

| Indices       | Current Value | % 1 D | % YTD |
|---------------|---------------|-------|-------|
| Sensex        | 76,405        | 0.7   | -2.2  |
| Nifty         | 23,155        | 0.6   | -2.1  |
| BSE Midcap    | 42,648        | -1.2  | -8.2  |
| BSE Small cap | 50,907        | -1.6  | -7.7  |

**Sectors – Performance (BSE)**

|               |        |      |       |
|---------------|--------|------|-------|
| IT            | 42,114 | 1.9  | -2.5  |
| Tech          | 19,186 | 1.6  | -1.5  |
| Bankex        | 55,166 | 0.3  | -4.5  |
| Realty        | 6,802  | -4.5 | -17.4 |
| Capital Goods | 63,215 | -1.8 | -6.7  |
| Power         | 6,509  | -1.6 | -6.6  |

| Nifty Gainers/Losers | CMP   | % Chg |
|----------------------|-------|-------|
| WIPRO                | 309   | 3.6   |
| INFY                 | 1,856 | 3.1   |
| TCS                  | 4,157 | 3.0   |
| BEL                  | 270   | (3.1) |
| TATAMOTORS           | 743   | (2.4) |
| TRENT                | 5,626 | (1.9) |

**FII Trading activities in Cash**

|     | Date      | Net    | MTD    |
|-----|-----------|--------|--------|
| FII | 23-Jan-25 | -5,463 | -9,489 |
| DII | 23-Jan-25 | 3,713  | 7,353  |

*Figs. in Rs Cr.*

| Global Indices | Current Value | % 1 D | % YTD |
|----------------|---------------|-------|-------|
| Dow Jones      | 44,565        | 0.9   | 18.2  |
| Nasdaq         | 20,054        | 0.2   | 35.8  |
| DAX            | 21,412        | (0.0) | 27.7  |
| Nikkei 225     | 40,111        | 0.3   | 20.5  |
| FTSE 100       | 8,565         | 0.0   | 10.9  |
| Hang Seng      | 19,701        | 0.0   | 17.3  |
| Shanghai       | 3,230         | 0.5   | 9.1   |

Source: Bloomberg; As on 7:30 am IST

| Forex Rate    |       |      |      |
|---------------|-------|------|------|
| INR/USD       | 86.3  | 0.3  | -0.8 |
| INR/EUR       | 90.2  | -0.6 | -1.1 |
| INR/GBP       | 106.7 | -0.6 | 0.7  |
| INR/YEN (100) | 55.4  | 0.4  | -1.4 |

**Market Commentary**

- **Asian markets** are trading higher, following the Wall Street gains as Trump pushes for a rate cut. Nikkei, Hang Seng, and Shanghai are trading higher by 0.52%, 0.89% and 0.12% respectively.
- **Indian Indices** are expected to open in green. GIFT Nifty was trading at 23,312 vs. yesterday's Nifty Futures close of 23,263.
- **US markets** ended on a positive note after President Donald Trump's call for a reduction in interest rates and crude prices. The Dow Jones ended higher by 408 points (0.92%) to close at 44,565, and the Nasdaq ended higher by 44 points (0.22%) to close at 20,053.

**What's Inside:**

- **Q3FY25 Result Update:** Gravita India (BUY), Ultratech Cement (BUY), Nippon Life India Asset Management (BUY), Ujjivan Small Finance Bank (BUY), Dr. Reddy's Labs (BUY)
- **Q3FY25 Earnings Preview (Coverage):** Shriram Finance, AU Small Finance Bank, CreditAccess Grameen, DCB Bank
- **Q3FY25 Earnings Preview 25th Jan 2025 (Coverage):** ICICI Bank, IDFC First Bank, JK Cements, NTPC
- **Q3FY25 Earnings (Non-Coverage):** DLF, Godraj Consumer, JSW Steel, Interglobe Aviation, Torrent Pharma, Bank of India, HPCL, Alkyl Amines, Atul, Jinal Saw, Trident

**News in Focus**

- **Kotak Mahindra Bank:** The lender completed the acquisition of Standard Chartered Bank's personal loan book for Rs 3,330 Cr.
- **Aarti Industries:** The company commenced production at its Dahej SEZ expanded facility in Gujarat.
- **Adani Wilmar:** The FMCG company commenced operations at an integrated food processing plant in Haryana, which is poised to generate 2,000 jobs through direct and indirect employment.
- **NHPC:** The state-owned company has incorporated a joint venture with Andhra Pradesh Power Generation Corp for renewable energy projects.
- **Greenlam Industries:** The company commenced commercial chipboard production at its Andhra Pradesh facility. The facility has the potential to generate revenue up to Rs 50 Cr annually at full capacity utilisation.
- **Indus Towers:** The mobile towers installation company plans to foray into the electric vehicle charging infrastructure sector.
- **Trident:** The company entered into a pact to acquire an entire stake in overseas arms, Trident Global Inc & Trident Europe.

