Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,186	-1.1	3.9
Nifty-50	24,684	-1.0	4.4
Nifty-M 100	56,183	-1.6	-1.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,940	-0.4	1.0
Nasdaq	19,143	-0.4	-0.9
FTSE 100	8,781	0.9	7.4
DAX	24,036	0.4	20.7
Hang Seng	8,589	1.5	17.8
Nikkei 225	37,529	0.1	-5.9
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	66	0.0	-10.9
Gold ($/OZ)	3,236	0.2	23.3
Cu (US$/MT)	9,520	-0.2	10.0
Almn (US$/MT)	2,472	0.8	-2.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.6	0.3	0.0
USD/EUR	1.1	0.1	8.6
USD/JPY	144.5	-0.2	-8.1
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	-0.03	-0.5
10 Yrs AAA Corp	7.1	0.00	-0.2
Flows (USD b)	**20-May**	**MTD**	**CYTD**
FIIs	-1.2	1.99	-9.1
DIIs	0.79	3.50	27.8
Volumes (INRb)	**20-May**	**MTD***	**YTD***
Cash	1,247	1175	1043
F&O	1,34,302	2,03,113	2,05,931

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Capital Market: Asia meeting highlights: Opportunities amid challenges

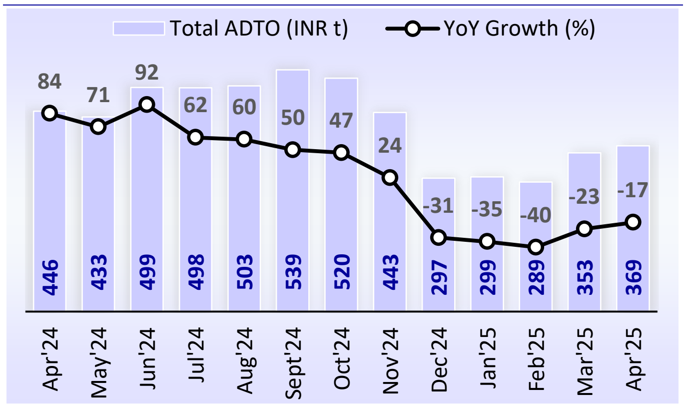
- Since Jun'24, the number of customers active in the F&O segment has declined from 5.3m to 3.1m in Mar'25 largely due to the implementation of F&O regulations.
- The penetration remains starkly lower when compared with the economy's potential with ~200m demat accounts of which ~110m are unique, ~50m are active. Even in MF, with just ~54m unique investors, the penetration is significantly lower.
- The most sensitive segments are where the business dynamics are linked to the flow element of the business vs. the stock element. Resultantly CDSL is most sensitive and AMCs, wealth managers and RTAs are least sensitive.
- Our top picks in the sector are: ANGELONE, BSE, HDFCAMC, and Nuvama.

Research covered

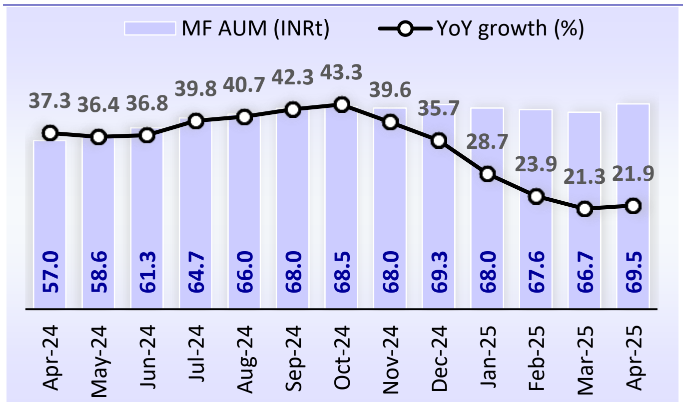
Cos/Sector	Key Highlights
Capital Market	Asia meeting highlights: Opportunities amid challenges
Bharat Electronics	Consistent performer
DLF	'The Dahlias' propels DLF's FY25 performance
Hindalco	Strong operating performance; lower tax outgo in Novelis leads to a strong beat on APAT
Siemens	Witnessing gradual recovery
Torrent Pharma	DF, lower interest/tax drive earnings
Dixon Technology	Mobile segment remains the growth driver
Other Updates	Zydus LifeSciences | PI Industries | Petronet LNG | IRB Infrastructure | Gland Pharma | ACME Solar Holdings | Quess Corp | Max Healthcare | United Spirits

Chart of the Day: Capital Market (Asia meeting highlights: Opportunities amid challenges)

Total ADTO witnessing sequential growth



MF AUM's strong growth trajectory



Source: MOFSL, AMFI

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

India's infrastructure output grows 0.5% in April against 4.6% in March

India's infrastructure output, which tracks activity across eight sectors and makes up 40% of the country's industrial production, grew at 0.5% annually in April as against 4.6% in March.

2

Hindalco to acquire Bandha coal block leaseholder to fuel smelting operations

The acquisition, valued at ₹48 lakh along with the assumption of ₹1,131 crore in net debt, forms part of the company's strategy to secure raw material supply for its aluminium smelting operations.

3

United Breweries leases Ilios facility in Andhra to ramp up Kingfisher production

United Breweries has leased an additional facility from Ilios Breweries in Andhra Pradesh to boost Kingfisher beer production and improve distribution.

4

JSW Energy to invest ₹14k cr to expand RE capacity of O2 Power

JSW Energy is planning to invest approximately ₹14,000 crore to scale up the renewable energy capacity of its newly acquired entity, O2 Power, to 4.7 gigawatts (GW) by 2027.

5

UGRO Capital to raise up to Rs 915 crore through preferential CCD issue

UGRO Capital board has approved raising up to Rs 915 crore through a preferential issue of compulsorily convertible debentures (CCDs).

6

CCI gives nod to Temasek's minority acquisition of Haldiram Snacks Food

The Competition Commission of India (CCI) has approved the proposed acquisition of a minority stake in Haldiram Snacks Food Private Limited (HSFPL) by Jongsong Investments Pte. Ltd., a wholly owned subsidiary of Singapore-based Temasek Holdings.

7

Nazara continues acquisition spree as it buys UK-based firm for ₹247 cr

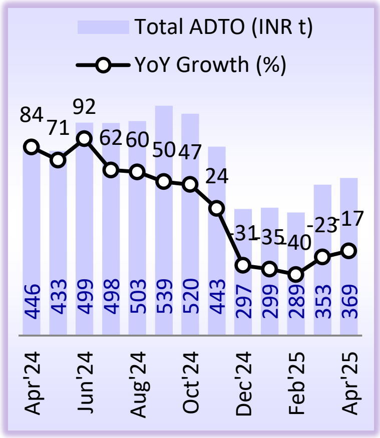
Nazara Technologies has acquired UK-based PC and console game publisher Curve Games for Rs 247 crore, as it looks to strengthen its global publishing capabilities.

Capital Market

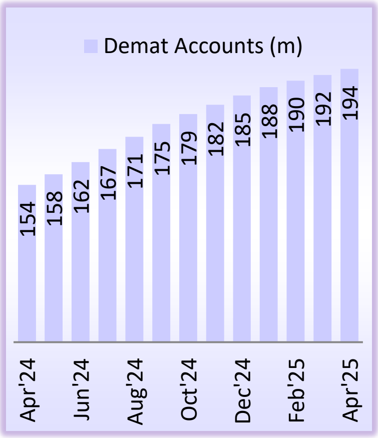
Asia meeting highlights: Opportunities amid challenges

We met with 20 funds over the past week in Asia to discuss emerging themes in the capital markets and the top ideas within this space. In this report, we highlight the key points debated during these meetings regarding industry trends and specific stocks such as BSE, Angel One, MCX, and Nuvama.

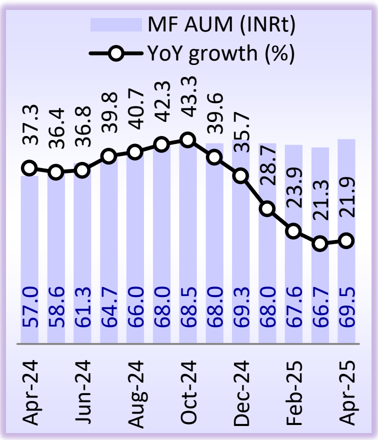
Total ADTO sees sequential growth



Demat accounts are inching up to ~200m



MF AUM's strong growth trajectory



Industry: Discussion on regulations and penetration

Are the F&O regulations now done and dusted?

- Since Jun'24, the number of customers active in the F&O segment has declined from 5.3m to 3.1m in Mar'25. A major part of the decline can be attributed to the implementation of F&O regulations wherein 1) the number of weekly expiries was reduced to one per exchange and 2) the lot sizes of Sensex and Nifty were increased.
- The pending outcomes of the consultation papers on 1) entity-level gross limits on index options, 2) demerger of clearing corporations, 3) transfer of treasury income of clearing corporations to customers, and 4) expiry days to be on Tuesday/Thursday, which is an area of concern.

Whether the penetration in MFs and stocks reached optimum levels?

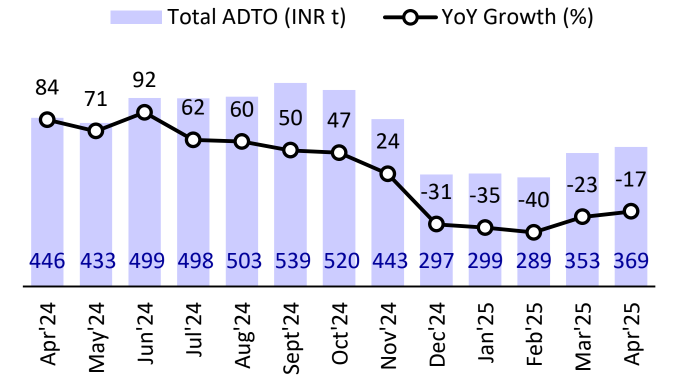
- We have 200m demat accounts in India, of which ~110m are unique, ~50m are active (defined by NSE as one trade in the past one year), ~10m traded in the cash segment in Mar'25, and ~3.1m traded in the F&O segment.
- The penetration remains starkly lower when compared with the economy's potential. Even in MF, with just ~54m unique investors, the penetration is significantly lower.

Which segments have high sensitivity to equity market movements?

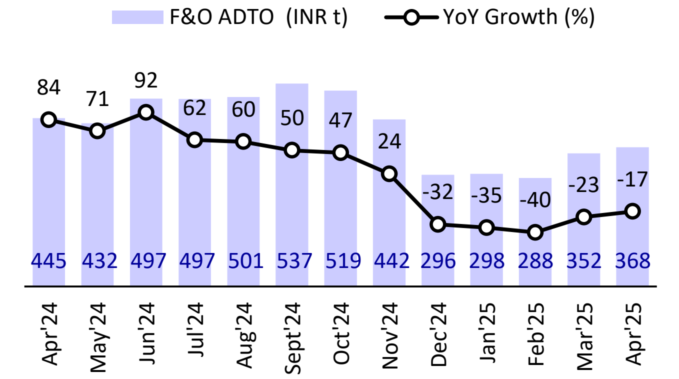
- The most sensitive segments are where the business dynamics are linked to the flow element of the business vs. the stock element. Resultantly, CDSL's ~60% revenue (transaction charges, IPO-related revenue, and KYC charges linked to demat account openings) is the most sensitive to equity markets.
- Further, for exchanges and brokers, a sustained market correction is envisaged to be leading to a decline in volumes. Empirically, cash volumes have declined with market corrections, but F&O volumes are the worst hit in a sideways market.
- AMCs, wealth managers, and RTAs are the least sensitive to equity market movements, as they earn on AUM, which has an element of regular inflows and back book as well.

We anticipate a gradual recovery in volume growth, along with increased retail participation, to support the ongoing growth trajectory of brokers and exchanges. Additionally, improvements in equity mutual fund flows, driven by industry initiatives to raise awareness and enhance financial literacy, will foster a long-term investment perspective that is favorable for AMCs. Our top picks in the sector are: ANGELONE, BSE, HDFCAMC, and Nuvama.

Total ADTO witnessing sequential growth...

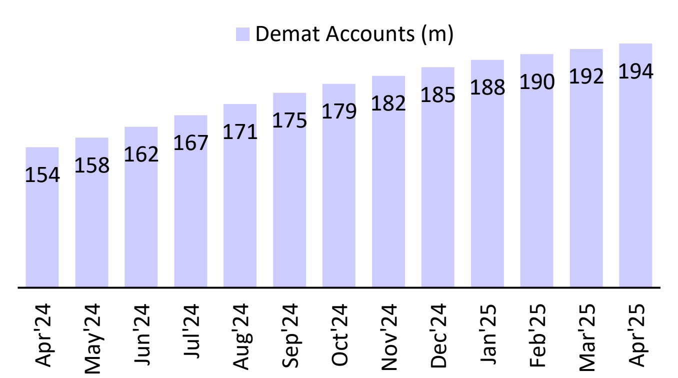


...with F&O volumes rising after regulatory impact



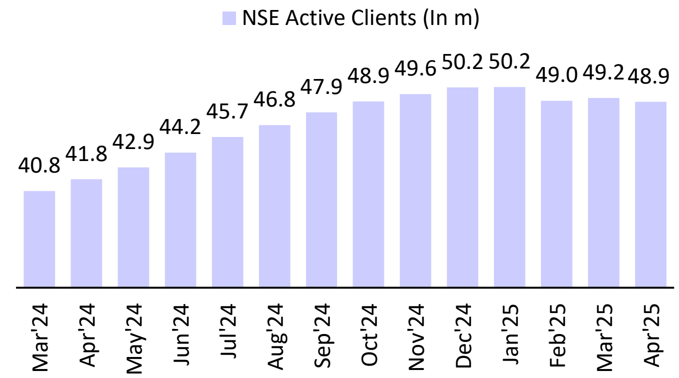
Source: MOFSL. NSE, BSE

Demat accounts inching up to ~200m



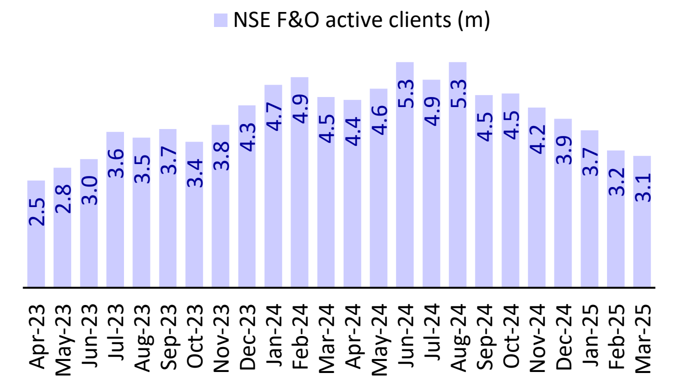
Source: MOFSL, CDSL, NSDL

NSE active clients trend

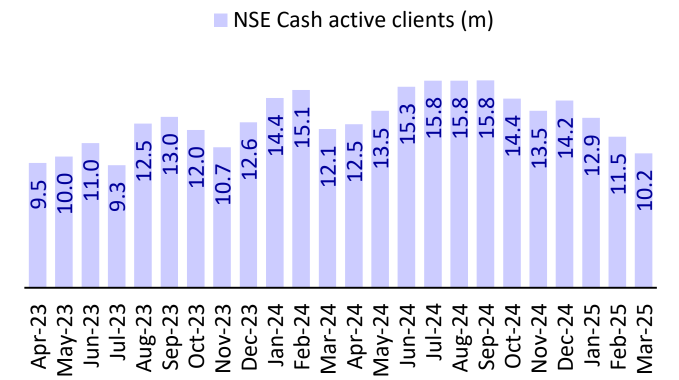


Source: MOFSL, NSE

Decline in F&O active clients post-F&O regulations

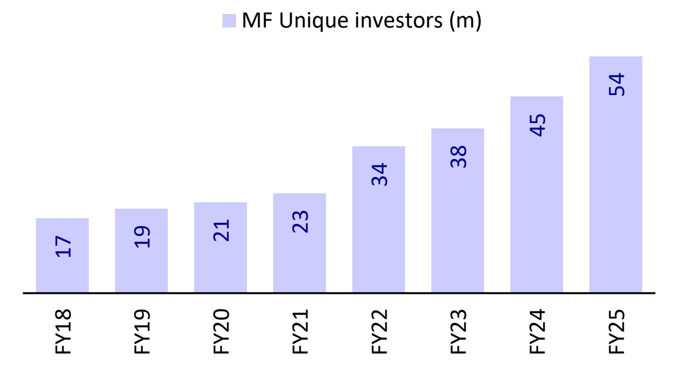


Cash-active clients reflect underpenetration

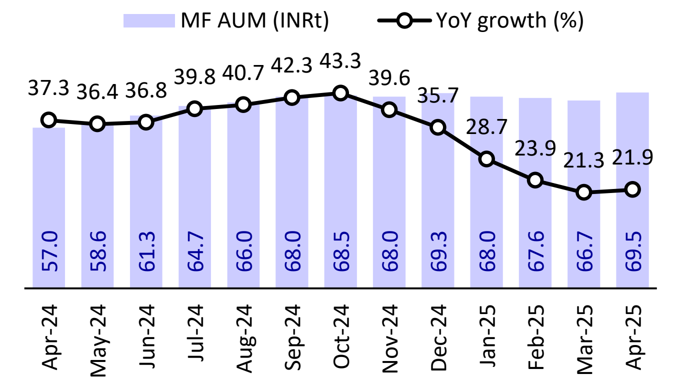


Source: MOFSL, NSE

MF unique investors – underpenetrated industry



MF AUM's strong growth trajectory



Source: MOFSL, AMFI

Bharat Electronics

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BHE IN
Equity Shares (m)	7310
M.Cap.(INRb)/(USDb)	2658.9 / 31.1
52-Week Range (INR)	374 / 230
1, 6, 12 Rel. Per (%)	19/25/31
12M Avg Val (INR M)	9055

Financials Snapshot (INR b)

Y/E March	2025	2026E	2027E
Sales	236.6	276.7	325.5
Sales Gr. (%)	17.3	17.0	17.6
EBITDA	67.7	77.4	91.0
EBITDA Margin	28.6	28.0	28.0
Adj. PAT	52.9	61.1	74.4
Adj. EPS (INR)	7.2	8.4	10.2
EPS Gr. (%)	31.5	15.5	21.9
BV/Sh.(INR)	27.0	34.3	43.3
Ratios			
RoE (%)	26.8	24.3	23.5
RoCE (%)	29.5	27.3	26.3
Payout (%)	12.4	12.4	12.4
Valuations			
P/E (x)	50.3	43.5	35.7
P/BV (x)	13.5	10.6	8.4
EV/EBITDA (x)	37.9	32.1	26.7
Div. Yield (%)	0.2	0.3	0.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.1	51.1	51.1
DII	20.9	20.9	22.7
FII	17.6	17.4	17.6
Others	10.4	10.6	8.7

FII Includes depository receipts

CMP: INR364 TP: INR410 (+13%) Buy

Consistent performer

BEL reported strong results for the quarter as well as for the full year, with stable margin improvements. The order inflow for FY25 was a bit weaker than the company's initial guidance, but the order prospect pipeline for BEL stands strong for the next two years. Company is rightly positioned to benefit from the expected upcoming emergency procurement list and to cater to wider defense electronics components across the army, navy and air force for the next few years. We expect its margin performance to remain strong, driven by increased indigenization as well as continued R&D spend over years. We raise our estimates by 7%/8% for FY26/FY27 on a better-than-expected margin profile and slightly lower other income. The stock is currently trading at 43.5x/35.7x P/E on FY26/27E earnings. We arrive at a revised TP of INR410 based on 40x Mar'27E earnings and maintain BUY on BEL. We increase our valuation multiple to 40x from 36x earlier on its strong prospect pipeline.

