FIRST LIGHT

20 January 2025

RESEARCH

WIPRO | TARGET: Rs 312 | +11% | HOLD

Big margin surprise induces rating upgrade

TECH MAHINDRA | TARGET: Rs 1,949 | +17% | BUY

Looks a bit ahead of plan on margins. Steady progress…

RBL BANK | TARGET: Rs 170 | +10% | HOLD

Sharp provisioning weighs on profitability

BOB ECONOMICS RESEARCH | RUPEE VALUATION

What's next for INR?

KOTAK MAHINDRA BANK | TARGET: Rs 2,074 | +18% | BUY

Steady performance, asset quality stable

SBI LIFE | TARGET: Rs 1,995 | +30% | BUY

A healthy quarter

HAVELLS INDIA | TARGET: Rs 1,800 | +14% | HOLD

Margin miss; recovery expected ahead

SUMMARY

WIPRO

- Both revenue and margins were better than our estimates. The EBIT margin beat of 130bps versus our estimate was a big +ve surprise
- Wipro is more hopeful for 2025 vis-à-vis 2024. For 4QFY25 it is -1%-+1% CC revenue growth. Raise EPS in FY26/FY27 by ~10% on margins
- We reduce target PE multiple discount to 15% from 25% vis-à-vis benchmark TCS and raise Wipro to a HOLD from SELL

Click here **for the full report.**

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TECH MAHINDRA

- 3QFY25 was better than expected in terms of revenue and especially on margins. The latter despite large currency headwinds and investments
- The margin improvement is ahead of plan and gives TML the leeway to increase compensation in 4QFY25. Steady progress on deal wins
- We raise rating from Hold to Buy. Modest EPS upgrade and recent stock correction lead us to this action. It is our top pick in Tier-1 space

Click here **for the full report.**

RBL BANK

- Provisions more than doubled in Q3 leading to PBT loss, this was on account of higher provisioning in the MFI portfolio
- Consequently, credit cost increased sharply to 5.3%, vs. 2.8% in Q2FY25, which weighed on profitability
- Business growth too was moderate in Q3FY25. Hence, we revise our estimates, and adjust our rating to HOLD and TP to Rs 170

Click here **for the full report.**

INDIA ECONOMICS: RUPEE VALUATION

The rupee has been quite volatile in the last two weeks with the tendency being more pronounced since the US Elections. While a wider trade deficit and FPI outflows contributed to this volatility, the primary factor driving the rupee down appeared to be the US-factor. The high probability of complete implementation of the economic package under President Donald Trump, which includes higher tariffs, lower corporate taxes, embargoes on migration among others, has made the dollar stronger.

Click here **for the full report.**

KOTAK MAHINDRA BANK

- Healthy credit growth-driven broad-based growth; deposits too grew strong, while CASA remain muted
- Higher other income and lower opex supported healthy PPoP, in line with our estimates
- Anticipating stable asset quality, we revise our growth estimates and, hence, our TP to Rs 2,074 (from Rs 2,040) but maintain BUY

Click here **for the full report.**

SBI LIFE

- Strong APE growth YoY while margins contract in 9M on shift towards ULIP mix and new surrender guidelines
- Expect margins to improve supported by protection business and overall APE growth
- SBILIFE is attractively valued with long-term story intact, management reiterates VNB and VNB margin guidance

Click here for the full report.

HAVELLS INDIA

- Q3 revenue grew ~11%, driven by festive demand. However, EBITDAM contracted 110bps due to higher staff costs and other expenses
- ECD & Lloyd drove topline growth; while margin pressure in ECD and Switchgear is expected to normalise by FY26
- We cut our FY25E-FY27E EPS by 5% post Q3 results. We roll forward our valuation to Dec'26, with new TP of Rs 1,800. Maintain HOLD

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HOLD
TP: Rs 312 | ⮝ 11%

WIPRO | IT Services | 18 January 2025

Big margin surprise induces rating upgrade

- **Both revenue and margins were better than our estimates. The EBIT margin beat of 130bps versus our estimate was a big +ve surprise**
- **Wipro is more hopeful for 2025 vis-à-vis 2024. For 4QFY25 it is -1%-+1% CC revenue growth. Raise EPS in FY26/FY27 by ~10% on margins**
- **We reduce target PE multiple discount to 15% from 25% vis-à-vis benchmark TCS and raise Wipro to a HOLD from SELL**

