Weekly Earnings Wrap

WEEK – IV

(07th Feb’25 – 14thFeb’25)

Result Highlights of Q3FY25

KEY UPGRADES & DOWNGRADES

AXIS SECURITIES

UPGRADES

Company Name	Sector	Previous Reco	Current Reco
Archean Chemical Industries Ltd	Chemiccals	HOLD	BUY
PNC Infratech Ltd	Infra/Cons	HOLD	BUY
PSP Projects Ltd	Infra/Cons	HOLD	BUY

DOWNGRADES

Company Name	Sector	Previous Reco	Current Reco
Eicher Motors Ltd	Automobile	BUY	HOLD

KEY UPGRADES & DOWNGRADES

AXIS SECURITIES

NO CHANGE

Company Name	Sector	Previous Reco	Current Reco
PI Industries Ltd	Agro Chemicals	BUY	BUY
National Aluminium Co	Aluminium	BUY	BUY
Automotive Axles Ltd	Auto Ancillaries	BUY	BUY
Minda Corporation Ltd	Auto Ancillaries	HOLD	HOLD
UNO Minda Ltd	Auto Ancillaries	BUY	BUY
Sansera Engineering Ltd	Auto Ancillary	BUY	BUY
Ashok Leyland Ltd	Automobile	BUY	BUY
Escorts Kubota Ltd	Automobile	HOLD	HOLD
Hero MotoCorp Ltd	Automobile	BUY	BUY
State Bank of India	Banks	BUY	BUY
Star Cement Ltd	Cement	BUY	BUY
JK Lakshmi Cement	Chemicals	BUY	BUY
NOCIL Ltd	Chemicals	HOLD	HOLD
Britannia Industries Ltd	FMCG	HOLD	HOLD
Varun Beverages Ltd	FMCG	BUY	BUY
Krishna Institute of Medical Sciences Ltd	Health Care	BUY	BUY

NO CHANGE

Company Name	Sector	Previous Reco	Current Reco
Fortis Healthcare Ltd	Hospital	BUY	BUY
Juniper Hotels Ltd.	Hotels	BUY	BUY
H. G. Infra Engineering Ltd	Infra/Cons	BUY	BUY
Ahluwalia Contracts (India) Ltd	Infra/Const	BUY	BUY
Bata India Ltd	Leather	HOLD	HOLD
Aurobindo Pharma Ltd	Pharmaceuticals	BUY	BUY
Lupin Ltd	Pharmaceuticals	BUY	BUY
CCL Products (India) Ltd	Plantation & Plantation Products	BUY	BUY
Mold-Tek Packaging Ltd	Plastic products	HOLD	HOLD
Skipper Ltd	Power Infrastructure	BUY	BUY
Signatureglobal (India) Ltd.	Real Estate	BUY	BUY
Trent Ltd	Retail	BUY	BUY
Steel Authority Of India Ltd	Steel	HOLD	HOLD
Bharti Airtel Ltd	Telecomm-Service	BUY	BUY
ITC Ltd	Tobacco Products	BUY	BUY
VA Tech Wabag Ltd.	Water Supply & Management	BUY	BUY

UPGRADES

UPGRADES

AXIS SECURITIES

Archean Chemical Industries Ltd

Worst Factored In; Upgrade to BUY

Recommendation: BUY | Reco Price: 464 | TP: 520 | Upside: 12%

Est. Vs. Actual for Q3FY25: Revenue: MISS; EBITDA: MISS; PAT: MISS

Changes in Estimates Post Q3FY25

FY25E/FY26E/FY27E: Revenue: -17%/-16%/-14%; **EBITDA:** -12/-13%/-11%; **PAT:** -11%/-15%/-12%

Recommendation Rationale

- **Subdued Volumes for Bromine & Industrial Salt:** During the quarter, the company witnessed a sequential degrowth in bromine and salt volumes. However, there was a slight improvement in price realisation for both products. The management expects a quarterly run rate of approximately 10 Lc for salt volumes, supported by healthy inquiries across its product lines. Additionally, the order book remains strong, with locked-in volumes for both bromine and salt for the next 6-12 months. Over the next few quarters, captive bromine consumption is expected to increase to 20-25% of total bromine production (from the current 5-7%), driven by increasing orders from Middle East customers.
- **New Initiatives:** Archean's step-down subsidiary, SiCSem Pvt. Ltd., is set to establish a Compound Semiconductor Facility in Odisha with an estimated investment of up to Rs 3,000 Cr. The project will receive a capital expenditure subsidy from the state government. The facility will integrate the entire process of manufacturing power devices, including a Wafer Fabrication Plant, positioning the company strategically in the semiconductor space. Additionally, the company is progressing towards commissioning the Oren Hydrocarbon plants and conducting SoP trials. Investments are being made to expand its product portfolio and optimise costs, reinforcing its long-term growth strategy.

Sector Outlook: Neutral

Company Outlook & Guidance: The company remains confident in its Bromine Derivatives project and the strategic acquisition of Oren, which is expected to contribute meaningfully to the topline in coming quarters. Additionally, the company anticipates sustained strong demand in the Industrial Salt segment and a recovery in the SOP segment beginning in FY26. Strategic investments have also been made in two UK- and US-based companies, which are projected to unlock new growth opportunities in semiconductors and energy storage.

Current Valuation: **9x FY27E** (Earlier: 11x FY27E)

Current TP: **Rs 520/share** (Earlier: 730/share)

Recommendation: We **change our rating on the stock from HOLD to BUY.**

PNC Infratech Ltd

NHAI Ban to be Lifted & Robust Order Book To Drive Growth; Upgrade To BUY

Recommendation: BUY | Reco Price: 287 | TP: 330 | Upside: 15%

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA Margin – MISS; PAT– MISS

Revision in Estimates post Q3FY25

FY25E/FY26E: Revenue: -6%/2%; **EBITDA:** -5%/-1%; **PAT: -5**%/0%

Recommendation Rationale

- **Robust & Diversified Order Book:** As of 31st Dec'24, PNCIL's order book stood at Rs 18,962 Cr, representing over 2.4x FY24 revenue, providing revenue visibility for the next 2-2.5 years. Aligned with its diversification strategy, the company is expanding its focus to include bids in the railway and water segments across both state and central projects. This approach aims to reduce reliance on the road sector and create a more resilient revenue base.
- **Order Inflow of Rs 13,000-15,000 Cr Expected for FY25:** As of 31st Dec'24, the company received an order inflow of Rs 6,670 Cr, with management anticipating an additional Rs 6,000-9,000 Cr in Q4FY25. This is supported by a robust bid pipeline of Rs 25,000 Cr in non-MoRTH projects and around Rs 1,25,000 Cr from NHAI and MoRTH projects. Furthermore, management has guided for an order inflow of Rs 15,000 Cr in FY26.
- **Lifting of NHAI ban, big positive for the company:** In October 2024, NHAI had imposed a one-year ban on the company from bidding for projects. However, the ban was later reduced to four months, set to end on February 18, 2025. This will allow the company to participate in new project bids from NHAI and MoRTH, constituting a significant portion of its order book. Consequently, this is expected to drive an increase in order inflow for Q4FY25 and FY26.

Sector Outlook: Positive

Company Outlook & Guidance: For FY25, the company expects revenue to de-grow by 20-25% due to delays in land acquisition and receiving AD. However, for FY26, revenue growth is expected to be 25-30%, and EBITDA margins are expected to be between 12-12.5%.

Current Valuation: 8x FY26 EPS (Earlier Valuation: 7x FY26 EPS) and HAM assets 1.2x book value

Current TP: Rs 330/share (Earlier TP: Rs 300/share)

Recommendation: We change our **HOLD** rating to **BUY** recommendation on the stock.

UPGRADES

PSP Projects Ltd

Revenue to Pickup, Maintain BUY

Recommendation: BUY | Reco Price: 629 | TP: 695 | Upside: 10%

Est. Vs. Actual for Q3FY25: Revenue – MISS; **EBITDA Margin** – MISS; **PAT**– MISS

Change in Estimates post Q3FY25 (Abs.)

FY25E/FY26E- Revenue: -4%/17%; **EBITDA:** -23%/6%; **PAT:** -39%/4%

Recommendation Rationale

- **Robust Order Book:** As of December 31, 2024, the company's order book stood at Rs 6,417 Cr, with an order inflow of Rs 1,983 Cr in 9MFY25. The current bid pipeline for Q4FY25 stands at Rs 1,800 Cr. A healthy order book provides strong revenue visibility for the next two years, with the company expected to achieve a 19% revenue CAGR over FY24-26E.
- **Margins and Profits to Grow with Execution Pickup:** In Q3FY25, project execution for delayed projects picked up and is expected to drive EBITDA and PAT growth. Accordingly, EBITDA and PAT are anticipated to grow at a CAGR of 16% and 24%, respectively, over FY24-26E.
- **Revenue Growth Supported by Partnership with Adani Infra:** The company has entered into an arrangement with Adani Infra, wherein Adani Infra will acquire up to a 30% stake from the founder promoter. Management has indicated an expected order inflow of Rs 2,000 Cr by Mar'25 through this partnership. This collaboration will enhance visibility in securing construction orders and strengthen capabilities, significantly contributing to revenue growth in the coming years.

Sector Outlook: **Positive**

Company Outlook & Guidance: The company has guided revenue to be around Rs 2600 Cr, EBITDA margin in the range of 9-10%, and an order inflow of Rs 3,500-4,000 Cr in FY25. For FY26, it has guided revenue of over Rs 4,000 Cr, EBITDA margins of 9-10%, and the order inflow of Rs 5,000 Cr.

Current Valuation: **14.5x FY26 EPS** (Earlier Valuation: 14.5x FY26E EPS)

Current TP: **Rs 695/share (Earlier TP: Rs 665/share)**

Recommendation: We maintain our recommendation to **BUY** on the stock.

