

## Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,796	0.8	4.7
Nifty-50	24,947	0.9	5.5
Nifty-M 100	58,769	0.9	2.7
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	6,033	0.9	2.6
Nasdaq	19,701	1.5	2.0
FTSE 100	8,875	0.3	8.6
DAX	23,699	0.8	19.0
Hang Seng	8,730	0.9	19.8
Nikkei 225	38,311	1.3	-4.0
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	74	-2.1	-0.7
Gold (\$/OZ)	3,385	-1.4	29.0
Cu (US\$/MT)	9,799	0.8	13.2
Almn (US\$/MT)	2,516	0.5	-0.4
Currency	Close	Chg .%	CYTD.%
USD/INR	86.1	0.0	0.5
USD/EUR	1.2	0.1	11.7
USD/JPY	144.8	0.5	-7.9
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.3	-0.09	-0.5
10 Yrs AAA Corp	7.1	0.08	-0.2
Flows (USD b)	16-Jun	MTD	CYTD
FII	-0.3	-0.39	-10.6
DII	0.67	5.83	38.2
Volumes (INRb)	16-Jun	MTD*	YTD*
Cash	979	1227	1072
F&O	1,18,169	1,97,074	2,08,198

Note: Flows, MTD includes provisional numbers.

\*Average



## Today's top research idea

### Tata Motors: JLR EBIT margin guidance lowered to 5-7% for FY26

- ❖ We attended Tata Motors' (TTMT) virtual analyst meet for its JLR business. JLR continues to face several headwinds, such as tariff wars and resultant USD depreciation vs. GBP, uncertainty over EV transition, challenging market conditions in China, and rising warranty costs.
- ❖ As a result, management has lowered its EBIT margin guidance for FY26 to 5-7% from 10% earlier. It has also reduced its FCF guidance to nil from GBP1.8b earlier. TTMT has also indicated that it is working hard to improve efficiencies across the firm, with specific enterprise missions to drive the firm's transformation amid headwinds.
- ❖ These initiatives could result in cost savings of GBP1.4b p.a. during 2HFY26 to FY27-28 and help TTMT to return to its earlier EBIT margin target of 10% over time. While our estimates were already lower than the consensus, we have reduced our FY26 EBIT margin assumption for JLR to 6% (earlier 6.9%), which has led to a 10% cut in our FY26 earnings estimates.
- ❖ We have maintained our FY27 estimates at this stage. Given the multiple headwinds highlighted above, we reiterate Neutral with FY27E SOTP-based TP of INR690.



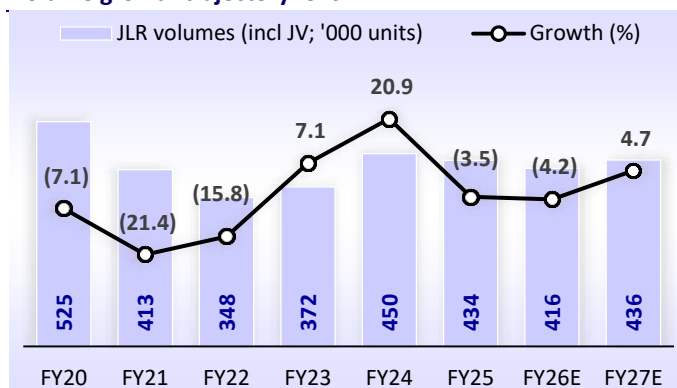
## Research covered

Cos/Sector	Key Highlights
Tata Motors	JLR EBIT margin guidance lowered to 5-7% for FY26
Jindal Stainless	Expansion underway to cater to robust demand
Zee Entertainment	Promoters to infuse INR22.4b to increase stake to ~18.4%
Healthcare	Chronic therapies outweigh acute in YoY growth for May'25



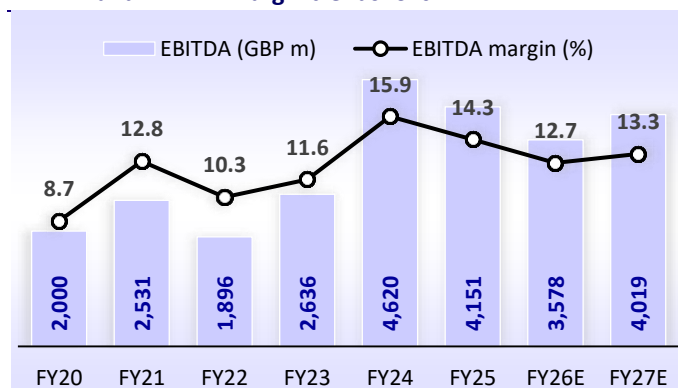
## Chart of the Day: Tata Motors (JLR EBIT margin guidance lowered to 5-7% for FY26 )

Volume growth trajectory for JLR



Source: Company, MOFSL

EBITDA and EBITDA margin trends for JLR



Source: Company, MOFSL



## In the news today



Kindly click on textbox for the detailed news link

1

### Competitive flux to continue in near term: Asian Paints MD

Asian Paints MD Amit Syngle highlights rising competition, pricing pressure, and profit strain in FY25. With rivals like Birla Opus gaining ground, the company is boosting innovation, distribution, and product launches to defend market share. Meanwhile, RIL has pared its stake in Asian Paints to just 0.36%.

