our domestic contributors coming from starchy feedstock-based plants.

Co. received order for production of low-carbon ethanol using lactose as feedstock, which is separated from milk from a US.-based customer.

Grain based ethanol projects are gaining increasing acceptance in the Brazilian market. Co. has several strong leads and dialogues for ethanol projects based on grain, and they are in an advanced stage of negotiating several potential customers for starchy ethanol solutions.

Co. has commenced feasibility studies for a straw based ethanol plant in Spain for Spanish multinationals. Co. is setting up a pilot plant in the United States for testing R&D generation from waste- streams in a grain-to-ethanol project in collaboration with the US.-based organization.

On the biopolymer front, Praj is the first Indian company to indigenously develop technology for lactic acid and lactide. They have produced the first batch of lactic acid 90% at their newly set up demonstration plant in Brazil.

On EPC front, they have completed manufacturing of their first equipment from the GenX facility in Mangalore and have shipped this consignment as well. They have received a significant engineering order for complete modernization of a SAF project in United States on EPC pathway. They have received another contract for modernized solution of carbon capture for a blue hydrogen project in Europe.

-Praj Industries reaffirmed its goal of achieving 3x growth by 2030. Co. highlighted the importance of R&D, attributing its current strong market position to the foundational work done in the past two decades.

-For FY25, Praj Industries plans a CapEx of around INR 750-1,000mn. This includes allocations for ongoing projects in GenX and PLA, as well as pilot plants in R&D.

-The company is exploring various funding avenues for these expenditures, indicating that not all will be internally funded .
Engineering orders have an execution timeline of 8-15 months, while non-engineering orders will be completed within 10-15 months

-Management was optimistic about surpassing last year's performance. They also stated that working capital requirements are expected to remain stable despite revenue growth

-Payment terms for export orders are a mix of FOB and CIF, depending on customer preferences. Management assured that working capital requirements will not significantly change with the increase in export orders.

-Praj is actively engaged in platforms and forums related to low carbon solutions. The company is witnessing growing interest in low carbon ethanol in the US, driven by incentives under the 45Z notification.

TTK Prestige Q1FY25 Concall Highlights
Mcap: INR 127.49bn | CMP: INR 922

Outlook: TTK Prestige business was impacted in Q1FY25 due to a slowdown in rural demand and elections. The company has launched 39 SKUs in Q1FY25 and is focused on launching new SKUs"s for festivals. The company has not taken a price hike in Q1FY25 due to competition and the spike in RM prices impacted margins. The company has witnessed larger walk-ins in stores and modern retail & e-commerce are picking up. The company has appointed consultants for business improvement and inorganic growth opportunities. We have a neutral outlook on the stock.

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Margins
Cookers and Cookware have higher margins compared to appliances. The margin improvement through product mix, premiumization, and channel mix.

Price hike
There is no price hike in Q1FY25. The volatility in raw material prices impacted margins.

New launches
The company has launched 39 SKU's in Q1FY25. Many launches to leverage festive seasons across appliances, cookware, and cookers.

Stores
The company has 656 stores spread across 360 towns. The store's size varies from 600 Sq.ft to 900 Sq.ft depending on the location and potential of the location.

Around 12%-15% of revenue is from company-owned stores and the remaining from franchises.

Judge
Judge brand contributes 2%-3% of sales.

Inorganic growth
The company is evaluating and exploring in-organic opportunities.

The company has appointed a consultant for business improvement and evaluating in-organic growth opportunities. The fee is around INR 120mn to consultants in Phase 1.

Cookers
The company is maintaining a leadership position in cookers and growth majorly from market bounce back, premiumization, and upgradation to different materials. The nearest competitors market share is half of the TTK prestige market share.

In the cooker, the transition from Aluminium to stainless steel transition will lead to value growth.

Other highlights

The major growth is coming from large format stores, e-commerce, and retail stores. General trade is yet to pick up.

The retail stores witnessed a large number of walk-ins and e-commerce expansion is aggressive.

The company is focused on increasing market share through premiumization.

The company is focused on go-to-market strategy and new product development.

Rural markets were subdued due to elections in Q1FY25 and are expected to come back.

The UK market remains weak for exports.

Nelcast Ltd| Q1FY25 Concall KTAs
CMP INR 150| Market Cap. INR 13.06bn

Co. strategically reduced inventory levels, maintaining revenue and profit through enhanced production efficiencies and increased export sales. While FY25 is viewed as a consolidation year, Nelcast sees significant opportunities in European markets and expects a stronger rebound in FY26. The company anticipates improved EBITDA per kilogram driven by better capacity utilization, favorable product mix, and power cost savings from renewable energy investments.

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Financials
Total Revenue of INR 3023mn(+2.0%YoY)(+1.04%QoQ) with EBITDA of INR 202mn(+4.5%YoY)(+30%QoQ) and margins of 6.73%. EBITDA/kg of INR 10.53 and PAT of INR 80mn(+10.9%YoY)(+56%QoQ) and margins of 2.63%.

Co. saw softness in demand for commercial vehicle.

Despite production constraints in the EU due to stringent environmental norms, Nelcast sees significant opportunities for Indian manufacturers to fill the demand gap. The second half of FY25 is expected to show better performance.

The company strategically reduced inventory levels, leading to a decrease in production volumes but maintaining consistent revenue and profit due to enhanced production efficiencies and a 10.5% YoY increase in export sales.

For FY25, the company anticipates improved EBITDA per kilogram due to better utilization and power savings. FY25 is viewed as a consolidation year, with groundwork being laid for robust demand growth in subsequent years.

The reduction in inventory levels was a strategic decision to ensure a robust balance sheet and prevent surplus inventory buildup. Despite the reduction in production, revenue and profits were preserved due to enhanced efficiencies.

Co. guides FY25 likely to be consolidation year for the co.
FY26 bigger rebound expected in domestic market. commercial vehicle market exp to be soft due to elections and second half exp to be better.

Co.is expecting normalcy by next year. FY26 is expected to be better . New emission law in north America which will change and have significant impact on price of new vehicle. Expectation of price increase will lead to strong pre buy. US elections to have impact on future prospects of EV industry.

In European market, co. is confident of its financial competitiveness against its competitors which is very weak. Competition will have to spend lot of money to spend on de carbonisation to compete with Nelcast. Co. is expecting a very big jump expected from Europe markets.

EBITDA/kg is guided to go up with drivers like increase in capacity utilisation and the operating leverage coming out of it. Favorable product mix as export continue to grow, and new product avenues which co. is exploring.

Power and fuel cost
1mw solar plant installed in first wekk of April, and portion of power comes from wind energy. May to June are the peak seasons for the wind which also helps in reduced power cost. CO. expects in next couple of qtrs to increase its efficiencies of power consumption.

Volumes with fedex are 180-200 vehilces per week which are supposesd o be ~600, hence ramp up process is on going. Co. has a long way to go before it reaches meaningful number but it has started.

In last 8-9 mnths, EV sales have dropped, pre sales going down and OEMs are rethinking their strategies w.r.t choice b/w EV and Hybrid. USA Elections to play crucial role. Eg. GM and Ford by 2035 and 2037 had committed to stop producing internal combustion vehicle from which they have now moved back. Hybrid vehicles is more towards the EV product.

-1k tons was the reduction in inventory this qtr. Last year, anticipation of sales were high for Q4, post 10th feb they saw significant drop. Co. looking to dilute the inventory further over the next 3 qtrs.

-RFQs received from customers in Europe in past 6 months, have exceeded RFQ for past 2-3 years. On some products demand in Europe is 50% higher than US. There is confidence in translating recent interest into business and actual turnover over the next 6-18months.

-In domestic market, EBITDA/kg is INR 10/kg and export INR 15-18/kg. For payment terms, 45-60 days is domestic and export is 150days.

-Volume for qtr, production ~19K tons, sales ~20k tons .

KEC International Q1FY25 Concall Highlights
KEC International | CMP: INR 877 | Mcap: INR 225.5bn

Outlook: KEC international has an order book of INR 420bn (Including L1) shows revenue visibility over the medium term. EBITDA margins are expected to be 7.5% in FY25E. The debt reduction would lead to finance cost savings going forward. The order intake stood at INR 76.64bn (+70% YoY) and order prospects of INR 1,500bn show visibility. The traction from T&D, Civil, Railways, Renewables, and Cables is expected to drive the business going forward. We have a positive outlook on the stock.

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Revenue
Revenue growth is expected 15%YoY in FY25E. H2 is expected to be better. The order execution is expected to be strong from Q3FY25E onwards.

Margins
EBITDA margin is expected to reach 7.5% in FY25E.

Cable margins are 200bps lower than the market. The market margins are 9%-11%. The company is focused on reaching 9% margins over the next 2-3 years.

Renewable business margins are expected to be 8%-10%.

Order book
The order intake stood at INR 76.64bn (+70% YoY) in Q1FY25. The order intake is expected to be INR 250bn in FY25E.

The order book stood at INR 420bn including L1 (~2.1x of FY24 revenue) in Q1FY25.

Cables
In the cables business, the company has invested INR 600mn. The company is investing around INR 1,000mn.

Cables revenue stood at INR 16.75bn in FY24 and is expected to reach INR 2.8-2.9bn by FY26E. The cable business is expected to grow atleast 20% YoY over the next few years.

Cables business assets turn around 7-8x.

Hedging
The company is doing around 300 projects. In Civil projects, cement and metals are passed through. Some of the contracts are pass-through and some of them fixed price. The company mostly hedged on metals (except steel) for fixed-price contracts.

Industry
The order prospects are around INR 1,500bn. Around 40%-45% from the transmission and the remaining from others. Domestic and International mix is around 50:50.

In renewables, around 500GW opportunity size is around INR 700-800bn between states and central.

Renewables are expected to grow 20%-25% YoY going forward.

Legacy projects
Most of the legacy projects and railways are standalone. Most of the projects will be over in Q2FY25E and improvement is expected.

Debt
The debt reduction is expected through internal cash accruals. Interest cost came down to 10.5% in Q1FY25.

Payment terms
The standard payment terms are advance – 10%, 80% - Progress, and 10% - retention.

Capex
The capex is expected INR 3.5-4bn in FY25E. The capex is included for Cables.

Other highlights
International T&D is expected to pick up, especially Middle East and Africa.

The company is focused on expanding on wind and green hydrogen in the renewable business.

The current investments will add additional revenue of INR 30bn.

Around 60%-70% captive for Aluminium conductors.

IKIO Lighting Ltd Q1FY25 Concall KTAs
CMP: INR 293 | Market Cap: INR 22600 Mn

IKIO Lighting's Q1FY25 saw 17% revenue growth to INR 1270 Mn but a 27% drop in EBITDA, with ongoing expansion and product innovations expected to boost future performance.

Financial Highlights
• Revenue: INR 1270 Mn, reflecting a growth of 17% YoY and 34% QoQ.
• EBITDA: INR 167 Mn, down 27% YoY and 1% QoQ.
• PAT: INR 124 Mn, a decline of 11% YoY but up 30% QoQ.
Operational Highlights
• Continued improvement in inventory clearances for RV products in the USA.
• Gross margins remain stable (excluding the USA subsidiary) and are expected to improve as US operations stabilize.
• EBITDA margins impacted by higher employee costs and front-loaded expenses for new facilities and product lines, which are expected to contribute to revenue from H2 FY25.
• Segment revenue grew both YoY and QoQ due to new product sales.
• Domestic market performance remained stable, while exports to the Gulf region supported growth in the Product Display segment.
• Commercialized new facility of ~200,000 sq. ft. in May 2024, with Block II (~500,000 sq. ft.) expected by March 2025.
• Launched new product categories: Hearables and Wearables.
• Commencement of business in the USA has temporarily impacted gross margins. Margins are expected to improve as supply chains stabilize.
• The US subsidiary has begun generating revenue, contributing to overall growth.
• Export growth with recent revenue around INR 12-13 crores, though new subsidiaries are initially impacting margins due to high setup costs.
Revenue Guidance and Expansion
• On track to achieve FY25 guidance of 20-25% consolidated revenue growth YoY and an EBITDA margin in the range of 20-22%.
• Successfully commercialized a new integrated facility of ~200,000 sq. ft. in May 2024, expected to boost export business and new product development.
• Further expansion with Block II of the greenfield project is expected to be completed by March 2025.
Financial Stability and Innovation
• Maintains a strong financial position with a debt-free balance sheet and well-funded capital expenditure cycle. IPO funds deployment is progressing as planned.
• Proactively diversifying revenue streams and focusing on innovative products like human-centric and automated lighting. R&D efforts directed towards advanced lighting solutions and geographic expansion.
• Sales have been volatile due to market conditions and competition, but product innovation remains a key strategy.

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Texmaco Rail & Engineering Q1FY25 Concall Highlights
Mcap: INR 97.99bn | CMP: INR 245

Outlook: The order book stood at INR 74.6bn (~2x of FY24 revenue) showing business visibility. The current execution is around 750+ wagons/month and is expected to increase by 1,000 wagons/month going forward. The company is acquiring Jindal Rail for consideration of INR 6.15bn and the transaction is expected to complete in the next 3-4 weeks. Jindal rail capacity is around 200 wagons per month and is expected to increase by 60%-70% capacity without much capex. The company has acquired a 51% stake in Saira Asia, manufacturing interiors for railway passenger mobility. The company is very conservative and careful about passenger mobility opportunities. We have a neutral outlook on the stock.

Wagons
Wagon volumes stood at 1,967 units in Q1FY25.

The current execution is around 750+ wagons per month and targeting 1,000 wagons per month going forward.

The company is completely equipped to manufacture double-stack containers. The company will supply such wagons to one of the customers in the coming quarter.

Margins
EBITDA margin is around 11% and further improvement is based on wagon execution. The company is focused on achieving a 12.5% margin by the end of FY25E.

Order book
The order book stood at INR 74.6bn as of Q1FY25. Around 60% of order books are from freight cars.

The railway and private wagons order book mix stood at 88:12.

Around 80% of railway contracts are covered under the price variation clause.

Jindal Rail & Infrastructure
The company is acquiring Jindal Rail & Infrastructure Ltd for a consideration of INR 6.15bn and the entire transaction is expected to happen over the next 3-4 weeks.

Jindal rail capacity is around 200 wagons per month and capacity is expected to improve 60%-70% without much capex.

Saira Asia
The company has acquired a 51% stake in Saira Asia which manufactures interiors for railway passenger mobility. It has strong modern designs and helps to move towards the field of passenger mobility.

Foundry

Foundry volumes stood at 9,474 MT of castings for railway and other components.

The steel foundries have achieved quality acceptance by the Association of American Railroads.

De-merger

The demerger work in progress. The company is trying to sort out internal things. After applying with NCLT, it takes 9-12 months to complete the process.

Other highlights

The railway procurement plan is around 30,000 wagons per annum going forward. However, 2,000 wagon tenders only come up as of now and are further expected going forward.

The company has a pipeline for private procurement from the steel, mining, and cement industries.

Q1 is slightly weaker due to weather conditions and General elections.

Rail infra and green energy loss due to legacy contracts.

Arihant Capital Markets Ltd

Suprajit Engineering Ltd -Q1FY25 Concall KTAs
CMP INR 601 | Market Cap INR 83,907 Mn

The company aims to achieve a growth rate of 11.5% to 12% in the automotive sector within the entire control division. The company will focus on both onshoring and nearshoring to secure low-cost contracts. Additionally, the company aims to add non-automotive wins and continue growing in the PLD sector, with a target of 10% growth and SEL will remain committed to this target.

Share buyback at INR 750 per share, amounting to about INR 1130 Mn, to be completed by September. (Previous Buyback in FY21)

Debt reduced from INR 6230 Mn to INR 5810 Mn in Q1FY25, with INR 4930 Mn invested in MF.

The Surajit Control Division (SCD) saw marginal revenue growth of 3.3% and achieved over 8% EBITDA margin in Q1FY25.

The company's new plant in China is operating well and securing new business for the coming year.
Wescon in North America witnessed good margin recovery due to restructuring efforts and operational improvements.

PLD
The Phoenix Lamps division (PLD) saw significant margin improvements in India and at Luxelite.
The Phoenix Lamps Division now has about 70% of its sales coming from the aftermarket segment, with only about 30% from direct OEM sales.

The Surajit Electronics Division (SED) made progress with new business wins, including contracts for electronic throttle components from a major Indian 2W EV manufacturer.

SCS: Surajit completed the first stage of acquiring SCS, a German light-duty cable manufacturer, on July 16th. The company expects SCS to achieve high single-digit EBITDA margins in 1-2 years after the turnaround.

The company noted that while the global automotive market faces challenges, it continues to win significant contracts with healthy margins in various segments.

Surajit's strategic approach of onshore, nearshore, and offshore operations has started yielding results, evidenced by support from European OEMs and Tier 1s, and recent wins from leading US OEMs.

International: The company's international operations saw positive developments, though growth in Hungary remained muted due to geopolitical situations.

The Indian aftermarket sales, which had de-grown last year, have stabilized and are showing signs of picking up since July, with expectations of growth in H2FY25.

In the Domestic Cable Division, ~65-70% of sales are to OEMs, with the remainder coming from the aftermarket.

Other expense & RM

The company noted increased expenses due to significant growth in their technology center staff and the strengthening of corporate teams to support global operations.

Container costs have increased significantly (6-7 times) compared to the previous year, affecting the company's expenses.

Based on the current scenario, The company expects some price increases from September onward, which should help stabilize margins going forward.

In the brake systems business, Surajit has secured its first customer for ABS (Anti-lock Braking System) and two customers for CombiBreak systems.

The company has won a new sensor business for international non-automotive customers, indicating growing traction for its electronics division products.

Surajit's Trifa brand, now sold through Luxelite, is positioned as a top-end product against global marquee brands in the halogen lamp market.

The company is pursuing business with Chinese OEMs, currently positioned as a Tier 2 supplier but aspiring to become a Tier 1 supplier in the future.

Surajit's friction products, initially introduced through the aftermarket route, are now gaining interest from OEMs.

Tax Rate: Higher tax rate due to deferred tax.

CEAT Ltd-Q1FY25 Concall Highlights
CMP INR 2671 |Market Cap INR 108,050 Mn

The company expects overall double-digit growth, driven by strong performance in 2w-3w, rural areas indicate signs of recovery expected to persist, with the company gaining MS in the PV segment while the CV category remains subdued, with potential recovery expected in August and September

Financial
Revenue INR 31,928 Mn, 6.7% QoQ/+8.8% YoY. On YoY basis, the replacement segment saw healthy
Volume growth.
EBITDA margin stood at 12.0%, a contraction of 121 bps QoQ due to RM and planned advertising cost.
Capex was INR~ 2540 Mn funded through internal accruals (Expected of INR 10000 Mn for FY25) and Debt increased by INR 180 Mn due to slightly higher working capital as against Q4FY24. Debt/EBITDA 0.98x.

Concall Highlights

Volume Growth
9% YoY led by replacement and double-digit OEM growth.

Replacement
Double-digit Q1 growth; robust rural demand; strong farm tyre segment and distribution network.

Segment
Growth driven by highway travel; truck & bus segment almost sold out in Halol.

EPR
The company will treat EPR as it does raw materials for internal performance management, but it will appear as other expenses in the books of accounts.

INR 74.6 lakh reversed as exceptional item.

Margin Pressures
Raw material costs rose by 5% QoQ, contracting gross margins. Domestic natural rubber prices surged 25-30% to Rs 200, highest in 13 years. Freight costs increased from $45-50/ton to $190/ton, expected to normalize by quarter's end.

Distribution
Top 3 in Europe; strong presence in Germany; US & EU products differ from India.

R&D Spend

Highest investment; focus on truck bus radial; new launches for the international market.

Pricing Scenario

The company has taken price hikes across all segments to counter raw material cost increases. In the passenger segment, there was a (2.3%) hike, including July, and a (2.5%) to (3%) increase in two-wheelers. OEM saw no significant change in Q1, but a (2%) indexation benefit is expected in Q2. International price hikes were back-ended, with most effects expected in Q2. Considering additional increases in August due to competitor discounts in TBR, the company remains confident in its product superiority. It implemented a (1%) increase in the 2w/3w segment, being the only player to do so, and plans another (2.5%) to (2.8%) hike. A (1%) hike has been implemented in the replacement segment, with aggressive pricing for OEM.

SKUs

The company launched the Mileage X5 tire with patented alignment indicators, introduced 42+ off-highway and 30+ passenger vehicle SKUs in Q1 for international markets, invested in premium car tires covering 95% of the Indian market, and implemented digital measures like predictive quality.; CEAT & Apollo similar at 2% in terms of pricing.

Supply chain disruption

Container shortages in international business affected growth and are expected to continue in July and possibly part of August, with transit times from Southeast Asia to India increasing from three weeks to 60 days due to supply chain disruptions.

Tyre industry is growing robustly due to economic progress and increased disposable income, leading to higher car uptake.

International Business

8.7% YoY growth; headwinds due to container availability; growth from Latin America and Europe.

Export

Sri Lanka's improving macro situation is driving positive volume traction.Healthy with container issues resolved; strong performance in US, Europe, LATAM.

Agriculture Radial Low base in US; good traction with 70% utilization; 860-ton product gaining traction.

CV Growth:Low base; expected double-digit growth in truck bus; single-digit in PV.Truck/bus high growth expected in Q2.

OEM Price Hike: Expected in Q2; healthy international orders.

Freight Rate:Value growth driven by volume growth.

Premiumiasation
The company is investing in premiumization, seeing a 42% uptick in brand conversion volume and a 140% increase in average engagement per post YoY.PV Tyres remiumization strategy yields positive results.

EPR and Domestic*: EPR part of RM, shown as other expenses; INR 74.6 lakh reversed as an exceptional item.

Q2 Momentum
Expected continued volume growth; front-loading CAPEX to meet rising demand.
TBR Capacity fully sold out in Halol.

Replacement Volume
Growth in CV and 2W segments.
Premium Category continued growth in PV & 2W. Rural demand is boosted by a good monsoon.

RM costs increased 5% QoQ; margin contraction.

EV Market
Consolidated 3W & 2W; working with international OEMs.

CIE Automotive India - Q1FY25 Concall Key Takeaways

The company expects H2CY24 in India to outperform H1CY24 due to positive market trends. In Europe, H2 will likely be weaker due to seasonality, US election uncertainties, and slow EV adoption. Indian exports are set to rise despite longer lead times. Challenges include a slowdown in the European light vehicle market, weakness in the US off-road market, and reliance on a single customer for Metalcastello. The company has a strong order book focused on EVs, is not pursuing European acquisitions, and is prioritizing debt reduction

India

Sales grew 8% YoY to INR 14,463Mn

n. EBITDA increased 16% YoY to INR 2,614 mn, resulting in an EBITDA margin of 18.1%. All Indian businesses were performing well with positive growth and margin expectations.

20 customers including Mahindra, Bajaj, Hyundai, Kia, and Volkswagen.

Europe

Sales declined 11% YoY to INR 7,604 mn. EBITDA decreased 21% YoY to INR 1,292 mn, leading to an EBITDA margin of 17%.

CACIL received an INR2,674 mn subsidy under the Maharashtra Government Package Scheme of Incentives (PSI) 2013.

Sales reduction due to low market performance (-7.0%) and Metalcastello's drop (-32%) due to US off-road market situation and lower volume.

EBITDA margin reduction due to turnover drop, with cost control activities ongoing.

Excludes Russian market data to align with business realities.

EV

The European market's electrification process has slowed due to subsidy eliminations, causing market uncertainty and volatility, with growth expected to continue but at a lower pace, potentially delaying by 2-3 years. Meanwhile, internal combustion engine components remain in demand, providing time for companies to prepare for the transition.

Order book

The company has a robust order book, with 30% of new orders in India and 55% in Europe related to electric vehicles.

The company's strategy aligns with this transition. Additionally, it secured a significant contract with a new American transmission manufacturer for electric commercial and light commercial vehicles.

Sunroof

CIE Automotive India focuses primarily on Tier 2 businesses, while the Roof Systems business is managed independently by CIE Spain as a Tier 1 business.

M&A
The company is not actively pursuing acquisitions in Europe, preferring to focus its efforts on the growing Indian market.

No one-offs
No one-off items impacted margins in the current quarter.

Near-term Challenges
The company is facing challenges including a slowdown in the European light vehicle market, marked by a decline in EV orders and reduced subsidies. Additionally, weakness in the US off-road market is impacting Metalcastello’s performance, compounded by the company's reliance on a single customer for this business. While diversification efforts are in progress, these factors are contributing to the current difficulties.

Export: 13% from India, with growing opportunities in iron and gear casting.

Growth CapEx for H1 was INR 1.05 bn, primarily allocated to projects in India.

CarTrade Tech Ltd-Q1FY25 Concall highlights
CMP INR 861 | Market Cap 40,678 Mn

The company is optimistic about Q1 and upcoming quarters.Margins are expected to expand across all businesses due to revenue growth and stable costs*.

Financial
Revenue 1411.7 Mn grew by 64% YoY
EBITDA 15% against 19% in Q4FY24
PAT 228.9 Mn grew by 69% YoY

- 95% of revenue comes from organic sources, with the platform contributing very little.
- Other income decreased due to the acquisition of OLX, which increased costs.
- EBITDA increased from 6% to 15% YY with EBITDA margins rising from -3% to 14%. Adjusted EBITDA margins for the Rolex classified business grew from 24% to 27%, driven by revenue growth. Margins are expected to expand across all businesses due to revenue growth and stable costs. Retail business margins are higher than repo business margins.
- Franchise stores have significantly higher margins than normal stores.
- Dealers pay subscriptions to be on the OLX used cars classified platform, which operates with a subscription model similar to CarWale used cars.
- OLX is much stronger than its competitors.
- The company has a strong product portfolio and compared to any
- other platform, including Facebook marketplace.
- Employee expenses is up due to increments and some new hires in Q1FY25.
- The Indian economy is performing well, with lower NPAs in banks and NBFCs for automotive lending due to reduced repossession rates. The car industry has grown 3-4%, and the 2w industry is even stronger, indicating robust consumer demand. Revenue growth in the consumer group business is expected, driven by a favorable market environment where supply exceeds demand.
- OLX remains the strongest C2C platform for used cars in India. Previously, supply chain issues around semiconductors muted advertising, but the current market, where supply exceeds demand, is advantageous.
- The company's B2B business involves bulk supply from repossessions, which has lower margins compared to higher-margin retail supply sourced from individuals.
- The company is not focused on price hikes, prioritizing increasing platform users instead.
- OLX is strong in the second-hand car market and also in the non-auto business sectors such as homes, jobs, and two-wheelers, facilitating the buying and selling of used products. After the acquisition, the focus was on the used car side, but there is also a desire to invest in the non-used car side.
- There has been some revenue growth in both auto and non-auto sectors. The company is working to expand while managing current expenses, which stand at 360 Mn maintaining a similar run rate.
- Repositioning is lower due to the retail volume this year.
- There are 40 mn unique visits for CarWale and 30 mn for OLX.
- New hires from OLX have been brought on board for the non-automotive side, including jobs and other businesses.
- The company is optimistic about Q1 and the upcoming quarters. The business grew by 18% YoY, driven by 85% new car and new 2w sales (with 3-4% growth in the car industry) and strong growth in 2w.

Carborundum Universal Ltd Q1FY25 Concall KTAs
CMP: INR 1,735 | Market Cap: INR 3,30,097 Mn

Outlook: The company expects a 20-30 bps increase in consolidated PBIT margin for FY25, with abrasives margins rising by 100 bps. Ceramics margins should remain steady, and electro minerals margins are set to improve by 20-30 bps. Sales growth is projected at 9-11%, or INR 51,000 to 52,000 Mn, with abrasives growing 11-12%, ceramics 12-14%, and electro minerals 5-6%. Rhodius is expected to grow 10%, and Awuko aims for an INR 8-10 Mn increase. Industrial ceramics should grow 13-15%, and refractories 12-13%. The FY25 capex plan is INR 3,500 Mn, including INR 300-400 Mn for defence and aerospace, with new capacities expected in 18-24 months.

Financial Highlights
• Consolidated sales for Q1FY25 were almost flat at INR 11,840 Mn compared to Q1FY24.
• PBIT for the quarter decreased by 3.5% to INR 1,490 Mn, with a PBIT margin of 12.6%, compared to INR 1,550 Mn in Q1FY24, which had a margin of 13%.
• PAT for the quarter remained nearly flat at INR 1,130 Mn compared to Q1FY24. The standalone business grew marginally by 1% to INR 6,640 Mn compared to Q1FY24.
• The company remains debt-free at the standalone level. Consolidated debt decreased to INR 1,120 Mn at the end of Q1FY25, down from INR 1,780 Mn in Q1FY24. The debt-to-equity ratio is 0.03 at the consolidated level.

Segment-wise performance
• Abrasives- Consolidated abrasives revenue grew by 6.3% to INR 5,520 Mn, while standalone abrasives sales increased by 7.3% to INR 3,030 Mn. PBIT margins improved from 6% in Q1FY24 to 10% in Q1FY25.
• Electro Minerals- Consolidated electro minerals revenue declined by 9% to INR 3,810 Mn , while standalone electro minerals sales decreased by 4% to INR 1,890 Mn. PBIT margins dropped from 17.7% in Q1FY24 to 11.4% in Q1FY25.
• Ceramics- Consolidated ceramics revenue decreased by 6% to INR 2,700 Mn, while standalone ceramics sales fell by 6.2% to INR 2,170 Mn. PBIT margins declined from 28.2% in Q1FY24 to 24% in Q1FY25.

Subsidiary Performance
• Volzhsky Abrasive Work(VAW): Sales were flat in local currency but showed downward performance in INR due to exchange rate fluctuations.
• Foskar Zirconia: Incurred losses due to lower realization and product mix issues.
• Rhodius delivered a profit in Q1FY25, showing improvement, while Awuko losses have reduced compared to Q1FY24.

New business initiatives
• High Purity Silicon Carbide project progressing as per timeline.

• Investments ongoing in industrial ceramics, semiconductor ceramics, and defence ceramics.
• Graphene applications are being developed for bio packaging, car detailing, rubber, cement, and coatings. The R&D team, consisting of 103 technical professionals, is working on new capabilities.
• Progress is being made in solid oxide fuel cells with a major customer. Significant approvals have been received for ceramics used in semiconductor fab equipment.
• The company is developing capabilities in electronic ceramics and has plans for capacity investments. Additionally, it is working on the commercialization of armoured vehicle protection products for the domestic market.

Operational Updates
• VAW, the Russian subsidiary, is operating at full capacity for silicon carbide. A debottlenecking program is ongoing at VAW to increase capacities.
• The refractory segment is experiencing delays due to customer inspection timelines. The Australian subsidiary's performance has been flat YoY but is expected to improve in the second half.

Segment-Specific Insights
• Abrasives: The industrial and retail segments are driving growth, while the precision segment is experiencing single-digit degrowth, primarily due to a decline in exports.
• Ceramics: The refractory, wear ceramics, and metallized cylinders business grew by 17% YoY. The Australian subsidiary is expected to show marginal growth in FY25.
• Electro Minerals: The standalone business experienced good volume growth in aluminides and silicon carbide. VAW Russia increased sales volumes of fused alumina and silicon carbide by 28% and 14%, respectively.

Other Highlights
• Company working with customers and logistics agencies to address container and freight movement issues.
• Export sales volume in VAW Russia increased to 43% of total sales, up from 40%.
• Foskor Zirconia's higher tax rate is due to not taking the deferred tax benefit. VAW Russia's profitability has been impacted by exchange rate fluctuations, with an estimated impact of INR 200-230 Mn.
• Chinese prices for abrasives and electro minerals have started increasing, potentially easing pricing pressure.
• The company is tracking better than competition in the abrasives segment.
• Pricing pressure from Chinese imports in abrasives and electro minerals segments.

TVS Supply Chain Solutions Ltd – Q1FY25 Concall KTAs
CMP: INR 195 | Market Cap: INR 85,937 Mn

Outlook-The company is focusing on revenue growth driven by participation in larger, multi-million dollar contracts and expansion of their global account management program. It expects to maintain their ISCS segment EBITDA margins between 9.5% to 10% while continuing to improve overall profitability. The company aims to leverage its technological capabilities, particularly in AI implementation, to differentiate itself in the market. It is targeting double-digit revenue growth. The company also anticipates further benefits from their global expansion, especially in mature markets like the UK and US, where average deal sizes have significantly increased.

Financial Highlights
- Revenue from operations stood at INR 25,394 Mn in Q1FY25 up by 4.7% QoQ & 10.9% YoY.
- EBITDA stood at INR 1,818 Mn in Q1FY25 up by 5.1% QoQ & 6.7% YoY with margins at 7.2%
- PAT was at INR 75 Mn in Q1FY25 up by 38.3% QoQ with margins at 0.3%.

Business Segments
- Company's Integrated Supply Chain Solutions (ISCS) segment had 3.4% QoQ & 8.1% YoY growth.
- Its Network Solutions segment had 6.4% QoQ & 14.8% YoY growth.

Global Operations
- The company has presence across four continents Asia, Europe, North America, and Oceania.
- It has a diverse customer base across multiple sectors with longer contract durations in overseas markets (5-7 years) compared to India (typically 3 years).
- It is operating in 14 major freight forwarding lanes globally (8 sea lanes and 6 air lanes).

Margin and Profitability Focus
- It is recognizing company-level operating leverage as a key driver for margin improvement and is targeting to improve PBT margins by 100 bps YoY.
- Its focus is on maintaining gross margins while controlling overhead costs.

Debt and Financial Management
- Company's gross total debt position reduced to INR 7,750 Mn which is all working capital debt. This is significantly reduced from INR 17,000 crores before IPO.
- It is focused on managing debt in a tight manner, funding incremental revenue growth internally.

Operational Highlights
- Its Business development contributed 10.7% of total revenue.
- The company has significant new customer wins across various industries and geographies.
- It has a pipeline of new opportunities which represents annualized revenue potential of over INR 40,000 Mn.

- Company's average deal size has increased in the UK (tripled to £9 million) and US (more than doubled).
- The company has launched a global account management program for about 10 customers.
- It is focusing on cross-selling capabilities and geographies with deployment of AI at scale across operations.
- The company has made a five-year strategic supply chain contract with a global automaker.
- It has also achieved a milestone of handling 500,000 completely knocked down kits for a domestic auto major.
- Red Sea situation impacting freight costs, resulting in a revenue increase of ~INR 300 Mn to 400 Mn.
- It has a soft Q1 performance in India, potentially due to elections.
- The company is continuously investmenting in IT systems and AI implementation and has made a partnership with a UK-based university on AI governance.

Pricol Ltd- Q1FY25 Concall Highlights
CMP INR 510 | Market Cap INR 62,208 Mn

- Pricol maintains a 13.5% margin guidance without specifying revenue growth. The company is gaining MS with new products that have been launched. Export share is set to grow, especially in Europe, with higher margins than domestic products. The US market is expected to improve after the next three quarters, with muted growth until then. Pricol's content per vehicle is increasing with value-added products.
- Growth and content per vehicle are increasing even in flat segments, driven by value-added products. Maintaining a 13.5% margin guidance. The business consists of 70% Driver Information and Connected Vehicle Solutions and 30% Actuation, Control, and Fluid Management Systems.
- New products for Bajaj and other customers will significantly boost volume over the next 12 months. Pricol's content per vehicle is rising due to value-added products, shifting from mechanical equipment to digital to enhanced offerings post-covid.
- The focus is on increasing technology and digital Connected Vehicle Solutions. The company has been focusing more on the upgrade of digitalization by going from LCD to TFT and more connected vehicle solutions.
- The company continues to outperform in CV and off-highway vehicles due to increased value-added products.
- Revenue breakdown: 65% from 2-wheelers, 15% from CV, ~10% from PV (up from 6-7%), and the remainder from tractors and off-highway vehicles. Supplies to Tata Motors and work on the PV side are ongoing.
- Exports account for 8-10% and are expected to be slightly muted for the rest of FY25. The company is working with OEMs on driver information systems and ACFMS, targeting key strategic customers like Ducati, BMW, and KTM in Europe, with multiple opportunities under development and testing.
- The export share will increase over time but depends on customer timelines, especially in Europe. Export margins are higher than domestic ones, varying by product. Credit periods are 45-60 days for both export and domestic sales.
- The company expects the US market to become better after the next three quarters, but growth will be muted for the next three quarters.
- The company has continuously gained market share with many new projects launched QoQ.
- There is no additional labor case coming, only an increase in contingent liability due to interest
- accumulation for one more year.
- The battery management system prototypes are nearing completion, with customer testing set to
- begin next month. The Cipro Cinematics platform is also under customer testing. These are strategic partnerships, not joint ventures, and no revenue guidance has been provided. Revenue credits will only be shared after customer acceptance, with none expected for this financial year.
- The company is currently testing and validating two new products, including disc brake, with vehicle-level testing at the customer end, and expects to start production within the next 12 to 18 months.

Escorts Kubota Ltd –Q1FY25 Concall Highlights
CMP INR 4,146 | Market cap INR 458,125 Mn

The company estimates mid-single-digit growth in the domestic tractor industry for FY25, led by better monsoon coverage, government aid, improved prices, enhanced liquidity, and increased credit access. Post-monsoon, double-digit growth is expected in the equipment space and through new product introductions

Financial
Revenue from operations:** INR 22,925 Mn, down 1.5% YoY/up 10.1% QoQ.
EBIDTA: INR 3271 Mn, up 0.1% YoY/+23.0% QoQ.
EBIDTA Margin 14.3%, up 22 bpsYoY/+150 bps QoQ.
PAT INR 2896 Mn, up 2.4% YoY/+19.6% QoQ.

Margin

- EBITDA margin stands at 14.3%, up 22 basis points YoY, driven by better product mix, price realization, cost control, and lower commodity prices. Agri machinery EBIT margin was 13.2% (down from 13.4% YoY but up from 11.2% sequentially). Construction equipment EBIT margin rose to 10.4% from 7.6%, and railway division EBIT margin was 20.5%.
- The company expects stable margins in the first half, supported by Q1 price increases to offset material costs. Operating leverage, a better product mix, and market share gains in the pick-and-carry segment are sustaining margins, with potential post-monsoon growth in the equipment space.

Inventory correction across Europe, driven by recessionary conditions and high interest rates, led to reduced production in Q1, with no expected changes in inventory management.

Price: Global pressure on rubber prices is leading to price increases, which the company is passing on to customers with a quarter's delay, having taken a price hike in May to offset material costs for the first half.

Order: The company's order book for the division stood at approximately INR 8800 Mn by June FY24. Initial orders for Vande Bharat passenger coach components, such as brakes, couplers, and dampers, have been secured, with expectations for growth momentum in the rail sector.

The company is awaiting a merger order from the NCLT Bench, expected to be effective from September 1. It plans to utilize the acquired company's 300-dealer network in India to boost sales and market share. The integration process will take time and address various issues post-merger.

Europe's recession and high interest rates are causing inventory corrections and subdued demand. Inflation impacts are being mitigated with price increases, and commodity prices are expected to rise. Demand should improve post-monsoon and with increased consumer spending during the festive season.

RM

- The company is facing global rubber price pressure due to inflation and compliance issues, leading to price increases passed on to suppliers in Q2.
- The company improved its EBITDA margin through price adjustments and a May price increase to address material cost impacts. It plans to pass on rising rubber prices and other cost increases while sustaining margins. A 0.5%-0.6% price increase was implemented for potential inflation, with no further industry hikes expected in the H1FY25.

Tractor

- Tractor Volumes, down 3.2% YoY to 25,720 units. Domestic tractor volumes were almost at par with the corresponding quarter.
- Domestic Tractor Industry, Anticipates mid-single-digit growth (5-6%) for the full year.
- The company is gradually introducing World Max in select locations, with a full launch expected around the festive season.
- A new series in the farmstead range will launch in October-November. Products for North America and Brazil are set for mid-FY26, while European products will be ready by Q3, with export growth anticipated in the Q4FY25.
- The existing portfolio is being rebranded with some tweaking, particularly in the compact segment for smaller tractors, which is doing extremely well in Europe.

Railway

- Down 17.8% YoY to INR 2447 Mn. The company is also developing components for Vande Bharat coaches, with initial orders secured and regular supply expected soon.
- Efforts are underway to localize and export products from India, with initial orders for Vande Bharat coach components expected to drive growth in the railroads segment.
- Construction Equipment expects demand to improve post-monsoon.
- The company is also evaluating new sites for a greenfield facility in northern states.
- Component Business: The Company focuses on sourcing from India and exporting to Kubota.

Talbros Automotive Components Ltd-Q1FY25 Concall Highlights
CMP INR 349 | Market Cap INR 21,635 Mn

Demand for CV is expected to pick up post-Q2 and after the monsoon, with a strong order book on both the ICE and EV sides across the entities. The company is targeting a 10-12% EV market share in the coming years, supported by strong RFQs.

Financial
Revenue INR 2090 Mn a growth of 13% on a YoY basis
EBITDA stood at INR 350 Mn a growth of 24% on a YoY basis and EBITDA Margin stood at 16.5%. Expectation to sustain a margin of 16%.
PAT stood at INR 206 Mn a growth of 18% on a YoY basis

Concall Highlights
•Exports accounted for 27% of total sales.

•In Q1FY25, exports contributed 16% of Gaskets revenue, 55% of Forgings revenue, 18% of Marelli Talbros Chassis Systems revenue, and 5% of Talbros Marugo Rubber revenue.

•Demand for CV is expected to pick up post Q2 and after the monsoon.

•Increased focus on exports (from 10% in FY18 to ~22% estimated in FY27). The company has a large order book for new products: MSIL in Heat Shields INR 140 Mn p.a. Kia & Hyundai Heat Shields INR 135 Mn p.a. Gasket with Electrical Controls INR 120 Mn p.a. Cummins, Beagle CHG INR 110 Mn p.a. Escort Kubota CHG INR 90 Mn p.a.

•~50% Market share in Gaskets 3x the nearest competitor.

•Signed up exclusive contract with SANWA for Light Weight Aluminium Heat Shields which is used for automotive applications specially in PV segment and is a futuristic product technology.

•Value added features like Noise Reduction, Emission Control, Heat Insulation at challenging temperatures and is a widely used on new generation engines including Hybrid and EVs

•The company has taken significant steps for its customers, positioning itself well for targeted in addition, sustainable growth.

•Employee expenses:An increase in employee expenses, led by a 10% salary increase on annual basis.

•EV: The company is targeting 10-12% EV MS in the coming years, supported by good RFQs.

•Marelli Talbros is working on new RFQs for several Indian and global OEMs, focusing on the development of future EVs. Marelli Talbros supplies critical suspension components to EVs.

• Order: The company has received a 10,000 Mn order and is managing small orders together. The full order book totals 20,000 Mn and will be commercialized consistently. For Heat Shields, plant installation has started, and a new plant is being set up in Pune. A small battery component order has been received from M&M, with volumes expected to start in October, initially at INR 300 Mn, and reach INR 500 Mn by the Q4FY25. The order book has increased from both existing and new customers.

• The company is diversified and hedged across various segments. Gaskets & Heat Shields grew by 9% YoY, Forging by 21% YoY, with EBITDA at 19%. JV Chassis Components grew by 69.1%. Some price increases pending from customers are not accounted for in the Q1 results, so they will reflect in Q2.

• Bushes for EVs will generate 150-200 Mn per annum for BMW, with better clarity expected post-Q2FY25.

• Marugo currently supplies Maruti with 87% AV and 80% Hose, and by the end of the year, EBITDA is expected to increase to 13-14%. It will take a couple of years to diversify this segment. Marugo was affected by a shutdown in June.

• Capex: The company is planning a Capex of INR 250-300 Mn per annum, funded by internal accruals. Gasket operations are focusing on plastic, accelerating EBITDA margins, sometimes reaching 18%. Heat Shields are expected to contribute 500-600 Mn, with the balance coming from Gaskets.

• Capacity utilization stands at Gasket & Heat Shield of 88%, forging of 85%, MTCS of 72%, TMR of 85% and Hose of 95%.

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Apollo Tyre - Q1FY25 Concall KTAs
CMP INR 512 | Market Cap INR 325,171 Mn

A 16% margin is sustainable within the industry structure, as demonstrated by the company's performance. Near-term, concern due to losses in OEM and export markets. Also, an increase in other expenses due to restructuring to Apollo 2.0

Financial
Revenue stood at INR 63,349 Mn grew by 1.4% YoY/+1.2% QoQ
EBITDA Margin 14.4%, 16.8% YoY/16.4% QoQ. EBITDA included the impact of EPR liability to the extent of INR 278 Mn. Excluding EPR liability (to facilitate comparison with the same quarter last year), the standalone EBITDA margin for Q1FY25 stood at 14.4%
PAT at INR 3020 Mn down by 14.7% YoY/down 24% QoQ

Concall Highlights

- The decline was led by weak performance from OEMs. The company started supplying to a marquee German customer in India.

- The development of a Gen AI model and addressing certain root causes such as manufacturing inefficiencies, customer costs, and others were prioritized.

- The net debt during the period came down by ~ INR 3 Bn, thereby further strengthening the balance sheet, bringing the EBITDA ratio to 0.6x, almost at the same level as in March FY24.

- Exports are facing challenges due to high freight rates and a slowdown in demand, which has been negatively impacted by OEM growth. Truck demand is lower than expected but is anticipated to recover in H2 FY25.

- Commodity
- RM: Rubber costs are at INR 180 and synthetic rubber at 180, carbon rubber at INR 120, with a margin of 4%. Recovery is happening in the PV segment and in 12-inch products, which were previously unprofitable. The company is enriching its product mix with small price increases while also monitoring competitor actions.

- A 5% crude price increase has been factored in. The M&HCV segment saw some growth, with prioritization and an increase coming from the bus segment, which has very small margins where Apollo is not available. The HCV segment, dominated by Apollo, is a high-margin segment that has not seen growth this time.

- A 1% price increase was implemented in Q2, with a 4% increase still pending. Competition is also increasing, and further price increases are under discussion.

- Replacement segment performed very well but faced losses in OEM and export markets, with Europe being particularly challenging. As OEM and export markets pick up, growth is expected to improve.

- The product mix has shifted significantly towards replacements as OEMs weakened. The company continues to target a 15% margin but is not satisfied with the current margin reported in Q1 FY25.

- In Europe, volumes grew by 1%, and margins improved compared to last year, despite no price increases. RM pressure was present but less severe than in India.

- In India, high RM costs and the large component of rubber impacted margins, particularly in the replacement segment.

- Apollo 2.0
- The Q1 FY25 profit strategy will be discussed, as the company lags behind two peers, in both revenue and PAT. The organization is undergoing a new transformation, with expenses increasing initially but expected to decrease over time, aligning with the Apollo 2.0 plan to become a top player.

- In Europe, Q2 is expected to show mid to high single-digit growth YoY, with good QoQ margin improvement. However, no price increases have been implemented in Europe, as none of the peers have taken action. RM pressure is smaller in Europe, particularly for rubber.

- In the truck segment, OEMs saw a double-digit decline, while PV experienced slight negative growth.

- Price: The company took a 2% price increase in PV and a 1% increase in trucks in Q4 FY24, with an additional 1% overall price increase in Q2. A 0.7% price increase was implemented in the replacement segment, with more increases expected, although the exact dates are yet to be decided. Compared to peers, the company has implemented lower price increases, as it is a market leader.

- A 1% price increase was implemented in Q2, with a 4% increase still pending. Competition is also increasing, and further price increases are under discussion.

- Truck prices have been increased, and PV prices will rise as certain brands have already taken action.

- Market Share (MS): Some churn in personnel is due to differing goals, but there has been no reaction in MS. The company aims to strike a balance between market share loss and Q1FY25, with no plans to link Apollo 2.0.

- Production rationalization and recent figures have shown significant synergy, allowing the company to gain MS and achieve podium positions.

- In the PV segment, capacity utilization is in the mid-80%, while in the truck segment, it is in the 70%. The bus segment has seen growth but with low profitability due to structural decisions. Capacity is expected to tighten, with no pressure on capacity and no signs of price changes, which are benchmarked against local players and larger European competitors.

- In the ASEAN region, pricing has never been the benchmark for Chinese players.

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Minda Corporation Ltd-Q1FY25 Concall KTAs
CMP INR 520 | Market cap INR 124,333 Mn

Company is targeting an EBITDA margin of 10.5% to 11%. PV growth was driven by strong demand for new SUVs. 2w industry grew by 6% QoQ. The company believes that the upcoming monsoon season, the festive season, stable pricing, and new launches will drive growth for the FY25 and strong order book from both ICE &EV. Near term, concern on the Export, front but uncertainty on the duration.
Financial Performance
Revenue growth of 11.0% YoY/down 1.9% despite challenging macro-economic scenario
EBITDA margin stood at 11.1% against 11.4% QoQ/10.7% YoY. Gross margin grew by 16 basis points to 37.3%
PAT Margin 5.3% against 5.8% QoQ/4.2% YoY

Concall Highlights

Order book: The total lifetime order book exceeded INR 21,000 Mn, with 65-70% from ICE, and the EV business contributes about 25% to 30% to its order wins. The company expects to have an SOP in about 18 months for its EV product line, with 50% of the replacement business and 50% from new businesses.

Investment: The company plans to invest around INR 82,000 Mn in various product lines. The market potential is expected to grow to approximately INR 80,000 Mn by 2028, with the company aiming for a market share of 20% to 30%. It will take at least two to three years for the business to break even and become profitable.

JV: The company has signed a JV agreement with HCMF for Automatic Sunroof and Closure Systems, which will enhance technological capabilities and reinforce its position as a leading provider of comprehensive mobility solutions. Discussions are ongoing with various customers for the joint venture products, including power tailgates and sunroofs.

Exports decreased by 2-3% YoY in Q1FY25 to 9%, due to 1) a downtrend in recreational vehicle sales in Europe, and 2) lower demand in the USA and Europe for the die-casting business due to the EV shift.

CV: High channel inventory levels were mentioned as a factor impacting the commercial vehicle sector. The company has secured an order of INR 2,500 Mn from one commercial vehicle OEM.

RM: The company's focus is not on RM costs but on adding value to products and offering premium solutions to customers.

Sunroof: The company expects to achieve a market share of 20% to 30% in the sunroof and closure systems market by 2028. It aims to expand its market share with existing and new clients as part of its strategic priorities.

M&A: The company is open to M&A opportunities in its five product domains: vehicle access, electrical distribution systems, die-casting or lightweight, driver information systems, and electronics.

EV: The company has a strong focus on EV growth opportunities. EV revenue is expected to remain in the range of 5% to 6% of total revenue, driven by order wins from leading EV two-wheeler makers. The company is scouting for partnerships in EV product lines, sensors, and other high-value products.

Capacity: The company is expanding capacities, including new facilities in North and West India, to produce EV product lines such as motor housings and battery casings.

Die-casting: The macroeconomic situation is cited as a reason for lower demand in the die-casting business in the USA and Europe, affecting exports.

TFT: The company has started production of TFT instrument clusters for a European OEM, with direct exports from India.

Smart Key: 10-11% in Q1FY25 revenue mix One of the large 2w EV OEMs is a new customer win for the company's smart key business. It is expected to grow in the EV, ICE and in export businesses. The product customization ranges from INR 2,000 to INR 5,000, with export orders offering higher profitability; currently, market penetration in India is 3% to 5%, expected to rise to 30% to 40% by 2030, particularly in the premium 2w segment. INR 4500 Mn order for smart keys from an 2W ICE.

R&D: Continue to invest in the company's R&D facility and increased from 1.4% to ~3.1% in FY24.

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JK Tyre-Q1FY25 Concall KTAs
CMP INR 413 | Market Cap INR 107,757 Mn

***The company is optimistic about demand driven by policy reforms and infrastructure development, expects stronger OE demand in H2FY25 and anticipates BTKM growth close to the GDP growth rate of 6.5% to 7%.**

Financial Performance
Turnover 3655 grew declined by 2%
EBITDA Margin 14.1% (13.4% QoQ) (12.5% YoY)
PAT 2120 Mn grew 33% YoY
EPS 7.72 against (6.18 QoQ) (5.93 YoY)

Concall highlights
Domestic volume in the replacement market remained flat.

Exports saw a 90% increase QoQ.
OEM growth was in the range of 5-6%.Average raw material prices impacted costs by 3-4% and a further average increase of 5-6% is expected in Q2FY25.

Price hike in July improved realization by 2% QoQ due to a better product mix.

Monitoring the upward trend and global supply chain improvements closely.Rubber prices in India and internationally are expected to tighten during the monsoon season but should stabilize.

Company focus on margin expansion in the TBR segment.

Demand in CV & MHCV is rising, leading to decent top-line growth; working on premiumization to further increase top-line and margins.

EPR costs are being passed on, with 20 cr already addressed in May which has been charged in the month of July. Going forward it will be passed on.

Capacity utilization increased in radial and premium sizes.

Continued OEM demand with government mobilization.

Focus on ESG, digitalization, and sustainable development.

JK Tornel sustained EBITDA margin in Mexico despite fewer working days due to the Eastern holiday.

Economic conditions in Mexico are expected to stabilize with increased FDI investment.

Price increases across the market to offset raw material costs.

Net debt to equity is at 0.80x, reflecting a strong position as the only Mexican manufacturer.Margins will improve as the peso strengthens.

The domestic replacement side for M&HCV showed decent growth; freight movement and GDP growth are positive indicators.

Debt of INR 3704 Cr will reduce overall debt.

Ongoing capex projects in PCR and TBR, with a total investment of 1400 Cr

Q1 was sluggish for M&HCV and CV, but Q2 is expected to show mid to high single-digit growth.High single-digit growth anticipated for the PCR segment, with strong demand in replacement, especially for SUVs.

Tornel experienced lower performance; outsourcing tires and company production in Mexico resulted in higher margin 10.1% in Q1FY25.

The company holds nearly 100% MS in the domestic bus tire sector in Mexico and leads the PV radials sector, surpassing global brands like Michelin, Continental, Goodyear, and Bridgestone.

The company is focusing on EV-oriented technology, partnering with leading players in the EV mobility sector to offer comprehensive solutions, and has introduced the revolutionary JetWay J-U-X-E for electric buses, maintaining market leadership in India with over 8,100 registered EV buses.

Arihant Capital Markets Ltd.

Amara Raja Energy & Mobility Ltd (ARE&M)- Q1FY25 Concall Highlights
CMP INR 1509 | Market Cap INR 275,682 Mn

Industry growth rates are expected to be around 7-8% for 4w and 12-13% for 2w. The company expects a possible repeatable target of 20-25%. (No guidance for FY25). The company targets a 15% CAGR in exports for the next 2-3 years

Financial Performance

Revenue stood at INR 32,631 Mn grew by 16.7% YoY /12.2% QoQ led by the good growth domestic as well as export

EBITDA at INR 4372 Mn grew by 19% YoY/6.5% QoQ

EBITDA Margin 13.4% expansion by 26bps/down 71 bps QoQ back of higher realization and taken price increase 1% in June and another 0.7% in July and total 1% in aftermarket. (0.67% improvement in margin due to price hike)

PAT at INR 2491 Mn grew by 25.6% YoY/+8.4% QoQ

Concall highlights

CapEx, INR 8000 Mn for the lead acid business, INR 20,000 Mn for the new energy business, and INR 20,000-25000 Mn for the LFE program.

Exports are growing in North America, Europe, Middle East, APAC, and Africa, now reaching over 55-60 countries. The company targets a 15% CAGR in exports for the next 2-3 years.

PLI scheme for the second 10 megawatt hours was opened. Yet to get the official confirmation on the results.

In new energy, margins are projected at 7-8% for pack manufacturing and 13-15% for chargers, though subject to base cell and metal costs. Fluctuations are expected due to setup and research costs.

Lithium cell prices at $70-$75, a lower double-digit EBITDA margin is possible, but the company emphasizes the need for scale and CapEx considerations.

Margins, Increased lead, copper, and plastics costs have impacted margins. Cell costs will cause fluctuations in new energy margins.

Competition, the company aims to compete with Chinese firms through cost competitiveness, supported by government and industry efforts.

Market Share, Aftermarket 35% 2w-4w, expected to reach 40% 2w. OEM 25% 2w and 35% 4w. The home inverter is 15%., Industrial UPS 40-45% and Telecom 60%, expected to maintain.

20% revenue growth in new energy, driven by mobility and energy storage packs. Charger revenue is expected to grow with localization.

Investments include a pack facility in Telangana, customer qualification plant, e-positive labs, and a 2 GWh NMC line. LFE program has an initial 4-5 GWh capacity, with plans to scale based on demand.

The company launched ELITO, boosting aftermarket volumes, and is localizing chargers to drive revenue growth.

They are developing advanced power cells for vertical takeoff vehicles and fast cars, collaborating with Ather on 2w cells, and focusing on lithium energy storage solutions.

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Varroc Engineering – Q1FY25 Concall Key Takeaways
CMP INR 585 | Market Cap INR 89,341 Mn

The company is expected to perform well in H2FY25, supported by a strong order book. The Indian business is expected to grow, and the EU business is anticipated to gradually improve in H2FY25.

Revenue stood at INR 18,989 Mn, up 5.2% YoY, but down 3.8% QoQ.
EBITDA Margin was 9.1%, down 90 bps YoY and down 200 bps QoQ.
PBT was INR 560 Mn, down 14.2% YoY and 46.7% QoQ.

Down to 9.1% from 10% in Q1FY24 Negative operating leverage in international market, startup commissioning costs of two new plants - plastic moulding business and fuel tanks business for bajaj auto in the Q1FY25 has impacted margins. Once ramp up takes place and cost reduction efforts play Company to be able to improve margins.

The company was impacted by negative growth in its overseas operations due to low EV penetration and start-up costs related to two new plants in Maharashtra. However, revenue ramp-up from new order wins is expected to support revenue growth for the remainder of the year.

Investments in Renewable Energy to provide 200 Mn annual recurring savings starting from H2FY25.

The company continues to drive cost reduction initiatives with a focus on fixed costs. Margins should improve based on the current quarter's performance in India as well as for international operations. India expects incremental launches.

The net debt of the company in Q1FY25 was further reduced by INR 668 Mn to INR 9,160 Mn. There was an actual finance cost reduction of INR 30 Mn. Lease interest was included and loan repayment was added to the finance cost. The company has a heavy focus on cost reduction and is working with the Big 4 for cost reduction strategies.

Electrical*INR 6,615 Mn against INR 6,290 Mn in Q1FY24.Lighting products INR 1,158 Mn against INR 1,832 Mn.

Overseas significant sales in PV and a lot from the 2W. De-growth was largely led by the 4W segment in the international market, particularly in the IS facility and Romania due to the situation in Europe.

In terms of PV, content increased in terms of lighting and polymer. The company is focusing on exports to improve further.

45% of revenue comes from Bajaj business, with a long-term focus on diversification.

India Ratings upgraded the long-term rating to 'IND AA-/Stable' and short-term rating to 'IND A1+'.

On a QoQ basis GM included onetime incentive from State govt incentive, hence the decline removing that effect than that GM has improved by 1% QoQ.

Order win INR 7.96 Bn, with 48% of the business win from supplying to EV vehicles. 70% market share of 4W and non Bajaj 80% share. Revenue ramp-up from new order wins is expected to support revenue growth for the remainder of the year.

The Board has approved phase-II investment around 14.00 MWp through renewable energy. Phase-I: 36.6 MWp will be commercialized in Q2 FY25; resulting in Rs. 200 Mn of annual recurring savings and CO2 emissions reduced by 45,384 tons.

The company continues to drive cost reduction initiatives with a focus on fixed costs.

Net Debt/Equity 0.59x against 0.64x in Q4FY24.

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Harsha Engineers International Ltd| Q1FY25 Concall KTAs
CMP INR 571| Market Cap. INR 52bn

Co. experienced softness in Romania and de-growth in exports to Europe due to it's industrial slowdown. Co. is optimistic about EV adoption in the long term. They have guided for 10+% revenue growth for FY25 along with 100-200 bps margin improvement over 2-3 years. Co.'s china subsidiary performed well while the co. is benefitting from the china+1 strategy. With a dominant position in Indian market along with sizeable share globally, coupled with guidance of INR 800mn sales from brass bushings and INR 2000mn from stamped components, Harsha is set for growth.

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Financials
Revenue from operations stood at INR 3431.6mn(-1.4%YoY) with EBITDA of 550mn(+30%YoY) and margins of 16%. PBT stood at INR 503mn(+50%YoY) with PAT of INR 360.5mn(+46.7%YoY) and margins of 10.5%.

Q1FY25 performance was in line with expectations, except for continued softness in Romania. Consolidated revenue from engineering business was INR 3270mn,(vs INR 3210mn Q4FY24) & (vs INR 3310mn Q1FY24). Consolidated EBITDA in Q1 FY25 for engineering business improved to INR 624mn(+3%QoQ)/(+28%YoY).

The company saw strong growth in the bronze bushing segment, achieving sales of INR 200mn in Q1. The outsourcing of cage business from Europe is progressing well. China subsidiary performed well and is expected to contribute positively to the bottom line in FY25. The solar business achieved revenue of INR 166mn with positive EBITDA of INR 7.1mn in Q1.

-Co. is targeting 10%+ top-line growth for FY25 compared to FY24, with higher bottom-line growth expected. They aim for INR 800mn annual sales from bronze bushings in FY25. The company expects foreign subsidiaries to be marginally negative or breakeven for FY25.

The long-term target is a 15% average top-line CAGR in normal market conditions. Management is committed to improving consolidated EBITDA margin by 100-200 bps over the next 2-3 years. They are targeting INR 2000mn revenue from the stamped components business in the mid-term.

The company is seeing increased orders from customers setting up new plants in India as part of the China+1 strategy. Bearing demand remains strong in India, driven by overall market growth and customers' India manufacturing plans.

However, softness is seen in large bearing cages due to industrial slowdown, particularly in Europe.

In their opinion, EV adoption trends remain intact for the long-term despite short-term slowdowns.

The company believes it is well-positioned to face competition globally with its product mix and India manufacturing base. They are also focusing on increasing their share in large-size bearing cages and with Japan-based customers.

-Co. guided that sustainable EBITDA margin for the India engineering business is 20-21%. Exports from India saw a 5% degrowth mainly due to European slowdown. Capacity utilization stands at approximately 55% in China, less than 50% in Romania, and 65-70% in India.

The company incurred overall CapEx of INR 420mn in Q1 FY25. The working capital cycle increased to 153 days from 141 days in Q4FY24. On the standalone level, 45% of revenue comes from exports, with over 50% of that from Europe.

The company estimates its global market share at about 6% of the total market, but potentially 10-20% when excluding unorganized sectors and in-house manufacturing by bearing companies.

In India, the company holds a dominant position with an estimated 80-90% market share in the organized sector. They are the only player in India offering a complete product mix of brass, steel, and plastic cages, which they believe gives them a competitive advantage.

Automotive axles - Q1FY25 Concall Highlights

CMP INR 1,948| Market Cap INR 29,438 Mn

Financial Performance

Revenue was down 7% YoY and 14% QoQ, mainly due to lower product presence in the growing 9 Mt bus segment.
EBITDA decreased by 17% YoY and 23% QoQ.
PAT was down 2% YoY/16% QoQ.

Guidance: The company plans to expand its product portfolio with new launches, aiming to cover 70-80% of the CV segment in the medium term, up from 50-60%. This should boost revenues and improve EBITDA margins through better resource utilization.

Capex: The company plans to invest ~INT 1000 Mn over the next two years, up from the previously stated INT 500-600 Mn, focusing on new product development, automation, production optimization, and gear manufacturing.

Bus Axles: Currently offering axles for 12 Mt buses, the company will introduce axles for 9 Mt buses by Q4FY25 to meet government orders. Further axle sizes will be launched to increase MS, with the goal of achieving a 30% share in the bus market long-term. Revenue from these new axles is expected in H2FY26.

MHCV Truck Industry: The management expects a slight decline in MHCV truck volumes for FY25 but is optimistic about medium-term growth over the next 3-4 years.

ICV Segment: New brakes will be launched soon. The company's brake MS grew from 35% to 40% in FY24, with a target of 50% MS. Drum brakes will drive future growth.

Industry Outlook: MHCV Passenger/Goods Carrier production grew 26.7% YoY in FY24, with Q1FY25 showing 25% growth for passenger carriers and a 1% decline for goods carriers. The bus segment is expected to grow in double digits, while the goods carrier segment may see slower growth or declines in the near term. Long-term growth prospects for the MHCV industry remain positive.

New Product Launches: The company will introduce axles for 9 Mt buses by Q3/Q4FY25 and plans to launch axles for higher tonnage by the end of FY25E.

EBITDA Margin: The management aims for a 13% EBITDA margin long-term, driven by increased MS, new product launches, and cost control.

Outlook: Despite lower production volumes than FY19 peaks, the CV industry has seen higher tonnage growth over the last two years. Goods carrier growth is expected to be slow in FY25E due to a high base in FY24, while passenger carrier CVs are expected to see double-digit growth.

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Sansera Engineering Ltd - Q1FY25 Concall Key Takeaways

•New product additions in FY24 are expected to drive moderate growth in FY25, with current customer discussions potentially resulting in 15-16% growth in FY26 and better growth in FY27.

•Q1FY25 had better results in India, driven primarily by a 19% growth in the 2W space and a combined 7% growth from other segments, supported by a good monsoon in rural areas. However, challenges with other customers and some softness in European PV customers negatively impacted results.

•Negative growth in the Swedish business affected the international front.

•Margin improvements, structural implementations, and social efforts will help achieve better margins. Export grew ~28% in Aerospace, targeting 30-35% (expectation of 40-45%, tempered due to cautiousness from one customer in FY25). Exports from India in FY24 were INR 665 Cr in product sales (excluding Swedish operations), representing 27.5% of revenue.

•The company is looking at various segments, specifically aerospace, but nothing concrete is on the cards as of now.

•EBITDA margin remained stable at 17%, despite increased expenses, and the company will continue to focus on cost optimization strategies.

•Auto Tech-Agnostic and xEV contributions have become more significant, with revenue reaching 16% in Q1FY25.

•There is strong traction in the industrial and marine sectors, with non-auto categories expected to see more growth in the coming year.

•New Products: The company is focused on adding new components and increasing its wallet share.

•Capacity Utilisation: Plant utilization is at 65-75%, with recapitalization expected to reach 80%.

•Greenfield capacity expansion: The Board has given approval for mid-FY26, with additions by FY27. The company signed an MoU with the Government of Karnataka to acquire 55 acres of industrial land in Harohalli, Ramanagara, Bengaluru, aligning with Sansera's long-term growth and expansion plans for both automotive and non-automotive sectors, including plans for greenfield capacity expansion.

•Capex of INR 4,500 Mn is planned, with 40-45% allocated to tech-agnostic non-automotive projects and expanding products in the lightweight chassis and component segment.

•Orderbook: The order book is strong in the long term across all segments, including the Swedish subsidiary and European markets, with good visibility and alignment with customer project timelines.

•Orderbook mix: Expected 63% of orders from international markets and 37% from domestic business.

•Aluminium: The company has made good progress in producing 1.5 Mn aluminium parts within two to three years, with margins expected to improve as the company continues to learn and optimize production.

•Aerospace & Defense: The number of LOIs at the beginning of the year has shifted to mass production, and Q2FY25 will add significant business from the Swedish subsidiary. The company is seeing good order inflows in aerospace and defense, including new segments such as ultra-high precision component machining for semiconductor manufacturing. The company expects to end FY25 on a strong note.

•EV Penetration There have been concerns about the rate of EV adoption in the Western markets, particularly in Europe and the US. The company has announced a focus on both EV and ICE, which is beneficial.

•Customers: The company continues to work with existing and new customers, gaining a larger share of the ICE market, although there has been a slight slowdown in quantities with no concern over the order book.

•The Swedish operation has acquired new business, including a larger connecting rod project and automation, which will reduce the need for human resources. A customer's alternate supplier has stopped supplying, leading to better pricing. While higher margins may not be reported in FY25, it bodes well for Q1FY26.

•22-30% of revenue comes from international business, with diversification from automotive to non-automotive, driven by new customers and programs. Overall growth is expected to be 8-10%, higher than the industry average.

•EV growth was 30% in FY24, with continued growth expected in FY25-FY26.

•The company has started commercial production, showing strong growth prospects, with expectations of adding INR 100 Cr to FY25's growth, and bringing in new customers. The company is working on XUVs and agnostic technology.

•Non-automotive business is currently smaller but is expected to grow by 40-50% over the next 2-3 years, with overall tech-agnostic growth of 40-50% YoY.

•The connecting rod and automotive ICE business are well-established and optimized, with higher margins expected.

•MMRFIC's radar business is showing significant growth potential across defense, surveillance, space, and automotive applications, with notable progress in the defense seeker radar program over the past four to five years, positively impacting EBITDA margins.

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Sandhar Technologies Ltd- Q1FY25 Concall Key Takeaways

Revenue share

* 2Ws accounted for 61% of the company's total revenue in Q1FY25, up from the usual 55%.

* The company's top three customers are TVS (32% of total revenue), Hero (19%), and JCB (8%). Overseas customers including Bosch, Autoliv, TRW, contribute ~9.5% to revenue. Honda Motorcycles contribute close to 4%.

* All Sandhar's JVs are now EBITDA positive- generated a combined revenue of INR 82.72 cr, with an EBITDA of INR 9.85 cr (about 12% margin) and PAT of INR 4.13 cr (about 5% margin) in Q1FY25.

Market Expectations

* Management expects the 2Ws segment to grow by over 10% this year, while forecasting 6-8% growth for passenger vehicles and single-digit growth for commercial vehicles. Tractors growth is expected to remain flat.

* The company expects the festival season to be crucial for business growth, with schedules from existing customers projected to increase by about 20% starting from the following month.

* The company anticipates improvement in the construction equipment segment in H2FY25.

* Sandhar expects its Romania facility to start producing more in H2FY25, which should lead to an improvement in overall margins.

* The company's overseas business, including operations in Mexico, Barcelona, and Romania, is expected to see significant growth in the second half of the year due to new orders.

Capex and expansion

* The company spent INR 44 cr on capital expenditure in Q1FY25 and has planned for a total capex of around INR 250 cr for the full year.

* Two new plants in Pune, related to die casting and cabins/fabrication, are set to commence operations by September 2024.

* Sandhar plans to complete its major capital expenditure for creating facilities by September 2024, with a target to limit capex to depreciation levels going forward.

* The company is open to strategic M&A opportunities, though nothing specific is currently on the table.

Product development (Smart locks)

* The company has begun dispatches of battery chargers for EVs and expects to roll out motor controllers and DC-DC converters within the next few weeks.

* Sandhar is planning to launch smart locks for two of its largest customers by the end of October or early November, with initial prices ranging between INR 4,000 and 5,000.

* The company expects smart lock prices to eventually drop to around INR 3,000 as volumes increase, compared to mechanical locks which typically cost between INR 300-500.

* The company expects smart lock adoption in the 2W market to reach 2-3% this year, potentially growing to double digits next year.

* Sandhar expects that as smart locks become more prevalent, their adoption will quickly spread from premium vehicles to regular and even low-cost models over the next few years.

* The company anticipates that the smart lock business will eventually contribute similar margins to their current locking system business, despite initial higher costs due to lower volumes and setup expenses.

Market position and competition

* The company holds about 70% market share in India's 2W locking system market.

* Sandhar's EV-related products are not just assembly operations; they involve significant localization of the bill of materials (BOM), which could potentially lead to higher margins as volumes mature.

* Sandhar is focusing on localizing a significant portion of components for its EV products, which differentiates it from some competitors.

Other highlights

* The company reduced its net debt from INR 592 cr at the end of March to INR 549 cr by the end of June. On target to reduce debt by INR 100 cr in FY25.

* Passenger vehicle and construction equipment saw degrowth in Q1FY25 which was compensated by 15% volume growth in 2W YoY.

* Commodity price volatility continues to be a challenge, but Sandhar generally treats it as a pass-through to customers, with adjustments made at the end of each quarter.

* Inventory levels in dealerships have gone up - PVs inventory days rose to 65-70 days.

Arihant Capital Markets Ltd

NDR Auto Components Ltd – Q1FY25 Concall KTAs

CMP: INR 1,118 | Market Cap: INR 13.30 bn

The company is working towards a double-digit margin but expects EBITDA margin to be maintained at 10% in the upcoming quarters. The near-term outlook remains positive, with Q2 typically being better than Q1. Also, the company continues to increase its OEM customer base as Kia is the company's third OEM partner, followed by Maruti and Toyota

Financials

•Revenue from Operations stood at INR 1713.1 Mn in Q1FY25 (34.22% YoY).

•EBITDA stood at INR 174.9 Mn in Q1FY25 (36.74 % YoY) with EBITDA margins at 10.2%.

•PAT was at INR 115.3 Mn in Q1FY25 (39.92% YoY) with margins at 6.7%.

Operating Highlights

• Current capacity utilization across Haryana, Bangalore and Gujarat plant stood at 80-85%.

•Company has acquired land in Kharkhoda, near upcoming maruti suzuki plant comprising of ~9-10 acres of land in Kharkhoda.

•Company is also exploring land acquisition possibilities in Anantapur, close to Kia's manufacturing facility.

•Company to supply kia from existing Bangalore plant and is also looking opportunities to acquire land in Anantapur as and when company gets further business from Kia.

•Company has empaneled as a T2 supplier to KIA and will commence supply from January 2025.

•Kia is company's third OEM partner, followed by Maruti and Toyota.

• In feb24, company entered into a Technical Assistance agreement with Hayashi Telempu for the supply of sun shades to Maruti Suzuki and Toyota Kirloskar.

• Near-term outlook remains positive, with Q2 typically being better than Q1.

• Raw material depends on model to model and expects to be stable going forward.

• Company reported strong numbers driven by model mix where Brezza, Grand Vitara, Jimny has done very well.

• Company is working towards double -digit margin but as of now company expects EBITDA margin to be maintained at 10%.

• Company has seen slight increase its market share. Company also is looking to add more parts and expand its existing portfolio.

Arihant Capital Markets Ltd

Balkrishna Industries Ltd-Q1FY25 Concall Highlights

CMP INR 3,055 | Market Cap INR 590,680 Mn|View: Negative

Strong Q1FY25 Nos but weak due to recessionary pressures in key markets and geopolitical challenges are driving to weak end-market demand, a concern also indicated by peers. Additionally, rising RM and freight costs are expected to put pressure on EBITDA margins in the near term, with the EUDR could be additional risk

Financial Highlights

Standalone revenue 26,900 Mn grew by ~27% YoY

Standalone EBITDA of INR 7140 Mn grew by 47% YoY.

EBITDA margin expanded by 303bps 26%.

Net Profit grew by ~48% to INR 4900 Mn

Interim dividend of INR 4 per equity share.

Concall Highlights

Channel inventory

The channel inventory has increased QoQ, and they do not anticipate any further channel filling. They now expect only minor YoY volume growth for FY25. Also indicated out that recessionary pressures in the US and ongoing geopolitical issues are negatively affecting end-market demand for exports, though the outlook for India remains positive. Michelin has also revised its guidance, now expecting specialty tyre growth at -4% to 0%, compared to its earlier forecast of -2% to +2%.

Volumes in Q1 increased by 24% YoY (and 2% QoQ), reaching 83.6k tons, benefiting from a low base due to the impact of cyclone Biparjoy in FY24. Growth was across all segments, with agricultural volumes rising 28% YoY and OTR volumes up 19% YoY. Regionally, volumes grew 30% YoY in Europe (off a low base) and by 16-17% in America and India. Volumes in the RoW reached 8k tons, marking a 39% YoY growth. The Replacement segment saw higher volume growth at 27% YoY compared to 19% YoY growth in the OEM segment.

European Union Deforestation Regulation(EUDR)*: The EUDR mandates that companies ensure the tires they sell in the EU are not sourced from land deforested after December 2020. This regulation will take effect after December 2024 and is expected to result in higher sourcing and compliance costs for companies.

Capex

The company is expanding its current facility in Bhuj by adding a 35,000-ton capacity (considered achievable) through a brownfield expansion, with a total capital investment of INR 13 bn. This additional capacity will be dedicated to OTR radial tires. Management mentioned that a portion of this investment will be allocated to constructing a new shed or building, which could be used for future needs.

The company operates ~5 MW of wind power and ~7 MW of solar power across its plants. In Q1FY24 invested ~ INR 2000 Mn in capex.

Price

No price hikes have been implemented due to weak demand.

Geographical revenue contribution split ~47% Europe, ~29% India, ~14% Americas, and the rest.

Channel sales were ~73% replacement, ~25%, OEM, and ~2% others, while segmental sales were ~60% agriculture, ~36% OTR & industrial construction.

Freight rates are anticipated to rise by ~200 bps as a percentage of revenue in Q2FY25.

Raw material

Natural rubber, and freight costs have increased. They anticipate raw material costs to rise further by 2-3% in Q2. The company had previously benefited from pre-negotiated freight costs, which accounted for ~6% of revenue in Q1. However, they expect freight costs to increase to 8-9% of revenue in Q2. Due to weaker demand, the company has been limited to implement price hikes so far.

EBITDA Margin

The company aims to maintain its EBITDA margin within the range achieved in FY24.

Net EPR cost for Q1FY25 was INT 40 mn including about INR 10 mn reversal

of provisions taken in Q4FY24; and Carbon black revenue was 8% of the overall revenue in the Q1FY25 and is expected to rise to 10% over the next couple of years with the ramping

up of the specialty carbon black plant.

Arihant Capital Markets Ltd

ZF Commercial Vehicle Control System India Ltd| Q1FY25 Concall KTAs
CMP INR 15,698 | Market Cap. INR 297.63bn

Co. registered a marginal decline in revenue considering the challenges in the CV industry above 6 tons, including election disruptions and higher vehicle costs, affected performance. Despite a 3.5% YoY drop in CV production and a 2.1% YoY decline in exports due to shipping delays, the company anticipates recovery driven by infrastructure projects, new product launches, and increased EV component penetration. The aftermarket segment grew 4.1% YoY, while export services surged by 16% YoY. Management expects single-digit domestic growth and 15-20% export growth, supported by government initiatives and new products.

[Arihant Capital Markets Ltd.]

Financials
Revenue from operations stood at INR 945.76mn(-2.18%YoY) and EBITDA of INR 138.97mn(-1.65%YoY) with margins of 14.69%(+7bps YoY). PBT of INR 133.53mn(-0.07%YoY) and PAT of INR 99.43mn(-0.3%YoY). EPS stood at INR 52.42.

India CV industry, specifically above 6 tons grew at 6.5% during FY24. However, Q1FY25 had challenges like election related disruptions, rising vehicle costs, higher inventory levels at customers and model mix considerations, which had a negative impact. CV production above 6ton in Q1FY25 de-grew at at 3.5% YoY.

Co. expects an improvement in sales in the upcoming quarters due to the infrastructure projects focus on new projects.

New products such as the lift axle control system provide stage for improved sales performance in the coming quarter.

Increased penetration of EV electric vehicle aggregates such as e-compressor and electronic braking system aligns with the market trends and customer preferences.

Anticipating potential government mandates relating to ADAS , including features like advanced emergency braking and lane departure warning, co. is proactively collaborating with OEM's.

Aftermarket performance grew by 4.1%YoY. Future growth in next quarters in the aftermarket will be driven by increasing penetration of the torque control System business providing ADAS and driver behavior monitoring system to a leading corporate customer for their employee transportation bus fleet.

Co. recorded a drop in exports by 2.1%YoY due to delay in sea shipments lead time which increased from 6 to 8/9 weeks. Future looks positive due to increasing books in the bus segment and electric trucks in Europe.

Export of services increased by 16%YoY due to increase in engineering and related support activities to global digital businesses. In Q1, digital business showed a remarkable growth of 31.9%YoY.

Co. continued to focus on ramping up its production at Oregon. Several assembly lines were installed which will further boost exports.

The company maintains a guidance of single-digit growth for the Indian market and 15-20% growth in exports despite challenges faced in Q1.

There is an expectation of market recovery driven by government actions post-budget and resumption of tender programs like electric bus production

Improvement in gross margins due to productivity price increases to customers and due to R&M stabilisation.

Increase in employee cost due to headcount increase of 120 people in R&D which has been offset by the increased service revenue which it brings. Price hike of INR 70mn has been taken in this qtr.

Management discussed launching new high-content products such as axle control systems and electronic control for air suspension for buses. These initiatives are expected to contribute significantly to future growth.

The company faced a significant demand reduction from one of its major customers, BMW to the tune of 12%. Despite the reduction in orders from BMW, ZF is managing to mitigate the impact through various strategies.

Co. is launching new versions of its products, including a high-end cylinder compressor, which will be introduced in August and is expected to boost their top line in the coming months. They are also working on expanding their customer base.

Craftsman Automation - Q1FY25 Concall Highlights
CMP INR 5,205 | Market Cap INR 124,163 Mn

Craftsman Automation is making substantial investments in new plants and acquisitions, maintaining strong aluminum margins and stable inventory management. The company is advancing in new product development and a strategic Greenfield project, while addressing labor issues and optimizing its business through recent transactions

•Capex: INR 2,010 Mn allocated for two new plants in Kodawadi and Bhiwadi; INR 600 Mn planned for recent acquisition. Future Capex may rise based on cash flow and acquisitions.

•Margins: Storage business margins are weak, but aluminium margins are intact with 14%-15% growth.

•Inventory: EUR 2 Mn of EUR 5.5 Mn investment is in liquid assets; inventory correction expected during May shutdown.

•Parts: Tonnage at 60,000-70,000 tons; two-wheeler parts at INR 2 lakh/ton and passenger vehicle parts at over INR 3 lakh/ton.

•Raw Materials: Tonnage ~60,000-70,000 tons; commodity prices impact EBITDA by 1%-0.5%. Aluminum business is stable despite Q1 weakness.

•New Products: Timely production and new launches are on track; phase one near completion.

•German Acquisition: Acquiring a high-tech foundry for EUR 6 Mn (~INR 600 Mn) to speed up product development and avoid high startup costs.

•Industrial Engineering: Focus on industrial engines and backup generators driven by AI data center growth.

•Greenfield Project: On track with phase one, trial production expected in Q4FY25, and full availability in FY26.

•Employee Issues: Labor issues in Germany are managed by current management, with declining manufacturing base due to political and workforce changes.

•Sunbeam Transaction: MOU excludes Gurgaon plant land/building; 60% of the business transferred, with remaining revenue shifting to new sites

Ashok Leyland-Q1FY25 Concall Highlights

The company remains focused on achieving mid-teen EBITDA through efficient products and network expansion. The company sees new EV launches in the next 2 months boosting sales growth, with strong contributions from defense and international business. The company expects the industry to do better than even their expectations, leading to operating leverage in Q2 and H2.

Demand

There is a shift in demand towards tractor-trailers, growing rapidly in India and reaching 20% of the market, and 60-70% in other markets like Europe. Retail demand for commercial vehicles is also very positive.

Market share

In the LCV business, currently covering 50% of the market with plans to grow to 80% soon. FY25 has six LCV launches lined up, with two already launched in Q1 and four more to come. The sub 2-ton segment is a medium-term project. MS in the ICV bus segment is under 20%, so new products targeting the school and staff segments will be launched, along with other new products in the coming quarters.

Launches

Ashok Leyland is confident in increasing market share in truck and bus segments, with several new launches this year. New product introductions include a nine-meter electric product. The IeV 4 EV-LTV and IeV 2, both segment-first e-LCVs, can potentially transform last-mile mobility. The eMaas subsidiary, Ohm manages electric bus operations in Bangalore, Ahmedabad, Bihar, and Chandigarh. The company has the technology to produce engines beyond 250 horsepower and programs to extend higher horsepower range.

Export

Subdued export markets are showing early growth signs, aiding international business volumes. Tractor-trailer demand is growing rapidly in India (20% of the market) and Europe (60-70%).

RM

Raw material costs as a % of revenue are now at 72.2%, 1.5% lower than Q1FY24. Fuel prices remain softer, and cost-saving efforts continue. No expectation of commodity cost hardening in the next two quarters, which should help improve margins.

Margin

Better product realization should contribute to improved margins. The company is optimistic about achieving a full-year margin higher than the previous year, moving toward mid-term EBITDA margin goals.

Order

The company has orders for 950 buses for Delhi, 300+ for Bangalore, 100 for UP in March, and another 400 for Delhi after April. New product introductions include a nine-meter product.

Price

High commercial vehicle prices in the last 3-4 years have caused a "mental shock" for fleet operators, affecting fleet replacement decisions. Positive trends in freight movement, demand, and rates indicate strong underlying demand. No price increases in Q1 or Q2 FY25.

Distribution

Relying on supplier partners for designs and components, especially on the switch side.

Employee

Employee expenses include wages and salaries. Little movement in labor costs between Q4 and Q1. Wage hike implemented from July 1.

ESG

Ashok Leyland aims to achieve net zero by 2048 and carbon neutrality by 2030.

EV

Progress on battery EV alternative fuel vehicles in MHCV and LCV segments to push decarbonization.

Capex

Investments for buses, E-LCV, or trucks. No capex investments in Q1FY25. Estimated INR 750 cr, potentially increasing by another 500-600 cr, segment undecided.

Replacement

The CV industry fleet is aging, with an average of 10-11 years, indicating huge replacement demand potential in the next 2-3 years.

HLFL

Housing finance is a 100% subsidiary of Leyland Finance, which has been reverse-merged into Next Digital. The new entity will hold housing finance. AUM for HLF is INR 40k cr, HHF housing finance division is INR 11,500 cr, totaling INR 51,500 cr. Revenue is INR 1377 cr with a profit of INR 130 cr.

M&HCV

The M&HCV industry may see slight increases, with continued growth momentum expected this year.

Other expenses

Other expenses increased due to one-time costs for developing centers of excellence for battery packs, electric drive units, and software-defined vehicles, included in standalone financials.

PLI

The company is meeting all the requirements for PLI and FAME 3 and expects to receive certification and be eligible for PLI incentives sometime this year.

ASK Automotive Ltd- Q1FY25 Concall Highlight
CMP INR 417 | Market Cap INR 82,257 Mn

The management expects double-digit revenue growth in FY25, outperforming the industry's anticipated growth of 8-9% for the two-wheeler segment. The aim is to sustain this level of margin (11.9%) and achieve better performance in the coming quarter, returning to the historical level of 12%. An INR 2500-3000 Mn capex in FY25 will support the growth of the Bangalore and Karoli plants. The Bangalore plant's capacity will be evident in Q4 FY25. The company continues to focus on outgrowing the industry with more products, supported well by the industry, and focusing on growing both the bottom line and the top line. With a strong focus on new product development, such as the introduction of high-pressure die-cast alloy wheels in collaboration with a Taiwanese partner, ASK Automotive is well-positioned to capitalize on industry trends, including lightweighting and the growing demand for electric vehicles.

Revenue up +31% YoY to INR 8650 Mn, EBITDA up +59% YoY, PAT up +63% YoY (2 big clients in the US are in an inventory correction phase side and will bounce back). (Numbers are good compared to Q4FY24 and down compared to Q1FY25).

A lot of products in the pipeline will come under mass production, leading to an increase in exports from 3.8% to a target of 10% in the future.

EBITDA margins are at 11.9%, up 210 bps YoY, led by higher volume-driven economies of scale, benefits from the ramp-up of the Karoli facility, and a focus on cost optimization initiatives. The aim is to sustain this level of margin and achieve better performance in the coming quarter.

Aluminum content in EVs is higher by 30%-50% due to lightweight and thermal conductivity. EV agnostic product offering utilizing lightweight & thermal management capabilities. There is a strong pipeline of new products for EV OEMs, positioning them well to capture the growing EV sector.

Advanced Braking Systems account for 38% of the revenue mix. Aluminum lightweight precision solutions is the biggest segment, making up 45% of total revenue. Safety Control Cables (4% of revenue) grew by 33%, with OES, OEM, and aftermarket growing very well.

CRISIL revised the outlook to Positive from Stable. CRISIL reaffirmed the credit rating to AA- for long-term and A1+ for short-term.

ESG: Clear focus on renewable energy. The company replaced diesel with PNG in melting furnaces and are setting up a 9.9 MWp solar power plant for captive consumption with an investment of around INR 4800 lacs. Construction work on the new Bengaluru plant is progressing well as per the plan.

Sales: The top 3 customers are Hero Moto, HMSI, and TVS.

Aluminum weight is increasing and demand for EVs is high, with content per vehicle in EVs being high. In the coming quarter, the EV industry is evolving and growing.

INR 2500-3000 Mn capex in FY25 will it support for the growth of the Bangalore and Karoli plants. The Bangalore plant's capacity will be evident in Q4FY25.

In JV, OEM business shares are also increasing. All plants are almost full and Karoli's capacity will increase QoQ.

2W contributes 80-85%. Inventory is 23-24 days, the best level in the industry.

The promoter stake is 85% and there are plans to dilute 10% in 2 years. Debt will be slightly lower than the current level (INR 3460 Mn in Borrowing as per March FY24) in the upcoming quarter this.

R&D spends: No expenditure on R&D. Safety cable and control cable have world-class R&D, more critical products, and better margins.

The company continues to focus on outgrowing the industry with more products, supported well by the industry, and focusing on growing the bottom line as well as the top line.

Competitors on the aluminium side include Endurance and Rockman.

Aluminium content in EVs is higher by 30%-50% due to lightweight and thermal conductivity.

Company has an EV agnostic product offering utilizing lightweighting and thermal management capabilities. There is a strong pipeline of new products for EV OEMs, positioning them well to capture the growing EV sector.

Subros-Q1FY25 Concall KTAs
CMP INR 684 | Market Cap INR 44,490 Mn

The company is optimistic for FY25, expecting stable margins and expansion into the EV market despite concerns over geopolitical risks and investment clarity for a new Haryana plant. The company is also focused on localization and anticipates continued softening of commodity prices.

Financial Revenue reported INR 8098 Mn grew by 17% YoY/down 3% QoQ. EBITDA INR 804.2 Mn up by 65% YoY/down 1% YoY. EBITDA Margin 9.96% against 7.06% Q1FY24. PBT grew by 138% YoY/+4% QoQ to INR 471.6 Mn. PAT stood at INR 349.1 Mn and grew by 159% YoY/+14% QoQ

EV: The growth of EVs is expected to be around 10% to 15% or 20% in the next two to three years, which will not negatively affect the overall business
Railway: The Company has orders from the L1, L2, L3, and 2-3 orders including Vande Baharat for the coach. INR 100-120 Mn and in the final stage it will touch INR 700-900 Mn and maybe in 2-3 years.
SOP of 1 New project is in the pipeline and the final SOP from M&M & Maruti.
SOP of rail coach AC started in Q1 and consistent following up for both cabin and coach.
Market Shares: 43% (Passenger Car AC) & 54% (Truck Aircon/Blower)
Revenue mix contribution: In PV has increased from INR 5400 Mn to INR 6400 Mn in Q1FY25 growth led by M&M. Engine cooling INR 1200 Mn and truck INR 250 Mn and INR 80-100 Mn bus and home 30 Mn

EV order: The component part, the base is a very small and major focus on localization and once moved from one program to another program it will lead to an increase in the localization annually. Certain electric motor and aluminum parts.

The company is debt-free.
Employee Cost is higher due to salary/wages revision and new recruitment.
Finance costs are higher due to the shift of early payment to the normal crdit cycle from the customer.
PAT is higher due to a lower tax rate after the adoption of the new tax regime
The company saves 20% of revenue from CNG & EV.
The government has mandatory of AC in the cabins of Trucks from 1st April FY25. Subros business of 15-17% for the operational AC and blower 100%.
Bus segments have not grown due to bus fitment as AC bus not mandatory.
Content addition per truck: INR 8000-11000 delta per truck for additional business.
Mitigating the Impact of Foreign Exchange Fluctuations through prudent hedging policy, Commodity
Fluctuation of back-to-back arrangements with Customers.
Import content: Targeted to be <10% in the next 2-3 years.
Arihant Capital Markets Ltd

PPAP Automotive Ltd Q1FY25 Concall KTAs
CMP: INR 202 |Market Cap: INR 2848 Mn

Financial Highlights

• Revenue: Stood at INR 122.7 Cr, reflecting a growth of 5.3% YoY but a decline of 9.6% QoQ.
• EBITDA: Improved significantly by 88.5% YoY to INR 11.8 Cr, with a margin of 9.6%.
• PAT: Declined by 8.2% YoY to INR 1 Mn, with a margin of 0.1%.
• Capacity Utilization: Currently at 68%, with plans to increase to 80% by the end of the year.

Demand Trends Across Vehicle Segments

• Total domestic sales increased by 3.0% YoY to 10.26 lakh units in Q1FY25, with utility vehicles up 18.0%. However, passenger car sales declined by 18.0% YoY to 3.41 lakh units.
• Domestic sales grew by 3.5% YoY to 2.24 lakh units in Q1FY25, signalling a revival in demand.
• Domestic sales surged by 20.4% YoY, with scooter sales up 28.5% and motorcycle sales up 16.8% YoY.
• Domestic sales improved by 14.2% YoY, driven by carrier and passenger carrier vehicle growth.

Key Highlights

• The company started production for Maruti's 'New Swift' and Toyota's 'Taisor' models.
• Expansion into the Li-on Battery segment with over 10 products launched, targeting the growing EV, solar energy, and energy storage markets.
• Development of 70+ industrial products with 10+ more under development, focusing on sealing, gaskets, hoses, and injection-molded products.
• The aftermarket segment launched 550+ new products in FY24 and is expanding its domestic and international network.
• Major demand from the West (32%), South (29%), East (22%), and North (17%).
• The company anticipates becoming a major player in the market with a focus on parts development for EVs, including for models like Tata Curvv EV and Nexon EV.
• Aiming to shift the automotive business share from 80-90% to below 50% within 3-4 years, with increased contributions from industrial products, aftermarket, and Li-on battery segments.

Outlook

• Gross profit margins improved from 39.9% to 43.4%, driven by efficiency improvements and price realizations.
• The company is targeting a sustainable EBITDA margin of 10-13% in the coming years, with expectations for margins to stabilize around 11-12% in the near term.

Arihant Capital Markets Ltd

Samvardhana Motherson International Ltd -Q1FY25 Concall highlights
CMP INR 181 | Market Cap INR 1224,813 Mn

The company completed all M&A deals, and began production at new plants in India and China, with another plant underway in Mexico. SAMIL is diversifying into aerospace, consumer electronics, and health sectors. Future plans include achieving a 40% consolidated ROCE and a new five-year plan. Near term concern on European demand was weak, delays in EV launches affected vision systems, copper prices fell after a high period, and logistic costs rose due to the Red Sea crisis and congestion at Asian ports, leading to longer lead times and higher inventories.Q2 FY25 is expected to be weaker for auto ancillary due to August leaves

Financial
Revenue grew by 29% YoY to INR 288,680 Mn including INR 62,480 Mn from acquisition. EBITDA grew 44% YoY to INR 27,850 Mn included INR 6880 Mn from acquisition.PAT grew by 65% YoY to 9940 Mn. However, net debt increased by ~ INR 30,000 Mn due to M&A and higher working capital, resulting in a net leverage ratio of 1.5x.

Inorganic opportunities, especially in developed markets, are under review, while diversification into aerospace, consumer electronics, and health and medical sectors continues. A new five-year plan is expected to be announced in September or October

The consumer electronics business is focused on advanced engineering and glass electronics, with growth supported by government initiatives.

Production has started at greenfield plants in India and China, with a new plant being established in Mexico, alongside 7 more greenfield plants for non-automotive businesses.

Non Auto
The company non automotive segment contribute 9% and target to achieve 25% of its business from non-automotive segments which includes aerospace, defense, and medical facilities.

Over the next five years, the business is expected to evolve significantly.

*Raw materials*show some embedded Q1 challenges, with no integrated assembly and lower RM usage.

Capex: The company maintains a capex guidance of INR 50,000 Mn ±10%, with possible revisions based on new business conditions.Initial investments of INR 26000 Mn expected over a period.

State of the art facilities with over 130,000 sqm area being setup

Working capital increases are expected to normalize in H2FY25. The goal is a 40% consolidated ROCE, up from the current 18%.

Aerospace: There's a slight slowdown in the international aerospace market.

EV launches are delayed due to low penetration, but the ICE and hybrid segments are performing well, driving growth.

Debt is projected to decrease, with no significant acquisition payments pending, and a 2.5x debt-to-EBITDA financial policy.

Arihant Capital Markets Ltd

Lumax Auto Technologies Ltd Q1FY25 Concall KTAs
CMP: INR 538 | Market Cap: INR 36,665 Mn

Lumax appears poised for solid growth despite some near-term headwinds. Margins are expected to remain sustainable, although some headwinds are anticipated in Q2 based on demand. The company expects 15-20% consolidated revenue growth for full FY25. Standalone growth guidance for FY25 is around 10%, while subsidiaries are projected to grow 30-35%. The company aims to maintain overall EBITDA margins close to FY24's levels, around 13-14%.

Financial performance
• Consolidated revenue grew 20% YoY to INR 7,560 Mn in Q1FY25.
• EBITDA margin was 14% for Q1FY25. Absolute EBITDA grew 20% YoY to INR 1,050 Mn, down by 4% QoQ.
• PAT before minority interest increased 38% YoY to INR 420 Mn, down by 19% QoQ.

Segment performance
• The company has reclassified its diversified products under four major domains: Advanced Plastics, Structure and Control Systems, Mechatronics, and Aftermarket.
• Advanced Plastics revenue grew ~13% YoY to INR 4,200 Mn in Q1FY25. PV segment contributes nearly 70% of the total revenue in this domain. Strong outlook driven by significant cross-selling opportunities and the introduction of new product lines. Order book at INR 6,100 Mn. The plastic fuel tank business is expected to reach EBITDA margins of 15-18% once it hits critical mass of about 30,000 tanks per year.
• Mechatronics revenue more than doubled to INR 280 Mn in Q1FY25. Holds potential, especially in the PV segment, with upcoming model launches and SOPs in H2FY25. Order book stands at INR 1,500 Mn.
• Structures and Control Systems revenue increased 12% YoY to INR 1,650 Mn. Opportunities in the premium and EV segments and new technology-driven products. Order book stands at INR 2,400 Mn.
• Aftermarket revenue remained flat YoY due to aggressive pricing by OEMs in their service networks and liquidity issues in the market. Recovery signs are emerging in Q2, expected to achieve double-digit growth for FY25.

Order book
• Total order book stands at INR 10,000 Mn, with 90% comprising new business. 25% of the total order book will mature in H2FY25, 55% in FY26, and the remaining 20% in FY27.
• 40% of the order book is for EV components, mostly driven by PVs.

Business updates
• On July 20, 2024, the company acquired the draft scheme of merger with its 100% subsidiary, Lumax Ancillary Limited, for better resource utilization and synergy.
• The Bengaluru plant cleared the first stage of the TPM assessment in July 2024, with the final assessment scheduled for January 2025.

• A liaison office in Japan is being set up to explore new business prospects.
• Lumax is evaluating inorganic growth opportunities to address customer needs.

Operational updates
• Capex outlay for FY25 is estimated at INR 1,200-1,400 Mn.
• PVs now contribute 50% to overall revenue, up from 45% in Q1FY24.
• 2Ws contribute 24%, aftermarket 11%, and CVs 8% to overall revenue (balance by others).
• The company expects employee costs to stabilize around 13% of sales going forward.
• The tax rate for the full year is expected to be 26.3%.
• Total debt reduced by INR 200 Mn sequentially, to INR 6,600 Mn on June 30, 2024.

IAC
• IAC's Q1 revenue grew by 7.5% YoY, which appears lower due to the absence of tooling revenue this year. Excluding tooling, product revenue actually increased by 19% YoY, aligning with Mahindra's growth.
• The normalized EBITDA margin for IAC is around 17%. Although Q1 showed a 19% margin, this included one-time income from tooling provision reversal.
• Capex for IAC is 50% of the total FY25 capex allocated to new model launches in H2. Current utilization levels are around 90%.
• IAC India will become a full-service supplier for Tata Motors, including design and manufacturing.

JVs and Subsidiaries
• Lumax Cornelia is operating at an EBITDA margin of around 20%.
• Alps Alpine and Lumax Jopp subsidiaries are expected to grow by 30-35% and 70% respectively on a full-year basis.
• Lumax Ancillary contributed significantly to subsidiary revenue growth but operates at a lower margin than the company overall.
• The company has targeted a 40-45% growth for its smaller JVs for FY25. Lumax Mannoh and Lumax Cornelia will continue to outpace industry growth by a few percentage points. Lumax FAE is being approached conservatively due to its dependence on regulatory changes.
• Most JVs are expected to hit their critical milestones and achieve double-digit EBITDA margins within the next 12-24 months.

Industry trends
• Electric vehicle growth has slowed following the conclusion of subsidy schemes, particularly in the passenger vehicle segment.
• Lumax is optimistic about industry performance in the second half of FY25, driven by festive season and new OEM launches.
• Lumax expects slower growth in PV in Q2FY25 compared to Q1, with major growth anticipated in H2FY25. The company sees stronger EV penetration in the 2W space compared to PV.

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FIEM Industries- Q1FY24 Concall KTAs
CMP INR 1301 | Market Cap INR 34,253 Mn

Strong demand across the segment led by a better rural market demand. The company has over 100 products in the pipeline, and the outlook remains optimistic for FY25. Margins are at similar levels. RM cost continues to be stable. Revenue comes 30% from HMSI and 20% from TVS.

Financial
Net Sales has grown from INR 14,340 mn in FY19 to INR 20,144 mn in FY24 at 5 year CAGR of 7.03%. EBITDA has grown from INR 1,553 mn in FY19 to INR 2,680 mn in FY24 at a 5 year CAGR of 11.53%.
Revenue mix: OEMs (Domestic) 91.64%, Replacement (Domestic) 7.04% and Export 1.32%.

The 2W segment has seen strong demand and improvement due to positive customer feedback led to higher demand. The company believes this growth will continue.

The new product pipeline is robust, with notable developments including the commencement of supply for headlamps and tail lamps for TVS Apache and other premium bikes in the Indian market.

In Q1, EV volumes were moderate, but the company remains a dominant player in this segment. EV penetration is currently below 5%, and while long-term growth is expected, the company faces challenges due to government subsidy issues.

The company has delivered its first project and has received a second order. Additionally, it is working on RFQs, and one of the customers has approved production at the Tapukara plant for PV.

Hub Motor: The company expects growth in FY25 and FY26, with an investment of INR 350 Mn in this segment.

Gogoro Vehicle; Efforts are being made to reduce prices and launch further battery-related products.

RE Classic 350: The company has received new orders, with all products in the LED lamp category sourced from Fiem.

TVS: The company supplies all Apache models (1-5) and the premium 310cc model. The content per vehicle is valued at INR 3,000.

PV:The company has secured orders for front and back lights for Mercedes in the PV segment and has received additional orders based on this success. It serves three PV customers, with plant approvals already in place.

Technology: The company is working on advanced lighting technology and aims to be the first supplier in the market, with no competitors currently offering similar solutions.

Strong customer-Honda and Yamaha: Development stages began early, with a dedicated office in Japan. The company has several customers, including Maruti, Yamaha, and Honda, with many new products set to launch domestically and internationally. Yamaha, in particular, is back on the growth path.

Cash: The company has INR 2,350 Mn in cash. While significant efforts are ongoing, no specific plans are in place yet.

Capex: The company plans to invest INR 1,000 Mn in FY25 and an additional INR 2,500 Mn over the next 2-3 years for development.

Hero: The 440 model is in process, with other products under development. The company continues to invest in new relationships and remains confident. Headlamps and position lamps are driving growth, with long-term gross margins expected to be 39-40%. The LED segment shows a higher net gain, and premiums have increased.

Daimler:The company is in the development stage for low-volume cars, specifically for Mercedes headlamps and tail lamps, with delivery expected in the next two months.

PV:Currently, PV represents >1% of the company's revenue, but it could reach double digits.

Employee Expenses: Annual salary hikes have been given, aligning with revenue growth.

PLI: The company currently does not benefit from any PLI schemes but will update if there are any changes.

Arihant Capital Markets Ltd

HeroMoto Corp -Q1FY25 Quick Concall Highlights

Stronger uptick in rural areas, with more balanced growth (10% growth led by rural demand), and customer trust in Hero MotoCorp, supported by government policies and stable rainfall. Progress is good moving forward.

Bangladesh is a setback, but keeping employees safe remains a priority.

Vida range expansion and FY25 plans include 100+ stores.

Fewer marriage dates in Q1 FY25, but more are expected in November.

The entry-level 100-110cc segment, led by Passion, performed well last year, achieving a 90% market share in the deluxe category. The 125cc segment also saw strong performance, with Glamour making a comeback and the 125cc segment expected to see significant growth, especially in the premium segment. Overall, the portfolio remains strong.

The premium segment has seen several launches, with more models expected to be introduced soon, continuing to strengthen the portfolio.

Significant action is planned for both EV and ICE segments, with major developments in scooters expected in FY25, alongside continued growth in the premium portfolio.

Gearing up for the festive season.

The company is seeing a sharp recovery in market share in the 125cc segment, driven by the new Xtreme 125cc model, while continuing to maintain a formidable market share of over 70% in the entry and deluxe 100/110cc segments, powered by brands like Splendor, Passion, and HF Deluxe.

The focus moving forward will be on building brands in the premium segment, leveraging recent launches to succeed in this area.

The company will launch new scooter models in the next two quarters to re-energize this portfolio. The EV brand Vida is increasing its presence and market share, with plans to expand into the affordable segment within this fiscal year.

Overall economic indicators in India are promising, and inclusive policies, along with capital allocation to infrastructure and the rural sector announced in the Union Budget, are expected to bolster demand.
With inflationary pressures easing, consumer spending power is set to rise, further driving momentum as the company gears up for a big festive season ahead.

PAT increased by 20%, adjusted for exceptional items.

The company aims to consistently grow volume, aggressively expand the premium portfolio, and continue investing in new products, including EVs and premium segments.

Ramp-up in the 125cc segment is ongoing.

The market continues to focus on powertrain technology, doubling down on EVs, flex-fuel, ethanol, and hybrid technology, improving fuel efficiency, and making operating costs greener across both EVs and fuel-based vehicles. Powertrain advancements are part of a long-term strategy involving multiple technologies.

EV outlook: The EV 2W market is definitely growing, with a dip in April due to changes in EMPS, but it is expected to become a 1 billion market.

Costs: Powertrain advancements and localization efforts are reducing costs, with technologies bringing scale. Cost reduction is a key backdrop.

EBITDA: 14.4% in Q1 FY25, with ICE improving to 16.4% and EV Segment impacted EBITDA Margins by 200 Bps in Q1.

Retail market share is ahead compared to wholesale.

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PVR- Q1FY25 Concall Update
CMP INR 14,297 | Market Cap INR 140,309 Mn

An increasing number of films are in the greenlighting stage for Q2 and Q3, with a crowded schedule for FY26, returning to pre-COVID levels. Improved planning and theatrical releases aim to strengthen consumer engagement and revenue

Financial
Revenue at INR 12,194 Mn de-grew by 8.3% YoY/-6.6% QoQ
EBITDA margin 23% down by 210bps QoQ/540bps YoY
Net Loss INR 1790 Mn against Net loss INR 820 Mn (loss of INR 1297 Mn)

Concall Highlights

Q1FY25
The release calendar was significantly impacted by the general elections in April and May, affecting releases across all languages. Last year's writers' and actors' strikes delayed Hollywood releases, but the lineup is expected to improve notably in the H2CY25. There was a sharp drop in 'Blockbuster' films by 57%, with 60% of "Kalki" earnings achieved within four days at the box office.

Upcoming release
Anticipation is high for the upcoming quarter, with quality content and Hollywood rebounding. In FY25, 34.4 mn guests were recorded. Last week saw some setbacks, but August is expected to feature releases like "Stree 2, Pushpa 2 in Dec FY24 and Sitare Zameen PAR in Dec FY24.
Advanced bookings for Hollywood titles like "Wolfs," "Lord of the Rings," and "Speak No EVIL" are promising.

Screens
The company expects to open 120 new screens and exit 70 screens in FY '25, resulting in a net addition of 50 new screens.

New screens are opening, mainly in North India, under a variable opex model. The company is negotiating rental costs with property vendors for underperforming screens.
Opening new screens depends on demand, with breakeven in EBITDA levels expected within 6-9 months.

Pricing
The company expressed comfort with its ticket pricing and expects a significant improvement in average ticket prices in the second and third quarters due to the release of bigger films. Ticket prices were increased by 4% in Q1FY25 to pass on inflation-led cost increases to customers.

Premium
The company is pricing certain seats at a premium compared to rest of the seats in the theatre, specifically recliners in mainstream cinemas.

JV- Devyani

The company is gradually implementing a capitalized growth model by partnering with developers and jointly investing in new screen capex. The JV with Devyani International has registered the company and finalized the brand name, with two food courts operational in 2-3 months and 4-5 by the fiscal year-end.

Re-releases

Internal resources are being aligned to support re-releases, generating around 1.2 million from re-releases.

Window Management:

Standardized windows of 4 weeks for Hindi, Punjabi, English, and South Indian films are being considered for a more uniform release schedule. This approach is supported by producers, actors, and directors for better marketing and downstream effects.

Regional Variations:

The Telugu and Tamil film industries operate differently. Inox gross box office contributes 65-70%, with overall performance slightly better. There is an upward trend in premium formats and ticket sizes, with strong performance noted in July. The company plans to add 15-20% premium screens while maintaining the rest as mainstream.

De-leveraging

The de-leveraging process is on track, with the first level achieved. Occupancy rates are being upgraded, with expectations for Q2 and Q3 to stabilize to pre-COVID admission levels. The company sees synergy in revenue and footfall recovery, with Q3 FY25 poised for significant releases.

Shemaroo Entertainment Ltd-Q1FY25 Concall Highlights
CMP INR 164 | Market Cap INR 4,484 Mn

The traditional portfolio saw a decline due to the elections. Traditional Media is down by -10.8% YoY/ Digital Media+19.6% YoY. Digital Media Q1-FY25 Profit and Loss includes expenses on new initiatives amounting to INR 83 Mn.

- The company expects strong performance in H2FY25, driven by the festive season, decent monsoon, and rural demand revival.
- Operational efficiency and a strong B2B pipeline are key focuses.
- Based upon the content acquisition, Digital Media has 10 years for a longer period and a shorter period for 5 years.
- Market share 7.5-8% and aspiration to reach double-digit market share in the near term and target 15% for the long term.
- As the demand picked up in September and a healthy growth plan
- Viewership in the entertainment category dropped due to IPL, T20 World Cup, and general elections, leading
- key advertisers to shift their spending to sports and news genres.
- Advertising in entertainment is expected to pick up later due to the festive season and improving rural demand.
- Margins were pressured -8.65% in Q1FY25 against -3.79% in Q4FY24 by deferred B2B deal closures and continued inventory charge-offs (Additional charge 30-32 Cr), which are purely accounting and do not affect revenue or cash flow potential.
- Debt repayment aims to decrease by INR 100 Cr (Mostly target through internal accrual), with possible quarterly fluctuations. In the last 4 years invested couple of new businesses shemarooMe OTT and a few more Net investments generating 50-60cr free cash flow but investing more than that. 75% funded through internal accrual and the rest through borrowings.
- Chumbak TV and ShemarooMe Gujarati are performing well, with ShemarooMe Gujarati releasing 10 new titles and premiering blockbuster movies.
- Shemaroo FilmiGaane on YouTube has ~69 mn subscribers, making it the 23rd most subscribed channel globally.
- Shemaroo GEC channels hold a 7.8% viewership share in the Hindi GEC genre.
- AI-powered games were launched on ShemarooVerse in partnership with GMetri.
- In Gaming, lot of expectations on monetization in the future point of view.

ZEE ENTERTAINMENT ENTERPRISES LTD Concall KTAs Q1FY25
CMP: INR 149 | Market Cap: INR 142973 Mn

The company has achieved significant financial and operational improvements, with robust performance in subscription revenue and ongoing strategic investments in content and digital growth, despite a challenging advertising environment.

Strong Financial and Operational Performance

• Revenue: Revenue stood at INR 21,305 Mn, a growth of 7.4% YoY but a decline of 1.8% QoQ.

• EBITDA: EBITDA stood at INR 2,717 Mn, a growth of 75.3% YoY and 29.2% QoQ, with an EBITDA margin of 12.8%.

• PAT: Profit after tax (PAT) stood at INR 1,181 Mn, a growth of 784.6% QoQ.

• Improvement in Performance: The company has seen significant improvements in operating performance and margins, thanks to strategic steps taken in the previous quarter.

• Robust Financial Foundation: Recent fundraising efforts have established a strong financial base, aligning with long-term performance goals.

Advertising and Subscription Revenue Insights

• Advertising Revenue: Domestic advertising revenue for the quarter declined by 3.6% YoY, impacted by cricket and general elections. A pickup in advertising spend is expected in the second half of the fiscal year.

• Subscription Revenue: Growth in subscription revenue is driven by the National Tariff Order 3.0, with a balanced revenue profile from linear and digital segments.

Digital and Content Strategy

• Zee5 Performance: Zee5 shows healthy growth in usage and engagement metrics despite a marginal slowdown. Significant progress has been made towards achieving a balanced cost structure to sustain long-term growth.

• Content Investment: Continued investment in quality content and synergy benefits in the movies and music business have enhanced the overall portfolio performance. Zee Studios released 13 shows and movies during the quarter, including four originals.

Margin Improvement and Cost Management

• Cost Discipline: Significant interventions have been implemented towards margin improvement across the business. The company expects gradual margin improvement to continue through the rest of the year.

