INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Titan:** Consolidated jewellery sales (ex-bullion) grew 27.3% YoY to INR159.9bn (in-line) powered by gold prices growth (up 25% YoY). Domestic jewellery (ex-bullion) grew 25.4% YoY. Secondary UCP/LTL growth remained healthy at 28/22% respectively underpinned by a strong festive and wedding season (consol. topline growth stood at 25.2% YoY at INR 177.4bn; in-line). Adj. Jewellery margins (excl. INR 2.53bn impact due to the Jul-24 customs-duty cut) surprised positively at 11.2%. Note: Jewellery EBITM (consolidated) contracted 240bps YoY to 9.2% vs HSIE's 8.5%. Non-jewellery performance was largely in line; albeit margins were lower than expected. We largely maintain our FY26/27 EPS estimates and our REDUCE rating with a DCF-based TP of INR3,160/sh (implying 50x FY27 P/E).
- **Infoedge:** Infoedge reported mid-teen (+15% YoY) billing growth for the recruitment segment for the second consecutive quarter, driven by improvement in IT hiring, strong GCCs, and traction in non-IT hiring (BFSI, infrastructure, and healthcare). The new platforms like IIMJobs, Naukri Gulf, and JobHai (blue-collar hiring), which contribute approximately 20% to recruitment billing, grew over 20% YoY. We expect recruitment billings to grow at a ~17% CAGR from FY24-27E, which is higher than the pre-COVID average of ~13%. The margin for the recruitment segment will be in the ~58-60% range, provided billings growth is over 15% YoY. New monetization tools, cost control, and lower marketing spend have led to profitability improvement for Jeevansathi and 99acres platforms. Strong billings growth (+36% YoY) for Jeevansathi is a result of new pricing models, while 99acres billings growth of 16% is lower considering the buoyant real-estate market. The growth in the recruitment segment is expected to continue, led by recovery in IT hiring, non-IT, and AI-based offerings. We increase our EPS estimate by ~1-2% and maintain our BUY rating with a SoTP-based TP of INR 9,000, valuing Naukri at 44x Dec-26E EV/EBITDA (60% of SoTP), 99acres/Jeevansathi+Shiksha at 5/4x P/S, while Zomato and Policybazaar have been assigned the market value. The core recruitment business is trading at 39/32x FY26/27E EV/EBITDA.
- **Zydus Lifesciences:** EBITDA^ grew 21% YoY, led by 17% YoY sales growth (-1% QoQ decline in US sales, +28% YoY, +5% YoY in India, and +15% YoY in EMs) and higher GM (+254 bps YoY), partly offset by higher staff, R&D, and SG&A (16%, 60%, and 25%). The company is on track to achieve double-digit growth and profitability improvement in FY25. Going forward, it expects single-digit growth in the US business in FY26, led by steady traction in gRevlimid/gMyrbetriq, volume growth, and new launches (20-25 in FY26). The focus remains on scaling up complex generics and specialty business in the US to create long-term growth drivers, with visibility on key launches in FY27/28, as well as a few 505(b)(2) products. It remains optimistic about the scale-up of the specialty business (supply opportunity for its NDA of Sitagliptin in the US) and the progress of key assets (CUTX101, Saroglitozar, Usnoflast), which are expected to monetize over the next 1-3 years. The India business is expected to sustain steady growth. Factoring in Q3 performance, we have tweaked EPS. The ADD rating stays with a revised TP of INR 1,120 (26x Q3FY27E), as the broader thesis of steady growth (in the US and India),

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stable margin, and the monetization of R&D assets (injectables, biosimilars, NCEs) remain intact.

- **Max Financial:** MAXL printed strong APE growth (+26% YoY), though VNB margins contracted to 21.9% (-340bps YoY) on the back of implementation of revised surrender value norms during the quarter and deterioration in product mix (higher ULIP mix). Given further drag on VNB margins from the revised surrender value norms, we expect margins to remain rangebound from here on. Our forecasts factor in APE/VNB CAGR of 19/15% and operating RoEVs of 16% over FY24-27E. We maintain ADD with a TP of INR1,400 (1.6x Sep-26E EV post-holdco discount), 30% discount to our implied valuation for SBILIFE.

- **Happiest Minds Technologies:** HAPPSTMN posted a weak quarter, with both revenue and margins coming in lower than our expectations. The 0.8% QoQ CC revenue growth in Q3 was impacted by seasonality and weakness in the ed-tech and travel verticals. Management has lowered its growth outlook for FY25E, expecting growth at the lower end of the guided range of 30-35%, primarily due to delays in the integration of PureSoftware and Aureus, as well as slowdown in organic growth. The growth engine is expected to revive, boosted by healthy growth in the BFSI vertical (supported by the Arttha platform), easing discretionary spending in Retail & CPG, strong demand for GenAI business across verticals, and collaborations with Microsoft and AWS to enhance the newly formed GenAI business unit (GBS). Despite near-term softness, we remain optimistic about the company's long-term prospects, driven by its scalable business model, strategic partnerships, and emerging opportunities in GenAI. However, we have reduced our earnings estimates by ~5-6% due to softness in the Edutech and TME verticals. The valuation premium is supported by the company's ability to deliver double-digit organic growth and its size advantage. We maintain ADD on HAPPSTMN with a lowered TP of INR 750, valued at 32x Mar-27E EPS, supported by a 14% EPS CAGR over FY24-27E.

- **Metropolis Healthcare:** EBITDA (+11% YoY) was 10/9% below our/consensus estimates, as +11% YoY sales growth (led by 4/6% YoY growth in patient/test volume, which led to 6/4% growth in realisation per patient/test) was offset by lower GM (-39 bps) and higher costs (staff/ SG&A up 11/5%). Metropolis expects (1) steady sales growth and a margin of 25%+ in Q4 FY25; from FY26, the company anticipates outperforming industry growth, driven by volume growth and selective price hikes. (2) The Core Diagnostics transaction is expected to complete by Feb/Mar 2025, strengthening the specialty business. Positive EBITDA is projected for FY26, with double-digit EBITDA in FY27, and reaching Metropolis' current levels by FY28. However, some margin dilution is expected in FY26/27. Despite this, Core Diagnostics is expected to remain EPS accretive. (3) The expansion of labs and centres is nearing completion, and Metropolis expects margin improvement (excluding Core Diagnostics) starting FY26. While Metropolis is taking various initiatives like expanding network, niche test portfolios, wellness packages, M&As, micro-market strategy, digital capabilities, gaining share in focused cities, and increasing B2C presence to drive revenue growth, its margin will remain under check in the near term (expansion and M&A-related costs). Factoring in Q3, we have cut FY25/26E EPS by 9/4% and revised TP to INR 2,050 (43x Q3FY27E EPS). ADD stays. We will factor in the Core Diagnostics post-completion of the transaction.

- **Birla Corporation:** We maintain BUY on Birla Corporation (BCORP), with a lower target price of INR 1,490/share (8x FY27E consolidated EBITDA). In Q3FY25, BCORP's volume rebounded 7% YoY. Higher incentives and op-lev gains QoQ also aided INR 108/MT margin recovery to QoQ INR 569/MT.

Management expects to deliver ~7-8% volume growth in Q4FY25 along with ~INR200-250/MT QoQ margin. It noted intense competition in the central region is impacting profitability. On the positive side, it expects the share of both low-cost captive coal and green power to expand over the next 2-3 years, supporting a margin uptick.

