Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,148	-1.6	3.9
Nifty-50	24,578	-1.4	3.9
Nifty-M 100	55,521	0.2	-2.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,887	0.7	0.1
Nasdaq	19,010	1.6	-1.6
FTSE 100	8,603	0.0	5.3
DAX	23,639	0.3	18.7
Hang Seng	8,386	-2.0	15.0
Nikkei 225	38,183	1.4	-4.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	66	1.8	-10.7
Gold ($/OZ)	3,250	0.4	23.8
Cu (US$/MT)	9,619	0.8	11.2
Almn (US$/MT)	2,493	0.7	-1.3
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.3	0.0	-0.3
USD/EUR	1.1	0.9	8.0
USD/JPY	147.5	-0.7	-6.2
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	-0.05	-0.4
10 Yrs AAA Corp	7.0	-0.05	-0.3
Flows (USD b)	**13-May**	**MTD**	**CYTD**
FIIs	-0.1	1.32	-10.9
DIIs	0.50	2.29	26.9
Volumes (INRb)	**13-May**	**MTD***	**YTD***
Cash	1,255	1072	1026
F&O	1,54,858	1,81,854	2,04,179

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

Fund Folio: Total AUM scales a record high to touch INR70t and achieves another milestone

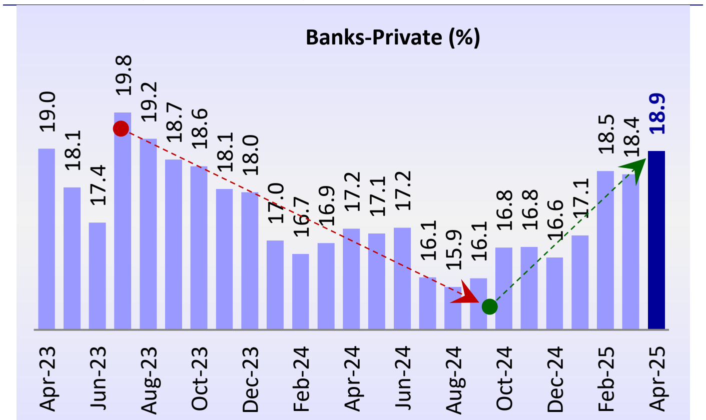
- The MF industry's total AUM scaled new heights to touch INR70t in Apr'25 (+6.5% MoM), primarily driven by a MoM increase in AUM of liquid funds (INR1,558b), equity funds (INR1,213), income funds (INR808b), and other ETFs (INR335b).
- Equity AUM of domestic MFs (including ELSS and index funds) increased 3.8% MoM to INR33.5t in Apr'25, owing to a rise in market indices (Nifty up 3.5% MoM). Notably, the month saw a decline in sales of equity schemes (down 5% MoM to INR656b). The pace of redemptions slowed down to INR398b (down 1.8% MoM). Consequently, net inflows moderated for the fourth consecutive month in Apr'25 to INR258b from INR285b in Mar'25.
- The month experienced notable changes in the sector and stock allocation of funds. On a MoM basis, the weights of Private Banks, Oil & Gas, Automobiles, Consumer, Telecom, Retail, Insurance, Chemicals, and Real Estate increased, while those of Capital Goods, Technology, NBFCs, Utilities, Metals, and Cement moderated.
- Private Banks' weight rose to a 20-month high in Apr'25 to 18.9% (+50bp MoM; +170bp YoY). Oil & Gas' weight was up for the second consecutive month to an eight-month high in Apr'25 to 6.4% (+30bp MoM, -40bp YoY). Technology's weight moderated for the third consecutive month in Apr'25 to 8.3% (-20bp MoM; +30bp YoY). Capital Goods' weight moderated in Apr'25 to 6.9% (-30bp MoM; -100bp YoY).

Research covered

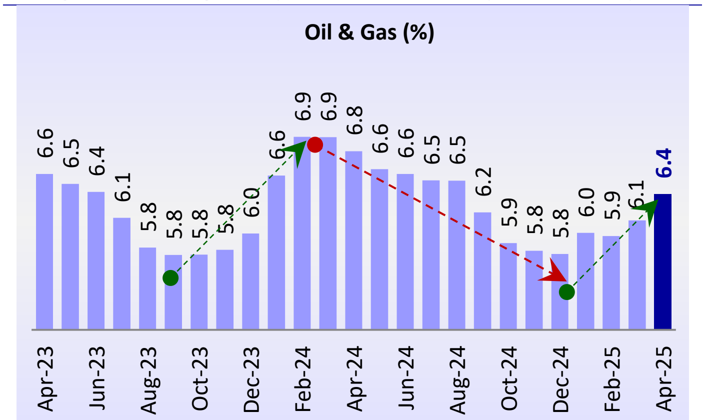
Cos/Sector	Key Highlights
Fund Folio	Total AUM scales a record high to touch INR70t and achieves another milestone
Other Updates	TATA Motors | Tata Steel | Cipla | Siemens | SRF | Suzlon Energy | Aditya Birla Capital | GSK Pharma | Prudent Corporate Advisory | Raymond Lifestyle | India Life Insurance | Capital Market | Bharti Airtel | Gail (India) | Bharti Hexacom | Max Financial Services | Syrma SGS Technology

Chart of the Day: Fund Folio (Total AUM scales a record high to touch INR70t and achieves another milestone)

Private Banks' weight rose to a 20-month high in Apr'25 to 18.9% (+50bp MoM; +170bp YoY)



Oil & Gas' weight was up for the second consecutive month to an eight-month high in Apr'25 to 6.4% (+30bp MoM, -40bp YoY)



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

L&T Energy Tech wins IOC's first green H2 tender

L&T Energy Green Tech secured a bid to construct a 10,000 tonnes per annum green hydrogen plant at IOCL's Panipat refinery, outbidding NTPC Renewable Energy and Renew E Fuels.

2

LIC helps life insurers log robust new biz premium growth in April

India's life insurance sector experienced an 8.43% surge in new business premiums in April 2025, reaching ₹21,965 crore, fueled primarily by LIC's strong performance.

3

Samsung, Apple help tablet shipments grow 15% in March quarter

India's tablet market saw a 15% surge in Q1 2025, driven by premium and 5G devices. Samsung led with a 34% share, followed by Apple at 21% and Lenovo at 19%.

4

Tata Electronics eyes Foxconn turf with Pegatron India revamp

Tata Electronics has rebranded Pegatron Technology India to Tata Electronics Products and Solutions, signaling its growing role in Apple's iPhone supply chain as a major assembler and component manufacturer, and a competitor to Foxconn.

5

Reliance looks for $1.3-billion gloss finish to its exit from Asian Paints

Reliance Industries is considering selling its 4.9% stake in Asian Paints, a 17-year-old investment, amid increasing competition and margin pressures in the Indian paints market.

6

Companies may get more time to sign PPAs under mega power policy

The move is likely to benefit at least six power plants with a total planned capacity of around 8 GW, but the capacity remaining to be tied up is around 4 GW, because PPAs have either not been signed or partially signed, according to people close to the development.

7

JLR buyers hit the brakes in India, wait for more clarity on FTA with UK

Jaguar Land Rover executives convened in Mumbai to address a sales slowdown in India following the UK-India FTA announcement.

Fund Folio

Indian Mutual Fund Tracker

Total AUM scales a record high to touch INR70t and achieves another milestone

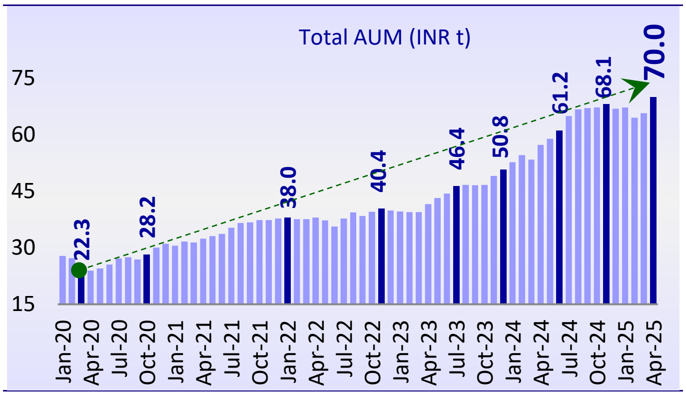
Key observations

- The Nifty rose for the second successive month in Apr’25 (3.5% MoM gain), recording the second-best MoM returns in the last nine months. Notably, the index remained volatile, fluctuating around 2,714 points before closing 815 points higher. FIIs were net buyers for the second consecutive month, investing USD1.3b in Apr’25. DIIs also showed healthy inflows, amounting to USD3.3b in Apr’25. FII outflows into Indian equities have reached USD10.6b in CY25YTD vs. outflows of USD0.8b in CY24. DII inflows into equities remain robust at USD26.9b in CY25YTD vs. USD62.9b in CY24.
- The MF industry’s total AUM scaled new heights to touch INR70t in Apr’25 (+6.5% MoM), primarily driven by a MoM increase in AUM of liquid funds (INR1,558b), equity funds (INR1,213), income funds (INR808b), and other ETFs (INR335b).
- Equity AUM of domestic MFs (including ELSS and index funds) increased 3.8% MoM to INR33.5t in Apr’25, owing to a rise in market indices (Nifty up 3.5% MoM). Notably, the month saw a decline in sales of equity schemes (down 5% MoM to INR656b). The pace of redemptions slowed down to INR398b (down 1.8% MoM). Consequently, net inflows moderated for the fourth consecutive month in Apr’25 to INR258b from INR285b in Mar’25.
- Investors continued to park their money in mutual funds as inflows and contributions in systematic investment plans (SIPs) stood at INR266.3b in Apr’25 (+2.7% MoM and +30.7% YoY).

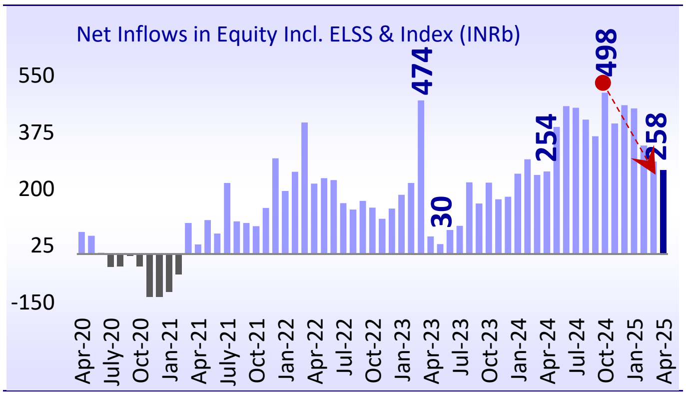
A few interesting facts

- The month experienced **notable changes in the sector and stock allocation of funds.** On a MoM basis, the weights of Private Banks, Oil & Gas, Automobiles, Consumer, Telecom, Retail, Insurance, Chemicals, and Real Estate increased, while those of Capital Goods, Technology, NBFCs, Utilities, Metals, and Cement moderated.
- **Private Banks’ weight rose to a 20-month high in Apr’25** to 18.9% (+50bp MoM; +170bp YoY).
- **Oil & Gas’ weight was up for the second consecutive month to an eight-month high** in Apr’25 to 6.4% (+30bp MoM, -40bp YoY).
- **Technology’s weight moderated for the third consecutive month** in Apr’25 to 8.3% (-20bp MoM; +30bp YoY).
- **Capital Goods’ weight moderated in Apr’25** to 6.9% (-30bp MoM; -100bp YoY).
- **The top sectors where MF ownership vs. the BSE 200 is at least 1% higher:** Healthcare (17 funds over-owned), Capital Goods (10 funds over-owned), Retail (10 funds over-owned), Chemicals (10 funds over-owned), and Consumer Durables (9 funds over-owned).
- **The top sectors where MF ownership vs. the BSE 200 is at least 1% lower:** Consumer (19 funds under-owned), Oil & Gas (17 funds under-owned), Private Banks (15 funds under-owned), Utilities (12 funds under-owned), and Technology (11 funds under-owned).
- **In terms of value increase MoM, four of the top-10 stocks were from the banking space:** HDFC Bank (+INR157b), ICICI Bank (+INR118.2b), Axis Bank (+INR81.1b), IndusInd Bank (+INR36b). Conversely, the stocks that witnessed the maximum MoM decline in value were Siemens (-INR34.4b), L&T (-INR27.4b), Bajaj Finance (-INR23.5b), Infosys (-INR22.0b), and Voltas (-INR19.4b).

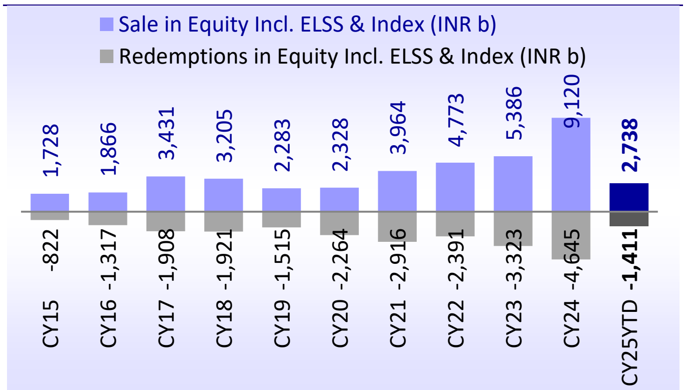
Total AUM scales new height in Apr'25 to INR70t (up 2.9x in the last five years)



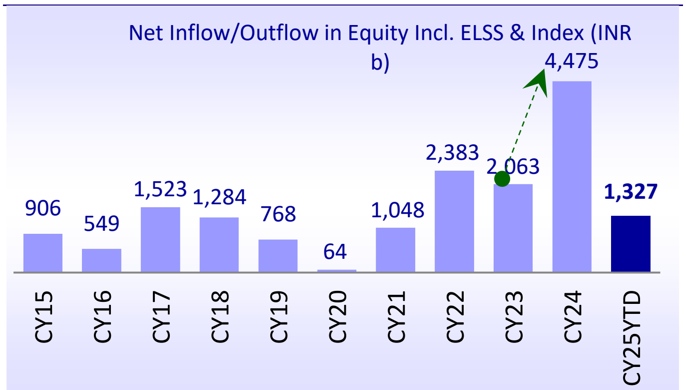
Net equity inflows continue to moderate for the fourth consecutive month in Apr'25, to a 12-month low



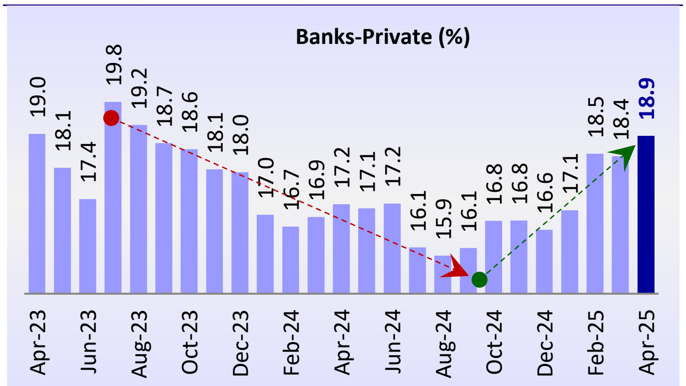
Annual trends in sales and redemptions of MFs (equity)



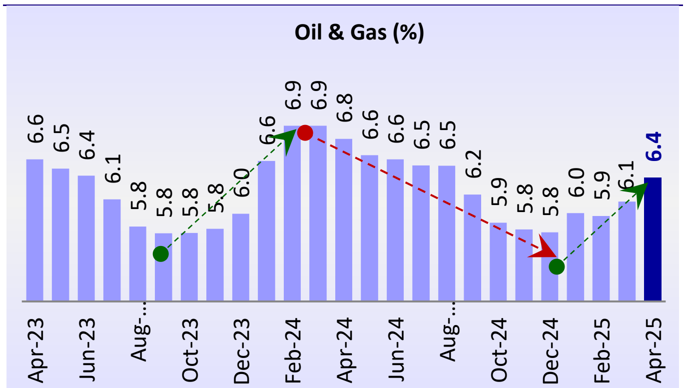
Annual trend in net inflows of MFs (equity)



Private Banks' weight rose to a 20-month high in Apr'25 to 18.9% (+50bp MoM; +170bp YoY)



Oil & Gas' weight was up for the second consecutive month to an eight-month high in Apr'25 to 6.4% (+30bp MoM, -40bp YoY)



TATA Motors

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	TTMT IN
Equity Shares (m)	3681
M.Cap.(INRb)/(USDb)	2605.3 / 30.5
52-Week Range (INR)	1179 / 536
1, 6, 12 Rel. Per (%)	11/-14/-37
12M Avg Val (INR M)	12499

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Net Sales	4,397	4,401	4,688
EBITDA	551.3	516.3	554.2
Adj. PAT	232.6	187.1	191.2
Adj. EPS (INR)	63.2	50.8	52.0
EPS Gr. (%)	8	-20	2
BV/Sh. (INR)	315.6	361.4	407.3
Ratios			
Net D/E (x)	0.1	0.1	0.1
RoE (%)	23.1	15.0	13.5
RoCE (%)	14.2	11.3	10.8
Payout (%)	9.6	9.9	11.6
Valuations			
P/E (x)	11.2	13.9	13.6
P/BV (x)	2.2	2.0	1.7
EV/EBITDA (x)	4.4	4.6	4.1
Div. Yield (%)	0.9	0.7	0.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	42.6	42.6	46.4
DII	17.2	16.9	16.1
FII	17.8	18.7	19.2
Others	22.4	21.9	18.3

FII Includes depository receipts

CMP: INR708 TP: INR690 (-3%) Neutral

Outlook marred by multiple headwinds

Demand outlook remains weak across its business segments

- TTMT 4QFY25 performance was in line with our estimates, with consol EBITDA margin at 13.9%, down 30bp YoY. While JLR and PV business margins were in line, CV segment margins missed estimates due to higher employee and product development costs.
- JLR is facing multiple headwinds, which include: 1) tariff-led uncertainty for exports to the US, 2) demand weakness in key regions like Europe and China, and 3) rising VME, warranty and emission costs. As a result, we expect margin pressure to persist for JLR and factor in a 100bp margin decline over FY25-27E. Even in India, both CV and PV businesses are seeing moderation in demand. Given these headwinds, we have lowered our earnings estimates for TTMT by 12%/5% for FY26/FY27. For the lack of any triggers, we reiterate Neutral with FY27E SOTP-based TP of INR690.

4Q performance in line; facing multiple headwinds

- **Consolidated business:** TTMT 4QFY25 performance was in line with our estimates, with consol. EBITDA margin at 13.9%, down 30bp YoY. Consolidated PAT came in at INR89b vs. our estimate of INR84b.
- **JLR:** JLR 4Q operational performance was largely in line with our estimates, with EBITDA margin at 15.3% vs. our estimate of 15%. In fact, EBITDA was 5% below our estimates due to a miss on revenue. For FY25, JLR margins declined 160bp YoY to 14.3%. Margins were down YoY despite a strong product mix due to higher VME and warranty costs. JLR delivered FCF of GBP1.5b in FY25 (post capex of GBP3.8b). FY25 RoCE fell 190bp YoY to 19.4%.
- **TTMT CV business:** CV segment margins remained stable YoY in 4Q at 12.2% but were below our estimate of 12.8%. CV margins remained stable QoQ despite 10% volume growth. Margins were impacted by higher employee costs and higher product development expenses. For FY25, CV segment margins improved 100bp to 11.8%. Margin improvement was driven by pricing discipline and 20bp benefit received from PLI incentives.
- **TTMT PV business**: TTMT's PV segment margins have remained stable QoQ in 4Q at 7.9%, in line with our estimate. For FY25, PV segment margins improved 40bp YoY to 6.9%. Full-year margins were boosted (+70bp) by INR2.5b worth of PLI incentives. For FY25, PV ICE margins declined 70bp YoY to 8.1%, while EV margins improved to 1.2% (from -7.1%) YoY.

Highlights from the management commentary

- **JLR:** JLR is currently facing significant uncertainty due to the tariffs levied by the US globally on automobiles. While the US-UK FTA has been a welcome agreement and helps to lower tariffs, the tariff on JLR made vehicles exported to the US is expected to still rise to 10% from the current 2.5%. Further, in the absence of any trade deal between Europe and the US, JLR cars produced in Slovakia (Defender and Discovery) could face 27.5% duty when exported to the US. Given the multiple headwinds, management has refrained from giving any guidance for JLR for FY26 and beyond.

- **Indian CV:** Given favorable demand indicators, management expects the CV industry to post single-digit growth in FY26. Within this, management expects MHCV and bus segments to do better than ILCVs and SCVs.
- **Indian PV**: Industry demand for FY26 is likely to remain moderate, as in FY25. TTMT would target to outperform the industry on the back of its new launches, which include: 1) mid-cycle upgrade of Altroz to be launched this month and the recently launched upgrade of Tiago; 2) full-year ramp-up of Curvv and Nexon CNG; 3) Safari and Harrier with multi-powertrain options, including gasoline; 4) Sierra ICE launch; and 5) Harrier + Sierra EV launch.
- The demerger of PV and CV businesses is on track with the appointed date for the same as 1st Jul'25, subject to all approvals.

Valuation and view

- JLR is facing multiple headwinds, which include: 1) tariff-led uncertainty for exports to the US; 2) demand weakness in key regions like Europe and China; and 3) rising VME, warranty and emission costs. As a result, management has refrained from giving any guidance for FY26 and beyond. We expect margin pressure to persist for JLR and factor in 100bp margin decline over FY25-27E.
- Even in India, both CV and PV businesses are seeing moderation in demand. Given these headwinds, we have lowered our earnings estimates for TTMT by 12%/5% over FY26/FY27. For the lack of any triggers, we reiterate Neutral with FY27E SOTP-based TP of INR690.

