FIRST LIGHT

25 April 2025

RESEARCH

LAURUS LABS | TARGET: Rs 641 | -1% | HOLD

Visibility of Operating Leverage

HINDUSTAN UNILEVER | TARGET: Rs 2,713 | +17% | BUY

Focused on top line

AXIS BANK | TARGET: Rs 1,354 | +12% | HOLD

Growth remains challenging; asset quality improved

NESTLE INDIA | TARGET: Rs 2,462 | +1% | HOLD

Experience in inflation management is valuable

SBI LIFE | TARGET: Rs 2,008 | +25% | BUY

Margins expand, poised to remain at similar levels

PERSISTENT SYSTEMS | TARGET: Rs 3,703 | -28% | SELL

Delivers strong growth but pricey at 47x

SUPREME INDUSTRIES | TARGET: Rs 4,500 | +28% | BUY

Realistic pipe volume growth guidance of 10-12% for FY26

DALMIA BHARAT | TARGET: Rs 1,742 | -12% | SELL

Quarterly show improves; challenges continue unabated

SUMMARY

LAURUS LABS

- Revenue/EBITDA/PAT exceeded our estimates by 8.4%/32.6%/110.3%; EBITDA margin surpassed our estimate by 440 bps
- CDMO sales contribution to increase to 39% by FY27E from 25% in FY25, due to peak revenue contribution from Animal Health in FY27
- Due to Operating leverage visibility, we raise EPS by 30% in FY26E and 28% in FY27E; ascribe a PE of 50x and upgrade to HOLD

Click here **for the full report.**

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HINDUSTAN UNILEVER

- 4QFY25 sales were in line, but EBITDA 2% ahead of Bloomberg consensus
- In FY26, commodity headwinds will require LSD pricing while investments also picked up. Margin guidance downgraded for 2-3 quarters
- Near-term sales are slow, while margins pressured. However, LT prospects remain on rural exposure and premiumisation focus

Click here for the full report.

AXIS BANK

- Muted advances and deposits growth, with low signs of improvement in near term
- PAT mainly supported by provision reversals; asset quality improved with lower slippages
- Maintain HOLD on the stock with a revised TP of Rs 1,354; set at 1.7x FY27E ABV

Click here for the full report.

NESTLE INDIA

- 4QFY25 sales were above our estimates, but EBITDA was in line. NEST continues to manage margins despite high cocoa/coffee inflation
- Similar to 3QFY25, pricing was ahead of inflation. Nestle is perhaps the only FMCG major to offset absolute inflation across 2HFY25
- Such high pricing creates risk around volume elasticity and shelf share loss, which may be harder / expensive to regain. Retain HOLD

Click here for the full report.

SBI LIFE

- Moderate APE growth of 2% YoY in Q4FY25, 9% YoY in FY25; while VNB margins expand ~200bps YoY in Q4
- Expect margins to improve, supported by the Protection business and overall APE growth
- SBILIFE is attractively valued with its long-term story intact; management reiterates APE and VNB margin guidance

Click here for the full report.

PERSISTENT SYSTEMS

- Delivers industry leading growth in FY25 and in 4QFY25 and maintains its aspiration of US$2bn revenue by FY27 (20% CAGR)
- Will grow EPS at among fastest rates between FY25-27 not only due to fast revenue growth but also due to margin expansion
- We maintain estimates for FY26/27 and maintain our target PE multiple which is at a premium to that of TCS by 25%. Retain SELL on valuation

Click here **for the full report.**

SUPREME INDUSTRIES

- Missed EBITDA estimate by 3% on weak pipe volume (+2.2% YoY vs +30% guidance), but beats PAT estimate by 3.5% on lower tax rate
- Target revenue to grow at 15% YoY with EBITDA margin of 14.5-15.5% for FY26 — appears to be a realistic guidance
- Maintain BUY on strong earnings growth prospects with healthy return ratio; TP cut by 13% to Rs 4,500 per share

Click here **for the full report.**

DALMIA BHARAT

- Revenue declined by 5% YoY (+30% QoQ) to ~Rs 41bn, as volume growth stunted and realisations fell despite slower volume gains
- Cost savings of 8% driven by lower energy cost, help mitigate earnings weakness and help margin gains
- Maintain our EBITDA for FY26E/FY27E valuing stock at 12x EV/EBITDA 1Y fwd. Maintain SELL; TP revised to Rs 1,742 (Rs 1,689) on rollover

