

Automobile and Automobile Ancillaries - Sector Upgrade & Coverage Review



Sector Upgrade & Coverage Review

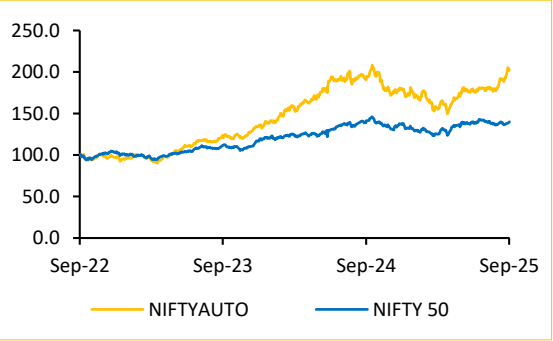
Automobile and Automobile Ancillaries

Sector View: Positive

Recommendation						
Company (Ticker)	Change in Estimates	Change in TP	Change in Rating	CMP (INR)	TP (INR)	Rating
Auto OEMs						
Ashok Leyland	✓	✓	✗	134	155	Buy
Bajaj Auto	✓	✓	✓	8,997	9,975	Add
Eicher Motors	✓	✓	✓	6,875	6,550	Reduce
Hero MotoCorp	✓	✓	✓	5,300	5,350	Reduce
M&M	✓	✓	✗	3,589	4,450	Buy
Maruti Suzuki	✓	✓	✓	15,325	15,200	Reduce
TVS Motors	✓	✓	✓	3,494	3,400	Reduce
Auto Ancillaries						
Endurance Tech	✓	✓	✗	2,865	2,820	Reduce
Fiem Industries	✓	✓	✓	2,149	2,200	Reduce
Gabriel India	✓	✓	✗	1,229	1,125	Reduce
Lumax Auto Tech.	✓	✓	✗	1,095	1,330	Buy
Lumax Ind.	✓	✓	✓	4,196	4,400	Add
Motherson Sumi Wiring	✓	✓	✓	50	48	Reduce
Sansera Eng.	✓	✓	✓	1,414	1,460	Reduce
Suprajit Eng.	✓	✓	✗	444	430	Reduce
Uno Minda	✓	✓	✓	1,281	1,215	Reduce

*CMP as on September 12, 2025

Rebased Price Chart



Preferred Long-term Investment Ideas

Mahindra & Mahindra Ltd.

TP: 4,450 | Upside: 24.7%

SUV-led growth and premiumization drive market share gains

GST rate cuts benefit all the segments of the company such as PV, CV and tractor.

Ashok Leyland Ltd.

TP: 155 | Upside: 17.9%

Upcoming differentiated offerings will help AL strengthen pricing power, customer stickiness, and competitive positioning.

GST rate cuts for CVs to act as a catalyst for the pent-up replacement demand of the aging CV fleet.

Lumax Auto Tech. Ltd.

TP: 1,330 | Upside: 22.0%

Robust order book of INR 15,000 Mn

Focus on high-growth, technology-driven segments, positions LMAX for sustainable growth.

Lumax Industries Ltd.

TP: 4,400 | Upside: 5.6%

Robust order book of INR 19,000 Mn

LED share to reach 65-70% in FY26; higher LED penetration and increase in contribution from PVs to drive future growth, as these areas have higher content value per vehicle.

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We revise our automobile sector outlook, from Neutral to Positive, given the favourable developments in recent times. In light of these developments, we have re-evaluated estimates and updated our stock recommendations. However, considering the sharp rally in recent weeks, most of the positives are already priced in, leaving limited upside for most of the companies.

What has changed

- GST restructuring set to unlock overall auto demand:** On the domestic front, the recently-announced change in GST structure, presents a major opportunity for the automobile sector. Small cars, two-wheeler and three-wheeler segments have moved to the lower 18% slab. Also, the rate changed for tractors, from 12% to 5%, and the large car segment to a flat rate of 40%; are positive signs. *This reduction is expected to boost demand, which was negatively impacted due to high vehicle prices driven by stricter emission and safety norms. OEM led price hikes also added to the overall cost of ownership, especially for entry-level buyers.*
- Rare earth supply chain gets a breather:** China has lifted restrictions on the export of rare earth magnets to India, which are crucial for making electric motors used in EVs and advanced auto components. *While, this is a positive for the automobile industry providing a short- to medium-term relief before the festive season, this should be taken with caution given China’s “now-you-get-it, now-you-don’t” policy. Over a longer term, the OEMs and government should focus on creating a robust supply chain by developing alternative sources and technologies.*
- Diversified trade strategy could cushion auto sector from US tariff volatility:** While US tariffs continue to present challenges, India is actively exploring alternative opportunities through trade diversification and improved foreign relations. The ongoing conversation on the India-UK Free Trade Agreement (FTA) represents a strategic opportunity; India seeks to expand its market access and strengthen ties with the UK. Additionally, India has observed incremental improvements with China, particularly since border disengagement efforts began in late 2024. These developments aim to foster more stable bilateral ties and open up channels for expanded trade which could benefit key domestic industries, at least on the supply chain side.
- Favourable rural tailwinds and government capex to drive 2W, tractor and CV demand:** Government-driven capital expenditure is expected to support long-term demand for CVs after monsoons. At the same time, a strong monsoon and higher kharif sowing are anticipated to boost rural income, which bodes well for 2W and tractor demand.

Impact of GST rate rationalization

What has happened

The government's recent GST rate cut for the auto sector, effective September 22, 2025, marks a transformative boost for automotive demand and profitability in the industry.

Key Changes:

- Motorcycles of engine capacity exceeding 350cc: GST has increased, from 28% to 40%.
- Motorcycles with engine capacity under 350cc: Now taxed at 18% (reduced from 28%).
- Small cars: GST slashed from 28% to 18%.
- Cars over 4m length, above 1200cc for petrol and above 1500cc for diesel: GST has increased, from 28% (total tax including cess of 43–50%) to 40% without cess.
- Three-wheelers: GST has reduced, from 28% to 18%.
- Trucks and buses: GST has been cut down to 18% (from 28%).
- All auto parts: All auto parts, regardless of type or HS code, are taxed at 18%.
- Tractors: GST reduced, from 12% to 5%.
- EVs: GST for all segments retained at 5%.

Our View:

- Implementation of the new rates on September 22, the first day of Navratri, addresses previous concerns regarding a possibly damp festive season.
- The increase of GST on large cars is a positive at 40% rate due to the removal of compensation cess (earlier the total tax including cess was 43–50%).
- **PVs:** The change in GST for the small car segment is positive for MSIL, as the company is the largest manufacturer of small cars. MM is also a major beneficiary, with all the changes being positive for the company (Passenger vehicles, Tractors and Commercial vehicles).
- **2Ws/3Ws:** TVSL, BJAUT, HMCL are set to gain from GST reduction for 2Ws, while TVSL and BJAUT will also benefit from the reduction in rate for the 3W segment. EIM will benefit from the rate changes for the less than 350cc motorcycles (90% of domestic sales/81% of total sales), while, the rate change to 40% for above 350cc motorcycles (10% of domestic sales sales/6% of total sales) will be a small negative for EIM.
- **CVs:** The reduction in GST for trucks and buses is a positive for AL as a pure-play CV player.
- **Auto ancillaries:** Changes in GST boosting the auto sector are likely to increase vehicle sales and production. This growth will drive higher demand for auto parts and components, positively impacting ancillary companies in the industry.
- **Concern for dealers:** While these GST reforms reduced prices of vehicles, the dealers are feared to face a loss due to the discontinuation of compensation cess from September 22, 2025. Dealers with old stock bought at higher cess rates lack clarity on the refund mechanism, causing working capital stress.

As these rate changes come into effect on September 22, 2025, we believe that companies will pass on the benefits, boosting affordability and consumer sentiment. This, in turn, will spur demand and improve sales for the festive season.

Major Beneficiaries: HMCL, EIM, MM, MSIL, AL

We view the recently-announced GST rate reductions for the sector as a significant positive catalyst. The lowered rates are expected to boost demand, especially in the two-wheeler and entry-level passenger vehicle segments, where price sensitivity is high. As a result, we anticipate a meaningful uptick in volumes in the next few quarters. In light of this, we revise our estimates for our coverage companies, factoring in better volumes driving better operating leverage, improved margins and stronger revenue growth.

Comparative analysis of performance across coverage universe

	CAGR (FY25–28E)			FY28E			
	Revenue	EBITDA	PAT	EBITDAM	PATM	ROE	ROCE
OEMs							
Ashok Leyland	7.8%	8.3%	8.0%	12.9%	8.6%	25.0%	30.7%
Bajaj Auto	10.9%	10.7%	11.4%	20.1%	16.5%	27.5%	31.2%
Eicher Motors	15.6%	16.9%	14.4%	25.8%	24.3%	21.7%	19.6%
Hero Motocorp	10.6%	12.6%	13.2%	15.2%	12.1%	26.1%	29.0%
M&M	20.0%	19.5%	22.7%	15.3%	10.7%	21.9%	25.6%
Maruti Suzuki	13.9%	14.2%	15.3%	11.8%	9.5%	17.1%	16.7%
TVS Motors	19.2%	19.9%	22.5%	12.5%	8.1%	24.4%	29.9%
Ancillaries							
Endurance	15.1%	16.5%	18.9%	13.9%	8.0%	16.1%	17.2%
Fiem	17.6%	18.2%	19.4%	13.5%	8.8%	21.6%	27.9%
Gabriel	21.7%	26.6%	43.1%	10.8%	9.8%	23.1%	19.5%
Lumax Auto	17.7%	23.1%	31.7%	14.6%	8.1%	27.7%	25.2%
Lumax Ind	16.9%	20.5%	21.0%	9.0%	4.6%	19.9%	15.0%
MSUMI	15.0%	18.2%	20.0%	11.6%	7.4%	38.3%	47.8%
Sansera	11.7%	14.1%	21.9%	18.2%	9.3%	10.6%	12.7%
Suprajit	11.0%	18.5%	47.8%	12.4%	7.2%	17.9%	15.9%
Uno Minda	20.0%	21.8%	27.1%	11.7%	6.9%	20.0%	18.8%

Source: Choice Institutional Equities

Ashok Leyland Ltd. (AL)

CMP: INR 134 | Target Price: INR 155

Expected Share Price Return: 15.6% | Dividend Yield: 2.3% | Expected Total Return: 17.9%

BUY

View and Valuation: AL is well-positioned to take advantage of the GST rate cuts for the CV industry (~93–95% of total revenue) which can act as a catalyst for the pent-up replacement demand of the aging fleet. Taking this into account, we revise our FY27/FY28 EPS estimates upwards by 3.7%/4.6%. We value the core business at 20x (maintained) on the average FY27/28E EPS and arrive at a value of INR 136. We assign a value of INR 15 to HLFL and INR 4 to Switch Mobility, leading to a revised target price of **INR 155**. We maintain our **BUY** rating on the stock.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,83,670	3,87,527	4,18,088	4,53,323	4,85,355
Gross profit	1,04,550	1,11,300	1,22,918	1,33,277	1,42,694
EBITDA	46,066	49,306	53,097	58,025	62,611
Depreciation	7,178	7,193	7,682	8,288	8,894
EBIT	38,888	42,112	45,415	49,737	53,717
Interest Expenses	2,494	2,169	1,570	1,335	1,100
Other Income	2,466	2,503	2,628	2,759	2,897
Exceptional Item	(937)	1,037	-	-	-
Reported PAT	26,179	33,033	34,854	38,371	41,635
Adjusted PAT	26,179	33,033	34,854	38,371	41,635
EPS (INR)	4.5	5.6	5.9	6.5	7.1

