AXIS SECURITIES

Daily Morning Note

25 April 2025

Indices	Current Value	% 1 D	% YTD
Sensex	79,801	-0.4	2.1
Nifty	24,247	-0.3	2.5
BSE Midcap	43,590	-0.2	-6.1
BSE Small cap	49,267	-0.0	-10.7
Sectors – Performance (BSE)			
Healthcare	42,930	0.6	-5.2
Metal	29,557	0.3	2.3
Capital Goods	62,803	-0.0	-7.3
Realty	6,858	-1.4	-16.7
FMCG	20,714	-0.8	-0.3
Tech	17,194	-0.6	-11.7

Nifty Gainers/Losers	CMP	% Chg
INDUSINDBK	820	3.2
ULTRACEMCO	12,159	1.8
GRASIM	2,729	1.6
HINDUNILVR	2,325	(4.1)
BHARTIARTL	1,846	(1.9)
EICHERMOT	5,651	(1.6)

FII Trading activities in Cash

	Date	Net	MTD
FII	24-Apr-25	8,251	11,583
DII	24-Apr-25	-535	-1,769

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	40,093	1.2	(5.8)
Nasdaq	17,166	2.7	(11.1)
DAX	22,065	0.5	10.8
Nikkei 225	35,567	1.5	(10.8)
FTSE 100	8,407	0.1	2.9
Hang Seng	21,910	(0.7)	9.2
Shanghai	3,297	0.0	(1.6)

Forex Rate			
INR/USD	85.3	0.2	0.4
INR/EUR	97.1	0.5	-8.1
INR/GBP	113.4	0.3	-5.2
INR/YEN (100)	59.8	0.8	-8.6

Source: Bloomberg

Market Commentary

- **Asian Markets** are mostly trading in the green on Fed rate cut hopes and Alphabet results. Nikkei and Hang Seng are trading positive by 1.46% and 0.69%, respectively, whereas Shanghai is trading negative by 0.09%.
- **Indian Indices** are expected to open in the green. The GIFT Nifty was trading at 24510, compared to yesterday's Nifty Futures close of 24373.
- **US markets** ended higher for the third consecutive day post Alphabet's latest quarterly results. Dow Jones ended higher by 486 points or 1.23% to close at 40,093, and NASDAQ ended higher by 457 points or 2.74% to close at 17,166.

What is Inside

- **Q4FY25 Results Update:** Can Fin Homes (BUY), SBI Cards (BUY), SBI Life Insurance Company (BUY), Nestle India Ltd (BUY), ACC (BUY), Dalmia Bharat (BUY), Hindustan Unilever (HOLD).
- **Q4FY25 Earnings Preview (25-04-2025):** Cholamandalam Investment and Finance Company, Maruti Suzuki, Shriram Finance, DCB Bank.
- **Q4FY25 Earnings Preview (26-04-2025):** IDFC First Bank

News in Focus

- **Power Grid Corp:** The company's 85 MW Solar PV Power Plant in Madhya Pradesh is set to start commercial operation.
- **Container Corp:** The company signed an MoU with the Railway Ministry, Petroleum Ministry and GAIL to develop LNG infrastructure at various terminals.
- **BHEL:** The company reported a minor fire incident near its Bhopal unit. No machinery, plant, or property was damaged, and no injuries or casualties were reported.
- **PB Fintech:** The company is set to invest Rs 539 Cr in PB Healthcare Services.
- **Rites:** The company has received a railway order worth Rs 28 Cr from Mahanadi Coalfields.
- **RBL Bank:** The bank has approved Deepak Kumar's re-appointment as Chief Risk Officer for one year from 1st May, 2025.

