Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,331	0.2	4.1
Nifty-50	24,667	0.4	4.3
Nifty-M 100	56,136	1.1	-1.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,893	0.1	0.2
Nasdaq	19,147	0.7	-0.8
FTSE 100	8,585	-0.2	5.0
DAX	23,527	-0.5	18.2
Hang Seng	8,593	2.5	17.9
Nikkei 225	38,128	-0.1	-4.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	66	-0.3	-11.1
Gold ($/OZ)	3,177	-2.2	21.1
Cu (US$/MT)	9,621	0.0	11.2
Almn (US$/MT)	2,530	1.5	0.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.3	-0.1	-0.4
USD/EUR	1.1	-0.1	7.9
USD/JPY	146.8	-0.5	-6.6
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	-0.04	-0.5
10 Yrs AAA Corp	6.9	-0.05	-0.3
Flows (USD b)	**14-May**	**MTD**	**CYTD**
FIIs	0.1	1.51	-10.9
DIIs	0.04	2.33	27.4
Volumes (INRb)	**14-May**	**MTD***	**YTD***
Cash	1,243	1091	1029
F&O	2,39,275	1,88,234	2,04,569

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Bharti Airtel: Steady 4Q; remains our preferred pick in telcos

- Bharti reported an in-line quarter with ~1%/2% QoQ increase in India wireless revenue and EBITDA as residual flow through of tariff hikes was offset by two fewer days QoQ.
- Consol. capex spiked in 4Q, but FY25 India capex (ex-Indus) at ~INR300b, was lower than FY24, with capex expected to moderate further in FY26.
- Consol. net debt inched up ~INR50b, due to redemption of USD1b perpetual bond, while FCF generation (before spectrum prepayments) remained robust at ~INR97b in 4Q and ~INR390b in FY25.
- We continue to like BHARTI's superior execution on the premiumization agenda. Further, with moderation in capex intensity, BHARTI is likely to generate significant FCF (~INR1t over FY26-27E).
- We reiterate BUY on Bharti with our SoTP-based revised TP of INR2,110.

Research covered

Cos/Sector	Key Highlights
Bharti Airtel	Steady 4Q; remains our preferred pick in telcos
Eicher Motors	Focus on growth continues to hurt margins
Tata Power	Focus on execution in FY26
GAIL	Growth in transmission volumes a key monitorable
Shree Cement	Performance above estimates; focus remains on profitability over volume
Other Updates	Rural Electrification Corp | Muthoot Finance | Bharti Hexacom | Hero MotoCorp | Jubilant FoodWorks | Max Financial Services | Sobha | Blue Jet Healthcare | Westlife Foodworld | Syrma SGS Technology | Internet: Eternal Vs. Swiggy | Healthcare Monthly | Hindustan Aeronautics | Lupin | Hitachi Energy | Piramal Pharma | Brigade Enterprises | Kirloskar Oil Engine | Transport Corporation of India | EcoScope - WPI

Chart of the Day: Bharti Airtel (Steady 4Q; remains our preferred pick in telcos)

Summary of Bharti's India wireless business valuations and upside/downside skew, FY2024-34E

	Base	Bear	Bull
Bharti - India wireless			
10-year subscriber CAGR	1.5%	1.2%	1.2%
10-year ARPU CAGR	**7.0%**	**5.4%**	**8.5%**
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	8.7%	6.7%	9.8%
10-yr EBITDA CAGR	**9.7%**	**7.3%**	**10.9%**
Enterprise value (INRb)	**10,767**	**8,123**	**12,537**
Exit EV/EBITDA (x)	11.9	10.7	13.1
Implied FY2027E EBITDA (x)	13.0	11.0	14.8
India wireless Enterprise value (INR/share)	**1,856**	**1,400**	**2,161**
Bharti SoTP based TP (INR/share)	**2,110**	**1,550**	**2,570**
Upside / downside to CMP	15%	-15%	40%

Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

IndusInd Bank probes yet another accounting issue

IndusInd Bank is facing scrutiny over past accounting reversals flagged in a whistleblower letter to the RBI and the board.

2

FICCI urges RBI to retain NBFC-centric co-lending model, warns changes may hurt credit, jobs

FICCI has appealed to the RBI to maintain the current co-lending rules, which allow NBFCs to originate loans and then sell a significant portion to banks.

3

Biocon plans ₹4,500-cr QIP to raise stake in Biologics unit: Kiran Shaw

Biocon is planning a ₹4,500 crore fundraise to increase promoter stake in Biocon Biologics and convert structured venture debt into equity, aiming to improve profitability.

4

New chip on the block: Uttar Pradesh to host HCL-Foxconn JV

India's smartphone manufacturing gets a boost. HCL and Foxconn are partnering for a semiconductor assembly and test unit.

5

Tata Power looking to spend Rs 25,000 cr as capex in FY26; keen to bid for two discoms in UP: CEO

Tata Power plans a Rs 25,000 crore capital expenditure for FY26, with a focus on renewables, generation, and transmission & distribution.

6

Govt may mandate QR codes on vaccines, key drugs to curb counterfeits

The government is considering mandating bar codes or QR codes on labels for vaccines, antimicrobials, narcotics, psychotropic substances, and additional cancer drugs to combat counterfeiting.

7

Himadri inks pact with Aussie firm for lithium tech, says 10-12pc IBC stake talks speculative

Himadri Speciality Chemical is set to bolster its lithium-ion battery material business with an additional Rs 81 crore investment in Sicona Battery Technologies, an Australian firm.

Bharti Airtel

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	BHARTI IN
Equity Shares (m)	6094
M.Cap.(INRb)/(USDb)	11001.5 / 129
52-Week Range (INR)	1917 / 1219
1, 6, 12 Rel. Per (%)	-4/13/32
12M Avg Val (INR M)	10629

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Sales	1,730	2,040	2,302
EBITDA	932	1,148	1,307
Adj. PAT	176	276	383
EBITDA Margin (%)	53.9	56.3	56.8
Adj. EPS (INR)	30.3	47.6	62.9
EPS Gr. (%)	54	57	32
BV/Sh. (INR)	203	236	307
Ratios			
Net D:E	2.0	1.4	0.6
RoE (%)	18.0	22.5	25.3
RoCE (%)	16.5	14.5	16.8
Div. Payout (%)	28.6	50.4	63.6
Valuations			
EV/EBITDA (x)	13.5	10.7	9.3
P/E (x)	61	39	29
P/BV (x)	9.0	7.8	6.0
Div. Yield (%)	0.9	1.3	2.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.4	53.1	53.5
DII	19.3	19.6	19.4
FII	25.5	24.3	24.4
Others	2.8	2.9	2.8

FII Includes depository receipts

CMP: INR1,834 TP: INR2,110 (+15%) Buy

Steady 4Q; remains our preferred pick in telcos

- Bharti reported in-line 4QFY25 performance, with ~1%/2% QoQ growth in India wireless revenue/EBITDA as the residual flow-through of tariff hikes was offset by two fewer days QoQ.
- Consol. capex spiked in 4Q, though FY25 India capex (excl. Indus) at ~INR300b was lower than that in FY24, with capex expected to moderate further in FY26.
- Consol. net debt inched up by ~INR50b due to the redemption of USD1b perpetual bonds, while FCF generation (before spectrum prepayments) remained robust at ~INR97b in 4Q and ~INR390b in FY25.
- We continue to like BHARTI's superior execution on the premiumization agenda. Further, with a moderation in capex intensity, BHARTI is likely to generate significant FCF of ~INR1t over FY26-27E.
- Bharti continues to outperform (up ~18% in CYTD vs. +4% for Nifty 50) and valuations have re-rated (~11.5x FY27E EV/EBITDA). We believe regular tariff repair (beyond FY27) is key to further re-rating.
- Our FY26-27 estimates are largely unchanged. We model a CAGR of 14%/17% in Bharti's consol. revenue/EBITDA over FY25-28E, driven by 1) benefits of an anticipated tariff hike of ~15% in India wireless from Dec'25, 2) acceleration in Home broadband net adds, and 3) double-digit growth in Africa.
- We **reiterate BUY on Bharti with our SoTP-based revised TP of INR2,110**. We value India wireless and homes business on DCF (implies ~13x Jun'27 EV/EBITDA), DTH/Enterprise at 5x/10x Jun'27 EBITDA and BHARTI's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Broadly in-line 4Q; Wireless steady; Homes and B2B shine

- Bharti's consol. revenue grew 6% QoQ (27% YoY, in line), led by the full-quarter consolidation of Indus Towers and robust growth in Homes and Africa.
- Consol. EBITDA grew 10% QoQ to INR270b (up 40% YoY, in line), driven by the full-quarter consolidation of Indus and robust 13% QoQ growth in B2B.
- India wireless revenue/EBITDA grew 1-2% QoQ, as the residual benefit of tariff hikes was offset by two fewer days QoQ.
- Homes business continued to benefit from the acceleration in subscriber additions. Enterprise (B2B) EBITDA grew 13% QoQ as margins improved significantly, driven by the exit of low-margin business and continued strong growth in Africa.
- Consolidated capex jumped ~57% QoQ to INR144b, driven by the catch-up of wireless capex, higher investments in data centers and cloud in B2B.
- However, FY25 India capex (excl. Indus) moderated YoY to INR303b (vs. INR334b YoY) and management has guided for FY26 capex to be lower than FY25 levels.
- Reported net debt inched up by ~INR48b QoQ due to the redemption of USD1b perpetual bonds (not part of reported debt earlier) and the prepayment of ~INR60b in spectrum dues pertaining to 2024 auctions.

- FCF generation (after leases and interest, but prior to spectrum prepayments) remained robust at ~INR97b in 4Q and ~INR390b in FY25.
- Bharti used ~INR260b to prepay high-cost spectrum debt, INR24b to purchase an additional stake in Airtel Africa, and announced a dividend of INR16/sh (~INR96b).

Key highlights from the management commentary

- **Capex:** Bharti's 4Q capex was higher due to investments in cloud and data centers (in B2B) and the timing of certain shipments in wireless. However, for FY25, India capex (excl. Indus) at INR303b was lower than ~INR334b in FY24, in line with management's guidance. Management expects capex to further unwind in FY26. Going ahead, the priorities for capex would be investments in the transport layer, Home Broadband, data centers and B2B, while radio capex would decline in FY26, with the completion of the rural rollout.
- **Capital allocation:** Bharti would like to strike a balance between its priorities such as: 1) deleveraging the balance sheet, 2) stepping up dividend payments, and 3) selective and prudent investments to bolster capabilities in B2B adjacencies. Moreover, management seemed open to increasing its stake in subsidiaries such as Indus Towers and/or Airtel Africa.
- **Equity conversion of AGR dues:** Management indicated that the company had written to DoT for the option to convert AGR dues into equity to ensure a non-discriminatory playing field. The decision on whether to ultimately convert GoI dues to equity would be taken by Bharti's board.

Valuation and view

- We continue to like BHARTI's superior execution on the premiumization agenda. With moderation in capex intensity, BHARTI is likely to generate significant FCF of ~INR1t over FY26-27E.
- With high-cost debt largely paid up, we believe the priority for cash deployment should be to boost shareholder returns through higher dividends/buybacks. Capital allocation remains the key monitorable.
- Bharti continues to outperform (up ~18% in CYTD vs. +4% for Nifty 50) and valuations have re-rated (~11.5x FY27E EV/EBITDA). We believe regular tariff repair (beyond FY27) is key to further re-rating.
- Our FY26-27 estimates are largely unchanged. We model a CAGR of 14%/17% in Bharti's consol. revenue/EBITDA over FY25-28E, driven by 1) the benefits of an anticipated tariff hike of ~15% in India wireless from Dec'25, 2) the acceleration in Home broadband net adds, and 3) double-digit growth in Africa.
- We **reiterate BUY on Bharti with our SoTP-based revised TP of INR2,110**. We value India wireless and homes business on DCF (implies ~13x Jun'27 EV/EBITDA), DTH/Enterprise at 5x/10x Jun'27 EBITDA and BHARTI's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Consolidated - Quarterly Earnings summary (INR b)

Y/E March	FY24				FY25E				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**374**	**370**	**379**	**376**	**385**	**415**	**451**	**479**	**1,500**	**1,730**	**476**	**0.6**
YoY Change (%)	14.1	7.3	5.9	4.4	2.8	12.0	19.1	27.3	7.8	15.3	26.6	
Total Expenditure	178	175	181	182	188	196	205	209	717	798	207	0.8
EBITDA	**196**	**195**	**198**	**194**	**197**	**218**	**246**	**270**	**783**	**932**	**269**	**0.4**
YoY Change (%)	18.6	10.9	7.4	3.6	0.6	12.0	24.1	39.5	9.8	19.0	38.9	1
Depreciation	97	97	101	101	105	110	117	123	395	456	125	-1.3
Net Finance cost	56	52	66	52	52	54	57	55	226	218	47	17.4
Other Income	9	9	11	11	13	13	21	5	41	53	5	15.3
PBT before EO expense	**53**	**55**	**42**	**52**	**53**	**68**	**93**	**97**	**203**	**311**	**102**	**-4.6**
Extra-Ord expense	34	16	1	25	-7	9	-75	1	76	-73	0	
PBT	**19**	**39**	**41**	**28**	**60**	**59**	**169**	**96**	**127**	**384**	**102**	**-6.0**
Tax	3	18	12	7	13	17	8	-29	41	9	35	-183.7
Rate (%)	18.0	46.9	30.0	25.6	21.7	29.6	4.5	-30.2	32.5	2.4	33.9	
Minority Interest & P/L of Asso. Cos.	-1	8	4	0	6	6	14	15	11	39	9	
Reported PAT	**16**	**13**	**24**	**21**	**42**	**36**	**148**	**110**	**75**	**336**	**59**	**87.5**
Adj PAT	**29**	**30**	**25**	**30**	**29**	**39**	**55**	**52**	**113**	**176**	**59**	**-11.2**
YoY Change (%)	91.3	44.2	25.0	13.9	0.8	32.2	121.3	76.9	38.6	55.4	99.2	

E: MOFSL Estimates

Our SoTP-based TP for Bharti Airtel stands at INR2,110

	Valuation base (INR b)		Multiple (x)		Valuation	
SoTP based on Mar'27	**EBITDA**	**Other**	**EBITDA**	**Other**	**(INRb)**	**(INR/share)**
India business						
India wireless (including Hexacom)	**830**		**13.0**	**DCF implied**	**10,767**	**1,856**
Less: Hexacom minority (30% minority)	68		14.5	At our FV	295	51
Homes	51		13.0	DCF implied	663	114
India homes + wireless attributable value					**11,135**	**1,920**
DTH	17		5.0		86	15
Enterprise	90		10.0		904	156
Indus Towers attributable value	168	522	6.2	0.75	391	67
Other investments (Nxtra, APB)		160		1.0	160	28
India business enterprise value	**1,080**		**11.7**	**Implied**	**12,676**	**2,185**
India business net debt (including leases)					**988**	**170**
Network I2I perps					41	7
India business equity value (a)					**11,647**	**2,008**
International business						
Airtel Africa	284		4.2	At CMP	1,198	208
Airtel Africa net debt					474	82
Airtel Africa attributable value		**447**		**0.75**	**335**	**58**
Robi Axiata + Dialog SL attributable value		28		0.75	21	4
International business equity value (b)					**357**	**61**
Dividends (c)					**235**	**41**
Bharti Airtel TP (d) = (a) + (b) + (c)					**12,239**	**2,110**

Source: Company, MOFSL

Eicher Motors

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	1493.2 / 17.5
52-Week Range (INR)	5908 / 4254
1, 6, 12 Rel. Per (%)	-6/7/4
12M Avg Val (INR m)	2760

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	188.7	211.3	237.5
EBITDA	47.1	50.8	57.1
Adj. PAT	47.3	48.0	54.5
Adj EPS (INR)	172.7	175.0	198.8
EPS Gr (%)	18.0	1.4	13.6
BV/Sh (INR)	777	880	996
Ratios			
RoE (%)	24.1	21.1	21.2
RoCE (%)	23.1	20.5	20.6
Payout (%)	40.5	41.1	41.3
Valuations			
P/E (x)	31.5	31.1	27.4
P/BV (x)	7.0	6.2	5.5
Div. Yield (%)	1.3	1.3	1.5
FCF Yield (%)	2.0	2.5	2.8

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	49.1	49.1	49.1
DII	16.6	16.1	11.1
FII	25.0	25.5	29.0
Others	9.3	9.3	10.8

FII includes depository receipts

CMP: INR5,447 TP: INR4,649 (-15%) Sell

Focus on growth continues to hurt margins

Margin pressure to result in slower earnings growth

- Eicher Motors (EIM)'s 4QFY25 PAT at INR13.6b came in ahead of our estimates of INR12.8b, led by higher other income and a lower tax rate, even as operational performance was below our estimate. Management has indicated that it would continue to invest in demand-generation activities, including brand building, to help drive growth going forward.
- We expect RE to deliver a 7% earnings CAGR over FY25-27E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **Reiterate Sell** with a TP of INR4,649 (premised on FY27E SoTP).

Focus on growth continues to hurt margins

- EIM's 4Q PAT at INR13.6b came in ahead of our estimates of INR12.8b led by higher other income and a lower tax rate, even as operational performance was below our estimates.
- The key highlight in the quarter was that the standalone EBITDA margin continued to be under pressure (down 40bp QoQ) despite the 4% increase in volumes QoQ.
- Its 4Q margin stood at 24.7%, down 290bp YoY and below our estimate of 25.5%. 4Q margin was hit by: 1) adverse model mix (30bp), 2) rise in input costs like steel and Al (20bp), and 3) provision for clearing old stock (20bp).
- Margins dipped QoQ despite the INR300m reduction in marketing spend in 4Q, as this was offset by management's focus on spending to drive volume growth (INR200m). Margin was also hit by ~INR190m for settlements towards a few European distributors who were under liquidation.
- VECV delivered another quarter of healthy performance by posting 270bp YoY increase in EBITDA margin to 10.4% (ahead of our estimate of 9.7%). As a result, VECV PAT grew 87% YoY to INR4.5b.
- For FY25, standalone margins have declined 140bp YoY to 25.8% as management's focus on driving volumes over profitability has continued to hurt margins. Hence, despite the 15% YoY growth in revenues in FY25, EBITDA has grown at just 9%. Overall, PAT grew 14% YoY due to higher other income and a lower tax rate.
- VECV margins have improved 80bp YoY to 8.6% in FY25. Overall, PAT grew 56% YoY to INR12.8b.
- For FY25, the consolidated entity generated an FCF of INR29.5b post-capex of INR10.2b.

Highlights from the management commentary

- RE expects volume growth to continue in FY26 as well. While rural areas continue to see positive sentiments, they are now seeing initial signs of recovery in urban regions, which would bode well for players like RE.
- As indicated in the prior quarters, management continues to focus on absolute growth in profitability. For the same reason, their focus has been to provide value-added features to customers at affordable price points. Hence, for the recent variant launches of Classic, Battalion Black, and Hunter, which came in with a lot of feature additions, they have just passed on the cost increase to customers.

- In exports, RE remains among the top 4 brands in many countries globally in the middle-weight motorcycle segment. For instance, it is No. 1 in the UK, No. 2 in Argentina, and No. 3 in Brazil in this segment.
- Capex plans for FY26 stand at INR12-13b and would be invested in EV manufacturing facility, new product development, etc.
- Margin improvement at VECV has been a result of multiple factors, such as better price management, operating leverage benefits, and reduced discounts.

Valuation and view

We factor in a 10% volume CAGR for RE over FY25-27E as the company plans to continue prioritizing growth over margins. Hence, we expect margins to remain under pressure, as any benefit from an improving mix (higher spares and apparel sales) is likely to be invested by RE in demand-generation activities. This is clearly visible in the past two quarters, where volume has seen a healthy pick-up, albeit at the expense of margins. Hence, we expect RE to deliver a much slower 7% earnings CAGR over FY25-27E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. Reiterate Sell with a TP of INR4,649 (FY27E SoTP). We value RE at 24x FY27E EPS and VECV at 10x EV EBITDA on FY27E.

Quarterly performance (Consolidated)

INR m	FY24				FY25E				FY24	FY25	4QE	VAR
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
Net Operating income	39,864	41,145	41,788	42,560	43,931	42,631	49,731	52,411	1,65,358	1,88,704	51,843	1
Growth (%)	17.3	16.9	12.3	11.9	10.2	3.6	19.0	23.1	14.5	14.1	21.8	
EBITDA	10,208	10,872	10,903	11,286	11,654	10,877	12,012	12,577	43,269	47,120	12,953	-3
EBITDA Margins (%)	25.6	26.4	26.1	26.5	26.5	25.5	24.2	24.0	26.2	25.0	25.0	
PAT	8,179	9,146	8,821	9,386	9,269	9,866	10,070	11,142	35,533	40,346	10,378	7
Share of JV Loss/(PAT)/ Min. Int.	-1,004	-1,016	-1,139	-1,318	-1,746	-1,138	-1,635	-2,480	-4,477	-6,998	-2,415	
Recurring PAT	9,183	10,163	9,960	10,705	11,015	11,003	11,705	13,622	40,010	47,344	12,793	6
Growth (%)	50.4	54.7	34.4	18.2	19.9	8.3	17.5	27.3	37.3	18.3	19.5	

Standalone (Royal Enfield)

(INR m)	FY24				FY25E				FY24	FY25	4QE	VAR
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
Royal Enfield ('000 units)	228	229	228	228	226	228	272	283	913	1,010	283	0
Growth (%)	21.6	10.4	3.0	4.2	-0.7	-0.6	19.4	24.2	9.3	10.6	24.2	
Net Realn (INR '000/unit)	171.3	171.4	177.8	184.1	187.2	184.6	180.2	181	176	183	181	0
Change - YoY (%)	-1.3	4.8	9.6	5.0	9.3	7.7	1.4	-1.9	4.6	3.7	-1.7	
Net operating income	39,012	39,307	40,542	41,921	42,313	42,054	49,081	51,066	1,60,782	1,84,515	51,179	0
Growth (%)	20.1	15.7	12.9	9.4	8.5	7.0	21.1	21.8	42.9	43.5	22.1	
EBITDA	10,127	10,974	11,148	11,553	11,786	11,049	12,237	12,609	43,802	47,680	13,067	-4
EBITDA Margins (%)	26.0	27.9	27.5	27.6	27.9	26.3	24.9	24.7	27.2	25.8	25.5	
Recurring PAT	9,139	9,385	9,137	9,833	10,880	10,099	10,562	11,251	37,494	42,793	10,713	5
Growth (%)	57.5	52.6	34.2	31.7	19.1	7.6	15.6	14.4	43.0	14.1	8.9	

VECV: Quarterly performance

(INR m)	FY24				FY25				FY24	FY25	4QE	VAR
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
Total CV Volumes	19,571	19,551	20,706	25,732	19,702	20,774	21,010	28,675	85,560	90,161	28,675	0
Growth (%)	12.0	11.0	14.0	-2.4	0.7	6.3	1.5	11.4	7.5	5.4	11.4	
Net Realn (INR '000/unit)	2,545	2,622	2,648	2,440	2,573	2,666	2,761	2,490	2,556	2,612	2,498	0
Change - YoY (%)	13.0	9.6	4.5	3.8	1.1	1.7	4.3	2.0	7.4	2.2	2.4	
Net Op. Income	49,800	51,260	54,830	62,790	50,700	55,380	58,010	71,390	2,18,680	2,35,480	71,630	0
Growth (%)	26.6	21.6	19.1	1.3	1.8	8.0	5.8	13.7	44.2	34.6	14.1	
EBITDA	3,868	4,021	4,380	4,829	3,850	3,950	5,090	7,320	17,098	20,300	6,913	7
EBITDA Margins (%)	7.8	7.8	8.0	7.7	7.6	7.1	8.8	10.2	7.8	8.6	9.7	
Recurring PAT	1,810	1,870	2,110	2,440	2,296	2,090	3,010	4,572	8,230	12,840	4,440	2
Growth (%)	162.3	130.8	81.9	-22.6	26.9	11.8	42.6	87.4	42.1	56.0	82.0	

E: MOFSL Estimates

Tata Power

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TPWR IN
Equity Shares (m)	3195
M.Cap.(INRb)/(USDb)	1268.4 / 14.9
52-Week Range (INR)	495 / 326
1, 6, 12 Rel. Per (%)	1/-7/-19
12M Avg Val (INR M)	4922

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	654.8	772.4	826.3
EBITDA	139.3	152.8	163.5
Adj. PAT	39.2	49.6	54.5
Adj. EPS (INR)	12.3	15.5	17.1
EPS Gr. (%)	11.7	26.6	10.0
BV/Sh.(INR)	112.2	127.4	144.4
Ratios			
Net D:E	1.1	1.2	1.2
RoE (%)	11.5	13.0	12.6
RoCE (%)	10.3	9.6	8.9
Payout (%)	18.4	21.0	19.0
Valuations			
P/E (x)	32.5	25.7	23.3
P/BV (x)	3.5	3.1	2.8
EV/EBITDA (x)	12.9	12.4	11.9
Div. Yield (%)	0.6	0.8	0.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	46.9	46.9	46.9
DII	16.2	16.0	15.8
FII	9.4	9.5	9.5
Others	27.6	27.6	27.9

FII Includes depository receipts

CMP: INR397 TP: INR476 (+20%) Buy

Focus on execution in FY26

- TPWR's 4QFY25 EBITDA came in 7% above our estimate at INR32.5b, while adjusted PAT was in line with our est. at INR9.7b.
- Healthy 4Q EBITDA was backed by: 1) robust improvement in the Orissa distribution business, 2) strong performance in the Mundra, coal and shipping businesses, 3) higher contribution from both traditional and renewable generation. The cell and module business has continued to ramp-up well, with utilization now at elevated levels for both products. However, new RE capacity installation in 4Q stood at 166 MW, which was lower than the expectation of ~0.6GW.
- Key highlights for the quarter include: 1) Capex of INR162b was incurred in FY25, incl. INR41b in 4Q. For FY26, the capex target is INR250b (~60% for RE expansion and ~30% for Transmission & Distribution broadly, but might change); 2) TPWR has guided for 2.5-2.7GW of RE installation in FY26, which we believe could be ambitious given land acquisition/transmission issues plaguing the sector; 3) Progress on bidding opportunities for DISCOM privatization across India, including in UP, can be a key catalyst for the stock; 4) In cell and module, management expects production to exceed 3,700MW for both cells and modules in the coming year.
- The board recommended a final dividend of INR2.25/share for FY25.
- **We reiterate our BUY rating on the stock with a TP of INR476.**

EBITDA above estimate; adj. PAT in line

Results overview:

- TPWR reported consolidated EBITDA of INR32.5b in 4QFY25, 7% above our estimate of INR30.3b (+39% YoY), as all core businesses, incl. generation, T&D and RE, delivered strong performances.
- 4Q revenue stood at INR171b (+7% YoY), while reported PAT was in line with our est. at INR10.4b (+16.5% YoY).
- Adjusted PAT stood at INR9.7b (+14.5% YoY), which was in line with our est. of INR10.1b.
- For FY25, consol. revenue increased 6% YoY to INR654b, while EBITDA stood at INR139b. Reported PAT was INR39.7b (up 7% YoY).