## Result Calendar - Q3FY25

Jan-2025

NSE 500 + Axis Universe

|                  | Friday   | Saturday   | Monday  | Tuesday  | Wednesday  | Thursday  |
|------------------|--|--|---|--|--|---|
|                  | 24-Jan-25  | 25-Jan-25  | 27-Jan-25   | 28-Jan-25  | 29-Jan-25  | 30-Jan-25   |
| <b>Large Cap</b> | DLF<br>Godrej Consumer<br>Interglobe Aviat<br>JSW Steel<br><b>Shriram Finance</b><br>Torrent Pharma.   | <b>ICICI Bank</b><br>Macrotech Devel.<br><b>NTPC</b>     | Adani Total Gas<br><b>Coal India</b><br>I O C L<br><b>Tata Steel</b><br>Union Bank (I)  | <b>Bajaj Auto</b><br>B H E L<br>Bosch<br><b>Cipla</b><br>Hindustan Zinc<br>I O C L<br><b>TVS Motor Co.</b><br><b>Ambuja Cements</b>  | <b>Bajaj Finance</b><br><b>Maruti Suzuki</b><br>Tata Motors<br>Adani Ports   | Bajaj Holdings<br><b>Bank of Baroda</b><br>Bharat Electron<br><b>Dabur India</b><br>Jindal Steel<br>Larsen & Toubro<br><b>Shree Cement</b><br><b>Cholaman.Inv.&amp;Fn</b> |
| <b>Mid Cap</b>   | EPIGRAL Ltd<br>Bank of India<br>H P C L<br>Balkrishna Inds   | <b>IDFC First Bank</b><br><b>J K Cements</b><br>Yes Bank | <b>ACC</b><br>Adani Wilmar<br><b>Federal Bank</b><br>Indraprastha Gas<br>New India Assura<br>Petronet LNG<br>Apar Inds.       | CG Power & Indu.<br><b>Colgate-Palmoliv</b><br>Exide Inds.<br>M & M Fin. Serv.<br>Motil.Oswal. Fin.<br><b>SBI Cards</b><br>Star Health Insu<br>Suzlon Energy   | Blue Star<br>Gujarat Fluoroch<br>Indian Bank<br>Jindal Stain.<br><b>KPIT Technologi.</b><br>Hitachi Energy<br>SRF<br>Ajanta Pharma   | <b>Biocon</b><br>Kalyan Jewellers<br>Phoenix Mills<br>PB Fintech.<br><b>Bandhan Bank</b>  |
| <b>Small Cap</b> | Alkyl Amines<br>Atul<br><b>CreditAcc. Gram.</b><br>Granules India<br>Intellect Design<br>Jindal Saw<br>Laurus Labs<br>Trident<br><b>DCB Bank</b><br><b>Orient Cement</b> | Guj. Ambuja Exp<br>IIFL Wealth Mgt<br>Aditya AMC         | Emami<br>Mah. Seamless<br>Piramal Enterpr.<br>Railtel Corpn.<br>Sumitomo Chemi.<br>Sundram Fasten.<br><b>Apcotex Industri</b> | GE Shipping Co<br>Home First Finan<br>JM Financial<br>Jubilant Ingrev.<br>C.E. Info System<br>Mahanagar Gas<br><b>Rites</b><br>Route Mobile<br>Shyam Metalics<br>UTI AMC<br>V-Guard Industri<br><b>V I P Inds.</b><br><b>JTL Industries</b><br>SIS Ltd | Asahi India Glas<br>Blue Dart Expres<br>Brigade Enterpr.<br>Cams Services<br>Craftsman Auto<br>Deepak Fertiliz.<br>eClerx Services<br>JBM Auto<br><br>Quess Corp<br>Radico Khaitan<br>Raymond<br>Usha Martin<br><b>Westlife Develop</b><br>AAVAS Financiers<br><b>MAS FINANC SER</b> | Clean Science<br><b>Navin Fluo.Intl.</b><br><b>Aptus Value Hou.</b><br><b>Star Cement</b>   |

**Bold Companies: Axis Securities Coverage**

## Ujjivan Small Finance Bank Ltd – Result update; BUY; TP: Rs 39

### Fresh Stress Accretion Likely to Have Peaked-out; Growth to be Muted in FY25

Est. Vs. Actual for Q3FY25: NII – **MISS**; PPOP – **MISS**; PAT – **MISS**

Changes in Estimates post Q3FY25

FY25E/FY26E/27E (in %): NII: -3.6/-5.4/-7.3; PPOP: -13.4/-15.3/-16.6.; PAT: -24.6/-24.2/-22.5

#### Recommendation Rationale

- **Microfinance stress showing signs of easing; Incremental stress formation likely to be lower:** The key states (RJ, WB, JH, BHR, UP) in which UJSFB operates are showing gradual signs of revival with Collection Efficiency (CE) on a MoM basis. The non-delinquent accounts (NDA) have seen an improvement in CE on MoM basis over Oct-Dec'24. The management expects a similar improvement trend to continue in Jan'25 and beyond. The bank has increased its collection team strength, which is helping UJSFB enable better resolutions in the harder buckets. Similarly, UJSFB's SMA0/1/2 resolution rates have also improved from 25/25/21% to 30/35/25% which can be credited to the strengthened collection team. Additionally, the management indicated that the pace of PAR accretion will decelerate and stabilise in Q4FY25, before declining over the coming quarters. Incremental stress formation is likely to have peaked-out and is expected to be lower in the forthcoming quarters. While the group MFI (GL) is seeing encouraging signs of recovery, UJSFB's secured portfolio continues to perform well. **The management is confident of containing credit costs in the range of 2.3-2.5% for FY25, with Q4FY25 credit costs possibly peaking-out and (not annualized) ranging between 0.8-0.9%.**
- **MFI demand showing green shoots; Growth to be led by secured portfolio:** The key states in which UJSFB operates (PB, HR, BHR, RJ, JH and WB) are seeing green shoots with demand scenario gradually improving as the turbulence in the MFI segment gradually recedes. The management remains fairly certain of better pace of disbursements in Q4FY25. However, in certain other geographies such as certain pockets of TN, KA, KL and OR are yet to stabilize. In FY25, the bank has guided for slower credit growth of 8-9%, mainly led by secured portfolio delivering a robust ~50% YoY growth. The share of secured portfolio is expected to improve to 40-42% as the bank exits FY25, and will continue to improve going into FY26. **While it is difficult to ascertain the growth in the GL business owing to the uncertainty, the Individual MFI loans (IL) will continue their growth trajectory and grow at ~12% in FY25. We believe growth hereon will be led by the secured portfolio with contribution from the newer products (Micro-mortgage, Vehicle Finance and Gold Loans) improving. We expect the bank to clock a advances growth of ~17% CAGR over FY25-27E.**

#### Sector Outlook: Positive

**Company Guidance:** In FY25, growth is expected to remain muted and largely led by secured portfolio. Going forward, the bank will continue to focus on further improving the secured mix, with the contribution of newer better-yielding products improving. However, the portfolio shift, despite support from better-yielding products and stabilizing CoF will weigh on NIMs. The bank's focus on improving the granularity of deposits remains unabated, with primary focus on garnering CASA deposits. Asset quality challenges, particularly in the GL seem to be stabilized and assuming positive trends to continue, credit costs are likely to peak-out by Q4FY25. While FY25 RoA will take a sharp hit owing to weaker top-line growth and elevated credit costs, we expect RoA improvement from FY26E onward. We expect RoA/RoE to range between 1.9-2.1%/14-16% over FY26-27E.