Q4FY25 Earnings preview: Our Coverage

Year-end March (Rs Cr)	Q4FY25E	Q3FY25	QoQ (%)	Q4FY24	YoY (%)	Result expectations
IDFC First Bank						➔ Advances and Deposit growth momentum healthy; LDR improves ➔ NIMs to contract on the back of interest reversals ➔ The C-I Ratio is likely to remain elevated; PPOP growth to find support from non-interest income ➔ Credit costs to remain elevated to account for MFI stress; Asset Quality to witness deterioration ➔ **Key monitorables**: (1) Cost to income outlook; (2) Asset Quality (mainly MFI) and credit costs Outlook
NII	5,039	4,902	2.8%	4,469	12.8%	
Non-Interest Income	1,899	1,780	6.7%	1,642	15.7%	
PPOP	1,867	1,759	6.2%	1,664	12.2%	
Provision	1,359	1,338	1.6%	722	88.2%	
Net Profit	389	339	14.7%	724	-46.2%	
EPS	0.5	0.5	14.7%	1.0	-48.1%	
Cholamandalam Inv & Fin						➔ Disbursement momentum to remain healthy, driving strong AUM growth of ~27% YoY ➔ Margins are likely to witness a slight improvement QoQ ➔ Cost ratios to inch up QoQ; despite this, PPOP growth is expected to be healthy ➔ Credit costs to taper marginally sequentially; Slight asset quality improvement to be visible ➔ **Key monitorables**: (1) Management outlook on AUM growth and (2) Credit cost and Asset Quality outlook
NII	3,092	2,887	7.1%	2,355	31.3%	
Non-Interest Income	654	654	0.1%	558	17.2%	
PPOP	2,187	2,128	2.8%	1,628	34.4%	
Provision	538	664	-19.0%	191	181.9%	
Net Profit	1,224	1,087	12.7%	1,058	15.7%	
EPS	14.6	12.9	12.7%	12.6	15.6%	
DCB Bank						➔ Strong business growth momentum to continue; Credit growth likely to be at ~20% ➔ NIMs are likely to remain broadly steady or marginally lower ➔ Opex growth is gradually coming off; however, Opex ratios are expected to remain elevated on lower non-interest income ➔ Credit costs to remain stable QoQ; Improvement in asset quality possible ➔ **Key Monitorables**: (1) Cost Ratio and RoA/RoE Outlook (2) Comments on Asset Quality
NII	562	543	3.6%	507	10.8%	
Non-Interest Income	201	184	9.2%	136	47.5%	
PPOP	288	271	6.2%	234	23.2%	
Provision	71	67	6.3%	24	196.5%	
Net Profit	161	151	6.2%	156	3.3%	
EPS	5.1	4.8	6.2%	5.0	3.0%	

Year-end March (Rs Cr)	Q4FY25E	Q3FY25	QoQ (%)	Q4FY24	YoY (%)	Result expectations
Shriram Finance						➔ Healthy disbursement growth to drive steady AUM growth of 19/5% YoY/QoQ ➔ Margins expected to remain steady or improve marginally; NII growth healthy ➔ Opex growth likely to be modest, C-A ratio to be range-bound ➔ Credit costs to remain under control, Asset quality expected to remain broadly steady ➔ **Key monitorables**: (1) Management outlook on AUM growth and (2) Credit cost outlook
NII	5,827	5,590	4.2%	5,087	14.5%	
Non-Interest Income	426	365	16.9%	421	1.3%	
PPOP	4,320	4,085	5.7%	3,906	10.6%	
Provision	1,365	1,326	3.0%	1,261	8.2%	
Net Profit	2,198	3,570	-38.4%	1,946	13.0%	
EPS	11.7	94.9	-87.7%	51.8	-77.4%	

Year-end March (Rs Cr)	Q4FY25E	Q3FY25	QoQ (%)	Q4FY24	YoY (%)	Result expectations
Maruti Suzuki(standalone)						➔ Total revenue is expected to grow by 8% YoY due to a 3% YoY increase in volumes, and ASPS are expected to increase by 3% YoY over the last year. ➔ The EBITDA margin is expected to decline by 44bps YoY due to higher marketing and advertisement spending, higher discounts partly offset by operating leverage, and increased sales of CNG vehicles.
Volumes (in units)	6,04,635	5,66,213	6.8%	5,84,031	3.5%	
Revenues	41,128	38,492	6.8%	38,235	7.6%	
EBITDA	4,859	4,470	8.7%	4,685	3.7%	
EBITDA margin (%)	11.8	11.6	20 bps	12.3	-44 bps	
PAT	3,846	3,525	9.1%	3,878	-0.8%	
EPS (Rs)	122.3	112.1	9.1%	123.3	-0.8%	

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)

