

Market snapshot



Equities - India	Close	Chg .%	CY24.%
Sensex	75,838	-1.6	8.2
Nifty-50	23,025	-1.4	8.8
Nifty-M 100	53,835	-2.3	23.9
Equities-Global	Close	Chg .%	CY24.%
S&P 500	6,049	0.9	23.3
Nasdaq	19,757	0.6	28.6
FTSE 100	8,548	0.3	5.7
DAX	21,042	0.2	18.8
Hang Seng	7,321	1.2	26.4
Nikkei 225	39,028	0.3	19.2
Commodities	Close	Chg .%	CY24.%
Brent (US\$/Bbl)	80	-0.5	-4.5
Gold (\$/OZ)	2,745	1.4	27.2
Cu (US\$/MT)	9,169	0.1	2.2
Almn (US\$/MT)	2,628	-2.0	7.7
Currency	Close	Chg .%	CY24.%
USD/INR	86.6	0.0	2.9
USD/EUR	1.0	0.1	-6.2
USD/JPY	155.5	-0.1	11.5
YIELD (%)	Close	1MChg	CY24 chg
10 Yrs G-Sec	6.7	-0.02	-0.4
10 Yrs AAA Corp	7.2	-0.02	-0.5
Flows (USD b)	21-Jan	MTD	CYTD
FII	-0.7	0.64	-0.8
DII	0.40	4.42	62.9
Volumes (INRb)	21-Jan	MTD*	YTD*
Cash	1,059	1007	1007
F&O	1,63,001	1,87,434	1,87,434

Note: Flows, MTD includes provisional numbers.

*Average

Today's top research idea



Siemens – Annual Report Update: Near-term patchy on slow private capex!

- ❖ Siemens (SIEM) in its FY24 annual report emphasized its strategy to capitalize on the opportunity potential that exists in India from diverse sectors and industries, spurred by favorable government policies and the ongoing global energy transition while also acknowledging the transient hiccups in select segments.
- ❖ SIEM in FY24 also announced the expansion of its GIS, vacuum interrupter, power transformer, and metro train manufacturing facilities for a cumulative outlay of INR10b. We believe that a selective approach for HVDC projects and weak inflow for ex-Energy segments due to slower-than-expected pick up in private capex may weigh on the near-term performance of SIEM.
- ❖ However, company is well placed to capitalise on expected ramp up in government and private capex over medium to long term. Reiterate BUY with a revised TP of INR7,500 (vs. INR8,000 earlier).



Research covered

Cos/Sector	Key Highlights
Siemens – Annual Report Update	Near-term patchy on slow private capex!
ICICI Prudential Life Insurance	Miss across key parameters; margin contracts to 21.2%
Oberoi Realty	Jardin-OGC, Thane launch taking the lead
L&T Finance	Better MFI asset quality outcomes than peers
MCX	Miss on earnings; new product launches key to re-rating
PNB Housing	Sustains all-round healthy performance!
Other Updates	Indiamart Inter. India Cements Sunteck Realty Cyient DLM Indostar Capital Metals Monthly KEI Industries Dalmia Bharat



Chart of the Day: Siemens (Near-term patchy on slow private capex!)

Segmental (reported) order inflow breakup (INR b)

Segment	2018	2019	2020	2021	2022	2023	2024
Energy	42.2	45.1	42.8	51.1	62.3	67.7	88.0
Smart Infrastructure	36.5	39.2	32.5	40.4	52.6	65.6	73.3
Digital Industries	24.0	26.5	19.8	30.0	45.9	30.4	33.6
Mobility	14.9	8.6	8.7	14.2	33.4	283.0	31.3
Others	9.8	13.0	10.9	9.1	2.2	17.2	9.5
Total	127.4	132.4	114.7	144.8	196.4	463.8	235.6

Source: Company, MOFSL



Kindly click on textbox for the detailed news link

1

InMobi eyes \$400 million funding at \$8 billion valuation

Founded in 2007 by Naveen Tewari, Piyush Shah, Mohit Saxena, and Abhay Singhal, InMobi has become a leader in contextual marketing and monetisation solutions for brands, advertisers, and publishers.

2

Banks' debt up by Rs 88k cr in last two weeks of 2024

The market borrowings mostly comprise tier-II bonds, infrastructure bonds and green bonds among others and were the highest in six months. This trend could impact bank profitability as these borrowings tend to be costly during tight liquidity conditions.

3

Zomato, Blinkit, Zepto & other E-comm cos turn to 3rd-party logistics players to cut costs

E-commerce companies like Zomato and Blinkit are increasingly turning to 3PL providers to streamline operations and reduce costs

4

Real estate firms target senior living facilities development amid growing demand post-Covid

Real estate firms in India are increasingly developing senior living facilities to meet the significant post-pandemic demand.

5

Kinetic Engineering to take EV route to re-enter two-wheeler market

Kinetic Engineering, after leaving the two-wheeler segment over a decade ago, is set to re-enter with electric vehicles.

6

D2C snack brands make global foray

The new-age D2C brands are differentiating themselves from legacy players by focusing on healthier alternatives, modern packaging, and strong branding.

7

Reliance Consumer Products set to buy SIL's brands to spice up play; plans to compete with HUL, Cremica & Tata

Reliance Consumer Products (RCPL) is set to acquire SIL, a packaged foods brand known for products like cooking pastes, jams, and sauces.



Siemens

BSE SENSEX
75,838

S&P CNX
23,025

CMP: INR5,922

TP: INR7,500 (+27%)

Buy

Near-term patchy on slow private capex!



Siemens (SIEM) in its FY24 annual report emphasized its strategy to capitalize on the opportunity potential that exists in India from diverse sectors and industries, spurred by favorable government policies, a relatively sanguine macroeconomic situation, and the ongoing global energy transition while also acknowledging the transient hiccups in select segments. Nevertheless, underscoring its intent to participate in India's long-term growth potential, SIEM in FY24 announced the expansion of its GIS, vacuum interrupter, power transformer, and metro train manufacturing facilities for a cumulative outlay of INR10b. We believe that a selective approach for HVDC projects and weak inflow for ex-Energy segments due to slower-than-expected pick up in private capex may weigh on the near-term performance of SIEM. However, company is well placed to capitalise on expected ramp up in government and private capex over medium to long term. We downgrade our earnings by 3%/4%/5% for FY25/26/27 and revise our valuation multiple downwards from 70x to 65x on two-year forward earnings to bake in a slower pickup in inflows vs. our earlier expectations. We reiterate our BUY rating on the stock with a revised TP of INR7,500 (vs. INR8,000 earlier).

	SIEM IN
Bloomberg Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	2109.5 / 24.4
52-Week Range (INR)	8130 / 4020
1, 6, 12 Rel. Per (%)	-11/-7/39
12M Avg Val (INR M)	2644
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E SEPT	FY25E	FY26E	FY27E
Net Sales	257.6	300.5	351.2
EBITDA	36.0	44.4	53.5
PAT	29.3	36.5	44.4
EPS (INR)	82.2	102.6	124.7
GR. (%)	7.8	24.8	21.5
BV/Sh (INR)	492.0	567.8	660.0

Ratios

ROE (%)	17.8	19.4	20.3
RoCE (%)	18.1	19.6	20.5

Valuations

P/E (X)	72.0	57.7	47.5
P/BV (X)	12.0	10.4	9.0
EV/EBITDA (X)	54.9	44.0	35.9
Div Yield (%)	0.4	0.5	0.5

Shareholding pattern (%)

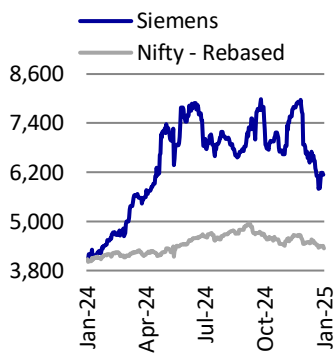
As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	6.9	7.0	7.6
FII	8.7	8.6	7.9
Others	9.4	9.4	9.4

FII Includes depository receipts

Addressing opportunities across segments

- Energy** – This segment experienced a 30% growth in order inflows at INR88b, buoyed by major order wins to modernize and upgrade gas turbines, EPC substation construction projects, 220 & 400 kV GIS orders for marquee customers, and supply of power transformers. The proposed demerger of the Energy business is slated to be completed in CY25. Management continues to be optimistic on prospects for this segment, with a robust domestic and export opportunity pipeline converging with SIEM's wide range of offerings.
- Smart Infra** – It witnessed healthy demand from grid infrastructure, EV charging, data centers, commercial buildings, steel, cement, oil & gas, et al. translating into order inflow/revenue growth of 12%/19%. The segment is poised to benefit from rapid growth in data centers, EV charging infra, commercial real estate, and industrial investments.
- Digital Industries** – FY24 experienced a moderation in order inflow growth, owing to demand normalization of industrial automation products as supply chain snags eased, resulting in shorter delivery cycles. Going forward, growth will be driven by the newer-age verticals such as semiconductors, battery storage, electronics, etc. along with private capex.
- Mobility** – Mobility segment recorded a 21% order inflow growth (excluding the 9000 HP order), backed by key orders broadly spread across rail and metro electrification, as locomotive orders were not tendered.

Stock Performance (1-year)



Narrowing the margin differential with Siemens AG

SIEM has managed to improve the localization levels for key components required for STATCOM, HV AIS, circuit breakers, steam turbines and generator spares, gearboxes, traction motor components, and various components for the 9000 HP locomotive order. This resulted in lower dependence on the parent, as exemplified by the declining share of traded goods (refer to Exhibit 7), and also helped SIEM narrow the margin gap with its parent, as depicted in Exhibit 8. Sales made to related parties have been continuously declining as a % of overall sales, indicating lower dependence on the parent and fellow subsidiaries.

Expanding capacity to capture a burgeoning TAM

To harness the growth opportunities in India and export markets and make India a hub for the global Siemens network, SIEM has announced a capex worth ~INR10b in FY24. The capex will be required to expand its facilities in power transformers, metro trains, vacuum interrupters, and GIS over the next 2-3 years. Accordingly, SIEM has seen its capex outgo jump to INR4.5b in FY24 from INR2.5b in FY23.

Following a selective approach in VSC-HVDC tenders

SIEM has expressed its intent to only participate in VSC-based HVDC opportunities, refraining from LCC-based tenders, believing VSC to be the superior technology. In 2021, SIEM commissioned India’s first HVDC project featuring VSC (voltage-sourced converter) technology, connecting Pugalur (Tamil Nadu) to Thrissur (Kerala). Another VSC-based project is currently being executed by Hitachi Energy (Adani Mumbai project). We expect this to limit the addressable market from HVDC projects for the company in the near to medium term.

Valuation and recommendation

The stock is currently trading at a P/E of 72x/58x/47x on FY25E/FY26E/FY27E. We cut our estimates by 3%/4%/5% for FY25/26/27 to factor in a slower pick-up in digital industries and mobility segment inflows. We do expect near-term order inflow pick-up to be weak for non-energy segments due to a slower-than-expected pick-up in private capex. With an anticipated revival in government capex and an increased focus on exports, we expect SIEM to benefit and emerge as a manufacturing hub for its parent company in the export market going forward. We reduce our valuation multiple to 65x from 70x on a two-year forward earnings basis to bake in a slower pick-up in inflows compared to our earlier expectations. **We reiterate our BUY rating on the stock with a revised TP of INR7,500 (vs. INR8,000 earlier).**

Key risks and concerns

1) Slowdown in order inflows from key government-focused segments such as transmission and railways; 2) aggression in bids to procure large-sized projects would adversely impact margins, and 3) related-party transactions with parent group entities at lower-than-market valuations.



ICICI Prudential Life Insurance

Estimate change

TP change

Rating change

CMP: INR636

TP: INR780 (+23%)

BUY

Miss across key parameters; margin contracts to 21.2%

Minimal impact of surrender charges

Bloomberg	IPRU IN
Equity Shares (m)	1444
M.Cap.(INRb)/(USD\$b)	918.5 / 10.6
52-Week Range (INR)	797 / 475
1, 6, 12 Rel. Per (%)	0/5/23
12M Avg Val (INR M)	1091

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	488.7	561.7	648.1
Surplus / Deficit	19.8	22.5	26.6
Sh. holder's PAT	11.7	14.7	19.4
NBP growth unwt'd (%)	24.8	16.3	15.5
APE (INRb)	111.5	130.2	150.8
VNB (INRb)	25.6	30.6	36.2
VNB margin (%)	23.0	23.5	24.0
EV per share	349	417	501
RoEV (%)	19.1	19.5	20.0
Total AUMs (INRt)	3.5	4.2	5.0

Valuations

P/EV (x)	1.8	1.5	1.3
P/EVOP (x)	14.9	12.5	10.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	73.1	73.2	73.3
DII	9.3	8.8	6.4
FII	13.0	13.2	15.5
Others	4.7	4.8	4.8

FII Includes depository receipts

- ICICI Prudential Life Insurance (IPRU) reported new business APE growth of 28% YoY to INR24.4b (6% miss). For 9MFY25, APE grew 28% YoY to INR69.1b.
- VNB margin for the quarter stood at 21.2% vs. our estimate of 23%. Absolute VNB grew 19% YoY to INR 5.2b (13% miss).
- For 3QFY25, IPRU reported a 43% YoY growth in shareholder PAT to INR3.2b (27% beat). For 9MFY25, it reported a PAT of INR8b (+18% YoY).
- Management is confident in its well-diversified distribution network along with multiple levers available to achieve alpha over the market in terms of premium growth. The ongoing focus would remain on VNB growth, which will primarily depend on APE growth.
- Considering IPRU's 3Q performance, we cut our APE growth and VNB margin estimates. For FY25, we expect new business APE/VNB/PAT to grow 23%/15%/37% YoY to INR111.5b/INR25.6b/INR11.7b. Going forward, the company's ability to sustain strong premium growth and improve VNB margin will be crucial. **Reiterate BUY with a TP of INR780 (based on 1.7x Sept'26E EV).**

VNB margin contracts; costs on a declining trajectory

- IPRU's gross premium grew 23% YoY (5% miss) to INR126.6b. Renewal premium was flat YoY (11% miss) at INR60.9b.
- The 170bp YoY dip in VNB margin to 21.2% was owing to the rising share of ULIPs in the overall product mix (49.2% of 3QFY25 vs. 44.4% in 3QFY24 APE mix). Further, the company sourced a lumpy group fund premium during the quarter, which was in the linked segment. The momentum in ULIPs has been sustained in 4QFY25 so far.
- Retail protection and annuity, the key focus areas for IPRU, experienced strong growth of 40% and 50% YoY, respectively. The share of retail protection/annuity in APE was 6.0%/7.5% vs. 5.5%/6.4% in 3QFY24.
- Commission expenses grew 10% YoY to INR11b. However, the implementation of the new commission structure across most of the channel partners led to an 11% sequential decline in expenses.
- Total expenses declined 85% YoY to INR38.9b, largely due to changes in actuarial liabilities.
- On the distribution front, agency/direct channels experienced strong growth of 26%/23.1% YoY. With the bancassurance share at 25%, and within that, the share of ICICI Bank being even lower, the company is relatively better placed in case any bancassurance-specific regulations are announced.
- On a premium basis, YoY persistency improved across all cohorts. 13th/49th/61st month persistency stood at 85.8%/66.8%/63.1%.
- AUM grew 8% YoY to INR3.1t, while the solvency ratio stood at 211.8%.