Operational highlights:

- Solar utility scale EPC and group captive order book stood at INR113.8b as of 4Q end.
- In 4Q, TPWR installed 354MWp of rooftop solar, and its third-party solar rooftop order book stood at INR10b as of 4Q end.
- The 4.3GW module plant is operating at over 90% utilization. All four cell lines (1GW each) also ramped up in 4QFY25. In FY25, ~3,300MW of modules were supplied. In 4QFY25, 913MW of modules and 650MW of cells were supplied.
- Commissioned 1,026MW of RE capacity in FY25, including 166MW in 4QFY25.
- As of 4Q, TPWR had a clean and green operational capacity of 6.9GW (44% of total installed capacity), with an additional 9.9GW under construction.

Highlights of 4QFY25 performance

- Capex of INR162b was incurred in FY25, incl. INR41b done in 4QFY25. For FY26, the capex target is INR250b (~60% for RE expansion and ~30% for Transmission & Distribution broadly, but might change).
- On track to commission 2.5-2.7GW of RE capacity in FY26. The RE pipeline stands at 5.5GW, expected to be commissioned over the next 6-24 months.
- TP Solar's cell and module plants are now fully operational. Mgt. expects production to exceed 3,700MW for both cells and modules in the coming year.
- The 600MW Dagachhu hydro project in Bhutan has started, with completion expected by Nov'29.
- The board recommended a final dividend of INR2.25/share for FY25.

Valuation and view

- The valuation of TPWR is segmented across various business units, leading to a target price of INR476/share.
- Regulated business is valued using a 2.5x multiple on regulated equity.
- Coal segment is valued based on equity with a 1.5x multiple of FY24 book value.
- Renewables segment is valued at a 14x multiple of the projected FY27 EBITDA.
- Pumped storage segment is valued at 1x PB, while other segments are valued at 1.5x PB. Cash and investments add INR49/share.
- The sum of these contributions results in a total TP of INR476/share, reflecting the comprehensive valuation of TPWR's diverse business segments.

Consolidated performance (INRb)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%	%	%
Net Sales	**152.1**	**157.4**	**146.5**	**158.5**	**172.9**	**157.0**	**153.9**	**171.0**	**614.5**	**654.8**	**184.7**	**-7%**	**7.9**	**11.1**
YoY Change (%)	5.0	13.4	3.7	27.2	13.7	-0.3	5.1	7.9	11.5	6.6	16.5			
EBITDA	**29.4**	**30.9**	**24.2**	**23.3**	**35.9**	**37.5**	**33.5**	**32.5**	**107.8**	**139.3**	**30.3**	**7%**	**39.2**	**-3.2**
Margins (%)	19.3	19.6	16.5	14.7	20.7	23.9	21.8	19.0	17.5	21.3	16.4			
Depreciation	9	9.3	9.3	10.4	9.7	9.9	10.4	11.2	37.9	41.2	10.4	7%	7.3	7.2
Interest	12	11.8	10.9	11.4	11.8	11.4	11.7	12.1	46.3	47.0	11.9	2%	6.8	3.7
Other Income	3	2.9	6.4	6.2	2.5	5.1	4.0	3.5	18.2	15.1	5.3	-34%	-43.1	-12.7
Rate regulated activity	-2	-2.7	1.9	3.7	-6.9	-6.7	-2.7	1.7	0.9	-14.7	0.0			
PBT before EO expense	**9**	**10.1**	**12.3**	**11.5**	**10.0**	**14.5**	**12.7**	**14.3**	**42.7**	**51.5**	**13.3**			
Extra-ord items	2	-0.3	0.0	0.7	2.0	-2.2	0.0	0.8	2.8	0.7	0.0			
PBT	**11**	**9.8**	**12.3**	**12.2**	**12.0**	**12.4**	**12.7**	**15.2**	**45.5**	**52.27**	**13.3**	**14%**	**24.3**	**19.4**
Tax	3	2.1	4.1	4.9	3.0	3.8	2.7	2.9	14.5	12.45	3.4	-13%	-40.3	9.1
Rate (%)	30	22	34	40	25	31	21	19	32	23.81	25			
Share of associates and JV	4	2.5	2.6	3.2	2.9	2.4	1.9	0.8	11.8	7.93	2.7			
Minority Interest	2	1.4	1.2	1.5	2.2	1.7	1.6	2.6	5.8	8.04	2.6			
Reported PAT	**10**	**8.8**	**9.5**	**9.0**	**9.7**	**9.3**	**10.3**	**10.4**	**37.0**	**39.7**	**10.1**	**3%**	**16.5**	**1.2**
Adj PAT	**8**	**9.0**	**9.5**	**8.5**	**8.2**	**10.8**	**10.3**	**9.7**	**35.1**	**39.2**	**10.1**	**-3%**	**14.5**	**-5.4**

GAIL

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	GAIL IN
Equity Shares (m)	6575
M.Cap.(INRb)/(USDb)	1222.5 / 14.3
52-Week Range (INR)	246 / 151
1, 6, 12 Rel. Per (%)	0/-6/-18
12M Avg Val (INR M)	3644

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	1,372.1	1,396.2	1,534.2
EBITDA	143.3	152.0	164.7
Adj. PAT	94.5	102.0	112.2
Adj. EPS (INR)	14.4	15.5	17.1
EPS Gr. (%)	4.8	8.0	10.0
BV/Sh.(INR)	113.5	124.0	135.6
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	9.5	13.8	13.8
RoCE (%)	9.7	11.6	11.9
Payout (%)	32.0	32.0	32.0
Valuations			
P/E (x)	12.9	12.0	10.9
P/BV (x)	1.6	1.5	1.4
EV/EBITDA (x)	7.1	6.5	5.8
Div. Yield (%)	3.0	2.7	3.0
FCF Yield (%)	7.1	3.9	6.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.5	51.5	51.5
DII	26.5	25.0	27.0
FII	15.4	16.7	14.8
Others	6.6	6.8	6.7

FII Includes depository receipts

CMP: INR186 | TP: INR212 (+14%) | Buy

Growth in transmission volumes a key monitorable

- GAIL's 4QFY25 EBITDA came in 11% above our est. at INR32.2b, as weak transmission and petchem performances were more than offset by robust gas marketing performance. Reported PAT was in line at INR20.5b, as other income came in below our est., and the tax rate was above our estimate. Natural gas transmission/marketing volumes stood at 120.8mmscmd/ 106.5mmscmd, and petchem sales were in line at 229tmt.
- **Natural gas transmission volumes came in 5% below our est. in 4Q**. A 5.1mmscmd QoQ drop in gas transmission volumes was observed in 4Q as: 1) shipping volumes of ~3mmscmd pertaining to OMCs were not present in the quarter; and 2) some fertilizer companies took unplanned shutdowns. Further, GAIL has already lost ~3mmscmd volumes to GIGL pipelines and these volumes might go down further. Volumes in 1QFY26'td remain soft at ~122-125mmscmd amid plant shutdowns and muted power demand.
- **Guided FY26 NG transmission volumes at ~138-139mmscmd; NG marketing EBIT guidance of INR40-45 maintained:** Management expects GAIL to clock NG transmission volumes of 139/148/159mmscmd in FY26/27/28. CGDs/IOCL Barauni/Paradip/Haldia and other sources are expected to drive ~5/1.4/2.4/1mmscmd increase in volumes in FY26. Management maintained its NG marketing EBIT guidance of INR40-45b for FY26. Additionally, the company is expected to clock 108/114/120mmscmd marketing volumes in FY26/FY27/FY28.
- **Other key takeaways from the earnings call:**
  - Management expects CGD volumes from its six standalone GAs to grow 25% YoY (from 0.4-0.45mmscmd currently). Gail Gas Ltd. saw a 40% YoY rise in profits in FY25, and it plans to add 255 new CNG stations and 0.4m new DPNG connections in the next two years.
  - The KLL Dabhol Breakwater project has been completed. About 34-36 cargoes are expected to be re-gasified in FY26 (vs. 21 in FY25).
  - The company shall incur INR100b capex in FY26 (INR30b/30b/10b/16b on Transmission/Petchem/renewables/CGDs and others).
  - The company was allocated 0.32mmscmd NW gas from Apr'25. This resulted in a 50% reduction in APM de-allocation.

Beat on EBITDA driven by robust marketing performance; transmission volumes disappoint

- In 4QFY25, GAIL's EBITDA was 11% above our est. at INR32.2b. While the EBIT of the NG marketing, LPG transmission, LPG, and LHC segments beat our estimates, the EBIT of the gas transmission and petrochemical segments came in below our estimates.
- However, reported PAT was in line at INR20.5b, as other income was below our est. Moreover, the tax rate was higher than our estimate.
- Natural gas transmission volume stood below our est. at 120.8mmscmd.
- However, NG marketing volume was 6% above our est. at 106.5mmscmd.

- Petchem sales were in line at 229tmt, while the petchem segment reported an EBIT loss of INR1.6b.
- **In FY25,** net sales/EBITDA/APAT grew 5%/10%/5% to INR1.4t/INR143b/ INR94.5b.
- The Board declared a final dividend of INR1/share (FV: INR10/sh; dividend for the full year: INR7.5/sh).

Valuation and view

- **We reiterate our BUY rating on GAIL with an SoTP-based TP of INR212**. During FY25-27, we estimate an 11% CAGR in PAT driven by:
  - an increase in natural gas transmission volumes to 146mmscmd in FY27 from 127mmscmd in FY25;
  - healthy trading segment profitability with guided EBIT of at least INR40b-45b in FY26.
- We expect RoE to improve to ~13.8% in FY26 from 9.5% in FY23, with a healthy FCF generation of INR48.3b in FY26 (vs. -INR45.3b in FY23), which we believe can support its valuations.

Our SoTP-based valuation for GAIL

Business	EBITDA (INR b)	Target multiple (x)	Value (INR b)
Gas transmission	84	8.0	673
LPG transmission	5	7.5	36
Gas trading	49	6.0	292
Petrochemicals	11	6.5	73
LPG	16	6.0	99
Investments			299
Enterprise value			**1,472**
Net Debt			81
Implied Equity value			**1,392**
Value (INR/sh)			**212**

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**324.1**	**318.2**	**342.5**	**323.3**	**336.7**	**329.1**	**349.4**	**356.9**	**1,308.2**	**1,372.1**	**321.4**	**11%**
Change (%)	-13.7	-17.3	-3.2	-1.6	3.9	3.4	2.0	10.4	-9.3	4.9	-0.6	
EBITDA	**26.1**	**34.9**	**38.2**	**35.6**	**45.3**	**37.4**	**28.4**	**32.2**	**134.8**	**143.3**	**29.0**	**11%**
% of Net Sales	8.1	11.0	11.2	11.0	13.4	11.4	8.1	9.0	10.3	10.4	9.0	
Depreciation	6.4	7.5	7.8	11.6	10.5	8.2	8.3	9.0	33.3	36.0	9.0	
Interest	1.8	1.7	1.6	1.9	2.1	1.9	1.7	1.8	7.0	7.4	2.0	
Other Income	2.7	5.6	8.1	6.4	3.7	7.1	7.5	5.7	22.8	24.0	7.9	
Extraordinary item	0.0	0.0	0.0	0.0	0.0	0.0	24.4	0.0	0.0	24.4	0.0	
PBT	**20.7**	**31.3**	**36.9**	**28.4**	**36.4**	**34.5**	**50.3**	**27.0**	**117.3**	**148.2**	**25.8**	**5%**
Rate (%)	23.0	23.2	23.0	23.4	25.2	22.6	23.1	24.1	23.2	23.7	23.1	
PAT	**15.9**	**24.0**	**28.4**	**21.8**	**27.2**	**26.7**	**38.7**	**20.5**	**90.2**	**113.1**	**19.8**	
Change (%)	-45.4	56.5	1,056.8	260.7	71.1	11.1	36.0	-5.9	70.1	25.5	-8.9	
Extraord.: Tax Prov. Write Back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj PAT	**15.9**	**24.0**	**28.4**	**21.8**	**27.2**	**26.7**	**14.3**	**20.5**	**90.2**	**88.7**	**19.8**	**3%**
Change (%)	-45.4	56.5	1,056.8	260.7	71.1	11.1	-49.8	-5.9	70.1	-1.6	-8.9	
Key Assumptions												
Gas Trans. volume (mmscmd)	116.3	120.3	121.5	123.7	131.8	130.6	125.9	120.8	120.5	127.3	127.7	-5%
Petchem sales ('000MT)	162.0	168.0	215.0	242.0	169.0	226.0	221.0	229.0	787.0	211.3	222.4	3%

Shree Cement

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	1111.8 / 13
52-Week Range (INR)	31415 / 23500
1, 6, 12 Rel. Per (%)	-6/23/7
12M Avg Val (INR M)	1053

Financial Snapshot (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	180.4	196.1	214.0
EBITDA	38.7	47.6	54.7
Adj. PAT	12.2	12.7	17.4
EBITDA Margin (%)	21.4	24.3	25.6
Cons. Adj. EPS (INR)	338	351	482
EPS Gr. (%)	-50.6	3.8	37.4
BV/Sh. (INR)	5,879	6,110	6,462
Ratios			
Net D:E	-0.3	-0.2	-0.3
RoE (%)	5.9	5.9	7.7
RoCE (%)	6.4	6.3	8.1
Payout (%)	33.2	34.2	27.0
Valuations			
P/E (x)	91.3	88.0	64.0
P/BV (x)	5.3	5.1	4.8
EV/EBITDA(x)	26.6	21.8	18.4
EV/ton (USD)	216	179	174
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.4	-0.1	1.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.6	62.6	62.6
DII	15.3	15.0	12.3
FII	9.7	9.9	12.5
Others	12.4	12.5	12.6

FII Includes depository receipts

CMP: INR30,815 TP: INR29,300 (-5%) Neutral

Performance above estimates; focus remains on profitability over volume

Brand-led premium push narrowing the price gap with peers

- Shree Cement (SRCM)'s 4QFY25 EBITDA was above our estimates, driven by higher-than-estimated realization. EBITDA increased ~6% YoY to INR14.1b (~7% beat). EBITDA/t increased 3% YoY to INR1,435 (est. INR1,314). OPM was up 80bp YoY to ~27% (in line). Adj. PAT dipped ~13% YoY to INR5.8b (~34% beat, led by higher other income and lower interest cost than estimated).
- Management indicated that over the last several months, it focused on improving the realization through enhancing sales of premium products, raising brand equity, and geo-mix optimization. Consequently, its average cement realization growth stood at ~4% QoQ in 4QFY25, higher than its peer. It believes that going forward, the strategy will also help in lifting volumes. It deferred the 3.0mtpa GU commissioning at Jaitaran, Rajasthan (North). However, management reiterated its capacity target of over 80mtpa by FY28 vs. the current capacity of 62.8mtpa.
- We raise our EBITDA estimates by 5%/2% for FY26/27 to factor in better realization growth. Our EPS estimates increased ~12%/6% for FY25/26, aided by higher other income. SRCM trades fairly at 22x/18x FY26E/FY27E EV/EBITDA. **Reiterate Neutral with a TP of INR29,300 (earlier INR28,000).**

Volumes rise 3% YoY; opex/t dips 1% YoY

- Standalone revenue/Adj. EBITDA/PAT stood at INR52.4b/INR14.1b/INR5.8b (up 3%/6%/down 13% YoY and up 6%/7%/34% vs. our estimate) in 4QFY25. Sales volumes increased 3% YoY to 9.84mt. Cement realization grew 1% YoY (+5% QoQ) at INR4,758/t.
- Opex/t declined 1% YoY (up 4% QoQ) in 4QFY25. Variable cost/t declined 7% YoY. However, freight costs/other expenses per ton grew 7%/3% YoY. OPM surged 80bp YoY to ~27%, and EBITDA/t increased 3% YoY to INR1,435. Depreciation increased 19% YoY, and interest costs declined 36% YoY. Other income grew 9% YoY. ETR was at 25.1% vs. 14.3% in 4QFY24.
- In FY25, revenue/EBITDA/Adj PAT stood at INR180.4b/INR38.7b/INR12.2b (was down 8%/11%/51% YoY). Volumes were flat YoY. Cement realization declined 7% YoY. EBITDA/t declined 12% YoY to INR1,080. OCF increased to INR50.6b vs. INR33.0b in FY24, led by working capital release. Capex stood at INR34.7b vs. INR28.1b in FY24. FCF stood at INR16.0b vs. INR5.0b in FY24.

Highlights from the management commentary

- Clinker capacity utilization stood at 70%/68% in 4QFY25/FY25. The overall grinding capacity utilization was ~72% in 4QFY25, with ~74% in the North, ~79% in the East, and ~51% in the South.
- Fuel costs declined to INR1.48/Kcal vs. INR1.82/INR1.55 in 4QFY24/3QFY25. Green power share stood at 60.2% (highest in the industry) vs. 55.1% in 3Q.
- In Apr'25, SRCM commissioned two grinding units (GU) - 1) 3mtpa in Etah, Uttar Pradesh, and 2) 3.4mtpa at Baroda Bazar, Chhattisgarh. It will commission two more GUs of 3.0mtpa (each) at Jaitaran, Rajasthan, and Kodla, Karnataka, in 1HFY26, which will raise its cement capacity to 68.8mtpa. The next phase of expansion will be announced in due course.

Valuation and view

- SRCM once again reported industry-leading profitability, led by strong growth in realization and maintaining cost leadership. The company's sustained efforts in brand building and premiumization over the past one year started to deliver, reflected in above-industry realization growth. However, its capacity utilization continued to lag behind peers. We continue to believe low capacity utilization, lack of geographical distribution, disproportionate mix of split grinding units and integrated cement plants, and rising industry supply (expect higher capacity additions in its core markets in the North and East) may constrain any capacity-led re-rating in the stock.
- We estimate a revenue/EBITDA/PAT CAGR of 9%/19%/19% over FY25-27. We estimate the company's volume CAGR at ~8% over FY25-27 and EBITDA/t at INR1,250/INR1,325 in FY26/FY27 vs. INR1,080 in FY25 (average INR1,280 over FY20-24). The stock trades fairly at 22x/18x FY26E/FY27E EV/EBITDA. **Reiterate Neutral with a TP of INR29,300 (earlier INR28,000).**

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**49.7**	**45.6**	**49.0**	**50.7**	**48.3**	**37.3**	**42.4**	**52.4**	**195.0**	**180.4**	**49.6**	**6**
YoY Change (%)	18.3	20.6	20.4	6.0	-2.7	-18.3	-13.6	3.3	15.8	-7.5	-2.2	
Total Expenditure	40.4	36.9	36.7	37.5	39.2	31.3	32.9	38.3	151.4	141.7	36.4	5
EBITDA	**9.3**	**8.7**	**12.3**	**13.3**	**9.2**	**5.9**	**9.5**	**14.1**	**43.6**	**38.7**	**13.2**	**7**
YoY Change (%)	13.9	66.3	74.3	48.7	-1.7	-31.9	-23.3	6.4	48.3	-11.4	-0.5	
Margin (%)	18.8	19.1	25.2	26.2	19.0	15.9	22.3	26.9	22.4	21.4	26.6	
Depreciation	3.1	3.3	3.5	6.3	6.4	6.7	7.5	7.5	16.1	28.1	7.6	-2
Interest	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.4	2.6	2.1	0.5	-22
Other Income	1.6	1.3	1.4	1.4	1.3	1.8	1.1	1.5	5.6	5.8	1.0	45
PBT before EO Exp.	**7.1**	**6.0**	**9.7**	**7.7**	**3.5**	**0.4**	**2.6**	**7.7**	**30.5**	**14.3**	**6.1**	**27**
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	
PBT	**7.1**	**6.0**	**9.7**	**7.7**	**3.5**	**0.4**	**2.6**	**7.4**	**30.5**	**14.6**	**6.1**	**22**
Tax	1.3	1.1	2.3	1.1	0.3	-0.5	0.3	1.9	5.8	2.0	1.7	
Rate (%)	18.2	17.6	24.0	14.3	9.4	-108.1	11.4	25.1	19.0	13.8	28.8	
Reported PAT	**5.8**	**4.9**	**7.3**	**6.6**	**3.2**	**0.9**	**2.3**	**5.6**	**24.7**	**12.6**	**4.3**	**29**
Tax adjustment prior period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. PAT	**5.8**	**4.9**	**7.3**	**6.6**	**3.2**	**0.9**	**2.3**	**5.8**	**24.7**	**12.2**	**4.3**	**34**
YoY Change (%)	84.2	159.1	165.3	68.8	-45.3	-81.0	-68.8	-12.5	110.3	-50.6	-34.6	
Quarterly performance												
Sales Dispat. (mt)	**8.92**	**8.20**	**8.89**	**9.54**	**9.64**	**7.60**	**8.77**	**9.84**	**35.54**	**35.85**	**10.05**	**-2**
YoY Change (%)	18.8	9.9	10.7	8.0	8.1	-7.3	-1.4	3.2	11.7	0.9	5.4	
Realization	**5,575**	**5,564**	**5,510**	**5,320**	**5,015**	**4,904**	**4,830**	**5,325**	**5,488**	**5,031**	**4,940**	**8**
YoY Change (%)	-0.5	9.7	8.8	-1.9	-10.0	-11.9	-12.4	0.1	3.7	-8.3	-7.2	
Expenditure												
RM Cost	638	671	494	371	530	539	616	569	538	564	507	12
Staff Cost	263	285	264	247	254	328	270	240	264	270	242	-1
Power and Fuel	1,700	1,673	1,392	1,497	1,458	1,317	1,042	1,172	1,562	1,248	1,083	8
Freight	1,192	1,160	1,094	1,096	1,157	1,173	1,131	1,175	1,135	1,159	1,148	2
Other Expenses	735	714	879	717	667	766	691	735	762	712	646	14
Total Op. cost	**4,529**	**4,503**	**4,123**	**3,928**	**4,065**	**4,124**	**3,750**	**3,890**	**4,260**	**3,953**	**3,625**	**7**
EBITDA	**1,046**	**1,062**	**1,387**	**1,392**	**951**	**780**	**1,079**	**1,435**	**1,228**	**1,079**	**1,314**	**9**

Source: Company, MOFSL Estimates

Rural Electrification Corp

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	RECL IN
Equity Shares (m)	2633
M.Cap.(INRb)/(USDb)	1025.6 / 12
52-Week Range (INR)	654 / 357
1, 6, 12 Rel. Per (%)	-11/-27/-36
12M Avg Val (INR M)	5932

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	209	226	256
PPP	209	226	256
PAT	157	175	194
EPS (INR)	59.7	66.4	73.6
EPS Gr. (%)	12	11	11
BV/Shr (INR)	295	343	397
ABV/Shr (INR)	293	342	396
RoAA (%)	2.7	2.7	2.6
RoE (%)	21.5	20.8	19.9
Div. Payout (%)	30.1	30.1	30.0
Valuation			
P/E (x)	6.5	5.9	5.3
P/BV (x)	1.3	1.1	1.0
Div. Yield (%)	4.6	5.1	5.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.6	52.6	52.6
DII	14.8	14.0	15.5
FII	20.5	21.7	19.9
Others	12.1	11.7	12.0

FII Includes depository receipts

CMP: INR390 TP: INR460 (+18%) Buy

Weaker loan growth guidance; pre-payments remain elevated

Higher standard asset provisions on DISCOMs with rating downgrades

- Rural Electrification Corp's (RECL) 4QFY25 PAT grew ~5% YoY to INR42.4b (~21% beat). This earnings beat was aided by one-offs in interest income from higher (than outstanding) recoveries from the resolution of KSK Mahanadi. FY25 PAT grew ~12% YoY to INR157b. 4Q NII grew ~37% YoY to ~INR61.7b (~18% beat). Other income declined ~8% YoY to ~INR2.4b.
- Opex declined ~23% YoY to ~INR2.4b and cost-income ratio stood at ~3.1% (PQ: 5% and PY: ~5.6%). The decline in opex was driven by lower CSR and other expenses during the quarter. PPoP grew ~39% YoY to INR61.6b.
- Yields (calc.) rose ~50bp QoQ to ~10.5%, while CoB declined ~20bp QoQ to ~7.1%, resulting in spreads (calc.) increasing ~70bp QoQ to ~3.4%. Reported NIM for FY25 was largely stable at ~3.63% (9MFY25: 3.64%).
- GS3 improved ~60bp QoQ to ~1.35%, while NS3 improved ~35bp QoQ ~0.4%. PCR on Stage 3 rose ~10pp QoQ to ~72%. The improvement in asset quality was driven by the resolution of two large stressed assets (KSK Mahanadi and Corporate power) worth INR34b in 4QFY25.
- Credit costs stood at INR7.8b, which translated into annualized credit costs of 14bp (PY: -14bp and PQ: -2bp). The company has ~12 projects (PQ: 14 projects) that are classified as NPAs. Resolutions in ~11 NPA projects (PCR: 77%) are being pursued under NCLT, and 1 NPA project (PCR: 50%) outside NCLT. RECL guided for recoveries of INR8-10b in FY26 from the resolution of NPAs and has set a target to become a net zero NPA company by FY26 end.
- AUM stood at INR5.67t, up 11% YoY and flat QoQ. Loan growth was weak because of higher rundowns, which stood at ~31% (PQ: 26% and PY: 22%). **Management guided for loan growth of ~12-13% (vs. earlier guidance of 15-16%) and disbursements of INR2.0-2.1t in FY26.**
- We cut our FY26 EPS estimates by ~5% to factor in lower loan growth and higher provisions. We model a CAGR of 11%/13%/11% in disbursement/ loans/PAT over FY25- FY27E. We estimate RoA/RoE of 2.6%/20% and a dividend yield of ~5.7% in FY27. **Reiterate BUY with a TP of INR460 (premised on 1.2x Mar'27E BVPS).**
- **Key risks are:** 1) weaker loan growth from elevated pre-payments and business loss to peers from refinancing; 2) increasing exposure to the high-risk power projects without PPAs; and 3) compression in spreads and margins due to intensified competition.

