Market snapshot

Equities - India	Close	Chg .%	CY24.%
Sensex	76,533	0.8	8.2
Nifty-50	23,163	0.9	8.8
Nifty-M 100	52,719	2.3	23.9
Equities-Global	**Close**	**Chg .%**	**CY24.%**
S&P 500	6,039	-0.5	23.3
Nasdaq	19,632	-0.5	28.6
FTSE 100	8,558	0.3	5.7
DAX	21,638	1.0	18.8
Hang Seng	7,382	0.0	26.4
Nikkei 225	39,415	1.0	19.2
Commodities	**Close**	**Chg .%**	**CY24.%**
Brent (US$/Bbl)	78	0.0	-4.5
Gold ($/OZ)	2,759	-0.2	27.2
Cu (US$/MT)	8,944	0.9	2.2
Almn (US$/MT)	2,613	1.9	7.7
Currency	**Close**	**Chg .%**	**CY24.%**
USD/INR	86.6	0.0	2.9
USD/EUR	1.0	-0.1	-6.2
USD/JPY	155.2	-0.2	11.5
YIELD (%)	**Close**	**1MChg**	**CY24 chg**
10 Yrs G-Sec	6.7	0.00	-0.4
10 Yrs AAA Corp	7.2	0.00	-0.5
Flows (USD b)	**29-Jan**	**MTD**	**CYTD**
FIIs	-0.3	1.02	-0.8
DIIs	0.21	4.22	62.9
Volumes (INRb)	**29-Jan**	**MTD***	**YTD***
Cash	966	1011	1011
F&O	1,62,246	1,86,248	1,86,248

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Maruti Suzuki: In-line performance; visible signs of improving rural demand

- Maruti Suzuki India (MSIL) reported an in-line performance during 3QFY25. Margin dilution in Q3 was restricted to 30bps QoQ despite the rise in discounts due to favorable operating leverage benefits.
- Retail demand showed signs of recovery, with retail sales rising ~8% YoY in 3Q (vs 3.5% YoY growth in 9MFY25), mainly driven by rural markets.
- We keep our estimates unchanged. For FY26, we anticipate multiple launch tailwinds for MSIL, including: 1) an EV launch, for India and exports; 2) hybrid variants; and 3) one more SUV.
- The stock is attractively valued at 23x/21x FY26E/FY27E EPS. **Reiterate BUY with a revised TP of INR14,500 (premised on 26x Dec'26E EPS).**

Research covered

Cos/Sector	Key Highlights
Maruti Suzuki	In-line performance; visible signs of improving rural demand
Bajaj Finance	Exuding confidence to drive growth; credit costs peak
TATA Motors	Growth outlook remains weak across all key segments
Ambuja Cements	Weak realization and cost pressure drag performance
Other Updates	Indian Bank | ACC | Piramal Pharma | Star Health | R R Kabel | Mahanagar Gas | Westlife Foodworld | Home First Finance | Syrma SGS Technology | Sunteck Realty | SIS | TeamLease | SRF | Voltas | Hitachi Energy | Brigade Enterprises | CAMS | Blue Dart Express | Craftsman Automation | MAS Financial Services

Chart of the Day: Maruti Suzuki (In-line performance; visible signs of improving rural demand)

Trend in volumes

('000 units)	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)
Mini	27.9	27.1	2.8	31.0	-10.1
% of total	*4.9*	*5.4*		*5.7*	
MPV+LCVs	42.8	41.4	3.5	43.3	-1.2
% of total	*7.6*	*8.3*		*8.0*	
Compact incl Dzire tour	209.3	205.4	1.9	207.1	1.1
% of total	*37.0*	*41.0*		*38.2*	
Mid-size	1.7	1.5	17.6	2.0	-12.8
% of total	*0.3*	*0.3*		*0.4*	
UV	185.3	154.1	20.2	180.5	2.6
% of total	*32.7*	*30.7*		*33.3*	
Exports	99.2	71.8	38.2	77.7	27.7
% of total	*17.5*	*14.3*		*14.4*	
Total Sales	**566.2**	**501.2**	**13.0**	**541.6**	**4.6**
Total Dom. PV MS (%)	**40.7**	**41.6**	**-90bp**	**43.2**	**-250bp**

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In the news today

Kindly click on textbox for the detailed news link

1

US Fed signals no rush for rate cuts amid elevated inflation, but markets trim losses as Powell downplays worry

The US Fed held policy rates steady, removed a reference to inflation progress, and signaled no rush for cuts. Markets initially fell but trimmed losses as Jerome Powell downplayed concerns over the wording change.

2

AI spy! India keeps vigil as privacy fears run deep

Indian officials said these are open-source models that can run locally on devices but their privacy policies state that data can be stored in servers in China, sparking concern. They added a clearer picture will emerge in about a week on the movement of Indian citizens' data out of India and into China

3

Car buyers eye upgrade amid a flurry of premium models

Rising demand for premium passenger vehicles is leading automakers to focus on this segment with new offerings, particularly in the electric vehicle space. Sales of utility vehicles priced at ₹30 lakh to ₹60 lakh have grown by 12% in the first nine months of FY25, and companies like Mercedes-Benz and BMW are leveraging tax benefits to make EVs…

4

RBI expresses concerns over small finance banks: Mergers suggested to mitigate risks

The RBI has developed 'supervisory discomfort' with some small finance banks due to high concentration risks and rising asset quality stress. These banks have been advised to explore mergers to mitigate these concerns. Small finance banks with significant exposure to the microfinance sector …

5

India considering lowering tariffs on some high-end products from US

The potential tariff cuts come just a day after US President Donald Trump criticised India, China, and Brazil for imposing high tariffs

6

India's semiconductor market to touch $103 billion by 2030: IESA

IESA said the government needs to prioritise local value addition, and set a target of 25% local value addition by 2025-26 and 40% by 2030 in electronics manufacturing

7

Venture capital fundraising stays tepid in 2024 at $2.8 billion

Last year till November, VCs reaped a record $4.06 billion from public market exits, data from Venture Intelligence showed.

Maruti Suzuki

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	MSIL IN
Equity Shares (m)	314
M.Cap.(INRb)/(USDb)	3765.9 / 43.5
52-Week Range (INR)	13680 / 9875
1, 6, 12 Rel. Per (%)	12/1/13
12M Avg Val (INR M)	6755

Financials & valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	1,502	1,678	1,875
EBITDA	180	197	225
Adj. PAT	145	161	180
EPS (INR)*	462	512	573
EPS Gr. (%)	10.0	10.9	11.9
BV/Sh. (INR)	2,988	3,356	3,764
Ratios			
RoE (%)	14.8	15.3	15.2
RoCE (%)	20.6	20.2	20.2
Payout (%)	31.4	32.2	28.8
Valuations			
P/E (x)	25.9	23.4	20.9
P/BV (x)	4.0	3.6	3.2
EV/EBITDA (x)	16.8	15.0	12.7
Div. Yield (%)	1.2	1.4	1.4

*Cons. Adj.

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	58.3	58.2	58.2
DII	23.0	20.9	17.8
FII	15.5	17.7	20.6
Others	3.3	3.2	3.4

FII includes depository receipts

CMP: INR11,978 TP: INR14,500 (+21%) Buy

In-line performance; visible signs of improving rural demand

Demand recovery visible in 3QFY25; inventory level at just nine days

- Maruti Suzuki India (MSIL) reported an in-line performance during 3QFY25. Margin dilution in Q3 was restricted to 30bps QoQ despite the rise in discounts due to favorable operating leverage benefits. Retail demand showed signs of recovery, with retail sales rising ~8% YoY in 3Q (vs 3.5% YoY growth in 9MFY25), mainly driven by rural markets.
- We keep our estimates unchanged. For FY26, we anticipate multiple launch tailwinds for MSIL, including: 1) an EV launch, for India and exports; 2) hybrid variants; and 3) one more SUV. The stock is attractively valued at 23x/21x FY26E/FY27E EPS. **Reiterate BUY with a revised TP of INR14,500 (premised on 26x Dec'26E EPS).**

Minimal margin dilution QoQ despite rise in discounts

- 3QFY25 standalone revenue/EBITDA/PAT grew ~16%/14%/13% YoY to INR384.9b/44.7b/35.3b (est. INR385.1b/43.8b/34.8b). 9MFY25 revenue/EBITDA/PAT grew 8%/15%/16% YoY.
- Revenue growth was driven by 13% YoY growth in volumes and ~2% YoY growth in ASP at ~INR679.8k (est. INR680.1k).
- Gross margins contracted 70bp YoY (+30bp QoQ) to 28.4%, while EBITDA margin came in at 11.6% (-10bp YoY/-30bp QoQ, est. 11.4). The company reported incremental cost pressures, including: 1) sales promotion up 20bp QoQ; 2) higher marketing spend due to the launch costs of Dzire and e-Vitara – up 40bp QoQ; and 3) adverse forex of 30bp QoQ. Discounts for 3Q stood at INR 30,990 per unit vs INR29,300/unit in 2Q.
- However, these were offset by lower input costs (30bp) and operating leverage benefit (30bp).
- Overall, EBITDA grew ~14% YoY to INR44.7b (est. INR43.8b).
- Adj. PAT for the quarter grew 13% YoY at INR35.3b (in line).

Highlights from the management commentary

- **3Q retails grew 8.3% YoY to 573k units:** This marked the highest-ever performance, led by festive momentum and higher discounting. This resulted in a 3.5% retail growth for MSIL over 9M. The company expects to deliver similar retail growth in 4Q. Rural (+15%) is performing better than urban (+2.5%) for MSIL.
- **Preference for high-end models continues:** In the hatchback segment, higher-end hatches are outperforming lower-end ones. Similarly, in rural areas, consumer trends are increasingly aligning with urban regions, with a noticeable shift toward premiumization.

- **Exports:** MSIL continues to witness strong growth across many export regions, including Africa, LatAm, ME, and ASEAN.
- **e-Vitara** will be exported to over 100 countries globally. MSIL is poised to become the No. 1 EV OEM by production in India in its first year of launch. With the launch of e-Vitara, the company plans to develop an EV ecosystem, including a charging network, dealer capabilities, roadside assistance, etc.

Valuation and view

- For FY26, we see multiple launch tailwinds for MSIL, such as its first EV for India and exports, hybrid variants, and one SUV. Further, any favorable policy for hybrids by the government may drive a re-rating as MSIL would be the key beneficiary of the same.
- We expect MSIL to deliver an 11% earnings CAGR over FY24-27E, driven by new launches and strong export growth. While we have factored in stable margins over FY24-27E, there could be a upside risk to our estimates if PV demand revives and MSIL is able to retain the benefits of an improving mix. At 23x FY26E/21x FY27E EPS, valuations appear attractive. Reiterate our BUY rating with a TP of INR14,500, valuing at 26x Dec'26E EPS.

S/A Quarterly Performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E		Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	(%)
Financial Performance												
Volumes ('000 units)	498.0	552.1	501.2	583.7	521.9	541.6	566.2	567.0	2,134.9	2,196.6	566.2	0.0
Change (%)	6.4	6.7	7.6	13.3	4.8	-1.9	13.0	-2.9	8.6	2.9	13.0	
ASP (INR '000/car)	649.1	671.3	664.6	655.1	680.9	687.0	679.8	686.8	660.1	683.6	680.1	0.0
Change (%)	14.6	16.1	6.6	5.3	4.9	2.3	2.3	4.8	10.4	3.6	2.3	
Net operating revenues	**323.3**	**370.6**	**333.1**	**382.3**	**355.3**	**372.0**	**384.9**	**389.4**	**1,409**	**1,502**	385.1	0.0
Change (%)	22.0	23.8	14.7	19.3	9.9	0.4	15.6	1.8	19.9	6.6	15.6	
RM Cost (% of sales)	72.8	70.6	70.9	71.4	70.2	71.9	71.6	71.8	71.4	71.4	72.1	-50BP
Staff Cost (% of sales)	4.5	3.5	4.0	3.6	4.4	3.9	4.0	4.0	3.9	4.1	3.8	20BP
Other Cost (% of sales)	13.5	12.9	13.3	12.8	12.8	12.3	12.8	12.3	13.1	12.5	12.7	10BP
EBITDA	**29.8**	**47.8**	**39.1**	**46.9**	**45.0**	**44.2**	**44.7**	**46.4**	**164**	**180**	**43.8**	2.0
EBITDA Margins (%)	9.2	12.9	11.7	12.3	12.7	11.9	11.6	11.9	11.6	12.0	11.4	20BP
Depreciation	7.5	7.9	7.5	7.3	7.3	7.5	8.1	8.2	30.2	31.1	7.7	
EBIT	**22.4**	**39.9**	**31.6**	**39.6**	**37.7**	**36.7**	**36.7**	**38.2**	**134**	**149**	**36.1**	1.5
EBIT Margins (%)	6.9	10.8	9.5	10.3	10.6	9.9	9.5	9.8	9.5	9.9	9.4	
Interest	0.5	0.4	0.4	0.8	0.6	0.4	0.5	0.4	1.9	1.9	0.5	
Non-Operating Income	10.0	8.4	9.3	11.2	9.8	14.8	9.9	9.6	38.5	43.9	9.5	
PBT	**31.9**	**48.0**	**40.5**	**50.0**	**46.9**	**42.6**	**46.0**	**47.3**	**170.4**	**191.2**	**45.2**	
Effective Tax Rate (%)	22.1	22.6	22.8	22.4	22.2	28.0	23.4	22.8	22.5	22.9	22.9	
Adjusted PAT	**24.9**	**37.2**	**31.3**	**38.8**	**36.5**	**36.7**	**35.3**	**36.5**	**132.1**	**147.3**	**34.8**	1.3
Change (%)	145.4	80.3	33.1	47.8	46.9	-1.2	12.6	-5.8	64.1	11.5	11.2	

Bajaj Finance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BAF IN
Equity Shares (m)	619
M.Cap.(INRb)/(USDb)	4803.2 / 55.5
52-Week Range (INR)	7824 / 6188
1, 6, 12 Rel. Per (%)	15/21/1
12M Avg Val (INR M)	8583

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Income	454	562	697
PPP	303	377	472
PAT	168	213	270
EPS (INR)	271	344	436
EPS Gr. (%)	16	27	27
BV/Sh. (INR)	1,585	1,884	2,266
Ratios			
NIM (%)	9.8	9.8	9.8
C/I ratio (%)	33.2	32.8	32.4
RoA (%)	4.0	4.0	4.1
RoE (%)	19.2	19.8	21.0
Payout (%)	15.0	13.1	12.4
Valuations			
P/E (x)	28.6	22.6	17.8
P/BV (x)	4.9	4.1	3.4
Div. Yield (%)	0.5	0.6	0.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	54.7	54.7	54.8
DII	15.2	15.1	14.1
FII	20.8	20.9	21.0
Others	9.3	9.4	10.2

FII includes depository receipts

CMP: INR7,760 TP: INR8,300 (+7%) Neutral

Exuding confidence to drive growth; credit costs peak

Management transition and the current CEO's future role to remain in focus

- Bajaj Finance (BAF)'s reported PAT grew 18% YoY to ~INR43.1b (~5% beat) in 3QFY25. NII grew 23% YoY to INR93.8b (in line). Other operating income at INR22.9b rose 39% YoY (6% beat), driven by improvement in fee income and income from the sale of services.
- BAF's 3QFY25 NIM was steady QoQ at ~9.7%. The company sees a limited (~4-5bp) room for improvement in its CoF, irrespective of potential rate cuts in the current year. BAF aims to maintain stable margins as it enters the next fiscal year. However, any NIM compression can be mitigated by orchestrating its levers on fee income. We estimate NIM to remain largely range-bound at ~9.8-9.85% over FY26/FY27.
- BAF continued to take proactive risk actions by cutting segments and pruning exposures. Management shared that GS3 at ~1.1% as of Dec'24 remains well below the long-term guidance of GS3 of ~1.2-1.4%. Additionally, the company highlighted a notable improvement in collection efficiency in Dec'24 and Jan'25. BAF guided for credit costs of ~2.0%-2.05% in 4QFY25.
- **Management exuded confidence that, given that its credit costs have peaked, it would look to accelerate AUM growth in the (Rural) B2C segment in the foreseeable future. In addition, BAF's partnership with Bharti Airtel has the potential to become huge over the medium term, given there are ~200m non-overlapping Airtel customers that can be targeted by BAF.**
- BAF had announced a comprehensive 15-month transition plan for the senior leadership, and it expects the Board to take a view on the management transition by 4QFY25. **The MD, Mr. Rajeev Jain's, current tenure ends in Mar'25. He shared that he intends to remain with BAF and will be actively involved in developing the strategic vision for the company and driving its subsidiaries, subject to the direction of the Board and the NRC.**
- For FY26, management guided an **AUM growth of ~25%**, **credit costs of <2%**, and **PAT growth of ~22-23%**, contingent on a stable external environment. We broadly maintain our FY26/FY27 PAT estimates as credit costs have now peaked and will remain below the guided outer range. We estimate a CAGR of ~27%/23% in AUM/PAT over FY24-FY27 and expect BAF to deliver an RoA/RoE of ~4.1%/21% in FY27.
- Valuations at 3.4x P/BV and 18x FY27E P/E are not inexpensive, and the focus now will shift to the management transition and the role that Mr. Rajeev Jain will play in the company from Apr'25 onwards. We expect asset quality to stabilize from **4QFY25 onwards**, allowing BAF to navigate this mini-credit cycle effectively. However, we do not see any significant upside catalysts in the near term given that the management transition will be very keenly watched until more clarity emerges. **Reiterate Neutral with a TP of INR8,300 (premised on 4x Sep'26E P/BV).**

AUM up ~28% YoY; healthy new customer acquisitions

- BAF's total customer franchise increased to 97.1m, up 21% YoY and ~5.5% QoQ. New customer acquisitions stood at ~5.03m (vs. ~3.85m YoY and ~3.98m QoQ). The company is well on course to cross ~100m customer franchises by Mar'25. New loans booked rose ~22% YoY to ~12.1m (vs. ~9.9m in 3QFY24).
- Total AUM grew 28% YoY and ~6% QoQ to INR3.98t. The sequential AUM growth was driven by Urban B2C (+8%), Rural B2C (+7%), Rural B2B Sales Finance (+9%), SME (+6%), and Commercial (incl. LAS) (+9%). However, the Auto finance business was flat QoQ, given that the company has stopped doing Bajaj 2W/3W financing.

Minor deterioration in asset quality; GNPA rises ~5bp QoQ

- BAF's GS3/NS3 witnessed minor deterioration in asset quality with GNPA/NNPA rising ~5bp/2bp to ~1.1%/0.5%, respectively, and the Stage 3 PCR remaining stable QoQ at ~57%.
- Net credit costs in 3QFY25 stood at ~2.12% (PQ: ~2.1% and PY: ~1.7%). During the quarter, stage 2 assets increased by ~INR1b, while stage 3 assets rose by ~INR6b. The net increase in Stage 2 & 3 assets was ~INR6.1b. However, management shared that the net growth in Stages 2 &3 has now stabilized. We model net credit costs of 1.9%/1.8% in FY26/FY27E.

Highlights from the management commentary

- The company's leverage analysis based on Jun'24 bureau data suggests that customers having three or more live unsecured loans are showing a higher propensity to default and lower collection efficiencies. BAF has reduced the share of such customers significantly in new disbursements in line with pre-Covid levels.
- Delinquencies are relatively higher, and BAF continues to remain cautious in the used cars segment. Within used cars, elevated losses are in refinance and that's where BAF has taken sharp cuts in new volumes. Like all consumption loans, the refinance of used car loans is under pressure. The bounce rate in the used car portfolio was 10-11%, and the same in the new car portfolio was ~3.0-3.5%.

Valuation and view

- BAF reported a robust performance during the quarter driven by healthy AUM growth, while higher non-interest income and well-contained credit costs led to an earnings beat. BAF's key product segments (until now) have been the secular growth segments. However, its foray into multiple new areas, such as cars, tractors, CVs, and MFI, could (in the future) make its growth and credit costs vulnerable to cyclicality, despite having a well-diversified product mix.
- Despite a healthy PAT CAGR of ~23% over FY24-FY27E and RoA/RoE of 4.1%/21% in FY27E, we see limited upside catalysts. Consequently, we **reiterate our Neutral rating with a TP of INR8,300 (premised on 4x Sep'26E BVPS).**

Quarterly performance												(INR m)
Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act vs. Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,08,211	1,17,340	1,25,233	1,32,301	1,40,492	1,49,870	1,57,682	1,67,432	4,83,066	6,15,476	1,58,862	-1
Interest expenses	41,025	45,371	48,680	52,171	56,839	61,493	63,856	68,204	1,87,247	2,50,393	65,552	-3
Net Interest Income	**67,186**	**71,970**	**76,553**	**80,130**	**83,653**	**88,377**	**93,826**	**99,228**	**2,95,819**	**3,65,084**	**93,311**	1
YoY Growth (%)	27.4	30.0	29.3	28.1	24.5	22.8	22.6	23.8	28.7	23.4	21.9	
Other Operating Income	16,795	16,477	16,436	17,019	20,531	21,084	22,901	23,944	66,759	88,460	21,610	6
Net Income	**83,980**	**88,447**	**92,989**	**97,149**	**1,04,185**	**1,09,461**	**1,16,727**	**1,23,172**	**3,62,578**	**4,53,544**	**1,14,921**	**2**
YoY Growth (%)	33.3	26.3	25.1	25.0	24.1	23.8	25.5	26.8	25.7	25.1	23.6	
Operating Expenses	28,544	30,100	31,567	33,028	34,709	36,390	38,670	40,744	1,23,252	1,50,513	38,391	1
Operating Profit	**55,437**	**58,347**	**61,422**	**64,121**	**69,475**	**73,071**	**78,057**	**82,427**	**2,39,326**	**3,03,031**	**76,530**	2
YoY Growth (%)	37.0	30.0	26.6	25.3	25.3	25.2	27.1	28.6	27.9	26.6	24.6	
Provisions and Cont.	9,953	10,771	12,484	13,100	16,847	19,091	20,433	21,067	46,307	77,438	21,255	-4
Profit before Tax	**45,512**	**47,578**	**48,955**	**51,051**	**52,654**	**54,015**	**57,624**	**61,361**	**1,93,096**	**2,25,683**	**55,275**	4
Tax Provisions	11,143	12,070	12,566	12,806	13,534	13,877	14,572	15,787	48,584	57,771	14,206	3
Net Profit	**34,369**	**35,508**	**36,390**	**38,245**	**39,120**	**40,137**	**43,052**	**45,573**	**1,44,512**	**1,67,913**	**41,069**	5
YoY Growth (%)	36.8	27.7	22.4	21.1	13.8	13.0	18.3	19.2	25.5	16.2	12.9	
Key Operating Parameters (%)												
Fees to Net Income Ratio	20.0	18.6	17.7	17.5	19.7	19.3	19.6		18.4	19.5		
Credit Cost	1.57	1.56	1.69	1.66	1.99	2.12	2.14		1.6	2.1		
Cost to Income Ratio	34.0	34.0	33.9	34.0	33.3	33.2	33.1		34.0	33.2		
Tax Rate	24.5	25.4	25.7	25.1	25.7	25.7	25.3		25.2	25.6		
Balance Sheet Parameters												
AUM (INR B)	2,701	2,903	3,110	3,306	3,542	3,739	3,980		3,306	3,542		
Change YoY (%)	42.3	32.9	34.7	33.6	38.4	28.8	28.0		33.6	38.4		
Loans (INR B)	2,653	2,857	3,064	3,263	3,497	3,692	3,930		3,263	3,497		
Change YoY (%)	44.1	34.3	35.9	34.7	39.2	29.2	28.3		34.7	39.2		
Borrowings (INR B)	2,352	2,544	2,639	2,895	3,048	3,192	3,349		2,895	3,048		
Change YoY (%)	47.8	38.8	31.1	34.4	35.7	25.5	26.9		34.4	35.7		
Loans/Borrowings (%)	112.8	112.3	116.1	112.7	114.7	115.7	117.3		112.7	114.7		
Asset Quality Parameters (%)												
GS 3 (INR B)	23.5	26.5	29.6	28.2	30.5	39.5	44.6		27.4	45.7		
Gross Stage 3 (% on Assets)	0.87	0.91	0.95	0.85	0.86	1.06	1.12		0.83	1.07		
NS 3 (INR B)	8.3	9.0	11.4	12.1	13.4	17.0	19.1		11.8	19.5		
Net Stage 3 (% on Assets)	0.31	0.31	0.37	0.37	0.38	0.46	0.48		0.36	0.46		
PCR (%)	77.4	66.0	61.7	57.0	85.5	57.1	57.2		56.8	57.2		
Return Ratios (%)												
ROAA (Rep)	5.42	5.16	4.92	4.84	4.63	4.48	4.5		4.4	4.0		
ROAE (Rep)	24.47	24.1	21.95	20.48	19.86	19.08	19.08		22.0	19.2		