Highlights from the management commentary

- APE grew 27% YoY, but a mix shift toward lower-margin products adversely impacted VNB. However, compared to 1H, there has been a positive movement for 9M.
- Post-surrender guideline changes, different partners have agreed to different structures aligned with their opex requirements and separate business models. Pending discussions will be over in a few weeks.
- A slowdown in the credit life business has been largely due to the ongoing challenges in the MFI segment. However, the outlook is gradually improving. Credit life business contributed 38% of the protection business, within which MFI business contributed 45%.

Valuation and view

IPRU's VNB margin has been under pressure during the quarter, mainly owing to the shift in product mix (higher share of ULIPs). In terms of surrender charges, the company has already implemented changes in the commission structure with most of the channel partners, and the impact is reflected in the sequential decline in commission costs. Considering IPRU's 3Q performance, we cut our APE growth and VNB margin estimates. For FY25, we expect new business APE/VNB/ PAT to grow 23%/15%/37% YoY to INR111.5b/INR25.6b/INR11.7b. Going forward, the company's ability to sustain strong premium growth and improve VNB margin will be crucial. We expect APE/ VNB to grow at a CAGR of 19%/18% during FY24-27. **Reiterate BUY with a TP of INR780 (based on 1.7x Sept'26E EV).**

Quarterly performance

(INR b)

Policy holder's A/c	FY24				FY25				FY24	FY25E	FY25E 3QE	A v/s E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	10.2	15.3	15.3	29.5	15.2	20.6	18.2	36.9	70.3	91.0	32.9	-45%
Growth (%)	-1.5%	5.9%	11.3%	11.9%	48.8%	34.6%	19.0%	25.3%	8.3%	29.4%	114.7%	
Renewal premium	41.6	58.9	60.8	84.3	43.3	69.9	60.9	98.9	245.6	273.0	68.2	-11%
Growth (%)	6.8%	4.4%	5.7%	16.6%	4.3%	18.6%	0.2%	17.3%	9.0%	11.2%	12.3%	
Single premium	21.9	30.1	26.7	37.8	24.3	30.3	47.5	40.0	116.5	142.1	32.4	46%
Growth (%)	-5.9%	7.0%	0.9%	20.7%	10.6%	0.9%	77.6%	6.0%	6.7%	22.0%	21.2%	
Gross premium income	73.7	104.3	102.8	151.5	82.8	120.8	126.6	175.8	432.4	506.0	133.6	-5%
Growth (%)	1.5%	5.4%	5.2%	16.6%	12.3%	15.8%	23.1%	16.0%	8.3%	17.0%	29.9%	
PAT	2.1	2.4	2.3	1.7	2.3	2.5	3.2	3.6	8.5	11.7	2.5	27%
Growth (%)	32.9%	22.4%	3.1%	-26.0%	8.9%	3.1%	42.8%	109.2%	5.1%	36.7%	12.0%	
Key metrics (INRb)												
New Business APE	14.6	20.6	19.1	36.2	19.6	25.0	24.4	42.4	90.5	111.5	26.0	-6%
Growth (%)	-3.9%	3.2%	4.7%	9.6%	34.4%	21.4%	27.8%	17.3%	4.7%	23.2%	0.4	
VNB	4.4	5.8	4.4	7.8	4.7	5.9	5.2	9.9	22.3	25.6	6.0	-13%
Growth (%)	-7.0%	-7.1%	-29.4%	-26.4%	7.8%	1.6%	18.6%	27.4%	-19.5%	15.1%	0.4	
AUM	2,664	2,719	2,867	2,942	3,089	3,205	3,104	3,512	2,942	3,512	3,349	-7%
Growth (%)	15.8%	11.3%	13.8%	17.1%	15.9%	17.9%	8.3%	19.4%	1036.3%	19.4%	0.2	
Key Ratios (%)												
VNB Margin (%)	30.0	28.0	22.9	21.5	24.0	23.4	21.2	23.3	24.6	23.0	23.0	



Oberoi Realty

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,858 TP: INR2,056 (+11%) Neutral

Jardin-OGC, Thane launch taking the lead

Operational highlights

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	675.6 / 7.8
52-Week Range (INR)	2350 / 1268
1, 6, 12 Rel. Per (%)	-15/17/17
12M Avg Val (INR M)	1866

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	56.4	68.8	87.5
EBITDA	33.0	40.3	45.9
EBITDA Margin (%)	58.6	58.6	52.5
PAT	24.3	30.1	35.1
EPS (INR)	66.7	82.8	96.6
EPS Gr. (%)	26.0	24.0	16.7
BV/Sh. (INR)	439.5	514.3	602.9

Ratios

RoE (%)	16.3	17.4	17.3
RoCE (%)	14.6	15.7	16.1
Payout (%)	12.0	9.7	8.3

Valuations

P/E (x)	27.8	22.4	19.2
P/BV (x)	4.2	3.6	3.1
EV/EBITDA (x)	20.7	16.8	14.0
Div yld (%)	0.4	0.4	0.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	67.7	67.7	67.7
DII	10.1	12.0	12.1
FII	20.2	18.4	17.4
Others	2.0	1.9	2.8

- Oberoi Realty's (OBER) pre-sales grew 144% YoY to INR19.2b (13% lower than estimate) in 3QFY25, driven by lofty bookings at newly launched project 'Jardin' at Oberoi Garden City, Thane, which contributed INR13.3b to pre-sales (70% of 3QFY25 bookings) across bookings of 466 units.
- Elysian pre-sales grew 88% YoY to INR2.3b, while project 360 West grew 93% YoY to INR1.5b. Sales traction was weak for other projects - Eternia (INR0.2b), Enigma (INR1.0b), Sky City (INR0.4b), and Forestville Thane (INR0.4b).
- Collections grew 56% YoY to INR13.9b. OBER generated OCF (post WC) of INR3.7b. Net debt stood at INR1.1b vs. INR2.8b as of Sep'24, with a D/E ratio of 0.02x. OBER also raised INR15b via non-convertible debentures in 3QFY25.
- **P&L performance:** Revenue rose 34% YoY to INR14b (4% below est.), led by higher recognition in 360 West, Eternia, and Skycity. EBITDA stood at INR8.6b, up 68% YoY, led by 12pp margin expansion to 61% due to product mix. PAT, at INR6.2b, rose 72% YoY and was 2% below our estimate. Margin stood at 44%.
- For 9MFY25, revenue grew 30% YoY to INR41.4b, achieving 73% of the revised FY25E target of INR56.4b. EBITDA stood at INR24.9b, up 53% YoY, led by 9pp margin expansion to 60% due to product mix. PAT, at INR17.9b, rose 57% YoY with a margin of 43%.

Sequential rise in occupancy across assets; Commerz III's incremental occupancy elevates rentals; Hospitality rates increase

- Following the Commerz III augmentation in 1QFY25, occupancy rose to 77% in 3QFY25 from 65% in 2QFY25, resulting in revenue growth of 19% QoQ to INR1.1b. Occupancy at Commerz II increased to 97%, while Commerz I is close to being fully leased with 96% occupancy. OBER reported total office revenue of INR1.6b (+15% QoQ), with an EBITDA margin of 90%.
- Oberoi Mall continued to deliver good performance with a 12% YoY increase in revenue, supported by an increase in both area and occupancy by 2% YoY and 200bp YoY, respectively. On a blended basis, the commercial segment generated EBITDA of INR1.9b (144% up YoY), maintaining same margin levels of 91% as 2QFY25.
- **Hospitality:** Occupancy at Westin Goregaon declined to 79%. ARR rose 24% YoY to ~INR16,396. Hence, revenue was up 9% YoY to INR537m. EBITDA margin expanded to 42% (up 48bp YoY and ~5pp QoQ), leading to EBITDA of INR226m.

Key management commentary

- **Launches:** The Jardin Project, Thane, launched in Q3FY25, showed phenomenal response with sales of INR13.3b in just the first three days of the launch, which contributed a hefty 70% of total Oberoi bookings in 3QFY25. The entire project spans 80 acres and is a mixed-use development with JW Marriott Hotel and Oberoi International School, estimated to be completed by 2027-2028. Additionally, OBER has a launch pipeline at Borivali (1 tower), Goregaon (2 towers), and Forestville Thane (2 towers), which is expected to be launched in 4QFY25 or FY26. The Gurugram, Adarsh Nagar, Worli, and Tardeo projects will be launched in FY26.
- The company witnessed lower bookings from existing projects due to an increase in price, but management is confident that sales will pick up in the coming quarters.
- **Annuity portfolio:** The company is witnessing strong leasing traction across all three office assets. Commerz I and Commerz II are nearly fully leased out following an increase in occupancy in 3QFY25. With this, all three office assets are expected to be fully leased out by the end of FY25.
- **Funds raised (INR 15b)** via non-convertible debentures will be used to accelerate growth by acquiring land parcels. This is expected to happen in the next 4-6 months as the company is currently evaluating opportunities.
- The company has successfully concluded the Mulund acquisition transaction of Nirmal Lifestyle through NCLT.
- It has entered into a joint development agreement for ~81.05 acres in Alibaug.

Valuation and view

- OBER is witnessing an uptick in the performance of its residential business. It is also seeing an uptrend in its rental portfolio as it commences operations at its ongoing marquee office and retail assets. The recent Pokhran-2 launch in Thane received strong traction; hence, we believe the residential segment should see a healthy scale-up with the available pipeline across the MMR and Gurugram regions.
- We expect OBER to post a 41% CAGR in pre-sales over FY24-27. However, a major part of the re-rating depends on the re-investment of strong cash flow generation as the company monetizes its completed and near-completion inventories.
- At current valuations, OBER's residential business implies a value of INR550-570b. The estimated value of the existing pipeline, including the Gurugram project, is INR300b, implying +100% of the going concern premium, which already accounts for prospective business development in the near term.
- **Reiterate Neutral** with a TP of INR2,056, indicating an 11% upside potential.