**Current Valuation: 1.0x Sep'26E ABV Earlier Valuation: 1.0x Sep'26E ABV**

**Current TP: Rs 39/share Earlier TP: Rs 41/share**

**Recommendation:** We **maintain** our **BUY** recommendation on the stock.

## Nippon Life India Asset Management – Q3FY25 Result Update; BUY; TP – Rs 800

### Healthy Quarter; Focus on Profitable Growth Continues!

Est. Vs. Actual for Q3FY25: Revenue – **INLINE**; Operating Profit – **MISS**; PAT – **MISS**

#### Changes in Estimates post Q3FY25

FY25E/FY26E/FY27E (in %): Revenues 1.2/2.6/2.2; Operating profit 2.6/4.8/4.3; PAT -0.3/1.9/1.6

#### Recommendation Rationale

- **Flows continue to remain healthy:** The management has indicated that the net flows in Jan'25 have not shown any signs of distortion, and continue to remain at par with Dec'24 trends. However, the management would adopt a wait-and-watch approach to gauge the behavior of HNI and SIP flows. Historical data suggests, that in times of market volatility, HNI flows tend to dry up, while retail SIP flows continue to remain healthy. Thus, the management expects SIP flows to remain resilient. While SIP closures have been higher in Dec'24, NAM performed better vs the industry, with SIP continuations being lower. This can be credited to the retail focused, fragmented customer ensuring better customer retention.
- **Eying Product launches in passive category:** In order to further augment the company's passive offerings, NAM launched 2 new products in the index fund category during the quarter. Hereon, the company will continue to launch newer schemes for the passive business. However, it continues to remain averse to launching any new Mega-NFOs.
- **Aiming at more stability on yields through commission rationalisation:** NAM has rationalized distributors commissions (on ~45-50% of the portfolio) at the tag-end of Q3FY25. Hence, the full impact of this rationalization would not have been visible during the quarter. The management indicated that this would help in slowdown in the yield contraction and streamline them. We expect yields to contract marginally over the medium term, despite which revenue growth is expected to remain healthy at ~18% CAGR over FY25-27E.
- **Focus on Overseas Business:** NAM continues to witness strong flows in the offshore business from various geographies. During the quarter, the offshore AUM grew by 34% YoY to Rs 1.7 Bn. NAM will continue to expand its footprint in the Japanese institutional space in conjunction with Nissay Asset Management Japan. Additionally, a new offering in the mid-cap and small-cap space has been made available to international investors providing them an additional option to invest in Indian equities. NAM will continue to work with Nissay Asset Management Japan and on the new offering and the market in the Japanese retail space.

#### Sector Outlook: **Positive**

**Company Outlook:** We believe NAM remains well placed to steer healthy growth over the medium-long term driven by (a) well diversified product suite encompassing both active and passive segment, (b) strong retail franchise, (c) gradually improving market share across segments, and (d) focus on profitable growth. We believe NAM would be a key beneficiary of the under-penetration of mutual funds in India, facilitating further market share improvement.

**Current Valuation:** 30x Sep'26E EPS; **Earlier Valuation:** 31x Sep'26E EPS

**Current TP:** Rs 800/share; **Earlier TP:** Rs 815/share

**Recommendation:** We **maintain our BUY** recommendation on the stock

## Dr Reddy's Laboratories Ltd - Q3FY25 - Result Update; TP Rs 1,450/share

### Lower Revlimid Hit Backs

**Est. vs. Actual for Q3FY25:** Revenue – **INLINE**; EBITDA Margin – **INLINE** ; PAT – **INLINE** **Changes in Estimates post Q3FY25:** FY25E/FY26E: Revenue: 3.5%/8.6%; EBITDA Abs: 3.5%/8.6%; PAT: 4.0%/10.1%

### Recommendation Rationale:

- **The company reported a 15.8% YoY growth in revenue**, supported by the acquired NRT business, which contributed Rs 605 Cr. However, North American operations experienced flat growth due to price erosion and lower sales of certain products, including gRevlimid. The India business grew by 14% YoY, while the Europe business, excluding NRT, posted a 22% YoY growth. The emerging markets and API businesses also reported 12% and 5% YoY growth, respectively.
- **Gross margins for Q3FY25 stood** at ~59%, declining by 73 bps YoY and 136 bps QoQ. The decline was primarily due to reduced contributions from high-margin products like Revlimid and ongoing price erosion, partially offset by an improved product mix. EBITDA margins were at 27.1%, which is in line with expectations. PAT was reported at Rs 1,404 Cr, remaining nearly flat YoY.

### Sector Outlook: Positive

**Company Outlook & Guidance:** We expect multiple levers to drive revenue growth for the company moving forward. First is the biosimilar segment; the company plans to launch two biosimilars in Europe, both potentially generating \$40–\$50 Mn in sales in FY26E. Denosumab, another biosimilar expected to launch in FY27E, could generate \$50 Mn in sales. Second, the GLP-1 segment, currently a \$10 Bn opportunity, could grow 5x over the next 5–6 years.

**Current Valuation:** PE of 20x for H1FY27E earnings (**Earlier Valuation:** PE 22x H1FY27E)

**Current TP:** Rs 1,450/share (Earlier TP: Rs 1535/share)

**Recommendation:** **BUY**

**Financial Performance:** Dr. Reddy's (DRRD) Q3FY25 results were in line with expectations. Revenue grew by 15.8% YoY, supported by the acquired NRT business, which contributed Rs 605 Cr. However, North American businesses reported flat growth due to price erosion and lower sales of certain products, including gRevlimid. The India business grew by 14% YoY, while the Europe business (excluding NRT) grew by 22% YoY. Emerging markets and the API business recorded YoY growth of 12% and 5%, respectively.

Gross margins for Q3FY25 stood at ~59%, declining by 73 bps YoY and 136 bps QoQ, primarily due to reduced contributions from high-margin products like Revlimid and ongoing price erosion, partially offset by an improved product mix. EBITDA margins stood at 27.1%, which is in line with expectations. PAT was reported at Rs 1,404 Cr, remaining nearly flat YoY.

