Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,747	0.1	3.3
Nifty-50	24,414	0.1	3.3
Nifty-M 100	54,288	1.6	-5.1
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,631	0.5	-4.3
Nasdaq	17,738	0.2	-8.1
FTSE 100	8,559	0.7	4.7
DAX	23,116	2.8	16.1
Hang Seng	8,242	2.1	13.1
Nikkei 225	36,780	0.9	-7.8
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	61	-0.7	-17.6
Gold ($/OZ)	3,365	3.9	28.2
Cu (US$/MT)	9,441	2.2	9.1
Almn (US$/MT)	2,354	-1.7	-6.8
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.8	0.5	-0.9
USD/EUR	1.1	-0.6	9.1
USD/JPY	143.8	1.0	-8.5
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	-0.01	-0.4
10 Yrs AAA Corp	7.0	-0.01	-0.3
Flows (USD b)	**7-May**	**MTD**	**CYTD**
FIIs	0.3	1.33	-11.2
DIIs	0.28	1.12	25.9
Volumes (INRb)	**7-May**	**MTD***	**YTD***
Cash	1,071	1018	1022
F&O	2,13,345	1,46,519	2,03,567

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

India Strategy: Institutional holdings: Navigating the paradigm shift!

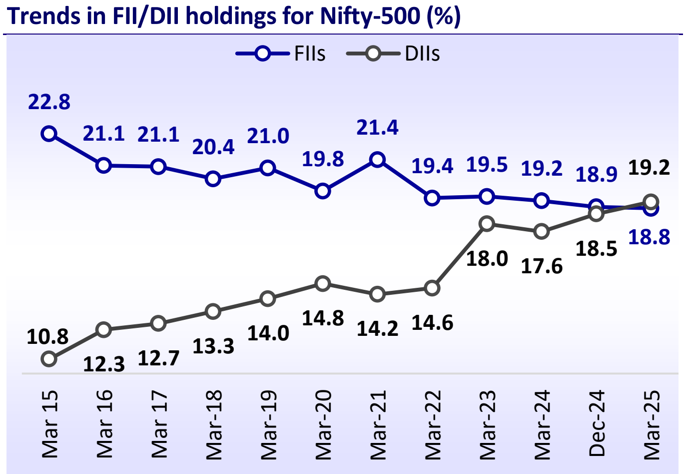
- The Indian equity markets experienced a dynamic and volatile decade from FY15 to FY25, characterized by rising domestic participation, expanding market breadth, the impact of Covid-19, a surge in global interest rates to multi-decade highs, and valuation expansion in domestic markets.
- In line with these trends, DIIs invested USD195b, which is 3.7x the FII inflows of USD53b during the decade. The predominance of domestic flows also led to a significant shift in institutional holdings across India Inc. This structural shift, which developed over the past decade, gained substantial momentum after FY21.
- Strong domestic inflows and buoyant capital markets in 2024 led to a historic shift in ownership, with DII holdings surpassing FII holdings in Nifty-500 companies for the first time. Promoter holdings dipped to an all-time low, while Retail holdings hovered around their lows as of Mar'25.
- FII holdings slid to the lows of 18.8% (vs. 22.8% in Mar'15), while DII holdings surged to an all-time high of 19.2% (vs. 10.8% in Mar'15).

Research covered

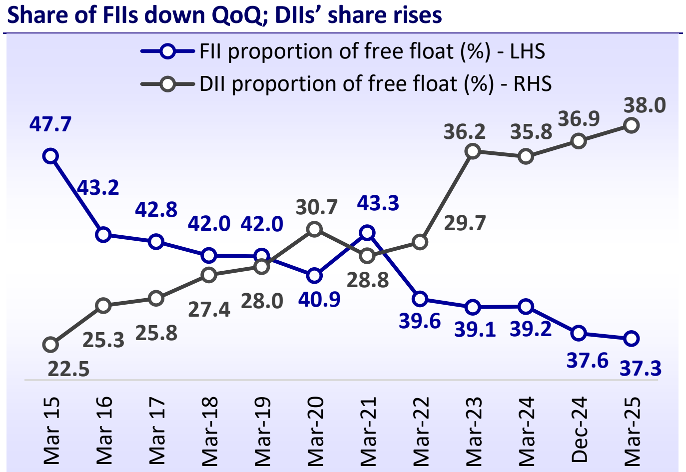
Cos/Sector	Key Highlights
India Strategy	Institutional holdings: Navigating the paradigm shift!
Coal India	In-line performance; higher other income drives APAT beat
Other Updates	Godrej Consumer | Bank of Baroda | Punjab National Bank | Polycab India | Dabur | HPCL | MRF | APL Apollo Tubes | KEI Industries | Tata Chemicals | Vedant Fashions | Mahanagar Gas | Niva Bupa | Sapphire Foods | Avalon Technologies | NSE | EcoScope - EAI: Monthly Dashboard | Angel One | Voltas | United Breweries

Chart of the Day: India Strategy (Institutional holdings: Navigating the paradigm shift!)

Trends in FII/DII holdings for Nifty-500 (%)



Share of FIIs down QoQ; DIIs' share rises



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In the news today

Kindly click on textbox for the detailed news link

1

Elon Musk's Starlink on track for India entry after clearing DoT licence hurdle

Starlink has received a letter of intent from the DoT for a satcom license, marking progress in its plan to offer satellite broadband services in India. This followed Starlink's agreement to comply with security conditions, with some initially proposed rules being dropped.

2

NBFCs raise concerns over planned co-lending rules

Non-bank lenders in Mumbai plan to address the Reserve Bank of India regarding proposed co-lending rule changes. The new model suggests joint loan disbursement, replacing the current assignment practice.

3

FMCG likely to bounce back in 12-18 months: Godrej Consumer MD

Godrej Consumer Products anticipates a revival in FMCG volume growth, projecting a mid-high single-digit increase this financial year.

4

Co-working company International Workplace Group sees India as third largest market

IWG, a global hybrid workspace platform, aims to become the third-largest co-working center provider in India within 3-5 years, planning to add 300 centers.

5

Customer attrition on hold for Vodafone Idea as capex call on 4G connects

Vodafone Idea's strategic investments in 4G infrastructure appear to be stabilizing its active user base, with minimal losses recorded in March 2025.

6

Local procurement mandated for industrial boilers in govt tenders

India is set to restrict foreign participation in government contracts for industrial boilers, prioritizing local firms for supply and services.

7

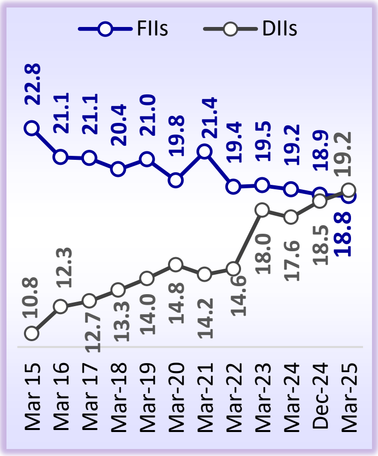
Delhi HC halts Gensol & BluSmart 3rd party claims on 220 EVs

The Delhi High Court has further restricted Gensol Engineering and BluSmart Mobility from creating third-party rights over 220 additional EVs leased by SMAS Auto Leasing India and Shefasteq OPC due to failure in lease payouts.

India Strategy

BSE Sensex: 80,747 | **Nifty-50: 24,414**

Institutional ownership - Nifty-500 (%)



Institutional holdings: Navigating the paradigm shift!

DIIs overtake FIIs in the Nifty-500 ownership

- **The Ownership saga – Preface:** The Indian equity markets experienced a dynamic and volatile decade from FY15 to FY25, characterized by rising domestic participation, expanding market breadth, the impact of Covid-19, a surge in global interest rates to multi-decade highs, and valuation expansion in domestic markets. In line with these trends, DIIs invested USD195b, which is 3.7x the FII inflows of USD53b during the decade. The predominance of domestic flows also led to a significant shift in institutional holdings across India Inc. This structural shift, which developed over the past decade, gained substantial momentum after FY21.
- **The battle for Ownership:** The trends continued into FY25, with markets initially jittery ahead of the 2024 Lok Sabha elections but later rallying to all-time highs, driven by robust domestic inflows. This was followed by a correction prompted by concerns over slowing earnings growth, stretched valuations, and mounting geopolitical risks, which were exacerbated by sharp FII selling. Strong domestic inflows and buoyant capital markets in 2024 led to a historic shift in ownership, with DII holdings surpassing FII holdings in Nifty-500 companies for the first time. Promoter holdings dipped to an all-time low, while Retail holdings hovered around their lows as of Mar'25. FII holdings slid to the lows of 18.8% (vs. 22.8% in Mar'15), while DII holdings surged to an all-time high of 19.2% (vs. 10.8% in Mar'15).
- **In this report, we delve deep into their ownership across the Nifty-500 sectors and companies, examining how their holdings have evolved.**

DII holdings in the Nifty-500 surge for the fourth consecutive quarter

DII holdings in the Nifty-500 have risen to an all-time high of 19.2%

- Over the past one year, **DII** ownership rose 160bp YoY (+70bp QoQ) to an all-time high of 19.2% in Mar'25 (vs. 17.6% in Mar'24), while **FII** ownership dipped 40bp YoY (-10bp QoQ) to an all-time low of 18.8% (vs. 19.2% in Mar'24).
- **Promoter** holdings, which have historically remained range-bound, also declined meaningfully by 140bp YoY (down 30bp QoQ) to an all-time low of 49.5% in Mar'25. The sharp drop was driven by a buoyant primary market in 2024, where high valuations and strong investor appetite provided an attractive opportunity for several promoters to liquidate their stakes.
- **Retail** holdings were broadly stable and increased marginally by 10bp YoY, but declined 40bp QoQ to reach 12.4% by Mar'25.
- **Sectoral holdings trends:** Within the NIfty-500, FIIs and DIIs showcased divergent trends. On a YoY basis, **DIIs increased their holdings in 18 sectors** (out of 24 sectors) – the top increase in holdings was seen in Banks (Private & PSU), Consumer Durables, Consumer, Insurance, Utilities, Technology, Cement, Oil & Gas, Automobiles, and Retail. In contrast, FIIs experienced a decline in all these sectors, except Technology and Consumer Durables.
- On a QoQ basis, **DIIs** increased their holdings in most of the sectors, except NBFC-Non Lending, Consumers, Logistics, and Media. Conversely, FIIs reduced their holdings in most sectors, barring Telecom, NBFCs, Chemicals, Insurance, and Media, which saw an increase QoQ.

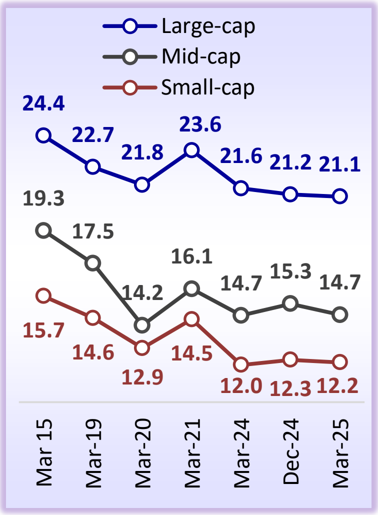
Promoter holdings have slid to an all-time low of 49.5%

FII-DII ownership ratio has halved to 1x, down from 2.1x a decade ago

FII-DII ownership ratio continues to contract

- As a proportion of the free float of Nifty-500, FII ownership decreased 190bp YoY (-30bp QoQ) to 37.3%, while DII ownership increased 220bp YoY (+110bp QoQ) to 38%.
- The FII-DII ownership ratio in the Nifty-500 contracted 10bp YoY (flat QoQ) to 1x in Mar'25. Over the last one year, the FII-DII ratio has expanded primarily in NBFC Non-lending, EMS, Infrastructure, Telecom, and Media sectors, while it contracted in 15 out of 24 sectors.
- Within the **Nifty-500 companies**, FIIs reduced their holdings in 48% of the companies YoY, while DIIs increased their stake in 67% of the companies.
- In the **Nifty-50**, FIIs reduced their holdings in 82% of the companies, while DIIs raised their holdings in 84% of the companies.

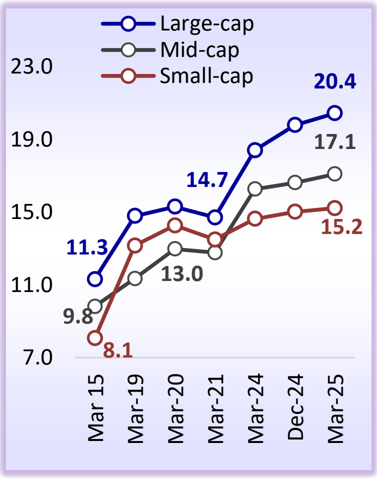
FII Holding in Large, Mid and Smallcaps (%)



Analyzing the Caps: Domestic institutions raise their stakes across the board

- According to SEBI's categorization, large-, mid-, and small-cap stocks accounted for 68%, 21%, and 11% of the total Nifty-500 market cap, respectively.
- FII, Promoter, and Retail holdings in large-caps dipped to near-lows/the lowest levels of 21.1%, 47.6%, and 10.8%, respectively. In contrast, DII holdings in large-caps rose to an all-time high of 20.4% as of Mar'25.
- Analyzing the institutional holding patterns: (i) **FIIs** reduced their stakes in large-caps by 50bp YoY, whereas their holdings in mid-caps remained unchanged YoY, and increased in small-caps (+20bp) on YoY basis. On a QoQ basis, FIIs reduced their stakes across all categories by 10bp/60bp/10bp to 21.1%/14.7%/12.2%; ii) **DIIs** significantly raised their stakes across market caps by 200bp/80bp /60bp YoY (+60bp/+50bp/+20bpQoQ), to 20.4%/17.1%/ 15.2%; and iii) **Promotors** notably reduced their YoY holdings across market caps (-160bp/-130bp/-30bp YoY and -30bp/+40bp/+10bp QoQ) to 47.6%/54.9%/51.4% as of Mar'25.
- Notably, **Promoter holdings in large-caps dipped to an all-time low**, while holdings in mid-cap stocks reached the second-lowest level and remained low in small-caps; iv) **Retail** holdings were near their lows in large- and mid-caps at 10.8% and 13.3%, respectively, while their holdings remained strong in small-caps at 21.2%.

DII Holding in Large, Mid and Smallcaps (%)



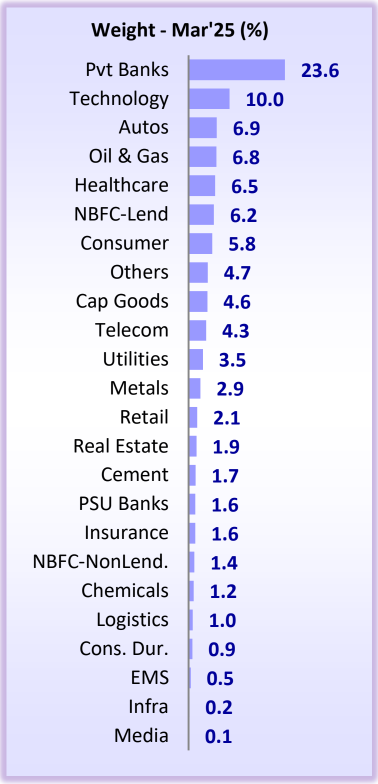
PSU stocks – apple of the eye for both DIIs and FIIs!

- We classified the Nifty-500 universe among Private, PSU, and MNC companies. Notably, **FII** holdings in Private companies reduced to an all-time low of 20.1% (down 90bp YoY/30bp QoQ), while their stakes in PSUs rose to 18.1% in Mar'25 (up 140bp YoY/50bp QoQ).
- **DII** holdings in both Private and PSU companies rose to all-time highs of 18.7% (+180bp YoY, +60bp QoQ) and 18.8% (+120bp YoY, +100bp QoQ), respectively.
- Buoyant primary and secondary markets also led to increased stake dilution by Promoter groups of **Private** companies. This resulted in a dip in their overall holdings in the Nifty-500 to an all-time low level of 47.5% (-110bp YoY) in Mar'25. Further, Promoter holdings in the **PSU** companies also reduced to 54.1% (-270bp YoY/-140bp QoQ) from 56.8% in Mar'24.

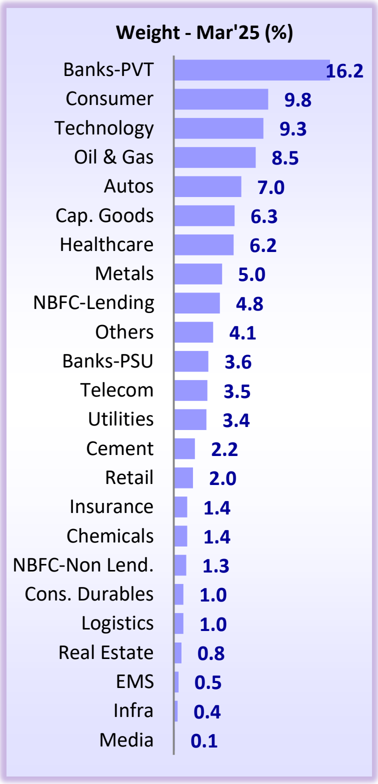
Sector holdings YoY: FIIs gain in nine sectors, while DIIs in 18

- Within the Nifty-500: i) **FIIs** had the **highest** holding in Private Banks (47.5%), followed by Telecom (22.5%), Real Estate (21%), NBFC Non-lending (20.5%), Technology (19.5%), Healthcare (18.7%), and Consumer (18.6%). Among the top

FII sectoral allocations within Nifty-500 (%)



DII sectoral allocations within Nifty-500 (%)Z



sectors, FII raised their stakes in NBFC - Non Lending (+400bp), EMS (+220bp), Telecom (+200bp), Real Estate (+170bp), and Infrastructure (+70bp) YoY. (ii) **DIIs** had the **highest** holding in Private Bank (33.1%), Consumer (23.9%), Oil & Gas (21.3%), Consumer Durables (20.9%), and Metals (20.7%). Among the key sectors, DIIs increased their stakes in Private Banks (+340bp), Consumer Durables (+290bp), Consumer (+230bp), Utilities (+220bp), PSU Banks (+220bp) on a YoY basis.

FII allocation in BFSI surges both sequentially and YoY

- BFSI's (Private Banks, PSU Banks, NBFCs, and Insurance) growth continued to reflect in FII allocation, which rose 280bp YoY/300bp QoQ to 34.4% in the Nifty-500 as of Mar'25. FIIs remained significantly overweight (by 420bp) in BFSI vs. the Nifty-500 (BFSI's weight in the Nifty-500 currently stands at 30.2%).
- BFSI was followed by Technology, in which FIIs had 10% weightage (down 40bp YoY and 150bp QoQ), and Telecom (up 130bp YoY and 60bp QoQ). Overall, the Top 5 sectoral allocations of FIIs in the Nifty-500 accounted for 64.7% of total allocation – BFSI (34.4%), Technology (10%), Automobiles (6.9%), Oil & Gas (6.8%), and Healthcare (6.5%).
- FIIs were significantly overweight (vs. Nifty-500) in Private Banks/Telecom/Real Estate/Technology and underweight in Capital Goods/ Consumer/ PSU Banks.
- FIIs raised their weights in Private Banks, NBFC – Lending, Telecom, Oil & Gas, Metals, Chemicals, Insurance, and Cement, while they reduced their holdings in Technology, Automobile, Healthcare, Real Estate, Capital Goods, Retail, Consumer, Consumer Durables, Infrastructure, and EMS.
- In terms of absolute holdings, out of the total FII holdings of USD815b, Private Banks topped with USD193b in investment value. The top-5 companies that contributed 31% to the holding value were HDFC Bank (USD89.2b), ICICI Bank (USD61.5b), Reliance (USD41b), Bharti Airtel (USD30.6b), and Infosys (USD30.3b).

DIIs: OW on Consumer and O&G; UW on Private Banks and NBFCs

- Within Nifty-500, DIIs were overweight on Consumer, O&G, and Metals, while they were underweight on Private Banks, NBFCs, and Real Estate.
- Overall, the Top 5 sectoral holdings of DIIs in the Nifty-500 accounted for 62% of the total allocation – BFSI (27.3%), Consumer (9.8%), Technology (9.3%), O&G (8.5%), Automobiles (7%), and Capital Goods (6.3%).
- Of the total DII holdings of USD830b in the Nifty-500, Private Banks topped at USD134b, followed by Consumer at USD81b, and Technology at USD77b.
- The top 5 stocks by holding value were HDFC Bank (USD50.1b), ITC (USD41.8b), ICICI Bank (USD40.3b), Reliance (USD38.4b), and Infosys (USD26b).

Retail holdings stable over the last three years

- Retail holdings for the overall Nifty-500 universe have been broadly stable over the last three years in the range of 12-13%. The holdings inched up 10bp YoY but declined 40bp QoQ to 12.4% as of Mar'25.
- Within Nifty-500, the Top 5 sectoral holdings of Retail accounted for 57% of the allocation – BFSI (23.8%), Capital Goods (10.3%), Consumer 8.3%), Technology (7.4%), and Automobiles (7.1%).

Coal India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2362.2 / 27.8
52-Week Range (INR)	545 / 349
1, 6, 12 Rel. Per (%)	-9/-13/-25
12M Avg Val (INR M)	4234

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,434	1,581	1,756
Adj. EBITDA	430	493	563
Adj. PAT	354	372	426
EBITDA Margin (%)	30.0	31.2	32.0
Cons. Adj. EPS (INR)	57.4	60.4	69.1
EPS Gr. (%)	-5.5	5.3	14.4
BV/Sh. (INR)	161	190	224
Ratios			
Net D:E	-0.3	-0.3	-0.4
RoE (%)	35.7	31.8	30.9
RoCE (%)	36.8	32.7	31.8
Payout (%)	46.2	50.0	50.0
Valuations			
P/E (x)	6.7	6.4	5.6
P/BV (x)	2.4	2.0	1.7
EV/EBITDA(x)	4.8	4.0	3.3
Div. Yield (%)	6.9	7.9	9.0
FCF Yield (%)	6.7	10.9	10.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	63.1	63.1	63.1
DII	23.5	22.7	23.3
FII	7.7	8.6	8.4
Others	5.7	5.6	5.2

CMP: INR383 **TP: INR480 (+25%)** **Buy**

In-line performance; higher other income drives APAT beat

- 4QFY25 revenue came in at INR378b (-1% YoY and +3% QoQ), in line with our estimate of INR383b.
- Adj. EBITDA (excluding OBR) stood at INR112b (+5% YoY and -2% QoQ) and was in line with our est. EBITDA/t stood at INR557 (+6% YoY and -6% QoQ).
- APAT came in at INR96b (+12% YoY and 13% QoQ) against our est. of INR87b. APAT was supported by high other income.
- 4Q production stood at 238mt (-2% YoY/+18% QoQ) and offtake stood at 201mt (flat YoY/+4% QoQ). In 4Q, FSA revenue stood at INR270b (flat YoY) with volume of 175mt (flat YoY) and ASP of INR1,547/t (flat YoY). E-auction revenue came in at INR56b (-2% YoY), led by e-auction volume of 22mt (-4% YoY) and ASP of INR2,615/t (+3% YoY), translating into 69% premium to FSA.
- In FY25, revenue stood flat YoY at INR1433b, while adj. EBITDA declined 3% YoY to INR430b. Adj. PAT declined 5% YoY to INR354b.
- FY25 production volume stood at 781mt (+1% YoY) and offtake at 763mt (+1% YoY).
- The company declared a final dividend of INR5.15 per share, with a total dividend payout of INR26.5 per share in FY25.
- COAL commissioned a 50 MW solar power plant at Nigahi in NCL in Nov'24 and started operations from Apr'25 at the largest non-coking coal washery (Valley Washery at MCL) of 10mtpa.
- The company has incorporated a new subsidiary, Coal Gas India, on 25th Mar'25, marking its foray into the coal-to-chemical segment. The venture is a collaboration with GAIL (India) with a shareholding structure of 51% (COAL) and 49% (GAIL). The venture aims to establish a state-of-the-art coal-to-synthetic natural gas (SNG) plant in the ECL command area.