NO CHANGE

PI Industries Ltd

Modest CSM Growth; Navigating Near-Term Challenges with Transformation

Recommendation: BUY | Reco Price: 3536 | TP: 4265 | Upside: 21%

Est. Vs. Actual for Q3FY25: **Revenue: MISS**; **EBITDA: MISS**; **PAT: MISS**

Change in Estimates post Q3FY25

FY25E/FY26E/FY27E: **Revenue:** -4%/-8%/-10%; **EBITDA:**-2%/-9%/-12%; **PAT:**-1%/-9%/-13%

Recommendation Rationale

- **Headwinds in CSM Business to continue in Near-Term:** PI's CSM business showed a modest 2% YoY growth, with volumes increasing by 5% YoY and new products growing by 40% YoY in Q3. However, due to declining demand, the management anticipates a recovery in H2CY25, expecting high inventories in certain products to decrease by that time.
- **Biologicals gaining momentum:** PI's domestic segment saw a 5% YoY growth in the quarter, reaching Rs 280 Cr. This growth was primarily fueled by a 7% YoY increase in volume, a 20% YoY rise in revenue from biological products, and favourable agronomic conditions.
- **CRDMO and new products to drive growth:** The Pharma segment saw a significant 55% YoY growth, contributing around 4% to total export revenue. PI is focusing on transitioning to the new CRDMO business model and is restructuring its product mix. The company plans to introduce new products and customers as it develops its new technology platform.

Sector Outlook: Cautiously Optimistic

Company Outlook: The management anticipates muted demand in the near term and has revised its revenue growth guidance from high single-digit to low single-digit, as the global industry landscape continues to be challenging. However, the management remains hopeful of a recovery in the second half of CY25.

Current Valuation: **28x FY27E (Earlier: 28x FY27E)**

Current TP: **Rs 4,265/share (Earlier TP: Rs 4,850/share)**

Recommendation: **We maintain our BUY rating on the stock.**

National Aluminium Co

Robust Q3 Led by Strong Commodity Prices

Recommendation: BUY | Reco Price: 183 | TP: 220 | Upside: 20%

Est. Vs. Actual for Q3FY25: **Revenue – BEAT**; **EBITDA – BEAT**; **PAT – BEAT**

Change in Estimates **YoY for NALCO post Q3FY25 results:**

FY26E/FY27E: Revenue -2%/-2%; **EBITDA:** -4%/-3%; **PAT:** -3%/-1%.

Recommendation Rationale

- **Alumina refinery expansion:** The 5th stream Alumina refinery of 1 mtpa is 70% complete and is expected to be commissioned by the end of FY26 from earlier guidance of Sep'25 (Q2FY26). The Pottangi Bauxite Mine (111 MT reserves) of 3.5 mtpa capacity will secure the bauxite supply for the alumina refinery expansion is also expected to start by the end of FY26. Utkal coal blocks D & E of 2 mtpa each will be operated as a single block for cost optimisation.
- **Aluminium smelter expansion** of 0.5 mtpa capacity with a Capex of Rs 17,000 Cr is likely to be installed by FY30, along with a 1,200 MW CPP with a Capex of Rs 13,000 Cr in a JV with NTPC. Capex will kickstart with ~10-15% of initial spend in FY27, and spending will rise to 25% in subsequent years. It will float a tender for the project within the next 6 months and award the project within the next 7-8 months.

Sector Outlook: **Neutral**.

Company Outlook & Guidance: A spike in Alumina prices led to strong Alumina realisation at $641/t in Q3FY25. In Q4FY25, it is likely to stay strong at $600/t, while Alumina sales volumes will rise to 4 LcT vs. 3.75 LcT in Q3FY25. As a result, Q4FY25 will be another good quarter. Spot Alumina prices have now corrected from the peak of $800/t to $530/t and could cool down further towards $450-$500/t. The lower Alumina prices will flow from Q1FY26 onwards. Earnings growth could moderate in FY26.

Current Valuation: **6.0x EV/EBITDA on Dec'26E EBITDA** (from 7.0x Sep'26E EBITDA).

Current TP: **Rs 220/share** (Earlier TP: Rs 250/share)

Recommendation: **We maintain our BUY rating.**

Automotive Axles Ltd

Focus on Product Diversification & New Share of Businesses

Recommendation: BUY | Reco Price: 1753 | TP: 1975 | Upside: 13%

Est. Vs. Actual for Q3FY25: Revenue – INLINE; EBITDA – INLINE ; PAT– BEAT

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: 1%/0.4%; **EBITDA:** 0.7%/0.6%; **PAT**: 2.3%/-0.5%

Recommendation Rationale

- **Industry Outlook:** We expect the M-HCV market volumes to marginally decline YoY in FY25 (~400,000 MHCV volumes). As per the management, Q4FY25E is expected to perform better sequentially with ~1,10,000 MHCV units (largely flat YoY). For FY26E, we expect low single-digit growth in the MHCV segment.
- **Long-term growth drivers:** (1) Product diversification to new bus axles (expect axles for 13.5/15 mt buses to begin commercial production by FY26E post final trials by the end-user OEMs) (2) electric vehicle (EV) axles (3) Increased export share post plant modernising (expect parent Meritor to play a vital role). (4) Expansion of the aftermarket business.
- **EBITDA Margins:** Based on the above growth outlook, we expect the company's long-term EBITDA margin to reach 12-13% by FY28/29E, an increase from the current 10-11%. The company will primarily drive this by taking initiatives in Lean Manufacturing, Cost Optimization, and supplier consolidation.

Company Outlook & Guidance: Based on strategic long-term growth drivers, the company aims to double its top-line revenue and achieve a CAGR of 14-15% over FY24-29. This expansion is expected to lead to higher revenues and a gradual improvement in EBITDA margins, driven by more efficient resource utilisation.

Current Valuation: **17x FY27 EPS** (unchanged)

Current TP: **Rs 1,975/ share** (unchanged)

Recommendation: We maintain a **BUY** rating with a 13% upside potential.

Minda Corporation Ltd

EBITDA/PAT Beat Estimates; Fairly Valued at Current Price

Recommendation: HOLD | Reco Price: 580 | TP: 600 | Upside: 3%

Est. Vs. Actual for Q3FY25: Revenue – INLINE; EBITDA Margin – BEAT ; PAT– BEAT;

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: 0.4%/0.4%; **EBITDA:** 1.4%/-0.1%; **PAT:** 3.1%/-0.2%

Recommendation Rationale

- **Long-term growth drivers:** (1) Premiumization trend in legacy businesses like security access, driver information systems, wiring harnesses, die casting, and electronics. (2) New Products in EV, power electronics and EV charging stations. (3) Intelligent transportation systems in the EV bus segment. (4) other electronics, such as wireless chargers, telematics, etc.
- **Strong Order Book:** In 9MFY25, the total lifetime order book stood at Rs 6,000 Cr, reflecting an expanding product portfolio, product premiumisation, and rising demand for both IC and EV products across customers and segments. Out of the total order book, the company secured Rs 1,250 Cr lifetime order wins in Q3FY25 itself, with EVs accounting for over 25% of these orders.
- **Robust EBITDA margins:** On the back of a richer product mix led by premium 2Ws (both ICE and EV), better operating efficiencies, streamlining fixed costs, and component localisation initiatives, we expect EBITDA Margins to sustain between 11% to 12% in FY25/26E.

Sector Outlook: Positive

Company Outlook & Guidance: Going ahead, we expect strong demand in the 2W entry-level segment, demand for utility vehicles in PV, gradual recovery in CVs/Tractors, and a revival in exports. These will be positive triggers for the company to outperform industry growth.

Current Valuation: 30x FY27 EPS (unchanged)

Current TP: Rs 600/share (earlier Rs 535/share)

Recommendation: We recommend a HOLD rating (unchanged) on the company

UNO Minda Ltd

Expect Operational Outperformance to Continue

Recommendation: BUY | Reco Price: 1030 | TP: 1140 | Upside: 11%

Est. Vs. Actual for Q3FY25: Revenue–BEAT; EBITDA – BEAT ; PAT – BEAT

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: 0.0%/0.1%; **EBITDA:** -1.3%/0.1%; **PAT:** -5.6%/-2.2%.

Recommendation Rationale

- **Operational Highlights in Q3FY25:** (1) Uno Minda began commercial production at an advanced manufacturing facility at Khed city for 4W Lighting commissioned in Q3FY25. (2) NCLT approves the merger of Minda Kosei, Kosei Minda and Kosei Minda Mould into Uno Minda Ltd. (3) The company's board approved Capex for expansion of the Casting facility at Hosur from 11kMT per annum to 15kMT per annum.
- **Robust Growth Across All Verticals:** UnoMinda's outperformance across all segments can be witnessed, led predominantly by the Lightning, Switches, Casting, and Other divisions (sensors, motors-controllers), which grew 15%/13%/12%/60% YoY respectively in Q3FY25.
- **EV Capabilities:** Sales of 2W EVs rose to Rs 238 Cr in Q3FY25, compared to Rs 164 Cr in Q3FY24, driven mainly by higher volumes of sensors and controllers. The potential EV kit value is estimated at Rs 35k, with Rs 27k currently in commercial production.

Company Outlook & Guidance: The company expects steady revenue growth driven by capacity expansion, new product launches, and OEM partnerships. EBITDA margins are projected to improve over the next few years, supported by cost optimisation and higher utilisation. The company's ongoing capacity expansion initiatives, coupled with a robust order book, position it to outperform industry growth rates in the near to medium term.

Current Valuation: 43x on FY27EPS (earlier 41x on FY27EPS)

Current TP: **Rs 1,140/share** (previous TP: Rs 1,090/share)

Recommendation: **We maintain our BUY rating on the stock.**

Sansera Engineering Ltd

Strong Financials & Robust Order Book to Support Future Growth

Recommendation: BUY | Reco Price: 1164 | TP: 1430 | Upside: 23%

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA – MISS ; PAT – MISS

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: -7.5%/-7%; **EBITDA:** -9%/-7%; **PAT:** -8.1%/-8.8%.