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	6.2	1.0	7.9	8.4	7.1
EBITDA	57.2	7.0	7.7	9.3	7.9
PAT	89.7	26.2	5.5	10.1	8.5
Margins (%)					
EBITDA	12.0	12.7	12.7	12.8	12.9
PAT	6.8	8.5	8.3	8.5	8.6
Profitability (%)					
ROE	29.7	28.7	26.6	25.9	25.0
ROCE	35.1	32.5	31.7	31.4	30.7
ROIC	35.6	32.1	27.6	28.3	27.0
Working Capital					
Inventory Days	30	28	29	29	29
Debtor Days	34	27	34	34	34
Payable Days	60	69	67	67	67
Cash Conversion Cycle	4	(14)	(4)	(4)	(4)
Valuation Metrics					
PE(x)	30.1	23.8	22.6	20.5	18.9
EV/EBITDA (x)	16.8	15.7	14.8	13.4	12.4
Price to BV (x)	8.9	6.8	6.0	5.3	4.7
EV/OCF (x)	31.0	9.9	22.3	13.8	14.9

Source: AL, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	88,104	1,15,188	1,30,872	1,48,139	1,66,875
Minority Interest	-	-	-	-	-
Deferred tax	5,563	5,479	5,479	5,479	5,479
Total debt	22,545	14,354	12,354	10,354	8,354
Other liabilities & provisions	10,582	11,261	11,018	11,452	11,908
Total Net Worth & Liabilities	1,26,794	1,46,282	1,59,723	1,75,425	1,92,617
Net Fixed Assets	59,518	58,455	60,773	62,485	63,591
Capital Work in progress	955	2,769	3,953	4,253	4,553
Investments	55,598	86,730	1,02,786	1,16,672	1,31,442
Cash & bank balance	34,382	27,060	15,958	22,319	21,294
Loans & Advances & other assets	5,906	14,169	9,719	11,364	13,732
Net Current Assets	4,817	(15,840)	(17,507)	(19,349)	(20,701)
Total Assets	1,26,794	1,46,282	1,59,723	1,75,425	1,92,617

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	25,031	78,195	35,133	56,197	51,956
Cash Flows from Investing	9,021	(40,779)	(22,790)	(25,831)	(27,437)
Cash Flows from Financing	(19,175)	(30,235)	(22,983)	(24,005)	(25,543)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	29.7%	28.7%	26.6%	25.9%	25.0%
Net Profit Margin	6.8%	8.5%	8.3%	8.5%	8.6%
Asset Turnover	3.0	2.6	2.6	2.6	2.5
Financial Leverage	1.4	1.3	1.2	1.2	1.2

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	453.3	439.0	3.3	485.4	466.3	4.1
EBITDA	58.0	56.2	3.3	62.6	60.2	4.1
EBITDAM%	12.8	12.8	-	12.9	12.9	-
PAT	38.4	37.0	3.7	41.6	39.8	4.6
EPS (INR)	6.5	6.3	3.7	7.1	6.8	4.6

Sector Update

Bajaj Auto Ltd. (BJAUT)

CMP: INR 8,997 | Target Price: INR 9,975

Expected Share Price Return: 10.9% | Dividend Yield: 2.3% | Expected Total Return: 13.2%

ADD

View and Valuation: GST rate cuts for two and three wheelers benefit ~50% of BJAUT's portfolio, while there is no effect for the remaining portfolio that comprises exports and EV. On account of this, we revise our FY27/FY28 EPS estimates upwards by 1.8%/2.7% and arrive at our target price of **INR 9,975**. We value the company at 26x (maintained) on the average FY27/28E EPS and change our rating to **ADD** from **BUY**.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,46,852	5,00,103	5,48,009	6,14,199	6,82,340
Gross profit	1,29,418	1,46,729	1,62,211	1,81,803	2,01,973
EBITDA	88,229	1,00,988	1,09,602	1,23,454	1,37,150
Depreciation	3,498	4,001	4,379	4,730	5,054
EBIT	84,731	96,987	1,05,223	1,18,724	1,32,096
Interest Expenses	535	677	640	640	640
Other Income	14,025	14,209	15,630	17,193	18,913
Exceptional Item	-	-	-	-	-
Reported PAT	74,788	81,514	90,160	1,01,458	1,12,776
Adjusted PAT	74,788	81,514	90,160	1,01,458	1,12,776
EPS (INR)	264.6	291.9	322.9	363.3	403.8

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	22.7	11.9	9.6	12.1	11.1
EBITDA	34.7	14.5	8.5	12.6	11.1
PAT	32.9	9.0	10.6	12.5	11.2
Margins (%)					
EBITDA	19.7	20.2	20.0	20.1	20.1
PAT	16.7	16.3	16.5	16.5	16.5
Profitability (%)					
ROE	30.1	25.4	26.0	27.0	27.5
ROCE	33.2	29.0	29.2	30.5	31.2
ROIC	26.9	22.8	23.3	24.2	24.6
Working Capital					
Inventory Days	14	14	14	14	14
Debtor Days	17	17	17	17	17
Payable Days	46	46	44	44	44
Cash Conversion Cycle	(15)	(15)	(13)	(13)	(13)
Valuation Metrics					
PE(x)	34.0	30.8	27.9	24.8	22.3
EV/EBITDA (x)	28.9	24.8	22.9	20.3	18.3
Price to BV (x)	10.2	7.8	7.2	6.7	6.1
EV/OCF (x)	34.1	34.5	28.7	22.8	21.3

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	2,48,605	3,21,469	3,47,399	3,76,250	4,10,833
Borrowings	8,341	8,000	8,000	8,000	8,000
Trade Payables	56,102	62,676	52,849	59,158	65,722
Other Non-current Liabilities	6,645	12,792	12,797	12,802	12,807
Other Current Liabilities	22,815	19,351	22,264	26,858	27,988
Total Net Worth & Liabilities	3,42,507	4,24,289	4,43,310	4,83,068	5,25,349
Net Block	31,987	35,508	38,128	39,898	40,844
Capital WIP	243	260	260	260	260
Investments	2,44,925	2,85,702	3,03,870	3,32,768	3,61,585
Trade Receivables	21,224	22,826	25,524	28,607	31,780
Inventory	16,956	19,579	21,020	22,813	25,389
Cash & Cash Equivalents	5,366	13,286	9,623	11,024	13,704
Other Non-current Assets	10,575	24,380	25,679	26,176	27,880
Other Current Assets	11,231	22,748	19,206	21,522	23,907
Total Assets	3,42,507	4,24,289	4,43,310	4,83,068	5,25,349

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	74,783	72,667	87,411	1,10,268	1,17,745
Cash Flows from Investing	(1,392)	(36,410)	(26,466)	(35,895)	(36,520)
Cash Flows from Financing	(71,101)	(32,542)	(64,865)	(73,243)	(78,828)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	30.1%	25.4%	26.0%	27.0%	27.5%
Net Profit Margin	16.7%	16.3%	16.5%	16.5%	16.5%
Asset Turnover	1.3	1.2	1.2	1.3	1.3
Financial Leverage	1.4	1.3	1.3	1.3	1.3

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	614.2	602.4	2.0	682.3	662.5	3.0
EBITDA	123.5	121.1	2.0	137.2	133.2	3.0
EBITDAM%	20.1	20.1	-	20.1	20.1	-
PAT	101.5	99.7	1.8	112.8	109.8	2.7
EPS (INR)	363.3	356.9	1.8	403.8	393.1	2.7

Source: BJAUT, Choice Institutional Equities

Eicher Motors Ltd. (EIM)

CMP: INR 6,875 | Target Price: INR 6,550

Expected Share Price Return: (4.7)% | Dividend Yield: 1.0% | Expected Total Return: (3.7)%

REDUCE

View and Valuation: EIM is poised for strong growth, with GST rate cuts benefitting ~81% of its portfolio, while the rate change to 40% for above 350cc motorcycles (~6% of portfolio) will be a small negative for the company. Consequently, we revise our FY27/FY28 EPS estimates upwards by 3.0%/3.9% and arrive at our target price of **INR 6,550**. We value the company at 27x (previously 25x) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,65,358	1,88,704	2,24,601	2,58,478	2,91,697
Gross profit	75,551	85,733	1,00,621	1,16,315	1,31,847
EBITDA	43,269	47,120	56,150	65,654	75,258
Depreciation	5,976	7,293	8,433	9,694	10,955
EBIT	37,293	39,827	47,717	55,959	64,302
Interest Expenses	509	543	543	543	543
Other Income	10,759	13,049	15,659	17,225	18,947
Exceptional Item	-	-	-	-	-
Reported PAT	40,010	47,344	53,962	62,288	70,888
Adjusted PAT	40,010	47,344	53,962	62,288	70,888
EPS (INR)	146.2	172.7	196.8	227.2	258.5

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	14.5	14.1	19.0	15.1	12.9
EBITDA	25.7	8.9	19.2	16.9	14.6
PAT	37.3	18.3	14.0	15.4	13.8
Margins (%)					
EBITDA	26.2	25.0	25.0	25.4	25.8
PAT	24.2	25.1	24.0	24.1	24.3
Profitability (%)					
ROE	22.2	22.2	22.0	22.0	21.7
ROCE	20.4	18.5	19.3	19.6	19.6
ROIC	16.0	15.0	15.4	16.0	16.5
Working Capital					
Inventory Days	31	30	30	30	30
Debtor Days	8	11	13	13	13
Payable Days	46	49	50	50	50
Cash Conversion Cycle	7	32	35	45	45
Valuation Metrics					
PE(x)	47.0	39.8	34.9	30.3	26.6
EV/EBITDA (x)	43.5	39.9	33.5	28.6	24.8
Price to BV (x)	10.4	8.8	7.7	6.7	5.8
EV/OCF (x)	50.6	47.3	37.6	30.9	24.1

Source: EIM, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	1,80,455	2,12,965	2,44,991	2,82,602	3,26,070
Minority Interest	-	-	-	-	-
Deferred tax	4,611	4,930	4,979	5,029	5,079
Total debt	2,756	2,665	2,756	2,756	2,756
Other liabilities & provisions	8,595	9,348	10,484	11,771	13,034
Total Net Worth & liabilities	1,96,416	2,29,907	2,63,210	3,02,157	3,46,938
Net Fixed Assets	29,144	34,735	39,301	42,607	44,652
Capital Work in progress	2,117	1,103	1,403	2,403	3,403
Investments	1,35,270	1,47,909	1,56,712	1,68,732	1,89,327
Cash & bank balance	1,463	2,630	2,700	8,514	19,757
Loans & Advances & other assets	25,045	26,931	33,690	38,772	43,755
Net Current Assets	4,841	19,229	32,103	49,643	65,802
Total Assets	1,96,416	2,29,907	2,63,210	3,02,157	3,46,938

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	37,237	39,799	50,092	60,751	77,419
Cash Flows from Investing	(28,520)	(24,833)	(28,862)	(31,101)	(39,578)
Cash Flows from Financing	(8,444)	(13,987)	(21,203)	(23,884)	(26,651)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	22.2%	22.2%	22.0%	22.0%	21.7%
Net Profit Margin	24.2%	25.1%	24.0%	24.1%	24.3%
Asset Turnover	0.8	0.8	0.8	0.9	0.8
Financial Leverage	1.1	1.1	1.1	1.1	1.1

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	258.5	251.6	2.7	291.7	283.3	3.0
EBITDA	65.7	64.9	1.1	75.3	73.7	2.2
EBITDAM%	25.4	25.8	(40)bps	25.8	26.0	(20)bps
PAT	62.3	60.5	3.0	70.9	68.2	3.9
EPS (INR)	227.2	220.6	3.0	258.5	248.8	3.9

Sector Update

Hero MotoCorp Ltd. (HMCL)

CMP: INR 5,300 | Target Price: INR 5,350

Expected Share Price Return: 1.0% | Dividend Yield: 3.1% | Expected Total Return: 4.1%