E: MOFSL Estimates

TATA Motors

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TTMT IN
Equity Shares (m)	3681
M.Cap.(INRb)/(USDb)	3152.7 / 36.4
52-Week Range (INR)	1179 / 708
1, 6, 12 Rel. Per (%)	3/-26/-17
12M Avg Val (INR M)	12623

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Net Sales	4,480	4,666	4,942
EBITDA	583.8	603.6	644.5
Adj. PAT	241.0	227.8	222.0
Adj. EPS (INR)	65.6	61.9	60.4
EPS Gr. (%)	12	-6	-3
BV/Sh. (INR)	292.2	350.0	406.2
Ratios			
Net D/E (x)	0.1	0.1	0.0
RoE (%)	25.1	19.3	16.0
RoCE (%)	15.4	13.8	12.4
Payout (%)	6.4	6.8	6.9
Valuations			
P/E (x)	11.5	12.1	12.5
P/BV (x)	2.6	2.1	1.9
EV/EBITDA (x)	5.1	4.8	4.3
Div. Yield (%)	0.6	0.6	0.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	42.6	42.6	46.4
DII	16.9	16.4	17.4
FII	18.7	20.6	18.6
Others	21.9	20.4	17.6

FII Includes depository receipts

CMP: INR753 TP: INR755 Neutral

Growth outlook remains weak across all key segments

JLR likely to see persistent margin pressure ahead

- In 3QFY25, while JLR's EBIT margins improved YoY to 9%, we note here that the bulk of its margin improvement has been driven by a reduction in depreciation. Further, margins in India CV and PV businesses were boosted by PLI accruals for 9M, which aided margins by 90bp and 150bp for these segments, respectively.
- We expect margin pressure to persist at JLR over FY24-27E, given: 1) weak demand in key regions, 2) rising cost pressure as it invests in demand generation, and 3) EV ramp-up, which is likely to be margin-dilutive. Even in India, both CV and PV businesses are seeing a moderation in demand. We cut our EBITDA estimates for Tata Motors (TTMT) by 3%/5% over FY25/FY26 to factor in the weakness in JLR business. For lack of any triggers, **we reiterate our Neutral rating with a Dec'26E SoTP-based TP of INR755.**

JLR's EBIT margin expansion primarily led by reduced depreciation

- **Consolidated business:** 3QFY25 consol. revenue grew 3% YoY at INR1.13t (in line), while EBITDA/PAT declined 15%/23% YoY to INR130.3b/54.7b (est. INR147.5b/65.5b). Its 9MFY25 revenue grew 2% YoY, but EBITDA/PAT dipped 5.5%/3.0% YoY. Net auto debt declined to INR192b as of Dec'24 vis-à-vis INR220b as of Sep'24.
- **JLR:** Volumes (incl. JV) declined 2% YoY to 111.2k (est. 114k units). Net realization was down 2% YoY/3% QoQ at GBP71.7k/unit (est. GBP74.5k). EBITDA margin dipped 200bp YoY to 14.2% (est. 13.5%), while EBIT margin expanded 20bp YoY to 9% (est. 7.6%). However, we note here that the bulk of its EBIT margin expansion was due to lower depreciation and higher capitalization rates. Depreciation is likely to remain stable at these levels for the next three quarters. It will again start rising with the launch of their new EVs from 4QFY26 onwards.
- **TTMT's CV business:** Revenue declined 8% YoY to INR186.6b (est. INR202.1b), led by an ASP decline of 7% YoY to INR1.89m (est. INR2.05m), while volumes were largely flattish YoY. CV segment margins have improved 130bp YoY (+150bp QoQ) to 12.2% (est. 11.6%), 90bp of which was driven by the accrual of PLI benefits for 9M.
- **TTMT's PV business**: Revenue declined 3% YoY to INR126.2b (in line), led by 1% YoY volume growth, offset by a 4% YoY decline in ASP at INR902.2k (est. INR906.7k). EBITDA margin expanded 110bp YoY (+140bp QoQ) to 7.6% (est. 6.4%). PV ICE segment's margin was down 100bp YoY due to a decline in ASP. PLI benefits accrued in the EV segment had a 150bp positive impact in 3Q. Without this, the EV segment would have been EBITDA break-even in 3Q.

Highlights from the management commentary

- **JLR:** Management has maintained its EBIT margin guidance for FY25 at 8.5%. This translates into a 10.2% (vs. 9.2% YoY) EBIT margin for 4Q – which we think is a tough ask, especially in the current adverse macro in its key markets. Management may have, however, lowered its revenue and RoCE guidance for FY25E due to the ongoing slowdown in China. It intends to reaffirm its FY26 guidance at the annual event post-4QFY25.

- **Indian CV:** 4Q CV volumes are expected to be flat YoY after a decline posted for 9MFY25. This itself is expected to be a positive outcome and would set a good base for growth for FY26. Management believes there are positive tailwinds for the sector, which include improving fleet operator profitability led by improving utilization levels and higher freight rates.
- **Indian PV**: Management expects the PV industry to post 2% YoY growth in FY25E, in line with the trend for 9M. TTMT PV business was able to improve market share by 70bp on a QoQ basis in retail terms in 3Q. Dealer inventory has now been reduced to less than 25 days.
- The demerger of PV and CV businesses is on track with the appointed date for the same as 1st Jul'25, subject to all approvals.

Valuation and view

- While management has maintained its guidance for JLR for FY25E, we believe the asking rate of 10.2% EBIT margin for 4QFY25 is tough to achieve, given the current adverse macro environment. We expect margin pressure to persist at JLR over FY24-27, given: 1) weak demand in key regions, 2) rising cost pressure as it invests in demand generation, and 3) EV ramp-up, which is likely to be margin-dilutive.
- Even in India, both CV and PV businesses are seeing a moderation in demand. We have lowered our EBITDA estimates for TTMT by 3%/5% over FY25/FY26 to factor in weakness in the JLR business. For lack of any triggers, **we reiterate our Neutral rating with a Dec'26E SoTP-based TP of INR755.**

Quarterly Performance [Consol] (INR b)

INR b	FY24				FY25E				FY24	FY25E	3QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
JLR Volumes (incl JV; '000 units)	106.3	109.1	113.9	120.6	110.5	97.2	111.2	122.5	450.0	441.4	113.6	**-2.1**
JLR Realizations (GBP/unit)	74,024	70,824	72,989	71,331	74,400	74,167	71,686	72,008	72,252	72,975	74,538	
JLR EBITDA Margins (%)	16.3	14.9	16.2	16.3	15.8	11.7	14.2	14.7	15.9	14.2	13.5	
India CV Volumes ('000 units)	88.6	106.8	98.8	111.3	93.7	86.0	98.4	108.9	405.5	386.9	98.4	**0.0**
India CV Realizations (INR '000/unit)	1925.4	1887.2	2042.9	1943.9	1910.1	2014.9	1896.6	2062.9	1949.5	1969.0	2,055	
India CV EBITDA Margins (%)	9.4	10.4	11.1	11.9	11.6	10.7	12.2	12.4	10.8	11.8	11.6	
India PV Volumes ('000 units)	140.4	139.0	138.6	155.6	138.8	130.5	139.8	143.9	573.6	553.0	139.8	**0.0**
India PV Realizations (INR '000/unit)	921.8	880.9	938.1	931.7	856.8	903.1	902.2	910.4	918.7	892.9	907	
India PV EBITDA Margins (%)	5.2	6.4	6.5	7.3	5.8	6.2	7.6	7.1	6.4	6.7	6.4	
Net Consol. Op Income	**1022.4**	**1051.3**	**1105.8**	**1199.9**	**1080.5**	**1014.5**	**1135.8**	**1249.3**	**4379.3**	**4480.0**	**1149.7**	**-1.2**
Growth (%)	42.1	32.1	25.0	13.3	5.7	-3.5	2.7	4.1	26.6	2.3	4.0	
Consol. EBITDA	**135.6**	**137.2**	**153.3**	**169.9**	**155.1**	**117.4**	**130.3**	**181.0**	**596.1**	**583.8**	**147.5**	**-11.6**
EBITDA Margins (%)	13.3	13.1	13.9	14.2	14.4	11.6	11.5	14.5	13.6	13.0	12.8	
Depreciation	66.3	66.4	68.5	71.5	65.7	60.1	54.1	55.9	272.7	235.7	61.0	**-11.3**
Other Income	13.6	16.3	15.0	14.6	15.8	15.7	17.9	14.3	59.5	63.6	15.2	**17.8**
Interest Expenses	26.2	27.0	24.8	22.3	20.9	20.3	17.3	18.7	100.3	77.1	22.0	**-21.6**
PBT before EO	**53.3**	**61.1**	**75.8**	**92.1**	**87.0**	**56.9**	**77.4**	**120.7**	**282.3**	**341.9**	**79.7**	**-2.9**
EO Exp/(Inc)	6.8	1.2	0.9	-87.0	-0.4	0.0	0.3	0.0	-78.12	-0.16	0.00	
PBT after EO Exp	**46.5**	**59.9**	**74.9**	**179.1**	**87.4**	**56.9**	**77.1**	**120.7**	**360.4**	**342.1**	**79.7**	**-3.2**
Tax rate (%)	33.6	36.8	7.2	3.5	36.4	40.8	27.2	18.4	13.7	28.7	18.0	
PAT	**30.9**	**37.8**	**69.5**	**172.8**	**55.6**	**33.7**	**56.2**	**98.6**	**311.1**	**244.0**	**65.3**	**-14.0**
Minority Interest	-1.0	-0.7	-1.2	-1.2	-1.3	-1.1	-1.3	-1.4	-4.1	-5.0	-1.0	**27.0**
Share in profit of Associate	2.1	0.5	1.9	2.5	1.3	0.8	-0.4	0.4	7.0	2.1	1.2	**-131.7**
Reported PAT	**32.0**	**37.6**	**70.3**	**174.1**	**55.7**	**33.4**	**54.5**	**97.5**	**314.0**	**241.1**	**65.5**	**-16.8**
Adj PAT	**37.9**	**38.7**	**71.0**	**77.3**	**55.4**	**33.4**	**54.7**	**97.5**	**224.9**	**241.0**	**65.5**	**-16.5**
Growth (%)	-158.3	-407.9	140.1	37.4	46.2	-13.6	-23.0	26.2	2629.7	7.2	-7.7	

E: MOFSL Estimates

Ambuja Cements

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ACEM IN
Equity Shares (m)	2463
M.Cap.(INRb)/(USDb)	1286 / 14.9
52-Week Range (INR)	707 / 453
1, 6, 12 Rel. Per (%)	-2/-16/-16
12M Avg Val (INR M)	2103
Free float (%)	32.5

Consol. Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	340.1	406.6	471.6
EBITDA	43.4	66.0	89.6
Adj. PAT	19.5	26.0	37.4
EBITDA Margin (%)	12.8	16.2	19.0
Adj. EPS (INR)	7.9	10.6	15.2
EPS Gr. (%)	-43.0	33.4	44.0
BV/Sh. (INR)	227	233	242
Ratios			
Net D:E	-0.3	-0.2	-0.2
RoE (%)	4.0	4.6	6.4
RoCE (%)	4.1	5.1	7.4
Payout (%)	13.5	47.3	39.5
Valuations			
P/E (x)	56.3	42.2	29.3
P/BV (x)	2.0	1.9	1.8
EV/EBITDA(x)	29.6	19.9	14.7
EV/ton (USD)	174	138	133
Div. Yield (%)	0.4	1.0	1.1
FCF Yield (%)	-0.6	-1.9	2.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	67.5	67.5	63.2
DII	16.6	15.2	15.8
FII	9.2	10.7	12.0
Others	6.7	6.6	9.1

FII includes depository receipts

CMP: INR522 TP: INR600 (+15%) Buy

Weak realization and cost pressure drag performance

Volume growth of 17% YoY, majorly driven by inorganic expansions

- Ambuja Cements (ACEM)'s 3QFY25 consolidated EBITDA (adjusted for prior period incentives of INR8.3b) declined ~49% YoY to INR8.9b (-35% vs. est.), due to weak realization and higher opex/t (up to INR100-150/t related to acquired assets that are in the transition and ramp-up phase). EBITDA/t declined 56% YoY to INR537 (est. INR848). PAT (adjusted for the reversal of tax provisions) declined 50% YoY to INR4.1b (-28% vs. our estimate).
- Management indicated consol. volume growth of ~17% YoY, with ~10% of this growth driven by two major inorganic expansions (Sanghi and Penna Cement). Currently, both companies are in the transition and ramp-up phase, and the company is implementing various cost-reduction initiatives. It expects plant capacity utilization for both companies to increase 70%+ in FY26 vs. sub-40% utilization currently.
- We reduce our FY25/26/27E EBITDA by 22%/17%/9% due to lower EBITDA/t assumptions. We also reduce our valuation multiple to 18x EV/EBITDA (vs. 20x earlier), a 10% discount to UTCEM. ACEM (consol.) trades at 20x/15x FY26/FY27E EV/EBITDA. We maintain our BUY rating with a revised TP of INR600 (earlier INR750).

Blended realization/t decline 11% YoY; opex/t up 2% YoY

- Consol. revenue/adj. EBITDA/adj. PAT stood at INR85.0b/INR8.9b/INR4.1b (up 5%/down 49%/50% YoY, and up 3%/down 35%/28% vs. our estimate) in 3QFY25. Consol. sales volume rose ~17% YoY to 16.5mt (+5% vs. estimate).
- Realization/t declined 11%/1% YoY/QoQ to INR5,153 (2% below estimate). Opex/t was up 2% YoY (+4% vs. our estimate), led by a 6%/3% increase in variable cost/other expenses. However, freight cost/t declined ~7% YoY. EBITDA/t (adj. for prior period inventive income) declined 56% YoY to INR537 and OPM contracted 10.9pp YoY to ~10%.
- In 9MFY25, revenue was flat YoY, while adj. EBITDA/PAT declined 33%/40%. OPM contracted 6.4pp YoY to ~13% and EBITDA/t was down ~39% YoY to INR674. We estimate revenue to grow ~10% YoY in 4QFY25, while EBITDA/PAT may decline 29%/20%. We estimate volume growth of ~14% YoY, fueled by inorganic expansions, and EBITDA/t of INR633 vs. INR1,025/INR537 in 4QFY24/3QFY25.

Highlights from the management commentary

- Cement demand is likely to grow ~4-5% in FY25, implying a better demand scenario in 2H vs. 1HFY25, driven by improved consumption, greater demand in the housing and infrastructure segments, and increased government spending.
- Price hikes were implemented in mid-Dec'24 and are expected to positively impact 4QFY25. However, cement prices in the South remain more depressed. The company's exposure in the South region has increased through inorganic expansions.
- Kiln fuel costs stood at INR1.66/Kcal vs. INR1.84/INR1.59 YoY/QoQ. The share of AFR in the fuel mix was at ~8% vs. 9.5% in 2QFY25.

Valuation and view

- Adjusted for one-offs, (prior period incentive incomes and reversal of tax provisions/interests), ACEM reported disappointing numbers in 3QFY25. The company's EBITDA/t was significantly lower than estimates due to weak realizations, as its exposure in the South region increased through inorganic growth, where pricing remains more depressed. Further opex/t was higher due to increased plant maintenance and other overheads related to the integration of newly acquired assets (Sanghi and Penna Cement). However, management has guided for both these assets to show improvement in performance in FY26.
- We reduce our FY25/26/27E EBITDA by 22%/17%/9% due to lower EBITDA/t assumptions. We also reduce our valuation multiple to 18x EV/EBITDA (vs. 20x earlier), a 10% discount to UTCEM. ACEM (consol.) trades at 20x/15x FY26/FY27E EV/EBITDA. We maintain our BUY rating with a revised TP of INR600 (earlier INR750).

Consolidated quarterly performance (INR b)

	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**87.1**	**74.2**	**81.3**	**88.9**	**83.1**	**73.8**	**85.0**	**98.2**	**331.6**	**340.1**	**82.7**	(2)
YoY Change (%)	8.5	4.1	2.8	11.6	-4.6	-0.6	4.6	10.4	6.5	2.6	1.8	
EBITDA	**16.7**	**13.0**	**17.3**	**17.0**	**12.8**	**9.7**	**8.9**	**12.0**	**64.0**	**43.4**	**13.7**	(35)
YoY Change (%)	50.0	298.4	69.6	37.1	-23.2	-25.2	-48.9	-29.5	73.0	-32.2	5.0	
Margins (%)	19.1	17.5	21.3	19.1	15.4	13.2	10.4	12.2	19.3	12.8	16.5	(611)
Depreciation	3.7	3.8	4.2	4.5	4.7	5.5	6.6	4.3	16.2	21.2	6.0	12
Interest	0.5	0.6	0.7	0.9	0.7	0.7	0.7	1.0	2.8	3.1	0.7	(7)
Other Income	2.6	4.8	1.9	2.3	3.5	3.7	2.4	3.9	11.7	13.6	3.4	(28)
PBT before EO Item	**15.1**	**13.4**	**14.4**	**13.9**	**11.0**	**7.3**	**4.0**	**10.5**	**56.7**	**32.8**	**10.3**	(62)
Share of profit of JVs	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.1	-
Extraordinary Inc/(Exp)	0.0	0.0	0.0	2.1	0.0	-0.2	19.4	0.0	2.1	19.2	0.0	
PBT after EO Exp/(Inc)	**15.1**	**13.4**	**14.5**	**16.0**	**11.0**	**7.1**	**23.4**	**10.7**	**59.0**	**52.2**	**10.4**	124
Tax	3.8	3.5	3.6	0.8	3.1	2.4	5.2	2.7	11.6	13.4	2.8	
Prior period tax adj and reversal	0.0	0.0	0.0	2.6	0.0	0.0	-8.1	0.0	2.6	-8.1	0.0	
Rate (%)	24.9	26.3	24.8	20.8	28.4	33.6	-12.2	25.0	19.7	10.3	27.2	
Reported Profit	**11.4**	**9.9**	**10.9**	**15.3**	**7.9**	**4.7**	**26.2**	**8.0**	**47.4**	**46.8**	**7.6**	246
Minority Interest	2.3	1.9	2.7	4.7	1.4	0.2	5.0	3.7	11.6	10.4	1.8	-
Adj PAT	**9.1**	**7.9**	**8.2**	**5.3**	**6.5**	**4.6**	**4.1**	**4.3**	**30.5**	**19.5**	**5.8**	(28)
YoY Change (%)	20.4	579.6	52.6	(29.4)	(28.6)	(41.5)	(49.7)	(20.0)	8.2	(36.1)	(30.0)	

29 January 2025

3QFY25 Results Update | Sector: Financials

Indian Bank

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	INBK IN
Equity Shares (m)	1347
M.Cap.(INRb)/(USDb)	733.8 / 8.5
52-Week Range (INR)	633 / 456
1, 6, 12 Rel. Per (%)	2/-1/7
12M Avg Val (INR M)	1139

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	232.7	253.8	269.0
OP	168.4	187.8	199.4
NP	80.6	106.7	113.1
NIM (%)	3.2	3.2	3.1
EPS (INR)	62.2	79.3	84.0
EPS Gr. (%)	46.7	27.4	6.0
BV/Sh. (INR)	409	473	539
ABV/Sh. (INR)	396	464	529
Ratios			
RoA (%)	1.1	1.3	1.3
RoE (%)	17.1	18.8	17.3
Valuations			
P/E(X)	8.8	6.9	6.5
P/BV (X)	1.3	1.2	1.0
P/ABV (X)	1.4	1.2	1.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	73.8	73.8	73.8
DII	17.6	17.4	15.8
FII	4.8	5.0	5.9
Others	3.7	3.8	4.4

CMP: INR545 TP: INR670 (+23%) Buy

Steady quarter; asset quality continues to improve

Controlled opex and lower provisions led to earnings beat

- Indian Bank (INBK) reported 3QFY25 PAT of INR28.5b (up 34.6% YoY/ 5.4% QoQ, 10% beat), driven by lower provisions and controlled opex.
- NII grew 10.3% YoY (in line) to INR64.1b. NIM expanded 6bp QoQ to 3.45%.
- Net advances grew 10.7% YoY/1.7% QoQ, while deposits grew 7.4% YoY/1.3% QoQ. Consequently, the C/D ratio increased 30bp QoQ to 77.2%. The CASA ratio moderated to 38.3%.
- Fresh slippages declined to INR10.2b vs. INR13.8b in 2QFY25. GNPA/NNPA ratios continued to improve by 22bp/6bp QoQ to 3.26%/0.21%. PCR increased to 93.8%.
- We fine tune our earnings estimates and expect the bank to deliver RoA/RoE of 1.2%/17.3%. **Reiterate BUY with a TP of INR670 (1.2x Sep'26E ABV).**

Deposits growth modest; NIMs expanded 6bp QoQ

- PAT growth was healthy at 34.6% YoY/5.4% QoQ to INR28.5b (10% beat), led by lower provisions and controlled opex. In 9MFY25, earnings grew 37% YoY to INR51.1b (4QFY25E at INR27.1b, implying 21% YoY growth).
- NII grew 10.3% YoY (in line) to INR64.1b. NIMs expanded 6bp QoQ to 3.45%. The management guides for NIMs of ~3.4-3.5%.
- Other income grew 13.2% YoY (down 11% QoQ) to INR21.5b (in line), resulting in 11% YoY growth in total revenue (in line). Treasury income stood at INR2.6b vs. INR3.3b in 2QFY25.
- Opex grew 5.5% YoY (down 1.8% QoQ, 3% lower than MOFSLe). As a result, the C/I ratio declined 56bp QoQ to 44.6%. PPoP grew ~16% YoY (5% beat) to INR47.5b in 3QFY25.
- Gross advances grew 9.7% YoY (up 1.6% QoQ) to ~INR5.6t, led by Retail (4.4% QoQ). Within Retail, vehicle loans maintained healthy growth trends. Deposit growth was modest at 7.4% YoY (1.3% QoQ). The CASA ratio moderated 54bp QoQ to 38.3%, while the C/D ratio increased 30bp QoQ to 77.2%.
- Fresh slippages declined to INR10.2b vs. INR13.8b in 2QFY25. GNPA/NNPA ratios continued to improve by 22bp/6bp QoQ to 3.26%/0.21%. PCR increased to 93.8%.
- SMA book increased to 1.37% of loans during the quarter and the bank suggested that the SMA issues have been resolved now and no further slippages into SMA are expected. The restructured portfolio declined to 1.23% of loans (vs. ~1.34% in 2QFY25).