Quarterly Performance [Consol] **(INR b)**

INR b	FY24				FY25				FY24	FY25	4Q	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
JLR Volumes (incl JV; '000 units)	106.3	109.1	113.9	120.6	110.5	97.2	111.2	115.5	450.0	434.4	124.6	-7.3
JLR Realizations (GBP/unit)	74,024	70,824	72,989	71,331	74,400	74,167	71,686	69,355	72,252	72,240	72,025	
JLR EBITDA Margins (%)	16.3	14.9	16.2	16.3	15.8	11.7	14.2	15.3	15.9	14.3	15.0	
India CV Volumes ('000 units)	88.6	106.8	98.8	111.3	93.7	86.0	98.4	108.2	405.5	386.3	108.2	0.0
India CV Realizations (INR '000/unit)	1925.4	1887.2	2042.9	1943.9	1910.1	2014.9	1896.6	1991.4	1949.5	1948.8	2,036	
India CV EBITDA Margins (%)	9.4	10.4	11.1	11.9	11.6	10.7	12.2	12.2	10.8	11.7	12.8	
India PV Volumes ('000 units)	140.4	139.0	138.6	155.6	138.8	130.5	139.8	147.0	573.6	556.1	147.0	0.0
India PV Realizations (INR '000/unit)	921.8	880.9	938.1	931.7	856.8	903.1	902.2	870.4	918.7	882.5	903	
India PV EBITDA Margins (%)	5.2	6.4	6.5	7.3	5.8	6.2	7.6	7.8	6.4	6.9	7.3	
Net Consol. Op Income	**1022.4**	**1051.3**	**1105.8**	**1199.9**	**1080.5**	**1014.5**	**1135.8**	**1195.0**	**4379.3**	**4397.0**	**1262.8**	**-5.4**
Growth (%)	42.1	32.1	25.0	13.3	5.7	-3.5	2.7	-0.4	26.6	0.4	5.2	
Consol. EBITDA	**135.6**	**137.2**	**153.3**	**169.9**	**155.1**	**117.4**	**130.3**	**166.3**	**596.1**	**551.3**	**172.0**	**-3.3**
EBITDA Margins (%)	13.3	13.1	13.9	14.2	14.4	11.6	11.5	13.9	13.6	12.5	13.6	
Depreciation	66.3	66.4	68.5	71.5	65.7	60.1	54.1	53.0	272.7	232.6	56.0	
Other Income	13.6	16.3	15.0	14.6	15.8	15.7	17.9	15.1	59.5	62.4	14.3	
Interest Expenses	26.2	27.0	24.8	22.3	20.9	20.3	17.3	10.8	100.3	50.8	18.7	
PBT before EO	**53.3**	**61.1**	**75.8**	**92.1**	**87.0**	**56.9**	**77.4**	**119.4**	**282.3**	**339.6**	**111.6**	**7.0**
EO Exp/(Inc)	6.8	1.2	0.9	-87.0	-0.4	0.0	0.3	5.5	-78.12	5.31	0.00	
PBT after EO Exp	**46.5**	**59.9**	**74.9**	**179.1**	**87.4**	**56.9**	**77.1**	**113.9**	**360.4**	**334.3**	**111.6**	
Tax rate (%)	33.6	36.8	7.2	3.5	36.4	40.8	27.2	25.9	13.7	31.4	24.2	
PAT	**30.9**	**37.8**	**69.5**	**172.8**	**55.6**	**33.7**	**56.2**	**84.4**	**311.1**	**229.3**	**84.6**	
Minority Interest	-1.0	-0.7	-1.2	-1.2	-1.3	-1.1	-1.3	-0.9	-4.1	-3.2	-1.4	
Share in profit of Associate	2.1	0.5	1.9	2.5	1.3	0.8	-0.4	1.1	7.0	2.9	0.4	
Reported PAT	**32.0**	**37.6**	**70.3**	**174.1**	**55.7**	**33.4**	**54.5**	**84.7**	**314.0**	**228.9**	**83.6**	**1.3**
Adj PAT	**37.9**	**38.7**	**71.0**	**77.3**	**55.4**	**33.4**	**54.7**	**88.9**	**224.9**	**232.6**	**83.6**	
Growth (%)	-158.3	-407.9	140.1	37.4	46.2	-13.6	-23.0	15.1	2629.7	3.4	8.2	

Tata Steel

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TATA IN
Equity Shares (m)	12484
M.Cap.(INRb)/(USDb)	1865.5 / 21.9
52-Week Range (INR)	185 / 123
1, 6, 12 Rel. Per (%)	4/3/-20
12M Avg Val (INR M)	6563
Free float (%)	66.8

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	2,185	2,493	2,636
EBITDA	259	343	407
Adj. PAT	42	123	174
EBITDA Margin (%)	11.9	13.7	15.4
Adj. EPS (INR)	3.4	9.9	13.9
EPS Gr. (%)	41.5	193.5	41.1
BV/Sh. (INR)	68	71	78
Ratios			
Net D:E	1.0	1.0	0.9
RoE (%)	4.9	14.2	18.7
RoCE (%)	9.0	13.1	15.8
Payout (%)	136.7	70.9	50.2
Valuations			
P/E (x)	37.7	12.9	9.1
P/BV (x)	1.9	1.8	1.6
EV/EBITDA(x)	9.3	7.2	6.0
Div. Yield (%)	3.6	5.5	5.5
FCF Yield (%)	5.4	6.4	10.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	33.2	33.2	33.2
DII	24.7	23.7	23.7
FII	18.8	19.0	20.3
Others	23.4	24.1	22.9

FII Includes depository receipts

CMP: INR149 TP: INR155 (+4%) Neutral

In-line operating performance; lower tax outgo boosts APAT

Standalone performance

- 4QFY25 revenue at INR344b (-6% YoY and +5% QoQ) came in line with our estimate. The QoQ increase was driven by seasonally higher volumes and a marginal increase in realizations.
- During the quarter, steel production stood at 5.24mt (flat YoY) and deliveries stood at 5.6mt (+3% YoY), which came in line with our estimates. 4Q ASP was flat QoQ but declined 9% YoY to INR61,427/t.
- EBITDA stood at INR69.8b (-13% YoY and -7% QoQ), in line with our estimate. EBITDA/t came in at INR12,470/t (-16% YoY and -12% QoQ) vs. our estimate of INR12,370/t.
- 4Q APAT stood at INR37b (-21% YoY and -8% QoQ) vs. our estimate of INR36b.
- For FY25, revenue declined 6% YoY to INR1,325b, EBITDA was down 7% YoY at INR279b, and APAT fell 19% YoY to INR149b.

European operations

- Consolidated steel deliveries stood at 2.38mt (+12% YoY/+13% QoQ), in line with our estimate.
- Revenue stood at INR208b (flat YoY and +6% QoQ) and EBITDA loss stood at INR7.5b (flat YoY and QoQ), in line with our estimates.
- EBITDA loss per ton declined to USD38/t in 4QFY25 vs. USD42/t in 3QFY25 and USD38/t in 4QFY24 (vs. our estimate of USD40/t). UK operation fixed costs declined by ~GBP230m annually.

Consolidated performance

- Revenue of INR562b (-4% YoY and +5% QoQ) was in line with our estimate. Sales volume stood at 8.3mt (+4% YoY and +8% QoQ), which was offset by muted ASP of INR67,489/t (-8% YoY and -3% QoQ) in 4QFY25.
- Adjusted EBITDA stood at INR65.6b (-1% YoY and -8% QoQ), in line with our estimate of INR64.4b, translating into EBITDA/t of INR7,874 (-5% YoY and -15% QoQ) in 4QFY25.
- 4Q APAT stood at INR16.9b (+40% YoY and +128% QoQ) against our estimate of INR6.5b, aided by a lower tax outgo.
- For FY25, revenue declined 5% YoY to INR2,185b, EBITDA grew 19% YoY to INR259b, and APAT rose 41% YoY to INR42b.
- The board recommended a dividend of INR3.6 per share.
- Capex stood at INR32b (INR157b in FY25). Net debt stood at INR825b.

Highlights from the management commentary

- In 1QFY26, India prices are expected to rise by INR3,000/t and Europe prices by EUR20-30/t. Deliveries for FY26 are expected to increase by 1.5mt, primarily from Kalinganagar's ramp-up in India.
- Management aims for cost savings of INR115b in FY26: a) INR40b from India (conversion costs reduction of INR1,000-1,200/t) via contract optimization and technology-driven procurement; b) UK fixed cost reduction by 29% (GBP220m out of GBP540m cost reduction target); and c) EUR500m in the Netherlands via operational improvements and volume maximization.

- Coking coal costs (on a consumption basis) for India operations would be USD10/t lower QoQ in 1QFY26, although spot prices increased QoQ. For the Netherlands operation, coking coal prices may also fall by USD10/t QoQ and iron ore prices might be higher by USD10/t QoQ.
- The company spent INR157b in capex in FY25 and plans to spend INR150b in FY26, primarily for Indian growth projects (e.g., Kalinganagar, Ludhiana EAF).

Valuation and view

- India business posted a decent performance, driven by healthy volume and lower costs. Steel prices are expected to be higher in 1QFY26, driven by the imposition of safeguard duty and lower imports. Management expects EBITDA losses of the Europe operation to decline in the coming quarters on account of its cost-restructuring measures. The capacity ramp-up in the Netherlands and lower fixed cost should also support the overall EBITDA performance.
- Though there are near-term challenges related to price volatility due to trade tension, the long-term outlook remains strong for TATA. While India business is expected to continue its strong performance, improving performance in Europe business would support overall earnings.
- We have reduced our EBITDA estimates by 4%/6% for FY26/FY27, owing to slower-than-expected growth in volumes. TATA is trading at 6x FY27E EV/EBITDA and 1.6x FY27E P/B. We reiterate our Neutral rating with a revised SOTP-based TP of INR155 per share.

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales Vol (kt)	**4,790**	**4,820**	**4,880**	**5,420**	**4,940**	**5,110**	**5,290**	**5,600**	**19,910**	**20,940**	**5,624**	**(0.4)**
Change (YoY %)	17.7	-1.8	6.3	5.2	3.1	6.0	8.4	3.3	8.4	5.2		
Change (QoQ %)	-7.0	0.6	1.2	11.1	-8.9	3.4	3.5	5.9				
ASP (INR/t)	**74,083**	**70,924**	**71,069**	**67,592**	**66,720**	**63,404**	**61,929**	**61,427**	**70,812**	**63,284**	**62,404**	**(1.6)**
Abs Change (QoQ)	203	-3,159	146	-3,478	-872	-3,316	-1,475	-503	-7,002	-7,528		
Change (YoY %)	-16.9	0.5	-3.9	-8.5	-9.9	-10.6	-12.9	-9.1	-9.0	-10.6		
Net Sales	**354.9**	**341.9**	**346.8**	**366.3**	**329.6**	**324.0**	**327.6**	**344.0**	**1,409.9**	**1,325.2**	**351.0**	**(2.0)**
Change (YoY %)	-2.2	-1.3	2.2	-3.7	-7.1	-5.2	-5.5	-6.1	-1.3	-6.0		
Change (QoQ %)	-6.7	-3.7	1.5	5.6	-10.0	-1.7	1.1	5.0				
EBITDA	**66.7**	**68.7**	**82.5**	**80.5**	**67.7**	**66.1**	**75.0**	**69.8**	**298.3**	**278.7**	**69.6**	**0.3**
Change (YoY %)	-32.0	47.2	60.6	-7.0	1.6	-3.8	-9.1	-13.3	5.5	-6.6		
Change (QoQ %)	-22.9	3.0	20.1	-2.5	-15.8	-2.4	13.5	-6.9				
EBITDA(INR/t)	**13,924**	**14,248**	**16,905**	**14,846**	**13,711**	**12,935**	**14,179**	**12,463**	**14,984**	**13,307**	**12,372**	**0.7**
Interest	10.4	11.4	10.6	9.4	9.2	11.3	10.8	11.0	41.8	42.4		
Depreciation	14.7	14.7	15.1	15.3	15.2	15.6	15.6	16.2	59.7	62.5		
Other Income	14.9	8.2	3.3	4.8	3.7	8.5	4.6	5.6	31.2	22.5		
PBT (before EO Inc.)	**56.5**	**50.9**	**60.1**	**60.6**	**47.0**	**47.7**	**53.2**	**48.3**	**228.1**	**196.2**		
EO Income(exp)	-0.1	-129.9	0.1	-6.4	-2.4	0.1	-1.5	-5.3	-136.4	-9.0		
PBT (after EO Inc.)	**56.4**	**-79.0**	**60.2**	**54.2**	**44.6**	**47.9**	**51.7**	**42.9**	**91.7**	**187.2**	**47.9**	**(10.5)**
Current Tax	12.0	8.2	16.7	12.7	10.8	11.1	3.8	12.0	49.5	37.7		
Current Tax Rate%	21.3	-10.4	27.7	23.4	24.3	23.1	7.3	27.9	54.0	20.1		
Deferred Tax	-1.8	-2.1	-3.0	1.0	0.5	0.9	9.2	-0.7	-5.9	9.8		
Total Tax	10.2	6.1	13.7	13.7	11.3	11.9	13.0	11.2	43.6	47.5		
% Tax	18.1	-7.7	22.7	25.2	25.4	25.0	25.0	26.2	47.6	25.4		
Reported PAT	**46.2**	**-85.1**	**46.5**	**40.5**	**33.3**	**35.9**	**38.8**	**31.7**	**48.1**	**139.7**	**35.8**	
Adjusted PAT	**46.3**	**44.8**	**46.4**	**46.9**	**35.7**	**35.8**	**40.2**	**37.0**	**184.4**	**148.7**	**35.8**	**3.4**
Change (YoY %)	-22.7	100.5	95.8	-3.7	-23.0	-20.1	-13.3	-21.1	19.3	-19.4		
Change (QoQ %)	-5.0	-3.2	3.7	1.1	-24.0	0.3	12.5	-8.0				

Source: MOFSL, Company

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales (k tons)	**7,200**	**7,070**	**7,150**	**7,980**	**7,390**	**7,520**	**7,720**	**8,330**	**29,400**	**30,950**	**8,084**	**3.0**
Change (YoY %)	8.6	-2.2		2.6	2.6	6.4	8.0	4.4	2.1	5.3		
Avg Realization (INR/t)	**82,625**	**78,758**	**77,359**	**73,543**	**74,116**	**71,682**	**69,493**	**67,489**	**77,949**	**70,589**	**69,321**	**(2.6)**
Net Sales	**594.9**	**556.8**	**553.1**	**586.9**	**547.7**	**539.0**	**536.5**	**562.2**	**2,291.7**	**2,185.4**	**560.4**	**0.3**
Change (YoY %)	-6.2	-7.0	-3.1	-6.8	-7.9	-3.2	-3.0	-4.2	-5.8	-4.6		
Change (QoQ %)	-5.5	-6.4	-0.7	6.1	-6.7	-1.6	-0.5	4.8				
EBITDA	**51.7**	**42.7**	**57.4**	**66.0**	**66.9**	**55.2**	**71.5**	**65.6**	**217.8**	**259.3**	**64.4**	**1.9**
Change (YoY %)	-65.4	-29.6	41.9	-8.6	29.4	29.4	24.6	-0.6	-32.6	19.0		
Change (QoQ %)	-28.3	-17.5	34.5	15.0	1.4	-17.5	29.6	-8.3				
EBITDA (INR/t)	**7,186**	**6,037**	**8,031**	**8,271**	**9,059**	**7,343**	**9,268**	**7,874**	**7,410**	**8,378**	**7,962**	**(1.1)**
Interest	18.3	19.6	18.8	18.4	17.8	19.7	18.0	17.9	75.1	73.4		
Depreciation	24.1	24.8	24.2	25.7	25.4	26.0	25.7	27.2	98.8	104.2		
Other Income	11.8	2.3	2.3	1.8	2.6	6.0	2.2	4.6	18.1	15.4		
PBT (before EO Inc.)	**21.1**	**0.6**	**16.7**	**23.7**	**26.4**	**15.5**	**30.0**	**25.1**	**62.0**	**97.1**		
EO Income(exp)	0.1	-69.0	1.9	-5.9	-3.6	6.4	-13.8	-3.9	-72.9	-14.9		
PBT (after EO Inc.)	**21.3**	**-68.4**	**18.5**	**17.7**	**22.8**	**21.9**	**16.3**	**21.2**	**-10.9**	**82.2**	**20.9**	**1.6**
Total Tax	13.3	-2.3	14.1	12.5	14.6	14.1	13.8	10.0	37.6	52.4		
% Tax	63.0	NA	84.3	53.0	55.2	90.5	45.8	39.8	60.7	54.0		
PAT before MI and Sh. of associate	**8.0**	**-66.1**	**4.5**	**5.2**	**8.3**	**7.8**	**2.5**	**11.2**	**-48.5**	**29.8**		
Minority Interests	-1.1	-3.1	0.1	-0.6	-0.4	-0.7	-0.3	-1.0	-4.7	-2.5		
Share of asso. PAT	-2.7	1.0	0.7	0.4	0.9	-0.3	0.5	0.8	-0.6	1.9		
Reported PAT (After MI & asso.)	**6.3**	**-62.0**	**5.1**	**6.1**	**9.6**	**8.3**	**3.3**	**13.0**	**-44.4**	**34.2**		
Adj. PAT (after MI & asso)	**6.2**	**7.0**	**4.4**	**12.1**	**13.2**	**4.5**	**7.4**	**16.9**	**29.7**	**42.0**	**6.5**	**160.4**
Change (YoY %)	-92.0	-54.2	LP	-28.8	112.3	-35.8	68.8	40.1	-65.7	41.5		
Change (QoQ %)	-63.4	13.2	-37.6	175.1	9.3	-65.8	64.1	128.3				

Source: MOFSL, Company

Cipla

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CIPLA IN
Equity Shares (m)	808
M.Cap.(INRb)/(USDb)	1227.7 / 14.4
52-Week Range (INR)	1702 / 1310
1, 6, 12 Rel. Per (%)	-4/-3/-4
12M Avg Val (INR m)	2917

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	275.5	287.7	315.6
EBITDA	71.3	67.6	76.4
Adj. PAT	50.7	47.8	52.9
EBIT Margin (%)	21.9	19.2	20.0
Cons. Adj. EPS (INR)	62.8	59.2	65.5
EPS Gr. (%)	19.6	-5.7	10.7
BV/Sh. (INR)	386.5	441.6	501.1
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	16.2	13.4	13.1
RoCE (%)	18.3	14.6	14.1
Payout (%)	9.2	10.1	9.2
Valuations			
P/E (x)	24.2	25.7	23.2
EV/EBITDA (x)	17.1	17.6	15.2
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	2.6	3.1	2.3
EV/Sales (x)	4.4	4.1	3.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	29.1	29.1	33.4
DII	28.1	27.7	24.4
FII	26.4	26.8	26.0
Others	16.3	16.4	16.3

FII Includes depository receipts

CMP: INR1,520 TP: INR1,510 (-1%) Neutral

India, SAGA, and EM drive 4QFY25 performance

Earnings outlook to moderate after a strong show over FY21-25

- Cipla reported lower-than-expected revenue/EBITDA (3%/13% miss) in 4Q. While the segmental mix resulted in better-than-expected gross margin, higher-than-anticipated opex/R&D led to lower-than-expected EBITDA for the quarter. Having said this, the earnings were in line due to higher other income (due to receipt of certain settlement income) and a lower tax rate.
- Cipla's YoY growth in India business (39% of 4Q sales) improved for the second consecutive quarter, led by a steady execution in chronic therapies and a strategic reset in the trade generics segment. The company has sustained an EBITDA margin in the consumer health segment, driving better overall profitability in the India business.
- North America (NA; 29% of sales) reached an all-time high annual revenue of USD934m, with a healthy contribution from differentiated assets such as g-Revlimid. We estimate g-Revlimid sales at USD250-USD300m in FY25.
- Cipla outperformed the industry in the SAGA segment (15% of sales) on the back of new launches across multiple therapies.
- We reduce our earnings estimates by 3%/4% for FY26/FY27, factoring in 1) increased competition expected in g-Revlimid, and 2) continued seasonal headwinds in acute therapies in the domestic formulation segment. We value Cipla at 23x 12M forward earnings to arrive at our TP of INR1,510.
- After a strong 26% CAGR in earnings over FY20-25, we expect its earnings to witness a modest 2% CAGR over FY25-27. While Cipla continues to implement strategies to offset the competitive impact of g-Revlimid and to expand its presence in the North American segment, we anticipate a gestation period due to the progress of products in the pipeline. Valuation would be a key monitorable for any inorganic opportunities. Moreover, the current valuation provides limited upside. **Reiterate Neutral.**

Improved operating leverage drives margins YoY

- Cipla's 4QFY25 revenue grew 9% YoY to INR67.2b (est. INR69.7b). India sales (39% of sales) rose 8.5% YoY to INR31.5b. EM sales (15% of sales) grew 22% YoY to INR9b. SAGA sales (15% of sales) grew 33.9% YoY to INR10.2b. The US sales (29% of sales) increased 2% YoY to INR19b (USD221m, down 2% in CC terms). However, API sales (2% of sales) declined 3.7% YoY to INR1.8b.
- Gross margin expanded 70bp YoY 67.5% (our est. 66.6%). EBITDA margin expanded 150bp YoY to 22.8% (our est. 25.4%), due to better segmental mix and lower R&D expense (down 90bp YoY as a % of sales).
- EBITDA increased by 17% YoY to INR15.4bn (below our est. INR17.8bn).
- PAT grew at a higher rate of 41% YoY to INR12.2b (in-line), led by revenue growth, improved profitability, higher other income, and a lower tax rate.
- In FY25, revenue/EBITDA/PAT grew 7%/13.3%/20% YoY to INR275b/INR71b/INR50.5b.
- R&D spending for the quarter stood at INR4.3b (6.3% of sales).
- Net cash at the end of FY25 was INR104b.