Key highlights from the management commentary

- Management shared that the company's interest rates are highly competitive across generation, transmission, and distribution, even against bank financing. It offers post-construction discounts, strengthening its market positioning.
- Management highlighted that the company only finances renewable projects with signed PPAs, mitigating risk from unsigned PPAs.

Valuation and view

- RECL reported a mixed quarter, with disbursements broadly in line; however, AUM growth was muted due to elevated repayments during the quarter. This has prompted a downward revision in loan growth guidance for FY26. However, asset quality continued to improve, aided by the resolution of stressed assets. The company has set a target to become a net zero NPA entity by FY26 end.
- RECL trades at 1x FY27E P/ABV, and we believe that valuations are attractive for this franchise, which offers decent earnings growth and ~20% RoE.
- The company is well equipped to achieve a loan book CAGR of ~13% and a PAT CAGR of ~11% over FY25-FY27. We estimate RoA/RoE of 2.6%/20% and a dividend yield of ~5.7% in FY27. **Reiterate BUY with a TP of INR460 (premised on a target multiple of 1.2x Mar'27E P/ABV).**

Quarterly Performance INR m

Y/E March	FY24				FY25				FY24	FY25	4Q	v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY25E	Est.
Interest Income	1,06,895	1,13,930	1,19,440	1,23,836	1,26,904	1,34,744	1,39,704	1,49,350	4,64,101	5,50,701	1,42,318	5
Interest Expenses	70,498	73,500	76,533	78,961	80,212	85,065	88,373	87,699	2,99,493	3,41,350	90,256	-3
Net Interest Income	**36,397**	**40,430**	**42,907**	**44,875**	**46,692**	**49,678**	**51,331**	**61,651**	**1,64,608**	**2,09,351**	**52,061**	**18**
YoY Gr (%)	-8.9	2.1	17.7	28.3	28.3	22.9	19.6	37.4	9	27	16.0	
Other Operational Income	195	546	531	924	469	483	757	2,228	7,198	8,410	2,328	
Net Operational Income	**36,592**	**40,976**	**43,438**	**45,799**	**47,161**	**50,161**	**52,088**	**63,879**	**1,70,141**	**2,15,680**	**54,390**	**17**
YoY Gr (%)	-9.7	2.6	17.2	26.1	28.9	22.4	19.9	39.5	19	27	18.8	
Other Income	2,553	1,425	29	1,674	2,998	731	1,266	163	679	685	310	-47
Total Net Income	**39,144**	**42,401**	**43,467**	**47,473**	**50,159**	**50,892**	**53,354**	**64,042**	**1,70,819**	**2,16,365**	**54,700**	**17**
YoY Gr (%)	-4.3	0.5	21.5	30.9	28.1	20.0	22.7	34.9	19	27	15.2	
Operating Expenses	**1,445**	**1,938**	**1,766**	**3,114**	**2,175**	**1,936**	**3,147**	**2,396**	**6,597**	**7,436**	**3,123**	**-23**
YoY Gr (%)	-77.7	-65.8	-43.3	130.6	50.6	-0.1	78.2	-23.1	21	13	0.3	
% to Income	3.7	4.6	4.1	6.6	4.3	3.8	5.9	3.7	4	3	5.7	
Operating Profit	**37,700**	**40,463**	**41,701**	**44,359**	**47,984**	**48,955**	**50,206**	**61,646**	**1,64,223**	**2,08,929**	**51,577**	**20**
YoY Gr %	9.5	10.8	27.7	27.0	27.3	21.0	20.4	39.0	19	27	16.3	
Provisions	580	-7,604	559	-7,119	4,726	-1,441	-890	7,800	(13,584)	10,194	7,040	11
PBT	**37,120**	**48,067**	**41,143**	**51,478**	**43,258**	**50,396**	**51,097**	**53,847**	**1,77,806**	**1,98,734**	**44,537**	**21**
YoY Gr (%)	26.3	40.2	15.6	35.1	16.5	4.8	24.2	4.6	29	12	-13.5	
Tax	**7,512**	**10,338**	**8,449**	**11,315**	**8,834**	**10,342**	**10,806**	**11,485**	**37,614**	**41,466**	**9,391**	**22**
Tax Rate (%)	20.2	21.5	20.5	22.0	17.6	20.5	21.1	21.3	21	21	21.1	
PAT	**29,607**	**37,729**	**32,693**	**40,163**	**34,425**	**40,055**	**40,291**	**42,362**	**1,40,192**	**1,57,269**	**35,146**	**21**
YoY Gr (%)	21.0	38.3	13.6	33.8	16.3	6.2	23.2	5.5	26.8	12.2	-12.5	
Key Parameters (Calc., %)												
Yield on loans	9.7	9.9	9.94	9.87	9.8	9.99	10.01	10.49				
Cost of funds	7.3	7.2	7.24	7.26	7.2	7.28	7.32	7.17				
Spread	2.4	2.7	2.7	2.61	2.7	2.7	2.7	3.32				
NIM	3.2	3.4	3.6	3.5	3.5	3.7	3.7	4.3				
C/I ratio	2.6	2.8	4.7	5.6	3.4	3.1	5.0	3.1				
Credit cost	0.0	-0.2	0.0	-0.14	0.1	0.0	-0.02	0.14				
Balance Sheet Parameters												
Disbursements (INR b)	**341**	**416**	**464**	**394**	**437**	**473**	**547**	**455**				
Growth (%)	174.3	133.3	56.4	6.6	27.9	13.7	18.0	15.7				
AUM (INR b)	**4,544**	**4,743**	**4,975**	**5,094**	**5,297**	**5,461**	**5,656**	**5,669**				
Growth (%)	17.1	20.2	21.0	17.1	16.6	15.1	13.7	11.3				
Asset Quality Parameters												
GS 3 (INR B)	148.9	148.9	138.1	138.1	138.1	138.2	110.5	76.5				
GS 3 (%)	3.3	3.1	2.8	2.7	2.6	2.5	2.0	1.4				
NS 3 (INR B)	41.1	45.6	40.9	43.6	43.5	48.2	42.1	21.6				
NS 3 (%)	1.0	1.0	0.8	0.9	0.8	0.9	0.7	0.38				
PCR (%)	72.4	69.4	70.4	68.5	68.5	65.1	61.9	71.7				

E: MOFSL Estimates

15 May 2025

4QFY25 Results Update | Sector: Financials

Muthoot Finance

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	907.3 / 10.6
52-Week Range (INR)	2445 / 1579
1, 6, 12 Rel. Per (%)	4/22/24
12M Avg Val (INR M)	1361

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	104.5	128.8	146.1
PPP	78.4	96.8	108.4
PAT	52.0	68.8	77.5
EPS (INR)	129.5	171.3	193.0
EPS Gr. (%)	28.4	32.3	12.6
BV/Sh.(INR)	708	844	997
Ratios			
NIM (%)	11.3	11.1	11.1
C/I ratio (%)	26.9	26.6	27.4
RoA (%)	5.0	5.3	5.2
RoE (%)	19.7	22.1	21.0
Payout (%)	20.1	20.7	20.6
Valuations			
P/E (x)	17.5	13.2	11.7
P/BV (x)	3.2	2.7	2.3
Div. Yld. (%)	1.1	1.6	1.8

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	73.4	73.4	73.4
DII	11.7	13.0	14.7
FII	11.0	10.3	8.3
Others	3.9	3.4	3.6

FII includes depository receipts

CMP: INR2,260 TP: INR2,400(+6%) Neutral

Operationally healthy quarter with strong growth in gold loans

Draft gold lending guidelines will keep growth outlook uncertain in near term

- Muthoot Finance's (MUTH) strong operating performance in 4QFY25 was characterized by: 1) strong gold loan growth of ~41% YoY to ~INR1.03t, 2) improvement in GS3 by ~80bp leading to a sequential decline in credit costs; and 3) an increase in gold tonnage by ~3% QoQ to 208 tons.
- MUTH's 4QFY25 PAT grew 43% YoY to ~INR15.1b (in line). FY25 PAT grew ~28% YoY to INR52b. Reported RoA/RoE in 4QFY25 stood healthy at 5.9%/22%.
- Net total income grew 37% YoY to ~INR30.1b (in line). Opex grew ~25% YoY to INR8.6b (in line), resulting in a cost-to-income ratio of ~29% (PY: 31%). PPOP grew 42% YoY to ~INR21.5b (in line). Provisions stood at ~INR1.3b (vs. MOFSLe of ~INR1.8b) and translated into annualized credit costs of 0.5% in 4QFY25 (PY: ~0.5% and PQ: ~0.9%).
- Gold loan growth was supported by growth in gold tonnage (up 3% QoQ), along with an increase in the customer base (up 2% QoQ) to ~6.37m. Gold loan LTV declined ~5pp QoQ to ~61%.
- For FY26, MUTH maintained its conservative guidance of ~15% growth in gold loans. We model a standalone AUM CAGR of ~13% over FY25-27E. This, we believe, will result in a PAT CAGR of ~22% over this period. We model RoA/RoE of 5.2%/21% in FY27.
- **LTV norms published in the draft guidelines, if implemented, will have a near-term impact on the disbursement LTV of MUTH and its peer NBFCs. Until the final gold lending guidelines are published by the RBI, the growth outlook on gold loans will remain uncertain.**
- MUTH now trades at 2.3x FY27E P/BV and, in our view, has benefited from the tailwinds of: 1) a sharp rise in gold prices; 2) an improvement in gold loan demand due to the industry-wide rationing in unsecured credit; and c) a lower competitive intensity in gold loans. MUTH is indeed one of the best franchises for gold loans in the country, which is evident from its ability to deliver industry-leading gold loan growth and best-in-class profitability. However, we believe that its valuations are rich for the deep cyclicality in its gold loan growth, which will remain vulnerable to any sharp volatility in gold prices. **Reiterate our Neutral rating with a revised TP of INR2,400 (based on 2.4x Mar'27E P/BV).**

Draft gold lending guidelines: Near-term impact on disbursement LTV

- MUTH shared that the Gold Lenders Association has conveyed to the RBI that any changes to the gold loan LTV norms may not be in the best interest of customers, as it could potentially drive borrowers back to the unorganized sector.
- MUTH acknowledged that if the proposed LTV guidelines (in the draft) are implemented as they are, the disbursement LTV would need to factor in the potential accrued interest over the loan's tenor (of up to one year) to ensure compliance with the 75% LTV threshold. For instance, with an interest rate of 20%, the effective disbursement LTV would be around 55%, and with a 10% interest rate, the LTV would be ~65%.

Belstar: Sequential decline in AUM; new branches opened in 4QFY25

- MUTH's microfinance subsidiary, Belstar, reported an ~8% QoQ decline in AUM to ~INR80b. Reported loss stood at ~INR1.2b during the quarter (vs. PAT of INR240m in 3QFY25)
- Asset quality deteriorated, with GS3 rising ~210bp QoQ to ~5%. Management shared that there could be an initial impact on collections in Tamil Nadu despite the fact that the TN Bill is not applicable to NBFC-MFI.
- Belstar opened ~57 new branches in 4QFY25, and its CRAR stood at ~25%.

Highlights from the management commentary

- MUTH Finance (standalone entity) has approval for 115 branches, which it will open in FY26.
- MUTH Money has recently completed 1,000 branches. The company aims to sweat its existing branches and will seek RBI approval for opening new branches as and when required.
- Other income included some recoveries from the ARC transaction and treasury income from investment in MFs. There are still some more recoveries remaining from the ARC transaction.
- Interest spreads will remain in the range of 9-10%. MUTH shared that there is a significant drop in the borrowing costs from Apr'25 onwards and it should start seeing the benefits in its CoB from 1QFY26 onward.

Valuation and View

- MUTH delivered a healthy operational performance, driven by strong gold loan growth, supported by an increase in gold tonnage and decent customer additions. However, margins declined sequentially, primarily due to a rise in the cost of borrowings but without any significant pressure on yields. Asset quality improved during the quarter, driven by gold auctions, which led to a reduction in credit costs.
- With a favorable demand outlook for gold loans driven by reduced competition from banks and limited availability of unsecured credit, the company is well-positioned to maintain its healthy loan growth momentum.
- Until clarity emerges from the final gold lending guidelines, the outlook on gold loan growth will remain clouded, which will remain a near-term overhang on MUTH's stock price and valuations. We believe that the positives are already factored into its valuations of 2.3x FY27E P/BV. Reiterate our Neutral rating with an unchanged TP of INR2,400 (based on 2.4x Mar'27E BVPS).

Quarterly Performance (INR M)

Y/E March	FY24				FY25				FY24	FY25	4Q	Act v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY25E	Est. (%)
Interest Income	29,577	30,147	31,176	33,575	36,560	40,685	43,690	47,836	1,24,476	1,68,770	47,706	0
Other operating income	410	450	501	514	478	489	545	708	1,874	2,221	606	17
Total Operating income	**29,987**	**30,597**	**31,677**	**34,089**	**37,038**	**41,174**	**44,235**	**48,544**	**1,26,350**	**1,70,991**	**48,312**	**0**
YoY Growth (%)	19.8	22.5	19.1	19.5	23.5	34.6	39.6	42.4	20.2	35.3	41.7	
Other income	276	139	80	95	63	88	77	341	590	569	97	251
Total Income	**30,263**	**30,736**	**31,757**	**34,184**	**37,101**	**41,262**	**44,312**	**48,885**	**1,26,940**	**1,71,560**	**48,409**	**1**
YoY Growth (%)	20.6	22.8	19.1	19.4	22.6	34.2	39.5	43.0	20.4	35.1	41.6	
Interest Expenses	10,638	11,563	12,119	12,228	13,511	15,505	16,476	18,797	46,548	64,288	18,429	2
Net Income	**19,625**	**19,173**	**19,638**	**21,956**	**23,590**	**25,758**	**27,836**	**30,088**	**80,393**	**1,07,271**	**29,980**	**0**
Operating Expenses	5,620	5,751	5,696	6,861	6,437	6,608	7,243	8,610	23,927	28,898	8,493	1
Operating Profit	**14,006**	**13,422**	**13,942**	**15,095**	**17,153**	**19,150**	**20,593**	**21,478**	**56,466**	**78,373**	**21,486**	**0**
YoY Growth (%)	36.8	16.9	10.4	16.9	22.5	42.7	47.7	42.3	19.5	38.8	42.3	
Provisions	860	120	137	860	2,236	2,070	2,088	1,274	1,978	7,667	1,789	-29
Profit before Tax	**13,145**	**13,302**	**13,805**	**14,236**	**14,917**	**17,080**	**18,505**	**20,204**	**54,488**	**70,706**	**19,698**	**3**
Tax Provisions	3,394	3,392	3,532	3,673	4,130	4,568	4,874	5,126	13,991	18,698	4,539	13
Net Profit	**9,751**	**9,910**	**10,273**	**10,563**	**10,787**	**12,511**	**13,631**	**15,078**	**40,497**	**52,008**	**15,159**	**-1**
YoY Growth (%)	21.6	14.3	13.9	17.0	10.6	26.3	32.7	42.7	16.6	28.4	43.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	18.3	17.9	18.1	18.6	18.5	18.9	18.9	18.8				
Cost of funds (Cal)	8.4	8.7	8.6	8.4	8.7	9.0	8.7	8.9				
Spreads (Cal)	9.9	9.24	9.53	10.18	9.84	9.91	10.13	9.92				
NIMs (Cal)	12.0	11.2	11.2	11.9	11.8	11.8	11.9	11.7				
Credit Cost	0.5	0.07	0.08	0.47	1.12	0.95	0.89	0.49				
Cost to Income Ratio	28.6	30.0	29.0	31.2	27.3	25.7	26.0	28.6				
Tax Rate	25.8	25.5	25.6	25.8	27.7	26.7	26.3	25.4				
Balance Sheet Parameters												
AUM (INR b)	676	690	712	758	843	902	975	1,086				
Change YoY (%)	19.3	20.6	23.3	20.0	24.7	30.7	37.0	43.3				
Gold loans (INR b)	**660**	**675**	**692**	**729**	**809**	**862**	**930**	**1,030**				
Change YoY (%)	17.6	19.50	21.82	17.8	22.54	27.62	34.30	41.3				
Gold Stock Holding (In tonnes)	182	183	184	188	194	199	202	208				
Avg gold loans per branch (INR m)	139	142	145	150	167	177	192	212				
Borrowings (INR b)	513	553	580	588	659	724	787	899				
Change YoY (%)	12.8	18.2	31.0	18.2	28.7	30.8	35.6	52.9				
Borrowings Mix (%)												
Listed secured NCDs	24.8	24.4	28.8	27.9	28.0	27.2	26.0	26.2				
Term loans	59.8	65.4	61.6	63.0	55.0	57.2	55.7	53.0				
Commercial Paper	7.7	8.3	8.0	7.9	7.2	5.9	4.9	6.9				
Others	2.6	1.9	1.6	1.3	1.6	1.0	0.9	0.6				
Debt/Equity (x)	2.3	2.3	2.2	2.3	2.6	2.7	2.8	3.0				
Asset Quality Parameters (%)												
GS 3 (INR m)	28,789	27,639	25,767	24,845	33,532	38,807	41,179	37,004				
Gross Stage 3 (% on Assets)	4.3	4.0	3.6	3.3	4.0	4.3	4.2	3.4				
Total Provisions (INR m)	11,422	11,486	11,542	12,304	14,413	16,327	18,165	18,685				
Return Ratios (%)												
RoAUM (Rep)	6.0	5.8	5.9	5.8	5.4	5.7	5.8	5.9				
RoE (Rep)	18.5	18.3	18.1	17.8	17.7	20.0	20.7	21.7				

E: MOFSL estimates

Bharti Hexacom

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	849.3 / 10
52-Week Range (INR)	1794 / 885
1, 6, 12 Rel. Per (%)	5/15/78
12M Avg Val (INR M)	829

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Net Sales	85.5	98.2	111.9
EBITDA	42.0	51.7	62.5
Adj. PAT	12.8	19.2	27.7
Adj. EPS (INR)	25.6	38.3	55.5
EPS Gr. (%)	58.7%	49.6%	44.8%
BV/Sh. (INR)	118.6	147.0	182.4
Ratios			
RoE (%)	24.2	28.9	33.7
RoCE (%)	13.5	17.1	23.8
Valuations			
P/E (x)	66.3	44.3	30.6
P/BV (x)	14.3	11.6	9.3
EV/EBITDA (x)	22.0	17.5	14.1
Div. Yield (%)	0.6	1.2	1.8

Shareholding pattern (%)

As On	Mar-25	Dec-24
Promoter	70.0	70.0
DII	10.0	9.3
FII	4.3	5.0
Others	15.7	15.7

FII Includes depository receipts

CMP: INR1,699 TP: INR1,900 (+12%) Buy

In-line 4Q; prefer Airtel following BHL's sharp run-up

- Bharti Hexacom (BHL) delivered an in-line 4Q, with ~1-2% QoQ rise in revenue and EBITDA, as the residual benefit of the tariff hike was offset by two fewer days QoQ.
- BHL's capex spiked ~50% QoQ to INR4.3b (-14% YoY), though overall capex (ex-spectrum for FY25) moderated to ~INR15b (vs. INR20b YoY).
- BHL's net debt (ex-leases) declined ~INR6b QoQ to INR37b (from INR49b in Sep'24) as it prepaid ~INR8.6b debt pertaining to the 2024 auction. As a result, BHL's net-debt-to-EBITDAaL moderated to ~0.9x (vs. ~1.5x YoY).
- Adjusted for INR8.6b spectrum prepayments, BHL generated ~INR6.6b FCF in 4QFY25 and ~INR20.4b in FY25. The company announced a dividend of INR10/share (vs. INR4/share YoY).
- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments. Given the relatively lower penetration of mobile and fixed broadband in BHL's circles, its growth prospects are slightly better than Airtel's.
- Our earnings are broadly unchanged as we model a revenue/EBITDA/PAT CAGR of ~14%/21%/ 42% over FY25-28E.
- **Since our initiation in Mar'25**, BHL **has delivered ~30% returns** and now trades at **~25% premium** to the implied EV/EBITDA valuation for Bharti's India business (vs. ~13% on average since its listing).
- We believe BHL should command a premium to Airtel, given its slightly higher growth, better RoCE, and lower capital misallocation concerns, and ascribe a DCF-based Jun'27E EV/EBITDA of **14.5x (~10% premium** to our multiple for Airtel's India wireless business) to BHL. We **reiterate our BUY rating on BHL with SoTP-based revised TP of INR1,900**.
- We continue to like BHL's superior execution on the premiumization agenda and continued market share gains. However, we believe a 25% premium is steep, and hence, **we would prefer Airtel to BHL at present**.

Broadly in-line 4Q; capex spikes QoQ, but FCF generation robust

- BHL's overall 4Q revenue at INR22.9b (+23% YoY, in line) was up ~2% QoQ, as the residual flow-through of the wireless tariff hike was offset by two fewer days QoQ.
- Overall, 4Q EBITDA at INR11.7b (+33% YoY, inline) was up 1.4% QoQ as network opex declined 2% QoQ (2% below our est.).
- Reported EBITDA margin dipped ~15bp QoQ to 51% (+400bp YoY, 10bp above our est.) but remained below 57.8% for Bharti India (ex-Indus).
- Reported PAT stood at INR4.7b, up 80% QoQ (2.1x YoY), boosted by tax reversals. Adjusted for exceptional items, PAT at INR3.8b rose 4% QoQ (+71% YoY) and was 8% above our est., mainly due to a lower tax rate.
- Overall capex spiked ~50% QoQ to INR4.25b (-14% YoY).
- BHL's consolidated free cash flow (post-leases, interest payments, but before spectrum prepayments) stood at INR6.6b (vs. INR5.1b QoQ). For FY25, BHL generated FCF of ~INR20b before spectrum prepayments.
- BHL's net debt (ex-leases) declined ~INR6b QoQ to INR36.9b.

Wireless: Incremental EBITDA margin slightly weaker than Airtel’s

- BHL’s wireless ARPU was broadly stable QoQ at INR242 (+19% YoY, our est. INR243), as residual tariff hike flow-through was offset by two fewer days QoQ.
- BHL reported 515k paying net adds (vs. 491k net adds QoQ and our est. 300k), with contribution to Bharti’s 4QFY25 net adds at ~10% (vs. ~7.8% share in Airtel’s paying subs base).
- Wireless revenue inched up 1.4% QoQ (vs. 1.9%/2.4% for Bharti/RJio incl. FTTH) to INR22.3b (+22% YoY, in line), while EBITDA at INR12b (+34% YoY, in line) was up ~2% QoQ (vs. 2-2.4% for Airtel/RJio incl. FTTH).
- Wireless EBITDA margin expanded ~25bp QoQ to 53.8% (+480bp YoY), though lower than the 40bp QoQ improvement for Airtel to 59.2%.
- Incremental wireless EBITDA margin was ~72% (vs. ~53% for RJio), but lower than ~85% for Airtel’s India wireless business due to QoQ inferior in-roamer vs. out-roamer mix. We note BHL typically benefits from higher in-roamers in 3Q.