• Operating Costs: Increase in operating costs YoY was driven by higher programming costs, partially offset by a decline in technology costs. Programming and technology costs declined QoQ.

Outlook and Future Plans

• Advertising Revenue Pickup: The magnitude of margin improvement will depend on the pickup in advertising revenue in the second half of FY25.

• Margin Aspirations: The company aims to deliver industry-leading EBITDA margins of 18-20% by FY26.

• Fundraising and Capital Deployment: The company is preparing for future deployment plans, ensuring the availability of funds for both organic and inorganic growth.

GTPL Hathway Ltd. - Q1FY25 Concall Highlights
CMP: INR 169 | Market Cap INR 18,956 Mn

Outlook- Despite higher finance costs, GTPL has reduced its debt and plans to keep it low. The company will keep investing to maintain its subscribers and grow its B2B broadband segment, aiming for a steady EBITDA margin of 24-25% and double-digit subscription revenue growth. The company is positioning itself for steady growth in both its cable TV and broadband businesses.

Financial Performance
- Total Consolidated revenue grew by 9% YoY to INR 8,506 Mn and 4% QoQ, driven by increase in subscriber base in both cable TV and broadband segments and expansion into new markets (4 new states last year).
- Consolidated EBITDA stood at INR 1,205 Mn with a 14.2% margin in Q1FY25.
- Consolidated Net profit grew by 12% QoQ to INR 143 Mn in Q1FY25 as against INR 128 Mn in Q4FY24.
- Reduction in overall borrowing by INR 45.5 Mn due to long-term debt repayment.
- Subscription Revenue Increased 7% YoY to INR 3,193 Mn due to Net addition of subscribers and Potential ARPU increase in mature markets

Segment Performance
Cable TV
- Subscriber base reached 9.6 Mn, with 8.9 Mn paying subscribers, marking a YoY increase of 550K (6%) and 600K (7%) respectively.

Broadband Segment
- Active subscribers totaled 1.03 Mn, with an addition of 70K new subscribers, reflecting a 7% YoY growth. The Home Pass stood at 5.90 Mn, with 75% available for FTTX conversion. The broadband ARPU remained stable at INR 460, while average data consumption/customer increased by 13% YoY to 350 GB.
- Addition of 10K new subscribers, with a 70% split towards B2B and 30% towards B2C. Focused on converting B2B customers to direct subscribers. Expansion into seven states with plans to add two more states by the end of July.

Operational Highlights

Technology Implementations
GIVA Company's AI-powered chatbot, represents a significant leap in customer service automation. Integrated with WhatsApp, this MLP-trained AI solution offers 24/7 support, addressing a wide range of customer queries and concerns.
Genie ATM enables GTPL to fine-tune its network performance, leading to improved service quality and resource allocation.
TV Key Cloud Collaboration with Samsung and Nagra to launch TV Key Cloud, allowing linear TV content access on connected TVs without additional wires or set-top boxes. Positive initial response with potential to significantly expand the subscriber base. Also the company is targeting a large market of Samsung connected TV users, with discussions on expanding to other OEMs.

Growth Initiatives

- Continued expansion into new territories and strengthening infrastructure and Focus on maintaining a stable and growing subscriber base amidst industry churn post-COVID.

Strategic Focus

- Efforts to reduce costs if expansion does not meet expectations. Also focus on maintaining operational efficiency and leveraging technology to improve performance.
- Continued investment in tech solutions to enhance customer experience and drive digital collections.
- Focus on customer retention and acquisition through enhanced service offerings and improved operational tactics.

Other Highlights

- Interest cost increased due to greater utilization of limits and accounting treatments.
- Depreciation is expected to increase by INR 250-300 Mn over the next two years due to ongoing capex.
- Margin improvements expected as one-time costs decrease and ARPU increases are realized.
- Reaffirmed at IND AA- (stable) by India Ratings and Research indicates strong financial position and balance sheet.

Saregama India- Q1FY25 Concall KTAs
CMP INR 490 | 94,544 Mn

Expect consolidated revenue (excluding Carvaan) to grow at a CAGR of 30% over the next 3 years and Adjusted margin guidance to maintain 30-32%

Music vertical

Released over 330 original and premium recreation songs across multiple languages, including Hindi, Bhojpuri, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi, and Bengali.
The company aims to grow its music vertical revenue, which includes licensing and artist management, by a minimum of 26% in FY25.
Saregama is targeting to acquire 25-30% of all new music released in India, with the licensing vertical expected to double its revenue in 3-3.5 years (25-36% YoY growth).
The charge-off for new content increased by 48% YoY in Q1FY25.
The company is investing more in newer content, which initially impacts profitability but is expected to yield higher returns in about 18 months.
Music licensing revenue, combined with artist management, is showing steep growth.
The company emphasizes viewing music performances on a 12-month basis rather than quarterly due to seasonal variations.

Youtube

A large portion of YouTube views now come from the Shorts platform.
April-May saw advertising money diverted to elections and IPL, affecting YouTube revenues, but June stabilized and July has been steady.

Events vertical

Started the Dil Luminati Tour of Diljit Dosanjh in Vancouver, with over 50,000 fans attending.
The company held 11 concerts in Canada and the USA, with more shows planned in India and UAE in the coming quarters.
The events business operates on short gestation periods, typically investing two months before an event.
Margins in the events business are usually in the mid-single digits, but the IRR can be triple digits if money is managed properly.

Artist management

Added 30+ new influencers and music artists, bringing their portfolio to over 150 artists.
Music revenues, including artist management, grew by over 23% YoY.
Margins in artist management vary: 20-40% for music artists and 15-20% for influencers, before deducting team expenses.
The strategy includes investing in younger artists to potentially benefit from both their music and non-music earnings (like brand endorsements).

Carvaan business

Implemented a new retail strategy for Carvaan, focusing on e-commerce and modern retail stores.
Carvaan revenue for Q1FY25 was INR 247 Mn, a significant drop compared to Q1FY24.
The company is cutting down its retail network for Carvaan over the next two quarters.
By the end of FY25, Carvaan is expected to become primarily an e-commerce and modern trade product.

Video business

Aims to grow its video business at a 25% CAGR over the next five years.

The company released two Punjabi films and several web series across different platforms during the quarter.

Capex

Plans to invest around INR 3,000 Mn in content acquisition this year, part of a broader INR 10,000 Mn investment plan over three years.

Music licensing and Copyright protection

Saregama requires brands to obtain a separate license when using their music for commercial promotions on platforms like YouTube and Meta.

The company has invested in technology over the last 3-5 years to track unauthorized use of their music or its derivatives on social media platforms.

Their system can detect even cover versions of their songs, allowing them to take down unauthorized content and pursue legal action for licensing.

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HT Media Ltd Q1FY25 Concall Highlights
CMP: 27.2 | Market Cap: 634 Mn.

Outlook:
HT Media Ltd. experiences challenges with consolidated revenue decline. Strategic cost management partially mitigated losses, but overall performance was affected, particularly in print and advertising revenues.

Performance Consol:
•Revenue came in at INR 3,785.1 Mn. (-18.49% QoQ) (-3.78% YoY) in Q1FY25.
•EBITDA margins came in at -10.89% (Vs. 0.29% QoQ) (-5.79% YoY) in Q1FY25.
•PAT came in at INR -2,759 Mn. (-8800% QoQ) (-45.36% YoY) in Q1FY25.

Highlights:

•Revenue Decline: The overall revenue for Q1FY25 experienced a decline compared to Q1FY24, primarily due to the national elections and the resultant enforcement of the model code of conduct, which adversely impacted government advertising volumes.
•Cost Management: Strategic initiatives in cost management and operational efficiency have partially mitigated the negative impact on profitability.
•Print Revenue: The print segment's operating revenue decreased in Q1FY25, with both advertising and circulation revenues experiencing a downturn.
•Advertising Revenue: Advertising revenue was notably affected, showing a 10% YoY decline and a 26% sequential decline, attributed to the elections.
•Hindi Segment: The Hindi segment observed a reduction in government-led revenue and a 10% YoY decline in circulation revenue.
•Radio Revenue: The radio segment demonstrated marginal YoY growth in operating revenue, maintaining a breakeven operating profit.
•Digital Revenue and Profitability: Digital revenue surged by 31% YoY, with sequential improvements in key business areas. However, ongoing investments in OTT have led to losses, making the digital business largely profitable excluding the OTT segment. The company does not anticipate overall profitability in the digital segment for FY25.
•Advertising Pressure: Ad revenue remains under pressure due to competitive pricing, with industry volumes declining by 12% in the relevant markets.
•Future Advertising Strategy: The company intends to aggressively improve ad pricing and increase ad revenue share to overcome the cycle of low revenues and operating losses

Polycab India Q1FY25 Concall Highlights
Polycab India | CMP: INR 6,265 | Mcap: INR 942bn

Outlook: Polycab's cable and wires volume growth stood at 10% in Q1FY25. The capex of INR 10bn to INR 11bn would bring additional business in the future. Wires and cables margins are expected around 11% to 13% on a conservative basis. FMEG margin profiles are expected to improve backed by premiumization. Pickup in Real estate, Infra, and Industrial will benefit the company. We have a neutral outlook on the stock.

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Revenue
Revenue guidance remains at INR 200bn by FY26E. The company will revise the guidance.

Margins
Domestic cables & wires margins are 9%-11% and international margins are better. Cables and wires margins are expected to reach 11%-13% going forward.

Volumes
Domestic wires and cables volume growth is 10% YoY in Q1FY25. Cable volume growth double-digit rates and wire volume growth are single-digit in Q1FY25.

Capex
The capex stood at INR 2.8bn in Q1FY25. The capex is expected INR 10-11bn in FY25E.

Capacity utilization
Cables and Wires capacity utilization is around 70%-75%. Cables utilization is higher than wires.

Cables and Wires
Cables and wires mix 75:25 as of Q1FY25. Demand for wires is improving and the mix is shifting towards wires.

Wires are better margin business. Around 70% of demand comes from real estate. Cables demand is from various infra and industries.

In B2C, wire margins are better than cables. EBITDA margins are around 15%-16%.

FMEG
In FMEG, switches & switchgear witnessed strong growth supported by the real estate sector.

In FMEG, the margin profiles are improving due to premiumization.

Fans and lights account for 50%-55% of sales in FMEG.

Dealers and Distribution

Around 2,900 dealers are distributing FMEG products for Polycab, while industry leaders have around 16,000 dealers and distribution networks.

Commodity prices

Generally, commodity price volatility is around 4%-5%; however Mar-24 to Jun-24, price volatility is around 10%-15%.

Working capital cycle

Working capital cycles stood at 64 days due to finished goods inventory buildup in the wires and cables business. The inventory buildup is due to a fall in commodity prices. The working capital cycle is expected to normalize to 50-55 days going forward.

Inventory days are expected 100-110 days going forward.

A&P

A&P expenses are expected 3%-5% of sales going forward.

Exports

Exports sales share is expected to reach 10% by FY26E.

In international business, some of the revenues deferred to Q2FY25.

EPC

EPC business accounts for 10% of the top line. Margins are 5%-15% based on projects. EPC margins are expected high single-digit margins.

Other highlights

In domestic, the company supplies within 24-48 hours, while international supplies take longer.

Channel financing is around 70%-75%.

In projects, wires and cables cost less than 10% of the project.

Sterling & Wilson Renewable Energy Q1FY25 Concall Highlights
Mcap: INR 150.84bn | CMP: INR 647

Revenue

Revenue is expected INR 80bn+ in FY25E, excluding Nigeria and Reliance orders. The revenue is expected to double in the next 4 years.

Margins

Domestic project gross margins are 10%-11% and International project margins are 10%-12%.

Order book

- The order book stood at INR 93.96bn (+91.6% YoY/+16.2% QoQ) as of Q1FY25. The order inflows stood at INR 21.7bn in Q1FY25.
- The company has received INR 10.16bn orders/LOI from three domestic projects.
- The company has received ~$140mn turnkey orders from South Africa.
- The company has commenced pilot projects for solar plus BESS for Reliance Industries at Jamnagar.
- Around 20%-30% of order books are from international projects.

Debt

The net debt stood at INR 970mn as of Q1FY25. There are no debt repayments till Q3FY25.

Nigeria project

The company is focused on closing Nigerian projects within 6 months and revenue is expected to flow from FY26E.

Module procurement

For domestic orders, the company is procuring modules from Indian module manufacturers.
For international projects, the company is procuring modules from China.

Execution timeline

- Small project execution timeline 6-8 months. 200MW project execution timeline 10-14 months. International project execution timeline 15-18 months. Overall, the average project execution timeline is 12-15 months.
- International project execution timeline is slightly longer than domestic projects.

Partnership with Reliance

Reliance has huge rollout plans and a mix of solar and battery storage. The company is partnering with Reliance for the projects and margins are similar size.

Interest cost

Interest cost is expected around INR 500-550mn in FY25E.

Other highlights

- The company is getting a 10% advance and a 10% bank guarantee for projects.
- The company has completed most of the optimization overheads.
- Reliance mega projects are expected to start soon.
- Q1 is generally a weak quarter and revenue execution comes from Q2 onwards.
- Around INR 300mn losses are yet to be utilized for deferred tax.

Outlook: Sterling & Wilson's order book stood at INR 93.96bn (3x of FY24 revenue) and expected orders from Nigeria and Reliance show business visibility going forward. The company has reduced debt significantly and interest cost is expected around INR 500-550mn in FY25E. The company has achieved a significant level of cost optimization of overheads, which will improve margins going forward. The company is very selective for projects and a decline in module prices will be beneficial for the company.

JSW Energy Ltd| Q1FY25 Concall KTAs
CMP INR 705 | Market Cap. INR 1232.18bn

Co. highlighted robust financial performance with significant YoY growth in EBITDA and PAT, driven by strategic PPA signings and a strong project pipeline. The company remains confident in exceeding its 20 GW capacity target ahead of FY30, supported by moderated equipment prices and proactive supply chain management. Management addressed concerns around coal dependency, regulatory uncertainties, and transmission challenges while being positive about future merchant market opportunities and higher project returns.

Financials

Total revenue stood at INR 30.43bn(+1%YoY) with EBITDA of INR 15.81bn(+21%YoY) and margins of 52%(+900bps YoY). PBT was at INR 6.94bn(+64%YoY) with PAT of INR 5.22bn(+80%YoY). EPS stood at INR 3.

- They have signed PPAs for 2,025 MW of renewable energy and secured 5.65 GW through LOA or LOI. Construction has begun on a 1.0 GWh SECI BESS project and a 3,800 TPA green hydrogen project for JSW Steel.
- Co. highlighted its robust bottom-line performance with receivables standing at 65 days as of June-end.
- JSW Energy has a pipeline of 5.65 GW projects. Out of this, PPAs for 2 GW have already been signed. The management expects the remaining PPAs to be signed soon, as discussions with different state buyers are progressing.
- The company is confident in achieving its target of 20 GW significantly earlier than FY30, revising its initial phase one target from 10 GW by FY25.
- With equipment prices moderating, the company expects to achieve returns in the high teens, surpassing initial expectations.
- JSW Energy has earmarked INR 150bn for capex in FY 2025 . However, the management indicated that guidance for FY26 would be provided towards the end of the current fiscal year.
- The company has ensured no issues with transmission evacuation capacity for its under-construction wind projects. All transmission capacities are secured, and there are no anticipated supply chain tightness issues in substations or transformers.
- The management expects to close PPA signings soon for the projects where PPAs have not yet been signed. They anticipate commissioning a significant portion of the 5.65 GW pipeline by FY27.
- JSW Energy has proactively secured its entire supply chain, including transformers and other critical components, to ensure timely project execution and mitigate any potential bottlenecks.
- Focus on securing PPAs for thermal capacity additions. Confidence in achieving higher returns on new projects.
- Actively evaluating opportunities to increase capacity additions beyond the current 20 GW target for FY30.

Gujarat Mineral Development Corporation Ltd Q1FY25 Concall Highlights
CMP: 400 | Market Cap: 1,27,170 Mn.

Outlook:
GMDC's performance appears strong, driven by strategic initiatives targeting increased Lignite sales and customer growth, significant expansion into Odisha, comprehensive power plant overhaul, and substantial CapEx plans ensuring long-term revenue growth and operational efficiency.

Performance Consol:
- Revenue came in at INR 8,181.3 Mn. (8.97% QoQ) (6.86% YoY) in Q1FY25.
- EBITDA margins came in at 25.84% (Vs. 27.35% QoQ) (32.22% YoY) in Q1FY25.
- PAT came in at INR 1,840.5 Mn. (-11.14% QoQ) (-15.84% YoY) in Q1FY25.

Highlights
- **New Strategies**: GMDC introduced two new strategic initiatives in Q1 FY25. Mission 18.0 aims to achieve 18 lakh tons of lignite sales during the monsoon quarter, while Mission 2000 targets increasing the number of active customers to over 2000.
- **Expansion:** GMDC has been declared the preferred bidder for a coal mine in Odisha, marking its first venture outside Gujarat.
- **Power Plant Overhaul:** The company's 250 MW power plant is undergoing a comprehensive overhaul with the support of the Gujarat Government, aimed at breaking the cycle of low performance and improving profitability.
- **Pricing Strategy:** Pricing has been restructured, reducing margins from 50% to 30% over the past two years to capture market share, attract more customers, and focus on increasing volumes.

CapEx
- **Investment Plans:** GMDC plans significant capital expenditures of INR 30,300 Mn in FY25, INR 34,240 Mn in FY26, INR 30,000 Mn in FY27, and INR 30,000 Mn in FY28.
- **Financial Plan:** Management asserts that this CapEx is based on robust, revised plans and maintains that the debt-equity ratio will remain approximately 1:1.
- **Allocation:** The majority of the CapEx will be allocated to the lignite segment, given its established strength, with significant funds also directed towards operationalizing the Odisha coal blocks and developing critical minerals.

Guidance
- **Lignite Production:** The company aims to exceed 9 million tons of lignite production in FY25, with plans to further improve this target in FY26.
- **Revenue Growth:** Under Project Shikhar, GMDC expects gradual revenue growth, aiming for a 4X increase by 2030.
- **Mine Production:** The company anticipates commencing production from its larger mine in Q1 FY26, which has a stripping ratio of 1.5.

Torrent Power Ltd| Q1FY25 Concall KTAs
CMP INR 1594| Market Cap. INR 765.86bn

Co. delivered a robust performance in Q1FY25 with significant YoY growth. The company capitalized on strong power demand and favorable LNG prices, enhancing profitability through strategic merchant market sales and Section 11 scheme benefits. The company's ambitious capex plan of INR 180-200bn over the next 3-4 years,along with actions in securing long-term LNG contracts, positions it well.

Financials
RFO stood at INR 90340mn(+23%YoY) with contribution of INR 24960mn. EBITDA stood at INR 19340mn(+52%YoY) with PBT at INR 13150mn(+85%YoY) and PAT of INR 9960mn(+87%YoY).

- The company sold around 1,700mn units in the merchant market in Q1, including through NVVN tenders, power exchanges and bilateral deals. The Section 11 scheme was applicable until June 30, 2024, but is currently no longer in effect.
- LNG sales were minimal as the focus was on generating power for the merchant market. The average LNG procurement cost was around $9.5/MMBtu, translating to Rs 6.5-7/kWh landed cost.
- The distribution business saw 6-7% demand growth across areas, with a marginal increase in TnT losses except in Agra.
- Torrent Power has a robust pipeline of 3 GW of renewable projects to be commissioned over the next 2-3 years. Key projects include a 420 MW solar project (87.7 MW already commissioned in Q1), a 300 MW wind project, a 200 MW merchant hybrid project, an 825 MW hybrid project, a 369 MW hybrid project for Indian Railways, a 425 MW solar project, and a 700 MW wind project. Additionally, 528 MW of C&I portfolio projects are under development.
- The company is also working on two transmission projects , one with INR 8bn capex and the other project with INR 4.7bn capex. Overall, Torrent Power has a capex plan of Rs 18,000-20,000 crore over the next 3-4 years.
- Co. is venturing into new areas such as green hydrogen and pumped storage hydro. The company has a green hydrogen pilot project to be commissioned by Q2 FY25, and has been allocated 18 ktpa green hydrogen production under the PLI scheme.
- In the pumped storage hydro segment, the company has identified 8.4 GW of projects in Maharashtra and UP, with a potential investment of Rs 40,000 crore.
- The company is targeting to reach 5 GW of renewable capacity in the next 2-3 years, from the current ~4 GW under construction. It remains open to acquiring good thermal assets at reasonable prices, although there are no fixed targets.
- Co. is also evaluating battery storage solutions but is currently focused on pumped hydro storage. The management expressed keen interest in participating in any distribution privatization opportunities that may arise.

- Co. currently has long-term contracts for 3 LNG cargoes annually till 2026. About 50% of its PPA requirement is tied up through long-term variable price contracts, while the remaining 50% of PPA requirement and merchant sales requirements are procured from the spot market. The company is in discussions to tie-up additional long-term LNG contracts.
- The management attributed the strong Q1 performance to favorable power demand-supply situation and moderation in LNG prices. They expect similar merchant power opportunities in pre-winter months (September-October). The Section 11 power sales were profitable, with margins higher than the 20% over variable cost formula.
- The co. is focusing on tying up LNG for PPA obligations first before addressing merchant requirements. While evaluating battery storage, the management believes that batteries and pumped hydro will coexist in the Indian power market.

Adani Power Ltd| Q1FY25 Concall KTAs
CMP INR 734 | Market Cap. INR 2833.12bn

Co. delivered robust financial results in Q1FY25, driven by higher power demand and lower imported coal prices. The company's strategic focus on both organic and inorganic growth opportunities positions it well to capitalize on India's projected thermal power capacity expansion. With a balanced approach of 80% capacity under long-term PPAs and 20% for merchant power, Co. aims to optimize returns.

Adani Power Limited reported strong financial performance in Q1 FY25, driven by higher power demand, lower imported coal prices, and improved operational efficiency. The company achieved a PLF of 78% and sales volume of 24mn units, compared to 60% PLF and 17.5mn units in Q1 FY24.

Continuing operating revenue grew 29% year-over-year to INR 14,7170mn, while continuing EBITDA increased 57% to INR 62,900mn.

The company benefited from full availability of its Godda power plant capacity, which contributed to higher volumes. Import coal prices were lower compared to the previous year, resulting in slightly lower tariff realization for some PPAs with pass-through of fuel costs.

However, merchant tariff realization remained strong. The company recognized a smaller one-time regulatory income of INR 4,220mn in Q1 FY25 compared to INR 64,970mn in Q1 FY24.

Adani Power is pursuing both organic and inorganic growth opportunities. It has started preparation for three new 1,600 MW projects at Raipur, Raigad, and Mirzapur.

The company is awaiting NCLT approval for the acquisition of Lanco Amarkantak and Coastal Energy, which will add 1,800 MW of operating capacity and 1,320 MW of under-construction capacity.

Additionally, it is evaluating further brownfield expansion of 4,800 MW and inorganic opportunities of over 1,000 MW, targeting a total capacity of 30.67 GW by 2030.

The management highlighted a positive outlook for India's thermal power capacity growth, with government estimates projecting peak power demand to reach 400 GW by 2032, requiring 80-90 GW of additional thermal capacity.

Several states have already invited bids for long-term PPAs totaling 6,400 MW, with more expected soon. Adani Power aims to maintain a balance of 80% capacity under long-term PPAs and 20% for merchant power to optimize returns while managing risk.

Lloyds Metals & Energy Ltd Q1FY25 Concall KTAs
CMP: INR 728 | Market Cap: INR 3,80,277 Mn

Outlook: Post-expansion, iron ore production will be capped at 25 Mn tons annually, with 4.2 Mn tons of steel, 6 Mn tons of pellets, and 9 Mn tons of iron ore. The company plans to reach a capacity of 13 Mn tons by January 2025, pending EC approval. Capex for FY25 is estimated at INR 33,000 Mn, with FY26 projected at INR 65,000 to INR 70,000 Mn. The beneficiation plant capex is INR 50,000 Mn for all units. The first pellet plant, with a 4 Mn tons capacity, will be operational by the end of FY25, and a second plant is planned for FY26. A 1.2 Mn ton steel plant is scheduled for September 2026. The slurry pipeline is expected to cut freight costs by INR 800-900 per ton.

Financial highlights

• Consolidated sales reached INR 24,231 Mn, up by 22.5% YoY and 55.1% QoQ. Reported best-ever quarterly RMO production and quarterly profit.
• EBITDA stood at INR 7,245 Mn, up by 32.3% YoY and 55.3% QoQ, with a margin of 29.9%. EBITDA per ton for Q1FY25 was INR 1,848, up 23% YoY.
• PAT stood at INR 5,574 Mn, up by 38.2% YoY and 101.3% QoQ, with a margin of 23.0%.

Operational highlights

• Iron ore production for Q1FY25 was 4 Mn tons, with dispatches totalling 3.6 Mn tons.
• The average realization for Q1FY25 was INR 5,710 per ton, reflecting a 7% YoY growth.
• The DRI segment reported Q1FY25 production of 76,704 tons, marking a 16% YoY increase. The power segment saw a 5% YoY increase in sales for Q1FY25.
• The company raised nearly USD 500 Mn through QIP and preference share issues, with the QIP generating INR 12,000 Mn. A preferential warrant issue of around INR 29,600 Mn is currently in process.
• Freight costs are currently around INR 1,600 per ton and are expected to reduce by INR 800-900 once the slurry pipeline is completed.
• CSR expenses saw a significant increase in Q1FY25, with INR 680 Mn spent. Major CSR projects completed include schools, a hospital, and a garment factory.
• The company expects CSR expenditure to normalize to around INR 700 Mn per quarter going forward.

Expansion plans

• The company received IBM approval for its mining plan expansion and is expecting Environmental Clearance approval by January 2025. It plans to increase mining capacity to 25 Mn tons over the next 3-4 years.
• The beneficiation plant is planned to have a capacity of 45 Mn tons of input, producing 15 Mn tons of output. The first pellet plant, with a capacity of 4 Mn tons, is expected to be operational by the end of FY25.
• A second pellet plant with a capacity of 4 Mn tons is planned for FY26, and a 1.2 Mn ton steel plant is scheduled to be operational by September 2026.

Beneficiation plant details

• The pilot plant has been commissioned, with results meeting expectations. It consistently achieves 65-66% Fe, with some trials reaching 67%.

• The yield of beneficiated material is around 38-40%. The total capex for the beneficiation units (three units) is estimated at INR 50,000 Mn.

Production mix and pricing

• In Q4, the focus was on higher lump production, whereas Q1 returned to a normal mix of approximately 80% fines and 20% lump ratio.

• The price for fines increased by around INR 600 QoQ, while lump production commands higher prices compared to fines.

Customers

• Company has a diverse customer base of 25-35 customers quarterly.

• Major customers include JSW, JSPL, Chennai pool customers, Gopani, Chaman, Bajrang, and Sunflag.

• The largest customer accounts for about 15-20% of their product range.

Other highlights

• The company expects to save around INR 4,000 per ton on iron ore costs compared to competitors, translating to approximately INR 8,000 per ton in savings on steel production.

• Beneficiation plant to produce 66-67% Fe content, reducing coke/coal requirements in steel production.

• The company is not under pressure to market its products due to strong demand and monsoon-related supply constraints. It is well-booked with orders until nearly the end of August.

• Current royalty rate is around 19.8% of the average sales price, including DMF and NMET.

• Indian iron ore prices are consistently lower than international prices, which are around USD 100 per tonne. Domestic steel capacity additions are expected to maintain the demand-supply balance despite new mining capacities.

• The implementation of the slurry pipeline is expected to significantly reduce transportation costs. The company is also focusing on beneficiation to improve iron content and reduce impurities in the ore.

Waaree Renewables Technologies Ltd| Q1FY25 Concall KTAs
CMP INR 1,363| Market Cap. INR 141.94bn

Co. has recorded a strong YoY performance while a decline sequentially. It has guided for margins to be around 15% and an ability to expand 3x and take on 3-4 more big projects without additional significant capex since it operates as a platform. Govt. initiatives and policies along with budget allocation represents sector tailwind. It's focus is on domestic markets rather than exports.

Financials
RFO stood at INR 2363.5mn(+83.31%YoY)(-13.52%QoQ) with EBITDA of INR 410.8mn(+206.6%YoY)(-45.44%QoQ) and margins of 17.38%. PBT stood at INR 392.7mn(+215.85%YoY)(-45.51%QoQ). PAT stood at INR 281.6mn(+208.51%YoY)(-45.12%QoQ).

- They have an unexecuted order book of 2,191MW and have executed orders of 217MW in Q1FY25. They have secured order wins totaling 58.19 MW.
- Waaree renewable technology is the EPC company and they two segments i.e EPC and O&M operations. They have a small portfolio of IPP as well.
- Domestic market is the focus for co. That doesn't mean they have ruled out export markets. But for now, there's so much of opportunity that's happening in India and they want to capture a slice of that first before venturing out.
- Even though co. registered in Q1Fy25 17-18% margins, but they have guided for 18% as the stable margin range.
- Co's order book consists of 30-35% orders which are with modules and 60-65% without module. If the customer doesn't specify anything specifically for procuring the modules, they source it from their parent at arms length.
- Reason for high margins when peers are at ~9% is bcz of 2 things, i.e. they have been in this business for very long and do not go below its benchmark just to bring in revenues. Second is their strong vendor ecosystem.
- Co.'s avg realisation per MW at INR 12mn and operates on and off in this range. Co. doesn't look at qtrly change and gives attention to yearly numbers.
- Co. feels it is competent enough to take on 3-4 more big projects without any issues. It doesn't plan to outsource it's orders other than some small business related to civil.
- Retention money is generally ~5% range but can go upto 10%. No BGs been triggered as of now.
- Co. is a platform business and hence doesn't require any significant capex even if it had to grow 3x business from here.
- In upcoming qtr, except monsoon Co. sees no other significant risk.
- In FY24, India added 21.2 GW renewable energy by adding (increase from previous years of 18.8GW). Solar energy continues to lead the country's renewable energy sector with a total installed capacity of 85GW.
- By June 2024, solar energy accounted for 57.7% of total installed power capacity, reflecting a notable increase from previous fiscal year, reaching 85.47 gigawatts.
- In the recent budget, 191bn have been allocated to the Ministry of Renewable Energy. India is poised to achieve the 100GW milestone in solar energy.

Tata Power Company Ltd| Q1FY25 Concall KTAs
CMP INR 437| Market Cap. INR 1396bn

Co.'s strong financial position, enhanced credit rating, and substantial capex allocation towards renewable projects position it well for sustained growth. The anticipated rise in power demand, along with government support for green energy initiatives, will benefit company's expansion plans in the renewable sector.

Financials
Co. recorded a topline of INR 172.94bn(+13.7%YoY) with operating profit of INR 30.62bn(+12.9%YoY) and margins of 18%. PBT stood at INR 14.9bn(+1%YoY) and PAT of INR 11.89bn(+4.2%YoY)

- Tata Power plans to acquire a 40% equity stake in Khorlochhu Hydro Power Limited (KHPL) in Bhutan for around INR 8.3bn. The move is aimed at developing the 600 MW Khorlochhu Hydropower Project, supporting Tata Power's clean energy transition. No Indian governmental or regulatory approvals are needed, and the first tranche is expected to be completed within 6 months.
- The demand for power has grown by 11% in the last quarter and is expected to remain strong.
- The recent budget announcements by the Finance Minister highlighted four key areas impacting Tata Power:

1. PM-KUSUM Program: Focus on rooftop solar installations, with Tata Power poised to lead with over one lakh installations.
2. Pumped Hydro Storage: Government support for projects to ensure firm power from renewable sources.
3. Small Modular Reactors (SMR): Encouragement for private sector participation, with co. exploring opportunities.
4. Green Energy Duty Reductions: Expected benefits from duty reductions in the green energy sector.

- Tata Power is implementing 2800 MW of pumped hydro storage projects and has a significant focus on solar and wind projects. The 4 GW cell and module plant is fully operational, with further expansions planned. A 600 MW hydro plant in Bhutan is underway, with a significant investment and expected completion within five years.
- Tata Power's balance sheet remains strong, with net debt at INR 420bn. The company's credit rating has been upgraded to A+ stable, which will help reduce financing costs. The company's operating profit has seen a significant increase, with notable improvements in the Delhi distribution business and solar manufacturing segments.
- The company plans a capex of INR 200bn for the year, with 55-60% allocated to renewable energy projects, 30% to transmission and distribution projects and 10-15% to thermal and other new investments.

  Significant investments are planned for rooftop solar, utility-scale projects, and group captive projects.
- The company is focused on implementing current projects before bidding for new ones to ensure timely execution. In Pump Storage Projects co. has received most approvals and expects to start construction soon, with completion in 44-46 months.
- In Solar Manufacturing, co. expects to fully utilize its manufacturing capacity and is open to external sales if there is additional capacity.
- In Rooftop Solar, significant uptick in inquiries and installations expected, with meaningful revenue contribution starting in Q3.
- Co. continues to emphasise on expanding renewable energy capacity with a focus on hybrid solutions and complex projects. Co. is ensuring transmission capacity aligns with new project implementations to avoid bottlenecks.

Hindustan Zinc Ltd Q1FY25 Concall KTAs
CMP: INR 652 | Market Cap: INR 2754.27 Bn

Company reported strong financial and operating profits and aims to build on this momentum, targeting a 5% - 7% increase in metal production and a 3% - 5% increase in silver production by FY25.

Financials
• Revenue from operations stood at INR 81.30 Bn in Q1FY25 (12% YoY/8% QoQ).
• EBITDA stood at INR 39.46 Bn in Q1FY25 (17% YoY/8% QoQ) with margins at 49%.
• PAT was at INR 23.45 Bn in Q1FY25 (19% YoY/15% QoQ) with margins at 28.8%.

Other Highlights
• Company has signed an MoU with VEXL Environ Projects to establish a pilot plant for producing saleable products from waste streams like jarosite and jarofix.

• Company entered into a partnership with AEsir Technologies to innovate the battery storage space through Nickel Zinc batteries, which has a potential to revolutionize energy storage due to its cost effectiveness.

• Mined and Refined metal production for Q1FY25 stood at 263,000 MT and 262,000 MT respectively.

• Company saw cost reduction of 7% YoY , with resulted robust profitability.

• Project of 160 ktpa roaster at Debari is progressing well and is expected to get commissioned by Q4FY25 or by end of Q3FY25. Roaster at Debari is expected to add 45 Ktpa of zinc production, which comes to 15 ktpa per quarter.

• 510 ktpa fertilizer plant at Chanderiya is well on track and is expected to get completed by Q2FY26.

• Bamnia Kalan Mines received consent to operate and the site work is under progress.

• Zinc cost of production in Q1FY25 stood at US$ 1,107 (-7% YoY) due to softened coal, input commodity prices and better linkage coal availability.

• The company commenced the use of renewable power from Serentica earlier than planned, ~ 8.5% of its overall power requirement during the quarter.

• As of June24, company has a debt of INR 112 Bn and a cash balance of INR 108.85 Bn.

• By FY25, company is focused on to reduce imports and improve the linkage coal and have 13% from renewable power.

Arihant Capital Markets Ltd.

Shivalik Bimetal Controls Ltd | Q1FY25 Concall KTAs
CMP INR 564| Market Cap. INR 32.52bn

Co. has guided for 8-12% revenue growth with 22-24% EBITDA margins in FY25. They reported a drop in US markets due to slowdown in their economy. Co. is equipped to utilise the Hybrid vehicle technology even if the EV doesn't pan out as expected. Co.' stated its peak revenue capability of INR 16bn.

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Financials
RFO stood at INR 1259.8mn(-0.95%YoY) with gross profit of INR 529.3mn(-10.86%YoY) and 42.01% margins(-467bps YoY). EBITDA stood at INR 236.9mn(-21.40%YoY) and 18.81% margins(-489bps YoY). PBT stood at INR 235.2mn(-15.73%YoY) and PAT of INR 178.2mn(-16.24%YoY) and 14.15%(-258bps YoY) margins.

In volume terms, Co. recorded a +8.58% YoY to 595MT in Q1FY25. Q1FY25, strong grwoth delivered in shunt resistor. In Europe, sales grew 134% to INR 80.4mn. This substantial increase is a result of market penetration and growing demand for co.'s product. As electrification in Europe increases this is futher expected to increase.

INR 170.3mn sales in Asia as a result of growing OEM and channel approval base. In the home market of India, they saw steady grow with 11% increase at INR 112.6mn. Their dominant market share to continue as domestic demand rises. They foresee India to become key market over next 3 years.

They reported 47% sales drop in US, to INR 161.4mn due to slowdown in economy which turned the manufacturers and traders cautious. Consumers are playing the wait and watch game.

Co. has focus on input cost management strategies and refers to R&D as pivotal to its success. They are investing in automation to improve mfg process and deliver value.

Their diversification efforts are beginning to bear fruit in Europe and Asia. Their are also optimistic about gradual improvement in USA.

Despite market environment being mixed bag internationally, co. showed resilience.

Bimetal business is 51% of total sales and motor is less than 8-10% of total bimetal sales. They do not see any movement from motors to micro processor relays.

Raw material prices increased even though commodity prices fell due to their product mix. Impact of fluctuations in metal prices is seen in subsequent qtr and not the same.

Their inventory days increased due to red sea issue disruption. This accumulated inventory is expected to be cleared in next 2 qtrs.

-Globally, there is a power deficit and hence the power distribution demand will increase, which makes the co.'s outlook for next 5-6yrs very strong.

-Certain hybrid cars, can have more need of co.'s product since they are constantly shifting between systems. Co. sees positive opportunity with hybrids even if EV doesn't grow as anticipated.

-The state a peak rev potential of INR 16bn . Everything is in place to achieve this except incremental capex of INR ~60-80mn/yr.

As customer concentration is concerned, their top 10 customer constitute 40% of business.

-Volumes to North America have been stagnant and lull. Automotive is still on decline. EVs and auto in general, have not picked up since last 3 qtrs. They are seeing signs of recovery and are hopeful of upcoming qtrs. FY25 is expected to be strong.

-Their capacity utilisation is at an avg of ~36%. Shunt at 45%, Bi meta at 32%, and contacts at 90%. Since contacts will be moving to a new plant which will be operational by Jan2025, capacity utilisatoin will then come to 30%.

-In shunt segment, Co. doesn't foresee de-growth, and hopes for 8-10% growth for the full year.

Guidance- Revenue growth in range of 8-12% for FY25 with EBITDA margins of 22-24% for FY25.

-MoU with Metalor- Metalor's boards has approved and Shivalik is working on timeline to start the JV. Something to materialise in next 2-3 months.

Borosil Renewables Ltd Q1FY25 Concall Highlights

CMP: 497 | Market Cap: 64,790 Mn.

Performance Consol:

• Revenue came in at INR 3707.9 Mn. (30.96% QoQ) (4.59% YoY) in Q1FY25.

• EBITDA margins came in at 5.97% (Vs. -9.07% QoQ) (7.52% YoY) in Q1FY25.

• PAT came in at INR -142.38 Mn. (73.29% QoQ) (23.47% YoY) in Q1FY25.

Highlights:

• Average factory selling prices during Q1FY25 rose to INR 105.5 per mm per sq. meter compared to INR 99.6 in Q4FY25, which is an increase of 6%.

• Import landing prices were high in the quarter due to high ocean freight.

• In Q1FY25, the sales volume of the company rose by 23% vs Q4FY24, but the revenue from operations saw only 2% increase on a stand-alone basis.

• Export sales Q1FY25, including to customers in SEZ, stood at INR 224.2 Mn, including 9.3% of the turnover as against INR 135.5 Mn in the preceding quarter when it comprised 6% of the turnover.

• Company observed a demand slowdown in export markets around Europe for the past 2 - 3 quarters. Although the exports were higher compared to the previous quarter.

• Chinese exporters have dropped their prices even further in their continued dumping.

• Company now petitioning the government to additionally mandate the use of other domestically made ancillaries including soda glass and such tenders.

• Manufacturing capacity for solar modules has already touched 65 gigawatts, which is expected to cross 100 gigawatts in 2 – 3 years.

• The European solar model manufacturing industry continues to suffer from understanding the import of Chinese solar modules that dumps prices.

• The overseas subsidiaries including the step-down subsidiaries of the company have generated net standalone revenue of INR 1,294 Mn and EBITDA of INR -38 Mn in Q1FY25.

• Company is actively engaged in cutting cost per unit to further optimize the cost of power and has finalized an additional 16.5 megawatt solar-wind hybrid power plant expected to be completed during Q2FY26.

• EBITDA margins to be in range of 20% - 25% after the implementation of custom duties announced in Budget’25.

• Company has no capacity under development in the pipeline as of now.

• 85% of the total imports are from China and the remaining 15% is from Vietnam.

• CapEx Plan: 1,100 Tons per day to increase production of 1,000 tons per day but it has been postponed due to changes in economics and antidumping duties.

Arihant Capital Markets Ltd

Ganesh Housing Corporation Ltd| Q1FY25 Concall KTAs
CMP: INR 956 | Market Cap: INR 79.73 bn

Ganesh Housing remains net debt free and holds a strong financial position having surplus cash flows which is expected to continue to improve in the coming quarters through sales from Malabar Exotica and Malabar Retreat. Further, company to yield a rental income of INR 700 Mn per annum from Phase 1 of Million Minds. Management remains optimistic and has guide to achieve a growth of 30-35% in PAT over FY24.

Financials

• Revenue came in at INR 2206 Mn vs INR 2801 Mn in Q4FY24 (-21% QoQ/ -19% YoY).
• EBITDA stood at INR 1556 Mn (-28%YoY/2% QoQ), with EBITDA margins of 70.5% in Q1FY25.
• PAT stood at INR 1138 Mn (1% QoQ/ -29%YoY), with PAT margins of 51.6% in Q1FY25 vs 40.3% in Q4FY24.

Market Outlook

• Residential segment has continued to strengthen with increase in demand. Consumer shift towards premium housing is driven by introduction of new lifestyle oriented projects offering better amenities and larger spaces.
• This shift has resulted in robust sales, with the premium segment now contributing about 20% to the residential market, up from 11% earlier.
• The company remains focused on the Ahmedabad market, which is well-positioned to sustain its growth trajectory. However, the company also evaluates opportunities in other markets.

Projects

• Company completed Malabar Exotica project ahead of schedule which resulted in significant revenue bookings during the Q4FY24 and continued strong performance in Q1FY25.
• For Malabar Retreat, company has recorded a strong pre-sales of INR 720 Mn with collection of over INR 70 Mn.
As construction commences further, sales is expected to pick up in Q3 & Q4FY25.
• Total sales value for Malabar Retreat project is expected to be INR 4500 Mn and the estimated cost for the project is ~INR 3400 Mn. The project is expected to complete within 3 years with targeted completion by H2FY27.
• During this period company expects to sell ~80-85% of its inventory by the time they completed major construction work.
• Going ahead, company plans to launch Million miles residential projects, phase1 in Q3FY25 and phase2 in Q4FY25 having combined development area of about 1.8 million sqft.
• Recently added One Thaltej, a commercial project is expected to generate a revenue of INR 21 bn.

Other Highlights

• Company increased its project sales by 40% YoY in Q1FY25, recording INR 460-500 Mn from project sales while INR 1600 Mn from land sales.

• Company doesn’t expect any revenue from projects to further come in FY25 & H1FY26 other than inventory from past completed projects like Maple Tree and Maple Trade centre of ~ INR 400-450 Mn.
• In FY26, once the Godhavi project gets completed, company may see significant increase in project sales.
• Company overall holds a land bank of INR 150-200 Bn based on current market value, which keeps on increasing by 10-15% every quarter.
• As of March24 company had allocated ~INR 4000-5000 Mn for land acquisition. Going forward company to incur cost between land acquisition and the project in the ratio of 30:70.
• Company is open to take on the opportunity for Jv if they get a good project where company does not need to invest in the land.
• Company has launched Malabar retreat at the price of INR 5400/sqft and further expects it to increase by INR 300 in FY25& FY26. For SEZ residential project base price stood at INR 5500/sqft which is expected to go up to INR 5800/sqft in FY26.
• Million minds commercial, at 100% occupancy is expected to generate annual rental of INR 700 Mn per annum. Company has already invested INR 1800 Mn for the development of the phase 1 till date and have reach ~40% level of completion and will have to invest more in future.
• ~ 15 organized developers commands major market share in Ahmedabad with each developer having their own niche at various places.

Capacite Q1FY25 Concall KTAs
CMP INR 351 Market Cap. INR 29.71bn

Co. has guided for 25% CAGR revenue growth for the next 3 years with further improvement in margins. They reported labour challenge and revised their payment term to 15 days. They have an order book of INR 88.28bn and expect to get INR 1.4bn revenues from MAHADA from Dec/Jan and INR 1.5bn from Cidco from next quarter. With reduced working capital cycle, co. if focused to further optimise it.

[Arihant Capital Markets Ltd.]

Financials
RFO INR 5700mn(+32%YoY), EBITDA INR 1160mn(+54%YoY) with margins of 20.1%. EBIT at INR 930mn(+82%YoY) and margins of 16.1%. PAT at INR 530mn(+180%YoY) with margins of 9.2% vs 4.4%Q1FY24. 3360mn of gross debt with 0.21x gross debt to equity. Net debt to equity at 0.06x.

Co. has recorded a significant improvement in margins, despite labour migration. They witnessed highest ever qtrly PAT and credit it to careful selection of projects and better absorption of fixed cost.

Order book size has been significantly expanded . Net working capital cycle reduced sequentially by 17 days in Q1FY25 and they are committed to improve working capital cycle.

Standalone Order book stands at INR 88.28bn as of Q1FY25. Additional INR 10bn has been made available from BDD projects from MAHADA. Public sector constitute 72% while pvt take up the rest.

Adequate trained labour force is a challenge across industry. Co. improved has improved their payment terms to 15 days from previous 1 month which had a positive impact.

25% revenue growth guidance for FY25 with INR 30bn order inflow in FY25 expected, excluding BDD projects that might open up from MAHADA. Co. to grow at 25% CAGR for another 3 years. Conversion rate of 18-25% for govt and for private sector it is on invitation basis.

-Once order execution speed improves beyond 550cr, co. sees expansion in margins. EBIT margin improvement of 100bps should be achievable for full year. Capex of INR 280mn, includes purchase of office for the co. hence core asset addition is of INR 180mn in Q1 and restrict it to INR 650mn for full year.

-GIFT city project in full flow and expects to complete it by Jan, 2025. Co. expects more opportunities from this domain going forward.

-Co. is at 25% plus surcharge tax rate.

-Co. is actively bidding for public sector projects like AIMS. Expansion in geographies for this year will be limited to areas co. was servicing prior to covid.

-Co. received project from Lodha for its upscale project in Worli,Mumbai and billing for the same has started.

-Co. has orders worth INR 30bn still to realise from BDD from MAHADA in the qtrs. to come.

-There will be no bidding for 40 days prior to elections date in Maharashtra, and hence a 60 day lull is expected in the public sector.

-Co. collected more than INR 1bn in retention over past 10-12 months. Co. increased revenues while maintaining its debtor levels. All projects that have been delivered, retention money and final payments to come in Q2&3.

-MAHADA, INR 14bn order front available of which they executed INR 1340mn in Q1, of which INR 1bn were certified sales and INR 340mn were sales accrual. Co. to bill INR 1.4bn minimum from MAHADA starting from Dec/Jan.

CIDCO, INR 640mn+ certified sales. Close to INR 24bn of land available for execution. In current qtr, INR~1bn to come from CIDCO and from next qtr INR 1.5bn to come from CIDCO alone.

-Expansion in revenue beyond INR 5bn, reduces fixed costs of the co. Cost of construction material and construction services has fallen as % to topline. These are the reason for margin expansion. Remainder of FY25, higher revenue to come from EPC projects, hence the co. sees further improvement in their margins. Q2 might be little impacted by monsoons.

KNR Constructions Ltd- Q1FY25 Concall Highlights
CMP: INR 343 | Market Cap: 96.42 Bn

Company expects EBITDA margin to be in range of 15-16% going forward in FY25/FY26. Company expects irrigation segment to contribute INR 2,000-2,500 Mn to order book in FY25.

Financials

- Consol Revenue came in at INR 9850 Mn in Q1FY25 (-30% QoQ) (flattish YoY).
- EBITDA stood at INR 2786.1 Mn in Q1FY25 (-26% QoQ) (29% YoY).
- EBITDA margins came in at 28.3% in Q1FY25. (Vs 26.5% QoQ) (22% YoY).
- PAT came in at INR 1659.9 Mn in Q1FY25 (-51% QoQ) (25% YoY).
- PAT margins came in at 16.9% in Q1FY25. (Vs 24.1% QoQ) (13.6% YoY).

Other highlights

- The government of Telangana proposed INR 1.5 lakh crore project aimed at revitalizing the Musi River. Telangana govt is also coming out of irrigation project where company expects to get one project.
- Company is also examining on mining contracts and will take on the opportunity where they can get healthy margin.
- As of June 30th 2024, the company has already invested INR 5180 Mn out of 9920 Mn equity requirement for the 8 ham projects.
- Toll collection from bihar project stood at INR 100 Mn as compare to INR 116 Mn in Q1FY24.
- Order book as of June24 stood at INR 49215 Mn. Of which 58% belongs to EPC road projects , 20% from irrigation and 22% from pipeline projects.
- 63% of the order book comes from third party clients and rest 37% from Captive projects.
- Current order book will be executed in over a period of 1 -1.5 years.
- Company expects order book to pick up from hereon. New order inflow is expected to be INR 60-70 Bn by end of FY25.
- Company is planning to monetize 4 HAM projects - 1 this year and 3 by September 2025. Company expects cash flow from operation to be ~3000 Mn for FY25.
- Outstanding receivables from Telangana stood at INR 6000 Mn.
- Mysore to Kushalnagara project of ~INR 12 Bn is pending for appointed date. Expected to start from Q3FY25.
- FY25 revenue likely to be flat compared to FY24 due to delays in project operations.
- Capex of INR 100 Mn in Q1FY25. Capex plan for FY25 is expected to be INR 800-1,000 Mn.
- Standalone cash level stood at INR 330 Mn. Consol cash level stood at INR 700 Mn
- Unbilled revenue stood at INR 7430 Mn in Q1FY25 and mobilization advances stood at INR 570 Mn.

Sunteck Realty Ltd – Q1FY25 Concall Highlights
CMP: INR 588 | Market Cap : INR 86.14 Bn

Guidance:

• Pre-sales & EBITDA is expected to grow at 30-35% in FY25 as well as for the next 2-3 years.
• The company plans to launch new phases/towers across existing projects with combined GDV of INR 50 Bn in FY25.*

Project Details:

• Project at Naigaon is completed and they have delivered cumulatively ~5000 apartments in the last 2 years.
• Project at Goregaon west (Fourth Avenue) is expected to be delivered in FY25 as it is near to completion.
• The company plans to launch 2 new projects in the uber luxury segment one in Downtown Dubai and other at Nepean sea road.
• For its Dubai residential project, the company expects to earn GDV of INR 90Bn by developing an area of ~1Mn sqft. Currently, it has invested ~INR 2.5-3Bn and has a profit share of 50%. This project is expected to be launched in the next 12-15months and to be completed in the next 3-4 years. It is expected to be launched in one go with the estimated construction cost of INR 20 Bn.
• The Nepean sea project is in the advanced stage of planning and has a potential to earn GDV of INR 25Bn and expected timeline of launch is in the next 3-4 quarters.

Q1FY25 Financials

• Pre-sales reported strong growth of 30% YoY at INR 5,020Mn and ~INR 1,100Mn was contributed from the BKC project.
• Gross debt to equity is at 0.09x.
• Collection stood robust at INR 3,420 Mn, growth of 19% YoY/+15.5% QoQ.
• Operating Revenue stood at INR 3,163 Mn as compared to INR 710Mn because of revenue recognition from its Naigaon and BKC projects.

Other Highlights

• Planning to launch GDV of INR 50Bn in FY25 with launch of new phases & towers in its existing projects which includes, one tower in Naigaon and Mira Road, fifth Avenue at Goregaon, 1 or 2 towers at beach residences and 2 more towers at Kalyan.
• Unsold inventory of BKC projects is at INR 12Bn, ongoing projects are at INR 16-17Bn.
• Cost to be incurred for ongoing projects stood at INR 13-14 Bn.
• Operating cash flow stood at INR 1000Mn (32% YoY).
• Receivables from the ongoing projects stood ~ INR 23-24 Bn.
• In terms of GDV, the company's GDV stands at INR 300Bn plus INR 90Bn from the Dubai project and expects to reach INR 600Bn in the next 2-3 years.
• Company remains optimistic about the improved momentum at BKC to continue.

JSW Infrastructure Ltd. - Q1FY25 Concall Highlights
CMP: INR 336 | Market Cap INR 7,06,231 Mn

Outlook- The company is maintaining its guidance of 10-12% volume growth for FY25. The company aims to expand its cargo handling capacity to 400 Mn tons by 2030 or earlier, while strategically positioning itself as a complete logistics solution provider. Recent acquisitions and plans for a nationwide logistics network are expected to create synergies with existing port operations. With ongoing projects set to commence operations, a strong balance sheet, and increasing third-party cargo share, it appears well-positioned for growth and improved financial performance in the coming years.

Financial Performance

- Total revenue for the quarter stood at INR 11,040 Mn, reflecting a 20% YoY growth and down by 8.04% QoQ in Q1FY25.
- EBITDA for the quarter was INR 6,090 Mn, a 24% YoY growth and EBITDA margin of 55%.
- Net profit for the quarter was INR 2,970 Mn, down by 8% YoY and down by 9.89% QoQ in Q1FY25.
- Cargo Handling- Total cargo handled in Q1 FY25 was 27.8 Mn tons, a 9% YoY growth. Third-party cargo volumes increased by 48% YoY to 13.8 Mn tons.
- Operational revenue increased from INR 8,780 Mn to INR 10,100 Mn, a 15% YoY growth but down by 7.9% QoQ. Other income increased significantly due to gains from fixed deposits and mutual funds.

Strategic Initiatives and Capex
- Acquisition of majority stake in Navkar Corporation for INR 16,440 Mn enterprise value.
- Obtained acceptance letter for Gatishakti multimodal cargo terminal in Arakkonam, Chennai.
- Signed concession agreement for new 7 Mn ton cargo berth at Chidambaranar port.
- The company is planning ~ 130-140 Bn spending over next 3 years.

Ongoing Projects
- Construction of 13 mn ton port progressing well.
- JNPA Liquid Berth pipeline construction in progress, expected to start operations by March 2025.
- Ongoing discussions for equipment specs and ordering for Chidambaranar port project.

Inland Logistics Strategy
- Part of broader vision to develop nationwide logistics network.
- The company may pursue opportunities through lease models, acquisitions, or organic development.
- It aims to achieve 18-19% ROCE in inland logistics business over time, after initial dip.

Operational Updates
- Volume reductions at Dharamsar and Jaigarh ports at the Dolvi steel making facility, due to maintenance shutdowns.

- Dolvi plant shutdown impact (2.7-2.8 Mn tons) offset by volumes from newly acquired terminals.
- Without shutdown and acquisitions, organic growth would have been flat. Dolvi plant back to full production since June.

Navkar Corporation Acquisition
- The Company, through its WOS "JSW Port Logistics Private Limited" acquired 70.37% shareholding in Navkar Corporation Limited ("Navkar"). The Enterprise Value is INR 16,440 Mn.
- First step towards becoming a complete logistics solution provider. Strategic locations near Mumbai and Gujarat with high business potential.
- Assets include own trains, CTO licenses, ICD-CFS, and PFT board. It is expected to consummate the transaction by Q3FY25.
- Potential for synergies with JSW Group companies. Currently, JSW Group accounts for only about 3-4% of Navkar's total revenue.
- Management sees upside potential in CFS business despite previous DPD challenges.
- Morbi facility (part of Navkar acquisition) is new and expected to reach full utilization in 2-3 years.

Other Highlights
- Third-party revenue share around 49% of total revenue and group company revenue ~51%.
- Operating ports in Fujairah and Dubai on O&M basis. Open to overseas opportunities if highly effective, but primary focus remains on India.
- Decrease in employee benefit expenses due to tapering off of ESOP charges.
- Effective tax rate expected to be around 24% and may increase further before migrating to new tax regime.

Vascon Engineers Q1FY25 Concall Highlights
Vascon Engineers | CMP: INR 71.6 | Mcap: INR 16.01bn

Outlook: The order book stood at INR 34.82bn (~4.9x of FY24 EPC revenue) showing revenue visibility over the medium term. EPC revenue is expected to grow 25% CAGR over next 2-3 years. EPC margins are around 8% and expected to reach 9%-10% by FY26E. The company is focused on launching one project per quarter over the next 5 quarters in Real Estate. Around 17-18bn revenue is expected to be recognized over the next 5 years. GMP Technical solutions divestment is expected by 1st week of Sep-24 and net cash flow & gains are INR 1.1bn and INR 200mn respectively. The cash flows will be utilized for Real Estate and EPC projects.

Arihant Capital Markets Ltd

Order book
The order book stood at INR 34.82bn (~4.9x of FY24 EPC revenue). External EPC order book is INR 29.79bn.

Around 82% of orders from government projects.

The company has received an order of INR 3.31bn from PWD, Sindhudurg for construction of a Medical college. The order is expected to start in the next 6 months and execution time frame is around 24 months. From the starting date. The project margin is 13% to 14%.

Divestment
The board has considered and approved the proposal of divestment of its 100% equity stake (85% holding) in GMP Technical Solutions Pvt. Ltd to Shinryo Corporation for INR 1.57bn. The divestment is expected to complete by end of Aug-24 or 1st week of Sep-24.

The expected gain is around INR 200mn from the sale. Post tax, net cash flows are expected INR 1-1.1bn. The funds will be utilized for Real Estate and EPC projects.

GMP Technical Solutions revenue and EBITDA stood at INR 790mn and 44mn (~6% margin) respectively in Q1FY25.

EPC
EPC business is expected to grow 25% CAGR over next 2 years. Around 12.5bn and 15bn revenue is expected FY26E and FY27E respectively.

EPC gross margins are around 14% and PBT margins are around 8% and expected to reach 9%-10% by FY26E.

Real Estate
Around INR 1.25bn revenue is expected to book by FY25E. Around INR 17-18bn revenue is expected to be recognized over the next 5 years.

Real estate gross margins are around 28%-30%.

The sales booking stood at 12,244 sq.ft and sales & collections stood at INR 70mn & 110mn respectively in Q1FY25.

In Real estate, most of the projects completed in FY23 and two new launches are expected in FY25E.

Om Sainath, Santacruz Mumbai project is expected to launch by Q3FY25E and Prakash Housing society project is expected to launch by post Apr-25. Overall, the company is focused on launching one project per quarter over the next 5 quarters. Vascon revenue share is expected around INR 14bn from upcoming launches.

The Kalyani project is a bigger project and the land owner is expecting significant upfront payments. The company doesn't want high capital in one project and is not in the position to give a launch date as of now.

Other highlights
The company has started the process for getting a 25 acre land parcel in Thane.

The company has 150 acres in an SPV and the company owns 45%. Around 30-40 acres comes under the corridor.

The company is looking for partnership with investors and land owners to launch the project.

Oberoi Realty Ltd – Q1FY25 Concall Highlights
CMP: INR 1,744 | Market Cap: INR 634 bn

Outlook: Oberoi Realty reported strong Q1FY25 numbers and going ahead management remains positive given the demand in the real estate space. Thane is the new micro-market for the company and overall strong growth will continue from sale of ongoing projects and new launches.

Project launch plans:

• In the upcoming festive season, their plan is to launch the Pokhran -Thane project and also one tower each in Goregaon and Borivali.

• For Pokhran -Thane project, L&T is being awarded the contract and they will be executing 5 towers and initially they are expected to launch 1 or 2 towers and more would follow.

• Glaxo- Worli project is of 1.6-1.8 Mn sqft carpet area. The company plans to launch it in the next 2-3 quarters by building a mall, hotel and office. They would launch a mall with 0.6-0.7Mn sqft, Hotel with 0.08-0.1Mn sqft and office space with 1mn sqft carpet area.

Financials:

• Pre-Sales of INR 10.67bn in Q1FY25 as compared to INR 17.64bn in Q4FY24.

• Carpet Area booked were 2.1 lakh sqft as compared to 4.5 lakh sqft in Q4FY24.

• They sold 139 units in Q1FY25 as compared to 227 units in Q4FY24.

• Gross debt to equity at 0.15x in Q1FY25 as compared to 0.30x in Q1FY24

• Net debt to equity stands at 0.06x in Q1FY25 as compared to 0.22x in Q1FY24.

Other highlights:

• The cash that they will generate will be reinvested in their business.

• Construction cost gets managed out of the cash flows.

• Lot of inquiries are for the Pokhran-Thane project.

• Three sixty west tower 2 and show apartments are expected to be ready by September.

• Commerz 1 project is almost leased out and Commerz 2 project is 93% leased, so few vacancies are left. For the Commerz 3 project they have a healthy pipeline and also, they are in talks with a few tenants with 70% leased out. The company is expecting 99% to 100% leasing between all the three buildings by the year end. Currently, ~50% space is occupied by Morgan Stanley.

• For Sky City Mall, the company believes that with the kind of traction they are seeing for leasing, they are expecting ~80-90% lease happening before the end of this year.

• Mulund and Borivali project gave a run rate of INR 800-1000cr/year during the under-construction period.

• For the Mulund projects the company is waiting for part OC to be received and post that they would open-up the projects for sale.

• In the next 3-4 quarters there are no plans for any project launch in Tardeo and Pedder Road.

Macrotech Developers – Q1FY25 Concall Highlights
CMP: INR 1,325 | Market Cap: INR 1,319 Bn

Outlook: Macrotech Developers reported strong presales numbers for Q1FY25. Going forward, their growth is expected to be led by continuous demand for branded players, new launches, product mix and expansion in MMR, Pune and Bengaluru.

Guidance & Strategy:
• Pre Sales to grow at a CAGR of 20% to INR 175bn in FY25.
• Would maintain EBITDA margin at 30% for FY25.
• Also guided price increase of 5-7% for FY25.
• Operating cash flow of ~INR 65Mn for Fy25.
• Debt/Equity to be capped at 0.5x Evaluating new locations but do not want to add many cities. Currently, near the end of pilot project in Bengaluru.
• Continue to expand in Mumbai, Pune and Bengaluru.
• Plans to add premium infra projects in addition with the value projects.

Q1FY25 Financial highlights:
• Pre-Sales at INR 40.3bn, growth of 20% YoY. Largely contributed by 40 different projects spread across markets.
• Collections at INR 26.9 Bn growth of 12% YoY and revenue at INR 28.5Bn, growth of 76% YoY.
• Embedded EBITDA margin at 33% which remains higher than guidance of ~31%.
• Pune reached INR 10bn in pre-sales and ~43% of presales was from Joint development projects.
• Earns ~25% of presales from new geographies.
• Price increase was ~2% in Q1FY25.
• For Q1, they added 3 new project with saleable area of 2.7mn Sqft and GDV of INR 111bn.

Other Highlights:
• They believe slow & steady is the right strategy for expansion in new cities.
• Amongst projects, they expect 20% growth in Palava and upper Thane as it's a new area of urbanization and ahead it will be in high demand due to ongoing & upcoming infrastructure projects upgrades.
• Launching premium projects in Palava which are priced at INR 15000-16000/sqft
• For revenue recognition, the company has shifted towards percentage completion method from 1st April 2024. Prior to this, they were recognizing revenue on project completion method.
• They are seeing premiumization trend in the market.
• For remaining FY25, they are expected to launch 18 projects with 9.6 mn sqft area and estimated GDV of 120Bn.
• Competition is high in the market they are currently present.
• In Q1, footfalls were ~24000 walkin and among them ~8.2% conversion as compared to 7.2-7.3% YoY. Further, it aims the conversion at 10% mark in the next 1-2 years.
• Growth is mainly derived by 3 elements like price, volume and new location. So, 6-7% from pricing, 3-4% comes from volume and 10-15% is expected from new locations.

• Operating cash flow is lower for Q1 as compared to other quarters because of ramp up in construction cost, lower collection in H1FY25 as compared to H2FY25.
• Average cost of fund was at 9.1%.
• Going ahead, their plan is earning sales of ~60% from owned land and remaining 40% from Joint development & out right.
• Amongst the MMR market, the large branded player contributes ~25-30% and expects its ratio to reach 40-45% in the next few years.
• SCM market would continue to see growth on the back of demand, brand position and opportunity to add new locations.

Arvind Smart Spaces Ltd Concall KTAs
CMP: INR 756 | Market Cap: INR 34.46 Bn

Company remains optimistic with upcoming new projects along with new phase launch of the existing projects. Company maintains launch guidance for 25 Bn in FY25. Further company to see significant portion of its portfolio in Mumbai pune region in next 2-3 years.

Financials
• Revenue came in at INR 750 Mn in Q1FY25 (11% YoY)
• EBITDA stood at 80 Mn (-51% YoY) in Q1FY25 with EBITDA Margin of 11% vs 24% in Q1FY24.
• PAT stood at 46 Mn (-49% YoY) in Q1FY25 with PAT Margin of 6% vs 14% in Q1FY24.

Operation Highlights
• Booking value increased to INR 2010 Mn in Q1FY25 vs INR 1350 Mn in Q1FY24. (49% YoY)
• Cash collections remain robust at INR 2480 Mn (21% YoY/15% QoQ).
• Company acquired additional 42 acres of land at Uplands 2.0 & 3.0 which is expected to contribute revenue of INR 2050 Mn.

Other Highlights
• Company has a strong business development pipeline and is looking forward to add new projects to the portfolio in the coming quarters.
• Company has 27 mnsqft project yet to be launch of total portfolio of 46 Mnsqft.
• Company being on diverse geography it has implemented major organizational restructuring with each geographic region headed by key personnel.
• Demand for residential market remains quite healthy driven by affordability and lower level of inventory.
• Company plans to expand its portfolio in Mumbai market and is looking out opportunities in society development, JDA or an outright sale.
• Company is mainly looking areas in Mumbai with a ticket size of around INR 15,000-20,000 in peripheral market including Mulund thane region.
• Company is expected to continue to demonstrate operational growth of 25-35% over the next few years.
• Company has done private placement to land partner at NH47, South Ahmedabad and have sold about INR 1000 Mn of inventory. The project is expected to launch by Q2FY25, with a launch inventory value of INR 5000 Mn.
• NH47 is a premium and luxury with a few small products available of a ticket size of INR 50-60 Lakh/sqft. Further details on pricing will be disclosed during the launch.
• Remaining phase of Forest Trails Sarjapur, Bengaluru will be developed as a high-rise project with a saleable area of 3.2 lakh sqft, which will additionally contribute INR 2050 Mn.
• Company sees no major demand for affordability in Bangalore market while market is more focused towards higher-medium segment and slightly above.
• The Surat project is progressing well with the design finalized and approvals underway, the project is expected to launch by this year.

• From HDFC second platform company has utilize 700 Mn and 300 Mn is still outstanding.
• Company expects to yield a top- line of INR 50-55 Bn, mainly through outright sale.
• Impact on profitability due to the accounting standard as top-line recorded is based on the project that are delivered while expenses are recorded for entire project pipeline. Company is on track on profitability based on projects.
• Company has maintained a Roc of 15.94% vs industry average of 10% for Q1FY25 and expects to maintain this ratio.
• As a long-term target company expects portfolio to contribute 40% from west 40% from south and 20% from pune and Mumbai region.

Godrej Properties Ltd Concall KTAs
CMP: INR 3220 | Market Cap: INR 895.36 Bn

Company achieved highest booking value of INR 86.37 Bn in Q1FY25. Collections are expected to ramp up significantly in H2FY25 with a full year guidance of INR 150 Bn. Further, company has guided booking value of INR 270 Bn for FY25. Q2FY25 is expected to be a good quarter in terms of business development and management remains optimistic with strong growth in pre-sales and profitability.

Financials

- Total income stood at INR 16.38 Bn in Q1FY25 (25% YoY/-16% QoQ)
- EBITDA stood at 7.74 Bn (237% YoY/19% QoQ) in Q1FY25 with EBITDA Margin of 47.25%.
- Net Profit stood at 5.20 Bn (316% YoY/10%QoQ) in Q1FY25 with PAT Margin of 31.74%.

Operation Highlights

- Booking value increased to INR 86.37 Bn in Q1FY25 vs INR 22.54 Bn in Q1FY24. (283% YoY/-9% QoQ)
- Cash collections remain robust at INR 30.12 Bn (54% YoY/-36% QoQ).
- Net operating cash flow stood at INR 9.88 Bn (737% YoY).
- Godrej Woodscapes, Bengaluru achieved a booking value of INR 31.56 Bn from 3.40 mn sqft of area sold and Godrej Jardinia, Noida achieved a booking value of INR 23.77 Bn.

Other Highlights

- On business development front company has added 2 group housing projects in Pune and Bengaluru with estimated booking value of INR 30 in Q1FY25 and with robust pipeline company expects Q2FY25 to be good in terms of BD.
- On profitability company expects margins to be in similar levels of FY24 and further expects it to improve a little.
- Company has seen good traction in Mumbai region over past few years. It has a strong launch pipeline where most of the projects are in last stage of approvals. Company anticipates a new tower launch of Godrej Reserve in coming quarters.
- Godrej Ashok Vihar continues to be delayed due to issues regarding trees on the site, management expects the project to get launch by Q4FY25.
- Company has expanded its portfolio in hyderabad market. Notably hyderabad residential market has surpassed bangalore in terms of market prices.
- Increase in other income in Q1FY25 was attributed towards revaluation of Godrej 2, a commercial building in Mumbai.
- Company's expects gearing ratio to be in range of 0.5-1x.
- Guidance: Company expects robust operating cash flows with collection guidance of INR 150 Bn in FY25, and expects to exceed the guidance with strong growth on business development.
- Company has guided booking value of INR 270 bn for FY25.
- Company has seen growth in price trends across market, further management expects prices to improve further in pune market in coming quarters.
- The primary focus market for BD will continue to be the company's key area in NCR, Mumbai Bangalore and Pune. In the hyderabad market, company will primarily focus on its existing project launch.
- Company looks to enter into mid-size projects where company is confident of generating at least INR 1000 Mn as net profit.
- Plotted development projects are estimated to contribute ~10-15% of top-line in near term.

Genus Power Infrastructures Ltd| Q1FY25 Concall KTAs
CMP INR 379| Market Cap. INR 114.94bn

The company's strong order book, expanding manufacturing capabilities, and entry into new segments like smart water meters are a positive for future growth. Guidance of INR 25,000mn with 15-16% EBITDA margins for FY25. The focus on the AMISP platform and the company's dominant position in smart metering solutions in India gives the company a competitive edge.

Financials

INR 4140mn revenue (+59%YoY), growth driven by strong execution despite seasonal variance and elections. Significant improvement in gross profit margins to 44.4%, due to procurement efficiencies. In previous quarters, many of newly initiated projects experienced significant start up costs which initially led to subdued gross profit margins. However, as these projects advance to more mature stages in Q1 FY25, co. expects considerable improvement in our gross margin profile.

- EBITDA at INR 630mn(+121%YoY) with margins of 15.3% with focus on efficiencies and cost management despite rise in employee cost and system enhancing to fulfill order book. PAT at INR 4200mn(+120%YoY). As of 30th June, order book at INR 214,580mn net of taxes for over next 8-10 years.
- By Q3FY25 co. expects execution ramp up with guidance of INR 25000mn revenue target with 15-16% EBITDA margins for FY25.
- Co. receiving significant inquires from AMISP with letter of intent received. Co. recently launched smart ultrasonic water meter in Australia for water management. Co. also exploring new opportunities in gas and water metering.
- The company's current order book stands at approximately INR 214580mn, including all SPVs and the GIC platform. Of this, about INR 190,000mn is from the AMISP platform, while the remaining comes from other orders like export orders and meter parts. The company expects to execute around 60% of this order book in the next 3-4 years, translating to revenues of about INR 120,000mn.
- Genus Power is currently live in all four circles of Assam and has started execution in North Bihar and Chhattisgarh. The company aims to install around 6 million meters in FY25.
- On the manufacturing front, Genus has a capacity to produce 1.1 million meters monthly. Their new plant in Guwahati is expected to be operational by the end of September. The company is continuously building its execution capabilities to meet project timelines.
- Regarding smart water meters, Genus sees this as a significant opportunity both in India and internationally.
- The company clarified that out of their INR 190bn AMISP order book, about 25-30% goes to the platform, 25-30% is for O&M (which starts after 27 months of installation), and 40-45% is to be executed in the next 24 months. Genus expects to recognize about 75% of the current order book in its financials.
- On the competitive landscape, management stated that they haven't seen any significant changes in the last 6-9 months. They also mentioned that work is progressing in full swing in Bihar, which has been aggressive in smart meter installations.

The anup engineering Ltd| Concall KTAs Q1FY25
CMP: INR 1790 |Market Cap: INR 35647 Mn

Anup Engineering reported strong financial growth, robust order book, strategic capacity expansions, increased renewable energy usage, and significant market opportunities, aiming for sustained growth with a focus on executing current and new orders.

Financial Highlights
• Revenue: Stood at INR 146 Cr, a growth of 16.6% YoY.
• EBITDA: Stood at INR 33 Cr, a growth of 17.9% YoY, with an EBITDA Margin of 22.6%.
• PAT: Stood at INR 24 Cr, a growth of 29.4% YoY, with a PAT Margin of 16.5%.
•Product Contribution: Heat exchanger contributed INR 134.4 Cr (92.1%), Towers & Reactors INR 5.1 Cr (3.5%), Vessels INR 3 Cr (2.1%), and Others INR 3.5 Cr (2.3%).
• Geographical Revenue: Domestic contributed 51.4%, while Export contributed 48.6%.

Order Book (as of June 30, 2025)
• Heat Exchanger: INR 490.5 Cr
• Tower & Reactor: INR 186.5 Cr
• Vessels: INR 119.9 Cr
• Centrifuge & Other: INR 13.1 Cr
• Export Contribution: 57.9%

Key Highlights
• Mabel Acquisition: Completed on June 20, 2024, with 11 days of Mabel's P&L consolidated.
• Order Book and Execution: Strong pending order book of INR 810 crores, focusing on execution to maintain growth.

Strategic Developments
• Capacity Expansion: Expanding production capacity with three locations (Ahmedabad, Kheda, Tamil Nadu), aiming for nearly INR1,000 crores in revenue.
• Kheda Plant: Stabilized Phase 1 operations, contributing INR 8 crores in Q1, expected to generate INR 150-175 crores annually.
• Acquisition Integration: The Naval Engineers plant in Tamil Nadu contributed INR 1.7 crores in Q1 and is projected to contribute over INR 50 crores annually.
•Design Office Expansion: New office in Vadodara with a planned team of 50 members to support future expansion.

Sustainability Initiatives
• Renewable Energy: Ahmedabad plant operates with approximately 60% renewable energy, with plans to implement similar initiatives at the Kheda plant to increase usage to 70%.

Market Outlook and Strategic Focus
• Market Opportunities: Domestic market expected to improve post-October-November; strong export opportunities in the US, Middle East, Australia, and Africa.
• Product Portfolio and Geographical Spread: Focus on complex equipment and high-complexity metallurgy products, expanding into new international markets.
• Future Projections: Targeting 25-30% growth, aiming for over INR 700 crores in revenue with an EBITDA margin of 20%+. Focus on executing the current order book and new order intake for sustained growth.

GPT Infraprojects Ltd Q1FY25 Concall Highlights
CMP: INR 167 | Market Cap: INR 19,660 Mn

Outlook

GPT Infrastructure reported robust growth, with a 2.5% increase in YoY revenue from operations, despite an 18.1% QoQ decline. The company anticipates that reduced interest costs will boost PAT in the coming quarters.

Financials Highlights:

• Concentrated revenue generation from Infrastructure at INR 226 cr., and Concrete Sleeper revenue to INR 17 cr., making up 93% and 7% of the consolidated revenue of INR 243 cr. (-18.1% QoQ/+2.5% YoY), from INR 295cr. in Q4FY24.
• The company's EBITDA stood at INR 34.4 cr.; a (-5.8% QoQ /+6% YoY increase) from INR 35.6 cr. in Q1FY24.
• PAT for Q1FY25 grew to INR 16.8 cr. vs INR 16.2 cr. in Q4FY24, resulting in a (+27% YoY growth/+3.7% QoQ).
• The company generated INR 1,000 cr. in revenue from an order book of INR 2,300 cr..

Segment Overview:

• **Infrastructure Segment:** Concentrates on 93% of revenue. Key contracts such as NHAI in UP (Prayagraj Southern Bypass) and Rajasthan (Mathura-Jhansi 3rd line) play crucial roles in driving revenue growth. The company has an order value of INR 3,419 cr., with new orders amounting to INR 767 cr. for infrastructure projects.
• **Concrete Sleeper Segment:** Accounts for 7% of revenue, with an order value of INR 250 cr., expected to be executed over the next 2 years. New order inflows will boost business in Africa and India region.

Project Overview:

• Kona Express Calcutta, INR 550 cr. is received in June, which is part of the first new order totalling INR 817 cr..
• Prayagraj Southern Bypass NHAI Prayagraj, UP, has an order value of INR 835 cr..
• Mathura – Jhansi 3rd Line Bridges in Rajasthan & UP have an order value of INR 727 cr..
• The New BG Line Mau – Tarighat near Gazipur has major bridges with an order value of INR 664 cr..

Other Highlights & Growth prospective

• The company plans to raise capital through debt financing of INR 175 cr., with 75% consumed for working capital payments and 25% for corporate purposes.
• Plans are underway to raise additional capital to increase bidding capacity for larger contracts, expanding the order book.
• Finance costs have significantly reduced, with bank guarantee interest costs falling to INR 20 cr. from a previous INR 31 cr. in Q1FY25.
• The company is expecting an advance payment from a customer following SWIFT confirmation.

• The Ghana facility is set to be commissioned and operational in the next 2 to 3 months, contributing approximately INR 35 cr. to consolidated revenue in FY25 and INR 50-60 cr. inFY26.

• A monthly run rate of INR 100 cr. was reported for the June Quarter.

• GPT Infrastructure projects a 20% to 25% increase in consolidated revenue for FY25 and aims to maintain a CAGR of 23% over the next three years.

• The company's bidding capacity for new projects is INR 1,000 cr., with potential increases due to declining interest expense and revenue growth.

• GPT Infra has a strong foothold in African countries like Ghana and Mozambique, with strategic alliances enhancing growth prospects.

• The company received a substantial order inflow of INR 817 cr. in the first four months of FY25, representing 45% of the new order inflow of INR 1,800 cr. in FY24. Expectations are set for this to rise to INR 1,300 cr. in new orders for FY25.

• GPT Infra aims to maintain 3x its order value, closing at INR 3,700 cr..

• Revenue growth is projected to continue at around a 25% increase, with EBITDA margins expected to be between 13% to 14%, boosting margins in the coming years.

Phoenix Mills Ltd Q4FY24 Concall KTAs
CMP: INR 3529 | Market Cap: INR 630.69 Bn

Company aims to have a retail portfolio of 14 mnsqft , 7 mnsqft of commercial offices, ~ 1,000 keys in hospitality and add 1 mnsqft into residential portfolio by FY27. Company remains focused to drive rental income growth enhancing EBITDA performance.

Financials
• Income from operation stood at INR 9.04 Bn in Q1FY25 (12% YoY).
• Operating EBITDA stood at INR 5.31 Bn in Q1FY25(8% YoY), with EBITDA margin of 59%.
• PAT stood at INR 2.95 Bn in Q1FY24 (10% YoY).

Operating Highlights
• Consumption across all malls grew by 25% in Q1FY25 to INR 32.15 Bn.
• Consumption Mix: Jewellery category saw a growth of 22% YoY, is expected to grow further due to the GST rate cut in the recent budget. Gourmet & Hypermarket grew 19% YoY while FEC & Multiplex degrew by 4%.
• Occupancy across major malls increase to 90% in June24 vs 88% in March24.
• Retail rental for Q1FY25 stood at INR 4.87 Bn (31% YoY) driven by growth in Phoenix Market City, Kurla and Phoenix Palassio Lucknow and ramp up in new malls.
• New malls contributed rental income of INR 860 Mn in Q1FY25.
• Commercial office business grew by 20% YoY to INR 500 Mn with an EBITDA of INR 320 Mn due to improved occupancy of 70%. Company has leased out 1.5 lakh sqft in Q1FY25.
• The St. Regis, Mumbai ARR stood at INR 16,425 with occupancy rate of 85% in Q1FY25 while Courtyard by Marriott, Agra saw decrease in occupancy to 63% in Q1FY25 impacted by election and restriction on F&N Business.

Other Highlights
• Net debt stood at INR 43.98 Bn with an average cost of 8.79%.
• Phoenix Mall of Asia, Bangalore started generating rentals of INR 480 Mn operating at 70% occupancy and is expected to reach 90% in the next 6-9 months.
• Company plans to add a larger mall over a span of 1mnsqft in south India.
• Company sees residential project portfolio as strategic opportunity than a primary focus.
• In Q1FY25 company has spend INR 4700 Mn on construction and capex.
• Development of Asia Towers Bangalore commercial project is completed and company expects OC to be received within 45-60days.
• Rental income from Asia Towers is expected to start from January and expects occupancy to reach 80-90% by end of FY26.
• The company anticipates the completion of all 3 towers in its Pune commercial project within the next 9-12 months.

Puravankara Ltd Q1FY25 Concall KTAs
CMP: INR 455 | Market Cap: INR 107.90 Bn

Company focuses to expand its portfolio in west India with Mumbai and Pune together constituting 47% of company's planned projects. Management remains optimistic expecting strong demand and increase sales momentum to lead robust collection.

Financials
• Revenue from operations stood at INR 6583.3 Mn in Q1FY25 (101% YoY).
• EBITDA stood at INR 1480 Mn in Q1FY25, with EBITDA margin of 22%.
• PAT stood at INR 147.8 Mn in Q1FY25 vs a loss of INR 178.6 in Q1FY24.
• Sales value increase to INR 11.28 Bn in Q1FY25 of which Puravankara contributed INR 5.85 Bn, Provident contributed INR 4.49 Bn and Purva Land contributed INR 1.96 Bn.
• Collection stood at INR 9650 Mn in Q1FY25 vs INR 6960 Mn in Q1FY24 (39% YoY).
• Average Realization stood at INR 8746/sqft (6% YoY).

Other Highlights
• **Geography mix:** For Q1FY25, sales contributed from Bengaluru stood at 54%, Chennai 17%, Mumbai and Pune 14%, Kochi 10% and others 5%.
• On business development front company has deployed INR 7620 Mn for land acquisitions in MMR, Goa and Bengaluru including 12.77 acres land parcel in thane with a development area of 2.8 mn sqft which will further strengthen company's position in MMR.
• Net debt increased to INR 22.37 bn in Q1FY25 vs INR 21.51 Bn in Q4FY24 with cost of debt of 11.64%. Net debt to equity stood at 1.17x.
• Increase in debt is attributed towards capex on commercial projects and new acquisitions. Company focuses to keep debt at manageable level while deploying capital efficiently to enhance growth and operational efficiency.
• Company to raise fund of INR 10 Bn through QIP. The company is still evaluating the specific allocation of the QIP funds. Primary these funds are utilize for debt reduction, land acquisitions and for operational business.
• Launch Pipeline: Company plans to launch 17.25 mnsqft of which 4.56 mnsqft will be from existing launch projects and 12.7 mnsqft from new launches.
• Company's average realization is generally driven by the mix of inventory. The company expects that new launches and the increasing contribution from the Mumbai market will positively impact average realizations. On an industry level company expects realisation to improve by 9%.
• Construction outflow stood at INR 3000 Mn, of which INR 2470 Mn was contractor cost and INR 650 Mn as raw material.
• Company has maintained an EBITDA margin of approximately 22% for past couple of years. Margin has experienced pressure due to marketing costs associated with new launches and ongoing projects. However, the company anticipates improvement in these margins as project delivery increases with target EBITDA of 30%.

NCC Ltd Q1FY25 Concall KTAs
CMP: INR 311 | Market Cap: INR 195.48 Bn

Company has guided order bookings to be in range of INR 200-250 Bn for FY25. EBITDA margin is expected to in between 9.5%-10%.The company has a strong order pipeline and is expecting some large orders to materialize soon and revival of projects in Andhra Pradesh could provide additional upside.

Financials

• Revenue came in at INR 55.58 bn in Q1FY25 vs INR 44.07 Bn in Q1FY24. (26% YoY).
• EBITDA stood at INR 4780 Mn in Q1FY25 vs INR 4090 Mn in Q1FY24. (17% YoY).
• PAT stood at 2100 Mn in Q1FY25 vs INR 1740 Mn in Q1FY24 (21% YoY) with PAT Margin of 3.77%.

Other Highlights

• Order book stood at INR 526.26 Bn as of june24.
• Debtor collection period stood at INR 86 days vs 57 days in previous quarter.
• Mobilization advances increase by INR 1000 Mn and stood at INR 24.25 bn. Of which 72% of the advances are interest bearing. Average interest rate stood at 9.5% in Q1FY25 vs 9.72% in Q4FY24.
• Unbilled revenue as on the 30th June stood at INR 47.19 Bn in Q1FY25 vs INR 38.59 Q4FY24, impacted due to slowdown in the billing process.
• Debt increased to INR 18.19 Bn vs INR 10.05 Bn in Q4FY24. Finance cost reduce to 3.45% to 3.25%.
• Company has a strong pipeline and some orders waiting for Loa.
• Company expects revenue to grow by 15% in FY25, of which company has achieved 23% growth in Q1FY25.
• Value of L1 orders of two MSRDC and one another project is ~INR 85 Bn.
• As of June24 Inventory stood at INR 13 Bn, Retention money stood at INR 15.32 Bn and investment in subsidiary stood at INR 10.33 Bn. Cash stood at INR 1400 Mn. Margin money deposits stood at INR 6940 Mn.
• Company has done a capex of INR 510 Mn in Q1FY25, which does not include J kumar JV. Company has guided a full year capex plan of INR 2500 Mn.
• Company have completed 60% of the Jal Jeevan Project by June24 and expects to complete 95% by end of FY25.
• In AP due to the change in government company expects revival of some prior projects. About 50 Bn worth of projects may restart.
• Pending amount related to the Vizag land sale of equity portion is INR 330 Mn and a loan amount of 3770 Mn which is expected to come in next couple of years.
• Real estate in Amaravati is a very small part of overall business at less than 1.5% of revenues.

Welspun Enterprises Ltd | Q1FY25 Concall KTAs
CMP INR 563| Market Cap. INR 77.9bn

Co. posted healthy set of numbers in WEL along with its subsidiary, WMEL. Co. has guided for a consolidated revenue of INR 40bn topline with ~7.5bn EBITDA. Co. has consolidated order book of INR 130bn which gives it visibility for future revenues. Co.'s total addressable market stands at INR 500bn. Co. is actively progressing on its Bhandup water project which is the largest water treatment plant, on the path to become a reliable source of fresh water for Mumbai. We believe the co. is in a good position to execute its order book with financial prudence of not raising too much debt.

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Financials
Total income stood at INR 9,600mn(+28%YoY) with EBITDA of 1,400mn(+33.3%YoY) and margins of 15%. PBT stood at INR 1540mn(+22%YoY) and profit from discontinuing operations of INR -60mn. PAT stood at INR 1100mn(+18%YoY) with cash PAT of INR 1210mn(+24%YoY).

Co. witnessed steady progress across projects in WEL and WML. Guidance for FY25 on consolidated basis of INR 40bn revenue with EBITDA of guidance of INR 7-7.5bn.

Subsidiary, WMEL recorded revenue of INR 1440mn(+64%YoY). Guidance for 30% topline growth for Michigan, which is around INR 5.5-6.5bn topline with EBITDA margins to be retained at ~21-23%.

Standalone order book as of Q1FY25 at INR 116bn, which includes INR 37bn of O&M. Co.'s healthy order book gives it visibility for future revenue.

WMEL has order book of INR 15bn which takes the consolidated order book at INR ~130bn. Order book of INR 130bn excludes EPC bids of about INR 20bn across WEL and WMEL where they are L1 in tender. Co. hopeful to get awarded in this qtr. This ensures revenue visibility for medium term.

-Co. looking to add INR 40-50bn of order in FY25. 70% of EPC book from water projects. Size and scale of water portfolio, gives confidence to co. for this segment's growth. Confidence further enhanced as central gov along with state will promote water supply and sewage treatment plants.

-In transport vertical, in road segment, Govt is planning for 8 road projects worth of INR 500bn. Co. to be cautious while bidding for NHAI projects.

Co. recently started Bhandup water project, which is to be constructed within 48 months and started in July2024. This project is unique in many ways as it is the largest water treatment plant being built around the world and is spread across 16acres. This will be critical for fresh water reliability for Mumbai region. Bhandup project is worth around INR 42bn including O&M of 18bn.

-Co. plans to commence gas production by FY27.

WMEL is confident to continue its momentum and reported INR 350mn EBITDA with 25% margins and they believe to sustain these margins going forward. They have 17 on going projects currently with an order book of INR 15bn with another 1.7bn of O&M. This order book is executable over next 36mnths. INR 1.6bn order is not included in order book which is for rehabilitation of underground sewage.

Order pipeline is healthy, with co. along with WMEL eyeing on projects worth INR 500bn worth of projects.

-Working capital requirements not expected to change and will remain in same range.

-Current investment of INR ~4.5bn on Welspun part, in AWEL.

-WMEL and WEL together have addressable market of INR 500bn while WMEL on standalone basis would have INR 150-200bn addressable market.

Tega Industries Ltd| Q1FY25 Concall KTAs
CMP INR 1788| Market Cap. INR 118.96bn

Co.'s higher revenues were a spillover effect of previous quarter with the equipment business registering a decline in sales. They have INR 5.6bn order book along with INR 1.2bn NMDC order. Co. has all approvals in place for it's Chile plant and hopes to operationalise it by June 2025 and plans to spend INR 150-200mn in equipment business.

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Financials

RFO stood at INR 3399.8mn(+26.8%YoY) with gross profit of INR 2021.6mn(+28.7%YoY) and 59.5% margins. EBITDA stood at INR 642.4mn(+63.3%YoY) and 18.9% margins. PBT of INR 476.8mn(+78.8%YoY) and PAT of INR 367.4mn(+71.8%YoY) and 10.8% margins.

The consumables business segment was the primary growth driver, expanding by 26% YoY, while the equipment business saw a decline in revenues.

The management highlighted that the higher revenues in Q1 were partly driven by the spillover of orders from the previous quarter and improved service income.

They expressed confidence in the company's ability to maintain an average 15% revenue growth rate going forward. Tega's order book remained strong at INR5600mn as of June 2024, up from INR 5200mn a year ago, excluding long-term orders.

The NMDC order is worth INR 1200mn and is to be executed over 24 to 26 months.

Integration of the recently acquired Tega McNally Minerals Limited is progressing as per the company's expectations, and it has started yielding positive results.

A significant portion of the $30mn CapEx plan will be towards the Chile capex plan. Company intends to spend INR 150-200mn on CapEx in the equipment business category.

Tega has received all regulatory approvals for its new facility in Chile and has commenced construction, aiming to commence commercial production by June 2025. The company has also acquired additional land near the Chile project site for future expansion.

A significant development during the quarter was the company securing a large order worth INR 1200mn from NMDC Limited for the design and supply of equipment for an iron ore screening and beneficiation plant.

This order is part of the company's strategy to revive and strengthen its equipment business, which faced some challenges in Q1 due to delayed payments and clearances from customers.

The management remains bullish on the long-term growth prospects of the copper and gold industries, which account for around 75% of Tega's business.

The company's supply chain is more vigilant with better planning for both raw material and customer deliveries. The company has built up inventory and is in constant communication with customers and business partners to navigate the crisis.

The company is also focused on sustainability and is investing in solar power projects to reduce its carbon footprint and energy costs.

Tega maintains its guidance of 15% average revenue growth and a blended EBITDA margin of 20-21%. Co. is open to exploring strategic inorganic growth opportunities that fit its long-term vision and are available at the right valuation.

WPIL Ltd- Q1FY25 Concall KTAs
CMP: INR 460 | Market Cap: INR 44.94 Bn

The company is looking at inorganic growth opportunities, especially in international markets. Company aims to maintain EBITDA margins in the range of 15-20%. Further, company has no significant capex plan going forward as of now.

Financials

• Revenue stood at INR 3625 Mn in Q1FY25 (12% YoY/-38.7% QoQ).
• EBITDA stood at INR 602 Mn in Q1FY25 (1% YoY/-41.2% QoQ) with EBITDA margins at 16.61% vs 18.42% in Q1FY24 and 17.31% Q4FY24.
• PAT was at INR 431 Mn in Q1FY25 (6.7% YoY/-34.5% QoQ).

Operating Highlights

• The domestic order book on the project business stood at INR 29,140 Mn and on product business stood at INR 4,001 Mn.
• Projects division revenues grew by 40% YoY to INR 1,840 Mn in Q1FY25. Product revenue stood at INR 552 Mn in Q1FY25.
• Significant revenues have been achieved in the 8 projects of Madhya Pradesh Jal Nigam and 3 projects are planned for commissioning over the next 4 months.
• International order book stood at INR 4840 Mn.
• Company expects a robust growth in project execution post monsoon.
• Both Sterling Pumps and United Pumps Australia are expected to post strong revenue growth in FY25.
• Company expects EBIT margin to be in range of 15-20% in pump business
• In the project business company has its focus on the water supply segment and expects the irrigation sector to grow going forward. As of now ~80% of the order book comprises water supply segment.
• Company expects demand to pick up for both segment of water supply and irrigation post budget allocation and post 2 months tenders to come out.
• Order book timeline for product business is 4-6 months and 24-30 months for project business.
• Company to focus on inorganic expansion and expects to increase international revenues by more acquisitions.
• EBITDA margin for product stood at 18% and for project stood at 16% in Q1FY25.

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ITD Cementation India Ltd- Q1FY25 Concall KTAs
CMP: INR 556 | Market Cap: INR 157.51 Bn

Company to focus on international market and is looking for opportunities to add more job in international market. Company expects revenue to grow by 15-25% and expects EBITDA margin to maintain between 9-10%.

Financials

• Revenue stood at INR 23810 Mn in Q1FY25 (30% YoY).
• EBITDA stood at INR 2370 Mn in Q1FY25 (36% YoY) with EBITDA margins at 9.9%.
• PAT was at INR 1000 Mn in Q1FY25 (91% YoY) with margins at 4.2% vs 3.6% in Q1FY24.

Operating Highlights

• Net debt stood at ~INR 5000 Mn with net debt to equity of 0.3x.
• Company has completed 50-55% of jobs in Q1FY25.
• progress remains muted now due to monsoon while management expects work to resume at full capacity in October.
• Status on bangladesh Project: Company haven't started the project yet. Company had secured the advances and were about to start mobilisation which has stopped now. Company hardly has done any expenditure for this project.
• The total value of the project is INR 15 Bn spanning over 2.5-3 years with an estimated revenue potential of INR 3-4 Bn in FY25.
• Parent company is looking to dilute its stake and the process is going on and its at initial stage. Company don't expects any impact of this in its operations.
• Company plans to grow its business organically by exploring into new geographic footprint.
• Company is able to execute jobs faster than what they used to 2 years back. Ganga expressway of INR 50 Bn will be completed within 2 years.
• Company has secured INR 20 Bn job and expecting LOI of INR 40 Bn by month of august. Company expects to achieve another INR 60-70 Bn Jobs. By FY25 company expects order inflow of INR 140-150 Bn.
• Company has submitted tender of INR 30 Bn for marine out of which 12 Bn is for overseas. Bid pipeline that will be submitted in next few months stood at INR 50 Bn. Tender which are yet to come during the year is about INR 200 Bn. So company is looking for a bids of INR 280 Bn for marine.
• Company is working on tender for Patna and Indore Metro of INR 80 Bn.
• Q1FY25 capex stood at INR 300-400 Mn. In FY25 company will be incurring some replacement capex and purchase of new equipment of INR 1,500-2,000 Mn.
• Mobilization advances as of June24 stood at INR 13 Bn. Of which 25% is interest bearing.
• International order book stood at 7% of total order book.

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Signature Global Q1FY25 Concall Highlights
CMP: INR 1450 | Market Cap: INR 203.69 Bn

Company expects pre-sale to grow by 35% to INR 100 Bn in FY25. Company expects to recognize revenue of INR 38 Bn in FY25. Company expects embedded EBITDA to be in the range of 30- 35% and embedded PAT of 25%.

Financials

• Revenue stood at INR 4 bn in Q1FY25 vs INR 1.7 Bn Q1FY24.
• Q1FY25 pre-sale value stood at INR 31.2 Bn (+255% YoY) and Collections stood at INR 12.1 Bn (+102% YoY).
• Company has achieved 31% of targeted pre- sales of INR 100 Bn in Q1FY25.

Market Outlook

• Residential real estate market in Delhi, particularly in Gurugram continued to observe growth in Q1FY25. In NCR, total housing sales recorded ~ 32,200 unit in H1FY24 of which gurugram accounted to 54%.

Opearting Highlights

• Sales realization improved from INR 11,762 to INR 15,369/ sqft on account of launch of premium project in Q1FY25.
• Company has reduced its net debt by 16% to INR 9.8 bn as on 30th Jun 2024.
• Company does land replenishment out of the operating cash flows and deploy operating surplus towards land acquisition and reducing debt. company will focus on reducing debt quarter on quarter.
• During Q3FY24 company launched its first premium project Deluxe DXP which contributed significantly in pre-sales.
• In Q1FY25 company launched its first project in sector 71 which received good traction.
• Out of 31 Bn sales in Q1FY25, 90% of the sales was contributed by Titanium SPR.
• Company expects to launch a project in Sohna which will have a lower ticket size. On annual basis company expects realization to be in range of INR 13,000 -15,000.
• Company recorded robust collection which operating surplus of INR 5300 Mn in Q1FY25.
• For FY25 company expects to collect INR 60 Bn as operating cash flows with an operating surplus of 45%.
• 55% of surplus were used to add 2.6 mnsqf of developable area at Sector 37D and balance for debt reduction.
• On business development front company expects to do land acquisition on a replenishment basis.
• Company has 51.3 mnsqft portfolio of saleable area of which 16.4 mnsqft is ongoing projects ,5.2 mnsqft of recent launch and ~30 mnsqft of forthcoming projects.
• 16 mnsqft of ongoing project comprises of ~25 project under construction which are expected to be completed with next 8-9 quarters. Revenue recognition from these projects is expected to be ~INR 110 Bn and collection to be ~INR 65 Bn.
• 5 mnsqft comprise of Deluxe DXP & Titanium SPR project which are progressing well and company expects to appoint a general contractor for bulk of the development of the project.
• Company is primarily focused on its key micro markets of Gurugram and Sohna. Company might consider nearby geographies like Noida, Delhi or other cities to expand its portfolio in FY26.

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Keystone Realtors (Rustomjee) – Q1FY25 Concall Highlights
CMP: INR 685 |Market Cap: INR 86 Bn

Guidance:
• Pre-Sales expected to reach INR 30bn+ in FY25
•Plan is to launch ~2 projects in the quarter.

Project Pipeline:
• 15 ongoing projects with saleable carpet of 4.97Mn sqft and its 27 upcoming projects have saleable carpet of ~27Mn sqft.
• Launch 2 new projects in Q1FY25 with saleable carpet of 0.63Mn sqft and GDV of INR 20.17bn in Matunga & Versova area.
• Also have added 1 more redevelopment project pipeline of 0.35Mnsqft with GDV of INR 9.84bn.
• It has foray into plotted development in Kasara in July and would launch its phase 1 in Q2FY25 which is spread across 88acre. This project includes 500 plots and size of each plot would range between ~2000-7000sqft with total of ~1.5Mnsqft.
• Also in Q2FY25, around August, it is planning new launch in Thane, Urbania wherein they have received Rera registration for 2 buildings and it GDV is of ~INR 17bn.
• Plan is to launch project Basant Park in eastern Suburbs (nearby Chembur)
• For Bandstand project work is ongoing and would soon announce the launch details.

Q1FY25 Financials:
• Pre-sales came in at INR 6.11Bn growth of 21.7% YoY (INR 5bn) and decline of 27.5% QoQ (INR 8.4bn).
• 42% of Q1 pre-sales were from these new launches and ~20% of inventory was sold in few weeks of launch. The Thane project contributed ~INR 1bn into pre-sales.
• No of units in pre-sales sold was 167 units.
• Realization improved to INR 25,164/sqft as compared to INR 17,367/sqft in Q1FY24.
• Collections came at INR 4.8bn decline of 2% YoY (INR 4.9bn) and decline of 27.6% QoQ (INR 6.7bn)
• Area Sold was 0.24 sqft as compared to 0.29 sqft in Q1FY24 and 0.38 sqft in Q4FY24 because its premium and super premium category contributed higher to sales.
• Gross debt to equity in Q1FY25 stands at 0.18x while Net debt to equity ratio is Nil.

Other Highlights:
• It raised INR 8bn equity in QIP and has been infused into the company thus helping the company in driving growth for new projects and launches.
• Q1 is cyclically a slow quarter as compared to other quarters.
• ICRA has revised the company’s rating to ‘A’ with a positive outlook.
• Its Crown projects Wing C is under construction and expected to be completed by December 2025.
• It has entered into a partnership redevelopment project with Ajmera group in Bandra but currently the project is stuck and is expecting to re-start work soon by the year end.
•They would continue to focus on projects in and around Mumbai & MMR regions and no plans to foray in other states.

G R Infraprojects Ltd Q1FY25 Concall KTAs
CMP: INR 1,629 | Market Cap: INR 157.51 Bn

Company expects to see a flattish growth in FY25 and anticipates growth rate of double digit in FY26. Company expects total order book inflow of INR 200 Bn in FY25 which includes order inflow of 44 Bn in Q1FY25.

Financials

• Standalone total Income stood at INR 20,047 Mn in Q1FY25 (-13.23% QoQ/-9.02% YoY).
• EBITDA stood at INR 2,466 Mn in Q1FY25 (-38.20% QoQ/-21.64% YoY) with EBITDA margins at 13%.
• PAT was at INR 1,957 Mn in Q1FY25 (-29.04% QoQ -5.90% YoY) with margins at 10.32%.

Operating Highlights

• Company as on date has 29 projects including projects in highways, railway, metro, roadway, tunnels and hydro. Of which 22 are ongoing projects.

• Company remains the lowest bidder for 2 EPC road projects in Maharashtra for which letter of award is expected by end of Q2FY24/Q3FY24.

• Order book as of june24 stood at INR 1,90,750 Mn including the 2 EPC road projects with L1 status in Maharashtra.

• The company has submitted 16 bids amounting of INR 153.18 Bn towards highways, railway, metro and transmission sector in FY25. These bids are expected to open soon. Of which EPC project stood at INR 20 Bn, Highway Ham project of INR 55 Bn and Railway & metro of INR 25 Bn.

• Government has allocated over 11 lakh crore towards infrastructure. NHI has also allocated a pipeline of 53 projects of INR 2 lakh crore through BOT in next 3-5 years. Company is poised to benefit significantly from these developments.

• Company is targeting order pipeline of INR 259 thousand crore across highway, railway, metro, ropeway, transmission tunnel, hydro, multimotor logistics park.

• Standalone total borrowing stood at INR 8400 mn at end of the quarter, of which INR 2000 Mn comprises of short-term borrowing. Net debt to equity stood at 0.11x.Total consolidated borrowings stood at INR 45.28 Bn with Net debt to equity stood at 0.58x.

• Company has added fixed asset of INR 226 Mn with Net block of property, plant and equipment of INR 13.28 Bn.

• Working capital days increase to 122 days due to increase in SPV debtors.

• Standalone trade receivables stood at INR 21.74 Bn of which SPV debtors accounts to INR 19.03 Bn. Total payable stood at INR 8500 Mn.

• Company expects total order inflow of INR 200 Bn in FY25, of which non road project will be in range of INR 50-70 bn.

• Company received dividends from Invit of INR 600 Mn which will continue for every quarter.

• INR 85 Bn of the project is under execution and INR 70 Bn worth of projects for which appointed date is awaited.

• Company has done capex of INR 210 mn in Q1FY25, with full year capex guidance of INR 1500 Mn.

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Hindustan Construction Company Ltd Q1FY25 Concall KTAs
CMP: INR 49 | Market Cap: INR 82.13 Bn

The company is targeting substantially grow it's revenue and deliver on it's order backlog over the next few years. Company has a strong bid pipeline of INR 400 Bn. Further, company plan to raise INR 6000 Mn through a QIP to fund accelerated growth.

Financials

• Revenue stood at INR 18.16 Bn in Q1FY25 vs INR 19.26 Bn in Q1FY24.
• EBITDA stood at INR 1525 Mn in Q1FY25 vs INR 2962 Mn in Q1FY24.
• PAT reported a loss of INR 25 Mn in Q1FY25 vs a profit of INR 436 Mn in Q1FY24.

Operating Highlights

• Order book backlog stood at INR 95.34 bn, of which 28% contributes transport, 28% Hydro, 20% water and 5% Nuclear. These order book is expected to get executed within 2.5-3 years.

• Standalone E&C turnover of INR 12.65 Bn in Q1 FY25 vs INR 12.31 Bn in Q1 FY24.

• Company has received substantial completion certificate for Punatsangchhu HEP & part completion certificate for Tunnel T-49A.

• Company has completed Phase 2 of Mumbai coastal road project, connecting Bandra-worli sea link.

• Company is lowest bidder in projects worth of INR 46.33 Bn and work is well underway on a future bid pipeline of INR 400 Bn.

• The company plans to raise INR 6000 Mn through QIP for accelerated growth and focus on debt repayment. Management expects majority of the funds to be utilize for growth of the business.

• Delhi metro project has been almost completed with completion of trials.

• Company's finance cost of reduce due to repayments last year.

•mSteiner reported a revenue of INR 5464 Mn with a PAT loss of INR 175 Mn in Q1FY25. Steiner being a development business will remain lumpy due to revenues being recognize upon completions.

• Company's conversion ratio has increase significantly from 15% to 30% in Q1FY25.

• Company contributes 65% of india's installed nuclear power capcity. Government plans to add 12 projects in this sector. company is poised to take benefit from these projects.

• Company has made a strategic decision to avoid bidding projects that are valued less than INR 10 Bn.

• Company has no further development in terms of disposition of land.

Brigade Enterprises – Q1FY25 Concall Highlights
CMP: INR 1,176 |Market Cap: INR 272 Bn

Project Pipeline:

• From the ongoing projects total GDV was INR 500bn of which the company share is INR 390 Bn. Amongst it the company is expected to launch project of GDV INR 100-110Bn.

• Ongoing projects under construction are Brigade Tech Boulevard, Brigade Padmini Tech Valley-Block B, Brigade Square, Thiruvananthapuram.

• For Brigade Twin tower project, they are waiting for OC.

• Brigade Mount road project was launched in July so its pre-sales would start from Q2FY25.

• New launches would include 1.48Mnsqft for Brigade Padmini Block A, Info park, Cochin and Brigade Gujarat Phase 2.

Q1FY25 Financials:

• Revenue share for Q1 was 65% from Real Estate, 24% from lease rental and ~11% from Hospitality.

• For Residential, Pre-Sales of INR 10,858Mn, Sales volume of 1.15Mn sqft and Avg. Realization stood at INR 9,483/sqft.

• For leasing its current operating leasing portfolio was 8.7Mn sqft.

• For Hospitality segment its occupancy was at 75%, Avg room rental was at INR 6,233/room.

• New launches contributed 35% of pre-sales largely from Insignia, ElDorado, and few others.

Other Highlights:

• The company plan is to stay in the Mid-segment and expand the portfolio.

• Land Bank of ~517 acres across Bengaluru, Chennai, Hyderabad, Gujarat, Mysore and Kochi.

• For the quarter, the real-estate segment was the main driver while other segments saw healthy improvement.

• Overall growth in the hospitality business was driven by IPL matches and MICE which led to higher occupancy and better ARR's. Chennai and Bengaluru witnessed steady growth while Hyderabad and Mysore market for hotels remains highly competitive.

• Usually, Q1 remains a soft quarter as compared to other quarters.

• Expects launches for Q2 to be similar to Q1 but with more approvals in place launches will increase.

• Market condition has seen improvement as compared to before Covid era and that was because of improving purchasing power & growth in per capita income, affordability and pricing.

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H.G. Infra Engineering Ltd Q1FY25 Concall KTAs
CMP: INR 1,553 | Market Cap: INR 101 Bn

Company expects an order inflow of INR 110 to 120 Bn in FY25 with a revenue growth of 17-18% with expected margins of 15-16%. Company aims to strength its order book position in roads segment from non-road projects.

Financials
• Revenue from Operations stood at INR 15280 Mn in Q1FY25 (13.1% YoY).
• EBITDA stood at INR 3123.19 Mn in Q1FY25 (11.3% YoY) with EBITDA margins at 20.44%.
• PAT was at INR 1625.65 Mn in Q1FY25 (8.1% YoY) with margins at 10.64%.

Operating Highlights
• Company's orderbook as of June 2024 stood at INR 1,56,418 Mn (34% YoY). Of which INR 1,14,523 Mn is comprises of roads & highways, INR 24,980 Mn from Railways & Metro and INR 16,915 Mn from Solar.

• Company's portfolio includes 28% HAM projects and 72% EPC.

• Government remains focus towards infrastructure and in recent union budget allocated INR 11.11 lakh to the roads and highways sector. Management anticipates significant positive momentum in infrastructure projects post election.

• Neelmangala-Tumkur project is only 23.9% complete, due to the land availability issues with NHI. Company is in discussion with NHI for settlement agreement for the pre closure of the project due to non avaliability of land.

• Solar Segment- Company's enters into MoU with Ultra Vibrant Solar Energy for development of 116 MW (DC). Currently, all the projects are totaling 700 MW (DC) and valued at INR 17.63 Bn. Projects are progressing well on timelines. Total equity requirement for the solar project is anticipated to be INR 60.92 Bn, of which INR 13 Mn is infused till June24, INR 3500 Mn is expected to be infused in FY25 and balance in FY26.

• Company has been awarded 2 new projects by MSRDC. First project of construction of access control expressway of Nagpur Chandrabora NC-04, EPC value of INR 19,911 Mn and another project of construction expressway of Nagpur-Chandrapur NC-05 with EPC value of INR 21,511 Mn.

• The total equity requirement for 10 ham projects is INR 14.61 Bn. Of which as of June 24, INR 7.28 bn has already been infused. INR 4.25 Bn is expected to be infuse in the remaining 9MFY25 and balance will be infused in FY26 & FY27.

• Company maintains its order inflow target of INR 110- INR120 Bn in road, railway, solar, and water segments. Of which company has secured INR 41.42 Bn of highway EPC projects from MSRDC, INR 7.63 Bn of highway HAM projects and INR 4.09 Bn solar project.

• As of June24 the inventory stood at INR 4210 Mn. Debtors including retention and deposit stood at INR 10.51 Bn. Contract asset stood at INR 11.30 Bn. investment of equity increased to INR 7480 Mn. Other assets increase by INR 750 Mn because of some advances to the vendors related to solar.

J Kumar Infraprojects Ltd Q1FY25 Concall KTAs
CMP: INR 809 | Market Cap: INR 61 Bn

Company expects revenue to grow by 15% to INR 56-57 Bn in FY25. Company aims to become $1 Bn revenue company by FY27 and expects margins to improve to 15-16% from current 14-15% in next coming quarters through operational efficiency. Order inflows for FY25 is expected to be INR 80 Bn, which may go further.

Financials
• Revenue from operation stood at INR 12810 Mn in Q1FY25 (13% YoY).
• EBITDA stood at INR 1840 Mn in Q1FY25 (14% YoY) with EBITDA margins at 14.4%.
• PAT was at INR 860 Mn in Q1FY25 (19% YoY) with margins at 6.7%.

Operating Highlights
• Company's order book stood at INR 198.20 Bn as of Q1FY25. Order book composition: Metro projects ~26%, Elevated corridor flyovers ~39% , Road and tunnel projects 24% and Others ~11%.

• Company has already received project of INR 65 Bn in Q1FY25 and has guided an order book inflow of INR 80 Bn in FY25. New orders are expected to contribute revenue from Q3FY25.

• Company's net debt has increased due to the higher working capital for Chennai Project as company have not taken mobilization advances due to higher interest rate. Company has deployed INR 650 Mn as working capital.

• As of june24 mobilization advance stood at INR 4070 Mn. Unbilled revenue decreased from INR 5530 Mn to INR 5460 Mn. Cash Position stood at INR 6400 Mn as of Q1FY25.

• GMLR project preliminary work has been started. Work in advance stage, work to start in full fledge after monsoon. 50% of revenue share will be added to the company.

• Generally company do a maintenance capex of INR 1,000-1,050 Mn every year. Capex plan for 2 years is expected to be in range of INR 4,500 – 5,000 Mn, mainly for Chennai and GMLR project including maintenance capex.

• Bid pipeline: Company has bids on project worth of INR 20 Bn, of which INR 12 Bn is for Bhopal Metro and other 2-3 projects of smaller size.

• Company expects debt to be in range of INR 7,000- 7,500 Mn in FY25 and maintain this debt level even in FY26.

• Working capital cycle for Q1FY25 stood at 126 days. Company expects to maintain net working capital days to 120-125 days.

Company may plans to raise fund in form of QIP mainly for growth opportunity.

• The company sees good opportunities in metro projects including new projects coming up in Patna, Indore, Bhopal and Nagpur. Underground metro bids are open in Indore and Bhopal, for a project size of INR 15-20 Bn.