Results were much ahead of our expectation

BEL results came in ahead of our estimates on EBITDA and PAT level. 4QFY25 revenue grew 7% YoY and was broadly in line with our estimate of INR88.8b. Revenue growth was driven by a strong order book of INR717b and an inflow of ~INR194b during FY25 vs. target of INR250b. EBITDA grew 22% YoY to INR28b, beating our estimate by 35%, while EBITDA margin expanded 390bp YoY to 30.6% vs. our estimate of 23.3% mainly due to lower-than-expected other expenses. Gross margin was ahead of our estimates at 47.8% in 4QFY25 vs. our estimate of 45.5%. Margin performance is dependent upon the project mix during the quarter. Strong margin performance resulted in a 27%/23% beat to our PBT/PAT estimates. PAT stood at INR21.0b, up 18.0% YoY vs. our estimate of INR17.1b. For FY25, revenue/EBITDA/PAT grew 17%/35%/32% to INR237b/INR68b/INR53b. OCF for FY25 stood at INR4.8b, a significant decrease compared to last year. This was due to a significant increase in net working capital led by higher inventory and receivables and lower customer advances. Lower OCF and higher capex led to FCF outflow of INR5.2b for the year.

Promising order inflow pipeline from emergency procurement and other long-term projects

BEL has an order book of INR717b and received inflows worth INR194b during FY25. Company is rightly positioned to benefit from the expected upcoming emergency procurement list, which will be finalized over the next 7-10 days. BEL is also eyeing inflows from various projects over the next two years, such as 1) QRSAM worth INR300b where BEL is the lead integrator and the project can be finalized by 4QFY26/1QFY27, 2) orders worth INR270b spread across next-generation corvettes from naval shipyards (worth INR60-100b), electronic warfare, electronic orders from Tejas Mk1A LCA, Atulya radar, ground-based electronic warfare systems, air defense fire control radar, etc. Along with this, the company is constantly eyeing opportunities from exports, particularly from Europe rearmament across platforms. In FY26, BEL expects an order inflow of INR270b and revenue growth of 15%.

EBITDA margin profile to stay strong on order book mix and indigenization

BEL's EBITDA margin stood strong at 28.6% in FY25, led by improved gross margin and lower other expenses as provisions were lower. EBITDA margin has consistently improved for the last three years, from 21.6% in FY22 to 28.6% in FY25. This was driven by increased indigenization and continued R&D investments done by the company to indigenize production. Company has given EBITDA margin guidance of 27% for FY26 and it aims to constantly improve this going forward. BEL has judiciously maintained a right mix of orders across components and system integration-led orders, where components have higher margins and system integration orders have provided good revenue support. We expect this mix to be maintained over the next two years.

Looking to expand exports

Company is targeting export revenue of USD120m in FY26. The company is evaluating opportunities in various countries, including Europe. Europe rearmament has a lot of demand coming in for fuses, ammunition, contract manufacturing for aerospace and defense. BEL already has a presence in these components and is working on a plan to target these opportunities.

BEL is working across varied platforms

- **QRSAM**: BEL is working on a QRSAM project as the lead integrator, and this project is for both the Indian Army and Indian Air Force with a project size of INR300b. This project is expected to be awarded by 4QFY26/1QFY27.
- **Next-generation corvette:** For an NGC project, the company is eying 10-12 sub-systems related orders from naval shipyards cumulatively worth INR60-100b, which can be finalized over FY26/27.
- **Project Kusha:** Project Kusha is for indigenous production of S400 missiles. This is being driven by DRDO, and BEL will be the development partner in this project. This project is worth INR400b and may be split into 1-2 lead integrators, with BEL being the preferred integrator, as major sub-systems, control systems, radar will be done by BEL. This project is still in R&D phase and the prototype will be there by 1-1.5 years. After that, trials for these system will take around 12-24 months.
- **Brahmos missile:** BEL is involved in two sub-systems for Brahmos missile. It is changing its scope of contribution in Brahmos, so the company is in constant discussions with Brahmos and working on designs for next-gen systems.
- **Software-defined radios:** BEL is already working with the Navy for replacing older radios with software-defined radios. It is also eyeing orders worth INR10b from army for the replacement of 40k-50k radios. While there will be competition in this space, BEL will be the nominated player for DRDO-led projects.
- **Counter drone systems:** BEL won recent orders from the army and BSF. It also expects repeat orders for counter-drone systems. The company has capabilities for both – soft kill as well as hard kill. It costs nearly INR150-200m for this type of anti-drone products.

Financial outlook

We raise our estimates by 7%/8% for FY26/27. We increase our order inflow estimates as we factor in large-sized order inflows from QRSAM and next-generation corvettes to materialize between FY26 and FY27. We also bake in a longer gestation period for these orders and expect a CAGR of 17%/16%/19% in sales/EBITDA/PAT over FY25-27. We expect OCF/FCF to remain strong over FY25-27, led by control over working capital. Further, the company had a cash surplus of INR94b as of FY25, providing scope for further capacity expansion.

Key risks and concerns

A slowdown in order inflows from the defense and non-defense segments, intensified competition, further delays in the finalization of large tenders, a sharp rise in commodity prices, and delays in payments from the MoD can adversely impact our estimates on revenue, margins, and cash flows.

Valuation and view

BEL is currently trading at 43.5x/35.7x on FY26E/FY27E EPS. We increase our estimates on a better-than-expected margin profile and slightly lower other income. We revise our TP to INR410 on 40x Mar’27E. We increase our valuation multiple to 40x from 36x earlier on a strong prospect pipeline for BEL. **Reiterate BUY rating.**

Standalone Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**35,108**	**39,933**	**41,367**	**85,285**	**41,988**	**45,834**	**57,561**	**91,197**	**201,694**	**236,580**	**88,780**	**3**
Change (%)	12.8	1.2	0.1	32.1	19.6	14.8	39.1	6.9	14.3	17.3	4.1	
EBITDA	**6,644**	**10,044**	**10,494**	**22,800**	**9,367**	**13,885**	**16,533**	**27,890**	**49,982**	**67,676**	**20,654**	**35**
Change (%)	29.4	17.4	23.0	24.9	41.0	38.2	57.5	22.3	23.5	35.4	-9.4	
As of % Sales	18.9	25.2	25.4	26.7	22.3	30.3	28.7	30.6	24.8	28.6	23.3	
Depreciation	1,013	1,004	998	1,109	997	1,032	1,029	1,298	4,124	4,356	1,241	5
Interest	11	15	5	39	12	13	13	58	70	96	32	81
Other Income	1,417	1,705	2,232	2,205	2,015	1,668	2,051	1,942	7,558	7,676	3,121	-38
PBT	**7,038**	**10,729**	**11,723**	**23,856**	**10,373**	**14,509**	**17,542**	**28,476**	**53,346**	**70,900**	**22,501**	**27**
Tax	1,729	2,606	2,790	6,021	2,612	3,596	4,381	7,428	13,146	18,017	5,410	
Effective Tax Rate (%)	24.6	24.3	23.8	25.2	25.2	24.8	25.0	26.1	24.6	25.4	24.0	
Reported PAT	**5,308**	**8,123**	**8,933**	**17,835**	**7,761**	**10,913**	**13,161**	**21,048**	**40,200**	**52,883**	**17,091**	**23**
Change (%)	23.0	32.9	49.2	30.6	46.2	34.3	47.3	18.0	33.7	31.5	-4.2	
Adj PAT	**5,308**	**8,123**	**8,933**	**17,835**	**7,761**	**10,913**	**13,161**	**21,048**	**40,200**	**52,883**	**17,091**	**23**
Change (%)	**23.0**	**32.9**	**49.2**	**30.6**	**46.2**	**34.3**	**47.3**	**18.0**	33.7	31.5	-4.2	

DLF

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1865.1 / 21.8
52-Week Range (INR)	929 / 601
1, 6, 12 Rel. Per (%)	9/-6/-21
12M Avg Val (INR M)	2968

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	79.9	74.8	57.0
EBITDA	21.1	26.3	12.3
EBITDA (%)	26.4	35.2	21.6
PAT	43.7	44.1	33.1
EPS (INR)	17.6	17.8	13.4
EPS Gr. (%)	60.3	0.9	-24.8
BV/Sh. (INR)	238.5	259.0	273.5
Ratios			
Net D/E	0.0	-0.1	-0.2
RoE (%)	10.7	9.9	7.0
RoCE (%)	9.5	4.6	2.1
Payout (%)	30.0	16.9	22.4
Valuations			
P/E (x)	42.7	42.4	56.4
P/BV (x)	3.2	2.9	2.8
EV/EBITDA (x)	88.4	68.5	143.5
Div Yield (%)	0.8	0.4	0.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	74.1	74.1	74.1
DII	4.7	4.9	4.8
FII	16.3	16.4	16.5
Others	4.9	4.7	4.6

CMP: INR754 TP: INR967 (+28%) Buy

'The Dahlias' propels DLF's FY25 performance

FY25 pre-sales guidance exceeded; pipeline robust

- DLF reported bookings of INR20b, up 39% YoY (25% below our est.) in 4Q.
- This impressive performance was fueled by healthy sales from the super-luxury project 'The Dahlias', launched in 3QFY25, which contributed a total of INR137b in FY25 (~65% of total pre-sales of INR212b in FY25). Thus, FY25 exceeded the full-year pre-sales guidance.
- DLF also witnessed a strong uptick in collections, which increased 51%/7% YoY/QoQ to INR33b. Consequently, OCF jumped 127%/36% YoY/QoQ to INR25b in 4QFY25. The net cash position was INR68b vs. INR45b in 3QFY25.
- The medium-term launch pipeline increased by INR35b and now stands at INR739b. Management guided >INR172b (15% of INR1.15tn) worth of launches in FY26.
- **P&L performance:** In 4QFY25, DLF's revenue came in at INR31.3b, up 47% YoY/2x QoQ (59% above our estimate). EBITDA jumped 30% YoY/2.5x QoQ to INR9.8b (2x above), while its margin stood at 31% (down 4pp YoY and up 5pp QoQ; 6pp above). PAT was INR12.9b, up 41% YoY/down 21% QoQ (5x above, including reversal of deferred tax liabilities (DTL)), while normalized PAT (ex-DTL) was at INR12.8b, up 39%/21% YoY/QoQ (5x above our est.).
- In FY25, revenue came in at INR80b, up 24% YoY. EBITDA was flat YoY at INR21b, striking a lower margin of 26% (7pp below FY24). PAT was INR49.6b, up 82% YoY (including reversal of DTL), while normalized PAT (ex-DTL) was INR43.7b, up 60% YoY.

DCCDL: Healthy growth; Debt-to-GAV dips 2% to 21% (down 12% from FY21)

- In FY25, the rental income in DCCDL's commercial portfolio grew 11%/4% YoY for Office/Retail to INR38.7b/INR8.8b. Total revenue was INR63.5b, up 9% YoY. EBITDA stood at INR48.5b, up 10% YoY.
- The overall occupancy in DCCDL's office portfolio was up 1% YoY and stood at 94% (Non-SEZ: 98% /SEZ: 88%).
- Further, 12msf is under construction across its existing assets in Gurugram and Chennai.
- Net debt increased 5% to INR175b from INR167b in 3QFY25, with the net debt-to-GAV ratio at 0.21x. The cost of debt stood at 8.06%.

Key management commentary

- DLF is witnessing strong housing demand, especially in Gurgaon, driven by its reputation for quality construction and timely delivery.
- Planned residential project launches worth INR739b include Mumbai and Privana Phase 3 in 1QFY26 and Goa in late FY26.
- FY26 pre-sales are guided at INR200–220b, reflecting confidence in new launches and continued demand.
- The super-luxury project, 'The Dahlias', was a major success, contributing 65% to FY25 pre-sales and helping DLF exceed its annual target.

- The RERA escrow balance of ~INR82b is likely to dip as the high-rise project cycle progresses.
- Business development is focused on NCR, Tri-City, MMR, and Goa, with limited new acquisitions expected in the near term.
- Capex is guided at INR50b annually for both FY26 and FY27, with a stable effective tax rate expected.
- Office/retail vacancies remain low at 6%/2%, indicating strong leasing activity.
- In Downtown Gurugram, Block-4 (2msf) is 97% pre-leased with rent commencing from 1QFY26; construction is ongoing across 7.5msf.
- Downtown Chennai's DT-3 (1.1msf) is 99% leased, with rents starting from May/Jun'25; DT 4&5 (3.6msf) phases are under construction.
- Atrium Place Phase-1 (2.1msf) rentals will begin in Jul'25; Phase 2 (1.1msf) is expected to be ready by 4QFY26.
- DLF's credit rating has been upgraded: Crisil has upgraded its rating to AAA (stable), and ICRA has upgraded to AA (positive).

Valuation and view: Growth trajectory remains intact

- DLF continues to enhance its growth visibility as it replenishes its launches with its existing vast land reserves. However, our assumption of a 12-13-year monetization timeline for its remaining 160msf of land bank (including TOD potential) adequately incorporates this growth.
- DLF's (Devco/DLF commercial) business is valued at INR1,726b, wherein land contributes INR1,304b. DCCDL is valued at INR708b. Gross NAV is at INR2,434b, which, after taking net debt of INR41b (incl. DCCDL) into consideration, stands at INR2,393b. **We reiterate our BUY rating with a revised TP of INR967** (vs. INR954).

Quarterly performance

Y/E March	FY24				FY25				FY24	FY25	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%/bp)
Gross Sales	**14,232**	**13,477**	**15,213**	**21,348**	**13,624**	**19,750**	**15,287**	**31,276**	**64,270**	**79,937**	**19,625**	**59**
YoY Change (%)	-1.3	3.5	1.8	46.6	-4.3	46.5	0.5	46.5	12.9	24.4	-8.1	
Total Expenditure	10,271	8,853	10,103	13,807	11,337	14,730	11,287	21,496	43,034	58,850	14,750	
EBITDA	**3,962**	**4,624**	**5,110**	**7,541**	**2,286**	**5,020**	**4,000**	**9,780**	**21,236**	**21,086**	**4,876**	**101**
Margins (%)	27.8	34.3	33.6	35.3	16.8	25.4	26.2	31.3	33.0	26.4	24.8	643bps
Depreciation	364	370	380	367	373	377	387	369	1,480	1,507	556	
Interest	849	902	837	977	1,012	935	939	1,086	3,565	3,972	1,142	
Other Income	985	1,287	1,223	1,819	3,675	2,058	2,088	2,202	5,313	10,022	2,422	
PBT before EO expense	**3,734**	**4,639**	**5,115**	**8,016**	**4,576**	**5,766**	**4,761**	**10,527**	**21,505**	**25,630**	**5,600**	**88**
Extra-Ord expense	0	0	0	0	0	0	3,024	0	0	3,024	5,976	
PBT	**3,734**	**4,639**	**5,115**	**8,016**	**4,576**	**5,766**	**1,737**	**10,527**	**21,505**	**22,606**	**-377**	
Tax	1,014	1,122	1,350	1,715	1,183	-4,668	-8,396	1,666	5,201	-10,214	2,279	
Rate (%)	27.2	24.2	26.4	21.4	25.9	-81.0	-483.3	15.8	24.2	-45.2	-605.1	
MI & Profit/Loss of Asso. Cos.	2,541	2,701	2,792	2,897	3,054	3,378	6,183	4,108	10,931	16,723	5,281	
Reported PAT	**5,261**	**6,219**	**6,557**	**9,198**	**6,447**	**13,812**	**16,316**	**12,969**	**27,235**	**49,544**	**2,626**	**394**
Adj PAT	**5,261**	**6,219**	**6,557**	**9,198**	**6,447**	**13,812**	**10,587**	**12,822**	**27,235**	**43,668**	**2,626**	**388**
YoY Change (%)	12.1	30.3	26.4	61.5	22.5	122.1	61.5	39.4	33.9	60.3	-71.5	
Margins (%)	37.0	46.1	43.1	43.1	47.3	69.9	69.3	41.0	42.4	54.6	13.4	2762bps
Operational Metrics												
Residential (INRb)												
Pre-sales	20	22	90	15	64	7	121	20	148	212	27	**-25**
Collections	16	24	25	22	30	24	31	33	87	118	26	**29**
Net Debt	1	-1	-12	-15	-29	-28	-45	-68	-15	-68	0	

Source: Company, MOFSL

Hindalco

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1489.3 / 17.4
52-Week Range (INR)	773 / 546
1, 6, 12 Rel. Per (%)	5/-1/-9
12M Avg Val (INR M)	4350
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	2,385	2,461	2,628
EBITDA	318	318	329
Adj. PAT	166	154	164
EBITDA Margin (%)	13	13	13
Cons. Adj. EPS (INR)	75	70	74
EPS Gr. (%)	64	-7	6
BV/Sh. (INR)	437	500	566
Ratios			
Net D:E	0.4	0.3	0.2
RoE (%)	18.8	14.9	13.8
RoCE (%)	14.7	12.6	12.4
Payout (%)	6.7	10.1	9.5
Valuations			
P/E (x)	8.9	9.6	9.0
P/BV (x)	1.5	1.3	1.2
EV/EBITDA(x)	5.9	5.7	5.3
Div. Yield (%)	0.8	1.1	1.1
FCF Yield (%)	2.5	8.4	5.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	34.6	34.6	34.6
DII	25.0	24.9	26.0
FII	32.3	32.2	31.0
Others	8.0	8.3	8.4

FII includes depository receipts

CMP: INR663 TP: INR790 (+19%) Buy

Strong operating performance; lower tax outgo in Novelis leads to a strong beat on APAT

Consolidated performance

- Hindalco (HNDL)'s consolidated net sales stood at INR649b (+16% YoY and +11% QoQ) vs. our est. of INR588b, driven by a strong performance of its Indian operations, supported by favorable macros.
- Consolidated EBITDA stood at INR88.4b (+32% YoY and +17% QoQ) against our est. of INR78b, driven by lower costs and favorable macros.
- APAT was INR52.8b (+66% YoY/+40% QoQ) vs. our estimate of INR41.3b. This beat was mainly led by lower tax outgo in the Novelis operations.
- For FY25, HNDL's revenue was up 10% YoY to INR2,385b, whereas its adj. EBITDA/PAT increased 33%/ 64% YoY to INR318b/INR166b.
- The Board recommended a dividend of INR5/share (+43% YoY) for FY25.
- Consol. net debt/EBITDA stood at 1.06x as of 4QFY25 vs. 1.21x in 4QFY24.