Valuation and view

- COAL delivered a decent performance in 4QFY25 after a muted show in 1HFY25. The e-auction premiums softened during FY25, which got offset by better e-auction volume (~10% share to total sales volume).
- The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management is focusing on the expansion of coal mines, which would be funded via internal accruals, or COAL might borrow to undertake certain projects.
- For FY26/FY27, we largely maintain our estimates and expect volumes to improve, which would boost earnings performance. The e-auction premium is expected to remain stable at 70% going ahead.
- We expect COAL to clock an 8% volume CAGR during FY25-27. This would translate into 11% revenue and 14% EBITDA CAGRs. At CMP, the stock is trading at 3.3x FY27E EV/EBITDA. We reiterate our BUY rating with a TP of INR480 (premised on 4.5x on FY27E EV/EBITDA).

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales	**359.8**	**327.8**	**361.5**	**382.1**	**364.6**	**306.7**	**368.6**	**378.2**	**1,447.6**	**1,433.7**	**383**	**-1**
Change YoY (%)	2.5	9.8	2.8	0.2	1.3	(6.4)	1.9	(1.0)	4.7	(1.0)		
Change QoQ (%)	(5.7)	(8.9)	10.3	5.7	(4.6)	(15.9)	20.2	2.6				
Adj. EBITDA	**111.6**	**88.9**	**119.4**	**106.5**	**115.4**	**71.5**	**114.8**	**112.3**	**442.7**	**429.6**	**111**	**1**
Change YoY (%)	(12.4)	10.9	6.2	23.3	3.4	(19.6)	(3.8)	5.5	9.0	(3.0)		
Change QoQ (%)	29.3	(20.3)	34.2	(10.8)	8.4	(38.0)	60.5	(2.2)				
EBITDA per ton	**596.9**	**511.9**	**624.3**	**527.9**	**581.5**	**425.6**	**591.5**	**557.6**	**587.5**	**563.7**	**556**	**0**
Depreciation	15.3	15.9	17.2	18.9	19.5	19.0	25.1	27.8	67.4	91.5		
OBR	(24.2)	(11.4)	(10.3)	(7.4)	(28.0)	(14.6)	(8.3)	(5.6)	(37.0)	(41.1)		
Interest	1.8	1.8	2.3	2.3	2.1	2.1	2.3	2.4	8.2	8.8		
Other Income	15.4	19.8	22.0	22.4	18.8	15.1	21.4	39.4	79.7	94.7		
EO Inc/(Exp)	-	-	-	-	-	-	-	-	-	-		
PBT after EO	**134.1**	**102.5**	**132.2**	**115.1**	**140.6**	**80.2**	**117.2**	**127.0**	**483.9**	**465.0**	**118**	**8**
Tax	28.9	22.9	32.2	30.5	32.0	18.8	33.0	32.8	114.4	116.6		
Tax Rate (%)	21.5	22.3	24.3	26.5	22.8	23.4	28.2	25.8	23.7	25.1		
PAT before MI & Asso.	**105.2**	**79.6**	**100.1**	**84.6**	**108.6**	**61.4**	**84.2**	**94.2**	**369.4**	**348.4**	**85**	**11**
MI	(0.3)	-	0.4	(0.4)	(0.2)	(0.1)	(0.1)	(0.1)	(0.3)	(0.6)		
Sh. of Assoc.	(0.2)	0.9	2.9	0.7	0.9	1.4	0.7	1.7	4.3	4.6		
PAT After MI & Asso.	**105.3**	**80.5**	**102.5**	**85.7**	**109.6**	**62.9**	**85.1**	**96.0**	**374.0**	**353.6**		
Adjusted PAT	**105.3**	**80.5**	**102.5**	**85.7**	**109.6**	**62.9**	**85.1**	**96.0**	**374.0**	**353.6**	**87**	**11**
Change YoY (%)	19.2	33.2	32.2	24.7	4.1	(21.9)	(17.0)	12.0	17.8	(5.5)		
Change QoQ (%)	53.1	(23.6)	27.4	(16.4)	27.8	(42.6)	35.2	12.9				

Source: MOFSL, Company

Note – Due to restatements mainly related to OBR accounting, the quarter financials may not add to annual financials for FY24 and FY25

Key Operational metrics

Y/E March	FY24				FY25				FY24	FY25	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Volume (mt)												
Production	175.5	157.4	199.0	241.8	189.3	152.0	202.0	237.7	773.6	781.0	(1.7)	17.7
Sales/Offtake	187.0	174.0	191.4	201.9	198.5	168.1	194.1	200.7	754.3	761.5	(0.6)	3.4
- FSA	167.5	154.7	172.3	175.9	172.4	148.2	170.8	175.1	670.4	666.5	(0.5)	2.5
- E-auction	16.1	15.8	15.8	22.6	23.2	15.1	19.2	21.6	70.2	79.1	4.4	12.1
- Washed Coal	2.1	2.3	1.9	1.5	1.4	3.4	2.6	2.5	7.7	9.9	66.9	(6.1)
Realization (INR/t)												
- FSA	1,536	1,542	1,532	1,536	1,524	1,462	1,514	1,547	1,536	1,514	0.8	2.2
- E-auction	3,742	2,828	3,321	2,545	2,412	2,472	2,671	2,615	3,057	2,542	2.8	(2.1)
- E-Auction premium (%)	144	83	117	66	58	69	76	69	99	68	5.0	(9.7)
Per ton (INR)												
Revenue	1,769	1,726	1,727	1,699	1,671	1,622	1,667	1,696	1,921	1,881	(0.2)	1.8
Adj. EBIDTA	597	512	624	528	581	426	592	558	588	564	5.6	(5.7)
Adj. PAT	563	463	536	425	552	374	438	477	496	464	12.2	8.9
Costs	1,172	1,214	1,102	1,171	1,090	1,197	1,075	1,139	1,334	1,318	(2.8)	5.9

Godrej Consumer

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	GCPL IN
Equity Shares (m)	1023
M.Cap.(INRb)/(USDb)	1275.6 / 15
52-Week Range (INR)	1542 / 980
1, 6, 12 Rel. Per (%)	-3/-2/-15
12M Avg Val (INR M)	1830

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	143.6	159.9	176.0
Sales Gr. (%)	1.9	11.3	10.1
EBITDA	30.0	34.4	38.4
EBITDA mrg. (%)	20.9	21.5	21.8
Adj. PAT	18.9	24.2	27.7
Adj. EPS (INR)	18.5	23.7	27.1
EPS Gr. (%)	-4.3	27.9	14.3
BV/Sh.(INR)	117.3	124.8	130.4
Ratios			
RoE (%)	15.4	19.6	21.2
RoCE (%)	13.7	16.9	19.4
Payout (%)	108.0	92.9	88.7
Valuations			
P/E (x)	67.5	52.8	46.2
P/BV (x)	10.7	10.0	9.6
EV/EBITDA (x)	43.6	37.8	33.7
Div. Yield (%)	1.6	1.8	1.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	53.1	53.0	63.2
DII	12.2	11.0	8.9
FII	19.5	20.7	22.6
Others	15.2	15.2	5.3

FII Includes depository receipts

CMP: INR1,247 TP: INR1,450 (+16%) Buy

Playbook remains unchanged; slow margin recovery

- Godrej Consumer (GCPL) reported consol. net sales growth of 6.3% YoY to INR35.9b (est. INR36.3b). Organic sales rose 7% YoY in INR terms. Consolidated organic volumes for 4QFY25 grew 6% YoY, led by a 4% YoY volume growth in the India business and a 5% YoY volume growth in the Indonesia business. This led to a full-year organic volume growth of 4% YoY for GCPL's consolidated business, 5% for the India business, and 6% for the Indonesia business.
- In India, the home care business registered 14% revenue growth, driven by a favorable season. GCPL recorded a strong volume performance in Household Insecticides (HI), which grew in double digits, while personal care recorded revenue growth of 4%. Personal wash volumes declined by mid-to-high single digits during the quarter as a result of volume-price rebalancing. This was compensated by high single-digit price growth. GCPL continues to witness cost pressures due to inflation in palm derivatives.
- In the international business, Indonesia's revenue rose 1% YoY in both INR and CC terms. EBITDA margin continued to expand, led by gross margin expansion of ~210bp YoY. GAUM's organic revenue grew 23% YoY. Its EBITDA margin stood at 16.9%, expanding ~250bp YoY, led by the expansion of gross margin, mix improvement, and reduction in controllable costs.
- The near-term impact of RM inflation is expected to sustain; however, the company remains focused on growing both its core and new products. In the analyst meet, management reiterated its playbook of expanding the TAM and strengthening product penetration by widening the product price range. Various products are repositioned at a value price point to drive the customer base. Under project Vistaara 2.0, the company plans to double its outlet coverage and triple its village coverage. The company has issued slightly more cautious revenue guidance for FY26 vs. earlier, but still expects high single-digit revenue growth and double-digit EBITDA growth. Given its growth-centric focus, we remain constructive on GCPL and **reiterate our BUY rating with a TP of INR1,450 (based on 50x FY27E EPS).**

Operationally muted but in-line performance

Consolidated performance

- **In-line volume growth:** GCPL reported consol. net sales growth of 6.3% YoY to INR35.9b. Organic sales rose 7% YoY in INR terms (adjusted to sell off a part of the Africa business). Consolidated organic volumes for 4QFY25 grew 6% YoY, led by a 4% YoY volume growth in the India business and a 5% YoY volume growth in the Indonesia business.
- **RM inflation led to GM pressure**: Gross margin contracted 360bp YoY to 52.5%, while EBITDA margin contracted 140bp YoY to 21.1% (est. 20.2%), as employee expenses declined 19% YoY, while ad spends rose 1% YoY and other expenses grew 9% YoY. EBITDA remained flat YoY and QoQ at INR7.6b. PBT stood at INR6.7b (est. INR6.6b), down 4% YoY. Higher taxes (35% ETR) hurt adj. PAT (reported exceptional loss last year), which declined 25% YoY to INR4.3b (est. INR5.1b).

- **FY25 performance:** In FY25, net sales, EBITDA, and APAT were up 2%, down 2%, and down 4% YoY, respectively. The Board declared an interim dividend of INR5/share.

Standalone performance

- Net sales (including OOI) grew 7% YoY to INR21.8b in 4QFY25.
- The India business reported underlying volume growth of 4% YoY.
- GCPL stated that demand conditions in India have continued to be impacted by headwinds in urban consumption. A surge in palm oil prices by more than 50% is adversely impacting its EBITDA margin.
- The home care business registered 14% revenue growth (4% in 3QFY25), while personal care recorded a 4% revenue growth (2% in 3QFY25).
- Gross margin contracted 590bp YoY to 51.9%. GP was down 4%. EBITDA margin contracted 400bp YoY to 22.6%.
- EBITDA declined 9% YoY to INR4.9b (in line).

International performance

- Indonesia's revenue rose 1% YoY in both INR and CC terms with volume growth of 5%. In Indonesia, Hair Color recorded a strong double-digit volume growth, led by Shampoo Hair Color. Household Insecticides delivered teens-level volume growth on a two-year CAGR.
- EBITDA margin for the Indonesia business continued to improve, led by gross margin expansion of ~210bp YoY. EBIT rose 10% YoY. GAUM's organic revenue grew 23% YoY.
- GAUM's EBITDA margin at 16.9% expanded ~250bp YoY, led by gross margin expansion, mix improvement, and a reduction in controllable costs. Absolute EBITDA at INR1160m grew 37% YoY.

Category-wise highlights

- The home care business registered 14% revenue growth (4% in 3QFY25), supported by a favorable season for HI. GCPL recorded a strong volume performance in HI, which grew in double digits.
- Fabric Care delivered strong double-digit volume growth. Godrej Fab has been scaled up nationally and continues to gain market share.
- Personal care recorded revenue growth of 4% (2% in 3QFY25). Personal wash volumes declined by mid-to-high single digits during the quarter, as a result of volume-price rebalancing. This was compensated by high single-digit price growth. GCPL continues to witness significant cost pressures due to inflation in palm derivatives and is implementing significant price hikes across the portfolio.

Valuation and view

- We cut our EPS estimates by ~2% for FY26/FY27, respectively, on account of margin pressure and slow urban demand.
- GCPL faced demand headwinds in its India business during the quarter, driven by an urban slowdown and a surge in RM prices, which impacted margins. However, the company's disruptive innovations, introduction of access packs, expansion into new growth categories, and increased advertising expenditure are anticipated to drive growth. Additionally, pricing actions are anticipated to help restore domestic margins. **We reiterate our BUY rating with a TP of INR1,450 (based on 50x FY27E EPS).**

Quarterly Performance (Consolidated) **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Domestic volume Growth (%)	**10**	**4**	**5**	**9**	**8**	**7**	**0**	**4**	**7**	**5**	**4**	
Net Sales (including OOI)	**34,489**	**36,020**	**36,596**	**33,856**	**33,316**	**36,663**	**37,684**	**35,980**	**1,40,961**	**1,43,643**	**36,301**	**-0.9**
YoY change (%)	10.4	6.2	1.7	5.8	-3.4	1.8	3.0	6.3	5.9	1.9	7.2	
Gross Profit	**18,534**	**19,771**	**20,454**	**18,999**	**18,608**	**20,381**	**20,402**	**18,890**	**77,758**	**78,282**	**19,796**	**-4.6**
Margin (%)	53.7	54.9	55.9	56.1	55.9	55.6	54.1	52.5	55.2	54.5	54.5	
Other Operating Exp.	11,716	12,537	11,407	11,396	11,346	12,764	12,843	11,298	47,055	48,251	12,456	
EBITDA	**6,818**	**7,234**	**9,048**	**7,604**	**7,262**	**7,617**	**7,559**	**7,592**	**30,704**	**30,031**	**7,341**	**3.4**
Margins (%)	19.8	20.1	24.7	22.5	21.8	20.8	20.1	21.1	21.8	20.9	20.2	
YoY growth (%)	28.0	26.0	17.9	14.4	6.5	5.3	-16.4	-0.2	20.9	-2.2	-3.5	
Depreciation	763	609	539	499	495	501	619	726	2,410	2,340	610	
Interest	740	773	666	785	878	831	897	896	2,964	3,501	895	
Other Income	691	659	701	638	751	843	831	737	2,690	3,161	767	
PBT	**5,617**	**6,319**	**7,904**	**6,912**	**6,623**	**7,107**	**6,874**	**6,708**	**26,751**	**27,312**	**6,603**	**1.6**
Tax	1,611	1,866	2,024	2,087	1,933	2,154	1,834	2,275	7,588	8,196	1,484	
Rate (%)	28.7	29.5	25.6	30.2	29.2	30.3	26.7	33.9	28.4	30.0	22.5	
Adj PAT	**3,761**	**4,415**	**5,862**	**5,749**	**4,649**	**4,953**	**5,025**	**4,321**	**19,787**	**18,948**	**5,119**	**-15.6**
YoY change (%)	8.5	17.2	6.0	22.6	23.6	12.2	-14.3	-24.8	13.4	-4.2	-11.0	
Reported PAT	**3,188**	**4,328**	**5,811**	**-18,932**	**4,507**	**4,913**	**4,983**	**4,119**	**-5,605**	**18,522**	**5,119**	**-19.5**

E: MOFSL Estimate

Bank of Baroda

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BOB IN
Equity Shares (m)	5171
M.Cap.(INRb)/(USDb)	1161 / 13.7
52-Week Range (INR)	300 / 191
1, 6, 12 Rel. Per (%)	-12/-15/-23
12M Avg Val (INR M)	3791

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	456.6	484.6	534.6
OP	324.3	348.0	389.0
NP	195.8	204.2	225.6
NIM (%)	2.8	2.7	2.7
EPS (INR)	37.8	39.4	43.6
EPS Gr. (%)	10.1	4.3	10.5
BV/Sh. (INR)	259	272	305
ABV/Sh. (INR)	243	254	285
Ratios			
RoA (%)	1.2	1.1	1.1
RoE (%)	16.4	15.1	15.4
Valuations			
P/E(X)	6.0	5.7	5.2
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.9	0.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	64.0	64.0	64.0
DII	18.2	18.1	16.3
FII	9.0	8.9	12.4
Others	8.8	9.0	7.3

CMP: INR225 TP: INR250 (+11%) Neutral

Business growth steady; near-term margins under watch

Slippages increase QoQ

- Bank of Baroda (BOB) reported 4QFY25 PAT at INR50.5b (3% YoY growth, largely in line), though NII missed estimates. NIMs contracted 8bp QoQ to 2.86%.
- NII declined 3.5% QoQ to INR110.2b (5.5% miss), while other income grew 24% YoY to INR52.1b (14% beat), supported by the reversal of SR provisions of INR4.9b.
- Provisions were elevated INR15.5b (3.6% higher than MOFSLe), up 43% QoQ. Business growth was steady at 12% YoY, with advances growth at 13.5% YoY/ 5.1% QoQ, while deposits grew 10.9% YoY/5.7% QoQ. CD ratio moderated to 82.2% (down 51bp QoQ).
- Slippages increased 8% QoQ. Higher write-off and better recoveries led to improvement in the GNPA ratio 17bp QoQ to 2.26%, while NNPA improved 1bp QoQ to 0.58%. PCR declined to 75% vs 76% in 3QFY25.
- We tweak our FY26E/FY27E EPS estimates by +0.7%/-1.5% and estimate FY27E RoA/RoE at 1.08%/15.4%. **Reiterate Neutral with a TP of INR250 (0.9x FY'27E ABV).**

Advance growth healthy; CD ratio eases slightly to ~82.2%

- PAT grew 3.3% YoY (up 4.3% QoQ) to INR50.5b (inline). NII declined 3.5% QoQ (5.5% miss) as NIMs contracted 8bp QoQ to 2.86%. FY25 PAT stood at INR195.8b (up 10.1% YoY). We expect PAT to grow 4.3% YoY to INR204.2b for FY26.
- Other income grew 24% YoY to INR52.1b (14% beat on MOFSLe), amid better core fee and treasury income and reversal of SR provisions.
- Opex grew 2.8% YoY/ 7.7% QoQ to INR80.9b (in line). PPoP stood at INR81.3b, up 6.1% QoQ/flat YoY (3% miss).
- Provisions came in higher at INR15.5b (up 43% QoQ, 3.6% higher than MOFSLe). PCR declined to 74.9% vs 76% in 3QFY25.
- Advances grew at a healthy 13.5% YoY (up 5.1% QoQ). Among segments, retail book grew faster at 5.5% QoQ, while corporate book grew 6.4% QoQ. In Retail, home loans rose 5.7% QoQ, mortgage loans grew 6.8% QoQ, and gold loans grew faster at 8.3% QoQ.
- Deposits grew 10.9% YoY/5.7% QoQ, led by faster growth in current deposits. Domestic CASA mix , thus, inched up 64bp QoQ to ~40%.
- On the asset quality, slippages increased to 1%. However, recovery and accelerated write-offs led to 17bp QoQ improvement in GNPA ratio to 2.26%. NNPA ratio declined 1bp QoQ to 0.58%. SMA 1/2 declined to 33bp.
- RoA remained flat at 1.16% in 4Q, while RoE came in at 17.49%.

Highlights from the management commentary

- NIMs are expected to be maintained at 3% in FY26, similar to FY25-exit-quarter levels, with 1Q26 witnessing continued pressure. NIMs are expected to see some improvement from 2HFY26 onwards.
- **Loan book composition** - Repo book stood at 34%, MCLR stood at 45-48%, and Fixed rate loan mix was at low single-digit.
- Segment-wise growth is expected to remain the same. Corporate book is expected to stand at 10% YoY. RAM is expected to grow at 15% YoY.
- There was a recovery from write-off accounts in 4QFY25, with the large corporate account being 100% provided for. Recovery rate in FY26 is expected to be at similar levels as FY25.

Valuation and view: Reiterate Neutral with a TP of INR250

BOB reported an operationally weak quarter, with NII reporting a miss, while provisions also came in higher. NIMs contracted to 2.86% amid pressure on the cost of funds and yields getting repriced lower. Management expects NIMs for FY26 to remain at the same level as of exit quarter of FY25, with 1H being on the downward bias and recovering in 2HFY26. Business growth was steady, with advance growth at 12% YoY/5.4% QoQ. Slippages were slightly elevated, while PCR declined to 75% vs 76% in 3QFY25. **We tweak our FY26E/FY27E EPS estimates by +0.7%/-1.5% and estimate FY27E RoA/RoE at 1.08%/15.4%. We remain watchful on the elevated CD ratio at 82.2% and higher dependency on the bulk deposits, which are expected to keep NIMs under check. Maintain Neutral rating on the stock with a TP of INR250 (0.9x FY'27E ABV).**

Quarterly Performance **(INR b)**

	FY24				FY25				FY25	FY26E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	**110.0**	**108.3**	**111.0**	**117.9**	**116.0**	**116.2**	**114.2**	**110.2**	**456.6**	**484.6**	**116.6**	**-5%**
% Change (YoY)	24.4	6.4	2.6	2.3	5.5	7.3	2.8	-6.6	2.1	6.1	-1.1	
Other Income	33.2	41.7	28.1	41.9	24.9	51.8	37.7	52.1	166.5	186.5	45.7	14%
Total Income	**143.2**	**150.0**	**139.1**	**159.8**	**140.9**	**168.0**	**151.9**	**162.3**	**623.1**	**671.0**	**162.2**	**0%**
Operating Expenses	64.9	69.8	69.0	78.8	69.3	73.3	75.2	81.0	298.7	323.0	78.3	3%
Operating Profit	**78.2**	**80.2**	**70.2**	**81.1**	**71.6**	**94.8**	**76.6**	**81.3**	**324.3**	**348.0**	**83.9**	**-3%**
% Change (YoY)	72.8	33.0	-14.8	0.4	-8.5	18.2	9.3	0.3	4.7	7.3	3.5	
Provisions	19.5	21.6	6.7	13.0	10.1	23.4	10.8	15.5	59.8	73.6	15.0	4%
Profit before Tax	**58.8**	**58.6**	**63.5**	**68.0**	**61.5**	**71.4**	**65.8**	**65.8**	**264.5**	**274.4**	**68.9**	**-5%**
Tax	18.1	16.1	17.7	19.2	16.9	19.0	17.4	15.3	68.7	70.3	19.9	-23%
Net Profit	**40.7**	**42.5**	**45.8**	**48.9**	**44.6**	**52.4**	**48.4**	**50.5**	**195.8**	**204.2**	**49.0**	**3%**
% Change (YoY)	87.7	28.4	18.9	2.3	9.5	23.2	5.6	3.3	10.1	4.3	0.2	
Operating Parameters												
Deposit (INR b)	11,999	12,496	12,453	13,270	13,070	13,635	13,925	14,720	14,720	16,457	14,570	1%
Loan (INR b)	9,635	9,980	10,241	10,658	10,479	11,212	11,513	12,096	12,096	13,595	11,947	1%
Deposit Growth (%)	16.2	14.6	8.3	10.2	8.9	9.1	11.8	10.9	10.9	11.8	9.8	
Loan Growth (%)	20.5	19.3	15.0	13.3	8.8	12.3	12.4	13.5	13.5	12.4	12.1	
Asset Quality												
Gross NPA (%)	3.5	3.3	3.1	2.9	2.9	2.5	2.4	2.3	2.3	2.0	2.3	
Net NPA (%)	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	
PCR (%)	78.5	77.6	77.7	77.3	76.6	76.3	76.0	74.9	74.9	74.2	76.9	

Punjab National Bank

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1083.2 / 12.8
52-Week Range (INR)	139 / 85
1, 6, 12 Rel. Per (%)	-11/-13/-32
12M Avg Val (INR M)	3835

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	476.8	540.7
OP	268.3	308.7	359.6
NP	166.3	194.5	223.5
NIM (%)	2.7	2.6	2.7
EPS (INR)	14.8	16.9	19.4
EPS Gr. (%)	97.4	14.5	14.9
BV/Sh. (INR)	107	121	137
ABV/Sh. (INR)	99	114	129
Ratios			
RoA (%)	1.0	1.0	1.0
RoE (%)	15.3	15.3	15.5
Valuations			
P/E(X)	6.4	5.6	4.8
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.8	0.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	70.1	70.1	73.2
DII	14.7	14.3	12.4
FII	5.7	5.7	4.8
Others	9.5	9.9	9.7

FII Includes depository receipts

CMP: INR94 TP: INR125 (+33%) Buy

NII below est. as NIMs decline; slippages rise QoQ

Business growth guidance steady

- Punjab National Bank (PNB) reported a 4QFY25 PAT of INR45.7b (up 52% YoY, in line), aided by better other income and a lower tax rate, partly offset by NII miss (as NIMs declined) and higher provisions.
- NII declined 2.5% QoQ (6% miss), while NIMs contracted 12bp QoQ to 2.81% (2.96% domestic NIMs).
- Loan growth was modest QoQ at 0.7% QoQ but healthy YoY at 15.3% to INR10.8t, led by growth in MSME and agri advances, while corporate stood flat QoQ. Deposits grew 14.4% YoY/2.4% QoQ. As a result, CD ratio declined 117bp QoQ to 68.8%.
- Slippages jumped 69% QoQ to INR30b from INR17.7b in 3Q, due to slippages from MSME and agri segments. GNPA/NNPA ratios moderated by 14bp/1bp QoQ to 3.95%/0.4%. PCR ratio was stable at 90.3%.
- We largely maintain our EPS estimates and expect RoA/RoE at 1.05%/15.5% in FY27E. **We reiterate BUY rating on the stock with a TP of INR125 (based on 1.0xFY27E).**

Margin bias downward for 1HFY26; C/D ratio reasonable at ~69%

- PNB reported a PAT of INR45.6b (up 52% YoY, in line), aided by better other income and a lower tax rate, partly offset by NII miss (as NIMs declined) and higher-than-expected provisions. FY25 PAT stood at INR166.3b (up 101.7% YoY). FY26E PAT is expected at INR194.5b (up 17% YoY).
- NII declined 2.5% QoQ (up 3.8% YoY) to INR107.5b (6% miss), as NIMs declined 12bp QoQ to 2.81%. Other income increased 11% YoY/38% QoQ to INR47.2b (20% beat), led by better fee income and write-back of SR provisions (INR13.25b).
- Opex increased 6% YoY/11.2% QoQ to INR86.9b (7% higher than MOFSLe). As a result, C/I ratio inched up to 56.2% (vs. 54.2% in 3Q). PPoP thus grew 5.6% YoY/2.3% QoQ to INR67.8b (7% miss on MOFSLe).
- Loan book grew by a modest 0.7% QoQ (15.3% YoY) to INR10.8t, led by better growth in MSME and agri advances, while corporate stood flat QoQ. PNB expects 11-12% YoY growth in FY26, with a focus on growing RAM segment.
- Deposits grew 14.4% YoY/2.4% QoQ to INR15.7t, led by healthy seasonal flows in CA deposits (up 7% QoQ). As a result, CASA ratio stood at 38% (down 17bp QoQ).
- On the asset quality front, slippages were high at INR30b vs. INR17.7b in 3QFY25 amid higher slippages in agri and MSME. GNPA/NNPA ratios moderated by 14bp/1bp to 3.95%/0.4%. The PCR ratio was stable at 90.3%.
- SMA-2 (above INR50m) declined to 0.02% of loans in 4QFY25 from 0.14% in 3QFY25.