Mold-Tek Technologies Ltd| Q1FY25 Concall KTAs
CMP INR 233| Market Cap. INR 6,660mn

Co. reported a flattish quarter with reduced EBITDA on account of higher employee cost. ~25% of employee strength is being trained for the fundamentals and is not generating any serious revenue. Co. is looking for inorganic growth opportunities in structural designing through way of acquisition. They are hopeful of revival after elections in US, as spending increase in the economy.

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Financials
Revenue stood at INR 392.9mn(+7%YoY) with operating profit of INR 74.8mn(-16.9%YoY) and margins of 19.04%(-550bps YoY). PBT was at INR 67.6mn(-20%YoY) and PAT of INR 51.8mn(-17.5%YoY).

Co. witnessed a flattish qtr in Q1. An increased employee cost caused the EBITDA to come down. There has been 20% growth in mechanical and 6.2% growth in civil.

The high employee cost is expected to start contributing in next 3-4 qtrs.

Co. expects stagnation in civil and mechanical due to election year in USA. Co. is in talks with 2 structural designing co. for acquisition to pursue inorganic growth and breakthrough expected in next few months.

Attrition rate at 15-16% and employee strength of 1100 which may have increased to 1200 with recent hirings.

When discussing the future outlook, management highlighted that they are venturing into structural designing. Structural designing is a serious business with high margins. EBITDA margins in this segment are ~30%.

For the mechanical segment, co. is adding new business development managers who have prior experience and are expected to join in next 2 months. Earlier co. was trying to build it internally, but have now changed their approach.

Co. has INR 400-500mn funds in various deposits along with banker's support. Raising funds not a problem for co. to pursue

Co. has added 170-190 manporwer per qtr from last 3 qtrs, while there has been only marginally increase in revenue. 25% of employee strength in last 18 months are still learning the fundamentals and are not able to generate serious revenues. They have started new system 6 months ago under which non performers are re trained for 3 months, failing which they are terminated.

-Once elections in USA are over, spending in their economy enhance by 30-40%. Hence they expect increase in revenue of co. post elections.

Ajmera Realty & Infra India – Q1FY25 Concall Highlights

CMP: INR 700 |Market Cap: INR 24,840 Mn

Guidance:

• For FY25, it is expected to launch 7 new projects in Mumbai & Bangalore of ~1.7Mn sqft with GDV of INR 42,700Mn.

• Pre-sales expected to reach INR 13,500Mn in FY25.

• Plan is to reduce debt and maintain debt/equity at 0.8x.

• For future, the company is looking to go asset light, non-capital commitment projects, Mhada projects or society redevelopment, etc.

Q1FY25 Financials:

• Sales value (pre-sales) stood at INR 3,060Mn, growth of 36% YoY/ growth of 6.6% QoQ which was driven by ongoing projects of Ajmera Manhattan Ajmera Prive and Ajmera Greenfinity AB and also the launch of Ajmera Vihara at Bhandup in Q1FY25.

• Collections at INR 1,650Mn, growth of 48.6% YoY/decline of 16.2% QoQ.

• Area sold 1.3 lakh sqft, decline of 3.4% YoY/growth of 15.5% QoQ.

• Debt/equity ratio improved to 0.8x in Q1FY25 as compared to 0.9x in Q1FY24/Q4FY24.

• Cost of debt reduce by 30bps QoQ to 11.6% as compared to 11.9% in Q4FY24.

Other Highlights:

• As per their plan, they launched Ajmera Vihara at Bhandup which contributed ~24% of presales and as of now ~27% of inventory was sold.

• The company is present in luxury with 1 project, mid-luxury is driving strong growth while it has strong pipeline of projects in affordable and semi-affordable segments.

• For the company, Mid-luxury and Affordable segment is driving growth and focus is on launching more projects.

• They are planning new launches in Mumbai in areas such as Wadala, Kanjurmarg, Vikroli, Bhandup and luxury project in Versova and in Bangalore their plan is to launch projects in Affordable & semi-affordable.

• Revenue potential expected to earn for OC received projects over the next 6 months is ~INR 870Mn and further the ongoing projects is expected to earn ~INR 18,860Mn over the next 2-3 years.

• Net cash flow of INR 8,500Mn is expected from ongoing and completed projects and additionally the company expects to generate net cash of ~INR 12,000Mn from the balance project pipeline of GDV INR 42,700Mn.

• Owns land bank in Wadala and Kanjurmarg with carpet area of 11.1Mn sqft.

• Plan is to start construction of Wadala commercial project by the end of next year and would launch it phase-wise which would depend on demand-supply scenario. Further, it plans to sell few portion but major would be to lease out.

Kanjurmarg project is expected to be launched by the end of FY25. Also, the company is looking for adjacent plot in Kanjurmarg wherein they are getting basic approvals and post that would go for master planning and launch may be expected in the next year.

• On the business development activities, the company plan is expected to spent additional INR 35,000Mn to acquire more projects and funding would be a mix of debt and internal accruals.

• Ajmera Realty had announced demerger of its 100% subsidiary Radha Raman Dev Ventures. The company has issued additional 2% equity shares to its shareholders and as per the scheme, the shareholders would receive 1 share for 50 shares already held. This demerger is proposed to segregate business pertaining to the development of mix- use project at Wadala (6.5 acres).

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Ircon International Q1FY25 Concall Highlights

Ircon International | CMP: INR 265 | Mcap: INR 248.8bn

Outlook: Ircon International order book stood at INR 260bn (~1.3x of FY24 revenue) and targeted order inflows of INR 100-120bn shows business visibility for medium term. Revenue is expected to grow at a double-digit rate going forward. The margins are expected to be 7%-7.5% in FY25E. The company will benefit from railways and infrastructure capex going forward.

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Revenue

Revenue is expected to double over the next 5-6 years.

Margins

PAT Margin is expected INR 7%-7.5% over short to mid-term. The industry average margin is around 5%.

EBITDA margins are expected around 6% on a standalone basis.

The competition has increased for projects, certain projects margins are taken hit to secure the projects. However; tunnels, bridges and complex projects yield higher margins.

Order book

The order book stood at INR 260bn (~1.3x of FY24 revenue) as of Q1FY25. Domestic and International split stood at 91:9. Around 51% of the order book from competitive basis and balance from nomination basis.

The company is focused on maintaining 2-2.5x book-to-bill going forward.

Order inflows

The order inflows is around INR 10bn in Q1FY25. The order inflows are expected to be INR 40-50bn in Q2FY25E. overall, the order inflows are expected INR 100-120bn in FY25E.

The company has bidded for INR 250bn; out of the INR 150bn is under technical and financial evaluation. Out of INR 150bn, the company is expecting INR 40-50bn orders.

Solar project

The company is setting up the first renewable project for solar PV.

The company is on track with a solar project and ~80% of land acquired for the project. The project capacity is around 50MW.

The solar project investment is around INR 2bn. The company has already invested INR 1.3bn and remains yet to invest.

500MW project

The project cost for 500MW is around INR 27.6bn. Around INR 2.24bn from VGF and INR 4.16bn from internal accurals and JV partner, remaining from debt from union bank of India. Ircon equity stake is 76% for the project and remaining stakes to INR renewables.

The company is focused to complete 500MW capacity by Sep-25. The company signed a PPA with railways. The tariff is around INR 2.45/unit. The company has approached railways for INR 2.57/unit due to changes in the GST regime, which is under consideration.

Investments

The investment is around INR 11bn in FY25E. The split are Road projects – INR 5bn, Coal projects – INR 4bn, Renewables – INR 700mn and another INR 1bn towards roads and coal depending upon final cost.

Other highlights

Political turmoil has impacted Myanmar and Bangladesh Projects.

The procurement is remaining with the company for Bullet Train Projects.

The company is focused on EPC projects in railways and roads.

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IRB Infrastructure Developers Ltd– Q1FY25 Concall KTAs

CMP: INR 62| Market Cap: INR 374.35 bn

Financials

•Total Income stood at INR 19.72 Bn in Q1FY25 (13% YoY).

•EBITDA stood at INR 9760 Mn in Q1FY25 (10% YoY).

•PAT was at INR 1400 Mn in Q1FY25 (5% YoY).

•Depreciation has increased from INR 2370 Mn to 2550 Mn(8% YoY).

Operating Highlights

•Company has received appointed date for TOT 12 & TOT 13 and has commenced tolling on 1st April,24.

•Ganga Expressway has received grant of INR 3500 Mn from UPEIDA. The project has completed 50% of construction.

•Cintra, a subsidiary of Ferrovial has successfully completed the acquisition of a 24% stake from GIC affiliates in IRB infrastructure Trust and MMK Toll Road Private Limited, the investment manager of the trust.

•IRB will remain as the sponsor and project manager of the trust, retaining ~51% of the units in the trust and 51% of the equity shares in the investment manager.

•The Hapur-Moradabad project has received PCOD approval, resulting in tariff revision of 4%.

•Toll collection increased by 4.4% from INR 65.5 Mn to INR 68.4 Mn.

•Total order book stood at INR 336 Bn of which EPC order book stand at INR 50 Bn. Executable order book in next 2 years is INR 70 Bn.

•NHAI plans to monetise 33 TOT projects covering 2,741 kilometres where bidding is expected to start in near future and company is well capitalize to take this opportunity.

•The company expects BOT and TOT project awards to pick up in Q2 and Q3FY25.

•NHAI has identified over two lakh crore projects for bidding. Company is well-positioned to capitalize on this opportunity given its strong market share. It has a market share of 10% in BoT and 38% in ToT.

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Kolte Patil Developers Ltd– Q1FY25 Concall KTAs

CMP: INR 366 Market Cap: INR 27.84 bn

Company expects to launch project with total GDV of INR 80 Bn in FY25. Pre-sales is expected to grow by 25% with a guidance of INR 35 Bn. Revenue is expected to be in the range of INR 18-19 Bn with early teen margins.

Financials

•Revenue from Operations stood at INR 3408 Mn in Q1FY25 (-40.3% YoY/-35.3%QoQ).

•EBITDA stood at INR 278 Mn in Q1FY25 (-69.5% YoY) with EBITDA margins at 8.2%.

•PAT was at INR 64 Mn in Q1FY25 (-86.7% YoY) with margins at 1.8%.

Market Outlook

•The residential real estate market has strengthened significantly, with demand reaching an eleven year high in H1FY24. There is a shift towards the premium segment, with higher-priced homes driving market volumes.

Operating Highlights

•Pre-Sales of INR 7110 mn in Q1FY25 as compared to INR 7430 mn in Q4FY24. (1% YoY/-4%QoQ). sales were mainly driven by sustenance sales.

•Collections at INR 6120 Mn (19% YoY/3%QoQ).

•Realization improved to INR 7,407 in Q1FY25 from INR 7,226 in Q4FY24. (-2% YoY/3%QoQ).

•Net debt to equity stands negative at 0.05x as of June24. Operating cash flow stood at INR 2.47 Bn.

•Company expects to launch project with total GDV of INR 80 Bn in FY25. Presale guidance of INR 35 Bn in FY25.

•Company aims for INR 135 Bn of presales over next 3 years.

•Life Republic Project in Pune recorded a sales volume of 0.46mn sqft in Q1FY25.

•Company has launched project with a saleable area of 2 mnsqft with GDV of INR 15 Bn, which includes phase 1 of life republic project, 24K Altura premium luxuary project at Baner and project at Wagoli in Pune.

•In Q4FY25, company expects to launch Jal Mangal Deep project (GDV- 4150 Mn) and Jal Nidhi project (GDV- 5350 Mn) in Goregaon, Nand Dham in Dahisar(GDV- 3200 Mn) and Vishwakarmanagar in Mulund(GDV- 9000 Mn).

•Company expects most of its Mumbai project to be launch by end of FY25.

•Company has spend INR ~1400 Mn for land spent in Q1FY25 for obtaining the approvals in TDR and towards the existing land bank.

•Company expects embedded EBITDA margin to be ~18-20% and embedded PAT margin to be ~10-11%.

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Om Infra Ltd– Q1FY25 Concall KTAs

CMP: INR 197| Market Cap: INR 18.97 bn

Order book as of June24 stood at INR 20.48 Bn (2x of FY24 revenues) which provides revenue visibility for next 2 years. Company is expecting to add INR 5-10 Bn of new orders in FY25. EBITDA expected to be in the range of 11-14% going forward.

Financials

•Net Sales stood at INR 1695 Mn in Q1FY25 (-36.5% YoY), impacted due to slow down in order execution, shortage of labour and election.

•EBITDA stood at INR 173 Mn in Q1FY25 (-14.6% YoY) with EBITDA margins at 10.2% vs 7.6% in Q1FY24.

•PAT was at INR 125 Mn in Q1FY25 (-12.3% YoY) with margins at 7.4% vs 5.3% in Q1FY24.

Market Outlook

As of July24, the country has large hydropower capacity of 46,928 MW, which accounts for 11% of the total installed power capacity. According to central electricity authority, there are 32 hydro power projects under construction in India with a combined capacity of 16,737 MW. This includes 12,056 MW from central government and 3092 MW from state and 1590 MW from private sector. By 2026 & 2027 hydro is expected to account for 17% of countries renewable energy capacity.

Operating Highlights

•Order book stood robust at INR 20.48 Bn. 62% pertains to JJM while 38% is Hydro & Water.

•Company expects pipeline of orders to start picking up in coming months. Company expects to add 1-2 good orders in 2024.

•Company targets to add another INR 5-10bn worth of orders in FY25.

•Company expects to achieve a double-digit EBITDA margins in the range of 11-14% going forward.

•In the past 2-3 years, the revenue was more focused towards Jal Jeevan Mission and irrigation projects. Company expects segment mix to be more towards hydropower and pump storage segment going forward.

•Company focuses mainly on government sector. For hydro mechanical project company has a conversion ratio of 30-40%.

•Company has no plans to add any another real estate project in the portfolio.

•Pallacia project in Jaipur has recently received OC, sales velocity is expected to increase here on. Company has elected reputed agency for faster momentum of sales.

•For hydropower, the cost typically ranges from 50-70 Mn per MW. The company's share is usually 5-10% of the total project cost for hydro mechanical equipment.

•Company requires 10-15% of the order value as new bank guarantee limits. Both performance bank guarantee & advance bank guarantee requires between 5-10% of the total project value. Performance bank guarantee is required immediately at the start of the project while advanced bank guarantee is required during the execution of the project.

Sobha – Q1FY25 Concall Highlights

CMP: INR 1,708 |Market Cap: INR 172 Bn

Project Pipeline & Guidance:

•In Q1FY25, it launched 4 new projects of 3.04Mn sqft in real estate out of which 2 were in Gurgaon, 1 plotted development in Chennai and 1 in Coimbatore.

•In FY25, the company expects to launch another ~6mn sqft taking the total launch to ~9Mn sqft with a GDV of INR 100Bn.

•For the next 1-2 years, it plans to launch 16 projects with an area of 17.9Mn sqft.

•It has a large base of projects in Bangalore and besides it has plans to expand in cities such as Mumbai & Noida (initial stage).

•Further, from the existing land bank the company can add projects worth ~25-30Mn sqft and the timeline would be around 2-3 years.

•The management expects to improve operating margins and plans EBITDA margin at project level to reach ~30%+.

Q1FY25 Financials:

•It sold 562 units with saleable carpet area of 1.17Mn sqft

•Sales value came in at INR 18.74Bn growth of 28.0% YoY/growth of 24.6% QoQ.

•Collection stood at INR 15.46Bn, growth of 14% YoY.

•Average realization stands at INR 15,941/sqft, growth of 51.7% YoY. The growth was largely driven by a shift in inventory mix towards luxury and super-luxury projects.

•Unsold inventory stands at 9.24Mn sqft.

•In Q1, they invested in capex to the tune of INR 445Mn.

•Debt/equity at 0.47x.

Other Highlights:

•Recently raised ~INR 20,000Mn via right issue and issued ~1.21Mn shares at the price of INR 1,651/share.

•Region-wise contribution to pre-sales wherein Gurgaon contributed 45%, followed by Bangalore with 33%, while Kerala and Gift City contributed 13% & 5% and remaining Hyderabad, Tamil Nadu & Pune contributed 1% each.

•During the quarter, they recognized lower revenue because of delay in OC's approval which led to fewer handovers.

•Post Q1, they received OC approvals so from Q2 onwards they expect to see a lot of improvement in revenue recognition.

For the projects in GIFT City, the demand is gaining traction, also realization is improving as well as the mix has seen continuous change from affordable to luxury.

•EBITDA margin currently remains lower because of lower margin recognition in the previous quarters and also higher fixed cost.

•In Gurgaon, the company caters to the upper end of the market which seems to have steady demand as of now.

•Large part of new launches will be in Bangalore, thus the plan is to launch projects of ~11mn sqft out of ~17.9Mn sqft.

•Sobha won a land piece in Greater Noida which is about 3.44 acres with a development area of 0.65-0.7Mn sqft.

•The company owns a land in Hoskote, Bangalore but the launches are planned in the next 2-3 years timeline. So, in the first phase their plan is to develop ~100 acres.

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Larsen & Toubro Ltd| Q1FY25 Concall KTAs
CMP INR 3,519 | Market Cap. INR 4838.23bn

Co. recorded an 8% YoY increase in order inflow to INR 709bn and a robust 19% YoY growth in the order book, reaching INR 4909bn. Key developments included significant contributions from the Middle East, strong performance in the hydrocarbons and infrastructure segments, and strategic acquisitions in semiconductor technology. Management's outlook remains positive, focusing on profitable execution and leveraging a prospective pipeline of INR 9.07tn for the remaining nine months of FY25.

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Financials
Order inflow for Q1FY25 stood at INR 709bn(+8%YoY) with an order book of INR 4909bn(+19%YoY). Revenue stood at INR 551bn(+15%Yoy) with EBITDA margins of 10.2%. Overall PAT was at INR 28bn(+12%YoY). NWC stood at 13.9% with ROE of 14.7%.

-Two international agencies including S&P gave BBB+ rating to L&T with stable outlook . Semi conductor tech ltd, a wholly owned subsidiary, entered into share purchase agreement to acquire 100% stake in silicone systems based in Bangalore. It also entered into master collaboration agreement with Aditya infotech to develop technology for CCTV cameras.

L&T Fin co. achieved 95% utilisation as of Q1FY25 of its loan book. INR 6860mn PAT at co. level(+29% YoY). Co. showcased robust performance across various financial parameters. NwC at 13.9% in Q1FY25 which is 310bps improvement YOY.

Group order inflow at INR 709bn (+8%YoY growth). Projects and manufacturing order inflow of INR 545bn (+8%YoY). In the current qtr, share of international orders at 40% (vs 35% Q1FY24).

-Prospective pipeline is total of INR 9.07tn(vs INR 10.07tn Q1FY24) for remaining 9months . It records a drop of 10% YoY due to fall in hydrocarbons pipeline.

-Following are the prospective pipelines for different segments : Infra at INR 6.02tn; Hydrocarbons at INR 2.17tn (vs INR 3.48tn last year); Energy power at INR 0.45tn which is same as last year. Heavy engineering in aggregate is at INR 0.31tn (vs INR 0.25tn last year). Green energy at 0.10tn (vs 0.04tn last year).

Macro Outlook
-Indian economy showed strong growth momentum and co. expects policy continuity going forward. INR 1.5tn set aside as long term interest free loans. Good availability of bank credit and an overall revival of capex.

-Order book as of Q1FY25 is at INR 4.91tn(+19% YoY). Projects and mfg business has 62% of its order book from domestic business. Of international order book, 92% is from middle east, 1% from Africa. Middle eastern countries continue to invest in oil and gas along with industrialisation.

Break down of domestic order book: Central govt- 14%; State govt- 28%;PSU- 37%; Pvt sector- 21%. 18% of this is funded by multi and bi lateral funding agencies. 90% comes from infra and energy.

Q1FY25, deleted orders of INR 6bn. As of Q1FY25, slow moving order is at less than 1% of order book.

EBITDA margins in project and mfg business is at 7.6%(vs 7.4% in Q1FY24).

Drop in conso other income is because of lower treasury investments , largely due to share buyback concluded in the previous year.

Cashflow from operations at INR (5bn) vs INR (9.9bn)Q1FY24. Trailing 12mn ROE stood at 14.7% (vs 12.8% Q1FY24) which is an improvement of 190bps. Improved profitability along with return of capital in form of buyback is contributing to improvement.

-Infra saw an order inflow of INR 401bn for Q1FY25 indicating flattish YoY.

Prospective orders stands at INR 6.03tn(+3%YoY) which includes domestic business of INR 4.27tn. Book is built for around next 3 years.
EBITDA margin at 5.8% (vs 5.1% Q1FY24) an improvement reflecting better execution.

Hydrocarbons received domestic offshore orders showing strong order prospective pipeline of INR2.62bn. Energy has prospective pipeline of INR of 1.18tn. Energy segment has margins of 8.7%. Hydrocarbon margin improvement is due to favourable claim settlement.

Heavy hi tech mfg segment: Ship building order contributed to order inflow. Order book at INR 338bn with prospects of INR 320bn. Precision engineering segment does not mfg any explosive or ammunitions.

IT tech and tech services recorded revenue of INR 115bn(+6%YoY) in line with subdued macro condition impacting discretionary IT spends. Deal pipeline is however healthy with good visibility.

Fin services- Q1 had strong retail disbursements aided by strong B/S with adequate ratios. Retail book growth has been satisfactory.

Avg metro ridership marginally declined whereas it improved on YoY basis. Metro at PAT level was at INR (2.14bn) vs (3.35bn) last year.

Co. is of the outlook that manufacturing activity is gaining ground with service sector maintained. Pvt consumption is recovering with steady discretionary spending. South west monsoon is expected to be normal with reservoir level replenishing satisfactorily. Infra progress could slowdown due to shortage of skill labour. Central banks in west closely tracking inflation data and may announce rate cut. Amidst all, L&T is focussed on profitable execution of strong order book.

Mahindra Lifespace Developers Ltd Q1FY25 Concall KTAs
CMP: INR 604 | Mcap: INR 93.64 bn

Company witnessed strong growth in pre-sales and Collection YoY. It has a strong pipeline of new launches with phases for Mahindra Vista, Mahindra Citadel, Project Pink. Along with this, their plan is to focus on redevelopment projects which will support growth of pre-sales in coming years.

Financials
•Net Revenue stood at INR 1881 Mn (+92% YoY/+1217% QoQ).
•EBITDA reported a loss of INR 416 Mn in Q1FY25 vs a loss of INR 431 Mn in Q1FY24 & a loss of INR 541 Mn in Q4FY24.
•PAT stood at INR 127.4 Mn vs a loss of INR 42.70 Mn in Q1FY24 and a profit of INR 714.80 Mn in Q4FY24.

Operating Highlights
•Q1FY25 pre-sale value stood at INR 10.19 Bn (+195% YoY/-6.17% QoQ).
•Collections stood at INR 5400 Mn (+96% YoY/+31.07% QoQ).
•Net Operating cash flow excluding the land related outflows stood at INR 2870 Mn, supported by strong collection.
•Consol Net debt stood at INR 3980 Mn, with net debt to equity of 0.21x and a cost of debt at 8.96% for Q1FY25 vs 9.03% for Q4FY24.
•Company to develop 5 societies in Sai Baba Nagar, Borivali with a GDV of INR 14 bn marking a third redevelopment project in Mumbai.
•Company Launched a new tower A Tathawade in Pune along with a retail space which witnessed a good traction.
•Mahindra Zen in Bangalore which was launched in March24 sold ~81% of its inventory.

Launch Pipeline
•Prominent launches for FY25 will be Mahindra Vista phase 2 with a GDV of INR 15 Bn, Citadel Phase 3 with a GDV of 10 Bn, Project Pink in Jaipur and few smaller launches in bangalore.
•The Navy Malad Redevelopment project with a GDV of INR 10 bn is at its final stage of approval and is expected to launch in Q2FY25.

Gross Development Value
•The company has signed ~INR 40 Bn GDV project since last quarter. Further, the company has unsold phases set to launch with a GDV of INR 40 Bn, along with an unsold inventory of INR 10 Bn.
•Company has a land parcel in Jaipur, Chennai and Raigad which will further contribute to the GDV of INR 30 Bn. The land parcel at thane has a GDV of INR ~ 80 Bn. Overall, the company is positioned for growth with a total GDV of INR 200 bn.

Other Highlights
•Mid- premium and Premium segment contributes ~ 70% of the market and the company remains focused to expand its presence in its key markets under this segment.
•Pricing continued to remain healthy driven by notable market shift towards premiumization. Further, the overall inventory overhang has reduced from 15 months to 11 months.

•For Q1FY25, new launch sales contributed 71% and the remaining 29% was from sales from the project launched in the past.
•Sales during the quarter was largely driven by launches towards the end of March including Mahindra Codename crown in Pune, Mahindra Zen in Bangalore and Green Estates in Chennai.
•Mahindra Crown launched in March24, marks as first project for MLDL into the eastern part of Pune and has sold 40% of its inventory till date.
•Company is going through change in portfolio from affordable segment to mid- premium and premium segment, earlier project faced challenges due to approvals which has created drag to profitability. For FY26, company to see new portfolio projects to recognize in terms of revenue which will reflect in profitability going ahead.
•In FY24, company had spend around INR 8500 Mn towards land acquisition, management expects similar cash outflow depending upon the type of the project, society redevelopment and JDA project will have lower outflow.
•To achieve company's aspiration of 5x growth in pre-sales targeting to reach INR 80-100 Bn by FY28, company to required INR 70-80 Bn of which half will be funded through internal accruals and remaining company intends to raise funds and is in talks with Mahindra internally, other fund houses and Global partners.
•At Mahindra group level company aims to target a ROE of 15-18%.

HFCL Q1FY25 Concall Highlights
Mcap: INR 17,055 | CMP: INR 118

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Revenue
Revenue growth is expected around 20%-30% in FY25E.

Margins
PBT margins are expected around 10% going forward.

Capex
Optical fiber capacity stood at 14mn f.km/annum and is expected to reach 33.9mn f.km/annum. OFC capacity stood at 25mn f.km/annum and is expected to reach 38.25mn f.km/annum going forward.

In the Hyderabad plant, Civil construction is completed and machine installation is in progress.

Poland Plant capacity of 3.2mn fkm is in progress. The capex is expected INR 170cr and is expected to commercialize over the next 9 months.

The company is in active consideration for glass preform capex.

Capacity utilization
OFC capacity utilization is around 45% in Q1FY25. The lower capacity utilization is lower due to a slowdown in global markets and inventory piled up with operators. The inventories are expected to normalize by Q3FY25E/Q4FY25E.

Incentives
Around INR 650cr incentives are expected from Design-linked incentives (DLI). DLI is 1% higher than PLI. Other players are getting 5% of PLI and the company is getting 6%.

Exemption of Anti-dumping duty
HFCL and HTL (Subsidiary of HFCL) are the only companies from India that are exempted from anti-dumping duty on optical fiber cables by the European Commission.

The anti-dumping duty is 8%-11% to other Indian players by the European Commission. Chinese Players are facing higher anti-dumping duty in Europe markets. HFCL has a good opportunity in the Europe market.

Telecom products
Telecom products revenue is expected to reach from INR 143cr (FY24) to INR 2,000cr by FY25E. major supply to private operators and PBT margins are expected at ~10% and some benefits of PLI.

The telecom equipment business is expected around INR 3,000cr going forward.

Defence

The company has successfully cleared the User Trail Readiness Review for the Armament upgradation project of the Indian Army for BMP-2 infantry combat vehicles. Tenders are expected soon and 5 players are eligible for that. The players are Tata, L&T, HFCL, and others.

The company has received inquiries for electronic fuzes from the international market and exports are expected from FY25E. The company is in an advanced stage of discussions and majorly from European countries.

BharatNet phase 3

BharatNet phase 3 capex is expected INR 60,000cr over the next 3 years and Opex of INR 40,000cr over the next 10 years.

Good orders are expected from BSNL. Bharat Net Phase 3 capex of INR 60,000cr funding from the government of India. Payments are not a problem for the orders.

BharatNet Phase 3 demand for OFC is around 10 lakh km. The demand size is around INR 5,000cr to INR 6,000cr based on the realization of INR 50,000 per km. EPC opportunity is around INR 10,000cr+ and remaining from equipment and routers etc.

Order book

The order book stood at INR 6,776cr. Out of this; Network services – INR 3,092cr, Products – INR 1,673cr, and O&M – INR 2,011cr.

The order timeline varies from 1 month to 1 year for products. The average timeline is around 6 months for products. Operations and maintenance execution timeline 5-7 years.

Polymer compounds

HTL Ltd has decided to discontinue the manufacturing of Polymer compounds. The company is focused on passive connectivity optimize operational efficiencies and better resource utilization.

The polymers are used for backward integration. The major refiners like Reliance and other players are producing at lower prices. The price difference is around INR 6/kg.

FWA

The company has received an FWA order of INR 1,100cr. The product is in the final stage and some changes are desired by the customer. The production line set-up is approved by customers. Bulk production is expected to start in the next 2 weeks and delivery is expected in Aug-24.

Other highlights

New products in fixed wireless products witnessed strong demand from customers.

The company is developing defence products like Electronic fuzes, thermal weapon sights, and TI cores for thermal sights. The company is focused on exports and Indian army orders will take time.

Around 44% of revenue is from OF & OFC and 66% of revenue is from telecom & networking products.

Government subsidies for fiber optic to home is $61bn slowed down due to the current political situation and expected to pick up from Q1CY25 onwards.

Telco's requirement is up to 288 fibers per cable. The data center requirement 1,700 fibers per cable. The company has developed 1,764 fiber per cable and 3,400 fiber per cable is under development.

DLF Ltd | Q1FY25 Concall KTAs
CMP INR 830 | Market Cap. INR 2053.77 Bn

Company expects collections to be in the range of INR 29 -30 Bn for next 2 quarters. Further, rentals are expected to increase substantial from FY26 contributed by Downtown 4 in Gurgaon, Downtown 3 in Chennai, and the full rental income from Downtown 1 and 2 with total rentals of INR 58-60 Bn. The Company remains optimistic about sales growth supported by robust launch pipeline.

Financials
•Revenue came in at INR 17.30 Bn (-25% QoQ/ 14% YoY).
•EBITDA stood at INR 5.97 Bn (36% QoQ/21% YoY), with EBITDA margins of 34% in Q1FY25 vs 40% in Q4FY24 & 33% in Q1FY24.
•PAT stood at INR 6.46 Bn (-30% QoQ/23%YoY).

Key Highlights
Sales booking for Q1FY25 increased to INR 64.04 Bn (338% QoQ/214% YoY). Collections stood at 29.68 INR (35% QoQ/88% YoY). DLF along with DCCDL witnessed a strong operating cash flow of INR 25 Bn for Q1FY25.

Impact on the profitability was seen due to the reported number based on product -mix that were issued 4-5 years back. Embedded margins for new products launch continue to be at late thirty and with Lux 5 it should be at mid- forties.

Other income for Q1FY25 increase to INR 3.67 Bn (102%QoQ/274% YoY). Increase in other income was attributed towards increase in interest income including income tax refund of INR 800-900 Mn (interest component) and reversal of provision of INR 750 Mn.

Company's quarterly interest earning on fixed deposit is ~ INR 1.25 Bn.

Demand in Gurgaon is continuing to consolidate, shifting towards higher-quality products. Company does not observe any slowdown in the market and is witnessing a robust demand with a diverse mix of customers having strong purchasing power. Company has a good NRI participation in its project which contributed 25% in top line in FY24.

Company has a medium-term strategy to allocate its free cash flow equally between growth and shareholder returns. Company is not actively pursuing any inorganic growth opportunities at this moment. However, if any attractive opportunity arises at the right cost company will take into consideration.

Company has SEZ portfolio of 16.5 mn sqft in the DLF system including DCCDL, of which company has de notified about 1.6 mn sqft. ~ 70-80% of this space has been leased out and further company expect leasing momentum to increase over the next 3-4 quarters due to a faster denotification process.

Company at present has a 8% vacancies in offices and expects it to come down soon to 6-7%.

Downtown4 at Gurgaon is expected to receive the OC by the end of this year while Downtown 3 in Chennai is expected to receive OC by Q2FY25. Both the project are expected to generate rental yield from Q1FY26.

Launch Pipeline : In Q2 FY25, the company plans to launch it's project in Goa while Lux 5 is expected to be launched in Q3FY25. Company to further see one launch of the Privana project in Q4FY25 along with few launches in Chandigarh.

Arbour Project which was launched 15 months ago saw a 45% collections from the project till date.

The receivables from the projects launched up to June30 amounts to ~ INR 210 Bn. Out of the INR 210 Bn to be collected, ~ INR 60 Bn will be allocated to further construction costs and the remaining will contribute to margin.

For FY25, DCCDL capex is expected to be INR 18 Bn. Going forward, capex on DCCDL is expected to increase by 18-20% from current levels. The residual capex on the 3 malls that DLF is constructing is ~ INR 7 Bn and the residual capex on the Atrium Place, a JV with Hines, is ~ INR7 Bn.

Midtown Plaza mall is expected to be completed by the end of this year will start yielding rentals from April25. Summit Plaza to start generating rentals by Q1FY26/Q2FY26. Additionally, the DLF Promenade in Goa to start yielding income from April26 with total rental of INR 3 Bn.

Nirlon Ltd Q1FY25 Concall Highlights
CMP: INR 424 | Market Cap: INR 38.23 Bn

Financials

- Total Income stood at INR 1579 Mn in Q1FY25 (2.3% QoQ/ 5.9% YoY).
- EBITDA stood at INR 1217 Mn (-0.8% QoQ/ 4.2% YoY), with EBITDA margin of 77.07% in Q1FY25.
- PAT stood at INR 498 Mn (-2.7% QoQ/ flattish YoY), with PAT margin of 31.54% in Q1FY25.

Operating Highlights

- Total debt outstanding as on 30 June 2024 from HSBC Bank stood at INR 11.50 Bn.
- Average occupancy of the company remained stable at 99.8% including both Nirlon Knowledge Park and Nirlon house. NKP remained 100% occupied as on 30th June24.
- Morgan Stanley to vacate ~13,000 sqft at NKP in Q3FY25 and ~122,000 sqft at NKP in Q4FY25.
- Company has seen consistent interest for relicensing the space currently occupied by Morgan Stanley.
- Tax rate applicable from FY25 will be 34.94% as against 29.12% under old regime as company's turnover has exceeded 4 Bn.
- Current licensing rate stood at ~ INR 160/ sqft per month on an 80% efficiency with roughly 3 months of rent free. Carpet area per sqft per month is ~INR 200.
- Current cost of interest stood at 8.54%, based on monthly T-bills.
- Company is under discussion with various regulatory bodies for Nirlon House and the project remains company's priority and is working on it.
- Company will continue to disclose fair value revaluation in annual report as required by statutory.

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Gensol Engineering Q1FY25 Concall Highlights
Mcap: INR 36.23bn | CMP: INR 957

Outlook: Gensol Engineering revenue is expected to be INR 20bn in FY25E and the company is targeting EBITDA of INR 4bn by FY25E. The consolidated order book stood at INR 50.25bn (~5.2x of FY24 revenue) and a bid pipeline of INR 150-200bn shows business visibility. The EV plant capacity is around 30,000 units per annum and focused on 7,000 units by FY26E and gradual stabilization over next 2 years. EV business breakeven is expected around 12,000 units. The EV market is challenging and the company will face stiff competition from big players. We have a neutral outlook on the stock.

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Revenue
Revenue is expected to reach INR 20bn by FY25E. Q1 is generally 10%-15% of revenue share and Q4 is around 40% of revenue share.

Margins
EBITDA margins are expected around 15%-18% going forward. However, the company is targeting EBITDA of 4bn (~20% margin) in FY25E. Solar EPC PBT margins are around 15%-16%.

BESS
In BESS projects, the company has awarded 570MW from GUVNL, which will generate revenue of INR 31bn over 12 year BESPA tenure.

Order book
The consolidated order book stood at INR 50.25bn as of Q1FY25. EV leasing order book stood at INR 3.3bn as of Q1FY25. BESS bid pipeline is around 65bn in Q2FY25E and further expected pipeline is around INR 150-200bn going forward.

EV
The EV greenfield plant capacity will be 30,000 units per annum. The company is focused on producing 7,000 units in 1st year (FY26E) of commercialization and gradual improvement over the next 2 years. The breakeven point is expected around 12,000 units. EV commercial sales are expected to start from Apr-25.

EV Leasing
EV leasing business margins are around -10% to -12%. Leasing business AUM is around INR 6bn and focused on INR 30bn going forward. Working capital days
In Solar EPC, debtor days are around 60 days and creditor days are around 40-45 days. Working capital days is around 20-25 days and expected to be the same in FY25E.
Working capital requirement is around INR 6bn. The fund limit is around INR 2.5bn and non-fund limits is around INR 3.5bn.

GUVNL

GVNL will pay INR 2.6bn per year for 2 projects. The EBITDA margins are around 90%-95% of these projects.

Other highlights

The company has recently awarded a solar plant project of INR 4.63bn at Gujarat Khavda RE Power Park.

The company has won 116MW of solar projects in Gujarat and distributed across 27 states.

500MW solar EPC projects execution time is around 8-10 months and 500MW BESS projects execution time is around 15-20 months.

The company is focused on renewable energy and e-mobility sectors.

The board has approved for INR 5bn fund raising. The QIP funds will be utilized for new projects and debt reduction.

Subsidiary loss is around INR 170mn; the breakup are EV business – INR 70mn, EV leasing – INR 90mn and remaining from others.

The company has allotted 60 lakhs warrants and raised INR 5.3bn and INR 5.5bn through QIP.

Dilip Buildcon Ltd| Q1FY25 Concall KTAs
CMP INR 537 |Market Cap INR 78.54 Bn

Company aims to achieve zero net debt company in next 2 years. Company expects to receive a order inflow of INR 150-160 Bn in FY25. Management has guided a de growth of 5% in revenue for FY25 due to order inflow being weak. Company expects to maintain EBITDA margin of 11-12%.

Financials
• Revenue from Operations stood at INR 31,342 Mn in Q1FY25 (7.31% YoY/-6.88%QoQ).
• EBITDA stood at INR 4,781 Mn in Q1FY25 (21.47% YoY/44.92%QoQ). EBITDA margin stood at 15.2% in Q1FY25.
• PAT stood at INR 1,398 Mn in Q1FY25 (1036.59% YoY/5077%QoQ). PAT margin stood at 4.46% in Q1FY25.

Market Outllook
In recent Union budget government has allocated INR 11.11 Lakh crore for the infrastructure sector. Road, transport and highway has been allocated INR 2.78 lakh crores. Railway has been allocated INR 2.65 lakh crores. The logistics and supply chain sector has been allocated INR 2 lakh crores. Management expects ramp up in order book driven by government's sharp focus on the infrastructure segment .

Other Highlights
• Order across segment remained weak due to election. Management expects order pipeline to improve with government focus on infrastructure segment.
• Company received order in railway sector of INR 9258 Mn in the state of Haryana. Going forward, company expects an order inflow of INR 150 -160 Bn across the segments.
• Completed 3 HAM project of INR 23,537 Mn and 1 EPC project of INR 12,500 Mn.
• Company started including coal MDOs in orderbook which were not done in the past. Current, order book stood at INR 186 Bn, which includes INR 24 Bn coal MDO.
• On the execution front, company has experienced payment-related challenges, primarily from JJM projects that resulted in higher debtors and stretched working capital.
• Net debt stood at INR 22,265 Mn as on June24. Net debt to equity ratio increased to 0.42 as on June24 vs 0.29 as on March24.
• Company expects debt level to reach INR 10 Bn by end of FY25.
• Alpha Alternative: Company has divested 26% equity stake in 4 HAM projects.
• Siarmal Coal MDO: company has achieved production of 3.23 MMT in Q1FY25.
• Pachwara MDO: Company has achieved production of 1.46 MMT in Q1FY25 and target to achieve the 7 MMT.
• Order book is depleting because of weak order inflow from last year.
• Company is also participating for INR 500 Bn orders for optic fiber and bids have been submitted.
• Company’s primary focus will be onto EPC project vs HAM projects.

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Ashiana Housing Ltd| Q1FY25 Concall KTAs
CMP INR 357 |Market Cap INR 35.80 Bn

Company expects to report losses in Q2FY25 due to lower deliveries planned. However, H2FY25 is expected to be healthy in terms of deliveries leading to reported profits for FY25. Company maintain its pre-sales guidance of INR 20 Bn in FY25.

Financials

• Total Revenue stood at INR 1285.1 Mn in Q1FY24 (% QoQ).
• EBITDA reported a loss of INR 3.5 Mn in Q1FY25 vs EBITDA of INR 275.8 Mn in Q4FY24.
• PAT reported a loss of INR 54.5 Mn in Q1FY25 vs a loss of INR 173.8 Mn in Q4FY24.

Other Highlights

• Average realization for Q1FY25 stood at INR 5,315 in Q1FY25 vs 8,134 in Q4FY24.
• Company constructed 4.91 lakhs square feet in Q1FY25 vs at 6.97 lakhs square feet in Q4FY24.
• 2nd Phase of Ashiana Advik in Senior Living category in Bhiwadi, and 3rd phase of Ashiana Ekansh in Jaipur was launched in Q1FY25.
• Value of Area Booked recorded at INR 2353.2 Mn in Q1FY25 vs INR 8625.4 Mn in Q4FY24.
• Company delivered 2.14 lakh sqft in Q1FY25, of which 2.07 lakh sqft was delivered in Ashiana Shubham in Chennai.
• Ashiana Shubham Phase 4A reported lower margin due to unexpected cost overruns and resulted higher cost to enter a new city.
• Ashiana Shubham Phase5 to realize a realization of INR 6000 sqft vs INR 4700 sqft for phase 4A and INR 5200 sqft for Phase 4B.
• Ashiana Amarah Phase 4 is expected to launch in Q2FY25. Realization is expected to be higher by 25% than Phase 3.
• Pre-tax operating cash flows stood at INR 749.2 Mn in Q1FY25 vs INR 831.5 in Q1FY24.
• Company has received completion certificate for phase 4 Ashiana Utsav, Lavasa on 4th of July.
• Company sees good velocity of sales across the market.
• Momentum of price increase is expected to slow down from hereon. Management expects prices to increase but at a decreasing rate as compare to previous trend.
• Launch Piprline: 84 lakh sqft to launch, 14 lakh sqft of unsold area. Company expects to complete this in 5 financial year.
• In Q2FY25 company expects to launch Ashiana Amarah Phase 4, Ashiana Malhar phase 3. In Q3FY25 company expects to launch Ashiana Swarang and Ashiana Ekansh Phase 4.
• Company is looking to pursue opportunity to enter the Bangalore market, with a focus on senior living projects but do not have any finalized plan.
• Company is comfortable to take debt but aims to keep low net to equity as compare to industry.

Arihant Capital Markets Ltd

Rail Vikas Nigam Ltd| Q1FY25 Concall KTAs
CMP INR 576| Market Cap. INR 1200.7bn

RVNL faced challenges in Q1FY25 due to geopolitical issues in the Maldives, delayed permissions for the Kolkata metro, and election-related delays. However, the company remains confident in business revival and has guided for a strong topline of INR 220bn+ for FY25. RVNL is also diversifying beyond railway infrastructure, including manufacturing and municipal projects. Manufacturing for the Vande Bharat train set is expected to begin in November 2024.

Financials
Sales of INR 40640mn(-25%YoY) with operating profit of INR 1760mn(-49%YoY) and 4% margins. PBT of INR 2940mn(-38%YoY) and INR 2180mn(-34%YoY) PAT.
Co. has an order book of INR 832210mn which according to them are sufficient orders for next 4 years. Conditions in certain regions led to de growth in top and bottom line.

Maldives- Co. had awarded all sub-contratcs, and had 600 manpower deployed, but due to geo political issue ,everything slowed down way more than expected. Their target was of INR 3bn, of which not even 10% also could be achieved.

Indore metro- Work worth INR 2.5bn has been executed but not reflected in financials. Of this only INR 210mn has been released. In Q1- elections heavily impacted execution, since labour go back to their natives places and not return before after a month.

Kolkata metro- Permissions were not granted which led to decline in topline. This qtr revenue of INR 2910mn(vs 8380mn Q1FY24). 3 of 5 major clearances have now been received. One more to come in next 20 days. Co. is equipped with required money, vendors, contractors and all required resources.

Co. is executing metro work in 7 cities and SPVs have been commissioned. Due to elections, land acquisition got slowed down as well. Co. confident that business to revive strongly and the lull was solely due to elections impact in Q1. Co. had plan to participate in INR 25bn worth projects in Bangladesh, but due to geo-political reasons, tenders have not come. Co. states it will participate whenever it comes.

GST has been exempted on transactions between SPVs and MoR which had a positive impact of INR 15bn. Co. has INR 20bn in bank which they use as working capital. Co. has guided for INR 220bn+ topline for FY25.

RVNL is diversifying beyond railway infrastructure into areas like manufacturing, transmission lines, and municipal projects. RVNL is involved in the Vande Bharat train set project, with manufacturing expected to start in November 2024. Co. has participated in 328 bids worth INR 1.70 lakh crores since October 2021, transitioning from a contract manager to a contractor.

[Arihant Capital Markets Ltd.]

Engineers India Ltd| Q1FY25 Concall KTAs
CMP INR 225| Market Cap. INR 126.5bn

The order book stands at INR 110bn with additional orders expected to flow of INR 20-30bn in FY25. The company is focusing on increasing international revenue and targeting 10-12% revenue from green projects. Numaligarh Refinery expansion to be commissioned by end of FY25.

Financials
Turnover of INR 6110mn with turnover from consultancy and engineering segment stood at INR 3470mn and strong turnkey segment at INR 2640mn. PBT was at INR 740mn and PAT of INR 550mn.

Unexecuted order book worth of INR 96,580mn comprising of consultancy segment of INR 55,220mn and under LSTK segment of INR 41360mn. Considering the order inflow in July and August, the order book stood at INR 110bn.

Co. has received orders worth INR 14bn from consultancy for BPCL, and INR 10bn in LSTK segment from ONGC in the months after Q1 end.

Co. has guided for FY25 revenue target of INR 3.5bn with 50-60% from consultancy and 40-45% from turnkey segment. Sustainable EBIT margin guidance of ~20% for consultancy and ~5% for turnkey segment.

EIL is targeting INR 20-30bn additional orders in FY25 with an aim to increase international revenue share to 20-30% in near term and 50% in long term.

Co. is also focusing on green hydrogen, renewable energy projects with a target of 10-12% revenue from green business. Co. expects Numaligarh Refinery expansion to be commissioned by end of FY25.

EIL is seeing good order pipeline in domestic market and Middle East. They are being selective in African market due to payment risks. Projects in African markets, are looking for investors, while co. restrains itself in the role of a consultant.

Green hydrogen projects are mostly in study phase currently and implementation is expected to start soon.

JV co. Ramagundam Fertilizer(RFCL) is now running at 90% capacity on path to reach 100% in coming year. It recorded a PAT of INR 1300mn while EIL share amounts to INR 320mn at 26% stake.

Co. said that turnkey segment margins can fluctuate based on change orders and long-term sustainable margin target is 5%.

Various orders are in bidding process with results to come by end of CY25. Bidding process takes ~2-3 months. Int'l orders, may happen in Q1FY26.

-Q1FY25, consultancy t/o was in tact, low turnover from turnkey segment, since several projects are on verge of closer. However multiple turnkey projects have started in previous qtr and this qtr., hence the t/o should reflect subsequently.

[Arihant Capital Markets Ltd.]

Arihant Superstructures – Q1FY25 Concall Highlights
CMP: INR 305|Market Cap: INR 12,539 Mn

Guidance:
• In Q2/Q3FY25 new launches of projects such as World Villa, Arihant Avanti, Arihant Adarsh and Arihant Anaika 7, are expected to drive pre-sales growth.
• For FY25, the new launch pipeline will be of 1.1Mnsqft with an estimated revenue potential of INR 9,542Mn.
• Looking for more project's opportunities via JV/JDs, redevelopment and outright.
• Plan is to shift to more premium projects.
• Pre-sales expected to grow at ~25% CAGR in the next 2-3 years and EBITDA margins expected to be around 22-23%.
• Expected to sell ~1,200-1,500 units/year for the next 4-5 years.

Q1FY25 Financials: (Consolidated)
• Revenue came in at INR 842Mn (decline of 30.4% YoY/decline of 46.1% QoQ)
•Pre-Sales came in at INR 1,666Mn (decline of 32.0% YoY/decline of 58.5% QoQ)
• Realization stood at INR 5,063/sqft
• Collections at INR 1,279Mn (growth of 21.1% YoY/decline of 1.2% QoQ)
• It sold an area of 3.29 lakh sqft as compared to 3.92 lakh sqft in Q1FY24.
• Cost of debt is ~13%.

Other Highlights:
• For the Arihant World Villas project out of the 362 villas ~180 villas are expected in the first phase and along with that there would be a club Gymkhana and a 5-star hotel.
• They transferred the Hotel land to Dwellcons Pvt Ltd, which is its wholly-owned subsidiary. Further, they have signed a management contract term sheet with Indian Hotels Company ltd with 221 rooms and this will be utilized for MICE, weddings, corporate events, etc.
• Remains positive on the business development side as the company has been selected for the building in Thane for redevelopment project.
• Also, they have acquired a few land parcels in Panvel for green field projects and have registered them.
• After RCC structure, the cost required is more till the completion of projects so cost remains elevated.
• Pre-sales was largely contributed by the affordable segment with 46% share, followed by ~30% share from premium and ~24% from the mid-income segment.
• Major contribution of pre-sales came in from few projects like ~INR 200Mn from Arihant Aalishan, ~INR 300Mn from Aspire, Arihant Adarsh clocked in ~380Mn and other few projects.
• Average Realizations expected to increase with more sales from premium while with increase in affordable will decrease realization/sqft. But on an average, the management expects realization to improve to ~INR 6,000-6,500 in the next 2-3 years.
• Their plan is to continue to focus on the MMR region near the area of Navi Mumbai.
• Expansion is the priority as compared to reduction of debt.
• Debt is expected to increase ahead and would be at a comfortable level at 2:1 debt to equity ratio.

• Arihant Aspire has debt of INR ~1120Mn from Tata Capital and is expected to be re-paid in the next 2-3 years. Project Advika is expected to be completed in the next 2 years and so debt of ~INR 1250Mn is expected to be paid off.
• Faces competition from Hiranandani, Godrej, Wadhwa group and Marathon across the markets of Navi Mumbai.

Arihant Capital Markets Ltd

Max Estates Ltd- Q1FY25 Concall KTAs
CMP: INR 538 | Market Cap: INR 79.31 Bn

Aims to acquire at least 3 mn sqft annually with 2 mn sqft in residential portfolio and 1 mn sqft in commercial portfolio. Commercial properties like Max Towers, Max House Phase 1, and Max Square are seeing strong rental lease income. Max House Phase 2 is expected to achieve 100% leasing by end of FY25.

Financials

• Net sales stood at INR 405 Mn in Q1FY25 (+121% YoY/+35%QoQ).

• EBITDA stood at INR 152 Mn in Q1FY25 (+390% YoY/+95%QoQ) with EBITDA margins at 37.6% vs 17.2% in Q1FY24.

• PAT reported a loss of INR 20 Mn as against a loss of INR 384 Mn in Q1FY24.

Operating Highlights

• Company has entered into a joint development on a land parcel of ~18.23 acre with a GDV of INR 90 Bn.

• Max Asset services revenue stood at INR 80 Mn in Q1FY25 (17% YoY).

• Lease rentals from Max towers stood at INR 102 Mn in Q1FY25. (12% YoY). Max house phase 1 lease rental stood at INR 35 Mn in Q1FY25. Max House Phase 2 lease rental stood at INR 53 Mn in Q1FY25.

• Max square- 63% leasable area has been leased at a premium of 25-30% with a lease rental income of INR 64 Mn in Q1FY25.

• Total leased rental including Max Towers, Max House, Max Square stood at INR ~250 Mn in Q1FY25. (103% YoY).

• Company plans to launch 2.4 mnsqft of Estate 360 in phase 1. Company has received all the approvals expects RERA. The project is expected to be launch in Q2FY25.

• Max 65, Golf Course Extension commercial project has received all approvals and construction has begun in Q1FY25.

• 1st luxury residential project Estate 128, Noida has been sold out with sale value of INR 18 Bn and has collected INR 4.58 Bn so far. Construction has begun and expected to be deliver on its timeline.

• Company aims to add 3 mn sqft to its portfolio each year, with 2 mn in residential and 1 mn in commercial in Noida, Gurugram and Delhi. Company may look for opportunity in outright sales & JV.

• Revenue from Max Square is expected to be INR 600-650 Mn and Max House phase 2 is expected to be INR 250-280 Bn in FY25.

• Company plans to raise INR 8000 Mn which will be utilized as a growth capital for future expansion in commercial segment.

• On capex front, company expects to deploy INR 2000 Mn for Max65 and Max square phase 2 construction. On residential project company expects to deploy INR 2,500- 3,000 Mn for construction of Estate 128 and Estate 360.

• Management sees good response in business development front driven by the tailwinds in the residential and commercial real estate industry.

• Company aims to keep debt-equity ratio below 1. Current debt to equity stood at 0.6x.

Arihant Capital Markets Ltd

DigiSpice Technologies Ltd Q1FY25 Concall Highlights
CMP: 39 | Market Cap: 8,950 Mn.

Outlook:
DigiSpice Technologies Ltd is completely focused on being a fintech company with Spice Money as its sole business, with a focus on penetrating further into the existing geographies and increasing its customer base, not just through withdrawals but even deposits with Merchants and Adhakari and Grahak Loans.

Performance Consol:
• Revenue came in at INR 1,098.27 Mn. (3.52% QoQ) (-0.62% YoY) in Q1FY25.
• EBITDA margins came in at 0.49% (Vs. 6.08% QoQ) (0.85% YoY) in Q1FY25.
• PAT came in at INR 44.78 Mn. (-89.3% QoQ) (589.16% YoY) in Q1FY25.

Highlights:

• Company has completely moved towards the fintech segment and has suspended all the other businesses, and Spice Money is the only business for the company now.
• Company has received its PPI Licence and is ready to grow in UPI payments segment, and this year company is set to launch its UPI product as well.
• The merger of Spice Money and all the other subsidiaries of DigiSpice Technologies has been approved on the 8th of August 2024.
• Company sees a lot of growth headroom for its 3 major segments, Collections, Subscription Packs, and Banking.
• Transactional 2 Factor Authentication was removed on 1st July and has started seeing growth since then.
• Company has 67 Transacting Enterprises in Q1FY25 as compared to 63 in Q4FY24 and 58 in Q1FY24.
• Company's networks have opened 4,22,248 savings accounts and 32,274 current accounts as of now in Q1FY25.
• Company sees huge opportunity in Adhikari and Grahak Loans and Gold loans contribute 80% in this segment as gold is a major investment in rural places.
• Customer GTV came in at INR 2,56,130 Mn reducing 6% YoY and 1% QoQ but profits remain intact in the segment.
• The company added new capabilities and experts in the newer domains to get help in growth and appointed a BFSI expert CFO.
• Company's NBFC segment will focus on merchants as of now and in the future.
• Company does not get affected by peer competitors listing and fundraising as it helps to organise the sector even more.
• DigiSpice Tech. is a debt-free company as of now, but according to requirements company to figure out fundraising plans or to grow with internal accruals.
• In the AUM profile for NBFC, the company to focus on the merchants wanting to generate more cash through credits.

Arihant Capital Markets Ltd

PNC Infratech Ltd – Q1FY25 Concall Highlights
CMP: INR 485 | Market Cap: INR 12,4320 Mn

Financial Highlights
Revenue surged to INR 17,444.20 Mn in Q1FY25 from INR 23,420.13 Mn in Q4FY24, increase by (-6% YoY/ -26% QoQ), company guidance of revenue is to be in the range of 20% to 25%. EBITDA of Rs. 5930 Mn in Q1FY25 as compared to Rs. 2450 Mn in Q1FY24 increased by 142% YoY. EBITDA margin has also increased to 34% in Q1FY25, with expectation of robust growth company guidance for upcoming year is with the growth maintaining double digit. PAT improved to INR 4210 Mn in Q1FY25, compared to INR 4023.80 Mn in Q4FY24, which increased by 5% QoQ/ 169% YoY. PAT margin also stood up at 24.1%., business areas are experiencing healthy growth and are expected to maintain this momentum in the coming quarters.

Operational Highlights
Company has received total unexecuted order of INR 190000 Mn includes contract worth of 97900 Mn. Company expects additional of 150000 Mn of new orders in FY25.

Company expects revenue to decline by 10% in FY25 whereas being profitable and revenue growth of 15% in FY26 because of new order pipeline to be started in upcoming quarters and will result in coming years.

Road projects make up 76% of the order book, with the remaining 24% attributed to water and canal projects.

Work on the water project is expected to gather pace with the company having received INR 600Mn payments recently.

The net working capital cycle has lengthened to 151 days, compared to 113 days at the end of Q4 FY24. This increase is due to a rise in debtors related to HAM projects, which have increased to INR 8800 Mn from INR 6600 Mn at FY24's end.

Capex has boosted from INR 240 Mn to 1000 Mn in FY25, resulting to investment into new projects and been able to strengthen future prospects.

In the Q1FY25, the roads and highway sector witnessed muted progress due to several factors including the general elections, natural phenomenon and delay in acquisition date declared.

Company had a slow start to this year with 1934km aggregate length compared to 2250km in Q1FY24. Activities are expected to start from Q3FY25.
The recent union management demonstrates that the government is focused on India's infrastructure development across core sections

The company has an extensive portfolio with four major divisions, the largest of which is the CDMO (Contract Development and Manufacturing) branded Zenith division, which contributed 57% of revenue in Q1 FY25. Company has utilized less than 50% of the range for products such as capsules and tablets.

The company has seen a decline in API pricing over the last three to four years, with APIs more or less stabilizing in Q1 FY25. The company sources 70% to 80% of its raw material domestically, with the remainder coming from China.

Company is 80% occupied with four blocks and is capable of generating a top line of 20000 Mn; once the Jammu plant is operational, it will be steady at 40% to 50% utilization and in a position for consistent growth of the past 10% YoY.

The company acquired Sharon, which predominantly operates in the formulation sector with a significant focus on exports, accounting for 15% of revenue. It plans to increase its regulatory CDMO business by focussing on the Saron Dehradun block. This aims to strengthen the regulatory business footprint in the international market.

The company anticipates that the Jammu facility would likely contribute between 12% and 15%, maintaining a healthy growth rate and boosting the overall revenue mix to 17% in the upcoming year. The company expects to spend between $100 million and $150 million on R&D at its Jammu facility to produce new innovative products.

Arihant Capital Market Ltd

Shriram Properties Ltd Q1FY25 Concall Highlights
CMP: INR 101 | Mcap: INR 17.23 bn

Company expects strong volume growth from Q2FY25 with full year guidance to achieve a sales volume of 5.25-5.5 mn sqft. Management expects significant ramp up in handovers in H2FY25 to reach full year target of 3,600 units.

Financials
• Revenue from operations stood at 1540 Mn in Q1FY25 (14% YoY)
• EBITDA stood at INR 536 Mn (1%YoY), with EBITDA margin of 34.8% in Q1FY25.
• PAT stood at INR 175 Mn (5% YoY), with PAT margin of 11.36% in Q1FY25.

Operating Highlights
• Pre-sale value stood at INR 3760 Mn (-18% YoY).
• Collection stood at INR 3210 Mn (+10% YoY). Of which INR 1560 Mn belong to SPL own share and JDA, INR 1000 Mn from JV.
• Company invested INR 440 Mn for new projects in Q1FY25.
• The company handed over 535 units in Q1FY25, with a full year target of 3,600 unit handovers.
• Over the next 2-3 years, company expects to hand over ~12,000 homes from ongoing projects.
• 93% of company's upcoming projects are in mid market and mid market premium segments.
• Sales volume stood at 0.7 mn sqft in Q1FY25, management remains confident of achieving full year sales target of 5.25-5.5 mn sqft.
• Q1 FY25 performance was muted due to no new launches and driven by sustenance sales from ongoing projects. Pune launch deferred to Q2/Q3 due to delays in approvals.
• Gross debt reduced from INR 6310 Mn to INR 6100 Mn as of June24. Net debt increased to INR 4820 Mn but debt-equity remains low at 0.37x. Cost of debt stable at 11.7%.
• Company faced minor setback in the labour front due to election issues as a lot of labour migrated for election for a short term.
• Company added 2 new projects, one JDA in north Bangalore and another near electronic city with aggregate saleable area of 0.78 msf which have combined GDV potential of INR 5,000-6,000 Mn.
• Company has guided EBITDA margin to be in mid 20% and achieving a PAT margins in the range of 9-11%.
• Collection guidance of INR 17-18 Bn for FY25.
• Price improvements were modest with ~2-3% growth.
• Company expects to grow at 25% CAGR in next 3 years. Company to remain focus on its core market Bangalore, Chennai and Pune.

Arihant Capital Markets Ltd

Vishnu Prakash R Punglia Ltd- Q1FY25 Concall KTAs
CMP INR 248 Market Cap. INR 30.86bn

Co. has guided for 15-20% revenue growth on conservative basis with INR 300mn capex. 45% of the yearly business comes in Q4 with Q1 being the lowest. They have order book of INR 49150mn with INR 5100mn order received after Q1FY25. Co. has entered Goa and is planning to enter Tamil Nadu followed by Telangana.

Financials
RFO stood at INR 2,566mn(-7.8%YoY) with EBITDA of INR 336mn(+3.1%YoY) and margins of 13.09%(+137bps YoY). PBT of INR 197mn and PAT of INR 148mn(-9.8%YoY) with margins of 5.77%(-13bps YoY).

VPRPL is involved in water supply segment with 67% of revenue coming from it, railway sector contributing 17% to the revenue and road works like flyovers contributing 6% to topline.

500+ vehicles and all types of required equipment are available with them. Co. at present is focussing on backward integration which will result in reduction of cost of raw materials.

INR 49150mn order book as of Q1FY25, post which co. has received INR 5100mn until now which is to be completed over 24-36mnths.

-Q1 has lower revenue trend historically across sector which was further impacted by elections, delay in payments. All this led to setbacks in road certifications. Despite this, co. continued execution which shall translate in revenue growth.

-New orders worth INR 9430mn awarded in Q1FY25,of which INR 5000mn for railway and rest related to water related projects. Co. has expanded operations in state of goa.

They have a strong pipeline with INR 50bn worth of bidding orders which has 17-18% conversion rate. Operations are expected to gain momentum and achieve growth. Management has guided for 15-20% revenue growth in FY25 on conservative basis along with capex of INR 300mn for the year.

-5% generally is the retention money with department and as per Ind AS, they are as bifurcated into due and undue debtors mai .

-Receivables had slowed down due to elections and are expect to return to normalcy of around 60-70 days.

-10-15% is the working capital required for water supply projects.

-Co. started with water treatment plant in Goa. Tamil Nadu being the next target with tender participation followed by Telangana to capitalise on the upcoming water treatment plants there.

-40-60% of receivables of INR 6700mn have been received as of Q1FY25.

-Co. has sufficient funds to execute its order book. Q4 gets 45% of the yearly business for the co. with 35% in Q2 and 10% in Q1.

-Co. currently has 18JVs , and goes for JV when it needs technical support for projects. 2 JVs are there in the new order book.

[Arihant Capital Markets Ltd.]

Dalmia Bharat Ltd Q1FY25 Concall KTAs
CMP: INR 1,819 | Market Cap: INR 341.16 Bn

Company has an ambitious plan to be a pan-India player by 2031, with achieving 75MnT cement capacity by FY28 and a long-term plan to achieve 110-130 MnT. Management expects cement volume to grow 1.5x of the industry growth in FY25. Further company aims to reduce cost by INR 150-200/T in next 3 years.

Financials
• Revenue from operation decreased to INR 36.21 bn in Q1FY25 (-0.2% YoY/ -15.9%QoQ).
• Operating EBITDA improved to INR 6.69 Bn in Q1FY25 (9.2% YoY/ 2.3% QoQ), despite challenging price environment. EBITDA/T stood at INR 901 in Q1FY25.
• PAT stood at INR 1.45 bn (0.7% YoY).

Industry Outlook
• Company witnessed moderation in cement demand across all markets in the country, uneven monsoon and floods in certain regions further added to the slowdown
• Cement prices continue to remained soft by 2-3% QoQ for couple of months. Realizations are expected to remain weak until monsoon and is expected to increase from Q3FY25 onwards.

Operating Highlights
• Sales volume stood at 7.4 MnT in Q1FY25 (5.71% YoY/-15.6% QoQ), including 0.4 MnT from Jaiprakash asset.
• Fuel consumption cost declined to INR 1003/T in Q1FY25 (-22.4% YoY/-1.5% QoQ), due to fuel consumption cost declined to $106 Q1FY25 vs $152/T in Q1FY24. Fuel cost stood at INR 1.38/kcal.
• Raw material stood at INR 779/ T in Q1FY25(1.4% YoY/1.1% QoQ), due to tolling operations at JP plant being done on job work basis forming a part of raw material consumed.
• Excluding the cost of these purchases, raw material cost for Q1FY 25 stood at INR 729/T. (-5% YoY).
• Trade: non trade mix is 64:36 in Q1FY25 and blended stood at 86%.
• Lead distance for Q1FY25 stood at 272 Kms.

Capex Expansion
• In FY25, company to spend capex of INR 35- 40 Bn largely towards organic expansion, efficiency improvement and maintenance capex.
• Cost reduction of INR 150-200/t will be contributed by coal mines, higher usage of renewable energy and decrease in logistic cost.

Other Highlights
• Company's net debt reduced to INR 4.45 Bn with net Debt to EBITDA at 0.17x.
• Company has entered into 127MW of renewable power through solar and wind energy, expected to get commissioned by FY25 & FY26. Company to increase renewable Energy consumption to 50% by end of FY25.

• Company accrued INR 740 Mn incentive in Q1FY25 and collected INR 450 Mn. Overall, for FY25, company expects to collect total incentive of INR 3000 Mn.
• Company recorded one-time provision with JPA undergoing insolvency proceedings of INR 1130 Mn, expecting not to increase further.
• Industry is expected to grow volumes by 8% in FY25, which brings about 12% volume growth for the company as per their guidance.
• The cement industry in the southern market has seen consolidation and expansion in South India. While southern markets remain highly fragmented, short- term price pressure prevails until utilization of underperforming assets goes up. In the medium to long term, improved capacity utilization of plants is expected to stabilize and increase prices.

UltraTech Cement – Q1FY25 Concall Key Takeaways
CMP INR 11,258 |Market Cap INR 3,250 Bn

Outlook: UltraTech Cement reported subdued numbers for Q1FY25. Also, Q2FY25 is expected to be flat due to the monsoon and low demand scenario. However, steady demand pickup is expected from Q3FY25 onwards. Meanwhile, the company plan is to focus on capacity addition, improving margins by adding green power and operating efficiency measures.

Q1FY25 Financials:
- Consolidated revenue was at INR 180.7bn, grew by 1.9% YoY/decline by 11.5% QoQ.
- came in at 32MnT, grew by 6.6% YoY/decline by 8.9% QoQ.
- Realization at INR 5,656/T, decline by 4.5% YoY/decline by 2.8% QoQ.
- & Fuel Cost at INR 1,406/T, decline of 13.7% YoY/grew by 2.0% QoQ.
- Cost at INR 1,309/T, decline of 4.4% YoY/decline of 1.2% QoQ.

Profitability:
- EBITDA at INR 30.39bn, flat YoY/decline by 26.1% QoQ.
- EBITDA/T at 951/T, decline of 6.5% YoY/18.9% QoQ.
- EBITDA margin at 16.8% decrease by 37bps YoY/decrease by 333bps QoQ.
- PAT at INR 16.95bn, flat YoY/decline by 24.9% QoQ.

Industry dynamics:
- India's cement capacity was 585 MnT in FY23 and it reached 626MnT in FY24, added ~41MnT as new capacity.
- Demand was 425MnT thus capacity utilization stands at 70%.

Capacity expansion plan:
- FY24, new capacity addition in India was ~41MnT and amongst it 32% was added by UltraTech cement.
- In Q1FY25, it added ~8.7MnT capacity taking the total grey cement capacity to 149.5 MnT. It added greenfield cement capacity expansion at karur, Tamil Nadu with 2.7 MTPA, Kukurdih, Chhattisgarh with 2.7MTPA, brownfield cement capacity at Tadipatri, Andhra Pradesh with 1.8 MTPA, grinding at Parli, Maharashtra with 1.1 MTPA and debottlenecking at Jharsuguda, Odisha with 0.4 MTPA.
- Further the plan is to add 7.5MnT in FY25, 11.8MnT in FY26 and 14.7MnT in FY27 taking the total capacity to 183.5MnT by FY27.
- It plans to do capex of ~INR 80-90bn each in FY25 & FY26.

Volume:
Industry is expected to grow at ~7-8% YoY and also the management expects to grow at the same level.

Utilization:
- Its overall capacity utilization stands at ~85% in Q1FY25.
- Amongst regions, utilization level is North & Central at 82-85%, West & South at 85-86% and East at 80%.

Prices:
• Prices have been soft and they witnessed a decline of 2.4% in prices as compared last quarter.
• Price improvement is expected from H2FY25 onwards.

Other Highlights:
• For the company, rural demand gained significant momentum and infrastructure was slow but going ahead the infra sector is expected to pick up pace.
• At state level, Bihar and Andhra Pradesh are seeing project revival.
• Share of green power in power mix stands is 29.4%, including WHRS of 18.2% and RE of 11.2%.
• The plan is to increase green power mix to 42-47% in FY25 and to 60% by FY26-27.
• Clinker conversion ratio was at 1.46 as compared to 1.44 in Q1FY24 and Q4FY24.
• Lead distance was reduced to 385 kms in Q1FY25 as compared to 400 kms in Q4FY24 and 409 kms in Q1FY24.
• Premium product mix stands at 24.0%.
• Pet coke mix was at 37% and plan to increase it to 45% of fuel mix.
• Trade share at 68%
• Stake in RAKWCT - Ultra Tech Cement Middle East Investments, the company's wholly-owned subsidiary in U.A.E. increased its stake to 54.39%. Thus, RAKWCT became a subsidiary of the company. With this acquisition UltraTech's position is strengthened in the white cement business in India as well in GCC and African markets.
• For Kesoram, they have received the CCI approval and court approved the shareholder & creditors meeting and then post approval amalgamation process would be filed with NCLT of Kolkata and Mumbai. Date of amalgamation set as 1st April 2024 depending on the orders and approvals.
• Stake brought in India Cement is purely non-controlling investment and no plans to increase stake.

Sagar Cements Ltd Q1FY25 Concall KTAs
CMP: INR 238 | Market Cap: INR 31.14 Bn

Company witnessed muted demand and realization during the quarter with sales volume of 1.28 MnT in Q1FY25. Further, through expansion at Dachepalli unit of Andhra Cements volume it is expected to reach 6.5 MnT in FY25.

Financials

• Revenue from operation decreased to INR 5606 Mn in Q1FY25 (4% YoY/ -21%QoQ).

• Operating EBITDA stood at INR 467 Mn in Q1FY25 (53% YoY/-31% QoQ), with EBITDA margin of 8%. (+200 bps YoY). EBITDA/T stood at INR 356/T in Q1FY25.

Operating Highlights

• Power and fuel cost declined to INR 1470/T in Q1FY25 (-15% YoY/-6% QoQ).

• Freight cost stood at INR 844/ T in Q1FY25(-2% YoY/ remain flattish QoQ).

• Gross debt as of June24 stood at INR 14.62 Bn, of which 12.03 bn is a long term debt while remaining stood as working capital. Debt to equity stood at 0.61x.

• Company expects to maintain net debt at current level.

• Clinker sales for Q1FY25 stood at 84,000 T with average realization of INR 3050/T.

• Average lead distance stood at 244 Kms. Some units like Jeerabad and Jajpur is less than 200 kms.

Capacity utilization across plants

• Mattampally 49%, Gudipadu 78%, Bayyavaram 62%, Jeerabad 75%, Jajpur 26% and Dachepally 29%.

• Average capacity utilization for AP and Telangana at industry level is ~45-50%, which has a totalled installed capacity of ~110 MnT.

Capex Plan

• In FY25, company to commissioned 6 MW solar plants each, one at Gudipadu and one at Dachepalli. Once its fully implemented company expects annual saving of ~ 50 Mn.

• Overall, capex plan for Andhra is expected to be INR 4700 Mn, of which INR 2550 Mn will be spend in FY25 and remaining in FY26. In Q1FY25, company has done a capex of INR 330 Mn.

Other Highlights

• Company expects Q2FY25 to continue to remain challenging as Q1FY25, and doesn't anticipate any improvement in realization until mid Q3FY25.

• There has been a drop of INR 15 per bag from Q4 exit to the current months.

• Management has guided EBITDA of INR 3500-3750 Mn for FY25 with EBITDA/T Of INR 550-575/T.

• Company doesn't anticipate any cost pressure going forward and has factored in most of the savings and expects no major change on cost front.

• Company is expected to receive INR 300 Mn as incentive in next quarter.

• Demand remains impacted by -20% YoY due to election and monsoon. Management expects as government gets settle the demand from Amaravati will start picking up from mid of Q3FY25.

• For vizag land sale company could not make any progress, and hopes to monetize it by March.

• Company maintains its guidance of Andhra cements to be breakeven by Q1FY26.

J K Cements Ltd Q1FY25 Concall KTAs
CMP: INR 4472 | Market Cap: INR 346.60 Bn

Company anticipates Q2FY25 to remain more challenging than Q1FY25 due to subdued prices, management has guided 10% volume growth for FY25. Company has increase its green power mix from 19% in FY20 to 57% in Q1FY25 and long- term target to reach 75% by FY30, which will be achieve at least 2 years in advance. Company to focus on reducing cost by INR 150-200/T over next 2-3 years.

Financials
• Consolidated revenue stood at INR 27.19 bn for Q1FY25 (1% YoY/-10% QoQ).
• EBITDA at INR 4.86 bn, (19%YoY/- 13% QoQ).
• EBITDA margin came in at 17.9% (270 bps YoY/-70 bps QoQ)
• PAT stood at INR 1.85 bn (67%YoY/- 16% QoQ).

Operating Highlights
• Total volume came in at 4.87 MnT, (+6% YoY/ -7% QoQ).
• In Q1FY25, Grey cement volume stood at 4.36 Mn T. Capacity utilization stood at ~79% in Q1FY25.
• During the quarter, trade mix stood at 63% while the blended cement stood at 67%. Premium products contributed 13% of overall trade sales.
• Fuel Cost at INR 857/T, (-23% YoY/- 4% QoQ). Company should get benefit from softening fuel prices as pet coke is expected to be $10 cheaper going forward.
• Fuel cost stood at INR 1.62 kcal vs INR 1.80 kcal Q4FY24, further expected to reduce to INR 1.50-1.55 Kcal in Q2FY25.
• Logistic Cost at INR 1228/T, (remained flattish YoY /-0.16% QoQ).
• Lead distance reduce to 415 km in Q1FY25 vs 426 Km in Q1FY24.

Pricing
• Cement prices continue to remain under pressure during the quarter. Company witnessed a drop in cements prices by 1-1.5% in current month vs Q1FY25.
• Management expects Q2FY25 realization to be much lower as compare to Q1FY25. Further, demand and realization are expected to improve in H2FY25.

Paint business
• Paint Business revenue stood at 570 Mn and reported an EBITDA loss of INR 100 Mn for Q1FY25.
• Company expects a topline of ~ INR 3000 Mn from paint business in FY25 with an EBITDA loss INR 400 Mn for FY25 due to additional spend towards branding.
• Company is committed towards its initial investment of INR 6 Bn in paints and has no plans to increase its investment further.

Other Highlights
• Other expenses remained low for Q1FY25 stood at INR 826/T (-10% QoQ/8% YoY), is expected to increase as company start recognizing branding expenses in Q2 and Q3FY25.

• Raw material cost was impacted due to extraordinary item of purchase of traded goods amounting INR 300 Mn.
• Company expects to reduce cost by ~ INR 150-200 per tonne over next 2-3 years.
• Company expects total cost saving of INR 70-75 in FY25. Of which INR 30-40 will be contributed through reduction in logistic cost, INR 20-30 through usage of power and rest through AFR substitution.
• White business witnessed a de- growth of 4% QoQ due to the decrease in realisation for putty. Asian Paints has become largest distributor of putty in the country and remains aggressive in terms of pricing. Thus, growth of putty for Asian Paints has been more than the company.
• Company received INR 690 Mn as incentive for Q1FY25.
• Employee cost increased to INR 422/T in Q1FY25 and should remain at similar level with no further increase.
• For Toshali mining lease, company expects proper long-term arrangement for limestone or to get a lease by H2FY25.
• Capex spent for Q1FY25 stood at INR 1250 Mn for Panna expansion and additional INR 500 Mn as normal capex.

Adani Cement – Q1FY25 Concall Highlights
(Ambuja, ACC & Sanghi Cement)
Ambuja Cement - CMP: INR 680 | Market Cap: INR 1,674 Bn
ACC - CMP: INR 2,590 | Market Cap: INR 486 Bn
Sanghi Industries - CMP: INR 96 | Market Cap: INR 25 Bn

Guidance:
• Increase market share of Adani cement to 20% from current ~14%
• Capacity addition to 140MnTPA by FY28 from 89MnTPA. Funding for expansion will be through internal accruals and cash flow and the company is expected to remain debt free.
• 4MnT of clinker and 6.4MnT of cement capacity is expected to be commission in FY25.

Capacity expansion plan:
• 89MnTPA includes Penna acquisition (which is expected to be completed by Q2FY25).
• For FY25, expansion of Bhatapara Line 3 (clinker) of 4MnT, cement grinding unit expansion at Sankrail (West Bengal) unit by 2.4MnT, Farakka (West Bengal) unit by 2.4MnT and Sindri (Jharkhand) unit by 1.6MnT.
• For FY26, the expansion plan for H1FY26 is adding 2.4 MnT at Salai Banwa unit in Uttar Pradesh, 1.2MnT at Bathinda unit in Punjab and 2.4MnT at Marwar in Rajasthan. Additionally, 11-12MnT to be added in H2FY26. So, this would take the total capacity to 112MnT.

Q1FY25 Financials:
• Ambuja standalone volume was at 9.3MnT in Q1FY25 as compared to 9.1MnT in Q1FY24 (growth of 2.2% YoY) and at 9.5MnT in Q4FY24 (decline by 2.1% QoQ). Standalone EBITDA/ton at INR 691 and margin at 16.7%.
• Consolidated volume was at 15.8MnT in Q1FY25, with EBITDA margin at 15.4% and EBITDA/ton at INR 807.
• Have won 275Mn ton of 2 new limestone reserve for Q1FY25.
• Share of premium is at 24% of trade volume.
• Transportation cost reduced to 8% while lead time distance reduced by 9km to 46kms
• Utilization stands at 80%
• Share of AFR in fuel mix has improved to 9% from 7% earlier and WHRS share in power mix has improved to ~15% from 11.5%.

Key Highlights:
• On the industry side, cement demand was at 422MnT in FY24, higher by 7-8% and in FY25 it is expected to grow at 7-9% to 450MnT largely driven by rising demand, government spends in infrastructure & housing and other ongoing schemes. So, all these measures will help in bringing cement demand.
• ~75-80% of cement supply is to private players while 20-25% is to public which largely includes infra projects by government.
• WHRS capacity at 165MW (40MW in Sept 2022) and target is to increase to 186 MW by FY25.

• Investment of 1000MW in RE by FY26 which would help in 60% power usage via green energy. Commissioning of 200 MW by August followed by commissioning of 650MW by FY25 and 150MW by May 2025.
• For investment in RE capex would be INR 60bn is planned out of which INR 15bn is already utilized while INR 45bn to be invested. Out of this, ~INR 100/ton would be saving as cost of production.
• Also, the company is bidding for captive coal mines by the government of India.
• For branding all the three brands Ambuja, ACC and Penna will be used in South. ACC and Ambuja cement business will be run under one management.
• For their Sanghi plants, the company is refurnishing them and by FY25 they would fully utilize their clinker capacity. Post that the focus will be on investing in jetty and shipping infrastructure.
• Company is expected to spend on offices ~INR 6-7Bn in Ahmedabad and ~INR 5Bn in Delhi.

Nuvoco Vistas Corp. – Q1FY25 Concall Highlights
CMP INR 346 |Market Cap INR 124 Bn

Outlook: The company is expected to face challenges on demand and pricing for the near term however 2HFY25 is expected to see improvement led by spending by the government on infra and housing. Meanwhile, the company's focus will be on premiumization, increasing geographical presence, optimizing fuel mix and cost as well as brand strengthening.

Strategies:
- By FY25, they would announced expansion of capacity and focus on increasing footprint in North, Central and East markets.
- Also, expects net debt to be in the range of INR 30-40 Bn by FY25.

Capex:
- For FY25, they would spend INR 3-4 Bn out of which INR 1 Bn is spent in Q1FY25.
- For FY26, ~INR 7-10 Bn on capex including maintenance and additional capacity

Q1FY25 financials:
- Volume at 4.8MnT, decline of 9.4% QoQ (5.3MnT in Q4FY24) and decline of 4% YoY (5MnT in Q1FY24)
- EBITDA/T at INR 715/T, decline of 22.8% QoQ (INR 926/T in Q4FY24) and 8.9% YoY (INR 785/T in Q1FY24)
- Premiumization has reached 40% of the trade volumes which were at 73%.
- Blended fuel cost at INR 1.57/ Mcal

Key highlights:
- The company has 25MnT of installed capacity
- Q1 demand remain impacted due to general elections, early monsoon in the East and extreme heat wave in few regions.
- Pricing has been in the downtrend in the past for industry as a whole as well as in Q1FY25.
- Further, East market is more competitive and pricing remains a challenge.
- Amongst states, the company is doing well in Chhattisgarh, Maharashtra, MP and Bihar. Specifically, for Bihar and Jharkhand volume grew by 4% and 3%, respectively. However, growth for Orissa was a concern and is expected to improve post Q3FY25. Further, for Bengal demand is yet to pick up.
- Growth in Jharkhand have been in low to mid-single digit and going ahead as well they expect to grow in similar range and they have maintained market share.
- The company has long term contract for raw material front which is an advantage as compared to peers.
- Railway sliding projects in Sonadih (Q2FY25) and Odisha (Q3FY25) are at an advanced stage of completion.
- During Q1, the company launched premium variant of concreto Uno in West Bengal and innovative marketing campaign for Duragard microfiber cement.
- AFR was at 9% in Q1FY25 and is expected to reach 16-17%.
- Project Bridge 2.0 implemented for saving cost is well on track.
- Further, for FY25, the company is transforming its process digitally and also implementing SAP along with it.

JK Lakshmi Cement – Q1FY25 Concall Highlights
CMP INR 861 |Market Cap INR 101 Bn

Merger of subsidiaries into one entity would bring in synergies. Company focuses on capacity expansion, better volume growth along with cost optimization and increase usage of green power.

Guidance:
• Industry volume is expected to grow by 6-8% and they expect to do better volumes than industry by 1-2%.
• Merger of companies into one entity would help in stronger balance sheet and better cash flows.

Expansion & Capex:
• Working on major project expansion, grinding unit in Surat to 2.7MnT from 1.35MnT with capex of INR 2.2Bn, Railway sliding project at Durg of INR 23.25bn and brownfield expansion of Durg in Chhattisgarh along with grinding unit at UP, Bihar and Jharkhand plants of 4.5MnT and total cost would be INR 25Bn in the next three years.
• On a standalone basis, for the next 3 quarters of FY25, they plan a capex of INR 8-9Bn and for Q1FY25 they have already done a capex of INR 0.9Bn.
• On a consol basis, Capex spend in Q1FY25 was INR 1.5-1.6Bn and another INR 15-16Bn would be spent in FY25.
• For FY26 capex would be INR 13-14Bn and for FY27 ~INR 12Bn.
• Total current capacity is 16.5MnT and plans to take it to 30MnT by 2030.
• Their plan is to add 1.4Mnt in Surat, 4.5MnT of brownfield & grinding expansion 2.5MnT in North-east and another ~5MnT expansion of Udaipur, Kutch and Nagaur in Rajasthan.

Q1FY25 Financials
• Standalone sales volume at 2.33MnT out of which 2.17MnT was cement and 0.16MnT was clinker.
• Consolidated sales volume came in at 3.04MnT, flat as compared YoY but declined by 10.1% QoQ (3.4MnT in Q4FY24).
• Standalone Net debt was at INR 3.25Bn and consolidated net Debt at INR 16.5Bn
• Net Debt/EBITDA at 1.75x as compared to 1.22x in Q1FY24.
• Net debt/Equity at 0.5x as compared to 0.35x in Q1FY24.

Merger
• Plan is to merge all the companies into 1 entity, Udaipur Cement Works, Hansdeep Industries and Hidrive Developers into JK Lakshmi Cement.
• JK lakshmi Cement has total cement capacity of 11.7MnT and clinker capacity of 7MnT in Rajasthan, Chhattisgarh, Gujarat, Haryana, and Odisha. Udaipur co. has cement capacity of 4.7MnT Clinker capacity of 3.0MnT in Rajasthan.
• Further, Udaipur shareholders would receive 4 equity shares of FV INR 5 for every 100 Equity Shares of INR 4 held in Udaipur Co.
• Hansdeep Industries and Hidrive Developers are wholly owned subsidiaries so no shares will be issued.

Key Highlights:

• Healthy limestone reserve which would help the company to continue its operations for next 35-50 years. In the North, the ongoing limestone reserve renewal is due in 2030. Additionally, they have acquired Hansdeep as its subsidiary which is a bidder of limestone mines in Rajasthan at Nagaur.

• Post expansion in Udaipur cement plant, plan is to achieve 60% utilization by FY25 and can reach peak utilization of 75%.

• For the company, at operating level East is earning better return as compared to North & West.

• Cement to clinker ratio was at 1.45.

• Main focus remains on power cost reduction by gearing up usage of renewable energy and AFR.

• AFR is commissioned at Sirori and Durg plants. For Sirori it has reached at 14% and expected to reach 17-18% while for Durg it is currently at 10% and plan is to reach 12-13%.

Orient Cement – Q1FY25 Concall Highlights
CMP: INR 339 |Market Cap: INR 69bn

Guidance:
• Demand for the quarter was weak and they expect pent up demand to drive growth post monsoon due to pick up in construction & repair work. So, volume is expected to revive.
•Focus will remain on driving premiumization and re-positioning of brands.

Capex:
• For FY25, the management has revised its guidance low to INR 2,000-3,000Mn capex.
• Solar Power expansion has been delayed and in the next 1-2 quarters both Jalgoan and Chittapur will be operational. Jalgoan 3.4MW is already operational & 0.3MW will be operational and in Chittapur plan is to add capacity of 17MW.

Q1FY25 Financials:
• Premium brands share contribution is 23% and is in-line with expectation to reach 25% by FY25%.
• OPC is 45-47% of the total blended cement.
• EBITDA/ton at INR 750/ton in Q1FY25 as compared to INR 650/ton YoY.
• Green power is at 24% in Q1FY25.
• 68%/24% of volume from West/South.
• Fuel Mix – 40% domestic coal, 42% Pet Coke, 18% Alternate fuel.
• Power & fuel cost was ~INR 1337/ton as compared to INR 1571/ton YoY.
• Lead distance at 310-320kms.

Other Highlights:
• Overall all the markets such as Telangana, Karnataka and Maharashtra saw muted demand, heat wave impacted construction work as well as heavy rains in June/July too impacted the work.
• For Telangana market, demand is weak for quite some time and management is bit concern for revival in the market.
• They remained committed to their strategy of not reducing the prices but in turn volume got impacted for the quarter similar to the sales de-growth of ~15% YoY while price realization was stable. At the same time the plan is to maintain market share in the B2C market.
• Along with May & June, also July was soft in terms of both demand and prices
• Looking for Mining lease in Rajasthan, it is in negotiation phase and no deal has been materialized.
• From a greenfield point, going ahead their plan is to double the capacity of Chittapur by adding grinding unit of 3Mn ton and at Devapur they would add its grinding capacity to 2Mn ton and 1Mn ton of clinker unit.

Shree Cement – Q1FY25 Concall Highlights:
CMP: INR 25,099 | Market Cap: INR 906 Bn

Guidance:
• The management remains confident on driving future growth via innovation, capacity addition, cost optimization and gaining market share.
• Also, plan is to focus on marketing & promotional activity as well as go to market strategy.
• The company expects to grow in tandem with the market because they expect Q2 to be muted in terms of demand while Q3 should be wait and watch.

Capex:
• For Q1FY25, it commissioned ~3MnT capacity at Andhra Pradesh, Guntur.
• Going ahead, their plan is to add a capacity expansion plan of 15MnT wherein it would expand by ~6MnT in Jaitaran Rajasthan, ~3MnT in Kodla Karnataka, ~3MnT in Chhattisgarh and ~3MnT in Uttar Pradesh.
• Also, it achieved a milestone of reaching 1GW of power capacity by adding ~19.5MW of solar plant in Andhra Pradesh in June 2024. This is a mix of solar, wind, thermal and waste heat recovery.
• Further, it expects to set up 135MW of Solar capacity amongst its plants in Rajasthan, Panipat, Jharkhand, Uttarakhand and Uttar Pradesh.
• They are expected to spend ~INR 40bn of capex annually.

Financials:
• Sales volume was 9.6MnT, growth of ~8% YoY and ~1% QoQ. Amongst regions, North grew by 7% YoY/declined by 3% QoQ, East grew by 15% YoY/grew by 11% QoQ while for South decline of 5% YoY/decline of 4% QoQ.
• Average realization region-wise was at INR 4,641/ton in North, ~INR 4,154/T in East and ~INR of 4,620/T in South. Sales % in regions were 55% in North, 35% in East and 10% in South.
• EBITDA/T declined for Q1 and came in at INR 955/T as compared to INR 1,048/T YoY and INR 1393/T QoQ.

Other Highlights:
• Total capacity at 56Mn tons and Utilization at 76%.
• Industry demand is expected to grow around ~7-8%.
• Consolidation is expected to happen in the industry going ahead.
• June quarter remained tough for overall cement sector largely because of elections and extreme weather conditions.
• East had the lowest realization as compared to other regions.
• Lead distance increased by 21kms QoQ.
• Green power share stands at 54% and expects to increase further to 62% by June 2025 and would be driven by setting of new plants.
• Premium product sales were at 7.6% of the trade volume.

Arihant Capital Markets Ltd

Birla Corporation – Q1FY25 Concall Highlights

CMP: INR 1,365 |Market Cap: INR 105 Bn

Guidance & capacity addition:

• Cement sector is expected to grow at 6-7% YoY but in terms of company's volume growth, they gave no specific volume guidance.

• Plan is to expand cement capacity to 25MnT by FY27.

• Expansion of 1.4MnT capacity at Kundanganj by Q2 next year and post that they would expand 1.4MnT capacity of Prayagraj.

• Capex plan of nearly INR 8,000Mn for FY25 and net debt levels to be ~INR 30,000Mn.

Q1FY25 Financials:

• Revenue stood at INR 21,904Mn, decline of 9% YoY/ decline of 17.5% QoQ.

• Volume came in at 4.38MnT, decline of 0.7% YoY (4.41MnT in Q1FY24).

• Realizations/ton at INR 5,001/ton (decline of 8.4% YoY) due to change in mix.

• EBITDA at INR 590/ton (decline of 12.7% YoY).

• Premium cement was at 59% as compared to 54%.

• Capacity utilization came at 91%.

• Lead distance is ~350kms.

Other Highlights:

• Q1FY25 remain impacted due to elections and extended heat wave.

• Their strategy was not to lose market share as well as hold onto prices.

• Central India, largely UP & Madhya Pradesh is the most important market.

• Their focus remains on investing and expanding in UP in Kundanganj, increase footprint in Mukutban in Maharasthra.

• In Rajasthan market the company growth was muted.

• In Mukutban, ~40% of volume is from premium segment while for Chanderia plant ~25% volume is from premium.

• No incentives from the government last time but ~INR 5,000Mn is expected this year.

• No plans for acquisitions and investment will be towards brand building.

• Its cost reduction program of Project Shikhar and Project Unnati is yielding results for the company. Project Unnati is the go-to-market strategy.

Arihant Capital Markets Ltd

Star Cement – Q1FY25 Concall Highlights
CMP: INR 214 |Market Cap: INR 86,560 Mn

Guidance:

- For FY25, the company plan is to reach volume growth of ~14-15% and EBITDA/T expected to reach ~1,500/T.
- Demand and sales expected to pick-up from Q3 onwards.
- Plan is to reach 20MTPA by FY30.

Capex:

- Capex for Q1FY25 was at INR 1,100Mn while for FY25 they expect capex of INR 8,350Mn and for FY26 capex is expected to be ~INR 6,700Mn.

Other Highlights:

- Cement produced was 11.8 lakh tons and sold was 11.54 lakh tons similar to last year.
- Clinker volume came in at 6.86 lakh tons as compared to 7.2 lakh tons.
- Amongst geographies, in Q1FY25, North-East volume were 8.5 lakh tons as compared to 8.36 lakh tons in Q1FY24 and outside North-East cement volume were 3.04lakh tons as compared to 3.29 lakh ton in Q1FY24.
- Overall the numbers remain impacted due to elections and monsoon condition in North East.
- Trade & Non-trade share is at 82% & 18% in Q1FY25.
- Premium share stood at 9.2% and Lead distance at 207kms.
- Fuel Mix stands at SSA 60% from Coal India, 25% Biomass and Nagaland coal 15%.
- Clinker was purchased from outside due to technical issue in the plant thus impacting the profitability of the company.
- WHRS is expected to be set in phases i.e. in October 2024 and November 2024 with 6MW in each phases.
- They have acquired the land in Silchar plans to commission in 2025 and Jorhat plant is expected to be commissioned in October 2026.
- Tax rate will be in the range of 21-22% for the next 5 years.
- Adding bigger Kiln as compared the current one in the next 3-4 months which will help cost saving.
- Power rates at Guwahati remains high and with addition of group captive plant it would aid in saving of INR 2.5 per unit.
- They are looking for expansion in Rajasthan but the work there is in progress.
- For FY25 capex, they spent INR 1,100Mn in Q1, clinker plant of INR 1000Mn, WHRS plant of INR 370Mn, INR 3000Mn for filters, INR 550Mn in AAC blocks, INR 700Mn for wagon to get cheap fly ash, INR 230Mn for group captive and ~INR 1,000-1,500Mn for general operations.

Arihant Capital Markets Ltd

Sky Industries Limited - Q1 FY25 Concall Highlights
CMP: INR 126.60 | MarketCap: INR 998.94 Mn

The company is well-positioned for expansion, by strong financials and strategic initiatives. Leveraging innovation, operational efficiency, and strategic partnerships, it is capitalizing on emerging market opportunities. Their upgraded credit rating highlight its robust global presence and financial stability.

Financial Performance

Total Income: Company achieved a total income of INR. 22.57 Cr. in Q1 FY25, marking a YoY growth of 13.47%. This growth was driven by increased sales across both domestic and international markets, bolstered by our diversified product portfolio.

EBITDA: Stood at INR. 2.80 Cr., a 65% YoY growth, with an EBITDA margin of 12.40%.

Net Profit: INR.1.59 Cr., showcasing a remarkable YoY growth of 107%, with a net profit margin of 7%.

EPS: INR.2.01 per share, representing a 107% YoY growth.

Operational Highlights

International Exhibitions: Company participated in the Tech Textile 2024 Exhibition in Frankfurt, Germany, where they showcased their latest innovations in technical textiles. This prestigious event enhanced their global visibility and provided opportunities to explore potential collaborations within the industry.

Credit Rating Upgrade: Company received a credit rating upgrade to BBB- (Stable) from CRISIL, highlighting their financial stability and strong operational capabilities. This improved rating boosts their credibility with financial institutions.

Other Highlights

Company has established a strong global presence, with significant operations in key international markets such as the USA, UK, Germany, Turkey, Bangladesh, and Sri Lanka. their reach extends beyond these regions, reflecting a diverse and expansive clientele. 800 clients spanning both domestic and international markets.

Company operates two state-of-the-art manufacturing facilities located in the TTC Industrial Area and B1B of Navi Mumbai. Spanning a combined total area of approximately 80,000 square feet, these facilities are equipped with advanced machinery and cutting-edge technology.

Company is strategically focused on expanding its market reach by capitalizing on emerging business models and forging new strategic partnerships to drive growth and innovation. They are exploring cutting-edge technologies to further bolster their competitive advantage and operational capabilities.

Guidance

Strategic Focus: Company remains committed to growth through innovation, operational excellence, and market expansion, positioning ourselves confidently to navigate the dynamic market and seize emerging opportunities.

Vedant Fashions Ltd Q1FY25 Concall KTAs
CMP: INR 1576 | Market Cap: INR 2,04,851 Cr

The company faced a challenging Q1 FY25 due to negligible weddings but remains optimistic with strong financial margins, strategic store expansion, robust marketing initiatives, and technological advancements to enhance consumer experience.

Financial Highlights
• Sales and Revenue: Sales stood at INR 3,293 million, down 21.9% YoY due to negligible quarterly wedding dates. Revenue declined by 23% YoY to INR 2,398 million.
• EBITDA: INR 1,147 million, down 22.9% YoY, with an EBITDA margin of 47.8%.
• PAT: INR 625 million, down 32% YoY, with a PAT margin of 26.1%.
• Challenges: The quarter was exceptional with deficient wedding activity, impacting performance.

Store Expansion and Growth Plans
• Highstreet Flagship Plan: Aiming to add 150+ stores, with significant growth planned for the Mohey brand, which grew by 40% in square footage in FY24.
• Future Store Pipeline: 3-4 new stores in the pipeline, targeting 14%-15% square feet growth in the next 2-3 years.
• Expansion Strategy: Focus on both domestic and international retail expansion.

Marketing and Brand Building Initiatives
• Wedding Campaigns: Manyavar's wedding campaign targeted the South and the rest of India, along with a new short Kurta collection and store-focused influencer campaigns.
• Digital and PR Efforts: Twamev brand content was created with influencers, stylists, and models; Mohey conducted extensive digital campaigns.
• Creative Partnerships: New collaboration with one of India's best creative agencies to strategically rethink positioning and campaign execution.

Technological Enhancements and Consumer Insights
• AI Integration: Tied up with AI vendors to enhance consumer experience data through AI-powered cameras.
• Competitor Analysis: Stores located next to competitors showed a 4% delta in performance, with 15%-20% of cities experiencing this competition positively.

Future Outlook
• Low Obsolete Stocks: Maintained low levels of obsolete and dead stocks, reflecting efficient inventory management.
• First-Mover Advantage: Successfully scaled and organized a highly unorganized and fragmented category.
• Optimism for the Future: Expect normalization and improvement in business with the upcoming wedding season and festivities, maintaining a disciplined approach towards acquisitions and a strong financial position.

Vardhman Textiles Ltd Concall KTAs Q1FY25
CMP: INR 540 |Market Cap: INR 1,56,327 Mn

Strategic approach to managing costs, leveraging market opportunities, and enhancing production efficiency to maintain and improve margins amidst fluctuating raw material prices and market conditions.

Financial Performance

- Revenue: INR 2335 Cr
- Profit After Tax (PAT): INR 226.9 Cr

Margins and Cost Efficiency

- The company aims to produce products while keeping costs controlled to achieve better margins.
- Margins for Q2 may vary due to depressed yarn prices.
- Margins are unlikely to improve significantly until capacity utilization exceeds 90%.
- Fabric business shows slight margin improvement due to a diversified customer base and product mix.
- Long-term margin target: 18-20% for cotton products, 15% for yarn after a long period.

Raw Material and Pricing

- Covered raw materials at favorable prices during the season (New York futures: $0.80-$0.82, Indian cotton: INR54,000-INR55,000).
- Post-season cotton prices increased to INR58,000-INR59,000, providing cost advantages.
- Government support price for cotton increased by 7%, set at INR7500 per quintal.
- High raw material prices remain a concern; however, the future cotton outlook is positive.

Capital Expenditure and Modernization

- Planned capex: INR2000 Cr for capacity building and biomass boilers.
- INR400 Cr allocated for modernization and power generation projects.
- Investment in modernizing plant and machinery to enhance flexibility and competitive pricing.

Market and Demand

- Inventory levels with international retailers have decreased, leading to higher demand.
- European market recovery observed.
- High inflation impacted some brands, but Vardhman Textiles maintained stable business.
- Third largest player in the Indian market, expecting better demand in Q2 due to seasonal factors.
- Running at 75% capacity utilization.

Product Development and Future Outlook

- Focus on product mix changes, targeting activewear, footwear, defense, and industrial opportunities.

- Plans to expand production capacity and diversify product offerings.
- Modernization efforts to capitalize on fabric business opportunities.
- Expecting better yarn realization in FY25, with sustained margins.
- Optimistic guidance for sales volume: targeting INR10,000 Cr with a value addition of INR2300 Cr.
- Anticipating government policy reforms to support better margins through increased cotton imports.

Arvind Fashions Ltd Q1FY25 Concall KTAs
CMP: INR 510 | Market Cap: INR 30.52 Bn

Company anticipates stronger revenue in FY25, targeting a medium-term growth rate of 12-15%. Management has guided EBITDA margin to improve by at least 100 basis points in FY25. Company plans to continue investing in digital transformation and efficient inventory management to maximize its growth and profitability potential.

Financials

• Revenue from operations stood at INR 9550 Mn in Q1FY25 up 10% YoY.
• EBITDA stood at INR 1230 Mn in Q1FY25 up by 19% YoY with margins at 12.9%
• PAT was at INR 10 Mn in Q1FY25 vs a loss of INR 170 Mn in Q1FY24.

Other Highlights

• Channel Mix: Retail contributes 44%, Wholesale contributes 24% and Online & Others contributes 32% in Q1FY25.

• GWC days largely remained stable with focus on inventory turn leading to improvement of 3 days

• Key brands like Tommy Hilfiger, US Polo Association, and Calvin Klein showed strong performance in both top-line and bottom-line results.

• Company expanded retail footprint by adding more than 40,000 square feet of net retail space, nearly opening 30 high-quality stores.

• Company opened 2 new club A stores in Q1FY25 one in Surat and another at Lucknow Airport.

• The adjacent categories of footwear, women's wear, kids wear, and innerwear contributes 20% revenue and have grown at double-digit rate over past 12 months.

• Arrow has been a low single-digit in terms of EBITDA and company expects margin to reach mid-single-digit by FY25.

• Retail channel contributes a higher gross profit due to lower expenses. In Q1FY25 growth in wholesale channels surpassed that of retail but the overall gross profit remained intact due to better control on discounting, price realization, premiumization and cost efficiency.

• Company expects to grow EBITDA by at least 100 bps.

• Advertisement and Promotions expenses stood at 3%.

• Net debt stood at INR 2250 Mn. Company expects debt to increase by INR 500 Mn in next quarter to build the inventory for season. Company expects debt to remain at this level and aims to reduce debt with its free cash flow generation.

Arihant Capital Markets Ltd.

Gokaldas Exports Ltd Q1FY25 Concall KTAs
CMP: INR 939 | Market Cap: INR 67,105 Mn

Financial Highlights

• The company reported INR 939.7 Cr, a growth of 79.9% YoY and 14.9% QoQ.
• EBITDA stood at INR 82.6 Cr, with a YoY growth of 21.8% but a decline of 8.3% QoQ. The EBITDA margin was 8.8%.
• Profit After Tax (PAT) was INR 27.2 Cr, showing a decline of 16.5% YoY and 38.9% QoQ.
• An investment of INR 150 Cr in new units is expected to generate revenue and profit in upcoming quarters.

Operational Highlights

• April and May production disruptions led to shipment delays and extra costs in overtime and airfreight.
• The company incurred additional costs due to the ramp-up of employees in anticipation of volume growth.
• CapEx: The company plans to invest INR 67 Cr for machinery expansion and upgradation.
• Strategic investment in BTPL, a fabric processing unit, supports vertical integration into critical raw materials.
• The company has completed all acquisitions, including Matrix and a strategic investment in BRFL Textiles Private Limited (BTPL).
• A merger with BRFL Textiles is expected to be completed by FY '27, with an enterprise value of around INR 1,000 Cr.
• The company plans to invest INR 350 Cr for capital expenditure and additional investments if the BRFL acquisition is completed.

Market Outlook

• The US, EU, and China are expected to drive apparel consumption in the coming decade.
• Market share is decreasing due to rising labor costs and geopolitical trade issues, creating opportunities for India and other Asian suppliers.
• Key raw material prices have stabilized, with India well-positioned to capitalize on the opportunity.
• The company expects margins to recover strongly, reaching double digits in H2, and improving into FY '26.
• The company is focused on improving margins through strategic decisions and consolidation, even if it means a potential decrease in revenue.

Arihant Capital Markets Ltd

Page Industries Ltd Q1FY25 Concall KTAs
CMP: INR 40655 | Market Cap: INR 4,53,469 Mn

The company remains stable at this quarter, enhancing inventory growth and investing in digital transformation

Financial Highlights

- The company recorded revenue of INR 12,775 million in Q1, at a growth of 3.9% YoY.
- EBITDA stood at INR 2,433 million, a growth of 2% YoY, with an EBITDA margin of 19%.

Operating Highlights

- The operating environment in Q1 remained stable, consistent with preceding quarters. However, there has been no significant improvement in consumption, although early signs of a positive outlook, including an uptick in rural consumption, are encouraging and may boost overall consumption in the coming quarters.
- The company has seen better footfalls and a revival in demand, which is expected to be beneficial soon.
- Inventory days reduced to 72 from 93 days at the end of FY24, reflecting a focus on maintaining healthier inventory levels.
- The company has implemented an Automated Replenishment System to optimize inventory, particularly for athleisure products, reducing distributor inventory by more than 10 days.
- The supply chain is diversified, with multiple vendors to mitigate risks, ensuring no critical product has only one vendor.
- The company continues to invest in digital transformation and technology, which contributed to a 32% growth in e-commerce sales in Q1, reflecting evolving consumer purchasing preferences.
- Strategic focus is on expanding presence in metros, Tier 2, and Tier 3 cities, as well as growing the B2C business and enhancing customer experience.

Guidance

- The company is re-evaluating its previous guidance due to recent business turbulence and a challenging last year, aiming to be more realistic with its targets.
- Operating margins are expected to remain within 18% to 21% annually, despite increased digital and marketing investments.
- The company is focused on strengthening its product portfolio, partner and consumer engagement, and brand-building initiatives to ensure good brand recall and sustain growth in a competitive market.

Arihant Capital Markets Ltd

BANSWARA SYNTEX LTD Q1FY25 Concall KTAs
CMP: INR 152 | Market Cap: INR 5224 Mn

The company is facing financial challenges with declining revenue and profit margins due to industry-wide pressures and subdued demand. Still, it is actively expanding its customer base and improving capacity utilization with positive future outlooks in select segments.

Financial Highlights

• Revenue: Revenue stood at INR 275 Cr, marking a decline of 10.2% YoY and 22% QoQ.
• EBITDA: EBITDA was INR 20.8 Cr, experiencing a decline of 31.2% YoY and 32.6% QoQ. The EBITDA margin stands at 7.6%.
• PAT: PAT stood at INR 1 Cr, reflecting a decline of 89.5% YoY and 88.2% QoQ. The PAT margin is at 0.4%.
• Segment Revenue: Yarn: INR 100 Cr, a decline of 25% YoY, Fabric: INR 113 Cr, a growth of 10% YoY, Garment: INR 53 Cr, a decline of 14% YoY.

Key Highlights

• The textile industry is facing significant challenges including pricing pressure and weak demand in both export and domestic markets.
• The yarn division specifically faced issues due to labor shortages and muted demands.
• Garment demand has decreased from both domestic and global retailers.
• The company is working on expanding its customer base and improving its market share in the uniform business.
•Demand from exports is improving in certain geographies.
• The company is seeing an upward trend in demand for jackets and blazers from the Indian domestic market, fueled by the upcoming big wedding season and export institutional sales.
• Fabric demand is rising, attributed to the successful launch of Simone Frederico and Figli.

Operational Highlights and Future Outlook

• Capacity Utilization: Fabric: Improved from 65% to 70%, with an expectation of reaching 80-85% by year-end, Garment: Currently at 45%, targeting 60% by Q4.
• CAPEX for FY25,26 is projected to be INR 180-190 Cr over two years.
• Inventory levels have slightly increased due to a pipeline of orders and upcoming projections.
• Sales from Simone are expected to be INR 25 Cr this year, with a target to double by FY26.

Arihant Capital Markets Ltd

Aditya Birla Fashion and Retail Ltd Q1FY25 Concall KTAs
CMP: INR 323 | Market Cap: INR 328755 Mn

Effective inventory management, and growth in new store openings.

Financial Highlights

• Revenue grew by 7% YoY to INR 3428 Cr., while EBITDA grew 15% YoY to INR 406 Cr. However, PAT was negative at INR 162 Cr.
• The company reported an expansion in EBITDA margin, reaching 15.7% in the lifestyle brand segment and 18.8% for the quarter, driven by cost optimization and better discount control.

Inventory Management and E-Commerce

• The company focused on clearing old inventory and avoiding markdowns through improved inventory management. Inventory write-downs were addressed, and excessive inventory from the COVID era has largely been corrected.
• Adjustments of INR 20 Cr were made due to e-commerce sales. The company sees potential for e-commerce growth, alongside strong performance in exports and outlet businesses.

Key Highlights

• The company plans to open 20-25 new stores this year, with most openings expected in the latter half of the year. There is a strategy to replace old stores with new ones in more vibrant markets.
• The focus will be on accelerating store openings as the year progresses and potentially transferring business from older to newer stores.
• Increased market share has been observed in top departmental stores, reflecting positive competitive positioning.
• The amalgamation of TCNS with ABFRL is progressing, with a court order pending. Recent acquisitions include India Garage and USPL, but the company plans to pause further acquisitions for now.
• Consumer activity was subdued due to a weak wedding season and prolonged heatwave. Despite this, the company navigated the challenging demand landscape effectively and profitably.
• The company's pricing power is expected to support future gross margins.
• Continuous investment in product improvements and expansion of distribution channels, with a focus on premiumization and increased product design.

Arihant Capital Markets Ltd.

Siyaram Silk Mills Ltd Q1FY25 Concall Highlights
CMP: 513 | Market Cap: 23,300 Mn.

Outlook:
Siyaram Silk Mills Ltd reported a mixed set of numbers with revenue declining but PAT improving on a YoY basis, company had a sluggish Q1 because of the seasonality trend with heatwave and elections. Company plans to enter a newer segment of retail stores with 30 new stores in FY25, with the COCO model and anticipates to generate INR 1,000 Mn revenue from them in FY26.

Performance Consol:
• Revenue came in at INR 3,068.22 Mn. (-52.63% QoQ) (-13.57% YoY) in Q1FY25.
• EBITDA margins came in at 4.32% (Vs. 16.37% QoQ) (6.36% YoY) in Q1FY25.
• PAT came in at INR 115.03 Mn. (-83.33% QoQ) (15.17% YoY) in Q1FY25.

Highlights:

• The company experienced sluggish demand in Q1FY25, primarily attributed to the heatwave and the election season.
• Q1 is a softer quarter, and Q1FY25 was notably softer compared to Q1FY24 due to subdued consumer demand stemming from adverse weather conditions and political activities.
• The company's digital presence remains minimal and will remain so going forward, as significant discounting on digital platforms presents challenges for the company.
• The yarn segment has expanded to include the sale of knitted fabrics for denim production.
• The company anticipates a robust H2FY25 driven by the festive season and weddings.
• Slow growth in the fabric market has impacted the company's core business.

Brand Portfolio:

• The company’s primary brands include Siyaram’s, J Hampsted, Cadini, and Oxemberg. The remaining ten brands fall under Siyaram’s umbrella.

New Retail Stores Initiative:

• The company plans to introduce a new segment of retail store outlets, aiming to open 30 new stores across Tier 1, Tier 2, and Tier 3 cities by the end of FY25.
• This expansion is intended to capitalize on the growing retail market and gain closer insights into product sales.
• Currently, the company operates through a franchise model but will introduce the COCO model, with an investment of over INR 500 Mn funded through internal accruals.
• The 30 new stores will encompass two distinct projects and brands: one for fast fashion and the other for ethnic wear, with some stores opening before Diwali to leverage seasonal demand.
• Target cities for the ethnic wear segment include the North of India (Delhi and surrounding regions), while the fast fashion segment will focus on the South of India (Karnataka and Bangalore).
• The ethnic wear segment will cater to men’s wear, while the fast fashion segment will offer products for men, women, and children.
• Out of the 30 stores, 20 will be dedicated to fast fashion, and 10 will cater to ethnic wear.

PDS Ltd | Concall KTA Q1FY25
CMP: INR 506| Market Cap: INR 66765 Mn
Strong quarter performance particularly in the US, efficient working capital management, and maintaining their momentum for the future.

Financial Performance

•Total Order Book: INR 4,813 Cr in Q1FY25 at 24% YoY growth.
•Gross Merchandise Value (GMV) is INR 3,898.4 Cr in Q1FY25 with 28% YoY increase.
•Revenue is INR 2,621 Cr, marking a 23.9% YoY growth.
•EBITDA is 73.3 Cr at a 38% YoY increase, with an EBITDA Margin of 2.8%.
•PAT is INR 31.2 Cr, growing 34% YoY, with a PAT Margin of 1.2%.
•Return on Capital Employed (ROCE) is 24%, up 159 bps YoY.