Hindustan Unilever Limited Q4FY25 Result Update; HOLD; TP: Rs 2,515/share

Focus Shifting to Volume Growth, Margin Likely to Remain Under Pressure

Est. Vs. Actual for Q4FY25: Revenue – INLINE ; EBITDA – INLINE ; PAT – BEAT

Changes in Estimates post Q4FY25

FY26E/FY27E: Revenue: -5%/-6%; **EBITDA:** -7%/-8%; **PAT:** -7%/-7%

Recommendation Rationale

- **Subdued demand:** HUL's sales grew 2.1% in Q4FY25, with volume growth at 2% YoY, as rural demand continued to remain resilient while urban consumption stayed modest. Price increases in skin cleansing and beverages were offset by reductions in Home Care. Elevated input costs—particularly palm oil, coffee, and tea—weighed on gross margins. Management signaled that calibrated price hikes may be considered ahead, contingent on commodity price stability.
- **Margins Outlook:** EBITDA margins are expected to stay strong at 22–23% (vs. earlier guidance of 23–24%), even as gross margins face some pressure due to a continued focus on value-driven pricing. The company also reiterated that it is ramping up investments to drive portfolio premiumisation, particularly in high-growth categories, underpinned by a strong innovation pipeline.
- **Signs of recovery ahead:** The company expects growth momentum to improve in the near to mid-term, supported by a gradual pickup in urban demand amid easing food and retail inflation, tax incentives, and monetary support. Rural consumption is also projected to strengthen, aided by a favourable monsoon in FY26. While commodity inflation pressures persist, deflation in other areas (lower crude oil prices) will help offset costs. Gross margins may moderate slightly, but continued investments in innovation and strategic capabilities should support EBITDA margins. Management further anticipates H1FY26 to outperform H2FY25.

Sector Outlook: Cautious

Company Outlook & Guidance: As management's focus shifts towards volume-driven growth, near-term margins are likely to remain under pressure.

Current Valuation: **50xMar'27 EPS** (**Earlier Valuation: 52xDec'26 EPS**).

Current TP: **Rs 2,515/share** (**Earlier TP: Rs 2,520/share**).

Recommendation: With an 8% upside from the CMP, we maintain HOLD

Dalmia Bharat Ltd - Q4FY25 Result Update; BUY; Target: 2,260

Operating Performance Better Than Expected; Retain BUY

Est. vs. Actual for Q4FY25: Revenue – MISS ; EBITDA Margin – BEAT; PAT – BEAT

Change in Estimates post Q4FY25

FY26E/FY27E: Revenue: -3%/-1%; **EBITDA:** 0%/2%; **PAT:** 14%/9%

Recommendation Rationale

- **Capacity expansion to drive growth:** The company's total grinding capacity has reached 49.5 MTPA following the commissioning of new plants in Assam and Bihar. It recently announced an additional 6 MTPA capacity to serve the western region, expected to be operational by Q4FY27. This expansion is set to drive future volume growth. Current capacity utilisation is at 60%, with significant room for improvement. Backed by the new capacity and better utilisation, the company is projected to deliver an 8% CAGR in volume growth over FY24–27E.
- **Margin improved led by a decline in operational cost:** The company's quarterly performance benefited from a 4% YoY and 8% QoQ drop in operational costs, bringing costs down to Rs 3,835/tonne. With cement prices currently above Q4FY25 levels, margins in Q1FY26 are likely to remain strong. The company also pushes cost-saving measures to cut overall costs by Rs 150–200/tonne over the next two years through improved operating efficiency.
- **Higher consolidation to benefit large players:** Between 2013 and 2024, the market share of large players increased from 46% to 57%, 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, their 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.

Sector Outlook: Positive

Company Outlook & Guidance: Management expects FY26 to witness 7-8% volume growth at the industry level. Cement prices are projected to trend higher owing to higher consolidation in the Tamil Nādu and Kerala markets, while operating efficiency is expected to contribute Rs 150-200 in cost savings over the next two years.

Current Valuation: **12.5x FY27E EV/EBITDA** (**Earlier Valuation: 12.5x FY27E EV/EBITDA).**

Current TP: **Rs 2,260 /share** (**Earlier TP: Rs 2,180/share**)

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

Can Fin Homes Limited – Result Update; BUY; TP: Rs 830

Growth Momentum to Improve from FY26 Onwards!