Highlights from the management commentary

- Credit growth is projected at 11-12%, while deposit growth is expected around 10%, both likely to exceed projections.
- Bulk deposits totaled INR2.8t, primarily with tenures of 3 to 9 months. Cost of deposits is stable and new additions will be at lower rates.
- The total write-off book stands at INR920b, with expected recoveries of INR60–70b.
- For 1H, NIMs should be at 2.8-2.9% and 2H NIMs shall be at 2.9-3.0%. In a downward interest rate scenario, yields will come down and any further rate cuts will further put pressure on yields.

Valuation and view: Reiterate BUY with a TP of INR125

PNB reported a moderate quarter, characterized by NII miss due to NIM decline and higher provisions, while other income was healthy. NII declined as NIMs contracted due to cost pressures. Business growth was moderate in 4Q; however, the bank outperformed its business growth guidance for FY25. 4Q saw a spike in slippages amid an increase in agri and MSME slippages, while asset quality ratios improved, led by better recoveries and write-off. SMA book (with loans over INR50m) improved to 0.02% of domestic loans. We largely maintain our EPS estimates and expect RoA/RoE at 1.05%/15.5% in FY27E. **We reiterate BUY rating on the stock with a TP of INR125 (based on 1.0xFY27E).**

Quarterly performance (INR b)

Y/E March	FY24				FY25				FY25	FY26E	FY25	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	**95.0**	**99.2**	**102.9**	**103.6**	**104.8**	**105.2**	**110.3**	**107.6**	**427.8**	**476.8**	**115.0**	**-6%**
% Change (YoY)	26.0	20.0	12.1	9.1	10.2	6.0	7.2	3.8	6.7	11.4	11.0	
Other Income	34.3	30.3	26.7	42.5	36.1	45.7	34.1	47.2	163.1	181.0	39.3	20%
Total Income	**129.4**	**129.5**	**129.7**	**146.1**	**140.9**	**150.9**	**144.4**	**154.7**	**590.9**	**657.8**	**154.3**	**0%**
Operating Expenses	69.7	67.3	66.4	82.0	75.0	82.4	78.2	87.0	322.6	349.1	81.6	7%
Operating Profit	**59.7**	**62.2**	**63.3**	**64.2**	**65.8**	**68.5**	**66.2**	**67.8**	**268.3**	**308.7**	**72.8**	**-7%**
% Change (YoY)	10.9	11.7	10.8	9.4	10.3	10.2	4.6	5.6	7.6	15.1	13.4	
Provisions	39.7	34.4	27.4	15.9	13.1	2.9	-2.9	3.6	16.7	38.6	2.7	34%
Profit before Tax	**20.0**	**27.7**	**35.9**	**48.3**	**52.7**	**65.7**	**69.1**	**64.2**	**251.6**	**270.2**	**70.1**	**-8%**
Tax	7.5	10.2	13.7	18.2	20.2	22.6	24.0	18.5	85.3	75.6	24.6	-25%
Net Profit	**12.6**	**17.6**	**22.2**	**30.1**	**32.5**	**43.0**	**45.1**	**45.7**	**166.3**	**194.5**	**45.5**	**0%**
% Change (YoY)	307.0	327.0	253.5	159.8	159.0	145.1	102.8	51.7	101.7	17.0	51.0	
Operating Parameters												
Deposits	12,979	13,099	13,235	13,697	14,082	14,583	15,297	15,666	15,666	17,499	15,642	
Loans	8,637	8,899	9,164	9,344	9,840	10,196	10,700	10,775	10,775	12,186	10,914	
Deposit Growth (%)	14.2	9.8	9.3	6.9	8.5	11.3	15.6	14.4	14.4	11.7	14.2	
Loan Growth (%)	16.3	15.1	14.5	12.5	13.9	14.6	16.8	15.3	15.3	13.1	16.8	
Asset Quality												
Gross NPA (%)	7.7	7.0	6.2	5.7	5.0	4.5	4.1	4.0	3.9	3.0	3.9	
Net NPA (%)	2.0	1.5	1.0	0.7	0.6	0.5	0.4	0.4	0.4	0.3	0.4	
PCR (%)	75.8	80.0	85.4	87.9	88.4	90.2	90.2	90.3	90.3	91.1	90.1	

E: MOFSL Estimates

Polycab India

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	POLYCAB IN
Equity Shares (m)	150
M.Cap.(INRb)/(USDb)	885.5 / 10.4
52-Week Range (INR)	7607 / 4555
1, 6, 12 Rel. Per (%)	9/-15/-8
12M Avg Val (INR M)	3675
Free float (%)	37.0

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	224.1	259.1	299.1
EBITDA	29.6	33.9	40.5
Adj. PAT	20.2	23.0	27.3
EBITDA Margin (%)	13.2	13.1	13.6
Cons. Adj. EPS (INR)	134.3	153.1	181.8
EPS Gr. (%)	13.1	14.0	18.7
BV/Sh. (INR)	653.1	771.2	903.0
Ratios			
Net D:E	(0.1)	(0.1)	(0.1)
RoE (%)	20.6	19.9	20.1
RoCE (%)	21.5	20.6	20.8
Payout (%)	22.3	22.9	27.5
Valuations			
P/E (x)	43.8	38.4	32.4
P/BV (x)	9.0	7.6	6.5
EV/EBITDA (x)	29.7	25.8	21.5
Div Yield (%)	0.6	0.7	0.8
FCF Yield (%)	0.9	1.0	1.3

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	63.0	63.1	65.2
DII	11.0	10.7	7.2
FII	11.1	12.8	12.0
Others	14.9	13.5	15.6

FII includes depository receipts

CMP: INR5,887 TP: INR7,250 (+23%) Buy

Strong quarter; market share improves further

FMEG turns profitable; likely to continue its upward trajectory

- POLYCAB's 4QFY25 revenue grew ~25% YoY to INR69.9b (in line). EBITDA rose ~35% YoY to INR10.3b (+7% vs. est.) and OPM surged 1.1pp YoY to 14.7% (+50bp vs. est.). PAT grew ~33% YoY to INR7.3b (+13% vs. our est., led by lower interest costs and higher other income than our estimate).
- Management indicated C&W demand remains strong, led by good demand from the real estate sector, improvement in corporate investments, and government capex activities. Margin expansion in C&W was driven by improved operating leverage, while the FMEG segment benefitted from a richer product mix and better absorption of fixed costs. Management maintains its guidance of long-term sustainable EBITDA margin of ~11-13% for C&W; while FMEG segment's margin is expected to improve to ~8-10% in next five years.
- We raise our EPS estimates by ~4%/5% for FY26/27 as we estimate lower interest costs and higher other income, led by a sharp increase in net cash. The stock is trading at 38x/32x FY26E/FY27E EPS. We value POLYCAB at 40x FY27E EPS to arrive at our TP of INR7,250**. Reiterate BUY**.

C&W/FMEG revenue up ~24%/33% YoY; OPM up 1.1 YoY to 14.7%

- Consolidated revenue/EBITDA/PAT stood at INR69.9b/INR10.3b/INR7.3b (+25%/+35%/+33% YoY and in line/+7%/+13% vs. our estimates). Gross margin increased 20bp YoY to 25.5%. OPM expanded 1.1pp YoY to 14.7%. Ad spending was 0.4% of revenue vs. 0.7% in 4QFY24/3QFY25 (each).
- Segmental highlights: **C&W** revenue rose 24% YoY to INR60.2b (in line), EBIT grew 23% YoY to INR9.1b (~11% beat), and EBIT margin was flat YoY at 15.1% (est. 14.0%). **FMEG** revenue grew 33% YoY to INR4.8b. It posted EBIT of INR19m vs. loss of INR459m/INR128m in 4QFY24/3QFY25. **EPC and others** revenue rose 33% YoY to INR4.9b, EBIT grew 52% YoY to INR404m, and EBIT margin expanded 1.0pp YoY to 8.2%.
- In FY25, revenue/EBITDA/PAT grew 24%/19%/13% YoY. EBITDA margin dipped 60bp YoY to 13.2%. C&W revenue/EBIT grew 18%/9% YoY, while EBIT margin contracted 1.2pp YoY to 13.5%. FMEG revenue grew 30% YoY, while the segment's losses stood at INR389m vs. INR942m in FY24. OCF increased 39% YoY to INR18.1b, aided by improvement in working capital. Capex stood at INR9.7b vs. INR8.6b in FY24. FCF stood at INR8.4b vs. INR4.4b in FY24. Net cash stood at INR24.6b vs INR21.4b as of Mar'24.

Key highlights from the management commentary

- Domestic business grew ~27% YoY. Cable growth outpaced wire growth YoY, while wire growth outpaced cable growth QoQ. West region recorded the highest growth, followed by South, North and East.
- Export revenue is expected to increase year over year, as POLYCAB aims to generate 10% of revenue from exports in the next five years vs. ~6% in FY25. The contribution of US sales in total exports was in high-teens in FY25 vs. 40% in FY24.
- Working capital improved to 49 days in Mar’25, led by lower inventory days as some of the raw material purchases were in transit. It will normalize at 55-60 days. Capex in 4Q/FY25 was INR1.3b/INR9.6b. Cumulative capex over the next five years will be INR60-80b.

Valuation and view

- POLYCAB has reported strong revenue growth across segments. EBITDA margin expansion was led by profits in the FMEG segment and improved margin in EPC business on the back of better execution. POLYCAB remains market leader in the C&W industry, benefitted from continuous capacity expansion and a strong margin trajectory. In FMEG, the company’s strategic initiatives for talent acquisition, product development and brand building help it achieve profits. Though the upward trajectory of this segment needs to be monitored in the coming quarters.
- We estimate a CAGR of 16%/17%/16% in POLYCAB’s revenue/EBITDA/PAT over FY25-27E. We estimate the company’s OPM at 13.1%/13.6% in FY26/FY27 vs. 13.2% in FY25. Its cumulative OCF is expected to be INR45.1b over FY26-27, whereas cumulative capex is likely to stand at INR25.0b. Cumulative FCF generation over FY25-27 will be INR20.1b, which will further improve its liquidity position (estimate net cash to improve to INR33.0b vs. INR24.6b as of Mar’25). **We reiterate our BUY rating on POLYCAB with a TP of INR7,250 (based on 40x FY27E EPS).**

Quarterly performance INR m

	FY24				FY25				FY24	FY25	MOFSL	Var.
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Sales	**38,894**	**42,177**	**43,405**	**55,919**	**46,980**	**54,984**	**52,261**	**69,858**	**1,80,394**	**2,24,083**	**67,513**	**3.5%**
Change (%)	42.1	26.6	16.8	29.3	20.8	30.4	20.4	24.9	27.9	24.2	20.7	
EBITDA	**5,486**	**6,089**	**5,695**	**7,615**	**5,834**	**6,316**	**7,199**	**10,254**	**24,918**	**29,602**	**9,611**	**6.7%**
Change (%)	76.3	42.4	13.0	24.9	6.3	3.7	26.4	34.6	34.5	18.8	26.2	
EBITDA Margin (%)	14.1	14.4	13.1	13.6	12.4	11.5	13.8	14.7	13.8	13.2	14.2	
Depreciation	571	603	619	657	671	721	786	804	2,450	2,981	808	-0.6%
Interest	249	268	322	244	413	453	498	325	1,083	1,689	537	-39.5%
Other Income	640	353	710	538	584	762	250	481	2,209	2,076	354	35.7%
Share of JV's Loss	-	-	-	-	-	-	-	-	-	-	-	
PBT	**5,305**	**5,572**	**5,464**	**7,253**	**5,334**	**5,903**	**6,166**	**9,606**	**23,593**	**27,008**	**8,619**	**11.4%**
Tax	1,273	1,274	1,299	1,718	1,317	1,451	1,522	2,262	5,564	6,553	2,162	
Effective Tax Rate (%)	24.0	22.9	23.8	23.7	24.7	24.6	24.7	23.5	23.6	24.3	25.1	
MI	35	42	37	75	57	54	68	77	189	255	10	
Exceptional	-	-	-	-	-	-	-	-	0	0	-	
Reported PAT	**3,996**	**4,256**	**4,129**	**5,460**	**3,960**	**4,398**	**4,576**	**7,267**	**17,841**	**20,200**	**6,447**	**12.7%**
Change (%)	81.8	58.9	15.4	28.6	-0.9	3.3	10.8	33.1	40.4	13.2	18.1	
Adj. PAT	**3,996**	**4,256**	**4,129**	**5,460**	**3,960**	**4,398**	**4,576**	**7,267**	**17,841**	**20,200**	**6,447**	**12.7%**
Change (%)	81.8	58.9	15.4	28.6	-0.9	3.3	10.8	33.1	40.4	13.2	18.1	

Dabur

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	DABUR IN
Equity Shares (m)	1772
M.Cap.(INRb)/(USDb)	854.4 / 10.1
52-Week Range (INR)	672 / 420
1, 6, 12 Rel. Per (%)	-3/-11/-23
12M Avg Val (INR M)	1697

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	125.6	135.7	147.0
Sales Gr. (%)	1.3	8.0	8.4
EBITDA	23.2	25.8	28.3
EBITDA mrg. (%)	18.4	19.0	19.3
Adj. PAT	18.0	19.9	22.0
Adj. EPS (INR)	10.2	11.3	12.4
EPS Gr. (%)	-4.0	10.8	10.4
BV/Sh.(INR)	60.9	65.8	67.9
Ratios			
RoE (%)	17.4	17.8	18.6
RoCE (%)	15.9	16.4	17.1
Payout (%)	78.7	84.4	88.5
Valuation			
P/E (x)	47.2	42.7	38.6
P/BV (x)	7.9	7.3	7.1
EV/EBITDA (x)	33.5	29.7	26.7
Div. Yield (%)	1.7	2.0	2.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	66.3	66.3	66.3
DII	15.7	14.9	12.6
FII	12.7	13.3	15.8
Others	5.4	5.5	5.4

FII Includes depository receipts

CMP: INR482 TP: INR575 (+19%) Buy

Weak quarter; banking on consumption recovery

- Dabur's 4QFY25 performance was weak but largely in line with our estimate. Consolidated revenue marginally inched up ~1% YoY, while constant currency (cc) growth was ~4%. India volume/value declined 5.0%/5.2% YoY. Dabur took a 3.5% price hike to offset inflation, but it was neutralized by trade schemes and promotions.
- Home & Personal Care revenue fell 3% and oral care declined 5% YoY (base 22%). Healthcare revenue fell 5% YoY due to the delayed winter. Beverages declined 9% YoY due to higher competitive intensity and muted urban consumption. Foods posted 14% growth, led by Hommade coconut milk, Lemoneez etc. Badshah saw 6% growth YoY, with volume up 11% YoY. The international business grew 19% YoY in cc terms and 13% in INR terms.
- GM contracted 190bp YoY to 46.7% (est. 49%), while EBITDA margin contracted by 150bp to 15.1% (in line). EBITDA declined 8% YoY.
- Dabur's growth trajectory is trending below its potential and historical delivery. Most of its initiatives are delivering limited outcomes, which are marred by a high base, seasonality, weak consumption and high competitive intensity. With most of its categories reporting a decline in revenue, the upcoming season will be critical to track. Near-term growth worries persist amid weak summer season demand and slow power brands' performance. The stock has corrected ~30% in the last nine months owing to sluggish performance compared to peers. However, with a positive outlook on consumption for FY26, we expect that a gradual performance recovery for Dabur will reflect in the stock price accordingly. **We reiterate our BUY rating on the stock with a TP of INR575 (premised on 45x FY27E EPS).**

In-line performance; domestic volume down ~5%

- **Weak but in-line performance:** Dabur's 4QFY25 consolidated sales grew ~1% YoY (in line) to INR28.3b (est. INR27.8b) and ~4% in CC terms. India revenue declined 5% and volume fell 5% (est. -4%). EBITDA and adj. PAT fell 8% YoY to INR4.3b and INR3.3b (est.INR4.2b/INR3.1b), respectively.
- **HPC business down 3% YoY:** Oral Care declined 5% YoY, impacted by a higher base (22% growth in 4QFY24). Meswak and Dabur Herbal performed well. Hair Care declined ~5% YoY. Home care was up 1% YoY, while Skin care grew 8% YoY, led by double-digit growth in Gulabari franchise.
- **Healthcare portfolio declined 5% YoY:** Health Supplements fell ~4% YoY as delayed and contracted winters impacted Chyawanprash and Honey. The OTC & Ethicals segment declined 8% YoY, as winter-centric products reported a muted performance. Digestives declined 2% YoY.
- **Beverages facing high competitive intensity:** The foods business delivered 14% growth, while beverages posted a 9% YoY revenue decline, impacted by high competitive intensity and slowdown in urban consumption. Badshah delivered 6% growth YoY with volume growth of 11% YoY.

- **RM inflation leads to margin pressure:** Gross margin contracted 190bp YoY to 46.7% (est. 49%). As a percentage of sales, ad spends declined 30bp YoY to 6.2%, other expenses were up 70bp YoY to 15%, and staff costs fell 80bp YoY to 10.4%. EBITDA margin contracted by 150bp to 15.1% (est. 15%).
- International growth was at 19% in CC terms and 13% in INR terms, led by Egypt, MENA, Turkey and Bangladesh.
- In FY25, net sales grew 1%, whereas EBITDA/APAT declined 4% each.

Highlights from the management commentary

- FMCG demand trends remained subdued amid high food inflation and a surge in the cost of living, which limited urban spending during 4QFY25.
- Emerging channels, comprising Modern Trade, E-Commerce and Quick Commerce, grew in double digits, although general trade in urban markets remained under pressure.
- Most of the price increases by Dabur were largely negated by certain trade promotions; hence, gross margin was impacted. Inflation was ~5%, while price hike was ~3.5% by Dabur in 4Q. This price hike will flow into 1QFY26 as well.
- For FY26, Dabur aspires to post high-single-digit value growth and increase its operating margin.
- Dabur plans to achieve a sustainable double-digit CAGR by FY28 in revenue and profit. To achieve this, it has mentioned seven parameters: 1) it will continue to invest in core brands as they contribute ~70% of sales; 2) premiumization across categories; 3) bold bets across Health & Wellness spaces; 4) streamlined portfolio - Rationalization of underperforming products/SKUs; 5) GTM 2.0 – Distributor consolidation, optimizing cost to serve, double down on emerging channels and coverage expansion; 6) strategic M&A; 7) operating model refinement – optimize for cost, efficiency, agility and digitization across value chain.