2

### Bata's first Indian global CEO Sandeep Kataria resigns

Bata's first Indian global CEO, Sandeep Kataria, resigns after 5 years in the role. Credited with Bata India's turnaround, Kataria led profit doubling and brand transformation. He will aid in leadership transition as Bata faces rising competition in India's dynamic footwear market

3

### Zee promoters to hike stake to 18%

Zee promoters to raise stake to 18.39% via Rs 2,237 crore preferential issue, signaling long-term commitment. Move aligns with Zee's transformation into a content-tech firm. Shareholder approval awaited as Zee explores growth via partnerships and tech-driven initiatives.

4

### Meesho to pay \$288 million in taxes to shift base from US to India ahead of IPO

The company's move to shift its headquarters back to India underscores a growing trend among Indian tech start-ups realigning their corporate structures to meet domestic listing requirement

5

### JLR slashes FY26 EBIT margin to 5-7%, forecasts near zero free cashflow

Tariff shocks, weak China outlook dent JLR's growth margin hopes

6

### Madhvani Group to acquire Hindustan National Glass, invest ₹10,000 crore in India over 5 years

Following a recent Supreme Court ruling clearing the acquisition path, Madhvani met Prime Minister Narendra Modi to discuss the investment and its potential to boost industrial growth and employment.

7

### ReNew profit zooms 415% to Rs 314 crore

ReNew Energy Global posts 415% YoY surge in Q4FY25 net profit to Rs 314 crore. FY25 profit rises to Rs 459 crore. Total portfolio grows to 18.5 GW, with expanded solar and wind capacity.

# Tata Motors

BSE SENSEX

81,796

S&P CNX

24,947

## TATA MOTORS

### Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3681
M.Cap.(INRb)/(USDb)	2527.9 / 29.4
52-Week Range (INR)	1179 / 536
1, 6, 12 Rel. Per (%)	-6/-14/-37
12M Avg Val (INR M)	12022
Free float (%)	57.4

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Net Sales	4,397	4,401	4,688
EBITDA	551.3	497.1	554.2
Adj. PAT	232.6	169.0	191.2
Adj. EPS (INR)	63.2	45.9	52.0
EPS Gr. (%)	8	-27	13
BV/Sh. (INR)	315.6	356.5	402.4

### Ratios

Net D/E (x)	0.1	0.1	0.1
RoE (%)	23.1	13.7	13.7
RoCE (%)	14.2	10.4	10.9
Payout (%)	9.6	11.0	11.6

### Valuations

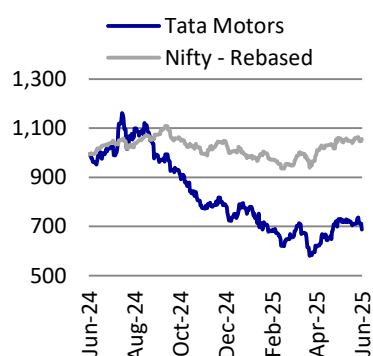
P/E (x)	10.9	14.9	13.2
P/BV (x)	2.2	1.9	1.7
EV/EBITDA (x)	4.3	4.6	4.0
Div. Yield (%)	0.9	0.7	0.9

### Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	42.6	42.6	46.4
DII	17.2	16.9	16.1
FII	17.8	18.7	19.2
Others	22.4	21.9	18.3

FII Includes depository receipts

### Stock Performance (1-year)



**CMP: INR687**

**TP: INR690**

**Neutral**

## JLR EBIT margin guidance lowered to 5-7% for FY26

### Outlook marred by multiple headwinds

We attended Tata Motors' (TTMT) virtual analyst meet for its JLR business. JLR continues to face several headwinds, such as tariff wars and resultant USD depreciation vs. GBP, uncertainty over EV transition, challenging market conditions in China, and rising warranty costs. As a result, management has lowered its EBIT margin guidance for FY26 to 5-7% from 10% earlier. It has also reduced its FCF guidance to nil from GBP1.8b earlier. TTMT has also indicated that it is working hard to improve efficiencies across the firm, with specific enterprise missions to drive the firm's transformation amid headwinds. These initiatives could result in cost savings of GBP1.4b p.a. during 2HFY26 to FY27-28 and help TTMT to return to its earlier EBIT margin target of 10% over time. While our estimates were already lower than the consensus, we have reduced our FY26 EBIT margin assumption for JLR to 6% (earlier 6.9%), which has led to a 10% cut in our FY26 earnings estimates. We have maintained our FY27 estimates at this stage. Given the multiple headwinds highlighted above, we reiterate Neutral with FY27E SOTP-based TP of INR690.

Below are the key takeaways from the analyst meet:

### JLR FY26 Guidance lowered due to multiple headwinds

- Given the headwinds JLR is facing globally, management has lowered its EBIT margin guidance for FY26 to 5-7% from 10% (8.5% reported in FY25). This would entail a reduced revenue guidance of GBP28b (earlier >GBP30b).
- Management has also indicated that TTMT is working to improve efficiencies across the firm, with specific enterprise missions to drive the firm's transformation amid headwinds. These initiatives should result in cost savings of GBP1.4b p.a. during 2HFY26 to FY27-28 and help TTMT return to its earlier target of 10% EBIT margin over time.
- As a result, the company has reduced its FCF guidance to nil from GBP1.8b earlier. Working capital is expected to be adverse in FY26.
- Investment guidance stands at GBP3.8b in FY26 (same as in FY25) and GBP18b during FY24-28 (same as prior guidance). Over 50% of this amount would be invested in engineering and the balance in battery and EDU facilities, tooling, etc. In terms of brands, about 15% of investments would be in Jaguar and the balance in Land Rover.