Highlights from the management commentary

- Management guided an EBITDA margin of 23.5%-24.5% for FY26.
- Cipla indicated the US sales run rate to be USD220m for 1QFY26.
- Management highlighted three peptide assets to be launched in FY26.
- Cipla has filed six assets to date in the respiratory space and four more to be filed in the next 12-18 months. It has filed nine peptide assets to date and intends to file 10 more in 12-24 months.
- g-Abraxane/g-Nilotinib would be launched soon.
- The Furacort brand in India has surpassed INR9b in annual sales now.

Quarterly Performance (Consolidated) (INR b)

Y/E March	FY24				FY25				FY24	FY25	Est.	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Revenues	**63.3**	**66.8**	**66.0**	**61.6**	**66.9**	**70.5**	**70.7**	**67.3**	**257.7**	**275.5**	**69.7**	**-3.4**
YoY Change (%)	17.7	14.6	13.7	7.4	5.8	5.6	7.1	9.2	13.3	6.9	13.0	
Total Expenditure	48.3	49.4	48.6	48.5	49.8	51.7	50.8	51.9	194.8	204.2	51.9	
EBITDA	**14.9**	**17.3**	**17.5**	**13.2**	**17.2**	**18.9**	**19.9**	**15.4**	**62.9**	**71.3**	**17.8**	**-13.5**
YoY Change (%)	30.7	24.8	24.2	12.1	14.9	8.8	13.8	16.9	23.0	13.3	35.0	
Margins (%)	23.6	26.0	26.5	21.4	25.6	26.7	28.1	22.8	24.4	25.9	25.5	
Depreciation	2.4	2.5	2.3	2.9	2.5	2.7	2.8	3.1	10.1	11.1	2.7	
EBIT	**12.5**	**14.9**	**15.1**	**10.3**	**14.7**	**16.1**	**17.1**	**12.3**	**52.8**	**60.2**	**15.1**	
YoY Change (%)	41.1	36.4	33.3	24.2	17.1	8.5	12.9	19.6	34.0	14.0	46.6	
Margins (%)	19.8	22.3	22.9	16.7	21.9	22.9	24.2	18.3	20.5	21.9	21.6	
Interest	0.2	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.9	0.6	0.1	
Other Income	1.4	1.8	1.3	1.8	1.6	1.9	1.5	2.9	6.2	7.9	1.7	
Profit before Tax	**13.7**	**16.4**	**16.1**	**11.9**	**16.1**	**17.9**	**18.5**	**15.0**	**58.2**	**67.5**	**16.6**	
One-time (expense)/income	0.0	-0.4	-1.4	0.7	0.0	0.0	0.7	0.0	-1.1	0.7	0.0	
PBT after EO expense	**13.7**	**15.9**	**14.7**	**12.6**	**16.1**	**17.9**	**19.2**	**15.0**	**57.0**	**68.2**	**16.6**	**-9.6**
Tax	3.8	4.4	4.1	3.2	4.4	4.8	3.3	2.8	15.5	15.3	4.7	
Rate (%)	27.5	26.8	25.1	27.3	27.0	27.0	18.0	18.6	26.6	22.7	28.5	
Minority Interest	0.0	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.3	0.2	0.0	
Reported PAT	**10.0**	**11.3**	**10.6**	**9.4**	**11.8**	**13.0**	**15.7**	**12.2**	**41.2**	**52.7**	**11.9**	**3.0**
Adj PAT	**10.0**	**11.7**	**12.0**	**8.7**	**11.8**	**13.0**	**13.6**	**12.2**	**42.4**	**50.7**	**11.9**	**3.0**
YoY Change (%)	45.1	37.7	49.4	22.7	18.3	10.9	14.0	40.6	39.0	19.6	36.5	

Key performance Indicators (Consolidated) (INR m)

Y/E March	FY24				FY25				FY24	FY25	Est.
INRm	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**			**4QE**
Domestic formulation	27,720	28,170	28,590	24,170	28,980	29,480	31,460	26,220	1,08,650	1,16,140	26,336
YoY Change (%)	11.6	9.8	11.5	7.0	4.5	4.7	10.0	8.5	10.1	6.9	9.0
North America	18,220	18,870	19,160	18,750	20,870	19,860	19,060	19,190	75,010	78,980	18,416
YoY Change (%)	52.0	29.5	19.8	11.8	14.5	5.2	-0.5	2.3	26.9	5.3	-1.8
SAGA	7,480	9,930	8,150	8,470	6,950	10,680	9,750	10,190	30,580	37,570	9,316
YoY Change (%)	-5.1	13.6	19.9	1.8	-7.1	7.6	18.0	20.3	-3.4	22.9	22.4
Emerging market	7,790	7,340	7,460	7,420	8,490	8,060	8,240	8,950	30,870	33,740	8,596
YoY Change (%)	8.2	-3.1	-2.1	-5.4	9.0	9.8	10.5	20.6	1.9	9.3	3.9
API	1,360	1,470	1,080	1,890	980	1,600	1,260	1,820	5,810	5,660	1,389
YoY Change (%)	0.7	-15.9	-26.5	41.0	-27.9	8.8	18.0	-3.7	2.3	-2.6	-26.5
Cost Break-up											
RM Cost (% of Sales)	35.3	34.6	33.6	33.3	32.8	32.4	32.0	32.5	39.6	38.4	33.3
Staff Cost (% of Sales)	16.9	16.3	16.2	17.6	17.8	17.1	16.9	18.3	17.7	17.0	17.3
R&D Expenses(% of Sales)	5.5	5.7	6.1	7.2	5.3	5.5	5.1	6.3	6.0	4.5	5.4
Other Cost (% of Sales)	18.7	17.4	17.7	20.6	18.5	18.3	17.8	20.0	19.5	17.6	18.6
Gross Margins(%)	64.7	65.4	66.4	66.7	67.2	67.6	68.0	67.5	60.4	61.6	66.7
EBITDA Margins(%)	23.6	26.0	26.5	21.4	25.6	26.7	28.1	22.8	24.4	25.9	25.4
EBIT Margins(%)	19.8	22.3	22.9	16.7	21.9	22.9	24.2	18.3	20.5	21.9	21.3

Siemens

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	1038.7 / 12.2
52-Week Range (INR)	4042 / 2270
1, 6, 12 Rel. Per (%)	-1/-17/-23
12M Avg Val (INR M)	2988

Financials Snapshot (INR b)

Y/E SEP	FY25E	FY26E	FY27E
Net Sales	169.9	192.9	219.1
EBITDA	21.5	25.7	30.4
PAT	19.1	23.6	27.2
EPS (INR)	53.7	66.2	76.5
GR. (%)	-5.3	23.2	15.5
BV/Sh (INR)	485.1	551.3	627.8
Ratios			
ROE (%)	11.1	12.0	12.2
RoCE (%)	11.3	12.2	12.4
Valuations			
P/E (X)	54.3	44.1	38.2
P/BV (X)	6.0	5.3	4.6
EV/EBITDA (X)	43.4	35.7	29.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	7.3	6.8	7.4
FII	8.2	8.8	8.3
Others	9.5	9.5	9.3

FII Includes depository receipts

CMP: INR2,917 TP: INR3,200 (+10%) Neutral

Strong inflows amid weak execution

Siemens results were below our estimates for the combined company as well as the non-energy entity in 2QFY25. For the combined entity, revenue was 6% below our estimate and PAT was 10% above our estimate. For the non-energy entity too, growth was impacted by weak execution and margin across segments, except Smart Infrastructure. Digital Industries segment continued to see demand slowdown. Order inflows for the non-energy entity were healthy during the quarter and were up by 44% YoY, which provides good revenue visibility for future. We cut our estimates to bake in weak performance seen during 1HFY25. Our TP of INR3,200 is based on 45x Mar'27E earnings on proforma financials of the non-energy entity Siemens Limited. We will revisit our estimates once we have detailed financials of both the entities. We maintain Neutral rating on the stock.

Revenue/PAT (combined entity) 10%/3% below our estimates

- Combined revenue for Siemens was down 6% at INR53.9b vs. our expectation of INR57.3b. Combined entity PAT was down 27% YoY, 10% below our estimate, mainly due to weakness across segments (other than Smart Infra). For energy business, revenue took a hit and was down 29% YoY, though the margin profile stood out, with EBIT margin standing at 20.6% for 2QFY25 vs. our est. of 15.0%. This was also because the energy segment was consolidated for two months in the quarter.
- Revenue for non-energy business was up 3% YoY/19% QoQ in 2QFY25. Execution was impacted by the ongoing normalization of demand in Digital Industries and due to project delivery schedules in the Mobility business. EBITDA margin for non-energy business stood at 11.0%, down 430bp YoY/20bp QoQ, while net profit was down by 37% YoY. This was due to a weaker-than-expected margin profile of all non-energy segments other than smart infrastructure. Profitability for non-energy segments was also affected by under-absorption of fixed costs and higher costs of material in the Digital Industries business. 2QFY24 also had a one-time gain of INR1.9b from the sale of property. Order inflow for non-energy business was up 44% YoY

Segmental performance

Energy segment financials were reported separately by the company, with revenue declining 29% YoY and implied PBIT margin expanding YoY to 20.5%. The company has demerged the Energy business, effective 25th Mar'25. **Digital Industries** continued to be impacted by muted private capex spending. Revenue declined 2% YoY, while margin further declined to 4.6% in 2QFY25 vs. 6.1% in 1QFY25 and 16.5% in 2QFY24. Order inflows will start picking up once a broad-based revival in private capex fructifies, which is yet to see some momentum. **Mobility** revenue was down 3% YoY, while margins contracted ~290bp YoY to 6.3% vs. our estimate of 8.7%. **Smart Infra** revenue grew 5% YoY, while margins expanded ~90bp YoY to 15.2%.

Outlook across segments

Smart infra segment is expected to benefit from continued spending in public infrastructure (especially in power distribution, grid automation, and building technologies), data centers, EV charging infra, and industrial investments. Siemens continues to face challenges in **Digital industries** due to muted private capex spending and higher costs of materials in the segment. Hence, near- to medium-term growth may remain impacted. For **mobility segment**, ordering has started to pick up momentum in the quarter, providing a positive picture on future execution. Continued focus on 'Make in India' for rail and transport augments Siemens' growth prospects in rolling stock and rail automation. During the quarter, excl. energy business, order inflows grew by 44% YoY. However, execution saw only 3% YoY growth due to weak inflows in FY24.

Financial outlook

We lower our estimates for the combined entity on account of lower growth in all segments. We expect execution to ramp up in FY26/27 as order inflows have been quite healthy in 1HFY25 for the non-energy segment. For the non-energy business, Siemens Limited, we arrived at a pro forma P&L and expect a CAGR of 11%/13%/10% in revenue/EBITDA/PAT over FY24-27E. For Siemens Energy (yet to be listed), we expect a CAGR of 13%/18%/19% in revenue/EBITDA/PAT over FY24-27E.

Valuation and view

Based on proforma financials of non-energy business Siemens Limited, the stock is currently trading at a P/E of 54x/44x/38x on FY25E/FY26E/FY27E EPS. We value the stock at 45x on Mar'27E EPS and maintain our Neutral rating with a TP of INR3,200. Valuation multiples for non-energy segment are lower than the energy segment due to lower growth profile vs. energy segment.

Key risks and concerns

1) Slowdown in order inflows from key government-focused segments such as transmission and railways, 2) aggression in bids to procure large-sized projects would adversely impact margins, 3) related-party transactions with parent group entities at lower-than-market valuations to weigh on the stock performance.

Consolidated - Quarterly Earning Model (Non-energy business) (INR m)

Y/E September	1QFY24	2QFY25	3QFY25	4QFY24	1QFY25	2QFY25
Net income from operations	**37,095**	**41,524**	**46,348**	**44,570**	**35,872**	**42,590**
Expenses	**-32,565**	**-35,155**	**-39,848**	**-39,122**	**-31,863**	**-37,915**
Raw Materials	*-26,270*	*-28,887*	*-31,950*	*-31,269*	*-24,209*	*-29,608*
Employee	*-3,764*	*-3,070*	*-4,525*	*-4,068*	*-4,053*	*-4,243*
Other Exp	*-2,531*	*-3,198*	*-3,373*	*-3,785*	*-3,601*	*-4,064*
Operating profit	**4,530**	**6,369**	**6,500**	**5,448**	**4,009**	**4,675**
OPM%	12.2	15.3	14.0	12.2	11.2	11.0
Other income	1,618	3,253	1,733	2,355	1,723	1,515
EBIDT	6,148	9,622	8,233	7,803	5,732	6,190
Interest	-28	-212	-28	-178	-34	-23
Depreciation	-605	-629	-1,197	-624	-689	-686
PBT	**5,515**	**8,781**	**7,008**	**7,001**	**5,009**	**5,481**
Tax	-1,399	-2,289	-1,648	-1,776	-1,288	-1,402
Net profit	**4,116**	**6,492**	**5,360**	**5,225**	**3,721**	**4,079**
Net profit margin (%)	11.1	15.6	11.6	11.7	10.4	9.6

Consolidated - Quarterly Earning Model (Merged entity) **(INR m)**

Y/E September	FY24				FY25E				FY24	FY25E	FY25E	Est
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**48,252**	**57,499**	**52,035**	**64,611**	**50,180**	**53,890**	**59,597**	**72,053**	**2,22,397**	**2,35,720**	**57,253**	**-6**
YoY Change (%)	20.2	18.4	6.8	11.3	4.0	-6.3	14.5	11.5	13.7	6.0	-0.4	
Total Expenditure	42,291	48,717	45,120	55,230	42,941	46,884	51,138	61,472	1,91,358	2,02,435	49,421	
EBITDA	**5,961**	**8,782**	**6,915**	**9,381**	**7,239**	**7,006**	**8,459**	**10,581**	**31,039**	**33,285**	**7,832**	**-11**
Margins (%)	12.4	15.3	13.3	14.5	14.4	13.0	14.2	14.7	14.0	14.1	13.7	
Depreciation	785	800	855	856	689	686	865	1,221	3,296	3,461	865	-21
Interest	34	313	53	205	34	23	151	397	605	605	151	-85
Other Income	1,641	3,210	1,568	2,833	1,738	1,524	1,866	2,311	9,252	7,439	1,866	-18
PBT before EO expense	**6,783**	**10,879**	**7,575**	**11,153**	**8,254**	**7,821**	**9,308**	**11,275**	**36,390**	**36,658**	**8,681**	**-10**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**6,783**	**10,879**	**7,575**	**11,153**	**8,254**	**7,821**	**9,308**	**11,275**	**36,390**	**36,658**	**8,681**	**-10**
Tax	1,726	2,851	1,794	2,841	2,108	1,996	2,390	2,919	9,212	9,413	2,229	
Rate (%)	25.4	26.2	23.7	25.5	25.5	25.5	25.7	25.9	25.3	25.7	25.7	
Reported PAT	**5,057**	**8,028**	**5,781**	**8,312**	**6,146**	**5,825**	**6,918**	**8,356**	**27,178**	**27,245**	**6,452**	**-10**
Adj. PAT	**5,057**	**8,028**	**5,781**	**8,312**	**6,146**	**5,825**	**6,918**	**8,356**	**27,178**	**27,245**	**6,452**	**-10**
YoY Change (%)	9.3	70.2	26.9	45.4	21.5	-27.4	19.7	0.5	38.5	0.2	-19.6	
Margins (%)	10.5	14.0	11.1	12.9	12.2	10.8	11.6	11.6	12.2	11.6	11.3	

Merged entity includes revenue for energy segment for two months in 2QFY25

Merged entity segmental split	FY24				FY25E				FY24	FY25E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Segmental revenue										
Energy	11,454	16,375	14,865	20,758	14,378	11,368	17,095	23,784	63,452	66,625
YoY (%)	-1.3	5.3	-2.1	12.4	25.5	-30.6	15.0	14.6	4.4	5.0
Smart infrastructure	18,523	21,655	19,700	22,700	19,549	22,718	22,458	26,111	82,578	90,836
YoY (%)	21.9	25.5	14.5	7.6	5.5	4.9	14.0	15.0	16.7	10.0
Mobility	6,597	7,573	6,168	8,824	6,364	7,309	7,402	9,546	29,162	30,620
YoY (%)	71.9	55.7	6.8	23.9	-3.5	-3.5	20.0	8.2	35.0	5.0
Digital industry*	10,379	10,419	9,644	10,519	7,901	10,253	10,608	10,560	40,961	39,323
YoY (%)	33.3	16.0	7.7	11.2	-23.9	-1.6	10.0	0.4	16.4	-4.0
Portfolio Companies	2,219	2,171	2,370	2,606	2,290	2,380	2,417	2,747	9,366	9,834
Total	**49,333**	**58,468**	**52,962**	**65,791**	**50,721**	**54,487**	**60,260**	**73,115**	**2,26,554**	**2,38,583**
Less: Intersegmental	-1,081	-969	-927	-1,180	-541	-597	-663	-1,062	-4,157	-2,863
Total revenues	**48,252**	**57,499**	**52,035**	**64,611**	**50,180**	**53,890**	**59,597**	**72,053**	**2,22,397**	**2,35,720**
Segmental EBIT (derived, not reported for 1Q/2QFY25)										
Energy	1,251	2,243	1,903	3,701	2,250	2,340	2,650	3,753	9,098	10,993
Margin (%)	10.9	13.7	12.8	17.8	15.6	20.6	15.5	15.8	14.3	16.5
Smart infrastructure	1,964	3,097	2,772	3,045	2,351	3,444	3,414	3,963	10,878	13,171
Margin (%)	10.6	14.3	14.1	13.4	12.0	15.2	15.2	15.2	13.2	14.5
Mobility	492	698	161	723	513	458	629	849	2,074	2,450
Margin (%)	7.5	9.2	2.6	8.2	8.1	6.3	8.5	8.9	7.1	8.0
Digital industry	1,313	1,721	908	988	484	468	690	718	4,930	2,359
Margin (%)	12.7	16.5	9.4	9.4	6.1	4.6	6.5	6.8	12.0	6.0
Others	14	10	38	27	11	54	23	24	89	113
Margin (%)	9	4	18	7	5	12	8	7	9	8
Total	**5,034**	**7,769**	**5,782**	**8,484**	**5,609**	**6,764**	**7,405**	**9,308**	**27,069**	**29,086**

*Digital industry estimates include digital plus portfolio of companies; #Energy segment margins are implied margins for 1Q/2QFY25

SRF

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	SRF IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	868 / 10.2
52-Week Range (INR)	3099 / 2089
1, 6, 12 Rel. Per (%)	-8/29/20
12M Avg Val (INR M)	1685

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	146.9	173.4	205.0
EBITDA	28.4	37.5	49.3
PAT	13.7	21.1	29.3
EBITDA (%)	19.3	21.6	24.0
EPS (INR)	46.1	70.9	98.7
EPS Gr. (%)	(3.0)	54.0	39.1
BV/Sh. (INR)	424	478	560
Ratios			
Net D/E	0.3	0.3	0.2
RoE (%)	11.4	15.7	19.0
RoCE (%)	9.6	12.6	15.2
Payout (%)	35.7	24.0	17.2
Valuations			
P/E (x)	63.5	41.2	29.6
EV/EBITDA (x)	31.9	24.2	18.4
Div Yield (%)	0.5	0.6	0.6
FCF Yield (%)	1.4	0.7	0.9

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	50.3	50.3	50.3
DII	18.5	17.8	16.0
FII	18.3	18.4	19.1
Others	13.0	13.6	14.6

Note: FII includes depository receipts

CMP: INR2,928 TP: INR3,500 (+20%) Buy

Chemicals segment resilient and continues to grow

Operating performance above our estimates

- SRF posted a strong overall performance in 4QFY25, with its EBIT rising 53% YoY, led by a 3.2x/50% YoY surge in packaging film/chemical businesses.
- Despite macroeconomic headwinds due to rising geopolitical tensions, SRF remained resilient and improved its performance in 2HFY25, with revenue/ EBITDA/Adj. PAT surging 20%/41%/30% YoY in 4QFY25.
- We earlier upgraded the stock following its 3QFY25 results, fueled by an anticipated demand recovery in the specialty chemical business and strong traction in the fluorochemicals business. We expect this momentum to sustain going forward. Management has also guided a healthy 20%+ growth in the chemicals business, with EBIT margin in the range of 25-26% (+/- 2%), indicating a strong momentum for FY26.
- We broadly maintain our FY26/FY27 EBITDA estimates and **reiterate our BUY rating,** valuing the stock on an SoTP basis to arrive at our **TP of INR3,500**.

