FIRST LIGHT

28 April 2025

RESEARCH

TECH MAHINDRA | TARGET: Rs 1,664 | +15% | BUY

Reiterates FY27 goals despite weak macro; Top Pick

MPHASIS | TARGET: Rs 2,164 | -15% | SELL

Good 4Q: Second order impact sectors could drag in 2H

MARUTI SUZUKI | TARGET: Rs 13,899 | +19% | BUY

Geared to meet challenges; maintain BUY

IDFC FIRST BANK | TARGET: Rs 79 | +20% | BUY

Poised for higher profitability

ZENSAR TECHNOLOGIES | TARGET: Rs 584 | -17% | SELL

Getting to leaders' quadrant of growth by FY27 looks a tall ask

RBL BANK | TARGET: Rs 201 | +7% | HOLD

Secured Retail in focus; return profile to remain moderate

ORIENT ELECTRIC | TARGET: Rs 280 | +16% | BUY

Decent performance; execution remains key monitorable

DCB BANK | TARGET: Rs 160 | +26% | BUY

Robust growth, efficiency gain aid steady performance

SUMMARY

TECH MAHINDRA

- Tech Mahindra (TML) Reiterates higher than peer average revenue growth, 15% EBIT margin and >30% ROCE goals for FY27
- After laying foundations in FY25, FY26 will be the year when TML accelerates towards FY27 goal. A US recession may shift goals
- Maintain FY26/FY27 revenue/EBIT margin estimates. Raise EPS on lower interest expense. Retain Target PE. Raise rating to Buy

Click here **for the full report.**

BOBCAPS Research
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MPHASIS

- Good quarter from growth and TCV perspective. Expected to see growth QoQ in 1QFY26. Consistency in growth has been a challenge
- A larger exposure to second order impacted verticals could mean that weakness if any will be visible only by 2HFY26
- Cut estimates modestly and retain our Target PE multiple (20.2x, 5% discount to that of TCS). Stock run up drives downgrade to SELL

Click here **for the full report.**

MARUTI SUZUKI

- Q4FY25 revenue growth was 6% each YoY/QoQ, backed by the mix of steady volume growth and supported by realisation gains YoY
- Mild commodity costs inflation hit gross margin by 40bps YoY. Adverse overall cost inflation also impacts EBITDA margin (at 10.5%)
- Tweak EBITDA factoring in mild volume impact. We continue to value MSIL at 25x P/E with revised TP of Rs 13,899 (Rs 13,806). Maintain BUY

Click here **for the full report.**

IDFC FIRST BANK

- PAT beat estimates, aided by higher non-interest income and lower operating expenses
- Asset quality on improving trajectory; return ratio expected to improve in near term
- Capital raise to aid business growth and operating leverage; maintain BUY with TP of Rs 79 set at 1.3x FY27E ABV

Click here **for the full report.**

ZENSAR TECHNOLOGIES

- 4QFY25 disappointed on revenue as demand was postponed due to macro uncertainty- not canceled according to ZENT
- ZENT is trying to lower exposure to discretionary spending to reduce volatility in growth. But that will have execution and margin challenges
- We have tweaked FY26/FY27 EPS. We retain Target PE multiple – 17x, 20% discount to that of TCS and reiterate our SELL

Click here **for the full report.**

RBL BANK

- Muted advances growth with rising focus on secured retail lending, while cautious approach in unsecured book
- Asset quality remains elevated in unsecured book; JLG GNPAs entirely provided for
- Return ratios to stay moderate; maintain HOLD with TP of Rs 201 (from Rs 170), valuation of 0.7x FY27E ABV

Click here for the full report.

ORIENT ELECTRIC

- Revenue grew 9% YoY, led by 13% YoY growth in L&S and 8% YoY in ECD
- EBITDA margin expanded 390bps YoY, led by improved product mix, cost savings and the absence of EPR and consultancy-led costs
- We ascribe 35x FY27E to arrive at Mar-26TP of Rs 280, assume coverage with BUY

Click here for the full report.

DCB BANK

- Business growth remains strong with a rising focus towards high-yielding advances
- Higher cost efficiency, along with strong credit growth aided profitability; asset quality improved with lower slippages
- Maintain BUY. Improved performance led to rise in TP to Rs 160 (from Rs 140), valuing the bank at 0.8x FY27E ABV

Click here for the full report.