Key highlights from the management commentary

- **Captive tower sales to Indus:** BHL had approved the transfer of ~3,400 towers to Indus Towers. However, the proposed tower sale has been put on hold, following a request from TCIL (15% stake). The company believes in the business case for the tower sale to Indus and will undertake a fresh evaluation process to ensure transparency and compliance with governance standards.
- **FWA:** Fixed wireless access (FWA) accounted for the lion’s share of home broadband net adds during 4Q and believes that the potential of FWA in BHL’s circles is significantly higher, given relatively lower fiber availability. However, the company is not rushing to switch to SA 5G, as the capacity of the 5G network is sufficient to service the FWA base in the medium term.
- **Capex:** Similar to Airtel, management expects BHL’s capex to taper down further in FY26 as there is no major rural rollout planned in BHL’s circles.
- **Capital allocation:** The capital allocation policy would be similar to the parent, Bharti Airtel. It will be a prudent mix of deleveraging, step-up of dividend payments, and growth capex.
- **Deleveraging:** The company prepaid INR8.6b of spectrum dues pertaining to the 2024 auctions during 4Q. As a result, net-debt-to-EBITDAaL moderated to 0.9x (vs. 1.5x YoY).

Valuation and view

- BHL provides a pure-play exposure to Bharti Airtel’s fast-growing India wireless and home broadband segments. Given the relatively lower penetration of mobile and fixed broadband in BHL’s circles, its growth prospects are slightly better than Airtel's.
- Our earnings are broadly unchanged as we model a revenue/EBITDA/PAT CAGR of ~14%/21%/ 42% over FY25-28E.
- **Since our initiation in Mar’25**, BHL **has delivered ~30% returns** and now trades at **~25% premium** to the implied EV/EBITDA valuation for Bharti’s India business (vs. ~13% on average since its listing).
- We believe BHL should command a premium to Airtel, given its slightly higher growth, better RoCEs, and lower capital misallocation concerns, and ascribe a DCF-based Jun’27E EV/EBITDA of **14.5x (~10% premium** to our multiple for

Airtel's India wireless business) to BHL. We **reiterate our BUY rating on BHL with an SoTP-based revised TP of INR1,900**.

- We continue to like BHL's superior execution on the premiumization agenda and continued market share gains. However, we believe a 25% premium is steep, and hence, **we would prefer Airtel to BHL at present**.

Consolidated - Quarterly earnings summary (INR m)

Y/E March	FY24				FY25E				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**16,817**	**17,385**	**18,006**	**18,680**	**19,106**	**20,976**	**22,507**	**22,890**	**70,888**	**85,479**	**23,034**	**-0.6**
YoY Change (%)	7.9	8.0	7.2	7.8	13.6	20.7	25.0	22.5	7.7	20.6		
Total Expenditure	8,517	9,126	9,731	9,902	10,348	10,957	10,990	11,212	37,276	43,507	11,302	-0.8
EBITDA	**8,300**	**8,259**	**8,275**	**8,778**	**8,758**	**10,019**	**11,517**	**11,678**	**33,612**	**41,972**	**11,732**	**-0.5**
YoY Change (%)	29.0	27.2	14.4	14.0	5.5	21.3	39.2	33.0	47.4	49.1		
Depreciation	4,143	4,322	4,329	4,598	4,957	5,361	5,315	5,312	17,392	20,945	5,391	-1.5
Net Finance cost	1,543	1,556	1,688	1,657	1,615	1,754	1,802	1,712	6,444	6,883	1,758	-2.6
Other Income	804	573	623	487	399	491	450	478	2,487	1,818	460	3.9
PBT before EO expense	**3,418**	**2,954**	**2,881**	**3,010**	**2,585**	**3,395**	**4,850**	**5,132**	**12,263**	**15,962**	**5,042**	**1.8**
Extra-Ord expense	0	3,030	0	0	-3,183	0	1,057	0	3,030	-2,126	0	
PBT	**3,418**	**-76**	**2,881**	**3,010**	**5,768**	**3,395**	**3,793**	**5,132**	**5,436**	**18,088**	**5,042**	**1.8**
Tax	886.4	1,764.5	754.4	783.5	656.0	864.0	1,184.0	448.0	4,188.9	3,152.0	1,525.6	-70.6
Rate (%)	25.9	NA	26.2	26.0	11.4	25.4	31.2	8.7	77.1	17.4		
Minority Interest & P/L of Asso. Cos.												
Reported PAT	**2,532**	**-1,841**	**2,127**	**2,227**	**5,112**	**2,531**	**2,609**	**4,684**	**5,044**	**14,936**	**3,517**	**33.2**
Adj PAT	**2,532**	**1,189**	**2,127**	**2,227**	**1,929**	**2,531**	**3,666**	**3,802**	**8,074**	**12,810**	**3,517**	**8.1**
YoY Change (%)	164.0	19.8	39.8	10.3	-23.8	112.8	72.4	70.8	47.0	58.7		

E: MOFSL Estimates

We ascribe a TP of INR1,900 to Bharti Hexacom

	Valuation base (INR b)	Multiple (X)		Valuation	
	Mar'27 EBITDA	EBITDA	Other	(INR b)	(INR/sh)
Bharti Hexacom					
Mobility	**65**	**14.5**	**DCF implied**	**941**	**1,881**
Homes and offices	3	14.5		42	84
Bharti Hexacom EV	**68**	**14.5**		**983**	**1,965**
Net debt (including leases)				48	96
Dividends				15	30
Bharti Hexacom equity value				**950**	**1,900**

Hero MotoCorp

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	813.5 / 9.5
52-Week Range (INR)	6246 / 3323
1, 6, 12 Rel. Per (%)	3/-16/-30
12M Avg Val (INR M)	3405

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	407.6	444.3	477.1
EBITDA	58.7	62.0	66.8
Adj. PAT	46.1	49.1	53.1
Adj. EPS (INR)	230.3	245.1	265.3
EPS Gr. (%)	12.6	6.4	8.3
BV/Sh. (INR)	989	1,059	1,135
Ratios			
RoE (%)	24.4	23.9	24.2
RoCE (%)	23.9	23.4	23.7
Payout (%)	71.7	71.4	71.6
Valuations			
P/E (x)	17.7	16.6	15.3
P/BV (x)	4.1	3.8	3.6
Div. Yield (%)	4.1	4.3	4.7
FCF Yield (%)	4.1	6.2	6.2

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	34.7	34.7	34.8
DII	27.9	27.7	27.8
FII	27.4	28.0	28.9
Others	9.9	9.6	8.6

FII includes depository receipts

CMP: INR4,067 TP: INR4,761 (+17%) Buy

In-line operating performance

Rural revival and budget sops to support entry-level demand

- Hero MotoCorp's (HMCL) 4QFY25 margins remained stable YoY and were also in line with our estimates. Reported EBITDA margin came in at 14.2%, while ICE margins stood at 16.1%, adjusted for the INR1.43b loss in EV business.
- We expect HMCL to deliver a volume CAGR of ~5% over FY25-27, driven by new launches and a ramp-up in exports. HMCL will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments. The stock looks attractive at ~16.6x/15.3x FY26E/27E EPS. **We reiterate BUY with a TP of INR4,761 (17x FY27E EPS + INR110/INR140 for Hero FinCorp/ Ather post 20% Holdco discount).**

Q4 performance in line with estimates

- HMCL's 4Q PAT at INR10.5b was in line with our estimate.
- Revenue grew 4% YoY to INR99.4b, largely driven by 5% YoY growth in blended ASP, even as volumes declined 1% YoY.
- ASP was higher by 3% QoQ due to an improved mix, price hikes and the contribution from spare-parts revenue.
- Spare-parts revenue increased 11% YoY to INR15.5b.
- EBITDA margin came in at 14.2% and was in line with our estimate.
- ICE EBITDA margin stood at 16.1% in 4Q, adjusted for the INR1.43b loss in EV business.
- For FY25, HMCL revenue grew 9% YoY to INR408b. Volumes were up 5% YoY, while blended ASP grew 2% YoY.
- EBITDA margin in FY25 improved 40bp YoY to 14.4%. ICE margin stood at 16.2%, up 90bp YoY, adjusted for the INR6.3b loss in EV business.
- FCF for FY25 stood at INR33.7b after capex of INR8.1b.
- Management has declared a final dividend of INR165 per share, which translates into a payout ratio of 72%.

Highlights from the management commentary

- **Outlook:** Management expects the 2W industry to post 6-7% YoY growth in FY26, largely similar to FY25. Management also expects to outperform industry growth in FY26, backed by its upcoming new launches.
- HMCL has lined up two new affordable EVs, both of which are likely to be launched in Jul'25, to fill up the product gaps. These new products will help to accelerate EV growth in the coming quarters. They believe, at 25-30k monthly sales run rate, they can achieve break-even in EV business. It is, however, likely to be a couple of years away, as per management.
- In FY25, HMCL exports grew 43% YoY over a low base, 2x of industry growth. The company remains aggressive on export growth and is confident of outperforming industry growth going forward.
- HMCL has recently acquired a 34.1% stake in Euler Motors for INR5.1b, making it an associate company. As per management, 3W is an attractive alternate opportunity having an industry size of INR170b p.a. with attractive profit pools (20%+ EBITDA margin). Management believes Euler Motors has a differentiated product offering in the market. They are optimistic about the future growth prospects of this business.

Valuation and view

- We expect HMCL to deliver a volume CAGR of ~5% over FY25-27, driven by new launches and a ramp-up in exports. HMCL will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments.
- We expect a CAGR of ~8%/7%/7% in revenue/EBITDA/PAT over FY25-27E. The stock looks attractive at ~16.6x/15.3x FY26E/27E EPS. **We reiterate BUY with a TP of INR4,761 (17x FY27E EPS + INR110/INR140 for Hero FinCorp/Ather post 20% Holdco discount).**

Qty Performance (S/A) **(INR B)**

Y/E March	FY24				FY25				FY24	FY25	4Q	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
Total Volumes ('000 nos)	1,353	1,417	1,460	1,392	1,535	1,520	1,464	1,381	5,621	5,899	1,381	0.0
Growth YoY (%)	-2.7	-0.8	17.8	9.6	13.5	7.3	0.3	-0.9	5.5	4.9	-0.9	
Net Realization	64,819	66,680	66,604	68,373	66,076	68,851	69,755	71,991	66,630	69,088	70,076	2.7
Growth YoY (%)	7.4	4.9	2.8	4.6	1.9	3.3	4.7	5.3	5.0	3.7	2.5	
Net Op Revenues	**87.7**	**94.5**	**97.2**	**95.2**	**101.4**	**104.6**	**102.1**	**99.4**	**374.6**	**407.6**	**96.7**	**2.7**
Growth YoY (%)	4.5	4.1	21.1	14.6	15.7	10.8	5.0	4.4	10.8	8.8	1.6	
RM Cost (% sales)	69.4	68.6	67.3	66.4	67.7	66.7	65.8	65.5	67.9	66.4	66.2	-70bp
Staff Cost (% sales)	6.6	6.1	6.2	6.8	6.0	6.2	6.5	6.8	6.4	6.4	6.8	-10bp
Other Exp (% sales)	10.3	11.2	12.5	12.5	11.9	12.6	13.3	13.5	11.7	12.8	12.7	90bp
EBITDA	**12.1**	**13.3**	**13.6**	**13.6**	**14.6**	**15.2**	**14.8**	**14.2**	**52.6**	**58.7**	**13.9**	**2.2**
Growth YoY (%)	28.2	27.9	47.4	25.5	21.0	14.1	8.4	4.1	0.0	0.0	2.0	
EBITDA Margins (%)	13.8	14.1	14.0	14.3	14.4	14.5	14.5	14.2	14.0	14.4	14.3	-10bp
Other Income	2.2	2.5	2.4	1.8	2.3	2.8	3.2	2.2	8.9	10.6	2.1	
Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.2	0.1	
Depreciation	1.7	1.7	1.8	1.9	1.9	1.9	2.0	1.9	7.1	7.8	2.0	
PBT before EO Exp/(Inc)	**12.5**	**14.0**	**14.2**	**13.5**	**14.9**	**16.0**	**15.9**	**14.4**	**54.2**	**61.3**	**13.9**	
Effective Tax Rate (%)	24.7	24.6	24.3	24.7	24.8	24.8	24.4	25.1	24.5	24.8	24.5	
Adj. PAT	**9.5**	**10.5**	**10.7**	**10.2**	**11.2**	**12.0**	**12.0**	**10.8**	**40.9**	**46.1**	**10.5**	**3.1**
Growth (%)	51.4	47.2	51.0	18.3	18.7	14.2	12.1	6.4	40.5	12.7	3.2	

Jubilant FoodWorks

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	JUBI IN
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	457.8 / 5.4
52-Week Range (INR)	797 / 463
1, 6, 12 Rel. Per (%)	-7/9/35
12M Avg Val (INR M)	1559

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	81.4	93.3	106.7
Sales Gr. (%)	44.0	14.5	14.4
EBITDA	15.7	18.8	22.3
EBITDA Margin (%)	19.3	20.2	20.9
Adj. PAT	2.4	4.3	6.1
Adj. EPS (INR)	3.6	6.5	9.2
EPS Gr. (%)	-9.6	83.2	40.6
BV/Sh.(INR)	31.9	32.7	34.2
Ratios			
RoE (%)	11.2	20.0	26.9
RoCE (%)	9.6	11.3	13.7
Valuation			
P/E (x)	194.5	106.1	75.5
P/BV (x)	21.8	21.3	20.3
EV/EBITDA (x)	42.0	34.2	28.3
EV/Sales (x)	5.8	5.0	4.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	41.9	41.9	41.9
DII	31.2	30.4	26.1
FII	20.9	21.6	23.6
Others	6.0	6.1	8.4

FII Includes depository receipts

CMP: INR694 TP: INR750 (+8%) Neutral

Delivery outperformance sustains; beat on margins

- Jubilant FoodWorks (JUBI) posted 19% YoY growth in standalone revenue to INR15.9b (in line) in 4QFY25. Domino's orders grew 25% with LFL growth of 12.1%. Delivery business saw strong 27% YoY revenue growth with 22% LFL growth, contributing 73% (68% in 4QFY24) of total revenue. Dine-in revenue was flat YoY. The waiver of delivery charges continues to shift demand from dine-in to delivery.
- Domino's India added 40 new stores (+9% YoY) and entered nine new cities in 4Q. The company plans to add 250 Dominos India and 30 Popeyes stores in FY26, which will help to broaden its customer reach.
- Standalone gross margin was down 210bp YoY and 60bp QoQ to 74.5% (est. 75.3%), affected by increased cheese offerings and inflation. EBITDA margin inched up 20bp YoY (down 10bp QoQ) to 19.3% and EBITDA was up 20%. Pre-Ind-AS EBITDA margin expanded 90bp YoY (-140bp in base) to 11.8% and EBITDA rose 29% (-6% in base).
- Domino's Turkey saw 1% LFL growth, while COFFY saw 5% LFL decline, primarily due to currency devaluation. DPEU margins remained under pressure, with EBITDA margin at 18.4% (21.8% in FY25) and PAT margin at 4.8% (6.6% in FY25) in 4Q, impacted by negative operating leverage. Revenue growth was strong in Domino's Sri Lanka (72%) and Bangladesh (28%), though operating profitability was weak.
- JUBI's focus on customer acquisition and drive order frequency has been driving strong delivery growth. Value offering and product innovation will continue to drive order growth in FY26. We model operating margin recovery for India business in FY26 after seeing a 300bp fall in EBITDA margin (pre-IND AS) during the last two years to 13.5% in FY27 vs. 11.9% in FY25. However, given rich valuations, we reiterate our Neutral rating on the stock with a TP of INR750 -- India business at 40x EV/EBITDA (pre-IND AS) and International at 18x EV/EBITDA on FY27E.

Delivery LFL up 22%; better commentary on margin outlook

- **Strong LFL growth at 12.5%:** JUBI reported sales growth of 19% YoY to INR15.9b (est. INR15.9b), led by order growth of 25%. **LFL growth was 12% (delivery LFL growth 22%)**.
- **Store rollout continues**: In India, JUBI added 38 net stores in India, taking the count to 2,304 stores. Domino's opened 40 new Domino's Pizza stores to 2,179 stores. Popeyes opened 3 new stores, taking the count to 61 stores. Hong's Kitchen closed two stores, taking the count to 33. Dunkin' Donuts closed three stores, taking the count to 31.
- **Steady operating margins:** Gross profit grew 16% YoY to INR11.8b (est. INR11.9b). GM declined 210bp YoY/60bp QoQ to 74.5% (est. 75.3%). EBITDA margins inched up 20bp YoY to 19.3% (est. 18%). Pre-Ind AS EBITDA margin expanded 90bp YoY but contracted 60bp YoY to 11.8% (est. 10.2%). PBT margin was 4.3% vs. 3.8% 4QFY24 and 4.9% 3QFY25.
- **Growth in profitability:** EBITDA grew 20% YoY to INR3.1b (est. INR2.9b). PBT (before exceptional) was up 33% YoY at INR677m (est. INR503m). Adj. PAT rose 43% YoY to INR495m (est. INR351m).
- In FY25, net sales/EBITDA grew by 14%/8%, while APAT fell 12% YoY.

International business

- Domino's Sri Lanka revenue grew 72% YoY to INR230m. No store has been opened in Sri Lanka.
- Domino's Bangladesh revenue rose 28% YoY to INR162m. Two stores were opened in in Bangladesh, taking the total count to 39 stores.

DPEU

- DPEU System Sales stood at INR7,643m. Domino's Turkey LFL growth was 1%, while COFFY saw 5% LFL decline.
- Operating EBITDA margin was 18.4% and PAT margin was 4.8%.
- In DP Eurasia, the company opened 16 stores in 4QFY25, taking the total count to 923 stores.

Highlights from the management commentary

- The company has completed a high-commissary capex cycle, and future capex will now focus primarily on store expansion and technology upgrades.
- JUBI plans to open 250 new Domino's stores across India. While some of these will be split stores, their share is expected to be no more than 20% of the total.
- It is targeting an EBITDA margin expansion of 200bp over the next three years, supported by scale and efficiency.
- In Turkey, the company remains unaffected by geopolitical concerns (e.g., India-Pakistan tensions, US tariffs). In Turkey, the macroeconomic environment is improving, with interest rates declining and inflation cooling, aiding business momentum.

Valuation and view

- There are no material changes to our EBITDA estimates for FY26 and FY27.
- JUBI has been the key beneficiary of healthy traffic growth for the delivery business. Delivery is expected to outperform in the near term, which will continue to lead to better growth metrics than those of its peers in the near term.
- JUBI's focus on customer acquisition and drive order frequency has been driving strong delivery growth. Value offering and product innovation will continue to drive order growth in FY26. We model operating margin recovery for India business in FY26 after seeing 300bp fall in EBITDA margin (pre-IND AS) during the last two years to 13.5% in FY27 vs. 11.9% in FY25. However, given rich valuations, we reiterate our Neutral rating on stock with a TP of INR750 -- India business at 40x EV/EBITDA (pre-IND AS) and International at 18x EV/EBITDA on FY27E.

Quarterly Standalone Perf. (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
No of stores (Dominos)	**1,838**	**1,888**	**1,928**	**1,995**	**2,029**	**2,079**	**2,139**	**2,179**	**1,995**	**2,179**	**2,179**	
LFL growth (%)	**-1.3**	**-1.3**	**-2.9**	**0.1**	**3.0**	**2.8**	**12.5**	**12.1**	**-1.4**	**7.6**	**12.1**	
Net Sales	**13,097**	**13,448**	**13,551**	**13,313**	**14,396**	**14,669**	**16,111**	**15,872**	**53,409**	**61,047**	**15,866**	**0.0%**
YoY change (%)	5.6	4.5	2.9	6.3	9.9	9.1	18.9	19.2	4.8	14.3	19.2	
Gross Profit	**9,956**	**10,275**	**10,387**	**10,200**	**10,955**	**11,157**	**12,092**	**11,828**	**40,817**	**46,032**	**11,943**	**-1.0%**
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	76.1	75.1	74.5	76.4	75.4	75.3	
EBITDA	**2,764**	**2,807**	**2,827**	**2,543**	**2,782**	**2,842**	**3,128**	**3,056**	**10,941**	**11,807**	**2,854**	**7.1%**
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	1.3	10.6	20.2	-5.6	7.9	12.2	
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	19.4	19.3	20.5	19.3	18.0	
Depreciation	1,328	1,379	1,465	1,511	1,552	1,654	1,741	1,777	5,684	6,724	1,791	
Interest	513	534	583	609	619	640	682	667	2,239	2,609	704	
Other Income	91	69	40	86	73	150	83	66	285	371	144	
PBT	**1,014**	**963**	**819**	**508**	**683**	**698**	**788**	**677**	**3,303**	**2,846**	**503**	**34.5%**
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-27.5	-3.8	33.2	-38.6	-13.9	-0.9	
Tax	262	241	209	132	168	177	192	182	844	719	153	
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.4	24.3	26.9	25.6	25.3	30.4	
Adjusted PAT	**752**	**721**	**610**	**345**	**515**	**521**	**596**	**495**	**2,428**	**2,126**	**351**	**41.1%**
YoY change (%)	-38.2	-39.5	-31.2	-44.4	-31.5	-27.8	-2.2	43.3	-38.0	-12.4	1.6	

E: MOFSL Estimates

Exhibit 1: Store count

Total Stores	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
India:												
Domino's	1,625	1,701	1,760	1,816	1,838	1,888	1,928	1,995	2,029	2,079	2,139	2,179
Popeyes	6	8	12	13	17	22	32	42	50	54	58	61
Dunkin	25	24	24	21	21	21	25	31	36	32	34	31
Hong's Kitchen	17	14	12	13	15	18	22	28	33	34	35	33
Ekdum	3	6	6	-	-	-	-	-	-	-	-	-
Total Stores in India	**1,676**	**1,753**	**1,814**	**1,863**	**1,891**	**1,949**	**2,007**	**2,096**	**2,148**	**2,199**	**2,266**	**2,304**
Store addition	**51**	**77**	**61**	**49**	**28**	**58**	**58**	**89**	**52**	**51**	**67**	**38**
Sri Lanka and Bangladesh, DP	46	51	60	65	70	73	76	78	80	85	87	89
Total Stores under MGT control	**1,722**	**1,804**	**1,874**	**1,928**	**1,961**	**2,022**	**2,083**	**2,174**	**2,228**	**2,284**	**2,353**	**2,393**
Store addition	**53**	**82**	**70**	**54**	**33**	**61**	**61**	**91**	**54**	**56**	**69**	**40**
DP Eurasia	-	-	859	859	714	742	761	817	829	846	907	923
Total	**1,722**	**1,804**	**2,733**	**2,787**	**2,675**	**2,764**	**2,844**	**2,991**	**3,057**	**3,130**	**3,260**	**3,316**
Store addition	**53**	**82**	**929**	**54**	**(112)**	**89**	**80**	**147**	**66**	**73**	**130**	**56**

Exhibit 2: Domino's growth metrics

Growth metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue Growth (%)	41.1	16.9	10.3	8.2	5.6	4.5	2.9	6.3	9.9	9.1	18.9	19.2
Dominos store growth (%)	17.8	18.5	17.7	15.9	13.1	11.0	9.5	9.9	10.4	10.1	10.9	9.2
Dominos Like-like SSG (%)	28.3	8.4	0.3	(0.6)	(1.3)	(1.3)	(2.9)	0.1	3.0	2.8	12.5	12.1
Dominos ADS per store (INR)	81,742	82,733	82,504	78,716	76,752	77,551	76,423	74,202	78,976	79,467	85,959	84,011
YoY Gr (%)	25.6	3.3	(3.4)	(3.7)	(6.1)	(6.3)	(7.4)	(5.7)	2.9	2.5	12.5	13.2
EBITDA Growth	44.0	9.2	(8.6)	(12.9)	(9.2)	(10.2)	(2.5)	0.8	0.6	1.3	10.6	20.2
EBITDA margin (%)	24.6	24.3	22.0	20.1	21.1	20.9	20.9	19.1	19.3	19.4	19.4	19.3
EBITDA Growth (Pre IND AS)	52.3	1.3	(14.2)	(20.1)	(18.7)	(19.2)	(9.7)	(5.8)	(4.8)	(4.0)	14.3	29.1
EBITDA margin (%) (Pre-Ind AS)	17.4	17.2	14.7	12.3	13.4	13.3	12.9	10.9	11.6	11.7	12.4	11.8

Exhibit 3: Company digital KPIs

Digital KPIs	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Cumulative app downloads (mn)	95.4	104.4	113.8	122.3	132.3	142.9	152.0	161.4	171.7	182.6	194.3	205.2
Quarterly app downloads (mn)	8.2	9.0	9.4	8.5	10.0	10.6	9.1	9.4	10.3	10.9	11.7	10.9
Loyalty Program (mn)	2.1	7.2	10.6	13.6	16.8	19.5	21.5	23.1	24.9	27.8	30.8	33.7
MAU (App)	10.0	11.1	11.3	11.1	10.3	10.8	10.5	11.2	12.1	12.8	13.7	13.1

Source: MOFSL

Max Financial Services

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	461.8 / 5.4
52-Week Range (INR)	1351 / 864
1, 6, 12 Rel. Per (%)	7/4/26
12M Avg Val (INR M)	1171

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Gross Premium	332.2	381.8	438.9
PAT	4.0	7.1	9.3
APE	87.7	102.4	118.8
VNB margin (%)	24.0	25.0	25.5
Op. RoEV (%)	19.1	18.5	18.4
AUM (INRb)	1,750	1,933	2,180
VNB(INRb)	21.1	25.3	30.0
EV per Share	584	698	831
Valuations			
P/EV (x)	2.9	2.4	2.0
P/EVOP (x)	19.4	15.6	13.1

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	1.7	3.3	6.5
DII	47.3	42.7	39.9
FII	44.8	47.5	47.7
Others	6.2	6.5	5.9

FII includes depository receipts

CMP: INR1,338 TP: INR1,330 (-1%) Neutral

Strong margin performance, reverse merger key to re-rating

- Axis Max Life Insurance (MAXLIFE) continued to report better-than-industry performance in 4QFY25, with new business APE growth of 6% YoY to INR30.4b (in line). For FY25, it came in at INR87.7b, up 21% YoY.
- MAXLIFE reported 4% YoY growth in VNB to INR8.5b (8% beat), resulting in VNB margin of 28% vs. 28.6% in 4QFY24 (MOFSLe: 25.8%), as the focus shift to higher-margin traditional products led to strong sequential improvement.
- The company reported EV of INR252b as of FY25 end, reflecting strong operating RoEV of 19.1%.
- Management aims to achieve 300bp-400bp alpha over private industry premium growth, with improvement in VNB margin to 24-25% in FY26.
- We have slightly raised our VNB estimates, factoring in higher business from traditional products. We expect 25%/25.5% VNB margin in FY26E/FY27E and keep APE estimates unchanged. **Reiterate Neutral** with a TP of INR1,330, premised on 2x FY27E EV and a holding company discount of 20%. The success of the reverse merger is key for further re-rating of the stock.