Click here **for the full report.**

HOLD

TP: Rs 641 | ⩒ 1%

LAURUS LABS | Pharmaceuticals | 25 April 2025

Visibility of Operating Leverage

- **Revenue/EBITDA/PAT exceeded our estimates by 8.4%/32.6%/110.3%; EBITDA margin surpassed our estimate by 440 bps**
- **CDMO sales contribution to increase to 39% by FY27E from 25% in FY25, due to peak revenue contribution from Animal Health in FY27**

Due to Operating leverage visibility, we raise EPS by 30% in FY26E and 28% in FY27E; ascribe a PE of 50x and upgrade to HOLD

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Result above estimates: Earnings surpassed our estimates on all fronts. Sales grew by 19.5% YoY to Rs 17.2bn (our estimate: Rs 15.8bn), primarily driven by the CDMO segment that grew by 95% and Formulations that grew by 27% to Rs 5.4bn. This growth was offset by 7.5% decline in the Generics API segment. ARV sales for the quarter has lowered to Rs 8bn for 4QFY25 and Rs 25bn for FY25. Higher CDMO sales and operating leverage resulted in 74.2% growth in EBITDA to Rs 4.2bn (our estimate: Rs 3.2bn) and subsequently, margin increased by 768 bps to 24.4%. Healthy operations and 216% jump in Other income to Rs 586 mn (our estimate: 100 mn) resulted in 210% growth in PAT to Rs 2.3bn (our estimate: Rs1.1 bn).

CDMO sales growth on lower base – CDMO sales in small molecules grew by 95% to Rs 4.6bn, largely driven by growth in several mid-to-late stage NCE deliveries and steady increase in sales from new manufacturing assets. During FY25. LAURUS commercialised 15 small molecules. Overall, they have a healthy pipeline of 110+ active projects out of which, 90 are in human health while 20 in animal health and crop protection. LAURUS recently commercialised its crop protection facility, still in the nascent stage. However, animal health peak revenue is expected in FY27; hence, we expect CDMO segment to grow at 40% CAGR from FY25-27E to Rs 26.9 bn.

EBITDA margin to increase albeit lower than peers – LAURUS reported 22% EBITDA margin in H2FY25 from the guided margin of 25%. However, it did report 24.4% margin in 4QFY25, primarily due to 95% growth in CDMO and operating leverage by reducing SG&A sales contribution to 19.7% vs 21.9% in 4QFY24. We believe margins for LAURUS would remain lower than its peer CDMO companies, as it has ~30% sales driven from the low-margin API segment. We also expect ARV sales to remain ~25bn, though expect its contribution to lower to 36% by FY27 from the current 45%. Despite factoring all the operating leverage and CDMO growth story, we expect EBITDA margin to be lower at 25% by FY27E than its CDMO peers which operate above 35%.

Key changes

Target	Rating
▲	▲

Ticker/Price	LAURUS IN/Rs 646
Market cap	US$ 4.1bn
Free float	74%
3M ADV	US$ 22.0mn
52wk high/low	Rs 661/Rs 385
Promoter/FPI/DII	27%/23%/5%

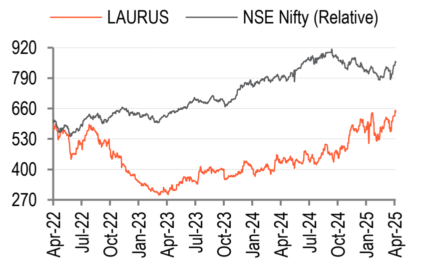
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	55,540	61,954	69,919
EBITDA (Rs mn)	10,553	13,940	17,480
Adj. net profit (Rs mn)	3,583	5,501	7,647
Adj. EPS (Rs)	6.7	10.3	14.3
Consensus EPS (Rs)	6.7	10.8	15.9
Adj. ROAE (%)	8.3	11.7	14.6
Adj. P/E (x)	96.7	63.0	45.3
EV/EBITDA (x)	35.2	26.9	21.6
Adj. EPS growth (%)	122.9	53.5	39.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 2,713 | ⮝ 17%

HINDUSTAN UNILEVER | Consumer Staples | 25 April 2025

Focused on top line

- **4QFY25 sales were in line, but EBITDA 2% ahead of Bloomberg consensus**
- **In FY26, commodity headwinds will require LSD pricing while investments also picked up. Margin guidance downgraded for 2-3 quarters**
- **Near-term sales are slow, while margins pressured. However, LT prospects remain on rural exposure and premiumisation focus**

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4QFY25 result summary: HUVR reported 4QFY25 underlying sales +3% YoY with EBITDA down 2% as margins contracted 15bps to 23.1%. Gross margins declined 95bps YoY. Sales were 1% above both consensus and our estimates, while EBITDA was 2% above consensus and 1% above our estimate.

