FIRST LIGHT

30 January 2025

RESEARCH

MARUTI SUZUKI | TARGET: Rs 13,806 | +15% | BUY

Steady performance despite challenges; maintain BUY

AMBUJA CEMENTS | TARGET: Rs 579 | +11% | HOLD

Growth intact; transition pain visible; maintain HOLD

ACC | TARGET: Rs 2,282 | +14% | HOLD

Weak operating performance; challenges may continue

V-GUARD INDUSTRIES | TARGET: Rs 390 | +9% | HOLD

Revenue in line; weak margins hurt bottomline

SYRMA SGS | TARGET: Rs 520 | +3% | HOLD

Healthy revenue growth; margins coming back

ORIENT ELECTRIC | TARGET: Rs 278 | +26% | BUY

Decent quarter; Hyderabad plant to spur growth

SUMMARY

MARUTI SUZUKI

- Q3FY25 revenue growth was 16%/4% YoY/QoQ backed by the mix of buoyancy in the festive quarter and tapering post festivities
- Mild commodity costs inflation, adverse forex movement hit gross margin by 60bps YoY. Better cost control restricted EBITDA margin fall
- Tweak estimates factoring in mild volume impact. We continue to value MSIL at 25x P/E with revised TP of Rs 13,806 (Rs 13,451). Maintain BUY

Click here **for the full report.**

BOBCAPS Research
research@bobcaps.in

AMBUJA CEMENTS

- Volume-driven revenue growth (SA) as realisation weakens by 11.0% YoY due to aggressive push despite weak demand in key markets
- Cost structure drags EBITDA (standalone) sharply lower to Rs 4.1bn. EBITDA/t falls steeply to Rs 407 due to operating cost stress
- We value ACEM's consolidated business at 13x 1-year forward and lower our TP to Rs 579 (earlier Rs 640). Retain HOLD

Click here **for the full report.**

ACC

- Q3FY25 revenue grew 7% YoY as strong volume of 20% was offset by 10% fall in realisation owing to weak pricing in key operating regions
- Effective EBITDA/tonne stays soft due to pressure on EBITDA that falls 48% YoY up 10% QoQ partially offset by cost savings
- Retain HOLD as we continue to value ACC at 10x 1-year forward EV/EBITDA, and forecast FY27E EBITDA margin at ~15.6%

Click here **for the full report.**

V-GUARD INDUSTRIES

- Topline grew 9% YoY, driven by steady gains across the Electronics, Electricals, and ECD segments, while Sunflame sales held steady
- Electricals margins fell on raw material volatility, while Sunflame growth was modest at 4% YoY amid weak sentiment
- We pare FY25/FY26/FY27 EPS estimates by 10% each and value the stock at 35x P/E Dec'26E. We cut TP to Rs 390 and maintain HOLD rating

Click here **for the full report.**

SYRMA SGS

- Healthy topline growth of 23% YoY; EBITDA margin expanded 360bps due to better product mix
- FY25 revenue growth guidance remains steady, with new capacities set to accelerate expansion
- We maintain our FY25E/FY26E/FY27E EPS and value the stock at 30x Dec'26 P/E. We roll forward our valuation and raise TP to Rs 520. HOLD

Click here **for the full report.**

ORIENT ELECTRIC

- Decent 9% YoY surge in revenue with 180bps boost to gross margin from smart cost cuts and strategic price hikes
- ORIENTEL accelerates premiumisation in fans, while ensuring quality through in-house PCB production
- We maintain our FY25/FY26/FY27 EPS estimates and value the stock at 30x P/E. We roll forward our valuation and raise our TP to Rs 278. BUY

Click here for the full report.