Sequential improvement in VNB margin as ULIP contribution declines

- Gross premium income grew 11% YoY to INR118.6b (in line). Renewal premium grew 16% YoY to INR77.8b (in line). For FY25, GWP came in at INR332.2b, up 13% YoY.
- ULIP contribution declined to 40% in 4QFY25 from 44%/45% in 2QFY25/3QFY25, while par/non-par savings contribution increased sequentially to 19%/28% from 16%/26% in 3QFY25. Combined with the increase in the rider attachment ratio (43% in FY25 vs. 34% in FY24), the product mix shift resulted in 480bp sequential improvement in VNB margin.
- MAXLIFE launched two products during the quarter - Smart Term Plan Plus (Term product) and Smart Term with Additional Returns (ULIP product), which have higher sum assured multiples and contribute toward achieving higher margin.
- On the distribution front, proprietary /bancassurance channels grew 1%/10% YoY. Proprietary channel witnessed 26% YoY growth in FY25, aided by 16% YoY growth in offline channel and 57% YoY growth in online channel due to higher ULIP sales in e-commerce on the back of new fund offers. Bancassurance channel grew 12% YoY in FY25 as a continued slowdown in Axis Bank channel (+10% YoY) was offset by strong growth in other banca partnerships (+27% YoY).
- The policyholder expense to GWP declined 24bp YoY to 13.6% in FY25.
- Persistency on the NOP basis improved across almost all cohorts, particularly in the 37th-month (up 400bp YoY to 68%) and 49th-month (up 300bp YoY to 60%).
- AUM grew 16% YoY to INR1.75t, while solvency improved to 201%.

Highlights from the management commentary

- The company expects more clarity on the reverse merger after changes in the Insurance Act, expected in the monsoon session of Parliament after which an immediate action will be taken.
- Management wants to increase brand awareness of Axis Max Life in Tier-2/3 cities. Decisions about pricing would be taken next year when Axis Max life brand will cross one year of existence.
- Data and integration are key differentiators in the e-commerce channel and the company expects the growth momentum to continue with some impact of high base, going forward.

Valuation and view

- MAXLIFE reported a steady performance in APE in 4QFY25, which was in line with our estimates. Strong growth momentum continued in the proprietary channel, driven by secular growth in online sales, agency, and direct selling. The decline in share of ULIPs, higher rider attachment and innovative traditional products resulted in VNB margin improvement in 4QFY25.
- We have slightly raised our VNB estimates, factoring in higher business from traditional products. We expect 25%/25.5% VNB margin for FY26E/27E and keep APE estimates intact. **Reiterate Neutral** with a TP of INR1,330, premised on 2x FY27E EV and a holding company discount of 20%. Further re-rating of the stock will be driven by any developments on the reverse merger.

Quarterly Snapshot

Policy holder's A/c	FY24				FY25				FY24	FY25	FY25E	A v/s E
(INR b)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
First year premium	9.9	15.3	17.6	25.4	12.6	20.5	20.4	29.8	68.9	83.3	29.2	2%
Growth (%)	8.0%	37.7%	20.7%	5.3%	27.1%	33.6%	16.1%	17.3%	16.8%	20.9%	15.1%	
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.2	52.2	77.8	185.1	210.5	75.3	3%
Growth (%)	15.1%	7.5%	14.6%	14.6%	10.3%	12.4%	13.3%	16.4%	13.0%	13.7%	12.7%	
Single premium	8.7	8.9	9.3	15.2	8.2	9.7	9.6	11.1	41.3	38.5	13.7	-19%
Growth (%)	52.8%	14.2%	15.5%	66.5%	-5.7%	8.4%	3.0%	-27.0%	35.1%	-7.0%	-9.8%	
Gross premium income	**48.7**	**66.3**	**73.0**	**107.4**	**54.0**	**77.4**	**82.2**	**118.6**	295.3	332.2	**118.2**	**0%**
Growth (%)	18.7%	14.2%	16.1%	17.3%	10.8%	16.8%	12.7%	10.5%	16.5%	12.5%	10.1%	
PAT	**1.0**	**1.6**	**1.5**	**-0.5**	**1.6**	**1.4**	**0.7**	**0.4**	3.6	4.0	**1.7**	**-77%**
Growth (%)	13.2%	196.2%	-34.9%	NA	51.4%	-11.2%	-53.8%	NA	-17.8%	12.1%		
Key metrics (INRb)												
New Business APE	11.1	16.5	18.0	28.7	14.5	21.7	21.1	30.4	72.5	87.7	30.4	0%
Growth (%)	10.3%	38.8%	18.9%	13.2%	30.5%	31.3%	17.4%	5.8%	16.9%	20.9%	0.1	
VNB	2.5	4.2	4.9	8.2	2.5	5.1	4.9	8.5	19.7	21.1	7.9	8%
Growth (%)	16.0%	11.5%	-17.5%	6.6%	2.8%	23.1%	0.0%	3.8%	1.2%	6.8%	0.0	
AUM	1,291.3	1,341.6	1,426.2	1,508.4	1,611.5	1,701.4	1,717.1	1,750.0	1,508.4	1,750.0	1,719	2%
Growth (%)	20.5%	18.4%	20.5%	22.8%	24.8%	26.8%	20.4%	16.0%	22.8%	16.0%	0.1	
Key Ratios (%)												
VNB Margin (%)	22.2	25.2	27.2	28.6	17.5	23.6	23.2	28.0	42.2	24.0	25.8	

14 May 2025

Update | Sector: Real Estate

Sobha

BSE Sensex	S&P CNX
81,331	24,667

Bloomberg	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	141 / 1.7
52-Week Range (INR)	2178 / 1075
1, 6, 12 Rel. Per (%)	9/-19/-31
12M Avg Val (INR M)	461

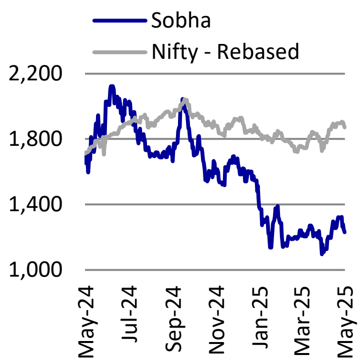
Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	42.0	50.3	58.1
EBITDA	2.9	8.1	12.5
EBITDA Margin (%)	7.0	16.0	21.4
PAT	1.2	4.9	8.2
EPS (INR)	11.6	48.9	81.2
EPS Gr. (%)	124.3	320.7	66.2
BV/Sh. (INR)	355.5	401.4	479.6
Ratios			
RoE (%)	3.8	12.9	18.4
RoCE (%)	5.0	11.2	15.8
Payout (%)	25.8	6.1	3.7
Valuations			
P/E (x)	114	27	16
P/BV (x)	4	3	3
EV/EBITDA (x)	45	17	11
Div yld (%)	0.2	0.2	0.2

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.9	52.8	52.3
DII	24.0	24.2	17.6
FII	8.9	10.0	11.9
Others	14.2	13.0	18.3

Stock Performance (1-year)



CMP: INR1,319 TP: INR1,803 (+37%) Buy

Approval delays impact FY25 performance, but strong growth ahead

SOBHA ended FY25 with 6% lower presales YoY due to approval delays, but the company has a strong project pipeline, supported by its extensive land bank. SOBHA is expected to post a 39% CAGR in presales over FY25-27E, further boosted by its entry into MMR. The recent fundraise through the rights issue has alleviated debt concerns, shifting the company's focus to driving growth by accelerating BD in new geographies. SOBHA's track record of delivering quality products in a timely manner will allow it to generate a strong cumulative operating cash flow of INR64b over FY25-27E, which can be used for project acquisitions. We remain confident in SOBHA's growth story, as its substantial land bank supports its projected growth. Hence, we reiterate our BUY rating with a revised TP of INR1,803/share, implying a 37% upside.

Strong pipeline to support presales growth

- The company recently launched two projects in Bangalore in 4QFY25 – 1) SOBHA Madison Heights and SOBHA Hamptons (3.7msf) in TownPark and 2) plotted development project spread over 18.38 acres offering a total saleable area of 0.44msf. These projects thereby led to 76% sales contribution from Bangalore in 4QFY25. In FY25, Bangalore contributed to 68% of sales, followed by Gurgaon at 20%.
- Due to delays in launches, bookings in FY25 were down 6% YoY at INR62.8b, yet 2% above our estimate. The company has outlined ~30msf of launches, with ~4.1msf having already been launched in 4QFY25 and the remaining to be launched over the next two years.
- With its vast land reserves of 1,795 acres, SOBHA aims to launch 30-40msf of projects over the next three to four years. These launches will include the initial phases of its projects on large land parcels in Hosur (Tamil Nadu) and Hoskote (Bengaluru).
- With these upcoming launches, presales are estimated to clock a 39% CAGR during FY25-27E, reaching INR121b by FY27.

Fundraise to accelerate growth

- Over the last two years, the company has focused primarily on reducing debt while maintaining steady growth. Going forward, it intends to expedite launches to generate strong cash flows.
- In 2QFY25, to capitalize on consolidation opportunities, the company raised funds through a rights issue of up to INR20b, of which ~INR9b was utilized for debt reduction and ~INR12b would be used for business development opportunities over the next 12 months.
- The company will now have three strong levers of growth: a) launches from the land bank, b) cash generated from the existing pipeline, and c) fresh equity capital.

Margin expansion to allay concerns

- EBITDA margins have steadily declined over the past three fiscal years, dropping to 9% in FY24 from 11% in FY23 and 21% in FY22. This consistent contraction in margins is largely attributable to the underwhelming performance of the contractual segment, which continues to face headwinds due to cost overruns in legacy projects. These older projects, often initiated under less favorable conditions or outdated cost assumptions, have consistently underperformed, thereby dragging down overall profitability.
- This margin pressure has continued into FY25 as well, reflecting the continuing impact of losses in the contractual segment. The company has not yet been able to fully resolve these legacy issues, and as a result, EBITDA margin for FY25 is estimated at 7%, indicating a further decline from the previous year and underscoring the ongoing challenges in this segment.
- In addition to the issues in the contractual business, the company's residential segment has also shown signs of margin stress in FY25. So far in FY25, residential margins have come in at 12% for 1Q, 11% for 2Q, and 12% for 3Q, reflecting a contraction compared to previous years. This is particularly noteworthy because the company continues to price its residential products at a 10-15% premium over peers, signaling that higher pricing alone has not been sufficient to maintain or improve profitability.
- Despite premium pricing, residential margin compression remains a key investor concern, highlighting the need for better cost control and execution. Margin expansion is now critical for any potential stock re-rating.
- Management expects margin recovery post-resolution of legacy contracts, targeting EBITDA margins of 21% by FY27. This will be driven by new, higher-margin projects with improved cost and execution efficiencies.

Net debt well under control; 3x increase in OCF to drive growth

- Net debt is expected to stabilize as the company shifts its focus to business development to strengthen its future pipeline in new geographies. However, ~INR9b of debt has been reduced with the proceeds of the rights issue, bringing the net debt to INR4.5b, with a D/E ratio of 0.13x.
- Net operating cash flow is expected to increase ~3x from FY25 to INR40b by FY27, as we estimate real estate collections for the same period to increase ~2x with planned launches. Further, funds raised from the remaining tranche of the rights issue will be allocated to BD activities to enhance the future launch pipeline.

Strong collections guide revenue CAGR of 18% from FY25-27E

- The company's projected growth trajectory, driven by a significant ~2x increase in collections, is expected to drive revenues to INR58b by FY27, reflecting a robust 18% CAGR over FY25-27E. This substantial revenue expansion is anticipated to drive a 4x jump in EBITDA to INR12b during FY25-27E, with an impressive 21% EBITDA margin, addressing earlier concerns regarding profitability.
- Margin expansion will be guided by the recognition of higher-margin projects and a recovery in contractual business margins to the previous levels of ~18%.

- Furthermore, PAT is estimated to surge to INR8.2b at a 164% CAGR over FY25-27, representing a 7x increase compared to FY25.

Valuation and view

- SOBHA continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- We incorporate the updated launch pipeline and new projects acquired during the year. The ongoing and upcoming projects are valued at INR75b after deducting future land acquisitions and adjusting for incremental BD during the year.
- Our land reserve estimated for SOBHA is ~165msf and is valued at INR87b assuming 25-75 years of monetization.
- **We reiterate our BUY rating on the stock with a revised TP of INR1,803 (previously INR1,714), indicating a 37% upside potential.**

Blue Jet Healthcare

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BLUEJET IN
Equity Shares (m)	173
M.Cap.(INRb)/(USDb)	133.6 / 1.6
52-Week Range (INR)	969 / 347
1, 6, 12 Rel. Per (%)	5/41/95
12M Avg Val (INR M)	222

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	10.3	13.4	16.7
EBITDA	3.8	5.1	6.4
PAT	3.1	3.8	4.8
EPS (INR)	17.6	22.1	27.5
EPS Gr. (%)	78.5	25.4	24.9
BV/Sh.(INR)	65.3	85.9	111.5
Ratios			
Net D:E	-0.1	0.2	0.1
RoE (%)	30.9	29.2	27.9
RoCE (%)	30.7	25.7	23.2
Payout (%)	6.8	6.8	6.8
Valuations			
P/E (x)	43.8	34.9	28.0
P/BV (x)	11.8	9.0	6.9
EV/EBITDA (x)	35.0	26.9	21.2
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	-0.3	-2.7	1.2

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	86.0	86.0	86.0
DII	1.3	2.0	3.0
FII	2.3	1.1	2.0
Others	10.4	10.9	9.0

FII includes depository receipts

CMP: INR770 TP: INR965 (+25%) Buy

Encouraging 2HFY25; gears up for the next leg of growth

- Blue Jet Healthcare (BLUEJET)'s 4QFY25 revenue jumped 85% YoY to INR3.4b, primarily driven by higher sales in Pharma Intermediates (PI). Gross margin expanded 170bp YoY to 54.9%, while EBITDAM stood at 41.1% (up 12.3pp YoY). PAT came in at INR1.1b vs. our estimate of INR1.1b.
- In FY25, the company delivered a sharp improvement in operational and financial metrics, fueled by new capacity additions, better operating leverage, and tight cost control. EBITDA expanded notably, with 75% average capacity utilization for BLUEJET reflecting strong demand and efficient execution.
- Pharma intermediates and APIs saw healthy offtake, especially in CVS intermediates, with firm visibility into FY26. The contrast media segment recovered in 2HFY25, with commercial production now underway and new launches expected in FY26. The high-intensity sweeteners remained stable despite global headwinds.
- Key investments in FY25 included 157KL of new capacity, a commercialized contrast media block, and an INR400m R&D center focused on GLP-1s and advanced chemistries. Mahad Unit-3 remains on track for 2HFY26E, and a fresh INR3b capex was incurred in FY25. With optimized freight and power costs and an INR15b fundraise underway, BLUEJET is well placed for sustained growth.
- Given the strong commentary, we raise our EBITDA/PAT estimates by 8%/7% for FY26 and by 12%/11% for FY27. We expect a revenue/EBITDA/PAT CAGR of 27%/30%/25% during FY25-27. The stock is trading at a P/E of ~28x on FY27E EPS of INR27.6 and FY27E EV/EBITDA of ~21x. **We reiterate our BUY rating on BLUEJET with a TP of INR965.**

Earnings in line; margins expand YoY

- BLUEJET's revenue stood at INR3.4b (+85% YoY). EBITDA was INR1.4b (est. of INR1.4b, +164% YoY), and EBITDAM came in at 41.1% (+12.3pp YoY).
- The company's PAT was INR1.1b (est. of INR1.1b, +178% YoY). BLUEJET changed its method of depreciation from the Written Down Value (WDV) to the Straight-Line Method (SLM), and therefore, depreciation expenses were reduced and PBT increased ~INR36m in 4QFY25.
- **For FY25**, revenue stood at INR10.3b (+45% YoY), EBITDA was at INR3.8b (+64%), and Adj. PAT stood at INR3b (+78% YoY). EBITDAM for FY25 was at 36.6% (+440bp YoY). The BoD has declared a final dividend of INR1.2/ equity share (FV of INR2/ share) for FY25.
- The BoD has proposed a fundraising of INR15b in the form of Qualified Institutions Placements (QIP), Preferential Issue or Private Placement.
- The BoD has also approved the appointment of Payal Gandhi, Chief Business Strategy Officer, as Senior Management Personnel of BLUEJET. She has been associated with the company since CY17.
- BLUEJET also acquired a land parcel in Gujarat Industrial Development Corporation (GIDC). It is situated in Dahej III, Industrial Estate, Gujarat. The consideration paid was to the tune of ~INR110m. The land parcel is ~7.5 acres.

Valuation and view

- BLUEJET'S revenue growth will be driven by new products in iodinated and gadolinium contrast media, NCE intermediates, and a high-intensity sweetener variant. The PI/API segment is also set for strong growth, with further ramp-up in supplies for Esperion's bempedoic acid in FY26. We expect a CAGR of 27%/30%/25% in revenue/EBITDA/PAT during FY25-27E, with an expected average EBITDAM of 38% during FY26-27E. We expect an average RoE/RoCE of ~29%/25% during FY26-27, with an average fixed asset turnover of 3x.
- The stock is trading at a P/E of ~28x on FY27E EPS of INR27.6 and FY27E EV/EBITDA of ~21x. **We reiterate our BUY rating with a TP of INR965, valuing the company at a P/E of 35x on FY27E EPS of INR27.6.** Downside risks include high product and customer concentration, delays in new product ramp-up, and lower margins. Upside risks include a faster ramp-up of high-margin products and increased long-term contracts that could boost growth and valuations of the company.

Standalone - Quarterly Snapshot (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE*	(%)
Gross Sales	**1,795**	**1,814**	**1,668**	**1,839**	**1,629**	**2,083**	**3,174**	**3,404**	**7,116**	**10,290**	**3,486**	**-2%**
YoY Change (%)	24.2	-4.7	-1.3	-15.3	-9.3	14.8	90.3	85.1	-1.3	44.6	89.5	
Gross Margin (%)	55.9%	56.8%	57.5%	53.3%	54.7%	57.0%	54.5%	54.9%	55.8%	55.2%	54.9%	0.1%
EBITDA	**590**	**626**	**546**	**531**	**443**	**695**	**1,230**	**1,400**	**2,292**	**3,767**	**1,384**	**1%**
Margin (%)	32.8	34.5	32.7	28.8	27.2	33.4	38.8	41.1	32.2	36.6	39.7	1.4
Depreciation	61	65	79	77	35	46	47	49	281	178	56	
Interest	0	0	0	0	0	0	0	0	2	1	0	
Other Income	51	82	68	88	87	121	132	122	289	463	140	
PBT before EO expense	**579**	**643**	**534**	**542**	**495**	**769**	**1,315**	**1,472**	**2,298**	**4,051**	**1,467**	**0%**
Extra-Ord expense	0	0	-97	0	0	0	0	0	-97	0	0	
PBT	**579**	**643**	**437**	**542**	**495**	**769**	**1,315**	**1,472**	**2,201**	**4,051**	**1,467**	**0%**
Tax	138	165	116	145	117	186	335	371	563	1,009	369	
Rate (%)	23.8	25.6	26.5	26.8	23.6	24.1	25.5	25.2	25.6	24.9	25.2	
Reported PAT	**441**	**479**	**321**	**397**	**378**	**583**	**980**	**1,101**	**1,638**	**3,042**	**1,098**	**0%**
Adj. PAT	**441**	**479**	**393**	**397**	**378**	**583**	**980**	**1,101**	**1,710**	**3,042**	**1,098**	**0%**
YoY Change (%)	58.4	8.8	4.6	-21.8	-14.4	21.9	149.5	177.6	6.8	77.9	176.9	
Margin (%)	24.6	26.4	23.5	21.6	23.2	28.0	30.9	32.3	24.0	29.6	31.5	0.8
Segment revenue (INR m)												
Contrast Media Intermediates	1,286	1,276	1,120	1,117	645	1,134	1,249	1,011	4,799	4,158	1,387	-27%
High intensity sweeteners	402	293	247	340	350	316	371	297	1,282	1,230	408	-27%
Pharma Intermediaries	95	219	275	359	602	596	1,465	1,959	948	1,455	1,599	23%
Others	4	18	18	15	21	25	82	118	55	72	92	28%

* unpublished

Westlife Foodworld

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	WESTLIFE IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	108.6 / 1.3
52-Week Range (INR)	960 / 641
1, 6, 12 Rel. Per (%)	-10/-6/-27
12M Avg Val (INR M)	129

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	24.9	28.3	32.5
Sales growth (%)	4.2	13.8	14.7
EBITDA	3.3	4.1	5.0
Margins (%)	13.2	14.6	15.5
Adj. PAT	0.1	0.7	1.2
Adj. EPS (INR)	0.8	4.5	7.6
EPS Growth (%)	-82.4	475.3	69.8
BV/Sh.(INR)	38.7	57.2	53.2
Ratios			
RoE (%)	2.0	9.4	13.9
RoCE (%)	6.3	7.4	9.3
Valuations			
P/E (x)	890.0	154.7	91.1
P/BV (x)	18.0	12.2	13.1
EV/ Sales (x)	4.4	3.8	3.3
EV/ EBITDA (x)	53.9	37.6	29.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	56.3	56.3	56.3
DII	22.3	21.2	23.0
FII	13.2	14.2	11.9
Others	8.2	8.3	8.8

FII Includes depository receipts

CMP: INR697 TP: INR775 (+11%) Neutral

Steady performance; expect recovery to be gradual

- Westlife Foodworld (WLDL) reported a revenue growth of 7% YoY to INR6b in 4QFY25, with same-store sales growth (SSSG) of 0.7% YoY (est. 1%) on a favorable base (-5% in 4QFY24). Adjusted SSSG (excluding the leap year benefit in base) was at 1.7%. Average sales per store declined 6% YoY to INR59m (annually).
- Growth was broad-based. On-premise sales grew 8% YoY, while off-premise sales rose 5% YoY. While the eating-out frequency largely remained unchanged in 4QFY25, management expects a gradual recovery in dining-out frequency.
- WLDL added a net of 17 new stores (+10% YoY) in 4Q (47 stores in FY25). Its store expansion spree will continue as the company maintains its target of opening 45-50 new stores annually. It also aims to expand its network to 580-630 restaurants by 2027, with a focus on South India, smaller towns, and drive-thru stores.
- GM contracted marginally by 20bp YoY to 70% (est. 69.6%). Restaurant operating margin (pre-IND-AS) contracted 80bp YoY to 13.6% (est. 14.7%) due to operating deleverage. EBITDA (pre-IND-AS) declined by 5% YoY, margin down by 100bp to 7.6% (est. 8%). FY25 EBITDA margin (pre-IND-AS) was at 8.2% we expect it to be 10% for FY26 and 11% for FY27.
- Over the last couple of years, the dine-in format has seen more pressure than the delivery format. While in the last two quarters, there have been signs of improvement in dine-in, albeit on a lower base, further recovery is expected in the space. However, moderating urban consumption can weigh on recovery. Demand improvement and ADS recovery will be key monitorables, which can aid in an improvement in unit economics. **We reiterate our Neutral rating with a TP of INR775, based on 35x FY27E EV/EBITDA (pre-IND-AS).**

In-line revenue; pressure on margin sustains

- **Flattish reported SSSG:** Sales grew 7% YoY to INR6b (est. INR6.1b), led by store addition of 10% YoY. The same-store-sales growth was 0.7% YoY in 4QFY25 (est. +1%, 2.8% in 3QFY25, -5% in 4QFY24). Adjusted SSSG (excluding the leap year benefit in base) was 1.7%. WLDL opened 17 net stores (opened 18 stores and closed one), taking the count to 438 stores in 69 cities. Average sales per store declined 6% YoY to INR59m (ann.).
- **Pressure on operating margin persists:** GM contracted marginally by 20bp YoY to 70% (est.69.6%). EBITDA grew by 3% YoY to INR794m (est. INR721m) backed by targeted cost efficiencies and normalization of marketing spends. EBITDA margin (pre-IND-AS) was down 100bp YoY to 7.6%. ROM (pre-IND-AS) was down 80bp YoY to 13.6% (est. 14.7%).
- **APAT growth surged:** APAT grew 96% YoY to INR15m (est. loss of INR58m).
- In FY25, net sales rose 4% YoY, while EBITDA/PAT declined 13%/82% YoY.

