motilal oswal
Wealth Management

FOCUS Investment IDEAS

July 2025

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Focus Investment Ideas

Large Cap	Mid cap
ICICI Bank	Kaynes Technologies
M&M	Radico Khaitan
UltraTech Cement	LT Foods
Hindustan Aeronautics	UTI AMC
Shriram Finance	Time Technoplast

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Valuation snapshot

Preferred Large/Mid Cap Stocks	M.Cap (₹ b)	CMP (₹)	Target (₹)	Upside (%)	EPS CAGR FY25-FY27E (%)	PE (x)		PB (x)		RoE (%)	
						FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Large Cap											
ICICI Bank	10,200	1,443	1,650	14%	13%	20.3	17.0	3.2	2.7	16.7	17.5
M&M	3,951	3,162	3,643	15%	16%	26.6	23.8	5.2	4.5	21.3	20.2
UltraTech Cement	3,596	12,506	14,200	14%	36%	41.0	32.7	4.8	4.4	12.2	14.0
Hindustran Aeronautics	3,285	4,993	5,750	15%	14%	35.4	31.0	8.0	6.7	22.6	21.8
Shriram Finance	1,310	676	800	18%	18%	13.2	11.1	2.0	1.7	16.0	16.6
Mid/Small Cap											
Kaynes Tech	393	6,156	7,300	19%	70%	73.0	46.5	11.7	9.3	17.4	22.3
Radico Khaitan	344	2,631	3,000	14%	35%	71.9	55.8	11.4	9.8	15.9	17.6
LT Food	165	487	600	23%	27%	20.8	17.4	3.8	3.2	19.5	19.8
UTI AMC	163	1290	1,550	20%	12%	18.9	16.0	3.0	2.9	16.4	18.4
Time Technoplast	99	449	578	29%	24%	21.0	17.1	3.1	2.7	15.7	16.8

Price as on 4th July 2025

Focus Investment Ideas:

Delivering all-round performance!

Key Rationales

- ICICI Bank is executing well on its "One Bank One RoE" strategy, driving superior returns via Retail, SME, and Business Banking loan growth (~16% CAGR over FY22–25).
- Asset quality remains robust, with GNPA/NNPA at 1.67%/0.39% & PCR at ~77% in 4QFY25. A healthy contingency buffer of INR131b (~1% of loans) provides cushion amid cyclical risks.
- Credit costs are expected to remain contained at 40–50bp over FY26–27E
- Deposits grew 14% YoY, with strong growth in CA deposits in 4Q. CASA ratio improved to 41.8% (Q-end). The bank's digital & branch-led strategy continues to drive deposit franchise. We expect a 14% CAGR in deposits over FY25-27E.
- We estimate RoA/RoE to improve to 2.3%/17.5% by FY27, driven by better NIM trajectory, contained credit costs, and rising fee income.

FES performance impresses; drives margin beat

Key Rationales

- Mahindra & Mahindra is well-positioned for long-term growth, backed by a robust product pipeline through 2030, with key ICE SUVs, BEVs, and LCVs set to launch in CY26.
- Management expects to outperform the UV industry in FY26, supported by full-year contributions from Thar Roxx, XUV 3XO, and traction in new EVs.
- A favorable monsoon and strong rural presence should drive tractor outperformance, supported by record FY25 market share of 43.3%.
- MM is targeting a 25–30% EV mix by FY30, backed by INR120b investments, VW partnership, and category leadership in e-SUVs and e-PVs.
- We estimate ~13% CAGR in revenue/EBITDA/PAT over FY25–27E, with EPS growth of 15–20% and RoE sustaining at ~18%.

Focus Investment Ideas:

FES performance impresses; drives margin beat

Key Rationales

- UltraTech is well-placed to deliver industry-leading growth, supported by strong capacity additions, improving demand visibility, and market share gains via acquisitions.
- Management has guided for double-digit volume growth in FY26, vs. 7–8% for the industry, driven by infrastructure and housing demand.
- Operating leverage and cost-saving initiatives (INR300/t target by FY27) should lift margins, aided by higher green energy usage, optimized lead distances, and WHRS.
- Integration of Kesoram and ICEM is progressing well, with profitability ramp-up expected by FY27.
- We estimate 15%/29%/34% CAGR in revenue/EBITDA/PAT over FY25–27E, with RoE improving to 13.7% & net debt/EBITDA declining to 0.5x.

Robust growth with strong margins and earnings beat

Key Rationales

- HAL is strategically positioned for sustained long-term growth, supported by a record FY25 order book of INR1.89t, nearly double the prior year, and a strong future pipeline valued at ~INR1t to materialize over 1-2 years.
- Key growth drivers include manufacturing scale-up, sustained ROH orders (~INR200b annually), new programs like Tejas Mk1A, Su-30 avionics upgrade, LCH Prachand deliveries, and upcoming Tejas Mk2 production. The company aims to deliver 12 LCA aircraft in FY26.
- HAL has also climbed to the 3rd spot among PSUs by market cap in Jun'25, highlighting sectoral leadership and sustained investor interest.
- We estimate HAL's revenue/PAT to grow at a 21%/14% CAGR over FY25-27, with EBITDA margins stable near 29%, supported by indigenization and operational efficiency.