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,664 | ▲ 15%

TECH MAHINDRA | IT Services | 26 April 2025

Reiterates FY27 goals despite weak macro; Top Pick

- **Tech Mahindra (TML) Reiterates higher than peer average revenue growth, 15% EBIT margin and >30% ROCE goals for FY27**
- **After laying foundations in FY25, FY26 will be the year when TML accelerates towards FY27 goal. A US recession may shift goals**
- **Maintain FY26/FY27 revenue/EBIT margin estimates. Raise EPS on lower interest expense. Retain Target PE. Raise rating to Buy**

Girish Pai
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4QFY25 revenue declined 1.5% QoQ, in CC terms, against our flat growth estimate driven by renewal deal delay with a large client in Hi-Tech sector (BPS segment) and weak macro-related delay in start of projects. The EBIT margin was a tad better than expected despite a wage hike given.

Net new deal TCV for 4QFY25 was US$798m, up 7.1% QoQ/60% YoY (up 42% for FY25 at US$2.7bn). This has been trending up on QoQ basis for many quarters now. Not only is this at the higher end of the guided band of US$600-800mn, but we also believe these are better quality orders (better margins, lower risks) compared to those that were won a few years back. The company also won two US$100mn plus large deals during the year – both of which were in the Telco space.

Tech M also gave an update on its 3-year (FY25-FY27) strategic road map. Indicated that FY25 was a year of building a strong foundation. FY26 will be the year of acceleration to its objectives given for FY27. Unless the current weak macro deteriorates very significantly (a US recession being a key element), we think TML is on its way to achieving its FY27 targets and go beyond in future years. Between revenue growth and margins, we believe the focus will still be on margins, bear term.

One of the key elements of the strategic plan has been to lower exposure to the communication vertical (which currently is at 33% of 4QFY25 revenue). This has been through thrust on other verticals like BFSI (where TML is under indexed but a core area of strength for Mohit Joshi, the CEO).

Project Fortius has helped deliver significant margin expansion from extremely low levels of FY24 (up 360bps on a reported basis). This Is despite taking a wage hike in 4QFY25 and FY25 CC revenue that was flat. One of the key levers that TML is working on is to get the right price for the skills as its workforce is more experienced than that of its larger peers, which have focused on the employee pyramid. For TML the employee structure is more diamond shaped than pyramid shaped.

Key changes

Target	Rating
▲	▲

Ticker/Price	TECHM IN/Rs 1,445
Market cap	US$ 15.0bn
Free float	65%
3M ADV	US$ 34.5mn
52wk high/low	Rs 1,808/Rs 1,173
Promoter/FPI/DII	35%/24%/31%

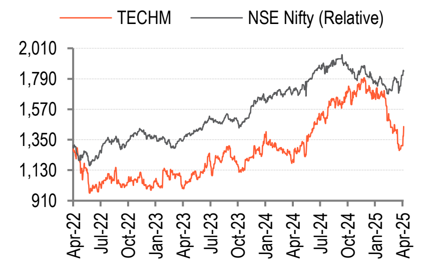
Source: NSE | Price as of 24 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	529,883	567,584	624,119
EBITDA (Rs mn)	69,911	91,538	114,564
Adj. net profit (Rs mn)	42,818	58,018	75,061
Adj. EPS (Rs)	47.8	67.6	86.8
Adj. ROAE (%)	15.8	20.8	25.9
Adj. P/E (x)	30.2	21.4	16.7
EV/EBITDA (x)	17.4	13.2	10.5
Adj. EPS growth (%)	80.6	41.3	28.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL

TP: Rs 2,164 | ⮟ 15%

MPHASIS | IT Services | 27 April 2025

Good 4Q: Second order impact sectors could drag in 2H

- **Good quarter from growth and TCV perspective. Expected to see growth QoQ in 1QFY26. Consistency in growth has been a challenge**
- **A larger exposure to second order impacted verticals could mean that weakness if any will be visible only by 2HFY26**
- **Cut estimates modestly and retain our Target PE multiple (20.2x, 5% discount to that of TCS). Stock run up drives downgrade to SELL**

Girish Pai
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4QFY25 revenue of US$430mn grew 2.9% in QoQ CC terms was ahead of our 1% estimate. Highest QoQ growth in 12 quarters; Growth led by BFS and TMT verticals; Insurance vertical turned into a growth engine. The highest TCV wins in the past 7 quarters: at US$390Mn driven by the setting up of a large deal organization in the last 6 months. EBIT margin at 15.3%, came in a tad below our estimate of 15.5%. Execution rigor delivered continued stable margin. FY25 revenue grew 4.6% in CC.

