Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,218	1.3	2.7
Nifty-50	24,329	1.2	2.9
Nifty-M 100	54,440	1.6	-4.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,529	0.1	-6.0
Nasdaq	17,366	-0.1	-10.1
FTSE 100	8,417	0.0	3.0
DAX	22,272	0.1	11.9
Hang Seng	8,080	0.0	10.8
Nikkei 225	35,840	0.4	-10.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	67	0.0	-8.9
Gold ($/OZ)	3,289	-0.9	25.3
Cu (US$/MT)	9,378	0.0	8.4
Almn (US$/MT)	2,434	1.6	-3.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.0	-0.5	-0.7
USD/EUR	1.1	-0.1	9.7
USD/JPY	143.4	-0.2	-8.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.4	0.03	-0.4
10 Yrs AAA Corp	7.1	0.00	-0.2
Flows (USD b)	**28-Apr**	**MTD**	**CYTD**
FIIs	0.3	0.97	-12.9
DIIs	0.33	4.66	24.7
Volumes (INRb)	**28-Apr**	**MTD***	**YTD***
Cash	957	1055	1019
F&O	1,36,055	2,23,174	2,04,411

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Indraprastha Gas: Margin expansion ahead; valuation looks attractive: Upgrade to Buy

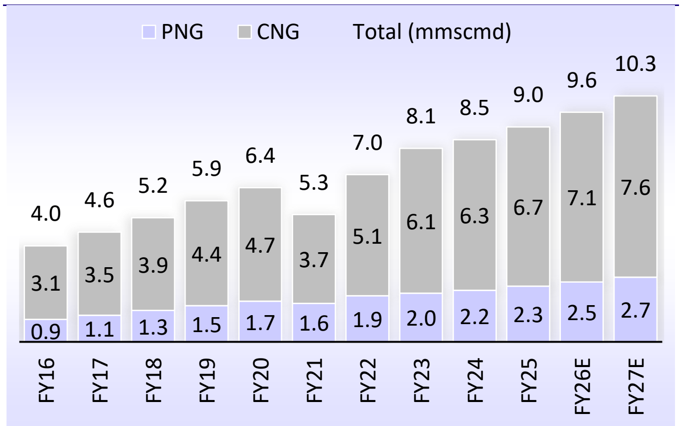
- We upgrade our rating on IGL to BUY considering the following factors:
- EBITDA margin bottoming out: We believe IGL's current EBITDA margin is at the bottom, and the following factors should drive margin expansion: 1) the recent CNG price hike of INR1/INR3 on 7th Apr'25 will support margins; and 2) Lower crude oil and Henry Hub index prices, coupled with INR appreciation QoQ, should reduce gas costs going forward.
- Our earnings assumptions are conservative: We build in EBITDA/scm of INR6.2/INR6.5 in FY26/FY27 vs. medium-term guidance of INR7/INR8. Further, we estimate 7% YoY volume growth in both FY26/FY27 vs. 10% YoY growth guided by management in FY26. Upside risks: 1) strong growth in new GAs (growing at 30%+ YoY), and 2) majority of the GAs now reaching EBITDA positive levels.
- Valuation at 16.9x FY26E SA P/E looks attractive: We now estimate a CAGR of 11%/9% in EBITDA/PAT over FY25-27E. We value IGL at 15x FY27E consol. P/E, and add INR44/sh as value of JVs to arrive at our TP of INR225/sh. At 2.7% FY27E dividend yield and 9% EPS growth, we believe the valuation is attractive. Hence, we upgrade our rating to BUY from Neutral.

Research covered

Cos/Sector	Key Highlights
Indraprastha Gas	Margin expansion ahead; valuation looks attractive: Upgrade to Buy
UltraTech Cement	In-line 4Q; cost efficiency and volume gain key focus areas
TVS Motor Co.	Accrual of PLI benefit boosts margins
Other Updates	Cholamandalam Inv. & Finance | L&T Finance | Nippon Life India AMC | PNB Housing | MRPL | Aditya Birla Sun Life AMC | India Cements | Mahindra Lifespaces | Technology | Expert Speak - Aerospace & Defense in India | Oberoi Realty | KFin Technologies | Castrol India

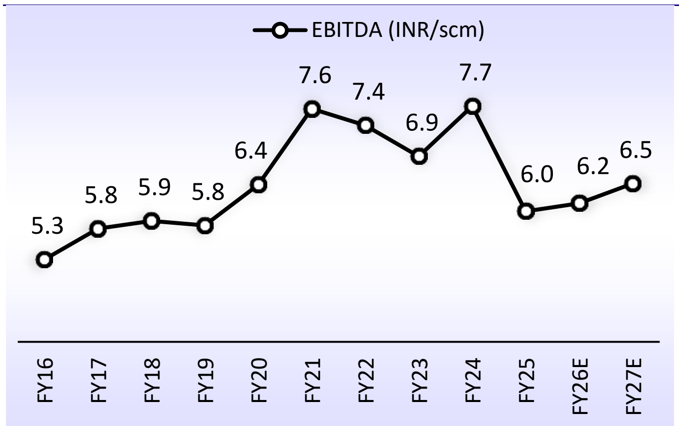
Chart of the Day: Indraprastha Gas (Margin expansion ahead; valuation looks attractive: Upgrade to Buy)

Volumes to register a CAGR of 7% over FY25-27



Sources: Company, MOFSL

EBITDA/scm (in INR/scm)



Sources: Company, MOFSL

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In the news today

Kindly click on textbox for the detailed news link

1

Tata Motors' EV journey moving in the right direction: Anand Kulkarni, Chief Products Officer

Tata Motors, holding a significant 38.10% of the Indian EV market as of March 2025, has sold over 2 lakh EVs since February 2025.

2

Bajaj Group seeks CCI approval for Rs 24,180-cr Allianz stake buy

Bajaj Group entities are seeking CCI approval to acquire Allianz SE's 26% stake in their life and general insurance ventures for ₹24,180 crore.

3

Advent, Bain, TPG, others drawn to Whirlpool India

Whirlpool Corp is considering selling a 31% stake in its Indian subsidiary, attracting interest from private equity giants like Advent, Bain, and TPG.

4

Medanta to invest Rs 500 cr to set up 400-bed hospital in Guwahati

Global Health, known for its Medanta hospitals, is set to invest approximately Rs 500 crore in establishing a 400-bed super speciality hospital in Guwahati, Assam.

5

Wipro bags deal from Germany's Vorwerk for IT transformation

Wipro secured a five-year deal with Germany's Vorwerk to modernise its IT infrastructure using AI solutions. The partnership will integrate applications, cybersecurity, and IT systems, enhance customer engagement, and develop a technology roadmap for improved efficiency and faster innovation.

6

India Hotels Deals seen hitting Rs4,200 crore amid record IPO Pipeline

Hotel occupancy is projected to rise at 70% by 2026, From 63-65% last year, average room rates could jump by nearly a third from Rs7,800 – 8.000 a night.

7

FIIs turn net buyers for April after 9-day buying streak, invest Rs 2,474 crore

Foreign investors extended their buying streak to a ninth straight session on Monday, April 28, purchasing Indian equities worth Rs 2,474 crore.

Indraprastha Gas

Estimate change	↓
TP change	↔
Rating change	↑

Bloomberg	IGL IN
Equity Shares (m)	1400
M.Cap.(INRb)/(USDb)	259.4 / 3.1
52-Week Range (INR)	285 / 153
1, 6, 12 Rel. Per (%)	-12/-8/-28
12M Avg Val (INR M)	1624

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	149.3	157.6	166.7
EBITDA	19.8	21.6	24.3
Adj. PAT	14.7	15.3	17.4
Adj. EPS (INR)	10.5	10.9	12.4
EPS Gr. (%)	-16.0	4.4	13.6
BV/Sh.(INR)	66.3	72.8	80.2
Ratios			
Net D:E	-0.2	-0.2	-0.2
RoE (%)	16.5	15.7	16.2
RoCE (%)	15.8	15.1	15.6
Payout (%)	40.5	40.5	40.5
Valuation			
P/E (SA) (x)	17.6	16.9	14.9
P/BV (x)	2.8	2.5	2.3
EV/EBITDA (x)	11.9	10.9	9.6
Div. Yield (%)	2.3	2.4	2.7
FCF Yield (%)	4.2	2.7	3.6

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	45.0	45.0	45.0
DII	31.2	31.1	29.2
FII	14.7	14.3	16.8
Others	9.2	9.6	9.0

