Market snapshot

Equities - India	Close	Chg .%	CY24.%
Sensex	77,860	-0.3	8.2
Nifty-50	23,560	-0.2	8.8
Nifty-M 100	53,609	0.2	23.9
Equities-Global	**Close**	**Chg .%**	**CY24.%**
S&P 500	6,026	-0.9	23.3
Nasdaq	19,792	1.4	28.6
FTSE 100	8,713	-0.2	5.7
DAX	21,917	0.1	18.8
Hang Seng	7,784	1.2	26.4
Nikkei 225	38,787	-0.7	19.2
Commodities	**Close**	**Chg .%**	**CY24.%**
Brent (US$/Bbl)	75	-0.3	-4.5
Gold ($/OZ)	2,861	0.2	27.2
Cu (US$/MT)	9,155	0.0	2.2
Almn (US$/MT)	2,625	0.0	7.7
Currency	**Close**	**Chg .%**	**CY24.%**
USD/INR	87.4	-0.2	2.9
USD/EUR	1.0	0.0	-6.2
USD/JPY	152.1	0.4	11.5
YIELD (%)	**Close**	**1MChg**	**CY24 chg**
10 Yrs G-Sec	6.7	0.04	-0.4
10 Yrs AAA Corp	7.2	0.00	-0.5
Flows (USD b)	**7-Feb**	**MTD**	**CYTD**
FIIs	-0.4	0.92	-0.8
DIIs	0.31	4.33	62.9
Volumes (INRb)	**7-Feb**	**MTD***	**YTD***
Cash	956	1049	1024
F&O	3,50,521	1,77,796	1,89,459

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Bharti Airtel: Strong 3Q; continues to outperform peers

- Bharti Airtel (BHARTI) reported another strong quarter, with further ~6%/9% QoQ increase in India wireless revenue and EBITDA driven by residual flow through of recent tariff hikes and ~90% incremental margin. Bharti continued to be the biggest beneficiary of the tariff hikes with INR35 increase in wireless ARPU over last two quarters (vs. ~INR20 for RJio).
- On our estimates, Bharti narrowed the wireless revenue market share gap with RJio by 300bp over last two quarters. Further, Bharti's India wireless reported EBITDA (post IND-AS) is now similar to RJio's reported EBITDA, which also includes the contribution from Home Broadband business.
- We raise our FY26-27E consol. EBITDA by ~2% each on higher margins in India wireless. We build in FY24-27 CAGR of ~15%/19% in consolidated revenue/EBITDA, driven by more frequent tariff hikes in India wireless business (~12.5% ARPU CAGR), acceleration in Homes broadband services, robust double-digit growth in Africa. 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 FY25-26E), which should lead to significant deleveraging and improvement in shareholder returns.
- We reiterate BUY on Bharti with our SoTP-based revised TP of INR1,990. We value India wireless and homes business on DCF (implies ~13x FY27 EV/EBITDA), DTH/Enterprise at 6x/10x Mar'27 EBITDA and BHARTI's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Research covered

Cos/Sector	Key Highlights
Bharti Airtel	Strong 3Q; continues to outperform peers
Other Updates	Life Insurance Corporation | Mahindra & Mahindra | Britannia Industries | Hero MotoCorp | Cummins India | Aurobindo Pharma | Oil India | ALKEM Laboratories | PI Industries | Thermax | Gujarat Gas | Apollo Tyres | Sun TV Network | Gujarat State Petronet | Sobha | JK Lakshmi Cement | NOCIL | DreamFolks | India Politics | Financials: Banks | NBFCs | Cement | India Life Insurance | EcoScpe (a. RBI; b. GDP) | Amara Raja | Happy Forgings

Chart of the Day: Bharti Airtel (Strong 3Q; continues to outperform peers)

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	**8.0%**	**6.7%**	**9.2%**
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	9.8%	8.1%	10.7%
10-yr EBITDA CAGR	**11.4%**	**9.1%**	**12.5%**
Enterprise value (INR b)	**10,645**	**8,008**	**11,572**
Exit EV/EBITDA (x)	11.7	10.3	12.2
Implied FY2027E EBITDA (x)	13.0	11.3	14.0
India wireless Enterprise value (INR/share)	**1,760**	**1,324**	**1,913**
Bharti SoTP based TP (INR/share)	**1,990**	**1,435**	**2,250**
Upside / downside to CMP	19%	-14%	34%

Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Govt keeps eye on rate transmission

The government is meticulously watching banks to ensure the transmission of the recent RBI rate cut to borrowers, as officials warn that insufficient rate cuts would be addressed. The RBI's quarter-percentage-point cut aims to reduce borrowing costs, but historical precedents show mixed transmission…

2

BSNL to get Rs 6,000 crore more for 4G expansion

The Union Cabinet has granted BSNL an additional ₹6,000 crore for its 4G expansion to address a shortfall in planned capital expenditure. BSNL, managing MTNL's Delhi and Mumbai operations, aims to reduce customer attrition with nationwide 4G services and plans to introduce 5G soon.

3

Electronics companies tap global talent to power up India's component show

Dixon Technologies is actively recruiting senior talent from markets like Taiwan, Japan, Mexico, and Europe as they expand into component production. Companies like Tata Electronics and Zetwerk are also seeking experienced individuals to strengthen their leadership teams amidst a significant talent shortage.

4

Airtel aims to double broadband user base to 90 million

Bharti Airtel aims to double its fixed broadband user base to around 90 million and increase revenue through its 5G-based FWA services. The company plans to deliver these services using its 5G network and has already implemented them in over 2,000 cities.

5

IPL extravaganza: Consumer goods cos readying pitch for mega summer splash

Consumer companies in FMCG and automobile sectors are gearing up to leverage the Indian Premier League (IPL) to introduce new products and promotions to capitalize on rising consumption. The event is expected to drive higher advertising expenditures, especially for summer-centric brands and vehicles, due to new income tax changes and early summer onset.

6

V2Retail’s value fashion play

Redseer defines “Value Hunters” as GenZ and young millenials with household incomes of less than Rs 5 lakh per annum across all cities and Rs 5-8 lakh in tier2+ cities.

7

Let’s not raise a toast! India runs low on spirit(s)

In 2024, India's spirits market experienced slower growth due to higher liquor taxes and inflationary pressures. Premium brands drove growth, while sales of mid and mass-priced whisky brands declined.

9 February 2025

3QFY25 Results Update | Sector: Telecom

Bharti Airtel

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BHARTI IN
Equity Shares (m)	5696
M.Cap.(INRb)/(USDb)	10039.6 / 114.8
52-Week Range (INR)	1779 / 1098
1, 6, 12 Rel. Per (%)	6/19/40
12M Avg Val (INR M)	9703

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Sales	1,725	2,047	2,309
EBITDA	929	1,158	1,322
Adj. PAT	212	271	375
EBITDA Margin (%)	53.9	56.6	57.3
Adj. EPS (INR)	36.9	44.9	62.0
EPS Gr. (%)	88	22	38
BV/Sh. (INR)	176	226	250
Ratios			
Net D:E	1.6	0.9	0.3
RoE (%)	23.5	24.2	28.2
RoCE (%)	14.9	15.8	17.9
Div. Payout (%)	30.1	55.7	64.5
Valuations			
EV/EBITDA (x)	11.9	9.6	8.1
P/E (x)	44	37	26
P/BV (x)	9.3	7.3	6.6
Div. Yield (%)	0.9	1.5	2.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	53.1	53.1	54.6
DII	19.6	18.8	19.7
FII	24.3	25.2	22.7
Others	2.9	2.9	3.0

FII Includes depository receipts

CMP: INR1,677 TP: INR1,990 (+19%) Buy

Strong 3Q; continues to outperform peers

- Bharti Airtel (BHARTI) reported another strong quarter, with a further ~6%/9% QoQ increase in India Wireless revenue and EBITDA, driven by a residual flow-through of recent tariff hikes and ~90% incremental margin.
- BHARTI remains the biggest beneficiary of the tariff hikes, with an **INR35 increase in wireless ARPU over the last two quarters (vs. ~INR20 for RJio).**
- On our estimates, BHARTI **narrowed the wireless revenue market share gap with RJio by 300bp over the last two quarters**. Further, **BHARTI's India Wireless reported EBITDA (post IND-AS) is now similar to RJio's reported EBITDA**, which also includes the contribution from Home Broadband business.
- FCF generation (after interest and leases but before spectrum prepayments) improved further to INR126b as operational cash flows rose, led by the tariff hike flow-through and the consolidation of Indus Towers.
- BHARTI's consolidated net debt (excl. leases) moderated further by ~INR110b (on like-for-like basis) to INR1.3t, with the leverage ratio declining sharply to 1.3x (vs. 1.9x YoY).
- We raise our FY26E/FY27E consol. EBITDA by ~2% each on higher margins in India Wireless. We build in FY24-27 CAGR of ~15%/19% in consolidated revenue/EBITDA, driven by more frequent tariff hikes in India wireless business (~12.5% ARPU CAGR), acceleration in Homes Broadband services, and robust double-digit growth in Africa.
- 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 (INR1t over FY25-26E), which should lead to significant deleveraging and improvement in shareholder returns.
- We **reiterate BUY on BHARTI with our SoTP-based revised TP of INR1,990**. We value India Wireless and Homes Business on DCF (implies ~13x FY27E EV/EBITDA), DTH/Enterprise at 6x/10x Mar'27E EBITDA and BHARTI's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Robust tariff hike flow-through and 90% incremental margins drive outperformance

- India revenue (excluding Indus) at INR331b (+5% QoQ, 19% YoY) was ~1% above our estimate, driven by the continued benefits of tariff hikes in India Wireless (ARPU/revenue up 5%/6% QoQ).
- India EBITDA (excluding Indus) at INR186b (+8% QoQ, +24% YoY) was ~2% above our estimate, primarily led by robust ~90% incremental margins in the India Wireless business (vs. 49% for RJio).
- BHARTI remains the biggest beneficiary of tariff hikes in India Wireless business and once again outperformed RJio on most metrics in 3QFY25.
- India EBITDA margins (excluding Indus) expanded further ~140bp QoQ to 56.2% (~80bp beat).
- India capex (excl. Indus) was up ~10% QoQ at INR69b (still ~12% below YoY), with 9M capex at INR199 (down 20% YoY).

Net debt moderates further; FCF generation improves to ~INR126b

- Reported consol. PBT (before the share of JVs) at INR77b (+35% QoQ, 2.17x YoY) was in line with our estimate, as higher D&A (~1% ahead) was offset by lower net finance cost (~1% lower).
- Reported attributable PAT at INR148b was significantly above our estimate on account of exceptional gains on Indus consolidation.
- Adjusted for many exceptional items, PAT at INR55b (+41% QoQ, +2.2x YoY) was 11% higher than our estimate of ~INR49.5b.
- BHARTI's consolidated 9M FCF (after interest and leases but before spectrum prepayments) improved to INR292b (vs. INR213b in FY24).
- Consol. net debt moderated further by ~INR110b QoQ, on a like-for-like basis, driven by Indus consolidation and robust FCF generation.

Key highlights from the management commentary

- **Captive tower sales to Indus:** BHARTI plans to transfer 16,100 towers (12,700 from Bharti Airtel and 3,400 from Bharti Hexacom) to Indus Towers at a consideration not exceeding INR33.1b (implies ~INR2.05m/tower). This will free up BHARTI management's bandwidth and also create greater efficiency, scale and add long-term value for Indus.
- **Capex:** BHARTI management has reiterated its guidance for FY25 India capex (INR199b in 9M) to be lower than FY24 (INR330b). Management expects capex to further unwind in FY26. Going ahead, the priorities for capex would be on investments in the transport layer, Home Broadband, data center and B2B. Management expects capex as a percentage of revenue to trend lower and soon be at par with global telcos.
- **Capital allocation:** The main priorities for BHARTI would be to 1) further deleverage the balance sheet, 2) step up dividend payments, and 3) selective and prudent investments to bolster capabilities in B2B adjacencies through bolt-on acquisitions.
- **Deleveraging:** The company prepaid INR36b of spectrum dues pertaining to 2016 during 3Q (~INR355b high-cost debt prepayments in the past few years). BHARTI has now prepaid all the spectrum dues prior to 2021 spectrum auctions. As a result, India net debt-to-EBITDAaL moderated to 1.3x (vs. 2.1x YoY).

Valuation and view

- We raise our FY26E/FY27E consol. EBITDA by ~2% each on higher margins in India Wireless. We build in FY24-27 CAGR of ~15%/19% in consolidated revenue/EBITDA, driven by more frequent tariff hikes in India Wireless business (~12.5% ARPU CAGR), acceleration in Homes Broadband services, and robust double-digit growth in Africa.
- 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 (~INR1t over FY25/FY26), which should lead to significant deleveraging and improvement in shareholder returns.
- We **reiterate BUY on Bharti with our SoTP-based TP of INR1,990**. We value India Wireless and Homes business on DCF (implies ~13x FY27E EV/EBITDA), DTH/Enterprise at 6x/10x Mar'27E 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	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Var (%)
Revenue	**374**	**370**	**379**	**376**	**385**	**415**	**451**	**474**	**1,500**	**1,725**	**445**	1.4
YoY Change (%)	14.1	7.3	5.9	4.4	2.8	12.0	19.1	26.2	7.8	15.0	17.5	
Total Expenditure	178	175	181	182	188	196	205	206	717	796	199	2.9
EBITDA	**196**	**195**	**198**	**194**	**197**	**218**	**246**	**268**	**783**	**929**	**246**	0.1
YoY Change (%)	18.6	10.9	7.4	3.6	0.6	12.0	24.1	38.3	9.8	18.7	24.0	1
Depreciation	97	97	101	101	105	110	117	122	395	455	116	0.9
Net Finance cost	56	52	66	52	52	54	57	49	226	211	55	2.6
Other Income	9	9	11	11	13	13	21	9	41	56	6	246.8
PBT before EO expense	**53**	**55**	**42**	**52**	**53**	**68**	**93**	**106**	**203**	**320**	**80**	16.2
Extra-Ord expense	34	16	1	25	-7	9	-75	0	76	-74	0	
PBT	**19**	**39**	**41**	**28**	**60**	**59**	**169**	**106**	**127**	**394**	**80**	110.0
Tax	3	18	12	7	13	17	8	36	41	74	22	-66.0
Rate (%)	18.0	46.9	30.0	25.6	21.7	29.6	4.5	33.6	32.5	18.7	27.7	
Minority Interest & P/L of Asso. Cos.	-1	8	4	0	6	6	14	9	11	34	9	
Reported PAT	**16**	**13**	**24**	**21**	**42**	**36**	**148**	**61**	**75**	**287**	**50**	198.6
Adj PAT	**29**	**30**	**25**	**30**	**29**	**39**	**55**	**61**	**113**	**185**	**50**	11.4
YoY Change (%)	91.3	44.2	25.0	13.9	0.8	32.2	121.3	107.5	38.6	63.4	98.7	

E: MOFSL Estimates

9 February 2025

3QFY25 Results Update | Sector: Financials

Life Insurance Corporation

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	5160.9 / 59
52-Week Range (INR)	1222 / 805
1, 6, 12 Rel. Per (%)	-6/-24/-29
12M Avg Val (INR M)	3017

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	5,006	5,333	5,674
Surplus / Deficit	440.4	478.9	527.3
Sh. PAT	440.6	492.7	547.4
VNB margin (%)	17.5	18.5	19.0
RoEV (%)	15.4	11.0	10.9
Total AUMs (INRt)	61.7	69.1	77.2
APE (INRb)	598.5	651.9	702.4
VNB (INRb)	104.7	120.6	133.5
EV per share	1,328	1,474	1,635
Valuations			
P/EV (x)	0.6	0.6	0.5
P/EVOP (x)	7.5	6.5	5.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	96.5	96.5	96.5
DII	1.3	1.2	1.0
FII	0.1	0.2	0.1
Others	2.2	2.2	2.4

FII Includes depository receipts

CMP: INR 816 TP: INR 1,085 (+33%) Buy

Weak growth in APE and VNB; VNB margins improve sequentially

- In 3QFY25, LIC reported net premium income of INR1.1t, down 9% YoY. For 9MFY25, net premium income grew 6% YoY to INR3.4t. Renewal premium grew 3% YoY to INR646b.
- New business APE declined 24% YoY to INR99.5b. For 9MFY25, it grew 6% YoY to INR379.8b.
- VNB for 3QFY25 declined 27% YoY to INR19.3b. However, for 9MFY25, it grew 9% YoY to INR64.8b. VNB margins grew sequentially to 19.4% from 17.9% in 2QFY25 (20% in 3QFY24).
- LIC reported 17% YoY growth in shareholder PAT to INR110.6b. For 9MFY25, PAT grew 8% YoY to INR291.4b.
- New products in the par segment will drive volumes, while management expects the momentum in the non-par segment to continue.
- We have cut our net premium, APE and VNB margin estimates by 4% each for FY25, factoring in 3QFY25 performance. With the increase in the share of the non-par segment, we expect VNB margin to see improvement. **Reiterate BUY with a TP of INR1,085 (premised on 0.7x Sep'26E EV).**

Rising share of non-par in APE mix

- LIC's renewal premium grew 3% YoY to INR646b, while the first-year/single premiums declined 14%/24% YoY to INR73b/INR351b.
- For 9MFY25, Individual Business APE increased by 4.7% to INR246b and Group Business APE grew 8.8% to INR133.6b.
- VNB margins improved 150bp sequentially due to 1) change in commission payouts, 2) product mix shift toward Non-par, 3) revisions in the premium rate for certain products with lower margins, 4) revision of the minimum ticket size of low-persistency products.
- Commission expense declined 8% YoY to INR596.6b. However, in order to align with business growth, management guides for commission payouts to increase going further.
- Income from investments in policyholders' account remained flat YoY at INR943.4b, while it grew 50% YoY to INR16b in shareholders' account.
- On the product front, LIC launched 38 new products (24 individual, 8 group, 5 individual riders and 1 group rider) after the IRDAI (insurance products) regulation in Oct'24. LIC's continued focus led to an increase in the share of Non-Par in individual APE to 27.3% from 14% in 9MFY24. With the launch of new products, management expects the growth in the Par segment to recover.
- On the distribution front, LIC has a dominant portion of agency force (~1.4m) in the industry with higher vintage of > 5 years at 53.98%. New business premium from Banca channel grew 31.2% YoY, and from alternate channel, it grew 30.6% YoY.
- The 13th/37th/61st month persistency stood at 68.6%/60.9%/59.7% in 3QFY25.
- AUM stood at INR54.8t, up 10% YoY. The solvency ratio improved to 202% vs. 193% in 3QFY24 and 198% in 2QFY25.

Valuation and view

LIC maintains its industry-leading position and is focusing on ramping up its overall growth through wider product offerings, a shift in the product mix toward non-par, a stronger agency channel, and digitization. LIC has done an alignment of distributor incentives to absorb the impact of surrender charges. With the introduction of a new hedging mechanism, the company is confident of curbing the uncertainties around VNB and expects the product-level margins to remain intact. We have cut our net premium, APE and VNB margin estimates by 4% each for FY25, factoring in 3QFY25 performance. With the increase in the share of the non-par segment, we expect VNB margin to improve. Reiterate BUY with a TP of INR1,085 (premised on 0.7x Sep'26E EV).

Quarterly Performance

Policy holder's A/c (INR b)	**FY24**				**FY25E**				**FY24**	**FY25E**	**YoY**	**QoQ**
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**			**Gr.**	**Gr.**
First year premium	68	100	84	138	75	112	73	144	390	403	-14%	-35%
Growth (%)	-8%	9%	-13%	8%	10%	12%	-14%	4%	0%	3%		
Renewal premium	536	596	624	774	564	619	646	829	2,531	2,658	3%	4%
Growth (%)	7%	6%	4%	2%	5%	4%	3%	7%	4%	5%		
Single premium	381	378	464	614	500	469	351	631	1,836	1,952	-24%	-25%
Growth (%)	-7%	-43%	10%	42%	31%	24%	-24%	3%	-5%	6%		
Net premium income	**984**	**1,074**	**1,170**	**1,523**	**1,138**	**1,199**	**1,069**	**1,601**	**4,751**	**5,006**	**-9%**	**-11%**
Growth (%)	0%	-19%	5%	16%	16%	12%	-9%	5%	0%	5%		
PAT	**95**	**79**	**94**	**138**	**105**	**76**	**111**	**149**	**407**	**441**	**17%**	**45%**
Growth (%)	NM	NM	49%	2%	10%	-4%	17%	8%	12%	8%		
Key metrics (INR b)												
New business APE	95	131	132	212	116	165	100	219	570	599	-24%	-40%
Growth (%)	-7%	-12%	7%	11%	21%	26%	-24%	3%	1%	5%		
VNB	13	20	26	36	16	29	19	40	96	105	-27%	-35%
Growth (%)	-6%	-12%	46%	-2%	23%	47%	-27%	10%	4%	9%		
AUM (INRt)	46	47	50	51	54	55	55	62	51	62	10%	-1%
Growth (%)	12%	10%	12%	16%	16%	17%	10%	21%	16%	21%		
Key Ratios (%)											bps	bps
VNB Margins (%)	13.7	15.3	20.0	17.2	13.9	17.9	19.4	18.3	16.8	17.5	-65.4	149.5
Solvency ratio (%)	189.0	190.0	193.0	198.0	199.0	198.0	202.0		198	201	900.0	400.0

Mahindra & Mahindra

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MM IN
Equity Shares (m)	1244
M.Cap.(INRb)/(USDb)	3977.4 / 45.5
52-Week Range (INR)	3271 / 1623
1, 6, 12 Rel. Per (%)	4/22/78
12M Avg Val (INR M)	8853

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	1,135	1,336	1,523
EBITDA	164.9	192.4	220.6
Adj. PAT	119.1	149.4	174.0
Adj. EPS (INR)	99.3	124.6	145.1
EPS Gr. (%)	11.9	25.4	16.4
BV/Sh. (INR)	512	611	726
Ratios			
RoE (%)	21.0	22.2	21.7
RoCE (%)	20.1	21.4	21.0
Payout (%)	23.6	20.8	20.6
Valuations			
P/E (x)	32.2	25.7	22.0
P/BV (x)	6.2	5.2	4.4
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	2.7	3.3	3.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	18.1	18.1	18.9
DII	28.8	26.5	25.8
FII	43.6	46.1	45.9
Others	9.5	9.3	9.5

FII Includes depository receipts

CMP: INR3,198 TP: INR3,675 (+15%) Buy

Operationally in line; healthy margin expansion

Auto and FES well-positioned to outperform in the coming quarters

- MM reported an in-line operating performance in 3QFY25. EBITDA margin expanded 160bp YoY to 14.6% (est. 14.2%) led by improved mix. The Farm Equipment Segment's (FES) core PBIT margin stood at an impressive 18.1% (+260bp YoY), while the auto segment's margin expanded 120bp YoY to 9.7%.
- We believe MM is well placed to outperform across its core businesses, driven by a healthy recovery in rural and new product launches in both UVs and tractors. We largely maintain our FY26E/27E EPS. Reiterate BUY with a TP of INR3,675 (based on Dec'26E SOTP).

Margins expand YoY for Auto and Farm Equipment divisions

- 3QFY25 revenue/EBITDA/adj. PAT grew 20%/36%/19% YoY to INR305.4b/INR44.7b/INR29.6b (est. INR312.3b/INR44.5b/INR31.9b). 9MFY25 revenue/EBITDA/PAT grew 15%/28%/18% YoY.
- Volumes expanded 18% YoY, where tractors grew ~20% YoY while UV grew 17%. 3W volumes grew 11% YoY. Realizations grew ~2% YoY to INR888.6k per vehicle (est. 908.8k).
- Revenue for Automotive and FES grew ~20%/21% YoY to INR224.1b/81.7b, respectively.
- Gross margin expanded 70bp YoY/(-20bp QoQ) to 25.4% (est. 25.8%), led by improved mix. EBITDA grew 36% YoY to INR44.7b (est. 44.5b). Consequently, EBITDA margin expanded 160bp YoY/30bp QoQ to 14.6% (est. 14.2%).
- **PBIT margin -** Auto: 9.7% (+120bp YoY/20bp QoQ, est. 9%); Farm: 18.1% (+260bp YoY, 60bp QoQ, est. 18.5%). Excluding the Powerol and Farm Machinery segments, core tractor margin expanded 190bp YoY to 19.5%
- Higher depreciation and tax led to an adj. PAT miss at INR29.6b (+19% YoY, est. 32b).

Highlights from the management commentary

- **FES:** Given strong rural sentiments led by favorable indicators, management expects the tractor industry to grow by 15%+ in Q4. This is likely to result in a 10% growth of the tractor industry for FY25E. While management has refrained from providing guidance for FY26, it expects the industry to post growth in FY26E as well.
- M&M has gained 240bp market share in Q3, reaching its highest-ever level at 44.2%. Even on a YTD basis, it has gained 170bp share, reaching 43.9%.
- **Automotive:** Its market share in the <3.5T pick-up segment improved 230bp YoY to 51.9%. Management is hopeful of a demand recovery in the pick-up segment in the coming quarters, despite the current slowdown.
- The capacity for the Thar Roxx stands at 9k units per month and is now fully fungible between the 3-door and 5-door variants. The company plans to increase the capacity of this model by 2k units in a couple of months. Prior discounts on the 3-door Thar variant have now been withdrawn.

- **EVs:** M&M will commence bookings of the BE 6E and XE 9E from 14th Feb onwards. Given the encouraging initial response, management expects to sell 5k units per month in the initial months of launch. With the new EVs, it is attracting a fairly new customer profile, largely in the INR25-30 lakh price range, many of whom would not have considered purchasing an M&M vehicle earlier.

Valuation and view

- We largely maintain our FY26E/27E EPS. We estimate MM to post a CAGR of ~15%/19%/18% in revenue/EBITDA/PAT over FY24-27E. While MM has outperformed its own targets of earnings growth and RoE of 18% in FY24, it remains committed to delivering 15-20% EPS growth and 18% ROE, ensuring sustained profitability and shareholder value.
- The implied core P/E for MM stands at 26x/22x FY26E/FY27E EPS. Reiterate BUY with a revised TP of INR3,675 (based on Dec'26E SOTP).

Quarterly Performance (INR B)

Y/E March	FY24				FY25E				FY24	FY25E	3QE	Var.
INR b	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Total Volumes ('000 units)	301	303	292	264	315	301	344	297	1,120	1,257	344	0.0
Growth YoY (%)	10.7	10.9	3.5	-5.3	4.7	-0.5	17.8	12.5	1.4	12.2	17.8	
Net Realization (INR '000/unit)	802	805	870	954	857	914	889	956	884	903	909	-2.2
Growth YoY (%)	10.5	4.7	13.2	17.9	7.0	13.5	2.2	0.2	15.1	2.1	4.9	
Net Op. Income	**241.4**	**243.9**	**253.8**	**251.8**	**270.4**	**275.5**	**305.4**	**283.9**	**991.0**	**1,135**	**312**	-2.2
Growth YoY (%)	22.4	16.1	17.2	11.6	12.0	12.9	20.3	12.8	16.6	14.6	23.5	
RM Cost (% of sales)	75.1	75.3	75.1	73.2	73.7	74.2	74.4	74.2	74.7	74.2	74.2	20bp
Staff (% of sales)	4.4	4.7	4.5	4.5	4.3	4.2	4.2	4.4	4.5	4.3	4.1	10bp
Oth. Exp. (% of Sales)	7.0	7.2	7.4	9.2	7.0	7.3	6.7	7.1	7.6	7.0	7.5	-70bp
EBITDA	**32.9**	**31.2**	**33.0**	**33.0**	**40.2**	**39.5**	**44.7**	**40.5**	**131.5**	**164.9**	**44**	0.5
EBITDA Margins (%)	13.6	12.8	13.0	13.1	14.9	14.3	14.6	14.2	13.3	14.5	14.2	40bp
Other income	9.3	20.6	7.4	3.5	3.5	20.0	6.1	4.0	39.4	33.5	6.0	
Interest	0.3	0.3	0.3	0.4	0.5	0.6	0.6	0.6	1.4	2.3	0.6	
Depreciation	8.4	8.3	8.3	9.9	9.1	9.6	10.5	10.5	34.9	39.7	9.7	
PBT after EO	33.4	43.2	31.7	26.2	34.1	49.3	39.7	33.3	134.6	**156.3**	**40.2**	-1.4
Tax	5.8	9.3	6.8	6.2	7.9	10.9	10.0	8.3	28.2	37.2	8.2	
Effective Tax Rate (%)	17.4	21.5	21.5	23.8	23.3	22.1	25.3	25.0	20.9	23.8	20.5	
Reported PAT	27.6	33.9	24.9	20.0	26.1	38.4	29.6	25.0	106.4	**119.1**	**32.0**	-7.3
Adj PAT	21.2	33.9	24.9	20.0	26.1	38.4	29.6	25.0	106.4	**119.1**	**32.0**	-7.3
Change (%)	51.0	45.1	12.4	1.3	23.2	13.2	19.1	24.8	34.2	11.9	30.3	

Y/E March	FY24				FY25E				FY24	FY25E	2QE
Segmental (M&M + MVML)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Realizations (INR '000/unit)											
Auto	900	870	**983**	1,040	977	1,015	1,010	1,040	997	1011	1,025
Farm Equipment	648	657	**662**	730	670	696	671	734	670	688	703
Blended	**802**	**805**	**870**	**954**	**857**	**914**	**889**	**956**	**884**	**903**	**909**
Segment PBIT Margins (%)											
Auto	7.7	9.2	**8.5**	9.0	9.5	9.5	9.7	9.7	8.6	9.6	9.0
Farm Equipment	17.5	16.0	**15.5**	15.8	18.5	17.5	18.1	16.7	16.2	17.8	18.5

8 February 2025

3QFY25 Results Update | Sector: Consumer

Britannia Industries

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1173.1 / 13.4
52-Week Range (INR)	6473 / 4641
1, 6, 12 Rel. Per (%)	1/-14/-12
12M Avg Val (INR M)	1968

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	179.2	196.8	216.3
Sales Gr. (%)	6.9	9.8	9.9
EBITDA	31.4	35.4	39.6
EBITDA mrg. (%)	17.5	18.0	18.3
Adj. PAT	21.8	25.0	28.2
Adj. EPS (INR)	90.5	103.8	117.2
EPS Gr. (%)	2.0	14.8	12.8
BV/Sh.(INR)	178.2	204.2	241.6
Ratios			
RoE (%)	52.9	54.3	52.6
RoCE (%)	35.1	38.1	39.0
Payout (%)	83.5	74.6	67.9
Valuation			
P/E (x)	54.9	47.9	42.4
P/BV (x)	27.9	24.3	20.6
EV/EBITDA (x)	37.7	33.2	29.4
Div. Yield (%)	1.5	1.6	1.6

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	50.6	50.6	50.6
DII	17.6	16.4	15.0
FII	16.5	17.9	19.0
Others	15.4	15.2	15.5

FII includes depository receipts

CMP: INR4,871 TP: INR5,200 (+7%) Neutral

High inflation impacts volume growth and margins

- Britannia Industries (BRIT) posted operating revenue growth of 6% YoY in 3QFY25 (in line) and volume growth of 6% (est. 5%). Other operating income surged 101% due to government grants related to Ranjangaon factory.
- GM contracted 510bp YoY/280bp QoQ to 38.7% (est. 42%), impacted by rising commodity prices, mainly palm oil (+43% YoY) and Cocoa (+103% YoY). Employee costs dropped 47% in 3Q due to phantom stock revaluation impact of INR750m (employee cost rose 45% in 2QFY25). While quarterly fluctuations persist, annual employee costs remained stable. The company implemented strategic price hikes (2% in 3Q, further 2.5% in 4Q and 1.5% likely in 1QFY26) and cost efficiency (~2.5% in FY26) to offset inflation.
- EBITDA margin declined 90bp YoY to 18.4% (est. 17.7%). EBITDA rose 3% YoY (est. -2%). Management highlighted that EBITDA margin will be maintained at 17-18%. We model EBITDA margin of 17.5% for FY25 and ~18% for FY26/FY27 (vs. 19% in FY24).
- BRIT's focus on innovation, distribution expansion, urban GTM overhaul, marketing, pricing actions, and dairy capacity expansion will drive growth. However, we await a stable demand recovery in core categories amid high inflation and price hike while closely monitoring margins**. We reiterate our Neutral rating with a TP of INR5,200 (premised on 45x Dec'26E EPS).**

In-line revenue; sharp cut in employee expenses lead to EBITDA beat

- **Volume growth at 6%:** BRIT's consolidated net sales (excluding other operating income) rose 6.5% YoY to INR44.6b (est. INR44.6b) in 3Q. Other operating income jumped 100% YoY to INR1.3b. Consolidated revenue rose 8% YoY to INR45.9b (est. INR45.5b). The company delivered ~6% volume growth in 3Q (est. 5%, 8% in 2QFY25).
- **Commodity pressure on margin**: Consolidated gross margin contracted by 510bp YoY and 280bp QoQ to 38.7% (est. 42%) due to a rise in commodity prices. Employee expenses declined sharply by 47% YoY and other expenses fell 2% YoY. EBITDA margin declined 90bp YoY to 18.4% (est. of 17.7%).
- **Low-single-digit growth in profitability**: EBITDA rose 3% YoY to INR8.4b (est. INR8.1b). APAT was up 4% YoY at INR5.8b (est. INR5.6b).
- In 9MFY25, net sales grew 6% YoY, EBITDA was flat YoY and APAT rose 3% YoY.

Highlights from the management commentary

- An economic slowdown and high food inflation have led to subdued consumer demand. The Consumer Price Index (CPI) rose to 5.2% in 3Q, with food inflation at 8.4%.
- BRIT's commodity inflation stood at ~11%, primarily driven by rising cocoa and palm oil prices.

- Focus states, including Madhya Pradesh, Rajasthan, Uttar Pradesh, and Gujarat, grew 2.6x faster than the rest of India in 3Q, contributing 15% of total revenue, with rural markets showing stronger growth.
- No major capital expenditure is planned, with only INR1.5-2b allocated for FY26.
- The e-commerce mix for BRIT's product categories stands at ~ 4% for biscuits, 17% for croissants, 9% for cakes, and 11% for dairy, showing a higher share for adjacent businesses.