Key takeaways from the management commentary

- Consumption trends remained soft, though the company expects a gradual recovery in dining-out frequency. Eating out frequency largely remained unchanged in 4QFY25.
- Over the next couple of years, the company expects to reach a mid-to-high-single-digit SSSG level.
- West continued to do well for WLDL, while the company continued to gain healthy traction in the South, aided by various initiatives undertaken by the company in that region.
- The company opened 47 new restaurants in FY25 and aims to expand its network to 580-630 restaurants by 2027.
- Input costs remained stable in 4QFY25. WLDL expects gross margin to be ~70% in the near term.

Valuation and view

- We maintain our EBITDA (pre-IND-AS) estimates for FY26 and FY27.
- Demand remained stable in 4Q, with volume-led SSSG improvement YoY, albeit on a low base. WLDL has been aggressive in store additions, which was not the case historically. The current demand environment is not conducive to aggressive expansion. Therefore, the benefits of the same can be back-ended.
- The revenue gap between dine-in and delivery has narrowed, with improvement in dine-in footfall. Weak underlying growth will continue to weigh on operating margin, leading to pressure on restaurant margins and EBITDA margins.
- **We reiterate our Neutral rating with a TP of INR775, based on 35x FY27E EV/EBITDA (pre-IND-AS).**

Consolidated quarterly performance

(INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
SSSG %	7.0	1.0	(9.0)	(5.0)	(6.7)	(6.5)	2.8	0.7	-1.5	-2.9	1.0	
No. of McDonald's restaurants	361	370	380	397	403	408	421	438	398	439	441	
Net Sales	**6,145**	**6,147**	**6,003**	**5,623**	**6,163**	**6,180**	**6,537**	**6,031**	**23,918**	**24,912**	**6,112**	**-1.3**
YoY Change (%)	14.2	7.4	-1.8	1.1	0.3	0.5	8.9	7.3	5.0	4.2	8.7	
Gross profit	**4,337**	**4,310**	**4,219**	**3,945**	**4,351**	**4,306**	**4,581**	**4,221**	**16,811**	**17,459**	**4,257**	**-0.8**
Margin (%)	70.6	70.1	70.3	70.2	70.6	69.7	70.1	70.0	70.3	70.1	69.6	
EBITDA	**1,053**	**997**	**960**	**771**	**799**	**786**	**914**	**794**	**3,780**	**3,293**	**721**	**10.1**
YoY Change (%)	14.3	0.9	-12.9	-16.1	-24.1	-21.1	-8.3	3.0	-3.8	-12.9	-24.9	
Margins (%)	17.1	16.2	16.0	13.7	13.0	12.7	14.0	13.2	15.8	13.2	11.8	
Depreciation	439	453	491	503	506	528	549	550	1,886	2,133	521	
Interest	260	274	282	283	298	316	330	328	1,099	1,272	318	
Other Income	52	32	44	35	51	65	29	98	162	242	64	
PBT	**406**	**302**	**231**	**20**	**45**	**7**	**65**	**13**	**958**	**131**	**-55**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO expense	**406**	**302**	**231**	**20**	**45**	**7**	**65**	**13**	**958**	**131**	**-55**	
Tax	118	78	59	12	13	3	-5	-2	266	9	4	
Rate (%)	29.0	26.0	25.3	60.6	27.9	48.1	-8.0	-13.9	27.8	6.9	-6.7	
Reported PAT	**288**	**224**	**172**	**8**	**33**	**4**	**71**	**15**	**692**	**122**	**-58**	
Adj PAT	**288**	**224**	**172**	**8**	**33**	**4**	**71**	**15**	**692**	**122**	**-58**	
YoY Change (%)	22.0	-29.2	-52.6	-96.1	-88.7	-98.3	-59.1	96.5	L/P	-82.4	-851.2	
Margins (%)	4.7	3.6	2.9	0.1	0.5	0.1	1.1	0.3	2.9	0.5	-1.0	

E: MOFSL Estimates

Syrma SGS Technology

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	SYRMA IN
Equity Shares (m)	178
M.Cap.(INRb)/(USDb)	93.7 / 1.1
52-Week Range (INR)	647 / 355
1, 6, 12 Rel. Per (%)	2/-9/21
12M Avg Val (INR M)	694

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	37.9	51.1	66.4
EBITDA	3.0	4.1	5.4
Adj. PAT	1.7	2.6	3.7
EBITDA Margin (%)	8.0	8.0	8.2
Cons. Adj. EPS (INR)	9.7	14.6	20.7
EPS Gr. (%)	57.6	50.9	41.9
BV/Sh. (INR)	98.3	111.4	130.5
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	10.2	13.9	17.1
RoCE (%)	10.2	12.9	15.9
Valuations			
P/E (x)	54	36	25
EV/EBITDA (x)	32	24	18

Shareholding Pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	46.5	46.6	46.9
DII	7.7	7.5	5.8
FII	6.3	8.6	13.0
Others	39.5	37.4	34.4

Note: FII includes depository receipts

CMP: INR526 TP: INR630 (+20%) Buy

Changing business mix underpins margin expansion

Operating performance in line

- Syrma SGS Technology (SYRMA) reported a strong operating performance in 4QFY25, with EBITDA rising ~46% YoY and margins expanding 510bp YoY, fueled by a favorable business mix (share of low-margin consumer business at 21% in 4QFY25 vs. 46% in 4QFY24). Revenue dipped 19% YoY, mainly due to a 64%/20% YoY decline in consumer/healthcare businesses.
- With the order book continuing to improve to over INR53b as of 4QFY25 (up 19% YoY) and margins expanding, we expect SYRMA to witness a stronger FY26 performance. Management guided 30-35% revenue growth and ~8% EBITDA margin for FY26.
- We broadly maintain our FY26/FY27 EPS estimates and reiterate our **BUY** rating on the stock with a **TP of INR630 (premised on 30x FY27E EPS).**

Growth in Automotive and Industrial aids margin expansion

- Consol. revenue declined 19% YoY to INR9.2b (est. INR13.6b) owing to a decline in consumer/healthcare business by 64%/28% YoY. This was offset by a 19%/44%/12% YoY increase in Automotive/industrial /IT & Railway businesses.
- EBITDA margin expanded 510bp YoY to 11.6% (est. 7.7%), which can be attributed to the gross margin expansion of 1,000bp YoY to 27.2%, led by a favorable business mix (lower share of high-volume, low-margin business). EBITDA jumped 46% YoY to INR1b (in line). Adj. PAT surged 87% YoY to INR654m (in line).
- The order book was over INR53b as of Mar'25 vs. INR45b as of Mar'24. The consumer, industrial, automotive, healthcare, and IT & railways segments accounted for ~30%, 28-30%, 25-30%, and the remaining portion of total orders as of Mar'25.
- In FY25, SYRMA's revenue/EBITDA/Adj. PAT grew 20%/52%/58% YoY to INR38b/INR3b/INR1.7b. CFO for FY25 stood at INR1.7b as against a negative CFO of INR1.1b in FY24. Net WC days declined from 70 days in FY24 to 69 days in FY25. The management expects to sustain WC days around these levels going ahead.
- Gross debt mounted to ~INR6.1b as of Mar'25 from INR5.7b as of Mar'24. Net debt was ~INR2.6b as of Mar'25 vs. INR1.7b as of Mar'24.

Highlights from the management commentary

- **Guidance:** Management expects an EBITDA margin of ~8% in FY26, translating into INR4b in absolute terms. Strategically, management would like to reduce its exposure to low-margin, high-volume business. Even in the consumer business, the company would continue to grow its high-margin ODM segment.

- **Exports** remained subdued in FY25 due to tariff-related uncertainties, but the company is confident of crossing the INR10b export mark in FY26. Export growth will also be supported by new clients onboarded in the last 4–5 months, alongside a gradual recovery in EU demand and contributions from the healthcare vertical.
- **Healthcare:** SYRMA is witnessing traction in sub-segments such as neonatal care, respiratory and heart monitoring devices, and cosmetic lasers. According to the management, these products build long-term growth visibility, since design-led engagements often translate into commercial production 2-3 years later.

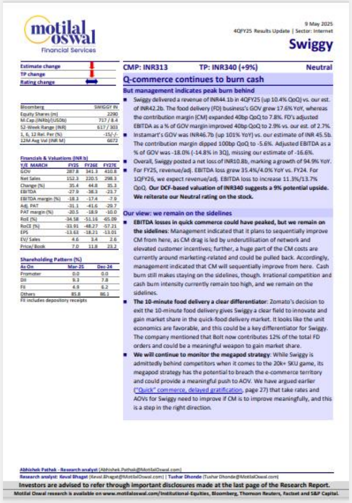
Valuation and view

- SYRMA continued its margin recovery, driven by a favorable shift in the business mix in 4Q/FY25. We expect its margins to expand in FY26 as well, led by a decline in the mix of consumer business (lower share in the closing order book).
- We believe that the company's long-term trajectory will continue to be strong, backed by: 1) its focus on low-volume, high-margin business; 2) an increase in exports; 3) the addition of new customers in the industrial and automotive segments; and 4) increasing traction in the healthcare business going forward.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 32%/34%/46% over FY25-27, driven by strong revenue growth and margin expansion. We reiterate our **BUY** rating on the stock with a **TP of INR630 (premised on 30x FY27E EPS)**.

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Gross Sales	**6,013**	**7,117**	**7,067**	**11,341**	**11,599**	**8,327**	**8,692**	**9,244**	**31,538**	**37,862**	**13,609**	**-32**
YoY Change (%)	54.4	52.4	37.9	66.9	92.9	17.0	23.0	-18.5	54.0	20.1	20.0	
Total Expenditure	5,644	6,627	6,679	10,604	11,153	7,618	7,901	8,169	29,554	34,841	12,557	
EBITDA	**369**	**490**	**388**	**737**	**446**	**710**	**791**	**1,075**	**1,984**	**3,021**	**1,051**	**2**
Margins (%)	6.1	6.9	5.5	6.5	3.8	8.5	9.1	11.6	6.3	8.0	7.7	
Depreciation	101	116	139	158	174	167	202	208	515	751	210	
Interest	75	80	100	123	130	136	154	156	378	577	120	
Other Income	221	89	121	156	153	100	223	223	587	699	177	
PBT before EO expense	**413**	**383**	**270**	**612**	**295**	**507**	**657**	**934**	**1,678**	**2,392**	**898**	
Extra-Ord expense	0	14	0	0	0	0	21	0	14	21	0	
PBT	**413**	**370**	**270**	**612**	**295**	**507**	**635**	**934**	**1,664**	**2,371**	**898**	
Tax	130	64	67	160	91	110	105	219	421	526	226	
Rate (%)	31.5	17.4	24.8	26.1	31.0	21.8	16.6	23.5	25.3	22.2	25.2	
MI & Profit/Loss of Asso. Cos.	-2	22	48	103	10	34	42	60	170	147	35	
Reported PAT	**285**	**283**	**155**	**349**	**193**	**362**	**488**	**654**	**1,073**	**1,698**	**637**	
Adj PAT	**285**	**297**	**155**	**349**	**193**	**362**	**509**	**654**	**1,087**	**1,719**	**637**	**3**
YoY Change (%)	84.0	4.8	-53.2	-17.4	-32.3	22.0	228.2	87.3	-8.9	58.2	82.3	
Margins (%)	4.7	4.2	2.2	3.1	1.7	4.4	5.9	7.1	3.4	4.5	4.7	

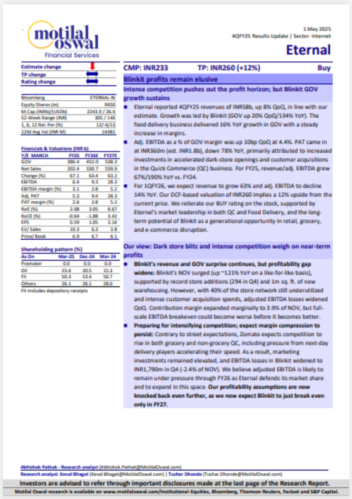
Internet: Eternal Vs. Swiggy



Swiggy

CMP: INR313 TP: INR340 (+9%) Neutral

Q-commerce continues to burn cash



Eternal

CMP: INR233 TP: INR260 (+12%) Buy

Blinkit profits remain elusive

Strategies diverge as growth converges in 4Q

Near-term profitability to be tested though amid increased rivalry

In this note, we compare the relative performance of Swiggy and Eternal in the recently reported 4Q results. While numbers largely followed a similar trend, we saw divergent commentaries and strategic shifts for both players this time. A common thread was a noticeable slowdown in food delivery (down 1.2% QoQ for Swiggy and down 1.4% for Eternal). However, Swiggy doubled down on its 10-minute food delivery offering, Swiggy Bolt, whereas Eternal exited the space completely. This has opened up room for differentiation in an otherwise stable duopoly. On quick commerce (QC), profitability remained under the pump, though commentaries here too were different: Blinkit cited heightened competitive intensity and guided for elevated investments, whereas Swiggy indicated that peak cash burn was behind and contribution margins should improve sequentially. We note that Blinkit currently tops Instamart on key throughput parameters (GOV per dark store, orders/day/dark store): possibly because Instamart's recently opened dark stores are yet to ramp up to full capacity.

We believe discussions around market share are premature, as there is still a significant runway to expand the gross order value (GOV) over the next years as QC penetrates mom-and-pop retail in India. We retain a BUY rating on Eternal, given its stable food delivery operations and Blinkit's long-term growth potential. Despite near-term profitability challenges, we expect operational leverage to improve as Blinkit scales. For Swiggy, we are monitoring key metrics like average order value (AOV) growth and dark store throughput. If these metrics improve, Swiggy could see a material jump in profitability, prompting us to reassess our stance on Swiggy.

Food delivery: Room opening up for differentiation, but slowdown visible

- While growth is slowing down for both Eternal and Swiggy, over the past 3-4 quarters Swiggy has marginally had the upper hand here.
- Eternal's withdrawal from 10-minute food delivery opens up room for Swiggy to differentiate in this space: Swiggy has pursued a clear strategy of scaling up its 10-minute delivery through Bolt, which makes up 12% of the total food delivery orders now and is now ramped up to 500 cities.
- After gaining steady market share through FY24 (Exhibit 4), Eternal's momentum appears to have plateaued—its market share slipped marginally from 57.6% in 1QFY25 to 57.1% in 4QFY25, while Swiggy stabilized and slightly gained share from 42.4% to 42.9% over the same period. *(Note: we assume this is a duopoly and calculate market share accordingly.)*
- **That said, the slowdown in food delivery is hitting both; even if we assume a strong sequential pick-up over the next couple of quarters, the YoY growth is expected to track below the companies' guidance** (20% by Eternal and 18-22% by Swiggy). While both companies have so far maintained their guidance, it could be a while before we start hitting 20% growth rates.

Divergent commentaries on QC investments

- Instamart's adjusted EBITDA as a % of GOV came in at -18% -- that's an adjusted EBITDA loss of INR8,406m -- a contrast to Blinkit's relatively measured burn of -2.4%.
- That said, Instamart indicated that 4Q was the peak of cash burn for the business, and Contribution Margin should sequentially improve from here. Blinkit, on the other hand, alluded to a more intense investment phase in light of high competitive intensity.
- Blinkit currently remains better at operating efficiency. As of 4QFY25, Instamart operated a network of 1,021 active dark stores, whereas Blinkit had 1,301 active dark stores. At the same time, Blinkit has ~102% higher GOV (INR94,210m) than Instamart in 4QFY25.
- Blinkit has a higher take rate of 18.4% in FY25 compared with Instamart's 14.5% Instamart's AOV is also significantly lower than Blinkit's. The divergence in AOV and take rate is driving the margin difference, in our view.
- **Instamart's GOV per dark store is 37% lower than Blinkit's, whereas orders/day/dark store for Instamart are ~20% lower too.**
- Thus, it makes sense for Swiggy to guide for a lower cash burn, assuming these metrics meaningfully improve and flow through in profits. However, in the context of competition, Swiggy can ill afford to slow down on expansion, in our view.

Too early to think about QC TAM and market share, pie keeps expanding

- As shown in Exhibit 15, we estimate the current QC gross merchandise value (GMV) to be USD8.2b (1.4% of total retail market in India, assuming Blinkit holds 38-40% market share).
- We expect QC to be a ~USD30b market by 2028 (FY27E): In a scenario where the pie is expanding, it is too early to think about market share.
- **We do not see this as a "winner takes most" market right now, and believe retail and grocery are big enough for more than five players to co-exist.**
- **The immediate impact of heightened competition then is on costs -- getting the best talent, the best real estate, and the most optimized dark store network will cost more than earlier thought.**
- In this context, disciplined execution and keeping costs in check are key areas, where Blinkit shines.

Valuations and View

- We retain BUY on ETERNAL due to its stable food delivery business, while Blinkit presents a unique, long-term opportunity to participate in the disruption of large addressable markets across retail, grocery, and e-commerce. While the near-term margin trajectory is likely to remain volatile due to the accelerated scale-up of Blinkit's dark store network and heightened competitive intensity, we expect operating leverage to kick in as store productivity improves. Eternal should report PAT margin of 2.8%/5.2% in FY26E/FY27E.
- On Swiggy, we closely monitor AOV growth, take rates, and dark store throughput, and a meaningful improvement here could drive a sea change in profitability, and we would turn more constructive in this scenario.

Chronic therapies drive YoY growth; respiratory witnesses revival

- The India pharma market (IPM) grew 7.4% YoY in Apr'25 (vs. 9% in Apr'24 and 9.3% in Mar'25).
- The growth was driven by strong outperformance in Cardiac/CNS/Respiratory therapies, which outperformed IPM by 360bp/210bp/130bp. Notably, respiratory therapies saw revival in YoY growth in Apr'25.
- Acute therapy growth stood at 6% in Apr'25 (vs. 6% in Apr'24 and 8% Mar'25) owing to seasonality.
- For the 12 months ending in Apr'25, IPM growth was led by price/new launches/volume growth of 4.3%/2.3%/1.3% YoY.
- Out of the top 10 brands, Electral/Udiliv clocked a growth of 25%/22% YoY to INR900m/INR650m in Apr'25.
- In Apr'25, Mixtard/Lantus posted a decline of 11% each to INR670m/INR470m.
- Out of the top 40 brands, Alburel/Rybelsus grew 128%/54% YoY in Apr'25.

Performance of top companies in Apr'25

Company	MAT growth (%)	Apr'25 (%)
IPM	7.9	7.4
Abbott*	9.5	9.4
Ajanta	10.2	8.1
Alembic	0.5	2.2
Alkem*	6.0	7.6
Cipla	7.5	8.1
Dr Reddys	8.7	12.1
Emcure*	5.9	7.2
Eris	4.0	3.8
Glaxo	1.2	2.4
Glenmark	11.3	13.0
Intas	10.5	9.2
Ipca	12.1	4.8
Jb Chemical*	11.8	12.3
Lupin	7.4	7.6
Macleods	5.3	7.9
Mankind	6.9	4.8
Sanofi	2.5	-2.5
Sun*	10.3	10.7
Torrent	8.4	10.6
Zydus*	9.2	6.1

JB Chemicals/Glenmark/Dr Reddy outperform in Apr'25

- In Apr'25, among the top-20 pharma companies, JB Chem (up 12.3% YoY), Glenmark (up 13% YoY), and DRRL (up 12.1% YoY) recorded higher growth rates vs. IPM.
- Sanofi declined YoY by 2.5% while Glaxo/Alembic were the major laggards in Apr'25 (YoY growth of just 2.4%/2.2%).
- DRRL outperformed IPM, led by strong double-digit growth across key therapies, like Respiratory/Derma/Vaccines.
- JB Chemicals outperformed IPM, led by strong show in Cardiac/ophthal/Gastro.
- Glenmark outperformed IPM, led by double-digit growth in Cardiac/Anti-Ineffectives/Derma/Respiratory.
- JB reported industry-leading price growth of 6.5% YoY on the MAT basis. IPCA reported the highest volume growth of 4.8% YoY on MAT basis. Dr. Reddy posted the highest growth in new launches (up 4.5% YoY).

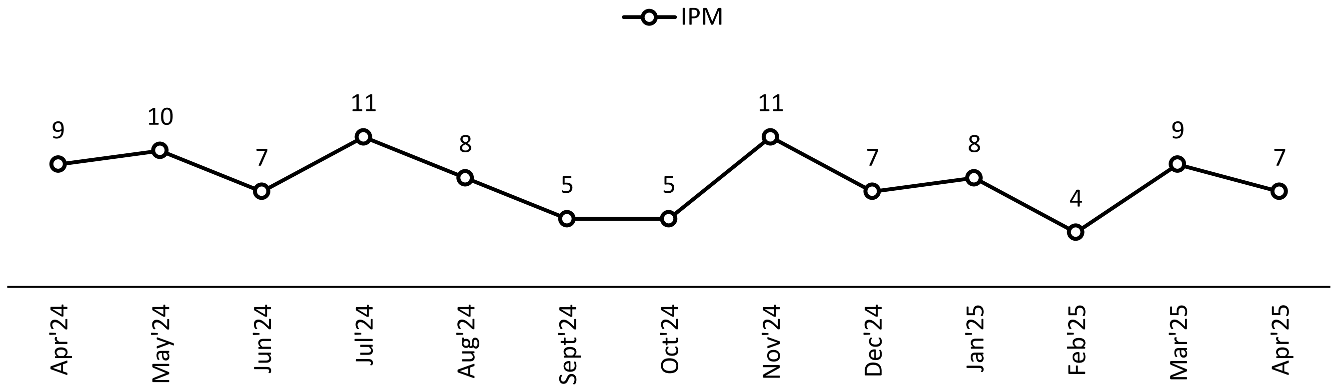
Cardiac/Gastro/Antineoplast/Urology lead YoY growth on MAT basis

- On the MAT basis, the industry reported 7.9% growth YoY.
- Chronic therapies witnessed 9% YoY growth, while acute therapies displayed 6% YoY growth in Apr'25.
- Cardiac/Gastro/Antineoplast/Urology grew 11.3%/9.4%/12.6%/13.1% YoY. Respiratory/ Gynae/Ophthal underperformed IPM by 380bp/410bp/ 310bp on YoY basis.
- The acute segment's share in overall IPM stood at 61% for MAT Apr'25, with YoY growth of 7.9%.

Domestic companies outperform MNCs in Apr'25

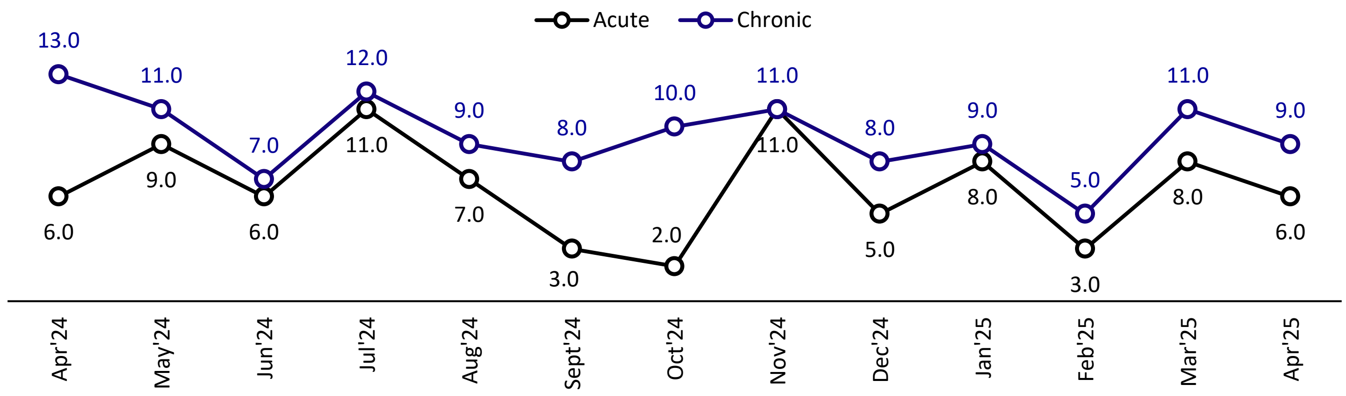
- As of Apr'25, Indian pharma companies hold a majority share of 83% in IPM, while the remaining is held by multi-national pharma companies (MNCs).
- In Mar'25, Indian companies grew 7.4%, while MNCs grew 7.4% YoY.

