Market snapshot

Equities - India	Close	Chg .%	CY24.%
Sensex	75,366	-1.1	8.2
Nifty-50	22,829	-1.1	8.8
Nifty-M 100	51,796	-2.8	23.9
Equities-Global	**Close**	**Chg .%**	**CY24.%**
S&P 500	6,012	-1.5	23.3
Nasdaq	19,342	-3.1	28.6
FTSE 100	8,504	0.0	5.7
DAX	21,282	-0.5	18.8
Hang Seng	7,383	1.0	26.4
Nikkei 225	39,566	-0.9	19.2
Commodities	**Close**	**Chg .%**	**CY24.%**
Brent (US$/Bbl)	78	-1.2	-4.5
Gold ($/OZ)	2,741	-1.1	27.2
Cu (US$/MT)	8,972	-2.0	2.2
Almn (US$/MT)	2,593	-1.6	7.7
Currency	**Close**	**Chg .%**	**CY24.%**
USD/INR	86.3	0.2	2.9
USD/EUR	1.0	0.0	-6.2
USD/JPY	154.5	-1.0	11.5
YIELD (%)	**Close**	**1MChg**	**CY24 chg**
10 Yrs G-Sec	6.7	-0.04	-0.4
10 Yrs AAA Corp	7.2	-0.05	-0.5
Flows (USD b)	**27-Jan**	**MTD**	**CYTD**
FIIs	-0.6	0.74	-0.8
DIIs	0.77	4.78	62.9
Volumes (INRb)	**27-Jan**	**MTD***	**YTD***
Cash	1,008	1003	1003
F&O	1,13,095	1,90,017	1,90,017

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

360ONE WAM: Acquires B&K Sec.; PAT beat led by TBR and other income

- 360 ONE's operating revenue grew 38% YoY and was 7% higher than our estimates, driven by 14% beat in transactional income. Additionally, strong beat in other income resulted in 17% beat in PAT at INR2.7b (+42% YoY).
- 360 ONE's Board has proposed the acquisition of one of India's leading brokerage and corporate advisory houses – B&K Securities (B&K). The proposed acquisition of B&K will add a new research capability across all platforms of 360 ONE and also provide entry into the IB segment. Since the cost structure of B&K is aligned with 360 ONE, the acquisition will be EPS accretive.
- We reiterate our BUY rating with a one-year TP of INR1,350 (based on 38x Sep'26E EPS).

Research covered

Cos/Sector	Key Highlights
360ONE WAM	Acquires B&K Sec.; PAT beat led by TBR and other income
Coal India	In-line performance; higher e-auction premiums aid profitability
DLF	Strong pre-sales; all eyes on super luxury - 'The Dahlias'
Macrotech Developers	Highest quarterly pre-sales; on track to achieve FY guidance
Canara Bank	NII misses estimate; other income drives earnings
Balkrishna Industries	Operationally in line; Fx gains lead to PAT beat
J K Cement	Performance improves amid challenges
Other Updates	CDSL | Piramal Enterprises | Transport Corporation of India | IOCL | Tata Steel | Union Bank of India | Petronet LNG | Federal Bank | ACC | Kaynes Technologies | IGL | Emami | ABSL AMC | LT Foods | Prudent Corporate Advisory | Mahindra Logistics | Bajaj Housing Finance | Automobiles | EcoScope - Global Economy

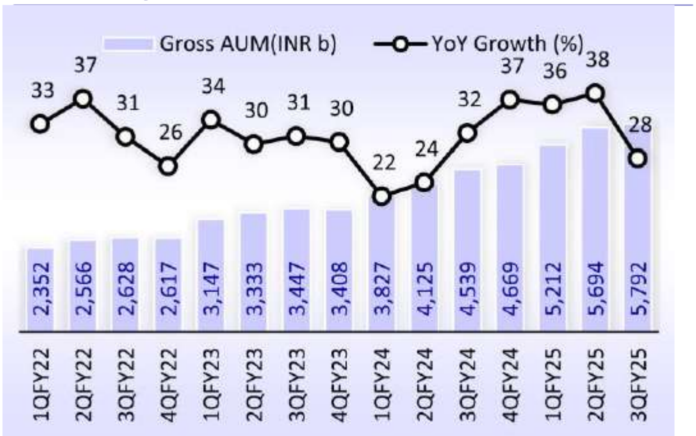
Chart of the Day: 360ONE WAM (Acquires B&K Sec.; PAT beat led by TBR and other income)

B&K's acquisition likely to be a value-accretive proposition for 360 ONE

Particulars	No of shares (m)
Current Market cap (INR m)	4,18,850
Shares issued to promoters	10.0
Warrants issued to Saahil Murarka	3.3
ESOP for the leadership team and team members	2.8
Total issuance	16.2
O/S shares	388
Dilution (%)	4.2
FY25 B&K PAT (9m annualized)	1,020
Total Payout	18,840
P/E	18.5
FY26E PAT B&K (assuming 20% growth)	1,224
Current FY26 P/E DAM	15.0
Value accretion	18,360

Source: MOFSL, Company

Total AUM grew 28% YoY



Source: MOFSL, Company

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In the news today

Kindly click on textbox for the detailed news link

1

India may add 8 GW of thermal power capacity in FY25 against 15 GW target

India is expected to add around 8,000 MW of thermal power capacity by the end of this financial year, falling short of the 15,000 MW target due to delays in project commissioning. Contributing factors include land acquisition issues and material supply delays.

2

JK Cement's Saifco buy largest private investment in J&K, says Madhav Singhania, joint MD and CEO

JK Cement's acquisition of Saifco Cement marks the first significant investment by a national player in Jammu and Kashmir's cement sector. With a 60% stake acquired for ₹174 crore, this move aims to capitalize on the region's construction growth potential …

3

China+1 opens larger share for India in global pharma manufacturing beyond generics

India is set to capture a larger share of the global pharmaceutical market beyond generics, driven by the "China+1" strategy as companies diversify from China. Investments are pouring into India's affordable pharma services and growing infrastructure.

4

RBI governor Sanjay Malhotra flags risks, exhorts banks to ensure fin stability, inclusion

RBI Governor Sanjay Malhotra, in his first meeting with bank CEOs, raised concerns over the rise in digital frauds and urged banks to implement proactive systems to combat such risks. He emphasized financial stability, inclusion, digital literacy, and the affordability of credit.

5

E-commerce democratising growing luxe market

Tata Cliq Luxury experienced a 30% revenue increase in fiscal 2025, with 55% of sales from non-metro markets. Strategic expansions into new categories like Indie Luxe and fragrances, along with premium brand additions, have driven growth. The rise of HENRYs and demand for premium experiences outside metropolitan areas are significant trends.

6

360 One WAM to acquire B&K Securities for ₹1,884 crore

B&K is a leading mid-cap brokerage, servicing major foreign and domestic financial institutions, according to a press release by 360 One. The company is a full-service broker dealing with institutional investors and also offers corporate treasury services to its set of clients.

7

Swiggy, Zomato operationalise new payment methods on their apps

Swiggy now provides an option to pay via Swiggy UPI. The company had announced the feature in August, to simplify the payment mechanism on their platforms. With this feature, users would not be required to go to another app to make the payment via UPI.

360ONE WAM

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	360ONE IN
Equity Shares (m)	388
M.Cap.(INRb)/(USDb)	418 / 4.8
52-Week Range (INR)	1318 / 597
1, 6, 12 Rel. Per (%)	-10/16/64
12M Avg Val (INR M)	702

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Net Revenues	24.0	27.1	31.8
Opex	11.9	13.0	15.0
Core PBT	12.1	14.1	16.9
PAT	10.3	12.8	15.2
EPS	26.4	32.9	39.0
EPS Grw (%)	18.0	24.3	18.7
BV	162.7	175.9	183.7
Ratios			
RoE (%)	21.0	19.4	21.7
Div. Payout (%)	40.0	60.0	80.0
Valuations			
P/E (x)	40.7	32.8	27.6
P/BV (x)	6.6	6.1	5.9
Div. Yield (%)	1.0	1.8	2.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	14.8	15.7	17.8
DII	9.7	8.5	8.9
FII	66.2	65.6	62.5
Others	9.4	10.3	10.9

FII Includes depository receipts

CMP: INR1077 TP: INR1350 (+25%) Buy

Acquires B&K Sec.; PAT beat led by TBR and other income

- 360 One WAM (360 ONE) reported net revenue of INR6b (7% beat), up 38% YoY in 3QFY25. For 9MFY25, net revenue grew 41% YoY to INR17.9b.
- Total AUM rose 28% YoY to INR5.8t (in line), driven by 33% YoY growth in ARR AUM to INR2.5t (in line) and 24% YoY growth in TBR AUM to INR3.3t (in line) during the quarter.
- Opex grew 38% YoY to ~INR3.2b, 7% higher than our estimate, due to higher-than-expected admin costs, while employee expenses were in line. The cost-to-income ratio was largely flat YoY at 52.8% in 3QFY25 (vs. our estimate of 52.4%).
- PAT came in at INR2.7b reflecting a growth of 42% YoY (17% beat). For 9MFY25, PAT came in at INR7.7b, growing 37% YoY.
- Management expects TBR contribution in the revenue mix to be in the range of 20-25%, NII at 20%, and core ARR income at 60% in the long run.
- The proposed acquisition of B&K Securities (B&K) will add a new research capability across all platforms of 360 ONE and also provide entry into the IB segment. Since the cost structure of B&K is aligned with 360 ONE, the acquisition will be EPS accretive.
- We raise our FY25E EPS by 5% considering its 3Q performance. However, we cut our FY26/FY27E EPS by 4%/3% to factor in the decline in transactional revenue. **We reiterate our BUY rating with a one-year TP of INR1,350 (based on 38x Sep'26E EPS).**

The new acquisition to enhance capabilities

- 360 ONE's Board has proposed the acquisition of one of India's leading brokerage and corporate advisory houses – B&K.
- B&K is highly rated in the institutional equity broking space with 55+ research analysts. The company also has a recently launched ECM segment offering merchant banking services and a corporate treasury business with an AUM of INR140b.
- The acquisition provides an opportunity to introduce research as a product offering across all segments in existing geographies as well as new market segments through B&K.
- The budding ECM segment provides an opportunity to (a) offer wealth plus IB services to HNIs/ UHNIs and (b) capture deal flow in the AMC segment.
- The corporate treasury business provides an opportunity to deepen the platform and acquire new corporate clients.
- The acquisition will result in a dilution of 4.2% for shareholders of 360 One WAM. However, according to our PAT forecasts for B&K and assuming an FY26E P/E of 15x (similar to DAM Capital), we expect a value accretion of INR184b.

Flows remain robust; core revenue in line

- 360 ONE’s ARR AUM at INR2.5t (in line) grew 33% YoY, driven by net ARR inflows of INR66.4b in 3QFY25. While wealth management ARR net flows grew 24% YoY, AMC net flows declined 38% YoY largely due to weak equity markets.
- Wealth Management ARR AUM grew 39% YoY to INR1.63t driven by 49%/32%/40% YoY growth in 360 One Plus/ Distribution/ Lending AUM.
- Asset Management AUM grew 23% YoY to INR852b driven by 29%/16%/34% YoY growth in discretionary/AIF/MF AUM. However, AUM declined slightly (-1%) on a sequential basis due to negative MTM in equities and redemptions in the matured PE funds.
- ARR yields declined YoY to 69bp (vs our est. of 68bp) largely due to a decline in retentions of the asset management segment. Wealth management yields declined YoY to 73bp (76bp in 3QFY24), while asset management yields declined to 65bp (72bp in 3QFY24).
- The decline in yields was offset by stable net flows, resulting in 26% YoY growth in ARR income to ~INR4.3b (in line). During 9MFY25, ARR income grew 24% YoY to INR12b.
- TBR income grew 76% YoY to INR1.8b (14% beat), driving the 7% beat in net revenue at INR6b. However, the current growth in TBR is not sustainable according to the management, and the contribution is expected to decline to 20-25% (from 30% currently).
- Employee costs jumped 40% YoY to INR2.4b (in line), and other admin costs grew 33% YoY to INR789m (22% higher than our estimate).
- Other income came in at INR732m (146% beat) owing to a higher proportion of unlisted equity in 360 ONE’s book, resulting in 42% YoY growth in PAT to INR2.7b (17% beat).

Highlights from the management commentary

- AMC AUM witnessed an MTM impact, which was offset by strong inflows, especially in the PE and multi-asset segments. Flows in the wealth management business remain robust, but some tiredness towards investing in equities is being witnessed.
- The company maintains the guidance of 20-25% AUM growth, with 10-12% of AUM added through net inflows.
- RM attrition in the Northern Belt may lead to a 5% reduction in revenue from the Delhi office, but new senior hires in that geography will take the strength higher than the old team, resulting in 40-50% higher revenue in the next 5-6 years.

Valuation and view

360ONE maintains a strong position in the industry, reflected by robust flows and consistent performance. The company’s plans to diversify across client segments (mass affluent) and geography (lower-tier cities) is gaining traction and the global platform has also seen green shoots. While we have not factored in incremental revenue from the acquisition of B&K, the transaction is likely to be value-accretive. We raise our FY25E EPS by 5% considering its 3Q performance. However, we cut our FY26/FY27E EPS by 4%/3% to factor in the decline in transactional revenue. **We reiterate our BUY rating with a one-year TP of INR1,350 (based on 38x Sep’26E EPS).**

Quarterly performance **INR m**

Y/E March	FY24				FY25				FY24	FY25E	3Q FY25E	Act. Vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Net Revenues	**4,055**	**4,275**	**4,395**	**5,731**	**6,002**	**5,886**	**6,050**	**5,989**	**18,456**	**23,927**	**5,678**	**6.6**	**38%**	**3%**
Change (%)	8.2	11.8	5.9	45.8	48.0	37.7	37.7	4.5	17.9	29.6	29.2			
ARR Assets Income	3,217	3,108	3,377	3,568	3,756	3,973	4,262	4,458	13,270	16,448	4,109	3.7	26%	7%
TBR Assets Income	839	1,166	1,018	2,163	2,247	1,913	1,788	1,531	5,185	7,479	1,569	14.0	76%	-7%
Operating Expenses	**2,103**	**2,144**	**2,315**	**3,002**	**2,649**	**2,992**	**3,193**	**3,111**	**9,565**	**11,945**	**2,973**	**7.4**	**38%**	**7%**
Change (%)	25.9	19.5	24.3	62.3	25.9	39.5	37.9	3.6	33.3	24.9	28.4			
Cost to Income Ratio (%)	51.9	50.2	52.7	52.4	44.1	50.8	52.8	51.9	51.8	49.9	52.4	43bps	10bps	194bps
Operating Profits	**1,952**	**2,130**	**2,080**	**2,729**	**3,354**	**2,893**	**2,856**	**2,878**	**8,891**	**11,981**	**2,705**	**5.6**	**37%**	**-1%**
Change (%)	-6.0	4.9	-9.0	31.3	71.8	35.8	37.4	5.5	4.9	34.8	30.1			
Other Income	287	137	271	500	969	298	732	288	1,195	2,286	298	**145.9**	170%	146%
Profit Before Tax	**2,239**	**2,268**	**2,350**	**3,229**	**4,323**	**3,191**	**3,588**	**3,166**	**10,085**	**14,267**	**3,003**	**19.5**	**53%**	**12%**
Change (%)	11.0	0.5	5.3	61.4	93.1	40.7	52.7	-2.0	18.6	41.5	27.8			
PBT (after exceptional item)	**2,239**	**2,268**	**2,350**	**3,229**	**3,447**	**3,191**	**3,588**	**3,166**	**10,085**	**13,391**	**3,003**	**19.5**	**53%**	**12%**
Tax	426	415	410	817	1,011	719	839	1,029	2,068	3,597	661			
Tax Rate (%)	19.0	18.3	17.4	25.3	23.4	22.5	23.4	32.5	20.5	25.2	22.0		592bps	85bps
PAT	**1,813**	**1,853**	**1,940**	**2,412**	**2,435**	**2,472**	**2,749**	**2,137**	**8,018**	**9,794**	**2,342**	**17.4**	**42%**	**11%**
Change (%)	15.6	6.3	13.1	55.2	34.3	33.4	41.7	-11.4	21.8	22.2	20.7			
PAT Margins (%)	44.7	43.3	44.1	42.1	40.6	42.0	45.4	35.7	43.4	40.9	41.2	420bps	130bps	344bps
Key Operating Parameters (%)														
AUM (INR b)	**3,827**	**4,125**	**4,539**	**4,669**	**5,212**	**5,694**	**5,792**	**5,894**	**4,669**	**5,894**	**5,721**	**1.3**	**28%**	**2%**
Change (%)	21.6	23.8	31.7	37.0	36.2	38.0	27.6	26.2	37.0	26.2	26.0			
ARR Assets	1,657	1,725	1,867	2,004	2,213	2,426	2,480	2,568	2,004	2,568	2,421	2.5	33%	2%
TBR Assets	2,170	2,400	2,672	2,665	2,999	3,268	3,312	3,326	2,665	3,326	3,300	0.4	24%	1%
Yield on AUM - Calculated (%)	**0.45**	**0.43**	**0.41**	**0.50**	**0.49**	**0.43**	**0.42**	**0.41**	**0.46**	**0.45**	**0.40**			
ARR Assets	0.77	0.74	0.75	0.74	0.71	0.69	0.69	0.71	0.72	0.72	0.68			
TBR Assets	0.17	0.20	0.16	0.32	0.32	0.24	0.22	0.18	0.24	0.25	0.19			

Changes to our estimates

INR b	New estimates			Old estimates			Change		
Y/E March	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Net Revenues	24.0	27.1	31.8	23.6	28.2	32.9	2.0%	-3.7%	-3.3%
Opex	11.9	13.0	15.0	11.7	13.5	15.4	1.9%	-3.4%	-3.0%
Core PBT	12.1	14.1	16.9	11.8	14.7	17.5	2.1%	-4.0%	-3.5%
PAT	10.3	12.8	15.2	9.8	13.2	15.6	4.9%	-3.4%	-3.1%
EPS	26.4	32.9	39.0	25.3	34.1	40.3	4.7%	-3.6%	-3.2%
Ratios									
RoE (%)	21.0	19.4	21.7	20.1	20.2	22.4	92bp	-75bp	-71bp
Div. Payout (%)	40.0	60.0	80.0	40.0	60.0	80.0	0bp	0bp	0bp

B&K's acquisition likely to be a value-accretive proposition for 360 ONE

Particulars	No of shares (m)
Current Market cap (INR m)	4,18,850
Shares issued to promoters	10.0
Warrants issued to Saahil Murarka	3.3
ESOP for the leadership team and team members	2.8
Total issuance	16.2
O/S shares	388
Dilution (%)	4.2
FY25 B&K PAT (9m annualized)	1,020
Total Payout	18,840
P/E	18.5
FY26E PAT B&K (assuming 20% growth)	1,224
Current FY26 P/E DAM	15.0
Value accretion	18,360

Source: MOFSL, Company

Coal India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2315.6 / 26.8
52-Week Range (INR)	545 / 361
1, 6, 12 Rel. Per (%)	3/-18/-10
12M Avg Val (INR M)	5264

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	1,441	1,686	1,807
Adj. EBITDA	412	544	568
Adj. PAT	350	415	435
EBITDA Margin (%)	28.6	32.2	31.5
Cons. Adj. EPS (INR)	56.8	67.4	70.5
EPS Gr. (%)	-6.5	18.7	4.7
BV/Sh. (INR)	162	195	229
Ratios			
Net D:E	-0.3	-0.3	-0.3
RoE (%)	35.1	34.6	30.8
RoCE (%)	37.0	36.5	32.3
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	6.6	5.5	5.3
P/BV (x)	2.3	1.9	1.6
EV/EBITDA(x)	5.0	3.6	3.3
Div. Yield (%)	7.6	9.0	9.4
FCF Yield (%)	4.9	11.1	10.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	63.1	63.1	63.1
DII	22.7	22.7	23.2
FII	8.6	9.2	8.6
Others	5.6	5.0	5.1

CMP: INR376 TP: INR480 (+28%) Buy

In-line performance; higher e-auction premiums aid profitability

- Coal India (COAL)'s 3QFY25 revenue came in at INR358b (YoY/QoQ: -1%/ +17%), in line with our estimate of INR367b, primarily led by strong volumes (YoY/QoQ: +2%/+15%).
- Adj. EBITDA (excl. OBR costs) stood at INR104b (YoY/QoQ: -13%/+45%) in line with our est. of INR104b.
- EBITDA/t came in at INR536 (YoY/QoQ: -14%/+26%).
- APAT came in at INR85b (YoY/QoQ: -17%/+35%) against our estimate of INR84b. APAT was supported by higher-than-expected other income.
- During 9MFY25, revenue declined 2% YoY, adj. EBITDA dipped 9% YoY, and APAT declined 11% YoY.
- Production for 3QFY25 was 202mt (YoY/QoQ: +2%/+33%). The sequential spike in production was fueled by a low 2QFY25 base, which was hit by heavy monsoons. Offtake/sales stood at 194mt (YoY/QoQ: +2%/+15%).
- Blended ASP came in at INR1,667/t (-3% YoY/+3% QoQ) for the quarter.
- It reported an FSA revenue of INR259b (YoY/QoQ: -2%/+19%) with volumes of 171mt (YoY/QoQ: -1%/+15%) and ASP of INR1,514/t (YoY/QoQ:-1%/+4%).
- The e-auction revenue was INR51b (YoY/QoQ: -2% / +38%), and volume stood at 19mt. The realization came in at INR2,671/t translating to a 76% premium.
- The Board declared an interim dividend of INR5.60 per share, totaling INR21.35 per share as of 9MFY25.

Valuation and view

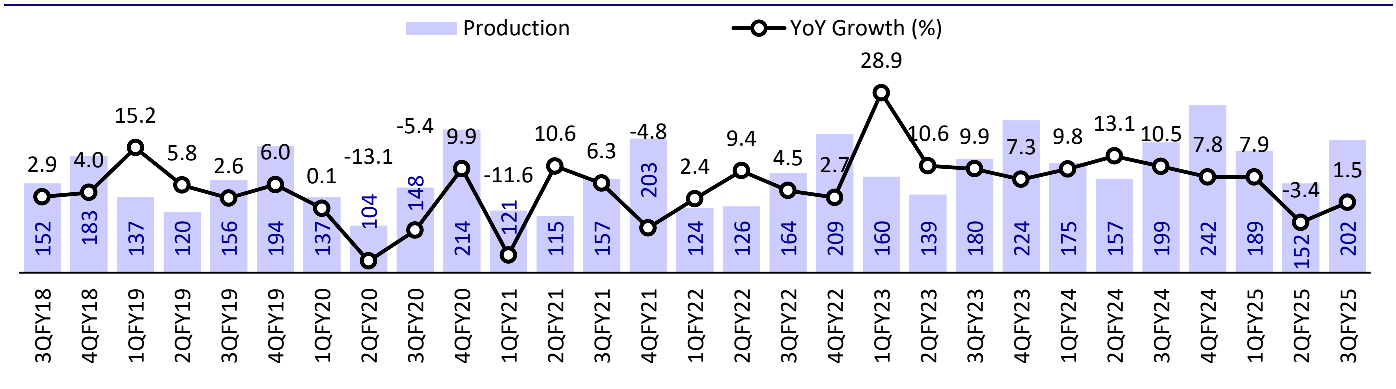
- COAL's 3QFY25 witnessed a decent improvement following the drag seen in 2QFY25 (which was affected by extended monsoon). The e-auction volumes also remained elevated with some increase in e-auction premiums, which supported profitability.
- For FY26/FY27, we maintain our estimates and expect volumes to improve, which would boost earnings performance. The e-auction premium is expected to remain stable ahead.
- The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management is focusing on coalmine expansions, which would be funded via internal accruals, or COAL might borrow to undertake certain strategic diversification projects, such as RE facilities and coal gasification, et al.
- At CMP, the stock is trading at 3.3x FY27E EV/EBITDA. **We reiterate our BUY rating with a TP of INR480 (premised on 4.5x on FY27 EV/EBITDA).**
- COAL remains our top pick in the metals and mining sector.

Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales	**359.8**	**327.8**	**361.5**	**374.1**	**364.6**	**306.7**	**357.8**	**411.9**	**1,423.2**	**1,441.1**	**367**	**-3**
Change YoY (%)	2.5	9.8	2.8	(1.9)	1.3	(6.4)	(1.0)	10.1	2.9	1.3		
Change QoQ (%)	(5.7)	(8.9)	10.3	3.5	(2.5)	(15.9)	16.6	15.1				
Adj. EBITDA	**111.6**	**88.9**	**119.4**	**98.4**	**115.4**	**71.5**	**104.0**	**121.2**	**418.3**	**412.2**	**104**	**0**
Change YoY (%)	(12.4)	10.9	6.2	14.0	3.4	(19.6)	(12.8)	23.1	3.0	(1.5)		
Change QoQ (%)	29.3	(20.3)	34.2	(17.5)	17.3	(38.0)	45.4	16.5				
EBITDA per ton	**596.9**	**511.9**	**624.3**	**488.1**	**581.5**	**425.6**	**535.9**	**536.1**	**555.2**	**523.9**	**514**	**4**
Depreciation	15.3	15.9	17.2	19.9	19.5	19.0	25.1	25.0	67.4	88.7		
OBR	(24.2)	(11.4)	(10.3)	(14.9)	(28.0)	(14.6)	(19.1)	(9.9)	(61.4)	(71.7)		
Interest	1.8	1.8	2.3	2.3	2.1	2.1	2.3	3.9	8.2	10.3		
Other Income	15.4	19.8	22.0	22.4	18.8	15.1	21.4	15.0	79.7	70.3		
EO Inc/(Exp)	-	-	-	-	-	-	-	-	-	-		
PBT after EO	**134.1**	**102.5**	**132.2**	**113.6**	**140.6**	**80.2**	**117.2**	**117.2**	**483.9**	**455.2**	**110**	**7**
Tax	28.9	22.9	32.2	27.9	32.0	18.8	33.0	26.3	114.4	110.2		
Tax Rate (%)	21.5	22.3	24.3	24.6	22.8	23.4	28.2	22.5	23.7	24.2		
PAT before MI & Asso.	**105.2**	**79.6**	**100.1**	**85.7**	**108.6**	**61.4**	**84.2**	**90.9**	**369.4**	**345.0**	**82**	**2**
MI	(0.3)	-	0.4	(0.4)	(0.2)	(0.1)	(0.1)	-	(0.3)	(0.4)		
Sh. of Assoc.	(0.2)	0.9	2.9	0.7	0.9	1.4	0.7	1.6	4.3	4.6		
PAT After MI & Asso.	**105.3**	**80.5**	**102.5**	**86.8**	**109.6**	**62.9**	**85.1**	**92.5**	**374.0**	**350.0**		
Adjusted PAT	**105.3**	**80.5**	**102.5**	**86.8**	**109.6**	**62.9**	**85.1**	**92.5**	**374.0**	**350.0**	**84**	**2**
Change YoY (%)	19.2	33.2	32.2	26.3	4.1	(21.9)	(17.0)	6.5	17.8	(6.4)		
Change QoQ (%)	53.1	(23.6)	27.4	(15.3)	26.2	(42.6)	35.2	8.7				

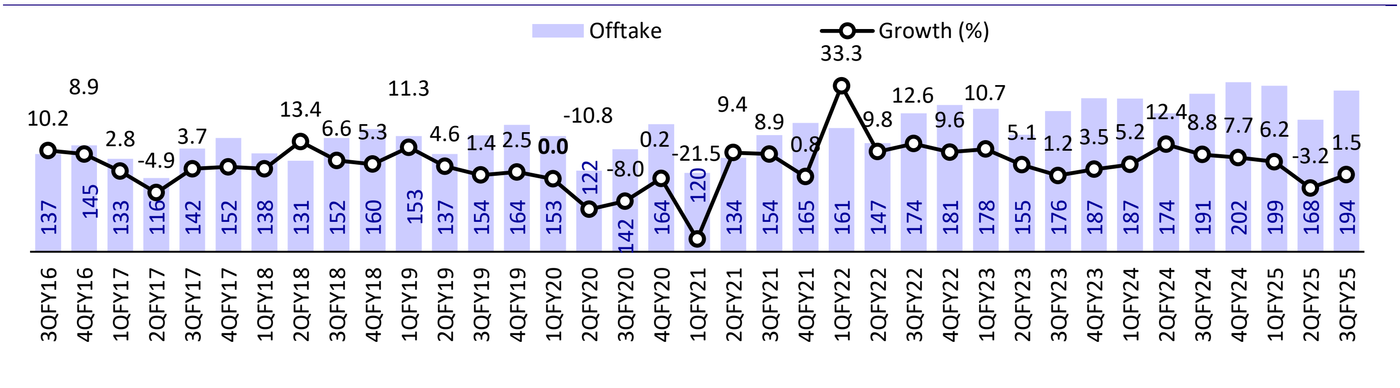
Source: MOFSL, Company

Production volume (mt)



Source: MOFSL, Company

Volume off-take (mt)



Source: MOFSL, Company

DLF

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1742.4 / 20.2
52-Week Range (INR)	968 / 687
1, 6, 12 Rel. Per (%)	-12/-7/-14
12M Avg Val (INR M)	3348

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	68.3	74.8	57.0
EBITDA	16.2	26.3	12.3
EBITDA (%)	23.7	35.2	21.6
PAT	14.8	43.3	32.3
EPS (INR)	6.0	17.5	13.0
EPS Gr. (%)	-45.5	191.7	-25.4
BV/Sh. (INR)	231.8	251.9	265.8
Ratios			
Net D/E	-0.1	-0.1	-0.2
RoE (%)	3.7	10.0	7.0
RoCE (%)	4.1	4.5	2.0
Payout (%)	27.9	17.1	23.0
Valuations			
P/E (x)	117.4	40.2	54.0
P/BV (x)	3.0	2.8	2.6
EV/EBITDA (x)	104.8	64.1	134.1
Div Yield (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	74.1	74.1	74.1
DII	4.9	4.7	5.5
FII	16.4	16.7	15.8
Others	4.7	4.6	4.7

CMP: INR704 TP: INR954 (+35%) Buy

Strong pre-sales; all eyes on super luxury - 'The Dahlias'

FY25 pre-sales guidance exceeded; strong pipeline

- DLF reported pre-sales of INR121b in 3QFY25, up 34% YoY/17x QoQ (2.4x our estimate; exceeds FY25 pre-sales guidance). This strong performance was backed by healthy sales from its super-luxury project, 'The Dahlias,' which recorded pre-sales of INR118b (98%). DLF sold 173 units with a total area of 1.85msf at an average realization of INR0.7b/residence. By 9MFY25, the company exceeded its full-year pre-sales guidance. Hence, we now estimate FY25 pre-sales to increase to INR238b (previously INR181b).
- The launch pipeline for FY25 has further increased by INR31b to INR441b, which is INR146b higher than the initial guidance of INR295b announced in 3QFY24. The pipeline beyond FY25 now stands at INR704b vs. INR635b in 2QFY25.
- **Cash flow performance:** Collections improved significantly by 23% YoY/31% QoQ to INR31b. Consequently, OCF jumped 67% YoY/53% QoQ to INR19b. The net cash position stood at INR45b vs. INR28b in 2QFY25. We estimate FY25 net cash flow from operations at INR56b (previously INR63b) due to the one-off impact of tax indemnity of INR9b for JV in FY25 (o/w INR3b charged to P&L in 3QFY25 and the remaining to be charged in 4Q).
- **P&L performance:** In 3QFY25, revenue came in at INR15.3b, flat YoY/down 23% QoQ (10% below estimate). EBITDA dipped 22% YoY/20% QoQ to INR4.0b (13% above estimate), while margin stood at 26% (flat QoQ; 5pp above estimate). PAT stood at INR16.3b, up 149% YoY/18% QoQ (103% above estimate, including the reversal of deferred tax liabilities or DTL), while adj. PAT (excl. DTL) was INR10.6b, up 61% YoY/37% QoQ (32% beat). In 4QFY25, although we estimate EBITDA of INR4b, DLF is estimated to report a net loss of INR9.9b due to the impact of DTL reversal and one-off tax indemnity in 2Q and 3QFY25. Excluding these impacts, PAT in 4QFY25 would be at INR7b.
- In 9MFY25, revenue came in at INR48.7b, up 13% YoY. EBITDA decreased 17% YoY to INR11.3b, with a lower margin of 23% (9pp below 9MFY24). PAT was INR36.6b, up 103% YoY (including reversal of DTL), while adj. PAT (excl. DTL) was INR24.8b, up 37% YoY.

DCCDL: Healthy growth; Debt to GAV declines 1% to 22% (down 11% from FY21)

- Rental income in DCCDL's commercial portfolio grew 10%/9% YoY for Office/Retail. Total revenue stood at INR16.1b, up 9% YoY. EBITDA stood at INR12.4b, up 10% YoY.
- Occupancy across non-SEZ/SEZ portfolios rose 1% to 98%/87%. The retail portfolio was almost fully leased with 98% occupancy, except for City Centre CHD (unchanged as of Q2FY25).
- Further, 14msf is under construction across its existing assets in Gurugram and Chennai.

Valuation and view: Growth trajectory intact but already priced in

- DLF continues to enhance its growth visibility as it replenishes its launches with its existing vast land reserves. However, our assumption of a 12-13-year monetization timeline for its remaining 160msf of land bank (including TOD potential) adequately incorporates this growth.
- We have added "The Dahlias" now in operational projects and excluded from land. With this, we increase our pre-sales estimates by INR51b to INR238b for FY25 (previously at INR181b), considering the impressive bookings from "The Dahlias" in 3Q.
- DLF (Devco and DLF commercial) business is valued at INR1,731b, wherein land contributes INR1,304b. DCCDL is valued at INR708b. Gross NAV comes out to be INR2,439b, which, after net debt of INR78bn (incl. DCCDL), comes out to be INR2,361b. **We maintain BUY with a revised TP of INR954** (earlier INR925).

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	(%/bp)
Gross Sales	**14,232**	**13,477**	**15,213**	**21,348**	**13,624**	**19,750**	**15,287**	**19,625**	**64,270**	**68,286**	**17,071**	**-10**
YoY Change (%)	-1.3	3.5	1.8	46.6	-4.3	46.5	0.5	-8.1	12.9	6.2	12.2	
Total Expenditure	10,271	8,853	10,103	13,807	11,337	14,730	11,287	14,750	43,034	52,104	13,526	
EBITDA	**3,962**	**4,624**	**5,110**	**7,541**	**2,286**	**5,020**	**4,000**	**4,876**	**21,236**	**16,182**	**3,546**	**13**
Margins (%)	27.8	34.3	33.6	35.3	16.8	25.4	26.2	24.8	33.0	23.7	20.8	540bps
Depreciation	364	370	380	367	373	377	387	586	1,480	1,724	396	
Interest	849	902	837	977	1,012	935	939	1,142	3,565	4,028	954	
Other Income	985	1,287	1,223	1,819	3,675	2,058	2,088	2,422	5,313	10,243	2,561	
PBT before EO expense	**3,734**	**4,639**	**5,115**	**8,016**	**4,576**	**5,766**	**4,761**	**5,570**	**21,505**	**20,673**	**4,756**	**0**
Extra-Ord expense	0	0	0	0	0	0	3,024	5,976	0	9,000	0	
PBT	**3,734**	**4,639**	**5,115**	**8,016**	**4,576**	**5,766**	**1,737**	**-406**	**21,505**	**11,673**	**4,756**	**-63**
Tax	1,014	1,122	1,350	1,715	1,183	-4,668	-8,396	14,817	5,201	2,937	1,197	
Rate (%)	27.2	24.2	26.4	21.4	25.9	-81.0	-483.3	-3,646.6	24.2	25.2	25.2	
MI & Profit/Loss of Asso. Cos.	2,541	2,701	2,792	2,897	3,054	3,378	6,183	5,281	10,931	17,897	4,474	
Reported PAT	**5,261**	**6,219**	**6,557**	**9,198**	**6,447**	**13,812**	**16,316**	**-9,942**	**27,235**	**26,633**	**8,034**	**103**
Adj PAT	**5,261**	**6,219**	**6,557**	**9,198**	**6,447**	**7,754**	**10,587**	**-9,942**	**27,235**	**14,846**	**8,034**	**32**
YoY Change (%)	12.1	30.3	26.4	61.5	22.5	24.7	61.5	-208.1	33.9	-45.5	22.5	
Margins (%)	37.0	46.1	43.1	43.1	47.3	39.3	69.3	-50.7	42.4	21.7	47.1	2220bps
Operational Metrics												
Residential (INRb)												
Pre-sales	20	22	90	15	64	7	121	46	148	238	50	**142**
Collections	16	24	25	22	30	24	31	16	87	101	24	**30**
Net Debt	1	-1	-12	-15	-29	-28	-45	0	-15	0	0	

Source: Company, MOFSL

Macrotech Developers

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	LODHA IN
Equity Shares (m)	997
M.Cap.(INRb)/(USDb)	1100.1 / 12.7
52-Week Range (INR)	1650 / 977
1, 6, 12 Rel. Per (%)	-18/-13/-2
12M Avg Val (INR M)	1812

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	138.3	181.1	189.3
EBITDA	36.7	51.6	53.9
EBITDA (%)	26.5	28.5	28.5
Net profit	21.8	32.8	35.5
EPS (INR)	22.6	34.1	36.8
EPS Growth (%)	33.5	50.9	8.0
BV/Share (Rs)	203.7	235.5	270.0
Ratios			
Net D/E	0.3	0.2	0.0
RoE (%)	11.7	15.5	14.6
RoCE (%)	9.9	12.9	12.7
Payout (%)	10.3	6.8	6.3
Valuations			
P/E (x)	48.9	32.4	30.0
P/BV (x)	5.4	4.7	4.1
EV/EBITDA (x)	30.6	21.5	19.8
Div Yield (%)	0.2	0.2	0.2

Shareholding pattern (%)

As On	Dec-24	Mar-24	Dec-23
Promoter	72.0	72.2	74.9
DII	2.6	3.3	3.2
FII	24.5	23.8	21.1
Others	0.9	0.7	0.8

CMP: INR1,106 TP: INR1,568 (+43%) Buy

Highest quarterly pre-sales; on track to achieve FY guidance

Achieved 90% of guided BD

- LODHA achieved 3QFY25 bookings of INR45b (2% below our estimate), up 32% YoY. Among key markets, south and central regions, extended eastern suburbs, and western suburbs outperformed with 2x YoY growth in pre-sales.
- Average price growth is 4% YTD (3% as of 2QFY25).
- In 3Q, LODHA launched 2.7msf of new area worth INR42b in MMR and Pune.
- Another large land deal was executed in Palava at INR210m/acre. The company achieved data center deals at INR200m/acre in 2QFY25, high than the guidance.
- In line with its medium-term target, the company expects to deliver 20% growth in pre-sales to INR175b in FY25 and 20% ROE. Growth will be largely driven by ready and ongoing inventory and 4.3msf of launches with a GDV of ~INR75.2b from 4QFY25.
- **Financial Performance:** LODHA reported revenue of INR41b, up 39% YoY (5% above estimate). EBITDA (excl. other income) rose 48% YoY to INR13b, 27% above our estimate. Reported EBITDA margin expanded 186bp YoY to 32%. According to management, the embedded EBITDA margin for pre-sales stood at ~35%/~34% for 3QFY25/9MFY25. Adjusted EBITDA (excluding interest charge-off and capitalized interest) stood at INR16b, with a margin of 40%. Adjusted PAT came in at INR9.4b, up 65% YoY, with a margin of 23%.
- For 9MFY25, revenue grew 52% YoY to INR95.5b (69% of FY25E), adjusted EBITDA stood at INR32.5b (up 56% YoY), and adjusted PAT came in at INR18.4b (up 94% YoY).
- For 4QFY25, we estimate LODHA to clock revenue of INR42.7b (31% of FY25E), which is achievable given the 3Q performance. Accordingly, we expect EBITDA of INR8.9b and PAT of INR3.3b.

Reduction in net debt despite continued BD spending

- Collections increased 66% YoY to INR43b. LODHA also reported 135% YoY growth in OCF to INR24.2b, aided by healthy collections from completed projects with higher margins.
- Additionally, LODHA spent INR13.3b on land acquisition and liaison (acquired 33 acres of land in NCR for warehousing) as it added GDV of INR28b (~93% of full-year guidance) in 3QFY25. With this, the company added GDV of INR195b across MMR, Pune, and Bangalore in 9MFY25.
- Net debt declined to INR43.2b (vs. INR49.2b in 2Q), with a net D/E of 0.22x.

Key highlights from the management commentary

- **Demand:** LODHA noted that demand has been robust, with consumers increasingly focusing on buying high-quality homes. Hence, the company believes that, even during a future slowdown or lean period, branded players will be in a good position.
- **Bangalore's growth phase to begin:** The company has concluded its pilot phase and is moving to the growth phase in Bangalore, in line with the laid-down strategy. It added one new project with GDV potential of INR28b (achieving 93% of full year BD guidance). Currently, Bangalore accounts for 2-3% of total sales, which LODHA aims to increase to 15% in a decade.
- **Township projects:** LODHA has launched premium projects "Lodha Hanging Garden" and "Golf View" in Palava. The company has finally closed the **land transaction of 33 acres in Palava for another global hyper-scale data center at INR210m/acres** (INR25m/acres at the time of listing; INR120m/acre in 2QFY25). Land monetization will contribute regularly to sales. On average, 60-80 acres/annum of land sales will be executed, of which 70%-80% will be for the data center. The visibility of Palava is expected to increase further with the opening of the Airoli-Katai tunnel in the next 3-4 months, the Navi Mumbai Airport commencing operations in the next 12 months, and the completion of the Bullet Train project by 2029.
- **Townships – Sales mix:** In 3QFY25, sales stood at INR5b, of which ~INR1b sales came from the premium and luxury projects with realization of INR20,000/sqft on carpet and INR4b from casa and entry-level sales with realization of INR10,000/sqft on carpet.
- **Launches:** In 3QFY25, LODHA launched 2.7msft of new area worth INR42b. 4QFY25 is expected to see launches in Alibaug, Vikhroli, Palava, Pune, Bangalore and new phases in the existing projects, with total estimated area of 4.3msft and GDV of INR75.2b.
- **Digital infrastructure:** The company further leased 0.3msft under the digital infrastructure segment, with Skechers, Mitsui, Delhivery, etc. as tenants.
- LODHA aims to generate INR15b in annual rental income, with clear visibility of INR12b from the operational/under-construction projects by FY31 and INR5b by FY26 end. INR5b covers interest costs, so LODHA would be net debt free. Yield on cost is almost on rental asset and is in high-teens or better.
- **Management update**: Mr. Sushil Modi, earlier CFO, moves to a new role as Whole Time Director of the company and Mr. Sanjay Chauhan is appointed as CFO (earlier Dep. CFO)
- **Trademark dispute with HOABL:** A recent lawsuit has been filed against HOABL for their use of Lodha's brand name. The management has clarified that there is no ongoing impact on the company's operational performance due to this dispute.

Valuation and view

- LODHA has been delivering a steady performance across its key parameters of pre-sales, cash flows, business development, profitability, and return ratios over the last two years.

- As it prepares to capitalize on the strong growth and consolidation opportunities, we expect this consistency in operational performance to continue.
- At Palava, the company indicates a development potential of 600msf on ~4,300 acres of land. However, we assume a portion of that land to be monetized as industrial land sales. We value 250msf of residential land to be monetized over the next three decades at INR528b.
- We use the DCF-based method for ex-Palava residential segment and arrive at a value of ~INR933b, assuming WACC of 12.5% and a terminal growth rate of 5%. **Maintain BUY with a TP of INR1,586, indicating 43% upside potential.**

Financial Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%/bp)
Gross Sales	**16,174**	**17,496**	**29,306**	**40,185**	**28,465**	**26,257**	**40,830**	**42,775**	**1,03,161**	**1,38,327**	**38,732**	**5**
YoY Change (%)	-40	-1	65	23	76	50	39	6	8.9	34.1	32.2	
Total Expenditure	12,874	13,335	20,479	29,716	20,897	19,211	27,771	33,791	76,404	1,01,670	28,468	
EBITDA	**3,300**	**4,161**	**8,827**	**10,469**	**7,568**	**7,046**	**13,059**	**8,984**	**26,757**	**36,657**	**10,264**	**27**
Margins (%)	20.4	23.8	30.1	26.1	26.6	26.8	32.0	21.0	25.9	26.5	26.5	
Adj. EBITDA (as per co.)	**4,600**	**5,500**	**10,800**	**13,400**	**9,600**	**7,046**	**15,900**	**8,984**	**75,830**	**41,530**	**10,264**	**55**
Margins (%)	28.4	31.4	36.9	33.3	33.7	26.8	38.9	21.0	73.5	30.0	26.5	
Depreciation	240	293	333	1,173	604	665	672	465	2,039	2,406	674	
Interest	1,241	1,231	1,168	1,158	1,172	1,365	1,441	1,060	4,798	5,038	1,411	**2**
Other Income	544	55	281	654	718	589	636	184	1,534	2,127	400	**59**
PBT before EO expense	**2,363**	**2,692**	**7,607**	**8,792**	**6,510**	**5,605**	**11,582**	**7,642**	**21,454**	**31,339**	**8,579**	**35**
Extra-Ord expense	0	0	1,049	0	0	0	0	0	-1,049	0	0	
PBT	**2,363**	**2,692**	**6,558**	**8,792**	**6,510**	**5,605**	**11,582**	**7,642**	**20,405**	**31,339**	**8,579**	**35**
Tax	556	624	1,439	2,115	1,747	1,368	2,137	4,150	4,734	9,402	2,574	
Rate (%)	23.5	23.2	21.9	24.1	26.8	24.4	18.5	54.3	0.2	0.3	30.0	
MI & Profit/Loss of Asso. Cos.	15	40	67	7	4	6	-3	173	180	180	50	
Reported PAT	**1,792**	**2,028**	**5,052**	**6,670**	**4,759**	**4,231**	**9,448**	**3,319**	**15,491**	**21,757**	**5,955**	**59**
Adj PAT (as per co.)	**1,700**	**2,100**	**5,700**	**6,670**	**4,800**	**4,231**	**9,400**	**3,319**	**16,170**	**21,750**	**5,955**	**58**
YoY Change (%)	42	-43	90	-11	182	101	65	-50	5.2	34.5	4.5	
Margins (%)	10.5	12.0	19.4	16.6	16.9	16.1	23.0	7.8	15.7	15.7	15.4	**765bp**

Operational Performance

Key metrics	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%/bp)
Sale Volume (msf)	2.8	2.6	2.6	3.3	2.4	3.2	3.3	3.5	10.9	12.4	3	**-2**
Sale Value (INRb)	33.5	35.3	34.1	42.3	40.3	42.9	45.1	49.5	144.5	177.8	46	**-2**
Collections (INRb)	24.0	27.5	25.9	35.1	26.9	30.7	42.9	36.9	106.8	137.4	35	**23**
Realization (INR/sft)	11,429	13,308	12,192	12,394	14,708	13,500	13,500	14,172	13,223	13,311	13,500	**0**

27 January 2025
3QFY25 Results Update | Sector: Financials

Canara Bank

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	833.9 / 9.7
52-Week Range (INR)	129 / 88
1, 6, 12 Rel. Per (%)	-4/-11/-8
12M Avg Val (INR M)	4003

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	370.6	394.0
OP	294.1	306.9	331.4
NP	145.5	160.4	170.6
NIM (%)	2.7	2.5	2.4
EPS (INR)	16.0	17.7	18.8
EPS Gr. (%)	37.3	10.2	6.4
BV/Sh. (INR)	90	104	117
ABV/Sh. (INR)	80	96	109
RoA (%)	1.0	1.0	1.0
RoE (%)	20.2	19.0	17.7
Valuations			
P/E (x)	5.7	5.2	4.9
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	1.0	0.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.9	62.9	62.9
DII	11.7	11.7	14.3
FII	11.1	11.3	11.2
Others	14.2	14.2	11.6

CMP: INR92 **TP: INR115 (+25%)** **Buy**

NII misses estimate; other income drives earnings

Asset quality improves

- Canara Bank (CBK) reported 3QFY25 standalone PAT at INR41b (12.3% YoY growth, in line) because of higher other income, partly offset by lower NII and higher provisions.
- NII declined 2.9% YoY to INR91.5b (5% miss). NIM moderated 15bp QoQ to 2.71% during the quarter.
- The loan book grew 11.2% YoY/4% QoQ to INR10.2t, while deposit growth was modest at 8.4% YoY/1.6% QoQ to INR13.7t. CASA ratio moderated to ~30% in 3QFY25. Management guided 10% credit growth for FY25.
- On the asset quality front, total slippages stood at INR24.6b (INR23.5b in 2QFY25). Healthy recovery and write-offs led to 39bp/10bp QoQ improvement in GNPA/NNPA to 3.34%/0.89%. PCR was stable at 74.1%.
- We broadly maintain our projections and estimate CBK to deliver FY26E RoA/ RoE of 1%/17.7%. **We reiterate our BUY rating with a TP of INR115 (premised on 0.9x Sep'26E ABV).**

Deposit growth modest; NIM moderates 15bp QoQ

- CBK reported 3QFY25 standalone PAT at INR41b (12.3% YoY growth, in line) amid better other income while NII misses estimates. During 9MFY25, earnings grew 11.4% YoY to INR120.2b (4QFY25E at INR40.1b; implying 6.8% YoY growth).
- NII declined 2.9% YoY to INR91.5b (5% miss). NIM moderated 15bp QoQ to 2.71%. Other income grew 16.5% QoQ to INR58b (35.1% YoY, 20% beat). Treasury income stood at INR9.45b vs. INR6.61b in 2QFY25. Total revenue thus grew 9% YoY (4% beat).
- Operating expenses grew 3% YoY to INR71.1b (up 7.1% QoQ, in line). The C/I ratio thus rose 112bp QoQ to 47.6%. Provisions came in at INR23.9b (26% YoY/ 6.5% QoQ, 14% higher than MOFSLe). PPoP grew 15.2% YoY to INR 78.4b (4% beat).
- The loan book grew 11.2% YoY/4% QoQ, led by the retail segment, which grew 7% QoQ. Deposit growth was modest at 8.4% YoY (1.6% QoQ), led by term deposits. CASA ratio thus moderated by 127bp QoQ to ~30%. The domestic CD ratio stood at 76.6%, and the bank is comfortable with ~78%.
- GNPA/NNPA ratios improved 39bp/10bp QoQ to 3.34%/0.89%. PCR was stable at 74.1%. Total slippages stood at INR24.6b (INR23.5b in 2QFY25). Credit costs were 0.89% vs. FY25 guidance of 1.1%.
- The total SMA Book moderated to 1.14% in 3QFY25 from 1.48% in 2QFY25, due to a reduction in the SMA-2 book.

Highlights from the management commentary

- Management expects INR5-6b of recovery in 4Q. The recovery would be led by two accounts.
- Management guided 9% YoY deposit growth for FY25.
- LCR stood at 123%, and due to the draft LCR guidelines, it can come down to 110-111%. For this, the bank has started offering new TDs for long-term deposits of longer maturities. This will help negate the drag on the LCR to 115-120%.
- Slippages break up: Agri - INR8b, Retail - INR5b, MSME was INR10b. All these total to INR23b. No corporate account slipped to the NPA.