Strategic Initiatives

•Synergy Plans: Implementing strategies to drive higher synergies across raw materials and operating costs.
•Technology & Digitization: Leveraging technology to enhance decision-making processes.
•Investment in New Verticals: Continuing to fund new verticals, reflecting positively on overall profitability.

Market and Segment Performance

•Geographical Contributions: UK 36%, Europe 34%, North America 16%, Asia and Middle East 12%, and Others 2%.
•Product Segments: Men's wear and women's wear each contribute 37%, children's wear 22%, essentials wear 1%, and others 3%.
•US Market Expansion: The US market showed a 50% growth YoY, including onboarding a major US fast fashion business.

Operational Efficiency

•Working Capital Management: Improved working capital, reducing it from 7 days to 2 days.
•Capacity Utilization: Running at full capacity at both manufacturing locations in Bangladesh.
•Employee Expenses: Increased by 36% YoY but decreased by 3% sequentially due to new businesses like Ted Baker and Gerry Webber.

Investments and Partnerships

•Investment Breakdown: INR 261 Cr in PDS Venture, INR 71 Cr in real estate, and INR 113 Cr in treasury investments.
•Sustainable Solutions: Collaboration with Global Fashion Agenda on a Trailblazer Programme, investing up to $200,000 in early-stage innovators offering sustainable solutions.
•Strategic Sourcing Partnerships: Expanding sourcing capabilities across multiple regions, including China, Myanmar, Cambodia, Vietnam, Morocco, Pakistan, Bangladesh, India, Turkey, and Egypt.
• minimal inventory risk, around 0.03% to 0.05% of the business.

Challenges and Mitigation
•Operational Disruptions: Recent unrest in Bangladesh caused minor disruptions but operations are stabilizing.
•Shipment Delays: A delay of $15-20 million in shipments due to a 4–5-day disruption, with plans to catch up on delayed shipments.
•Debt Management: Reduced debt through loan repayments and insurance.
•By addressing these areas, the company aims to maintain its momentum and continue bringing stability to the business.

Outlook
•Growth Projections: Confident in achieving profit guidance for the year and nearly doubling the original growth rate. The company expects triple-digit growth over the next 24 months.
•US Market Opportunities: Anticipates significant growth due to potential US political actions against competitors like Sheen and Timur.
•Inventory Risk: Maintains minimal inventory risk, around 0.03% to 0.05% of the business.

Sportking India Ltd- Q1FY25 Concall Highlights
CMP: INR 1,170 | Market Cap: INR 14,869 Mn

Management expects 15-17% EBITDA margins in good market conditions, up from the current 11.6%. Short-term production increase 4-6% is anticipated by October-November through debottlenecking efforts. No significant sales growth expected for FY25 due to already high capacity utilization (95-97%). Ongoing focus on reducing interest costs and improving debt position. Cautiously optimistic about demand recovery, especially from Western markets. Expect broader retail investor participation following the approved stock split. Main growth drivers expected to be improved demand, cost reduction, and potential new expansion projects.

Financial performance
- Revenue stood at INR 6,340 Mn, up 17.7% YoY and 3.7% QoQ.
- EBITDA was INR 738 Mn, up 48.15% YoY and 10% QoQ.
- EBITDA margin stood at 11.6%, improved by 2.2% YoY and 66 bps QoQ.
- PAT stood at INR 318 Mn, up 75.1% YoY and 39.2% QoQ.
- Gross profit margin expanded by 2.3% YoY and 31.0% QoQ.

Operational Highlights
- Capacity utilization at 95-97%, which is considered the highest achievable level.
- Implemented a new rooftop solar plant, generating 15% of total power needs.
- Planning to increase production by 4-6% through debottlenecking by October-November.

Market dynamics
- Cotton prices have stabilized in the range of INR 55,000-60,000 and expected to come further down.
- Average yarn realization increased from INR 98/kg last year to INR 110/kg this quarter
- Synthetic yarn market under pressure due to dumping by China for next 2-3 quarters.
- Expect Indian cotton prices to converge with international prices in the coming months.
- Anticipating sustained demand recovery, especially from Western countries
- Expecting consolidation in the spinning sector, with inefficient capacities shutting down

Raw Material & Inventory
- Current cotton inventory below market price, no anticipated inventory loss in next 2-3 months
- Expect cotton prices to moderate when new crop arrives in mid-October
- Anticipate 4-5% drop in cotton acreage, but potentially similar or better crop due to improved yields.

Other highlights
- Repaid INR 3,500 Mn of short-term debt and INR 400 Mn of long-term debt.
- Current cost of long-term debt around 8% and short-term debt around 6.5%.
- Approved stock split: 1 equity share of face value INR 10 to be split into 10 shares of face value INR 1.
- Focus on reducing interest costs and improving inventory management.
- Considering new expansion projects for future growth.

Export Market
Bangladesh operations resumed after a brief shutdown. Shift of retailers from China to countries like India, Bangladesh, and Sri Lanka seen as an opportunity

Challenges
- Increased Minimum Support Price (MSP) for cotton could impact competitiveness
- Volatile forex rates are a concern.
- Recent increase in freight charges due to Red Sea issues, but expecting normalization by August-September.

Arvind Ltd Q1FY25 Concall KTAs
CMP: INR 374| Mcap: 9,777 INR Cr| TTM EPS: INR 11.8

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Outlook: The company faced issues with an inferior product mix, and worker strikes that led to underutilization of factories in textiles and AMD which caused a revenue loss of INR 200 Cr (INR 170 Cr from Textiles and INR 30 Cr from AMD) and an EBITDA loss of INR 60 Cr (INR 70 Cr from Textiles and INR 15 Cr from AMD). There was a significant volume growth, however, realizations remained low. This is because high-margin segments like Denim and Woven saw a considerable volume of de-growth. That said, the order book for lower-margin garments was up 25% due to new customer additions leading to a healthy order book. We believe the company will benefit from the modest upward growth of the textile industry, however, H2 will be much better than H1 because of seasonality

Guidance: The company has guided for a double-digit growth in FY25, largely propelled by garments (25% growth; 10mn pieces). There will also be a 20% growth in AMD in Q2 and Q3. Margins will be maintained (or improved marginally). ROCE will be enhanced by the end of this year.

Strikes caused issues: The company faced a 21-day production loss at the Santej textile facility due to a worker strike. Along with revenue and EBITDA loss, this led to higher freight costs, and worker dissatisfaction. Arvind is currently working to resolve these with the worker unions. They are also investing in automation to reduce labor dependency.

Revenue Split: H1 is 40%, and H2 is 60% of revenues. Normal fabric volumes will return in subsequent quarters.

Capex Plan: They have planned a capex of INR 450 Cr for FY25

Debt reduction: The current momentum of debt reduction continues, with gross debt being reduced by INR 55 Cr this quarter. However, they had to take an INR 150 Cr term loan to deal with the impact of the strike, out of which INR 100 Cr has been paid.

Headwinds in Bangladesh: The current economic issues in Bangladesh are not expected to have any lasting effect on the company.

Competition in Advanced Textiles: It is not increasing at an alarming pace due to high industry barriers. This gave Arving an advantage, and the overall AMD business is expected to cross INR 2,000 Cr in the next 2 years.

FSN E-Commerce Ventures Ltd- Q1FY25 Concall Highlights
CMP INR 187 | Market Cap INR 533,117

Expectation for a demand recovery in the H2FY25, led by festivals, which could reduce discounting and stabilize the market, with expectations of an increase similar to post-pandemic e-commerce growth

EBITDA margins
At 5.5%, with an adjusted EBITDA margin of 6.2%, reflecting a 90 bps improvement YoY. The gross margin has consistently improved each quarter, supported by strong contributions from brand partners, marketing income, and other service-related revenues.

GMV
Increased discounts due to weak demand have widened the gap between GMV 15% growth YoY and net revenue growth, but a potential demand revival in the H2FY25 may reduce discounting.

Ecommerce: The company's e-commerce business, supported by significant investments in personalization and the supported by physical store rollouts, continues to drive revenue and expand its network effects.

Foot Locker: The company will launch a partnership with Foot Locker in October, representing all Foot Locker e-commerce demands in the country. As part of its e-commerce strategy, the company has emphasized the importance of curation, convenience, and content, especially prioritizing speed of delivery post-pandemic.

Order to deliver
The company has a 45% reduction in order-to-delivery timelines over the past 3 yrs led by its investment in warehouse regionalization, further enhancing operational efficiency.

Expansion of store
Expanded its physical retail presence by opening new stores in Amritsar and Rourkela, showcasing the Nykaa Luxe and Nykaa On Trend formats.

Fragrance
In terms of MS, the company holds ~13% of the prestige fragrance market in the country and expects this share to grow further in FY25.

Faster delivery
Significant CAPEX has been directed towards expanding warehouse capacity over the past 2-3 years, with additional CAPEX anticipated for last-mile fulfillment to support same-day and next-day deliveries in major metros and over 100 cities.

M&A
Nykaa has acquired a majority stake in Earth Rhythm, a D2C brand specializing in skincare and other personal care products, building on its previous 18.57% minority stake acquired in April 2022.
Increasing its stake in Dot and Key to 90%. The company also completed the acquisition of a western wear and accessories business from Nykaa Fashion in Q1FY25.

Hair Serum
The company has seen strong growth in specific segments, such as hair serums and masks, growing by 60%/32% respectively.

Customer engagement through features like Nykaa Play has also led to higher cart additions and increased visit frequency, signaling strong customer interaction even amidst a challenging macro environment.

Expansion of warehouse for better delivery
The company has significantly expanded its warehouse infrastructure over the past three years, increasing its warehouse count from 18 in FY21 to 44 in Q1 of th resulting in a 2.5x increase in capacity, now exceeding 1.5 mn.

Products
The company is focused on product development, with new launches like Nykaa Play, Lip Glaze, K Beauty's liquid highlighter, Dot & Key's sunscreens, and Wanderlust's "Dreaming in Paris" range, driving strong consumer engagement and growth.

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Ganesha Ecosphere Ltd| Q1FY25 Concall KTAs
CMP INR 1,627| Market Cap. INR 41.24bn

Co.'s Warangal plant is at 80% utilisation and generates 2-3% higher margins. Co. has guided for INR 15-16bn revenue for FY25 with INR 10bn from legacy business. Co. stated the raw material prices have started to come down. 3rd production line of rPET has become operational and to ramp up by Sept. Co. expects freight cost to rationalise from this month.

Financials
Consolidated RFO stood at INR 3365.5mn(+10%QoQ) with PBT of INR 301.5mn(-1.5%QoQ). PAT stood at INR 225.5mn(+4.4%QoQ). EBITDA stood at INR 477mn(+1.4%QoQ). EBITDA stood at INR 249.5mn(-10.5%QOQ).

Textile industry is still struggling with huge overcapacity and cheap imports on China. Spinning units in the country are operating at around 65-70% capacity utilization while historically, average utilization was around 80-85%.

Sudden spike in exports of washed PET flakes to U.S. and some countries of Europe, where pet EPR has been introduced. Because of this unprecedented increase in exports, prices of PET increased by almost 10% during Q1. This price change couldn't be passed onto customer due to suppressed textile demand.

There was a multi-fold increase in sea freight due to Chinese demand of containers and ships for the U.S., as well as increased geopolitical tensions in the Middle East, which increased the transportation cost of export deliveries for orders already booked and deliveries scheduled.
All these factors impacted the margins of legacy business by 150 bps.

In subsidiaries, co. achieved higher EBITDA of INR 227.5mn(+18%YoY) with 24.5% margins.

Co. sees uneven business for its fiber and yarn, with addition of some new capacities in the industry intensifying the competition further and certain political crisis in Bangladesh affecting exports.

Third production line of rPET granules has become operational and is expected production ramp-up by September will improve the earnings. They are also expecting the production ramp-up in filament yarn division by December2024.

Due to EPR norms, co. expects pricing pressure on RPSF business and pricing pressure on raw materials. To tackle this, co. is going for value added prices to have higher margins and is also working on froward integration.

The intent of plastic waste management and EPR, is enable countries to recycle their waste and consume it. Waste flow from USA & Europe to other countries got subdued as a result of these guidelines. Hence, these guidelines will boost country's own waste management, recycling and consumption.

India's beverage consumption at 18-20% CAGR and so is the bottle consumption increasing.

-Warangal plant is operating at 80% cap utilisation of RPSF, making value added products. It gets higher margin by 2-3% than usual business.

-Textile industry is under pressure, and hence the ramp up of filament yarn line has been slow.

-Effective capacity for Q1- 108k ton for all products. Warangal plant is 78k ton. All capacity are operational. In Q1, 64k ton operational at Warangal started from July 1st at 55% capacity utilisation.

-Co. saw price increase in PET price procurement by 10% QOQ. Co. uses captive consumption for washed flakes.

-10-15% qty now supplying to FMCG. Around 10-12 customers are being supplied to in FMCG.

-Co. has guided for revenue of INR 15-16bn this year.

-Co. is expecting sea freight to rationalise from this month which had increased multifold in last some months. Exports to Bangladesh to be impacted till certainty prevails.

-Co. states that prices of raw material has started to come down and are seeing some moderation.

-With regulations kicking in from next year, there is going to be huge demand creation for rPET which no single supplier can cater.

-PET to PET 3rd recycling line started on 1st July 2024. Ramp up takes time and would be done by end of Sept.

-Co. has guided for INR 10bn topline from legacy business and IRN 5-6bn topline from subsidiaries.

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Jindal Saw Ltd– Q1FY25 Concall KTAs
CMP: INR 637 | Market Cap: INR 203.68 Bn

Company remains optimistic to achieve record-breaking performance even in 3rd consecutive year in FY25, driven by continuous focus on infrastructure by the government. Company's order book remains healthy with strong demand and by maintaining higher standard of quality, delivery and service.

Financials
• Consol revenues came in at INR 49.39 Bn (-8.96% QoQ) (+12% YoY).
• EBITDA came in at INR 8.4 Bn (-8.8% QoQ) (+38.1% YoY), with EBITDA Margins of 17% (Vs 16.96% QoQ) (Vs 13.79% YoY).
• PAT came in at INR 4.16 Bn (-13.3% QoQ) (+71 YoY), with PAT Margins of 8.35% (Vs 8.74% QoQ) (Vs 5.47% YoY).

Other Highlights
• Company's current order book stood at ~US$ 1.65 bn.
• Standalone debt level increased from INR 32 Bn to INR 39 Bn. While the long-term debt from reduce from INR 17.60 Bn to INR 14 Bn.
• Increase is debt was primary due to increase in working capital from INR 15 Bn to INR 25 Bn, to support growing operational requirements.
• With ongoing increase in commodity prices company has locked in its raw material requirement.
• Jindal Hunting JV stood profitable in Q1FY25 and is operating at 80-85% capacity utilization. Further, the company is exploring additional ways to cater the market and may lead to new announcement in coming quarters.
• Debottlenecking at sathavahana is progressing well and is expected to increase capacity by 10-20%. At present it is operating at 2 lakh tons and is expected to operate at 2.5 lakh tons by next year.
• Order book split : Oil and gas contributes 25%, water segment contributes 70% and others 5%.
• UAE subsidiary order book contributes 100% from water segment, and is expected to reach capacity of more than 2 lakh tons.
• Management remains optimistic about increase in demand with government continuous focus and substantial capital allocation of budget.
• Exports on water segment are primarily towards the middle-east while oil and gas segment are exported globally.
• Company has no plans for additional capex as of now.
• Company manage steel procurement and storage on a project basis and thus haven't locked in prices for steel.
• Company expects 20-25 MT of sales volume from stainless steel from both welded and seamless in FY25.

Maharashtra Seamless Ltd Q1FY25 Concall Highlights
CMP: 656 | Market Cap: 87,960 Mn.

Outlook:
The company faced a challenging Q1FY25, with Revenue and PAT declining. Despite this, the resumption of production at the shutdown mill, a strong order book, and high treasury balances signal potential recovery in the coming quarters.

Performance Consol:
- Revenue came in at INR 11,509.8 Mn. (-5.26% QoQ) (-5.88% YoY) in Q1FY25.
- EBITDA margins came in at 10.33% (Vs. 22.22% QoQ) (19.23% YoY) in Q1FY25.
- PAT came in at INR 1,288.4 Mn. (-40.97% QoQ) (-37.64% YoY) in Q1FY25.

Highlights:
- **Sales Realization:** The company experienced a decline in sales realization due to high competition arising from reduced raw material costs and a preventive maintenance shutdown at one of its mills.
- **Production Impact:** The mill shutdown resulted in a production loss of 15,000 tons.
- **Production Resumption:** The affected mill resumed production at the beginning of Q2FY25, and normalization of dispatches is anticipated within the same quarter.
- **Margin Analysis: High**-value-added pipes, such as cylinder pipes, maintain a superior margin profile compared to regular pipes. In the ERW segment, lower margins were observed, primarily due to 20% of dispatches being directed to the oil and gas sector, with the remainder allocated to the water sector.
- **Treasury:** The treasury segment reported a balance of INR 22,030 Mn, exceeding expectations and contributing to over one-third of the company's revenue in Q1FY25.
- **Order Book:** The order book increased from INR 17,540 Mn to INR 18,120 Mn, bolstered by robust demand from the oil and gas sector. Notably, 51% of the order book comprises orders from ONGC and Oil India, with a significant portion of the remaining 49% also originating from the oil and gas sector.
- **Dividend:** The dividend for FY24 was 4x times that of FY22.
- **Market Demand:** The capital goods, infrastructure, and oil and gas sectors continue to exhibit strong demand in the medium term.
- **Inventory Management:** Orders slated for dispatch during the current and next quarters are expected to offset the inventory markdown in Q2FY25.
- **Pricing Pressure:** Despite the volatility in raw material prices, the selling price is anticipated to remain stable.
- **Exports:** The company has not witnessed a revival in exports since FY24.
- **Telangana Expansion:** The completion of the Telangana finishing line, initially expected by Q4FY25, has been deferred by nine months, now anticipated to conclude by the end of Q3FY26.
- **Volume Growth:** No volume growth is projected for FY25, with all volume growth expected in FY26 following the completion of the Telangana facility.
- **Capital Expenditure:** A capital expenditure plan of INR 8,500 Mn for ERW pipes had already been announced. Minimal CapEx was undertaken in Q1FY25, with the majority will be for FY26.

Goodluck India Ltd Q1FY25 Concall KTAs
CMP: INR 934 | Market Cap: INR 30,570 Mn

Company achieved 1 lakh tons in volume for the first time in Q1FY25, with 17% YoY growth. Commissioned auto-tube plant is expected to contribute INR 2,500 Mn in revenue FY25 and INR 5,000 Mn in FY26. Defence & Aerospace plant is ahead of schedule, with trial production expected to start by the end of Q4FY25 and commercial production in Q1FY26. Anticipating a revenue potential of INR 2,000-3,000 Mn from Defence segment, with expected EBITDA margins of 15-25%. Guidance for FY25 revenue is around INR 41,000 Mn, targeting INR 48,000 Mn for FY26. Aiming for 15-20% annual growth.

Financials
* Operating income increased by 6.94%, reaching INR 9,048.3 Mn in Q1FY25, compared to INR 8,461 MN in Q1FY24.
* EBITDA rose to INR 796.5 Mn in Q1FY25, up from INR 708.7 Mn in Q1FY24, marking a 12.39% growth.
* Net profit surged 26% YoY to INR 360 Mn in Q1FY25.
* EPS increased to INR 11.19 in Q1FY25 from INR 10.49 in Q1FY24.

Key highlights
* The company's subsidiary, Goodluck Defence and Aerospace, is developing a plant to manufacture 155 mm shells. It is investing INR 2,000 Mn in this project with a capacity of 1.5 lakh shells and production expected to start in Q1FY26.
* Expects to fully utilize its defence manufacturing capacity within a year of starting production, citing strong domestic and international demand for shells.
* The auto tube plant expansion is on track, with a capacity addition of 50,000 tons, bringing the total capacity to 130,000 tons. This is expected to contribute INR 2,500 Mn in revenue in FY25 and INR 5,000 Mn in FY26.
* Auto Tube Project will replace seamless pipes in certain applications, especially in construction industry. Strong demand expected from Europe, America, Latin America, and India.
* EBITDA per ton increased to INR 8,350 in Q1FY25 from INR 7,800 in Q1FY24.
* Focusing on value-added products, which now contribute about 57-58% of total revenue. The company aims to increase this further.
* The company is working on innovative projects in sustainable energy, including a collaboration with US scientists for research and development.
* Faced challenges in Q1 due to the national elections, which caused some uncertainty and disruptions.
* Experiencing logistical challenges in exports, particularly due to ship and container shortages. However, their diversified product and market profile is helping them navigate these issues.
* The company is actively participating in the solar energy sector, providing not just solar tubes but also complete hardware solutions for solar structures. They have introduced innovative products like the Penta tube in this segment.
* Supplying components for nuclear power plants through partnerships with companies like L&T Nuclear and NPCIL. They anticipate increased demand as the government plans for small nuclear reactors.

* The company is focusing on sustainability and reducing its carbon footprint. They already have a 10-megawatt solar generation agreement and are aiming to further reduce their carbon footprint each year.
* Total borrowings stand at ~INR 6,080 Mn. While they have good cash flows, they anticipate the need for additional funds as production and turnover increase.
* The company is seeing strong demand in sectors such as infrastructure, automotive, real estate, and capital goods. They are particularly optimistic about opportunities in metro rail projects and the defence sector.
* The management emphasized their commitment to innovation and continuous R&D, stating that these costs are built into their general expenses rather than being specified separately.
* In the defence sector, limited competition with only a few players like Bharat Forge (Baba Kalyani group) in the space.
* Infrastructure segment running at 80-85% and Solar segment at 50-55% capacity utilization.
* Anticipating opportunities from the government's push towards small and modular nuclear reactors.

JAI BALAJI INDUSTRIES LTD | Q1FY25 Concall KTAs
CMP: INR 933| Market Cap: INR 160982 Mn

Jai Balaji Industries Ltd. is confident in maintaining its guided margins and expects continued robust demand for DI pipes over the next 3-5 years, driven by strong government spending and healthy order books from government tenders and EPC companies.

Financial Performance
• Revenue and Growth: Revenue reached INR 17,183 Mn, growing 16% YoY but declining 7% QoQ.
• EBITDA: Adjusted EBITDA stood at INR 3,246 Mn, marking a 58% YoY and 26% QoQ increase, with an EBITDA Margin of 19%.
• PAT: PAT was INR 2,088 Mn, showing a 23% YoY growth but a 24% QoQ decline, with a PAT Margin of 12%.
• Production and Sales Volume: Increased production and sales volume for DI Pipes and Ferro Alloys.

FY25 Guidance
• Revenue Growth: Expected revenue growth of 25-30%.
• EBITDA Margin: Projected to be in the range of 17-18%.
• Net Debt: Anticipated to be INR 2,250-2,500 Mn.
• DI Pipe Production: Expected to exceed 4 lakh tons.
• CAPEX: Planned expenditure of INR 3,000-3,500 Mn.

Operational Performance (Q1FY25)
• Production Volumes: Sponge Iron: 69,000 T, Pig Iron: 134,000 T, Billets: 49,000 T, TMT: 60,000 T, Ferro Alloys: 34,000 T ,DI Pipes: 61,000 T

Strategic Initiatives (Balaji 2.0)

• DI Pipes Capacity Expansion: Increasing capacity by 120% to 6.6L TPA.
• Ferro Alloys Capacity Growth: Expanding capacity by 14% to 1.9L TPA.
• Utilization Rate: Achieved and maintained utilization rate above 90%.
• Value-Added Products: Increasing revenue contribution from DI Pipes and Specialized Ferro Alloys from 45-55% to 80%.
• EBITDA Margin Target: Achieved and aiming to maintain an 18-20% EBITDA Margin.

Key Highlights
• Value-Added Products Focus: Strategy centered on margin expansion and sustainability through Ductile Iron Pipes and Specialized Ferro Alloys.
• Capex Plan: Strong capex plan of INR 10,000 Mn, with INR 6,052 Mn already spent from internal accruals. Remaining capex to be completed in the next 12 months through internal accruals.
• Debt Reduction: Aim to become net debt-free within the next 12 months.
• Capacity Expansion and Production Targets: The company aims to increase DI pipe production capacity to 6 lakh tons by FY26, up from the current target of 4-4.5 lakh tons for the current fiscal year, supported by a strategic focus on value-added products and margin expansion.

Shyam Metalics Q1FY25 Concall Highlights
CMP: INR 740 | Market Cap: INR 207 Bn | Promoter: 74.59%

[Arihant Capital]

Operating Metrics (Consol)
• Revenues came in at INR 36.12 Bn (+0.2% QoQ) (+8.4% YoY)
• EBITDA came in at INR 4.88 Bn (+2.9% QoQ) (+17.8% YoY)
• EBITDA Margins came in at 13.5% (Vs 12.3% QoQ) (Vs 12.4% YoY)

Capex & Capacity:
• Company has completed expansion plans in iron pellet, TMT, structural steel, wire rods and pipes segments. Numerous other plans ongoing
• Out of total capex of INR 6 Bn for greenfield expansion of cold rolling mill, INR 2.57 Bn still pending
• Total pending capex of INR 52.13 Bn (out of planned capex of INR 73.75 Bn)
• Blast furnace at Kharagpur to commission by Dec 2024, coke oven at Jamuria already completed, blast furnace at Jamuria to start commercial production shortly and sinter plant at Jamuria to start production by Aug 2024. Bright bars and wire rods capacity will be completed by FY26 end
• Q1FY25 capex figure stood at INR 3.08 Bn
• All of capex incurred this year will be commercially available next year.
• Capex for FY25/26/27 at INR 20/20/10 Bn

Business Highlights:
• Company has successfully started operations at DRI unit (0.15 Mn tpa) and Captive Power Plant (20 MW) at the Ramsarup Industries facility in Kharagpur
• ~82% of power sourced from Captive Power Plants at INR 2.37 /Kwh in Q1FY25, while Avg Power costs including Grid Power at INR 3.12/Kwh
• Procured 17 rakes under Own your wagon scheme from Indian Railways, 2 more have been ordered
• SS business has a lot of potential especially in coastal infra. Company saw 46% growth in realisations for SS products YoY. Company has been accredited by Ashoka Buildcon and L&T
• Company aims to take total VAP contribution to 80% in 5 years from current 50%
• Company continues with plan of investing 70% of cash generated back into business
• Mittal Corp is now stabilized. Company will manufacture 0.7-0.8 Mn tonnes of stainless steel in 3-4 years. Company is entering into flat products which is a huge market. Applications in railways and automobiles among others. EBITDA per tonne for SS stood at INR 8,000 in Q1
• Aluminum plant capacity utilization at 80-85%. Company exports 55%. Company is going to double capacity of aluminum plant. Going ahead, company is going to set up a foil stock plant. Currently sourcing from Indian manufacturers but going ahead, company will use recycled scrap or source from Hindalco & Others.
• Currently, some of the RM are seeing price correction but company expects the corrections to reverse post Diwali. Budget announcements on reduction in duties on rare minerals have little impact on the company as a whole.

• Coal cost is currently stable, not much changes. Company is not dependent on imported coal.
• Iron ore prices saw some correction but not a huge difference.
• Mittal Corp current capacity utilization at 65-70%
• DI Pipe EBITDA per tonne at INR 18,000 which the company feels is not sustainable.
• Company has already signed MOUs with big companies for EV foil supplies in FY26

Other Highlights:
• Cash balance of INR 13.38 Bn

Outlook:

Company aims to take total VAP contribution to 80% in 5 years from current 50%. Company has also guided for INR 250 Bn topline by FY27 (CAGR of 27%). Significant capacity expansion plans are running simultaneously and company intends to complete all by FY26. We continue to remain positive on the company. At CMP, company trades 12x TTM EV/EBITDA

JTL Industries - Q1FY25 Concall Highlights
CMP: INR 224 | Market Cap INR 38,534 Mn

JTL Industries delivered strong results despite the election period challenges, which temporarily impacted government project demand. The company maintained higher realizations by focusing on high-margin products and saw a substantial increase in export demand. JTL maintains its target of 30% revenue and volume growth for FY25, with a 40% share in value-added products (VAP). The new DFT plant coming in the Q2FY25 supports this target. All plans of the company are currently on track along with their goal of achieving a 5000 per ton realization over the medium term.

Financial Performance
* Revenue increased 2.1% YoY and 10.6% QoQ to INR 5,153.8 mn, driven by strategic market expansion and increased product demand.
* EBITDA grew to INR 438 mn, reflecting an increase of 21% YoY and 7.8% QoQ, highlighting efficient cost management and operational excellence.
* EBITDA Margin improved to 8.5% from 7.2% in Q1FY24, driven by a focus on high-margin products and increasing scale.
* PAT increased 21% YoY and 3.9% QoQ to INR 307 mn
* Sales Volume increased by 10% YoY to 85,674 metric tons.
* Exports contributed 7% to total sales with 5,970 metric tons.

Nabha Steels Update
* Nabha Steels is in a developmental phase and is not yet producing the exact products required by JTL. It is expected to reach this stage in about a quarter.
* Currently, Nabha is selling products that are marketable but not yet integrated into JTL's product line.
* Nabha is transitioning from a partnership firm to a limited company. From the next quarter, Nabha's volume and profitability will be consolidated with JTL Industries as a subsidiary company.
* For now, Nabha's contribution is shown as other income, with JTL recording a 70% share of the profits.
* Contribution from Nabha is approximately INR 96-97 lakhs in PBT.

Exports
* The company expects a normalization of demand post-election and notes an all-time high in exports.
* The introduction of DFT machinery is expected to increase the range of products (SKUs) available for export, which should enhance demand.
* With the expansion of product lines and capacity, JTL expects to see continued growth in export markets.

Capacity
* Major capacity additions to come in H2FY25. Current capacity utilization is around 55-60%, with expansion plans focusing on future demand.
* Some portion of Nabha's capacity will contribute to external sales volume, and another portion will aid in backward integration.

Industry and Demand

* The steel industry is growing at 14-15% annually, with JTL expanding its capacity by 20-25% each year.
* JTL's strategy involves introducing unique products to the market, mitigating the risk of overcapacity.
* India’s free trade agreements and certain market restrictions (e.g., US and Canada) influence JTL’s export strategy. The company sees potential growth in markets where they can leverage free trade benefits.
* Orders
* Demand has improved post-elections, with further government orders expected after the budget announcement.
* Less than 15% of JTL's volume in the last quarter was from government orders. The company usually maintains a mix of 50-55% dealer network, 15-20% government, 20% OEMs, and the rest in exports.

Other highlights

* Regarding fundraising plans, JTL has taken an enabling resolution for QIP, with updates to be provided as plans progress.
* Government projects involving galvanized steel products were stalled during the election period, leading to a decline in the volume of value-added products.
* Despite the decline in volume, JTL maintained higher realizations by focusing on products with higher margins, ensuring the bottom line remained unaffected.
* Recent warrant conversions involved promoter and public categories, raising a total of INR 6,000 Mn.

Outlook: JTL Industries is well-positioned for growth in the coming years, driven by capacity expansions, increased product offerings, and a strong export strategy. The introduction of DST machinery will enhance the company’s production capabilities and diversify its SKU portfolio, increasing market penetration. With the global shift towards a China Plus One model, JTL stands to benefit from increased demand in international markets, particularly due to its strategic location near Indian ports.

Tube investments India Ltd Q1FY25 Concall KTAs
CMP: INR 4048 |Market Cap: INR 7,81,061 Mn

Financial Performance
• Standalone: Revenue INR 1960 Cr, PBT INR 208 Cr, ROCE 47%, FCF INR 42 Cr.
• Consolidated: Revenue INR 4577 Cr, PBT INR 464 Cr, PAT INR 313 Cr.

Segment-wise Highlights (Standalone)
• Engineering: Revenue INR 1265 Cr, PBT INR 157 Cr
• Metal: Revenue INR 358 Cr, PBT INR 36 Cr
• Mobility: Revenue INR 181 Cr, PBT INR 1.61 Cr
• Others: Revenue INR 247 Cr, PBT INR 15 Cr

Market and Business Outlook
- Exports: Significant opportunities; currently 14.6% of revenue, 19% from engineering.
- Railways: Growth expected in upcoming quarters.
- Engineering: Anticipated double-digit growth.
- Electric Vehicles (EV):
- Strong market in the South, North market share at 3-4%.
- New vertical launch expected by Sep-Oct 2024.
- Currently 70 dealers, with 50 more expected in FY25.

Strategic Investments and Initiatives
• Medical: Investing in product development, expected growth rate of 25-30%.
• Greenfield Plant in Noida: Commercial production expected in one year.
• Cost Reduction: Aiming to lower costs in 1-2 years through enhanced supply chain and in-house capabilities.

Product and Market Insights
• 3-Wheelers: Major revenue contributor.
• Heavy Trucks: 50 orders in pipeline.
• New EV Products: Four launched, positive market reception.
• Lotus Surgical: Export operations started.

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Sarda Energy & Minerals Q1FY25 Concall Highlights
Sarda Energy | CMP: 249 | Mcap: INR 87.69bn

Outlook: Sarda Energy & Minerals has reduced volumes due to lower prices (6%-8% price erosion) and sold power to IEX instead of production due to better power realization. The capex is expected to be INR 7bn for Solar power plants, waste management projects, and coal mines. The SKS acquisition is expected to bring operational synergies with a coal mine. We have a neutral outlook on the stock.

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Volumes & Prices
The company has reduced production of steel billets and downstream products to sell power on commercial consideration.

The production cut due to raw material prices. Manganese ore prices reduced from 10%-27%. High grades price reduction is around 10% and low grades price reduction is around 27% for manganese ore.

Prices were moderated in June-24 and July-24, overall the price correction is around 6%-8% for pellets, billet, wire rod and HV wires.

Capex
The capex stood at INR 1.5bn in Q1FY25. Overall, capex is expected to be INR 7bn in FY25E. The capex is majorly for expansion of 3 coal mine plants.

Power projects
The 50MW solar power project is progressing well and expected to be operational by FY25E.

The 25MW hydropower project is nearing completion and expected to be commissioned by Q2FY25E.

The captive power plant at Raipur was shut down due to overhauling SBC boilers & turbines and the plant started again in Q1FY25.

The company has placed orders for 30MW TG set to save energy and carbon footprint. The company has given a purchase order to BHEL and expected to commission in 24-28 months.

SKS Power
The acquisition of SKS power has completed the re-hearing of the application for approval of the resolution plan.

Debt

The gross long debt stood at INR 13bn and the company is net debt free.

Steel production

The global steel production stood at 955mn tonnes (flat growth) in H1CY24, while China steel production declined by 1.1% YoY in H1CY24. India's steel production grew 7.4% YoY to 74mn tonnes in H1CY24.

India is the net importer of steel in Q1FY25. The exports fell by 50% YoY in Q1FY25.

Coal mines

The company has received stage 1 approval for Shahpur West, Madhya Pradesh. After stage 2 approval, mine opening work will start in FY25E.

Aeroflex Industries – Q1FY25 Concall Highlights:
CMP: INR 153 | Market Cap: INR 19.8 Bn | Promoter: 66.99%

[Arihant Capital]

Performance (Consol):
• Revenues came in at INR 897.5 Mn (+15.4% QoQ) (+8.22% YoY)
• EBITDA margins came in at 20.17% (Vs 18.57% QoQ) (Vs 19.15% YoY)

Key Highlights of the call:
• Company expects the Red Sea issues to persist for a few more quarters.
• Company commercialized operations for copper tube assembly and high pressure hoses. Fire sprinkler assembly R&D ongoing
• For all products, company is facing strong traction from end users. Company was not able to service the entire demand and lost close to 9% of sales (INR 82 Mn) however, company has added more assembly capacity. EBITDA could have been higher by 200 bps. Red sea crisis also was a factor for loss of supply.
• In emerging markets, company is targeting segments of electric mobility, semiconductor and aerospace.
• Company did 3.09 Mn metre of volumes during the quarter, flat QoQ. Capacity utilization stood at 88-90%
• Flexible hoses contributed to 55% of revenues, company is facing rising demand for metallic hoses
• Assembly & Fittings contributed 36% of revenues and composite hoses contributed to 9% of total sales
• After metal bellows reach optimum utilization, company expects margins of 26-30% on average.
• In metal hoses, 60% of revenues is from assembly and 4% from hoses
• Competitor in UK is generating USD 20 Bn in annual sales
• Company has RM imports as well as domestic sourcing but this quarter saw reduction in imports. This helped in lower Gross margins.
• US and Europe continue to be the biggest market for the company.
• 40-45% products sold as FOB
• Currently, company has no presence in Central Asia, very little presence in Middle East (company plans to increase)

Hyd-Air:
• Company is going to spend INR 180 Mn for upgradation of facilities and to add new machineries in Hyd-Air.
• Company will be fully market ready by March 2025. New facilities are being added to make company ready to export.

Capex & Capacity:

• Company currently has capacity of 15 Mn metre for SS Flexible hoses (completed 1.5 Mn metre in August which will be available from Q2) and company is adding another 1.5 Mn metre by December

• Company will add 3 more lines in composite hoses in Q2FY25 (existing 3)

• Company added 5 new line in assembly fittings (total 34)

• First phase of metal bellows is expected to complete capex by Dec 2024 (120,00 pieces a year)

• Capex for Q1 was INR 210 Mn, For HydAir, full year capex at INR 80 Mn and total capex for remainder 9 months for the company at INR 350-400 Mn

• Capex finalized for metal bellows might be lower than estimated.

Outlook: Company is optimistic about metal bellows segment and inorganic expansion strategies, which will also aid in margin expansion. With full capacities coming online by year-end and aid from inorganic acquisition, company is confidence of growth in FY25 and to reach topline of INR 10 Bn in 4-5 years (25-30% growth where industry is growing at 6%. Company is also aiming for higher EBITDA margins after commencement of metal bellows. At CMP, company trades at 45.9x TTM EPS

Steel Authority of India Ltd| Q1FY25 Concall KTAs
CMP INR 136| Market Cap. INR 560bn

Co. as guided for Capex of INR 60bn in FY25 and INR 70bn in FY26 . with group steel production of 20.87 mn ton and sales volume of 19.26 mn ton. Co. will be beneficiary of declined coal prices from Q3. Co. is looking to reduce its debt with an IRR of 18% for its Bokaro Plant. They also plans to increase capacity through debottlenecking by 3mn tons over next 3-4 years by investing INR ~100-110bn.

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Financials
RFO stood at INR 239978.1mn(-1.5%YoY) with PBT before exceptional of INR 3032mn(+35%YoY) with PAT of INR 817.8mn(-61%YoY) due to an exceptional item impact.

Steel industry in general and SAIL has been impacted significantly due to softening of steel prices. Economic scenario across globe has been impacted due to inflationary pressure, supply chain disruptions and geo- political crisis. The scenario has however been slowly recovering. IMF world economic outlook for CY25 stands at 3.3%.

Indian economy has fared better than others by being stable. FY24, all agencies raised their estimates upwards to 8.2% growth. Sustained momentum in mfg and services coupled with govt thrust on infra and development coupled with improved consumption makes the base for positive outlook.

Global steel industry continues to be impacted due to high inflation, geo political tension. Demand in China, which is the biggest producer and consumer is a cause of worry. Consumption in real estate is coming down. Growth in steel demand to be negative in 2025 and contract by 1%.

Indian steel industry- growing production and consumptoion in post covid. 5% grown this year. India remains strongest driver of demand, projected to grow more than 8%.

Price of imported coal is declining which is a sigh of relief. However, prices softening in intl' market may have an impact on margins of steel production.

Domestic sales grew by 5% and int'l sales declined.

Crude steel production in Q1FY25 stood at 4.683 mn ton whereas saleable steel production stood at 4.182 mn ton. Saleable steel sales volume stood at 4.012 mn ton. domestic sales have grown by 5% but exports haveregistered a substantial decline.

Co. has been making steady progress for reducing coal coke consumption, increasing the use of CPLY, bringing down the energy consumption and improving productivity.

Co. has coking coal cost of both imported and indigenous. Imported coal costed INR 24,500 landed at plant while indigenous costed INR 13,500 per ton. Avg was ~INR 23k per ton.

Co. coal purchased in first qtr to be consumed in second qtr. Hence co. guides for the cost to be in similar range for Q2. Co. got extra stock of coal which it will consume and hence the outlook.

-Co.'s debt has gone up by INR 50bn, due to its accumulated coal stock. Co. had long term agreements with coal miners, and they were having shut downs during H2 in FY25 and hence co. had to take early delivery. This debt to come down to lower levels by Dec/Jan.

Finished steel inventory has gone up by INR 10bn i.e. 1.84 Mn ton inventory. This inventory is expected to start liquidating gradually.

-Product mix of the co. changed due to its hot steel strip not working at Bokaro plant for most part of the qtr.

Co. currently has ~20 mn tons, with plans to increase capacities through debottlenecking efforts. Co. plans to increase it by 3mn tons over next 3-4 years by investing INR ~100-110bn. –

Blended NSR for Q1 was in range of INR 53700 with a decline in July by INR 500-600 and further reduction expected in August, of INR ~1500rupees.

Co.'s net debt is roughly the same as gross debt since the co. doesn't have much cash with it. -Capex guidance of INR 60bn in FY25 and INR 70bn in FY26 .

Real jump in capex to come after FY27. Co. is targeting for group steel production of 20.87 mn ton and sales volume of 19.26 mn ton.

Co. calculated an IRR of 18% for its Bokaro plant.-Q3 reduction in coking coal prices expected for the co. but also depends on rates in august September month.

Co. has debt of INR 356590mn which the co. is trying to bring it down to INR 300bn no.

Hi-Tech Pipes – Q1FY25 Concall Highlights:
CMP: INR 164 | Market Cap: INR 24.5 Bn | Promoter: 50.77%*

Performance (Consol)
• Revenues came in at INR 8.67 Bn (+27.3% QoQ) (+35.01% YoY)
• EBITDA Margins came in at 4.96% (Vs 5.14% QoQ) (Vs 3.27% YoY)
• Volumes stood at 122,155 tonnes (Vs 107,721 tonnes QoQ) (Vs 84,489 tonnes YoY)

Key Highlights of the call:
• EBITDA per tonne stood at INR 3,494 (Vs 3,280 QoQ) (Vs 2,508 YoY)
• Steel prices have been volatile, company procures HRC (primary steel) from steel mills, does not consume secondary steel. Margins will improve once the steel prices improve going ahead
• Company's VAP contribution stood at 36% for the quarter which the company aims to take to 50% when they reach 1 Mn tonnes in capacity. VAP in FY24 was 27-28%
• Current capacity at 750,000 tonnes which the company aims to take to 1 Mn tonnes by FY25 end. For this, company is expanding in Sanand (Phase II) and Sikandarabad.
• Company anticipates that the current lower steel prices will aid in growth in volumes
• Company is the leader in solar structural steel tubes which is also an import substitution product.
• 70% is the peak utilization, company is currently at 64-65%
• Capex for both the new plants, Sanand and Sikandarabad are pegged at INR 1.4 Bn
• Company expects better performance in Q2 (QoQ growth as well)
• Management has mentioned that they will maintain WC days at 45

Outlook: Aim to deliver 500,000 tonnes (exports will be 10% of total sales) in FY25. Current capacity at 750,000 tonnes which will reach 1 Mn tonnes by end of FY25 and 2 Mn tonnes in 3-4 years. With 2 Mn tonnes, company aims to bring new product categories and enter newer geographies. Company aims to be net debt free in 2-3 years. At CMP, company trades 43.3x TTM EPS.

[Arihant Capital]

Man Industries Q1FY25 Concall Highlights:
CMP: INR 455 | Market Cap: INR 29.4 Bn | Promoter: 46.12%

Performance (Consol)
• Revenues came in at INR 7.49 Bn (-7.6% QoQ) (+53% YoY)
• EBITDA margins came in at 5.07% (Vs 7.05% QoQ) (Vs 9.59% YoY)

Key Highlights of the call:
• Company has an orderbook of INR 40 Bn which will be executed in 6-12 months.
• Of INR 40 Bn, 80% are export orders. Out of INR 40 Bn, 10% is for ERW pipes. Out of the non ERW pipes OB of INR 36 Bn, 80% is for Oil and Gas
• Company expects better performance going forward as they have completed the API licensing. With the help of this, company can start executing the pending orders.
• Company has mentioned of good order flow from PSUs and government
• New development is that the company has finalized setting up a new plant in Dammam of 400,000 tonnes for LSAW and HSAW pipes. The capacity will come onstream in 12 months. Capex for this is INR 6 Bn and revenue potential at optimum utilization will be INR 30-40 Bn.
• Phase 1 will have spiral and coating, Phase 2 will have line pipes.
• Setting up of facility in Dammam is to cater to the orders in ME
• Company has net cash of INR 1.74 Bn (as of Q4FY24)
• Company was expecting to receive the cash from settlement of Merino Shelter but has not received it. Expect to receive it soon
• Bid book stands close to INR 80-100 Bn
• ERW margins during the quarter stood at 6-7%

Outlook: In FY26, company aims to generate revenue of INR 15-20 Bn from Saudi entity. For FY25, company aims to generate revenue of INR 2.5-3 Bn in ERW and 5-6 Bn in FY26 (ERW only). Company has a strong Orderbook position and has planned strong capex (entry in Saudi). Prospects of the company look strong. At CMP, company operates 12x TTM EV/EBITDA.

[Arihant Capital]

APL Apollo Tubes – Q1FY25 Concall Highlights
CMP: INR 1,433 | Market Cap: INR 397 Bn | Promoter: 28.33%

Outlook: Current saleable capacity is 4.5 Mn tonnes, company aims to sell 3.2 Mn tonnes in FY25 (721,000 tonnes done in Q1). Expects 20% volume growth in FY26 and also aims to take saleable capacity to 5 Mn tonnes by then. Company is adding capacity in Siliguri, Gorakhpur and Ahmedabad. Post budget and monsoon, government allocation and private capex is expected to be better. Company expects Q2 to be better than Q1 and H2 to be better than H1. However, company has highlighted that the Q2 margins may remain under pressure. Company expects to turn Net debt free by end of FY25 and turn net cash positive in FY26. At CMP, company trades 54.3x TTM EPS.

Performance (Consol):
• Revenues came in at INR 49.74 Bn (+4.36% QoQ) (+9.45% YoY)
• EBITDA margins came in at 6.06% (Vs 5.88% QoQ) (Vs 6.76% YoY)
• EBITDA per tonne came in at INR 4,183 (Vs 4,132 QoQ) (Vs 4,645 YoY)
• Volumes came in at 721,000 tonnes (+6% QoQ) (+9% YoY)

Key Highlights of the call:
• HRC prices (primary) are coming down (in parity with global steel prices) due to surge of upstream capacities coming in. New capacities came from December 2023 (NMDC, JSW). More capacities are coming in through JSW, Tata Steel, Jindal, Arcelor Mittal.
• Steel prices came down INR 7,000-8,000/tonne YoY and INR 3,000/tonne QoQ.
• Going ahead, company anticipates prices to come down by another 3,000-4,000 per tonne by Q2 end. Post Q2, company expects the price to stabilize and H2 to be good.
• Due to price fall, industry destocking has happened and a little bit of inventorywrite down as well.
• Company believes that the primary steel will take market share from secondary steel. Going ahead, the secondary steel (scrap) volumes are expected to fall. Current scrap steel based tubes volumes stood at 4.5 Mn tonnes in FY24 which company expects to fall to 4 Mn tonnes by FY30 (mainly because there is minimal spread between primary and secondary steel)
• Company is not concerned with the margin expansion for now, aiming for higher utilization which will bring expansion automatically
• Q1 had higher brand spends and ESOPs which drove EBITDA lower but Gross margin spreads were higher.
• ESOPs worth INR 50 Mn was included in employee cost. Increments worth INR 7-8% were given. Power cost for Raipur plant is expected to come down in FY26. Q1 brand spends were heavy so other expenses were high but are expected to normalize over next 9 months (wont remain so high)
• Company expects stability in input prices after Q2, which will bring restocking.
• Retailers are still afraid to restock but in Q2 margins will bottom out.
• Company manufactures VAP and super VAP from primary steel only. Prices of primary steel are coming down which is beneficial for the company. Non VAP steel volumes for FY24 was at 1.1 Mn tonnnes and for FY23 was at 0.9 Mn tonnes.

• HRC prices pre covid were at INR 35-40/Kg which shot up to INR 65/Kg in Mid 2022. Spreads were INR 5-6/Kg precovid which shot to INR 20/Kg in Mid 2022. Till the time HRC prices are between INR 45-48/Kg, company can steal market share form scrap steel players.
• If company is able to do volumes of 800,000-850,000 tonnes in Q3 and Q4 then the company will be able to do EBITDA per tonne of INR 5,000 per tonne in FY26
• VAP mix stood at 60% (Vs 57% for FY24) | WC Days stood at 4 days Vs 1 day for FY24
• ROCE at 24% and ROE at 20.3% | Net debt at INR 1.5 Bn (Vs Net cash of INR 0.18 Bn in FY24)

Major triggers going ahead:
• Operational performance improvement in Raipur and Dubai plants
• Scrap steel (Secondary) and blast furnace steel (primary) spreads reducing so primary steel volumes rising. This will give company better bargaining power from newer mills
• Lower brand spends for remainder of year.

Capex:
• Company is putting up small plants in Siliguri, Gorakhpur and Ahmedabad with total capacity of 500,000 tonnes taking total capacity of company to 5 Mn tonnes. This will be done at capex of INR 5-6 Bn. Land for Gorakhpur and Siliguri is already bought. Company will reach 5 Mn tonnes capacity in 12-15 months
• Company plans to add some new mills and shift some old mills from older plants into the new mills.
• Newly started Raipur plant has 1.1 Mn tonne capacity and Dubai plant has 300,000 tonnes capacity. Raipur plant was operating at 61% capacity utilization and Dubai was operating at 30% utilization. Company added 2 lines in Dubai plant just a couple of weeks ago so the utilization is less. Expected to increase in next quarter.

[Arihant Capital]

Rolex Rings Ltd Q1FY25 Concall KTAs
CMP: INR 2318 | Market Cap: INR 63124 Mn

Rolex Rings' Q1FY25 saw a revenue of INR 3108 Mn and a 24.2% EBITDA margin, despite a 35% drop in export revenues due to weakened European demand and high freight costs.

Financial Highlights
Rolex Rings reported a revenue of INR 3108 Mn for Q1 FY25, with an EBITDA of INR 764 Mn, reflecting an EBITDA margin of 24.2%. PAT stood at INR 499 Mn. The company's revenue composition was 54% from exports and 46% from domestic markets.

Key Highlights
The company faced a significant decline in export revenues from bearing rings, which de-grew by over 35% YoY, primarily due to weaker European demand. This decline was further exacerbated by a spike in ocean freight rates, offsetting the domestic market's stronger performance.

In Q1 FY25, the Passenger Vehicle (PV) segment contributed 46.3% of total revenue, the Industrial segment 17.8%, Commercial Vehicles & Heavy Commercial Vehicles (CV & HCV) 26.7%, and Battery Electric Vehicle (BEV) & Hybrid segments 9.2%. The company anticipates that export business will normalize in the next quarter, with a recovery in the European market expected by the second half of FY25.

Rolex Rings is actively working on reducing power and fuel costs through the setup of an additional 12MW solar plant. This ground-mounted solar plant is expected to be operational within the next 12 months, contributing to further cost efficiencies.

Despite current challenges, the company remains optimistic about future growth, particularly in the auto components segment, driven by new customer acquisitions in the US and Europe. Rolex Rings expects a high- 20%YoY revenue growth in FY26 and FY27.

The company currently holds a strong net cash position of approximately INR 195-200 crores. While no significant capacity expansion is planned, Rolex Rings will continue to make targeted investments in specific areas, such as the transmission segment, to support future growth.

Arihant Capital Markets Ltd

Vardhman Special Steel Ltd Q1FY25 Concall KTAs

CMP: INR 296 | Market Cap: INR 24.1 Bn | Promoter: 60.55%

[Arihant Capital]

Performance (Consol)

•Revenues came in at INR 4.15 Bn (-5.6% QoQ) (+1.32% YoY)

•EBITDA margins at 10.22% (Vs 11.11% QoQ) (Vs 7.14% YoY)

Key Highlights from the concall:

•Volumes came in at 50,298 tonnes (+6.04% YoY), realisations stood at INR 82,000 per tonne

•Company witnessed benefit in input cost YoY due to lower RM cost, change in scrap mix and switch to piped natural gas from cascade system. On the other hand, employee costs and job work expenses were up. Realisations also fell YoY. Overall, the quarter was subdued

•Sourcing piped natural gas is 40-50% cheaper. Power & Fuel cost YoY lower despite of increase in power tarrif (3% annual) and having highest production of billets as well

•Company had shutdowns in Q3FY24, OEMs started picking up after reopening of planned shutdowns. Some of the deliveries have been delayed so revenue booking will come in Q2

•No major impact from budget, some RM import duties have been reduced which will help in sourcing but nothing major. Higher tax may impact end user industries (auto sales).

•Company took two major shutdowns for 1 week in July. Company will also take a three-week shutdown in Q4FY25. To compensate for loss of revenues, company has been building up inventory.

•Current quarter production was ~55,000 tonnes but sales only 50,000. Remainder inventory build up for when shutdowns are taken.

•RM prices were up in Q1 by 8-10% but has come down in July. If they stay at lower levels then company will face inventory losses. Inventory levels at INR 620 Mn for current Q

•On client side, Maruti & Hyundia have detailed expansion plans (good future prospects). Auto companies have highlighted that customer requirement is more of hybrid vehicles rather than pure EV

•Company has increased outsourcing production to cater for shutdown (4,000 tonnes per month Vs 2,000 per month earlier)

•At current capacity, theoretically company can make 230,000 tonnes of rolled bars on 260,000 tonnes of billets.

•Company is adding 55 MW plant which will reduce emissions from 0.73/tonne to 0.45/tonne

Outlook: Company aims to produce 210,000 tonnes in FY25 (FY23 was 200,000 tonnes and FY24 was 195,000 tonnes). Company has a guidance of taking total capacity from 260,000 tonnes to 285,000 tonnes by FY26. Company is also in process of upgrading rolling mills (current capacity of 200,000 tonnes) which will be able to consume more output of billets. Company has also guided for EBITDA per tonne of INR 7,000-10,000 for current year and 8,000-11,000 per tonne for FY26. At CMP, company trades 16x TTM EV/EBITDA

Hindustan Petroleum Corporation Ltd – Q1FY25 Concall KTAs
CMP: INR 396 | Market Cap: INR 841.75 Bn

Company has planned significant capex for the next 3-4 years and aims to achieve an EBITDA target of INR 400 Bn by FY28. Additionally, refining portion at barmer refinery is expected to be commissioned by end of this financial year. Company gained market share of 2.5% amongst PSU Oil marketing companies during the period.

Financials

• Standalone Revenue came at INR 1208.59 Bn in Q1FY25 (up 1.52% YoY)
• PAT came at INR 3.56 Bn in Q1FY25 vs INR 62.04 Bn in Q1FY24, impacted due to suppressed marketing margins on select petroleum products and reduced refining margins.

Operating Highlights

• HPCL Refineries recorded crude thruput of 5.76 MMT in 1QFY25 vs the thruput of 5.40 MMT during 1QFY24, despite planned shutdown in Refineries. (6.7% YoY).
• Sales volume stood at 12.63 MMT in 1QFY25 vs 11.85 MMT in 1QFY24 (6.6% YoY).
• Motor fuel sales volume stood at 8.02 MMT (2.7% YoY) and LNG sales volume stood at INR 2.07 MMT (8.7% YoY).
• Aviation business witnessed robust growth with sales volume of 261 TMT in 1QFY25.

Ongoing Projects

• Company has achieved mechanical completion of its bottom upgradation facility and expects substantial gain in GRMs to start accruing from Q3FY25.
• By FY25 company expects to commissioned LNG regasification and storage terminal at Chhara, LPG Cavern storage facility at Mangalore along with installation of 2G Ethanol Bio-refinery plant at Bathinda, Punjab.
• As this refinery gets fully stabilized, the incremental GRM is expected to be more than $3/barrel.

Other Highlights

• Q1FY25 LPG under recovery stood at INR 24 Bn on account of negative buffer, recorded in P/L. Profitability to improve as this is settled by the government.
• ~ 35% to 40% of entire crude supply is procured from Russia vs 25%, a substantial increase from last year.
• Vizag's refinery thruput is increasing and with commissioning of the FCHCU Vizag's refinery capacity is expected to reach 15 MMT by Q4FY25 which will translate to 3.5 to 4 MMT per quarter.
• The captive use of total gas requirement for HPCL's refineries and group companies is ~1.5 MMT, company have received significant interest from parties who are willing to book capacities.
• Marketing inventory loss stood ~INR 2.45 Bn for Q1FY25, and refining inventory loss stood at ~INR 1.13 Bn.
• Total Petro chemicals production stood at 534KT while Petro chemicals sale stood at 471KT, operating at 90% capacity utilization.

• Company has procured 3 kinds of crude this year and plans to continue exploring such opportunities in the coming months.

• The pipeline for evacuation from Chhara has been completed and commissioned.

• Construction of all process units for the Rajasthan refinery is progressing well and is near completion. Overall progress, including the petrochemical portion, stands at ~ 80% with total Commitment of INR 698.45 Bn of which capex done so far ~ INR 480 Bn.

• Company has issued an expression of interest tender for purchasing 5 KTPA of green hydrogen. By FY30 company aims to convert 5-10% total hydrogen into green hydrogen.

• Capex plan for next 3-4 years is expected to be INR 140-150 Bn, majorly through internal accruals so company has no plan to increase debt and further will improve its debt ratio.

Gail (India) Ltd Q1FY25 Concall Highlights
CMP: INR 241 | Market Cap: 1584.4 billion

Outlook:
GAIL India Ltd. anticipates robust growth by expanding its natural gas infrastructure and petrochemical production, while also increasing its presence in the City Gas Distribution sector.

Financial Performance:
• GAIL's turnover increased by 4% to INR 33,627 crore in Q1FY25, compared to INR 32,250 crore in Q4FY24.
• PBT rose by 28% to INR 3,642 crore in Q1FY25, up from INR 2,842 crore in Q4FY24.
• PAT surged to INR 2,724 crore in Q1FY25, a 25% increase from INR 2,177 crore in Q4FY24.
• For Gas Transmission, PBT and PAT increased by a remarkable 93% to INR 3,642 crore and INR 2,724 crore, respectively, compared to INR 1,889 crore and INR 1,412 crore in Q4FY24.

GAIL Gas Financial Highlights:
• GAIL Gas turnover in Q1FY25 was INR 2,987 crore, up 5% from INR 2,853 crore in Q4FY24.
• PBT for Q1FY25 was INR 149 crore, a 23% increase from INR 121 crore in Q4FY24.
• PAT for Q1FY25 was INR 110 crore, up 20% from INR 92 crore in Q4FY24.

Operational Performance:
• GAIL's gas marketing volume was flat at 99.47 MMSCMD in Q1FY25, compared to 99.90 MMSCMD in Q4FY24. However, domestic growth saw an increase of 5 MMSCMD.
• Natural Gas Transmission experienced growth, rising to 131.79 MMSCMD from 123.65 MMSCMD.
• The company's average capital utilization was 63% in Q4FY24.
• Petro-Chemicals and LPG saw decreases, with polymer production dropping from 248 TMT in Q1FY24 to 162 TMT in Q4FY24, and LPG transmission declining from 1,114 TMT in Q4FY24 to 1,065 TMT in Q1FY25.
• Consolidated turnover stood at INR 34,822 crore in Q1FY25, compared to INR 32,833 crore, up by 6%.
• GAIL and its JV added 27,467 new DPNG connections and 2 CNG stations and in the next 2 years company likely to add 80 new CNG stations & 3.4 lakh DPNG connections.

Project Performance:
• GAIL is laying a 1,755 km pipeline from Mumbai-Nagpur-Jharsuguda, expected to be completed this year.
• Work is underway for the Srikakulam-Angul main pipeline, with almost 320 km completed; the rest is expected to be finished by this year.
• The GAIL Mangalore Petrochemicals facility, with a capacity of 1,250 KTPA, is set for completion by June 2025, expanding GAIL's presence in the petrochemical market.

Capex:

• GAIL's capital expenditure in Q1FY25 amounted to INR 1,659 crore, primarily to boost pipeline supply. The expenditure included INR 500 crore for pipelines, INR 500 crore for petrochemicals, and INR 400 crore for other uses.

• For future capital expenditure in FY25 and FY26, the company estimates investments of INR 11,450 crore and INR 10,129 crore, including equity contributions for both years.

Growth Projections:

• The demand for power is high and expected to remain strong until it peaks.

• The company anticipates favourable conditions, focusing on expanding pipeline infrastructure and catering to City Gas Distribution and smaller consumers.

• GAIL has maintained its guidance of 130 to 132 MMSCMD for gas transmission volume on an annual basis, expecting similar levels in the upcoming years.

• The gas marketing business is projected to reach INR 4,500 crore this year, compared to INR 3,500 crore in FY24.

• GAIL expects a growth of 10-12 MMSCMD in gas transmission volume over the next two to three years, with an annual growth rate of 5-7% in gas marketing.

• The demand for City Gas Distribution is experiencing almost double-digit growth, making it the second most consumable after gas, surpassing fertilizers.

Deep Industries - Q1FY25 Concall Highlights
CMP: INR 321 | Market Cap: INR 20,520 Mn

Outlook:

Deep Industries is well-positioned for substantial growth, leveraging favorable economic indicators and government actions. The completion of key projects and strategic investments are set to significantly enhance the company's order book and revenue streams.

Financial Highlights:

• Revenue from Operations surged at INR 123.5 cr. in Q1FY25 as against INR 119.7 in Q4FY24 (21.9% YoY/ 3.2% QoQ) CAGR of 30.1%.
• EBITDA reported at INR 61.4 in Q1FY25 (26.4% YoY/ 23.8% QoQ).
• EBITDA margin increased to 45.7% in Q1FY25 increased by 7.80% QoQ from 34.9% in Q4FY24.
• PBT rise at INR 49.1 cr. in Q1FY25 (26% YoY/ 23.8% QoQ).
• PAT stood up at INR 38.7 cr. vs INR 36.7 in Q4FY24 (24.9% YoY/ 5.6% QoQ) CAGR of 24.5%.
• PAT margin remains stable at 28.8% in Q1FY25.

Performance Highlights:

- The company maintains an order book of INR 1,246 cr. in Q1FY25, up from INR 1,210 cr. in Q4FY24, marking a 12% YoY increase, which indicates strong demand for Deep's services and reflects its expertise in handling complex projects.
- Received an INR 140 cr. total order from ONGC, including an INR 56 cr. order for hiring a DPDU for processing gas. Additionally, ONGC placed an order for charter hiring of a 100MT workover rig in Tripura and a 150MT workover rig for Rajahmundry for three years each, worth INR 82 cr.

Project Highlights:

- Deep Industries covers 70% of the post-exploration value chain of the oil and gas services industry.
- The company acquired Dolphin Offshore, positioning itself as a one-stop solution for oil and gas services, with high optimism for the bidding pipeline to boost the order book over the years.
- Dolphin Vikrant (now Prabha) is poised to capitalize on a total capacity of 275 men and material handling capabilities. It is in the final stage of refurbishment and is expected to operate from Q3FY25.
- The project value ranges between INR 40-50 cr. and is expected to generate an ROE of 15% YoY and EBITDA margins of around 60%. It is deployed in Brazil for 320 days with a daily rate of $50,000, expected to generate close to INR 130-140 cr. in revenue from next year.
- The company expects to generate INR 70-80 cr. in FY25 from Dolphin Offshore, increasing to INR 100-120 cr. in FY26.

Capex:

- The company has invested around $11.5 Mn in manufacturing and refurbishing Prabha (Dolphin Vikrant), which will operate from Q3FY25.
- Deep Industries has also planned around INR 150 cr. of capex, with INR 100 cr. currently lined up to be invested in purchasing three new rigs for Deep Oil and Gas, to be operating in the next 4 to 6 months.
- Continuous growth in capex has resulted in an increase leverage, affecting working capital and increasing interest costs.

Growth Expectations:

- With positive economic indicators and favorable government actions, Deep Industries is poised to leverage these opportunities.
- Robust growth and the completion of Prabha's refurbishment are expected to bring in more orders and generate revenue, expanding the business exponentially.
- An EBITDA margin of 42% to 45% has provided optimum cash flows to strategize future opportunities.

Vedanta Ltd| Q1FY25 Concall KTAs
CMP INR 414| Market Cap. INR 1617bn

Vedanta aims to achieve $30bn in annual revenue and $10bn in EBITDA, supported by ongoing operational expansions and strategic initiatives in renewable energy and low-carbon products. The company's focus on deleveraging and the strategic demerger process are expected to enhance shareholder value and solidify its position as a leader in the metals and mining sector.

Financials
Consolidated Revenue of INR 352.39bn(+1% QoQ)(+6% YoY) with EBITDA of INR 102.75bn(+15% QoQ)(+47% YoY) and margins of 34%. PAT stood at INR 50.95bn(+124%QoQ)(+54%YoY). Co. generated free cashflow(pre capex) of INR 43.71bn(+41%YoY) and has net debt of INR 613.24bn as of Q1FY25 end. Co. also raised INR 85bn through QIP. Net debt to EBITDA of 1.5x

- The company is implementing structural initiatives to reduce costs, which has led to a 20% YoY decrease in overall costs. Vedanta ranked third in the S&P Global Corporate Sustainability Assessment, with its subsidiary Hindustan Zinc ranking first in the metals and mining peer group.
- The company has ambitious growth plans across its portfolio. In aluminum, Vedanta aims to become a fully integrated 3.1 mn tonnes per year producer while maintaining its position in the lowest cost quartile globally.
- Big growth opportunity in iron ore is in Liberia. Co. on track to realize the full potential of iron ore business. Liberia asset has over 3000 mn tonnes of established RNR. Near term projections at Liberia indicate an annual production of approximately 30 mn tonnes of iron ore and similarly they have opportunities to grow output in Karnataka and Goa.
- Co. has a steel asset in India that can be ramped up to 15 mn tonnes a year at a single location. This asset is spread across the continuous land of 2300 acres. Co. is completing the expansion to 3.5 million tonnes to be commissioned by end of this year and they believe at 3.5 mn tonnes this business will deliver $500 million in bottom line.
- The company is expanding its value-added product capacity, with 90% of products expected to be value-added products and alloys.
- In zinc, Hindustan Zinc is targeting 1.2 mn tonnes of refined metal capacity and 800 tonnes of silver production. Zinc International has substantial reserves and is committed to delivering 1 mn tonnes of zinc production.
- In the oil and gas sector, Vedanta is focusing on maximizing resource recovery and future growth through development and exploration. The company aims to reach a production of 150k barrels per day in the near term, with a vision to achieve 300k barrels per day.
- Replacement cost of assets across aluminium, zinc, oil, gas, iron ore, steel, etc. is in excess of $50 bn. Their near term goal is to deliver 30bn in annual rev and 10bn in EBITDA. They have guided for 8bn of growth capex in next few years.
- Vedanta is progressing with its strategic demerger, having filed the scheme application with NCLT. The company sees this as a transformative move to create industry-leading focused entities with sharper investment propositions.
- The management emphasized that FY25 will be a landmark year for the company, with several major projects expected to be completed, including one of the world's largest single-location alumina refineries and expansions in aluminum and steel capacities.

- The company is also focusing on renewable energy, having secured 18,626 MW of renewable energy power delivery agreements.
- Vedanta has launched low-carbon products in zinc and aluminum, reflecting its commitment to reducing environmental impact and achieving net-zero carbon emissions by 2050.
- Funds from the QIP will be used to deleverage VEDL. This will also significantly reduce interest cost by more than INR 10bn on an annual basis.
- De-leveraging efforts by parent, Vedanta Resources, include reducing debt by INR 3.7 bn over the last 2 years. They have further announced deleveraging of INR 3 bn over next 3 years. Against this, they have achieved reduction of INR 650 mn in the Q1FY25 itself. The closing debt at VRL now stands at INR 5.5bn.

ONGC Ltd - Q1FY25 Concall Highlights
CMP: INR 306 | Market Cap: INR 3,850,820 Mn

Outlook:
ONGC is focusing on strategic investments and exploration activities to drive growth, with an emphasis on increasing production capacity and improving operational efficiency.

Financial Highlights:
• Standalone Revenue: Increased to INR 35,266 Cr in Q1FY25 from INR 33,814 Cr in Q4FY25.
• Operating Expenses (Opex): Increased by INR 111 Cr (1.9%) from INR 5,968 Cr in Q1FY24 to INR 6,079 Cr in Q1FY25.
• Net Profit: Reduced to INR 8,938 Cr in Q1FY25, down by 15.1% YoY, due to lower natural gas realizations and increased exploration write-offs.
• Net Profit Margin: Declined to 6.14% in Q1FY25 from 6.91% in Q4FY24.
• Operating Margin: Decreased to 10.16% in Q1FY25 from 11.78% in Q4FY24.
• Consolidated PAT: Reduced to INR 10,236 Cr in Q1FY25 from INR 17,893 Cr in Q4FY24, mainly impacted by subsidiaries HCPL and MRPL.
• Crude Oil Price Realization (Nominated): $83.05/INR 6,928 per barrel in Q1FY25, an 8.8% YoY increase.
• Crude Oil Price Realization (JV): $80.64/INR 6,727 per barrel in Q1FY25, a 14.2% YoY increase.
• Exchange Rate: INR vs Dollar was $83.42 compared to $82.21 in Q1FY24.

Capex:
• Investment Plan: ONGC plans to invest $4 billion or INR 30,000 – 33,000 Cr in Capex.
• Company planned investment into OVL Capex of INR 5,600 Cr, which will increase to INR 8,500 Cr once the Mozambique rail is ready.
• Utilization rate reduced to 89% in Q1FY25 from 92% in Q4FY24.

Other Highlights:
• ONGC announced five new discoveries for crude oil exploration globally in FY25.
• Company partnered with Ever Envero Resources, sharing equal stakes in ONGC Green Ltd.
• Company generated additional revenue of INR 425 Cr, showing YoY growth by focusing on value added products.
• Company operational enhancements implementing proactive measures like well intervention and advancing drilling activities.

Production:
• Company produces 12,000 barrels per day, targeting 45,000 barrels from project 98.2 by FY25.
• Company also production of gas 1.5 MMSCMD, aiming to increase to 6 MMSCMD.
• ONGC has operating 26 wells, with 36 producing oil, 7 producing gas, and 13 more in development.
• Company is focused to Tapti, KG-982, and Mumbai High North, despite challenges like slow growth in the KG basin due to heatwaves.
• Company anticipates a 30,000+ increase in ONGC OVL production, with a potential 3%-4% decline in other fields.

Kirloskar Oil Engines Q1FY25 Concall Highlights
Mcap: INR 167.63bn | CMP: 1,156

Outlook: Kirloskar Oil Engines revenue is expected to reach ~65bn (~10% YoY) in FY25E. The company is focused to be a $2bn company by FY30E. The margin reached ~20% which is the highest ever margin in Q1FY25. The price hike is around 30%-40% for transition from CPCB II to CPCB IV. The margin impact of 40 bps due to shift to CPCB IV and expected to normalize in coming quarters. The margin improvement is expected through high horsepower (HPP) products, After market and International business. The capex is expected to be INR 4-4.5bn in FY25E and additional INR 7bn for HPP over next 3 years which will bring additional revenue going forward. We have a positive outlook on the stock.

Arihant Capital Markets Ltd

Revenue
Revenue is expected to INR 65bn in FY25E.

The company is focused on 2X-3Y strategy and focused on a $2bn company by FY30E.

Margins
B2C margins are around 8.4% in Q1FY25 and expected to reach 10%-11% going forward.

The margin expansion is expected through high horse power products, international business and aftermarket business.

Around 40 bps margin impact due to shift to CPCB IV+, which is a higher margin business going forward.

CPCB IV transition
The company has transitioned to the new emission regime by ramping up CPCB IV+ engine production capacity.

The price hike is around 30%-40% for transition from CPCB II to CPCB IV.

OptiPrime
The company is expanding into the OptiPrime range of genset and continues to introduce new power solution products to customers.

OptiPrime products range from 250 kVA to 2,000 kVA.

Market share
The company has 50% market share for 750-1,000 kVA products.

The company has 30% market share in power generation.

Capex
The capex is around INR 4-4.5bn in FY25E and additional capex INR 7bn over next 3 years. The company is focused on expanding high horse power capacities over the next 2-3 years.

Product ranges and focus
The products range between 3 kVA to 3,000 kVA with OptiPrime. The single engine option goes up to 1,500 kVA.

The company is focused on high horse power products such as 750 kVA in the power generation markets.

Consolidation
The consolidation witnessed below 250 kVA in the markets.

Demand
The company is witnessing strong demand from infra and construction segments across power gen and industrial business.

Data center revenue share is low and expected to be significant in the power generation segment.

Arka
Arka AUM stood at INR 57.68bn as of Q1FY25.

Other highlights
The company has four technology tracks such as IC, energy solutions, electrification and hydrogen (fuel cells & electrolyzers). The company has made significant progress on the IC and hydrogen IC. In electrification, the company has a presence in single phase motors and is focused on ramp-up.

The company has received certification for natural gas genset, advancing flexible fuel strategy.

After installation of Genset, service revenue is expected for 15 years.

Products and financial services mix is around 80:20.

The company is certified to build a portfolio of diesel and natural gas CPCB IV which helps to gain market share.

Oil India Ltd Q1FY25 Concall KTAs

CMP: INR 652 | Market Cap: INR 10,55,261 Mn

Financial Highlights

• Revenue stood at INR 60014 Mn, EBITDA stood at INR 26277 Mn , EBITDA Margin is 43.79%, PAT stood at INR 14668 Mn .

• EBITDA Margin is lower than last quarter this is due to GST, and royalty provision which is of 204 cr.

• Average turnover for Q1FY25 is INR 5840 cr.

• Total production of crude oil in Q1FY25 is 0.871 MMT, Natural gas production is 0.818 BCM, and oil and oil equivalent is 1.689 MMTOE.

• Realization of crude oil is 84.89 USD per Barrel increased by 10.46% YoY.

• Segment Performance: Crude Oil- 0.834 MMT, Natural Gas- 0.647 BCM, Natural Gas- 0.029 BCM, Oil & Oil equivalent – 1.51 MMTOE.

Key Highlights

• The company has improved its oil production which is higher by 6.22% and natural gas production is increased by 10%.

• The company is not able to produce gas to the extent because of cyclic demand of gas and also because some of the subsidiaries and gas offtakes are not performing.

• The well they are making is ready and expected gas grid by end of this year, the gas production will be increase by 5 BCM by next 2 years, in FY25 company is planning to drill 78 wells, and by next year they are planning to drill 100 well and expecting growth of 20%.

• NRL project is of 20000 Cr in which 65% have physical processed and expecting the completion by Dec 2025, and also to increase gas consumption from this project.

• The company have demand from Assam power generation company, CPL, and also from NEPKO.

• NRL capacity expected to 50-60% by FY25, and byFY26-27 it will reach by 200%.

• CAPEX for 25-26 for Oil India and NRL both is INR 9650 Cr for oil India it is 6880 Cr.

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Petronet LNG Ltd Q1FY25 Concall KTAs
CMP: INR 351 | Mcap: INR 527.25 bn

Company reported strong financial performance with increase in profitability and operated at 109% utilization, highest over past 1-2 years. Dahej expansion is working well in progress and expecting to complete 5 MMTPA additional capacity by March 2025.

Financials
•Revenue came at INR 1,34,151 Mn in Q1FY25 (down 3% QoQ/ up 15% YoY)
•EBITDA came at INR 15,625 Mn (up 41.59% QoQ/up 32% YoY), while EBITDA Margins stood at 11.65 % in Q1FY25 (against 8% in Q4FY24 & 10.14% in Q1FY24).
•PBT came in at INR 14,790 Mn in Q1FY25 (up 49% QoQ/ up 40% YoY).
•PAT came at INR 11,007 Mn (up 49.95% QoQ/ up 40% YoY).

Operating Highlights
•The Company processed 248 TBTU as against 217 TBTU in Q1FY24 (up 14% YoY) and 219 TBTU in Q4FY24 (up 13% QoQ) in Dahej.
•The overall throughput of the terminals stood at 262 TBTU against 230 TBTU in Q1FY24 (up 14% YoY) and 234 TBTU in Q4FY24 (up 12% QoQ).
•Company has operated at highest utilization of 109% at Dahej in Q1FY25 vs 97% in Q4FY24 and 96% in Q1FY24.
•Company recorded provision of INR 1300 Mn for the quarter and has waived off UoP dues amounting to INR 630 Mn.

Key Highlights
•Company has made significant progress on its petrochemical project and has been awarded licenses and for both PDH and PP Plant. On Capex front company to spend 20% in first year, 30-40% in second year and rest in third year.
•The project is in debt equity financing of 70:30 ratio.
•The expansion of Dahej terminal from 17.5 MMTPA to 22.5 MMTPA is expected to get completed by Q4FY25, at a very low capex spend of INR 5700 Mn where pay-back period is expected to be in ~2-3 years.
•After this capacity expansion, company will have increased flexibility for spot cargoes and will have better throughput in coming years.
•Company does not anticipate any underutilization after adding this capacity as volume is picking up and LNG prices are not expected to increase in near term.
•Company reported a trading gain of INR 580 Mn and inventory gain of INR 2610 Mn during the quarter.
•The Regas service revenue for the quarter stood at INR 8510 Mn.
•For FY25, company targets capex of INR 35 Bn. Further, capex is expected to increase significantly in FY26 as the petrochemical project ramp ups.
•In terms of small-scale LNG, company has 4 LNG station nearing commissioned, and along with one of the off takers company has tied up to put more LNG stations.
• Kochi Terminal is currently operating at around 25% utilization. However, the company anticipates a significant improvement in utilization once the terminal is connected to Bangalore. This connection will integrate the Kochi terminal to the national gas grid, potentially increasing utilization to 50%-60%.

Mahanagar Gas Limited – Q1FY25 Concall KTAs
CMP: INR 1,847| Market Cap: INR 1,82,430 Mn

Outlook: The company maintains its guidance of over 6-7% CAGR volume growth for MGL standalone, with expectations of double-digit growth for its Unison subsidiary over the next 2 years. MGL plans significant infrastructure expansion, targeting to add over 75 CNG stations across its areas in FY25. The management sees new growth opportunities in the CNG two-wheeler segment, following recent launches and announcements from major manufacturers. Despite challenges such as the gradual reduction in APM gas allocation and potential pressure on margins due to changes in gas costs, MGL expects to maintain an EBITDA/SCM of INR 10-12 for FY25. The company is actively securing its gas supply through new term contracts and using spot LNG for marginal growth and balancing. While acknowledging the competition from electric vehicles, particularly in the public transport segment, MGL remains confident in CNG's cost advantages, especially as EV subsidies are expected to reduce.

Financial Performance
* Q1FY25 EBITDA was INR 4,180 Mn, up from INR 3,940 Mn in Q4FY24.
* EBITDA margin improved to 26.33% from 25.13% in Q4FY24.
* PAT increased 7.4% QoQ to INR 2,850 Mn.

Volume Growth
* Overall average gas sales increased by 13.1% YoY to 3.858 MMSCMD in Q1FY25.
* CNG sales volume grew 11.7% YoY to 2.772 MMSCMD.
* Domestic PNG volume increased 10.4% YoY to 0.547 MMSCMD.
* Industrial and commercial sales rose 23.8% YoY to 0.539 MMSCMD.

Operational highlights
* Added 35,544 domestic PNG connections in Q1, and 104 industrial and commercial customers.
* Added 8 km of pipeline in Raigad, taking the total length to 424 km. Targeting to add over 50 CNG stations in MGL and 25 in Unison Enviro in FY25.
* Current APM gas allocation for priority sector (CNG + domestic PNG) is around 69%, down from 90% last year.
* Launch of CNG 2-wheelers by Bajaj and upcoming launch by TVS seen as potential volume growth drivers.
* Pursuing conversion of more MSRTC (state transport) buses to CNG.
* Signed new term contracts to secure gas supply.
* Gradual reduction in APM gas allocation remains a key challenge.
* Competition from electric vehicles in the public transport segment, though economics still favor CNG.
* Added about 20,800 CNG vehicles during the quarter. Breakdown: 14,200 private cars/taxis, 1,300 small commercial vehicles, and the rest medium-heavy commercial vehicles and buses.
* MSRTC added 90 buses and BEST added 59 buses.
* Growth is stronger in GA2, GA3, and Unison areas compared to the mature GA1 (Mumbai) market.

* Current LNG sales at their station increased QoQ from 3,000 kg/day to over 4,100 kg/day. Maximum potential of the station is 12-13 tons per day.
* Targeting to add more than 50 CNG stations in the MGL area and about 25 stations in the Unison area in FY25.
* Total of around 75 CNG stations to be added across MGL and Unison in FY25.
* Observing a shift from small commercial vehicles to medium commercial vehicles due to availability of factory-fitted CNG options.
* Out of MSRTC's total fleet of about 17,000 buses, around 6,000 touch MGL's geographical areas.
* Expecting another 200 MSRTC buses to be converted to CNG in the next two quarters.
* Over 130 Bajaj CNG motorcycles delivered in MGL's areas so far. Bajaj is planning to add about 700 CNG two-wheelers per month. Volumes from this segment are expected to grow slowly but steadily.
* Signed Henry Hub-linked contracts for about 0.76 MMSCMD. Already had HPHT contracts for about 0.5 MMSCMD. Planning to sign more term contracts as volumes stabilize.
* EBITDA margins for Unison are reported to be in line with or slightly higher than MGL.
* Higher prices in Unison areas compensate for higher costs due to gas transportation and LNG transportation.
* Management estimates total cost of ownership for electric buses to be 1.4 to 1.5 times higher than CNG buses over a 10-15 year period

HOEC Q1FY25 Concall Highlights
Mcap: INR 32.23bn | CMP: INR 244

Outlook: Dirok production remained flat in Q1FY25. The Dirok well was cleaned which will increase the production going forward. Cambay has received environmental clearance for drilling and expected to enhance the production of 300 BOPD. Assam is expected to be connected to the national grid by Q3FY25E/Q4FY25E which will double the production of 40mn cubic feet of gas. The monsoon season will impact drilling and production. We have a neutral outlook on the stock.

Production
Gross production stood at 7,066 BOEPD as of Q1FY25. Net production stood at 2,443 BOEPD as of Q1FY25.
Sand test
The company has tested two untested sands in Dirok fields 9 and 10. Sane nine produced 6mn standard cubic feet of gas per day. Sand 10 is not able to flow hydrocarbons to the surface.
Dirok
The Dirok well was cleaned up which increased production. Dirok field can produce 50mn standard cubic per day, however the company restricted production due to lack of demand. Dirac inventory is around 1,65,000 barrels.
Gas price
The gas selling price is applicable for nominated blocks with a ceiling of $6.5/mmbtu and drill of JV is selling the gas at the PPAC price of $9.5/mmbtu. The nominated field gas is selling first and balance demand met by PPAC price.
Cambay
In Cambay, the company has secured environmental clearance after four years. The company will start drilling on two wells each in Azzol and north Balor. The total contract area is around 38 sq.km.
Capex
The capex is expected around INR 10bn over next 3 years for sustained production with increased reserves and resource base. The capex is expected through internal accruals and debt. The board has approved INR 7.5bn for debt raising.
National grid
Assam is expected to be connected to the national grid by Q3FY25E/Q4FY25E. Post, that company will drill well and be able to double the production to 40mn cubic feet of gas.
B-80
In B-80, the company is targeting 2,000 BOPD, however the company achieved 740 BOPD in Q1FY25.

Other highlights
The production has been delayed around 10-14 days and another 10 days production delay is expected due to weather conditions.The company has produced 1,300-1,400 barrels of oil and 9mn cubic feet of gas from June-24 to till date.

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Hindalco Industries Ltd| Q1FY25 Concall KTAs
CMP INR 621| Market Cap. INR 1395.86bn

Hindalco is advancing its Silvassa extrusion plant and is on track with the Aditya SRP expansion for FY26. The company is planning significant upstream expansions in aluminum and copper, including a potential 1mn ton alumina refinery in Odisha. Capex for FY25 to be at INR 50-60bn, with additional investments in Novelis and a 50 KT copper recycling project near Dahej.

Financials

India business revenue from operations stood at INR 202.3bn(+12%YoY)(-1%QoQ) with EBITDA from aluminium- upstream at INR 19,350mn(+81%YoY)(+29%QoQ) and aluminium downstream at INR 1350mn(-19%YoY)(-24QoQ) and copper at INR 5310mn(+52%YoY)(+4%QoQ). Total EBITDA stood at INR 24,700mn(+55%YoY)(+15%QOQ). PBT stood at INR 15,160mn(+93%YoY)(+19%QoQ) and PAT of INR 9,710mn(+102%YoY).

EBITDA margins were higher at 40% in Q1FY25 and continue to be the best in the global industry.

Novelis shipments up 8%YoY to 951 Kt, driven by normalized demand for beverage packaging sheet. Indian downstream aluminum shipments up 18% YoY to 96 Kt. Copper business delivered best-ever quarterly performance

Expansion Plans- Silvassa extrusion plant ramping up successfully and Aditya SRP expansion project on track for FY2026 commissioning. Co. is planning upstream expansions in aluminum and copper.

Hindalco achieved 97% recycling of total waste generated and commissioned 173 MW of solar and wind power to date. It is on track to commission 100 MW hybrid power project by H1CY2025.

The company is considering a 1mn ton alumina refinery expansion in Odisha, planning a new 280-300Kt copper smelter, and evaluating a 180Kt aluminum smelter expansion. These projects, each estimated at around INR 80bn, will be pursued sequentially rather than simultaneously due to execution risks and regulatory clearances.

Indian FRP demand is projected to grow 7-8% YoY in FY2025, while copper demand in India is increasing strongly. Global aluminum FRP demand (excluding China) is expected to grow 4% in CY2024

For raw material , Hindalco is taking a cautious approach to long-term coal linkages due to price considerations and is aiming to increase scrap usage in downstream operations.

Consolidated net debt stood at INR 355.30bn with net debt to EBITDA ratio at 1.24x which is lower than previous year

-Co. stated ongoing efforts to optimize the product mix, increase the use of recycled materials, and move up the value chain in both the Novelis and Indian operations.

-Capex to be INR 50-60bn for FY25 in India, and for Novelis capex to be $1.8-2.1bn.

-The company expects material costs to increase by 1% in Q2 due to
higher coal prices during the monsoon season and increased caustic prices.

-Hindalco has successfully completed the public hearing for its 50 KT copper recycling project near the existing Dahej smelter. The company plans to break ground on this project in October, with technology selection and orders already in place.

-While the aluminum train project with the central government has been delayed, Hindalco reported faster-than-expected progress in commercial vehicles and (EV) segments for passenger cars.

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SEQUENT SCIENTIFIC LTD - Q1FY25 ConCall Highlights:
CMP: 146.65 | Market Cap: 3,6062.5 Mn

Revenue surged to INR 3902 Mn in Q1FY25 from INR 3,612 Mn in Q4FY24, increase by (17% YoY/ 8% QoQ), company guidance of revenue is to be in the range of 10% to 12%. Adj. EBITDA grew by 419% YoY. PBT rose to INR 120 Mn in Q1FY25, up from INR 26 Mn in Q4FY24, marking a 355% QoQ increase. PAT also improved to INR 91 Mn in Q1FY25, compared to INR 13 Mn in Q4FY24, which increased by 607% QoQ/ 126% YoY.

Operational Highlights

Company reported strong growth in Europe, particularly in Benelux countries as there was increased demand due to outbreak of a viral disease.

Company took margin improvement initiatives in Europe around portfolio rationalization, pricing and new products have provided strong momentum to the results coming to emerging markets in Turkey.

Company expanded its team and now the team is on ground to deliver results towards the second half of the year.

API revenues for the quarter grew at 14.4%, India being a key market for development Company plans aggressively in terms of products on ground presence as well as RND. Company guidance on EBITDA margin to grow double digit margins.
Company formulation business saw strong growth of 21.1% in Q1FY25 YoY, with strong growth in Europe supported by new partnerships and agile responses to disease outbreaks in the region.
India being a important market company is planning for doubling down as already started expansion Q4FY24 and expanding it by 40% to quickly scale up as there is opportunity available.

Company Turkey business seen the currency a bit more stable, and therefore price increases and volume increases are beginning to play out.

Company also had opportunity to supply vaccines to some of the european markets, particularly in Belgium and Netherlands, capturing some market share in those markets and gain some top line as well.

Capex will be subdued this financial year as company already invested in previous year and expect to invest more of 500-600 mn of capex FY25.

Vimta Labs Ltd Q1FY25 Concall highlights
CMP INR 535 | Market Cap INR 11,860mn

Vimta Labs' revenue has been stagnant for the last few quarters mainly due to their product mix and capacity constraints. Going forward, they plan to focus more on foods and pharma segment and defocus from low profitability segments. They are also adding new facility and adding new chambers at existing facility which will help them expand their business from Q2FY25 onwards.

Revenue came in at INR 818mn (-2.1% YoY/+2.6% QoQ). EBITDA stood at INR 245mn with margin of 30%. PAT came in at INR 123mn (+0.8% YoY/-0.6% QoQ) with margin of 14.9%. Overall, there was no major improvement in topline or profitability in the quarter.

Total debt stood at INR 130mn after INR 62mn repayment while Cash and Cash equivalents were INR 324mn.

The company incurred capex of INR 164mn in the quarter. Capex planned for FY25 is INR 700mn-1bn, part of it going towards setting up electronics testing chamber at new facility. Transfer of testing equipment has already begun to new facility and they expect to commercialise it by Q2FY25; no new USFDA inspection required. The additional testing chamber is expected to be available from FY26. Utilisation of the new facility will be low in the beginning art around 20-30%.

The new facility has peak revenue potential of INR 6-7bn. The revenue projection from new chamber for electronics testing continues to remain same at around INR 300-350mn.

The capex planned does not include the Sahasra project which will be funded separately. Capex of INR 500mn is already incurred while INR 150-200mn will be incurred in the current year.

The marginal growth in the quarter on QoQ basis was led by pharmaceutical services.

The company did face an USFDA audit in the quarter with no observations.

INR 40.9mn grant received for upgradation of food testing laboratories at Hyderabad. This is in line with their plans and will assist them in doubling capacity by inaugurating new buildings in Hyderabad facility. They plan to add 200,000 sqft of lab area.

The company worked on strategizing its services portfolio, focusing more on food, pharma electronics testing.

The company feels the stagnancy in the topline has mainly been due to capacity constraints. They are hopeful to see improvement from Q2FY25 onwards given their shift in focus on pharma sector and commercialisation of new facility.

Foods segment has seen an improvement in the last few quarters; government increasing surveillance will benefit private labs.

Focus is shifting towards margin improvement thus the company is deliberately cutting down its diagnostic and environmental testing segment as they are not contributing to bottomline.

Food and Pharma segment are the highest contributors in revenue with 85% share.

The company is hopeful to reach INR 5bn topline by FY26 if there is sequential improvement.

Solara Active Pharma Sciences Ltd Q1FY25 Concall highlights
CMP INR 575 | Market Cap INR 20,790mn

Revamping business by focusing on CRAMS segment with long term view of profitable growth.

Revenue came in at INR 3635mn (+21.4% QoQ/3.2% YoY). EBITDA stood at INR 419mn (330% QoQ/120% YoY), margin of 11.5%. PAT stood at INR (134.6)mn. The quarter included a one off cost which will not continue in H2FY25.

The company is shifting its focus back to its strengths i.e. regulated markets. 75% of total revenues came in from regulated markets.

Gross margins stood at 44.5%, which are currently subdued due to aggressive inventory reduction to improve free cash generation, expected to normalise in H2FY25. They target to get back to 48% by H2FY25.

They stood by their FY25 guidance of achieving INR 15,000mn topline with EBITDA of INR 2,300-2,600mn. They expect to touch INR 4,000mn revenue, EBITDA of INR 800-900mn with margin of 20-22% in Q4FY25.

Debt repayment of INR 1661mn in the quarter reduced the gross debt to INR 8333mn. They target to bring it to INR 5000mn level by end of FY25. The debt reduction was aided by rights issue proceeds and free cash generation.

The company is looking to cater early stage businesses in the CRAMS segment as most of the industry is dominated by European and Taiwanese companies. They are also looking to sustainable APIs, some of them which they have launched in the recent quarters.

Vizag Facility:
The company is working towards retrofitting their Vizag facility into a large multipurpose CRAMS facility which will also produce high potent APIs. Main focus will be on CRAMS business, while it will continue to cater Ibuprofen.

Till now, the company has invested INR 6bn in the facility. While the capex going forward is not estimated, it will be funded through internal accruals only.

The facility will resume commercial production by Q1FY26.

There was an USFDA inspection conducted in May’24, leading to zero observations.

Granules India Ltd – Q1FY25 Concall KTAs
CMP: INR 587 | Market Cap: INR 1,42,464 Mn

Outlook: The company expects to see marginal topline growth in the near term and anticipates stronger bottom-line improvement. It is strategically shifting towards higher-margin formulations and complex products, particularly in oncology and CNS/ADHD segments, which are expected to drive growth from FY26 onwards. The U.S. market is a key focus for the company with expectations of sustained growth exceeding 20%. The company has new product launches lined up including 3-4 in the U.S. and 8 in other markets for the remainder of FY25. The company aims to improve EBITDA margins beyond 22% and expects the Paracetamol market to recover by the end of FY25 or early FY26.

Financial highlights
* Revenue stood at INR 11,799 Mn in Q1FY25 up by 0.35% QoQ & 20% YoY.
* EBITDA stood at INR 2,593 Mn in Q1FY25 up by 1.41% QoQ & 89% YoY with margins at 22%.
* PAT was at INR 1,346 Mn in Q1FY25 up by 3.85% QoQ & 181% YoY with margins at 11.4%.

Operational updates
* In Q1FY25, OTC sales were about $20 Mn. Company's OTC business grew from $40 Mn in FY23 to $60 Mn in FY24.
* Its ADHD/CNS portfolio is progressing well and aiming to be a significant player.
* Company's new formulation facility at Genome Valley has commenced operations.
* Capacity expansion is ongoing for oncology API and formulation facilities.
* The company has submitted climate action goals to SBTI aligned to 1.5°C mark rate and net zero by 2050.
* OTC private label portfolio is gaining traction in the U.S. market.
* Paracetamol API sales remained weak due to inventory overhang.
* Company's has identified its diabetes segment as a key area for expansion.
* It is developing a platform for glyphosates, gliptins, and other diabetes treatments and is taking a cautious approach to green chemistry investments.

R&D and product pipeline
* Company's R&D spend increased to INR 620 Mn in Q1FY25.
* Focusing on developing complex products with limited competition.
* The company is advancing projects in biocatalysis and currently has five projects at advanced stages, with one successfully tried at plant scale.
* Planning to start validation of at least three molecules in Q3FY25.

Capital expenditure and capacity
* Q1FY25 capex was INR 1,444 Mn, primarily in Granules Life Sciences.
* Company's has planned a new oncology API and formulation facility of which execution is to start from September.

* Company’s existing formulation facilities (Agilapur) are operating at nearly 100% capacity.
* Company’s new site with 2 Bn capacity is undergoing validation and an additional 8 Bn capacity to start up next year.

Geographic performance

* The US remains the primary growth driver for the company and is expected to grow over 20%.
* In Europe, the company's sales were down 35% due to paracetamol weakness.
* The company is expanding into new countries in the LATAM region.
* LATAM is shifting focus from PFIs to finished dosages.

Financial metrics

* Company’s ROCE improved to 19.6% in Q1FY25 as compared to 16.5% in Q4FY24
* Its net debt has decreased by INR 481 Mn.
* Its Cash-to-cash cycle increased to 183 days from 161 days at the beginning of the year.
* Operational cash flow improved to INR 2,161 Mn from INR 35 Mn in Q1FY24.

Challenges and risks

* The paracetamol market is facing a severe downturn and is expected to recover in 6-12 months.
* Price erosion in the U.S. market has been stabilized at mid to high single digits.
* Red Sea issues are impacting the company's working capital cycle.

Ajanta Pharma - Q1FY25 Concall Highlights
CMP: INR 2,531 | Market Cap: INR 318 bn
Rating: Unrated

Outlook: The Company posted very healthy growth across most of their business segments which all performed well except for the Africa Institution business segment. We expect the new launches and ANDA filings in the US Markets will allow further enhancing of their overall margins.

Guidance:
• The Management expects the overall revenue to grow in low teens in FY25 on the back of branded generic growing by mid-teens in Africa and Asia (excluding India), US generic sales growing by mid-single digits and a degrowth in Africa institutions business.
• The Company expects the Gross and EBITDA margins to remain within 1% of current levels during FY25.
• Freight cost is expected to go up by INR 300 mn by Q4FY25.
• The Management expects R&D expenses to be 5% of revenue in FY25.
• The Capex including maintenance capex for FY25 is anticipated to be INR 1,750 mn.
• The Company's Sales force might increase by 100-150 in H2FY25 in Asia and Africa while not expected to see any significant increase in India till FY26.
• The Company is targeting to set up business in Central Asian regions and Anglo-African regions in the next 2-3 years.

Key Highlights:
• Revenue came at INR 11,450 mn, up 8.6% QoQ/ up by 12% YoY.
• EBITDA came at INR 3,300 mn, up 18.7% QoQ/ up 22% YoY.
• EBITDA Margins came at 29% for Q1FY25 up 300 bps QoQ / up 200 bps YoY.
• Net Profit increased to INR 2,460 mn up 21.2% QoQ/ up 18% YoY.
• The Company's gross margin for Q1FY25 stood at 77%, an expansion of 200 bps YoY, which was due to higher contribution from branded generic business in overall revenue.
• In Q1FY25, the employee benefit expense witnessed an increase of 33% YoY on account of annual increments and a one-time charge of about INR 300 mn due to change in policy of gratuity.
• The other expenses stood at INR 2,630 mn for Q1FY25 and the Management expects it to be in the range of 26-27% of revenue in the coming quarters due to increased R&D and SG&A expenses.
• The other income stood at INR 270 mn for Q1FY25 consisting of forex gains of INR 80 mn. The Income tax stood at 24% for Q1FY25 and is expected to be in the similar range for FY25.
• During the quarter, the Company invested INR 600 mn as capex.
• In Q1FY25, cash conversion ratio stood at 141%, mainly on account of improving working capital cycle. The cash flow from operations stood at INR 4,660 mn in the same period.

Branded Generics Business:

• In Q1FY25, the revenue from this segment stood at INR 8,600 mn, higher by 17% on a YoY basis. The segment contributed 76% of total revenue.
• In Q1FY25, domestic Indian market's revenue was INR 3,530 mn from this segment, up by 11% YoY. It included revenue from trade generics which contributed INR 410 mn in Q1FY25.
• Asia reported a revenue of INR 2,770 mn, an increase of 9% YoY.
• In this segment, Africa contributed a revenue of INR 2,300 mn, an increase of 45% YoY in Q1FY25. The elevated growth was on account of lower sales of Q1FY24 on account of pension reform crisis.
• The Company launched 1 new product in Q1FY25 in the Indian markets which was first-to market.
• The Company's growth was 8.9% against Indian pharmaceutical market growth of 7.6%, according to IQVIA MAT, mainly on account of new launches which were 1.3x as compared to IPM.
• Dermatology, ophthalmology and Pain management segment outperformed industry growth by 10%, 2% and 1% respectively; while cardiology performed lower than the industry segment by 6%.
• The Company launched 9 new products during the quarter, 7 in the Asian region and the remaining in Africa.
• Capacity utilization stood at 60-65% as of June 2024.
• Per capita per month sales currently stood at INR 0.4 mn as of June 2024.

US Generics Business

• In Q1FY25 revenue from the segment stood at INR 2,280 mn and witnessed an increase of 7% YoY. It contributed ~20% of the total revenue.
• The segment has 46 products on shelf and 58 abbreviated new drug application (ANDA) approvals and 21 ANDA pending approvals as of June 2024.
• They launched 3 new products during the quarter, filed 2 ANDAs with a target to file 8-12 in the whole of FY25.

Africa Institution Business

• Revenue from this segment stood at INR 420 mn and witnessed a decrease of 35% YoY. The business stagnated due to lower procurement by aid agencies. The segment contributed 4% of total revenue.

Mankind Pharma - Q1FY25 Concall Highlights:
CMP: INR 2,031 | Market Cap: INR 812 bn
Rating: Unrated

Outlook: Mankind Pharma posted healthy 10% QoQ increase in Net Profits despite considered a seasonally weak quarter for the Pharma sector. The Company has also launched 2 new Products in the US during Q1FY25. The Company has already announced the acquisition of Bharat Serums and Vaccines from PE firm Advent International for INR 136.30 bn. We believe the company's growth could get further boosted with the acquisition of BSV which the Management claims to be EPS accretive from 2nd year onwards.

Guidance:
• For FY25, the management maintained their guidance on EBITDA margins between 25-26%.
• The Management intends to get into Licensing Deals where more specific & high end doctor's & hospitals are served by very few competitors rather than 35-40 competitors, and then they can do cross -selling of their high margins products.
• The Company maintains that their R&D costs will remain between 2-2.5% of their revenues in the future as well.
• For the Capex part also, the Management maintained that their Capex will remain within 5% of their revenue.

Key Highlights (Consolidated):
• Revenue came at INR 23,934 mn, up 18.53% QoQ/ up by 12.21% YoY.
• EBITDA came at INR 6,817 mn, up 15.34% QoQ/ up 4.12% YoY.
• EBITDA Margins came at 23.56% for Q1FY25 down 65 bps QoQ / down 183 bps YoY.
• Net Profit came at INR 5,431 mn, up 13.95% QoQ/ up by 9.89% YoY.
• The Company's domestic business grew by 8.9% YoY, Consumer Healthcare Business grew by 32% QoQ and Exports grew by 62% YoY during Q1FY25.
• The Management confirmed of the company's 100% acquisition of Bharat Serum & Vaccines as announced in Q1FY25.
• As on June 30th, 2024, the Company has a healthy net cash position of INR 37.47 bn.
• During Q1FY25, the Company's volume growth was 1.9% against 0.4% volume growth of Indian Pharmaceutical markets growth leading to an increase in their market share to 6.1%, an increase of 20 bps YoY.
• The Management boasted of their strategic collaborations which have bolstered their market presence. They have launched Inclisirin, which is a patented injectable in license from Novartis with very high efficacy used for lowering hyperlipidemia, and mostly prescribed by super specialty doctors. The product is priced above Inr 1 lakh per injection and is positioned as one of the most premium product across their portfolio.
• Similarly, they have also licensed Vonozoprazone from Takeda, which is used for acid related disorders including GRD.
• The Company as past of their strategy for consolidation have reduced their count of stockists from 6,500 down to 1,900 stockists as required by any OTC company to work, and which are contributing 85% of their sales in the consumer side.

• The Company is now the second largest pharma company by volume in IPM with 23 brands families each having a revenue of INR 1 bn plus as of May/June 24.

• In their chronic segment, the Company has registered a healthy growth of 14% YoY surpassing the IPM chronic growth by 1.3 times.

• The Company's anti diabetic and cardiac therapies contributed significantly to the growth with both the segments posting robust growth rates of 21% and 15% respectively.

• The R&D expenses during Q1FY25 were at INR 480 mn, which is 1.7% of revenue and within their guidance of 2-2.5% of sales.

• The Company did a capex of INR 1,250 mn in Q1FY25 which is ~4% of the total revenue, and is in line with their previous guidance of 5% of revenue, and the Management expects it to be at the same level. During FY24, they had spent 3.8% of the sales towards capex.

• The Management explained that there is a spike in their expenses in Q1FY25 due to the launch of 4 new divisions where the company has to make certain degree of investments into them.

• The PCPM for the company has increased to INR 680,000, an increase of INR 30,000, despite the increased expenses which the Management expects to normalize in the subsequent quarters.

• Regarding the BSV acquisition transaction, the Company said that it will be funded through a mix of internal accruals and Debt & Equity. The Management expects sustained double digit growth of topline from BSV Portfolio with +20% margins and EPS accretive from the 2nd year onwards for Mankind Pharma.

• The Company has done 160 DMF filings in Q1FY25 against previous quarter's 150 DMF filings.

Aarti Pharmalabs - Q1FY25 Concall Highlights:
CMP: INR 606 | Market Cap: INR 56 bn
Rating: Unrated

Outlook: The Company has several Capex projects ongoing in the Xanthine derivatives products segment along with several products in the Pipeline to go for commercial production stage from the CDMO/CMO business. While the Xanthia products continue, we expect the margin accretive CDMO/Intermediate business products to drive the future outlook for the company.

Guidance:
• Tha Management guides growth of CDMO/CMO segment's revenue growth for FY25 to be around 25-30% YoY.
• The Company is currently adding 450-500 KL capacity addition at Atali, which will increase their capacity by 25-30% of the current capacity.
• The Management is focussing on the API products of specialized uses, therefore better margin products.

Key Highlights:
• Revenue came at INR 5,555 mn, up 9.8% QoQ/ up 21.2% YoY.
• EBITDA came at INR 965 mn, down 17.9% QoQ/ up 13.7% YoY.
• EBITDA Margins came at 17.37% for Q1FY25 down 586 bps QoQ / down 115 bps YoY.
• Net Profit was reported at INR 555 mn, down 15% QoQ / up by 17.8% YoY.
• The Company operates 3 different business segments as per their revenue contributions in Q1FY25: Xanthine Derivatives 54%, API & Intermediates 44% and remaining 2% from the CDMO/CMO segment.
• The Management says that they are seeing strong traction in the xanthine derivatives space as they are industry leaders in that product and despite Chinese competition outlook remains bright. However, the Management confirmed that the pricing has been lower due to Chinese aggressive pricing, hence they are balancing product supplies between contract & Spot basis.
• In the API & Intermediate business, 55% of their API revenues came from regulated markets, 35% from the Rest of the World and the remaining 10% from the non-regulated markets.
• In the CDMO/CMO segment, the Company is presently working with 18 customers on 53 projects, of which 27 projects are in the commercial stage at the customer's end and 26 are under different stages of development at customer's end.
• The Company is in the process of acquiring land for the Brown field expansion of the Xanthine derivatives facility taking the total capacity to 9,000 MTPA and will be completed by the beginning of FY26.
• The Management informed that the Atali Project, which is primarily focussed on CDMO/CMO and intermediate manufacturing is running on schedule, and the management expects it to complete by Q4FY25 end.
• The Semi-Commercial stage Block Production of US FDA approved intermediate unit at Vapi is in the final stages of completion, and is expected to be fully operational by Q2FY25.
• The Solar power plant coming up at Akola in Maharashtra, will cater to the company's one-third of their power requirement in Maharashtra and reduce their manufacturing expenses.
• Around 57% of the Xanthine derivatives were exported during the quarter Q1FY25.
• The Management explained that the CDMO/CMO projects are generally of 6 months to a year, before they become commercial production launched.

• The Company's Xanthine derivatives expansion is undergoing taking capacity from 5,000 to 9,000 MTPA for an outlay of INR 1.5 bn, Atali Project with an outlay of INR 3.75 bn and Solar Project outlay of INR 0.9 bn. While the Solar Power Project will be completed by Q2FY25, the other 2 will be spread over FY25 & FY26.
• Total capex outlay as per the Management is INR 5-5.5 bn for the year FY25.
• The Company has an associate company named as Ganesh Polychem Ltd., and a 100% owned subsidiary Aarti USA Inc., which takes up some trading and legacy business. This subsidiary will stop from end of the year as soon as Aarti Industries has a subsidiary in the US of its own.
• Hence, the Management clarified that out of the consolidated numbers, INR 1 bn of revenue is from Trading Sales.
• Earlier in the year, the Pollution Control Board had issued notice for Dombivali site for some natural gas manufacturing facility wide notice, which was resolved within the next 7 days, and the Management explained that the facility was restarted after a shut down of 30-35 days for the facility. This can have a maximum impact of up to 2% of their revenues.
• Management explained that the Gross margins are better in API & intermediates in the CMO business segment for the specialized molecules compared to the generic molecules or intermediates.

Vijaya Diagnostics - Q1FY25 Concall Highlights:
CMP: INR 809 | Market Cap: INR 84 bn
Rating: Unrated

Outlook: The Diagnostic company has been following the Hub & Spoke model of business for their B2C diagnostic chain, and are incurring capex in densely populated areas of Pune & Kolkata. The Company also has plans to commence 9 more Hub centres, which will drive their revenue growth in future years.

Guidance:
• The Management maintained their growth guidance over the next 2 years, as the Company has finalized Leases for 9 Hub locations across their home states and adjacent geographies like Pune & Kolkata where the Company says will commence the centres within the next 18 months or so.
• As part of the Diagnostic chain's expansion plans, the Company will be commencing operations from 8th Aug in their new State of the Art 10,000 sq. ft. facility at Angole, Andhra Pradesh. The new facility is equipped with 3 tesla MRI machines and 160 slice CT scan machines to serve 3 nearby districts.
• The Diagnostic chain is working on 9 Hub centres to be commenced over the next 18 months of time. The Management expects these new Hub Centres will drive the business further for the company.

Key Highlights:
• Revenue came at INR 1,562 mn, up 0.7% QoQ/ up 29.1% YoY.
• EBITDA came at INR 612 mn, down 3.0% QoQ/ up 27.3% YoY.
• EBITDA Margins came at 39.2% for Q1FY25 down 150 bps QoQ / down 60 bps YoY.
• Net Profit was reported at INR 314 mn, down 6.3% QoQ / up by 19.8% YoY.

• The Management attributed the growth driven by footfall as well as Test volumes.
• The B2C segment contributed 93% of their sales, with the Wellness segment contributing 13.4% of their revenue.
• The Company's new Hub Centre at VIP Road Kolkata has completed the first year of operations which achieved break-even during the first 3 quarters.
• The Company's subsidiary, Medinova, which is operating a centre in Southern Kolkata, will also be merged with the parent for optimization of compliances and other operational costs. The Board of the Company has already approved the proposal for merger of Medinova with the company from 1st April 2024.
• The Company's organic revenue excluding PH Pune, was also 20% YoY from INR 1,210 mn to INR 1,450 mn. The Volume growth was 20% YoY and the footfall growth was 17% YoY.
• The PH Pune's performance for Q1FY25 stood at revenue of INR 114 mn, with Hyderabad area contributing 71%, Rest of Telangana & AP 18% and the remaining 11% was contributed by newly acquired markets of Pune.
• The Radiology business made up 38% (37% in Q1FY24) of the revenue in Q1FY25. The revenue per test stood at INR 462 per test, and revenue per patient footfall stood at INR 1,621 per Patient.
• The Management explained that the growth from the centres older than 2 years of operations, i.e, since before FY22, has been at between 12-13% YoY.

• The Management acknowledged that the existing centres aded upto FY22, still have another 1-2 years room for growth left, but in the long term, like any retail services business, the double digit growth witnessed by the company will only be possible with branch/centre addition.

• The Management informed that the PH Pune merger is complete with the billings and financial of PH pune being consolidated from 1st April 2024, along with the Internal Billing, etc. changes that have happened over time along with the Branding.

• The Management hinted that going ahead, the Diagnostic company will be working on adding more spokes to the Hub centres already in existence during next 1-2 years, along with the 9 centers that will be opened over the next 18 months, which will also see more spokes coming up as they mature.

• Off the 9 Hub centres, the Company has signed 2 leases in Pune region, 3 locations finalized in West Bengal and 4 in their home & adjacent locations.

• The Management said that the Hyderabad region (72% of revenue) is giving them double digits growth even today while they are doing capex entirely in different regions. So, they believe that the capex being incurred in Pune & Kolkata, upon maturity will generate higher revenue contribution bringing down Hyderabad contribution below 65%.

Gland Pharma - Q1FY25 Concall Takeaways:
CMP: INR 2,107 | Market Cap: INR 347 bn
Rating: Unrated

Outlook: Gland Pharma posted weak set of earnings in Q1FY25 which is also not a strong quarter for most Pharmaceutical product companies. We expect the planned shutdowns at Cenexi for the new installation of ampoule line will enhance the facility's utilization levels and new ANDA's files could roll new products from there in the future.

Guidance:
• The Company expects positive EBITDA from Cenexi business from Q4FY25 and on a full year basis from FY26 onwards.
• The Cenexi business is expected to be impacted in Q2FY25 due to lower activity levels on account of holiday season in Europe and planned maintenance shutdowns in the plant.
• The Fontenay plant will have an extended 3-week shutdown for new ampoule line installation

Key Highlights (Consolidated):
• Revenue came at INR 14,017 mn, down 9% QoQ/ up 16% YoY.
• EBITDA came at INR 2,654 mn, down 26% QoQ/ down 11% YoY.
• EBITDA Margins came at 19% for Q1FY25, down 400 bps QoQ / down 600 bps YoY.
•Net Profit came at INR 1,438 mn, down 25% QoQ/ down by 26% YoY.
• The Management attributed the increase in revenue annually was on account of incremental re venue from Cenexi business and healthy results from the core markets.
• The EBITDA margin witnessed a decline mainly on account of lower margin from the Cenexi business.
• The total capex for the quarter was INR 640 mn.
• As on 30th June 2024, the Cash and Cash equivalents stood at INR 30.49 bn as compared to INR 24.95 crore as on 31st March 2024.
• The Company filed 8 ANDAs and received 7 ANDA approvals.