- **North America Business:** The U.S. business reported sales of \$395 Mn, declining by 11% QoQ and 2% YoY. This was impacted by price erosion in the base portfolio and lower sales from the recent settlement agreement of gRevlimid. gRevlimid sales are estimated at around \$125 Mn, while the base business registered a 10% YoY decline.
- **India Business:** India business sales grew by 14% YoY. Excluding licensed vaccines, the growth stood at 5%. The domestic business faced challenges in certain brands within the Cardiac and Gastro segments, though improvement is anticipated. Despite these challenges, the company managed to outperform IPM industry growth.

**Outlook:** Multiple growth levers are expected to drive revenue for Dr. Reddy's in the coming years. The biosimilar segment is poised to be a key contributor, with the company planning to launch two biosimilars in Europe, each having the potential to generate \$40–50 Mn in sales by FY26E. Additionally, the biosimilar Denosumab, expected to launch in FY27E, could contribute \$50 Mn in sales.

The GLP-1 segment, valued at \$10 Bn, is anticipated to grow 5x over the next 5–6 years. DRRD is strategically investing Rs 2,500 Cr in the GLP-1 API segment, with sales potential estimated at \$150–200 Mn in FY27E. The anticipated decline in gRevlimid sales is expected to be offset by robust growth in the GLP-1 and biosimilar segments, supporting the company's revenue trajectory.

**Valuation & Recommendation:** Considering the above opportunities, **we maintain our BUY recommendation on DRRD with a target price of Rs 1,450/share**, implying an upside potential of 12% from the CMP.

## UltraTech Cement Limited - Q3FY25 Result Update; BUY; TP: Rs 13,510/share

Robust Operating Performance

**Est. vs. Actual for Q3FY25:** Revenue – **BEAT**; EBITDA Margin – **INLINE**; PAT – **BEAT**

**Change in Estimates post Q3FY25 (Abs.)**

**FY25E/FY26E:** Revenue: -1%/ -2%; EBITDA: -4%/-2%; PAT: -1%/1%

**Recommendation Rationale**

- **Capacity expansion on track:** The company's capacity expansion plan is progressing well. Its total grinding capacity currently stands at 165.8 mtpa in India, following the acquisition of India Cement assets. The company plans to add a further 6.3 mtpa in FY25, 12 mtpa in FY26, and another 15 mtpa in FY27, bringing its total cement manufacturing capacity to 209.3 mtpa in India, including Kesoram's 10.8 mtpa. After the 2<sup>nd</sup> and 3<sup>rd</sup> phases of expansion, its total grinding capacity will increase to 214.7 mtpa on a consolidated basis. With expanded capacity and increasing scale, we expect the company to further consolidate its market leadership position and gain market share from the current 25% to 28%. We expect the company to grow its volume at 11% CAGR over FY24-27E.
- **EBITDA margins to improve on lower cost & efficiency gain:** During the quarter, blended power and fuel costs were reduced by 16% YoY on a per-tonne basis. The company expects further reduction in costs in FY25 due to the consumption of lower-cost inventory, which will positively impact its margin. Furthermore, a higher blending ratio, an increase in the sale of premium products, and consumption of higher green energy will aid in achieving higher EBITDA margins going forward. The company expects a cost reduction of Rs 200/300 per tonne in the next 2-3 years. We expect the company's EBITDA margin to increase to 22% in FY27E, driven by higher volume, better realisation, and cost optimisation initiatives.
- **Sector consolidation to benefit large players:** Between 2013 and 2024, the market share of large players increased from 46% to 55%, and by FY27-28, it is expected to rise further to 65%-70%. With the growing pace of consolidation and capacity expansion by top players, its overall market share is set to increase further. This trend will positively influence cement pricing, economies of scale, and supply chain efficiency. The company, being among the top 5 players in the country, is well-positioned to benefit from this consolidation in the medium to long term. Cement demand in its operating regions is expected to remain strong, and the company is projected to achieve double-digit growth. Cement demand is expected to remain robust, with the industry projected to grow at 7%-8% CAGR over FY24-27. This will be driven by higher spending on infrastructure, affordable and rural housing, an increase in private Capex, and robust real estate demand.

• **Sector Outlook: Positive**

**Company Outlook & Guidance:** The management has guided robust cement demand in the country to sustain and expects volume growth in double digits in H2FY25. Pricing remains dynamic and will be determined by market forces.

**Current Valuation: 19x FY27E EV/EBITDA (Earlier Valuation: 19x FY26E EV/EBITDA).**

**Current TP: Rs 13,510/share (Earlier TP: Rs 12,000/share)**

**Recommendation:** We maintain our **BUY** recommendation on the stock.

**Alternative BUY Ideas from our Sector Coverage: Dalmia Bharat (TP-2,000/share).**



## Gravita India Ltd - Q3FY25 Result Update; BUY; TP: Rs 3,000/share

### Volume Growth Continues; Maintain BUY

Est. Vs. Actual for Q3FY25: Revenue: Largely **INLINE**; EBITDA (Adj.): Largely **INLINE**; PAT: **BEAT**

#### Changes in Estimates Q3FY25 Result

FY25E/FY26E/FY27E: Revenue: 0%/0%/0%; EBITDA (Adj.): -4%/-4%/-3%; PAT (Abs.): 2%/9%/9%

#### Recommendation Rationale

- **Volume Growth Across All Segments:** The company managed to garner total volume growth of 33% YoY. The volume growth was particularly strong in Aluminium as the company liquidated the previously accumulated inventory. Contribution from value-added products increased further during the quarter (46%), and the company continues to see improved domestic scrap availability due to recent regulatory changes.
- **Expansion on Track:** Along with expansion into new products, Gravita also plans to expand its presence across geographies. The company's subsidiary in Ghana started Aluminium production in Jan'25 with a capacity of 4,000 MTPA, which it plans to increase up to 8,000 MTPA. The capacity expansion at Mundra is on track and expected to contribute to the production starting H1FY26. The company will be actively looking for organic as well as in organic growth opportunities in the medium term.
- **Maintain Long-term Expectations:** The management reiterated its three-year volume and EBITDA growth expectations (25% and 35%, respectively). The management noted that it continues to see a positive impact of regulatory tailwinds and remains on track towards revenue diversification across newer segments and regions. Gravita recently raised Rs 1,000 Cr through QIP, the funds from which it plans to use for the potential capacity expansion in response to anticipated demand growth driven by recent regulatory changes (including for suitable acquisition opportunities).