Est. Vs. Actual for Q4FY25: NII – INLINE; **PPOP** – INLINE; **PAT** – **BEAT**

Changes in Estimates post Q4FY25

FY26E/FY27E (%): NII -2.9/-4.4; **PPOP** -2.0/-4.6; **PAT** -1.3/-4.0

Recommendation Rationale

- **Key states showing signs of recovery; Growth pick-up in sight:** CANF's disbursements witnessed improvement on a sequential basis, mainly driven by an improvement in the issuance of e-Khatas in the core geography of Karnataka (KA) and also signs of revival in Telangana (TL). Moreover, the West and North India zone, along with Tamil Nadu (TN), have also contributed to healthy disbursement growth during Q4FY25. Thus, **(a) improving visibility on growth in core states, (b) branch expansion, and (c) increasing contribution to business from existing and new branches should collectively drive ~20% disbursement growth in FY26, thereby translating into a 13-15% AUM growth**. Over the medium term, CANF will continue shifting its focus towards the SENP segment, improving its mix to 35% from ~30%. The portfolio mix is also expected to shift from housing loans (incl. housing CRE), with its share declining to ~80% from ~86%. Similarly, the newer focus markets will be North, West and TN, with the company adding a bulk of its new branches (of the 15 branches planned in FY26) in these markets. The company also plans to undergo a tech transformation, and the management remains certain of no adverse impact on growth. We expect CANF's portfolio growth to be ~14% CAGR over FY25-27E.
- **Confident of maintaining NIMs at 3.5+%:** CANF's margins should find support from the shift towards non-housing loans (LAP) and focus on SENP customers. Moreover, of the bank borrowings (55% mix in borrowings), the management stated that ~80% are linked to repo-rate and will reprice downwards, aiding CoF by 5-7bps. Furthermore, the rate of CPs has also seen a meaningful decline which should further support CoF for the company. Cumulatively, incremental borrowing from CPs and downward repricing of bank borrowings are expected to reduce CoF by ~10bps. The company does not intend to pass on the benefit of rate cuts to its customers until it reflects in the company's CoF. The management has indicated that CANF's peers (HFCs, private banks), excluding PSU Banks, have not passed on the benefit of the 50bps repo rate cut. Thus, **spreads and NIMs are expected to be maintained at 2.5+/3.5+% over the medium term. We believe CANF remains well-positioned to deliver steady NIMS of 3.6% over FY26-27E.**

- **Sector Outlook: Positive**

Company Guidance: With challenges in the core states of KA and TL gradually receding, the visibility on growth has improved, and the management is confident that disbursement growth will pick up substantially in FY26. CANF's focus on the higher-yielding SENP segment, a gradual portfolio shift towards non-housing loans and an optimal borrowing mix enabling CoF management should help the company support its NIMs. Opex growth is expected to remain under control, with the C-I Ratio remaining steady in FY26 before inching up in FY27 to reflect the investment towards tech transformation. The management does not expect any asset quality headwinds with the restructured book behaving well, thereby keeping credit costs in check. Thus, CANF remains well placed to deliver RoA/RoE of 2.1-2.2%/16-17% over FY26-27E. **With the management showing confidence on growth resuming, we believe delivery and sustenance of growth trends remain key re-rating levers.**

Current Valuation: 1.6x FY27E BV; Earlier Valuation: 1.7x Sep'26E BV

Current TP: **Rs 830/share; Earlier TP: Rs 840/share**

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

ACC Ltd - Q4FY25 Result Update; BUY; Target; 2420

Mix Set of Numbers

Est. Vs. Actual for Q4FY25: **Revenue** – **BEAT**; **EBITDA Margin** – **MISS**; **PAT**– **BEAT**

Change in Estimates post Q4FY25 (Abs.)

FY26E/FY27E: Revenue: 0%/0%; EBITDA: -3%/0%; PAT: -1%/0%

Recommendation Rationale

- **Strong volume growth:** In Q4FY25, the company achieved a 14% YoY increase in volume, reaching 11.90 mtpa, driven by higher trade volumes and a 7% YoY increase in premium product volumes, further strengthening its market leadership. It maintained its dominant position across key markets. The company's capacity expansion plans remain on schedule, and they are expected to support sustained volume growth in the future. It is projected to deliver a volume growth of 8% CAGR over FY24-FY27E.
- **Lower realisation impacts EBITDA margins:** During the quarter, blended cement prices declined by 2% YoY, settling at Rs 5,098/tonne. This negatively impacted the EBITDA margin, leading to a decline of 180 bps YoY despite stable production costs.
- **Robust cement demand to sustain:** Cement demand is expected to remain strong, with the industry projected to grow at a CAGR of 7-8% over FY24-FY27. This growth is likely to be driven by higher spending on infrastructure projects, affordable and rural housing initiatives, an increase in private capital expenditure, and sustained demand from the real estate sector.

Sector Outlook: Positive

Company Outlook & Guidance: Based on the growth trends observed in Q3 and Q4FY25, cement demand during FY26 is projected to continue benefiting from the momentum gained by government spending on infrastructure and construction activities. The growth is anticipated to range between 7% and 8% for the coming fiscal year, driven by ongoing consumption demand in the housing and infrastructure segments and the favourable impact of the pro-infra and housing Budget 2025.