MPHL stated that it is focused on the micro in an uncertain macro environment. ; Focused on investing in growth initiatives; Strengthening and expanding its AI-led propositions; conversion of pipeline to TCV and TCV to revenue; Expects FY26 performance to be above industry growth. Target operating (EBIT) margin within the band of 14.75% - 15.75

The company is optimistic about outperforming FY25 in FY26, unless macroeconomic or geopolitical conditions worsen from current levels. With large exposure to second order impacted sectors, the visibility for 2H FY26 is unclear. The focus is on managing each deal to minimize macro impacts and maintain growth

The company is aiming for more consistent performance moving forward, after facing challenges over the past few years. With a focus on deal execution and client-specific actions, the goal is to achieve consistent growth in FY26 and beyond.

Growth in the last many quarters has been more onsite driven (revenue share has gone up to ~59% in 4QFY25 versus ~52% 1QFY24). However, ~59% is not too high relative to history. A delivery mix shift back to offshore will probably have an adverse impact on revenue growth but a positive impact on margins. The recent onsite shift has not hurt margins as the company offered Tech driven solutions to clients.

Our concern on Mphasis stems from high exposure to BFSI (~60%) and high client concentration (top 10 at ~55%). Besides we believe its top client relationships are mature where it likely locked into competition with larger service providers with probably higher capabilities (both domain and horizontal).

Key changes

Target	Rating
▼	▼

Ticker/Price	MPHL IN/Rs 2,539
Market cap	US$ 5.6bn
Free float	60%
3M ADV	US$ 17.9mn
52wk high/low	Rs 3,238/Rs 2,045
Promoter/FPI/DII	40%/21%/35%

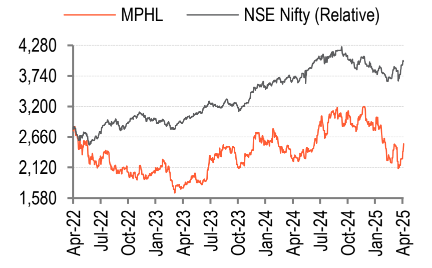
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	142,300	153,303	169,410
EBITDA (Rs mn)	26,471	29,983	33,064
Adj. net profit (Rs mn)	17,024	18,428	20,401
Adj. EPS (Rs)	89.3	96.6	107.0
Adj. ROAE (%)	18.5	18.4	18.9
Adj. P/E (x)	28.4	26.3	23.7
EV/EBITDA (x)	18.2	16.1	14.4
Adj. EPS growth (%)	8.1	8.2	10.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 13,899 | ⮝ 19%

MARUTI SUZUKI | Automobiles | 26 April 2025

Geared to meet challenges; maintain BUY

- **Q4FY25 revenue growth was 6% each YoY/QoQ, backed by the mix of steady volume growth and supported by realisation gains YoY**
- **Mild commodity costs inflation hit gross margin by 40bps YoY. Adverse overall cost inflation also impacts EBITDA margin (at 10.5%)**
- **Tweak EBITDA factoring in mild volume impact. We continue to value MSIL at 25x P/E with revised TP of Rs 13,899 (Rs 13,806). Maintain BUY**

Milind Raginwar
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Topline steady; volume and realisations key drivers: MSIL's Q4FY25 revenue grew by a steady 6% each YoY/QoQ at ~Rs 407bn, backed by a mix of realisation and volume gains. Volume gains of 4% were backed by 3% YoY realisation gains, despite the adverse product mix (down 1% QoQ). Contribution from the high-end UV segment was ~37%, up from 36% YoY (down from 39.7% QoQ); exports contribution was higher at ~14.1% in Q4FY25, up from 13.5% YoY (flat Q3FY25). Average blended realisation/vehicle was Rs 672k.

Operating margin withers on adverse commodity and overall cost inflation: Raw material cost (inventory adjusted) rose by ~7%/6% YoY/QoQ and RM as percentage of sales inflated to ~71.9% versus 71.4% in Q4FY24, hit by the impact of higher RM cost (71.6% in 3QFY25). Hence, gross margins fell by ~40bps YoY to ~28.1% vs 28.6%/28.4% YoY/QoQ. Further, QoQ adverse impact of new Kharkoda plant overheads (30bps), adverse product mix (40bps), higher promo expenses (30bps, driven by Bharat Mobility Show, e-Vitara unveil etc.) and other expenses (90bps due to lumpy/seasonal costs like CSR, repairs, digitalisation, R&D) collectively impacted EBITDA margins to 10.5% down ~120bps/110bps YoY/QoQ.