Focus Investment Ideas:

SHRIRAM Finance

Asset quality headwinds to gradually subside

Key Rationales

- SHFL is poised to benefit from the rate cut cycle, with ~30% of borrowings due for repricing in FY26 and surplus liquidity normalization (~INR310b to ~INR19b), aiding NIM expansion to 8.6% by FY27.
- A strategic pivot toward higher-yielding MSME, PL, and gold loans will improve yield and diversify the loan book.
- Its expanded rural footprint (750+ branches) positions SHFL well for sustained disbursement growth and deeper customer penetration over 12–18 months.
- SHFL expects credit costs to moderate to ~2% in FY26, supported by better urban demand, improved rural collections, and stable asset quality across key geographies
- We estimate ~19% PAT CAGR over FY25–27E and RoA/RoE of 3.3%/17% by FY27, driven by scale, product mix, and margin tailwinds.

KAYNES TECHNOLOGY
INNOVATING WITH QUALITY AND VALUE, FOREVER

Growth acceleration in sight!

Key Rationales

- Kaynes is expanding across EMS, HDI PCB, and OSAT, focusing on high-tech, margin-accretive segments like aerospace, automotive, medical, and industrials.
- It targets USD 1b revenue by FY28, driven by a robust INR66b order book (+60% YoY), North America acquisitions, and a strong manufacturing pipeline.
- HDI PCB and OSAT facilities are set to commercialize by 4QFY26, with INR50b revenue potential by FY28 at 30%/20% EBITDA margins.
- FY26 revenue is guided at INR45b, led by scale-up in auto (Valeo, TVS), medical electronics, and export traction from Honeywell.
- We estimate revenue/EBITDA/PAT CAGR of 57%/61%/70% over FY25–27E, supported by product mix shift and operating leverage.

Focus Investment Ideas:

Crafted for connoisseurs!

Key Rationales

- Radico Khaitan is well positioned for long-term growth through aggressive expansion in the premium and luxury spirits segment, leveraging strong brand equity with leading products like 8PM, Magic Moments, and Rampur Single Malt.
- It commands an 8% market share in the ₹200mn Prestige & Above (P&A) segment, with rising consumer premiumization.
- In FY25, Radico delivered ₹48bn revenue with 31mn cases, reflecting strong scale and consistent value creation evidenced by 25x returns over 10 years.
- Radico's diverse portfolio and premiumization strategy offer visible long-term earnings growth in India's evolving IMFL market.
- We estimate revenue/EBITDA/APAT CAGR of 16%/22%/30% over FY25-FY28, supported by margin expansion and operating leverage.

Lower input prices drive gross margin expansion

Key Rationales

- LT Foods is well-positioned for long-term growth, leveraging its strong brand equity with Daawat and Royal in global packaged foods, exporting to 80+ countries and commanding ~30% share in India's basmati market and ~50% in the US.
- Growth drivers include expanding volumes in Basmati and Specialty Rice, margin expansion through lower input costs and freight normalization, and increasing focus on high-margin Organic & Convenience/Health segments.
- Exports (66% of revenue) offer better realizations and margins vs domestic market, making the business structurally export-led.
- Basmati rice, a niche ~4% of global rice, is expected to grow at a 9% CAGR through FY32, supported by global immigration, health trends and premiumization.
- We estimate LT Foods' revenue/EBITDA/adj. PAT to grow at a 16%/23%/27% CAGR over FY25-FY27.

Focus Investment Ideas:

Strong fund performance to revive market share

Key Rationales

- UTI AMC expanded its product suite with launches of a Quant Fund (Q4) & Multi-Cap Fund (Apr'25), along with smart beta & thematic index offerings.
- Improved fund performance (70% of equity AUM in top quartiles on 1-year returns) is expected to drive equity market share gains beyond the current 3.9%.
- It continues to deepen penetration in B30 cities, with 22% of monthly avg AUM in Mar'25 from these regions, vs industry avg of ~18%. It also added 68 new Tier-2/3 branches in FY25, aiding 0.9m net folio additions.
- ~48% of equity and hybrid fund sales in Q4FY25 came via digital platforms, supported by UTI's tech-led tools like 'UTI HART' and marketing automation. Digital SIPs also grew 25% YoY, reflecting improved investor onboarding and retention.
- We project AUM/Revenue/Core PAT CAGR of 17%/13%/20% over FY25–27.

VAP on fast growth trajectory

Key Rationales

- TIME is a global leader in large plastic drums (50–60% share in India), and ranks 3rd in IBCs and 2nd in Type-IV composite LPG/CNG cylinders.
- Strong momentum in the value-added products (VAP) segment, led by composite CNG cascade cylinders (30% CAGR), will raise the VAP revenue mix to 35% by FY28E.
- Capex of INR5b over FY26–27E, backed by QIP proceeds, will fund growth in CNG, LPG, and hydrogen cylinders.
- With INR4B+ annual FCF, 60% OCF/EBITDA, and 80% FCF/PAT, TIME is on track to become net cash by FY27E.
- We estimate 15%/16%/23% CAGR in revenue/EBITDA/PAT over FY25–28, led by VAP growth and margin expansion.

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