4QFY25 demand trends largely unchanged vs 3QFY25: Rural continued to recover gradually while urban remained slow. A positive was the reversal of mix shift towards small packs, which were more prominent in 3Q. While the underlying volume growth improved sequentially from 1% in 3Q to 2% in 4Q, this was mainly driven by lower pricing in the Home Care segment.

Home Care challenges: Homecare volumes grew in MSD with sales up in LSD implying pricing to be down. While crude deflation helped lower prices, competitive intensity in fabric wash segment has picked up and HUVR is maintaining its price index to stay competitive and save market share.

Margin outlook downgrade is only near term: HUVR is focused on investing back into the business to drive volume-driven sales growth. The company is optimistic on macro tailwinds (tax restructuring, rural, low inflation) and is looking to increase market share amidst a growing demand backdrop. This investment has resulted in a downgrade to the EBITDA margin guidance from the earlier 23%-24% to 22%-23%. However, this downgrade is mainly applicable for the next 2-3 quarters as the company builds sales momentum.

Our view: Volume growth has improved, but mainly on "forced" discounting to save share in Home Care. Sales growth is slow while margins remain pressured on inflation and rising competition. Longer term, HUVR stands to benefit from the combination of its rural exposure, to tap into the rising consumption in value segment; and focus on premiumisation, to capture a greater share of the fast growth affluent, and affluent plus consumer segments. We value HUVR in line with its 5-year average 12M forward P/E. We use 53x 12M to Mar'27 EPS to derive the TP of Rs 2,713 (from Rs 2,859). Share price return on 17% – BUY.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	HUVR IN/Rs 2,325
Market cap	US$ 64.1bn
Free float	38%
3M ADV	US$ 52.5mn
52wk high/low	Rs 3,035/Rs 2,136
Promoter/FPI/DII	62%/14%/24%

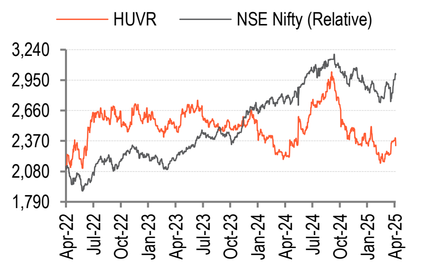
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	631,210	676,520	729,709
EBITDA (Rs mn)	148,510	157,656	172,194
Adj. net profit (Rs mn)	103,440	108,793	119,398
Adj. EPS (Rs)	44.0	46.3	50.8
Consensus EPS (Rs)	44.0	48.3	53.4
Adj. ROAE (%)	20.5	21.9	24.0
Adj. P/E (x)	52.8	50.2	45.8
EV/EBITDA (x)	36.7	34.4	31.4
Adj. EPS growth (%)	0.7	5.2	9.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 1,354 | ▲ 12%

AXIS BANK | Banking | 25 April 2025

Growth remains challenging; asset quality improved

- **Muted advances and deposits growth, with low signs of improvement in near term**
- **PAT mainly supported by provision reversals; asset quality improved with lower slippages**
- **Maintain HOLD on the stock with a revised TP of Rs 1,354; set at 1.7x FY27E ABV**

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Business growth below system levels: AXSB's advances growth remain muted at 8% YoY (up 3% QoQ) in Q4FY25. Loan growth was largely supported by retail loans (+7% YoY; +3% QoQ) that accounted for ~60% of total loans. Retail loans were aided by growth in personal loans (+2% QoQ), LAP (+8% QoQ) and SBB (+4% QoQ); while its largest retail sub-segment (home loans at 27% of total retail loans) was muted (+75bps YoY; -25bps QoQ). Also, auto loans and credit cards saw a marginal sequential decline of -7bps and -33 bps, respectively. Deposit growth at 9.8% YoY was marginally below the system level of ~10.1% YoY, resulting in a decline in its CD ratio to 88.7% (-1.6% QoQ). Deposit growth was mainly led by CASA deposits (+10% QoQ), which resulted in a rise in CASA ratio to 40.8% (+1.3% QoQ). With systemic constraints in deposit accretion, we have pared our credit/deposits growth for FY26E/FY27E and estimate credit and deposits to grow at~12% CAGR during FY25-28E.