Margin improvements in Chemicals and Packaging drive performance

- SRF reported an overall revenue of INR43b (in line) in 4QFY25, up ~21% YoY. EBITDA margin expanded 330bp YoY to 23.2% (est. of 21.4%). EBITDA stood at INR10b (est. of INR8.9b), up 41% YoY. Adj. PAT grew 30% YoY to INR5.7b (est. of INR4.7b), adjusted for a forex loss of INR451m in 4QFY25.
- **Chemicals'** revenue (55%/83% of total sales/EBIT in 4QFY25) grew 30% YoY to INR23.5b, while EBIT grew 50% YoY to INR7.4b. EBIT margin expanded 440bp YoY to 31.8%. The specialty chemicals business demonstrated strong performance, driven by positive momentum in recently launched products and a pick-up in demand for certain key agrochemical intermediates, while the fluorochemicals business reported higher volumes and realizations.
- **Packaging film's** revenue (33%/12% of total sales/EBIT in 4QFY25) grew 19% YoY to INR14.1b, while EBIT grew 3.2x YoY to INR1b. Margin expanded 460bp YoY to 7.4%. The packaging films business witnessed healthy growth driven by higher volumes and realizations for both BOPP and BOPET, with margin expansion fueled by the ramping up of value-added products.
- **Technical textiles'** revenue (11%/4% of total sales/EBIT in 4QFY25) was down 2% YoY to INR4.5b. EBIT dipped 43% YoY to INR401m. EBIT margin contracted 600bp YoY to 8.7%. The technical textiles business underperformed because of continued weak demand and margins in belting fabrics.

Highlights from the management commentary

- **Chemicals business:** Management is targeting over 20% revenue growth in FY26, with 2HFY26 expected to outperform 1HFY26 due to seasonality factors. The company is aiming for >INR110b revenue over the next three years. Further, the overall chemical business’s EBIT margin is projected to be in the range of ~25-26% (+/- 2%) in FY26.

- **Packaging business:** The Board approved the establishment of a new BOPP PE film line in Indore, with an investment of INR4.45b and an additional 50-55 KPTA of new capacity. Going forward, the company will continue to focus on increasing the sales of high-impact VAP.
- **Capex:** For FY26, the company has plans to incur a capex of ~INR22b-23b, with the possibility of an increase during the year. SRF witnessed a 30% rise in overall capacity by taking up small debottlenecking activity over the last 18 months.

Valuation and view

- The chemicals business (fluorochemicals and specialty chemicals) is expected to continue the growth momentum in FY26, led by a strong order book in the specialty business and ramp-up of export volumes, coupled with growth in PTFE within the fluorochemicals business. The packaging business is experiencing improvement in the near term, led by increasing focus on high-impact VAPs.
- We build in revenue/EBITDA/Adj. PAT CAGR of 18%/32%/46% over FY25-27E. We broadly maintain our estimates and reiterate **our BUY** rating, valuing the stock on an SoTP basis to arrive at our TP of INR3,500.

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	%
Net Sales	**33,384**	**31,774**	**30,530**	**35,697**	**34,641**	**34,243**	**34,913**	**43,133**	**131,385**	**146,931**	**41,608**	**4**
YoY Change (%)	-14.3	-14.8	-12.0	-5.5	3.8	7.8	14.4	20.8	-11.6	11.8	16.6	
Total Expenditure	26,184	25,320	24,691	28,581	28,435	28,637	28,375	33,108	104,777	118,555	32,693	
EBITDA	**7,200**	**6,453**	**5,839**	**7,116**	**6,207**	**5,606**	**6,538**	**10,025**	**26,608**	**28,376**	**8,916**	**12**
Margins (%)	21.6	20.3	19.1	19.9	17.9	16.4	18.7	23.2	20.3	19.3	21.4	
Depreciation	1,566	1,612	1,689	1,859	1,882	1,939	1,943	1,952	6,726	7,715	2,100	
Interest	656	793	674	900	965	938	963	894	3,023	3,760	940	
Other Income	118	291	188	234	253	333	396	345	830	1,327	350	
PBT before EO expense	**5,095**	**4,339**	**3,664**	**4,591**	**3,612**	**3,063**	**4,029**	**7,525**	**17,689**	**18,229**	**6,226**	
Extra-Ord expense & DO	237	191	181	158	172	226	342	451	767	1,192	0	
PBT	**4,858**	**4,148**	**3,483**	**4,433**	**3,440**	**2,837**	**3,687**	**7,074**	**16,922**	**17,037**	**6,226**	
Tax	1,265	1,140	949	211	918	822	976	1,813	3,565	4,529	1,526	
Rate (%)	24.8	26.3	25.9	4.6	25.4	26.9	24.2	24.1	20.2	24.8	24.5	
Reported PAT	**3,593**	**3,008**	**2,534**	**4,222**	**2,522**	**2,014**	**2,711**	**5,261**	**13,357**	**12,508**	**4,700**	
Adj PAT	**3,830**	**3,199**	**2,715**	**4,380**	**2,695**	**2,240**	**3,053**	**5,712**	**14,124**	**13,700**	**4,700**	**22**
YoY Change (%)	-39.5	-38.1	-48.4	-25.8	-29.6	-30.0	12.4	30.4	-37.7	-3.0	7	
Margins (%)	11.5	10.1	8.9	12.3	7.8	6.5	8.7	13.2	10.8	9.3	11.3	

Suzlon Energy

BSE SENSEX	S&P CNX
81,148	24,578

SUZLON

Stock Info

Bloomberg	SUEL IN
Equity Shares (m)	13649
M.Cap.(INRb)/(USDb)	786.2 / 9.2
52-Week Range (INR)	86 / 38
1, 6, 12 Rel. Per (%)	1/2/36
12M Avg Val (INR M)	4709
Free float (%)	86.8

Financials Snapshot (INR b)

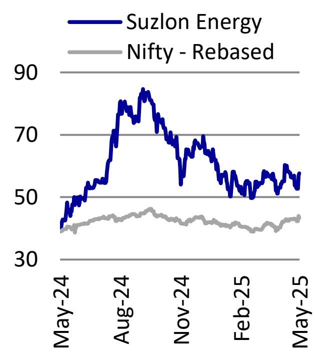
Y/E March	FY25E	FY26E	FY27E
Sales	106.8	175.8	229.5
EBITDA	16.7	26.4	37.2
Adj. PAT	13.0	22.2	32.7
EPS (INR)	1.0	1.6	2.4
EPS Gr. (%)	81.3	70.7	47.5
BV/Sh.(INR)	3.8	5.5	7.6
Ratios			
ND/Equity	-0.2	-0.2	-0.3
ND/EBITDA	-0.6	-0.6	-0.9
RoE (%)	28.4	35.0	36.6
RoIC (%)	9.2	11.9	13.2
Valuations			
P/E (x)	61.0	35.7	24.2
EV/EBITDA (x)	47.0	29.4	20.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	13.3	13.3	13.3
DII	8.7	9.3	6.3
FII	23.0	22.9	19.6
Others	55.0	54.6	60.9

FII Includes depository receipts

Stock performance (one-year)



CMP: INR58 TP: INR75 (+30%) Buy

Improving execution and higher local content key positives

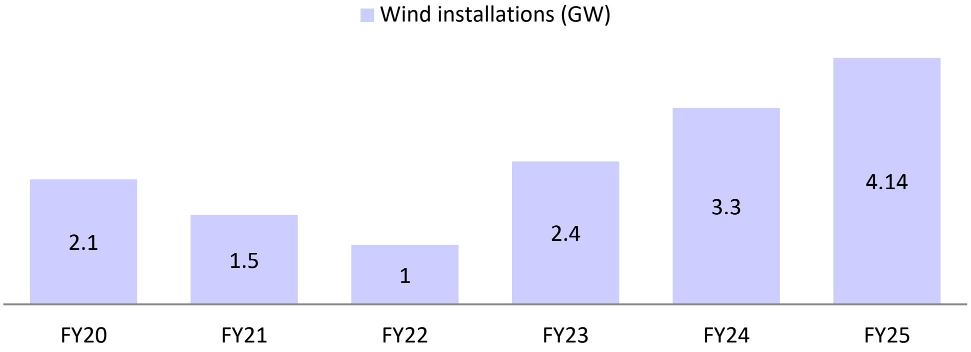
- **Draft RLMM notification mandating local content a key driver:** The recent draft Revised List of Models and Manufacturers of Wind Turbines (RLMM) notification mandating local content in wind turbine manufacturing is a key medium-/long-term positive for Suzlon Energy (SUEL). According to our channel checks, power project developers will likely request the government for delayed implementation of the draft notification, though there is widespread consensus that the notification being formally adopted is highly likely.
- **Lower competitive intensity, potentially higher market share post-RLMM notification:** We see two key implications from the recent draft RLMM notification: 1) should the draft receive regulatory approval, we see competitive intensity moderating in the medium term, and 2) there is scope for further market share expansion for SUEL given Indian OEMs account for barely 50-60% of new orders and SUEL's integrated domestic manufacturing capabilities across all key components.
- **Rising EPC share in order-book and letup in transmission issues are key positives:** SUEL is focused on raising its share of EPC contracts in the overall order book (20% now to 50% in the medium term), which will be key in providing greater visibility and control in terms of deliveries. Further, Indian OEMs are now exploring export opportunities that may emerge as a medium-term catalyst. While transmission issues have been a bottleneck, recent channel checks suggest some of the delayed sub-stations are now coming up, thus aiding deliveries.
- **Strong earnings momentum ahead:** We model an FY26 delivery of 2.4GW, implying a quarterly run rate of 600MW, which we believe is reasonable (3QFY25 delivery: 447MW). Our estimates imply SUEL's revenue/adj. PAT to clock a 46%/58% CAGR over FY25-27. As per our understanding, key orders slated for FY26 already have substantial land acquisitions completed and have high power evacuation visibility.
- **Valuations attractive: We reiterate our BUY rating on SUEL with a TP of INR75 (based on 32x FY27E EPS). SUEL is currently trading at 24x FY27E PE, which we believe is attractive after the recent correction.**

RLMM can be a multi-year tailwind for Indian OEMs

- **RLMM notification can be a long-term positive:** The Ministry of New and Renewable Energy (MNRE), recently released a draft notification proposing amendments to the procedure for inclusion/updating of wind turbine models in the RLMM, which mandates local sourcing of key components, thus providing a strong fillip to prospects of Indian OEMs.
- **Key components to be manufactured domestically:** The draft amendment mandates domestic manufacturing of key components—blades, towers, gearboxes, and generators—with a one-year exemption allowing limited imports (lower of up to 50 turbines or 200 MW). Local manufacturing of gearboxes and generators will become compulsory six months after the rules take effect. The framework requires submission of valid type certificates, IS/ISO certifications, and details of technical collaborations.

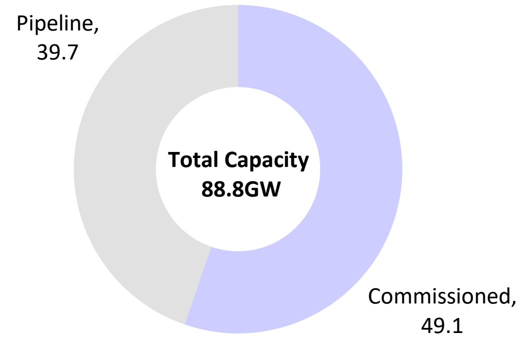
- Additionally, all operational data must be stored within India, with real-time cross-border transfers prohibited, and operational control centers must be India-based. To promote innovation, OEMs are also required to set up R&D centers in India within six months of the notification.
- **Market share, margin concerns mitigated:** The draft, if finalized, also goes a long way in alleviating concerns regarding competition from Chinese OEMs and potential loss of market share and pressure on margins.

Yearly wind installations in India



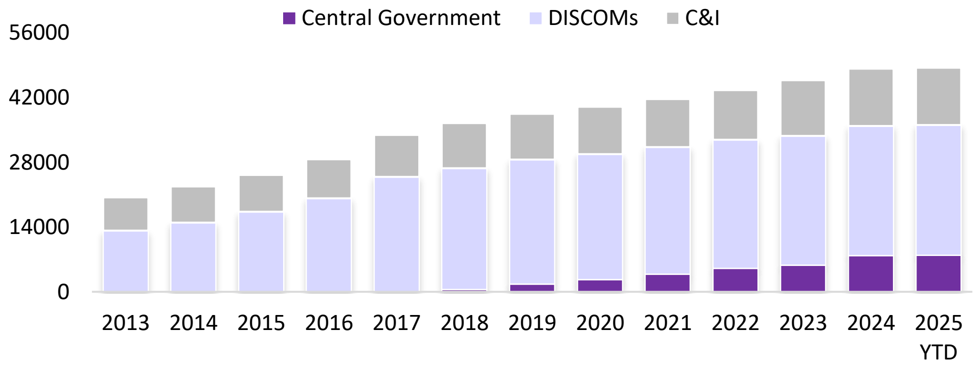
Source: CEA, MOFSL

India's installed wind capacity + pipeline



Source: India RE Navigator, MOFSL

India's installed wind capacity (MW)



Source: India RE Navigator, MOFSL

Aditya Birla Capital

Bloomberg	ABCAP IN
Equity Shares (m)	2607
M.Cap.(INRb)/(USDb)	534.2 / 6.3
52-Week Range (INR)	247 / 149
1, 6, 12 Rel. Per (%)	3/5/-19
12M Avg Val (INR M)	1137

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
PBT Break-up			
NBFC	33.6	41.2	52.4
Housing	4.2	6.5	8.4
AMC	12.5	13.6	15.4
Life Insurance	1.6	1.8	2.0
Health Insurance	0.1	0.8	1.5
Other businesses	1.4	2.0	1.7
Consolidation adjustments	1.5	1.6	1.7
Consol PBT	**54.8**	**67.4**	**83.2**
Consol PAT Post MI and others	**33.3**	**38.7**	**48.1**
Growth (%)	-0.1	16.0	24.3
RoE (%)	**11.6**	**12.1**	**13.6**
Con PE	15.9	13.6	11.0
Cons. PBV	1.7	1.6	1.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	68.8	68.9	69.0
DII	9.8	9.5	7.5
FII	8.8	9.2	11.8
Others	12.6	12.4	11.7

FII Includes depository receipts

CMP: INR205 TP: INR250 (+22%) Buy

Strong growth in HFC AUM; NBFC NIM to improve hereon

Consol. PAT grew 6% YoY; unsecured MSME segment seeing stress

- Aditya Birla Capital (ABCAP)'s 4QFY25 consolidated revenue grew 13% YoY to ~INR141b and consolidated PAT grew ~6% YoY to ~INR8.65b. FY25 consol. PAT grew ~8% YoY to INR31.4b.
- The amalgamation of Aditya Birla Finance (ABFL) with Aditya Birla Capital has been successfully completed after obtaining all requisite approvals. The appointed date of the amalgamation is 1st Apr'24, and the effective date is 1st Apr'25. Post-amalgamation, ABCAP operates under two business segments: the NBFC lending business and the investment business, through which it holds investments in its subsidiaries, JVs, and associates.
- Management shared that the amalgamation has resulted in the release of ~INR30-35b of capital, which is expected to support the company's growth ambitions for the next 12-18 months.

NBFC: AUM up ~20% YoY; NIM contracts ~10bp QoQ

- NBFC Loan book grew ~20% YoY and 6% QoQ to ~INR1.26t. 4QFY25 disbursements grew ~8% YoY and 28% QoQ to ~INR195b. Loans to Retail, SME and HNI customers constitute 64% of the total loan portfolio.
- Management remains confident of delivering robust loan growth, targeting a ~25% CAGR in the overall portfolio over the next three years, with a target to double the loan book within this period. The company expects all business segments to register growth in FY26, with a continued increase in the contribution from the retail and MSME segments.
- Asset quality improved QoQ, with GS2 + GS3 assets declining ~50bp QoQ to ~3.8%.
- NIM contracted ~10bp QoQ as yields compressed due to a reduction in personal and consumer (P&C) loans to 12% (PY: ~17%). Management highlighted that the P&C segment has now stabilized and is expected to grow going forward, which should lead to an expansion in yields and NIMs in the subsequent quarters.

HFC: Robust growth in HFC AUM; GS2+GS3 declines ~35bp QoQ

- HFC disbursement jumped ~98% YoY to ~INR58.2b and loan book grew 69% YoY to ~INR311b.
- Management expects the current business momentum to sustain and has guided for a significant improvement in RoA to ~2.0-2.2% over the next 8-10 quarters. This improvement is expected to be driven by better operating leverage, partially offset by a decline in NIMs, while credit costs are expected to remain broadly stable.
- NIM was largely stable QoQ at ~4.05%. RoA/RoE stood at 1.45%/11%
- Asset quality improved with GS3 declining ~33bp QoQ to ~0.66%. PCR rose ~15pp QoQ to ~55%.

Asset Management: QAAUM rose ~15% YoY

- The mutual fund quarterly average AUM (QAAUM) rose 15% YoY to INR3.82t. Individual monthly average AUM grew by 6% YoY to INR1.84t as of Mar'25.
- The domestic equity mix stood at ~44.3% (PQ: ~46.8%). Monthly SIP inflows grew ~5% YoY to ~INR13.2b in Mar'25.

Life Insurance: Individual FYP grew ~34% YoY; 13th month persistency rose to 88%

- Individual FYP grew 34% YoY to ~INR41b in FY25, while renewal premium grew 14% YoY.
- Net VNB margin stood at ~18% in FY25. 13M persistency rose to ~88% in Mar'25. Management has guided for a ~20-22% CAGR in individual FYP over the next three years, with a continued focus on expanding the VNB margin beyond 18%.

Health Insurance: Market share among SAHIs improves

- GWP in the health insurance segment grew 33% YoY to ~INR49.4b. The combined ratio improved to 105% (from ~110% YoY).
- ABHI's market share among standalone health insurers (SAHIs) rose from 11.2% in the previous year to 12.6% in Mar'25.

Highlights from the management commentary

- The company is exploring collaborations with select marquee digital platforms, where sourcing will be driven by partners, while ABCL will manage underwriting and collections.
- Udyog Plus, the company's comprehensive B2B ecosystem platform, has continued to scale rapidly, reaching an AUM of over INR35b in less than two years since its launch. Notably, the ABG ecosystem contributes ~50% of the disbursements on the Udyog plus.

Valuation and view

- ABCAP continued to exhibit an improvement in operational metrics in 4QFY25. Loan growth remained healthy across both the HFC and NBFC segments, accompanied by a further improvement in asset quality. While NIMs in the NBFC business witnessed some contraction during the quarter, management has guided for NIM improvement in the subsequent quarters, supported by a favorable shift in its product mix.
- We expect a consolidated PAT CAGR of ~24% over FY25-27E. The thrust on cross-selling, investments in digital, and leveraging 'One ABC' will lead to healthy return ratios, even as we build in a consolidated RoE of ~14% by FY27. **Reiterate BUY with an SoTP (Mar'27E)-based TP of INR250.**

ABCL: SOTP – Mar'27

	Stake	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
NBFC	100	332	3.9	128	51	❖ 1.3x PBV
HFC	100	54	0.6	21	8	❖ 1.1x PBV
AMC	45	104	1.2	40	16	❖ 20x Earnings
LI	51	118	1.4	45	18	❖ 1.2x EV
Health Ins	46	35	0.4	14	5	❖ 1.0x GWP
Others		5	0.1	2	1	
Target Value		**649**	**7.6**	**250**	**100**	

Quarterly Performance (INR M)

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
ABFSL - NBFC arm										
Net Income	**14,337**	**15,200**	**16,488**	**16,926**	**17,089**	**17,114**	**17,339**	**17,764**	**62,951**	**69,306**
Opex	**4,370**	**4,370**	**5,320**	**5,500**	**5,080**	**5,310**	**5,410**	**5,500**	**19,560**	**21,300**
Cost to Income Ratio (%)	30.5	28.7	32.3	32.5	29.7	31.0	31.2	31.0	31.1	30.7
Operating Profits	**9,967**	**10,830**	**11,168**	**11,426**	**12,009**	**11,804**	**11,929**	**12,264**	**43,391**	**48,006**
Provisions	**3,060**	**3,470**	**3,500**	**3,490**	**3,680**	**3,360**	**3,880**	**3,490**	**13,520**	**14,410**
Profit Before Tax	**6,907**	**7,360**	**7,668**	**7,936**	**8,329**	**8,444**	**8,049**	**8,774**	**29,871**	**33,596**
Change YoY (%)	50.6	50.9	42.1	31.4	20.6	14.7	5.0	10.6	42.9	12.5
Consolidated Earnings										
Cons PBT Before JV Interest	**10,105**	**10,615**	**10,785**	**13,733**	**12,437**	**16,057**	**11,840**	**14,413**	**46,140**	**54,746**
Growth YoY %	43.7	25.6	-70.1	45.7	23.1	51.3	9.8	5.0	-24.4	18.7
Lending	7,752	8,330	8,669	8,885	9,177	9,482	9,147	9,985	33,635	37,791
NBFC	6,907	7,360	7,668	7,936	8,329	8,444	8,049	8,774	29,871	33,600
HFC	845	969	1,002	949	848	1,038	1,098	1,211	3,765	4,194
AMC	2,403	2,368	2,635	2,676	3,045	3,351	2,999	3,050	10,084	12,450
Life Insurance	200	424	521	831	215	443	432	495	1,980	1,580
Health Insurance	-625	-795	-1,313	913	-540	-653	-835	2,089	-1,820	60
Others*	375	288	272	428	540	3,434	97	-1,206	2,261	2,865
Taxes	**2,460**	**2,840**	**2,890**	**2,710**	**2,930**	**3,560**	**3,040**	**4,750**	**13,180**	**14,280**
Tax rate %	24.3	26.8	26.8	19.7	23.6	22.2	25.7	33.0	28.6	26.1
Profit After Tax	**6,660**	**7,250**	**7,600**	**8,550**	**7,650**	**8,540**	**7,150**	**8,860**	**32,960**	**32,200**
MI and Others	170	200	250	430	200	200	160	210	-3,940	770
PAT post MI and other adjustments	**6,490**	**7,050**	**7,350**	**8,120**	**7,450**	**8,340**	**6,990**	**8,650**	**29,020**	**31,430**
Growth YoY %	51	44	39	33	15	18	-5	7	56	8
Gain on Sale of stake in Subs/associate (net of tax)		0			140	1,660	90	0	4,330	1,890
Reported PAT	**6,490**	**7,050**	**7,350**	**8,120**	**7,590**	**10,000**	**7,080**	**8,650**	**33,350**	**33,320**
Growth YoY %		44.5			16.9	41.8	-3.7	6.5	55.8	-0.1
Details on lending business										
Loans (INR B)	**1004**	**1090**	**1151**	**1241**	**1277**	**1379**	**1462**	**1574**		
Change YoY (%)	43.7	40.7	33.9	31.5	27.2	26.6	26.9	26.9		
NBFC	859	935	986	1056	1073	1147	1194	1264		
Change YoY (%)	48.5	43.9	35.1	31.1	24.9	22.7	21.1	19.6		
HFC	145	154	165	184	204	232	267	311		
Change YoY (%)	20.4	24.0	27.3	33.4	40.6	50.5	61.5	68.6		
Net Interest Margins										
NBFC	6.98	6.87	6.88	6.86	6.56	6.29	5.99	6.86		
HFC	5.11	4.88	4.63	4.39	4.24	4.22	4.06	4.39		
GNPA %										
NBFC	2.80	2.64	2.59	2.50	2.51	2.50	2.27	2.30		
HFC	2.67	2.63	2.18	1.82	1.60	1.30	0.99	0.66		
Details on Other business										
AMC Business										
QAAUM (INR B)	**3,084**	**3,235**	**3,247**	**3,458**	**3,676**	**4,004**	**4,009**	**4,056**		
Change YoY (%)	5.4	10.1	10.8	20.8	19.2	23.8	23.5	17.3		
Life Ins - 13th Mt persistency	**88.0**	**87.0**	**87.0**	**88.0**	**88.0**	**88.0**	**87.0**	**88.0**		