FII includes depository receipts

CMP: INR185 TP: INR225 (+21%) Upgrade to Buy

Margin expansion ahead; valuation looks attractive

- **In 4QFY25, IGL's adj. EBITDA margin of INR4.6/scm came in below our est. of INR5/scm. Volumes stood at 9.18mmscmd, slightly lower than our est. of 9.29mmscmd. Realization increased sharply by ~INR3/scm QoQ primarily on account of a provision reversal of INR1.14b, while gas cost/opex rose by INR0.5/INR0.8 per scm QoQ, leading to ~INR1.7/scm QoQ expansion in EBITDA margin.**
- **We upgrade our rating on IGL to BUY considering the following factors:**
  - **<u>EBITDA margin bottoming out:</u> We believe IGL's current EBITDA margin is at the bottom, and the following factors should drive margin expansion: 1) the recent CNG price hike of INR1/INR3 on 7th Apr'25 will support margins. Moreover, with only INR1/kg price hike taken in Delhi since Jun'24, IGL could increase CNG prices further in Delhi, if necessary; and 2) raw material costs have declined in 1QFY26'td. Lower crude oil and Henry Hub index prices, coupled with INR appreciation QoQ, should reduce gas costs going forward.**
  - **<u>Our earnings assumptions are conservative</u>: We build in EBITDA/scm of INR6.2/INR6.5 in FY26/FY27 vs. medium-term guidance of INR7/INR8. Further, we estimate 7% YoY volume growth in both FY26/FY27 vs. 10% YoY growth guided by management in FY26. Upside risks: 1) strong growth in new GAs (growing at 30%+ YoY), and 2) majority of the GAs now reaching EBITDA positive levels.**
  - **<u>Valuation at 16.9x FY26E SA P/E looks attractive</u>: IGL currently trades slightly above its 1yr. fwd. mean – 1 S.D. P/E. However, we believe that earnings have bottomed out now. We now estimate a CAGR of 11%/9% in EBITDA/PAT over FY25-27E. We value IGL at 15x FY27E consol. P/E, and add INR44/sh as value of JVs to arrive at our TP of INR225/sh. At 2.7% FY27E dividend yield and 9% EPS growth, we believe the valuation is attractive. Hence, we upgrade our rating to BUY from Neutral.**

Raw material costs set to decline; 10% YoY volume growth guided

- In the 4QFY25 earnings call, IGL's management guided for **EBITDA margin of INR6-7 per scm in the near term (till 1HFY26) and maintained its long-term EBITDA margin guidance of INR7-8 per scm**. Management believes that INR appreciation, NW gas allocation, and lower R-LNG costs will support margins. Moreover, management stated that IGL could hike prices if required. IGL now has no exposure to spot LNG, which will reduce margin volatility. Additionally, the majority of its R-LNG term contracts are linked to HH prices, further enhancing stability.
- **Management expects volume growth of 10% YoY in FY26**, driven by expected growth of ~8%/13% in CNG/PNG volumes.
- **Other key takeaways from the 4Q earnings call:** 1) the company will incur a capex of INR20b p.a. in FY26/FY27, with INR13-14b to be spent on core business and the rest on solar project/other areas; 2) CNG 3Ws account for ~7-8% of IGL's volumes; 3) MNGL's volumes/PAT grew 19%/7% YoY in FY25; and 4) CNG conversions rose to 18k per month in FY25 from 15.5k in FY24.

Both adj. EBITDA margin and volume growth below estimates in 4Q

- Total volumes were in line with our estimate at 9.18mmscmd (our est.: 9.29mmscmd), up 5% YoY.
  - Both CNG and PNG volumes came in line with estimates.
- EBITDA/scm came in above our est. at INR6. However, adjusted EBITDA/scm came in at INR4.6 (our est. INR5).
  - Realization increased by ~INR3/scm QoQ, while gas cost/opex rose by INR0.5/INR0.8 per scm QoQ.
  - Increase in realization (~INR1.4scm) was on account of the reversal of provisions amounting to INR1.14b, based on negotiations with OMCs w.r.t trade margins.
  - Resulting EBITDA stood 20% above our estimate at INR5b (-5% YoY).
- IGL's PAT came in 18% above our est. at INR3.5b (-9% YoY).
- **In FY25,** IGL's net sales grew 7% to INR149b, while EBITDA/PAT declined 17%/16% YoY to INR19.8b/INR14.7b.
- We note that spot LNG prices were elevated, averaging USD14/mmbtu in 4Q (flat QoQ). However, spot LNG prices have corrected in 1QFY26 so far, with the current price at ~USD12/mmbtu. On 25th Nov'25, IGL implemented CNG price hikes of ~INR1.5 to INR4 per kg, which impacted ~30%-35% of the regions where IGL's CNG business operates (excluding Delhi). Further, on 7th Arp'25, IGL increased CNG prices by INR1/INR3 per kg in Delhi/other regions.

Valuation and view

- IGL trades at 16.9x FY26E SA P/E, slightly above its 1yr. fwd. mean – 1 S.D. P/E. However, we believe that earnings have bottomed out now. We estimate EBITDA margin to improve to INR6.2/INR6.5 per scm and volumes to grow 7% YoY in FY26/FY27. Resultant EBITDA/PAT are estimated to clock a CAGR of 11%/9% over FY25-27E.
- We value IGL at 15x FY27E consol. P/E, and add INR44/sh as a value of JVs to arrive at our TP of INR225/sh. At 2.7% FY27E dividend yield and 9% EPS growth, we believe the valuation is attractive. Hence, we upgrade our rating on the stock to BUY from Neutral, with a TP of INR225.

Standalone Quarterly performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	34,070	34,585	35,504	35,968	35,206	36,973	37,591	39,506	1,40,000	1,49,275	36,969	7%
Change (%)	6.7	-2.7	-4.3	-2.3	3.3	6.9	5.9	9.8	-1.0	6.6	2.8	
EBITDA	6,424	6,569	5,582	5,225	5,819	5,359	3,636	4,972	23,669	19,786	4,141	20%
EBITDA (INR/scm)	8.6	8.6	7.2	6.6	7.4	6.5	4.3	6.0	7.7	6.0	5.0	21%
Change (%)	4.0	24.5	30.3	13.4	-9.4	-18.4	-34.9	-4.8	16.3	-16.4	-20.7	
Depreciation	989	1,022	1,018	1,108	1,143	1,184	1,216	1,198	4,138	4,741	1,177	2%
Interest	24	25	18	26	22	23	21	26	92	92	23	
Other Income	457	1,340	610	1,094	727	1,493	1,288	908	3,632	4,416	1,012	-10%
PBT before EO	5,867	6,862	5,155	5,187	5,380	5,645	3,687	4,656	23,072	19,369	3,953	18%
Tax	1,483	1,514	1,235	1,359	1,366	1,334	829	1,164	5,591	4,693	997	17%
Rate (%)	25.3	22.1	23.9	26.2	25.4	23.6	22.5	25.0	24.2	24.2	25.2	
PAT	4,384	5,348	3,921	3,828	4,015	4,311	2,858	3,492	17,481	14,676	2,955	18%
PAT (INR/scm)	5.9	7.0	5.0	4.8	5.1	5.2	3.4	4.2	5.7	4.1	3.5	19%
Change (%)	4.2	28.5	40.9	16.1	-8.4	-19.4	-27.1	-8.8	21.0	-16.0	-22.8	
Gas volumes (mmscmd)												
CNG	6.17	6.25	6.33	6.37	6.45	6.78	6.70	6.71	6.28	6.66	6.80	-1%
PNG	2.03	2.06	2.15	2.35	2.18	2.24	2.41	2.47	2.15	2.32	2.48	0%
Total	8.20	8.30	8.48	8.73	8.63	9.02	9.11	9.18	8.43	8.98	9.29	-1%

UltraTech Cement

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	UTCEM IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	3569.7 / 42
52-Week Range (INR)	12341 / 9408
1, 6, 12 Rel. Per (%)	2/9/16
12M Avg Val (INR M)	4146

Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	760	891	996
EBITDA	126	174	209
Adj. PAT	61	87	110
EBITDA Margin (%)	17	20	21
Adj. EPS (INR)	208	296	372
EPS Gr. (%)	(15)	42	26
BV/Sh. (INR)	2,399	2,598	2,852
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	9.3	11.8	13.7
RoCE (%)	9.1	10.7	12.1
Payout (%)	37.3	33.0	31.6
Valuations			
P/E (x)	58.3	40.9	32.5
P/BV (x)	5.0	4.7	4.2
EV/EBITDA(x)	29.0	21.0	17.3
EV/ton (USD)	238	212	196
Div. Yield (%)	0.6	0.8	1.0
FCF Yield (%)	0.5	1.3	2.9

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	59.2	60.0	60.0
DII	16.9	15.2	14.3
FII	15.9	17.7	18.4
Others	8.0	7.1	7.3

FII includes depository receipts

CMP: INR12,114 TP: INR13,900 (+15%) Buy

In-line 4Q; cost efficiency and volume gain key focus areas

FY26 volume growth guidance in double digits vs. ~+7-8% for the industry

- UltraTech Cement (UTCEM)'s 4QFY25 performance was in line with our estimates. EBITDA increased ~12% YoY to INR46.2b, while EBITDA/t declined 4% YoY to INR1,126 (est. INR1,104). OPM was flat YoY at ~20%. Adj. PAT increased ~8% YoY to INR24.9b (in line).
- Management highlighted that there was some demand weakness at the beginning of FY26 due to heatwaves; however, demand is likely to improve going forward. Sustainable volume growth for the industry should be 7-8%, and UTCEM's FY26 volume growth on a like-to-like basis should be in double digits. It has achieved cost savings of INR86/t in FY25, and it aims to achieve further cost savings of ~INR214/t by FY27. Net debt/EBITDA was 1.2x and debt should start reducing rapidly. UTCEM has a comfortable net debt/EBITDA of 0.5x.
- We maintain our earnings estimates for FY26/FY27. The stock trades at 21x/ 17x FY26E/FY27E EV/EBITDA. We value UTCEM at 20x FY27E EV/EBITDA to arrive at our TP of INR13,900. **Reiterate BUY.**

Opex/t down 3%/8% YoY/QoQ; EBITDA/t at INR1,126 (est. INR1,104)

- UTCEM's consolidated revenue/EBITDA/adj. PAT stood at INR230.6b/ INR46.2b/INR24.9b (+13%/+12%/+8% YoY; in line with our estimates). Volume grew 17% YoY to 41.0mt (in line). RMC revenue was up 17% YoY, while white cement revenue declined ~3%. Other operating income/t stood at INR67 vs. INR100/INR73 in 4QFY24/3QFY25.
- Blended realization declined ~3% YoY. Grey cement realization also declined ~3% YoY. Opex/t was down 3% YoY (down 8% QoQ), backed by a 5% decline in variable/freight cost (each). However, other expenses/t rose ~3% YoY. EBITDA/t declined 4% YoY to INR1,126. Depreciation/interest expenses rose 38%/82% YoY, and other income declined 25% YoY. ETR stood at ~20% vs. 27.5% in 4QFY25.
- In FY25, UTCEM's consolidated revenue was up 7% YoY, while EBITDA/adj. PAT declined 3%/13% YoY. Volume grew ~14% YoY, while realization/t was down ~6%. EBITDA/t stood at INR924 (down 15% YoY). OCF stood at INR106.7b vs. INR109.0b in FY24. Capex stood at INR89.5b vs. INR88.8b in FY24. FCF stood at INR17.2b vs. INR20.1b in FY24.