## Key headwinds highlighted by management

### ■ Uncertainty over tariffs

- Management hopes that the US and the UK seal a trade deal as announced by the two governments earlier. As part of the deal, auto exports to the US from the UK would attract a duty of ~10% for a quota of up to 100k vehicles.
- Given the sudden increase in tariffs, TTMT had temporarily stopped shipments to the US in Apr'25, which is likely to hurt its performance in 1QFY26. The company continues to assess pricing actions in the US after the new tariffs are effective.
- TTMT also hopes that there would be a trade deal between the US and European Union soon.

### ■ China market continues to be challenging

- ✓ While China's PV market grew 5% YoY in FY25, this was largely due to growth in the EV segment. However, the country's premium market declined 15% YoY in FY25.
- ✓ Almost 4,400 dealers have shut shops in China in CY24, representing about 50% of total dealer network.
- ✓ China continues to see fierce competition, with 215 out of 1,000 models seeing price reduction in CY24.
- ✓ The sharp slowdown in the auto segment has been attributed to curtailment in financing, as new credit issued by banks fell 21% YoY in CY24.
- ✓ Against this backdrop, RR has remained the No 1 brand in the >RMB1m value SUV market.
- ✓ JLR looks to improve its performance in China in FY26 by driving product enhancements in best-selling RR and Defender models, improving brand awareness with improved modern luxury retail experience, and leveraging its local footprint to achieve complementary growth by launching new Freelander through Chery JV by 2HCY26.

### ■ Impact of emission compliance

- ✓ Compliance-related costs have been rising for JLR.
- ✓ Management has indicated that it does not expect to pay fines in the UK as TTMT is moving to an electrified fleet in the coming years.
- ✓ In the US, JLR is ensuring emission compliance on the back of an optimal fleet mix and the purchase of credits from other OEMs even as the company continues to monitor evolving legislative changes.
- ✓ Even in Europe, TTMT continues to proactively monitor the mix by focusing on PHEVs and expects to be emission-compliant.

### ■ Issue of rising warranty costs

- ✓ JLR saw a rise in warranty costs for its vehicles in FY25, which remains an ongoing headwind that the company would look to mitigate.
- ✓ TTMT is now using predictive analytic tools to improve forecasting accuracy. This will help it maintain availability of spares as per requirement and hence minimize customers' downtime.
- ✓ It is also looking to improve the availability of JLR technicians to resolve complex issues at pace.

- Apart from the above-mentioned headwinds, USD weakness vs. GBP is expected to be another headwind. While TTMT is hedged for the near term, it is a risk to margins in the long term if it persists.
- Global OEMs are also facing an issue involving ADAS systems. US-based ADAS systems are not allowed in China, and the US has barred China-based ADAS systems in the country. This would mean double engineering costs for global OEMs like JLR; hence, development costs may rise if this issue continues.

#### **JLR actions to offset these headwinds**

- Management has indicated that TTMT is working on specific enterprise missions to drive transformation within the organization that will help to offset the above-mentioned headwinds. These include:
  - **Urgent impact measures** related to tackling the impact of tariffs, emission compliance, reduction in warranty costs, etc.
  - **High value:** TTMT aims to improve cost efficiencies and has set a target of achieving a double-digit reduction in structural costs in FY26. It wants to improve MLA profitability (maximizing value from this mix). The company is looking to reduce costs in manufacturing and freight and focusing on improving its performance in China on the back of initiatives highlighted above.
  - **Unlock potential:** The company is enhancing its brand positioning for all future products, including BEVs, across all brands and is focusing on unlocking value from accessory sales.
  - **Game changing:** TTMT aims to create strong brands after its BEV launches. It will focus on digital initiatives to optimize the total cost of ownership for value delivery. The company is looking to improve customer loyalty by delivering the best experience and reducing the turnaround time for issues. The company has achieved global NPS of 94, 12% global reduction in the number of customers with open issues, and 3% reduction in order cancellations.
- These would help the company deliver savings to the tune of GBP1.4b p.a. during 2HFY26 to FY27-28. These initiatives would help TTMT get back to its earlier target of 10% EBIT margin over time.

#### **JLR looking at BEV transition as an opportunity to gain share**

- There is a rising uncertainty about BEV transition in key global regions. This has given JLR an opportunity to focus on its BEV launches and build strong capabilities in BEV.
- However, most other peers seem to have gone for aggressive product launching without capability building, as per management.
- Hence, JLR expects the BEV transition to be an opportunity to gain share as customers, who were never considering JLR, are now showing interest in the brand's exciting EV unveils.

## **Milestones of its top brands**

### **Range Rover (RR)**

- It enjoys brand equity of 101 and has entered into Interbrand's top 100 global brands list.
- While the order intake for RR increased 15% YoY in FY25, the same for RRS increased 34% YoY in FY25.
- TTMT has launched special editions of RR variants, which have seen huge success: 1) Born of the Sand Edition in MENA region (priced at USD400k), 2) 10 years of SV edition in China priced at USD615k, 3) Masara edition in India priced at USD680k.
- The RR Electric now enjoys a waitlist of over 60k units.