REDUCE

View and Valuation: HMCL is well-positioned to take advantage of the GST rate cuts benefitting ~93% of its portfolio. The entry level segment (below 110cc motorcycles), which has seen decline over the past few years, can see an uptick in volume due to these rate cuts. Consequently, we revise our FY27/FY28 EPS estimates upwards by 3.6%/5.4% and arrive at our target price of **INR 5,350**. We value the company at 17x (maintained) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,74,557	4,07,564	4,40,278	4,95,369	5,51,773
Gross profit	1,20,250	1,36,877	1,46,613	1,64,958	1,83,740
EBITDA	52,557	58,677	64,721	74,305	83,869
Depreciation	7,114	7,759	8,324	8,912	9,500
EBIT	45,443	50,918	56,397	65,394	74,370
Interest Expenses	185	199	199	199	199
Other Income	8,926	10,559	12,143	13,357	14,693
Exceptional Item	(1,600)	-	-	-	-
Reported PAT	39,680	46,100	51,338	59,073	66,820
Adjusted PAT	39,680	46,100	51,338	59,073	66,820
EPS (INR)	198.5	230.5	256.7	295.4	334.1

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	10.8	8.8	8.0	12.5	11.4
EBITDA	31.8	11.6	10.3	14.8	12.9
PAT	36.3	16.2	11.4	15.1	13.1
Margins (%)					
EBITDA	14.0	14.4	14.7	15.0	15.2
PAT	10.6	11.3	11.7	11.9	12.1
Profitability (%)					
ROE	22.1	23.3	23.9	25.3	26.1
ROCE	25.3	25.7	26.3	28.0	29.0
ROIC	19.7	19.7	20.2	21.9	22.7
Working Capital					
Inventory Days	14	13	14	14	14
Debtor Days	26	33	27	27	27
Payable Days	54	50	52	52	52
Cash Conversion Cycle	(13)	(4)	(11)	(11)	(11)
Valuation Metrics					
PE(x)	26.7	23.0	20.6	17.9	15.9
EV/EBITDA (x)	20.1	18.0	16.3	14.2	12.5
Price to BV (x)	5.9	5.4	4.9	4.5	4.1
EV/OCF (x)	21.5	25.3	16.2	12.9	12.8

Source: HMCL, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	1,79,862	1,98,069	2,14,406	2,33,480	2,56,299
Minority Interest	-	-	-	-	-
Deferred tax	1,537	1,537	1,537	1,537	1,537
Total debt	-	-	-	-	-
Other liabilities & provisions	6,063	7,571	9,187	9,721	10,292
Total Net Worth & liabilities	1,90,273	2,10,735	2,28,689	2,48,297	2,71,688
Net Fixed Assets	61,940	62,873	66,615	70,769	74,336
Capital Work in progress	1,206	1,066	1,066	1,066	1,066
Investments	1,30,861	1,49,096	1,66,564	1,90,134	2,13,978
Cash & bank balance	5,399	2,891	3,408	8,394	9,527
Loans & Advances & other assets	6,494	3,906	5,424	5,778	6,280
Net Current Assets	(10,228)	(6,205)	(10,981)	(19,451)	(23,973)
Total Assets	1,90,273	2,10,735	2,28,689	2,48,297	2,71,688

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	49,065	41,819	65,153	81,641	82,173
Cash Flows from Investing	(18,019)	(15,858)	(31,053)	(36,989)	(37,412)
Cash Flows from Financing	(27,331)	(28,469)	(33,583)	(39,665)	(43,628)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	22.1%	23.3%	23.9%	25.3%	26.1%
Net Profit Margin	10.6%	11.3%	11.7%	11.9%	12.1%
Asset Turnover	2.0	1.9	1.9	2.0	2.0
Financial Leverage	1.1	1.1	1.1	1.1	1.1

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	495.4	476.9	3.9	551.8	528.8	4.3
EBITDA	74.3	71.5	3.9	83.9	79.3	5.7
EBITDAM%	15.0	15.0	-	15.2	15.0	20bps
PAT	59.1	57.0	3.6	66.8	63.4	5.4
EPS (INR)	295.4	285.0	3.6	334.1	317.0	5.4

Sector Update

Mahindra & Mahindra Ltd. (MM)

CMP: INR 3,589 | Target Price: INR 4,450

Expected Share Price Return: 24.0% | Dividend Yield: 0.7% | Expected Total Return: 24.7%

BUY

View and Valuation: MM is a major beneficiary of the GST rate cuts, with these changes positively impacting all the segments of the company such as PV, CV and tractor. Around 95% of MM's portfolio is set to benefit due to these rate cuts. On account of this, we revise our FY27/FY28 EPS estimates upwards by 1.9%/2.7% and arrive at our target price of **INR 4,450**. We value the company at 25x (maintained) on the average FY27/28E EPS, along with subsidiary valuation. We maintain our **BUY** rating on the stock.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	10,13,358	11,86,245	14,51,651	17,37,469	20,51,951
Gross profit	2,73,409	3,22,844	3,91,946	4,67,379	5,49,923
EBITDA	1,51,302	1,84,155	2,22,103	2,64,095	3,13,949
Depreciation	34,880	42,268	49,441	52,441	55,941
EBIT	1,16,422	1,41,887	1,72,662	2,11,654	2,58,008
Interest Expenses	1,405	2,505	1,045	880	735
Other Income	19,561	17,119	20,323	26,062	30,779
Exceptional Item	-	-	-	-	-
Reported PAT	1,06,423	1,18,550	1,47,794	1,82,364	2,18,919
Adjusted PAT	1,06,423	1,18,550	1,47,794	1,82,364	2,18,919
EPS (INR)	86	95.3	118.9	146.7	176.0

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	17.0	17.1	22.4	19.7	18.1
EBITDA	25.4	21.7	20.6	18.9	18.9
PAT	39.6	11.4	24.7	23.4	20.0
Margins (%)					
EBITDA	14.9	15.5	15.3	15.2	15.3
PAT	10.5	10.0	10.2	10.5	10.7
Profitability (%)					
ROE	20.4	19.2	20.5	21.5	21.9
ROCE	21.6	22.6	23.7	24.8	25.6
ROIC	20.7	21.4	24.8	25.9	26.6
Working Capital					
Inventory Days	34	32	32	33	35
Debtor Days	16	18	17	18	20
Payable Days	79	85	72	70	68
Cash Conversion Cycle	(28)	(39)	(21)	(16)	(10)
Valuation Metrics					
PE(x)	41.9	37.7	30.2	24.5	20.4
EV/EBITDA (x)	29.2	23.7	19.4	16.2	13.5
Price to BV (x)	8.5	7.2	6.2	5.3	4.5
EV/OCF (x)	39.2	26.3	29.4	20.0	18.3

Source: MM, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	5,22,766	6,15,851	7,19,307	8,46,961	10,00,205
Minority Interest	-	-	-	-	-
Deferred tax	15,551	16,629	16,629	16,629	16,629
Total debt	15,849	11,351	9,551	8,051	6,659
Other liabilities & provisions	28,662	32,652	39,221	40,895	45,909
Total Net Worth & liabilities	5,82,827	6,76,483	7,84,706	9,12,536	10,69,402
Net Fixed Assets	1,75,280	2,17,927	1,98,486	1,76,045	1,60,105
Capital Work in progress	37,558	17,632	20,277	23,318	26,816
Investments	2,99,954	3,54,681	3,19,363	3,99,618	4,71,949
Cash & bank balance	55,259	1,07,906	1,71,490	2,01,634	2,41,909
Loans & Advances & other assets	58,730	60,505	1,15,000	1,39,809	1,64,119
Net Current Assets	11,304	25,738	1,31,581	1,73,746	2,46,413
Total Assets	5,82,827	6,76,483	7,84,706	9,12,536	10,69,402

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,12,792	1,66,172	1,46,495	2,13,185	2,31,676
Cash Flows from Investing	(51,825)	(1,38,740)	(51,822)	(1,38,105)	(1,40,139)
Cash Flows from Financing	(55,375)	(33,548)	(40,615)	(55,414)	(62,789)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	20.4%	19.2%	20.5%	21.5%	21.9%
Net Profit Margin	10.5%	10.0%	10.2%	10.5%	10.7%
Asset Turnover	1.8	1.9	2.0	2.0	2.1
Financial Leverage	1.1	1.0	1.0	1.0	1.0

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	1,737	1,711	1.5	2,052	2,007	2.2
EBITDA	264	260	1.5	314	307	2.2
EBITDAM%	15.2	15.2	-	15.3	15.3	-
PAT	182	179	1.9	219	213	2.7
EPS (INR)	146.7	144.0	1.9	176.0	171.5	2.7

Sector Update

Maruti Suzuki India Ltd. (MSIL)

CMP: INR 15,325 | Target Price: INR 15,200

Expected Share Price Return: (0.8)% | Dividend Yield: 0.9% | Expected Total Return: 0.1%

REDUCE

View and Valuation: The entry level car segment which has seen a decline over the past few years can see a stimulus due to the GST rate cuts, making it more accessible for the first time buyers and middle income families. MSIL, being the largest manufacturer of passenger cars, stands to gain most from the GST rate cut for the small car segment. Around 80% of MSIL's portfolio is set to benefit due to these rate cuts. MSIL has started the export of e-Vitara and also launched Victoris, a new model in the SUV segment. Taking these points into consideration, we revise our FY27/FY28 EPS estimates upwards by 5.5%/6.9% and arrive at our target price of **INR 15,200**. We value the company at 24x (previously 22x) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,09,326	15,19,001	17,21,994	19,60,729	22,42,533
Gross profit	4,03,259	4,34,293	4,85,602	5,56,847	6,41,364
EBITDA	1,64,011	1,77,852	1,91,141	2,27,445	2,64,619
Depreciation	30,223	31,593	40,077	43,327	46,577
EBIT	1,33,788	1,46,259	1,51,065	1,84,118	2,18,042
Interest Expenses	1,932	1,931	2,000	2,000	2,000
Other Income	38,548	47,504	51,304	55,409	59,841
Exceptional Item	-	-	-	-	-
Reported PAT	1,32,094	1,39,552	1,55,286	1,84,083	2,13,810
Adjusted PAT	1,32,094	1,39,552	1,55,286	1,84,083	2,13,810
EPS (INR)	431.1	443.9	493.9	585.5	680.1

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	19.9	7.8	13.4	13.9	14.4
EBITDA	49.0	8.4	7.5	19.0	16.3
PAT	64.1	5.6	11.3	18.5	16.1
Margins (%)					
EBITDA	11.6	11.7	11.1	11.6	11.8
PAT	9.4	9.2	9.0	9.4	9.5
Profitability (%)					
ROE	18.3	15.7	15.6	16.5	17.1
ROCE	17.8	15.7	14.5	15.8	16.7
ROIC	14.2	12.0	11.8	12.8	13.5
Working Capital					
Inventory Days	11	12	12	12	12
Debtor Days	12	16	16	16	16
Payable Days	38	42	42	42	42
Cash Conversion Cycle	(15)	(14)	(14)	(14)	(14)
Valuation Metrics					
PE(x)	35.5	34.5	31.0	26.2	22.5
EV/EBITDA (x)	28.6	27.1	25.2	21.1	18.2
Price to BV (x)	5.6	5.1	4.6	4.1	3.6
EV/OCF (x)	30.9	34.4	25.4	19.9	17.5

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	8,39,820	9,40,467	10,49,167	11,78,025	13,27,692
Borrowings	331	-	-	-	-
Trade Payables	1,45,824	1,74,211	1,76,153	1,99,446	2,27,596
Other Non-current Liabilities	33,741	48,528	49,291	50,071	50,868
Other Current Liabilities	83,132	92,996	1,04,908	1,18,808	1,35,088
Total Net Worth & Liabilities	11,02,848	12,56,202	13,79,519	15,46,351	17,41,244
Net Block	1,80,443	2,42,240	2,82,163	2,88,837	2,92,260
Capital WIP	63,034	53,575	53,575	53,575	53,575
Investments	6,85,137	7,45,063	7,99,062	9,24,325	10,73,744
Trade Receivables	46,013	65,377	75,485	85,950	98,303
Inventory	41,196	51,230	58,076	63,359	72,586
Cash & Cash Equivalents	4,600	4,464	5,644	9,494	13,977
Other Non-current Assets	35,732	38,406	42,259	48,787	54,423
Other Current Assets	46,693	55,847	63,256	72,025	82,377
Total Assets	11,02,848	12,56,202	13,79,519	15,46,351	17,41,244

