28th October 2024

Diwali Picks 2024

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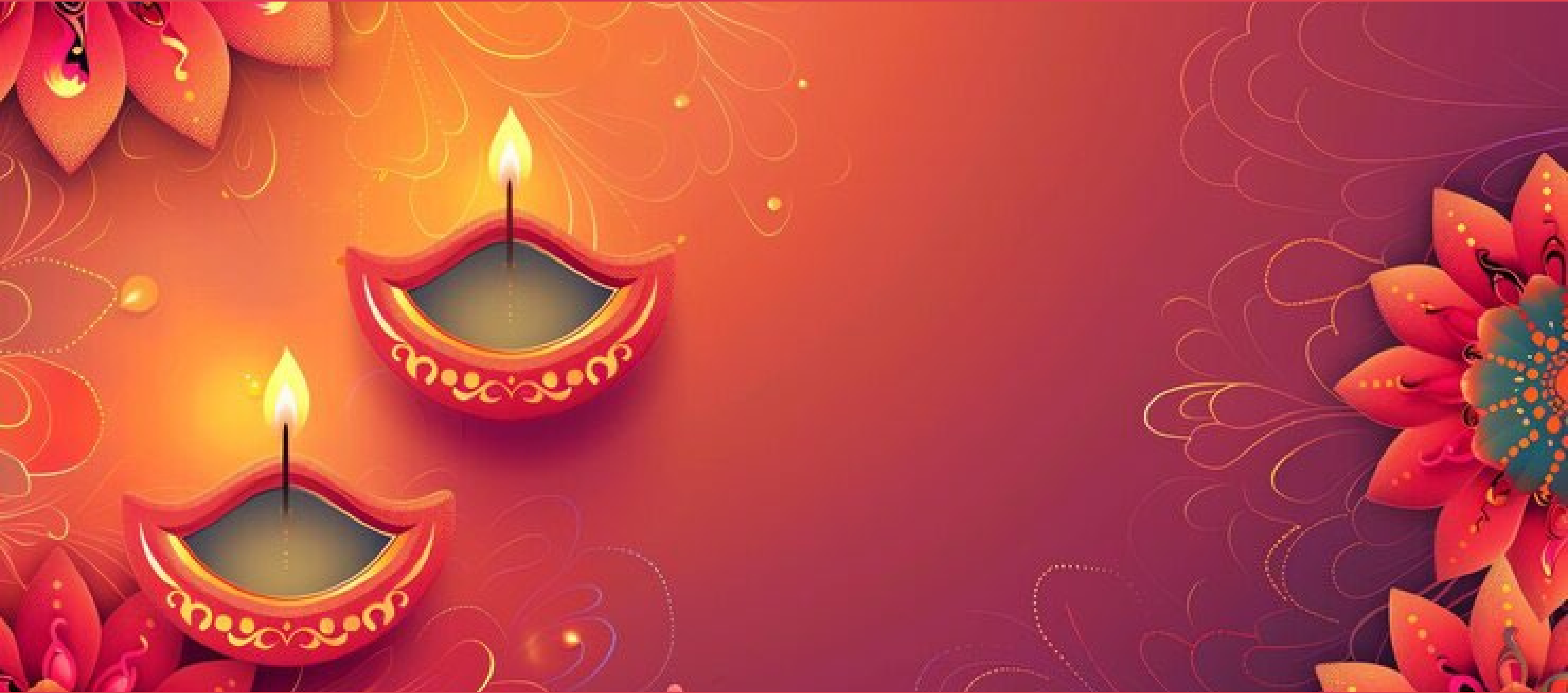

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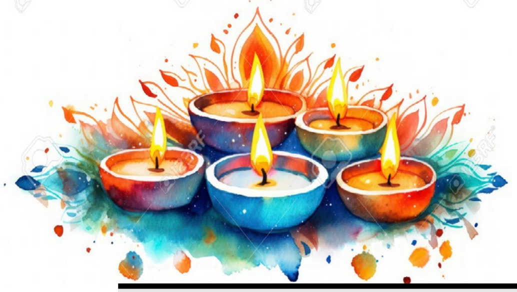

Last Year's Diwali Picks Performance (2023)

SAMVAT 2080 - Shriram Way2Wealth's Eleven

Sr. no.	Diwali Picks 2023	Report Price (₹)	Target	CMP (₹)	High since release	Returns on CMP*	Return on High
1	KPIT Technologies Ltd (KPITTECH)	1,271.95	1,440.00	1,410.85	1,928.70	10.92%	51.63%
2	Apollo Micro Systems Ltd (APOLLO)	113.50	125.00	98.47	161.70	-13.24%	42.47%
3	NMDC Ltd (NMDC)	163.05	180.00	215.85	286.35	32.38%	75.62%
4	Blue Star Ltd (BLUESTARCO)	957.75	1,100.00	1,869.55	2,199.55	95.20%	129.66%
5	ITC Ltd. (ITC)	432.70	478.00	471.70	528.50	9.01%	22.14%
6	D B Corp Ltd. (DBCORP)	304.50	345.00	312.05	403.90	2.48%	32.64%
7	IIFL Finance Ltd (IIFL)	615.30	690.00	407.15	672.95	-33.83%	9.37%
8	REC Limited (RECLTD)	308.45	350.00	521.30	654.00	69.01%	112.03%
9	Kfin Technologies Ltd (KFINTECH)	483.85	530.00	977.70	1,189.00	102.07%	145.74%
10	Bharat Heavy Electricals Ltd (BHEL)	128.95	145.00	227.30	335.35	76.27%	160.06%
11	Union Bank of India	104.85	120.00	110.27	172.50	5.17%	64.52%
Average Return						**32.31%**	**76.90%**