Current Valuation: **11x FY27E EV/EBITDA** (**Earlier Valuation: 11x FY26E EV/EBITDA)**

Current TP: **Rs 2420/ share** (**Earlier TP: Rs 2,380/share**)

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

Alternative BUY Ideas from our Sector Coverage: **Dalmia Bharat (TP-2,260/share)**

SBI Life Insurance Company Limited - Result Update; BUY; TP Rs 1,900

VNB Margins Surprise Positively, Focus on Agency Channel Continues

Est. Vs. Actual for Q4FY25: NBP – MISS; APE – INLINE; VNB/VNB Margins (%) – BEAT

Changes in Estimates post Q4FY25

FY26E/FY27E (in %): NBP -9.0/-9.6; **APE** -4.4/-5.3; **VNB** -3.0/-5.1

Recommendation Rationale

- **Agency channel ramp-up to continue:** In line with the company's renewed focus on the agency channel, the focus during the quarter was on improving agency activation through traditional and protection products, which have been selling ULIP products until now. SBILIFE remains committed to strengthening the agency channel, with plans to open 87 new branches, expand into Tier 2/3 cities, onboard more agents, and enhance agent productivity and activation. The company is streamlining its agency network by weeding out underperforming agents. **The management has guided for a strong ~25% growth through the agency channel in FY26.** Driven by strong growth in the agency channel and sustained growth in the banca channel, SBILIFE expects to deliver a 13-14% individual APE growth, marginally better than industry growth, which is pegged at 12-13%.
- **VNB margins to remain range-bound**: In Q4FY25, VNB margins (calc.) surprised positively and stood at 30.5%, significantly higher than our expectations. This improvement was driven by a favourable product mix coupled with an improvement in product-level margins. The share of ULIP business was lower primarily owing to volatile equity markets. The management has highlighted that SBILIFE is making a conscious effort to diversify its product mix away from ULIP. Going forward, SBILIFE will look to maintain the ULIP vs Traditional product mix (in terms of IRP) at 65:35 vs 70:30 currently. The management has guided for VNB margins to be maintained between 27-28% in FY26. SBILIFE highlighted that the shift in the product mix towards Par from ULIP may not have a meaningful bearing on blended margins, as the margin profile for both these categories is identical.
- **Banca Channel growth to complement agency growth:** Along with growth in the agency channel, the management expects the banca channel to deliver a ~10% (low-double digit) growth in FY26. The management also highlighted that the banca channel offers a fairly large growth opportunity and SBILIFE will continue to harness these opportunities from the parent as well as other banca partners. Currently, activation rates in SBI are better vs other banca partners.
- **No clarity on banca restrictions:** SBILIFE has stated that it has not been informed of any restrictions on the banca channel business either from the regulator or government agencies.

Sector Outlook: Positive

Company Guidance and Outlook: The management has guided for individual APE growth of ~13-14% for FY26, mainly driven by strong growth in the agency channel. The renewed focus on the agency channel could act as a key growth driver, especially given that growth in the banca channel is expected to remain modest. Despite the product mix shift towards non-ULIP products, the management has guided for VNB margins of 27-28%. We factor in healthy APE/VNB growth of 16/15% CAGR over FY25-27E, with VNB margins remaining within the guided range of 27-28%.

Current Valuation: 2.1x FY27E EV Earlier Valuation: 2.1x FY26E EV

Current TP: **Rs 1,900/share, Earlier TP: Rs 1,850/share**

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

Nestle India Ltd- Q4FY25-RU-TP-2675

Long-term Outlook Remains Intact; Maintain BUY

Est. Vs. Actual for Q4FY25: Revenue –INLINE; **EBITDA – BEAT** ; **PAT – BEAT**

Changes in Estimates post Q4FY25

FY26E/FY27E – Revenue: -2%/0%; **EBITDA** 1%/3%; **PAT** 3%/5%

Recommendation Rationale

- **Beat on operating front:** Nestlé reported a 3.7% YoY revenue growth, slightly below expectations (missed by 1% YoY), driven by double-digit growth in beverages and confectionery, alongside improved volumes. EBITDA rose 3% YoY (beat on estimates) while margins contracted marginally 17bps to 25.5% due to a 97bps decline in gross margins, impacted by inflation in coffee and cocoa prices. PAT declined 5.2% YoY. On the distribution front, the company's RURBAN strategy continues to scale, with touchpoints now at 27,730 and coverage extending to approximately 208,500 villages.
- **Margins Headwinds:** The company continues to face significant cost challenges, with prices for coffee and cocoa remaining elevated. Meanwhile, edible oil prices remain stable, whereas Milk prices have firmed up with the onset of summer.