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Extent of margin improvement a big surprise: 130bps margin surprise to our estimate seems to have come from improved execution rigor both in core and in consulting business. Utilization, offshoring, and fixed-price productivity has played out. There was also a very conscious reduction in terms of G&A costs. We suspect higher utilization in Capco and Rizing and possibly usage of higher offshore resources in them also were key drivers. The move to 17.5% was supposed to be a medium-term one but has been brought forward. This is despite facing headwinds of salary increase, furloughs, cross currency, etc.

Mixed QoQ growth: Americas 1 grew 3.9% QoQ in CC terms. Growth was primarily led by Health care, Technology and communication sectors. Americas 2 grew 0.6%. Europe/APMEA declined by 2.7%/2.1%. Health care grew 6.7% while BFSI declined 1.9%.

Discretionary spend improvement: Capco saw order inflow growth of 9% YoY and revenue growth of 11%. Wipro said discretionary spend was improving cautiously. We thought its commentary was bit muted on discretionary spending compared to that of Infosys and TCS. It also stated that the overall pipeline has remained at the same level over the last year.

Changed capital allocation policy: Probably due to the new taxation policy on buybacks announced in the 2024 budget, Wipro has announced that it would pay out 70% of its net income as dividends in a block of 3 years. This is effective FY'26. Previously it was 50%.

Raise rating to HOLD from SELL: The margin surprise and the likely sustainability at a higher level going forward with a potential further improvement makes us raise our EPS estimate for FY26/FY27 by ~10% each. We are also valuing Dec '26 EPS at 20.9x, which is a 15% discount to the 24.6x Target PE multiple for our sector benchmark TCS. We have reduced the PE multiple discount from 25%. Srini Pallia, the new CEO, must deliver on growth for the discount to narrow further.

Key changes

Target	Rating
▲	▲

Ticker/Price	WPRO IN/Rs 282
Market cap	US$ 34.0bn
Free float	27%
3M ADV	US$ 43.6mn
52wk high/low	Rs 596/Rs 281
Promoter/FPI/DII	73%/8%/8%

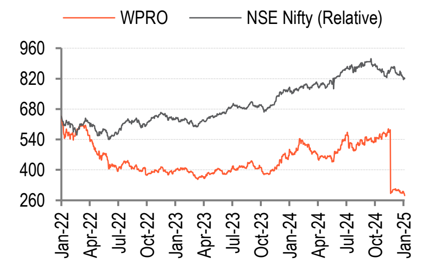
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	8,97,603	8,95,033	9,70,186
EBITDA (Rs mn)	1,76,379	1,87,446	2,16,553
Adj. net profit (Rs mn)	1,10,452	1,30,547	1,44,526
Adj. EPS (Rs)	10.4	12.5	13.8
Adj. ROAE (%)	14.4	16.8	17.6
Adj. P/E (x)	27.2	22.6	20.5
EV/EBITDA (x)	16.5	15.6	13.5
Adj. EPS growth (%)	0.2	20.1	10.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY
TP: Rs 1,949 | ▲ 17%

TECH MAHINDRA | IT Services | 18 January 2025

Looks a bit ahead of plan on margins. Steady progress…

- **3QFY25 was better than expected in terms of revenue and especially on margins. The latter despite large currency headwinds and investments**
- **The margin improvement is ahead of plan and gives TML the leeway to increase compensation in 4QFY25. Steady progress on deal wins**
- **We raise rating from Hold to Buy. Modest EPS upgrade and recent stock correction lead us to this action. It is our top pick in Tier-1 space**

Girish Pai
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Steady progress being made to achieve FY27 goals: The goals are of revenue growth being ahead of peer average and EBIT margin at 15% and with high deal of predictability:

Better than expected 3QFY25: On revenue growth and most specifically on EBIT margin. The latter improved 60bps QoQ despite a 260bps cross currency headwind and heightened investments. This means that the underlying margin improvement has been ahead of plan. We believe the margin improvement is due to higher level of automation and getting better pricing on the services sold.