* CMP as on 24th October 2024

Target achieved: 10 out of 11

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Diwali Picks 2024 (SAMVAT 2081)

Shriram Way2Wealth's Eleven

Sr. No.	Stock	CMP*	MCap (₹ bn)	Target (₹)	Potential Upside (%)
1	BEML Limited (BEML)	3735.4	155.6	**4400.0**	**18%**
2	Computer Age Management Services Limited (CAMS)	4315.5	212.7	**4900.0**	**14%**
3	DLF Limited (DLF)	777.0	1923.3	**920.0**	**18%**
4	HDFC Bank Limited (HDFCBANK)	1743.4	13303.5	**1940.0**	**11%**
5	Hindustan Aeronautics Limited (HAL)	4165.6	2785.8	**4700.0**	**13%**
6	ITC Limited (ITC)	482.3	6033.4	**530.0**	**10%**
7	Reliance Industries Limited (RELIANCE)#	1327.9	17969.3	**1500.0**	**13%**
8	State Bank Of India (SBIN)	781.0	6969.7	**900.0**	**15%**
9	Tata Investment Corporation Limited (TATAINVEST)	6524.4	330.1	**7580.0**	**16%**
10	Tata Technologies Limited (TATATECH)	1011.5	410.3	**1180.0**	**17%**
11	Yatharth Hospital & Trauma Care Services Limited (YATHARTH)	649.7	55.8	**750.0**	**15%**
	Average Return				**15%**

*** CMP as on 25th October 2024** **# Reliance Ind. Bonus Issue 1:1 effective from 28th October 24** **Target expected in 6 months horizon**

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Shriram Way2Wealth's Eleven

BEML

CAMS

DLF

HDFCBANK

HAL

ITC

RELIANCE

SBIN

TATAINVEST

TATATECH

YATHARTH

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In SAMVAT 2080, market touches all-time high; Multiple drivers to propel indices to fresh highs in SAMVAT 2081

Dear Investor,

Samvat 2080 was a remarkable year for the Indian markets with Nifty 50 touching all time high of 26,277 and SENSEX reaching 85,978 on 27 September 2024 led by continued optimism about the economy, healthy earnings growth by India Inc., FII equity in-flows, general election and events like cricket world cup tournament, etc. boosted the overall sentiments.

Over last 12 months Nifty/Nifty Midcap 100/Nifty Smallcap 100 indices have rallied 27%/45%/42% respectively. Though emergence of external factors, especially geopolitical tensions across the globe, had a bearing on market's performance, strong DII flows and retail investor participation kept the market buoyant. Total demat count has surpassed 171mn mark in Aug'24 resulting in SIP inflows touching all-time high trajectory. DII flows of $40.8bn over 9MCY24 have surpassed CY23 flows worth $22.3bn.

Although an eventful Samvat 2080 is behind, an equally exciting Samvat 2081 is awaiting with plenty of key events to watch out for such as US General Elections to be held in November 2024. While FED has announced its rate cut decision with anticipation of 2 more cuts in CY24, all eyes are on RBI rate cut announcement, which can bring some relief to Banking and NBFC sector's tight liquidity situation. Additionally, BJP's third straight win in Haryana's state assembly elections have heightened expectations from the party in upcoming elections in Maharashtra, Jharkhand and Delhi.

Key indices posted flattish performance in the month of October primarily on account of FII outflows from Indian bourses and divergence to Chinese markets, given the attractive valuations and strong stimulus announcements. However, investors are taking this healthy correction as an opportunity to build diverse portfolio at better valuations to play on India's long term structural growth story.

During FY24 and FY25, several themes that emerged in Indian economy, such as Power Infrastructure Expansion, Waste Water Management, Strong Defence order book, Railway infra expansion, Telecom 5G rollout, Semi-conductor PLI scheme, Solar & Wind power generation, etc. To tap on these opportunities, investors increased their exposure to several players associated with these themes largely falling under Mid Cap and Small Cap indices thus leading to significant run-up in their valuations. As a result, relative underperformance of key indices (like NIFTY 50 / SENSEX) offer good entry opportunity in some of large-cap companies providing multiple growth levers and a healthy revenue visibility at current valuations.

Thus, we have picked a mix of large cap companies providing attractive valuation with stable earnings performance and midcap counters offering strong growth momentum with large addressable markets to build our SAMVAT 2081 portfolio to deliver healthy returns for our investors.