Valuation and view

- We cut our EPS estimates by 3% for FY26 and 4% for FY27 given the weak operational performance.
- Despite taking price hikes, Dabur is unable to offset the impact of inflationary pressures. However, backed by disciplined cost control, operational efficiencies, and improving macro scenario, we expect its growth outlook to improve gradually. With a broader distribution reach (to ~0.13m villages and ~7.9m outlets), increased direct penetration (~1.4m outlets), and extensive presence/categorical leadership in the rural market, DABUR is better positioned to capitalize on the rural consumption trend compared to its peers.
- Operating margin, which has been hovering around 20% over the last 8-9 years (unlike its peers that have experienced expansions), has room for expansion in the medium term.
- **We reiterate our BUY rating on the stock with a TP of INR575 (premised on 45x P/E on FY27E).**

Quarterly Performance (Consolidated) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Domestic FMCG vol. growth (%)	**3.0**	**3.0**	**4.0**	**3.0**	**5.2**	**-7.0**	**1.2**	**-5.0**	**3.3**	**0.7**	**-4.0**	
Net sales	**31,305**	**32,038**	**32,551**	**28,146**	**33,491**	**30,286**	**33,553**	**28,301**	**1,24,040**	**1,25,631**	**27,790**	1.8%
YoY change (%)	10.9	7.3	6.7	5.1	7.0	-5.5	3.1	0.6	7.5	1.3	-1.3	
Gross profit	**14,588**	**15,482**	**15,823**	**13,679**	**16,005**	**14,943**	**16,124**	**13,211**	**59,571**	**60,282**	**13,612**	-2.9%
Margin (%)	46.6	48.3	48.6	48.6	47.8	49.3	48.1	46.7	48.0	48.0	49.0	
EBITDA	**6,047**	**6,609**	**6,678**	**4,668**	**6,550**	**5,526**	**6,819**	**4,269**	**24,002**	**23,163**	**4,165**	2.5%
Margins (%)	19.3	20.6	20.5	16.6	19.6	18.2	20.3	15.1	19.4	18.4	15.0	
YoY growth (%)	11.2	10.0	8.1	13.9	8.3	-16.4	2.1	-8.6	10.5	-3.5	-10.8	
Depreciation	966	983	969	1,074	1,091	1,110	1,086	1,169	3,992	4,456	1,162	
Interest	243	281	365	352	327	474	442	393	1,242	1,635	358	
Other income	1,098	1,164	1,274	1,289	1,294	1,515	1,280	1,412	4,824	5,501	1,391	
PBT	**5,936**	**6,508**	**6,618**	**4,531**	**6,427**	**5,457**	**6,571**	**4,119**	**23,593**	**22,573**	**4,036**	2.1%
Tax	1,368	1,443	1,550	1,114	1,481	1,284	1,418	992	5,474	5,175	1,058	
Rate (%)	23.0	22.2	23.4	24.6	23.0	23.5	21.6	24.1	23.2	22.9	26.2	
Adjusted PAT	**4,721**	**5,233**	**5,225**	**3,578**	**5,084**	**4,333**	**5,306**	**3,284**	**18,757**	**18,006**	**3,127**	5.0%
YoY change (%)	7.2	6.7	7.8	10.8	7.7	-17.2	1.6	-8.2	9.3	-4.0	-12.6	

E: MOFSL Estimates

Category-wise performance

Business Segment	Category	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25*	3QFY25	4QFY25
Healthcare	Health Supplements	5.5	Flat	Flat	-9.1	7.8	-11.2	-3.4	-3.6
	Digestives	14.3	18.1	15.1	16	10.7	-7.7	3.9	-2.1
	OTC & Ethical	24.3	8.4	-3	0.6	3.7	-14	0.4	-8.4
Home and Personal Care	Oral Care	13	4.1	8.1	22	11.4	-8.7	9.1	-5.2
	Hair care	10	4	4.5	-2.5	3.3	-10.2	2.7	-4.6
	Home care	14.5	15.1	6.6	7.5	8	-4.9	5	0.9
	Skin & Salon	3.5	5	4.5	0.6	6.1	-14	5.6	8
Foods	Beverages	-2	-10	6.9	-1.5	2.8	-21.6	-10.3	-9.2
	Foods	35	40	22	20.7	21.3	10.6	30	14.2

Sources: Company reports, MOFSL

HPCL

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	HPCL IN
Equity Shares (m)	2128
M.Cap.(INRb)/(USDb)	844.6 / 10
52-Week Range (INR)	457 / 288
1, 6, 12 Rel. Per (%)	2/-1/6
12M Avg Val (INR M)	3183

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	4,341	3,332	3,409
EBITDA	166	193	204
Adj. PAT	67	94	94
Adj. EPS (INR)	32	44	44
EPS Gr. (%)	-58	39	1
BV/Sh.(INR)	240	269	298
Ratios			
Net D:E	1.3	1.1	1.0
RoE (%)	13.7	17.3	15.6
RoCE (%)	8.2	9.1	9.0
Payout (%)	33.2	34.1	35.4
Valuations			
P/E (x)	12.5	9.0	9.0
P/BV (x)	1.7	1.5	1.3
EV/EBITDA (x)	9.1	7.6	7.2
Div. Yield (%)	2.6	3.8	3.9
FCF Yield (%)	5.7	12.9	7.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	54.9	54.9	54.9
DII	23.6	21.8	22.2
FII	12.6	14.4	13.8
Others	9.0	8.8	9.1

FII Includes depository receipts

CMP: INR397 TP: INR455 (+15%) Buy

Start-up of multiple projects set to boost earnings

- **HPCL's 4QFY25 EBITDA was 61% above our est., fueled by higher-than-estimated GRM (USD8.5/bbl). GRM adj. for inventory gains stood at USD7.1/bbl. Marketing margin, though weaker than BP/IOC, stood in line with our estimates at INR4.5/lit. Resultant PAT stood 114% above our est. at INR33.5b.**
- **While we think the rally in OMC stocks is now entering the last phase, we still see a few positive catalysts: 1) 1QFY26 earnings will likely benefit from lower LPG under-recoveries due to an INR50/cyl domestic LPG price hike recently. The decline in propane prices as winter demand wanes provides additional upside; 2) Russian crude proportion for OMCs is expected to rise again in 1QFY26, supporting GRMs; 3) marketing business earnings momentum has remained robust.**
- **However, the earnings outlook for OMCs is clouded by: 1) expected inventory losses in 1QFY26 amid weak crude price environment (vs. inventory gain in 4QFY25) and 2) the risk of further excise duty hikes for MS/HSD, which can crimp marketing margins; historically OMCs have rarely made over INR8-10/ltr gross marketing margin on MS/HSD for more than two quarters (based on data for the last eight years).**
- **We continue to prefer HPCL among OMCs due to the following factors: 1) HPCL's higher leverage toward the marketing segment, 2) higher dividend yield as HPCL's capex cycle is tapering off, and 3) start-up of HPCL's multiple mega-projects in the next 12 months providing a push to earnings.**
- **HPCL currently trades at 1.5x FY26E P/B, slightly above its 10Y average P/B. We have a Buy rating on HPCL.**

Key takeaways from the conference call

- In 4Q, INR6b/5.5b inventory gain pertained to refining/marketing.
- HRRL's CDU is expected to commence operations shortly, with MS/HSD production anticipated to begin by 3QFY26. HRRL will generate USD20/bbl integrated GRM (mid-cycle GRMs considered). Opex will be ~USD5-6/bbl.
- LPG cavern (80tmt) in Mangalore and Bottom Upgradation Unit at Visakh will be commissioned in 2QFY26.
- HPCL is targeting a capex of INR130b-140b in FY26. INR50b/INR50b/INR40b will be spent on Refining/Marketing/Equity contribution in JVs.
- HPCL's gas sales volume stood at 1mmt+ (+40% YoY). It expects 25-30% YoY growth in volumes.

4Q beat fueled by robust refining performance

- HPCL's EBITDA stood at INR57.6b in 4QFY25 (61% beat).
  - The beat was driven by higher-than-estimated GRM, which was 55% above our estimate at USD8.5/bbl.
- Refining throughput was in line with our estimate at 6.7mmt. Marketing volumes stood at 12.7mmt (est. 12.5mmt).
- Marketing margin (including inv.) stood at ~INR4.5/lit (est. INR4.6/lit).
  - LPG under-recovery stood at INR33b (similar QoQ), which we believe could be reversed in due course as LPG remains a controlled product.

- PAT came in 114% above our est. at INR33.5b. Other income and finance costs were below our estimates.
  - In 4Q, HPCL had a forex gain of INR468m.
  - In FY25, HPCL's SA net sales were flat YoY at INR4.3t, while EBITDA/RPAT declined 32%/50% to INR171b/73.7b.
- As of Mar'25, HPCL had a cumulative negative net buffer of INR109b due to the under-recovery on LPG cylinders (INR76b as of Dec'24).
- As of Mar'25, gross debt stood at INR633.2b (up INR93b QoQ).
- The Board recommended a final dividend of INR10.5/sh (FV: INR10/sh).

Valuation and view

- **HPCL** remains our preferred pick among the three OMCs. We model a marketing margin of INR3.3/lit for both MS and HSD in FY26/27, while the current MS and HSD marketing margins are above INR10/lit, respectively. We view the following as key catalysts for the stock: 1) the de-merger and potential listing of the lubricant business, 2) the commissioning of its bottom upgrade unit in 2QCY26, 3) the start of its Rajasthan refinery in FY26, and 4) LPG under-recovery compensation.
- HPCL currently trades at 1.5x FY26E P/B, which we believe offers a reasonable margin of safety as we estimate FY26E RoE of 17.3%. **We value the stock at our SoTP-based TP of INR455/sh. Reiterate BUY.**

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**1,120**	**957**	**1,113**	**1,146**	**1,138**	**999**	**1,105**	**1,095**	**4,335**	**4,337**	**940**	**17%**
YoY Change (%)	-2.2	-11.7	1.6	6.1	1.6	4.4	-0.7	-4.4	-1.6	0.0	-18.0	
Total Expenditure	1,024	871	1,092	1,097	1,117	972	1,041	1,037	4,084	4,167	904	**15%**
EBITDA	**95**	**86**	**21**	**49**	**21**	**28**	**65**	**58**	**251**	**171**	**36**	**61%**
Margins (%)	8.5	9.0	1.9	4.2	1.8	2.8	5.8	5.3	5.8	3.9	3.8	
Depreciation	14	12	13	16	15	15	15	16	56	61	15.5	
Forex loss	-1	4	0	1	0	0	5	0	3	4	0.0	
Interest	6	6	6	7	7	9	9	7	25	33	8.4	
Other Income	6	3	6	9	6	6	5	8	24	24	9.1	
PBT	**83**	**67**	**8**	**33**	**5**	**8**	**40**	**43**	**192**	**96**	**20.9**	**106%**
Tax rate (%)	25.5	24.1	31.1	14.2	24.5	24.4	24.6	22.1	23.3	23.5	25.2	
Reported PAT	**62**	**51**	**5**	**28**	**4**	**6**	**30**	**34**	**147**	**74**	**15.7**	**114%**
YoY Change (%)	LP	LP	206.8	-11.8	-94.3	-87.7	471.4	18.0	LP	-49.9	-44.9	
Key Assumptions												
Refining throughput (mmt)	5.4	5.8	5.3	5.8	5.8	6.3	6.5	6.7	22.3	25.3	6.6	2%
Reported GRM (USD/bbl)	7.4	8.3	14.0	6.9	5.0	3.1	6.0	8.5	9.2	5.7	5.5	55%
Marketing sales volume incl exports (mmt)	11.9	10.7	11.9	12.3	12.6	11.6	12.9	12.7	46.8	49.8	12.5	2%
Marketing GM incl inv (INR/litre)	8.4	7.3	1.4	4.8	3.0	4.2	5.7	4.5	5.5	4.4	4.6	-1%

SoTP-based valuation

Particulars	Earning metric		Val metric	Multiple	Amount (INR m)
HPCL standalone	Dec'26E EBITDA	2,02,715	EV/EBITDA	6.0	12,23,388
(-) Standalone FY27E Net Debt					6,18,331
Standalone Market Cap					**6,05,057**
+ Lubricant business- value unlocking	FY24 EBITDA	10,000	EV/EBITDA	8.0	80,000
+ MRPL	MOFSL TP	35,650			35,650
+ HMEL	FY24 PAT	9,310	P/E	10.0	93,100
+ Chhara terminal	Book Value	12,232	P/B	1.0	12,232
+ HRRL	Equity invested till date		P/B	0.5	1,40,000
SoTP					**9,66,038**
(/) shares outstanding					**2,128**
TP (INR/share)					**455**

MRF

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MRF IN
Equity Shares (m)	4
M.Cap.(INRb)/(USDb)	595.5 / 7
52-Week Range (INR)	143850 / 100500
1, 6, 12 Rel. Per (%)	17/15/3
12M Avg Val (INR M)	1020

Financials & valuations (INR b)

INR b	FY25	FY26E	FY27E
Sales	281.5	307.1	334.5
EBITDA	40.8	44.6	48.5
Adj. PAT	18.7	19.8	22.3
EPS (INR)	4,409	4,680	5,265
EPS Growth (%)	-11.7	6.1	12.5
BV/Share (INR)	43,605	47,985	52,899
Ratios			
RoE (%)	10.6	10.2	10.4
RoCE (%)	10.2	9.8	10.1
Payout (%)	5.3	6.4	6.6
Valuations			
P/E (x)	31.9	30.1	26.7
P/BV (x)	3.2	2.9	2.7
Div. Yield (%)	0.2	0.2	0.2
FCF yield (%)	1.0	5.0	3.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	27.8	27.8	27.8
DII	12.2	12.0	10.6
FII	17.5	18.2	19.7
Others	42.5	42.0	41.9

FII Includes depository receipts

CMP: INR140,420 TP: INR105,295 (-25%) Sell

Healthy margin recovery comes as a surprise…

…but focus on market share revival likely to limit margin upside

- MRF's 4QFY25 results have been ahead of our estimates, led by a sharp pick-up in margins (+340bp QoQ) to 15%, which came as a surprise. For FY25, MRF posted an FCF of INR5.7b in FY25, post-capex of INR12.9b.
- We raise our FY26/FY27 EPS estimates by 7%/4% to factor in the reduction in input costs. After the recent rally, the stock is currently trading at 30.1x/26.7x FY26E/FY27E EPS above its 10-year LPA of ~25x, despite its weakening competitive position and similar capital efficiency as peers. Hence, we **reiterate our Sell rating on the stock** with a TP of INR105,295 (valuing the stock at 20x FY27E EPS).

Margin revival drives earnings beat

- MRF's standalone revenue grew ~12% YoY to INR69.4b and was in line with our estimates.
- However, the key surprise came in EBITDA margin, which improved 340bp QoQ to 15% (vs. our est. of 12%). The margin, however, was still down 120bp YoY due to higher input costs. Management indicated that input costs have marginally softened QoQ, which was partially offset by the depreciating INR.
- Overall, MRF's 4QFY25 PAT grew 6% YoY to INR4.9b.
- For FY25, revenue grew 12% YoY, aided by healthy growth across all its segments, viz., replacement, OEM, and exports. Apart from ICE, MRF is also a significant supplier to all major EV OEMs in CVs, PVs, and 2/3Ws.
- For FY25, MRF's EBITDA margin contracted 260bp YoY to 14.5%.
- Overall, PAT declined 10% YoY to INR18.7b.
- The BOD has approved a total dividend of INR235 per share for FY25.
- MRF clocked an FCF of INR5.7b in FY25, post-capex of INR12.9b.

Valuation and view

- MRF's competitive positioning in the sector has weakened over the past few years, which is reflected in the dilution of pricing power in the PCR and TBR segments. MRF is likely to continue its focus on recovering the lost share across segments. This is likely to limit margin upside, even in a declining input cost scenario. Overall, we expect MRF to post 9% earnings CAGR over FY25-27E.
- We raise our FY26/FY27 EPS estimates by 7%/4% to factor in the reduction in input costs. After the recent rally, the stock is currently trading at 30.1x/26.7x FY26E/FY27E EPS above its 10-year LPA of ~25x, despite its weakening competitive position and similar capital efficiency as peers. Hence, we **reiterate our Sell rating on the stock** with a TP of INR105,295 (valuing the stock at 20x FY27E EPS).

Standalone - Quarterly (INR m)

Y/E March	FY24				FY25E				FY24	FY25	4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	**63,233**	**60,876**	**60,478**	**62,151**	**70,778**	**67,604**	**68,832**	**69,438**	**2,46,737**	**2,76,652**	**69,413**	**0**
YoY Change (%)	12.9	6.4	9.3	8.6	11.9	11.1	13.8	11.7	9.3	12.1	11.7	
Total Expenditure	52,091	49,589	50,084	52,096	59,400	57,869	60,814	59,011	2,04,595	2,36,332	61,107	
EBITDA	**11,142**	**11,286**	**10,394**	**10,055**	**11,378**	**9,734**	**8,018**	**10,428**	**42,142**	**40,320**	**8,306**	**26**
Margins (%)	17.6	18.5	17.2	16.2	16.1	14.4	11.6	15.0	17.1	14.6	12.0	
Depreciation	3,317	3,500	3,591	3,842	3,943	4,079	4,143	4,310	14,250	16,486	4,151	
Interest	780	749	776	858	754	667	711	782	3,163	3,234	717	
Other Income	739	696	766	924	827	1,121	966	1,115	3,125	4,037	987	
PBT before EO expense	**7,783**	**7,734**	**6,792**	**6,279**	**7,509**	**6,109**	**4,130**	**6,451**	**27,853**	**24,638**	**4,425**	
Extra-Ord expense	0	0	0	1,200	0	0	0	0	464	0	0	
PBT	**7,783**	**7,734**	**6,792**	**5,079**	**7,509**	**6,109**	**4,130**	**6,451**	**27,389**	**24,638**	**4,425**	
Tax	1,969	2,015	1,712	1,284	1,883	1,555	1,063	1,472	6,980	6,060	1,153	
Rate (%)	25.3	26.1	25.2	25.3	25.1	25.4	25.7	22.8	25.5	24.6	26.1	
Reported PAT	**5,814**	**5,719**	**5,080**	**3,795**	**5,625**	**4,554**	**3,067**	**4,978**	**20,409**	**18,578**	**3,272**	
Adj PAT	**5,814**	**5,719**	**5,080**	**4,692**	**5,625**	**4,554**	**3,067**	**4,978**	**20,755**	**18,578**	**3,272**	**52**
YoY Change (%)	417.6	361.3	200.2	32.7	-3.3	-20.4	-39.6	6.1	173.9	-10.5	-30.3	
Margins (%)	9.2	9.4	8.4	7.5	7.9	6.7	4.5	7.2	8.4	6.7	4.7	

E: MOFSL Estimates

Key Performance Indicators	FY24				FY25E				FY24	FY25	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
RM Cost(% of sales)	61.2	59.2	59.9	61.1	62.7	63.5	66.9	63.9	60.3	63.7	66.5
Staff Cost(% of sales)	6.5	7.1	7.2	7.5	6.3	6.9	6.6	6.6	7.1	6.6	6.7
Other costs(% of sales)	14.7	15.1	15.7	15.2	14.9	15.2	14.9	14.4	15.5	15.1	14.9
Gross Margin(%)	38.8	40.8	40.1	38.9	37.3	36.5	33.1	36.1	39.7	36.3	33.5
EBITDA Margin(%)	17.6	18.5	17.2	16.2	16.1	14.4	11.6	15.0	17.1	14.6	12.0

APL Apollo Tubes

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	APAT IN
Equity Shares (m)	278
M.Cap.(INRb)/(USDb)	461.5 / 5.4
52-Week Range (INR)	1729 / 1253
1, 6, 12 Rel. Per (%)	5/8/-2
12M Avg Val (INR M)	943

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	206.9	254.1	294.6
EBITDA	12.0	18.1	22.7
PAT	7.6	12.0	15.6
EBITDA (%)	5.8	7.1	7.7
EPS (INR)	27.3	43.4	56.2
EPS Gr. (%)	3.4	59.0	29.4
BV/Sh. (INR)	151.7	189.2	239.3
Ratios			
Net D/E	0.0	-0.0	-0.2
RoE (%)	19.4	25.5	26.2
RoCE (%)	18.0	24.4	26.4
Payout (%)	21.1	13.8	10.7
Valuations			
P/E (x)	60.9	38.3	29.6
EV/EBITDA (x)	38.5	25.5	19.9
Div Yield (%)	0.3	0.4	0.4
FCF Yield (%)	1.2	0.6	2.3

Shareholding Pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	28.3	28.3	29.4
DII	16.8	16.5	14.1
FII	31.8	31.7	30.7
Others	23.2	23.5	25.8

Note: FII includes depository receipts

CMP: INR1,663 TP: INR1,920 (+15%) Buy

Volume-driven growth; margins to improve further

Earnings above our estimates

- APL Apollo Tubes (APAT) reported a strong quarter led by healthy volume growth (25% YoY), while the margin recovered (EBITDA/MT improved 18% YoY/17% QoQ to INR4,864) amid weaker macroeconomic conditions on the back of a brand premium (~5% higher realization than the nearest competitor in general structures) and better VAP mix.
- We expect the growth momentum to continue, led by demand recovery and margin improvement supported by capacity expansion across geographies (6.8MMT by FY28 vs. 4.5MMT in FY25). The management guided a 20% volume CAGR over the next two years with an EBITDA/MT expectation of INR5,000 in FY26, followed by further improvement.
- We reiterate our FY26E/FY27E earnings and value the stock at 34x FY27 EPS to arrive at our TP of INR1,920. **Reiterate BUY**.

Margin recovery due to improving HRC prices and better economies of scale

- Consolidated revenue grew 16% YoY (flat QoQ) to INR55b (in line), fueled by volume growth (up 25% YoY/3% QoQ to ~850KMT), which was partially offset by a decline in realization (down 8% YoY/1% QoQ to INR64,773). The VAP mix stood at 58% in 4QFY25 vs. 60%/56% in 4QFY24/3QFY25.
- Gross profit/MT was up 2% YoY/3% QoQ to INR9,550. EBITDA/MT rose 18% YoY/17% QoQ to INR4,864 (est. INR4,474). EBITDA grew 48% YoY/ 20% QoQ to INR4.1b (est. INR3.9b).
- Adj. PAT jumped 72% YoY/35% QoQ to INR2.9b (est. INR2.4b), led by higher other income (+ 88% YoY) and lower taxes (ETR of 18.3% vs. 23% in 4QFY24).
- In FY25, APAT's revenue/Adj. PAT grew 14%/3% YoY to INR206.9b/ INR7.5b, while EBITDA remained flat at INR11.9b. The EBITDA/MT declined 17% to INR3,797. Volume grew 21% to 3,157,997MT.

Highlights from the management commentary

- **Operational highlights:** APAT surpassed 3.1MT in sales volume in FY25 and became the world's largest downstream player outside China. Additionally, the company has consistently maintained a strong cash conversion, with OCF/EBITDA exceeding 90% and reaching 100% in FY25.
- **Margin story:** APAT aims to maintain its brand premium for APL Apollo to support healthy margins, while targeting a reduction in employee cost per ton from ~INR1,000 in FY25 to ~INR800/INR600 in FY26/FY27 through increased automation. Additionally, an increase in the VAP mix, such as commissioning a 1000x1000 pipe plant next month with an expected volume of ~50KMT (at EBITDA/MT of ~INR10,000), will further boost its profitability.
- **Expansion plans:** The company plans to expand via four key levers: expansions in key markets (East India, South India, and Dubai), new product segments, exports, and sustaining its brand premium. APAT will incur a capex of INR15b over the next three years to raise capacity from 4.5MT to 6.8MT by FY28.

Valuation and view

- We expect sustained volume growth for APAT, led by capacity expansion in key markets, new product additions, and higher exports. APAT's margin improvement would follow, driven by cost optimization, increased automation, and a rising mix of value-added products, supporting steady growth in EBITDA/MT.
- We expect APAT to clock 19%/27%/43% CAGR in revenue/EBITDA/PAT over FY25-27E. We value the stock at 34x FY27 EPS to arrive at a TP of INR1,920. **Reiterate BUY**.