Capacity expansion plans: The plant in Kharkoda was commissioned in Q4FY25. MSIL has signed an MoU with the Gujarat government to set up a 1mn unit plant by FY29 and has earmarked a capex of Rs 350bn. MSIL launched 2 new models in FY25 and plans to launch EV Grand Vitara and an SUV in FY26.

Tweak estimates, maintain BUY: We tweak our FY26E/FY27E EBITDA by -6%/-2% due to a slow demand revival, continued adverse mix in FY26 and tempered by additional cost impact. Our 3Y Revenue/ EBITDA/PAT CAGR is healthy at 10%/13%/11%; gross margin assumptions hover at ~30% with EBITDA margin of ~12% over FY25E-FY27E. We estimate the growth outlook backed by MSIL's focus on premiumisation, healthy capex and thrust on electric vehicles (average of 1 EV launch till FY30). Recent revival in rural affordability only augurs well for MSIL. We maintain BUY as we continue to value MSIL at 25x P/E 1YF earnings (on par with its 10Y average), with a revised TP of Rs 13,899 (Rs 13,806).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MSIL IN/Rs 11,698
Market cap	US$ 41.4bn
Free float	44%
3M ADV	US$ 59.6mn
52wk high/low	Rs 13,680/Rs 10,725
Promoter/FPI/DII	56%/23%/16%

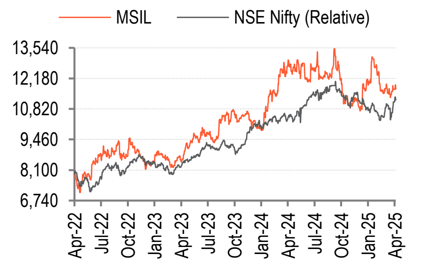
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	15,19,001	16,80,387	18,61,196
EBITDA (Rs mn)	1,77,852	2,06,046	2,36,206
Adj. net profit (Rs mn)	1,39,552	1,59,150	1,78,360
Adj. EPS (Rs)	443.9	506.2	567.3
Consensus EPS (Rs)	443.9	512.0	573.0
Adj. ROAE (%)	14.9	15.1	15.1
Adj. P/E (x)	26.4	23.1	20.6
EV/EBITDA (x)	20.0	17.1	15.0
Adj. EPS growth (%)	5.6	14.0	12.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
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BUY
TP: Rs 79 | 20%

IDFC FIRST BANK | Banking | 28 April 2025

Poised for higher profitability

- **PAT beat estimates, aided by higher non-interest income and lower operating expenses**
- **Asset quality on improving trajectory; return ratio expected to improve in near term**
- **Capital raise to aid business growth and operating leverage; maintain BUY with TP of Rs 79 set at 1.3x FY27E ABV**

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PAT beat estimates, aided by higher non-interest income and lower opex: IDFCBK beat our PAT estimates by 7% to Rs 3.0bn in Q4FY25, mainly driven by 4% higher non-interest income and 2% lower operating expenses vs estimates. C/I ratio improved marginally to 73.4% (-31bps QoQ). Further, management expects C/I ratio to improve to 65% by FY27 (71.8% in FY25) via cost control.

Return ratio expected to improve: IDFCBK saw NIMs declining to 5.95% (-9bps QoQ) in Q4FY25, mainly on account of fall in MFI portfolio (-28% YoY) to 4% of total advances in Mar'25 (6.6% in Mar'25). Management expects NIMs to be impacted by 10bps in FY26 due to rate cuts; credit costs to decline to 1.85-1.9% in FY26 (2.6% in FY25). With portfolio growth expected at a healthy CAGR of ~19% during FY25-28E, cost efficiency likely to kick in, and credit cost expected to decline, return ratio will improve. Management expects RoA to rise to 1.0% in FY26 (0.5% in FY25).

Asset quality on improving trajectory: Asset quality improved with GNPA falling to 1.87% (-7bps QoQ) in Q4FY25. MFI portfolio accounted for 26% of the total gross slippages (Rs 21.8bn) in Q4FY25. In absolute terms, SMA1+2 pool in MFI book declined 2.7% QoQ and SMA 0 fell by 44.9% QoQ. IDFCBK has not utilised the MFI provision buffer of Rs 3.2bn in Q4FY25. Also, the insurance coverage for MFI book was 66% as of Mar'25 vs 58% as of Dec'24 (4% as of Jan'24).