### **Defender**

- The brand equity for Defender has improved to 82 from an avg level of 78 over four quarters.
- Despite being in its sixth year, this model has posted record-high sales in FY25.
- The order intake on the model rose 3% in FY25, which was ahead of its estimates and decent given that it had minimal marketing spends.
- The Defender Octa enjoys an order book of 3k units. A limited edition of this variant was sold at GBP165k, highlighting that this brand's positioning can be elevated.

### **Discovery**

- Brand equity was stable at 74.
- Its order intake declined 5% YoY, which was decent considering the weak end-market demand.
- Around 30% of Discovery clients are female customers and over 50% of them own pets.

### **Jaguar**

- The new Type 00 reveal has created a huge excitement in social media.
- This new product is expected to attract younger customers compared to the erstwhile ICE variant, which attracted relatively elder customers.
- In the US, which is one of its key markets, TTMT has seen a 23% increase in awareness for Jaguar as a luxury brand. It has seen a 20% increase in customers seeing "Jaguar" as a brand worth paying for more.

### **Update on partnerships**

- JLR management believes right partnerships are key to navigating the ongoing disruptive trends in the global automotive industry.
- It has partnered with NVIDIA for autonomous driving and AI, and its next-generation products would come with NVIDIA-based software capabilities.
- JLR, Dow and Adient have partnered for the use of recycled materials in automotive seats, which is an industry-first initiative.
- The company's EV battery plant in the UK in partnership with Agratas is expected to be operational by 2027.
- JLR has partnered with Tata Communications to deliver global connectivity for JLR's next-gen vehicles.

### Valuation and view

- Considering the headwinds TTMT is facing, management has lowered its EBIT margin guidance for FY26 to 5-7% from 10% earlier. As a result, it has reduced its FCF guidance to nil from GBP1.8b earlier. Management has also indicated that TTMT is working to improve efficiencies across the firm, with specific enterprise missions to drive the firm's transformation amid headwinds. These initiatives should result in cost savings of GBP1.4b p.a. during 2HFY26 to FY27-28 and help TTMT to return to its earlier target of 10% EBIT margin over time.
- While our estimates were already lower than the consensus, we have reduced our FY26 EBIT margin estimate for JLR to 6% (from 6.9%), which has led to a 10% cut in our FY26 earnings estimates. We have maintained our FY27 estimates at this stage.
- For the lack of any triggers, we reiterate Neutral with FY27E SOTP-based TP of INR690.



# Jindal Stainless

BSE SENSEX

81,796

S&P CNX

24,947



## Stock Info

Bloomberg	JDSL IN
Equity Shares (m)	824
M.Cap.(INRb)/(USDb)	578.2 / 6.7
52-Week Range (INR)	848 / 497
1, 6, 12 Rel. Per (%)	6/-8/-20
12M Avg Val (INR M)	667
Free float (%)	39.1

## Financials Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	393.1	444.6	510.1
EBITDA	46.7	53.4	63.5
Adj. PAT	25.1	29.8	36.6
EBITDA (%)	11.9	12.0	12.5
Adj. EPS (INR)	30.5	36.2	44.5
BV/Sh. (INR)	203	235	276

## Ratios

Net D:E	0.2	0.2	0.1
RoE (%)	15.1	15.4	16.1
RoCE (%)	12.3	12.7	13.2
Payout (%)	9.9	9.7	9.0

## Valuations

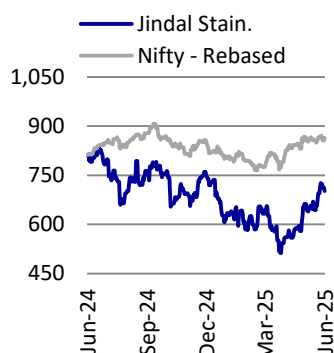
P/E (x)	18.5	19.3	15.7
P/BV (x)	2.8	3.0	2.5
EV/EBITDA(x)	10.7	11.5	9.6
Div. Yield (%)	0.5	0.5	0.6

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	60.9	60.7	60.5
DII	6.9	6.3	6.6
FII	21.4	22.2	20.8
Others	10.8	10.8	12.1

FII Includes depository receipts

## Stock Performance (1-year)



**CMP: INR702**

**TP:INR810 (+15%)**

**Buy**

## Expansion underway to cater to robust demand

We **initiated coverage** on Jindal Stainless (JSL) on 13th May'25 at a price of INR610 for a target price of INR770. The stock has gained 20% after our report in one month and we believe there is further steam left. The company's expansion projects and cost-saving initiatives would ensure stable earnings growth ahead. We retain our positive stance on the stock with a TP of INR810.

## Strategic expansions to propel growth:

- JSL is investing INR57b to expand its upstream capacity, enhance downstream operations and diversify its product mix via 1.2mtpa steel metal shop (SMS) JV in Indonesia, which will increase its total capacity by 40% to 4.2mtpa by FY27E.
- JSL is expanding its downstream operation in Jajpur and has acquired JUSL (hot 3.2mtpa and cold 0.2mtpa rolling capacity) to cater to 1.2mtpa incremental upstream capacity in Indonesia JV.
- For product diversification, JSL has acquired Rathi Super Steel (RSSL) and Rabirun Vinimay (RVPL) to cater to infra demand. It has also acquired Chromeni Steels (0.6mtpa with plan to expand till 4mtpa) to increase CR share to 75% (vs. 45% currently).