Highlights from the management commentary

- Loan book composition: 56% linked to MCLR, 39% to EBLR, and 4.74% is fixed-rate.
- The bank applies a flat 10% provision on SMA-2 accounts and a 25% provision on restructured loans.
- The impact of new LCR norms is estimated to be around 8-10%. Even with a 10% impact, the bank remains comfortable with its LCR position.
- Its recovery target is ~INR70b, with INR58b already recovered.

Valuation and view

INBK reported healthy earnings in 3QFY25, led by lower provisions and controlled opex. Global NIMs too expanded 6bp QoQ. However, business growth was modest, which led to a slight increase in the CD ratio. However, the CASA ratio saw a slight moderation. The management expects margins at ~3.4-3.5% and the growth trend to remain steady. The bank will continue to focus on profitable growth. Asset quality ratios have improved, with a best-in-class coverage ratio and lower slippages, which provide comfort on incremental credit costs. The SMA issues have also been resolved, and no further slippages into SMA are expected. We fine tune our earnings estimates and expect the bank to deliver RoA/RoE of 1.2%/17.3%. **Reiterate BUY with a TP of INR670 (1.2x Sep'26E ABV).**

Quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Net Interest Income	**57.0**	**57.4**	**58.1**	**60.2**	**61.8**	**61.9**	**64.1**	**66.0**	**232.7**	**253.8**	**63.4**	**1%**
% Change (YoY)	25.8	22.5	5.7	9.2	8.3	7.9	10.3	9.7	15.1	9.1	9.1	
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	24.1	78.7	88.9	21.5	0%
Total Income	**74.1**	**77.3**	**77.2**	**82.8**	**80.8**	**86.2**	**85.7**	**90.1**	**311.4**	**342.7**	**84.9**	**1%**
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	38.2	42.1	143.0	155.0	39.5	-3%
Operating Profit	**41.3**	**43.0**	**41.0**	**43.0**	**45.0**	**47.3**	**47.5**	**48.0**	**168.4**	**187.8**	**45.4**	**5%**
% Change (YoY)	16.0	18.6	0.9	7.2	8.9	9.9	15.9	11.4	10.3	11.5	10.8	
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.6	10.3	58.9	44.5	10.9	-3%
Profit before Tax	**23.9**	**27.5**	**27.5**	**30.6**	**32.4**	**36.3**	**36.9**	**37.7**	**109.5**	**143.3**	**34.5**	**7%**
Tax	6.9	7.6	6.3	8.1	8.4	9.2	8.4	10.5	28.9	36.5	8.7	
Net Profit	**17.1**	**19.9**	**21.2**	**22.5**	**24.0**	**27.1**	**28.5**	**27.1**	**80.6**	**106.7**	**25.8**	**10%**
% Change (YoY)	40.8	62.2	51.8	55.3	40.6	36.2	34.6	20.7	52.7	32.4	21.8	
Operating Parameters												
Deposits (INR b)	6,215	6,408	6,542	6,880	6,812	6,931	7,023	7,382	6,880	7,382	7,181	-2%
Loans (INR b)	4,564	4,706	4,896	5,149	5,208	5,329	5,421	5,695	5,149	5,695	5,487	-1%
Deposit Growth (%)	6.4	8.8	9.6	10.8	9.6	8.2	7.4	7.3	10.8	7.3	9.8	
Loan Growth (%)	13.6	14.2	12.3	14.6	14.1	13.2	10.7	10.6	14.6	10.6	12.1	
Asset Quality												
Gross NPA (%)	5.5	5.0	4.5	4.0	3.8	3.5	3.3	3.1	4.0	3.1	3.3	
Net NPA (%)	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.4	0.2	0.3	
PCR (%)	87.8	88.5	88.7	89.5	90.0	92.5	93.8	93.1	89.5	93.1	92.0	

E: MOFSL Estimates

ACC

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	375.9 / 4.3
52-Week Range (INR)	2844 / 1839
1, 6, 12 Rel. Per (%)	0/-16/-26
12M Avg Val (INR M)	1079

Financials & Valuations (INR b)

Y/E Dec	FY25E	FY26E	FY27E
Sales	205.0	227.7	251.0
EBITDA	21.8	30.8	39.3
Adj. PAT	11.7	17.2	23.2
EBITDA Margin (%)	10.6	13.5	15.7
Adj. EPS (INR)	62.2	91.6	123.4
EPS Gr. (%)	-37.4	47.3	34.7
BV/Sh. (INR)	953	1,031	1,139
Ratios			
Net D:E	-0.3	-0.3	-0.3
RoE (%)	6.9	9.2	11.4
RoCE (%)	7.2	9.6	11.7
Payout (%)	12.9	16.4	12.2
Valuations			
P/E (x)	32.2	21.9	16.3
P/BV (x)	2.1	1.9	1.8
EV/EBITDA(x)	14.4	10.1	7.5
EV/ton (USD)	87	82	77
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	1.3	1.5	5.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.7	56.7	56.7
DII	24.8	24.6	24.3
FII	5.1	5.5	6.2
Others	13.4	13.2	12.8

FII includes depository receipts

CMP: INR2,006 TP: INR2,400 (+20%) BUY

Adjusted earnings disappoint as margins shrink

Demand to post 4-5% YoY growth for FY25

- ACC's 3QFY25 EBITDA (adj. for the refund of INR6.4b in excise duty pertaining to previous years) declined 22% YoY to INR4.7b (20% miss). EBITDA/t declined 57% YoY to INR435 (est. INR600). OPM contracted 9.4pp YoY to ~9% (est. ~12%). PAT (adjusted for the reversal of certain tax liabilities) declined 57% YoY to INR2.3b (est. INR3.1b).
- Management highlighted that two of its plants (Wadi and Kymore) were shut down for upgrades and maintenance work, leading to inventory drawdown and higher costs, which impacted profitability. The company is investing in WHRS and other RE projects to reduce power costs. Additionally, it is optimizing logistics costs by reducing lead distances and improving the rail road mix. The company anticipates higher cost benefits in FY26.
- We cut our EBITDA estimates by 18%/13%/11% for FY25/FY26/FY27 due to continued weak profitability. ACC trades at 10x/7x FY25E/FY26E EV/EBITDA and USD82/USD77 EV/t. We value the stock at 10x Dec'26E EV/EBITDA to arrive at our revised TP of INR2,400 (earlier INR2,680).

Sales volume above estimates; EBITDA/t at INR435 (down 57% YoY)

- Adjusted for one-offs, revenue/EBITDA/PAT stood at INR52.6b/INR4.7b/ INR2.3b (up 7%/down 48%/down 57% YoY; up 6%/ down 20%/ down 28% vs. our estimate) in 3QFY25. Sales volumes were up 20% YoY at 10.7mt (up 9% vs. our estimate). Realization was down 11% YoY/ 1% QoQ at INR4,915/t (2% below our estimate).
- Variable cost/t increased 5% YoY (flat QoQ; +2% vs. our est.) and employee cost grew 9% YoY/QoQ (each). Meanwhile, freight cost/other expenses per ton declined ~5%/16% YoY. Overall opex/t declined 1% YoY (+1% vs. estimate). OPM contracted 9.4pp YoY at ~9% and EBITDA/t declined 57% YoY to INR435.
- In 9MFY25, revenue/EBITDA/Adj. PAT stood at INR150.2b/INR15.8b/ INR8.3b (up 3%/down 29%/down 40% YoY). Sales volume was up 14% YoY, while realization declined 10% YoY. EBITDA/t was down 38% YoY at INR523. We estimate revenue/EBITDA/PAT at INR54.8/INR6.0/INR5.0 (+1%/-28%/-2% YoY) in 4QFY25. Additionally, we estimate OPM at 11% vs. 16%/9% in 4QFY24/3QFY25.

Highlights from the management commentary

- Fuel consumption cost stood at INR1.65/kcal vs. INR1.86/INR1.68 in 3QFY24/2QFY25. Kiln fuel consumption declined to 732kcal vs 739kcal in 3QFY24. Green power share increased 6pp YoY to ~19% (at ~16% in 9MFY25). AFR consumption in kiln increased 40bp YoY to 9.6% (at ~10% in 9MFY25).
- The company is increasing its grinding capacity at Sindri, Jharkhand, by 1.6mtpa, which is expected to be commissioned in 4QFY25. Additionally, it is setting up a greenfield GU at Salai Banwa, Uttar Pradesh, with a capacity of 2.4mtpa, expected to be commissioned in 1QFY26.

- The company's cash balance stood at INR25.3b as of Dec'24 vs. INR29.2b as of Sep'24 and INR46.7b as of Mar'24.

Valuation and view

- ACC reported lower-than-estimated operating performance (adjusted for one-offs). While the company continued to post higher volume growth (up 20% YoY in 3Q), driven by higher MSA volumes, lower realization weighed on margins. We expect margin recovery to be gradual due to weak pricing in a few of its core markets (South and East) and slower-than-expected realization in cost savings through group synergy.
- We cut our EBITDA estimates by 18%/13%/11% for FY25/FY26/FY27. We estimate a CAGR of 34%/41% for EBITDA/PAT over FY25-27, albeit on a low base. We estimate a volume CAGR of ~9% over FY25-27. Additionally, EBITDA/t is estimated to improve to INR690/INR800 in FY26/FY27 vs INR530 in FY25. ACC trades inexpensively at 10x/7x FY26E/FY27E EV/EBITDA. We value the stock at 10x Dec'26E EV/EBITDA to arrive at our revised TP of INR2,400 (earlier INR2,680).

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Cement Sales (mt)	9.40	8.10	8.88	10.44	10.20	9.30	10.70	10.92	36.9	41.12	9.86	9
Change (YoY %)	23.8	18.2	15.3	24.0	8.5	14.8	20.5	4.6	19.5	11.5	11.0	
Net Sales	**52.0**	**44.3**	**49.2**	**54.0**	**51.6**	**46.1**	**52.6**	**54.8**	**199.5**	**205.0**	**49.4**	6
Change (YoY %)	16.4	11.2	8.4	12.7	(0.9)	3.9	6.9	1.5	(10.2)	2.8	0.5	
EBITDA	**7.7**	**5.5**	**9.0**	**8.4**	**6.8**	**4.3**	**4.7**	**6.0**	**30.6**	**21.8**	**5.9**	(20)
Margin (%)	14.8	12.4	18.4	15.5	13.1	9.3	9.0	11.0	15.3	10.6	12.0	(300)
Change (YoY %)	80.8	3,456.3	138.7	79.5	(11.9)	(21.7)	(47.7)	(28.0)	140.5	(28.6)	(34.4)	
Depreciation	2.0	2.1	2.3	2.3	2.2	2.3	2.5	2.2	8.8	9.2	2.3	7
Interest	0.3	0.3	0.3	0.7	0.3	0.3	0.3	0.4	1.5	1.3	0.3	(17)
Other Income	0.8	2.1	0.8	1.2	0.7	1.5	1.1	0.8	4.9	4.2	0.9	22
PBT before EO Item	**6.2**	**5.2**	**7.2**	**6.6**	**4.9**	**3.2**	**3.1**	**4.2**	**25.2**	**15.4**	**4.2**	(26)
EO Income/(Expense)	0.0	0.0	0.0	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	
PBT after EO Item	**6.2**	**5.2**	**7.2**	**6.6**	**4.9**	**3.2**	**14.8**	**4.2**	**25.2**	**27.1**	**4.2**	253
Tax	1.6	1.3	1.9	-0.9	1.3	0.8	3.9	0.8	3.9	6.8	1.0	
Rate (%)	25.5	25.5	26.6	(13.2)	25.6	26.5	26.2	19.0	15.7	25.0	25.0	
Reported PAT	**4.6**	**3.8**	**5.3**	**7.5**	**3.7**	**2.3**	**10.9**	**3.4**	**21.2**	**20.3**	**3.1**	247
Adjusted PAT	**4.6**	**3.8**	**5.3**	**4.9**	**3.7**	**2.3**	**2.3**	**3.4**	**18.7**	**11.7**	**3.1**	(28)
Margin (%)	8.9	8.7	10.7	9.1	7.1	5.1	4.3	6.3	9.4	5.7	6.3	
Change (YoY %)	108.8	NM	212.1	72.0	(21.1)	(39.1)	(57.3)	(30.0)	88.7	(37.4)	(40.5)	

Source: MOSFL, Company

Per ton analysis, including RMC (INR/t)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Blended Realization	**5,533**	**5,475**	**5,538**	**5,171**	**5,054**	**4,955**	**4,915**	**5,016**	**5,410**	**4,986**	**5,016**	(2)
Change (YoY %)	(6.0)	(5.9)	(6.0)	(9.1)	(8.7)	(9.5)	(11.2)	(3.0)	(6.0)	(7.8)	(9.4)	
Raw Material	1,596	1,598	1,512	1,746	1,730	1,942	1,862	1,807	1,570	1,854	1,810	3
Staff Cost	210	240	201	157	157	192	182	169	199	175	185	(2)
Power and fuel	1,196	1,093	1,141	931	970	830	920	1,003	1,083	899	920	-
Freight	1,245	1,177	1,084	1,058	1,075	1,020	1,025	1,026	1,136	1,023	1,025	-
Other expenditure	469	689	583	477	458	508	491	459	584	478	474	3
Total Expenditure	**4,715**	**4,798**	**4,521**	**4,369**	**4,391**	**4,493**	**4,480**	**4,464**	**4,572**	**4,428**	**4,414**	1
EBITDA	**818**	**677**	**1,017**	**802**	**664**	**462**	**435**	**552**	**838**	**557**	**601**	(28)

Source: MOSFL, Company

Piramal Pharma

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	PIRPHARM IN
Equity Shares (m)	1326
M.Cap.(INRb)/(USDb)	317.3 / 3.7
52-Week Range (INR)	308 / 114
1, 6, 12 Rel. Per (%)	-3/47/62
12M Avg Val (INR M)	1601
Free float (%)	65.1

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	91.6	106.2	123.6
EBITDA	14.1	19.1	23.5
Adj. PAT	1.0	2.9	5.3
EBIT Margin (%)	7.1	10.5	12.3
Cons. Adj. EPS (INR)	0.8	2.2	4.0
EPS Gr. (%)	80.8	189.7	81.7
BV/Sh. (INR)	67.1	69.6	74.1
Ratios			
Net D:E	0.5	0.5	0.5
RoE (%)	1.3	3.6	6.2
RoCE (%)	1.3	2.9	4.6
Payout (%)	17.6	17.6	17.6
Valuations			
P/E (x)	313.5	108.2	59.6
EV/EBITDA (x)	25.8	19.0	15.4
Div. Yield (%)	0.0	0.1	0.3
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	4.0	3.4	2.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	35.0	35.0	35.0
DII	14.1	13.8	9.7
FII	32.1	32.2	32.9
Others	18.9	19.1	22.4

FII Includes depository receipts

CMP: INR239 TP: INR300 (+25%) Buy

Beat on operating profitability; tax burden dents PAT

Expects a better outlook in CDMO/CHG segments

- Piramal Pharma (PIRPHARM) delivered a better-than-expected operating performance in 3QFY25; however, earnings were below expectations due to a higher tax rate. PIRPHARM witnessed healthy growth momentum in the CDMO segment and a scale-up in the complex hospital generics (CHG) segment. R&D spending by the innovator customer is yet to see a considerable ramp-up on account of increased biotech funding.
- We raise our EBITDA estimates by 3%/4%/4% for FY25/FY26/FY27 (considering superior execution in CDMO/CHG segment) but reduce our earnings estimate by 68%/53%/43% (considering higher effective tax rate). We continue to value PIRPHARM on SOTP basis (19x EV/EBITDA for CDMO business, 12x EV/EBITDA for CHG business and 13x EV/EBITDA for consumer health (ICH) business) to arrive at a TP of INR300.
- The supply chain diversification initiatives by the innovator customer and PIRPHARM's offering as an integrated CDMO company offer healthy business prospects. Further, the differentiated specialty portfolio in CHG segment is expected to boost the overall performance of PIRPHARM over the next five years. Reiterate BUY**.**

Segmental mix impact more than offset by higher operating leverage

- 3Q revenue grew 12.5% YoY to INR22.0b (our est.: INR20.7b). CDMO (58% of total sales) revenue grew 13% YoY to INR12.8b. CHG (30% of total sales) revenue grew 14% YoY to INR6.5b. ICH (13% of total sales) revenue rose 10% YoY to INR2.8b.
- Gross margin contracted 210bp YoY to 63.4% due to product mix change.
- However, EBITDA margin expanded 160bp YoY to 15.3% (our est.: 11.0%), largely due to a decrease in employee costs/other expenses (down 150bp /220bp as a % of sales).
- EBITDA grew 25.8% YoY to INR3.4b (our est.: INR2.3b), supported by operating leverage, cost optimization, and a superior revenue mix.
- Adj. profit declined 89.5% YoY to INR37m (our est.: INR108m) owing to the high tax burden (94% of PBT in 3QFY25 vs. 48% of PBT in 3QFY24).
- In 9MFY25, revenue/EBITDA grew 14%/33% YoY to INR64b/INR8.8b, while adj. loss widened by 7% YoY to INR625m.

Highlights from the management commentary

- The company has reiterated its guidance for FY25 revenue/EBITDA growth in early-teens.
- PIRPHARM aims to double its revenue by FY30 with ~25% EBITDA margins.
- The net debt-to-EBITDA ratio for 3QFY25 stood at 2.8x.

Consolidated - Quarterly Earning Model **INR m**

PPL Income statement (INRm)	FY24				FY25E				FY24	FY25E	FY25E	% var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	
Revenues	**17,489**	**19,114**	**19,586**	**25,524**	**19,511**	**22,418**	**22,042**	**27,569**	**81,712**	**91,597**	**20,709**	**6%**
growth YoY(%)	*18.0*	*11.1*	*14.1*	*18.0*	*11.6*	*17.3*	*12.5*	*8.0*	*15.4*	*12.1*	*5.7*	
CDMO	8,980	10,680	11,340	16,490	10,570	13,240	12,780	17,549	47,490	54,139	11,453	12%
CHG	6,170	5,890	5,760	6,770	6,310	6,430	6,540	7,277	24,590	26,557	6,509	0%
ICH	2,390	2,560	2,520	2,380	2,640	2,770	2,780	2,744	9,850	10,934	2,747	1%
Expenses	16,165	16,457	16,902	20,224	17,467	19,001	18,665	22,013	69,749	77,509	18,428	
CDMO	*8,980*	*10,680*	*11,340*	*16,490*	*10,570*	*13,240*	*12,780*	*17,549*	*47,490*	*54,139*	*11,453*	**12%**
CHG	*6,170*	*5,890*	*5,760*	*6,770*	*6,310*	*6,430*	*6,540*	*7,277*	*24,590*	*26,557*	*6,509*	**0%**
ICP	*2,390*	*2,560*	*2,520*	*2,380*	*2,640*	*2,770*	*2,780*	*2,744*	*9,850*	*10,934*	*2,747*	**1%**
EBITDA*	**1,323**	**2,657**	**2,684**	**5,299**	**2,044**	**3,416**	**3,377**	**5,557**	**11,963**	**14,088**	**2,281**	**48%**
margin (%)	*7.6*	*13.9*	*13.7*	*20.8*	*10.5*	*15.2*	*15.3*	*20.2*	*14.6*	*15.4*	*11.0*	
growth YoY(%)	*55.5*	*54.0*	*124.1*	*50.9*	*54.5*	*28.6*	*25.8*	*4.9*	*64.2*	*17.8*	*-15.0*	
Depreciation	1,736	1,845	1,863	1,961	1,846	1,922	1,968	1,818	7,406	7,554	1,900	
EBIT	**-413**	**812**	**821**	**3,338**	**198**	**1,494**	**1,409**	**3,739**	**4,557**	**6,534**	**381**	**270%**
Other income	383	492	615	264	195	611	121	922	1,754	1,850	550	
Interest expense	1,185	1,099	1,059	1,142	1,070	1,076	1,033	941	4,485	4,120	980	
Share from Asso. Co	144	191	140	120	224	173	171	233	595	800	210	
PBT	**-1,071**	**396**	**516**	**2,580**	**-452**	**1,201**	**668**	**3,953**	**2,421**	**5,064**	**161**	**316%**
EO Expenses/(gain)	-	-	323	310	-	-	-	-	633	-	-	
Taxes	**-85**	**345**	**93**	**1,262**	**436**	**975**	**631**	**2,009**	**1,615**	**4,051**	**53**	
Tax Rate (%)	*8.0*	*87.3*	*47.8*	*55.6*	*-96.4*	*81.2*	*94.5*	*50.8*	*90.3*	*80.0*	*33.0*	
Reported PAT	**-986**	**50**	**101**	**1,008**	**-888**	**226**	**37**	**1,944**	**173**	**1,013**	**108**	**-66%**
Adj. PAT	**-986**	**50**	**350**	**1,146**	**-888**	**226**	**37**	**1,944**	**560**	**1,013**	**108**	**-66%**
Change (%)	*NA*	*LP*	*LP*	*128.6*	*NA*	*348.2*	*-89.5*	*69.7*	*NA*	*80.8*	*-69.3*	

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3QFY25 Results Update | Sector: Insurance

Star Health

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	STARHEAL IN
Equity Shares (m)	588
M.Cap.(INRb)/(USDb)	257.8 / 3
52-Week Range (INR)	648 / 426
1, 6, 12 Rel. Per (%)	-5/-22/-28
12M Avg Val (INR M)	573

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
NEP	148.8	169.6	197.9
U/W Profit	-3.2	-1.0	2.3
PBT	10.3	14.4	19.9
PAT	7.7	10.8	14.9
Ratios (%)			
Claims	70.0	69.0	68.0
Commission	13.9	13.8	13.8
Expense	16.6	16.1	15.4
Combined	100.5	98.9	97.2
RoE	11.0	13.6	16.2
EPS (INR)	13.1	18.4	25.4
EPS Growth (%)	-9.0	40.0	38.3
Valuations			
P/E (x)	33.4	23.9	17.3
P/BV (x)	3.5	3.0	2.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	57.7	57.7	57.9
DII	16.5	17.1	6.1
FII	17.5	17.7	31.0
Others	8.3	7.6	5.0

FII Includes depository receipts

CMP: INR439 TP: INR560 (+28%) Buy

Performance broadly in line; claims ratio remains elevated

- Star Health (STARHEAL)'s net earned premium grew 15% YoY to INR38b (in line). For 9MFY25, the net earned premium grew 16% YoY.
- The claims ratio at 71.4% (vs. our est. of 71.0%) rose 370bp YoY, led by a 22% YoY rise in net claims incurred to INR27b (in line). Operating expenses were in line, with the expense ratio (incl. commission ratio) at 31.9%.
- Elevated loss ratio and commission ratio led to a 550bp YoY surge in the combined ratio to 103.3% (vs. our est. of 102.4%) in 3QFY25. Adjusted for 1/n implementation, however, the ratios were in line.
- PAT was INR2.2b (in line; - 26% YoY). For 9MFY25, PAT dipped 8% YoY.
- Management maintains its guidance of doubling the FY24 revenue by FY28. Additionally, the focus is on adapting to the multiple regulatory & accounting changes and achieving a robust growth trajectory for IFRS PAT.
- Considering the rising medical inflation and the impact of the 1/n framework, we cut our earnings by 6% for FY25E. However, we maintain our earnings for FY26/FY27E. **We reiterate our BUY rating with a TP of INR560 (based on 26x Sep'26E EPS).**

Combined ratio remains above 100%, with a slight impact of 1/n

- Gross written premium (GWP) at INR37.9b grew 5% YoY (6% miss) driven by a 7% YoY rise in retail health premium to INR35.3b. However, the group health premium dipped 15% YoY to INR2.2b. For 9MFY25, GWP grew 13% YoY. Without considering the impact of 1/n framework, GWP rose 16% YoY for 9MFY25.
- The underwriting loss for 3Q came in at INR490m vs. the underwriting profit of INR1.1b. Total investment income stood at INR3.5b (3% lower than our estimate), growing 22% YoY.
- New business contributed ~24% of the overall premiums in 9MFY25, with fresh GWP rising 27% YoY.
- The commission ratio at 14.1% (vs. our est. of 13.8%) rose 300bp YoY, while net commission grew 44% YoY to INR5b (in line). The expense ratio at 17.7% (vs. our est. of 17.6%) declined 130bp YoY because of a 4%/6% YoY increase in other expenses/employee expenses.
- For 9MFY25, without considering the impact of the 1/n framework, the expense ratio was 30.6%, and the combined ratio came in at 101.3%, reflecting a like-to-like YoY increase of 20bp/300bp.
- The agency channel contributed 82% of STARHEAL's business, followed by Banca (7%), Digital (7%) and Corporate (4%). 70% of the premiums were collected digitally, and the company witnessed a 22% YoY growth for fresh digital business.
- Investment assets stood at INR167b by the end of 3QFY25, reflecting an investment leverage of 2.3x. Investment yield for 9MFY25 was 8.3% (vs. 7.6% in 9MFY24).