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BEML Ltd. (BEML)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
3735.4	155.6	**4400.0**	**18%**

- BEML, a Miniratna Category-I PSU, engaged in the manufacturing of rail coaches and spare parts, mining equipment and defence related ground vehicle systems across its 9 manufacturing units located at Bangalore (Rail, Metro), Kolar Gold Fields (Mining Equipment), Mysore (Mining Equipment), Palakkad and Chikmagalur.
- Large metro projects such as Mumbai lines 4 & 6, Chennai phase 2, Nagpur phase 2, and Patna have translated into ₹80bn worth of opportunities for metro rolling stock manufacturers. Of the ₹45bn R&M order book, execution pace of the Bangalore Metro order of ₹31.8bn for 318 cars is a key driver of the estimated 20-25% R&M revenue growth in the medium term. Capacity expansion from ~280 cars per year to ~400 cars per year remains a significant lookout point. As the premiere manufacturer of 10 novel Vande Bharat sleeper trainsets (order of ₹6.8bn), the firm showcases its ability to expand its expertise and set the ball rolling for the national vision of 650-800 Vande Bharat trainsets by 2030.
- Protection and monitoring of India's large land and high-terrain borders causes significant stress to defence vehicles, requiring timely overhauls and replenishment of the fleet. In addition to the current ₹48bn orderbook, the Defence and Aerospace segment is poised to witness ₹~60bn+ opportunity worth of replacement and overhaul orders to come in, in the near future.
- The intended reduction in manpower to 4,800 from ~9,600+ in FY15 continues to be a key lever for margin improvement. We estimate manpower cost to remain range bound at 18-20% in the short to medium term as the firm will likely replace only a portion of those that are retiring and superannuating. The internal restructuring initiative of dividing the company into 11 SBUs and 2 Micro-SBUs, so as to better align each SBU with a particular domain, will likely begin bearing fruit by first half of FY-26E. In the next 2 years, BEML aspires to reach ₹10bn annual revenue from each SBU and ₹5bn from each micro-SBU.
- BEML remains a key player with a proven track-record in Defence, Metro, Vande Bharat and Mining equipment with proven capabilities. We expect improving margins on the back of better utilization of its resources to execute its orders more efficiently and effectively, in addition to a declining employee cost ratio. However, as a large part of the revenue growth rests on its ability to win future orders as all its segments face strong competition from large domestic OEMs. At the CMP, we find BEML an attractive BUY as it trades at 34x FY-26E P/E.

BEML	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	45.5	12%	5.4	22%	12%	3.5	25%	46	11%
FY26E	54.4	20%	7.2	34%	13%	4.8	36%	34	13%

Source: *Bloomberg Estimates*

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Computer Age Management Services Ltd (CAMS)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
4315.5	212.7	**4900.0**	**14%**

- CAMS holds a dominant position in the mutual fund registrar and transfer agent space, commanding a 68% market share based on average assets under management (AAUM). This leadership provides a competitive edge and stability in revenue streams. Reported a 42% YoY increase in net profit for Q1FY25, reaching ₹107 crore. Revenue from operations also surged by 26.83%, indicating robust growth in its core business.
- Reached a significant milestone by surpassing ₹40tn in Assets under Management (AuM), marking a 35% YoY growth. This achievement was driven by a robust 56% growth in equity assets. The market share of CAMS in equity assets rose steadily to 66% in Q1FY25, up from 65% in Q1FY24. During the quarter, CAMS serviced funds achieved a record high of over ₹900bn in equity net-flows, accounting for 71% of the industry's total equity net-flows of ₹1.27tn New Fund Offer (NFO) inflows significantly boosted equity sales, with CAMS serviced funds capturing 82% of NFO inflows for the quarter. Additionally, new SIP registrations hit an all-time high of 9.3 million, doubling YoY, pushing CAMS' live SIP book past the 50 million mark.
- Revenue, EBITDA, and PAT are expected to grow at CAGRs of 15%, 19%, and 20%, respectively, from FY24 to FY26, highlighting solid long-term growth potential. Leveraging innovative technologies to enhance operational efficiency and customer service, positioning itself well for future market demands. With plans to further penetrate non-MF segments and expand its digital services, CAMS is well-positioned to capture additional market share and drive sustainable growth. Overall, CAMS presents a compelling investment opportunity backed by strong fundamentals, market leadership, and positive growth prospects. At CMP 4,315.5 the scrip is trading at P/E 41x FY26E.

CAMS	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	14.07	23.8	6.53	29.6	46.4	4.61	30.5	48.7	46.07
FY26E	16.33	16	7.72	18.2	47.3	5.47	18.7	41	46

Source: *Bloomberg Estimates*

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DLF LTD (DLF)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
777.0	1923.3	**920.0**	**18%**