Aluminum business

- Upstream revenue stood at INR103b in 4QFY25 (+22% YoY), led by higher average aluminum prices. Aluminum Upstream EBITDA stood at INR48.4b (+79% YoY; USD1,684/t) driven by lower input costs with favorable macro.
- EBITDA margin for the upstream business was 47% in 4Q vs. 42% in 3QFY25.
- Downstream revenue stood at INR36b (+23% YoY) on account of favorable pricing. Downstream EBITDA stood at INR2.2b (+52% YoY), led by better product mix, and translates into an EBITDA/t of USD240 (+46% YoY) in 4QFY25 vs. USD179 in 3QFY25 and USD186/t (+4% YoY) in FY25.
- Upstream aluminum sales stood at 332kt (-2% YoY), and downstream aluminum sales came in at 105kt (flat YoY) in 4QFY25.

Copper business

- Copper business revenue stood at INR146b (+8% YoY), on account of higher average copper prices.
- EBITDA for the copper business dipped 21% YoY to INR6.1b in 4QFY25, led by a sharp decline in TC/RCs.
- Copper metal sales came in at 135KT (flat YoY), while CCR sales stood at 109KT (+12% YoY) during the quarter.

Novelis' 4QFY25 performance

- Shipment volumes stood at 957kt (flat YoY and 6% QoQ) against our estimate of 930kt. The growth was primarily fueled by higher beverage packaging, specialties, and aerospace, partially offset by lower automotive shipments.

- Novelis' 4QFY25 revenue stood at USD4.6b (+13% YoY and +12% QoQ) against our estimate of USD4.4b, mainly driven by higher aluminum prices.
- Adjusted EBITDA stood at USD473m (-8% YoY and +29% QoQ) against our estimate of USD443m. EBITDA was primarily hit by higher aluminum scrap prices and operating costs, partially offset by higher product pricing.
- Adj. EBITDA/t stood at USD494 (-9% YoY and +22% QoQ) vs. our estimate of USD476 during the quarter.
- APAT stood at USD294m in 4QFY25 (vs. our estimate of USD162m), primarily driven by lower income tax outgo. Net Debt/EBITDA as of Mar'25 stood at 2.9x.
- For FY25, revenue grew 6% YoY to USD17.2b, while adj. EBITDA declined 3% YoY to USD1.8b and APAT dipped 1% to USD816m. Shipment stood at 3.76mt, registering a growth of 2% YoY during FY25.

Highlights from the management commentary

- Coal mix for FY25: linkage was 50%, e-auction was 47%, and the rest was from own mines. Management does not foresee any substantial change in FY26 and indicates the major changes to be seen post commissioning of Chakla and Bandha mines.
- The company expects alumina prices to remain range-bound in the range of USD350-400/t during FY26.
- Downstream EBITDA/t is expected to be USD250-300 for FY26.
- Alumina sales for FY26 are expected to be 700-800kt.
- Out of the 300MW of renewables capacity, HNDL commissioned 6.3MW of floating solar capacity at Mahan, bringing the total RE power to 189MW. Further, 100MW hybrid capacity (with storage) will be commissioned in H1CY25. 9MW of solar capacity is underway, and an additional 20MW of hybrid capacity (Solar + Wind) is expected to be operational by 2HFY26.
- The company hedged around 15% of the aluminum at USD2,695/t and 13% of the currency at INR86/USD.

Valuation and view

- HNDL posted a decent performance in 4QFY25. The earnings growth was driven by favorable pricing and lower input costs. Novelis' performance rebounded in 4Q, which was hurt by higher scrap prices and weak demand in 3Q.
- The ongoing capex in Novelis will establish HNDL as the global leader in the beverage can and automotive FRP segments. The capex is likely to be completed within the stated timeline, and management does not see any further capex increase.
- We expect a healthy consolidated performance for FY26/27E, mainly driven by the strong domestic operations. We increase our EBITDA estimates for FY26/27E by 3%/2%. At CMP, the stock trades at 5x EV/EBITDA and 1.2x P/B on FY27E. **We reiterate our BUY rating on HNDL with a revised SoTP-based TP of INR790.**

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**529.9**	**541.7**	**528.1**	**559.9**	**570.1**	**582.0**	**583.9**	**648.9**	**2,159.6**	**2,385.0**	**588.4**	**10.3**
Change (YoY %)	(8.7)	(3.6)	(0.6)	0.2	7.6	7.4	10.6	15.9	(3.2)	10.4		
Change (QoQ %)	(5.1)	2.2	(2.5)	6.0	1.8	2.1	0.3	11.1	-	-		
Total Expenditure	472.8	485.6	469.4	493.1	495.1	503.2	508.1	560.5	1,920.9	2,066.9		
EBITDA	**57.1**	**56.1**	**58.7**	**66.8**	**75.0**	**78.8**	**75.8**	**88.4**	**238.7**	**318.1**	**77.8**	**13.6**
Change (YoY %)	(32.2)	4.7	65.3	25.4	31.3	40.5	29.3	32.3	5.3	33.2		
Change (QoQ %)	7.3	(1.8)	4.5	13.9	12.3	5.1	(3.8)	16.5	-	-		
As % of Net Sales	10.8	10.4	11.1	11.9	13.2	13.5	13.0	13.6	11.1	13.3		
Interest	9.9	10.3	9.4	8.9	8.6	8.7	8.2	8.7	38.6	34.2		
Depreciation	17.9	18.4	18.7	20.2	18.9	19.3	19.4	21.2	75.2	78.8		
Other Income	3.9	4.6	2.8	3.6	4.2	10.8	5.1	7.0	15.0	27.1		
PBT (before EO item)	**33.3**	**32.0**	**33.3**	**41.4**	**51.8**	**61.6**	**53.4**	**65.4**	**139.9**	**232.1**		
Extra-ordinary Income	(0.1)	0.3	-	-	(3.3)	(5.1)	(0.4)	0.1	0.2	(8.8)		
PBT (after EO item)	**33.2**	**32.3**	**33.3**	**41.4**	**48.5**	**56.4**	**53.0**	**65.5**	**140.1**	**223.3**		
Total Tax	8.6	10.4	10.0	9.6	17.7	17.3	15.6	12.7	38.6	63.4		
% Tax	26.0	32.0	30.0	23.3	36.6	30.7	29.5	19.3	27.5	28.4		
PAT before MI and Associate	**24.5**	**22.0**	**23.3**	**31.8**	**30.7**	**39.1**	**37.3**	**52.8**	**101.5**	**160.0**		
Adjusted PAT	**24.7**	**21.6**	**23.3**	**31.7**	**33.1**	**42.7**	**37.6**	**52.8**	**101.3**	**166.2**	**41.3**	**27.7**
Change (YoY %)	(39.5)	(1.9)	71.1	31.6	34.0	97.3	61.5	66.3	0.8	63.9		
Change (QoQ %)	2.3	(12.3)	7.7	36.2	4.1	29.2	(11.8)	40.2				

Source: MOFSL, Company

Quarterly performance for Novelis (USD m)

Y/E March	FY24				FY25				FY24	FY25	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales (000 tons)	**879**	**933**	**910**	**951**	**951**	**945**	**904**	**957**	**3,673**	**3,757**	**930**	**2.9**
Change (YoY %)	-8.6	-5.2	0.2	1.6	8.2	1.3	-0.7	0.6	-3.1	2.3		
Change (QoQ %)	-6.1	6.1	-2.5	4.5	0.0	-0.6	-4.3	5.9	0.0	0.0		
Net Sales	**4,091**	**4,107**	**3,935**	**4,077**	**4,187**	**4,295**	**4,080**	**4,587**	**16,210**	**17,149**	**4,365**	**5.1**
Change (YoY %)	-19.6	-14.4	-6.3	-7.3	2.3	4.6	3.7	12.5	-12.3	5.8		
Change (QoQ %)	-7.0	0.4	-4.2	3.6	2.7	2.6	-5.0	12.4	0.0	0.0		
EBITDA (adjusted)	**421**	**484**	**454**	**514**	**500**	**462**	**367**	**473**	**1,873**	**1,802**	**443**	**6.9**
Change (YoY %)	-25.0	-4.3	33.1	27.5	18.8	-4.5	-19.2	-8.0	3.4	-3.8		
Change (QoQ %)	4.5	15.0	-6.2	13.2	-2.7	-7.6	-20.6	28.9	0.0	0.0		
EBITDA per ton (USD)	**479**	**519**	**499**	**540**	**526**	**489**	**406**	**494**	**510**	**480**	**476**	**3.8**
Interest	70	74	67	64	64	67	61	60	275	252		
Depreciation	131	136	139	148	140	141	142	152	554	575		
PBT (before EO item)	**220**	**274**	**248**	**302**	**296**	**254**	**164**	**261**	**1,044**	**975**		
Extra-ordinary Income	(10)	(66)	(73)	(77)	(86)	(74)	(15)	42	(226)	(133)		
PBT (after EO item)	**210**	**208**	**175**	**225**	**210**	**180**	**149**	**303**	**818**	**842**	**222**	
Total Tax	54	51	54	59	60	51	39	9	218	159		
% Tax	25.7	24.5	30.9	26.2	28.6	28.3	26.2	3.0	26.7	18.9		
Reported PAT (after MI)	**156**	**157**	**121**	**166**	**151**	**128**	**110**	**294**	**600**	**683**		
Change (YoY %)	-49	-14	908	6	-3	-18	-9	77	-9	14		
Adjusted PAT	**166**	**223**	**194**	**243**	**237**	**202**	**125**	**252**	**826**	**816**	**162**	**55.1**
Change (YoY %)	-40.5	-9.3	33.8	23.4	42.8	-9.4	-35.6	3.7	-4.7	-1.2		
Change (QoQ %)	-15.7	34.3	-13.0	25.3	-2.5	-14.8	-38.1	101.6				

Source: MOFSL, Company

Siemens

BSE Sensex	S&P CNX
81,186	24,684

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	1113.8 / 13
52-Week Range (INR)	4042 / 2270
1, 6, 12 Rel. Per (%)	8/-10/-22
12M Avg Val (INR M)	2860

Financials Snapshot (INR b)

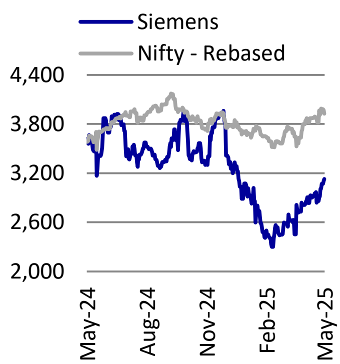
Y/E SEP	FY25E	FY26E	FY27E
Net Sales	169.9	192.9	219.1
EBITDA	21.5	25.7	30.4
PAT	19.1	23.6	27.2
EPS (INR)	53.7	66.2	76.5
GR. (%)	-5.3	23.2	15.5
BV/Sh (INR)	485.1	551.3	627.8
Ratios			
ROE (%)	11.1	12.0	12.2
RoCE (%)	11.3	12.2	12.4
Valuations			
P/E (X)	58.3	47.3	40.9
P/BV (X)	6.5	5.7	5.0
EV/EBITDA (X)	46.9	38.7	32.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	7.3	6.8	7.4
FII	8.2	8.8	8.3
Others	9.5	9.5	9.3

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR3,128 TP: INR3,200 (+2%) Neutral

Witnessing gradual recovery

Siemens in its analyst meet highlighted its continued focus on improving margins as volumes improve across segments. Smart infrastructure is benefiting from improved demand and digital industries segment seems to be bottoming out in terms of demand weakness. Mobility segment volumes will improve as locomotive delivery commences after a few quarters. The company intends to increase the share of exports in both Smart infrastructure and Mobility. We maintain our estimates and TP of INR3,200, based on 45x Mar'27E earnings on pro forma financials of the non-energy entity Siemens Limited. We will revisit our estimates once we have detailed financials of both the entities. We maintain Neutral rating on the stock.

Key takeaways from Siemens analyst meeting

Digital Industries (DI): Witnessing early signs of bottoming out

The segment continues to experience normalization after a post-Covid surge. While order inflow has improved sequentially, from INR7.6b in 4QFY24 to INR8.1b in 1QFY25 to INR9.5b in 2QFY25, revenue and margins remain under pressure due to subdued private sector capex, inventory correction at channel partners, and an unfavorable product mix. The company is consciously avoiding stock pushing to prevent the creation of excess inventory. Management is cautiously optimistic about a recovery, citing early signs of bottoming out.

Smart Infrastructure (SI): Room for margin improvement

Performance was resilient with 40% YoY growth in 2QFY25 orders and consistent revenue growth. This strength was underpinned by public sector investments, particularly in power distribution, data centers, and semiconductor infra, while private sector capex remains weak. Margin expansion was notable, with 1HFY25 EBITDA margins improving to 16.3% from 15.3% YoY, supported by product mix and disciplined execution. Management has showcased confidence in further margin improvement and expressed satisfaction with the performance of its C&S Electric acquisition, which continues to grow profitably. The company also aims to increase the share of exports and services in this segment to improve its margin profile over time.

Mobility: Production scale-up to help improve margins

The segment displayed a volatile but promising outlook. 2QFY25 saw strong order inflow, including export orders for metro bogies and a scope expansion for the 9000 HP locomotive project, particularly for maintenance. Execution, however, saw slight delays due to normalization of project cycles. Management emphasized that the ramp-up for the Dahod-based locomotive factory is progressing on schedule. Export demand from the parent remains strong, and signaling has been identified as a future growth lever. While current margins are impacted by upfront investments and R&D costs, the company expects improvement as production scales. The 9000 HP factory is ready and gearing up to start commercial production of locomotives. Bogey factory is also ready.

Low-voltage motors (LVM) business remains under pressure

The segment witnessed a 6.9% YoY decline in new orders due to tepid demand and pricing pressure. Despite revenue growth of 6%, EBITDA margin declined on YTD basis due to lower price realization and increased royalty payments to Innomotics, the global business that was recently divested by Siemens AG. Management confirmed that it is evaluating strategic options for the future of this segment in light of the external dependency.

Outlook

Looking ahead, Siemens remains optimistic about its growth trajectory in terms of revenue and profitability. Public sector capex will continue to drive momentum in the **Smart Infrastructure** and **Mobility** segments, with the latter expected to ramp up materially as major railway and metro projects advance. Export growth is a strategic focus, particularly for the Mobility and SI businesses, as global supply chains diversify and India strengthens its role as a manufacturing hub. **Digital Industries**, while currently muted, is expected to benefit from an eventual revival in private capex and rising demand for automation and digitalization solutions. Though the segment is still dependent on imports and impacted by transfer pricing, the company is hopeful of margin recovery through volume growth and improved operating leverage.

Energy segment demerger will not impact Siemens Ltd

Management highlighted that the recent demerger of the Energy business has no material impact on the operational outlook of Siemens Limited. The focus remains on profitable growth, localization, exports, and selective capex aligned with emerging verticals such as semiconductors, batteries, and data centers.

Valuation and view

We maintain our estimated CAGR of 14%/19%/19% in revenue/EBITDA/PAT for Siemens Ltd. The stock is currently trading at 47.3x/40.9x P/E on FY26/27E earnings. We maintain Neutral rating on the stock with a TP of INR3,200, based on 45x Mar'27E earnings on pro forma financials of the non-energy entity Siemens Limited. We will revisit our estimates once we have detailed financials of both the entities.

Key risks and concerns

1) Slowdown in order inflows from key government-focused segments such as transmission and railways, 2) Aggression in bids to procure large-sized projects would adversely impact margins, 3) Related-party transactions with parent group entities at lower-than-market valuations to weigh on the stock performance.