Capital raise to aid business growth and operating leverage: IDFCBK approved preferential equity capital raise of Rs 75bn through CCPS at Rs 60/share. Of this, Rs 48.8bn will be raised from Currant Sea Investments B.V. (affiliate of Warburg Pincus LLC) and Rs 26.2bn from Platinum Invictus (wholly owned subsidiary of ADIA). This will augment the bank's capital cushion with pro-forma CET I of 16.5% (13.2% as of Mar'25), thereby providing growth capital and aid in operating leverage.

Maintain BUY: We expect credit growth at a CAGR of ~19% in FY25-FY28E, supported by expected capital infusion. Focus on operating efficiencies and early signs of AQ improvement would be key to improve RoA to 0.9-1.3% in FY26-FY27E. We maintain BUY and revise TP to Rs 79 (Rs 75 earlier), set at 1.3x FY27E ABV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IDFCBK IN/Rs 66
Market cap	US$ 5.7bn
Free float	100%
3M ADV	US$ 26.4mn
52wk high/low	Rs 86/Rs 52
Promoter/FPI/DII	0%/26%/19%

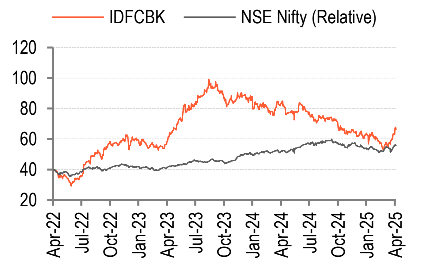
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	1,92,920	2,25,911	2,75,292
NII growth (%)	17.3	17.1	21.9
Adj. net profit (Rs mn)	15,249	34,841	58,471
EPS (Rs)	2.1	4.4	6.8
Consensus EPS (Rs)	2.2	4.4	6.8
P/E (x)	31.2	15.1	9.7
P/BV (x)	1.3	1.2	1.0
ROA (%)	0.5	0.9	1.3
ROE (%)	4.3	8.0	11.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 584 | ▼ 17%

ZENSAR TECHNOLOGIES | IT Services | 27 April 2025

Getting to leaders' quadrant of growth by FY27 looks a tall ask

- **4QFY25 disappointed on revenue as demand was postponed due to macro uncertainty- not canceled according to ZENT**
- **ZENT is trying to lower exposure to discretionary spending to reduce volatility in growth. But that will have execution and margin challenges**
- **We have tweaked FY26/FY27 EPS. We retain Target PE multiple – 17x, 20% discount to that of TCS and reiterate our SELL**

Girish Pai
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4QFY25 revenue grew by 0.9% QoQ in CC terms (our estimate 3%, which was unchanged post 3QFY25) and underwhelmed as demand got postponed to future months/quarters.

While ZENT has a double-digit revenue growth aspiration for FY26, we think in the current demand environment which is clouded by Tariff/DOGE and Immigration related uncertainty, it looks lofty. We are assuming growth to be a tad lower than that it clocked in FY25.

While it clocked the third successive quarter of >US$200mn in TCV we believe that it is likely on the back of effort to capture the cost-take-out market which it traditionally has not been addressing. This is a strategy that several Tier-2 companies have been adopting in the last 12-24 months due to weakness in discretionary demand. While this will likely give a revenue lift, good execution skills are required to deliver on margins and keep risks under control.

When Manish Tandon, the current CEO, stepped in, he aspired for ZENT to move up one quadrant a year at a time from a revenue/EPS growth standpoint to the leaders quadrant in year 4(FY27). FY24 being the first year, it was at bottom most quadrant – on revenue/EPS growth- but focused on getting margins to peer matching levels. That happened rather quickly in FY24. However, driving revenue growth while maintaining margins will be a tough ask going forward. Getting into the leader's quadrant by FY27 would require buildup of both sales and delivery muscle and significant capabilities in efficiency-based projects. ZENT is yet to generate confidence in us to get to the leader's quadrant in growth by FY27 and hence our 20% discount to the target PE of industry benchmark TCS.