US Markets:
• In Q1FY25, the Company witnessed a strong growth of 27% YoY in revenue mainly on account of healthy volume share of existing products and new launches.
• During Q1FY25, they launched 8 molecules in the market, including Eribulin mesylate, Plerixafor, Nelarabine and Edaravone.
• As of 30th June 2024, the Company along with its partners had 356 ANDA filings in the US, of which 295 were approved and 61 pending approvals.

Europe & Other Core Markets
• During Q1FY25, revenue from the European region was INR 2,570 mn, up by 15% YoY. In Q1FY25, sales in the core markets stood at INR 450 mn, registering a growth of 72% YoY.

India:
• During Q1FY25, revenue from domestic markets stood at INR 530 mn, down by 19% YoY. It contributed 4% to the revenue in Q1FY25.

Rest of the World:

• In Q1FY25, RoW revenue of INR 2,850 mn, a decline of 3% YoY. It contributed 20% of the revenue in Q1FY25 as compared to 24% in Q1FY24.

Cenexi (Subsidiary):

• In Q1FY25, the Cenexi revenue stood at INR 3,880 mn.
• There was an EBITDA loss of INR 286 mn during the quarter.
• The Company will commission a new ampoule line in August 2024, with commercial production starting in early 2025. This line is expected to increase capacity, improve customer service, and generate EUR 10 million revenue in 2025.

Indegene Ltd - Q1FY25 Concall Highlights
CMP: INR 598 | Market Cap: 1,43,010 mn.

Outlook

Indegene Ltd showcased steady growth with a strong client base and significant revenue potential. The company's focus on expanding its digital footprint, leveraging strategic partnerships, and exploring new opportunities, positions it well for future growth. Despite some challenges, Indegene remains optimistic about its mid-to-long-term prospects, emphasizing innovation and operational efficiency to drive expansion and profitability.

Financial Highlights

Revenue from Operations remain flat at INR 6765 mn (+11.4% YoY / +0.5% QoQ)
EBITDA stood at INR 1328 mn (-14.5% YoY / -9.9% QoQ)
EBITDA Margin slightly lower at 19.6% in Q1FY25 vs. 21.9% in Q4FY24
PAT was close to INR 877 mn (-7.5% QoQ / -28.3% YoY)
PAT Margin was down to 13% in Q1FY25 vs. 14.1% in Q4FY24
Cash and Cash Equivalent increased at INR 13973 mn in Q1FY25 from INR 9876 in Q4FY24, supporting operational efficiency and growth

Other Highlights

Company account total of 65 active clients in Q1FY25, $42 mn revenue is reported from the single largest client and two clients account for $25 mn, among the top three pharma companies

Revenue Contribution:

Top 20 clients contribute 68% of revenue, potential to grow revenue by $80 to $100 mn in the mid-to-long term.
Engaging with top companies to enhance marketing and medical activities, expanding its digital footprints across brand lifecycles

Segmental Opportunities

Top 3 clients among the top 20 account for $87 mn in revenue, with growth potential to $80-$100 mn.
12 companies out 20 with revenue ranging from $1 to $10 mn, including 2 below $1 mn

Growth Prospective

Companies has two clients with revenue over $10 mn. 36 clients overall, 16 in enterprise medical, with plans to expand to the remaining 20 companies and new ones

Top 20 companies moving from a -7.1% growth rate in FY24 to a positive rate in FY25.

Company reported 17% growth in enterprise medical solution, despite declines in other segments. Both combined with enterprise commercialization, contributing 80-83% of revenue. expects 8% CAGR due to a surge in drug launches. Favourable for outsourcing opportunities for expansion Company holds expertise in medical, commercial, and technology areas. With positive outlook for mid and long-term growth and client onboarding.

Paid off $48 mn debt from IPO capital to reduce interest cost and now its net zero debt.

Top 5 clients undergoing restructuring, still focus on maintaining and growing EBITDA margin

Future Growth:

Strong upcoming quarters expected with internal transformation and client activities

Ramp-ups typically take four to six quarters post new engagement initiation

Healthy pipeline deal closures in Q2FY25, poised for exponential growth

Arihant Capital Markets Ltd

SMS Pharmaceuticals Ltd –Q1 FY25 Concall Highlights
CMP: INR 296 | MarketCap: 24,800 Mn

Company continued success in FY25, through a strong performance in the Q1. The company's effective cost management and operational efficiency are reflected in its improved margins. Strategic investments in backward integration are expected to enhance profitability and reduce reliance on external suppliers. The shift in focus towards Europe's anti-diabetic market positions company well in a high-growth sector. With positive revenue growth targets and a company maintaining strong EBITDA margins, Company is on track for sustained growth and expansion.

Financial Performance
- Revenue Increased by 22% YoY to INR 164 Cr. by higher volume growth of key APIs. Sequentially, revenue was lower by 33% due to seasonality.
- Gross Margins: Strong at 35%, up sequentially, primarily due to lower raw material prices and improved product mix.
- EBITDA Margin: Increased to 20%, up by 1104 basis points (bps) YoY and 670 bps sequentially. This growth is attributed to operational efficiency and lower raw material costs.
- PAT: INR 16.48 Cr., up by 76% YoY, leading to an improved PAT margin of 10% in Q1 FY25 compared to 7% in Q1 FY24.

Segmental:
- **Anti-diabetic Segment:** Positioned as one of the largest suppliers in Europe with over 50% market share, showing robust growth.
- **Ibuprofen Segment:** Continuous growth supported by stable raw material prices, an expanding customer base, and optimized production.
- **Other Therapeutic Categories:** Strong growth in anti-epileptic and anti-HIV products, with a consistent influx of new customers.

Capex Plan:
- **Backward Integration:** Ongoing projects focus on key intermediates, with a INR 150 Cr. capex plan announced last quarter. Completion is expected by H1 FY25, with increased production capacity by Q4 FY25.
- **R&D Efforts:** Focused on high-growth therapeutic areas to ensure a robust pipeline.
- **Subsidiary for CRO Services:** Company Board approval to set up a subsidiary for contract research organization (CRO) services for peptides, indicating high growth potential.

- **Current Capacity Utilization:** Approximately 80%, with plans to exceed this rate by FY25 end.
- **Market Segments:** Anticipated sustained growth in key segments, particularly in antiretrovirals (ARVs), anti-diabetics, and ibuprofen, supported by stable raw material prices and an expanding customer base.

Other Key Highlights

• **Ibuprofen Business and Competitiveness :** Company competes with two major Indian ibuprofen producers, one in South India and another in North India. The company aims to become one of the most cost-competitive ibuprofen producers within the next one to two quarters. This goal will be achieved through reduced production costs and improved operational efficiencies.

• Company is allocating 70% of its 150 Cr. capex towards backward integration and 30% towards capacity expansion. This strategic investment is expected to enhance EBITDA margins by 3%, mainly due to the cost efficiencies gained from the backward integration project.

• Management has shifted its revenue focus from the US to Europe, with the majority of current sales coming from the anti-diabetic segments in Europe. Both the US and Europe are regarded as regulated markets, and the company's sales strategy is adaptable, catering to demand in either region as it arises.

• Management maintains confidentiality regarding specific new products and therapeutic areas under development. However, the company has set an ambitious target for yoy revenue growth, aiming for a 20%-25% increase driven by the introduction of these new products.

• Company is advancing its backward integration efforts with eight stages of integration for citagliptin and two stages for tenofovir. These projects are expected to significantly improve EBITDA margins, though the precise financial benefits have not been quantified. This strategic move aims to enhance cost efficiency and reduce dependency on external suppliers.

Guidance

Company on achieving a revenue growth of 20% and an EBITDA margin of 20% in FY25. The company remains committed to enhancing its portfolio and meeting evolving customer needs.

Arihant Capital Markets Ltd.

Krishna Institute of Medical Sciences Ltd Q1FY25 Concall Highlights
CMP: 2,199 | Market Cap: 1,75,990 Mn.

Outlook:
KIMS Hospitals delivered a robust performance this quarter, characterized by healthy margins and an improved ARPOB. The company is focusing on reducing ALOS for scheme patients. KIMS anticipates strong growth driven by the expansion of its bed capacity and the launch of new hospitals in Mumbai and Bangalore. Additionally, the introduction of specialized healthcare services, including cancer care and mother and child care, across different geographies is expected to contribute to this growth. The company has indicated that no further CapEx are planned over the next years.

Performance Consol:
• Revenue came in at INR 6,884 Mn. (8.61% QoQ) (13.59% YoY) in Q1FY25.
• EBITDA margins came in at 26.06% (Vs. 25.07% QoQ) (25.92% YoY) in Q1FY25.
• PAT came in at INR 952 Mn. (33.14% QoQ) (9.8% YoY) in Q1FY25.

Highlights:
• The ARPOB grew 6.1% YoY and 1.4% QoQ.
• IP Volume grew by 7.5% YoY and 7.1%QoQ.
• KIMS Conducted 4.2 Lakh OPD consults in quarter one FY25 which grew by 2.6% on QoQ and 10.2% YoY.
• In Q1FY25 company upraised setting up a 290-bed hospital in Thane Mumbai, and a new acquisition Queens NRI, a 200-bed hospital at a prime location in Vizag.
• KIMS has made a name in organ transplantation having done about 190 lung transplants in 3 years and made an India record.
• 18% GST is reviewed on life and medical insurance premiums,
• The RPOP has gone up in Andhra due to high occupancies and high IP in some of the hospitals, KIMS is trying to bring down the loss and did decrease the loss, that is the reason why the RPOP has gone up.
• All the Bombay and Bangalore hospitals are set to be launched by Q4FY25 and company doesn't anticipate any delays.
• Nashik, ready for inauguration in Q2FY25, with doctors onboarded and just waiting for the Occupancy Certificate, hospital to start post 15 August, starting with 70 – 80 beds having a total capacity of 250 beds
• 3 units to add cancer and mother and child care, by the end of FY25 company to acquire Queens NRI which also has cancer care.
• The average cost of borrowings remains in the same range of 8.5% and KIMS is set to maintain the Debt Equity Ratio to 0.75:1.
• Company, not to do any CapEx in the coming 2 years.
• In AP company has 2 facilities with 30% occupancy that would not ever go up to 70%, as it only focuses on cash and insurance, but this 30% occupancy is generating good revenue.
• nThe average occupancy stands at 50% and going forward KIMS targeting to increase it to 70% - 75%.
• Company demolished Block 1 and Block 2 in KIMS Sikandrabad, and started a rehab facility.
• KIMS currently managing 4,000+ beds and can expand the number of beds but only constraint is capital as KIMS set to maintain Debt Equity ratio to 0.75:1.

Alembic Pharma Ltd - Q1FY25 Concall Highlights:
CMP: INR 1,214 | Market Cap: INR 238 bn
Rating: Unrated

Outlook: Alembic Pharma saw some compression in margins during Q1FY25 sequentially which was explainable on account of Seasonality. The domestic market and API business performance was muted compared to the International business. The new ANDA filings and launch of several new products in the US generics market are expected to benefit the core Profitability of the business.

Guidance:
• The Company is expecting to launch 10 products in the US generics business segment for Q2FY25, out of which 5 will be oral solid products.
• The R&D expenditure is anticipated to be INR 5,500 mn for FY25.
• The Management is expecting US business to grow by 10-15% in FY25.
• The effective tax rate will be 17% on a standalone basis for FY25.

Key Highlights:
• Revenue came at INR 15,638 mn, up 2.8% QoQ/ up 4.4% YoY.
• EBITDA came at INR 2,368 mn, down 9% QoQ/ up 19.2% YoY.
• EBITDA Margins came at 15.2% for Q1FY25, down 198 bps QOQ / up 179 bps YoY.
• Net Profit came at INR 1,347 mn, down 24.4% QOQ / up 11.7% YoY.
• As on 30th June 2024, the total borrowings were ~₹589 crore as compared to ~₹430 crore as of 31st March 2024. The increase was mainly on account of higher working capital requirement in the US business due to new plants & product launches which led to higher inventory build-up. • The cash balance stood at ₹147 crore as on 30th June 2024 v/s ₹120 crore as of 31st March 2024
• In Q1 FY25, the revenue mix was: Indian branded business 37%, US generics 29%, API 17% and Ex-US at 17%.

Indian Branded Business:
• In Q1FY25, the India branded business saw a 9% YoY growth to INR 5,720 mn v/s INR 5,240 mn in Q1FY24. It was driven by growth in specialty therapies like Gynaecology, Gastrointestinal, Anti-diabetic & Ophthalmology and acute therapies.
• However, the segment was impacted by excess heat waves which led to unnatural market disturbances in affected geographies.
• Under India branded business, Speciality, Acute therapy and Vet contributed to 60%, 23% and 17%, respectively towards the total revenue, in Q1FY25.
• Animal Health business grew 23% YoY during Q1FY25, mainly on account of a strong basket of brands driving outperformance.

International Business:
• In Q1FY25, the US Generics business witnessed a growth of 18% YoY and stood at INR 4,610 mn. During Q1FY25, the Company had launched 2 new products.
• In Q1FY25, revenue from ex-US generics stood at INR 2,710 mn, exhibiting a growth of 2% YoY on account of growth constraints in supplies.
• The API revenue was at INR 2,590 mn, down by 15% YoY in Q1FY25 mainly due to pricing pressure. Additionally, one of the customers had an FDA issue due to which there was a lower off-take. Many customers faced lumpiness in the business which resulted in lower sales.

R&D Updates:
• R&D expenses during the Q1FY25 contributed 7% towards total revenue.

R&D Updates:

- R&D expenses during the Q1FY25 contributed 7% towards total revenue.
- During Q1FY25, the Company filed 3 ANDAs, resulting in a total of 262 ANDA filings till date. In Q1FY25, the Company received 11 approvals (including 2 tentative approvals), resulting in total ANDA approvals of 206 including 27 tentative approvals till date.
- During Q1FY25, the company filed 1 DMF (Drug Master File) taking the total DMF filings to 133 cumulatively as on 30th June 2024.

Arihant Capital Markets Ltd.

Blue Jet Healthcare Ltd Q1FY25 Concall KTAs
CMP: INR 501 | Market Cap: INR 87.64 Bn

Company's order book remains consistent and company expects similar trend in Q2FY25/Q3FY25. Further, company has spent INR 900 Mn as capex for Q1FY25 and expects to spend INR 2000 Mn in next 12-18 months.

Financials
• Revenue from operation stood at INR 1629 Mn in Q1FY25 (-9.3% YoY/-11.4%).
• EBITDA stood at INR 443 Mn in Q1FY25 (-24.9% YoY/-16.6% QoQ) with EBITDA margins at 27.2%.
• PAT was at INR 378 Mn in Q1FY25 (-14.4% YoY/-4.7%QoQ) with margins at 23.2%.

Operating Highlights
• Company saw an impact in its logistic cost due to red sea crisis. Consignments that used to take 35-40 days for transit now took 65-70 days.

• Production and dispatches were better than Q4FY24 but company was not able to recognize entire dispatches due to transit delay and will be recorded in next quarter.

• Current capacity utilization stood between 70-75%.

• In Q1FY25 company added 120 KL capacity dedicated for intermediates for the cardiovascular drug for a customer in Ambernath at a cost of INR 900 Mn.

• The validation batches for this product were successfully executed and management expects uptick from this capacity from Q3FY25.

• Incremental capacity of 70-80 KL is expected to commissioned by Sept/Oct24.

• Total treasury investment and cash as on June24 stood at INR 3,781 Mn.

• In High-intense sweetener business company has commercialized another salt in the saccharine family.

• In PI segment company is looking out opportunities in 7-8 CRAMs with innovators or global CDMOs for oncology and CNS. Company is focused on gaining expertise in amino acid based derivatives.

• Gross margins improved by 140 bps QoQ despite lower contrast media sales, due to lower raw material costs and better product mix.

• Company is adding ~40-50% more capacity over the next 12-18 months to keep up with growth.

• Inventory days went up by ~68 days from 136 days in Q4FY24 to 204 days in Q1FY25.

Arihant Capital Markets Ltd

Fortis Healthcare Ltd Q1FY25 Concall Highlights
CMP: 495 | Market Cap: 3,73,590 Mn.

Outlook:
Fortis Healthcare showed good performance in Q1FY25 with Revenue and PAT improving YoY. Company observed a dip in EBITDA margins due to a one-off in Q4FY24, but the company remains on track to achieve a 20% target for FY25.

Performance Consol:

• Revenue came in at INR 18,589 Mn. (4.08% QoQ) (12.15% YoY) in Q1FY25.
• EBITDA margins came in at 18.45% (Vs. 21.57% QoQ) (16.4% YoY) in Q1FY25.
• PAT came in at INR 1,739.8 Mn. (-14.35% QoQ) (40.36% YoY) in Q1FY25.

Highlights:

• Fortis recorded a strong performance in the Hospital segment with revenue increase of 14.4% to 15,490 Mn and Domestic Business remains in line with a 0.2% increase to 3,430 Mn YoY.
• The net debt in Q1FY25 stands at INR 3,080 Mn.
• Q1 is a softer quarter as compared to Q4.
• Company guided for 20% EBITDA margin in FY25 and are on track with 19% EBITDA margin in Q1FY25.
• High Court Litigation: The hearing is complete for Fortis, the next hearing is due where Religare would be heard.
• Agilus was impacted due to brand change in Q1FY25, mostly impacting its B2C segment which is now getting back on track, B2C business is driven 60% by doctors and 40% by walk-ins and this 40% was impacted.
• Mohali Hospital added 30 beds last year and the occupancy level have gone up there. FMRI, is having 75% plus occupancy levels.

Hospital Business:

• Revenue growth was led by ARPOB increase of 9.7% to INR 24.1 Mn.
• Fortis onboarded specialists in Cardiac Sciences, Neurology, Orthopaedics, Obstetrics & Gynaecology, and Ophthalmology to improve medical facility.
• Hospital occupancy increased to 67% in Q1FY25, bed occupancy increased from 2,595 in Q1FY24 to 2725 in Q1FY25.
• Revenues from medical travel grew 11% to INR 1270 Mn in Q1FY25 from INR 1150 Mn in Q1FY24, contributing roughly 8% to overall hospital revenues.
• Revenues from digital platforms like website, application and digital campaigns have surged with 17.3% QoQ and 52.3% YoY growth in Q1FY25, contributing 30% of the total hospital revenues.

Diagnostic Business:

- The revenues remain flattish due to the rebranding undertaken in Q1FY24.
- Agilus conducted 9.92 Mn tests in Q1FY25 as compared to 9.95 Mn tests in Q1FY24.
- During Q1FY25 company incurred a one-time expense due to rebranding and repositioning.
- Regional revenue contributions are 32% for North, 21% from West, 30% from South 14% from East and 3% from international markets.
- Company added roughly 185 new customers and 3 hospital labs in Q1FY25.
- Agilus Diagnostics is the official lab partner for the ongoing Paris Olympics 2024.

Arihant Capital Markets Ltd

Dr Lal Pathlabs Ltd - Q1FY25 Concall Highlights
CMP: INR 3275 | Market Cap: INR 273360 Mn

Financial Highlights

• Revenue surged at INR 6020 Mn. in Q1FY25 up by 32.9% YoY.

• EBITDA reported at INR 1700 Mn in Q1FY25 up by 16.2% YoY.

• EBITDA margin increased to 28.2% in Q1FY25 increased by 1.2% YoY.

• PBT rise at INR 1500 Mn. in Q1FY25 at 27.6% YoY.

• PAT stood up at INR 1080 Mn in Q1FY25 up by 29.1% YoY.

Operation Highlights:

SwasthFit, which includes both routine and specialist tests, provided 25% of revenue in Q1 FY25, up by 3%.

The company has the biggest diagnostic chain, with a pan-India presence and consistency.

The number of laboratories has increased by +49 new labs, serving approximately 7.2 million patients in Q1FY25.

Companies provide a list of 343 test panels, 3075 pathology tests, and 1439 radiologist tests.

Other Highlights:

Tiers 3 and 4 have demonstrated faster CAGR growth inside the network, as well as a stronger presence in critical clusters.

Swasthfit's growth is driven by the preventative wellness market, channel development, and clinician-prescribed packages.

The company has released a new app into its digital infrastructure to make it easier for patients to obtain information and assistance when required.

The company offers advanced technology and equipment for testing and specialized treatments.

The suburban brand is focusing on volume expansion through a strategic strategy. The firm has established 20 additional laboratories to expand its reach and aims to add more in the next year.

Dr. Lal, Path Labs, and Suburban will enhance its technology to advance the omnichannel experience.

Arihant Capital Markets Ltd

Torrent Pharmaceuticals Ltd Q1FY25 Concall highlights
CMP INR 3,139 | Market Cap INR 1,062bn

Torrent Pharma has been on a growth trajectory for the past few quarters with sequential improvement in topline and stable margins. Their India business has been doing substantially well and we can expect it grow further as they expand their market share. Germany and Brazil continue to be their strong areas with new tenders and product pipeline. US business is somewhat affected due to price erosion but there has been sequential growth. We can expect their US business to see gradual improvement. Focus on penetrating branded generics markets of South American countries, Germany and returning to profitability in US market. Their guidance for margin expansion by 50-100bps remains intact

Revenue came in at INR 28.59bn (+10% YoY). Gross margins slightly improved to 75.7% from 75% in Q1FY24. They feel they can sustain this gross margin level going forward.

EBITDA stood at INR 9.04bn (+12% YoY) with margin of 31.6%. Other expenses include an one off expense of INR 200mn thus adjusted EBITDA margin comes to 32.3%. PAT increased by 21% YoY to INR 4.57bn with 16% margin.

R&D spend continues to be 5% of sales. Net debt to EBITDA stands at 0.65.

Their Indrad facility was audited by USFDA during the quarter, where they have received 5 observations.

The company is not only open to acquisitions in the domestic market but also in the international market.

India: Business grew by 15% (vs IPM growth of 8%) led by focus therapies. There was a revival in cardiac divisions while traction was seen in anti-diabetes launches. 2.5% of the growth came from volumes, 8.5% was driven by Pricing while 4% was from new products. We can expect 6.5-8% of price increase to continue in each year.

Curatio Healthcare is also growing substantially with sequential improvement is profitability. This is an add on to the India business other than the organic growth.

They entered into a non exclusive agreement with Takeda and commercialised Vonoprazen during the quarter; initial response from the market is quite positive.

Field strength stands at 5,700 and they expect 300-400 additions by FY25 end. Overall PCPM (Per capita per month) is INR 9.4 lakhs and they are optimistic of crossing INR 10 lakhs by FY26.

18 of the company’s key brands are now INR 1bn+ and they expect one more brand to add in this by FY25 end. They expect the momentum to continue (13-13.5% growth overall expected) with focus on improving market share in chronic therapies, new launches, improving productivity and also expansion.

Key brands continue to drive the growth as the company is gradually increasing its marketing spends.

Brazil: Business grew marginally by 3% while in CC terms revenues were up 8%. Primary sales were impacted by floods in Rio Grande do Sul. They received Anvisa approval for three new products with 19 still under review. They plan to launch another 5 products in FY25 and hope to maintain 3-6 launches run rate in each year.

Germany: Business grew by 10% (9% in CC terms). The momentum continued with the new incremental tenders wins which will start contributing in Q3FY25. Overall share in generics market increased to 6.1%.

USA: Business degrew by 12% (-13% in CC terms). Sequentially the business was stable backed by new contracts. They have received approvals but they have largely been site transfers. They are expecting to get 7-8 ANDA approvals in the next three quarters. Marginal price erosion continued but it was offset as the company gained market share.

Thyrocare Technologies - Q1FY25 Concall Highlights
CMP: INR 649 | Market Cap: INR 34,360 mn
Rating: Not Rated

Outlook: Thyrocare posted robust set of earnings for Q1FY25 achieving high EBITDA margins along with Management guidance of maintaining those margins for the full year FY25. We expect the Company's internal operations have been streamlined for higher efficiencies driving margins higher.

Guidance:
•Going forward, the Company aims to expand its franchise business at mid teens levels of growth.
•The Management is anticipating expanding their partnership business across healthcare companies, hospitals and other health service companies.
•The Company is optimistic about its partnership business to grow faster than franchise business.
•The Management guided the depreciation expense to be in the range of INR 110-120 mn. However, this is subject to business expansions.
•Going forward, the Management expects EBITDA margins to be in the range of 27-30%.
•The Management expects to pay its dividend in the future.

Key Highlights:
•Revenue came at INR 1,569 mn, up 2% QoQ / up 16% YoY.
•EBITDA came at INR 420 mn, up 24% QoQ / up 21% YoY.
•EBITDA Margins came at 26.7% for Q1FY25, up 486 bps QoQ / up 204 bps YoY.
•Net Profit increased to INR 235 mn up 36% QoQ / up 35% YoY.
•The Management attributed the increase in revenue on a consolidated basis primarily on account of pathology business, strong partnership revenue, franchise growth and radiology business.
•After the post Covid era, the Company witnessed stabilizing prices in the market and lower pricing pressure from competitors.
•On a standalone basis, the Company's revenue was INR 1,440 mn for the quarter. In Q1FY25, standalone normalized EBITDA contracted by 100 bps YoY to 31% due to, increase in marketing and overhead cost. Also, gross margins decreased due to increase in material cost and wages.
•On a consolidated level, gross margin contracted by 100 bps YoY to 71% as in order to retain employees, the Company allocated ESOPs, particularly by the parent company and therefore, there has been no stake dilution from the company's perspective.
•During the quarter, the Company's active franchise business observed growth of ~7% YoY, taking the total number to 8,100. The Company added 600 large franchises, while the number of small franchises remained the same.
•In Q1FY25, the franchise business observed a growth of 11% YoY, while partnership revenue grew by 29% YoY.
•Revenue from Radiology segment (including Pulse hitech) grew by 15% YoY during the quarter.
•In Q1FY25, on the B2G front, the Company continued to execute its project in Gujarat and Maharashtra.
•Revenue from Pathology business was flat sequentially. However, the Management believes this to be a seasonal cause.
•The Company served 4.1 million patients, registering a growth of 9% YoY, collected 6.1 million samples, representing a growth of 13% YoY.
•The company entered into a business transfer agreement with Polo Labs which will help them to expand their network in North India.
•In the previous year, the Company acquired Think Health, which further help them to provide ECG service at customer's homes.
•In Q1FY25, the Company incurred INR ~40 mn towards setting up its lab in Tanzania in a JV scheme.
•The Company is not expecting any additional investments towards the Radiology bsiness.
•The Company is focussing on add-on test from patients.

Indoco Remedies Ltd Q1FY25 Concall highlights
CMP INR 322 | Market Cap INR 29,600mn | Rating: Buy

The company has been working on phasing out licensing and milestone income to protect their intellectual property as they intend to benefit by supplying independently and gain better margins. The master manufacturing plan for improving efficiency is also going as per plan. The company expects Europe business to be most benefitted as the manufacturing plan executes. While independent supply will help in growth of international business, OTC segment will drive growth in the domestic market. They have also been heavily investing in efficiency and refurbishment. Overall, the company expects all remediations to complete by Q2FY25, embarking gradual turnaround of the business from Q3FY25. We continue to remain positive on the company.

From a long term perspective, the company expects the Europe business to grow at 20% CAGR while the US business will depend upon approvals and product launches. Although US business will be constrained in Q2 as well, they do expect it to do reasonably well next year (30% CAGR over next two years). Emerging markets will continue to grow at 18-20% CAGR. The company expects the overall margins to improve to atleast 15% by the end of FY25.

Financial performance (Consol):
Revenues came in at INR 4315mn, up 1.2% YoY and down 4% QoQ. EBITDA stood at INR 478mn, down 21.9% YoY/2.3% QoQ, margins decreased to 11.1% (-20bps QoQ/-327bps YoY). PAT came in at INR 18.2mn, down 92.5% YoY/91.7% QoQ, margin of 0.4%.

Standalone Performance:
Formulations business: India business reported INR 2002mn of revenues (-6% degrowth).
International business reported INR 1571mn revenue (-1.6% degrowth).
US business contributed INR 487mn, Europe contributed INR 754mn while small markets like South Africa, Australia and New Zealand contributed INR 32mn. Emerging markets saw 18% growth with INR 298mn topline.
API business: Segment recorded INR 312mn revenues (-12.6% degrowth).
CRO business: The business grew 20% to INR 57mn.

Key highlights:
On the international business side, manufacturing sites of the company are undergoing automation and refurbishment which has led to the undersupply. This has caused availability constraints leading to degrowth in the regulated markets. The company was short of INR 200mn supply in the US market. We can expect these remediations to get completed in Q2FY25 and stable supplies from Q3FY25.

Paracetamol, one of the major products in Europe, has started to see gradual recovery; good growth expected in coming quarters. Many new products are also under approval stage.

When it comes to India business, most of the sales were from the oral care segment and the newly launched cosmetic products on consol basis. Most of the brands have done well barring Febrex plus which can see revival given the monsoon season. They have already seen an uptick in the respiratory and anti biotics segment in July’24.

In the API business, the company is looking to add additional capacity at their Patalganga plant. They have invested INR 1bn as on date in the Warren Remedies API facility, thus they are targeting 2x growth in API business. Previously, 60% of APIs produced went into captive consumption while 40% were sold. Now, they will look to sell 60% in the market while 40% will be used for captive consumption.

Cyclopam, their INR 1bn brand has been performing extremely well with 32% YoY and 60% QoQ growth. Other brands like Cital and Karvol plus also continued the growth momentum.

Successful USFDA inspection done at API kilo plant and Testing lab with zero observations.

New products launched in the quarter like Phos HS for UTI treatment along with products in the eyedrops, mouthwash segment. They also launched cosmetic variants of Sensodent K and Sensodent KF in their new OTC segment through Warren Remedies.

Other expenses have come down in absolute terms and they also include one offs like remediations (INR 40mn/quarter) and returns. They expect to maintain the other expenses in the similar range of INR 1.1-1.2bn/quarter. Some remediation costs may continue in the next quarter but they have largely bottomed out.

The undersupply has affected gross margins. They expect the US business to see much better margins going forward as they have a front end, FPP, through which they will sell their products instead of licensing.

Debt of INR 1bn may be added to meet the capex requirements.

Syngene International Ltd Q1FY25 Concall highlights
CMP INR 785 | Market Cap INR 315.46bn

Revenue came in at INR 7,897mn (-2% YoY/14% QoQ). EBITDA stood at INR 1700mn with margin of 21.52% vs 26% in Q1FY24. PAT stood at INR 545mn (-42% YoY/71% QoQ) with margin of 6.7% vs 11.2% in Q1FY24.

Changes in product mix (higher share of CDMO) led to a marginal increase in raw material prices, amounting to 30% of total revenues vs 28% in Q1FY24.

The company stood at net cash of $108mn after capex of $12mn. They also received INR 320mn as final payment of insurance claim.

The performance was largely in line with the expectations of the company as they had anticipated a weaker H1FY25 and momentum to build in H2FY25. EBITDA margins to be around high 20s while PAT will continue to grow in single digits.

Dedicated centres and Biologics manufacturing services saw steady growth while discovery services took a hit majorly due to dip in funding for US biotech. Small molecule development and manufacturing services remained steady with repeat business.

The quarter has seen some improvements in inlflow of funding in US biotech sector, which will lead to positive demand environment in the second half.

There is increased client traction on the biopharma side as companies look to move away from China. Customers are setting up pilots across services and the company has seen some wins in the same.

Introduced a protein production platform, reducing the development timeline for biologics. With this, the company will be able to provide end to end cell line development and boost their biologics segment.

Cipla Ltd Q1FY25 Concall highlights
CMP INR 1,575 | Market Cap INR 1,271.8bn

The company expects higher profitability growth in the coming quarters. One India is expected to continue the growth momentum in the branded prescriptions business. Focus areas in North America will be the recent acquisition ramp up and expanding peptide portfolio. Margin expansion and core market penetration will be key focus areas for South Africa and Emerging markets and Europe business.

Revenue came in at INR 66.94bn (+7% YoY). EBITDA stood at INR 17.16bn (+14% YoY) with margin of 25.6% (+154bps YoY). PAT stood at INR 11.78bn (+17% YoY) with margin of 17.6% (+156bps YoY).

Gross margins improved to 67.2% mainly due to better product mix. Tender business will pick up in the coming quarters thus the company expects gross margins to come down or remain similar.

Overall growth across all geographies. India business grew 5%, North America saw 13% growth and recorded highest quarterly sales. South Africa grew by 11% and Emerging markets and Europe business saw 7% growth.

R&D spends remained at 5.3% of total revenue. As they plan to ram up projects, the R&D cost will be higher in the coming quarters. The company was net cash positive as of June'24 at INR 84.49bn.
The Goa facility faced an USFDA audit and received 6 observations. The company is responding to them and expect conclusion by September'24.

Yearly capex runrate has been around INR 10-12bn but going forward the company expects it to increase to INR 15-16bn for the next 2-3 years. They are also actively looking for strategic acquisitions.
India business:
Branded prescription business saw 10% growth while chronic share improved by 106bps to 61.5%. Two more brands got added in the INR 1bn+ category, taking the total to 24.
The transition of trade generics business into new distribution model got completed in the quarter. This will help them in increasing direct touchpoints, deepening their channel connect. It will also bring in operational efficiencies.
Consumer health segment grew by 3%.

North America business:
The business is seeing positive traction for their differentiated portfolio. Gained 4% additional market share of Albuterol, standing at 17% as of Q1FY25.
The management expects the sustainable quarterly run rate to be around $235-240mn going forward vs $250mn in Q1FY25.
Lanreotide market share increased to 20%. They have also launched generic version of the same during the quarter, further strengthening its position.
South Africa:
The growth was largely led by private markets. There was an uptick in demand in key therapies, new launches and OTC portfolio.

Aarti Drugs Ltd Q1FY25 Concall KTAs
CMP: INR 519 | Market Cap: INR 47728 Mn

Performance Decline: Due to volume decrease caused by government uncertainties, geopolitical impacts, and reduced demand from exports. Additionally, a fire in June affected anti-inflammatory and anti-biotic products.

Financial Performance Overview

•Revenue INR 555 Cr at decline of 16% YoY and 10% decline QoQ.
•EBITDA Stood at INR 66 Cr at decline of 22% YoY and 24% QoQ, and EBITDA Margin is 11.9% at decline of 90 bps YoY and 210 QoQ.
•PAT stood at INR 33 Cr at decline of 31% YoY and 30% QoQ, and PAT Margin is 6% at decline of 130 bps YoY and 160 bps QoQ.
Segment and Therapeutic Revenue Breakdown

Segment Revenue Contribution: Revenue contributes from API is 80%, Formulation 12%, Speciality & Chemicals 5% and Intermediates & others 3%.
Therapeutic Revenue: Anti-biotic 43.2%, Anti-protozol 18.1%, Anti-inflammatory 9.1%, Anti-diabetic 14%, Anti-fungal 10.1% and from others 5.5%.

Capacity:
•Total monthly capacity: 7765 MT
•Installed MTPA of API: 45937
•Installed MTPA of Speciality Chemicals: 11242

Capex Plans:
•Current Year: INR 52 Cr for backward integration, innovation, and capacity extension.
•Next 4-5 Years: INR 600 Cr capex planned.
Future Capex: 1450 TPM capacity via brownfield expansion in Q1FY24.

Pricing Trends and Product Development
•Product Prices: Decline observed; price variance of 9-10% in exports and 12% in domestic markets.
•Formulation Margins: Better margins from exports compared to domestic due to expanded focus on new geographies and product launches.
•API Prices: At bottom; expected to stabilize in the next quarter with a target gross contribution margin of 35% for FY25.

New Product Development
•Oncology: 15 new products planned over the next 2 years.
•Current Initiatives: Greenfield project nearing completion, ongoing brownfield expansion, and R&D formulation activities.

Market Outlook and Growth Projections
•H2FY25 Expectations- Anticipate a 50% growth in revenue, with a 13-14% EBITDA margin YoY in the speciality segments. Positive impact expected from new dermatology products and gliptins launch.
•Long-Term Guidance- Targeting INR 4000 Cr revenue by FY27, with EBITDA margin reaching 40-50% in the long term.
•Export and Domestic Market- Export API demand down by 8%, but domestic API growth remains steady. Continuous growth expected from exports in H2FY25.

Orchid Pharma Ltd - Q1FY25 Concall Highlights

CMP: INR 1406.35 | Market Cap: INR 7,1328.8 Mn

Financial Highlights

Revenue surged to INR 2,444 Mn in Q1FY25 from INR 2,171 Mn in Q4FY24, increase by (34% YoY, company guidance of revenue is to be in the range of 20% to 25%. EBITDA grew by 71% YoY. PAT rose to INR 291 Mn in Q1FY25, up from INR 108 Mn in Q4FY24, marking a 169% YoY decrease. Company continuous focus on streamlining operations, reducing non-essential spending, and improving productivity and efficiency.

Other Highlights

The company is ready to launch ORBLICEF, a brand name for Enmetazobactam plus Cefepime combination, and has signed a marketing agreement with Cipla to ensure its broad reach.

Company has completed land aquisition for the 7ACA project is complete, and trials runs have started with commissioning expected to be completed by the end of the month.

Its product being expensive it's not viable to launch in India and will be sold international customers. The company expects to see sales in India by March 2027 as product pending registration.

The company is set to introduce a new product, Orblicep, which will be marketed under different brand names by Orchid Pharma and Cipla within the next month. The team is already in place for the initial stage of the launch.

The companies estimate that piperacillin tazobactam could generate annual global sales ranging from $200 Mn to $300 Mn throughout the patent's lifespan, translating to a total potential global sale of approximately $2 Bn to $3 Bn over the patents life.

Company is almost utilized by 90% of older oral capacities and new sterile block is 50% is in process of commission.

Company revenue split is combined of 60% from emerging market and 40% from non-regulated market. Also, its product mix is 70% oral and 30% sterile.

Company commissioning trial by April FY26 and it expects to run the capacity full 100% in the Q4FY27, or early FY28.

The therapy cost for the product in regulated markets is around INR 1 million in the US, which is quite high for the Indian market. The company expects reducing the price by approximately 50% to 60% of the US pricing to make it more affordable in India launch.

Arihant Capital Markets Ltd

IOL chemical & Pharmaceuticals Ltd - Q1FY25 Concall Highlights
CMP: INR 387.40 | Market Cap: INR 2,2742.5 Mn

Financial Highlights

Revenue surged to INR 5000 Mn in Q1FY25 from INR 5039.2 Mn in Q4FY24, decrease by (11% YoY). EBITDA dropped by 2.7% YoY due to increased cost of goods and negative operating leverage. PAT decrease at INR 300 Mn in Q1FY25, down from INR 276.2 Mn in Q4FY24, marking a 35% YoY decrease. Company as in Q1FY25 holds INR 1900 Mn in cash.

Operational Highlights

The pharma segment reported a 26% YoY decline to INR 2600 Mn for the quarter.
- Sales from Ibuprofen decreased 11% YoY to INR 2010 Mn.
- Revenue from other APIs dropped 23% to INR 950 Mn.

The company received approval from China's CDE for exporting Fenofibrate and CEP certificates from EDQM for Pantoprazole Sodium Sesquihydrate (Process-2), Valsartan, and Allopurinol. ICP has filed 15 DMFs with the USFDA and 17 CEPs with EDQM.

Company guidance

Expect ~10% increase in volume and 5% increase in price increase. Continues to maintain 13%-15% EBITDA margin guidance.
The company is open to M&A opportunities to utilize cash, but first priority will be organic growth.
CAPEX plan for F25 would be INR 2000 Mn and INR 1500 Mn for FY26, this will be utilized towards land, infra, and automation. Aims to increase export contribution to 40%-50% in the next 2-3 years.

The company's chemical segment without inter-segmental sales grew 6% YoY to INR 2400 Mn.

Other Highlights

Although API companies face price pressure, the market is expanding with China + 1. Paracetamol prices fell 40% and ibuprofen prices 20% over the past year. API prices are expected to recover in the coming quarters, with 50% of pharma revenue projected to come from other products in the next 2-3 years.

Ibuprofen prices have stabilized, with current capacity utilization at approximately 80%.

Quarter-over-quarter, Ibuprofen prices have remained steady at USD 9, though inventory levels in the channel have declined.

Utilization for non-Ibuprofen products is around 60%, up from 50% YoY and 40% two years prior.

A US-based Ibuprofen manufacturer is closing a facility with a capacity of 4,500-5,000 mtpa.

The share of Paracetamol in non-Ibuprofen revenue has significantly dropped to below 10%, whereas Metformin now represents 35%.

Company with recent approvals in the EU, the company is seeing a rise in requests for quotations (RFQs).

The company has several upcoming non-Ibuprofen product launches in the pipeline, but these are still in the research and development phase.

Arihant Capital Markets Ltd

Metropolis Healthcare Ltd - Q1FY25 Concall Highlights:
CMP: INR 2,508 | Market Cap: INR 105 bn
Rating: Unrated

Outlook: Metropolis Healthcare posted much decent set of earnings for Q1FY25 as the quarter is generally expected to be weak for the Diagnostics business. We believe that going ahead, the Company's increasing franchisees network will pay off in terms of better operating leverage.

Guidance:
• The Company aims to open 90 labs by end of FY25, of which they have opened 79 labs between FY21 & FY24.
• Over the next 18 months, the company aims to expand their reach to 1,000 towns & cities from current 650 as the management believes they have sufficient number of labs & network, and will now need focus on intensifying Sales & Products efforts.
• The Company gave a revenue growth guidance of 13-15% YoY for FY25, emboldened by strong performance expected in the generally better quarters Q2 & Q4.
• The Management expects a dilution of ~1% in EBITDA margins owing to the higher Opex costs on opening of newer labs throughout the year.
• The Management maintains a margins guidance of between 25-26% for the full year FY25.

Key Highlights:
• Revenue came at INR 3,134 mn, up 0.2% QoQ/ up 13.1% YoY.
• EBITDA came at INR 782 mn, down 1.9% QoQ/ up 21.2% YoY.
• EBITDA Margins came at 25.0% for Q1FY25, down 50 bps QOQ / up 170 bps YoY.
• Net Profits came at INR 381 mn, up 0.25% QoQ / 31.3% YoY.
• The Company has made 79 labs between FY21 & FY24 mainly in the regions of Tier 3 & 4 towns, and the Management aims to make 90 labs by end of FY25 which will enable them to penetrate to the population that is yet to receive credible healthcare services.
• The Company's Patient Volume growth was 7% YoY and 6% YoY increase in revenue per Patient. The Management attributed the slower increase in Patient Volume growth to the price hikes taken in Jan 2024.
• Similarly, the Test Volumes grew by 10% YoY while the Revenue per Test grew by 3% YoY.
• The Management said they are witnessing increased consolidation within the industry with the standalone unorganized players struggling to grow in volumes, and the Healthtech players facing stagnation in terms of Wellness growth.
• The CMD explained that across the industry, consumer preferences for superior testing are driving for adoption of higher standards such as a more specialized talent pool, advanced infrastructure and large investments in technology.
• The Company gets 60% of their revenue from the Top 8 Tier 1 cities in India, among which they have market leadership in 4 cities. The top 20 towns & cities in India contributed 75% of the company's revenue.
• The Company's revenues from TrueHealth, Wellness and Illness package bundling grew by 38% YoY.

• The B2B segment of the company saw a revenue growth of 12.4% YoY in Q1fY25 contributing 37% of their consolidated revenue. The B2B patient volume grew by 9% YoY and revenue per Test grew by 3% YoY.
• The Company has a net cash Surplus balance of INR 1,370 mn as of June 2024.
• The Management explained that the Company has been focusing on growing in that customer space where they have Profitability higher in the Tier 1 & 2 cities. However, the Company sees lower Profits in the lower end of the customers where there are poor quality standards & no minimal service standards, which is why the Management says they are not growing by 25-26% revenue growth.

Arihant Capital Markets Ltd.

Jupiter Life Line Hospitals Ltd Q1FY25 Concall KTAs
CMP: INR 1,312 | Market Cap: INR 86.04 Bn

Company expects margins to reach ~25% in next 3 years when its 3 existing hospitals mature. Company to remain focus to add new hospitals in Western India. Improving occupancy at existing hospitals and expansion is expected to drive near term growth for the company.

Financials
• Total income stood at INR 2886 Mn in Q1FY25 (+18% YoY).
• EBITDA stood at INR 653 Mn in Q1FY25 (+21% YoY) with EBITDA margins at 22.62%.
• PAT was at INR 446 Mn in Q1FY25 (-17% YoY) with margins at 15.45%.

Operating Highlights
• ARPOB stood at INR 59,700 in Q1FY25 vs INR 55,800 in Q1FY24.
• Average occupancy stood at 63.9% in Q1FY25 vs 57.2% in Q1FY24.
• Net cash position at end of Q1 FY25 stood at INR 2,500-3,000 Mn.
• Company has commissioned additional 22 beds in pune from 1st July24.
• All three of company's hospitals is equipped with robotic surgery systems. Orthopedic robotic surgeries that company has been doing since few years is covered by few insurance company.
• For Da Vinci robotic which was installed a month before, company is in talks with insurance companies. The cost of using the robo will increases the cost of surgery in the range of INR 1-2 Lakh.
• Newly acquired land in Pune for Hospital is expected to receive necessary clearances by Q3FY25 and will commence with the construction after that.
• Company to add 75 beds in indore hospital which is expected to get completed by end of FY25 and will be commissioned by early Q1FY26. Company expects to spend a capex of INR 20-25 Lakhs for expansion of beds.
• Construction of Dombivli hospital is progressing well on schedule. As of now company has spent capex of INR 950 Mn for Dombivli hospital.
• Near-term growth will be attributed from increased occupancy in existing Pune ad Indore hospitals, which have 10% headroom for occupancy growth.
• Q1 & Q3 traditionally is a weak quarter due to seasonality, with elective work often pushed out due to vacations.
• Occupancy at Thane hospital stood at 69% in Q1FY25.
• Company has no plans to increase self payer price in FY25, company may consider to do it in the beginning of FY26.
• The company aims to add one more hospital in FY25. They currently have a couple of negotiations underway, but no definitive plans has been announce yet.

Arihant Capital Markets Ltd

Supriya Lifesciences Ltd - Q1FY25 Concall Highlights:

CMP: INR 497 | Market Cap: INR 38,090 mn | Target Price: INR 496 (Q4FY24)

Rating: Buy

Outlook: Supriya Lifesciences beat our estimates on all fronts for Q1FY25 with Net Profit rising by 56.6% YoY to INR 446 mn. We have a Buy rating on the stock (Q4FY24 Result Update). The stock has achieved our previous Target Price of INR 496 today.

Guidance:

• The Management increased their EBITDA margins guidance to +30% for FY25 from 28-30% earlier guidance considering the demand environment in regulated markets as well as the product Pipeline of the company.

• Regarding the Company's venture in the CMO space, the Management said that the revenues from the CMO business will start reflecting from the Q3FY25 onwards. The Company is expecting a significant contribution to revenues from FY26 from the CMO space and make up to 20% of their revenues over the next 3-4 years.

Key Highlights:

• Revenue came at INR 1,606 mn against our estimates of INR 1,503 mn, up 1.5% QoQ/ up 21.7% YoY.

• EBITDA came at INR 625.4 mn against our estimates of INR 489 mn, up 12.7% QoQ/ up 40.6% YoY.

• EBITDA Margins came at 38.9% for Q1FY25 against our estimates of 32.6%, up 385 bps QOQ / up 524 bps YoY.

• Net Profit came at INR 446 mn against our estimates of INR 327 mn, up 22.7% QOQ / up 56.6% YoY.

• The Company's future growth to be laid by the 2 new R&D labs along with Pilot plant of 70KL coming up at Ambernath.

• The Company has 43 API's under different stages of approval from different regulatory institutions.

• The European markets contributed 51% of their consolidated revenue against 43% in Q4FY24. This higher contribution from a highly regulated market is what the Management is attributing the increase in EBITDA margins to.

- The Company has developed a pipeline of new products including extending beyond its long standing expertise in anti stimulants to include anesthetic, anti anxiety, anti diabetic and other therapeutic areas. These products will be launched in the subsequent months.

• The total capacity of the company is expected to increase from 597 KLPD to 1,020 KLPD by the end of Sept 2024.

• The Working Capital days has reduced from 215 in Q1FY24 to 168 days in Q1FY25 driven by reduction in Inventory holding period from 223 days in Q1FY24 to 167 days in Q1FY25.

• The Management explained that until the product matures over 2-3 years of timeline in the matured markets, the margins will see some compression after that.

• The Management exuberated confidence that with backward integration, the Company will be able to compete with global suppliers with their cost effective pricing strategies.

• The Management explained that the Company saw degrowth in revenue in North America against their performance in Europe.

• The Company's facilities are due for Audit by US FDA as well as Chinese NMPA later in the year. However, the Management were confident as these are regular audits for their company, and they are confident of no concerns from those.

Arihant Capital Markets Ltd.

Innova Captab Ltd – Q1FY25 Concall Highlights
CMP: INR 603.00 | Market Cap: INR 3,4644 Mn

Financial Highlights

- Revenue surged to INR 294.3 Mn in Q1FY25 from INR 262.6 Mn in Q4FY24, increase by (26% YoY/ 12% QoQ), company guidance of revenue is to be in the range of 20% to 25%. EBITDA grew by 36.6% YoY. EBITDA margin has also decreased to 15.1% as against 16.7% in Q4FY24, with expectation of robust growth company guidance for upcoming year is with the growth maintaining double digit. PBT rose to INR 393 Mn in Q1FY25, down from INR 395 Mn in Q4FY24, marking a -0.6% QoQ decrease. PAT improved to INR 295 Mn in Q1FY25, compared to INR 28.7 Mn in Q4FY24, which increased by 2.6% QoQ/ 67.5% YoY. PAT margin also stood up at 10% reduced by 8% QoQ, expects it increase to 15% to 17%, business areas are experiencing healthy growth and are expected to maintain this momentum in the coming quarters.

Operational Highlights

- Companies plan to operate a greenfield facility in Jammu, India, and will begin operations in the Q1FY25. This facility will contribute in four blocks and will manufacture a variety of products.

- The company is also proposing to establish an R&D center in Panchkula, Haryana, with the expectation that this upgrade and expansion will boost revenue in the future years.

- The company has a presence in 25 countries and generated 23% of its income from exports in Q1FY25. It additionally comprises +1.5 lac touchpoints for domestic branded generics, which cater to 600 generic products.

- The company has an extensive portfolio with four major divisions, the largest of which is the CDMO (Contract Development and Manufacturing) branded Zenith division, which contributed 57% of revenue in Q1 FY25.

- Company has utilized less than 50% of the range for products such as capsules and tablets.

- The company has seen a decline in API pricing over the last three to four years, with APIs more or less stabilizing in Q1 FY25. The company sources 70% to 80% of its raw material domestically, with the remainder coming from China.

- Company is 80% occupied with four blocks and is capable of generating a top line of INR 20000 Mn; once the Jammu plant is operational, it will be steady at 40% to 50% utilization and in a position for consistent growth of the past 10% YoY.

- The company acquired Sharon, which predominantly operates in the formulation sector with a significant focus on exports, accounting for 15% of revenue. It plans to increase its regulatory CDMO business by focussing on the Saron Dehradun block. This aims to strengthen the regulatory business footprint in the international market.

- The company anticipates that the Jammu facility would likely contribute between 12% and 15%, maintaining a healthy growth rate and boosting the overall revenue mix to 17% in the upcoming year. The company expects to spend between INR 100 million and INR150 million on R&D at its Jammu facility to produce new innovative products.

Arihant Capital Markets Ltd

Ipca Laboratories Ltd Q1FY25 Concall Highlights
CMP: 1,349 | Market Cap: 342.26 Bn.

Performance Consol:
• Revenue came in at INR 20,926.3 Mn. (2.91% QoQ) (32% YoY) in Q1FY25.
• EBITDA margins came in at 18.76% (Vs. 9.10% QoQ) (14% YoY) in Q1FY25.
• PAT came in at INR 1,989.8 Mn. (6737.8% QoQ) (19.71% YoY) in Q1FY25.

Highlights:
• Domestic formulation business observed a growth of around 12% in Q1FY25.
• The company continues to increase its market share, for Q1FY25 company's market share has increased to around 2.17% as against Q1FY24 of 2.06%, an increase of 11 bps.
• Export Formulation business observed a decline of 1% in Q1FY25 from around INR 3980 Mn to INR 3950 Mn, due to major challenges in shipping containers timely and some of the difficulties also faced on the supply chain side that resulted in a decline in the business.
• API business continues to face challenges and declined by 2% to INR 2950 in Q1FY25.
• Standalone EBITDA margin for Q1FY25 was 22.25%, which is better than the guidelines of 21% for the FY25, and Consolidate EBITDA margins are also greater than the guided margin of 18%.
• Company expects better growth in line with the projections for Q1FY25 going forward.
• Company has good margins from exports except from UK.
• Logistic issue will take some more time to normalize because the ground situation has not improved.
• Guidance was 10.5% to 11% growth for the year and company expects Q2 to deliver that kind of growth.
• Unichem facing marginal pricing pressure on the topline
• Company clease to around 6500 MRs in Q1FY25, which was nearly 6000 MR in Q1FY24.

Arihant Capital Markets Ltd

EID Parry – Q1FY25 Concall Highlights
CMP: INR 761 | Market Cap: INR 135 Bn | Promoter: 42.24%

[Arihant Capital]

Performance (Consol)
• Revenues came in at INR 67.5 Bn (+21.4% QoQ) (-4% YoY)
• EBITDA margins came in at 6.94% (Vs 8.26% QoQ) (Vs 9.45% YoY)

Key Highlights of the call:
• Cane crushed 0.193 Mn tonnes with 8.6% gross recovery Vs 0.401 Mn tonnes YoY at 9.05% gross recovery.
• Institutional sales volumes at 51,628 tonnes (Vs 55,470 tonnes YoY). Realisations at INR 38.46 Vs 36.64 YoY
• Retail sales volumes at 41,777 tonnes (Vs 34,383 tonnes YoY). Realisations at INR 39.78 Vs 37.13 YoY
• Total global sugar production is estimated at 184 mn tonnes. The consumption is expected to be 180.8 mn tonnes (growth of at ~1.2%).
• Production estimates for India and Thailand are positively evolving with good monsoon expected
• White premiums range between 115-130 USD/MT levels for 1st half of 2025
• After an initial ban on diversion in Dec 2023, the government approved 1.7 mn tonnes of sugar diversion for Ethanol. Post season closure (April'24) additional 0.3 Mn tonnes has been allotted for the period June'24 to Oct'24.
• Key Sugar growing states of Karnataka and Maharashtra witnessed an increase in yield per hectare on account of unseasonal rains.
• FRP (Fair and Remunerative Price) increase of INR25 a quintal for sugar in year 2025 will attract more farmers to plant sugarcane
• Inventory has gone up around INR300 crores, which is in line with the increase in short term loans.
• Expected diversion for Ethanol in SY 2023-24 is ~ 2 Mn tonnes of Sugar (against 3.8 Mn tonnes diverted in SY 2022-23). Overall blending is 13%+ as of July'24.
• There has been no price increase on ethanol procurement prices for the last 2 years
• No plans for large capex or major projects in the business at both locations.
• From 120 KLPD distillery capacity in Andhra, company can produce 30 Mn litres of alcohol per year

Sweetners:
• Sweetener products launch in Rayalaseema region, Telangana and North Karnataka
• E commerce volumes doubled over last year. VAP sales at 11%
• Topline of INR 600 Mn for June, business in B2B and B2C

Non Sweetners:

• Launch of Non-sweeteners (staples) across all Southern India states. Launch of 10 varieties of rice, 4 varieties of pulses and 4 of millets
• Rice and Pulses June month exited at INR 250 Mn runrate, business only in B2C

Distillery:

• Volumes at 39 Mn litres (Vs 34.3 Mn litres YoY) and realizations at INR 64.31 Vs 61.08 YoY
• Ethanol volumes being maximized to capitalize on the EBP opportunity
• Capacity expansion completed at Haliyal (120klpd) in Q1 FY'25 and Nellikuppam (45klpd) in Q2 FY'25
• Distillery segment margin has fallen substantially and is now closer to single digit. Distillery segment margin was affected by the hike in maize

Outlook: No guidance provided on staples business as it has been recently started but the pick up has been encouraging. Company will start sales in Europe from Q3 onwards in Nutra division. FY25 cane crushing to be similar to FY24. At CMP, company trades 15.3x TTM EPS.

Khadim India Ltd Q1FY25 Concall KTAs
CMP: INR 3974 | Market Cap: INR 6614 Mn

The company faced some challenges but is working on growing its retail presence, improving operations, and increasing online and in-store shopping experiences.

Financial Highlights

• Revenue: Stood at INR 1539 Mn by 2.6% YoY decline but a 7.1% QoQ growth.
• EBITDA: Reported at INR 174 Mn, a 4.9% YoY decline but a 3.4% QoQ increase, with an EBITDA margin of 11.3%.
• PAT: Stood at INR 7 Mn, showing a significant decline of 60.5% YoY and 36.6% QoQ, with a PAT margin of 0.4%.
• Franchise vs. COCO: Franchise stores contribute 43% of total revenue, while COCO stores contribute 57%.
• Brand Contribution: Khadim's brand contributes 43% to the revenue, while sub brands account for 57%.

Key Highlights

• The company is expanding its retail footprint in South India, West India, and Uttar Pradesh (North India).
• Focused on entering new markets through COCO stores, with further presence augmentation through franchisees.
• Emphasis on increasing penetration in Eastern and Southern India, leveraging brand recall and targeting market expansion in West and North India.
• The company is focusing on increasing the utilization of its existing installed capacity.
• Plans to invest in new machines and molds at existing manufacturing facilities to enhance production capabilities.
• Operational Challenges: Inflationary pressures and shifts in consumer spending have impacted profitability. The company is managing these challenges through cost control and supply chain optimization and also faces challenges because of election and heatwaves.
• The company is enhancing its omnichannel presence, particularly in top-performing stores, to drive sales and customer engagement.

Shoppers Stop Q1FY25 Concall KTAs
CMP: INR 819| MCap: INR 8,495 Cr| TTM EPS: INR 3.65

Arihant Capital

Outlook: There will be a recovery in demand in H2FY25 driven by the festive and wedding season with Q2FY25 being better than Q1FY25.The company is also aiming for a mid-single-digit margin for FY25. The beauty business is targeting 12-15% growth for FY25. In the long term, the growing opportunity in Indian retail is promising, and we expect double-digit growth over the next two years across all business segments. However, there is some uncertainty regarding the pace of departmental store expansion in FY25 due to regulatory and market challenges along with hyper-competition in the value side of retail. The central theme of cost rationalization involves optimizing private brand inventory. There will be some moderation in expenses in the future with mid-single-digit SSSG growth. Square footage will grow by 15-18%.

Operational highlights: Demand remained subdued with fewer wedding dates and high heat which led to muted sales growth. Inventory in private brands was lower by INR 65cr vs last year. Womenswear and beauty outperform other segments. Private brands did better on margins. Overall WC came down by INR 20 Cr. Operational expenses were up 12% YoY. Offline ATV +5% YoY (INR 4,890) and ASP +3% YoY (INR 1,697). There was a capex of INR 45 Cr during the quarter.

Capex: capex planned for FY25 is INR 205 Cr, and they plan to borrow INR 100 Cr in the next year- a one-time borrowing.

First Citizen Loyalty Program: It crossed 10 million members and contributed 80% to overall sales. Premium Black Card members contributed 14% of sales (+5% YoY).

Private Brands: They contributed 12% of total sales and 18% of apparel sales, and their Inventory was reduced by INR 65 Cr YoY.

INTUNE: Added 9 stores in the quarter, reaching 31 stores in 14 cities and the full price sell-through at 75%+, becoming store-level EBITDA positive.

Beauty: Sales +5% YoY (17% of total sales). The fragrance category grew by +19% YoY.

Beauty Distribution: The sales stood at INR 39 Cr and Expanded to 444 points of sale.

Store Expansion: 11 stores launched in the quarter (2 department stores, 9 INTUNE stores), and they plan to intensify INTUNE store openings to 80 in FY25.They are also considering deferment of some Department store openings due to market conditions. 5-6 unviable stores are to be rationalized.

D.P. Abhushan Q1FY25 Concall KTAs
CMP: INR 1,355| MCap: INR 3,064 Cr| TTM EPS: INR 32

Arihant Capital

Outlook: Looking ahead growth momentum in FY25 will be sustained by expansion plans that include opening three new COCO stores in FY25, with a focus on Tier 2 and Tier 3 cities. They also aim to increase the share of diamond-studded jewelry from 6% to 10-15% over the next 3-4 years to fetch higher making charges from customers. However, Q2FY25 is expected to be slow due to limited wedding dates and the Shravan month, as well as the reliance on a single region (Central India) which is a limiting factor for future growth potential.

Q1FY25 Financial Highlights: Revenue: INR 504.7 cr (+7% YoY). EBITDA: INR 38.3 cr with Margin: 7.6% (vs 5.4% in Q1FY24). PAT: INR 25.1 cr (+60% YoY). EPS: INR 11 (+61% YoY).

Operational highlights: The company attributed its higher EBITDA margin to increased gold prices. They are focused on B2C sales, with the old gold exchange program contributing 20-25% of procurement and monthly savings schemes contributing 3-5% of sales. The company also reported a footfall-to-conversion ratio of 87% as of June 2024.

Strong geographical growth drivers: Bhopal (18% YoY), Ujjain (17% YoY), and Indore (12% YoY).

Store expansion: Planning to expand in Madhya Pradesh, Rajasthan, Chhattisgarh, and Gujarat as these are emerging markets with growing purchasing power. They also plan to open 3 new stores in FY25, aiming to increase the total number of stores from 8 in FY24 to 20 by FY28

Varun Beverages Ltd Q2CY24 Concall KTAs
CMP: INR 1576 | Market Cap: INR 2,04,851 Cr.

By focusing on strategic growth and leveraging new opportunities, Varun Beverages aims to deliver sustainable value to all stakeholders while navigating market dynamics and expanding its global footprint.

Financial Performance
• Revenue from Operations: INR 71,969 million, up 28.3% YoY.
• EBITDA: INR 19,912 million, up 31.8% YoY.
• PAT: INR 12,618 million, up 25.5% YoY.
• Gross Margins: Improved by 222 bps to 54.7% from 52.5%, driven by strategic procurement and cost-saving measures.

Volume Growth and Market Dynamics
• Total Volume Sales: 402 million unit cases, up 28.1% YoY. CSD: 76%, Juice: 8%, and Water: 16%.
• India Volume Growth: 22.9%
• International Volume: Flat, impacted by Zimbabwe's transition to zero sugar products.
Strategic Expansion and Investments
• New Production Facility in DRC: Commenced production on July 22, 2024, with two PET lines of 550 BPM each.
• Investment in Zimbabwe and Zambia: Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC for "Simba Munchiez" manufacturing and distribution.
-Estimated Investment: USD 7 million (INR 600 million) per location.
-Operational Dates: Zimbabwe by Oct 1, 2025, and Zambia by Apr 1, 2026.

Cost Management and Financial Strategy
• Finance Cost: Increased by 86.2% due to new facilities, BevCo acquisition, and higher borrowing costs.
• Capex Spending: INR 12,000 million in H1 CY2024, with total net capex capitalized at ~INR 30,000 million (excluding BevCo).
• Net Debt: Increased by ~INR 11,500 million, with internal accruals funding the balance.

Growth in Packaged Drinking Water and Snacks Portfolio
• Expansion in Packaged Drinking Water: Leveraging India's young population and growing demand.
• Healthy Margins in Snack Foods: Collaboration with PepsiCo for snacks in African markets to boost margins and diversify the product portfolio.

Outlook and Future Plans
• Double-Digit Growth: Confident in delivering strong double-digit growth for CY2024.
• Capex Guidance for 2025: Estimated INR 25,000 - 26,000 million, focusing on greenfield facilities in India and snack foods manufacturing in Africa.
• Water Recharge Ratio Target: Aim to achieve a ratio of 2 by 2025.

Operational Highlights and Market Strategy

• In-House Preform Manufacturing: Enhancing capacity to reduce conversion costs.

• Greenfield and Brownfield Expansions: Significant investments in new facilities and expansions to drive future growth.

• Focus on Reducing Sugar Content: Aligning with health trends to boost product appeal and profitability.

Adani Wilmar Ltd Q1FY25 Concall KTAs
CMP: INR 352| Mcap: INR 45,814 Cr| TTM EPS: INR 4.93

Arihant Capital

Outlook: The next 3-4 quarters are supposed to be positive, with continued volume growth across segments. We also expect edible oil prices to remain stable alongside the demand. The rural segment should pick up in October onward. However, the Bangladesh operations raise concern due to continue losses. The Food & FMCG business are also facing issues with investments made there affecting profitability. The oil meal business also saw a 22% degrowth. The company is also actively working to achieve the mandated 25% MPS by February 2025

Guidance: They are targeting 30-40% volume growth YoY in the rice business for the next three years.

Volumes: were up 12% YoY. This was supported by steady growth in staple packaged foods. Edible oils grew by 12% YoY and Foods & FMCG grew by 42% YoY. In Industry essential segment, both Oleo and Castor business grew in double digits, though overall volume affected due to oil meal business.

Revenue growth was 10% YoY, in-line with volume growth as lapping of disinflationary impact of edible oil prices on revenue is complete.

Price stability of edible oils led to margin improvements. The supply chain operated smoothly with minimal disruptions from macro events, ensuring price stability throughout the quarter, although there was a slight increase observed.

Edible Oils: Sunflower oil gained market share in south India due to regional interventions and they also launched mustard oil as a part of the new premium offering.

Food & FMCG: The segment faced a 42% volumes growth and was aided by sales of Rice to government appointed agencies for exports. Reported growth rate improved during the quarter as lapping of export drag is complete. In the domestic market, branded products revenue has been growing. Wheat flour business continued to grow ahead of Industry driven by an expanded presence in retail outlets and households and increased repeat purchases and continued to make notable gains in market share in South India. The rice business saw good growth, bolstered by a successful promotional event in collaboration with a major retailer. They are taking several initiatives to improve sales trajectory, including expansion of outlet reach. Additionally, this business is also Food business is harnessing the well-established and widely penetrated distribution network of edible oils

Avenue Supermarts Ltd Q1FY25 Concall KTAs
CMP: INR 5017|Market Cap: INR 3,26,492 Cr

Dmart showcased strong financial performance and strategic growth initiatives, despite challenges from inflation, impacting apparel sales. The company remains focused on expanding its store network, enhancing e-commerce capabilities, and maintaining its value proposition to drive future growth.

Financial Highlights (Standalone)
• Revenue: INR 13,712 Cr, up 18.4% YoY.
• EBITDA: INR 1,221 Cr, up 17.8% YoY, with an EBITDA margin of 8.9%.
• PAT: INR 812 Cr, up 16.8% YoY, with a PAT margin of 5.9%.

Financial Highlights (Consolidated)
• Revenue: INR 14,069 Cr, growth unspecified YoY.
• EBITDA Margin: 8.7%.
• PAT: INR 774 Cr, growth unspecified YoY, with a PAT margin of 5.5%.

Operational and Expansion Updates
• Store Additions: Added 6 new stores in Q1 FY25; 41 stores opened in FY24.
• Expansion Plans: Projecting 40-45 new stores in FY25 and 40-60 stores over the next three years.
• Investment in Talent: Committed to investing INR 40 Cr over the next 2-3 years to enhance talent and capabilities.

Strategic Initiatives and Segment Performance
• E-commerce and Quick Commerce: Implemented strategic e-commerce initiatives and observed a 1% CAGR impact from quick commerce.
• Apparel Segment: Noted a smart recovery and ongoing improvements in the apparel segment.
• Product Mix: Growth driven by food gains despite agricultural food inflation and edible oil deflation.

Operational Efficiency and Consumer Engagement
• Dmart Ready: Achieved 11-12% delivery within 12 hours and 86% within 24 hours.
• Advertising and Consumer Sampling: Focused on letting customers sample Dmart Ready to enhance engagement.
• Value Proposition: Emphasized maintaining value proposition and EBITDA margins.

Future Outlook and Challenges
• Strong Financial Performance: Continues to demonstrate robust financial health and strategic growth despite inflation challenges.
• Inflation Impact: Addressing challenges from product and wage inflation, especially for larger stores.
• Long-Term Focus: Emphasizing long-term talent quality and cultural relevance over the next 10 years.
• Store Expansion: Store addition is a key growth driver, with anticipated improvements in growth rates by FY26.
• E-Commerce and Value Proposition: Focused on enhancing e-commerce capabilities and maintaining a strong value proposition.

V2 Retail Ltd Q1FY25 Concall Highlights
CMP: 933 | Market Cap: 32,270 Mn.

Outlook:
V2 Retail Ltd showed strong growth, improving its Revenue and PAT significantly, with focus on increasing store counts and maintaining EBITDA margins, company is positioned for growth in the future.

Performance Consol:
• Revenue came in at INR 4,150.33 Mn. (40.19% QoQ) (57.44% YoY) in Q1FY25.
• EBITDA margins came in at 13.36% (Vs. 10.61% QoQ) (13.49% YoY) in Q1FY25.
• PAT came in at INR 163.39 Mn. (353.95% QoQ) (161.83% YoY) in Q1FY25.

Highlights:
• Company observed the highest-ever Q1 sales and huge revenue, and 30% - 40% YoY growth is expected.
• VRL aims to be a 100% private label company in the upcoming 1-2 years.
• **Footfall Growth:** Company has recently started tracking footfall growth, and just has data for the past 5 months.
• **Debt:** Company has a debt of INR 780 Mn, which is from the CC limit from the bank.
• **Own Manufacturing:** About 16% of the sales are from the own manufacturing units but will not add any more units. So, this percentage will drop in future with the growth of sales.
• No store is EBITDA negative as of now at YTD levels.
• **ROE:** Company plans to increase ROE and aims for 20% - 22% in the future.
• **Employee Cost:** This has been growing on account of new store additions and therefore more number of employees.
• Company's market spent is roughly 1% of the sales revenue and will continue to be on the same levels going forward.
• **Rental Cost:** INR 54 / sq. ft, and this cost is expected to remain in similar levels going forward, no big change is expected.
• 100% of the sales are from offline stores, company is under discussion for online platform and would probably make further announcements in Q2FY25.
• **Seasonality Spread:** Q3 remains the strongest quarter followed by Q1 and Q2 respectively and Q4 remains the weakest quarter.
• **Inventory Days:** Target inventory days for FY25 is 90 – 100 days and going forward to reduce it to 80 – 90 days.
• **Same-store sales Growth:** 30% in FY24, 37% in Q1FY25 and July has been very strong as well and targets 10% growth substantially moving forward.
• **Margins:**
-Company targets 8% - 9% EBITDA margins in FY25 and FY26 and 4.5% PAT Margin in FY25 and 5.5% in FY26.
-Company has observed a decrease in gross margins which is strategic, as company focuses on EBITDA margins over gross margins, but going forward gross margins to be nearly 25% - 30%.
• **New Stores:**
- Company opened 10 new stores in Q1FY25 taking the total retail area to 13.64 lakh sq. ft and has plans to open 40 - 50 more in FY25.
- All the 40- 50 new store openings are planned to be in similar geographies, company is not entering any new geography and would require an investment of INR 1,100 Mn in FY25.
- New stores start at 20% less sales per square foot and take roughly 12 – 24 months to mature.

Kalyan Jewellers Ltd Concall KTAs Q1FY25
CMP: INR 569 |Market Cap: INR 5,85,903 Mn

Strong financial performance with 27% YoY revenue growth, strategic expansion plans, and targeted marketing driving increased demand and market share.

Financial Highlights

• Revenue: INR 55355 Mn, a growth of 27% YoY and 22% QoQ.
• EBITDA: INR 3760 Mn, a growth of 16% YoY and 23% QoQ; EBITDA margin at 6.8%.
• PAT: INR 1776 Mn, a growth of 24% YoY; PAT margin at 3.2%.
• Showrooms: Total 217 showrooms as of Q1FY25, with 13 new additions in Q1FY25.
• Positive financial performance across all markets.

Market Trends and Demand

• Organized retail's share in the jewelry market is growing, currently at 40% organized and 60% unorganized.
• Higher gold jewelry demand in rural India, increasing with income levels.
• The southern region constitutes the largest segment of the Indian jewelry market.

Strategic Initiatives

• Targeted digital marketing through data mining and customer insights.
• Expansion of showroom network and diversification of distribution channels using a scalable business model.
• Investment in CRM, marketing, and analytics to effectively target consumers and drive sales.

Expansion Plans

• FY25 will see the launch of 80 FOCO (Franchise Owned Company Operated) Kalyan showrooms in India.
• First FOCO showroom launched in the Middle East in FY24; 5 more LOIs signed for FY25.
• First FOCO Candere showroom launched in FY24; 16 FOCO showrooms as of June 30, 2024, with a robust pipeline of 50 signed LOIs for FY25.
• Completed conversions of three owned showrooms in South India to FOCO, with more planned for FY25.
• On track to open 50 new stores this year, with 10 operational as of March 2024.

Financial Projections and Margins

• Guidance on PBT margins: standalone PBT for franchised stores at 5%, total PBT margin between 4.7% and 5%.
• More detailed financial projections and a financial model expected by Q1 next year.
• Increasing trend of new customers and footfall.
• Loss of INR 2.2 Cr reported; expansion expected to mitigate this.
• Interest costs associated with the old model.
• Margin implementation at 3.25% from the gross level.
• Strategy focused on expanding the network, particularly in the southern market.

Titan Company Ltd Q1FY25 Concall KTAs
CMP: INR 3,463 | Market Cap: INR 30,74,536 Mn

Titan Company Ltd remains optimistic about the future, focusing on market share gains and enhancing retail experiences despite short-term challenges from mixed consumer trends and external factors.

Financial Highlights
• Total Revenue: INR 12,308 Cr (growth of 11.2% YoY)
• EBITDA: INR 1,367 Cr (growth of 10.3% YoY); EBITDA Margin: 11.2%
• PAT: INR 715 Cr (decline of 5.5% YoY); PAT Margin: 5.8%

Segment-Wise Performance
• Jewellery:
• Revenue: INR 10,730 Cr (growth of 10% YoY)
• Domestic Business: 8% YoY growth; 11 new Tanishq stores, 19 Mia stores, and 3 Zoya stores added
• CaratLane: Revenue grew by 17.9% YoY to INR 754 Cr; 3 new stores added
• Watches & Wearables:
• Revenue: INR 1,023 Cr (growth of 12% YoY)
• Domestic growth of 13.8% YoY; 17 new stores added
• Eyecare:
• Revenue: INR 210 Cr (growth of 3.4% YoY)
• Titan Eye+ retail network revenue grew by 10% YoY; 3 new stores added

Emerging and International Businesses
• Emerging Businesses:
• Taneira: ~4% YoY growth; 4 new stores added
• SKINN Fragrances: 10% YoY growth
• International Businesses:
• Jewellery: Revenue grew by 92% YoY to INR 350 Cr
• Watches: Revenue grew by 79% YoY

TEAL Division
• Total Income: Grew by 226% YoY to INR 197 Cr
• Automation Solutions (AS): Revenue grew 12 times YoY
• Manufacturing Services (MS): Revenue grew by 55% YoY

Business Environment and Strategic Outlook

• Jewellery Industry: Benefiting from reduced custom duty on gold imports (from 15% to 6%)

• Challenges: Mixed consumer trends due to weather, elections, and fewer wedding days.

• Strategic Focus: Market share gains and differentiated retail experience across all business categories.

• Financial Stability: Concerns about the recoverability of a $2 million loan extended by a subsidiary.

Store Expansion and New Initiatives

• Jewellery: 11 new Tanishq, 19 Mia, and 3 Zoya stores added domestically

• Watches & Wearables: 17 new stores added

• Eyecare: 3 new Titan Eye+ stores added

• Emerging Businesses: Taneira expanded to 77 locations; Titan Eye+ launched the exclusive 'Runway' store in Bengaluru.

CCL Products Ltd - Q1FY25 Concall Highlights
CMP: INR 662 | Market Cap: INR 8,8490 Mn

Outlook

The increase in green coffee prices has reduced margins and volume demanded, increasing inventory days, and affecting operational efficiency. The company is contributing to revenue by increasing its sales of value-added specialised small packs with good yields from Brazil. The company has a robust distribution channel of 2000 outlets and also increasing its reach via quick commerce and ecommerce dealers. EBITDA margin of 23% will remain in the same range for upcoming quarters due to the lack of long-term visibility and reliance on coffee price fluctuations. The company expects to utilize and increase capacity to 76000 tons.

Financial Highlights

Revenue surged to INR 7,732.94 Mn in Q1FY25 from INR 7,267.17 Mn in Q4FY24, by 6.41% QoQ increase. EBITDA grew by 23% QoQ, exceeding the company's guidance of 20%, with expectations for robust growth over the next 2–3 years. PBT rose to INR 871.84 Mn in Q1FY25, up from INR 704.19 Mn in Q4FY24, marking a 25.5% QoQ increase. PAT also improved to INR 714.70 Mn in Q1FY25, compared to INR 652.22 Mn in Q4FY24, which increased by 9.58% QoQ.

Other Highlights

The domestic market performed well, achieving a turnover of INR 950 Mn, of which the brand contributed 650 Mn and the remaining INR 300 Mn came from bulk and private label sales.

Company grew debt at INR 18850 Mn in Q1FY25 from INR 1620 Mn in Q4FY24, increasing working capital by 12000 Mn and remaining is for term loan debt.

The company works in India and Brazil, which have great crop yields and high prices, whereas Vietnam has a coffee crop shortage, resulting in the largest price increase.

Company capitalisation by region has been 9%-10% in India, with Vietnam being capitalized 100% for the first plant and the second facility being 50% occupied. The company expects a 10% to 20% rise in volume growth in next 2-3 yrs.
The company has 2000 stores in metro towns like as Delhi and Mumbai with 500, 600, as well as tier 2 cities, which contribute to total growth.

Company is optimistic about reaching INR 3000 Mn in revenue, as almost 50% of it is achieved in Q1FY25 itself.

High coffee prices in the industry have led in a spike in small packs of specialty coffee as the growth driver, and as there is no long-term visibility, customers prefer small packs and strengthening value added product growth. The industry market is growing at an annual 2%-3% rate, whereas company expected an annual growth rate of 17%-18% in the next two to three years.

Bata India Ltd Q1FY25 Concall Highlights
CMP: | Market Cap: Mn.

Outlook:
Bata India Ltd continues to expand its franchise network, with a target of adding 40 - 50 EBOs per quarter and focusing on store renovations. Despite muted sales in Q1FY25, with a 1.4% YoY decline, the company saw strong growth in e-commerce and franchise segments. Bata is also increasing investments in marketing and IT in Enterprise Resource Planning while aiming to maintain stable.

Performance Consol:

- Revenue came in at INR 9,446.3 Mn. (18.39% QoQ) (-1.41% YoY) in Q1FY25.
- EBITDA margins came in at 19.57% (Vs. 22.84% QoQ) (24.99% YoY) in Q1FY25.
- PAT came in at INR 1,740.63 Mn. (173.47% QoQ) (62.84% YoY) in Q1FY25.

Highlights:

- The company's franchise stores continue to expand, adding nearly 40 – 50 EBOs per quarter, including both COCO and FOFO models.
- Bata has maintained momentum in store renovations, aiming to renovate 20 – 25 stores each quarter.
- Capacity utilization and inventory levels were the best in 6 quarters, leading to stable gross margins.
- The company opened one Power EBO in Q4FY24 and another in Q1FY25.
- The e-commerce segment continues to grow, contributing positively to both the portfolio and profitability.
- FOFO stores are expanding faster than COCO stores, with half of the new franchise additions coming from existing partners increasing their store count.
- The EBA category, priced around INR 500, performed well despite sluggishness in its segment.
- Power EBOs, which are compact stores of roughly 1,000 sq. ft., are gaining traction, and the company plans to open 4 – 5 new EBOs in Q2FY25.
- The company is significantly increasing its marketing investments, which are much higher than last year.
- Sales were muted in Q1FY25, declining by 1.4% YoY.
- The company invested significantly in the IT segment, particularly in ERP, which increased costs by more than 142 bps in Q1FY25.
- The omnichannel strategy and Bata.com saw good momentum, with a growing emphasis on online sales.
- Franchise stores and e-commerce segments grew much faster than COCO stores in Q1FY25.
- The company expects to open around 35 franchise stores and 10 company-owned stores each quarter.
- Same Store Sales Growth: SSSG was in the negative lower single digits, reflecting muted performance in Q1FY25.
- Bata's non-footwear segments, such as handbags under the NineVest brand, are expanding and contributing to overall growth.
- The in-house manufacturing to contract manufacturing ratio was 25:75 in Q1FY25.
- The company's employee expenses increased by 15%, while other expenses rose by 18% YoY.
- The premium product segment outperformed the value segment, with products priced above INR 2,000 contributing 25%, those above INR 1,000 contributing 60%, and those below INR 500 contributing 15% as of Q1FY25.

• The premium product segment outperformed the value segment, with products priced above INR 2,000 contributing 25%, those above INR 1,000 contributing 60%, and those below INR 500 contributing 15% as of Q1FY25.
• Sneakerization, casualization, and fashion are the three key drivers of the company's growth.
• The formal segment underperformed in Q1FY25, but the company expects to strengthen this segment in the long term.
• Geographically, the growth is equally spread, with a bit lower performance in South, and 70% of new store openings are targeted in Tier 3 cities.
• COCO stores are achieving 50% gross margins, while FOFO stores are underperforming compared to COCO in terms of margins.
• Bata aims to maintain its market leadership by continuing to invest in product innovation, store expansion, and new retail formats.

Arihant Capital Markets Ltd

Britannia Industries Ltd Q1FY25 Concall KTAs
CMP: INR 5,773 | Market Cap: INR 13,90,629 Mn

The company is upgrading technology for better opportunity, tactical promotion, and mainly focus on B2C by targeting real time customer. Rural Market outperform than urban, growth at rural is 1.25x as compared to urban 1x, employment is all time high in this quarter, commodity price hike in upcoming months.

Financial Highlights
• INR 4,130 Crore in revenue, up 12% YoY.
• INR 680 Crore operating profit with a 16.5% margin, 10% YoY growth.
• 28.2 Lakh outlets directly reached, with 30,000 distributors in rural areas.
• E-commerce contributes 4% of sales, showing significant growth.
• Targeting a 2% of cost efficiency.
• Croissant have 25% Margin doing very good.

Segment Highlights
• Cake has successional volume growths during the quarter in a challenging consumption scenario.
• Rusk Volume continues to grow at healthy double-digit despite harsh summer.
• Bread drives E- com growth in health & variety segment, focus on maintaining profitable growth.
• In cheese focusing on building a competitive consumer offering; Leveraging E-com to drive profitable growth.
• Drinks has Double-digit growth during summer, enabled by enhanced quality distribution & marketing activities.

Key Highlights
• Launched Pure Magic Stars and 50-50 Golmaal with butter garlic, enhancing innovation.
• 5050 Golmaal , jimjam pops , good day butter jeera is doing consistently well.
• Upgrading technology for better productivity and drive to premiumization.
• Validated strategy with INR 170 Crore business in Nepal, piloting in top metros.
• Awarded Brand of the Year and executed a successful "Drinking Cow" IPL campaign
• working on pricing and building efficiency, by 3-4 month hope good on table.
• By 6-7 months' cheese market will have good market share as they tie up with well, laughing cow.
• Employment levels at an all-time high.
• Expected 4-5% inflation in coming months for some products. Flour, Cocoa, sugar price will be slightly up and palm oil, laminates, corrugated boxes prices will go down.
• Own annual capacity is 65% and by third party it is 35%.
• FMCG industry is poised for consumption-led growth in FY25, with expectations of Better Monsoon, Moderate Inflationary conditions & Reducing Unemployment.

Arihant Capital Markets Ltd

Godrej Consumer Products Ltd Q1FY25 Concall KTAs
CMP: INR 1501|Market Cap: INR 15,35,355 Mn

The company aims to enhance margins and market share through strategic investments and product innovations.

Financial Highlights

• Revenue and Profit: Revenue stood at INR 3311 Cr with an EBITDA margin of 21.9% and PAT of INR 451 Cr.

• Margin Trends: EBITDA margins in GUAM remain steady at 14%, with a goal to reach 15%. The company aims to improve margins in Indonesia from 20% to closer to 25%.

Segment Performance

• Homecare: Stable performance in household insecticides and air fresheners, with new product launches like Goodknight Liquid Vaporiser and HIT Spray Matic showing strong consumer traction. Liquid detergents performed well, and Goodknight Agarbatti gained market share from illegal competitors.

• Personal Care: Personal wash and Magic Handwash saw stable to strong growth. Cinthol Foam Body Wash pilot and hair color showed mixed performance, while Park Avenue and KamaSutra are on track.

Key Highlights

• Significant market share increases in laundry liquid and sexual wellness. The company gained around 1,000 bps in top modern trade channels and in rural areas, though some share was lost in urban general trade.

• The company leverages its strong position and competitive advantages in supply chain and pet care to maintain market leadership, with competitors primarily Japanese and American.

• GCPL will invest INR 500 Cr in Godrej Pet Care over five years, aiming for DPC to become cash positive post-investment.

• Integration of the Raymond acquisition is ongoing, with a focus on achieving higher margins than initially inherited.

• High interest rates in African markets, particularly Nigeria (27%-30%) and Ghana (30%+), impact economic conditions.

• The company has adjusted prices due to increased palm oil costs and cut trade schemes in India. They anticipate better pricing in the upcoming quarters and have corrected their portfolio to improve overall business health.

Arihant Capital Markets Ltd.

Mayur Uniquoters Ltd-Q1FY25 Concall Highlights

CMP: INR 665 | Market Cap: INR 29,224 Mn

Mayur Uniquoters appears poised for continued growth in the coming years. The company expects to maintain double-digit growth, with a particular focus on expanding its export business, projecting at least 15% YoY growth in export volumes for the next few years. The management's focus on high-value segments like automotive OEM, marine, and branded footwear materials is likely to drive margin improvement. While challenges persist in the PU business, the company's efforts to target high-end brands and improve operational efficiency may lead to a turnaround in this segment.

Financial performance

* Consolidated revenue from operations increased by 6% YoY to INR 2,131.9 Mn.

* Consolidated PBT grew by 29% YoY to INR 513.7 Mn.

* Consolidated PAT increased by 22% YoY to INR 373.8 Mn.

* On a standalone basis, revenue grew by 1% YoY to INR 1,947.4 Mn, while PBT and PAT increased by 18% and 16% YoY respectively.

Business mix

* Export sales accounted for 32% of total sales, while domestic sales contributed 68%.

* Total volume for Q1FY25 was 71.31 lakh meters, compared to 70.41 lakh meters in Q1FY24.

* Export OEM sales contributed 21% to total sales, while domestic OEM sales were around 39-40%.

Operational updates

* Margin expansion is attributed to a combination of factors including export OEM growth, domestic OEM performance, cost reduction initiatives, and improved efficiency.

* The company has started supplying to new OEM models in export markets.

* BMW orders have commenced, with expected volumes of 35,000 vehicles by October or November.

* The PU (polyurethane) plant is operating at one-shift capacity, with efforts underway to introduce materials to major foreign brands in footwear and leather goods.

Expansion plans

* The company is finalizing land acquisition in Mexico for a new plant, with an estimated capex of INR 2,000 Mn.

* The planned Mexico facility will have a capacity of 6 mn meters.

* A trading subsidiary, Lucania, has been established to cater to nearby European countries.

* The company is cautious about its Mexico expansion, waiting to assess the political landscape post-elections in both Mexico and the US before making significant investments.

Guidance

* The company expects double-digit growth for FY25. The company is optimistic about growth in both domestic and export OEM segments.

* Export volume growth is projected to be at least 15% YoY for the next few years.

* Management is focused on improving margins through better customer mix, increased efficiency, and strategic raw material procurement.

* While the PU plant is operating at a loss, the management sees potential in targeting high-end brands and focusing on quality over price competition.

Challenges

* The PU business is currently incurring losses due to fixed costs.

* Import duty manipulation and under-invoicing are affecting the PU market.

* The footwear industry in India needs to shift focus from leather to non-leather products to boost exports.

Industry outlook

* The domestic auto OEM industry is progressing rapidly compared to other countries.

* The company is working with major brands to introduce PU materials in the footwear industry, which is showing promising signs.

* Marine business is seen as a growing segment, with consistent month-on-month increases in volume.

* There's a growing focus on high-brand, high-margin materials, especially in the PU segment.

Other highlights

* The company has implemented strategic raw material stocking to benefit from price fluctuations.

* PVC prices have increased, leading to a 5% price hike in some PVC products.

* The company claims to be investing more in R&D than the entire synthetic leather industry in India.

Arihant Capital Markets Ltd

Allied Blenders and Distillers Ltd | Concall KTA FY24
CMP: INR 295 | Market Cap: INR 82304 Mn

Company Overview
•Market Position: The company is the 3rd largest spirits company in India by annual sales volume and the 3rd largest selling brand globally.
•Facilities and Distribution: Operates 33 manufacturing facilities (1 distillery and 32 bottling units) across India, with a network of over 79,000 outlets.

Financial Performance
•Revenue and Growth: Total income for FY24 was INR 7,675 crore, reflecting a 7.8% growth YoY. Revenue from operations was INR 3,334 crore, with a 5.6% growth YoY. EBITDA reached INR 248 crore at a growth of 26.7% YoY, with an EBITDA margin of 7.5%, up by 124 bps YoY.
•Profitability: PAT was INR 1.8 crore, marking a 14.3% growth YoY. The gross margin for FY24 stood at 37%.

Production and Export
•Production Capacity: The annual distillation capacity of the single distillery is 60 million liters. 53.5% of FY24 production was from owned bottling facilities.
•Export Activities: Leading exporter of IMFL, with exports to 14 countries including the UAE, Haiti, Oman, Hong Kong, and Qatar. FY24 revenue from exports was INR 178 crore.

Strategic Initiatives
•Premiumization and Innovation: The company has introduced two millionaire brands in the last decade and continues to focus on premiumization with new brands. The P&A segment volume contribution was 37.3%, while mass premium accounted for 62.7%.
•Sustainability Efforts: Significant move towards sustainability with water conservation initiatives reducing specific water use by 25% in FY24. Transitioning from glass to food-grade PET and aseptic packs for packaging.

Market and Growth Strategies
•Plans to increase the market share of Officer's Choice whisky, introduce new products in premium and prestige segments and enhance brand awareness through digital marketing.

Future Outlook

Expecting mid-single-digit volume growth in the IMFL sector. The Alco Beverage Market is projected to reach a value of INR 5,000 billion and 1,451 million cases by FY28, with an 11.3% CAGR. The company aims to continue innovating and improving operating efficiency while addressing working capital challenges impacting volume growth.

HINDUSTAN UNILEVER LTD | Concall KTA Q1FY25
CMP: INR 2767 | Market Cap: INR 6500144 Mn

Financial Performance
•Turnover and Profits: The company reported a turnover of INR 15,166 crore in Q1FY25, with a growth of 2% YoY. The EBITDA stood at INR 3,606 crore, growing 2% YoY, and the EBITDA margin was 23.8%, an increase of 20 bps YoY. Net profit was INR 2,538 crore, showing a growth of 3% YoY.
•Sales and Growth Metrics: Underlying sales growth was 2%, with a gross margin increase of 170 bps, EPS growth of 3%, and underlying volume growth of 4%.

Market Dynamics
•Rural and Urban Demand: Rural demand is gradually recovering, although it continues to lag urban growth. Consumption trends indicate a shift towards more aspirational, premium, and digital products.
•Commodity Prices: Commodity prices have remained good, following an inflation-deflation cycle, influencing strategic pricing aligned with material cost movements.

Segment Performance
•Home Care: Revenue of INR 5,675 crore with a revenue margin of 20%. Strong performance in fabric wash with high-single-digit volume growth and mid-single-digit growth in household care.
•Beauty and Wellbeing: Revenue of INR 3,199 crore with a 20% margin. Volume-driven growth in hair care with double-digit increases. Skin care and color cosmetics saw muted volume performance, with a focus on premium segments.
•Personal Care: Revenue of INR 2,386 crore with an 18% margin. Resilient performance in skin cleansing and mid-single digit growth in oral care.
•Foods and Refreshments: Revenue of INR 3,850 crore at a 19% margin. Stable performance with strong growth in coffee and ice cream segments, despite a subdued performance in nutrition drinks.

Strategic Initiatives
•Relaunch of Vim Liquid at an attractive price.
•Lux Body Wash and Lifebuoy reformulated with added benefits.
•Introduction of new coffee specialty products.
•E-commerce and Digital Growth: E-commerce is a significant growth driver, with the digital selling hub showing a high Net Promoter Score of over 70%. Portfolio growth in e-commerce has seen a 50%+ increase.

Market Share and Customer Loyalty
•Brand Power and Distribution: 75%+ of the business maintains stable or gaining brand power, with 95%+ value-weighted distribution. Newly formulated dishwash bars and premium portfolios have enhanced market share.
•Customer Loyalty: Continued investment in brand loyalty programs and a focus on premium and mass brands are yielding positive results.

Outlook and Priorities
•Future Growth: The company is focused on accelerating volume growth, strengthening competitiveness, and maintaining healthy margins. The outlook suggests gradual improvement in FMCG and rural demand, with stable EBITDA margins if commodity prices remain consistent.
•Cost Management: Emphasis on maintaining cost savings and discipline through the Net Productivity Programme.

Gopal Snacks Ltd | Concall KTA Q1FY25
CMP: INR 330 | Market Cap: INR 41075.8 Mn

The company is doing good in wafer segments and they are increasing their distributors network rapidly which is helping them to enhance their marketing and revenue.

Financial Performance
•Revenue: INR 354 Cr, +11.2% YoY, -1.2% QoQ.
•Gross Profit: INR 103 Cr, +2.8% YoY, +2.1% QoQ.
•Gross Profit Margin: 29%.
•EBITDA: INR 41 Cr, -16.1% YoY, +5.3% QoQ.
•EBITDA Margin: 11.5%.
•PAT: INR 24 Cr, -14.3% YoY, -6.9% QoQ.
•PAT Margin: 6.9%.

Segment Performance
•Wafers: 8 Cr packets, +48.5% YoY, INR 37 Cr revenue, +51.3% YoY.
•Gathiya: 26 Cr packets, +16% YoY, INR 101 Cr revenue, +9.4% YoY.
•Namkeen: 21 Cr packets, +6.3% YoY, INR 95 Cr revenue, +4.1% YoY.
•Pellets & Extruded Snacks: 18 Cr packets, -6% YoY, INR 68 Cr revenue, -7.5% YoY.
•Other Snacks: 3 Cr packets, +29.3% YoY, INR 38 Cr revenue, +27.7% YoY.
•Exports: INR 1.27 Cr revenue, +84.7% YoY.

Market Expansion
•Dealer Network increased 8.2% at core states, +39.8% at focus states, +91.1% other states YoY.
•Revenue Growth: +2.6% core, +35.1% focus, +89.1% other states YoY.

Operational Initiatives
•Distribution Network: 753 distributors, increased 29.2% YoY.
•Commencement of Corrugated Box Manufacturing at Rajkot.
•Boiler Power Plant: Enhancing cost efficiencies and ESG strategy alignment.

Strategic Moves & Future Plans
•Product Launches: Three new products, enhancing market reach.
•Technological Integration: Implementing ERP and DMS systems.
•Marketing Initiatives: Branding campaigns and innovative product offerings.
•Future Outlook: Anticipating double-digit revenue growth and stable EBITDA margins.

United Spirits Ltd (Diageo India) | Concall KTA Q1FY25
CMP: INR 1385 | Market Cap: INR 1007671.9 Mn

The company is focusing on premiumization and innovation.
Financial Performance
•Consolidated Net Sales: INR 2,761 Cr at growth of 3.5% YoY.
•EBITDA: INR 713 Cr, flat YoY.
•Consolidated PAT: INR 485 Cr.

Standalone Performance
•Standalone Sales: INR 2,352 Cr, at growth of 8.3% YoY.
•Gross Profit Margin: 44.5%.
•Standalone EBITDA: INR 458 Cr, at growth of 18.9% YoY.
•EBITDA Margin: 19.5%.

Volume and Segment Performance
•Total Volume Cases Sold: 13,699K.
•Prestige & Above Segment: 87.8% of net sales, +10.1% YoY.
•Popular Segment: 9.4% of net sales, -2.4% YoY.

Market Strategy and Initiatives
•Innovation and Renovation: Driving sales growth.
•Premiumization Strategy: Launching new premium brands.
•Market Momentum: Strong performance in Western region.
•Cost Management: Benefiting from budget taxation because of government focus on solar power and infrastructure.

Advertising and Promotion
•A&P Re-investment: 7.4% of sales, seasonally low but higher YoY.
•Campaigns and Partnerships: Collaborating with Kartik Aryan, focusing on brand visibility.

Jyothy Labs Ltd | Concall KTA Q1FY25
CMP: INR 547| Market Cap: INR 200918 Mn

Market Outlook and Demand Drivers
•A normal monsoon is anticipated to stimulate demand, particularly in rural areas, which is crucial for maintaining positive market momentum.
•Rural demand pick-up is key to sustaining overall market growth, reflecting a direct. correlation between favorable weather conditions and increased consumer spending.

Marketing and Promotional Activities
•The company has significantly increased Above-The-Line and Below-The-Line spending to drive volume growth.
•Strategic investments in advertising and promotional activities aim to enhance brand visibility and consumer engagement across various channels.

Strategic Initiatives

•The company is prioritizing the expansion of its rural distribution network to tap into underserved markets.
•Innovations and the introduction of Stock Keeping Units tailored to specific consumer segments, along with leveraging e-commerce platforms, are key components of the growth strategy.
•There is an observable trend of increased adoption of newer categories within the Home and Personal Care segments.
•The company is focusing on expanding its portfolio to cater to evolving consumer preferences in these segments.

Financial Performance
•Revenue has reached INR 742 Crores, marking an 8% YoY increase.
•Volume growth stands at 10.8%, with a CAGR of 11.5% over two years, 12.2% over three years, and 14.4% over four years.
•Gross Margin improved to 51.3% from 47.9% in the same period last year.
•Advertisement expenditure was INR 61.6 Crores.
•EBITDA increased to INR 133.5 Crores, reflecting a 13.7% YoY growth, with an EBITDA Margin of 18%.
•Profit After Tax is INR 101.7 Crores, representing a 5.7% YoY growth.

Segment-wise Performance and Strategic Enhancements
Segment-wise Performance Growth
•Fabric Care: 8.8%, Dish Wash: 7.1%, Personal Care: 10.9%, Household: 2%.
Category-wise Business Share
•Fabric Care: 43%, Dishwashing: 33%, Personal Care: 13%, Household: 7%, Other: 4%.

Visibility and Engagement Initiatives
•The company has strategically enhanced its visibility at large-format retail stores, amplifying brand awareness and consumer engagement.
•Campaigns and programs, particularly for brands like Exo and Pril, emphasize the importance of health, contributing to their success.

Future Growth Strategies

•The company remains focused on volume-led growth to capture higher market share for each brand.

•Leveraging modern trade and e-commerce channels, which are showing higher growth rates, is a pivotal part of the strategy.

Sales and Margin Expectations

•The company aims to achieve double-digit sales growth, primarily driven by volume increases.

•It expects to maintain or improve its historical EBITDA margin of 16% to 17% on an annual basis.

L T Foods Q1FY25 Concall KTAs

CMP: INR 290| MCap: INR 10,072 Cr| TTM EPS: INR 17.5

Arihant Capital

Outlook: The company gained market share in India, witnessed steady international business growth, and saw a good performance in the organic food and ingredients segment, accompanied by the successful launch of new products. They digitally transformed and successfully operationalized its new UK facility. We expect to see a positive demand outlook, with a focus on the Middle East for future growth and value addition. There will be margin expansion and debt reduction in FY25, and the RTE/RTC segment will also break even in FY27. However, there are concerns about increased input costs, including freight charges and commodity prices. Overall, LT Foods seems to be on a growth trajectory, with a strong financial performance and a focus on expanding its international presence and product offerings.

Input Costs: They faced Increased freight charges and commodity prices.

Guidance: Aiming for 14-15% EBITDA margin in the next four years. There should be further debt reduction in FY25. The RTE/RTC businesses are expected to breakeven in FY27 on a projected revenue base of Rs.400 crore

Positive demand outlook: We see continued strong demand for its products, especially in the international markets. The Middle East will be a key market for future growth and value addition.

Insurance Payment: They are expected to receive approximately INR 160 crore plus interest within four weeks.

Regional Specialty Rice: This business offers significant growth potential, with LT Foods selling 20,000-25,000 tonnes.

India Market Share: Currently at 30%, the company believes it holds the second position in the consolidated India market.

International Business: Grew roughly 17% YoY, driven by robust performance in North America and expansion into new markets such as Madagascar.

Operational Highlights:
Organic Food and Ingredients Segment: Revenue grew 33.6% YoY.
RTE/RTC Segment: Strong performance with 37.2% YoY revenue growth.
New UK Facility: It has become operational and is expected to generate GBP 40 mn in revenue this year.
*Saudi Arabia Expansion: They appointed a new distributor to penetrate this key market.
Marketing and new product launched: "World Biryani Day" was a Company-led marketing campaign to strengthen brand presence and engagement. They Introduced Royal Biryani Kits, 2lb Organic, RTH Lemon Garlic & Herb, and RTH Brown Basmati & Quinoa.

United Breweries Q1FY25 Concall KTAs

CMP: INR 2,037| MCap: INR 53,858 Cr| TTM EPS: INR 16.9

Arihant Capital

Outlook: UBL aims to achieve a 25% premium share within the next 2-3 years and seems optimistic about the long-term potential of the beer category in India. The company also aims to achieve a double-digit EBIT margin in the next 2-3 years through revenue management and cost initiatives. However, we see UBL face challenges such as a decline in market share, regulatory issues, and the impact of recent floods in certain regions. The company has mentioned being cautious about over-indexing on cans and is addressing affordability as a barrier to category growth.

Beer Association of India: They are actively involved with the Beer Association of India to address macro issues impacting the industry.

Focus on Fundamentals: The company is prioritizing fixing the fundamentals of its core business before considering M&A opportunities- but they are not off the table.

Premiumization: They intend to reach a 25% premium share within the next 2-3 years.

Category Growth: The company remains optimistic about the long-term potential of the beer category in India. Margin Accretion: UBL expects to achieve a double-digit EBIT margin in the next 2-3 years through revenue management and cost initiatives.

Volume Growth: Total volume grew 5% YoY, with premium volume exhibiting strong growth of 44%. Manufacturing Footprint: They received approval to produce Heineken in Karnataka, with shipping expected to begin within a week.

Distribution: They are working to significantly increase distribution for the company's portfolio across various states.

Investments: They are increasing investment in consumer insights, procurement, digitization, trade marketing, and quality to drive future growth.

Market Share: The company has experienced a decline in overall market share, but seems to remain confident of regaining lost share.

Regulatory Challenges: The company is actively engaging with state governments to address volatile government policies, especially state-level excise duties.

Flooding: The recent floods in Assam, Kerala, and Maharashtra had negatively impacted sales in those regions.

Can vs. Bottle: They remain cautious about over-indexing on cans as it could erode brand equity associated with the bottled beer experience.

Affordability: The increasing excise duties have led to higher beer prices, leading to affordability potentially being a major barrier to category growth.

Innovation: There is a strong pipeline of innovation across multiple brands, expected to be showcased at the investor meeting.

Associated Alcohols & Breweries Ltd Q1FY25 Concall KTAs
CMP: INR 828 |Mar Cap: INR 14,970 Mn

The company achieved its highest ever quarterly revenue which is all time high, innovating product at affordable prices, and focused on premiumization.

Financial Highlights

•Revenue reached INR 2,518 million, reflecting a 61% increase (YoY) and a 4% rise quarter-over-quarter (QoQ).
•EBITDA amounted to INR 281 million, with a 61% YoY growth and a 4% QoQ increase, resulting in an EBITDA margin of 11%.
•PAT stood at INR 177 million, showing a 44% growth YoY and a 43% increase QoQ, with a PAT margin of 7%.
•The company demonstrated robust cash flow, ensuring its ability to meet debt repayment commitments.
•The volume of IMFL Proprietary cases grew by 6.4% YoY and 13% QoQ to 433,000 cases. Revenue from this segment rose by 6.5% YoY and QoQ to INR 294 million, with EBITDA at INR 47 million and an EBITDA margin of 16%. Realization per case was INR 679.
•IMFL Licensed volume cases increased by 5.2% YoY but decreased by 26% QoQ to 387,000 cases. Revenue grew by 9.5% YoY but fell by 23% QoQ to INR 483 million, with EBITDA at INR 72 million and an EBITDA margin of 15%. Realization per case was INR 1,250. Decresed in QoQ because licensed is seasonal business which is good in Q4.
•IMIL volume cases rose by 15% YoY and 11% QoQ to 1,102,000 cases. Revenue increased by 30% YoY and 27% QoQ to INR 623 million, with EBITDA at INR 81 million and an EBITDA margin of 13%. Realization per case was INR 565.
•Merchant ENA volume cases declined by 21% YoY and 38% QoQ to 3,891,000 cases. Revenue fell by 16% YoY and 39% QoQ to INR 256 million, with EBITDA at INR 20 million and an EBITDA margin of 8%. Realization per liter was INR 64. Deline this qtr because bulk of ena increase to their own products.
•The grain price for this quarter is INR 23,000 per ton, up 11% YoY and 2% QoQ, with further increases anticipated after Q1 FY25.

Business Update

•The company is actively pursuing geographical expansion and the introduction of new products in the premium segment.
•The ethanol plant is operating at full capacity, ensuring optimal efficiency.
•In Madhya Pradesh, the company has successfully secured price hikes for its IMFL portfolio and holds a 20-25% market share in IMIL and IMFL products.
•Approval has been obtained to meet the increased capital requirements for future expansion projects, including the malt plant and UP bottling cum distillery.
•Capital expenditure (Capex) for FY25 is projected at INR 800 million, with an expected INR 900 million in FY26.
•The total debt is INR 65 crore, with a debt cost of 4.5% for term loans and no working capital loans.

Business Outlook

•The company is enhancing operational efficiencies and implementing effective cost control measures to mitigate the impact of rising grain prices.

•There is a strategic shift towards premiumizing IMFL products, with the launch of premium blended malt whiskey "Hillfort" this quarter. Future releases include premium ready-to-drink products in Q2 FY25, premium brandy in Q3 FY25, and premium tequila in Q4 FY25, with a goal of achieving a 50% share of revenue from premium products.

•Target markets include Maharashtra, Puducherry, Assam, Tripura, Goa, and UP.

•The company has entered the super-premium market with the successful launch of the premium gin brand "Nicobar," selling 300 cases.

•EBITDA targets for Q2 are set at 11-13%, with revenue growth targets of 12-14% for FY25 and 13-14% for FY26, Expected double digit sales for IMFL product after 18 months.

•The ethanol segment is anticipated to reach full capacity by FY25, with an annual production capacity of 4 million liters.

•Planning to launch their new product culture by next quarter at Goa and Delhi in premium market.

Tilaknagar Industries Ltd| Q1FY25 Concall KTAs
CMP INR 250| Market Cap. INR 48.24bn

Co. reported its highest every Q1 EBITDA of INR 500mn. Their latest launch, green apple flavoured brandy has garnered good response. It derives 85% of its volume from southern India. They are also awaiting a favourable progressive excise policy in 2 southern states. Co. guides for double digit volume growth with revenue growth at additional 3% of volume growth.

Financials
RFO stood at INR 30312mn(+3.9%YoY) with gross profit of INR 1553mn(+1.4%YoY). EBITDA stood at INR 502mn(+30.8%Yoy) with 16%(+341bps) margins. PBT of INR 401mn(+55.7%YoY) with 12.7% margins. PAT of INR 401mn(+55.7%YoY) with 12.7% margins.

Co. reported highest ever quarterly one EBITDA at INR 500mn. Significant growth in EBITDA has been on account of cost optimization initiatives and increasing share of premium products in the portfolio. The marginal increase in topline was due to elections disruptions.

The IMFL industry in southern India, which contributes 85% plus of volumes, grew by 0.1% YoY due to elections disruptions.

Co. is also expecting two of key southern states to come out with a progressive excise policy very soon which will benefit the co. and industry.

They saw softening coming through glass and other packing materials. Despite highly volatile and inflationary trends in ENA, co. has done a good job in procurement and have seen ENA costs come down by almost
INR2 per liter in Q1.

Their newest launch, Green Apple Flandy, has gathered tremendous appreciation from consumers and trade alike and within the first quarter of launch, it has achieved a 20% share of flandy volumes
across flavors in the two states where it is available, that is Telangana and Andhra Pradesh.

Co. is confident of maintaining industry leading growth with market share gains in our existing portfolio as well as innovative launches within brandy across premium price points along with strong pipeline of premium products slated for launch in non brandy segment.

Co. reduced gross debt by INR 223mn and have now brought down net debt to INR 426mn. Due to strong cash flows, co. prepaid INR200mn of Kotak Term Loan in Q1. Co. looks to become net debt free by end of FY25.

-Co.'s flavoured brandy is pitched against flavoured vodka in the market in general given the price point. Q1 flandy has done more volumes than it did even in Q4 of FY24. Flandy grew despite being
the weakest quarter from a seasonality perspective.

-85% of volumes are driven by southern India. Brandy is predominantly
consumed in southern India, that is where their distribution strengths lie, in southern and east India along with a few pockets in the west.

-Q2 onwards, co. guides for double digit volume growth. Removing the subsidy income impact, EBITDA margins stand at 14.5% and should be taken as the base going forward with headroom of expansion on these margins. Revenue growth to be 3% over volume growth.

[Arihant Capital Markets Ltd.]

Hindware Home Innovation Q1FY25 Concall KTAs
CMP: INR 394 | Market Cap: INR 28.5 Bn | Promoter: 51.32%

Outlook: Company maintains its guidance of growing 1.5-2x of market growth. Guidance given of 15-18% growth in topline and 20% in EBITDA. Company has also announced raising equity through issue of rights amounting to INR 2.05 Bn. At CMP, company trades 127x TTM EPS.

Performance (Consol)
• Revenues came in at INR 5.99 Bn (-22.3% QoQ) (-3.7% YoY)
• EBITDA margins came in at 7.17% (Vs 9.74% QoQ) (Vs 10.04% YoY)

Key Highlights:
• Overall loss in margins due to reduction in Gross Margins. Brass costs rose significantly during the quarter (till INR 600 per Kg) but have settled around INR 520-530 now. Company has some high cost RM inventory as well.
• In the current quarter, company has streamlined employee base of pipes and bathware. Impact of this will be seen in coming quarters.
• Company will be raising equity through rights issue to pay off debt and increase liquidity.
• Capex planned for INR 1.7-1.8 Bn
• Outsourcing from china now at low single digits, which ws warlier at 14-15%
• Sanitaryware capacity utilization at 86% and faucetware at 58.5%

Plastic Pipe and Fittings:
• Revenues came in at INR 1.63 Bn (-32.9% QoQ) (+4.6% YoY)
• EBITDA margins came in at 6.7% (Vs 10.9% QoQ) (Vs 6.6% YoY)
• Volumes stood at 10,188 tonnes (Vs 13,903 tonnes QoQ) (Vs 8,207 tonnes YoY)
• NWC Days at 86 (Vs 69 days QoQ) (Vs 92 days YoY)
• Roorkee plant is expected to be operational from Q3
• Company expanded pipes and fittings product range to 2,000 SKUs
• Company aims to introduce double wall corrugated pipes, foam core pipes and Fire Sprinkler systems in FY25
• CPVC contributed to 33% of revenues in Q1

Bathware:
• Revenues came in at INR 3.26 Bn (-22.4% QoQ) (-9.9% YoY)
• EBITDA margins came in at 12.7% (Vs 15.3% QoQ) (Vs 16.7% YoY)
• NWC Days at 101 (Vs 105 days QoQ) (Vs 105 days YoY)
• Company has 660+ brand stores and 500+ distributors in bathware
• Overall demand in bathware was muted for the quarter but new products have been showing positive trend
• Company is continuing with its expansion plans in T3 and T4 cities
• Secondary sales have seen uptick from June onwards
• 47% premium product sales, 53% economy

Consumer Appliances:
• Revenues came in at INR 1.11 Bn (+1% QoQ) (+5.3% YoY)
• EBITDA margins came in at 2.7% (Vs -6.2% QoQ) (Vs 1.3% YoY)
• NWC Days at 122 (Vs 135 days QoQ) (Vs 118 days YoY)
• Business grew largely aided by higher sales of air-coolers
• Kitchen business did not grow during the quarter

(Arihant Capital)

Camlin Fine - Q1FY25 Concall Highlights:
CMP: INR 110 | Market Cap: INR 18,370 mn
Rating: Unrated

Outlook: Camlin Fine posted muted set of earnings for Q1FY25. The Europe facility which is shut down is a pain point which could take more than 6 months to turn around with even a new product taking up to more than a year to turn Profitable. In the Blends business, the supply side challenges from China continues, and Vanilin and other chemicals can expect a better pricing only if Chinese suppliers are gauging down.

Guidance:
• Regarding the Europe facility which is shut down, the Management said that it costed negative EBITDA of INR 100 mn and Net Loss of INR 150 mn.
• The Management gave guidance of achieving INR 20 bn of revenue with EBITDA Margins in double digits.