BUY
TP: Rs 13,806 | ▲ 15%

MARUTI SUZUKI | Automobiles | 30 January 2025

Steady performance despite challenges; maintain BUY

- **Q3FY25 revenue growth was 16%/4% YoY/QoQ backed by the mix of buoyancy in the festive quarter and tapering post festivities**
- **Mild commodity costs inflation, adverse forex movement hit gross margin by 60bps YoY. Better cost control restricted EBITDA margin fall**
- **Tweak estimates factoring in mild volume impact. We continue to value MSIL at 25x P/E with revised TP of Rs 13,806 (Rs 13,451). Maintain BUY**

Milind Raginwar
research@bobcaps.in

Healthy topline; no major impact on realisation despite discounts is the key: MSIL's Q3FY25 revenue grew by a healthy 16%/4% YoY/QoQ at Rs 384bn backed by the mix of buoyancy in the festive quarter and tapering post festivities. This was backed by realisation improvement of 2% YoY (-1% QoQ) despite healthy volume growth of 13%/5% YoY/QoQ. Higher SUV demand continued to drive sales volume of 566.2k units. Average blended realisation/vehicle was Rs 679.8k. MSIL extended higher discounts per vehicle of Rs 30.99k vs Rs 29.3k in Q2FY25.

Operating margin withers on adverse forex/commodity cost inflation: Raw material cost jumped 70bps YoY (soft QoQ) to 71.6% of sales, lowering gross margin to 28.4% from 29.1%. Despite this and adverse forex EBITDA was 1% higher YoY at ~Rs 44.7bn, with margin flat YoY at 11.6% (better by 30bps QoQ). Other expenses rose 11%/8% YoY/QoQ to Rs 49.2bn. Employee cost also jumped 15%/5% YoY/QoQ (flat 4% of sales).

Capacity expansion plans: The plant in Kharkoda is on track for an additional 0.3mn units of capacity and will be commissioned in Q4FY25. MSIL has signed an MoU with the Gujarat government to set up a 1mn unit plant by FY29 and has earmarked Rs 350bn of capex. This is besides the recently-commissioned additional facility at Manesar (Q1FY25), increasing the capacity to 0.9mn/year. MSIL also increased the capacity of Ertiga and the supply of CNG vehicles.

Tweak estimates, maintain BUY: We tweak our FY26E/FY27E EPS by +2%/-1% due to a revival backed by launches in FY26 but tempered by additional cost impact in both years. We cut our FY25E by 8% to factor in slow growth in 9MFY25. Our three-year Revenue/ EBITDA/PAT CAGR is healthy at 14%/14%/10%. Our gross margin assumptions hover at ~29% with EBITDA margin of ~12% over FY25E-FY27E. We factor in an upbeat growth outlook backed by MSIL's focus on premiumisation, healthy capex and thrust on electric vehicles (average of 1 EV launch till FY30). The recent revival in rural affordability only augurs well for MSIL. We maintain our BUY rating as we continue to value MSIL at 25x P/E 1-year forward earnings (on par with its 10Y average), with a revised TP of Rs 13,806 (Rs 13,451).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MSIL IN/Rs 11,978
Market cap	US$ 41.8bn
Free float	44%
3M ADV	US$ 59.0mn
52wk high/low	Rs 13,680/Rs 9,913
Promoter/FPI/DII	56%/23%/16%

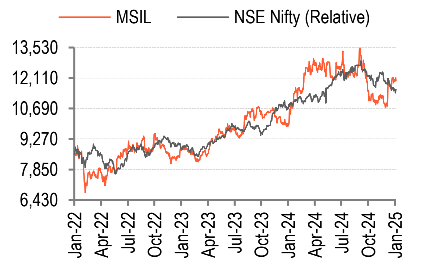
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	14,09,326	15,68,989	18,16,497
EBITDA (Rs mn)	1,64,011	1,84,075	2,18,901
Adj. net profit (Rs mn)	1,32,094	1,29,543	1,58,419
Adj. EPS (Rs)	437.3	428.8	524.4
Consensus EPS (Rs)	437.3	484.0	540.9
Adj. ROAE (%)	15.7	13.9	15.1
Adj. P/E (x)	27.4	27.9	22.8
EV/EBITDA (x)	22.0	19.7	16.5
Adj. EPS growth (%)	64.1	(1.9)	22.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 579 | ⮝ 11%