Valuation and view

- We largely maintain our EPS estimates for FY25/FY26.
- BRIT focuses on expanding distribution, primarily in rural areas, innovating products, and scaling up in related categories.
- We had highlighted the margin as a risk in BRIT given high inflation, focus on volume growth (increase in promotional, marketing, and other activities), and a high margin base. Operating margin can be volatile in the near term owing to RM inflation, a calibrated price hike and employee expenses. The margin pressure is likely to sustain in the near term. We model EBITDA margin of 17.5% for FY25 and ~18% for FY26/FY27 (vs. 19% in FY24).
- We believe urban demand will recover gradually and growth in packaged food categories will also improve. With pricing action initiated, we expect revenue growth to remain healthy, along with a gradual recovery in gross margin. **We reiterate a Neutral rating with a TP of INR5,200 (premised on 45x Dec'26E EPS).**

Consol. Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	(%)
Base business volume growth (%)	**0.0**	**0.0**	**5.5**	**6.0**	**8.0**	**8.0**	**6.0**	**5.5**	**2.9**	**6.9**	**5.0**	
Total Revenue	**40,107**	**44,329**	**42,563**	**40,694**	**42,503**	**46,676**	**45,926**	**44,145**	**1,67,693**	**1,79,249**	**45,543**	0.8
YoY change (%)	8.4	1.2	1.4	1.1	6.0	5.3	7.9	8.5	2.9	6.9	7.0	
Gross Profit	**16,820**	**19,011**	**18,673**	**18,269**	**18,449**	**19,381**	**17,784**	**17,879**	**72,772**	**73,492**	**19,128**	(7.0)
Margins (%)	41.9	42.9	43.9	44.9	43.4	41.5	38.7	40.5	43.4	41.0	42.0	
EBITDA	**6,889**	**8,724**	**8,211**	**7,874**	**7,537**	**7,834**	**8,449**	**7,587**	**31,698**	**31,406**	**8,061**	4.8
Margins (%)	17.2	19.7	19.3	19.4	17.7	16.8	18.4	17.2	18.9	17.5	17.7	
YoY growth (%)	37.6	22.6	0.4	-1.7	9.4	-10.2	2.9	-3.7	12.0	-0.9	-1.8	
Depreciation	708	717	781	799	739	761	824	828	3,005	3,152	765	
Interest	531	534	311	264	290	346	446	390	1,640	1,471	325	
Other Income	539	524	506	573	556	460	625	671	2,142	2,311	575	
PBT	**6,190**	**7,997**	**7,625**	**7,384**	**7,064**	**7,187**	**7,804**	**7,039**	**29,196**	**29,094**	**7,546**	3.4
Tax	1,665	2,121	2,026	1,980	1,762	1,836	1,961	1,744	7,793	7,303	1,924	
Rate (%)	26.9	26.5	26.6	26.8	24.9	25.5	25.1	24.8	26.7	25.1	25.5	
Adjusted PAT	**4,555**	**5,865**	**5,586**	**5,366**	**5,295**	**5,317**	**5,823**	**5,275**	**21,371**	**21,710**	**5,588**	4.2
YoY change (%)	35.7	19.5	0.3	-3.8	16.3	-9.3	4.3	-1.7	10.1	1.6	0.0	

E: MOFSL Estimates

7 February 2025
3QFY25 Results Update | Sector: Automobile

Hero MotoCorp

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	854.9 / 9.8
52-Week Range (INR)	6246 / 3998
1, 6, 12 Rel. Per (%)	3/-15/-18
12M Avg Val (INR M)	3647

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	407.5	440.1	475.7
EBITDA	58.8	62.4	67.6
Adj. PAT	46.1	49.2	53.6
Adj. EPS (INR)	230.2	245.8	267.7
EPS Gr. (%)	12.5	6.8	8.9
BV/Sh. (INR)	964	1,034	1,112
Ratios			
RoE (%)	24.7	24.6	24.9
RoCE (%)	24.2	24.2	24.5
Payout (%)	71.7	71.2	71.0
Valuations			
P/E (x)	18.6	17.4	16.0
P/BV (x)	4.4	4.1	3.8
Div. Yield (%)	3.9	4.1	4.4
FCF Yield (%)	4.7	5.3	5.9

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	34.7	34.8	34.8
DII	27.7	27.0	28.1
FII	28.0	29.6	28.3
Others	9.6	8.7	8.8

FII includes depository receipts

CMP: INR4,275 TP: INR5,000 (+17%) Buy

In-line operating performance

Rural revial and budget sops to help support entry level demand

- Hero MotoCorp (HMCL) 3QFY25 margins remained stable QoQ despite higher festive-led discounts due to higher spare part sales and lower EVs in mix. On the back of its new launches and a revival in rural demand, management expects HMCL to post double-digit revenue growth for both FY25E and FY26E.
- While the 2W demand has moderated post-festive, FY26E is expected to be better, driven by rural demand recovery and tax-related announcements boosting buyer sentiment. The stock looks attractive at ~17.4x/16x FY26E/27E EPS. **We reiterate BUY with a TP of INR5,000 (18x Dec'26E EPS + INR124/264 for Hero FinCorp/Ather post 20% Holdco discount).**

Impact of higher discounts offset by spares revenue and a lower EV mix

- Revenue/EBITDA/Adj. PAT grew ~5%/8%/12% YoY to INR102b/ INR14.8b/ INR12b (est. INR101.3b/INR14.2b/INR11.2b). During 9MFY25, revenue/ EBITDA/adj. PAT grew 10%/14%/15% YoY.
- Net realization was in line at INR66.2k (est. INR69.2k). Volume grew 6% YoY.
- Gross margin expanded 160bp YoY (+ 90bp QoQ) to 34.2% (est. 33.4%), led by favorable mix (higher spares and lower EVs).
- In 3Q, some of the factors impacting margins were: 1) strong spare part sales at INR 15.55b (+9% YoY) driven by seasonal trends 2) lower impact of the EV segment QoQ at INR1.37b (vs. INR1.75b in 2Q). However, these were offset by higher discounts, which are seasonal in nature.
- This resulted in a better EBITDA margin at 14.5% (+50bp YoY/ flat QoQ, est. 14%). EBITDA grew 8% YoY to INR14.8b (est. INR14.2b).
- ICE EBITDA margin stood at 16%, down 50bp QoQ despite higher spare parts revenue due to elevated festive-led discounts, which is expected to normalize in subsequent quarters.
- Further, higher other income boosted adj. PAT growth, which grew 12% YoY to INR12b (est. INR11.1b).
- The BOD declared an interim dividend of INR100 per share.

Highlights from the management commentary

- **Outlook:** Post-festive, 2W demand saw a temporary slowdown, but is expected to pick up with the upcoming wedding season and March festivities. On the back of its new launches, management expects HMCL to post double-digit revenue growth for both FY25 and FY26E. Rural contribution increased by 3% during the festive period. The company expects this momentum to continue even in FY26, given positive rural sentiments.
- **Impact of the Budget on 2W demand**: Income tax cuts benefit the INR0.6-1.2m annual income segment, which is HMCL's key customer base. As per management, increased disposable income of INR40k-50k could support 2W EMI payments, boosting demand in the coming year.

- **Key management changes:** Mr. Niranjana Gupta (CEO) has decided to step down from his post to pursue other opportunities. Mr. Vikram Kasbekar, Executive Director (Operations) has been appointed as the Acting CEO w.e.f. 1st May'25. Mr. Ranjivjit Singh has also stepped down from his role as Chief Business Officer. The current National Sales Head for India, Mr. Ashutosh Verma, will become the new CBO for the India business unit from 1st May'25.
- **EVs:** This business will remain a part of the standalone entity. Lower investments in the last 1-2 months were due to the transition from Vida V1 to V2. With V2 now fully stocked with most dealers, HMCL expects market share recovery in 2W EVs in the coming months.

Valuation and view

- We expect HMCL to deliver a volume CAGR of ~6% 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%/8% in revenue/EBITDA/PAT over FY25-27. The stock currently trades at ~17.4x/16x FY26E/FY27E EPS. **We reiterate BUY with a TP of INR5,000 (18x Dec'26E EPS + INR124/264 for Hero FinCorp/Ather post-20% Holdco discount).**

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

Y/E March	FY24				FY25				FY24	FY25E		Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	(%)
Total Volumes ('000 nos)	1,353	1,417	1,460	1,392	1,535	1,520	1,464	1,430	5,621	5,949	1,464	0.0
Growth YoY (%)	-2.7	-0.8	17.8	9.6	13.5	7.3	0.3	2.7	5.5	5.8	0.3	
Net Realization	64,819	66,680	66,604	68,373	66,076	68,851	69,755	69,479	66,632	68,509	69,195	0.8
Growth YoY (%)	7.4	4.9	2.8	4.6	1.9	3.3	4.7	1.6	5.0	2.8	3.9	
Net Op Revenues	**87.7**	**94.5**	**97.2**	**95.2**	**101.4**	**104.6**	**102.1**	**99.4**	**374.6**	**407.5**	**101.3**	**0.8**
Growth YoY (%)	4.5	4.1	21.1	14.6	15.7	10.8	5.0	4.4	10.8	8.8	4.2	
RM Cost (% sales)	69.4	68.6	67.3	66.4	67.7	66.7	65.8	66.5	67.9	66.7	66.6	-80bp
Staff Cost (% sales)	6.6	6.1	6.2	6.8	6.0	6.2	6.5	6.6	6.4	6.3	6.4	10bp
Other Exp (% sales)	10.3	11.2	12.5	12.5	11.9	12.6	13.3	12.5	11.7	12.6	13.0	30bp
EBITDA	**12.1**	**13.3**	**13.6**	**13.6**	**14.6**	**15.2**	**14.8**	**14.3**	**52.6**	**58.8**	**14.2**	**3.8**
Growth YoY (%)	28.2	27.9	47.4	25.5	21.0	14.1	8.4	5.0	0.0	0.0	**-3.1**	
EBITDA Margins (%)	13.8	14.1	14.0	14.3	14.4	14.5	14.5	14.4	14.0	14.4	14.0	40bp
Other Income	2.2	2.5	2.4	1.8	2.3	2.8	3.2	2.1	8.9	10.4	2.5	
Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.1	
Depreciation	1.7	1.7	1.8	1.9	1.9	1.9	2.0	2.0	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**	**14.3**	**54.2**	**61.2**	**14.7**	
Effective Tax Rate (%)	24.7	24.6	24.3	24.7	24.8	24.8	24.4	24.5	24.5	24.6	24.3	
Adj. PAT	**9.5**	**10.5**	**10.7**	**10.2**	**11.2**	**12.0**	**12.0**	**10.8**	**40.9**	**46.1**	**11.1**	**7.9**
Growth (%)	51.4	47.2	51.0	18.3	18.7	14.2	12.1	6.2	40.5	12.7	-5.5	

Cummins India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	KKC IN
Equity Shares (m)	277
M.Cap.(INRb)/(USDb)	796.1 / 9.1
52-Week Range (INR)	4172 / 2372
1, 6, 12 Rel. Per (%)	-9/-20/12
12M Avg Val (INR M)	2505

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	105.7	123.4	144.0
EBITDA	20.7	24.8	29.0
PAT	19.8	23.8	28.0
EPS (INR)	71.5	85.8	100.9
GR. (%)	19.2	20.0	17.6
BV/Sh (INR)	250.0	283.5	323.2
Ratios			
ROE (%)	30.3	32.2	33.3
RoCE (%)	28.3	30.2	31.4
Valuations			
P/E (X)	40.2	33.5	28.4
P/BV (X)	11.5	10.1	8.9
EV/EBITDA (X)	37.6	31.2	26.5
Div Yield (%)	1.4	1.7	2.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	51.0	51.0	51.0
DII	21.9	22.6	23.6
FII	18.1	17.5	16.5
Others	9.0	8.9	8.9

FII includes depository receipts

CMP: INR2,872 **TP: INR4,100 (+43%)** **Buy**

Continuously beating estimates

Cummins India (KKC)'s 3QFY25 results exceeded our and consensus estimates, with 22%/12%/13% YoY growth in revenue/EBITDA/PAT. Revenue growth was driven by strong YoY growth in the powergen, industrial, and distribution segments, along with a 43% YoY growth in exports. EBITDA margin remained in line with management's guidance. KKC was not impacted much by the demand pressure during 3QFY25, particularly in the low to mid-kVA ranges of gensets, and has benefited from the right product mix in the powergen segment, resulting in an 18% YoY growth. Export markets have been consistently improving QoQ since the last four quarters. We continue to remain positive on KKC, led by: 1) its strong market positioning across all segments, 2) its ability to sustain market leadership despite volatile demand, 3) its ability to sustain margins at higher levels, and 4) its ability to benefit from the fast-growing data center market. We largely maintain our estimates and reiterate BUY on the stock with a TP of INR4,100.

Results much ahead of our estimates

KKC reported a strong result with a beat on all parameters. Revenue came in at INR30.9b, up 22% YoY/24% QoQ, (our est. INR26.9b). The company delivered good YoY growth, even on the high base of last year, which included a one-off element from the data center project delivery. We had anticipated a 6% YoY growth in revenues for 3QFY25. Domestic revenue at INR25.8b grew by 18% YoY, while exports at INR4.6b grew by 43% YoY. Exports have been continuously moving up since 4QFY24. Gross margin at 34.8% saw a contraction of 220bp YoY/100bp QoQ, while EBITDA margin for 3QFY25 stood at 19.4% versus our estimate of 19.5%. EBITDA margins were down YoY, mainly due to the one-off impact of large project delivery and provision reversal in 3QFY24. These margins are in line with management's outlook of 19-19.5% margins for the full year. PAT came in at INR5.1b, 9% ahead of our estimates, driven by better-than-expected revenue growth and slightly lower tax rate (YoY). For 9MFY25, the company has delivered revenue/EBITDA/PAT growth of 19%/27%/26%.

Powergen segment benefits from high sales in HHP range

During the quarter, demand was particularly impacted in the low to mid-kVA ranges, and competitive intensity also increased, putting pressure on the prices. However, KKC's product portfolio was not impacted much, and the company benefited from a larger share of 70% of sales coming from HHP during 3QFY25. Demand was primarily driven by data centers, mission-critical power equipment, as well as manufacturing, real estate, and other segments. FY25 is a transition year for the genset market, with price stability expected to become more evident from FY26 onwards.

Industrial segment performance remains strong

Industrial segment revenues grew by 25% YoY in 3QFY25, driven by growth in construction, railways, and mining. The company witnessed good demand in the construction and rail segments, particularly from diesel-electric tower cars, and even witnessed a high velocity of demand in the mining segment. KKC believes that these are tender-based businesses and may be lumpy across quarters. However, the company is optimistic on growth across these segments. We believe that with relatively slower spending from the government across roads, railways, etc, the industrial segment growth can be impacted to some extent in the future. We, thus, estimate a 17% CAGR for this segment over FY24-27E vs a 19% CAGR seen over FY21-24.

Distribution growth driven by higher penetration and improved offerings

KKC's distribution segment revenue grew by 13% YoY in 3QFY25. This segment is benefiting from improved demand in the powergen segment for spares, services, and RECD devices, as well as increasing penetration of its products. We bake in a CAGR of 25% in the distribution segment revenue over FY24-27.

Exports continuously improving sequentially

Export revenues were up 43% YoY, mainly due to the low base of 3QFY24. Sequentially, exports improved by 5%. Exports to the Middle East and Latin America improved, while other geographies are yet to show meaningful improvement. Given the current geopolitical situation and import tariffs, the company is continuously evaluating the situation and will accordingly decide to tap opportunities, particularly for North America. We expect export revenue of INR17.7b/ INR19.9b/INR22.5b for FY25/FY26/FY27.

EBITDA margin benefiting from cost-saving measures despite lower GM

KKC has maintained EBITDA margins of around 19.4% despite gross margins witnessing a 100bp QoQ contraction. Gross margins are a function of the product mix across powergen, industrial, distribution, and even exports. The company intends to maintain EBITDA margins in a similar range and is continuously focusing on cost-saving initiatives to reduce overall costs.

Financial outlook

We largely maintain our estimatesand expect revenue/PAT CAGR of 17%/19% over FY24-27. We build in EBITDA margin of 19.6%/20.1%/20.1% for FY25/26/27. Our estimates factor in gross margin of 35.7% versus 36% in 9MFY25 as we expect some gross margin contraction to come on the normalization of price levels for CPCB 4+.

Valuation and view

The stock is currently trading at 33.5x/28.4x on FY26/27E EPS. We maintain our TP of INR4,100 on KKC based on 42x two-year forward EPS. Reiterate BUY rating on the stock.

Key risks and concerns

Key risks to our recommendation would come from lower-than-expected demand for key segments, higher commodity prices, increased competitive intensity, and lower-than-expected recovery in exports.

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**22,087**	**18,997**	**25,341**	**23,162**	**23,042**	**24,923**	**30,860**	**26,845**	**89,586**	**1,05,670**	**26,881**	**15**
YoY Change (%)	31.0	-2.6	16.2	20.3	4.3	31.2	21.8	15.9	15.7	18.0	6.1	
Total Expenditure	18,681	15,611	19,961	17,719	18,369	20,113	24,860	21,605	71,972	84,947	21,639	
EBITDA	**3,406**	**3,386**	**5,379**	**5,443**	**4,673**	**4,810**	**6,000**	**5,239**	**17,614**	**20,723**	**5,242**	**14**
Margins (%)	15.4	17.8	21.2	23.5	20.3	19.3	19.4	19.5	19.7	19.6	19.5	
Depreciation	358	379	419	420	439	452	481	451	1,576	1,823	418	15
Interest	77	67	63	62	48	26	27	60	268	160	72	(63)
Other Income	1,175	1,322	1,136	2,045	1,322	1,611	1,209	1,714	5,678	5,856	1,428	(15)
PBT before EO expense	**4,146**	**4,263**	**6,034**	**7,006**	**5,509**	**5,944**	**6,702**	**6,442**	**21,448**	**24,597**	**6,181**	**8**
Extra-Ord expense			17						17	0		
PBT	**4,146**	**4,263**	**6,017**	**7,006**	**5,509**	**5,944**	**6,702**	**6,442**	**21,431**	**24,597**	**6,181**	**8**
Tax	989	978	1,467	1,390	1,311	1,438	1,562	1,605	4,824	5,915	1,486	
Rate (%)	23.9	22.9	24.4	19.8	23.8	24.2	23.3	24.9	22.5	24.0	24.0	
Reported PAT	**3,157**	**3,285**	**4,549**	**5,615**	**4,198**	**4,506**	**5,140**	**4,838**	**16,606**	**18,682**	**4,694**	**9**
Adj PAT	**3,157**	**3,285**	**4,562**	**5,615**	**4,198**	**4,506**	**5,140**	**4,838**	**16,619**	**18,682**	**4,694**	**9**
YoY Change (%)	50.6	30.2	26.7	76.3	33.0	37.2	12.7	-13.8	45.7	12.4	2.9	
Margins (%)	14.3	17.3	18.0	24.2	18.2	18.1	16.7	18.0	18.6	17.7	17.5	

	FY24				FY25E				FY24	FY25E	YoY (%)
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Segmental revenue											
Powergen	8,700	4,860	10,730	9,420	8,030	8,960	12,710	12,331	33,710	42,031	24.7
Industrial	2,400	3,000	4,104	3,480	3,720	4,060	5,110	3,325	12,984	16,215	24.9
Distribution	5,300	5,490	6,620	6,040	6,510	6,580	7,460	7,590	23,450	28,140	20.0
Exports	5,000	5,070	3,250	3,440	3,890	4,400	4,600	4,851	16,760	17,741	5.9
Other	346	295	314	305	470	484	534	-1,457	1,260	32	-97.5
Total	**21,746**	**18,715**	**25,018**	**22,685**	**22,620**	**24,484**	**30,414**	**26,640**	**88,164**	**1,04,159**	18.1

Aurobindo Pharma

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	ARBP IN
Equity Shares (m)	581
M.Cap.(INRb)/(USDb)	692.1 / 7.9
52-Week Range (INR)	1593 / 959
1, 6, 12 Rel. Per (%)	-8/-16/12
12M Avg Val (INR M)	1879

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	315.4	343.3	381.4
EBITDA	66.5	73.8	84.3
Adj. PAT	35.9	41.1	48.2
EBIT Margin (%)	16.0	16.3	17.2
Cons. Adj. EPS (INR)	61.2	70.1	82.3
EPS Gr. (%)	9.2	14.5	17.4
BV/Sh. (INR)	566.3	632.4	710.7
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	11.4	11.7	12.3
RoCE (%)	10.5	11.0	11.8
Payout (%)	6.7	5.7	4.9
Valuations			
P/E (x)	19.8	17.3	14.7
EV/EBITDA (x)	10.2	9.0	7.4
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	4.5	1.9	6.2
EV/Sales (x)	2.2	1.9	1.6

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	51.8	51.8	51.8
DII	25.2	25.1	20.6
FII	16.3	16.6	20.7
Others	6.7	6.5	6.9

FII includes depository receipts

CMP: INR1,192 TP: INR1,310 (+10%) Neutral

3Q in line; EU/ROW outshine while US underperforms

Remediation measures complete at Eugia-III

- Aurobindo Pharma (ARBP) delivered an in-line performance for 3QFY25. Robust growth in Europe/ROW markets and higher off-take of ARV sales were partially offset by weaker US sales. The US sales growth was soft for the quarter due to lower business from g-Revlimid and reduced production at the Eugia site.
- We largely maintain our estimates for FY25/FY26/FY27. We value ARBP at 18x 12M forward earnings to arrive at a TP of INR1,310.
- In addition to its US generics, ARBP is working on enhancing its offerings in the biologics/GLP-1 space. Further, the company is ramping up the production of PEN-G for in-house consumption as well as external sales. PEN-G is expected to positively contribute to EBITDA from FY26 onwards. With remediation measures in place, it is expected to scale up production at the Eugia site, which will improve operating leverage in the injectable segment. Accordingly, we build 10%/12.5%/16% revenue/EBITDA/PAT CAGR over FY25-27. We maintain a Neutral rating, given the limited upside from current levels.

Lower operating leverage outweighs product mix benefit on YoY basis

- ARBP's 3QFY25 sales grew 8.5% YoY to INR79.8b (our estimate: INR76.1b). Overall formulation sales grew 10.8% YoY to INR69.7b. US formulation revenues declined 2.3% YoY to INR36.7b (CC: -3.5% YoY to USD435m; 46% of sales), driven by lower transient product sales. Europe formulation sales grew 30.4% YoY to INR21.2b (27% of sales). Growth markets sales grew 12.5% YoY to INR8.7b (11% of sales).
- ARV revenue grew 71.5% YoY to INR3.1b (2% of sales).
- API sales contracted 1.6% on a YoY basis to INR10.1b (13% of sales).
- Gross Margin (GM) expanded 130bp YoY to 58.4%.
- EBITDA margin, however, contracted 140bp YoY to 20.4% (our estimate: 21.4%), led by an increase in employee cost/other expense (+70bp/+170bp YoY).
- EBITDA was up 20.4% YoY to INR16.3b (in line with estimates).
- PAT declined 2.8% YoY to INR8.8b (our est: INR9b), led by a higher tax outgo.
- Revenue/EBITDA/PAT grew 9%/17.6%/14.2% YoY to INR233.4b/INR48.9b/INR26b in 9MFY25.

Highlights from the management commentary

- ARBP has guided for an EBITDA margin of 21.5-22% for FY25, having achieved 20.9% for 9MFY25.
- Higher RM prices and a lower off-take of transient products affected margins for the quarter.
- ARBP has completed remedial actions at Eugia and expects production to ramp up to 60-70% in 4Q, compared to the current capacity utilization of 45-50%.

Quarterly performance (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
Net Sales	**68.5**	**72.2**	**73.5**	**75.8**	**75.7**	**78.0**	**79.8**	**81.9**	**290.0**	**315.4**	**76.1**	**4.8%**
YoY Change (%)	9.9	25.8	14.7	17.1	10.5	8.0	8.5	8.1	16.7	8.7	3.5	
EBITDA	**11.5**	**14.0**	**16.0**	**16.9**	**16.9**	**15.7**	**16.3**	**17.7**	**58.4**	**66.5**	**16.3**	**-0.1%**
YoY Change (%)	12.4	33.4	67.8	68.3	47.2	11.6	1.7	4.7	44.9	13.9	1.7	
Margins (%)	16.8	19.4	21.8	22.3	22.4	20.1	20.4	21.5	20.1	21.1	21.4	
Depreciation	3.3	4.2	4.2	3.5	4.0	3.8	4.2	4.1	15.2	16.2	4.0	
EBIT	**8.2**	**9.9**	**11.8**	**13.3**	**12.9**	**11.8**	**12.1**	**13.5**	**43.2**	**50.4**	**12.3**	
YoY Change (%)	10.7	30.7	86.1	103.0	56.5	20.1	2.6	1.6	54.9	16.6	4.7	
Interest	0.6	0.7	0.8	0.9	1.1	1.1	1.2	1.1	2.9	4.5	1.1	
Other Income	0.8	1.9	1.2	1.4	1.2	1.4	1.6	1.4	5.2	5.5	1.4	
PBT before EO expense	**8.5**	**11.0**	**12.2**	**13.8**	**13.0**	**12.1**	**12.5**	**13.9**	**45.5**	**51.4**	**12.7**	**-1.8%**
Forex loss/(gain)	-0.4	0.3	-0.5	0.1	0.0	0.0	0.5	0.0	-0.4	0.5	0.0	
Exceptional (expenses)/income	-0.7	0.0	0.0	-1.2	0.2	0.0	0.0	0.0	-1.9	0.2	0.0	
PBT	**8.1**	**10.7**	**12.7**	**12.4**	**13.3**	**12.1**	**12.0**	**13.9**	**44.0**	**51.2**	**12.7**	**-5.7%**
Tax	2.4	3.2	3.2	3.2	4.1	3.9	3.5	3.8	12.1	15.4	3.7	
Rate (%)	29.7	30.1	25.5	26.0	30.6	32.3	29.6	27.7	27.5	30.0	29.0	
Minority Interest	0.0	-0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	
Reported PAT	**5.7**	**7.6**	**9.4**	**9.1**	**9.2**	**8.2**	**8.4**	**9.9**	**31.7**	**35.7**	**9.0**	**-6.7%**
Adj PAT	**5.9**	**7.8**	**9.0**	**10.1**	**9.0**	**8.2**	**8.8**	**9.9**	**32.8**	**35.9**	**9.0**	**-2.9%**
YoY Change (%)	0.9	17.2	87.4	96.3	51.9	5.1	-2.8	-1.9	46.1	9.2	0.0	
Margins (%)	8.7	10.8	12.3	13.3	11.9	10.5	11.0	12.1	11.3	11.4	11.9	
EPS	**10.1**	**13.3**	**15.4**	**17.3**	**15.4**	**14.0**	**15.0**	**16.9**	**56.0**	**61.2**	**14.1**	

E: MOFSL Estimates

Key performance indicators (Consolidated) (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Formulations	**58.2**	**59.7**	**62.9**	**65.1**	**64.8**	**66.4**	**69.7**	**71.0**	**244.2**	**271.9**	**64.8**
YoY Change (%)	9.2	25.1	15.4	19.3	11.3	11.3	10.8	9.1	16.2	11.3	3.0
ARV form.	1.9	2.5	1.8	2.4	2.3	1.9	3.1	1.6	8.7	8.9	2.1
YoY Change (%)	-49.8	52.4	-28.7	49.7	20.2	-22.8	71.5	-34.3	-9.0	2.0	20.0
US generic form.	33.0	33.9	37.6	35.9	35.6	35.3	36.7	38.4	138.7	145.9	36.3
YoY Change (%)	11.2	28.3	25.1	17.8	7.6	4.3	-2.3	6.9	19.0	5.2	-3.3
EU and ROW form.	23.2	23.3	23.6	26.8	26.9	29.2	29.9	31.1	96.8	117.1	26.3
YoY Change (%)	17.4	18.5	7.0	19.2	15.8	25.0	27.1	15.8	15.3	20.9	11.7
APIs	**10.3**	**11.7**	**10.2**	**10.2**	**10.9**	**11.6**	**10.1**	**10.9**	**42.4**	**43.5**	**11.3**
YoY Change (%)	14.0	20.3	7.1	0.2	5.7	-0.9	-1.6	7.3	10.2	2.5	11.0
Cost Break-up											
RM Cost (% of Sales)	46.1	44.8	42.9	40.4	40.6	41.2	41.6	40.7	43.5	41.0	41.0
Staff Cost (% of Sales)	13.9	13.2	13.5	13.5	14.2	14.2	14.2	13.8	13.5	14.1	14.1
R&D Expenses(% of Sales)	5.7	4.2	5.4	5.2	4.5	5.3	5.6	5.4	5.1	5.2	5.1
Other Cost (% of Sales)	17.6	18.3	16.5	18.7	18.4	19.2	18.2	18.6	17.5	18.6	18.4
Gross Margins (%)	53.9	55.2	57.1	59.6	59.4	58.8	58.4	59.3	56.5	59.0	59.0
EBITDA Margins (%)	16.8	19.4	21.8	22.3	22.4	20.1	20.4	21.5	20.1	21.1	21.4
EBIT Margins (%)	12.0	13.7	16.0	17.6	17.1	15.2	15.2	16.5	14.9	16.0	16.2

E: MOFSL Estimates

Oil India

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	OINL IN
Equity Shares (m)	1627
M.Cap.(INRb)/(USDb)	691 / 7.9
52-Week Range (INR)	768 / 296
1, 6, 12 Rel. Per (%)	-10/-28/23
12M Avg Val (INR M)	3648

Financials & Valuations (INR b)

Y/E march	FY25E	FY26E	FY27E
Sales	220.2	224.8	242.2
EBITDA	90.1	110.7	119.8
Adj. PAT	60.1	74.7	80.6
Adj. EPS (INR)	36.9	45.9	49.6
EPS Gr. (%)	8.2	24.3	7.9
BV/Sh.(INR)	296.8	328.6	362.9
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	13.0	14.7	14.3
RoCE (%)	8.8	10.4	10.4
Payout (%)	30.8	30.8	30.8
Valuations			
P/E (x)	11.5	9.3	8.6
P/BV (x)	1.4	1.3	1.2
EV/EBITDA (x)	8.5	6.8	6.2
Div. Yield (%)	2.7	3.3	3.6
FCF Yield (%)	5.1	6.2	7.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.7	56.7	56.7
DII	27.1	26.3	25.8
FII	9.4	10.6	11.0
Others	6.8	6.5	6.5

FII includes depository receipts

CMP: INR425 | TP: INR585 (+38%) | BUY

NRL expansion on track; volume growth in focus

- **Oil India (OINL)'s 3QFY25 result was in line at the EBITDA level, as oil and gas sales and realizations came in line with our estimates. PAT was 13% below our estimates, as other income came in below estimates. The company reported an oil realization of USD73.8/bbl in 3Q, at USD0.8/bb discount to Brent. Amid tighter US sanctions on Russian and Iranian oil exports and elevated seasonal energy demand, Brent has averaged USD77.3 in 4QFY25YTD. After scrapping the windfall tax, higher QoQ crude prices shall result in higher realization in 4Q for OINL.**
- **The core story still broadly remains intact – Numaligarh Refinery Limited (NRL)'s expanded capacity is on track for commissioning by Dec'25. The company continues to focus on exploration and aims to achieve 4mmt/ 5bcm oil/gas production by FY27/FY28.**
- **OINL remains a strong conviction at 1.3x FY26E P/B (standalone) valuation. With FY26E RoE at ~14.7%, the current valuations appear attractive. We see limited downside from the current levels as we build in crude prices to average USD70/bbl in FY26/FY27. We arrive at our TP of INR585 as we model an oil and gas production of 3.65mmt and 3.47bcm in FY26, respectively. We value the standalone business at 8x Dec'26E P/E, existing NRL stake at 3.0x FY24 P/B, and include the value of equity invested to date in NRL capacity expansion. Reiterate BUY.**

Other key takeaways from the conference call

- Production volume guidance: FY25/FY26/FY27 oil production is likely to be 3.48mmt /3.65mmt/4mmt. FY25/FY26/FY27 gas production is anticipated to be 3.3bcm /4bcm /5bcm.
- In 3Q, NRL's GRM stood at USD2.1/bbl. Inventory losses were ~USD2/bbl.
- NRL has achieved 73% mechanical completion (INR230b+ capex incurred) and shall achieve completion by Dec'25. The refinery shall be 60%/75%/100% operational in the first few years of commissioning.
- NRL's petrochemical project is expected to achieve completion by Dec'28 (capex at INR9.9b out of INR72.b already incurred).
- OINL has secured over 100,000 sq. km in new exploration acreage.

EBITDA in line; lower other income drags PAT

- Revenue was in line with our estimate at INR52.4b (-10% YoY).
  - Oil sales came in at 0.83mmt (our estimate of 0.84mmt). Gas sales stood at 0.68bcm (our estimate of 0.65bcm).
  - Oil realization was USD73.8/bbl (our estimate of USD73/bbl).
- EBITDA also came in line with our estimate at INR21.3b (flat YoY).
- In 3Q, forex loss stood at INR1.8b.
- However, the reported PAT was 13% below our estimate at INR12.2b due to lower-than-expected other income and higher-than-expected finance costs.

NRL's performance:

- PAT stood at INR3.9b (vs. PAT of INR8.6b during 3QFY24), led by a subdued GRM of USD2.1/bbl in 3QFY25 (vs. GRM of USD12.7/bbl in 3QFY24).
- Crude throughput stood at 808tmt (vs. 853tmt in 3QFY24) and distillate yield stood at 87.3% (vs. 88.9% in 3QFY24).

- **In 9MFY25,** while net sales and EBITDA were similar YoY, APAT dipped 11% YoY. In 4QFY25, we estimate net sales/EBITDA/APAT to decline 6%/4%/ 27%.
- The Board declared an interim dividend of INR7/share (FV of INR10/ share).