Sector Outlook: Positive

Company Outlook: Positive.

A key downside risk to our call is continued volatility in raw material prices and subdued demand

Current Valuation: 65x Mar-27 EPS (Earlier: 66x Dec-26 EPS)

Current TP: **Rs 2,675/share(Earlier TP: Rs 2,520/share**)

Recommendation: We remain optimistic about the company's long-term prospects. With a 10% upside potential from the CMP, we **maintain our BUY rating on the stock.**

SBI Cards & Payment Services Limited - Result Update; BUY; TP: Rs 1,050

Light At the End of the 'Credit Cost' Tunnel; Upgrade to BUY!

Est. Vs. Actual for Q4FY25: NII – INLINE; PPOP – INLINE; PAT – BEAT

Changes in Estimates post Q4FY25

FY26E/FY27E (in %): NII +2.6/+3.0; **PPOP** +1.8/+1.0; **PAT** +2.2/+0.5

Recommendation Rationale

- **Credit costs to taper:** SBIC efforts to strengthen the new acquisition, underwriting and portfolio management framework to tackle the rising stress in the credit card portfolio have started to yield results. The company is seeing improvement across asset quality metrics with a decline visible in delinquencies (both 30+dpd and 90+dpd), forward flows and pace of write-offs. Thus, the **management remains confident that credit costs will continue to decline in the coming quarters, thereby aiding earnings growth for SBIC**. The company has been witnessing better delinquency trends in the new sourcing, with the portfolio continuing to behave well. However, normalisation of credit costs will take some time. **A faster decline in credit costs would act as a catalyst for a meaningful re-rating in the stock**. **We expect credit costs to taper meaningfully to 8.4%/7.2% in FY26/27E vs 9.5% in FY25.**
- **NIMs to improve aided by rate cuts:** In Q4FY25, SBIC's NIMs surprised positively aided by improvement in CoF and better yields. With the rate easing cycle, we expect SBIC will stand to benefit given its largely fixed rate book and a downward repricing of CoF, though with a lag. Moreover, receding asset quality stress resulting in lower interest reversals would further support margins. SBIC's CoF would see a decline going into Q1FY26 and beyond. While the revolver book rates are fairly sticky, the company may pass on the benefit of the rate cut to its EMI customers. The management remains confident of maintaining NIMs with a positive bias. A risk to our NIM improvement estimates is the decline in the share of revolvers in the portfolio mix. SBIC has observed a downward bias in customers' tendency to revolve in the newly sourced customer cohort (lower by 10-15%). Thus, going ahead, the share of revolvers is likely to settle at ~23% vs 24-25% currently. **We believe improving CoF and lower interest reversals would largely offset the impact of a potentially lower share of revolvers. We expect NIMs to improve and range between 11.3-11.6% over FY26-27E vs 10.8% in FY25.**
- **Corporate spends to pick-up:** Post repositioning itself in terms of corporate spends, the company is set to push the growth pedal and expects the corporate spends to pick up healthily hereon (barring the seasonality seen in Q4). While SBIC intends to increase corporate spends, it will pursue growth judiciously and profitably. Improved corporate spends would support fee income for the company. With retail spends growth showing strength, SBIC expects 18-20% growth in FY26. **As spends growth picks-up, especially corporate spends, SBIC will look at reclaiming its lost spends market share.**

Sector Outlook: Cautiously Positive

Company Outlook: Asset quality concerns and elevated credit costs had been key reasons for the stock to underperform. With asset quality metrics improving, we expect credit costs to continue moving downwards, thereby driving robust earnings growth for SBIC. **We believe SBIC is ripe for a re-rating supported by (i) expectations of NIM improvement, (ii) strengthening fee income profile, (iii) steady Cost ratios ranging between 55-57% on a steady state and (iv) declining credit costs driven by improving asset quality parameters, however growth picking-up would drive a meaningful re-rating.** We expect SBIC to deliver a Receivables/NII/Earnings growth of 15/18/42% CAGR over FY25-27E. Our estimates suggest SBIC's RoA/RoE to improve to 4.8/21.8% by FY27E vs 3.1/14.8% in FY25.

Current Valuation: 26x FY27E EPS Earlier Valuation: 24x Sep'26E EPS

Current TP: Rs 1,050/share. Earlier TP: Rs 780/share

Recommendation: We **revise our rating** from HOLD to **BUY**.