AMBUJA CEMENTS | Cement | 30 January 2025

Growth intact; transition pain visible; maintain HOLD

- **Volume-driven revenue growth (SA) as realisation weakens by 11.0% YoY due to aggressive push despite weak demand in key markets**
- **Cost structure drags EBITDA (standalone) sharply lower to Rs 4.1bn. EBITDA/t falls steeply to Rs 407 due to operating cost stress**
- **We value ACEM's consolidated business at 13x 1-year forward and lower our TP to Rs 579 (earlier Rs 640). Retain HOLD**

Milind Raginwar
research@bobcaps.in

Dent in realisations offsets volume gains, checks revenue growth: ACEM reported Q3FY25 (standalone) revenue growth of 9%/15% YoY/QoQ to Rs 48.5bn due to weak realisations as volume grew by a healthy 23%/16% YoY/QoQ to 10.1mn tonnes. Realisation weakened by 11% YoY (flat QoQ) to Rs 4,806/t. Consolidated revenue grew 15%/24% YoY/QoQ at Rs 93.28bn, as volumes increased 17%/16.2% YoY/QoQ to 16.5mnt. Blended cement formed 82% of total trade volumes and premium product share was 26% (+400bps YoY).

EBITDA margin continues to be under pressure: Operating cost softening was arrested YoY and increased 9% QoQ to Rs 4,399/t. Power and fuel costs (adjusted to raw material cost) jumped by 10%/12% YoY/QoQ to Rs 2,671/t in Q3FY25 from Rs 2,422/t in Q3FY24 due to adverse raw material movement. Kiln fuel cost reduced by 10% to Rs 1.66/kcal from 1.84/kcal on account of increased use of low cost imported pet-coke. Freight cost fell by 14% to Rs 955/t YoY. EBITDA margin dropped sharply to 9%, from 19%/17% YoY/QoQ. EBITDA/t was at Rs 407, steeply down YoY/QoQ.

Capacity expansion on track: With the acquisition of Penna Cement and Orient Cement, ACEM's cement capacity will reach ~104mn tonnes (mnt) by FY25-end. ACEM's 4mnt clinker unit at Bhatapara (Chhattisgarh) and grinding unit at Sankrail and Farakka (West Bengal) and Sindri (Jharkhand) will go on stream by FY25-end. In our view, ACEM's capacity expansion road map till FY26 is well defined.

Maintain HOLD: We reduce our EBITDA estimates for FY25/FY26/FY27 by 13%/11%/11% to factor in slower realisation growth in FY25 and increased competitive pressure in FY26/FY27. The full impact of inorganic growth (ORCMNT + Penna) transition is hitting performance and may continue in the near/medium term. We estimate revenue/EBITDA/PAT CAGR of 17%/14%/12% over FY24-FY27. We value ACEM's consolidated business by assigning EV/EBITDA of 13x 1-year forward earnings and lower our TP to Rs 579 (from Rs 640). Our TP implies a replacement cost of Rs 10bn/mnt – ~33% premium to the industry. We retain HOLD.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACEM IN/Rs 522
Market cap	US$ 12.0bn
Free float	37%
3M ADV	US$ 18.5mn
52wk high/low	Rs 707/Rs 453
Promoter/FPI/DII	63%/11%/17%

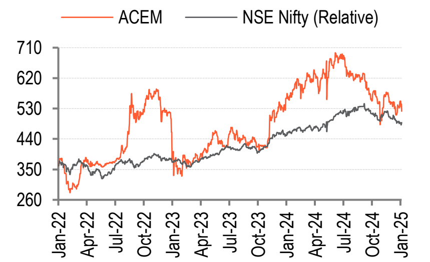
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	3,25,442	4,07,022	4,58,726
EBITDA (Rs mn)	63,995	61,296	76,552
Adj. net profit (Rs mn)	33,652	27,448	34,571
Adj. EPS (Rs)	16.1	12.5	15.7
Consensus EPS (Rs)	16.1	13.2	19.1
Adj. ROAE (%)	10.1	7.4	8.4
Adj. P/E (x)	32.5	41.8	33.2
EV/EBITDA (x)	14.6	14.9	15.0
Adj. EPS growth (%)	37.6	(22.4)	26.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 2,282 | ▲ 14%