- DLF, a leading real estate developer in India, boasts over seven decades of growth, customer satisfaction, and innovation. It has developed 178 projects covering more than 349 million square feet. With 220 million square feet of development potential and an annuity portfolio of 44 million square feet, DLF focuses on residential and commercial properties. The company has earned over 40 LEED Zero certifications from the US Green Building Council and received 20 Sword of Honour awards from the British Safety Council in 2023, the highest globally in a single year.
- The outlook for DLF's residential business remains robust, with steady performance in the development segment. However, new sales bookings for the quarter decreased to ₹6.92bn due to delays in obtaining necessary approvals for new product launches. Recently, approvals were received for the super luxury project, The Dahlias, located in DLF 5, Gurugram. For the first half of the fiscal year, new sales bookings totaled ₹70.94bn, keeping the company on track to meet its annual guidance. DLF's net cash position was strong at ₹28.31bn at the end of the quarter, despite a higher dividend payout of ₹12.38bn during this period. DLF Cyber City Developers Limited (DCCDL) reported a consolidated revenue of ₹16.53bn for Q2FY25, reflecting a year-over-year growth of 13%. The consolidated profit for DCCDL was ₹5.21bn, marking a healthy growth of 25% compared to Q2 FY24.
- The rental business is experiencing positive momentum and steady growth. In response to these encouraging trends, DLF has increased its capital expenditure commitments to enhance its rental portfolio. The company has begun developing subsequent phases of Downtown projects in Chennai and Gurugram, totaling approximately 11 million square feet, which includes a significant retail destination of around 2 million square feet in Gurugram. Ongoing projects such as Atrium Place in Gurugram and three retail malls are on track to begin generating rental income in the upcoming quarters. At CMP ₹777, the scrip is trading at a P/E of 48.8x FY26E.

DLF	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	75.3	17.2	30.7	44.6	40.8	34.47	26.4	60.2	8.45
FY26E	93.9	24.7	38.7	26	41.2	42.46	23.2	48.8	9.83

Source: *Bloomberg Estimates*

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HDFC Bank Ltd. (HDFCBANK)

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CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
1743.4	13303.5	**1940.0**	**11%**

- **HDFC Bank Ltd. (HDFCB)** post merger with HDFC Ltd. is going through significant transition to emerge as the second largest lender in India. With merger related fixed costs largely absorbed, the bank is focusing on unlocking synergistic opportunities over next few quarters.
- Management aims to bring down its Loan-to-Deposit ratio as rapidly as possible to work towards accelerating loan growth momentum. In Q2FY25, gross advances grew at ~7.0% YoY to ₹24,951bn, while deposits witnessed 15% YoY growth to ₹25,001bn. Over next three years, bank's focus would be on taking the loan book growth rate from below industry average in FY25 to above industry average in FY27.
- Post the merger, management has been mindful of the HDFC Ltd.'s high interest bearing debentures. It believes, ₹600bn worth of these high-cost borrowings to get expired in FY25 and likely to get replaced by HDFCB's deposits which would provide lender with the cushioning necessary against tight liquidity situations or high interest rate cycle.
- On account of robust underwriting models developed over the years, asset quality of the bank remained largely stable post merger. In Q2FY25, asset quality remained broadly under control and was aided by contingent provision release related to AIF provisions. Although bank's portfolio is skewed towards retail segment, management remains cautious on unsecured lending, closely tracking asset quality trends.
- HDB Financial Services Ltd., the NBFC arm of HDFCB, which was declared as systematically important entity has received in-principle approval from the Board of Directors for primary listing. While the total size of the IPO is expected to be ~₹120bn, HDFCB is believed to offload its stake worth ~₹100bn while remaining ~₹25bn would be through issuance of fresh equity. Funds thus raised would act as capital for bank's growth prospects.
- With merger related impact largely behind, several long term initiatives undertaken by the management would start showing results going forward. While value unlocking from synergies, loan growth pick-up, reduction in borrowing costs, improvement in NIM profile are some of fundamental key drivers, listing of HDB Financial Serv. would provide the capital cushioning. Thus, we selected HDFCB at CMP ₹1,743.4 trading at 2.4x FY26e P/B. multiple.

HDFCB Ltd.	Int. Inc. (₹ bn)	Growth (%)	Net Int. Inc.(₹ bn)	Growth (%)	NIM (%)	PAT (₹ bn)	Growth (%)	P/B (x)	RoE (%)
FY25E	2,910	12.7	1,218	12.0	3.4	671	10.4	2.7	14.4
FY26E	3,168	8.9	1,368	12.3	3.5	762	13.6	2.4	14.6

Source: *Way2Wealth Research*

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Hindustan Aeronautics (HAL)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
4165.6	2785.8	**4700.0**	**13%**