Highlights from the management commentary

- Industry volumes grew ~4% YoY in 4QFY25. UTCEM's volume growth on a like-to-like basis was ~6% YoY. Grey cement capacity utilization was at ~89% in 4QFY25 and ~78% in FY25.
- Kesoram's assets delivered an EBITDA/t of INR399 in 4QFY25, and the target is to achieve an EBITDA/t of INR1,000+ by 4QFY26. ICEM achieved an EBITDA break-even in the first quarter after the takeover. Further, it achieved the highest-ever monthly volume of 1mt+ in Mar'25.
- In FY25, cost savings of INR86/t have been achieved by the company, led by higher usage of green power & WHRS (INR31/t), reduction in lead distance (INR44/t), and higher clinker conversion/usage of alternate fuel (INR13/t).

Valuation and view

- UTCEM, on a like-to-like basis, delivered ~6% YoY volume growth, and it anticipates double-digit growth in FY26. The company remains focused on capitalizing the infrastructure-led demand recovery, while recent price increases and cost-saving initiatives drive improvement in profitability. Though Kesoram's profitability during the quarter was in line with our estimates, ICEM has surprised by achieving an EBITDA break-even vs. an estimated operating loss.
- We estimate a CAGR of 15%/29%/34% in consolidated revenue/EBITDA/PAT over FY25-FY27, aided by inorganic growth. We estimate its consolidated volume CAGR at ~13% and EBITDA/t of INR1120/INR1210 in FY26/FY27 vs. INR924 in FY25. UTCEM is estimated to continue to gain market share with its robust capacity expansion and increasing scale of operations. We estimate its net debt to decline to INR105.3b (vs. INR176.7b as of Mar'25) and net debt to EBITDA ratio at 0.5x by FY27 (vs. 1.2x as of Mar'25). We value the stock at 20x FY27E EV/EBITDA to arrive at our TP of INR13,900. We reiterate our **BUY** rating.

Consolidated quarterly performance (INR b)

	FY24				FY25				FY24	FY25*	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net sales	**177.4**	**160.1**	**167.4**	**204.2**	**180.7**	**156.3**	**177.8**	**230.6**	**709.1**	**759.6**	**230.4**	**0**
YoY change (%)	17.0	15.3	7.9	9.4	1.9	-2.4	6.2	13.0	12.1	7.1	12.8	
Total expenditure	146.9	134.6	134.9	163.1	150.3	136.2	148.8	184.4	579.4	634.0	184.3	**0**
EBITDA	**30.5**	**25.5**	**32.5**	**41.1**	**30.4**	**20.2**	**28.9**	**46.2**	**129.7**	**125.6**	**46.1**	**0**
YoY Change (%)	-1.5	36.7	39.3	23.8	-0.3	-20.9	-11.1	12.3	22.1	-3.2	12.0	3
Margins (%)	17.2	15.9	19.4	20.1	16.8	12.9	16.3	20.0	18.3	16.5	20.0	
Depreciation	7.5	8.0	7.8	8.1	8.4	9.0	9.9	11.2	31.5	40.1	10.3	9
Interest	2.1	2.3	2.6	2.6	2.6	3.2	4.6	4.8	9.7	16.5	5.9	(20)
Other income	1.7	1.7	1.4	1.4	1.7	2.2	2.5	1.0	6.2	7.4	2.0	(50)
PBT before EO expense	**22.6**	**16.9**	**23.5**	**31.7**	**21.1**	**10.2**	**16.9**	**31.2**	**94.7**	**76.4**	**31.9**	**(2)**
Extra-ord expense	-	-	-	0.72	(0.33)	-	-	0.09	0.72	0.97	-	
PBT after EO Expense	**22.6**	**16.9**	**23.5**	**31.0**	**21.4**	**10.2**	**16.9**	**31.1**	**94.0**	**75.4**	**31.9**	**(2)**
Tax	5.8	4.1	5.8	8.5	4.5	1.9	3.3	6.3	24.2	14.9	7.5	
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	25.5	24.3	24.7	27.5	20.9	18.8	19.4	20.1	25.7	19.7	23.5	
Reported PAT	**16.9**	**12.8**	**17.7**	**22.5**	**16.9**	**8.3**	**13.6**	**24.9**	**69.8**	**60.5**	**24.4**	**2**
Minority interest	0.0	0.0	-0.1	-0.1	0.0	0.1	0.1	0.0	-0.2	-0.1	-0.1	
Adj. PAT	**16.9**	**12.8**	**17.8**	**23.1**	**16.7**	**8.2**	**13.6**	**24.9**	**70.6**	**61.2**	**24.4**	**2**
YoY change (%)	6.3	69.6	67.9	38.7	-1.0	-36.0	-23.5	7.8	39.2	-13.3	5.8	

*Note: The sum of the four quarters of FY25 and the full year FY25 figures do not match due to consolidation of Kesoram effective from 1st Apr'24

Key operating parameters

Income Statement (INR/t)	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Volume (mt)	30.0	26.7	27.3	35.1	32.0	27.8	30.4	41.0	119.0	135.8	41.7	(2)
Change (YoY %)	19.6	15.5	5.6	10.8	6.6	4.3	11.2	16.9	12.6	14.1	19.0	
Realization (including RMC)	**5,920**	**5,999**	**6,127**	**5,821**	**5,656**	**5,616**	**5,854**	**5,622**	**5,957**	**5,592**	**5,520**	2
Change (YoY %)	-2.2	-0.2	2.1	-1.2	-4.5	-6.4	-4.5	-3.4	-0.4	-6.1	-5.2	
RM cost	983	935	972	1,086	1,009	1,048	1,055	1,060	1,000	1,009	990	7
Power and fuel	1,629	1,643	1,529	1,379	1,406	1,378	1,411	1,273	1,536	1,356	1,308	(3)
Staff cost	236	304	281	214	231	328	293	239	255	265	223	7
Freight and forwarding	1,369	1,316	1,325	1,325	1,309	1,287	1,329	1,262	1,334	1,285	1,293	(2)
Other expenditure	686	846	828	644	749	849	813	662	742	752	603	10
Total expenditure	**4,903**	**5,044**	**4,936**	**4,648**	**4,704**	**4,891**	**4,901**	**4,497**	**4,867**	**4,667**	**4,416**	2
EBITDA	**1,018**	**956**	**1,191**	**1,173**	**951**	**725**	**953**	**1,126**	**1,089**	**924**	**1,104**	2
YoY change (%)	(17.7)	18.3	31.9	11.8	(6.5)	(24.1)	(20.0)	(4.0)	8.4	(15.1)	(5.9)	

Sources: Company reports, MOFSL estimates

TVS Motor Company

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	1327 / 15.6
52-Week Range (INR)	2958 / 1919
1, 6, 12 Rel. Per (%)	12/13/30
12M Avg Val (INR M)	2266

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	362.5	410.7	457.9
EBITDA	44.5	51.3	59.5
Adj. PAT	27.1	31.5	37.2
EPS (INR)	57.1	66.3	78.4
EPS Gr. (%)	30.1	16.3	18.1
BV/Sh (INR)	209.1	263.5	327.9
Ratios			
RoE (%)	30.7	28.1	26.5
RoCE (%)	36.0	34.0	32.7
Payout (%)	17.5	18.1	17.9
Valuations			
P/E (x)	49.1	42.3	35.8
P/BV (x)	13.4	10.6	8.6
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	1.9	2.0	2.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	50.3	50.3	50.3
DII	19.7	20.0	20.3
FII	21.6	21.3	20.8
Others	8.5	8.5	8.7

FII Includes depository receipts

CMP: INR2,793 TP:INR2,720 (-3%) Neutral

Accrual of PLI benefit boosts margins

Capex + investments rise to INR39b in FY25

- TVS Motor (TVSL) delivered an in-line operating performance, excluding the PLI benefit. Adjusted PAT grew 42% YoY to INR6.9b, broadly in line with our estimate of INR6.75b. For FY25, the company posted a strong 30% YoY growth in PAT to INR27.1b. While TVSL is expected to continue outperforming in the scooters segment, its underperformance in the motorcycles segment remains a concern. Additionally, 2W industry demand has weakened following the festive season.
- At ~42x/35.8x FY26E/FY27E EPS, we believe most of the positives are already priced in. We maintain our FY25E/26E EPS estimates. **Reiterate Neutral** with a TP of ~INR2,720 (based on ~32x FY27E EPS and INR212/sh for the NBFC).