Key takeaways from the management commentary

- STARHEAL has completed repricing of 65% of the retail health portfolio, the impact of which will be witnessed over the next few quarters. The price hike is driven by medical inflation. The FHO price hike was done two years back, and another was done this quarter. The impact of the same will be seen over the next 18-24 months.
- Recently launched product – Super Star, offers unparalleled flexibility and customization. The product has become the top-selling product on Star Health's digital platform as well as on leading web aggregators & digital partners.
- STARHEAL is already following the 1/365 method for URR, and hence, no significant impact of the new 1/n accounting framework is expected.

Valuation and view

The new 1/n accounting framework will likely impact premium growth as well as the expense ratio, but we expect trends to remain stable on a like-to-like basis. The claims ratio continues to remain elevated owing to higher claims and rising medical inflation. Recent pricing actions may provide some relief to the claims ratio over the next few quarters. Scale benefits will help reduce the expense ratio, while the commission ratio is expected to remain in the current range. Considering the rising medical inflation and the impact of the 1/n framework, we cut our earnings by 6% for FY25 and kept it largely similar for FY26/27. **We reiterate our BUY rating with a TP of INR560 (based on 26x Sep'26E EPS).**

Quarterly Performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	3Q	Act v/s		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY25E	Est. (%)	YoY	QoQ
Gross premium	29.5	37.3	36.1	49.7	34.8	43.7	38.0	53.3	152.5	169.7	40.4	-6.0	5%	-13%
Net written premium	28.0	35.4	31.5	45.7	31.7	39.8	35.6	50.0	140.7	157.0	36.8	-3.3	13%	-10%
Net earned premium	30.4	32.1	32.9	34.0	35.2	37.0	38.0	38.6	129.4	148.8	37.9	0.2	15%	3%
Investment Income	1.5	1.5	1.6	1.8	1.7	2.1	2.0	2.3	6.4	8.2	2.1	-4.1	24%	-4%
Total Income	**31.9**	**33.6**	**34.6**	**35.8**	**36.9**	**39.1**	**40.0**	**41.0**	**135.8**	**157.0**	**40.0**	**-0.1**	16%	2%
Change YoY (%)	-99.9	-99.9	-99.9	-99.9	15.7	16.6	15.8	14.5	15.4	15.6	15.8			
Incurred claims	19.9	22.0	22.3	21.8	23.8	27.0	27.1	26.3	86.0	104.2	26.9	0.8	22%	1%
Net commission	3.7	4.9	3.5	6.5	4.3	5.5	5.0	7.0	18.5	21.8	5.1	-1.0	44%	-8%
Employee expense	3.6	4.0	3.9	4.7	3.7	4.5	4.1	5.1	16.1	17.4	4.3	-5.9	6%	-10%
Other expenses	1.8	2.0	2.1	1.8	2.0	2.0	2.2	2.4	7.8	8.6	2.1	3.9	4%	10%
Total Operating Expenses	29.0	32.8	31.8	34.9	33.8	39.0	38.5	40.8	128.5	152.1	38.5	-0.0	21%	-1%
Change YoY (%)	-99.9	-99.9	-99.9	-99.9	16.6	18.7	21.1	17.0	16.2	18.4	0.0			
Underwriting profit	1.5	-0.8	1.1	-0.9	1.4	-1.9	-0.5	-2.2	0.9	-3.2	-0.6		-143%	-75%
Operating profit	2.9	0.7	2.8	0.9	3.1	0.2	1.5	0.2	7.3	5.0	1.5	-0.7	-45%	875%
Shareholder's P/L														
Transfer from Policyholder's	2.9	0.7	2.8	0.9	3.1	0.2	1.5	0.2	7.3	5.0	1.5	-0.7	-45%	875%
Investment income	1.0	1.1	1.2	1.1	1.3	1.5	1.5	1.6	4.5	5.8	1.5	-2.4	20%	0%
Total Income	4.0	1.8	4.0	2.0	4.4	1.6	3.0	1.8	11.8	10.8	3.0		-25%	84%
Provisions other than taxation	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0	-			
Other expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.1	-9.5	5%	-10%
Total Expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.1	-9.5	4%	-10%
PBT	**3.8**	**1.7**	**3.9**	**1.9**	**4.3**	**1.5**	**2.9**	**1.7**	**11.3**	**10.3**	**2.9**	**-1.2**	-26%	93%
Change YoY (%)	-99.9	-99.9	-99.9	-99.9	10.9	-11.0	-26.0	.	36.6	-9.0	-25.1			
Tax Provisions	1.0	0.4	1.0	0.5	1.1	0.4	0.7	0.4	2.8	2.6	0.7	-1.1	-27%	91%
Net Profit	**2.9**	**1.3**	**2.9**	**1.4**	**3.2**	**1.1**	**2.2**	**1.3**	**8.5**	**7.7**	**2.2**	**-1.2**	-26%	93%
Change YoY (%)	-99.9	-99.9	-99.9	-99.9	10.8	-11.2	-25.7	-11.6			-24.8			
Key Parameters (%)														
Claims ratio	65.4	68.7	67.7	64.1	67.6	72.8	71.4	68.1	66.5	70.0	71.0	44bp	375bp	-135bp
Commission ratio	13.1	13.7	11.1	14.3	13.5	13.8	14.1	14.0	13.2	13.9	13.8	33bp	303bp	33bp
Expense ratio	19.3	16.8	19.0	14.4	18.1	16.4	17.7	15.0	17.0	16.6	17.6	12bp	-132bp	127bp
Combined ratio	97.8	99.2	97.8	92.8	99.2	103.0	103.3	97.1	96.7	100.5	102.4	89bp	547bp	25bp

R R Kabel

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	RRKABEL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	140.8 / 1.6
52-Week Range (INR)	1903 / 1176
1, 6, 12 Rel. Per (%)	-7/-24/-22
12M Avg Val (INR M)	302
Free float (%)	38.2

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	73.5	85.0	99.0
EBITDA	4.2	6.1	8.0
Adj. PAT	2.5	3.7	5.0
EBITDA Margin (%)	5.8	7.2	8.1
Cons. Adj. EPS (INR)	22.3	33.2	44.3
EPS Gr. (%)	(15.8)	49.2	33.5
BV/Sh. (INR)	177.3	201.5	236.9
Ratios			
Net D:E	0.0	0.0	(0.0)
RoE (%)	13.1	17.5	20.2
RoCE (%)	13.3	17.0	19.6
Payout (%)	31.5	27.1	20.3
Valuations			
P/E (x)	55.5	37.2	27.9
P/BV (x)	7.0	6.1	5.2
EV/EBITDA (x)	33.1	22.8	17.4
Div Yield (%)	0.6	0.7	0.7
FCF Yield (%)	(0.1)	0.8	1.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	61.8	61.8	62.8
DII	14.3	14.3	8.9
FII	7.8	7.4	4.7
Others	16.0	16.5	23.7

FII Includes depository receipts

CMP: INR1,247 TP: INR1,600 (+28%) BUY

Strong growth in FMEG; margin improves for cables & wires

Guides ~15% volume growth and ~8% margin for C&W in 4QFY25

- RRKABEL's 3QFY25 earnings were above our estimate due to a higher margin in Cables and Wires (C&W) and reduced losses in the FMEG segment. Revenue rose 9% YoY to INR17.8b (2% above our est.). However, EBITDA declined 2% YoY to INR1.1m (8% above our est.). EBITDA margin contracted 70bp YoY to 6.2% (est. 5.9%). Adj. PAT declined 3% YoY to INR686m (18% above our est.), due to better operating performance and higher other income.
- Management indicated that volume growth in 9MFY25 was ~6%, led by ~21% YoY growth for cables; however, wire volumes declined ~3% YoY. With normalization in RM prices, it expects ~15% YoY volume growth in 4QFY25 with a segment EBIT margin of ~8% (vs. 7% in 3QFY25). The target is to improve this segment margin by 100-120bp every year and achieve a margin of ~10% in FY28 (the earlier target was to achieve this in FY27).
- Wire demand and margin in YTDFY25 have remained subdued due to the volatility in RM prices, and demand is likely to recover going forward, with strong traction in real estate. Considering lower volumes and margins in FY25, we cut our EPS by 12% each for FY26/FY27E. **We value RRKABEL at 35x Dec'26E (vs. 40x earlier) EPS to arrive at our revised TP of INR1,600.**

Revenue up 9% YoY; EBITDA declines 2% YoY

- Consol. revenue/EBITDA/PAT stood at INR17.8b/INR1.1b/INR686m (up 9%/ down 2%/3% YoY and up 2%/ 8%/18% vs. our estimates). Gross margin was down 70bp YoY to 18.3%. Employee costs increased 11% YoY (5.1% of revenue vs. 5.0% in 3QFY24). Other expenses rose 7% YoY (7.0% of revenue vs. 7.2% in 3QFY24).
- Segmental highlights: a) **C&W:** revenue was up 8% YoY at INR15.4b, while EBIT declined 6% YoY to INR1.1b. EBIT margin dipped 1pp YoY to 7.0%. b) **FMEG business**: revenue was up 20% YoY at INR2.4b. EBIT loss decreased to INR44m from INR124m/INR117m in 3QFY24/2QFY25.
- During 9MFY25, revenue grew 12% YoY to INR54b, led by 10% growth in the C&W segment and 22% growth in the FMEG segment. EBIT of the C&W segment declined 19% YoY, and EBIT margin was at 6.4% vs. 8.6% in 9MFY24. FMEG segment reported an EBIT loss of INR368m vs. a loss of INR491m in 9MFY24. EBITDA of the company declined 16% YoY to INR2.9b, and OPM was 5.4% vs. 7.2% in 9MFY24. Profit declined 17% YoY to INR1.8b.

Key highlights from the management commentary

- The revenue mix of C&W is at 30:70 in both domestic and export markets. Cables' contribution should rise to 35% with the commissioning of additional capacities.
- Capacity utilization for wire is 65-67%, while it is 90-95% for cables. The company is facing capacity constraints for HT cables as it has limited capacity. The situation should improve in 4Q or after that.

- Ongoing capex (INR5b in FY24/25) had a revenue potential of INR25b and will help to grow in FY26/27. It will further incur a capex of INR12b spread across FY26-28. This capex will be used for a brownfield expansion at the Waghodia plant, and most of the capex (~80%) will be towards cables. Revenue potential from this capex will be INR40-45b.

Valuation and view

- Wire demand and margin in YTDFY25 have remained subdued due to the volatility in RM prices, and demand is expected to recover going forward with strong traction in real estate. RRKABEL should see strong earnings growth going forward, led by product mix change and demand improvement. In the FMEG segment, revenue growth came above our estimates in 3QFY25, and there was a reduction in EBIT loss led by volume growth and product-mix change.
- We estimate RRKABEL's revenue/EBITDA/PAT CAGR of 15%/23%/23% over FY24-27. We estimate RoIC to improve to 21% in FY27 vs. 13% in FY24. Valuation seems reasonable at 36x/25x FY26/27E EPS. We value it at 35x Dec'26E EPS (vs. 40x earlier) to arrive at our revised TP of INR1,600 (earlier INR1,900). **Reiterate BUY.**

Quarterly performance (INR m)

	FY24				FY25				FY24	FY25E	MOSL	Var.
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**			**3QE**	**(%)**
Sales	**15,973**	**16,097**	**16,335**	**17,541**	**18,081**	**18,101**	**17,822**	**19,455**	**65,946**	**73,458**	**17,494**	**2**
YoY Change (%)	29.2	17.7	10.4	15.7	13.2	12.5	9.1	10.9	17.8	13.2	**7.1**	
EBITDA	**1,129**	**1,209**	**1,126**	**1,153**	**949**	**858**	**1,105**	**1,320**	**4,617**	**4,232**	**1,026**	**8**
YoY Change (%)	182.5	87.7	(4.3)	14.8	(15.9)	(29.1)	(1.8)	14.4	43.2	(8.3)	**(8.9)**	
Adj EBITDA margin (%)	7.1	7.5	6.9	6.6	5.3	4.7	6.2	6.8	7.0	5.8	**5.9**	34
Depreciation	161	166	165	163	162	175	178	194	655	709	**183**	(3)
Interest	144	142	124	128	116	156	162	148	539	582	**145**	11
Other Income	163	148	122	193	185	72	134	46	626	438	**85**	58
PBT	**987**	**1,049**	**959**	**1,055**	**857**	**599**	**900**	**1,024**	**4,050**	**3,379**	**782**	**15**
Tax	250	310	250	270	218	101	219	341	1,080	879	**200**	
Effective Tax Rate (%)	25.4	29.5	26.0	25.6	25.4	16.9	24.3	33.3	26.7	26.0	**25.6**	
JV share	7	2	0	2	5	(2)	4	3	11	10	**1**	
Reported PAT	**743**	**741**	**710**	**787**	**644**	**495**	**686**	**686**	**2,981**	**2,511**	**583**	**18**
Change (%)	309.8	111.7	(0.7)	20.6	(13.4)	(33.2)	(3.4)	(12.9)	57.0	(15.8)	**(18)**	
Adj PAT	**743**	**741**	**710**	**787**	**644**	**495**	**686**	**686**	**2,981**	**2,511**	**583**	**18**
YoY Change (%)	309.8	111.7	(0.7)	20.6	(13.4)	(33.2)	(3.4)	(12.9)	57.0	(15.8)	**(17.8)**	
Margins (%)	4.7	4.6	4.3	4.5	3.6	2.7	3.8	3.5	4.5	3.4	**3.3**	

Segmental performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	MOFSL	Var.
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**			**3QE**	**(%)**
Sales												
Cables & Wires	14,231	14,504	14,331	15,231	15,782	16,118	15,425	17,224	58,296	64,550	15,312	0.7
FMEG	1,851	1,598	2,005	2,310	2,300	1,984	2,396	2,299	7,764	8,979	2,182	9.8
EBIT												
Cables & Wires	1,246	1,329	1,147	1,320	1,130	818	1,075	1,247	5,043	4,270	949	13.2
FMEG	(170)	(198)	(124)	(194)	(207)	(117)	(44)	(126)	(685)	(494)	(120)	NA
EBIT Margin (%)												
Cables & Wires	8.8	9.2	8.0	8.7	7.2	5.1	7.0	7.2	8.6	6.6	6.2	77
FMEG	(9.2)	(12.4)	(6.2)	(8.4)	(9.0)	(5.9)	(1.8)	(5.5)	(8.8)	(5.5)	(5.5)	366

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3QFY25 Results Update | Sector: Oil & Gas

Mahanagar Gas

Estimate change	↑
TP change	↓
Rating change	↔

Bloomberg	MAHGL IN
Equity Shares (m)	99
M.Cap.(INRb)/(USDb)	125.2 / 1.4
52-Week Range (INR)	1989 / 1075
1, 6, 12 Rel. Per (%)	5/-24/-17
12M Avg Val (INR M)	1131

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	68.7	70.0	73.7
EBITDA	14.9	16.1	17.2
Adj. PAT	10.3	10.9	11.6
Adj. EPS (INR)	104.7	110.3	117.6
EPS Gr. (%)	-20.9	5.4	6.6
BV/Sh.(INR)	583.4	649.6	720.2
Ratios			
Net D:E	-0.1	-0.1	-0.1
RoE (%)	19.0	17.9	17.2
RoCE (%)	18.9	17.6	17.0
Payout (%)	40.0	40.0	40.0
Valuation			
P/E (x)	12.1	11.5	10.8
P/BV (x)	2.2	2.0	1.8
EV/EBITDA (x)	8.1	7.5	7.0
Div. Yield (%)	3.3	3.5	3.7
FCF Yield (%)	2.4	2.1	3.1

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	32.5	32.5	32.5
DII	31.1	25.5	27.2
FII	25.8	34.2	30.9
Others	10.6	7.8	9.4

FII includes depository receipts

CMP: INR1,267 TP: INR1,850 (+46%) BUY

Remains the preferred play among CGDs

- **MAHGL's standalone performance was in line with estimates in 3Q amid steady margins and strong volume growth (both in line with estimates). While CNG volumes were 4% below our estimates, I&C-PNG volumes came in 18% above estimates. The impact of APM twin de-allocation was clearly visible as margins declined INR2.4/scm QoQ. Spot LNG prices have remained high, averaging ~USD14/mmbtu, over the past four months and are expected to remain elevated in the mid-term.**
- **While margins are likely to remain under pressure in 4Q amid high Spot LNG prices, MAHGL has also entered into long-term gas contracts to reduce the impact. The management has guided for 4Q margins to be better than 3Q, as the impact of price hikes taken in Nov'24 and Jan'25 will be fully visible.**
- **MAHGL currently trades at 11.5x FY26E P/E, which we think is inexpensive. We reiterate BUY on the stock with a TP of INR1,850, based on 16x Dec'26E EPS.**

Robust volume growth guidance amid steady margin

- Management expects ~12.5%-13% YoY growth in volumes in FY25. Further, it has guided for 10% YoY volume growth for FY26, with CNG being the key growth driver. EBITDA margins are expected to range between INR9 and INR11 per scm moving forward.
- During the earnings call, management highlighted that volume growth guidance could have upside risk in the long term, should CNG penetration in Mumbai and adjoining areas increase significantly due to government initiatives aimed at reducing pollution. According to a media article, the Bombay High Court took suo motu cognizance and filed a PIL concerning the worsening pollution crisis in the city and its suburbs. Management stated that phasing out MS/HSD vehicles over the long term could be a key action resulting from this development.

Other key takeaways from the conference call

- In 9MFY25, the company had incurred a capex of ~INR6.5b (INR2b-INR2.5b to be incurred in 4Q). Major capex is being spent on steel and low-pressure pipelines.
- UEPL generates cash EBITDA of INR550m per annum.
- The company expects an APM cut of around 5-7% in Apr'25.
- MAHGL is expected to have an INR0.25 margin impact for every INR1/USD change in the exchange rate.

Standalone performance in line; UEPL's EBITDA declines sequentially QoQ

Standalone

- Total volumes were in line with est. at 4.1mmscmd (+12% YoY).
  - While CNG volumes were marginally below our estimates, I&C-PNG volumes came in 18% above estimates.

- EBITDA/scm came in line with our estimate at INR8.3 (-38% YoY). Gas costs and other expenses were higher QoQ.
  - The resultant standalone EBITDA was in line with our estimate at INR3.1b (-30% YoY).
- While other income was higher than expected, depreciation also exceeded our estimates.
  - Hence, PAT came in line with our estimate at INR2.3b (our est. INR2.2b, -29% YoY).
- Consolidated figures include Unison Enviro Private Limited (UEPL).
- In 3QFY25, net sales stood at INR18.5b (+3% QoQ).
- EBITDA stood at INR3.3b (-21% QoQ), led by a decline in margins and higher employee benefits expenses QoQ.
- On a QoQ basis, UEPL's EBITDA declined sharply (-30% QoQ) in 3QFY25, leading to lower consolidated EBITDA QoQ.
- The Board has declared an interim dividend of INR12/share (FV INR10). The record date has been set for 3rd Feb'25.

Valuation and view

- During the quarter, MAHGL connected 98,469 domestic households and added 83 PNG-I/C customers. The company has also added 83 industrial and commercial customers, bringing the total count to 4,974.
- We expect a 9% CAGR in volume over FY24-27, driven by multiple initiatives implemented by the company, such as collaborating with OEMs to drive conversions of commercial CNG vehicles and providing guaranteed price discounts to new I/C-PNG customers.
- The stock trades at 11.5x FY26E EPS of INR110.3. We value it at 16x Dec'26E EPS to arrive at our TP of INR1,850. **Reiterate BUY.**

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**15,378**	**15,709**	**15,688**	**15,671**	**15,896**	**17,116**	**17,576**	**18,066**	**62,445**	**68,655**	**17,782**	**-1%**
YoY Change (%)	5.7	0.5	-6.1	-2.7	3.4	9.0	12.0	15.3	-0.9	9.9	13.3	
EBITDA	**5,213**	**4,789**	**4,487**	**3,938**	**4,185**	**3,985**	**3,144**	**3,538**	**18,426**	**14,852**	**3,239**	**-3%**
EBITDA/SCM	16.8	14.6	13.3	11.5	11.9	10.7	8.3	9.2	13.9	10.0	8.5	-2%
Margins (%)	33.9	30.5	28.6	25.1	26.3	23.3	17.9	19.6	29.5	21.6	18.2	
Depreciation	620	658	683	775	719	735	791	775	2,736	3,019	742	
Interest	25	25	27	38	31	31	34	29	115	124	31	
Other Income	390	437	481	446	402	512	463	485	1,753	1,861	446	
PBT	**4,957**	**4,543**	**4,258**	**3,570**	**3,837**	**3,731**	**2,782**	**3,219**	**17,328**	**13,569**	**2,912**	**-4%**
Tax	1,273	1,158	1,086	920	992	903	529	806	4,437	3,229	733	
Rate (%)	25.7	25.5	25.5	25.8	25.8	24.2	19.0	25.0	25.6	23.8	25.2	
Reported PAT	**3,684**	**3,385**	**3,172**	**2,650**	**2,845**	**2,828**	**2,254**	**2,413**	**12,891**	**10,340**	**2,179**	**3%**
YoY Change (%)	98.9	106.4	84.3	-1.4	-22.8	-16.5	-28.9	-9.0	63.2	-19.8	-31.3	
Margins (%)	24.0	21.5	20.2	16.9	17.9	16.5	12.8	13.4	20.6	15.1	12.3	
Sales Volumes (mmscmd)												
CNG	2.5	2.6	2.6	2.7	2.8	2.9	2.9	3.0	2.6	2.9	3.0	-4%
PNG - Domestic	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5	0.6	0.6	-3%
PNG - Industrial/ Commercial	0.4	0.5	0.5	0.6	0.5	0.6	0.6	0.6	0.5	0.6	0.5	18%
PNG - Total	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.0	1.2	1.1	7%
Total Volumes	**3.4**	**3.6**	**3.7**	**3.8**	**3.9**	**4.0**	**4.1**	**4.3**	**3.6**	**4.1**	**4.1**	**-1%**

29 January 2025

3QFY25 Results Update | Sector: Retail

Westlife Foodworld

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	WESTLIFE IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	112 / 1.3
52-Week Range (INR)	960 / 674
1, 6, 12 Rel. Per (%)	-10/-8/-18
12M Avg Val (INR M)	158

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	25.1	28.6	32.9
Sales growth (%)	5.1	13.9	15.1
EBITDA	3.3	4.3	5.3
Margins (%)	13.1	15.2	16.1
Adj. PAT	0.1	0.8	1.4
Adj. EPS (INR)	0.7	5.3	9.2
EPS Growth (%)	-83.9	641.1	73.6
BV/Sh.(INR)	47.4	45.7	55.2
Ratios			
RoE (%)	1.7	11.4	18.2
RoCE (%)	5.3	8.5	10.9
Valuations			
P/E (x)	N/M	135.5	78.1
P/BV (x)	15.2	15.7	13.0
EV/EBITDA (x)	37.5	28.7	23.3
EV/Sales (x)	4.9	4.4	3.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.3	56.3	56.2
DII	21.2	21.3	24.0
FII	14.2	14.1	10.8
Others	8.3	8.4	9.0

FII Includes depository receipts

CMP: INR718 TP: INR800 (+11%) Neutral

Steady performance; signs of dine-in recovery

- Westlife Foodworld (WLDL) reported revenue growth of 9% YoY to INR6.5b in 3QFY25, with same-store sales growth (SSSG) of 2.8% YoY (est. 4%) on a favorable base (-9% in 3QFY24). Average sales per store declined 7% YoY to INR60m (annually). Growth was broad-based, with both on-premise and off-premise up 9%.
- WLDL added net 13 new stores (+11% YoY) in 3Q (24 stores in 9MFY25). Its store expansion spree will continue as the company maintains its target of opening 45-50 new stores in FY25, with a focus on South India, smaller towns, and drive-thru stores.
- GM contracted marginally by 20bp YoY but expanded 40bp QoQ to 70.1% (est. 70.3%). EBITDA margin contracted 200bp YoY to 14.0% (est. 14.4%). Restaurant operating margin (pre-IND-AS) contracted 230bp YoY to 15.7% (est. 16%) due to operating deleverage and higher A&P spends. EBITDA (pre-IND-AS) declined by 13% YoY, margin down by 230bp to 9.1%.
- QSR industry has seen massive earnings pressure during the last two years, affected by weak ADS/SSSG. Dine-in format has seen more pressure than delivery format. Recent trends in dine-in are encouraging and we need to see if they are sustained. Weak urban consumption can be an overhang on the recovery. We are watchful for ADS recovery, which can quickly lead to an improvement in unit economics. We reiterate our Neutral rating with a TP of INR800, based on 35x Dec'26E EV/EBITDA (pre-IND-AS).