## Focus on cost savings via backward integration:

- Nickel accounts for ~50% of its input costs, making it a critical raw material for stainless steel (SS) production. India lacks domestic reserves and mainly relies on imports (ferronickel/SS scrap).
- JSL has entered into a JV with New Yaking Pte Ltd for a nickel pig iron (NPI) smelter in Indonesia (49% stake) to secure long-term supply. This will ensure annual supply of 0.2mt NPI with 14% nickel content and reduce its exposure to nickel price fluctuations.

## Volume growth with enhanced margins to drive earnings

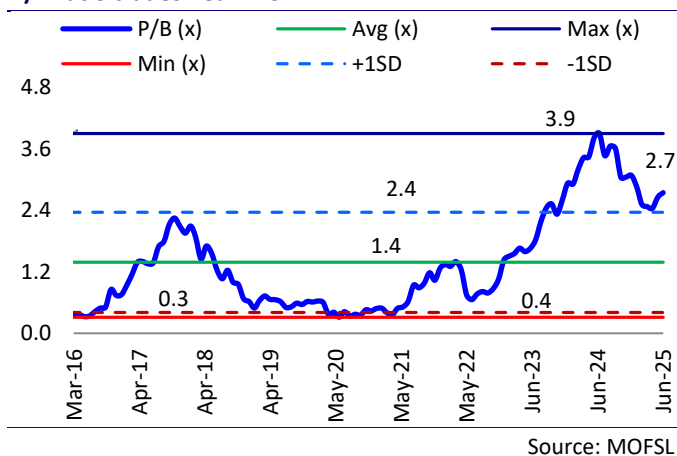
- The merger with promoter holding company, strategic JVs, and acquisition of key assets have resulted in increased capacity, enhanced backward integration, and downstream product diversification/value addition.
- We believe these measures will help JSL deliver a 10% CAGR in volumes and 4% CAGR in NSR over FY25-27, driving a similar 14% CAGR in revenue. With a better cost structure and higher share of value-added products (VAP), we anticipate EBITDA/t of INR20,500 to INR22,000 over FY26-27E.
- With stable capex intensity and healthy OCF of INR62b during FY26-27E, we believe JSL's net debt will remain at a comfortable level and JSL would comfortably fund the ongoing capex.



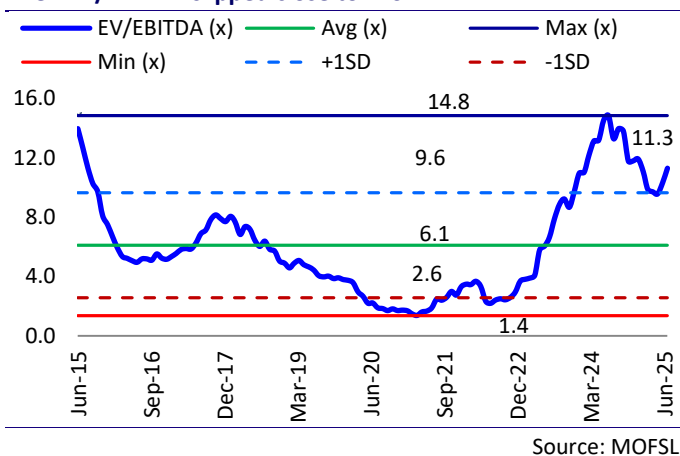
## Valuation and view

- The SS industry is poised for strong growth as India's SS consumption is expected to reach 7.3mt by FY31 and 12.5-20mt by 2047, backed by rising adaptability across sectors like infrastructure projects, manufacturing, automotive, consumer durables, and growing new-age sector. We believe JSL is well placed to realize this robust demand outlook, with higher VAP supporting margins.
- From being solely a flat SS producer to a diversified long SS player, JSL has expanded into rebar, wire rods, and others, unlocking significant infrastructure opportunities. Additionally, its focus on value-added CR SS has strengthened its position in both domestic and export markets.
- **At CMP, the stock trades at 9.6x EV/EBITDA and 2.5x P/BV on FY27E. We maintain our BUY rating with a revised TP of INR810 (premised on 11x FY27E EV/EBITDA).**

P/B ratio trades near +1SD



Even EV/EBITDA slipped close to +1SD



# Zee Entertainment

BSE SENSEX 81,796 S&P CNX 24,947



## Stock Info

Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	132.5 / 1.5
52-Week Range (INR)	165 / 89
1, 6, 12 Rel. Per (%)	7/1/-22
12M Avg Val (INR M)	1949
Free float (%)	96.0

## Financial Snapshot (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	82.9	88.0	93.2
EBITDA	12.0	13.2	14.6
Adj. PAT	7.9	8.8	10.0
EBITDA Margin (%)	14.4	15.0	15.6
Adj. EPS (INR)	8.2	9.2	10.4
EPS Gr. (%)	80.8	12.0	13.7
BV/Sh. (INR)	120.1	126.3	133.7

## Ratios

Net D:E	-0.2	-0.2	-0.3
RoE (%)	7.0	7.4	8.0
RoCE (%)	6.7	7.4	8.0
Payout (%)	40.8	32.7	28.8

## Valuations

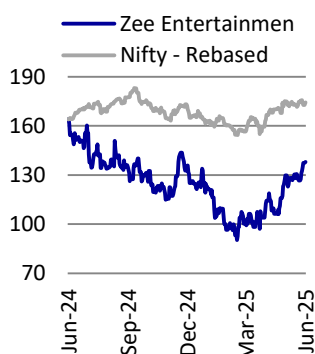
P/E (x)	16.9	15.1	13.2
P/B (x)	1.1	1.1	1.0
EV/EBITDA (x)	9.3	7.9	6.8
Div. Yield (%)	1.8	1.8	1.8
FCF Yield (%)	9.9	7.1	7.9