#### Sector Outlook: **Positive**

**Company Outlook & Guidance:** The management maintained its expectation of a CAGR of 25% in volume growth and 35% in profit growth over the next three years. The management expects scrap availability to continue improving going ahead, with an increasing contribution from non-lead business and value-added products. EBITDA/Kg is expected to be sustained around current levels (Rs 18/19 Kg), with the possibility of a marginal increase due to higher capacity utilisation and product mix.

**Current Valuation:** 37x FY27EPS (Earlier 37x FY27EPS)

**Current TP:** Rs 3,000/share (Unchanged)

**Recommendation:** We maintain our BUY recommendation on the stock.

#### Valuation & Recommendation

Our estimates remain broadly unchanged for FY26 and FY27 as the company continues on the expected growth and margin trajectory. We maintain our BUY rating on Gravita supported by a) Its dominant share in a growing market, b) Steady improvement in profitability, c) Regulatory tailwinds, and d) Expanding offerings. We continue to value the stock at 37x FY27E EPS with a BUY rating, with the target price unchanged at Rs 3,000/share, implying an upside of 46% from the CMP.

## Q3FY25 Earnings preview: Our Coverage

| Year-end March<br>(Rs Cr) | Q3FY25E | Q2FY25 | QoQ<br>(%) | Q3FY24 | YoY<br>(%) | Result expectations   |
|---------------------------|---------|--------|------------|--------|------------|---|
| <b>Shriram Finance</b>    |         |        |            |        |            | → Healthy disbursement growth to drive steady AUM growth of 18/4% YoY/QoQ                   |
| NII                       | 5,655   | 5,464  | 3.5%       | 4,911  | 15.2%      | → Margins expected to remain steady with a slight negative bias; NII growth healthy         |
| Non-Interest Income       | 304     | 280    | 8.5%       | 309    | -1.6%      | → Opex growth likely to be modest, C-A ratio to be range-bound                              |
| PPOP                      | 4,112   | 3,985  | 3.2%       | 3,689  | 11.5%      | → Credit costs to remain under control, Asset quality expected to remain broadly steady     |
| Provision                 | 1,319   | 1,235  | 6.8%       | 1,250  | 5.6%       | → <b>Key monitorables:</b> (1) Management outlook on AUM growth and (2) Credit cost outlook |
| Net Profit                | 2,102   | 2,070  | 1.6%       | 1,818  | 15.6%      |   |
| EPS                       | 55.9    | 55.0   | 1.6%       | 48.4   | 15.5%      |   |

| Year-end March<br>(Rs Cr) | Q3FY25E | Q2FY25 | QoQ<br>(%) | Q3FY24 | YoY<br>(%) | Result expectations   |
|---------------------------|---------|--------|------------|--------|------------|---|
| <b>AU Small Fin Bank</b>  |         |        |            |        |            | → YoY numbers are not comparable owing to the merger, Deposit growth slows down, Credit growth healthy            |
| NII                       | 2,055   | 1,974  | 4.1%       | 1,325  | 55.1%      | → Margins likely to contract QoQ; Opex ratios to remain elevated; PPOP growth flattish sequentially               |
| Non-Interest Income       | 618     | 638    | -3.1%      | 450    | 37.5%      | → Credit costs to inch-up with inclusion of MFI portfolio; Asset quality likely to see a slight deterioration     |
| PPOP                      | 1,107   | 1,132  | -2.1%      | 657    | 68.5%      | → <b>Key Monitorables:</b> (1) Growth Outlook, (2) Comments on Margins and Cost Ratios, (3) Asset Quality Outlook |
| Provision                 | 455     | 373    | 22.0%      | 159    | 186.3%     |   |
| Net Profit                | 491     | 571    | -14.0%     | 375    | 30.9%      |   |
| EPS                       | 6.6     | 7.7    | -14.0%     | 2.8    | 135.4%     |   |

| Year-end March<br>(Rs Cr)   | Q3FY25E | Q2FY25 | QoQ<br>(%) | Q3FY24 | YoY<br>(%) | Result expectations  |
|-----------------------------|---------|--------|------------|--------|------------|--|
| <b>CreditAccess Grameen</b> |         |        |            |        |            | → Disbursement momentum weak, GLP growth expected to remain weak at ~9% YoY  |
| NII                         | 919     | 933    | -1.5%      | 803    | 14.5%      | → Margins likely to remain stable with with a slight negative bias   |
| Non-Interest Income         | 45      | 36     | 23.0%      | 51     | -12.5%     | → Opex ratios to be contained within guided range, PPOP growth to be weak QoQ  |
| PPOP                        | 657     | 672    | -2.3%      | 602    | 9.1%       | → Credit costs likely to see a sharp uptick, Asset quality to deteriorate  |
| Provision                   | 474     | 420    | 12.7%      | 126    | 275.3%     | → <b>Key Monitorables:</b> (1) Management comments on scaling-up of Retail Finance Book (2) Comments on MFI stress, asset quality and credit cost guidance |
| Net Profit                  | 135     | 186    | -27.4%     | 353    | -61.7%     |  |
| EPS                         | 8.5     | 11.7   | -27.4%     | 22.2   | -61.8%     |  |
| <b>DCB Bank</b>             |         |        |            |        |            |  |