- Hindustan Aeronautics (HAL), a Maharatna PSU and one of the largest Defence manufacturers in India, is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of aerial and aeronautical platforms and products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.
- Of the order book worth ₹940bn (FY24) – the LCA Mk1A Tejas continues to remain the firm's largest order at ₹480bn. Diwali came early for investors as HAL's strategic expansion to its Nashik production line along with transitioning to an integrator role vis-à-vis the defacto end-to-end manufacturer role was reflected in the stock's price rocketing to ₹5,000. However, the fireworks were short-lived as the geo-political tensions limited supply of key components required by GE/HAL for manufacturing the 414 engines, which powers the Mk1A Tejas. Recent efforts to use domestic suppliers for the engine will play a key role in ensuring a relatively timely delivery and revenue recognition.
- Given the shorter turnaround time, we believe HAL will continue emulating its role as an integrator given the ₹1.6-1.7 tn worth of contracts that are expected to be awarded to the firm over the next 3-5 years – contracts for the LCA Mk2, AMCA, deck based multi-role helicopters for the Navy, etc. The large pipeline of orders and projects ensures sufficient visibility and financial growth for the company in the coming years.
- Furthermore, HAL's ₹200-210bn annual MRO contracts with the Armed Forces continues to remain a high-margin recurring revenue generator ensuring high-quality earnings.
- On the non-defense side – HAL's partnership with Airbus for MRO services to domestic operators for the A320 model (~60% of India's airlines' fleet) will continue reaping fruit as the recurring incremental income in this higher-margin business will bolster profitability and HAL's standing as a strong international MRO provider.
- Over the last couple of months, raw material supplies have been strongly impacted by the international geo-political tensions causing delayed order fulfillments and revenue booking. This has been emphatically brought out for the recent GE-414 engines order, which will power the new LCA-Mk1A fighter jets. The recent fall in the stock prices reflect this bearish sentiment. However, we believe this to be a blip in the larger scheme of things and as supplies improve – we expect the trend to strongly reverse. Given the large order book, IAF's mandate to refresh the fleet, and the large number of civilian Airbus aircrafts in use – we believe that HAL is firing on all engines and will continue to grow strength to strength.

HAL	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY24E	4.2	40.0	0.9	47.0	22.7	0.6	66.3	78 .7	8.7
FY25E	6.0	45.0	1.3	42.2	22.3	0.8	44.7	49.5	10.9

Source: *Bloomberg Estimates*

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ITC Ltd. (ITC)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
482.3	6033.4	**530.0**	**10%**

- Established in 1910, ITC is the largest cigarette manufacturer and seller in the country. TC has evolved from a pure tobacco company into a well-diversified business conglomerate, with a strong presence in paperboards, printing and packaging, agricultural commodities, hotels, branded packaged foods, personal care products, stationery, safety matches, agarbatti (incense sticks) and other FMCGs. It has also added chocolates, ghee, dairy and frozen food products to its branded packaged foods segment.
- ITC has delivered resilient performance amidst a challenging operating environment. Gross Revenue records strong growth; up 16% YoY driven by robust Agri Business growth of ~47% YoY and Hotels business growth of ~17% YoY. Cigarettes Net Segment Revenue up 7.3% YoY, Segment PBIT up 5.1% YoY. Severe cost escalation in leaf tobacco partially mitigated through improved mix, strategic cost management and calibrated pricing actions. The company's digitally powered eB2B platform, the UNNATI app, now available in several vernacular languages, covers nearly 0.7mn outlets.
- ITC Ltd, currently in the process of demerging its hotels business, and board has approved consolidation of its shareholding in rival hospitality chains Oberoi and Leela by acquiring shares from a wholly-owned arm, Russell Credit Ltd. The board approved the acquisition of 1.52 crore equity shares of ₹2 each of EIH Ltd (EIH) and 34.60 lakh equity shares of ₹2 each of HLV Ltd (HLV), from Russell Credit Ltd (RCL), a wholly-owned subsidiary of the company, at their respective book value.
- Expectations of a good crop output, anticipated moderation in inflation, improving agri terms of trade, and the Government's thrust on public infrastructure & the rural sector augur well for a pick-up in consumption demand.
- **At the current price of ₹482.3, it is trading at a P/E 25 to FY26EPS of ₹19.1. We remain positive on ITC's performance and investors should use the recent correction as an opportunity to buy the stock for the long term.**

ITC	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	761.9	7.5	277.8	6	36	215.8	4	28	28.4
FY26E	838.5	10	305.1	10	36	239.9	11	25	30.2

Source: *Bloomberg Estimates*

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Reliance Industries Ltd. (RELIANCE)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
1327.9	17969.3	**1500.0**	**13%**

- **Reliance Industries Limited (RIL) is a fortune global 500 company and the largest private sector company in India. RIL is a diversified conglomerate with business interests across oil refining, petrochemicals, exploration and production, retail, and digital services.**
- Capex for FY24 was ₹1,317.69bn as against ₹1,418.09bn in FY23, with investments into network expansion in the digital services segment, scaling-up of the retail business, augmented production capacities in the Oil and Gas segment and projects in the O2C vertical. Capex was well covered by internal cash generation during the year.
- The retail business continues to partner with renowned domestic as well as global players, expanding its basket of quality product offerings. The focus on strengthening retail operations will help rapidly scale-up this business in the coming quarters and years and sustain industry-leading growth momentum. With a comprehensive range of renewable solutions including solar, energy storage systems, green hydrogen, bio-energy and wind, the New Energy business is poised to become a significant contributor to global clean energy transition.
- Gross Revenue remained stable Y-o-Y at ₹2580.27bn in Q2FY25. Oil to Chemicals (O2C) revenue improved with higher volumes and increased domestic placement of products. Digital services revenue increased with the impact of revised telecom tariffs for mobility services and scale-up of homes and digital services businesses. It continues to focus on innovative deep-tech solutions on a national scale and is on track to deliver the path-breaking benefits of Artificial Intelligence to all Indians. Jio has accomplished the fastest rollout of a 5G network witnessed anywhere in the world and is now available across India. JioAirFiber has seen strong demand and customer engagement, especially in underserved segments. Additionally, Reliance aims to double its EBITDA in the next five years, leveraging opportunities in 5G technology.
- **We are confident that Reliance Industries Limited (RIL) presents a compelling investment opportunity, driven by strong growth prospects across its diverse business segments and the potential for significant value creation in its retail, digital services, and financial services portfolios.**