In-line performance; same-store sales grow on weak base

- **Positive SSSG:** Sales grew 9% YoY to INR6.5b (est. INR6.3b), led by store addition of 11% YoY. Same-store sales grew 2.8% YoY (est. +4%, -6.5% in 2QFY25, -9.1% in 3QFY24). WLDL opened net 13 stores (opened 15 stores, closed 2 stores), taking the count to 421 stores in 67 cities. Average sales per store declined 7% YoY to INR60m (ann.).
- **Operating margin pressure persists:** GM contracted marginally by 20bp YoY to 70.1% (est.70.3%) due to a temporary increase in RM prices, but it expanded 40bp YoY on cost initiatives. WLDL had taken a price hike of 50bp at the portfolio level in 3Q. EBITDA margin contracted 200bp YoY to 14.0% (est. 14.4%) and EBITDA (pre-Ind-As) declined 230bp YoY to 9.1% (est. 9.8%). ROM pre-IND-AS was down 230bp YoY at 15.7% (est. 16%)
- **Decline in EBITDA/PBT/APAT:** EBITDA declined 8% YoY to INR914m (est. INR946m) due to unfavorable operating leverage and higher A&P spends. PBT dipped 72% YoY to INR65m (est. INR168m). PAT declined 59% YoY to INR71m (est. INR126m).
- In 9MFY25, net sales were up 3% YoY, while EBITDA/PAT declined 17%/84% YoY.

Key takeaways from the management commentary

- Consumption trends remain soft, though the company expects a gradual recovery in dining-out frequency. Stability in retail inflation and budgetary measures to boost disposable income and purchasing power could provide near-term support to consumption.
- WLDL follows a pricing strategy of taking small annual price hikes, typically in the range of 2-4% per year, to offset inflation. It aims to pass on at least 50% of inflation through price adjustments to maintain competitiveness.
- Despite RM inflation, GP improved sequentially owing to efficient supply chain and cost initiatives. WLDL expects gross margin to rise to over 70% in the near term.
- McCrispy campaign, #ShordaarCrunch, gained strong traction during the quarter, driving premiumization and increasing sales of McCrispy burgers.

Valuation and view

- We maintain our EBITDA (pre-IND-AS) estimates for FY25 and FY26.
- Demand improved marginally in 3Q, with volume-led SSSG improvement. WLDL has been aggressive in store additions, which was not the case historically. The current demand environment is not conducive to aggressive expansion. Therefore, the benefits of the same can be back-ended.
- The revenue gap between dine-in and delivery has narrowed, with improvement in dine-in footfall. Weak underlying growth will continue to impact operating margin, leading to pressure on restaurant margins and EBITDA margins.
- **We reiterate our Neutral rating with a TP of INR800, based on 35x Dec'26E EV/EBITDA (pre-IND-AS).**

Consolidated quarterly performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
SSSG %	7.0	1.0	(9.0)	(5.0)	(6.7)	(6.5)	2.8	4.4	-1.5	-1.5	4.0	
No. of McDonald's restaurants	361	370	380	397	403	408	421	441	398	441	421	
Net Sales	**6,145**	**6,147**	**6,003**	**5,623**	**6,163**	**6,180**	**6,537**	**6,261**	**23,918**	**25,141**	**6,566**	**-0.4**
YoY Change (%)	14.2	7.4	-1.8	1.1	0.3	0.5	8.9	11.3	5.0	5.1	9.4	
Gross profit	**4,337**	**4,310**	**4,219**	**3,945**	**4,351**	**4,306**	**4,581**	**4,411**	**16,811**	**17,649**	**4,616**	**-0.8**
Margin (%)	70.6	70.1	70.3	70.2	70.6	69.7	70.1	70.5	70.3	70.2	70.3	
EBITDA	**1,053**	**997**	**960**	**771**	**799**	**786**	**914**	**803**	**3,780**	**3,302**	**946**	**-3.4**
YoY Change (%)	14.3	0.9	-12.9	-16.1	-24.1	-21.1	-8.3	-16.4	-3.8	-12.6	-5.1	
Margins (%)	17.1	16.2	16.0	13.7	13.0	12.7	14.0	12.8	15.8	13.1	14.4	
Depreciation	439	453	491	503	506	528	549	521	1,886	2,104	520	
Interest	260	274	282	283	298	316	330	318	1,099	1,262	318	
Other Income	52	32	44	35	51	65	29	64	162	208	60	
PBT	**406**	**302**	**231**	**20**	**45**	**7**	**65**	**27**	**958**	**145**	**168**	**-61.1**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO expense	**406**	**302**	**231**	**20**	**45**	**7**	**65**	**27**	**958**	**145**	**168**	
Tax	118	78	59	12	13	3	-5	22	266	33	42	
Rate (%)	29.0	26.0	25.3	60.6	27.9	48.1	-8.0	82.8	27.8	23.0	25.0	
Reported PAT	**288**	**224**	**172**	**8**	**33**	**4**	**71**	**5**	**692**	**111**	**126**	
Adj PAT	**288**	**224**	**172**	**8**	**33**	**4**	**71**	**5**	**692**	**111**	**126**	**-43.9**
YoY Change (%)	22.0	-29.2	-52.6	-96.1	-88.7	-98.3	-59.1	-39.7	L/P	L/P	-27.1	
Margins (%)	4.7	3.6	2.9	0.1	0.5	0.1	1.1	0.1	2.9	0.4	1.9	

E: MOFSL Estimates

Home First Finance

Estimate change	⟷
TP change	⟷
Rating change	⟷

Stock Info

Bloomberg	HOMEFIRS IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	87 / 1
52-Week Range (INR)	1383 / 777
1, 6, 12 Rel. Per (%)	-3/-3/-8
12M Avg Val (INR M)	419
Free float (%)	85.7

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	6.4	8.1	10.0
PPoP	5.3	6.5	8.0
PAT	3.8	4.7	5.7
EPS (INR)	43.0	52.5	64.0
EPS Gr. (%)	24.4	22.2	21.9
BV/Sh. (INR)	278	326	385
ABV/Sh. (INR)	268	313	371
Ratios			
NIM (%)	5.7	5.6	5.5
C/I ratio (%)	35.8	36.0	36.1
RoAA (%)	3.5	3.4	3.4
RoAE (%)	16.6	17.4	18.0
Valuations			
P/E (x)	22.6	18.4	15.1
P/BV (x)	3.5	3.0	2.5
P/ABV (x)	3.6	3.1	2.6
Div. Yield (%)	0.4	0.5	0.5

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	14.3	23.4	23.6
DII	18.3	12.4	11.7
FII	37.9	25.6	24.8
Others	29.5	38.6	39.8

FII includes depository receipts

CMP: INR970 TP: INR1,280 (+32%) Buy

Staying the course despite a relatively tough macro environment

Earnings in line; enabling resolution for equity raise through QIP

- Home First Finance (HOMEFIRST)'s 3QFY25 PAT grew 24% YoY to INR974m (in line). NII grew 21% YoY to INR1.6b (in line). Other income grew 42% YoY to INR517m (10% above MOFSLe), fueled by higher insurance commission income. The company initiated insurance partnerships in mid of 2QFY25 and expects a quarterly run-rate of ~INR150-180m in insurance commissions, going forward.
- Opex grew 23% YoY to INR752m (in line). PPoP rose ~27% YoY to INR1.4b (7% beat). Credit costs stood at INR98m (vs. MOFSLe of INR55m) and translated into annualized credit cost of ~35bp (PQ: ~20bp and PY: ~30bp).
- The Board of the company has passed an enabling resolution to raise equity capital of up to INR12.5b through QIP. This capital will support the company in achieving its medium-term AUM goal of ~INR200b by Mar'27 and reflects strong confidence in HOMEFIRST's ability to gain market share in the affordable housing finance segment.
- Management noted that the slight weakness in asset quality (1+dpd and 30+dpd rising ~30bp QoQ) was driven by the macroeconomic environment. However, it appears to be transient, and the company anticipates a strong recovery in asset quality in 4QFY25.
- Management mentioned that disbursements in the quarter were slightly below expectations, partly due to the impact of e-Khata issues in Karnataka and tighter credit filters in select products. HOMEFIRST's execution has been consistently better than its peers, and the company is well-positioned to capitalize on significant opportunities in the affordable housing segment. We estimate a CAGR of ~28%/~23% in AUM/PAT over FY24-FY27. Asset quality is expected to remain range-bound at current levels and credit costs are likely to remain benign at ~25-30bp over the near-to-medium-term. **Reiterate BUY with a TP of INR1,280 (based on 3.6x Sep'26E BV).**

Healthy AUM growth of ~33% YoY; BT-out rate inches up slightly

- Disbursements grew 18% YoY to ~INR11.9b (+1.4% QoQ), leading to AUM growth of 33% YoY to ~INR119b.
- Management highlighted that the company faced a disbursement shortfall of ~INR250-300m due to issues in Karnataka and the company's tighter credit filters. However, it remains confident about making up for this loss in disbursements from other states and delivering a stronger performance in the coming quarters.
- The BT-out rate (annualized) in 3QFY25 rose to 7.3% (PQ: ~6.7% and PY ~7.5%). The rise in the BT-out rate was influenced by the competitive landscape and the company's effectiveness in retaining customers.

Reported NIMs contract ~30bp QoQ; CoF rise ~10bp QoQ

- Reported yield was stable QoQ at 13.6% and reported CoF rose ~10bp QoQ to 8.4%. Reported spreads (excl. co-lending) declined ~10bp QoQ to 5.2%.
- Incremental CoF and origination yield in 3QFY25 stood at 8.5% and 13.4%, respectively.
- Reported NIM contracted ~30bp QoQ to ~4.9%, driven by an increase in the cost of funds, higher liquidity, and lower realized yield during the quarter. We model an NIM of 5.6%/5.5% in FY26/FY27 (FY25E: 5.7%).

Minor increase in 1+dpd and 30+dpd; bounce rates up QoQ

- GS3 and NS3 remained stable QoQ at 1.7% and 1.3%, respectively. PCR declined ~125bp QoQ to ~25.5%.
- 1+dpd rose ~30bp QoQ to 4.8%. Bounce rates increased ~80bp QoQ to ~16% in 3QFY25 (vs ~15.2% in 2QFY25). In Jan'25, bounce rates were stable at 16%.

Enabling resolution to raise equity capital for the next leg of growth

- Capital adequacy stood at ~33% (Tier 1: 32.7%). Leverage stood at ~5x and the company is internally comfortable up to a leverage of 6x.
- Management shared that it expects the equity capital raise and discussions with credit rating agencies for a credit rating upgrade to be completed within the next 6-9 months. We have not yet factored in the equity capital raise into our estimates and will incorporate it closer to the completion of this capital raise.

Highlights from the management commentary

- Management highlighted that ~30bp increase in 1+dpd was driven by 600 customers who did not make payments at the end of the quarter. However, there has been no negative feedback from the teams on the ground, and the company has not observed any difficulties in collections or stress among customers.
- HOMEFIRST has guided for AUM growth of ~27-30% over the next two years. In FY26, the company expects disbursements to average INR5b/month (vs ~INR4b per month in FY25).
- The company expects to add ~30-40 branches next year. It aims to penetrate deeper into the emerging geographies of UP, MP, and Rajasthan.

Valuation and view

- HOMEFIRST has invested in building a franchise, positioning itself well to capitalize on the significant growth opportunity in affordable housing finance. The company continues to expand its distribution network in a contiguous manner, covering Tier I and II cities within its existing states.
- We estimate HOMEFIRST to clock a ~28% AUM CAGR over FY24-FY27, along with an NIM (as a % of average AUM) of 5.6%/5.5% in FY26/FY27.
- Asset quality is expected to remain range-bound at current levels and credit costs are likely to remain benign at ~25-30bp over the near-to-medium-term. **Reiterate our BUY rating on the stock with a TP of INR1,280 (premised on 3.6x Sep'26E BVPS).**
- **Key downside risks**: a) a sharp contraction in spreads and margins to sustain the business momentum; b) higher BT-outs, leading to lower AUM growth; and c) deterioration in asset quality in its LAP product and self-employed customer segments, resulting in higher credit costs.

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	2,313	2,491	2,646	2,827	3,032	3,322	3,558	3,763	10,277	13,675	3,557	0
Interest expenses	1,068	1,170	1,302	1,459	1,568	1,756	1,926	2,037	4,999	7,287	1,972	-2
Net Interest Income	**1,246**	**1,321**	**1,344**	**1,368**	**1,464**	**1,566**	**1,631**	**1,726**	**5,278**	**6,389**	**1,586**	3
YoY Growth (%)	32.6	30.1	21.4	22.4	17.5	18.6	21.4	26.1	26.3	21.0	18.0	
Other Income	285	289	364	351	382	421	517	503	1,289	1,822	470	10
Net Income	**1,530**	**1,610**	**1,708**	**1,719**	**1,846**	**1,987**	**2,148**	**2,229**	**6,567**	**8,211**	**2,056**	**5**
YoY Growth (%)	40.9	36.1	35.7	24.2	20.6	23.4	25.8	29.7	33.7	25.0	20.4	
Operating Expenses	553	565	611	584	655	726	752	807	2,313	2,940	753	0
Operating Profit	**977**	**1,044**	**1,097**	**1,135**	**1,191**	**1,261**	**1,396**	**1,422**	**4,254**	**5,271**	**1,302**	7
YoY Growth (%)	39.8	40.9	34.5	24.8	21.9	20.7	27.2	25.3	34.3	23.9	18.7	
Provisions and Cont.	77	80	70	27	56	57	98	40	254	251	55	78
Profit before Tax	**900**	**964**	**1,027**	**1,107**	**1,135**	**1,204**	**1,298**	**1,382**	**4,000**	**5,020**	**1,247**	4
Tax Provisions	209	221	239	273	258	281	324	342	942	1,205	287	13
Net Profit	**691**	**743**	**788**	**835**	**878**	**922**	**974**	**1,040**	**3,057**	**3,815**	**961**	1
YoY Growth (%)	34.9	36.9	34.5	30.4	27.0	24.1	23.55	24.6	33.9	24.8	21.9	
Key Operating Parameters (%)												
Other income to Net Income Ratio	18.6	17.9	21.3	20.4	20.7	21.2	24.1	22.6	19.6	22.2		
Credit Cost	0.41	0.40	0.32	0.12	0.22	0.21	0.34	0.13	1.4	1.1		
Cost to Income Ratio	36.1	35.1	35.7	34.0	35.5	36.5	35.0	36.2	35.2	35.8		
Tax Rate	23.2	23.0	23.3	24.6	22.7	23.4	25.0	24.7	23.6	24.0		
Balance Sheet Parameters												
AUM (INR m)	77,760	83,654	90,137	96,978	1,04,781	1,12,294	1,19,494	1,27,054	96,978	1,27,054		
Change YoY (%)	33.3	33.3	33.5	34.7	34.7	34.2	32.6	31.0	34.7	31.0		
Loans (INR m)	65,194	70,253	75,479	81,434	87,940	94,465	1,00,649	1,05,765	81,434	1,05,889		
Change YoY (%)	38.1	36.5	34.9	35.8	34.9	34.5	33.3	29.9	35.8	30.0		
Borrowings (INR m)	68,215	72,792	82,514	87,954	95,120	1,05,869	1,10,391	96,041	73,021	96,041		
Change YoY (%)	41.0	39.2	42.2	47.7	39.4	45.4	33.8	9.2	51.7	31.5		
Loans/Borrowings (%)	95.6	96.5	91.5	92.6	92.5	89.2	91.2	110.1	112	110		
Asset Quality Parameters (%)												
GS 3 (INR m)	1,077	1,233	1,295	1,393	1,540	1,640	1,770	0	1,393	1,724		
Gross Stage 3 (% on Assets)	1.6	1.7	1.7	1.7	1.7	1.7	1.7	0.0	1.70	1.62		
NS 3 (INR m)	743	859	908	979	1,116	1,202	1,319	0	979	1,276		
Net Stage 3 (% on Assets)	1.13	1.21	1.19	1.19	1.26	1.26	1.30	0.00	1.19	1.20		
PCR (%)	31.0	30.3	29.9	29.7	27.5	26.7	25.5	0.0	29.7	26.0		
ECL (%)	0.94	0.91	0.89	0.86	0.83	0.80	0.80	0.00	0.94	0.91		
Return Ratios (%)												
ROAA (Rep)	3.9	3.8	3.7	3.6	3.6	3.4	3.4	0.0	3.8	3.5		
ROAE (Rep)	15.0	15.6	15.8	16.1	16.3	16.5	16.6	0.0	15.5	16.6		

E: MOFSL Estimates

Syrma SGS Technology

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	SYRMA IN
Equity Shares (m)	178
M.Cap.(INRb)/(USDb)	90 / 1
52-Week Range (INR)	647 / 376
1, 6, 12 Rel. Per (%)	-13/12/-23
12M Avg Val (INR M)	594

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	42.2	57.0	74.1
EBITDA	3.0	4.2	5.6
Adj. PAT	1.7	2.7	3.8
EBITDA Margin (%)	7.1	7.4	7.6
Cons. Adj. EPS (INR)	9.6	15.3	21.4
EPS Gr. (%)	56.6	59.4	39.9
BV/Sh. (INR)	98.9	112.6	132.5
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	10.1	14.5	17.4
RoCE (%)	10.2	13.7	16.6
Valuations			
P/E (x)	53	33	24
EV/EBITDA (x)	31	22	16

Shareholding Pattern (%)

As on	Dec-24	Sep-24	Dec-23
Promoter	46.6	46.9	46.9
DII	7.5	6.5	8.2
FII	8.6	10.3	11.1
Others	37.4	36.4	33.8

Note: FII includes depository receipts

CMP: INR505 TP: INR650 (+29%) Buy

Improved business mix enhances margins

Operating performance above estimates

- Syrma SGS Technology (SYRMA) reported a strong operating performance, with EBITDA up ~2x YoY in 3QFY25 and margins expanding 360bp YoY due to a favorable business mix (lower share of low-margin consumer business at 31% in 3QFY25 vs. 36% in 3QFY24) and operating leverage. Revenue grew 23%, largely led by the Automotive (38% YoY) and Industrial (37% YoY) segments.
- With the order book continuing to improve to INR53b as of 3QFY25 (up 18%/10% YoY/QoQ) and margins expanding, we expect SYRMA to witness a stronger FY26.
- We largely maintain our FY25/FY26/FY27 EPS estimate and reiterate our BUY rating on the stock with a TP of INR650 (30x FY27E EPS).

Automotive and Industrial segments drive topline growth

- Consol. revenue grew 23% YoY to INR8.7b (est. INR10b) owing to healthy growth across verticals (automotive/industrial/IT & railways/consumer/healthcare verticals grew 38%/37%/37%/6%/6% YoY).
- EBITDA margins expanded 360bp YoY to 9.1% (est. 7%), which can be attributed to the gross margin expansion of 410bp YoY to 26.7%, led by a favorable business mix. EBITDA grew 2x YoY to INR791m (est. INR704m). Adj. PAT grew 3.3x YoY to INR509m (est. INR367m).
- The order book stood at ~INR53b as of Dec'24 vs. ~INR48b as of Sep'24. The consumer/industrial/automotive/healthcare segments accounted for ~30-40%/20-22%/30%+/and the remaining portion of total orders as of Dec'24. 3Q order inflow stood at INR13.7b.
- In 9MFY25, SYRMA's revenue/EBITDA /Adj. PAT grew 42%/56%/44% YoY.
- Gross debt increased to ~INR6.85b as of Dec'24 vs. ~INR6.03b as of Sep'24. Net debt stood at ~INR2.7b as of Dec'24 (vs. net debt of ~INR1.8b as of Sep'24).

Highlights from the management commentary

- **Guidance:** The company aims to achieve an EBITDA of approximately INR3b in FY25, with a 7% margin. For FY26, it targets a revenue growth rate of 30-35%, along with a focus on margin expansion. Going forward, the company plans to bring its export mix to ~25-30%.
- **Order book:** As of Dec'24, the company's order book stood at INR53b, which is expected to be executed over 9-12 months. The company continues to see strong traction in the smart metering segment, adding a new client alongside existing orders from Honeywell.
- **Capex:** The company incurred a capex of ~INR1.8b in 9MFY25. It plans to invest ~INR2-2.25b in FY25, primarily towards an R&D center in Pune and a facility in Germany. For FY26, its targeted capex is ~INR1-1.5b

Valuation and view

- SYRMA witnessed a further recovery in margins, driven by a favorable change in the business mix in 3QFY25. However, we expect the margins to contract sequentially in 4Q, led by a higher mix of consumer business as guided by management.
- Going forward, we anticipate margins to expand from FY26 onwards, fueled by the higher contribution from the exports, ODM, and high-margin verticals. The company anticipates growing its revenue ~35-40%, led by a strong order book and healthy order inflows.
- We estimate a CAGR of 33%/42%/52% in revenue/EBITDA/adj. PAT over FY24-27, driven by strong revenue growth and margin expansion. We reiterate our BUY rating on the stock with a TP of INR650 (30x FY27E EPS).