Valuation and view

CBK reported a mixed quarter with inline earnings as higher other income offsets the higher provisions and tepid NII as NIMs moderated 15bp sequentially. Loan growth was led by the retail segment, while deposit growth was modest with the CASA ratio moderating sequentially. There has been an improvement in overall asset quality ratios, with higher recoveries and upgrades and lower slippages. Management expects credit costs to be ~1.1% for FY25. SMA book and credit costs also were controlled during the quarter. We broadly maintain our projections and estimate CBK to deliver FY26E RoA/ RoE of 0.99%/17.7%. **Reiterate BUY with a TP of INR115 (premised on 0.9x Sep'26E ABV).**

Quarterly performance **(INR b)**

	FY24				FY25E				FY24	FY25E	FY25E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est (%)
Net Interest Income	**86.7**	**89.0**	**94.2**	**95.8**	**91.7**	**93.2**	**91.5**	**94.3**	**365.7**	**370.6**	**96.1**	**(5)**
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	4.6	-2.9	-1.6	16.3	1.3	2.1	
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	58.0	55.2	189.7	216.2	48.2	20
Total Income	**134.8**	**135.4**	**137.1**	**148.0**	**144.9**	**143.0**	**149.5**	**149.5**	**555.3**	**586.8**	**144.3**	**4**
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	71.1	73.6	261.2	279.9	69.3	3
Operating Profit	**76.0**	**76.2**	**68.1**	**73.9**	**76.2**	**76.5**	**78.4**	**75.9**	**294.1**	**306.9**	**75.0**	**4**
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	0.5	15.2	2.7	6.1	4.3	10.2	
Other Provisions	27.2	26.1	19.0	24.8	22.8	22.5	24.0	22.6	97.1	92.0	21.1	14
Profit before Tax	**48.9**	**50.1**	**49.1**	**49.1**	**53.3**	**54.0**	**54.4**	**53.2**	**197.0**	**215.0**	**53.9**	**1**
Tax	13.5	14.0	12.5	11.5	14.3	13.9	13.3	13.1	51.5	54.6	13.7	(3)
Net Profit	**35.3**	**36.1**	**36.6**	**37.6**	**39.1**	**40.1**	**41.0**	**40.1**	**145.5**	**160.4**	**40.1**	**2**
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	11.3	12.3	6.8	37.3	10.2	9.8	
Operating Parameters												
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,473	13,695	14,147	13,124	14,147	13,778	
Loan ((INR b)	8,551	8,923	9,206	9,316	9,464	9,840	10,237	10,453	9,316	10,453	10,088	
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	9.3	8.4	7.8	11.3	7.8	9.1	
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	10.3	11.2	12.2	12.2	12.2	9.6	
Asset Quality												
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	3.3	3.3	4.2	3.3	3.5	
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	0.9	0.9	1.3	0.9	0.9	
PCR (%)	70.6	71.4	70.8	70.9	71.0	74.1	74.1	74.0	70.8	74.0	74.2	

E: MOFSL Estimates

27 January 2025

3QFY25 Results Update | Sector: Automobiles

Balkrishna Industries

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BIL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	495.8 / 5.7
52-Week Range (INR)	3378 / 2194
1, 6, 12 Rel. Per (%)	-6/-14/-5
12M Avg Val (INR M)	873

Financials & valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	104.9	119.5	137.1
EBITDA	26.7	31.0	36.5
Adj. PAT	17.1	19.9	24.2
EPS (Rs)	88.4	102.8	125.0
EPS Growth (%)	15.5	16.3	21.7
BV/Share (Rs)	526.4	605.2	700.2
Ratios			
RoE (%)	18.0	18.2	19.2
RoCE (%)	13.7	15.0	16.2
Payout (%)	22.6	23.4	24.0
Valuations			
P/E (x)	29.0	25.0	20.5
P/BV (x)	4.9	4.2	3.7
Div. yield (%)	0.8	0.9	1.2
FCF yield (%)	2.1	1.9	2.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter (%)	58.3	58.3	58.3
DII (%)	24.0	23.5	21.4
FII (%)	11.3	11.7	12.7
Others (%)	6.5	6.5	7.6

FII includes depository receipts

CMP: INR2,567 TP: INR2,630 (+2%) Neutral

Operationally in line; Fx gains lead to PAT beat

Demand outlook remains challenging, particularly in Europe

- Balkrishna Industries (BIL) delivered an operationally in-line performance in 3QFY25, with Fx gains driving an Adj. PAT beat at INR4.4b (up 43% YoY, vs. est. INR3.8b). Current weakness in demand in European markets is likely to be offset by growth in America, India, and other regions, supported by BIL's focus on product development and network expansion.
- Given the uncertain global demand macro, we have lowered our estimates by 5.5% for FY26E. We maintain our Neutral rating with a TP of INR2,630, based on ~22x Dec'26E EPS.

Posts 5% volume growth despite weak global cues

- BIL's standalone 3QFY25 revenue/EBITDA/PAT grew 11%/9%/43% YoY to INR25.7b/INR6.4b/INR4.4b (est. INR25.2b/INR6.3b/INR3.8b). 9MFY25 revenue /EBITDA/adj. PAT grew 17%/22%/33% YoY.
- Volumes grew 5% YoY/ 4% QoQ to 76.3k tons (in-line). Realizations grew 6% YoY (flat QoQ) at INR336.8k/unit (est. INR339.6k).
- Gross margin expanded 40bp YoY (stable QoQ) to 52.4% (est. 52.2%).
- Freight cost increased 200bp YoY/-70bp QoQ at 6.1% of sales.
- EBITDA margin contracted 40bp YoY/20bp QoQ at 24.9% (in line), as the benefit from a decline in freight costs QoQ was offset by higher employee costs and other expenses (ex freight).
- The company reported Fx gains of INR1.1b (INR0.5b in 2QFY25), resulting in Adj. PAT beat.
- Geography-wise performance: Tonnage declined ~16% YoY for EU markets in 9MFY25, while it grew ~14%/19% YoY for American and Indian geographies, respectively. For RoW, tonnage grew 61% YoY.
- Gross debt as of Dec'31 stood at INR30.45b, with cash and cash equivalents of INR29.42b, resulting in a net debt of INR1.03b.
- The BOD declared a dividend of INR4 per equity share, bringing the cumulative dividend to INR12 per share for FY25 so far.

Highlights from the management commentary

- **Outlook:** Management has maintained the guidance of minor volume growth in FY25. The market scenario continues to remain challenging. While volumes during the quarter grew despite channel de-stocking, management clarified that there are still no major market share gains.
- **RM costs:** Costs increased 100bp in 3Q, but the major impact is likely to be felt in 4QFY25 due to the lag in shipping time. However, RM costs are likely to remain stable in the coming quarters. The company has not implemented any price hikes in 3Q or in Jan.

- **Carbon black project:** The advanced carbon black plant with a capacity of 30,000 MTPA, was completed in September last year and is undergoing customer testing for non-tire grade carbon black applications in plastics, ink, and paint industries. Revenue contribution from third-party sales of carbon black stands at 9-10%.
- **Capex: Management has guided for capex of INR11-12b for FY26.** The company incurred capex of INR9.68b in 9MFY25. Capex for a 35,000 MTPA OTR tire range, announced in August last year, is progressing as planned, with completion expected in H1FY26.

Valuation and view

- The retail demand in key global markets is currently weak and likely to remain uncertain due to ongoing geopolitical challenges. Further, margins are likely to be under pressure as the impact of rise in input costs is expected to be felt in Q4. This is likely to limit earnings growth in the near term.
- Given the uncertain global demand macro, we have lowered our estimates by 5.5% for FY26E. At a P/E multiple of 25x/20.6x FY26E/FY27E EPS, most of the positives seem priced in. We value BIL at 22x Dec'26E EPS (in line with its 10-year LPA) to arrive at our TP of INR2,630. We reiterate our **Neutral** stance on the stock.

Quarterly Earning Model (Standalone) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E		VAR
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Volumes (Ton)	**67,209**	**70,585**	**72,749**	**82,085**	**83,570**	**73,298**	**76,343**	**78,426**	**2,92,628**	**3,11,637**	**74,204**	**3**
YoY Change (%)	-19.2	-10.5	9.4	12.9	24.3	3.8	4.9	-4.5	-2.8	6.5	2.0	
Realizations (INR '000/ton)	**314.7**	**318.3**	**318.3**	**328.6**	**328.1**	**336.3**	**336.8**	**337.2**	**320.4**	**334.4**	**339.6**	**-1**
YoY Change (%)	-4.0	-10.5	-4.5	2.7	4.2	5.6	5.8	2.6	-4.2	4.4	6.7	
Net Revenues	**21,150**	**22,468**	**23,158**	**26,971**	**27,415**	**24,648**	**25,716**	**26,442**	**93,760**	**1,04,221**	**25,202**	**2**
YoY Change (%)	-22.4	-19.9	4.5	16.0	29.6	9.7	11.0	-2.0	-6.9	11.2	8.8	
EBITDA	**4,863**	**5,480**	**5,868**	**7,098**	**7,137**	**6,185**	**6,391**	**6,565**	**23,322**	**26,277**	**6,275**	**2**
Margins (%)	23.0	24.4	25.3	26.3	26.0	25.1	24.9	24.8	24.9	25.2	24.9	**0bp**
Depreciation	1,537	1,586	1,591	1,724	1,617	1,647	1,708	1,736	6,438	6,708	1,700	
Interest	208	229	354	299	143	404	150	267	1,089	964	300	
Forex loss/(gain)	-330	-250	530	-490	-60	530	-1,120	0	-550	-600	0	
Other Income	660	520	710	870	830	1,048	240	945	2,750	3,063	750	
PBT before EI	**4,108**	**4,435**	**4,104**	**6,436**	**6,267**	**4,653**	**5,894**	**5,506**	**19,095**	**22,269**	**5,025**	
Extra-Ord expense	0	0	0	98	0	0	0	0	98	0	0	
PBT	**4,108**	**4,435**	**4,104**	**6,337**	**6,267**	**4,653**	**5,894**	**5,506**	**18,997**	**22,269**	**5,025**	
Rate (%)	23.9	24.5	24.8	24.1	23.8	24.9	25.4	24.9	24.3	24.8	23.7	
Adj PAT	**3,125**	**3,350**	**3,084**	**4,884**	**4,773**	**3,496**	**4,398**	**4,137**	**14,456**	**16,754**	**3,834**	**15**
YoY Change (%)	-2.3	-17.1	209.9	89.6	52.7	4.3	42.6	-15.3	34.0	15.9	24.3	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY24				FY25E				FY24E	FY25E	
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE			3Q
Volumes (Ton)	**67,209**	**70,585**	**72,749**	**82,085**	**83,570**	**73,298**	**76,343**	**78,426**	**2,92,628**	**3,11,637**	**74,204**
YoY Change (%)	-19.2	-10.5	9.4	12.9	24.3	3.8	4.9	-4.5	-2.8	6.5	2.0
Realizations (INR '000/ton)	**314.7**	**318.3**	**318.3**	**328.6**	**328.1**	**336.3**	**336.8**	**337.2**	**320.4**	**334.4**	**339.6**
YoY Change (%)	-4.0	-10.5	-4.5	2.7	4.2	5.6	5.8	2.6	-4.2	4.4	6.7
Gross Margins (%)	51.7	51.9	52.0	53.3	53.1	52.5	52.4	51.8	52.3	52.5	52.2
EBITDA Margins (%)	23.0	24.4	25.3	26.3	26.0	25.1	24.9	24.8	24.9	25.2	24.9
Gross Profit (INR '000/ton)	162.6	165.1	165.6	175.1	174.2	176.7	176.6	174.6	167.5	175.5	177.3
EBITDA (INR '000/ton)	72.4	77.6	80.7	86.5	85.4	84.4	83.7	83.7	79.7	84.3	84.6

MOTILAL OSWAL | MORNING INDIA

27 January 2025
3QFY25 Results Update | Sector: Cement

J K Cement

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	369.8 / 4.3
52-Week Range (INR)	4916 / 3635
1, 6, 12 Rel. Per (%)	9/17/8
12M Avg Val (INR M)	624

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	115.5	130.5	149.6
EBITDA	18.6	23.6	28.6
Adj. PAT	6.6	9.9	13.1
EBITDA Margin (%)	16.1	18.1	19.1
Adj. EPS (INR)	90.4	128.1	169.6
EPS Gr. (%)	(12.0)	41.7	32.4
BV/Sh. (INR)	768	866	1,006
Ratios			
Net D:E	0.7	0.7	0.6
RoE (%)	11.6	15.7	18.1
RoCE (%)	9.4	11.3	13.0
Payout (%)	25.1	23.4	17.7
Valuations			
P/E (x)	52.9	37.3	28.2
P/BV (x)	6.2	5.5	4.7
EV/EBITDA(x)	21.2	16.8	13.7
EV/ton (USD)	171	140	139
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	(0.2)	0.8	2.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	45.7	45.7	45.7
DII	23.7	22.5	24.1
FII	16.9	17.5	15.2
Others	13.7	14.3	15.0

FII Includes depository receipts

CMP: INR4,786 **TP: INR5,630 (+18%)** **Buy**

Performance improves amid challenges

Expects volume growth of 7-8% in 4QFY25 and 10% in FY26

- JK Cement (JKCE)'s 3QFY25 result was above our estimates, led by 1) higher other operating income (impact of INR20-30/t), and 2) a higher volume of white cement. EBITDA stood at INR4.9b (-21% YoY; +7% vs. estimate), and EBITDA/t was INR1,010 (-24% YoY) vs. our estimate of INR943/t. Profit came in at INR1.9b (-33% YoY) vs. estimated INR1.6b.
- Management expects volume growth of 7-8% in 4QFY25 and ~10% in FY26. In FY25, JKCE will realize cost savings of INR40-50/t and the rest of INR75/t will be realized over the next few quarters. The company announced the acquisition of Saifco Cements, which has a grinding capacity of 0.42mtpa in Srinagar, and the EBITDA/t of this plant is INR1,500/t.
- We raise our FY25E EPS by 5% and reduce our FY27E EPS by 7% by tweaking the interest and depreciation expenses. We value it at 16x Mar'27 EV/EBITDA (vs. 15x earlier) and **reiterate our BUY rating** on the stock.

Sales volume up 4% YoY; grey cement realization down 1% QoQ

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR29.3b/INR4.9b/INR1.9b (flat/-21%/-33% YoY and up 2%/7%/21% vs. our est.). Combined sales volume was up 4% YoY (in line) as grey cement volume was up 4% YoY (-1% vs. estimate); while white cement volume was up 6% YoY (+6% vs. estimate). Grey cement realization was down 4.6% YoY, but up 1% QoQ. Other op. income/t stood at INR277 vs. INR195/INR206 in 3QFY24 /2QFY25.
- Opex/t increased 2% YoY (+1% vs. estimate), led by an 11%/8%/3% increase in employee costs/other expenses/freight costs. Variable cost/t declined 4% YoY/3% QoQ. EBITDA/t was at INR1,010 vs. INR1,332/INR655 in 3QFY24/2QFY25. Other income was up 16% YoY; while depreciation increased 4% YoY. Interest expense was down 2% YoY.
- In 9MFY25, revenue/EBITDA/Adj. PAT declined 2%/16%/30% YoY. Sales volume was up 4% YoY, while realization declined 6% YoY. EBITDA/t dipped 19% YoY to INR875. Standalone net debt was INR31.1b vs. INR25.8b/INR30.4b in 3QFY24/2QFY25.

Highlights from the management commentary

- Premium product sales were at 16% (highest ever) vs. 14% in 2QFY25. The target is to raise premium products' share to 20%+ in the next two years.
- Incentives run-rate should be at INR250m/month. There was an additional incentive of INR100-150m in 3Q because of Panna and Ujjain units.
- Putty markets continue to remain competitive as Asian Paints and UltraTech are very aggressive. This has put pressure on prices. Putty demand is growing at 8-9% YoY.

Valuation & View

- JKCE remains one of our preferred picks in the cement space due to its consistent capacity additions (grey cement capacity CAGR of 18% in the last five years and will further increase by 25% in FY26) and cost-saving strategies. It has demonstrated its ability to improve the capacity utilization of new plants in a short period and increase its market share in new regions (the Central and Bihar markets).
- We expect its revenue/EBITDA/profits to post a CAGR of 9%/12%/18% over FY24-27. We estimate EBITDA/t to reach INR1,149 in FY27 vs. INR1,079 in FY24 and INR953 in FY25. Net debt/EBITDA should reach 1.5x in FY27 vs. 2.2x in FY25E. We estimate the RoIC of JKCE to be at 12%/14% in FY26/27E vs. 11.6%/9.7% in FY24/25.
- The stock trades at 16.8x/13.7x FY26/27E EV/EBITDA. We value it at 16x Mar'27 EV/EBITDA (vs. 15x earlier) to arrive at our TP of INR5,630. **We reiterate our BUY rating on the stock.**

Consolidate quarterly performance **(INR b)**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Dispatches (mt)	4.6	4.5	4.7	5.2	4.8	4.3	4.9	5.5	19.06	19.52	4.9	(0)
YoY Change (%)	25.4	24.5	13.2	11.3	4.6	(4.5)	3.8	5.3	17.4	2.4	3.6	
Realization (INR/t)	5,968	6,068	6,254	5,974	5,801	5,907	6,015	5,948	6,064	5,919	5,888	2
YoY Change (%)	(2.9)	(1.1)	6.4	0.5	(2.8)	(2.7)	(3.8)	(0.4)	1.3	(2.4)	(5.6)	
QoQ Change (%)	0.4	1.7	3.1	(4.5)	(2.9)	1.8	1.8	(1.1)			(0.5)	
Net Sales	**27.6**	**27.5**	**29.3**	**31.1**	**28.1**	**25.6**	**29.3**	**32.6**	**115.6**	**115.5**	**28.7**	2
YoY Change (%)	21.7	23.1	20.5	11.8	1.6	(7.0)	(0.2)	4.9	18.9	(0.0)	(2.2)	
Total Expenditure	23.5	22.9	23.1	25.5	23.2	22.8	24.4	26.7	95.0	97.1	24.1	1
EBITDA	**4.1**	**4.7**	**6.3**	**5.6**	**4.9**	**2.8**	**4.9**	**5.8**	**20.6**	**18.5**	**4.6**	7
YoY Change (%)	1.0	48.8	152.7	60.2	19.2	-39.2	-21.3	4.1	56.7	-10.4	-1.5	
Margin (%)	14.8	17.0	21.3	18.0	17.3	11.1	16.8	17.9	17.8	16.0	16.0	77
Depreciation	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	5.7	5.9	1.5	(1)
Interest	1.1	1.2	1.1	1.1	1.1	1.2	1.1	1.2	4.5	4.6	1.2	(8)
Other Income	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.5	1.5	1.8	0.5	(1)
PBT before EO expense	**2.0**	**2.4**	**4.1**	**3.4**	**2.7**	**0.5**	**2.8**	**3.6**	**11.9**	**9.7**	**2.4**	18
Extra-Ord. expense	0.2	-	-	(0.1)	-	(1.0)	-	-	0.1	(1.0)	-	
PBT	**1.8**	**2.4**	**4.1**	**3.5**	**2.7**	**1.6**	**2.8**	**3.6**	**11.8**	**10.7**	**2.4**	18
Tax	0.7	0.7	1.3	1.3	0.9	0.2	0.9	1.2	3.9	3.1	0.8	
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.1	(0.0)	-	(0.0)	0.1	-	
Rate (%)	37.2	26.9	30.6	36.7	32.3	12.2	32.1	32.5	32.4	29.4	33.6	
Reported PAT	**1.1**	**1.8**	**2.8**	**2.2**	**1.9**	**1.3**	**1.9**	**2.5**	**8.0**	**7.5**	**1.6**	21
Adj. PAT	**1.2**	**1.8**	**2.8**	**2.1**	**1.9**	**0.4**	**1.9**	**2.5**	**8.0**	**6.6**	**1.6**	21
YoY Change (%)	(23.7)	59.8	628.0	90.3	49.3	(80.0)	(33.3)	15.0	87.9	(18.1)	(44.8)	
Margin (%)	4.5	6.5	9.7	6.9	6.6	1.4	6.5	7.5	6.9	5.7	5.5	

CDSL

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CDSL IN
Equity Shares (m)	209
M.Cap.(INRb)/(USDb)	280.9 / 3.3
52-Week Range (INR)	1990 / 810
1, 6, 12 Rel. Per (%)	-20/18/45
12M Avg Val (INR M)	5078

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Revenue	11.6	14.1	17.1
EBITDA	6.9	8.6	10.7
EBITDA Margin (%)	59.7	61.1	62.6
PAT	5.6	7.2	8.9
PAT Margin (%)	48.8	50.9	52.0
EPS	27.0	34.2	42.4
EPS Grw. (%)	34.6	26.7	24.0
BVPS	84.0	96.3	111.7
RoE (%)	35.1	38.0	40.8
Div. Payout (%)	66.6	64.3	63.6
Valuations			
P/E (x)	49.8	39.3	31.7
P/BV (x)	16.0	14.0	12.0
Div. Yield (%)	1.3	1.6	2.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	15.0	15.0	15.0
DII	19.1	21.6	28.5
FII	17.1	13.8	11.0
Others	48.7	49.7	45.5

FII includes depository receipts

CMP: INR1,344 TP: INR1,500 (+12%) Neutral

Weak transaction income; high tech costs impact PAT

- **CDSL's operating revenue grew 30% YoY to INR2.8b (10% miss) in 3QFY25, driven by 27%/87% YoY growth in Annual Issuer Charges/IPO and Corporate Action Charges. For 9MFY25, revenues rose 50% YoY to INR8.6b.**
- **EBITDA grew 22% YoY to INR1.6b (15% miss), resulting in EBITDA margin of 57.8% (vs. 61.3% in 3QFY24 and 62% in 2QFY25). For 9MFY25, EBITDA increased 51% YoY to INR5.1b. Operating expenses rose 41% YoY to INR1.2b, resulting in a CIR of 42.2% vs 38.7% in 3QFY24 and 38% in 2QFY25.**
- **PAT for 3QFY25/9MFY25 rose 21%/47% YoY to INR1.3b (20% miss)/INR4.3b. PAT margins came in at 46.7% vs. 50.1% in 3QFY24 and 50.3% in 2QFY25.**
- **Tech costs increased 89% YoY to INR296m, and management has guided that such investments in tech will continue. As a market infrastructure company, CDSL is required to maintain high-quality hardware and software systems.**
- **We have cut our earnings estimates by 10%/8%/8% for FY25/FY26/FY27 to factor in the impact of true to label on transaction revenues and continued investments in tech and human resources. We expect Revenue/PAT to post a CAGR of 28% each over FY24-27 and reiterate a Neutral rating on the stock with a one-year TP of INR1,500, premised at a P/E multiple of 40x on Sept'26E earnings.**

Continued investments in technology and human resources

- On the revenue front, transaction revenue remained flat YoY on account of the true to label regulation, which management expects will have a near-term impact.
- Annual issuer charges increased 27% YoY to INR810m, of which INR74.7m came from unlisted companies. IPO/Corporate Action charges increased 87% YoY to INR580m on account of a higher number of folios, while the number of IPOs reduced during the quarter.
- During 9MFY25, the total income of the subsidiary, CVL, increased 61% YoY to INR2.2b, while total expenses grew 56% YoY to INR838m.
- Total expenses increased 41% YoY to INR1.2b, driven by a 27%/36%/89% YoY increase in Admin and Other Expenses/Employee/IT Costs, respectively.
- Demat account additions during the quarter reduced sequentially to 9.2m from 11.8m in 2QFY25. Meanwhile, the number of issuers increased to 31.6k from 21.9km in 3QFY24.

Key takeaways from the management commentary

- Regarding regulatory fee charges, the amount paid to IPF is calculated as a % of operating margins while annual charges paid to SEBI are calculated on the basis of custody charges collected. Hence, an increase in these factors will lead to an increase in the regulatory fee.
- Impairment costs stood at INR24.6m. Other expenses declined 6% QoQ, mainly on account of a decline in the KYC income during the quarter.

Valuation and view

- Continued investments in human resources and technology for future growth could restrict gains from operating leverage, but we still expect EBITDA margins to expand to ~63% in FY27E from 60.3% in FY24. An asset-light business model and a healthy dividend payout ratio of 64% in FY27E will translate into an RoE of ~41% in FY27E, compared to 31% in FY24.
- We have cut our earnings estimates by 10%/8%/8% for FY25/FY26/FY27 to factor in the impact of true to label on transaction revenues and continued investments in tech and human resources. We expect Revenue/PAT to post a CAGR of 28% each over FY24-27E and reiterate a Neutral rating on the stock with a one-year TP of INR1,500, premised at a P/E multiple of 40x on Sept'26E earnings.