- **Symphony:** Symphony's consolidated revenue declined 2% YoY on account of 6% YoY decline in domestic business, partially offset by the RoW business. EBITDAM declined by 580bps YoY to 12%, impacted by water heater launch expense (1.5% of revenue), high forex loss (3.9% of revenue), high low margin sales mix and weak performance in overseas business. During the quarter, the company booked INR 460mn (19% of revenue) as an exceptional loss pertaining to provision for doubtful debt. Management is confident domestic sales and margin will recover from Q4FY25. Management highlighted CT, Australia sales will pick from FY26, which could lead to margin recovery. In India, over the medium-long term, Symphony remains focused on (1) product innovation; (2) distribution enhancement (semi-urban and rural); and (3) increasing presence in alternate channels. We maintain our REDUCE rating with a lower target price of INR 1,215/sh (30x Mar-27E EPS).
- **V-MART Retail:** V-Mart's revenue grew 15.5% YoY to INR 10.27bn. Core V-MART operations grew 18.6% YoY to INR 8.6bn. Q3 SSSG stood at 10%. Limeroad losses reduced by 54% YoY to INR 65mn. Footfall/sales density up 12.8/11.6% YoY, respectively. GM/EBITDAM came in at 35.8/10.8% (HSIE: 34.8/9.1%). Management suggested that GM gains from here are unlikely, given the competitive landscape and the focus on giving more value to consumers. Inventory days reduced to 92 (from 108 in Q3FY24). We've reduced our FY26/27 EBITDA estimates by 1/4% to account for reduced margins and maintain our REDUCE rating, with a DCF-based TP of INR 3,550/sh, implying 25x FY27E EV/EBITDA.
- **J. Kumar Infraprojects:** JKIL reported a strong quarter, with revenue/EBITDA/APAT at 14.8/2.1/0.9bn, beating our estimates by 5.2/8.9/4.5%. As of Dec-24, the order book (OB) stood at INR 205.2bn (~4.2x FY24 revenue). JKIL is on track to achieve its INR 80bn of the order booking for FY25. Moreover, it has L1 positions worth INR 50bn which shall get converted in Q4FY25. Further it guided an order inflow of INR 60-70bn for FY26. It has maintained its FY25 revenue guidance and provided growth guidance for FY26 (+15% YoY of INR 63-65bn) with EBITDA margin guidance of 15-16%. JKIL is keen on bidding for large-scale projects in Maharashtra, including the Virar-Versova sea link. We believe that JKIL is well-placed to incur capex with a mix of debt and internal accruals. We maintain our ADD rating on the stock, with an increase in TP to INR 984/sh. (14x 1-yr forward , Dec-26E rollover).

Titan

Jewellery margins surprise positively

Consolidated jewellery sales (ex-bullion) grew 27.3% YoY to INR159.9bn (in-line) powered by gold prices growth (up 25% YoY). Domestic jewellery (ex-bullion) grew 25.4% YoY. Secondary UCP/LTL growth remained healthy at 28/22% respectively underpinned by a strong festive and wedding season (consol. topline growth stood at 25.2% YoY at INR 177.4bn; in-line). Adj. Jewellery margins (excl. INR 2.53bn impact due to the Jul-24 customs-duty cut) surprised positively at 11.2%. Note: Jewellery EBITM (consolidated) contracted 240bps YoY to 9.2% vs HSIE's 8.5%. Non-jewellery performance was largely in line; albeit margins were lower than expected. We largely maintain our FY26/27 EPS estimates and our REDUCE rating with a DCF-based TP of INR3,160/sh (implying 50x FY27 P/E).

- **Q3FY25 highlights**: Consolidated revenue grew 25.2% YoY to INR 177.4bn. Consol. jewellery (ex-bullion) sales grew 27.3% YoY to INR159.9bn (HSIE: INR160bn). Domestic jewellery (ex-bullion) grew 25.4% in Q3FY25, buoyed by higher gold prices and wedding related purchases (SSSG stood at 22%). Plain gold jewellery clocked 24% growth YoY. Studded ratio stood at 23% (vs 24% in Q3FY24). Normalising for the INR2.53bn hit due to customs duty reduction, reported jewellery EBITM (consolidated) contracted 240bps to 9.2% vs HSIE's 8.5% (note: normalised standalone jewellery EBITM came at 11.2%). Non-jewellery businesses performed well (watches/eyewear/others grew 15/17/0% YoY respectively). It reported an EBITM of 7.8% (HSIE: 10%). The company added 13/13/19 Tanishq/Mia/Caratlane stores (net) respectively. Channel checks suggest gold lease rates are likely to be revised upwards by banks, given the current gold supply dynamics. Consolidated APAT declined 0.6% YoY to INR 7.04bn (HSIE: INR 8.1bn). Note: Normalised for CD-led margin loss; APAT grew 17.5% YoY at INR12.4bn.
- **Outlook:** Most of the heavy-lifting from here on is expected to be volume-led, which, amid heightened competitive intensity, could keep margin levers out of play. We largely maintain our FY26/27 EPS estimates and our REDUCE rating with a DCF-based TP of INR3,160/sh (implying 50x FY27 P/E).

Quarterly financial summary

(Rs mn)	Q3 FY25	Q3 FY24	YoY (%)	Q2 FY25	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	1,77,400	1,41,640	25.2	1,45,340	22.1	2,87,990	4,05,750	5,10,840	5,95,035	6,73,452	7,43,348
EBITDA	16,740	15,650	7.0	12,360	35.4	30,530	44,910	47,810	50,184	69,478	77,061
APAT	10,470	10,530	(0.6)	7,040	48.7	22,520	32,740	34,960	33,300	49,821	56,775
EPS (Rs)	11.8	11.8	(0.6)	7.9	48.7	25.4	36.9	39.3	37.4	56.0	63.8
P/E (x)						137.6	94.6	88.9	93.3	62.4	54.7
EV/EBITDA (x)						103.9	70.8	68.1	65.0	47.0	42.3
Core RoCE(%)						15.4	17.5	16.1	15.0	18.1	17.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(Rs mn)	FY25E			FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	5,95,035	5,95,168	*(0.0)*	6,73,452	6,68,610	*0.7*	7,43,348	7,38,015	*0.7*
Gross Profit	1,27,478	1,27,507	*(0.0)*	1,58,421	1,57,282	*0.7*	1,74,491	1,73,239	*0.7*
Gross Profit Margin (%)	21.4	21.4	***(0 bps)***	23.5	23.5	***(0 bps)***	23.5	23.5	-
EBITDA	50,184	50,195	*(0.0)*	69,478	68,979	*0.7*	77,061	76,508	*0.7*
EBITDA margin (%)	8.4	8.4	***(0 bps)***	10.3	10.3	***(0 bps)***	10.3	10.3	-
APAT	33,300	33,309	*(0.0)*	49,821	49,416	*0.8*	56,775	56,336	*0.8*
APAT margin (%)	5.6	5.6	***(0 bps)***	7.4	7.4	***1 bps***	7.4	7.4	-
EPS	37.4	37.4	*(0.0)*	56.0	55.5	*0.8*	63.8	63.3	*0.8*

Source: Company, HSIE Research

REDUCE

CMP *(as on 05 Feb 2025)*	**INR 3,490**
Target Price	**INR 3,160**
NIFTY	**23,696**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	Rs 3,150	Rs 3,160
EPS %	FY26E	FY27E
	+0.8	+0.8

KEY STOCK DATA	
Bloomberg code	TTAN IN
No. of Shares (mn)	888
MCap (INR bn) / ($ mn)	3,099/35,435
6m avg traded value (INR mn)	4,103
52 Week high / low	INR 3,867/3,056

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	8.1	3.4	(1.7)
Relative (%)	9.6	4.0	(10.8)

SHAREHOLDING PATTERN (%)	**Sep-24**	**Dec-24**
Promoters	52.9	52.9
FIs & Local MFs	9.29	11.55
FPIs	18.22	18.11
Public & Others	19.59	17.44
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Infoedge

Improving trajectory; billings growth strong

Infoedge reported mid-teen (+15% YoY) billing growth for the recruitment segment for the second consecutive quarter, driven by improvement in IT hiring, strong GCCs, and traction in non-IT hiring (BFSI, infrastructure, and healthcare). The new platforms like IIMJobs, Naukri Gulf, and JobHai (blue-collar hiring), which contribute approximately 20% to recruitment billing, grew over 20% YoY. We expect recruitment billings to grow at a ~17% CAGR from FY24-27E, which is higher than the pre-COVID average of ~13%. The margin for the recruitment segment will be in the ~58-60% range, provided billings growth is over 15% YoY. New monetization tools, cost control, and lower marketing spend have led to profitability improvement for Jeevansathi and 99acres platforms. Strong billings growth (+36% YoY) for Jeevansathi is a result of new pricing models, while 99acres billings growth of 16% is lower considering the buoyant real-estate market. The growth in the recruitment segment is expected to continue, led by recovery in IT hiring, non-IT, and AI-based offerings. We increase our EPS estimate by ~1-2% and maintain our BUY rating with a SoTP-based TP of INR 9,000, valuing Naukri at 44x Dec-26E EV/EBITDA (60% of SoTP), 99acres/Jeevansathi+Shiksha at 5/4x P/S, while Zomato and Policybazaar have been assigned the market value. The core recruitment business is trading at 39/32x FY26/27E EV/EBITDA.