Provision reversals largely aided PAT: AXSB's PAT at Rs 71.2bn was 2.9% higher than our estimates, mainly due to lower provisions at Rs13.6bn (-37% QoQ) and 25.5% lower than our estimates. The decline in provisions was mainly driven by reversal of excess provisions of Rs8bn related to loans transferred to NARCL, basis the RBI's revised norms on government guaranteed security receipts. NIMs improved marginally by 4bps QoQ to 3.97% in Q4FY25. C/I ratio was higher at 47.8% vs 46.2% in Q3FY25. With the bank's focus on RAROC-based lending and provision reversals, the bank's RoA and RoE improved to 1.8% and 16.2%, respectively vs the respective 1.7% and 14.9% in Q3FY25.

Asset quality improved: GNPA ratio improved to 1.28% (-18bps QoQ), with QoQ improvement across segments. Retail GNPA improved to 1.6% (-3bps QoQ) consisting of PL and credit card book. Slippages improved to 1.9% (-23bps QoQ), with management expecting PL portfolio to take a few quarters to report improvement

Maintain HOLD: We revise our growth estimates on a competitive environment and expect return performance to remain modest. We maintain HOLD rating on AXSB with revised SOTP-based TP of Rs 1,354 from Rs 1,164 set at 1.7x FY27E ABV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AXSB IN/Rs 1,207
Market cap	US$ 43.8bn
Free float	92%
3M ADV	US$ 94.7mn
52wk high/low	Rs 1,340/Rs 934
Promoter/FPI/DII	8%/44%/41%

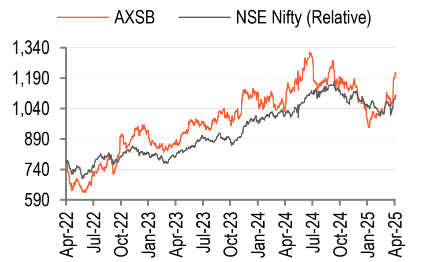
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	5,43,478	5,78,356	6,69,918
NII growth (%)	8.9	6.4	15.8
Adj. net profit (Rs mn)	2,63,735	2,76,763	3,22,016
EPS (Rs)	85.3	89.4	104.0
Consensus EPS (Rs)	83.7	91.0	104.4
P/E (x)	14.2	13.5	11.6
P/BV (x)	2.1	1.8	1.6
ROA (%)	1.7	1.6	1.7
ROE (%)	15.9	14.3	14.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD

TP: Rs 2,462 | ▲ 1%

NESTLE INDIA

| Consumer Staples | 25 April 2025

Experience in inflation management is valuable

- **4QFY25 sales were above our estimates, but EBITDA was in line. NEST continues to manage margins despite high cocoa/coffee inflation**
- **Similar to 3QFY25, pricing was ahead of inflation. Nestle is perhaps the only FMCG major to offset absolute inflation across 2HFY25**
- **Such high pricing creates risk around volume elasticity and shelf share loss, which may be harder / expensive to regain. Retain HOLD**

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4QFY25 result summary: Nestle India reported 4QFY25 result with sales +4% YoY, in line with consensus and 3% above our estimate. Compared to our estimates, lower sales likely reflect higher than expected elasticity. EBITDA was +4% YoY and in line with our estimates.

Sales and cost trends in 4QFY25: We estimate sales growth continued to be driven by beverages, confectionary and prepared dishes as nutrition remained a drag. On commodities, inflation sustained in coffee. Cocoa prices have moderated but remain elevated. Edible oils are stable while milk prices were up mainly on seasonality. From Nestle India's perspective, prices will likely stabilise in coffee while there could be a gradual pullback on cocoa to drive sales growth.

High pricing raising risk on volume elasticity: We estimate NEST's COGS basket inflation in 4QFY25 at 19%. With gross margin down only 65bps, we estimate pricing was well ahead of the 8% required run-rate to offset absolute inflation. Margins per unit were up on our estimates. The company continues to improve profitability despite inflation. Despite that, such high pricing, if sustained, can potentially slow the category; and so we expect some pullback in confectionary pricing unless the company continues to trade volumes for margins.