** Others includes Health Ins, PE, AB Money and inter group adjustment; Numbers may vary from actual reporting due to difference in reporting*

13 May 2025

4QFY25 Results Update | Sector: Healthcare

GSK Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GLXO IN
Equity Shares (m)	169
M.Cap.(INRb)/(USDb)	472.4 / 5.5
52-Week Range (INR)	3148 / 1921
1, 6, 12 Rel. Per (%)	-6/9/28
12M Avg Val (INR M)	523

Financials &valuations(INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	37.5	41.6	46.6
EBITDA	11.7	13.6	15.5
Adj. PAT	9.3	10.5	12.2
EBIT Margin (%)	29.4	30.8	31.7
Cons. Adj. EPS (INR)	54.7	62.2	72.1
EPS Gr. (%)	26.4	13.5	16.1
BV/Sh. (INR)	115.2	149.7	194.3
Ratios			
Net D:E	-0.7	-0.4	-0.6
RoE (%)	47.5	41.5	37.1
RoCE (%)	49.1	47.0	42.0
Payout (%)	52.8	46.5	40.0
Valuations			
P/E (x)	51.3	45.2	38.9
EV/EBITDA (x)	38.6	33.4	28.8
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	2.7	0.4	2.5
EV/Sales (x)	12.0	10.9	9.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	7.8	7.3	7.9
FII	4.5	4.5	3.5
Others	12.7	13.2	13.6

FII Includes depository receipts

CMP: INR2,789 TP: INR3,040 (+9%) Neutral

Niche products and cost efficiency drive a beat on margins

Efforts ongoing to enhance awareness of differentiated products

- GlaxoSmithKline Pharmaceuticals (GLXO) reported in-line sales for the quarter. However, it delivered a beat on EBITDA/PAT due to a superior product mix and controlled costs.
- While priority brands in the general medicines category outperformed the industry, muted performance in certain products within the anti-infectives and pain categories hit overall revenue growth for GLXO.
- GSK is driving healthy execution in the vaccines segment through superior products as well as enhanced marketing efforts. The comprehensive plan is paving the way for improved off-take of Shingrix.
- We raise our earnings estimates by 5% each for FY26/FY27, factoring in 1) the higher benefit of marketing efforts in the vaccines segment and 2) the reorganization of operational costs.
- We value GLXO at 44x 12M forward earnings to arrive at our TP of INR3,040. Considering a 15% earnings CAGR over FY25-27 and priced-in valuation (45x FY26E/39x FY27E earnings), we reiterate our Neutral rating on the stock.

Product mix and improved productivity boost margins YoY

- GLXO's revenue grew 4.8% YoY to INR9.7b (est: INR9.7b).
- Gross margin (GM) expanded 340bp YoY to 63.9%, due to a change in the product mix.
- EBITDA margin expanded 650bp YoY to 34.2% (our est: 28.7%) due to better product mix and improved operating leverage (employee expenses/other expenses down 290bp/20bpp YoY as % of sales).
- EBITDA grew 29.5% YoY to INR3.3b (vs. our est. of INR2.7b).
- PAT grew 36.8% YoY to INR2.6b for the quarter (our est. INR2.1b).
- For FY25, revenue/EBITDA/PAT grew by 9%/29%/25% YoY to INR37.4b/ INR11.6b/INR9.1b.

Key highlights from the management commentary

- GLXO has aligned an operational plan for Shingrix with a focus on areas of resourcing. Accordingly, it has witnessed more patient activations at the point of vaccination.
- Notably, it has been able to surpass the 10K sell-in barrier for the first time in Mar'25 since launch month.
- Softening of raw material prices and reorganization efforts have led to lower operational costs for the quarter.
- GLXO has been driving higher off-take of Nucala/Trelegy through redefining goals for clinical outcomes and pushing science-led differentiation.
- Certain brands like Augmentin, Ceftum, and T-Bact have been gaining market share compared to peers in their respective categories.

Qtr Perf. (Consol.) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**7,617**	**9,570**	**8,053**	**9,298**	**8,147**	**10,107**	**9,494**	**9,743**	**34,537**	**37,491**	**9,719**	**0%**
YoY Change (%)	2.2	4.4	0.4	18.1	7.0	5.6	17.9	4.8	6.2	8.6	4.5	
Total Expenditure	6,178	6,675	5,872	6,725	5,841	6,891	6,665	6,412	25,450	25,809	6,930	
EBITDA	**1,439**	**2,895**	**2,181**	**2,573**	**2,305**	**3,216**	**2,829**	**3,332**	**9,087**	**11,682**	**2,790**	**19%**
YoY Change (%)	-3.4	12.7	-4.7	51.6	60.2	11.1	29.7	29.5	13.0	28.6	8.4	
Margins (%)	18.9	30.3	27.1	27.7	28.3	31.8	29.8	34.2	26.3	31.2	28.7	
Depreciation	164	181	171	181	164	169	188	147	697	668	175	
EBIT	**1,276**	**2,714**	**2,010**	**2,392**	**2,141**	**3,048**	**2,641**	**3,184**	**8,390**	**11,014**	**2,615**	
YoY Change (%)	-4.2	12.8	-5.3	56.8	67.9	12.3	31.4	33.1	13.6	31.3	9.3	
Margins (%)	16.7	28.4	25.0	25.7	26.3	30.2	27.8	32.7	24.3	29.4	26.9	
Interest	3	4	3	8	4	3	1	6	18	13	5	
Other Income	364	282	281	298	356	345	351	407	1,226	1,459	348	
PBT before EO Expense	**1,637**	**2,992**	**2,287**	**2,682**	**2,494**	**3,391**	**2,991**	**3,585**	**9,598**	**12,461**	**2,958**	
Tax	487	817	197	761	671	913	782	957	2,262	3,323	782	
Rate (%)	29.8	27.3	8.6	28.4	26.9	26.9	26.2	26.7	22.4	26.7	26.4	
Adjusted PAT	**1,150**	**2,175**	**2,090**	**1,921**	**1,823**	**2,477**	**2,209**	**2,628**	**7,336**	**9,138**	**2,176**	**21%**
YoY Change (%)	-1.1	12.5	18.8	56.1	58.6	13.9	5.7	36.8	20.5	24.6	13.3	
Margins (%)	15.1	22.7	26.0	20.7	22.4	24.5	23.3	27.0	21.2	24.4	22.4	
One-off Expense/(Income)	-173	0	1,633	-24	0	-47	-90	0	1,436	-137	0	
Reported PAT	**1,323**	**2,175**	**457**	**1,945**	**1,823**	**2,524**	**2,299**	**2,628**	**5,900**	**9,275**	**2,176**	**21%**
Reported PAT incl disc operations	**1,323**	**2,175**	**457**	**1,945**	**1,823**	**2,477**	**2,209**	**2,628**	**5,900**	**9,138**	**2,176**	**21%**

KPIs (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Cost Break-up											
RM Cost (% of Sales)	38.9	37.0	39.3	39.5	36.2	38.0	37.8	36.1	38.6	37.1	37.7
Staff Cost (% of Sales)	21.7	15.2	17.6	18.6	18.6	14.9	14.1	15.7	18.1	15.7	15.6
Other Cost (% of Sales)	20.6	17.5	16.0	14.3	16.9	15.2	18.3	14.0	17.0	16.0	18.1
Gross Margins (%)	61.1	63.0	60.7	60.5	63.8	62.0	62.2	63.9	61.4	62.9	62.3
EBITDA Margins (%)	18.9	30.3	27.1	27.7	28.3	31.8	29.8	34.2	26.3	31.2	28.7
EBIT Margins (%)	16.7	28.4	25.0	25.7	26.3	30.2	27.8	32.7	24.3	29.4	26.9

E: MOFSL Estimates

Prudent Corporate Advisory

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	PRUDENT IN
Equity Shares (m)	41
M.Cap.(INRb)/(USDb)	100.9 / 1.2
52-Week Range (INR)	3741 / 1439
1, 6, 12 Rel. Per (%)	0/-20/49
12M Avg Val (INR M)	232

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Revenues	11,036	12,659	15,508
Opex	8,412	9,741	11,888
PBT	2,621	3,002	3,832
PAT	1,957	2,239	2,859
EPS (INR)	47.3	54.1	69.0
EPS Gr. (%)	41.1	14.4	27.7
BV/Sh. (INR)	32.3	41.9	53.9
Ratios (%)			
EBIDTA Margin	23.8	23.1	23.3
PAT margin	17.7	17.7	18.4
RoE	34.1	29.2	28.8
Div. Payout	5.3	11.1	13.0
Valuations			
P/E (x)	51.6	45.1	35.3
P/BV (x)	75.6	58.2	45.2
Div. Yield (%)	0.1	0.2	0.4

Shareholding Pattern (%)

As of	Mar-25	Dec-24	Mar-24
Promoter	55.7	55.7	58.4
DII	20.7	23.6	15.7
FII	17.6	14.8	12.1
Others	5.9	5.9	13.8

FII includes depository receipts

CMP: INR2,437 TP: INR2,300 (-6%) Neutral

Higher margins and other income drive a beat on PAT

- **Prudent Corporate Advisory (Prudent) posted an op. revenue of INR2.8b, +18% YoY (in line) in 4QFY25. Revenue growth was fueled by an 18% YoY jump in commission & fees income to INR2.8b. For FY25, operating revenue grew 37% YoY to INR11b.**
- **EBITDA grew 13% YoY to INR686m (15% beat), reflecting an EBITDA margin of 24.3% (vs. 25.4% in 4QFY24 and our est. of 21.7%). Operating expenses rose 20% YoY to INR2.1b (in line), with fees & commission expenses/employee expenses growing 29%/5% YoY, while other expenses dipped 9% YoY.**
- **Prudent's PAT at INR516m rose 16% YoY (16% beat). For FY25, PAT grew 41% YoY to ~INR2b. Barring the impact of the shift in AUM mix towards the partner channel (that carries a higher payout), FY25 PAT growth would have been 55% YoY.**
- **In FY26, net equity sales are expected to broadly mirror SIP inflows. Management highlighted that while long-term trends point to a close alignment between net sales and SIP contributions, YoY variations may still occur.**
- **We cut our earnings estimates by 8% each for FY26/27 due to a decline in blended yields and higher commission payouts. However, we expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 19%/17%/21% over FY25-27, fueled by growing MF AUM and a focus on increasing the share of non-MF business in the overall mix. The company is expected to maintain an RoE of >28% for FY26/FY27. We reiterate our Neutral rating with a TP of INR2,300 (based on 33x EPS FY27E).**

Robust growth in gross equity sales backed by strong SIP flows

- Prudent's QQAUM stood at INR1t, up 26% YoY. Monthly SIP flow grew to INR9.81b from INR7.26b in 4QFY24, despite weak markets.
- Total premium for the quarter came in at INR2.6b (+17% YoY), of which life insurance premium stood at INR2.1b (+15% YoY) and general insurance premium stood at INR494m (+29% YoY).
- Commission and fees income for the quarter rose 18% YoY to INR2.8b, of which INR2.3b (+26% YoY) was contributed by the distribution of MF products and INR402m (+2% YoY) by insurance products, respectively.
- Revenue from the distribution of MF grew 26% YoY, fueled by strong SIP inflows and active participation from MFDs. However, it dipped 5% QoQ because of fewer trading days and MTM impact due to weaker markets.
- Revenue from the sale of insurance products increased 2% YoY and 41% QoQ. The life insurance fresh book grew 88% QoQ in 4QFY25, benefiting from a low base in 3Q due to the impact of the surrender charges regulation. Meanwhile, the general insurance fresh book rose 40% YoY in FY25, although yields were subdued due to deferred revenue recognition, pushing some earnings into the following quarter.
- Revenue from the stockbroking segment dipped 46%/16% YoY, mainly due to reduced market activity amid weak sentiment.
- Revenue from other financial and non-financial products declined 18% YoY, mainly due to the discontinuation of P2P product flows since Aug'24 (RBI regulations); however, it is expected to be offset by the healthy traction in the AIF/PMS/FD segments.

- Other income rose 37% YoY to INR85m (11% beat) in 4QFY25.
- Commission and payout expenses rose ~300bp in FY25, of which ~180bp increase was due to the 3% shift in AUM mix toward the partner channel (higher payout), while the rest was attributed to an additional trail scheme aimed at boosting net sales. Total payout for the year was up at 64.1% from 61.1% in FY24. Management guides for payout to remain in the range of 64%.
- Employee expenses fell 19% sequentially to INR243m due to reduced provisioning for variable costs, while the fixed component rose by 14.5% YoY.
- The company has submitted a new ESOP plan for shareholder approval. About 1.65m shares (about 4% of total shares) are proposed to be issued under this plan over the next 10 years. For FY26, ESOP-related costs are expected to be 2.5-2.75% of PBT, with the financial impact beginning in 2QFY25.

Key takeaways from the management commentary

- Three to four AMCs have reduced trail commissions, which Prudent has passed on. About 12% of the overall AUM and 10% of the equity AUM have been repriced, with an expected impact of ~1.3-1.4bp on gross yields.
- Management estimates that for every 1% rise in AUM, payout is likely to increase by ~65bp.
- AIF and PMS AUM for FY25 grew 80% YoY in FY25, with the book at INR12b as of Mar'25 (10% higher than average FY25). Fixed deposit mobilizations rose 43% YoY, with two new bank FDs being added.

Valuation and view

- We expect the revenue growth momentum to be sustained in the medium to long term, primarily because of the following reasons: 1) rising MF AUM mainly led by improving SIP participation, 2) focus on a one-stop-shop solution, which should result in a rise in distribution revenue from higher-margin products such as insurance, and 3) healthy traction in the AIF/PMS/FD segments.
- We cut our earnings estimates by 8% each for FY26/27 due to a decline in blended yields and higher commission payouts. However, we expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 19%/17%/21% over FY25-27, fueled by growing MF AUM and a focus on increasing the share of non-MF business in the overall mix. The company is expected to maintain an RoE of >28% for FY26/ FY27. We reiterate our Neutral rating with a TP of INR2,300 (based on 33x EPS FY27E).

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	4QFY25E	Act v/t Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Commission and Fees Income	1,644	1,886	2,084	2,376	2,477	2,845	2,827	2,809	7,990	10,958	2,736	2.7	18%	-1%
Other Operating revenue	10	14	15	21	17	15	23	20	61	76	22	-7.5	-4%	-13%
Revenue from Operations	**1,654**	**1,900**	**2,099**	**2,397**	**2,494**	**2,861**	**2,850**	**2,829**	**8,051**	**11,034**	**2,758**	2.6	18%	-1%
Change YoY (%)	28.7	28.7	32.5	35.5	50.8	50.5	35.8	18.0	31.7	37.1	15.1			
Operating Expenses	1,262	1,469	1,599	1,789	1,904	2,174	2,191	2,143	6,120	8,412	2,160	-0.8	20%	-2%
Change YoY (%)	31.1	39.4	38.1	51.0	50.8	48.0	37.0	19.8	40.4	37.5	20.7			
EBITDA	**392**	**432**	**500**	**608**	**590**	**687**	**659**	**686**	**1,932**	**2,622**	**598**	**14.8**	13%	4%
Depreciation	59.6	61.3	63.0	64.3	62.9	67.2	73.7	74.8	248	279	74	0.8	16%	2%
Finance Cost	6.0	5.0	3.6	7.8	4.9	5.7	6.4	6.7	21	24	6	4.0	-14%	5%
Other Income	49	41	45	62	70	78	66	85	196	299	77	10.9	37%	29%
PBT	**375**	**406**	**479**	**598**	**592**	**693**	**645**	**690**	**1,858**	**2,619**	**594**	**16.2**	15%	7%
Change YoY (%)	34.1	9.6	24.4	5.6	57.9	70.6	34.7	15.4	18.5	41.1	-0.7			
Tax Provisions	95.5	101.7	121.6	152.1	149.9	177.9	163.1	173.5	471	664	150	15.7	14%	6%
Net Profit	**279**	**304**	**357**	**446**	**442**	**515**	**482**	**516**	**1,387**	**1,955**	**444**	**16.4**	16%	7%
Change YoY (%)	31.4	10.0	25.1	4.6	58.3	69.2	35.0	15.9	18.9	40.9	-0.4			
Key Operating Parameters (%)														
EBITDA Margin	23.7	22.7	23.8	25.4	23.6	24.0	23.1	24.3	24.0	23.8	21.7	259bp	-110bp	113bp
Cost to Income Ratio	21.3	23.0	22.2	21.3	19.5	18.9	17.8	17.6	21.9	18.4	19.4	-178bp	-376bp	-20bp
PBT Margin	22.7	21.4	22.8	24.9	23.7	24.2	22.6	24.4	23.1	23.7	21.5	286bp	-55bp	175bp
Tax Rate	25.5	25.0	25.4	25.4	25.3	25.7	25.3	25.2	25.3	25.4	25.3	-10bp	-30bp	-14bp
PAT Margins	16.9	16.0	17.0	18.6	17.7	18.0	16.9	18.2	17.2	17.7	16.1	216bp	-34bp	134bp
MF revenue / QAAUM (bps)	94.1	91.3	91.9	90.0	91.9	91.8	91.8	90.3	91.8	91.3	82.6	767bp		
Revenue from Operations (INR m)														
Commission and Fees Income														
Distribution of MF Products-Trail Revenue	1,385	1,519	1,653	1,820	2,052	2,343	2,421	2,297	6,377	7,044	2,224	3.3	26%	-5%
Distribution of Insurance Products	163	251	299	395	261	339	286	402	1,108	1,206	390	3.1	2%	41%
Stock Broking and Allied Services	41	59	61	76	77	73	49	41	237	273	49	-16.0	-46%	-16%
Other Financial and Non-Financial\ Products	56	57	71	84	87	90	71	69	268	299	74	-6.2	-18%	-3%
Revenue from Operations Mix (%)														
As % of Commission and Fees Income														
Distribution of MF Products-Trail Revenue	83.7	79.9	78.7	75.9	82.3	81.9	84.9	81.2	79.2	63.8	80.6	56bp	526bp	-375bp
Distribution of Insurance Products	9.9	13.2	14.2	16.5	10.5	11.9	10.0	14.2	13.8	10.9	14.1	7bp	-227bp	418bp
Stock Broking and Allied Services	2.5	3.1	2.9	3.2	3.1	2.6	1.7	1.4	2.9	2.5	1.8	-32bp	-172bp	-27bp
Other Financial and Non-Financial Products	3.4	3.0	3.4	3.5	3.5	3.1	2.5	2.4	3.3	2.7	2.7	-23bp	-107bp	-5bp

Raymond Lifestyle

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	RAYMONDL IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	61.5 / 0.7
52-Week Range (INR)	3100 / 860
1, 6, 12 Rel. Per (%)	-11/-56/-
12M Avg Val (INR M)	301

Financials & valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	61,767	68,074	74,541
EBITDA	4,678	7,851	9,740
Adj. PAT	1,005	2,971	4,182
EPS (INR)	16	49	69
EPS Gr. (%)	-0.8	2.0	0.4
Ratios			
BV/Sh. (INR)	1,574	1,623	1,692
RoE (%)	2.3	6.6	8.7
RoCE (%)	5.6	9.4	11.1
Valuations			
P/E (x)	60.7	20.5	14.6
P/BV (x)	0.6	0.6	0.6
EV/EBITDA (x)	14.1	8.4	6.8
Div. Yield (%)	-	-	-

Shareholding pattern (%)

	Mar-25	Dec-24
Promoter (%)	54.7	54.7
DII (%)	7.9	7.9
FII (%)	10.5	12.4
Others (%)	26.9	25.0

FII includes depository receipts

CMP: INR1,010 TP: INR1,500 (+49%) Buy

Weak quarter; demand recovery key for re-rating

- Raymond Lifestyle's (RLL) reported tepid performance as the weak consumer sentiment was further exacerbated by a ransomware attack impacting revenue/EBITDA by ~INR2.5b/INR 0.7b.
- Although the overall demand environment remains challenging, there are signs of improvement, with stronger secondary sales and a 12-13% increase in autumn bookings.
- After the recent correction (down 51% YTD), RLL's valuation appears attractive at ~21x FY26E PE or 1.3x FY26 EV/sales. However, we believe improvement in execution and sustained growth recovery remain the key for re-rating of the stock.
- We cut our FY26E EBITDA by ~5%, while our FY27E EBITDA is broadly unchanged. However, due to higher finance costs, we cut our FY26-27E EPS by 6-13%.
- We value RLL at 22x on Mar'27E P/E to arrive at our TP of INR1,500. **We reiterate our BUY rating on RLL, primarily due to reasonable valuations.**

Performance weaker than our muted expectations

- RLL's consol. revenue was down 11% YoY to INR15b (-15% QoQ) in 4Q.
  - Revenue was significantly impacted by continued weak consumer demand, high inflation, and operational disruptions caused by a ransomware attack.
  - RLL opened 35 new stores in 4Q, taking its total retail store network to 1,688.
- Gross profit declined 20% YoY (-16% QoQ) to INR6.2b (in line) as gross margins contracted by 455bp YoY to 41.8%.
- EBITDA **declined sharply** to INR135m (vs. INR2.5b YoY and our est. of ~INR770m) due to operating deleverage, adverse sales mix, and investments in retail store expansions.
  - EBITDA margin was ~1% (vs. 14.6% in 4QFY24 and our est. of 5.3%).
- Depreciation and amortization increased 30% YoY, while finance costs jumped 13% YoY.
- Other income doubled YoY (2.1x of our estimate), led by subsidy benefits in the high-value shirting segment.
- Despite higher other income, the company reported a loss of INR450m (higher than our est. of ~INR120m).
- As per RLL, it has **once again become a net debt-free** company (vs. INR5.7b net debt in 2Q). This was likely driven by better secondary sales and consequent improved collections in 3QFY25.