Valuation and view

- Production growth guidance remained robust, with drilling activity and development wells in old areas contributing to this growth. OINL is also implementing new technologies to raise production. Capacity expansion for NRL (from 3mmt to 9mmt) is also anticipated to be completed by Dec'25, which will drive further growth.
- OINL remains a strong conviction at 1.3x FY26E P/B (standalone) valuation. We value the stock at 8x Dec'26E standalone adj. EPS and add investments to arrive at our TP of INR585. **Reiterate BUY.**

Quarterly Performance **(INR b)**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**46.4**	**59.1**	**58.2**	**57.6**	**58.4**	**55.2**	**52.4**	**54.2**	**221.3**	**220.2**	**53.4**	**-2%**
Change (%)	-22.1	2.4	-1.1	2.0	25.7	-6.7	-9.9	-5.8	-4.9	-0.5	-8.2	
EBITDA	**23.3**	**24.9**	**21.1**	**23.4**	**24.7**	**21.8**	**21.3**	**22.3**	**92.6**	**90.1**	**22.0**	**-3%**
% of Net Sales	50.1	42.1	36.2	40.6	42.2	39.6	40.7	41.2	41.8	40.9	41.2	
Change (%)	-11.5	34.6	-26.2	-0.5	5.9	-12.3	1.3	-4.5	-4.4	-2.7	4.5	
D,D&A	4.0	4.2	5.0	4.6	4.6	5.0	5.3	6.0	17.8	20.8	5.3	
Interest	1.7	2.2	1.8	1.9	2.0	2.3	2.4	2.2	7.6	9.0	2.1	
OI (incl. Oper. other inc)	3.3	7.1	5.1	8.3	1.6	8.6	1.9	5.8	23.8	17.8	4.2	
PBT before exceptional	**21.0**	**25.5**	**19.3**	**25.2**	**19.7**	**23.1**	**15.5**	**19.9**	**91.1**	**78.2**	**18.8**	**-17%**
Exceptional item	**0.0**	**23.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**23.6**	**0.0**	**0.0**	
PBT after exceptional	**21.0**	**1.9**	**19.3**	**25.2**	**19.7**	**23.1**	**15.5**	**19.9**	**67.5**	**78.2**	**18.8**	**-17%**
Tax	4.9	-1.4	3.5	5.0	5.1	4.7	3.3	5.0	11.9	18.1	4.7	
Rate (%)	23.2	-5.4	18.0	19.6	25.7	20.4	21.2	25.2	13.1	23.1	25.2	
PAT	**16.1**	**3.3**	**15.8**	**20.3**	**14.7**	**18.3**	**12.2**	**14.9**	**55.5**	**60.1**	**14.0**	**-13%**
Change (%)	3.7	-81.1	-9.3	13.5	-9.1	463.8	-22.9	-26.7	-18.5	8.2	-11.4	
Adj. PAT	**16.1**	**19.1**	**15.8**	**20.3**	**14.7**	**18.3**	**12.2**	**14.9**	**71.4**	**60.1**	**14.0**	**-13%**
Key Assumptions												
Oil sales (mmt)	0.75	0.85	0.85	0.84	0.83	0.84	0.83	0.84	3.29	3.33	0.84	-2%
Gas sales (bcm)	0.54	0.65	0.68	0.65	0.68	0.65	0.68	0.68	2.52	2.69	0.65	5%
Net Oil Realization (USD/bbl)	**74.3**	**75.5**	**74.3**	**78.8**	**74.6**	**73.9**	**73.8**	**73.7**	**75.7**	**74.0**	**73.0**	**1%**

7 February 2025

3QFY25 Results Update | Sector: Healthcare

ALKEM Laboratories

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USDb)	615.9 / 7
52-Week Range (INR)	6440 / 4407
1, 6, 12 Rel. Per (%)	-7/-4/-7
12M Avg Val (INR M)	1391

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	129.6	142.5	155.1
EBITDA	26.2	29.5	33.8
Adj. PAT	22.6	23.8	26.9
EBIT Margin (%)	17.7	18.3	19.3
Cons. Adj. EPS (INR)	188.8	199.1	224.9
EPS Gr. (%)	18.3	5.4	13.0
BV/Sh. (INR)	1,008.9	1,163.1	1,337.4
Ratios			
Net D:E	-0.1	-0.2	-0.2
RoE (%)	20.2	18.3	18.0
RoCE (%)	19.0	17.3	17.1
Payout (%)	22.5	22.5	22.5
Valuations			
P/E (x)	27.3	25.9	22.9
EV/EBITDA (x)	23.0	20.1	17.2
Div. Yield (%)	0.7	0.7	0.8
FCF Yield (%)	2.3	1.9	2.6
EV/Sales (x)	4.6	4.2	3.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	55.7	55.7	56.7
DII	18.0	19.2	15.9
FII	10.2	9.0	8.5
Others	16.2	16.1	18.9

FII includes depository receipts

CMP: INR5,151 TP: INR5,400 (+5%) Neutral

Better-than-estimated 3Q aided by controlled costs

Work-in-progress towards investment in CDMO/Med-tech segments

- Alkem Laboratories (ALKEM) reported in-line revenue in 3QFY25. It delivered better-than-expected EBITDA/PAT for the quarter, fueled by controlled operational costs and R&D spending. Weaker off-take in the trade generics segment and higher opex related to the CDMO/med-tech businesses adversely impacted YoY earnings.
- We broadly maintain our earnings estimates for FY25/FY26/FY27. We value ALKEM at 25x 12M forward earnings to arrive at our TP of INR5,400.
- ALKEM is implementing efforts to outpace the industry in the branded prescription segment. Further, it is preparing to be the leading company in launching Semaglutide in the Indian market. The investment is progressing well in the CDMO and med-tech domains, which are going to be the additional growth drivers over the medium to long term. The overall moderation in the domestic formulation market is affecting the overall growth prospects for ALKEM. Accordingly, we model a 9% earnings CAGR over FY25-27. **Reiterate Neutral.**

Product mix benefits partly offset by higher opex on a YoY basis

- ALKEM's 3QFY25 revenue grew 1.5% YoY to INR33.7b (our est: INR33b). Domestic business grew 6% YoY to INR23.6b (71% of sales). International business declined 6% YoY to INR9.6b for the quarter. Within international business, the US sales declined 7% YoY to INR6.3b (19% of sales). Other international sales declined 4% YoY to INR3.3b (10% of sales)
- Gross margin expanded 360bp YoY to 64.3% due to lower raw material costs.
- EBITDA margin expanded 120bp YoY to 22.5% (our est: 20%) as higher GM was offset by higher employee costs/other expenses (-130bp/-100bp YoY as % of sales).
- Consequently, EBITDA grew 7.3% YoY at INR7.6b (v/s est. of INR6.6b).
- Adj PAT declined 2.6% YoY to INR6.3b (our est: INR5.5b).
- During 9MFY25, revenue was flat at INR98b, while EBITDA/PAT rose 15.0%/ 15.9% to INR21b/INR18.6b.

Highlights from the management commentary

- Despite a 21.6% EBITDA margin for 9MFY25, ALKEM has maintained its EBITDA margin guidance of 19% for FY25, as it is expected to incur costs related to product filings.
- ALKEM indicated that US sales would be flat for FY25 and management expects a single-digit YoY growth in FY26. Price erosion in the US generics segment was 5% in 3QFY25.
- Alkem expects a mid-to-high single-digit YoY growth in the trade generics segment from a medium-term perspective.
- Enzene and medical devices had a combined operational loss of INR350m/ INR150m on a YTD/3QFY25 basis.
- The overall investment for the med-tech venture has been ~INR2.7b to date.

Quarterly Perf. (Consolidated) **(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Net Revenues	**29.7**	**34.4**	**33.2**	**29.4**	**30.3**	**34.1**	**33.7**	**31.4**	**126.7**	**129.6**	**33.1**	**2.1**
YoY Change (%)	15.2	11.7	9.3	1.1	2.2	-0.7	1.5	6.9	9.2	2.3	(0.5)	
Total Expenditure	25.8	26.9	26.2	25.3	24.2	26.6	26.1	26.4	65.7	70.8	26.4	
EBITDA	**3.9**	**7.5**	**7.1**	**4.0**	**6.1**	**7.5**	**7.6**	**5.0**	**22.5**	**26.2**	**6.6**	**14.8**
YoY Change (%)	42.4	64.5	18.1	13.8	56.4	0.8	7.3	23.6	33.7	16.6	(6.6)	
Margins (%)	13.1	21.7	21.3	13.7	20.1	22.0	22.5	15.8	17.7	20.2	20.0	
Depreciation	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.8	3.0	3.3	0.8	
EBIT	**3.2**	**6.7**	**6.4**	**3.2**	**5.3**	**6.7**	**6.7**	**4.1**	**19.5**	**22.9**	**5.8**	
YoY Change (%)	60.8	78.7	22.6	15.9	66.7	0.2	5.7	30.2	11.3	67.3	(8.9)	
Margins (%)	10.7	19.6	19.2	10.9	17.4	19.7	20.0	13.2	15.4	17.7	17.6	
Interest	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	1.1	1.3	0.3	
Other Income	0.7	0.6	0.9	0.9	1.2	1.3	0.9	0.7	3.1	4.2	0.8	
PBT before EO Exp	**3.5**	**7.1**	**7.1**	**3.8**	**6.2**	**7.8**	**7.3**	**4.5**	**21.4**	**25.9**	**6.4**	**15.1**
EO Exp/(Inc)	0.0	0.6	0.5	0.1	0.0	0.0	0.0	0.0	1.2	0.0	-	
PBT after EO Exp	**3.5**	**6.5**	**6.5**	**3.7**	**6.2**	**7.8**	**7.3**	**4.5**	**20.2**	**25.9**	**6.4**	
Tax	0.7	0.3	0.5	0.6	0.7	0.8	0.9	0.7	2.1	3.1	0.8	
Rate (%)	18.4	5.1	7.7	17.1	11.2	10.0	12.3	16.0	9.9	12.0	12.3	
PAT (pre Minority Interest)	**2.9**	**6.1**	**6.0**	**3.0**	**5.5**	**7.0**	**6.4**	**3.8**	**18.1**	**22.8**	**5.6**	
Minority Interest	0.0	-0.1	0.1	0.1	0.1	0.1	0.1	-0.2	0.2	0.2	0.0	
Reported PAT	**2.9**	**6.2**	**5.9**	**2.9**	**5.5**	**6.9**	**6.3**	**4.0**	**18.0**	**22.6**	**5.5**	**13.3**
Adj Net Profit	**2.9**	**6.8**	**6.4**	**3.0**	**5.5**	**6.9**	**6.3**	**4.0**	**19.1**	**22.6**	**5.5**	**13.3**
YoY Change (%)	52.3	104.1	41.3	3.4	90.1	2.0	-2.6	31.0	50.5	18.3	-14.0	
EPS	**24**	**56**	**54**	**25**	**46**	**58**	**52**	**33**	**160**	**189**	**46**	**13.3**

Key performance Indicators (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
India formulations	19.0	23.3	22.3	19.7	20.2	24.6	23.6	21.8	84.3	90.2	23.2
YoY Change (%)	6.7	5.0	12.1	(1.9)	6.4	5.7	5.9	10.3	5.4	7.0	4.0
US generics	7.0	7.7	6.8	6.2	6.4	5.7	6.3	6.6	27.7	25.1	6.0
YoY Change (%)	25.0	27.1	(10.2)	5.5	(7.7)	(25.2)	(7.3)	5.9	10.2	(9.4)	(12.0)
International (Ex-US)	3.2	2.9	3.4	2.9	3.3	3.2	3.3	3.6	12.3	13.3	3.6
YoY Change (%)	56.5	27.3	46.9	7.6	2.2	12.0	(4.0)	24.8	33.0	8.0	5.0
Cost Break-up											
RM Cost (% of Sales)	40.4	38.6	39.2	37.7	35.5	35.3	35.7	35.5	39.0	35.5	35.1
Staff Cost (% of Sales)	19.1	16.1	17.2	17.2	19.9	17.9	18.5	19.5	17.4	18.9	19.0
R&D Expenses(% of Sales)	4.1	3.4	3.3	6.0	4.1	4.3	3.9	5.3	4.1	4.4	4.4
Other Cost (% of Sales)	23.3	20.2	18.9	25.4	20.4	20.5	19.4	23.8	21.8	21.0	21.5
Gross Margin (%)	59.6	61.4	60.8	62.3	64.5	64.7	64.3	64.5	61.0	64.5	64.9
EBITDA Margin (%)	13.1	21.7	21.3	13.7	20.1	22.0	22.5	15.8	17.7	20.2	20.0
EBIT Margin (%)	10.7	19.6	19.2	10.9	17.4	19.7	20.0	13.2	15.4	17.7	17.6

E: MOSL Estimates

PI Industries

Estimate change	↓
TP change	↓
Rating change	⟷

Bloomberg	PI IN
Equity Shares (m)	152
M.Cap.(INRb)/(USDb)	537.7 / 6.1
52-Week Range (INR)	4804 / 3060
1, 6, 12 Rel. Per (%)	-1/-17/-1
12M Avg Val (INR M)	1368

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	80.8	91.1	103.8
EBITDA	22.0	24.6	28.4
PAT	16.7	17.9	20.6
EBITDA (%)	27.2	27.0	27.3
EPS (INR)	109.9	117.9	135.4
EPS Gr. (%)	(0.6)	7.3	14.9
BV/Sh. (INR)	673	779	903
Ratios			
Net D/E	(0.4)	(0.4)	(0.4)
RoE (%)	17.6	16.2	16.1
RoCE (%)	17.6	16.2	16.1
Payout (%)	10.5	9.8	8.5
Valuations			
P/E (x)	32.3	30.1	26.2
EV/EBITDA (x)	23.2	20.5	17.5
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.3	1.4	2.5

Shareholding Pattern (%)

As on	Dec-24	Sep-24	Dec-23
Promoter	46.1	46.1	46.1
DII	27.2	26.4	23.2
FII	18.5	19.0	20.4
Others	8.2	8.5	10.3

Note: FII includes depository receipts

CMP: INR3,544 TP: INR4,100 (+16%) Buy

Muted growth across segments

Earnings lower than estimates

- PI Industries (PI) reported flat revenue YoY in 3QFY25, as muted growth in CSM (up 4% YoY; 82% mix) and domestic (up 5% YoY; 15% mix) businesses was fully offset by a 50% YoY fall in the pharma business (up 55% QoQ; 3% mix). EBITDA declined 14% YoY on account of a change in the product mix and adverse operating leverage.
- The macro environment for agrochem (export and domestic) should continue to improve over the next few quarters, led by the normalization of inventory across regions (some regions have already seen normalization). The pharma business has seen a sequential improvement, with expectations of further acceleration in 4Q, while new products and biologicals segment are growing at a much faster pace.
- Factoring in persistent global industry-wide challenges impacting performance and an uncertain near-term outlook, we lower our FY25/FY26/FY27 earnings estimates by 4%/7%/6%. However, the medium-to long-term outlook remains healthy. Hence, we **reiterate BUY with a TP of INR4,100** (30x FY27E EPS).

Adverse operating leverage hurts margins

- Consolidated revenue stood at INR19b (est. INR19.5b), flat YoY.
- EBITDA stood at INR5.1b (est.INR5.5b), down 7.5% YoY. EBITDA margins contracted 220bp YoY to 26.9% (est. 28%). Gross margins came in at 52.7% (down 90bp YoY). Employee expenses rose 30bp YoY to 10%. Other expenses increased 110bp YoY to 15.7% of sales.
- Adjusted PAT was down 17% YoY at INR3.7b (est. INR4.1b).
- Agrochemical revenue stood at INR18.3b (up 4% YoY), EBIT declined 1.4% YoY to INR5.3b, and EBIT margin came in at ~29.2% (down 150bp YoY).
- Export (CSM) revenue grew 4% to INR15.5b, driven by growth in new products (up 40% YoY) and healthy volume growth. Domestic agrochem revenue grew 5% YoY to INR2.8b.
- Pharma revenue stood at INR637m (~4% of total export revenue), down 50% YoY/up 55% QoQ.
- CFO stood at INR4.5b (vs. INR4.8b in 3QFY24). Net working capital days improved to 68 as of Dec'24 from 80 as of Dec'23 on account of lower receivable days of 46 (vs. 59 YoY).
- In 9MFY25, revenue/EBITDA/adj. PAT increased 4%/10%/1% to INR61.9b/INR17.2b/INR13.3b. For 4QFY25, implied revenue/EBITDA growth is ~7%/5% YoY, due to an uncertain business environment.

Highlights from the management commentary

- **Guidance**: The company maintains its guidance of single-digit revenue growth in FY25. The CSM business faces near-term macro challenges, including tariff wars, geopolitical issues, and pricing pressures. The company aims to maintain its current volume levels, with demand expected to improve in the second half of 2025.
- **Pharma:** The company maintains its pharma revenue guidance for FY25 at INR2.5-2.75b, implying strong growth in 4Q. Gross margins remained stable, and as the company transitions toward the CRDMO business, margins are expected to improve further**.**
- **Global Agrochem** industry presents a mixed scenario, with product-specific variations and improvements in certain markets in the near term. The industry maintains a strong growth trajectory in the medium-to-long term. While the domestic agrochemical segment faces pricing pressure currently, the outlook will depend on market sentiment, which will be strongly influenced by investment trends in the sector and the overall health of the rural economy.

Valuation and view

- PI's growth trajectory halted in this quarter due to macro headwinds, with near-term challenges likely to persist.
- The company's medium- to long-term growth will be led by: 1) stable growth momentum in the CSM business, driven by the rising pace of commercialization of new molecules and sales ramp-up in existing molecules; 2) product launches in the domestic market (six launches in FY25E); and 3) ramp-up of the pharma API and CDMO segments.
- We expect a CAGR of 13%/14%/11% in revenue/EBITDA/adj. PAT over FY25-27. We **reiterate BUY with a TP of INR4,100** (30x on FY27E EPS).

Quarterly Earning Model (INRm)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	(%)
Net Sales	**19,104**	**21,169**	**18,975**	**17,410**	**20,689**	**22,210**	**19,008**	**18,860**	**76,658**	**80,767**	**19,506**	**-3**
YoY Change (%)	23.8	19.6	17.6	11.2	8.3	4.9	0.2	8.3	18.1	5.4	2.8	
Total Expenditure	14,426	15,655	13,439	12,992	14,857	15,928	13,888	14,134	56,512	58,807	14,044	
EBITDA	**4,678**	**5,514**	**5,536**	**4,418**	**5,832**	**6,282**	**5,120**	**4,726**	**20,146**	**21,960**	**5,462**	**-6**
Margins (%)	24.5	26.0	29.2	25.4	28.2	28.3	26.9	25.1	26.3	27.2	28.0	
Depreciation	697	803	783	799	834	798	991	1,000	3,082	3,623	850	
Interest	43	78	70	109	83	85	83	75	300	326	60	
Other Income	469	469	561	579	727	1,222	759	770	2,078	3,478	700	
PBT before EO expense	**4,407**	**5,102**	**5,244**	**4,089**	**5,642**	**6,621**	**4,805**	**4,421**	**18,842**	**21,489**	**5,252**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**4,407**	**5,102**	**5,244**	**4,089**	**5,642**	**6,621**	**4,805**	**4,421**	**18,842**	**21,489**	**5,252**	
Tax	625	317	772	418	1,175	1,546	1,080	1,017	2,132	4,818	1,208	
Rate (%)	14.2	6.2	14.7	10.2	20.8	23.3	22.5	23.0	11.3	22.4	23.0	
Minority Interest & Profit/Loss of Asso. Cos.	-47	-20	-14	-24	-21	-7	-2	-5	-105	-35	-24	
Reported PAT	**3,829**	**4,805**	**4,486**	**3,695**	**4,488**	**5,082**	**3,727**	**3,410**	**16,815**	**16,707**	**4,068**	
Adj PAT	**3,829**	**4,805**	**4,486**	**3,695**	**4,488**	**5,082**	**3,727**	**3,410**	**16,815**	**16,707**	**4,068**	**-8**
YoY Change (%)	45.9	43.5	27.5	31.7	17.2	5.8	-16.9	-7.7	36.8	-0.6	-9.3	
Margins (%)	20.0	22.7	23.6	21.2	21.7	22.9	19.6	18.1	21.9	20.7	20.9	

Thermax

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	403.7 / 4.6
52-Week Range (INR)	5840 / 3151
1, 6, 12 Rel. Per (%)	-17/-20/-4
12M Avg Val (INR M)	877

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	102.1	115.1	131.5
EBITDA	8.9	11.3	13.5
PAT	6.5	7.8	9.3
EPS (INR)	57.3	68.9	82.4
GR. (%)	9.9	20.2	19.6
BV/Sh (INR)	437.6	491.5	558.9
Ratios			
ROE (%)	13.8	14.8	15.7
RoCE (%)	12.0	12.8	13.7
Valuations			
P/E (X)	59.1	49.2	41.1
P/BV (X)	7.7	6.9	6.1
EV/EBITDA (X)	43.1	33.8	28.2
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.0	62.0	62.0
DII	12.7	12.7	15.9
FII	21.0	20.9	17.5
Others	4.4	4.4	4.7

FII Includes depository receipts

CMP: INR3,388 TP: INR3,350 (-1%) Sell

Challenging quarter

Thermax (TMX)'s 3QFY25 results came in below our estimates, impacted by lower-than-expected revenue booking and cost overruns. Revenue grew by 8% YoY, whereas PAT declined by 19% YoY as EBITDA margin contracted to 7.5%. Margins were impacted by cost overruns in FGD projects in Industrial Infra, floods in Chennai impacting Green Solutions segment margins, and increased costs incurred for expanding the scope of work in Chemicals. Order inflows declined by 8% YoY, mainly led by a sharp decline in domestic order inflows due to delays in enquiry finalizations across base industries. TMX expects a revival in inflows and execution in 4QFY25 and expects enquiry finalization in FY26 for large sectors. We cut our estimates by 9%/13%/13% for FY25/FY26/FY27 to factor in weak inflows, execution and margins. We maintain Sell with a TP of INR3,350, based on core business valuation at 42x Mar'27E EPS and the addition of subsidiary valuations.

Results impacted by execution issues and cost overruns

- TMX reported muted revenue of INR25.1b (+8% YoY) (MOFSL est. INR28.2b), led by 6%/3%/53%/19% YoY growth in the Industrial Products/Industrial Infra/ Green Solutions/Chemical segments. Company could not book revenues worth INR5b Gross margin contracted ~40bp YoY/60bp QoQ to 44.2%, owing to an adverse mix in the Industrial Infra and Chemical segments. This, coupled with operating de-leverage, led to an EBITDA margin contraction of ~60bp YoY to 7.5%, while EBITDA at INR1.9b grew by a mere 1% YoY, far below our estimates. With a weak operational performance and lower other income (down 46% YoY), adj. PAT declined 19% YoY to INR1.1b, 34% below our estimates. Order inflows declined 8% YoY to INR23b, while the order book stood at INR113.8b, up 6% YoY. For 9MFY25, the company reported revenue/EBITDA/adj. PAT growth of 11%/16%/7%.Except Industrial Products, segmental performance was weak
- Industrial Products reported 6% YoY revenue growth, while order inflows grew 40% YoY. PBIT margin saw a 130bp YoY expansion to 11.3%. Industrial Infra revenue grew 3% YoY to INR11.3b, while orders declined 46% on delays in order finalization and non-participation in government projects. PBIT margin at 0.1% declined 340bp YoY on account of losses in FGD projects where company had to take a hit of INR160m for FGD project as well as incremental costs associated with bio-CNG project. Green Solutions clocked 53% revenue growth, while orders declined 51% YoY. PBIT margin declined 130bp YoY to 9.5% as profitability was impacted by floods in Chennai. For Chemicals, revenue grew 19% YoY with order inflow growth of 10% YoY. Margins at 13.8% saw a ~680bp YoY contraction as a certain high-margin delivery spilled over to 4QFY25.

Base order inflows remain weak

Base order inflows for TMX remained weak at INR23b, with domestic inflows down by 24% YoY, while export inflows surged, particularly in Industrial Product segment. The enquiry pipeline from user industries such as steel, metals and mining, refineries, ethanol and distilleries continued to get pushed, and TMX is hopeful of order finalizations during 4QFY25 to FY26. Within the Industrial Product segment, the company is targeting projects across heating solutions, cooling solutions, air pollution control and water, and within this, the heating solutions vertical is currently growing at a slower pace. Within Industrial Infra, the company is selective in choosing projects but would not completely shy away from large projects as it would help to cover up fixed costs. Within Green Solutions, it continues to focus on growing both TOESL and FEPL, albeit at a slower pace. The company also expects inflows to improve in the Chemicals segment.

New initiatives witnessing slower traction than initial expectations

New initiatives that the company had taken in the last few years are taking some time to meet initial expectations. TOESL is doing well, while FEPL performance was impacted by flooding in Tamil Nadu and may continue to witness losses in FY26 too. TMX intends to grow its FEPL portfolio to 1GW, but at a slower pace now. It plans to invest another INR5b over the next 2-3 years. The company also sees a potentially good opportunity for heat pumps, while coal gasification-related projects are dependent on the government.

Financial outlook

We expect a CAGR of 12%/19%/16% in revenue/EBITDA/PAT over FY24-27. Growth will be driven by: 1) 17% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the Industrial Product and Chemical divisions to 10.5% and 17.0%, respectively, by FY27E, and 3) control over working capital and NWC (at 17 days).

Valuation and view

The stock is currently trading at 59x/49x/41x FY25E/FY26E/FY27E EPS. We maintain Sell with a TP of INR3,350 based on 42x Mar'27 EPS and with value of investments in subsidiaries.

Key risks and concerns

Slowdown in order inflows, a sharp rise in commodity prices, slower-than-expected revival in private sector capex, and increased competition are the key risks to our estimates.

Thermax

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var. (%)
Net Sales	**19,330**	**23,025**	**23,244**	**27,637**	**21,844**	**26,116**	**25,078**	**29,092**	**93,235**	**1,02,130**	**28,249**	**-11**
YoY Change (%)	16.8	10.9	13.4	19.6	13.0	13.4	7.9	5.3	15.2	9.5	21.5	
Total Expenditure	18,008	20,978	21,369	24,905	20,433	23,336	23,188	26,249	85,261	93,205	25,603	
EBITDA	**1,322**	**2,046**	**1,874**	**2,732**	**1,412**	**2,780**	**1,890**	**2,844**	**7,974**	**8,925**	**2,647**	**-29**
Margins (%)	6.8	8.9	8.1	9.9	6.5	10.6	7.5	9.8	8.6	8.7	9.4	
Depreciation	294	330	358	499	360	421	351	363	1,481	1,494	440	-20
Interest	134	198	266	278	275	294	287	269	876	1,125	348	-18
Other Income	531	659	584	553	841	598	315	578	2,326	2,332	447	-29
PBT before EO expense	**1,425**	**2,177**	**1,834**	**2,507**	**1,617**	**2,663**	**1,568**	**2,790**	**7,943**	**8,638**	**2,306**	**-32**
Extra-Ord expense	506	0	-1,261						-755	0		
PBT	**919**	**2,177**	**3,095**	**2,507**	**1,617**	**2,663**	**1,568**	**2,790**	**8,698**	**8,638**	**2,306**	**-32**
Tax	315	589	721	633	519	683	425	559	2,258	2,185	583	
Rate (%)	34.3	27.0	23.3	25.2	32.1	25.6	27.1	20.0	26.0	25.3	25.3	
Reported PAT	**600**	**1,586**	**2,371**	**1,876**	**1,094**	**1,980**	**1,137**	**2,241**	**6,432**	**6,452**	**1,722**	**-34**
Adj PAT	**932**	**1,586**	**1,403**	**1,952**	**1,094**	**1,980**	**1,137**	**2,241**	**5,873**	**6,452**	**1,722**	**-34**
YoY Change (%)	58.1	45.3	11.0	24.9	17.4	24.9	-19.0	14.8	42.7	0.3	22.7	
Margins (%)	4.8	6.9	6.0	7.1	5.0	7.6	4.5	7.7	6.3	6.3	6.1	

	FY24				FY25E				FY24	FY25E
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**		
Segmental revenue										
Industrial Products	8,359	9,894	10,226	12,074	9,608	10,576	10,801	13,525	40,552	44,511
Industrial Infra	9,162	10,851	10,974	13,565	9,251	12,426	11,317	12,538	44,552	45,532
Green Solutions	1,132	1,246	1,235	1,458	1,737	1,751	1,892	1,879	5,071	7,259
Chemical	1,608	1,879	1,606	1,541	1,708	1,903	1,916	2,539	6,634	8,066
Less: Intersegmental	(931)	(845)	(797)	(1,001)	(691)	(541)	(849)	(1,157)	(3,574)	(3,238)
Total revenues	**19,330**	**23,025**	**23,244**	**27,637**	**21,613**	**26,116**	**25,078**	**29,323**	**93,235**	**1,02,130**
Segmental EBIT										
Industrial Products	560	988	1,015	1,407	867	1,145	1,215	1,446	3,970	4,674
Margin (%)	6.7	10.0	9.9	11.7	9.0	10.8	11.3	10.7	9.8	10.5
Industrial Infra	303	573	389	825	(184)	882	13	427	2,089	1,138
Margin (%)	3.3	5.3	3.5	6.1	(2.0)	7.1	0.1	3.4	4.7	2.5
Green Solutions	100	80	133	137	230	216	180	209	449	835
Margin (%)	8.8	6.4	10.8	9.4	13.2	12.3	9.5	11.1	8.9	11.5
Chemical	265	345	331	296	304	306	264	417	1,238	1,291
Margin (%)	16.5	18.4	20.6	19.2	17.8	16.1	13.8	16.4	18.7	16.0

Gujarat Gas

Estimate changes	↔
TP change	↓
Rating change	↔

Bloomberg	GUJGA IN
Equity Shares (m)	688
M.Cap.(INRb)/(USDb)	317.2 / 3.6
52-Week Range (INR)	690 / 443
1, 6, 12 Rel. Per (%)	-9/-25/-31
12M Avg Val (INR M)	837

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	161.8	164.9	177.2
EBITDA	17.9	20.7	22.3
PAT	10.4	11.9	13.1
EPS (INR)	15.2	17.2	19.0
EPS Gr. (%)	-5.2	13.6	10.3
BV/Sh.(INR)	121.7	133.0	145.6
Ratios			
Net D:E	-0.1	-0.2	-0.2
RoE (%)	13.0	13.5	13.6
RoCE (%)	18.0	18.4	18.6
Payout (%)	34.1	34.1	34.1
Valuations			
P/E (x)	31.5	27.7	25.1
P/BV (x)	3.9	3.6	3.3
EV/EBITDA (x)	17.7	15.2	13.8
Div. Yield (%)	1.1	1.2	1.4
FCF Yield (%)	1.4	2.1	2.7

Shareholding pattern (%)

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

FII Includes depository receipts

CMP: INR461 TP: INR535 (+16%) Buy

Morbi slowdown emerges as a key concern

- Gujarat Gas (GUJGA)'s EBITDA was in line, as overall volumes and EBITDA/scm came in line with our estimates. The impact of APM twin de-allocation was visible as margins contracted INR2.1/scm QoQ. Spot LNG prices have remained high, averaging ~USD14/mmbtu, over the past four months, and are expected to remain elevated in the medium term.
- **Margins are likely to remain under pressure in 4QFY25 amid high spot LNG prices, as the APM shortfall is likely to be ~47-48% in 4Q (vs. 45% in 3Q). Further, with Propane vs. PNG delta at Morbi being ~INR4/scm now (in favor of Propane), management expects a ~0.5mmscmd dip in Morbi volumes in 4Q.**
- **GUJGA currently trades at 26.8x 1Y fwd. P/E. We reiterate our BUY rating on the stock with a TP of INR535, valuing it at 28x Dec'26E EPS.**

Margin guidance downgraded; 4Q Morbi volumes under pressure

- In the 2QFY25 earnings call, management revised its EBITDA margin guidance up to INR5-INR6 per scm. However, amid the recent APM de-allocation and elevated spot LNG prices, management downgraded its margin guidance back to INR4.5-INR5.5 per scm. We retain our EBITDA/scm assumptions of INR4.3/scm for 4QFY25 and INR5.4/scm for both FY26/FY27.
- With spot LNG prices averaging above USD14/mmbtu during the last few months, GUJGA had taken an INR2/scm industrial gas price hike in 3Q. While PNG prices stood at INR47/INR49 per scm in Morbi/non-Morbi regions, propane costs were ~INR43/scm. Hence, management foresees a volume dip of ~0.5mmscmd in 4QFY25.

Other key takeaways from the conference call

- In 4QFY25, the APM shortfall shall be 47-48%, as the twin deallocation will now have an entire quarter's impact.
- Management guided a capex of INR8.5b/INR10b for FY25/FY26. In 3QFY25, GUJGA incurred a capex of INR2.2b.
- GSPC booked PAT of INR8.9b in 1HFY25, with volumes of 11-12mmscmd.
- Under the F-DODO scheme, 50 agreements were signed. Hence, more than 50 stations would be commissioned within one year. Further, 50 more agreements shall be signed in 4QFY25.

EBITDA in line; volumes rise QoQ

- **In 3QFY25,** GUJGA's EBITDA stood at INR3.8b, in line with our estimates (-5% YoY). Both overall volumes and EBITDA/scm came in line with our estimate at 9.5mmscmd and INR4.4, respectively. 3QFY25 showed a QoQ recovery in volume, driven by an 11% growth in the PNG I/C segment. The impact of APM twin deallocation was visible as the margin contracted INR2.1/scm QoQ. We note that spot LNG prices were high, averaging USD13.9/mmbtu in 3Q (up 7% QoQ), and have continued to remain elevated in 4QFY25YTD, averaging USD14.1/mmbtu.

- Revenue stood at INR41.5b (est. of INR41.2b, up 6% YoY).
  - Overall volumes in 3QFY25 came in at 9.5mmscmd, in line with our estimate.
- EBITDA also came in line with our estimates, at INR3.8b. EBITDA/scm stood at INR4.4 (vs. our est. of INR4.3, down 32% QoQ).
- PAT stood at INR2.2b (est. of INR1.9b, up 1% YoY).
  - The variance at the PAT level was driven by other income surpassing our estimates.
- The company has added ~38.2k new domestic customers and five new CNG stations.
- The commissioning of new industrial customers has driven a volume of ~172,000scmd.
- The company added 771km of gas pipelines during the quarter, bringing the total to ~42,000km.
- In **9MFY25**, revenue/EBITDA/PAT grew 7%/11%/17% YoY.