21 May 2025

4QFY25 Results Update | Sector: Healthcare

Torrent Pharma

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	TRP IN
Equity Shares (m)	338
M.Cap.(INRb)/(USDb)	1097 / 12.8
52-Week Range (INR)	3591 / 2570
1, 6, 12 Rel. Per (%)	-4/0/10
12M Avg Val (INR M)	1249

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	115.2	131.5	151.1
EBITDA	37.6	43.9	51.1
Adjusted PAT	19.6	24.1	30.5
EBIT Margin (%)	25.7	26.6	27.7
Cons. Adj EPS (INR)	57.8	71.3	90.2
EPS Gr. (%)	22.7	23.5	26.4
BV/Sh. (INR)	448.6	539.7	655.0
Ratios			
Net D-E	0.4	0.3	0.2
RoE (%)	27.1	28.9	30.2
RoCE (%)	20.1	23.1	25.4
Payout (%)	37.0	36.1	36.1
Valuation			
P/E (x)	55.9	45.3	35.8
EV/EBITDA (x)	29.8	25.1	21.0
Div. Yield (%)	0.5	0.7	0.8
FCF Yield (%)	1.8	2.5	3.6
EV/Sales (x)	9.7	8.4	7.1

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	68.3	68.3	71.3
DII	8.4	8.4	7.3
FII	16.3	16.2	14.1
Others	7.0	7.2	7.4

FII includes depository receipts

CMP: INR3,242 **TP: INR3,430 (+6%)** **Neutral**

DF, lower interest/tax drive earnings

MR addition/increasing reach to improve outlook of India business

- Torrent Pharma's (TRP) 4QFY25 performance was largely in line with our expectations. Healthy mid-teen YoY growth in US and domestic formulation (DF) was offset to some extent by currency headwinds in Brazil and modest YoY growth in Germany.
- TRP continues to focus on strengthening its branded business (73% of 4QFY25 sales) in India/Brazil and ROW markets.
- Specifically, in India, it has a multi-prong strategy – product launches in prescription and OTC segment, widening its reach, and adding MRs to support growth.
- Brazil remains a focus branded market for TRP with established presence through its own MR force and enhanced offerings.
- We reduce our FY26/FY27 earnings estimates by 5%/4%, factoring in a) gradual pick-up in US sales, b) moderation in outlook for Germany business and c) reduction in CDMO business. We value TRP at 38x 12M forward earnings to arrive at a price target of INR3,430.
- While revenue growth has moderated over FY23-25, TRP has delivered 25% earnings CAGR, aided by improved profitability and reduced finance cost/tax rate. ROCE reached 20% in FY25. We estimate 25% earnings CAGR over FY25-27, supported by 10% sales CAGR and consistent margin expansion. However, the current valuation (45x FY26 earnings/36x FY27 earnings) largely factors in the earnings upside. Maintain Neutral.

Improved margins, lower finance cost drive earnings growth YoY

- Sales grew 7.8% YoY to INR29.6b.
- India formulations revenue grew 12% YoY to INR15.5b (52% of sales).
- US generics grew 15.3% YoY to INR3b (10% of sales).
- Germany sales grew by 2.1% YoY to INR2.9b (10% of sales).
- LATAM business declined by 5.6% YoY to INR3.5b (12% of sales).
- ROW+CDMO sales grew 5.3% YoY at INR4.7b (16% of sales).
- There is one-time impact of INR170m on account of inventory revaluation of in-licensed products, which went off-patent. Adjusting for the same, gross margin expanded 60bp YoY to ~76% due to a better product mix.
- EBITDA margin expanded by 100bp to 33.2% YoY due to better GM and lower other expenses (down 160bp as % of sales), offset by an increase in employee expenses (up 130bp as a % of sales).
- Accordingly, EBITDA grew 11% YoY to INR9.8b (vs our Est: INR9.7b).
- Adj. PAT grew 18% YoY to INR5.2b.
- In FY25, revenue/EBITDA/PAT grew 7.3%/11.6%/22.7% YoY to INR115b/INR37.4b/INR19.4b.

Highlights from the management commentary

- TRP is readying itself to be in the first wave of launch of Semaglutide in India market.
- Its Curatio portfolio grew 18-19% YoY in FY25 and aspires to grow this business at higher rate in coming year.
- TRP's chronic portfolio in DF market grew 14% vs. industry growth of 9% for the quarter.
- The company posted volume/price YoY growth of 4%/7% during the quarter.
- TRP added 200 MRs QoQ and intends to take the total MR strength to 6,800-6,900 by the end of FY26.
- The company expects high-single-digit YoY growth in Germany revenue in FY25, led by incremental tender wins.

Quarterly performance (Consolidated) (INR m)

Y/E March	FY24				FY25				FY24	FY25	Est.	Var.
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Revenues	**25,910**	**26,600**	**27,320**	**27,450**	**28,590**	**28,890**	**28,090**	**29,590**	**107,280**	**115,160**	**29,343**	**0.8**
YoY Change (%)	12.2	16.1	9.7	10.2	10.3	8.6	2.8	7.8	12.0	7.3	6.9	
EBITDA	**7,910**	**8,250**	**8,690**	**8,830**	**9,240**	**9,390**	**9,140**	**9,810**	**33,680**	**37,580**	**9,692**	**1.2**
YoY Change (%)	17.4	21.5	17.6	19.8	16.8	13.8	5.2	11.1	19.1	11.6	9.8	
Margins (%)	30.5	31.0	31.8	32.2	32.3	32.5	32.5	33.2	31.4	32.6	33.0	
Depreciation	1,910	2,010	2,130	2,030	1,970	1,980	1,990	2,010	8,080	7,950	2,057	
EBIT	**6,000**	**6,240**	**6,560**	**6,800**	**7,270**	**7,410**	**7,150**	**7,800**	**25,600**	**29,630**	**7,635**	**2.2**
YoY Change (%)	15.6	20.9	20.2	25.7	21.2	18.8	9.0	14.7	20.7	15.7	12.3	
Margins (%)	23.2	23.5	24.0	24.8	25.4	25.6	25.5	26.4	23.9	25.7	26.0	
Interest	1,030	910	800	800	750	640	570	560	3,540	2,520	552	
Other Income	340	260	-330	310	240	-160	330	-180	580	230	240	
PBT before EO Expense	**5,310**	**5,590**	**5,430**	**6,310**	**6,760**	**6,610**	**6,910**	**7,060**	**22,640**	**27,340**	**7,324**	**-3.6**
One-off expenses	0	0	-880	0	200	0	0	410	-880	610	0	
PBT after EO Expense	**5,310**	**5,590**	**6,310**	**6,310**	**6,560**	**6,610**	**6,910**	**6,650**	**23,520**	**26,730**	**7,324**	
Tax	1,530	1,730	1,880	1,820	1,990	2,080	1,880	1,670	6,960	7,620	2,331	
Rate (%)	28.8	30.9	34.6	28.8	29.4	31.5	27.2	23.7	30.7	27.9	31.8	
Reported PAT	**3,780**	**3,860**	**4,430**	**4,490**	**4,570**	**4,530**	**5,030**	**4,980**	**16,560**	**19,110**	**4,993**	**-0.3**
Adj PAT	**3,780**	**3,860**	**3,812**	**4,490**	**4,709**	**4,530**	**5,030**	**5,287**	**15,942**	**19,556**	**4,993**	**5.9**
YoY Change (%)	15.0	23.7	19.1	51.0	24.6	17.4	31.9	17.8	26.7	22.7	11.2	
Margins (%)	14.6	14.5	14.0	16.4	16.5	15.7	17.9	17.9	14.9	17.0	17.0	

Key performance Indicators (Consolidated)

Y/E March	FY24				FY25				FY24	FY25	Est.
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
India formulations	14,260	14,440	14,150	13,800	16,350	16,320	15,810	15,450	56,660	63,930	15,546
YoY Change (%)	14.5	18.0	12.4	9.8	14.7	13.0	11.7	12.0	13.7	13.0	12.7
US generics	2,930	2,480	2,740	2,620	2,590	2,680	2,710	3,020	10,780	11,000	2,777
YoY Change (%)	12.3	-15.1	-5.8	-6.4	-11.6	8.1	-1.1	15.3	-7.2	2.0	6.0
Latin America	1,900	2,520	3,120	3,720	1,960	2,630	2,910	3,510	11,260	11,000	3,267
YoY Change (%)	3.3	36.2	25.8	17.0	3.2	4.4	-6.7	-5.6	20.4	-2.3	-12.2
Europe	2,580	2,660	2,700	2,800	2,840	2,880	2,820	2,860	10,740	11,390	2,721
YoY Change (%)	20.6	20.9	12.0	10.7	10.1	8.3	4.4	2.1	15.7	6.1	-2.8
Others (ROW+CDMO)	4,240	4,500	4,610	4,510	4,850	4,380	3,840	4,750	17840	17840	5,032.3
YoY Change (%)	19.2	21.6	2.2	17.4	14.4	-2.7	-16.7	5.3	14.3	0.0	11.6
Cost Break-up											
RM Cost (% of Sales)	25.1	24.8	25.5	24.7	24.3	23.5	24.0	24.1	25.0	24.4	24.3
Staff Cost (% of Sales)	19.3	18.9	18.2	17.7	19.2	18.8	19.5	19.0	18.5	19.5	18.1
Other Cost (% of Sales)	25.1	25.3	24.5	25.4	24.2	25.2	24.0	23.8	25.1	24.7	24.6
Gross Margins (%)	74.9	75.2	74.5	75.3	75.7	76.5	76.0	75.9	75.0	75.6	75.7
EBITDA Margins (%)	30.5	31.0	31.8	32.2	32.3	32.5	32.5	33.2	31.4	32.6	33.0
EBIT Margins (%)	23.2	23.5	24.0	24.8	25.4	25.6	25.5	26.4	23.9	25.7	26.0

E: MOFSL Estimates

Dixon Technology

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DIXON IN
Equity Shares (m)	60
M.Cap.(INRb)/(USDb)	997.9 / 11.7
52-Week Range (INR)	19150 / 8440
1,6,12 Rel. Per (%)	5/6/75
12M Avg Val (INR M)	7401

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	388.6	532.4	671.9
EBITDA	15.1	20.2	26.6
EBITDA Margin (%)	3.9	3.8	4.0
PAT	7.1	10.2	14.6
EPS (INR)	117.2	168.7	241.6
EPS Growth (%)	90.5	44.0	43.2
BV/Share (INR)	499.6	660.3	893.9
Ratios			
Net D/E	-0.2	-0.3	-0.4
RoE (%)	30.0	29.1	31.1
RoCE (%)	38.6	35.8	36.9
Payout (%)	7.6	4.7	3.3
Valuations			
P/E (x)	141.4	98.2	68.6
P/BV (x)	33.2	25.1	18.5
EV/EBITDA (x)	66.2	49.2	36.9
Div Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	32.3	32.4	33.4
DII	23.1	22.6	27.0
FII	21.8	23.2	17.8
Others	22.9	21.7	21.7

FII includes depository receipts

CMP: INR16,566 TP: INR20,500 (+24%) Buy

Mobile segment remains the growth driver

Dixon delivered a strong beat on EBITDA and PBT in 4QFY25, while net profit was boosted by one-time exceptional income from its stake sale in Aditya Infotech. For FY25, the company reported 120%/116%/93% YoY growth in revenue/EBITDA/PAT. Mobile and EMS segments continued to perform well, with improved order visibility from the top five clients for domestic as well as export volumes. Dixon is also actively pursuing partnerships with players across segments to deepen its relationships, which will help it grow volumes and improve its margin profile going forward. We expect Mobile segment growth to continue in the coming years, while consumer electronics will remain under pressure for some more time. The commissioning of its display facility and its foray into other components such as camera modules, batteries and enclosures through ECMS will help Dixon improve its margin profile once PLI ends. We marginally tweak our estimates and maintain our DCF-based TP of INR20,500 on Mar'27 estimates. Reiterate BUY.

Revenue in-line, EBITDA beat, adjusted PAT miss

Consolidated revenue grew 121% YoY to INR102.9b, broadly in line with our estimate. Absolute EBITDA grew by 143% YoY to INR4.4b, beating our estimate by 13% due to lower-than-expected other expenses, while margins expanded 40bp YoY to 4.3% vs. our estimate of 3.9%. Adj. PAT at INR1.85b increased 94% YoY but missed our estimates by 17% YoY, mainly due to higher-than-expected share of minority interest and lower-than-expected other income. However, Dixon had an exceptional gain of INR2.5b in 4Q, which led to core PAT (reported PAT) of INR4.0b. For FY25, revenue/EBIDTA/PAT grew 120%/116%/93% YoY to INR388.6b/INR15.1b/INR7.1b, while EBITDA margin was flat YoY.

Mobile phone volume growth to remain healthy

Smartphone order book is quite healthy for Dixon, with its anchor customer ramping up on exports to North America. Xiaomi and Longcheer order books also increased significantly from this quarter, and Itel and Infinix too look healthy. Dixon expects to achieve 43-44m smartphone volumes in FY26 and scale it up to 60m in FY27. In the Android smartphone market of 135m, Dixon plans to ramp up volumes from Oppo and Vivo too, which it has been so far doing in-house.

Backward integration to offset PLI loss

The contribution of PLI incentives to Dixon's mobile margins is 0.6-0.7%, and the company is confident of fully mitigating this through scale benefits, automation, and localized component manufacturing. Strategic JVs, such as those with Vivo and Ismartu are expected to deepen customer stickiness and ensure volume growth. Moreover, Dixon is planning to invest in component manufacturing under the ECMS, including display modules, lithium-ion batteries, and camera modules, which should boost margins and create long-term cost advantages.

Expanding the non-mobile portfolio through innovation and integration

Within non-mobile segments, the consumer electronics segment faces headwinds, but Dixon is addressing them through new product introductions like digital signage and partnerships with Amazon Fire TV and LG WebOS. The refrigerator business has captured an 8% market share in just one year, with plans to double capacity and enter into new cooling categories. Home appliances reported strong performance in 4QFY25 with INR3.0b in revenue and 12.2% margins, driven by innovation and capacity expansion at the Tirupati plant. The lighting segment, with INR2.0b in revenue and 7.3% margins, is set to benefit from a new JV with Signify launching in 2QFY26. Telecom products grew significantly, aided by 5G and IPTV demand, with backward integration improving cost structures. IT hardware is gaining momentum with large-scale production for global brands and a strategic JV with Inventec to expand into high-value computing products. Wearables and hearables continued to perform well, supported by strong order books and growing localization, reinforcing Dixon's position as a diversified and integrated electronics manufacturing leader.

Margin resilience and expansion strategy

Dixon has maintained a healthy operating margin profile, with 4QFY25 margins in the mobile business at 3.8% and higher margins across other segments like consumer electronics (6.1%), home appliances (12.2%) and lighting (7.3%). With PLI incentives tapering off by FY26, the company is relying on structural levers to drive future margin expansion. Dixon expects a margin gain of 150-200bp over time through backward integration, higher ODM contribution, automation, value engineering, and operational excellence. Component manufacturing, especially for high-margin items like display and camera modules, will be a game changer, significantly improving the blended margin profile of the company. We believe that these internal efficiency measures and integration efforts by the company will more than offset the PLI loss and deliver structurally stronger profitability.

Capacity expansion to drive long-term growth

Dixon is executing multiple expansion strategies to meet growing customer demand and strengthen its position across key segments. A 1m sq. ft. mobile manufacturing facility is under construction in Noida, with dedicated capacity for anchor clients including Vivo. The company is also building a display module plant with HKC, targeting initial production of 2m mobile and 2m laptop displays per month, set to double in later phases. In IT hardware, Dixon has begun production for HP, Asus, and Lenovo, and its JV with Inventec (set to commence in 4QFY26) is expected to contribute INR20b in revenue after two years. Refrigeration, lighting, and telecom verticals are also witnessing significant capacity additions, supported by strong order books and strategic partnerships like the Signify JV. With a steady capex of INR9b-10b annually, backed by internal cash flows and government schemes (PLI and ECMS), Dixon is well-positioned to scale up operations and enhance global competitiveness.

Financial outlook

We marginally tweak our estimates and expect a CAGR of 31%/33%/44% in revenue/EBITDA/PAT over FY25-FY27. Revenue growth would be mainly driven by mobile segment, while consumer electronics will remain under pressure for some more time. We expect an EBITDA margin of 3.8%/4.0% for FY26/FY27, led by increased focus on backward integration post PLI. This will result in a PAT CAGR of 44% over FY25- FY27.

Valuation and view

The stock is currently trading at 68.6x P/E on FY27E earnings. We broadly maintain our estimates and DCF-based TP of INR20,500 on Mar'27 estimates. **Reiterate BUY**.