FY25 a challenging year

- Consol. revenue declined 5% YoY to INR61.7b, driven by weaker customer demand, especially in branded textiles (-13% YoY).
- RLL opened 170 new stores (including 128 EBOs) in FY25, taking the total retail store network to 1,688 stores (up 11%). The company opened 38 EBOs of Ethnix by Raymond in FY25, taking the total store count to 152.
- Consol. EBITDA declined sharply by 50% YoY to INR4.7b, due to operating deleverage, adverse sales mix, and investments in retail network expansions.
- For FY25, RLL reported a modest PAT of INR382b (vs. INR4.8b YoY).
- Net working capital (NWC) days stood at 80 in FY25 (vs. 78 as of Mar'24 end). The impact of inventory stocking (up by 7 days to 104) in the retail and distribution network was offset by higher payables (up by 6 days to 78).
- OCF declined 46% YoY to INR5.3b, while FCF outflow stood at INR1.4b (though improved on INR5.1b outflow as of 1HFY25).
- RLL reported net cash of INR0.9b (vs. net cash of INR0.2b at end-Mar'24).

Highlights from the management commentary

- **Demand environment:** Weak demand persisted throughout FY25 due to inflation and lower discretionary spending, but signs of recovery are emerging with improved secondary sales and 12-13% YoY growth in AW2025 bookings. EBOs and LFS saw better sales in March–May.
- **Ethnix:** It surpassed INR1b in revenue in FY25 despite weak consumer demand and fewer weddings, with a focus on expanding through franchisee-led stores to optimize profitability. However, some stores have underperformed, extending break-even timelines to 36-40 months (vs. 24 months planned earlier).
- **Garmenting:** Profitability in 4Q was hurt by global uncertainties, price renegotiations, an adverse sales mix, and higher manpower training costs. The UK FTA is expected to enhance cost competitiveness, with UK revenue projected to rise from 20-22% to 30-40% over the next two years.
- **Guidance**: Raymond Lifestyle expects revenue growth of 10-15%+ in FY26, driven by demand recovery, dealer restocking, and easing inflation. Profitability is set to recover strongly as scale improves and store performance stabilizes. Steady-state margins are targeted at 20–22% for Branded Textiles and 14–15% for the overall business.

Valuation and view

- FY25 was a challenging year for RLL, driven by lack of wedding days in 1H and impact of ransomware and overall weak discretionary environment in 2H. We expect growth recovery in FY26-27 (on a low base).
- After the recent correction (down 51% YTD), RLL's valuation appears attractive at ~21x FY26E PE or 1.3x FY26 EV/sales. However, we believe improvement in execution and sustained growth recovery remain the key for re-rating .
- We cut our FY26E EBITDA by ~5%, while our FY27E EBITDA is broadly unchanged. However, due to higher finance costs, we cut our FY26-27E EPS by 6-13%.
- We value RLL at 22x on Mar'27E P/E to arrive at our TP of INR1,500 (earlier INR1,600). **We reiterate our BUY rating on RLL, primarily due to reasonable valuations.**

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**13,212**	**18,034**	**17,263**	**16,846**	**12,201**	**17,083**	**17,542**	**14,942**	**65,354**	**61,767**	**14,443**	**3.5%**
YoY Change (%)					-8%	-5%	2%	-11%		-5%		
Total Expenditure	11,745	15,431	14,429	14,383	11,604	14,935	15,745	14,806	55,988	57,090	13,671	8.3%
EBITDA	**1,467**	**2,602**	**2,834**	**2,462**	**597**	**2,148**	**1,797**	**136**	**9,366**	**4,678**	**772**	**-82.4%**
EBITDA Margin	**11.1%**	**14.4%**	**16.4%**	**14.6%**	**4.9%**	**12.6%**	**10.2%**	**0.9%**	**14.3%**	**7.6%**	**5.3%**	
Change YoY (%)					-59%	-17%	-0.4	-0.9		-50%	-0.6	
Depreciation	568	598	595	702	746	763	794	911	2,463	3,214	773	17.8%
Interest	617	428	438	473	463	532	544	534	1,957	2,074	562	-5.0%
Other Income	327	458	329	430	294	270	413	856	1,544	1,832	405	111.2%
PBT	**517**	**2,035**	**2,129**	**1,717**	**-323**	**528**	**867**	**-473**	**6,398**	**600**	**-159**	**198.4%**
Tax	34	641	505	423	-91	106	226	-23	1,603	218	-40	-42.1%
Rate (%)	6.6%	31.5%	23.7%	24.6%	28.1%	20.1%	26.0%	4.9%	25.1%	36.4%	25.5%	
Reported PAT	**483**	**1,393**	**1,624**	**1,294**	**-232**	**422**	**642**	**-450**	**4,795**	**382**	**-118**	**280.6%**
Adj PAT	**575**	**1,393**	**1,624**	**1,294**	**-227**	**1,016**	**645**	**-430**	**4,887**	**1,005**	**-118**	**263.8%**
YoY Change (%)					-139.5%	-27.1%	-1	-134.7%		-79.4%	-1.2	

Insurance Tracker

Flat start to FY26 for industry

Low-growth trajectory continues for industry individual WRP in Apr'25; new business premium sees recovery

- **In Apr'25, the individual weighted received premium (WRP) growth for private players continued to be in single digits for the third consecutive month at 2% YoY. The life insurance industry witnessed flat YoY growth in WRP, owing to a 4% YoY decline reported by LIC.**
- **Among listed players, individual WRP for MAXLIFE continued to grow the fastest at 24% YoY, while HDFCLIFE/SBILIFE posted 3%/2% YoY growth. IPRULIFE/BALIC reported a decline of 16%/2% YoY.**
- **The industry's new business premium grew 8% YoY in Apr'25 on the back of 6%/10% YoY growth for private players/LIC.**
- **In terms of new business premium, HDFCLIFE/IPRULIFE/MAXLIFE/BALIC reported a growth of 23%/10%/17%/4%, while SBILIFE's growth was flat YoY.**
- **Life insurance industry maintained low premium growth trajectory in Apr'25 owing to the implementation of surrender value regulations and weakness in ULIP sales due to market volatility and a high base. We expect a gradual recovery in FY26, with private insurers expanding their reach through geographical penetration. HDFCLIFE and SBILIFE are our preferred picks.**

Individual WRP and YoY growth (%)

Individual WRP, INR m	Apr'25	YoY gr. (%)
Grand Total	**55,034**	**0.0%**
Total Private	**36,591**	**2.0%**
LIC	**18,443**	**-3.7%**
SBI Life	8,392	2.4%
HDFC life	6,315	3.3%
Tata AIA	3,842	-2.1%
Max Life	3,511	23.5%
ICICI Prudential	3,376	-15.7%
Bajaj Allianz	3,254	-2.2%
Birla Sun life	1,472	1.9%
PNB Met Life	1,147	9.9%

Source: LI Council, MOFSL

Individual WRP market share declines MoM for private players

- The individual WRP market share of private players declined MoM for the second consecutive month to 66.5% in Apr'25 (69.8% in Mar'25).
- In Apr'25, SBILIFE achieved the top position with 15.2% market share in individual WRP, followed by HDFCLIFE at 11.5% and MAXLIFE at 6.4%.
- On an unweighted premium basis, HDFCLIFE was the largest private player with a market share of 8.8%, followed by SBILIFE at 7.7% and IPRULIFE at 4.7%.

Performance of key private players

On an individual WRP basis, the combined market share of private listed players – SBILIFE, HDFCLIFE, IPRULIFE, and MAXLIFE – accounted for 59% of the private insurance industry and 39% of the overall industry as of Apr'25. Among other prominent private insurers, TATA AIA and BALIC have a market share of 7.0% and 5.9%, respectively, in Apr'25.

Among key listed players based on individual WRP –

- **HDFCLIFE** grew 3% YoY in Apr'25. The total unweighted premium grew 23% YoY.
- **SBILIFE** grew 2% YoY in Apr'25. The total unweighted premium was flat YoY.
- **IPRULIFE** declined 16% YoY in Apr'25. The total unweighted premium was up 10% YoY in Apr'25.
- **MAXLIFE** rose 24% YoY in Apr'25. The total unweighted premium increased 17% YoY in Apr'25.

Unweighted new business premium and growth

INR m	Apr'25	YoY Growth	YTDFY26	YoY Growth	FY25	YoY growth
Grand Total	**2,19,657**	**8.4%**	**2,19,657**	**8.4%**	**39,73,366**	**5.1%**
Total Public	**1,36,106**	**9.9%**	**1,36,106**	**9.9%**	**22,66,699**	**1.9%**
Total Private	**83,551**	**6.1%**	**83,551**	**6.1%**	**17,06,667**	**9.8%**
HDFC life	19,432	23.4%	19,432	23.4%	3,37,620	12.6%
SBI Life	16,937	0.3%	16,937	0.3%	3,55,767	-7.0%
ICICI Prudential	10,321	9.8%	10,321	9.8%	2,25,835	24.9%
Bajaj Allianz	7,194	4.4%	7,194	4.4%	1,22,926	7.0%
Max Life	5,921	17.1%	5,921	17.1%	1,21,734	10.5%
Tata AIA	4,908	2.2%	4,908	2.2%	1,03,213	16.0%
Kotak Life	3,691	-6.6%	3,691	-6.6%	82,144	-5.1%
Birla Sunlife	2,927	-26.9%	2,927	-26.9%	1,02,192	26.2%

Source: LI Council, MOFSL

Individual WRP, growth, and market share

INR m	Apr'25	YoY growth	Market Share	YTDFY26	YoY growth	Market share	FY25	YoY growth	Market share
Grand Total	**55,034**	**0.0%**	**100.0%**	**55,034**	**0.0%**	**100.0%**	**12,03,725**	**10.5%**	**100.0%**
Total Private	**36,591**	**2.0%**	**66.5%**	**36,591**	**2.0%**	**66.5%**	**8,50,201**	**15.1%**	**70.6%**
Total Public	**18,443**	**-3.7%**	**33.5%**	**18,443**	**-3.7%**	**33.5%**	**3,53,524**	**0.7%**	**29.4%**
SBI Life	8,392	2.4%	15.2%	8,392	2.4%	15.2%	1,93,535	12.3%	16.1%
HDFC life	6,315	3.3%	11.5%	6,315	3.3%	11.5%	1,33,637	17.5%	11.1%
Tata AIA	3,842	-2.1%	7.0%	3,842	-2.1%	7.0%	85,109	14.8%	7.1%
Max Life	3,511	23.5%	6.4%	3,511	23.5%	6.4%	83,290	19.7%	6.9%
ICICI Prudential	3,376	-15.7%	6.1%	3,376	-15.7%	6.1%	83,072	15.2%	6.9%
Bajaj Allianz	3,254	-2.2%	5.9%	3,254	-2.2%	5.9%	70,663	11.7%	5.9%
Birla Sun life	1,472	1.9%	2.7%	1,472	1.9%	2.7%	41,154	33.8%	3.4%
PNB Met Life	1,147	9.9%	2.1%	1,147	9.9%	2.1%	23,988	3.5%	2.0%

Source: LI Council, MOFSL

Market share among private players based on unweighted and individual WRP

INR m	Unweighted premiums			Individual WRP		
(%)	Apr'25	YTDFY26	FY25	Apr'25	YTDFY26	FY25
Grand Total	**2,19,657**	**2,19,657**	**39,73,366**	**55,034**	**55,034**	**12,03,725**
Total Private	**83,551**	**83,551**	**17,06,667**	**36,591**	**36,591**	**8,50,201**
HDFC Standard	23.3%	23.3%	19.8%	17.3%	17.3%	15.7%
SBI Life	20.3%	20.3%	20.8%	22.9%	22.9%	22.8%
ICICI Prudential	12.4%	12.4%	13.2%	9.2%	9.2%	9.8%
Bajaj Allianz	8.6%	8.6%	7.2%	8.9%	8.9%	8.3%
Max Life	7.1%	7.1%	7.1%	9.6%	9.6%	9.8%
Tata AIA	5.9%	5.9%	6.0%	10.5%	10.5%	10.0%
Kotak Life	4.4%	4.4%	4.8%	2.3%	2.3%	3.5%
Birla Sun life	3.5%	3.5%	6.0%	4.0%	4.0%	4.8%

Source: LI Council, MOFSL

Capital Market Monthly

Key statistics

Parameter	Apr'25	YoY (%)	MoM (%)
Demat A/c (m)	194	25.9	1.0
CDSL mkt sh (%)	79.6	290bp	10bp
Not. F&O ADTO (INRt)	368.2	-17.3	4.5
BSE notional mkt sh	37.8	1870bp	110bp
Op. Prem. ADTO (INRb)	736.3	22.5	16.0
BSE Prem. mkt sh	21.0	1120bp	140bp
Cash ADTO (INR b)	1,003	-6.5	1.9
MF AUM (INRt)	69.5	21.9	4.2
Equity MF AUM (INR t)	29.7	22.5	3.9
SIP (INRb)	266	30.7	2.7

Source: MOFSL, NSE, BSE, CDSL, NSDL, AMFI, SEBI

Gradual growth across parameters at the onset of FY26

ADTO remains stable; MF AUM and SIP at an all-time high

- **In Apr'25, total ADTO continued to recover, growing 5% MoM to INR369t. While cash activity witnessed the adverse impact of market volatility, F&O ADTO experienced 5% MoM growth, with overall ADTO growing 2% MoM to INR1.1t.**
- **Retail participation surged across both cash and F&O segments, with retail cash ADTO growing 12% MoM to INR424b and retail futures and options premium ADTO rising 12% MoM to INR651b.**
- **The commodity market witnessed the highest activity with heightened volatility in crude oil and precious metals as ADTO achieved a new peak of INR3.3t in Apr'25 (+35% MoM).**
- **Demat additions remained low but stable MoM at 2.0m in Apr'25 (2.0m in Mar'25). We expect demat additions to gradually recover as macroeconomic conditions and market performance turn favorable.**
- **Mutual fund AUM grew ~4% MoM in Apr'25 to INR69.5t (up 22% YoY), achieving a new peak, with equity AUM growing 4% MoM to INR29.7t. SIP flows witnessed MoM growth after staying flattish and achieved a new high of INR266b.**
- **The capital market ecosystem maintained its growth revival for the second consecutive month in Apr'25, with some parameters such as commodity volumes, option premium turnover, and SIP flows witnessing strong growth. We expect the gradual growth of volumes as well as retail participation to help in achieving continued growth trajectory of brokers and exchanges. Further improvement in equity MF flows, backed by industry efforts to spread awareness and enhance financial literacy, will promote a long-term investment perspective that bodes well for AMCs. Our top picks in the sector are: ANGELONE, BSE, HDFCAMC, and Nuvama.**

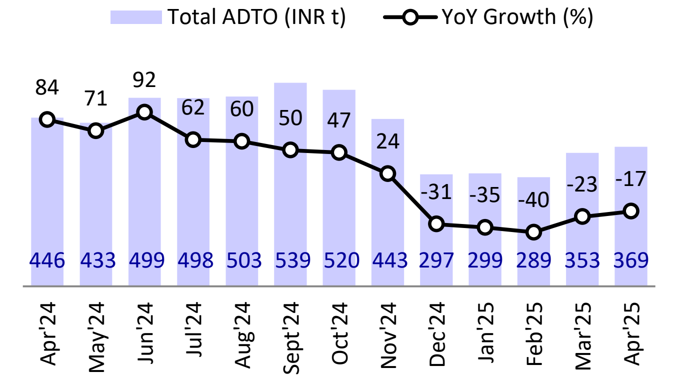
Equity: Strong growth in option premium; BSE's market share expands further

- Total ADTO grew 5% MoM in Apr'25 to INR369t, led by 5%/2% growth in F&O/ cash ADTO to INR368t/INR1.1t. The option premium ADTO grew 16% MoM to INR736b.
- In the cash segment, NSE maintains a dominant position with a 94% market share in Apr'25. However, BSE's F&O market share continues to expand MoM. It had a notional turnover market share of 37.8% in Apr'25 (36.7% in Mar'25) and an option premium turnover of 21% (19.6% in Mar'25).

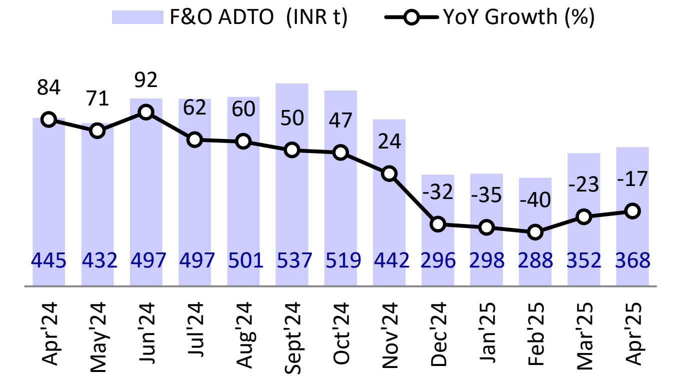
Commodities: Highest ever volumes recorded in Apr'25

- Total volumes on MCX grew 38% MoM to INR67.8t in Apr'25 (up 95% YoY), with ADTO reaching its highest ever level of ~INR3.3t. Option volumes grew 35% MoM to INR58.6t, while futures volumes grew 58% MoM to INR9.1t.
- The strong growth in options ADTO was largely due to an 18%/66%/384% MoM growth in crude oil/gold/silver ADTO. This was offset by a 23% MoM decline in natural gas volumes. Option premium grew 41% MoM to INR954b, reflecting a premium to notional turnover ratio of 1.63%.
- In commodity futures, growth was driven by 88%/67%/95% MoM jump in commodity futures ADTO, which was offset by a 24% MoM decline in natural gas ADTO.