Valuation and view

- The company's long-term volume growth prospects remain robust, with the addition of new industrial units and expansion of existing units. It is aggressively investing in infrastructure to push industrial gas adoption in Thane rural, Ahmedabad rural, and newly acquired areas in Rajasthan.
- The stock is trading at a P/E of 26.8x FY26E and EV/EBITDA of 14.6x for FY26E. **We reiterate our BUY rating on the stock with a TP of INR535, valuing it at 28x Dec'26E EPS.**

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	37,815	38,454	39,291	41,342	44,503	37,818	41,529	37,942	156,902	161,791	41,169	1%
YoY Change (%)	-26.9	-3.3	6.6	5.2	17.7	-1.7	5.7	-8.2	-6.4	3.1	4.8	
EBITDA	3,880	4,966	4,007	5,911	5,356	5,142	3,805	3,558	18,764	17,860	3,792	0%
Margin (%)	10.3	12.9	10.2	14.3	12.0	13.6	9.2	9.4	12.0	11.0	9.2	
Depreciation	1,151	1,179	1,201	1,212	1,231	1,295	1,294	1,274	4,743	5,094	1,371	
Interest	74	78	72	69	78	80	93	82	293	332	74	
Other Income	239	298	230	311	386	386	585	303	1,078	1,659	127	
PBT before EO expense	2,894	4,007	2,964	4,940	4,433	4,152	3,002	2,506	14,805	14,093	2,474	21%
Extra-Ord expense	0	0	0	-557	0	0	0	0	-557	0	0	
PBT	2,894	4,007	2,964	5,497	4,433	4,152	3,002	2,506	15,362	14,093	2,474	21%
Tax	743	1,029	761	1,402	1,135	1,083	786	653	3,934	3,657	623	
Rate (%)	25.7	25.7	25.7	25.5	25.6	26.1	26.2	26.1	25.6	26.0	25.2	
Reported PAT	2,151	2,978	2,203	4,095	3,298	3,069	2,216	1,853	11,428	10,436	1,850	20%
Adj. PAT	2,151	2,978	2,203	3,681	3,298	3,069	2,216	1,853	11,013	10,436	1,850	20%
YoY Change (%)	-43.6	-26.3	-40.7	-0.3	53.3	3.1	0.6	-49.7	-27.8	-5.2	-16.0	
Total volume (mmscmd)	9.2	9.3	9.2	9.7	11.0	8.8	9.5	9.2	9.3	9.6	9.7	-2%
CNG	2.6	2.6	2.8	2.9	3.0	2.9	3.1	3.2	2.7	3.1	3.0	3%
PNG – Industrial/Commercial	6.0	6.0	5.7	6.0	7.4	5.1	5.6	5.3	5.9	5.8	5.9	-4%
PNG – Households	0.6	0.7	0.7	0.9	0.6	0.8	0.7	0.8	0.7	0.7	0.8	-6%
EBITDA (INR/scm)	4.6	5.8	4.8	6.7	5.4	6.4	4.4	4.3	5.5	5.1	4.3	3%

8 February 2025
3QFY25 Results Update | Sector: Automobile

Apollo Tyres

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	APTY IN
Equity Shares (m)	635
M.Cap.(INRb)/(USDb)	270.6 / 3.1
52-Week Range (INR)	585 / 407
1, 6, 12 Rel. Per (%)	-14/-15/-30
12M Avg Val (INR M)	1217

Financials & valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	262.2	278.7	295.9
EBITDA	36.6	41.3	44.4
Adj. PAT	13.2	17.6	20.0
EPS (INR)	20.7	27.7	31.5
EPS Growth (%)	-29.3	33.8	13.5
BV/Share (INR)	292.1	317.9	346.6
Ratios			
RoE (%)	9.1	11.3	11.8
RoCE (%)	12.0	14.2	15.0
Payout (%)	24.8	25.3	27.0
P/E (x)	20.6	15.4	13.6
P/BV (x)	1.5	1.3	1.2
Div. Yield (%)	1.2	1.6	2.0
FCF Yield (%)	8.8	7.3	8.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	37.4	37.4	37.3
DII	27.7	27.1	23.6
FII	14.2	14.5	18.0
Others	20.7	21.0	21.1

FII includes depository receipts

CMP: INR426 TP: INR520 (+22%) Buy

Input costs likely to stabilize from Q4

Healthy replacement demand outlook, both in India and Europe

- Apollo Tyres (APTY) posted a weak 3QFY25, with EBITDA margin down 460bp YoY to 13.7% (vs. est. 14.6%), driven by pressure in the standalone business, although Europe margins improved QoQ. While OEM demand continues to be weak, demand is likely to be driven by healthy replacement demand, both in India and Europe.
- Given the under-recovery in commodity prices and higher other expenses, we cut our FY25E/FY26E consol. EPS by 4%/9%. APTY offers the best blend of earnings growth, balance sheet deleveraging, improving capital efficiencies, and cheap valuations. **We reiterate our BUY rating on APTY with a TP of INR520 (valued at 17x Dec'26E consol. EPS).**

European performance continues to improve

- Consol. revenue grew ~5% YoY to INR69.3b (est. INR67.7b), while EBITDA/adj. PAT declined ~22%/33% YoY to INR9.5b/INR3.4b (est. INR10b/ INR4.1b). 9MFY25 revenue grew 3%, while EBITDA/adj. PAT declined 20%/30%.
- Overall volume growth was marginal, with healthy replacement demand being offset by OEM weakness. In India, replacement volumes grew 5% YoY, while OE volumes declined 10% YoY. Exports remained flattish.
- Gross margins contracted 510bp YoY/330bp QoQ to 41.5% (est. 44.9%), driven by higher RM prices and the impact of carrying forward higher-cost inventory from the previous quarter.
- This resulted in ~22% YoY decline in EBITDA at INR9.5b (est. INR9.9b). EBITDA margin contracted 460bp YoY (+10bp QoQ) to 13.7% (est. 14.6%).
- Weak operating performance, coupled with lower other income, resulted in a PAT miss to INR3.4b (-33% YoY, est. INR4.1b).
- Standalone business (India): Revenue grew 5% YoY, while EBITDA/PAT declined ~36%/59% YoY. EBITDA margin contracted to 11.1% during the quarter (vs 18.1% in 3QFY24 and 12.1% in 2QFY25, est. 11.5%).
- EU revenue grew ~4% YoY to EUR183m, with an EBITDA margin of 17.7%, down 260bp YoY.
- **Reifen -** Revenue grew 76% YoY to EUR88m with EBITDA margin at 7% (vs 5.5% in 3QFY24).

Highlights from the management commentary

- **India outlook:** Replacement demand is expected to remain positive in 4Q, with the potential for further growth beyond current levels. OEM volumes remained weak, particularly in CVs, due to lower vehicle production and an unfavorable mix (higher bus sales). The CV segment is expected to recover in 4Q, with improving demand for TBR CV tires. Election-related volatility impacted demand this year, but OEMs are seeing early signs of recovery, according to the management.

- **Market share & product strategy:** APTY gained market share in the PCR and agri replacement segments in India in Q3. The company is exiting the 12-13 inch tire market with OEMs and continues to focus on the high-margin 16-inch+ segment.
- **EU outlook:** Demand recovery is expected to continue, driven by strong replacement demand for both PCR and truck tires. There are no signs of demand tapering off, and the UHP/UUHP segments are expected to grow faster. While volume growth in the PCR segment lagged in the industry, APTY outperformed in profitable segments like winter tires and UHP.
- **FY25E capex is expected to moderate to ~INR7.5b.** With PCR utilization reaching 85%+ in India and 90%+ in Europe, the company has planned growth capex for both regions. FY26E capex is estimated at INR15b, including INR7b for maintenance and INR8b for expansion, leading to a 7-8% PCR capacity increase in India and a slightly higher expansion in Europe.

Valuation and view

- We cut our FY25E/FY26E consol. EPS by 4%/9% to factor in the increase in RM costs and higher operating expenses.
- APTY's prudent capital allocation and the subsequent improvement in RoCE have been truly commendable. APTY offers the best blend of earnings growth, balance sheet deleveraging, improving capital efficiencies, and cheap valuations (~15.4x FY26E/13.6x FY27E consol EPS). **We reiterate our BUY rating on APTY** with a TP of INR520 (valued at 17x Dec'26E consol. EPS).

Cons - Qty Earning Model (INR M)

Y/E March	FY24				FY25E				FY24	FY25E	3QE	VAR
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Revenues	62,446	62,796	65,954	62,582	63,349	64,370	69,280	65,249	2,53,777	2,62,247	67,712	2
YoY Change (%)	5.1	5.4	2.7	0.2	1.4	2.5	5.0	4.3	3.3	3.3	2.7	
EBITDA	10,515	11,598	12,081	10,794	9,093	8,779	9,470	9,209	44,987	36,551	9,900	-4
Margins (%)	16.8	18.5	18.3	17.2	14.4	13.6	13.7	14.1	17.7	13.9	14.6	
Depreciation	3,620	3,603	3,676	3,880	3,695	3,759	3,759	3,787	14,778	15,000	3,785	
Interest	1,355	1,328	1,230	1,146	1,070	1,197	1,105	1,175	5,059	4,548	1,068	
Other Income	355	253	184	743	308	217	81	445	1,536	1,051	360	
PBT before EO expense	5,896	6,921	7,358	6,511	4,636	4,040	4,686	4,692	26,685	18,054	5,407	
Extra-Ord expense	132	122	151	1,381	404	52	42	0	1,786	498	0	
PBT	5,764	6,799	7,207	5,130	4,232	3,988	4,644	4,692	24,899	17,555	5,407	
Tax Rate (%)	31.1	30.3	31.1	31.0	28.6	25.4	27.4	27.2	30.9	27.2	25.0	
MI & Profit/Loss of Asso. Cos.	0	-2	-1	-1	0	-1	-2	0	-3	-4	0	
Reported PAT	3,969	4,743	4,966	3,541	3,020	2,975	3,372	3,417	17,219	12,784	4,055	
Adj PAT	4,060	4,827	5,071	4,649	3,314	3,012	3,403	3,417	18,607	13,147	4,055	-16
YoY Change (%)	112.9	169.1	81.9	18.1	-18.4	-37.6	-32.9	-26.5	80.8	-29.3	-20.0	
Margins (%)	6.5	7.7	7.7	7.4	5.2	4.7	4.9	5.2	7.3	5.0	6.0	
Standalone (India)												
Net Revenues	44,133	44,067	43,319	43,874	45,916	44,617	45,398	45,892	1,75,393	1,81,823	45,485	0
YoY Change (%)	-0.5	3.6	2.0	0.5	4.0	1.2	4.8	4.6	1.4	3.7	5.0	
EBITDA	7,867	8,414	7,840	7,358	6,331	5,389	5,035	5,367	31,480	22,123	5,231	-4
Margins (%)	17.8	19.1	18.1	16.8	13.8	12.1	11.1	11.7	17.9	12.2	11.5	
Adj PAT	3,111	3,511	3,064	2,681	2,267	1,675	1,251	1,584	12,367	6,808	1,597	-22
YoY Change (%)	198.1	434.1	146.6	12.2	-27.1	-52.3	-59.2	-40.9	113.7	-45.0	-47.9	
Europe (EUR m)												
Net Revenues	144	169	176	182	146	171	183	173	671	673	178	
YoY Change (%)	-4.6	-6.6	-2.2	2.8	1.4	1.2	4.0	-4.9	-2.5	0.3	1.1	
Margins (%)	13.4	14.1	20.3	19.1	13.7	14.8	17.7	16.8	16.9	15.9	19.5	

Source: MOFSL Estimates

Sun TV Network

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USDb)	248.9 / 2.8
52-Week Range (INR)	922 / 568
1, 6, 12 Rel. Per (%)	-5/-26/-9
12M Avg Val (INR M)	620

Financials & Valuations (INR b)

INRb	FY25E	FY26E	FY27E
Sales	39.0	41.6	43.6
EBITDA	21.6	23.1	24.2
Adj. PAT	16.9	18.1	19.4
EBITDA Margin (%)	55.4	55.5	55.5
Adj. EPS (INR)	42.8	45.9	49.3
EPS Gr. (%)	-10.1	7.3	7.3
BV/Sh. (INR)	288.5	314.4	341.2
Ratios			
Net D:E	-0.8	-0.8	-0.8
RoE (%)	14.8	14.6	14.4
RoCE (%)	15.6	15.3	15.1
Payout (%)	39.7	43.6	45.7
Valuations			
P/E (x)	14.8	13.8	12.8
P/B (x)	2.2	2.0	1.9
EV/EBITDA (x)	7.8	6.8	8.6
Div. Yield (%)	2.7	3.2	3.6
FCF Yield (%)	5.8	5.2	5.5

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	75.0	75.0	75.0
DII	10.2	10.0	6.6
FII	7.1	7.2	9.0
Others	7.7	7.8	9.4

FII includes depository receipts

CMP: INR632 | TP: INR650 (+3%) | Neutral

Weak 3Q on all counts

- Sun TV Network (SUNTV) reported a weak 3QFY25 on all counts. Revenue/EBITDA declined 10%/25% YoY due to continued weakness in ad revenue (-14% YoY, vs. -8% YoY for Zee) and higher production costs.
- Recovery in ad revenue remains the key near-term monitorable. However, we continue to believe that the Star-Viacom merger is a potential double whammy for SUNTV due to: 1) higher competition from the deep-pocketed player for ad revenue in the core business, and 2) a potential downward revision in IPL media rights in the next renewal cycle (from FY28), which would severely impact the valuation for SUNTV's IPL franchise (SRH).
- We cut our FY25-26 earnings estimates by 6-7% due to weaker ad revenue and higher production costs. We expect a modest ~1% earnings CAGR over FY24-27.
- SUNTV trades at ~14x one-year forward P/E (vs. 12x avg. P/E in the last five years). We believe the recent Star-Viacom merger could lead to the de-rating of its multiples.
- **We maintain our Neutral rating** with a revised TP of INR650, based on 6x FY27 EV/Sales for sports, 6x FY27 EV/EBITDA for the core TV business, and INR103b cash holdings (including dividends). Our TP implies ~13x FY27 P/E.

Miss on all fronts; revenue/EBITDA/PAT down 10%/25%/21% YoY

- SUNTV's overall revenue declined 10% YoY to INR8b (16% miss).
  - Advertising revenue at INR3.3b (13% below) was down 14% YoY (vs. -8% YoY for Zee).
  - Subscription revenue at INR4.4b (7% below) was down 4% YoY (vs. +7% YoY for Zee).
- Operating expenses were up 16% YoY to INR3.6 driven by an increase in production costs (+26% YoY) possibly related to the new Hindi GEC channel. Employee costs/other expenses increased 2%/5% for the quarter.
- EBITDA declined 25% YoY to INR4.3b (27% miss) as margin contracted 1030bp YoY to 54.5% (800bp below).
- Depreciation dipped sharply by 43% QoQ to INR1.1b (vs. our estimate of INR1.4b), while other income grew 4% YoY to INR1.3b (vs. our estimate of INR1.6b).
- Net profit declined 21% YoY to INR3.5b (23% miss) majorly on account of poor operating performance (lower revenue and margins).
- The Board declared an interim dividend of INR2.5/share (9M dividend at INR12.5/share).
- For 9MFY25, Sun TV's revenue/PAT declined by 8%/13% YoY due to lower contribution from movie production and higher operating expenses.

Valuation and view

- The recent Star-Viacom merger could be a potential double whammy for SUNTV due to: 1) higher competition from the deep-pocketed player for ad revenue in the core business, and 2) a potential downward revision in IPL media rights in the next renewal cycle (from FY29), which would severely impact valuations of SUNTV's IPL franchise (SRH).
- We cut our FY25-26E earnings by 6-7% due to weaker ad revenue and higher production costs. We expect a modest ~1% earnings CAGR over FY24-27.
- SUNTV trades at ~14x one-year forward P/E (vs. 12x average P/E in the last five years). We believe the recent Star-Viacom merger could lead to a de-rating in its multiples.
- We value SUNTV on SoTP; we assign 6x FY27 EV/sales for the Sports franchise, 6x EV/EBITDA for the core TV business, 1x for cash holding, and potential dividends of INR103b to arrive at our revised TP of INR650 (implying ~13x FY27 P/E). **We maintain our Neutral rating on the stock.**

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Revenue	**13,178**	**10,180**	**8,855**	**9,271**	**12,761**	**9,002**	**7,936**	**9,331**	**41,484**	**39,030**	**9,432**	**-16**
YoY Change (%)	10.4	18.7	3.3	14.0	-3.2	-11.6	-10.4	0.6	13.3	-5.9	6.5	
Total Expenditure	5,313	3,018	3,117	4,186	5,697	3,712	3,615	4,397	15,634	17,421	3,539	**2**
EBITDA	**7,865**	**7,162**	**5,738**	**5,086**	**7,064**	**5,290**	**4,321**	**4,934**	**25,850**	**21,609**	**5,893**	**-27**
YoY Change (%)	3.0	25.0	0.1	4.3	-10.2	-26.1	-24.7	-3.0	10.0	-16.4	2.7	
Depreciation	852	2,143	1,109	1,036	1,089	1,914	1,089	1,089	5,140	5,181	1,423	-23
Interest	22	7	9	8	14	32	27	19	46	92	21	30
Other Income	1,156	1,071	1,293	1,301	1,402	1,640	1,341	1,438	4,821	5,821	1,555	-14
PBT	**8,147**	**6,082**	**5,913**	**5,343**	**7,363**	**4,984**	**4,546**	**5,264**	**25,485**	**22,158**	**6,005**	**-24**
Tax	2,319	1,520	1,540	1,355	1,894	1,002	1,074	1,325	6,734	5,296	1,511	
Rate (%)	28.5	25.0	26.0	25.4	25.7	20.1	23.6	25.2	26.4	23.9	25.2	
Reported PAT	**5,828**	**4,562**	**4,373**	**3,988**	**5,469**	**3,982**	**3,472**	**3,939**	**18,752**	**16,862**	**4,494**	**-23**
YoY Change (%)	18.5	9.6	5.0	9.0	-6.2	-12.7	-20.6	-1.2	12.0	-10.1	2.8	

E: MOFSL Estimates

We ascribe an INR650/share valuation to SUNTV

Sun TV	Mar'27	Multiple(x)	Value (INR b)	Value (INR/sh)
IPL (SRH) revenue	6.8	6	41	103
Core TV EBITDA	18.9	6	112	285
Cash			103	262
Equity value			**256**	**650**
CMP (INR/share)				632
Upside/downside (%)				3

8 February 2025

3QFY25 Results Update | Sector: Oil & Gas

Gujarat State Petronet

Estimate changes	⟷
TP change	↓
Rating change	⟷

Bloomberg	GUJS IN
Equity Shares (m)	564
M.Cap.(INRb)/(USDb)	188.3 / 2.2
52-Week Range (INR)	470 / 260
1, 6, 12 Rel. Per (%)	-6/3/-21
12M Avg Val (INR M)	973

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	10.7	11.3	11.7
EBITDA	8.8	9.2	9.5
PAT	8.8	5.9	5.9
EPS (INR)	15.6	10.5	10.4
EPS Gr. (%)	-31.7	-32.8	-0.1
BV/Sh.(INR)	193.0	200.3	207.6
Ratios			
Net D:E	-0.1	-0.1	-0.1
RoE (%)	8.3	5.3	5.1
RoCE (%)	8.3	5.3	5.2
Payout (%)	30.0	30.0	30.0
Valuations			
P/E (x)	21.5	31.9	32.0
P/BV (x)	1.7	1.7	1.6
EV/EBITDA (x)	20.2	19.5	19.0
Div. Yield (%)	1.4	0.9	0.9
FCF Yield (%)	2.0	-0.2	0.1

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	37.6	37.6	37.6
DII	27.8	34.9	26.8
FII	14.7	15.2	16.0
Others	19.9	12.3	19.6

FII includes depository receipts

CMP: INR334 **TP: INR355 (+6%)** **Neutral**

3Q EBITDA in line amid stable volumes and tariff

- Gujarat State Petronet's (GUJS) 3QFY25 EBITDA was in line with our estimate, as lower-than-estimated volumes were offset by higher-than-estimated tariffs. Volumes continue to remain soft amid weak demand from the fertilizer and power sectors. Implied tariff came in at INR870/mmscm. PAT was dragged by lower other income.
- Following the company's announcement of the scheme of amalgamation and arrangement in Sep'24, under which GSPC, GUJS, and GEL will amalgamate with GUJGA, the swap ratio for GUJS was fixed at 10:13 (i.e., 10 shares of GUJGA (at an FV of INR2) will be issued for every 13 equity shares of GUJS, at an FV of INR10).
- Based on this swap ratio, we derive our TP of GUJS at INR355/share. **We reiterate our Neutral rating on the stock.**

EBITDA in line; lower other income drags PAT

- GUJS' 3QFY25 EBITDA was in line with our estimate at INR1.9b (-49% YoY), as:
  - The total volumes came 6% below our estimate at 29mmscmd, similar to QoQ.
  - Tariff came in 4% above our estimate at INR870/mmscm.
- EBITDA was supported by other expenses, which came in below our estimate.
  - While CGD, ref-petchem, and other volumes increased YoY, fertilizer and power volumes declined sharply YoY.
- PAT came in 8% below our estimate at INR1.4b (-48% YoY), as other income came in below our estimate.

Valuation and view

- The available LNG capacity in Gujarat is expected to grow 55% to 42.5mmtpa over the next two years. Most of this volume is likely to flow through GUJS' network. We believe the company will post a 5.7% CAGR in transmission volumes over FY24-27.
- We expect volumes to jump to ~36mmscmd in FY27, as it is a beneficiary of: a) the upcoming LNG terminals in Gujarat, and b) an improved demand owing to the focus on reducing industrial pollution (Gujarat has five geographical areas identified as severely/critically polluted).
- Based on the announced share swap ratio of 10:13 (GUJS:GUJGA), we arrive at our TP of INR355. **We reiterate our Neutral rating on the stock.**

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**3,937**	**4,533**	**4,555**	**4,547**	**3,354**	**2,379**	**2,361**	**2,496**	**17,572**	**10,662**	**2,504**	**-6%**
YoY Change (%)	-6.3	17.7	30.7	21.6	-14.8	-47.5	-48.2	-45.1	15.0	-39.3	-45.0	
EBITDA	**3,364**	**4,103**	**3,795**	**3,780**	**3,010**	**1,929**	**1,925**	**1,906**	**15,041**	**8,843**	**1,940**	**-1%**
YoY Change (%)	-6.6	22.9	40.6	28.2	-10.5	-53.0	-49.3	-49.6	19.5	-41.2	-48.9	
Margin (%)	85.5	90.5	83.3	83.1	89.7	81.1	81.5	76.4	85.6	82.9	77.5	
Depreciation	468	477	488	486	490	511	512	500	1,920	2,013	503	
Interest	10	10	11	19	13	11	9	11	50	44	11	
Other Income	180	2,663	211	296	328	2,939	412	373	3,351	4,052	566	
PBT before EO expense	**3,066**	**6,278**	**3,506**	**3,571**	**2,835**	**4,346**	**1,816**	**1,768**	**16,422**	**10,837**	**1,992**	**-9%**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**3,066**	**6,278**	**3,506**	**3,571**	**2,835**	**4,346**	**1,816**	**1,768**	**16,422**	**10,837**	**1,992**	**-9%**
Tax	773	958	884	960	715	453	460	428	3,576	2,059	514	
Rate (%)	25.2	15.3	25.2	26.9	25.2	10.4	25.3	24.2	21.8	19.0	25.8	
Reported PAT	**2,293**	**5,320**	**2,622**	**2,611**	**2,120**	**3,893**	**1,356**	**1,340**	**12,846**	**8,778**	**1,479**	**-8%**
YoY Change (%)	-2.6	69.3	53.4	16.4	-7.5	-26.8	-48.3	-48.7	35.9	-31.7	-43.6	
Margin (%)	58.2	117.4	57.6	57.4	63.2	163.6	57.4	53.7	73.1	82.3	59.1	
Key Operating Parameters												
Transmission Volume (mmscmd)	29.4	30.2	29.0	33.4	36.4	29.7	29.0	32.9	30.5	32.0	31.0	-6%
Implied Tariff (INR/mmscm)	1,435	1,587	1,628	1,495	982	831	870	802	1,536	871	835	4%

Sobha

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SOBHA IN
Equity Shares (m)	95
M.Cap.(INRb)/(USDb)	137.6 / 1.6
52-Week Range (INR)	2178 / 1108
1, 6, 12 Rel. Per (%)	-14/-22/-18
12M Avg Val (INR M)	524

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 (%)	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			
Net D/E	(0.0)	0.1	0.1
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)	111	26	16
P/BV (x)	4	3	3
EV/EBITDA (x)	44	17	11
Div Yield (%)	0.2	0.2	0.2

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	52.8	52.8	52.3
DII	24.2	23.4	17.2
FII	10.0	10.9	11.1
Others	13.1	12.9	19.4

CMP: INR1,287 TP: INR2,058 (+60%) Buy

Limited launches dampen pre-sales; estimate cut as FY25 guidance reduced

Strong YoY performance from Gurugram, Tamil Nadu, and Pune

- SOBHA reported bookings of INR14b (37% below estimate) and -29%/+18% YoY/QoQ. SOBHA's share of sales stood at INR12.5b, -28%/+27% YoY/QoQ. However, its share in total bookings rose to 90% due to high contributions from its 'own' projects of Sobha Neopolis and Sobha Ayana in Bangalore.
- In 3QFY25, the sales were mostly driven by Bangalore projects, which were 72% of the company's total bookings. The newly launched luxury project - 'Sobha Ayana' - in Bangalore contributed to ~50% of Bangalore sales. In 9M, the company launched six new projects with a total area of ~4.7msf.
- Total sales volume for the quarter stood at ~1.02msf, -39%/+9% YoY/QoQ. However, realization was up 16%/8% YoY/QoQ to INR13,663. In 9MFY25, total sales volume stood at ~3.1msf, down 34% YoY. Realization was up 31% YoY due to INR14,226 due to an increase in the prices of ongoing projects and higher realization from the new launches.
- The company's project pipeline increased to ~30msf (from 24msf in 4QFY24), including 22msf of new projects with ~11msf in Bengaluru.
- Collections rose 2%/3% YoY/QoQ to INR13.2b. Total cash inflows (incl. contractual business) stood at INR14.8b, down 1% YoY.
- Operating cash flows (before interest and taxes) dipped 23% YoY to INR2b.
- In line with the growth-focused strategy, SOBHA increased land-related investments for the quarter to ~INR3.1b, up 5x YoY. During the quarter, the company generated cash of INR1.8b.
- Net debt stood at INR4.59b or 0.13x of equity (vs. INR2.8b or 0.08x in 2QFY25). The cost of borrowing increased to 9.44% (from 9.4% in 2QFY25).
- It has an unsold 8.9msf of inventory across completed and ongoing projects, while it has 19.29msf of potential saleable area in the upcoming projects.
- **P&L performance –** In 3QFY25, revenue jumped 79%/31% YoY/QoQ to INR12.2b (4% above estimate). The real estate revenue surged 104%/36% YoY/QoQ to INR10.6b.
- EBITDA declined 9%/13% YoY/QoQ to INR0.7b (62% below estimate) with a margin of 5.5%, down 533bp/277bp YoY/QoQ. The margin in the real estate business was 12%, -838bp/+101bp YoY/QoQ.
- Adj. PAT stood at INR217m, +44%/-17% YoY/QoQ (76% below estimate). PAT margin was at 1.8%, down 43bp/102bp YoY/QoQ.
- During 9MFY25, revenue increased 20% YoY to INR28b. Real Estate's revenue was up 28% YoY to INR23b.
- EBITDA declined 7% YoY to INR2b, with a margin of 7%, down 205bp YoY. The margin in the real estate business was 12%, down 676bp YoY.
- For 9MFY25, Adj. PAT stood at INR538m, up 28% YoY. Pat margin was at 1.9%, up 12bp YoY.

Valuation and view

- SOBHA continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the ongoing fundraising and strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- Slower launches due to a lack of project approvals followed by management's comments on the reduction in FY25 guidance indicate a hit on our operational estimates. Hence, we reduce our pre-sales estimates for FY25 to INR69b (previously INR85b) and FY26 to INR104b (previously INR110b). We also reduce our estimates on collections for FY25 to INR58b (previously INR66b) and FY26 to INR70b (previously INR76b).
- We incorporate the updated launch pipeline and new projects acquired during the year. The ongoing and upcoming projects are likely to generate ~INR130b of gross cash flows and value the same at INR99b.
- We cut our land reserve estimate for SOBHA to 165msf (from 190msf) due to land utilization, and it is now valued at INR87b (previously INR101b), assuming 25-75 years of monetization.
- **We reiterate our BUY rating on the stock with a revised TP of INR2,058 (previously INR2,213), indicating a 60% upside potential.**

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	
Net Sales	**9,079**	**7,412**	**6,849**	**7,629**	**6,404**	**9,336**	**12,241**	**14,011**	**30,969**	**41,991**	**11,758**	4%
YoY Change (%)	60.8	11.1	-21.1	-36.9	-29.5	25.9	78.7	83.7			71.7	
Total Expenditure	8,425	6,658	6,108	7,008	5,845	8,565	11,569	13,074	28,199	39,052	9,994	
EBITDA	**654**	**754**	**741**	**621**	**559**	**771**	**672**	**937**	**2,770**	**2,939**	**1,764**	-62%
Margins (%)	7.2	10.2	10.8	8.1	8.7	8.3	5.5	6.7	8.9	7.0	15.0	*-951bps*
Depreciation	183	193	201	205	204	232	233	198	782	867	243	
Interest	611	639	614	590	539	494	473	436	2,455	1,942	469	
Other Income	313	324	288	284	295	317	328	700	1,209	1,640	331	
PBT before EO expenses	**173**	**247**	**214**	**109**	**111**	**362**	**295**	**1,003**	**742**	**1,771**	**1,383**	-79%
Extraordinary expenses	0	0	0	0	0	0	0	0	0	0	0	
PBT	**173**	**247**	**214**	**109**	**111**	**362**	**295**	**1,003**	**742**	**1,771**	**1,383**	-79%
Tax	52	97	63	39	50	101	78	370	251	599	468	
Rate (%)	30.2	39.4	29.4	35.5	45.4	28.0	26.4	36.8	33.8	33.8	33.8	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**121**	**149**	**151**	**70**	**61**	**261**	**217**	**633**	**491**	**1,172**	**915**	-76%
Adj PAT	**121**	**149**	**151**	**70**	**61**	**261**	**217**	**633**	**491**	**1,172**	**915**	-76%
YoY Change (%)	168.3	-22.2	-52.6	-85.5	-49.8	74.6	43.8	800.9	-52.9	138.6	507.0	
Margins (%)	1.3	2.0	2.2	0.9	0.9	2.8	1.8	4.5	1.6	2.8	7.8	
Key metrics												
Sale Volume (msf)	1.4	1.7	1.7	1.3	1.2	0.9	1.0	2.7	5.5	5.8	1.8	-42%
Sale Value (INRb)	14.6	17.2	19.5	15.0	18.7	11.8	13.9	24.9	66.4	69.3	22.0	-37%
Collections (INRb)	11.5	12.6	12.9	13.3	13.9	12.8	13.2	18.0	50.3	57.9	17.0	
Realization (INR/sft)	10,537	10,224	11,735	11,230	15,879	12,673	13,662	9,261	12,128	11,919	12500	9%

Source: MOFSL, Company

7 February 2025

3QFY25 Results Update | Sector: Cement

JK Lakshmi Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	JKLC IN
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	99.3 / 1.1
52-Week Range (INR)	1000 / 685
1, 6, 12 Rel. Per (%)	6/5/-16
12M Avg Val (INR M)	190

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	60.2	67.9	75.8
EBITDA	8.2	10.9	13.1
Adj. PAT	2.7	4.5	4.7
EBITDA Margin (%)	13.7	16.0	17.3
Adj. EPS (INR)	22.5	38.1	39.7
EPS Gr. (%)	-43.1	69.1	4.2
BV/Sh. (INR)	287	319	353
Ratios			
Net D:E	0.6	0.6	0.8
RoE (%)	8.1	12.6	11.8
RoCE (%)	6.6	9.1	9.4
Payout (%)	22.7	17.7	17.7
Valuations			
P/E (x)	37.3	22.1	21.2
P/BV (x)	2.9	2.6	2.4
EV/EBITDA(x)	13.8	11.4	9.7
EV/ton (USD)	77	74	74
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	-2.6	0.5	-9.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	46.3	46.3	46.3
DII	25.2	25.0	27.6
FII	11.9	11.5	10.8
Others	16.5	17.2	15.3

FII Includes depository receipts

CMP: INR844 TP: INR970 (+15%) BUY

Cost savings drive margin; positive outlook ahead

Expects volume growth of ~8% in 4QFY25 in line with industry growth

- JKLC's 3QFY25 EBITDA was above our estimate, led by higher volumes (~4% beat) and lower opex/t vs. our estimates. Consol. EBITDA declined ~33% YoY to INR2.0b (~7% beat) and EBITDA/t declined ~35% YoY to INR666 (est. INR651, cost benefit partly offset by lower-than-estimated realization). OPM contracted 4.3pp YoY to ~13%. PAT declined ~57% YoY to INR594m (18% above estimates, led by lower ETR).
- Management indicated that the company is working on brand rejuvenation to improve its price positioning. JKLC expects these initiatives will help to improve its cement prices by INR80-100/t. Secondly, JKLC remained focused on increasing operational efficiency and cost reduction. It is also focusing on increasing renewable power share (at 48% in 3Q) and reducing lead distance (at 381km in 3Q). The merger of its subsidiaries, including UCWL, is pending for various approvals, which may take eight to nine months.
- We largely retain our earnings estimates for FY25-27. We estimate a CAGR at 12%/26%/33% in revenue/EBITDA/PAT over FY25-27. The stock is trading fairly at 11x FY26E/10x FY27E EV/EBITDA. We maintain BUY on the stock and value it at 11x Dec'26E EV/EBITDA to arrive at our TP of INR970.

Sales volume increases 2% YoY; realization/t declines 14% YoY

- Consolidated revenue/EBITDA/adj. PAT stood at INR15.0b/INR2.0b/INR594m (down 12%/33%/57% YoY and up 1%/7%/18% vs. our estimate). Sales volume increased 2% YoY to 3.0mt. Realization was down 14% YoY/1% QoQ at INR4,940/t (-3% vs. our estimate).
- Opex/t declined ~10% YoY, driven by an 18% YoY decline in variable cost/t. Freight costs/other expenses/t declined 1% YoY (each). OPM dipped 4.3pp YoY to ~13% and EBITDA/t declined 35% YoY to INR666 in 3QFY25.
- In 9MFY25 consol. revenue/EBITDA/PAT stood at INR43.0b/INR5.1b/INR1.2b (declined 14%/28%/63% YoY). Volume/realization declined 2%/12% YoY. EBITDA/t declined 27% YoY to INR601 and OPM dipped 2.3pp YoY to ~12%. We estimate revenue/EBITDA/PAT to decline 3%/8%/5% YoY in 4QFY25.

Highlights from the management commentary

- Demand started improving in Dec'24 and JKLC expects demand growth of ~4-5% in FY25 and ~6-7% in FY26. Demand improvement will support price increases in the coming months.
- Average fuel consumption costs stood at INR1.57/kcal vs. INR1.62/kcal in 2QFY25. AFR share stood at ~11% at company level (~14% at Sirohi plant).
- Capacity utilization at UCWL stood at ~57% on expanded capacity in 3QFY25. It targets to ramp up capacity utilization at UCWL to ~65% in FY26.

Valuation and view

- Demand improvement in the company's core market (North and Gujarat) and cost control drove sequential recovery in margin. We estimate margin to further improve in the coming quarters, led by better volume growth and improvement in realization (cement prices are up by ~INR75-100/t as compared to 3QFY25 average).