Key Highlights:
• Revenue came at INR 3,958 mn, down 1.5% QoQ/ down 5.7% YoY.
• EBITDA came at INR 181 mn, down 236.9% QoQ/ down 53.1% YoY.
• EBITDA Margins came at 4.6% for Q1FY25, up 790 bps QOQ / down 460 bps YoY.
• Net Loss came at INR 346 mn, down 57.6% QOQ / down 388.4% YoY.
• The Management acknowledged that Q1 is generally a weaker quarter, and the demand has been muted globally for their industry.
• The Company's Blend's business saw good traction, growing at 13.4% QoQ.
• The revenue of Performance Chemicals remained muted due to pricing headwinds.
• Catechol remained at sub USD 1 sale price which not only impacted top line but also their margins. In the Aroma business that is Vanillin, the Company now has liquidated almost entirely their inventory of vanillin.
• The Revenue from Aroma stood at INR 13,420 mn for Q1FY25.
• The Company's Diphenol facility in Europe remained under shut down.
• The Management said that the Brazilian Foreign Exchange Volatility has impacted their earnings during Q1FY25.
• The Company completed the acquisition of Vitafor in June 2024, which has manufacturing facilities in Antwerp, Belgium, for Feed Ingredients, Nutritional Products, etc.
• The Acquisition is in synergy for the Company considering their Blends business, and geographical advantage with access to Eastern European markets.
• The Company's Management new product from that facility is a repurpose product, and it will take at least for the processes to complete, which at currently is still in design phase and the Company will inform of its start within a month or 2.
• On the pricing of Hydroquinone, the Company said that they have been witnessing some uptrend in that.
• The Management said that since the Vanilla market is dominated by 3-4 players with the Chinese being a significant player in that too. Once this supply is being curtailed, the Company can expect significant volume gains.

Arihant Capital Markets Ltd.

RBA Ltd Q1FY25 Concall KTAs
CMP: INR 110| Mcap: INR 5,563 Cr| TTM EPS: INR (4.37)

Outlook: The India business has done well, exhibiting +ve SSSG owing to new value launches and the success of the app as well as BK Café. However, the performance of the Indonesia operations seem bleak due to cost pressures and geopolitical issues. We are cautiously optimistic on RBA.

Online presence and digitization of the dine-in experience King's Journey program (digital ordering and table service) and BK App has shown good result. King's Journey program implementation is underway in 180 stores, and BK App installs +70% QoQ and 2.7x YoY. The app was launched in mid- June and now 95% of all dine in sales come from self-ordering kiosks.

SSSG has been 3.1% in India and *ADS was -1% for Indonesia due to lower whopper sales. The positive India growth was due to a positive traffic trend. There should be a strong recovery in H2 of this year with traffic increasing ahead of industry

Store Addition They added 60 stores in India YoY and closed 26 underperforming BK stores in Indonesia. They target to reach 510 stores by FY25 and 700 by FY27.

BK Café: has 352 locations in India and is now present across 78% of the India portfolio.

New launches: In India, the plan to play further on the value menu, and to launch a new whopper. In Indonesia, they will launch new spicy chicken variants.

Indonesia reduced 25% of their cost through manpower cuts though inflation in this market continues to be an issue. It is more manageable than before.

There are problems with footfalls and store closures in Indonesia, accompanied by store closures this led to low revenue and ADS. In the long term they target to reach cash breakeven and build brand awareness for Popeye’s.

Sapphire Foods India Ltd Q1FY25 Concall KTAs
CMP: INR 1,609 | Market Cap: INR 1,02,611 Mn

Company had a steady quarter with improvements in Pizza Hut and Sri Lanka. KFC stores count is expected to reach close to 500 by the end of December 2024. For Pizza Hut, they plan to be cautious with new store openings until profitability improves. The company is focused on product innovation, marketing, and operational improvements to drive growth. Overall, while facing some macro headwinds and subdued consumer spending, they are well-positioned for the future if macroeconomic conditions improve.

Financial performance
* Consolidated restaurant sales grew by 10% YoY to INR 7,170 Mn.
* EBITDA increased by 1% YoY to INR 1,240 Mn.
* Consolidated restaurant EBITDA margin declined by 150 bps YoY.
* Consolidated adjusted EBITDA was INR 710 Mn (9.9% margin), down 8% YoY.

KFC
* Revenue growth of 11% with -6% Same-Store Sales Growth (SSSG).
* Negative SSSG largely attributed to Navratri falling entirely in April this year,
* Average Daily Sales (ADS) stood at INR 122,000. Restaurant EBITDA margin was at 18.8%.
* Added 13 new stores, total count now at 442. Monthly active users increased from 1.25 Mn to 1.5 Mn.
* Aim to maintain 19-20% restaurant EBITDA margins; may revisit expansion plans if margins decline significantly. KFC expansion on track to double store count in 3 years (target ~500 by end of 2024).
* KFC implemented a small price increase of about 1% during the quarter. Introduced chicken rolls as a permanent addition to KFC menu to target the snacking day part. Experimenting with coffee offerings in KFC, though still in early stages.

Pizza Hut
* Revenue growth of 3% with -7% SSSG.
* ADS improved to INR 48,000, up 17% QoQ. Restaurant EBITDA margin at 4.6%
* Opened 1 new restaurant, total count at 320.
* Focus on three parameters before aggressive expansion: positive SSSG, ADS moving towards 50,000, and profitability reaching 8-10% margin.
* No price increases for Pizza Hut as the focus is on reviving the brand. Expansion to remain cautious and muted in the near term.

Sri Lanka business
* Strong performance with 11% SSSG. Revenue increased by 13% in LKR terms (19% in INR).
* Restaurant EBITDA margin improved by 20 bps to 13.2%.
* Pizza Hut was voted as the best and most loved brand in Sri Lanka by a business magazine.

Marketing
* Increased marketing spend for Pizza Hut to revive brand interest.

* Launched new products like Melts for Pizza Hut and International Burger Fest for KFC.
* Focus on value offerings and building lunch occasions for KFC.

Delivery
* KFC saw an increase in delivery mix from 36% to 40% YoY.
* Pizza Hut's delivery mix remained stable at 50%.
* Late-night operations (after 11 PM) contributed significantly to the increased delivery mix.

Other key highlights
* Despite negative SSSG, KFC maintained margins through cost efficiencies in labor, operations, electricity, and gas.
* Wage inflation and higher utility costs in Q1 compared to Q4 impacted margins sequentially.
* Observed a slow shift from dine-in to delivery across the industry. Extended operating hours (beyond 12 hours) have contributed to increased delivery sales.
* Management acknowledged increased competitive pressure, particularly in value offerings.
* Some pockets continue to be impacted by geopolitical issues, affecting brand performance
* Ongoing efforts to make stores more attractive to improve dine-in experience.
* Management emphasized the importance of ADS (Average Daily Sales) as a key metric alongside SSSG.
* Management expects improvement in private final consumption expenditure in the next couple of quarters.
* Increase in corporate costs mainly due to annual salary increments and slight additions to support increased store base.
* Focused on product innovation and marketing to drive growth. Cautiously optimistic about potential improvement in macroeconomic conditions.
* Continued subdued discretionary consumer spending. Management is cautious about store expansion, especially for Pizza Hut.
* Negative SSSG trend for KFC expected to stabilize (excluding festival impacts).
* Pizza Hut is showing signs of improvement but requires sustained efforts.

Dwarikesh Sugar Industries Ltd| Q1FY25 Concall KTAs
CMP INR 73.1| Market Cap. INR 13.54bn

Management acknowledged the challenges faced in the FY25 but expressed confidence in overcoming them. They expect a partial recovery in the FY26 and a potential return to their previous performance levels in the FY27. The resumption of the ethanol blending program after September 2024 is expected to contribute positively to the company's performance in the latter part of FY25.

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Financials
Revenue from operations stood at INR 3412.5mn(-40%YoY) with EBITDA of INR 22.9mn(-97%YoY). PBT stood at INR -149.9mn(-125%YoY) and PAT stood at INR -97.3mn(-124%YoY).

Co. faced a challenging Q1FY25, with revenue declining significantly. The company reported a loss after tax of INR97.3mn for Q1FY25. The decline was primarily due to lower sugar sales volume, which dropped to 6.7175 lakh quintals compared to 9.70 lakh quintals in Q1FY24. However, sugar prices improved by 6% to INR 3,833 per quintal.

The company's performance was impacted by the early closure of the sugar season 2023-24, resulting in no crushing activities during Q1 FY25. This contrasts with Q1 FY24, when the company crushed 98.5 lakh quintals of sugarcane.

Industrial alcohol sales also declined significantly to 123 lakh liters from 303 lakh liters in Q1FY24, due to government restrictions on ethanol blending. The management expects the ethanol blending program to resume after Sept30,2024, when the current government notification expires.

Looking ahead, the company anticipates improvements in the coming sugar season. They have made efforts in cane development and varietal change. The crop condition is reported to be good, suggesting potential improvements in both yield and recovery.

However, the management cautioned about the possibility of red rot disease if excessive rainfall occurs.

Regarding sugar prices, the management expects them to hold between INR 38-39 per kg, with the possibility of MSP being announced by the government.

The export situation remains uncertain, with the government likely to make a decision on exports only when production numbers become clearer, probably around January or February.

Bikaji Foods International Ltd Q1FY25 Concall KTAs
CMP: INR 711| Market Cap: INR 178122 Mn
The company shows strong performance YoY basis and will do good in Q2 and Q3 because of festive seasons and also because of their distribution of 50000 outlets per year that will enhance the company topline.

Financial Performance Overview

•Strong YoY growth in Q1FY25 with INR 5722 Mn revenue, up 18.75%, and decline of -6.9% QoQ due to off-season impact from Q4FY24.
•EBITDA at INR 916 Mn, up 39.2% YoY but down -43.2% QoQ.
•PAT at INR 581 Mn, up 39.2% YoY but down -50.1% QoQ.

Operational Highlights

•Volume growth of 16% YoY, reaching 30833 tonnes in Q1FY25.
•According to segment wise revenue from packaged sweets is INR 435 Mn at growth of 12.3% YoY, Ethnic snacks is INR 4163 Mn at growth of 16% YoY, Western snacks is INR 542 mn at growth of 26% YoY, Papap is INR 335 Mn at growth of 14% YoY.
•In Q1FY25 market leader in family pack segment with 55.6% with INR 3137 Mn revenue and with impulse pack it is 43.2% with INR 2365 Mn.

Market Insights and Outlook

•Expectation of high volume and sales in Q2 & Q3.
•Anticipated growth from high budget allocation states like Bihar.
•Upcoming demand surge for sweets during Rakhi and Diwali.

Strategic Initiatives and Targets

•Distribution target of 50,000 outlets annually, achieving 20,000 in Q1FY25.
•Planned capacity utilization increase to 70% in 3-4 years.
•Emphasis on recovery in rural segments and doubling market share.

Other Key Highlights

•Positive impact of government subsidies on business.
•Resilience of family pack business against heatwave.
•Impact of commodity inflation on sales.
•Expansion in Assam and Bihar with recent plant setups.
•Focus on direct distribution model and strengthening partnerships

Dhampur Bio Organics Ltd. Concall KTAs Q1FY25
CMP: INR 137| Market Cap: INR 9065 Mn

The company's focus on improving operational efficiency, expanding capacity, and leveraging technology to drive growth, despite facing challenges in certain segments.

Financial Overview
•The company reported a revenue decline of 5.68% YoY to INR 637.84 Cr in Q1FY25.
•EBITDA decreased by 15.70% YoY to INR 34.68 Cr, with an EBITDA margin of 5.44%.
•PAT fell by 89.86% YoY to INR 1.11 Cr, with a PAT margin of 0.17%.
•The primary reason for the decline in revenue and profitability is the reduced performance in the Biofuels & Spirits segment.

Segment Performance
•Sugar & Renewable Power: Contributed 52.75% of revenue but saw a decline of 5.85% YoY to INR 428.77 Cr due to lower sugar sales volumes, despite a 4.07% improvement in realization per ton.
•Biofuels & Spirits: Contributed 22.08% of revenue but experienced a significant decline of 55.09% YoY to INR 69.55 Cr, primarily due to a substantial drop in volumes.
•Country Liquor: Contributed 25.17% of revenue with a growth of 34.24% YoY to INR 189.98 Cr, driven by a 30.65% increase in volumes.

Operational Challenges and Strategic Focus
•Lower sugarcane crushing and production during the quarter led to lower absorption of fixed costs, impacting profitability.
•The company is focusing on cane development activities to improve yields and farm coverage, with new improved cane varieties increasing from 4% to 16%.
•There is an emphasis on digital technologies to enhance farmer engagement and cane productivity, alongside the use of organic waste for soil rejuvenation and drones for agricultural input spraying.

Capacity and Production Enhancements
•The company's consolidated sugarcane crushing capacity is 29,500 TCD, with capacities at Asmoli (12,500 TCD), Mansurpur (8,000 TCD), and Meerganj (9,000 TCD) plants.
•Biofuels & Spirits capacity is 312.5 KLPD on BH Molasses from the Asmoli plant.
•The Asmoli plant also has a country liquor production capacity of 4.2 Mn cases per year.
•Plans to produce niche, processed, and value-added sugar to moderate exposure to conventional sugar and commodity price risks.

Financial Position and Future Outlook
•The company has a long-term loan of INR 230 Cr and utilizes INR 650 Cr for working capital.
•Inventory includes 201,000 liters, indicating sufficient material to support business expansion.
•Despite lower ethanol sales impacting profits, the company expects strong crop yields and higher sugar recovery rates going forward.
•The company projects a positive outlook with continued recovery efforts, focusing on sustainable growth and premiumization of sugar products.

Investment and Technological Integration

•The company has invested in deepening digital technologies to improve operational efficiency.

•Biofuel and spirits segments are expected to contribute more steadily due to higher margins (11.55%) compared to sugar (5.19%) and country liquor (1.32%).

•The use of data-based analysis for decision-making, organic waste for soil health, and drones for agricultural activities aims to increase productivity and margins.

•The company is preparing for the launch of a dual-purpose distillery by November to further enhance production capabilities

Globus Spirits Ltd Q1FY25 Concall KTAs

CMP: INR 900 | Market Cap: INR 26006 Mn

Financial Highlights

- **Revenue Growth:** The company reported a revenue of INR 6421 Mn, reflecting a YoY growth of 12.6% and a QoQ growth of 8.8%.
- **EBITDA and Margins:** EBITDA stood at INR 501 Mn, showing a YoY decline of 32.4% but a strong QoQ growth of 95.2%. The EBITDA margin was 8%.
- **PAT:** Profit After Tax (PAT) was INR 164 Mn, with a YoY decline of 57.7% but an exceptional QoQ growth of 3406.5%.

Segment Performance

- Prestige contributed INR 272 Mn, Regular segment INR 2114 Mn, and Manufacturing INR 4036 Mn.
- Mountain Oak: This brand is showing good traction in the market.

Key Highlights

- Raw Material Costs: The YoY decline in EBITDA is attributed to higher costs of grain and packaging. However, a price increase in Rajasthan has helped offset these costs.
- Margin Improvement: Margins improved in Q1 due to a favorable maize crop (Rabi) in East India.
- New Product Launches: The company launched "Brothers & Co." in Q1 FY25 and has more launches planned for H1 and H2 FY25, including GR8 Whisky in UP.
- Focus on Brand Building: Two new brands were launched across whisky and vodka in Uttar Pradesh, with a focus on building brands across segments.
- EBITDA per Litre: Stood at INR 2.2 in Q1 FY25.
- Installed Capacity: Total installed capacity is 301 Mn Ltr.
- Market Outlook: H1 FY25 margins are expected to remain low, with recovery anticipated after the Kharif crop.

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VRL Logistics Ltd- Q1FY25 Concall KTAs
CMP: INR 539 | Market Cap: INR 47.17 Bn

Company faced challenges during the quarter due to absentee of drivers because of elections which resulted in delays in services and impacted profitability. Company expects volume to grow at double-digit for FY25. Price hikes and branch expansion is further expected to drive growth and profitability.

Financials

• Revenue came in at INR 7272.1 Mn vs INR 7684 Mn in Q4FY24 (-5% QoQ/ 8% YoY).

• EBITDA stood at INR 1016.7 Mn (-8%YoY/-7% QoQ), with EBITDA margins of 14% in Q1FY25 vs 16% in Q1FY24.

• PAT stood at INR 134.4 Mn (-38% QoQ/ -60%YoY), with PAT margins of 2% in Q1FY25 vs 5% in Q1FY24.

Operating Highlights

• Company's volume wes impacted due to delays in services, leading to a temporary halt in bookings. Volume stood at 1070K MT in Q1FY25 (6.77% YoY/ 5.32% QoQ).

• Company witnessed improvement in price realization by 1.11% YoY to INR 6723/T in Q1FY25, due to increase in rates. Company has increased rates for all revenue segments and expects realization to improve by 5-6% ongoing forward.

• Company appointed additional temporary workforce at higher rates which resulted in additional cost.

• Company has added 36 branches in Q1FY25 and expects to add ~100 branches by FY25. Customer base has increased from 8 lakh to 9 lakh in a year.

• Impact in EBITDA is due to increase in Kms covered by owned vehicles and increase in driver incentives. Employee cost increased due to annual improvement from sept23 and promotions on selective basis. Company has increased ~1161 employee within a year. Rent expenses increased due to increase in the branches and space in key transition hubs.

• Fuel cost which contributes ~30% of company's operation decreased by 1% YoY mainly due to no increase in fuel cost.

• Company has done a capex of INR 500 Mn in Q1FY25 for addition of trucks. Company's own vehicle capacity reached to 88198 tons as of 30th June. Net debt increased to INR 2740 Mn.

• Other income included sale of land parcel of INR 111.71 Mn. Lease rental resulted in INR 390 Mn in depreciation and INR 160 Mn in finance cost.

• Company sees 17-18% growth from new branches and expects it to grow in similar range for next 2-3 years and then may see a normal growth.

• Company expects tonnage to grow at the rate of 12-14% going forward and expects EBITDA to be in range of 15-16%.

Allcargo Terminals Ltd| Q1FY25 Concall KTAs
CMP INR 51.2| Market Cap. INR 12,560mn

Co. reported a reported 8% increase in volume handled and a 5% rise in revenue YoY. With strategic land acquisitions for new ICDs and potential MMLP projects, the company is ready for expansion. Despite disruptions in shipping operations, mgmt. anticipates strong volume growth in the coming months. Their customer relations and pan-India presence will help them for their future growth efforts.

[Arihant Capital Markets Ltd.]

All Cargo Terminals Ltd. had a good performance in the Q1FY25, with significant volume growth and improved market share. The company achieved an 8% increase in volume handled, reaching 159,000 TEUs, and a 5% growth in revenue YoY, totaling to INR 1900mn. EBITDA for Q1FY25 stood at INR300mn, reflecting a 4% YoY increase. The net profit for the quarter was INR 95mn (INR 90mn in Q1FY24).

Co. informed of its land acquisition progress for new Inland Container Depots (ICDs) at locations like Mundra and Jhajjar. The land acquisition for Mundra is complete, and the Jhajjar acquisition is expected to finish by December 2024, with operations anticipated by mid-FY27.
Additionally, the company is evaluating new projects and locations for expansion.

The management also highlighted the co.'s ability to outpace market growth, increasing its market share to 14% from 13% in the previous year.

The company's facilities at JNPT and Mundra contributed significantly to revenue, with JNPT accounting for 40% and Mundra for 30%.

The company is also evaluating MMLP projects for their feasibility, having potential for growth and expansion. This quarter saw improvements in operational efficiencies, leading to an EBITDA per TEU of INR 1,880.

There was ~20% growth in cargo volumes, and June was an extremely strong month. As of today, volumes for July continue to be equally strong.

In June and July, there were significant disruptions in shipping operations, leading to a bunching of vessels towards the end of May and several blank sailings. These disruptions caused a spillover effect into June, which temporarily benefited the company as shipping rates increased and then stabilized.

Despite this, export volumes remained muted and did not pick up as expected. However, the management anticipates continued strong volumes in the short term, particularly through August and September.

Delhivery Ltd- Q1FY25 Concall Highlights
CMP: INR 416 | Mcap: INR 307.58 bn

Management expects annual growth rates to align with the e-commerce market, anticipating to grow by 15-20% YoY. Company aims to maintain its position as the largest 3PL provider in India. The company is poised for growth, focusing on offering integrated logistics solutions across multiple segments.

Financials
• Revenue from operations stood at INR 19.30 Bn in Q1FY25 (4.7% QoQ/ 12.6% YoY).
• EBITDA stood at INR 970 Mn in Q1FY25 vs a loss of INR 130 Mn in Q1FY24 and a profit of INR 460 Mn in Q4FY24, with EBITDA margins at 4.5%.
• PAT was at INR 540 Mn in Q1FY25 vs a loss of INR 890 Mn in Q1FY4.

Operating Hightlights
• Part truckload revenue stood at INR 4.35 Bn (4% QoQ/25% YoY), due to increase in volume and improvement in yield. EBITDA margin stood at 3.2%.

• Supply chain services revenue stood at INR 2.59 Bn a robust growth of 26% YoY, due to seasonally strong quarter for air conditioning customers.

• Express Parcel shipments stood at 183 Mn parcel in Q1FY25. (4.1% QoQ/ 0.6% YoY). Express Parcel revenue stood at INR 12.76 Bn (5% QoQ/ 6% YoY). Express parcel service EBITDA remained stable at 18%.

• Company’s customer base expanded from 33,000 to 35,000 in Q1FY25.

• The depreciation of property plant and equipment stood at INR 440 Mn in Q1FY25 vs INR 830 Mn in Q1FY24. This change is attributed to a shift in the depreciation policy from the WDV method to the straight-line method.

• Company did capex of INR 800 Mn in Q1FY25, of which vehicle comprise of ~ INR 290 Mn, Automation of 40 Mn , plant and Machinery of INR 260 Mn and furniture of INR 210 Mn.

• Company to offer network of warehouses and dark stores to multiple companies and also do fulfillment from warehouses to dark stores and retail.

• Yield in E-commerce business parcel has increased by 5.5% YoY due to higher mix of heavy Goods category.

• Company is also creating offline resellers through a franchise program across India, where local entrepreneur can direct volumes into delivery network. Company plans to expand the penetration of franchise network and deepen it across various states in India.

• Company saw no significant market share shifts and continued to remain largest 3PL provider.

Arihant Capital Markets Ltd.

Container Corp – Q1FY25 Concall Highlights

CMP: INR 981 | Market Cap: INR 597 Bn | Promoter: 54.8%

[Arihant Capital]

Performance (Consol):

•Revenues came in at INR 21.03 Bn (-9.55% QoQ) (+9.38% YoY)

•EBITDA margins came in at 21.02% (Vs 21.42% QoQ) (Vs 20.59% YoY)

Key highlights from the concall:

•India Exports grew 5.8% and company's volumes grew 6%.

•Exports grew 3.3% in volumes and 5% in value. Imports grew 15% volumes and 13% value (all YoY)

•Company has been able to increase their market share in EXIM by 50 bps YoY (now at 55.08%)

•Double stack business saw a growth of 14% YoY.

•First and Last mile business has performed well for company, revenues in Q1 from the segment stood at INR 820 Mn (+35% YoY)

•The online booking of cargo business has been a hit for the company, company has now enabled this at all terminals

•Company is going to start bulk cement and tank containers. Company is going to sign long term tie up with shipping lines (in September). Company is bringing Nava Sheva (Varnama terminal) on double stack

•Company is in discussion with large corporates to give them exclusive logistic solutions (Vedanta, Jindal, Tata, etc)

•With Vedanta, company was not present in all locations, The contract is expiring next month and the company aims to renew this with all locations and for 3 years. With Jindal, company was only operating on their EXIM business but now with new contract signing, company aims to provide them solutions for the entire business. Company has no business with Tata as of now so is willing to start it.

•China to America circuit was overloaded till 31st July, from 1st August the loading has eased which has resulted in softening of freight. This will lead to increase in waste paper and scrap imports.

•Company's market share in Mundhra and Pipavav port has increased. Increased pan India as well

•Domestic realisations are lower and profitability has decreased as well. Company is seeing a lot of cargo movement from North to South. Company is seeing decent orders for cement business as well. Based on this, company expects uptick in margins for domestic business

•Q1 is seasonally weak. Indian railway had earlier levied surcharge on 1st Oct 2023 which has been absorbed by the market now

•Bulk cement and tank container business to start from Q3

Originating volumes stood at 481,912 Tus for EXIM and 124,844 Tus for domestic

•Lead distance for EXIM was 716 Kms and domestic was 1,338 Kms

•Port mix for originating volumes, JNPT was 32.3%, Mundra was 38.8%, Pipavav was 9.7%, Vizag was 5.3% and Chennai was 3.2%

•For TKD terminal, company surrendered 60,000 sq. metre area which resulted in loss of revenue of INR 300 Mn annual

•On export of basmati rice, company is waiting for final confirmation from government on reversal of same. There are sufficient containers available.

•On DFC, only 100 Kms is remaining. Expectation of DFC to start is by March 2025

•Going ahead, company will see 5% YoY increase in employee cost

•Company has 40% market share in Ludhiana. Company is the biggest carrier of waste paper in India and Ludhiana is a big market for the same

•Rail freight margins are at 24.36%

•Market share of JNPT was 56%, Mundhra at 38% and Pipavav at 39%

Capex:

•Company has added 2500 new containers and now total containers stands at 47,000

•Company is in process to acquire another 5,000 containers.

•Capex for FY24 was at INR 7.4 Bn, FY25 is at INR 6.1 Bn. Q1FY25 capex stood at INR 1.57 Bn. Management will review the capex after Q2

•Company currently has 100 LNG trucks and has ordered 200 more for its first and last mile business.

Outlook: Guidance has been maintained the same (15% volume growth for FY25). Based on current industry scenario, company hopes shift of cargo from road to rail. There are multiple factors which are yet to play in for the company. Moreover, the domestic realisations and margins to improve sequentially. We are positive on the company and its future prospects. At CMP, company trades 46.9x TTM EPS

Blue Dart Express Ltd| Q1FY25 Concall KTAs
CMP INR 7,835 | Market Cap. INR 185.94bn

Co. indicated moderate revenue growth but a decline in EBITDA and PAT on YoY basis, reflecting operational challenges. Shipment volumes and weights saw an increase, but fleet utilization, particularly in the new Guwahati sector, remained suboptimal. Despite commissioning new hubs and a substantial Capex plan, management's commentary lacked confidence, highlighting headwinds in achieving optimal fleet utilization and margin targets. The company aims for double-digit revenue growth and margin improvements but faces stiff competition and profitability pressures in the surface express segment.

[Arihant Capital Markets Ltd.]

Financials
-Revenue from operations stood at INR 134,271mn(+8%YoY) with EBITDA of INR 1,094mn(-3%YoY). PBT stood at INR 693mn(-13%YoY) and PAT of INR 515mn(-14%YoY). EPS of INR 21.72.

-Mr Sharad Upasani retired as the chairman and Mr. Prakash Apte was appointed non executive chairman. Ms Vandana Agarwal was appointed as an independent director.

Volume and Shipment Growth - The total number of shipments increased from 83.94 million in the previous quarter to 90.15 million. In terms of weight, shipments grew from 285,643 tons to 313,089 tons. This indicates upward trajectory in both volume and weight of shipments.

Fleet Utilization- The company capitalized a new aircraft in June 2023, with its full impact reflected in the current quarter's financials, contributing approximately INR 115 million. However, the new Guwahati sector is not yet fully optimized, with inbound utilization at 75%-80%, below the optimal 85%-90%.

Operational Efficiency and Capex- Blue Dart has commissioned additional hubs as part of its planned Capex, amounting to INR 2500mn for FY25. These investments are aimed at enhancing operational efficiency and expanding the company's network.

Profitability and Market Strategy- The company maintains a focus on profitable growth, even in the highly competitive surface express segment. Blue Dart aims to increase market share while ensuring profitability, particularly in markets where it is dominant.

Margin Outlook- Management guided, contingent on achieving optimum fleet utilization, consistent revenue growth of 10%-15% year-on-year with 7-8% margins. Co. is targeting to improve their margins by 200-300bps in the upcoming festive season.

Break-even and Utilization Rates- The break-even point for the new Guwahati sector is expected during the festive season starting in September. Current utilization levels are below break-even but are projected to improve with increased demand during the festive period.

-Blue Dart aims to increase market share while maintaining higher pricing compared to competitors due to its premium service offerings. The company focuses on balancing growth with profitability, even in the face of stiff competition in the surface express segment.

-Consistent double-digit revenue growth is expected to drive margin improvements. The company's strategy includes optimizing aircraft utilization to enhance PBT margins over the next 6-18 months.

Mahindra Logistics Q1FY25 Concall Highlights
Mcap: INR 37.52bn | CMP: INR 518

Outlook: The volume growth stood at 8%-9% and expected additional volume growth of 6% in Q2FY25E. The volume growth is expected mainly from FMCG and existing businesses. The margins remain under pressure due to muted industry and warehouse yields also witnessed pressure. The company has won long-term contracts that will drive the volume growth going forward. We have a neutral outlook on the stock.

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Volume
The volume growth is around 8%-9% and an additional 6% volume growth is expected in Q2FY25. Around 50% of volume growth is from FMCG, and the remaining is from existing accounts of the GPL, contract logistics, etc.

Rivigo
In MLL express (Rivigo), the company has incurred an EBITDA loss of INR 1.15-1.2bn, post-acquisition. In Q1FY25, revenue and volumes dropped 11% and 8%-9% respectively. The business volume is expected 10%-15% in Q2FY25E. The company has contracted by ~4,500 tonnes (+15% QoQ growth).

Warehouse yields
The warehouse yields dropped to INR 6.2/sq.ft per month (-17.3% YoY/+3.3% QoQ). The yields have dropped mildly due to muted market conditions. The fluctuation is expected INR 0.35-0.4/sq.ft per month on a quarterly basis.

Express
Express business volume de-grew 8% QoQ on a tonnage basis due to a sharp volume reduction in Apr-24 and the impact of liquidity issues due to elections.

EV
Around 1,600 EV three-wheeler fleets are operating and adding four-wheeler fleets with a capacity of up to 7 tonnes. The business has a gross margin of 18%-20% and utilization levels are around 75%-80%. The revenue run rate is around INR 450-500mn per annum basis.

JV
The company is forming a JV with Seino Holdings, one of the japan’s auto logistics company. The JV will focus on Japanese automotive OEMs.

Contracts
The long-term contract order intake is around INR 2.1bn in Q1FY25. The company has won key orders including UFC, a large e-commerce market place and foods & personal care products in western India.

Other highlights
Around 12.5mn trucks navigating Indian roads as of FY24.

Automotive OEM volume growth stood at 10% YoY in Q1FY25. Commercial vehicles and tractors volume growth stood at 4% YoY in Q1FY25.

In freight forwarding, growth remains robust in ocean import movements.

The company has launched a 3 lakh sq.ft multi-client facility.

TCI Express – Q1FY25 Concall Highlights:
CMP: INR 1,129 | Market Cap: INR 43.2 Bn | Promoter: 69.61%*

Performance (Consol)
• Revenues came in at INR 2.93 Bn (-7.57% QoQ) (-3.9% YoY)
• EBITDA Margins came in at 11.6% (Vs 14.2% QoQ) (Vs 15.08% YoY)

Key Highlights of the call:
• Capacity utilization during the quarter stood at 82%. Volumes stood at 235,000 tonnes (-2% YoY)
• The Air Express segment saw a rise in costs due to the consolidation of airlines, which led to reduced competition and higher freight rates. Additionally, other cost increases in this segment (freight storage) further pressured margins.
• Ongoing enhancements and expansions in multimodal express business, mainly in tier 2 and tier 3 cities, resulted in increased operational costs.
• Since the volumes were down by 2%, the cost of trucks remaining idle hurt the profitability by 100bps. Additionally, since the airlines hiked prices, it impacted margins by another 100 bps
• If the capacity utilization goes up by 1%, it will improve margins by 1.5%
• B2B business contribution stood at 97%
• Pune sorting centre completed in March 2024. Now company has two sorting centres
• Company achieved full automation at pune sorting centre, delivering 40% turnaround time reduction
• Pune sorting centre is aiding business in Western region
• The general elections led to a temporary reduction in volumes. SME businesses faced challenges from high inflation, rising labor costs, and elevated interest rates (leading to lower business from SMEs)
• Company launched Money Back Guarantee scheme, offering customers a 100% refund for delayed deliveries
• Rail logistics continues to do well for the company, expanded customer base and added 5 new branches. Rail express business grew 30% YoY
• West region business grew by 1.5%, South degrew by 5%
• Textile and engineering were segments in which business was slow, Auto and pharma continued to do good
• New segments that the company can add include home furnishings
• Capex for Q1FY25 stood at INR 75 Mn. CFO for Q1 was INR 110 Mn. Net debt stood at INR -459 Mn. Net WC days stood at 20

Outlook: Company aims to complete automation of Ahmedabad and Kolkata centres in 3 years. Management has guided for multimodal business to reach 20-22% of revenues in 2-3 years. At CMP, company trades 35.34x TTM EPS.

[Arihant Capital]

Jubilant Ingrevia - Q1FY25 Result & Concall Highlights:
CMP: INR 587 | Market Cap: INR 93,490 mn
Rating: Neutral

Outlook: The Company has done well in the regulated markets of the US, and with further US FDA approvals, the opportunity looks huge for the company. The Specialty chemicals business is showing ominous signs with the Agro-chemicals business tha witnessing improvement in demand. We believe near term revenue and margin stabilization will make the company attractive as their recently concluded Capex start bearing fruits.

Guidance:
• The Company maintains their guidance on vision plan Pinnacle 345, i.e, 3 times revenue, 4 times EBITDA in 5 Years with their focus on Capex towards High Potential Product categories.
• The Management was confident of achieving EBITDA Margins of 20% & more in the Specialty Chemicals business, while for the Overall business the Management could give only expectations of improved margins than last year.
• The Company also announced a change in their leadership team with the onboarding of new CFO, Varun Gupta, who has 18 plus years of experience at Unilever. The Management said there are several other Management changes in the near term.

Key Highlights:
• Revenue came at INR 10,240 mn, down 5% QoQ/down 5% YoY. EBITDA came at INR 1,190 mn, up 18% QoQ/down 5% YoY while EBITDA Margins came at 12% for Q1FY25 against 9% in Q4FY24 and 12% in Q1FY24. Net Profit increased 67% QoQ/down 15% YoY to INR 31 mn.
• The Company's revenue mix was split between business segments as: Specialty Chemicals (42% of revenue mix and 59% EBITDA mix), Nutrition & Health Solutions (18% of revenue mix and 16% EBITDA mix) and Chemical Intermediates (40% of revenue mix and 25% EBITDA mix) for Q1FY25.
• Geographically, in Q1FY25, the domestic markets made up 52% of the revenue, Europe & Japan made up 30%, North America 9% and the remaining 9% in the Rest of World.
• End use industry split for Q1FY25 stood a: Pharma 33%, Agrochemicals 24%, Nutrition 21%, Industrial uses 18% and Consumer industries 4%.
• The Management acknowledged they are witnessing traction in demand in regulated markets of North America, Europe and Japan.
• The Management guides near term buoyant demand with Prices being stable.
• Pressure seen across 2 major segments: Acetyl segment and Agochemicals segment.
• The Acetyl segment is witnessing lower demand coming from the Paracetamol end use industry while the Agrochemical segment is seeing volume demand rising while excess supply for quite some time in the segment keeps prices lower but stable.
• The Nutrition segment saw steady demand like previous 2 quarters with slight price rise in the end of Q1FY25.
• The Volume of Pyridine and Diketene derivatives witnessed a rising trend, while demand for Niacinamide and Pyrithion remained steady.

• The Company remains the largest players in the world supplying Pyridine and Picolin with significant volume growth.

• In the acetic anhydride business, volumes were lower and prices were hit due to macro factors, although the Company maintained their market share in both India and Europe.

• In CDMO business, inbound queries from pharma, agro and even semiconductor industries remain strong. The new product lines in diketene and food-grade Choline Bitartrate are showing strong traction.

• The Company launched efforts to open up new customer opportunities through roadshows in Japan, Europe and the US, meeting 100-plus customers in Q1FY25.

• The Management acclaimed achieving double the revenue in the last 1 year in their North American region.

• The Management informed that the Company's long-term CapEx plans are on track with continued investments in food and cosmetic-grade niacinamide selected for commissioning in Q3FY25, along with other multi-purpose plans in the pipeline.

• The Di-ketene plant is running at 80% plus utilization for seasonal products and 50-70% utilization for newer products.

• The Bharuch facility received a US FDA approval for the manufacturing facility which is expected to further boost their marketing ability in the regulated US markets.

• The Working Capital number of days was reduced to 68, against 73 in Q1FY24.

• The Management explained that the demand has started coming up across markets, even in the US, causing EBITDA levels improving over last year though Pricing remained weak due to excess supply.

• The Management exhibited confidence of savings of between INR 1.2-1.4 bn after applying the cost effective campaign which will be visible on a gradual basis and not immediately.

• The Corporate overheads increased by INR 80-90 million in Q1FY25 due to a One-off unavoidable situation, and the company will witness Corporate Expenses of INR 160-170 mn per quarter as usual run rate.

Aether Industries Ltd Q1FY25 Concall highlights
CMP INR 884 | Market Cap INR 117.21bn

Q4FY24 was a one-off as the company faced a fire accident at their Site 2 and now the company is back on track with its operations. There has been growth in volumes but realisations are still subdued. We can expect better revenues from Q2FY25 given the Baker Hughes contract and ongoing capacity expansions coming towards completion.

Revenue came in at INR 1,800mn (+53.2% QoQ/11.7% YoY). EBITDA came in at INR 432mn (+322% QoQ/-3.5% YoY), margin of 24%. PAT stood at INR 299mn with margin of 16.6%.

Inventory days improved to 160 from previous 210 days and expect to see further improvement. Debtor days have come down to 140 days. They also expect gradual improvement in working capital days given the project pipeline.

Site 2, which was affected by a fire accident, is being revamped and will be 100% operational by Aug'24. INR 210mn received as insurance claim.

Site 4, commissioned recently will see ramp up in production from Q2FY25 supported by a contract with Baker Hughes for supply of 6 products. The site has not started contributing to revenues yet. They expect revenue contribution from Q2FY25. Due to fire incident, the company is anticipating re-audit thus has decreased optimum revenues to INR 2-2.5bn from INR 4bn for FY25.

The company is expecting 15,000-19,500 tonnes per annum of volume sales and realisations ranging USD 2.5-6/kg from the Baker Hughes project.

Site 3++ utilisation stands at 49% and contributed INR 480mn in the quarter. Products manufactured at this site have corrected 30-35%. They are working on adding new products to improve revenues from this facility as utilisation and prices are expected to remain at similar levels. Revenue potential of this site is INR 3.5bn. Utilisation is expected to reach 65% in H2FY25.

Solar power plant planned of 15MW has seen partial completion with set up of 5MW plant in Q1, remaining to be commissioned by Q2FY25.

Capex Update: Site 3+ and 3++ expansion on track; expect Site 3++ to commission by Q4FY25. Phase 1 of Site 5 expected to complete by end of FY26. INR 3-3.5bn capex is expected for FY25 and FY26 each.

R&D: R&D expenses amounted to 7.5% of total revenues. Pilot plant has been commissioned, which will aid in enhancing chemical development and scale up in house molecules leading to expansion of CRAMS portfolio.

Revenue mix: Large Scale manufacturing segment contributed 66%, Contract exclusive manufacturing contributed 18% while CRAMS segment had 14% share. 42% of total revenues came from exports.

Plan to introduce new business segment focused on renewables and sustainability including products like Converge Polyol.

Contract with Otsuka is being revalued on pricing front thus no contribution was seen in the quarter. The company expects revenues to flow in from Q2.

Novoloop contract is still under pilot plant validation phase and is expected to get extended. First demo plant can be commercialised by 2026 while full scale operations may start by FY29.

There has been significant improvement in margins in the quarter, standing at 24%. The company expects to get back to 29-30% by FY26.

Plan to raise funds to meet minimum shareholding pattern.

Tinna Trade Ltd or Fratelli Vineyards Limited Q1FY25 Concall Highlights
CMP: INR 428 | Market Cap: INR 18,059 Mn

Financial Highlights

Revenue stood at INR 4409 Lakhs, EBITDA stood at INR 435.74 Lakhs, EBITDA Margin is 9.9%, PAT stood at negative (9.7) Lakhs, ongoing investments in brand development and middle management are impacting EBITDA margins in the short term.

Key Highlights

• The company aims to complete the expansion of wine production capacity to 5.6 million Liters by the end of the current financial year.
• The development of the 40 key vineyard tourism properties in Akluj continues with a target budget of 50 crore.
• Approximately 30 crores will be invested in capacity expansion and brand building over the next two years.
• The company plans to spend about 5 crores on expanding the area under grape cultivation.
• New production capacity is expected to be commercialized by December 2024.
• Continued efforts to reduce Sales & Marketing expenses, currently around 28-30% of revenue.
• Focus remains on growing the premium and luxury wine segments, which contribute about 70-73% of revenue.
• Further development of the wine-in-a-can segment, which saw 30% growth in Q1, is identified as an area for future growth.
• The company will continue participating in major global expos to grow brand recognition and exports.
• Introduction of new grape varietals recently imported to expand the wine portfolio.
• Plans to develop city-based outlets to promote wine tasting and direct-to-consumer selling.
• Strategy includes maintaining multiple "hero brands," each contributing 5-7% of top-line revenue.
• Continued optimization and expansion of distribution reach to match production capabilities and market growth.

Guidance

• The company expects revenue growth of over 15% for the current fiscal year.
• Plans to increase production capacity by approximately 25% by the end of this fiscal year, from 4.5 million Liters to over 5.6 million Liters.
• EBITDA margins are expected to show an improving trend over the next 2-3 years.
• Capex plans include INR 30 crore for capacity expansion and brand building, INR 5 crore for expanding cultivation, and INR 45-50 crore for the hospitality business.
• The company may take an additional INR 10-15 crore of long-term debt to fund capex plans.
• In the new vineyard tourism business, 40% occupancy is expected in the first 3 years, increasing to 60-70% after that, with ARR expected at INR 20,000-25,000 per room night.
• Exports are expected to grow by 20% this year, though from a small base.
• The company aims to maintain 70%+ revenue contribution from premium and luxury segments.
• Strong growth is expected in the wine in a CAN segment, with significant investments in distribution and brand building for this segment.

Rossari Biotech Ltd Q1FY25 Concall highlights
CMP INR 818 | Market Cap INR 45.34bn

Rossari Biotech has reported decent numbers despite the industry headwinds. Growth is largely attributed to volumes and not realisations. HPPC and TSC segment have seen substantial growth while AHN has been flat. Exports are growing rapidly and will be the key driver for growth going forward. Increased traction in the Textile chemicals business in the export market and scope of institutional business to drive growth ahead.

Revenue came in at INR 4897mn (+19.3% YoY/3.6% QoQ). EBITDA stood at INR 649mn (+12.5% YoY/2% QoQ), margins of 13.3% (-80bps YoY). PAT stood at INR 349mn (+19.5% YoY/2.3% QoQ), margin of 7.1%.

Growth in revenue is predominantly attributed to better volumes as pricing has been stable for the past few quarters. HPPC and TSC saw substantial growth while AHN remained flat.

Revenue mix: HPPC with 75% share, TSC with 20% and AHN with 5% share. 24-25% of revenues come from exports.

Robust growth in Export sales: Much better growth seen in export markets compared to domestic market. Export sales have been the growth driver for the company for the past few quarters and they expect it to remain one of the key aspects for future growth. TSC segment exports are picking up gradually, especially in Bangladesh and Vietnam. They expect to touch 30% contribution from exports in the next 2 years.

Expansion project undertaken earlier for adding capacity in HPPC segment along with expanding Ethoxylation capacity is going as per plan and we can expect commissioning in phased manner in FY25. The expansion includes 20,000 MTPA capacity addition for HPPC segment along with 30,000 MTPA addition in oxidation capacity to cater to rising demand.

The company feels the EBITDA margins of 13-13.5% will be the new normal on both, consolidated and standalone basis, due the current industry situation and also lot of cross selling involved.

Buzil Rossari: The business contributed INR 600mn in the quarter and they are in line to achieve their FY25 goals. The segment is competitive thus the margins are lower. The company expects margin improvement on consol basis ex-buzil rossari. The management is positive on the longevity of the business.

Many new products have been launched in the quarter as well as the previous one, which were in the R&D stage, in the HPPC segment. Foray into green chemistries has also been positive for them. Products in the cosmetics segment have also picked up in the export market.

Institutional business: The business contributed INR 600mn in the quarter and they are expecting to touch INR 2.5bn topline in FY25. They see lot of potential in this business and expect significant growth. They will be focusing not only on chemicals but also hygiene, cleaning, disinfection products as the market is huge. The company feels operative leverage will start to kick in when the business achieves INR 5-6bn topline.

Capex: Major capex will be done towards Unitop and Rossari only which were announced earlier. These projects can achieve 4x asset turnover at peak. They expect outflow of INR 1bn in FY25.

Global freight issues and import scenario: Freight prices continued to be high; company is supplying products on FOB basis. Due to increased competition in domestic market, India has not seen increase in imports thus the company has not gained advantage of freight increase which would have decreased imports.

The company has set up their Dubai subsidiary for expanding in the global market. It will start off as marketing facility and will gradually include manufacturing.

Privi Speciality Chemicals Ltd. - Q1FY25 Concall Highlights
CMP: INR 1,646 | Market Cap: INR 64.3 bn
Rating: Unrated

Outlook: The Company has posted robust set of earnings for Q1FY25 with excellent EBITDA margins despite Q1 being generally a weak quarter. We believe the F&F demand, which picks up more from the Q2 season as summers pass by across domestic and other northern hemisphere markets, will see even better margins and demand in the subsequent quarters.

Guidance:

• The Company achieved margins of 20.8% in Q1FY25, and the Management believes the margins will remain above 20% sustainably during FY25 and by end of Dec 2024, they will be able to have fair visibility for the margins to remain sustainable for FY26 as well.
• The Company's greenfield expansion is a JV between Privi Specialty & Givaudan (world's largest F&F player) at Mahad is at an advanced stage of implementation from where the company will be making 40 new & exclusive products.
• The Management is expecting the RoCE of the company to increase by 200-300 bps over the next 2-3 years.
• The Company's new Products include Menthol, Peppermint Oil, etc, which they believe will drive their future growth.

Key Highlights:

• Revenue came at INR 4,640 mn, down 4.1% QoQ/ up by 13.5% YoY.
• EBITDA came at INR 971 mn, down 1.9% QoQ/ up 60% YoY.
• EBITDA Margins came at 20.8% for Q1FY25 up 80 bps QoQ / up 620 bps YoY.
• Net Profit increased to INR 314 mn down 1.9 % QoQ/ up 598% YoY.
• The Company's volumes grew to 10,672 MT in Q1FY25 against 7,541 MT in Q1FY24.
• Pine contributed 59% of the revenue, while Musk & Speciality Chemicals contributed 24.5%, Citral contributed 9% of the revenue and Phenol based chemicals contributed 8% of the revenues.
• The Exports stood at 68% of revenue, with Europe contributing 33% while domestic revenue stood at 32%.
• The Management expressed relief that most of their existing capacities were performing at Optimal capacity utilization levels.
• The Management informed that the Galaxmusk product has good order bookings, and they are 80% plus sold out in that product.
• Camphor which was launched last year, is seeing sales majorly in the domestic markets, and the Company is witnessing very good demand in that.
• For Camphor along with other products, the Management is expecting to receive US FDA approvals by the end of this year FY25.
• For Prionyl, which is a Speciality chemical, the Company is seeing good acceptance among most of the blenders, and the Management is expecting it to achieve optimal capacity in the future.

• For the sharp increase in volumes in Q1FY25, the Management said that geographically, they have been very much as usual. However, the new Products Galaxmusk and Camphor are adding up newer volumes for this year.

• For the Operational part, the Management informed that they have installed a large new boiler which is extremely energy efficient, and now they are able to capture heat afterwards as well, bringing down their Cost of Steam per kg. The Company has also improved their Output on per kg of input of raw materials.

• The Company has debt of INR 8,680 mn on a standalone level, and INR 9,920 mn on consolidated levels.

• The Company has also started using Solar Power which the Management expects will add to their green points, along with cheaper energy cost as the Solar Power is almost INR 3.5 per unit cheaper than Grid Electricity.

• The Company is awaiting shareholder's approval for the merger of the Privi Fine Sciences with the company, and didn't wanted to comment on it at this stage.

• The Management clarified that the Exports order are generally for longer term contracts, making up 65-68% of their revenues, while the Indian consumers tend to place order on a monthly basis, making up the remaining ~32% of their revenues.

Navin Fluorine International Ltd. – Q1FY25 Concall KTAs
CMP: INR 3,775 | Market Cap: INR 1,87,209 Mn

Outlook-The company sees short-term challenges but is optimistic about the long-term. The company faced revenue drops in Specialty Chemicals and CDMO due to inventory and purchasing issues, but expects improvements and better margins in the second half of FY25. The company is progressing well with several capacity expansion projects, including the agro-specialty and AHF projects, which are expected to drive future growth. The company aims to achieve $100 Mn. revenue from its CDMO business and targets peak revenues ~ INR 6000 Mn from its new agro-specialty project by FY27. It aims to maintain EBITDA margins in the 24-25% range. They are also exploring opportunities in new areas such as semiconductors and advanced materials.

Financial Highlights
- Consolidated revenue from operation stood at INR 5,237 Mn in Q1FY25 up by 7% YoY and down by 13% on quarter basis.
- Operating EBITDA stood at INR 1,004 Mn in Q1FY25 declined by 12% YoY and 9% QoQ with margins at 19.2% YoY decreased by 409 bps.
- Consolidated PAT in Q1FY25 was INR 512 Mn., down by 27.27% QoQ & 17% YoY.
- The company generated operating cash flow of INR 1,070 Mn. in Q1FY25.
- Net debt to equity ratio at the end of June 2024 stands at 0.38X.
- Stable orchid operations and strong R32 sales led to 7% YoY top-line growth in Q1FY25.

Segment-wise Performance
- Specialty Chemical revenue decreased from INR 2300 Mn. in Q1FY24 to INR 1620 Mn. in Q1FY25 declined by 30% YoY.
- CDMO revenue decreased from INR 920 Mn. in Q1FY24 to INR 810 Mn. in Q1FY25 declined by 13% YoY
- High Performance Products revenue increased by 66% YoY to INR 2,810 Mn showed growth, led by R32 and HFO sales.

CDMO Pipeline Development
- Progressing work with a UK major pharma from development to scale-up stage.
- Pre-validation is completed with a European major pharma.
- Development work is finished and received a scale-up order from a US major pharma.
- Aiming to secure one or more Master Service Agreements in coming years.

Capacity Expansion and Projects
- The Agro-specialty project with a capex of INR 5,400 Mn. is targeted to commence production by September 2024.
- AHF project with a capex of INR 4,500 Mn. is on track to commence by end FY25 or early FY26.
- Phase 1 of CGMP-4 with an approved capex of INR 288 Mn is progressing for commissioning by the end of CY25.

- INR 300 Mn. for the new capability in Surat is to be commissioned during Q2FY25.
- R32 capacity is running at or above full utilization.
- Supply agreement is signed for a patented agro product for the Japanese market which has an incremental annual revenue potential of INR 200-300 Mn. from CY25.

Market Conditions and Challenges

- Challenging industry environment, especially in the agro sector.
- Inventory destocking and deferred purchasing decisions are affecting demand.
- Chinese competition is aggressive in price reduction.

Other Highlights

- Nitin Kunkolienker joined as Managing Director on June 24, bringing 30+ years of experience in specialty chemicals.
- Active involvement in CDMO for both agro and pharma sectors in Japan, Europe, and the US markets.
- HFO plant in Dahed showed increased volumes, reflecting in quarterly sales and margins.
- Adding flexibility to the new agro-specialty plant to cater to additional molecules, enhancing its versatility and potential revenue streams.
- Exploring opportunities in the semiconductor and advanced materials sectors for downstream applications of hydrogen fluoride.
- Working on reducing interest costs through better working capital management and negotiating lower spread rates with lenders.

India Glycols Q1FY25 Concall Highlights

Capex
- In Gorakhpur, a grain-based distillery capacity addition of 180 KLPD which is expected to be completed by Q2FY25E. Overall, Gorakhpur's grain-based capacity is expected to reach 290 KLPD.
- In Kashipur, the grain-based distillery capacity addition of 100 KLPD is expected to be completed by Q2FY25E. Overall, Kashipur's grain-based capacity is expected to reach 500 KLPD.
- In Gorakhpur, Bio-based ethanol capex of INR 4cr for capacity addition of 90 KLPD which is expected to be completed by Q2FY25E. Overall, Gorakhpur's bio-based ethanol capacity is expected 190 KLPD.
- In Kashipur, Bio-based ethanol capacity stood at 410 KLPD, and capacity addition of 180 KLPD which is expected to be completed by Q2FY25E. Overall, Kashipur's bio-based ethanol capacity is expected 590 KLPD.
- The additional 50% grain-based capacity will be available from 2nd half of Nov-24 onwards.

NSU
- In NSU capex is nearing completion. The company has started commercial supply and volumes is around 150MT per month and expected to supply 400-500MT per month after it is fully commissioned. The customers are from oilfields and carbon smart spaces.
- The new products are progress for oil & gas, crop care, paints & coatings, plastics & polymers etc.
- The company is targeting additional revenue of INR 200cr from new value-added products.

Bio-fuel
- Biofuel margins stood at 7.8% in Q1FY25. The margins are based on grain prices, energy costs, conversion costs, and procurements.

Ethanol blending
- There was no blending in 2014 and 5% blending in FY19. The ethanol blending stood at 12% in FY23 and is expected to reach 20% going forward.
- The ethanol for blending is around 725cr liters with a blending rate of 14% in FY24. Around 1000cr liters with 15% blending in FY25E and 1,100cr liters with 18% blending are expected in FY26E.
- The company has a capacity of 25-26cr liters per annum. Overall, there is a shortage of ethanol capacity.

JV
- Clariant JV witnessed significant margin improvement in Q1FY25.
- The company has a dominant position for country liquor in Uttarakhand and UP.

Ethanol allocation supply

- The company got an ethanol supply allocation contract of INR 1,164cr from oil companies. The supply started and is expected to be completed in FY25E. The company supply progress is slightly lower than allocation and focused on achieving 90%-95% of allocation. The supply is based on logistics, sourcing, and operational efficiencies.

Ennature Biopharma

- Ennature Biopharma witnessed a healthy topline, however, Nicotine and Thiocolchicoside prices remain under pressure.

Potable Spirits

- IMFLs are made through grain-based ethanol. Country liquors are made through grain and maize-based molasses.

Other highlights

- The government started promoting Maize. The company also started farming in Gorakpur and Kashipur. Around 20%-25% procurement through captive and the remaining 70%-80% from farmers.
- Net Debt stood at INR 1,000cr and Clariant money is expected mar-25.
- Sugar season starts from Nov-Apr.

Castrol India – Q2CY24 Concall KTAs
CMP: INR 262 | Market Cap: INR 259.3 Bn | Promoter: 51%

[Arihant Capital]

Quarterly Operational Performance:
• Revenues came in at INR 13.98 Bn Mn (+5.5% QoQ) (+4.8% YoY)
• EBITDA Margins came in at 23.03% (Vs 22.19% QoQ) (Vs 23.24% YoY)

Key highlights from the call:
• RM prices, mainly base oil, which is 60% of the RM is seeing stability. This should benefit the company with stable margins going forward.
• Company launched new product Castrol Edge during the quarter. It is in the premium segment, for cars
• Launched CRB TURBOMAX+ CK4 which is also in premium segment but for trucks.
• Company has inaugurated India Tech Centre in Patalganga plant. The facility capability includes blending and analytical testing with modern equipment. In future, the lab will have latest testing for EV and data center. The R&D for the main product is done by the parent company (in UK), Castrol India will do the additive part in Indian facilities. In data center segment, company will have cooling fluids.
• The R&D for data centre fluid and other innovations happening in UK unit. All the plants are capable of doing it.
• Ki Mobility (entity in partnership with TVS) performing well. No more details shared
• Volumes for the quarter stood at 61 Mn litres (Vs 57 Mn QoQ) (Vs 57-58 Mn YoY)
• Company operates at premium pricing compared to peers and has +20% market share in retail segment
• Lubricant market still in growth phase beyond 2030 as OEMs narratives changing towards hybrid vehicles
• EBITDA margin guidance maintained for 22-25%
• 40-45% revenues come from bikes and cars, 40% form CV (trucks) and remainder from industrials, marines, etc
• More EBITDA per litre to come in as premiumisation play continues
• Main products in Cars: Edge, Magnatech, GTX. In 2 wheelers, Power1 and Active, in CV: CRBTurbomax and Prima
• Company added around 2,000 outlets during the quarter
• Interim dividend of INR 3.5 declared

Outlook: Lubricant market still in growth phase and the narratives of OEMs are changing towards hybrid vehicles. This augurs well for the lubricant players. EBITDA margin guidance maintained for 22-25%. Next triggers to be Ki Mobility performance and other innovations coming out of India Tech Centre in Patalganga. More EBITDA per litre to come in as premiumisation play continues (current at INR 52.7 per litre). At CMP, company trades 29.2x TTM EPS

Clean Science & Technology Ltd Q1FY25 Concall Highlights
CMP: INR 562.05 | Market Cap: INR 16,670Mn.

Outlook:
CFCL demonstrated stable revenue growth in Q1FY25, driven by new product launches in the HALS segment and strategic investments in performance and pharmaceutical chemicals, despite competitive market pressures and declining US revenues.

Performance Consol:
• Revenue came in at INR 2240.0 Mn. (2.34% QoQ) (6.50% YoY) in Q1FY25.
• EBITDA margins came in at 22.86% (Vs. 24.34% QoQ) (22.09% YoY) in Q1FY25.
• PAT came in at INR 600.19 Mn. (10.25% QoQ) (8.78% YoY) in Q1FY25.

Highlights:

• CFCL has successfully stabilized the production of HALS 770, contributing to the company's revenues in Q1FY25.
• The company has commercialized three new products under the HALS segment: HALS 622, HALS 944, and HALS 783, with plans to commercialize HALS 119 within the coming weeks.
• Revenue contributions from performance chemicals, pharmaceutical and agro intermediates, and FMCG chemicals stood at 69%, 18%, and 13%, respectively.
• CFCL incurred a CAPEX of approximately INR 1,000 Mn during the quarter, primarily for investment in a subsidiary.
• A novel manufacturing process for a performance chemical product is underway, with an estimated CAPEX of INR 1,500 Mn.
• The company is establishing a 6-megawatt solar plant to mitigate power costs and enhance its green footprint.
• The production of a pharmaceutical intermediate is on track for commercialization by Q3FY25.
• Capacity utilization for HALS 770 was limited, but 3 newly commercialized products are expected to contribute to revenues soon.
• The company anticipates HALS products, which have applications in master batches, agricultural films, and the coating industry, to drive future revenue growth.
• Revenue from the US has been declining for past 3 - 4 quarters, with revenue growth driven entirely by volume increases.
• The market remains competitive with other producers in India.
• Current capacity utilization across the performance, pharma, and FMCG segments ranges between 60% to 65%.
• Growth in the pharma segment was led by improved volume and realization, while the FMCG segment's growth was primarily volume-driven.
• A new CAPEX for a pharma intermediate production block is underway, expected to meet 15% of market demand.
• CRISIL has reaffirmed CFCL's rating at CRISIL AA- stable and CRISIL A1+.
• The geographical mix of revenues remained stable during Q1FY25.

Godrej Agrovet Ltd Q1FY25 Concall Highlights
CMP: 797 | Market Cap: 1,53,220 Mn.

Outlook:
Godrej Agrovet Ltd. reported a mixed performance in Q1FY25 with a revenue decline, but EBITDA margins improved to 10.27%. Key segments showed growth in margins, particularly in Animal Feed and Crop Protection, while facing volume impacts and pricing pressures in others.

Performance Consol:
• Revenue came in at INR 23,507.5 Mn. (10.14% QoQ) (-6.35% YoY) in Q1FY25.
• EBITDA margins came in at 10.27% (Vs. 7.41% QoQ) (8.49% YoY) in Q1FY25.
• PAT came in at INR 1,316.3 Mn. (101.02% QoQ) (22.92% YoY) in Q1FY25.

Highlights:
• Segments:

- **Animal Feed Segment:** Margins improved from 4.2% in Q1FY24 to 6.8% in Q1FY25, driven by a favourable commodity position.
- **EBIT Increase:** EBIT per MT in the segment improved significantly from INR 1,443 to INR 2,258 YoY.
- **Volume Impact:** Animal Feed volumes were impacted due to subdued milk prices and lower placements.
- CapEx: A new INR110 crore CapEx project for animal feed in Maharashtra was announced to meet growing demand.
- **Vegetable Oil Segment:** Revenues were impacted by lower Fresh Fruit Bunch arrivals and lower opening stocks, with margins also affected by a lower oil extraction ratio.
- **Crop Protection Segment:** Segment margins improved significantly from 32% to 45%, driven by higher realizations in herbicides and pesticides.
- **Astec LifeSciences:** Faced pricing pressures and demand headwinds, affecting top line and margins. Inventory write-downs and deferred CDMO orders contributed to margin compression.
- **Dairy Segment:** Demonstrated strong margin expansion, with EBITDA margins improving by 490 bps due to operational efficiency gains and an improved milk spread.

- Value-Added Products: The salience of value-added products in the Dairy segment increased from 36% to 42% of total sales YoY.
- Poultry Segment: Recorded a revenue decline due to lower volumes in the live bird business, focusing more on the branded business.
- Bangladesh JV: The joint venture ACI Godrej in Bangladesh saw a 13% revenue decline due to volume contraction and pricing pressures.
- Tyson JV: Godrej Agrovet increased its stake in the joint venture with Godrej Tyson Foods to 100%, aiming for better agility and investment decisions.

• The broiler feed segment faced a decline due to heat affecting the availability of broilers.
• Higher realizations in herbicides and pesticides contributed to the strong growth in the Crop Protection segment.
• The acquisition of the stake in Godrej Tyson Foods opens up opportunities for mergers and acquisitions and restructuring.
• The company is also planning a new refinery with an investment of INR 700 - 800 Mn and routine CapEx managed through internal accruals.
• The deferral of CDMO orders contributed to margin compression in Astec LifeSciences.
• The company plans to continue investing in debottlenecking and quality improvements in Astec LifeSciences.

Laxmi Organic Industries Ltd - Q1FY25 Concall Highlights
CMP: INR 258 | Market Cap: INR 71.3 bn
Rating: Unrated

Outlook: The Company posted muted set of earnings but has a long term pipeline of products to be launched in the future from their undergoing capex of INR 11 bn over the next 4 years which will double their current revenues. Hence, we believe that we have to see how the newer capex pans out for both their business segments.

Guidance:
• The Management gave a long term guidance for the Company future financials for FY28, by when they aim to double the revenues, triple the EBITDA numbers and and double the RoCE numbers (20% in FY28e from 10% in FY24) for the company from the numbers posted in FY24.
• The Company is investing INR 11 bn for the same. The Company will be investing INR 5,500 mn towards both the businesses.
• The Management aims to see Asset turnover of 3-5x for the Essentials segment every invested towards Essential Chemicals business with EBITDA Margins of 8-12%.
• For the Essentials business, the Management guided of Volumes increasing to 1.75x by FY28 from last year's volumes of 234 KT.
• For the Speciality Chemicals division, the Management aims an Asset Turnover of 1-2x with EBITDA margins of 20-25%. The company will be investing INR 4,000 mn in the first 2 years, i.e, FY25 & FY26, and in second tranche, will invest INR 1,500 mn between FY 26-28 period.

Key Highlights:
• Revenue came at INR 7,301 mn, down 8.74% QoQ/ down by 0.42% YoY.
• EBITDA came at INR 832 mn, down 15.02% QoQ/ up 2.34% YoY.
• EBITDA Margins came at 11.4% for Q1FY25 down 80 bps QoQ / up 30 bps YoY.
• Net Profit increased to INR 344 mn down 11.2% QoQ/ down 22.35% YoY.
• In the Essentials segment, the volumes in Q1FY25 were 9% lower QoQ while 7% higher on a YoY basis.
• In the Specialty Product Portfolio, the volumes were 5% higher QoQ and 20% higher on a YoY basis.
• The Company had settled a claim of Loss of Profits with the Insurance company on account of floods of INR 100 mn, which had inflated the Q4FY24 EBITDA.
• An annual maintenance shutdown during Q1FY25 had impacted the sales in Europe causing 9% QoQ volumes.
• The Management clarified that the dip in Depreciation in Q1FY25 was on account of change in useful life of assets taken to compute the depreciation.
• The Management explained that the minor investment in data analytics has helped the company to increase the volume output by another 20% from the existing capacities without spending anything in actual on capacities.
• The Company had launched a product in the Essentials segment which was a Import substitute, and the Management said that they are building their market share in that Product category in domestic market. However, the Management maintained confidentiality regarding the product in their business interests.
• The Management explained that while they have been conservative on the new products in the Essentials category's margins, they believe the new products will be margin accretive for the company.

• The Company has 11 new products in the Pipeline for the Specialties segment, 50% of which will be from the Fluorination Portfolio, which will increase with the INR 5,500 mn capex the company is undergoing.
• The Management said that their customers from the Agro Portfolio products have been facing continuous headwinds from the Chinese suppliers impacting Bayer, BASF, and other Agro players, specially on the Generics side of the Agro business. Hence, the Management was satisfied that they are well diversified and have only 13-14% of their revenues coming from the Agro end user industries.
• On the Asse Utilization front in the Diketene segment, the Management said that they are doubling their capacity, and that reflects the demand and use of the products being robust and growing.
• The Company's specialties products launched during last year have contributed 20% of the Specialties revenue for the full year, replacing the lost revenues from older Products.
• The Management clarified that they are not participating in the Refrigerant gases business like Fluorosurfactants, Chloropolymers, etc.

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Chemplast Sanmar - Q1FY25 Concall Highlights
CMP: INR 534 | Market Cap: INR 84.5 bn | Target Price: INR 682 (Q4FY24 Result Update)
Rating: Buy

Outlook: Chemplast Sanmar performed below our estimates but still much better set of earnings for Q1FY25 with Net Profits of INR 239 mn, after 2 consecutive quarters of losses. The Company's stock has rallied over the last several months. We will update on our revised ratings shortly.

Guidance:
• The Management extended their previous guidance of achieving INR 10 bn of revenue by FY27, which they now say that they will be able to surpass, i.e, the Company will have more than INR +10 bn revenues.
• The Management said that the prices of paste PVC have came down sharply in Q2FY25, and it will have an impact on the earnings of Chemplast for Q2FY25. However, they say that over the long term, these import duties are good for the long term.

Key Highlights (Consolidated):
• Revenue came at INR 11,449 mn against our estimates of INR 13,115 mn, up 8.96% QoQ/ up 14.9% YoY.
• EBITDA came at INR 1,241 mn against our estimates of INR 2,109 mn, up 491.5% QoQ/ and EBITDA negative INR 345 mn in Q1FY24.
• EBITDA Margins came at 10.84% for Q1FY25 against our estimates of INR 16.1%, up 884 bps QoQ / up 1,430 bps YoY.
• Net Profit came at INR 239 mn, against our estimates of INR 1,212 mn, and against a Net Loss of INR 311 mn in Q4FY24 and INR 640 mn in Q1FY24.
• Current Net debt is around INR 5.6 bn and the company is carrying a cash of INR 8 bn.
• The Management acknowledged that the start of FY25 has been robust for the company on account of the uptrend in the Paste PVC prices primarily driven by higher Freight rates along with Specialty Paste PVC and Suspension PVC prices.
• The Management sighed relief on the fact that the Government imposed Provisional Anti-dumping duties for a period of 6 months on the imports of Paste PVC from countries such as Norway, Thailand Malaysia, Taiwan & China.
• The Company's Specialty division's volumes increased by 44% YoY due to commissioning of new Paste PVC capacity in the Q4FY24.
• The Management is witnessing a surge of imports from EU & Japan of Paste PVC over the last few months, and hence, the Industry has filed a petition to protect against the dumping by EU and Japan.
• The Company has signed a new Letter of Intent (LoI) with a global Agricultural Innovator for an advanced intermediate of an active ingredient. The LoI covers a period of 5 years.
• Phase 2 of the Custom manufacturing Chemicals division is expected to be completed by the Oct 2025.
• The Company's Board has approved an Investment of INR 1.6 bn for increasing the production capacity of Custom Manufactured chemicals.
• The Value Added Chemicals revenue increased by 20% as compared to Q1FY24 on account improved sales volume due to subdued prices.
• As per the Management, in chlorometers, the domestic capacity continues to remain in excess of demand, resulting in weak prices.

• In Caustic Soda, domestic demand has shown signs of an uptick in Q2FY25.
• Suspension PVC revenue has been stable in Q1FY25 as compared to Q1FY24 while it has improved by 8% sequentially.
• The Company witnessed a positive swing in profits in the current quarter on account of both improved prices of suspension PVC and lower feedstock prices largely due to a severe container shortage for cargo originating from Northeast Asia, in particular China, which briefly increased the prices of Indian imported suspension dresses.
• The Management said that the destocking is happening across the chemical industry but on a gradual basis.
• The Company has signed a Commercial order for a new product, and it will be manufactured in the MPP 3 or the new Production block.
• Clarifying on the nature of Custom manufacturing contracts, the Management said that these contracts generally have some minimum payment amount commitment, and rarely any commitment of any volumes.

Deepak Nitrite Ltd - Q1FY25 Concall Highlights:
CMP: INR 3,055 | Market Cap: INR 416 bn
Rating: Unrated

Outlook: Deepak Nitrite posted muted set of earnings for Q1FY25 on a sequential basis. The Company's expansions in various segments will enhance their Production capabilities and allow them to add more products in their Portfolio.

Guidance:

• In FY25, the Company expects improved demand and higher product realization driven by completion of the destocking cycle in China.

• The Capital outlay for FY25 is estimated to be INR 12,000 mn. Outlay towards polycarbonate compounding, a pilot plant is not included in the same. It envisages the ongoing opex initiatives will lead to increased volume with lower carbon footprint.

• The Company is continuing with a 4 years plan to enhance capability and take up opportunities, both domestically and internationally.

• Going forward, The Management said that growth shall be driven by the company's integrated model and stability & consumption push in India supported by government initiatives with large investment plan, PLI and increased infrastructure spending is creating space for double digit recovery across industry.

Key Highlights:

• Revenue came at INR 21,670 mn, up 2% QoQ/ up 23% YoY.

• EBITDA came at INR 3,280 mn, up 3% QoQ/ up 13% YoY.

• EBITDA Margins came at 15% for Q1FY25, flat QOQ & YoY.

• Net Profit came at INR 2,030 mn, down 20% QOQ / up 35% YoY.

• Segmentally, the revenue from Advanced Intermediates division stood at INR 7,160 mn, up 7% QoQ/1% YoY, and Phenolics division revenue stood at INR 14,640 mn, flat sequentially and up 37% YoY.

• The Company received the remaining payment related to insurance claim proceeds for the fire incident that took place in June 2022. They have now received 100% of the claim.

• As on 30th June 2024, the Company's net debt was zero.

• In Q1FY25, the Domestic and Export mix stood at 82:18. The domestic business generated a revenue INR 17,860 mn, while the export business stood at INR 3,990 mn in Q1FY25.

• During Q1FY25, they faced a challenging business environment owing to Chinese dumping and general weakness in market due to uncertain future caused by geopolitical tension at several geographies.

• The Company made significant progress in strengthening their product portfolio by investing in backward and forward integration of manufacturing units.

Advanced Intermediates:

• During Q1FY25, revenue from this segment marginally grew by 1% YoY to INR 7,160 mn. However, the same increased by 7% QoQ from INR 6,710 crore in Q4FY24.

• They faced pressure in realizations during the quarter, which affected EBITDA. The segment saw volume growth in performance products and fuel additives.

• Agrochemicals continued to witness demand headwinds which was expected to recover in the later part of FY25. However, discretionary sectors like dyes & pigments, textiles & paper and homecare among others saw a gradual volume led recovery.
• During Q1FY25, the Company introduced optical brightener to meet specific market demand.
• De-bottlenecking initiatives coupled with market migration aided the company in maintaining a high operating environment.

Deepak Phenolics:
• In Q1FY25, revenue grew by 37% YoY to INR 14,640 mn, primarily fuelled by favorable pricing trends due to strong demand. Sequentially, the same was flat from INR 14,660 mn in Q4FY24.
• EBITDA stood at INR 2,310 crore, up by 117% YoY against INR 1,070 mn in Q1FY24 while EBIT reported was INR 2,080 mn, an increase of 137% YoY from INR 880 mn in Q1FY24.
• The segment benefited from sustained demand from various end user applications. This led to healthy domestic demand for Phenol, Aceton and IPA (Isopropyl Alcohol).

Other Key Updates:
• The Management acknowledged that the global chemical industry is continuing to face challenges as customers remained cautious and inventory de-stocking by China was on-going.
• They are implementing world scale capabilities of Acetophenone which shall be used as a specialty chemical in the flavors and fragrance segment and is likely to be commissioned in the next 12 months.
• Various projects worth INR 20,000 mn are in the final phase of implementation and shall be commissioned in FY25. These include MIBK (Methyl Isobutyl Ketone)/MIBC (Methyl Isobutyl Carbinol) project, nitric acid, enhanced nitration, specialty chemicals and hydrogenation.
• During Q1FY25, the Company commissioned the first industrial multi-fuel boiler in the chemical industry.
• They signed 2 MoUs with the Government of Gujarat for the investment of INR 140 bn.
• They are building a state-of-the-art R&D centre in Savli, Vadodara, with completion aimed by March 2025 and will enhance the company's innovation capabilities and support their strategic growth projects.

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P I Industries Ltd - Q1FY25 Concall Highlights
CMP: INR 4,457 | Market Cap: INR 676 bn
Rating: Unrated

Outlook: PI Industries saw good earnings for Q1FY25 with several segments performing in tandem sequentially. With the size of Orderbook with the Company, the future outlook looks well for PI Industries.

Guidance:
• The Company plans to launch 8-10 new products in FY25.
• The Company anticipates a revenue growth of 15% in FY25 with a gross margin and EBITDA margin of 50-51% and 25-26% respectively for FY25.
• The Management expects a tax rate of 22-23% for FY25.
• The Company anticipates to spend INR 8-9 bn on capex for FY25.
• The Company is looking for ways to invest its excess cash towards organic and inorganic opportunities.

Key Highlights:
• Revenue came at INR 21,416 mn, up 19% QoQ/ up 9.4% YoY.
• EBITDA came at INR 5,832 mn, up 32% QoQ/ up 24.7% YoY.
• EBITDA Margins came at 28.2% for Q1FY25, up 281 bps QoQ / up 370 bps YoY.
• Net Profit came at INR 4,488, up 21.5% QoQ / up 17.2% YoY.
• In Q1FY25, Gross Margins improved by 526 bps YoY on account of favorable product mix and operating leverage. During Q1FY25, overheads increased due to promotional activities for the launch of new products and towards the newly acquired pharmaceutical business.
• The cash flow from operations increased by 103% YoY to INR 6,150 mn. The business generated free cash flow of INR 5,070 mn, up 62% YoY in Q1FY25.
• There was a sequential decline in other expenses, due to a one-off expense in Q4FY24.
• Working capital reduced to 55 days as the company held surplus cash net of debt of INR 44,600 mn as on 30th June 2024.
• In Q1FY25, there was a 14% YoY growth in exports while new products recorded a growth of 24% YoY.
• In Q1FY25, domestic revenue remained subdued due to erratic monsoon, however, favorable product mix and working capital management reduced impact on financials.
• The Pharma business contributed export revenue of INR 250 mn. In the Custom Synthesis Manufacturing business, new products contributed more than 20% to the revenue.
• During Q1FY25, the Company commercialized 2 new products in exports and domestic agribusiness each.
• The Company incurred capex of INR 1,520 mn during Q1FY25. They offered to acquire Plant Health Care PLC, a UK listed company with subsidiaries in various countries to help the Company gain access to cutting edge biological/peptide technology and global markets.
• During Q1FY25, sales of pharma was low on account of excess inventory held by customers which led them to slow down their procurement pace.
• The Company currently has an orderbook of USD 1.5-1.55 bn.
•The Biological business contributed 10% to the domestic revenue, but the traction in biologicals is more than agro chemicals and this would be visible by the end of FY25.

Pidilite Ltd - Q1FY25 Concall Highlights
CMP: INR 3,168 | Market Cap: INR 1,61,1430 Mn

Financial Highlights

Net Revenue surged to INR 33840 Mn in Q1FY25, increased by 3.7% YoY. EBITDA grew by 15% YoY and EBITDA margin was also at 24.6% increased by 18.7% as against Q1FY24 exceeding the company's guidance of 20%, with expectations for robust growth over the next 2–3 years. PBT rose to INR 7700 Mn in Q1FY25, marking a 19.5% YoY increase. PAT also improved to INR 5710 Mn in Q1FY25, which increased by 20.6% YoY.

Performance Highlights

B2B volume growth was 18% driven by both domestic and Export segments. Consumer and Bazaar (C&B) businesses also reported volume growth of 8% and reports revenue of 82.5% of total revenue. Industry subsidiaries revenue grew by 9% as EBITDA reported 18.7%, domestic results where subdued to flat in the Q1FY25.
Companies working capital has remained healthy and lower as against Q1FY24 also increasing leverage and cash flows.

Other Highlights

Company had good growth from its international business in Africa and Middle East by 20% increase, EBITDA also grew by 80% at 78 Mn.

Companies operates in three large segment which is as follows, 55.5% adhesives and sealants, 21% Construction and chemicals., and Arts and Crafts 6% of total revenue share.

Company has 5 R&D, 45 warehouse and 8000+ employees, which operates into premiumised brands.

Companies latest new products and lower EBITDA margin with huge market creation opportunity expected to achieve INR 1000 Mn revenue.

WAM consumption in the quarter was $1,022 a ton versus $1,137 in Q1FY24, indicating a decrease in material costs.

Kerala region will be affected and as natural calamities and food inflation has affected sales which will be stable from upcoming quarters.

Company expects to spend Capex between 3% to 5% of sales every year, as long as it maintains its double-digit growth ambitions.

The company has taken pricing actions due to softer input prices, resulting in value growth lagging behind volume growth. It is open to considering price reductions if input prices decrease significantly in the future.

NBFC business, is continuing as per plan, it has just rolled out in the same parameter of one city, one geography model.

Company expects EBITDA to be in the 20% to 24% range, probably a little more at the higher end of the year.

Pioneer and growth categories, close to sales of around INR 450 to INR 500 Mn and pioneer is expected to cross 850 Mn as per guidance in the next two to three years.

Arihant Capital Markets Ltd.

Sudarshan Chemicals Ltd. - Q1FY25 ConCall KTAs
CMP: INR 921 | Market Cap: INR 63,770 mn

Outlook

The company is focused on pigment application play and is excited about growth with new capex of INR 1,200-1,400 cr. and the launch of new products. This will drive revenue and expand more into the international market, benefiting from operating leverage.

Financial Highlights

- Revenue from Operations reported at INR 634 cr. in Q1FY25 against INR 764 cr. in Q4FY24, up by 4% YoY and down 17% QoQ.
- Gross Margin for pigment business surged to 47.2% in Q1FY25 from 44% in Q4FY24 and 42.9% in FY24 due to softening raw material prices and higher operating leverage YoY.
- EBITDA reduced at INR 81 cr. in Q1FY25 vs. 119 in Q4FY24 (-32% QoQ / +16% YoY).
- EBITDA Margin decreased from 15.6% to 12.7% QoQ.
- PAT stood at INR 29 cr. against 57 cr. in Q4FY24 (-49% QoQ / +38% YoY).
- EPS had reported for Q1FY25 is INR 16 vs. INR 18.8 in Q4FY24.
- Net Debt was INR 375 cr. in Q1FY25, down by 5% QoQ from INR 395 cr. in Q4FY24.

Industry Overview

India, being a strong player with the advantage of strategic alliances and a stable economy, is poised to capture market share in pigment application. The pigment application market opportunity is $8.6 bn, with the company being the third-largest producer of pigment color, holding a 35% market share in India.

Other Highlights

- Companies current ratio has improved to 1.4 in Q1FY25 from 1.3 in Q4FY24.
- Net Debt to Equity Ratio reduced from 0.5 to 0.3, maintaining a strong balance sheet that enables efficiency and more capex investment.
- Company focus on pigment business is boosting sales after it exited other businesses.
- Domestic sales account for 58% of total revenue, while exports account for 48%.
- Pigment sales growing at a CAGR of 10%, with operating profit increasing at 11%.
- Raw material inventory increased from 66 in Q4FY24 to 73 in Q1FY25 as part of a planned to overcome demand internationally.
- Company achieved gold standard from Ecovadis with a rating of 97%, joining the top three percentile in the chemical sector.

Future Growth

Positive outlook with plans to raise new capex of INR 1,200-1,400 cr. The company aims to ramp up volume and, with the benefit of operating leverage, boost EBITDA margins.

Arihant Capital Markets Ltd.

Archean Chemical Industries Ltd Q1FY25 Concall KTAs
CMP: INR 742 | Market Cap: INR 91.95 Bn

Demand remains healthy in both domestic and export markets. For bromine, company aims to produce 22,000-25,000 MT in FY25. Company expects good recovery in business from H2FY25. Company remains focused on improving cost efficiencies and logistics.

Financials
- Total Income stood at INR 2234 Mn in Q1FY25 (-37% YoY).
- EBITDA stood at INR 848.6 Mn in Q1FY25 (-42% YoY) with margins at 38%.
- PAT was at INR 484 Mn in Q1FY25 (-49% YoY) with margins at 21.7%.

Other Highlights
- Company has experienced delays on availability of vessels, containers and increased freight costs which impacted exports business.

- Exports accounts to 70% of company's total business, of which 95% in contributed by industrial salt.

- Company continued to received healthy inquiries across all its products and expects a good recovery in the coming quarters.

- Company faces no challenges in terms of sale as they have fixed contracts for salt which continue to run.

- Bromin: Company aims to produce ~ 22,000-25,000 MT of bromine, including captive requirements in FY25. Revenue from Bromin stood at INR 937 Mn and volume stood at 6,60,000 tons in Q1FY25. Domestic sale of bromine stood at INR 588 Mn while export stood at INR 349 Mn.

- Industrial Salt: suffered some dispatch delays in Q1FY25 which impacted volumes. Customer contracts continue to be in place. Revenue from industrial salt stood at INR 1,172 Mn and volume stood at 4700 tons in Q1FY25.

- *Sulphate of Potash: Revenue for sop stood at INR 32 Mn and volume of 66 tons.

- Acume Chemicals (subsidiary) - Company has received good response for CBF (clear brine fluids) and PTA products with approvals received from 10 clients and further in discussion with others.

- Company has received NCLT order and has acquire Oren Hydrocarbons Ltd on 9th July24. Company has made some investment to refurbish this plant and expects business to start from H2FY25. Company to start 2 plants that have direct connection to the oil and gas drilling industry and clear brine fluids products. For refurbishment of all plants company expects to spend INR 400 Mn. Company expects sales to reach at INR 2000 Mn from this plant.

• Bromine prices has been stabilized over the last couple of quarters and management doesn’t anticipates any further drop in prices.

• Company has signed with IIT Bhubaneswar and have started groundwork on Silicon Carbide (SiC) crystal growth and will conduct research in semiconductor field. Estimated cost of INR 450 Mn will be bone majority by the company with some government grants.

• Total capex cost for bromine derivative plant stood at INR 2520 Mn, of which company has spend ~INR 1400 Mn and rest is yet to be incurred.

Arihant Capital Markets Ltd

Paradeep Phosphates Ltd Q1FY25 Concall KTAs
CMP: INR 84 | Market cap: 68,433 Mn

The company reported a 22.2% YoY decline in revenue, with slim profit margins, impacted by an April shutdown, the market outlook remains positive due to anticipated benefits from mergers, increased domestic urea production by 2025, and strong government support through MSP hikes and subsidies.

Financial Highlights
• Revenue: INR 23,774 Mn, declined by 22.2% YoY.
• EBITDA: INR 1,663 Mn, with an EBITDA Margin of 6.9%.
• Net Profit: INR 63 Mn, with a Profit Margin of 0.3%.

Operational Challenges
• Performance impacted by a temporary shutdown in April 2024.
• Efforts are underway to recover from the disruptions.

New Product Launches
• Introduced NPK 14, NPK 19, and TSP, well received by farmers.
• Launched biogenic nano DAP and Urea under the brand name Jai Kisaan Navratna Nano Shakti.
Nano Urea: 8% Nitrogen.
Nano DAP: 6% Nitrogen, 16% P_2O_5.
• Sales: Nano DAP – 30,000 bottles, Nano Urea – 26,000 bottles.

Production and Capacity Expansion
• Sulphuric acid production capacity being increased from 1.4 to 2 MMTPA.
• Phosphoric acid production increased by ~60% YoY.
• Sold 27,000 MT of TSP this quarter.
• Peak utilization of capacity and ongoing increase in nano production capacity.

Product-wise Sales Volume
• Fertilizers: 554,571 MT, declined by 11% YoY.
• DAP: 102,918 MT, declined by 64% YoY.
• N-20: 155,037 MT, grew by 21% YoY.
• Other NPK: 115,531 MT, grew by 28% YoY.
• Urea: 108,619 MT.
• Traded Products: 72,532 MT.

Strategic Initiatives and Market Outlook

• Merger of Paradeep Phosphates and Mangalore Chemicals and Fertilizers expected to enhance market reach.

•Domestic urea production will increase by 2025 with four new plants, supporting self-sufficiency.

• The government increased Minimum Support Prices (MSP) for Kharif crops for 2024-25, expected to boost fertilizer demand.

• Fertilizer sector budget: INR 1.64 lakh crore, with INR 45,000 crore for nutrient-based subsidies.

• DAP price levels are expected to self-correct, improving margins.

• Plans to increase TSP production beyond 125,000 tonnes based on farmer response.

• Ammonia price increases impacting DAP prices, with expected cost corrections in the third quarter.

• New sulfuric acid capacity of 1,500 tonnes per day to be completed by early FY '26, increasing production from 1.3 million tonnes to 1.9 million tonnes.

Arihant Capital Markets Ltd.

Yasho Industries Ltd Q1FY25 Concall Highlights
CMP: 1,714 | Market Cap: 19,540 Mn.

Outlook:
The company's Q1FY25 performance showed a slight increase in revenue, but EBITDA margins declined. The negative PAT of INR 24.6 Mn was mainly due to the new Pakhajan facility. Despite current challenges, including pressure on raw material prices and export delays, the company expects stabilization by Q3FY25. The new subsidiary in the USA and the full operational capacity of the Pakhajan facility by Q3FY25 should enhance margins and revenues.

Performance Consol:
• Revenue came in at INR 1,728.7 Mn. (0.48% QoQ) (15% YoY) in Q1FY25.
• EBITDA margins came in at 12.58% (Vs. 18.11% QoQ) (16.93% YoY) in Q1FY25.
• PAT came in at INR 24.6 Mn. (-113.71% QoQ) (-116.63% YoY) in Q1FY25.

Highlights:
• Company completed its Pakhajan facility of 20,000 MT and is set to be fully operational from Q3FY25.
• Company opened its subsidiary in USA which is to be operational in the upcoming 2 – 3 months.
• Exports contributed 61% and Domestic sales contributed 39% in Q1FY25.
• Utilizations running low due to the commencement of the new plant and would ramp in Q3 and Q4FY25.
• The negative PAT in Q1FY25 was on account of the commencement of the new Pakhajan facility and the depreciation and finance cost.
• Company having pressure on raw material prices, selling prices, and delays in exports, which is expected to stabilize by Q3FY25.
• Until the company achieves 70% capacity utilization, company won’t initiate the next phase of expansion, and this capacity utilization is expected in Q3 or Q4FY26.
• The term loan will start from April’25, and therefore no lone repayments in FY25.
• Company observed an increase in export volumes but a decrease in the price resulting in decreased revenue from exports from 64% to 61% YoY.
• The revenue from the newly launched products is insignificant at the current level.
• The new subsidiary in USA is aimed to reach more customer and to expand margins by 3% - 5%.
• Company focuses more on the industrial segment than the consumer segment and is aiming to capture more geography.
• Demand Environment: The Rubber Chemical Industry, observes growth in the market, global blending capacity is increasing and the market is growing 3% - 4% YoY.
• Company targets INR 9,000 Mn revenue for FY25, with 19% - 20% EBITDA Margins.

Arihant Capital Markets Ltd.

Tata Chemicals Ltd Q1FY25 Concall Highlights
CMP: 1,053 | Market Cap: 2,68,330 Mn.

Performance Consol:
• Revenue came in at INR 37,890 Mn. (9.03% QoQ) (-10.17% YoY) in Q1FY25.
• EBITDA margins came in at 15.14% (Vs. 12.78% QoQ) (24.72% YoY) in Q1FY25.
• PAT came in at INR 1,350 Mn. (116.32% QoQ) (-74.18% YoY) in Q1FY25.

Highlights:

• Demand:
Detergent Demand in India moderates during the monsoon and picks up strongly post-winter.
Flat container glass and solar glass demand in North America is good, while it is flat in Europe.
Chinese soda demand was strong between January and now, particularly for solar glass and lithium carbonate.

• Operations:
USA: US operations are running normally after resolving previous issues.
China: Chinese soda operations faced some issues in Inner Mongolia, partly due to quality improvement needs.

• **Balanced Supply-Demand**: The overall demand-supply situation remains balanced and is likely to continue in the upcoming quarters.
• **Sales Volume Growth**: Sequentially, the overall sales volume grew marginally, with stable volumes in India.
• **Capacity Commissioned**: 2.3 Lakh Tons of soda ash capacity was commissioned and will come on stream in Q2FY25.

• Geographies:
US Export Market: Low volume in US exports, but sequential improvement was noted, with better pricing.
US Pricing: Domestic US prices are stable due to annual contracts, with minor fluctuations.
US Market Stability: The US market is expected to remain stable, with no major disruptions anticipated.

UK Market: Stable volumes in the UK, but prices softened.

Kenya Market: Kenya saw marginally higher volume and prices sequentially.
Kenya Margins: Sequential margin decline in Kenya was due to higher variable costs, including shipping and transportation.

China Demand Watch: Strong demand in China from January to May, but the situation is being monitored for potential softness.

• **Capex Plans:** Several capex projects, including 70,000 tons of bicarbonate capacity and pharmaceutical salt in the UK, are on track.

• **Monsoon Impact:** No production disruptions in India due to heavy rainfall so far, but the situation will be monitored until the end of Q2FY25.

• **Full Utilization:** The first 70,000 Tons of Sodium Bicarbonate capacity should be fully utilized in FY25.

• **Freight Rates:** Higher freight rates due to Middle East tensions and quality issues in Inner Mongolia affected supply.

• **Working Capital:** Increase in working capital is expected to normalize in FY25.

•**Debt Impact:** Debt levels increased due to working capital needs and warehouse capitalization.

• Capacity Contribution: New capacity coming online is expected to contribute an additional INR 4,000 Mn to EBITDA FY26.

Arihant Capital Markets Ltd

Gulf Oil Lubricants – Q1FY25 Concall Highlights
CMP: INR 1,152 | Market Cap: INR 56.4 Bn | Promoter: 71.76%

[Arihant Capital]

Performance (Consol):
• Revenues came in at INR 8.85 Bn (+3.75% QoQ) (+9.04% YoY)
• EBITDA margins came in at 13.13% (Vs 13.48% QoQ) (Vs 11.43% YoY)

Key Highlights from the call:
• Volumes for the quarter stood at 37,000 Kilolitres (for lubricants)
• AdBlue volumes stood at 38,000 Kl (+26% YoY). Company is currently #2 player in India for AdBlue
• Lubricant volumes grew twice the industry growth rate. The performance was driven by growth in B2C channel along with Passenger Car Oils and Agri products (strong double-digit growth in B2B Industrial segment). Certain segments like Infrastructure have grown slightly slower in Q1 due general elections and heatwave challenges in parts of India.
• Export growth has been exceptional (for OEM brands as well)
• Current runrate of depre to be taken as INR 110 Mn (March Q had one off)
• Improvement in profitability due to better sales of premium products. B2C distribution channel remains strong in CV and PV
• Industry growth is pegged at 3% till FY30. Company's goal is to grow 3-4x of industry growth
• Factory fill is less than 10% of business, 90% of business comes from replacement market (factory fill performance during the quarter was not up to the mark during the quarter)
• Data Centre fluids will not be a large business. Currently the data centres are cooled by AC. If liquid cooling is required then the entire infra for the same will be needed to put in place first. Post that, keeping in mind the current market size of data centre (1700 MW), if it is considered that 100% of the cooling is converted to liquid cooling (as compared to current air cooling) then the market size will come roughly to 14 Mn Litres (not even 1% of market size of 2,060 Mn litres; ex of process oil).
• Company is working on the product and running trials. It will be a decent business nevertheless.
• Company had taken price hike in mid May (retail segment only). This was due to higher cost of base oil (due to high crude prices). However, crude has come down now. If crude prices continue to remain low then the company will have to pass on benefits
• Company supplies to industrial segment also but has market share below 5%. Best margins are in retail segment.
• Company is working in the battery business since past 5-6 years. Company is partnered with 7-8 OEMs for EV Fluid business (currently very small business). Company has a rough turnover of INR 175-180 Mn in the segment

• AdBlue has low realisations and mid single digit margins. Current realisations close to INR 50/litre. Roughly 100 litres of diesel requires 4 litres of AdBlue. Company has 20% market share. India is not importing AdBlue
• EV: Direct Transmission company (for DC fast charging) did well, YoY 3x revenue growth. Company was acquired in October 2023

Outlook: Company has mentioned that they will continue to explore opportunities in EV space. Company maintains their guidance of 12-14% EBITDA margins. Overall, CV sales to grow this year. This will positively impact he performance of Gulf. Total exports for the company stands close to 6-7%. Capex of INR 250 Mn planned for filling lines, auxiliaries and storage areas if the company needs to run 3rd shift. At CMP, company trades 17.3x TTM EPS.

Welspun Specialty Solutions Ltd – Q1FY25 Concall Highlights
CMP: INR 47.5 | Market Cap: INR 25.2 Bn | Promoter: 55.17%

[Arihant Capital]

Overview: Weak quarter in terms of performance, strong orderbook for future performance.

Key Highlights of the call:
•Global stainless steel growth for 2024 is expected to be at 3.9% while for 2025 at 3.2%. SS Long products expected to grow at 3% in 2024 and 3.3% in 2025
•Company has clarified on the Gujarat Pollution Control Board (GPCB) had asked to cease operations at plant because of a breakdown which led to some seepage in drainage lines
•Company rectified the problem, expects a visit by the GPCB in August/Sept. Company is expected to receive Environmental clearance soon (separate from above issue)
•Finance costs were higher due to vendor bill discounting, will be lower going ahead. Some of the INR 1.83 Bn debt will be paid this year as well
•In terms of weight, contribution of nickel in steel pipes and bars is 10% and chrome is 16-18% (not same for all products)
•Utilisation of pipes is less than 50%, bars is less than 30%
•Company has guided for 20-30% growth in topline for FY25
•NTPC order is of 1400 tonnes (out of total OB of 5877). Delivery by December 2024. Current OB has 50% orders of pipes
•Consumables roughly cost INR 15,000-16,000 per tonne for the past 5-6 quarters. As utilization goes up, pricing per tonne will come down
•RM inventory generally of INR 350-450 Mn. The most common kind of scrap that company purchases was down 15% in last 3 months
•Company to focus on capacity utilization this year which will increase efficiencies

Performance (Consol)
•Revenues came in at INR 1,621 Mn (+7.16% QoQ) (-0.45% YoY)
•EBITDA came in at INR 108.5 Mn (-10.11% QoQ) (-45.4% YoY)
•EBITDA Margins came in at 6.7% (Vs 7.98% QoQ) (Vs 12.2% YoY)
•PAT came in at INR 19.5 Mn (-95.13% QoQ) (-82.54 YoY)
•PAT Margins came in at 1.2% (Vs 25.59% QoQ) (Vs 6.7% YoY)
the Company had recognised additional deferred tax asset of INR 338.7 Mn in Q4FY24 based on the projection of taxable profit for the next 4 years on prudent basis

•SS Bars volumes came in at 4,738 tonnes (+31% QoQ) (+56.8% YoY)
•SS pipes volumes came in at 1,139 tonnes (+.18% QoQ) (-10.7% YoY)
•OB stands at 5,877 tonnes (INR 3.03 Bn)

Outlook: Company has guided for 20-30% growth in topline for FY25. This will be aided by strong orderbook. The RM prices and operating expenses have impacted profits heavily but company expects margins to improve with increasing utilization. At CMP, company trades 57.7x TTM EV/EBITDA

PONDY OXIDES & CHEMICALS Ltd – Q1FY25 Concall KTAs
CMP: INR 1,230 | Market Cap: INR 15,519Mn

Outlook
The company targets a 15% volume growth annually, with EBITDA margins expected to improve from 5-6% to 7-7.5% over the next 3 years. Company is expecting growth to be driven by their capacity expansion at Thiruvallur, increasing lead production from 132,000 MT to 204,000 MT per annum. It aims to diversify into plastics, copper, and aluminum recycling, with plastics targeting INR 300 Mn revenue in FY25. With a focus on value-added products, operational efficiencies, and strategic expansions, it expects to achieve a 20% return on capital employed and increase its share of value-added products to over 60%.

Financial Highlights
- Standalone Net revenue stood at INR 4,368 Mn in Q1FY25 up by 36% YoY and by 22% QoQ.
- Standalone EBITDA stood at INR 237 Mn in Q1FY25 up by 70% YoY and 14% QoQ with margins at 5.4% decreased by 100 bps as compared to Q1FY24.
- Standalone PAT was at INR 145 Mn in Q1FY25 up by 141% YoY and 18% QoQ with margins at 3.3% increased by 140 bps as compared to Q1FY24.

Industry Highlights
- Global lead-acid battery market growing at 6-7% CAGR.
- India is emerging as a global manufacturing hub with government mandates and EPR policies driving recycling demand.
- Industry is shifting from the unorganized to organized sector in lead recycling which is currently about 30-35% of the market is organized and it is expected to reach 50-60% in the coming years due to government regulations.

Business Highlights
- Company’s Lead production has increased by 38% YoY to 20,692 metric tons with sales growing 46% YoY to 20,699 metric tons.
- Company’s sales mix is 35% domestic and 65% exports.
- Its Top 5 customers constitute about 40-50% of total revenue with Amara Raja Batteries being a significant customer contributing domestic sales.
- Its Value-added products are maintained at 60% of the lead segment.

Business Segments
- The company is currently focused on recycled products and is moving towards compounding, targeting EPR opportunities.
- Its Margins in the recycled segment are at 6-8% and compounding segment are expected to be at 12-14%.
- Plastics segment grew 47% QoQ and is targeting INR 300 Mn revenue in FY25.
- Company’s Aluminum operations under review, evaluating value-added product mix
- Copper segment sales are started which will enable the company to explore smelting and refining options.

Capacity Expansion
- The company is planning a new plant at Thiruvallur, Tamil Nadu to increase lead capacity from 132,000 MT to 204,000 MT per annum in two phases.

- It has ongoing construction and trial production expected by the end of calendar year 2024.
- This has been funded through preferential issue proceeds and internal accruals

New Land Acquisition
- The company has acquired 123 acres in Mundra, Gujarat.
- This location was strategically near the port for import/export efficiency which will help source from western region and cater to international markets.
- Currently it is conducting techno-commercial feasibility studies for this site.

R&D and Innovation
- The company is focusing on developing a lean, smart, and low carbon footprint plant and is continuing R&D initiatives for additional verticals.
- It is exploring techno-commercial evaluations for future expansions in BPMI, rubber, and forward integration.

Focus Areas
- The company is focusing on full backward integration for better margins and is evaluating product mix in the aluminum segment for better value addition.
- It is benefiting from government initiatives promoting recycling and is positioned to capitalize on increasing mandates for recycled content in manufacturing.

Raw Material Sourcing
- The company has adopted a multi-sourcing strategy with procurement from 70+ countries and it has a supplier base of more than 270 with long-term associations.
- Also, it is noticing increased availability of domestic scrap.

Debt and Capital Structure:
- Company’s current debt-to-equity ratio is at 0.5 and it is aiming for an optimal mix of debt and equity to lower weighted average cost of capital

Tatva Chintan Pharma Chem Ltd – Q1FY25 Concall KTAs
CMP: INR 1,072 | Market Cap: INR 25,069 Mn

Outlook
The company over the past two years has developed several new products which are now nearing commercialization, it expects these to drive revenue growth of 20-25% and EBITDA margins in the same range for FY25. Company expects its electrolyte salts segment to become a significant contributor, potentially accounting for 20-25% of revenue within the next 3 years. It is targeting an annual volume of 8,000-10,000 tons for zinc battery electrolytes. Additionally, the company is planning a greenfield project at a new site to commence next year to enhance their growth prospects.

Financial Highlights
- Consolidated revenue from operations stood at INR 1,054.64 Mn in Q1FY25 down by 7.78% YoY and up by 7.33% QoQ
- Consolidated EBITDA stood at INR 126.15 Mn in Q1FY25 down by 40.89% YoY and by 19.18% QoQ , with margins at 11.96% decreased by 670 bps on yearly basis.
- Consolidated PAT was at INR 52.09 Mn in Q1FY25 down by 45.19% YoY and by 45.82% QoQ , with margins at 4.94%.

Segment Performance
- Company’s Phase Transfer Catalysts (PTC) segment revenue stood at INR 297 Mn up by 9% QoQ, down by 6% YoY.
- Its Electrolyte Salts business revenue stood at INR 13 Mn down by 3% QoQ, up by 2% YoY.
- Its Pharma & Agro Intermediate business revenue stood at INR 389 Mn up by 39% QoQ & 25% YoY.
- Its Structure Directing Agents (SDA) revenue stood at INR 350 Mn down by 14% QoQ and 29% YoY.

Operational Updates
- Company’s new distillation plant to be commercialized by end of August 2024.
- Currently the company's reactor occupancy is at around 77% which is expected to increase because of this new distillation plant.
- It is facing logistics challenges like high shipping costs and vessel shortages.
- It has ongoing INR 350-400 Mn capex with additional INR 500-700 Mn planned.

Product Pipeline
- The company has started commercialization of 3 new agro-intermediates.
- It is ongoing pilot trials for 2 more agro products using continuous flow chemistry and plant trials for 2 new polymer application products.
- It has also started commercial supplies of metal extraction products in Q1.
- The company is developing a portfolio of flame retardant products.

Structure Directing Agents (SDA) Segment
- In the Company's SDA segment volumes increased 12% QoQ, but 14% revenue declined due to price drops and sales realization dropped by nearly 23%.
- Its Inventory consumption is at new lower prices impacting margins.
- Company expects INR 45-55 Mn impact on Q2 results due to remaining high-cost inventory.

Electrolyte Business
- Company’s Electrolyte business consists of three different verticals - supercapacitor batteries, energy storage devices & zinc batteries.
- It is expecting commercialization for automotive supercapacitors from early 2025.
- Company’s Key customer is ongoing an automated battery line setup and the company is expecting to drive volumes because of it from Q3.
- The company does not source electrolyte technology externally, it has an in-house development and it is also developing a fully formulated electrolyte solution for zinc batteries.

New Product Development
- The company has successfully introduced several new products over the last 2 years with most products fully approved by customers or in final approval stages.

Capacity Expansion
- Company has given a new plant block for structural design evaluation. Its soil quality testing is completed and is awaiting structural engineer's report
- It is identifying potential for additional INR 500-700 Mn capex if soil quality permits desired plant structure.

Challenges and Headwinds
- The company is experiencing a significant increase in shipping costs, over $5,000 per container for Europe and over $6,500-7,500 for the USA.
- It is facing a severe shortage of vessels for shipments from India.
- Also it is facing delays in raw material arrivals leading to production losses and delays in delivering finished products to customers.
- It has held up 14 reactors for production due to raw material delays.
- It had about INR 110 Mn worth of material shipments delayed in July-August.

SRF Ltd. - Q1FY25 Concall Highlights
CMP: INR 2,368 | Market Cap: INR 7,02,038 Mn

Outlook- With several strategic initiatives in place, SRF Ltd. plans to continue its substantial CAPEX program, aiming to invest around INR 120-150 Bn over a 5 year period, focusing heavily on the chemical business. Despite current market volatility and sector-specific challenges, the company remains confident in achieving a 20% growth in specialty chemicals, driven by strong H2 performance historically. The management emphasizes judicious spending and maximizing the use of existing assets, expecting improved margins as new plants ramp up operations.

Financial Performance
- Consolidated operating revenue for Q1 FY25 was INR 34641 Mn, up by 3.38% YoY and down by 2.96% QoQ.
- EBITDA stood at INR 6,459 Mn, down by 11.7% YoY with a margin of 18.6% in Q1FY25.
- PAT stood at INR 2,522 Mn, down by 29.8% YoY and by 40.26% QoQ in Q1FY25 with a PAT margin of 7.3%.
- The company's EBIT margins for the previous year were in the range of 25-26%, and it is expected to remain within this range, +/- 2%, on an YoY basis.
- An interim dividend of INR 3.60/share was approved, amounting to a 36% payout ratio.

Segment Performance
Chemical Business
- Revenues were INR 14,820 Mn, an 11% decline YoY, primarily due to sluggish demand in the agrochemical sector and ongoing inventory rationalization.
- Notable progress in product portfolio expansion and commercialization of new products in the specialty chemical segment.

Fluorochemical Division
- Significant increase in domestic volumes of HFC products, driven by heatwaves and stable pricing in key refrigerants.
- Strong demand for DIMEL pharma propellant, despite lower US volumes.

Packaging Films Business
- 20.2% YoY growth in revenue, with improved EBIT margins due to record production levels and robust vaccines.
- Margins in BOPP film segment improved due to higher capacity utilization and stable demand.
- Challenges in the global segment due to oversupply and intense competition from Chinese players.

Technical Textile Business
- Revenue growth of 13% to INR 525 Mn, driven by steady contributions from nylon tire cord fabric and polyester industrial yarn segments.
- Progress in clean energy usage, with the highest share of renewable power achieved during the quarter.

Business Strategies
- Focus on expanding product portfolios and commercializing new products in the specialty chemical and fluorochemical segments.
- Emphasis on enhancing cost structures, efficiencies through tech interventions, and process improvements.

- Commitment to renewable energy, achieving a significant portion of energy needs through green sources.

Capex
- Total Capex for the year expected to be in the range of INR 15,000 to INR 19,000 Mn.
- Significant projects include the expansion of capacities in specialty chemicals, fluoropolymers, and packaging films.
- No deferments in planned CapEx, with a focus on judicious capital allocation.

Competitive Position
- Strong R&D capabilities with a significant patent portfolio, including 151 granted patents and 451 process patents filed.
- Competitive edge in the packaging films business due to value-added product portfolio, long-term customer contracts, and ease of doing business.
- Continued leadership in the domestic coated fabric market by volume and price.

AI Implementation
- The company is focusing on technological interventions and cost-cutting measures. These efforts are ongoing, with some positive impacts already seen and more expected in the future.
- SRF is engaging in discussions with global majors for patented AI products. This indicates a strategic move towards integrating AI in their operations, though specific economic impacts are yet to be detailed.

Epigral Ltd Q1FY25 Concall Highlights
CMP: | Market Cap: Mn.

Outlook:
The company showed strong performance in Q1FY25, driven by strong volume growth and improved capacity utilization. Despite a slight dip in EBITDA margins, PAT surged 172.51% YoY, reflecting overall operational efficiency.

Performance Consol:
•Revenue came in at INR 6512 Mn. (24.12% QoQ) (43.17% YoY) in Q1FY25.
•EBITDA margins came in at 27.06% (Vs. 29.73% QoQ) (20.88% YoY) in Q1FY25.
•PAT came in at INR 858.7 Mn. (12.07% QoQ) (172.51% YoY) in Q1FY25.

Revenue and Volume Growth
Volume Growth: Achieved a 29% increase compared to Q1 FY24.
Sales Volume Growth: Demonstrated a 29% year-over-year (YoY) growth and 14% quarter-over-quarter (QoQ) growth in Q1 FY25.
Revenue Contribution: The derivatives and specialty business contributed 53% to revenue in Q1 FY25, up from 37% in Q1 FY24.
Revenue Increase Factors: The revenue increase was primarily driven by volume growth from new capacities and improved utilizations in Q1 FY25.
Business Segments Performance
Derivatives Business Growth: Revenue from the derivatives segment grew by 85% to INR 1,760 million in Q1 FY25. Specialty Segment Growth: Achieved higher value realization compared to the traditional business in Q1 FY25. Chlor-Alkali Business: Experienced lower price realization compared to the derivatives and specialty segments in Q1 FY25.

Operational Efficiency
Plant Commissioning: Commissioned the CPVC resin and compounding facility; the chlorotoluene valentine facility is expected to be commissioned in Q2 FY25.
Capacity Utilization: Plant utilization increased to 83% in Q1 FY25 from 71% in Q1 FY24.
Operating Cash Flow: Improved as a result of better volume growth and capacity utilization in Q1 FY25.

Market Strategy and Focus
Export Strategy: The company remains focused on the Indian market, with limited emphasis on export growth unless better realizations can be achieved in FY25.
Focus on Diversification: Expanding the derivatives and specialty business to diversify the overall business model in FY25.
Pricing Growth: Caustic soda pricing increased due to reduced chlorine sales and higher in-house consumption in Q1 FY25.
Caustic Soda Market: Management anticipates increased demand and realizations in the second half of FY25.

Debt and Capital Management
Debt Levels: Debt levels are expected to be in the range of INR 8,500 - 9,000 crore by the end of FY25.

Future Outlook
Q2 Expectations: Further improvements in product realizations and volume growth are anticipated in Q2 FY25.
Volume vs. Revenue Growth: Volume growth of 14% QoQ in Q1 FY25 versus revenue growth of 24%, indicating a 10% growth due to pricing.
Improved Profitability Profitability is expected to improve due to higher capacity utilization and volume contributions from new projects in FY25.

Supreme Petrochem Ltd Q1FY25 Concall highlights
CMP INR 874 | Market Cap INR 164.26bn

Revenue growth was strong mainly led by rise in freight costs and improvement in spreads. The rising freights caused degrowth in export sales but domestic sales saw robust growth. Q2 and Q3 generally see low demand thus the company is conservative on overall volume growth in FY25. ABS and EPS, XPS expansion plans are going as per schedule.

Revenue came in at INR 15,735mn (+29% YoY/0.7% QoQ). EBITDA stood at INR 1610mn (+78% YoY) with margin of 10.23%. PAT stood at INR 1219mn (+76% YoY/-7.3% QoQ) with margin of 7.75%. RM (Styrene Monomer) prices remained stable during the quarter.

The company remained debt free with a surplus of INR 10.41bn.

Sales volumes saw robust growth of 21%, coming in at 93,323 MT for the quarter. Domestic sales increased 30% YoY to 85,333 MT while export volumes were low and came in at 7,990 MT vs 11,371 MT due to increasing container freight rates. Overall utilisation improved to 83%.

The company is expecting 8-10% volume growth in FY25 but in Q1FY25 itself the growth as 21%. Q2 and Q3 are generally weak for the company as the demand slows down. It starts picking up by end of Q3 thus they expect moderate growth rate in volumes for full year.

Global spreads for polystyrene have gone up mainly due to high freights but overall the delta has not seen any major uptick. Freight rates have gone up by $150/ton in the last two months. This has also led to significant decrease in imports by the country.

EPS expansion planned will get completed by end of 2024 or Q4FY25 while XPS expansion will complete by Q1FY26. On the special compounds side, they need to keep adding capacities according to the demand thus there is no proper timeline for expansion.

They have added a 12.5MW solar power plant with a JV which can cater to 50% of current power requirements of the company. When the ABS line is established, they might look to add another plant for the segment.

ABS capacity will be on floor from FY26. The first year will be bit muted as the business will take time to adjust in the market but FY27 is expected to see good contribution from this segment to both, topline and profitability.

The company’s two new projects, ABS and Haryana facility, have the potential to add INR 35-40bn of topline. The projects are expected to be fully operational by FY28.

Laxmi Organics - Q1FY25 Concall Highlights
CMP: INR 258 | Market Cap: INR 71.3 bn
Rating: Unrated

Outlook: The Company posted muted set of earnings but has a long term pipeline of products to be launched in the future from their undergoing capex of INR 11 bn over the next 4 years which will double their current revenues. Hence, we believe that we have to see how the newer capex pans out for both their business segments.

Guidance:
•The Management gave a long term guidance for the Company future financials for FY28, by when they aim to double the revenues, triple the EBITDA numbers and and double the RoCE numbers (20% in FY28e from 10% in FY24) for the company from the numbers posted in FY24.
•The Company is investing INR 11 bn for the same. The Company will be investing INR 5,500 mn towards both the businesses.
•The Management aims to see Asset turnover of 3-5x for the Essentials segment every invested towards Essential Chemicals business with EBITDA Margins of 8-12%.
•For the Essentials business, the Management guided of Volumes increasing to 1.75x by FY28 from last year's volumes of 234 KT.
•For the Speciality Chemicals division, the Management aims an Asset Turnover of 1-2x with EBITDA margins of 20-25%. The company will be investing INR 4,000 mn in the first 2 years, i.e, FY25 & FY26, and in second tranche, will invest INR 1,500 mn between FY 26-28 period.