IPM posted 7% YoY growth in Apr'25



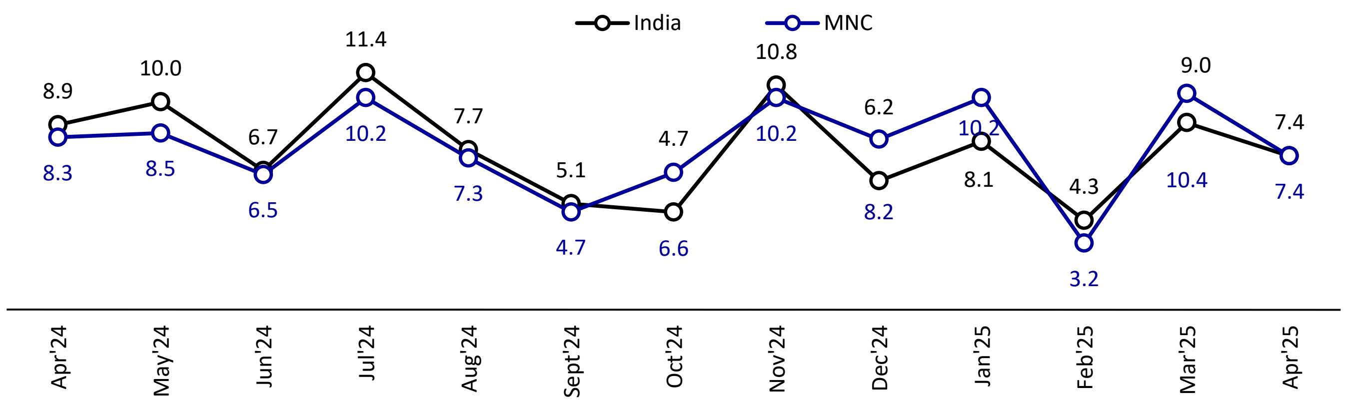
Source: MOFSL, IQVIA

Both acute and chronic therapies registered YoY growth of 6%/9% in Apr'25



Source: MOFSL, IQVIA

Both, Indian and MNC companies registered 7.4% YoY growth, respectively

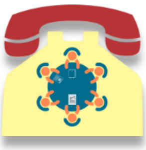


Source: MOFSL, IQVIA

Hindustan Aeronautics

BSE SENSEX	S&P CNX
81,331	24,667

Conference Call Details



Date: 16th May 2025
Time: 04:00pm IST
Dial-in details:
Diamond pass

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	309.8	401.6	503.6
EBITDA	83.6	110.1	138.9
Adj. PAT	96.1	84.6	104.1
Adj. EPS (INR)	125.0	126.5	155.7
EPS Gr. (%)	38.4	35.2	23.1
BV/Sh.(INR)	523.1	580.7	691.4
Ratios			
RoE (%)	23.9	21.8	22.5
RoCE (%)	24.9	22.6	23.2
Payout (%)	30.4	31.6	28.9
Valuations			
P/E (x)	38.2	37.7	30.6
P/BV (x)	9.1	8.2	6.9
EV/EBITDA (x)	29.2	25.9	20.0
Div. Yield (%)	0.8	0.8	0.9

CMP: INR4,769 — Buy

Decent performance

- HAL reported a decent set of numbers in 4QFY25, with revenue at INR137b down 7% YoY due to a high base of last year.
- EBITDA/EBITDA margin for the quarter decreased by 10%/140bp YoY to INR52.9b/38.6%. Strong margin was attributed to lower-than-expected provisions during the quarter.
- PAT was down 8% YoY at INR39.8b, indicating a PAT margin of 29.0%. This was mainly due to certain provision reversals received during FY24, resulting in higher PAT base in 4QFY24.
- For FY25, revenue at INR309.8b was slightly better than our estimate (2% beat). Gross margins for the year were in line with our estimate at 60.3%, while EBITDA margin stood at 31% for FY25. This was 22% ahead of our estimate, mainly due to a sharp decline in provisions. Depreciation for the year was below our estimate due to lower-than-expected capex. Other income was significantly higher due to a sharp increase in customer advances boosting cash balance. This led to a PAT of INR83.6b, beating our estimates by 34% for the full year.
- Net operating cash flow at INR136b was better than our estimate, mainly due to improved working capital, led by increased customer advances. Capex by the company in FY25 was lower than expectations, leading to a sharp increase in FCF to INR127b vs. INR73b in FY24.

Quarterly performance (Consol) (INR m)

	FY24				FY25				FY24	FY25
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Net Sales	**39,154**	**56,357**	**60,613**	**1,47,688**	**43,475**	**59,763**	**69,573**	**1,36,999**	**3,03,811**	**3,09,810**
Change (%)	8.1	9.5	7.0	18.2	11.0	6.0	14.8	(7.2)	1.8	2.0
Expenses	30,385	41,081	46,260	88,675	33,568	43,363	52,748	84,050	2,06,400	2,13,729
EBITDA	**8,768**	**15,276**	**14,353**	**59,013**	**9,907**	**16,400**	**16,825**	**52,949**	**97,411**	**96,081**
As of % Sales	22.4	27.1	23.7	40.0	22.8	27.4	24.2	38.6	32.1	31.0
Depreciation	2,014	3,497	2,122	6,440	1,492	1,776	2,771	7,365	14,072	13,404
Interest	0	3	4	314	1	0	1	84	321	87
Other Income	4,099	4,694	4,600	5,573	7,364	5,424	6,314	6,515	18,966	25,617
PBT pre EO items	**10,854**	**16,470**	**16,828**	**57,832**	**15,777**	**20,048**	**20,368**	**52,015**	**1,01,984**	**1,08,207**
Extra-ordinary Items	-	-	-	-	-	59	-	-	-	59
PBT	**10,854**	**16,470**	**16,828**	**57,832**	**15,777**	**20,107**	**20,368**	**52,015**	**1,01,984**	**1,08,266**
Tax	2,749	4,148	4,279	14,863	1,466	5,122	6,024	12,420	26,039	25,032
Effective Tax Rate (%)	25.3	25.2	25.4	25.7	9.3	25.5	29.6	23.9	25.5	23.1
MI & P/L Share of JV	38	44	65	118	60	120	54	172	266	407
Reported PAT	**8,142**	**12,367**	**12,614**	**43,087**	**14,371**	**15,105**	**14,398**	**39,767**	**76,211**	**83,641**
Adj PAT	**8,142**	**12,367**	**12,614**	**43,087**	**14,371**	**15,046**	**14,398**	**39,767**	**76,211**	**83,582**
Margin (%)	20.8	21.9	20.8	29.2	33.1	25.2	20.7	29.0	25.1	27.0
Change (%)	31.3	1.3	9.2	52.2	76.5	21.7	14.1	(7.7)	26.2	9.7

Lupin

BSE SENSEX	S&P CNX
81,331	24,667

Conference Call Details

Date: 15th May 2025
Time: 17:30 pm IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	225.0	252.1	277.9
EBITDA	52.7	56.1	61.0
Adj. PAT	32.7	35.5	38.4
EBIT Margin (%)	18.2	18.0	17.9
Cons. Adj. EPS (INR)	71.6	78.1	84.4
EPS Gr. (%)	72.4	9.1	8.1
BV/Sh. (INR)	313.0	389.8	474.6
Ratios			
Net D:E	0.0	-0.2	-0.3
RoE (%)	22.9	22.2	19.5
RoCE (%)	20.8	20.4	18.5
Payout (%)	4.1	3.7	0.0
Valuations			
P/E (x)	27.2	25.0	23.1
EV/EBITDA (x)	17.9	16.3	14.4
Div. Yield (%)	0.1	0.1	0.0
FCF Yield (%)	2.5	3.9	3.7
EV/Sales (x)	4.2	3.6	3.2

CMP: INR2082

Largely in-line performance for the quarter

- Lupin's (LPC) 4QFY25 revenue grew 14.2% YoY to INR56.7b. (our est. INR54.7b).
- US sales grew 19% YoY to INR22.6b (up 17% YoY in CC to USD245m; 41% of sales).
- Domestic formulation (DF) sales grew 6.9% YoY to INR17.1b (31% of sales).
- Other developed markets sales grew 30.9% YoY to INR6.9b (12% of sales).
- Emerging markets sales grew 10.4% YoY to INR 6.7b (12% of sales).
- API sales decreased 10.3% YoY to INR2.3b (4% of sales).
- Gross margin (GM) expanded 200bp YoY to 70.2% due to a better product mix.
- EBITDA margin expanded 270bp YoY to 22.8%, largely due to better GM, supported by decreased other expenses (-110bp YoY as % of sales).
- As a result, EBITDA grew 29.6% YoY to INR12.9b (vs our est: INR12.4b).
- Adj. PAT grew 47% YoY INR7.5b (our est: INR7.45b).
- In FY25, revenue/EBITDA/PAT grew 14%/47%/73% YoY to INR225b/ INR52.7b/INR32.7b.

Other highlights

- LPC received 7 ANDA approvals from the USFDA, and launched 2 products in the quarter in the US market.
- Net debt at the end of 4QFY25: INR3.1b.
- In 4QFY25, R&D expense was INR5.3b (9.6% of sales).
- CAPEX for the quarter was INR1.4b.
- Operating working capital as on 31st Mar'25 was INR68.2b.

Quarterly Performance (Consolidated) (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	**46,087**	**50,385**	**51,974**	**49,608**	**56,003**	**55,427**	**56,927**	**56,671**	**1,98,054**	**2,25,028**	**54,671**	3.7
YoY Change (%)	23.1	21.5	20.2	12.0	21.5	10.0	9.5	14.2	19.0	13.6	10.2	
Total Expenditure	39,574	41,153	41,755	39,640	42,389	43,059	43,162	43,750	1,62,123	1,72,361	42,229	
EBITDA	**6,513**	**9,232**	**10,220**	**9,968**	**13,614**	**12,368**	**13,765**	**12,921**	**35,932**	**52,668**	**12,442**	3.9
YoY Change (%)	297.3	112.6	83.8	65.0	109.0	34.0	34.7	29.6	104.4	46.6	24.8	
Margins (%)	14.1	18.3	19.7	20.1	24.3	22.3	24.2	22.8	18.1	23.4	22.8	
Depreciation	2,347	2,479	2,572	2,559	2,477	2,569	2,715	3,932	9,956	11,693	2,495	
EBIT	**4,166**	**6,754**	**7,648**	**7,409**	**11,137**	**9,799**	**11,050**	**8,989**	**25,977**	**40,975**	**9,947**	-9.6
YoY Change (%)		192.7	127.9	117.9	167.3	45.1	44.5	21.3	196.0	57.7	34.3	
Margins (%)	9.0	13.4	14.7	14.9	19.9	17.7	19.4	15.9	13.1	18.2	18.2	
Interest	856	806	740	713	680	709	669	891	3,116	2,949	711	
Other Income	228	404	294	293	678	423	537	570	1,218	2,207	462	
EO Exp/(Inc)	-2,053	54	-160	2,012	1,204	-1,036	956	-291	-147	834	0	
PBT	**5,591**	**6,298**	**7,361**	**4,977**	**9,930**	**10,549**	**9,963**	**8,958**	**24,227**	**39,401**	**9,698**	-7.6
Tax	1,055	1,344	1,174	1,295	1,875	1,954	2,124	1,135	4,867	7,087	2,300	
Rate (%)	18.9	21.3	15.9	26.0	18.9	18.5	21.3	12.7	20.1	18.0	23.7	
Minority Interest	-11	-57	-56	-88	-42	-69	-37	-99	-211	-246	51	
Reported PAT	**4,525**	**4,898**	**6,131**	**3,594**	**8,013**	**8,526**	**7,802**	**7,726**	**19,149**	**32,067**	**7,450**	3.7
Adj PAT	**2,855**	**4,940**	**5,997**	**5,083**	**8,990**	**7,682**	**8,554**	**7,472**	**18,875**	**32,698**	**7,450**	0.3
YoY Change (%)	LP	319.9	256.1	95.0	214.9	55.5	42.6	47.0	382.1	73.2	46.6	
Margins (%)	6.2	9.8	11.5	10.2	16.1	13.9	15.0	13.2	9.5	14.5	13.6	
EPS	**6**	**11**	**13**	**11**	**20**	**17**	**19**	**16**	**42**	**72**	**16**	0.3

Hitachi Energy

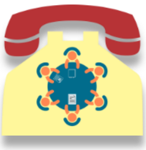
BSE SENSEX	S&P CNX
81,331	24,667

CMP: INR16,748 — Sell

PAT boosted by better-than-expected other income

- Hitachi's revenue for 4QFY25 was 19% lower than our estimates as execution remained weak during the quarter. However, with a better-than-expected EBITDA margin of 14.4% and higher other income, reported PAT came in 7% ahead of our estimates.
- Revenue grew 11% YoY to INR18.8b (vs. our estimate of INR23.4b), led by execution mix and improved operational efficiencies.
- EBITDA margin at 14.4% was 330bp above our expectation of 11.1%, driven by lower-than-expected other expenses. EBITDA at INR2.7b (vs. our estimate of INR2.6b) grew 49% YoY even on a high base. EBITDA margin improvement on a YoY basis was driven largely by gross margin improvement and better absorption of employee costs.
- Higher other income and better revenue mix boosted reported PAT by 62% YoY, reaching INR1.8b. Excluding the exceptional items, PAT came in at INR1.9b (+74% YoY), 15% above our estimate of INR1.7b. Other income spiked, also due to higher cash balances from QIP proceeds.
- Order inflows for the quarter surged 56% YoY to INR21.9b. Transmission & renewables led the charge, with an increasing focus on modernizing the grid to ensure a reliable supply of green electricity across India.
- As of March 31, 2025, the order backlog stood at INR192.5b, providing revenue visibility for the coming quarters.
- For FY25, orders reached a record INR181.7b (including HVDC orders), up 228% YoY, while revenue/EBITDA/Adj PAT stood at INR63.8b/5.96b/3.5b, increasing 22%/71%/111% YoY.
- The Board of Directors recommended a final dividend of INR6/share of face value INR2 each.

Conference Call Details



Date: 15th May 2025
Time: 12:00pm IST
Dial-in details:
Diamond pass

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	63.8	91.0	121.1
EBITDA	6.0	10.1	14.8
Adj. PAT	3.5	6.1	9.2
Adj. EPS (INR)	81.5	143.3	218.1
EPS Gr. (%)	110.9	89.9	52.2
BV/Sh.(INR)	993.9	551.8	769.9
Ratios			
RoE (%)	8.2	26.0	28.3
RoCE (%)	9.2	25.6	27.9
Valuations			
P/E (x)	205.6	116.8	76.8
P/BV (x)	16.9	30.4	21.8
EV/EBITDA (x)	119.0	69.9	47.6

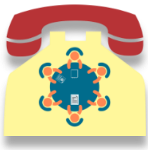
Quarterly performance (Standalone) (INR m)

Y/E March	FY24 1Q	2Q	3Q	4Q	FY25 1Q	2Q	3Q	4Q	FY24	FY25	FY25E 4QE	Est Var (%)
Net Sales	**10,401**	**12,280**	**12,742**	**16,953**	**13,272**	**15,537**	**16,203**	**18,837**	**52,375**	**63,849**	**23,377**	**(19)**
Change (%)	5.5	10.2	23.2	27.1	27.6	26.5	27.2	11.1	17.2	21.9	37.9	
EBITDA	**337**	**653**	**680**	**1,820**	**479**	**1,097**	**1,669**	**2,713**	**3,490**	**5,958**	**2,592**	**5**
Change (%)	31.3	(13.7)	72.4	91.4	42.3	68.0	145.5	49.1	47.9	70.7	42.4	
As % of Sales	3.2	5.3	5.3	10.7	3.6	7.1	10.3	14.4	6.7	9.3	11.1	
Depreciation	223	225	227	225	221	228	230	235	900	914	299	(21)
Interest	110	107	137	112	109	164	120	60	466	452	170	(65)
Other Income	29	2	22	39	1	1	2	182	93	186	30	500
PBT	**34**	**324**	**338**	**1,522**	**150**	**706**	**1,322**	**2,600**	**2,217**	**4,778**	**2,153**	**21**
Tax	10	76	108	385	46	183	467	628	579	1,324	435	
Effective Tax Rate (%)	28.7	23.6	32.0	25.3	30.8	25.9	35.3	24.1	26.1	27.7	20.2	
Extra-ordinary Items							519	(134)		386		
Reported PAT	**24**	**247**	**230**	**1,137**	**104**	**523**	**1,374**	**1,839**	**1,638**	**3,840**	**1,718**	**7**
Change (%)	79.9	(33.3)	401.5	123.7	332.4	111.4	498.1	61.8	74.4	110.9	51.2	
Adj PAT	**24**	**247**	**230**	**1,137**	**104**	**523**	**855**	**1,973**	**1,638**	**3,454**	**1,718**	**15**
Change (%)	79.9	(33.3)	401.5	123.7	332.4	111.4	272.1	73.5	74.4	110.9	51.2	
As % of Sales	0.8	NA	3.2	0.7	2.5	0.7	1.7	0.4	0.1	0.2	0.2	

Piramal Pharma

BSE SENSEX	S&P CNX
81,331	24,667

Conference Call Details



Date: 15th May 2025
Time: 9:30 pm IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	91.5	106.4	123.8
EBITDA	14.4	17.4	21.6
Adj. PAT	0.9	2.3	4.4
EBIT Margin (%)	6.9	8.3	10.2
Cons. Adj. EPS (INR)	0.7	1.7	3.3
EPS Gr. (%)	62.5	149.6	93.3
BV/Sh. (INR)	68.1	70.0	73.7
Ratios			
Net D:E	0.5	0.5	0.5
RoE (%)	1.1	2.8	5.1
RoCE (%)	1.3	2.3	3.9
Payout (%)	17.6	17.6	17.6
Valuations			
P/E (x)	319.8	128.1	66.3
EV/EBITDA (x)	23.2	19.1	15.5
Div. Yield (%)	0.0	0.1	0.2
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	3.7	3.1	2.7

CMP: INR218

Operationally in-line; impairment led lower than expected earnings

- PIRPHARM's revenues grew 7.9% YoY to INR27.5b (our est: INR27.5b) for the quarter.
- CDMO segment (65% of total sales) revenue grew 8% YoY to INR17.9b.
- Complex hospital generics segment (CHG; 26% of total sales) revenue grew 4% YoY to INR7.1b.
- India consumer healthcare segment (ICH; 9% of total sales) revenue grew 15% YoY to INR2.7b.
- Gross margin expanded 510bp YoY to 65.3%.
- However, the EBITDA margin contracted 40bp YoY to 20.4% (in-line), mainly due to lower operating leverage (employee costs/other expenses rose 290/260bp as a % of sales).
- EBITDA grew 6% YoY to INR5.6b (in-line).
- PAT grew 34% YoY to INR1.5b (our est: 1.9b) for the quarter, owing to lower tax burden (44% of PBT in 4QFY25 vs. 56% of PBT in 3QFY25).
- While revenue and EBITDA were in line with our estimates, PAT was much lower due to an impairment charge of INR447m for the quarter.
- For FY25, the company's revenue/EBITDA/PAT grew 12%/21%/62% YoY to INR91b/INR14.4b/INR0.9b.
- During the quarter, its revenue/EBITDA/PAT missed the Bloomberg estimates by 5%/8%/19%.

Other highlights

- **CDMO:**
  - 50% YoY growth in on-patent commercial manufacturing revenues to USD179m in FY25
  - YoY improvement in EBITDA margin driven by better procurement strategies, cost optimization, and operational excellence initiatives
- **CHG:**
  - Major GPO contract renewal and order wins supporting IA sales in the US. Witnessing encouraging traction in the RoW markets
  - Capacity expansion in India completed and commercialized on time; poised to capitalize on ~US$400 mn2 Sevoflurane market opportunity in the RoW markets
  - Received approval for Neoatricon®3 for multiple markets in EU and UK by our partner BrePco Pharma. Neoatricon® is the only pre-diluted, age-appropriate formulation of dopamine, approved for treating children and infants
- **ICH:**
  - The ICH business surpassed the strategic revenue milestone of INR10b during the year.
  - Added 21 new products and 31 new SKUs in FY25

Consolidated - Quarterly Earnings Model - INR m

PPL Income statement)	FY24				FY25				FY24	FY25E	FY25E	% var
(INRm)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4Q			4QE	
Revenues	**17,489**	**19,114**	**19,586**	**25,524**	**19,511**	**22,418**	**22,042**	**27,541**	**81,712**	**91,511**	**27,569**	**0%**
growth YoY (%)	18.0	11.1	14.1	18.0	11.6	17.3	12.5	7.9	15.4	12.0	8.0	
CDMO	8,980	10,680	11,340	16,490	10,570	13,240	12,780	17,880	47,490	54,470	17,549	**2%**
CHG	6,170	5,890	5,760	6,770	6,310	6,430	6,540	7,050	24,590	26,330	7,277	**-3%**
ICH	2,390	2,560	2,520	2,380	2,640	2,770	2,780	2,740	9,850	10,930	2,744	**0%**
Expenses	16,165	16,457	16,902	20,224	17,467	19,001	18,665	21,931	69,749	77,064	22,013	
CDMO	8,980	10,680	11,340	16,490	10,570	13,240	12,780	17,880	47,490	54,470	17,549	**2%**
CHG	6,170	5,890	5,760	6,770	6,310	6,430	6,540	7,050	24,590	26,330	7,277	**-3%**
ICP	2,390	2,560	2,520	2,380	2,640	2,770	2,780	2,740	9,850	10,930	2,744	**0%**
EBITDA*	**1,323**	**2,657**	**2,684**	**5,299**	**2,044**	**3,416**	**3,377**	**5,610**	**11,963**	**14,447**	**5,557**	**1%**
margin (%)	7.6	13.9	13.7	20.8	10.5	15.2	15.3	20.4	14.6	15.8	20.2	
growth YoY (%)	55.5	54.0	124.1	50.9	54.5	28.6	25.8	5.9	64.2	20.8	4.9	
Depreciation	1,736	1,845	1,863	1,961	1,846	1,922	1,968	2,428	7,406	8,163	1,818	
EBIT	**-413**	**812**	**821**	**3,338**	**198**	**1,494**	**1,409**	**3,182**	**4,557**	**6,284**	**3,739**	**-15%**
Other income	383	492	615	264	195	611	121	420	1,754	1,348	522	
Interest expense	1,185	1,099	1,059	1,142	1,070	1,076	1,033	1,037	4,485	4,216	941	
Share from Asso. Co	144	191	140	120	224	173	171	162	595	729	233	
PBT	**-1,071**	**396**	**516**	**2,580**	**-452**	**1,201**	**668**	**2,728**	**2,421**	**4,145**	**3,553**	**-23%**
EO Expenses/(gain)	-	-	323	310	-	-	-	-	633	-	-	
Taxes	**-85**	**345**	**93**	**1,262**	**436**	**975**	**631**	**1,193**	**1,615**	**3,235**	**1,689**	
Tax Rate (%)	8.0	87.3	47.8	55.6	-96.4	81.2	94.5	43.7	90.3	78.0	47.5	
Reported PAT	**-986**	**50**	**101**	**1,008**	**-888**	**226**	**37**	**1,535**	**173**	**910**	**1,864**	**-18%**
Adj. PAT	**-986**	**50**	**350**	**1,146**	**-888**	**226**	**37**	**1,535**	**560**	**910**	**1,864**	**-18%**
Change (%)	NA	LP	LP	128.6	NA	348.2	-89.5	34.0	NA	62.5	62.7	

Brigade Enterprises

BSE SENSEX	S&P CNX
81,331	24,667

Conference Call Details

Date: 15 May 2025
Time: 14:30 IST
Dial-in details:
+91-22 6280 1209 /
+91-22 7115 8110

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	50.7	49.8	61.1
EBITDA	14.1	17.5	22.4
EBITDA (%)	27.9	35.2	36.7
PAT	6.9	9.3	13.2
EPS (INR)	33.6	45.6	64.8
EPS Gr. (%)	51.9	35.9	42.0
BV/Sh. (INR)	275.9	319.5	382.3
Ratios			
RoE (%)	15.0	15.3	18.5
RoCE (%)	10.8	11.4	13.6
Payout (%)	7.5	4.4	3.1
Valuations			
P/E (x)	33	24	17
P/BV (x)	4.0	3.4	2.9
EV/EBITDA (x)	18.3	15.0	11.2
Div yld (%)	0.2	0.2	0.2

CMP: INR1,092 Buy

Revenue beat offset by elevated RM costs

The 12msf launch pipeline provides near-term growth visibility

Operating performance

- In 4QFY25, BRGD reported pre-sales growth of 9% YoY to INR24.5b (22% below estimates), aided by volumes of 2.0msf, which declined 26% YoY (50% below estimates).
- BRGD’s consolidated collections rose 5% YoY to INR19.3b (33% below estimates).
- For FY25, BRGD achieved pre-sales of INR78.5b, up 31% YoY (8% below estimates). Collections improved 23% YoY to INR72.5b.
- BRGD launched 4msf of projects in 4Q and plans to launch ~12msf in the next four quarters across Bangalore, Chennai, Hyderabad, and Mysuru.
- BRGD's gross debt was INR44.4b, while net debt was INR9.6b. Its net debt to equity stood at 0.14x by end-4QFY25 (vs. 0.18x in 3QFY24); the cost of debt was 8.67%.
- BRGD recommended a final dividend of INR2.5/sh of FV INR10 each.
- In 4QFY25, BRGD signed a JDA for developing a residential project of ~1msf located at West Chennai with a GDV of ~INR8b. The project will be developed as part of a 1.5msf mixed-use development.
- BRGD has signed a definitive agreement for a prime land parcel located on Whitefield-Hoskote Road, Bengaluru, for developing a residential project spanning about 20 acres. The project will have a total saleable area of ~2.5msf with a GDV of about INR27b and a total land cost of about INR6.3b through its subsidiary Ananthay Properties.
- In 2QFY25, BRGD raised INR15b via QIP at INR1,150 per share. INR10.7b has been utilized so far towards land acquisition, reduction of debt, and general corporate expenses.
- Post-4QFY25, BRGD acquired a prime land parcel on Velachery Road, Chennai for premium residential development with a total potential of 0.8msf, resulting in a GDV of INR16b. BRGD acquired this land for INR4.4b.