Key risks and concerns

The key risks to our estimates and recommendation would come from the lower-than-expected growth in the market opportunity, loss of relationships with key clients, increased competition, and limited bargaining power with clients.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Gross Sales	**32,715**	**49,432**	**48,183**	**46,580**	**65,798**	**1,15,34**	**1,04,53**	**1,02,92**	**1,76,90**	**3,88,60**	**1,00,37**	**3**
YoY Change (%)	14.6	27.8	100.4	52.0	101.1	133.3	117.0	121.0	45.1	119.7	115.5	
Gross Profit	3,158	4,741	4,265	4,356	5,629	8,736	7,736	8,172	16,520	30,273	13,948	-41
Total Expenditure	31,396	47,443	46,339	44,755	63,319	1,11,07	1,00,63	98,498	1,69,93	3,73,52	96,448	2
EBITDA	**1,319**	**1,989**	**1,844**	**1,825**	**2,479**	**4,264**	**3,905**	**4,428**	**6,976**	**15,076**	**3,929**	**13**
Margins (%)	4.0	4.0	3.8	3.9	3.8	3.7	3.7	4.3	3.9	3.9	3.9	
Depreciation	337	364	407	510	545	660	746	859	1,619	2,810	708	21
Interest	140	171	222	214	293	379	409	463	747	1,544	397	16
Other Income	29	7	23	167	82	-57	65	113	226	202	139	-19
PBT before EO expense	**870**	**1,461**	**1,238**	**1,267**	**1,723**	**3,167**	**2,816**	**3,219**	**4,836**	**10,924**	**2,962**	
Extra-Ord expense	0	0	0	0	0	2,096	0	2,504	0	4,600	-0	
PBT	**870**	**1,461**	**1,238**	**1,267**	**1,723**	**5,263**	**2,816**	**5,723**	**4,836**	**15,524**	**2,961**	**93**
Tax	229	352	287	322	400	1,172	689	1,111	1,189	3,372	356	212
Rate (%)	26.3	24.1	23.2	25.4	23.2	22.3	24.5	19.4	24.6	21.7	12.0	
MI & P/L of Asso. Cos.	-47	36	-13	-7	-14	193	415	604	-31	1,197	375	61
Reported PAT	**688**	**1,073**	**964**	**952**	**1,337**	**3,899**	**1,712**	**4,008**	**3,677**	**10,955**	**2,230**	**80**
Adj PAT	**688**	**1,073**	**964**	**952**	**1,337**	**2,143**	**1,712**	**1,845**	**3,677**	**7,059**	**2,230**	**-17**
YoY Change (%)	50.6	38.9	85.8	18.0	94.3	99.7	77.5	93.9	43.9	92.0	134.4	
Margins (%)	2.1	2.2	2.0	2.0	2.0	1.9	1.6	1.8	2.1	1.8	2.2	

Zydus LifeSciences

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1006
M.Cap.(INRb)/(USDb)	888.8 / 10.4
52-Week Range (INR)	1324 / 795
1, 6, 12 Rel. Per (%)	3/-12/-30
12M Avg Val (INR M)	1795

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	232.4	257.2	270.7
EBITDA	69.9	69.5	66.6
Adj. PAT	46.3	45.6	42.8
EBIT Margin (%)	26.1	22.8	20.2
Cons. Adj. EPS (INR)	46.0	45.4	42.5
EPS Gr. (%)	22.3	-1.5	-6.3
BV/Sh. (INR)	238.1	279.2	316.8
Ratios			
Net D:E	0.1	0.0	-0.2
RoE (%)	21.2	17.5	14.3
RoCE (%)	23.8	16.1	13.6
Payout (%)	12.6	7.7	9.4
Valuations			
P/E (x)	19.2	19.4	20.7
EV/EBITDA (x)	12.8	12.7	12.6
Div. Yield (%)	0.7	0.4	0.5
FCF Yield (%)	5.3	2.1	6.5
EV/Sales (x)	3.8	3.4	3.1

Shareholding pattern (%)

As of	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	11.0	10.7	12.6
FII	7.3	7.5	5.7
Others	6.7	6.8	6.7

FII Includes depository receipts

CMP: INR882 TP: INR930 (+5%) Neutral

Earnings growth led by US/consumer wellness and margin leverage

Strong finish to FY25, but FY26 growth hurdles prompt our Neutral stance

- Zydus LifeSciences (ZYDUSLIF)'s financial performance was better than expected (8%/19%/15% beat on sales/EBITDA/Adj. PAT) for 4QFY25. Strong traction in the US and consumer wellness segments contributed to its healthy performance during the quarter.
- Despite stable g-revlimid sales and competition in g-Asacol, ZYDUSLIF's sales grew USD78m QoQ in the US segment to reach USD363m. The growth was led by products like g-Myrbetriq and improved traction in the base portfolio.
- Interestingly, ZYDUSLIF achieved the highest quarterly turnover of INR9b in consumer wellness, fueled by superior execution/favorable seasonality.
- Improved traction in pillar brands and innovative products led to the industry outperformance in the domestic formulation (DF) business.
- Having said this, we cut our FY26 estimates by 7%, factoring in 1) higher R&D expenses on the innovative portfolio (comprising Saroglitazar), 2) increased competition in g-Revlimid and marketing expenses for GLP products. We value ZYDUSLIF at 21x 12M forward earnings to arrive at our TP of INR930.
- Following a muted FY23, ZYDUSLIF has delivered 42% earnings CAGR over FY23-25, driven by strong traction in the US generics and renewed efforts in the DF segment. However, we expect earnings to remain stable over FY25-27 as higher competition is anticipated in select products in the US generics segment. This would outweigh the improved business prospects in the DF and consumer wellness segments. The higher R&D expenses would also keep profitability in check. The current valuations (at 19x FY26E earnings/ 21x FY27E earnings) also provide limited upside. **Reiterate Neutral.**

Business mix and operating efficiency drive earnings

- ZYDUSLIF's sales grew 18% YoY to INR65.3b (our est. INR61b).
- US sales grew 24% YoY (+19% YoY in CC terms) to INR31b (USD363m; 48% of sales). India sales (38% of sales), comprising DF and consumer businesses, grew 13.5% YoY to INR24.4b. Within India sales, branded formulations grew 11.5% YoY to INR15b. Consumer wellness grew by 17% YoY to INR9b.
- The EM/EU sales grew 11.8% YoY to INR5.5b (8% of sales). API sales declined 10% YoY to INR1.3b (2% of sales).
- Gross margin expanded 310bp YoY to 74%, due to better product mix.
- EBITDA margin expanded 380bp YoY at 33.2% (our est. 30%), due to better GM and lower other expenses (down 140bp YoY). This was partly offset by higher R&D (up 100bp YoY as % of sales).
- EBITDA grew 33% YoY to INR21.6b (our est. INR18b)
- ZYDUSLIF had exceptional items of a) forex loss of INR400m, b) goodwill impairment (INR1.4b), and c) product-related impairment (INR846m).
- Adjusting for the same, PAT grew 16% YoY to INR13.6b (our est.: INR12b).
- For FY25, its revenue/EBITDA/PAT grew 19%/32%/23.5% YoY to INR232b/ INR70b/INR47b.

Highlights from the management commentary

- ZYDUSLIF aims to grow its US business at a high single-digit rate in FY26.
- Overall, ZYDUSLIF intends to grow its business at a double-digit rate on a YoY basis for FY26. Its EBITDA margin guidance stands at 26% for FY26E.
- The litigation trial for Mirabegron is scheduled for Feb'26. ZYDUSLIF continues to sell the product in the US market.
- ZYDUSLIF has witnessed interest in its vaccines from UNICEF/PAHO. It is also registering the products in other countries.
- The product-related impairment is for the g-rotigotine transdermal patch.

Quarterly Performance (Consolidated) (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Revenues	**51.4**	**43.7**	**45.1**	**55.3**	**62.1**	**52.4**	**52.7**	**65.3**	**195.5**	**232.4**	**60.7**	**7.6**
YoY Change (%)	29.6	9.1	5.8	10.4	20.8	19.9	17.0	18.0	13.4	18.9	9.6	
Total Expenditure	36.1	33.0	34.2	39.1	41.0	38.2	39.7	43.6	142.4	162.5	42.5	
EBITDA	**15.3**	**10.6**	**10.8**	**16.3**	**21.1**	**14.2**	**13.0**	**21.6**	**53.0**	**69.9**	**18.2**	**19.2**
YoY Change (%)	111.5	32.6	20.3	23.7	37.6	33.1	20.2	33.2	41.8	31.8	11.7	
Margins (%)	29.8	24.4	24.0	29.4	34.0	27.0	24.7	33.2	27.1	30.1	29.9	
Depreciation	1.8	1.8	1.9	2.1	2.2	2.3	2.3	2.4	7.6	9.2	2.4	
EBIT	**13.5**	**8.8**	**8.9**	**14.2**	**18.9**	**11.8**	**10.7**	**19.3**	**45.4**	**60.7**	**15.7**	
YoY Change (%)	148.6	41.8	23.6	25.0	40.0	34.4	20.7	35.7	50.4	33.8	10.8	
Margins (%)	26.3	20.1	19.7	25.7	30.5	22.6	20.3	29.5	23.2	26.1	25.9	
Interest	0.2	0.1	0.2	0.3	0.3	0.3	0.3	0.8	0.8	1.7	0.3	
Other Income	0.4	0.5	0.4	1.6	0.6	0.7	0.6	0.8	2.8	2.7	0.6	
PBT before EO Income	**13.7**	**9.3**	**9.0**	**15.4**	**19.2**	**12.3**	**11.0**	**19.3**	**47.4**	**61.8**	**16.0**	**20.8**
EO Exp/(Inc)	0.4	-0.8	-0.2	-0.1	0.3	-0.5	-0.9	2.6	-0.7	1.5	0.0	
PBT after EO Income	**13.3**	**10.1**	**9.3**	**15.5**	**19.0**	**12.7**	**11.8**	**16.7**	**48.1**	**60.3**	**16.0**	**4.6**
Tax	2.2	2.3	2.1	3.2	4.4	3.7	1.8	4.2	9.8	14.1	4.1	
Rate (%)	16.3	22.5	23.1	20.8	23.0	29.4	15.2	25.3	20.3	23.4	25.7	
Min. Int/Adj on Consol	-0.3	0.2	0.6	-0.5	-0.4	0.1	0.2	-0.8	0.1	-0.9	0.0	
Reported PAT	**10.9**	**8.0**	**7.7**	**11.8**	**14.2**	**9.1**	**10.2**	**11.7**	**38.4**	**45.3**	**11.9**	**-1.6**
Adj PAT	**11.2**	**7.4**	**7.5**	**11.7**	**14.4**	**8.8**	**9.5**	**13.6**	**37.9**	**46.3**	**11.9**	**14.7**
YoY Change (%)	155.4	45.7	29.6	52.1	28.2	19.1	26.3	16.1	65.0	22.3	1.3	
Margins (%)	21.8	16.9	16.7	21.2	23.2	16.8	18.0	20.9	19.4	19.9	19.6	
EPS (INR/sh)	**7.6**	**7.3**	**7.5**	**9.0**	**14.4**	**8.6**	**9.3**	**14.2**	**37.6**	**46.0**		

E: MOFSL Estimates

Key Performance Indicators (Consolidated)

(INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E
INRb	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Domestic formulations	12,270	13,341	14,273	13,806	13,758	14,569	14,982	15,394	53,690	58,703	15,482
YoY Change (%)	9.1	5.5	15.9	7.1	12.1	9.2	5.0	11.5	9.3	9.3	12.1
US sales	24,541	18,648	18,427	25,235	30,929	24,168	24,096	31,307	86,851	1,10,500	28,335
YoY Change (%)	57.4	9.2	-4.3	12.0	26.0	29.6	30.8	24.1	16.7	27.2	12.3
Consumer healthcare	6,936	4,352	3,974	7,755	8,366	4,875	4,488	9,081	23,017	26,810	7,820
YoY Change (%)	0.3	3.0	-3.5	9.6	20.6	12.0	12.9	17.1	3.0	16.5	0.8
Emerging markets	4,248	3,936	4,197	3,912	4,374	4,776	4,903	4,416	16,293	18,468	4,848
YoY Change (%)	34.7	19.0	17.0	7.4	3.0	21.3	16.8	12.9	23.6	13.3	23.9
API	1,389	1,278	1,431	1,436	1,415	1,194	1,703	1,290	5,658	5,602	1,532
YoY Change (%)	13.5	14.4	-23.9	14.8	1.9	-6.5	19.0	-10.2	3.4	-1.0	6.7
Cost Break-up											
RM Cost (% of Sales)	32.6	33.7	32.6	29.1	25.6	28.1	30.1	26.0	31.9	27.3	31.8
Staff Cost (% of Sales)	14.2	17.2	18.1	15.1	14.2	16.8	17.2	14.9	16.1	15.7	15.3
R&D Expenses(% of Sales)	6.3	7.4	7.0	6.4	6.3	9.2	9.5	7.4	6.7	8.0	5.9
Other Cost (% of Sales)	17.1	17.3	18.3	20.0	19.9	18.9	18.5	18.6	18.3	19.0	17.1
Gross Margins (%)	67.4	66.3	67.4	70.9	74.4	71.9	69.9	74.0	68.1	72.7	68.2
EBITDA Margins (%)	29.8	24.4	24.0	29.4	34.0	27.0	24.7	33.2	27.1	30.1	29.9
EBIT Margins (%)	26.3	20.1	19.7	25.7	30.5	22.6	20.3	29.5	23.2	26.1	25.9

E: MOFSL Estimates

PI Industries

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PI IN
Equity Shares (m)	152
M.Cap.(INRb)/(USDb)	565.9 / 6.6
52-Week Range (INR)	4804 / 2951
1, 6, 12 Rel. Per (%)	-1/-15/-5
12M Avg Val (INR M)	1277

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	79.8	86.3	99.5
EBITDA	21.8	22.0	26.6
PAT	16.6	16.5	19.7
EBITDA (%)	27.3	25.5	26.7
EPS (INR)	109.2	108.5	129.7
EPS Gr. (%)	(1.3)	(0.6)	19.5
BV/Sh. (INR)	668	761	874
Ratios			
Net D/E	(0.4)	(0.4)	(0.4)
RoE (%)	17.6	15.2	15.9
RoCE (%)	17.6	15.2	15.9
Payout (%)	14.6	14.7	12.3
Valuations			
P/E (x)	34.2	34.4	28.8
EV/EBITDA (x)	24.9	24.4	19.9
Div Yield (%)	0.4	0.4	0.4
FCF Yield (%)	0.5	1.8	2.4

Shareholding Pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	46.1	46.1	46.1
DII	27.6	27.2	24.4
FII	18.1	18.5	20.3
Others	8.3	8.2	9.3

Note: FII includes depository receipts

CMP: INR3,730 TP: INR4,300 (+15%) Buy

Weak CSM business drags performance

Earnings above estimates, driven by higher gross margin

- PI Industries (PI) reported muted revenue growth in 4QFY25 (up 3% YoY), due to a decline in CSM (down 2%; mix 76%), while the domestic agrochem business witnessed strong traction (up 25% YoY; 19% mix). Pharma revenue was up 19% YoY (Mix 5%) while reported EBITDA loss of ~INR1.8-1.9b. Consol. EBITDA margin remained stable, led by a favorable product mix and tight overhead management.
- FY25 remained a challenging year due to macro headwinds, which are likely to persist in 1HFY26, with a gradual recovery expected in 2H. However, a strong development pipeline (90+ molecules are currently in the active pipeline with over 45% in advanced stages of development) should support double-digit growth over the medium to long term.
- Factoring in a weak 4Q performance and lower guidance for FY26, we cut our FY26/FY27 earnings estimates by 8%/5%. However, PI maintained its double-digit growth guidance for the long term. **We reiterate our BUY rating with a TP of INR4,300 (premised on 33x FY27E EPS).**

Margins continue to remain stable despite macroeconomic headwinds

- PI's consolidated revenue stood at INR17.9b (est. in line), up 2.6% YoY.
- EBITDA stood at INR4.5b (est. INR4.3b), up 3% YoY. EBITDA margins marginally expanded 10bp YoY to 25.5% (est. 24.4%). Gross margins came in at 55.1% (up 120bp YoY). Employee expenses rose 80bp YoY to 11%. Other expenses increased 30bp YoY to 18.5% of sales. Adjusted PAT was down 11% YoY at INR3.3b (est. INR3.1b).
- Agrochemical (CSM Export and Domestic Agrochem) revenue stood at INR17b (up 2% YoY), EBIT increased 10.8% YoY to INR5.3b, and EBIT margin came in at ~29.3% (up 230bp YoY), led by better product mix.
- Export (CSM) revenue declined 2% to INR13.6b, while the new products experienced a growth of ~31% YoY. Domestic agrochem revenue grew 25% YoY to INR3.4b.
- Pharma revenue stood at INR850m (~6% of total export revenue), up 19%/ 33% YoY/QoQ.
- CFO stood at INR14b in FY25 (vs. INR20.2b in FY24). Net working capital days increased to 73 days as of Mar'25 from 54 days as of Mar'24.
- In FY25, revenue/EBITDA/adj. PAT increased 4%/8% to INR79.7b/ INR21.7b, while adj. PAT declined 1% YoY to INR16.6b.

Highlights from the management commentary

- **Guidance**: Management guided mid-single-digit revenue growth in FY26 as the overall industry faces near-term macro challenges, including extreme climates, geopolitical issues, and pricing pressures. The company aims to increase its current volume levels, with demand expected to improve in 2HFY26. EBITDA margins to be ~25% in FY26.
- **Pharma:** PI targets pharma CRDMO revenue to be 3x over the next 3-4 years, with improved order book visibility supported by a robust pipeline, good traction of new CRDMO inquiries, and the aim of onboarding new pharma clients.
- **Capex and tax rate:** Capex in FY26 is expected to remain in line with FY25 levels, i.e., in the range of INR8-9b, with PI strategically directing investments towards new product development. The effective tax rate would be ~23% for FY26.

Valuation and view

- PI's growth trajectory remained muted in this quarter due to macro headwinds, and near-term challenges (1HFY26) are likely to persist. However, 2H is likely to see an improving demand scenario resulting in both volume and pricing growth.
- The company's medium-to-long-term growth will be led by: 1) continued stable growth momentum in the CSM business due to the rising pace of commercialization of new molecules, 2) a strong domestic market, and 3) ramp-up of the pharma segment.
- We expect a CAGR of 12%/10%/9% in revenue/EBITDA/adj. PAT over FY25-27. We **reiterate BUY with a TP of INR4,300** (premised on 33x on FY27E EPS).