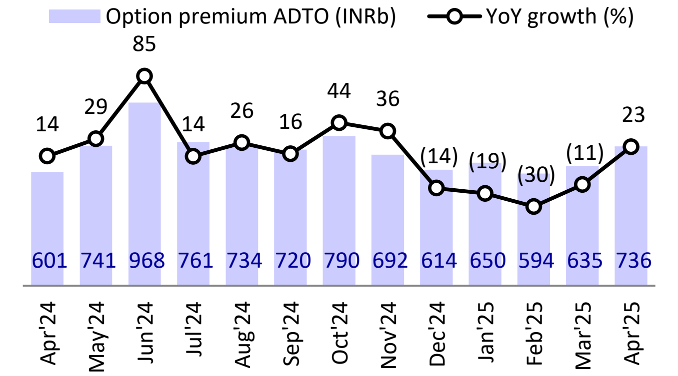
Total ADTO grows sequentially…



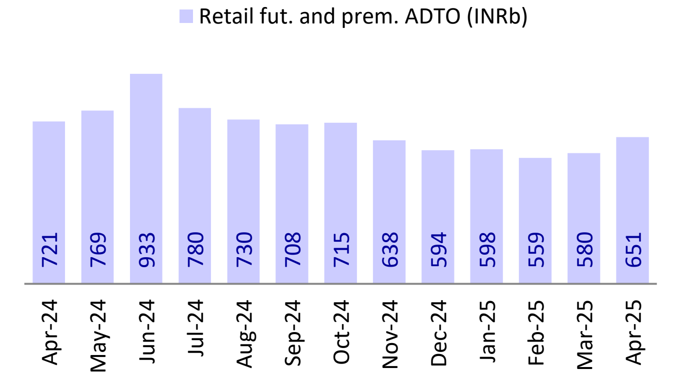
…backed by MoM growth in F&O volumes



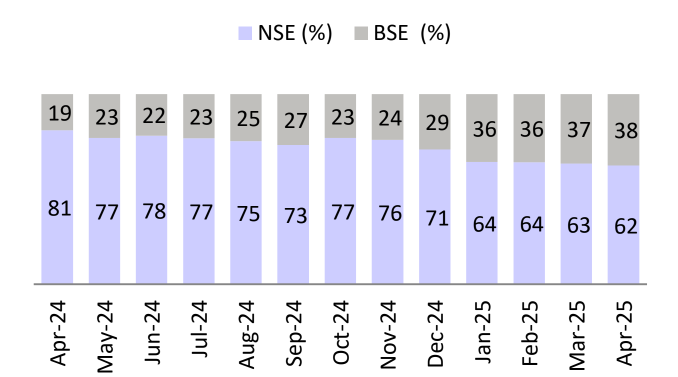
Options premium ADTO surges



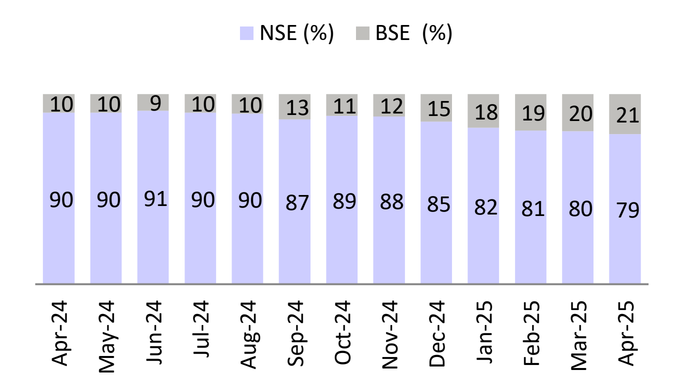
Retail futures and options premium ADTO trend



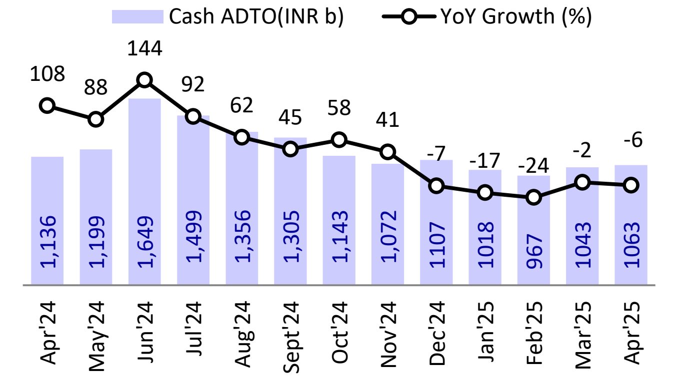
F&O notional t/o market share trend



Option premium t/o market share trend

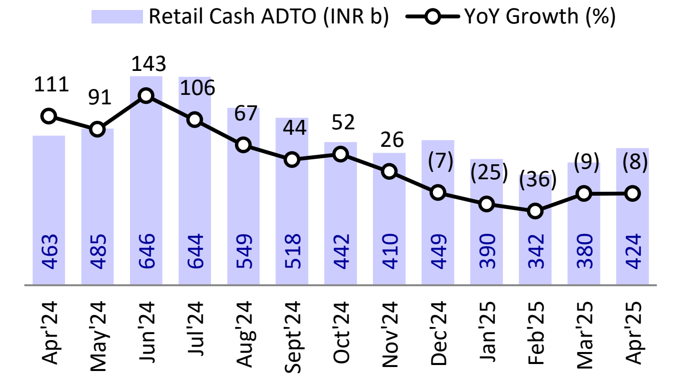


Cash activity inches up sequentially



Source: MOFSL, NSE, BSE

Retail cash ADTO trend



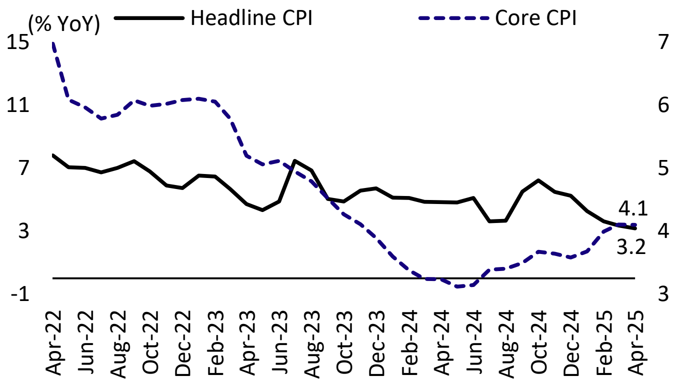
Source: MOFSL, NSE, BSE

Apr’25 inflation at six-year low

Providing room for further rate cuts

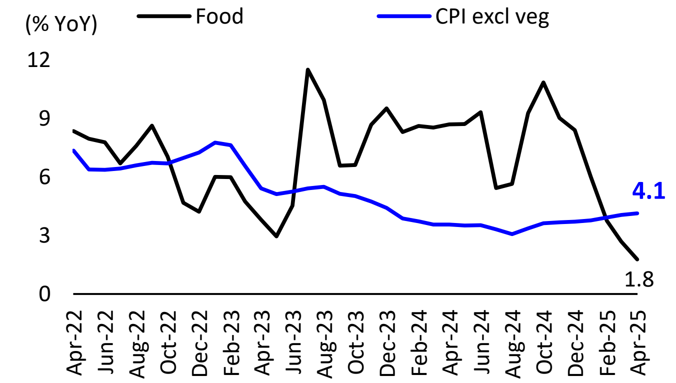
- **Headline CPI inflation came down to a 69-month low of 3.2% YoY in Apr’25 vs. 3.3% in Mar’25. The deceleration was entirely driven by 42-month slowest growth in food inflation (1.8% in Apr’25 vs. 2.7% in Mar’25), which was partly offset by the 20-month highest increase in prices of fuel and light items, which marked their second expansion after declining for 18 straight months. Notably, core inflation was 4.1% in Apr’25, similar to Mar’25. On a sequential basis, inflation increased 0.3% in Apr’25 vs. a decline of 0.3% in Mar’25. The inflation number was slightly lower than the market consensus of 3.3% and our forecast of 3.4%.**
- **Food inflation came down to 1.8% YoY in Apr’25 (lowest in 42 months) vs. 2.7% in Mar’25. Details suggest that lower food inflation (vs. last month) was mainly attributed to 37-month slowest increase in prices of cereals, third consecutive contraction in prices of pulses (-5.2% in Apr’25 vs. -2.7% in Mar’25) and vegetables (-11.0% in Apr’25 vs. -7.0% in Mar’25). On the other hand, inflation in oils and fats inched up to 17.4% in Apr’25, in stark contrast to a sharp 9.4% decline seen in Apr’24. Additionally, growth in prices of protein-rich items such as eggs (highest in 3 months) and milk products (highest in 3 months) increased slightly during the month. CPI, excluding veggies, stood at a 16-month high of 4.1% in Apr’25 (Exhibit 2).**
- **Notably, fuel and light inflation rose by 2.9% in Apr’25 compared with a decline of 4% in Apr’24 due to a hike in LPG prices. Core CPI inched up to 4.1% YoY compared to 3.2% in Apr’24. Within core, sharp upward momentum was visible in personal care and effects (12.9% in Apr’25 vs. 7.4% in Apr’24) and transport and communication (3.7% in Apr’25 vs. 1.1% in Apr’24) segments. Higher gold prices, along with a hike in telecom tariffs, can explain the increase. Inflation in other subcomponents softened, led by household goods and services.**
- **Other details suggest that: 1) Services inflation went up to a 20-month high of 3.9% YoY in Apr’25, while goods inflation came down to a 60-month low of 2.9% in Apr’25; 2) CPI, excluding veggies (weight 94%), stood at a 16-month high of 4.1% YoY; 3) Imported inflation stood at 7.2% in Apr’25, while domestically generated inflation came down to 2.6%; 4) Standard core inflation (excluding food & energy) went up to an 18-month high of 4.4% YoY in Apr’25; and 5) Details confirm that only 17% of the CPI basket posted 5%+ inflation in Apr’25 (vs. 19% in Mar’25), lowest in 88 months.**
- **Overall, the decline in food inflation has helped to keep the headline CPI below the RBI’s target of 4% for the third consecutive month in Apr’25. Moreover, prospects of an above-normal monsoon suggest that the outlook for food inflation is positive. Thus, we believe that, with a benign inflation outlook, the RBI is likely to focus more on growth, and further rate cuts are likely in the upcoming policies.**

Exhibit 1: Retail inflation eased sharply to 3.2% in Apr’25…



Core CPI excludes food & beverages and fuel & light

Exhibit 2: Food inflation at 42-month low of 1.8% in Apr’25



Vegetables weight in CPI = 6.04%

Exhibit 3: Imported inflation stood at 7.2% in Apr'25 vs. 7.4% in Mar'25

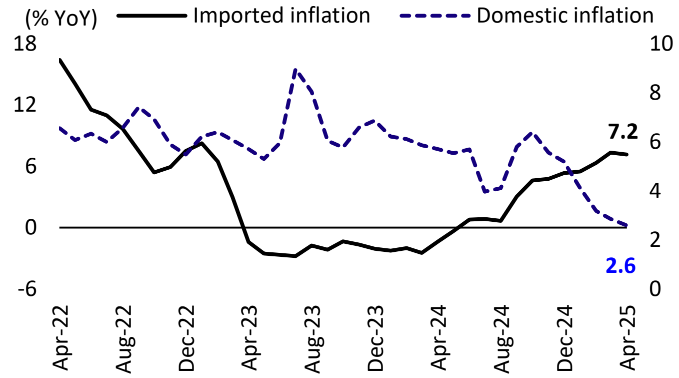
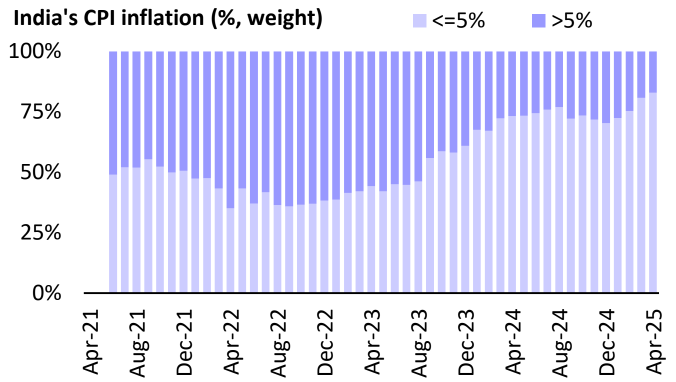


Exhibit 4: Only 17% of the CPI basket recorded more than 5% inflation last month, lowest in 88 months



Based on 299 items

Exhibit 5: CPI and its key components

	FY24	FY25	Apr'24	Mar'25	Apr'25	Apr'25
Overall CPI	**5.4**	**4.2**	**4.8**	**3.6**	**3.3**	**3.2**
Food and beverages	**7.3**	**6.1**	**7.9**	**3.8**	**2.9**	**2.1**
Cereal and products	10.3	6.5	8.6	6.1	5.9	5.3
Pulses and products	16.1	7.0	16.8	-0.3	-2.7	-5.2
Meat and fish	3.1	3.8	8.2	2.1	0.3	-0.4
Milk and products	6.0	2.6	3.0	2.7	2.6	2.7
Vegetables	17.6	17.3	27.8	-1.1	-7.0	-11.0
Pan, tobacco, and intoxicants	**3.6**	**2.4**	**3.0**	**2.4**	**2.5**	**2.1**
Fuel and light	**0.4**	**-2.2**	**-4.0**	**-1.3**	**1.4**	**2.9**
Housing	**3.7**	**2.5**	**2.7**	**2.9**	**3.0**	**3.0**
Clothing and footwear	**4.3**	**2.5**	**2.9**	**2.7**	**2.6**	**2.7**
Miscellaneous	**4.3**	**3.8**	**3.5**	**4.8**	**5.0**	**5.0**
Transport and communication	1.9	2.3	1.1	2.9	3.4	3.7
Core CPI*	**4.2**	**3.3**	**3.2**	**4.0**	**4.1**	**4.1**

*Excluding food & beverages and fuel & light, # Apr-Feb period

Source: Central Statistics Office (CSO), MOFSL

RESULTS FLASH

13 May 2025

Results Flash | Sector: Telecom

Bharti Airtel

BSE SENSEX	S&P CNX
81,148	24,578

Conference Call Details

Date: 14th May 2025

Time: 14:30 hours IST

Financial Valuations (INR b)

INRb	FY25	FY26E	FY27E
Net Sales	1,730	2,043	2,304
EBITDA	932	1,155	1,319
Adj. PAT	126	270	376
EBITDA Margin (%)	53.9	56.5	57.2
Adj. EPS (INR)	21.7	44.7	62.1
EPS Gr. (%)	10	23	39
BV/Sh. (INR)	154	242	282
Ratios			
Net D:E	2.6	0.8	0.2
RoE (%)	15.0	22.8	25.6
RoCE (%)	12.3	14.7	16.8
Div. Payout (%)	76.2	55.9	64.4
Valuations			
EV/EBITDA (x)	13.5	10.6	8.9
P/E (x)	84	41	29
P/BV (x)	11.8	7.5	6.5

CMP: INR1,821 Buy

Broadly in line 4Q; India wireless growth impacted by two fewer days QoQ

Bharti's 4QFY25 consolidated financials are not strictly comparable on QoQ and YoY basis, as Bharti consolidated Indus Towers (Indus) from mid-Nov'24.

Overall, Bharti reported an in-line quarter with ~1%/2% QoQ increase in India wireless revenue/EBITDA as the residual flow-through of tariff hikes was offset by two fewer days QoQ. Homes business continued to benefit from the acceleration in subscriber additions, while Enterprise margins improved significantly, driven by the exit of low-margin business. Capex increased sharply across key segments, while reported net debt inched up QoQ, due to the redemption of USD1b perpetual bonds. Bharti's FCF generation remained robust at ~INR97b in 4QFY25 and ~INR390b in FY25, of which it used ~INR260b to prepay high-cost spectrum debt and announced a dividend of INR16/sh.

- Consolidated revenue at INR479b (+27% YoY, our est. INR476b) was up 6% QoQ, driven by robust growth in Africa and a boost from the full quarter of Indus consolidation.
- India revenue (including Indus) inched up 1% QoQ to INR367b (+15% YoY) and was in line with our estimate as growth was muted in the India wireless business (+1% QoQ).
- Consolidated EBITDA at INR270b (40% YoY, in line) increased 10% QoQ, driven by full-quarter consolidation of Indus Towers and robust ~13% QoQ growth in Enterprise business.
- India EBITDA (including Indus) at INR220b (+22% YoY, our est. INR219b) declined 8% QoQ, largely due to lower prior-period provision reversals for Indus (3Q was boosted by large collections of past overdues from Vi).
- Reported EBITDA margin expanded by ~190bp QoQ to 56.4% (+490bp YoY) and was ~10bp below our estimate, as better incremental margins in the India wireless segment and sharp margin expansion in Enterprise were offset by weaker DTH margins and lower provision reversals for Indus Towers.
- Reported PBT (before share of JVs) at INR97b (+26% QoQ, 2.2x YoY) was 5% below our estimate due to higher net finance costs (19% above).
- Reported attributable PAT at INR110b was significantly above our estimate of INR59b, driven primarily by tax reversals (tax benefit of INR59b for recognition of unrecognized DTA on tax losses).
- Adjusted for tax reversal and other exceptional items, PAT at INR52.2b (-5% QoQ, +77% YoY) was 11% below our estimate of ~INR59b.

Sharp increase in capex, FCF generation (excl. spectrum prepayments) robust at INR97b in 4QFY25 (~INR390b for FY25)

- Consolidated **capex rose ~57% QoQ to INR126b (+37% YoY)** on account of a sharp pick-up in capex in India wireless, Homes and Enterprise business. India capex (excl. Indus) at INR103b was up ~53% QoQ (+21% YoY) and was ~45% above our estimate.
- Bharti's consolidated free cash flow (after leases and interest payments, but excluding INR60b spectrum prepayments) **was robust at INR97b,** though lower vs. INR126b QoQ due to higher capex. For FY25, **Bharti generated FCF of INR389b and used ~INR260b for prepaying spectrum dues.**
- Bharti's consolidated net debt (excl. leases) inched up **~INR48b QoQ to INR1.385t (vs. INR1.34t QoQ)**. Including the impact of leases, Bharti's consolidated net debt increased significantly by ~INR72b QoQ to INR2.04t (vs. INR1.97t QoQ) due to the **redemption of USD1b perpetual bonds (not part of reported debt earlier).**
- Bharti's consolidated net debt (including leases) to EBITDA (annualized) increased to 1.86x (vs. 1.7x QoQ). India SA net debt-to-EBITDA increased to 1.79x (vs. 1.58x QoQ).
- Excluding lease impact, Bharti's net debt-to-EBITDAaL **inched up to 1.42x** (vs. 1.28x QoQ) for consolidated business and **1.53x (**vs. 1.33x QoQ**) for** India **SA**.

India wireless: In-line results; ARPU flat QoQ as residual benefits of tariff hike offset by two fewer days QoQ

- Bharti's India wireless ARPU at **INR245 (+17% YoY, our est. INR247)** remained **flat QoQ** (vs. +1.4% QoQ for RJio) as the residual benefit of tariff hikes was offset by two fewer days QoQ.
- Bharti reported 5m paying net adds (vs. 4.9m net adds QoQ, ~4.6m wireless net adds for RJio), **better than our estimate of ~3.4m net adds**.
- Subscriber mix continued to improve as **Bharti added ~0.6m** postpaid net adds (+2.5% QoQ, 12% YoY). Furthermore, Bharti's 4G/5G net additions remained robust at 6.6m (vs. ~6.5 m 4G net adds QoQ).
- Bharti's India wireless revenue was **up 1.3% QoQ** (vs. 2.4% QoQ for RJio, including FTTH) at INR266b (+21% YoY, our est. INR267b).
- India wireless EBITDA was up **1.9% QoQ** (vs. 2.4% QoQ for RJio including FTTH) at INR158b (**30% YoY, in line).**
- Reported wireless EBITDA margin expanded **~40bp** QoQ to 59.2% (+410bp YoY, vs. stable QoQ for RJio at 52.8%) and was **40bp ahead** of our estimate.
- Incremental margin **remained robust at ~85%** (vs. 90% in 3QFY25 and ~53% for RJio) and was higher than our est. of ~60%.
- India wireless **capex was up ~39% QoQ at INR60b** (flat YoY) and was ~33% above our estimate.

Homes: Acceleration in subscriber net additions offset by continued ARPU declines

- Bharti's Homes BB net adds accelerated to ~810k (vs. ~675k QoQ, our estimate of ~775k) to reach ~10m subs (+32% YoY), likely led by ramp-up of FWA services.
- Reported ARPU continued to decline with further ~2% QoQ dip to INR543/month (-6% YoY, our est. INR548).
- **Homes revenue was up 6% QoQ** at INR16b (+21% YoY, 1% below our estimate). Homes EBITDA at INR8b (**+7% QoQ**, 21% YoY) was **~2% below** our estimate.
- EBITDA margins expanded ~40bp QoQ to 49.9% (flat YoY) and was **~20bp below** our estimate.
- Capex in Homes Business increased ~33% QoQ to INR15.2b (+86% YoY, 22% higher than our estimate), likely on ramp-up of FWA offerings.

Enterprise: EBITDA margin improves sharply following the exit of low-margin business; capex jumps sharply

- Airtel **Business (Enterprise)** revenue **declined ~6% QoQ** to INR53b **(-3% YoY**, in line), driven by Bharti exiting lower-margin business.
- EBITDA at INR22.4b was up ~13% QoQ (7% YoY) and was ~**18% above** our estimate as EBITDA margins expanded by ~690bp QoQ to 42.1% (vs. our estimate of 35.4% and 38.1% YoY) due to an improved product mix.
- Capex for the Airtel business jumped 83% YoY to INR25b (2.7x QoQ, 2.5x our estimate).

Other businesses: Steady growth continues in Africa, DTH margins significantly weaker

- **Airtel DTH's** revenue at INR7.6b (in line) was largely flat QoQ and YoY, with **ARPU improving 1.5% QoQ** to INR162 (+1% YoY, our estimate of INR158). Subscriber trends improved further with 75k net adds (vs. 28k QoQ in 3QFY25). DTH EBITDA at INR3.8b (-13% QoQ, -12% YoY) was **~15% below** as margins contracted sharp ~780bp QoQ to 50.4% (significantly below our estimate of 60%).
- **Airtel Africa (AAF)** continued to report strong double-digit YoY constant currency growth. AAF's reported revenue (in INR terms) was up ~6% QoQ (+22% YoY), while EBITDA was up ~7% QoQ (24% YoY, 2% above our estimate).

Other highlights: Customer engagement remains healthy

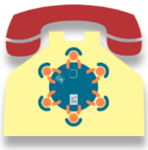
- Data volume for India wireless business was up ~5% QoQ (vs. 2% QoQ in 3QFY25, +5% QoQ for RJio including FTTH), while data usage per sub improved to 25.1GB/month (vs. 24.5GB QoQ, 33.6GB/month reported by RJio, including FTTH).
- Voice usage on network in India wireless was up ~2% QoQ (vs. +3% QoQ in 3QFY25 and +2% QoQ for RJio), with minute of usage (MoU) per subscriber improving to 1,163 mins (vs. 1,160 mins in 3QFY25 and 1,024 mins for RJio).
- Bharti added ~3.3k towers QoQ (vs. 5.2k in 3QFY25) to take the total tower count to ~340k, while revenue per site remained flat QoQ at INR262k/month (+13% YoY).