ACC | Cement | 30 January 2025

Weak operating performance; challenges may continue

- **Q3FY25 revenue grew 7% YoY as strong volume of 20% was offset by 10% fall in realisation owing to weak pricing in key operating regions**
- **Effective EBITDA/tonne stays soft due to pressure on EBITDA that falls 48% YoY up 10% QoQ partially offset by cost savings**
- **Retain HOLD as we continue to value ACC at 10x 1-year forward EV/EBITDA, and forecast FY27E EBITDA margin at ~15.6%**

Milind Raginwar
research@bobcaps.in

Revenue gains backed by volume: ACC reported ~7%/14% YoY/QoQ revenue growth in Q3FY25 at ~Rs 52.5bn, backed by volume growth of ~20%/15% YoY/QoQ to 10.7mn tonnes (including MSA sales) driven by higher trade sales volume (up by 11%) and premium product as % of trade sales at 32%. Cement realisations however fell 10% YoY but flat QoQ to Rs 4,652/t due to the company's focus on gaining volume strength. Revenue from ACC's ready-mix concrete (RMC) segment grew ~15%/19% YoY/QoQ to ~Rs 3.44bn, with an EBIT gain of Rs 110mn.

Limited cost savings and dent in realisation impacts EBITDA margin: The overall cost stayed flat QoQ/YoY at Rs 4,474/t driven primarily by other expenses that were prudently controlled. Adjusted raw material cost (including external purchases) rose ~28% to Rs 991/t and was a major cost escalator. Freight cost fell by 10% to Rs 971/t. Energy expenses (raw material adjusted) spiked 35% to Rs 2,043/t YoY. Other expenditure grew 18%/11% YoY/QoQ to Rs 5.25bn. The EBITDA/t was flat QoQ at Rs442 but fell sharply by 56% YoY.

Capacity expansion on track: The expansion is on track, with no change in timelines. Clinker expansion at Maratha (Maharashtra) will be operational by Q3FY26 and grinding unit expansion of 1.6mt at Sindri (Jharkhand) and 2.4mt at Salai Banwa (Uttar Pradesh) are expected to go on stream by Q4FY25/Q1FY26.

Weakness to persist, valuations factored in, maintain HOLD: Factoring in ACC's weak 9MFY25 performance despite the master supply agreement (MSA)-led synergies, we cut our FY25/FY26/FY27 EBITDA forecasts by 26%11%/2%. With limited capacity available in FY26/FY27 and intense competitive pressure, growth prospects may be largely range bound, in our view. Our EBITDA/PAT three-year CAGR is 6%/5% due to limited capacity headroom, although we factor in higher cost savings. We continue to value ACC at 10x EV/EBITDA 1-year forward earnings and lower our TP to Rs 2,282 (from Rs 2,398). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain our HOLD rating as the current valuations factor the weak performance.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACC IN/Rs 2,002
Market cap	US$ 4.3bn
Free float	43%
3M ADV	US$ 8.8mn
52wk high/low	Rs 2,844/Rs 1,867
Promoter/FPI/DII	57%/12%/19%