- **Q3FY25 highlights**: Infoedge revenue grew +2.4/12.8% QoQ/YoY to INR 6.72bn, driven by 2.0/2.2/3.4/7.3 QoQ growth in recruitment/99acres/Jeevansathi/Shiksha revenue; (2) total billings improved by 16% YoY, led by 15/16/36/12% YoY growth for recruitment/99acres/Jeevansathi/Shiksha; (3) EBITDA margin for recruitment/99acres/Jeevansathi/Shiksha stood at +58.9/-4.6/-24.7/-3.1%; (4) the standalone margin expanded 131bps QoQ to 43.1% due to lower advertising cost (-11.7% QoQ), offset by increase in admin cost (+7.4% QoQ); (5) APAT grew 9.2% QoQ to INR 2.60bn while RPAT stood at INR 2.00bn, impacted by an exceptional loss of INR 0.59bn (devaluation of ed-tech investment); (6) Zomato/Policybazaar account for 23/8% in SoTP while Naukri accounts for ~40% at current market cap.
- **Outlook**: We expect a revenue CAGR of 17% over FY24-27E, led by 17/17/20% CAGRs in recruitment/99acres/Jeevansathi. EBITDA margin estimates stand at 41.6/42.7/43.4% for FY25/26/27E leading to an EPS CAGR of 19% over FY24-27E. Recruitment EBITDA margin estimates stand at 57.2/58.0/58.5% for FY25/26/27E.

Quarterly financial summary*

YE March (INR bn)	3Q FY25	3Q FY24	YoY (%)	2Q FY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	6.72	5.95	*12.8*	6.56	*2.4*	21.59	23.81	26.72	31.87	38.11
EBITDA	2.90	2.41	*20.4*	2.74	*5.6*	7.84	9.55	11.10	13.62	16.55
APAT	2.59	2.14	*21.5*	2.38	*9.2*	6.08	8.46	9.92	11.87	14.09
Diluted EPS (INR)	20.1	16.5	*21.5*	18.4	*9.2*	47.1	65.5	76.8	91.9	109.1
P/E (x)						168.7	121.2	103.4	86.4	72.8
EV / Revenue (x)						46.0	41.4	36.5	30.2	24.8
EV / EBITDA (x)						126.5	103.1	87.9	70.7	57.2
RoE (%)						2.9	5.9	10.1	11.3	12.2

Source: Company, HSIE Research, *standalone financials

Change in estimate

YE March (INR bn)	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	27.06	26.72	*-1.3*	32.10	31.87	*-0.7*	38.02	38.11	*0.2*
EBITDA	11.12	11.10	*-0.2*	13.44	13.62	*1.3*	16.17	16.55	*2.4*
EBITDA margin (%)	41.1	41.6	*46bps*	41.9	42.7	*85bps*	42.5	43.4	*90bps*
APAT	9.93	9.92	*-0.2*	11.78	11.87	*0.7*	13.86	14.09	*1.7*
EPS (INR)	76.9	76.8	*-0.2*	91.3	91.9	*0.7*	107.4	109.1	*1.7*

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2025)*	INR 7,941
Target Price	INR 9,000
NIFTY	23,696

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 9,330	INR 9,000
EPS %	FY26E +0.7	FY27E +1.7

KEY STOCK DATA	
Bloomberg code	INFOE IN
No. of Shares (mn)	130
MCap (INR bn) / ($ mn)	1,029/11,765
6m avg traded value (INR mn)	2,187
52 Week high / low	INR 9,195/4,967

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.9	13.9	53.2
Relative (%)	5.4	14.5	44.1

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	37.68	37.63
FIs & Local MFs	19.56	19.24
FPIs	32.27	32.63
Public & Others	10.49	10.50
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Zydus Lifesciences

Outlook remains steady; investing in long-term drivers

EBITDA^ grew 21% YoY, led by 17% YoY sales growth (-1% QoQ decline in US sales, +28% YoY, +5% YoY in India, and +15% YoY in EMs) and higher GM (+254 bps YoY), partly offset by higher staff, R&D, and SG&A (16%, 60%, and 25%). The company is on track to achieve double-digit growth and profitability improvement in FY25. Going forward, it expects single-digit growth in the US business in FY26, led by steady traction in gRevlimid/gMyrbetriq, volume growth, and new launches (20-25 in FY26). The focus remains on scaling up complex generics and specialty business in the US to create long-term growth drivers, with visibility on key launches in FY27/28, as well as a few 505(b)(2) products. It remains optimistic about the scale-up of the specialty business (supply opportunity for its NDA of Sitagliptin in the US) and the progress of key assets (CUTX101, Saroglitozar, Usnoflast), which are expected to monetize over the next 1-3 years. The India business is expected to sustain steady growth. Factoring in Q3 performance, we have tweaked EPS. The ADD rating stays with a revised TP of INR 1,120 (26x Q3FY27E), as the broader thesis of steady growth (in the US and India), stable margin, and the monetization of R&D assets (injectables, biosimilars, NCEs) remain intact.

- **Q3 highlights**: Sales grew 17% YoY to INR 52.7 bn as US sales (47% of sales) were flat QoQ at USD 285 mn (+29% YoY) on lower gRevlimid sales, which was offset by traction in gMyrbetriq, volume growth, and new launches. India formulations (29%) grew 5% YoY to INR 14.9 bn, led by specialty brands and new launches. Wellness (9%) grew 13% YoY. EMs/EU (11%) grew 15% YoY.
- **Steady EBITDA growth:** GM expanded 254 bps YoY to 69.9% and higher staff/R&D/SG&A (+16/ 60/ 25% YoY) led to EBITDA^ of INR 13.01 bn (+21% YoY) and margin of 24.7% (+74 bps). Higher interest (+62% YoY), depreciation (+18%), and higher other income (+53%) led to PAT of INR 10.2 bn (+33% YoY). Adjusted for one-offs, the PAT was INR 9.5 bn (+27% YoY).
- **Con call takeaways:** In Q3FY25, the US sales saw impact of generic competition in gAsacol HD, which will further intensify post CGT exclusivity. gMyrbetriq will remain a steady opportunity in FY26. gRevlimid sales will be episodic with traction in Q4FY25/Q1FY26. It expects to scale up the 505(b)(2) of Sitagliptin in the US (with CVS supplies and US government tender from in Q4FY25/26). Saroglitozar: Phase II(b)/III read out is expected by CY25 end. Its NDA for CUTX101 is under six months review process in the US; pre-launch activities are ongoing (CUTX101 will be a lifelong treatment). It has created two verticals for its specialty business Sentynl and Zydus therapeutics; Sentynl is already in commercial stages and expects to break even with the launch of new products. It expects to launch Semaglutide in India and other EMs on patent expiry; it is backward integrated and also has a CMO arrangement. As of Dec'24, net cash was at INR 30.91 bn.