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,51,670	1,40,124	1,89,538	2,41,086	2,74,884
Cash Flows from Investing	(1,06,828)	(1,02,415)	(1,37,852)	(1,81,790)	(2,05,055)
Cash Flows from Financing	(40,619)	(41,486)	(47,823)	(56,445)	(65,346)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	18.3%	15.7%	15.6%	16.5%	17.1%
Net Profit Margin	9.4%	9.2%	9.0%	9.4%	9.5%
Asset Turnover	1.3	1.2	1.2	1.3	1.3
Financial Leverage	1.3	1.3	1.3	1.3	1.3

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	1,961	1,854	5.8	2,243	2,091	7.2
EBITDA	227	215	5.8	265	247	7.2
EBITDAM%	11.6	11.6	-	11.8	11.8	-
PAT	184	174	5.5	214	200	6.9
EPS (INR)	585.5	555.0	5.5	680.1	636.0	6.9

Source: MSIL, Choice Institutional Equities

TVS Motor Company Ltd. (TVSL)

CMP: INR 3,494 | Target Price: INR 3,400

Expected Share Price Return: (2.7)% | Dividend Yield: 0.3% | Expected Total Return: (2.4)%

REDUCE

View and Valuation: TVSL is poised to gain, with the GST rate cuts benefitting ~65% of its portfolio while there is no effect for the remaining portfolio that comprises exports and EV. Also, the company is performing well on the export front, with exports expected to grow at 23.0% CAGR over FY25–28. Consequently, we revise our FY27/FY28 EPS estimates upwards by 9.7%/8.5% and arrive at our target price of **INR 3,400**. We value the company at 34x (maintained) on the average FY27/28E EPS and assign a value of INR 101 to TVS Credit. We change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,17,764	3,62,513	4,44,576	5,26,031	6,13,591
Gross profit	83,474	1,04,907	1,27,149	1,50,445	1,75,487
EBITDA	35,141	44,540	55,127	65,754	76,699
Depreciation	7,004	7,446	8,304	9,317	10,217
EBIT	28,138	37,094	46,823	56,437	66,482
Interest Expenses	1,816	1,387	1,475	1,475	1,475
Other Income	1,485	580	880	1,180	1,480
Exceptional Item	-	-	-	-	-
Reported PAT	20,830	27,105	34,671	42,107	49,866
Adjusted PAT	20,830	27,105	34,671	42,107	49,866
EPS (INR)	43.8	57.1	73.0	88.6	105.0

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	20.5	14.1	22.6	18.3	16.6
EBITDA	31.4	26.7	23.8	19.3	16.6
PAT	39.7	30.1	27.9	21.4	18.4
Margins (%)					
EBITDA	11.1	12.3	12.4	12.5	12.5
PAT	6.6	7.5	7.8	8.0	8.1
Profitability (%)					
ROE	26.9	27.3	27.0	25.8	24.4
ROCE	30.4	31.8	32.1	31.2	29.9
ROIC	33.6	35.4	35.5	34.7	33.5
Working Capital					
Inventory Days	16	17	17	17	17
Debtor Days	15	13	15	15	15
Payable Days	59	62	60	60	60
Cash Conversion Cycle	(28)	(32)	(28)	(28)	(28)
Valuation Metrics					
PE(x)	79.7	61.2	47.9	39.4	33.3
EV/EBITDA (x)	47.5	37.5	30.3	25.4	21.7
Price to BV (x)	21.5	16.7	12.9	10.2	8.1
EV/OCF (x)	46.2	39.2	35.7	30.4	24.6

Source: TVSL, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	77,310	99,367	1,28,337	1,63,317	2,04,631
Minority Interest	-	-	-	-	-
Deferred tax	1,871	2,659	2,659	2,659	2,659
Total debt	15,134	17,349	17,349	17,349	17,349
Other liabilities & provisions	5,504	4,766	6,836	7,442	9,075
Total Net Worth & liabilities	99,820	1,24,141	1,55,181	1,90,767	2,33,715
Net Fixed Assets	37,719	43,464	50,159	52,842	54,626
Capital Work in progress	3,297	6,420	7,120	7,820	8,520
Investments	69,913	92,714	1,12,033	1,40,450	1,79,169
Cash & bank balance	5,310	5,583	6,678	10,018	15,154
Loans & Advances & other assets	9,148	8,544	14,226	16,833	19,635
Net Current Assets	(20,256)	(27,001)	(28,358)	(27,179)	(28,235)
Total Assets	99,820	1,24,141	1,55,181	1,90,767	2,33,715

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	36,173	42,657	46,770	54,919	67,603
Cash Flows from Investing	(18,963)	(38,708)	(40,702)	(43,724)	(54,220)
Cash Flows from Financing	(14,696)	(5,871)	(5,106)	(7,995)	(8,393)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	26.9%	27.3%	27.0%	25.8%	24.4%
Net Profit Margin	6.6%	7.5%	7.8%	8.0%	8.1%
Asset Turnover	3.3	3.2	3.2	3.0	2.9
Financial Leverage	1.2	1.1	1.1	1.1	1.0

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	526	490	7.3	614	576	6.4
EBITDA	66	61	8.1	77	71	7.3
EBITDAM%	12.5	12.4	10bps	12.5	12.4	10bps
PAT	42.1	38.4	9.7	49.9	45.9	8.5
EPS (INR)	88.6	80.8	9.7	105.0	96.7	8.5

Sector Update

Endurance Technologies Ltd. (ENDU)

CMP: INR 2,865 | Target Price: INR 2,820

Expected Share Price Return: (1.6)% | Dividend Yield: 0.4% | Expected Total Return: (1.2)%

REDUCE

View and Valuation: New safety regulations in India, effective January 2026, mandate 100% Anti-lock Braking System (ABS) use for two-wheelers above 50cc and all two-wheeler EVs greater than 4kW motor power. We expect ENDU to capitalize significantly on this regulatory tailwind, given the aggressive capacity build-up translating into substantial revenue and market share gains from FY27 onwards, as it is uniquely placed to meet the anticipated surge in demand. We revise our FY27/FY28 EPS estimates upwards by 4.0%/4.2% and arrive at our target price of **INR 2,820**. We value the company at 30x (previously 28x) on the average FY27/28E EPS and maintain our **REDUCE** rating on the company.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,02,409	1,15,608	1,38,785	1,58,472	1,76,376
Gross profit	41,903	49,577	59,816	68,143	75,842
EBITDA	13,280	15,511	19,014	22,028	24,516
Depreciation	4,740	5,387	6,150	6,816	7,408
EBIT	8,540	10,124	12,864	15,212	17,108
Interest Expenses	427	468	549	588	650
Other Income	856	1,170	1,404	1,684	2,021
Exceptional Item	-	122	-	-	-
Reported PAT	6,805	8,364	10,426	12,394	14,045
Adjusted PAT	6,805	8,272	10,426	12,394	14,045
EPS (INR)	48.4	58.8	74.1	88.1	99.8

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	16.3	12.9	20.0	14.2	11.3
EBITDA	28.2	16.8	22.6	15.9	11.3
PAT	39.6	21.6	26.0	18.9	13.3
Margins (%)					
EBITDA	13.0	13.4	13.7	13.9	13.9
PAT	6.6	7.2	7.5	7.8	8.0
Profitability (%)					
ROE	13.7	14.5	15.9	16.3	16.1
ROCE	14.9	15.3	17.0	17.5	17.2
ROIC	12.8	14.6	14.9	16.4	17.4
Working Capital					
Inventory Days	31	30	32	32	32
Debtor Days	45	45	46	46	46
Payable Days	57	62	60	60	60
Cash Conversion Cycle	19	12	18	18	18
Valuation Metrics					
PE(x)	59.2	48.7	38.7	32.5	28.7
EV/EBITDA (x)	30.5	25.9	21.3	18.2	16.0
Price to BV (x)	8.1	7.0	6.1	5.3	4.6
EV/OCF (x)	38.4	26.2	36.7	22.0	19.0

Source: ENDU, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	49,774	57,174	65,723	75,886	87,403
Minority Interest	-	-	-	-	-
Deferred tax	(638)	(562)	(562)	(562)	(562)
Total debt	7,398	9,039	10,039	11,039	12,039
Other liabilities & provisions	1,761	1,221	2,303	2,424	2,576
Total Net Worth & liabilities	59,078	67,567	78,199	89,483	1,02,152
Net Fixed Assets	36,302	40,581	44,432	45,616	46,208
Capital Work in progress	1,567	2,902	2,902	2,902	2,902
Investments	7,926	8,036	10,036	12,036	14,036
Cash & bank balance	5,047	10,189	7,194	13,415	21,752
Loans & Advances & other assets	2,813	1,814	3,533	3,804	4,144
Net Current Assets	10,470	14,234	17,296	25,126	34,863
Total Assets	59,078	67,567	78,199	89,483	1,02,152

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	10,571	15,317	11,068	18,189	20,703
Cash Flows from Investing	(9,489)	(10,127)	(13,719)	(10,271)	(10,339)
Cash Flows from Financing	1,051	(292)	(343)	(1,698)	(2,026)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	13.7%	14.5%	15.9%	16.3%	16.1%
Net Profit Margin	6.6%	7.2%	7.5%	7.8%	8.0%
Asset Turnover	1.7	1.7	1.8	1.8	1.7
Financial Leverage	1.2	1.2	1.2	1.2	1.2

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	158	154	3.0	176	171	3.1
EBITDA	22.0	21.4	3.0	24.5	23.8	3.1
EBITDAM%	13.9	13.9	-	13.9	13.9	-
PAT	12.4	11.9	4.0	14.0	13.5	4.2
EPS (INR)	88.1	84.7	4.0	99.8	95.8	4.2

Sector Update

Fiem Industries Ltd. (FIEM)

CMP: INR 2,149 | Target Price: INR 2,200

Expected Share Price Return: 2.4% | Dividend Yield: 1.4% | Expected Total Return: 3.8%

REDUCE

View and Valuation: We believe, the consistent strong performance with key clients, coupled with a robust expected demand due to the festive season and good monsoon, positions FIEM for strong growth ahead. We revise our FY27/FY28 EPS estimates upwards by 4.1%/5.1% and arrive at our target price of **INR 2,200**. We value the company at 18x (unchanged) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	20,288	24,226	28,688	33,929	39,415
Gross profit	7,861	9,201	10,902	12,893	14,978
EBITDA	2,687	3,222	3,844	4,580	5,321
Depreciation	587	643	700	760	820
EBIT	2,100	2,579	3,144	3,820	4,501
Interest Expenses	29	15	15	15	15
Other Income	160	161	177	195	215
Exceptional Item	-	37	-	-	-
Reported PAT	1,657	2,049	2,453	2,967	3,487
Adjusted PAT	1,657	2,049	2,453	2,967	3,487
EPS (INR)	63.0	76.9	93.3	112.8	132.6

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	9.8	19.4	18.4	18.3	16.2
EBITDA	8.1	19.9	19.3	19.1	16.2
PAT	18.5	22.0	21.3	21.0	17.5
Margins (%)					
EBITDA	13.2	13.3	13.4	13.5	13.5
PAT	8.2	8.5	8.5	8.7	8.8
Profitability (%)					
ROE	18.7	19.7	20.6	21.5	21.6
ROCE	23.7	24.8	26.4	27.6	27.9
ROIC	22.4	26.4	29.4	32.6	35.2
Working Capital					
Inventory Days	37	35	36	36	36
Debtor Days	35	37	36	36	36
Payable Days	34	35	35	35	35
Cash Conversion Cycle	37	37	37	37	37
Valuation Metrics					
PE(x)	34.1	28.0	23.0	19.0	16.2
EV/EBITDA (x)	20.3	16.6	13.7	11.3	9.4
Price to BV (x)	6.4	5.4	4.7	4.1	3.5
EV/OCF (x)	40.4	23.0	19.5	16.2	13.4