RESULTS FLASH

Gail (India)

BSE SENSEX	S&P CNX
81,148	24,578

Conference Call Details



Date: 14 May 2025
Time: 11:30 hrs IST

CMP: INR184 Buy

Beat on EBITDA driven by a robust marketing performance; transmission volumes disappoint

- In 4QFY25, GAIL's EBITDA came in 11% above our est. at INR32.2b.
- While EBIT of the NG marketing, LPG transmission, LPG, and LHC segments beat our estimates, EBIT of the gas transmission and petrochemical segments came in below our estimates.
- However, reported PAT was in line at INR20.5b, as other income stood below est.; the tax rate was higher than our estimate.
- Natural gas transmission volume stood below our est. at 120.8mmscmd.
- However, NG marketing volume was 6% above our est. at 106.5mmscmd.
- Petchem sales were in line at 229tmt, while the petchem segment reported an EBIT loss of INR1.6b.
- **In FY25**, net sales/EBITDA/APAT grew 5%/10%/5% to INR1.4t/INR143b/INR94.5b.
- The Board declared a final dividend of INR1/share (FV: INR10/share; dividend for the full year: INR7.5/sh).

Standalone quarterly performance (INR m)

Y/E March	FY24				FY25					Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	(%)	(%)	(%)
Net Sales	**3,24,079**	**3,18,226**	**3,42,535**	**3,23,345**	**3,36,738**	**3,29,117**	**3,49,371**	**3,56,852**	**3,21,436**	**11%**	**10%**	**2%**
Change (%)	-13.7	-17.3	-3.2	-1.6	3.9	3.4	2.0	10.4	-59%			
EBITDA	**26,131**	**34,913**	**38,226**	**35,578**	**45,281**	**37,450**	**28,378**	**32,164**	**28,986**	**11%**	**-10%**	**13%**
% of Net Sales	8.1	11.0	11.2	11.0	13.4	11.4	8.1	9.0	9.0			
Depreciation	6,358	7,503	7,843	11,605	10,489	8,153	8,322	9,034	9,046			
Interest	1,758	1,718	1,564	1,932	2,092	1,901	1,666	1,783	2,015			
Other Income	2,676	5,609	8,121	6,376	3,716	7,135	7,497	5,664	7,851			
Extraordinary item	0	0	0	0	0	0	24,400	0	0			
PBT	**20,691**	**31,301**	**36,940**	**28,418**	**36,416**	**34,531**	**50,288**	**27,011**	**25,776**	**5%**	**-5%**	**-46%**
Tax	4,767	7,252	8,514	6,648	9,176	7,812	11,614	6,520	5,946			
Rate (%)	23.0	23.2	23.0	23.4	25.2	22.6	23.1	24.1	23.1			
PAT	**15,924**	**24,049**	**28,426**	**21,770**	**27,240**	**26,719**	**38,674**	**20,490**	**19,830**	**3%**	**-6%**	**-47%**
Change (%)	-45.4	56.5	1,056.8	260.7	71.1	11.1	36.0	-5.9	-8.9			
Adj PAT	**15,924**	**24,049**	**28,426**	**21,770**	**27,240**	**26,719**	**14,274**	**20,490**	**19,830**	**3%**	**-6%**	**44%**
Change (%)	-45.4	56.5	1,056.8	260.7	71.1	11.1	-49.8	-5.9	-8.9			
EPS (INR)	**2.4**	**3.7**	**4.3**	**3.3**	**4.1**	**4.1**	**2.2**	**3.1**	**3.0**	**3%**	**-6%**	**44%**
Operational details												
Gas Trans. volume (mmsmd)	116.3	120.3	121.5	123.7	131.8	130.6	125.9	120.8	127.7	-5%	-2%	-4%
Petchem sales ('000MT)	162.0	168.0	215.0	242.0	169.0	226.0	221.0	229.0	222.4	3%	-5%	4%
Segmental EBIT Breakup (INR m)												
Gas Transmission	10,246	12,907	12,151	9,798	14,469	14,028	13,703	12,684	14,890	-15%	29%	-7%
LPG Transmission	802	819	794	756	808	855	1,400	1,152	985	17%	52%	-18%
Natural Gas Marketing	10,136	17,846	18,804	13,887	20,328	13,288	4,410	12,037	7,670	57%	-13%	173%
Petrochemicals	-3,009	-1,600	619	2,623	-415	1,575	47	-1,580	922	PL	PL	PL
LPG & Liq.HC (pre-subsidy)	2,021	-167	2,575	3,266	2,299	2,489	3,785	2,920	2,102	39%	-11%	-23%
Unallocated; GAILTEL	1,528	1,588	1,294	-701	1,675	1,460	864	1,158	1,228	-6%	LP	34%
Total	**21,724**	**31,392**	**36,238**	**29,629**	**39,163**	**33,695**	**24,207**	**28,370**	**27,797**	**2%**	**-4%**	**17%**

Bharti Hexacom

BSE SENSEX	S&P CNX
81,148	24,578

CMP: INR1,703 Buy

Conference Call Details

Date: 14th May 2025

Time: 14:30 hours IST

Financial Valuations (INR b)

INRb	FY25	FY26E	FY27E
Net Sales	85.5	98.3	112.5
EBITDA	42.0	51.7	62.8
Adj. PAT	14.9	19.2	28.1
Adj. EPS (INR)	25.6	38.4	56.2
EPS Gr. (%)	58.7%	64.9%	46.5%
BV/Sh. (INR)	118.6	142.7	180.9
Ratios			
RoE (%)	24.2	29.6	34.8
RoCE (%)	13.1	17.9	25.4
Valuations			
P/E (x)	66.5	44.4	30.3
P/BV (x)	14.4	11.9	9.4
EV/EBITDA (x)	22.2	17.5	14.0

Broadly in-line 4Q; incremental wireless EBITDA margin slightly weaker than Airtel

- Hexacom's overall 4Q revenue at INR22.9b (+23% YoY, in line) was up ~2% QoQ, as the residual flow-through of the wireless tariff hike was offset by two fewer days QoQ.
- Overall, 4Q EBITDA at INR11.7b (+33% YoY, inline) was up 1.4% QoQ as network opex declined 2% QoQ (2% below our est.).
- Reported EBITDA margin dipped ~15bp QoQ to 51% (+400bp YoY, 10bp above our est.) but remained below 57.8% for Bharti's India operations (ex-Indus).
- Depreciation and amortization rose by a further ~16% YoY (flat QoQ) to INR5.3b, while net finance cost declined ~9% QoQ (+6% YoY) to INR1.2b.
- Reported PAT stood at INR4.7b, up 80% QoQ (2.1x YoY), boosted by tax reversals. Adjusted for exceptional items, PAT at INR3.8b rose 4% QoQ (+71% YoY) and was 8% above our est., mainly due to lower tax rate.

Capex spikes, while net debt further declined QoQ

- Overall **capex spiked ~50% QoQ to** INR4.25b (-14% YoY).
- Hexacom's overall net debt (ex-leases) declined **~INR6b QoQ to INR36.9b (vs. INR42.8b QoQ)**. Including the impact of leases, Hexacom's consolidated net debt stood at INR72.6b (vs. INR78.9b QoQ).
- **Net debt (ex-leases) to EBITDAaL declined further to 0.87x** (vs. 1.03x QoQ, vs. 1.53x for Bharti's India SA business).
- Hexacom's consolidated free cash flow (post-leases, interest payments, but before spectrum prepayments) stood at **INR6.6b (vs. INR5.1b QoQ). For FY25, Hexacom generated FCF of ~INR20b, before spectrum prepayments.**

Wireless: Residual tariff hike benefit offset by two fewer days QoQ

- Hexacom's wireless ARPU **was broadly stable QoQ** (similar to Airtel) at **INR242** (19% YoY, vs. our est. of INR243), as residual tariff hike flow-through was offset by two fewer days QoQ
- Hexacom reported 515k paying net adds (vs. 491k net adds QoQ and our est. 300k net adds) and contributed ~10% of Bharti's 4QFY25 subscriber net adds (vs. ~7.8% share in Airtel's paying subs base).
- The subscriber mix continues to improve as Hexacom added 710k smartphone net adds QoQ, as Hexacom's share of Bharti's 4G net adds increased to ~10% (vs. 7% QoQ and 7.8% share of Airtel's 4G subscriber base). The share of data subs in Hexacom's mix improved further by ~50bp QoQ to 76.7%, but remained below Airtel's at 77.8% (flat QoQ).
- Hexacom's wireless revenue rose **1.4% QoQ** (vs. 2.4%/1.9% QoQ for RJio, including FTTH, and Airtel's India wireless) to INR22.3b (+22% YoY, in line).

- Wireless EBITDA at INR12b (+34% YoY, inline) was **up ~2% QoQ** (vs. 2.4% QoQ for R-Jio, including FTTH, and ~2% QoQ for Airtel).
- Wireless EBITDA margin **improved ~25bp QoQ** to 53.8% (+480bp YoY, vs. stable QoQ at 52.8% for R-Jio), though lower than 40bp QoQ improvement at 59.2% for Airtel.
- Incremental EBITDA **margin stood at ~72%** (vs. ~53% for RJio), but **lower than ~85% for Airtel's India wireless business**. **The weaker flow-through versus Airtel is likely driven by QoQ inferior in-roamer vs. out-roamer mix.**
- Similar to the sharp ~39% QoQ increase in India wireless capex for Bharti, Hexacom's wireless **capex also jumped ~64% QoQ to INR3.7b** (-21% YoY).

Homes and Offices: Net subscriber additions remain elevated, likely on FWA ramp-up

- Hexacom's Homes BB subs base reached ~0.45m (47% YoY) on acceleration in net adds to ~53k (versus 44k QoQ). Hexacom accounted for ~6.5% of Airtel's Homes BB net adds (vs. ~4.5% share in Airtel's Homes BB subscriber base).
- However, similar to Airtel, reported Homes ARPU decline continued with a further 2% QoQ dip to INR490/month (-8% YoY, vs. ~2% QoQ dip for Airtel to INR543/month).
- **Homes and Offices revenue was up ~10% QoQ** to INR0.7b (+30% YoY, inline) and was better than ~6% QoQ growth for Airtel.
- Homes and Offices EBITDA at INR0.23b was up **~18% QoQ** (+16% YoY, vs. 7% QoQ growth for Airtel), as margins improved ~230bp QoQ to 32.9% (-380bp YoY). Comparatively, Airtel's Home BB margins expanded ~50bp QoQ to 49.9%.
- Capex in Homes Business declined ~1% QoQ to INR0.6b (though up 2.25x YoY).

Other highlights: Data engagement remains ahead of Airtel's India wireless business

- Data volume for Hexacom inched up 6% QoQ (vs. +2% QoQ in 3QFY25, slightly better than +5% QoQ for RJio, including FTTH and Airtel India).
- Data usage per sub improved to 27.7GB/month (vs. 26.2GB QoQ, 33.6GB reported by R-Jio, including FTTH, and higher than 25.1 GB for Airtel on a pan-India basis).
- Voice usage on the network was up ~1% QoQ (+5% QoQ in 3QFY25, +2% QoQ for R-Jio and Airtel), with minutes of usage (MoU) per subscriber moderating slightly to 1,139mins/month (vs. 1,150 mins QoQ, ~1,024 mins for R-Jio, and slightly lower vs. 1,163 mins for Airtel on a pan-India basis).
- Hexacom added 162 towers QoQ (vs. 163 in 3QFY25) to take the total towers to ~26.5k. Revenue per site was up ~1% QoQ to INR280k/month (+17% YoY, vs. flat QoQ uptick to INR262k for Airtel).

Max Financial Services

BSE SENSEX	S&P CNX
81,148	24,578

Conference Call Details

Date: 14th May'25
Time: 9:00am IST
Dial-in details:
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Gross Premiums	332.2	381.8	438.9
Sh. PAT	4.0	7.1	9.3
NBP gr - APE (%)	18.9	16.7	16.1
Premium gr (%)	12.5	15.1	15.0
VNB Margin (%)	24.0	24.5	25.0
Op. RoEV (%)	19.1	19.1	19.0
Total AUMs (INRb)	1,750	1,933	2,180
VNB(INRb)	21.1	24.8	29.4
EV Per Share	584	641	763
Valuations			
P/EV (x)	2.8	2.5	2.1
P/EVOP (x)	18.6	15.7	13.2

CMP: INR1,290

APE and VNB margins in line

- Gross premium income grew 11% YoY in 4QFY25 to INR118.6b (in line). For FY25, it came in at INR332.2b, up 13% YoY. Renewal premium rose 16% YoY to INR77.8b (in line).
- Total new business APE grew 6% YoY (in line) to INR30.4b. For FY25, it came in at INR87.7b, up 21% YoY.
- 4Q VNB grew 4% YoY (8% beat) to INR 8.5b. VNB margin came in at 28% vs. 28.6% in 4QFY24 (est. 25.8%).
- 4Q PAT stood at INR0.4b vs. a loss of INR0.5b in 4QFY24. For FY25, PAT grew 12% YoY to INR4b.
- Solvency ratio stood at 201% in 4QFY25 vs. 206% in 4QFY24.
- AUM grew 16% YoY to INR1.75t.
- The company reported EV of INR252b in FY25 with operating RoEV of 19.1% (20.2% in FY24).
- **Valuation and view:** MAXLIFE reported strong sequential growth in VNB margin due to a sequential decline in share of ULIPs, while the share of non-PAR savings improved QoQ during 4QFY25. The proprietary channel maintained a strong growth trajectory, led by agency, cross-sell, and e-commerce. Persistency trends improved across cohorts. We will review our estimates and TP after the earnings call scheduled for 14th May'25.

Policy holder's A/c (INR b)	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	FY25 1Q	FY25 2Q	FY25 3Q	FY25 4Q	FY24	FY25	FY25E 4QE	A v/s E
First year premium	9.9	15.3	17.6	25.4	12.6	20.5	20.4	28.5	68.9	82.0	29.2	-2%
Growth (%)	8.0%	37.7%	20.7%	5.3%	27.1%	33.6%	16.1%	12.2%	16.8%	19.0%	15.1%	
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.2	52.2	77.8	185.1	210.5	75.3	3%
Growth (%)	15.1%	7.5%	14.6%	14.6%	10.3%	12.4%	13.3%	16.4%	13.0%	13.7%	12.7%	
Single premium	8.7	8.9	9.3	15.2	8.2	9.7	9.6	12.4	41.3	39.7	13.7	-10%
Growth (%)	52.8%	14.2%	15.5%	66.5%	-5.7%	8.4%	3.0%	-18.5%	35.1%	-3.9%	-9.8%	
Gross premium income	**48.7**	**66.3**	**73.0**	**107.4**	**54.0**	**77.4**	**82.2**	**118.6**	295.3	332.2	**118.2**	**0%**
Growth (%)	18.7%	14.2%	16.1%	17.3%	10.8%	16.8%	12.7%	10.5%	16.5%	12.5%	10.1%	
PAT	**1.0**	**1.6**	**1.5**	**-0.5**	**1.6**	**1.4**	**0.7**	**0.4**	3.6	4.0	**1.7**	**-77%**
Growth (%)	13.2%	196.2%	-34.9%	-186.4%	51.4%	-11.2%	-53.8%	-174.5%	-17.8%	12.1%	-429.2%	
Key metrics (INRb)												
New Business APE	11.1	16.5	18.0	28.7	14.5	21.7	21.1	30.4	72.5	87.7	30.4	0%
Growth (%)	10.3%	38.8%	18.9%	13.2%	30.5%	31.3%	17.4%	5.8%	16.9%	20.9%	0.1	
VNB	2.5	4.2	4.9	8.2	2.5	5.1	4.9	8.5	19.7	21.1	7.9	8%
Growth (%)	16.0%	11.5%	-17.5%	6.6%	2.8%	23.1%	0.0%	3.8%	1.2%	6.8%	0.0	
AUM	1,291.3	1,341.6	1,426.2	1,508.4	1,611.5	1,701.4	1,717.1	1,750.0	1,508.4	1,750.0	1,719	2%
Growth (%)	20.5%	18.4%	20.5%	22.8%	24.8%	26.8%	20.4%	16.0%	22.8%	16.0%	0.1	
Key Ratios (%)												
VNB Margin (%)	22.2	25.2	27.2	28.6	17.5	23.6	23.2	28.0	42.2	24.0	25.8	

Syrma SGS Technology

BSE SENSEX	S&P CNX
81,148	24,578

CMP: INR565 Buy

Conference Call Details

Date: 14th May 2025
Time: 10:30am IST
Dial-in details:
Click Here

Operating performance in line with estimates

- Consolidated revenue declined 18% YoY to INR9.2b (est. INR13.6b) in 4QFY25.
- EBITDA margins expanded 510bp YoY to 11.6% (est.7.7%), led by gross margin expansion of 10bp YoY to 27.7%.
- EBITDA grew 46% YoY to INR1b (in line).
- Adjusted PAT grew 87% YoY to INR654m (in line).
- Auto/Consumer/Healthcare/Industrial/IT & Railways segments accounted for ~23%/21%/10%/41%/5% of total sales during 4QFY25.
- In FY25, revenue/ EBITDA/adj.PAT grew 20%/52%/58% YoY to INR37.8b/INR3b/INR1.7b.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Gross Sales	**6,013**	**7,117**	**7,067**	**11,341**	**11,599**	**8,327**	**8,692**	**9,244**	**31,538**	**37,862**	**13,609**	**-32**
YoY Change (%)	54.4	52.4	37.9	66.9	92.9	17.0	23.0	-18.5	54.0	20.1	20.0	
Total Expenditure	5,644	6,627	6,679	10,604	11,153	7,618	7,901	8,169	29,554	34,841	12,557	
EBITDA	**369**	**490**	**388**	**737**	**446**	**710**	**791**	**1,075**	**1,984**	**3,021**	**1,051**	**2**
Margins (%)	6.1	6.9	5.5	6.5	3.8	8.5	9.1	11.6	6.3	8.0	7.7	
Depreciation	101	116	139	158	174	167	202	208	515	751	210	
Interest	75	80	100	123	130	136	154	156	378	577	120	
Other Income	221	89	121	156	153	100	223	223	587	699	177	
PBT before EO expense	**413**	**383**	**270**	**612**	**295**	**507**	**657**	**934**	**1,678**	**2,392**	**898**	
Extra-Ord expense	0	14	0	0	0	0	21	0	14	21	0	
PBT	**413**	**370**	**270**	**612**	**295**	**507**	**635**	**934**	**1,664**	**2,371**	**898**	
Tax	130	64	67	160	91	110	105	219	421	526	226	
Rate (%)	31.5	17.4	24.8	26.1	31.0	21.8	16.6	23.5	25.3	22.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-2	22	48	103	10	34	42	60	170	147	35	
Reported PAT	**285**	**283**	**155**	**349**	**193**	**362**	**488**	**654**	**1,073**	**1,698**	**637**	
Adj PAT	**285**	**297**	**155**	**349**	**193**	**362**	**509**	**654**	**1,087**	**1,719**	**637**	**3**
YoY Change (%)	84.0	4.8	-53.2	-17.4	-32.3	22.0	228.2	87.3	-8.9	58.2	82.3	
Margins (%)	4.7	4.2	2.2	3.1	1.7	4.4	5.9	7.1	3.4	4.5	4.7	

Tata Steel :Expect Indian Steel Prices To Sustain At Current Levels; TV Narendran ,MD & CEO

- Tata Steel reported inline Q4 results; realizations dipped despite higher volumes.
- Indian steel prices rose ₹3,000 QoQ; European prices up $20–30.
- Coking coal costs to fall $10 QoQ; aiding margins.
- Europe expected to turn EBITDA-positive; UK breakeven soon.
- FY26 capex at ₹15,000 crore; net debt to decline.

Read More

Borosil Renewables: EBITDA Turnaround Has Come From Higher Prices & Volume Growth; Pradeep Kheruka, Executive Chairman

- Current prices have normalized near ₹54,000/ton.
- European losses may halve by July as tempered glass production ramps up.
- Indian expansion of 500 TPD is underway.
- Margins could trend toward 30%.

Read More

Chalet Hotels: Should See Occupancy And Rate Improvement Going Forward; Sanjay Sethi, MD & CEO

- Chalet Hotels reported a strong Q4 with 21% increase in average room rates.
- Despite some May cancellations, revenue is up 12% year-on-year.
- FY27 revenue is expected to reach ₹2,500 crore with over 45% margins.
- Expansion to 5,000+ rooms underway.

Read More

Zaggle Prepaid Ocean Services:Target 35-40% Organic Revenue Growth In FY26; Avinash Godkhindi, MD & CEO

- Zaggle exceeded its 63% revenue guidance, achieving 68% growth.
- This year, the company is targeting 35-40% organic growth.
- Acquisition talks are ongoing, with a few close to closure.
- Margin guidance for the year is 10-11%, aiming for 15% over four years.
- Zyer is contributing 40% to revenue, expected to reach 50%.
- The promoter stake remains at 44.2%, with plans for potential increases.

Read More

Ather Energy:Rise In Other Expenses Was Largely Offset By Gross Margin Expansion; Tarun Mehta

- Ather plans to expand with a new affordable scooter and increase distribution.
- The transition to LFP battery packs and a lower-cost scooter platform will improve cost structures.
- Ather targets 20% market share in key regions like South and Gujarat.
- For FY26, expects faster growth, driven by distribution expansion and strong product positioning.

Read More

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	**Companies where there is interest**
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under

applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore
In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .
In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.
Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:
The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.