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Gross Sales	**45,449**	**46,304**	**41,778**	**47,657**	**49,743**	**47,739**	**54,327**	**55,086**	**181,188**	**206,895**	**56,778**	**-3**
YoY Change (%)	32.2	16.7	-3.5	7.6	9.4	3.1	30.0	15.6	12.1	14.2	19.1	
Total Expenditure	42,377	43,054	38,982	44,854	46,727	46,359	50,872	50,949	169,266	194,906	52,889	
EBITDA	**3,072**	**3,250**	**2,795**	**2,804**	**3,016**	**1,381**	**3,456**	**4,137**	**11,922**	**11,990**	**3,889**	**6**
Margins (%)	6.8	7.0	6.7	5.9	6.1	2.9	6.4	7.5	6.6	5.8	6.9	
Depreciation	409	413	471	466	465	469	503	576	1,759	2,013	540	
Interest	271	266	285	311	278	364	368	323	1,134	1,333	370	
Other Income	217	196	150	186	247	148	217	349	749	961	250	
PBT before EO expense	**2,608**	**2,767**	**2,190**	**2,212**	**2,520**	**696**	**2,801**	**3,587**	**9,777**	**9,604**	**3,229**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**2,608**	**2,767**	**2,190**	**2,212**	**2,520**	**696**	**2,801**	**3,587**	**9,777**	**9,604**	**3,229**	
Tax	672	738	535	508	589	158	631	656	2,453	2,034	813	
Rate (%)	25.8	26.7	24.4	23.0	23.4	22.7	22.5	18.3	25.1	21.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,936**	**2,029**	**1,655**	**1,704**	**1,932**	**538**	**2,170**	**2,931**	**7,324**	**7,571**	**2,417**	
Adj PAT	**1,936**	**2,029**	**1,655**	**1,704**	**1,932**	**538**	**2,170**	**2,931**	**7,324**	**7,571**	**2,417**	**21**
YoY Change (%)	60.5	35.1	-2.2	-15.5	-0.2	-73.5	31.1	72.0	14.1	3.4	41.8	
Margins (%)	4.3	4.4	4.0	3.6	3.9	1.1	4.0	5.3	4.0	3.7	4.3	

Key performance indicators

Y/E March	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	YOY	QOQ
Segment Volumes ('000 MT)							
Apollo Structural							
Big Section	64	58	52	67	70	9%	3%
Super Heavy Section	8	11	11	13	12	60%	-6%
Light Structures	102	110	127	143	143	39%	0%
General Structures	272	288	338	360	353	30%	-2%
Apollo Z - Rust-proof structures	156	168	150	166	185	18%	11%
Apollo Z- Coated Products	40	52	51	46	55	38%	20%
Apollo Galv - Agri/Industrial	37	34	29	34	33	-10%	-2%
TOTAL	679	721	758	828	850	25%	3%
Value-added Products	407	433	420	468	497	22%	6%
Segment EBITDA/MT (INR/MT)	60%	60%	55%	56%	58%		
Apollo Structural							
Big Section	7,845	7,901	5,541	8,179	8,482	8%	4%
Super Heavy Section	9,210	9,425	7,069	9,553	9,958	8%	4%
Light Structures	5,187	5,169	2,899	5,226	5,752	11%	10%
General Structures	1,802	1,944	-24	1,970	2,897	NA	NA
Apollo Z - Rust-proof structures	4,865	4,958	2,567	5,199	5,715	17%	10%
Apollo Z- Coated Products	6,023	5,757	3,395	5,921	6,312	5%	7%
Apollo Galv - Agri/Industrial	5,725	5,698	3,340	5,805	5,423	-5%	-7%
Cost Break-up							
RM Cost (% of sales)	87%	86%	89%	86%	85%	-146bps	-56bps
Employee Cost (% of sales)	1%	2%	2%	2%	1%	-10bps	-29bps
Other Cost (% of sales)	6%	6%	6%	6%	6%	-6bps	-30bps
Gross Margins (%)	13%	14%	11%	14%	15%	146bps	56bps
EBITDA Margins (%)	5.9%	6.1%	2.9%	6.4%	7.5%	163bps	115bps

KEI Industries

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	KEII IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	314.9 / 3.7
52-Week Range (INR)	5040 / 2424
1, 6, 12 Rel. Per (%)	21/-19/-24
12M Avg Val (INR M)	1704
Free float (%)	65.0

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	97.4	110.1	128.2
EBITDA	9.9	11.6	14.1
Adj. PAT	7.0	8.0	9.3
EBITDA Margin (%)	10.2	10.5	11.0
Cons. Adj. EPS (INR)	72.9	84.0	97.6
EPS Gr. (%)	13.2	15.3	16.2
BV/Sh. (INR)	605	684	775
Ratios			
Net D:E	(0.3)	(0.3)	(0.2)
RoE (%)	15.6	13.0	13.4
RoCE (%)	15.9	13.3	13.9
Payout (%)	6.0	7.1	6.1
Valuations			
P/E (x)	45.2	39.2	33.8
P/BV (x)	5.4	4.8	4.3
EV/EBITDA (x)	30.0	25.6	21.4
Div Yield (%)	0.1	0.2	0.2
FCF Yield (%)	(2.3)	0.6	(1.9)

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	35.0	35.0	37.1
DII	23.5	20.7	16.3
FII	25.8	29.8	31.0
Others	15.6	14.5	15.6

FII Includes depository receipts

CMP: INR3,295 TP: INR3,400 (+3%) Neutral

Growth continues; C&W margin remains flat

Guides for ~18% growth in FY26 and ~20% thereafter

- KEII's 4QFY25 revenue increased ~26% YoY to INR29.1b (~10% beat, led by higher-than-estimated revenue in C&W). EBITDA grew ~23% YoY to INR3.0b (~12% beat). OPM contracted 20bp YoY to 10.3% (+20bp vs. our estimate). PAT grew ~34% YoY to INR2.3b (~22% beat, aided by higher other income).
- Management indicated that the demand outlook remains positive, aided by infrastructure expansion in power, data center, EVs and transportation. The company has guided for ~17-18% growth in FY26, which should accelerate to ~20% from FY27 after the commissioning of its Sanand plant. EBITDA margins are expected to remain in the range of 10.5-11.0%, with a 50bp improvement by FY27-28 on better operating leverage.
- We raise our FY26-27 EPS estimates by ~6-7% as we factor in higher revenue and slight improvement in margin vs. previous estimates. We estimate an EPS CAGR of ~16% over FY25-27. We value KEII at 35x FY27E EPS to arrive at our TP of INR3,400. **Reiterate Neutral.**

C&W revenue up 35% YoY; EBIT margin flat YoY at ~11%

- KEII's revenue/EBITDA/adj. PAT stood at INR29.1b/INR3.0b/INR2.3b (+26%/+23%/+34% YoY and +10%/+12%/+22% vs. our est.) in 4QFY25. OPM dipped 20bp YoY to 10.3%. Depreciation rose 23% YoY, whereas interest costs declined ~16% YoY. Other income increased ~145% YoY.
- **Segmental highlights**: a) **C&W** revenue was up ~35% YoY at INR28.0b, EBIT rose ~36% YoY to INR3.1b, and EBIT margin remained flat YoY to 11%. b) **EPC business** revenue declined ~34% YoY to INR2.2b, EBIT declined 60% YoY to INR170m, and EBIT margin contracted 4.8pp YoY to 7.6%. c) **Stainless steel wires (SSW)** revenue declined 19% YoY to INR462m, EBIT increased 91% YoY to INR25m, and EBIT margin was up 3.1pp YoY at 5.4%.
- In FY25, revenue/EBITDA/PAT grew 20%/18%/20% YoY. OPM was flat YoY at ~10%. C&W revenue/EBIT grew 25%/29% YoY and EBIT margin was up 30bp YoY at 10.6%. Despite higher EBITDA, KEII posted operating cash outflow of INR322m vs. OCF of INR6.1b in FY24, due to higher working capital (surged by INR8.23b in FY25). Capex stood at INR7.0b vs. INR4.0b in FY24 (incl. land purchase). Net cash outflow stood at INR8.3b vs. FCF of INR2.1b in FY25.

Key highlights from the management commentary

- C&W volume growth was ~21% in 4Q. C&W domestic institutional sales stood at INR7.6b, up 12% YoY. EHV domestic institutional sales were at INR1.2b, down ~48%. Sales through dealers/distributors increased 42% YoY and contributed 51% (vs. 45% in 4QFY24).
- Pending order book stands at INR38.4b vs. INR38.7b in 3QFY25. In the EHV division, the company has an order book of INR6.0b and it is targeting to utilize 100% capacity of EHV.
- The Sanand project's first phase of expansion is expected to be commissioned by 1QFY26 and the entire project will be completed by FY26-end.

Valuation and view

- We estimate KEII's total revenue CAGR at ~15% over FY25-27, driven by ~17% growth in the C&W segment and ~7% growth in the SSW segment, while EPC's revenue is projected to decline ~10% annually. EBITDA is estimated to clock a CAGR of ~19%, with margin expansion of 80bp to 11.0% by FY27 (10.0% in FY25). Margin expansion is likely to be driven by positive operating leverage and improved contribution from dealer/distribution sales and exports. Adjusted PAT is estimated to post a ~16% CAGR over FY25-27.
- In the near term, there would be a risk to revenue growth due to RM cost volatility. Competitive intensity in the long run may rise due to the entry of new players. Increased competition is likely to keep valuation in check. We believe the stock is trading fairly at 39x/34x FY26E/FY27E EPS. We value KEII at 35x FY27E EPS to arrive at our TP of INR3,400. **Reiterate Neutral.**

Quarterly performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales	**17,826**	**19,466**	**20,594**	**23,193**	**20,605**	**22,796**	**24,673**	**29,148**	**81,041**	**97,359**	**26,478**	**10**
Change (%)	13.9	21.1	15.4	18.8	15.6	17.1	19.8	25.7	17.3	20.1	**14**	
Adj. EBITDA	**1,783**	**2,039**	**2,146**	**2,446**	**2,146**	**2,206**	**2,408**	**3,013**	**8,375**	**9,910**	**2,681**	**12**
Change (%)	11.7	27.0	17.8	20.9	20.4	8.2	12.3	23.2	19.3	18.3	**11**	
Adj. EBITDA margin (%)	10.0	10.5	10.4	10.5	10.4	9.7	9.8	10.3	10.3	10.2	**10.1**	21
Depreciation	147	156	154	158	155	163	190	193	614	701	**207**	(7)
Interest	89	75	109	165	142	133	143	139	439	556	**144**	(3)
Other Income	83	77	142	152	178	169	136	371	490	718	**159**	133
Extraordinary Items	-	-	-	(2)	-	-	-	-	(2)	-	**-**	
PBT	**1,630**	**1,884**	**2,024**	**2,274**	**2,027**	**2,079**	**2,212**	**3,052**	**7,813**	**9,370**	**2,489**	**23**
Tax	416	482	518	587	525	531	564	786	2,002	2,406	**638**	
Effective Tax Rate (%)	25.5	25.6	25.6	25.8	25.9	25.5	25.5	25.8	25.6	25.7	**25.6**	
Reported PAT	**1,214**	**1,402**	**1,507**	**1,686**	**1,502**	**1,548**	**1,648**	**2,265**	**5,808**	**6,964**	**1,852**	**22**
Change (%)	17.0	31.2	17.2	22.1	23.8	10.4	9.4	34.4	22.2	19.9	**9.8**	
Adj. PAT	**1,214**	**1,402**	**1,507**	**1,688**	**1,502**	**1,548**	**1,648**	**2,265**	**5,811**	**6,964**	**1,852**	**22**
Change (%)	17.0	31.2	17.2	22.2	23.8	10.4	9.4	34.2	22.3	19.9	**9.7**	

Segmental performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales												
Cables (Power + Housing wires)	16,119	17,755	18,671	20,691	18,757	21,402	23,517	27,968	73,236	91,644	25,166	11
Stainless steel wires	590	591	461	572	538	598	551	462	2,214	2,148	602	(23)
EPC Business	1,847	3,131	3,769	3,405	2,261	1,309	759	2,234	12,151	6,562	1,383	62
Growth YoY (%)												
Cables (Power + Housing wires)	13.5	22.9	14.3	17.9	16.4	20.5	26.0	35.2	17.1	25.1	21.6	
Stainless steel wires	(3.2)	(19.6)	(17.3)	(11.2)	(8.9)	1.3	19.4	(19.3)	(13.0)	(3.0)	5.3	
EPC Business	20.2	195.8	68.7	52.6	22.4	(58.2)	(79.9)	(34.4)	72.1	(46.0)	(59.4)	
EBIT												
Cables (Power + Housing wires)	1,415	1,919	1,979	2,258	2,067	2,241	2,372	3,069	7,570	9,749	2,666	15
Stainless steel wires	31	36	36	13	10	29	30	25	117	94	34	(26)
EPC Business	256	314	439	422	298	121	19	170	1,431	608	105	62
EBIT Margin (%)												
Cables (Power + Housing wires)	8.8	10.8	10.6	10.9	11.0	10.5	10.1	11.0	10.3	10.6	10.6	38
Stainless steel wires	5.3	6.1	7.8	2.3	1.9	4.8	5.5	5.4	5.3	4.4	5.6	(16)
EPC Business	13.9	10.0	11.6	12.4	13.2	9.2	2.5	7.6	11.8	9.3	7.6	3

Tata Chemicals

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	210.5 / 2.5
52-Week Range (INR)	1247 / 756
1, 6, 12 Rel. Per (%)	-7/-27/-32
12M Avg Val (INR M)	1339

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	148.9	152.5	162.7
EBITDA	19.5	25.7	31.4
PAT	3.0	8.9	13.9
EBITDA (%)	13.1	16.8	19.3
EPS (INR)	11.6	35.1	54.6
EPS Gr. (%)	(67.9)	202.4	55.7
BV/Sh. (INR)	870	892	932
Ratios			
Net D/E	0.2	0.1	0.0
RoE (%)	1.3	4.0	6.0
RoCE (%)	2.1	4.6	6.3
Valuations			
P/E (x)	71.2	23.5	15.1
EV/EBITDA (x)	13.3	9.5	7.3
Div Yield (%)	1.3	1.5	1.8
FCF Yield (%)	5.2	9.7	10.7

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	38.0	38.0	38.0
DII	22.0	21.7	20.0
FII	13.3	13.6	13.8
Others	26.7	26.7	28.2

CMP: INR826 TP: INR870 (+5%) Neutral

Lower realization continues to hurt margins

Operating performance below our expectations

- Tata Chemicals (TTCH)'s 4QFY25 consolidated EBITDA declined 26% YoY/25% QoQ due to lower realizations and unfavorable operating leverage across geographies. Revenue remained flat YoY due to flattish volume (higher volumes in India and Kenya offset by lower volumes in the US and UK).
- With a challenging FY25 led by the pricing impact and shutdown of the UK (Lostock) soda ash facility, management guided an improving scenario for FY26, particularly for India, Kenya, and the domestic US business. While the UK business (consisting of a new pharma salt business) is expected to improve from 2QFY26, the US export market will remain a challenge, led by declining export realization.
- Factoring in the weak 4Q/FY25 performance, closure of the Lostock plant in the UK (~8% of total revenue in FY24), and continued pressure on realization, we cut our FY26/FY27 EBITDA estimates by 11%/6%. **Reiterate Neutral with an SoTP-based TP of INR870.**

India and Kenya's businesses continue to outperform other markets

- TTCH reported a total revenue of INR35.1b (est. INR36.9b) in 4QFY25, flat YoY, due to flat volume growth (soda ash/bicarb volume remained flat; salt declined 7% YoY). EBITDA margin dipped 340bp YoY to 9.3% (est. 13.7%), led by lower realization. EBITDA stood at INR3.3b (est. INR5.0b), down 26% YoY.
- TTCH reported an adj. net loss of INR328m (est. adj. PAT at ~INR1.4b) vs. an adj. net loss of ~INR1b in 4QFY24. An exceptional loss of INR550m was recognized as expenses related to the plant shutdown in Lostock, UK, amid sustained underperformance.
- **Basic Chemistry product** revenue was flat YoY at INR30.4b. EBIT stood at INR840m (vs. an operating loss of INR6.8b in 4QFY24). EBIT margin was 2.8%.
- **Specialty products** business was flat YoY at INR4.7b, and operating loss stood at INR630m (vs. an operating loss of INR390m in 4QFY24).
- India standalone/TCAHL's revenue grew ~12%/8% YoY to INR12.2b/INR1.6b, while TCNA/Rallis remained flat YoY at INR13.2b/INR4.3b. TCEHL's revenue declined 25% YoY to INR4.2b.
- EBITDA for India standalone/TCAHL grew 20%/136% to INR2.3b/INR530m, while the same for TCNA declined 46% YoY to INR800m. TCEHL/Rallis posted an operating loss of INR280m/INR180m vs. EBITDA of INR690m/INR70m in 4QFY24.
- EBITDA/MT of TCNA declined 44% YoY to ~USD15.7, while for TCAHL it grew 14% YoY to USD84. EBITDA margin for India Standalone expanded 130bp YoY to 18.9%.
- Gross/net debt stood at ~INR70.7b/INR55b as of Mar'24 (vs. ~INR55.6b/INR41.6b as of Mar'24).
- For FY25, revenue/EBITDA/Adj PAT declined 3%/31%/68% YoY to INR148.9b/INR19.5b/INR3.0b.

Highlights from the management commentary

- **Demand & supply scenario:** Global demand in FY25 surged, led by China (+18%) and India (+4%), while other regions declined ~3%. China's growth was driven by the solar and battery sectors, but it is expected to stabilize. India's demand growth is expected to remain healthy at 5-6% going forward. Supply rose 8.9% YoY, led by China. Inner Mongolia's capacity ramped up, which was offset by demand growth; hence, there were no exports from China.
- **European business:** The UK volumes were lower due to soda ash capacity shutdown and INR550m exceptional cost at Lostock. The business would shift toward value-added pharma salt. Ramp-up from 2QFY26 to aid profitability; 1QFY26 may see some impact.
- **Capex:** FY25 capex was INR20.05b. TTCH is calibrating its capex with lower outflow expected in FY26 to INR5.5–6b (this includes INR600m for Kenya's 50KMT capacity). No major expansion beyond this, except INR180m for the FOS prebiotic plant. Full utilization of India's soda ash and bicarb capacity is expected in FY26. Depreciation run rate to stabilize at 4QFY25 level.

Valuation and view

- TTCH faces near-term headwinds from weak demand in the US export market and Europe, and margin pressure due to falling soda ash prices. However, its strategic focus on specialty products and capacity expansions positions it well for long-term growth once global demand recovers.
- We expect TTCH to see volume and margin recovery in FY26, led by the India and Kenya markets (which are still better placed than other geographies). Further, cost optimization measures are expected to aid in margin recovery.
- **We expect revenue/EBITDA/Adj. PAT CAGR of 5%/27%/2.2x over FY25-27 (2%/3%/15% over FY24-27). We reiterate our Neutral rating with an SoTP-based TP of INR870.**

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	%
Net Sales	**42,180**	**39,980**	**37,300**	**34,750**	**37,890**	**39,990**	**35,900**	**35,090**	**1,54,210**	**1,48,870**	**36,867**	**-5**
YoY Change (%)	5.6	-5.7	-10.1	-21.1	-10.2	0.0	-3.8	1.0	-8.1	-3.5	6.1	
Total Expenditure	31,750	31,790	31,880	30,320	32,150	33,810	31,560	31,820	1,25,740	1,29,340	31,818	
EBITDA	**10,430**	**8,190**	**5,420**	**4,430**	**5,740**	**6,180**	**4,340**	**3,270**	**28,470**	**19,530**	**5,048**	**-35**
Margins (%)	24.7	20.5	14.5	12.7	15.1	15.5	12.1	9.3	18.5	13.1	13.7	
Depreciation	2,290	2,340	2,460	2,710	2,730	2,770	2,800	2,930	9,800	11,230	2,735	
Interest	1,230	1,450	1,320	1,300	1,330	1,450	1,480	1,370	5,300	5,630	911	
Other Income	490	850	380	1,140	470	1,080	280	420	2,860	2,250	750	
PBT before EO expense	**7,400**	**5,250**	**2,020**	**1,560**	**2,150**	**3,040**	**340**	**-610**	**16,230**	**4,920**	**2,152**	
Extra-Ord expense	-90	-1,020	0	9,630	0	0	700	550	8,520	1,250	0	
PBT	**7,490**	**6,270**	**2,020**	**-8,070**	**2,150**	**3,040**	**-360**	**-1,160**	**7,710**	**3,670**	**2,152**	
Tax	1,710	1,200	680	220	940	810	170	-250	3,810	1,670	527	
Rate (%)	22.8	19.1	33.7	-2.7	43.7	26.6	-47.2	21.6	49.4	45.5	24.5	
MI & Profit/Loss of Asso. Cos.	550	790	-240	-20	-140	290	0	-170	1,080	-20	260	
Reported PAT	**5,230**	**4,280**	**1,580**	**-8,270**	**1,350**	**1,940**	**-530**	**-740**	**2,820**	**2,020**	**1,365**	
Adj PAT	**5,163**	**3,515**	**1,580**	**-1,048**	**1,350**	**1,940**	**-5**	**-328**	**9,210**	**2,958**	**1,365**	**-124**
YoY Change (%)	-12.8	-44.4	-60.1	-114.7	-73.8	-44.8	-100.3	-68.7	-60.5	-67.9	-230.3	
Margins (%)	12.2	8.8	4.2	-3.0	3.6	4.9	0.0	-0.9	6.0	2.0	3.7	

Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (000'MT)										
North America	535	545	529	626	588	632	559	586	2,235	2,365
Europe	153	156	156	144	148	144	138	85	609	515
Africa	55	61	64	64	69	77	61	73	244	280
EBITDA/MT										
North America (USD)	108.2	70.9	32.9	28.3	40.4	42.1	30.9	15.7	58.9	32.5
Europe (GBP)	72.7	71.6	35.5	42.6	11.8	17.4	6.9	-30.7	55.8	5.1
Africa (USD)	141.6	101.2	105.2	73.4	43.4	66.6	42.7	83.6	104.1	60.1
Cost Break-up										
RM Cost (% of sales)	16.8	20.5	18.7	13.7	21.1	21.4	14.3	20.2	17.5	19.3
Staff Cost (% of sales)	10.9	11.4	12.6	13.8	12.6	12.5	14.7	13.8	12.1	13.4
Power and Fuel Cost (% of sales)	16.2	16.3	18.9	18.2	14.4	14.8	19.2	16.9	17.3	16.3
Freight and Distribution Cost (% of sales)	12.5	13.1	14.9	19.0	17.6	17.2	18.0	20.9	14.7	18.4
Other Cost (% of sales)	18.9	18.3	20.4	22.5	19.2	18.6	21.7	18.8	19.9	19.5
Gross Margins (%)	83.2	79.5	81.3	86.3	78.9	78.6	85.7	79.8	82.5	80.7
EBITDA Margins (%)	24.7	20.5	14.5	12.7	15.1	15.5	12.1	9.3	18.5	13.1
EBIT Margins (%)	19.3	14.6	7.9	4.9	7.9	8.5	4.3	1.0	12.1	5.6

Vedant Fashions

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	MANYAVAR IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	180.1 / 2.1
52-Week Range (INR)	1512 / 730
1, 6, 12 Rel. Per (%)	-16/-48/-32
12M Avg Val (INR M)	260

Financials & Valuations Consol (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	13.9	15.0	16.3
EBITDA	6.4	7.0	7.7
Adj. PAT	3.9	4.3	4.7
EBITDA Margin (%)	46.3	46.8	47.4
Adj. EPS (INR)	16.0	17.5	19.5
EPS Gr. (%)	(6.2)	9.6	11.1
BV/Sh. (INR)	71.3	80.6	91.0
Ratios			
Net D:E	(0.3)	(0.5)	(0.5)
RoE (%)	22.9	21.1	20.8
RoCE (%)	19.9	19.5	19.3
Payout (%)	50.0	50.0	-
Valuations			
P/E (x)	46.0	42.0	37.8
EV/EBITDA (x)	28.5	25.6	23.0
EV/Sales (X)	13.2	12.0	10.9
Div. Yield (%)	1.1	1.2	-

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	10.6	10.4	12.6
FII	10.1	10.6	8.1
Others	4.3	4.1	4.3

FII Includes depository receipts

CMP: INR741 TP: INR775 (+5%) Neutral

Weak end to a subdued FY25; LFL recovery key

- Vedant Fashions (VFL) reported yet another weak quarter with a modest 1% revenue growth as same-store sales declined ~4.5%, while EBITDA/PAT declined 5%/13% YoY (9%/11% miss) due to operating deleverage.
- For FY25, VFL's revenue growth remained subdued with ~1% CAGR over FY23-25, while its EBITDA and PAT declined for the second successive year.
- Demand remained muted, driven by weak consumer sentiment in the mid-premium segment. Further, VFL has been majorly impacted by persisting weakness in AP and Telangana markets (excluding these markets, management indicated that SSSG would have been flat in FY25).
- Management indicated that LFL revenue growth would be the key focus area in FY26 and expects store consolidation to continue in 1HFY26.
- We cut our FY26-27E EBITDA by 4-5% and PAT by 8-9% due to a weak demand environment and the likely continuation of store consolidation. Overall, we model an 8-10% CAGR in VFL's revenue/EBITDA/PAT over FY25-27E.
- While the stock is currently trading ~40% below its average P/E, we await signs of demand recovery before we turn more constructive on VFL. **Reiterate Neutral with a revised TP of INR775, premised on 40x FY27E P/E.**

Another weak quarter; EBITDA dips 5% YoY (9% miss)

- Customer sales grew ~2% YoY to INR5.2b in 4QFY25, as ~5% increase in area was offset by a 4.5% decline in same-store sales.
- Consolidated revenue inched up ~1% YoY to INR3.7b (4% below) as demand trends remained subdued.
- VFL added 12 stores (6 SIS, 6 EBOs) in 4Q, taking the total store count to 678, with a store area of ~1.79m sqft. (up ~5% YoY).
- Gross profit increased 3% YoY to INR2.7b as gross margin expanded 110bp YoY to 73.6% (100bp beat).
- Employee cost increased 15% YoY (6% higher), while other expenses rose ~20% YoY (7% higher).
- EBITDA declined ~5% YoY to INR1.7b (9% miss), driven by weaker revenue growth and higher other expenses. EBITDA margins contracted ~310bp YoY to 45.1% (~210bp miss).
- Reported PAT declined ~13% YoY to INR1b (11% miss).

Subdued performance continued in FY25

- Customer sales grew ~2% YoY to INR18.9b, as ~5% increase in area was offset by a 4.2% decline in same-store sales. Management indicated that LTL sales grew 2.9% YoY in the Jul'24 to Mar'25 period and would have been flat in FY25, excluding the AP and Telangana markets.
- Reported revenue inched up 1% YoY to INR13.9b (~1% FY23-25 CAGR).
- In FY25, VFL added 85k net retail area, and two net stores were added (the SIS count increased by 13, while the EBO count reduced by 11). The company exited 11 domestic and 1 international cities in FY25.
- EBITDA at INR 6.5b declined 2% YoY, a second straight year of YoY decline.
- PAT declined 6% YoY to INR3.9b and was ~10% below its FY23 PAT.