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	3QFY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Revenue from Operations	1,497	2,073	2,145	2,408	2,574	3,223	2,781	2,978	8,122	11,556	3,086	-9.9	30%	-14%
Change YoY (%)	6.8	39.2	51.9	93.0	72.0	55.4	29.7	23.7	46.3	42.3	43.9			
Employee expenses	226	224	237	276	267	314	323	330	963	1,234	314	2.7	36%	3%
Other Expenses	464	555	593	653	762	910	852	900	2265	3,424	886	-3.8	44%	-6%
Total Operating Expenses	690	779	830	929	1,029	1,225	1,175	1,230	3,229	4,659	1,200	-2.1	41%	-4%
Change YoY (%)	7	39	48	68	49	57	41	32	39.3	44	45			
EBITDA	**807**	**1,294**	**1,314**	**1,479**	**1,544**	**1,998**	**1,606**	**1,748**	**4,894**	**6,897**	**1,886**	**-14.8**	22%	-20%
Other Income	242	228	215	266	295	362	200	246	950	1,103	380	-47.4	-7%	-45%
Depreciation	58	65	69	80	98	119	130	131	272	478	122	6.3	88%	9%
PBT	**990**	**1,457**	**1,460**	**1,665**	**1,741**	**2,241**	**1,677**	**1,863**	**5,572**	**7,523**	**2,144**	-21.8	15%	-25%
Change YoY (%)	28	33	46	100	76	54	15	12	50.7	35	47			
Tax Provisions	242	358	375	390	405	627	386	507	1,365	1,925	536	**-28.0**	3%	-39%
P&L from associate	-11	-9	-10	20	5	6	7	6	-11	24	6			
Net Profit	**737**	**1,090**	**1,075**	**1,294**	**1,342**	**1,620**	**1,298**	**1,362**	**4,197**	**5,622**	**1,614**	**-19.6**	21%	-20%
Change YoY (%)	28	35	44	105	82	49	21	5	52.0	34	50			
Key Operating Parameters (%)														
Cost to Operating Income Ratio	46.1	37.6	38.7	38.6	40.0	38.0	42.2	41.3	39.7	40.3	38.9	336 bp	353bp	424bp
EBITDA Margin	53.9	62.4	61.3	61.4	60.0	62.0	57.8	58.7	60.3	59.7	61.1	-336 bp	-353bp	-424bp
PBT Margin	66.2	70.3	68.1	69.1	67.7	69.5	60.3	62.6	68.6	65.1	69.5	-919 bp	-780bp	-926bp
Tax Rate	24.4	24.6	25.7	23.4	23.2	28.0	23.0	27.2	24.5	25.6	25.0	-199 bp	-269bp	-499bp
PAT Margin	49.2	52.6	50.1	53.8	52.1	50.3	46.7	45.7	51.7	48.7	52.3	-562 bp	-344bp	-358bp
Total Income Breakup (INR m)														
Transaction revenue	410	500	590	760	750	830	590	655	2,260	2,600	789	-25.2	0%	-29%
IPO / Corporate action charges	100	260	310	270	270	520	580	651	940	1,110	510	13.8	87%	12%
Annual Issuer charges	630	630	640	650	760	810	810	859	2,550	2,680	824	-1.7	27%	0%
Online data charges	240	410	430	520	530	660	510	540	1,600	1,890	594	-14.1	19%	-23%
Others	360	500	390	470	560	770	490	520	1,720	1,920	750	-34.7	26%	-36%
Net A/c opened (In m)	5.2	8.0	8.5	10.9	9.9	11.8	9.2							
Total BO account (In m)	88.2	96.2	104.7	115.6	125.5	137.3	146.5							
Demat A/c (In t)	45.0	51.0	58.0	64.0	74.0	78.0	75.0							
No of Issuers	20,759	21,236	21,909	23,060	24,858	28,331	31,557							
No of ISINs	57,335	58,578	64,021	72,367	78,794	85,396	91,593							

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3QFY25 Results Update | Sector: Financials

Piramal Enterprises

Bloomberg	PIEL IN
Equity Shares (m)	225
M.Cap.(INRb)/(USDb)	206.2 / 2.4
52-Week Range (INR)	1275 / 737
1, 6, 12 Rel. Per (%)	-13/0/-2
12M Avg Val (INR M)	1322

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
PPOP	12.6	19.5	30.0
PAT	5.1	11.1	14.8
PAT (ex-exceptional)	-4.4	5.1	11.8
EPS	23	49	66
EPS Gr. (%)	-	118	34
BV/Sh. (INR)	1,195	1,235	1,289
RoA (%)	0.6	1.1	1.3
RoE (%)	1.9	4.1	5.2
Valuation			
P/E (x)	40.3	18.5	13.9
P/BV (x)	0.8	0.7	0.7
Dividend yield (%)	1.0	1.3	1.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	46.3	46.3	46.2
DII	13.8	15.0	13.0
FII	16.8	15.3	17.7
Others	23.1	23.4	23.1

FII includes depository receipts

CMP: INR915 TP: INR1,025 (+12%) Neutral

AIF recoveries offset higher credit costs in legacy AUM

Retail loan growth remained strong; Asset quality stable except business loans

- Piramal Enterprises (PIEL) reported 3QFY25 net profit of ~INR386m (PQ: ~INR1.6b). This included exceptional gain of ~INR3.8b (PQ: INR770m) from recoveries in AIF portfolio. The company expects AIF recoveries to continue in 4QFY25 and FY26.
- NII rose 13% YoY to ~INR9.4b. PPOP at ~INR3.6b declined ~8% YoY.
- Total AUM grew 11% YoY and 5% QoQ. Wholesale 2.0 AUM grew 13% QoQ to INR89.2b, while Wholesale 1.0 AUM declined ~45% YoY/14% QoQ to INR104b. Retail AUM grew ~37% YoY to INR591b, with its share in the loan book increasing to ~75% (PQ: 73%).
- Overall GS3 improved ~30bp QoQ to ~2.8%, while overall NS3 was stable QoQ at 1.5%. Stage 3 PCR declined ~4pp QoQ to ~49.3%. Retail 90+ DPD rose ~10bp QoQ to ~0.8%. (PQ: 0.7%)
- Management reiterated its target to reduce legacy AUM to <10% of the total AUM by Mar'25E. **We still believe that this will entail elevated credit costs in 4QFY25 as well, but the same will be mitigated with AIF recoveries.** PIEL is also eligible for a deferred consideration of USD140m expected in FY26 from its earlier divestment of Piramal Imaging.
- Management highlighted that it has not seen any spillovers from the MFI business into any of its other product segment. In terms of asset quality, the company believes that 4QFY25 will be similar to the current quarter; even as, Jan'25 was tracking slightly better than Dec'24.
- We estimate a total AUM CAGR of ~21% and a ~29% CAGR in Retail AUM over FY24-FY27. While its growth business (excluding one-off gains and exceptional items) is showing signs of improvement, it will still take at least 6-9 months for the company to mitigate the earnings and credit cost impact of the accelerated decline in the legacy AUM.
- Pockets of opportunity, which we earlier thought would be utilized for inorganic acquisitions in retail businesses or for strengthening the balance sheet, are being directed toward running down the stressed legacy AUM. In the near term, we still do not see catalysts for any meaningful improvement in the core earnings trajectory of the company. **We reiterate our Neutral rating with a revised TP of INR1,025 (based on Sep'26E SOTP).**

Highlights from the management commentary

- The company expects retail credit costs to remain range-bound with respect to the longer-term guidance that management had given in the past.
- The company achieved a reduction of ~INR42.2b in the legacy AUM during 9MFY25. A haircut of ~24% was taken in 9MFY25 to rundown the legacy wholesale AUM, which is similar to the haircut taken by the company between FY22 and FY24.
- The company is open to inorganic opportunities in MFI, small business loans, and gold loans.

- With regard to the PEL-PCHFL merger, the RBI advised PCHFL to change its name to Piramal Finance Ltd. It has been asked to submit a new certificate of incorporation and MoA, reflecting the new name and the intended business as an NBFC-ICC. The company expects to complete the merger process by Sep’25.

Strong growth in retail loans; mix improves to ~75%

- Retail AUM grew ~37% YoY to INR591b, with its share in the loan book increasing to ~75% (PQ: 73%). The company reiterated that it expects to bring the share of legacy AUM down to <10% of the total AUM by Mar'25.
- Retail disbursements grew ~9% YoY to INR84b. Except for unsecured business loans and digital loans, all other product segments exhibited YoY growth in disbursements. Digital loan disbursements improved sequentially to ~INR7.2b (PQ: INR5.6b).

Retail asset quality largely stable; credit costs higher due to a higher haircut on the rundown of legacy book

- Overall GS3 improved ~30bp QoQ to ~2.8%, while overall NS3 was stable QoQ at 1.5%. Stage 3 PCR declined ~4pp QoQ to ~49.3%. Retail 90+ DPD rose ~10bp QoQ to ~0.8%. (PQ: 0.7%).
- Growth business (Retail and Wholesale 2.0) gross credit costs rose ~30bp QoQ to 1.9% (PQ: 1.6%). The company guided for steady-state credit costs of ~2% in the growth business

Haircut on legacy AUM stood at ~24% for 9MFY25 (Refer Exhibit 1)

- The haircut on legacy AUM taken by the company during 3QFY25 was ~30%, compared to ~29%/8% in 1QFY25/2QFY25, respectively. However, the haircut for 9MFY25 stood at ~24% on a total rundown of INR44b in the legacy AUM.
- The haircut taken by the company in 9MFY25 to rundown its legacy AUM is similar to that undertaken to rundown its legacy AUM between FY22 and FY24.

Valuation and view

- Our earnings estimate for FY26 and FY27 only factor in exceptional gains from the AIF exposures and low tax outgo in the foreseeable future. Because of the uncertainty and unpredictability around the timing of the monetization of the stake in Shriram Life and General Insurance, we have not factored it in our estimates yet. It will, however, provide one-off gains, which can help offset the credit costs required to dispose of the stressed legacy AUM.
- We expect PIEL to deliver ~1.3% RoA and ~5% RoE in FY27E. We value the lending business at 0.7x Sep’26E P/BV and **reiterate our Neutral rating on the stock with a revised TP of INR1,025 (premised on Sep’26E SOTP).**

Exhibit 1: Haircut on legacy AUM during 9MFY25 stood at ~24%.

Particulars (INR m)	1QFY25	2QFY25	3QFY25	9MFY25
Total credit costs (A)	1,330	3,170	6,480	10,980
Reported growth business credit costs (B)	1,700	2,230	2,870	6,800
Legacy business credit costs (C)= (A-B)	**(370)**	**1,010**	**3,610**	**4,250**
Legacy book provision release (D)	5,050	(130)	1,480	6,400
Haircut on legacy book (INR m) (E)= (C+D)	4,680	880	5,090	10,650
AUM reduction in legacy book (INR m) (F)	15,970	10,910	17,090	43,970
Haircut on legacy book (%) (E/F)	29	8	30	24

Piramal: Quarterly Performance (INR m)

Y/E March	FY24				FY25			FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Interest Income	17,251	17,783	19,307	19,009	19,285	20,804	21,888	73,349	84,927
Interest Expenses	10,439	10,500	11,178	11,887	12,047	13,050	13,640	44,004	52,830
Net Interest Income	**6,812**	**7,283**	**8,129**	**7,121**	**7,238**	**7,754**	**8,248**	**29,345**	**32,097**
YoY Growth (%)	-31.0	-12.3	-21.3	-22.3	6.3	6.5	1.5		
Other operating income	11,739	4,150	5,450	5,724	1,943	2,075	2,597	27,064	9,364
Other Income	208	119	706	549	226	870	536	1,581	2,213
Total Income	**18,759**	**11,552**	**14,284**	**13,394**	**9,407**	**10,700**	**11,382**	**57,989**	**43,675**
YoY Growth (%)	75.4	22.5	-38.3	53.9	-49.9	-7.4	-20.3		
Operating Expenses	9,061	6,641	6,970	14,451	7,034	7,534	8,002	37,123	31,028
Operating Profit	**9,698**	**4,911**	**7,314**	**-1,057**	**2,373**	**3,166**	**3,380**	**20,867**	**12,647**
YoY Growth (%)	54.5	22.1	-58.3	-153.7	-75.5	-35.5	-53.8		
Provisions & Loan Losses	3,090	4,385	5,995	20,852	1,007	2,376	6,278	34,322	15,777
Profit before Tax	**6,609**	**526**	**1,319**	**-21,909**	**1,366**	**790**	**-2,899**	**-13,455**	**-3,131**
Tax Provisions	1,732	107	-9,575	-8,212	664	272	521	-15,949	1,878
PAT (before associate income)	**4,877**	**419**	**10,894**	**-13,696**	**702**	**518**	**-3,420**	**2,493**	**-5,009**
Associate Income	211	707	728	-108	76	343	45	1,537	616
PAT (before exceptional)	**5,088**	**1,125**	**11,622**	**-13,805**	**778**	**860**	**-3,375**	**4,031**	**-4,393**
Exceptional items	0	-643	-35,398	15,176	1,037	769	3,760	-20,866	9,500
Profit from Discontinued operations								-	-
PAT (after exceptional)	**5,088**	**482**	**-23,776**	**1,371**	**1,815**	**1,630**	**386**	**-16,835**	**5,107**

Transport Corporation of India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TRPC IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	75.9 / 0.9
52-Week Range (INR)	1309 / 686
1, 6, 12 Rel. Per (%)	-8/9/9
12M Avg Val (INR M)	83

Financial Snapshot (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	44.8	52.8	60.7
EBITDA	4.7	6.0	7.0
Adj. PAT	4.1	4.9	5.7
EBITDA Margin (%)	10.4	11.3	11.5
Adj. EPS (INR)	53.0	63.1	73.9
EPS Gr. (%)	15.7	19.0	17.1
BV/Sh. (INR)	309.4	369.0	439.4
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	18.3	18.4	18.1
RoCE (%)	17.6	17.6	17.5
Payout (%)	6.6	5.5	4.7
Valuations			
P/E (x)	18.8	15.8	13.5
P/BV (x)	3.2	2.7	2.3
EV/EBITDA(x)	15.1	11.5	9.4
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	0.8	1.6	2.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	68.7	68.8	68.9
DII	12.3	12.4	12.8
FII	3.4	3.0	2.6
Others	15.6	15.8	15.7

FII Includes depository receipts

CMP: INR996 TP: INR1,370 (+38%) Buy

In-line performance; outlook remains bright

- Transport Corporation of India's (TRPC) revenue grew 14.5% YoY to ~INR11.5b in 3QFY25 (in line). EBITDA margin came in at 10.3% (est. 10.8%), up 40bp YoY and down ~10bp QoQ. EBITDA increased 19% YoY to INR1.2b, while APAT grew 27% YoY to ~INR1b (est. INR1b).
- Supply chain revenues grew 14.8% YoY, while the freight /division and seaways divisions reported ~19%/9% YoY growth.
- EBIT margin for the freight /supply chain/seaways divisions stood at 2.4%/6.1%/32.7% in 3QFY25. EBIT margin for the freight/supply chain businesses contracted by 70bp/40bp YoY, while EBIT margin for the seaways business expanded by ~1100bp YoY.
- 9MFY25 revenue/EBITDA/APAT grew 12.5%/12.7%/19.9% YoY to INR33.1b/ INR3.4b/INR2.3b.
- 3QFY25 performance was in line with our estimates, aided by growth in the supply chain and seaways divisions, both of which are expected to see rapid growth ahead. The supply chain segment's revenue contribution is likely to increase, while the seaways division is poised for strong growth in 4QFY25, with all ships operational. The freight services segment is also set to gain momentum as infrastructure spending picks up. **We largely retain our estimates for FY25/FY26/FY27 and reiterate our BUY rating with a TP of INR1,370 (based on 20x Sep'26 EPS).**

Freight segment muted; Supply chain and seaways perform well

- TRPC reported 19% growth in freight services in 3QFY25 with EBIT margin of 2.4% (-70bp YoY). Growth challenges were attributed to a slowdown in the infrastructure and capital goods sectors. TRPC focuses on network expansion, with 64 new branches added in 9MFY25 to boost LTL segment.
- The supply chain business continues to grow with new contracts, strong performance in key areas like warehousing and multimodal services, stable margins, and a solid pipeline for 4QFY25 and FY26. It remains a strategic priority, with TRPC aiming to make it the largest segment by FY26, ensuring sustainable growth ahead.
- The seaways business beat expectations as freight rates recovered and average fuel prices remained stable. All ships were fully operational in 3Q and are expected to remain fully operational in 4Q as well.

Highlights from the management commentary

- The freight division was impacted by weakness in infrastructure, capital goods, and MSME sectors that led to slower LTL growth, prompting strategic adjustments. The company continues to aim for 40% LTL penetration in the freight business by FY26 and is focusing on expanding its network with 64 new branches added in 9MFY25.

- The seaways segment performed well in 3QFY25, driven by higher freight rates and full-scale operations by all ships, which is expected to continue in 4QFY25 as well. Prices of second-hand ships remain high, and management is evaluating all the options to increase capacity.
- The supply chain business is growing through new contracts and strong traction in key areas. With stable margins and ongoing contracts expected to drive significant growth, the supply chain business is expected to become TRPC's largest segment by FY26.
- In FY25, the company expects revenue/PAT growth of 10%/15% YoY with capex to the tune of INR 2.5b.

Valuation and view

- TRPC is gaining significant advantages as a multi-modal logistics provider, standing out as the only player in the domestic logistics industry offering services across road, rail, and sea. With its well-established infrastructure, strong customer relationships, and an experienced management team, TRPC is well-positioned to strengthen its status as the preferred third-party logistics (3PL) partner.
- We have largely retained our estimates for FY25/FY26/FY27 and expect TRPC to deliver a CAGR of 15%/19%/17% in revenue/EBITDA/PAT over FY24-27. **We reiterate our BUY rating on the stock with a TP of INR1,370, based on 20x Sep'26 EPS.**

Quarterly snapshot (INR m)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
Net Sales	**9,498**	**9,935**	**10,020**	**10,789**	**10,451**	**11,208**	**11,471**	**11,717**	**40,242**	**44,847**	**11,376**	**1**
YoY Change (%)	5.2	6.6	3.7	10.2	10.0	12.8	14.5	8.6	6.4	11.4	13.5	
EBITDA	**1,008**	**1,004**	**999**	**1,094**	**1,038**	**1,171**	**1,185**	**1,269**	**4,105**	**4,663**	**1,223**	**(3)**
Margins (%)	10.6	10.1	10.0	10.1	9.9	10.4	10.3	10.8	10.2	10.4	10.8	
YoY Change (%)	-3.1	4.6	-12.7	1.2	3.0	16.6	18.6	16.0	-3.2	13.6	22.4	
Depreciation	308	311	331	334	290	291	305	333	1,284	1,219	310	
Interest	23	34	35	41	42	46	59	38	133	185	40	
Other Income	85	113	95	165	109	106	68	97	458	380	132	
PBT before EO expense	**762**	**772**	**728**	**884**	**815**	**940**	**889**	**995**	**3,146**	**3,639**	**1,005**	
Extra-Ord expense	0	0	0	24	0	0	0	0	24	0	0	
PBT	**762**	**772**	**728**	**860**	**815**	**940**	**889**	**995**	**3,122**	**3,639**	**1,005**	
Tax	104	96	108	28	110	109	93	110	336	422	142	
Rate (%)	13.6	12.4	14.8	3.3	13.5	11.6	10.5	11.1	10.8	11.6	14.1	
Minority Interest	-9.0	-8.0	-8.0	-12.0	-6.0	-9.0	-12.0	-3.0	-37.0	-30.0	-7.0	
Profit/Loss of Asso. Cos	174	202	182	201	211	242	225	223	759	901	180	
Reported PAT	**823**	**870**	**794**	**1,021**	**910**	**1,064**	**1,009**	**1,104**	**3,508**	**4,087**	**1,036**	
Adj PAT	**823**	**870**	**794**	**1,045**	**910**	**1,064**	**1,009**	**1,104**	**3,532**	**4,087**	**1,036**	**(3)**
YoY Change (%)	5.8	20.3	-7.4	23.2	10.6	22.3	27.1	5.7	10.1	15.7	30.5	
Margins (%)	8.7	8.8	7.9	9.7	8.7	9.5	8.8	9.4	8.8	9.1	9.1	

IOCL

BSE SENSEX	S&P CNX
75,366	22,181

Conference Call Details

Date: 28 Jan'25
Time: 1100 hours IST
Dial-in details:
+91 22 6280 1342
+91 22 7115 8243

CMP: INR124 Buy

High inventory losses drag 3Q performance

- **IOCL's reported 3QFY25 financial performance was below our expectations, mainly led by a weak reported refining margin. Inventory losses stood at USD3.7/bbl in 3Q. However, the marketing segment reported an in-line performance during the quarter. The sharp QoQ rise in opex in 3QFY25 was likely attributable to variable pay related expenses, which typically occur for OMCs in 3Q every year. We believe that, like other OMCs, EBITDA could be partially dragged by forex losses in 3Q. The LPG under-recovery amounted to INR54.6b (up 47% QoQ in 3Q).**
- **Overall, refining GRM remains soft in Jan'25, and the oil demand too remains below the historical average. Though MS/HSD marketing margins were down 16%/23% QoQ in 4QFY25'td, OMCs continue to generate healthy MS/HSD marketing margins of INR9.6/INR4.7 per lit (Jan'25'td average margins). With propane prices averaging USD635/ton in Jan'25 (similar to 3QFY25 prices), a similar QoQ trend could be observed in LPG under-recovery in 4Q. According to a recent media article, the government might provide compensation to OMCs against LPG under-recovery.**
- **IOCL currently trades at 1x FY26E P/B, at par with the 1Y fwd. LTA of 1x P/B.**
- Reported GRM came in sharply below our est., even as core GRM was largely in line (USD6.6/bbl), implying an inventory loss of USD3.7/bbl during the quarter.
- Both marketing and refining throughput and marketing margin came in line with our estimate.
  - However, the petchem segment's EBIT loss stood at INR1.5b (vs. EBIT loss of INR916m in 2QFY25).
- EBITDA was 31% below our est. at INR71.2b (down 54% YoY).
  - Additionally, INR54.6b LPG under-recovery was booked in 3Q (INR37.1b in 2Q).
  - We believe that, like other OMCs, EBITDA could be partially dragged by forex losses in 3Q.
- Reported PAT came in at INR28.7b (our est. of INR42.7b, down 64% YoY). The higher-than-estimated finance cost was partially offset by higher-than-estimated other income.
  - Following the favorable ruling from the Hon'ble Supreme Court on 2nd Aug'24, regarding VAT input tax credit under the Gujarat VAT Act of 2005, a previously established provision of INR6.8b has been reversed and reported as an exceptional item in the current quarter.
  - Hence, after adjusting the above provision reversal, IOCL reported an APAT of INR21.9b in 3Q.
- **In 9MFY25**, net sales were similar YoY at INR5.6t, while EBITDA/APAT declined 67%/89% YoY to INR195b/INR39b.
- **As of Dec'24,** IOCL had a cumulative negative net buffer of INR143.3b due to under-recovery on LPG cylinders (INR88.7b as of Sep'24).

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY24				FY25					Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	(%)	(%)	(%)
Net Sales	**1,975**	**1,797**	**1,991**	**1,980**	**1,932**	**1,738**	**1,939**	**2,392**	**2,443**	**-21%**	**-3%**	**12%**
YoY Change (%)	-11.9	-13.4	-2.8	-2.5	-2.2	-3.3	-2.6	20.8	22.7			
Total Expenditure	1,753.8	1,575.8	1,835.1	1,872.9	1,846.0	1,700.8	1,867.8	2,343.9	2,339.7	-20%	2%	10%
EBITDA	**221.5**	**221.6**	**155.9**	**106.9**	**86.3**	**37.7**	**71.2**	**47.6**	**102.8**	**-31%**	**-54%**	**89%**
Margins (%)	11.2	12.3	7.8	5.4	4.5	2.2	3.7	2	4.2			
Depreciation	31.5	32.8	43.4	37.4	37.6	37.2	39	36.7	37.2			
Interest	16.3	18.5	18.3	20.2	19.6	24.1	23.1	12.4	18.7			
Other Income	6.9	9.8	14.5	16.6	5.3	13.7	18.8	11.2	10.1			
PBT before EO expense	**180.7**	**171.7**	**107.7**	**63.3**	**34.5**	**-9.8**	**27.9**	**9.7**	**57**	**-51%**	**-74%**	**LP**
Extra-Ord expense	0	0	0	0	0	-11.6	-6.8	0	0			
PBT	**180.7**	**171.7**	**107.7**	**63.3**	**34.5**	**1.7**	**34.7**	**9.7**	**57**	**-39%**	**-68%**	**1908%**
Tax	43.2	42	27	14.9	8.1	-0.1	6	2.4	14.4			
Rate (%)	23.9	24.5	25.1	23.6	23.4	-4.2	17.2	25.2	25.2			
Reported PAT	**137.5**	**129.7**	**80.6**	**48.4**	**26.4**	**1.8**	**28.7**	**7.2**	**42.7**	**-33%**	**-64%**	**1496%**
Adj PAT	**137.5**	**129.7**	**80.6**	**48.4**	**26.4**	**-9.8**	**21.9**	**7.2**	**42.7**	**-49%**	**-73%**	**LP**
YoY Change (%)	LP	LP	1,699.80	-51.9	-80.8	-98.6	-64.4	-85	-47.1			
Margins (%)	7	7.2	4	2.4	1.4	-0.6	1.1	0.3	1.7			
Key Assumptions												
Refining throughput (mmt)	18.8	17.8	18.5	18.3	18.2	16.7	18.1	18.2	17.4	4%	-2%	8%
Reported GRM (USD/bbl)	8.3	18.2	13.5	8.4	6.4	1.6	2.9	6.2	6.1	-52%	-78%	87%
Domestic sale of refined products (mmt)	23.3	21.9	23.3	23.7	24.1	21.9	24.8	24.7	24.3	2%	6%	13%
Marketing GM incld. inv. per liter (INR/liter)	8.7	5.5	4.5	5.2	4.9	5.9	6.4	3.6	6.5	-2%	41%	8%

Tata Steel

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details

Date: 28 January 2025
Time: 3:00 pm IST
Webinar via Webex:
Link

ID: 2398 797 5765
Password: web@2025
Webinar via YouTube:

Link

CMP: INR126 Neutral

Strong beat on EBITDA driven by lower costs; EU losses decline

Highlights of standalone results:

- 3QFY25 revenue stood at INR328b (-5% YoY/+1% QoQ), in line with our estimate.
- Steel production stood at 5.41mt and deliveries came in at 5.29mt (+8% YoY/ +4% QoQ), in line.
- Weak metal prices resulted in muted ASP, which declined by 13% YoY and 2% QoQ to INR61,900/t.
- EBITDA stood at INR75b (-9% YoY/+13% QoQ), better than our estimate of INR62b. EBITDA/t came in at INR14,179/t (-16% YoY/+10% QoQ), against our estimate of INR11,570/t, primarily led by lower-than-expected costs. Other expenses included write-backs of INR14b related to provisions for claims no longer required.
- APAT stood at INR40b (-13% YoY/+13% QoQ) against our estimate of INR32b.

Highlights of European operations:

- Consolidated steel deliveries stood at 2.1mt (+8% YoY/-1% QoQ), in line our estimate.
- Revenue stood at INR195b (+2% YoY/-2% QoQ), in line with our estimate of INR194b.
- EBITDA loss stood at INR7.4b vs. our estimated loss of INR10.6b.
- EBITDA loss per ton declined to USD42/t in 3QFY25 from USD76/t in 2QFY25 (vs. our estimated loss of USD60/t), primarily because of lower operating costs (led by UK closure of BFs) and lower energy costs in the Netherlands.

Highlights of consolidated results:

- Revenue of INR537b (-3% YoY/flat QoQ) was in line with our estimate. Sales volume stood at 7.7mt (+8% YoY/+3% QoQ), which was offset by muted ASP of INR69,493/t (-10% YoY/-3% QoQ).
- Adjusted EBITDA stood at INR72b (+25% YoY/+30% QoQ) against our estimate of INR45b, translating into EBITDA/t of INR9,268/t (+15% YoY and +26% QoQ).
- 3Q APAT stood at INR7.4b against our estimate of INR1.9b.
- For 9MFY25, revenue declined 5% YoY to INR1623b, while EBITDA grew 28% YoY to INR194b. The company reported APAT of INR25b, up 42% YoY.