Quarterly Earnings Model (INRm)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
Net Sales	**19,104**	**21,169**	**18,975**	**17,410**	**20,689**	**22,210**	**19,008**	**17,871**	**76,658**	**79,778**	**17,698**	**1**
YoY Change (%)	23.8	19.6	17.6	11.2	8.3	4.9	0.2	2.6	18.1	4.1	1.7	
Total Expenditure	14,426	15,655	13,439	12,992	14,857	15,928	13,888	13,315	56,512	57,988	13,383	
EBITDA	**4,678**	**5,514**	**5,536**	**4,418**	**5,832**	**6,282**	**5,120**	**4,556**	**20,146**	**21,790**	**4,315**	**6**
Margins (%)	24.5	26.0	29.2	25.4	28.2	28.3	26.9	25.5	26.3	27.3	24.4	
Depreciation	697	803	783	799	834	798	991	902	3,082	3,525	1,000	
Interest	43	78	70	109	83	85	83	79	300	330	75	
Other Income	469	469	561	579	727	1,222	759	734	2,078	3,442	770	
PBT before EO expense	**4,407**	**5,102**	**5,244**	**4,089**	**5,642**	**6,621**	**4,805**	**4,309**	**18,842**	**21,377**	**4,010**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**4,407**	**5,102**	**5,244**	**4,089**	**5,642**	**6,621**	**4,805**	**4,309**	**18,842**	**21,377**	**4,010**	
Tax	625	317	772	418	1,175	1,546	1,080	1,017	2,132	4,818	922	
Rate (%)	14.2	6.2	14.7	10.2	20.8	23.3	22.5	23.6	11.3	22.5	23.0	
Minority Interest & Profit/Loss of Asso. Cos.	-47	-20	-14	-24	-21	-7	-2	-13	-105	-43	-5	
Reported PAT	**3,829**	**4,805**	**4,486**	**3,695**	**4,488**	**5,082**	**3,727**	**3,305**	**16,815**	**16,602**	**3,093**	
Adj PAT	**3,829**	**4,805**	**4,486**	**3,695**	**4,488**	**5,082**	**3,727**	**3,305**	**16,815**	**16,602**	**3,093**	**7**
YoY Change (%)	45.9	43.5	27.5	31.7	17.2	5.8	-16.9	-10.6	36.8	-1.3	-16	
Margins (%)	20.0	22.7	23.6	21.2	21.7	22.9	19.6	18.5	21.9	20.8	17.5	

E: MOFSL Estimates

Petronet LNG

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PLNG IN
Equity Shares (m)	1500
M.Cap.(INRb)/(USDb)	475.2 / 5.5
52-Week Range (INR)	385 / 253
1, 6, 12 Rel. Per (%)	1/-4/-9
12M Avg Val (INR M)	1165

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	509.8	519.3	540.4
EBITDA	55.2	64.3	72.2
Adj. PAT	39.3	42.5	46.8
Adj. EPS (INR)	26.2	28.4	31.2
EPS Gr. (%)	11.0	8.4	9.9
BV/Sh.(INR)	129.2	146.7	166.0
Ratios			
Net D:E	-0.5	-0.4	-0.4
RoE (%)	21.6	20.6	19.9
RoCE (%)	22.7	21.4	20.7
Payout (%)	38.2	38.2	38.2
Valuation			
P/E (x)	12.0	11.1	10.1
P/BV (x)	2.4	2.1	1.9
EV/EBITDA (x)	6.9	5.9	5.2
Div. Yield (%)	3.2	3.4	3.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	50.0	50.0	50.0
DII	11.2	11.1	11.4
FII	28.8	28.6	26.2
Others	10.1	10.3	12.4

FII Includes depository receipts

CMP: INR317 TP: INR315 (-1%) Neutral

Dahej expansion key catalyst ahead

- Petronet LNG's (PLNG) 4QFY25 EBITDA came in 21% above our estimates, as the 'use-or-pay' (UoP) provision of INR2.3b was reversed during the quarter. EBITDA, adjusted for UoP provision reversal, stood in line with our estimate at INR12.8b. Total volumes came in 8% below our estimate, primarily due to lower third-party cargos. Dahej utilization was 9% below estimates, while Kochi utilization stood 6% above est. During the quarter, PLNG received INR3.6b w.r.t CY21 UoP dues. Additionally, some customers brought LNG quantities up to 31st Mar'25, for which revenue was recognized at the prevailing regasification rate. We note that while spot LNG prices were high, averaging USD14/mmbtu in 4Q (similar QoQ), the current spot LNG price is ~USD11.5/mmbtu.
- Following are the key takeaways of the earnings call: 1) The Dahej terminal expansion from 17.5mmt to 22.5mmt is expected to be completed in the next 3-4 months (Jun'25 earlier), after which it will be available for use; 2) INR45b-50b capex will be incurred in FY26, out of which INR25b/3b will be incurred on Dahej petchem plant/Gopalpur LNG terminal; 3) In 1QFY26, some refiners, which had shifted to Naphtha, have returned to NG, as spot LNG prices have corrected; and 4) Major fertilizer plant shutdowns led to lower volumes in 4Q.
- Going forward, the key catalysts will be: 1) the commissioning of the expanded Dahej capacity, and 2) pipeline connectivity for the Kochi terminal. While the PDH-PP project and Gopalpur FSRU can support the future volume trajectory, we believe that the economics of these projects are yet to be established and that they are longer-dated projects. As such, we maintain our Neutral rating with a TP of INR315.

Weak operational performance; EBITDA beat driven by UoP reversal

- 4Q revenue came in 9% below our estimate, as total volumes were 8% below our estimate.
- We note that spot LNG prices were high in 4Q, averaging USD14/mmbtu (similar QoQ).
- However, EBITDA was 21% above our estimates at INR15.1b (+37% YoY), as the UoP provision amounting to INR2.3b was reversed. EBITDA, adjusted for the UoP provision reversal, stood in line with our estimate.
- During the quarter, PLNG received INR3.6b w.r.t CY21 UoP dues. Additionally, some customers brought LNG quantities up to 31st Mar'25, for which revenue was recognized at the prevailing regasification rate. The company has not waived off any UoP dues during the quarter.
- Reported PAT also stood 26% above our est. at INR10.7b (+45% YoY), with other income and tax coming in above our estimate.
- **Operational performance:**
- Total volumes came in 8% below our estimates, primarily due to lower third-party cargos.
- Dahej utilization was 9% below estimates, while Kochi utilization stood 6% above our estimate.

- **In FY25,** net sales were flat YoY at INR510b, while EBITDA/PAT were up 6%/11% YoY at INR55b/INR39b. In FY25, PLNG waived off UoP charges of INR1.8b (nil in 4Q).
- **As of Mar'25,** provisions on UoP dues stood at INR4.7b.
- UoP dues of INR14.2b (net provision INR9.5b) were included in trade receivables as of Mar'25. The company has obtained bank guarantees from customers to recover UoP charges. While some customers have not given balance confirmations for these dues, management is confident of recovering such charges.
- The board recommended a final dividend of INR3/sh (FV: INR10/sh).

Valuation and view

- PLNG's volume utilization improved slightly in FY25, even as spot LNG prices remained elevated in 2HFY25. While we remain positive about volume growth, we believe the ongoing uncertainty around UoP provisioning and rising competition will prevent a further re-rating.
- We value PLNG at 10x FY27E EPS to arrive at a TP of INR315. **We reiterate our Neutral rating** on the stock.

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25					Var	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	(%)	(%)	(%)
Net Sales	**116.6**	**125.3**	**147.5**	**137.9**	**134.2**	**130.2**	**122.3**	**123.2**	**134.7**	**-9%**	**-11%**	**1%**
YoY Change (%)	*-18.3*	*-21.6*	*-6.5*	*-0.6*	*15.1*	*3.9*	*-17.1*	*-10.7*	*-2.3*			
Total Expenditure	104.7	113.2	130.4	126.9	118.5	118.2	109.8	108.0	122.2	-12%	-15%	-2%
EBITDA	**11.8**	**12.1**	**17.1**	**11.0**	**15.6**	**12.0**	**12.5**	**15.1**	**12.5**	**21%**	**37%**	**21%**
Margin (%)	*10.1*	*9.7*	*11.6*	*8.0*	*11.7*	*9.2*	*10.2*	*12.3*	*9.3*			
Depreciation	1.9	1.9	2.0	1.9	1.9	2.0	2.1	2.1	2.1			
Interest	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7			
Other Income	1.5	1.6	1.6	1.6	2.2	2.0	2.0	2.0	1.7			
PBT	**10.6**	**11.0**	**16.0**	**10.0**	**15.2**	**11.4**	**11.7**	**14.5**	**11.5**	**26%**	**45%**	**24%**
Tax	2.7	2.8	4.1	2.6	3.8	2.9	3.0	3.8	2.8			
Rate (%)	*25.6*	*25.8*	*25.5*	*25.9*	*24.9*	*25.7*	*25.8*	*26.0*	*24.6*			
Reported PAT	**7.9**	**8.2**	**11.9**	**7.4**	**11.4**	**8.5**	**8.7**	**10.7**	**8.6**			
Adj PAT	**7.9**	**8.2**	**11.9**	**7.4**	**11.4**	**8.5**	**8.7**	**10.7**	**8.6**	**24%**	**45%**	**23%**
YoY Change (%)	*12.7*	*9.9*	*0.9*	*20.1*	*44.5*	*3.6*	*-27.2*	*45.1*	*17.0*			
Margin (%)	*6.8*	*6.5*	*8.1*	*5.3*	*8.5*	*6.5*	*7.1*	*8.7*	*6.4*			
Key Assumptions												
Total Volumes (Tbtu)	230.0	223.0	232.0	234.0	262.0	239.0	228.0	205.0	222.6	-8%	-12%	-10%
Dahej utilization (%)	*98.1%*	*95.0%*	*98.6%*	*99.0%*	*112.1%*	*101.7%*	*96.3%*	*85.5%*	*93.8%*	-8.9%	-13.7%	-11%
Kochi utilization (%)	*20.6%*	*20.6%*	*22.2%*	*23.7%*	*22.2%*	*22.2%*	*23.7%*	*25.3%*	*23.9%*	5.7%	6.7%	7%

IRB Infrastructure

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	IRB IN
Equity Shares (m)	6039
M.Cap.(INRb)/(USDb)	300.2 / 3.5
52-Week Range (INR)	78 / 41
1, 6, 12 Rel. Per (%)	2/0/-38
12M Avg Val (INR M)	2313

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	76.1	96.6	114.3
EBITDA	36.1	46.2	55.5
PAT	6.8	13.4	15.8
EBITDA (%)	47.4	47.9	48.6
EPS (INR)	1.1	2.2	2.6
EPS Gr. (%)	11.7	98.2	17.9
BV/Sh. (INR)	32.8	34.7	36.9
Ratios			
Net D/E	0.9	0.8	0.6
RoE (%)	4.0	6.6	7.3
RoCE (%)	6.6	7.8	8.4
Payout (%)	3.7	16.3	13.8
Valuations			
P/E (x)	44.6	22.5	19.1
P/BV (x)	1.5	1.4	1.4
EV/EBITDA (x)	13.1	10.0	8.0
Div Yield (%)	0.6	0.6	0.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	30.4	30.4	34.4
DII	46.1	8.6	49.6
FII	7.5	45.1	5.4
Others	15.9	15.9	10.6

FII Includes depository receipts

CMP: INR50 TP: INR50 Neutral

Performance marginally above estimates; order pipeline remains robust

- IRB's revenue grew 4% YoY to INR21.5b in 4QFY25 and was 11% above our estimate. Revenue included: a) gains on InvITs and related assets as per fair value measurement, and b) dividend/interest income from InvITs and related assets. This income would be recurring going forward.
- EBITDA margin came in at 46.4% (our estimate 47.2%) in 4QFY25 (+230bp YoY and -220bp QoQ). EBITDA grew 12% YoY to ~INR10b against our estimate of INR9.1b.
- APAT grew 14% YoY to INR2.1b (against our estimate of INR2b).
- Construction revenue stood at INR12b (-17% YoY); BOT revenue stood at INR6.4b (+4% YoY); and InvIT and related assets revenue stood at INR3.1b (-23% YoY).
- Order book stood at INR305b (excl. GST) as of Mar'25 end, of which the O&M order book was INR281b and the EPC order book was INR24b.
- During FY25, revenue was INR 76.1b (+3% YoY), EBITDA was INR 36b (+8% YoY), EBITDA margin came in at 47.4%, and APAT was INR 6.8b (+12% YoY)
- IRB's focus on InvIT investments and asset monetization provides steady income and long-term value. A strong order book, rising toll revenue, and key projects like the Ganga Expressway support steady growth. While order inflows remain weak, IRB expects ordering momentum to improve in FY26.
- We largely retain our revenue estimates for FY26/FY27 while reducing APAT estimates by ~6 for each year, factoring in stagnant income from Private InVIT. With a strong order book and a robust tender pipeline, driven by BOT projects, we expect a revenue CAGR of 23% over FY25-27. **Reiterate Neutral with an SoTP-based TP of INR50.**

Strong Order Book, Steady InVIT cash flows, and emerging BOT/TOT opportunities

- IRB's total order book stood at INR305b as of Mar'25, with INR50b executable over the next two years (EPC: INR24b; O&M: INR26b). The order book provides strong revenue visibility, particularly for the construction and O&M segments.
- Private InVIT has continued to generate positive cash flows since FY24, with 4QFY25 distributions of INR540m and cumulative FY25 distributions of INR2.4b, proportionate to IRB's 51% stake. The InVIT's enterprise value was assessed at INR85b as of Mar'25.
- Order inflows were muted in FY25 due to election-related delays in NHAI project awards, impacting the sector. However, BOT and TOT bidding showed promise, with 4-5 bidders participating, indicating sustained interest in private participation models.

Key takeaways from the management commentary

- IRB expects lower double-digit toll revenue growth in FY26, driven by the operationalization of the Palsit-Dankuni and Ganga Expressway projects in 2HFY26. These projects will enhance revenue through increased tariffs and traffic growth, with no new projects factored into this projection.
- Construction business is expected to achieve a 15% CAGR over the next two to three years, with stable EBITDA margins of 20-25%, driven by the executable EPC order book and efficient project execution.
- The O&M order book, with 20-year visibility, is projected to grow from 20-25% to ~30% of the total order book within two to three years.
- IRB anticipates a rebound in order inflows in FY26, particularly in BOT and TOT projects, as the government prioritizes private-sector participation. The company is preparing to capitalize on this by leveraging proceeds from asset monetization, targeting bids worth up to INR250b.
- IRB aims to maintain its 25-30% market share in BOT and TOT projects, despite intense competition in EPC and HAM segments. The company is not looking to add projects from other Infra sectors.

Valuation and view

- While election-related delays posed challenges in FY25, the government's renewed focus on BOT and TOT projects presents significant opportunities. IRB's strong order book and strategic asset monetization position it well to capture these opportunities, though competition in EPC and HAM segments remains a challenge.
- We largely retain our revenue estimates for FY26/FY27 while reducing our APAT estimate by ~6 for each year, factoring in stagnant income from Private InVIT. With a strong order book and a robust tender pipeline, driven by BOT projects, we expect a revenue CAGR of 23% over FY25-27. **Reiterate Neutral with an SoTP-based TP of INR50.**

Quarterly performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Net Sales	**16,342**	**17,450**	**19,685**	**20,612**	**18,529**	**15,858**	**20,254**	**21,492**	**74,090**	**76,135**	**19,323**	**11**
YoY Change (%)	(15.1)	29.9	30.0	27.2	13.4	(9.1)	2.9	4.3	15.7	2.8	(6.3)	
EBITDA	**7,778**	**7,946**	**8,695**	**8,899**	**8,570**	**7,667**	**9,842**	**9,979**	**33,318**	**36,059**	**9,118**	**9**
Margins (%)	47.6	45.5	44.2	43.2	46.3	48.3	48.6	46.4	45.0	47.4	47.2	
Depreciation	2,367	2,327	2,513	2,742	2,550	2,312	2,651	2,863	9,949	10,376	2,650	
Interest	3,815	4,346	4,327	6,145	4,387	4,342	4,614	4,576	18,633	17,919	4,639	
Other Income	1,112	1,295	1,088	4,433	1,187	1,658	649	686	7,928	4,181	721	
PBT before EO expense	**2,709**	**2,569**	**2,942**	**4,443**	**2,820**	**2,671**	**3,227**	**3,225**	**12,663**	**11,944**	**2,549**	
Extra-Ord expense	-	-	-	-	-	-	58,041	-	-	58,041	-	
PBT	**2,709**	**2,569**	**2,942**	**4,443**	**2,820**	**2,671**	**61,268**	**3,225**	**12,663**	**69,985**	**2,549**	
Tax	836	858	561	1,201	887	835	1,008	1,078	3,456	3,807	552	
Rate (%)	30.9	33.4	19.1	27.0	31.4	31.3	1.6	33.4	27.3	5.4	21.7	
Share of profit in Associates	(535)	(753)	(507)	(1,353)	(534)	(837)	-	-	(3,148)	(1,371)	0	
Reported PAT	**1,338**	**958**	**1,874**	**1,889**	**1,400**	**999**	**60,261**	**2,147**	**6,058**	**64,807**	**1,997**	
Adj PAT	**1,338**	**958**	**1,874**	**1,889**	**1,400**	**999**	**2,219**	**2,147**	**6,058**	**6,766**	**1,997**	**8**
YoY Change (%)	(63.2)	12.2	32.6	45.0	4.6	4.3	18.4	13.7	(15.9)	11.7	5.7	
Margins (%)	8.2	5.5	9.5	9.2	7.6	6.3	11.0	10.0	8.2	8.9	10.3	

Gland Pharma

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	GLAND IN
Equity Shares (m)	165
M.Cap.(INRb)/(USDb)	246.9 / 2.9
52-Week Range (INR)	2221 / 1200
1, 6, 12 Rel. Per (%)	0/-21/-25
12M Avg Val (INR M)	665

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	56.2	63.6	70.7
EBITDA	12.7	13.7	15.7
Adj. PAT	7.0	8.4	10.0
EBITDA Margin (%)	22.6	21.6	22.2
Cons. Adj. EPS (INR)	42.4	50.9	60.8
EPS Gr. (%)	(10.9)	20.1	19.3
BV/Sh. (INR)	555.4	592.2	635.3
Ratios			
Net D:E	(0.2)	(0.2)	(0.2)
RoE (%)	7.8	8.9	9.9
RoCE (%)	7.8	8.8	9.7
Payout (%)	50.0	27.7	29.0
Valuations			
P/E (x)	35.5	29.5	24.7
EV/EBITDA (x)	17.7	16.8	14.3
Div. Yield (%)	1.2	0.8	1.0
FCF Yield (%)	2.1	(2.0)	2.5
EV/Sales (x)	4.0	3.6	3.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.8	51.8	57.9
DII	33.3	34.8	25.2
FII	6.9	5.0	3.6
Others	8.0	8.3	13.3

FII Includes depository receipts

CMP: INR1,498 TP: INR1,740 (+16%) Buy

Margins cushion revenue miss

Core weakness and Cenexi hurdles weigh on FY25; recovery path intact

- Gland Pharma (Gland) delivered marginally below-expected revenue (3% miss) in 4QFY25. However, it delivered better-than-expected EBITDA (17% beat), due to higher contribution from milestone income/profit share. A higher tax rate led to in-line earnings for the quarter.
- 4QFY25 is the second consecutive quarter to witness YoY decline in core market sales to INR11b.
- ROW markets (down 21% YoY to INR1.3b) also witnessed volume decline, affecting overall performance for 4QFY25.
- Cenexi's production challenges at its Paris site and continuing normalcy at Belgium site moderated its YoY growth to 8% for 4QFY25.
- We cut our estimates by 7%/8% for FY26/FY27, factoring in a) manufacturing disruption at Cenexi's site, and b) gradual improvement in business of core markets. We value GLAND at 28x 12M forward earnings to arrive at a price target of INR1,740.
- GLAND has faced deterioration in earnings over past three years due to increased competition in its base products and operational losses at its Cenexi business. Having said this, a) largely steady price erosion in the base portfolio, b) new launches across key markets, and b) improving operating performance of Cenexi would drive 20% earnings CAGR over FY25-27. Maintain BUY.