Quarterly financial summary

(INR mn)	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	52,691	45,052	17	52,370	1	1,72,374	1,95,474	2,28,923	2,40,425	2,49,443
EBITDA	13,017	10,796	21	14,191	(8)	35,550	52,979	66,451	68,040	62,361
APAT	9,509	7,503	27	8,810	8	23,200	37,790	44,794	46,292	42,369
EPS (INR)	9.5	7.5	27	8.8	8	23.1	37.6	44.5	46.0	42.1
P/E (x)						42.4	26.0	22.0	21.3	23.2
EV/EBITDA (x)						28.3	18.9	14.7	14.0	14.9
RoCE (%)						13	21	23	21	17

Source: Company, HSIE Research, PAT adjusted for one-offs, ^ adjusted for INR 950 mn one-offs

ADD

CMP *(as on 5 Feb 2025)*	INR 978
Target Price	**INR 1,120**
NIFTY	**23,696**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1100	INR 1120
EPS %	FY25E	FY26E
	1.0	1.3

KEY STOCK DATA	
Bloomberg code	ZYDUSLIF IN
No. of Shares (mn)	1,006
MCap (INR bn) / ($ mn)	983/11,240
6m avg traded value (INR mn)	1,901
52 Week high / low	INR 1,324/754

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.2)	(20.4)	28.4
Relative (%)	0.4	(19.8)	19.3

SHAREHOLDING PATTERN (%)

	Sep-24	Dec-24
Promoters	74.98	74.98
FIs & Local MFs	10.65	10.64
FPIs	7.52	7.53
Public & Others	6.85	6.85
Pledged Shares	-	-

Source: BSE

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Max Financial

Heading towards a new normal; maintain ADD

MAXL printed strong APE growth (+26% YoY), though VNB margins contracted to 21.9% (-340bps YoY) on the back of implementation of revised surrender value norms during the quarter and deterioration in product mix (higher ULIP mix). Given further drag on VNB margins from the revised surrender value norms, we expect margins to remain rangebound from here on. Our forecasts factor in APE/VNB CAGR of 19/15% and operating RoEVs of 16% over FY24-27E. We maintain ADD with a TP of INR1,400 (1.6x Sep-26E EV post-holdco discount), 30% discount to our implied valuation for SBILIFE.

- **Elevated ULIP mix taking toll on profitability:** Total APE clocked a 26% YoY growth (3y CAGR: 14%) on the back of strong traction in proprietary channels (>40%). VNB margin fell to 21.9% (-340bps YoY) on account of deterioration in product mix towards ULIP at 45% (9MFY24: 34%) and was further impacted by the revised surrender value guidelines. Going forward, given the management's focus on profitability, we expect incremental product mix to be relatively more balanced with lower ULIP contribution.
- **Surrender value impact in line with expectations:** As outlined in our Oct-24 Sector Update, MAXL is relatively more impacted by the new surrender value guidelines due to a higher share of NPAR savings mix in retail APE (9MFY25: 25%) relative to its peers. Management guidance on the impact of surrender value guidelines is in line with our expectation of 75-100bps. Given that MAXL only saw a half-year impact of these norms on profitability during H2FY25, we expect marginally higher impact during FY26E on a full-year basis.
- **Recalibrated product mix to help lift VNB margins FY26E onwards:** MAXL highlighted the need to improve its product mix and limit ULIP contribution to 35-40%. A high rider attachment ratio (9MFY25: 40%) and efforts to lift the incremental mix of protection business are likely to be accretive to overall VNB margins FY26E onwards.

Financial summary

(INR bn)	9MFY24	9MFY25	% chg	FY24	FY25E	FY26E	FY27E
New business	69.7	80.9	16.1	110.2	130.0	152.0	175.1
APE	45.5	57.3	25.9	74.3	89.2	105.3	124.1
VNB	11.5	12.6	8.9	19.7	20.8	25.1	30.4
VNB Margin (%)	25.3%	21.9%	-340bps	26.4%	23.3%	23.9%	24.5%
EV				194.9	248.7	287.4	333.8
P/EV(X)				2.0	1.6	1.4	1.2
P/VNB(X)				19.7	18.6	15.4	12.8
ROEV%				20.1	18.1	17.5	18.0

Source: Company, HSIE Research, *Refers to implied P/VNB. EV adj for a stake in Max Life.

Change in estimates

(INR bn)	FY25E			FY26E			FY27E		
	Old	New	%Δ	Old	New	% Δ	Old	New	% Δ
APE	93.8	89.2	-4.9	111.2	105.3	-5.3	129.8	124.1	-4.3
VNB	22.7	20.8	-8.1	26.5	25.1	-5.2	31.4	30.4	-3.4
VNB Margin (%)	24.2%	23.3%	-83bps	23.8%	23.9%	2bps	24.2%	24.5%	25bps
EV	250.3	248.7	-0.7	290.1	287.4	-0.9	337.2	333.8	-1.0

Source: Company, HSIE Research

ADD

CMP *(as on 05 Feb 2025)*	INR 1,122
Target Price	INR 1,400
NIFTY	23,696

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,420	INR 1,400
	FY25E	FY26E
VNB %	-8%	-5%

KEY STOCK DATA	
Bloomberg code	MAXF IN
No. of Shares (mn)	345
MCap (INR bn) / ($ mn)	386/4,413
6m avg traded value (INR mn)	1,252
52 Week high / low	INR 1,311/862

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.6)	4.7	28.4
Relative (%)	(9.1)	5.3	19.3

SHAREHOLDING PATTERN (%)

	Sep-24	Dec-24
Promoters	3.3	3.3
FIs & Local MFs	44.0	42.7
FPIs	46.2	47.5
Public & Others	6.4	6.5
Pledged Shares	0.1	0.0

Source : BSE

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Happiest Minds Technologies

Growth engine set to revive

HAPPSTMN posted a weak quarter, with both revenue and margins coming in lower than our expectations. The 0.8% QoQ CC revenue growth in Q3 was impacted by seasonality and weakness in the ed-tech and travel verticals. Management has lowered its growth outlook for FY25E, expecting growth at the lower end of the guided range of 30-35%, primarily due to delays in the integration of PureSoftware and Aureus, as well as slowdown in organic growth. The growth engine is expected to revive, boosted by healthy growth in the BFSI vertical (supported by the Arttha platform), easing discretionary spending in Retail & CPG, strong demand for GenAI business across verticals, and collaborations with Microsoft and AWS to enhance the newly formed GenAI business unit (GBS). Despite near-term softness, we remain optimistic about the company's long-term prospects, driven by its scalable business model, strategic partnerships, and emerging opportunities in GenAI. However, we have reduced our earnings estimates by ~5-6% due to softness in the Edutech and TME verticals. The valuation premium is supported by the company's ability to deliver double-digit organic growth and its size advantage. We maintain ADD on HAPPSTMN with a lowered TP of INR 750, valued at 32x Mar-27E EPS, supported by a 14% EPS CAGR over FY24-27E.

- **Q3FY25 highlights:** (1) HAPPSTMN posted a revenue of USD 62.7mn, +0.5% QoQ, impacted by seasonality (furloughs and lower working days) and partially offset by higher volume and utilisation in the quarter. (2) Among verticals, growth was broad-based, largely led by the BFSI (24% of revenue) and healthcare (16% of revenue) verticals while Edutech/TME declined by -7.9/-8.8% QoQ due to client-specific softness. (3) The GBS stood at 1.5% of revenue, supported by 15 PoCs in Q3 and strong partnerships with Microsoft and AWS. (4) The company's margin performance was lower than expected, impacted by senior management wage hikes and seasonality, which were offset by improved utilisation (at 78%, +170bps QoQ). EBITDAM improved by +9bps QoQ at 17.7% (HSIE est. at 18.4%). The management expects EBITDAM (including other income) for FY25E to come in the range of 20-22%, vs. 21.1% in Q3FY25. (5) HAPPSTMN signed an agreement on Feb'25 to acquire the Middle East business of GAVS Technologies with 90 people. It will be a part of the BFSI vertical and IMS business unit. The company expects the Middle East to contribute substantially to revenue in FY26E and will continue to invest in that region.
- **Outlook:** We factor in USD revenue growth of 25% for FY25E (~3% organic), 19% for FY26E, and 20% in FY27E; factor in EBITM of 14%, 16.3% and 16.1% for FY25/26/27E, which translates to an EPS CAGR of 14% over FY24-27E. At CMP, HAPPSTMN is trading at 37/31x FY26/27E, lower than its historical average multiple of 45x.