Source: FIEM, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	8,869	10,382	11,914	13,829	16,132
Minority Interest	-	-	-	-	-
Deferred tax	216	228	228	228	228
Total debt	-	-	-	-	-
Other liabilities & provisions	286	285	285	285	285
Total Net Worth & liabilities	9,371	10,895	12,427	14,343	16,646
Net Fixed Assets	4,958	5,534	5,801	6,041	6,220
Capital Work in progress	53	203	203	203	203
Investments	1	0	0	0	0
Cash & bank balance	2,060	2,983	3,787	4,907	6,448
Loans & Advances & other assets	236	247	247	247	247
Net Current Assets	4,122	4,911	6,176	7,852	9,975
Total Assets	9,371	10,895	12,427	14,343	16,646

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,349	2,331	2,707	3,187	3,741
Cash Flows from Investing	(686)	(857)	(968)	(1,000)	(1,000)
Cash Flows from Financing	(431)	(552)	(936)	(1,067)	(1,199)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	18.7%	19.7%	20.6%	21.5%	21.6%
Net Profit Margin	8.2%	8.5%	8.5%	8.7%	8.8%
Asset Turnover	2.2	2.2	2.3	2.4	2.4
Financial Leverage	1.1	1.0	1.0	1.0	1.0

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	33.9	32.8	3.6	39.4	37.7	4.5
EBITDA	4.6	4.4	3.6	5.3	5.1	4.5
EBITDAM%	13.5	13.5	-	13.5	13.5	-
PAT	3.0	2.9	4.1	3.5	3.3	5.1
EPS (INR)	112.8	108.4	4.1	132.6	126.1	5.1

Sector Update

Gabriel India Ltd. (GABR)

CMP: INR 1,229 | Target Price: INR 1,125

Expected Share Price Return: (8.5)% | Dividend Yield: 0.4% | Expected Total Return: (8.1)%

REDUCE

View and Valuation: GABR is well positioned to benefit from the continued strong performance of its core businesses: the suspension systems and the recently added sunroof segment, as well as the segments acquired through restructuring. We revise our FY27/FY28 EPS estimates upwards by 4.4%/5.4% and arrive at our target price of **INR 1,125**. We value the company at 30x (previously 28x) on the average FY27/28E EPS and maintain our **REDUCE** rating on the company.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	34,026	40,634	48,733	64,330	73,193
Gross profit	8,509	10,524	12,671	17,047	19,616
EBITDA	2,926	3,897	4,776	6,690	7,905
Depreciation	599	813	935	1,303	1,426
EBIT	2,327	3,084	3,840	5,387	6,479
Interest Expenses	82	102	102	323	323
Other Income	194	260	286	314	346
Extraordinary Item	-	-	-	-	-
Reported PAT	1,787	2,450	3,058	4,088	4,941
Adjusted PAT	1,787	2,450	3,058	6,082	7,175
EPS (INR)	12.4	17.1	21.3	34.3	40.5

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	14.5	19.4	19.9	32.0	13.8
EBITDA	36.9	33.2	22.6	40.1	18.2
PAT	35.1	37.1	24.8	61.3	18.0
Margins (%)					
EBITDA	8.6	9.6	9.8	10.4	10.8
PAT	5.3	6.0	6.3	9.5	9.8
Profitability (%)					
ROE	17.8	20.7	21.3	24.5	23.1
ROCE	21.6	24.6	25.5	20.0	19.5
ROIC	17.7	20.5	23.2	18.1	20.5
Working Capital					
Inventory Days	32	33	30	31	31
Debtor Days	53	54	51	52	52
Payable Days	63	56	57	57	57
Cash Conversion Cycle	33	40	34	39	39
Valuation Metrics					
PE(x)	98.8	72.1	57.7	35.8	30.3
EV/EBITDA (x)	60.4	45.4	36.7	32.3	26.7
Price to BV (x)	17.6	14.9	12.3	8.8	7.0
EV/OCF (x)	100.1	86.8	44.1	39.6	26.6

Source: GABR, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	10,022	11,833	14,388	24,795	31,084
Minority Interest	-	-	-	-	-
Deferred tax	133	106	116	128	141
Total debt	750	691	691	2,191	2,191
Other liabilities & provisions	138	181	181	181	181
Total Net Worth & liabilities	11,042	12,810	15,376	27,294	33,596
Net Fixed Assets	4,924	5,973	6,537	9,734	9,808
Capital Work in progress	563	759	759	759	759
Investments	1,090	447	536	4,588	4,721
Cash & bank balance	599	378	1,729	3,627	8,492
Loans & Advances & other assets	834	794	1,240	1,761	2,003
Net Current Assets	3,632	4,837	6,304	10,452	16,305
Total Assets	11,042	12,810	15,376	27,294	33,596

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,766	2,038	3,980	5,458	7,935
Cash Flows from Investing	(1,286)	(1,488)	(2,035)	(2,573)	(1,875)
Cash Flows from Financing	(279)	(809)	(594)	(986)	(1,195)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	17.8%	20.7%	21.3%	24.5%	23.1%
Net Profit Margin	5.3%	6.0%	6.3%	9.5%	9.8%
Asset Turnover	3.1	3.2	3.2	2.4	2.2
Financial Leverage	1.1	1.1	1.1	1.1	1.1

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	64.3	61.9	3.8	73.2	70.2	4.3
EBITDA	6.7	6.4	3.8	7.9	7.6	4.3
EBITDAM%	10.4	10.4	-	10.8	10.8	-
PAT	6.1	5.8	4.4	7.2	6.8	5.4
EPS (INR)	34.3	32.9	4.4	40.5	38.4	5.4

Sector Update

Lumax Auto Technologies Ltd. (LMAX)

CMP: INR 1,095 | Target Price: INR 1,330

Expected Share Price Return: 21.5% | Dividend Yield: 0.5% | Expected Total Return: 22.0%

BUY

View and Valuation: We believe LMAX’s focus on high-growth, technology-driven segments, positions LMAX for sustainable growth in the evolving mobility landscape. We revise our FY27/FY28 EPS estimates upwards by 2.3%/2.8% and arrive at our target price of **INR 1,330**. We value the company at 25x (maintained) on the average FY27/28E EPS and maintain our **BUY** rating on the company.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	28,217	36,367	44,794	51,842	59,313
Gross profit	10,190	12,916	15,980	18,663	21,471
EBITDA	3,680	4,648	5,831	7,206	8,660
Depreciation	1,180	1,286	1,636	1,781	1,905
EBIT	2,500	3,361	4,195	5,425	6,754
Other Income	450	510	529	640	720
Interest Expenses	684	790	925	925	925
Extraordinary Item	-	-	-	-	-
Reported PAT	1,669	2,292	2,772	3,753	4,781
Adjusted PAT	1,301	1,778	2,244	3,190	4,064
EPS (INR)	19.1	26.1	32.9	46.8	59.6

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	52.7	28.9	23.2	15.7	14.4
EBITDA	83.7	26.3	25.5	23.6	20.2
PAT	49.7	37.3	20.9	35.4	27.4
Margins (%)					
EBITDA	13.0	12.8	13.0	13.9	14.6
PAT	5.9	6.3	6.2	7.2	8.1
Profitability (%)					
ROE	21.1	24.5	24.9	27.2	27.7
ROCE	15.2	17.8	19.2	22.8	25.2
ROIC	12.1	14.5	14.7	18.8	22.9
Working Capital					
Inventory Days	50	57	57	57	57
Debtor Days	75	80	78	78	78
Payable Days	98	106	100	98	98
Cash Conversion Cycle	27	31	35	37	37
Valuation Metrics					
PE(x)	54.7	40.1	31.7	22.3	17.5
EV/EBITDA (x)	21.0	16.9	13.6	10.8	8.7
Price to BV (x)	9.0	7.6	6.4	5.2	4.1
EV/OCF (x)	29.2	27.0	23.7	14.3	11.3

Source: LMAX, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	7,896	9,347	11,113	13,784	17,290
Minority Interest	2,237	3,585	4,113	4,676	5,393
Deferred tax	278	635	448	518	593
Total debt	6,990	7,927	8,727	8,727	8,727
Other liabilities & provisions	1,185	1,206	1,792	1,970	2,254
Total Net Worth & liabilities	18,586	22,701	26,192	29,675	34,257
Net Fixed Assets	9,909	12,933	13,297	13,016	12,611
Capital Work in progress	358	692	393	481	522
Investments	4,287	4,119	5,304	6,360	7,594
Cash & bank balance	751	796	550	2,025	4,602
Loans & Advances & other assets	755	604	1,120	1,244	1,424
Net Current Assets	2,524	3,555	5,528	6,548	7,505
Total Assets	18,586	22,701	26,192	29,675	34,257

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	2,654	2,905	3,355	5,434	6,650
Cash Flows from Investing	(2,492)	(2,161)	(3,401)	(2,769)	(2,954)
Cash Flows from Financing	(398)	(533)	(204)	(1,194)	(1,124)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	21.1%	24.5%	24.9%	27.2%	27.7%
Net Profit Margin	5.9%	6.3%	6.2%	7.2%	8.1%
Asset Turnover	1.5	1.6	1.7	1.7	1.7
Financial Leverage	2.4	2.4	2.4	2.2	2.0

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	51.8	51.0	1.6	59.3	58.1	2.1
EBITDA	7.2	7.1	1.6	8.7	8.5	2.1
EBITDAM%	13.9	13.9	-	14.6	14.6	-
PAT	3.2	3.1	2.3	4.1	4.0	2.8
EPS (INR)	46.8	45.8	2.3	59.6	58.0	2.8

Sector Update

Lumax Industries Ltd. (LUMX)

CMP: INR 4,196 | Target Price: INR 4,400

Expected Share Price Return: 4.8% | Dividend Yield: 0.8% | Expected Total Return: 5.6%

ADD

View and Valuation: We expect the LED share to reach 65-70% in FY26 and believe higher LED penetration and an increase in contribution by the PV segment will drive future growth, as these areas have higher content value per vehicle. We revise our FY27/FY28 EPS estimates upwards by 4.5%/6.7% and arrive at our target price of **INR 4,400**. We value the company at 18x (maintained) on the average FY27/28E EPS and change our rating to **ADD** from **BUY**.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	26,366	34,004	40,523	47,526	54,308
Gross profit	9,194	10,896	13,344	15,589	17,813
EBITDA	2,304	2,794	3,512	4,230	4,888
Depreciation	928	1,133	1,264	1,384	1,504
EBIT	1,375	1,661	2,248	2,846	3,384
Interest Expenses	479	723	748	788	820
Other Income	114	92	117	129	142
Profit/Loss of Associate Company	581	747	586	600	600
Reported PAT	1,110	1,399	1,652	2,091	2,479
Adjusted PAT	1,110	1,399	1,652	2,091	2,479
EPS (INR)	118.8	149.7	176.7	223.6	265.2

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	13.7	29.0	19.2	17.3	14.3
EBITDA	11.1	21.3	25.7	20.4	15.6
PAT	(2.6)	26.0	18.1	26.5	18.6
Margins (%)					
EBITDA	8.7	8.2	8.7	8.9	9.0
PAT	4.2	4.1	4.1	4.4	4.6
Profitability (%)					
ROE	16.5	18.1	18.4	19.8	19.9
ROCE	9.9	10.0	12.3	14.1	15.0
ROIC	8.2	9.1	10.7	12.3	13.4
Working Capital					
Inventory Days	81	55	65	65	65
Debtor Days	48	50	49	49	49
Payable Days	97	88	91	91	91
Cash Conversion Cycle	14	18	15	15	15
Valuation Metrics					
PE(x)	35.3	28.0	23.7	18.8	15.8
EV/EBITDA (x)	20.0	17.2	13.8	11.5	9.9
Price to BV (x)	5.8	5.1	4.4	3.7	3.1
EV/OCF (x)	34.7	22.6	13.1	12.4	10.8