Our view: Lower-than-expected deterioration in gross margins has resulted in earnings upgrades. NEST has continued to pass through inflation to retain profits. Elasticity is likely leading to some negative operating leverage, which is a partial offset to our higher gross-margin-driven upgrades. Sales growth needs to be closely monitored for elasticity, given high pricing on our estimates. Even then, on the positive side, Nestle India is perhaps the only FMCG major that has comfortably passed through inflation to restore rupee margins in both 3QFY25 and 4QFY25. We value NEST in line with its 5-year historical 1 year forward average P/E on FY27 EPS. Our TP changes to Rs 2,462 from Rs 2,470. Share price return of 1% – HOLD.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	NEST IN/Rs 2,433
Market cap	US$ 27.5bn
Free float	37%
3M ADV	US$ 22.0mn
52wk high/low	Rs 2,778/Rs 2,110
Promoter/FPI/DII	63%/12%/25%

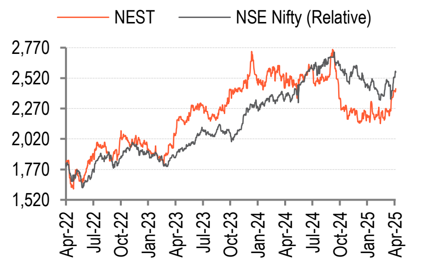
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	202,016	217,302	238,725
EBITDA (Rs mn)	47,737	52,123	58,337
Adj. net profit (Rs mn)	30,419	32,589	36,245
Adj. EPS (Rs)	31.5	33.8	37.6
Consensus EPS (Rs)	31.5	34.7	39.1
Adj. ROAE (%)	82.8	69.4	59.9
Adj. P/E (x)	77.1	72.0	64.7
EV/EBITDA (x)	49.3	45.0	40.3
Adj. EPS growth (%)	(4.7)	7.1	11.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 2,008 | ⩓ 25%

SBI LIFE | Insurance | 25 April 2025

Margins expand, poised to remain at similar levels

- **Moderate APE growth of 2% YoY in Q4FY25, 9% YoY in FY25; while VNB margins expand ~200bps YoY in Q4**
- **Expect margins to improve, supported by the Protection business and overall APE growth**
- **SBILIFE is attractively valued with its long-term story intact; management reiterates APE and VNB margin guidance**

Vijiya Rao | Niraj Jalan
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Moderate APE growth while VNB margins expanded: SBI Life continued to report moderate APE growth of 2% YoY in Q4FY25 (in line with our estimates) and 9% YoY in FY25. This was primarily on account of lower group APE growth (decline of 30% YoY in Q4FY25 and 21% YoY in FY25); while individual APE rose 8% YoY in Q4FY25 and 13% YoY in FY25. Margins surprised positively with ~200bps expansion to 30.5% YoY in Q4FY25 (down ~30bps YoY in FY25 to 27.8%). This was primarily due to change in product mix during the quarter. Higher protection rider attachment and sum assured in the savings business aided VNB margins.

Guidance: Management expects individual APE growth of 13-14% in FY26, above the industry growth expected to be at 12% in FY26. This would be driven by continued focus on the agency channel through adding more branches, on boarding more agents, improving agent productivity and activation levels. The company expects agency and bancassurance channels to grow 25% YoY and 10% or low double digit respectively in FY26. The company expects VNB margin to stay at the similar levels of 28%, going forward. Further, the company expects their mix to change to 65:35 ULIPs and par, non-par, and protection in FY26 vs. 70:30 in FY25 on individual rated premium (IRP) basis, reflecting a change of around 500bps.

Continued to add new products: The company added 4 new non-par products in the portfolio - Smart Platina Supreme, Smart Budget plus, Smart Platina Young Achiever and Smart Future Star; which were received well, had a new business premium collection of Rs 11bn during the quarter.