Revenue drag was offset by higher share of milestone income/profit share on YoY basis

- Gland Pharma 4QFY25 revenues declined by 7.3% YoY to INR14.2b (our estimate: INR14.7b). The base business (ex-Cenexi) declined 12% YoY to INR10.3b for the quarter.
- Core markets sales declined 11% YoY to INR11.3b (80% of sales). RoW sales declined 14% YoY to INR2.4b (17% of sales). India sales remained flat YoY at INR525m (3% of sales).
- Gross margin (GM) grew 470bp YoY to 65.8% due to change in product mix in base business, coupled with expansion in GM of Cenexi business.
- EBITDA margin expanded by 110bp YoY to 24.4% (our estimate: 20.1%), led by lower RM costs and lower operating leverage (employee cost/other expenses up 330bp/30bp YoY as % of sales). On ex-Cenexi basis, the EBITDA margin was 38.3% (up 160bp YoY). The profit share/milestone income was 6%/15% of base business sales for the quarter.
- EBITDA declined 3.1% YoY to INR3.4b (our est: INR2.9b).
- Adj. PAT declined 2.7%YoY at INR1.8b (our estimate: INR1.8b).
- In FY25, revenue was largely stable YoY at INR56b. EBITDA/PAT declined by 6.1%/11% YoY to INR12.6b/INR6.9b.

Highlights from the management commentary

- While Gland ended FY25 with flat revenue YoY, it intends to grow the revenue by a mid-teens rate YoY in FY26.
- The revenue growth would be backed by biologics business (~INR1b), dry powder contract (~INR600-700m), business from GLP contracts and new launches in US/ROW markets.
- GLAND indicated Cenexi to achieve EBITDA break-even in 3QFY26. It aspires to achieve double-digit EBITDA margin by FY27.

Consol. - Quarterly perf. (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**12,087**	**13,734**	**15,452**	**15,375**	**14,017**	**14,058**	**13,841**	**14,249**	**56,647**	**56,165**	**14,709**	**-3.1**
YoY Change (%)	41.1	31.5	64.7	95.9	16.0	2.4	-10.4	-7.3	56.3	-0.9	-4.3	
Total Expenditure	9,147	10,493	11,710	11,788	11,373	11,088	10,241	10,774	43,138	43,476	11,748	
EBITDA	**2,940**	**3,241**	**3,742**	**3,587**	**2,644**	**2,970**	**3,600**	**3,475**	**13,509**	**12,689**	**2,961**	**17.4**
YoY Change (%)	8.9	5.3	29.2	113.0	-10.1	-8.3	-3.8	-3.1	30.4	-6.1	-17.5	
Margins (%)	24.3	23.6	24.2	23.3	18.9	21.1	26.0	24.4	23.8	22.6	20.1	
Depreciation	653	813	1,053	926	920	938	963	958	3,446	3,779	976	
Interest	49	60	53	100	56	61	228	75	262	420	101	
Other Income	375	532	374	421	514	597	585	440	1,702	2,136	569	
PBT before EO expense	**2,613**	**2,899**	**3,009**	**2,982**	**2,182**	**2,567**	**2,993**	**2,883**	**11,503**	**10,626**	**2,453**	**17.5**
One-off income/(expense)	0	0	178	0	0	0	0	0	178	0	0	
PBT	**2,613**	**2,899**	**2,832**	**2,982**	**2,182**	**2,567**	**2,993**	**2,883**	**11,325**	**10,626**	**2,453**	**17.5**
Tax	672	958	913	1,058	745	932	946	1,018	3,601	3,641	578	
Rate (%)	25.7	33.0	32.2	35.5	34.1	36.3	31.6	35.3	31.8	34.3	23.6	
Reported PAT	**1,941**	**1,941**	**1,919**	**1,924**	**1,438**	**1,635**	**2,047**	**1,865**	**7,724**	**6,985**	**1,875**	**-0.5**
Adj PAT	**1,941**	**1,941**	**2,039**	**1,918**	**1,438**	**1,635**	**2,047**	**1,865**	**7,839**	**6,985**	**1,875**	**-0.5**
YoY Change (%)	-15.3	-22.7	-12.1	61.7	-25.9	-15.8	0.4	-2.7	-5.6	-10.9	-2.2	
Margins (%)	16.1	14.1	13.2	12.5	10.3	11.6	14.8	13.1			12.7	
EPS	**12**	**12**	**12**	**12**	**9**	**10**	**12**	**11**	**48**	**42**	**11**	

E: MOFSL Estimates

Key performance Indicators (Consolidated) (INR m)

Y/E March	FY24				FY25				FY24E	FY25	FY25E	
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Core Markets	8,564	10,198	12,000	12,047	10,641	10,521	10,398	11,320	42,750	32,694	10,960	3%
YoY Growth (%)	21.4	36.4	81.1	119.1	24.3	3.2	-13.4	-6.0	59	-24	-9.0	
India	647	876	761	526	527	874	562	525	2,810	2,529	566	-7%
YoY Growth (%)	26.9	20.7	-6.5	-18.7	-18.5	-0.2	-26.1	-0.2	12	-10	7.6	
Rest of the world	2,876	2,660	2,842	2,802	2,734	2,663	2,881	2,404	11,239	6,524	2,929	-18%
YoY Growth (%)	187.0	18.6	46.3	64.3	-4.9	0.1	1.4	-14.2	61	-42	4.5	
Cost Break-up												
RM Cost (% of Sales)	37.5	38.0	38.8	39.0	40.3	40.9	33.4	34.2	38.4	37.2	41.6	(733)
Staff Cost (% of Sales)	21.1	22.2	22.3	22.9	25.4	23.5	24.8	26.2	22.2	25.0	23.3	294
Other Cost (% of Sales)	17.1	16.2	14.7	14.8	15.5	14.5	15.8	15.2	15.6	15.2	15.0	13
Gross Margin (%)	62.5	62.0	61.2	61.0	59.7	59.1	66.6	65.8	61.6	62.8	58.4	733
EBITDA Margin (%)	24.3	23.6	24.2	23.3	18.9	21.1	26.0	24.4	23.8	22.6	20.1	426
EBIT Margin (%)	18.9	17.7	17.4	17.3	12.3	14.5	19.0	17.7	17.8	21.8	13.5	417

ACME Solar Holdings

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USDb)	143.8 / 1.7
52-Week Range (INR)	292 / 168
1, 6, 12 Rel. Per (%)	13/-15/-
12M Avg Val (INR M)	435

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	14.1	23.8	39.3
EBITDA	12.4	20.7	34.8
Adj. PAT	2.7	4.9	6.3
EPS (INR)	4.5	8.2	10.5
EPS Gr. (%)	-563.2	80.8	28.6
BV/Sh.(INR)	74.6	82.7	93.2
Ratios			
ND/Equity	2.0	4.8	7.4
ND/EBITDA	7.4	11.5	12.1
RoE (%)	7.7	10.4	11.9
RoIC (%)	6.2	5.9	5.2
Valuations			
P/E (x)	52.5	29.0	22.6
EV/EBITDA (x)	18.5	18.1	16.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24
Promoter	83.4	83.4
DII	7.1	7.0
FII	4.7	5.5
Others	4.8	4.1

CMP: INR238 TP: INR302 (+27%) Buy

Capacity expansion to drive earnings

- ACME Solar Holdings (ACME) has continued to execute well and is on track to augment its installed capacity by 18% YoY in FY26. Further, FY27 will witness a 63% YoY jump in installed capacity. This, in turn, will drive an EBITDA CAGR of 68% over FY25-27E.
- In the coming quarters, we believe investors are likely to be focused on 1) budget and on-time execution, which will render confidence in our/Street's EBITDA estimates, and 2) tying up PPA for projects slated for FY28 and beyond, which will be the key to improving earnings visibility.
- Completion of projects before the scheduled timeline, strong solar merchant tariffs, and IRR boost from lower battery/module prices (Link) can be the key catalysts that can aid a re-rating for the stock.
- **Reiterate BUY** with a TP of INR302/share, implying a 27% upside potential.

Robust 4Q as new capacity starts to contribute

- In 4QFY25, ACME's consol. revenue was 5% above our est. at INR4.9b attributable to higher-than-estimated generation numbers and higher CUFs.
- EBITDA came in at INR4.4b (+117% YoY, +42% QoQ), beating our est. by 10%. EBITDA margin stood at 89%, supported by favorable operating leverage and operational efficiency.
- Adj PAT stood at INR1.3b in 4QFY25 (vs. a loss of INR1.6b in 4QFY24). An exceptional loss of INR141m (vs. a gain of INR6,962m in 4QFY24 from the sale of 369MW assets and associated tax) included ancillary costs of INR180.4m incurred on prepayment of borrowings by subsidiaries and contingent consideration received related to investments disposed of in the earlier year, amounting to INR39.6m.
- FY25 revenue came in at INR14b (+6.5% YoY), driven by a 1,200MW capacity addition in 4QFY25. Reported EBITDA was INR12.3b (+13% YoY). However, for a like-to-like comparison, adjusted for the 369MW monetized assets, revenue increased 32.3% YoY and EBITDA was up 43% YoY.
- Net debt stood at INR75b. The net debt-to-net worth ratio reduced to 1.7x from 2.6x in FY24.

Operational Highlights:

- ACME's generation stood at 4,013MUs in FY25 (+55% YoY).
- Operational capacity reached 2,705MW, reflecting a 102% rise over FY24.
- The company recorded a CUF of 25.6% (vs. 23.6% in FY24).
- Commissioned 1,200MW of solar projects during the year. Another 450MW of projects are in advanced stages of construction (total UC portfolio of 4,265MW).
- The company is targeting 10GW of contracted capacity by FY30.
- It secured 1,900MW of new projects during the year (1,000MW FDRE, 600MW Solar, and 300MW Hybrid), taking the total portfolio to 6,970MW. Signed PPAs for 1,890MW during the year.
- Refinanced INR77b of debt during the year at an average rate of 8.8% p.a., resulting in a 75bps reduction in borrowing costs. Debt arrangements secured for 1,700MW of UC projects, totaling INR165b.

Highlights of the 4QFY25 performance

- FY25 net operational debt to EBITDA: 4.4x (within guided cap of 5.5x).
- ACME's net debt-to-net worth ratio improved to 1.7x.
- Its asset base expanded by INR41b, taking the gross block to INR155b. Cash and bank balances stood at INR29b.
- ACME Solar has added 1,200 MW of solar capacity in FY25, up from a base of 1,350 MW, bringing total operational capacity to ~2,700 MW (May'25).
- Total under-construction capacity stood at 4.3 GW: 2.2 GW with signed PPAs and 2.1 GW with the Letter of Award (LoA).
- FY26 commissioning target: 450 MW of capacity. Of this, 300 MW is at the Sikar plant (Rajasthan), with 165 MW commissioned and 112.5 MW commissioned recently; the balance ~135 MW is expected within 30 days.
- FY27: 1.89 GW expected to be commissioned.
- It has a target of 7GW capacity by FY28 and 10GW by FY30.
- All the projects have transmission connectivity in place with an additional 2.5 GW of surplus connectivity.
- More than 50% of the land is acquired for the solar component of PPA-signed projects, and over 60% of the land is acquired for the wind component. It has applied for ~10,000 acres of government land.
- ACME has secured INR165b of debt financing covering 1,700 MW of under-construction capacity.

Valuation and view

- We reiterate our BUY rating on ACME with a TP of INR302. We assign an EV/EBITDA multiple of 11x to FY28E EBITDA (discounted by 1 year). Adjusting for the net debt, we derive our TP of INR302, implying a 27% potential upside.

Consolidated performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%	(%)	(%)
Net Sales	**3,691**	**3,233**	**3,316**	**2,952**	**3,096**	**2,596**	**3,490**	**4,869**	**13,193**	**14,051**	4,626	5%	65%	40%
YoY Change (%)					*-16%*	*-20%*	*5%*	*65%*	*2%*	*7%*	*57%*			
EBITDA	**3,217**	**2,896**	**2,772**	**2,007**	**2,717**	**2,208**	**3,072**	**4,357**	**10,891**	**12,354**	3,971	10%	117%	42%
Margin (%)	*87%*	*90%*	*84%*	*68%*	*88%*	*85%*	*88%*	*89%*	*83%*	*88%*	*86%*			
Depreciation	766	856	847	612	556	599	697	1,022	3,081	2,873	1,266	-19%	67%	47%
Interest	1,878	1,997	2,024	1,773	1,963	1,783	1,791	2,055	7,673	7,592	1,895	8%	16%	15%
Other Income	574	336	330	229	304	356	518	524	1,470	1,701	449	17%	128%	1%
PBT before EO expense	**1,147**	**379**	**231**	**-150**	**503**	**181**	**1,103**	**1,803**	**1,607**	**3,590**	1,259		*LP*	64%
Extra-Ord income/(exp.)	74	395	55	6,962	0	0	-69	-141	7,487	-210	69			
PBT	**1,222**	**774**	**286**	**6,812**	**503**	**181**	**1,034**	**1,663**	**9,094**	**3,380**	1,328	25%	-76%	61%
Tax	398	387	-158	1,489	489	28	-87	442	2,116	872	636	-31%		
Tax rate	*33%*	*50%*	*-55%*	*22%*	*97%*	*16%*	*-8%*	*27%*	*23%*	*26%*	*48%*			
Minority Interest	*0.0*	*0.0*	*0.0*	*-0.2*	*0.0*	*0.0*	*0.0*	*-12.9*	*-0.2*	*-12.9*	-			
Reported PAT	**823**	**386**	**444**	**5,324**	**14**	**153**	**1,121**	**1,234**	**6,978**	**2,521**	693	78%	-77%	10%
Adj PAT	**749**	**-9**	**389**	**-1,638**	**14**	**153**	**1,190**	**1,374**	**-509**	**2,731**	657	109%	*LP*	16%
YoY Change (%)					*-98%*	*LP*	*206%*	*LP*	*Loss*	*LP*	*LP*			
Margin (%)	*20%*	*0%*	*12%*	*-56%*	*0%*	*6%*	*34%*	*28%*	*-4%*	*19%*	*14%*			

Quess Corp

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	QUESS IN
Equity Shares (m)	149
M.Cap.(INRb)/(USDb)	50.4 / 0.6
52-Week Range (INR)	428 / 255
1, 6, 12 Rel. Per (%)	0/1/-1
12M Avg Val (INR M)	354

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	149.7	166.2	190.0
EBITDA Margin (%)	1.8	2.0	2.1
Adj. PAT	2.3	2.3	2.7
Adj. EPS (INR)	15.2	15.7	18.4
EPS Gr. (%)	63.3	3.5	17.3
BV/Sh. (INR)	95.7	82.9	70.9
Ratios			
RoE (%)	11.6	23.1	31.5
RoCE (%)	12.6	27.3	36.9
Payout (%)	260.6	101.9	86.9
Dividend Yield (%)	2.4	4.7	4.7
Valuations			
P/E (x)	22.3	21.6	18.4
P/BV (x)	3.5	4.1	4.8
EV/EBITDA (x)	18.4	15.0	12.8
EV/Sales (x)	0.3	0.3	0.3

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	57.0	56.6	56.6
DII	9.8	10.5	10.8
FII	14.8	15.2	15.3
Others	18.4	17.7	17.3

FII includes depository receipts

CMP: INR339 TP: INR360 (+6%) Neutral

Navigating through near-term headwinds

IT hiring and overseas business likely to remain soft in the near term

- Quess Corp's revenue was down 9% QoQ/up 2.8% YoY in 4QFY25, below our expectation of -3.4% QoQ/+12.5% YoY (WFM segment estimates, on a like-to-like basis). EBITDA margin stood at 1.8% (up 29bp QoQ) vs. our estimate of 2.4% (in WFM). Adj PAT rose 31% QoQ to INR630m, excluding a one-time exceptional item attributable to goodwill impairment, ECL, and demerger expenses (a full-year impact of ~INR1,640m). For FY25, Quess' revenue/EBITDA/adj. PAT grew 9.3%/12.0%/ 54.0% YoY. We expect its revenue/EBITDA to grow 5.3%/11.1% QoQ in 1QFY26. **We reiterate our Neutral rating** with a TP of INR360, implying 19x FY27E P/E.

Our view: GCC pie doing well

- **4QFY25 was a mixed bag for Quess, marked by NBFC-led headwinds in General Staffing (GS), even as demand from manufacturing, retail, and logistics offered some cushion.** The sharp ramp-down in a large NBFC client (~38K associates) weighed on volumes and margins, causing a temporary dip. That said, strong gross additions (~89K) and 80 new contract wins highlight good execution, and the company remains confident of regaining lost momentum in the upcoming quarters.
- **In Professional Staffing,** the pivot toward high-margin GCC-led business continues to yield results, with the segment now contributing 6% of total revenue and margins sustainably crossing 9%. The strategic reshaping of the portfolio – low-margin revenue now at 24% vs. 51% a year ago – should support margin in this segment.
- In our view, the early focus on GCCs and niche roles has helped insulate this segment from broader softness in IT hiring. **While the overall IT staffing environment remains muted,** we believe the company's positioning in high-value, specialized mandates and continued traction in GCCs (now 70% of segment revenue) should support steady growth and margin resilience in this vertical.
- **Overseas markets remain a mixed bag**, with persistent visa challenges in Singapore offset by a turnaround in Malaysia and early traction in the Philippines. Overall margin performance was soft at 1.8%, impacted by corporate costs post-demerger, higher provisioning (ECL of INR 1.2b), and goodwill impairment.
- **The company reiterated its aim to exit FY26 with a 2% margin**, which is in line with what we have built into our numbers. We believe the completion of the three-way demerger and continued focus on high-margin segments position Quess for gradual recovery, even as near-term pressures from IT hiring, BFSI, and international staffing may linger.

Valuation and change in estimates

- We expect the EBITDA margin to gradually improve to 2.0%/2.1% for FY26/ FY27. Accordingly, we expect an adj. PAT CAGR of 14% over FY25-27.

- While Quess stands to benefit from medium-term tailwinds such as labor formalization and ongoing reforms, near-term pressures across IT hiring, BFSI, and international staffing could weigh on growth and margin recovery.
- Additionally, the qualified opinion from the auditor on certain tax matters adds an element of uncertainty. **We reiterate our Neutral rating** with a TP of INR360, valuing the stock at 19x FY27E P/E, as we believe the current valuations broadly reflect the medium-term upside.