Quarterly Financial summary

YE March (INR bn)	Q3 FY25	Q3 FY24	YoY (%)	Q2 FY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Revenue (USD mn)	50	46	*9.1*	49	*1.4*	178	196	245	291	352
Net Sales	4.17	3.78	*10.4*	4.10	*1.8*	14.29	16.25	20.71	24.88	30.23
EBIT	0.68	0.79	*(13.8)*	0.66	*3.4*	3.17	2.78	2.88	4.05	4.86
APAT	0.62	0.58	*8.0*	0.59	*5.9*	2.36	2.38	2.14	2.91	3.57
Diluted EPS (INR)	4.1	3.8	*8.0*	3.9	*5.9*	15.5	15.6	14.1	19.1	23.4
P/E (x)						46.2	45.7	50.8	37.4	30.5
EV / EBITDA (x)						29.7	29.7	28.5	21.2	17.6
RoE (%)						31.3	20.5	13.9	17.4	19.3

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

INR bn	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue (USD mn)	248	245	*(1.0)*	298	291	*(2.3)*	359	352	*(2.2)*
Revenue	20.88	20.71	*(0.8)*	25.31	24.88	*(1.7)*	30.90	30.23	*(2.2)*
EBIT	3.05	2.88	*(5.6)*	4.18	4.05	*(3.0)*	5.11	4.86	*(4.9)*
EBIT margin (%)	14.6	13.9	*-70bps*	16.5	16.3	*-21bps*	16.5	16.1	*-46bps*
APAT	2.30	2.14	*(6.7)*	3.04	2.91	*(4.2)*	3.80	3.57	*(6.1)*
EPS (INR)	15.1	14.1	*(6.7)*	20.0	19.1	*(4.2)*	24.9	23.4	*(6.1)*

Source: Company, HSIE Research

ADD

CMP *(as on 5 Feb 2025)*	**INR 700**
Target Price	**INR 750**
NIFTY	**23,696**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 805	INR 750
	FY25E	FY26E
EPS %	-6.7	-4.2

KEY STOCK DATA	
Bloomberg code	HAPPSTMN IN
No. of Shares (mn)	152
MCap (INR bn) / ($ mn)	106/1,219
6m avg traded value (INR mn)	418
52 Week high / low	INR 956/666

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(8.3)	(9.5)	(18.2)
Relative (%)	(6.8)	(8.9)	(27.3)

SHAREHOLDING PATTERN (%)	**Sep-24**	**Dec-24**
Promoters	44.22	44.22
FIs & Local MFs	4.18	6.08
FPIs	5.33	5.34
Public & Others	46.27	44.36
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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Metropolis Healthcare

Weak Q3; expansion and volume-led growth visbility

EBITDA (+11% YoY) was 10/9% below our/consensus estimates, as +11% YoY sales growth (led by 4/6% YoY growth in patient/test volume, which led to 6/4% growth in realisation per patient/test) was offset by lower GM (-39 bps) and higher costs (staff/ SG&A up 11/5%). Metropolis expects (1) steady sales growth and a margin of 25%+ in Q4 FY25; from FY26, the company anticipates outperforming industry growth, driven by volume growth and selective price hikes. (2) The Core Diagnostics transaction is expected to complete by Feb/Mar 2025, strengthening the specialty business. Positive EBITDA is projected for FY26, with double-digit EBITDA in FY27, and reaching Metropolis' current levels by FY28. However, some margin dilution is expected in FY26/27. Despite this, Core Diagnostics is expected to remain EPS accretive. (3) The expansion of labs and centres is nearing completion, and Metropolis expects margin improvement (excluding Core Diagnostics) starting FY26. While Metropolis is taking various initiatives like expanding network, niche test portfolios, wellness packages, M&As, micro-market strategy, digital capabilities, gaining share in focused cities, and increasing B2C presence to drive revenue growth, its margin will remain under check in the near term (expansion and M&A-related costs). Factoring in Q3, we have cut FY25/26E EPS by 9/4% and revised TP to INR 2,050 (43x Q3FY27E EPS). ADD stays. We will factor in the Core Diagnostics post-completion of the transaction.

- **Q3 highlights:** Sales grew 11% YoY to INR 3.2 bn, led by patient volume growth of 4% YoY to 3.09 mn and test volume growth of 6% YoY to 6.44 mn. This led to a 6/4% YoY growth in realization per patient/test. Lower GM at 79.3% (-36 bps YoY) and higher staff cost (+17%) was partly offset by moderate growth in SG&A (+5%), leading to a INR 720 mn EBITDA (+11% YoY) and a 22.3% margin (+144 bps). Higher other income (+11% YoY), depreciation (+11%), and lower interest (-15%) led to a PAT of INR 314 mn (+13% YoY).
- **Key takeaways from con call:** The company expects to gain market share and beat market growth in Mumbai (grew 16% in Q3); it has 7 labs and 500 centers in Mumbai and looking to add 30-40 centers p.a. **Micro market strategy:** Metropolis has divided its regions into 100-120 micro markets, implementing market-relevant pricing and revamping the partner model to boost engagement. It has also improved logistics to reduce TAT and expanded test menus tailored to specific market needs. The company expects these initiatives to drive an additional ~2% growth in Q4 FY25. The focus remains on growing its wellness (TruHealth grew 23% YoY in Q3; increased revenue share to ~17%) and specialty testing (up 13% YoY), largely targeting the B2C segment. In Q3FY25, it saw reduction in the acute illness business due to weak seasonality (lower infection incidence); it expects it to normalize in Q4FY25. Net cash was INR 2.05 bn. Net price increase impact on growth was ~2%. Ex-institutional business, growth was 13% YoY.

Quarterly financial summary

(INR mn)	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	3,228	2,911	11	3,498	(8)	11,482	12,077	13,382	15,183	17,084
EBITDA	720	648	11	899	(20)	2,883	2,826	3,305	4,039	4,613
APAT	314	278	13	465	(33)	1,429	1,328	1,602	2,165	2,535
EPS (INR)	6.1	5.4	13	9.1	(33)	27.9	25.9	31.3	42.2	49.5
P/E (x)						64.7	69.6	57.7	42.7	36.5
EV/EBITDA (x)						32.6	33.0	27.9	22.5	19.3
RoCE (%)						16	14	16	19	20

Source: Company, HSIE Research, PAT adjusted for one-offs

ADD

CMP *(as on 5 Feb 2025)*	INR 1,804
Target Price	INR 2,050
NIFTY	23,696

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2370	INR 2050
EPS %	FY25E	FY26E
	(9.1)	(4.5)

KEY STOCK DATA	
Bloomberg code	METROHL IN
No. of Shares (mn)	51
MCap (INR bn) / ($ mn)	93/1,058
6m avg traded value (INR mn)	324
52 Week high / low	INR 2,318/1,551

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(16.0)	(12.1)	8.4
Relative (%)	(14.5)	(11.4)	(0.8)

SHAREHOLDING PATTERN (%)

	Sep-24	Dec-24
Promoters	49.43	49.4
FIs & Local MFs	28.02	30
FPIs	18.56	16.73
Public & Others	3.99	3.87
Pledged Shares	1.18	1.18

Source: BSE

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Birla Corporation

Modest margin recovery amid stiff competition

We maintain BUY on Birla Corporation (BCORP), with a lower target price of INR 1,490/share (8x FY27E consolidated EBITDA). In Q3FY25, BCORP's volume rebounded 7% YoY. Higher incentives and op-lev gains QoQ also aided INR 108/MT margin recovery to QoQ INR 569/MT. Management expects to deliver ~7-8% volume growth in Q4FY25 along with ~INR200-250/MT QoQ margin. It noted intense competition in the central region is impacting profitability. On the positive side, it expects the share of both low-cost captive coal and green power to expand over the next 2-3 years, supporting a margin uptick.