Recommendation Rationale

- **Robust Order Book:** Sansera has a strong order book, with annual peak revenues of Rs 2,201 Cr, 55% of which come from the Non-Auto, Auto Tech Agnostic, and EV segments. Its non-automotive business is experiencing strong growth, with a total order book of Rs 600 Cr spread across semiconductors, EMS, aerospace, and defence. The company expects to execute 50% of its non-automotive order book by FY26, driven by increased activity in semiconductor and defence projects.
- **Strong Financials to Support Growth:** In Q3FY25, Sansera raised Rs 1,200 Cr through a QIP to support its strong order book and expansion plans. Of this, Rs 700 Cr was used to retire debt, reducing gross debt to Rs 350 Cr as of December 2024. The company allocated Rs 200 Cr for capex, Rs 100 Cr for land acquisition, and Rs 100 Cr for advanced manufacturing equipment. The remaining Rs 300 Cr includes Rs 25 Cr for QIP-related expenses and the allocation of Rs 275 Cr will be finalised in the coming weeks, focusing on growth capex and other developmental costs.
- **EBITDA Margins:** We expect the company to deliver margins of 17-18% in FY25/26/27E, with projected EBITDA/PAT growth of approximately 15%/22% CAGR over FY24-27E. This growth is expected to be driven by a shift in the sales mix towards non-Auto ICE components, higher capacity utilisation, expansion in the export business, volume growth, and a recovery in Swedish operations.

Sector Outlook: Positive

Company Outlook & Guidance: The company is driving manufacturing growth and strengthening its position as a key exporter, creating more opportunities within the auto-component sector. It has visible growth in xEV, Tech Agnostic, and Non-Auto products, supported by a strong order book and an increasing contribution to overall sales.

Current Valuation: **25x PE FY27EPS** (unchanged).

Current TP: **Rs 1,430/share** (earlier Rs 1,780/share).

Recommendation: **We maintain our BUY rating on the stock.**

Ashok Leyland Ltd

Results Beat Estimates; Product Diversification to Improve Margins Further

Recommendation: BUY | Reco Price: 220 | TP: 245 | Upside: 11%

Est. vs. Actual for Q3FY25: **Revenue** – BEAT ; **EBITDA** – BEAT ; **PAT** – BEAT

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: -1.8%/-1.8%; **EBITDA:** 0.1%/-2.3%; **PAT:** 4.6%/-2.1%

Recommendation Rationale

- **Company Growth Outlook:** Ashok Leyland is advancing toward its medium-term targets, including mid-teen EBITDA margins, 35% MHCV market share, non-MHCV business expansion, alternate fuel leadership, and value unlocking from subsidiaries. The company is seeing growth in tippers and multi-axle products and has a strong order book for electric vehicles under Switch. Non-CV businesses such as engines and spare parts have seen 3.5%/14% YoY growth, respectively.
- **Export Outlook:** Exports remain a key growth driver for the company, with Q3FY25 export volumes up 33% YoY. FY25 export volumes are projected at 15,000 units, up from 11,800 in FY24. The company is on track to meet its medium-term target of 25,000 units. It has also set a long-term goal of 50,000 units annually, supported by localisation efforts and improving market conditions in GCC, SAARC, and Africa. Investments in assembly facilities and local market operations have further strengthened the company's presence in these key regions.
- **Healthy EBITDA Margins:** Q3FY25 EBITDA stood at Rs 1,211 Cr with margins improving to 12.8% (up 77 bps YoY). The margin expansion was fueled by cost reduction initiatives (~Rs 650 Cr annually), a stronger product mix (higher share of tippers and multi-axle trucks), and relatively stable commodity prices. Looking ahead, continued premiumisation, operational efficiencies, and growth in high-margin non-CV businesses should further strengthen EBITDA margins, keeping the company on course for its mid-teen margin target.

Sector Outlook: **Cautiously Positive**

Company Outlook & Guidance: AL is focused on gaining CV market share by improving its domestic presence and meeting customers' requirements by investing in the non-auto side of its business and product development, including diverse powertrain technologies. Further, optimising operational efficiencies, material cost reduction efforts, and pricing discipline are expected to generate strong positive cash flows.

Current Valuation: **18x P/E on FY27E EPS** and Rs 21/share for stake in HLF Ltd.(unchanged)

Current TP: **Rs 245/share** (**earlier Rs 250/share**)

Recommendation: We maintain our BUY rating on the stock.

Escorts Kubota Ltd

EBITDA Margins to Remain Subdued in the Near Term

Recommendation: HOLD | Reco Price: 3303 | TP: 3420 | Upside: 4%

Est. Vs. Actual for Q3FY25: **Revenue** – INLINE ; **EBITDA** – MISS ; **PAT** – MISS

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: -5.6%/-7.2%; **EBITDA:** -23.2%/-7.2%; **PAT:** -24.8%/-9.9%.

Recommendation Rationale

- **Agri-Business Outlook in India:** In Q3FY25, Escort's tractor segment experienced a 6% YoY growth in domestic volumes (vs 13.5% tractor industry); Segment revenue was up 9.4% YoY, led by price hikes taken during the year. Exports for Escorts were down 29.2% YoY, compared to industry growth of 3.9% YoY. The domestic slowdown witnessed in 9MFY25 is expected to be followed by a moderate recovery in Q4FY25 and beyond, driven by pent-up demand, government assistance, higher reservoir levels, and better crop realisation by the farming community.
- **Construction Equipment (CE) Business:** Q3FY25 witnessed a 0.9% YoY volume decline (but up 42.7% QoQ), and segmental revenue was up 4% YoY to Rs 516 Cr. This volume decline was mainly due to lower government spending on infra projects (on account of union elections), followed by heavy monsoons. We expect a gradual pickup in infrastructure activities from Q4FY25 onwards.
- **New launches to fill gaps in Product portfolio:** With a strategy to offer innovative products, Escorts has launched the PROMAXX series under the Farmtrac brand in the 30 to 50 HP category. The company has ~1540 exclusive dealers for Kubota, Farmtrac, and Powertrac combined. The series is primarily for the western markets—Gujarat, Maharashtra, and certain markets where Escorts is not present—Chhattisgarh, Odisha, and some parts of MP.

Sector Outlook: **Positive**

Company Outlook & Guidance: The domestic tractor industry and construction equipment business are expected to pick up gradually in the medium term. On account of the amalgamation of two subsidiaries (having poor operational metrics), we expect EBITDA margins to remain subdued in the near term (<12%).

Current Valuation: **28x FY27E EPS** (unchanged)

Current TP: **Rs 3,420/share** (Earlier TP: Rs 3,290/share

Recommendation: **We maintain our HOLD rating on the stock.**

NO CHANGE

AXIS SECURITIES

Hero MotoCorp Ltd

EBITDA & PAT Beat, Product Premiumization and EVs to Drive Growth

Recommendation: BUY | Reco Price: 4278 | TP: 5285 | Upside: 24%

Est. Vs. Actual for Q3FY25: Revenue– INLINE; EBITDA – BEAT; PAT– BEAT

Change in Estimates post Q3FY25

FY25E/FY65E: Revenue: -1%/-1.5%;**EBITDA:** -0.3%/-0.4%; **PAT:** -0.9%/-0.6%.

Recommendation Rationale

- **Long-term Growth Strategy:** Hero MotoCorp's (Hero) strategy for 2030 is built on four key growth pillars: strengthening its core business, excelling in the premium segment, leading in electric vehicles (EVs), and diversifying revenue streams. Anchored by the 4S mantra—speed, scale, synergy, and simplification—the strategy also focuses on creating a future-ready organisation and advancing environmental, social, and governance (ESG) initiatives. As part of its ongoing portfolio reshaping, the company introduced four new models at Bharat Mobility, positioning itself for sustained growth.
- **New Product Launches:** Product launches in premium scooters and EVs will drive growth, with new models planned for Q4FY25 and FY26. The company is expanding its sub-Rs 1 Lc EV lineup with the Vida V2 platform, reinforcing its position in the mass-market scooter segment. New premium motorcycles like the Xpulse 210 and Xtreme 250R have received strong market feedback, while upcoming launches, including the Xoom 125, Xoom 160, and Destini 125, will further strengthen Hero's scooter portfolio.
- **EBITDA Margins:** Hero achieved over Rs 10,000 EBITDA per vehicle, driven by a richer product mix and judicious pricing strategies. The EBITDA margin for the ICE segment stood at 16%, down 50 bps QoQ, primarily due to higher marketing and advertisement expenses linked to the festive season. The company aims to maintain overall EBITDA margins in the range of 14-16% in the medium term, supported by a richer product mix—EVs and higher cc motorcycles, continued product premiumisation, lower material costs, and improved operational efficiencies, especially in the EV segment.

Sector Outlook: Positive on 2W.

Company Outlook & Guidance: The company has strengthened its domestic position in the 125cc segment, increasing its market share from 14% to over 21%. Hero has also enhanced its premium offerings, which are supported by a strong framework for scaling up its premium business. Additionally, its global business is rapidly expanding, with parts, accessories, and merchandise segments delivering record revenue, highlighting its continued growth potential. Hero maintains a long-term EBITDA margin guidance of approximately 14-16%.

Current Valuation: 19x on core FY27E EPS (unchanged), Ather 1.5x FY24 and Hero Fincorp 1.5x at FY24 P/B.

Current TP: **Rs 5,285/share** (Earlier TP: Rs 5,250/share).

Recommendation: We maintain our **BUY** rating on the stock.

State Bank of India

Comfortably Placed to Deliver Sustainable RoA of 1% Despite NIM Pressures!

Recommendation: BUY | Reco Price: 752 | TP: 1025 | Upside: 36%

Est. Vs. Actual for Q3FY25: NII – MISS; PPOP – MISS; PAT – BEAT

Changes in Estimates post Q3FY25

FY25E/FY26E/FY27E (in %) NII: -2.3/-3.6/-3.9; **PPOP:** -6.1/-7.2/-5.0; **PAT:** -2.0/-8.1/-2.9

Recommendation Rationale

- **Growth visibility is healthy; momentum remains buoyant:** SBI has reaffirmed its credit growth guidance of 14-16% in FY25, supported by healthy demand visibility in the retail portfolio and a strong corporate pipeline. Currently, the corporate loan pipeline stands at Rs 4.8 Tn (largely capex driven), of which Rs 2.2 Lk Cr have been sanctioned.
- **Asset Quality trends to remain healthy:** In Q3FY25, the SMA2 book inched-up sharply QoQ. However, it includes a long-term government sector customer of the Bank, with fund-based outstanding of Rs 58 Bn. The account has been pulled back subsequently. The management highlighted that the risk of this account falling back into SMA 2 is negligible.
- **Confident of maintaining NIMs at 3+%:** The sharp margin contraction (meaningfully higher vs expectations) was on account of the increase in CoF and lower treasury gains, while yields remained largely steady. The bank will continue to focus on risk-adjusted returns while not compromising on yields. SBI has not shied away from letting go of growth opportunities where the risk-reward was not favourable.