- Inventory days rose to 53 in FY25 (from ~37 YoY), while its reported receivable days increased to ~187 (from ~151 days YoY). Overall WC capital days increased to 213 (vs. 164 days YoY).
- FCF moderated to INR2.1b in FY25 (vs. ~INR3.3b YoY) on adverse WC changes.

Highlights from the management commentary

- **Demand trends:** VFL's performance was weighed down by: 1) continued weakness in consumer sentiment, 2) persisting weakness in markets such as AP and Telangana (TS), and 3) also increased competitive intensity in the ethnic wear category. Management indicated that excluding AP/TS, SSSG for FY25 was flat (4.2% decline).
- **Demand outlook:** Management is witnessing some green shoots in demand in 1QFY26 (albeit on a weak base). However, overall demand sentiments still remain weaker than expectations.
- **Key focus areas for FY26:** Management indicated that LFL growth recovery is the key focus for the company in FY26. Further, it expects the consolidation of high-rental unprofitable stores to continue, at least until 1HFY26.
- **Mohey:** It has undergone a strategic shift from being a bridal wear brand to a broader wedding wear brand, which has positively impacted footfalls and conversions. During FY25, ~40% of the new retail area addition was dedicated to Mohey, which has been the fastest-growing brand in VFL's portfolio. Management indicated that Mohey accounts for ~14% of VFL's retail area, while revenue productivity is slightly lower than Manyavar, but on an improving trend.
- **Competitive intensity:** India's men's ethnic wear market has seen an increase in competition over the past 2–3 years, with an unprecedented number of store openings (up 3x) due to the entry of several new retailers. Management believes that despite significant store openings, no single player has gained any significant share, and most new stores would not be at long-term sustainable profitability levels. Further, management indicated that legacy competitors have seen consolidation due to weak demand, but new entrants are still opening stores.

Valuation and view

- FY25 marked a second successive year of subdued revenue growth and weaker profitability for VFL. We believe that apart from the overall weaker demand sentiment, rising competition, and slower-than-expected shift from the unorganized to organized in the ethnic-wear category have been the key headwinds.
- Growth recovery in Manyavar (on a low base of the last few years), scale-up of Mohey (women's celebration wear) and Twamev (premium offering in celebration wear), along with improved traction in its recent forays in the newer categories (Diwas, a value brand catering to festive wear), remain the key growth drivers for VFL.
- We cut our FY26-27E EBITDA by 4-5% and PAT by 8-9% due to a weak demand environment and the likely continuation of store consolidation. Overall, we model an 8-10% CAGR in VFL's revenue/EBITDA/PAT over FY25-27E.
- While the stock is currently trading ~40% below its average P/E, we await signs of demand recovery before we turn more constructive on VFL. **Reiterate Neutral with a revised TP of INR775, premised on 40x FY27E P/E** (vs. INR850 earlier).

Quarterly Earnings Snapshot **(INR m)**

Y/E March	FY24				FY25				FY24	FY25	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**3,116**	**2,183**	**4,745**	**3,632**	**2,398**	**2,679**	**5,113**	**3,674**	**13,675**	**13,865**	**3,844**	**-4.4**
YoY Change (%)	-4.1	-11.6	7.5	6.3	-23.0	22.7	7.8	1.2	0.9	1.4	5.9	
Total Expenditure	1,635	1,255	2,324	1,881	1,271	1,460	2,691	2,017	7,094	7,439	2,031	-0.7
EBITDA	**1,482**	**928**	**2,420**	**1,751**	**1,127**	**1,220**	**2,422**	**1,657**	**6,581**	**6,426**	**1,813**	**-8.6**
EBITDA margins (%)	47.5	42.5	51.0	48.2	47.0	45.5	47.4	45.1	48.1	46.3	47.2	
Change YoY (%)	-9.1	-19.6	7.8	4.3	-23.9	31.4	0.1	-5.3	96.0	63.2	3.6	
Depreciation	299	325	344	381	372	373	391	395	1,349	1,531	380	3.7
Interest	94	107	112	132	139	137	139	136	445	552	133	2.3
Other Income	150	151	155	241	215	192	224	221	697	852	219	0.7
PBT before EO expense	**1,238**	**648**	**2,119**	**1,479**	**831**	**902**	**2,115**	**1,347**	**5,484**	**5,195**	**1,519**	**-11.3**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
Tax	319	161	542	321	206	233	535	336	1,342	1,310	384	-12.4
Rate (%)	25.7	24.8	25.6	21.7	24.8	25.8	25.3	24.9	24.5	25.2	25.3	-1.2
Reported PAT	**919**	**487**	**1,577**	**1,158**	**625**	**669**	**1,580**	**1,011**	**4,142**	**3,885**	**1,135**	**-10.9**
Adj PAT	**919**	**487**	**1,577**	**1,158**	**625**	**669**	**1,580**	**1,011**	**4,142**	**3,885**	**1,135**	**-10.9**
YoY Change (%)	-9	-29	5	6	-32	37	0	-13	-3	-6	-2	

E: MOFSL Estimates

Mahanagar Gas

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MAHGL IN
Equity Shares (m)	99
M.Cap.(INRb)/(USDb)	139.3 / 1.6
52-Week Range (INR)	1989 / 1075
1, 6, 12 Rel. Per (%)	-2/-3/-4
12M Avg Val (INR M)	1094

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	69.2	74.6	81.6
EBITDA	15.1	16.3	17.8
Adj. PAT	10.4	11.0	12.0
Adj. EPS (INR)	105.8	111.5	121.0
EPS Gr. (%)	-18.9	5.4	8.5
BV/Sh.(INR)	596.2	663.1	735.7
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	18.9	17.7	17.3
RoCE (%)	19.0	17.8	17.4
Payout (%)	28.4	40.0	40.0
Valuation			
P/E (x)	13.3	12.6	11.7
P/BV (x)	2.4	2.1	1.9
EV/EBITDA (x)	9.0	8.4	7.7
Div. Yield (%)	2.1	3.2	3.4
FCF Yield (%)	2.1	1.7	2.4

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	32.5	32.5	32.5
DII	33.8	31.1	27.4
FII	23.8	25.8	30.6
Others	9.9	10.6	9.6

FII includes depository receipts

CMP: INR1,410 TP: INR1,760 (+25%) Buy

Adj. EBITDA margin disappoints

- **Mahanagar Gas (MAHGL)'s adj. EBITDA margin was below our est. at INR8.35/scm (est. INR10/scm; reported EBITDA: INR10/scm). CNG volumes came in slightly below our est. at 2.9mmscmd (est. 3mmscmd). While MAHGL's realization spiked ~INR3/scm QoQ, primarily on account of an INR633.5m provision reversal, gas costs/opex rose 0.3/ 1 per scm QoQ. This led to ~INR1.7/scm QoQ improvement in EBITDA/scm margin.**
- **We believe MAHGL's current EBITDA margin should improve, and the following factors should drive margin expansion: 1) the recent CNG price hike of INR1.5/kg and D-PNG price hike of INR1/scm on 8th Apr'25 will support margins; and 2) raw material costs have declined in 1QFY26'td. Lower crude oil and Henry Hub index prices, coupled with INR appreciation QoQ, should reduce gas costs going forward.**
- **We model MAHGL's volumes to clock a 10% CAGR over FY25-27 and estimate an EBITDA margin of INR10/scm during the period. MAHGL currently trades at 12.6x FY26E SA P/E, while its one-year forward LTA is 13.6x P/E. Reiterate BUY.**

Robust volume growth guidance amid steady margin

- Management expects ~10% YoY growth in volumes in FY26, with CNG being the key growth driver. EBITDA margin is expected to range between INR9 and INR11 per scm going forward.
- **Other key takeaways from the conference call**
- Elevated marketing/CSR spending of INR110m/INR100m, coupled with higher maintenance activities and pipeline rents, contributed to the sharp rise in 4Q opex.
- Large industries are driving PNG volume growth. I/C sales can reach 1-1.1mmscmd in the next couple of years (current: 0.6-0.7mmscmd).
- The company's 4QFY25 gas sourcing split was: 2mmscmd APM gas, 1.35-1.4mmscmd gas via term contracts (1.27/0.1mmscmd was HH/Brent-linked), 0.6mmscmd HP-HT gas, and the rest was sourced through IGX (majority HP-HT gas). MAHGL's current domestic gas allocation is 1.67mmscmd APM gas, and 0.65mmscmd NW gas.
- The company plans to incur a capex of INR13b in FY26.

Adj. EBITDA margin below our estimate in 4Q

- Total volumes were in line with our estimate at 4.2mmscmd (+11% YoY).
  - Both CNG and D-PNG volumes came in line with estimates. I/C PNG volumes stood 12% above our estimate.
- EBITDA/scm came in above our estimate at INR10. However, adjusted EBITDA/scm came in at INR8.35 (our est. INR10).
- Resultant EBITDA stood in line with our est. at INR3.8b (-4% YoY).
- MAHGL's PAT also came in line with our est. at INR2.5b (-5% YoY).
  - Depreciation and interest costs stood above our est., while other income came in below our est.

- **In FY25,** MAHGL's net sales grew 11% to INR69b, while EBITDA/PAT declined 18%/19% YoY to 15.1b/10.5b.
- The Board recommended a final dividend of INR18/sh (FV: INR10/sh; dividend for the entire year: INR30/sh).

Valuation and view

- During the quarter, MAHGL connected 0.15m domestic households. The company has also added 164 industrial and commercial customers, bringing the total count to 5,105.
- We expect a 10% CAGR in volume over FY25-27, driven by multiple initiatives implemented by the company, such as collaborating with OEMs to drive conversions of commercial CNG vehicles and providing guaranteed price discounts to new I/C-PNG customers.
- The stock trades at 12.6x FY26E EPS of INR111.5. We value it at 15x FY27E EPS to arrive at our TP of INR1,760. **Reiterate BUY.**

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**15,378**	**15,709**	**15,688**	**15,671**	**15,896**	**17,116**	**17,576**	**18,649**	**62,445**	**69,237**	**18,285**	**2%**
YoY Change (%)	5.7	0.5	-6.1	-2.7	3.4	9.0	12.0	19.0	-0.9	10.9	16.7	
EBITDA	**5,213**	**4,789**	**4,487**	**3,938**	**4,185**	**3,985**	**3,144**	**3,784**	**18,426**	**15,098**	**3,754**	**1%**
EBITDA/SCM	16.8	14.6	13.3	11.5	11.9	10.7	8.3	10.0	13.9	10.2	10.0	0%
Margins (%)	33.9	30.5	28.6	25.1	26.3	23.3	17.9	20.3	29.5	21.8	20.5	
Depreciation	620	658	683	775	719	735	791	818	2,736	3,063	775	
Interest	25	25	27	38	31	31	34	39	115	134	29	
Other Income	390	437	481	446	402	512	463	464	1,753	1,840	490	
PBT	**4,957**	**4,543**	**4,258**	**3,570**	**3,837**	**3,731**	**2,782**	**3,391**	**17,328**	**13,741**	**3,440**	**-1%**
Tax	1,273	1,158	1,086	920	992	903	529	869	4,437	3,292	859	
Rate (%)	25.7	25.5	25.5	25.8	25.8	24.2	19.0	25.6	25.6	24.0	25.0	
Reported PAT	**3,684**	**3,385**	**3,172**	**2,650**	**2,845**	**2,828**	**2,254**	**2,522**	**12,891**	**10,449**	**2,582**	**-2%**
YoY Change (%)	98.9	106.4	84.3	-1.4	-22.8	-16.5	-28.9	-4.8	63.2	-18.9	-2.6	
Margins (%)	24.0	21.5	20.2	16.9	17.9	16.5	12.8	13.5	20.6	15.1	14.1	
Sales Volumes (mmscmd)												
CNG	2.5	2.6	2.6	2.7	2.8	2.9	2.9	2.9	2.6	2.9	3.0	-1%
PNG - Domestic	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5	0.6	0.6	-4%
PNG - Industrial/ Commercial	0.4	0.5	0.5	0.6	0.5	0.6	0.6	0.7	0.5	0.6	0.6	12%
PNG - Total	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.0	1.2	1.2	4%
Total Volumes	**3.4**	**3.6**	**3.7**	**3.8**	**3.9**	**4.0**	**4.1**	**4.2**	**3.6**	**4.1**	**4.2**	**1%**

Niva Bupa

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	NIVABUPA IN
Equity Shares (m)	1827
M.Cap.(INRb)/(USDb)	148 / 1.7
52-Week Range (INR)	109 / 61
1, 6, 12 Rel. Per (%)	3/-/-
12M Avg Val (INR M)	330

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
GWP	67.6	87.1	113.0
NEP	48.9	61.7	80.0
U/W Profit	-2.5	-4.1	-2.7
PBT	2.1	1.9	4.0
PAT	2.1	1.4	3.0
Ratios (%)			
Claims	61.2	63.7	62.8
Commission	19.8	19.9	19.8
Expense	20.2	18.0	16.1
Combined	101.2	101.7	98.7
RoE	7.9	4.0	7.4
EPS (INR)	1.2	0.8	1.6
EPS Growth (%)	142.7	-33.9	112.4
Valuations			
P/E (x)	69.3	104.9	49.4
P/BV (x)	4.8	3.8	3.5

Shareholding pattern (%)

As On	Mar-25	Dec-24
Promoter	56.0	56.0
DII	9.7	9.8
FII	8.9	8.9
Others	25.4	25.4

FII Includes depository receipts

CMP: INR81 TP: INR100 (+23%) Buy

Strong underwriting performance boosts PAT

- Niva reported 25% YoY growth in NEP to INR14.4b (in-line) in 4QFY25. For FY25, it reported NEP growth of 27% YoY.
- Loss ratio at 56.4% (our est. of 59.1%) increased 580bp YoY. Expense ratio (incl. commission) was at 36.4% (our est. of 37%), with a YoY improvement of 50bp/190bp in commission ratio/expense ratio. This led to a better-than-expected combined ratio of 92.8% (vs our est. of 96.1%), up 340bp YoY (86.1% without 1/n impact).
- PAT grew 31% YoY to INR2.1b (44% beat). For FY25, PAT was at INR2.1b, growing 161% YoY. FY25 IFRS PAT of INR2b was in line with our expectations.
- Niva saw its EOM on a gross basis improve by 190-200bp in both FY24 and FY25. With strong premium growth, the company is well-positioned to achieve a similar level of improvement going forward, which will help it comply with EOM regulations.
- Backed by a strong performance in 4QFY25, we have upgraded our estimates under IGAAP, mainly on expense ratio and slightly higher growth. However, our IFRS estimates have broadly remained unchanged, and we value the stock at 40x FY27E IFRS PAT to arrive at a fair value of INR100. We reiterate our BUY rating.

Robust operational performance

- GWP grew 18% YoY to INR20.8b, driven by 3%/59%/18% YoY growth in retail health/ group health/PA business. For FY25, GWP grew 21% YoY to INR67.6b. The company secured business from two large corporate accounts during the quarter, which significantly contributed to strong growth in group health.
- Without the impact of 1/n, GWP grew 36%/32% for 4QFY25/FY25.
- The underwriting profit for 4QFY25 came in at INR576 vs. INR661m in 4QFY24 (our est. of INR169m).
- The commission ratio at 17.7% (vs. our est. of 20.3%) declined 50bp YoY, while net commission grew 18% YoY to INR3b (5% below est).
- The expense ratio at 18.7% (vs. our est. of 16.7%) declined 190bp YoY on account of continued investments in digital capabilities.
- Elevated claims ratio and 1/n impact led to a combined ratio of 92.8% in 4QFY25. Without considering the impact of the 1/n framework, the combined ratio improved 330bp YoY to 86.1%.
- Investment assets stood at INR81.8b by the end of 4QFY25, with investment yield at 7.4%. The strong growth in AUM to INR81.8b from INR54.6b at the end of 4QFY24 was due to IPO proceeds.
- The company's hospital network remained stable at the end of FY25 at 10,421 (10,460 in FY24), while the preferred partner network increased to 589 (326 in FY24).
- In FY25, agents/banks/ brokers contributed 29.7%/20.1%/30.6% to the business. The average ticket size per policy increased to INR30,252 (INR28,797 in FY24), while the GWP per policy sold by agents declined to INR23,233 (INR25,028 in FY24), reflecting non-metro penetration.

Key takeaways from the management commentary

- Niva launched a new product in 4QFY25 for the middle-class and lower-middle-class segment, which is one of the largest unserved populations.
- 80% of claims come from 100 PPNs. The company actively removes hospitals based on their cost practices, service, and quality.
- Claim inflation of 5% was in line with the 5-7% trend. This was supported by ongoing discussions with the provider network to ensure quality treatment and specific negotiation agreements based on data analytics. Billing review, case management, and other measures have also been deployed to ensure fair billing practices.

Valuation and view

- We believe Niva is well-positioned to harness growth opportunities with a strategic global partner, a growing customer base, and innovative product offerings. The diversified channel mix will ensure improved scalability as the company moves toward geographic expansion. Measures taken to mitigate claim inflation will continue to aid loss ratios, while operational efficiency will lead to an improved expense ratio going forward.
- Backed by a strong performance in 4QFY25, we have upgraded our estimates under IGAAP, mainly on expense ratio and slightly higher growth. However, our IFRS estimates have broadly remained unchanged and we value the stock at 40x FY27E IFRS PAT to arrive at a fair value of INR100. We reiterate our BUY rating.

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	4QFY25E	Act vs. Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Net earned premium	7,436	9,000	9,496	12,181	10,180	12,132	11,358	15,274	38,113	48,945	14,698	3.9	25%	34%
Investment Income	386	426	409	445	575	682	679	938	1,667	2,874	696	34.7	111%	38%
Total Income	**8,510**	**9,920**	**10,325**	**13,188**	**11,593**	**13,597**	**12,405**	**15,647**	**41,944**	**53,243**	**15,702**	-0.3	19%	26%
Change YoY (%)	-57.1	-59.5	-60.0	-61.3	36.2	37.1	20.1	18.7	32.7	26.9	19.1			
Incurred claims	4,866	5,616	5,851	6,162	6,518	7,419	7,398	8,616	22,495	29,950	8,345	3.2	40%	16%
Net commission	1,478	1,619	1,875	2,511	2,280	2,803	2,608	2,955	7,482	10,646	3,107	-4.9	18%	13%
Total Operating Expenses	2,300	2,456	2,481	2,848	2,563	2,791	2,365	3,127	10,086	10,846	3,076	1.7	10%	32%
Change YoY (%)	-30.4	-35.2	-39.0	-44.6	11.4	13.6	-4.7	9.8	-14.5	7.5	8.0			
Underwriting profit	**-1,208**	**-691**	**-711**	**661**	**-1,180**	**-881**	**-1,013**	**576**	**-1,951**	**-2,498**	**169**	240.2		
Operating profit	-134	229	118	1,668	232	585	34	949	1,880	1,801	1,173	-19.1	-43%	2684%
Shareholder's P/L														
Transfer from Policyholder's	-134	229	118	1,668	232	585	34	949	1,880	1,801	1,173	-19.1	-43%	2684%
Investment income	240	270	430	530	494	401	544	615	1,407	2,054	637	-3.5	16%	13%
Total Income	**106**	**499**	**548**	**2,198**	**726**	**986**	**578**	**1,564**	**3,287**	**3,855**	**1,810**	-13.6	-29%	170%
Provisions other than taxation	0	13	9	-4	8	3	8	-13	18	6.3			191%	-260%
Other expenses	828	562	494	631	906	853	438	-484	2,451	1,713	378	-228.1	-177%	-210%
Total Expenses	**828**	**575**	**503**	**627**	**915**	**856**	**446**	**-497**	**2,469**	**1,720**	**378**	-231.5	-179%	-211%
PBT	**-722**	**-76**	**46**	**1,571**	**-188**	**130**	**132**	**2,061**	**819**	**2,135**	**1,432**	43.9	31%	1456%
Change YoY (%)	NA	NA	NA	-60.3	NA	NA	NA	31.2	557.4	160.9				
Tax Provisions	-	-	-	-	-	-	-	-	-	-	-			
Net Profit	**-722**	**-76**	**46**	**1,571**	**-188**	**130**	**132**	**2,061**	**819**	**2,135**	**1,432**	43.9	31%	1456%
Change YoY (%)	NA	NA	NA	-60.3	NA	NA	NA	31.2	557.4	160.9	NA			
Key Parameters (%)														
Claims ratio	65.4	62.4	61.6	50.6	64.0	61.1	65.1	56.4	59.0	61.2	59.1	-265bp	582bp	-873bp
Commission ratio	16.7	15.7	16.7	18.2	19.8	20.1	22.6	17.7	16.9	19.8	20.3	-260bp	-49bp	-496bp
Expense ratio	26.0	23.8	22.1	20.6	22.3	20.0	20.5	18.7	22.8	20.2	16.7	198bp	-191bp	-182bp
Combined ratio	108.1	101.8	100.5	89.4	106.1	101.3	108.3	92.8	98.8	101.2	96.1	-328bp	342bp	-1550bp
Solvency	1.7	1.6	2.6	2.6	2.4	2.3	3.0	3.0	2.6	3.0				

Sapphire Foods

Estimate changes	⟷
TP change	↓
Rating change	⟷

Bloomberg	SAPPHIRE IN
Equity Shares (m)	321
M.Cap.(INRb)/(USDb)	99.9 / 1.2
52-Week Range (INR)	401 / 242
1, 6, 12 Rel. Per (%)	-4/-3/1
12M Avg Val (INR M)	259

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	28.8	33.2	37.6
Sales Gr. (%)	11.1	15.2	13.4
EBITDA	4.8	5.8	6.9
Margins (%)	16.5	17.5	18.3
Adj. PAT	0.3	0.8	1.3
Adj. EPS (INR)	1.0	2.5	4.2
EPS Gr. (%)	-38.4	154.5	64.0
BV/Sh.(INR)	43.5	46.1	50.2
Ratios			
RoE (%)	2.3	5.7	8.6
RoCE (%)	5.0	6.5	8.1
Valuations			
P/E (x)	307.1	120.7	73.6
P/BV (x)	7.0	6.6	6.1
EV/Sales (x)	3.3	2.8	2.5
Pre Ind-AS EV/EBITDA (x)	37.3	28.4	22.4

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	26.1	26.1	30.8
DII	38.5	38.3	32.4
FII	30.4	30.7	30.0
Others	5.0	4.9	6.8

FII includes depository receipts

CMP: INR311 TP: INR400 (+29%) Buy

Subdued performance but in line with expectation

- Sapphire Foods India (SAPPHIRE) reported revenue growth of 13% YoY (in line) in 4QFY25, driven by a 10% YoY increase in store count. KFC revenue grew 12% YoY, supported by 17% store expansion, though offset by a 1% decline in same-store sales (est. +1%). Pizza Hut (PH) revenue rose 5% YoY, with 5% YoY new store additions and 1% SSSG (est. 6%). Sri Lanka posted strong revenue growth of 31% YoY (+19% in LKR), driven by 16% LKR SSSG and 6% store growth.
- Gross margin contracted 70bp YoY and 40bp QoQ to 68.2% (est. 67.7%). KFC's ROM was down 300bp YoY/250bp QoQ at 15.7%, impacted by lower ADS (down 5% YoY to INR108k), a higher mix of delivery orders, and operating deleverage. PH's ROM contracted 190bp YoY/930bp QoQ to -4.6%. Margins are at an all-time low (excluding Covid period). Sri Lanka's ROM improved 250bp YoY to 14.8%. Consolidated restaurant EBITDA pre-Ind-AS declined 2% YoY to INR853m (miss), and margins contracted 180bp YoY to 12% (15.5% in 3QFY25). Pre-Ind-AS EBITDA was down 7% YoY at INR508m, with a 150bp contraction in margin to 7.1% (10.7% in 3QFY25).
- The company continues to face challenges in unit economics, with dine-in seeing more pressure than delivery. To drive recovery, the focus remains on product innovation, customer engagement, and value-led offerings. However, improvement in ADS and SSSG will be key monitorables, as they are essential for restoring unit-level profitability. The store expansion spree is expected to slow down in FY26 (mainly in PH) to fix profitability metrics. We reiterate **our BUY rating on the stock with a TP of INR400 (30x Mar'27E pre-IND-AS EV/EBITDA).**

Operationally in line; moderate store addition

- **In-line revenue growth:** Cons. sales grew 13% YoY to INR7.1b (in line). KFC revenue grew 12% YoY and same-store sales declined 1%. PH revenue grew 5% YoY with SSSG of 1%. ADS of KFC was down 5% YoY at INR108k, while PH ADS inched up 2% YoY to INR42k. Sri Lanka sales grew 31% YoY (+19% in LKR term) to INR1,066m and SSSG was 16%. ADS grew 27% YoY to INR95k.
- **Moderate store addition:** Store count increased by 10% YoY in 4Q to 963. It added net zero stores during the quarter (added 6 KFC stores and 1 store in Sri Lanka and closed 5 PH stores and 2 stores in Maldives).
- **Contraction in margins**: Consolidated gross profit grew 11% YoY to INR4.8b (est. INR4.8b). GM contracted 70bp YoY to 68.2%. Reported EBITDA grew 3% YoY to INR1.1b (in line), while margins contracted 140bp YoY and 280bp QoQ to 14.9% (est. 15.2%). Consolidated ROM (Pre Ind-AS) decreased 180bp YoY and 350bp QoQ to 12.0%. EBITDA Pre-Ind AS contracted 150bp YoY and 360bp QoQ to 7.1%. PBT was up 434% YoY at INR45m (est. of INR195mn) with margin of 0.6%. APAT was up 189% YoY at INR59m (est. INR139m).
- In FY25, net sales/EBITDA grew by 11%/3%, while APAT declined 38% YoY.