TVSL's Q4 margins (excluding PLI) in line with estimates

- In line with its guidance, TVSL recognized PLI benefits for the entire year in Q4.
- Excluding PLI accruals, TVSL reported revenue of INR93.4b and achieved an EBITDA margin of 12%. This was in line with our estimate, as we had not factored in PLI benefits in our projections due to the lack of clarity.
- For comparison purposes, we have added back the PLI benefit for the quarter—estimated at around INR467m—to the revenue, as it is expected to be recurring in nature. The PLI benefit booked in Q4 for prior periods (estimated at INR1.6b) has been considered an exceptional item in Q4.
- Accordingly, Q4 revenue grew 15% YoY to INR93.9b, largely in line with our estimate of INR92b.
- EBITDA margin expanded 60bp QoQ (+120bp YoY) to 12.5%. The beat was largely driven by the PLI accrual, as indicated above.
- TVSL reported other income of INR145m for Q4. This included dividend income of INR1b from its subsidiary (SACL) and MTM loss of INR890m on the fair valuation of its investments in TVS Supply Chain.
- Adjusted for the prior period PLI benefit, PAT grew 42% YoY to INR6.9b, largely in line with our estimate of INR6.75b.
- For FY25, TVSL posted 14% YoY revenue growth to INR362b, led by 13% growth in volumes.
- EBITDA margin expanded 120bp YoY to 12.3% (50bp boosted by the PLI benefit).
- For FY25, TVSL posted a strong 30% YoY growth in PAT to INR27.1b.
- It invested around INR18b in capex and INR21b in its subsidiaries in FY25. Its FCF stood at INR24.6b for FY25, slightly lower than INR25.6b in FY24.

Key takeaways from the management interaction

- **Update on PLI:** In Q4, TVSL recognized PLI benefits for the entire year. Adjusted for the PLI benefit, its margin was in line with our estimate of 12%. Including the PLI benefit for Q4, the margin would stand at 12.5%.
- **Domestic outlook:** Management expects the 2W industry's growth rate to remain moderate in Q1, given the high base of last year. However, with overall demand drivers remaining positive, management expects 2W growth in FY26 to be similar to that of FY25.
- **Exports outlook**: Management expects 2W exports to post healthy growth in FY26, led by strong demand from Latin America and a recovery in demand from Sri Lanka and Africa.
- **Capex and investments**: For FY25, capex stood at INR18b, while investments in subsidiaries amounted to around INR21b. For FY26, investments in subsidiaries are likely to remain at similar levels, primarily directed toward TVS Credit, Norton, and the e-bike subsidiary.

Valuation and view

- The recently launched Jupiter 110 has been well-received by customers and is likely to support TVSL in gaining market share in scooters over the coming quarters. However, in motorcycles, for the first time in many years, TVSL has underperformed the industry in FY25. More importantly, it has underperformed in the 125cc segment, which has been a key growth driver in recent years. Further, the demand outlook in domestic markets has remained weak following the festive season, while the exports outlook also continues to be uncertain.
- Given these factors, we believe TVSL at 42x/35.8x FY26E/FY27E EPS appears fairly valued. **Reiterate Neutral with a TP of ~INR2,720 (based on ~32x FY27E EPS and INR212/sh for the NBFC).**

S/A Quarterly Performance

Y/E March (INR m)	FY24				FY25				FY24	FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Vols ('000 units)	**953.2**	**1,074.4**	**1,100.8**	**1,062.5**	**1,087.2**	**1,228.2**	**1,212.0**	**1,216.3**	**4,191**	**4,744**	**1,216.3**
Growth (%)	5.1	4.6	25.2	22.4	14.1	14.3	10.1	14.2	13.8	13.2	14.2
Realn (INR '000/unit)	**75.7**	**75.8**	**74.9**	**76.9**	**77.0**	**75.1**	**75.1**	**77.2**	**75.8**	**76.4**	**75.7**
Growth (%)	14.3	7.9	0.6	1.1	1.7	(0.9)	0.2	0.7	5.8	0.8	(1.3)
Net Sales	**72,179**	**81,446**	**82,450**	**81,688**	**83,756**	**92,282**	**90,971**	**93,887**	**3,17,764**	**3,62,513**	**92,022**
Growth (%)	20.1	12.8	26.0	23.7	16.0	13.3	10.3	14.9	20.5	14.1	12.7
RM (% of sales)	74.6	74.0	73.7	72.8	71.4	71.5	71.6	71.0	73.7	71.1	71.6
Emp cost (% of sales)	5.2	4.8	4.9	5.1	5.7	5.4	5.5	5.3	5.0	5.4	5.4
Other exp (% of sales)	9.6	10.1	10.2	10.8	11.4	11.4	11.1	11.2	10.2	11.2	11.0
EBITDA	**7,638**	**8,998**	**9,244**	**9,262**	**9,602**	**10,798**	**10,815**	**11,709**	**35,141**	**44,540**	**11,044**
EBITDA Margin (%)	10.6	11.0	11.2	11.3	11.5	11.7	11.9	12.5	11.1	12.3	12.0
Interest	474	523	448	372	372	319	338	358	1,816	1,387	364
Depreciation	1,636	1,701	1,781	1,887	1,763	1,806	1,883	1,994	7,004	7,446	1,923
Other Income	576	462	734	-287	363	299	-227	145	1,485	580	315
PBT before EO Exp	**6,104**	**7,237**	**7,750**	**6,716**	**7,829**	**8,972**	**8,367**	**9,503**	**27,807**	**36,288**	**9,072**
EO Exp	0	0	0	0	0	0	0	1,617			
PBT after EO Exp	**6,104**	**7,237**	**7,750**	**6,716**	**7,829**	**8,972**	**8,367**	**11,120**	**27,807**	**36,288**	**9,072**
Tax	1,427	1,871	1,817	1,862	2,056	2,346	2,182	2,599	6,977	9,183	2,318
Tax rate (%)	23.4	25.9	23.4	27.7	26.3	26.1	26.1	23.4	25.1	25.3	25.6
Reported PAT	**4,677**	**5,366**	**5,934**	**4,854**	**5,773**	**6,626**	**6,185**	**8,521**	**20,830**	**27,105**	**6,753**
Adjusted PAT	**4,677**	**5,366**	**5,934**	**4,854**	**5,773**	**6,626**	**6,185**	**6,904**	**20,830**	**27,105**	**6,753**
Growth (%)	45.9	31.7	68.2	33.4	23.4	23.5	4.2	42.2	44.4	30.1	39.1

Cholamandalam Inv. & Finance

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CIFC IN
Equity Shares (m)	841
M.Cap.(INRb)/(USDb)	1283.1 / 15.1
52-Week Range (INR)	1683 / 1161
1, 6, 12 Rel. Per (%)	-3/19/22
12M Avg Val (INR M)	2407

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	135.7	172.1	212.4
PPP	82.3	104.6	129.8
PAT	42.6	56.0	71.8
EPS (INR)	50.6	65.2	83.6
EPS Gr. (%)	24	29	28
BV (INR)	281	361	442
Valuations			
NIM (%)	6.9	7.0	7.1
C/I ratio (%)	39.3	39.2	38.9
RoAA (%)	2.4	2.5	2.7
RoE (%)	19.7	20.5	20.8
Payout (%)	4.0	3.8	3.6
Ratios			
P/E (x)	30.0	23.3	18.2
P/BV (x)	5.4	4.2	3.4
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	49.9	49.9	50.4
DII	15.5	16.1	17.0
FII	28.2	27.4	26.0
Others	6.4	6.5	6.6

FII Includes depository receipts

CMP: INR1,526 TP: INR1,770 (+16%) Buy

Earnings in line; higher credit costs offset by lower opex

Healthy AUM growth; CIFC launches gold loan business

- Cholamandalam Inv. & Finance's (CIFC) 4QFY25 PAT grew ~20% YoY to INR12.7b (in line). FY25 PAT grew ~24% YoY to INR42.6b.
- 4Q NII grew ~30% YoY to ~INR30.6b (in line). Other income grew ~26% YoY to ~INR7b (~9% beat), primarily driven by an upfront assignment income of ~INR940m.
- Opex rose ~11% YoY to ~INR14.3b (~9% lower than MOFSLe) and the cost-income ratio declined ~2pp QoQ to ~38% (PQ: ~40% and PY: ~44%). PPoP grew ~43% YoY to INR23.3b (~7% beat). Management guided for an opex-to-assets ratio of ~**3.0%-3.1%** in FY26, given that the opex will remain elevated, driven by investments in branch expansions of the gold loan business.
- Yields (calc.) declined ~15bp QoQ to ~14.5%, while CoF (calc.) declined ~20bp QoQ to ~7.9%. NIM was stable QoQ at ~6.8%.
- Management expects stronger demand for LCVs and SCVs, supported by a favorable monsoon. CIFC guided for total AUM growth of ~**20-25%**, driven by ~20% growth in the vehicle finance (VF) segment and ~30% growth in the non-auto segments. The company guided for a ~10bp expansion in NIM in FY26, driven by a drop in CoF in a declining interest rate environment. We expect NIM to expand to ~7.0%/7.1% in FY26/FY27 (vs. ~6.9% in FY25). We estimate a CAGR of 18%/22%/30% in disbursement/AUM/PAT over FY25-27.
- CIFC will have to utilize its levers on NIM (and fee income) to offset the impact of moderation in AUM growth and elevated opex/credit costs. We estimate RoA/RoE of ~2.7%/21% in FY27. **Reiterate BUY with a TP of INR1,770 (premised on 4x Mar'27E BVPS).**
- **Key risks:** 1) weak macros translating into weaker vehicle demand and sustained lower capacity utilization; and 2) sustained deterioration in asset quality, particularly in the new businesses, which could keep the credit costs high for longer than estimated.