Maintain BUY on SBI Life: SBILIFE continued to invest in its agency and other distribution channels to offset the slower business growth from the parent bank, which is likely to support APE growth going forward. Additionally, emphasis on protection products is likely to aid margin expansion. We maintain BUY with TP to Rs 2,008, from Rs 2,040, assigning a multiple of 2.0x (previously 2.3x) to its FY27E P/EV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBILIFE IN/Rs 1,608
Market cap	US$ 18.9bn
Free float	45%
3M ADV	US$ 19.8mn
52wk high/low	Rs 1,936/Rs 1,308
Promoter/FPI/DII	55%/22%/18%

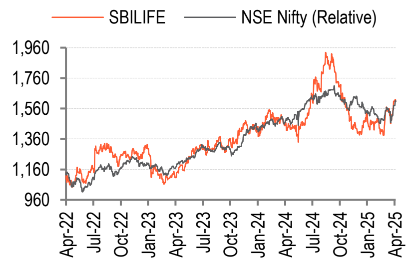
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NBP (Rs mn)	3,55,768	4,35,971	5,01,367
APE (Rs mn)	2,14,200	2,42,711	2,77,367
VNB (Rs mn)	59,548	67,959	79,050
Embedded Value (Rs	7,02,500	8,40,257	10,05,048
VNB margin (%)	27.8	28.0	28.5
EVPS (Rs)	701.2	838.8	1,003.3
EPS (Rs)	24.1	28.3	33.0
Consensus EPS (Rs)	24.1	27.1	31.6
P/EV (x)	2.3	1.9	1.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 3,703 | ∨ 28%

PERSISTENT SYSTEMS | IT Services | 25 April 2025

Delivers strong growth but pricey at 47x

- **Delivers industry leading growth in FY25 and in 4QFY25 and maintains its aspiration of US$2bn revenue by FY27 (20% CAGR)**
- **Will grow EPS at among fastest rates between FY25-27 not only due to fast revenue growth but also due to margin expansion**
- **We maintain estimates for FY26/27 and maintain our target PE multiple which is at a premium to that of TCS by 25%. Retain SELL on valuation**

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4QFY25 CC revenue QoQ growth of 4.5% was a tad lower than our estimate of 5%. But we believe it was ahead of consensus estimates. It been among the strongest numbers reported in the quarter thus far in the Indian IT services industry.

EBIT margin at 15.6% was ahead of our estimate of 15.3%. This has been achieved by significant tightening of utilization which has gone to a historic high of 88% (including trainees) and forex gains. The utilization number for the quarter is up 800 basis points on a YY basis and that has largely driven the 160bps gross margin improvement in the quarter YoY. EBIT margin was up 110bps YoY in 4QFY25.

The 19% constant currency growth for FY25 has been achieved by only an increase of ~4% in the technical workforce and tells you the extent of tightening in utilization that has been done. There is also productivity improvement due to AI/Gen AI.

Persistent systems reiterated its aspiration to achieve USD2 billion in revenue by FY27. This implies a ~20% CAGR over FY25-FY27. This possibly includes some inorganic elements. However, it does represent an ambitious goal in the current stressed macro environment.

Macroeconomic uncertainty has increased over the past 4–6 weeks, leading to a more cautious behavior among clients. No cancellations have been observed; however, there is a visible delay in decision-making and deal closures. After driving growth in FY25 the healthcare and life sciences division is going to take a back seat The BFSI and high-tech verticals are going to drive growth in FY26.

For FY26 the company hinted at revenue growth which would be in the top quartile of the industry and EBIT margin expansion of ~100bps over the FY25 number (14.7%).

Post 4QFY25 we have broadly maintained our future estimates. However, revenue for FY27 will fall short of US$2bn that Persistent is aspiring for. We find the stock pricey at 47x FY26E and find no margin of safety. Hence reiterate SELL

Key changes

Target	Rating
▲	◄►

Ticker/Price	PSYS IN/Rs 5,157
Market cap	US$ 9.3bn
Free float	68%
3M ADV	US$ 40.1mn
52wk high/low	Rs 6,789/Rs 3,232
Promoter/FPI/DII	31%/25%/26%

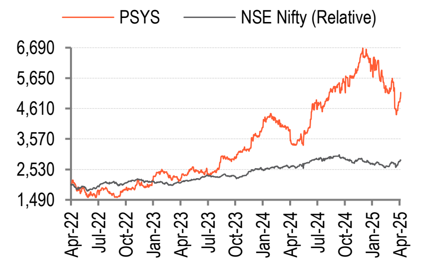
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	119,387	142,422	171,691
EBITDA (Rs mn)	20,581	25,232	31,571
Adj. net profit (Rs mn)	14,001	17,004	21,678
Adj. EPS (Rs)	90.2	109.1	139.1
Consensus EPS (Rs)	89.9	113.5	139.6
Adj. ROAE (%)	24.8	24.9	27.1
Adj. P/E (x)	57.2	47.3	37.1
EV/EBITDA (x)	38.3	31.1	24.8
Adj. EPS growth (%)	26.7	21.0	27.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 4,500 | ⮝ 28%