Highlights from the management commentary

- The demand situation remains neutral, showing no significant improvement or deterioration compared to the last 3-4 quarters. Competitive pressure has intensified, but efforts are underway to drive growth.
- The cash balance declined during the year as capex and EBITDA (pre-Ind AS) for FY25 remained similar, while the company also repaid INR250m loan in Sri Lanka; however, working capital efficiency improved during the period.
- Dine-in footfalls remain challenging, although delivery growth continues, albeit at a slower pace than previously experienced.
- The company aims to maintain its KFC expansion run rate of 70–80 stores annually while taking a cautious approach to PH with 20-25 net store additions per year. In Sri Lanka, it plans high-single-digit store additions over the next two years.

Valuation and view

- We cut our EBITDA estimates by ~2% for FY26/FY27.
- KFC's store addition is expected to continue in FY26, while PH's store addition will be muted as management focuses on addressing ADS and profitability challenges within the current network.
- The company continues to face challenges in unit economics, with dine-in seeing more pressure than delivery. To drive recovery, the focus remains on product innovation, enhancing customer engagement, and strengthening value-led offerings. However, improvement in ADS and SSSG will be key monitorables, as they are essential for restoring unit-level profitability. The stock trades at 28x and 22x pre-Ind-AS EV/EBITDA on FY26E and FY27E, respectively. We reiterate **our BUY rating on the stock with a TP of INR400 (30x Mar'27 pre-IND-AS EV/EBITDA).**

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
KFC - No. of stores	358	381	406	429	442	461	496	502	429	502	504	
PH - No. of stores	302	311	319	319	320	323	339	334	319	334	339	
KFC - SSSG (%)	0.0	0.0	-2.0	-3.0	-6.0	-8.0	-3.0	-1.0	-1.0	-4.0	1.0	
PH - SSSG (%)	-9.0	-20.0	-19.0	-15.0	-7.0	-3.0	5.0	1.0	-16.0	-1.0	6.0	
Net Sales	**6,544**	**6,426**	**6,656**	**6,317**	**7,183**	**6,957**	**7,565**	**7,113**	**25,943**	**28,819**	**7,082**	**0.4**
YoY change (%)	19.8	14.2	11.6	12.7	9.8	8.3	13.7	12.6	14.5	11.1	12.1	
Gross Profit	**4,483**	**4,417**	**4,583**	**4,351**	**4,927**	**4,786**	**5,189**	**4,848**	**17,834**	**19,750**	**4,793**	**1.1**
Margin (%)	68.5	68.7	68.9	68.9	68.6	68.8	68.6	68.2	68.7	68.5	67.7	
EBITDA	**1,214**	**1,151**	**1,217**	**1,029**	**1,242**	**1,120**	**1,343**	**1,062**	**4,613**	**4,768**	**1,073**	**-1.0**
EBITDA growth %	10.0	11.6	4.3	4.9	2.3	-2.7	10.3	3.2	7.7	3.4	4.2	
Margin (%)	18.6	17.9	18.3	16.3	17.3	16.1	17.8	14.9	17.8	16.5	15.2	
Depreciation	727	768	874	870	904	881	1,005	850	3,239	3,639	773	
Interest	226	245	263	275	273	271	275	298	1,009	1,116	279	
Other Income	75	75	60	124	53	85	105	130	334	372	174	
PBT	**336**	**214**	**140**	**8**	**118**	**53**	**168**	**45**	**699**	**384**	**195**	**-77.0**
Tax	88	62	42	-12	36	1	41	-14	180	64	56	
Rate (%)	26.0	28.9	30.0	-143.0	30.8	2.2	24.3	-31.7	25.7	16.7	28.7	
Adjusted PAT	**249**	**152**	**98**	**20**	**82**	**52**	**127**	**59**	**520**	**320**	**139**	**-57.5**
YoY change (%)	-34.8	-43.4	-69.9	-82.2	-67.1	-65.9	29.5	189.3	-52.4	-38.4	580.1	

E: MOFSL Estimates

Avalon Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	AVALON IN
Equity Shares (m)	66
M.Cap.(INRb)/(USDb)	58.4 / 0.7
52-Week Range (INR)	1074 / 425
1, 6, 12 Rel. Per (%)	4/23/61
12M Avg Val (INR M)	394

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	11.0	14.1	18.0
EBITDA	1.1	1.6	2.2
Adj. PAT	0.6	1.1	1.6
EBITDA Margin (%)	10.1	11.3	12.1
Cons. Adj. EPS (INR)	9.6	16.1	23.8
EPS Gr. (%)	125.2	67.4	48.3
BV/Sh. (INR)	92.4	108.5	132.3
Ratios			
Net D:E	0.1	(0.1)	(0.1)
RoE (%)	10.9	16.0	19.8
RoCE (%)	10.1	14.3	18.8
Valuations			
P/E (x)	91.4	54.6	36.8
EV/EBITDA (x)	52.9	36.2	26.4

Shareholding Pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	50.6	50.6	50.9
DII	17.3	20.9	22.5
FII	7.1	5.4	2.4
Others	25.0	23.2	24.2

Note: FII includes depository receipts

CMP: INR879 TP: INR1,030 (+17%) Buy

Healthy growth momentum continues across geographies

In-line operating performance

- Avalon Technologies (AVALON) reported a strong quarter, with revenue growing 58% YoY in 4QFY25, fueled by a stellar performance in the India (+73% YoY) and US (+47% YoY) businesses. EBITDA improved (+410bp) due to a rise in domestic manufacturing (87% vs. 77% in 4QFY24) and favorable operating leverage.
- The company is witnessing growth across all the business segments, with the orderbook growing 29% YoY (INR17.6b). AVALON is expanding its manufacturing footprint and is also entering into strategic collaborations (with companies like Zepco) to enhance profitability. As a result, management has guided for an 18-20% YoY revenue growth with an expected gross margin of 33-35%.
- We broadly maintain our EPS estimates for FY26/FY27. **Reiterate BUY with a TP of INR1,030 (premised on 43x FY27E EPS).**

Operating leverage underpins EBITDA margin expansion

- AVALON's consolidated revenue grew 58% YoY to INR3.4b, driven by growth in both the domestic (up 73% YoY due to traction in the mobility and clean energy businesses) and US (up 47% YoY) businesses.
- Gross margin contracted 250bp YoY to 35%, led by a change in the product mix (the management had previously guided for a sustainable gross margin range of 33-35%). Consolidated EBITDA surged 2.4x YoY to INR414m, with EBITDA margin expanding 410bp to 12.1%, driven by operating leverage. This was reflected in a 420bp YoY decline in employee expenses as a percentage of sales to 16.6% and a 240bp decline in other expenses to 6.4%. Consequently, the company reported an adjusted PAT of INR243m, marking a 3.4x jump YoY.
- The total order book stood at INR28.8b with the short-term order book (executable within 14 months) at INR17.6b (up 29% YoY/11% QoQ) and the longer executable order book (from 14 months up to three years) at INR11.23b (up 18% YoY).
- Gross debt as of Mar'25 was INR1.4b vs. INR1.6b as of Mar'24. Net working capital days dipped to 124 from 150 days as of Dec'24, led by lower inventory days (down 17 days) and trade receivables days (down 10 days).
- In FY25, revenue/EBITDA/Adj. PAT increased 27%/77%/2.2x YoY to INR10.9b/INR1.1b/INR634m.

Highlights from the management commentary

- **Guidance & outlook:** Management has guided an 18-20% growth in revenue, with significant growth anticipated in 2HFY26. AVALON has secured several new projects that have moved from the design/prototype stage to the production stage. Many of these are expected to ramp up in the current financial year.

- **Collaboration with Zepco:** AVALON is enhancing its technical competence via strategic collaborations, including its partnership with Zepco Technologies. Zepco is involved in the design and manufacture of motors, drives, controllers, and power solutions, serving sectors such as drones, EVs, and defense.
- **Capex**. AVALON plans to incur a capex of INR450-500m in FY26, which may include capex on a new export facility in Chennai and a domestic facility located ~30km away from the existing Tamil Nadu facility. The capacity expansion is done to take care of the large businesses expected to come into India from the European and GCC customers, which are currently being dominated by Japanese customers.

Valuation and view

- With the company witnessing growth across both the Indian and US businesses, we expect AVALON's revenue and profitability to experience a healthy improvement going forward.
- Further, the company's long-term revenue trajectory is anticipated to be strong, backed by: 1) the addition of new customers in the US and Indian markets, 2) order inflows from the high-growth/high-margin industries, such as clean energy, mobility, and industrials, 3) strategic collaborations, which will enhance competence and margin, and 4) venturing into advanced technology segments.
- We estimate AVALON to post a CAGR of 28%/40%/58% in revenue/EBITDA/adj. PAT over FY25-FY27 on account of strong growth and healthy order inflows. **Reiterate BUY with a TP of INR1,030 (premised on 43x FY27E EPS).**

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Gross Sales	**2,351**	**2,010**	**2,143**	**2,168**	**1,995**	**2,750**	**2,809**	**3,428**	**8,672**	**10,981**	**3,079**	**11**
YoY Change (%)	19.9	-17.9	-7.9	-20.2	-15.2	36.8	31.1	58.1	-8.2	26.6	42.0	
Total Expenditure	2,189	1,884	1,977	1,996	1,951	2,449	2,462	3,014	8,046	9,876	2,675	
EBITDA	**162**	**126**	**165**	**172**	**44**	**301**	**346**	**414**	**626**	**1,105**	**403**	**3**
Margins (%)	6.9	6.3	7.7	7.9	2.2	11.0	12.3	12.1	7.2	10.1	13.1	
Depreciation	53	55	60	61	66	69	74	77	229	286	78	
Interest	56	32	36	39	42	37	45	42	164	167	35	
Other Income	51	47	22	28	44	39	100	32	148	215	63	
PBT before EO expense	**105**	**86**	**91**	**99**	**-20**	**234**	**327**	**326**	**381**	**867**	**353**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**105**	**86**	**91**	**99**	**-20**	**234**	**327**	**326**	**381**	**867**	**353**	
Tax	34	13	25	29	3	60	87	83	101	233	97	
Rate (%)	32.4	15.2	27.5	29.0	-14.5	25.4	26.7	25.5	26.5	26.8	27.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**71**	**73**	**66**	**71**	**-23**	**175**	**240**	**243**	**280**	**634**	**256**	
Adj PAT	**71**	**73**	**66**	**71**	**-23**	**175**	**240**	**243**	**280**	**634**	**256**	**-5**
YoY Change (%)	-23.9	-50.7	14.7	-68.9	NA	140.1	264.7	243.8	-46.7	126.7	262.6	
Margins (%)	3.0	3.6	3.1	3.3	-1.2	6.4	8.5	7.1	3.2	5.8	8.3	

NSE

Not Rated

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Net Sales	171.4	181.1	207.5
EBITDA	128.8	141.3	162.7
PAT	116.1	122.6	141.6
EPS (INR)	44.9	49.5	57.2
EPS Gr (%)	33.8	10.3	15.5
BV / Sh (INR)	674.5	803.7	975.0
Ratios (%)			
RoE	42.9	36.9	35.4

Impact of regulations behind, trajectory to improve

- NSE reported operating revenue of INR37.7b in 4QFY25, down 18% YoY, mainly due to a 22% YoY decline in transaction charges (~67% of mix). For FY25, operating revenue grew 16% YoY to INR171.4b.
- Total expenditure fell 5% YoY to INR9.7b, aided by a 49% YoY decline in regulatory fees. The CIR ratio for 4QFY25 stood at 26% vs 22% in 4QFY24.
- EBITDA declined 22% YoY to INR28b in 4QFY25, reflecting an EBITDA margin of 74.3% (78.1% in 4QFY24). For FY25, EBITDA grew 11% YoY to INR128.8b.
- Operational efficiency and a 22% YoY growth in investment income offset the revenue decline, resulting in a largely flat YoY reported PAT of INR24.7b. For FY25, reported PAT grew 38% YoY to INR116.1b.
- The sequential decline in equity options market share was driven by the transition of Bank Nifty, Midcap, and Finnifty contracts from weekly to monthly expiries. However, the exchange anticipates market share to stabilize at current levels, assuming no further regulatory changes are introduced.
- **Following the implementation of F&O regulations, we are witnessing a recovery in volumes, as reflected by NSE's options premium ADTO, which recovered from a low of INR479b in Feb'25 to INR582b in Apr'25. For FY26, we are building in INR624b. Overall, we expect a 9% CAGR in transaction revenues over FY25-27. Adjusted PAT, following a flat trend in FY26, is expected to see a strong 15% growth in FY27.**

Weak ADTO growth across segments

- Transaction charges (67% of revenue mix) declined 22% YoY and 15% QoQ to INR29.1b, primarily due to a 24% YoY decline in options revenue. Revenues from futures and cash market transactions also saw YoY declines of 12% and 16%, respectively. Data Centre and Connectivity Income (7% of revenue)/Listing Services (2% of revenue)/Data Feed & Terminal Services (2% of revenue) grew 22%/18%/10% YoY.
- Operating investment income (5% of overall revenue) declined 40% YoY/5% QoQ on account of lower treasury income recorded by subsidiary NSE Clearing Limited.
- Cash market ADTO declined 14% YoY and 8% QoQ to INR955b. Equity Futures ADTO dipped 11% YoY and 6% QoQ to INR1.6t. Equity Options ADTO (based on premium value) declined 33% YoY and 17% QoQ to INR509b. These declines were largely attributed to reduced trading volumes across segments, driven by market moderation, global uncertainties, FII outflows, and the impact of regulatory changes.
- Market share in Cash/Equity Futures/Equity Options/Currency Derivatives for 4QFY25 stood at 94.6%/99.8%/81.2%/93.9%.
- NSE has done 242 IPO listings (on Mainboard and SME) in FY25, raising INR1.7t through IPOs in FY25.

- Total expenses decreased 5% YoY to INR9.7b. The Cost-to-Income Ratio (CIR) stood at 25.7% compared to 21.9% in 4QFY24. Employee expenses rose 41% YoY to INR1.7b, mainly due to increased headcount in technology and regulatory functions. Other expenses declined 11% YoY, primarily due to lower regulatory fees.
- Investments in technology—accounting for ~27% of total expenses—increased 13% YoY and 25% QoQ to INR3.04b, reflecting continued focus on tech enhancement.
- Total fund mobilization for FY25 stood at INR18.7t, marking a 35% increase in FY24. Of this, INR14.2t was raised through debt and INR4.3t through equity.
- The total contribution to exchequer stood at INR597.98b, of which INR484.39/INR57.83b/INR37.72b/INR18.04b was from STT or CTT/income tax and GST/stamp duty/SEBI fees.
- The unique registered investor base expanded 21m during the year, reaching 113m. Total investor accounts stood at 220m.

Key takeaways from the management commentary

- NSE currently operates 1,792 racks. According to recent guidance, it plans to build 300 additional racks in 1QFY26, which are expected to accommodate the majority of participants currently in the pipeline. Over the next two years, the exchange aims to expand collocation capacity by ~2,000 racks in a phased manner, aligned with demand. The total estimated investment for this expansion is in the range of INR5.2b-5.5b.
- NSE has received in-principle approval for the launch of electricity derivatives. While the initiative remains at a nascent stage, the exchange is well-positioned to capitalize on the opportunity due to its advanced technology infrastructure, operational preparedness, and a sizable clearing and settlement fund. Spot electricity contracts are expected to be launched on the IEX platform, whereas futures contracts will be introduced on the exchange backed by SEBI.
- As of Feb'25, NSE management has addressed all queries raised by SEBI regarding the Draft Red Herring Prospectus (DRHP). The exchange is currently awaiting the no-objection letter, following which it will proceed with the DRHP filing.

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	**29,871**	**36,518**	**35,166**	**46,246**	**45,097**	**45,102**	**43,494**	**37,714**	**1,47,800**	**1,71,407**	**-18**	**-13**
YoY Change (%)	13.1	18.1	24.5	33.9	51.0	23.5	23.7	-18.4	24.7	16.0		
Employee Expense	1,137	1,106	1,174	1,187	1,477	1,942	1,627	1,672	4,604	6,718	41	3
Other Expenses	5,656	6,422	5,825	8,957	6,689	13,985	7,200	8,005	26,861	35,879	-11	11
Total Expenditure	6,793	7,528	6,999	10,144	8,166	15,927	8,827	9,677	31,465	42,597	-5	10
EBITDA	**23,078**	**28,989**	**28,167**	**36,101**	**36,931**	**29,175**	**34,667**	**28,037**	**1,16,336**	**1,28,810**	**-22**	**-19**
Margins (%)	77.3	79.4	80.1	78.1	81.9	64.7	79.7	74.3	78.7	75.1		
Depreciation	1,035	1,066	1,132	1,163	1,261	1,370	1,324	1,511	4,396	5,466	30	14
Other Income	3,697	3,714	3,756	4,555	4,406	5,131	4,571	6,253	15,722	20,362	37	37
PBT before EO expense	**25,741**	**31,637**	**30,791**	**39,493**	**40,077**	**32,936**	**37,914**	**32,779**	**1,27,662**	**1,43,705**	**-17**	**-14**
Contribution to SGF	505	5,602	5,561	5,743	5,873	-4,265	684	49	17,410	2,341	**-99**	**-93**
PBT	**25,236**	**26,035**	**25,231**	**33,751**	**34,203**	**37,201**	**37,230**	**32,731**	**1,10,252**	**1,41,365**	**-3**	**-12**
Tax	6,413	6,171	6,225	8,969	8,492	10,226	10,993	8,980	27,778	38,690		
Rate (%)	25	20	20	23	21	31	22	27	25	27		
Exceptional Item	-229	0	814	0	0	0	11,549	545	585.5	12094.7		
MI & Profit/Loss of Asso. Cos.	226	255	303	221	246	298	367	378	1,005	1,289		
Reported PAT	**18,820**	**20,119**	**20,123**	**25,003**	**25,957**	**27,273**	**38,154**	**24,674**	**84,065**	**1,16,058**	**-1**	**-35**
YoY Change (%)	11.4	14.1	7.8	21.0	37.9	35.6	89.6	-1.3	9.1	38.1		
Margins (%)	63.0	55.1	57.2	54.1	57.6	60.5	87.7	65.4	56.9	67.7		

EAI – Monthly Dashboard: Economic activity slowed in 4QFY25

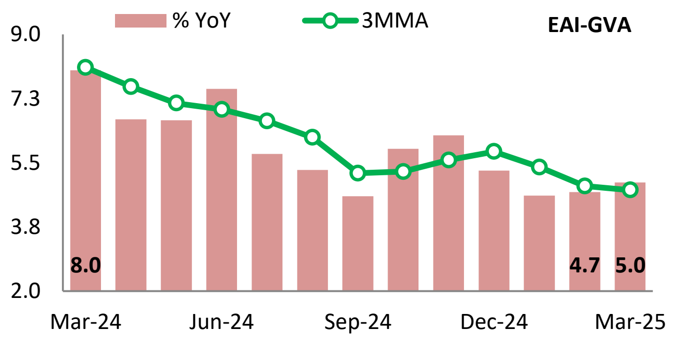
Expect real GDP growth of ~6% in 4QFY25 vs. CSO's estimate of 6.8%

- **Preliminary estimates indicate that India's EAI-GVA grew 5% YoY in Mar'25, the highest in three months (vs. 8.0%/4.7% YoY in Mar'24/Feb'25). The industrial sector grew faster and the agriculture sector remained strong, while growth in the services sector remained subdued. Thus, EAI-GVA grew 4.8% in 4QFY25 (vs. 8.1%/5.8% in 4QFY25/3QFY25), resulting in a four-year low growth of 5.7% in FY25 (vs. 8.0% in FY24).**
- **At the same time, EAI-GDP grew at a four-month low rate of 1.0% YoY in Mar'25 (vs. 4.9%/2.4% YoY in Mar'24/Feb'25), led by a five-month low growth in investments and negative contribution of net exports, partly offset by better growth in consumption. Excluding fiscal spending, EAI-GDP grew at a six-month low pace of 0.2% YoY in Mar'25 (vs. 5.6%/3.7% in Mar'24/Feb'25). EAI-GDP grew 2.1% in 4QFY25 (vs. 4.2%/4.6% in 4QFY25/3QFY25), resulting in a growth of 2.4% in FY25 (vs. 6.1% in FY24, the lowest in four years).**
- **Selected HFIs did not suggest any major change in Apr'25. Power generation grew at a six-month low in Apr'25, while water reservoir levels rose but at their lowest pace in nine months. However, these factors were partly offset by continued strength in manufacturing and service PMIs, higher growth in toll collections, and a three-month high growth in vaahan registrations.**
- **Our in-house models suggest that economic growth improved slightly in Mar'25 (vs. Jan'25 and Feb'25), with EAI-GVA reaching 5.0% (vs 4.6%/4.7% YoY in Jan'25/Feb'25). Based on our EAI estimates, we believe that real GVA growth could remain at 6.0-6.2% YoY in 4QFY25, lower than NSO's projection of 6.8% (and 6.2% YoY in 3QFY25). Thus, we peg full-year real GDP growth at 6.0-6.5% in FY25.**

Preliminary estimates indicate that India's EAI-GVA grew at a three-month high of 5% in Mar'25.

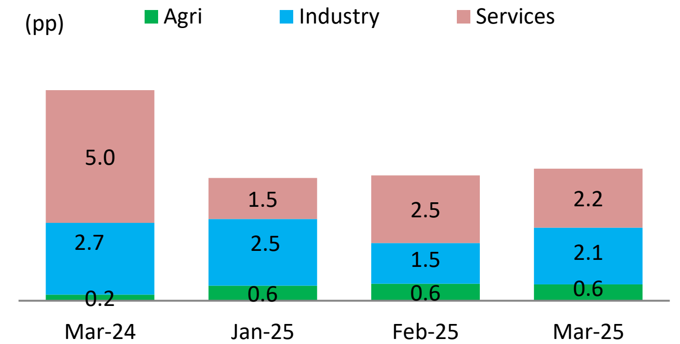
- **EAI-GVA growth accelerated to a three-month high in Mar'25:** Preliminary estimates indicate that India's EAI-GVA grew 5% YoY in Mar'25, the highest in three months (vs. 8.0%/4.7% YoY in Mar'24/Feb'25). The industrial sector grew faster and the agriculture sector remained strong, while growth in the services sector remained subdued *(Exhibits 1 and 2)*. Thus, EAI-GVA grew 4.8% in 4QFY25 (vs. 8.1%/5.8% in 4QFY25/3QFY25), resulting in a four-year low growth of 5.7% in FY25 (vs. 8.0% in FY24).
- **EAI-GDP posted the lowest growth in four months:** At the same time, EAI-GDP grew at a four-month low rate of 1.0% YoY in Mar'25 (vs. 4.9%/2.4% YoY in Mar'24/Feb'25), led by a five-month low growth in investments and negative contribution of net exports, partly offset by better growth in consumption. Excluding fiscal spending, EAI-GDP grew at a six-month low pace of 0.2% YoY in Mar'25 (vs. 5.6%/3.7% in Mar'24/Feb'25). EAI-GDP grew 2.1% in 4QFY25 (vs. 4.2%/4.6% in 4QFY25/3QFY25), resulting in a growth of 2.4% in FY25 (vs. 6.1% in FY24, the lowest in four years). *(Exhibits 3 and 4)*.