Sector Outlook: Positive

Company Outlook: SBI remains well-poised to sustain its growth momentum supported by its comfortable LDR, providing it levers to accelerate credit growth (especially in retail and SME), offering scope to support NIMs. We believe SBI could continue to deliver a sustainable RoA of 1% over the medium term supported by (1) Healthy growth visibility across segments, (2) Strengthening deposit franchise with focus on CASA deposits, (3) Ramping-up the fee income profile, (4) Controlled Opex and Provisions.

Current Valuation: 1.4x Sep'26E ABV; Earlier Valuation: 1.4x Sep'26E ABV

Current TP: Rs 1,025/share; Earlier TP: Rs 1,040/share

Recommendation: We maintain our **BUY** recommendation on the stock.

Star Cement Ltd

Mixed Operating Performance

Recommendation: BUY | Reco Price: 213 | TP: 235 | Upside: 10%

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA Margin – BEAT; PAT – BEAT

Change in Estimates post Q3FY25 (Abs)

FY25E/FY26E: Revenue: -3%/-5%; **EBITDA:** -5%/-6%; **PAT:** -18%/-8%

Recommendation Rationale

- **Capacity Expansion to Drive Growth:** The Guwahati 2 mtpa Grinding Unit (Line 2) is ramping up well, with capacity utilisation reaching 77% during the quarter, and is expected to further improve in the ensuing quarter, thereby contributing to the company's volume growth. The Silchar Grinding Unit is expected to be commissioned by Q3FY26. These expansions will increase the company's total capacity to 9.7 mtpa from the existing 7.7 mtpa, providing substantial growth potential. The company is projected to grow its volume at a CAGR of 10% over FY23-26E.
- **Plant Incentives & Cost Optimization to Support Higher EBITDA/Tonne:** The company's Grinding Units in Guwahati and Silchar, along with its Clinker Unit in Meghalaya, are set to receive SGST refunds as part of Assam government incentives, estimated at Rs 150-170 Cr annually. These units benefit from a reduced tax rate of 17%. Additionally, increased sales of premium cement, advantages from the WHRS plant in terms of lower power costs, and other efficiency gains are expected to enhance EBITDA per tonne.
- **Cement Demand in Northeast and Eastern India:** Cement demand in these regions is expected to remain stable due to (a) government initiatives to boost infrastructure and housing development and (b) lower per capita cement consumption than the national average.

Sector Outlook: Positive

Company Outlook & Guidance: The company has guided for 10% volume growth in Q4FY25 and 12-15% in FY26. Prices have improved in the Northeast and are expected to trend higher depending on demand.

Current Valuation: 12.5x FY26E EV/EBITDA (Earlier Valuation: 12x FY26E EV/EBITDA)

Current TP: Rs 235/share (Earlier TP: Rs 235/share)

Recommendation: We maintain our **BUY** rating on the stocks.

JK Lakshmi Cement

Margin In Line With Expectations; Retain BUY

Recommendation: BUY | Reco Price: 844 | TP: 930 | Upside: 10%

Sector Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA Margin – Inline ; PAT – MISS

Change in Estimates post Q3FY25 (Abs)

FY25E/FY26E: Revenue: -7%/-11%; **EBITDA:** -12%/-15%; **PAT:** -17%/-18%

Recommendation Rationale

- **Capacity expansion to support volume growth:** The establishment of a 1.35 mtpa grinding unit in Surat, with a capital expenditure of Rs 220 Cr funded through a mix of internal accruals and debt, is progressing well and is expected to be operational by Q4FY25.
- **Levers in place to improve EBITDA/tonne:** The company plans to drive performance through key initiatives, including optimising its geo-mix, increasing the production and sales of blended cement, raising the proportion of trade sales, and expanding premium and value-added products. Additionally, it aims to enhance logistics efficiency and increase renewable power and AFR use.
- **Robust cement demand in the country:** Cement demand in the country is expected to remain strong, driven by increased capital spending by the central government on infrastructure projects,

Outlook: Positive

Company Outlook & Guidance: Given the government's emphasis on infrastructure development and increased budgetary allocation for housing and road projects, the outlook for the cement sector remains positive for the upcoming year. Management has guided for a 7-8% volume growth on a consolidated basis. Current prices are more potent than in Q3FY25, and higher demand is expected to support pricing.

Current Valuation: 9.5xFY27E EV/EBITDA (Earlier Valuation: 9.5x FY26 EV/EBITDA)

Current TP: Rs 930/share (Earlier TP: Rs 900/share)

Recommendation: We **maintain** our **BUY** recommendation on the stock and roll over our estimates to FY27.

NO CHANGE

AXIS SECURITIES

NOCIL Ltd

Weaker-than-Expected Performance; Maintain HOLD!

Recommendation: HOLD | Reco Price: 224 | TP: 240 | Upside: 7%

Est. Vs. Actual for Q3FY25: Revenue: MISS; EBITDA: MISS; PAT: MISS

Change in Estimates post Q3FY25

FY25E/26E/FY27E: Revenue: -24%/-14%/-9%; **EBITDA:** -31%/-15%/-17%; **PAT:** -41%/-19%/-19%

Recommendation Rationale

- **Sequential Volumes Decline:** In the quarter, total volumes declined by 10% QoQ and grew merely by 3% YoY. The decline was driven by lower demand from customers due to reduced production on their part, coupled with more aggressive price-based imports compared to the previous quarter. As a result, the company's revenue performance was well below expectations, reflecting ongoing competitive pressure on both demand and pricing. However, the company views the lower production as temporary and expects demand to improve in the coming months, with volumes recovering in the next quarter.
- **Continued Pricing Pressure**: The management mentioned that during the quarter, the company continued to face intense pricing pressure and product dumping from Chinese, Korean, and EU rubber chemical players, which significantly impacted domestic rubber chemical prices. The influx of lower-priced imports has created a challenging competitive environment, exerting downward pressure on margins and affecting market dynamics. Management expects pricing to improve as economic conditions and demand recover, though the timing remains uncertain.

Sector Outlook: Neutral

Company Outlook & Guidance: NOCIL continues to focus on balancing price and volume while aiming to boost export sales and establish long-term customer partnerships to navigate industry challenges. While management acknowledges uncertainties in the external environment, it remains optimistic about growth opportunities.

Current Valuation: 18x FY27E (Earlier: 18x FY27E)

Current TP: Rs. 240/share (Earlier TP: Rs 295/share)

Recommendation: We maintain **our HOLD rating on the stock.**

Britannia Industries Ltd

Pricing Led Top Line Growth; Maintain HOLD

Recommendation: HOLD | Reco Price: 4874 | TP: 5130 | Upside: 5%

Est. Vs. Actual for Q3FY25: Revenue – BEAT; EBITDA – BEAT; PAT – BEAT

Changes in Estimates post Q3FY25

FY25E/FY6E: Revenue: 0%/-1%; **EBITDA:** 2%/0%; **PAT:** 2%/0%

Recommendation Rationale

- **Britannia's Q3FY25 results:** Britannia's Q3FY25 results exceeded our estimates on all fronts. Despite a subdued demand environment, the company's consolidated revenue grew by 6.5% YoY (versus our estimate of 5%), driven by a 6% YoY volume growth. Management indicated a 6-6.5% cumulative price hike, with a 2% increase implemented in Q3, 2.5% planned for Q4, and an additional 1.5% in Q1FY26 to mitigate an 11% inflation impact. Notably, focus states expanded at 2.6x, while rural distribution grew from 30,000 to 31,000 outlets in Q3FY25.
- **Margin guidance amid commodity inflation:** Gross margins declined by 606 bps YoY to 36.9%, impacted by sharp cost inflation in wheat, palm oil, and cocoa. Consequently, EBITDA margins declined by 89 bps to 18.4%, though partially offset by stringent cost efficiency measures, including a 47% YoY reduction in staff costs. **Management reaffirmed its focus on maintaining EBITDA margins at current levels, with absolute profit growth expected to continue, supported by price hikes and operational efficiencies.**
- **Demand Outlook:** The company remains agile in responding to commodity price fluctuations and competitive pricing trends. While sector-wide challenges persist, the overall trajectory appears stable. However, near-term headwinds, including soft demand, urban market weakness, rising input costs, and intensifying competition, may constrain growth and margins, keeping the stock range-bound.

Sector Outlook: Cautious

Company Outlook & Guidance: As the near-term outlook remains challenging, we maintain our HOLD stance in the stock. However, we have increased our FY25/FY26 estimates.

Current Valuation: 45xDec-26 EPS (Earlier Valuation: 50xSep-26 EPS).

Current TP: Rs 5,130/share (Earlier TP: Rs 5,000/share).

Recommendation: With an upside of 5% from the CMP, we **maintain our HOLD stance**

Varun Beverages Ltd

Growth Story Remains Intact: Maintain BUY

Recommendation: BUY | Reco Price: 548 | TP: 710 | Upside: 30%

Est. Vs. Actual for Q4CY24: Revenue – INLINE; EBITDA – BEAT ; PAT – BEAT

Changes in Estimates post Q4CY24

CY25E/CY26E: Revenue: 2%/4%; **EBITDA:** -3%/-2%; **PAT:**1%/3%

Recommendation Rationale

- **Volume-led growth:** In Q4CY24, the company delivered a strong performance, driven by a 38.1% YoY increase in volume growth (~23.2% for CY24), fueled by expanded international operations. This included 43 million cases from South Africa and 7.8 million cases from the DRC. Realisation for CY24 rose by 1.3% to Rs 177.9 per case, led by a better product mix. In India, organic volume growth for CY24 was 11.4%, while international markets saw growth of 6.3%. However, the transition to a zero-sugar portfolio in Zimbabwe impacted growth due to the introduction of a sugar tax. The management remains optimistic, forecasting continued double-digit growth moving forward.
- **Margin performance:** EBITDA margins remained flat at 15.7% in Q4CY24, despite a 56 bps YoY contraction in gross margins. However, gross margins for CY24 rose by 290 bps to 55.5%, mainly due to strategic procurement and storage of PET chips for price advantages, efforts to lower sugar content, and the growing benefits of backward integration. The share of low-sugar and no-sugar products grew to 53% of total sales volume. The company experienced a 100bps improvement in EBITDA margins for CY24, driven by gains in gross margins. This improvement was achieved despite the consolidation of South Africa's operations, characterised by lower margins due to a high proportion of own brands (~80%) and the fixed costs tied to new capital expenditures not yet fully utilised.
- **Raised funds through QIP:** The company successfully raised Rs 7,500 Cr through a Qualified Institutional Placement (QIP) in Q4CY24, which is utilised for debt repayment and acquisitions.