AUM rises ~27% YoY; share of new business loans at ~13% of total AUM

- Business AUM grew 27% YoY/6% QoQ to INR1.85t, with newer businesses now forming ~13% of the AUM mix. Total disbursements in 4QFY25 grew ~7% YoY and ~2% QoQ to ~INR264b. New lines of businesses contributed ~17% to the disbursement mix (PQ: ~21% and PY: ~23%), with the decline primarily attributed to the winding down of the CSEL business originated through partnerships. VF disbursements in 4QFY25 grew ~11% YoY.
- CIFC has launched its gold loan business, with plans to open **120 dedicated branches** across southern and eastern India during the current quarter. The company will pilot the offering initially and will target gold AUM of ~**INR10-20b** by Mar'26.
- Management also highlighted that the company has outperformed the industry in both PV and LCV segments, resulting in meaningful market share gains. We model AUM CAGR of ~22% over FY25-27E.

Asset quality deterioration in new businesses; GS3 declines ~10bp QoQ

- GS3/NS3 improved ~10bp/9bp QoQ to 2.8%/1.55%, while PCR on S3 rose ~120bp QoQ to ~45.3%. ECL/EAD declined to 1.84% (PQ: ~1.86%). GS3 in new businesses rose ~25bp QoQ to ~2.2% (PQ: 1.9% and PY: 1.1%).
- CIFC's 4Q credit costs stood at ~INR6.3b (vs. MOFSLe of INR5.2b). This translated into annualized credit costs of ~1.4% (PY: 0.5% and PQ: ~1.6%). Stage 2 + Stage 3 (30+ dpd) declined ~30bp QoQ to ~5.3%.
- Write-offs in 4Q stood at ~INR4.9b, translating into ~1.35% of TTM AUM (PY: ~1.4% and PQ: 1.3%). Management guided for credit costs of ~1.3% in FY26 (vs. ~1.4% in FY25). We estimate credit costs of ~1.3%/1.2% in FY26/FY27.

Key highlights from the management commentary

- Management highlighted that credit costs in CSEL are expected to remain elevated through 1HFY26 and may begin to decline from 3Q/4QFY26 onward.
- CIFC has decided to exit its fintech partnerships within the CSEL segment. The impact of this exit is expected to be offset by growth in its in-house digital lending platform, consumer durable financing business, and the newly launched gold loan segment.
- The non-starter and early default rates declined in 4QFY25 but were still slightly above Mar'24 levels. CIFC guided for a YoY reduction in VF credit costs in 1QFY26.

Valuation and View

- CIFC reported healthy loan growth, supported by strong performance in Home Loans and LAP. While overall asset quality showed slight improvement, new business segments continued to see asset quality deterioration. Credit costs in CSEL remained elevated.
- The stock trades at 3.4x FY27E P/BV. In order to sustain this premium valuation multiple, CIFC will have to maintain its execution capabilities in new product lines and showcase a trajectory to bring down its credit costs. Further, it will have to navigate any cyclicality (if at all) in vehicle demand to deliver healthy AUM growth and asset quality through its diversified product mix. We estimate a CAGR of ~22%/30% in AUM/PAT over FY25-27 for RoA/RoE of 2.7%/21% in FY27E. **Reiterate BUY with a TP of INR1,770 (premised on 4x Mar'27E BVPS).**

Quarterly Performance (INR M)

Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	38,492	42,205	46,099	49,341	53,695	57,680	61,587	64,180	1,76,137	2,37,200	65,065	-1
Interest Expenses	20,071	22,052	24,390	25,793	27,957	30,551	32,718	33,623	92,306	1,24,849	34,031	-1
Net Interest Income	**18,421**	**20,153**	**21,709**	**23,548**	**25,738**	**27,128**	**28,869**	**30,557**	**83,831**	**1,12,351**	**31,034**	-2
YoY Growth (%)	*24.3*	*35.4*	*35.8*	*33.4*	*39.7*	*34.6*	*33.0*	*29.8*	*32.4*	*34.0*	*31.8*	
Other Income	2,845	3,514	4,088	5,580	4,595	5,248	6,537	7,027	16,026	23,348	6,432	9
Total Income	**21,265**	**23,667**	**25,797**	**29,127**	**30,333**	**32,376**	**35,406**	**37,584**	**99,857**	**1,35,699**	**37,466**	0
YoY Growth (%)	*29.7*	*39.4*	*40.8*	*41.4*	*42.6*	*36.8*	*37.2*	*29.0*	*38.1*	*35.9*	*28.6*	
Operating Expenses	7,867	9,461	10,640	12,850	11,834	13,155	14,130	14,269	40,818	53,388	15,679	-9
Operating Profit	**13,399**	**14,206**	**15,157**	**16,278**	**18,499**	**19,221**	**21,276**	**23,315**	**59,039**	**82,311**	**21,787**	7
YoY Growth (%)	*26.4*	*37.1*	*40.4*	*27.9*	*38.1*	*35.3*	*40.4*	*43.2*	*32.7*	*39.4*	*33.8*	
Provisions & Loan Losses	3,723	3,998	3,588	1,908	5,814	6,235	6,640	6,253	13,218	24,943	5,239	19
Profit before Tax	**9,675**	**10,208**	**11,569**	**14,369**	**12,685**	**12,986**	**14,636**	**17,062**	**45,821**	**57,369**	**16,548**	3
Tax Provisions	2,415	2,583	2,807	3,788	3,263	3,355	3,771	4,395	11,593	14,783	4,280	3
Net Profit	**7,260**	**7,625**	**8,762**	**10,581**	**9,422**	**9,631**	**10,865**	**12,667**	**34,228**	**42,585**	**12,268**	3
YoY Growth (%)	*28.3*	*35.3*	*28.0*	*24.1*	*29.8*	*26.3*	*24.0*	*19.7*	*28.4*	*24.4*	*15.9*	
Key Parameters (Calc., %)												
Yield on loans	14.1	14.3	14.4	14.26	14.4	14.5	14.6	14.48	14.1	14.5		
Cost of funds	7.8	7.75	8.04	8.01	7.86	7.94	8.06	7.86	8.0	8.1		
Spread	6.3	6.6	6.4	6.2	6.5	6.6	6.6	6.6	6.1	6.5		
NIM	6.7	6.74	6.73	6.74	6.84	6.78	6.81	6.80	6.7	6.9		
C/I ratio	37.0	40.0	41.2	44.1	39.0	40.6	39.9	38.0	40.9	39.3		
Credit cost	1.3	1.3	1.11	0.55	1.5	1.56	1.57	1.39	1.0	1.5		
Tax rate	25.0	25.3	24.3	26.4	25.7	25.8	25.8	25.8	25.3	25.8		
Balance Sheet Parameters												
Disbursements (INR b)	**200**	**215**	**224**	**248**	**243**	**243**	**258**	**264**	**887**	**1,009**		
Growth (%)	50.2	47.3	27.5	17.9	21.6	12.9	15.3	6.6	33.4	13.7		
AUM (INR b)	**1,148**	**1,242**	**1,338**	**1,456**	**1,554**	**1,646**	**1,746**	**1,847**	**1,456**	**1,847**		
Growth (%)	40.1	41.7	40.1	36.7	35.4	32.5	30.5	26.9	36.7	26.9		
AUM mix (%)												
Vehicle finance	61.9	60.7	59.5	58.0	57.0	55.9	55.4	54.8	58.0	54.8		
Home Equity	19.9	19.9	20.1	20.5	20.7	21.2	21.5	22.4	20.5	22.4		
Home loans & Others	18.2	19.4	20.4	21.4	22.3	23.0	23.1	22.8	12.2	12.8		
Borrowings (INR b)	**1,081**	**1,195**	**1,231**	**1,345**	**1,499**	**1,578**	**1,671**	**1,749**	**1,345**	**1,749**		
Growth (%)	46.3	50.6	37.8	38.1	38.6	32.1	35.7	30.1	38.1	30.1		
Asset Quality Parameters												
GS 3 (INR B)	35.5	37.2	38.1	36.5	41.2	47.1	51.3	52.1	36.5	52.1		
GS 3 (%)	3.1	3.0	2.8	2.48	2.6	2.8	2.9	2.81	2.5	2.8		
NS 3 (INR B)	19.4	19.6	20.9	19.5	22.5	26.1	28.7	28.5	19.5	28.5		
NS 3 (%)	1.7	1.6	1.6	1.35	1.5	1.6	1.7	1.57	1.7	2.3		
PCR (%)	45.4	47.3	45.1	46.4	45.5	44.5	44.1	45.3	46.4	45.3		
Vehicle finance AUM mix (%)												
LCV	20.8	20.7	19.9	19.7	19.8	19.8	19.2	19.0	19.7	19.8		
Cars & MUV	20.7	21.2	21.8	22.3	22.8	23.1	23.7	24.1	22.3	22.8		
3W & SCV	4.0	3.9	3.9	3.7	3.6	3.6	3.6	3.5	3.7	3.6		
Used CV	26.7	26.9	27.0	27.3	27.4	27.6	27.6	27.7	27.3	27.4		
Tractor	8.1	7.8	7.5	6.9	6.5	6.2	6.0	5.6	6.9	6.5		
HCV	6.9	6.7	6.6	6.7	6.7	6.6	6.6	6.8	6.7	6.7		
CE	6.6	6.5	6.5	6.6	6.5	6.3	6.4	6.4	6.6	6.5		
Two wheeler	6.1	6.4	6.8	6.7	6.8	6.7	6.8	6.8	6.7	6.8		