SUPREME INDUSTRIES | Building Materials | 24 April 2025

Realistic pipe volume growth guidance of 10-12% for FY26

- **Missed EBITDA estimate by 3% on weak pipe volume (+2.2% YoY vs +30% guidance), but beats PAT estimate by 3.5% on lower tax rate**
- **Target revenue to grow at 15% YoY with EBITDA margin of 14.5-15.5% for FY26 — appears to be a realistic guidance**
- **Maintain BUY on strong earnings growth prospects with healthy return ratio; TP cut by 13% to Rs 4,500 per share**

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Broadly in-line Q4: SI slightly missed our EBITDA estimate by 3% on account of lower-than-expected pipe sales volume (+2.2% YoY vs +10.0% estimated); still managed to beat our APAT estimates by 3.5% due to a lower effective tax rate (19.9% vs 25.2% estimated). Overall, SI's revenue marginally grew by 0.6% YoY, but EBITDA/APAT de-grew by 15.2%/17.2% YoY in Q4FY25.

Key highlights: SI gained market share in the pipe segment as its pipe volume grew by 6.0% YoY (vs 6% de-growth for the industry) in FY25. CPVC pipe volume grew by 21% YoY in FY25. Non-pipe volume grew by 3.4% in FY25, driven by the packaging segment (+9.9%). Consolidated EBITDA margin was down 156bps YoY to 13.7% in FY25, mainly due to impact of MTM inventory loss (Rs 1.5bn). Excluding MTM inventory loss, adjusted EBITDA margin was down only 13bps YoY to 15.1% in FY25. Net-cash position has risen from Rs 2.9bn in Dec'24 to Rs 9.4bn in Mar'25, to efficient working capital management.

Concall KTAs: Management guided its revenue to grow at 15% YoY with EBITDA margin of 14.5-15.5% for FY26. The company expects pipe volume to grow at 10-12% rate (including the impact of Wavin acquisition) for FY26. Capex has gone up by 29% YoY to Rs 8.9bn in FY25, to increase its pipe capacity from 740 ktpa in Mar'24 to 870 ktpa in Mar'25. The company plans to spend Rs 11bn in FY26 to further increase its capacity to 1,000 ktpa by Mar'26 (which includes Wavin pipe capacity of 73 ktpa). SI has put its two greenfield pipe plant capex on hold, as it is in the process of acquiring a large piece of land in Jammu and is awaiting for clarity on government incentives program in Bihar.

Maintain BUY; cut TP by 13% to Rs 4,500: We maintain BUY rating as we see the EPS growing at a healthy 22.0% CAGR with an average ROIC profile of 35.7% over FY26E-FY27E. We have cut our TP to Rs 4,500 (earlier Rs 5,150) due to earnings downgrade (-9.3%/-8.5% for FY26E/FY27E), based on a weak Q4FY25 as well as cut in our target P/E multiple (from 45x to 40x). At CMP, the stock trades at 37.5x on 1YF P/E vs 5Y average of 37.1x. We have rolled forward our valuation multiple from Dec'26 to Mar'27.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SI IN/Rs 3,512
Market cap	US$ 5.2bn
Free float	51%
3M ADV	US$ 10.6mn
52wk high/low	Rs 6,460/Rs 3,095
Promoter/FPI/DII	49%/23%/13%

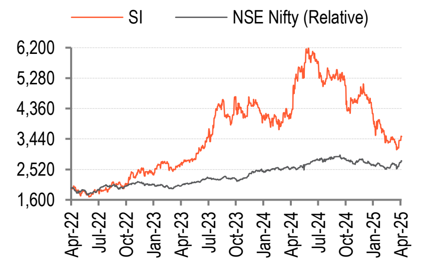
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	104,463	119,198	135,553
EBITDA (Rs mn)	14,317	17,715	21,368
Adj. net profit (Rs mn)	9,609	11,667	14,294
Adj. EPS (Rs)	75.6	91.8	112.5
Consensus EPS (Rs)	75.6	99.4	116.3
Adj. ROAE (%)	17.8	19.4	21.0
Adj. P/E (x)	46.4	38.2	31.2
EV/EBITDA (x)	31.8	25.8	21.3
Adj. EPS growth (%)	(10.2)	21.4	22.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