Financial and operational summary (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	9,100	12,174	10,536	13,148	14,052	13,199	14,111	14,997	44,958	56,358	14,653	-4%
YoY Change (%)	-0.3	76.8	-35.3	36.8	54.4	8.4	33.9	14.1	7.2	25.4	39.1	
Total Expenditure	4,362	5,792	5,443	5,262	5,901	5,061	5,549	6,811	20,859	23,323	6,064	
EBITDA	4,737	6,382	5,094	7,886	8,151	8,138	8,561	8,186	24,099	33,035	8,589	0%
Margins (%)	52.1	52.4	48.3	60.0	58.0	61.7	60.7	54.6	53.6	58.6	58.6	206bp
Depreciation	113	113	114	135	202	208	233	395	475	1,037	270	
Interest	615	565	501	504	589	517	745	368	2,184	2,219	577	
Other Income	236	264	292	2,438	368	387	492	162	3,230	1,409	366	
PBT before EO expense	4,245	5,968	4,771	9,685	7,728	7,800	8,076	7,585	24,669	31,188	8,109	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	4,245	5,968	4,771	9,685	7,728	7,800	8,076	7,585	24,669	31,188	8,109	0%
Tax	1,046	1,421	1,192	1,833	1,905	1,930	1,919	1,188	5,491	6,942	1,805	
Rate (%)	24.6	23.8	25.0	18.9	24.7	24.7	23.8	15.7	22.3	22.3	22.3	
Minority Interest & Profit/Loss of Asso. Cos.	17	21	22	28	23	25	27	-52	89	23	0	
Reported PAT	3,216	4,568	3,602	7,880	5,845	5,894	6,184	6,345	19,266	24,268	6,304	
Adj PAT	3,216	4,568	3,602	7,880	5,845	5,894	6,184	6,345	19,266	24,268	6,304	-2%
YoY Change (%)	-20.2	43.4	-48.7	64.1	81.7	29.0	71.7	-19.5	1.2	26.0	75.0	
Margins (%)	35.3	37.5	34.2	59.9	41.6	44.7	43.8	42.3	42.9	43.1	43.0	
Operational metrics												
Residential												
Sale Volume (msf)	0.15	0.22	0.26	0.45	0.21	0.28	0.66	0.92	1.0	2.1	0.69	-4%
Sale Value (INRm)	4,760	9,650	7,868	17,907	10,519	14,425	19,183	28,488	39,428	72,614	22,000	-13%
Collections (INRm)	11,091	11,013	8,915	10,821	10,114	12,112	13,950	22,921	40,086	59,096	16,000	-13%
Realization (INR/sft)	32,630	43,700	30,575	40,017	49,903	52,305	29,081	30,930	40,062	35,126	32,000	-9%

Source: MOFSL, Company



L&T Finance

Estimate changes

TP change

Rating change



Bloomberg	LTF IN
Equity Shares (m)	2494
M.Cap.(INRb)/(USDb)	364.3 / 4.2
52-Week Range (INR)	194 / 129
1, 6, 12 Rel. Per (%)	9/-11/-19
12M Avg Val (INR M)	1322

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Total Income	88.2	102.6	126.8
PPP	60.5	72.3	92.6
PAT	26.5	32.3	44.5
EPS (INR)	10.7	13.0	17.9
EPS Gr. (%)	14.5	21.6	37.8
BV/Sh. (INR)	102	112	127

Ratios

NIM (%)	10.0	9.8	9.7
C/I ratio (%)	40.6	39.5	37.0
RoAA (%)	2.4	2.5	2.8
RoE (%)	10.9	12.1	14.9
Payout (%)	26.5	23.5	19.5

Valuation

P/E (x)	13.7	11.3	8.2
P/BV (x)	1.4	1.3	1.1
Div. Yield (%)	1.9	2.1	2.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	66.3	66.3	65.9
DII	12.2	12.3	9.1
FII	5.3	6.7	10.7
Others	16.3	14.7	14.4

FII Includes depository receipts

CMP: INR146

TP: INR180 (+23%)

Buy

Better MFI asset quality outcomes than peers

Stress in non-MFI retail product segments still evident

- L&T Finance's (LTF) 3QFY25 PAT declined 2% YoY to INR6.3b (~6% beat). PPOP grew ~11% YoY to ~INR14.8b (in line).
- Credit costs stood at INR6.5b (in line), translating into annualized credit costs of ~2.5% (PQ: 2.6% and PY: 2.5%). The company utilized macro-prudential provisions of INR1b during the quarter. Including macro-prudential provisions, credit costs stood at ~2.9%. LTF has guided for macro-prudential provision utilization of INR3b-3.5b in 4QFY25.
- Retail assets contributed ~97% to the loan mix (PQ: 96%). Retail loans grew ~23% YoY, led by healthy growth in tractors, HL, LAP, and personal loans. The company has started re-growing its personal loans book, up ~9% QoQ. Rural business loans (MFI) and 2W remained flat QoQ.
- Management shared that the stabilization of the MFI business is expected to take two-three more quarters, given ongoing turbulence at the industry level. Additionally, as the company shifts its focus to prime segments in 2W and expects a lower proportion of MFI in the loan mix, NIMs may contract. However, this NIM contraction can be mitigated from improvements in productivity, reductions in collection costs, and lower credit costs.
- LTF has maintained a disciplined approach to MFI business. Management expects stable MFI industry growth at ~15%-20% after the implementation of MFIN guardrails. We estimate a CAGR of ~21% in total loans and ~24% in PAT over FY24-FY27E, with consolidated RoA/RoE of 2.8%/~15% in FY27E. The company will continue to deliver a sustainable improvement in profitability and RoA expansion. **Retain BUY with a TP of INR180 (based on 1.5x Sept'26E BVPS).**

Asset quality largely stable; Retail GS3 stands at ~2.85%

- Consol. GS3 rose ~5bp QoQ to ~3.25% and NS3 was stable QoQ at ~1%. PCR was stable at ~71%. Retail GS3 was stable QoQ at 2.85%.
- We model credit costs (as % of average loans) of ~2.9%/2.8% in FY25/FY26E (compared to ~2.7% in FY24).

NIM contracts ~45bp QoQ; fee income down sequentially

- Reported NIM contracted ~45bp QoQ to 8.5%. However, consol. NIM + fees declined ~50bp QoQ to 10.3%, driven by lower fee income and lower MFI share in the loan mix.
- Spreads (calc.) declined ~10bp QoQ to ~8.8%. Yields (calc.) rose ~10bp QoQ to ~16.2%, while CoF (calc.) rose ~20bp QoQ to 7.3%. Management guided that NIMs may remain under pressure over the next few quarters as the proportion of MFI in the loan mix continues to decline. We model NIMs of ~9.8%/9.7% in FY26/27E (FY25E: ~10%).

Key highlights from the management commentary

- Management expects MFI credit costs at ~INR9.5-10b in FY25. Additionally, the advance estimate of the utilization of macro prudential provisions in 4QFY25 is ~INR3.0-3.5b.
- LTF is working to increase its insurance distribution and is also putting together a technology platform for the same.
- Cyclops is set to be implemented for PL and SME business loans in the coming quarters. In this year, the company will prioritize operationalizing **Nostradamus**, an innovative, first-of-its-kind AI-driven portfolio management engine.

Valuation and view

- LTF has invested in process automation, security, and customer journeys. This, along with large partnerships in products like PL, should lead to stronger and more sustainable retail loan growth. While there are signs of stress in non-MFI retail segments like 2W, tractors and PL, we expect the stress to subside and be provided for over the next two quarters. Stress in the microfinance sector is a near-term headwind, which the company will navigate and come out stronger.
- We estimate a PAT CAGR of 24% over FY24-27, with consolidated RoA/RoE of 2.8%/~15% in FY27. Reiterate our **BUY rating on the stock with a TP of INR180 (based on 1.5x Sep'26E BVPS)**.

Quarterly performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	31,165	31,685	33,063	33,226	34,526	36,544	38,064	39,156	1,29,139	1,48,290	36,910	3
Interest Expenses	13,638	13,249	13,534	13,351	13,514	14,763	15,692	16,154	53,772	60,123	15,796	-1
Net Interest Income	17,527	18,436	19,529	19,875	21,012	21,781	22,371	23,002	75,367	88,167	21,113	6
Change YoY (%)	14.3	11.9	7.2	12.6	19.9	18.1	14.6	15.7	11.4	17.0	8.1	
Other Operating Income	1,068	453	2,277	3,492	3,318	3,649	2,912	3,475	6,667	13,354	3,256	-11
Net Operating Income	18,596	18,889	21,805	23,367	24,330	25,431	25,283	26,477	82,034	1,01,521	24,369	4
Change YoY (%)	11.7	7.5	12.9	31.9	30.8	34.6	16.0	13.3	15.1	23.8	11.8	
Other income	1,535	2,682	473	56	2	47	76	208	4,745	332	237	-68
Total Income	20,130	21,572	22,278	23,422	24,332	25,477	25,359	26,685	86,779	1,01,853	24,606	3
Change YoY (%)	11.1	15.0	11.9	18.7	20.9	18.1	13.8	13.9	13.4	17.4	10.4	
Operating Expenses	7,782	8,598	8,896	9,803	9,656	9,578	10,578	11,542	35,079	41,354	10,141	4
Change YoY (%)	18.3	25.2	19.9	24.6	24.1	11.4	18.9	17.7	22.1	17.9	14.0	
Operating Profits	12,348	12,974	13,382	13,619	14,676	15,899	14,781	15,144	51,701	60,500	14,464	2
Change YoY (%)	6.9	9.1	7.2	7.3	18.9	22.5	10.5	11.2	6.3	17.0	8.1	
Provisions	5,212	5,000	5,142	6,679	5,453	6,504	6,542	6,947	21,410	25,446	6,512	0
Profit before Tax	7,136	7,974	8,240	6,940	9,223	9,396	8,239	8,196	30,290	35,054	7,952	4
Tax Provisions	1,831	2,032	1,847	1,410	2,370	2,429	1,983	1,736	7,119	8,518	2,044	-3
Profit after tax	5,309	5,951	6,402	5,539	6,855	6,967	6,257	6,460	23,171	26,536	5,909	6
Change YoY (%)	103	47	41	11	29	17	-2	17	43	15	-8	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	9.64	10.84	10.92	11.25	11.08	10.86	10.33					
Rep. Cost of funds (%)	7.77	7.79	7.81	7.82	7.85	7.80	7.83					
Cost to Income Ratio	38.7	39.9	39.9	41.9	39.7	37.6	41.7					
Rep Credit Cost	2.33	2.58	2.52	3.23	2.37	2.59	2.49					
Tax Rate	25.7	25.5	22.4	20.3	25.7	25.9	24.1					
Balance Sheet Parameters												
Gross Customer Assets (INR B)	786	787	818	856	887	930	951	991				
Change YoY (%)	-10.8	-12.6	-7.5	5.8	12.9	18.1	16.3	15.8				
Borrowings (INR B)	754	766	760	765	803	849	862	889				
Change YoY (%)	-7.8	-10.3	-11.9	-7.8	6.5	10.9	13.4	16.1				
Customer Assets /Borrowings (%)	104	103	108	112	110	110	110	112				
Asset Quality Parameters (%)												
GS 3 (INR B)	31.7	25.8	26.3	27.0	27.9	29.6	30.8					
Gross Stage 3 (%)	4.0	3.3	3.2	3.2	3.1	3.19	3.23					
NS 3 (INR B)	9.1	6.3	6.5	6.6	6.9	8.7	9.1					
Net Stage 3 (%)	1.6	0.8	0.8	0.8	0.8	1.0	0.97					
PCR (%)	71.4	75.7	75.3	75.5	75.3	70.6	70.6					
Return Ratios (%)												
ROAA	2.1	2.4	2.5	2.2	2.7	2.6	2.3					
ROAE	9.4	10.8	11.4	9.5	11.6	11.7	10.2					



Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR5,505 TP: INR6,100 (+11%) Neutral

Miss on earnings; new product launches key to re-rating

Bloomberg	MCX IN
Equity Shares (m)	51
M.Cap.(INRb)/(USDb)	280.7 / 3.2
52-Week Range (INR)	7049 / 2917
1, 6, 12 Rel. Per (%)	-12/50/65
12M Avg Val (INR M)	2774
Free float (%)	100.0

- MCX posted 57% YoY growth in operating revenue, reaching INR3b (5% miss) in 3QFY25. Operating revenue rose 63% YoY to INR8.2b in 9MFY25.
- EBIT stood at INR1.8b vs EBIT loss of INR310m in 3QFY24, a 6% miss on our estimates.
- The company reported PAT of INR1.6b (vs loss of INR54m in 3QFY24), flat QoQ, and was 7% lower than our estimates. For 9MFY25, PAT stood at INR4.2b.
- The quarter reported healthy volumes with an overall jump of 102% YoY (futures volumes grew 32% YoY and options volumes surged 116% YoY). The management has guided for this momentum to sustain, driven by: 1) new product launches, 2) increasing participation, 3) awareness programs, and 4) exploration of new commodity areas.
- We have cut our EPS estimates by 4%/14%/11% for FY25/26/27 due to a lack of visibility on product launches and lower-than-expected premium to notional turnover. The launch of serial contracts on crude oil will be vital for the re-rating of the stock. We maintain a **Neutral rating on the stock with a one-year TP of INR6,100 (premised on 38x Sep'26E EPS)**.

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	11.2	13.8	16.5
EBIT Margin (%)	56.6	59.8	62.2
PAT	5.8	7.3	9.1
EPS (INR)	114.5	143.7	177.6
EPS Gr. (%)	602.6	25.5	23.6
BV/Sh. (INR)	293.2	321.9	357.5

Ratios

RoE (%)	40.6	46.7	52.3
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Valuations

P/E (x)	48.1	38.3	31.0
P/BV (x)	18.8	17.1	15.4
Div Yield (%)	0.6	0.6	0.6

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	0.0	0.0	0.0
DII	56.3	57.5	53.0
FII	23.3	22.3	26.8
Others	20.4	20.3	20.2

FII includes depository receipts

Surge in options volumes boosts revenue growth

- The transaction fee for 3QFY25 stood at ~INR2.7b, up 58% YoY, comprising options and futures in the ratio of 72:28 (vs. 2QFY25 at INR2.5b in the ratio of 70:30).
- Options ADT surged 116% YoY to INR2.1t, largely supported by 394% YoY growth in bullion contracts and 89% YoY growth in energy contracts. Futures ADT rose 32% YoY to INR289b, fueled by 28%/26%/91% YoY growth in bullion/energy contracts/base metals.
- Other income stood at INR230m, growing 30% YoY, and was 13% lower than our estimates.
- Total expenses (incl. SGF contribution) were 49% down YoY and flat sequentially at INR1.1b owing to a decline in tech costs. Staff cost increased 15% YoY to INR332m (in-line). Other expenses declined 59% YoY to INR750m (8% lower than estimates).
- On the product front, MCX is planning to revive index contracts for both Metalex and Bulldex. It is also actively working on electricity derivatives and crude oil series contracts. The recently launched products have received positive responses and have meaningfully contributed to the growth in volumes.
- Management sees strong traction from the FPI segment (currently ~140). At present, they are only allowed to trade in the cash-settled crude oil and natural gas segments. Additionally, MCX has a few ALGO traders on the platform.