Business quality is steadily improving: Tech Mahindra (TML) says that it onboarded 40 plus new clients from the must-have category so far in FY25, of which 12 were onboarded in 3Q itself. Over two dozen accounts from these now have a revenue run rate above a million dollars annually, and TML won six large deals from these accounts.

The steady improvement in net new deal wins is driven by two main factors: (1) Expanded the overall deal funnel by increasing the pipeline size. This has been achieved through strategic investments in ecosystem partnerships, strengthening relationships with advisory firms, and bringing in new talent that enables access a wider range of opportunities. (2) Improved Win Rates and Contracting Discipline

Raise rating to Buy: Modest EPS upgrade and recent stock correction lead us to this action. It is our top pick in Tier-1 space. We believe there are still many skeptics on TML. We believe consensus will start to believe in the narrative of TML management and that could lead to EPS upgrades. Especially after 3QFY25 margin performance in the face of significant headwinds. We value TML at 24.6x Dec '26 EPS. The target PE is the same as what we have ascribed to our industry benchmark – TCS. We believe that it deserves this as it will likely grow its earnings the fastest in the Tie-1 space with an EPS CAGR of 34% over FY25-FY27. We expect margins to expand beyond the 15% level too beyond FY27.

Key changes

Target	Rating
▲	▲

Ticker/Price	TECHM IN/Rs 1,660
Market cap	US$ 17.0bn
Free float	65%
3M ADV	US$ 38.3mn
52wk high/low	Rs 1,808/Rs 1,163
Promoter/FPI/DII	35%/24%/31%

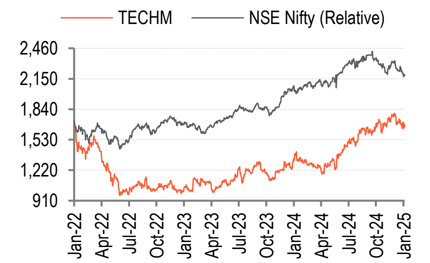
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	5,19,955	5,33,541	5,79,305
EBITDA (Rs mn)	49,646	70,149	92,867
Adj. net profit (Rs mn)	23,579	42,460	57,749
Adj. EPS (Rs)	26.5	47.0	64.4
Adj. ROAE (%)	8.6	16.2	22.0
Adj. P/E (x)	62.7	35.3	25.8
EV/EBITDA (x)	28.3	20.0	15.1
Adj. EPS growth (%)	(51.6)	77.4	37.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 170 | ⮝ 10%

RBL BANK | Banking | 20 January 2025

Sharp provisioning weighs on profitability

- **Provisions more than doubled in Q3 leading to PBT loss, this was on account of higher provisioning in the MFI portfolio**
- **Consequently, credit cost increased sharply to 5.3%, vs. 2.8% in Q2FY25, which weighed on profitability**
- **Business growth too was moderate in Q3FY25. Hence, we revise our estimates, and adjust our rating to HOLD and TP to Rs 170**

Vijiya Rao
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Moderate business growth: RBK posted moderate credit growth of 13% YoY (+3% QoQ) in Q3FY25. Housing (up 6% QoQ), business banking (up 12% QoQ) and vehicle portfolio (up 11% QoQ) aided the loan book growth during the quarter. Deposits too was modest which grew 15% YoY (down 1% QoQ). CASA ratio was lower at 32.8% vs. 33.6% in Q2FY25. While the wholesale and secured retail business continued to do well, MFI and credit cards portfolio saw de-growth/muted growth.

Higher provisioning a drag on profitability: PAT declined significantly (down 86% YoY) owing to sharp increase in the credit costs in the MFI book. Credit cost stood at 5.3% vs. 2.8% in Q2FY25. NIM contracted by 14bps QoQ to 4.9% impacted by interest reversals and slowdown in disbursals in MFI portfolio.