E: MOFSL estimates

L&T Finance

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	LTF IN
Equity Shares (m)	2495
M.Cap.(INRb)/(USDb)	418.3 / 4.9
52-Week Range (INR)	194 / 129
1, 6, 12 Rel. Per (%)	6/18/-6
12M Avg Val (INR M)	1295

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	86.7	101.7	123.4
PPP	59.6	70.5	87.1
PAT	26.4	30.9	40.0
EPS (INR)	10.6	12.4	16.0
EPS Gr. (%)	13.8	16.9	29.6
BV/Sh. (INR)	102	112	125
Ratios			
NIM (%)	9.9	9.8	9.7
C/I ratio (%)	40.1	40.1	38.9
RoAA (%)	2.4	2.4	2.6
RoE (%)	10.8	11.5	13.5
Payout (%)	26.0	26.0	25.0
Valuation			
P/E (x)	15.9	13.6	10.5
P/BV (x)	1.6	1.5	1.3
Div. Yield (%)	1.6	1.9	2.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	66.2	66.3	65.9
DII	13.3	12.2	8.7
FII	5.5	5.3	11.1
Others	15.0	16.3	14.4

FII Includes depository receipts

CMP: INR168 TP: INR200 (+19%) Buy

Retail growth to accelerate; credit costs to normalize in 2HFY26

Guides for normalization in the MFI business from early 2QFY26 onward

- L&T Finance's (LTF) reported 4QFY25 PAT grew 15% YoY to INR6.4b (in line). FY25 PAT grew ~14% YoY to INR26.4b.
- Consol. credit costs stood at INR6.2b (in line), translating into annualized credit costs of ~2.55% (PQ: 2.5% and PY: 3.2%). The company utilized macroprudential provisions of INR3b in 4QFY25 and ~INR4b in FY25. Before the utilization of macro-prudential provisions, credit costs for the quarter stood at ~3.8% (PQ: 2.9%). The company now has unutilized macro provisions of ~INR5.75b. Write-offs stood at ~INR7.4b (PQ: ~INR5.9b).
- Retail assets contributed ~97.4% to the loan mix. Retail loans grew ~19% YoY, led by healthy growth in HL, LAP, and Personal Loans. The company has resumed growth in its personal loans book, which grew ~11% QoQ. Rural Business Loans (MFI) were flat, while 2W declined ~3% QoQ.
- LTF highlighted that the stress in the MFI industry has likely bottomed out. The implementation of MFIN Guardrails 2.0 is expected to have a limited impact, as the company has a relatively low proportion of overleveraged customers. Management also highlighted that it expects a structural decline in credit costs after 1-2 quarters, with credit costs in 2HFY26 expected to be lower than in 1H.
- Management expects MFI industry growth at ~10%-15% and guided for LTF's retail loan growth of ~20-25% in FY26. We estimate a CAGR of ~22% in total loans and ~23% in PAT over FY25-27E, with consolidated RoA/RoE of 2.6%/~14% in FY27E. While FY26 will be a year of transition toward the targeted loan mix and implementation of Cyclops in Tractors, PL and SME segments, we expect LTF to deliver a sustainable improvement in profitability and RoA expansion from FY27 onward. **Retain BUY with a TP of INR200 (based on 1.6x Mar'27E BVPS).**

NIMs + fees decline ~20bp QoQ; yields decline ~65bp QoQ

- Reported NIMs declined ~37bp QoQ to 8.15%. However, consol. NIMs + fees declined ~20bp QoQ to ~10.15%, driven by a fall in MFI in the loan mix.
- Spreads (calc.) declined ~45bp QoQ to ~8.4%. Yields (calc.) fell ~65bp QoQ to ~15.6%, while CoF (calc.) was down ~15bp QoQ at 7.2%.
- Management shared that it plans to expand the gold loans and micro LAP businesses, both of which are relatively high-NIM businesses. In addition, LTF plans to grow its PL portfolio, which delivers blended yields of over ~17%. The company will also focus on implementing several fee-generation initiatives throughout the year and has guided for NIM + fee of ~10.0-10.5% in FY26. We model NIMs of ~9.8%/9.7% in FY26/27E (FY25: 9.9%).

Minor deterioration in asset quality; retail GS3 stands at ~2.9%

- Consol. GS3 rose ~6bp QoQ to ~3.3% and NS3 was stable QoQ at ~1%. PCR was broadly stable at ~71%. Retail GS3 rose ~5bp QoQ to 2.9%.
- We model credit costs (as % of average loans) of ~2.9%/2.7% in FY26/FY27E (compared to ~2.8% in FY25).

Key highlights from the management commentary

- Management acknowledged that developments in Tamil Nadu (in the backdrop of the introduction of the bill to prevent coercive money recovery) were concerning; however, the impact is expected to be less widespread compared to what was observed in Karnataka. Currently, there are no prominent issues in any district of Tamil Nadu.
- As the Cyclops implementation is rolled out across products, the company expects a structural decline in credit costs. CIBIL bureau analysis for 2W loans indicates that the portfolio underwritten through Cyclops carries a lower risk, with overall credit costs projected to decline by ~100-150bp.
- Management guided for credit costs of 2.3-2.4% (as % of assets) in FY26, with credit costs declining from 2HFY26 onward. It expects continuous improvements in RoA trajectory as the problems in the MFI segment gradually dissipate.

Valuation and view

- LTF's 4Q earnings were in line with expectations. Disbursements and loan growth remained modest, reflecting the company's strategic focus on calibrated risk-based expansion. Asset quality saw a slight deterioration with sequentially higher credit costs, while NIMs continued to contract, primarily due to a reduced share of MFI in the loan portfolio.
- 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 23% over FY25-27E, with consolidated RoA/RoE of 2.6%/~14% in FY27. Reiterate our **BUY rating on the stock with a TP of INR200 (based on 1.6x Mar'27E BVPS).**

Quarterly performance (INR M)

Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	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	37,499	1,29,139	1,46,633	38,411	-2
Interest Expenses	13,638	13,249	13,534	13,351	13,514	14,763	15,692	15,998	53,772	59,968	15,856	1
Net Interest Income	**17,527**	**18,436**	**19,529**	**19,875**	**21,012**	**21,781**	**22,371**	**21,501**	**75,367**	**86,665**	**22,555**	**-5**
Change YoY (%)	14.3	11.9	7.2	12.6	19.9	18.1	14.6	8.2	11.4	15.0	13.5	
Other Operating Income	1,068	453	2,277	3,492	3,318	3,649	2,912	2,730	6,667	12,610	2,959	-8
Net Operating Income	**18,596**	**18,889**	**21,805**	**23,367**	**24,330**	**25,431**	**25,283**	**24,231**	**82,034**	**99,275**	**25,514**	**-5**
Change YoY (%)	11.7	7.5	12.9	31.9	30.8	34.6	16.0	3.7	15.1	21.0	9.2	
Other income	1,535	2,682	473	56	2	47	76	43	4,745	167	113	-62
Total Income	**20,130**	**21,572**	**22,278**	**23,422**	**24,332**	**25,477**	**25,359**	**24,274**	**86,779**	**99,442**	**25,627**	**-5**
Change YoY (%)	11.1	15.0	11.9	18.7	20.9	18.1	13.8	3.6	13.4	14.6	9.4	
Operating Expenses	7,782	8,598	8,896	9,803	9,656	9,578	10,578	10,034	35,079	39,846	11,383	-12
Change YoY (%)	18.3	25.2	19.9	24.6	24.1	11.4	18.9	2.4	22.1	13.6	16.1	
Operating Profits	**12,348**	**12,974**	**13,382**	**13,619**	**14,676**	**15,899**	**14,781**	**14,240**	**51,701**	**59,597**	**14,244**	**0**
Change YoY (%)	6.9	9.1	7.2	7.3	18.9	22.5	10.5	4.6	6.3	15.3	4.6	
Provisions	5,212	5,000	5,142	6,679	5,453	6,504	6,542	6,185	21,410	24,684	6,165	0
Profit before Tax	**7,136**	**7,974**	**8,240**	**6,940**	**9,223**	**9,396**	**8,239**	**8,055**	**30,290**	**34,913**	**8,079**	**0**
Tax Provisions	1,831	2,032	1,847	1,410	2,370	2,429	1,983	1,697	7,119	8,478	1,708	-1
Profit after tax	**5,309**	**5,951**	**6,402**	**5,539**	**6,855**	**6,967**	**6,257**	**6,358**	**23,171**	**26,434**	**6,371**	**0**
Change YoY (%)	103	47	41	11	29	17	-2	15	43	14	15	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	9.64	10.84	10.92	11.25	11.08	10.86	10.33	10.15				
Rep. Cost of funds (%)	7.77	7.79	7.81	7.82	7.85	7.80	7.83	7.84				
Cost to Income Ratio	38.7	39.9	39.9	41.9	39.7	37.6	41.7	41.3				
Rep Credit Cost	2.33	2.58	2.52	3.23	2.37	2.59	2.49	2.54				
Tax Rate	25.7	25.5	22.4	20.3	25.7	25.9	24.1	21.1				
Balance Sheet Parameters												
Gross Customer Assets (INR B)	786	787	818	856	887	930	951	978				
Change YoY (%)	-10.8	-12.6	-7.5	5.8	12.9	18.1	16.3	14.3				
Borrowings (INR B)	754	766	760	765	803	849	862	922				
Change YoY (%)	-7.8	-10.3	-11.9	-7.8	6.5	10.9	13.4	20.5				
Customer Assets /Borrowings (%)	104	103	108	112	110	110	110	106				
Asset Quality Parameters (%)												
GS 3 (INR B)	31.7	25.8	26.3	27.0	27.9	29.6	30.8	32.2				
Gross Stage 3 (%)	4.0	3.3	3.21	3.15	3.14	3.19	3.23	3.29				
NS 3 (INR B)	9.1	6.3	6.5	6.6	6.9	8.7	9.1	9.3				
Net Stage 3 (%)	1.6	0.8	0.8	0.79	0.8	1.0	0.97	0.97				
PCR (%)	71.4	75.7	75.3	75.5	75.3	70.6	70.6	71.1				
Return Ratios (%)												
ROAA	2.1	2.4	2.5	2.2	2.7	2.6	2.3	2.2				
ROAE	9.4	10.8	11.4	9.5	11.6	11.7	10.2	10.1				