Source: LUMX, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	6,715	7,743	8,974	10,551	12,469
Minority Interest	-	-	-	-	-
Deferred tax	913	1,063	1,063	1,063	1,063
Total debt	7,226	8,879	9,279	9,679	10,079
Other liabilities & provisions	472	264	264	264	264
Total Net Worth & liabilities	15,326	17,949	19,581	21,557	23,875
Net Fixed Assets	9,500	10,862	11,599	12,016	12,312
Capital Work in progress	1,777	2,121	2,333	2,567	2,823
Investments	1,796	2,467	2,921	3,568	4,348
Cash & bank balance	465	104	104	304	824
Loans & Advances & other assets	806	760	1,009	1,150	1,287
Net Current Assets	1,447	1,738	1,718	2,257	3,105
Total Assets	15,326	17,949	19,581	21,557	23,875

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,324	2,120	3,684	3,923	4,475
Cash Flows from Investing	(2,447)	(2,933)	(2,915)	(2,821)	(2,974)
Cash Flows from Financing	1,367	588	(769)	(902)	(981)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	16.5%	18.1%	18.4%	19.8%	19.9%
Net Profit Margin	4.2%	4.1%	4.1%	4.4%	4.6%
Asset Turnover	1.7	1.9	2.1	2.2	2.3
Financial Leverage	2.3	2.3	2.2	2.0	1.9

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	47.5	46.2	2.9	54.3	52.0	4.4
EBITDA	4.2	4.1	2.9	4.9	4.7	4.4
EBITDAM%	8.9	8.9	-	9.0	9.0	-
PAT	2.1	2.0	4.5	2.5	2.3	6.7
EPS (INR)	223.6	214.0	4.5	265.2	248.6	6.7

Sector Update

Motherson Sumi Wiring India Ltd. (MSUMI)

CMP: INR 50 | Target Price: INR 48

Expected Share Price Return: (4.2)% | Dividend Yield: 1.1% | Expected Total Return: (3.1)%

REDUCE

View and Valuation: We remain positive on the long-term opportunity as the company is well-positioned to benefit from the industry's shift towards EV and hybrid powertrains. These are expected to increase the content per vehicle, as the content value for EV programs in passenger vehicles is approximately 1.5 to 1.7 times higher than ICE vehicles. We revise our FY27/FY28 EPS estimates upwards by 3.2%/3.5% and arrive at our target price of **INR 48**. We value the company at 33x (previously 30x) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	83,283	93,203	1,07,174	1,24,412	1,41,877
Gross profit	28,745	32,438	37,211	43,450	49,554
EBITDA	10,132	9,971	11,136	13,806	16,460
Depreciation	1,473	1,789	2,028	2,268	2,508
EBIT	8,659	8,182	9,108	11,538	13,952
Interest Expenses	273	248	248	248	248
Other Income	69	119	131	144	159
Exceptional Item	-	-	-	-	-
Reported PAT	6,383	6,059	6,789	8,634	10,467
Adjusted PAT	6,383	6,059	6,789	8,634	10,467
EPS (INR)	1.0	0.9	1.0	1.3	1.6

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	17.8	11.9	15.0	16.1	14.0
EBITDA	27.9	(1.6)	11.7	24.0	19.2
PAT	31.1	(5.1)	12.1	27.2	21.2
Margins (%)					
EBITDA	12.2	10.7	10.4	11.1	11.6
PAT	7.7	6.5	6.3	6.9	7.4
Profitability (%)					
ROE	38.1	35.7	34.5	37.3	38.3
ROCE	46.5	43.9	42.5	46.3	47.8
ROIC	33.8	31.3	30.7	33.7	35.1
Working Capital					
Inventory Days	50	50	50	50	50
Debtor Days	39	49	50	50	50
Payable Days	41	46	45	45	45
Cash Conversion Cycle	49	53	55	55	55
Valuation Metrics					
PE(x)	52.0	54.8	48.9	38.5	31.7
EV/EBITDA (x)	32.9	33.6	30.0	24.1	20.1
Price to BV (x)	19.8	19.6	16.9	14.3	12.2
EV/OCF (x)	42.1	91.8	48.6	37.4	30.2

Source: MSUMI, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	16,768	16,983	19,699	23,152	27,339
Minority Interest	-	-	-	-	-
Deferred tax	(499)	(574)	(574)	(574)	(574)
Total debt	2,591	2,692	2,692	2,692	2,692
Other liabilities & provisions	493	565	622	684	752
Total Net Worth & liabilities	19,353	19,666	22,438	25,953	30,208
Net Fixed Assets	5,997	6,906	6,879	6,611	6,103
Capital Work in progress	238	367	367	367	367
Investments	-	-	-	-	-
Cash & bank balance	1,670	143	535	1,905	4,210
Loans & Advances & other assets	889	911	1,140	1,320	1,502
Net Current Assets	12,230	11,482	14,052	17,656	22,237
Total Assets	19,353	19,666	22,438	25,953	30,208

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	7,910	3,648	6,886	8,914	10,947
Cash Flows from Investing	(2,079)	(601)	(2,229)	(2,179)	(2,182)
Cash Flows from Financing	(4,522)	(4,574)	(4,264)	(5,365)	(6,459)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	38.1%	35.7%	34.5%	37.3%	38.3%
Net Profit Margin	7.7%	6.5%	6.3%	6.9%	7.4%
Asset Turnover	4.3	4.7	4.8	4.8	4.7
Financial Leverage	1.2	1.2	1.1	1.1	1.1

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	124.4	121.2	2.6	141.9	137.9	2.9
EBITDA	13.8	13.4	2.7	16.5	16.0	2.9
EBITDAM%	11.1	11.1	-	11.6	11.6	-
PAT	8.6	8.4	3.2	10.5	10.1	3.5
EPS (INR)	1.3	1.3	3.2	1.6	1.5	3.5

Sector Update

Sansera Engineering Ltd. (SANSERA)
CMP: INR 1,414 | Target Price: INR 1,460

REDUCE

Expected Share Price Return: 3.3% | Dividend Yield: 0.2% | Expected Total Return: 3.5%

View and Valuation: SANSERA's diversified portfolio across segments (auto, non-auto), geographies, customers and product ranges positions it well to navigate different market dynamics and deliver profitable growth. We revise our FY27/FY28 EPS estimates upwards by 2.4%/2.5% and arrive at our target price of **INR 1,460**. We value the company at 25x (maintained) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	28,114	30,168	33,582	37,489	42,013
Gross profit	15,939	17,754	20,082	22,493	25,208
EBITDA	4,799	5,148	5,877	6,748	7,646
Depreciation	1,495	1,738	2,048	2,299	2,533
EBIT	3,304	3,409	3,829	4,449	5,113
Interest Expenses	770	700	407	374	374
Other Income	24	203	344	448	515
Reported PAT	1,875	2,169	2,803	3,365	3,909
Minority Interest	18	17	17	17	17
Adjusted PAT	1,858	2,152	2,786	3,348	3,892
EPS (INR)	34.6	34.7	45.0	54.1	62.9

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	19.8	7.3	11.3	11.6	12.1
EBITDA	24.7	7.3	14.2	14.8	13.3
PAT	26.7	15.7	29.6	20.2	16.3
Margins (%)					
EBITDA	17.1	17.1	17.5	18.0	18.2
PAT	6.6	7.1	8.3	8.9	9.3
Profitability (%)					
ROE	13.8	7.8	9.3	10.1	10.6
ROCE	14.8	10.8	11.4	12.2	12.7
ROIC	11.0	9.2	9.5	10.3	11.1
Working Capital					
Inventory Days	54	61	58	58	58
Debtor Days	60	55	55	55	55
Payable Days	46	44	46	46	46
Cash Conversion Cycle	68	73	69	69	69
Valuation Metrics					
PE(x)	36.8	36.7	28.3	23.6	20.3
EV/EBITDA (x)	16.0	15.3	13.4	11.5	10.0
Price to BV (x)	5.1	2.9	2.6	2.4	2.1
EV/OCF (x)	20.5	20.9	13.7	14.0	12.3

Source: SANSERA, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	13,474	27,503	30,019	33,127	36,809
Minority Interest	159	173	173	173	173
Deferred tax	692	801	801	801	801
Total debt	8,907	4,070	3,470	3,470	3,470
Other liabilities & provisions	540	526	549	573	598
Total Net Worth & liabilities	23,772	33,074	35,013	38,145	41,852
Net Fixed Assets	15,840	19,376	21,328	22,529	23,496
Capital Work in progress	835	1,945	1,945	1,945	1,945
Investments	411	518	708	908	1,108
Cash & bank balance	630	4,272	3,704	4,574	6,127
Loans & Advances & other assets	857	931	1,024	1,127	1,240
Net Current Assets	5,830	10,304	10,007	11,636	14,063
Total Assets	23,772	33,074	35,013	38,145	41,852

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	3,743	3,766	5,730	5,571	6,202
Cash Flows from Investing	(3,683)	(9,548)	(4,284)	(3,802)	(3,813)
Cash Flows from Financing	(80)	5,834	(1,263)	(598)	(566)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	13.8%	7.8%	9.3%	10.1%	10.6%
Net Profit Margin	6.6%	7.1%	8.3%	8.9%	9.3%
Asset Turnover	1.2	0.9	1.0	1.0	1.0
Financial Leverage	1.8	1.2	1.2	1.2	1.1

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	37.5	36.9	1.6	42.0	41.3	1.7
EBITDA	6.7	6.6	1.6	7.6	7.5	1.7
EBITDAM%	18.0	18.0	-	18.2	18.2	-
PAT	3.3	3.3	2.4	3.9	3.8	2.5
EPS (INR)	54.1	52.8	2.4	62.9	61.3	2.5

Sector Update

Suprajit Engineering Ltd. (SEL)
CMP: INR 444 | Target Price: INR 430
Expected Share Price Return: (3.2)% | Dividend Yield: 0.7% | Expected Total Return: (2.5)%

REDUCE

View and Valuation: Taking into account the benefits of the GST rate cuts for the automobile sector, while we remain cautious of the impact of tariffs for the company, we revise our FY27/FY28 EPS estimates upwards by 2.6%/2.6% and arrive at our target price of **INR 430**. We value the company at 20x (maintained) on the average FY27/28E EPS and maintain our **REDUCE** rating on the company.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	28,958	32,770	37,275	41,139	44,777
Gross profit	11,976	14,159	16,774	18,595	20,329
EBITDA	3,229	3,335	3,988	4,772	5,552
Depreciation	1,037	1,218	1,400	1,527	1,653
EBIT	2,192	2,116	2,588	3,245	3,899
Interest Expenses	514	604	593	606	599
Other Income	599	462	831	998	1,097
Reported PAT	1,672	993	2,064	2,655	3,210
Adjusted PAT	1,672	993	2,064	2,655	3,210
EPS (INR)	12.1	7.2	15.0	19.4	23.4

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	5.2	13.2	13.7	10.4	8.8
EBITDA	3.3	3.3	19.6	19.6	16.4
PAT	9.9	(40.6)	107.8	28.6	20.9
Margins (%)					
EBITDA	11.2	10.2	10.7	11.6	12.4
PAT	5.8	3.0	5.5	6.5	7.2
Profitability (%)					
ROE	12.3	7.8	14.6	16.7	17.9
ROCE	11.0	10.9	12.5	14.5	15.9
ROIC	9.1	5.8	10.4	12.5	14.5
Working Capital					
Inventory Days	56	61	61	61	61
Debtor Days	65	65	65	65	65
Payable Days	41	42	42	42	42
Cash Conversion Cycle	80	84	84	84	84
Valuation Metrics					
PE(x)	36.7	61.3	29.5	22.9	19.0
EV/EBITDA (x)	20.6	19.8	16.4	13.5	11.3
Price to BV (x)	4.5	4.8	4.3	3.8	3.4
EV/OCF (x)	25.3	35.7	21.3	16.4	13.5