Asset quality a concern: RBK saw increased slippages in Q3FY25 particularly in MFI and card portfolio. GNPA stood at 2.92% (+4bps QoQ) while NNPA was lower at 0.53% (down 26bps QoQ) on account of provisions. The slippage ratio increased to 1.49% vs. 1.18% in Q2FY25 with ~85% coming from the card and MFI portfolio. Almost 3% and 8% of credit card and MFI portfolio slipped to NPA and management expects similar level of slippages in Q4FY25. Credit card slippages is expected to improve going forward. The bank had made accelerated provisions of Rs 4.1bn towards its JLG loans.

Assume coverage of RBK with HOLD: Considering a higher stress in the MFI and credit card book, we estimate higher credit costs of 2.2-3% going forward in FY25E-FY27E. While the bank has increased coverage to 82% from 73% in Q2FY25, credit cost is likely to remain elevated aided by these two segments. Loan growth to be moderate with wholesale and secured retail business continuing to do well. The stock may witness pressure in the near term on account of lower growth in loan book and deterioration in the asset quality. Hence, we have a HOLD rating (from BUY) and lower our TP to Rs 170 (earlier Rs 276) for the stock as it offers limited upside at the current valuation of 0.6x Dec'26 ABV.

Key changes

Target	Rating
▼	▼

Ticker/Price	RBK IN/Rs 155
Market cap	US$ 1.1bn
Free float	100%
3M ADV	US$ 22.2mn
52wk high/low	Rs 287/Rs 148
Promoter/FPI/DII	0%/21%/18%

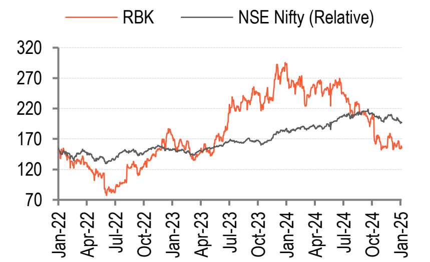
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	60,429	68,268	80,777
NII growth (%)	35.8	13.0	18.3
Adj. net profit (Rs mn)	11,679	9,190	16,773
EPS (Rs)	19.4	15.2	27.6
Consensus EPS (Rs)	19.4	26.0	33.5
P/E (x)	8.0	10.2	5.6
P/BV (x)	0.6	0.6	0.5
ROA (%)	0.9	0.6	1.1
ROE (%)	8.2	6.0	10.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RUPEE VALUATION

17 January 2025

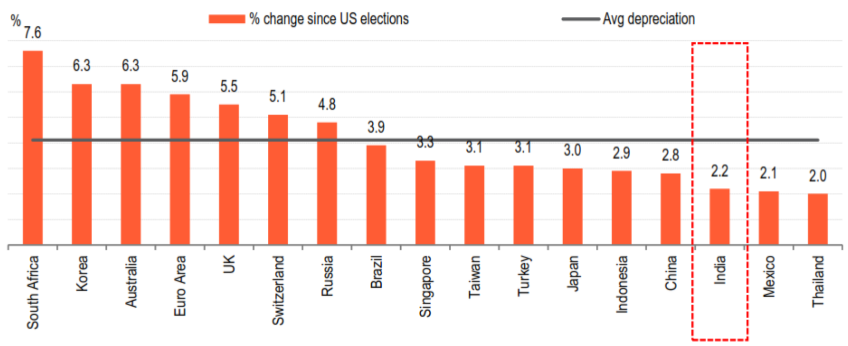
What's next for INR?

Aditi Gupta | Dipanwita Mazumdar
Economist

The rupee has been quite volatile in the last two weeks with the tendency being more pronounced since the US Elections. While a wider trade deficit and FPI outflows contributed to this volatility, the primary factor driving the rupee down appeared to be the US-factor. The high probability of complete implementation of the economic package under President Donald Trump, which includes higher tariffs, lower corporate taxes, embargoes on migration among others, has made the dollar stronger.

As reported in our fortnightly reports on currency, the rupee appeared to be a better performing currency with selective interventions by the RBI. Figure 1 shows the change in value of global currencies since 1 Nov 2024, which is before the US elections result till 10 Jan 2025. There has been significant pressure on all major currencies, which depreciated anywhere between 7.6% (South Africa Rand) to 2% (Thailand Bhat). In the same period, the dollar, as measured by the DXY rose by 5.1%. The average depreciation in the sample of currencies is 4%, in comparison, INR depreciated by only 2.2%.