E: MOFSL Estimates

28 April 2025

4QFY25 Results Update | Sector: Financials

Nippon Life India AMC

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	NAM IN
Equity Shares (m)	634
M.Cap.(INRb)/(USDb)	403.4 / 4.7
52-Week Range (INR)	816 / 456
1, 6, 12 Rel. Per (%)	6/-6/1
12M Avg Val (INR M)	729

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
AAUM	5,400	6,249	7,386
MF Yield (bp)	40.9	39.9	37.9
Rev from Ops	22.3	25.3	28.4
Core PAT	10.7	12.1	13.9
PAT	12.9	14.2	16.1
PAT (bp as AAUM)	24	23	22
Core EPS	16.9	19.2	22.1
EPS	20.4	22.6	25.5
EPS Grw. (%)	16	11	13
BVPS	67	68	69
RoE (%)	31	33	37
Div. Payout (%)	94	95	95
Valuations			
Mcap/AUM (%)	7.4	6.4	5.4
P/E (x)	31.3	28.3	25.0
P/BV (x)	9.5	9.4	9.2
Div. Yield (%)	3.0	3.3	3.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	72.3	72.4	72.9
DII	12.8	13.0	14.4
FII	8.3	8.3	5.5
Others	6.5	6.3	7.3

FII Includes depository receipts

CMP: INR636 TP: INR750 (+18%) Buy

Tax reversal and other income drive PAT beat

- Nippon Life India AMC (NAM)'s operating revenue grew 21% YoY to INR5.7b (in line) in 4QFY25. Yields declined to 40.7bp from 41.3bp in 4QFY24. NAM's FY25 revenue came in at INR22.3b, recording a growth of 36% YoY.
- Total opex grew 13% YoY to INR2b (in line) in 4QFY25. As a result, EBITDA rose 26% YoY to INR3.7b (in line) for the quarter. This led to an improvement in EBITDA margin to 64.5% from 62.1% in 4QFY24.
- PAT stood at INR3b in 4QFY25 (10% beat; -13% YoY), largely due to tax reversal and higher-than-expected other income. For FY25, the company's PAT grew 16% YoY to INR12.9b.
- Equity yield stood at 57bp, and management continues to expect a 2-3bp dip YoY going forward. In FY26, the company expects a cost increase of 15% ex-ESOP, with employee cost growth at 14-15% as well. The tax rate should remain in the range of 24-25%.
- **We broadly retain our earnings estimates, keeping our AUM assumptions intact and accounting for expense growth according to the management guidance. We reiterate our BUY rating on the stock with a TP of INR750, based on 34x FY27E core EPS.**

Market share continues to expand

- Overall MF QAAUM grew 29% YoY to INR5.6t. Equity/ETFs/Index/Debt funds saw a YoY growth of 31%/38%/57%/27%.
- NAM's market share for QAAUM rose 30bp YoY to ~8.3%, with equity market share rising 10bp YoY to ~6.9%. ETF market share continues to surge and was up 236bp YoY at 19.1% with NAM maintaining a dominant position in this space.
- The share of Equity/ ETFs in MF AUM improved 60bp/170bp YoY to 49.8%/ 27.6%. However, the share of Debt/Liquid declined to 15.0%/7.6% and a softer interest rate regime will drive growth for this segment.
- SIP flows of INR97.2b were reported in 4QFY25 compared to INR70.1b in 4QFY24, reflecting a monthly SIP inflow of INR32.4b (+39% YoY). The SIP book grew to INR1.3t (+32% YoY).
- Employee costs grew 25% YoY to INR1.1b with continued investment on headcount addition, while other expenses grew 5% YoY to INR750m.
- Other income came in at INR230m (61% beat; -75% YoY), impacted by the adverse capital market.
- The distribution mix remained largely stable, with IFAs dominating the mix (56% share), followed by banks at 25% and national distributors at 19%.
- NAM's retail/ HNI/ corporate AUM mix stood at 29%/ 30%/ 41% for 4QFY25 with retail/HNI market share at 9.2%/7.4%.
- On the AIF front, fundraising is underway for two public equity AIFs, one private credit AIF, and a VC AIF. NAM reported the highest AIF inflows in FY25 (2.2x of FY24).

Key takeaways from the management commentary

- The SIP book has started to moderate for the industry due to market volatility. NAM is focused on diversifying products to attract investors towards SIP and maintain momentum.
- Over the last two months, liquidity in the MF industry has gone up in expectation of a moderate rate scenario. Further, FDs nearing maturity will be rolled over at a lower yield, due to which MF schemes will become beneficial for investors. If the softer regime continues, there will be inflow into short-term and medium-duration funds.
- A new scheme launched in Japan gives access to Japanese investors in India, and NAM will be a great beneficiary of this scheme. The management expects Japanese retail money to come into India in a few years through this scheme.

Valuation and view: Reiterate BUY

- NAM has shown continued market share expansion, especially in passives on the back of improvement in fund performance, maintaining investor stickiness and product innovation. While the yields on the equity segment are expected to decline at a relatively moderate pace, the decline in overall yields will be protected by strong net flows.
- **We broadly retain our earnings estimates, keeping our AUM assumptions intact and accounting for expense growth according to the management guidance. We reiterate our BUY rating on the stock with a TP of INR750, based on 34x FY27E core EPS.**

Quarterly Performance (INR m)

Y/E March	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	FY25 1Q	FY25 2Q	FY25 3Q	FY25 4Q	FY24	FY25	4Q FY25E	Act v/s Est. %	YoY	QoQ
Revenue from Operations	3,542	3,975	4,233	4,683	5,050	5,713	5,879	5,665	16,432	22,307	5,692	-0.5	21.0	-3.6
Change YoY (%)	12.0	19.9	19.6	34.4	42.6	43.7	38.9	21.0	21.7	35.8	22			
Fees & Commission	135	156	156	172	179	192	187	159	620	718	195.2	-18.6	-7.9	-15.2
Employee Expenses	780	799	881	886	1,051	1,069	1,065	1,105	3,346	4,290	1,081.4	2.2	24.7	3.8
Other expenses	602	606	604	717	655	708	770	750	2,529	2,883	834.8	-10.2	4.7	-2.6
Total Operating Expenses	1,517	1,561	1,642	1,775	1,886	1,969	2,022	2,014	6,495	7,891	2,111	-4.6	13.4	-0.4
Change YoY (%)	11	13	17	27	24	26	23	13	17.0	21.5	19			
EBITDA	2,024	2,414	2,592	2,908	3,164	3,744	3,857	3,652	9,937	14,416	3,581	2.0	25.6	-5.3
EBITDA Margin	57.2	60.7	61.2	62.1	62.7	65.5	65.6	64.5	60.5	64.6	62.9	-155 bps	237bps	-115bps
Other Income	1,169	779	1,071	923	1,308	1,208	154	230	3,941	2,900	143	61.3	-75.0	49.5
Depreciation	81	72	65	73	68	74	77	86	291	306	77	12.2	17.2	11.1
Finance Cost	13	17	17	16	16	17	17	18	62	67	21	-12.6	12.5	9.1
PBT	**3,099**	**3,104**	**3,581**	**3,741**	**4,388**	**4,861**	**3,917**	**3,778**	**13,525**	**16,943**	**3,626**	**4.2**	1.0	-3.5
Tax Provisions	746	661	741	315	1,066	1,261	965	795	2,462	4,086	907	-12.3		
Net Profit	**2,354**	**2,443**	**2,840**	**3,426**	**3,322**	**3,600**	**2,953**	**2,983**	**11,063**	**12,857**	**2,720**	**9.7**	-12.9	1.0
Change YoY (%)	105.9	18.6	38.7	73.3	41.1	47.4	4.0	-12.9	53.0	16.2	-20.6			
Core PAT	1,466	1,830	1,991	2,581	2,331	2,705	2,836	2,801	7,839	10,674	2,612	7.2	8.5	-1.2
Change YoY (%)	15.7	28.0	26.6	56.5	59.0	47.9	42.5	8.5	32	36	1.2			
Key Operating Parameters (%)														
Revenue / AUM (bp)	45.2	44.4	44.8	43.4	41.8	41.6	41.3	40.7	44.4	41.3	41.3	63bp	-276bp	-59bp
Opex / AUM (bp)	19.4	17.4	17.4	16.5	15.6	14.3	14.2	14.5	17.5	14.6	15.3	86bp	-201bp	27bp
PAT / AUM (bp)	30.0	27.3	30.1	31.8	27.5	26.2	20.7	21.4	29.9	23.8	19.7	-169bp	-1036bp	69bp
Cost to Operating Income Ratio	42.8	39.3	38.8	37.9	37.3	34.5	34.4	35.5	39.5	35.4	37.1	155bp	-237bp	115bp
EBITDA Margin	57.2	60.7	61.2	62.1	62.7	65.5	65.6	64.5	60.5	64.6	62.9	-155bp	237bp	-115bp
Tax Rate	24.1	21.3	20.7	8.4	24.3	25.9	24.6	21.0	18.2	24.1	25.0	397bp	1263bp	-358bp
PAT Margin	66.5	61.4	67.1	73.2	65.8	63.0	50.2	52.7	67.3	57.6	47.8	-488bp	-2051bp	243bp
Core PAT Margin	41.4	46.0	47.0	55.1	46.2	47.4	48.2	49.4	47.7	47.9	45.9	-355bp	-567bp	120bp
Opex Mix (%)														
Fees & Commission	8.9	10.0	9.5	9.7	9.5	9.8	9.3	7.9	9.5	9.1	9.2	136bp	-183bp	-138bp
Employee Expenses	51.4	51.2	53.7	49.9	55.8	54.3	52.7	54.9	51.5	54.4	51.2	-366bp	495bp	221bp
Others	39.7	38.8	36.8	40.4	34.7	36.0	38.1	37.2	38.9	36.5	39.5	230bp	-312bp	-83bp
Key Parameters														
QAUM (INR b)	3,136	3,583	3,776	4,313	4,838	5,492	5,700	5,572	3,702	5,400	5,513	1.1	29.2	-2.2
Mix (%)														
Equity	43.2	44.3	47.0	47.6	48.1	49.2	49.0	47.6	45.5	48.5			7bp	-139bp
Debt	12.8	13.9	10.9	9.5	8.7	8.4	9.4	9.3	11.7	8.9			-18bp	-5bp
Liquid	17.3	16.2	14.4	14.0	13.3	12.4	11.9	12.0	15.5	12.4			-200bp	14bp
Others	26.8	25.6	27.7	28.9	29.9	30.1	29.7	31.0	27.3	30.2			211bp	131bp