- We estimate a CAGR of ~12%/26%/33% in revenue/EBITDA/PAT over FY25-27 and OPM to improve to ~16%/17% in FY26/27 vs. ~14% in FY25. However, given the company's accelerated capex plans, we estimate its net debt to mount to INR34b from INR17.5b as of Dec'24. The net debt-to-EBITDA ratio is estimated at 2.6x vs. 1.3x/2.3x in FY24/FY25E. The stock trades fairly at 11x FY26E/10x FY27E EV/EBITDA. We value JKLC at 11x Dec'26E EV/EBITDA to arrive at our TP of INR970. **Reiterate BUY.**

Quarterly performance (consolidated) **(INR b)**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Volumes (mt)	3.04	2.73	2.96	3.26	3.04	2.48	3.03	3.50	11.99	12.05	2.91	4
YoY Change (%)	1.2	12.3	7.6	0.9	0.0	(9.3)	2.4	7.4	5.0	0.5	(1.7)	
Net Sales	**17.3**	**15.7**	**17.0**	**17.8**	**15.6**	**12.3**	**15.0**	**17.3**	**67.9**	**60.2**	**14.8**	1
YoY Change (%)	4.6	14.6	9.0	(4.4)	(9.6)	(21.6)	(12.1)	(2.9)	5.2	(11.2)	(13.1)	
EBITDA	**2.0**	**2.2**	**3.0**	**3.4**	**2.2**	**0.9**	**2.0**	**3.1**	**10.5**	**8.2**	**1.9**	7
YoY Change (%)	(23.6)	32.5	63.1	44.6	13.3	(58.9)	(33.2)	(8.0)	25.4	(21.8)		
Margin (%)	11.3	13.8	17.7	18.9	14.2	7.2	13.5	17.9	15.5	13.7	12.8	68
Depreciation	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	2.5	3.0	0.7	2
Interest	0.3	0.3	0.4	0.4	0.5	0.4	0.5	0.5	1.5	1.9	0.4	2
Other Income	0.1	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.7	0.4	0.1	(35)
PBT before EO expense	**1.2**	**1.4**	**2.1**	**2.5**	**1.2**	**(0.2)**	**0.9**	**2.0**	**7.2**	**3.8**	**0.8**	6
Extra-Ord. expense	-	-	(0.1)	-	-	-	-	-	(0.1)	-	-	
PBT	**1.2**	**1.4**	**2.2**	**2.5**	**1.2**	**(0.2)**	**0.9**	**2.0**	**7.3**	**3.8**	**0.8**	6
Tax	0.4	0.5	0.7	0.9	0.5	(0.1)	0.3	0.6	2.4	1.3	0.4	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.7	32.0	32.7	35.1	43.6	46.2	29.7	30.8	33.4	33.6	46.2	
Reported PAT	**0.8**	**1.0**	**1.5**	**1.6**	**0.7**	**(0.1)**	**0.6**	**1.4**	**4.9**	**2.5**	**0.5**	39
Minority Interest	0.0	0.0	0.1	0.1	(0.1)	0.0	0.0	(0.1)	0.2	(0.1)	(0.1)	
Adj. PAT	**0.8**	**0.9**	**1.4**	**1.6**	**0.7**	**(0.1)**	**0.6**	**1.5**	**4.7**	**2.7**	**0.5**	18
YoY Change (%)	(29.4)	51.9	80.1	42.7	(10.4)	(115.1)	NA	(4.9)	29.9	(43.1)	NA	
Per ton analysis (INR)												
Net realization	**5,699**	**5,763**	**5,753**	**5,459**	**5,149**	**4,983**	**4,940**	**4,936**	**5,662**	**5,000**	**5,083**	(3)
RM Cost	1,385	1,255	1,018	1,140	1,269	987	907	938	1,198	1,024	1,020	(11)
Employee Expenses	357	382	370	292	334	444	377	312	348	361	386	(2)
Power, Oil, and Fuel	1,508	1,574	1,492	1,273	1,127	1,295	1,157	1,121	1,455	1,167	1,280	(10)
Freight and Handling Outward	1,131	1,094	1,160	1,064	1,038	1,137	1,147	1,022	1,112	1,081	1,096	5
Other Expenses	672	663	692	658	650	760	686	659	671	684	651	5
Total Expenses	**5,053**	**4,968**	**4,732**	**4,428**	**4,417**	**4,623**	**4,274**	**4,052**	**4,784**	**4,317**	**4,432**	(4)
EBITDA	**646**	**795**	**1,021**	**1,032**	**732**	**360**	**666**	**883**	**878**	**683**	**651**	2

Source: Company, MOFSL

NOCIL

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	37.3 / 0.4
52-Week Range (INR)	336 / 215
1, 6, 12 Rel. Per (%)	-9/-23/-27
12M Avg Val (INR M)	263

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	14.1	16.0	18.5
EBITDA	1.3	1.8	2.7
PAT	1.1	1.3	1.9
EPS (INR)	6.8	7.6	11.5
EPS Gr. (%)	-13.8	12.5	50.4
BV/Sh.(INR)	105	110	117
Ratios			
Net D:E	-0.1	-0.0	-0.1
RoE (%)	6.6	7.1	10.1
RoCE (%)	6.2	6.7	9.6
Payout (%)	38.1	38.1	38.1
Valuations			
P/E (x)	32.9	29.3	19.5
P/BV (x)	2.1	2.0	1.9
EV/EBITDA (x)	26.7	20.2	13.4
Div. Yield (%)	1.2	1.3	2.0
FCF Yield (%)	2.6	(0.4)	2.7

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	33.8	33.8	33.8
DII	5.9	6.2	2.9
FII	7.8	7.9	7.0
Others	52.5	52.2	56.3

FII Includes depository receipts

CMP: INR223 TP: INR210 (-6%) Neutral

Pricing pressure continues to hurt performance

- NOCIL's EBITDA/kg missed our estimate and stood at INR18.5 in 3QFY25, down 52% YoY. Sales volume increased 3% YoY to 12.9tmt. Realization was down at INR247.4/kg (-10% YoY) due to reduced selling prices, in line with the fall in RM prices. Hence, EBITDA was INR238m (-50% YoY), while PAT stood at INR185m (-38% YoY). Volumes, too, declined sequentially.
- Demand is expected to improve next month, but pressure will persist due to competition from China, Korea, and the EU, impacting prices and volumes. While tyre demand remains strong in the domestic replacement market and exports, OEM demand is weak. Volumes are set to recover next quarter, driving operating leverage higher.
- Volume growth of 8-10% is expected for FY25, with a similar trend likely for FY26. An anti-dumping investigation on a couple of products should conclude within the next 9-12 months. NOCIL is exploring inorganic growth and new product development; it has ~INR5.5b in cash and investments. Inquiries from the US are also rising following the new tariffs on China.
- We estimate a revenue/EBITDA/ PAT CAGR of 9%/12%/ 13% over FY24-27 (primarily due to the lower base in FY24), with NOCIL not being able to surpass its FY23 performance even in FY26. Volumes are likely to report a CAGR of 8% over FY24-27. Downside risks are more than the upside risks in NOCIL at the moment.
- Due to the underperformance in 3QFY25, we cut our revenue/ EBITDA/ EPS estimates by 7%/ 17%/ 13% for FY25, by 10%/ 13%/ 12% for FY26, and by 14%/ 12%/ 11% for FY27. There could be further earnings cuts in the ensuing quarters. The stock is trading at ~29x FY26E EPS of INR7.6 and ~20x FY26E EV/EBITDA. Our TP of INR210 is premised on 20x Dec'26E EPS. **Reiterate Neutral.**

Miss across the board; EBITDAM dips for the fourth straight quarter

- Revenue came in at INR3.2b (est. of INR3.5b, -7% YoY). Gross margin was 44.4% (vs. 46.3% in 3QFY24).
- EBITDA stood at INR238m (est. of INR351m, -50% YoY). EBITDAM was 7.5% (vs. 14% in 3QFY24). PAT was INR185m (est. of INR239m, -38% YoY).
- **For 9MFY25**, NOCIL's revenue was INR10.5b (-3% YoY), EBITDA stood at INR1b (-31% YoY), and PAT was INR872m (-3% YoY). EBITDAM stood at 9.6% (-390bp YoY).

Valuation and view

- NOCIL is expanding its capacities (20% of the current capacity of 110ktpa) in anticipation of a demand uptrend in the near term. The new capacity is expected to come online by Sep'26. The top three global players are also expanding their capacities. The pickup in China's domestic consumption is expected to play a key role in easing pricing pressure for NOCIL, though we do not anticipate this to happen in the near term. There is currently no timeline for the optimum utilization of its existing facilities.
- NOCIL currently trades at a premium of ~41% to its long-term average of 19.3x on a one-year forward P/E basis. The stock is also trading at ~29x FY26E EPS of INR7.6 and ~20x FY26E EV/EBITDA. Our TP of INR210 is premised on 20x Dec'26E EPS. **Reiterate Neutral.**

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Gross Sales	**3,967**	**3,509**	**3,406**	**3,565**	**3,722**	**3,627**	**3,181**	**3,577**	**14,447**	**14,107**	**3,529**	**-10%**
YoY Change (%)	-22.1	-9.9	4.6	-9.2	-6.2	3.4	-6.6	0.3	-10.6	-2.4	3.6	
Gross Margin (%)	42.7%	43.4%	46.3%	42.1%	41.7%	43.3%	44.4%	42.4%	43.6%	42.9%	44.4%	0.0%
EBITDA	**547**	**445**	**477**	**434**	**398**	**371**	**238**	**334**	**1,903**	**1,341**	**351**	**-32%**
Margin (%)	13.8	12.7	14.0	12.2	10.7	10.2	7.5	9.4	13.2	9.5	9.9	-2.5
Depreciation	126	127	132	130	128	130	132	137	515	528	136	
Interest	4	3	5	4	5	5	4	4	16	18	5	
Other Income	44	45	61	249	100	88	148	154	399	490	110	
PBT before EO expense	**461**	**360**	**402**	**549**	**364**	**324**	**249**	**348**	**1,771**	**1,286**	**320**	**-22%**
PBT	**461**	**360**	**402**	**549**	**364**	**324**	**249**	**348**	**1,771**	**1,286**	**320**	**-22%**
Tax	125	91	104	138	92	-91	64	88	458	153	81	
Rate (%)	27.2	25.3	25.9	25.1	25.3	-28.0	25.7	25.2	25.8	11.9	25.2	
Reported PAT	**336**	**269**	**298**	**411**	**272**	**415**	**185**	**261**	**1,314**	**1,133**	**239**	**-23%**
Adj PAT	**336**	**269**	**298**	**411**	**272**	**415**	**185**	**261**	**1,314**	**1,133**	**239**	**-23%**
YoY Change (%)	-48.8	-25.2	58.7	44.9	-18.9	54.3	-37.8	-36.6	-11.7	-13.8	-19.6	
Margin (%)	8.5	7.7	8.7	11.5	7.3	11.4	5.8	7.3	9.1	8.0	6.8	-1.0
Operational parameters												
Total Volume Sold (tmt)	13.5	12.9	12.5	14.0	14.6	14.3	12.9	13.7	52.8	39.3	13.9	-8%
Implied Realization (INR/kg)	294.6	272.9	273.5	255.1	255.3	254.1	247.4	261.6	273.9	359.1	253.4	-2%
EBITDA (INR/kg)	40.6	34.6	38.3	31.1	27.3	26.0	18.5	24.5	36.1	34.1	25.2	-27%

DreamFolks

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	DREAMFOL IN
Equity Shares (m)	53
M.Cap.(INRb)/(USDb)	19.2 / 0.2
52-Week Range (INR)	561 / 340
1, 6, 12 Rel. Per (%)	-7/-20/-42
12M Avg Val (INR M)	103

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	13.1	15.1	18.0
EBIT	0.9	1.3	1.5
NP	0.7	1.0	1.2
EPS (INR)	12.6	18.2	21.9
EPS growth (%)	0.6	44.3	20.1
BV/Sh (INR)	58.1	77.5	100.3
Ratios			
RoE (%)	25.4	28.0	25.7
RoCE (%)	23.5	25.8	23.6
Valuations			
P/E (x)	28.6	19.8	16.5
P/BV (x)	6.2	4.6	3.6

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	65.7	66.0	66.0
DII	7.6	7.9	9.2
FII	2.5	3.6	5.2
Others	24.2	22.6	19.5

FII includes depository receipts

CMP: INR360 TP: INR430 (+19%) Buy

Air traffic to drive revenues

Minimum spend for credit cards dents margins

- DreamFolks (DFS) posted a revenue growth of 7.3% QoQ/11.5% YoY to INR3.4b, in line with our estimate of INR3.3b. Gross profit was flat YoY and down 2.5% QoQ to INR382m, with a gross margin of 11.2% (down 110bp QoQ). EBIT margin came in at 6.5%, down 220bp YoY/50bp QoQ. Consolidated PAT was INR169m (down 16% YoY/up 5% QoQ), below our estimate of INR189m, and PAT margin stood at 5.0%. The company's revenue grew 14.5%, while EBITDA and PAT were flat in 9MFY25 vs. 9MFY24. We expect its revenue/EBITDA/PAT to grow 17.5%/3.2%/4.8% YoY in 4QFY25. **We reiterate our BUY rating** on DFS with a TP of INR430, implying a 19% potential upside.
- Management had pulled back its FY25 growth guidance last quarter, indicating mid-term uncertainty. The company has also been experiencing headwinds due to changes in minimum spend criteria by banks (~95% of revenues). However, we believe its strategy to diversify into enterprise clients (especially OTAs) and non-lounge services, such as F&B outlets, will help stabilize revenue streams. It expects to increase enterprise clients to 20% of its clientele over the next 4-5 years.
- DFS experienced dampened gross margins due to changes in the volume mix resulting from change in minimum credit card spends. However, management has maintained its FY25 margin guidance of 11-13% for gross margins. We believe continued pressure in credit card spend criteria may keep margins tight.
- That said, over the long term, DFS will be the direct beneficiary of growth in the lounge market. However, we see near-term pressure from changes in the minimum credit card spend criteria, which could affect growth. Thus, we cut our target multiple to 20x (earlier 21x). We value DFS at INR430 per share (19% upside), at 20x Dec'26E EPS.

In line revenues and miss on margins; pax volumes up 9.2% YoY, while average spend per card remains flat YoY

- DFS' 3QFY25 revenue was up 7.3% QoQ /11.5% YoY to INR3.4b, in line with our estimate of 3.3b.
- DFS's revenue split was 76% domestic and 24% international in this quarter.
- EBITDA was down 16.1% YoY and flat QoQ to INR230m in 3QFY25, below our estimate of INR259m. EBITDA margin stood at 6.7%, down 220bp/60bp YoY/QoQ.
- Domestic passenger traffic was up 9.2% QoQ to 42.8m, against 39.2m in 2QFY25.
- Consolidated PAT was INR169m (down 16%YoY/up 5% QoQ) below our estimate of INR189m, with a PAT margin of 5.0%.
- Credit cards in circulation increased 10.4% YoY to 108.1m, vs. 106.1m in 2QFY25, while the average spending per credit card was flat YoY to INR52.1k in 3QFY25.

Key highlights from the management commentary

- DFS successfully added 13 enterprise clients, including MakeMyTrip and TBO. The company is strategically expanding its enterprise client base to diversify beyond banking clients.
- Over the next 4-5 years, business from enterprise clients is projected to contribute 20% of the company's revenues. Currently, approximately 95% of revenues come from banking and networking clients.
- The company remains focused on growth and diversification. Expansion into international lounges and the introduction of F&B services, such as coffee, are expected to drive more transactions and reduce costs.
- The company is initially targeting the Middle East market for international expansion.
- Bank clients continued to raise minimum spending thresholds on cards, focusing on high-value users. This shift affected the company's volume mix and exerted slight pressure on gross margins.
- F&B unit values are 60% of lounge values, but the propensity to consume F&B is higher due to the wide range of options available to customers. This is a key element of the company's strategy to expand F&B outlets.
- The company's guidance for gross margin remains intact and is expected to remain within the range of 11% to 13%.

Valuation and view

- India's airport lounge market is still in its early stages, with the number of users expected to grow exponentially in the coming years. DFS will be the direct beneficiary of the growth in the lounge market going ahead. . However, we see near-term pressure in minimum credit card spend criteria affecting growth. Thus, we cut our target multiple to 20x (earlier 21x). We value DFS at INR430 per share (19% upside), at 20x Dec'26E EPS. **Reiterate BUY**.

Consolidated – Quarterly performance **(INR M)**

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY25	(%/bp)
Gross Sales	**2,663**	**2,825**	**3,051**	**2,811**	**3,208**	**3,169**	**3,401**	**3,303**	**11,350**	**13,080**	**3,367**	**1.0**
YoY Change (%)	66.2	65.0	49.5	18.2	20.5	12.2	11.5	17.5	46.8	15.2	10.4	**110bp**
GPM(%)	10.7	12.4	12.5	12.5	11.7	12.4	11.2	12.0	12.0	11.8	12.0	
Employee benefit expenses (%)	2.8	2.6	2.4	2.3	3.2	3.6	3.2	3.0	10.0	13.1	3.0	8.1
EBITDA	**176**	**243**	**274**	**246**	**229**	**231**	**230**	**254**	**939**	**943**	**259**	**-11.5**
Margins (%)	6.6	8.6	9.0	8.8	7.1	7.3	6.7	7.7	8.3	7.2	7.7	-100bp
Depreciation	8.6	9.2	9.7	9.6	9.0	9.3	9.9	9.9	37.0	38.1	11.8	-16.2
EBIT	**168**	**234**	**264**	**237**	**220**	**222**	**220**	**244**	**902**	**905**	247	
Margins (%)	6.3	8.3	8.7	8.4	6.9	7.0	6.5	7.4	7.9	6.9	7.4	
Interest	2	3	3	4	3	8	4	3	12	19	10	-59.2
Other Income	11	5	7	11	17	8	19	17	33	61	17	15.8
PBT	**176**	**236**	**268**	**243**	**234**	**221**	**235**	**258**	**924**	**948**	**254**	**-7.6**
Tax	47	60	68	64	63	61	66	70	238	259	65	1.5
Rate (%)	26.4	25.3	25.2	26.4	26.8	27.4	28.0	27.2	25.8	27.4	25.5	250bp
PAT	**130**	**177**	**200**	**179**	**171**	**160**	**169**	**188**	**686**	**689**	**189**	**-10.7**
YoY Change (%)	-3.5	19.2	5.5	-29.3	32.3	-9.3	-15.5	4.8	-5.3	0.4	-5.4	
Margins (%)	4.9	6.3	6.6	6.4	5.3	5.1	5.0	5.7	6.0	5.3	5.6	-60bp

ELECTION

2024-25

State election outcomes 2024-25

State	Majority	Seats won
Haryana	BJP	48/90
J&K	Congress+	49/90
Maharashtra	BJP+	233/288
Jharkhand	INDIA	56/81
Delhi	BJP	48/70

BJP wins Delhi after 27 years – sentiment positive for markets

Valuations reasonable for largecaps but still expensive for SMIDs

The Delhi state election results should be an incremental positive for the market as it allays any residual concerns over stability/smooth functioning of the coalition government at the Center. After a gap of 27 years, the Bhartiya Janata Party (BJP) registered an impressive victory in Delhi, winning 48 seats out of 70 seats. The win is attributed to the poll promise of "double-engine" governance, Prime Minister Narendra Modi's campaign, and a two-term anti-incumbency undercurrent against the ruling Aam Aadmi Party. The verdict was broadly in line with the exit polls, even though AAP, heading into the elections, was seen to have an edge over BJP. Numerically, the city-state of Delhi is small (it sends 7 out of 543 Lok Sabha MPs), but as the nation's capital, it attracts a disproportionate share of electorate attention.

BJP wins despite no big local face, "Brand Modi" regaining its luster

Politically, the Delhi victory will be seen as a decisive revival of "Brand Modi." A victory here is a sign of revival in voters' trust reposed in Brand Modi and the likely developmental benefit that can accrue to Delhi due to the same party governing both the state and the Center.

NDA decisively back into groove after the Lok Sabha setback

Since the Lok Sabha 2024 verdict, the BJP has recovered much of the lost ground as it delivered unexpected victories in Haryana (Oct'24), Maharashtra with partners (Nov'24) and now Delhi, which was expected to be a tight two-way battle. BJP won 48 seats (out of 70 seats in Delhi), a strong jump from 8 seats in 2020. Its vote share surged by 8% to 46%, while AAP saw a dip in vote share from 54% to 44%. The third key party, Congress, failed to win any seats (same as 2015/2020) even though it was able to bump up its vote share from 4% to 6%.

Concerns over stability of NDA coalition allayed

The three back-to-back victories in Haryana, Maharashtra and Delhi will lend confidence and provide more policy momentum for the NDA government, allowing it enough headroom to modulate policy responses as per the economic needs of the hour (as was seen in the FY26 Union Budget). This verdict should further help allay concerns over the coalition politics at the Centre as BJP has re-emerged stronger, while Congress, the nucleus of the opposition INDIA bloc, has been ceding ground as it lost massively in Haryana, Maharashtra, and Delhi. It did win the smaller state of Jharkhand/J&K, but it was mainly due to alliance partners JMM's/JKNC's heft in the respective states.

Middle class finding political and economic policy attention

One of the key reasons for the swing in BJP's fortunes in Delhi is the return of middle-class voters to the BJP's fold given the disenchantment with the prevailing urban infrastructure in the state. All the key parties promised some handouts/ freebies in their pre-poll manifesto. This, juxtaposed with the FY26 Union Budget's INR1t stimulus for taxpayers, shows a decisive shift in the policy focus toward the middle class.

Market impact: Sentiment positive, focus shifting to earnings/macros

The market will take the Delhi verdict positively as it provides further impetus to the policy momentum and helps allay residual concerns, if any, over the stability of the coalition government at the Center. With the budget now behind (consumption push without compromising on fiscal consolidation) and the RBI providing monetary relief (25bp rate cut and some liquidity measures), this verdict will lift sentiment at the margin. However, attention will now shift back to earnings, corporate guidance and global macros amid turbulence in global markets on US President Donald Trump's trade policies. We recommend a largecap heavy portfolio owing to valuation differentials vs. smallcaps and midscaps (SMIDs). The Nifty50 is trading at 19.8x (~4% below its LPA) on a 12-month forward basis, while the Nifty Midcap 100 is at ~30x (50% premium to the Nifty50) and the Nifty Smallcap 100 is trading at ~22x (13% premium to the Nifty50). Thus, valuations remain elevated for broader markets, while they are slightly below the average for the Nifty50. We remain cautious on sectors where valuations have substantially exceeded past earnings growth.

After the Union budget, consumption has emerged as a key theme that can do well as households realign expenses toward more consumption on the back of tax savings. A broad swathe of sub-segments of consumption could be key beneficiaries, namely, discretionary, retail, jewelry, hotels, apparels, 2W, entry-level 4W, and also capital market plays to some extent. We recommend a selective approach toward Industrials.

- We are **OW** on **Consumption, IT, BFSI, Industrials, Healthcare, and Real Estate,** while we are **UW** on **Oil & Gas, Cement, and Metals**.
- **MOFSL Top Ideas: Largecaps** –Titan Company, M&M, Maruti, ICICI Bank, SBI, HCL Tech, Bharti Airtel, L&T, Sun Pharma, Trent, HUL and Dixon Tech.
- **Midcaps and Smallcaps** – Indian Hotels, Page, Cummins India, BSE, Godrej Properties, Coforge, Metro Brands, IPCA Labs, Angel One, and JSW Infrastructure.

Financials: Banks

NIM comparison across the previous cycle

Repo cycle and NIM

NIM (%)	Beginning 1Q23	Peak 4Q23	Current 3Q25
AXSB	3.60	4.22	3.93
HDFCB	4.00	4.10	3.43
ICICIBC	4.01	4.90	4.25
IDFCFB	5.89	6.41	6.04
KMB	4.92	5.75	4.93
FB	3.22	3.36	3.11
BoB	3.02	3.53	2.94
CBK	2.78	3.07	2.71
PNB	2.79	3.24	2.93
SBIN	3.02	3.60	3.01
UNBK	3.00	2.98	2.91
INBK	3.10	3.59	3.57
Repo Rate	4.90	6.50	6.50

NIM (%)	Current vs Beginning of the cycle
AXSB	0.33
HDFCB	-0.57
ICICIBC	0.24
IDFCFB	0.15
KMB	0.01
FB	-0.11
BoB	-0.08
CBK	-0.07
PNB	0.14
SBIN	-0.01
UNBK	-0.09
INBK	0.47
Repo Rate	1.60

Rate cycle turns: NIM, Earnings growth to bottom-out in FY26E

Estimate credit growth to sustain at 12.5% for FY26E

- The RBI has kick-started the reversal in the repo rate cycle with a **25bp cut** in its monetary policy meeting today (7th Feb'25), citing a **controlled inflation outlook** and the need to **support economic growth**. The reduction in the repo rate will **directly affect lending yields** for the banking system, **thereby adversely impacting margins and the overall earnings trajectory**.
- The banking sector has **witnessed a significant NIM compression**, with some lenders **already below the pre-rate-hike levels reported in 4QFY22**. **Margins are thus expected to complete a full cycle for many lenders** with **PSBs relatively better positioned** due to a higher mix of MCLR-linked loans.
- **Private Banks**, with higher exposure to repo-linked loans, **will face immediate margin pressure** from rate cuts. Meanwhile, lenders with **a greater share of fixed-rate loan**s, such as AUBANK, IIB and EQUITAS, will be **more resilient**. PSBs, benefiting from MCLR-linked repricing, are likely to exhibit relative stability.
- With growing **stress in unsecured** segments like personal loans and credit cards, lenders are shifting their focus to secured lending. The **slowdown in high-yielding** unsecured credit growth **limits the ability to support margins** through this route.
- The **deferment in implementation of LCR guidelines** provides **relief to banks**, especially private lenders, enabling **better liquidity management in a tough environment**. This regulatory flexibility reduces compliance strain and supports operational performance of banks.
- **Outlook:** Banking sector margins will remain under pressure with earnings growth expected to bottom out in FY26. Private Banks are projected to deliver PAT growth of 10.8% and 17.2% YoY in FY26 and FY27, while PSBs will grow at 5.6% and 11.1%. **Our top picks are: ICICI, HDFCB, SBI, and AUBANK.**

NIM to undergo one full circle; a few lenders already at pre-rate-hike levels

The banking system has witnessed significant NIM compression over the past one and a half years, led by the repricing of funding costs, while loan yields moved in a narrow range. Among private sector banks, lenders such as ICICIBC, AXSB, and KMB have reported an 18, 8, and 29bp dip in margins, respectively, over the past one year. Interestingly, we note that margins for a few lenders have already dipped below the pre-rate-hike levels (that started in 1QFY23). While the consensus expectation is of a shallow rate cycle, we believe that NIMs for most banks will move one full circle and revert towards the pre-rate hike cycle by the end of FY26. PSBs are relatively better placed with a higher mix of MCLR loans and thus will likely report more resilient performance on the margin front.

Higher repo-linked loans for private banks to exert pressure on margins

- Banks with a higher share of loans linked to the repo rate are more sensitive to potential rate cuts, as these loans will be repriced immediately, impacting margins. We note that EBLR-linked loans for private banks stand higher with Kotak at 60%, Axis Bank at 57%, ICICI Bank at 52%, Federal Bank at 51%, and HDFC Bank at 45%.
- In contrast, lenders with a greater proportion of fixed-rate loans stand to benefit as their loan yields would remain stable. Amongst banks, AUBANK has a high share of fixed-rate loans at 62% and Equitas at 80%.
- PSBs have a higher share of MCLR-linked loans, with Indian Bank holding the highest share at 57%, followed by Canara Bank at 48%, SBI at 36%, and PNB at 32%, which will allow them to show greater NIM resilience as underlying loans are repriced with a 6M/12M lag.

Slowdown in high-yielding unsecured loans limits ability to support margins

With the ongoing stress and a cautionary stance for most of the unsecured lending segments (Personal Loans, Credit Cards, MFI, etc.), we believe that most lenders will exercise restraint to accelerate growth in these segments. Already over the last one year, the growth in credit cards and personal loans has moderated to 15% and 13% from the peaks of 28% and 38%, respectively, in FY23. We note that unsecured loan growth has moderated sharply for most of the key banks (refer to Exhibit 7 for details). Further, with elevated slippages in MFI and credit cards, we believe that there is limited room to accelerate growth in high-yielding unsecured segments to support margins. We thus expect banks to prioritize secured lending to maintain stability along with business growth.

Funding costs nearly peaked; expect a calibrated easing over FY26/27

With the majority of liability repricing now complete for most banks, the reversal in the rate cycle will enable banks to moderate deposit rates and benefit from a gradual reduction in funding costs. However, the stretched CD ratio, and, resultantly, the elevated competition for deposits will make it harder for banks to effect a meaningful cut in TD rates in the near term, though the premium on bulk deposits may come off faster. This would thus begin to help ease pressure on funding costs.

Liability competition stays elevated; Estimate loan growth at 12.5% for FY26E

Credit growth has moderated to 11.4% as of 24th Jan'25 while the deposit growth stands at 10.3%. While credit growth has moderated from the avg. 16% YoY levels witnessed during FY23/FY24, the systemic CD ratio still stands elevated at 81%. Select banks are thus maneuvering their growth to alleviate the stretched balance sheet and restore the deposit mix to its long-term average levels. We believe that the ongoing necessity to source deposits is due to most banks having effectively utilized their balance sheet liquidity. Several public sector banks are also approaching their optimized levels of the CD ratio. Consequently, we anticipate that credit growth will remain modest at ~12.5% YoY during FY26E as well.

Interest rate cut cycle to bode well for NBFC sector

Expect a gradual improvement in sector operating performance from FY26 onward

- The Reserve Bank of India (RBI) reduced the repo rate by ~25bp from 6.5% to 6.25%. **The MPC also decided to continue with the neutral stance and remain focused on containing inflation while supporting growth.**
- The systemic liquidity, after remaining in a surplus from Jul'24 to Nov'24, turned into a deficit during Dec'25 and Jan'25. **The RBI also shared that it is committed to providing sufficient systemic liquidity and proactively taking appropriate measures to ensure orderly liquidity conditions.**
- With receding expectations on the size and pace of rate cuts in the US, we and the consensus are of the view, that this interest rate cut cycle is expected to be shallow. **However, we believe that it will still benefit the NBFC sector (including HFC) and we now expect a gradual improvement in sectoral operating performance from FY26 onward.** Fixed-rate lenders, particularly vehicle financiers, will see NIM improvement in their vehicle finance (VF) business. We delve deeper into the impact of a rate cut on other niche products later in this report.
- The last 15 months, on the regulatory front, have been particularly tough for the NBFC sector, marked by an increase in risk weights on unsecured (personal) loans and bank term loans to NBFCs, guidelines on gold lending, and an outright ban on business activities (product-specific) for select NBFCs. All affected NBFCs were able to work closely with the regulator to iron out the deficiencies and get their ban revoked. The rising cost of borrowings so far in FY25 has not made things any easier for the NBFC sector. **While we strongly believe that steps taken by the RBI have strengthened the sector, we also now believe that the regulatory environment, going ahead, will be less overwhelming for the sector, since there is a subtle acknowledgement from the regulator that it will balance both growth and regulatory oversight.**
- **Key positive factors for the NBFC sector:** 1) Stress in unsecured retail has peaked, and while the existing stress on the balance sheet will have to be provided for/written-off, we will start seeing NBFCs pivoting from moderation (over the last four/five quarters) to growth in the next two quarters; 2) Additional income in the hands of individuals thanks to the income tax reduction in the Union Budget will not all flow into consumption or savings. Higher disposable income will also spur some discretionary lifestyle purchases and the higher net income will also improve the eligibility of individuals for loans; 3) The interest rate cut cycle, in addition to being margin-accretive for certain products, will also give strength to demand and consequent loan growth; 4) The regulatory environment, going ahead, could be less overwhelming than it has been in the recent past.
- **Sectoral outlook:** While NBFCs (without exceptions) have acknowledged that FY25 (relative to FY24) was a particularly difficult year, we see the operational landscape for NBFCs improving in FY26, which will support healthy loan growth and gradual improvements in asset quality. In fact, in our conversations with senior management of NBFCs, we have picked up that the underlying environment seems to be improving (albeit marginally in Jan'25).

- **Key ideas:** While we believe that Bajaj Finance (BAF) will also benefit from the tailwinds mentioned above in the sector, its valuation of 3.7x FY27E P/BV and the imminent management transition lead us to retain our Neutral stance on the stock. **Our preferred ideas are Shriram Finance, MMFS , REC and HomeFirst.**

Interest rate cut cycle: How will NBFCs fare?

- For NBFCs, a large proportion of their bank term loans are still linked to the MCLR of banks. However, given the high competition among banks to garner retail deposits, we believe that the transmission of interest rate cuts (both the quantum and pace) from banks to NBFCs will only be gradual if the rate cut cycle indeed turns out to be shallow (resulting in a transmission lag of 3-6 months).
- **Vehicle financiers will see NIM expansion in VF business.** Among vehicle financiers, we believe CIFC and MMFS will benefit more than SHFL. In other fixed-rate products like microfinance and micro-LAP, we believe that benefits of lower borrowing costs will be passed on to customers in incremental disbursements, instead of pursuing NIM expansion.
- Sentimentally, interest rate cuts (even if shallow) can give a fillip to home loans, leading to increased home purchases/construction. In addition, the PMAY CLSS 2.0 schemes and further budgetary allocations toward SWAMIH Fund 2 Scheme will boost the supply and demand for housing (home loans). There will be a ***transitory*** **NIM compression for HFCs** because of the competitive dynamics (with banks) and relatively higher BT-OUT customer requests in a declining rate cycle. The NIM compression will be more pronounced for large HFCs and relatively much lesser for the affordable HFCs.

Sectoral outlook: A difficult year so far, but outlook seems to be improving

- NBFCs (including HFCs) have acknowledged that FY25 has been a difficult year so far (vs. FY24). In 9MFY25, in our conversations with senior management of both listed and unlisted NBFCs, we have picked up that the underlying environment seems to be improving (albeit marginally in Jan'25).
- The key takeaways from 3QFY25 results: 1) A weak macro environment has impacted the earnings of customers and there appears to be some stress in the vehicle segment (more pronounced in HCVs and refinance car loans); 2) Mortgage demand saw minor weakness because of external disruptions (in Telangana and Karnataka) and some macro weakness is resulting in tighter credit filters; and 3) Early green shoots are visible in unsecured retail loans and MFI loans, which can encourage lenders to pivot from moderation (over the last four to five quarters) toward growth.
- This could seem a bit futuristic, but the way we see the trends emerging, the operational landscape for NBFCs could improve in FY26, which will support healthy loan growth and drive gradual improvements in asset quality.

Valuations and Key Ideas

- While stock price performance of NBFCs has been reasonably good over the last one week, we still see a lot of value in the NBFC sector, given that they will continue to offer healthy loan growth at reasonable valuations. Operating performance will improve in FY26 and asset quality stress will also recede by 2HFY26.