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Gross Sales	**6,013**	**7,117**	**7,067**	**11,341**	**11,599**	**8,327**	**8,692**	**13,609**	**31,538**	**42,227**	**10,035**	**-13**
YoY Change (%)	54.4	52.4	37.9	66.9	92.9	17.0	23.0	20.0	54.0	33.9	42.0	
Total Expenditure	5,644	6,627	6,679	10,604	11,153	7,618	7,901	12,557	29,554	39,230	9,331	
EBITDA	**369**	**490**	**388**	**737**	**446**	**710**	**791**	**1,051**	**1,984**	**2,997**	**704**	**12**
Margins (%)	6.1	6.9	5.5	6.5	3.8	8.5	9.1	7.7	6.3	7.1	7.0	
Depreciation	101	116	139	158	174	167	202	210	515	753	180	
Interest	75	80	100	123	130	136	154	120	378	541	120	
Other Income	221	89	121	156	153	100	223	177	587	653	200	
PBT before EO expense	**413**	**383**	**270**	**612**	**295**	**507**	**657**	**898**	**1,678**	**2,357**	**604**	
Extra-Ord expense	0	14	0	0	0	0	21	0	14	21	0	
PBT	**413**	**370**	**270**	**612**	**295**	**507**	**635**	**898**	**1,664**	**2,335**	**604**	
Tax	130	64	67	160	91	110	105	226	421	533	152	
Rate (%)	31.5	17.4	24.8	26.1	31.0	21.8	16.6	25.2	25.3	22.8	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-2	22	48	103	10	34	42	35	170	122	85	
Reported PAT	**285**	**283**	**155**	**349**	**193**	**362**	**488**	**637**	**1,073**	**1,680**	**367**	
Adj PAT	**285**	**297**	**155**	**349**	**193**	**362**	**509**	**637**	**1,087**	**1,702**	**367**	**39**
YoY Change (%)	84.0	4.8	-53.2	-17.4	-32.3	22.0	228.2	82.3	-8.9	56.6	136.6	
Margins (%)	4.7	4.2	2.2	3.1	1.7	4.4	5.9	4.7	3.4	4.0	3.7	

Sunteck Realty

BSE SENSEX	S&P CNX
76,533	23,163

Bloomberg	SRIN IN
Equity Shares (m)	146
M.Cap.(INRb)/(USDb)	68.7 / 0.8
52-Week Range (INR)	699 / 380
1, 6, 12 Rel. Per (%)	-5/-15/-4
12M Avg Val (INR M)	340

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	11.1	21.3	9.4
EBITDA	2.4	6.2	2.1
EBITDA (%)	21.6	29.1	22.1
PAT	1.7	4.6	1.5
EPS (INR)	11.7	31.3	10.1
EPS Gr. (%)	142.2	166.6	-67.6
BV/Sh. (INR)	223.5	253.3	261.9
Ratios			
Net D/E	-0.1	0.2	-0.4
RoE (%)	5.4	13.1	3.9
RoCE (%)	5.7	12.6	4.3
Payout (%)	12.8	4.8	14.8
Valuations			
P/E (x)	40.0	15.0	46.3
P/BV (x)	2.1	1.9	1.8
EV/EBITDA (x)	27.2	12.0	25.7
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	63.2	63.2	63.3
DII	8.3	8.6	7.3
FII	19.8	19.4	20.3
Others	8.7	8.7	9.2

CMP: INR469 | TP: INR746 (+59%) | BUY

Focusing on profitable growth

Strong brand presence; robust portfolio

- Sunteck Realty, one of the leading real estate developers in the Mumbai Metropolitan Region (MMR), has a presence in South & Central, Western and Eastern Suburbs. Its notable projects are Sunteck Signature (BKC), Sunteck Beach Residences (Vasai), Sunteck City (Goregaon) and Sunteck West World (Naigaon).
- Over the years, the company has acquired 10 projects with total GDV of INR402b. It also launched six projects from FY21 to FY24, reporting a CAGR of 23% in pre-sales.
- Given strong traction in the uber-luxury segment and the upcoming launches in MMR and Dubai, we expect the company's pre-sales to grow to INR31.2b in FY26, representing a CAGR of 28% during FY24-26.
- The company has a strong balance sheet with a net cash surplus of INR0.6b and robust cash flows (cumulative OCF of INR21b over FY25-27E). With this and the recent joint development platform with IFC for green housing projects, the company is expected to enhance its future growth potential.

Low-risk luxury strategy

- Sunteck is among the first few developers to tap into unexplored markets of MMR – BKC, Goregaon, Naigaon, Vasai, Kalyan, etc., and has evolved them through its luxury offerings. It has also extended its brand from residential-only to the commercial real estate sector through office spaces and retail developments.
- Sunteck has shifted from its initial outright land purchase approach to an asset-light approach by entering into development management agreements or forming joint ventures since FY18. This strategy for luxury real estate has helped Sunteck to minimize capital expenditure, thereby maintaining asset position, faster execution and scalability.

Analyst Day – site visits

- **Sunteck Beach Residences (SBR):** SBR is a premium residential project in Vasai, a coastal area in the northern suburbs of Mumbai**.** Launched in FY23, the development is designed to offer a luxurious living experience with a focus on beachfront views**,** serene surroundings**,** and high-end amenities expected to be delivered by FY27-28. Spread across 50 acres with ~4.5 acres of commercial space, it has tall 35-storey towers with variants of luxurious apartments, including 2BHK and 3BHK, with overall area ranging from ~600-1100 sqft carpet and a ticket size ranging from ~INR11m to INR15m. Villas would be in the range of ~INR60-70m. About 80% of the land is open for greenery. It plans to develop villas/row houses and even a five-star hotel within the property.

- **Sunteck World:** It is designed as a multi-phase, mixed-use development at Naigaon launched in FY18 by the name West World. It caters to both affordable and aspirational affordable residential buyers. The project aims to provide a comprehensive lifestyle experience by combining residential spaces with commercial and retail zones. The residential units include affordable and mid-range housing, with potential for luxury towers as well. The project has a total land parcel of ~150 acres and currently has four ongoing phases, which are West World, Max World, One World and Ultra. These were launched between FY18 to FY24. Of the four, the former two are completed, whereas One World and Ultra are expected to be delivered by 2026 and 2029, respectively. The apartments come in various configurations like 2BHK and 3BHK with overall area ranging from ~550-850 sqft and a ticket size ranging from ~INR5m to INR9m.
- **Sunteck Sky Park:** It **is a** luxury residential project located **in** Mira Road. The project targets high-income individuals, corporate professionals, and affluent families who want to live in a luxury residential complex with modern amenities. The local infrastructure developments with quick driveway to nearby railway and metro station make it easily accessible and well connected. The project offers 45-storey towers of 2BHK and 3BHK homes with overall area ranging from ~650-1100 sqft and a ticket size ranging from ~INR15m to INR30m.
- **Sunteck Nepean Sea Site:** It is an upcoming luxury residential project located in South Mumbai offering ultra-luxury units. This project is aimed at targeting high/ultra-high net worth individuals looking for exclusive and luxurious living spaces. This project has a total of 1.5-acre land parcel with two plots and cumulative estimated GDV of INR54b. The project is well connected to the Coastal Road, thereby connecting the Bandra-Worli Sea Link. It also has a beautiful sea view with connected ongoing development of Coastal Garden, a long ~200 acre garden being built by Brihanmumbai Municipal Corporation (BMC). The project is yet in the designing stage and is estimated to be launched within 4-6 months.

Key management commentary

- **Execution: SRIN** has strengthened its execution capabilities in the last few years by building an in-house construction team and only outsourcing labor. This allows Sunteck to better control execution and maintain high-quality standards and timely deliveries, which establishes a strong brand recall in the micro-market of operations.
- **Approvals:** The company occasionally faces delays in approvals due to various challenges linked to regulatory approvals, local government permissions, and clearances from various authorities. However, its exceptional leadership and strong project execution capabilities ensure that such challenges are effectively navigated, allowing the company to stay on track and continue to deliver high-quality developments.
- **Margins:** In new project acquisitions, SRIN focuses on high-margin opportunities in line with its strategy of focusing on profitable growth. Most of its acquisitions are in the luxury areas, driven by strong market demand. Sunteck aims to maintain profitability by tapping into the growing demand for premium developments. This strategy will help drive sustainable growth while ensuring robust returns.

Valuation and view

- We expect SRIN to deliver a healthy 28% presales CAGR over FY24-26, fueled by a ramp-up in launches from both new and existing projects. Further, its sound balance sheet, strong cash flows, and the partnership with IFC would spur project additions and drive sustainable growth.
- We value its residential segment based on the NPV of existing pipelines and its commercial segment based on an 8% cap rate on FY25E EBITDA. We also assign INR14b of value to future project additions through the IFC platform.
- **We reiterate our BUY rating on the stock with a TP of INR746, implying a 59% upside potential.**

SIS

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SECIS IN
Equity Shares (m)	144
M.Cap.(INRb)/(USDb)	47.9 / 0.6
52-Week Range (INR)	539 / 302
1, 6, 12 Rel. Per (%)	-7/-14/-43
12M Avg Val (INR M)	43

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	132.6	147.9	164.1
EBITDA Margin	4.6	4.9	5.1
Adj. PAT	3.6	4.6	5.6
EPS (INR)	24.8	31.8	38.3
EPS Gr. (%)	91.2	28.2	20.5
BV/Sh. (INR)	405.8	473.3	554.7
Ratios			
RoE (%)	13.9	15.4	15.8
RoCE (%)	10.9	11.5	12.4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	13.4	10.4	8.7
P/BV (x)	0.8	0.7	0.6
EV/EBITDA (x)	9.0	7.1	5.6
EV/Sales (x)	0.4	0.3	0.3

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	72.1	71.9	71.6
DII	5.3	5.3	3.2
FII	13.2	13.6	16.4
Others	9.5	9.3	8.8

FII includes depository receipts

CMP: INR332 TP: INR420 (+27%) Buy

International business faces short-term blips

But India business margins to attain pre-Covid level

- SIS (SECIS)'s 3QFY25 revenue was up 9.4% YoY/4.4% QoQ at INR33.7b, largely in line with our estimate of INR33.9b. Revenue growth was aided by ~11.1% YoY growth in International Security, whereas India Security/Facility Management posted 7.7%/9.7% growth YoY. EBITDA margin came in at 4.7%, down 20bp YoY (vs. est. 4.7%). India Security margin stood at 5.5%, while International Business margin was 3.8%, up 30bp QoQ.
- Consolidated adj. PAT stood at INR1,021m (up 48% QoQ). The net debt-to-EBITDA ratio stood at 1.07x (1.4x in 2Q). For 9MFY25, revenue/EBITDA/PAT grew by 7%/1%/17% vs. 9MFY24. We expect revenue/EBITDA to grow 12%/102% YoY (owing to low base) in 4QFY25. **We reiterate our BUY rating on the stock** with a TP of INR420, implying a 27% upside potential.

Our View: Focus on rationalizing margin-dilutive/tail accounts

- SECIS delivered decent growth across its key segments in 3QFY25. The India Security business grew by 7.7% YoY, with momentum expected to continue as the company targets low-double-digit growth in the coming quarters. Its expansion into the defense sector and consistent wins in sectors like BFSI, logistics, and transportation offer a stable growth outlook. However, profitability pressures persist, as limited wage hikes have constrained price growth. SIS aims to restore margins to pre-Covid levels of ~6%. We expect the India business to achieve a revenue CAGR of 12% over FY24-27E.
- The International business remains under pressure, particularly in Australia, which is projected to post a modest 6% CAGR over FY24-27E. Management anticipates short-term challenges in this business, due to a tight labor market and increased wage costs in Australia and Singapore.
- **Margins:** The company reported a margin expansion of 30bp QoQ in 3QFY25, driven by SG&A rationalization. International Security is facing labor shortages and high labor costs, which affected overall profitability. We believe that these trends are expected to continue in the short term.
- Management focuses on driving EBITDA margin expansion by utilizing growth leverage, rationalizing tail accounts and optimizing SG&A costs. We expect overall margins at 4.6%/4.9%/5.1% in FY25E/26E/27E.

Valuations and change in estimates

- We keep our estimates largely unchanged. We value SECIS at INR420 (27% potential upside), assigning a 7x (earlier 8x; to factor in ongoing pressure in the Australian business) forward EV/EBITDA multiple to its international business and DCF to its Indian business. Reiterate BUY.

In-line revenues and margins; EBITDA cash conversion improves due to better WC management

- Revenue grew 9.4% YoY/2.9% QoQ to ~INR33.7b vs. our est. of INR33.9b.
- Revenue growth was aided by ~11.1% YoY growth in International Security, whereas India Security/Facility Management posted 7.7%/9.7% growth YoY.
- EBITDA margin came in at 4.7%, down 20bp YoY (vs. est. 4.7%). India Security margin stood at 5.5%, while International Business margin was at 3.8%, up 30bp QoQ.
- Consolidated adj. PAT stood at INR1,021m (up 48% QoQ). On a standalone basis, the current tax rate continues to be close to NIL due to the benefits accruing under Section 80JJAA of the Income Tax Act, 1961.
- Net debt amounted to INR6.3b from INR8.6b in 2QFY25. The net debt-to-EBITDA ratio stood at 1.07x vs. 1.4x in 2QFY25.
- OCF-to-EBITDA conversion was 163.5% owing to better working capital management.

Key highlights from the management commentary

- Every SECIS contract is linked to the minimum wage code, meaning wage hikes will proportionately increase contract billing without the need for renegotiation.
- Volume growth has been satisfactory. However, price growth depends on the government's decision on minimum wage hikes, which have been subdued since pre-Covid levels.
- Security Solutions – India: The company has expanded into the defense sector, which will contribute to growth in the coming quarters.
- Security Solutions – International: Seasonal activities in southern Australia (such as the Australian Open and cricket events) contributed to revenue growth. Margins remained stable.
- The post-Covid tight labor market conditions in Australia and Singapore have affected margins.
- Debt on the balance sheet primarily consists of working capital borrowings to ensure timely salary payments to employees, regardless of client payments.

Valuation and view

- With the liberalization and formalization of labor markets and laws, SECIS should be among the biggest direct beneficiaries. It has managed to gain market share during the last few years, and the trend is expected to continue.
- We value SECIS using SOTP: 1) DCF for the India Security business (INR247), 2) an EV/EBITDA multiple of 7x (INR114) for the International Security business, and 3) DCF for the FM business (INR106) less net debt (INR44). **Consequently, we arrive at our TP of INR420. We reiterate our BUY rating on the stock.**

Consolidated - Quarterly Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY25	(%/bp)
Gross Sales	**29,767**	**30,736**	**30,734**	**31,376**	**31,299**	**32,688**	**33,625**	**35,003**	**1,22,614**	**1,32,615**	**33,924**	**-0.9**
YoY Change (%)	11.1	11.1	5.8	4.7	5.1	6.3	9.4	11.6	8.1	8.2	10.4	**-100bp**
Total Expenditure	28,377	29,292	29,221	30,537	29,925	31,241	32,057	33,307	1,17,426	1,26,529	32,319	-0.8
EBITDA	**1,390**	**1,445**	**1,514**	**839**	**1,374**	**1,447**	**1,568**	**1,697**	**5,188**	**6,086**	**1,605**	**-2.3**
Margins (%)	4.7	4.7	4.9	2.7	4.4	4.4	4.7	4.8	4.2	4.6	4.7	-10bp
Depreciation	358	404	416	486	427	420	407	428	1,663	1,682	436	-6.7
Interest	327	347	404	403	422	404	405	217	1,482	1,447	183	121.2
Other Income	88	125	54	160	118	76	321	236	427	750	76	324.6
PBT	**793**	**819**	**748**	**111**	**643**	**699**	**1,076**	**1,288**	**2,470**	**3,707**	**1,061**	**1.4**
Tax	-50	132	447	289	70	72	122	103	819	367	85	43.9
Rate (%)	-6.2	16.1	59.8	261.6	10.9	10.3	11.3	8.0	33.1	9.9	8.0	330bp
Minority Interest & Profit/Loss of Asso. Cos.	52	66	69	62	69	61	67	65	249	262	63	6
Adjusted PAT	**895**	**753**	**369**	**-117**	**642**	**688**	**1,021**	**1,251**	**1,900**	**3,602**	**1,039**	**-1.7**
YoY Change (%)	8.4	11.6	-64.3	-112.6	-28.3	-8.6	176.5	NA	-45.2	89.6	181.4	
Margins (%)	3.0	2.4	1.2	-0.4	2.1	2.1	3.0	3.6	1.5	2.7	3.1	0bp

Key Performance Indicators

Y/E March	FY24				FY25			FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Segment Revenue (INR m)								
India Security business	12,291	13,020	13,180	13,093	13,375	13,843	14,195	51,585
International Security business	12,427	12,591	12,453	13,219	12,760	13,473	13,829	50,690
Facilities Management	5,190	5,279	5,251	5,201	5,303	5,534	5,763	20,921
EBITDA Margin (%)								
India Security business	5.4	5.7	6.1	5.5	5.4	5.5	5.5	5.7
International Security business	4.0	4.0	3.9	4.3	3.4	3.3	3.8	4.1
Facilities Management	4.4	4.0	4.3	3.9	4.2	4.3	4.6	4.1

29 January 2025
3QFY25 Results Update | Sector: Staffing

TeamLease

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	41.9 / 0.5
52-Week Range (INR)	3700 / 2459
1, 6, 12 Rel. Per (%)	-11/-21/-22
12M Avg Val (INR M)	138

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	111.0	129.9	153.5
EBIT Margin (%)	0.7	1.3	1.3
Adj. PAT	1.1	2.0	2.3
EPS (INR)	66.6	118.8	136.5
EPS Gr. (%)	2.8	78.4	14.9
BV/Sh. (INR)	539.1	655.5	789.1
Ratios			
RoE (%)	12.7	19.5	18.5
RoCE (%)	11.4	16.6	16.2
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	37.5	21.0	18.3
P/BV (x)	4.6	3.8	3.2
EV/EBITDA (x)	30.8	19.1	15.9
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	31.6	31.6	31.6
DII	37.1	34.6	35.3
FII	21.9	24.8	26.3
Others	9.4	9.0	6.8

FII Includes depository receipts

CMP: INR2,498 TP: INR3,200 (+28%) Buy

A mixed-bag quarter

Outlook for 4Q soft amid hiring in BFSI and IT

- **TeamLease (TEAM)'s 3QFY25 revenue growth of 19% was in line with our estimate of +17% YoY. Revenue growth was fueled by 19% QoQ growth in the HR business.** General staffing was up 4% QoQ, while specialized staffing was 3%. EBITDA margin of 1.2% was below our expectation of 1.4%. Adj. PAT of INR280m (vs. est. INR385m) declined 9% YoY, hurt by higher interest expenses and lower-than-expected other income. **The company's revenue grew 20% in 9MFY25, while EBITDA/PAT declined 4%/10% vs. 9MFY24. We expect revenue/EBITDA/PAT to grow 15%/24%/38% YoY in 4QFY25. We reiterate our BUY rating with a TP of INR3,200.**

Our view: BFSI could weigh on General Staffing's performance

- **General Staffing's** 3QFY25 **performance was** muted, affected by seasonal factors and hiring challenges in BFSI due to tightened MFI lending norms and KYC regulations. BFSI, which constitutes ~22% of the company's headcount and revenue, experienced flat or backfill hiring, leading to a marginal decline in headcount. Despite this, the company is focused on sustaining PAPM levels through value-based selling, targeting high-margin clients, and maintaining absolute profitability.
- While IT hiring is specialized staffing remain cautious, early signs of recovery in cost optimization and digital transformation are visible. Demand from GCCs, particularly in BFSI, healthcare, and manufacturing, remains strong. The company continues to fine-tune its approach by exiting low-margin contracts, which should aid margin improvement going forward. We believe HR services might face lumpiness owing to delays in admission cycles; however, with integration efforts underway for TSR Darashaw and Crystal HR, the segment is expected to stabilize.
- Overall, while near-term pressures persist, the company's focus on high-margin clients and operational efficiencies should drive gradual margin recovery. We estimate EBITDA margins to improve to 1.2%/1.6%/1.6% in FY25/FY26/FY27, translating into an earnings CAGR of 28% over FY24-27E.

Valuation and revisions to our estimates

- We remain positive on the medium- to long-term opportunities owing to gains from the formalization of the labor market. We cut our FY25 estimates by ~12%, reflecting a mixed 3Q performance and expected softness in General Staffing due to subdued BFSI hiring (~22% of revenue). However, we maintain our FY26/FY27 estimates. **We cut our target multiple to 25x (from 27x earlier) owing to the short-term uncertainty. We reiterate our BUY rating with a TP of INR3,200.**

Revenue in line but miss on margins; 132 new logos secured

- **TEAM's** revenue growth of 4% QoQ/19% YoY was largely in line with our estimate of +17% YoY.
- Growth was led by HR services revenue, which was up 19% QoQ; general staffing was up 4% QoQ, while specialized staffing stood at 3%.
- EBITDA margin of 1.2% was below our expectation of 1.4%.
- General staffing associate addition (net) stood at 1.3k (~1% QoQ). Specialized Staffing's headcount was up by 30 owing to headwinds in the IT industry, which continue to impact the growth in specialized staffing.
- DA headcount was up by ~1.9k (4.3% QoQ), led by automobiles and ITES.
- TEAM secured 132 new logos during the quarter.
- Adj. PAT at INR280m (vs. est. INR385m) declined 9% YoY, hurt by higher interest expenses and lower-than-expected other income.

Key highlights from the management commentary

- The third quarter is traditionally a festive period, providing a one-time increase in billing.
- The BFSI sector remains stable, although tightened norms around lending in MFI and KYC processes impacted growth in 3Q. The planned absorption of associates in the BFSI sector is underway, impacting net additions in 3Q and 4Q of FY25. Normalization is expected post-4QFY25.
- Large listed credit card companies reported experiencing a slowdown, resulting in flat or backfill positions in this vertical. The company anticipates a marginal decline in headcount in 4Q, although productivity is expected to hold steady.
- In specialized staffing, the company has returned to headcount growth after several quarters, believing it has now bottomed out.
- IT services remain cautious in the near term, though early signs of improvement are emerging in cost optimization and digital transformation. GCCs are a strong growth driver, particularly in BFSI, healthcare, and manufacturing, with an increased focus on technology and specialized roles in non-tech industries.
- In HR services, profitability was impacted due to further delays in the admission cycle and downstream payment delays. Lumpiness in the HR business may occur in 4Q due to delays in admission fees.