Sector Outlook: Positive

Company Outlook & Guidance: We expect VBL to continue its strong growth momentum in the mid- to long-term. Hence, we maintain our BUY recommendation on the stock.

Current Valuation: 48xDec-26EPS (Earlier: 52xSep-26EPS)

Current TP: Rs 710/share (Earlier TP: Rs 700/ share)

Recommendation: With an 30% upside potential from the CMP, we **maintain** our **BUY** rating on the stock.

Krishna Institute of Medical Sciences Ltd

Lower Occupancies; Higher ARPOB

Recommendation: BUY | Reco Price: 644 | TP: 710 | Upside: 10%

Est. Vs. Actual for Q3FY25: Revenue: **BEAT**; EBITDA Margin: **BEAT**; PAT: **BEAT**

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: 2.5%/1.6%; EBITDA Abs: 2.5%/1.6%; PAT: 3.8%/2.2%

Recommendation Rationale

- **Operational Performance:** Consolidated occupancy declined by 1,091 bps YoY and 610 bps QoQ, settling at 50.7%. However, ARPOB saw a 25.1% YoY increase and grew 0.5% sequentially to Rs 38,472 in Q3FY25. This growth was supported by new beds, an improved case mix, and revised pricing through TPA negotiations.
- **Margins and Profitability:** EBITDA margins remained constant at 24.2% YoY but declined 38 bps QoQ due to higher OPEX. Reported PAT rose 20.8% YoY to Rs 92 Cr, benefiting from increased operating profitability.
- **Regional Performance:** While the Telangana and Andhra clusters experienced a decline in occupancy, ARPOB growth remained strong, rising ~15% and ~24%, respectively. These clusters remain the largest revenue contributors, with matured assets in Telangana and Andhra Pradesh recording ARPOB of Rs 63,363 and Rs 21,175, respectively. This growth was driven by a favourable case mix and reduced ALOs.

Sector Outlook: Positive

Company Outlook & Guidance: KIMS is poised for continued growth, driven by its strategic expansions, improving case mix, and increasing ARPOB. While occupancy levels have temporarily dropped, the company's focus on high-value specialties, operational efficiencies, and geographical expansion should support long-term profitability. In the near term, the company expects Nashik Hospital to break even by Q2–Q3 FY26, while Thane and Bangalore hospitals are set to commence operations by FY25-end. The recently opened Guntur and Kollam hospitals will contribute to revenue growth, though initial ramp-up costs may weigh on margins. Looking ahead, KIMS is making a significant push into Kerala, aiming to add 2,000 beds over the next 6–8 years, capitalising on the state's high hospitalisation rate and strong demand for premium healthcare services. Additionally, management remains cautious about sustaining its current EBITDA margins (~25%), as industry-level normalisation is expected.

Current Valuation: EV/EBITDA 23x for FY27E EBITDA

Current TP: Rs 710/share (Earlier TP: Rs 615/share)

Recommendation: BUY

NO CHANGE

AXIS SECURITIES

Fortis Healthcare Ltd

Fortis Eyes Profitable Growth

Recommendation: BUY | Reco Price: 628 | TP: 860 | Upside: 37%

Est. Vs. Actual for Q3FY25: **Revenue**: INLINE; **EBITDA Margin**: INLINE; **PAT**: BEAT

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: -0.3%/0.2%; **EBITDA Abs:** 2.2%/0.2%; **PAT:** 3.0%/-0.2%

Recommendation Rationale

- **Strong Revenue Growth Driven by Hospitals:** Fortis Healthcare reported revenue of Rs 1,623 Cr, up 16.8% YoY and 8.9% QoQ, supported by higher ARPOB and improved occupancy levels.
- **Stable ARPOB and Improved Occupancy:** ARPOB stood at Rs 67,123, up 9.9% YoY, while occupancy improved to 67% (up 300 bps YoY), driven by a 4.3% YoY growth in occupied bed days. EBITDA margins stood at 20%, up 200 bps YoY.
- **Agilus Diagnostics:** Agilus reported muted growth of 5.2% YoY, with EBITDA of Rs 49 Cr, reflecting a 16.1% margin, up 450 bps YoY.

Sector Outlook: Positive

Company Outlook & Guidance: Fortis Healthcare remains focused on profitable growth, leveraging brownfield expansions, operational efficiencies, and portfolio optimisation. The company targets 14-15% revenue growth in the hospital business, with ARPOB expected to grow at 5-6% YoY. Hospital EBITDA margins are projected at 20.5% for FY25, with a long-term goal of reaching 25% through higher occupancy and improvements in the specialty mix.

Current Valuation: EV/EBITDA 27x for FY27E EBITDA

Current TP: Rs 860/share (Earlier TP: Rs 860/share)

Recommendation: BUY

Juniper Hotels Ltd.

Expansion Fuels Juniper's Momentum

Recommendation: BUY | Reco Price: 263 | TP: 360 | Upside: 37%

Est. Vs. Actual for Q3FY25: Revenue – INLINE ; EBITDA Margins – INLINE ; PAT – BEAT

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: -0.3%/-3.7%; EBITDA Abs:. -0.4%/-3.9%; PAT: -0.9%/-6.6%

Recommendation Rationale:

- **Juniper reported a 6.9%/17.7 QoQ/YoY growth,** with ARR increasing to Rs 11,714 (+6.7% YoY) and occupancy reaching 75% during the quarter. However, certain key rooms that were out of service were restored early during the quarter, so the like-to-like occupancy rate would then be 77%. The luxury and upper upscale/upper segment reported RevPAR growth rates of 6% and 7% YoY, respectively. Occupancy for the upper upscale segment improved by 600 bps both YoY and QoQ.
- **Consolidated margins stood at 36.8%,** down by 410bps YoY but sequentially improved by 670 bps. The reported PAT of 33 Cr was up by 8x YoY due to savings in interest expenses.
- **Juniper's GMH, comprising 200 keys that were previously out of service, has now been fully refurbished** and launched as "The Grand Showroom," featuring approximately 49,000 sq ft for high-end MICE events.

Sector Outlook: Positive

Company Outlook & Guidance: The hospitality industry upcycle remains strong, driven by corporate demand, large events, and high-profile social gatherings. ARR growth continues in Jan'25, especially for Grand Hyatt Mumbai and Andaz Delhi. According to Horwath HTL's prediction, demand is projected to grow over 10% annually for the next 3-4 years, while supply, at 7%, will continue to lag behind demand. Foreign Tourist Arrivals (FTA) reached 92 Lc in FY24, and corporate travel expenses under MICE remain below pre-COVID levels.

Current Valuation: EV/EBITDA 17x for Sep FY27E earnings.

Current TP: Rs 360/share (Earlier TP: Rs 380/share)

Recommendation: BUY

NO CHANGE

AXIS SECURITIES

H. G. Infra Engineering Ltd

Diversified Orderbook & Robust Execution to Drive Growth

Recommendation: BUY | Reco Price: 1273 | TP: 1720 | Upside: 35%

Est. Vs. Actual for Q3FY25: **Revenue** – **MISS**; **EBITDA Margin** – **INLINE**; **PAT** – **MISS**

Change in Estimates post Q3FY25 (Abs.)

FY25E/FY26E: Revenue: -1%/-1%; **EBITDA:** 0%/-1%; **PAT:** -2%/-3%

Recommendation Rationale

- **Healthy Order Book:** As of December 31, 2024, the company's total order book stood at Rs 15,080 Cr, equivalent to 3x FY24 revenue. A significant portion, 94%, of these projects is attributed to the Government of India, with the remaining 6% from the private sector, ensuring strong revenue visibility for the next 2-3 years. The company is anticipated to achieve a 15% CAGR revenue growth over FY24-26E.
- **Diversified Revenue Streams:** Traditionally focused on Roads and Highways, the company has successfully expanded into the Railways and Solar sectors, securing multiple orders in these segments. These now contribute 25% of the total order book, reducing dependence on a single sector. Management is also exploring opportunities in the transmission sector, particularly in Tariff-Based Competitive Bidding (TBCB) projects, which share similarities with EPC projects. This diversification and an expanding sectoral presence are expected to support 15% CAGR revenue growth over FY24-26E.
- **Order Inflow & Segment Diversification:** The company anticipates an order inflow of Rs 11,000-12,000 Cr in FY25, with projects worth around Rs 8,200 Cr already secured in 9MFY25. Management expects 35-40% of the order book to come from non-road projects over the next 2-3 years. Additionally, the company aims to secure Rs 10,000-12,000 Cr in new orders in FY26.

Sector Outlook: **Positive**

Company Outlook & Guidance: The company has guided for an order inflow in the range of Rs 11,000-12,000 Cr and expects revenue growth of 17-18% and an EBITDA margin of 15-16% in FY25. For FY26, the guidance for revenue stands at ~Rs 7000 Cr, EBITDA margins of 15%-16% and inflow of Rs 10000 Cr.

Current Valuation: **14x FY26 EPS** (**Earlier Valuation: 15x FY26 EPS**) **and HAM/Solar assets/Battery storage 1.2x/1x/1x book value respectively**

Current TP: **Rs 1,720/share** (**Earlier TP: Rs 1,800/share**)

Recommendation: We maintain our **BUY** recommendation on the stock.