- While we believe that BAF will also benefit from the tailwinds in the sector, its valuation of 3.7x FY27E P/BV and the imminent management transition lead us to retain our Neutral stance on the stock. **Our preferred ideas are Shriram Finance, MMFS, REC and HomeFirst.**

Borrowing mix of NBFC coverage (%)

Name of the company	FLOATING	FIXED	TOTAL
AAVAS*	91	9	**100**
BAF*	38	62	**100**
CANF*	81	19	**100**
CIFC*	49	51	**100**
Fivestar#	68	32	**100**
HomeFirst*	78	22	**100**
IIFL Finance*	74	26	**100**
LTHF*	64	36	**100**
LICHF#	55	45	**100**
MMFSL*	54	46	**100**
MASFIN*	50	50	**100**
MGFL*	48	52	**100**
Muthoot*	57	43	**100**
PIEL#	46	54	**100**
PNBHF*	59	41	**100**
PFL#	71	29	**100**
REPCO*	100	-	**100**
SHFL*	22	78	**100**
CREDAG*	72	28	**100**
FUSION*	71	29	**100**
SPANDANA*	78	22	**100**
PFC#	27	73	**100**
REC*	14	86	**100**

Note: MOFSL, Company

Note: * As per MOFSLe, # As per company, Figures for MGFL, MASFIN, FUSION, PFC, IIFL, REPCO are as of 2QFY25

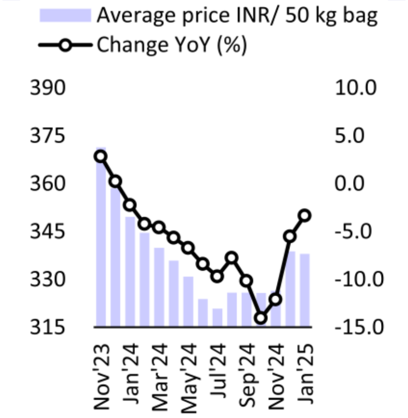
Cement

Cement prices remain steady amid healthy demand growth

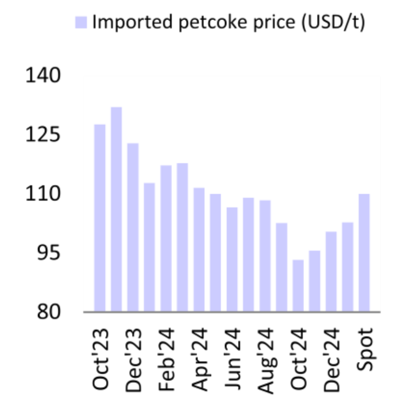
Industry volume growth estimated at ~8-9% YoY in Jan'25

- Cement demand, which recorded an impressive growth of ~8-10% YoY in Nov-Dec'24, has continued to maintain strong momentum in Jan'25. According to our channel checks, industry volume is estimated to grow in high single digits (~8-9%) YoY in Jan'25. The start of the peak construction period, a pick-up in government spending, and sustained demand from the real estate sector are driving improvement in cement demand. In 9MFY25, the industry volume growth stood at ~3% YoY. We anticipate industry volume to grow ~4% YoY in FY25, implying ~7-8% YoY growth in 4QFY25.
- The all-India average cement price largely remained flat MoM in Jan'25. Prices have moved up ~2% in the West region, while they have declined ~1-3% in the South and East regions. Moreover, prices remained flat in the North and Central India. The all-India average cement price in exit-Jan'25 was up ~2% compared to the 3QFY25 average, while it remained flat compared to exit-Dec'24.
- Dealers indicated that cement players are attempting price hikes in early Feb'25 in certain markets (North, Central, Gujarat, and Bihar). However, the sustainability needs to be monitored, given the aggressive sales targets and higher competitive intensity.
- Spot imported petcoke price increased ~11-12% MoM to USD110/t (up ~18% from the recent low of USD93/t in mid-Oct'24). Domestic petcoke prices surged ~7% MoM to INR13,450/t in Feb'25 (up ~16% from the recent low of INR11,637/t in mid-Oct'24). Meanwhile, imported coal (South Africa) prices remained range-bound and flat MoM at USD103/t. A surge in spot petcoke prices and rupee depreciation are expected to increase fuel consumption costs by INR50-60/t in 1QFY26 compared to the 2HFY25 average fuel costs.

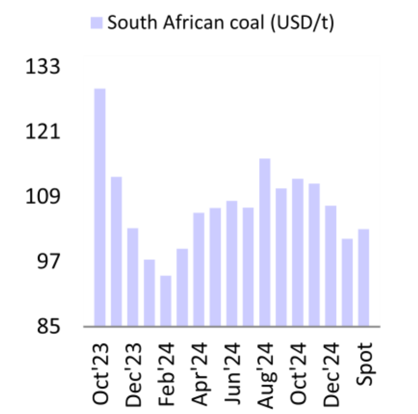
All-India average cement price down 3% YoY (flat MoM) in Jan'25



Average imported petcoke price down 9% YoY (up 2% MoM) at USD103/t in Jan'25



Average imported coal price up 4% YoY (down 6% MoM) to USD101/t in Jan'25



Industry volume to grow ~4% YoY in FY25E

- In 9MFY25, the industry experienced modest demand growth of 3% YoY. 1HFY25 experienced subdued growth of ~2% YoY due to the general elections, followed by an intense monsoon season across the country. However, cement demand recovered after the festive season, leading to a ~5-6% YoY volume growth in 3QFY25. We anticipate industry volume to grow ~4% YoY in FY25, implying ~7-8% YoY growth in 4QFY25E.
- The demand growth momentum has continued in Jan'25, and cement volume is likely to grow in high single digits (~8-9%) YoY, led by a pick-up in construction activity, increased government spending, and strong demand from individual housing and real estate.
- In the latest budget, though, capital spending towards infrastructure (rail/road projects) remained flat YoY, allocation for housing schemes was raised compared to that in FY25RE. Further, the rate cut announced by the RBI will enhance demand growth in individual housing and real estate segments.
- In 3QFY25 the aggregate volume of cement companies under our coverage grew ~8% YoY (+1% vs. our estimate), higher than the industry growth, led by market share gains by leading players. Most managements have guided for industry volume growth of ~6-7% YoY in FY26E.

Mixed pricing trend in Jan'25; need to monitor potential immediate hikes

- The all-India average cement price remained flat MoM in Jan'25. Prices have increased by ~2% in the **West region**, led by price hikes in the Maharashtra markets, while in Gujarat, prices largely remained flat MoM. Prices have declined ~2-3% MoM in the **South region** (across markets), partly due to a sluggish demand and volume push by cement players. In the **East region,** prices declined ~1% MoM due to a price drop in Odisha and West Bengal markets, while in Bihar and Chhattisgarh, prices remained flat. In the **North and Central regions**, trade prices remained flat. However, non-trade prices have increased (INR5/bag), led by an improvement in demand from government projects.
- In early Feb'25, cement players are aiming for a price hike of INR5-15/bag in certain markets (North, Central India, Gujarat, and Bihar). However, sustainability in the near term needs to be monitored, given the aggressive sales targets and higher competitive intensity (as some leading players are continuously focusing on market share gains).
- Blended realization in 3QFY25 for our coverage cement companies increased ~1% YoY (1% below our estimates).

Spot petcoke price increases; spot imported coal price remains flat MoM

- The average petcoke price (both imported and domestic) grew ~2% MoM in Jan'25. However, spot petcoke prices (imported) increased sharply ~11-12% MoM to USD110/t (up ~18% from the recent low of USD93/t in mid-Oct'24). Additionally, domestic petcoke prices increased ~7% MoM to INR13,450/t in Feb'25 (up ~16% from the recent low of INR11,637/t in mid-Oct'24). The average imported coal (South African) price declined ~6% MoM in Jan'25, while spot imported coal (South Africa) prices remained flat MoM at USD103/t.
- The surge in spot petcoke prices and rupee depreciation are estimated to increase fuel consumption cost by INR50-60/t in 1QFY26 compared to the 2HFY25 average fuel costs.
- In 3QFY25, fuel consumption costs for our cement coverage companies stood between INR1.31/Kcal and INR1.76/kcal. JKCE/SRCM/TRCL reported a higher sequential decline in fuel consumption costs by ~9% (each) in 3QFY25, followed by UTCEM/DALBHARA/JKLC with a 4%/4%/3% decline. Meanwhile, an increase in fuel consumption costs was posted by ACC/ACEM at 7%/4% and BCORP at 2% QoQ in 3QFY25.

Outlook and recommendation

- We estimate strong cement demand in 1HCY25, led by the peak construction period, a demand recovery in rural markets, an increase in government spending, and sustained real estate demand. We estimate cement demand to grow ~6-7% YoY in FY26. However, leading players are estimated to report higher volume growth, led by capacity expansions and market share gain.
- We continue to prefer players with a balanced geographic mix, higher capacity utilization, and a strong track record of capacity expansion and successful integration. Further, we are positive on companies that have a strong presence in North, Central, and West regions. We believe these regions are less vulnerable to the demand-supply mismatch and volatility in cement prices.
- UTCEM is our top pick in the large-cap and we prefer JKCE in the mid-cap space.

Insurance Tracker

Strong YoY growth of private individual WRP at 20% in Jan'25

Industry's individual WRP grows 11% YoY; LIC's individual WRP continues to decline YoY

- **InJan'25, the individual Weighted Received Premium (WRP) growth for the private players was at 19.6% YoY vs industry growth of 10.7% YoY. De-growth of 7.1% YoY for LIC impacted the industry growth.**
- **Among listed players, individual WRP for HDFCLIFE witnessed the fastest growth of 25% YoY while MAXLIFE/IPRULIFE/SBILIFE witnessed growth of 14%/9%/18% YoY. Bajaj Allianz witnessed a single-digit growth of 8% YoY.**
- **The industry's new business premium declined 8% YoY in Jan'25 owing to 14% YoY decline reported by LIC, while growth of the private players was flattish YoY.**
- **In terms of new business premium, HDFCLIFE/IPRU/ MAXLIFE reported growth of 26%/14%/9% while SBILIFE and Bajaj Allianz reported a decline of 37%/7% YoY.**
- **We expect the premium growth to remain volatile for the rest of FY25 due to the impact of surrender value regulations. Nevertheless, over the medium term, we believe these changes to be favorable for customers and help resume growth. HDFCLIFE and SBILIFE are our preferred picks in the space.**

Individual WRP and YoY growth (%)

Individual WRP, INR m	Jan'25	YoY gr. (%)
Grand Total	**1,10,451**	**10.7%**
Total Private	**79,597**	**19.6%**
LIC	**30,854**	**-7.1%**
SBI Life	19,318	18.4%
HDFC life	13,552	25.3%
Tata AIA	7,285	13.3%
ICICI Prudential	7,206	8.7%
Max Life	6,879	13.8%
Bajaj Allianz	5,870	8.1%
Birla Sun life	3,990	49.9%
Kotak Life	3,016	12.2%

Source: IRDAI, LI Council, MOFSL

Individual WRP market share of private players remains above 70%

- The market share of private players declined ~560bp MoM to 72.1% in Jan'25 and on YTD basis, the market share of private players was at 70.5%.
- For Jan'25, SBILIFE maintained the top position with 17.5% market share with respect to individual WRP, followed by HDFC Life at 12.3% and Tata AIA at 6.6%.
- On an unweighted premium basis also, SBI Life was the largest private player with a market share of 10.6%, followed by HDFC Life at 9.8%and IPRU Life at 5.8%.

Performance of key private players

On an individual WRP basis, the combined market share of private listed players – SBILIFE, HDFCLIFE, IPRU, and MAXLIFE – accounted for 60% of the private insurance industry and 41.9% of the overall industry as of YTDFY25. Among other prominent private insurers, TATA AIA and Bajaj Allianz have a YTDFY25 market share of 6.9% and 5.7%, respectively.

Among key listed players on the basis of individual WRP –

- **HDFCLIFE** grew 25.3% YoY in Jan'25 (up 22% YoY in YTDFY25). The total unweighted premium grew 25.5% YoY (up 12.9% YoY in YTDFY25).
- **SBILIFE** rose 18.4% YoY in Jan'25 (up 14.3% YoY in YTDFY25). The total unweighted premium declined 37.2% YoY (down 5.4% YoY in YTDFY25).
- **IPRU** grew 8.7% YoY in Jan'25 (up 28.3% YoY in YTDFY25). The total unweighted premium was up 13.6% YoY in Jan'25 (up 29.2% YoY in YTDFY25).
- **MAXLIFE** grew 13.8% YoY in Jan'25 (up 23.5% YoY in YTDFY25). The total unweighted premium grew 8.8% YoY in Jan'25 (up 15.3% YoY in YTDFY25).

MPC unanimously decides to cut repo rate by 25bp

Further rate cuts dependent on domestic data and global situation

- **The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) on 7th Feb'25 unanimously decided to reduce the benchmark repo rate by 25bp to 6.25% after a gap of nearly five years, broadly in line with market expectations. In its sixth and final bi-monthly monetary policy for FY25, the MPC also decided unanimously to continue with the neutral stance and remain unambiguously focused on a durable alignment of inflation with the target while supporting growth.**
- **The Governor emphasized that the RBI is committed to taking proactive measures as and when required to ensure orderly liquidity conditions in the market. However, no new measures to support liquidity were announced.**
- **The Governor also mentioned that a less restrictive monetary policy is more appropriate at the current juncture.** ***"…The MPC noted that inflation has declined, supported by a favorable outlook on food and continuing transmission of past monetary policy actions. It is expected to further moderate in FY26, gradually aligning with the target. The MPC also noted that though growth is expected to recover from the low of 2QFY25, it is much below that of last year. These growth-inflation dynamics open up policy space for the MPC to support growth while remaining focused on aligning inflation with the target…,"*** **the RBI stated.**
- **Real GDP is likely to grow by 6.4% in FY25, according to the First Advance Estimates, lower than 8.2% in FY24. The Governor mentioned that economic activity is expected to improve in the coming year on the back of healthy agricultural activity, recovery in the manufacturing sector, and resilient services sector growth.**
- **The Governor's statement did not mention the FY25 GDP growth forecast (it was 6.6% in the previous policy), though the RBI lowered its 1Q/2QFY26 growth projections. For FY26, the RBI projected real GDP growth at 6.7%, with 1Q/2Q/3Q/4Q at 6.7%/7%/6.5%/6.5% (vs. 6.9%/7.3% for 1Q/2Q in the last policy).**
- **The MPC noted that headline inflation came down in Nov'24 and Dec'24 after breaching its upper tolerance band in Oct'24, supported by sequential easing in food inflation. Inflation is expected to come down further in the coming months, supported by significant softening in food inflation pressures. Core inflation is expected to rise but remain moderate. Considering all these factors, the MPC retained its inflation forecast at 4.8% for FY25 and projected it to come down to 4.2% in FY26, with 1Q/2Q/3Q/4Q at 4.5%/4%/3.8%/4.2%.**
- **Overall, the monetary policy decisions were broadly in line with our and market expectations. A rate cut of 25bp was announced, but no measures to support liquidity were announced. However, the Governor assured that the RBI is committed to taking proactive measures to ensure orderly liquidity conditions. The Governor also emphasized that monetary policy is forward-looking and that a less restrictive monetary policy is more appropriate at the current juncture. We believe that slower growth and a benign inflation outlook will give the RBI room for another cut of 25bp in its Apr'25 policy.**

I. MPC unanimously decides to cut repo rate by 25bp

- The rate-setting panel unanimously decided to reduce the benchmark repo rate by 25bp to 6.25%, the first rate cut in nearly five years (broadly in line with market expectations), in its sixth bi-monthly monetary policy meeting for FY25.
- The MPC also decided unanimously to continue with the neutral stance and remain unambiguously focused on a durable alignment of inflation with the target while supporting growth.
- The Governor emphasized that the RBI is committed to taking proactive measures as and when required to ensure orderly liquidity conditions in the market. However, no measures to support liquidity were announced.
- The Governor mentioned that a less restrictive monetary policy is more appropriate at the current juncture. "…*The MPC noted that inflation has declined, supported by a favorable outlook on food and continuing transmission of past monetary policy actions. It is expected to further moderate in FY26, gradually aligning with the target. The MPC also noted that though growth is*

expected to recover from the low of 2QFY25, it is much below that of last year. These growth-inflation dynamics open up policy space for the MPC to support growth, while remaining focused on aligning inflation with the target…," the RBI statement mentioned.

Exhibit 1: Repo rate reduced to 6.25% in Feb'25 policy, after a gap of nearly five years

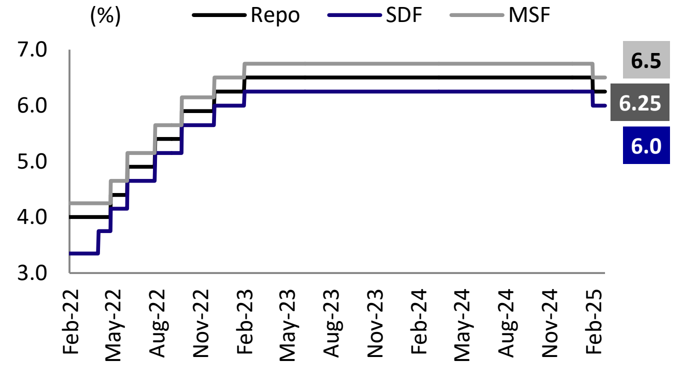
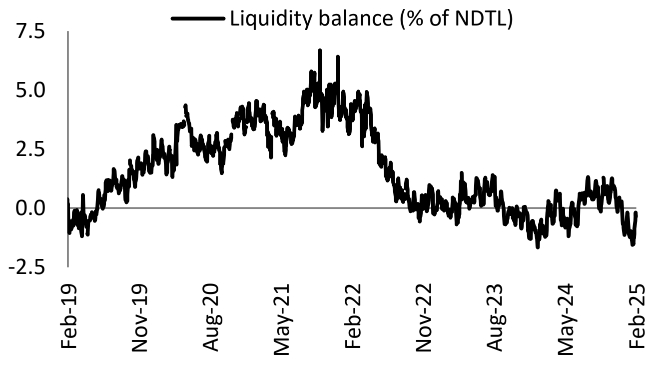


Exhibit 2: Liquidity deficit has narrowed in the past week, after widening in Dec'24-Jan'25



Updated as of 6th Feb'25 Source: RBI,MOFSL

II. Economic activity expected to improve in FY26

- Real GDP is likely to grow by 6.4% in FY25, according to the First Advance Estimates, lower than 8.2% in FY24. The Governor mentioned that economic activity is expected to improve in the coming year on the back of healthy agricultural activity, recovery in the manufacturing sector and resilient services sector growth.
- The Governor's statement did not mention the FY25 GDP growth forecast (it was 6.6% in the previous policy), though the RBI lowered its 1Q/2QFY26 growth projections. For FY26, the RBI projected real GDP growth at 6.7% with 1Q/2Q/3Q/4Q at 6.7%/7%/6.5%/6.5% (vs. 6.9%/7.3% for 1Q/2Q in the last policy).
- The RBI statement mentioned, *"…Going forward, improving employment conditions, tax relief in the Union Budget, and moderating inflation, together with healthy agricultural activity bode well for household consumption. Government consumption expenditure is expected to remain modest. Higher capacity utilization levels, robust business expectations and government policy support augur well for growth in fixed investment. Continued buoyancy in services exports will support growth. Global headwinds, however, continue to impart uncertainty to the outlook and pose downward risks…."*

Potential real GDP boost could be negligible due to tax cuts

The key highlight of the **Union Budget 2025-26** was the personal income tax reforms. The announcement, which was kept to conclude the 75-minute speech, changed the income slabs and tax rates across the board to benefit the majority of individual taxpayers. No tax will be payable for salaried income of up to INR1.2m now under the new regime, up from INR0.7m earlier *(Exhibits 1 and 2)*. This will cost the exchequer INR1t, as per the government's estimates. Finance Minister Nirmala Sitharaman was right when she **stated** that *"…the new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment…" (Page no 31, para#157 of the Speech)*. But how much will these tax cuts lead to additional real GDP growth?

With more money in the hands of individuals, their spending will surely go up. However, there are several caveats to consider before understanding the true extent of the incremental effects of these reforms. Our estimates suggest that the net contribution of these reforms to real GDP growth could be negligible in FY26.

Debt repayments will reduce gains in disposable income:

It is likely, and we certainly hope, that a part of the increase in disposable income would go to repayment of consumer debt. Household debt has risen from 35% of income a decade ago to ~52% now *(Exhibit 3)*. Assuming that an insignificant amount of 5-10% of the rise in disposable income (i.e., INR50-100b) is used to repay debt, it would reduce the rise in disposable income to INR900-950b.

Estimating the likely consumption multiplier from tax changes…

How much will be the positive impact of higher individual spending? The marginal propensity to consume (MPC) measures incremental consumption out of additional disposable income. The higher the MPC is, the higher the positive impact of a rise in disposable income on consumption is. On a national level, household savings are about 25% of disposable income *(Exhibit 4)*, implying a consumption-to-income ratio of 75%. The MPC would logically be higher than the national average for the lowest-income people and much lower for the richest people.

To make a guesstimate on possible MPC of the beneficiaries, we must get a good idea on the possible beneficiaries. Our calculations suggest that salaried individuals earning INR1.0-1.2m and INR1.6-2.4m per annum would take away more than two-thirds of all tax gains *(Exhibit 5)*. It means that an individual with an annual salary income of 4-5x and 7-10x the national per capita income would be the biggest beneficiaries. This section should be identified as the lower-upper income of the economy, rather than middle income (please note we are talking only about salaried income, not gross income). The MPC of this section, thus, is likely to be lower than the national average. Although there is no way to put a number to this, let's assume it at 10-20% lower than the national average, meaning an MPC of 60-70%. Let's keep it at 65% for the sake of simplicity here.

…a part of which will be offset by higher imports

There is, however, one more important adjustment to be made. Any surge in PFCE would be partly offset by higher imports (that is why imports are deducted from the sum of consumption, investments and exports to arrive at GDP). The import intensity of India's PFCE has fallen during the past decade. Consumption-related imports (all imports excluding capital goods, mainly for re-exporting and gold & silver) account for ~20% of PFCE now vs. 25-26% a decade ago *(Exhibit 6)*. In simple words, about a fifth of the rise in nominal PFCE is offset by higher imports. Thus, the MPC could fall to 50-55%, after adjusting imports.

Consumption multiplier suggests a gross increase of 0.3-0.35pp in real GDP growth

An MPC of 50-55% would mean a consumption multiplier of 2.0-2.2x. With a rise in disposable income of INR900-950b (after adjusting possible debt repayments), this would mean an additional consumption of INR2t. With total PFCE expected at about INR200t in FY25, it would mean additional growth of 1pp to nominal PFCE. With PFCE at ~60% of nominal GDP, this would mean an increase of about 0.6pp in nominal GDP growth. With a GDP deflator of 1.8x, it would imply a rise in real GDP growth of about 0.30-0.35pp, at most, because of higher consumption by the household sector *(Exhibits 7 and 8)*.

Tax reforms = slower growth in fiscal spending:

The story is not over yet. The tax changes are effectively a re-distribution of resources from the government to the individuals. Nevertheless, instead of running a higher fiscal deficit, the government chose to keep a tight lid on the fiscal deficit by curtailing its spending growth. Therefore, higher consumption of individuals will be offset by slower growth in fiscal spending.

The Center's total spending (revenue spending less interest and subsidies plus capital spending less loans & advances) accounts for 9-10% of nominal GDP. The Center's spending is budgeted to grow only about 5% in FY26 because of the changes in the personal income taxes. Without the foregone revenue of INR1t, the Center's total spending could have increased by 9% next year *(Exhibits 9 and 10)*.

It means that slower fiscal spending would shave off about 35-40bp (4% multiplied by 10%) from the nominal GDP growth. With a deflator of about 2x, the impact of slower fiscal spending on real GDP growth would be half, about 18-20bp (one basis point is one-hundredth of a percentage point).

The net positive impact on real GDP growth would be very marginal

Overall, the positive impact of 30-35bp of higher private consumption on real GDP growth would be offset by the negative impact of 18-20bp due to slower fiscal spending. The net positive impact of tax cuts on real GDP growth, therefore, would be only 10-20bp in FY26.

Lastly, since fiscal investments have a higher multiplier, this small net positive multiplier may also be overestimated. Further, the saving propensity of the beneficiaries (with annual income of >4x the national per capita income) could actually be higher, leading to a further fall in MPC. At the same time, the import intensity of incremental PFCE could be lower than the national average and debt repayments could not materialize. The risks to our estimates, thus, are evenly balanced.

Amara Raja

BSE SENSEX	S&P CNX
77,860	23,560

CMP: INR1,096 — Neutral

Below est.; profitability hit by high FPPCA charges

- 3QFY25 standalone revenue grew ~10% YoY to INR31.6b (in line), driven by exports, automotive after-markets, and UPS segment.
- Gross margin came in better at 33.1% (-90bp YoY/+70bp QoQ, est. 32.5%) due to lower lead prices.
- However, the company stated that other expenses were higher due to increased electricity costs, driven by elevated FPPCA (fuel and power purchase cost adjustment) charges by the Andhra Pradesh government.
- This led to a 4% YoY decline in EBITDA to INR4.2b (est. INR4.5b). EBITDA margin contracted 200bp YoY/100bp QoQ to 13.1% (est. 14.3%).
- An exceptional item of INR1.11b was recognized in the P&L, representing the difference between the cumulative amount received and the insurance claim receivable.
- Adj. PAT declined 9% YoY to INR2.3b (est. INR2.6b).
- **Valuation view:** We will revisit our estimates after the earnings call. The stock trades at 17.9x FY26E/15.9x FY27E EPS.

Conference Call Details

Date: 10th Feb 2025
Time: 4PM IST
Dial-in details: [Link]

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	126.0	139.1	154.2
EBITDA	17.8	19.7	21.9
Adj. PAT	10.0	10.9	12.3
EPS (INR)	54.6	59.6	67.0
EPS Gr. (%)	10.3	9.1	12.5
BV/Sh. (INR)	415	466	524
Ratios			
RoE (%)	13.9	13.5	13.5
RoCE (%)	13.9	13.5	13.7
Payout (%)	16.5	15.1	13.4
Valuations			
P/E (x)	19.6	17.9	15.9
P/BV (x)	2.6	2.3	2.0
Div. Yield (%)	0.9	0.9	0.9
FCF yield (%)	5.2	5.2	6.0

Quarterly Performance (INR M)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	VAR (%)
Net Sales	**27,707**	**28,111**	**28,817**	**27,967**	**31,312**	**31,358**	**31,640**	**31,645**	**1,12,603**	**1,25,956**	**31,699**	**-0.2**
YoY Change (%)	5.8	4.1	9.3	14.9	13.0	11.6	9.8	13.2	8.4	11.9	10.0	
RM Cost (% of sales)	69.6	66.6	66.0	65.5	68.9	67.6	66.9	68.0	66.9	67.9	67.5	-60bp
Staff Cost (% of sales)	6.4	6.3	6.3	5.8	5.9	6.1	6.0	6.0	6.2	6.0	6.0	0bp
Other Exp (% of sales)	10.7	12.5	12.6	14.1	11.5	12.2	13.9	10.4	12.5	12.0	12.2	170bp
EBITDA	**3,689**	**4,099**	**4,349**	**4,077**	**4,304**	**4,407**	**4,158**	**4,954**	**16,214**	**17,823**	**4,535**	**-8.3**
Margins (%)	13.3	14.6	15.1	14.6	13.7	14.1	13.1	15.7	14.4	14.2	14.3	-120bp
Depreciation	1,168	1,207	1,202	1,210	1,183	1,220	1,233	1,356	4,787	4,993	1265	**-2.5**
Interest	76	81	77	97	90	131	107	103	332	430	115	**-7.4**
Other Income	218	277	238	283	256	185	293	227	1,015	960	255	**14.7**
PBT before EO expense	**2,662**	**3,087**	**3,307**	**3,053**	**3,287**	**3,240**	**3,111**	**3,722**	**12,110**	**13,360**	**3410**	**-8.8**
Extra-Ord expense	0	0	0	0	0	0	-1,111	0	0	0	0	
PBT after EO	**2,662**	**3,087**	**3,307**	**3,053**	**3,287**	**3,240**	**4,222**	**3,722**	**12,110**	**13,360**	**3,410**	**23.8**
Tax	676	823	779	773	841	833	1,103	409	3,052	3,367	852	
Tax Rate (%)	25.4	26.7	23.6	25.3	25.6	25.7	26.1	11.0	25.2	25.2	25.0	
Adj PAT	**1,987**	**2,264**	**2,528**	**2,280**	**2,446**	**2,407**	**2,298**	**3,314**	**9,059**	**9,993**	**2,557**	**-10.1**
YoY Change (%)	51.1	12.0	13.5	29.7	23.1	6.3	-9.1	45.3	18.4	10.3	1.2	

E: MOFSL Estimates

MOTILAL OSWAL | MORNING INDIA

RESULTS FLASH

8 February 2025

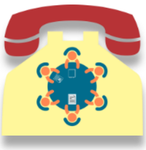
3QFY25 Results Flash | Sector: Automobiles

Happy Forgings

BSE SENSEX	S&P CNX
77,860	23,560

CMP: INR988 Buy

Conference Call Details



Date: 10th Feb 2025

Time: 10.30 AM

Concall registration-

[Diamond pass link]

Operationally in-line quarter; miss on PAT due to lower other income

- Standalone revenue during the quarter grew ~4% YoY to 3.5b (in line). During the quarter, revenue from the CV segment (both domestic and exports), farm equipment, and off-highway exports declined. However, this was partially offset by better demand in industrials and growth in the PV segment.
- Revenue growth during the quarter was entirely driven by ASP growth, while volumes remained flat YoY.
- Gross margin expanded 250bp (-90bp QoQ) to 58%, mainly due to a better mix (higher machining mix at 88% in 9MFY25, up from 84% in 9MFY24).
- This led to a margin expansion of 80bp YoY to 28.6% (est. 29.2%).
- EBITDA grew ~7% YoY to INR1.02b (in line).
- Lower other income led to a miss on adj. PAT at INR645m (up 11% YoY, est. INR683m).
- The company's 9MFY25 revenue/EBITDA/adj. PAT grew 4%/5%/10% YoY.
- The company has announced an investment of INR6.5b towards setting up advanced forging capabilities in the heavyweight components segment (weighing 250-3000kg).
  - This will be used for non-automotive industrial segments. It will be one of the largest facilities in Asia and the second largest globally.
  - Asset turnover is expected to range between 1.0 and 1.2x.
- It has the potential to generate an additional annual revenue of INR6-8b.
- Valuation view: The stock trades at 27x/22x FY26E/FY27E EPS.

Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	14.3	16.7	19.7
EBITDA	4.2	4.9	5.8
Adj. PAT	2.7	3.4	4.2
EPS (INR)	28.7	36.4	44.6
EPS growth %	11.4	26.7	22.6
BV/Sh. (INR)	195	225	262
Ratios			
RoE (%)	15.7	17.3	18.3
RoCE (%)	14.8	16.6	17.7
Payout (%)	17.0	17.0	17.0
Valuations			
P/E (x)	34.4	27.1	22.1
P/BV (x)	5.1	4.4	3.8
EV/EBITDA (x)	22.1	18.6	15.5
Div. Yield (%)	0.5	0.6	0.8

Quarterly (Standalone)

	FY24				FY25E				FY24	FY25E	3QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Net operating income	3,298	3,431	3,420	3,433	3,415	3,611	3,543	3,738	13,582	14,307	3,591	-1.3
Change (%)			16.2	13.5	3.5	5.3	3.6	8.9	13.5	5.3	5.0	
RM/Sales (%)	43.0	44.7	44.5	43.5	43.5	41.2	42.0	39.9	43.9	41.6	41.0	
Staff Cost (%)	7.5	8.5	9.0	8.6	8.5	8.5	9.3	9.2	8.4	8.9	8.8	
Other Exp. (%)	19.1	19.5	18.7	19.6	19.4	21.2	20.1	21.3	19.1	20.5	21.0	
EBITDA	1,002	938	952	971	976	1,054	1,015	1,108	3,875	4,152	1,049	-3.2
EBITDA Margins (%)	30.4	27.3	27.8	28.3	28.6	29.2	28.6	29.6	28.5	29.0	29.2	
Non-Operating Income	34	7	33	72	77	83	66	97	134	323	82	
Interest	27	44	38	9	14	16	21	6	118	57	14	
Depreciation	155	162	171	160	180	197	191	216	647	783	200	
EO Exp						-48						
PBT after EO items	855	738	777	875	859	973	868	983	3,244	3,635	917	
Tax	214	185	198	217	220	259	223	225	814	927	234	
Eff. Tax Rate (%)	25.1	25.1	25.5	24.8	25.6	26.6	25.7	22.9	25.1	25.5	25.5	
Rep. PAT	640	553	579	658	639	714	645	758	2,430	2,708	683	
Change (%)			39.2	29.7	-0.3	29.3	11.4	15.2	18.3	11.4	17.9	
Adj. PAT	640	553	579	658	639	666	645	758	2,430	2,708	683	-5.5
Change (%)			39.2	29.7	-0.3	20.6	11.4	15.2	16.4	11.4	17.9	

E: MOFSL Estimates

Thermax : Invested 100crs in Bio CNG Segment; Ashish Bhandari

- Q3 Was weak and below our expectation, 500 crs miss on rev & 60cs miss on profitability due to delay in shipping out orders
- FGD Projects & Bio CNG Projects impacted Project Biz
- Expected more ordering activity from petrochem, steel from Q4FY25 onwards
- Invested 100crs in Bio CNG Segment

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- Q4 revenue fell 2.5-3% due to client ramp down and Quant Seasonality
- Aspire $1.5 Bn Revenue run rate by Q4FY27 but it could see 1-2 QTRs delay
- Exvited about the growth seen in banking and healthcare
- EBITDA Declined 360 Bps due to 70-80 bps impact of wage hikes

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- loan disbursements were the highest-ever in Q3
- 9m Spread has improved by 12bps
- Co's Growth Is Coming From Transmission, Distribution, Generation & Renewable Energy Projects

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- Aims to maintain 27-28% EBITDA Margin
- FY25 revenue growth is expected to be 23%

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Gulf Oil Lubricants: Macro economic conditions in Q3 have been challenging but we are growing 2x the market'; Ravi Chawla, MD

- Growth trajectory continues to be good
- Industrial & Infra segments will also start showing double digit growth
- See early signs of demand recovery is been seen
- Macro economic conditions in Q3 have been challenging but we are growing 2x the market'