Zensar is actively working to reduce its reliance on discretionary spending, which has historically been a source of revenue fluctuations. The focus is on annuity revenues to smoothen growth. This is being achieved through large deals and a focus on Cloud and Infrastructure Services. The TESCO deal that was announced recently is probably a step in that direction.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ZENT IN/Rs 702
Market cap	US$ 1.9bn
Free float	50%
3M ADV	US$ 19.6mn
52wk high/low	Rs 985/Rs 530
Promoter/FPI/DII	49%/15%/20%

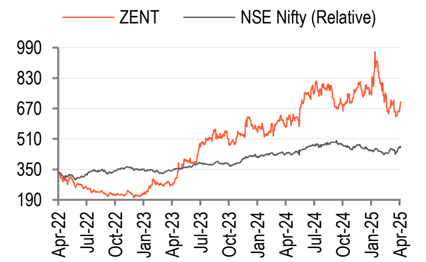
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	52,806	56,868	62,513
EBITDA (Rs mn)	8,166	8,689	9,860
Adj. net profit (Rs mn)	6,498	6,751	7,780
Adj. EPS (Rs)	28.4	29.7	34.3
Consensus EPS (Rs)	28.3	32.8	37.6
Adj. ROAE (%)	17.5	16.2	16.8
Adj. P/E (x)	24.7	23.6	20.5
EV/EBITDA (x)	18.6	17.5	15.3
Adj. EPS growth (%)	(2.5)	4.7	15.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD
TP: Rs 201 | 7%

RBL BANK | Banking | 27 April 2025

Secured Retail in focus; return profile to remain moderate

- **Muted advances growth with rising focus on secured retail lending, while cautious approach in unsecured book**
- **Asset quality remains elevated in unsecured book; JLG GNPAs entirely provided for**
- **Return ratios to stay moderate; maintain HOLD with TP of Rs 201 (from Rs 170), valuation of 0.7x FY27E ABV**

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Muted growth with rising focus on secured retail lending: Credit growth was muted (+2% QoQ) in Q4FY25, mainly led by retail (+1% QoQ; 60% of total loans) and commercial banking (+9% QoQ). Within retail, focus was on secured retail segments (+7% QoQ) while being cautious on unsecured book (-5% QoQ). Hence, share of unsecured retail (CC, JLG and PL) fall to 28% (Q4FY25) from 34% (Q4FY24). Share of secured retail lending increased to 32% of total loans in Q4FY25 (25% in Q4FY24), mainly driven by business loans (+13% QoQ) and housing (+4% QoQ). Management expects secured retail segment to grow by 25-30% YoY, with overall loan growth of 16-18% YoY in FY26 (10% in FY25). Deposit growth was modest (+4% QoQ), mainly driven by growth in CASA deposits (+8% QoQ).

High C/I ratio, elevated provisioning weighed on profitability: NII declined by 1% QoQ, driven by lower disbursements in the higher-yielding JLG portfolio (18% of total retail disbursement in Q4FY25 vs 37% in Q4FY24) and interest reversals owing to slippages. Further, PPoP declined 14% QoQ due to high C/I ratio at 66.4% in Q4FY25 (62.5% in Q3FY25). Although provisions declined by 34% QoQ, they remain elevated with net credit cost of 93bps in Q4FY25 (139bps in Q3FY25), largely coming from unsecured retail, resulting in moderate RoA of 0.2% in Q4FY25.

Asset quality remains elevated in unsecured; JLG GNPAs provided for: GNPA at 2.6% (-32bps QoQ) and NNPA at 0.29% (-24bps QoQ) mainly driven by lower slippages ratio at 1.2% in Q4FY25 (1.5% in Q3FY25). JLG accounted for 50% of total GNPAs, wherein the bank provided accelerated provisions of Rs 6.6 bn (Rs 4.1bn in Q3 and Rs 2.5bn in Q4) to entirely provide for GNPAs. Also, the bank provided 75% provision, including the utilisation of contingent provisions of ~Rs 2.7 bn on its JLG's SMA book (Rs 3.8bn). Net slippages stay elevated, though improving in cards at Rs 4.4bn (Rs 5.3 bn QoQ) and JLG at Rs 4.4bn (Rs 5.2bn QoQ).

Maintain HOLD: We believe that higher growth in secured retail, which is yet to break even and lower growth in unsecured retail (high RoA), to result in moderate return ratios. We expect the bank to deliver RoE of 9.4-11% during FY25-28E. We maintain HOLD rating with revised TP of Rs 201 (earlier Rs 170), set at 0.7x FY27E ABV.