| Year-end<br>March<br>(Rs Cr) | Q3FY25E | Q2FY25 | QoQ<br>(%) | Q3FY24 | YoY<br>(%) | Result expectations  |
|------------------------------|---------|--------|------------|--------|------------|--|
| <b>DCB Bank</b>              |         |        |            |        |            | ➔ Expect business growth to remain healthy, Credit growth likely to at ~18-19%                         |
| NII                          | 530     | 509    | 4.2%       | 474    | 11.9%      | ➔ NIMs likely to have bottomed out; range between stable to marginal improvement                       |
| Non-Interest<br>Income       | 180     | 205    | -<br>12.3% | 124    | 45.1%      | ➔ Opex growth gradually coming off, however Opex ratio to remain elevated on lower non-interest income |
| PPOP                         | 240     | 255    | -5.9%      | 212    | 13.5%      | ➔ Credit costs to remain stable QoQ, Marginal improvement in asset quality possible                    |
| Provision                    | 48      | 46     | 4.7%       | 41     | 16.4%      |  |
| Net Profit                   | 143     | 155    | -8.2%      | 127    | 12.7%      | ➔ <b>Key Monitorables:</b> (1) Cost Ratio and RoA/RoE Outlook<br>(2) Comments on Asset Quality         |
| EPS                          | 4.5     | 5.0    | -8.2%      | 4.1    | 12.2%      |  |

Note: Showcasing the Earnings preview (expectations) for the companies under our coverage whose results are expected by today or by tomorrow (If weekend or Holiday)

**Axis Intellect: Intraweek Stocks for the week 20 Jan 2025 to 24 Jan 2025**

| <b>Name of Stock</b>                      | <b>Sector</b> | <b>Mcap</b>   |
|---|---------------|---------------|
| GLOBAL HEALTH LIMITED                     | Small Cap     | Healthcare    |
| DELHIVERY LIMITED                         | Mid Cap       | Transport     |
| RAINBOW CHILDREN'S MEDICARE LIMITED       | Small Cap     | Healthcare    |
| APTUS VALUE HOUSING FINANCE INDIA LIMITED | Small Cap     | NBFC          |
| DR. LAL PATHLABS LIMITED                  | Small Cap     | Healthcare    |
| PIRAMAL PHARMA LIMITED                    | Small Cap     | Healthcare    |
| SYRMA SGS TECHNOLOGY LIMITED              | Small Cap     | Industrials   |
| VEDANT FASHIONS LIMITED                   | Mid Cap       | Discretionary |
| ONE 97 COMMUNICATIONS LIMITED             | Mid Cap       | IT            |
| VIJAYA DIAGNOSTIC CENTRE LIMITED          | Small Cap     | Healthcare    |

## Investment Picks

| Company  | Recommendation | CMP   | Target Price | % Upside |
|--|----------------|-------|--------------|----------|
| Aarti Drugs Ltd                                | BUY            | 414   | 535          | 29.2     |
| Aarti Industries Ltd                           | BUY            | 448   | 540          | 20.6     |
| Abbott India Ltd                               | BUY            | 27845 | 31,420       | 12.8     |
| Ahluwalia Contracts (India) Ltd                | BUY            | 806   | 1,090        | 35.3     |
| Ambuja Cements Ltd                             | BUY            | 550   | 675          | 22.7     |
| Aptus Value Housing Finance India Ltd          | BUY            | 286   | 400          | 40.1     |
| Arvind Smartspaces Ltd                         | BUY            | 770   | 1,085        | 40.9     |
| Ashok Leyland Ltd                              | BUY            | 208   | 250          | 20.3     |
| AU Small Finance Bank Ltd                      | BUY            | 578   | 800          | 38.4     |
| Aurobindo Pharma Ltd                           | BUY            | 1242  | 1,500        | 20.8     |
| Automotive Axles Ltd                           | BUY            | 1772  | 1,981        | 11.8     |
| Bandhan Bank Ltd                               | BUY            | 151   | 200          | 32.6     |
| Bank of Baroda Ltd                             | BUY            | 229   | 310          | 35.4     |
| Bharti Airtel Ltd                              | BUY            | 1638  | 1,880        | 14.8     |
| Birla Corporation Ltd                          | BUY            | 1183  | 1,390        | 17.5     |
| Can Fin Homes Ltd                              | BUY            | 690   | 840          | 21.8     |
| CCL Products (India) Ltd                       | BUY            | 633   | 820          | 29.5     |
| Chalet Hotels Ltd.                             | BUY            | 779   | 1,075        | 38.0     |
| Cholamandalam Investment & Finance Company Ltd | BUY            | 1246  | 1,675        | 34.4     |
| CIE Automotive India Ltd                       | BUY            | 459   | 600          | 30.8     |
| Cipla Ltd                                      | BUY            | 1452  | 1,735        | 19.5     |
| City Union Bank Ltd                            | BUY            | 170   | 215          | 26.3     |
| Coal India Ltd                                 | BUY            | 386   | 520          | 34.7     |
| CreditAccess Grameen Ltd                       | BUY            | 976   | 1,100        | 12.7     |
| Dabur India Ltd                                | BUY            | 525   | 600          | 14.4     |
| Dalmia Bharat Ltd                              | BUY            | 1827  | 2,000        | 9.5      |
| DCB Bank Ltd                                   | BUY            | 116   | 135          | 16.7     |
| Dhanuka Agritech Ltd                           | BUY            | 1413  | 1,810        | 28.1     |
| DOMS Industries Ltd                            | BUY            | 2300  | 3,120        | 35.7     |
| Dr Reddys Laboratories Ltd                     | BUY            | 1290  | 1,535        | 19.0     |
| Embassy Office Parks REIT                      | BUY            | 363   | 424          | 16.7     |
| Ethos Ltd                                      | BUY            | 2553  | 3,750        | 46.9     |
| Federal Bank Ltd                               | BUY            | 191   | 230          | 20.5     |
| Fortis Healthcare Ltd                          | BUY            | 634   | 860          | 35.6     |
| G R Infraprojects Ltd                          | BUY            | 1281  | 1,760        | 37.4     |
| Genus Power Infrastructures Ltd                | BUY            | 349   | 505          | 44.7     |
| Global Health Ltd                              | BUY            | 1066  | 1,200        | 12.6     |
| Gravita India Ltd                              | BUY            | 2065  | 3,000        | 45.3     |
| H. G. Infra Engineering Ltd                    | BUY            | 1290  | 1,800        | 39.5     |
| HCL Technologies Ltd                           | BUY            | 1807  | 2,175        | 20.4     |
| HDFC Bank Ltd                                  | BUY            | 1665  | 2,000        | 20.1     |
| HealthCare Global Enterprises Ltd              | BUY            | 515   | 575          | 11.7     |
| Hero MotoCorp Ltd                              | BUY            | 4095  | 5,845        | 42.7     |
| Hindalco Industries Ltd                        | BUY            | 608   | 765          | 25.8     |
| ICICI Bank Ltd                                 | BUY            | 1202  | 1,500        | 24.8     |
| Indian Hotels Company Ltd                      | BUY            | 775   | 940          | 21.3     |
| Inox Wind Ltd                                  | BUY            | 150   | 270          | 80.1     |
| ITC Ltd  | BUY            | 440   | 550          | 24.9     |
| J.Kumar Infraprojects Ltd                      | BUY            | 713   | 950          | 33.3     |
| JK Lakshmi Cement Ltd                          | BUY            | 818   | 900          | 10.0     |
| JSW Energy Ltd.                                | BUY            | 552   | 800          | 45.1     |