Source: SEL, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	13,622	12,802	14,142	15,865	17,948
Minority Interest	-	-	-	-	-
Deferred tax	468	476	475	473	475
Total debt	6,239	6,571	6,571	6,571	6,571
Other liabilities & provisions	754	1,469	1,745	2,077	2,482
Total Net Worth & liabilities	21,082	21,318	22,932	24,986	27,476
Net Fixed Assets	8,515	10,109	10,204	10,177	10,025
Capital Work in progress	72	255	200	176	211
Investments	5,127	2,514	2,765	3,042	3,346
Cash & bank balance	1,186	1,503	2,136	3,044	4,539
Loans & Advances & other assets	509	787	505	600	631
Net Current Assets	6,859	7,653	9,258	10,991	13,263
Total Assets	21,082	21,318	22,932	24,986	27,476

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	2,631	1,848	3,064	3,935	4,652
Cash Flows from Investing	(1,120)	770	(1,410)	(1,847)	(1,871)
Cash Flows from Financing	(1,217)	(2,507)	(1,042)	(1,208)	(1,319)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	12.3%	7.8%	14.6%	16.7%	17.9%
Net Profit Margin	5.8%	3.0%	5.5%	6.5%	7.2%
Asset Turnover	1.4	1.5	1.6	1.6	1.6
Financial Leverage	1.5	1.7	1.6	1.6	1.5

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	41.1	40.3	2.0	44.8	43.9	2.0
EBITDA	4.8	4.7	2.0	5.6	5.4	2.0
EBITDAM%	11.6	11.6	-	12.4	12.4	-
PAT	2.7	2.6	2.6	3.2	3.1	2.6
EPS (INR)	19.4	18.9	2.6	23.4	22.8	2.6

Sector Update

Uno Minda Ltd. (UNOMINDA)
CMP: INR 1,281 | Target Price: INR 1,215
Expected Share Price Return: (5.1)% | Dividend Yield: 0.2% | Expected Total Return: (4.9)%

REDUCE

View and Valuation: UNOMINDA is well-positioned to capitalize on structural tailwinds from premiumization and shift towards electric vehicles in the auto components sector, supported by strategic investments in high growth areas, thereby enhancing long-term growth visibility. We revise our FY27/FY28 EPS estimates upwards by 2.4%/7.3% and arrive at our target price of **INR 1,215**. We value the company at 40x (maintained) on the average FY27/28E EPS and change our rating to **REDUCE** from ADD.

Financials:

Income Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,40,309	1,67,746	2,03,922	2,46,602	2,90,064
Gross profit	49,671	59,065	71,984	87,544	1,02,973
EBITDA	15,853	18,738	22,964	28,520	33,843
Depreciation	5,262	6,149	7,498	8,791	9,906
EBIT	10,928	12,881	15,795	20,089	24,334
Interest expense	1,130	1,704	1,669	1,635	1,600
Income from JV/ Associate	1,854	1,803	2,073	2,384	2,742
Reported PAT	9,247	10,206	12,726	16,371	20,013
Minority Interest	493	776	776	776	776
Adjusted PAT	8,545	9,362	11,949	15,595	19,237
EPS	14.9	16.3	20.8	27.2	33.5

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	24.9	19.6	21.6	20.9	17.6
EBITDA	27.6	18.2	22.6	24.2	18.7
PAT	32.1	10.4	24.7	28.6	22.2
Margins (%)					
EBITDA	11.3	11.2	11.3	11.6	11.7
PAT	6.6	6.1	6.2	6.6	6.9
Profitability (%)					
ROE	18.7	17.8	18.6	19.8	20.0
ROCE	16.4	15.7	17.1	18.9	19.8
ROIC	13.9	13.9	14.4	16.0	17.2
Working Capital					
Inventory Days	43	37	40	41	43
Debtor Days	54	54	54	54	55
Payable Days	52	47	47	47	47
Cash Conversion Cycle	45	45	47	48	51
Valuation Metrics					
PE(x)	86.1	78.5	61.5	47.2	38.2
EV/EBITDA (x)	47.5	40.7	33.2	26.7	22.4
Price to BV (x)	14.9	12.8	10.8	8.9	7.4
EV/OCF (x)	76.9	71.1	47.2	37.0	32.4

Source: UNOMINDA, Choice Institutional Equities

Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	49,428	57,272	68,384	82,572	99,892
Minority Interest	3,222	3,862	4,638	5,415	6,191
Deferred tax	194	132	132	132	132
Total debt	17,063	24,729	24,229	23,729	23,229
Other liabilities & provisions	1,437	1,705	1,705	1,705	1,705
Total Net Worth & liabilities	71,344	87,701	99,089	1,13,553	1,31,149
Net Fixed Assets	35,930	44,011	52,514	56,723	58,817
Capital Work in progress	2,157	7,304	4,731	6,017	5,374
Goodwill	3,376	3,479	3,479	3,479	3,479
Investments	9,514	8,482	8,189	11,375	14,535
Cash & bank balance	2,603	2,036	2,001	1,592	6,458
Loans & Advances & other assets	5,322	6,874	7,217	7,578	7,957
Net Current Assets	17,271	21,299	27,052	32,834	45,820
Total Assets	71,344	87,701	99,089	1,13,553	1,31,149

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	9,793	10,715	16,161	20,606	23,400
Cash Flows from Investing	(9,534)	(15,301)	(13,133)	(17,473)	(14,516)
Cash Flows from Financing	905	3,612	(3,006)	(3,542)	(4,017)

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
ROE	18.7%	17.8%	18.6%	19.8%	20.0%
Net Profit Margin	6.6%	6.1%	6.2%	6.6%	6.9%
Asset Turnover	2.0	1.9	2.1	2.2	2.2
Financial Leverage	1.4	1.5	1.4	1.4	1.3

Change in CIE Estimates	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	246.6	245.7	0.4	290.1	281.6	3.0
EBITDA	28.5	28.2	1.2	33.8	32.3	4.8
EBITDAM%	11.6	11.5	10bps	11.7	11.5	20bps
PAT	15.6	15.2	2.4	19.2	17.9	7.3
EPS (INR)	27.2	26.5	2.4	33.5	31.2	7.3

Sector Update

Q1FY26: Mixed OEM Performance amid Premiumisation Trend

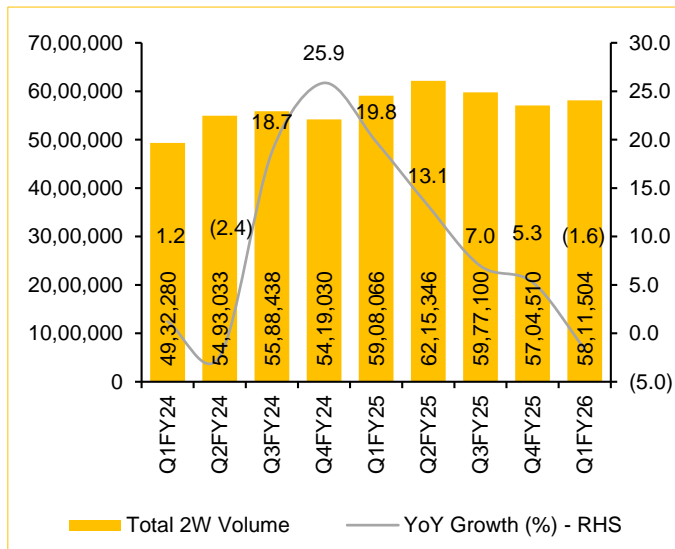
In Q1FY26, OEMs under our coverage delivered a mixed performance, with the market's preference continuing to shift towards premium vehicles across categories. The industry was supported by a mix of positive and negative macro-economic factors. While RBI interest rate cuts, strong export recovery and favourable monsoons were positives, the industry faced headwinds from escalating US tariffs, supply chain issues due to rare earth magnets and soft domestic demand.

- The PV segment grew 0.8% YoY, primarily driven by sustained demand for SUVs; Mahindra & Mahindra (M&M) reported a strong 25.8% YoY revenue growth. However, passenger car volumes continued to decline, underscoring the shift in demand towards SUVs.
- The 2W segment was down by 1.6% YoY due to a 6.2% decline in the domestic market, supported by a strong growth in higher displacement models (200-500cc) and robust export performance. Meanwhile, motorcycles below 110cc remained under pressure, highlighting a shift in consumer preference towards premium offerings.
- The CV segment was up 1.1% YoY, with both, the LCV and MHCV segments remaining flat on a YoY basis.
- For the companies under our coverage, 2W OEMs posted a revenue growth of 7.0% on a YoY basis and PV OEMs saw a 16.3% revenue growth on a YoY basis. On the EBITDA margin front, OEMs under our coverage saw a margin decline of 107bps YoY and 25bps QoQ.

Positive Outlook for Auto Ancillaries: Driven by Premiumisation

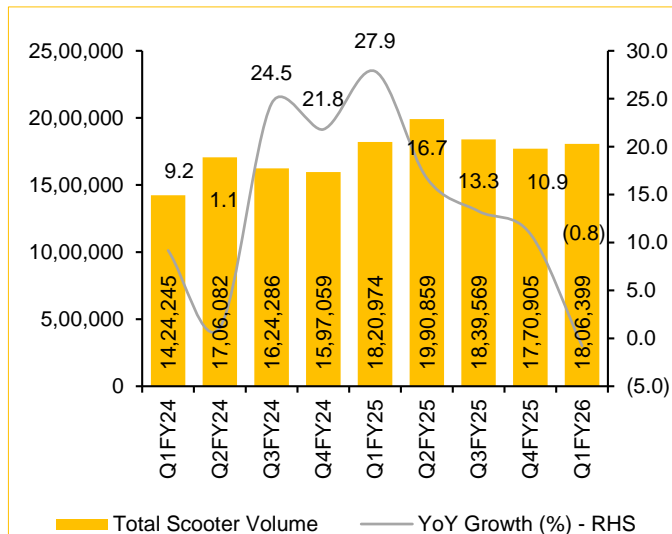
- The automobile ancillaries under our coverage registered a solid performance, with revenue growth of 17.1% YoY. While the EBITDA margin was up 20bps YoY, it was down 28bps QoQ.
- For auto ancillary space, we remain positive, owing to new product launches in FY26. We expect auto ancillary companies under our coverage to continue benefiting from the trend of premiumisation and technological upgrades.