RIL	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	10070	11.8	1750	08.0	17.4	773	11	24.0	8.9
FY26E	10080	09.9	2000	14.2	19.8	908	17	20.5	9.6

Source: *Bloomberg Estimates*

 # Reliance Ind. Bonus Issue 1:1 effective from 28th October 24

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State Bank of India Ltd (SBIN)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
781.0	6969.7	**900.0**	**15%**

- **State Bank of India (SBIN)**, the largest lender in India, showed broad-based loan book growth and witnessing healthy on-ground demand momentum for retail, SME and mid-corporate segment. In FY24, advances grew at 15.8% YoY to ₹37,039bn and continued the growth momentum in Q1FY25 as well to reach ₹37,491bn. Given the strongest distribution network developed by the bank over the years, deposits grew at robust 11% YoY in FY24 to ₹49,161bn and at 8% in Q1FY25 to ₹49,017bn.
- In rising interest rate cycle scenario starting post-CoVID, SBIN witnessed healthy NIM expansion rising from 2.8% in Q1FY20 to peak of 3.6% in Q4FY24. The bank is seeing some moderation of NIMs and is now stabilizing at ~3.2-3.3% levels. Anticipated RBI's decision on start of rate easing cycle would normalize credit cost pressures on NIMs.
- While the bank improved its asset quality notably through the support of RBI's CoVID relief policies, it was able to curtail any new stress formation in the system by keeping SMA 1 and SMA 2 levels lower. Gross NPA ratios fell from 5.4% in Q1FY21 to 2.2% in Q1FY25 and Net NPA improved from 1.9% to 0.6% over the same period.
- With additional provisioning for wage revision largely behind, would support the bank to control opex growth leading to PPoP margin improvement. growth in future. This would enhance bank's bottom-line profitability which was cumulatively for last three years (FY22-24) higher than combined profits of last twenty years.
- Healthy loan book growth support by strong liability franchise and lowest cost of funds remains the key drivers for the company future performance. Healthy asset quality makes the balance sheet well positioned to absorb externalities while controlled OPEX and lower credit costs enables it maintain its return ratios.
- **Anticipating the bank to benefit from likely pick up in rural demand, we include SBIN at CMP ₹781, trading at P/B 1.4x FY26E.**

SBI Ltd.	Int. Inc.(₹ bn)	Growth (%)	Net Int. Inc.(₹ bn)	Growth (%)	NIM (%)	PAT (₹ bn)	Growth (%)	P/B (x)	RoE (%)
FY25E	4,732	14.0	1,718	7.4	64.3	795	18.5	1.7	18.9
FY26E	5,197	9.8	1,949	13.4	65.7	917	15.3	1.4	18.3

Source: *Way2Wealth Research*

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Tata Investment Corp. Ltd. (TATAINVEST)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
6524.4	330.1	**7580.0**	**16%**

- **TATA Investment Corp Ltd.** was promoted by Tata Sons Ltd. in 1937 under the name of The Investment Corporation of India Ltd. The name was then changed to the current one in 1995. TATAINVEST is an investment company with a diversified portfolio of companies largely comprising of Tata Group's high-dividend yielding companies. As of quarter ending 30th Sept. 2024, Tata Sons Ltd. holds 68.5% stake in TATAINVEST.
- TATATINVEST holds notable stake in Tata Group's companies like Tata Chemicals Ltd. (5.97%), Tata Consumer Products Ltd. (4.65%), Trent Ltd. (4.28%), Voltas Ltd. (3.01%), Titan Co. Ltd. (2.01%), Tata Elxsi Ltd. (1.69%), The Indian Hotels Co. Ltd. (1.26%), Tata Steel Ltd. (0.34%), Tata Motors Ltd. (0.3%), Tata Power Co. Ltd. (0.21%), Tata Consultancy Services Ltd. (0.03%). It also has stake in some of Tata Group's unlisted entities such as Tata Autocomp Systems Ltd., Tata Capital Ltd., Tata Industries Ltd., Tata Services Ltd., Tata Sons Pvt. Ltd., etc.
- Tata Sons Ltd. was declared by RBI as an upper-layer NBFC and which makes it mandatory to get listed in primary markets by September 2025. While the group had requested the central banker to exempt it from the mandatory listing, recent reports suggests RBI to likely have turned down the plea.
- While there exists few other options such as repayment of borrowing or transferring the holding to Tata Capital or any other entity to get deregistered as core investment co. and upper-layer NBFC, any developments on the group's decision related to listing process can act as trigger for the stock price.
- TATAINVEST also holds stake in several other Non-Tata Group companies such as PFC Ltd. REC Ltd., Sun Pharma. Ind. Ltd., Infosys Ltd., GAIL Ltd., Reliance Industries Ltd., etc. It also holds stake in unlisted companies such as National Stock Exchange of India Ltd.
- **Main source of income for the company is dividend income, interest income and net gain on fair value changes.** Revenue from operations grew at 38% YoY to ₹3,831mn **while Profit after tax was up 53% YoY** ₹3,849mn.
- In-line with SEBI's initiative to improve price discovery of Investment Companies (ICs) and Investment Holding Companies (IHCs), special call auction is set to be conducted on 28th October. This would certainly act as sentiment booster for investors and will unlock value for holding companies with better liquidity.
- **While any positive development on listing of Tata Sons Ltd. can be a good trigger for the company, fair value change in portfolio of listed as well as unlisted companies will drive its earnings performance, thus we include TATAINVEST at CMP ₹6,524.4.**