Fig 1: Change in currencies between 1 Nov 2024 to 10 Jan 2025



Source: Bloomberg, Bank of Baroda Research | Data as of 10 Jan 2025

The rupee breached the 86.50 barrier on 13th Jan 2025 after ending just shy of the 86/$ mark on Friday the 10th. This marked the Rupee's sharpest single day fall since Feb'23. In fact, in the 47 sessions since the Nov'24, the INR has dipped to a record low in roughly 30 of these sessions. Incidentally, the pace of the Rupee's decline has quickened sharply in the last few sessions leading to speculation on where the rupee will go. While considerable spot sale of dollars as well as forward transactions by the RBI have been used, the rupee continues to go downwards. Forex reserves have already fallen by US$ 70bn from a peak of US$ 705 bn on 27 Sep 2024.

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BUY
TP: Rs 2,074 | ⮝ 18%

KOTAK MAHINDRA BANK

| Banking | 20 January 2025

Steady performance, asset quality stable

- **Healthy credit growth-driven broad-based growth; deposits too grew strong, while CASA remain muted**
- **Higher other income and lower opex supported healthy PPoP, in line with our estimates**
- **Anticipating stable asset quality, we revise our growth estimates and, hence, our TP to Rs 2,074 (from Rs 2,040) but maintain BUY**

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Steady QoQ performance: KMB registered heathy business performance despite tough competitive environment with stable asset quality. Advances grew 15% YoY (4% QoQ) to Rs 4,138.4bn. Deposits rose 16% YoY (3% QoQ). Asset quality remained stable with GNPA ratio at 1.5% in Q3FY25. NII came in at par with our estimates at Rs 72bn, up 10% YoY (3% QoQ). Management indicated that the Reserve Bank of India's (RBI) embargo on onboarding new customers through digital means and addition of new credit card customers had an impact but was in line with its initial estimates. However, the bank did not give a timeline for the removal of the embargo. We expect the bank to clock loan growth at CAGR of ~12% over FY24-FY27E.

Other income declined: Other income fell 2% QoQ (up 14% YoY) while opex was softer sequentially leading to in-line PPoP in Q3FY25. Consequently, C/I ratio was at 47.2% vs. 47.5% in Q2FY25. PPoP rose 14% YoY (2% QoQ).

Robust business growth: Deposits grew 16% YoY with low-cost CASA deposits staying flat QoQ and muted at 3% YoY. Consequently, the CASA ratio was at 42.33% vs. 43.62% in Q2FY25. Healthy credit growth was supported by corporate and business banking (up 4% QoQ and 5% QoQ), home loans (4% QoQ), CVs (up 4% QoQ) and secured book (up 4% QoQ). We broadly maintain credit/deposit growth with PAT growth estimates of 10%/12% for FY26/FY27.

Stable asset quality: GNPA ratio was stable at 1.5% in Q3FY25 with at 73.2% vs. 71.4% in Q2FY25. Credit cost increased by 12bps QoQ to 0.80%.

Maintain BUY: KMB's business seems to be on track although prevailing tough macro-economic conditions. Further, the asset quality improved. Management indicted that it has made significant progress on the IT front and is addressing concerns on the embargo which would be a key monitorable in the near term. We estimate RoA/RoE at 2.2-2.3%/13-13.2% over FY26E- FY27E and raise our SOTP-based TP to Rs 2,074 (vs Rs 2,040) set at 2.1x Dec'26 ABV using the Gordon Growth Model. This includes Rs 769/sh as the value of subsidiaries.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	KMB IN/Rs 1,759
Market cap	US$ 40.4bn
Free float	74%
3M ADV	US$ 78.2mn
52wk high/low	Rs 1,942/Rs 1,544
Promoter/FPI/DII	26%/33%/28%