Quarterly Performance (Standalone) (INR b)

Y/E March	FY24				FY25			FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			3QE	(%)
Sales Vol (kt)	**4,790**	**4,820**	**4,880**	**5,420**	**4,940**	**5,110**	**5,290**	**19,910**	**21,240**	**5,344**	**(1.0)**
Change (YoY %)	17.7	-1.8	6.3	5.2	3.1	6.0	8.4	8.4	6.7		
Change (QoQ %)	-7.0	0.6	1.2	11.1	-8.9	3.4	3.5				
ASP (INR/t)	**74,083**	**70,924**	**71,069**	**67,592**	**66,720**	**63,404**	**61,929**	**70,812**	**63,718**	**60,959**	**1.6**
Abs Change (QoQ)	203	-3,159	146	-3,478	-872	-3,316	-1,475	-7,002	-7,094		
Change (YoY %)	-16.9	0.5	-3.9	-8.5	-9.9	-10.6	-12.9	-9.0	-10.0		
Net Sales	**354.9**	**341.9**	**346.8**	**366.3**	**329.6**	**324.0**	**327.6**	**1,409.9**	**1,353.4**	**325.7**	**0.6**
Change (YoY %)	-2.2	-1.3	2.2	-3.7	-7.1	-5.2	-5.5	-1.3	-4.0		
Change (QoQ %)	-6.7	-3.7	1.5	5.6	-10.0	-1.7	1.1				
Total Expenditure	**288.2**	**273.2**	**264.3**	**285.9**	**261.9**	**257.9**	**252.6**	**1,111.5**	**1,081.1**		
As a % of net sales	81.2	79.9	76.2	78.0	79.4	79.6	77.1	78.8	79.9		
EBITDA	**66.7**	**68.7**	**82.5**	**80.5**	**67.7**	**66.1**	**75.0**	**298.3**	**272.2**	**61.8**	**21.3**
Change (YoY %)	-32.0	47.2	60.6	-7.0	1.6	-3.8	-9.1	5.5	-8.8		
Change (QoQ %)	-22.9	3.0	20.1	-2.5	-15.8	-2.4	13.5				
(% of Net Sales)	18.8	20.1	23.8	22.0	20.6	20.4	22.9	21.2	20.1		
EBITDA(INR/t)	**13,924**	**14,248**	**16,905**	**14,846**	**13,711**	**12,935**	**14,179**	**14,984**	**12,817**	**11,571**	**22.5**
Interest	10.4	11.4	10.6	9.4	9.2	11.3	10.8	41.8	45.2		
Depreciation	14.7	14.7	15.1	15.3	15.2	15.6	15.6	59.7	63.3		
Other Income	14.9	8.2	3.3	4.8	3.7	8.5	4.6	31.2	31.6		
PBT (before EO Inc.)	**56.5**	**50.9**	**60.1**	**60.6**	**47.0**	**47.7**	**53.2**	**228.1**	**195.4**		
EO Income(exp)	-0.1	-129.9	0.1	-6.4	-2.4	0.1	-1.5	-136.4	-3.7		
PBT (after EO Inc.)	**56.4**	**-79.0**	**60.2**	**54.2**	**44.6**	**47.9**	**51.7**	**91.7**	**191.7**	**43.1**	**20.0**
Current Tax	12.0	8.2	16.7	12.7	10.8	11.1	3.8	49.5	44.9		
Current Tax Rate%	21.3	-10.4	27.7	23.4	24.3	23.1	7.3	54.0	23.4		
Deferred Tax	-1.8	-2.1	-3.0	1.0	0.5	0.9	9.2	-5.9	3.9		
Total Tax	10.2	6.1	13.7	13.7	11.3	11.9	13.0	43.6	48.8		
% Tax	18.1	-7.7	22.7	25.2	25.4	25.0	25.0	47.6	25.5		
Reported PAT	**46.2**	**-85.1**	**46.5**	**40.5**	**33.3**	**35.9**	**38.8**	**48.1**	**142.9**		
Adjusted PAT	**46.3**	**44.8**	**46.4**	**46.9**	**35.7**	**35.8**	**40.2**	**184.4**	**146.5**	**32.3**	**24.4**
Change (YoY %)	-22.7	100.5	95.8	-3.7	-23.0	-20.1	-13.3	19.3	-20.5		
Change (QoQ %)	-5.0	-3.2	3.7	1.1	-24.0	0.3	12.5				

Quarterly Performance (Consolidated) (INR b)

Y/E March	FY24				FY25			FY24	FY25E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			3QE	(%)
Sales (k tons)	**7,200**	**7,070**	**7,150**	**7,980**	**7,390**	**7,520**	**7,720**	**29,400**	**31,270**	**7,754**	**(0.4)**
Change (YoY %)	8.6	-2.2		2.6	2.6	6.4	8.0	2.1	6.4		
Avg Realization (INR/t)	**82,625**	**78,758**	**77,359**	**73,543**	**74,116**	**71,682**	**69,493**	**77,949**	**70,827**	**67,407**	**3.1**
Net Sales	**594.9**	**556.8**	**553.1**	**586.9**	**547.7**	**539.0**	**536.5**	**2,291.7**	**2,216.9**	**522.7**	**2.6**
Change (YoY %)	-6.2	-7.0	-3.1	-6.8	-7.9	-3.2	-3.0	-5.8	-3.3		
Change (QoQ %)	-5.5	-6.4	-0.7	6.1	-6.7	-1.6	-0.5				
EBITDA	**51.7**	**42.7**	**57.4**	**66.0**	**66.9**	**55.2**	**71.5**	**223.1**	**253.5**	**45.3**	**58.1**
Change (YoY %)	-65.4	-29.6	41.9	-8.6	29.4	29.4	24.6	-30.9	13.7		
Change (QoQ %)	-28.3	-17.5	34.5	15.0	1.4	-17.5	29.6				
EBITDA (INR/t)	**7,186**	**6,037**	**8,031**	**8,271**	**9,059**	**7,343**	**9,268**	**7,587**	**8,108**	**5,838**	**58.8**
Interest	18.3	19.6	18.8	18.4	17.8	19.7	18.0	75.1	77.3		
Depreciation	24.1	24.8	24.2	25.7	25.4	26.0	25.7	98.8	102.4		
Other Income	11.8	2.3	2.3	1.8	2.6	6.0	2.2	18.1	21.1		
PBT (before EO Inc.)	**21.1**	**0.6**	**16.7**	**23.7**	**26.4**	**15.5**	**30.0**	**67.3**	**94.9**		
EO Income(exp)	0.1	-69.0	1.9	-5.9	-3.6	6.4	-13.8	-78.1	-11.0		
PBT (after EO Inc.)	**21.3**	**-68.4**	**18.5**	**17.7**	**22.8**	**21.9**	**16.3**	**-10.9**	**83.9**	**5.1**	**NA**
Total Tax	13.3	-2.3	14.1	12.5	14.6	14.1	13.8	37.6	51.7		
% Tax	63.0	NA	84.3	53.0	55.2	90.5	45.8	55.9	54.5		
PAT before MI and Sh. of associate	**8.0**	**-66.1**	**4.5**	**5.2**	**8.3**	**7.8**	**2.5**	**-48.5**	**32.2**		
Minority Interests	-1.1	-3.1	0.1	-0.6	-0.4	-0.7	-0.3	-4.7	-1.5		
Share of asso. PAT	-2.7	1.0	0.7	0.4	0.9	-0.3	0.5	-0.6	2.2		
Adj. PAT (after MI & asso)	**6.2**	**7.0**	**4.4**	**12.1**	**13.2**	**4.5**	**7.4**	**33.8**	**49.4**	**1.9**	**NA**
Change (YoY %)	-92.0	-54.2	LP	-28.8	112.3	-35.8	68.8	-61.0	46.3		
Change (QoQ %)	-63.4	13.2	-37.6	175.1	9.3	-65.8	64.1				

Union Bank of India

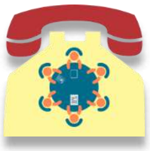
BSE SENSEX	S&P CNX
75,366	22,829

CMP: INR105 BUY

Controlled provisions and robust other income drive earnings beat; asset quality improves

- Union Bank of India (UNBK) reported a 3QFY25 PAT of INR46b (+28.2% YoY, 27% beat) led by lower provisions and higher-than-expected other income.
- NII grew 0.8% YoY to INR92.4b (up 2.1% QoQ; in line). NIMs expanded slightly by 1bp QoQ to 2.91% during the quarter.
- Other income grew 17% YoY to INR44.2b (6% higher than MOFSLe). Total income, thus, grew 5.5% YoY to INR136.6b (in line). As a result, the overall C/I ratio increased 158bp QoQ to 45.1%.
- Business growth was modest, with advances growing at 6.7% YoY/2.6% QoQ to INR9.2t. Retail books grew 16.4% YoY (4.9% QoQ) and commercial books grew 4.3% YoY (1.9% QoQ). Deposits grew 3.8% YoY/declined 2% QoQ; CD ratio thus increased to 75.6%. CASA ratio improved 71bp QoQ to 33.4%.
- Fresh slippages improved to INR19.7b from INR52.2b in 2Q, down 27% YoY/62% QoQ. GNPA/NNPA ratios improved 51bp/16bp QoQ to 3.85%/ 0.82%. PCR ratio increased to 79.3%.
- **Valuation and view:** UNBK reported a steady quarter wherein the bank witnessed lower provisions and healthy other income leading to an earnings beat. NIMs remained broadly flat at 2.91%. Business growth was modest, with loans and deposits both growing slower than expected; however, the CASA ratio exhibited an improvement. On the asset quality front, slippages improved with the GNPA/NNPA ratio showing a 51bp/16bp QoQ improvement. The earnings call is scheduled for 28th Jan'25 at 12.00 pm IST.

Conference Call Details



Date: 28th Jan 2025

Time: 12.00 pm IST

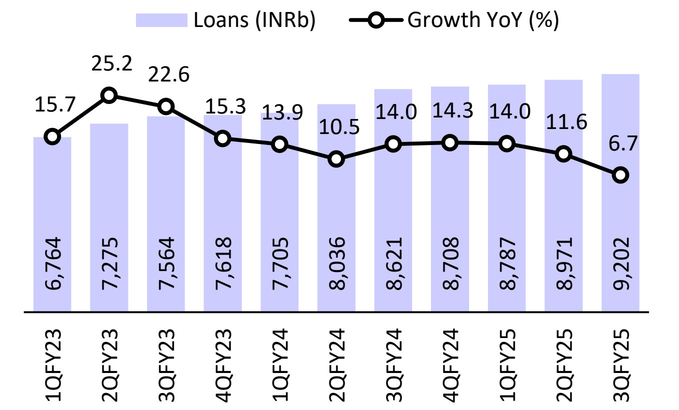
Dial-in details:

+91-22-7195-0000

Financials & Valuations (INR b)

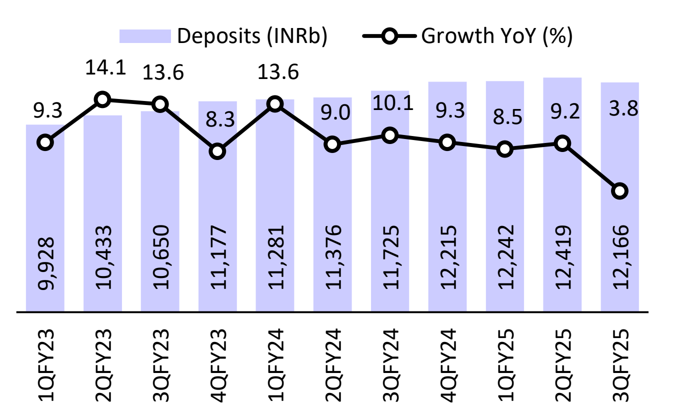
Y/E March	FY24	FY25E	FY26E
NII	365.7	369.7	398.7
OP	282.1	300.6	321.9
NP	136.5	158.3	164.3
NIM (%)	2.9	2.7	2.6
EPS (INR)	18.9	20.7	21.5
EPS Gr. (%)	52.9	9.9	3.8
BV/Sh. (INR)	123	140	157
ABV/Sh. (INR)	112	129	147
RoA (%)	1.0	1.1	1.0
RoE (%)	16.7	16.2	14.9
Valuations			
P/E(X)	5.6	5.1	4.9
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.8	0.7

Loans grew 6.7% YoY/2.6% QoQ to INR9,202b



Source: MOFSL, Company

Deposits dipped 2% QoQ (up 3.8% YoY) to INR12.2t



Source: MOFSL, Company

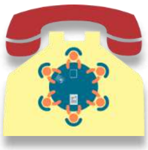
Quarterly Snapshot (INR m)

INR b	FY24				FY25			Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY**	**QoQ**
Interest Income	234.8	245.9	253.6	263.5	263.6	267.1	269.6	6	1
Interest Expenses	146.4	154.6	161.9	169.1	169.5	176.6	177.2	9	0
Net Interest Income	**88.4**	**91.3**	**91.7**	**94.4**	**94.1**	**90.5**	**92.4**	**1**	**2**
Other Income	39.0	37.0	37.7	47.1	45.1	53.3	44.2	17	-17
Trading profits	7.8	6.8	6.1	7.8	7.0	10.3	8.1	33	-21
Total Income	**127.4**	**128.2**	**129.4**	**141.4**	**139.2**	**143.8**	**136.6**	**6**	**-5**
Operating Expenses	55.6	56.0	56.6	76.1	61.4	62.6	61.7	9	-2
Employee	31.8	30.9	32.8	48.3	35.7	35.6	34.7	6	-3
Others	23.8	25.2	23.9	27.8	25.7	27.0	27.0	13	0
Operating Profits	**71.8**	**72.2**	**72.8**	**65.3**	**77.9**	**81.1**	**74.9**	**3**	**-8**
Core Operating Profits	**64.0**	**65.4**	**66.7**	**57.5**	**70.9**	**70.9**	**66.8**	**0**	**-6**
Provisions	20.1	17.7	17.5	12.6	27.6	17.1	16.0	-9	-7
PBT	**51.7**	**54.5**	**55.3**	**52.7**	**50.3**	**64.0**	**58.9**	**7**	**-8**
Taxes	19.4	19.4	19.4	19.6	13.5	16.8	12.9	-34	-23
PAT	**32.4**	**35.1**	**35.9**	**33.1**	**36.8**	**47.2**	**46.0**	**28**	**-2**
Balance Sheet (INR b)									
Loans	7,705	8,036	8,621	8,708	8,787	8,971	9,202	7	3
Deposits	11,281	11,376	11,725	12,215	12,242	12,419	12,166	4	-2
CASA Deposits	3,851	3,882	3,971	4,101	3,995	3,963	3,953	0	0
- Savings	3,180	3,231	3,263	3,363	3,325	3,284	3,284	1	0
- Current	671	651	708	738	669	679	669	-5	-1
Loan mix (INR b)									
Retail	1,623.7	1,682.6	1,734.5	1,774.9	1,823.2	1,923.8	2,018.1	16	5
Agri	1,536.2	1,655.1	1,775.8	1,838.3	1,889.4	1,919.1	1,852.8	4	-3
MSME	1,277.5	1,338.2	1,367.5	1,357.5	1,369.5	1,408.4	1,304.4	-5	-7
Large Corporate & others	3,497.2	3,538.5	3,789.2	3,765.6	3,705.9	3,692.8	3,953.9	4	7
Loan mix (%)									
Retail	20.5	20.5	20.0	20.3	20.7	21.5	22.1	209	60
Agri	19.4	20.1	20.5	21.0	21.5	21.5	20.3	-19	-116
MSME	16.1	16.3	15.8	15.5	15.6	15.7	14.3	-149	-146
Large Corporate & others	44.1	43.1	43.7	43.1	42.2	41.3	43.3	-41	202
Asset Quality (INR b)									
GNPA	601.0	540.1	432.6	431.0	414.2	405.0	365.5	-16	-10
NNPA	121.4	104.2	93.5	89.9	79.0	87.6	75.7	-19	-14
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY (Bp)**	**QoQ (Bp)**
GNPA	7.3	6.4	4.8	4.8	4.5	4.4	3.9	-98	-51
NNPA	1.6	1.3	1.1	1.0	0.9	1.0	0.8	-26	-16
PCR - (calc)	79.8	80.7	78.4	79.1	80.9	78.4	79.3	91	92
PCR (incl. TWO)	90.9	92.0	92.5	92.7	93.5	92.8	93.4	88	63
Slippage Ratio	1.7	1.4	1.3	1.5	1.1	2.2	0.8	-56	-140
Business Ratios (%)									
CASA	34.6	34.7	34.4	34.2	33.4	32.7	33.4	-97	71
Loan/Deposit	68.3	70.6	73.5	71.3	71.8	72.2	75.6	211	340
Other Income/Total Income	30.6	28.8	29.2	33.3	32.4	37.1	32.3	318	-472
Cost to Income	43.7	43.7	43.8	53.8	44.1	43.6	45.1	137	158
Cost to Asset	1.8	1.8	1.8	2.3	1.8	1.8	0.0	-175	-184
Tax Rate	37.5	35.6	35.1	37.2	26.9	26.3	21.9	-1,320	-438
Capitalisation Ratios (%)									
Tier-1	13.9	14.6	13.1	15.0	15.1	15.2	14.9	183	-33
CET-1	12.3	13.1	11.7	13.7	13.8	13.9	13.6	188	-29
Tier-2	2.1	2.1	2.0	2.0	1.9	1.9	1.8	-14	-8
CAR	16.0	16.7	15.0	17.0	17.0	17.1	16.7	169	-41
RWA / Total Assets	48.3	48.5	51.0	49.7	50.0	48.8	49.2	-175	45
LCR	166.2	144.6	125.8	131.9	138.5	144.1	130.6	479	-1,351
Profitability Ratios (%)									
Yield on Loans	8.4	8.8	8.8	8.9	8.7	8.7	8.8	3	8
Yield on Investments	6.7	6.7	6.7	6.8	6.9	6.9	6.9	18	1
Cost of Deposits	5.0	5.2	5.3	5.4	5.4	5.6	5.6	29	0
Margins	3.13	3.18	3.08	3.09	3.05	2.90	2.91	-17	1
Other Details									
Branches	8,561	8,521	8,479	8,466	8,473	8,555	8,574	95	19
ATMs	10,195	10,013	9,889	8,982	9,342	9,124	9,087	-802	-37

Petronet LNG

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details



Date: 28 Jan'25

Time: 1100 hours IST

Zoom Call details:

Webinar ID: 922 3242 8178

Passcode: 123456

CMP: INR311 Buy

PAT in line; Dahej utilization drops

- **Petronet LNG's 3QFY25 revenue came in below our estimates, as total volumes stood below our estimates, primarily due to lower third-party cargos. While EBITDA was also marginally below estimates, higher-than-expected other income led to PAT coming in-line with our estimates. We note that Spot LNG prices were high, averaging USD13.9/mmbtu in 3Q (up 7% QoQ), and continue to remain elevated in 4QFY25'td, averaging USD14.2/mmbtu.**
- In 3QFY25, revenue came in below our estimate, as total volumes were below estimate.
  - We note that Spot LNG prices were high in 3Q, averaging USD13.9/mmbtu (up 7% QoQ).
- EBITDA was 5% below our estimates at INR12.5b (-27% YoY), with employee expenses coming in above our estimate.
- Reported PAT stood in line with our est. at INR8.7b (-27% YoY), with other income coming in above our estimate.
- **Operational performance:**
  - Volumes came in below our estimates, primarily due to lower third-party cargos.
  - Dahej utilization was below estimates, while Kochi utilization stood in line.
- In 3Q, PLNG provisioned INR1b for UoP dues. Additionally, PLNG has waived off UoP charges of INR489m (INR1.8b in 9mFY25).
- **In 9MFY25,** net sales/EBITDA/PAT were similar YoY at INR387b/INR40b/INR29b.
- **As of Dec'24,** provisions on UoP dues stood at INR7b.
  - UoP dues of INR16.7b (net provision INR9.6b) were included in trade receivables as of Dec'24. The company has obtained bank guarantees from customers to recover UoP charges for FY22 and FY23. The customers have not given balance confirmations toward these dues. However, the management is confident of recovering such charges.

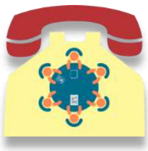
Standalone - Quarterly Earning Model **(INR b)**

Y/E March	FY24				FY25				3QE	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		(%)	(%)	(%)
Net Sales	**116.6**	**125.3**	**147.5**	**137.9**	**134.2**	**130.2**	**122.3**	**134.4**	**133.9**	**-9%**	**-17%**	**-6%**
YoY Change (%)	*-18.3*	*-21.6*	*-6.5*	*-0.6*	*15.1*	*3.9*	*-17.1*	*-2.6*	*-9.2*			
EBITDA	**11.8**	**12.1**	**17.1**	**11.0**	**15.6**	**12.0**	**12.5**	**14.0**	**13.2**	**-5%**	**-27%**	**4%**
Margin (%)	*10.1*	*9.7*	*11.6*	*8.0*	*11.7*	*9.2*	*10.2*	*10.4*	*9.9*			
Depreciation	1.9	1.9	2.0	1.9	1.9	2.0	2.1	2.2	2.0			
Interest	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7			
Other Income	1.5	1.6	1.6	1.6	2.2	2.0	2.0	1.4	1.5			
PBT before EO expense	**10.6**	**11.0**	**16.0**	**10.0**	**15.2**	**11.4**	**11.7**	**12.5**	**12.0**	**-2%**	**-27%**	**3%**
PBT	**10.6**	**11.0**	**16.0**	**10.0**	**15.2**	**11.4**	**11.7**	**12.5**	**12.0**	**-2%**	**-27%**	**3%**
Tax	2.7	2.8	4.1	2.6	3.8	2.9	3.0	2.7	3.0			
Rate (%)	*25.6*	*25.8*	*25.5*	*25.9*	*24.9*	*25.7*	*25.8*	*21.4*	*25.2*			
Reported PAT	**7.9**	**8.2**	**11.9**	**7.4**	**11.4**	**8.5**	**8.7**	**9.9**	**9.0**			
Adj PAT	**7.9**	**8.2**	**11.9**	**7.4**	**11.4**	**8.5**	**8.7**	**9.9**	**9.0**	**-3%**	**-27%**	**2%**
YoY Change (%)	*12.7*	*9.9*	*0.9*	*20.1*	*44.5*	*3.6*	*-27.2*	*33.7*	*-24.8*			
Margin (%)	*6.8*	*6.5*	*8.1*	*5.3*	*8.5*	*6.5*	*7.1*	*7.3*	*6.7*			
Key Assumptions												
Regas volume (Tbtu)	123	102	110	108	144	123	114	123	126	-9%	4%	-7%
Sales volume (Tbtu)	107	121	122	126	118	116	114	123	123	-7%	-7%	-2%
Total Volumes (Tbtu)	230.0	223.0	232.0	234.0	262.0	239.0	228.0	245.9	249.0	-8%	-2%	-5%
Operational details												
Dahej throughput (Tbtu)	**217**	**210**	**218**	**219**	**248**	**225**	**213**	**230**	**234**	**-9%**	**-2%**	**-5%**
Long term	90	102	104	107	97	96	96	103	104	-8%	-8%	0%
Third-party	123	102	110	108	144	123	114	123	126	-9%	4%	-7%
Short term/spot	4	6	4	4	7	6	3	5	5	-36%	-25%	-50%
Kochi throughput (Tbtu)	**13**	**13**	**14**	**15**	**14**	**14**	**15**	**16**	**15**	**3%**	**7%**	**7%**
Dahej utilization (%)	*98.1%*	*95.0%*	*98.6%*	*99.0%*	*112.1%*	*101.7%*	*96.3%*	*104.1%*	*106.0%*	*-9.1%*	*-2.3%*	-5%
Kochi utilization (%)	*20.6%*	*20.6%*	*22.2%*	*23.7%*	*22.2%*	*22.2%*	*23.7%*	*24.7%*	*23.0%*	*3.2%*	*7.1%*	7%

Federal Bank

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details



Date: 28th Jan 2025

Time: 8.30 am IST

Dial-in details:

+91-22-7195 0000

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	82.9	96.0	114.6
OP	51.7	61.1	75.3
NP	37.2	41.0	48.1
NIM (%)	3.3	3.2	3.2
EPS (INR)	16.3	16.8	19.7
EPS Gr. (%)	14.5	3.0	17.2
BV/Sh. (INR)	119	135	153
ABV/Sh. (INR)	113	128	145
RoA (%)	1.3	1.2	1.2
RoE (%)	14.7	13.3	13.7
Valuations			
P/E(X)	11.7	11.3	9.7
P/BV (X)	1.6	1.4	1.3
P/ABV (X)	1.7	1.5	1.3

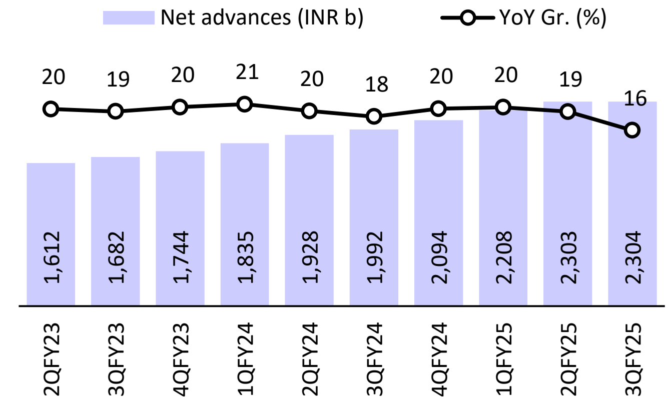
CMP: INR191 — Buy

PPoP in line; high provisions lead to earnings miss

Business growth muted

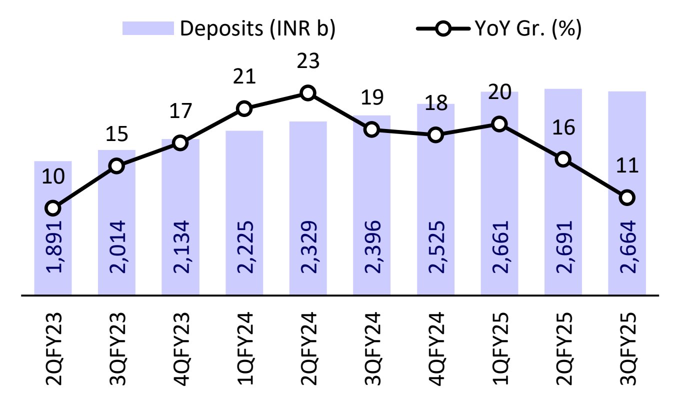
- Federal Bank reported 3QFY25 PAT of INR9.55b (down 5% YoY), 7% below our estimate due to increased provisions.
- NII grew 14.5% YoY to INR24.3b (in line). NIMs stood largely flat at 3.11% (down 1bp QoQ).
- Other income grew 6% YoY to INR9.16b (down 5% QoQ, in line).
- Total revenue rose 12% YoY (in line). Opex grew 15% YoY (2% lower than MOFSLe).
- PPoP thus grew 9% YoY to INR15.7b (in line).
- Provisions jumped 220% YoY/85% QoQ to INR2.9b (68% higher vs. MOFSLe).
- Loan growth was flat, whereas deposits declined 1% QoQ. As a result, total business inched lower by 0.5% QoQ (up 13% YoY).
- GNPA ratio improved 14bp QoQ to 1.95%, while net NPA ratio improved 8bp QoQ to 0.49%. Increased provisions led to a jump in PCR ratio to ~75% (up 2.2% QoQ).
- Slippages increased to INR4.98b (INR4.34b in 2QFY25).
- RoA stood at 1.14% annualized, while RoE was 12%.
- Tier-1 stood at 13.78% vs. 13.82% in 2QFY25.
- **Valuation and view:** Federal Bank reported a weak quarter as the bank made higher-than-expected provisions, while business growth remained weak. NIMs stood largely flat (down 1bp QoQ) at 3.11%. Loan growth was flat QoQ, while deposits declined 1% QoQ. CASA stood at 30.2%. On the asset quality front, slippages increased 14.7% QoQ. Healthy recoveries and upgrades led to a 14bp QoQ reduction in GNPA ratio to 1.95%, while NNPA declined 8bp QoQ to 0.5%. The earnings call is scheduled for 28th Jan'25 at 8.30am IST.