Ahluwalia Contracts (India) Ltd

Better Execution Expected in FY26; Retain BUY

Recommendation: BUY | Reco Price: 708 | TP: 860 | Upside: 21%

Est. vs. Actual for Q3FY25: **Revenue** – **MISS**; **EBITDA Margin** – **INLINE**; **PAT**– **MISS**

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: -7%/-7%; **EBITDA: -6**%/-7%; **PAT: -11**%/-13%

Recommendation Rationale

- **Robust order book:** The company has an order book of Rs 16,258 Cr (as of 31st Dec'24) and a YTD order inflow of Rs 7,794 Cr. The breakup of this order book is as follows: Hospital – 14% (Rs 2,279 Cr), Commercial – 17.4% (Rs 2,832 Cr), Institutional – 7.6% (Rs 1,234 Cr), Residential – 30.8% (Rs 5,002 Cr), Infrastructure – 29.3% (Rs 4,763 Cr), and Hotel – 0.9% (Rs 149 Cr).
- **NGT Ban has impacted the execution:** In Oct'24, the NGT ban in Delhi-NCR affected project execution, impacting 33% of the company's order book. As a result, management has revised its revenue growth guidance to 10%, with EBITDA margins now expected to be in the range of 8.5-9%, compared to the previously anticipated double-digit margins for FY25.
- **Robust financial position:** The company exhibits a strong financial position, reflected in its net debt-free status, robust cash/bank balance, and high return ratios. Additionally, the government's increased focus on developing institutions, healthcare infrastructure

Sector Outlook: **Positive**

Company Outlook & Guidance: For FY25, management has revised their guidance for revenue growth to 10% and EBITDA margins to be 8.5-9%. For FY26, revenue growth of 15-20% is expected with above 10% EBITDA margins.

Current Valuation: **18x FY26E EPS** (**Earlier Valuation: 20x FY25 EPS**).

Current TP: Rs 860/Share (**Earlier TP: Rs 1,090/share**)

Recommendation: **We maintain our BUY rating on the stock.**

NO CHANGE

AXIS SECURITIES

Bata India Ltd

Recovery Would be Gradual; Maintain HOLD

Recommendation: HOLD | Reco Price: 1353 | TP: 1320 | Upside: -2%

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA – BEAT ; PAT – MISS

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: 1%/0%; **EBITDA:** 6%/3%; **PAT:** 14%/6%

Recommendation Rationale

- **Topline remains muted:** The company reported subdued revenue growth of 1.7% YoY (vs. expected 5%), as a prolonged EOSS and strong double-digit growth in Hush Puppies were offset by a weak demand environment. However, management highlighted that growth was volume-driven across channels, marking a shift after several quarters, aided by category simplification and affordability initiatives. Inventory optimisation remains a key focus, with a 12.1% YoY reduction in Q3FY25. With zero-waste merchandising at its core, store expansion is gaining momentum, now spanning three towns. Additionally, the "ladies closed" category was streamlined from 11 to three price points, improving consumer decision-making and driving a strong uptick in sales volume.
- **Margins Improvement:** EBITDA margins improved by 152 bps YoY to 21.7% (beat), driven by a 13 bps expansion in gross margins and effective cost-control measures, with other expenses declining by 3.6% YoY. This margin expansion reflects the company's continued focus on operational efficiencies and disciplined expense management.
- **Premium continues to perform:** Floatz achieved a notable 1.29x YoY growth in revenue and 1.25x growth in volume, establishing itself as a Rs 100 Cr+ brand. Meanwhile, the Power brand recorded a 1.09x YoY growth, reinforcing its position as a key contributor to both the athleisure segment and overall revenue growth. Management remains optimistic about a demand recovery, driven by a strategic focus on volume-led revenue growth through affordable and fresh product offerings. Additionally, a disciplined approach to cost control, with an emphasis on efficiency and productivity, will remain central to sustaining profitability.

Sector Outlook: Cautiously optimistic

Company Outlook & Guidance: Due to near-term challenges and limited upside potential, we **maintain our HOLD rating on the stock.**

Current Valuation: **40x Dec'26 EPS (Earlier valuation: 42x Sep'26 EPS)**

Current TP: **Rs 1,320/share** (**Earlier TP: Rs 1,290/share**).

Recommendation: With a 2% downside from the CMP, we **maintain our HOLD rating on the stock.**

Aurobindo Pharma Ltd

Expecting RoCE expansion in H2FY26

Recommendation: BUY | Reco Price: 1191 | TP: 1500 | Upside: 26%

Est. Vs. Actual for Q3FY25: Revenue – **INLINE**; EBITDA – **MISS**; PAT – **MISS**

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: 7.0%/1.0%; EBITDA: 3.7%/3.9%; PAT: 4.9%/5.1%

Recommendation Rationale:

- Revenue increases in the European, Growth Markets, and ARV segments were offset by declines in the US and API segments. In the US market, injectable sales saw a $77 Mn decline, representing a 6% QoQ drop. This reflects significant price erosion despite an additional $10-$15 Mn in revenue from gRevlimid.
- Gross margins improved by 130bps YoY but declined by 38bps QoQ. EBITDA margins decreased by 200bps YoY and 31bps QoQ. Reported profit stood at Rs 846 Cr, falling short of the Rs 948 Cr expectation.

Sector Outlook: Positive

Company Outlook & Guidance: Aurobindo has allocated Rs 7,000 Cr in Capex over the past two years, focusing on areas such as Biosimilars and Pen-G (API). The company's future valuations will largely hinge on the return on invested capital (ROIC) generated from this significant investment.

Current Valuation: PE 20x for FY26Eearnings (Earlier Valuation: PE 22x)

Current TP: Rs 1,500/share (Earlier TP: Rs 1,500/share)

Recommendation: BUY

NO CHANGE

AXIS SECURITIES

Lupin Ltd

Lupin's Vision: Growth and Market Leadership

Recommendation: BUY | Reco Price: 2025 | TP: 2500 | Upside: 23%

Est. vs. Actual for Q3FY25: Revenue – INLINE; EBITDA Margin – BEAT; PAT – BEAT

Changes in Estimates (%) post Q3FY25

FY25E/FY26E: Revenue: 0.7%/0.4%; **EBITDA Abs** 0.7%/0.4%; **PAT**: 1.0%/0.4%

Recommendation Rationale

- **A strong set of results:** Lupin reported a strong set of results that exceeded our expectations. Reported revenue grew by 11% YoY, led by the India and US businesses, which grew by 11.9% and 12.3%, respectively, YoY, and the EMEA business, which grew by 20.9% YoY. However, the Emerging Markets business declined by 4.7% YoY, and API shows a gradual recovery with 4% YoY growth.
- **Improvement in gross margin:** The company's gross margin improved by 330 bps YoY and remained flat QoQ, driven by a favourable product mix, lower input costs, a reduced share of in-licensed products, and increased cost efficiencies.
- **EBITDA margins improved** by 350bps YoY and remained flat QoQ. Reported PAT grew by 40.1% YoY, surpassing expectations.

Sector Outlook: Positive

Company Outlook & Guidance: Lupin has a strong pipeline of niche products that could support double-digit growth in the U.S. market. Injectable products like Glucagon and Dalbavancin, with a market opportunity of $500 Mn, are expected to launch within six months. Additionally, Liraglutide and Risperidone could contribute to revenue in FY27E. Lupin is exploring opportunities in biosimilars, including Ranibizumab and Aflibercept, with Tolvaptan expected to add revenue in the generic segment.

Current Valuation: PE32x for Q1FY27 earnings

Current TP: Rs 2,500/share (Earlier TP: Rs 2,600/share)

Recommendation: BUY

CCL Products (India) Ltd

Strong Operational Performance Despite Weak Volumes; Maintain BUY

Recommendation: BUY | Reco Price: 648 | TP: 730 | Upside: 13%

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA – MISS ; PAT – MISS

Changes in Estimates post Q3FY25

FY2E6/FY27E: Revenue: -7%/-9%; **EBITDA:** -7%/-12%; **PAT** -5%/-12%

Recommendation Rationale

- **Revenue Performance:** Revenue grew 14% YoY to Rs 758 Cr, driven by a ~3% volume increase (vs. double-digit guidance). The moderation in volume growth was due to higher volatility in coffee prices, leading to slower long-term contracts. However, management remains optimistic, reiterating its long-term volume growth target of 15%.
- **Pricing Strategy:** Over the past 18 months, the company has taken price hikes of 30%–40% in the B2C segment, with an additional 10%–15% increase still under consideration. Future pricing decisions will be guided by market conditions and competitive responses, as the company closely tracks industry leaders before finalising its strategy.
- **EBITDA Growth Outlook:** Management indicated that coffee prices are expected to stay elevated in the near term. However, they remain confident in sustaining EBITDA growth within the 15–20% range by prioritizing long-term agreements, private label partnerships, and higher-margin contracts, which provide better pricing stability and profitability.
- **Debt and Working Capital Position:** The company's working capital remains elevated at approx. Rs 1,200 Cr, primarily due to high coffee prices. Meanwhile, long-term debt stands at Rs 790–800 Cr, bringing total debt to around Rs 2,000 Cr. The sustained increase in working capital reflects the impact of commodity price fluctuations, which continue to influence the company's financial position. Management indicated that going forward, total debt would not exceed Rs 2,200 Cr.

Sector Outlook: Positive

Company Outlook & Guidance: We have revised our FY25/26 estimates downward to account for elevated coffee prices, increased depreciation, and higher interest costs. Despite these adjustments, we maintain our BUY recommendation on the stock as we roll over our estimates to Dec'26.

Current Valuation: **23x Dec-26 EPS** (**Earlier Valuation: 23x Dec-26 EPS**).

Current TP: **Rs 730/share(Earlier TP: Rs 820/share)**

Recommendation: With a 13% upside from the CMP, we **maintain** our BUY rating on the stock.

Mold-Tek Packaging Ltd

Awaiting Margin Recovery; Maintain HOLD

Recommendation: HOLD | Reco Price: 558 | TP: 600 | Upside: 8%

Est. Vs. Actual for Q3FY25: Revenue: Broadly INLINE; EBITDA: MISS ; PAT: MISS

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: -1%/2%/2%; **EBITDA:** -4%/-3%/-3%; **PAT**: -12%/-8%/-6%

Recommendation Rationale

- **Revenue growth driven by volumes and realisation:** During the quarter, while volumes increased by 7.5%, overall revenue grew by 15.25%, indicating an improvement in average realisations. The volume growth was primarily driven by Food & FMCG-Packs (+12.02%) and Paints-Packs (+16.53%). The realisation improvement was supported by higher raw material prices as well as an increase in selling prices. Management expects realisations to improve further as higher-priced pharma products contribute more to the top line.
- **Margins recovery still awaited:** EBITDA/Kg for the quarter stood at Rs 36.7/Kg, remaining below the company's targeted levels. Delays in capacity ramp-up and additional expenses related to newer capacities continued to impact EBITDA margins during the quarter. While management expects EBITDA/Kg to improve as capacity utilisation increases (targeting Rs 40/Kg by FY26), it may still remain below Rs 38 for Q4FY25. Additionally, depreciation and interest expenses related to recent investments are further impacting margins at the PAT level. Going forward, improving capacity utilisation will be key to enhancing profitability on a per-unit basis.