Miss on revenues and margins; three-way demerger completed ahead of schedule

- Quess Corp's revenue was down 9% QoQ/up 2.8% YoY in 4QFY25, below our expectation of -3.4% QoQ/+12.5% YoY (WFM segment estimates, on a like-to-like basis). For FY25, revenue stood at INR150b, up 9% YoY.
- Quess completed its three-way demerger ahead of schedule and retained Workforce Management, while carving out Digitide (Global Technology Solutions) and Bluspring (Operating Assets Management) to exit non-core segments aligned with its capital allocation priorities.
- GS grew 3% YoY, Professional Staffing grew 26% YoY, while the Overseas business was down 5% YoY.
- EBITDA margin was 1.8% vs. our estimate of 2.3% (for the WFM business).
- The auditor has expressed a qualified opinion on financial statements on account of certain tax deductions claimed by the company, which are disallowed by the authority. The auditor has been unable to comment on whether any adjustments are necessary. The company has assessed a contingent liability of ~INR2,960m towards these demands.
- Adj PAT rose 31% QoQ to INR630m, excluding a one-time exceptional item attributable to goodwill impairment, ECL, and demerger expenses (a full-year impact of ~INR1,640m).
- Gross addition in GS was ~89k employees in 4Q. Industrials, BFSI, and Retail were among the top recruiting sectors.
- In GS, 80 new contracts were added, while 45 new clients were onboarded in the Professional Staffing segment.

Key highlights from the management commentary

- In GS, weakness in revenue and EBITDA was led by macro headwinds and the NBFC ramp-down (reduction of ~38K count, a client-specific move and not a structural challenge). This had a 7% impact on revenue and a 4% impact on margins on the overall book. The lost growth is likely to be recouped during the year.
- 80 new contracts were added during the quarter (ACV ~INR 1,530m); 323 were added for the full year.
- The company remains fully focused on achieving double-digit (low teens) revenue growth and non-linear margin growth.
- There is a near-term headwind due to the NBFC client ramp-down.
- The company is focused on GCCs and high-margin niche businesses. The share of low-margin revenue dropped from 51% to 24%, while the high-margin segment grew from 19% to 39%. GCCs now contribute 70% of revenue, with 45 new clients onboarded in FY25.

- The company will continue to emphasize high-margin business, enabling non-linear growth in both margins and revenue.

Valuation and view

- We expect the EBITDA margin to gradually improve to 2.0%/2.1% for FY26/ FY27. Accordingly, we expect an adj. PAT CAGR of 14% over FY25-27.
- While Quess stands to benefit from medium-term tailwinds such as labor formalization and ongoing reforms, near-term pressures across IT hiring, BFSI, and international staffing could weigh on growth and margin recovery.
- Additionally, the qualified opinion from the auditor on certain tax matters adds an element of uncertainty. **We reiterate our Neutral rating** with a TP of INR360, valuing the stock at 19x FY27E P/E, as we believe the current valuations broadly reflect the medium-term upside.

Consolidated – Quarterly (INR m)

Y/E March	FY24				FY25				FY24*	FY25*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q*	4Q*		
Net Sales	**46,002**	**47,483**	**48,418**	**49,098**	**50,031**	**51,794**	**40,191**	**36,564**	**1,36,951**	**1,49,672**
YoY Change (%)	15.6	11.1	8.4	10.6	8.8	9.1	-17.0	-25.5	NA	9%
Total Expenditure	44,463	45,800	46,608	47,146	48,147	49,838	39,567	35,891	1,34,608	1,47,049
EBITDA	**1,539**	**1,683**	**1,810**	**1,952**	**1,884**	**1,956**	**625**	**674**	**2,343**	**2,623**
Margins (%)	3.3	3.5	3.7	4.0	3.8	3.8	1.6	1.8	1.7	1.8
Depreciation	686	697	718	731	690	697	99	102	581	412
EBIT	**853**	**987**	**1,092**	**1,221**	**1,194**	**1,259**	**525**	**572**	**1,763**	**2,211**
Margins (%)	1.9	2.1	2.3	2.5	2.4	2.4	1.3	1.6	1.3	1.5
Interest	272	330	354	266	282	284	92	91	572	386
Other Income	41	151	52	50	102	44	49	109	148	236
PBT before EO expense	**621**	**809**	**790**	**1,005**	**1,014**	**1,018**	**482**	**591**	**1,340**	**2,061**
Recurring Tax	140	83	-45	-31	69	85	4	-35	-25	-41
Rate (%)	22.6	10.3	-5.7	-3.1	6.8	8.4	0.8	-5.9	-1.9	-2.0
MI & P/L of Asso. Cos.	3.1	-9.8	-2	35	78.7	12.4	0	0	0	1
Adjusted PAT	**478**	**735**	**838**	**1,001**	**867**	**921**	**478**	**625**	**1,365**	**2,101**
Extraordinary items	0	16	199	57	-171	-3	61	1,580	10	1,643
Reported PAT	**478**	**719**	**639**	**944**	**1,038**	**924**	**417**	**-955**	**1,355**	**458**
YoY Change (%)	-22.0	71.0	-27.4	185.0	117.1	28.5	-34.8	-201.2	NA	-66%
Margins (%)	1.0	1.5	1.3	1.9	2.1	1.8	1.0	-2.6	1.0	0.3

*Note: 3Q/4QFY25, FY25 and FY24 figures are re-stated for Demerger.

RESULTS FLASH

Max Healthcare

BSE SENSEX	S&P CNX
81,186	24,684

Conference Call Details

Date: 21th May 2025
Time: 11:00 am IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	86.2	113.4	127.8
EBITDA	22.9	30.6	34.7
Adj. PAT	14.6	21.5	25.3
EBIT Margin (%)	21.8	23.0	23.5
Cons. Adj. EPS (INR)	15.1	22.2	26.1
EPS Gr. (%)	10.0	44.6	17.3
BV/Sh. (INR)	108.7	132.3	158.3
Ratios			
Net D:E	0.1	(0.2)	(0.3)
RoE (%)	14.8	18.3	17.9
RoCE (%)	13.0	17.5	17.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	70.3	47.9	40.8
EV/EBITDA (x)	45.7	32.9	28.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	(1.1)	2.1	2.3
EV/Sales (x)	12.1	8.9	7.7

CMP: INR1,165

Operationally better than estimates

- In 4QFY25, Max network revenue (including the trust business) grew 28.5% YoY to INR23b (our est. INR22.6b).
- EBITDA margin contracted 120bp YoY to 26.4% (our est. 27.5%) owing to higher other expenses (+475bp YoY as a % of revenue), but offset by lower employee expenses (-420bp YoY as % of revenue).
- EBITDA grew 23% YoY to INR6.1b (our est. INR 6.2b).
- Adjusted PAT rose 17.7% YoY to INR3.9b (our est. INR4.1b).
- EBITDA per bed (annualized) stood at INR7.3m (-3% YoY and +1% QoQ).
- For FY25, revenue/EBITDA/PAT grew 27%/22%/10% to INR86.2b/INR22.85/ INR14.7b.
- In 4QFY25, Max's revenue beat Bloomberg consensus estimates by 0.3%, and its EBITDA/PAT missed the Bloomberg estimates by 2.5%/1.8%.

Other highlights

- For the hospitals business, ARPOB stood at INR77.1K in 4QFY25 (-1% YoY).
- Occupancy came in at 75% in 4QFY25 (vs. 75% in 3QFY24) and 75% in 3QFY25.
- The payor mix changed as:
  - the cash segment's revenue share decreased 7bp YoY to 33.2%.
  - the institutional revenue share increased 310bp YoY to 20.8%.
  - the international revenue share remained stable at ~8.9% of revenues
  - the TPA and Corporate segment's revenue share declined 240bp YoY to 37.1%
- Max Lab's gross revenue was INR420m for 4QFY25 (+20% YoY/10% QoQ)
- Max@Home's gross revenue was INR560m (+22% YoY, +1.8% QoQ) for 4QFY25.
- Net debt stood at INR15.7b at the end of 4QFY25, vs. net cash of INR0.22b in 4QFY24.

Max Healthcare Institute

Consolidated - Quarterly Earnings Model												(INRm)
Y/E March	FY24				FY25				FY24	FY25	FY25E	% var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Gross Sales	**16,220**	**17,190**	**16,820**	**17,910**	**19,310**	**21,190**	**22,690**	**23,020**	**68,150**	**86,210**	**22,642**	**1.7**
YoY Change (%)	16.7	16.8	14.9	15.6	19.1	23.3	34.9	28.5	16.0	26.5	26.4	
Total Expenditure	11,930	12,350	12,170	12,970	14,370	15,520	16,520	16,950	49,420	63,360	16,419	
EBITDA	**4,290**	**4,840**	**4,650**	**4,940**	**4,940**	**5,670**	**6,170**	**6,070**	**18,730**	**22,850**	**6,223**	**-2.5**
Margins (%)	26.4	28.2	27.6	27.6	25.6	26.8	27.2	26.4	27.5	26.5	27.5	
Depreciation	640	660	700	840	900	970	1,060	1,140	2,840	4,070	1,035	
Interest	-30	-170	-140	-40	80	50	350	360	-380	840	236	
Other Income	70	130	60	90	40	60	110	240	350	450	90	
PBT before EO expense	**3,750**	**4,480**	**4,150**	**4,230**	**4,000**	**4,710**	**4,870**	**4,810**	**16,620**	**18,390**	**5,042**	
Extra-Ord expense	190	190	40	250	190	270	1,000	180	670	1,640	0	
PBT	**3,560**	**4,290**	**4,110**	**3,980**	**3,810**	**4,440**	**3,870**	**4,630**	**15,950**	**16,750**	**5,042**	
Tax	660	910	730	870	870	950	710	870	3,160	3,400	902	
Rate (%)	18.5	21.2	17.8	21.9	22.8	21.4	18.3	18.8	19.8	20.3	17.9	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**2,900**	**3,380**	**3,380**	**3,110**	**2,940**	**3,490**	**3,160**	**3,760**	**12,790**	**13,350**	**4,140**	
Adj PAT	**3,055**	**3,530**	**3,413**	**3,319**	**3,087**	**3,702**	**3,977**	**3,906**	**13,316**	**14,648**	**4,140**	**-5.6**
YoY Change (%)	28.3	24.5	20.3	4.6	1.0	4.9	16.5	17.7	18.6	10.0	24.7	
Margins (%)	18.8	20.5	20.3	18.5	16.0	17.5	17.5	17.0	19.5	17.0	18.3	
EPS	**3.2**	**3.6**	**3.5**	**3.4**	**3.2**	**3.8**	**4.1**	**4.0**	**13.7**	**15.1**	**4.3**	

E: MOFSL Estimates

Case mix

(INRm)	% Revenue	4QFY25	4QFY24	YoY growth (%)	3QFY25	QoQ growth (%)
Oncology	26%	4,922	3,569	37.9%	4,906	0.3%
Cardiac sciences	11%	2,164	1,918	12.8%	1,981	9.2%
Neuro sciences	9%	1,781	1,413	26.1%	1,793	-0.7%
Orthopedics	10%	1,915	1,398	37.0%	1,812	5.7%
Renal sciences	9%	1,762	1,323	33.1%	1,755	0.4%
Liver and biliary sciences	4%	728	565	28.8%	623	16.9%
Internal medicine	6%	1,206	1,115	8.2%	1,491	-19.1%
OBGY and pediatrics	6%	1,053	758	38.9%	1,094	-3.8%
MAS and general surgery	4%	843	729	15.6%	925	-8.9%
Pulmonology	4%	823	729	13.0%	717	14.8%
Others	10%	1,915	1,353	41.5%	1,698	12.8%
Total IP revenue	**100%**	**19,112**	**14,870**	**28.5%**	**18,795**	**1.7%**

Payor mix

(INRm)	% revenue	4QFY25	4QFY24	YoY growth (%)	3QFY25	QoQ growth (%)
Self Pay	33%	7,643	6,071	25.9%	7,578	0.8%
TPA and Corporates	37%	8,540	7,074	20.7%	8,554	-0.2%
International	9%	2,049	1,594	28.5%	2,042	0.3%
Institutional	21%	4,788	3,170	51.0%	4,515	6.0%

United Spirits

BSE SENSEX	S&P CNX
81,186	24,684

Concall Details

Date: 23rd May 2025
Time: 4:30PM IST
Dial in:
+9122 6280 1250 /
+9122 7115 8151
Click here

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	115.7	127.2	139.1
Sales Gr. (%)	8.2	9.9	9.3
EBITDA	20.6	22.6	25.0
Margin (%)	17.8	17.8	18.0
PAT	15.1	16.6	18.5
EPS (INR)	20.7	22.9	25.4
EPS Gr. (%)	31.8	10.4	11.1
BV/Sh.(INR)	117.3	140.9	167.0
Ratios			
RoE (%)	17.7	16.2	15.2
RoCE (%)	20.8	18.8	17.4
Payout (%)	38.6	52.5	59.0
Valuations			
P/E (x)	75.3	68.2	61.4
P/BV (x)	13.3	11.1	9.3
EV/EBITDA (x)	53.7	48.2	43.1

CMP: INR1,560

In-line sales and GM; strong cost control leads to margin beat

Standalone performance

- Standalone net sales grew 11% YoY to INR29.5b (est. INR29.9b) in 4QFY25.
- Sales growth was supported by a favorable base effect, driven by the commencement of operations in Andhra Pradesh from Sep'24.
- Total volume rose 7%, with P&A volume up 9% YoY (11% in 3Q) at 13.6m cases (est. 13.5m cases) and Popular volume down 2% YoY at 3.1m cases (est. 3.2m cases).
- P&A revenue (90% of revenue mix) was up 13% YoY and popular revenue inched up 1% YoY.
- Gross margin expanded 110bp YoY to 44.5% (est. 44.4%) on the back of stable revenue growth management and productivity.
- A&P spends declined 3% YoY, employee costs rose 2% YoY and other expenses increased 5% YoY.
- EBITDA margin expanded by 360bp YoY to 17.1% (est. 15.1%), led by gross profit growth and cost control.
- EBITDA grew 40% YoY to INR5.1b (est. INR4.5b).
- PBT rose 88% YoY to INR5.9b (est. INR4.4b), mainly aided by higher other income (up 240% YoY) and lower interest and depreciation.
- APAT grew 93% YoY to INR4.5b (est. INR3.3b).
- In FY25, total volume was up 4% YoY, with P&A volume up 5% YoY at 52.9m cases and popular volume down 2% YoY at 11m cases.
- In FY25, net sales, EBITDA and APAT increased by 8%, 21% and 32%, respectively.

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Volume growth %	5.8	1.0	-1.8	3.7	3.5	-4.4	10.2	6.9	1.9	4.1	6.9	
Total revenues	21,719	28,647	29,893	26,660	23,520	28,430	34,320	29,460	1,06,920	1,15,730	29,921	-1.5%
YoY change (%)	-1.0	-1.4	7.5	6.9	8.3	-0.8	14.8	10.5	3.1	8.2	12.2	
Gross Profit	9,474	12,437	12,979	11,550	10,460	12,850	15,350	13,100	46,440	51,760	13,278	-1.3%
Margin (%)	43.6	43.4	43.4	43.3	44.5	45.2	44.7	44.5	43.4	44.7	44.4	
Total Exp	17,868	23,946	24,979	23,040	18,940	23,360	28,440	24,410	89,840	95,150	25,408	
EBITDA	3,851	4,701	4,914	3,620	4,580	5,070	5,880	5,050	17,080	20,580	4,513	11.9%
Margins (%)	17.7	16.4	16.4	13.6	19.5	17.8	17.1	17.1	16.0	17.8	15.1	
EBITDA growth (%)	42.4	6.3	33.6	7.1	18.9	7.8	19.7	39.5	20.4	20.5	24.7	
Depreciation	650	653	628	710	650	690	720	680	2,640	2,740	725	
Interest	193	262	164	290	220	250	200	220	910	890	230	
Other income	209	388	461	500	320	340	720	1,700	1,560	3,080	860	
PBT	3,217	4,174	4,583	3,120	4,030	4,470	5,680	5,850	15,090	20,030	4,418	32.4%
Tax	814	1,068	1,102	760	1,040	1,120	1,480	1,340	3,740	4,980	1,112	
Rate (%)	25.3	25.6	24.0	24.4	25.8	25.1	26.1	22.9	24.8	24.9	25.2	
Adj. PAT	2,397	3,183	3,481	2,340	2,990	3,350	4,203	4,510	11,400	15,053	3,306	36.4%
YoY change (%)	8.1	20.7	61.0	10.2	24.8	5.3	20.7	92.7	29.4	32.0	41.3	
Extraordinary inc/(Exp)	-21	307	0	1,480	0	0	530	0	1,766	530	0	
Reported PAT	2,382	3,413	3,481	3,840	2,990	3,350	4,730	4,510	13,116	15,580	3,306.0	

E: MOSL Estimate

Quess Corp: Profitability Will Accelerate Much Faster Than Revenue Growth This Year; Guruprasad Srinivasan, ED

- Expect to deliver double digit growth in FY26
- Slight weakness in IT services business, being mad made up by strong growth in GCCs
- GCC is global capacity centres
- Profitability will accelerate much faster than revenue growth this year

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Dodla Dairy: Will Target Mid-Teen Revenue Growth & Double-Digit Volume Growth In FY26; Sunil Reddy, MD

- Took a price hike of Rs.1-2/litre in Q3, procurement prices should return
- Expect 15% revenue growth for FY26
- Establishing large presence in Maharashtra
- FY25 has been an exceptional year in terms of growth because of the Kenya acquisition

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Karur Vysya: Loan Growth Will Be 2% Ahead Of Industry Growth Rate For FY26; Ramesh Babu, MD

- Advances growth is now linked to deposit growth
- Will sacrifice part of gains from interest rate hike in next couple of months
- Deposit growth target is 13% for FY26
- Will lay low on unsecured book for the next 6-12 months

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HEG: Expect Realizations To Start Inching Up During The Course Of The Calendar Year; Manish Gulati, ED

- Resonac is shutting down units, will reduce their capacity to 1.65 lk tonnes
- Overall approx 18% of global GE capacity has been shutdown
- Overall global GE capacity is 6.3k lk tonnes while demand is approx. 5 lk tonnes

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Jupiter Wagons: EBITDA Margin Will Be Similar To FY25 Levels; Vivek Lohia, MD

- Expects wheelset business to stabilize in coming months
- Expect EBITDAM to be in range of 14-15%
- EBITDAM strong due to backward integration we have done in last couple of years
- EBITDAM margin will be similar to FY25 levels

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