Key changes

Target	Rating

Ticker/Price	RBK IN/Rs 188
Market cap	US$ 1.3bn
Free float	100%
3M ADV	US$ 17.9mn
52wk high/low	Rs 272/Rs 146
Promoter/FPI/DII	14%/21%/0%

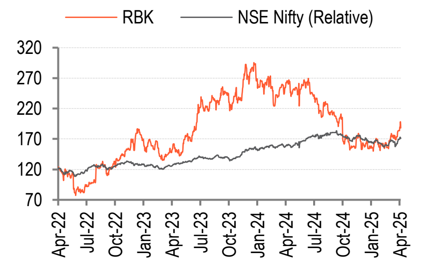
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	64,630	71,045	83,328
NII growth (%)	7.0	9.9	17.3
Adj. net profit (Rs mn)	6,954	11,358	15,134
EPS (Rs)	11.5	18.7	24.9
Consensus EPS (Rs)	10.0	20.3	28.9
P/E (x)	16.4	10.1	7.6
P/BV (x)	0.7	0.7	0.6
ROA (%)	0.5	0.7	0.8
ROE (%)	4.6	7.1	8.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BUY

TP: Rs 280 | ⮝ 16%

ORIENT ELECTRIC | Consumer Durables | 26 April 2025

Decent performance; execution remains key monitorable

- **Revenue grew 9% YoY, led by 13% YoY growth in L&S and 8% YoY in ECD**
- **EBITDA margin expanded 390bps YoY, led by improved product mix, cost savings and the absence of EPR and consultancy-led costs**
- **We ascribe 35x FY27E to arrive at Mar-26TP of Rs 280, assume coverage with BUY**

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Stable performance with margin-driven beat: Orient's 4Q was a decent show as revenue/EBITDA was 3%/8% above estimates. Revenue grew 10% YoY to Rs 8.6 bn, led by the Lighting & Switchgears (+13% YoY) and ECD segments (+8% YoY). Gross margin expanded 67bps YoY, driven by premiumisation and an improved product mix. EBITDA margin stood at 7.8%, expanded to 390bps YoY, adjusting for EPR-led cost (Rs 184mn) in Q4FY24 margins expanded 150bps YoY. Segment-wise, ECD saw 290bps YoY (flat QoQ) margin improvement while lighting margin contracted 40bps YoY (-100bps QoQ) The company reported PAT of Rs 313mn (144% YoY). During FY25, revenue grew 10% YoY, led by 10% YoY growth in ECD and 11% YoY growth in lighting and switchgears. EBITDA grew 41% YoY as margin expanded 140bps YoY to 6.6% and adjusted PAT grew 47% YoY.

Modest growth in ECD (+8% YoY), watchful on summer-led demand: ECD revenue grew 8% YoY, broadly in line with estimates, on a high base (+24% YoY in Q4FY24). Fans posted high single-digit growth, driven by premiumisation and new launches, with lifestyle and decorative fans leading the momentum. BLDC fans grew 50% YoY in Q4 and 30% YoY for FY25. EBIT margin expanded 290bps YoY to 11%, aided by an improved product mix and the absence of EPR-related and consulting (McKinsey) costs. While a hot summer outlook resulted in pre-season channel stocking, the delayed onset has softened secondary sales. Cooling product majors have indicated a mild start to the summers, tempering earlier optimism. We remain watchful, as elevated inventory could trigger pricing pressure if secondary demand remains weak.

Robust growth in Lighting & Switchgears (L&S): Lighting revenue grew 13% YoY, led by a mid-teen growth in B2B lighting and double-digit volume growth in Consumer Lighting. Switchgears posted a strong high double-digit growth, driven by new launches and retail expansion. Wires also saw high double-digit growth on account of channel restocking, led by demand driven by commodity prices. While the pricing pressure in lighting persists, EBIT margin contraction was contained at 40bps YoY (-100bps QoQ).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ORIENTEL IN/Rs 241
Market cap	US$ 599.5mn
Free float	62%
3M ADV	US$ 0.7mn
52wk high/low	Rs 297/Rs 177
Promoter/FPI/DII	38%/6%/28%