- **Q3FY25 performance:** BCORPs Q3FY25 EBITDA missed our/consensus estimates by 12/5% owing to lower than estimated opex reduction. Cement sales volume rose 7% YoY (in line with management's earlier guidance). The share of premium sales remained high at ~40% of total volumes, even though the share of trade sales has been drifting lower (68% in Q3). NSR rose a modest 1% QoQ on higher incentive accrual QoQ. Cement price hikes in Nov/Dec offset the decline in the preceding months. Management noted intense competition in the central region moderated profitability while it reported better performance across its northern, eastern, and western plants. Unit opex cooled off 1% QoQ, mainly on op-lev gains, while input cost remained flat and the rise in freight cost as lead distance increased 3% QoQ. Thus, unit EBITDA recovered INR 108/MT to INR 569. On a YoY basis, NSR fell 10% owing to poor pricing across markets. Opex also cooled off 4% led by op-lev gains, lower fuel cost, increased green power consumption and efficiencies improvement. Unit EBITDA fell INR 334/MT YoY, owing to poor pricing.
- **Con call KTAs and outlook**: Management maintained its earlier guidance of 7-8% volume growth YoY and ~INR 150/MT margin recovery vs H1FY25. It would spend INR 5bn in capex in FY25 (INR 3bn spent in 9MFY25) vs its earlier guidance of INR 7-8bn. However, it remained confident of its 1.4mn MT Kundanganj SGU to be operational by Q1FY26 and achieving 25mn MT capacity by 2027. The upcoming captive coal mines in FY26/27E will increase the share of low-cost captive kiln fuel to >30%/50% in FY27/28E from 15% currently. Its green power share will also expand to 35% in the next 1.5 years from ~25% currently. Factoring in a subdued pricing recovery and expected delays in expansions, we lower EBITDA estimates by 2/6/5% respectively. We also lower target multiple to 8x FY27E consolidated EBITDA from 9x earlier.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY25	Q3 FY24	YoY (%)	Q2 FY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Sales Vol (mn MT)	4.51	4.21	*7.1*	3.97	*13.6*	15.73	17.65	18.00	18.90	19.85
NSR (INR/MT)	4,781	5,302	*(9.8)*	4,722	*1.2*	5,237	5,239	4,862	4,983	5,083
EBITDA(INR/MT)	569	903	*(37.0)*	461	*23.4*	462	801	616	774	857
Net Sales	22.57	23.10	*(2.3)*	19.53	*15.6*	86.82	96.63	91.65	98.53	105.43
EBITDA	2.48	3.78	*(34.5)*	1.77	*39.9*	7.72	14.38	11.38	14.94	17.32
APAT	0.31	1.09	*(71.4)*	-0.25		0.34	4.14	2.25	5.50	7.02
AEPS (INR)	4.1	14.2	*(71.4)*	-3.3		4.4	53.7	29.2	71.4	91.1
EV/EBITDA (x)						16.2	8.2	10.0	7.4	6.3
EV/MT (INR bn)						6.14	5.80	5.59	5.09	4.42
P/E (x)						264.4	21.6	39.7	16.3	12.8
RoE (%)						*0.6*	*6.5*	*3.3*	*7.8*	*9.2*

Source: Company, HSIE Research

BUY

CMP *(as on 5 Feb 2025)*	INR 1,162
Target Price	INR 1,490
NIFTY	23,696

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,604	INR 1,490
EBITDA revision %	FY25E *(1.6)*	FY26E *(5.5)*

KEY STOCK DATA	
Bloomberg code	BCORP IN
No. of Shares (mn)	77
MCap (INR bn) / ($ mn)	89/1,021
6m avg traded value (INR mn)	136
52 Week high / low	INR 1,802/1,073

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.9)	(20.3)	(21.7)
Relative (%)	0.6	(19.7)	(30.9)

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	62.90	62.90
FIs & Local MFs	16.20	16.25
FPIs	5.47	5.61
Public & Others	15.43	15.24
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Symphony

Lacklustre quarter

Symphony's consolidated revenue declined 2% YoY on account of 6% YoY decline in domestic business, partially offset by the RoW business. EBITDAM declined by 580bps YoY to 12%, impacted by water heater launch expense (1.5% of revenue), high forex loss (3.9% of revenue), high low margin sales mix and weak performance in overseas business. During the quarter, the company booked INR 460mn (19% of revenue) as an exceptional loss pertaining to provision for doubtful debt. Management is confident domestic sales and margin will recover from Q4FY25. Management highlighted CT, Australia sales will pick from FY26, which could lead to margin recovery. In India, over the medium-long term, Symphony remains focused on (1) product innovation; (2) distribution enhancement (semi-urban and rural); and (3) increasing presence in alternate channels. We maintain our REDUCE rating with a lower target price of INR 1,215/sh (30x Mar-27E EPS).

- **Q3FY25 highlights:** Owing to weak domestic volume, Symphony missed our consolidated revenue/EBITDA/APAT estimates by 26/24/57%. Consolidated revenue declined 2% YoY to INR 2.4bn on account of 6% YoY decline in domestic business, partially offset by the RoW business. Consolidated GM improved 260bps to 50%. Other expenses rose 49% YoY to INR 640mn owing to water heater launch expense (1.5% of revenue) and high forex loss (3.9% of revenue). So, EBITDA declined 34% YoY to INR 0.29bn. Margin declined 580bps YoY to 12%. During the quarter, the company booked INR 460mn (19% of revenue) as an exceptional loss pertaining to provision for doubtful debt.
- **Segmental Q3FY25 performance:** Domestic EBIT margin declined by 820bps YoY to 22%. RoW EBIT margin too declined by 900bps to -3.3% owing to weak performance in Australia, Mexico and Brazil subsidiaries (all subsidiaries delivered PAT loss during the quarter). China subsidiary performance has improved, with revenue growing 273% YoY to INR 340mn with INR 60mn profit. Led by the China subsidiary healthy performance, RoW revenue share increased to 38% vs 36/24% YoY/QoQ.
- **Outlook:** (i) Management is confident of pick-up in revenue from Q4FY25, led by domestic demand revival. The company has built up a huge inventory in anticipation of early arrival of summer;_ii) sales mix was impacted in Q3 (high low margin product sales), and it will normalize in the coming quarters; (iii) CT Australia will move to complete outsourcing from Jun-25, which will help reduce costs. Once sales from this unit ramps up, the margin will recover; (iv) In the India business, management aims to grow in double-digit CAGR in the medium-long term; (v) the US is a small part of their business. Any regulatory change here can be an opportunity for the company to gain market share; (vi) 17 new air coolers are billed from Jan-25, and the response is promising. Considering a weak Q3, we trim our APAT estimates by 3% each for FY25-27E. We maintain REDUCE with a lower target price of INR 1,215/sh (30x Mar-27E EPS).