Key takeaways from the management commentary

- Mrs Praveena Rai joined MCX three months ago as the MD and CEO. Her top three focus areas are: 1) achieving operational excellence (through continuous engagement with members and clients) and focusing on tech; 2) ensuring regulatory compliance; and 3) driving new product launches.
- The tender period for the base metal futures contracts has been reduced from 5 days to 3 days, simplifying their management process.
- Regarding the interoperability of margin regulations between stocks and commodities, MCX currently finds it challenging. As for the colocation facility being introduced on the commodities side, no regulatory approvals have been received yet, but MCX continues to explore this domain.

Valuation and view

We expect MCX to register a revenue/EBITDA/PAT CAGR of 34%/157%/122% over FY24-27. MCX's key growth drivers include: 1) new product launches – futures and options; 2) continued volatility in key commodity prices (gold, crude oil, and natural gas) amid global uncertainties; and 3) sustained growth momentum in retail participation in the options market. However, with a lack of visibility on product launches and lower-than-expected premium to notional turnover, we have cut our EPS estimates by 4%/14%/11% for FY25/26/27. The launch of serial contracts on crude oil will be vital for the re-rating of the stock. We maintain a **Neutral rating on the stock with a one-year TP of INR6,100 (premised on 38x Sep'26E EPS).**

Quarterly Performance

	FY24				FY25				FY24	FY25E	Est. 3QFY25	Var. (%/bp)	YoY (%)	INRm
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						QoQ (%)
Sales	1,458	1,651	1,915	1,811	2,344	2,856	3,014	3,029	6,835	11,243	3,180	(5.2)	57.4	5.5
Yo-Y Gr. (%)	34.0	29.6	33.4	35.4	60.8	73.0	57.4	67.3	33.1	64.5	66.1			
Staff Costs	253	274	290	307	321	327	332	334	1,123	1,314	333	(0.3)	14.7	1.8
Other expenses	1,098	1,664	1,822	484	697	735	750	809	5,069	2,991	811	(7.5)	(58.8)	2.1
EBITDA	107	-287	-197	1,020	1,326	1,794	1,931	1,886	643	6,938	2,036	(5.1)	NA	7.6
Depreciation	43	66	113	138	134	140	146	148	359	569	140	(4.3)	29.8	4.1
EBIT	64	-353	-310	882	1,191	1,654	1,785	1,738	283	6,369	1,895	(5.8)	NA	7.9
Margins (%)	4.4	-21.4	-16.2	48.7	50.8	57.9	59.2	57.4	4.1	56.6	59.6			
Interest Costs	1	1	1	1	1	1	2	1	3	4	1		240.0	70.0
Other Income	204	189	177	183	188	252	230	240	754	911	265	(13.3)	29.6	(9.0)
PBT bef. Exceptional items	267	-164	-133	1,065	1,379	1,906	2,013	1,978	1,035	7,275	2,160	(6.8)	NA	5.7
Tax	58	16	-91	205	273	374	418	390	189	1,455	432	(3.2)	NA	11.9
Rate (%)	21.6	-9.9	68.3	19.3	19.8	19.6	20.8	19.7	18.2	20.0	20.0			
Profit from associate	-13	-10	-11	19	4	4	5	6	-15	19	0.0			
PAT	197	-191	-54	878	1,109	1,536	1,600	1,593	831	5,839	1,728	(7.4)	NA	4.2
Y-o-Y Gr. (%)	NA	NA	-114	NA	NA	NA	NA	NA	NA	NA	NA			
EPS (INR)	3.9	-3.7	-1.1	17.3	21.8	30.2	31.5	31.3	16.3	114.5	34.0	(7.4)	NA	4.2
Total volumes (INR t)	51.8	67.0	73.6	82.7	112.3	143.2	148.4	155.3	275.0	559.1	148.4	0.0	101.7	3.6
Q-o-Q Gr. (%)	23.4	29.3	9.9	12.4	35.8	27.5	3.6	4.7						
Y-o-Y Gr. (%)	80.7	86.3	80.6	97.1	116.8	113.8	101.7	87.8	86.7	103.3				



PNB Housing

Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR898 TP: INR1,160 (+29%) Buy

Sustains all-round healthy performance!

Earnings in line; NIM expands marginally, while asset quality improves

- PNB Housing (PNBHF) delivered an all-round healthy performance wherein it exhibited 1) a healthy retail loan growth of ~17.5% YoY, 2) a minor expansion (~2bp) in NIM, 3) a continued improvement in asset quality, and 4) recoveries from its retail written-off pool, which have kept credit costs benign and resulted in provision write-backs for the third consecutive quarter. PNBHF's 3QFY25 PAT grew 23% YoY to ~INR4.7b (6% beat).
- NII rose ~16% YoY to ~INR6.9b (in line). Opex rose ~21% YoY to ~INR2.1b. PPOP grew ~16% YoY to INR5.8b (in line). Credit costs net of recoveries from the written-off pool resulted in a write-back of INR360m. This translated into net credit costs of -19bp (PQ: -27bp).
- PNBHF is confident of scaling its retail loan book to ~INR1t by FY27, with affordable and emerging forming ~15% and ~25% of the loan mix, respectively. The company expects robust mortgage demand to sustain over the next few years, and the revival of the PMAY scheme is expected to further support growth in its affordable and emerging market segments.
- Management indicated that repo rate cuts are unlikely to impact NIMs. However, temporary NIM compression may arise from competitive pressures, which can be effectively managed. The company guided NIM improvement driven by a better product mix. Management expects NIM to reach ~4% by FY27. We model NIMs of 4.1%/4.3% for FY26/FY27.
- GNPA/NNPA stood at ~1.2%/0.8% and improved ~5bp each QoQ. Retail GNPA also improved ~5bp QoQ while Corporate GNPA continued to be NIL.
- We continue to believe in our thesis of a transformation at PNBHF and the management's ability to deliver RoA improvement predicated on: 1) healthy retail loan CAGR of ~18%; 2) NIM improvement from FY26; and 3) benign credit costs from sustained recoveries from the written-off pool.
- We expect PNBHF to deliver a CAGR of 18%/23% in AUM/PAT over FY24-FY27 and ~2.6%/14% RoA/RoE in FY27. **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26E BVPS).**

Highlights from the management commentary

- The company guided credit costs of ~18bp in Prime, ~22-23bp in Emerging, and ~30bp in Affordable, resulting in blended credit costs of ~25bp. Management expects provision write-backs to continue over the next few quarters, which will keep credit costs benign in FY26 as well.
- The company shared that it expects to resume sanctions/disbursements in its Corporate segment from 4QFY25 itself.
- PNBHF plans to open ~50 branches in 4QFY25. This includes an addition to ~40 branches in affordable housing, which will take the total affordable branch count to 200. Management guided that the company's affordable loan book will scale up to ~INR50b by Mar'25.

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USD\$)	233.5 / 2.7
52-Week Range (INR)	1202 / 600
1, 6, 12 Rel. Per (%)	6/21/-4
12M Avg Val (INR M)	2005

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	26.9	34.2	42.1
PPP	22.9	30.4	38.4
PAT	18.9	23.1	27.9
EPS (INR)	73	89	108
EPS Gr. (%)	25	22	21
BV/Sh. (INR)	649	726	818

Ratios

NIM (%)	3.9	4.1	4.3
C/I ratio (%)	26.3	23.6	22.0
RoAA (%)	2.4	2.5	2.6
RoE (%)	11.9	12.9	13.9

Valuations

P/E (x)	12.3	10.1	8.3
P/BV (x)	1.4	1.2	1.1
Div. Yield (%)	1.4	1.7	2.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	28.1	28.1	28.1
DII	26.9	22.2	7.9
FII	24.3	20.4	24.7
Others	20.7	29.3	39.3

FII Includes depository receipts

Valuation and view

- PNBHF’s execution in 9MFY25 has been in line with its guided playbook, and we believe that it will continue to move forward with the strength to deliver on its articulated guidance on loan growth, asset quality, credit costs, and improvement in NIM.
- The stock trades at 1.1x FY27E P/BV, and the risk-reward is favorable for a re-rating in the valuation multiple as investors gain higher confidence in the company’s sustained execution in retail (across prime, emerging, and affordable segments). **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep’26E BVPS).** Key risks: a) inability to drive NIM expansion amid aggressive competition in mortgages, and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Quarterly performance

(INR m)

	FY24				FY25E				FY24	FY25E	3Q FY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	16,669	17,029	16,795	16,929	17,391	17,803	18,484	19,334	67,422	73,012	18,497	0
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,185	11,579	12,342	42,611	46,076	11,688	-1
Net Interest Income	6,194	6,456	5,929	6,232	6,421	6,618	6,905	6,992	24,811	26,937	6,809	1
YoY Growth (%)	68.1	1.9	-17.3	7.2	3.7	2.5	16.47	12.2	7.8	8.6	14.8	
Other income	408	765	765	1,211	930	994	947	1,283	3,149	4,153	1,058	-11
Total Income	6,602	7,221	6,694	7,443	7,352	7,612	7,852	8,275	27,960	31,090	7,867	0
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.4	17.3	11.2	6.3	11.2	17.5	
Operating Expenses	1,530	1,702	1,700	1,778	1,929	2,020	2,057	2,157	6,710	8,164	2,071	-1
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	18.7	21.0	21.3	26.3	21.7	21.8	
Operating Profits	5,072	5,519	4,994	5,665	5,422	5,591	5,795	6,117	21,250	22,926	5,796	0
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	1.3	16.0	8.0	1.2	7.9	16.1	
Provisions	606	448	591	66	-120	-456	-361	-391	1,711	-1,328	-410	-12
Profit before Tax	4,467	5,071	4,403	5,598	5,542	6,047	6,157	6,508	19,539	24,254	6,206	-1
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,324	1,472	4,459	5,360	1,396	-5
Profit after tax	3,473	3,830	3,384	4,393	4,328	4,697	4,833	5,036	15,080	18,894	4,810	0
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.8	14.7	44.2	25.3	42.1	
Key Operating Parameters (%)												
Rep. Yield on loans	10.59	10.58	10.19	10.08	10.03	10.05	10.12	0.00				
Rep. Cost of funds	7.97	7.99	8.07	7.98	7.92	7.84	7.83	0.00				
Spreads	2.62	2.59	2.12	2.10	2.11	2.21	2.29	0.00				
Net Interest Margins	3.86	3.95	3.49	3.65	3.65	3.68	3.70	0.00				
Cost to Income Ratio	23.2	23.6	25.4	23.9	26.2	26.5	26.2	26.1				
Credit Cost	0.40	0.30	0.38	0.04	-0.07	-0.27	-0.20	-0.21				
Tax Rate	22.2	24.5	23.1	21.5	21.9	22.3	21.5	22.6				
Balance Sheet Parameters												
Loans (INR B)	604	609	623	654	670	695	719	756				
Change YoY (%)	6.2	5.2	7.4	10.3	15.1	14.2	15.4	15.7				
AUM (INR B)	673	674	685	712	725	747	768	801				
Change YoY (%)	4.0	2.6	4.3	6.9	11.0	10.8	12.1	12.4				
Borrowings (Ex Assgn. INR B)	527	536	531	551	557	570	599	653				
Change YoY (%)	3.3	2.3	1.2	2.6	8.2	6.5	12.8	18.6				
Loans/Borrowings (%)	114.6	113.6	117.4	118.7	120.2	121.9	120.1	115.9				
Off BS loans/AUM (%)	10.4	9.7	9.1	8.3	10.7	7.0	6.4	5.5				
Debt/Equity (x)	3.8	3.8	3.7	3.7	3.6	3.6	3.7	0.0				
Asset Quality Parameters (%)												
GS 3 (INR m)	22,700	10,860	10,790	9,840	9,060	8,650	8,570					
Gross Stage 3 (% on loans)	3.76	1.78	1.73	1.51	1.35	1.24	1.19					
NS 3 (INR m)	15,430	7,170	7,080	6,160	6,120	5,820	5,720					
Net Stage 3 (% on loans)	2.59	1.19	1.14	0.95	0.92	0.84	0.80					
PCR (%)	32.0	34.0	34.38	37.4	32.5	32.7	33.26					

E: MOFSL Estimates



IndiaMART

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR2,295 TP: INR2,600 (+13%) Buy

Waiting for an upturn

Churn in silver accounts continues to haunt; reiterate BUY

Bloomberg	INMART IN
Equity Shares (m)	60
M.Cap.(INRb)/(USDb)	137.8 / 1.6
52-Week Range (INR)	3199 / 2165
1, 6, 12 Rel. Per (%)	4/-12/-18
12M Avg Val (INR M)	775

■ IndiaMART (INMART) reported 3QFY25 revenue growth of 16% YoY/1.9% QoQ, in line with our estimate of 17.6% YoY growth. Collection growth was 10% YoY at INR3.6b. Deferred revenue rose 17% YoY to INR14.9b. EBITDA margin expanded ~30bp QoQ to 39%, above our estimates of 29.9%, on the back of lower outsourced sales costs and other expenses. Adj. PAT was INR1,210m, up 10% QoQ/48.5% YoY, beating our estimate of INR900m. For 9MFY25, revenue/EBITDA/PAT grew 17.1%/61.9%/57.1% compared to 9MFY24. We expect revenue/EBITDA to grow 11.6%/38.7% and PAT to decline 5.0% YoY in 4QFY25. **We reiterate our BUY rating on the stock, citing undemanding valuations, but reduce our TP to INR2,600 due to ongoing churn in silver accounts and a slow recovery in cash collections.**

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	13.8	15.5	18.2
EBITDA	5.2	5.2	6.0
Adj. PAT	4.7	4.8	5.6
Adj. EPS (INR)	77.5	79.3	92.5
Adj. EPS Gr. (%)	40%	2%	17%
BV/Sh. (INR)	353.7	410.8	462.4

Ratios

RoE (%)	24.1	20.8	21.2
RoCE (%)	27.2	23.7	23.8
Payout (%)	17.1	28.0	44.5

Valuations

P/E (x)	29.6	28.9	24.8
P/BV (x)	6.5	5.6	5.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	49.2	49.2	49.2
DII	13.9	12.1	8.2
FII	21.2	23.9	24.3
Others	15.8	14.8	18.3

FII Includes depository receipts

Our view: Cash collection still slow; churn rate an overhang

- **Minimal churn in gold and platinum accounts; concerns in silver bucket:** Despite a 14% YoY increase in ARPU, churn in Gold and Platinum accounts remained minimal. However, the Silver segment continues to face higher-than-expected churn rates, a key monitorable for the company.
- **Supplier adjustments and churn reduction efforts:** Paying subscribers declined 3.7k QoQ, largely due to a deliberate slowdown in gross supplier additions. The company is prioritizing the onboarding of high-quality suppliers over volume growth, which we view as a sensible move - however we remain in a wait-and-watch mode for a quarter or two - to address churn issues effectively.
- Its efforts include reducing the unique inquiries ratio to 4 from 5.5, aligning inquiries more closely with geographical preferences, and improving the quality of RFPs and matchmaking processes between buyers and suppliers. In our view, these initiatives reflect a strategic shift toward sustainable growth and better customer retention, which could pay dividends in the long run.
- **Collection growth improves:** Collections grew 10% YoY to INR3.6b, reflecting improved execution compared to previous quarters. However, flat customer additions have limited the growth rate. Management anticipates clearer trends to emerge over the next 2-3 quarters, with near-term growth expected to hover at around 10% or lower. While this could well be the bottom, we believe collections will steadily improve as INMART's strategic initiatives take effect.
- **Margins:** While margin expansion was driven by cost optimization, management expects a gradual normalization as customer acquisition costs rise with growth. The margin expansion will normalize to the operating leverage inherent in the business. Hence, we expect margin to contract in the medium term.