Sector Outlook: Neutral

Company Outlook & Guidance: The company's volume growth rate is expected to improve gradually over the next few quarters as new capacities and products in FF, Paint, and Pharma Packaging start contributing significantly. While volume growth of ~8-9% is expected in FY25, strong momentum (double-digit) is anticipated from FY26 onwards. This growth is expected to be driven by Pharma capacities and an anticipated 40-50% increase in volumes from Aditya Birla Group. Additionally, the company is relying on higher utilisation and an improved product mix to achieve its target EBITDA/Kg of Rs 40 by FY26.

Current Valuation: **18x FY27E** (Earlier: **22x FY27E**)

Current TP: **Rs 600/share** (Earlier: Rs 785/share)

Recommendation: We **maintain our HOLD rating** on the stock.

Skipper Ltd

Good Q3 with Macro Tailwinds Intact; Capacity Ramp-Up Remains Key

Recommendation: BUY | Reco Price: 482 | TP: 570 | Upside: 18%

Est. Vs. Actual for Q3FY25: Revenue – BEAT ; EBITDA – BEAT

Change in Estimates post Q3FY25:

FY25E/FY26E/FY27E: Revenue: 8%/0%/-4%; **EBITDA:** 8%/0%/-4%; **PAT:** 12%/0%/-5%

Recommendation Rationale

- **Strong Macro Tailwinds:** The 9.15 Tr capex over 2023-2032 as per National Electricity Plan through Public-Private-Partnership agreements and through Power Grid's own balance sheet strength will continue to drive growth for Skipper's Engineering division. The export market led by the transition towards RE and carbon neutrality offers a broad scope for growth. The demand outlook is strong, and it already has a strong bid pipeline of Rs 18,000-20,000 Cr.
- **Capacity expansion – a key monitorable:** To capitalise on these macro tailwinds, capacity expansion remains critical as currently its Engineering capacity at 300 kt is already operating at 85% utilisation. The 1st plan of 75kt capacity addition, which would add ~Rs 700 Cr to the topline, will now come online by Q1FY26 as against the earlier target of Q4FY25. The 2nd 75kt capacity post the 1st 75kt, which was targeted to go online by the end of FY26, is still at the pre-approval stage.
- **Strong Order Book:** Skipper received new orders totalling Rs 1,318 Cr in Q3FY25, including orders from PowerGrid Corporation of India and from various SEBs. As of Dec'24, the order book stood at Rs 6,354 Cr (Rs 6,590 Cr as of Sep'24).

Sector Outlook: Positive

Company Outlook & Guidance: The management expects a strong revenue growth YoY on the elevated FY25 revenue base for next year. The next 4 years capex guidance of Rs 800 Cr (out of which Rs 200 Cr in FY25) is unchanged. Majority of the 75kt capacity expansion would be done by Q4FY25 with some spill over to Q1FY26.

Current Valuation: 22x on our FY27 EPS estimate (Unchanged)

Current TP: **Rs 570/share** (Earlier TP: Rs 600/Share)

Recommendation: We **maintain our BUY** recommendation on the stock.

NO CHANGE

AXIS SECURITIES

Signatureglobal (India) Ltd.

Strong Growth Runway; Maintain BUY

Recommendation: BUY | Reco Price: 1297 | TP: 1645 | Upside: 27%

Est. vs. Actual for Q3FY25: Revenue – MISS ; EBITDA – MISS ; PAT – BEAT

Changes in Estimates post Q3FY25

FY25E/FY26E/FY27E: Revenue: 0%/0%/0%; **EBITDA:** 0%/0%/0%; **PAT:** 0%/0%/0%

Recommendation Rationale

- **Upcoming Launches and Portfolio Pipeline:** The company's ongoing portfolio of 11.2 Mn sqft primarily consists of mid-income and affordable housing projects, which are nearly 95% sold with a sales value of Rs 10,360 Cr and are expected to be delivered in the next 5-6 quarters. Recent launches account for 13.5 Mn sqft (out of 35 Mn sqft), while the forthcoming portfolio comprises 21.6 Mn sqft. These launches have a GDV potential of approximately Rs 15,000 Cr.
- Among recent launches is Daxin Vistas, marking the company's successful entry into large township developments. The upcoming 21.6 Mn sqft is expected to be launched over the next 2-3 years, with a GDV potential of ~Rs 35,000 Cr. Key forthcoming projects include a 3 Mn sqft development in 37D, a 1.6-1.7 Mn sqft project in Sector 71, and new 'low rises' in Sohna, all in the advanced stages of approval and expected to be launched on time. Additionally, the company has added 2.9 Mn sqft in 37D, a core market for Signature Global.
- **Strong Operational Performance:** The management has maintained its guidance for pre-sales at Rs 10,000 Cr and collections at Rs 6,000 Cr. The company has achieved 87% of its pre-sales guidance and 54% of its collections guidance. Operating surplus for 9MFY25 stood at 38% of collections at Rs 1,210 Cr, compared to 36% in 9MFY24. The company achieved CY24 pre-sales of Rs 12,820 Cr, implying a run rate of approximately Rs 1,000 Cr per month in sales. Similarly, collections stand at ~Rs 300 Cr per month, expecting further improvement in the coming quarters. The company's embedded EBITDA margin stands at 35%.

Sector Outlook: Positive

Company Outlook & Guidance: **We remain positive about the company's long-term prospects.**

Current Valuation: 4.9x FY26E Pre-sales/EBITDA (**Earlier** 4.9x FY26E Pre-sales/EBITDA**)**

Current TP: **Rs 1,645/share** (**Earlier TP: Rs 1,645 /share**).

Recommendation: With a 27% upside from the CMP, we **maintain our long-term BUY** rating on the stock.

Trent Ltd

Marginal Miss on Operating Front; Maintain BUY

Recommendation: BUY | Reco Price: 5257 | TP: 7100 | Upside: 35%

Est. Vs. Actual for Q3FY25: Revenue – INLINE; EBITDA – MISS ; PAT – MISS

Changes in Estimates post Q3FY25

FY26E/FY27E – Revenue: 0%/-2%; **EBITDA:**-2%/-5%; **PAT:** -1%/-5%

Recommendation Rationale

- **Excellent growth despite challenging environment** – Revenue growth of 37% YoY to Rs 4,535 Cr is commendable despite the challenging environment. The fashion format reported high single-digit LFL growth. For 9MFY25, revenue grew 43%, with a volume growth of 39%, driven by aggressive store expansion. The total footprint expanded by 33% over the last year, reaching 11 msq. ft across fashion brands.
- **Expanding footprint with strategic store openings**: Trent added 12 Westside stores and 58 Zudio stores in Q3, taking the total store count to 238 and 635, respectively. Management reiterated its plan to undertake a store optimisation program, which involves upgrading or consolidating smaller footprint stores with newer micro-market stores. In the short term, there could be some slowdown in store openings; however, in the long run, larger and more aesthetically appealing stores will provide a sustainable competitive advantage to Trent.

Sector Outlook: Positive

Company Outlook & Guidance: We maintain our **BUY** recommendation as sharp correction provides a better entry point as the long-term outlook remains strong.

Current Valuation: SOTP

Current TP: **Rs 7,100/share** (**Previous TP: Rs 7,450/share**).

Recommendation: With a 35% upside potential from the CMP, we **maintain our BUY rating on the stock.**

NO CHANGE

AXIS SECURITIES

Steel Authority Of India Ltd

Largely Inline Q3, Higher Leverage Risk Persists; Maintain HOLD

Recommendation: HOLD | Reco Price: 106 | TP: 115 | Upside: 8%

Est. Vs. Actual for Q3FY25: Adj Revenue – INLINE; Adj. EBITDA – BEAT; Adj PAT – BEAT

Change in Estimates YoY post Q3FY25:

FY25E/FY26E: Revenue: -6%/-3%; **EBITDA:** -18%/-6%, **PAT:** -48%/-15%

Recommendation Rationale

- **Spreads likely to improve slightly in Q4FY25:** Blended Coking coal costs are expected to come down by ~Rs 1,000/t QoQ in Q4FY25, led by declining imported coking coal prices. Average blended NSR in Jan'25 was down by ~Rs 1,000/t at Rs 48,500/t; however, prices are likely to increase in coming months as market sentiments are now positive for flat steel. This could improve spreads slightly QoQ in Q4FY25.
- **Higher Capex intensity ahead for expansion projects:** SAIL will raise its capacity to 35 MT from 20 MT currently in phases with a total capex of Rs 1.1-1.2 Lc Cr. In Phase I it will add 7.5 MT capacity by FY31 where it has got stage I approval for the IISCO greenfield steel plant, Bokaro and Durgapur expansion and for phase II it is in the process of getting the stage-I approval for the Rourkela and Durgapur steel plant which will add another 7.5 MT capacity.
- **Borrowings are down QoQ, but the risk of increasing leverage remains:** Total borrowings currently stand at Rs 32,600 Cr, down from Rs 35,596 Cr as of the end of Q2FY25. The company has guided to reduce the borrowings to ~Rs 30,500 Cr, which will be similar to the level seen at the end of FY24. During the expansion phase, it will target D: E of 1:1; however, execution risk remains as expansion capex kicks in from FY27 onwards.

Sector Outlook: Cautious

Company Outlook & Guidance: SAIL's Capex execution will be a key monitorable and also a key risk once its expansion Capex starts from H2FY26/FY27 and peaks in FY28/29. FY25 Capex guidance is at Rs 5,700 Cr (Revised down from Rs 6,000 Cr). FY26 capex will be higher at Rs 7,500 Cr as some portion of it will go for the start of the expansion projects. Crude steel production guidance is 18.5 MT (revised down from 19.2 MT earlier). Sales volume will be at ~17.5 MT (revised down from earlier guidance of 18 MT).