Key Highlights:
•Revenue came at INR 7,301 mn, down 8.74% QoQ/ down by 0.42% YoY.
•EBITDA came at INR 832 mn, down 15.02% QoQ/ up 2.34% YoY.
•EBITDA Margins came at 11.4% for Q1FY25 down 80 bps QoQ / up 30 bps YoY.
•Net Profit increased to INR 344 mn down 11.2% QoQ/ down 22.35% YoY.
•In the Essentials segment, the volumes in Q1FY25 were 9% lower QoQ while 7% higher on a YoY basis.
•In the Specialty Product Portfolio, the volumes were 5% higher QoQ and 20% higher on a YoY basis.
•The Company had settled a claim of Loss of Profits with the Insurance company on account of floods of INR 100 mn, which had inflated the Q4FY24 EBITDA.
•An annual maintenance shutdown during Q1FY25 had impacted the sales in Europe causing 9% QoQ volumes.
•The Management clarified that the dip in Depreciation in Q1FY25 was on account of change in useful life of assets taken to compute the depreciation.
•The Management explained that the minor investment in data analytics has helped the company to increase the volume output by another 20% from the existing capacities without spending anything in actual on capacities.
•The Company had launched a product in the Essentials segment which was a Import substitute, and the Management said that they are building their market share in that Product category in domestic market. However, the Management maintained confidentiality regarding the product in their business interests.
•The Management explained that while they have been conservative on the new products in the Essentials category's margins, they believe the new products will be margin accretive for the company.

•The Company has 11 new products in the Pipeline for the Specialties segment, 50% of which will be from the Fluorination Portfolio, which will increase with the INR 5,500 mn capex the company is undergoing.
•The Management said that their customers from the Agro Portfolio products have been facing continuous headwinds from the Chinese suppliers impacting Bayer, BASF, and other Agro players, specially on the Generics side of the Agro business. Hence, the Management was satisfied that they are well diversified and have only 13-14% of their revenues coming from the Agro end user industries.
•On the Asse Utilization front in the Diketene segment, the Management said that they are doubling their capacity, and that reflects the demand and use of the products being robust and growing.
•The Company's specialties products launched during last year have contributed 20% of the Specialties revenue for the full year, replacing the lost revenues from older Products.
•The Management clarified that they are not participating in the Refrigerant gases business like Fluorosurfactants, Chloropolymers, etc

Meghmani Organics Ltd| Q1FY25 Concall KTAs
CMP INR 86| Market Cap. INR 21.87bn

The company's outlook appears cautiously optimistic. With demand recovery underway, new product launches in the crop nutrition segment, and potential anti-dumping duty from China, Meghmani is positioned for growth. The management's focus on high-value products, ongoing investments in capacity expansion, and debt reduction can help achieve the path of profitability from Q2FY25 onwards.

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Financials
RFO stood at INR 4110mn(-2%YoY) with gross profit of INR 1490mn(+28%YoY) and margins of 36.2%. PBT stood at INR -90mn(+73%YoY) and PAT of INR -63mn(+75%YoY).

After a prolonged period of sluggish global demand, Co. is seeing demand recovery from Q1. Pigment and crop protection reported healthy growth.

Profitability for the quarter was impacted by lower product price realization across the markets. They are optimistic that in the coming quarters price improvement will be seen along with the momentum in the demand recovery which will enhance the profitability

In crop nutrition, 8 new products launched and have become one stop solution for farmers to enhance their productivity.

They have received approval from few and new customers in different categories like ceramic, plastic, rubber and paint. They are also expecting interim anti dumping duty on titanium dioxide from China probably in Q3FY25.

Crop protection constitutes about 66% of the total revenue in Q1FY25 while the balance 34% comes from pigment segment.

Crop protection production stood at 10ktons (+20%YoY) with capacity utilisation of 73%. Segmental revenue of IINR 2720mn and EBITDA of INR 113mn.

Pigment segment had production of 3736MT (+9%YoY) with 45% capacity utilisation. INR 1380mn segment revenue with INR 94mn EBITDA. Co. has guided for little bit increase in capacity utilisation but nothing dramatic since the focus is more on realisations thereby guarding profitability.

Co. believe they have all enablers to resume their double digit growth trajectory.

Crop protection and agrochemical in last 1 yr was under demand pressure from various markets. After covid, there was a lot of demand from various markets which led to huge inventories. As the interest rates rose, people started to lower down the inventory. Co. is now seeing, recovery and pick up of demand.

Co. is positive good demand from brazil going forward considering good monsoon and low inventory levels.

Price have been running at flattish level. From the industry perspective, once demand picks up, increase in price will follow to make it sustainable. Good chance that price to increase going forward.

China prices are already at rock bottom level and are not expected to further go down. Logistic cost expected to normalize by 3rd qtr.

Co. will be giving weightage on new products since they are high value with better profitability and have started getting approvals in different markets.

INR 4bn investment done in crop protection segment with ability to generate iNR 8bn. INR 1.5bn spent in crop nutrition and with full utilization co. can generate INR 10bn topline. This will take time since its a new concept. INR 6bn invested in titanium dioxide with ability to generate INR 2.75-3bn.

Co. will be repaying debt this year and in next year to bring it substantially down.

After continuous loss in 4-5 qtrs, Co. is expecting profitability Q2 onwards.
In H2FY25, titanium dioxideto run at ~70% capacity. Nano urea since its a new concept with huge capacity , it is expected to run at ~40% cap utilisation.

I G Petrochemicals Ltd Q1FY25 Concall Highlights
CMP: 634 | Market Cap: 19530 Mn.

Outlook:
IG Petrochemicals Ltd displayed solid performance in Q1FY25 with revenue growth of 5.62% QoQ and EBITDA margins at 10.55%, supported by healthy domestic demand, capacity expansion, and strategic new product developments.

Performance Consol:
•Revenue came in at INR 5,851.41 Mn. (5.62% QoQ) (5.37% YoY) in Q1FY25.
•EBITDA margins came in at 10.55% (Vs. 4.72% QoQ) (10.65% YoY) in Q1FY25.
•PAT came in at INR 350.24 Mn. (287.63% QoQ) (-1.73% YoY) in Q1FY25.

Highlights:

•Production Utilization: Facility utilization stood at approximately 80-85% in Q1FY25, impacted by the maintenance shutdowns of two plants.
•Demand Growth: The demand for phthalic anhydride (PAN) in India is projected to grow at a rate of 5-6%.
•New Product Development: IGPL is advancing in new downstream products, including a Plasticizer plant with a capacity of 75,000 tonnes.
•Plasticizer Market: The global Plasticizer market, valued at $18 Bn, is anticipated to expand to $24 Bn by 2028.
•Capex Plans: The total capital expenditure (capex) for FY25 and FY26 is projected to be around INR 2,000 Mn.
•CBG Plant: The company plans to establish a compressed biogas (CBG) plant with a capacity of 5 tons/day, investing approximately INR 300-320 Mn on a trial basis.
•Domestic Demand: There is robust domestic demand for phthalic anhydride, with 92-95% of production sold within India.
•Import Reduction: A significant reduction in PAN imports is observed due to increased domestic production capacity.
•Price Recovery: Chemical prices have shown a modest recovery, with the margin spread between PAN and orthoxylene (OX) ranging from $150 to $200.
•Maintenance Shutdown: The company's production was affected by an annualized impact of 80,000-85,000 tonnes due to the maintenance shutdown of boilers at two plants.
•Freight Costs: Increased freight costs, driven by the Red Sea crisis and global duties, have impacted chemical imports.
•Global Market: China, Taiwan, and Korea remain the primary suppliers of phthalic anhydride to India and Southeast Asia.
•Project Commercialization: The Plasticizer project is on track to be commercialized by Q3FY26.
•Revenue Mix: Upcoming projects are expected to enhance the revenue mix and cntribute to non-phthalic revenue streams.
•Debt Status: The company maintains its net debt-zero status.
•Export Markets: IG Petrochemicals continues to export 10-15% of its production, with this trend expected to persist.
•Raw Material Sourcing: Most suppliers are located within a 200-250 km radius, offering a logistical advantage.

•Malic Anhydride: Prices for malic anhydride remain moderate, ranging from $860 to $900.
•Downstream Demand: There is substantial demand for downstream phthalic anhydride derivatives.
•New Product Lines: The company is expanding its product lines to include DIP, DID, and DBP in the Plasticizer segment.
•UPR Segment: Revenue and margins from the unsaturated polyester resin (UPR) segment are on the rise.
•Global Demand for Paints: The global paint market is expected to grow by 8% - 10%.
•Freight Normalization: If freight costs normalize, imports may rise, but domestic demand is expected to remain strong.
•Product Wise Realizations: While the company does not disclose individual product volumes, overall production levels are consistent with the previous quarter.
•Anti-Dumping Duty (ADD): There is uncertainty regarding the renewal of ADD, but the company remains competitive due to local advantages.
•Customer Base: Approximately 70% - 80% of the customer base will be similar between Plasticizers and PAN.

Apcotex Industries Ltd – Q1FY25 Concall KTAs
CMP: INR 466 | Market Cap: INR 24,183 Mn

Outlook
The company aims for 65-70% utilization of nitrile latex in the next 1-2 quarters and expects the Taloja plant to reach 100% utilization by the end of next year. Management anticipates operating within a 10-15% EBITDA margin range in the coming years, with potential for margin expansion as volumes grow and industry cycles progress. Despite logistical challenges, the company targets continued growth and expects potential benefits from US duties on Chinese gloves starting in 2026.

Financial Highlights

•Net revenue stood at INR 3,366 Mn in Q1FY25 up by 8.4% QoQ & 21.2% YoY.
•EBITDA stood at INR 318 Mn in Q1FY25 up by 1.6% QoQ & 24.7% YoY.
•PAT stood at INR 148 Mn in Q1FY25 down by 3.3% QoQ & up by 22.3% YoY with margins at 4.4%.
•Volume growth increased by 14% YoY, while export volume grew by 12% YoY.

Capacity Utilization

•Paper, construction, and tire cord segments led growth
•Nitrile latex for gloves running at 50-60% capacity utilization
•Additional Taloja plant capacity at 70% utilization, expected to reach 100% in 1-1.5 years
•Valia plant for nitrile latex expected to reach 65-70% utilization in next 1-2 quarters

Operational Updates

•Recent flooding at a plant caused temporary shutdown, but operations resumed within a week
•Company maintaining higher raw material inventory due to supply chain uncertainties
•Consolidating R&D efforts with plans for a new centralized R&D facility in Taloja

Product Strategy

•There is minimal direct competition with natural rubber; however, there are potential substitution opportunities in latex applications.
•EFCO Build construction chemicals is focusing on niche products and leveraging backward integration advantages.

Market Dynamics

•Glove industry showing signs of recovery, with some manufacturers returning to profitability
•Excess capacity in nitrile latex globally, especially in China, impacting margins
•The paper segment is facing margin pressure due to capacity additions by competitors.
•The NBR market is affected by China's economic slowdown and increased Russian exports to Asia.

Geographic Focus

•The main markets for nitrile latex are Southeast Asia, India, Sri Lanka, and South Asia.
•The company is expanding its presence in 4-6 states for its construction chemicals business.

Other Highlights

•The company is focusing on volume growth and capacity utilization, while targeting niche products and specific geographic markets for its construction chemicals business.
•Focused on cost-cutting and maintenance projects for near-term capital expenditure
•Potential impact of US duties on Chinese gloves starting 2026, which could benefit non-Chinese suppliers
•Exports constitute about 30% of total sales. Despite recent logistics challenges that have slowed growth, the company still achieved a 12% year-on-year increase.
•Nitrile latex contributes approximately 10-15% of total sales
•A significant investment is planned for R&D infrastructure, with a new R&D centre aimed at consolidating and enhancing research capabilities.

Kiri Industries Ltd Q1FY25 Concall Highlights
CMP: 336 | Market Cap: 17,420 Mn.

Performance Consol:

• Revenue came in at INR 2,651.65 Mn. (-1.44% QoQ) (16.64% YoY) in Q1FY25.
• EBITDA margins came in at 6.31% (Vs. 1.89% QoQ) (0.75% YoY) in Q1FY25.
• PAT came in at INR -23.48 Mn. (85.70% QoQ) (84.61% YoY) in Q1FY25.

Highlights:

• The dye industry still facing challenges due to geopolitical tensions, and the gross material margins are yet to recover, and are roughly around 23% - 30%.
• Consolidate gross margins are under control for the last 3 quarters and are nearly 20% - 25%.
• The operational expenses have been reduced, on account of reduction of revenue and reduction in legal fees during Q1FY25.
• The profits from DyStar are not relevant for the company because of Singapore court orders.
• The company is to receive USD 603.8 Mn in priority and the balanced amount of self-proceedings of DyStar to be received.
• Company has filed an appeal against the SICC order for not awarding interest on the buyout amount, and Senda has also filed an appeal against awarding priority payment to Kiri out of proceeds of En Block Sale. As per court direction, both companies are required to file their submission by 29 August 2024 and the hearing is likely to take place in October or November 2024.
• The En Block process is going efficiently, Deloitte as a receiver has taken steps to commence the sale of DyStar, and the sales process is going to be launched in 2 weeks.
• Company expects the completion of the bidding process between March'25 – June'25.
• DyStar Performance: Company had good performance in the first 6 months of the year, EBITDA for the first 2 quarters was USD 55 Mn, with 15% EBITDA margin, the last 2-3 months are not been added.
• Company has decided to diversify the core business line into upcoming sectors and futuristic sectors to enter into renewable energy, EV sectors, infrastructure sectors and fertilizer sectors.
• For the newer sectors, company has onboarded Ex Birla Corp CEO and CFO to lead the projects, and investments will be done in a phased manner to mitigate the risk.
• On a standalone basis company has turned profitable in Q1FY25, demand has increased and supply chain has improved.
• **Phases of Investment:**
o First Phase: Around INR 14,000 Mn, for around 2,00,000 Ton of the finished production of copper.
o Second Phase: Around INR 40,000 – 50,000 Mn, for around 3,00,000 Ton of the finished production of copper and 9,00,000 Ton Fertilizer.

Arihant Capital Markets Ltd

Shree Pushkar Chemicals & Fertilisers Ltd – Q1FY25 Concall KTAs
CMP: INR 249 | Market Cap: INR 7,888 Mn

Outlook- The company expects a minimum 15% growth in top-line revenue for FY25, with traditionally stronger performance in Q2, Q3, and Q4 compared to Q1. Management anticipates achieving EBITDA margins of 12-13% in FY25, with aims to return to historical margins of 15-17% in FY26. The company is investing in capacity expansion and sustainability initiatives, with a significant CAPEX of INR 2,150 Mn expected to be largely completed by Q1FY26. The company's focus on diversification, sustainability, and operational efficiency, along with a stable financial position, indicates a promising outlook for it in coming years.

Financial Performance
- Total revenue from operations increased by 1.8% QoQ and 10.7% YoY, reaching to INR 1942 Mn in Q1 FY25.
- EBITDA came in at INR 177 Mn, showing 26.2% YoY and negative growth of 5.7% QoQ, with a margin of 9.1% in Q1FY25.
- PAT rose to INR 128 Mn, marking a negative 1.9% QoQ and 62.6% YoY growth, with a margin of 6.6%.

Operational Performance
- Chemical division sales volume increased by 40% QoQ and 17.8% YoY, reaching 15,943 MT in Q1FY25.
- Fertilizer division sales grew to 69,722 MT, reflecting a 22.1% QoQ increase and 23.5% YoY growth.
- Total consolidated sales volume grew by 25.1% QoQ and 22.4% YoY, totaling 85,665 MT for the quarter.
- Current capacity utilization for both chemical and fertilizer segments is around 70-75%.

Capex and Expansion
- A total CAPEX budget of INR 2,150 Mn was allocated last year for capacity enhancement and sustainability initiatives.
- Majority of the CAPEX is expected to be completed by Q1FY26.
- The CAPEX is being funded through internal accruals and a preferential issue to promoters.
- The company is investing in a 3.8 MW DC solar power plant, expected to provide significant cost savings.

Geographical Markets
- Bangladesh and Turkey contribute ~35% to the chemical division's revenue. Recent political unrest in Bangladesh may cause short-term disruptions, but the management doesn't expect long-term impact.
- In Bangladesh, all business is conducted against confirmed LC to mitigate risks.
- No significant issues are currently observed in the Turkish market.

Other Highlights
- The company has a current order book of 35-40 days, which is higher than usual. Management sees improvement in demand, particularly in the chemical segment.
- The fertilizer segment is expected to benefit from a shortage of DAP in the market.
- The company is diversifying its product portfolio through backward and forward integration in both chemical and fertilizer businesses.
- The company has raised INR 151.3 Mn from promoters through preferential allotment to support ongoing investments.
- It expects the payback period for its CAPEX investments to be within 3-4 years, based on past experience.

Arihant Capital Market Ltd

PCBL Ltd- Q1FY25 Concall KTAs
CMP: INR 390 | Market Cap: INR 147.12 Bn

Company targets to achieve 11-12% volume growth in carbon black business over next 4-5 years and expects EBITDA/T to improve by INR 4,500-5,000. Company aims to double Aquapharm capacity in next 5 years.

Financials

- Revenue from Operations at INR 21.44 Bn in Q1FY25 (+59% YoY).
- EBITDA stood at INR 3.69 Bn in Q1FY25 (+72% YoY) with EBITDA margins at 17%.
- PAT stood at INR 1.18 Bn in Q1FY25 (8%YoY) with margins at 3.1%.

Opearting Highlights

- Sales volume stood at 1,53,918 MT in Q1FY25, of which Tyre consist of 87,945 MT, performance 50,302 MT and specialty 15,671 MT.
- EBITDA/T in carbon black stood at INR 20,861 in Q1FY25.
- Q1FY25 green power generation increased by 24% from 156 MU to 194 MU.
- Improvement in product mix, capacity expansion and strengthening supply chain, will help company to increase EBITDA/T.

Aquapharm

- In Q1FY25, Aquapharm Chemicals reported revenue of INR 3.59 Bn with an operational EBITDA of INR 550 Mn.
- Capacity utilization in Aquapharm increased to 75% while sales volume stood at 24,402 MT in Q1FY25.
- Aquapharm has ~24% of global market share excluding China. In Phosphonate, company plans to add additional capacities and value-added products in the segment.
- The total capacity currently stood at 132,000 T and company expects volume to be ~110,000 T in FY25. Capacity utilization is expected to increase towards Q3FY25 & Q4FY25.
- From FY26 company expects volume to grow by 20-25%.

Other Highlights

- Currently company has carbon black capacity of 770 KTPA, with a specialty line of 20,000 T and 90,000 T of carbon black under implementation.
- This would take total Carbon Black capacity to 880 KTPA and green power capacity to 134 MW.
- In next 6-8 months company expect to add 38,000 T capacity with a target to add another 1,00,000 T capacity in next 4 -4.5 years. Company expects to double aquapharm capacity in 5 years.
- To grow its volume by 12% company will require 400,000 T capacity addition which will require a capex of INR 25 Bn.
- Company has spend INR 1650 Mn as of now for adding 38,000 T capacity, balance INR 500 Mn is expected to be incur in FY25. Capex for adding 1,00,000 T is expected to be INR 4,000-5,000 Mn.

• Company expects to put 2000 T battery chemical capacity, at a capex of INR 2.5 Bn which is expected to be fully utilized in 3 years.
• Company expects to spend ~ INR 33 Bn capex in next 5 years.
• By FY29, with expanded capacity and 70% utilization, company expects to reach ~7000 Mn EBITDA from Aquapharm.

Arihant Capital Markets Ltd

KIRLOSKAR PNEUMATIC CO.LTD. | Concall KTA Q1FY25
CMP: INR 1327 | Market Cap: INR 85,998 Mn

Financial Performance for Q1 FY25
• Revenue: INR 280 Cr (13% YoY growth).
• EBITDA: INR 43.7 Cr (36% YoY growth) with a 15.6% margin.
• PBT: INR 36 Cr (53% YoY growth) with a 12.8% margin.
• PAT: INR 26.9 Cr (50% YoY growth) with a 9.6% margin.
*** Order Book and Export Growth**
• Order Book: INR 1618 Cr as of July 1, 2024 (20% YoY growth).
• Exports: INR 27 Cr compared to INR 12 Cr the previous year.
Segment Performance
• Compression Segment Revenue: INR 253 Cr (92% of total revenue).
• Other Segment Revenue: INR 22 Cr.
• Predominantly serves the Petrochemical, Oil & Gas sectors and is a major player in the CNG market.
Strategic Initiatives and Investments
• Acquisition: MoU to acquire a majority stake in Systems and Components India **Private Limited.**
• R&D Investment: Focus on strong R&D and in-house facility development.
• New Product Launches: Test Catlipoca centrifugal compressor for Air Compressor business.
Market Expansion and Growth Drivers
• Green Hydrogen: Exploring opportunities with a market size expected to reach 5 million by 2030.
• Biogas: 5000 biogas stations announced; focus on two large players.
• New Industries and Geographies: Targeting PVC in the USA and expanding gas pipeline potential in India.
Specific Business Segments
• Air Compressor Business: 20-25% of total sales, facing competition but with growth opportunities.
• Gas Compression Systems: 40-45% of total sales, steady growth expected.
• Refrigeration Systems: 30-35% of total sales, significant growth potential in India.
• CNG Compressors: Strong market share, driven by expanding CNG infrastructure.
• Biogas Compressors: Aiming for dominance in the emerging market.
• Hydrogen Compressors: Substantial potential in the green hydrogen sector.
Outlook and Future Projections
• Sales and Volume: Expected good sales from Q3 FY25; strong order book higher than the previous year.
• Profitability: 18% EBITDA margin expected; targeting 2000 Cr topline by FY26.
• Capacity Utilization: 60-65%, with compressed segments at 85%.
• Growth: Double-digit growth is expected in FY25, with a strong focus on the domestic market and new product designs.

Asian Paints Q1FY25 Concall KTAs
CMP: INR 2,974| MCap: INR 2,85,309 Cr| TTM EPS: INR 56.9

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Outlook: We can reasonably expect a double-digit volume growth for Q2FY25 driven by improving demand conditions, positive rural sentiment, the upcoming festive season, and a quarter free of elections with further price increases to offset potential material inflation. There are concerns about inflationary pressures on raw material costs, supply chain challenges due to the Red Sea shipping crisis, and macroeconomic headwinds impacting international markets. Overall, we remain cautiously optimistic.

Q1FY25 Overview: Demand remained challenging in the decorative business. The industrial business saw healthy volume growth spurred on by auto demand. Value growth remained under pressure. The decorative business saw an inferior product with shoots of recovery visible across T3, and T4 areas. Beautiful home painting and the contractor service have done well with innovative products contributing 12% of the top line. The company is now #2 in fabric and furnishings with 61 beautiful home stores. The modular kitchen business has picked up finally with a 5% growth. The company faced Currency depreciation in Ethiopia, Egypt, and Bangladesh which affected growth in the international market.

The company experienced 7% volume growth in the decorative business and 5.8% value growth in the industrial business. The decorative business in India saw growth in Smartcare Waterproofing, distempers, and wood finishes, while the international business had a subdued performance with a de-growth of ~2% in INR terms. The industrial business had mixed results, with strong growth in auto refinish and auto OE, but subdued demand in infra-related sectors.

Financial Overview: Consolidated revenue de-growth of ~2%, standalone de-growth of ~3%. Standalone gross margins at 42.9%, a 50 bps decline YoY, and consolidated gross margins at 42.4%, a 40 bps decline YoY.

Decorative Business (India): Growth was led by Smartcare Waterproofing, distempers, and wood finishes. Economy emulsions underperformed, while PreLux emulsions performed relatively well and the distribution footprint expanded to over 1.65 lakh retail touchpoints.

International Business: Overall subdued performance with a de-growth of ~2% in INR terms, though constant currency growth was 1.8%. Slowdown experienced in the Middle East, but the outlook remains positive.

Industrial Business: Auto Refinish and Auto OE had Double-digit revenue growth and strong profitability driven by robust auto sales. General Industrial (APPPG) had flattish revenue growth with subdued demand in infra-related sectors.

Home Decor Business: Modular kitchens had a 5% revenue growth, with positive PBDIT for six consecutive quarters. Bath fittings had a 10% revenue growth. White Teak and Weatherseal witnessed Double-digit growth.

New initiatives The launch of NeoBharat Latex paint and expansion of the Beautiful Homes network.

Greenpanel Industries Ltd – Q1FY25 Concall KTAs
CMP: INR 359 | Market Cap: INR 43,968 Mn

Outlook: The company aims for 15% volume growth in the MDF segment for FY25 and expects its new MDF plant, focusing on thin MDF, to start in Q3FY25. Total industry capacity is projected at 4 Mn cubic meters with 600,000 cubic meters of new additions. MDF margins are expected to improve to 16-16.5% for FY25. Value-added MDF products offer about 3% higher EBITDA margins than plain MDF. The new capacity addition of 230,000 cubic meters will also begin in Q3FY25. Greenpanel is targeting 3-5% volume growth in exports, with export share expected to be under 20% and export margins ranging from 1-2%.

Financial highlights

• Standalone revenue stood at INR 3,650 Mn in Q1FY25 down by 5.5% QoQ & 8.0% YoY. MDF contributed 91% of the revenue.

• EBITDA stood at INR 360 Mn in Q1FY25 down by 45.2% QoQ & 30.1% YoY.

• Gross margins fell by 110 bps YoY to 51% due to increased wood prices.

• PAT stood at INR 360 Mn in Q1FY25 down by 57.5% QoQ & 47.3% YoY with margins at 9.9%.

• Net debt stood at INR 1,030 Mn as of June 30, 2024, including INR 2,140 Mn for the expansion project.

Operational metrics

• Domestic MDF volumes stood at 97,400 cubic meters, while export volumes were 21,671 cubic meters.

•Uttarakhand MDF plant operated at 76% capacity, and AP plant at 74%, with a blended capacity utilization of 75%.

• Plywood sales volumes were down by 22.8% to 1.22 Mn square meters, operating at 52% capacity. Value-added products contributed 47% of domestic volumes.

• Domestic MDF realizations were lower by 10.01% at INR 19,603 per cubic meter, while export realizations were higher by 11.7% at INR 20,051 per cubic meter.

• Wood prices increased by 5.8% sequentially and 30.9% YoY. The company is exploring different timber species to control costs.

• The company is centralizing certain sales and commercial functions to improve efficiency and reduce costs.

Plywood Segment

• Plywood volumes were lower both sequentially and YoY, with operating margins at negative 2.2%.

• The company has merged the plywood sales team with MDF to improve efficiency and reduce costs.

• Expecting volume improvement and potential price increases in the plywood segment in the near future.

Value-Added Products

• Average realization for basic products industrial and commercial grade is INR 22,695 per cubic meter.

• Value-added products have an average realization of INR 37,482 per cubic meter and provide an incremental EBITDA of 3% compared to basic products.

• The upcoming new production line will focus on specialized thin MDF (1.9mm, 2.1mm, 2.5mm), addressing a market segment where the company currently has limited presence.

Market dynamics

• Domestic competition remains intense, particularly from organized players like Century Plyboards, Action construction, Greenply, and Rushil Decor.

• Import competition has reduced due to high freight costs and upcoming BIS implementation.

• The company expects the MDF market to grow at 15-20% annually. The current industry capacity is about 4 Mn cubic meters, with demand at 2.5-2.6 Mn cubic meters.

• Export volumes contracted by 21% due to logistics issues. The company has reinitiated its export model after previously halting it due to pressure.

• Freight costs from Southeast Asian countries to the Middle East have increased more than from India, providing a competitive advantage.

• The company is receiving inquiries from new markets, including unexpectedly from the US. However, they are unable to capitalize on some international opportunities due to high freight costs.

Other highlights

• Net working capital increased to 36 days, showing a sequential rise of 8 days. This increase was due to higher wood inventory in preparation for the monsoon season.

• Imports have reduced by approximately 50% compared to the previous year's average, with current import levels estimated at 17,000-18,000 cubic meters per month.

• The company is exploring options for imported wood chips but finds domestic prices still competitive after factoring in freight costs. They are also experimenting with different species of timber to optimize raw material costs.

• Currently, freight costs are USD 30-35 per cubic meter, up from USD 10-15 per cubic meter previously. Freight costs have doubled over the last year.

Somany Ceramics Q1FY25 Concall KTAs
CMP: INR 745 | Market Cap: INR 30.53 Bn

Management remains optimistic to grow its volume by double-digit in FY25 and expects EBITDA to further improve by 1-1.5% driven by better capacity utilization, product mix and stable gas prices. Despite lower volumes company has maintained its market share and expects demand to improve in H2FY25.

Financials

- Revenues came in at INR 5.76 Bn (-1.4 % YoY)
- EBITDA came in at INR 490 Mn (-3.2% YoY)
- EBITDA Margins came in at 8.5% (Vs 8.7% YoY)
- PAT came in at INR 120 Mn (-15.7% YoY)

Operating Highlights

- Capacity utilization stood at 81% in Q1FY25 vs 70% in Q1FY24 vs 89% in Q4FY24.
- Capacity utilization in sanitaryware stood at 96%, driven by value added product, 90% in faucets and 81% in tiles.
- Tile volumes came in at 15.55 MSM (-1% YoY).
- Sales mix: Own manufacturing contributed 30%, JVs contributed 41% and others contributed 29%.
- Segmental Revenue for Q1FY25 : 35% ceramic (vs 39% in Q1FY24) , 28% PVT (remained same YoY) , 37% GVT (vs 33% in Q1FY24). Share of GVT is expected to increase to 50% in next couple of years due to the market shift towards GVT.
- Company maintained its working capital days of 13 days in Q1FY25 vs 8 day in Q4FY24. In Q1FY25 receivables went down by 5 days compared to last year.
- In Q1FY25 brand spending was lower, accounting 2% of revenue.
- Gas prices at Qatar plant stood at INR 45/CBM, Morbi stood at INR 45/CBM and INR 47/CBM in south.
- Company has no major plans for capex in next 12-18 months.
- Industry volume growth is expected to improve fueled by exports and recent launches in residential real estate sector.
- Q1FY25 saw a muted demand which impacted volume and lower utilization. July still remains challenging even after election but has been better than May and June.
- Exports have improved from the lows in January to INR 16.50-17 Bn per month.
- Company generated EBITDA of INR 490 Mn in Q1FY25, of which ~INR 250-300 goes into working capital. Company aims to maintain positive cash flow from operation for next 3 quarters with no major capex planned.
- ~ 11-12% of revenue comes from Government Projects.
- Company has a land in Nepal and were planning to set up a plant there. However, they held back on the plant because demand in Nepal has decreased from previously estimated demand of 18-20 mn sqft to 11-12 mn sqft.
- Morbi is operating at capacity utilization of 65-70%.
- Max plant is currently operating at a low capacity utilization of around 35-40% due to the different product segment. Utilization is expected to ramp up over next 3-4 quarters.

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Akzo Nobel India Limited Q1FY25 Concall KTAs
CMP: INR 3162 | Market Cap: INR 1,44,007 Mn

The company reported a 4% revenue growth with strong EBIT margins, driven by successful product launches and strategic investments, despite facing labor shortages and rising raw material costs.

Financial Performance
• Revenue and EBIT: Revenue increased by 4% YoY to INR 10,363 crore, with EBIT rising 3% YoY to INR 1,471 crore, resulting in an EBIT margin of 14.2%.
• Gross Margin Improvement: Achieved a 160 bps increase in gross margin due to better product mix and sourcing efficiencies, despite rising raw material costs.

Key Developments
• Product Launches: Introduced VT Eterna in the Uber Premium Category and Interpon A3000, a single-layer powder coating for two-wheelers.
• Selective Price Hikes: Implemented ~1.5% price increases to offset raw material cost hikes.

Operational Highlights
• Volume Growth: Gained double-digit volume growth despite rising input prices; strong performance in the coating business.
• Demand and Labor: Faced weakened demand due to heatwave and labor shortages; strong orders in the Marine business driven by dry docking and new builds.

Capital Expenditure and Investments
• Investments: Focused on investing in powder growth and innovation, with a significant portion of INR 3,000 crore raised funds still in the bank.
• Future Innovations: Pipeline includes several new product launches before Diwali, including advancements in the tinting machine sector.

Market and Competition
• Market Share Goals: Aiming to increase market share in North India for three-wheelers to 4-5% and target a 75% global market share in a specific sector.
• Competitive Strategy: Emphasizing differentiation through sustainable products and unique propositions to gain market share despite tough competition.

Supply Chain and Pricing
• Supply Chain Strength: Strong global relationships and regional presence enhance supply capabilities.
• Pricing Strategy: Adjusted prices by 1.5% in response to raw material cost increases while maintaining competitive pricing and quality standards.

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Kirloskar Brothers Q1FY25 Concall Highlights
Kirloskar Brothers | CMP: INR 1,961 | Mcap: INR 156.08bn

Outlook: The order book stood at INR 30.53bn (~3x of Q1FY25 revenue) and strong order pipelines show strong business visibility. The debottlenecking of subsidiaries will improve efficiency. The company has lots of opportunities in data centres, battery production, Irrigation schemes and Nuclear power plants etc. The company is launching new products that will improve the product portfolio mix going forward. We have a neutral outlook on the stock.

Arihant Capital Markets Ltd

Revenue
Domestic business is expected to grow at a double-digit rate in FY25E.

Margin
The margin stood at ~11% in Q1FY25. The margin improvement is based on commodity prices remaining favorable.

Order book
The standalone order book stood at INR 19.56bn (+2.2% YoY/+7.1% QoQ) in Q1FY25. Domestic subsidiaries order book stood at INR 660mn (-29.8% YoY/-8.3% QoQ).

Overseas order book stood at INR 10.31bn (+8.8% YoY/ +0.8% QoQ) in Q1FY25.

The order inflow stood at INR 12.25bn (+5.9% YoY/-4.4% QoQ) in Q1FY25

The order inquiries remain strong and the company is expanding into new areas.

SPP Pumps
SPP Pumps (UK Subsidiary) de-grew 9% YoY due to delay in order execution caused by supply chain issues. The company is selling large offshore packages. Around 13 large 60 litre engines which are 60,000 CC engines are delayed.

Investments
The company is investing in technological upgradation and lots of new programs in-terms of automation of lots of projects.

International business
In the Netherlands, the company operates in the midstream oil & gas, chemicals and water market.

In South Africa, the company operates in mining, Industrial and fire markets.

In the US, the company is witnessing demand for special pumps for data centres, battery production, battery recycling, etc.

The company has delivered 2nd concrete volute pump system in Bangkok. The company also supplied pumps to irrigation schemes in Q1FY25.

Europe witnessed demand for water related applications.

Nuclear power plants

The company has products in the primary and secondary circuits for nuclear power plants.

Around 1%-2% of spend towards pumps for nuclear power plants.

Other highlights

The company is managing 110 sites in the international market and managing all the pumps between 3-5 year contracts.

The company is supplying solar pumps to supply integrators and ensures payments on time.

Surya Roshni Ltd| Q1FY25 Concall KTAs

CMP INR 614| Market Cap. INR 66.82bn

Co. has an order book of INR 6-7bn as of Jun'24, primarily from oil and gas sector. They saw 8-9% erosion on steel prices and ~9% in lighting. Co. was able to deliver better margins due to its product mix. Their 1.2mn capacity to reach 1.9mn.Co. has guided for EBITDA margins in lighting in next 2 year to be 12% and steel at INR 7k per ton.

[Arihant Capital Markets Ltd.]

Financials

Total revenue from operations stood at INR 18930mn(+1%YoY) with gross profit of INR 4530mn(+18%YoY) and 24% margins. EBITDA stood at INR 1590mn (+37%YoY)with 8.4% margins. PBT stood at INR 1230mn(+52%YoY) with INR 920mn(+56%YoY) PAT.

Healthy operating performance for Q1, despite slowdown due to elections. There was 8-9% erosion on steel prices. Co. is focussing on on value added products and innovative products in lighting. They have been able to deliver EBITDA margin improvement to 8.4% with 217bps improvement YoY. This was possible due to cost optimisation.

Co. is a 0 debt co. with INR 1560mn cash surplus.

Lighting and consumer durable saw rev growth of 3%, despite challenges of price erosion in lighting of 9% in Q1FY25. Capacity utilisation drove EBTDA to efficiency. New products have been introduced to meet the consumer preference that are energy efficient and aesthetically pleasing products. Lighting saw 18% growth, driven by strong performance in infra and industrial projects.

Appliance segment recorded 15% volume growth. Fan witnessed a staggering 43% volume growth due to increased distribution channels and energy efficient products.

Co. has entered new segment with monoblock residential pumps that were launched in July itself. Market size is INR 10bn in India, driven by Har Ghar Jal Yojna. 12-15% rev growt is expected in FY25. Co. is targeting to achieve INR 1.8bn EBITDA for lighting business while leveraging PLI scheme.

Steel pipe segment showed resilience in Q1. Despite slowdown due to elections and steel price erosion, co. recorded volume growth of 7%. Value added products such as API spiral and galvanizing pipe constitute 46% of total rev in Q1FY25.

Co. has an order book of INR 6-7bn as of Jun'24, primarily from oil and gas sector. Co. has commenced trial run for the 8-inch pipe, leading to capacity additions of 50k tons per year at Bahadurgarh facility, with commercial operation set to be started very soon. The modernization of coal rolling plant at Bahadurgarh is expected to commence operation in Q3FY '25.

Spiral pipe plant at Gwalior facility, with 60k tons to begin by Dec,2024. All these expansion plans will enable co. to increase production capacity to 15k ton per month from Q4FY25. Co. has guided for 12-15% volume growth in steel pipe for FY25.

Co. margins have improved due to its focus on higher value added products. New product category that the co. has introduced in lighting also has higher margins.

They have INR 4.5k-5k gross margin on ERW pipe. 75% of INR 5bn expansion is focussed on high value added products. INR 2.5-3bn to be spent in FY25. Balance out of INR 5bn, to be spent in FY26.

-Co.'s 12lakh ton capacity will be inceased upto 19lakh capacity.

-Maharashtra capacity which is a greenfield project, should commercials by Q3/4FY26.

-Guidance for EBITDA margins in lighting in next 2 year to be 12% and steel at INR 7k per ton EBITDA with a target of 8k per ton for steel.

Kajaria Ceramics Q1FY25 Concall Highlights
CMP: INR 1440 | Market Cap: INR 229 Bn | Promoter: 47.49%

[Arihant Capital]

Overview: Lower margins due to lower ASP, however, decent volume growth in election season

Performance (Consol):
•Revenues came in at INR 11.1 Bn (-10.25% QoQ) (+4.65% YoY)
•EBITDA came in at INR 1.67 Bn (-2.88% QoQ) (-1.28% YoY)
•EBITDA Margins came in at 15% (Vs 13.86% QoQ) (Vs 15.9% YoY)
•Tile volumes came in at 26.98 MSM (+7.8% YoY)
•ASP came in at INR 366.8 (Vs 369.2 QoQ) (Vs 382.5 YoY)

Key Highlights:
•Industry Exports stood at INR 200 Bn in FY24 (26% growth) but has slowed down in FY25 to INR 33.5 Bn (first 3 months). USA exports grew by 16% in first 2 months of FY25 to 3.35 Bn (even after ADD implementation)
•April month was no good but business improved in May and June
•With the outlook of budget, company expects better business from Bihar and AP going ahead (brief readthrough). Maintains that future outlook seems well with the Urban Housing budget announcement for 5 years.
•Gas prices down to INR 37 Vs INR 39 QoQ. Biofuel available at INR 22-23. Propane also available at INR 1-2 cheaper than gas. Gujarat Gas has announced INR 2/SCM increase in July but company doesn't consider it to have significant impact.
•Region wise contribution: 35% from North, 30% from South, remainder split equally between East and West. T1 has 31%, T2 has 32%, T3 has 14-15% and remainder with T4
•Product contribution (volume): Ceramics stood at 43%, PVT at 23% and GVT at 34%
•Company expects better government orders now, is setting up a separate division for the same
•Recently started a 6 MSM facility in Morbi which aided current quarter's volumes. Company will start the Nepal facility by Sept 2024 (pushed back from June because of Heavy rains in Nepal)
•Currently company is doing sales of 70,000-80,000 SQM to Nepal monthly but after the plant commercializes, company aims to do 400,000 SQM monthly (at peak). Nepal Market is roughly INR 25 Bn and company aims to become 10-12% of it. Currently has 50-60 dealers in Nepal which will go up to 100 in 3 months
•Kerovit Global (Bathware) had a weak Q1 (will have a weak Q2 as well) but will have a better performance in H2, largely because the facility was started on 30th March 2024.
•Plywood segment had weak results as well but took a 3% price hike on 22nd July due to higher timber prices.

Other Highlights:
•WC days at 59 days, Net cash position of INR 3.9 Bn
•Total capacity of 92.47 MSM but board has approved disposal of 4.47 MSM capacity of ceramic manufacturing which will lead to total capacity being at 88 MSM

Outlook: Company maintains that tiles segment will deliver better results in FY25 Vs FY24. Maintains low double digit volume growth (11-12%), 8-9% value growth and 15-16% EBITDA margins. Company also has a goal of 150 MSM sales in FY27. We have a positive outlook on tiles segment as well as Kajaria. At CMP, company trades 56.8x TTM EPS.

Greenlam Industries Q1FY25 Concall KTAs
CMP: INR 477 | Market Cap: INR 60.5 Bn | Promoter: 51.22%

[Arihant Capital]

Performance (Consol):
•Revenues came in at INR 6.05 Bn (-3.1% QoQ) (+17.4% YoY)
•EBITDA margins came in at 10.58% (12.5% QoQ) (13.38% YoY)

Key Highlights from the call:
•Laminate volumes grew 11% in domestic segment and 22% in exports. June month was better for domestic business. Exports could've been better but company faced container availability issues.
•Gross margins down 30 bps YoY and down 100 bps QoQ. Margin dip due to higher freight cost and timber cost
•Company is evaluating if they can take price hike in laminate segment. Domestic hikes can be taken but it is difficult to take hikes in international market. Craft paper costs have gone up as well
•Freight cost has not been passed on in certain markets. This has led to 200 bps margin drop
•Company has guided for 18-20% growth for FY25 along with 16% EBITDA Margins.
•Company was not able to ship 1.5 Lakh sheets in June due to freight availability. July was partially better
•June – August, domestic business was decent. Market share in exports have gone up

•Plywood segment, company took 4% price hike in month of July
•Company needs to ramp up sales to INR 400 Mn quarterly to turn breakeven in Ply. Company is only operating in Upper premium segment

Capex:
•Capex plans at TN and AP factories are ramping up well. Particle board plant commercialization from Q3FY25. Gujarat Plant is near full capacity utilization
•2 plants commenced operations last year which led to higher depreciation this year.
•Peak debt to be at INR 9.25-9.5 Bn. Current net debt at INR 9.21 Bn
Laminates
•Production (Mn sheets) at 5.08 (Vs 5.21 QoQ) (Vs 4.68 YoY)
•Sales Volume (Mn Sheets) at 4.67 (Vs 5.23 QoQ) (Vs 4.17 YoY)
•Avg realization (INR/Sheet) at 1,105 (Vs 984 QoQ) (Vs 1,086 YoY)
Decorative Veneers
•Production (Mn Sqmt) at 0.22 (Vs 0.42 QoQ) (Vs 0.26 YoY)
•Sales Volume (Mn Sqmt) at 0.20 (Vs 0.42 QoQ) (Vs 0.27 YoY)
•Avg realization (INR/Sqmt) at 960 (Vs 862 QoQ) (Vs 916 YoY)
•Utilisation at 21%

Plywood
•Production (Mn Sqmt) at 1.13 (Vs 1.1 QoQ) (Vs 0.04 YoY)
•Sales Volume (Mn Sqmt) at 1.14 (Vs 1.04 QoQ) (Vs 0.03 YoY)
•Avg realization (INR/Sqmt) at 242 (Vs 251 QoQ) (Vs 233 YoY)

Other KTAs:
•WC Days at 65 Vs 60 QoQ Vs 72 YoY | Net debt at INR 9.22 Bn

Outlook: Company has guided for 18-20% growth for FY25 along with 16% EBITDA Margins in Laminates segment. Company has mentioned that they have enough space for brownfield expansion. The RM prices are increasing but it is difficult to pass on. We may observe some margin pressure in the company going ahead. Company needs to ramp up volumes to reduce losses.

Sona BLW Precision Forgings Ltd. - Q1FY25 Concall Highlights
CMP: INR 687 | Market Cap: INR 4,02,957 Mn

Outlook- Driven by a substantial order book that includes significant contributions from the EV sector, the outlook for the company appears optimistic. The company has successfully grown its BEV revenue by 53% and expanded its net order book to INR 233 Bn, with 79% of this from EV-related orders. It is also exploring strategic acquisitions and joint ventures to further enhance its capabilities and market reach. Despite some challenges in the European market, the company remains confident in its diversified product portfolio and its ability to adapt to evolving industry trends.

Financial Performance
- Consolidated revenue stood at INR 8,912 Mn, growing by 21.85% YoY and almost flat on QoQ basis (.80%) in Q1FY25. BEV revenue grew by 53% to INR 2,830 Mn, constituting 33% of total revenue.
- Reported EBITDA grew by 23% YoY, with adjusted EBITDA increasing by 27% to INR 2,590 Mn. Adjusted EBITDA margin i.e. 29% is higher by ~1.2% largely due to lower input cost and operating leverage.
- PAT grew by 26.49% YoY to INR 1,417Mn and down by 4.3% QoQ with a margin of 16.6% in Q1FY25.
- Improvement in working capital turnover ratio to 5.1 times and fixed asset turnover ratio to 3.8 times.

Order Book and Revenue Mix
- The company added INR 11 Bn worth of new orders last quarter, expanding the net order book to INR 233 Bn at the end of Q1 FY25. The EV portion remains high at 79% of the order book.
- Revenue growth from EVs was 53%, indicating a strong shift towards electrification.
- Revenue from ICE-dependent products shrank to single digits, only 9%, while 33% of revenue came from BEVs, 21% from hybrids, and 37% from power source-agnostic products.

Partnerships and Product Development
- Successfully commercialized two products: a Park Gear for a Class 5 electric commercial vehicle and an in-cabin sensor for child-present detection, ACAM. Both products were developed in collaboration with North American and Asian OEMs, respectively.
- Announced integrated motor controllers for hub motors and high voltage electric vehicles, emphasizing superior performance, efficiency, and control.
- Added a new customer and program in Asia, indicating global diversification.

Operational Challenges
- The company experienced a revenue decline in Europe due to a demand slowdown, impacting hybrid and micro-hybrid revenue.

AI Implementation
- The company's technology roadmap includes integrating advanced safety features and developing efficient motor solutions, reflecting a focus on AI and innovation.

Market Insights
- North America is the largest market, contributing 43% of revenue, followed by India at 28%. Weak demand in off-highway segments in the US and India has led to a decline in non-automotive revenue to 9%.

Business Strategy
- The company aims to acquire companies to enhance innovation, provide capital and oversight, and focus on technology. They emphasize building capabilities organically and acquiring when necessary to pivot and enhance acquired companies.
- Approval for raising up to INR 24,000 Mn for potential acquisitions and strategic opportunities.

Other Highlights
- The company has been approved for four products under the PLI scheme and expects to recognize revenue from this benefit starting next financial year.
- Exploring opportunities in the non-automotive space, particularly in the technology and innovation sectors.
- The company is Investing in R&D to explore new use cases for sensing technology and developing integrated drive motor controllers for various applications, including hub motors and high-voltage systems. Also leverages the software capabilities to enhance chip design and functionality.

Venus Pipes Q1FY25 Concall Highlights
CMP: INR 2,255 | Market Cap: INR 45.8 Bn | Promoter: 48.68%
[Arihant Capital]

Overview: Strong support to performance from exports, domestic markets remain benign

Performance (Consol):
•Revenues came in at INR 2.4 Bn (+7.1% QoQ) (+33.7% YoY)
•EBITDA margins came in at 20% (Vs 20.1% QoQ) (Vs 15.4% YoY)

Key Highlights from conference call:
•Exports contributed 25% to total revenues in Q1FY25, Vs 4% YoY. Strong export orders recorded in current quarter. Receiving order inquiries from multiple sectors as well. Strong traction from Europe, USA and ME. European manufacturing sector is still facing slowdown
•Seamless capacity utilization was 90%, welded was 60-65%
•EBITDA per tonne for the quarter stood at INR ~70/Kg which will improve by 3-5% going forward. Realisations came down slightly. EBITDA per Kg difference between seamless and welded is 40% (Seamless is higher)
•Demand coming from chemical, power and engineering segment. Total orderbook stood at INR 2.7 Bn
•Approval from Saudi Aramco for supply in ME is still under process
•Currently company has inventory worth 90-100 days
•Seamless pipes contributed 57% of revenues, welded contributed to 39%. Contribution of seamless pipes might go down by 5-7% going forward
•Domestic revenues contributed to 75%. Company aims to take total export contribution for FY25 to 35%
•65% of exports was towards Europe, 20-25% was towards USA

Capex:
•Company is foraying into fitting solutions (Pipes Fittings and flanges). Internal wastages generated from pipes business will form a part of raw material used for fittings
•Phase 1 capex of Fittings & Welded Tubes will be completed by March 2025. Phase 2 (Fittings, Welded/Seamless - Pipes/Tubes) will be completed by Dec 2025
•Phase 1 will cost INR 1.15 Bn and Phase 2 will cost INR 600 Mn. 40% of requirement through warrants and remainder through debt

Other Highlights:
•Company received INR 178.5 Mn from conversion of warrants

Outlook: Company has guided that they will achieve 3-5% higher EBITDA per tonne Vs FY24 despite share of welded pipes increasing. The export market has done extremely well for the company, strong order and delivery uptick was seen in USA and Europe. Company is also planning to enter into Africa going forward. Company had recently commissioned line in seamless segment which will be utilized in current year. We have a positive outlook on the company. At CMP, company trades 28.2x TTM EV/EBITDA

Finolex Industries Limited – Q1FY25 Concall KTAs
CMP: INR 328| Market Cap: INR 2,03,703 Mn

Outlook-Despite challenges from price fluctuations in raw materials like PVC and EDC, Finolex Industries remains confident in maintaining a 10-15% volume growth in pipes and fittings for FY25, with a targeted 20% growth in the non-agri segment. The company also plans to invest INR 1,500 Mn in capital expenditures to support future capacity expansion and product innovation. It anticipates steady growth driven by its focus on expanding its market presence, particularly in North and East India, and by launching new products in the non-agricultural segment.

Financial Performance
- Total revenue from operations was INR 11,400 Mn for Q1FY25, a decrease of 3% YoY and 8% QoQ.
- EBITDA increased by 35.53% YoY to INR 2067 Mn in Q1FY25 compared to INR 1524.7 Mn in Q1 FY24 but down by 1% QoQ, with a margin of 18.12% improved from 12.93% in the Q1FY24.
- PAT stood at INR 5052 Mn in Q1FY25, including an exceptional gain from the sale of land, against INR 1108.8 Mn in Q1FY24.
- The company maintained a strong balance sheet with a net cash surplus of ~ INR 24,000 Mn in Q1FY25 compared to INR 16,500 Mn in Q1FY24.

Segment Performance
- Pipes and fittings revenue decreased by 2.69% YoY to INR 11,230 Mn in Q1FY25 from INR 11,540 Mn in Q1FY24.
- The EBIT in the pipes and fittings segment increased by 6% to INR 1340 Mn in Q1FY25. Margin were driven by improved operational efficiency and controlled market discounts.
- PVC resin segment revenue increased significantly to INR 5482 Mn, up by 53% in Q1FY25 from INR 3594 Mn in Q1FY24.
- The EBIT in the PVC resin segment increased significantly by 2,115% to INR 690 Mn in Q1FY25.

Volume and Production
- Volume in the pipes and fittings segment decreased marginally by 1.69% YoY to 90,620 MT in Q1FY25.
- Volume in the PVC resin segment increased significantly by 51.11% to 69,625 metric tons in Q1FY25.
- Fittings contribute 3-4% of volume in agri segment, but 15-25% in non-agri segment.

Capacity Utilization and Product Mix
- Current pipe and fitting capacity is ~470,000 MT. Production capacity per month is 30,000 tons for pipes and 3,500 tons for fittings. Plants have been operating at peak capacity, especially in Q4 and Q1.
- The company is transitioning from a focus on agri to non-agri segments, aiming for a 50-50 split in the next 3-4 years. Current agri to non-agri mix is 70-30 for Q1 FY25.

Pricing and Delta

- The average PVC price increased from $805 in Q1 FY24 to $855 in Q1FY25. However, the price has recently decreased to $820, with expectations of further declines.
- VCM delta has decreased to $80 as of the latest period, which is expected to impact profitability.
- In Q1FY24, the delta between PVC and EDC was $468, which dropped to $184 in Q1FY25. By July 25, 2024, the PVC-EDC delta increased to $480, while the PVC-BCM delta fell to $80.

Other Highlights

- An increased focus on plumbing and sanitation segments, which are more profitable than the agri segment.
- Planning an expansion, which is currently on the drawing board. Timeline for expansion is typically 18-24 months, including land, building, and equipment.
- The company has a dealer network of 900 and a retail network of 30,000.
- It has reported an exceptional gain of INR 4,170 Mn from the sale of leasehold land of 25.27 acres.
- The PVC market is influenced by the housing markets in China and the US, which have shown signs of weakness, leading to price drops due to increased material availability in India.
- BIS norms and potential anti-dumping duties could influence future PVC pricing.
- Supply constraints in the first two months of the quarter impacted volume growth in the pipes and fittings segment.

Cera Sanitaryware – Q1FY25 Concall Highlights:

CMP: INR 9880 | Market Cap: INR 128.5 Bn | Promoter: 54.48%*

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Performance (Consol)

• Revenues came in at INR 40.07 Bn (-26.98% QoQ) (-6.51% YoY)

• EBITDA Margins came in at 14.49% (Vs 17.3% QoQ) (Vs 16.42% YoY)

Key Highlights of the call:

• Q1 was a challenging quarter due to subdued demand from key markets. The company is confident of gaining momentum in coming quarters (mainly second half).

• Margins were weaker due to lower fixed cost absorption and higher discounts

• New products contributed to 32% of revenues

• Company has 4 brands: Cera, Luxe, Senator and Lustre. Excluding Cera, all are luxury brands

• Chinese RM imports stood at 2% of sales

• Company recently took total faucetware capacity from 300,000 pieces a month to 400,000. Company has maintained adequate inventory levels and current utilization is at 84%

• Company has completed 85% of land acquisition for greenfield sanitaryware plant. Remainder 15% is under due diligence which was supposed to be completed by July 2024 but now will be completed by September 2024

• For FY25, routine capex is going to be INR 250 Mn (Machine replacement, etc)

• Ad spends for Q1FY25 stood at INR 115 Mn (Vs 110 Mn YoY). Ad spends were INR 600 Mn for FY24

• Sanitaryware plant capacity utilization stood at 76%.

• B2C business contribution to revenues stood at 64%

• Sanitaryware contributed to 63% of revenues, Faucetware contributed 36%, tiles contributed 9% and wellness contributed 2%

• Sanitaryware revenues degrew by 9%, Faucetware revenues degrew 5%, tiles revenues degrew 20% and wellness revenues grew by 16%

• For Q1, sales of premium products was at 45%, mid category was 32% and entry level was at 24%

• Total working capital days stood at 66 days Vs 72 days YoY

• Company has INR 8.64 Bn cash of which INR 1.3 Bn is kept for buyback

• T1 contributed 35%, T2 at 22%, T3 at 43%. T1 sales have grown YoY while T2 and T3 sales are down YoY. Demand slowness is seen in all tiers. Company sees improvement in demand from H2

• Gas prices stood at INR 31.64/CBM Vs 33.91/CBM YoY. Company sourced ~86% of gas from GAIL (remainder from Sabarmati Gas)

• Industry itself is facing demand challenges since Q3FY24.

• Sanitaryware industry organized market size of INR 50 Bn (total market size of INR 90 Bn). Faucetware organized market size INR 80 Bn (total market size of INR 140 Bn)

• Move from unorganized to organized is slow process. Unorganised is mainly in Morbi, gas prices in morbi are increasing, CPCB is stricter there

• Project bank has increased which shows confidence of growing business. Project bank grew 15-20% between Dec and June. Company expects retail business pickup from Q3

• Project:Retail business stood at 64:36 for Q1. Project business is roughly at 5% discount to retail

Outlook: Management has mentioned that the margins to improve with demand improving. Management has maintained guidance for 16-17% EBITDA margins. Earlier the company had contracted guidance of INR 29 Bn topline by March 2027 which marks 16% CAGR topline growth. For FY25, management has stated that the growth may be in single digits but growth to improve in FY26 and FY27 (maintaining 16% CAGR). At CMP, company trades 55.9x TTM EPS.

Finolex Cables Ltd Q1FY25 Concall KTAs
CMP: INR 1478 | Market Cap: INR 226082 Mn

The company is facing challenges due to fluctuating copper prices and intense competition. To overcome this, they are focusing on creating new products and expanding their production capacity.

Financial Highlights
• Product Mix: Electric cables dominated with 84% contribution, followed by Communication Cable (10%), Copper Rod (1%), and Others (5%).
• Revenue stood at INR 1230 Cr, up 2% YoY but down 12% QoQ. EBITDA declined 9% YoY and 20% QoQ to INR 167 Cr, while PAT dropped 7% YoY and 16% QoQ to INR 123 Cr.
• Sharp fall in copper prices, leading to price reductions and margin compression.

Operational Highlights
• Electrical Wires: Sales impacted by copper price fall, summer heat, and elections. Price corrections in June negatively impacted margins.
• Communication Cables: OFC volumes grew 10% YoY, but price erosion persisted. Large government tender delays impacted the quarter.
• Other Products: Strong volume growth in lighting, but price deflation eroded gains. Network expansion and distribution focus increased sales. Fans, small appliances, and conduit pipes showed healthy performance.

Strategic Initiatives
• Capacity Expansion: The e-beam facility and preform manufacturing plant are progressing well. Both E-beam accelerators were commissioned, awaiting final certification. Market offering expected by Q3 FY25. Phase I of performing facility operational by Jan/Feb 2025.
• Product Development: New products like fans, water heaters, appliances, and conduit pipes performed well. Focus on auto cables, railway cables, and instrumentation products.

Outlook and Guidance
• Copper Prices are expected to recover in 2-3 quarters.
• The overall margin is 13%, and 11% is for electrical cables. Low metal prices impact communication cables. Margin recovery depends on demand pick-up.
• Decent order book of INR 300 Cr. Focus on execution speed to convert orders into sales.
• Capex within estimates of INR 500 Cr.
• Demand is expected to pick up with price stability. Festival season and potential recovery in Agri demand to drive growth.
• Focus on the railway segment, with designs under approval.

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Indian Hotel Company Ltd. - Q1FY25 Concall Highlights
CMP: INR 577 | Market Cap INR 8,21,676 Mn

Outlook - The company expects to deliver double-digit top-line growth with sustained margins in FY25. Management is guiding for 25 new hotel openings in this FY. They remain confident about achieving their full-year guidance, supported by IHCL's diversified revenue growth and industry tailwinds. The company expects its new businesses, including Ginger, Qmin, and Ama Stays & Trails, to continue growing at over 30% in the coming years. Despite some short-term challenges in Q1 FY25, such as elections and heatwaves, IHCL sees a strong rebound starting from July, with an expected 20% plus revenue growth for the month.

Financial Performance
- Consolidated revenue from operations grew by 5.73% YoY to INR 15,900 Mn and down by 18.64% QoQ.
- EBITDA grew by 8% YoY to INR 4,960 Mn with margin of 31%. Operating EBITDA stood at INR 4,500 Mn, up by 10% with a margin of 29% improved by 100 bps.
- PAT stood at INR 2,340 Mn, up by 11% YoY and significantly down by 40.63% QoQ.

Portfolio Expansion
- IHCL signed 16 new hotels and opened 6 hotels in Q1FY25. The company has crossed the milestone of 325+ hotels in its portfolio, with 224 hotels operational and over 100 in the pipeline. They aim to open 25 hotels in FY2025.
- The company is focusing on having a Taj hotel in every state capital, with recent openings in Patna and upcoming projects in Cochin International Airport.

New Business Segments
- The company announced entry into the Taj branded residences segment, starting with a project in Chennai. This is seen as a lucrative market with over INR 220,000 Mn aggregate market value and double-digit growth. New businesses like Ginger, Qmin and Ama Stays & Trails grew 37% YoY.
- Ginger hotels are being "humanized" with the rebranding of all-day dining restaurants to Qmin, driving strong growth in food and beverage revenues.

Digital Initiatives
- IHCL is implementing new ERP and property management systems as part of its IT and digital initiatives.
- The company launched a new Taj Hotels website, which drove 150 bps higher contribution. The Tata Neu loyalty program now has 5.5 million members, generating 37% of enterprise revenue in Q1.

Reimagined Gateway brand
- The Ginger brand grew 45% YoY, driven by strong performance in both room and food & beverage revenues.

- The reimagined Gateway brand will target the upscale and potentially upper upscale segment, diversifying IHCL's brand portfolio.
- The company also noted unexpected success with the recently opened Ginger in Nagpur, indicating potential in new markets.

Management Fee Growth
- Management fees grew 17% from INR 980 Mn to INR 1,140 Mn in Q1, driven by the company's capital-light growth strategy. This is expected to continue with higher flow-through to EBITDA.
- The company expects to achieve its Aspiration 2025 target of INR 6,000+ Mn in management fees this year, representing several hundred percentage points increase over the last 3-5 years.

Seasonal Trends and Recovery
- Despite Q2 typically being the weakest quarter seasonally, management expects it to be stronger than Q1 this year, potentially even the best Q2 the sector has seen. This is driven by strong performance in July and positive outlook for August and September.
- July 2024 is showing a strong recovery with an expected 20% plus revenue growth based on business on books as of July 17.

Renovation Impact
- The company undertook renovations at several properties including St. James in London, President in Mumbai, Taj Holiday Village in Goa, and Jai Mahal Palace in Jaipur. While these renovations caused temporary revenue displacements, they are expected to enhance brand value and performance in the long run.
- The company is nearing completion of renovations at Taj Malabar in Cochin, which is expected to enhance the brand's presence in that market.

Wedding Segment Outlook
- The company sees Indian weddings as a high-margin business and expects a strong comeback due to more auspicious dates in the coming quarters.
- With 12 more auspicious wedding dates from July 2024 to March 2025 compared to the same period last year, the company expects a strong comeback in the Indian wedding segment, which is a high-margin business for the company.

Other Highlights
- The company expects improvement in the San Francisco market in 6-8 months post U.S. elections.
- The board approved changes to the shareholders agreement of Taj SATS Limited, allowing IHCL to consolidate it as a subsidiary in consolidated accounts effective August 1, 2024. This is expected to further diversify IHCL's consolidated revenues and EBITDA.
- The company proposes to combine the business of TIHL with St. James Court Hotels London through a share swap and simultaneous business transfer agreement. This transaction is expected to complete in Q3, simplifying the company's operating model and holding structure.

Wonderla Holidays Ltd| Q1FY25 Concall KTAs
CMP INR 846| Market Cap. INR 47.86bn

Co. had a mixed performance with a decline in sales and profitability YoY, impacted by operational challenges and weather conditions affecting footfalls, particularly in Bangalore. Despite this, the commencement of commercial operations at the Bhubaneswar park has shown promising initial footfall numbers and revenue generation, surpassing expectations. Maintaining margins and recovering footfall losses in are key priorities of the co.

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Financials
Sales stood at INR 1730mn(-6.5%YoY) with operating profit of INR 910mn(-22.22%YoY) and margins of 53%(-10%YoY). PBT stood at INR 830mn(-25%YoY) with PAT of INR 632mn(-25%YoY) with a 8% decrease in pat margins YoY. EPS of INR 11.18.

The fourth amusement park at Bhubaneswar started commercial operations with effect from 24 May'24. It recorded 0.70 lakhs footfalls.

ARPU higher at INR ~1300 whereas prediction was of INR 800. 35% of 1300 is from non ticketing revenue. People from nearby areas upto 500km are coming to the park.

Bhubaneswar exceeded expectation with 4.5lakh footfall expected for the first year and should grow in double digits for first 2-3 years. It is expected to reach 7-8lakh in 4-5 years.

Bhubaneswar recorded INR 9mn revenue and EBITDA breakeven of INR 0.85mn.

Co. started their Chennai project in last march and is expected to operationalize by Dec'25.

Co. received board approval for fund raising for expansion over next 7-8 years. Co. plans to add 5 more parks to its kitty by 2030, thereby taking the total to 10parks.

Bangalore footfalls fell by 24% YoY. In beginning of Q1, footfalls fell due to heat wave and water shortage. Co. also pulled back their marketing at that time. Majority of the decline was in April with less decline in May. Bangalore was hit worst then Kochi. Hyderabad was not affected much. Weather will influence performance in this qtr.

Revenue for Q1FY25 was 80% retail. Adjusted EBITDA was after ESOP and one time expense of Bhuvneshwar.

Margin guidance- Co. will try to maintain margins on QoQ basis. Co. will try to makeup for Footfall loss in next 2-3 qtrs. Q3 and Q4 get maximum footfalls historically.

Lemon Tree Hotels Ltd- Q1FY25 Concall KTAs
CMP: INR 126 | Market Cap: INR 99.94 Bn

The company expects to become debt-free in the next 4 years. Company maintains their target of reaching 20,000 rooms by 2027, with 30% owned and 70% managed. Company looks to move back to 50% ebitda margin over the coming years attributed to full completion of works in renovation.

Financials

• Revenue stood at INR 2680 Mn in Q1FY25 (20% YoY/-18% QoQ).
• EBITDA stood at INR 1154 Mn in Q1FY25 (8% YoY/-34% QoQ) with EBITDA margins at 43%.(-993 bps QoQ/-456 bps YoY), Ebitda was impacted due to increase in investments in renovation and digital transformation.
• PAT was at INR 201 Mn in Q1FY25 (-27% YoY/-76% QoQ).
• Cash Profit stood at INR 547 Mn (9% YoY/-53% QoQ).

Operating Highlights

• Occupancy for Q1FY25 stood at 66.6% vs 72% in Q4FY24.
• RevPAR stood at INR 3788 in Q1FY25(4%YoY/-20% QoQ).
• Gross ARR stood at INR 5,686 (9% YoY)
• In Q1FY25, company added 187 new rooms and operationalized 4 hotels which added 331 rooms to company's portfolio.
• As of 30th June 2024, the inventory for the group stands at 107 operational hotels with 10,125 rooms.
• Investment allocation in renovation expenses will continue into FY26 until the full portfolio of owned hotels will be fully renovated. Post this renovation expenses are expected to drop by 1.5-1.6% of revenue.
• By FY26 company expects entire portfolio to be fully renovated. 700 rooms were shut for renovation in Q1FY25.
• Food cost stood at 30% of revenue and it's a banquet food it stood ~20%. The company expects food costs as a percentage of revenue to drop to 26-27% for the full year as banquet and MICE picks up.
• Aurika Mumbai occupancy was 46% in Q1FY25.
• EBITDA from keys post renovation is expected to be INR 600 Mn annually and ARR of INR 5500.
• By FY27 company expects all 5900 rooms to be renovated. Management expects EBITDA margins to normalize and move back to 50% EBITDA margins after completion of renovation.
• Company plans to use free cash flow from winter months to pay its debt. Company expects to be debt-free company in 4 years.
• The company has shut down a significant amounts of inventory in Hyderabad and Bangalore for renovation of about 400 rooms, nearly 20% of the inventory.

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Devyani International Ltd Q1FY25 Concall KTAs
CMP: INR 173 | Market Cap: INR 2,13,083 Mn

The company reported strong QoQ growth, driven by robust brand performance, strategic store expansions, and optimistic prospects for the festive season, despite currency challenges in Nigeria.

Financial Highlights
• Revenue: INR 1,222 Cr grew by 16.7% QoQ.
• EBITDA: INR 223 Cr, grew by 28.5% QoQ, with an EBITDA Margin of 18.3%.
• PBT: INR 31 Cr.
• Gross Margin: 69.2%, flat QoQ.
• Brand Contribution: INR 187 Cr.

Segment Performance
• KFC India: Revenue of INR 554.6 Cr with a Gross Margin of 69.5% (41% off-premise, 59% on-premise).
• Pizza Hut India: Revenue of INR 181.9 Cr with a Gross Margin of 76.8% (55% off-premise, 45% on-premise).
• Costa India: Revenue of INR 45.5 Cr with a Gross Margin of 75%.
• Vaango India: Revenue of INR 17.2 Cr with a Gross Margin of 80.6%.
• International Revenue: INR 389.7 Cr with a Gross Margin of 63.7%.

Expansion and Market Growth
• New Stores Added: 54 new stores, Market distribution- North (36%), East (20%), West (8%), South (36%).
• Future: Aiming for 2,000 stores by FY25; KFC to have 100+ stores and Costa 50-60 stores by FY25.

Strategic Initiatives
• Marketing: Launched innovative campaigns and was optimistic about the festive season.
• Customer Focus: Emphasis on customer delight.
• Dine-In Opportunities: Exploring dine-in options for KFC and Pizza Hut.

International and Currency Impact
• Nigeria: Business affected by currency loss.
• Currency Impact: Favorable compared to last quarter.

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Samhi Hotels Ltd Q1FY25 Concall Highlights
CMP: 181 | Market Cap: 39,900 Mn.

Outlook:
Samhi Hotels Ltd demonstrated good set of numbers in Q1FY25, with revenue at INR 2,498.93 Mn and EBITDA margins improving to 32.84%. Despite a seasonally weak quarter, the company showed strong YoY growth, and strategic expansions and renovations promise substantial future gains.

Performance Consol:
• Revenue came in at INR 2,498.93 Mn. (-10.48% QoQ) (31.21% YoY) in Q1FY25.
• EBITDA margins came in at 32.84% (Vs. 30.6% QoQ) (23.8% YoY) in Q1FY25.
• PAT came in at INR 42.34 Mn. (-62.5% QoQ) (111% YoY) in Q1FY25.

Highlights:
• RevPAR grew 13% YoY in Q1FY25 excluding the recently acquired ACIC Portfolio and Caspia Pro.
• Company expects EBITDA margins of ACIC to converge with that of their same-store portfolio, around 40%, by the end of FY25.
• Company expects to deliver 25% incremental EBITDA over FY24, based on a 30% success rate on their active pipeline of at least three opportunities.
• Seasonality Trend: Q1 is the weakest quarter and Q3, Q4 are the strongest quarter.
• Net Debt: INR 18,600 Mn with a 9.7% cost of debt.
• Rapid expansion of commercial office space and aviation market in India will continue to increase in demand for business travel and associated lodging services.
• Election periods affected MICE events due to liquor bans and movement restrictions, deferred MICE events are expected to take place in Q3 and Q4.
• 9 Mn square feet of office space was absorbed in just one quarter, and 72 Mn passengers flew through Indian airports, indicating strong demand.
• The company’s 4 major markets (Bangalore, Hyderabad, Delhi - NCR and Pune) captured 7% of the 9 Mn office absorption delivered in Q1FY25.
• Current Renovations and Inaugurations:
  o Caspia Pro, Greater Noida: 137 rooms, and rebranding it to Holiday Inn Express, which is expected to open in Q3FY25.
  o Marriott: Renovate and Rebrand the two ACIC portfolio assets in Pune and Jaipur totalling 330 rooms.
  o Holiday Inn Express: Opening 111 rooms in Kolkata and 54 rooms in Bangalore, which will be inaugurated in September – November in FY25.
  o Sheraton Hyderabad: Addition of 54 rooms.
  o Fairfield by Marriott, Sriperumbudur: Company planning to add 80 rooms.
• The incremental revenue from the additions of these rooms will be roughly INR 700 Mn on the bases of FY24 RevPAR.
• Company has a target of 10% - 15% inventory CAGR including pipeline in FY25.
• ICRA updated the company’s credit rating to stable A-.
• Operating Cash Flow: Q1FY25 operating free cash flow was INR 340 Mn.
• New Bombay is seeing some construction activity and supply interest, with existing supply of 1,300 rooms expected to almost double to 3,000 rooms by FY28.

EIH Ltd Q1FY25 Concall KTAs
CMP: INR 380 | Market Cap: INR 237.18 Bn

Company's primary focus will remain on India, though company is also exploring opportunities outside the country. Company to update on expansion plans as and when company deploys the opportunity.

Financials

• Revenue from operation stood at INR 5265 Mn in Q1FY25 vs INR 4981 Mn in Q1FY24.
• Total income stood INR 5599 Mn in Q1FY25 vs INR 5226 Mn in Q1FY24.(7% YoY)
• EBITDA stood at INR 1682 Mn in Q1FY25 (-7% YoY) with EBITDA margins at 31.94%.
• PAT was at INR 967 Mn in Q1FY25 (-9% YoY) with margins at 18.36%.

Indian Hotel Market

• Occupancy level in June remained at same level as last year at 61-63%. RevPAR stood at INR 4,087-4,347 (2.5% YoY). Market size of Indian Hotel Market in expected to go up to $31 bn by FY28.

Operating Highlights

• Oberoi Leisure saw a 2% decrease in RevPAR while Oberoi and Trident Metro saw a increase of 9% in RevPar.

• Extreme heat in Rajasthan and agra impacted growth in business. Company expects demand to rebound from domestic market and foreign tourist for luxury hotels which will improve growth rate in Q3FY25/Q4FY25.

• Company saw 17% YoY increase in employment costs in Q1FY25 due to filling number of vacant position from the same period last year.

• In Oberoi Mumbai, company completed the construction of 20 residential suites, which experienced a slight delay. These suites have reached an occupancy rate of 80%, with an ARR of over INR 30,000.

• Demand in April was strong, while May and June experienced low demand due to the elections and high temperatures in many locations.

• The company remains optimistic about the demand and expects hotel rates to increase in winter months in India.

• Company remains focused to expand in india. Company may look opportunities to invest either through partnerships, joint ventures, or by developing owned hotels.

• Of 7 Projects that company has currently in pipeline either under construction or about to start 3 are owned properties, 3 are owned by subsidiaries and 1 is a management contract.

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Chalet Hotels Ltd Q1FY25 Concall Highlights
CMP: 835 | Market Cap: 182.15 Bn.

Outlook:
Despite a quarterly dip in revenue and profit, the company demonstrates strong potential with strategic developments in Goa, record Q1 occupancy rates, and new hotel additions, positioning for significant growth and enhanced market presence.

Performance Consol:
•Revenue came in at INR 3,610.06 Mn. (-13.68% QoQ) (16.16% YoY) in Q1FY25.
•EBITDA margins came in at 38.84% (Vs. 43.71% QoQ) (36.37% YoY) in Q1FY25.
•PAT came in at INR 606.47 Mn. (-26.43% QoQ) (-31.59% YoY) in Q1FY25.

5-Star Deluxe Resort at Goa:
•Development: A new 5-star deluxe resort is being developed on an 11-acre seafront parcel in South Goa. Initially designed for 185-188 rooms, it may reduce to 170-175 rooms after suite conversions.
•Pricing: Beachfront properties in this category are projected to price between INR 17,000 to INR 25,000 when opened in three years, adjusted for inflation.
•Timeline: Construction is expected to start post-monsoon, with completion in three years.

Hotel Performance Summary:
•Positive RevPAR: JW Marriott Sahar, Westin Complex at Powai, Marriott Bengaluru, and two hotels in Hyderabad.
•RevPAR Dip: Vashi Hotel experienced a 7% decline due to increased room supply in Navi Mumbai.
•Novotel: Lower RevPAR due to an 88-room capacity increase, expected to stabilize in 1-2 quarters; achieved 15% revenue growth YoY.
•Dukes Renovation: Limited inventory removed since mid-May; Phase 1 reopening with 37 new rooms and public areas by August 15th.

Residential Projects:
•Q1FY25 Sales: 17 new units sold at INR 21,548 per square foot, a 14% increase from FY24 averages.
•Total Sales: 138 units sold since project relaunch.

CapEx Plans:
•Total: INR 15 Bn planned for the next 7 quarters, excluding new investments in Goa.Commercial Towers: INR 6,500 MnHotels: INR 6,000 MnRepairs and Expenses: INR 2,500 MnCourtyard by Marriott Repositioning: INR 120 Mn

Operational Performance:
•Record Q1: Portfolio occupancy at 70.50%, up by 85 bps YoY, with a 1% increase in average room rates.
•New Developments: Two new hotels (Taj New Delhi Airport and Hyatt Regency Airoli, Mumbai) adding approximately 660 rooms.

•Future Growth: On track to reach 4,000 rooms, with expected occupancy growth of 200-300 bps and double-digit growth in subsequent quarters.
•Office Leasing: Anticipates 90% office portfolio occupancy by year-end.
•Rating Upgrade: ICRA upgraded the rating from A- to A.

Mahindra Holidays & Resorts India Q1FY25 Concall KTAs

CMP: INR 474| MCap: INR 9,564 Cr| TTM EPS: INR 6.01

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Outlook: The company faces issues regarding the decline in member additions, lower-than-expected resort income growth, and uncertainty regarding the future performance of the European subsidiary. However, they saw stable resort occupancy at 90% and reported a 34% YoY growth in revenue from timeshare in its European subsidiary. MHRIL is on track to reach 10,000 keys by FY30 and intends to use its existing cash balance and cash generation for funding. The company is actively exploring potential PPP opportunities and is reviving its "Corporate Fun Days" program. Management is undergoing a strategic review, and there is a strong focus on ESG initiatives.

Demand Environment: The overall demand environment remains healthy on a YoY basis but is certainly down from its peak (visible over the past 2-3 months). Air passenger traffic is up 6% YoY, and they are seeing an uptick in membership upgrades. The international entities have faced issues due to geopolitical instabilities (the impact of the Russia war led to lower resort spending), and the current trajectory of product rationalization will hamper member addition for the near term.

Financial Highlights: They have a deferred Revenue of INR 5,655 cr, with INR 60 cr added. This is along with a cash balance of INR 1,437 cr, generating a yield of 7.73%.

Operational Highlights: Member Additions: 3,692, down 21% YoY. Cumulative Member Base: crossed 3 lakh memberships. Average Unit Realization (AUR): INR 4.9 lakhs, up 31% YoY. Resort Occupancy: Stable at 90%. European Subsidiary (HCR): Revenue from timeshare grew 34% YoY.

Inventory Growth: The management has guided reaching 10,000 keys by FY30.

Funding Strategy: They intend to use existing cash balances and depend on cash generation to propel future growth.

New/Ongoing Expansion Projects: The company has various projects in progress across geographies.

PPP Opportunities: They mentioned actively exploring future growth opportunities via the PPP model.

Focus Areas: Customer service, revenue metrics, booking process, in-resort experiences, and member engagement.

Corporate Partnerships: They are reviving the "Corporate Fun Days" program as an initiative to grow this segment.

IRCTC Ltd Q1FY25 Concall Highlights

CMP: 910 | Market Cap: 727.88 Bn.

Outlook:

IRCTC Ltd reported strong gains in the Catering and Rail Neer segments, balancing seasonal declines in Internet Ticketing and Tourism. Expanded Rail Neer capacity and steady cash reserves underscore IRCTC's solid performance in the current quarter. Company guides for 17% CAGR and 10% net profit for the next 5 years.

Performance Consol:

• Revenue came in at INR 11,201.5 Mn. (-2.99% QoQ) (11.81% YoY) in Q1FY25.

• EBITDA margins came in at 33.66% (Vs. 32.06% QoQ) (29.05% YoY) in Q1FY25.

• PAT came in at INR 3,077.18 Mn. (9.31% QoQ) (32.51% YoY) in Q1FY25.

Highlights:

• IRCTC has been upgraded from a Schedule B to a Schedule A company by the Government of India, positioning it for further growth.

• The Catering and Rail Neer segments were the main contributors to the profit, with increases of 68% in Catering and 27% in Rail Neer on a QoQ basis.

• Catering revenue rose to INR 5590 Mn, up 5.3% QoQ and 17.1% YoY, with the EBITDA margin improving to 13.94%.

• The Tourism segment saw a 38.1% QoQ and 12.4% YoY revenue decline, attributed to the non-operational status of certain trains due to the general parliamentary elections.

• Rail Neer generated INR 1070 Mn revenue, marking a 34.4% QoQ and 16.5% YoY increase, with a stable EBITDA margin of 12.1%.

• The Internet Ticketing segment generated INR 3290 Mn, showing a 13.4% YoY growth despite a slight 3.9% QoQ decline due to seasonal factors.

• IRCTC's cash and bank balances stood at INR 29,080 Mn at the end of FY24, with a net worth of INR 35,380 Mn.

• Revenue from Vande Bharat trains contributed roughly 12% to the Catering segment, with margins expected to improve as more premium trains are introduced.

• Company is servicing around 1,259 trains, including Mail Express and prepaid trains, with potential for growth in the number of trains serviced.

• The cluster system introduced for premium train services has provided long-term stability and encouraged licensees to share more revenue with IRCTC.

• Advertisement income from non-conventional sources decreased by INR 120 Mn QoQ, impacting the Internet Ticketing segment.

• Premium trains, particularly Vande Bharat, are expected to provide better revenue and margin growth for IRCTC.

• IRCTC increasing Rail Neer capacity by adding 3 more plants one in Vijayawada, and 2 more plants are yet to be decided, currently company sells 178 Mn bottles per day vs 125 Mn in Q1FY24. Company to continue selling bottles at the same price range of INR 15.

• Rail Neer's absolute EBITDA grew by 27.4% QoQ and 11.9% YoY, reflecting the company's efforts to enhance profitability.

• Despite nearing saturation with 84% of tickets being booked online, IRCTC expects continued revenue growth in Internet Ticketing.

• IRCTC is focusing on serving Mail Express trains running for more than 12 hours, as these are the primary target group for Catering services.

• Company believes the introduction of more premium trains is expected to drive revenue growth and improve margins in the Catering segment.

• Company guides for 17% growth in 5 years and net profit growing 10%.

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Century Textile and Industries Ltd. - Q1FY25 Concall Highlights
CMP: INR 2,218 | Market Cap INR 1,16,415 Mn

Outlook- The outlook for Century Textile Ltd. appears positive, particularly in its real estate business. The company is aiming for significant growth, targeting to double its pre-sales and launch projects worth INR 120 Bn GDV in FY25. The company plans to add INR 150-160 Bn of new GDV every year and is looking to invest INR 30- 40 Bn annually in land acquisition. In the paper segment, while facing some challenges, they expect moderate revival in demand for writing and printing paper in Q2, and improved board demand with the upcoming festival season.

Financial Performance
- Total Consolidated revenue grew by 30% YoY to INR 11,680 Mn but down by 31% QoQ, in Q1FY25.
- Consolidated EBITDA stood at INR 1,250 Mn down by 15% YoY in Q1FY25.
- Consolidated PAT down by 48% YoY to INR 280 Mn in Q1FY25 as against INR 530 Mn in Q1FY24.

Segment Performance
Real Estate
- Revenue in Q1FY25 increased by over 800% YoY to INR 3,380 Mn, with significant contributions from projects in Bangalore, Kalyan, and Gurugram. Bookings worth INR 2,620 Mn were achieved, representing a 27% growth YoY, driven by GDP growth, strong consumer spending, and urbanization.
- Rising demand in premium and luxury residential segments.
- Strong collections of INR 4,880 Mn. Acquired 13.27 acres in Gurugram and 16.5 acres in Manjiri, Pune.
- The company is planning to launch projects worth INR 1,20,000 Mn GDV in FY25, indicating expansion in the real estate segment.

Pulp and Paper
- Increased production and sales volume by 7% and 12% YoY, respectively. Sales volume was lower by 8% QoQ due to the impact of government tender orders.
- Sales turnover decreased 6% YoY to INR 7,860 Mn, with EBITDA at INR 650 Mn and EBITDA margin at 8.3%.
- Increased use of bamboo and veneer chips, fiber plant pulp, and chemical programs to reduce input costs.
- Expectation of moderate revival in demand for writing and printing paper in Q2FY25. Board demand likely to improve due to the upcoming festival season and growth in FMCG and pharma segments.

Pricing Strategy and Financial Targets
- Sector 31 Gurugram project expected to sell at INR 60-70 Mn per apartment or more.
- Aspiring for a top line of INR 200 Bn in the next 3-5 years. Targeting 30%+ IRRs for JDA projects and IRRs of 16-17% for outright projects.

- Aiming to invest INR 30-40 Bn annually in land acquisition to add INR 150 - 200 Bn of GDV.

Collections and Construction Spending

- The company targets collections of INR 29,000 Mn for the real estate division for the entire financial year. Construction spending for the next 2 financial years is expected to be slightly less than the collections.

Debt and Working Capital

- The net debt is reported at INR 25,000 Mn, with working capital increasing due to higher coal linkage orders.
- The company plans to reduce working capital over the next 3 quarters.
- The debt might increase slightly by the end of the year, potentially crossing INR 40,000 Mn on a consolidated basis.

Joint Venture with Grasim

- The joint venture with Grasim in the textile side is expected to take time to become profitable. The company does not expect significant profits from this venture in the current year, but anticipates profitability in the next year.

Real Estate Sales and Inventory

- NIYAARA Tower 1 is almost 90% sold out, with prices reaching ~0.1 Mn rupees per square foot.
- NIYAARA Tower 2 has sold more than 50% (52%) in terms of area or units.
- Expecting to sell about 3-4 apartments per month in NIYAARA Tower 2 going forward. Overall, about 87% of the launched inventory is sold across projects.

Project Recognition and Deliveries

- Navya ~ 28 units, Alokya ~ 76 units, and Vanya ~ 700 units yet to be recognized in revenue. Vanya project has received OC for 5 out of 7 towers, with remaining 2 expected in the next two quarters.

New Project Details

- Sector 71 Gurugram project: Full cost of acquisition paid (INR 1,700 Mn).
- Manjiri project - Total acquisition cost of INR 3,400 Mn, with INR 2,000 Mn paid so far.
- Sector 31 Gurugram project - 60-40 revenue share JV (60% for Birla Estates).

Other Highlights

- Some project launches delayed due to regulatory approvals like RERA.
- Evaluating potential project at Century Bhavan site (under consideration).

Just Dial Ltd. - Q1FY25 Concall Highlights
CMP: INR 1,035 | Market Cap INR 88,038 Mn

Outlook - The company is focusing on steady growth in both its top line and bottom line, targeting mid-teens revenue growth and EBITDA margins above 25%. They're seeing healthy traffic growth, reaching 181.3 million quarterly unique visitors, and are expanding their presence in tier 2 and tier 3 cities. The company sees significant room for growth, as they currently monetize only about 1.5% of their potential market. However, they're cautious about aggressively monetizing new initiatives, preferring to focus on their core business.

Financial Performance
- Operating revenue grew by 13.6% YoY and 3.8% QoQ to INR 2,806 Mn in Q1FY25.
- Adjusted EBITDA at INR 807 Mn, grew by 122.4% YoY and 14.1% QoQ, with EBITDA margin changed by 60 bps QoQ to 28.8% in Q1FY25.
- PAT stood at INR 1,412 Mn, up by 69.3% YoY and up by 22.1% QoQ. Net profit margin was 38.4% increase by 645 bps QoQ and up by 13.04% points YoY in Q1FY25.
- Employee expenses decreased by 5.3% YoY, from INR 1,830 Mn in the previous year to INR 1,730 Mn.
- Other income for the quarter was INR 869 Mn, with a treasury yield to maturity of around 7.2%.

Operational Metrics
- Total headcount is 13,112 employees, with a 2.2% sequential increase.
- Advertising expenses were INR 58 Mn for the quarter.
- Unique visitors totalled 181.3 million for the quarter, with a 10 million increase in unique users. Total listings were 44.9 million, an 18% YoY growth.
- Active campaigns were ~ 591,600, up 8% YoY. Average realizations grew by 5.7% YoY.

Revenue Mix and Growth
- B2B contributed around 25.5% of revenues, with realizations 10-15% higher than B2C. Top 11 cities contributed 58% to revenues and 40% to campaigns.
- Management targets mid-teens plus top-line growth with 25%+ EBITDA margins.
- Tier 2 and tier 3 cities showing pricing growth of 10%+ YoY, compared to blended 5.7%.
- Average realization in non-top 11 cities is about 1100 rupees per campaign per month. Management believes tier 2 and tier 3 realizations can catch up to tier 1 levels over the long run.

Customer Acquisition and Retention
- Shift towards monthly payment plans has improved customer retention by 400-500 bps. Retention rate has increased from 55% to 60% for customers moving into their second year.
- Improved campaign management tools for SMEs are helping with customer retention. The company is open to exploring lower-priced plans in certain categories to increase merchant adoption.

Traffic and User Engagement

- Traffic growth is holding up well, with continued growth even in the current ongoing quarter. Q1 tends to be seasonally strong for traffic due to summer-related categories.
- About 60-61% of traffic comes from tier 2 and tier 3 cities, with 40% from tier 1 cities.
- Focus on SEO and content enrichment has significantly helped in growing organic traffic.

Cost Management

- Employee expenses reduced by 5.3% YoY from 1,830 Mn to 1,730 Mn. Other expenses decreased by 2.5% YoY, led by optimization in communication expenses.

Other Highlights

- Working with Jio for messaging services, resulting in cost savings and improved service delivery.
- Exploring opportunities for local advertising during major events like IPL through partnerships.
- Considering a healthy dividend policy to distribute at least 100% of annual profits.
- Expecting tax rate for FY25 to be around 8.2% due to certain treasury investments moving to long-term capital gains bucket. Long-term effective tax rate expected to stabilize at 18-20%.

NBCC – Q1FY25 Concall Highlights
CMP: INR 183 | Market Cap: INR 329 Bn | Promoter: 61.75%

Performance (Consol):
• Revenues came in at INR 21.44 Bn (-46.72% QoQ) (+11.8% YoY)
• EBITDA margins came in at 4.29% (Vs 6.39% QoQ) (Vs 2.97% YoY)

Key Highlights of the call:
• Amarapali project has 37,000 units of which 21,000 have been completed. Remainder will be completed by March 2025. 8% margins
• Nauroji Nagar redevelopment projects have been handed over. Last bit will be handed over in this month.
• Nauroji Nagar sales worth INR 125 Bn completed. Only INR 8.5-9 Bn left which will be sold this year
• Netaji Nagar 70% of the work has been completed, additionally INR 17 Bn worth projects (2 orders) are in pipeline
• Sarojini Nagar order is large (INR 69 Bn) which will be completed in 10 phases. 10,000 units will be delivered by December 2024. Only 1 bulk sale completed till now (in downtown area). Commercial space is yet to be built. Project worth INR 13 Bn sold
• No sale in Sarojini Nagar in FY25, whatever was constructed has already been sold
• Current standalone orderbook is at INR 700 Bn and consol orderbook is of INR 810 Bn. By end of FY25, consol orderbook will reach INR 1,000 Bn.
• Of the current orderbook, projects worth INR 210 Bn are ongoing
• Management is confident of having an orderbook of INR 2,000 Bn in 4-5 years (after executing existing orderbook)
• PSU Land monetization worth INR 50 Bn, Govt land monetization worth INR 100 Bn and PMAY projects worth INR 50 Bn are planned
• 3 land parcels in Jaipur, 1 in Coimbatore and 1 in Gurgaon will start this year (margins higher than 25%)
• Expect one more state government to participate in land monetization next quarter
• Company also earns 1-2% marketing fees in redevelopment projects (including marketing fees, margins will be 7-8%)
• Out of govt players, only NBCC does redevelopment projects. Private players don't get opportunity to participate.
• Current cash balance of INR 22 Bn which includes client advances of INR 14.7 Bn
• Company has 15 land parcels all over India amounting to 39 acres.
• Company is planning listing of one more subsidiary in FY26

Outlook: Company has highlighted the feasibility of available land parcels pan India. Management is targeting INR 250 Bn topline in 4-5 years. FY25 target topline is of INR 100 Bn for standalone and INR 130 Bn for consol. EBITDA margins for FY25 is expected to be 5.5-6% and PAT margins of 4.5-5%. Management aims PAT margins of 6-7% in 4-5 years (approx. PAT of INR 20 Bn and possibility of higher). Based on current targets, management has guided ~25% growth in topline for 4-5 years. At CMP, company trades 58.7x TTM EV/EBITDA.

EFC India Ltd Q1FY25 Concall KTAs
CMP: INR 524| Market Cap: INR 26,080 Mn

Outlook: The company is expanding its managed office business, aiming to add 30,000-40,000 seats annually for the next three years. EFC expects to have an average of 50,000-55,000 occupied seats in FY25 at an average rental of about INR 7,000 per seat, projecting managed office business revenue of over INR 3500 Mn for the current financial year. The company is focusing on nine major cities for expansion and is open to inorganic growth opportunities. With a target of blended EBITDA margins of around 30% across all business segments, EFC seems well-positioned for continued growth. They're also expanding their portfolio through acquisitions and new ventures like a REIT.

Financial highlights
* Consolidated revenue stood at INR 1,052.8 Mn in Q1FY25 up by 6.22% QoQ & 84.57% YoY.
* EBITDA stood at INR 496.2 Mn in Q1FY25 up by 66.79% YoY.
* PAT stood at INR 157.7 Mn in Q1FY25 down by 43.55% QoQ & up by 395.91% YoY.
* Rental segment generated INR 667.9 Mn (63.44% of total revenue).
* Design and build turnkey contracting business contributed INR 353 Mn (36.56% of total revenue).

Managed Office Business
* Company is currently managing 2.25 Mn sq. ft. of assets and has 57 sites under management across seven cities.
* Seating capacity is about 47,000 seats as of Q1FY25. Company added 300,000 sq. ft. during Q1 and created 7,000 new seats across seven centers.
* Acquired 80,000 square feet of freehold property in Pune, which has the potential to generate annual revenue of INR 144 Mn.
* Targeting to add 30,000-40,000 seats annually for the next three years.

Segment Performance
* In the Design and Build Division contracts exceeding INR 750 Mn are secured during Q1FY25. It is currently negotiating additional contracts valued over INR 1,000 Mn and aiming to double revenue YoY from the FY24 base of INR 1,130 Mn.
* Furniture Manufacturing Segment has a target of INR 500-750 Mn revenue in the first six months of operations and an aim of INR 2,500-3,000 Mn annual revenue by FY26.
* The company's EBITDA margins are approximately 40% for the furniture business, 30% for the managed office business, and 17-19% for the design and build division.

Acquisitions and Expansion
* Company acquired 51% stake in Big Box Venture Private Ltd.
* Big Box Venture has over 3,000 seats in Pune, expanding into the NCR region, Ahmedabad, and Kolkata.
* Company incorporated a real estate investment trust (REIT) with a corpus of INR 4,990 Mn.
* Company has obtained approvals to establish a furniture manufacturing facility on over 3 acres in Pune, with commercial production set to begin in September 2024.

Other Highlights

* EFC expects to have an average of 50,000-55,000 occupied seats in FY25 at an average rental of about INR 7,000 per seat.
* Focus on nine major cities for the next couple of years.
* Consideration of inorganic growth opportunities.
* Expecting blended EBITDA margins of around 30% across all business segments
* Projecting managed office business revenue of over INR 3,500 Mn. for the current financial year.

Tata Communication-Q1FY25 Concall Highlights
CMP INR 1,790 |Market Cap INR 510,834 Mn

Confident in doubling data revenues by FY27 despite a challenging macro environment. Focused on operating leverage and synergies from acquisitions. Emphasis on AI, cloud, and enhanced collaboration experiences for multi-year growth. Conducting a strategic review of businesses and subsidiaries to optimize resources and to improve profitability. The margin of 20% in Q1FY25 and aim to maintain the same range

Financial
Revenue stood at INR 56,330 Mn grew by 18.1%YoY/down 1% QoQ due to a decline in voice, core connectivity, and other segments. Data revenue, representing 82% of consolidated revenue, increased by 0.8% QoQ/+20% YoY to INR 46,940 Mn. Digital Services Revenues: +2.9% QoQ/+51.5% YoY
EBITDA stood at INR 11,240 Mn grew by 6.4% QoQ/9.8% YoY
EBITDA Margin expanded by 140bps QoQ/down 151bps YoY to 19.96%
PAT stood at INR 3,329 Mn grew by 3.5% QoQ/down by 12.8%

Concall Highlights

Strategy and Execution: The Company has focused on increasing customer relevance and expanding to multiple buying centers within organizations.

Acquisitions and organic capabilities have enhanced the company digital fabric's relevance to enterprises. Addressing numerous business challenges, particularly in international markets.

Key Developments: Improvement in INR margins and cost savings from termination of loss-making contracts. Gain of INR 1860 Mn from reversal of provision due to Supreme Court judgment, offset by INR 1030 Mn provision for impairment.

Company is using in house IP, operating model and B2B specialist

Global delivery with switch is doing well.

Remain confident data and as well as increasing customer relevance and multiple center.

Tejas Networks Q1FY25 Concall Highlights
Mcap: INR 240.28bn | CMP: INR 1,405

Outlook: Tejas Networks has an order book of INR 70.91bn (~2.9x of FY24 revenue), which shows business visibility. The company has scaled up RAN manufacturing capacity and can further scale up/down due to the asset-light model. The company is ramped up in supplying wireless equipment and BSNL installations are progressing well and expected to complete by the end of the year. BharatNet Phase 3 and the BEAD program in the US will be the key opportunity for the company.

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Order book
The order book stood at INR 70.91bn (+271% YoY/-14% QoQ) in Q1FY25. Domestic and International mix stood at 96:4.

BharatNet Phase 3
BharatNet phase 3 tender is in the advanced stage and the company has the opportunity.

In BharatNet Phase 3, the company is focused on equipment like GPON, IP impulse routers, etc. Initially, more than INR 300bn spending and 9%-10% for equipment budget are expected. The company can able to address INR 40-50bn equipment tenders for the initial phase.

BSNL
In wireless, 4G/5G RAN Installations are progressing well for BSNL networks and shipped equipment to 27,000 sites.

Asset-light model
The company has an asset-light model and signed up with multiple EMS companies for manufacturing. The company has a final integration and testing facility in the Bangalore factory. The company can able to scale up/down based on the business environment.

The company also scaled up RAN manufacturing capacity.

Working capital
The increase in inventory is due to ramping up wireless shipments. Inventories will be converted to finished goods and shipped in upcoming months. Post wireless project completion working capital intensity will come down by the end of the year.

PLI
The company has realized PLI incentives of INR 667mn in Q1FY25.

Wireline
In Wireline, the company won deals with Tier-2 operators in the US for network modernization applications and operators in SE Asia for broadband rollout.

GPON, DWDM, and PTN equipment have witnessed continuous purchases from private operators in international markets.

Merger
The merger of Saankhya Labs with Tejas is in the advanced stage and NCLT has reserved the matter for orders.

Data Centers
The company has an opportunity in data center interconnect applications. For switches, the company is building campus networks and enterprise networks.

Revenue mix
The revenue mix is India Private (90%), India government (7%), International (3%). India's private revenue is majorly dominated by BSNL 4G related shipments to TCS.

Other highlights
The company has opportunities for expansion of BSNL 4G, backhaul network, BharatNet, Kavach, broadband, wireless and metro aggregation.

The increase in network traffic due to an increase in AI applications, interconnectivity, multiplayer gaming, virtual reality special computing, and advanced communication systems will be key growth drivers.

The company is targeting to modernize old networks in the US. BEAD program for broadband connectivity will be the opportunity.

Around 20%-30% spent on 4G compared to 5G. 5G deployment is smaller and expected to happen in harbor areas initially.

The technology transition happens in 5 years.

The competitors are Nokia, Cisco, and Ericsson.

One 97 Communications Ltd| Q1FY25 Concall KTAs
CMP INR 456 | Market Cap. INR 289,820mn

The call reflected a challenging period with significant YoY declines in revenue and EBITDA, yet management remains focused on achieving breakeven within the fiscal year. Efforts are underway to optimize costs, with notable reductions in employee expenses. Efforts are being taken to expand the merchant cash advance business. Strategic initiatives include enhancing consumer payments, insurance products, and leveraging the 'Rupay' credit card on UPI. Capex is expected to be significantly lower than the previous year.

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Financials
Revenue from operations stood at INR 15,020mn(-36%YoY) with total direct expenses of INR 7,460mn(-28%YoY). Co. incurred indirect expense of INR 13,010mn(+7%YoY) and recorded EBITDA(before ESOP) of INR (5,450mn) (-750%YoY).

-Q1 performance has been in line with management guidance . Business ahs been showing resilience. Management believes to be end of tough time. The full impact of trouble, the co. landed into is seen this qtr.

-They are focused on chasing profitability and are targeting to deliver one profitable qtr this fiscal. EBITDA breakeven before ESOP and before adding UPI incentive is what the company is hoping for.

-Management is focussing on payments and cross selling financial services.

-Co. is in process of completing people and technology migration. Post completion of migration and with participation of all banks including Yes bank which is its primary partner, Co. will plan to go to NPCI to allow them to add new customers.

-Management is focussed on making co. linear, as a result of which employee cost saw 10% reduction QoQ and another 5-7% reduction is expected next qtr. Marketing exp which was significantly lower last qtr went up in Q1 to inform customers and merchants that services are working seamlessly. One off provisions of around INR 800-1,000mn in this qtr.

-Merchant cash advance business has always been a strong segment for the company and has continued to show strong resilience.

-Guidance to add a million merchants per qtr from Q2.

-Co. not chasing segments which do not add to bottomline incrementally. They see continuous growth in feet on street and high growth during festive season.

-More issue of 'Rupay' credit cards, will lead to higher ' credit card on UPI '. A reduction in repo rate will increase market demand for credit and consequently the sale.

-For insurance , co. has put efforts on merchant side rather than consumer since it can be done in person and the number is bigger than consumer side. 'Health' insurance product being considered by co.

-They are waiting for approval from NPCI to get new consumers and is foreseeing to receive it this fiscal.

-Consumer payments, rent payment, post paid loans, these are the 3 big consumer side product.

-No clear guidance as to when is wallet expected to be back . Products that got discontinued were highly profitable. They are focussing on building other segments right now.

-Co. first tries for re-activation for merchant devices that have gone inactive before taking them back for refurbishing and deploying them again. Co. receives per month per device revenue of INR 80-90.

Capex this year to be meaningfully lower than last year.

-Percentage of small ticket personal loans was very small, by volume was around 10-12% and value ~5%.

-Co. is undertaking only large ticket loans . They are making disbursement where responsibility of collection not with Co.

-They are hopeful for 20% EBITDA margin in near term around FY27/28.

New trend under which, new shops happy to take soundbox on day 1, thereby driving revenues.

-183mn is the number of people, they could bring back those who have de activated.

Paytm Entertainment Business - Potential transfer under consideration, but discussions are preliminary with no binding agreements in place.

-Company holds stock acquisition rights in PayPay Corporationfor a 5.4% stake, carrying value of approximately INR 20bn.

Shakti Pumps (India) Ltd| Q1FY25 Concall KTAs
CMP INR 4095 | Market Cap. INR 82.05bn

Co. is guiding for a 30% revenue growth and has INR 20bn order book with 15 months execution timeline. Co. as a result of favourable conditions was able to reduce raw material cost by ~3%. They will be beneficiary to Maharashtra govt's plan to add 8.5lakh solar pumps. We believe the company has great potential with its patented pump technology which helps to supply back the unutilized electricity to the grid.

[Arihant Capital Markets Ltd.]

Financials

Revenue from operations stood at INR 5,676mn(+402.0%YoY)(-6.8%QoQ) with EBITDA of INR 1,359mn(+1614%YoY)(+3.9%QoQ) and margins of 23.9%(+1,693 bps YoY)(+248bps QoQ). PBT was at INR 1,256mn(+17,219.7%YoY)(+5.5%QoQ) and PAT at INR 926mn(+9,198.7%YoY)(+3.3%QoQ) with PAT margins of 16.3%(+1,544bps YoY)(+161bps QoQ). EPS of INR 46.2(+8,463% YoY)(-5.0% QoQ).

-As of June'24, they have an order book of INR 20bn with execution timeline over the next 15 months. Receivables of INR 8.8bn of as of today.

-Reduction in price of raw material of ~3% on account of advance planning and negotiation along with benefit of economies of scale and higher execution of orders helped to achieve the EBITDA margins. Solar panels, stainless steel and copper are 3 main raw material of which first two were well negotiated.

-In Q2, INR 5bn worth of execution is planned. Of the 29 patents filed, 14 patents have been received. Co. is expecting good orders in export domain as well.

-Co.'s long term credit rating has been improved to A+ .

-Management has guided for FY25 30% minimum growth on INR 13bn of previous year revenue.

-Of the 150cr pilot project in Ajmer, 300 pumps have been installed, and strong traction is been seen and is expected to complete in next 2 qtrs.

-Co. is betting on its patented technology of the grid linked pumps under which the unutilized electricity can be supplied back to the grid.

-Maharashtra govt has planned 0.85mn solar pumps in its budget , which shall be benefitting the co. since the co. has a strong geographical footprint in the region.

-Co. will be deploying it's surplus cash for it's expansion plan and EV division.

-They will be using their decades of motor experience to make EV motor thereby undertaking INR 2500mn in capex . This motor will be used in 2w,3w and 4w along with making motors for buses . They've partnered with bus manufacturers and already have buses on road with their motors. They will be speeding up their efforts for EV with required plant and machinery.

-SBI and LIC have done equity participation for co.'s capacity expansion which will double by FY27 . They have placed order for plant and machinery . Co. with its current facility has revenue capability of INR 25bn .

-KUSUM scheme has played out to be instrumental for the co.'s staggering growth. Farmer and govt both are benefitting from the co.'s product, since discom losses of govt are being cut and farmer is able to earn more.

-Since payment from Maharashtra govt has been received of around 100cr which was stuck, co. will resume to grow at a faster pace in the region.

-78% of govt share in revenue . Co. is expecting that 20-25% of prices may further come down for solar.

-Co. guides to maintain EBITDA margins above 15% on a steady basis and around 20% for next 3-4 years.

Supreme Industries Q1FY25 Concall Highlights:
CMP: INR 5,692 | Market Cap: INR 723 Bn | Promoter: 48.85%

[Arihant Capital}

Performance (Consol):
• Revenues came in at INR 26.36 Bn (-12.4% QoQ) (+11.3% YoY)
• EBITDA margins came in at 14.7% (Vs 16.3%) (Vs 13.5% YoY)

Key Highlights:
• Company has maintained guidance of 25% volume growth in plastic piping while 20% overall volume growth. Margin guidance maintained at 15-15.5%
• PVC resin prices grew by INR 13 per Kg (INR 8 increased in June). However, it fell by INR 4 in July
• Sales were good in month of April and May but June was weak. Dealers stopped taking on inventory because prices started climbing rapidly
• 80% of PVC in India is imports
• No inventory gain or loss during the quarter. Inventory levels are coming down right now
• Most of the expanded capacities at the existing manufacturing units would be in place in H2. Company has purchased land in Malanpur, Jadcherla and Sangli, in advance talks to purchase land in Pondicherry, Patna, Vijaywada, Jammu.
• Excluding greenfield capex, the capacity will touch 835,000 tonnes in end of FY25 (Vs 740,000 tonnes in end of FY24). Total capacity with greenfield will touch 1.25 Mn tonnes by end of FY26.
• The Polyethylene Gas Piping System is expected to be launched by October this year. PERT Piping System and PE single wall corrugated pipes have received encouraging response
• Current capex figure stands at INR 15 Bn
• Company will do 75% utilization in plastic pipes this year (historicaly has done 65-70%). This is on back of stronger demand, adding distribution channels, entering newer geographies.
• Packaging and material handling segment has good growth potential. Many a times, people use agri pipes at home so its difficult to quantify Agri Vs housing demand
• Currently VAP are 35-37% of total sales contri
• The current PVC prices may not sustain either. PVC prices fell by INR 4 in 2nd week of July.
• Nal se Jal volumes were not significant during the quarter
• OPVC machine supplies are limited, OPVC are supposed to replace DI Pipes

Outlook: Company has maintained its guidance of 20% overall growth with 15-15.5% margins. The industry is growth at 12-15%. Company expects the PVC prices to continue to soften. CPVC volumes grew 40%. We continue to have a positive outlook on the company. At CMP, company trades 64.2x TTM EPS

Gravita India Ltd - Q1FY25 Concall Highlights
CMP: INR 1,434 | Market Cap: INR 99,000 Mn

Outlook: The company is targeting a 25% volume CAGR over the next three years and aiming for a 35% PAT growth by FY28, potentially reaching INR 7,500-8,000 Mn. They plan to achieve 75-80% capacity utilization in next 3 years. The company will invest INR 32,000 Mn in lithium-ion battery recycling and INR 300 Mn in a rubber recycling plant with a 9,000 tons per year capacity. They expect to add 50,000 tons of new capacity during FY25, including new aluminum capacity in Ghana and increased capacities at Mundra. India's first tire recycling plant at Mundra, with a CAPEX of INR 300 Mn and a capacity of 9,000 tons per year, is being set up, and paper and steel recycling plants are planned to be operational by FY27.

Financial Performance
• Revenue from operations stood at INR 9,080 Mn, reflecting an increase of 29.2% YoY and 5.2% QoQ in Q1FY25.
• EBITDA for the quarter was INR 912 Mn, up by 33.1% YoY and down by 1.8% QoQ, with an EBITDA margin of 10.05%.
• Net profit for the quarter was INR 673 Mn, up by 29.3% YoY and down by 2.4% QoQ.
• Working capital days reduced from 85 days in Q4FY24 to 80 days in Q1FY25

Operational Highlights
• In Q1FY25, the company achieved an overall volume growth of 29%. This included a lead volume of 41,900 tons, an aluminium volume of 2,460 tons, and a plastics volume of 3,190 tons.
• In Q1FY25, the EBITDA per ton for lead was INR 19,321, for aluminium was INR 19,414, and for plastic was INR 10,077.
• In Q1FY25, the capacity utilization for lead was approximately 70%, for aluminium around 45%, and for plastic about 40%, resulting in a total capacity utilization of roughly 65-66%.

Segment-wise Updates
- Lead: Sustainable EBITDA margin improved from 17-18 Rs/kg to 18-19 Rs/kg. Expecting 8-10% organic growth, with additional growth from increased domestic scrap availability.
- Aluminum: Hedging mechanism expected to be available in Q2FY25. Targeting 50-70% capacity utilization for FY25. New contracts in India based on M-1 and M-2 pricing, providing natural hedge.
- Plastics: Growth in plastic segment expected by end of FY25. Setting up independent PET recycling facility for food-grade plastics in India.

New Ventures
• Lithium-ion recycling: INR 400 Mn CAPEX for FY25, total INR 3,000 Mn planned.
• Rubber recycling: 9,000 tons/year capacity, INR 300 Mn CAPEX.
• Focusing on hydro-metallurgy for lithium-ion recycling technology.

Scrap collection

• Around 42% of total procurement was domestic scrap, with a 50% YoY increase in volume.
• The company is focusing on increasing domestic scrap collection to improve capacity utilization and reduce working capital days.

Lithium-ion Battery

• The company is setting up a plant for lithium-ion battery recycling, to be operational by H1FY26.
• Currently, lithium-ion battery recycling in India is mostly in terms of black mass conversion, which is then exported.
• Scrap rates for lithium-ion batteries range from INR 90 to INR 250 per kg, depending on the battery type.

Other highlights

• Planning a CAPEX of INR 6,000+ Mn by FY27, mostly self-funded without taking on additional debt.
• FY25 CAPEX is estimated at approximately INR 1800 Mn.
• The tax rate for the next 2-3 years is expected to be around 10-11%.
• There was an additional depreciation in Q4FY24 due to currency fluctuations affecting the Ghana plant's asset value. The company expects depreciation to stabilize at current levels, barring any significant asset value changes.
• Gravita is targeting to bring down working capital days to 65-70 days in the next three years.
• The sustainable EBITDA per ton for aluminum recycling is around INR 14-16 per kg.
• In Q1FY25, the company saw an increase in domestic scrap sourcing by more than 50% YoY. Additionally, they are engaging in back-to-back hedging for lead and are working on a hedging mechanism for aluminium.
• The company is anticipating the launch of an Aluminium Alloy commodity derivative on MCX and is also setting up a pilot project for lithium-ion recycling.
• The first Indian tire recycling plant is expected to become operational at Mundra in H1FY26. Additionally, paper and steel recycling plants are anticipated to be operational by FY27.

Industry Insights

• India is net import-dependent for aluminium scrap, with domestic generation only 5% of total requirement
• Lead acid battery recycling in India is around 55-60%, shifting towards formal and organized recycling due to regulations
• The global lithium-ion battery recycling industry is still in its early stages, with significant volume expected in the next 3-4 years as more EVs reach end-of-life.
• India currently lacks domestic cell manufacturing for lithium-ion batteries, relying on imports for assembly.

Quess Corp- Q1FY25 Concall Highlights
CMP INR 720 | Market Cap INR 107,053 Mn

Management expects QoQ margin improvements, particularly in the WFM platform, and is confident of achieving over 25% top-line growth in the PLB segment. The company reduced its debt by INR 1000 Mn, bringing gross debt to <INR 3000 Mn. IT staffing is expected to recover in H2 FY25, with initial signs already seen in Q1. The company added 30k associates, reaching a total headcount of 597k, and secured 160 new client wins with an ACV of INR 6600 Mn.