Loans grew 15.7% YoY/flat QoQ



Source: MOFSL, Company

Deposits grew 11.2% YoY (down 1.0% QoQ)



Source: MOFSL, Company

Quarterly Snapshot (INR m)

INR m	FY24				FY25			Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY**	**QoQ**
Interest Income	50,245	54,553	57,301	59,784	63,309	65,773	68,087	19	4
Interest Expense	31,059	33,989	36,067	37,832	40,389	42,101	43,774	21	4
Net Interest Income	**19,186**	**20,564**	**21,234**	**21,951**	**22,920**	**23,672**	**24,313**	**15**	**2.7**
Other Income	7,324	7,304	8,626	7,539	9,152	9,640	9,162	6	-5.0
Trading profits	1,970	700	2,210	1,340	2,620	1,800	1,600	-28	-11.1
Total Income	**26,510**	**27,868**	**29,859**	**29,490**	**32,072**	**33,312**	**33,475**	**12**	**0.5**
Operating Expenses	13,487	14,624	15,486	18,386	17,063	17,658	17,781	15	0.7
Employee	6,167	6,263	6,932	8,869	7,380	7,777	7,832	13	0.7
Others	7,319	8,361	8,554	9,518	9,682	9,882	9,949	16	0.7
Operating Profits	**13,024**	**13,245**	**14,373**	**11,104**	**15,009**	**15,654**	**15,695**	**9**	**0.3**
Core Operating Profits	**11,054**	**12,545**	**12,163**	**9,764**	**12,389**	**13,854**	**14,095**	**16**	**1.7**
Provisions	**1,556**	**439**	**912**	**-946**	**1,443**	**1,584**	**2,923**	**220**	**84.6**
NPA provisions	1,820	610	1,510	70	1,440	1,680	3,430	127	104.2
PBT	**11,468**	**12,806**	**13,461**	**12,050**	**13,566**	**14,070**	**12,771**	**-5**	**-9.2**
Taxes	2,930	3,267	3,394	2,986	3,471	3,503	3,217	-5	-8.2
PAT	**8,537**	**9,538**	**10,067**	**9,064**	**10,095**	**10,567**	**9,554**	**-5**	**-9.6**
Balance sheet (INR b)									
Loans	**1,835**	**1,928**	**1,992**	**2,094**	**2,208**	**2,303**	**2,304**	**16**	**0.0**
Deposits	**2,225**	**2,329**	**2,396**	**2,525**	**2,661**	**2,691**	**2,664**	**11**	**-1.0**
CASA Deposits	**709**	**726**	**734**	**742**	**779**	**809**	**803**	**9**	**-0.7**
-Savings	142	157	153	152	164	174	162	6	-6.8
-Current	567	569	581	590	615	635	641	10	0.9
Loan mix (%)									
Retail	28.8	28.9	31.9	29.2	28.9	28.7	24.4	-751.6	-434
SME	17.8	18.0	18.4	18.0	18.1	18.6	16.1	-12.6	-13.5
Agriculture	3.6	3.6	13.1	3.5	3.4	3.4	2.9	-77.7	-14.6
Corporate	36.4	35.6	35.3	34.3	34.0	33.2	32.5	-7.9	-2.1
MFI	1.0	1.2	1.4	1.6	1.7	1.7	1.7	28.1	-0.7
Asset Quality (INR m)									
GNPA	44,348	44,361	46,288	45,289	47,384	48,845	45,533	-2	-6.8
NNPA	12,746	12,298	12,844	12,553	13,304	13,223	11,312	-12	-14.5
Slippages	5,010	3,730	4,960	3,710	4,240	4,340	4,980	0	14.7
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY (BQ)**	**QoQ (BQ)**
GNPA	2.37	2.26	2.29	2.13	2.11	2.09	1.95	-34.00	-14
NNPA	0.74	0.64	0.64	0.60	0.60	0.57	0.49	-15.00	-8
PCR (Exc TWO)	71	72	72	72	72	73	75	290	223
Slippage Ratio	1.2	0.8	1.1	0.8	0.8	0.8	0.9	-15.3	11
Credit Cost	0.4	0.1	0.3	0.0	0.3	0.3	0.6	31.0	32
Business Ratios (%)									
CASA	31.9	31.2	30.6	29.4	29.3	30.1	30.2	-47.0	9.0
Loan/Deposit	1.3	1.2	1.3	1.2	1.1	1.1	0.9	-41.6	-15.2
Other income/Total Income	27.6	26.2	28.9	25.6	28.5	28.9	27.4	-151.9	-156.8
Cost to Income	50.9	52.5	51.9	62.3	53.2	53.0	53.1	125.3	10.7
Tax Rate	25.6	25.5	25.2	24.8	25.6	24.9	25.2	-2.3	29.0
Capitalisation Ratios (%)									
Tier I	12.5	13.8	13.5	14.6	14.2	13.8	13.8	30.0	-4.0
- CET 1	12.5	13.8	13.5	14.6	14.2	13.8	13.8	30.0	-4.0
CAR	14.3	15.5	15.0	16.1	15.6	15.2	15.2	14.0	-4.0
RWA / Total Assets	59.4	58.9	61.1	61.5	60.1	60.4	59.6	-150.8	-76.0
LCR	125.0	124.8	119.9	127.8	112.6	115.2	0.0		
Profitability Ratios (%)									
Yield on loans	9.2	9.4	9.4	9.5	9.4	9.4	9.4	2.0	4
Yield on Funds	9.2	9.5	9.5	9.4	9.5	9.5	9.6	6.4	7
Cost of Funds	5.4	5.6	5.8	6.0	5.9	5.9	6.0	21.0	8
Cost of Deposits	5.3	5.5	5.7	5.9	5.8	5.9	5.9	19.0	6
Margins	3.20	3.22	3.19	3.21	3.16	3.12	3.11	-8.00	-1
Others									
Branches	1,366	1,389	1,438	1,504	1,518	1,533	1,550	11,200	1,700
ATMs	1,920	1,937	1,962	2,015	2,041	2,052	2,054	9,200	200

ACC

BSE Sensex	S&P CNX
75,366	22,829

Conference Call Details

Date: 29th January 2025
Time: 14:00 IST
Dial-in details:
+ 91 22 6280 1123
+ 91 22 7115 8227
(Link For Call)

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	205.8	228.5	251.8
EBITDA	26.2	35.4	44.3
Adj. PAT	11.9	20.7	27.0
EBITDA Margin (%)	12.7	15.5	17.6
Adj. EPS (INR)	63.5	110.1	143.4
EPS Gr. (%)	-36.1	73.5	30.2
BV/Sh. (INR)	970	1,066	1,195
Ratios			
Net D:E	-0.2	-0.3	-0.3
RoE (%)	7.0	10.8	12.7
RoCE (%)	9.0	11.1	13.0
Payout (%)	11.1	13.6	10.5
Valuations			
P/E (x)	31.4	18.1	13.9
P/BV (x)	2.1	1.9	1.7
EV/EBITDA(x)	11.7	8.5	6.3
EV/ton (USD)	87	80	74
Div. Yield (%)	0.7	0.8	0.8
FCF Yield (%)	0.4	3.0	6.8

CMP: INR1,995 **Buy**

Disappointing performance adjusted for one-offs

- Adjusted for one-offs, including: 1) INR6.4b related to a refund of expense concerning excise duty for the period May'05 to Feb '13 included in other operating income, and 2) reversal of interest provisions of INR5.3b included in other income, ACC posted a dismal set of numbers in 3QFY25. Adjusted for these one-offs, EBITDA declined 48% YoY to INR4.7b (estimated INR5.9b) and EBITDA/t declined 57% YoY to INR435 (est. INR601). Adj. PAT declined 57% YoY to INR2.3b (est. INR3.1b).
- The management expects cement demand to improve in 4QFY25 as construction activities are expected to pick up. In 1HFY25, industry demand is estimated to increase by a mere 1.5-2% YoY and for FY25, demand is likely to grow 4-5% YoY. Volume growth in 3Q was led by higher trade sales and an increase in premium cement volumes (up 11% YoY).
- We have a BUY rating on the stock and will review our assumptions after the concall (ACC+ACEM) at 2 p.m. on 29th January.

Sales volume above estimates; EBITDA/t down 57% YoY

- Adjusted for one-offs, consol. Rev/EBITDA/Adj. PAT stood at INR52.6b/INR4.7b/INR2.3b (up 7 %/down 48%/down 57% YoY) and (up 6%/down 20%/28% vs. our estimate) in 3QFY25. Sales volumes were up 20% YoY at 10.70mt (up 9% vs. our estimate). Realization was down 11% YoY/ 1% QoQ at INR4,915/t (2% below our estimate).
- Opex/t decreased 1% YoY (1% above our estimate), led by a decrease in freight/other expenses of ~5%/16% YoY. Variable cost remained flat QoQ but was up 5% YoY. OPM contracted 9.4pp YoY at ~9% and EBITDA/t declined 57% YoY to INR435.
- Depreciation increased 7% YoY, while interest expense declined 17% YoY. Other income was up 35% YoY. Adj. PAT was down 57% YoY at INR2.3b.
- In 9MFY25, consol. Rev/EBITDA/Adj. PAT stood at INR150.2b/INR15.8b/INR8.2b (up 3%/down 29%/down 40% YoY). Sales volume was up 14% YoY, while realization declined 10% YoY in 9MFY25. EBITDA/t was at INR523 vs INR842 in 9MFY24. Liquid cash balance stands at INR25.26b vs INR29.21b in 2QFY25.

Key takeaways from investors' press release

- Fuel consumption cost declined 10% YoY to INR1.68/kcal vs INR1.86/kcal in 3QFY24. Fuel consumption in kilns reduced to 723kcal vs 739kcal in 3QFY24.
- Green power consumption increased 5.7pp YoY to 18.7% in 3QFY25. AFR consumption in kiln increased 40bp YoY to 9.6% in 3QFY25. The 200MW solar plant at Khavda has been commissioned, which will contribute to a further increase in the green power share.

Valuation and view

- ACC has delivered strong volume growth in YTDFY25, but its operating performance has been lackluster. Management had guided for cost savings led by cost efficiency measures, but pressure on cement prices has impacted profitability in YTDFY25. Our current estimates indicate an exit EBITDA of INR986 in 4QFY25, which seems to be at risk. Our current estimate for FY26/FY27 EBITDA/t is of INR797/INR915, respectively.
- We have a **BUY** rating on the stock and will review our assumptions after the concall on 29th Jan'25 at 2:00 pm. (Link).

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE			3QE	(%)	(%)	(%)
Net Sales	**52.0**	**44.3**	**49.2**	**54.0**	**51.6**	**46.1**	**52.6**	**55.6**	**199.5**	**205.8**	**43.1**	6	7	14
YoY Change (%)	16.4	11.2	8.4	12.7	(0.9)	3.9	6.9	3.0	(10.2)	3.2	(2.8)			
Total Expenditure	44.3	38.9	40.2	45.6	44.8	41.8	47.9	45.2	168.9	179.6	38.8			
EBITDA	**7.7**	**5.5**	**9.0**	**8.4**	**6.8**	**4.3**	**4.7**	**10.4**	**30.6**	**26.2**	**4.3**	(20)	(48)	10
Margins (%)	14.8	12.4	18.4	15.5	13.1	9.3	9.0	18.7	15.3	12.7	10.0	(300)	(938)	(33)
Depreciation	2.0	2.1	2.3	2.3	2.2	2.3	2.5	2.2	8.8	9.2	2.3	7	7	8
Interest	0.3	0.3	0.3	0.7	0.3	0.3	0.3	0.4	1.5	1.3	0.4	(17)	(17)	(15)
Other Income	0.8	2.1	0.8	1.2	0.7	1.5	1.1	0.8	4.9	4.2	1.0	22	35	(26)
PBT before EO expense	**6.2**	**5.2**	**7.2**	**6.6**	**4.9**	**3.2**	**3.1**	**8.6**	**25.2**	**19.8**	**2.6**	(26)	(57)	(3)
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0			
PBT	**6.2**	**5.2**	**7.2**	**6.6**	**4.9**	**3.2**	**14.8**	**8.6**	**25.2**	**31.5**	**2.6**	253	105	364
Tax	1.6	1.3	1.9	-0.9	1.3	0.8	3.9	1.9	3.9	7.9	0.7			
Rate (%)	25.5	25.5	26.6	(13.2)	25.6	26.5	26.2	22.1	15.7	25.0	25.0			
Reported PAT	**4.6**	**3.8**	**5.3**	**7.5**	**3.7**	**2.3**	**10.9**	**6.7**	**21.2**	**23.6**	**2.0**	247	106	366
Adj PAT	**4.6**	**3.8**	**5.3**	**4.9**	**3.7**	**2.3**	**2.3**	**6.7**	**18.7**	**15.0**	**2.0**	(28)	(57)	(4)
YoY Change (%)	108.8	NM	212.1	72.0	(21.1)	(39.1)	(57.3)	36.7	88.7	(19.8)	(48.5)			

Per ton analysis (INR/t)

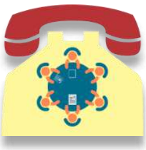
Y/E March	FY24				FY25				FY24	FY25E	3QE	Var	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)	(%)	(%)
Sales Volume	**9.40**	**8.10**	**8.88**	**10.44**	**10.20**	**9.30**	**10.70**	**10.55**	**36.88**	**40.75**	**9.86**	9	20	15
YoY Change (%)	23.8	18.2	15.3	24.0	8.5	14.8	20.5	1.1	-4.4	10.5	11.0			
Realization	**5,533**	**5,475**	**5,538**	**5,171**	**5,054**	**4,955**	**4,915**	**5,269**	**5,410**	**5,051**	**5,016**	(2)	(11)	(1)
YoY Change (%)	(6.0)	(5.9)	(6.0)	(9.1)	(8.7)	(9.5)	(11.2)	1.9	(6.0)	(6.6)	(9.4)			
RM Cost	1,596	1,598	1,512	1,746	1,730	1,942	1,862	1,613	1,570	1,804	1,810	3	23	(4)
Employee Expenses	210	240	201	157	157	192	182	165	199	174	185	(2)	(9)	(5)
Power, Oil & Fuel	1,196	1,093	1,141	931	970	830	920	1,006	1,083	899	920	-	(19)	11
Freight & handling	1,245	1,177	1,084	1,058	1,075	1,020	1,025	1,070	1,136	1,034	1,025	-	(5)	0
Other Expenses	469	689	583	477	458	508	491	430	584	471	474	3	(16)	(3)
EBITDA	**818**	**677**	**1,017**	**802**	**664**	**462**	**435**	**986**	**838**	**669**	**601**	(28)	(57)	(6)

Kaynes Technologies

BSE SENSEX	S&P CNX
75,366	22,829

CMP: INR5,268 — Buy

Conference Call Details



Date: 28th Jan 2025
Time: 11:15am IST
Dial-in details:
Click Here

Earnings below estimates

- Consolidated revenue grew 30% YoY to INR6.6b (est. INR7.9b).
- Gross margin expanded 650bp YoY to 30.8%.
- EBITDA grew 35% YoY to INR940m (est. INR1.2b).
- EBITDA margin expanded 50bp YoY to 14.2% (est. 15.2%).
- Adjusted PAT grew 47% YoY to INR665m (est. of INR892m).

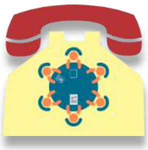
Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Gross Sales	2,972	3,608	5,093	6,373	5,040	5,721	6,612	11,471	18,046	28,844	7,894	-16
YoY Change (%)	49.1	32.1	76.2	74.8	69.6	58.5	29.8	80.0	60.3	59.8	55.0	
Total Expenditure	2,569	3,121	4,394	5,421	4,371	4,900	5,671	9,610	15,505	24,552	6,698	
EBITDA	403	488	699	952	669	821	940	1,862	2,542	4,292	1,196	-21
Margins (%)	13.5	13.5	13.7	14.9	13.3	14.4	14.2	16.2	14.1	14.9	15.2	
Depreciation	53	65	60	74	84	86	108	110	251	388	95	
Interest	113	118	148	153	227	221	270	180	533	898	200	
Other Income	81	90	94	294	283	336	246	180	559	1,045	200	
PBT before EO expense	319	394	585	1,019	641	849	808	1,752	2,317	4,051	1,101	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	319	394	585	1,019	641	849	808	1,752	2,317	4,051	1,101	
Tax	72	71	133	207	133	247	144	333	483	857	209	
Rate (%)	22.6	18.0	22.7	20.3	20.8	29.1	17.8	19.0	20.8	21.2	19.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	246	323	452	813	508	602	665	1,419	1,834	3,194	892	
Adj PAT	246	323	452	813	508	602	665	1,419	1,834	3,194	892	-25
YoY Change (%)	149.0	52.8	97.7	97.3	106.0	86.4	47.1	74.6	92.9	74.1	97.4	
Margins (%)	8.3	9.0	8.9	12.8	10.1	10.5	10.1	12.4	10.2	11.1	11.3	

IGL

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details



Date: 28 Jan'25
Time: 1600 hours IST
Dial-in details:
+91 22 6280 1259
+91 22 7115 8160

CMP: INR378 Sell

Beat on EBITDA driven by stronger-than-anticipated margins

- **IGL delivered a 12% beat on our EBITDA estimates as margin came in 9% above our estimates and volumes remained strong. While CNG volumes came in line with estimates, PNG volumes were above estimates. The impact of APM twin de-allocation was clearly visible as margins contracted INR2.2/scm QoQ. We note that Spot LNG prices were high, averaging USD13.9/mmbtu in 3Q (up 7% QoQ), and continue to remain elevated in 4QFY25'td, averaging USD14.2/mmbtu. On 25th Nov'24, IGL implemented CNG price hikes of ~INR1.5 to INR4 per kg, affecting around ~30%-35% of the regions where its CNG business operates (excluding Delhi). Further, the Delhi elections are due in Feb'25. In a recent press release, IGL stated that, as communicated by GAIL, its domestic gas allocations had been increased by 31%, effective from 16th Jan'25. This adjustment raises its share of domestic gas in the CNG segment from 37% to 51%.**
- **IGL currently trades at 18x FY26E P/E, while its 1Y fwd. LTA is 21.5x P/E.**
- Total volumes were in line with our estimate at 9.1mmscmd (+7% YoY).
  - While CNG volumes came in line with estimates, PNG volumes were above estimates.
- EBITDA/scm came in above our est. at INR4.3.
  - Gross margin was lower QoQ while opex remained similar QoQ.
- Resulting EBITDA was 12% above our estimate at INR3.6b (-35% YoY), primarily due to higher-than-estimated margins and robust volumes.
- Other income was significantly above our estimate, resulting in a 41% beat on PAT of INR2.9b (-27% YoY).
- The company has authorized a 1:1 bonus issue, with 31st Jan'25 set as the record date.
- **In 9MFY25,** IGL's net sales grew 5% to INR110b, while EBITDA/PAT declined 20%/18% YoY to 14.8b/11.2b.

Standalone Quarterly performance												(INR m)
Y/E March	**FY24**				**FY25**					**Var.**	**YoY**	**QoQ**
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**	**3QE**	**(%)**	**(%)**	**(%)**
Net Sales	**34,070**	**34,585**	**35,504**	**35,968**	**35,206**	**36,973**	**37,591**	**33,878**	**35,237**	**7%**	**6%**	**2%**
Change (%)	*6.7*	*-2.7*	*-4.3*	*-2.3*	*3.3*	*6.9*	*5.9*	*-5.8*	*-0.8*			
EBITDA	**6,424**	**6,569**	**5,582**	**5,225**	**5,819**	**5,359**	**3,636**	**3,165**	**3,244**	**12%**	**-35%**	**-32%**
EBITDA (INR/scm)	8.6	8.6	7.2	6.6	7.4	6.5	4.3	3.8	4.0	9%	-39%	-33%
% of Net Sales	18.9	19.0	15.7	14.5	16.5	14.5	9.7	9.3	9.2			
% Change	*4.0*	*24.5*	*30.3*	*13.4*	*-9.4*	*-18.4*	*-34.9*	*-39.4*	*-41.9*			
Depreciation	989	1,022	1,018	1,108	1,143	1,184	1,216	1,162	1,163			
Interest	24	25	18	26	22	23	21	16	21			
Other Income	457	1,340	610	1,094	727	1,493	1,288	523	647			
PBT after EO	**5,867**	**6,862**	**5,155**	**5,187**	**5,380**	**5,645**	**3,687**	**2,510**	**2,708**	**36%**	**-28%**	**-35%**
Tax	1,483	1,514	1,235	1,359	1,366	1,334	829	647	682			
Rate (%)	*25.3*	*22.1*	*23.9*	*26.2*	*25.4*	*23.6*	*22.5*	*25.8*	*25.2*			
PAT	**4,384**	**5,348**	**3,921**	**3,828**	**4,015**	**4,311**	**2,858**	**1,863**	**2,027**	**41%**	**-27%**	**-34%**
Adj. PAT	**4,384**	**5,348**	**3,921**	**3,828**	**4,015**	**4,311**	**2,858**	**1,863**	**2,027**	**41%**	**-27%**	**-34%**
PAT (INR/scm)	5.9	7.0	5.0	4.8	5.1	5.2	3.4	2.3	2.5	37%	-32%	-34%
Change (%)	*4.2*	*28.5*	*40.9*	*16.1*	*-8.4*	*-19.4*	*-27.1*	*-51.3*	*-48.3*			
EPS (INR)	**6.3**	**7.6**	**5.6**	**5.5**	**5.7**	**6.2**	**4.1**	**2.7**	**2.9**	**41%**	**-27%**	**-34%**
Gas Volumes (mmscmd)												
CNG	6.17	6.25	6.33	6.37	6.45	6.78	6.70	6.88	6.63	1%	6%	-1%
PNG	2.03	2.06	2.15	2.35	2.18	2.24	2.41	2.27	2.21	9%	12%	8%
Total	**8.20**	**8.30**	**8.48**	**8.73**	**8.63**	**9.02**	**9.11**	**9.15**	**8.83**	**3%**	**7%**	**1%**

Emami

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details

Date: 28 Jan 2025

Time: 4:00 PM

Dial-in details:

+91 22 6280 1260 /

+91 22 7115 8197

Diamond Pass

Financials & Valuations (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	38.0	41.0	44.1
Sales Gr. (%)	6.2	7.9	7.7
EBITDA	10.3	11.3	12.4
Margin (%)	27.2	27.6	28.2
Adj. PAT	8.8	9.6	10.4
Adj. EPS (INR)	20.2	22.1	23.9
EPS Gr. (%)	12.1	9.2	8.4
BV/Sh. (INR)	63.4	71.3	79.9
Ratios			
RoE (%)	33.9	32.8	31.7
RoCE (%)	36.5	35.6	34.3
Payout (%)	54.4	56.6	58.5
Valuations			
P/E (x)	36.0	32.9	30.4
P/BV (x)	11.5	10.2	9.1
EV/EBITDA (x)	29.9	26.9	24.2

CMP: INR535

In-line performance; healthy 6% volume growth

- Consolidated net sales grew by 5% YoY to INR10,495m (est. INR10,530m).
- Domestic business grew by 9% YoY, with volume growth of 6% (est. 5%, 1.7% in 2QFY25).
- Brand-wise performance in 3QFY25: Navratna and Dermi-cool range +3% YoY; Healthcare range +13% YoY; Boroplus +20% YoY; Pain management range +3% YoY; Kesh King range -10% YoY; Male Grooming -4% YoY
- Gross margin expanded by 150bp YoY to 70.3%. (est. 69.5%).
- Absolute ad spends increased by 6% YoY to INR1,757m.
- As a % of sales, ad spends rose 10bp YoY to 17%, employee expenses increased by 50bp YoY to 11%, and other expenses grew 30bp YoY to 11% in 3QFY25.
- EBITDA margin expanded by 70bp YoY to 32.3% (est. 31.9%), 12-quarter high.
- EBITDA grew 8% YoY to INR3,387m (est. INR3,357m).
- PBT grew 10% YoY to INR3,059m (est. INR3,019m).
- APAT rose 6% YoY to INR3,006m (est. INR3,046m).
- International business revenue declined 3% YoY (-2% in cc terms).
- In 9MFY25, net sales/EBITDA/APAT increased by 6%/9%/13%.