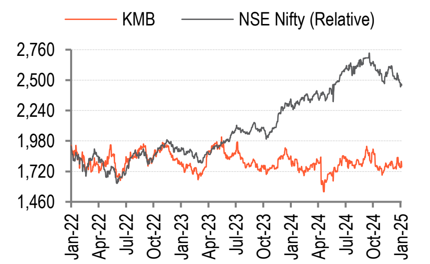
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	2,59,932	2,94,637	3,38,319
NII growth (%)	20.6	13.4	14.8
Adj. net profit (Rs mn)	1,37,896	1,52,464	1,67,176
EPS (Rs)	69.4	76.7	84.1
Consensus EPS (Rs)	69.3	73.1	80.6
P/E (x)	25.4	22.9	20.9
P/BV (x)	3.6	2.9	2.6
ROA (%)	2.5	2.4	2.3
ROE (%)	15.3	14.2	13.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 1,995 | ⮝ 30%

SBI LIFE | Insurance | 20 January 2025

A healthy quarter

- **Strong APE growth YoY while margins contract in 9M on shift towards ULIP mix and new surrender guidelines**
- **Expect margins to improve supported by protection business and overall APE growth**
- **SBILIFE is attractively valued with long-term story intact, management reiterates VNB and VNB margin guidance**

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Strong APE: SBILIFE's APE witnessed strong growth of 29% YoY in Q3FY25 and 11% YoY in 9MFY25 on a high base and gross premium increased at a robust 11% YoY and 9% in 9MFY25. This was led by Individual APE growth of 11% in 9MFY25 and 10% YoY in Q3FY25 vs. industry growth of 6% YoY in Q3FY25. NBP was flat in 9MFY25 to Rs 262.6bn with market share of 22.4% vs. 25.3% in 9MFY24. We expect APE to grow at a CAGR of ~10% in FY24-FY27E.

Contraction in margin: Despite robust APE growth, VNB margin contracted by 45bps YoY to 26.9% in Q3FY25, down ~120bps YoY in 9MFY25. This was primarily on account of new surrender regulations and increase in the share of ULIPs in the product mix. However, the company indicated that the margins remain stable except in non-par protection where repricing was undertaken in Q1 and Q2. While in Q3 the margin expanded owing to new product rider launch. It reiterated its margin guidance to be in the range of 27-29% going forward with medium-term margin guidance of 27% vs. earlier guidance of 26-27% in FY25E.

Increase in ULIP share: SBILIFE's ULIP share increased to 67% in the product mix on an APE basis in 9MFY25 vs. 61% in 9MFY24 on account of buoyant equity markets. This seems to have impacted the VNB margins in 9MFY25. However, management indicated that non-par margins improved during the quarter.

New product added: The company added that the non-par guaranteed savings product Smart Platina Supreme, which was received well, had a premium collection of Rs 2.5bn in a span of 20 days. This enhanced the company's overall margins and management indicated that the margins on this product is better than the existing products.

Assume coverage with BUY: We expect SBILIFE to register strong growth in APE supported by protection products and to be able to maintain margins going ahead. We believe the company could clock margin of 26-28% in FY25E-FY27E. We assume coverage on SBILIFE and maintain BUY, but lower TP to Rs 1,995, from Rs 2,040, assigning a multiple of 2.3x (previously 2.5x) to its Dec'26 P/EV.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SBILIFE IN/Rs 1,541
Market cap	US$ 17.8bn
Free float	45%
3M ADV	US$ 32.5mn
52wk high/low	Rs 1,936/Rs 1,308
Promoter/FPI/DII	55%/22%/18%

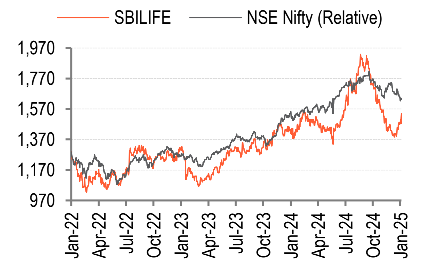
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NBP (Rs mn)	3,82,383	4,15,541	4,80,780
APE (Rs mn)	1,97,200	2,28,159	2,62,039
VNB (Rs mn)	55,500	61,375	71,537
Embedded Value (Rs mn)	5,82,500	7,07,769	8,42,420
VNB margin (%)	28.1	26.9	27.3
EVPS (Rs)	582.0	707.1	841.6
EPS (Rs)	18.9	23.6	26.9
Consensus EPS (Rs)	18.9	20.0	22.0
P/EV (x)	2.6	2.2	1.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD
TP: Rs 1,800 | ▲ 14%