Financial summary

(INR mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ(%)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	2,420	2,470	(2.0)	3,150	(23.2)	11,876	11,561	14,828	16,712	18,582
EBITDA	290	440	(34.1)	640	(54.7)	1,384	1,689	2,750	3,086	3,464
APAT	360	410	(12.2)	560	(35.7)	1,164	1,508	2,307	2,475	2,786
EPS (INR)	5.1	5.9	(12.2)	8.0	(35.7)	16.6	21.9	33.6	36.0	40.6
P/E (x)						78.2	59.5	38.8	36.1	32.1
EV / EBITDA (x)						65.3	53.0	32.5	28.6	25.1
RoE (%)						13.5	18.5	31.0	31.0	30.2

Source: Company, HSIE Research

REDUCE

CMP *(as on 5 Feb 2025)*	INR 1,302
Target Price	INR 1,215
NIFTY	23,696

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,255	INR 1,215
EPS %	FY26E	FY27E
	-3%	-3%

KEY STOCK DATA	
Bloomberg code	SYML IN
No. of Shares (mn)	69
MCap (INR bn) / ($ mn)	89/1,023
6m avg traded value (INR mn)	383
52 Week high / low	INR 1,881/820

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(18.4)	5.9	39.2
Relative (%)	(16.9)	6.6	30.1

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	73.43	73.43
FIs & Local MFs	8.96	8.45
FPIs	6.11	6.79
Public & Others	11.50	11.33
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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V-MART Retail

Delivers positive margin surprise

V-Mart's revenue grew 15.5% YoY to INR 10.27bn. Core V-MART operations grew 18.6% YoY to INR 8.6bn. Q3 SSSG stood at 10%. Limeroad losses reduced by 54% YoY to INR 65mn. Footfall/sales density up 12.8/11.6% YoY, respectively. GM/EBITDAM came in at 35.8/10.8% (HSIE: 34.8/9.1%). Management suggested that GM gains from here are unlikely, given the competitive landscape and the focus on giving more value to consumers. Inventory days reduced to 92 (from 108 in Q3FY24). We've reduced our FY26/27 EBITDA estimates by 1/4% to account for reduced margins and maintain our REDUCE rating, with a DCF-based TP of INR 3,550/sh, implying 25x FY27E EV/EBITDA.

- **Q3FY25 highlights:** V-MART posted 15.5% YoY growth to INR 10.27bn. Core V-MART operations grew 18.6% YoY to INR 8.6bn. In Q3, footfall density was up 12.8% YoY to 19.4k/store, while annualized sales density for core VMART stood at INR 10.8k/sq ft (up 11.6% YoY). Transaction size declined 1.4% YoY to INR 1,058. SSSG for Q3 stood at 10% (volume led). SSSG for core VMART and Unlimited stood at 10/11%, respectively. Management highlighted that salience of Youth as a category has improved substantially from 22% to 27%. GM improved by 25bps YoY to 35.8% in Q3 (HSIE: 34.8%). Pre-IND AS EBITDAM came in at 10.8% (vs 7.6% YoY; HSIE: 9.1%), courtesy reduction in advertising expense and paring down of Limeroad losses (down 54% YoY to INR 65mn). Manpower costs remain a challenge due to minimum wages growth in states like Orissa and Jharkhand. However, the management believes that this will eventually improve the per capita income and consumption in those areas, offsetting the higher cost. Inventory days improved by 15% to 92 days (from 108 in Q3FY24). The company aims to add 50 stores (net) in FY25. It added 19 VMART/2 Unlimited stores in Q3. Pre-IND AS 116 EBITDA/APAT stood at INR 1.11/0.72bn (HSIE: INR 0.93/0.41bn).
- **Outlook**: Though V-Mart's recovery is encouraging, elevated competitive intensity may keep margin improvement in check. We've reduced our FY26/27 EBITDA estimates by 1/4% to account for lower margins and maintain our REDUCE rating, with a DCF-based TP of INR 3,550/sh, implying 25x FY27E EV/EBITDA.

Quarterly financial summary

(Rs mn)	Q3 FY25	Q3 FY24	YoY (%)	Q2 FY25	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	10,267	8,891	15.5	6,610	55.3	16,662	24,648	27,856	32,710	37,015	42,446
EBITDA	1,109	675	64.3	(185)	(699.9)	792	909	95	1,601	2,235	2,825
APAT	716	282	153.7	(565)	(226.8)	116	(78)	(968)	52	397	870
EPS (Rs)	36.2	14.3	153.5	(28.6)	(226.7)	5.9	(4.0)	(48.9)	2.6	20.1	44.0
P/E (x)						591.9	(877.7)	(71.5)	1,322.3	174.2	79.5
EV/EBITDA (x)						85.0	77.1	738.5	43.6	31.2	24.6
Core RoCE(%)						5.1	2.1	(5.3)	5.9	10.5	14.2

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY25E			FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	32,710	33,102	*(1.2)*	37,015	38,026	*(2.7)*	42,446	44,150	*(3.9)*
Gross Profit	11,197	11,166	*0.3*	12,560	12,922	*(2.8)*	14,466	15,091	*(4.1)*
Gross Profit Margin (%)	34.2	33.7	***50 bps***	33.9	34.0	***-5 bps***	34.1	34.2	***-10 bps***
EBITDA	1,601	1,452	*10.3*	2,235	2,251	*(0.7)*	2,825	2,940	*(3.9)*
EBITDA margin (%)	4.9	4.4	***51 bps***	6.0	5.9	***12 bps***	6.7	6.7	***0 bps***

Source: Company, HSIE Research, Pre IND AS 116 financials

REDUCE

CMP *(as on 05 Feb 2025)*	**INR 3,521**
Target Price	**INR 3,550**
NIFTY	**23,696**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 3,550	INR 3,550
EBITDA %	FY26E	FY27E
	-0.7	-3.9

KEY STOCK DATA	
Bloomberg code	VMART IN
No. of Shares (mn)	20
MCap (INR bn) / ($ mn)	69/796
6m avg traded value (INR mn)	155
52 Week high / low	INR 4,520/1,814

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(15.8)	7.4	68.6
Relative (%)	(14.3)	8.0	59.5

SHAREHOLDING PATTERN (%)	**Sep-24**	**Dec-24**
Promoters	44.3	44.29
FIs & Local MFs	32.8	32.45
FPIs	16.0	17.32
Public & Others	6.9	5.94
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Robust execution and order booking

JKIL reported a strong quarter, with revenue/EBITDA/APAT at 14.8/2.1/0.9bn, beating our estimates by 5.2/8.9/4.5%. As of Dec-24, the order book (OB) stood at INR 205.2bn (~4.2x FY24 revenue). JKIL is on track to achieve its INR 80bn of the order booking for FY25. Moreover, it has L1 positions worth INR 50bn which shall get converted in Q4FY25. Further it guided an order inflow of INR 60-70bn for FY26. It has maintained its FY25 revenue guidance and provided growth guidance for FY26 (+15% YoY of INR 63-65bn) with EBITDA margin guidance of 15-16%. JKIL is keen on bidding for large-scale projects in Maharashtra, including the Virar-Versova sea link. We believe that JKIL is well-placed to incur capex with a mix of debt and internal accruals. We maintain our ADD rating on the stock, with an increase in TP to INR 984/sh. (14x 1-yr forward , Dec-26E rollover).

- **Q3FY25 financial performance:** JKIL generated revenue of INR 14.8bn (+22.0/+15.1% YoY/QoQ, a beat of 5.2%) with an EBITDA of INR 2.2bn (+21.8/+16.0% YoY/QoQ, a beat of 8.9%). JKIL's EBITDA margin stood at 14.7% (-2/+12 bps YoY/QoQ, a beat of 50bps), while RPAT/APAT came in at INR 997mn (+20.7/+10.5% YoY/QoQ, a beat of 4.5%). It has maintained FY25 revenue guidance of INR 56-57bn and provided similar growth guidance for FY26 (+15% YoY of INR 63-65bn) with EBITDA margin guidance of 15-16%. Major revenue contributors have been metros, elevated corridors/flyovers, roads & road tunnels, water and other civil works.
- **On path to meet its guidance with robust order book:** JKIL's OB stands at INR 205.2bn in Q3FY25 (~4.2x FY24 revenue) vs. the order book as of Sept'24 at INR 187.2bn (~4.1x FY24 revenue). Geographically, the OB has maximum exposure in Maharashtra at 65%, followed by Tamil Nadu/NCR/Gujarat/Karnataka/UP contributing 19/10/2/1/3%. The bid pipeline is robust at INR 400bn with JKIL guiding for INR 80bn FY25 order inflows. JKIL is on track to achieve its INR 80bn of the order booking for FY25. Further it guided an order inflow of INR 60-70bn for FY26.
- **Strong balance sheet to facilitate growth opportunities:** Gross debt stood at INR 8.6bn as of Dec'24 vs. INR 7.7bn as of Sep'24, leading to a gross D/E of 0.3x (vs. 0.28x as of Sept'24). Net D/E stood at 0.01x as of Dec'24 vs. 0.08x as of Sept'24). Q4FY25/26 capex guidance stands at ~INR 1.5/4bn. With ~70% utilisation of non-fund-based and fund-based limits, the company is well-placed to incur capex with a mix of debt and internal accruals.