Valuation and changes in estimates

- We continue to view INMART as a key beneficiary of technology adoption by India's MSME universe and the shift to a formalized ecosystem. We have updated our FY25 estimates by ~6%, primarily driven by intentional reductions in marketing expenses, which resulted in higher margins. We expect INMART to deliver a 15% revenue CAGR over FY24-27. We estimate EBITDA margin of 37.2%/33.8%/32.8% for FY25/FY26/FY27. This, in turn, should drive a 19% PAT CAGR over FY24-27.
- Currently, INMART is trading at an undemanding valuation, in our view, as the valuations reflect uncertainties surrounding the churn rate, collection, and subscriber growth. We value INMART on a DCF basis to arrive at our TP of INR2,600, assuming 11.5% WACC and 6% terminal growth. **Reiterate BUY.**

Revenue in-line and margins beat; paying subscribers down 2% QoQ/flat YoY

- INMART reported 3QFY25 revenue of INR3.5b, reflecting a 16.0% YoY growth, in-line with our estimate of 17.6%.
- Collections stood at INR3.6b (+10% YoY). Deferred revenue rose 17% YoY to INR14.9b.
- Paying subscribers declined 3.7k QoQ. ARPU grew 14% YoY to INR63k.
- EBITDA margin stood at 39%, up 30bp QoQ and above our estimate of 29.9%, attributed to lower outsourced sales costs and other expenses.
- Adj. PAT was at INR1,210m, down 10% QoQ/up 48.5% YoY, beating our estimate of INR900m due to higher other income and lower depreciation.
- Traffic grew 2% YoY at 276m. Total suppliers on the platform stood at 8m, up 5% YoY.
- Total cash and investments stood at INR26.1b.

Highlights from the management commentary

- Collections grew 10% YoY to INR 3.6b. Despite this growth, the flat trend in customer additions is limiting the overall collections growth. The collections growth is not reflective of poor execution as seen in the previous quarter. The company expects clearer trends to emerge over the next 2-3 quarters and believes a growth rate of 10% or below is sustainable in the long term.
- Churn rates in the Silver bucket remain largely consistent, though price hikes have had an impact on churn. If performance does not improve within the next 2-3 quarters, the company will reassess its pricing strategy. Despite these challenges, gross additions have not slowed down, and the company is intentionally avoiding over-investment in market expansion.
- Gold and Platinum subscribers demonstrate lower churn rates. Their success stories generate word-of-mouth referrals, contributing to a systematic increase in ARPU.
- Less than 20% of total inquiries are directed to free suppliers. Individual BuyLeads and RFQ options are available for purchase on the platform.
- The company is prioritizing the onboarding of quality suppliers, leading to a QoQ decline in supplier numbers. Efforts are focused on improving matchmaking relevancy.

Valuation and view

- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in digitization among SMEs, 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We value INMART on a DCF basis to arrive at our TP of INR2,600, assuming 11.5% WACC and 6% terminal growth. Our TP implies a 13% potential upside.
We reiterate our BUY rating on the stock.

Consolidated - Quarterly Earning

Y/E March	FY24				FY25E				FY24	FY25E	Estimate	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QFY25E		
Gross Sales	2,821	2,947	3,053	3,147	3,313	3,477	3,543	3,513	11,968	13,846	3,591	-1.3
YoY Change (%)	25.6	22.5	21.4	17.1	17.4	18.0	16.0	11.6	21.5	15.7	17.6	-160bp
Total Expenditure	2,048	2,150	2,200	2,260	2,120	2,130	2,160	2,284	8,658	8,694	2,519	-14.3
EBITDA	773	797	853	887	1,193	1,347	1,383	1,230	3,310	5,153	1,072	29.0
Margins (%)	27.4	27.0	27.9	28.2	36.0	38.7	39.0	35.0	27.7	37.2	29.9	920bp
Depreciation	74	80	84	127	81	82	83	87	365	333	96	-14
Interest	22	23	22	22	20	19	18	20	89	77	19	-5
Other Income	571	346	417	772	532	655	449	327	2,106	1,963	363	24
PBT before EO expense	1,248	1,040	1,164	1,510	1,624	1,901	1,731	1,451	4,962	6,707	1,320	31.1
Extra-Ord expense	18	0	0	0	0	0	0	0	18	0	0	
PBT	1,230	1,040	1,164	1,510	1,624	1,901	1,731	1,451	4,944	6,707	1,320	31.1
Tax	293	239	277	395	374	422	380	338	1,204	1,514	293	30
Rate (%)	23.8	23.0	23.8	26.2	23.0	22.2	22.0	23.3	24.4	22.6	22.2	-20bp
MI & Profit/Loss of Asso. Cos.	106	110	72	116	112	127	141	160	404	540	127	
Reported PAT	831	691	815	999	1,138	1,352	1,210	952	3,336	4,652	900	34.5
Adj PAT	849	691	815	999	1,138	1,352	1,210	952	3,354	4,652	900	34.5
YoY Change (%)	81.8	1.0	33.1	79.0	34.0	95.7	48.5	-4.7	44.5	38.7	10.4	3800bp
Margins (%)	30.1	23.4	26.7	31.7	34.3	38.9	34.2	27.1	28.0	33.6	25.1	910bp



India Cements

Estimate change	↓
TP change	↔
Rating change	↔

CMP: INR349 TP: INR310 (-11%) Sell

Miss estimates; awaiting clarity on group synergy benefits

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	108 / 1.2
52-Week Range (INR)	386 / 173
1, 6, 12 Rel. Per (%)	5/7/32
12M Avg Val (INR M)	1442

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	40.4	47.5	52.0
EBITDA	-4.5	3.6	6.6
Adj. PAT	-7.4	-1.1	1.3
EBITDA Margin (%)	-11.2	7.6	12.6
Adj. EPS (INR)	-23.8	-3.5	4.1
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	151.0	147.5	151.5

Ratios

Net D:E	0.6	0.7	0.7
RoE (%)	-14.7	-2.4	2.7
RoCE (%)	-6.7	1.8	4.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	Loss	Loss	85.2
P/BV (x)	2.3	2.4	2.3
EV/EBITDA(x)	n/m	38.5	21.3
EV/ton (USD)	106	105	103
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	28.4	28.4	28.4
DII	6.1	5.9	10.0
FII	16.2	17.6	13.4
Others	49.4	48.1	48.1

FII Includes depository receipts

- India Cements (ICEM) reported an operating loss of INR1.9b (vs. estimated loss of INR854m) in 3QFY25. Sales volume increased ~5% YoY to 2.1mt (~2% below our estimate), while blended realization declined ~20% YoY to INR4,333 (~5% below our estimate). ICEM's adj. net loss stood at INR2.6b (estimated loss of INR1.4b) vs. a net loss of INR345m in 3QFY24.
- The company's capacity utilization stood at 57% in 3QFY25 vs. 50%/59% in 3QFY24/2QFY25. However, a sharp decline in realization led to a higher operating loss. UTCEM has acquired a 32.7% stake in ICEM, taking its aggregate shareholding in the company to 55.5%. ICEM has now become a subsidiary of UTCEM. The company is estimated to benefit from synergy with UTCEM, led by the introduction of new system and processes, economies of scale, cost optimization initiatives and a wider distribution network. ICEM aims to strengthen its presence in its core markets (South).
- We await clarity from the management regarding the transition/integration process of ICEM under the new management, profitability and growth plans. We value ICEM at a replacement cost (EV/t of USD100) and arrive at our TP of INR310. **Maintain Sell.**

Volume up ~5% YoY, realization down ~20% YoY

- ICEM's revenue declined ~17% YoY to INR9.0b in 3QFY25 (~7% miss). Sales volume grew ~5% YoY (down 9% QoQ) to 2.1mt. Blended realization/t declined ~20% YoY/2% QoQ to INR4,333.
- Opex/t inched up 1% YoY, led by a 4% increase in variable cost/t. However, other expenses/freight costs per ton declined 3%/4% YoY. ICEM reported an operating loss of INR1.9b vs. EBITDA of INR490m in 3QFY24. Finance costs rose 24% YoY and 'Other Income' declined 37% YoY. It reported a net loss (adjusted for exception items – impairment/provisioning for doubtful receivables) of INR2.6b vs. a net loss of INR345m in 3QFY24.
- In 9MFY25, revenue declined 22% YoY to INR28.9b. Operating loss stood at INR3.8b (vs. EBITDA of INR622m in 9MFY24). Net loss stood at INR6.3b (vs. a net loss of INR1.9b in 9MFY24). Volume/realization declined 10%/13% YoY. In 4QFY25, we estimate revenue to decline ~8% YoY and operating loss of INR687m (vs. an EBITDA of INR469m in 4QFY24). We estimate a net loss of INR1.1b in 4QFY25 vs. a net loss of INR435m in 4QFY24.

Valuation and view

- After the CCI approval in Dec'24, UTCEM acquired a 32.7% stake in ICEM, taking its aggregate shareholding to 55.5%. ICEM is now a subsidiary of UTCEM. ICEM is expected to benefit from synergy with UTCEM, led by the implementation of new processes, system, cost optimization, and a wider distribution network.
- We value ICEM at a replacement cost (EV/t of USD100) and arrive at our TP of INR310. **Reiterate Sell.**

Standalone quarterly performance												(INR b)
Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Sales Volumes (mt)	2.7	2.4	2.0	2.4	2.0	2.3	2.1	2.6	9.5	9.0	2.1	(2)
Change (YoY %)	(0.2)	5.1	(9.0)	(12.5)	(26.4)	(2.9)	5.0	8.2	(4.4)	(5.0)	7.0	
Realization (INR/ton)	5,225	5,157	5,450	5,112	4,954	4,416	4,333	4,363	5,226	4,499	4,557	(5)
Change (YoY %)	(3.5)	(7.4)	(2.5)	(2.5)	(5.2)	(14.4)	(20.5)	(14.7)	(3.9)	(13.9)	(16.4)	
Change (QoQ %)	(0.4)	(1.3)	5.7	(6.2)	(3.1)	(10.9)	(1.9)	0.7			3.2	
Net Sales	13.9	12.2	10.8	12.5	9.7	10.2	9.0	11.5	49.4	40.4	9.7	(7)
Change (YoY %)	(3.7)	(2.6)	(11.3)	(14.7)	(30.3)	(16.8)	(16.5)	(7.6)	(8.1)	(18.2)	(10.5)	
EBITDA	0.1	0.1	0.5	0.5	(0.3)	(1.6)	(1.9)	(0.7)	1.1	(4.5)	(0.9)	NM
Change (YoY %)	(83.7)	NM	NM	NM	NM	NM	NM	NM	NM	NM		
Margin (%)	0.4	0.7	4.5	3.8	(3.2)	(16.1)	(20.9)	(6.0)	2.2	(11.2)	(8.8)	
Depreciation	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.5	2.2	2.2	0.6	(1)
Interest	0.6	0.6	0.6	0.6	0.8	0.7	0.7	0.7	2.4	3.0	0.8	(2)
Other Income	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.5	0.4	0.1	(3)
PBT before EO expense	(1.0)	(1.0)	(0.5)	(0.5)	(1.6)	(2.8)	(3.1)	(1.9)	(3.0)	(9.4)	(2.1)	NM
Extra-Ord. expense	-	-	(0.3)	(0.2)	(2.4)	(0.1)	1.9	-	(0.4)	(0.6)	-	
PBT	(1.0)	(1.0)	(0.2)	(0.3)	0.8	(2.7)	(5.0)	(1.9)	(2.5)	(8.8)	(2.1)	NM
Tax	(0.2)	(0.2)	(0.1)	(0.0)	0.2	(0.3)	(0.7)	(0.8)	(0.5)	(1.6)	(0.6)	
Rate (%)	23.9	17.6	31.3	10.9	26.6	12.6	13.7	41.2	20.5	18.0	30.0	
Reported PAT	(0.8)	(0.8)	(0.2)	(0.3)	0.6	(2.4)	(4.3)	(1.1)	(2.0)	(7.2)	(1.4)	NM
Tax	-	-	-	-	-	-	-	-	-	-	-	
Adj. PAT	(0.8)	(0.8)	(0.3)	(0.4)	(1.2)	(2.5)	(2.6)	(1.1)	(2.3)	(7.4)	(1.4)	NM
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(5.4)	(6.7)	(3.2)	(3.5)	(12.3)	(24.2)	(29.3)	(9.5)	(4.7)	(18.3)	(14.8)	
Per tonne analysis												(INR/t)
RM Cost	1,068	918	989	930	951	982	1,052	904	978	969	942	12
Employee Expenses	345	416	434	402	534	410	418	392	396	434	449	(7)
Power, Oil, and Fuel	2,046	1,942	1,863	1,891	1,826	1,843	1,916	1,605	1,942	1,786	1,723	11
Freight cost	1,104	1,054	1,085	1,034	1,067	1,060	1,041	1,030	1,070	1,048	1,080	(4)
Other Expenses	643	793	832	663	735	834	810	692	725	765	765	6
Total Expense	5,206	5,122	5,203	4,920	5,112	5,128	5,237	4,623	5,111	5,002	4,959	6
EBITDA	19	34	247	192	(158)	(712)	(904)	(260)	115	-503	(402)	NM
YoY (%)	(83.6)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	