Other key highlights

- Urban demand faced significant headwinds, primarily due to rising food inflation and liquidity constraints in retail and wholesale trade channels.
- Rural demand exhibited resilience, driven by favorable monsoon conditions and a strong harvest.
- Seasonal categories were impacted by the delayed onset of winter, adding further complexity to market dynamics.
- Organized channels like Modern Trade, e-Commerce, and Institutional sales now contribute 28.6% of domestic business and grew by 13% in 3Q.
- The company has rebranded Fair and Handsome to Smart and Handsome in Jan'25.

Consol. Quarterly performance (INR m)

Y/E MARCH	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Domestic volume growth (%)	3.0	2.0	-1.0	6.4	8.7	1.7	6.0	8.0	2.6	6.1	5.0	
Net Sales	**8,257**	**8,649**	**9,963**	**8,912**	**9,061**	**8,906**	**10,495**	**9,540**	**35,781**	**38,001**	**10,530**	**-0.3%**
YoY change (%)	6.8	6.3	1.4	6.6	9.7	3.0	5.3	7.0	5.1	6.2	5.7	
Gross Profit	**5,401**	**6,061**	**6,851**	**5,863**	**6,131**	**6,296**	**7,377**	**6,304**	**24,176**	**26,107**	**7,318**	**0.8%**
Gross margin (%)	65.4	70.1	68.8	65.8	67.7	70.7	70.3	66.1	67.6	68.7	69.5	
EBITDA	**1,900**	**2,337**	**3,149**	**2,110**	**2,165**	**2,505**	**3,387**	**2,263**	**9,495**	**10,320**	**3,357**	**0.9%**
Margins (%)	23.0	27.0	31.6	23.7	23.9	28.1	32.3	23.7	26.5	27.2	31.9	
YoY change	9.6	19.6	7.0	5.6	13.9	7.2	7.6	7.3	10.1	8.7	6.6	
Depreciation	460	461	458	480	444	447	456	476	1,859	1,823	463	
Interest	21	23	27	29	21	23	22	34	100	100	25	
Other Income	83	111	167	107	105	216	149	154	468	624	150	
PBT	**1,502**	**1,964**	**2,831**	**1,708**	**1,805**	**2,251**	**3,059**	**1,907**	**8,005**	**9,021**	**3,019**	**1.3%**
Tax	129	158	155	225	278	94	224	306	667	902	181	
Rate (%)	8.6	8.1	5.5	13.2	15.4	4.2	7.3	16.1	8.3	10.0	6.0	
Adj. PAT	**1,413**	**1,967**	**2,828**	**1,669**	**1,702**	**2,333**	**3,006**	**1,781**	**7,876**	**8,830**	**3,046**	**-1.3%**
YoY change (%)	36.9	12.5	11.0	13.0	20.5	18.6	6.3	6.8	15.7	12.1	7.7	
Reported PAT	**1,368**	**1,800**	**2,607**	**1,468**	**1,506**	**2,110**	**2,790**	**1,585**	**7,241**	**7,991**	**2,827**	**-1.3%**
YoY change (%)	88.1	-0.1	11.9	3.6	10.1	17.2	7.0	8.0	15.4	10.4	8.5	

E: MOFSL Estimates

ABSL AMC

BSE Sensex	S&P CNX
75,366	22,829

Conference Call Details

Date: 27th January 2025

Time: 11:30 AM IST

Link for the call

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
AAUM (INRb)	3,779	4,381	5,086
MF Yield (bps)	42.1	41.1	40.1
Rev from Ops	16.7	18.9	21.4
Core PAT	7.0	8.1	9.4
PAT	9.2	10.7	12.3
PAT (bp/AAUM)	24	25	24
Core EPS	24	28	33
EPS	32	37	43
EPS Grw. (%)	18	17	15
BVPS	122	137	154
RoE (%)	28	29	29
Div. Payout (%)	62	59	61
Valuations			
Mcap/AUM	4.9	4.2	3.6
P/E (x)	20.1	17.2	15.0
P/BV (x)	5.3	4.7	4.2
Div. Yield (%)	3.1	3.4	4.0

CMP: INR643 BUY

Reports 4% beat on PAT and 10% beat on EBITDA

- **The overall MF QUAAM grew 23% YoY/was flat QoQ** at INR3.84t, led by 29%/16%/30%/38% YoY growth in Equity/Debt/ETF/Hybrid funds.
- **Revenue from operations** rose 30% YoY to ~INR4.5b (5% beat), reflecting ~2.5bp YoY improvement in **yield on management fees** to 46.4bp (+2.1bp QoQ) in 3QFY25. For 9MFY25, revenue grew 27% YoY to INR12.6b.
- **Total opex** grew 16% YoY to INR1.7b (in line), reflecting a cost-to-income ratio of 38.4% (vs. 43.1% in 3QFY24 and 41% in 2QFY25). Employee costs/ other expenses increased 11%/20% YoY to INR877m/INR707m.
- Revenue growth and operating leverage resulted in **41% YoY growth in EBITDA** to INR2.7b; consequently, **EBITDA margin stood at 61.6%** (vs. 56.9% in 3QFY24 and 59.0% in 2QFY25).
- **Other income** declined 52% YoY/60% QoQ to INR384m (20% miss). For 9MFY25, it grew 8% YoY to INR2.3b.
- **PAT for 3QFY25 stood at INR2.2b,** up 7% YoY but down 7% QoQ (4% beat). For 9MFY25, PAT rose 23% YoY to INR7b.
- The **distribution mix (%)** remained stable sequentially, with Bank/National Distributor/MFDs/Direct mix at 9%/20%/54%/17%.

Valuation and view

- The stock trades at an attractive P/E multiple of 17x FY26E. Improving fund performance and scaling up non-MF business will improve profitability over the medium term. The stock trades at a steep discount to HDFCAMC and NAM.
- We expect ABSLAMC to report a CAGR of 18%/16%/19% in AUM/ revenue/core PAT over FY24-27. Assuming a 61% dividend payout ratio, we expect the company to generate a cumulative operating cash flow of INR43.8b during the same period.
- We believe the gap should narrow and assign a 36x core Sep'26E EPS. We reiterate our **BUY rating on the stock with a one-year TP of INR1,100.**

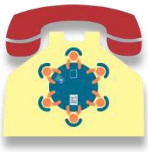
Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	3QFY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Revenue from Operations	**3,112**	**3,350**	**3,415**	**3,656**	**3,866**	**4,242**	**4,451**	**4,137**	**13,532**	**16,696**	4,255	5	30.4	4.9
Change YoY (%)	2.2	7.7	8.7	23.1	24.3	26.6	30.4	13.2	10.3	23.4	24.6			
Fees & Commission	82	82	87	99	105	121	124	124	351	473	122.2	1.4	41.9	2.8
Employee Expenses	774	798	794	842	892	894	877	961	3,208	3,625	913	-3.9	10.5	(1.9)
Other expenses	557	550	591	666	667	723	707	764	2,364	2,860	733	-3.5	19.6	(2.3)
Total Operating Expenses	1,412	1,431	1,472	1,607	1,664	1,738	1,708	1,849	5,922	6,958	1,768	-3	16.0	(1.7)
Change YoY (%)	15	11	12	16	18	21	16	15	13.5	17.5	20.1			
EBITDA	**1,700**	**1,919**	**1,943**	**2,049**	**2,203**	**2,504**	**2,743**	**2,288**	**7,610**	**9,738**	2,487.2	10.3	41.2	9.5
EBITDA margin (%)	54.6	57.3	56.9	56.0	57.0	59.0	61.6	55.3	56.2	58.3	58.5	318 bp	474 bp	260 bp
Other Income	**778**	**557**	**795**	**745**	**948**	**958**	**384**	**708**	2,874	2,999	479	-20	(51.7)	(59.9)
Depreciation/Reversal	66	92	88	101	91	98	111	87	346	388	98.0	13.7	26.7	13.8
Finance Cost	8	17	15	17	14	14	17	11	56	56	14.0	22.9	17.0	22.9
PBT	**2,403**	**2,368**	**2,635**	**2,676**	**3,045**	**3,351**	**2,999**	**2,898**	**10,082**	**12,293**	**2,854**	**5**	13.8	(10.5)
Tax Provisions	557	587	542	592	688	928	754	704	2,278	3,073	699	8	39.2	(18.7)
Net Profit	**1,846**	**1,781**	**2,093**	**2,084**	**2,357**	**2,423**	**2,245**	**2,195**	**7,804**	**9,220**	**2,155**	**4**	7.2	(7.4)
Change YoY (%)	79.4	-7.1	25.9	53.7	27.7	36.1	7.2	5.3	30.8	18.1	2.9			
Core PAT	**1,249**	**1,362**	**1,462**	**1,504**	**1,623**	**1,730**	**1,957**	**1,658**	**5,579**	**6,970**	**1,793**	**9**	33.9	13.1
Change YoY (%)	-0.4	2.5	12.8	34.9	30.0	27.0	33.9	10.3	11.4	24.9	22.7			
Key Operating Parameters (%)	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**							
Revenue / AUM (bps)	41.9	43.1	43.8	44.1	43.9	44.3	46.4	42.2	43.3	44.2	44.3	211 bp	253 bp	211 bp
Opex / AUM (bps)	19.0	18.4	18.9	19.4	18.9	18.1	17.8	18.9	18.9	18.4	18.4	-60 bp	-111 bp	-34 bp
PAT / AUM (bps)	24.9	22.9	26.9	25.1	26.7	25.3	23.4	22.4	25.0	24.4	22.4	97 bp	-349 bp	-190 bp
Cost to Operating Income Ratio	45.4	42.7	43.1	44.0	43.0	41.0	38.4	44.7	43.76	41.68	41.5	-318 bp	-474 bp	-260 bp
EBITDA Margin	54.6	57.3	56.9	56.0	57.0	59.0	61.6	55.3	56.2	58.3	58.5	318 bp	474 bp	260 bp
Tax Rate	23.2	24.8	20.6	22.1	22.6	27.7	25.2	24.3	22.6	25.0	24.5	65 bp	459 bp	-253 bp
PAT Margin	59.3	53.2	61.3	57.0	61.0	57.1	50.4	53.1	57.7	55.2	50.6	-22 bp	-1088 bp	-670 bp
Core PAT Margin	40.1	40.7	42.8	41.1	42.0	40.8	44.0	40.1	41.2	41.7	42.1	182 bp	116 bp	318 bp
Opex Mix (%)														
Fees & Commission	5.8	5.8	5.9	6.2	6.3	6.9	7.3	6.7	14.8	16.5	6.9	34 bp	132 bp	32 bp
Employee Expenses	54.8	55.8	53.9	52.4	53.6	51.5	51.4	52.0	54.2	52.1	51.6	-27 bp	-256 bp	-8 bp
Others	39.4	38.4	40.1	41.4	40.1	41.6	41.4	41.3	39.9	41.1	41.4	-7 bp	124 bp	-24 bp
Key Parameters														
QAUM (INR b)	2,969	3,108	3,115	3,317	3,525	3,833	3,839	3,917	3,127	3,779	3,845	-0.1	23.2	0.2

LT Foods

BSE SENSEX	S&P CNX
75,366	24,181

Conference Call Details



Date: 28th Jan 2025
Time: 16:00 hrs IST
Concall link:
Click here

CMP: INR379 Buy

Operating performance in line

- In 3QFY25, the **consolidated EBITDA** stood at INR22.7b (+17% YoY,+8% QoQ), in line with our est. EBITDA grew 14% /9% YoY /QoQ to INR2.5b during the quarter (in line). EBITDA margin contracted 130bp YoY, while it expanded 10bp to 11% (in line).
- Adj. PAT declined 5%/3% YoY/QoQ to INR1.4b vs. estimate of INR1.5b, with earnings miss largely due to higher-than-anticipated finance costs of INR236m (+28% YoY/+21% QoQ).

Segmental performance in 3QFY25

- Basmati & Other specialty rice segment grew 17% YoY, led by strong growth in the International segment (up 34% YoY), while domestic grew ~2% YoY. Gross/EBITDA margins stood at 32.4%/11.7%, down 160/310bp YoY, due to higher input and freight costs.
- Organic foods grew 26% YoY, while gross/EBITDA margins expanded 860/290bp YoY to 42.6%/11.8%.
- The Convenience & Health segment's revenue declined 16% YoY, primarily due to the discontinuance of Daawat Sehat. Gross margin expanded 410bp to 41.1% and operating loss stood at INR42m.

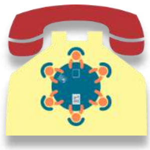
Consolidated - Quarterly Earnings Model **(INRm)**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Gross Sales	**17,781**	**19,778**	**19,417**	**20,748**	**20,705**	**21,078**	**22,748**	**23,536**	**77,724**	**88,067**	**22,067**	**3%**
YoY Change (%)	10.4	14.7	9.2	13.9	16.4	6.6	17.2	13.4	12.1	13.3	13.6	
Total Expenditure	15,644	17,373	17,031	18,297	18,296	18,785	20,250	20,845	68,345	78,176	19,635	
EBITDA	**2,137**	**2,405**	**2,386**	**2,451**	**2,409**	**2,293**	**2,498**	**2,691**	**9,379**	**9,891**	**2,432**	**3%**
Margins (%)	12.0	12.2	12.3	11.8	11.6	10.9	11.0	11.4	12.1	11.2	11.0	
Depreciation	356	360	361	453	420	448	458	430	1,529	1,756	435	
Interest	220	191	185	235	187	196	236	120	830	740	145	
Other Income	107	140	80	169	175	263	134	120	496	692	150	
PBT before EO expense	**1,669**	**1,995**	**1,920**	**1,933**	**1,977**	**1,911**	**1,938**	**2,260**	**7,517**	**8,087**	**2,002**	
PBT	**1,669**	**1,995**	**1,920**	**1,933**	**1,977**	**1,911**	**1,938**	**2,260**	**7,517**	**8,087**	**2,002**	
Tax	438	539	510	542	530	494	525	569	2,029	2,117	504	
Rate (%)	26.2	27.0	26.6	28.1	26.8	25.8	27.1	25.2	27.0	26.2	25.2	
MI & Profit/Loss of Asso. Cos.	-143	-143	-102	-97	-84	-66	-19	-49	-486	-218	-40	
Reported PAT	**1,374**	**1,599**	**1,512**	**1,488**	**1,532**	**1,484**	**1,433**	**1,740**	**5,973**	**6,188**	**1,538**	
Adj PAT	**1,374**	**1,599**	**1,512**	**1,488**	**1,532**	**1,484**	**1,433**	**1,740**	**5,973**	**6,188**	**1,538**	**-7%**
YoY Change (%)	53.2	78.7	58.7	15.9	11.4	-7.2	-5.2	17.0	48.3	3.6	1.8	
Margins (%)	7.7	8.1	7.8	7.2	7.4	7.0	6.3	7.4	7.7	7.0	7.0	

Prudent Corporate Advisory

BSE Sensex	S&P CNX
75,366	22,829

Conference Call Details



Date: **28th** January 2025
Time: 11:00 AM IST
Link for the call

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Revenues	11,393	14,644	18,144
Opex	8,663	10,964	13,370
PBT	2,729	3,705	4,830
PAT	2,047	2,779	3,623
EPS (INR)	49.4	67.1	87.5
EPS Gr. (%)	47.5	35.8	30.4
BV/Sh. (INR)	32.2	44.7	61.1
Ratios (%)			
EBIDTA Margin	24.0	25.1	26.3
PAT margin	18.0	19.0	20.0
RoE	35.6	34.9	33.1
Div. Payout	9.1	7.4	6.3
Valuations			
P/E (x)	47.6	35.0	26.9
P/BV (x)	73.0	52.7	38.5
Div. Yield (%)	0.2	0.2	0.2

CMP: INR2,352 **Neutral**

Reports 8% miss on PAT due to slight miss on revenue and costs

- Prudent reported an operating revenue of INR2.9b, +36% YoY (in line) in 3QFY25, driven by 36% YoY growth in commission and fees income to INR2.8b. For 9MFY25, operating revenue rose 45% YoY to INR8.2b.
- Commission and fees income for the quarter rose 36% YoY to INR2.8b, of which INR2.4b and INR286m were contributed by the distribution of MF products and insurance products, respectively.
- The QQAUM stood at INR1.1t, up 47% YoY. The monthly SIP flow grew to INR9.35b from INR6.5b in 3QFY25 and INR8.74b in 2QFY25.
- The total premium for the quarter came in at INR1.5b, of which the life insurance premium stood at INR1.2b and the general insurance premium stood at INR372m.
- Other income for 3QFY25/9MFY25 rose 46%/60% YoY to INR66m (6% miss)/INR214m.
- Operating expenses mounted 37% YoY to INR2.2b (in line), led by 49% YoY growth in commission & fees expenses and 25% YoY growth in employee expenses. However, other expenses dipped 8% YoY to INR207m.
- EBITDA grew 32% YoY to INR659m (6% miss), reflecting an EBITDA margin of 23.1% (vs. 23.8% in 3QFY24 and 24.0% in 2QFY25).
- PAT rose 35% YoY to INR482m in 3QFY25 (8% miss). For 9MFY25, PAT increased 53% YoY to INR1.4b.

Valuation and view

- We expect the revenue growth momentum to sustain in the medium to long term, primarily because of the following reasons: 1) increasing MF AUM mainly driven by improving SIP participation, and 2) Prudent's focus on a one-stop-shop solution, which is poised to result in an increase in distribution revenue from higher-margin products such as insurance.
- We expect the company to deliver a revenue/EBITDA/PAT CAGR of 31%/35%/38% over FY24-27, fueled by growing MF AUM and increasing share of insurance in the overall mix. The company is expected to maintain an RoE of 30%+ for FY25/FY26/ FY27. **We reiterate our Neutral rating on the stock with a TP of INR3,200 (based on 42x EPS Sep'26E).**

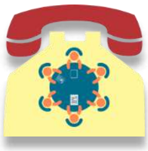
Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	3Q FY25E	Act v/t Est. (%)	YoY	QOQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Commission and Fees Income	1,644	1,886	2,084	2,376	2,477	2,845	2,827	3,182	7,990	11,331	2,907	-2.8	36%	-1%
Other Operating revenue	10	14	15	21	17	15	23	6	61	62	15	51.3	52%	51%
Revenue from Operations	**1,654**	**1,900**	**2,099**	**2,397**	**2,494**	**2,861**	**2,850**	**3,188**	**8,051**	**11,393**	**2,922**	-2.5	36%	0%
Change YoY (%)	28.7	28.7	32.5	35.5	50.8	50.5	35.8	33.0	31.7	41.5	39.2			
Operating Expenses	1,262	1,469	1,599	1,789	1,904	2,174	2,191	2,394	6,120	8,663	2,222	-1.4	37%	1%
Change YoY (%)	31.1	39.4	38.1	51.0	50.8	48.0	37.0	33.8	40.4	41.6	39.0			
EBIDTA	**392**	**432**	**500**	**608**	**590**	**687**	**659**	**794**	**1,932**	**2,730**	**700**	**-5.8**	32%	-4%
Depreciation	59.6	61.3	63.0	64.3	62.9	67.2	73.7	61.2	248	265	67	9.7	17%	10%
Finance Cost	6.0	5.0	3.6	7.8	4.9	5.7	6.4	7.1	21	24	6	11.7	78%	12%
Other Income	49	41	45	62	70	78	66	74	196	288	70	-5.9	46%	-16%
PBT	**375**	**406**	**479**	**598**	**592**	**693**	**645**	**800**	**1,858**	**2,729**	**697**	**-7.5**	35%	-7%
Change YoY (%)	34.1	9.6	24.4	5.6	57.9	70.6	34.7	33.8	18.5	46.9	45.7			
Tax Provisions	95.5	101.7	121.6	152.1	149.9	177.9	163.1	191.3	471	682	174	-6.0	34%	-8%
Net Profit	**279**	**304**	**357**	**446**	**442**	**515**	**482**	**608**	**1,387**	**2,047**	**524**	**-8.0**	35%	-6%
Change YoY (%)	31.4	10.0	25.1	4.6	58.3	69.2	35.0	36.5	18.9	47.5	46.7			
Key Operating Parameters (%)														
EBIDTA Margin	23.7	22.7	23.8	25.4	23.6	24.0	23.1	24.9	24.0	24.0	24.0	-83bp	-70bp	-90bp
Cost to Income Ratio	21.3	23.0	22.2	21.3	19.5	18.9	17.8	19.6	21.9	18.9	18.8	-104bp	-440bp	-112bp
PBT Margin	22.7	21.4	22.8	24.9	23.7	24.2	22.6	25.1	23.1	24.0	23.9	-123bp	-17bp	-159bp
Tax Rate	25.5	25.0	25.4	25.4	25.3	25.7	25.3	23.9	25.3	25.0	24.9	39bp	-12bp	-39bp
PAT Margins	16.9	16.0	17.0	18.6	17.7	18.0	16.9	19.1	17.2	18.0	17.9	-101bp	-10bp	-109bp
MF revenue / QAAUM (bps)	94.1	91.3	91.9	90.0	91.9	91.8	91.8	89.1	91.8	91.3	90.0	175bp		
Revenue from Operations (INR m)														
Commission and Fees Income														
Distribution of MF Products-Trail Revenue	1,385	1,519	1,653	1,820	2,052	2,343	2,421	2,445	6,377	7,044	2,388	1.4	54%	14%
Distribution of Insurance Products	163	251	299	395	261	339	286	521	1,108	1,206	356	-19.7	35%	30%
Stock Broking and Allied Services	41	59	61	76	77	73	49	89	237	273	68	-27.9	24%	-5%
Other Financial and Non-Financial Products	56	57	71	84	87	90	71	127	268	299	95	-25.3	58%	3%
Revenue from Operations Mix (%)														
As % of Commission and Fees Income														
Distribution of MF Products-Trail Revenue	83.7	79.9	78.7	75.9	82.3	81.9	84.9	76.7	79.2	61.8	81.7	322bp	620bp	304bp
Distribution of Insurance Products	9.9	13.2	14.2	16.5	10.5	11.9	10.0	16.3	13.8	10.6	12.2	-215bp	-421bp	-182bp
Stock Broking and Allied Services	2.5	3.1	2.9	3.2	3.1	2.6	1.7	2.8	2.9	2.4	2.3	-61bp	-119bp	-83bp
Other Financial and Non-Financial Products	3.4	3.0	3.4	3.5	3.5	3.1	2.5	4.0	3.3	2.6	3.3	-76bp	-89bp	-66bp
Opex Mix (%)														
Fees and commission	72.1	70.3	70.9	71.4	74.4	75.1	76.9		71.2	75.1			599bp	175bp
Employees expenses	17.6	15.9	15.0	13.0	14.2	13.6	13.7		15.2	13.6			-137bp	8bp
Other expenses	10.3	13.9	14.1	15.6	11.3	11.3			13.7	11.3			-462bp	-183bp

Mahindra Logistics

BSE SENSEX	S&P CNX
75,366	22,829

Conference Call Details



Date: 28th Jan 2025

Time: 04:00 PM IST

Dial-in details:

+91 22 6280 1309

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	62.0	77.6	94.6
EBITDA	3.0	4.0	5.2
Adj. PAT	0.2	1.2	2.1
EBITDA Margin (%)	4.9	5.2	5.5
Adj. EPS (INR)	2.3	17.0	28.9
EPS Gr. (%)	-128.7	625.5	69.9
BV/Sh. (INR)	68.7	83.2	109.6
Ratios			
Net D:E	0.3	0.1	-0.3
RoE (%)	3.3	21.9	29.5
RoCE (%)	6.0	19.5	26.3
Payout (%)	106.6	14.7	8.6
Valuations			
P/E (x)	154.3	21.3	12.5
P/BV (x)	5.3	4.4	3.3
EV/EBITDA(x)	9.0	6.6	4.5
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	7.1	4.2	12.7

CMP: INR362 — Neutral

Operating performance in line, higher interest and tax outgo drag APAT

Earnings snapshot: 3QFY25

- Revenue grew ~14% YoY to INR15.9b in 3QFY25, in line with estimate.
- EBITDA margin came in at 4.6% in 3QFY25 (+90bp YoY and +20bp QoQ) against our estimate of 5%. EBITDA grew 41% YoY to INR737m vs. our estimate of INR788m.
- The company reported an adjusted net loss of INR90m in 3QFY25 vs. an adjusted net loss of INR212m in 3QFY24 (our estimate of INR116m profit).
- The company reported a debt-equity ratio of 0.96x as of Dec'24 vs. 0.87x as of Sep'24.
- During 9MFY25, revenue was INR45.3b (+12% YoY), EBITDA stood at INR2.1b (+20% YoY), and EBITDA margin came in at 4.5%. Adj. loss stood at INR291m (vs. a loss of INR457m).

Segmental performance

- Supply Chain management recorded revenue of INR15.1b (+15.5% YoY) and EBIT loss of INR18.8m.
- Enterprise Mobility Services (EMS) reported revenue of INR781m (-6.9% YoY) and EBIT of INR7.6m.

Quarterly snapshot — INR m

Y/E March (INR m)	FY24				FY25			FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			3QE	vs Est
Net Sales	12,932	13,648	13,972	14,508	14,200	15,211	15,942	55,060	62,033	15,759	1
YoY Change (%)	7.8	2.9	5.1	14.0	9.8	11.5	14.1	7.4	12.7	12.8	
EBITDA	666	536	522	566	663	664	737	2,290	3,014	788	(6)
Margins (%)	5.2	3.9	3.7	3.9	4.7	4.4	4.6	4.2	4.9	5.0	
YoY Change (%)	1.4	-20.7	-16.8	-11.2	-0.5	23.9	41.1	-11.8	31.6	50.9	
Depreciation	545	518	515	513	550	540	590	2,090	2,134	530	
Interest	178	165	164	174	195	191	221	682	721	170	
Other Income	62	66	23	29	57	17	63	179	200	50	
PBT before EO Items	6	-82	-134	-92	-25	-50	-11	-302	360	138	
Extra-Ord expense	0	0	-38	0	0	0	0	38	0	0	
PBT	6	-82	-96	-92	-25	-50	-11	-340	360	138	
Tax	89	73	68	27	53	46	61	257	198	29	
Rate (%)	1,556.1	-89.2	-71.4	-29.2	-213.6	-93.4	-545.5	-75.5	55.0	21.0	
PAT before MI, Associates	-83	-155	-164	-119	-78	-96	-72	-597	162	109.0	
Share of associates/ MI	-3	-5	-10	-9	-15	-11	-18	-27	6	7	
Reported PAT	-86	-159	-174	-128	-93	-107	-90	-624	168	116	
Adj PAT	-86	-159	-212	-128	-93	-107	-90	-586	168	116	NA
YoY Change (%)	NA	PL	PL	NA	NA	NA	NA	NA	NA	NA	
Margins (%)	-0.7	-1.2	-1.5	-0.9	-0.7	-0.7	-0.6	-1.1	0.3	0.7	

Bajaj Housing Finance

BSE SENSEX	S&P CNX
75,366	22,829

CMP: INR106 NOT RATED

AUM growth healthy; reported NIM contracts ~10bp QoQ

PAT grew ~25% YoY; asset quality stable

- Bajaj Housing's (BHFL) 3QFY25 PAT grew 25% YoY to ~INR5.5b. NII grew 25% YoY to ~INR8.1b. Other income grew 26% YoY to ~INR1.3b, supported by higher assignment income, which stood at ~INR233m (PY: INR129m).
- Opex rose ~6% YoY to INR1.8b. PPoP grew 31% YoY to INR7.5b.
- Net credit costs stood at INR355m, which translated into an annualized credit cost of ~13bp (PQ: ~2bp). Gross of the overlay release, credit costs stood at 0.2% (PY: 0.15).
- BHFL trades at 3.4x FY27E P/BV (Bloomberg estimates).