Standalone Financial Summary (INR mn)

Particulars	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
Net Revenues	14,869	12,187	22.0	12,924	15.1	48,792	56,994	65,543	75,375
EBITDA	2,186	1,795	21.8	1,885	16.0	7,041	8,299	9,541	10,909
APAT	997	826	20.7	902	10.5	3,286	3,882	4,604	5,559
EPS (INR)	13.2	10.9	20.7	11.9	10.5	43.4	51.3	60.8	73.5
P/E (x)						17.3	14.6	12.3	10.2
EV/EBIDTA (x)						8.7	7.0	5.8	4.3
RoE (%)						13.2	13.7	14.2	14.9

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY25E			FY26E			FY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	56,994	56,696	0.5	65,543	65,201	0.5	75,375	74,981	0.5
EBITDA	8,299	8,075	2.8	9,541	9,267	3.0	10,909	10,578	3.1
EBITDA (%)	14.6	14.2	31.9	14.6	14.2	34.4	14.5	14.1	36.6
APAT	3,882	3,724	4.2	4,604	4,515	2.0	5,559	5,494	1.2

Source: Company, HSIE Research

ADD

CMP (*as on 05 Feb 2025*)	INR 742
Target Price	INR 984
NIFTY	23,696

KEY CHANGES		OLD	NEW
Rating		ADD	ADD
Price Target		INR 926	INR 984
EPS Change (%)	FY25E	FY26E	FY27E
	4.2	2.0	1.2

KEY STOCK DATA	
Bloomberg code	JKIL IN
No. of Shares (mn)	76
MCap (INR bn) / ($ mn)	56/642
6m avg traded value (INR mn)	171
52 Week high / low	INR 937/536

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.7)	(8.2)	14.9
Relative (%)	0.8	(7.6)	5.8

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	46.64	46.64
FIs & Local MFs	16.58	16.17
FPIs	9.99	10.50
Public & Others	26.78	26.68
Pledged Shares	10.57	10.57

Source: BSE

Pledge share as a % of total shares

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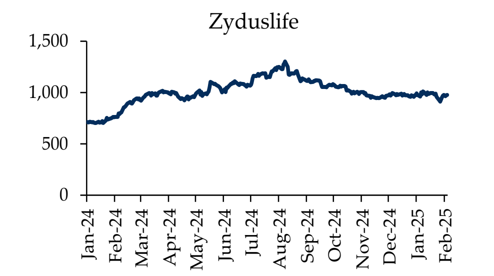
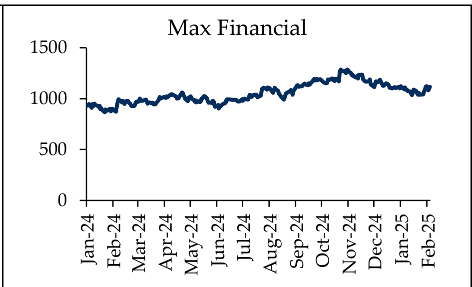
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

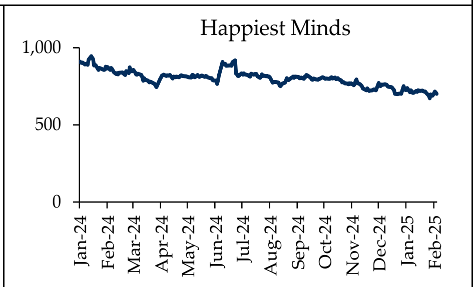
Disclosure:

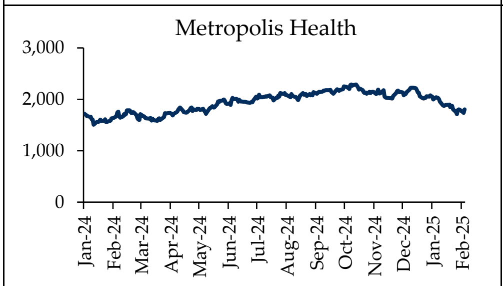
Analyst	Company Covered	Qualification	Any holding in the stock
Jay Gandhi	Titan, V-MART Retail	MBA	NO
Vedant Mulik	Titan, V-MART Retail	CA	NO
Amit Chandra	Infoedge, Happiest Minds Technologies	MBA	NO
Dhananjay Jain	Infoedge	CA	NO
Vinesh Vala	Happiest Minds Technologies	MBA	NO
Mehul Sheth	Zydus Lifesciences, Metropolis Healthcare	MBA	NO
Divyaxa Agnihotri	Zydus Lifesciences, Metropolis Healthcare	MSc	NO
Krishnan ASV	Max Financial	PGDM	NO
Shobhit Sharma	Max Financial	CA	NO
Rajesh Ravi	Birla Corporation, Symphony	MBA	NO
Keshav Lahoti	Birla Corporation, Symphony	CA	NO
Riddhi Shah	Birla Corporation, Symphony	MBA	NO
Parikshit Kandpal	J. Kumar Infraprojects	CFA	NO
Jay Shah	J. Kumar Infraprojects	CA	NO
Aditya Sahu	J. Kumar Infraprojects	MBA	NO

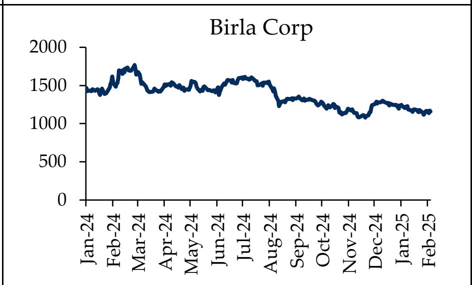
1 Yr Price movement

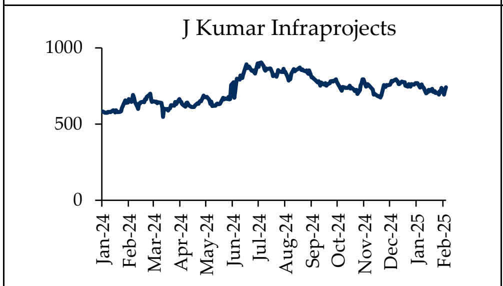


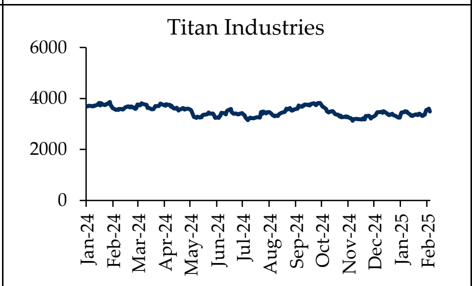


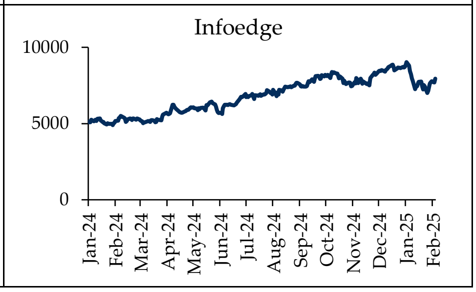


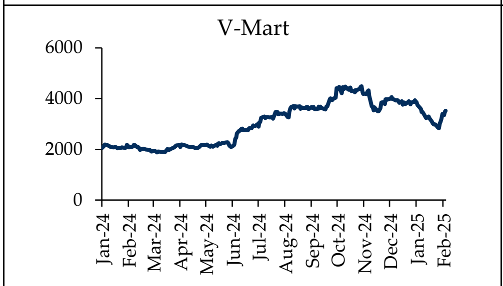












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