JM Financial

Diwali Picks 2025

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Company	Sector	CMP (Rs)	TP (Rs)	Upside (%)
Maruti Suzuki India	Auto	16,325	19,000	16%
Fiem Industries	Auto Ancillary	1,960	2,400	22%
Axis Bank	Banks	1,190	1,330	12%
IIFL Finance	NBFC	492	600	22%
L&T Finance	NBFC	267	300	12%
Apollo Hospitals Enterprise	Hospital	7,677	9,000	17%
Lloyds Metals & Energy	Metals	1,318	1,680	28%
Ratnamani Metals & Tubes	Metals	2,324	2,900	25%
Brainbees Solutions	New Age	368	460	25%
Anant Raj	Data Center	685	844	23%
Eureka Forbes	Consumer Durables	545	715	31%
Astral	Building Material	1,421	1,600	13%

Source: JMFS Research

Maruti Suzuki India (CMP: Rs16,325; TP: Rs19,000; Upside: 16%)

- Ramp-up costs at MSIL's new greenfield plant in Kharkhoda (capacity of 2.5 lakh units per annum) are expected to decline as operations stabilize. A shift toward a more favorable product mix—particularly an increase in CNG SUV offerings—is likely to support margin. Additionally, the upcoming in-house battery plant will enable a series of hybrid vehicle launches. This vertical integration is expected to lower costs and enhance profitability in the hybrid segment. Overall, these initiatives are projected to drive an EBITDA margin improvement of 110 basis points over FY25–27E.
- Overall, we expect Maruti to post strong Revenue/PAT CAGR of 18%/23% over FY25-27E along with improvement in its RoCE/RoE to 17.7%/18.4% in FY27 (versus 15.2%/15.7% in FY25). Valuation of 24x FY27E EPS seems reasonable considering our expectation of robust earnings growth.
- Maruti is our top pick in auto space and we recommend Buy with target price of Rs19,000 (valued at 28x FY27E EPS).
- **Key Risk:** 1) Increase in competitive intensity could impact volume/margin, 2) Supply disruption risk of critical inputs, 3) Weak response to new PV launches, 4) Weaker-than-expected exports growth given geopolitical uncertainties.

Fiem Industries (CMP: Rs1,960; TP: Rs2,400; Upside: 22%)

- Fiem continues to strengthen its presence in the 4-wheeler segment (~3% of FY25 sales) with key wins including a second order from Mercedes, new contracts for M&M's Bolero, and development orders from Force Motors. A healthy RFQ pipeline worth Rs700 crore and supplies of number plate lamps for all Mahindra models underscore its growing acceptance and capabilities in this segment.
- The company is targeting a 15–20% revenue increase in FY26, supported by a capex plan of Rs75 crores for the current year and Rs200 crores over the next two years. Lighting remains the key revenue driver, supported by a strong order book and product pipeline.
- The share of LED products in lighting revenue has risen from 40% in FY21 to 64% in 1QFY26, significantly enhancing product value. With a 100% LED-focused order book and a strong pipeline of projects, this transition is expected to continue fuelling growth.
- We recommend Buy on Fiem with target price of Rs2,400 as valuation of 16x FY27E EPS seems attractive given its earning is expected to clock a robust 20-22% CAGR over FY25-27E along with RoE of 21%.
- **Key Risk:** 1) High reliance on few key clients poses significant revenue concentration risk. 2) Slowdown in ICE/ EV 2W sales.

Axis Bank (CMP: Rs1190; TP: Rs1330; Upside: 12%)

- We retain a preference for large private banks over mid-size banks given their stronger return profiles, better liability franchises, lower asset quality risk and attractive valuations relative to growth
- Axis Bank delivered an operating beat in 1Q26, primarily driven by moderation in operating expenses. However, profitability was impacted by elevated credit costs arising from technical slippages due to a shift in NPA recognition norms.
- With liquidity conditions expected to improve and credit costs likely to normalize, we anticipate a pick-up in growth momentum over the coming quarters. The core bank currently trades at 1.4x FY27E BVPS, and we believe a sustained re-rating will depend on a more meaningful acceleration in earnings growth over the next few quarters.
- We expect loan CAGR of ~12% during FY25-27E with avg. RoE of ~14% during FY26/27E. The stock trades at relatively inexpensive valuation of ~1.4x FY27E BVPS. Maintain BUY with a target price of Rs1,330, valuing the core bank at 1.7x FY27E BVPS
- **Key Risk:** Higher than expected NIM margin decline.

IIFL Finance (CMP: Rs492; TP: Rs600; Upside: 22%)

- IIFL Finance trades at 1.35x FY27E Consensus BVPS, which is at discount of 10% versus its 5-year year average one-year forward P/BV of 1.5x.
- The likely pick-up in the AUM growth would drive strong recovery in EPS/RoE to ~Rs46/13% in FY27, which translates into multi-fold rise of 5x/960 bps improvement over FY25-27E.
- Valuation comfort and earnings recovery would drive re-rating and makes risk reward favourable in our view. Continuous momentum in gold prices could result upward revision of earnings estimates and quality of loan portfolio.
- In our base case assumption of valuation converging to average long-term P/BV multiple of 1.7x and book value of Rs360 (based on Bloomberg consensus estimate) would give fair value of Rs600.
- **Key Risk:** Continuation of Higher than expected Credit cost.