## Investment Picks

| Company                                | Recommendation | CMP   | Target Price | % Upside |
|--|----------------|-------|--------------|----------|
| JTL Industries Ltd                     | BUY            | 106   | 130          | 22.8     |
| Juniper Hotels Ltd.                    | BUY            | 311   | 380          | 22.3     |
| Jyothy Labs Ltd                        | BUY            | 370   | 500          | 35.2     |
| Kalpataru Projects International Ltd.  | BUY            | 1110  | 1,590        | 43.2     |
| Karnataka Bank Ltd                     | BUY            | 188   | 275          | 46.0     |
| Kotak Mahindra Bank Ltd                | BUY            | 1893  | 2,140        | 13.0     |
| KPIT Technologies Ltd                  | BUY            | 1344  | 2,150        | 60.0     |
| Lupin Ltd                              | BUY            | 2150  | 2,600        | 20.9     |
| MAS Financial Services Ltd             | BUY            | 244   | 355          | 45.8     |
| Max Healthcare Institute               | BUY            | 1086  | 1,315        | 21.1     |
| National Aluminium Co                  | BUY            | 206   | 250          | 21.6     |
| Nestle India Ltd                       | BUY            | 2196  | 2,640        | 20.2     |
| Nippon Life India Asset Management Ltd | BUY            | 653   | 815          | 24.7     |
| NLC India Ltd                          | BUY            | 228   | 305          | 33.6     |
| NTPC Ltd                               | BUY            | 324   | 450          | 39.1     |
| Oberoi-Realty-Ltd                      | BUY            | 1820  | 2,560        | 40.7     |
| P I Industries Ltd                     | BUY            | 3527  | 4,880        | 38.4     |
| Pitti Engineering Ltd                  | BUY            | 1238  | 1,580        | 27.7     |
| Prestige Estates Projects Ltd          | BUY            | 1344  | 2,195        | 63.4     |
| Rites Ltd                              | BUY            | 265   | 325          | 22.6     |
| Sansera Engineering Ltd                | BUY            | 1240  | 1,780        | 43.6     |
| SBI Life Insurance Company Ltd         | BUY            | 1451  | 1,850        | 27.5     |
| Shriram Finance Ltd                    | BUY            | 531   | 765          | 44.1     |
| Skipper Ltd                            | BUY            | 457   | 600          | 31.4     |
| Star Cement Ltd                        | BUY            | 223   | 235          | 5.4      |
| State Bank of India                    | BUY            | 746   | 1,040        | 39.4     |
| Steel Strips Wheels Ltd                | BUY            | 191   | 265          | 38.6     |
| Tata Steel Ltd                         | BUY            | 131   | 175          | 33.9     |
| Trent Ltd                              | BUY            | 5736  | 7,450        | 29.9     |
| TVS Motor Company Ltd                  | BUY            | 2292  | 2,890        | 26.1     |
| Ujjivan Small Finance Bank Ltd         | BUY            | 35    | 41           | 18.7     |
| UltraTech Cement Ltd                   | BUY            | 11407 | 12,000       | 5.2      |
| V Mart Retail Ltd                      | BUY            | 2970  | 5,000        | 68.3     |
| VA Tech Wabag Ltd.                     | BUY            | 1388  | 1,970        | 42.0     |
| Varun Beverages Ltd                    | BUY            | 541   | 700          | 29.4     |
| Welspun Living Ltd                     | BUY            | 151   | 202          | 34.0     |
| Westlife Foodworld Ltd                 | BUY            | 750   | 890          | 18.7     |
| Zomato Ltd                             | BUY            | 221   | 280          | 26.7     |

## Trading Insights

Insight from trading volumes

| Script                   | CMP   | Total Volume<br>(x1000) | Monthly Avg<br>Volume(x1000) | % Change |
|--------------------------|-------|-------------------------|------------------------------|----------|
| WIPRO LTD                | 309   | 32,084                  | 12,600                       | 154.6%   |
| HINDUSTAN UNILEVER LTD   | 2,343 | 2,735                   | 1,547                        | 76.8%    |
| AXIS BANK LTD            | 959   | 17,432                  | 10,219                       | 70.6%    |
| HDFC BANK LIMITED        | 1,666 | 16,647                  | 10,090                       | 65.0%    |
| INFOSYS LTD              | 1,856 | 8,516                   | 6,088                        | 39.9%    |
| TECH MAHINDRA LTD        | 1,684 | 2,502                   | 1,929                        | 29.7%    |
| BRITANNIA INDUSTRIES LTD | 4,957 | 470                     | 372                          | 26.5%    |

Insight from delivery

| Script                       | CMP    | Total Delivery<br>Volume(x1000) | Monthly Avg Delivery<br>Volume(x1000) | %Change |
|------------------------------|--------|---------------------------------|---------------------------------------|---------|
| COAL INDIA LTD               | 379    | 16,455                          | 5,574                                 | 195.2%  |
| ICICI BANK LTD               | 1,200  | 12,768                          | 5,918                                 | 115.7%  |
| BHARTI AIRTEL LTD            | 1,632  | 4,861                           | 2,611                                 | 86.2%   |
| ULTRATECH CEMENT LTD         | 10,694 | 241                             | 147                                   | 64.4%   |
| POWER GRID CORP OF INDIA LTD | 298    | 6,942                           | 5,499                                 | 26.2%   |
| LARSEN & TOUBRO LTD          | 3,518  | 1,298                           | 1,048                                 | 23.9%   |
| WIPRO LTD                    | 309    | 6,255                           | 5,123                                 | 22.1%   |