SELL
TP: Rs 1,742 | ∀ 12%

DALMIA BHARAT | Cement | 25 April 2025

Quarterly show improves; challenges continue unabated

- **Revenue declined by 5% YoY (+30% QoQ) to ~Rs 41bn, as volume growth stunted and realisations fell despite slower volume gains**
- **Cost savings of 8% driven by lower energy cost, help mitigate earnings weakness and help margin gains**
- **Maintain our EBITDA for FY26E/FY27E valuing stock at 12x EV/EBITDA 1Y fwd. Maintain SELL; TP revised to Rs 1,742 (Rs 1,689) on rollover**

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Volume and realisations stay soft: DALBHARA's revenue fell by ~5% YoY (+28.6% QoQ) to ~Rs 40.9bn in Q4FY25, as volume and realisations remained muted. Volume fell by 2.3% YoY (+28.4% QoQ) to 8.6mn tonnes. Realisations were down by 2.8% YoY (+0.19% QoQ) to Rs 4,757/t. Cement prices fell in DALBHARA's operating regions in East and South India, keeping the capacity utilisation at ~65%.

Lower energy expense key cost-savings driver: Overall cost has softened by 7.6% YoY to Rs 3,835/t (down 3.8% QoQ). Cost savings were driven by an ~11% YoY fall in power expenses (adjusted for raw materials) to Rs 1,789/t. Fuel consumption cost declined further to US$ 95/t from US$ 114/t YoY and improvement in RE to 39% from 34% YoY. Fuel cost in Q4FY25 was Rs 1.30/kcal. Total operational RE power capacity now stands at 267MW. Logistics cost was listless, staying flat; while other expenditure fell by 14% YoY due to the maintenance and marketing costs in Q4FY24.

EBITDA increase healthy: EBITDA rose up by 21.2% YoY (55.2% QoQ) to ~Rs 7.9bn driven by cost softening, consequently EBITDA margin was up to 19.4% from 15.2% in Q4FY24. EBITDA/t also inflated by 24.9%/21.7% YoY/QoQ to Rs 895/t. APAT was up 38% YoY to Rs 4.35bn driven by higher other income and lower tax.

Capex to boost capacities: The company indicated capex of Rs35bn towards capacity expansion in Karnataka by 3mnt and 3 mnt new grinding unit in Pune. North-east expansion will be completed and additional funds will be invested in renewable energy projects, with a target of reaching 595 MW by the end of FY26.

No estimates change; Maintain SELL: We maintain our FY26/FY27 EBITDA estimates, factoring continued expectations of slow pricing growth and no major substitutes for JAL assets. We continue to assign the stock an EV/EBITDA of 12x 1YF given the growth trajectory and healthy balance sheet (as of now). However, we revise our TP to Rs 1,742 (from Rs 1,689) on rollover, reflecting a replacement cost (implied) of Rs 8.5bn. We maintain our SELL rating on DALBHARA.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	DALBHARA IN/Rs 1,974
Market cap	US$ 4.3bn
Free float	44%
3M ADV	US$ 6.7mn
52wk high/low	Rs 1,983/Rs 1,601
Promoter/FPI/DII	56%/12%/8%

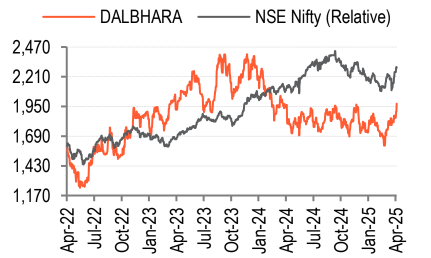
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	1,39,800	1,57,942	1,77,680
EBITDA (Rs mn)	24,070	27,606	32,332
Adj. net profit (Rs mn)	8,120	7,707	10,404
Adj. EPS (Rs)	42.7	41.7	56.2
Consensus EPS (Rs)	40.9	58.4	76.3
Adj. ROAE (%)	4.6	4.7	6.5
Adj. P/E (x)	46.2	47.4	35.1
EV/EBITDA (x)	16.9	12.4	9.9
Adj. EPS growth (%)	(4.9)	(2.5)	35.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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