2W volume was down 1.6% on a YoY basis



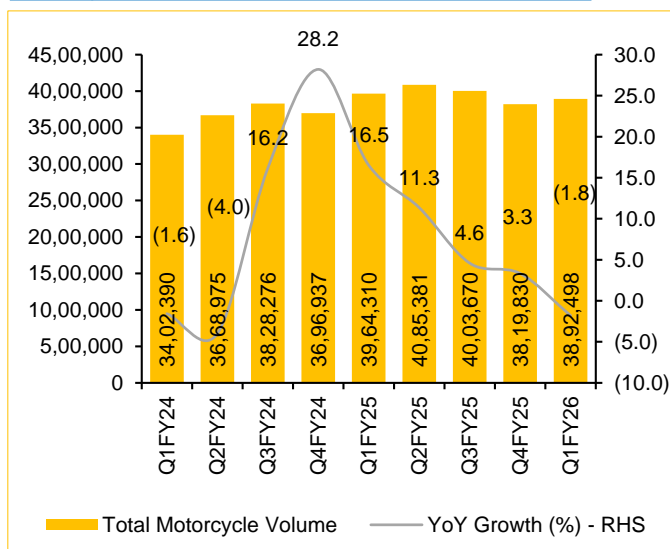
Source: CMIE, Choice Institutional Equities

Scooter volume de-grew 0.8% on a YoY basis



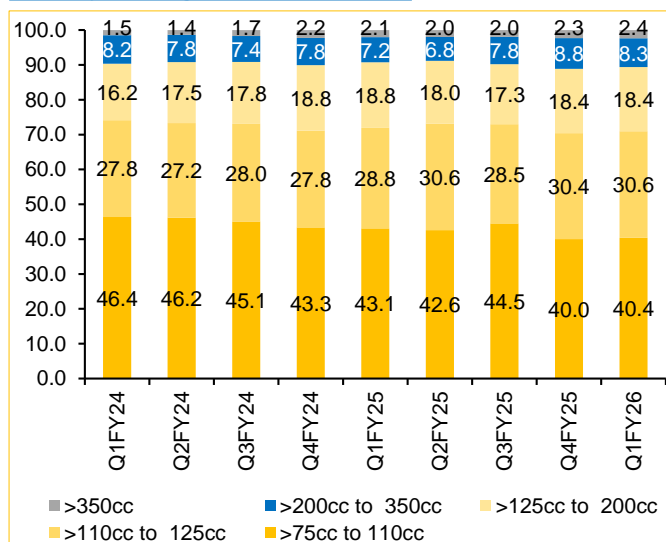
Source: CMIE, Choice Institutional Equities

Motorcycle volume decreased 1.8% on a YoY basis



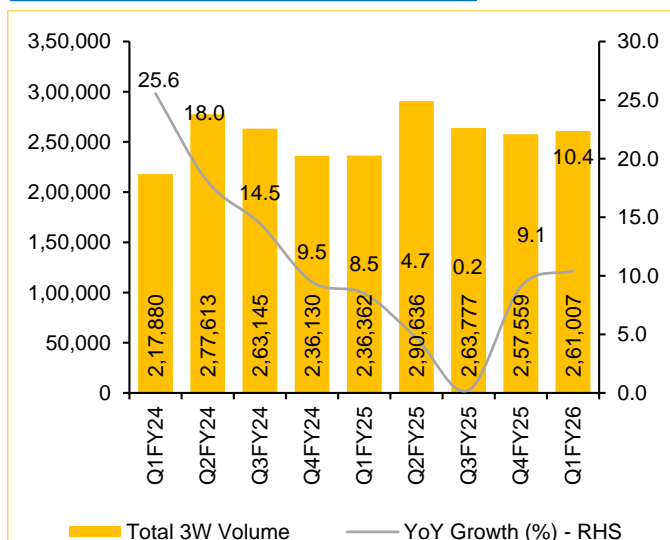
Source: CMIE, Choice Institutional Equities

Motorcycle: Segment-wise split (%)



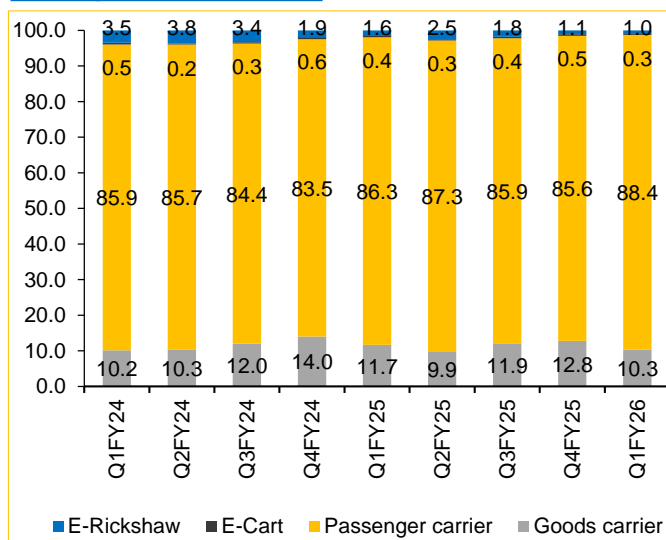
Source: CMIE, Choice Institutional Equities

3W volume was up 10.4% on a YoY basis



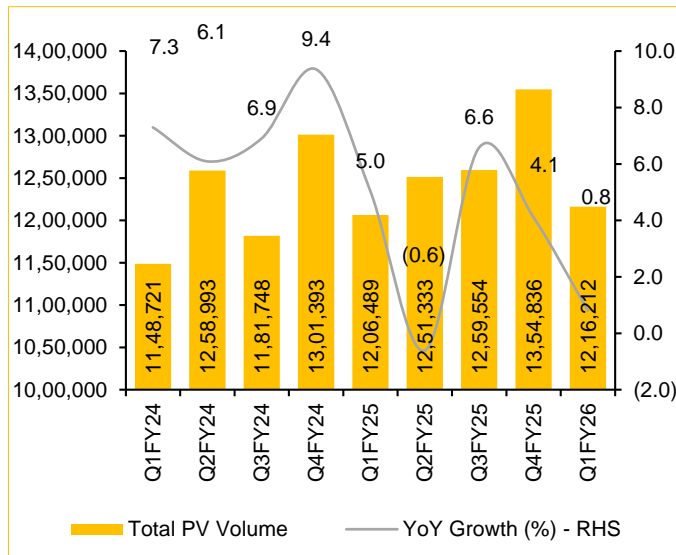
Source: CMIE, Choice Institutional Equities

3W: Segment-wise split (%)



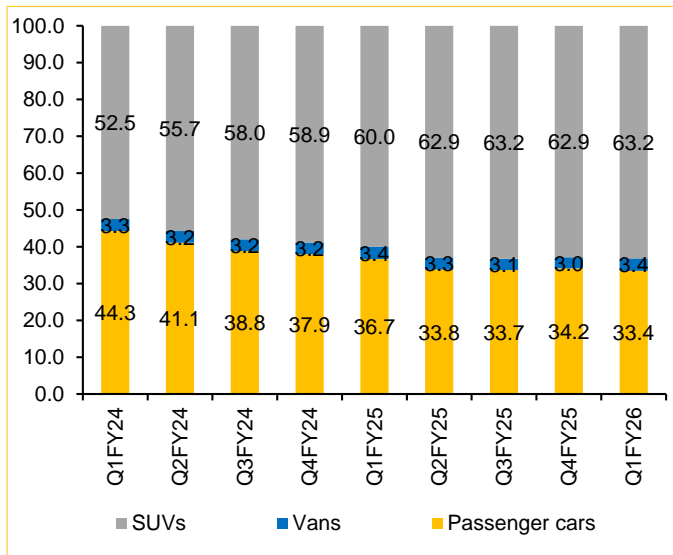
Source: CMIE, Choice Institutional Equities

PV volume was up 0.8% on a YoY basis



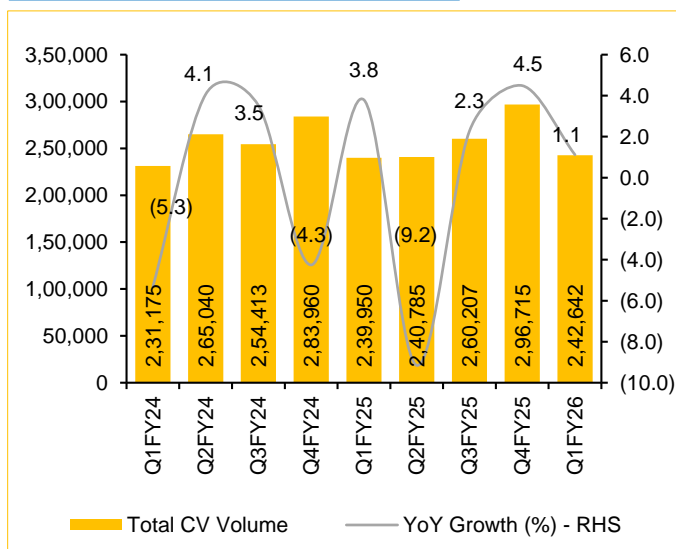
Source: CMIE, Choice Institutional Equities

PV: Segment-wise split (%)



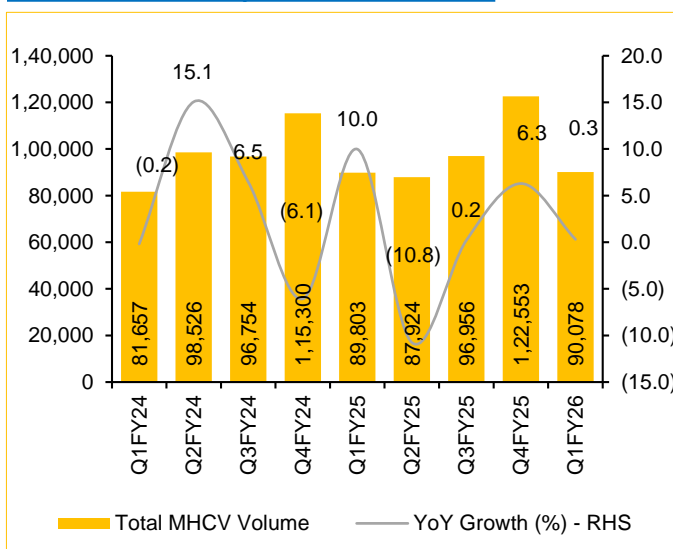
Source: CMIE, Choice Institutional Equities

CV volume was up 1.1% on a YoY basis



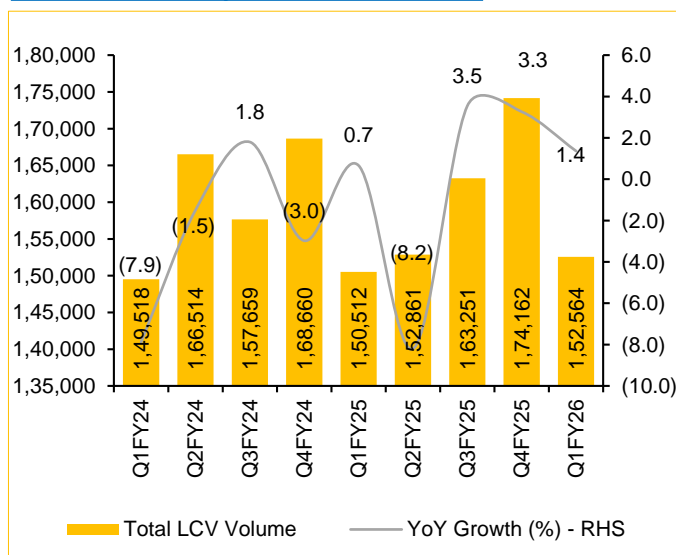
Source: CMIE, Choice Institutional Equities

MHCV volume was up 0.3% on a YoY basis



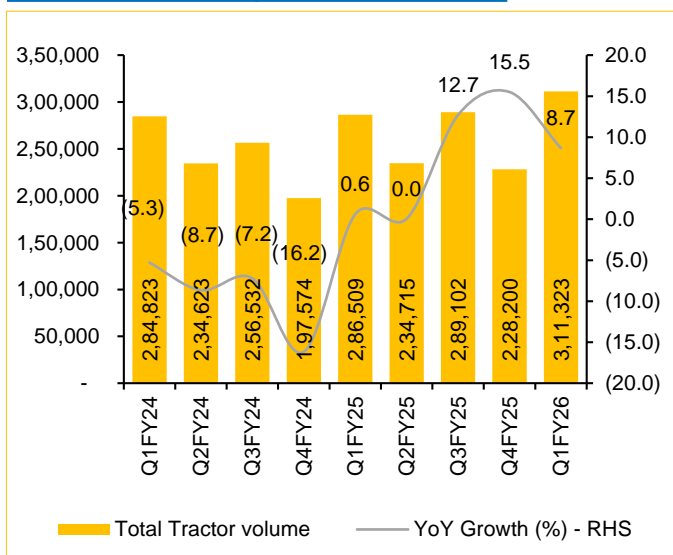
Source: CMIE, Choice Institutional Equities

LCV volume was up 1.4 % on a YoY basis



Source: CMIE, Choice Institutional Equities

Tractor volume was up 8.7% on a YoY basis



Source: TMA, Choice Institutional Equities

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in statis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
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