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY25E	FY26E	FY27E	EPS Gr. YoY (%) FY24	FY25E	FY26E	P/E (x) FY25E	FY26E	P/B (x) FY25E	FY26E	ROE (%) FY25E	FY26E
Automobiles																
Amara Raja Ener.	Neutral	1069	-		54.6	59.6	67.0	10.3	9.1	12.5	19.6	17.9	2.6	2.3	13.9	13.5
Apollo Tyres	Buy	426	520	22	20.7	27.7	31.5	-29.3	33.8	13.7	20.6	15.4	1.5	1.3	9.1	11.3
Ashok Ley.	Buy	212	257	21	9.3	11.3	13.5	1.7	21.5	19.5	22.8	18.8	6.2	5.4	28.9	30.6
Bajaj Auto	Neutral	8996	8770	-3	287.3	329.0	377.6	4.0	14.5	14.8	31.3	27.3	9.2	8.2	30.7	31.7
Balkrishna Inds	Neutral	2720	2630	-3	88.4	102.8	125.0	15.5	16.3	21.7	30.8	26.5	5.2	4.5	18.0	18.2
Bharat Forge	Neutral	1140	1386	22	28.0	39.5	48.4	41.7	41.2	22.7	40.8	28.9	6.7	5.9	17.3	21.8
Bosch	Neutral	28083	30810	10	694.6	784.7	912.1	11.9	13.0	16.2	40.4	35.8	6.3	5.7	16.2	16.8
CEAT	Buy	2868	3515	23	119.5	170.3	218.9	-29.5	42.4	28.6	24.0	16.8	2.6	2.3	11.4	14.7
Craftsman Auto	Neutral	4092	4275	4	81.5	153.8	220.1	-43.5	88.8	43.1	50.2	26.6	3.2	2.9	8.3	11.6
Eicher Mot.	Sell	5373	4139	-23	160.2	175.8	195.1	9.5	9.7	11.0	33.5	30.6	7.0	6.1	22.5	21.5
Endurance Tech.	Buy	1973	2825	43	60.2	75.4	90.6	27.2	25.4	20.1	32.8	26.2	4.9	4.2	15.9	17.4
Escorts Kubota	Neutral	3275	3560	9	102.0	113.8	140.6	7.4	11.6	23.6	32.1	28.8	3.9	3.5	12.9	13.0
Exide Ind	Neutral	377	360	-5	13.1	14.2	15.5	6.2	7.9	9.2	28.7	26.6	2.3	2.1	8.0	8.0
Happy Forgings	Buy	988	-		28.7	36.4	44.6	11.4	26.7	22.6	34.4	27.1	5.1	4.4	15.7	17.3
Hero Moto	Buy	4278	5000	17	230.2	245.8	267.7	12.5	6.8	8.9	18.6	17.4	4.4	4.1	24.7	24.6
Hyundai Motor	Buy	1900	1975	4	65.3	68.9	78.4	-12.4	5.4	13.8	29.1	27.6	10.5	8.3	41.9	33.7
M&M	Buy	3198	3675	15	99.3	124.6	145.1	11.9	25.5	16.5	32.2	25.7	6.2	5.2	21.0	22.2
CIE Automotive	Buy	474	587	24	22.0	24.3	28.0	4.1	10.5	15.1	21.6	19.5	2.7	2.5	13.2	13.2
Maruti Suzuki	Buy	13047	14500	11	462.3	512.4	573.4	10.0	10.9	11.9	28.2	25.5	4.4	3.9	14.8	15.3
MRF	Sell	112881	95500	-15	4,082.5	4,532.7	5,190.8	-18.2	11.0	14.5	27.7	24.9	2.6	2.4	9.9	10.1
Samvardh. Motherson	Buy	138	195	41	5.1	7.0	8.6	36.9	37.0	23.1	27.2	19.9	2.8	2.6	11.8	13.4
Motherson Wiring	Buy	55	65	17	1.4	1.6	2.0	-5.4	19.7	20.1	40.5	33.8	12.7	10.6	33.5	34.1
Sona BLW Precis.	Neutral	530	580	9	9.7	10.7	12.5	8.0	10.8	17.0	54.9	49.5	5.9	5.5	14.3	11.5
Tata Motors	Neutral	707	755	7	65.6	61.9	60.4	11.7	-5.5	-2.5	10.8	11.4	2.4	2.0	25.1	19.3
TVS Motor	Neutral	2604	2570	-1	52.5	64.4	77.0	19.8	22.7	19.5	49.6	40.4	12.6	10.0	28.5	27.7
Tube Investments	Buy	2908	3690	27	44.4	58.7	69.6	29.1	32.2	18.7	65.5	49.6	9.6	8.1	15.6	17.7
Aggregate								**7.5**	**10.7**	**12.0**	**25.7**	**23.2**	**4.7**	**4.1**	**18.5**	**17.8**
Banks - Private																
AU Small Finance	Buy	592	730	23	29.7	37.4	48.5	29.3	26	29.5	19.9	15.8	2.7	2.3	14.5	15.7
Axis Bank	Neutral	1024	1175	15	84.6	89.8	104.2	4.8	6.2	16.1	12.1	11.4	1.8	1.6	16.0	14.6
Bandhan Bank	Neutral	152	170	12	20.4	21.9	25.7	47.2	7	17.7	7.5	7.0	1.0	0.9	14.4	14.0
DCB Bank	Buy	120	160	33	19.1	24.1	30.6	11.7	25.9	26.9	6.3	5.0	0.7	0.6	11.9	13.4
Equitas Small Fin.	Buy	71	80	13	2.6	6.4	9.8	-63.2	144.0	53.5	27.1	11.1	1.3	1.2	4.9	11.4
Federal Bank	Buy	188	225	20	16.7	19.0	23.7	2.0	14.1	24.2	11.3	9.9	1.4	1.2	13.1	13.3
HDFC Bank	Buy	1732	2050	18	88.7	95.4	109.4	10.7	7.6	14.7	19.5	18.2	2.7	2.4	14.4	13.9
ICICI Bank	Buy	1257	1550	23	66.3	71.7	82.0	13.6	8.2	14.4	19.0	17.5	3.2	2.8	18.3	17.0
IDFC First Bk	Neutral	64	70	9	2.2	4.4	6.7	-49.0	99.8	52.3	29.2	14.6	1.2	1.1	4.5	8.1
IndusInd	Buy	1079	1200	11	82.1	110.4	136.5	-28.9	34.4	23.6	13.1	9.8	1.2	1.1	9.8	12.0
Kotak Mah. Bk	Buy	1936	2100	8	96.0	109.8	131.4	4.8	14.3	19.7	20.2	17.6	2.6	2.3	13.8	13.5
RBL Bank	Neutral	169	170	0	11.8	20.5	32.1	-38.7	73.4	56.7	14.3	8.3	0.7	0.6	4.8	7.9
Aggregate								**6.9**	**11.1**	**17.3**	**17.9**	**16.1**	**2.5**	**2.2**	**14.1**	**13.9**
Banks - PSU																
BOB	Neutral	216	250	16	37.1	37.7	42.2	7.9	1.6	11.9	5.8	5.7	0.9	0.8	16.7	15.0
Canara Bank	Buy	94	115	22	17.7	18.8	20.7	10.2	6.4	9.9	5.3	5.0	0.9	0.8	19.0	17.7
Indian Bank	Buy	543	670	23	79.3	84.0	92.3	27.4	6.0	9.9	6.9	6.5	1.1	1.0	18.8	17.3
Punjab Natl.Bank	Buy	99	125	26	14.9	16.6	18.7	98.3	11.6	12.6	6.7	6.0	0.9	0.8	15.3	14.9
SBI	Buy	737	925	26	89.2	97.3	112.6	18.7	9	15.8	8.3	7.6	1.4	1.2	18.8	17.2
Union Bank (I)	Buy	118	135	15	22.4	22.8	24.4	18.7	2	6.9	5.3	5.2	0.8	0.7	17.4	15.5
Aggregate								**23.1**	**7**	**13**	**7**	**6.7**	**1.2**	**1.1**	**16.5**	**15.7**
NBFCs																
AAVAS Financiers	Neutral	1716	1800	5	73.5	88.9	108.8	18.5	21.0	22.3	23.4	19.3	3.1	2.7	14.3	14.9
Aditya Birla Cap	Buy	169	240	42	12.9	15.2	19.4	27.2	18.2	27.6	13.2	11.1	1.5	1.3	11.8	12.5
Bajaj Fin.	Neutral	8470	8380	-1	270.9	343.7	435.6	15.9	26.9	26.7	31.3	24.6	5.3	4.5	19.2	19.8

		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	Reco	(INR)	(INR)	Downside	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Can Fin Homes	Neutral	670	775	16	64.0	68.8	78.9	13.6	7.4	14.8	10.5	9.7	1.7	1.5	18.0	16.6
Cholaman.Inv.&Fn	Buy	1380	1600	16	50.2	66.8	88.0	23.2	33.0	31.8	27.5	20.7	4.9	3.8	19.5	20.9
CreditAccess	Buy	1072	1190	11	36.9	90.2	129.5	-59.3	144.7	43.5	29.1	11.9	2.4	2.0	8.7	18.6
Fusion Finance	Neutral	192	190	-1	-65.4	30.7	51.7	-230.2	LP	68.5	NM	6.2	0.9	0.8	-26.1	13.2
Five-Star Business	Buy	772	930	20	36.9	42.1	49.0	29.0	14.1	16.4	20.9	18.3	3.6	3.0	18.8	17.9
Home First Fin.	Buy	1004	1280	27	43.0	52.5	64.0	24.4	22.2	21.9	23.4	19.1	3.6	3.1	16.6	17.4
IIFL Finance	Buy	365	510	40	13.3	46.7	58.4	-71.3	252.0	25.1	27.5	7.8	1.3	1.1	4.9	15.1
IndoStar	Buy	263	325	23	5.9	9.3	18.6	-30.8	58.2	99.9	44.7	28.2	1.1	1.1	2.4	3.9
L&T Finance	Buy	149	180	21	10.7	13.0	17.9	14.5	21.6	37.8	14.0	11.5	1.5	1.3	10.9	12.1
LIC Hsg Fin	Buy	578	690	19	96.7	95.1	107.7	11.6	-1.6	13.2	6.0	6.1	0.9	0.8	15.9	13.9
Manappuram Fin.	Neutral	208	220	6	25.6	28.8	35.9	-1.4	12.5	24.7	8.1	7.2	1.3	1.1	17.4	16.9
MAS Financial	Buy	261	330	26	17.0	21.7	26.4	12.8	27.2	21.9	15.3	12.0	1.9	1.7	14.6	14.7
M&M Fin.	Buy	298	355	19	19.9	24.5	30.8	39.7	23.0	25.8	14.9	12.1	1.8	1.6	12.3	13.9
Muthoot Fin	Neutral	2245	2060	-8	127.6	152.4	171.0	26.5	19.5	12.2	17.6	14.7	3.2	2.7	19.5	19.9
Piramal Enterp.	Neutral	1034	1025	-1	22.7	49.5	66.0	-130.3	117.6	33.5	45.5	20.9	0.9	0.8	1.9	4.1
PNB Housing	Buy	889	1160	30	72.7	88.9	107.6	25.3	22.2	21.0	12.2	10.0	1.4	1.2	11.9	12.9
Poonawalla Fincorp	Buy	316	360	14	0.2	14.1	21.2	-98.4	6,295.4	50.6	1,437.3	22.5	3.0	2.7	0.2	12.7
PFC	Buy	409	560	37	49.7	56.6	62.0	14.2	13.8	9.5	8.2	7.2	1.5	1.3	19.3	19.2
REC	Buy	441	630	43	61.0	69.8	79.4	14.6	14.5	13.7	7.2	6.3	1.4	1.2	21.5	21.0
Repco Home Fin	Neutral	393	440	12	70.3	69.9	77.9	11.4	-0.6	11.5	5.6	5.6	0.7	0.7	14.2	12.4
Spandana Sphoorty	Buy	348	395	14	-130.8	11.9	47.0	-286.3	LP	296.3	NM	29.3	0.9	0.9	-29.4	3.1
Shriram Finance	Buy	559	700	25	44.2	52.6	63.6	15.5	19.0	21.0	12.7	10.6	1.8	1.6	15.6	15.8
Aggregate								**10.6**	**24.9**	**20.7**	**16.2**	**13.0**	**2.3**	**2.0**	**14.5**	**15.7**
NBFC-Non Lending																
360 ONE WAM	Buy	1018	1350	33	26.4	32.9	39.0	18.0	24.3	18.7	38.5	31.0	6.3	5.8	21.0	19.4
Aditya Birla AMC	Buy	696	850	22	32.7	37.1	42.0	20.7	13.3	13.3	21.3	18.8	5.7	5.1	28.1	28.5
Anand Rathi Wealth	Neutral	3702	4200	13	73.0	95.2	114.8	35.0	30.3	20.6	50.7	38.9	21.9	15.4	44.8	46.3
Angel One	Buy	2412	3200	33	148.5	160.7	214.6	9.3	8.2	33.5	16.2	15.0	3.6	3.1	28.6	22.2
BSE	Buy	5726	6900	21	88.5	137.9	167.7	55.2	55.8	21.6	64.7	41.5	21.2	18.4	32.7	44.2
Cams Services	Buy	3660	4600	26	97.9	110.6	131.7	36.7	12.9	19.1	37.4	33.1	16.6	14.1	48.0	46.0
CDSL	Neutral	1336	1500	12	27.0	34.2	42.4	34.6	26.7	24.0	49.5	39.0	15.9	13.9	35.1	38.0
HDFC AMC	Buy	3923	5200	33	117.0	139.4	158.7	28.6	19.2	13.8	33.5	28.1	10.9	9.9	33.8	36.9
KFin Technologies	Neutral	1224	1300	6	20.1	25.6	32.4	38.0	27.6	26.2	60.9	47.7	17.3	14.5	30.4	33.0
MCX	Neutral	6001	6100	2	114.5	143.7	177.6	602.6	25.5	23.6	52.4	41.8	20.5	18.6	40.6	46.7
Nippon Life AMC	Buy	600	850	42	20.7	25.6	30.1	17.7	23.6	17.9	29.0	23.5	9.3	9.2	32.4	39.4
Nuvama Wealth	Buy	5687	6800	20	273.7	305.9	341.1	62.6	11.7	11.5	20.8	18.6	6.1	5.4	31.4	31.0
Prudent Corp.	Neutral	2422	2200	-9	47.0	60.4	76.2	40.3	28.5	26.2	51.5	40.1	76.3	56.8	34.2	32.5
UTI AMC	Buy	1051	1300	24	70.9	78.7	89.3	12.5	11.1	13.4	14.8	13.4	2.6	2.4	17.7	18.6
Aggregate								**34.5**	**19.8**	**19.0**	**34.5**	**28.8**	**9.4**	**8.4**	**27.3**	**29.4**
Insurance																
HDFC Life Insur.	Buy	635	800	26	7.5	9.7	11.1	3.2	29.2	14.6	84.3	65.3	2.5	2.1	16.8	16.5
ICICI Lombard	Buy	1828	2300	26	53.5	60.8	69.9	37.3	13.7	14.9	34.2	30.1	6.5	5.6	20.5	20.1
ICICI Pru Life	Buy	601	780	30	8.1	10.2	13.4	36.4	25.8	32.3	74.5	59.2	1.7	1.4	19.1	19.5
Life Insurance Corp.	Buy	816	1085	33	69.7	77.9	86.5	8.4	11.8	11.0	11.7	10.5	0.6	0.6	15.4	11.0
Max Financial	Neutral	1113	1180	6	11.9	16.9	22.8	57.6	42.0	34.8	93.4	65.8	2.1	1.7	19.0	19.4
SBI Life Insurance	Buy	1471	1900	29	21.2	24.4	27.4	12.0	15.0	12.5	69.4	60.3	2.1	1.7	21.2	19.6
Star Health Insu	Buy	433	560	29	13.1	18.4	25.4	-9.0	40.0	38.3	33.0	23.6	3.4	3.0	11.0	13.6
Chemicals																
Alkyl Amines	Neutral	1816	1900	5	36.2	51.4	67.3	24.3	42.1	31.0	50.2	35.3	6.7	6.0	13.9	17.8
Atul	Buy	6103	8455	39	164.2	210.6	251.8	49.2	28.3	19.6	37.2	29.0	3.3	3.0	9.1	10.8
Clean Science	Neutral	1466	1450	-1	24.0	35.1	43.6	4.3	46.4	24.3	61.2	41.8	10.9	8.9	19.4	23.5
Deepak Nitrite	Neutral	2354	2555	9	61.5	78.0	87.5	11.5	26.9	12.2	38.3	30.2	5.8	5.0	16.2	17.7

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY25E	FY26E	FY27E	EPS Gr. YoY (%) FY24	FY25E	FY26E	P/E (x) FY25E	FY26E	P/B (x) FY25E	FY26E	ROE (%) FY25E	FY26E
Fine Organic	Sell	4266	3570	-16	132.6	118.1	119.3	10.5	-10.9	1.1	32.2	36.1	5.9	5.1	19.9	15.1
Galaxy Surfact.	Buy	2428	3350	38	95.6	118.3	139.3	12.4	23.7	17.8	25.4	20.5	3.5	3.1	14.7	16.2
Navin Fluorine	Neutral	4222	3715	-12	59.4	81.0	92.9	28.8	36.4	14.7	71.1	52.1	8.1	7.2	11.8	14.6
NOCIL	Neutral	224	210	-6	6.8	7.6	11.5	-13.7	11.8	51.3	32.9	29.3	2.1	2.0	6.6	7.1
PI Inds.	Buy	3545	4100	16	109.9	117.9	135.4	-0.7	7.3	14.8	32.3	30.1	5.3	4.5	17.6	16.2
SRF	Buy	2882	3540	23	42.7	72.0	100.4	-10.1	68.5	39.5	67.5	40.0	7.0	6.2	10.7	16.4
Tata Chemicals	Neutral	931	1030	11	17.7	41.3	56.6	-51.0	133.1	37.0	52.6	22.6	1.1	1.0	2.0	4.7
Vinati Organics	Buy	1737	2600	50	38.9	50.3	60.3	24.6	29.3	20.0	44.7	34.6	6.5	5.7	15.4	17.5
Aggregate								**17.3**	**24.4**	**17.3**	**41.8**	**33.6**	**5.4**	**4.7**	**12.8**	**14.1**
Capital Goods																
ABB India	Buy	5688	7200	27	88.7	102.5	119.3	50.5	15.6	16.3	64.1	55.5	15.7	12.5	27.6	25.1
Bharat Electronics	Buy	277	360	30	6.7	7.8	9.4	21.7	16.5	21.0	41.4	35.5	10.0	8.0	24.1	22.6
Cummins India	Buy	2870	4100	43	71.5	85.8	100.9	19.2	20.0	17.6	40.2	33.5	11.5	10.1	30.3	32.2
Hitachi Energy	Sell	12273	10500	-14	75.5	143.3	218.1	95.4	89.9	52.2	162.6	85.6	30.0	22.2	18.5	26.0
Kalpataru Proj.	Buy	1039	1360	31	44.3	61.6	81.5	41.8	39.2	32.2	23.5	16.9	2.4	2.1	11.5	13.4
KEC International	Neutral	827	900	9	20.4	34.7	43.0	57.0	69.9	23.7	40.4	23.8	4.1	3.7	11.5	16.3
Kirloskar Oil	Buy	820	1340	63	32.7	42.9	55.9	30.7	31.4	30.3	25.1	19.1	4.0	3.5	16.9	19.4
Larsen & Toubro	Buy	3337	4100	23	106.2	135.4	156.5	12.4	27.4	15.6	31.4	24.7	4.7	4.1	15.9	17.8
Siemens	Neutral	5505	6300	14	76.3	82.2	102.6	38.5	7.8	24.8	72.1	66.9	12.8	11.2	19.1	17.8
Thermax	Sell	3388	3350	-1	57.3	68.9	82.4	9.9	20.2	19.6	59.1	49.2	7.7	6.9	13.8	14.8
Triveni Turbine	Buy	583	780	34	11.7	14.0	17.8	37.8	20.3	26.9	49.9	41.5	15.1	12.0	33.9	32.2
Zen Technologies	Buy	1662	2400	44	31.7	49.0	68.1	125.7	54.6	39.0	52.4	33.9	8.6	6.9	26.1	22.6
Aggregate								**21.7**	**24.6**	**19.4**	**42.1**	**33.8**	**7.2**	**6.2**	**17.0**	**18.2**
Cement																
Ambuja Cem.	Buy	513	600	17	7.9	10.6	15.2	-43.0	33.4	44.0	64.8	48.6	2.3	2.2	4.0	4.6
ACC	Buy	1998	2400	20	62.2	91.6	123.4	-37.4	47.3	34.7	32.1	21.8	2.1	1.9	6.9	9.2
Birla Corp.	Buy	1175	1470	25	18.2	51.3	73.8	-66.3	181.6	44.0	64.5	22.9	1.3	1.3	2.1	5.7
Dalmia Bhar.	Buy	1851	2100	13	34.9	51.0	65.8	-14.3	46.0	29.1	53.0	36.3	2.1	2.0	4.0	5.6
Grasim Inds.	Buy	2488	3210	29	79.5	100.6	119.3	-16.9	26.6	18.5	31.3	24.7	3.1	3.0	-1.5	1.9
India Cem	Sell	279	310	11	-23.8	-3.5	4.1	214.7	Loss	LP	NM	NM	1.8	1.9	-14.7	-2.4
J K Cements	Buy	4876	5630	15	90.4	128.1	169.6	-12.0	41.7	32.4	54.0	38.1	6.3	5.6	11.6	15.7
JK Lakshmi Ce	Buy	844	970	15	22.5	38.1	39.7	-43.2	69.3	4.2	37.3	22.1	2.9	2.6	8.1	12.6
Ramco Cem	Neutral	895	870	-3	8.3	18.4	25.5	-50.2	120.8	39.0	107.6	48.7	2.8	2.7	2.7	5.6
Shree Cem	Neutral	28262	26640	-6	288.7	301.0	388.7	-57.8	4.2	29.2	97.9	93.9	4.8	4.7	5.0	5.1
Ultratech	Buy	11650	13800	18	222.0	298.6	380.3	-9.2	34.5	27.3	52.5	39.0	5.2	4.4	10.2	12.3
Aggregate								**-27.1**	**40.8**	**28.6**	**51.1**	**36.3**	**3.4**	**3.1**	**6.6**	**8.5**
Consumer																
Asian Paints	Neutral	2272	2550	12	44.6	50.3	57.4	-23.0	12.7	14.2	50.9	45.2	11.5	11.0	22.7	24.9
Britannia	Neutral	4875	5200	7	90.5	103.8	117.2	2.0	14.7	12.9	54.9	47.9	27.9	24.3	54.3	52.6
Colgate	Neutral	2613	2850	9	53.1	58.4	63.6	7.8	10.2	8.8	49.2	44.7	33.9	30.6	72.7	72.0
Dabur	Buy	527	650	23	10.5	11.9	13.5	-0.8	12.9	13.5	50.2	44.5	8.8	8.3	18.2	19.2
Emami	Buy	573	750	31	20.2	22.0	23.9	12.0	9.1	8.4	28.3	26.0	9.0	8.0	33.9	32.8
Godrej Cons.	Buy	1107	1400	26	19.3	23.9	27.8	-0.1	23.9	15.9	57.3	46.2	8.4	7.7	15.1	17.4
HUL	Buy	2364	2850	21	44.1	49.3	54.1	0.8	11.9	9.8	53.6	48.0	10.8	10.7	20.2	22.4
ITC	Buy	431	550	28	16.1	17.4	18.7	-2.0	8.1	7.9	26.8	24.8	7.0	6.8	26.5	27.8
Indigo Paints	Buy	1257	1650	31	29.8	35.4	41.6	-3.7	18.7	17.5	42.2	35.5	5.9	5.2	14.8	15.5
Jyothy Lab	Neutral	386	450	17	10.4	11.7	13.0	5.5	13.5	10.3	37.3	32.8	7.5	6.8	20.6	21.7
L T Foods	Buy	402	460	14	17.5	23.8	28.5	2.7	35.9	19.7	22.9	16.9	3.6	3.1	16.8	19.6
Marico	Buy	646	775	20	12.6	14.1	15.5	10.1	12.1	9.9	51.3	45.7	21.0	20.0	41.8	44.8
Nestle	Neutral	2225	2400	8	32.7	36.7	41.1	-20.2	12.2	11.8	68.0	60.6	52.4	44.6	84.9	79.6
Page Inds	Buy	42912	57500	34	613.6	709.4	841.0	20.2	15.6	18.5	69.9	60.5	27.3	23.5	39.0	38.8
Pidilite Ind.	Neutral	2871	3200	11	42.1	48.9	55.7	17.4	16.3	13.8	68.2	58.7	15.3	13.8	23.9	24.7
P&G Hygiene	Neutral	14505	15500	7	251.7	281.5	317.2	14.3	11.9	12.7	57.6	51.5	50.2	42.0	95.5	88.8
Tata Consumer	Buy	1022	1130	11	14.5	17.7	20.1	1.2	22.0	13.3	70.4	57.7	4.4	3.9	7.3	7.4
United Brew	Neutral	2048	2200	7	21.5	31.4	38.9	38.2	46.0	24.2	95.4	65.3	12.1	11.0	13.1	17.6