Result Calendar - Q4FY25

Apr-2025

NSE 500 + Axis Universe

	Friday	Saturday	Monday	Tuesday	Wednesday	Thursday
	25-Apr-25	26-Apr-25	28-Apr-25	29-Apr-25	30-Apr-25	01-May-25
Large Cap	**Cholaman.Inv.&Fn** Hindustan Zinc **Maruti Suzuki** Reliance Industr **Shriram Finance**		Adani Green I R F C **TVS Motor Co.** **UltraTech Cem.**	**Ambuja Cements** **Bajaj Finance** B P C L **Trent**	Adani Power Indus Towers I O C L	
Mid Cap	Lloyds Metals L&T Finance Bank of Maha Motil.Oswal.Fin. Oracle Fin.Serv.	**IDFC First Bank**	Adani Total Gas Adani Wilmar Central Bank IDBI Bank KPIT Technologi. **Nippon Life Ind.**	Schaeffler India	Ajanta Pharma CRISIL Exide Inds. **Federal Bank** Jindal Steel JSW Infrastructure Ltd	
Small Cap	Atul C P C L Dr Lal Pathlabs Poonawalla Fin RBL Bank Tejas Networks Zensar Tech. **DCB Bank**	India Cements M R P L	Aditya AMC Castrol India Firstsour.Solu. Go Digit General Insuran KFin Technologies PNB Housing	CEAT Five-Star Business Finan Indiamart Inter. **Praj Industries** Star Health Insu UTI AMC	**Bandhan Bank** Godrej Agrovet **MAS FINANC SER** Skipper **Ujjivan Small Finance** **Equitas Sma. Fin** **Varun Beverages**	JP Power Ven. SIS Ltd

Bold Companies: **Axis Securities Coverage**

Axis Intellect: Intraweek Stocks for the week 21th April 2025 to 28th April 2025

Name of Stock	Mcap	Sector
TATA CONSUMER PRODUCTS LIMITED	Large Cap	Staples
SHYAM METALICS AND ENERGY LIMITED	Small Cap	Metals & min
AUROBINDO PHARMA LTD.	Mid Cap	Healthcare
RELIANCE INDUSTRIES LTD	Large Cap	Oil & gas
SUN PHARMACEUTICAL INDUSTRIES LTD.	Large Cap	Healthcare
METROPOLIS HEALTHCARE LIMITED	Small Cap	Healthcare
TATA CONSULTANCY SERVICES LTD.	Large Cap	IT
UNION BANK OF INDIA	Large Cap	Banks
GLOBAL HEALTH LIMITED	Small Cap	Healthcare
MAHINDRA & MAHINDRA LTD.	Large Cap	Auto & Anc

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Drugs Ltd	BUY	365	470	28.7
Aarti Industries Ltd	BUY	442	525	18.8
ACC Ltd	BUY	2,065	2,380	15.3
Ambuja Cements Ltd	BUY	572	655	14.5
Apcotex Industries Ltd	BUY	326	380	16.6
Aptus Value Housing Finance India Ltd	BUY	334	400	19.8
Arvind Smartspaces Ltd	BUY	700	1,005	43.6
AU Small Finance Bank Ltd	BUY	673	755	12.3
Aurobindo Pharma Ltd	BUY	1,256	1,500	19.4
Automotive Axles Ltd	BUY	1,697	1,975	16.4
Bajaj Auto Ltd	BUY	8,215	9,380	14.2
Bank of Baroda Ltd	BUY	252	280	11.3
Biocon Ltd	BUY	326	405	24.3
Birla Corporation Ltd	BUY	1,122	1,340	19.4
Can Fin Homes Ltd	BUY	707	840	18.8
CCL Products (India) Ltd	BUY	632	730	15.5
Chalet Hotels Ltd.	BUY	826	1,075	30.1
Cholamandalam Investment & Finance Company Ltd	BUY	1,557	1,780	14.3
CIE Automotive India Ltd	BUY	416	520	25.0
City Union Bank Ltd	BUY	181	215	18.8
Coal India Ltd	BUY	400	440	10.1
Dabur India Ltd	BUY	491	610	24.3
Dalmia Bharat Ltd	BUY	1,974	2,180	10.5
Dhanuka Agritech Ltd	BUY	1,360	1,780	30.9
Dr Reddys Laboratories Ltd	BUY	1,205	1,450	20.3
Eternal Ltd	BUY	237	280	18.2
Ethos Ltd	BUY	2,678	3,070	14.6
Federal Bank Ltd	BUY	202	225	11.4
Fortis Healthcare Ltd	BUY	667	860	29.0
G R Infraprojects Ltd	BUY	1,112	1,430	28.6
Genus Power Infrastructures Ltd	BUY	315	380	20.8
Gravita India Ltd	BUY	1,945	3,000	54.2
H. G. Infra Engineering Ltd	BUY	1,124	1,720	53.0
HDFC Bank Ltd	BUY	1,915	2,250	17.5
Hero MotoCorp Ltd	BUY	3,963	5,285	33.4
Hindalco Industries Ltd	BUY	628	765	21.7
ICICI Bank Ltd	BUY	1,401	1,650	17.8
Indian Hotels Company Ltd	BUY	820	950	15.8
Inox Wind Ltd	BUY	182	250	37.0
ITC Ltd	BUY	430	510	18.6
J.Kumar Infraprojects Ltd	BUY	692	940	35.8
JK Lakshmi Cement Ltd	BUY	812	930	14.5
JSW Energy Ltd.	BUY	503	770	53.1
JTL Industries Ltd	BUY	71	115	62.4
Juniper Hotels Ltd.	BUY	289	360	24.6
Jyothy Labs Ltd	BUY	384	450	17.1
K E C International Ltd	BUY	736	1,040	41.3
Kalpataru Projects International Ltd.	BUY	997	1,350	35.4
Karnataka Bank Ltd	BUY	201	255	26.6
Kirloskar Brothers Ltd	BUY	1,730	2,100	21.4
Lupin Ltd	BUY	2,100	2,500	19.0
Man Infraconstruction Ltd.	BUY	166	260	56.7
MAS Financial Services Ltd	BUY	285	325	14.0