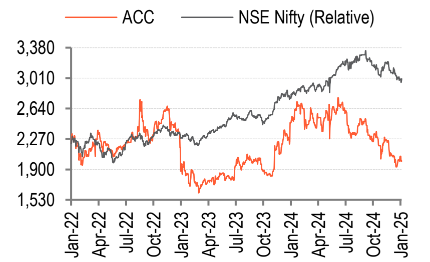
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	1,95,710	2,05,332	2,17,087
EBITDA (Rs mn)	30,576	22,000	30,839
Adj. net profit (Rs mn)	21,242	12,577	19,753
Adj. EPS (Rs)	113.0	66.9	105.1
Consensus EPS (Rs)	113.0	85.7	123.2
Adj. ROAE (%)	14.0	8.2	11.5
Adj. P/E (x)	17.7	29.9	19.1
EV/EBITDA (x)	11.5	15.4	9.3
Adj. EPS growth (%)	143.0	(40.8)	57.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 390 | ▲ 9%

V-GUARD INDUSTRIES | Consumer Durables | 29 January 2025

Revenue in line; weak margins hurt bottomline

- **Topline grew 9% YoY, driven by steady gains across the Electronics, Electricals, and ECD segments, while Sunflame sales held steady**
- **Electricals margins fell on raw material volatility, while Sunflame growth was modest at 4% YoY amid weak sentiment**
- **We pare FY25/FY26/FY27 EPS estimates by 10% each and value the stock at 35x P/E Dec'26E. We cut TP to Rs 390 and maintain HOLD**

Arshia Khosla
research@bobcaps.in

Broad-based growth in Q3: Consolidated revenue grew 9% YoY to Rs 12.6bn, in line with expectations and driven by strong performance across the Electronics, Electricals, and ECD segments, though Sunflame sales remained flat. The South region (excluding Sunflame) contributed 52% of total sales at Rs 6.1bn, up 3% YoY, while Non-South India sales rose by 16% YoY to Rs 5.7bn, making up 48% of total sales. Gross margin expanded 230bps YoY to 36.2%, supported by cost controls, increased in-house manufacturing, and premiumisation. EBITDA came in at Rs 1bn with an EBITDAM of 8.2%, slightly under expectations due to copper price volatility. PAT increased 3% YoY to Rs 602mn.

Strong performance across segments with mixed margin impact: Electronics segment sales surged 30% YoY to Rs 2.8bn, with a notable EBIT margin increase of 670bps YoY to 19.6%. Electricals saw modest 1% YoY growth to Rs 4.7bn, though its EBIT margin dipped 10bps to 9% due to copper price volatility affecting wire costs. Consumer Durables achieved 8% YoY sales growth, with an EBIT margin boost of 120bps to 4.2%. In contrast, Sunflame's sales grew 4% to Rs 794mn, and its EBIT margin fell by 720bps to 2.8%, reflecting some challenges in margin retention.

Regional revenue surge: VGRD posted strong regional growth, with non-South India revenue climbing 16% YoY, showcasing robust market expansion. The South region saw a modest 3% YoY growth. For the second consecutive quarter, non-South markets contributed ~50% of total revenue, emphasising the growing importance of these regions in VGRD's overall revenue mix.

Valuation outlook: To incorporate Q3 we pare our FY25/FY26/FY27 EPS estimates by 10% each as we expect ongoing challenges like increased competition and pricing issues to continue. We roll forward valuations to Dec'26E, and cut our TP to Rs 390 (from Rs 440). We now value the stock at 35x P/E. Maintain HOLD.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	VGRD IN/Rs 357
Market cap	US$ 1.8bn
Free float	44%
3M ADV	US$ 1.6mn
52wk high/low	Rs 577/Rs 289
Promoter/FPI/DII	56%/13%/19%

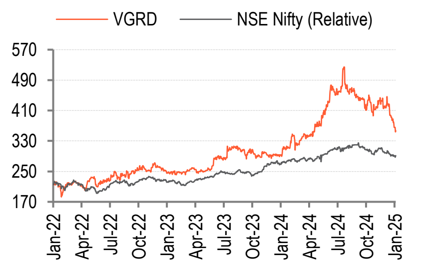
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	48,567	55,893	65,108
EBITDA (Rs mn)	4,267	5,314	6,377
Adj. net profit (Rs mn)	2,576	3,302	4,249
Adj. EPS (Rs)	6.0	7.6	9.8
Consensus EPS (Rs)	6.0	9.0	11.0
Adj. ROAE (%)	15.1	17.0	18.9
Adj. P/E (x)	59.9	46.8	36.3
EV/EBITDA (x)	36.2	29.1	24.2
Adj. EPS growth (%)	36.2	28.2	28.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 520 | ▲ 3%