Sunteck Realty

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR494 TP: INR745 (+51%) BUY

Strong quarter; ~65% presales guidance achieved

The uber-luxury segment takes center stage

Bloomberg	SRIN IN
Equity Shares (m)	146
M.Cap.(INRb)/(USDb)	72.3 / 0.8
52-Week Range (INR)	699 / 380
1, 6, 12 Rel. Per (%)	2/-12/2
12M Avg Val (INR M)	340

- Sunteck Realty (SRIN) reported presales of INR6.35b in 3QFY25, up 40% YoY (in line with our estimate of INR6.5b). Traction in uber-luxury projects nearly tripled, with bookings of INR4.2b, or 66% of overall presales. The upper-middle-income segment accounted for 19% of presales.
- During 9MFY25, the company achieved presales of INR16.6b (up 34% YoY), fueled by the strong traction in uber-luxury projects. SRIN achieved 65% of the total presales guidance for FY25 (INR25b).
- Collections declined 23% YoY to INR3.36b for 3QFY25. SRIN achieved INR9.45b (flat) collections for 9MFY25. Its collection efficiency was 57%.
- The net debt-to-equity ratio stood at zero, with a net cash surplus of INR610m at the end of 3QFY25. The company remains debt-free and intends to utilize the surplus cash to further strengthen its project pipeline.
- **P&L performance:** Revenue jumped ~4x YoY to INR1.6b, while it was 54% below our estimate as the company is only recognizing revenue from the Naigaon and BKC projects. The company reported EBITDA of INR484m vs. a loss of INR148m in 3QFY24. EBITDA margin came in at 29.9% (vs. 22.1% in 2QFY25). For 9MFY25, it reported an EBITDA of INR1.2b compared to a loss of INR364m for 9MFY24. For 3QFY25, Adj. PAT stood at INR425m vs. a net loss of INR97m in 3QFY24.
- For 9MFY24, SRIN reported revenue of INR6.5b that surged 369% YoY (58% of our FY25 estimate). Reported EBITDA/Adj. PAT stood at INR1.2b/ INR1.0b, with an 18.1%/15.4% margin. For 4QFY25, Avenue 4 is likely to come for recognition; hence, we expect to meet our FY25 estimate.

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)	42.1	15.8	48.7
P/BV (x)	2.2	1.9	1.9
EV/EBITDA (x)	28.7	12.6	27.4
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

Key management commentary

- **Launches and guidance:** Sunteck will launch the new phase of ODC (Goregaon West) in 4QFY25, with a GDV of INR30b (two towers with 0.8-1.0msf area, of which ~0.5msf in one tower to be launched). Sunteck will also launch the beach residences with a GDV of ~INR2.5-3b along with Sunteck Skypark in Mira Road, with a GDV of ~INR6-7b. The project in Bandra West (having a GDV of INR10b) and the Burj Khalifa Community, Dubai (with a GDV of INR90b) would be launched in FY26.
- **Guidance:** Aided by the strong launch pipeline, management guided a presales growth of 25-30% for FY26.
- **Dubai:** The project will have only two towers, with a total area of 1msf. SRIN plans to sell it in 3-4 years following the launch, as guided by the management in 2QFY25.
- **Business development:** SRIN added the Nepean Sea project-2 with a total GDV of INR24b, which translated into a total GDV of INR54b for the said project. The potential saleable area for the Nepean Sea projects is now increased to 0.25-0.28msf. Cumulative GDV as of 9MFY25 stood at INR402b, with the acquisition of a recent project.
- The company will not compromise on the margins while acquiring, and most of the acquisitions will be skewed towards the uber-luxury segment as it is experiencing strong demand.

- SRIN would start the construction of commercial in Avenue 5, as the company has secured an important approval. Average annual rental income at INR2.5b. The timeline for commissioning remains intact, which is by the end of FY27.

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 INR745, implying a 51% upside potential.**

Quarterly performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E 3Q	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	706	250	424	4,269	3,163	1,690	1,618	4,647	5,648	11,118	3,002	-46
YoY Change (%)	-50.8	-69.1	-52.5	773.4	348.2	577.3	281.1	8.8			607.2	
Total Expenditure	780	391	573	2,735	2,849	1,317	1,134	3,421	4,476	8,720	2,355	
EBITDA	-75	-141	-148	1,534	314	374	484	1,226	1,173	2,397	647	-25
Margins (%)	-10.6	-56.5	-34.9	35.9	9.9	22.1	29.9	26.4	20.8	21.6	21.6	
Depreciation	18	22	24	31	34	36	31	169	95	270	73	
Interest	173	158	171	182	103	99	87	114	684	403	109	
Other Income	178	113	185	81	117	130	130	188	555	566	153	
PBT before EO expense	-87	-208	-158	1,402	295	368	495	1,131	949	2,290	618	-20
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	-87	-208	-158	1,402	295	368	495	1,131	949	2,290	618	-20
Tax	-27	-64	-55	386	70	22	69	411	240	572	155	
Rate (%)	31.0	30.5	34.9	27.5	23.9	5.9	13.9	36.4	25.3	25.0	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	7	-6	-6	3	-3	1	1	0	-1	-1	0	
Reported PAT	-67	-139	-97	1,013	228	346	425	720	710	1,718	464	-8
Adj PAT	-67	-139	-97	1,013	228	346	425	720	710	1,718	464	-8
YoY Change (%)	-127.0	-693.3	-569.3	-463.1	-438.0	-349.6	-537.1	-29.0	NA	142.2	-576.9	
Margins (%)	-9.6	-55.6	-22.9	23.7	7.2	20.5	26.3	15.5	12.6	15.5	15.5	
Operational metrics												
Presales	3,860	3,950	4,550	6,780	5,020	5,240	6,350	8,622	19,140	25,232	6,500	-2
Collections	2,880	2,140	4,380	2,960	3,420	2,670	3,360	7,106	12,360	16,556	4,818	-30

Source: Company, MOFSL



Cyient DLM

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR596 TP: INR700 (+17%) Buy

Slowdown in order flows dampens growth visibility Earnings below our estimates

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	47.3 / 0.5
52-Week Range (INR)	884 / 580
1, 6, 12 Rel. Per (%)	-10/-16/-16
12M Avg Val (INR M)	315

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	15.9	19.1	24.3
EBITDA	1.4	2.1	2.7
Adj. PAT	0.8	1.3	1.8
EBITDA Margin (%)	9.0	10.8	11.0
Cons. Adj. EPS (INR)	9.6	16.3	22.4
EPS Gr. (%)	25.0	69.3	37.0
BV/Sh. (INR)	123.5	139.9	162.2

Ratios

Net D:E	-0.3	-0.4	-0.5
RoE (%)	8.1	12.4	14.8
RoCE (%)	9.9	13.2	15.6

Valuations

P/E (x)	62	37	27
EV/EBITDA (x)	31	21	15

Shareholding pattern (%)

As on	Dec-24	Sep-24	Dec-23
Promoter	52.2	52.2	66.7
DII	29.4	27.8	11.2
FII	3.6	7.8	6.3
Others	14.8	12.3	15.8

Note: FII includes depository receipts

- Cyient DLM's (CYIENTDL) 3QFY25 consolidated revenue/EBITDA grew by ~38%/23% YoY. However, EBITDA missed our estimates as margins declined 90bp YoY due to a high mix of low-margin business (BEL order execution). Standalone revenue (excl. Altek – recently acquired) grew only ~11% YoY in 3QFY25.
- The order book continued its downward trend, down 19% YoY/6% QoQ in 3Q to INR18.5b (consol. order book at INR21.4b, including Altek order of INR2.9b). Order book growth remains a key concern amid a delay in ordering from some clients; however, the conversion of orders from new clients added over the last few quarters and ongoing discussions with some large global potential customers can boost growth visibility.
- We reduce our earnings estimates for FY25/FY26/FY27 by 14%/25%/26%, due to softness in order flows (lack of BEL orders), lower margins due to unfavorable operating leverage, and uncertainty about large order flows in the near term. We retain our BUY rating on the stock with a TP of INR700 (31x FY27E EPS).

Margins remain soft due to unfavorable business mix

- Consol. revenue grew 38% YoY to INR4.4b (in line with est.) in 3QFY25, mainly led by the medical technology (+2.1x YoY), defense (+33% YoY) and aerospace (+14% YoY) verticals. The order book stood at ~INR21.4b as of 3QFY25 (down 7% YoY/up 8% QoQ).
- Adj. margin contracted 100bp YoY to 8.1% (est. 9.6%). Adj. EBITDA grew 23% YoY to INR361m (est. INR433). EBITDA was adjusted with one-time M&A integration expenses of INR80m in 3QFY25. Adjusted PAT declined 8% YoY to INR170m (est. INR265m).
- In 9MFY25, revenue/EBITDA/adj. PAT grew 32%/20%/12% YoY to INR10.9b/INR878m/INR429m. In 4QFY25, we estimate consol. revenue/EBITDA/adj. PAT growth of 38%/47%/48%, led by the integration of Altek. Standalone growth is likely to be 11%/21%/29%.

Highlights from the management commentary

- **Outlook:** The company maintains its guidance of a ~30% revenue CAGR over the next three to five years; however, FY26 consol. revenue growth would be in mid-teens due to the lack of BEL orders. EBITDA margins may remain flat in FY25, with margin expansion expected after 1HFY26.
- **Altek:** The emphasis on local manufacturing in the US, aided by favorable regulations introduced by the new administration, offers strong growth opportunities for Altek, which will bolster the company's manufacturing capabilities and expand its footprint in the US market.
- **Order book** remains under pressure as consumption growth by major clients outpaces new order growth; however, management anticipates strong traction in the North American markets going ahead, with the company already in talks with three big global players.

Valuation and view

- Going ahead, we expect the growth momentum to slow down in the near term due to the lack of BEL orders and a delay in order flows from existing and new clients. However, the integration of Altek, should drive healthy financial performance due to synergy benefits and industry tailwinds.
- For the medium to long term, the conversion of orders from new clients added over the last few quarters and ongoing discussions with some large global potential customers should boost growth visibility.
- We estimate CYIENTDL to report a CAGR of 27%/34%/43% in revenue/ EBITDA/adj. PAT over FY24-27E. We retain our BUY rating on the stock with a TP of INR700 (31x FY27E EPS).