Valuation and view

- As both the central and state governments look to liberalize and formalize the labor market, TEAM should be among the biggest direct beneficiaries in the medium term.
- Healthy growth and expected margin recovery should help TEAM deliver a CAGR of 18%/28% in revenue/earnings over FY24-27. **We cut our target multiple to 25x (from 27x earlier) owing to the short-term uncertainty. We reiterate our BUY rating with a TP of INR3,200.**

Consolidated Quarterly Performance (INR m)

	FY24				FY25				FY24	FY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY25	(%/bp)
Revenue	**21,716**	**22,726**	**24,454**	**24,320**	**25,799**	**27,968**	**29,213**	**28,002**	**93,215**	**1,10,981**	**28,577**	**2%**
YoY Change (%)	16%	16%	22%	20%	19%	23%	19%	15%	18%	19%	17%	
Total Expenditure	21,453	22,409	24,093	23,953	25,576	27,634	28,864	27,548	91,907	1,09,621	28,170	2%
Reported EBITDA	**263**	**318**	**361**	**367**	**223**	**335**	**349**	**454**	**1,308**	**1,360**	**406**	**-14%**
Margins (%)	1.2%	1.4%	1.5%	1.5%	0.9%	1.2%	1.2%	1.6%	1.4%	1.2%	1.4%	-23bp
Reported EBIT	**138**	**188**	**225**	**231**	**91**	**196**	**216**	**324**	**783**	**827**	**271**	**-20%**
Margins (%)	0.6%	0.8%	0.9%	0.9%	0.4%	0.7%	0.7%	1.2%	0.8%	0.7%	0.9%	-21bp
Interest	21	25	31	26	30	44	32	32	102	138	20	62%
Other Income	140	130	100	90	141	107	102	100	461	450	150	-32%
PBT before EO expense	**258**	**294**	**294**	**295**	**202**	**259**	**286**	**392**	**1,141**	**1,139**	**401**	**-29%**
Extra-Ord expense	0	0	-35	0	0	0	0	0	-35	0	0	
Reported PBT	**258**	**294**	**329**	**295**	**202**	**259**	**286**	**392**	**1,176**	**1,139**	**401**	**-29%**
Tax	1	18	18	14	8	11	2	14	51	34	16	
Rate (%)	0%	6%	6%	5%	4%	4%	1%	3%	4%	3%	4%	-343bp
Adjusted PAT	**258**	**276**	**275**	**274**	**194**	**249**	**284**	**378**	**1,082**	**1,105**	**385**	**-26%**
YoY Change (%)	-3%	-13%	-5%	12%	-25%	-10%	3%	38%	-3%	2%	40%	-3675bp
Margins (%)	1.2%	1.2%	1.1%	1.1%	0.8%	0.9%	1.0%	1.4%	1.2%	1.0%	1.3%	-38bp
Reported PAT	**258**	**276**	**310**	**274**	**194**	**249**	**284**	**378**	**1,118**	**1,105**	**385**	**-26%**
YoY Change (%)	-3%	-13%	7%	3%	-25%	-10%	-8%	38%	-2%	-1%	24%	-3258bp
Margins (%)	1.2%	1.2%	1.3%	1.1%	0.8%	0.9%	1.0%	1.4%	1.2%	1.0%	1.3%	-38bp

Key Performance Indicators

Y/E March	FY24				FY25			FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Headcount								
General staffing associates	2,36,900	2,51,150	2,58,500	2,67,000	2,82,450	2,98,300	2,99,600	2,67,000
Apprentices	42,600	42,100	43,150	44,800	42,350	45,270	47,200	44,800
Specialised staffing	8,320	8,375	7,600	7,230	6,900	6,670	6,700	7,230
Revenue								
General staffing	20,024	20,910	22,553	22,419	24,139	26,094	27,207	85,906
Specialised staffing	1,398	1,443	1,580	1,465	1,446	1,425	1,472	5,886
Other HR Services	294	373	320	436	214	450	533	1,423
Operating Margins								
General staffing	1.2	1.2	1.2	1.2	0.9	0.9	1.0	1.5
Specialised staffing	6.2	6.2	6.4	6.6	6.0	7.5	7.4	7.3
Other HR Services	(8.9)	3.8	3.8	6.0	(44.8)	(1.8)	(2.9)	1.4

SRF

BSE SENSEX	S&P CNX
76,533	23,163

Conference Call Details

Date: 30th Jan 2025
Time: 2:30pm IST
Dial-in details:
Click Here

CMP: INR2,657 — Neutral

Operating performance above estimates

- SRF reported overall revenue of INR34.9 (est. in-line) in 3QFY25, up ~14% YoY. Revenue for Chemical/Packaging Film/Technical Textile businesses grew 7%/27%/11% YoY to ~INR15b/INR13.8b/INR5.1b.
- EBITDA stood at INR6.5b (est. of INR6.1b), up 12% YoY.
- EBITDA margins contracted 40bp YoY to 18.7% (est. of 17.1%). RM cost as a % of sales stood at 51.7% in 3QFY25 vs. 50.9% in 3QFY24. Employee cost stood at 7.5% vs. 8%, while power cost stood at 9.5% vs. 10.5%. Other expenses stood at 12.6% vs. 11.5%.
- EBIT margin in the Chemical/Packaging Film businesses expanded 120bp/240bp YoY to 24.3%/6.5%, while for Technical Textile, it contracted 350bp YoY to 11.6%.
- Adj. PAT grew 12% YoY to INR3.1b (est. of INR2.6b), adjusted for a forex loss of INR342m in 3QFY25.
- The Specialty Chemicals business experienced an inventory overhang among agrochemical customers but saw a gradual increase in demand. The Fluorochemicals business gained strong OEM support for refrigerants domestically, while the Chloromethanes segment remained stable.
- The Packaging Films business reported healthy growth, with SRF maintaining a strong industry position. However, Aluminium Foil margins faced pressure due to lower-cost imports from China and Thailand.
- The Technical Textiles business underperformed due to weak demand and margins in Belting Fabrics, while the Polyester Industrial Yarn segment achieved full capacity utilization.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	%
Net Sales	**33,384**	**31,774**	**30,530**	**35,697**	**34,641**	**34,243**	**34,913**	**42,041**	**1,31,385**	**1,45,839**	**35,422**	**-1**
YoY Change (%)	-14.3	-14.8	-12.0	-5.5	3.8	7.8	14.4	17.8	-11.6	11.0	16.0	
Total Expenditure	26,184	25,320	24,691	28,581	28,435	28,637	28,375	33,713	1,04,777	1,19,160	29,356	
EBITDA	**7,200**	**6,453**	**5,839**	**7,116**	**6,207**	**5,606**	**6,538**	**8,328**	**26,608**	**26,679**	**6,066**	**8**
Margins (%)	21.6	20.3	19.1	19.9	17.9	16.4	18.7	19.8	20.3	18.3	17.1	
Depreciation	1,566	1,612	1,689	1,859	1,882	1,939	1,943	2,180	6,726	7,944	1,950	
Interest	656	793	674	900	965	938	963	900	3,023	3,766	920	
Other Income	118	291	188	234	253	333	396	310	830	1,292	300	
PBT before EO expense	**5,095**	**4,339**	**3,664**	**4,591**	**3,612**	**3,063**	**4,029**	**5,558**	**17,689**	**16,262**	**3,496**	
Extra-Ord expense & DO	237	191	181	158	172	226	342	0	767	741	0	
PBT	**4,858**	**4,148**	**3,483**	**4,433**	**3,440**	**2,837**	**3,687**	**5,558**	**16,922**	**15,522**	**3,496**	
Tax	1,265	1,140	949	211	918	822	976	1,362	3,565	4,079	856	
Rate (%)	24.8	26.3	25.9	4.6	25.4	26.9	24.2	24.5	20.2	25.1	24.5	
Reported PAT	**3,593**	**3,008**	**2,534**	**4,222**	**2,522**	**2,014**	**2,711**	**4,196**	**13,357**	**11,443**	**2,639**	
Adj PAT	**3,830**	**3,199**	**2,715**	**4,380**	**2,695**	**2,240**	**3,053**	**4,196**	**14,124**	**12,184**	**2,639**	**16**
YoY Change (%)	-39.5	-38.1	-48.4	-25.8	-29.6	-30.0	12.4	-4.2	-37.7	-13.7	-3	
Margins (%)	11.5	10.1	8.9	12.3	7.8	6.5	8.7	10.0	10.8	8.4	7.5	

Voltas

BSE SENSEX	S&P CNX
76,533	23,163

Conference Call Details

Date: 30th January 2025
Time: 16:00 pm
Dial-in details:
+91 22 6280 1304
+91 22 7115 8205
Link for the call

Consol. Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	146.7	169.4	190.0
EBITDA	10.8	13.9	17.0
Adj. PAT	9.0	11.6	14.7
EBITDA Margin (%)	7.4	8.2	9.0
Adj. EPS (INR)	27.2	35.1	44.4
EPS Gr. (%)	275.5	29.3	26.3
BV/Sh. (INR)	201.0	229.3	264.9
Ratios			
Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	13.5	15.3	16.8
RoCE (%)	14.0	15.3	16.0
Payout (%)	25.0	25.0	25.0
Valuations			
P/E (x)	61.5	47.6	37.7
P/BV (x)	8.3	7.3	6.3
EV/EBITDA(x)	50.5	39.0	31.4
Div. Yield (%)	0.4	0.5	0.7
FCF Yield (%)	0.8	1.7	2.2

CMP: INR1,474 **Buy**

UCP segment's margin contracts; market share dips QoQ

- Voltas (VOLT)'s operating performance was broadly in line with our estimates despite higher revenue due to a margin contraction in the UCP segment (-2.4pp YoY/-1.5pp QoQ). UCP's margin was 5.9% (the lowest in the last 10 years) vs. our estimate of 7.8%. Revenue grew 18% YoY to INR31.1b (10% above our estimate), fueled by 21%/19% revenue growth in the EMPS/UCP segments. EBITDA jumped 7x YoY to INR1.9b (+4% vs. our estimate), as the EMPS segment reported an EBIT of INR567m vs. a loss of INR1.2b in 3QFY24. OPM expanded 5.3pp YoY to ~6.4% (30bp below our estimate). Other income was down 44% QoQ and led to a lower profit of INR1.3b (-14% vs. our estimate) against a loss of INR304m in 3QFY24.
- Mr. Pradeep Bakshi, MD & CEO, will not seek reappointment after the completion of his term on 31st Aug '25. Mr. Mukundan C.P. Menon, currently the Executive Director and Head - Room Air Conditioner Business, will be appointed as the MD (designate) from 1st Apr '25 and subsequently as the MD from 1st Sep'25 until 24th May '27.
- We have a BUY rating on the stock. However, we will review our assumptions after the concall on 30th Jan'25.

UCP's revenue above estimate; EBIT margin at 5.9%

- VOLT's consol. revenue/EBITDA stood at INR31.1b/INR2b/INR1.3b (up 18%/7x YoY and up 10%/4% vs. our estimate) in 3QFY25. Adj PAT stood at INR1.3b vs. a loss of INR304m in 3QFY24 (14% below our estimates). Depreciation/interest costs grew 39%/15% YoY, whereas 'other income' grew 2% YoY.
- Segmental highlights: a) **UCP** – Revenue was up 19% YoY at INR17.7b, and EBIT declined 15% YoY to INR1.0b. EBIT margin contracted 2.4pp YoY to 5.9%; b) **EMPS** – Revenue rose 21% YoY to INR11.9b. It reported an EBIT of INR567m compared to the loss of INR1.2b in 3QFY25; c) **PES** – Revenue declined 16% YoY to INR1.3b, and EBIT declined 26% YoY to INR368m. EBIT margin contracted 3.8pp YoY at ~28.4%.
- In 9MFY25, Revenue/EBITDA/Adj. PAT stood at INR106.5b/7.8b/6.9b (up 29%/176%/191% YoY. The UCP segment revenue grew 38% YoY to INR71.5b, followed by EMPS/PES revenue growth at 17%/1% YoY to INR30.2b/INR4.4b in 9MFY25. UCP EBIT grew 29% YoY to INR5.5b and EBIT margin declined 50bp YoY to 7.7%.
- The company's exit market share in RAC stood at 20.5% as of Dec'24 vs. 21.0% as of Sept'24. VoltBek had a loss of INR324m against a loss of INR361m/INR323m in 3QFY24/2QFY25. VoltBek reported volume growth of ~56% YoY in 9MFY25.

Valuation and view

- VOLT's UCP business delivered strong revenue growth as RAC demand remained healthy in 3QFY25; the 9MFY25 volume growth stood at 42% YoY. However, the segment's margin disappointed in 3QFY25. VoltBek too has seen strong volume growth of 56% in 9MFY25, with market share gain in the refrigerator and washing machine segments. Further, the project business has seen strong recovery with 9MFY25 EBIT of INR1.7b against a loss of INR2.2b in 9MFY24. We would seek management's commentary on lower margins in the UCP segment, channel inventory before the start of the summer season, and the outlook for Voltbek margins.
- **We have a BUY rating on the stock.** However, we will review our assumptions following the concall on 30th Jan'25 (Concall Link).

Quarterly performance **(INR m)**

Y/E March	FY24				FY25				MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	3QE	
Sales	**33,599**	**22,928**	**26,257**	**42,029**	**49,210**	**26,191**	**31,051**	**40,284**	**28,336**	**10**
Change (%)	21.4	29.7	30.9	42.1	46.5	14.2	18.3	-4.2	**7.9**	
Adj EBITDA	**1,854**	**703**	**284**	**1,906**	**4,238**	**1,622**	**1,974**	**3,002**	**1,890**	**4**
Change (%)	4.7	-30.3	(62.8)	(12.6)	128.6	130.8	594.5	57.5	**565.2**	
Adj EBITDA margin (%)	5.5	3.1	1.1	4.5	8.6	6.2	6.4	7.5	**6.7**	(31)
Depreciation	113	117	128	118	134	164	179	177	**174**	3
Interest	101	115	135	208	98	136	155	162	**145**	7
Other Income	700	710	579	544	803	1,055	591	1,218	**850**	(31)
Extra-ordinary items	0	0	-	-	0	0	-	0	**0**	
PBT	**2,339**	**1,181**	**599**	**2,124**	**4,809**	**2,377**	**2,231**	**3,881**	**2,421**	**(8)**
Tax	735	493	515	634	1,165	726	599	917	**649**	**(8)**
Effective Tax Rate (%)	31.4	41.7	85.9	29.9	24.2	30.5	26.8	23.6	**26.8**	
Share of profit of associates/JV's	(312)	(321)	(389)	(325)	(294)	(323)	(324)	10	**-220**	
Reported PAT	**1,293**	**367**	**(304)**	**1,164**	**3,350**	**1,328**	**1,308**	**2,974**	**1,552**	**(16)**
Change (%)	18.7	NM	NM	(19.1)	159.1	262.1	NA	155.4	**NA**	
Minority Interest	1	(10)	28	(58)	8	(12)	(14)	(21)	**20**	
Adj PAT	**1,293**	**367**	**-304**	**1,038**	**3,342**	**1,340**	**1,321**	**2,996**	**1,532**	**(14)**
Change (%)	18.7	-62.9	NM	(27.9)	158.5	265.3	NM	188.6	**-603.7**	

Segment Revenues (INR m)

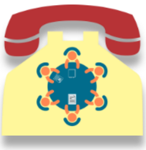
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	3QE	Var.
EMP & Services	6,791	9,242	9,819	10,979	9,491	8,799	11,902	9,827	9,622	24
Engineering products and services	1,423	1,344	1,548	1,564	1,608	1,467	1,297	2,095	1,687	(23)
Unitary cooling business	25,140	12,088	14,826	29,551	38,022	15,822	17,711	28,177	16,902	5
Others	245	253	65	-65	89	103	141	185	125	13
Total	**33,599**	**22,928**	**26,257**	**42,029**	**49,210**	**26,191**	**31,051**	**40,284**	**28,336**	**10**
Segment PBIT										
EMP & Services	(519)	(490)	(1,200)	(1,077)	675	462	567	297	385	47
Engineering products and services	541	539	499	478	448	396	368	598	472	(22)
Unitary cooling business	2,073	928	1,229	2,704	3,270	1,162	1,043	2,802	1,318	(21)
Total PBIT	**2,096**	**977**	**528**	**2,105**	**4,394**	**2,020**	**1,978**	**3,698**	**2,176**	**(9)**
Segment PBIT (%)										
EMP & Services (%)	(7.6)	(5.3)	(12.2)	(9.8)	7.1	5.2	4.8	3.0	4.0	76
Engineering products and services (%)	38.0	40.1	32.2	30.6	27.9	27.0	28.4	28.6	28.0	39
Unitary cooling business (%)	8.2	7.7	8.3	9.2	8.6	7.3	5.9	9.9	7.8	(191)
Total PBIT (%)	**6.2**	**4.3**	**2.0**	**5.0**	**8.9**	**7.7**	**6.4**	**9.2**	**7.7**	**(131)**

Hitachi Energy

BSE SENSEX	S&P CNX
76,533	23,163

CMP: INR10,132 — Neutral

Conference Call Details



Date: 30th January 2025
Time: 4:00pm IST
Dial-in details:
Diamond pass

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	68.2	97.0	126.6
EBITDA	5.8	10.8	15.5
Adj. PAT	3.2	6.6	9.8
Adj. EPS (INR)	75.2	155.5	232.3
EPS Gr. (%)	94.6	106.9	49.3
BV/Sh.(INR)	395.9	551.4	783.7
Ratios			
RoE (%)	19.0	28.2	29.6
RoCE (%)	18.7	27.7	29.1
Valuations			
P/E (x)	134.8	65.1	43.6
P/BV (x)	25.6	18.4	12.9
EV/EBITDA (x)	73.6	39.6	27.3
Div. Yield (%)	-	-	-

Margin beat offset by slight miss on revenue

- Hitachi Energy reported a largely in-line performance in 3QFY25, with a beat on EBITDA offset by a marginal miss on revenue and PAT.
- Revenue grew 27% YoY to INR16.2b (MOFSL est. INR17b), led by execution mix and improved operational efficiencies.
- EBITDA margin came in at 10.3%, higher than our expectation of 9.2%, driven by lower RM expenses. EBITDA at INR1.7b (MOFSL est. INR1.6b) grew 145% YoY on a low base.
- There was a notional forex gain of INR519m; excluding this, PAT came in at INR855m (+272% YoY), a tad below our estimate of INR887m.
- Order inflow surged to INR115.9b as the company bagged the Khavda-Nagpur HVDC project in consortium with BHEL. Apart from this, it also won orders in the transmission, power quality, substations, transportation and data center segments. Excluding the large HVDC order, the share of exports improved to 40%, with orders from Australia, Indonesia, Canada, Croatia, Azerbaijan, etc. The share of services stood at 11%. The order book stood at INR189.9b, up 152% YoY.
- With improved customer collections and advances received from the HVDC project, the company has become debt free as of 3QFY25.
- The company remains optimistic about opportunities from the energy transition, transmission infra, energy storage and green hydrogen segments, given the projected growth of energy demand in India and the increasing adoption of renewables.

Quarterly performance (Standalone) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**10,401**	**12,280**	**12,742**	**16,953**	**13,272**	**15,537**	**16,203**	**23,175**	**52,375**	**68,188**	**17,047**	**-5**
Change (%)	5.5	10.2	23.2	27.1	27.6	26.5	27.2	36.7	17.2	30.2	33.8	
EBITDA	**337**	**653**	**680**	**1,820**	**479**	**1,097**	**1,669**	**2,575**	**3,490**	**5,820**	**1,568**	**6**
Change (%)	31.3	-13.7	72.4	91.4	42.3	68.0	145.5	41.5	47.9	66.8	130.6	
As of % Sales	3.2	5.3	5.3	10.7	3.6	7.1	10.3	11.1	6.7	8.5	9.2	
Depreciation	223	225	227	225	221	228	230	299	900	978	238	-4
Interest	110	107	137	112	109	164	120	170	466	563	145	-17
Other Income	29	2	22	39	1	1	2	30	93	34	16	-88
PBT	**34**	**324**	**338**	**1,522**	**150**	**706**	**1,322**	**2,136**	**2,217**	**4,314**	**1,201**	**10**
Tax	10	76	108	385	46	183	467	431	579	1,127	314	
Effective Tax Rate (%)	28.7	23.6	32.0	25.3	30.8	25.9	35.3	20.2	26.1	26.1	26.1	
Extra-ordinary Items							519			519		
Reported PAT	**24**	**247**	**230**	**1,137**	**104**	**523**	**1,374**	**1,705**	**1,638**	**3,706**	**887**	**55**
Change (%)	79.9	-33.3	401.5	123.7	332.4	111.4	498.1	50.0	74.4	94.6	286.3	
Adj PAT	**24**	**247**	**230**	**1,137**	**104**	**523**	**855**	**1,705**	**1,638**	**3,187**	**887**	**-4**
Change (%)	79.9	-33.3	401.5	123.7	332.4	111.4	272.1	50.0	74.4	94.6	286.3	

Brigade Enterprises

BSE SENSEX	S&P CNX
76,533	23,163

SSSSSS

Conference Call Details

Date: 31 January 2025
Time: 14:30 IST
Dial-in details:
+91-22 7195 0000

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	49.0	49.7	49.8
EBITDA	11.9	15.8	17.5
EBITDA (%)	24.4	31.8	35.2
PAT	4.5	7.7	9.0
EPS (INR)	22.1	37.8	44.1
EPS Gr. (%)	82.6	71.0	16.6
BV/Sh. (INR)	178.6	287.7	329.8
Ratios			
RoE (%)	13.1	16.2	14.3
RoCE (%)	8.9	10.9	10.8
Payout (%)	9.1	5.3	4.5
Valuations	13.1	16.2	14.3
P/E (x)	49	29	25
P/BV (x)	6.1	3.8	3.3
EV/EBITDA (x)	21.7	14.9	12.9
Div yld (%)	0.2	0.2	0.2

CMP: INR1,092 — Buy

Strong performance even after approval delays

12msf launch pipeline provides growth visibility in the near term

Operating performance

- BRGD put up a strong show even after approval delays. Its pre-sales grew 63% YoY to INR24.9b (in line with MOFSLe of INR24b), aided by volumes of 2.2msf, which rose 29% YoY (vs. MOFSLe of 2.3msf) for 3QFY25.
- BRGD's consolidated collections rose 27% YoY to INR17.8b (vs. MOFSLe of INR21b).
- For 9MFY25, BRGD achieved pre-sales of INR54b, up 43% YoY. Collections improved 31% YoY to INR53b.
- BRGD launched 1.89msf projects in 3Q and plans to launch ~12msf in the next four quarters across Bangalore, Chennai, Hyderabad, and Mysuru.
- BRGD's gross debt was INR45.3b, while net debt was INR11.3b. Its net debt to equity stood at 0.18x by end-3QFY25; the cost of debt was 8.76%.
- BRGD has signed a JDA for developing a residential project of ~1msf located at West Chennai with a GDV of ~INR8b. The project will be developed as part of a 1.5msf mixed-use development.
- BRGD has signed a definitive agreement for a prime land parcel located on Whitefield-Hoskote Road, Bengaluru, for developing a residential project spanning about 20 acres. The project will have a total saleable area of ~2.5msf with a GDV of about INR27b and a total land cost of about INR6.3b through its subsidiary Ananthay Properties.

Commercial:

- Leasing revenue grew 14% YoY to INR2.8b, and the hotel business reported a revenue of INR1.3b, which rose 16% YoY.
- BRGD has a balance capex commitment of INR7.1b out of a total ongoing capex of INR12.5b for commercial assets.