Exhibit 1: EAI-GVA grew at a three-month high of 5% in Mar'25…



Please refer to our earlier report for details

Exhibit 2: …led by strong industrial and agricultural sector growth



Source: Various national sources, CEIC, MOFSL

RESULTS FLASH

7 May 2025

Update | Sector: Capital Market

Angel One

BSE SENSEX	S&P CNX
80,747	24,414
Bloomberg	ANGELONE IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	214.5 / 2.5
52-Week Range (INR)	3503 / 1941
1, 6, 12 Rel. Per (%)	1/-19/-18
12M Avg Val (INR M)	4122
Free float (%)	64.5

CMP: INR2,376

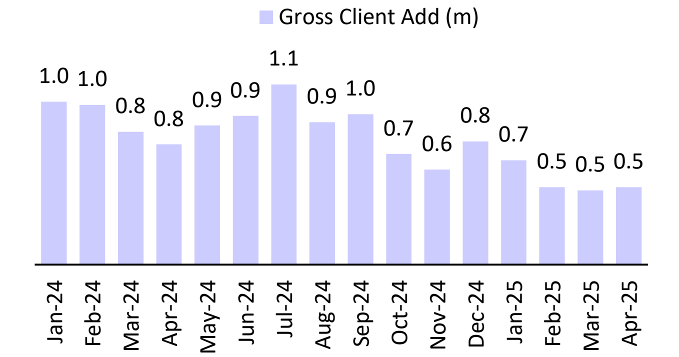
Gradual recovery in order run-rate; client addition remains low

Angel One (ANGELONE) released its key business numbers for Apr'25. Here are the key takeaways:

- ANGELONE's gross client acquisition increased 4% MoM to ~0.5m in Apr'25 (-36% YoY), taking the total client base to 31.5m (+2% MoM/+37% YoY).
- The average MTF book grew ~2% MoM to ~INR39.1b (+87% YoY) in Apr'25.
- The number of orders grew 4% MoM to 107m for Apr'25 (-21% YoY), reflecting ~4% MoM increase in the number of orders per day to 5.6m, the highest in CY25.
- The overall ADTO was up 2% MoM, driven by 1% MoM growth in F&O ADTO, 9% MoM growth in cash ADTO, and strong 28% MoM growth in commodity ADTO. The overall premium ADTO was up 24% MoM, with 10% MoM growth in F&O premium ADTO.
- Based on the option premium turnover, the overall market share improved 10bp MoM, while F&O premium market share declined 40bp MoM to 19.6%/ 20.6%. The market share for the cash segment rose 80bp MoM to 18%, while the same for the commodity segment dipped 80bp MoM to 56.1%.
- The number of registered unique MF SIPs declined 1% MoM to ~0.56m in Apr'25 (+26% YoY).

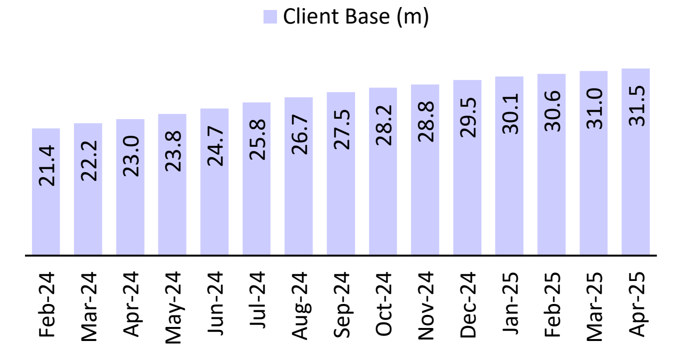
Key metrics	Apr-24	Jun-24	Aug-24	Oct-24	Dec-24	Feb-25	Mar-25	Apr-25	% YoY	% MoM
No of Days	20	19	21	22	21	20	19	19		
Client Base (m)	23.0	24.7	26.7	28.2	29.5	30.6	31.0	31.5	36.9	1.5
Gross Client Add (m)	0.76	0.94	0.90	0.70	0.78	0.49	0.47	0.49	-35.5	4.3
Avg MTF book (INR b)	21.0	30.4	38.5	41.2	40.7	40.5	38.5	39.1	86.6	1.6
Orders (m)	135.5	168.0	161.2	171.3	119.5	99.3	102.1	106.6	-21.3	4.4
Per day orders (m)	6.8	8.8	7.7	7.8	5.7	5.0	5.4	5.6	-17.1	4.5
Unique MF SIPs registered (In m)	0.44	0.58	0.74	0.74	0.87	0.58	0.56	0.56	26.3	-0.8
Angel's ADTO (INR b)										
Overall	41,900	45,742	44,850	48,469	29,017	29,580	36,383	36,957	-11.8	1.6
F&O	41,366	45,112	44,148	47,835	28,310	28,880	35,644	36,024	-12.9	1.1
Cash	76	106	96	74	74	57	65	71	-6.6	9.2
Commodity	453	524	607	555	634	643	673	862	90.3	28.1
Angel's Premium T/O (INR b)										
Overall	677	823	854	786	836	720	860	1,067	57.6	24.1
F&O	143	193	151	157	128	120	122	134	-6.3	9.8
Retail T/o Market Share									**bps YoY**	**bps MoM**
Overall Equity - based on option premium T/O	18.4	18.9	19.3	20.0	19.4	19.7	19.5	19.6	120	10
F&O - based on option premium T/O	19.8	20.7	20.7	21.9	21.6	21.5	21.0	20.6	80	-40
Cash	16.4	16.4	17.4	16.7	16.5	16.7	17.2	18.0	160	80
Commodity	57.6	59.1	63.3	61.3	59.9	55.4	56.9	56.1	-150	-80

Client addition run-rate remained low



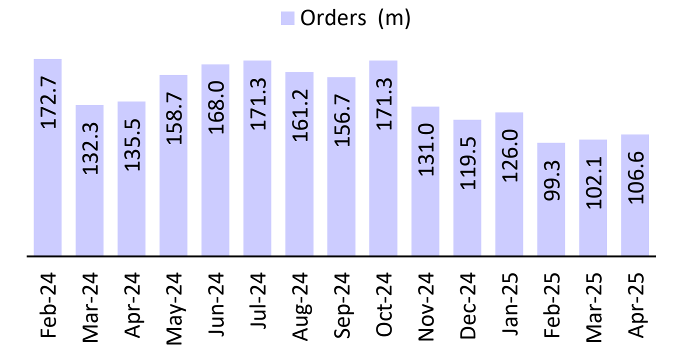
Source: MOFSL, Company

Total client base stood at 31.5m in Apr'25



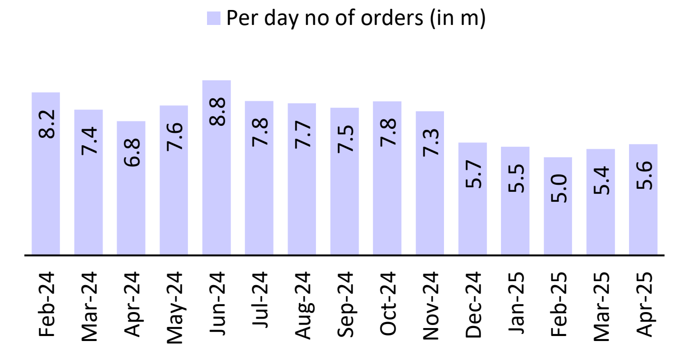
Source: MOFSL, Company

No. of orders grew MoM in Apr'25



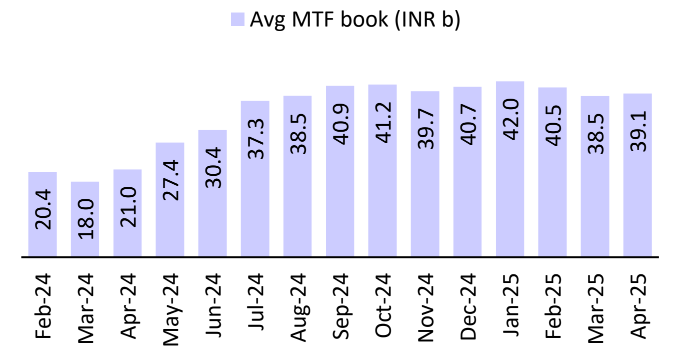
Source: MOFSL, Company

Order run-rate improved sequentially



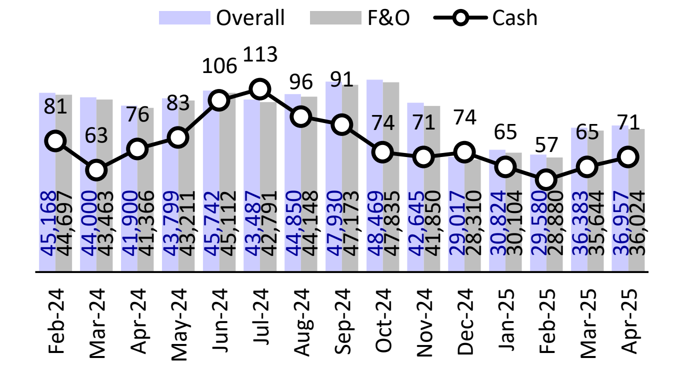
Source: MOFSL, Company

Client funding book inched up MoM



Source: MOFSL, Company

ADTO trend (INR b)



Source: MOFSL, Company

Voltas

BSE SENSEX	S&P CNX
80,747	24,414

Conference Call Details

Date: 08th May 2025
Time: 16:00 pm
Dial-in details:
+91 22 6280 1143
+91 22 7115 8044
Link for the call

Consol. Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	155.4	170.8	192.1
EBITDA	11.2	13.1	15.8
Adj. PAT	8.5	10.0	12.6
EBITDA Margin (%)	7.2	7.7	8.2
Adj. EPS (INR)	25.6	30.2	38.0
EPS Gr. (%)	253.5	18.2	25.8
BV/Sh. (INR)	199.4	223.2	253.7
Ratios			
Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	12.8	13.5	15.0
RoCE (%)	13.8	14.3	15.0
Payout (%)	25.0	25.0	25.0
Valuations			
P/E (x)	52.8	44.7	35.5
P/BV (x)	6.8	6.1	5.3
EV/EBITDA(x)	39.4	33.5	27.3
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	0.8	2.0	2.3

CMP: INR1,244 **Buy**

Earnings in line; UCP segment's margin above est.

- Voltas (VOLT)'s operating performance was in line with our estimates, with UCP's margin at 10.0% vs. our estimate of 7.5%. Revenue grew 13% YoY to INR47.7b (in line), fueled by 4%/17% YoY revenue growth in the EMPS/UCP segments. EBITDA jumped 75% YoY to INR3.3b (in line, as a higher-than-estimated margin in the UCP segment offset lower-than-estimated profit in other segments). The EMPS segment reported a loss of INR17m vs. a loss of INR1.1b in 4QFY24. OPM expanded 2.5pp YoY to ~7.0% (in line). Other income was up 46% YoY, which led to a profit of INR2.4b (+132% YoY).
- The company's YTD market share in RAC stood at ~19% as of Mar'25 (exit market share at 20.5% as of Dec'24) vs. 18.7% as of Mar'24. Voltbek Home Appliances reported volume growth of ~56% YoY in FY25.
- We have a BUY rating on the stock. However, we will review our assumptions after the concall on 8th May'25.

UCP's revenue in line; EBIT margin at 10%

- VOLT's consol. revenue/EBITDA/Adj PAT stood at INR47.7b/INR3.3b/INR2.4b (up 13%/75%/132% YoY and in line vs. estimates) in 4QFY25. Depreciation/interest costs grew 19%/12% YoY, whereas 'other income' rose 46% YoY.
- Segmental highlights: a) **UCP** – Revenue was up 17% YoY at INR34.6b, and EBIT increased 27% YoY to INR3.4b. EBIT margin was up 80bp YoY to 10.0%; b) **EMPS** – Revenue rose 4% YoY to INR11.4b. It reported a loss of INR17m compared to the loss of INR1.1b in 4QFY24; c) **PES** – Revenue declined 16% YoY to INR1.3b, and EBIT declined 29% YoY to INR341m. EBIT margin contracted 4.8pp YoY at ~25.8%.
- In FY25, revenue/EBITDA/Adj. PAT stood at INR154.1b/11.2b/8.4b (up 23%/135%/252% YoY. The UCP/EMPS segment revenue grew 30%/13% YoY to INR106.1b/INR41.6b, whereas the PES segment revenue declined ~3% YoY to INR5.7b. UCP EBIT grew 29% YoY to INR8.9b, and EBIT margin was flat YoY at 8.4%. Operating cash outflow stood at INR2.24b vs. operating cash inflow of 7.6b in FY24. Capex stood at INR2.1b vs. INR2.9b in FY24. Net cash outflow stood at INR4.3b vs. net cash inflow of INR4.7b in FY24.

Valuation and view

- VOLT's UCP business delivered strong revenue growth as RAC demand remained healthy in FY25; the FY25 volume growth stood at 30% YoY. The segment margin was above our expectations in 4QFY25. VoltBek, too, has seen strong volume growth of 56% in FY25, alongside notable market share gains in refrigerators and washing machines. We would seek management's commentary on the UCP segment, channel inventory, and the outlook for Voltbek margins.
- **We have a BUY rating on the stock.** However, we will review our assumptions following the concall on 08th May'25 (Concall Link).

Quarterly performance (INR m)

Y/E March	FY24				FY25				MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	
Sales	**33,599**	**22,928**	**26,257**	**42,029**	**49,210**	**26,191**	**31,051**	**47,676**	48,940	**(3)**
Change (%)	21.4	29.7	30.9	42.1	46.5	14.2	18.3	13.4	16.4	
Adj EBITDA	**1,854**	**703**	**284**	**1,906**	**4,238**	**1,622**	**1,974**	**3,328**	3,411	**(2)**
Change (%)	4.7	-30.3	-62.8	(12.6)	128.6	130.8	594.5	74.6	79.0	
Adj EBITDA margin (%)	5.5	3.1	1.1	4.5	8.6	6.2	6.4	7.0	7.0	1
Depreciation	113	117	128	118	134	164	179	141	183	(23)
Interest	101	115	135	208	98	136	155	233	162	44
Other Income	700	710	579	544	803	1,055	591	797	684	16
Extra-ordinary items	0	0	0	-	0	0	0	-	0	
PBT	**2,339**	**1,181**	**599**	**2,124**	**4,809**	**2,377**	**2,231**	**3,751**	3,750	**0**
Tax	735	493	515	634	1,165	726	599	1,075	999	**8**
Effective Tax Rate (%)	31.4	41.7	85.9	29.9	24.2	30.5	26.8	28.7	26.6	
Share of profit of associates/JV's	(312)	(321)	(389)	(325)	(294)	(323)	(324)	(320)	-314	2
Reported PAT	**1,293**	**367**	**-304**	**1,164**	**3,350**	**1,328**	**1,308**	**2,357**	2,437	**(3)**
Change (%)	18.7	NM	NM	(19.1)	159.1	262.1	NA	102.4	109.3	
Minority Interest	1	(10)	28	(58)	8	(12)	(14)	(53)	-21	
Adj PAT	**1,293**	**367**	**-304**	**1,038**	**3,342**	**1,340**	**1,321**	**2,410**	2,458	**(2)**
Change (%)	18.7	-62.9	NM	(27.9)	158.5	265.3	NM	132.2	137	

Segment Revenues (INR m)

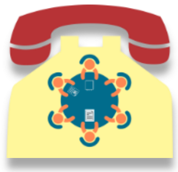
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	Var.
EMP & Services	6,791	9,242	9,819	10,979	9,491	8,799	11,902	11,375	11,933	(5)
Engineering products and services	1,423	1,344	1,548	1,564	1,608	1,467	1,297	1,321	1,508	(12)
Unitary cooling business	25,140	12,088	14,826	29,551	38,022	15,822	17,711	34,584	35,315	(2)
Others	245	253	65	-65	89	103	141	395	185	114
Total	**33,599**	**22,928**	**26,257**	**42,029**	**49,210**	**26,191**	**31,051**	**47,676**	**48,940**	**(3)**
Segment PBIT										
EMP & Services	(519)	(490)	(1,200)	(1,077)	675	462	567	(17)	571	(103)
Engineering products and services	541	539	499	478	448	396	368	341	434	(21)
Unitary cooling business	2,073	928	1,229	2,704	3,270	1,162	1,043	3,448	2,647	30
Total PBIT	**2,096**	**977**	**528**	**2,105**	**4,394**	**2,020**	**1,978**	**3,771**	**3,652**	**3**
Segment PBIT (%)										
EMP & Services (%)	(7.6)	(5.3)	(12.2)	(9.8)	7.1	5.2	4.8	(0.2)	4.8	(494)
Engineering products and services (%)	38.0	40.1	32.2	30.6	27.9	27.0	28.4	25.8	28.8	(298)
Unitary cooling business (%)	8.2	7.7	8.3	9.2	8.6	7.3	5.9	10.0	7.5	247
Total PBIT (%)	**6.2**	**4.3**	**2.0**	**5.0**	**8.9**	**7.7**	**6.4**	**7.9**	**7.5**	**45**

RESULTS FLASH

United Breweries

BSE SENSEX	S&P CNX
80,747	24,414

Conference Call Details



Date: 8 May 2025
Time: 3:00 PM
Dial-in details:
+91 22 6280 1260 /
+91 22 7115 8197

[Diamond Pass Registration]

Financials & Valuations (INR b)

Y/E MAR	FY25	FY26E	FY27E
Net Sales	89.1	101.0	114.5
Sales Gr. (%)	9.7	13.4	13.4
EBITDA	8.4	11.9	15.1
Margin (%)	9.4	11.7	13.2
Adj. PAT	4.7	7.6	9.9
Adj. EPS (INR)	17.7	28.7	37.6
EPS Gr. (%)	13.6	62.7	30.8
BV/Sh. (INR)	164.9	180.3	200.4
Ratios			
RoE (%)	10.9	16.6	19.7
RoCE (%)	11.0	16.7	19.9
Valuations			
P/E (x)	124.3	76.4	58.4
P/BV (x)	13.3	12.2	11.0
EV/EBITDA (x)	68.7	48.8	37.9

CMP: INR2,196

In-line revenue; cost efficiencies drive beat on operating profit

- UBBL's standalone net sales grew 9% YoY to INR23.2b (est. INR23.4b).
- Volume growth was 5% YoY (est. 8%), with premium segment volume surging 24% YoY.
- North, West, East and South region reported 3%, 11%, 0% and 5% volume growth, respectively.
- Gross margin was up 40bp YoY at 42.1% (est. 41.7%, 43.1% in 3QFY25).
- Employee expenses grew 9% YoY and other expenses rose 5% YoY.
- EBITDA margin expanded 140bp YoY to 8% (est. 6.2%, 7.1% in 3QFY25).
- EBITDA increased by 31% YoY to INR1.9b (est. INR1.4b).
- APAT rose 21% YoY to INR974m (est. INR855m).
- In FY25, net sales, EBITDA and APAT grew by 10%, 21% and 14%, respectively.

Other key highlights

- Net sales were driven by volume growth, price increase and positive mix.
  - Volume growth was mainly driven by Andhra Pradesh, Uttar Pradesh, Maharashtra and Assam, partially offset by Telangana and Karnataka.
  - Positive price mix was driven by price increases in Telangana, Orissa and Rajasthan, coupled with a favorable mix mainly from premiumization.
- The company remains focused on revenue management and cost optimization initiatives to support margin improvement, while continuing to invest in brand building and capability enhancement—despite near-term margin pressures ahead of capacity expansion completion.

Standalone Quarterly Performance (INRm)

Y/E March	FY24				FY25E				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Volume growth (%)	-12	7	8	11	5	5	8	5	2	6	8	
Net Sales	22,732	18,880	18,227	21,315	24,730	21,147	19,984	23,214	81,227	89,074	23,417	-0.9%
YoY Change (%)	-6.7	12.4	13.1	20.8	8.8	12.0	9.6	8.9	8.3	9.7	9.9	
Gross Profit	9,221	8,408	8,018	8,894	10,642	9,272	8,619	9,772	34,703	38,305	9,767	0.1%
Margin (%)	40.6	44.5	44.0	41.7	43.0	43.8	43.1	42.1	42.7	43.0	41.7	
EBITDA	2,228	1,846	1,456	1,420	2,847	2,268	1,411	1,862	6,962	8,390	1,445	28.9%
YoY Change (%)	-15.9	-15.8	89.9	165.6	27.8	22.9	-3.0	31.2	13.0	20.5	1.8	
Margins (%)	9.8	9.8	8.0	6.7	11.5	10.7	7.1	8.0	8.6	9.4	6.2	
Depreciation	513	508	518	577	577	571	613	567	2,119	2,327	614	
Interest	17	14	21	18	16	22	32	59	69	129	15	
Other Income	103	122	241	263	73	105	101	79	737	357	341	
PBT before EO expense	1,801	1,446	1,158	1,088	2,327	1,781	867	1,316	5,511	6,291	1,157	
Tax	440	369	310	280	595	458	227	342	1,403	1,622	302	
Rate (%)	24.5	25.5	26.7	25.7	25.5	25.7	26.2	26.0	25.5	26.9	26.1	
Reported PAT	1,361	1,076	849	808	1,733	1,322	383	974	4,109	4,412	855	13.9%
Adj PAT	1,361	1,076	849	808	1,733	1,322	640	974	4,109	4,669	855	13.9%
YoY Change (%)	-15.8	-19.8	274.9	730.8	27.3	22.9	-24.5	20.5	24.7	13.6	5.8	
Margins (%)	6.0	5.7	4.7	3.8	7.0	6.3	3.2	4.2	5.1	5.2	3.7	

E: MOFSL Estimates

Polycab India:EBITDA Margin Will Be In The Range Of 11-13% In The Next 5 Years; Gandharv Tongia, ED & CFO

- FY25 topline crossed ₹22,000 crore, highest ever.
- FY26 volume growth to outpace industry by 1.5x; FMEG at 2x.
- Cable margins sustainable at 13%; FMEG turned profitable.
- Market share gain to continue despite new entrants.
- ₹6,000–8,000 crore capex planned; no equity dilution.

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KEI Industries: Margin Should Continue To Remain Approximately 11% In FY26; Anil Gupta, CMD

- KI Industries' Q4 exports grew 92%, contributing 16% to total sales.
- Export share expected to rise to 17-18% in FY26.
- Domestic demand strong in renewables, data centers, and infrastructure, with 17-18% growth forecasted.
- Margins to remain around 11%, despite commodity price fluctuations.
- EHV segment order book at ₹600 crore, showing recovery in HT cables.

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Radico Khaitan: Bulk Scotch Imports Should Be Worth Rs 256 Cr In FY26; Abhishek Khaitan,MD

- After 3 years, the FTA is finalized, benefiting sectors like apparel and alcohol.
- Radico welcomes the move as India’s largest bulk Scotch importer, seeing cost advantages.
- Import duties will fall from ~150% to ~40% over 10 years.
- Radico exports Rampur malt and Jaisalmer gin to the UK and expects smoother access.
- Believes premium branding, not price, drives Indian consumer choice, limiting competitive threats.

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Gokaldas Exports: See UK FTA As An Incremental $1 Bn Opportunity For Apparel Players In India; S Ganapathi, Vice Chairman & MD

- Gokaldas Exports earns ~5% revenue from the UK, with potential to double post-FTA.
- The firm will leverage a 12% tariff edge over China and parity with Bangladesh
- Three new factories are planned.
- Rising UK interest boosts near-term visibility.
- US demand is clouded by tariff uncertainty and ongoing discount negotiations with global retailers.

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SELL	< - 10%
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