Commercial:

- Leasing revenue grew 40% YoY to INR3.5b, and the hotel business reported a revenue of INR1.5b, which rose 22% YoY.
- BRGD has a balanced capex commitment of INR7.1b out of a total ongoing capex of INR12.5b for commercial assets.

Financial performance

- Revenue declined 14% YoY to INR14.6b (8% above our estimate). For FY25, BRGD achieved revenue of INR50.7b, up 4% YoY, which was in line.

- EBITDA stood at INR4.1b, down 4% YoY (28% below estimates). EBITDA margin came in at 28.5%, up 307bp YoY, while it was 14pp below our estimates. For FY25, the company reported an EBITDA of INR14.1b, up 18% YoY (10% below estimates). Its EBITDA margin stood at 28%.
- For 4QFY25, BRGD's adj. PAT jumped 20% YoY to INR2.5b (24% below estimates), clocking a margin of 17%. During FY25, it reported an adj. PAT of INR6.9b, up 52% YoY (10% below estimates).

Quarterly performance

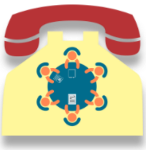
Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
Gross Sales	**6,540**	**13,666**	**11,738**	**17,024**	**10,777**	**10,722**	**14,639**	**14,604**	**48,967**	**50,742**	**13,530**	**8%**
YoY Change (%)	-27.5	55.4	43.1	102.0	64.8	-21.5	24.7	-14.2	42.1	3.6	-20.5	
Total Expenditure	4,792	10,418	9,117	12,696	7,851	7,802	10,502	10,444	37,023	36,600	7,731	
EBITDA	**1,748**	**3,248**	**2,620**	**4,327**	**2,926**	**2,919**	**4,137**	**4,160**	**11,944**	**14,142**	**5,800**	**-28%**
Margins (%)	26.7	23.8	22.3	25.4	27.1	27.2	28.3	28.5	24.4	27.9	42.9	-1438bps
Depreciation	681	757	821	762	679	689	763	756	3,021	2,888	977	
Interest	1,081	1,100	1,349	1,380	1,519	1,226	1,143	1,066	4,910	4,955	802	
Other Income	315	413	344	603	357	660	657	719	1,674	2,393	84	
PBT before EO expense	**300**	**1,803**	**795**	**2,788**	**1,084**	**1,664**	**2,888**	**3,057**	**5,687**	**8,693**	**4,105**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**300**	**1,803**	**795**	**2,788**	**1,084**	**1,664**	**2,888**	**3,057**	**5,687**	**8,693**	**4,105**	
Tax	82	679	237	680	279	513	533	563	1,676	1,888	1,127	
Rate (%)	27.1	37.6	29.8	24.4	25.7	30.8	18.5	18.4	29.5	21.6	27.5	
MI & Profit/Loss of Asso. Cos.	-166	-210	-177	48	-32	-39	-7	25	-506	-53	-283	
Reported PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,190**	**2,362**	**2,468**	**4,516**	**6,858**	**3,261**	**-24%**
Adj PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,190**	**2,362**	**2,468**	**4,516**	**6,858**	**3,261**	**-24%**
YoY Change (%)	-52.0	103.0	29.2	289.1	117.3	-10.9	221.5	19.8	79.6	51.9	58.2	
Margins (%)	5.9	9.8	6.3	12.1	7.8	11.1	16.1	16.9	9.2	13.5	24.1	
E: MOFSL Estimates												
Operational Performance												
Pre Sales (msf)	1.5	1.7	1.7	2.7	1.2	1.7	2.2	2.0	7.5	7.0	4.1	-50%
Booking Value (INRb)	10.0	12.5	15.2	22.4	10.9	18.2	24.9	24.5	60.1	78.5	31	-22%
Avg rate/sf (INR)	6,822	7,466	8,994	8,246	9,442	10,838	11,364	12,083	7966	11132	7664	58%
Collections (INRb)	12.4	14.4	13.9	18.4	16.1	19.4	17.8	19.3	59.2	72.5	29	-33%

Source: MOFSL, Company **Note: We will revisit our estimates after the concall**

Kirloskar Oil Engine

BSE SENSEX	S&P CNX
81,331	24,667

Conference Call Details



Date: 16th May 2025
Time: 09:30pm IST
Dial-in details:
Diamond Pass

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	51.1	58.1	67.6
EBITDA	6.5	7.6	9.1
Adj. PAT	4.2	4.9	6.1
Adj. EPS (INR)	28.8	34.0	41.8
EPS Gr. (%)	15.1	20.8	23.2
BV/Sh.(INR)	205.6	226.6	257.3
Ratios			
RoE (%)	14.9	15.9	17.3
RoCE (%)	14.3	15.5	17.0
Valuations			
P/E (x)	25.6	21.6	17.6
P/BV (x)	3.6	3.2	2.9
EV/EBITDA (x)	16.0	13.8	11.1
Div. Yield (%)	0.8	1.2	1.5

CMP: INR735 Buy

Highest ever revenue in a quarter

- KOEL reported a good set of results, beating on all parameters.
- Revenue stood at INR14.1b, which was the highest ever sales in a quarter, growing 2% YoY even on a high base of INR13.9b in 4QFY24. The B2B segment was broadly flat YoY, while B2C revenue rose 15% YoY.
- EBITDA at INR1.7b was above our estimates of INR1.6b (11% beat), albeit down 2% YoY. Accordingly, EBITDA margin came in at 12.3%, a contraction of ~50bp YoY. B2C segment profitability has started improving, which can be seen as margins for the segment have more than doubled YoY in 4QFY25 to 11.0% vs. 5.2% last year in the same quarter.
- PAT increased 8% YoY to INR1.1b, even with an adjustment for an exceptional gain on the sale of aircraft amounting to INR209m, and a lower-than-expected tax rate (25.6% actual vs. 26.7% expected).
- For FY25, despite the demand correction post the pre-buy and the CPCB4+ transition, revenue/EBITDA/PAT grew 5%/16%/14% YoY, while EBITDA margin/PAT margin expanded 120bp/60bp YoY.
- OCF/FCF increased YoY by 13%/71%, reaching INR4.9b/2.7b in 4QFY25 vs INR4.3b/1.6b in 4QFY24.

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**12,647**	**10,590**	**11,352**	**13,917**	**13,429**	**11,944**	**11,636**	**14,125**	**48,505**	**51,133**	**13,132**	**8**
YoY Change (%)	26.5	4.8	13.5	20.7	6.2	12.8	2.5	1.5	17.8	5.4	(5.6)	
Total Expenditure	11,102	9,603	10,023	12,135	11,452	10,294	10,466	12,384	42,864	44,596	11,560	
EBITDA	**1,545**	**986**	**1,329**	**1,782**	**1,977**	**1,650**	**1,170**	**1,741**	**5,642**	**6,537**	**1,571**	**11**
Margins (%)	12.2	9.3	11.7	12.8	14.7	13.8	10.1	12.3	11.6	12.8	12.0	
Depreciation	213	243	257	257	247	266	320	337	970	1,170	270	25
Interest	14	16	20	29	27	26	31	37	78	121	48	(24)
Other Income	70	64	57	85	108	118	68	52	274	344	58	(12)
PBT before EO expense	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**887**	**1,419**	**4,868**	**5,590**	**1,312**	**8**
Extra-Ord expense								(209)		(209)		
PBT	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**887**	**1,628**	**4,868**	**5,799**	**1,312**	**24**
Tax	355	205	287	405	462	365	236	416	1,252	1,480	350	
Rate (%)	25.6	25.9	25.9	25.6	25.5	24.7	26.7	25.6	25.7	25.5	26.7	
Reported PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**650**	**1,211**	**3,616**	**4,319**	**962**	**26**
Adj PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**650**	**1,056**	**3,616**	**4,164**	**962**	**10**
YoY Change (%)	59.9	(19.3)	20.5	81.3	30.5	89.6	(20.9)	(10.2)	33.8	15.1	(18.2)	
Margins (%)	8.2	5.5	7.2	8.5	10.0	9.3	5.6	7.5	7.5	8.1	7.3	

Transport Corporation of India

BSE SENSEX	S&P CNX
81,331	24,667

CMP: INR1,129 Buy

In-line performance

Earnings snapshot – 4QFY25

- Revenue grew 9% YoY to ~INR11.8b in 4QFY25 (in line). The company's revenue growth was driven by the supply chain business, which recorded a growth of 22% YoY in 4QFY25.
- EBITDA margin came in at 10.3% in 4QFY25 (+20 bps YoY and flat QoQ) against our estimate of 10.8%.
- EBITDA grew 11% YoY at INR1.2b while APAT grew 9% YoY to ~INR1.1b (in-line).
- Supply chain revenues grew 22% YoY, while the freight division and the seaways division reported ~3% and 7% YoY growth, respectively.
- EBIT margins for the freight/supply chain/seaways divisions stood at 2.3%/ 6%/36.4% in 4QFY25. EBIT margins for the freight and supply chain businesses contracted 70bp and 40bp, respectively, on a YoY basis. In contrast, EBIT margin for the seaways business expanded ~1,000bp YoY.
- During FY25, revenue was INR44.9b (+11.6% YoY), EBITDA was INR4.6b (+12.3% YoY), EBITDA margins stood at 10.3% (+10bps YoY), and APAT was ~INR4.1b (+17% YoY).
- For the year ended Mar'25, TRPC generated a CFO of INR3.6b v/s INR3b in FY24. Cash balance as of Mar'25 stood at INR510m.
- The Board approved a fund raise of INR2b via issuance of NCD/bonds/other similar instruments.

Conference Call Details

Date: 15 May 2025
Time: 4:00 PM IST
Dial-in details:
Link

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	44.9	52.9	60.8
EBITDA	4.6	6.0	6.9
Adj. PAT	4.1	4.8	5.6
EBITDA Margin (%)	10.3	11.3	11.4
Adj. EPS (INR)	53.5	62.6	73.2
EPS Gr. (%)	16.8	17.0	17.0
BV/Sh. (INR)	279.5	338.6	408.3
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	19.5	19.9	19.4
RoCE (%)	18.7	19.0	18.6
Payout (%)	13.1	5.6	4.8
Valuations			
P/E (x)	21.2	17.9	15.3
P/BV (x)	3.6	3.1	2.6
EV/EBITDA(x)	17.3	13.2	10.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	0.7	1.4	2.5

Quarterly snapshot

INR m

Y/E March (INR m)	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Sales	**9,498**	**9,935**	**10,020**	**10,789**	**10,451**	**11,208**	**11,471**	**11,788**	**40,242**	**44,918**	**11,717**	**1**
YoY Change (%)	5.2	6.6	3.7	10.2	10.0	12.8	14.5	9.3	6.4	11.6	8.6	
EBITDA	**1,008**	**1,004**	**999**	**1,094**	**1,038**	**1,171**	**1,185**	**1,217**	**4,105**	**4,611**	**1,269**	**(4)**
Margins (%)	10.6	10.1	10.0	10.1	9.9	10.4	10.3	10.3	10.2	10.3	10.8	
YoY Change (%)	-3.1	4.6	-12.7	1.2	3.0	16.6	18.6	11.2	-3.2	12.3	16.0	
Depreciation	308	311	331	334	290	291	305	292	1,284	1,178	303	
Interest	23	34	35	41	42	46	59	55	133	202	48	
Other Income	85	113	95	165	109	106	68	184	458	467	97	
PBT before EO expense	**762**	**772**	**728**	**884**	**815**	**940**	**889**	**1,054**	**3,146**	**3,698**	**1,015**	
Extra-Ord expense	0	0	0	24	0	0	0	0	24	0	0	
PBT	**762**	**772**	**728**	**860**	**815**	**940**	**889**	**1,054**	**3,122**	**3,698**	**1,015**	
Tax	104	96	108	28	110	109	93	121	336	433	112	
Rate (%)	13.6	12.4	14.8	3.3	13.5	11.6	10.5	11.5	10.8	11.7	11.1	
Minority Interest	-9.0	-8.0	-8.0	-12.0	-6.0	-9.0	-12.0	-9.0	-37.0	-36.0	-3.0	
Profit/Loss of Asso. Cos	174	202	182	201	211	242	225	218	759	896	228	
Reported PAT	**823**	**870**	**794**	**1,021**	**910**	**1,064**	**1,009**	**1,142**	**3,508**	**4,125**	**1,127**	
Adj PAT	**823**	**870**	**794**	**1,045**	**910**	**1,064**	**1,009**	**1,142**	**3,532**	**4,125**	**1,127**	**1**
YoY Change (%)	5.8	20.3	-7.4	23.2	10.6	22.3	27.1	9.3	10.1	16.8	7.9	
Margins (%)	8.7	8.8	7.9	9.7	8.7	9.5	8.8	9.7	8.8	9.2	9.6	

Segmental performance

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Segment Revenue (INR m)									
Freight	5,046	4,754	4,818	4,856	5,553	5,136	5,442	5,799	5,736
Supply chain	3,462	3,630	3,907	3,882	3,928	4,097	4,418	4,455	4,801
Seaways	1,521	1,254	1,354	1,426	1,492	1,415	1,633	1,554	1,597
Energy	11	16	21	7	11	13	20	4	8
Net segment Revenue	**10,040**	**9,654**	**10,100**	**10,171**	**10,984**	**10,661**	**11,513**	**11,812**	**12,142**
Growth YoY(%)									
Freight	5.2	2.6	2.7	0.6	10.1	8.0	13.0	19.4	3.3
Supply chain	26.1	20.1	9.0	16.4	13.4	12.9	13.1	14.8	22.2
Seaways	-5.3	-17.7	9.0	-16.2	-1.9	12.8	20.6	9.0	7.0
Energy	-7.8	1.3	11.7	-53.9	3.8	-18.8	-4.8	-42.9	-27.3
Net segment Revenue	**9.6**	**5.0**	**5.9**	**3.0**	**9.4**	**10.4**	**14.0**	**16.1**	**10.5**
Revenue Share									
Freight	50	49	48	48	51	48	47	49	47
Supply chain	34	38	39	38	36	38	38	38	40
Seaways	15	13	13	14	14	13	14	13	13
Energy	0	0	0	0	0	0	0	0	0
Total Revenue Share	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Segmental EBIT Margin(%)									
Freight	4.2	3.3	3.4	3.1	3.2	3.0	2.7	2.4	2.3
Supply chain	6.5	6.3	6.7	6.5	6.4	6.0	5.9	6.1	6.0
Seaways	27.7	29.2	22.9	22.1	26.4	28.6	31.2	32.7	36.4
Energy	32.1	50.0	57.1	0.0	36.4	46.2	70.0	-75.0	12.5
Total	**8.6**	**7.9**	**7.4**	**7.0**	**7.5**	**7.6**	**8.1**	**7.8**	**8.3**

WPI inflation eased to a 14-month low in Apr'25

Moderation in WPI inflation broad-based

- **Wholesale Price Index (WPI)-based inflation eased to a 14-month low of 0.9% YoY in Apr'25, lower than 2.0% in Mar'25 and 1.2% in Apr'24. The deceleration was broad-based, mainly led by a decrease in food inflation (lowest in 18 months). Additionally, prices of fuel & power items witnessed a contraction of 2.1% (the lowest in four months). Prices of manufacturing products increased at a slower pace compared to last month *(Exhibit 1)*. Sequentially, WPI dipped 0.2% in Apr'25 vs. 0.3% in Mar'25.**
- **Food inflation moderated to 2.6% vs. 4.6% in Apr'24, led by a broad-based deceleration. WPI, excluding food, moderated to 0.1% in Apr'25 (lowest in four months) vs. 1.0% growth in Mar'25. *(Exhibit 2)*. Within the food category, prices of primary food articles contracted 1.4% in Apr'25 (first contraction after 21 months of expansion) vs. a growth of 0.8% in Mar'25, while prices of manufactured food products increased 9.5% in Apr'25 vs. 10.7% in Mar'25. Within the primary food articles category, a sharp correction was seen in prices of vegetables, especially tomato, onion, and potato, as well as in the pulses category. Cereal inflation also moderated, led by lower rice prices.**
- **Fuel and power inflation eased, as crude oil prices remained downbeat. Fuel and power inflation declined by 2.2% in Apr'25, compared with a decline of 0.9% in Apr'24. This was largely driven by a decline in mineral oils, which fell by 5.6% compared with a drop of 0.1% in Apr'24. It must be noted that average international crude oil prices declined by 25.3% in Apr'25 compared with an increase of 6.8% in Apr'24.**
- **WPI for non-food manufacturing products exhibited a growth of 1.2% in Apr'25 (vs. 1.5% in Mar'25), led by a moderation in the prices of textiles, wearing apparel, basic chemicals, fertilizers, pharmaceuticals, and basic metals.**
- **Agro inflation came down sharply to -0.5% in Apr'25 from 1.6% in Mar'25, marking its first contraction after 21 months. At the same time, agro-input prices increased 0.7% YoY in Apr'25 vs. an increase of 1.1% YoY in Mar'25. Consequently, the agricultural terms of trade growth contracted 1.1% in Apr'25 (vs. a growth of 0.5% in Mar'25, the lowest in 25 months; *Exhibit 4)*. Prices of imported items increased 0.5% in Apr'25 (2.0% in Mar'25). Additionally, non-agro domestic inflation rose 2.1% YoY in Apr'25 (vs. +2.4% in Mar'25; *Exhibit 3)*.**
- **Going forward, expectations of a favorable monsoon and softening in global commodity prices will keep inflation in check, and thus we believe that WPI inflation is likely to remain benign in FY26.**

Exhibit 1: WPI inflation at a 14-month low in Apr'25

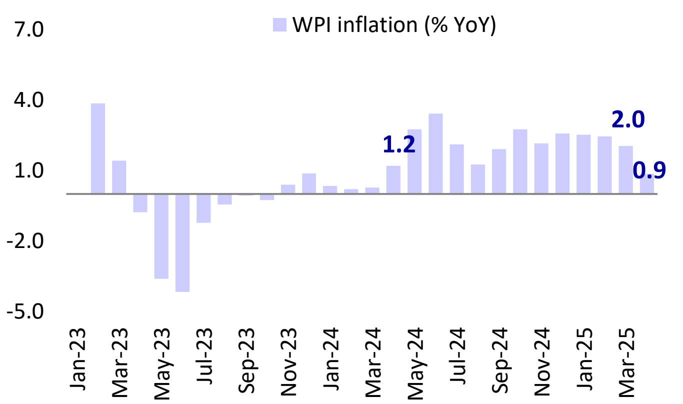


Exhibit 2: Moderation in WPI was broad-based

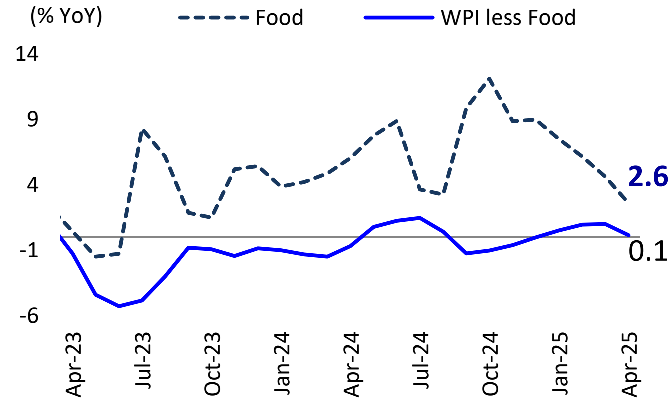
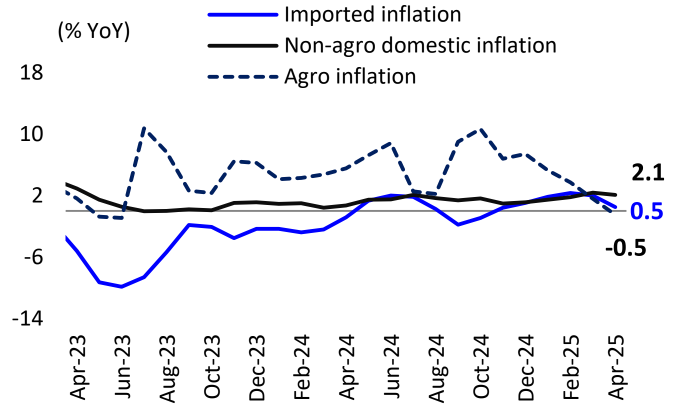
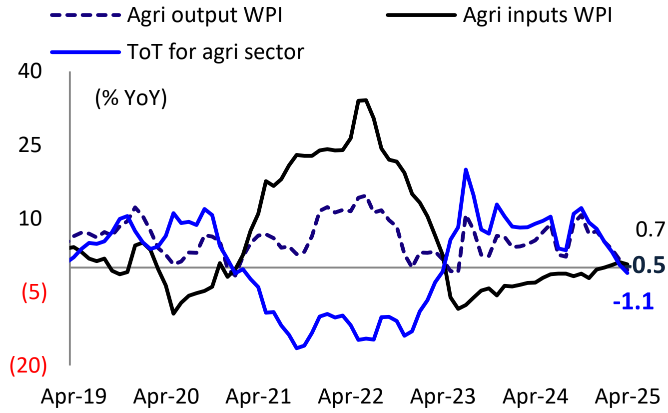


Exhibit 3: Agro inflation contracted 0.5% in Apr'25



*Constituting ~41.8% weightage in the WPI basket
**Constituting ~38.8% weightage in the WPI basket
@Constituting ~19.4% weightage in the WPI basket

Exhibit 4: Terms of trade for the agri sector contracted 1.1% in Apr'25, the lowest in 25 months



Source: Office of Economic Adviser, MOFSL

PG Electroplast :Expect To Be Eligible For Electronics Component PLI Scheme For A Few Products; Vikas Gupta,MD

- PG Electroplast targets 30-35% revenue growth in FY26, with air conditioners at ₹4,000 crores and washing machines at ₹650 crores.
- Capex for FY26 is ₹800-900 crores, focused on land and plant expansion.
- JV for compressors expected by January 2026.
- Plastic molding revenue to grow globally.
- Exploring Electronics PLI participation for margin improvement.

Read More

Sai Life Sciences:20% Of Our Orderbook Comes From US Pharma Companies; Siva Chittor,CFO

- Posted strong Q4 growth, with slight margin pressure.
- About 20% of its order book is US-linked, but sees limited onshoring risk.
- Global pharma's China diversification supports future growth.
- Guides for 15–20% revenue CAGR and margin expansion to 28–30%.
- GLP-1 involvement is likely, though undisclosed due to confidentiality agreements.

Read More

Aurionpro Solutions: Europe Expected To Contribute 7-8% To Rev In FY26 Vs Earlier Negligible Contribution; Ashish Rai, Global CEO

- Delivered 32% FY25 revenue growth, driven by strong demand across banking and transit verticals.
- FY26 growth of 30%+ is guided, led by a 50% larger pipeline and ₹1,400+ crore order book.
- Margins may hover near 20% amid stepped-up investments, especially in Europe.
- FY25 investments stood at ₹98 crore, rising to ₹160–165 crore in FY26.

Read More

Axis Max Life:Trying To Improve Product Mix, Which Will Lead To Margin Expansion; Prashant Tripathy, MD & CEO

- Targets 3–4% growth above the private industry average in FY26, after an 18% growth in FY25.
- Margins are guided at 24–25%, with Q4FY25 at 28.1% driven by product mix.
- Protection grew 35% in FY25, guided at 20–30%.
- ULIP mix to decline.

Read More

Syrama SGS: Automotive, Industrials & Healthcare Segments Will Drive Growth For Us This Year; JS Gujral,MD

- Expects 30-35% revenue growth in FY26, with 8% EBITDA margin, driven by industrial and healthcare sectors.
- Exports are targeted at ₹1,000 crores.
- Growth is fueled by smart metering, RFIDs, and medical devices.
- Plans a QIP for acquisitions or capex, focusing on components.

Read More

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	**Companies where there is interest**
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under

applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

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

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

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

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