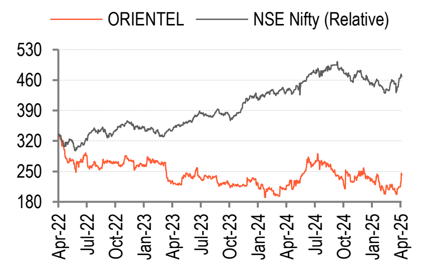
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	28,121	30,937	34,478
EBITDA (Rs mn)	1,443	2,037	2,517
Adj. net profit (Rs mn)	566	832	1,149
Adj. EPS (Rs)	2.7	3.9	5.4
Consensus EPS (Rs)	2.7	5.5	7.8
Adj. ROAE (%)	9.3	12.5	15.8
Adj. P/E (x)	90.8	61.7	44.7
EV/EBITDA (x)	35.5	25.1	20.4
Adj. EPS growth (%)	(25.4)	47.0	38.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 160 | ⮝ 26%

DCB BANK | Banking | 27 April 2025

Robust growth, efficiency gain aid steady performance

- **Business growth remains strong with a rising focus towards high-yielding advances**
- **Higher cost efficiency, along with strong credit growth aided profitability; asset quality improved with lower slippages**
- **Maintain BUY. Improved performance led to rise in TP to Rs 160 (from Rs 140), valuing the bank at 0.8x FY27E ABV**

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Strong business growth with focus on high-yielding advances: DCBB reported strong business momentum with credit growth (+25% YoY; +7% QoQ) and deposits growth (+22% YoY; +6% QoQ). The bank plans to ramp up share of organic products vs relatively low-yielding co-lending book (13% of total loans in Q4FY25). Mortgages grew at a healthy pace (+5% QoQ) and remain as the largest share (53% of total advances). Within mortgages, the bank began incrementally sourcing higher business loans (LAP) vs HL, given their 150-250bps higher yield. Deposit accretion was largely supported by term deposits (+7% QoQ), while share of CASA deposits stays low at 24.5% (-57bps QoQ). Management remains committed to its strategy of balance sheet doubling every 3-4 years, supported by granular, secured growth.

Higher cost efficiency supported PAT: C/I ratio improved to 60.7% (-2% QoQ) in Q4FY25, aided by higher non-interest income (+19% QoQ) and lower opex growth (+3% QoQ). Non-interest income was primarily driven by high core fee income (+14% QoQ), aided by penal interest being replaced by penal charges. Also, the bank's technology investment led to cost efficiency. Management plans to reduce C/I ratio to ~60% or below and cost-to-average assets of 2.5-2.6% (2.54% in Q4FY25) in the near term. As a result, PAT grew by 17% QoQ, translating into RoA/ RoE of 0.9%/12.4% in Q4FY25. Management targets RoA of 1% or above and ~14% RoE in the near term.

Asset quality improved: Asset quality improved with GNPA ratio falling to 2.99% (-13bps QoQ) and NNPA at 1.12% (-6bps QoQ) in Q4FY25. GNPAs was mainly aided by lower slippages (-8% QoQ) or slippage rate of 3.2% (-48bps QoQ). The bank reported 36bps (-2bps QoQ) credit cost of average assets in Q4FY25 vs its target of 45-55bps. Management targets GNPA <2.5% and NNPA of 1.0%.

Maintain BUY: DCBB reported healthy earnings growth, supported by strong business growth and improved asset quality. We expect credit/deposit CAGR of 19%/20% with RoA of 0.9-1.0% in FY25-FY28E. We maintain BUY on DCBB with a revised TP of Rs 160 (previously Rs 140), valuing the bank at 0.8x FY27E ABV.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	DCBB IN/Rs 127
Market cap	US$ 467.3mn
Free float	85%
3M ADV	US$ 1.7mn
52wk high/low	Rs 146/Rs 101
Promoter/FPI/DII	15%/10%/29%

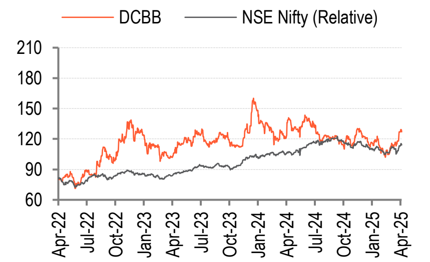
Source: NSE | Price as of 25 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	21,066	24,693	30,546
NII growth (%)	9.3	17.2	23.7
Adj. net profit (Rs mn)	6,153	7,220	9,019
EPS (Rs)	19.6	23.0	28.7
Consensus EPS (Rs)	19.1	22.4	28.4
P/E (x)	6.5	5.5	4.4
P/BV (x)	0.7	0.6	0.6
ROA (%)	0.9	0.9	0.9
ROE (%)	11.4	12.0	13.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Note: Recommendation structure changed with effect from 21 June 2021

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