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	4.0	4.0	4.0
DII	16.0	18.0	35.6
FII	22.8	20.1	19.2
Others	57.2	58.0	41.3

FII Includes depository receipts

## Stock performance (one-year)



**CMP: INR138**

**TP: INR150 (+9%)**

**Neutral**

## Promoters to infuse INR22.4b to increase stake to ~18.4%

Zee's Board of Directors has approved the issuance of up to 169.5m fully convertible warrants to promoter group entities on a preferential basis at INR132 per warrant (~2.6% premium to the SEBI floor price). The issuance of warrants is subject to shareholders' approval and will result in a capital infusion of ~INR22.4b, increasing the promoter shareholding to 18.39% (from ~4% currently), upon full conversion of the warrants. While the intended use of funds has not been disclosed yet, capital allocation will remain a key monitorable. At the outset, we view the promoters' move to raise their stake in the company as a positive development. Our earnings remain unchanged as we await further clarity on usage of funds. We **remain Neutral on Zee with revised TP to INR150** (earlier INR125), premised on 14x FY27E PE (vs. 12x earlier) as we await sustained revival in ad revenue and favorable outcome in ICC rights arbitration with Star.

## Promoter infusion to improve Zee's financial strength and cap table

- Following a strategic review of Zee's growth plans and market perception conducted by a banker, the Board has approved an increase in promoter shareholding in the company by way of issuance of fully convertible warrants.
- Zee's promoters will infuse ~INR22.4b over a period of 18 months through the issuance of 169.5m fully convertible warrants at a price of INR132/warrant. As a result, promoters' shareholding in Zee will increase to ~18.4% (vs. ~4% currently).
- We believe the promoters' funding for warrants is driven by the recovery of certain dues of Essel Group (~INR6b recovered recently, with potential recovery of up to INR18b over the next 12-18 months as per [media reports](#)).
- Zee emphasized that this fund infusion is intended to strengthen its financial base by providing access to significant growth capital and supporting the execution of its strategic growth plan, with a focus on becoming a leading content and technology powerhouse.
- Additionally, this move will enable the company to further fortify its core business and strengthen its financial foundation to explore value-accretive growth opportunities in the Media & Entertainment space.
- We note Zee had raised FCCBs (~INR20b) for funding future growth initiatives last year and management has not laid out any concrete M&A targets yet.
- The additional fund raise from promoters is also said to be for funding the next phase of growth, without any specific mention of the use of fund raise.
- While the use of fund raise is not clear and share purchase from the market could have been considered, we believe promoter infusion through warrants could still be considered sentimentally positive at the outset.

## Promoter confidence in business transformation sentimentally positive

- According to the company's press release, the proposal to increase promoters' shareholding in Zee was first submitted in early May'25 (when the stock was at ~INR106.4/share).

- Despite the recent run-up, promoters have shown their commitment to the business by subscribing to warrants at a higher price.
- We believe the promoters' infusion to raise shareholding should be viewed as sentimentally positive for the stock price and could prompt renewed interest from other financial investors.
- However, the use of the fund raise will remain key monitorable, along with a sustained recovery in ad revenue.

### Valuation and view

- Zee aims to deliver a revenue CAGR of 8-10% with its current portfolio and improve EBITDA margins to an industry-leading range of 18-20% by FY26.
- We believe that a sustainable recovery in ad revenue remains key to achieving these aspirations and driving a potential re-rating of multiples.
- Our earnings estimates are unchanged as we await more clarity on the use of promoter fund infusion (~INR22b) and FCCBs (~INR20b). However, the fund infusion will provide Zee with enough firepower to improve its competitive position in the industry.
- We build in a CAGR of 4%/7%/8% in revenue/EBITDA/PAT over FY25-27E.
- As noted earlier, Zee's valuations have turned attractive. However, a sustained recovery in domestic advertisement revenue and a favorable outcome in ongoing litigation for ICC rights with Star remain key for rerating.
- We reiterate our **Neutral rating on Zee with a revised TP of INR150**, premised on 14x FY27E PE (vs. 12x earlier).

### Valuation based on P/E

Valuation	FY27E
EPS	10.4
PE multiple (x)	14
Target Price (INR)	150
CMP (INR)	138
Upside (%)	9%

Source: MOFSL, Company

### Zee's current and potential shareholding post the conversion of warrants

Zee shareholding	Current		Post warrants conversion	
	Shares (m)	Stake (%)	Shares (m)	Stake (%)
Promoters	38.3	4.0	207.8	18.4
FII's	219.3	22.8	219.3	19.4
DII's	152.4	15.9	152.4	13.5
Other Shareholders	550.5	57.3	550.5	48.7
<b>Total Shares</b>	<b>960.5</b>	<b>100</b>	<b>1,130.0</b>	<b>100</b>

Source: MOFSL, Company

## Performance of top companies in May'25

Company	MAT growth (%)	May'25 (%)
IPM	7.6	6.9
Abbott*	9.5	8.3
Ajanta	10.0	10.6
Alembic	-0.1	-0.3
Alkem*	5.9	6.1
Cipla	7.1	5.1
Dr Reddys	8.7	9.8
Emcure*	5.9	6.2
Eris	3.7	3.4
Glaxo	1.1	1.4
Glenmark	10.9	11.8
Intas	10.6	9.9
Ipca	11.5	8.0
Jb Chemical*	11.8	11.6
Lupin	6.9	4.9
Macleods	4.6	5.3
Mankind	6.8	9.3
Sanofi	1.1	-1.2
Sun*	10.4	9.9
Torrent	8.2	6.5
Zydus*	8.9	7.7