SYRMA SGS | Consumer Durables | 29 January 2025

Healthy revenue growth; margins coming back

- **Healthy topline growth of 23% YoY; EBITDA margin expanded 360bps due to better product mix**
- **FY25 revenue growth guidance remains steady, with new capacities set to accelerate expansion**
- **We maintain our FY25E/FY26E/FY27E EPS and value the stock at 30x Dec'26 P/E. We roll forward our valuation and raise TP to Rs 520. HOLD**

Arshia Khosla
research@bobcaps.in

Revenue below estimates, margins and PAT beat: SYRMA's topline showed healthy growth of 23% YoY to Rs 8.7bn, while EBITDA margin expanded sharply by 360bps to 9.1%. This increase was primarily due to the increased contribution from Auto, Healthcare and Industrials and a notable decrease in revenue from the Consumer segment, which typically has lower margins than the Original Design Manufacturer (ODM) segment. APAT rose ~2.5x YoY to Rs 550mn.

Consumer segment capped; Auto and Healthcare to drive future growth: SYRMA's Auto vertical grew 38% YoY. Industrials experienced healthy growth of 37%, and IT and Railways revenue grew 37%, whereas Consumer and Healthcare grew a modest 6%. SYRMA's order book is at Rs 53bn, with the Consumer segment holding a 35-38% share, Industrials 25-28%, Auto 24-26%, Healthcare 6-8%, and the remaining with IT and Railways. Management has indicated that the Consumer segment's contribution will decrease in the coming quarters, with Healthcare and Auto expected to be the leading contributors.

Guidance maintained; shifts focus to boost margins: Management reaffirmed its growth target of 35-40% for FY25 and FY26, while projecting an EBITDA margin of 7% for FY25. The company expects margins to be under pressure, primarily due to its heavy reliance on the Consumer segment, which typically operates with narrower profit margins. To address this, management has outlined a strategic shift to reduce the Consumer segment's share of the topline and focus on more margin-accretive segments such as Auto and Healthcare. It expects this strategic realignment to enhance overall margins and drive improved profitability beyond FY25.

Maintain HOLD: SYRMA faces margin challenges due to shifts in its product mix, with the Consumer segment being the largest contributor to topline. However, given management's confidence in reducing the Consumer segment's contribution while increasing that of the Healthcare and Auto segments, we maintain our FY25/FY26/FY27 EPS estimates. We continue to value the stock at an unchanged P/E of 30x. Rolling forward to Dec'26, we raise our TP to Rs 520 (from Rs 480).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SYRMA IN/Rs 505
Market cap	US$ 1.0bn
Free float	53%
3M ADV	US$ 11.2mn
52wk high/low	Rs 647/Rs 376
Promoter/FPI/DII	47%/5%/9%

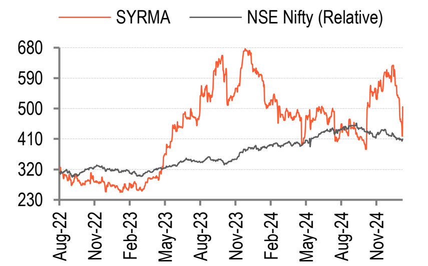
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	31,538	42,501	57,406
EBITDA (Rs mn)	1,986	2,991	4,154
Adj. net profit (Rs mn)	1,087	1,773	2,452
Adj. EPS (Rs)	6.1	10.0	13.9
Consensus EPS (Rs)	6.1	11.0	15.0
Adj. ROAE (%)	6.9	10.5	13.1
Adj. P/E (x)	82.1	50.4	36.4
EV/EBITDA (x)	45.0	29.9	21.5
Adj. EPS growth (%)	(8.9)	63.1	38.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 278 | ▲ 26%