HAVELLS INDIA

| Consumer Durables | 17 January 2025

Margin miss; recovery expected ahead

- **Q3 revenue grew ~11%, driven by festive demand. However, EBITDAM contracted 110bps due to higher staff costs and other expenses**
- **ECD & Lloyd drove topline growth; while margin pressure in ECD and Switchgear is expected to normalise by FY26**
- **We cut our FY25E-FY27E EPS by 5% post Q3 results. We roll forward our valuation to Dec'26, with new TP of Rs 1,800. Maintain HOLD**

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Decent quarter: HAVL reported 11% YoY revenue growth, reaching Rs 48.8bn, broadly in line with our 3Q estimate of Rs 49.5bn, driven by strong festive demand. Gross margin improved by 110bps to 34.4%, supported by softer commodity prices. Despite topline growth, rising other expenses (+27% YoY) and staff costs (+22% YoY) weighed on profitability, leading to a 110bps contraction in EBITDAM to 8.7%. A&P spends remained steady at Rs 1.8bn, representing 3.6% of sales – a 40bps increase compared to the previous year. APAT stood at Rs 2.8bn.

ECD and Llyod drive topline: The ECD segment posted strong 15% YoY growth, driven by robust demand across key product categories, particularly during the festive season. Fans, SDAs, and water heaters performed well, with SDAs leading growth due to the repositioning of the appliances business. However, the EBIT margin declined by 260bps YoY to 8.6%, impacted by an unfavourable product mix, especially in SDAs. Lloyd also recorded 15% YoY revenue growth despite it being a non-seasonal quarter, with moderate AC growth and stronger performance in other products. However, Lloyd reported a Rs 360mn loss due to lower scale.

Mixed performance across segments: Switchgear sales grew 11% YoY, driven by real estate and project businesses that boosted domestic demand, while industrial switchgears remained subdued. EBIT margin contracted by 590bps YoY due to a shift in the sales mix toward projects and cost under-absorption from plant relocation. W&C segment posted a modest 7% YoY revenue growth, with strong power cable sales aided by the Tumkur plant ramp-up. However, overall segment volumes were flat, as cables grew 10-11%, but in-house wire volumes declined slightly. Meanwhile, the lighting segment saw 3% YoY growth, supported by a strong 13-15% festive volume increase, though price deflation offset some gains.

Maintain HOLD: We remain optimistic about HAVL's medium-term performance, given its strong presence in the CD space, establishment of new manufacturing units, and improving industry dynamics. We incorporate weaker-than-expected margins, and cut EPS estimates by 5% each for FY25/FY26/FY27. We roll forward to Dec'26, value HAVL at P/E of 50x (from 53x) with TP of Rs 1,800 (from Rs 1,900).

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	HAVL IN/Rs 1,574
Market cap	US$ 11.4bn
Free float	41%
3M ADV	US$ 18.6mn
52wk high/low	Rs 2,106/Rs 1,280
Promoter/FPI/DII	60%/23%/10%

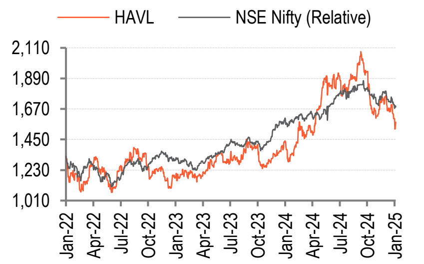
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	185,900	211,581	245,916
EBITDA (Rs mn)	18,426	21,017	26,601
Adj. net profit (Rs mn)	12,708	15,219	19,105
Adj. EPS (Rs)	20.3	24.3	30.5
Consensus EPS (Rs)	20.3	24.5	30.9
Adj. ROAE (%)	18.1	19.2	20.9
Adj. P/E (x)	77.6	64.8	51.6
EV/EBITDA (x)	53.5	46.9	37.1
Adj. EPS growth (%)	18.6	19.8	25.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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