## Chronic therapies outweigh acute in YoY growth for May'25

- The India Pharma Market (IPM) grew 6.9% YoY in May'25 (vs. 10% in May'24 and 7.4% in Apr'25).
- The growth was driven by strong outperformance in cardiac, respiratory, and anti-diabetes therapies, which outperformed IPM by 470bp/350bp/190bp in May'25.
- Acute therapy growth stood at 5% in May'25 (vs. 9% in May'24 and 6% Apr'25), the second consecutive month of muted YoY growth.
- For the 12 months ending in May'25, IPM growth was led by price/new launches/volume growth of 4.2%/2.3%/1.1% YoY.
- Out of the top 10 brands, Electral/Udiliv/Pan clocked growth of 14%/20%/14% YoY to INR700m/INR620m/INR650m in May'25.
- During May'25, Mixtard and Monocef witnessed a decline of 15% and 2%, respectively, to INR610m/INR490m.
- Out of the top 40 brands, Alburel grew 144% YoY in May'25. Since its launch in Mar'25, Mounjaro has achieved sales of INR520m as of May'25.

## JB Chemicals/Glenmark/Ajanta outperform in May'25

- In May'25, among the top 20 pharma companies, JB Chem (up 11.6% YoY), Glenmark (up 11.8% YoY), and Ajanta (up 10.6% YoY) recorded higher growth rates vs IPM.
- Sanofi/Alembic declined YoY by 1.2%/0.3%, while Glaxo was the major laggard in May'25, (YoY growth of just 1.4%).
- Ajanta outperformed IPM, led by strong double-digit growth across key therapies like Anti Diabetic/Ophthal.
- JB Chemicals outperformed IPM, led by a strong show in Cardiac/Ophthal/Anti Parasitic.
- Glenmark outperformed IPM, led by double-digit growth in Cardiac/Respiratory.
- JB reported industry-leading price growth of 6.5% YoY on a MAT basis, while it reported the highest volume growth of 4.8% YoY. Dr. Reddy posted the highest growth in new launches (up 4.7% YoY).

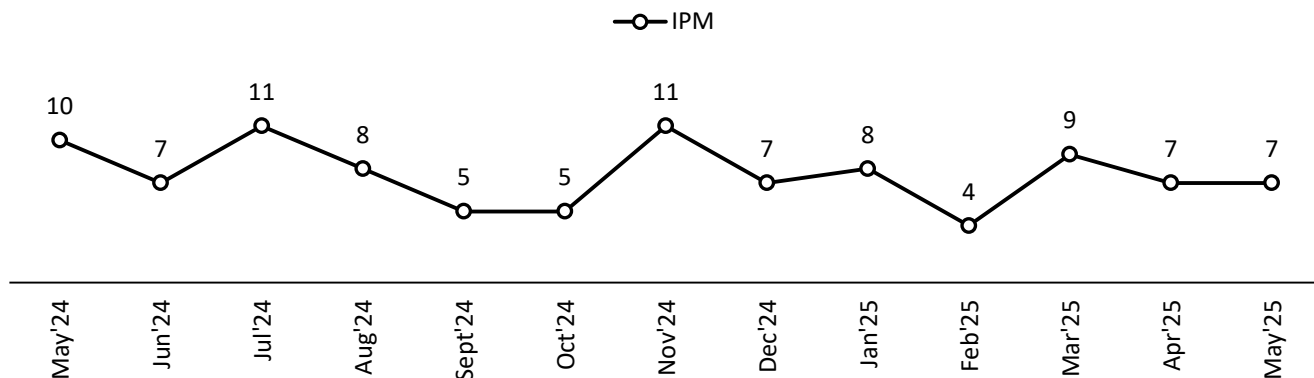
## Cardiac/Antineoplast/Urology lead YoY growth on MAT basis

- On a MAT basis, the industry reported 7.6% YoY growth.
- Chronic therapies witnessed 10% YoY growth, while acute therapies displayed 5% YoY growth in May'25.
- Cardiac/Antineoplast/Urology grew 11.3%/12.3%/12.6% YoY. Ophthal/Anti-Infectives/Respiratory/Gynaec underperformed IPM by 270bp/280bp/310bp/410bp on a YoY basis.
- The acute segment's share in overall IPM stood at 60.8% for MAT May'25, with a YoY growth of 7.6%.