\*CMP-Closing Market Price

**Daily Support/ Resistance of Nifty Companies**

| <b>Company</b> | <b>CMP</b> | <b>Pivot Point</b> | <b>R1</b> | <b>R2</b> | <b>S1</b> | <b>S2</b> |
|----------------|------------|--------------------|-----------|-----------|-----------|-----------|
| NIFTY 50       | 23,155     | 23,102             | 23,223    | 23,290    | 23,035    | 22,914    |
| ADANI PORTS    | 1,102      | 1,100              | 1,120     | 1,138     | 1,082     | 1,063     |
| ASIAN PAINT    | 2,262      | 2,259              | 2,273     | 2,284     | 2,248     | 2,234     |
| AXIS BANK      | 959        | 966                | 977       | 995       | 948       | 936       |
| BAJAJ-AUTO     | 8,461      | 8,462              | 8,533     | 8,606     | 8,390     | 8,319     |
| BAJAJ FINSV    | 1,743      | 1,734              | 1,757     | 1,770     | 1,720     | 1,697     |
| BAJ FINANCE    | 7,397      | 7,360              | 7,460     | 7,522     | 7,298     | 7,198     |
| BHARTIARTL     | 1,632      | 1,632              | 1,641     | 1,650     | 1,623     | 1,613     |
| BPCL           | 278        | 278                | 283       | 288       | 273       | 269       |
| BRITANNIA      | 4,957      | 4,939              | 4,994     | 5,032     | 4,901     | 4,846     |
| CIPLA          | 1,439      | 1,433              | 1,447     | 1,454     | 1,426     | 1,413     |
| COALINDIA      | 379        | 379                | 384       | 389       | 375       | 370       |
| DIVISLAB       | 5,813      | 5,808              | 5,861     | 5,909     | 5,760     | 5,707     |
| DRREDDY        | 1,296      | 1,298              | 1,307     | 1,318     | 1,287     | 1,277     |
| EICHERMOT      | 5,010      | 4,996              | 5,039     | 5,068     | 4,967     | 4,924     |
| GAIL           | 176        | 176                | 181       | 185       | 172       | 168       |
| GRASIM         | 2,388      | 2,385              | 2,400     | 2,411     | 2,373     | 2,359     |
| HCLTECH        | 1,828      | 1,821              | 1,838     | 1,848     | 1,811     | 1,794     |
| HDFCBANK       | 1,666      | 1,654              | 1,684     | 1,701     | 1,637     | 1,608     |
| HDFCLIFE       | 618        | 620                | 627       | 636       | 611       | 604       |
| HEROMOTOCO     | 4,056      | 4,051              | 4,077     | 4,099     | 4,029     | 4,003     |
| HINDALCO       | 613        | 611                | 617       | 621       | 607       | 601       |
| HINDUNILVR     | 2,343      | 2,346              | 2,359     | 2,376     | 2,329     | 2,316     |
| ICICIBANK      | 1,200      | 1,200              | 1,208     | 1,216     | 1,192     | 1,184     |
| INDUSINDBK     | 971        | 966                | 983       | 994       | 954       | 937       |
| INFY           | 1,856      | 1,842              | 1,880     | 1,903     | 1,819     | 1,782     |
| IOC            | 131        | 131                | 133       | 135       | 128       | 126       |
| ITC            | 437        | 439                | 440       | 444       | 435       | 433       |
| JSWSTEEL       | 919        | 920                | 932       | 944       | 907       | 895       |
| KOTAKBANK      | 1,918      | 1,908              | 1,930     | 1,942     | 1,896     | 1,874     |
| LT             | 3,518      | 3,530              | 3,570     | 3,622     | 3,478     | 3,438     |
| LTIM           | 5,850      | 5,804              | 5,919     | 5,987     | 5,736     | 5,621     |
| M&M            | 2,826      | 2,828              | 2,850     | 2,874     | 2,804     | 2,782     |
| MARUTI         | 12,020     | 12,000             | 12,099    | 12,179    | 11,921    | 11,821    |
| NESTLEIND      | 2,208      | 2,205              | 2,216     | 2,224     | 2,197     | 2,186     |
| NTPC           | 322        | 322                | 327       | 333       | 317       | 312       |
| ONGC           | 264        | 264                | 266       | 269       | 262       | 259       |
| POWERGRID      | 298        | 299                | 301       | 305       | 295       | 292       |
| RELIANCE       | 1,277      | 1,276              | 1,284     | 1,290     | 1,270     | 1,262     |
| SBILIFE        | 1,460      | 1,460              | 1,471     | 1,481     | 1,450     | 1,440     |
| SBIN           | 753        | 751                | 765       | 776       | 740       | 726       |
| SHREECEM       | 25,312     | 25,255             | 25,485    | 25,658    | 25,082    | 24,853    |
| SUNPHARMA      | 1,799      | 1,792              | 1,811     | 1,822     | 1,780     | 1,761     |
| TATAMOTORS     | 743        | 747                | 762       | 782       | 727       | 711       |
| TATASTEEL      | 129        | 129                | 131       | 132       | 127       | 126       |
| TCS            | 4,157      | 4,121              | 4,198     | 4,240     | 4,079     | 4,002     |
| TECHM          | 1,684      | 1,669              | 1,703     | 1,723     | 1,650     | 1,616     |
| TITAN          | 3,356      | 3,359              | 3,383     | 3,409     | 3,332     | 3,308     |
| ULTRACEMCO     | 10,694     | 10,700             | 10,793    | 10,892    | 10,601    | 10,508    |
| UPL            | 543        | 541                | 550       | 557       | 533       | 524       |
| WIPRO          | 309        | 306                | 313       | 317       | 302       | 295       |

Source: Axis Direct.

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