L&T Finance (CMP: Rs267; TP: Rs300; Upside: 12%)

- LTF benefits from its strong parentage – Larsen &Toubro is one of India's most respected business conglomerates with a strong legacy, LTF has a highly diversified product mix, offering many distinct lending products, nearly 90% of its loan book comprising retail finance, a steady increase from 55-60% 5 years back.
- LTF began FY26 on a stable footing, despite ongoing asset quality challenges in the MFI industry (more residual in nature), unsecured business loans and micro-LAP. The company continues to pursue a measured growth strategy, with a sharper focus on secured and prime segments, while effectively leveraging its proprietary underwriting platform, Project Cyclops, to reinforce credit discipline.
- We expect LTF to sustain its growth momentum with healthy traction in 2Q, followed by a strong acceleration in 2H, supported by festive season demand. We model a CAGR of 17% in the retail loan book over FY25-FY27E.
- We expect LTF ROAs to structurally move above 2.7% due to better metrics of retail business, we value LTF at 2.2x FY28E P/BV, giving it a TP of INR 300/Share.
- **Key Risk:** Resurfacing of asset quality concern.

Apollo Hospitals Enterprise (CMP: Rs7,677; TP: Rs9,000; Upside: 17%)

- With 1,717 beds being added, an 8% annual increase in pharmacy outlets, and improving operating leverage in the 24/7 segment, we project Apollo Hospitals to deliver 17%/21%/27% revenue / EBITDA / PAT CAGR FY25-FY28 respectively. The stock trades at 25x FY27E EV/EBITDA, which is at steep discount to Max Healthcare despite similar growth profile.
- It has announced plans to add 3,577 beds over this period with a planned capex of INR 55bn over the horizon, with a significant portion of these additions to come online in FY26–27, and the remainder likely to be commissioned after FY28. This phased rollout provides a buffer to maintain healthy margins in the interim.
- Apollo Hospitals Enterprise Limited (AHEL) is undergoing a strategic restructuring involving the demerger of its offline pharmacy distribution and Apollo 24/7 (encompassing its digital platform, online pharmacy, and telehealth services) into a new entity, with Keimed merging into this new company. The restructuring will ensure automatic listing, dedicated leadership for focused growth, and sustained financial performance across AHEL's hospital, diagnostics, and specialty businesses.
- We value Apollo Hospitals on a sum-of-the-parts (SOTP) basis and deriving a target price of Rs9000.
- **Key Risk:** 1) Slower-than-anticipated expansion of bed capacity or a delayed ramp-up in occupancy. 2) Regulatory risks driven by increasing public concern over healthcare inflation

Lloyds Metals & Energy (CMP: Rs1,318; TP: Rs1,680; Upside: 28%)

- Nifty metal index is up by 7% since July 2025 while Lloyds Metals is down by 16% and thus the company has significantly under-performed the metal index despite strong earnings growth outlook led by significant rise in its iron ore production.
- The company has continued to scale up production with Q2FY26/H1FY26 production growth of 24%/77% to 7.4mt/3.4mt y-o-y. We estimate Consol. EBITDA to grow by ~163%/12% y-o-y/q-o-q to ~INR9bn driven by the new pellet segment.
- The recent 16% fall in the stock price of Lloyds Metals provides good entry opportunity given our expectation of sharp ramp-up in the iron ore production to 6-7mt from Q3FY26 onwards (versus 4mt/3.4mt in Q1/Q2 of FY26 and implies robust growth of 1.5-1.75x) provides volume/earnings growth visibility over FY26E-28E.
- We Reiterate BUY on Lloyds Metals with target price of Rs1,680 (6.5x FY28E EBITDA for core iron ore + MDO business valued at 7x FY28E EV/EBITDA + CWIP of Rs11,000 crore).
- **Key Risk:** 1) Decline in Iron ore prices 2 Delay in ramp up of volumes. 3) Delay in commissioning of key downstream projects.

Ratnamani Metals & Tubes (CMP: Rs2,324; TP: Rs2,900; Upside: 25%)

- Ratnamani's stock price has corrected by 40% from 52-week high of Rs3770, which provides attractive entry opportunity for long-term investors as any signs of improvement in its order book would improve earnings outlook and drive re-rating of the stock.
- Valuation of 20x FY28E EPS seems reasonable as we expect earnings to pick over FY26-28E post steep decline of 13% in FY25. We see 15% earnings CAGR over FY25-28E led by scale up at spooling business (order book of Rs5bn), ramp-up of Ravi Technoforge to drive up margins and start of new cold finishing plant in Saudi. Pick in order book from domestic Oil & gas and water pipelines could drive management improve its volume growth guidance (5-10% growth).
- With a strong balance sheet (net cash & cash equivalent of Rs264 crore) and a diversified product offering in steel tubes and pipes, RMTL is well-positioned to take advantage of medium-term to long-term growth opportunities in the oil & gas and water sectors.
- We recommend Buy on Ratnamani Metals with a target price of Rs2900 (valued at 25x FY28E EPS).
- **Key Risk:** 1) Postponement in project execution might lead to lower demand for the company’s products. 2) Recessionary headwinds across global markets could impact the company’s business prospects.