## Domestic companies outperform MNCs in May'25

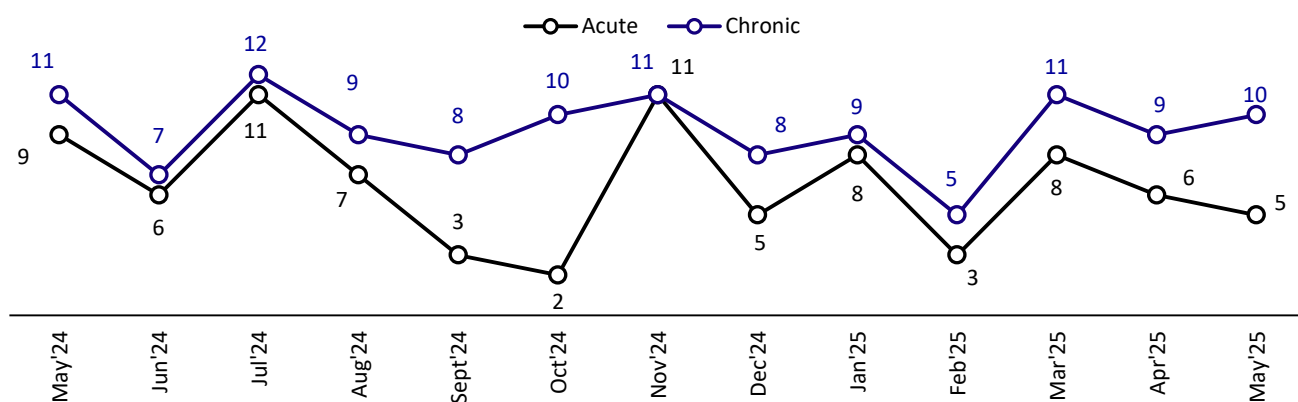
- As of May'25, Indian pharma companies held a majority share of 83% in IPM, with the remaining held by multi-national pharma companies (MNCs).
- In May'25, Indian companies grew 6.6%, while MNCs grew 8.4% YoY.

### IPM posted 7% YoY growth in May'25



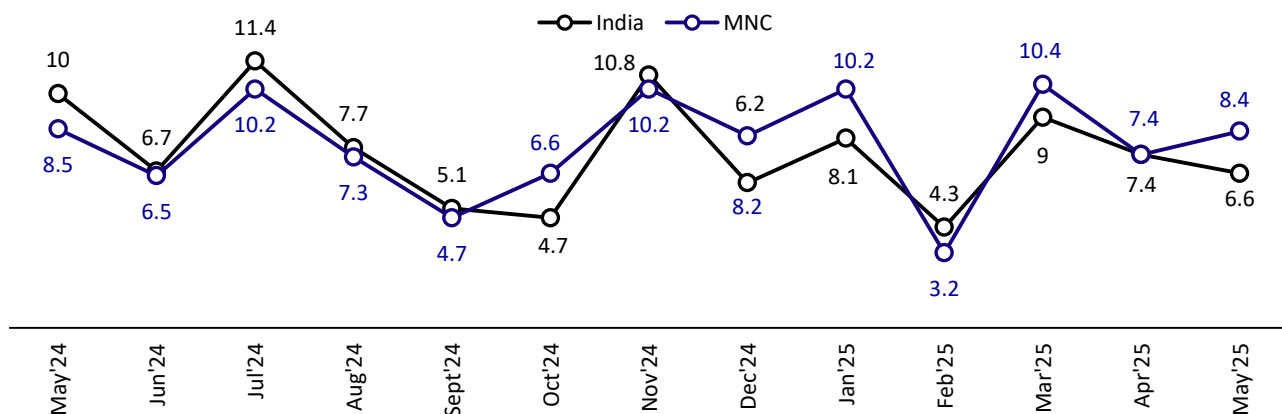
Source: MOFSL, IQVIA

### Both acute and chronic therapies registered YoY growth of 5%/10% in May'25



Source: MOFSL, IQVIA

### Indian and MNC companies registered 6.6%/8.4% YoY growth, respectively



Source: MOFSL, IQVIA



### **Birla Corp: Objective Is To Secure Core Markets And Expand Into Secondary And Adjacent Markets; Sandip Ghose, MD & CEO**

- Acquisition of a limestone mine in West Bengal secures crucial raw materials for the future.
- West Bengal government incentives issue is historical and unlikely to impact Birla Corp significantly now.
- Industry demand is soft but expected to grow mid-to-high single digits in FY26 after an abnormal FY25.
- Capex plan targets capacity growth from 20 to 28 million tons.
- Not bidding for the JP cement asset, focusing instead on brownfield and greenfield expansions.
- Cement prices expected to see modest nominal growth, beneficial if sustained over the year.

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### **Prestige Group: Plan To Clear Entire Debt Of The Hospitality Business With IPO This Year; Irfan Razack, CMD**

- Plans nearly 45 million sq. ft. launches in FY26, almost doubling FY25's 25.5 million.
- Targets FY26 Pre-sales target at ₹27,000 crore, fueled by robust recent project launches.
- Strong sales execution in Indirapuram: 3,400 units launched, ~2,900 sold, generating ₹7,000+ crore in sales.
- Plans for 5-7% price increase in mid-market; higher increases possible in luxury segment.
- Prestige Hospitality Ventures IPO expected mid-fiscal, aiming to raise ₹3,500+ crore to reduce debt and expand.
- Mumbai's Palihill project progressing despite challenging terrain; 70% stock sold, deliveries underway.

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### **Belrise Industries: Eyeing Double-Digit Revenue Growth In 4-Wheeler Segment; Swastid Shrikant Badve, Promoter**

- Expect growth in mid-teens, led by organic growth & acquisitions
- Four-wheeler and commercial vehicle segments expected to grow significantly from a low base.
- Post-IPO, paid down approximately ₹1,600 crore in debt, lowering outstanding debt below ₹1,000 crore.
- Use of high tensile steel will improve lightweighting and durability of components.
- Raw material costs are mostly passed through via back-to-back price arrangements, reducing margin volatility.

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