Current Valuation: 6.0x EV/EBITDA on Dec'26E EBITDA (From Sep'26E earlier).

Current TP: Rs 115/share (From Rs 130/share)

Recommendation: We maintain our HOLD rating.

Bharti Airtel Ltd

Strong Business Matrix; ARPU Gains Continue

Recommendation: BUY | Reco Price: 1678 | TP: 1900 | Upside: 13%

Est. vs. Actual for Q3FY25: Revenue – INLINE; EBITDA Margin – BEAT ; PAT – BEAT

Changes In Estimates post Q3FY25

FY25E/FY26E: Revenue: 0%/0%; **EBITDA:** 1.6%/3.2%; **PAT:** 6.7%/5.9%

Recommendation Rationale

- The company's digital portfolio is gaining momentum along with market share gains
- The company maintained a substantial share of 4G/5G net ads in the market, with the 4G customer base expanding by 6.5 Mn QoQ and 25.2 Mn YoY. This now constitutes 77.8% of the overall customer base.
- The company's ARPU continues to be the best in the industry, and average data usage per customer stands healthy at 24.5 GB/month.
- The management remains optimistic about sustaining long-term demand growth, driven by a robust digital services portfolio, increasing rural adoption of 4G, and improved cash flow management.

Sector Outlook: Positive

Company Outlook & Guidance: The company expects consistent revenue growth across its core business segments, driven by increasing 4G and 5G adoption, broadband expansion, and enterprise solutions. EBITDA margins are projected to remain strong, supported by operational efficiencies, network optimisation, and digital service monetisation. Management remains committed to financial prudence, ensuring sustainable free cash flow generation and debt reduction. Capex levels are expected to moderate in FY26, reflecting a decrease in 5G radio investments. It has already prepaid a significant portion of spectrum debt and expects a gradual reduction in the Capex-to-revenue ratio, aligning with global telecom peers. Airtel emphasises the need for continued tariff rationalisation to improve the industry's financial health.

Current Valuation: SOTP based

Current TP: 1,900/share (Earlier TP: Rs 1,880/share)

Recommendation: Given the company's strong recovery potential backed by strong conversion, rising digital portfolio, and moderated Capex, **we maintain our BUY recommendation on the stock.**

ITC Ltd

Strong Cigarette Volume Growth; Maintain BUY

Recommendation: BUY | Reco Price: 441 | TP: 510 | Upside: 16%

Est. vs. Actual for Q3FY25: Not comparable as **ITC posted Ex-ITC numbers**

Changes in Estimates post Q3FY25

FY26E/FY27E: Revenue: -6%/-6%; **EBITDA:** -10%/-10%; **PAT:** -10%/-9%

Cut in estimates is largely attributed to the demerger of ITC hotels, hence not comparable

Recommendation Rationale

- **Resilient Performance:** ITC delivered a resilient Q3FY25 performance with 8% YoY revenue growth (ex-Hotels), driven by strong growth in cigarettes and the Agri segment. At the same time, the FMCG and Paperboard businesses reported muted performance. The Hotels business reported a strong ~15% revenue growth on a high base. The Cigarette segment grew 8% YoY, led by volume growth of ~6% YoY, ahead of our and street expectations of 3-4%. The Agri segment expanded 9.7% YoY, driven by leaf tobacco and value-added agri exports. Meanwhile, the FMCG business reported moderate growth of 4% YoY, impacted by a broad-based slowdown in the sector. The Paperboard business grew 3% YoY but faced pricing pressures due to low-cost Chinese and Indonesian supplies, which weighed on realisations.
- **Gross margins** declined by 255bps YoY to 53.8% due to a sharp escalation in key input materials (edible oils, wheat, potato, leaf tobacco, and wood) and lower realisations in the paperboard business.
- **Long-term story remains strong:** We believe ITC's long-term growth trajectory remains intact, with most segments (excluding FMCG and Paperboards) on a steady path. 1) Cigarette volumes continue to grow, supported by new innovations and premiumisation. 2) The Agribusiness remains resilient, driven by strong customer relationships and agile execution in leaf tobacco, coffee, and spices. 3) While FMCG growth has been impacted by muted urban demand and input cost inflation, the sector is poised for a recovery. The government's recent budget measures, along with expanding outlet coverage, localisation strategies, and premiumisation efforts, are expected to revive growth in the coming quarters.
- **Hotel Business has demerged into ITC Hotels Limited** (ITCHL) since Jan 1, 2025.

Sector Outlook: Positive

Company Outlook & Guidance: We have cut our FY25/FY26 estimates to account for the ITC Hotels demerger, while making a marginal revision to factor in volatile input costs and continued pressure on the paper and paperboard business.

Current Valuation: **27x Mar'27 EPS** (**Earlier Valuation: 27x Dec'26 EPS**).

Current TP: **Rs 510/share** (**Earlier TP Rs 550**).

Recommendation With an upside potential of 16% from the CMP, we **maintain** our BUY rating on the stock.

VA Tech Wabag Ltd.

Robust Medium-Term Revenue Visibility; Maintain BUY!

Recommendation: BUY | Reco Price: 1420 | TP: 1970 | Upside: 39%

Est. Vs. Actual for Q3FY25: **Revenue:** BEAT; **EBITDA:** MISS; **PAT:** MISS

Changes in Estimates post Q3FY25

FY25E/FY26E/FY27E: Revenue: -4%/5%/3%; **EBITDA:** -10%/-2%/0%; **PAT:** -12%/-2%/0%

Recommendation Rationale

- **Order Pipeline Strengthening:** The company has secured new orders totalling over Rs. 2,781 Cr this quarter, increasing its total order book to around Rs 14,200 Cr (including framework contracts). It also recently won a consortium order worth Rs 3,251 Cr ($371 Mn) for the Al Haer Independent Sewage Treatment Plant in Riyadh, Saudi Arabia. With this, the company is now likely to surpass the order book target of over Rs 16,000 Cr by the end of this fiscal year.
- **Margins to improve with revenue growth acceleration:** The recent orders are expected to accelerate revenue growth starting FY26. Management has guided a 15-20% revenue CAGR over the next three to five years. The sustained revenue growth and improving product mix are also expected to drive profit margins higher in the medium term.
- **Improving Cash Cycle:** The company has now been net cash positive for the eighth consecutive quarter, with a net cash position of Rs 263 Cr as of Q3FY25. It continues to focus on reducing working capital requirements and expects further improvement in the coming quarter.

Sector Outlook: **Optimistic**

Company Outlook & Guidance: The management anticipates strong revenue growth driven by India and MEA, projecting a CAGR of 15%-20% over the next 3-5 years. EBITDA/PAT growth is expected to outpace revenue growth, with EBITDA margins ranging between 13%-15% and potentially exceeding the upper end of this guidance. The company currently holds a robust order book of approximately Rs 14,200 Cr, aims to surpass Rs 16,000 Cr by FY25, and targets order book 3X of revenue in the medium term.

Current Valuation: **21x FY27E** (unchanged)

Current TP: **1970/share** (unchanged)

Recommendation: **We maintain our BUY rating on the stock.**

DOWNGRADES

Eicher Motors Ltd

Positives Largely Factored in the CMP

Recommendation: HOLD | Reco Price: 5329 | TP: 5060 | Upside: -5%

Est. Vs. Actual for Q3FY25: Revenue – **MISS**; **EBITDA** – **MISS**; **PAT**– **MISS**

Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: 1.3%/0.6%; **EBITDA:** 2.1%/0.6%; **PAT:** 0.5%/0.5%

Recommendation Rationale

- **New Product Launches**: Eicher Motors pursued an aggressive product launch strategy in Q3FY25, introducing five major models under the Royal Enfield (RE) brand—Bear 650, New Classic 650, Bullet Battalion Black (which received a strong response in the North), Goan Classic 350, and Scram 440. Additionally, Royal Enfield unveiled its EV brand Flying Flea, showcasing the FF C6 and FF S6, with production set to begin in Q1FY26 at the Vallam plant, which has an initial capacity of 1,50,000 units per annum.
- **International market:** RE inaugurated its first wholly owned CKD assembly plant in Thailand, scaling production to 5,000-7,000 units per month, serving as a strategic hub for exports to ASEAN countries and leveraging FTAs. The company continued its dominance in the midweight motorcycle segment, maintaining an 8.5% market share in Europe, 8% in the Americas, and 9% in the Asia-Pacific region.
- **VECV Business**: Revenues were up 19% YoY to Rs 4,973 Cr in Q3, while EBITDA grew 10% YoY to Rs 1,201 Cr, with EBITDA margins at 24.2% (down 200 bps YoY) due to competitive pricing. The company sold 21,012 units in Q3, attaining a market share of 18.9%. Despite a 1.7% industry decline, VECV maintained a 36% LMD market share, while heavy-duty truck sales reached 5,428 units (8.9% share). The bus segment recorded Q3 sales of 3,749 units (20.7% share, up 10% YoY), and exports grew 44.5% to 1,192 units. EBITDA margin rose to 8.8%, up 0.8% YoY, driven by cost and pricing efficiencies.

Sector Outlook: Positive

Company Outlook & Guidance: Eicher expects sustained growth driven by strong domestic demand, export expansion, and new product launches. Royal Enfield will focus on strengthening its midweight segment while preparing for the Flying Flea EV launch in Q1FY26 with an initial 1,50,000-unit capacity. International expansion continues with a flagship store in Bangladesh and a new CKD plant in Thailand. VECV anticipates a rebound in Q4FY25, supported by economic growth of 6.3-6.5% and government infrastructure CapEx. The Eicher Pro-X will drive growth in LCVs, and e-mobility investments remain a key focus. The company is on track for Rs 1,000 Cr CapEx in FY25, balancing volume expansion and profitability across motorcycles and commercial vehicles.

Current Valuation: We value RE standalone business at 28x on FY26 EPS (unchanged) and VECV at 10x EV/EBITDA on FY26 EBITDA (unchanged).

Current TP: **Rs 5,060/share** (Earlier TP: Rs 5,050/share)

Recommendation: We **recommend** a **HOLD** rating on the stock.

Earnings Wrap Archive – Q3FY25

[Q3FY25 Earnings Wrap – WEEK I]

[Q3FY25 Earnings Wrap – WEEK II]

[Q3FY25 Earnings Wrap – WEEK III]

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