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Gross Sales	2,171	2,918	3,210	3,618	2,579	3,895	4,442	4,993	11,919	15,909	4,495	-1
YoY Change (%)	27.6	71.5	49.7	30.5	18.8	33.4	38.4	38.0	43.2	33.5	40.0	
Total Expenditure	1,972	2,683	2,916	3,238	2,379	3,578	4,081	4,435	10,809	14,473	4,061	
EBITDA	200	235	294	380	200	316	361	558	1,110	1,436	433	-17
Margins (%)	9.2	8.1	9.2	10.5	7.8	8.1	8.1	11.2	9.3	9.0	9.6	
Depreciation	48	55	58	62	67	69	100	105	223	341	74	
Interest	91	76	83	94	80	110	100	98	344	388	90	
Other Income	9	93	93	83	89	71	69	94	278	322	85	
PBT before EO expense	70	198	247	307	142	209	230	449	821	1,030	354	
Extra-Ord expense	0	0	0	0	0	0	80	0	0	80	0	
PBT	70	198	247	307	142	209	150	449	821	950	354	
Tax	16	51	63	80	36	54	40	113	209	243	89	
Rate (%)	23.3	25.9	25.3	25.9	25.2	26.0	26.8	25.2	25.5	25.6	25.2	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	54	147	184	227	106	155	110	336	612	707	265	
Adj PAT	54	147	184	227	106	155	168	336	612	787	265	-37
YoY Change (%)	-15.2	106.4	222.9	80.7	97.7	5.5	-8.7	47.9	92.9	28.6	43.8	
Margins (%)	2.5	5.0	5.7	6.3	4.1	4.0	3.8	6.7	5.1	4.9	5.9	

Indostar Capital Finance

CMP: INR276

TP: INR325 (+18%)

Buy

Bloomberg	INDOSTAR IN
Equity Shares (m)	136
M.Cap.(INRb)/(USD\$)	37.5 / 0.4
52-Week Range (INR)	343 / 172
1, 6, 12 Rel. Per (%)	-5/19/19
12M Avg Val (INR M)	63

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	5.3	7.5	9.2
PPP	2.0	3.6	4.8
PAT	0.9	1.9	2.4
EPS (INR)	6.3	12.7	16.4
EPS Gr. (%)	-25	100	29
BV (INR)	244	252	269

Ratios

NIM (%)	6.7	7.9	7.1
C/I ratio (%)	75.4	66.1	62.9
RoA (%)	0.8	1.5	1.5
RoE (%)	2.6	5.3	6.3
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	43.4	21.7	16.8
P/BV (x)	1.1	1.1	1.0
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	73.6	73.6	75.0
DII	1.9	1.8	1.8
FII	2.4	2.3	1.3
Others	22.1	22.3	21.8

FII Includes depository receipts

Healthy growth in VF AUM; credit costs high

Retail loan book grew ~37% YoY; PAT up ~64% YoY but down ~13% QoQ

Indostar Capital Finance (Indostar) reported a mixed quarter. While business momentum was reasonably good, lower collection efficiency and higher delinquencies in the VF portfolio led to higher credit costs in 3QFY25. Key highlights: 1) consolidated disbursements grew ~17% YoY to ~INR15.7b and retail AUM rose ~37% YoY to ~INR105b; 2) the company added 352 employees in 3QFY25, taking the total count to ~5,524; 3) the CV segment contributed ~81% to the retail disbursement mix; and 4) credit costs were high sequentially at ~INR480m (PQ: ~INR193m), translating into annualized credit costs of ~1.8% (PQ: 0.8%).

Financial highlights:

- 3QFY25 PAT stood at ~INR277m, up ~64% YoY but down ~13% QoQ. NII grew ~48% YoY to INR1.2b.
- Opex rose ~37% YoY to INR1.2b. PPOP stood at INR594m (PQ: INR370m). Credit costs were higher QoQ at ~INR480m (PQ: ~INR193m), translating into annualized credit costs of ~1.8% (PQ: 0.8%).
- Total AUM stood at ~INR106b, up ~32% YoY and ~5% QoQ. VF AUM grew ~51% YoY to INR73b (PQ: ~INR70b).
- Asset quality was largely stable, with standalone GNPA declining ~5bp QoQ to ~4.9% and standalone NNPA rising ~20bp QoQ to 2.7%. Management shared that credit costs were elevated due to a rise in delinquencies over the past 2-3 quarters. However, collections improved and delinquencies declined in the latter half of the last quarter.
- The company is confident of reducing its NPAs by Mar'25, as 2HFY25 is generally better in terms of collections.
- With better visibility on disbursement momentum, we estimate a CAGR of 30%/33% in AUM/PAT over FY24-27, aided by improvements in NIM to 6.6%/6.8% in FY26E/FY27E. **Reiterate BUY with a TP of INR325 (premised on 1.3x Sep'26E BVPS).**

AUM grew ~32% YoY; healthy growth in VF AUM

- Disbursements stood at INR15.7b in 3QFY25, up ~17% YoY. Vehicle finance (VF) disbursements grew ~18% YoY to INR12.7b (PQ: INR14.5b).
- The company is developing ancillary products such as tyre financing to provide comprehensive solutions to customers.
- Growth in disbursements was aided by strong focus on the retail segment. The retail strategy is successfully playing out for the company, with retail loans now constituting about ~98% of the entire loan book.

Key highlights from the management commentary

- Indostar plans to allocate the proceeds from the sale of its HFC subsidiary to its core business segments, including MSME, micro LAP, and CV. These proceeds should be realized toward the end of 4QFY25 or early 1QFY26.

- It aims to increase its borrowings significantly through the banking channel. In 3QFY25, the company raised ~INR9.9b, with 25% sourced from banks. The overall cost of borrowing was ~10bp lower than in the previous quarter.

Valuation and view

- Indostar has strategically prioritized the expansion of its loan book in the used CV segment. A reinforced management team, enhanced processes, and a favorable economic climate will serve as catalysts for growth in this segment.
- Corporate and SME segments now contribute only ~5% to the total AUM mix. The company has sold stressed loans in ARC transactions and we expect the company to start FY26 on a clean slate. This should translate into better asset quality outcomes and robust execution, going ahead. The risk-reward is favorable at 1.0x FY27E P/BV. **Reiterate BUY** rating on the stock with a TP of **INR325 (premised on 1.3x Sep'26E BVPS)**.

Quarterly Performance

Y/E March	FY24				FY25			(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	FY24	FY25
Interest Income	2,723	2,175	2,262	3,143	2,703	2,956	3,125	11,453	12,146
Interest Expenses	1,544	1,408	1,453	1,954	1,668	1,878	1,930	6,873	7,457
Net Interest Income	1,179	767	808	1,189	1,035	1,078	1,196	4,580	4,689
YoY Growth (%)	-8.6	-33.0	-36.5	10.6	-12.2	40.5	47.9	-4.2	2.4
Other Income	271	169	127	1,636	387	565	611	2,522	2,345
Total Income	1,450	936	936	2,825	1,422	1,643	1,806	7,102	7,034
YoY Growth (%)	-12.7	-36.9	-36.1	103.5	-1.9	75.6	93.1	18.5	-1.0
Operating Expenses	1,153	850	884	1,392	1,106	1,272	1,212	4,922	5,083
Operating Profit	297	86	52	1,433	317	371	594	2,180	1,951
YoY Growth (%)	-53.6	-76.3	-79.6	97.3	6.4	333.5	1,044.5	10.0	-10.5
Provisions & Loan Losses	-119	-11	-52	1,041	210	193	479	884	1,150
Profit before Tax	416	297	191	392	297	363	331	1,296	802
Tax Provisions	27	49	22	40	48	46	54	138	0
Net Profit	389	248	169	353	249	317	277	1,158	802
YoY Growth (%)	-36.1	-52.0	-54.0	-53.6	-36.0	27.9	64.3	-48.5	-30.8
Key Operating Parameters (%)									
Yield on loans (Cal)	16.3	14.3	13.3	17.0	17.0	17.1	17.6		
Cost of funds (Cal)	10.7	11.9	9.4	11.0	10.9	11.2	10.9		
Spreads (Cal)	5.6	2.4	3.8	6.0	6.1	5.9	6.7		
NIMs (Cal)	5.9	3.9	4.1	5.7	4.5	4.4	4.6		
Credit Cost (Cal)	-0.6	-0.1	-0.3	5.0	0.9	0.8	1.8		
Cost to Income Ratio	79.5	90.8	94.5	49.3	77.7	77.4	67.1		
Tax Rate	6.5	0.0	0.4	10.1	0.1	0.1	0.1		
Balance Sheet Parameters									
AUM (INR B)	80.6	77.3	80.4	87.6	95.7	101.1	106.3		
Change YoY (%)	-2.2	-2.3	4.8	12.2	18.6	30.9	32.2		
AUM Mix (%)									
Vehicle	48.7	56.7	60.3	63.8	66.1	68.9	68.7		
Housing	21.6	24.5	25.5	25.9	25.0	25.3	25.9		
SME & Others	14.6	13.7	9.1	5.5	4.7	4.0	3.6		
Corporate	14.8	4.7	4.7	4.4	3.9	1.7	1.6		
Disbursements (INR B)	11.2	12.7	13.5	17.7	16.3	17.2	15.7		
Change YoY (%)	224.4	279.9	157.7	96.8	45.8	35.9	16.9		
Asset Quality Parameters (%)									
GS 3 (INR B)	4.9	4.7	3.9	3.1	3.5	3.7	3.6		
Gross Stage 3 (% on Assets)	6.6	6.7	5.3	4.1	4.2	5.0	4.9		
Net Stage 3 (% on Assets)	3.1	3.3	2.4	1.8	2.1	2.5	2.7		
PCR (%)	53.6	51.5	56.9	59.1	53.7	51.0	46.2		

E: MOFSL estimates



Indian companies valuation

	Price (INR)	EV/ EBITDA (x)		P/B (x)	
		FY25E	FY26E	FY25E	FY26E
Steel					
Tata	130	9.7	6.6	1.9	1.8
JSW	927	13.2	7.4	2.8	2.3
JSP	919	9.6	5.6	1.9	1.6
SAIL	110	11.0	6.2	0.8	0.7
Non-ferrous					
Vedanta	454	5.3	4.5	5.2	4.1
Hindalco	615	5.6	6.0	1.5	1.3
Nalco	206	6.3	7.7	2.2	2.0
Mining					
Coal	382	5.0	3.6	2.4	2.0
HZL	461	15.3	10.9	6.0	5.7
NMDC	66	5.3	4.1	1.9	1.6

Global companies valuation

Company	M. Cap USD b	EV/EBITDA (x)		P/B (x)	
		CY24/ FY25E	CY25/ FY26E	CY25/ FY26E	CY25/ FY26E
Steel					
AM	20	3.6	3.2	0.3	
SSAB	4	3.3	3.4	0.6	
Nucor	29	7.8	6.1	1.3	
POSCO	15	4.4	4.0	0.4	
JFE	7	6.1	5.1	0.4	
Aluminum					
Norsk Hydro	12	4.3	4.2	1.1	
Alcoa	10	4.3	4.4	1.5	
Zinc					
Teck	22	6.9	6.0	1.3	
Korea Zinc	11	11.2	10.7	1.5	
Iron ore					
Vale	41	3.4	3.2	0.8	
Diversified					
BHP	128	5.2	5.2	2.3	
Rio	105	4.7	4.7	1.5	

Sluggish demand in domestic markets keeps ferrous prices subdued

- During Dec'24, flat steel prices remained largely muted MoM for both HRC and CRC at INR47,000/t and INR53,700/t (vs. INR48,000/t and INR55,500/t in Nov'24), respectively. This is primarily because of weak global prices, weak domestic demand, and elevated imports into India. Chinese HRC (FoB) prices slipped 2% MoM to USD488/t in Dec'24 (USD570/t in Dec'23) and continue to drag the steel prices globally. Domestic long steel prices also declined 3% MoM to INR53,100/t in Dec'24 due to sluggish demand in the trade channels.
- India's crude/finished steel production rose 2%/4% MoM to 12.6/12.2mt in Dec'24 (provisional). Imports softened from the peak of 1mt in Sep'24 to 0.76mt (flat MoM), while exports remained flat MoM at 0.45mt in Dec'24. Our channel checks suggest that steel prices will remain under pressure in the short to medium term owing to sluggish demand.
- India's finished steel imports hit a 6-year high from Apr-Dec'24, totaling 7.27mt (+20% YoY). In contrast, India's finished steel exports saw a steep drop of 25% YoY to 3.6mt, marking the lowest in six years. As China is the largest steel producer/exporter, its total export shipment over Apr-Nov'24 reached ~110mt, registering a 23% YoY growth. Given this, the glut of cheap Chinese steel caused weak pricing sentiment globally.
- For non-ferrous, the average alumina prices in Dec'24 moderated to USD716/t, down 1% MoM, and as of mid-Jan'25, it has slipped to USD573/t. Aluminum, copper, and nickel prices corrected marginally ~2% MoM in Dec'24. In contrast, zinc and lead prices inched up MoM to USD3,040/t and USD2,000/t in Dec'24, respectively.

Iron ore prices firm; coking coal prices remain muted in Dec'24

- In Dec'24, the iron ore prices remained firm at INR6,350/t for lumps and INR5,410/t for fines, after the two consecutive price hikes by NMDC during Oct'24. Recently, NMDC announced a price cut of INR350/t for both Baila lumps and fines from Chhattisgarh.
- We believe iron ore prices will remain soft going forward, as weak sponge iron and steel market sentiments may restrict iron ore prices from any material upside.
- Premium HCC Coking coal prices (CNF Paradip, India) declined 2% MoM at USD215/t in Dec'24. Australian coking coal prices are anticipated to remain range-bound due to weak demand.
- Domestic coal production was up 5% YoY to ~98mt, while Coal India reported production growth of 8% YoY to 72mt in Dec'24. In 3QFY25, Coal India's total production rose 2% YoY to 202mt.

KEI Industries

BSE SENSEX
75,838S&P CNX
23,025

CMP: INR4,034

Buy

Conference Call Details



Date: 22 January 2025

Time: 12:00 IST

Dial-in details:

+91 22 6280 1455

+ 91 22 7115 8828

[Link for the call](#)

Consol. Financials Snapshot (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	94.3	109.9	128.3
EBITDA	9.7	11.9	15.0
PAT	6.9	8.4	10.2
EBITDA Margin (%)	10.3	10.9	11.7
Adj. EPS (INR)	72.2	88.4	107.9
EPS Gr. (%)	12.1	22.4	22.0
BV/Sh. (INR)	609	692	794

Ratios

Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	15.4	13.6	14.5
RoCE (%)	15.7	13.9	14.9
Payout (%)	6.6	6.8	5.6

Valuations

P/E (x)	61.9	50.5	41.4
P/BV (x)	7.3	6.5	5.6
EV/EBITDA(x)	41.6	34.0	27.0
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	(1.5)	(0.1)	0.4

EBITDA in line; miss on margins

- KEII's 3QFY25 revenue increased by 20% YoY to INR24.7b (in line), as lower-than-estimated EPC revenue was offset by higher-than-estimated revenue from C&W and SSW. EBITDA grew 12% YoY to INR2.4b (in line). OPM contracted 70bp YoY to 9.8% (70bp miss). PAT grew ~9% YoY to INR1.6b (6% miss).
- Gross margin was down 1.0pp YoY and flat QoQ (-1.0pp vs. our estimate) at 22.7%. C&W sales through dealers rose 31% YoY (53% revenue contribution vs. ~50% in 3QFY24). EHV sales declined 55% YoY/11% QoQ to INR840m. LT/HT cable revenue grew 30%/54% YoY, whereas HW, WW/SSW revenue grew ~25%/17% YoY. The order book stood at INR38.7b vs. INR38.3b as of Dec'23.