Financial performance

- Revenue grew 25% YoY to INR14.6b (9% above our estimate). For 9MFY25, BRGD achieved revenue of INR36.1b, up 13.1% YoY; the revenue was 73% of our full-year estimate.
- EBITDA stood at INR4.1b, up 58% YoY (in line with our estimate). EBITDA margin came in at 28.3%, up 594bp YoY, while it was lower by 374bp vs. our estimate. For 9MFY25, the company reported an EBITDA of INR10b, up 31% YoY. Its EBITDA margin stood at 27.3%.
- For 3QFY25, BRGD's adj. PAT jumped 221% YoY to INR2.4b, clocking a margin of 16%. During 9MFY25, it reported an adj. PAT of INR4.4b, up 79% YoY.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	
Gross Sales	**6,540**	**13,666**	**11,738**	**17,024**	**10,777**	**10,722**	**14,639**	**13,530**	**48,967**	**49,668**	**13,410**	9%
YoY Change (%)	-27.5	55.4	43.1	102.0	64.8	-21.5	24.7	-20.5	42.1	1.4	14.3	
Total Expenditure	4,792	10,418	9,117	12,696	7,851	7,802	10,502	7,731	37,023	33,887	9,119	
EBITDA	**1,748**	**3,248**	**2,620**	**4,327**	**2,926**	**2,919**	**4,137**	**5,800**	**11,944**	**15,782**	**4,291**	-4%
Margins (%)	26.7	23.8	22.3	25.4	27.1	27.2	28.3	42.9	24.4	31.8	32.0	*-374bps*
Depreciation	681	757	821	762	679	689	763	880	3,021	3,011	724	
Interest	1,081	1,100	1,349	1,380	1,519	1,226	1,143	802	4,910	4,690	1,104	
Other Income	315	413	344	603	357	660	657	84	1,674	1,758	361	
PBT before EO expense	**300**	**1,803**	**795**	**2,788**	**1,084**	**1,664**	**2,888**	**4,202**	**5,687**	**9,839**	**2,825**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**300**	**1,803**	**795**	**2,788**	**1,084**	**1,664**	**2,888**	**4,202**	**5,687**	**9,839**	**2,825**	
Tax	82	679	237	680	279	513	533	1,151	1,676	2,476	711	
Rate (%)	27.1	37.6	29.8	24.4	25.7	30.8	18.5	27.4	29.5	19.0	25.2	
MI & Profit/Loss of Asso. Cos.	-166	-210	-177	48	-32	-39	-7	-283	-506	-361	-97	
Reported PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,190**	**2,362**	**3,334**	**4,516**	**7,723**	**2,212**	7%
Adj PAT	**385**	**1,335**	**735**	**2,061**	**837**	**1,190**	**2,362**	**3,334**	**4,516**	**7,723**	**2,212**	7%
YoY Change (%)	-52.0	103.0	29.2	289.1	117.3	-10.9	221.5	61.8	79.6	71.0	200.9	
Margins (%)	5.9	9.8	6.3	12.1	7.8	11.1	16.1	24.6	9.2	15.5	16.5	

E: MOFSL Estimates

Operational Performance												
Pre Sales (msf)	1.5	1.7	1.7	2.7	1.2	1.7	2.2	4.1	7.5	9.1	2.3	-4%
Booking Value (INRb)	10.0	12.5	15.2	22.4	10.9	18.2	24.9	31.3	60.1	85.3	24	4%
Avg rate/sf (INR)	6,822	7,466	8,994	8,246	9,442	10,838	11,364	7,664	7966	9364	10500	8%
Collections (INRb)	12.4	14.4	13.9	18.4	16.2	19.4	17.8	29.0	59.2	82.3	21	-15%

Source: MOFSL, Company **Note: We will revisit our estimates after the concall**

CAMS

BSE Sensex	S&P CNX
76,533	23,163

Conference Call Details

Date: 29th January 2025

Time: 11:00 AM IST

Link for the call

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
AAUM	43.5	50.6	58.9
Revenue	14.5	16.8	19.4
EBITDA	6.8	8.0	9.5
Margin (%)	46.6	47.7	49.0
PAT	4.9	5.9	7.1
PAT Margin (%)	33	35	36
EPS	99.2	119.5	144.0
EPS Grw. (%)	38.5	20.4	20.5
BVPS	221.4	263.2	313.6
RoE (%)	48.6	49.3	49.9
Div. Payout (%)	65.0	65.0	65.0
Valuations			
P/E (x)	51.5	42.7	35.5
P/BV (x)	23.1	19.4	16.3
Div. Yield (%)	1.3	1.5	1.8

CMP: INR3,952 **BUY**

In-line performance, PAT up 40% YoY

- AAUM grew 36.4% YoY and 3.3% QoQ to INR 46.3t in 3QFY25. Equity AUM rose 51% YoY to INR25.6t.
- CAMS reported operating revenue of INR3.7b in 3QFY25 (in-line), up 28% YoY. For 9MFY25, operating revenue was up 29% YoY to ~INR10.7b.
- Total operating expenses rose 23% YoY to INR1.97b (in-line). Employee expenses/other expenses grew 20%/28% YoY to ~INR1.2b/INR772m.
- Strong revenue growth resulted in EBITDA of INR1.7b (in-line), up 34% YoY, with EBITDA margin at 46.7% (vs 44.7% in 3QFY24 and our est. at 46.8%). For 9MFY25, EBITDA rose 36% YoY to INR4.9b.
- Other income was up 51% YoY to INR149m (11% higher than est.).
- PAT increased 40% YoY to INR1.2b (in-line) in 3QFY25, driven by strong top-line growth. For 9MFY25, PAT rose 42% YoY to INR3.5b.
- The Board has approved an interim dividend of INR17.5/equity share.

Valuation and view

- Structural tailwinds in the MF industry are expected to drive absolute growth in MF revenue. With favorable macro triggers and the right investments, the non-MF share of revenues for CAMS is expected to increase in the next three to five years.
- We will update our estimates after the conference call scheduled for 30th Jan'25.

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	2,613	2,751	2,897	3,105	3,314	3,652	3,697	3,875	11,365	14,538	3,725	-0.7	27.6	1.3
Change YoY (%)	10.4	13.5	18.9	24.6	26.8	32.7	27.6	24.8	16.9	27.9	28.6			
Employee expenses	950	977	997	1,048	1,130	1,186	1,197	1,253	3,972	4,766	1,209.4	-1.0	20.0	1.0
Total Operating Expenses	1,512	1,530	1,603	1,671	1,816	1,950	1,969	2,032	6,316	7,767	1,981	-0.6	22.8	1.0
Change YoY (%)	9.0	12.2	18.4	19.2	20.1	27.5	22.8	21.6	14.7	23.0	23.6			
EBITDA	**1,101**	**1,221**	**1,294**	**1,433**	**1,498**	**1,702**	**1,728**	**1,843**	**5,049**	**6,771**	1,744	-0.9	33.6	1.5
Other Income	97	96	99	114	117	126	149	130	406	522	135	10.7	50.7	18.8
Depreciation	165	174	185	181	170	184	195	174	705	722	184	6.2	5.8	6.2
Finance Cost	20	20	21	21	21	22	21	24	82	88	22	-0.6	1.5	(0.6)
PBT	**1,012**	**1,124**	**1,187**	**1,346**	**1,424**	**1,622**	**1,661**	**1,775**	**4,668**	**6,483**	**1,673**	-0.7	39.9	2.4
Change YoY (%)	16.4	15.9	21.4	36.6	40.7	44.4	39.9	31.9	22.8	38.9	41.0			
Tax Provisions	255	286	302	316	354	414	420	432	1,159	1,621	418	0.4	39.1	1.4
Net Profit	**757**	**838**	**885**	**1,030**	**1,070**	**1,208**	**1,241**	**1,343**	**3,510**	**4,862**	**1,255**	-1.1	40.2	2.7
Change YoY (%)	17.1	16.2	20.3	38.5	41.3	44.2	40.2	30.4	23.3	38.5	41.8			
Key Operating Parameters (%)														
Cost to Operating Income Ratio	57.9	55.6	55.3	53.8	54.8	53.4	53.3	52.5	55.6	53.4	53.2	0.1	(2.1)	(0.1)
EBITDA Margin	42.1	44.4	44.7	46.2	45.2	46.6	46.7	47.5	44.4	46.6	46.8	-0.1	2.1	0.1
PBT Margin	38.7	40.8	41.0	43.3	43.0	44.4	44.9	45.8	41.1	44.6	44.9	0.0	3.9	0.5
Tax Rate	25.2	25.4	25.4	23.5	24.9	25.5	25.3	24.3	24.8	25.0	25.0	0.3	(0.1)	(0.2)
PAT Margin	29.0	30.5	30.6	33.2	32.3	33.1	33.6	34.7	30.9	33.4	33.7	-0.1	3.0	0.5
Key Parameters														
QAUM (INR t)	30.0	32.5	34.0	37.2	40.3	44.8	46.3	47.2	33.4	43.5	45.7	1.3	36.4	3.3

Blue Dart Express

BSE SENSEX	S&P CNX
76,533	23,163

Conference Call Details

Date: 31st Jan 2025
Time: 4:00 PM IST
Dial-in details:
Link

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	58.1	70.0	80.8
EBITDA	5.2	8.5	10.4
Adj. PAT	2.7	4.9	6.2
EBITDA Margin (%)	9.0	12.2	12.9
Adj. EPS (INR)	114.2	208.5	259.8
EPS Gr. (%)	-6.1	82.5	24.6
BV/Sh. (INR)	660.5	809.0	1008.8
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	18.0	28.4	28.6
RoCE (%)	19.8	30.1	29.9
Payout (%)	52.5	28.8	23.1
Valuations			
P/E (x)	56.1	30.7	24.7
P/BV (x)	9.7	7.9	6.4
EV/EBITDA(x)	27.7	16.7	13.4
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	1.4	2.1	3.3

CMP: INR6,407 — Buy

In-line performance

Earnings snapshot – 3QFY25

- Revenues grew 9% YoY to INR15.1b (in-line).
- EBITDA margins stood at 9.7% (against our estimate of 9.4%). The margins remained flattish YoY but saw a 130bp improvement QoQ.
- EBITDA grew 9% YoY to INR1.5b (against our estimate of INR1.4b).
- PAT declined 3% YoY to INR791m (against our estimates of INR763m).
- During 9MFY25, revenue was INR43b (+9% YoY), EBITDA was INR3.8b (flat YoY), EBITDA margin came in at 8.8%, and APAT was INR1.9b (-10% YoY).

Quarterly snapshot - Standalone (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	**12,376**	**13,245**	**13,829**	**13,229**	**13,427**	**14,485**	**15,117**	**52,678**	**58,057**	**15,102**	**0**
YoY Change (%)	-4.3	-0.1	3.4	8.7	8.5	9.4	9.3	1.8	10.2	9.2	
EBITDA	**1,133**	**1,305**	**1,343**	**1,394**	**1,094**	**1,219**	**1,462**	**5,175**	**5,232**	**1,422**	**3**
Margins (%)	9.2	9.9	9.7	10.5	8.1	8.4	9.7	9.8	9.0	9.4	
YoY Change (%)	-40.6	-19.8	-10.8	8.7	-3.4	-6.6	8.9	-18.2	1.1	5.9	
Depreciation	444	456	473	500	523	519	522	1,873	2,092	522	
Interest	45	48	47	53	70	70	73	193	259	65	
Other Income	157	151	228	183	191	190	196	718	754	185	
PBT before EO expense	**801**	**952**	**1,050**	**1,024**	**693**	**819**	**1,064**	**3,828**	**3,635**	**1,020**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	
PBT	**801**	**952**	**1,050**	**1,024**	**693**	**819**	**1,064**	**3,828**	**3,635**	**1,020**	
Tax	204	240	235	263	178	212	273	942	924	257	
Rate (%)	25.4	25.2	22.4	25.7	25.7	25.9	25.6	24.6	25.4	25.2	
Reported PAT	**598**	**713**	**816**	**761**	**515**	**608**	**791**	**2,886**	**2,711**	**763**	
Adj PAT	**598**	**713**	**816**	**761**	**515**	**608**	**791**	**2,886**	**2,711**	**763**	**4**
YoY Change (%)	-49.0	-22.5	-6.2	8.1	-13.8	-14.8	-3.0	-21.2	-6.1	-6.4	
Margins (%)	4.8	5.4	5.9	5.7	3.8	4.2	5.2	5.5	4.7	5.1	

Motilal Oswal | Morning India

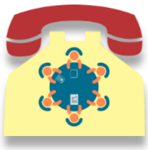
RESULTS FLASH

30 January 2025
Results Flash | Sector: Automobiles

Craftsman Automation

BSE SENSEX	S&P CNX
76,533	23,163

Conference Call Details



Date: 31st Jan'25
Time: 4PM IST
Dial-in details: Diamond pass link

Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	59.4	75.3	87.0
EBITDA	8.5	10.6	13.3
Adj. PAT	2.9	4.6	6.7
EPS (INR)	120.1	193.3	279.2
EPS Gr. (%)	-16.7	60.9	44.4
BV/Sh. (INR)	1,301	1,472	1,729
Ratios			
RoE (%)	12.0	13.9	17.4
RoCE (%)	11.0	12.2	15.0
Payout (%)	15.0	11.4	7.9
Valuations			
P/E (x)	44.2	27.5	19.0
P/BV (x)	4.1	3.6	3.1
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	-3.6	0.1	2.6

CMP:INR4,305 Neutral

Yet another weak quarter

- 3QFY25 consol revenue grew ~40% YoY to INR15.8b (est. INR16.99b) and standalone revenue grew 15% YoY.
- In the standalone business, revenue for auto powertrain/aluminum/ industrials grew ~3%/37%/16% YoY.
- Despite lower growth in the auto powertrain division, gross margin improved 50bp YoY/290bp QoQ to 47.3%. (est. 43%).
- Weak growth was partially offset by better gross margins, leading to in-line EBITDA at INR1.99b (-10% YoY).
- EBITDA margin contracted 690bp YoY/330bp QoQ to 12.6% (est. 11.5%).
- Further, higher interest costs and lower other income led to adj. PAT miss at INR241m (down 67% YoY, est. INR594m).
- An exceptional item of INR147.6m during the quarter was related to expenses incurred by SLSPL for the relocation of its Gurgaon facility and the transfer of control to the company.
- **Valuation view:** The stock trades at 27.5x FY25E/19x FY26E EPS.

Quarterly (Consol) **(INR M)**

	FY24				FY25E				FY24	FY25E	3QE	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Net operating income	10,376	11,791	11,297	11,053	11,512	12,140	15,761	19,967	44,517	59,379	16,992	-7.2
Change (%)	53.5	52.9	50.8	12.7	10.9	3.0	39.5	80.6	39.9	33.4	50.4	
RM/Sales (%)	52.5	53.2	53.2	54.1	56.3	55.6	52.7	51.1	53.3	56.7	57.0	-430bp
Staff Cost (% of Sales)	6.5	6.1	6.8	6.6	6.4	6.9	8.5	9.1	6.5	7.9	9.5	-100bp
Other Exp. (% of Sales)	20.4	20.6	20.6	20.5	20.1	21.6	26.2	17.5	20.5	21.1	22.0	420bp
EBITDA	2,142	2,375	2,202	2,069	1,973	1,928	1,990	4,467	8,788	8,453	1,954	1.8
EBITDA Margins (%)	20.6	20.1	19.5	18.7	17.1	15.9	12.6	22.4	19.7	14.2	11.5	110bp
Non-Operating Income	37	47	35	53	48	64	86	143	172	342	120	
Interest	424	416	442	464	492	413	583	401	1745	1888	480	
Depreciation	683	668	703	723	725	762	1035	1140	2777	3661	1050	
Minority Int/Share of Profit	62	97	82	79	61	-4	-2	2	320	57	0	
PBT after EO items	1,011	1,241	1,010	856	744	821	313	3,068	4,118	3,189	544	-42.5
Eff. Tax Rate (%)	26.3	23.8	27.6	27.2	28.5	24.9	58.6	-9.0	26.1	10.2	-9.2	
Rep. PAT	745	945	731	623	532	617	129	3,343	3,045	2,864	594	-78.2
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-34.7	-82.3	436.4	22.6	-5.9	-18.8	
Adj. PAT	745	945	731	623	532	617	241	3,343	3,045	2,864	594	-59.4
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-34.7	-67.0	436.4	22.6	-5.9	-18.8	

E: MOFSL Estimates

MAS Financial Services

BSE Sensex	S&P CNX
76,533	23,163

CMP: INR261 **Buy**

Earnings in line; minor deterioration in asset quality

AUM up ~21% YoY; credit costs slightly elevated

- MASFIN's 3QFY25 PAT grew ~25% YoY to INR781m (in line). Net total income was up 31% YoY at INR2.1b (in line), while opex grew ~44% YoY to INR673m (in line). PPoP grew 25% YoY to INR1.4b (in line).
- Provisions stood at INR332m (est. INR300m), translating into annualized credit costs of 1.2% (PQ: 1% and PY: 1.1%).
- GNPA/NNPA ratios (basis AUM) rose ~5bp each QoQ to 2.4%/1.6%. PCR on Stage 3 assets declined ~120bp QoQ to ~38%.
- The board has approved an investment of up to INR150m in its subsidiary, MAS Rural Housing & Mortgage Ltd.
- CRAR stood at ~25.3% with Tier-1 of ~23.1%.

AUM rises 21% YoY; sequential expansion in spreads

- Standalone AUM rose ~21% YoY to ~INR117b. AUM of micro-enterprise/ SME/2W/commercial vehicle loans grew 8%/24%/21%/47% YoY. Salaried personal loan grew ~69% YoY to ~INR9.2b. ~35% of the underlying assets in the standalone AUM were through partner NBFCs. The MSME segment contributed 60% to incremental YoY AUM growth.
- Yields (calc.) rose ~10bp to ~14.8%, while CoF (calc.) declined ~5bp QoQ to 9.3%. This resulted in ~15bp QoQ expansion in spreads to ~5.5%.
- NIM (calc.) expanded ~10bp QoQ to ~7.25%. Reported CoF was stable QoQ at ~9.85%.

Other highlights

- Avg. ticket size of micro-enterprise loans increased sequentially to ~INR59k (PQ: ~INR54k).
- RoTA declined ~10bp QoQ to ~2.9% in 3QFY25.

HFC subsidiary:

- MAS Housing reported AUM of ~INR7b, up ~29% YoY.
- GS3 increased ~3bp QoQ to ~0.95%.

Valuation and view

- MASFIN has a niche expertise to serve the MSME market and continues to demonstrate healthy loan growth momentum, while its asset quality is perhaps the best among (M)SME lending peers.
- The company is well placed to achieve its target AUM CAGR of 20%, supported by robust liability management, a strong capital base, and a healthy asset quality.
- Given that the company also has exposures to smaller MFIs in its micro enterprise business, it will be important to understand what measures have been taken by the company to shield itself from the stress in the microfinance sector. We may revise our estimates after the earnings call on 30th Jan'25.

Conference Call Details

Date: 30 January 2025
Time: 03:30 PM IST
Dial-in details:
Link for the call
Number: 022 6280 1386

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Total income	7.8	9.9	12.1
PPP	5.3	6.8	8.3
PAT	3.1	3.9	4.8
EPS (INR)	17.1	21.4	26.3
EPS Gr. (%)	13.0	25.3	22.9
BVPS (INR)	138	157	181
Ratios (%)			
NIM	6.3	6.6	6.6
C/I ratio	32.6	31.8	31.4
RoA	3.0	3.1	3.0
RoE	14.7	14.5	15.6
Payout	10.2	9.8	9.8
Valuations			
P/E (x)	15	12	9.9
P/BV (x)	1.9	1.7	1.4
Div. yield (%)	0.7	0.8	1.0

Quarterly Performance												(INR M)
Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue from Operations	**2,801**	**2,982**	**3,206**	**3,295**	**3,465**	**3,670**	**3,901**	**4,250**	**12,246**	**15,285**	**3,952**	**-1**
Interest Income	2,362	2,490	2,651	2,757	2,952	3,078	3,332	3,345	10,223	12,707	3,278	2
Gain on assignments	242	272	319	336	304	375	356	521	1,170	1,556	412	-14
Other operating Income	196	219	236	202	210	217	213	384	853	1,023	261	-19
Interest expenses	1,428	1,461	1,638	1,615	1,714	1,754	1,845	2,153	6,142	7,467	1,929	-4
Total income	**1,373**	**1,520**	**1,569**	**1,680**	**1,751**	**1,916**	**2,056**	**2,096**	**6,104**	**7,818**	**2,022**	2
Growth Y-o-Y (%)	*30*	*28*	*27*	*33*	*27*	*26*	*31*	*25*	*29*	*28*	*29*	
Operating Expenses	427	484	467	555	567	632	673	679	1,894	2,550	663	1
Operating Profits	**946**	**1,036**	**1,102**	**1,125**	**1,183**	**1,284**	**1,383**	**1,418**	**4,210**	**5,268**	**1,359**	**2**
Growth Y-o-Y (%)	*34*	*34*	*35*	*27*	*25*	*24*	*25*	*26*	*33*	*25*	*23*	
Provisions	188	236	257	214	239	263	332	291	896	1,126	300	11
Profit before tax	**758**	**800**	**845**	**911**	**944**	**1,021**	**1,051**	**1,126**	**3,314**	**4,142**	**1,059**	**-1**
Growth Y-o-Y (%)	*22*	*22*	*25*	*29*	*25*	*28*	*24*	*24*	*25*	*25*	*25*	
Tax Provisions	186	200	221	230	240	255	270	279	837	1,044	265	2
Net Profit	**573**	**600**	**624**	**681**	**704**	**766**	**781**	**847**	**2,478**	**3,098**	**795**	**-2**
Growth Y-o-Y (%)	*23*	*22*	*24*	*23*	*23*	*28*	*25*	*24*	*23*	*25*	*27*	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.3	14.5	14.5	14.3	14.8	14.7	14.8	14.4				
Cost of funds (Cal)	9.6	9.21	9.70	9.31	9.61	9.37	9.31	10.1				
Spreads (Cal)	4.7	5.3	4.8	5.0	5.1	5.3	5.5	4.2				
NIM on AUM (Cal)	6.7	7.0	6.7	6.8	6.8	7.2	7.25	7.1				
Credit Cost (%)	0.9	1.1	1.1	0.9	0.9	1.0	1.2	1.0				
Cost to Income Ratio	31.1	31.9	29.7	33.0	32.4	33.0	32.7	32.4				
Tax Rate	24.5	25.0	26.1	25.3	25.4	25.0	25.0	24.8				
Balance Sheet Parameters												
Standalone AUM (INR B)	**84.2**	**90.5**	**96.7**	**101.3**	**103.8**	**110.2**	**116.8**	**119.4**				
Change YoY (%)	25.9	26.7	27.2	25.1	23.4	21.8	20.7	18.0				
Disbursements (INR B)	**22.8**	**25.0**	**26.6**	**27.9**	**27.3**	**30.2**	**28.8**	**30.7**				
Change YoY (%)	5.8	10.5	19.8	11.9	19.5	21.0	8.0	10.1				
Borrowings (INR B)	**59.9**	**67.1**	**68.0**	**70.8**	**71.9**	**77.9**	**80.6**	**89.3**				
Change YoY (%)	18.5	15.0	14.5	19.9	20.1	16.1	18.6	26.1				
Debt/Equity (x)	3.8	4.1	4.0	4.0								
Asset liability Mix												
AUM Mix (%)												
Micro Enterprises	47.8	47.1	44.9	43.3	43.6	43.1	40.3	0.0				
SME loans	36.5	35.7	35.7	36.9	36.4	36.1	36.6	0.0				
2W loans	6.8	6.9	6.9	6.6	6.4	6.5	6.9	0.0				
CV loans	5.3	6.2	6.8	7.4	7.9	8.2	8.3	0.0				
Borrowings Mix (%)												
Direct Assignment	23.0	23.3	23.9	24.0	24.4	22.9	22.1	0.0				
Cash Credit	17.0	16.0	16.0	11.9	11.3	14.6	13.2	0.0				
Term Loan	48.0	50.6	51.9	54.0	52.9	50.6	50.4	0.0				
NCD	8.0	7.1	4.6	6.8	8.1	8.9	11.3	0.0				
Sub Debt	4.0	3.0	3.5	3.3	3.3	3.1	3.0	0.0				
Asset Quality Parameters (%)												
GS 3 (INR m)	1,355	1,555	1,747	1,906	2,043	2,235	2,423	0				
GS 3 (%)	2.13	2.17	2.23	2.25	2.29	2.36	2.41	0.00				
NS 3 (INR m)	795	916	1,023	1,164	1,243	1,361	1,505	0				
NS 3 (%)	1.47	1.47	1.48	1.51	1.52	1.57	1.62	0.00				
PCR (%)	41.3	41.1	41.4	38.9	39.1	39.1	37.9					
Return Ratios (%)					*0.2*							
ROA	3.0	2.9	2.9	3.0	3.0	3.0	2.9	0.0				
Tier I ratio	21.1	21.2	20.6	20.3	25.4	23.8	23.1	0.0				

E: MOFSL estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.