AUM rises ~26% YoY; disbursements grow ~17% YoY

- AUM grew 26% YoY to ~INR1.08t, while 3QFY25 disbursements grew ~17% YoY to ~INR126b. Home Loans grew ~23% YoY, LAP grew 19% YoY, LRD grew 26% YoY, and Developer Financing grew 59% YoY.
- Management guided for medium-term AUM growth of ~24%-26% and an RoA of ~2.0%-2.2%. This, along with leverage of 7x-8x, will translate into an RoE of 13-15%.
- The developer financing book is an important ingredient in the growth of its retail book. BHFL has been in the industry for seven years, and out of 1,300 cases (to date) in developer finance, the company has seen only four projects slip into NPAs. Of these, two cases are already in the NPA bucket.

Reported NIM contracts ~10bp QoQ; asset quality stable

- BHFL's reported **3QFY25 NIM contracted ~10bp QoQ to ~4.0% (vs 4.1% in 2QFY25).** Reported yields declined ~10bp QoQ to ~9.8%, while CoB was stable at ~7.9%, resulting in spreads remaining stable QoQ at ~1.9%.
- Management shared that competitive intensity, which is already at elevated levels, will continue to persist. Further, yield pressures may arise due to scaling efforts and a strategic shift in the product mix.
- Asset quality was stable with GS3/NS3 at 0.29%/0.13%. PCR declined ~225bp QoQ to ~55%.
- Management guided for optimal leverage of 7x-8x and credit costs of ~20-25bp in the medium term.
- RoA/RoE in 3QFY25 stood at ~2.4%/12% and CRAR was ~28% as of Dec'24.

CONFERENCE CALL

Highlights from the management commentary

Financial performance

- Total AUM grew 26% YoY. Within this, Home Loans grew 23% YoY, LAP grew 19% YoY, LRD grew 26% YoY, and Developer Financing grew 59% YoY.
- Disbursements grew ~17% YoY.
- NIM contracted to 4.0%, compared to 4.1% QoQ
- There is no management overlay remaining in BHFL now. Credit costs, gross of the overlay released, stood at 0.2% compared to 0.15% in 3QFY24.

Medium-term guidance on key financial indicators (three-year guidance)

- AUM growth of 24-26%, Opex to NTI of 14-15%, GNPA of 40-60bp, PCR of 40-50%, credit costs of 20-25bp, leverage of 7x-8x, RoA of 2.0-2.2%, and RoE of 13-15%
- Medium-term guidance takes into account the interest rate cycles.
- Competitive intensity, which is already high, will continue to remain high. There could be some yield compression as well with scale and change in the product mix.
- Over the medium term, gross spreads will be in the range of 1.8-2.0% at the book level.
- The company plans an equity capital raise between leverage of 7x-8x.

Strategy for affordable home loans

- The strategy will remain anchored on purchase transactions and not on BT-IN. 10-15% of the total disbursals could be BT.
- Core markets for affordable home loans will be Maharashtra, Rajasthan, and Gujarat.
- Near-prime will come from the peripheries of the top 26 markets and affordable segment from Tier 2 cities and beyond.
- Affordable ATS will be INR1.6m-1.7m and Near-prime ATS will be INR3.4m-3.5m.

View on the real estate cycle

- Residential real estate has witnessed some slowdown this year compared to the last year. Launches have been lower, leading to a decline in sales. Sales tend to be stronger when new launches take place.
- In real estate, inventory levels are low, and even if there is a slowdown in sales, the country could be at least 3-4 years away from any potential real estate downturn.

Developer financing

- Even if launches are slow, BHFL will continue to grow at a healthy pace since the size of its DF book is still very small.
- DF book is an important ingredient in the growth of its retail book.
- Barring one or two projects, the project moratorium is in line with the RERA completion date and from when the DCCO starts. In its history, BHFL has given only two DCCO extensions to date, of which, one loan has successfully been closed, and the other loan is at part of Stage 3.
- There is never a moratorium on interest servicing. Principal repayments are obligated to start from the DCCO date, but given the strong pre-sales, the developer starts repaying the principal much earlier.
- BHFL has been in the industry for seven years, and out of 1300 cases (to date) in developer finance, it has seen only four projects slip into NPA. Two of those cases are still in the NPA bucket.

- DF acts as a funnel for Home Loans and serves as a return-enhancer. BHFL would prefer that its DF business does not exceed 12-15% of the AUM mix.

LRD

- Property is mortgaged to BHFL at a lower LTV. Cashflows are higher than the EMI payment. As rent escalations occur, the tenor increases.
- LRD has grown much faster in the last two years since the risk-return metrics were much better.

Home loans

- A dominant proportion of the home loan book will remain prime in the medium term.
- 5%-10% of the home loan book can be affordable. While yields are better in affordable home loans, the cost to originate these loans is much higher. The affordable segment will not result in any significant expansion in the RoA profile.
- There have been delays in registrations in Karnataka due to the introduction of e-Khata. However, there is no long-term or persistent impact expected in Karnataka.
- BHFL operates in the 9-13% yield segment for home loans.

Principal Business Criteria (PBC)

- PBC states that ~50% should be individual home loans (excluding any top-up loans) and ~60% should be residential loans.
- It expects near-prime and affordable verticals to be significant contributors.
- Individual home loans (excl. top up loans) as a % of total assets are ~50.9%.
- Residential loans are ~62.1% of the total assets.
- Bank term loans, make up 30% of its total liabilities and are linked to EBLR, while ~13% are linked to MCLR.

Asset quality

- Gross of the overlay release, credit costs stood at 0.2% (vs 0.15% in 2QFY25 and 0.17% in 3QFY24). Credit costs were higher, primarily due to provisions and the change in product mix in Stage 1.
- Stage 2 includes both 31-90dpd and <30dpd accounts that are classified under Stage 2 due to a significant increase in credit risk (SICR).

Other

- BT-OUT levels are broadly stable and stood at ~12%, which is more or less in line with the previous quarters.
- Near-Prime and affordable verticals will gradually become material in the overall scheme of things.
- All products will be offered across all BHFL branches.

Quarterly numbers **INR m**

Particulars	FY24				FY25E			FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Interest Income	16,682	17,823	18,455	19,076	20,635	22,269	23,220	72,036
Interest Expense	10,622	11,508	12,004	12,793	13,988	15,137	15,159	46,926
Net interest income	**6,061**	**6,315**	**6,451**	**6,283**	**6,648**	**7,133**	**8,060**	**25,110**
Growth YoY (%)	*36.5*	*26.7*	*17.5*	*10.9*	*9.7*	*13.0*	*24.9*	*22.0*
Other operating income	964	1,292	1,008	889	1,452	1,833	1,270	4,152
Net total income	**7,025**	**7,607**	**7,459**	**7,172**	**8,100**	**8,966**	**9,331**	**29,262**
Growth YoY (%)	*18.2*	*28.9*	*16.9*	*13.6*	*15.3*	*17.9*	*25.1*	*19.2*
Operating expenses	1,695	1,674	1,735	1,937	1,701	1,840	1,846	7,040
Operating profits	**5,330**	**5,933**	**5,724**	**5,235**	**6,399**	**7,126**	**7,485**	**22,222**
Growth YoY (%)	*22.7*	*33.8*	*18.8*	*12.9*	*20.1*	*20.1*	*30.8*	*21.9*
Provisions	67	183	6	353	100	50	355	609
Profit before tax	**5,262**	**5,750**	**5,719**	**4,882**	**6,299**	**7,076**	**7,130**	**21,613**
Tax expenses	644	1,239	1,349	1,069	1,473	1,620	1,650	4,301
Net profit	**4,618**	**4,511**	**4,370**	**3,813**	**4,826**	**5,456**	**5,480**	**17,312**
Growth YoY (%)	*46.1*	*47.4*	*30.7*	*26.5*	*4.5*	*20.9*	*25.4*	*37.6*

Automobiles

Some trend reversal visible in recent months

Outperformers: HMSI in 2Ws, MM in PVs, and VECV/MM in CVs

"The young Indian customer today is willing to pay a higher price if they see value in it. While value for money remains important, we are seeing a surge in demand for higher- end variants, and that's a key trend we are focusing on moving forward"

Mr. Partho Banerjee, Senior Executive Officer - Marketing and Sales, **MSIL**

- **We have analyzed volume data for Dec'24 and YTDFY25 for all segments. The 2W ICE segment has outperformed on YTD basis, though the trend has reversed in Dec'24 and 3QFY25. 2W growth (3%) has marginally trailed PV growth (4%) in 3Q. In fact, in Dec'24, 2W sales declined 10.8% YoY, whereas PV sales grew 10% YoY.**
- **Within 2Ws, the ICE scooter segment has posted 15% YoY growth YTD and the motorcycle segment has seen ~8% YoY growth. HMSI has outperformed in both 2W ICE scooter/motorcycle segments, increasing its market share by 90bp/335bp YoY to 48.4%/20% YTD, respectively.**
- **PVs has seen a modest 1.8% growth YoY on YTDFY25 basis. UVs continue to outperform, with their contribution to PVs now increasing to 65.3%. Key outperformers this fiscal are MM and Toyota, which have gained market share by 200bp and 165bp, respectively, for YTDFY25 in PVs.**
- **In CVs, VECV has outperformed in MHCV goods segment, while MM has outperformed in LCV goods on YTD basis.**
- **Our top picks in auto OEMs are MSIL, MM and Hyundai.**

HMSI – the only player to have gained share in domestic ICE 2Ws

- Domestic 2W ICE volumes declined 10.8% YoY in Dec'24, but they have increased by 10% YTD.
- While the motorcycle segment has grown 8% YoY for YTD, ICE scooter volumes have grown 15% YoY.

Segmental trends:

Motorcycle segment:

- As highlighted above, the domestic motorcycle industry has posted 8% YoY growth YTD.
- HMSI has been the only player to have gained share in motorcycles, up 335bp to 20% on YTD basis.
- BJAUT has lost the most share by 160bp to 17%.

100cc segment:

- The segment continues to underperform the industry and has posted 3.6% YoY growth so far in FY25.
- Despite its high share, HMCL has done well to further gain 60bp share to 77.6% in this segment.
- The only other player to have gained in this segment is HMSI: +125bp to 7.2%.
- While BJAUT has lost 150bp share to 9.3%, TVSL has lost 40bp share to 5.9%.
- **For HMCL, Splendor continues to be its key growth driver, with 13.5% YoY growth YTD. On the other hand, HF/Passion have posted 6%/38% YoY decline in volumes.**
- **The key highlight for HMSI in this segment is that unlike the popular perception, growth in the 100cc segment has been driven by Dream (+63% YoY) and Livo (+148% YoY). Its Shine 100 saw just 6% YoY growth.**

125cc segment:

- The segment continues to be the key growth driver of the motorcycle industry and has posted 15% YoY growth so far in FY25.
- In this segment, HMSI has gained 420bp share to 43.7%.
- Even HMCL has outperformed this segment on the back o**f healthy demand for its Xtreme125R**. HMCL has gained 190bp share to 20.1%. It is important to highlight that while Xtreme125R has done well, it seems to have also cannibalized its own models in the segment: **Glamour sales down 20% YoY and Super Splendor sales down 26% YoY on YTD basis.**
- Market share for BJAUT/TVSL declined by 260bp/350bp to 24.9%/11.3% for YTD.
- BJAUT seems to have discontinued CT125. Its growth in this segment has been primarily driven by incremental volumes of Freedom 125 **(sold ~71k units YTD, but only 4173 units in Dec24). However, Pulsar125 volumes have declined 3.7% YoY for YTD.**

150-250cc segment:

- This segment has posted 9.4% YoY growth on YTD basis.
- Here again, HMSI has significantly outperformed the segment and has gained 550bp share to 21.9%.
- TVSL has also done well with 21% YoY growth YTD and has gained 230bp share to 23.6%.
- On the other hand, segment leader BJAUT has underperformed the industry and has lost 400bp share to 30.5%.
- Despite its new launches, HMCL continues to post weak numbers. It has lost 70bp share to 3% on YTD basis.

Scooters ICE segment

- The segment has posted 15% YoY growth on YTD basis.
- While TVSL has gained over 110bp share to 24.3%, HMSI has gained 90bp share to 48.4%. Even Suzuki has gained 40bp share to 16.4%.
- The recently launched upgrade of TVS Jupiter has been well accepted by customers and is driving market share gains for the company. The new Jupiter is seeing such a strong demand that TVSL sold 88.7k units of this model in Dec'24.
- HMCL continues to underperform and has lost 210bp share to 5.2%.

PV update – UV mix further rises to 65.3%

- PV industry grew by 10% YoY in Dec'24 and 1.8% in YTDFY25.
- UV contribution has now increased to 65.3% so far in FY25.
- MSIL's market share has fallen by 90bp YoY to 40.6%, mainly due to a consistent fall in the passenger car segment, in which MSIL has a significantly high share.
- Key outperformers this fiscal are MM and Toyota, which have seen their market share rise by 200bp and 165bp, respectively, for YTDFY25. TTMT/Hyundai recorded a decline of 42/56bp to 13.3%/ 14.2%.

Car segment:

- The segment grew 7% YoY in Dec'24 but has declined 15% YTDFY25.
- All players have posted volume decline on YTD basis.

- MSIL continued to strengthen its position in the segment and has gained 370bp share to 66%, Toyota has also gained 40bp share to 3.9%.
- An interesting fact to highlight is that in the mid-size sedan segment, VW Virtus is now the market leader with 38.3% market share on YTD basis.

UV segment:
- The UV segment continues to outperform with 12.6% YoY growth on YTD basis.
- Among top gainers, Toyota has gained about 200bp share to 9.3% and MM has gained 130bp share to 19.6%. **MM's growth is driven by Scorpio (+25.6% YoY), XUV 3XO (+71%), Thar (+25%) and XUV 700 (+19%)**.
- MSIL has also gained 50bp share in UVs to 25.8%, driven by **Ertiga (+39% YoY), Fronx (+23%), and Brezza (+15%).**
- For Kia Motors, Sonet has grown 49% YoY, while Seltos is down 33% YoY on YTD basis.
- For TTMT, Punch remains its growth driver with 28% YoY growth on YTD basis. However, Nexon volumes are down 8% YoY on YTD basis. Tata Curvv has so far sold 23,664 units since its launch in Sep'24.
- For Hyundai, its growth drivers include Exter (+28% YoY) and Creta (+20% YoY).
- For Toyota, its strong growth has been driven by incremental volumes from Taisor, Rumion, Urban Cruiser Hyryder and Innova Hycross. Surprisingly, Innova Crysta has posted 3% YoY decline on YTD basis, indicating a shift in customer preference toward Hycross.
- On the other hand, Hyundai/Kia have lost market share by 75bp/115bp YTD to 14.8%/8.8%.

CV update – Domestic CV volumes down 2% YoY on YTD basis

- In the goods category, the MHCV goods segment is down 6.6% YoY on YTD basis and the LCV goods segment is down 2.9% YoY.
- In the passenger segment, MHCV bus volumes have grown 32.5% YoY, while LCV buses are flat on YTD basis.

MHCV goods:
- As highlighted above, the MHCV goods segment has posted 6.6% YoY decline on YTD basis.
- VECV has outperformed the industry and gained nearly 100bp share to 17%.
- While AL has lost 55bp share to 30%, TTMT has marginally lost share (50%).

LCV goods:
- This segment has posted about 3% YoY decline on YTD basis.
- In this segment, MM has gained about 200bp share to 49% from TTMT (-245bp to 30%).
- Even MSIL has gained 60bp share to 7% on YTD basis.

Bus segment:
- In the passenger segment, the MHCV segment has posted 32.5% YoY growth, whereas LCV bus volumes are flat on YTD basis.
- In MHCV buses, TTMT has gained 600bp share to 34% from other large peers.

- In LCV buses, TTMT has lost 600bp share to 25%, while Force Motors has gained 300bp share to 49%.

Valuation and view

- While the 2W segment has outperformed PVs so far in FY25, we expect its growth to moderate for the rest of the year.
- MSIL is our top pick among auto OEMs as it continues to be a play on the rural recovery with attractive valuation. We like MM for its healthy demand momentum in both SUVs and tractors for FY25. We also like Hyundai as it appears well aligned to benefit from the industry trends toward UVs.

Domestic 2W ICE volumes grew 10% YoY YTDFY25

Total domestic 2Ws ICE	Dec-24	YoY (%)	YTDFY25	YoY (%)
HMCL	2,93,512	-22.1	42,93,027	5.2
HMSI	2,70,919	-5.3	41,38,346	22.6
BJAUT	1,07,315	-26.0	16,01,638	-1.2
TVSL	1,95,044	-4.3	24,53,801	10.7
Others	1,86,632	10.0	19,98,450	7.9
Total	**10,53,422**	**-10.8**	**1,44,85,262**	**10.2**

Source: SIAM, MOFSL

Market share trend in overall domestic 2W

Market Share (%)	Dec-24	YoY (bps)	YTDFY25	YoY (bps)
HMCL	27.9	-403	29.6	-141
HMSI	25.7	150	28.6	289
BJAUT	10.2	-209	11.1	-127
TVSL	18.5	127	16.9	8
Others	17.7	335	13.8	-29

Source: SIAM, MOFSL

Motorcycle volumes grew 8% YoY YTDFY25

Domestic Motorcycles	Dec-24	YoY (%)	YTDFY25	YoY (%)
HMCL	2,69,606	-20.6	40,51,492	7.0
BJAUT	1,07,315	-26.0	16,01,638	-1.2
TVSL	53,917	-34.1	9,30,223	1.1
HMSI	1,35,771	14.4	18,84,830	29.7
RE	67,891	18.5	6,52,856	3.6
Others	19,308	-26.0	3,21,598	-3.7
Total	**6,53,808**	**-14.9**	**94,42,637**	**8.0**

Source: SIAM, MOFSL

Market share trend in domestic motorcycles

Market Share (%)	Dec-24	YoY (bps)	YTDFY25	YoY (bps)
HMCL	41.2	-295	42.9	-39
BJAUT	16.4	-246	17.0	-157
TVSL	8.2	-240	9.9	-67
HMSI	20.8	532	20.0	335
RE	10.4	293	6.9	-29
Others	3.0	-44	3.4	-41

Source: SIAM, MOFSL

100cc motorcycle volumes grew 3.6% YoY YTDFY25

100CC	Dec-24	YoY (%)	YTDFY25	YoY (%)
HMCL	2,32,075	-26.2	34,39,544	4.5
BJAUT	29,450	-0.7	4,11,454	-10.6
TVSL	13,342	-30.0	2,62,447	-3.2
HMSI	14,610	-6.4	3,20,804	25.5
Total	**2,89,477**	**-23.6**	**44,34,249**	**3.6**

Source: SIAM, MOFSL

HMSI and HMCL gained share in 100cc segment

Market Share (%)	Dec-24	YoY (bps)	YTDFY25	YoY (bps)
HMCL	80.2	-285	77.6	63
BJAUT	10.2	234	9.3	-147
TVSL	4.6	-42	5.9	-42
HMSI	5.0	93	7.2	126

Source: SIAM, MOFSL

125CC motorcycle volumes grew 15% YoY YTDFY25

125CC	Dec-24	YoY (%)	YTDFY25	YoY (%)
HMSI	91,867	17.8	12,06,944	27.8
HMCL	33,766	75.3	5,55,441	27.4
BJAUT	46,105	-24.9	6,87,964	4.4
TVSL	17,454	-55.7	3,13,317	-11.7
Total	**1,89,192**	**-4.5**	**27,63,666**	**15.4**

Source: SIAM, MOFSL

HMSI and HMCL gained share in 125cc segment

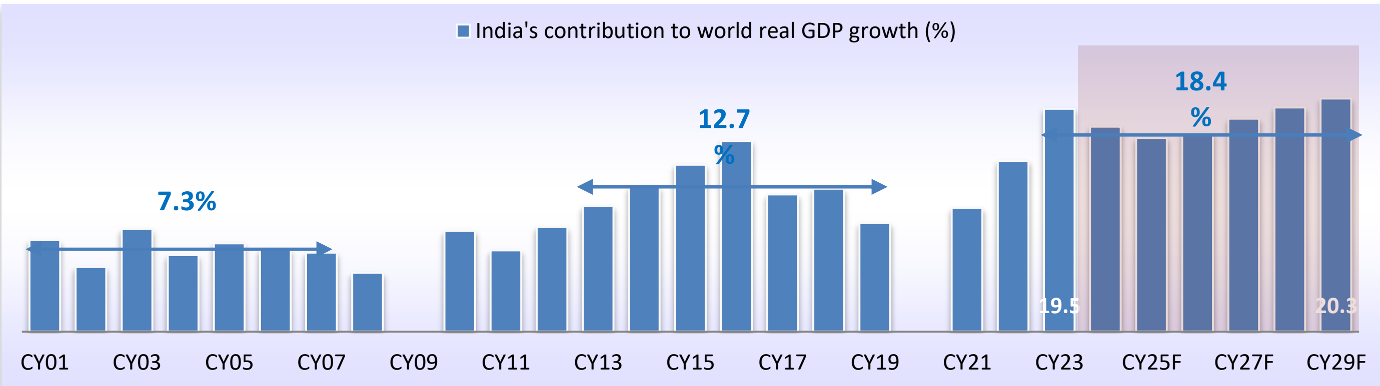
Market Share (%)	Dec-24	YoY (bps)	YTDFY25	YoY (bps)
HMSI	48.6	918	43.7	424
HMCL	17.8	813	20.1	189
BJAUT	24.4	-663	24.9	-263
TVSL	9.2	-1068	11.3	-349

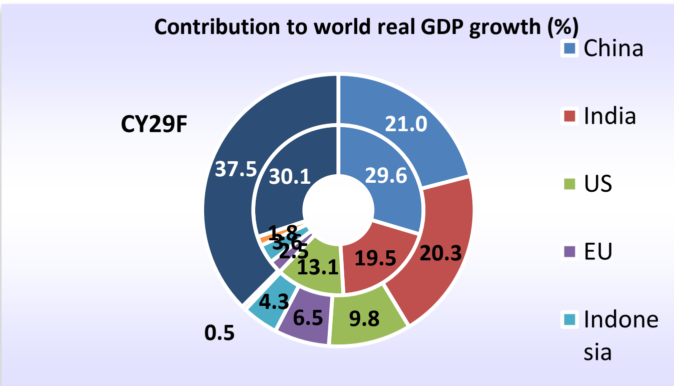
Source: SIAM, MOFSL

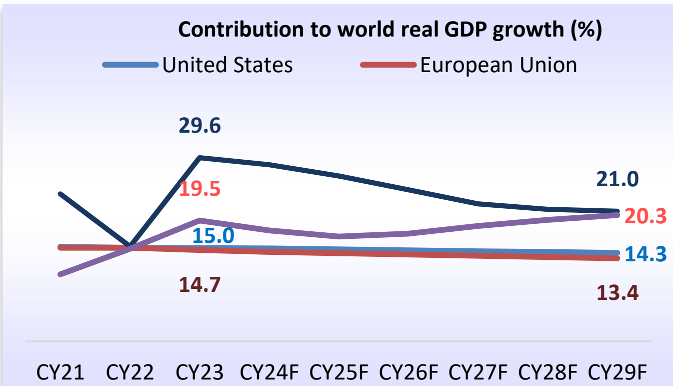
GLOBAL ECONOMY | 4QCY24: A one-stop guide to the key macro/financial indicators

- **Global equity markets remained buoyant in 4QCY24, though bond yields hardened and US Dollar (USD) strengthened. The anticipation and the eventual win of Donald Trump in the US presidential elections supported these movements in the financial markets, which continued in Jan'25 as well.**
- **World real GDP growth was stable at 3.0% for the fourth consecutive quarter in 3QCY24. Although India's growth weakened to 5.4% in 3QCY24, it was still the world's fastest-growing economy for the fourth consecutive quarter. Retail sales growth remained stable at 2-3%, with subdued growth (of 1-2%) in industrial production.**
- **Global inflation has eased in recent months, but the last-mile journey is turning out to be very difficult as both headline and core inflation have been stable at about 2.5% during the past 3-4 months.**
- **Monetary stimulus is wearing off globally (shown by the shrinking size of central banks' balance sheets), though the global fiscal deficit likely widened in 2HCY24. Most central banks have already cut interest rates starting from 4QCY24.**
- **Lastly, the US housing market and labor market continue to show resilience, though China's real estate market remains in the doldrums.**

India's contribution to the world real GDP growth rate stood at 19.5% in 2023/FY24, the highest since 1980







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- US Business aims to bring it to profitable levels
- Margin expected to be at approx. 32% in FY25
- Q3 Saw an impact of insulin business, impact growth by 2% and will normalize in Q1

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- Aim to sustain Int Margin at around 6%
- FY26 will be a Transient YEAR

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- Disputes with brothers is only abt the value about the brand LODHA
- Confident about meeting FY25 Guidance of Rs17,500cr

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- Seeing scope for margins in international business to go up by another 200 Bps for sure
- Margin Pressure for INDIA to Continue into Q4

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