Brainbees Solutions (CMP: Rs368; TP: Rs460; Upside: 25%)

- The IMC segment achieved 24% adjusted EBITDA growth in FY25 and is projected to deliver a ~22% CAGR over the next three years. Despite this robust outlook, it currently trades at just 31x Pre-Ind AS adjusted EBITDA—significantly lower than traditional retailers with slower growth and limited margin expansion—making it well-positioned for a re-rating at even the slightest indication of growth recovery.
- Brainbee is well-positioned for long-term growth, planning to add 90–100 COCO stores in FY26, while also seeking to replicate the success of its India Multi-Channel (IMC) omni-channel model in international markets.
- Management remains focused on sustainable growth and improving margins, with an early to mid-teens revenue growth target for FY26.
- We assign a Buy rating to the stock with a target price of Rs 460, valuing India Multichannel/ GlobalBees Brands/Others at 35x/30x/20x FY27E Pre-Ind AS adjusted EBITDA, respectively, while applying a 1.5x FY27E sales multiple to the International segment.
- **Key Risk:** 1) COCO store expansion may cannibalize existing footprint, 2) Execution challenges in the International segment, and 3) Increased competition from QC players or Meesho could erode market share.

Anant Raj (CMP: Rs685; TP: Rs844; Upside: 25%)

- Anant Raj is a leading real estate developer with diversified revenue streams, strong execution capabilities and is swiftly scaling up exposure to future-ready digital infrastructure. The company has reported strong financials with Sales/EBITDA/PAT CAGR of 69%/76%/149% (FY21-25) while its net debt has sharply reduced from Rs1,494 crore to Rs. 50 crore demonstrating strong deleveraging and prudent financial management.
- The company's diverse portfolio spanning housing, commercial, hospitality, and data centers provides a well-balanced growth engine for medium to long term. The launch pipeline of ~10.9 msf across luxury and high-end housing ensures strong pre-sales visibility while operational commercial assets with long-term leases support stable annuity income.
- The company plans to expand data center capacity from 28 MW to 63 MW by FY27 and 307 MW by FY32, targeting Rs. 1,200 crore and Rs.9,000 crore revenue, driven by digital growth and supportive policies.
- **Key Risk:** 1) Delay in launch of real estate project could impact valuation, 2) competition in data center resulting into lower profitability.

Eureka Forbes (CMP: Rs545; TP: Rs715; Upside: 31%)

- Many strong brands like Havells, Tata Swacch, and V-Guard have entered the water purifier market, but none of them were able to capture more than 5% market share, which is a testament to Aquaguard's excellent brand equity. The company's first preference call of about 62%, is substantially higher than the company's current market share (40%+), presenting a market share gain opportunity for the company.
- The water purifiers categories in India have only 6% penetration as compared to 43%/20%/7% in refrigerators, washing machines, and air conditioners, which implies secular growth potential for a few decades for top brands within the segment.
- Going forward, the company intends to improve its financial performance mainly through sustained volume-led growth, higher spend in growth initiatives like advertising and promotion, and improving in-store and digital presence. The company plans to expand its margin through operating leverage, a better product mix, and greater OpEx efficiencies (shared services, process automation, logistics/IT cost). The company is expected to clock a PAT CAGR of 36% over FY2025-2027E. The stock trades at 36x FY2027 EPS.
- **Key Risk:** 1) Competition from domestic and international brands 2) Availability of counterfeit products. 3) Inability to provide satisfactory after-sales service.

Astral (CMP: Rs1,421; TP: Rs1,600; Upside: 13%)

- The company continues to strengthen its CPVC franchise through backward integration into resin (40ktpa by Q2FY27), which should enhance supply security, support margins, and competitiveness.
- Astral has transformed into a comprehensive building materials company, offering a diverse portfolio that includes pipes, bathware & sanitaryware, adhesives, and paints. Bathware stands out as a significant growth opportunity, with revenues expected to increase from Rs 120 crores in FY25 to Rs 500 crores over the medium term, fueled by urbanization and rising hygiene awareness.
- The company is expected clock a Revenue/PAT CAGR of 13%/18% over FY25-28E. We value the business at t 55x Sep'27E EPS (~10% below 5-year average) to arrive at a price target of Rs 1600. The valuation reflects the company's superior margins in the pipes segment, potential for further margin expansion through backward integration, strong growth momentum in the adhesives business, and a solid balance sheet.
- **Key Risk:** 1) Rising competitive intensity in CPVC pipes, 2) Execution risk in CPVC resin manufacturing 3) Slower ramp-up in adjacencies

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Hold	Price expected to move in the range of 10% downside to 15% upside from the current market price.
Sell	Price expected to move downwards by more than 10%

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