ORIENT ELECTRIC | Consumer Durables | 29 January 2025

Decent quarter; Hyderabad plant to spur growth

- **Decent 9% YoY surge in revenue with 180bps boost to gross margin from smart cost cuts and strategic price hikes**
- **ORIENTEL accelerates premiumisation in fans, while ensuring quality through in-house PCB production**
- **We maintain our FY25/FY26/FY27 EPS estimates and value the stock at 30x P/E. We roll forward our valuation and raise our TP to Rs 278. BUY**

Arshia Khosla
research@bobcaps.in

Modest revenue growth: Revenue grew 9% YoY to Rs 8bn which is the highest-ever quarterly revenue for ORIENTEL, supported by strong demand in appliances and fans, boosted by digital initiatives, festive sales, and higher realisations in line with our estimates. Gross margin improved by 180bps YoY to 31.7%, driven by effective cost optimisation, a favourable product mix and the impact of recent price hikes. EBITDA saw a notable 25% YoY increase to Rs 612mn, with margins rising 100bps YoY to 7.5%. Depreciation increased 34% YoY to Rs 202mn due to the new Hyderabad plant, while PAT rose to Rs 272mn.

ECD sales surge with strong performance across segments: ORIENTEL's ECD segment grew 7% YoY to Rs 5.7bn, driven by a favourable product mix and increased volumes. Despite being a non-seasonal quarter, fans recorded good growth. The focus on premiumisation across lighting, fans, and appliances has helped to improve gross margins, now back to pre-COVID levels of 31-33%. Over the next 1-2 years, the company expects margins to expand further by at least 100bps, supported by a better product mix and channel reorganisation. EBIT margin remained flat YoY at 11.2%.

Lighting remains strong despite price erosion: Lighting and switchgear sales grew 12% YoY to Rs 2.4bn, fueled by high double-digit volume growth in lighting despite LED price erosion. Although switchgear and wires faced challenges from pricing pressures and commodity cost fluctuations, overall, EBIT margin contracted by 90bps YoY to 13.3%.

Maintain BUY: Following ORIENTEL's Q3 results, we maintain our EPS estimates for FY25/FY26/FY27. We anticipate robust 19% revenue CAGR from FY24-27E, fueled by a low base and margin normalisation, which should drive a strong ~50% earnings CAGR. We value ORIENTEL at a P/E of 30x and maintain our BUY rating driven by management's optimism regarding market share growth with the upcoming Hyderabad facility launch. We roll forward our valuations to Dec'26, with a new TP of Rs 278 (from Rs 358).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ORIENTEL IN/Rs 220
Market cap	US$ 539.1mn
Free float	62%
3M ADV	US$ 0.6mn
52wk high/low	Rs 297/Rs 189
Promoter/FPI/DII	38%/6%/28%

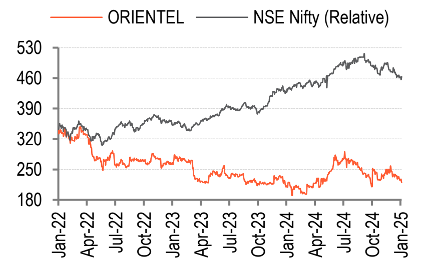
Source: NSE | Price as of 29 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	28,121	33,150	39,471
EBITDA (Rs mn)	1,443	2,443	3,140
Adj. net profit (Rs mn)	566	1,066	1,531
Adj. EPS (Rs)	2.7	5.0	7.2
Consensus EPS (Rs)	2.7	5.5	7.8
Adj. ROAE (%)	9.3	15.9	20.4
Adj. P/E (x)	82.7	43.9	30.6
EV/EBITDA (x)	32.3	19.1	14.9
Adj. EPS growth (%)	(25.4)	88.4	43.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments 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.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS is not engaged in any market making activities for the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "**Losses**") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.