Revenue/EBITDA grew 20%/12% YoY; margin down 70bp YoY to 9.8%

- KEII's revenue/EBITDA/Adj. PAT stood at INR24.7b/INR2.4b/INR1.6b (+20%/+12%/+9% YoY and +3%/-3%/-6% vs. our est.) in 3QFY25. OPM was down 70bp YoY at 9.8%. Depreciation/interest costs rose 23%/31% YoY, while other income declined 4%.
- Segmental highlights: a) **C&W** revenue was up ~26% YoY at INR23.5b, EBIT rose ~20% YoY to INR2.4b, and EBIT margin declined 50bp YoY to 10.1%. b) **EPC business** revenue declined ~80% YoY to INR759m, EBIT declined 96% YoY to INR19m, and EBIT margin contracted 9.2pp YoY to 2.5%. c) **Stainless steel wires (SSW)** revenue grew 19% YoY to INR551m, EBIT fell 15% YoY to INR30m, and EBIT margin was down 2.3pp YoY at 5.5%.
- In 9MFY25, revenue/EBITDA/PAT grew 16%/14%/17% YoY. EBITDA margin was down 40bp YoY at 9.9%. C&W revenue/EBIT grew 21%/26% YoY and EBIT margin surged 40bp YoY to 10.5%. The company's gross debt stood at INR2.7b vs. INR1.3b as of Mar'24. Its net cash balance (including unutilized QIP proceeds of INR17.5b and acceptances) stood at INR16.0b vs. net cash of INR600m as of Mar'24.

Valuation and view

- KEII's 3QFY25 EBITDA was in line with our estimates. It reported strong revenue growth in the C&W segment. However, margin was below our estimate (C&W EBIT margin down 90bp vs. estimate). KEII continues to reduce its EPC exposure and increase sales through dealer/distribution. Further, its active working dealer count increased to 2,060 vs. 1,975/2,038 in 3QFY24/2QFY25.
- We have a BUY rating on the stock.** However, we will review our assumptions after the concall on 22nd Jan'25 ([Concall Link](#)).

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	MOSL	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Sales	17,826	19,466	20,594	23,156	20,605	22,796	24,673	26,266	81,041	94,340	23,912	3
Change (%)	13.9	21.1	15.4	18.6	15.6	17.1	19.8	13.4	17.3	16.4	16	
Adj EBITDA	1,783	2,039	2,146	2,409	2,146	2,206	2,408	2,984	8,375	9,744	2,493	(3)
Change (%)	11.7	27.0	17.8	19.1	20.4	8.2	12.3	23.9	19.3	16.3	16	
Adj EBITDA margin (%)	10.0	10.5	10.4	10.4	10.4	9.7	9.8	11.4	10.3	10.3	10.4	(66)
Depreciation	147	156	154	158	155	163	190	160	614	668	170	12
Interest	89	75	109	165	142	133	143	106	439	523	130	10
Other Income	83	77	142	189	178	169	136	188	490	671	160	(15)
Extra-ordinary Items	-	-	-	(2)	-	-	-	-	(2)	-	-	
PBT	1,630	1,884	2,024	2,274	2,027	2,079	2,212	2,906	7,813	9,224	2,353	(6)
Tax	416	482	518	587	525	531	564	745	2,002	2,364	605	
Effective Tax Rate (%)	25.5	25.6	25.6	25.8	25.9	25.5	25.5	25.6	25.6	25.6	25.7	
Reported PAT	1,214	1,402	1,507	1,686	1,502	1,548	1,648	2,162	5,808	6,860	1,748	(6)
Change (%)	17.0	31.2	17.2	22.1	23.8	10.4	9.4	28.2	22.2	18.1	16.0	
Adj PAT	1,214	1,402	1,507	1,688	1,502	1,548	1,648	2,162	5,811	6,860	1,748	(6)
Change (%)	17.0	31.2	17.2	22.2	23.8	10.4	9.4	28.1	22.3	18.1	16.0	

Segmental Performance (INR m)

Y/E March	FY24				FY25				3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales										
Cables (Power + Housing wires)	16,119	17,755	18,671	20,691	18,757	21,402	23,517	23,455	22,032	7
Stainless steel wires	590	591	461	572	538	598	551	602	507	9
EPC Business	1,847	3,131	3,769	3,405	2,261	1,309	759	3,570	2,073	(63)
Growth (% YoY)										
Cables (Power + Housing wires)	13.5	22.9	14.3	17.9	16.4	20.5	26.0	13.4	18.0	
Stainless steel wires	(3.2)	(19.6)	(17.3)	(11.2)	(8.9)	1.3	19.4	5.3	10.0	
EPC Business	20.2	195.8	68.7	52.6	22.4	(58.2)	(79.9)	4.9	(45.0)	
EBIT										
Cables (Power + Housing wires)	1,415	1,919	1,979	2,258	2,067	2,241	2,372	2,904	2,423	(2)
Stainless steel wires	31	36	36	13	10	29	30	22	25	20
EPC Business	256	314	439	422	298	121	19	518	234	(92)
EBIT Margin (%)										
Cables (Power + Housing wires)	8.8	10.8	10.6	10.9	11.0	10.5	10.1	12.4	11.0	(92)
Stainless steel wires	5.3	6.1	7.8	2.3	1.9	4.8	5.5	3.7	5.0	53
EPC Business	13.9	10.0	11.6	12.4	13.2	9.2	2.5	14.5	11.3	(883)

Dalmia Bharat

BSE Sensex
75,838

S&P CNX
23,025

CMP: INR1,771

Buy

Conference Call Details



Date: 22 January 2025

Time: 10:00 IST

Dial-in details:

+91 22 6280 1536,

+91 22 7195 0000

[Link for the call](#)

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	146.7	161.1	173.8
EBITDA	26.9	32.4	36.7
Adj. PAT	8.3	11.7	14.9
EBITDA Margin (%)	18.3	20.1	21.1
Adj. EPS (INR)	44.3	62.1	79.3
EPS Gr. (%)	8.6	40.4	27.6
BV/Sh. (INR)	901	945	1,005
Ratios			
Net D:E	0.1	0.1	0.0
RoE (%)	5.0	6.7	8.1
RoCE (%)	5.5	6.7	8.0
Payout (%)	29.4	29.0	25.2
Valuations			
P/E (x)	40.0	28.5	22.3
P/BV (x)	2.0	1.9	1.8
EV/EBITDA(x)	12.1	10.4	8.9
EV/ton (USD)	81	80	77
Div. Yield (%)	0.7	1.0	1.1
FCF Yield (%)	-2.6	1.7	4.5

Performance below estimate; EBITDA/t at INR767

- Dalmia Bharat (DALBHARA) reported a weak performance in 3QFY25 with EBITDA declining ~34% YoY to INR5.1b (~11% miss due to lower-than-estimated volume and higher-than-estimated variable cost/t). OPM contracted 5.6pp YoY to ~16% (est. ~17%). EBITDA/t stood at INR767 (est. INR800). Adj. PAT declined 78% YoY (60% below estimates due to lower other income).
- DALBHARA increased clinker capacity by 0.9mtpa to 23.5mtpa following debottlenecking initiatives at Rajgangpur (0.6mtpa) and Kadapa (0.3mtpa). Additionally, the company commissioned a 4MW captive solar plant in West Bengal and 46MW under a group captive model, taking its total operational RE capacity to 252MW. The RE consumption stood at ~33% (including third-party purchases) vs. ~39% in 2QFY25.

Volumes dip ~2% YoY, realization down ~10% YoY

- Consolidated revenue/EBITDA/PAT stood at INR31.8b/INR5.1b/INR590m (-12%/-34%/-78% YoY and -6%/-11%/-60% vs. our estimates) in 3QFY25. Sales volumes declined 2% YoY to 6.7mt (7% below our estimate). However, sales volume ex-JPA was up ~4% YoY. Realization stood at INR4,773/t (down 10% YoY; up 4% QoQ), which was 1% above estimate.
- Variable costs/t declined ~11% YoY (5% above estimate). Other expenses/Freight expenses per tonne increased 4%/3% YoY (in line). Employee costs increased 1% YoY to INR2.2b. Opex/t was down 4% YoY (2% above our estimate). OPM contracted 5.5pp YoY to ~16%, and EBITDA/t declined 33% YoY to INR767. Depreciation/interest costs dipped 2%/6% YoY. Other income decreased 38% YoY.
- Its 9MFY25 consolidated revenue/EBITDA/PAT declined 5%/19%/34% YoY. Volume increased by 4% YoY to 20.8mt while realization declined ~8% YoY. OPM dipped 2.8pp to ~16% and EBITDA/t declined 22% YoY to INR777. The company's net debt (including investment in IEX valued at INR24.2b vs. INR27.2b as of Sep'24) increased to INR12.4b from INR6.4b as of Sep'24. Net debt-to-EBITDA ratio stood at 0.55x vs. 0.25x as of Sep'24.

Valuation and View

- DALBHARA's profitability was below our estimate, due to lower-than-expected volume and higher variable costs/t. However, realization/t was marginally better than estimate. The company is yet to announce its next phase of expansions. Over the concall, we will seek management guidance on the demand environment and pricing trends. We have a **BUY** rating on the stock; however, we would like to review our assumptions after the concall on 22nd Jan'25 at 10:00 IST ([Link to the call](#)).

Quarterly performance (Consolidated)
(INR b)

Y/E March	FY24				FY25				FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	(%)
Net Sales	36.3	31.5	36.0	43.1	36.2	30.9	31.8	47.8	33.8	-6
YoY Change (%)	10.0	6.0	7.4	10.1	-0.3	-2.0	-11.7	11.0	-6.2	
Total Expenditure	30.1	25.6	28.3	36.5	29.5	26.5	26.7	37.1	28.1	-5
EBITDA	6.2	5.9	7.8	6.5	6.7	4.3	5.1	10.7	5.7	-11
Margins (%)	17.0	18.7	21.6	15.2	18.5	14.1	16.1	22.4	17.0	-90
YoY Change (%)	5.3	55.4	21.0	-7.5	8.4	-26.3	-34.4	64.2	-26.3	
Depreciation	4.0	4.0	3.7	3.3	3.2	3.4	3.6	3.5	3.4	6
Interest	0.8	1.0	1.1	0.9	1.0	1.0	1.0	1.2	1.0	1
Other Income	0.5	0.9	0.6	1.2	0.5	0.7	0.4	1.1	0.8	-52
PBT before EO Expense	1.9	1.7	3.6	3.5	3.1	0.7	0.8	7.1	2.1	-60
Extra-Ordinary items	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	
PBT after EO Expense	1.9	1.7	3.6	3.5	1.9	0.7	0.8	7.1	2.1	-60
Prior period tax adjustment	0.4	0.5	1.0	0.3	0.5	0.2	0.2	2.1	0.6	
Tax	0.0	0.0	0.1	-0.6	0.0	0.1	0.0	0.0	0.0	
Rate (%)	22.2	27.9	24.7	26.7	16.0	20.5	22.9	29.3	27.0	
Reported PAT (pre-minority)	1.4	1.2	2.7	3.2	1.5	0.5	0.7	5.0	1.5	-56
Minority + associate	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.1	0.0	
PAT Adj for EO items (post-MI)	1.2	1.2	2.7	2.5	2.3	0.6	0.6	5.0	1.5	-60
YoY Change (%)	-36.9	325.0	33.8	-3.1	82.9	-53.8	-78.1	96.7	-45.0	
Per ton analysis (blended) INR/t										
Sales Volumes (m ton)	7.0	6.2	6.8	8.8	7.4	6.7	6.7	10.1	7.2	-7
YoY Change (%)	12.4	6.9	7.9	18.9	6.2	8.1	-2.0	14.2	5.4	
Net realisation	5,209	5,079	5,300	4,894	4,893	4,607	4,773	4,758	4,717	1
YoY Change (%)	-2.2	-0.8	-0.5	-7.4	-6.1	-9.3	-9.9	-2.8	-11.0	
RM Cost	812	860	921	1,111	818	664	768	561	650	18
Employee Expenses	319	365	325	230	308	327	335	230	312	7
Power, Oil & Fuel	1,294	1,126	1,068	898	1,023	1,055	999	1,023	1,040	-4
Freight and Handling Outward	1,161	1,018	1,093	1,159	1,122	1,099	1,122	1,142	1,125	-0
Other Expenses	739	761	749	753	719	815	782	733	790	-1
Total Expenses	4,324	4,129	4,154	4,151	3,989	3,960	4,006	3,690	3,917	2
EBITDA	885	950	1,146	743	904	648	767	1,068	800	-4

Source: Company, MOFSL Estimates

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- Sectoral disbursements were tapered down in rural joint liability group segment
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- Pace of MFI & JLG disbursals will impact AUM growth

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- Smartphone is a low margin business

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- Expect recoveries to improve

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- Bulk deposits have been allowed to exit as part of the strategy
- 55% portfolio linked to EBLR

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- Factory utilization has been in the range of 50%
- Have increased our pattern counts to more than 700
- Pipeline is the strongest ever in services business

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NOTES

Explanation of Investment Rating	
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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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