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
MAS Financial Services Ltd	BUY	276	325	17.7
Max Healthcare Institute	BUY	1,129	1,315	16.5
Mold-Tek Packaging Ltd	BUY	513	600	17.0
National Aluminium Co	BUY	162	220	36.1
Nippon Life India Asset Management Ltd	BUY	675	800	18.5
NLC India Ltd	BUY	244	305	24.8
Oberoi-Realty-Ltd	BUY	1,705	2,560	50.2
P I Industries Ltd	BUY	3,662	4,265	16.5
Pitti Engineering Ltd	BUY	989	1,340	35.5
PNC Infratech Ltd	BUY	282	330	17.0
Prestige Estates Projects Ltd	BUY	1,319	1,820	38.0
Rites Ltd	BUY	242	305	26.3
Sansera Engineering Ltd	BUY	1,148	1,430	24.6
SBI Life Insurance Company Ltd	BUY	1,622	1,850	14.1
Signatureglobal (India) Ltd	BUY	1,184	1,645	38.9
Skipper Ltd	BUY	459	570	24.1
State Bank of India	BUY	814	1,025	26.0
Steel Authority Of India Ltd	BUY	117	130	11.1
Steel Strips Wheels Ltd	BUY	206	265	28.8
Trent Ltd	BUY	5,334	6,570	23.2
UltraTech Cement Ltd	BUY	11,867	13,510	13.8
UNO Minda Industries Ltd	BUY	901	1,140	26.5
V Mart Retail Ltd	BUY	3,255	4,370	34.3
VA Tech Wabag Ltd.	BUY	1,444	1,970	36.4
Varun Beverages Ltd	BUY	549	710	29.3
Welspun Living Ltd	BUY	134	165	23.6
Westlife Foodworld Ltd	BUY	724	870	20.2

Trading Insights

Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
DIVI'S LABORATORIES LTD	6,216	2,158	604	257.3%
HINDUSTAN UNILEVER LTD	2,325	7,304	2,725	168.1%
NESTLE INDIA LTD	2,433	2,469	934	164.3%
HERO MOTOCORP LTD	3,955	1,261	693	82.0%
INDUSIND BANK LTD	820	23,544	14,721	59.9%
BAJAJ FINANCE LTD	9,301	1,963	1,280	53.4%
ITC LTD	430	26,452	18,216	45.2%

Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
DIVI'S LABORATORIES LTD	6,216	896	322	178.3%
HERO MOTOCORP LTD	3,955	779	330	135.8%
HINDUSTAN UNILEVER LTD	2,325	3,376	1,743	93.7%
WIPRO LTD	243	12,452	7,569	64.5%
SHREE CEMENT LTD	30,705	35	23	51.1%
ITC LTD	430	17,764	11,994	48.1%
DR. REDDY'S LABORATORIES	1,201	3,035	2,072	46.4%

*CMP-Closing Market Price

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