Margin
Expect margins to recover as the situation improves. The margin decline observed in Q1 was due to seasonality and wage hikes. Recovery is expected from Q2 FY25 onwards. OAM margin improvement is expected through higher contributions from telecom and infra businesses, with continued focus on cost reduction and productivity improvement initiatives.

CEO: Gurmeet Chachal has joined as CEO of Quess GTS Platform and will lead a digitized entity.

Income tax refund of INR 1070 Mn for FY19 and is progressing with its demerger plans, with NCLT proceedings expected to commence soon.

Platform
Headcount reached 485,000 (including 32k on notice period) with 30,796 associates added in Q1FY25. Revenue growth was 12% YoY, but EBITDA margin declined to 2.4% due to a strong addition from the general staffing business, while broadest growth came from IT staffing and overseas staffing. The platform added 91 new contracts in Q1FY25, with an annual contract value of INR 5100 Mn.

Manufacturing
This has been robust in hiring, with collective efforts capitalizing on this momentum.

IT staffing
Hiring in the IT sector slowed down in Q1 FY25, with only 4k net additions due to the general elections. With a strong open mandate and internal capability, the IT sector will be a key focus as the company moves forward.

Domestic IT staffing gained momentum with focused sales and strengthened presence in GCC (69% of revenue); 1,500 open mandates.

IT staffing is expected to recover in H2 FY25, with initial signs already seen in Q1.

GTS showed 1% QoQ growth, with seasonally largest Q4 base in connect and outside business. The CLM business saw 20% YoY and 7% QoQ growth, led by a domestic and international mix.

ALLSEC

The Allsec CXM vertical delivered strong top-line growth and higher international business salience.

The non-white BPM business saw a dip in Q1 FY25. The collection business peaked in Q4, followed by a seasonal slowdown in Q1 FY25.

The EXM vertical in platform services experienced a sequential decline due to year-end one-time poaching activity in Q4. Overall, the EXM business remained strong with 4.1 mn pay-picks processed in Q1FY25, translating to 10% YoY growth.

Orderbook

The platform closed the order book at almost INR 820 Mn ACV, adding 42 new logos. The BFSI and retail segments continue to be key drivers.

The OEM platform grew 9% despite seasonal slowdowns in food, beverage, and telecom network maintenance businesses.

The platform recorded a YoY margin improvement of 30bps with increased contributions from telecom, infra, industrial, and OEM businesses. However, there was a sequential dip in margin due to seasonality and a slowdown in the telecom business.

Operational metrics and job postings are up, CSAT remains healthy, and the company expects 25%+ top-line growth, benefiting from strengthened leadership and organizational optimization ahead of the demerger.

Found it: 30% YoY sales and EBITDA negative 80 Mn, while on a YoY, there is a steep improvement in cash burn levels owning to strong sales growth and optimized marketing spend in found it.

Capex created many employment opportunities in the formal sector. Also, positive on the budget initiatives towards accelerating India formal job creation

Strong working capital improvement with low DSO at 25 days (GS business), combining general + IT staffing, with 15 billed days and 10 unbilled days

Added 30k headcount, with healthy collections and strong gross margin to EBITDA conversion.

Focus: Completely focused on formal employment; budget is aligned with this goal.

Transformation: Quess is transitioning from informal to formal employment

IndiaMART InterMESH Ltd - Q1FY25 Concall Highlights
CMP INR 3147 | Market cap INR 188,727 Mn

Guidance for net addition per quarter is expected to improve with the reduction in silver customer churn rates and annual packages and may use digital marketing to increase portal traffic. Retail buyers have also joined the platform. In addition, company is looking for opportunities for monetization of unpaid sellers.

•EBITDA margin is expected to normalize to the 33-34% range as certain operational costs return from Q2FY25.
•Continues to fine-tune its strategy to reduce churn for Silver monthly and Silver annual packages.
•May pursue digital marketing to drive traffic to the portal.
•Investigating various reasons behind high churn impacting net additions.
•Churn is around 6% per month for Silver monthly and 4% per month for Silver annual packages.
•Retail buyers have also joined the platform in some cases.
•Busy Infotech reported revenue of INR 155 Mn and billing of INR 234 Mn for Q1FY25.

Financial Performance

•Reported revenue of INR 3.3 bn, up 5.3% QoQ/+17.4% YoY led by 4.5% QoQ increase in ARPU to INR 58.4k and 0.8% QoQ increase in paying suppliers to 216k.
•EBITDA margin improved by 798 bps QoQ to 36.1% (37% standalone) , led by lower employee cost down by 3.8% QoQ and lower other expenses down by 11.4% QoQ.
•Number of registered buyers increased by 2% QoQ to 198mn. Traffic to the portal was marginally down to 267 mn vs 269 mn in Q4FY24.
•Collection for the quarter was INR 3.7bn increased to 14% YoY).
•Number of paid supplier addition was muted at 1.5k QoQ.
•Reported PAT of INR 1,140 mn vs INR 996 mn for Q4FY24.

TCPL Packaging Q1FY25 Concall Highlights
CMP: INR 2988 | Market Cap: INR 27.2 Bn | Promoter: 55.74%

[Arihant Capital]

Performance (Consol)
• Revenues came in at INR 3.91 Bn (+1.82% QoQ) (+8.31% YoY)
• EBITDA margins came in at 17.6% Vs 17.2% QoQ) (Vs 16.6% YoY)

Key Highlights from the concall:
Domestic demand environment remained soft during the quarter. Added many customers who are adding more volumes as well
Company is in process of establishing a new plant for carton manufacturing near Chennai. The plant will commercialise by Q3FY25
Company received approval from NCLT for amalgamation of TCPL Innofilms Pvt. Ltd with TCPL Packaging Ltd.
Company achieved 17%+ margins for two consecutive quarters. Management has mentioned that these margins are sustaining for now but cant comment for future. In the long term, they aim to keep at above 15%
Capex for FY25 stands at INR 1 Bn
Certain types of films have had double digit realisation hikes. Flexible films contributed low single digit to total revenues during the quarter
Paperboard segment operated at 70% Capacity utilization. Flexi packaging operated at 50-60% (because company added new line few months ago). 80-90% utilization possible
Diwali season is around, Orderbook tends to pick up
Flexible packaging segment has potential to do revenues of INR 4 Bn
Chennai greenfield plant will be starting by Diwali. Capacity is 5% of total capacity. Some customers will start immediately while large clients need to do audit before starting.
Chennai plant can reach optimum utilization in 6 months – 1 year
Innofilm manufactures PE films which will be used in standalone entity for printing and packaging. Company has managed to crack 2 large clients in Innofilms.
Company has mentioned that they will aim to grow exports more but domestic may grow faster.
Company appointed of Mr. Sunil Talati as an Independent Director for middle east entity, effective from July 18, 2024

Outlook: Company has mentioned that the domestic market is facing slow growth but exports did well. However, company has been able to maintain strong margins. Going forward, company will start receiving business from Chennai plant in Q3/4. At CMP, company trades 24.2x TTM EPS

Team Lease Services Ltd – Q1FY25 Concall KTAs
CMP: INR 3,477 | Market Cap: INR 58,306 Mn

Outlook-The company expects strong volume growth to continue, especially in general staffing, driven by positive momentum in sectors like banking & finance, consumer durables, and telecom. They expect margin improvement from Q2 onwards, supported by economies of scale in general staffing, growth in the Degree Apprenticeship business, potential recovery in specialized staffing, and seasonality adjustment in the edtech business. However, challenges remain, including muted hiring in IT services and wage inflation pressures.

Financial Highlights

Consolidated revenue stood at INR 25,940 Mn in Q1FY25 up by 6% QoQ & 19% YoY.
EBITDA stood at INR 220 Mn in Q1FY25 down by 40% & 16% YoY, with a margin of 0.9%
PAT stood at INR 190 Mn in Q1FY25 down by 31% QoQ & 25% YoY.
Total cash balance stood at INR 4,390 Mn as of Q1FY25. Free cash balance improved due to TDS refund of INR 1,150 Mn received in Q1FY25.

Business Performance

- Company had strong volume growth in general staffing, with net addition of 15,450+ associates in Q1FY25.
- Company had 6% QoQ and 19% YOY growth in headcount and 8% QoQ & 22% YoY growth revenue for general staffing.
- HR services underperformed due to delays in student admissions and university billings in EdTech.
- Sector-wise Performance
- Green shoots are visible in the banking and finance sector after a period of scrutiny and caution.
- Consumer durables business had growth in Q1FY25 due to record air conditioner sales.
- Telecom sector had growth with improved tariffs and investments.
- Top 3 growth segments were Consumer (25% YoY), Telecom (36% YoY), and BFSI (7% YoY).
- Other Highlights
- Company has a partnership with over 55 Global Capability Centers (GCCs), mostly within BFSI, health, and auto segments. About 55% of net revenue in the Q4FY25 came from GCCs.
- Non-tech sector increased tech hiring that contributed to about 6% of overall net revenue of the company.
- Government push for adoption of apprenticeship schemes through notices for non-compliance. Government increased focus on skilling and vocational education.
- Seasonality in EdTech business is affecting Q1 profitability of the company.
- Delayed university billings in EdTech business are impacting Q1 performance.

- Salary inflation is impacting gross margins ,despite maintaining PAPM in absolute terms.
- Operational complexity is increasing under NATS and WILP schemes, requiring more manpower for onboarding trainees and apprentices.
- Focus of the company is on new client acquisition and improving share of wallet with existing customers through newer products and efficient services.
- Company,s emphasis is on hiring efficiencies, cost optimization, and improved tech adoption in specialized staffing.

Redington Ltd Q1FY25 Concall Highlights
CMP: 206 | Market Cap: 1,60,890 Mn.

Outlook:

- Redington Ltd reported soft Q1FY25, which is based on the seasonality trend with growth except for Arena and Turkey which saw a fall in revenue, but company has implemented corrective measures and has seen an uptick in June and July. Company is interested in newer geographies like Singapore and Malaysia and has entered ME Africa, and Azerbaijan.

Performance Consol:

• Revenue came in at INR 2,12,823.3 Mn. (-5.13% QoQ) (0.44% YoY) in Q1FY25.
• EBITDA margins came in at 1.74% (Vs. 1.91% QoQ) (1.97% YoY) in Q1FY25.
• PAT came in at INR 2170.4 Mn. (-32.98% QoQ) (-14.95% YoY) in Q1FY25.

Highlights:

• Except Arena and Turkey company shows growth with a revenue of INR 1,93,280 Mn with 1% growth YoY, and PAT of 2740 Mn with a growth of 13% YoY.
• Management claims the weakness in Arena and Turkey is transient and will catch up again quickly.
• Redington's results of the quarter was achieved from 6% growth from India, a 17% growth from UAE, growth recovery in Africa and Egypt.

• Business Unit:

o **Cloud Business:** Continues to be the top performer for the company, with 35% top-line growth driven by success in the Hyperscaler business and some of the Subscription Software.

o **Endpoint Solution:** Contributed to the growth in Q1FY25 with 11% revenue growth enabled by commercial and consumer PCs.

o **Technology Solutions:** Grew well in Middle East Africa and the reason for the drop is due to Turkey and delays in India.

o **Mobility Solution:** India continues to grow well and all the other geographies remain positive, with new product introductions.

• Arena and Turkey:

o Company faced challenges in Arena and Turkey on account of high inflationary and interest rate environment and a sharp decline in market demand for the IT business.

o Corrective measures implemented by Arena management, including inventory management, receivables management and OpEx management.

• Company has a localized approach for expansion and growth in geographies such as KSA (Kingdom of Saudi Arabia), UAE, South Africa and Southeast Asia.
• Company's inventory provisioning for Q1FY25 was 13 bps which normally remains in the range of 6 bps.

• Company aims for 2.3% - 2.5% EBITDA Margins and 1.3% - 1.4% PAT Margins in FY25 going forward.

• Between June and July, company has already seen an uptick of about 30% - 40% business in Turkey.

• **Debt:** The company's gross debt is INR 31,800 Mn and net debt is 6,590 Mn.

• Factoring Cost: The Factoring + Interest Cost is INR 1,490 Mn for Q1FY25.

• **Seasonality Trend:** Q3 and Q4 are the best quarters for the company followed by Q2 and Q1 is the softest.

• In the Mobility Segment in MEA and India company works with Apple and a few Android brands only in the premium segment (in India above INR 40,000).

• Geographies:

o Company interested in entering Singapore and Malaysia in the Cloud Resell and Professional Services segment.

o Middle East Africa: Company entered Republic of South Africa Q4FY24,

o Already have an office in Azerbaijan, and have some early wins and is looking to grow

• ProConnect: Company's subsidiary is showing good volumes, with revenue of INR 2,280 Mn with a EBITDA growth of 21% YoY and PAT grew 61% YoY, out of this India has INR 1,380 Mn and USA, KSA about INR 900 Mn.

Syrma SGS Q1FY25 Concall Highlights
Syrma SGS | CMP: INR 454 | Mcap: INR 80.59bn

Outlook: Syrma SGS Technology is expected to grow 40%-45% over next 2-3 years. The order book stood at INR 45bn (~1.4x of FY24 revenue) shows business visibility going forward. Exports business is expected to grow at least 25% YoY in FY25E. Margins are expected to be 4.5%-5% (earlier margins above 6%) in FY25E. The increase in exports will improve the margins to 7% going forward. The subsidiary merger is expected to complete in the next 6-9 months. We have a neutral outlook on the stock.

Revenue
- Revenue growth is expected to be 40%-45% YoY over next 2 years.

Margins
- Margins are expected to be 4.5%-5% in FY25E. The increase in exports will improve the margins to 7% going forward.
- EBITDA is expected INR 3.1-3.2bn in FY26E.

Order book
The order book stood at INR 45bn as of Q1FY25. The order book breakup are Consumer (30%), Industrial (22%-25%), Auto (23%-25%), Healthcare (6%-7%) and remaining from Railways.
The order inflows stood at INR 12bn in Q1FY25.

Capex
- The Pune plant capex is expected to be INR 1bn and commercialization is expected from Q3FY25E onwards. Around INR 300-400mn capex in Europe.

Capacity utilization
Capacity utilization is around 60-65% in Q1FY25.

Exports
- Exports revenue is expected to reach INR 10-11bn in FY25E. The growth is expected to be a minimum of 25% YoY in FY25E.
- Exports revenue share stood at 16% in Q1FY25 and expected to reach 25% going forward.

Merger
The company has received orders from NCLT for subsidiary merger and is expected to complete in 6-9 months.

PLI
PLI is expected to be INR 180-200mn in FY25E.

Working capital days
Net working capital days are expected to be less than 60 days going forward.

Other highlights
- Consumer business order intake stood at INR 4bn in Q1FY25. Consumer business is high volume and low margin business. The working capital intensity is lower.
- High volume and low volume business mix is expected to be 60:40 going forward.
- EV and IC mix stood at 60:40.
- Smart metering business gross margins stood around 20%.

Refex Industries Limited Concall KTAs Q1FY25
CMP: INR 267 |Market Cap: INR 31,008 Mn

Robust performance in this quarter specially in coal and ash segment, utilizing its full capacity and plan to expand at more locations.

Financial Highlights
• Revenue Growth: Revenue increased to INR 595.12 crore, reflecting a 56% YoY.
• EBITDA and Margin: EBITDA reached INR 48.42 crore, a 33% YoY growth, with an EBITDA margin of 8.14%.
• PAT and Margin: PAT stood at INR 29.35 crore, growing 38% YoY, resulting in a PAT margin of 4.19%.

Segment-wise Revenue Breakdown
• Major Revenue Segments: The primary revenue contributors were Ash & Coal Handling at INR 552.62 crore, Refrigerant Gas at INR 20.92 crore, and Electric Vehicle (Green Mobility) at INR 5.47 crore.
• Other Segments: Sales of Service generated INR 4.65 crore, Power Trading INR 4.18 crore, Solar Power INR 2.99 crore, and Others INR 4.29 crore.

Operational Highlights
• Ash Handling Capacity: Currently handling 50,000 MT of ash daily and planning to double the capacity.
• Refrigerant Gas: Installed capacity is 3,000 MT, with a current refilling capacity fully utilized.
• Fleet Expansion: Aiming to increase the fleet size to 5,000 EVs by FY27 and expanding the fleet with additional trucks, loaders, and specialized vehicles.

Strategic Initiatives and Market Expansion
• Geographic Expansion: Entering 10 additional states for ash & coal markets and expanding capacity for refrigerant gases.
• Technological Investments: Investing in R&D for ash recycling and exploring new technologies for revenue growth.
• Power Trading: Targeting coastal areas for improved logistical efficiency and planning for short- and medium-term contracts with power generators and buyers.

Revenue Outlook and Capital Expenditure
• CAPEX Plan: Planned capital expenditure of INR 100-120 crore, with a focus on internal funding for working capital.
• Current Working Capital Cycle: Ranges between 60-90 days.
• Capital Deployment: Total capital deployed is INR 400 crore, including INR 130 crore for CAPEX and INR 270 crore for working capital.

Capacity and Utilization
• Ash Handling Capacity Increase: Expected addition of 8,000 to 10,000 tons per day in the next 2-3 months.
• Vehicle Utilization: 60% of vehicles are owned and 40% are leased.

Symphony Ltd| Q1FY25 Concall KTAs
CMP INR 1,449| Market Cap. INR 99.9bn

Co. recorded a robust financial performance in Q1FY25, marked by a 76% YoY increase in consolidated RFO, coupled with a significant improvement in gross and EBITDA margins. The company's strategic product launches and expanding market presence, particularly in the B2C segment, have driven impressive growth. With strong digital engagement and promising subsidiary performance, Symphony Ltd is well-positioned for continued growth. Our positive outlook is supported by management's confidence in maintaining historical CAGR growth.

Financials
Consolidated RFO stood at INR 5310mn(+76% YoY) with gross margins of INR 2720mn(+81%YoY) and margins of 51.2%(+150bpsYoY). EBITDA stood at INR 1120mn(+298%YoY) with margins of 21%(+1170bpsYoY) and PAT of INR 880mn(+270%YoY) and margins of 16.6%(+870bps YoY).

- Improvement in EBITDA and PAT margin is on account of expanded gross margin. B2C segment has reached to a critical mass and scale and its EBITDA margin percentage is now in line with normal trade or general trade.
- Symphony's share in Google search for air cooler category was more than 60%. YouTube and OTT search in June quarter has been 540 mn plus impressions. And 130 mn plus views have been registered. Number of prospective customers visited on D2C website in last 12 months were in excess of 4 mn.
- IMPCO Mexico, revenue grew by 46% and PAT has grown by 77%. GSK China, positive top line as well as bottom line from last 2 years after bleeding for 3 years and financial support from Symphony India. INR 590mn of loan from symphony to china, of which INR 70mn has been paid and co. is hopeful of additional repayment of loan.
- GSK China, is turning out to be a source of finished goods and products for subsidiaries in Mexico, China and Australia. Outsourcing of mfg that they have done in Australia and Mexico has been partly outsourced to subsidiary in China.
- CT Australia had subdued performance due to some logistic issue. Co. sees significant improvement in its performance by end of FY25.
- Board has approved buybacks amounting to INR 714mn, that is 10% of the net worth, at a price of INR 2,500. In addition, interim dividend of INR 1 amounting to INR 70mn.
- Co. has launched 17 models across 6 ranges in air coolers and will be available for the 2025 summer season. They are also entering the storage water heater segment in 3 ranges with 'Spa' being the most premium. They entered into water heater to ensure visibility throughout out the year to capitalise on the online user traffic they generate.
- The management expects initial low margins for new product segments like water heaters, which are anticipated to improve as the company scales up production
- Management believes that co. will continue to deliver the CAGR growth it has given uptil now.
- For the Australia business, cost of doing business is in process of being improved and everything shall be executed by Jun 2025 when the lease expires. Thereafter no overheads which the co. doesn't need. Co. doesn't see any inflection point in industrial coolers yet. It still is not a significant contributor to overall revenue and is till in high single digit range.
- Co. had strong volume growth in the qtr, along with sales mix that also plays contributed.

Tara Chand Infralogistic Solutions Ltd Q1FY25 Concall KTAs
CMP: INR 367 | Market Cap: INR 5.58 Bn

Company expects to grow revenue by 30% in FY25. Company expects EBITDA in segment A to remain maintain at 55% while EBITDA in segment B is expected to improve in coming quarters.

Financials

• Revenue came in at INR 457 Mn in Q1FY25 vs INR 390 Mn in Q1FY24. (17% YoY).
• EBITDA stood at INR 159 Mn in Q1FY25 vs INR 133 Mn in Q1FY24. (20% YoY).
• PAT stood at 45.36 Mn in Q1FY25 vs INR 38 Mn in Q1FY24 (17% YoY) with PAT Margin of 9.4%.

Operating Highlights

• Receivable days reduced to 77 days in Q1FY25.
• In the equipment rental segment, average monthly rental yield increase to 2.98% from 2.75%.
• Order book stood at INR 1494 Mn (71% YoY). Entire order book is expected to be executed in FY25. 60% of the order book comprise from warehousing and transportation segment.
• Company has maintained healthy EBITDA margin of 33.7% in Q1FY25.
• Revenue distribution across segment: 51% from equipment and hiring segment, 35% from warehousing and transportation and 14% from steel processing and distribution.
• Equipment rental segment registered a revenue growth of 34% and stood at INR 231 Mn.
• Warehousing and transportation segment saw a de growth of 12% in revenue at INR 162 Mn, due to labor issues at Visakhapatnam port.
• In warehousing and transportation segment company expects margin to expects improve to historical level of 23-25%.
• Steel processing and distribution segment grew by 92% YoY to INR 64 Mn, due to one time order which was executed in Q1FY25.
• In steel distribution sector company had one order of low margin from one the clients. Company did executed as it had another project with good margins.
• EBITDA margin was impacted due to
• Company targets capex of INR 691 Mn in FY25, of which company has spend INR 284 Mn in Q1FY25. Positive impacts from capex in expected to come from Q2FY25.
• ~55%- 60% of company's revenue is achieved in H2FY25.
• Increase in depreciation is due to increase in capex in current quarter as well as in previous financial year. Full year capex is expected to be in range of INR 350-360 Mn with ongoing capex.
• Average contract life cycle: In the equipment rental business, orders are for 6 months to 1 year. For the warehousing and transportation segment orders are usually for 5-7 years and transportation orders are 6 months -1 year.
• Equipment breakeven period is typically 5-6 years.

SJS Enterprises - Q1FY25 Concall Highlights
CMP: INR 984 | Market Cap: INR 30,547 Mn

SJS Enterprises delivered a strong performance in Q1FY25, primarily driven by the strategic acquisition of Water Pack India and growth in the automotive and consumer durable segments. Expected to maintain a consolidated EBITDA margin of around 25%, focusing on growth and new technology products rather than margin expansion.The company outperformed the automotive industry growth, with its 2W and 4W business. SJS added Dixon Technologies as a new client, opening up opportunities in the consumer durables segment. The management is targeting to grow 1.5x the industry rate and increase exports to 15% of consolidated revenue in the next three years.

Financial performance
* Consolidated revenue grew 60.9% YoY to INR 1,886.2 Mn.
* EBITDA reached INR 505 Mn, up 60.8% YoY, with a margin of 26.6%.
* Profit after tax was INR 282.4 Mn, up 56.6% YoY, with a PAT margin of 15%.

Capex
Capex plans of around INR 1,700-1,800 Mn per annum for FY25 and FY26 to support future growth. Expanding capacity at ExoTech and Walter Pack subsidiaries, with investments of around INR 800 Mn and INR 400 Mn respectively. Allocating INR 150 Mn annually for maintenance capex.

Export
Export revenue grew by 13% YoY to INR 142 Mn. They aim to increase export contribution from the current 7.5% to 15% of consolidated revenue in the next three years.

Key highlights
* SJS outperformed industry growth, with its 2W and 4W business growing 43.1%, which was 2.5 times the overall industry growth of 17%.
* The company's automotive business increased by 66.6% YoY for the domestic market and 13% YoY for exports.
* Passenger vehicle business grew by 90% on a consolidated basis, significantly outperforming the industry growth of 6%. Potential content per vehicle for passenger vehicles has increased by over 4x in the last 2-3 years.
* Added Dixon Technologies as a new customer in the consumer durables and telecom segments, expanding its client base.
* Expanding its presence in the plastics and cover glass business, with plans to start supplying cover glass products in Q2.
* ROCE during the quarter stood at 23.3%, while ROE was 19.1%.
* The company is in the final stages of setting up its cover glass business and expects to receive its first order by the end of the current quarter. Significant revenue impact from this segment is expected in FY26.
* 2W business now contributes about 34-35% of total revenue, down from 70% previously, as the company has pivoted towards becoming a 4W supplier.
* The company's total debt at the end of Q1 was INR 533 Mn , with cash and cash equivalents of INR 767 Mn, resulting in a net cash position of INR 234 Mn.

* SJS is working with Foxconn to supply digital clusters for a major 2W EV manufacturer.
* SJS is currently operating at about 65% capacity utilization overall, with ExoTech running at 95% and Walter Pack at 75% utilization.
* The company continues to explore inorganic growth opportunities and expects to have a corpus available for potential acquisitions by the end of FY25.
* New generation products now contribute 25% of SJS's consolidated revenue. Consumer goods segment contributed 21% of the total revenue.
* SJS is seeing strong demand across its product portfolio and is creating capacity across all its businesses to cater to this increased demand. The company is expanding into new areas such as medical devices and aims to scale up this business in the future.
* The company is actively working on expanding its global automotive market presence, leveraging its ability to ship light parts easily to over 22 countries.
* Expects the cover glass business to start with high-end cars and gradually expand as more OEMs introduce larger displays in their vehicles.

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Patel Integrated Logistics Ltd| Q1FY25 Concall KTAs
CMP INR 27.3| Market Cap. INR 1,760mn

Co. launched 'FreightPILL', it's own mobile app to ensure seamless paperless transactions. Co. also plans to monetize it's non-core real estate assets and position it as a leader in the logistics sector. Management's is on the lookout for organic and inorganic growth opportunities. Co.'s actions are aligned with government policies and seasonal demand. Despite some challenges with tax refunds, the company remains committed to regulatory compliance.

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Financials
Operational income stood at INR 821mn(+35%YoY) with EBITDA of INR 21.29mn(+8%YoY) and margins of 2.59%.PBT stood at INR 15.3mn(+47%YoY) with PAT of INR 15.3mn(+47%YoY) and margins of 1.86%. EPS of INR 0.24.

Despite traditionally challenging nature of Q1FY25, EPS increased from 16 paisa to 24 paisa, reflecting an almost 50% rise YoY.

Co. launched a mobile app named FreightPILL, aimed at making operations paperless and improving efficiency. This app is currently in use at multiple locations and positions the company as a pioneer in its operational area.

The management also discussed the company's plant to monetize their non-core real estate assets located in prime areas of Mumbai. Efforts are underway to monetize these assets to maximize benefits, although such decisions are time taking. Management expressed optimism about finalizing deals in the near future.

Co. is exploring opportunities for both organic and inorganic growth. While the core focus remains on the high-growth air freight business, there are considerations to re-enter the traditional roadway business,. The management emphasized a balanced approach to growth, combining risk mitigation with taking up of new business avenues within the logistics sector.

The upcoming festival season, starting with Independence Day, is expected to drive strong performance in the current and subsequent quarters.

Additionally, the government's emphasis on developing airports and the increasing focus of airlines on cargo divisions are anticipated to increase the company's business opportunities. With pan-India presence and a complete logistics ecosystem, PIL is well-positioned to capitalize on these opportunities.

Co. expressed delays in expected tax refunds due to increased scrutiny by tax authorities. However, co. assured that the company remains fully compliant with all regulations and is committed to maintaining its compliance status.

The management also provided insights into the air freight division's assets, which are valued at INR 12.5mn, with liabilities at INR 5.3mn. The real estate division has a net book value of INR 490mn, though market values are expected to be higher.

Mold-Tek Packaging Ltd Concall KTAS Q1FY25
CMP: INR 795 | Market Cap: INR 26446Mn

The company reported strong financial growth with a revenue increase of 11.22% YoY, while navigating market competition and expanding capacity to achieve projected targets in FY 2025-26.

Financial Highlights
• Revenue: INR 19,672 lakhs at 11.22% YoY growth.
• PAT: INR 1,652.92 lakhs.
• EBITDA: INR 3,667 lakhs, showing a 2.46% increase. EBITDA margins are impacted by new project costs now being accounted for as expenditures.
• Volume Growth: 7.5% YoY, with sales volume increasing by 9.07% to 9,894 MT from 9,071 MT in FY 2024.

Key Highlights
• Current Trends: Increased competition in small packs and ice cream boxes, with exclusive items gaining traction. The pharma sector is expected to drive significant growth, while the food and FMCG sectors remain important.
• Demand Outlook: Positive demand in square packs, particularly for edible oils and ghee, with a forecast of 40-50% volume growth, matching last year's performance.
• Regulatory Updates: New Extended Producer Responsibility (EPR) guidelines for rigid plastics will require 20-25% recycled content starting next year. The company is already using around 20% recycled plastic and anticipates meeting the new requirements.

Financial Projections
• FY 2025-26 Targets: The company aims for a top line of INR 1,000 crores and a bottom line of INR 100 crores. EBITDA is projected to be between INR 100-120 crores.
• Future Outlook: Anticipated to double ABG plant capacity by 75-80% and achieve robust financial performance in upcoming quarters.

Capacity and Capital Expenditure
• Current Capacity: Approximately 53,000 tons, with 1,600 tons allocated to pharma. FY 25 capital expenditure is projected to be INR 75-80 crores, down from INR 140 crores last year.
• Expansion Plans: Significant expansion in ABG plants, with an increase of 60-75% in capacities, particularly in Panipat, Ludhiana, and Mahad.

Segment Contributions and Utilization
• IML Contribution: Accounts for 70.5% of the value, compared to 66% by volume.
• Paint Segment: Current utilization is around 40-45%, with expectations to reach 50-60% for the full year. The company is not the sole supplier, with multiple suppliers for each location.
• Pharma Segment: Expected peak volumes of 1,500 to 1,600 tons, potentially generating a turnover of INR 50-60 crores.

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Dreamfolks Ltd Q1FY25 Concall KTAs
CMP: INR 479 | Market Cap: INR 25,425 Mn

Financial Highlights
• Revenue stood at INR 3208 Mn at a growth of 20.5% YoY.
• EBITDA stood at INR 258 Mn at a growth of 30.3% YoY, EBITDA Margin is 8%.
• PAT stood at INR 172 Mn at a growth of 32.3% YoY and PAT Margin is 5.3%.

Operational Highlights
• Expansion into services beyond airport lounges, with significant traction in golf services.
• Launch of new programs and partnerships, including golf clubs, Medicine on Call, and Doctor Consultation services.
• Onboarding of prominent clients in Loyalty, Travel, Hospitality, and Events solutions.
• Added 5 new domestic lounges and 1 international lounge at various airports.
• Expanded golf programs and added 6 new golf clubs in India.
• Continued focus on becoming a Travel and Lifestyle services provider.
• Strong demand for domestic travel in India driven by a growing middle class and increasing disposable income.
• Rise in digital payments and credit card usage, enhancing eligibility for lounge access, contributing to business growth.

Outlook
• Expectation of margin expansion in H2 due to seasonality and contract renewals.
• Continued focus on increasing wallet share with clients and expanding into new geographies.
• Positioned to deliver positive results with a strategic approach and proprietary technology platform.

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Radiant Cash Management Services Ltd Q1FY25 Concall Highlights
CMP: 84 | Market Cap: 8,980 Mn.

Outlook:
RCMS Ltd had a good Q1FY25, company observed increase in revenue, margins and PAT. Company's acquisitions and newer verticals have started to show growth, adding new customers and becoming EBITDA positive, and increased geographical presence, company guides for 20% EBITDA margin growth for the coming years.

Performance Consol:
• Revenue came in at INR 999.13 Mn. (1.08% QoQ) in Q1FY25.
• EBITDA margins came in at 16.67% (Vs. 13.77% QoQ) in Q1FY25.
• PAT came in at INR 108.13 Mn. (30.49% QoQ) in Q1FY25.

Highlights:
• Company's last year acquired firm Ace Money, showed signs of improvement with a focus on merchants onboarding and improving volumes through its network.
• Revenue growth in core business has been flat and company stays positive for long term growth, and expected growth is targeted at 20% YoY.
• Ace Money compliments company's core business with 8,000+ merchants through its digital solutions.
• Company entered Diamond, Bullion and Jewellery (DBJ) segment in Q2FY24, and is now on the path of profitable growth in Q1FY25, company to soon achieve breakeven in this segment.
• Direct clients now account 9% of the total revenue which was 2% at the time of listing.
• Company's core business, despite of seasonally weak quarter had an impact by the elections, and several corrective measures have been taken including sliding cost control to improve profitability in Q1FY25.
• In Q1FY25, company added 13 new clients, 180 new end customers and 2,179 new retailer points.
• As of now company serves 72,000 touchpoints covering 14,500+ PIN codes and 8,000+ locations.
• Management is confident in improving EBITDA margins in the upcoming quarters.
• E-commerce logistics volumes came down to 3.7% from 6.2% QoQ.
• Company claims its fintech business is still in growing stage and has shown positive results in the quarter.
• DBJ segment is too small to make an overall impact on the entire company, but that business has a high fixed cost and a high incremental margin business.

Radiant Ace Money:
• Ace Money scaled up its operations and is EBITDA positive within 8 months of company's acquisition.
• Onboarded over 13,619 merchants in Q1FY25, Transaction Volumes were at 754.3 Mn.
• Ace Money now has a presence in 14 states as compared to 3 at the time of acquisition.
• Revenue came in at INR 21 Mn in Q1FY25 as compared to INR 35 Mn in FY24.
• Company is positive for Ace Money's growth in both Revenue and PAT in FY25.

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CDSL Q1FY25 Concall Highlights
CMP: INR 2,311 | Market Cap: INR 241 Bn | Promoter: 15%

[Arihant Capital]

Performance (Consol)
• Revenues came in at INR 2.57 Bn (+6.64% QoQ) (+72% YoY)
• EBITDA margins came in at 59.92% (Vs 61.42% QoQ) (Vs 53.3% YoY)

Other Financial Highlights:
• Annual Issuer Charges stood at INR 760 Mn (Vs INR 650 Mn QoQ) (Vs INR 630 Mn YoY)
• Transaction Charges stood at INR 750 Mn (Vs INR 760 Mn QoQ) (Vs INR 360 Mn YoY)
• IPO Charges stood at INR 270 Mn (Vs INR 270 Mn QoQ) (Vs INR 100 Mn YoY)

Operational & Business Highlights:
• Company opened 9.9 Mn demat accounts during the quarter (total demat accounts at 125.5 Mn)
• CVL revenues grew 109% YoY
• Transaction charges rate cut took place on 1st June. SEBI true to label circular came post that. Transaction charges were cut down to pass on the benefits of economies of scale to investors. Full impact will be seen in Q2.
• Company had strong other operational income during the quarter, mainly led by eCAS then e-voting and investment income
• Q4 and Q1 employee costs are usually similar. Increments usually done in Q1
• SEBI regulatory charges stood at INR 110 Mn
• Company cant comment on DP charges that will be levied from 1st October as it is still in discussion.
• Real time settlement is still some distance away, still focusing on T+0 and T+1. Not all players have started T+0 yet.
• True to Label can have higher or lower DP charges (depending on final discussions)
• Company is empaneled with total 44 insurance companies. Q1 had 1.4 Mn dematerialized policies (mainly life insurance). Total Income in Q1 stood at 9.9 Mn for Insurance repository business. Total dematerialized policies stood at 45 Mn
• All insurance repository players put together also aren’t 10% of the opportunity size.
• Pledge income stood at INR 62.5 Mn
• Cost of tech has been ranging between 10-12% historically. Cost of tech and other expenses will also be considered when company will get the final true to label pricing

Outlook: CDSL has delivered outstanding performance on the back of strong market participation. Going ahead, the T+0 settlement (and subsequent implementation of instant settlement) will drive revenues further. Additional triggers will be the dematerialization of shares of unlisted companies and rematerialisation of insurance policies. We continue to remain positive on the company and its prospects. Our long term view remains positive only on the company. At CMP, company trades INR 50.3x TTM EPS.

Tinna Rubber – Q1FY25 Concall Highlights
CMP: INR 1,868 | Market Cap: INR 32 Bn | Promoter:72.65%

[Arihant Capital]

Performance (Consol)
• Revenues came in at INR 1.36 Bn (+23.7% QoQ) (+68.9% YoY)
• EBITDA margins came in at 18.16% (Vs 20.47% QoQ) (Vs 14.53% YoY)
• Tyre processing volume came in at (tonnes): 38,500 (Vs 30,665 tonnes QoQ) (Vs 22,000 tonnes YoY)

Key Highlights from the concall:
• Company is adding 5,000 tonnes of MRP in Chennai, operational by Q2
• Company has appointed channel partner to further develop the export market in the USA.
• Total ERP credits worth INR 25 Mn sold in Q1 (net positive impact of INR 90.5 Mn in rev and PBT for units accrued till FY24). Figures as per government portal. Credits are not given on the amount of rubber that the company recycles but on the product made after recycling.
• CPCB is in the process of finalizing the price band for EPR units, which is likely to happen within Q2
• Higher freight costs impacted the margins along with performance bonuses for employees and provision for ESOP scheme
• Tyre companies are not focusing on entering this space.
• EBITDA numbers excluding EPR credits would be 13.5%

Capex and Capacity expansion plans:
• Total capex of INR 480 Mn for Fy25 of which INR 280 Mn have commenced (which includes crumbing and MRP capacity expansion)
• Company is opening up a new plant in Saudi Arabia at cost of INR 200 Mn which will be operational by H1FY26. Plant will have capacity of 24,000 tonnes.
• Company is also focusing on setting up JV in South Africa which will commence by Q3

Infra Segment:
• 45% revenue contribution in Q1
• Segment saw +65% volume growth and +48% volume growth.
• Q1 is the peak season for road infrastructure, and due to the parliamentary elections, road construction activities were at their peak.
• Company secured new contracts for 15,000 tonnes of CRMB.
• +30% volume growth on YoY basis in Bituminous products.
• 80% growth in CRMB processing using Mobile Blending Units on a YoY basis

Industrial segment:
• 28% revenue contribution in Q1
• MRP volumes increased by 6% YoY (finer grades grew by 25% YoY)
• Exports grew by 51%

Steel Segment:

• 18% revenue contribution in Q1

• 85% revenue growth, 72% volume growth. Steel abrasive sales grew by 150% YoY

• new range of products has been added to the steel segment, contributing to the growth in steel abrasives.

Consumer segment:

• 9% contribution in Q1

• Varle plant started contributing to performance

• Turf, rubber tiling, and gym mat applications have witnessed a 150% volume growth on a YoY basis.

Outlook: Going forward, management has decided to make provision of EPR units on quarterly basis post its generation on the CPCB portal. Till Fy27, company has no other plans of other business and aims to be a rubber recycler only. Guidance for Fy25/26/27 for topline stands at INR 5/7/9 Bn. At CMP, company trades 64.5x TTM EPS.

Eveready Industries India Ltd Q1FY25 Concall KTAs
CMP: INR 398 | Market Cap: INR 28,918 Mn

Outlook: Mixed single-digit growth expected, with stronger traction in sales mechanisms anticipated in the second half of the year.

Financial Highlights
• Revenue: INR 349.37 crore.
• High base effect, slower uptake in the carbon-zinc range, ongoing weakness in battery-operated flashlights, and value erosion in the lighting segment.
• Profit: PAT at INR 29.36 crore.
• Margins: EBITDA margin at 14.2%, PAT margin at 18.5%.

Product and Market Breakdown
• Revenue Composition: 60% battery, 17% flashlight, 23% lighting.
• Market Position: 53% market share in the battery market, leadership in flashlights.

Business Strategy and Focus Areas
• Product Innovation: Emphasis on highly relevant and innovative offerings that enhance quality and functionality.
• Sustainability and Efficiency: Continued focus on sustainable and efficient practices.
• Brand Engagement: Ongoing efforts to stay connected with consumers and strengthen the brand.
• Channel Diversification: Increased efforts in modern retail, e-commerce, quick commerce, and institutional sales to boost future quarters.

Challenges and Market Dynamics
• Design and Implementation: Facing challenges in the design and implementation of new products.
• Rural Demand: Weak rural demand affecting the carbon-zinc battery segment, but expecting recovery with normal monsoon predictions.
• Competitive Market: Presence of spurious products affecting the rechargeable battery segment.

Investment and Growth Projections
• Alkaline Plant: Board approval for an investment of INR 180 crore to set up an alkaline plant with a capacity of 360 million units.
• Growth in Lighting: Continued investment in lighting development, seeing significant growth in LED bulbs, emergency bulbs, and professional luminaires.

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CAMS – Q1FY25 Concall Highlights
CMP INR 4149 | Market Cap INR 206 bn

OUTLOOK
Company has displayed positive performance during the Q1FY25, driven by robust performance across all revenue streams, largely driven by mutual fund segment. Further, they have announced a strategic partnership with Google Cloud to rearchitect the RTA platform. Going forward, non- MF revenue is expected to grow by around 20% in the long term.

Guidance
• The management anticipates that non- MF revenue would grow by around 20% in the long term.

Highlights
• During the quarter, the revenue growth was supported by robust performance across all revenue streams, largely driven by mutual fund segment.
• In Q1FY25, revenue mix between MF and non-MF was as follows: the MF revenue comprised of asset-based revenue and non-asset based revenue amounting to 73% and 13.7%, respectively, of the total revenue. The non-MF revenue was 13.3% of the total revenue.
• In terms of asset mix, equity component increased to 53.2% in Q1FY25.

MF RTA
• CAMS AAuM stood at INR 40.3 trn, (+34.7% YoY/ +8.5% QoQ) driven by steady growth in the equity AUM.
• CAMS market share stood at 68% based on quarterly AAuM.
• Equity AAuM grew to INR 21.5 trn (+55.8% YoY/ +11.3% QoQ), outpacing the industry growth.
• They have announced a strategic partnership with Google Cloud to rearchitect the RTA platform. The transition will take 4-5 years in a phased manner.

Alternative services
• Alternative Services vertical continued its growth trajectory with 22% YoY growth in revenue. They acquired 36 new clients in Q1 FY25.

Cams payments
• LIC empanelment for authentication services have gone live and delivery commenced in the Q1FY25.
• LIC has also empanelled CAMSPay for Payment Gateway services.

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KUANTUM PAPERS LTD Q1 FY25 Concall Highlights
CMP: INR 151 | Market Cap : INR 13116 Mn

Company reported a challenging Q1 FY25, with revenue declining significantly both YoY and QoQ due to subdued demand and increased input costs. Despite this, the company achieved record production levels and introduced a new multicolor printing product. Capacity increase and focusing on expanding specialty paper production, which is set to drive future revenue growth. The expansion is financed through a combination of bank debt and internal accruals, with peak debt . Market dynamics, including fluctuating ocean freight rates and regional pricing differentials, are impacting trade and pricing. The management remains committed to improving operational efficiency and adapting to market trends.

Financial Performance

Revenue stood at INR 2,807 Mn at decline of (103%) YoY and (601% QoQ)
EBITDA stood at INR 716 Mn at a decline of (346%) YoY and growth of 126% QoQ
EBITDA Margin reported at 2551% at a decline of (950) BPs

Demand Dynamics
Subdued Demand: The demand for writing and printing paper faced a downturn this quarter, primarily due to Deferment of government tenders , Seasonal closure of educational institutions and Summer vacation closures of courts
Input Cost Pressures: Higher costs of imported pulp, exacerbated by increased ocean freight rates, added pressure on input costs

Net Sales Realization
Decline in Realization: Net Sales Realization has seen a consistent decline from its peak in Q1 FY24 Factors contributing to this decline include subdued demand and increased input costs
Projected Revival: Seasonal factors are expected to moderately revive demand, leading to improved realization and better pricing movements in upcoming quarters

Record Production Levels
Finished Paper Production: Company Achieved the highest ever average finished paper production of 434 tonnes per day
Pulp Production: Recorded an average pulp production of 359 tonnes per day for Q1 FY25

Introduction of Cosmoletho SPX: A new product, Cosmoletho SPX, was developed and manufactured on PM2, specifically designed for multicolor printing applications

Water Resource Management
Surface Water Utilization: The company started using surface water from a nearby canal, approved by the Department of Water Resources, Punjab This initiative aims to Conserve groundwater and Reduce operational costs

Wheat Straw: Utilized approximately 40% of pulping requirements from agro sources, primarily wheat straw
Price Reduction: Wheat straw prices reduced by almost INR 2000 per ton from the previous quarter
Selling Price Adjustments: Despite a reduction in selling price by about INR 5000 per ton from the previous quarter, the company anticipates a balanced approach to selling prices with only slight potential reductions

Operational Efficiency
Secondary Washing Stage: Installed a secondary stage of washing for materials before pulping to remove contamination and maintain quality

Raw Material Costs
Wood Prices: Increased from INR 7000 per ton a year ago to between INR 9500 to INR 11,000 per ton due to competition from the plyboard and MDF industries
Imported Pulp Costs: Remain high due to ocean freights and a global demand supply imbalance

Social Forestry Programs: The company is engaged in increasing wood availability through social forestry programs
Sapling Sale Targets: Aiming to sell about one crore saplings by the end of the next three years, covering approximately 50,000 acres of farmland

The company plans a 50% increase in capacity from 450 to 675 tons per day. This will be achieved by optimizing existing machinery, which will enhance production efficiency and keep costs low. This approach minimizes the need for new investments while boosting overall operational performance.

The company's INR 735 Cr. expansion is financed by INR 535 Cr. in bank term debt and INR 200 Cr. from internal accruals. SBI has sanctioned INR 250 Cr., with the remaining term debt expected within two weeks.

The company currently has a debt of INR 385 Cr.. For the expansion, an additional INR 430 Cr. in debt is anticipated, bringing the peak debt to an expected INR 600 Cr. by March 2026. This peak level accounts for the planned repayment of INR 220 Cr.

Specialty paper accounts for around 20% of revenue with higher margins of INR 1.15 per kilo. Within the writing and printing paper segments, Mapleto generates the highest revenue, followed by Copier at 25%, and Cream Woven covering the remainder.

The company will continue prioritizing writing and printing paper while expanding specialty paper production to meet rising demand from single-use plastic bans. The goal is for specialty paper to contribute 30-35% of total revenue within three years, shifting towards higher-margin products.

Ocean freight rates and the Red Sea crisis are impacting trade, increasing domestic supply and pricing pressures. Regional price differentials vary, with coastal regions showing a INR 8-10 gap between import and domestic paper prices, and Northern India experiencing a smaller differential of INR 2-2.5 per kilo due to handling charges.

Century Plyboard – Q1FY25 Concall Highlights
CMP: INR 706 | Market Cap: INR 157 Bn | Promoter: 72.59%

[Arihant Capital]

Performance (Consol):
- Revenues came in at INR 10.05 Bn (-5.28% QoQ) (+12.84% YoY)
- EBITDA margins came in at 11.04% (Vs 12.91% QoQ) (Vs 14.93% YoY)

Key Highlights of the call:
- Company has commenced commercial production of all products (including MDF, laminate, and PVC) at Andhra Pradesh plant.
- Q1FY25 AP plant utilization lower than 20% and Shahpur at 85%
- Company has disposed Singapore and Laos Subsidiares which has resulted in exceptional items of INR 133.3 Mn (including reversal of previous impairment)
- Total capex planned of INR 6.66 Bn till FY26

PLY:
- Ply segment margins improved by 100 bps to 14.4%. RM prices were up but company had taken price hike in June. Price hike with volumes helped better performance in Ply
- Ply cant continue to grow at high rates, India story is strong but segments like tiles or FMCG are also not growing that fast. So expectations of high growth rates for longer term is incorrect.
- Plywood is branded product so the profitability will be maintained. Hiked prices in ply by 2% in June and August each.

LAMINATES:
- Laminate margins increased despite drop in volumes YoY (increased realization)
- Commercialised the plant in January but first few months were trials. NSR at INR 6,000 per sheet. The unit is export oriented and company received the required certifications in August. Going ahead large chunk of sales will be compact laminates of large sizes. Unit has capability to do INR 2-2.5 Bn in sales at optimum utilisation

MDF:
- Standalone MDF EBITDA margins saw a sharp drop due to increased timber prices and pricing pressure.
- Current performance seems to be the bottom for MDF. Going ahead, increased utiisation and better VAP will aid margins and performance.
- Hoshiyarpur plant still on hold as the plantations did not happen as per expectations. Company is currently ramping up other facilities
- BIS norms to come in soon, imports will slowdown. Current exporters to india will have to comply with BIS norms and their production cost would roughly go up by 20%
- MDF in 5 year period should have 25% margins. Import RM costs 3-4% higher but quality is better
- 15% margin guidance is excluding the AP plant

PARTICLEBOARD:
- Particle board also saw sharp drop in operating profitability mainly due to lower volume, price reductions, and increased raw material costs.
- Particleboard can add INR 1 Bn in topline by FY26
- The new line will have higher margins but whenever the new line starts, company will have to shut the existing facility for sometime.

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Volumes:

- Plywood volumes stood at 96,908 CBM (-4.6% QoQ) (+14% YoY)
- Decoply volumes stood at 2,005 CBM (-2.2% QoQ) (-7.8% YoY)
- Commercial Veneer volumes stood at 719 CBM (-37.2% QoQ) (+7.1% YoY)
- Laminates volumes stood at 1.71 Mn sheets (-8% QoQ) (-6.6% YoY)
- Exteria grade Laminates volumes stood at 9,508 sheets (-28.5% QoQ) (-12.5% YoY)
- Plain MDF volumes stood at 46,286 CBM (-6.7% QoQ) (+29.5% YoY)
- Prelam MDF volumes stood at 15,632 CBM (+17.8% QoQ) (+27.6% YoY)
- Plain Particle Board volumes stood at 7,618 CBM (-5.8% QoQ) (+14.6% YoY)
- Prelam Particle Board volumes stood at 10,887 CBM (-15.1% QoQ) (-12.1% YoY)

Guidance: For FY25, company has guided +10% growth in plywood and 12-14% margins, 20% growth in laminates with 10-12% margins, 40% growth in MDF with 15% margins and no growth in particle board with 15% margins. Pricing pressure continues in MDF and particleboard. Growth in all segments except plywood will be driven by new capacities. Company expects growth from Q2. By Q4FY25, company anticipates that the margins will reach 15% but as Andhra plant ramps up, it will lead to lower consolidated margins. At CMP, company trades 57.3x TTM EPS.

Antony Waste Handling Cell Ltd Q1FY25 Concall KTAs

CMP: INR 741 | Market Cap: INR 21,031 Mn

Financial Highlights

•Revenue: INR 233 Cr, showing a 3% YoY and 7% QoQ growth.

•EBITDA: INR 55 Cr, reflecting a 6% YoY and 27% QoQ growth. EBITDA Margin stood at 23.8%.

•PAT: Declined to INR 21 Cr, showing a (6%) YoY and (29%) QoQ decrease. PAT Margin was 9.1%.

Strong Operational Performance

•The Waste-to-Energy (WTE) plant in Pimpri achieved an impressive Plant Load Factor (PLF) of ~89%.

•AWHCL managed 1.18 MMT of waste and sold 34,000 tonnes of refuse-derived fuel, and 6,000 tonnes of compost during Q1FY25.

•MSW Collection & Transportation (C&T) contributed 62% to revenue.

•MSW Processing made up 23% of revenue, with the remaining 15% from other contracts.

•The company is focusing on rational project selection and strategic geographic expansion to capitalize on growth in the MSW management sector.

•AWHCL aims to diversify into emerging waste management areas, enhancing operational efficiency and moving up the MSW value chain.

•Active projects: 8 in the MMR region and 6 around NCR, with plans to bid for projects in new states to boost profitability and efficiency.

Outlook

•Current cash position: INR -86 Cr, with capex at INR 20 Cr.

•Continued focus on commercialization efforts, debt repayment (INR 25 Cr), and exploring new ventures such as car recycling.

•Ongoing projects like the Chennai and Mangalore projects remain on track, contributing to the company's positive outlook amidst growth opportunities in the sector.

•Additional 100 Cr Revenue guidance for FY25 as compared to FY24.

Arihant Capital Markets Ltd

Astral Ltd Q1FY25 Concall KTAs

CMP: INR 2031 | Market Cap: INR 5,45,769 Mn

The company remains confident in achieving 15%-20% growth with stable margins, driven by strategic expansions, cost management, and favorable market conditions for the second half of FY25.

Financial Highlights

•Revenue stood at INR 13836 Mn at a growth of 7.8% YoY and decline at (14.9%) QoQ.

•PAT stood at INR 1195 Mn at a growth of 0.2% YoY and a decline of (34.1%) QoQ.

•Gross profit margins hit an all-time high of over 40%, despite increased employee and other costs impacting EBITDA margins.

Guidance

•The company reaffirmed its guidance of 15% to 20% volume growth for FY25, aiming for net sales of INR 100-125 crore in the Bathware business and INR 350 crore in the Paint business.

•Targeting a minimum EBITDA margin of 10% for the full year, with expectations of maintaining double-digit margins.

•The company expects margin improvement in the second half of the year due to seasonal demand and potential support from BIS norms and anti-dumping duties on PVC.

•The company expects to maintain 7%-8% EBITDA margins in the UK and is confident in gaining domestic and international market share.

Key Highlights

•Volatile raw material costs, particularly in PVC, were managed effectively, resulting in 16% volume growth.

•The Hyderabad plant is set to begin commercial production by the end of August 2024, with other key expansions like Giloth and Volka on track.

•New market expansions in Gujarat, Rajasthan, and Maharashtra are underway, with positive early responses in rural areas for paint products.

•No major capex in Bathware as the Jamnagar plant is fully operational. Investments in staff for new verticals like paint and bathware are expected to support future growth.

•The company anticipates a rise in polymer prices from September 2024, which could boost demand.

Infoedge Ltd - Q1FY25 Concall Highlights

CMP: INR 72,140 Mn | Market Cap: INR 93,344 Mn

Financial Highlights

Revenue from Operations surged to INR 6,389.04 Mn in Q1FY25 from INR 6,082.94 Mn in Q4FY24, increase by (9.3% YoY/ 5.03% QoQ). EBITDA increased at INR 2,495 Mn as against INR 2,496 Mn grew by 10.1% YoY/ 1% QoQ. EBITDA margin stood at 39% affected by reduction in recruitment margin. PAT also improved to INR 2,323 Mn in Q1FY25, compared to INR 2,231 Mn in Q4FY24, which increased by 4.10% QoQ/ 16% YoY.

Other Highlights

Recruitment billings rose by 8.5% year-over-year, with non-IT sectors experiencing a 14% increase, while IT billings grew in the single digits.

Management expects overall marketing expenditure in FY25 to exceed that of FY24, although margins are projected to improve in the next two quarters.

Recruitment revenue increased by 5.6% YoY, driven by growth in the non-IT segment. Real estate segment revenue rose by 19.5% YoY, with billing expanding by 10.4% YoY. Recruitment Consultant saw single-digit growth. 99acres billing was affected by election-related slowdown in real estate market.

Improving market offerings in the GCC and non-IT sectors, along with further penetration into Tier 2 and Tier 3 cities, is expected to drive growth. Some of the large GCCs have started hiring and seeing some green shoots in this vertical.

The company has expanded by opening new offices in both established cities such as Delhi and NCR and new, untapped locations. It aims to extend its reach to over 100 cities in the next two years, up from its current presence in 70 cities.

Growth was below expectations, largely due to slower performance in certain regions, which may have been impacted by elections.

The focus remains on monetization, with new features introduced in Q1FY25. Company gains were realized from improvements in the Jeevansathi business.

Arihant Capital Markets Ltd

Cosmo First Ltd| Q1FY25 Concall KTAs

CMP INR 960| Market Cap. INR 25.2bn

Rigid packaging is growing 10%MoM and is expected to reach breakeven by year end double digti EBITDA margins in chemicals. BOPP margins have reached INR 19/kg with BOPET recording +EBITDA for the first time. Co. post installation will have the largest CPP and BOPP lines in the world.

[Arihant Capital Markets Ltd.]

Financials

Standalone net sales stood at INR 6470mn(+7.5%YoY) with EBITDA of INR 650mn(+41%YoY) and 10% margins(+200bps YoY). PBT stood at INR 190mn(+111%YoY) and PAT of INR 160mn(+78%YoY). EPS stood at INR 6.

Co. saw higher volumes and better margins. Improvement in EBITDA was driven by higher specialty sales and improved BOPP margins due to better demand.

Specialty sales of 69% of total volumes. Specialty margins increased in Q1 due to better sales mix.

BOPP margins have been at INR 19/kg during Q1FY25(vs INR 12 Q4FY24) and INR 11/kg Q1FY24.

BOPET witnessed positive EBITDA for first time since operations with 13.1% EBITDA margins. BOPET had EBITDA losses last year and Q4FY24 was the first qtr when EBITDA became positive. As polyester demand gets better, margins should improve here.

Co. believes improved sale of specialty segment and domestic sales to be at healthy levels.

Post-rationalization on renewable power has started during Q1FY25. They expect annual bottom line impact to be close to INR 250mn from the same. Shifting of Korea plant to India will result in $1mn cost optimisation.

Specialty chemicals, commercialised multiple adhesives should lead to better EBITDA and margins.

Rigid packaging vertical which was started in H2FY24 is growing well, with injection moulding started from Q1FY25. CPP and BOPP lines are progressing as per plan.

CPP and BOPP line commercial production to start by Q3FY25 and H1FY26 respectively. Both lines will be world's largest capacity line, increasing capacity of co. by 50% in phased manner.

-Co. guides that it will go through consolidation during H1FY25 before next level of growth.

-Co. looking for INR 3-3.5bn of capex, mainly related to BOPP lines.

-Co. has net debt of INR 5.98bn and co. expects reduction after FY25.

-Commodity price increased by INR 7 this qtr. based on current volume of commodity, increase of INR 300mn in gross margins is justified.

-Korea plant has been shifted to India and is expected to operationalize by Q3FY25. This is being done with the purpose of better utilisation.

-Increase in BOPP realisation is happening across the globe, with maybe a little higher in India. Increased demand in exports as well. Co. expects the momentum in BOPP to continue.

Reason for bopp and bopet increase is harsh summer, hence consumption of soap shampoo and drinks gone up. Europe and America seeing revival.

-Rigid packaging growing 10% MoM and is expected to reach breakeven by end of this year. Chemical also, this year, double digit EBITDA no.'s are expected.

-Capex for coming 2 years, INR 3bn for FY25 and INR 1.5bn for next year.

Rashi Peripherals Ltd Q1FY25 Concall Highlights

CMP: 427 | Market Cap: 28,120 Mn.

Performance Consol:

•Revenue came in at INR 42,670.81 Mn. (42.13% QoQ) (77.38% YoY) in Q1FY25.

•EBITDA margins came in at 1.94% (Vs. 2.26% QoQ) (3.74% YoY) in Q1FY25.

•PAT came in at INR 550.57 Mn. (16.99% QoQ) (9.92% YoY) in Q1FY25.

Highlights:

•Company investment significantly in digital transformation and R&D tax initiatives.

•The company has expanded its distribution channels, reaching more regions and customers and is hopeful o add some more in the coming years.

•59% of the company's revenue was contributed by PES and 41% by LIT.

•The working capital days improved to 38 days.

•Company expects a reduction in inventory days by 10% going forward.

•No newer brands in Q1FY25 were added to the business portfolio, and growth is based on the existing businesses.

•NMDC orders helped the increase of topline and the company has a small order from NMDC about INR 2,000 - 3,000 Mn that will be executed in Q2FY25.

•The Tamil Nadu Educational project is in the execution phase and is roughly a 4-digit Mn. order.

•15% to 17% of company's gross revenue comes from either exclusive product or exclusive region or exclusive customer base.

•Excluding online and LFR, company does not have a single customer which which controls 10% of its business.

•The leading brands for the company are Asus, Lenovo, and Western Digital.

•Company sees a huge opportunity coming through the integration and implementation of AI.

•Company has a 60:40 metro revenue vs non-metro revenue ratio, Q1FY25 metro was higher due to 2 large orders but will come down again to 60:40 in Q2FY25.

Arihant Capital Markets Ltd

Garware Hi Tech Films Ltd Q1FY25 Concall Highlights

CMP: 3,284 | Market Cap: 76,310 Mn.

Outlook:

The company delivered strong performance in Q1FY25, achieving record-high consolidated numbers across all fronts, on the back of growth in Sun Control Films and value-added products. With expanding global demand, and strategic capacity expansions, the company guides for INR 25,000 Mn revenue by FY26.

Performance Consol:

•Revenue came in at INR 4,744.7 Mn. (6.24% QoQ) (24.95% YoY) in Q1FY25.

•EBITDA margins came in at 25% (Vs. 17.50% QoQ) (16.81% YoY) in Q1FY25.

•PAT came in at INR 883.5 Mn. (52.82% QoQ) (102.22% YoY) in Q1FY25.

Highlights:

•Company recorded its highest consolidated numbers on all fronts in Q1FY25.

•Sun Control Films (SCF) recorded strong growth in Q1FY25 as compared to Q1FY24, on the back of the introduction of new products.

•Company expects strong growth in the automobile and civil sectors globally.

•Company setting up a new PPF production line doubling its capacity and expected to begin production from Q2FY26 with a CapEx of INR 1,250 Mn

•Value-added products delivered outstanding performance in Q1FY25.

•Exports accounted for 75% of revenue in Q1FY25 and 88% of which was from value-added films.

•Company continues to be net debt zero.

•Company records high growth in the architecture segment in high-end products.

•Company's exposure in commodity films is very small segment of the portfolio.

•Margins are higher due to seasonality trends and the product mix but are completely from operations and not one-offs.

•PPF expansion going well as expected to be completed before Q2FY26 and the other plans are running at full and beyond capacity.

•Company started to observe normalisation in inventory after Q4FY24.

•The architecture segment was nearly 10% of sales of the company and it is increasing QoQ bases.

•Europe is the company’s number one geography in the architectural segment.

•IPD focus is on high-demand products in USA and other foreign markets.

•In-organic opportunities: The company is looking for backward integration.

•Company guides about INR 25,000 Mn revenue in FY26.

•Company upgrading some of the old lines and debottlenecking so as to cater to the market demand without losing volumes.

•Sun control + PPF contributes 65% and IPD and other contributes 35% to the business.

•Capacity utilization: PPF:100-125%, Sun control: 100% in terms of product mix, IPD: almost 100% in Q1FY25.

Arihant Capital Markets Ltd

EKI Energy Services Ltd Q1FY25 Concall Highlights
CMP: 385 | Market Cap: 10,600 Mn.

Outlook:
EKI Energy Services Ltd's achievement of debt-free status, expansion of its power trading business, improved EBITDA margins, and strengthened liquidity position underscore a positive outlook. These factors, driven by strategic expansions and operational efficiencies, indicate a promising future for continued financial stability and growth.

Performance Consol:
•Consolidate revenue came in at INR 1782.12 Mn. (128.8% QoQ) (182.69% YoY) in Q1FY25.
•EBITDA margins came in at 0.20% (Vs. -44.97% QoQ) (-49.81% YoY) in Q1FY25.
•PAT came in at INR 0.377 Mn. (100.13% QoQ) (100.11% YoY) in Q1FY25.

Financial Highlights:

The company achieved debt-free status in Q1FY25 on both standalone and consolidated fronts, aside from minor vehicle loans for business purposes.

The company's liquidity position demonstrated continued growth, generating INR 620 Mn through operational cash flow, resulting in a current liquidity of INR 1,773.3 crores at the company level and INR 2,088.5 Mn at the group level.
Power Trading Business:
EKI Power Trading Pvt Ltd obtained a license from the Electricity Control Board and operates in various energy segments including solar, wind, hydro, and biomass.

This segment contributed INR 1,362 Mn in Q1FY25, having become fully operational during this quarter. Management anticipates that this segment will positively impact the bottom line in upcoming quarters.
Other Highlights:
The company applied for a patent for the design of improved cookstoves in Q1FY25.
Ongoing projects include biochar production in India and other countries.

CCTS and ETS: The Indian government has set targets for large emitters on a product basis, which is favourable for the company. The carbon market potential within the European Union ETS is approximately USD 900 Bn. The inventory is valued at INR 1,050 Mn, representing approximately 9 Mn credits.

Market conditions have been challenging over the past two years, but improvements are noted due to more regulations and stricter international standards.

EKI announced a strategic partnership with Fari Solutions in Azerbaijan to enhance carbon credit processes in Q1FY25.

The company uses sugarcane as a raw material for briquettes, achieving margins between 8% and 10% depending on seasonality.

In Q1FY25, the company distributed roughly 2 Mn cookstoves cumulatively in India and Africa.

A standalone loss of INR 36 Mn was reported due to Amrut Nature Solutions Pvt. Ltd., a subsidiary of EKI, incurring losses, with revenue generation expected to commence in FY26.

SIS Q1FY25 Concall KTAs
CMP: 427 | Market Cap: 61.5 Bn | Promoter: 71.69%

[Arihant Capital]

Operating Metrics (Consol)
•Revenues came in at INR 31.3 bn (-0.2% QoQ) (+5.1% yoy)
•EBITDA margins came in at 4.4% (Vs 4.8% QoQ) (Vs 4.7% YoY)

Operational and Business Highlights:
•Overall EBITDA down due to weak performance from international business which is expected to take 1-2 quarters for normalization
•Positive initiatives from the budget, waiting for circular on provident fund component and still discussing on the incentivizing employee announcement
•Company wants to exit some Indian railway contracts which are low margin contracts (FM segment)
•Australia has defined dates to pass on wage hikes but in India the hike pass on is instant. Hence it will take time to achieve normalcy in international security business
•Henderson (Singapore Acquisition) has reached USD 40 Mn annual runrate, close to turning profitable. Company was making losses of USD 5 Mn in worst period. Company had bought Henderson for USD 65 Mn which had government grant of 30 Mn so effective cost was USD 35 Mn
•In India, central govt wage revision happens every year, last wage hike was not substantial (INR ~100). State govt wage hike – usually 2 states hike per month (on avg).
•Not looking at any acquisitions now, maintains guidance for 6% EBITDA margins
•Some reduction in depre, nothing substantial, due to WDC method

Security Solutions – India
•Revenues came in at INR 13.38 Bn (+2.1% QoQ) (+8.8% YoY)
•EBITDA margins at 5.4% (Vs 5.5% QoQ) (Vs 5.4% YoY)
•Major wins during the quarter came from the Manufacturing, BFSI, Automotive, and Real Estate sectors.
•EBITDA had impact of wage revision in June, annual conference expenses (INR 50 Mn) and lower profitability of the remaining fixed-price contracts.
•DSOs increased by 5 days to 84 days (QoQ). Q1 collections are generally low and are likely to improve in the next quarter
•VProtect is now servicing over 23,500 connections

Security Solutions – International
•Revenues came in at INR 12.76 Bn (-3.5% QoQ) (+2.7% YoY)
•EBITDA margins at 3.4% (Vs 4.3% QoQ) (Vs 4% YoY)
•CC Revenues came in at -4% QoQ and +2.5% YoY
•Quarterly decline in topline due to lower casual work sequentially
•Major wins during the quarter came from Healthcare, Pharma, Public sector, Retail, Logistics and Hospitality sectors (INR 320 Mn monthly revenue worth orders)
•The decrease in EBITDA margins was driven by continued labour shortages owing to low unemployment rates in Australia (similar trend in other countries as well)

•In July, Fair Work Australia announced a minimum wage hike of 3.8% in Australia effective 1st July. The pass on of these wage hikes will be on revision of contracts only
•Leadership changes at SXP resulted in increased overheads and impacted profitability of the segment. Management has mentioned that it will persist in short term
•DSO increased to 56 days QoQ

Facility Management Solutions
•Revenues came in at INR 5.3 Bn (+2% QoQ) (+2.2% YoY)
•EBITDA margins came in at 4.2% (Vs 3.9% QoQ) (Vs 4.4% YoY)
•Sequential improvement in margins seen due to removal of low margin contracts and material cost optimization
•Company seeing strong trends in FM business for Q2. OneSIS achieved breakeven profitability
•Company signed an LOI for energy management solutions and expects to realize revenue in the next few quarters.
•DSOs increased by 5 days to 93 days (QoQ)

Cash Logistics (JV)
•Revenues of INR 1.71 Bn (+5.6% QoQ) (+12% YoY)
•EBITDA margins came in at 17% (Vs 18.2% QoQ) (Vs 15.7% YoY)
•New innovative solutions revenue growth is 90% in Q1 FY25 YoY. Innovative solutions account for 8.1% of revenue in Q1 FY25.
•Doorstep banking won new orders in cash burial (new offering). Company started an important order under the end-to-end cash management solution (PEGE) with a monthly revenue of INR +7.5 Mn.
•ATM services revenues down by 6.8% YoY
•Capex of INR 505 Mn in FY24, ROCE of 31.5%

Outlook: Company has faced issues in international business which will take 2 quarters to normalize. Post normalization, company will focus on achieving 6% EBITDA margins. Company is not looking at any acquisitions for now. Focus will be on international segment. Earlier in previous quarters, company had mentioned about demerging the Cash JV. At CMP, company trades 37.6x TTM EPS

DCM Shriram Ltd – Q1FY25 Concall KTAs
CMP: INR 1,035 | Market Cap: INR 1,61,471 Mn

Outlook: The company expects its chemical business to gradually improve, with the newly commissioned 850 TPD caustic soda capacity reaching 40-50% utilization in H2FY25, while it anticipates its existing 1800 TPD capacity to operate at 80-85%. It expects its hydrogen peroxide plant to achieve 40-50% capacity utilization in H2FY25, and the epichlorohydrin plant to commence commercial production in early Q3FY25, with significant benefits materializing in FY26. The company expects the sugar stocks to be 8-9 Mn tons by September 2024 end, as compared to 5 Mn tons last year. The management remains committed to the government's 20% ethanol blending target by 2025, with current blending rates at 12.7%.

Financial Highlights
* Net revenue stood at INR 28,760 Mn in Q1FY25 up by 19.88% QoQ & 3% YoY. The increase in revenues is mainly driven by the chlorobenzyl segment despite moderation in sugar business.
* PBIT stood at INR 1,870 Mn in Q1FY25 down by 10.53% QoQ & up by 68% YoY with margins at 7%.
* Net debt as of June 30, 2024 was INR 14,590 Mn.

Chemicals Business
* The company has commissioned 850 TPD caustic soda capacity in May 2024 and 120 MW captive power plant in June 2024.
- Company's Hydrogen peroxide plant trials have started and are expected to be commissioned in Q2 FY25.
* Its Epichlorohydrin plant trials are about to start in Q2 with commercial production likely in early Q3FY25; evaluating further chlorine downstream opportunities.

Sugar & Ethanol Business
* Sugar business PBDIT decreased 57% YoY to INR 380 Mn.
* Ethanol volumes have increased by 15% YoY to 41.3 Mn liters. Currently using maize as feedstock for ethanol production.
* The company is in discussions with the government to allow sugar exports.

PVC Business
* The company faced sluggish Global PVC demand in key economies but had a good domestic PVC demand growing 17% in Q1FY25.
* Current PVC prices are around INR 84,000-85,000 per ton with International PVC prices declined from USD 980/ton in June to USD 910/ton currently.

Fenesta Building Systems
* Fenesta Building Systems revenue grew 7% YoY with order book up by 20% YoY.
* Company's retail business was growing but the B2B/institutional segment saw some slowdown.
* Faces higher fixed costs due to new factories and business development initiatives. Expecting revenue growth to catch up and improve margins in this segment.

Agri-Business
* Shriram Farm Solutions revenue increased by 15% YoY.

* The company has launched 6 new crop protection products. Cottonseed demand is impacted by lower planting acreage.
* Company's fertilizer business revenues were down 13% YoY due to maintenance shutdowns. Focusing on improving efficiencies and energy consumption in fertilizer operations

Power & Energy
* The company now has the majority of power consumption from captive sources with 44 MW of renewable power being used. It has a new 120 MW thermal power plant using coal, lignite, and biomass.
* It is exploring options to increase renewable power usage to have significant energy cost savings driving margin improvement in chemicals.

Capacity Utilization & Expansion Plans
* Company's existing 1800 TPD caustic soda capacity is expected to run at 80-85% utilization.
* Its new 850 TPD expansion is likely to reach 40-50% utilization in H2FY25, and hydrogen peroxide plant is expected to reach 40-50% utilization in H2FY25.
* Company is planning to ramp up epichlorohydrin gradually of which benefits are expected in FY26.

Market
* Global caustic soda supply chain is balanced with stable but lower prices with Indian industry having capacity now over 6 mn metric tons per year.
* The Industry is operating at about 80% capacity utilization, excluding recent additions.
* Geopolitical conflicts and Red Sea issues are impacting freight costs. Also, there is a container shortage affecting international PVC prices.

CMS Info Systems Limited – Q1FY25 Concall KTAs
CMP: INR 554| Market Cap: INR 90,122 Mn

Outlook- The company is expanding in both its traditional cash logistics business and its faster-growing managed services and technology solutions segment. They're investing in new technologies like AI and IoT, and incubating new business lines such as collection services and bullion logistics. CMS expects market conditions to improve, particularly with anticipated increases in ATM interchange rates and increased outsourcing by banks. They are confident about achieving their FY25 revenue guidance of INR 26,000-27,000 Mn, representing 15-19% growth.

Financial Highlights
- Consolidated net revenue stood at INR 5,994 Mn in Q1FY25 up by 17.2% YoY and down 4.4% QoQ.
- Consolidated Adj. EBITDA stood at INR 1,639 Mn in Q1FY25 up by 8.2% YoY and down by 2.8% QoQ with margins at 27.34% decreased by 228 bps as compared to Q1FY24.
- Consolidated PAT was at INR 985 Mn in Q1FY25 up by 13.5% YoY and down by 0.9% QoQ with margins at 16.43% increased by 54 bps as compared to Q1FY24.

Business Segments
Cash Logistics
- Added 3000 touchpoints in Q1. Retail cash management showing strong growth and momentum. Company is expanding market size beyond traditional competition. The cash logistics business grew 10% YoY to INR 3,870 Mn.

Managed Services and Tech Solutions
- Order book wins for Q1 were robust at INR 2,000 Mn. Executing a large, first-of-its-kind RMS project for a leading bank across 2000 locations. Developing 10+ new AI and ML modules for this project.
- Managed services and tech solutions business grew 31% YoY to INR 2,390 Mn.

New Business Initiatives
- Investing in developing AIoT RMS tech stack. Incubating new businesses around collection services and bullion logistics.

Operational Updates
- Cassette swap implementation is helping reduce risk costs in certain revenue lines.
- The company is capping its Brown Label ATM (BLA) business at 15% of overall revenue. 85% of ATMs are now compliant with regulatory requirements.
- The company is working on expanding its solution set, moving from plain vanilla logistics to more technology-driven, efficient services.

Capital Expenditure
- Capex for the FY25 is ~ INR 3,000 Mn. Majority of capex will be growth-oriented, linked to new project wins and technology investments.

Market Trends
- The company is benefiting from three macro themes: formalization, steady consumption, and BFSI outsourcing. Expecting consumption to improve in Q2 and Q3 with the festive season.
- Anticipating positive policy decisions on ATM interchange rates. Large bank RFPs for BLA ATMs expected to move forward if interchange rates increase.

Business Strategy
- The company is evolving its retail cash management business, moving beyond just cash pickup to offer more comprehensive solutions.
- CMS is creating partnerships with FinTechs and payment banks to expand its ecosystem and service offerings.
- It is focusing on direct engagement with retail customers to better understand their needs and customize solutions.

Investments and Partnerships
- The company is Investing in AIoT and RMS technology stack development. Developing new enterprises in the fields of collection services and bullion logistics. Approx 1,00,000 branch ATMs could potentially be outsourced over time.
- The company is creating partnerships with FinTechs and considering adding 1000-2000 ATMs in BLA on the transaction-linked model.
- Developing 10+ new AI/ML modules for the RMS project.
- Business is tied to three macro themes: formalization, consumption, and BFSI/banking outsourcing.

Other Highlights
- The company aims to keep its risk costs (bad debts and provisions) around 4-4.5% of revenue.
- They are investing in creating a strong sales team and developing technology with multiple APIs for integration with retail partners.
- The company maintains a strong ROC of over 25% and cautious about capital-intensive businesses, reflected in its cap on the BLA business.

Huhtamaki Q2CY24 Concall KTAs
CMP: INR 376 | Market Cap: INR 28.4 Bn | Promoter: 67.73%

(Arihant Capital)

Operating Metrics (Consol)
•Revenues came in at INR 6.39 Bn (+4.75% QoQ) (+2.86% YoY)
•EBITDA margins came in at INR 5.01% (Vs 6.72% QoQ) (Vs 6.43% YoY)

Key Highlights:
•Company witnessed improved volume and net sales QoQ and YoY, however margins impacted by supply chain constraints and change in product & sales mix
•Financing cost decreased YoY due to lower borrowing (repaid ECB from money received from Thane land sale). Majority of Land sale value used in repayment of debt, remainder kept as investments
•Operating working capital increased mainly due to higher inventory and trade receivable.
•Parent (Huhtamaki Oij) has given overall guidance of 10% EBIT margins (parent has 3 different entities under it, one of which is Indian entity). Company made no comments on guidance given by parent.
•Currently, company has 30% export contribution. Domestic volumes saw good recovery
•Q2 saw 5.2% volume growth (vs market growth of 3-3.5%) but overall H1 saw flat growth
•Target markets in exports are reverting to normalization and stabilization. H2 to be better than H1
•Most end customers are FMCG companies, all FMCG companies are growing on volumes and not on prices. Hence, company expects pricing pressure to continue but volumes to continue grow. EBITDA margins to continue to face pressure
•Currenrly Blueloop product sales contributes to 25-27% of total sales which company aims to take to 50% in FY26 and 90% in 5 years.
•High inventory at end of June and high receivables due to it but it doesn’t concern company as it is within their controllable limit
•No particular plans to invest more in blueloop right now

Other KTAs:
•Net debt of INR 291 Mn

Outlook: Management expects improvement in H2CY24 compared to H1 CY24, citing better market sentiment. By 2030, the company aims for double-digit EBITDA margins through operational efficiencies and new product launches. They also plan to make 90% contribution of Blueloop by 2030. However, company is facing margin pressure from market factors and inflationary pressures, as well as geopolitical and supply chain uncertainties. We have a positive outlook on the company.

Aditya Vision Limited – Q1FY25 Concall KTAs
CMP: INR 4,815 | Market Cap: INR 61,953 Mn

Outlook- The company has a strategic approach to maintain high inventory levels of high-demand products such as air conditioners and refrigerators has resulted in exceptional revenue growth. They have expanded their retail footprint substantially, reaching a milestone of 150 stores, with plans to further penetrate markets in Bihar, Jharkhand, and Uttar Pradesh. Their focus on efficient inventory management, consistent growth from mature stores, and strategic expansion in high-potential areas underpins a positive outlook for sustained growth and profitability.

Financial Performance
- Revenue from operation surged by 137% QoQ and 39% YoY to INR 8,888 Mn, up from INR 6,412 Mn in Q1FY24.
- Gross margin slightly increased to 15.2% from 15.1% in the previous year.
- EBITDA for the Q1FY25 stood at INR 851 Mn, up by 126% QoQ and 34% YoY with an EBITDA margin of 9.6%, declined by 30 bps from Q1FY24.
- PAT increased by 42% YoY to INR 530 Mn, compared to INR 370 Mn in Q1FY24.
- Inventory levels decreased to INR 3,670 Mn as of June 30, 2024, from INR 4,330 Mn on March 31, 2024.
- Operating expenses increased due to store expansion and higher sales volumes.

Operational Performance
- Opened 5 new stores in Q1FY25, reaching a total of 150 stores - 105 in Bihar, 25 in Jharkhand, and 20 in UP. Target to reach 200 stores by FY26, focusing on expanding in the Hindi Heartland.
- Significant sales growth in compressor products due to strategic stocking before summer.
- Bihar contributed 81% to the top line, with Jharkhand and UP contributing 11% and 8%, respectively. UP stores, despite being new, contributed 8% to the total sales within one year of operation.
- The company’s aggressive inventory position at the end of each financial year helps in managing peak summer demand efficiently.

Market Expansion
- Plans to explore markets in Chhattisgarh and Madhya Pradesh, possibly in the next financial year.
- The company plans to leverage OEM support for expansion, particularly in central UP, demonstrating a strategic approach to market penetration.

Other Highlights
- The company expects a gradual increase in the contribution of IT and mobility-related products over the next few years, indicates a a strategic shift towards higher-growth segments within the consumer durables market.
- The company has plans to list on the NSE, with the application process expected to start by the end of August.
- Maintaining a net debt-free status despite rapid store expansion.
- The company leverages higher inventory levels to avoid stockouts and support rapid sales growth

BEL Q1FY25 Concall Highlights
Mcap: INR 2,349bn | CMP: INR 321

Outlook: BEL's order book stood at INR 767bn (~3.9x of FY24 revenue) and expected order inflows of INR 250bn in FY25E show business visibility. BEL is expected to grow 15% and margins are expected 23%-25% in FY25E. The capex is expected INR 8bn for new capacities and the upgradation of new technologies will additional revenue going forward.

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Revenue
Revenue is expected to grow 15% YoY in FY25E.

Revenue mix
Good and services mix stood at 89:11 in Q1FY25.

Defence, Non-defence, and exports mix stood at 86:11:3 in Q1FY25. Defence and Non-defence mix is expected at 85:15 going forward.

Margins
Gross margin is expected around INR 40%-42% in FY25E.

EBITDA margin is expected around 23%-25% in FY25E.

Order book
The order book stood at INR 767bn (~3.9x of FY24 revenue) as of Q1FY25.

The order inflow is expected to be INR 250bn in FY25E. the company has received INR 48bn+ order inflows in Q1FY25.

Around 50% of orders are repeat orders and 50% are new orders.

Orders
The company has received an order of INR 48bn, including BMP 2 upgrade, TR modules, MTR radar, and spares for T15 brewship for communication systems.

The company is expected to receive orders for security & surveillance systems for the army, mountain radar, MFR X one, X band radar for ships, NGMV ships, and GBME systems. Each order is expected INR 10-25bn.

The company is expected orders for QRFM in FY26E. the company is working on MRFM, MF stars, Lora weapon systems, corvette combat weapon systems, and Sonar for P75, etc.

Railway system orders are expected after 18-24 months.

Around 5-6 programs of INR 50-80bn are expected in the next 2-3 years.

Sukhoi 230 upgradation orders are expected INR 40-50bn.

Exports

Exports are majorly in medical and electronics-related PR modules, P 295 for solar power plants, TR modules for TRDS, etc.
The company has received an export order of EUR 25.75mn from TRDS.

Capex

The capex is expected to be INR 8bn in FY25E. The new factories are under construction in Palasamudram, Nimmalur, Hyderabad, and Nagpur.

New product development and Indigenization

The development of component-level indigenization is slow due to specific infra, fabrication & material processing facilities. It would take atleast 5-10 years.

The company is developing new product development and prototypes in 18 months as per customer timeline. The company is focused on developing before 18 months.

Fuses indigenization content is expected to be more than 50% and expected to reach 80%-90% over the next 2-2.5 years.

Other highlights

LD provision stood at INR 780mn in Q1FY25.

The capital allocation to the sector is INR 1,700bn, out of this domestic procurement is INR 1,050bn.

Multi Commodity Exchange of India Ltd| Q1FY25 Concall KTAs
CMP INR 4,202| Market Cap. INR 214.31bn

MCX's strong performance and expanding product portfolio position it well for continued growth. The introduction of new contracts, potential launch of electricity futures, and increasing FPI participation could drive further volume growth and market expansion.

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Financials
Total revenue of INR 2531.9mn(+26.9%QoQ)(+52.33%YoY) with EBITDA of INR 1513.8mn(+25.8%QoQ)(+386%YoY) and margins of 64.6%. PBT stood at INR 1382.5mn(+27.5%QoQ)(+443%YoY) and PAT of INR 1109.2mn. Basic EPS of INR 21.75

MCX concluded Q1FY25 on a high note with avg daily turnover(ADT) for months future increased by 48% YoY in Q1 to INR 259,850mn .

MCX has consolidated its market share in commodity futures during Q1 FY'25 and it stands at ~98% . They also witnessed to a
significant increase in the notional ADT of options during this quarter.

In Q1 FY '25, the combined ADT turnover of futures and options together increased by ~32% reaching a combined total of INR 1.73 lakh crores. MCX clocked its highest single day turnover of INR3.77 lakh crores on the 15th May'24.

The total clients traded were recorded at INR 0.39mn (+40%YoY).

In April'24, exchange issued notification allowing FPI participation in eligible commodity derivative contracts and indices, which will help to deepen the market and boost it as a venue for risk management.

MCX introduced two new options contract in April 2024, crude oil mini options, which has crude oil mini futures of ten barrel as underlying and natural gas mini options, which has natural gas mini futures of 250 MMBTU as underlined.

Recent changes in regulatory guidelines on commodity derivatives are
likely to support MCX endeavors at achieving expansion and enhanced participation with the minimum duration of staggered delivery period of commodity derivative contracts revised to 3 working days from 5. Recent reduction in customs duty on gold, led to record turnover INR 715240mn in gold 1 kg options 23rdJuly'24.

New product launhes:2 agri-contracts, one is the cotton-seed wash oil and the other crude sunflower oil. Another is gold 10gm monthly future. Co. also plans to launch electricity depending upon regulatory approvals. Cotton candy has been launched with trading and delivery unit reduced to 25 days from 100.

Voluntary contribution to SGF were made of INR 100mn this qtr and can be expected to be a regular phenomenon going forward. SGF is a critical component in the exchange and clearing ecosystem because it provides a strength to the overall risk management process.

Time Technoplast Ltd Q1FY25 Concall KTAs

CMP: INR 354 | Market Cap: INR 80354 Mn

Financial Highlights

• Revenue: The company reported revenue of INR 12,307 Mn, reflecting a growth of 14% YoY.

• EBITDA: Stood at INR 1,751 Mn, growing by 18% YoY, with an EBITDA margin of 14.2%.

• PAT: Increased significantly by 41% YoY to INR 793 Mn.

Operational Highlights and Capex

• Achieved a 16% YoY growth in volumes.

• Total CAPEX for the quarter was INR 385 Mn.

• Strong order book with PE Pipes at INR 2,000 Mn and CNG Cascades at INR 1,750 Mn.

Key Highlights

• Continued focus on automation, re-engineering, and cost reduction to enhance net earnings and ROCE.

• Ongoing disinvestment of non-core assets, with major sales expected within the next 12 months.

• Development of new products such as TBS (Transparent Container Batteries) and E-Rickshaw batteries in both Lead Acid and Lithium variants by subsidiary NED Energy Limited.

• The company has pre-existing approvals for LPG, CNG & Oxygen Cylinders and has received PESO approval for High-Pressure Type IV Composite Cylinders for Hydrogen.

• R&D efforts are focused on composite products, including Fire Extinguishers and Water Heaters, aiming for a strong market presence due to their advantages like lightweight and long shelf life.

• The company is working on further product development in the CNG and Hydrogen segments, as well as launching new products to capitalize on market opportunities.

Outlook

• The company projects an annual 12-14% growth in the packaging product segment and over 30% growth in other areas.

• EBITDA margins improved to 14.2% and are expected to reach 15.5% or higher within three years.

• The company is targeting to reduce power costs by 30% by the year-end and expects significant returns from ongoing investments, with a goal of increasing the payout ratio by 2-3% annually.

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IFGL Refractories Ltd Q1FY25 Concall KTAs

CMP: INR 596 | Market Cap: INR 21506 Mn

The company reported a slight decline in revenue, EBITDA, and PAT, with key developments including new facilities, strategic expansions, and ongoing challenges from global and domestic market conditions, while maintaining a strong domestic market presence and investing in future growth.

Financial Highlights

• Revenue: INR 421.5 Cr, down 1% YoY; EBITDA: INR 53 Cr, down 11% YoY; PAT: INR 24.7 Cr, down 17% YoY; Gross Margin: 51.8%; EBITDA Margin: 12.6%; PAT Margin: 5.8%.

Operational Highlights

• Standalone business grew 8% in total income, with a 14% increase in the domestic market; export performance was impacted by global issues.

• Inaugurated a new casting flux granules production unit in Visakhapatnam with a capacity of 18,000 MT annually, and a Magnesia Carbon production line with an initial capacity of 9,000 MT/annum. Added new equipment at the Kalunga Unit to enhance production capabilities.

• Achieved record performance with 'Make in India' refractories at JSW Steel Raigarh; Phase 3 expansion aims to double topline over five years.

• Facing challenges from fluctuating prices, economic instability, inflation, and geopolitical tensions impacting the supply chain.

• Economic slowdowns and high inflation in Europe and Germany are affecting profitability; investments in automation and robotics are underway to enhance efficiency.

• Robust growth with a 14% increase in the domestic market in Q1 FY25; expected to grow by over 8% due to infrastructure expansion.

• New facilities will primarily serve domestic markets, with some granules for export. Core bricks are competitively priced against international suppliers, while domestic pricing remains competitive despite freight costs.

• Focus on increasing the share of spend with major customers and exploring new opportunities in the non-ferrous segment, pursuing inorganic growth opportunities.

• Investments in R&D for performance enhancement and new product development, including recycled materials; promising early results from new facilities.

• Sheffield subsidiary generates around INR 45-50 crores quarterly, expansion into non-ferrous markets with secured major orders.

• Aims to double revenue in five years, with expected strong growth in the domestic market.

• Revenue from services includes refractory management; and technology transfer from Sheffield expected by year-end, with freight costs impacting financials by approximately INR 6 crores.

Future Outlook

• Investments in new facilities aim to enhance production capabilities, with future expansion expected to reach a capacity of 24,000 tons per annum. Revenue growth is anticipated from these facilities.

• Anticipates gradual improvements in FY25 driven by innovation, cost efficiency, and market diversification, with confidence in sustaining a strong market position.

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Sky Gold Ltd Q1FY25 Concall KTAs
CMP: INR 2360 | Market Cap: INR 31237 Mn

Strong operational growth and a revenue target of INR 6,304 crore by FY27.

Financial Highlights

Revenue: INR 723 crore (up 92.4% YoY), EBITDA: INR 37.3 crore (up 100% YoY, 5.2% margin), PAT: INR 21.2 crore (up 98.9% YoY, 2.9% margin).

Operational Highlights
• Capacity Utilization: 349 kg per month in Q1FY25.
• Revenue Growth: Significant increase in turnover, with robust Q1 numbers.
• Export Contribution: Increased to 11% of total revenue.
• Jewelry Market Growth: Expanding at 15-16%, projected to reach INR 145 billion by 2028.
• Organized Market: Expected to grow and capture 40-43% of the market due to rising disposable income and government policies.
• 65% of business from corporate clients; aim to increase this to 100% over three years.
• Significant growth in production capacity and introduction of 2,000 new designs monthly.
• Two entities acquired to broaden market reach, expected to raise the total addressable market to 65%.

Future Outlook and Guidance
• Revenue Target: INR 6,304 Cr by FY27.
• Volume Growth: Expected annual growth to reach 350-360 kg per month.
• Margin Guidance: EBITDA margin expected to sustain around 3-3.5% for FY25.

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DDev Plastiks Industries Ltd- Q1FY25 Concall KTAs
CMP: INR 380 | Market Cap: INR 39.28 Bn

Company expects volume to be in the range of 180,000-185,000 T in FY25. Company plan to invest 3000 Mn over 3 years for expansion of manufacturing facilities. Company expects to maintain EBITDA margin of 11-12% going forward.

Financials
• Revenue from Operations at INR 6.25 Bn in Q1FY25 (-2% YoY).
• EBITDA stood at INR 650 Mn in Q1FY25 (+6% YoY) with EBITDA margins at 10%.
• PAT stood at INR 420 Mn in Q1FY25 (11%YoY) with margins at 7%.

Market Outlook
• Indian wire and cable sector is projected to grow at around 11% CAGR from 800 Bn to 1200 Bn by FY27.
• As of FY23, India has a network of 15,000 transition lines which is expected to expand to a CAGR of 16% to 41,000 transmission line by FY30.

Other highlights
• Company plans capex of INR 3000 Mn over next 3 years with capex allocated INR 1250 Mn for FY25 towards new greenfield sites in both the east and west region of India.
• Installed capacity stood at 2,33,400 MTPA, with a capacity utilization of ~80%.
• EBITDA margins were impacted due to increase in shipping cost and the transit time for exports. Company expects to maintain EBITDA ~10-12%.
• Company expects new capacity to come by FY26, company is working on acquisition of land and other processes.
• Company witnessed a significant decline in polymer prices which impacted revenue despite growth in volumes.
• Halogen Free Flame Retardant capacity of 5000 T was operation in Q1FY25 and volume stood at 618 T in Q1FY25.
• Company plans to expand HFFR capacity from 5,000 T to 20,000 T by FY26.
• Exports contributes 24% of revenue in Q1FY25. Margins were impacted due to increase in freight charges. Company is able to pass on increase in prices to customers in European market but faces challenges to pass on the cost in Middle east and Latin America.

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Mazagon Dock Shipbuilders Ltd - Q1FY25 Concall Highlights
CMP: INR 4997.10 | Market Cap: INR 1007.8 Bn

Financial Highlights

Revenue surged to INR 23,570 Mn in Q1FY25 from INR 31,037 Mn in Q4FY24, increase by (8.5% YoY/ -24.1% QoQ). EBITDA grew by 126% YoY. Op. margin has also increased by 62.50% addressing the robust growth at operational efficacy, with expectation of robust growth. PBT rose to INR 8,890 Mn in Q1FY25, up from INR 8,490 Mn in Q4FY24, marking a 5% QoQ increase. PAT also improved to INR 6,960 Mn in Q1FY25, compared to INR 6,630 Mn in Q4FY24, which increased by 5% QoQ/ 122% YoY.

Operational Highlights

Company has strong order pipeline and inflow where timeline is visible and for the next 4-5 years company received new order of INR 50000 Mn

Company has achieved indigenization component of 78% plus and remaining 22% is the import content in capital warships which accounts for INR 13,0000 Mn

Company has 751 orders some of which is in collaboration with others manufacturer more details are not disclosed as per collaboration

The company is operating at capacity, handling 10 warships, including capital warships, and 11 submarines with its current infrastructure. It also has master ship agreement with US Navy where majority of vessels company is not in position to take as of infrastructure issue.

The company is in plan to build a bigger dock for the orders which is not fulfilled as of space constraints and also reduce dock occupancy period to churn out more vessels.

The company delivered five submarines between 2017 and 2022, with one submarine delivered each year in 2017, 2018, 2019, and 2020. Future deliveries are scheduled to continue sequentially from FY25 onwards.

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Everest Kanto Cylinder Ltd Q1FY25 Concall Highlights
CMP: 167 | Market Cap: 18,770 Mn.

Performance Consol:

- Revenue came in at INR 3,428 Mn. (5.20% QoQ) (27.72% YoY) in Q1FY25.
- EBITDA margins came in at 12.10% (Vs. 8.78% QoQ) (13.74% YoY) in Q1FY25.
- PAT came in at INR 279 Mn. (112.81% QoQ) (28.27% YoY) in Q1FY25.

Highlights:

- Company had a good Q1FY25 on the back of domestic demand and international markets.
- Company remains confident in the long-term growth potential for seamless gas cylinders in India.
- EKCL to increase its manufacturing capability in developing the advanced facility in Egypt and Mundra, India. This state of the plants will focus on producing high-pressure gas cylinders for CNG and industrial gas cylinders and will begin production after FY25.
- CNG market growing at a very high rate, which benefits the company, and management believes CNG still has a good 15-year future in the Indian market before EV dominates.
- Company expects 15% - 20% revenue growth going forward and expects EBITDA to grow accordingly for FY25.
- The commercial segment business has started to pick up, in the passenger business there has not been a breakthrough, for the company in Q1FY25
- Company expects a 20% volume growth moving forward.
- In the project business, big projects were dispatched in Q1FY25.
- On the standalone bases company has zero debts and a working capital of INR 7 Mn.

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Uflex Q1FY25 Concall KTAs
CMP: INR 566 | Market Cap: INR 40.9 Bn | Promoter: 44.58%

Outlook: aseptic packaging continues to do well and packaging films demand has revived across the globe. Company had earlier guided EBITDA of INR 20 Bn for FY25 but now has upped guidance to INR 22 Bn looking at the prices. No new capacities are coming in BOPET. No new capacities are coming in in BOPP for 15-18 months. There could be a possibility of switch from BOPP to BOPET because BOPP is not recyclable. Large opportunity is that the Europe government may make it mandatory to use 20-30% recycled plastic. This will be a very big positive trigger for the company. At CMP, company trades 6.5x TTM EV/EBITDA

Performance (Consol):
• Revenues came in at INR 36.5 Bn (+6.6% QoQ) (+12.14% YoY)
• EBITDA Margins at 11.28% (Vs 10.68% QoQ) (Vs 8.71% YoY)
• Volumes stood at 158,022 tonnes (+0.1% QoQ) (+10.4% YoY)

Key Highlights from the call:
• Since April, BOPET prices have gone up by ~30% till end of July. BOPP prices have gone up by 18%-19%. The major increases have come after 15 June so the entire impact was not seen in the quarter. Price pass on is on a 1-3 month lag. BOPET RM prices were up by 8% and BOPP RM prices were up by 4%
• India volumes grew 5% QoQ and international volumes were flat QoQ
• PET chips plant in Panipat was commissioned in March 2024 and has achieved 65% capacity utilization. Company sold 25,000 tonnes (30% was bottle grade, remainder film grade). 55% of film grade was consumed internally, remainder was sold outside. Going ahead, the ratio of bottle grade will go up.
• Company can switch between bottle grade and film grade depending on the margins
• There is a possibility to export to own plants but freight cost doesn't make economic sense. Bottle grade sales are mostly done in India only
• Company will be commercializing operations at Egypt plant of virgin PET chips with capacity of 216,000 MTPA and 18,000 MTPA of CPP in Mexico. The Egypt plant will be supplying to plants in Egypt, Nigeria, Poland, and Dubai and still have 30% surplus to sell outside. Egypt facility will complete by Q3/Q4
• Company will also debottleneck capacity at Sanand to take total output to 12 Bn packs. Company had one of the best quarter for aseptic packaging at 120% capacity utilization, annualized volumes stood at 8.5 Bn packs. 38% of sales were exports. Exports will help align with the upcoming lean season in India
• Next 6 months, domestic consumption may be lower due to lean season. 60% domestic sales, 40% exports will be maintain
• Demand for PCR films continues to rise in the North American markets. Higher container freight, insurance costs and supply chain disruptions may continue in the near to medium term
• Historically, India has never imported packaging films. International prices have not increased as much as domestic prices.
• 76.9% revenue contri was from films, remainder packaging

• Capex for Q1FY25 stood at INR 2.8 Bn | Net debt at INR 56.7 Bn
• Company has signed PPA for power purchase which will save INR 360 Mn in Noida Plant

*Industry: *
• No new capacities are coming in BOPET. No new capacities are coming in in BOPP for 15-18 months.
• BOPP monthly production in India is of 72,000-75,000 tonnes of which 12,000 tonnes is exported.
• BOPET monthly consumption in India is 65,000 tonnes and export is 22,000-23,000 tonnes

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Pokarna Ltd Q1FY25 Concall KTAs
CMP: INR 925 | Market Cap: INR 28.7 Bn | Promoter: 56.66%

Performance (Consol):
• Revenues came in at INR 1.93 Bn (+19.14% QoQ) (+19.03% YoY)
• EBITDA Margins at 31.61% (Vs 25.31% QoQ) (Vs 28.4% YoY)

Key Highlights from the call:
• US residential remodeling sector continues to remain weak due to inflation and economic uncertainty. This may cause consumers to delay discretionary spending
• Company expects shipping and freight expenses to remain elevated in the near term. Transit time has increased drastically
• Company has received strong feedback from new geographies like Canada, France, Mexico, and Russia
• Kreos installation postponed from Q2 to Q3. Company anticipates completion by September but has kept safety of margin, hence cited Q3 for commercialization
• Chromia is yet to start. Both Kreos and Chromia require setup by Italians. Currently, no one in the industry has Chromia, company will be the first one with Chromia. Kreos has been started with some players (Korean). Chromia has higher realisations than other products. Chromia uses 40% less silica, is like a print.
• Canada and France are doing good, Russia is facing shipping challenges. In India, company is setting up channel. India is a very small market, management doesn’t expect any immediate substantial jump in revenues. It will take 2 years for the strategy to fructify.
• Company saw improvement in performance of new geographies QoQ but cant call out.
• Capacity utilization is very close to optimum levels. As of now, company has no capex or acquisition plans.
• Company saw double digit volume growth QoQ. No planned shutdown during the quarter
• Chromia and Kreos stabilization will lead to improved realisations
• Company recognizes revenues when the shipment leaves plant and reaches the Indian port (not destination port)
• Lead time for any plant to commercialize is 15-18 months. Time for stabilization of plant kicks in later
• Employee cost has gone up because of increase in employees and bonuses linked to performance.
• US and Europe are the target markets for Kreos
• Current debt levels at INR 3.04 Bn

Outlook: Company expects revenue and profitability on similar lines in the next quarter. In March 2024, company decided to dispose off Apparel Business. At CMP, company trades 28x TTM EPS

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MTAR Technologies Q1FY25 Concall Highlights
Mcap: INR 53.71bn | CMP: INR 1,746

Outlook: MTAR Technologies has an order book of INR 8.94bn (~1.5x of FY24 revenue) shows business visibility. Q2FY25E is expected to be stronger quarter and revenue is expected INR 2bn+ and margins are expected 21%-23%. Overall, revenue is expected to grow 30-35% YoY in FY25E. The capex in oil & gas and Aerospace will bring additional revenue going forward. We have a positive outlook on the stock.

Revenue
Revenue growth is expected to be 30%-35% YoY in FY25E.

The revenue is expected INR 2bn+ by Q2FY25E.

Around INR 130mn from space, INR 200mn from aerospace, INR 370mn from products, INR 110-120mn from clean energy, INR 170mn from sheet metals and hot box supplies of 990 units worth of INR 880-900mn and remaining from others are expected in Q2FY25E.

EBITDA
EBITDA margin is expected around 21%-23% going forward.

Capex
The capex is expected to be INR 350-400mn for volume production in oil & gas by FY26E which will generate revenue of INR 1,500mn going forward.

In Aerospace, the company has already invested INR 160mn and further capex of INR 200-250mn are under progress and will be commissioned by Dec-25.

Order book
The order book stood at INR 8.94bn as of Q1FY25. The order book is expected to reach INR 15bn by FY25E.

The company has received an order of INR 1,050mn from various sectors such as Civil Nuclear power, fuel cells, Hydel space, defence products and others.

In civil nuclear power, the orders of INR 6bn are expected from Tiger 5 and 6 in H2FY25E.

Exports
The company has received export orders of $16.73mn and $9.1mn will be executed in FY25E.

Clean energy
In clean energy, the company has dispatched 814 units of hot boxes in Q1FY25 and 990 boxes delivery expected in Q2FY25E. overall, The company has targeted 3,300 units of hot boxes in FY25E.

The company has supplied 22 units of electrolyzers in Q1FY25.

In clean energy, the company is focused to execute INR 1,040mn of orders in Q2FY25E.

Agreement with Israeli Aerospace
The company has entered a long term agreement with Israeli Aerospace Indus with potential orders of $90-120mn which will be executed over the next 15 years.

Other highlights
Employee expenses are expected to be 16% of sales going forward.

The company is in discussion with oil & gas sector customers and volume production is expected by next year.

The company is working with a couple of companies to establish battery manufacturing units in India. The company will handle the exports for fluent energy for the long run.

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Awfis Space Solutions – Q1FY25 Concall Highlights
CMP: INR 704 | Market Cap: INR 48,810 Mn

Guidance:
• Their focus remains on expanding in existing & new markets as well in tier 2 cities, build capital efficient managed model, enhance its offering as they are seeing healthy growth in design & build business.
• EBITDA margins is expected to be maintained at the similar levels of Q1.
• Maintains guidance of adding 40,000 seats by FY26.

Q1FY25 Financials:
• Revenue came in at INR 2,580Mn growth of 37% YoY.
• EBITDA at INR 790Mn growth of 55% YoY and PAT reported at INR 30Mn as compared to loss of INR 80Mn in Q1FY24.
• EBITDA margin at 30.7% on reported basis while it came in at 11.5% on IGAAP basis.
• As of June, ~1,00,398 seats were operational.
• Centre older than 12 months have occupancy rate of 84%.

Other Highlights:
• They currently operate in 17 cities & 54 micro markets. In Q1FY25, they added 5,368 seats, 11,640 seat as fit out and further signed LOI (letter of Intent) for another 15,600 seats taking the total seats to 1,27,726 as per the plan.
• India office space flexi segment is expected to grow at a CAGR of 17% in Tier 1 and CAGR of ~26-27% in Tier 2 cities by FY26E.
• Commercial space is seeing traction led by continued expansion, domestic occupiers, BFSI & IT segments as well as SME, startups, etc.
• Out of 11,640 seats under fit out ~79% is under assets light model.
• Currently, the company operates under managed aggregation model and Straight lease model with 65-67% seats in managed and 33-35% under straight lease model.
• Amongst the portfolio, client base includes ~65% MNC’s, 22% SME and 13% Startup’s.
• Debt to equity at 0.08x & Net debt to equity at -0.41x in Q1FY25.
• Focus remains on mid-size centers as compared to small size centers as they would provide a mix of personalization and operating efficiency.
• Renewal rate remains high.
• It is shifting to an asset light managed aggregation model from straight lease by reducing fixed rental and maximizing efficiency.
• Customers with contract more than 48 months, then the lock-in is 36 months and notice of 6 months. So any breach of contract before the lock-in + notice period then the customer has to pay the remaining amount up-to 42 months.
• For landlord/suppliers the fixed contract is 5 years and extension of 4 years, so total of 9 years contract.

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Allcargo Logistics Ltd| Q1FY25 Concall KTAs
CMP INR 59.3| Market Cap. INR 58.25bn

Co.'s flagship ISC business showed momentum and is expected for sustained growth. Co. is undertaking cost optimisation and revenue expansion activities. Co. states it has a very niche business with domestic business volumes expected to go up.

Financials
RFO stood at INR 38,130mn(+17%YoY)(+12%QoQ) with EBITDA of INR 1330mn(-5%YoY)(+34%QoQ) and margins of 3.5%. PBT before associates and JV of INR 50mn and PBT of INR 35mn(-98%YoY) and PAT of INR 43mn(-96%YoY).

Co.'s flagship business International Supply Chain, has seen a good momentum and they expect improvements to be more substantial in coming months. For July and August as well, the volumes have been stronger.

Co. in ISC segment has taken 2 initiatives, first one being revenue expanding initiatives, which include launching new products, launching new trade links, and also strengthening our presence in certain markets where there's an opportunity. With new leadership team in place, co. expects volumes to double in Argentina, Uruguay and similar markets in next 9-12 months.

Second is cost optimisation, with focus on standardizing operations along with automation, which allows the operations to be outsourced. Co. achieved lot of cost savings , through standardization and then outsourcing of operations from the United States into Mexico.

LCL business was +6% QoQ and FCL business +9%QoQ.

-Co. reportd volumes to have gone up with better utilisation. Each container was utilized 4% better YoY along with reduction in transshipment cost. All these factors helped the co. improve margins.

-For contract logistic business, revenue +13% QoQ and 22%YoY. E-commerce business and auto and other industries also contribute to almost 1/3 of this business. co. sees sustained growth for contract business.

-For domestic business, Co. witnessed increase in volumes, with the festive season ahead, volumes should only go up.

-LCL volume for the Q1FY25 stood at 2.25mn CBM(+6%QoQ). FCL volume for the quarter stood at 156k TUs(+9%Yoy). Co. doesn't foresee any significant upward or downward revision in EBITDA margins.

-Co. states European economies have remained subdued and have not shown momentum on growth in those markets which potentially could follow in 2025.

-Co. states that it's business is very niche and not replicable in which it operates 2500 direct trade lanes. This network is bigger than any shipping line in the world. They are the only co. in the world which has ~70% of its export bookings coming in through digital channels.

-Despite cost optimisation, operating costs have been rising due to rising ocean freight. These operating costs are not expected to come down and would fluctuate depending on the freight costs.

-Co. targets to expand market share, which means that they would grow faster than the market in both LCL and FCL business for FY25.

[Arihant Capital Markets Ltd.]

Cello World Ltd - Q1FY25 Concall Highlights
CMP: INR 882.30 | Market Cap: INR 19,4909 Mn

Outlook

The company, with a muted topline growth of 6.1% YoY, is looking for a premiumization into consumer ware and expansion into glassware category, backed by new manufacturing facility in Rajasthan with capacity of 20,000 tn. It also increasing writing instrument product line with markers, mathematical instruments and crayons supported by new facility. Company raised QIP of 7,370 Mn will support this upgradation and provide capex to operate facility at par and also reduce dependency on import of glassware.

Financial Highlights
Revenue surged to INR 5,006.59 Mn in Q1FY25 from INR 5,124.71 Mn in Q4FY24, increase by (6.1% YoY/ -2.30% QoQ), company guidance of revenue is to be in the range of 15% to 17% as organic growth.

Gross Margin stood at 53.8% in Q1FY25 compared to 52.6% in Q1FY23. EBITDA grew by 6% YoY at INR 1349 Mn as against INR 1273 Mn in Q1FY24.

EBITDA margin also stood at 24.1% addressing the flattish growth affected by heatwave and elections. Companies' new product launch will experience high growth, guidance for upcoming year is with the revenue growth of over 17% YoY.

PBT rose to INR 1,202.55 Mn in Q1FY25, up from INR 1,211.47 Mn in Q4FY24, marking a (-0.74% QoQ/ 4.66% YoY) increase. PAT also improved to INR 891.24 Mn in Q1FY25, compared to INR 961.18 Mn in Q4FY24, which increased by -7.28% QoQ/ 7.61% YoY. PAT margin also stood up at 17.8%.

Operational Highlights
Cello raised INR 7,370 Mn of additional capital in Q1FY25 through QIP diluting promoter holding to 75%, this will be utilised for capitalising glassware manufacturing facility with annual capacity of 20,000 tonnes and capex of INR 2,500 Mn will commission in Q2FY25, giving boost to inhouse manufacturing and reduce dependence on import.

Company writing instruments remained flattish due to stagnant in demand growth affected by elections and heatwave. It contributes 16.6% of overall revenue and reported +44% CAGR in Q1FY25. Company remains confident of growth as it likely to introduce more sku's as mathematical instruments, markers, crayons, etc. It will help in market penetration and increase growth in margins.

Companies' advertisement exp. increased to INR 780 Mn from INR 280 Mn in previous year, as it ran add campaign of "BTS" Back to School for brand recall.

Company new glassware manufacturing facility is expected to operate in Q2FY25, and is expected to add around INR 850 Mn to INR 900 Mn in the next three quarters.

Company is currently running on 75% capacity utilization after the glassware manufacturing facility it will improve the and more capacity for further growth.

The company's furniture segment grew by 15.9% in Q1FY25, with molded furniture (cooler business) experiencing increased demand due to heatwaves.

Company is confident of Q2 and Q3 as it is festive season and promotes growth in consumer ware and will grow faster as against other business offsetting the sluggishness in other businesses and increased prices of packing materials.

The company is concentrating on its core business and expanding within related categories where it sees gaps to fill. However, it is open to exploring new, unrelated business opportunities if they arise.

Also, the company is looking towards premiumization into consumer ware and upgrade product line further and ecommerce is platform looks favourable to premium products.

Arihant Capital Markets Ltd

Nazara Technologies Ltd-Q1FY25 Concall Highlights
CMP INR 933 | Market Cap INR 71,398 Mn

The consolidated level, H2 is stronger than H1 due to better seasonality in individual businesses. The company has set a goal of achieving EBITDA of INR 3,000 Mn by FY27. The company expects the Love Island game to continue scaling for the upcoming year.

• Reported revenue of INR 226 Mn down 6.1% QoQ/ down 1.7% YoY. Segment-wise, gaming grew 2.0% QoQ, eSports was down 11% QoQ and Adtech was down 6.6% QoQ.

• Kiddopia's subscriber base was down 8.5k QoQ to 246,943, while average churn was down to 6.6% from 7.3% in Q4FY24.

• EBITDA margin was down 100 bps QoQ to 10% led by higher other expenses up 33% QoQ

• Reported PAT of INR 226 Mn against net loss of INR 85 Mn in Q4FY24

• On track to achieve INR 3000 Mn in EBITDA by FY27, partly supported by acquisitions.

• Net revenue for the RMG segment has decreased since the implementation of the GST regime.

• Kiddopia's cost per trial has decreased. Kiddopia is expected to break out of its current plateau and remain highly engaging for customers.

• The company now has full control of Kiddopia after acquiring a 100% stake in Paper Boat.

• The company is still awaiting NCLT approval for the Smash acquisition.

• Nazara, there is no need to take a provision on Nazara's balance sheet for the INR 11,200 Mn GST notice.

• Northwind's business has experienced an uptick in media revenues, with a 45% increase compared to the Q1FY25.

• The company's subsidiaries, including Nodwin, have been active in M&A, with recent acquisitions such as a leading eSports company in Europe, Comic Con India, Sports Data, Slope Central, and Deltias Gaming.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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