Tata Technologies (TATATECH)

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
1011.5	410.3	**1180.0**	**17%**

- Tata Technologies (TATATECH) is a pure-play automotive manufacturing focused ER&D company, providing turnkey solutions to global OEMs and their Tier 1 suppliers. Its primary business-line “Services” includes providing outsourced engineering services and digital transformation services to OEMs to help them design, develop and deliver better products. TATATECH also offers product lifecycle management software & solutions along with value-added services such as consulting, implementation, system integration, & support.
- OEMs are increasingly outsourcing their ER&D to firms like TATATECH owing to the relatively quicker turnaround time, lower cost and highly skilled team. Additionally, OEMs are always on the lookout for novel solutions to consolidate multiple components into fewer and smarter products. Hence, while third-party ER&D industry is estimated to grow at a 14-17% CAGR; given its rich legacy and strong competency and capabilities, we estimate TATATECH to grow at a significantly higher rate, while continuing to maintain its 18-20% EBITDA margin.
- ICE to EV conversions has been a key factor in the increased penetration of the EV market (~6% currently, vs 1.5% in 2021) with Tata Motors leading the charge in the PV segment – projects which utilized TATATECH’s capabilities significantly. Leveraging its knowledge and skillsets garnered during this time, the firm continues to widen its client base, thus reducing its dependency on the parent group.
- The firm’s investments in aerospace engineering has come to fruition as it begins delivering products and solutions to Airbus based on the EMES3 (Engineering, Manufacturing Engineering and Services Strategic Supplier) contract. In addition to this, the JV with the BMW Group to develop automotive software for BMW’s premium vehicles, will also help fill the void left by the conclusion and ramp-down of the VinFast deal during H2-24 and Q1-25. Hence, in spite of a bleak Q1-25, we estimate strong revenue growth in FY-25 and FY-26,.
- The company has the right catalysts at play. Given the core industries need to revolutionize and upscale cutting-edge and innovative digital engineering solutions, TATATECH lies at the front and centre of this evolution. By expanding its client base and capabilities into aerospace, automotive, battery-tech, software based solutions and heavy machine engineering, TATATECH has built itself a resilient and robust business model that can not only operate independently and seamlessly outside of the parent group but also evolve with the industry. Given the strong fundamentals and outlook, we believe that at the CMP of ₹1,011.5 – the stock will continue to demonstrate significant uptick.

TATATECH	REVENUE (₹ bn)	Growth (%)	EBITDA (₹ bn)	Growth (%)	EBITDA Margin (%)	PAT (₹ bn)	Growth (%)	P/E (x)	RoE (%)
FY25E	60.6	18%	11.6	23%	19%	8.7	28%	56	23%
FY26E	71.4	18%	13.9	21%	20%	10.6	22%	46	24%

Source: *Bloomberg Estimates*

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Yatharth Hospital & Trauma Care Services Ltd. (YATHARTH)

WAY2WEALTH Research Desk

CMP (₹)	MCAP (₹ bn)	Target (₹)	Upside
649.7	55.8	**750.0**	**15%**

- Yatharth Hospital & Trauma Care Services Ltd., established in 2008, is a leading super-specialty hospital chain in the Delhi NCR region, ranking among the top 10 private hospitals by bed count. With 5 NABH-accredited facilities and a total operational capacity of 1,605 beds.
- **Strategic Shifts to Enhance ARPOB and Improve Case Mix:** The company has strategically shifted its focus towards high-value specialties, reducing its reliance on internal medicine from 56% in FY21 to 28% in FY24. This transition has led to substantial growth in super specialties, with Oncology increasing by approximately 4x and Gastroenterology, Pulmonology, and Neurology growing by around 2x. As a result, there has been a 9% YoY increase in ARPOB to ₹30.6k. Notably, Noida Extension reported the highest ARPOB at ₹37.3k (+10% YoY), followed by Greater Noida at ₹35k (+25% YoY), while Faridabad started with ₹28.7k. Going ahead, the focus on organ transplants, oncology, and robotic surgeries is expected to shift the specialty mix across hospitals, resulting in ongoing improvements in ARPOB and case mix.
- **Occupancy Improvement Across Hospitals:** The company operates five hospitals, with the Noida cluster contributing over 90% of total revenue. Occupancy rates in mature hospitals rose from 42% in FY21 to 63% in FY24, while overall occupancy improved to 61% in Q1 FY25, driven by gains in Noida Extension and Jhansi-Orchha. The international patient revenue is currently low, but management expects significant growth with the upcoming Jewar airport, a dedicated international floor at Noida Extension, and additional beds at Greater Noida. The company is expanding outreach through OPDs in Africa, Iraq, and CIS countries to tap into rising global demand.
- **Capacity Expansion through Greenfield and Brownfield Opportunities:** Management aims to expand bed capacity to 2,800-3,000 beds by FY28 through a combination of mergers and acquisitions (550-600 beds), greenfield projects (300-400 beds), and brownfield expansions (450 beds).
- **Valuation:** Over FY21-FY24, the company's revenue, EBITDA, and PAT grew at a CAGR of 43%, 39%, and 85% respectively, driven by improved occupancy and a focus on super-specialty treatments. Strategic shifts to enhance ARPOB and optimize the case mix, along with continued occupancy growth, are expected to fuel future performance. We estimate a CAGR of 19%, 20%, and 22% in Revenue, EBITDA, and PAT over FY24-26E, with EBITDA and PAT margins improving to 27% and 18%, respectively. At the current price of ₹649.7, the stock trades at a P/E of 33x FY26E EPS of ₹20 and 21x EV/EBITDA on FY26E. Therefore, we have a positive view on the stock.