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY25E	EPS (INR) FY26E	EPS (INR) FY27E	EPS Gr. YoY (%) FY24	EPS Gr. YoY (%) FY25E	EPS Gr. YoY (%) FY26E	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E
United Spirits	Neutral	1428	1650	16	19.2	21.6	24.1	22.0	12.9	11.2	74.4	65.9	12.3	10.3	16.6	15.7
Varun Beverages	Buy	554	750	35	7.7	10.4	12.5	27.3	34.0	20.7	71.6	53.4	11.5	9.6	22.5	19.5
Aggregate								**-0.6**	**13.2**	**11.4**	**47.4**	**41.9**	**10.7**	**10.1**	**22.6**	**24.0**
Consumer Durables																
Havells India	Neutral	1615	1740	8	22.0	26.9	33.1	8.7	22.1	23.0	73.3	60.0	12.1	10.7	16.5	17.9
KEI Industries	Buy	3908	4780	22	68.2	82.4	100.7	6.0	20.7	22.3	57.3	47.4	6.5	5.7	14.6	12.8
Polycab India	Buy	5868	8380	43	125.0	148.0	174.3	5.3	18.4	17.7	46.9	39.6	9.2	7.8	19.5	19.7
R R Kabel	Buy	1192	1600	34	22.3	33.2	44.3	-15.8	49.2	33.5	53.6	35.9	6.7	5.9	13.1	17.5
Voltas	Buy	1384	1640	19	25.1	30.4	38.0	247.1	20.9	25.1	55.1	45.6	7.0	6.2	12.6	13.6
Aggregate								**19.5**	**21.7**	**22.0**	**57.0**	**46.8**	**8.8**	**7.7**	**15.5**	**16.5**
EMS																
Amber Enterp.	Buy	6894	7800	13	70.8	109.5	168.7	79.6	54.7	54.0	97.3	62.9	10.1	8.7	10.9	14.8
Avalon Tech	Buy	707	1000	41	9.5	16.8	25.0	123.4	76.2	49.2	74.3	42.2	7.6	6.5	10.8	16.6
Cyient DLM	Buy	451	700	55	9.6	16.3	22.4	25.0	69.3	37.0	46.8	27.6	3.7	3.2	8.1	12.4
Data Pattern	Neutral	1924	2180	13	36.1	48.6	62.2	11.4	34.4	28.0	53.3	39.6	7.1	6.0	14.2	16.4
Dixon Tech.	Buy	15152	20500	35	130.8	174.2	250.6	112.8	33.1	43.9	115.8	87.0	36.8	26.0	37.7	35.1
Kaynes Tech	Buy	4280	6500	52	47.4	85.4	136.1	65.2	80.2	59.3	90.3	50.1	9.8	8.2	11.5	17.8
Syrma SGS Tech.	Buy	520	650	25	9.6	15.3	21.4	56.6	59.4	39.9	54.2	34.0	5.3	4.6	10.1	14.5
Aggregate								**72.6**	**49.2**	**46.3**	**91.2**	**61.1**	**13.5**	**11.1**	**14.8**	**18.1**
Healthcare																
Alembic Phar	Neutral	888	970	9	27.6	36.0	45.4	-12.1	30.2	26.3	32.1	24.7	3.3	3.0	10.7	12.6
Alkem Lab	Neutral	5155	5400	5	188.8	199.1	224.9	18.2	5.5	13.0	27.3	25.9	5.1	4.4	20.2	18.3
Ajanta Pharma	Buy	2689	3220	20	71.4	80.8	95.8	14.6	13.2	18.6	37.7	33.3	8.1	6.8	23.2	22.2
Apollo Hospitals	Buy	6786	8660	28	97.4	126.3	164.5	56.0	29.7	30.2	69.7	53.7	11.4	9.5	18.4	19.9
Aurobindo	Neutral	1192	1310	10	61.2	70.1	82.3	9.2	14.5	17.4	19.8	17.3	2.1	1.9	11.4	12.3
Biocon	Buy	386	420	9	0.4	4.1	9.3	-80.1	1,037.1	127.9	1,076.7	94.7	2.3	2.2	0.2	2.4
Cipla	Neutral	1472	1530	4	61.7	61.2	68.2	17.5	-0.8	11.4	23.9	24.1	3.8	3.3	15.9	13.8
Divis Lab	Neutral	6140	6200	1	75.4	96.0	118.0	25.7	27.3	22.9	81.5	64.0	10.9	9.7	14.0	16.1
Dr Reddy's	Neutral	1241	1330	7	64.7	74.4	68.2	2.0	15.0	-8.3	19.2	16.7	3.1	2.7	17.6	17.3
ERIS Lifescience	Neutral	1477	1270	-14	27.4	40.1	55.2	-6.2	46.2	37.6	53.8	36.8	7.0	6.0	13.8	17.6
Gland Pharma	Buy	1516	1840	21	44.3	56.9	68.4	-7.0	28.5	20.3	34.3	26.7	2.6	2.4	8.0	9.4
Glenmark	Buy	1540	1900	23	47.3	60.7	70.6	1,805.6	28.2	16.3	32.5	25.4	4.7	4.0	15.7	17.0
GSK Pharma	Neutral	2204	2420	10	50.2	56.2	64.6	15.9	12.1	14.9	43.9	39.2	17.3	14.1	39.3	36.0
Global Health	Buy	1167	1410	21	19.6	24.9	30.9	10.0	27.3	23.9	59.6	46.8	9.4	8.1	16.8	18.5
Granules India	Buy	583	665	14	19.5	26.5	33.4	12.5	35.7	26.0	29.8	22.0	3.8	3.3	13.7	16.2
IPCA Labs	Buy	1506	1970	31	33.1	44.3	55.5	59.4	33.8	25.1	45.5	34.0	5.4	4.8	12.6	14.9
Laurus Labs	Buy	641	720	12	5.1	10.7	14.9	68.7	110.2	39.5	126.0	60.0	7.9	7.1	6.5	12.5
Lupin	Neutral	2200	2290	4	68.9	75.7	83.9	66.0	9.8	10.9	31.9	29.1	5.8	4.9	19.8	18.2
Mankind Pharma	Buy	2518	3050	21	50.1	55.0	72.1	4.8	9.9	31.1	50.3	45.8	7.5	6.7	17.8	15.4
Max Healthcare	Buy	1144	1300	14	15.4	20.8	24.7	12.4	34.9	18.4	74.0	54.9	10.4	8.7	15.0	17.3
Piramal Pharma	Buy	227	300	32	0.8	2.2	4.0	80.8	189.7	81.7	295.9	102.1	3.4	3.3	1.3	3.6
Sun Pharma	Buy	1750	2160	23	49.2	59.5	66.6	18.7	21.0	11.9	35.6	29.4	5.7	4.9	17.2	17.9
Torrent Pharma	Neutral	3259	3410	5	57.3	75.3	94.3	21.6	31.4	25.3	56.9	43.3	6.8	5.7	26.0	28.7
Zydus Lifesciences	Neutral	994	1000	1	44.5	48.9	43.1	18.3	9.8	-11.8	22.3	20.3	3.9	3.4	19.8	17.9
Aggregate								**20.0**	**18.9**	**13.4**	**37.4**	**31.4**	**5.3**	**4.6**	**14.2**	**14.8**
Infrastructure																
G R Infraproject	Buy	1188	1410	19	71.0	80.0	102.2	-2.6	12.6	27.8	16.7	14.9	1.5	1.3	9.1	9.4
IRB Infra	Neutral	53	63	18	1.4	2.4	2.8	38.9	71.0	17.1	38.2	22.3	1.6	1.5	5.0	6.9
KNR Constructions	Buy	284	400	41	14.9	17.1	21.8	-2.5	15.0	27.7	19.1	16.6	2.1	1.8	11.8	11.7
Aggregate											**26.9**	**19.5**	**1.6**	**1.5**	**6.1**	**7.8**
Logistics																
Adani Ports	Buy	1147	1400	22	47.7	58.5	70.0	15.5	22.7	19.8	24.1	19.6	4.0	3.4	17.9	18.8
Blue Dart Express	Buy	6803	8100	19	116.9	208.5	259.7	-3.9	78.3	24.6	58.2	32.6	10.3	8.4	18.4	28.3
Concor	Buy	724	950	31	22.4	28.6	34.5	11.8	27.4	20.5	32.3	25.3	3.5	3.3	11.2	13.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY25E	FY26E	FY27E	EPS Gr. YoY (%) FY24	FY25E	FY26E	P/E (x) FY25E	FY26E	P/B (x) FY25E	FY26E	ROE (%) FY25E	FY26E
JSW Infra	Buy	259	350	35	6.7	7.7	9.8	15.3	15.5	26.5	38.7	33.5	6.0	5.3	16.4	16.7
Mahindra Logistics	Neutral	366	330	-10	-3.7	14.8	26.8	-55.4	LP	81.7	NM	24.8	5.8	4.9	-5.4	21.0
Transport Corp.	Buy	1077	1370	27	53.0	63.1	73.9	15.7	19.0	17.1	20.3	17.1	3.5	2.9	18.3	18.4
TCI Express	Neutral	752	785	4	22.8	31.7	38.3	-33.6	38.9	20.9	32.9	23.7	3.8	3.4	11.9	15.1
VRL Logistics	Buy	528	670	27	18.2	22.4	25.8	79.7	23.2	14.9	29.0	23.6	4.5	4.2	16.2	18.5
Aggregate											**27.5**	**22.1**	**4.3**	**3.7**	**15.6**	**16.8**
Media																
PVR Inox	Neutral	1089	1250	15	-20.8	10.0	25.0	-278.1	LP	149.2	NM	108.6	1.5	1.5	-2.8	1.4
Sun TV	Neutral	631	650	3	42.8	45.9	49.3	-10.1	7.2	7.4	14.8	13.8	2.2	2.0	14.8	14.6
Zee Ent.	Neutral	109	130	19	8.1	9.6	10.8	78.8	18.4	13.1	13.5	11.4	0.9	0.9	7.0	7.8
Aggregate								**-1.4**	**23.2**	**14.4**	**19.5**	**15.8**	**1.6**	**1.5**	**8.0**	**9.3**
Metals																
Coal India	Buy	378	480	27	56.8	67.4	70.5	-6.4	18.6	4.7	6.7	5.6	2.3	1.9	35.1	34.6
Hindalco	Buy	607	780	28	68.9	63.1	74.0	51.0	-8.4	17.3	8.8	9.6	1.4	1.3	17.6	14.0
Hind. Zinc	Neutral	440	460	4	24.0	31.2	32.0	30.7	29.9	2.8	18.3	14.1	14.7	9.0	72.8	78.8
JSPL	Buy	845	960	14	44.1	75.7	96.7	-24.6	71.8	27.7	19.2	11.2	1.8	1.5	9.6	14.8
JSW Steel	Buy	982	1100	12	17.0	61.7	82.8	-53.8	263.2	34.1	57.8	15.9	3.0	2.5	5.2	17.2
Nalco	Neutral	201	225	12	18.6	13.9	16.2	104.6	-25.1	16.5	10.8	14.4	2.1	1.9	21.7	14.1
NMDC	Buy	67	85	28	8.4	9.1	9.8	27.4	8.2	8.4	8.0	7.3	1.9	1.6	25.8	23.4
SAIL	Neutral	110	120	9	0.8	10.4	14.8	-70.6	1,250	43.0	143.6	10.6	0.8	0.7	0.5	7.2
Tata Steel	Neutral	138	140	1	3.4	11.2	16.0	24.3	232	43.6	41.1	12.4	2.1	1.9	4.9	16.1
Vedanta	Neutral	456	500	10	35.8	42.1	48.6	170.0	18	15.6	12.7	10.8	5.5	4.4	43.2	45.1
Aggregate								**13.0**	**39.0**	**17.3**	**13.7**	**9.8**	**2.3**	**2.0**	**16.7**	**20.3**
Oil & Gas																
Aegis Logistics	Neutral	828	795	-4	16.8	21.0	23.3	3.4	25.0	11.3	49.4	39.5	6.8	6.1	14.4	16.3
BPCL	Neutral	264	310	17	26.9	26.3	26.6	-57.6	-2.0	1.1	9.8	10.0	1.4	1.3	14.6	13.4
Castrol India	Buy	210	260	24	9.4	9.5	10.1	7.3	1.8	6.0	22.4	22.0	9.1	8.4	42.1	39.8
GAIL	Buy	171	255	49	13.6	18.1	19.7	-1.2	33.8	8.8	12.6	9.4	1.5	1.4	9.5	15.8
Gujarat Gas	Buy	461	535	16	15.2	17.2	19.0	-5.0	13.2	10.5	30.4	26.8	3.8	3.5	13.0	13.5
Gujarat St. Pet.	Neutral	332	355	7	15.6	10.5	10.4	-31.5	-32.7	-1.0	21.5	31.9	1.7	1.7	8.3	5.3
HPCL	Buy	343	490	43	31.0	45.1	46.4	-58.9	45.6	3.0	11.1	7.6	1.4	1.2	13.3	17.3
IOC	Buy	125	145	16	6.0	10.4	9.0	-79.5	71.7	-13.6	20.7	12.1	0.9	0.9	4.4	7.3
IGL	Neutral	199	218	9	10.1	11.7	12.9	-19.4	15.9	10.7	19.8	17.0	2.9	2.6	15.6	16.2
Mahanagar Gas	Buy	1358	1850	36	104.7	110.3	117.6	-20.9	5.4	6.6	13.0	12.3	2.3	2.1	19.0	17.9
MRPL	Sell	124	120	-3	-0.8	10.4	12.1	-103.9	LP	17.1	NM	12.0	1.7	1.5	-1.1	13.1
Oil India	Buy	425	585	38	36.9	45.9	49.6	-15.9	24.4	8.1	11.5	9.3	1.4	1.3	13.0	14.7
ONGC	Buy	249	305	22	36.8	44.4	45.7	-20.5	20.4	3.0	6.8	5.6	0.9	0.8	13.1	14.4
PLNG	Neutral	315	330	5	24.3	29.2	31.3	3.1	20.3	7.0	13.0	10.8	2.5	2.2	20.3	21.8
Reliance Ind.	Buy	1267	1605	27	50.6	61.0	67.9	-1.6	20.5	11.4	25.0	20.8	2.0	1.8	8.3	9.3
Aggregate								**-31.8**	**24.1**	**6.0**	**17.0**	**13.7**	**1.6**	**1.5**	**9.5**	**10.8**
Real Estate																
Anant Raj	Buy	619	1085	75	13.1	17.5	18.6	68.5	33.4	6.3	47.2	35.4	5.2	4.5	11.0	12.8
Brigade Enterpr.	Buy	1148	1540	34	37.8	44.1	63.1	71.0	16.6	43.1	30.4	26.0	4.0	3.5	16.2	14.3
DLF	Buy	758	954	26	6.0	17.5	13.0	-45.5	191.7	-25.4	126.3	43.3	3.3	3.0	3.7	10.0
Godrej Propert.	Buy	2197	3435	56	51.3	64.4	64.8	90.9	25.5	0.6	42.8	34.1	3.5	3.2	10.4	9.8
Kolte Patil Dev.	Buy	301	525	75	15.1	44.0	39.5	-265.1	190.9	-10.0	19.9	6.8	2.8	2.0	14.8	34.4
Oberoi Realty	Neutral	1825	2056	13	66.7	82.8	96.6	26.0	24.0	16.7	27.3	22.0	4.2	3.5	16.3	17.4
Macrotech Devel.	Buy	1238	1568	27	22.6	34.1	36.8	33.5	50.9	8.0	54.8	36.3	6.1	5.3	11.7	15.5
Mahindra Lifespace	Neutral	397	458	15	5.5	6.0	21.4	-13.5	9.9	257.2	72.7	66.2	3.2	3.1	4.5	4.8
SignatureGlobal	Buy	1263	2000	58	19.1	58.6	120.5	1,522.4	207.1	105.7	66.2	21.6	19.8	10.3	35.2	63.0
Sunteck Realty	Buy	499	746	49	11.7	31.3	10.1	142.2	166.6	-67.6	42.6	16.0	2.2	2.0	5.4	13.1
Sobha	Buy	1288	2058	60	11.6	48.9	81.2	124.0	321.6	66.1	111.1	26.3	3.6	3.2	3.8	12.9
Prestige Estates	Buy	1345	2040	52	21.7	22.2	26.5	14.4	2.4	19.5	62.1	60.6	3.0	2.8	5.7	4.8
Phoenix Mills	Neutral	1643	1810	10	30.1	41.3	55.7	-2.2	37.2	34.9	54.6	39.8	5.6	5.0	10.8	13.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY25E	FY26E	FY27E	EPS Gr. YoY (%) FY24	FY25E	FY26E	P/E (x) FY25E	FY26E	P/B (x) FY25E	FY26E	ROE (%) FY25E	FY26E
Aggregate								**19.0**	**60.8**	**9.2**	**56.5**	**35.1**	**4.6**	**4.1**	**8.1**	**11.7**
Retail																
Avenue Supermarts	Buy	3746	4450	19	42.1	50.1	59.8	8.0	19.0	19.5	89.0	74.8	11.4	9.9	13.6	14.1
Aditya Birla Fashion	Neutral	276	300	9	-7.3	-6.2	-5.9	3.9	Loss	Loss	NM	NM	7.0	8.4	-17.8	-18.0
Bata India	Neutral	1334	1260	-6	22.6	26.0	30.9	-0.8	15.1	18.9	59.1	51.3	9.7	8.9	17.7	18.1
Barbeque-Nation	Neutral	316	350	11	-2.1	0.0	1.4	-27.3	Loss	LP	NM	NM	3.2	3.2	-2.1	0.0
Campus Activewe.	Buy	275	380	38	4.1	5.5	7.5	42.1	33.2	35.1	66.3	49.7	10.8	8.9	16.3	17.9
Devyani Intl.	Buy	179	215	20	0.4	1.7	2.2	-41.8	270.4	30.9	399.7	107.9	32.5	36.4	6.3	31.8
Jubilant Food.	Neutral	688	800	16	5.5	8.1	10.4	38.2	47.9	28.7	126.3	85.4	20.3	19.4	16.0	22.7
Kalyan Jewellers	Buy	540	625	16	8.0	10.4	12.9	38.0	30.3	23.4	67.4	51.7	11.8	10.2	18.6	21.2
Metro Brands	Buy	1234	1525	24	13.7	17.1	21.8	7.2	25.5	27.2	90.4	72.0	15.3	13.0	18.5	19.9
P N Gadgil Jewellers	Buy	560	950	70	17.1	23.2	29.4	30.6	35.9	26.8	32.8	24.1	4.7	3.9	21.6	17.8
Raymond Lifestyle	Buy	1294	1900	47	38.7	61.0	76.0	-51.8	57.7	24.6	33.5	21.2	0.8	0.8	5.1	7.7
Relaxo Footwear	Sell	535	425	-21	6.9	7.9	9.4	-14.9	15.6	18.4	78.1	67.5	6.3	5.8	8.3	9.0
Sapphire Foods	Buy	323	415	29	1.4	3.5	5.1	-11.4	139.6	47.3	223.4	93.3	7.5	6.9	3.4	7.7
Shoppers Stop	Neutral	595	700	18	0.8	0.6	4.7	-85.6	-21.5	660.8	750.5	955.9	14.9	14.6	2.7	2.0
Senco Gold	Buy	498	725	46	16.2	19.6	22.7	39.5	20.4	16.1	30.7	25.5	5.0	4.2	17.3	17.9
Titan Company	Buy	3424	4000	17	42.8	53.4	63.8	9.0	24.7	19.5	80.0	64.1	25.3	19.8	35.5	34.6
Trent	Buy	5456	7350	35	45.0	61.4	78.2	54.0	36.5	27.4	121.3	88.9	32.0	23.1	32.9	32.3
V-Mart Retail	Neutral	3453	3850	11	1.2	26.8	60.9	-102.5	2,058.3	126.9	2,777.5	128.7	8.3	7.8	0.3	6.8
Vedant Fashions	Neutral	938	1065	14	16.7	20.0	23.6	-2.0	19.8	18.0	56.1	46.8	13.0	11.5	23.8	23.7
Westlife Foodworld	Neutral	851	800	-6	0.7	5.3	9.2	-83.9	641.1	73.6	1,189.7	160.5	18.0	18.6	1.7	11.4
Aggregate								**21.2**	**32.4**	**24.5**	**95.9**	**73.6**	**13.6**	**12.0**	**14.1**	**16.3**
Technology																
Cyient	Sell	1526	1350	-12	58.4	79.7	90.2	-12.7	36.5	13.1	26.1	19.1	3.8	3.6	14.1	18.5
HCL Tech.	Buy	1726	2400	39	63.8	72.7	80.7	10.2	14.0	11.0	27.1	23.7	7.0	7.0	25.6	29.6
Infosys	Buy	1903	2200	16	63.4	70.0	77.5	0.1	10.4	10.8	30.0	27.2	8.9	8.9	29.8	32.8
LTI Mindtree	Buy	5953	7700	29	158.8	187.0	217.7	2.6	17.8	16.4	37.5	31.8	7.8	6.8	22.0	22.7
L&T Technology	Buy	5595	5500	-2	125.4	150.0	174.4	1.9	19.7	16.2	44.6	37.3	9.9	8.4	23.5	24.1
Mphasis	Neutral	2869	3200	12	90.1	101.8	113.1	10.2	13.1	11.1	31.9	28.2	5.7	5.3	18.8	19.7
Coforge	Buy	8525	12000	41	133.9	227.1	282.3	4.1	69.7	24.3	63.7	37.5	13.4	11.5	22.2	32.8
Persistent Sys	Buy	6255	7600	22	90.7	113.5	138.0	20.8	25.2	21.5	69.0	55.1	16.6	14.0	25.9	27.6
TCS	Buy	4029	5000	24	138.0	152.0	166.2	9.3	10.1	9.3	29.2	26.5	15.3	14.3	53.7	55.8
Tech Mah	Neutral	1692	1850	9	45.2	63.2	74.0	10.0	39.8	17.1	37.4	26.8	5.5	5.3	14.9	20.2
Wipro	Neutral	318	290	-9	12.0	12.3	13.0	18.0	2.3	6.0	26.4	25.8	4.5	4.5	17.1	17.4
Zensar Tech	Neutral	923	850	-8	28.4	32.4	36.6	-2.5	14.3	12.7	32.5	28.5	5.2	4.6	17.1	17.3
Aggregate								**9.3**	**11.9**	**10.6**	**30.4**	**27.2**	**9.1**	**8.8**	**29.9**	**32.2**
Telecom																
Bharti Airtel	Buy	1678	1990	19	36.9	44.9	62.0	87.8	21.7	38.1	44.5	36.6	9.3	7.3	23.5	24.2
Indus Towers	Neutral	363	400	10	22.8	24.1	26.1	2.0	5.6	8.2	15.9	15.1	2.8	2.8	19.6	18.2
Vodafone Idea	Neutral	9	8	-16	-9.7	-9.6	-8.8	-12.7	Loss	Loss	NM	NM	-0.3	-0.2	NM	NM
Tata Comm	Neutral	1607	1850	15	35.3	54.8	73.7	-16.5	55.4	34.4	45.5	29.3	19.1	12.9	48.0	53
Aggregate								**LP**	**481.2**	**154.8**	**812**	**140**	**58.8**	**33.0**	**7.2**	**23.6**
Utilities																
Acme Solar	Buy	234	330	41	2.2	5.7	10.4	-7.2	159.8	82.5	106.6	41.0	3.2	2.9	3.7	7.4
Indian Energy Exchange	Neutral	182	193	6	4.4	5.4	6.3	16.0	20.4	17.2	41.0	34.0	14.2	11.7	37.8	37.7
JSW Energy	Buy	485	770	59	13.7	17.2	18.2	30.3	26.0	5.7	35.4	28.1	3.7	3.4	11.0	12.5
NTPC	Neutral	317	366	16	20.4	25.4	27.6	-4.9	24.5	8.5	15.5	12.5	1.8	1.6	11.9	13.7
Power Grid Corpn	Buy	278	375	35	17.9	18.9	19.9	6.8	5.7	5.5	15.6	14.7	2.8	2.6	18.4	18.1
Tata Power Co.	Buy	367	490	34	12.3	16.4	17.3	11.7	34.1	5.2	29.9	22.3	3.2	2.8	11.4	13
Aggregate								**2.8**	**18.6**	**7.5**	**18**	**16**	**2.4**	**2.2**	**13.1**	**14.2**

		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	Reco	(INR)	(INR)	Downside	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Others																
APL Apollo Tubes	Buy	1428	1920	34	25.4	42.5	55.3	-3.7	67.2	30.0	56.1	33.6	9.6	7.7	18.2	25.4
Cello World	Buy	644	930	44	16.8	21.7	26.7	8.0	28.6	23.5	38.3	29.8	9.2	7.1	24.0	23.8
Coromandel Intl	Buy	1858	2270	22	59.9	76.0	89.8	7.4	26.9	18.2	31.0	24.5	5.1	4.3	17.5	19.1
Dreamfolks Services	Buy	361	430	19	12.6	18.2	21.9	0.5	44.4	20.3	28.6	19.8	6.2	4.6	25.4	28.0
EPL	Buy	242	320	32	10.9	14.7	17.3	34.3	34.9	17.9	22.2	16.4	3.4	3.0	15.9	19.2
Gravita India	Buy	2003	2800	40	42.8	59.8	79.1	23.4	39.9	32.2	46.8	33.5	6.9	5.7	21.2	18.7
Godrej Agrovet	Buy	761	940	23	24.5	33.7	40.4	30.8	37.6	19.9	31.1	22.6	5.2	4.5	17.7	21.5
Indian Hotels	Buy	791	960	21	11.8	15.3	18.1	33.7	29.0	18.6	66.8	51.8	10.0	8.4	16.2	17.7
Indiamart Inter.	Buy	2175	2600	20	77.5	79.3	92.5	40.4	2.4	16.6	28.1	27.4	6.1	5.3	24.1	20.8
Info Edge	Neutral	7849	7100	-10	60.8	91.3	111.0	-5.5	50.1	21.6	129.1	86.0	3.9	3.7	2.9	4.4
Interglobe	Neutral	4363	4535	4	160.3	248.9	238.8	-24.3	55	-4	27.2	18	20.7	9.5	123.1	74.3
Kajaria Ceramics	Buy	971	1120	15	22.9	26.0	30.0	-15.8	13.6	15.2	42.4	37.3	5.6	5.4	13.1	14.2
Lemon Tree Hotel	Buy	139	190	37	2.3	3.9	4.6	18.8	72.6	18.0	61.5	35.6	9.5	7.5	16.7	23.5
MTAR Tech	Buy	1546	2100	36	26.1	45.3	70.2	43.1	73.5	55.0	59.2	34.1	6.3	5.3	11.2	16.9
One 97	Neutral	810	950	17	-2.4	-3.4	13.0	-89.4	Loss	LP	NM	NM	4.0	4.1	-1.1	-1.7
Quess Corp	Neutral	643	670	4	26.2	32.7	38.8	28.1	25.1	18.4	24.6	19.6	2.5	2.3	13.6	16.0
SBI Cards	Neutral	816	800	-2	20.7	30.1	39.7	-18.6	45.9	31.8	39.5	27.1	5.6	4.7	15.2	18.9
SIS	Buy	340	420	23	24.8	31.8	38.3	91.2	28.2	20.5	13.7	10.7	0.8	0.7	13.9	15.4
Swiggy	Neutral	381	460	21	-12.6	-10.5	-6.5	18.1	Loss	Loss	NM	NM	9.5	12.8	-34.3	-29.9
Team Lease Serv.	Buy	2321	3200	38	66.6	118.8	136.5	2.8	78.4	14.9	34.8	19.5	4.3	3.5	12.7	19.5
UPL	Neutral	642	610	-5	27.8	45.9	67.1	660.9	64.8	46.2	23.0	14.0	1.3	1.2	8.5	13.3
Updater Services	Buy	347	460	32	16.7	20.9	27.2	47.2	25.0	30.4	20.8	16.6	2.4	2.1	12.3	13.4
Zomato	Buy	234	270	15	0.8	2.6	5.5	101.0	221.6	108.7	285.3	88.7	9.5	8.6	3.4	10.2

Index	1 Day (%)	1M (%)	12M (%)
Sensex	**-0.3**	**-0.4**	**7.9**
Nifty-50	**-0.2**	**-0.6**	**7.4**
Nifty Next 50	**0.0**	**-5.1**	**10.7**
Nifty 100	**-0.1**	**-1.4**	**7.9**
Nifty 200	**-0.1**	**-2.2**	**8.0**
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Automobiles	**0.7**	**-0.1**	**17.9**
Amara Raja Ener.	-1.6	-6.2	20.7
Apollo Tyres	2.3	-14.4	-22.8
Ashok Leyland	1.1	-5.6	19.3
Bajaj Auto	1.6	2.0	16.7
Balkrishna Inds	-1.4	-0.5	16.0
Bharat Forge	0.2	-10.3	-11.3
Bosch	-0.3	-14.8	11.3
CEAT	-2.0	-8.6	4.4
Craftsman Auto	-1.3	-22.2	-2.2
Eicher Motors	0.6	3.8	36.8
Endurance Tech.	-1.5	-6.2	-0.5
Escorts Kubota	-0.2	-2.0	11.6
Exide Inds.	-0.3	-7.8	8.7
Happy Forgings	-3.0	-3.4	-1.9
Hero Motocorp	1.1	2.7	-10.8
Hyundai Motor	4.0	3.6	
M & M	1.9	2.9	85.8
CIE Automotive	-0.3	0.9	-3.3
Maruti Suzuki	-0.2	11.3	19.3
MRF	-1.1	-6.9	-21.1
Sona BLW Precis.	-0.7	-9.4	-15.6
Motherson Sumi	1.0	-9.9	12.9
Motherson Wiring	-1.1	-4.0	-21.3
Tata Motors	-0.4	-10.9	-24.3
TVS Motor Co.	0.6	9.3	26.2
Tube Investments	-1.9	-16.2	-19.2
Banks-Private	**0.1**	**1.4**	**7.0**
AU Small Fin. Bank	1.0	4.3	-4.3
Axis Bank	0.3	-4.1	-4.2
Bandhan Bank	0.1	-1.7	-29.5
DCB Bank	-2.2	2.4	-10.9
Equitas Sma. Fin	-1.8	-18.6	7.4
Federal Bank	2.5	-4.6	26.1
HDFC Bank	-0.6	1.1	21.2
ICICI Bank	-1.2	-1.7	23.0
IDFC First Bank	0.6	2.6	-22.9
IndusInd Bank	1.3	9.7	-28.8
Kotak Mah. Bank	0.7	8.9	7.6
RBL Bank	0.7	2.1	-35.2
SBI Cards	0.6	11.3	12.5
Banks-PSU	**-1.4**	**-3.0**	**-8.1**
BOB	-1.5	-6.9	-11.6
Canara Bank	-0.8	-3.9	-14.8
Indian Bank	-0.8	6.3	0.1
Punjab Natl.Bank	-0.5	-3.7	-19.9
St Bk of India	-2.0	-5.3	9.2

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	**-0.1**	**-3.1**	**7.6**
Nifty Midcap 100	**0.2**	**-5.7**	**8.6**
Nifty Smallcap 100	**-0.3**	**-8.9**	**2.7**
Nifty Midcap 150	**0.1**	**-5.9**	**8.9**
Nifty Smallcap 250	**-0.4**	**-9.4**	**4.2**
Union Bank (I)	-1.3	4.5	-19.6
NBFCs	**-0.5**	**0.5**	**15.1**
Aditya Birla Capital Ltd	0.3	-6.4	-21.3
Bajaj Fin.	-0.4	17.7	-33.6
Cholaman.Inv.&Fn	-1.0	-5.3	1.0
Can Fin Homes	0.0	8.2	-66.8
CreditAcc. Gram.	1.4	-13.5	-38.1
Fusion Microfin.	-2.7	-0.6	43.3
Five-Star Bus.Fi	-1.0	7.1	-15.3
Home First Finan	0.3	-1.2	-10.5
Indostar Capital	1.2	14.6	9.7
IIFL Finance	0.2	7.4	0.3
L&T Finance	1.3	-0.8	-22.4
LIC Housing Fin.	0.5	1.6	57.5
MCX	-1.7	-10.8	-23.2
M & M Fin. Serv.	-2.0	0.4	8.2
Muthoot Finance	1.6	-14.4	-13.3
Manappuram Fin.	-0.6	0.0	-35.9
MAS Financial Serv.	1.0	-8.2	-12.7
PNB Housing	-1.1	-5.8	-17.2
Power Fin.Corpn.	-0.5	-13.4	-63.8
REC Ltd	0.9	-16.3	58.4
Repco Home Fin	-0.8	-15.1	42.9
Shriram Finance	-1.9	-5.1	7.1
Spandana Sphoort	-1.1	-12.6	-27.9
Nippon Life Ind.	0.6	-24.0	36.5
UTI AMC	-0.3	-3.7	7.7
Nuvama Wealth	4.6	-17.0	88.0
Prudent Corp.	-0.3	-0.4	57.8
NBFC-Non Lending			
360 One	0.1	-5.8	-9.7
Aditya AMC	0.0	-24.9	28.4
Anand Rathi Wea.	-0.9	-17.0	20.1
Angel One	-0.1	8.2	19.0
BSE	-1.2	2.1	-12.2
C D S L	-3.7	-17.5	75.3
Cams Services	1.3	6.9	-0.1
HDFC AMC	2.8	6.3	128.9
KFin Technolog.	-0.4	15.2	26.3
MCX	-1.7	-10.8	-23.2
Nippon Life Ind.	0.6	-24.0	36.5
Nuvama Wealth	4.6	-17.0	88.0
Prudent Corp.	-0.3	-0.4	57.8
UTI AMC	-0.3	-3.7	7.7
Insurance			
HDFC Life Insur.	0.6	2.6	5.0
ICICI Pru Life	0.0	-9.5	13.1
ICICI Lombard	-0.1	-3.1	12.4

Company	1 Day (%)	1M (%)	12M (%)
Life Insurance	-1.6	-6.9	-21.9
Max Financial	0.4	0.1	15.9
SBI Life Insuran	0.4	-0.5	0.1
Star Health Insu	-0.7	-10.1	-24.5
Chemicals			
Alkyl Amines	-0.2	4.6	-19.1
Atul	-1.3	-11.8	-3.7
Clean Science	0.3	1.1	4.0
Deepak Nitrite	-1.2	-4.4	5.4
Fine Organic	-1.2	-4.9	-5.3
Galaxy Surfact.	-0.7	-2.8	-9.2
Navin Fluo.Intl.	-0.6	21.3	36.4
NOCIL	-6.1	-9.7	-19.9
P I Inds.	-2.7	-1.4	6.4
SRF	-0.5	24.8	25.5
Tata Chemicals	-0.5	-8.0	-5.6
Vinati Organics	-0.1	1.9	3.4
Capital Goods	**-2.0**	**-12.6**	**-40.2**
A B B	0.1	-15.2	24.3
Bharat Electron	-1.0	-3.5	52.5
Cummins India	-3.1	-9.2	19.7
Hitachi Energy	-0.1	-16.6	96.3
K E C Intl.	1.4	-26.7	26.5
Kalpataru Proj.	-1.0	-17.4	22.6
Kirloskar Oil	-1.8	-18.6	7.4
Larsen & Toubro	-0.5	-8.4	-1.7
Siemens	-2.4	-15.1	29.6
Thermax	2.2	-17.3	3.1
Triveni Turbine	2.3	-23.7	23.9
Zen Technologies	1.3	-33.4	99.2
Cement			
Ambuja Cem.	-0.3	-4.3	-9.8
ACC	0.3	-1.0	-20.2
Birla Corp.	-1.3	-3.8	-23.2
Dalmia Bhar.	-0.7	3.1	-14.5
Grasim Inds.	-0.6	0.7	17.7
India Cem	-1.0	-26.2	16.3
J K Cements	-0.4	1.2	12.4
JK Lakshmi Cem.	0.5	5.0	-8.8
The Ramco Cement	0.5	-6.5	-10.1
Shree Cement	1.5	8.6	0.5
UltraTech Cem.	1.4	0.2	13.8
Consumer	**-1.3**	**-2.8**	**0.6**
Asian Paints	0.3	-0.9	-23.8
Britannia Inds.	-1.7	0.8	-4.1
Colgate-Palm.	-2.0	-4.9	2.4
Dabur India	0.2	3.6	-1.9
Emami	-0.5	-2.6	16.2
Godrej Consumer	-1.1	-4.1	-10.6
Hind. Unilever	-0.4	-1.1	-2.5
ITC	-2.3	-2.3	5.5
Indigo Paints	-1.2	-7.1	-12.3
Jyothy Lab.	-3.5	-3.1	-21.6

Company	1 Day (%)	1M (%)	12M (%)
L T Foods	-0.1	-6.2	104.4
Marico	-1.9	0.9	23.7
Nestle India	-0.6	0.6	-11.0
Page Industries	-2.3	-11.9	18.5
Pidilite Inds.	-1.0	-1.9	6.5
P & G Hygiene	-0.1	-0.4	-13.7
Tata Consumer	-0.2	6.9	-11.3
United Breweries	-1.2	-1.3	14.3
United Spirits	0.9	-12.2	32.0
Varun Beverages	-2.6	-10.4	2.9
Consumer Durables	**1.2**	**-9.6**	**18.9**
Polycab India	0.7	-1.3	19.4
R R Kabel	-0.2	-9.3	18.7
Havells	0.2	-18.1	33.8
Voltas	-1.9	-13.9	-18.7
KEI Industries	2.3	-22.3	33.1
EMS			
Amber Enterp.	-0.9	-14.5	56.1
Avalon Tech	-3.4	-25.3	49.7
Cyient DLM	-1.4	-29.5	-39.7
Data Pattern	-2.0	-19.4	1.9
Dixon Technolog.	3.4	-17.9	140.2
Kaynes Tech	-0.3	-41.0	48.5
Syrma SGS Tech.	-3.2	-15.4	-0.9
Healthcare	**0.3**	**-5.0**	**18.9**
Alembic Pharma	-0.9	-18.8	-9.2
Alkem Lab	-2.0	-7.4	0.5
Apollo Hospitals	-1.0	-8.5	10.1
Ajanta Pharma	-0.3	-10.2	19.2
Aurobindo	0.0	-8.2	19.9
Biocon	-2.6	1.2	33.3
Zydus Lifesci.	-1.4	-0.7	25.6
Cipla	0.1	-1.7	2.3
Divis Lab	0.3	3.9	64.5
Dr Reddy’s	0.3	-8.2	0.4
ERIS Lifescience	1.7	13.7	62.9
Gland Pharma	0.1	-17.9	-25.7
Glenmark	-0.6	9.3	-6.0
Global Health	0.4	-5.7	33.5
Granules	-2.3	-1.0	-9.1
GSK Pharma	2.7	-6.2	75.6
IPCA Labs	-0.5	-13.2	23.0
Laurus Labs	0.7	4.7	60.9
Lupin	0.7	-6.6	38.1
Mankind Pharma	1.3	-4.9	37.0
Max Healthcare	1.6	-13.7	18.3
Piramal Pharma	-1.4	-9.6	62.5
Sun Pharma	0.4	-5.6	16.9
Torrent Pharma	3.1	-4.3	23.0
Infrastructure	**0.0**	**-2.5**	**3.2**
G R Infraproject	-0.9	-15.3	-11.4
IRB Infra.Devl.	-1.4	-8.8	-22.8
KNR Construct.	-2.9	-15.3	-0.2

Company	1 Day (%)	1M (%)	12M (%)
Logistics			
Adani Ports	-1.5	-2.4	-8.7
Blue Dart Exp.	4.1	0.9	10.8
Container Corpn.	-0.9	-4.0	-21.5
JSW Infrast	0.2	-20.1	18.7
Mahindra Logis.	-0.9	-1.9	-9.1
Transport Corp.	-1.4	-3.3	12.9
TCI Express	-5.9	-8.1	-42.6
VRL Logistics	1.6	4.8	-21.3
Media	**-1.0**	**-11.7**	**-24.7**
PVR INOX	-2.9	-11.0	-22.7
Sun TV	-1.1	-5.2	-1.4
Zee Ent.	0.9	-15.5	-40.0
Metals	**2.7**	**0.3**	**3.7**
Hindalco	2.0	3.9	2.6
Hind. Zinc	-0.6	-1.8	39.4
JSPL	4.3	-10.3	8.2
JSW Steel	3.4	7.6	17.2
Nalco	1.8	-2.6	24.4
NMDC	2.3	1.0	-17.9
SAIL	2.2	-1.0	-23.1
Tata Steel	4.4	3.7	-4.2
Vedanta	2.7	1.7	61.5
Oil & Gas	**-1.3**	**-5.5**	**-12.1**
Aegis Logistics	-2.3	-11.0	85.4
BPCL	-0.5	-18.9	14.3
Castrol India	2.0	-14.1	120.1
GAIL	0.7	-6.5	-12.2
Gujarat Gas	-4.1	-8.1	-4.4
Gujarat St. Pet.	-0.1	7.1	5.8
HPCL	-2.0	-9.3	-23.6
IOCL	-0.5	-6.9	-13.6
IGL	-0.2	-11.3	-1.9
Mahanagar Gas	-0.7	-6.9	-32.9
MRPL	-1.7	-7.7	-11.5
Oil India	-1.5	-14.1	-38.7
ONGC	1.3	9.2	-8.6
PLNG	0.0	-10.4	30.7
Reliance Ind.	-2.8	-5.5	-8.5
Real Estate	**0.1**	**-10.0**	**4.0**
Anant Raj	3.7	-30.1	91.3
Brigade Enterpr.	-0.8	-8.2	7.2
DLF	-0.9	-6.6	-8.5
Godrej Propert.	-2.4	-17.2	-4.3
Kolte Patil Dev.	-2.0	-12.6	-40.2
Mahindra Life.	-0.1	-13.8	-33.2
Macrotech Devel.	3.3	-7.6	9.5
Oberoi Realty Ltd	0.9	-20.1	37.7
SignatureGlobal	0.3	-6.7	1.2
Sobha	-1.8	-14.9	-10.1
Sunteck Realty	1.0	0.8	5.8
Phoenix Mills	1.7	4.5	19.0
Prestige Estates	-2.0	-15.4	9.2

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Aditya Bir. Fas.	-1.1	1.9	4.9
Avenue Super.	-0.1	-2.2	0.8
Bata India	-1.6	-6.3	-6.1
Campus Activewe.	0.6	-8.9	6.6
Barbeque-Nation	3.1	-26.1	-50.5
Devyani Intl.	-0.3	-8.1	16.3
Jubilant Food	-0.8	-9.3	44.6
Kalyan Jewellers	-0.6	-25.4	59.9
Metro Brands	-2.5	-2.2	15.8
P N Gadgil Jewe.	-0.7	-19.0	
Raymond Lifestyl	-2.6	-35.2	
Relaxo Footwear	-0.3	-14.2	-39.0
Sapphire Foods	1.7	-8.8	17.4
Senco Gold	-0.9	-13.5	26.5
Shoppers St.	-0.6	-0.3	-23.1
Titan Co.	0.4	-2.3	-4.2
Trent	3.4	-20.7	51.2
V-Mart Retail	-2.6	-3.4	63.3
Vedant Fashions	-2.3	-26.3	-6.4
Westlife Food	-1.9	3.5	4.8
Technology	**-0.2**	**-1.0**	**13.6**
Cyient	1.8	-16.8	-32.3
HCL Tech.	0.1	-9.9	6.8
Infosys	-0.6	-1.4	12.4
LTIMindtree	0.2	3.5	9.3
L&T Technology	1.3	14.8	0.6
Mphasis	1.5	-2.0	10.7
Coforge	0.2	-11.3	29.7
Persistent Sys	0.4	-1.3	44.6
TCS	-1.3	0.0	-1.3
Tech Mah	1.3	1.3	28.4
Wipro	0.0	8.1	28.4
Zensar Tech	0.0	19.0	55.5
Telecom	**2.6**	**-1.0**	**16.4**
Bharti Airtel	3.5	5.4	47.8
Indus Towers	2.0	10.7	61.0
Idea Cellular	2.2	17.5	-36.9
Tata Comm	1.2	-4.8	-5.2
Utiltites	**-0.4**	**-8.1**	**-4.1**
ACME Solar Hold.	-3.2	0.5	
Coal India	-0.4	-0.4	-16.4
Indian Energy Ex	-0.3	4.9	25.6
JSW Energy	-1.9	-18.6	-1.9
NTPC	1.3	-3.5	-4.2
Power Grid Corpn	-1.1	-8.8	3.8
Tata Power Co.	0.5	-3.1	-7.1

Others			
APL Apollo Tubes	1.6	-4.5	11.5
Cello World	0.5	-10.4	3.3
Coromandel Intl	0.5	3.0	22.4
Dreamfolks Servi	-0.8	-15.1	42.9
EPL Ltd	-3.6	-14.5	-2.0
Gravita India	-0.6	0.5	41.5
Godrej Agrovet	0.9	-10.0	25.7
Havells	0.2	-18.1	33.8
Indian Hotels	-0.4	-5.2	-18.7
Indiamart Inter.	0.6	-24.0	36.5
Info Edge	4.6	-17.0	88.0
Interglobe	-2.4	-6.9	45.6
Kajaria Ceramics	-0.7	0.8	40.1
Lemon Tree Hotel	5.0	-9.3	134.3
MTAR Technologie	-4.9	-6.8	2.8
One 97	1.5	-17.6	63.2
Piramal Enterp.	-0.9	-2.4	12.1
Quess Corp	-0.9	-0.9	29.8
SIS	-1.8	-3.6	-30.4
Swiggy	-2.1	-25.3	
Team Lease Serv.	0.1	-18.7	-25.6
UPL	-0.5	17.8	39.9
Updater Services	-2.8	-7.0	-2.3
Voltas	-1.9	-13.9	-18.7
Zomato Ltd	2.1	-7.3	66.6

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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

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