YATHARTH	REVENUE (₹ mn)	Growth (%)	EBITDA (₹ mn)	Growth (%)	EBITDA Margin (%)	PAT (₹ mn)	Growth (%)	P/E (x)	RoE (%)
FY25E	7970	19	2150	20	27	1390	22	40	14
FY26E	9560	20	2580	20	27	1700	22	33	14

Source: *Way2Wealth Research*

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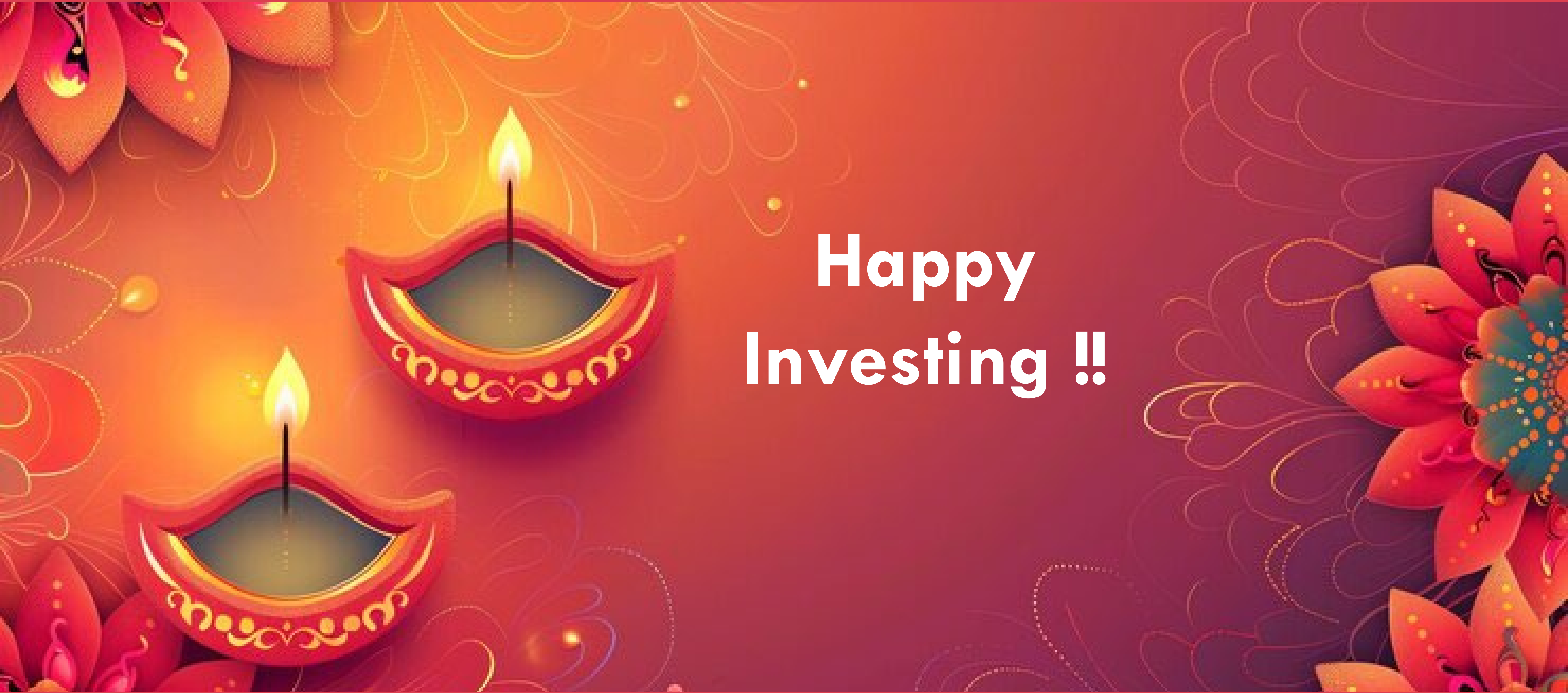
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