Financials & Valuation (INR b)

Y/E March	New Estimates 2026E	New Estimates 2027E	Old Estimates 2026E	Old Estimates 2027E	Change in Estimates 2026E	Change in Estimates 2027E
AAUM (INRb)	6,249	7,386	6,232	7,366	0%	0%
MF Yield (bp)	39.9	37.9	39.8	37.8	1bps	1bps
Rev from Ops	25.3	28.4	25.2	28.28	0%	0%
Core PAT	12.1	13.9	12.47	14.08	-3%	-1%
PAT	14.2	16.1	14.77	16.41	-4%	-2%
PAT margin(bp as AAUM)	23	22	23.7	22.27	-9bps	-5bps
Core EPS	19.2	22.1	19.79	22.35	-3%	-1%
EPS	22.6	25.5	23.44	26.04	-3.7%	-2.1%
EPS Grw. (%)	11	13	17.28	11.09		
BVPS	68	69	65.38	66.69	4%	4%
RoE (%)	33	37	36.18	39.44	-27bps	-23bps
Div. Payout (%)	95	95	95	95	0bps	0bps
Valuations						
Mcap/AUM (%)	6.4	5.4	6.399	5.414		
P/E (x)	28.3	25.0	27	24.31		
P/BV (x)	9.4	9.2	9.681	9.492		
Div. Yield (%)	3.3	3.8	3.521	3.911		

PNB Housing

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	256.4 / 3
52-Week Range (INR)	1202 / 616
1, 6, 12 Rel. Per (%)	8/9/17
12M Avg Val (INR M)	2002

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	27.2	32.7	40.6
PPP	23.3	28.8	36.9
PAT	19.4	23.1	27.2
EPS (INR)	74	89	105
EPS Gr. (%)	28	19	18
BV/Sh. (INR)	649	733	822
Ratios			
NIM (%)	3.9	4.0	4.1
C/I ratio (%)	25.9	24.6	22.6
RoAA (%)	2.5	2.5	2.5
RoE (%)	12.2	12.9	13.5
Valuations			
P/E (x)	13.2	11.1	9.4
P/BV (x)	1.5	1.3	1.2
Div. Yield (%)	0.5	1.5	1.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	28.1	28.1	28.1
DII	29.9	26.9	6.9
FII	21.4	24.3	25.0
Others	20.6	20.7	40.0

FII Includes depository receipts

CMP: INR986 TP: INR1,230 (+25%) Buy

Strong quarter on the back of robust execution

Retail loan growth of ~18% YoY; NIM expanded ~5bp QoQ

- PNB Housing (PNBHF) delivered an all-round healthy performance, marked by: 1) a healthy retail loan growth of ~18% YoY, 2) an expansion of 5bp QoQ in NIMs, 3) a sustained improvement in asset quality, and 4) recoveries from its retail written-off pool, which resulted in provision write-backs for the entire year. PNBHF's 4QFY25 PAT grew 25% YoY/14% QoQ to ~INR5.5b (~9% beat). FY25 PAT grew 28% YoY to INR19.4b.
- NII in 4QFY25 rose ~17% YoY to ~INR7.3b (in line). Opex rose ~19% YoY to ~INR2.12b (in line). PPOP grew ~14% YoY to INR6.5b (6% beat). Credit costs, net of recoveries, resulted in a write-back of ~INR648m, which led to net credit costs of -35bp (PQ: -20bp and PY: 4bp).
- PNBHF expects FY26 to be a stronger year for the mortgage industry, anticipating a pick-up in demand as interest rates decline. The company guided for Retail loan growth of 18% YoY in FY26, with the affordable housing loan book projected to reach ~INR95b by Mar'26 and ~INR150b by Mar'27. Additionally, it guided for corporate disbursements of INR15-20b in FY26.
- PNBHF secured its last credit rating upgrade to AA+ in 4QFY24 and 1QFY25. Backed by its sustained strong performance, the company expects another credit rating upgrade by end-FY26, which should further help reduce its cost of borrowings.
- GNPA/NNPA stood at ~1.08%/0.69% (% of Loan Assets) and improved ~11bp each QoQ. Retail GNPA improved ~12bp QoQ to 1.1%, while Corporate GNPA was NIL (similar to last quarter).
- We continue to believe in our thesis of a transformation at PNBHF and in the management's ability to drive RoA improvement, supported by: 1) healthy retail loan CAGR of ~18%; 2) NIM expansion from FY27 onwards; and 3) benign credit costs on the back of sustained recoveries from the written-off pool.
- We expect PNBHF to deliver a CAGR of 19% each in loans/PAT over FY25-27E and ~2.5%/14% RoA/RoE in FY27. **Reiterate BUY with a TP of INR1,230 (based on 1.5x Mar'27E BVPS).**

Highlights from the management commentary

- PNBHF plans to expand its affordable housing branch network to 300 branches by FY27, up from 200 branches as of FY25. Management guided that emerging and affordable housing in the Loan mix will reach ~32-34% by FY26 and ~40% by FY27.
- In the affordable housing segment, the industry-level bounce rate stands at ~15-16%, whereas for PNBHF, it is significantly lower at ~10.5-11%.
- Management guided for NIM to remain stable at 3.6-3.65%, driven by a change in the product mix, decline in the CoB, and better yields from growth in the Corporate segment.

Valuation and view

- PNBHF delivered an all-round healthy performance in 4Q and FY25, driven by robust execution leading to healthy loan growth, asset quality improvement, margin expansion, and strong profitability. We believe the company is well-positioned to maintain this earnings momentum and deliver on its articulated guidance in the coming years.
- The stock trades at 1.2x FY27E P/BV, with a favorable risk-reward profile that could support a re-rating in the valuation multiple as investor confidence grows in the company's consistent execution in retail (across prime, emerging, and affordable segments). **Reiterate BUY with a TP of INR1,230 (based on 1.5x Mar'27E BVPS).** Key risks: a) the inability to drive NIM expansion amid aggressive competition in mortgages and b) subsequent seasoning in the affordable/emerging loan book leading to asset quality deterioration and elevated credit costs.

Quarterly performance (INR M)

	FY24				FY25				FY24	FY25	4QFY25E	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	19,059	67,422	72,737	19,313	-1
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,185	11,579	11,781	42,611	45,514	12,304	-4
Net Interest Income	**6,194**	**6,456**	**5,929**	**6,232**	**6,421**	**6,618**	**6,905**	**7,279**	**24,811**	**27,223**	**7,009**	**4**
YoY Growth (%)	68.1	1.9	-17.3	7.23	3.7	2.5	16.5	16.80	7.8	9.7	12.5	
Other income	408	765	765	1,211	930	994	947	1,309	3,149	4,179	1,234	6
Total Income	**6,602**	**7,221**	**6,694**	**7,443**	**7,352**	**7,612**	**7,852**	**8,587**	**27,960**	**31,402**	**8,242**	**4**
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.4	17.3	15.4	6.3	12.3	10.7	
Operating Expenses	1,530	1,702	1,700	1,778	1,929	2,020	2,057	2,124	6,710	8,130	2,157	-2
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	18.7	21.0	19.4	26.3	21.2	21.3	
Operating Profits	**5,072**	**5,519**	**4,994**	**5,665**	**5,422**	**5,591**	**5,795**	**6,464**	**21,250**	**23,272**	**6,085**	**6**
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	1.3	16.0	14.1	1.2	9.5	7.4	
Provisions	606	448	591	66	-120	-456	-361	-648	1,711	-1,585	-388	67
Profit before Tax	**4,467**	**5,071**	**4,403**	**5,598**	**5,542**	**6,047**	**6,157**	**7,112**	**19,539**	**24,858**	**6,473**	**10**
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,324	1,608	4,459	5,496	1,440	12
Profit after tax	**3,473**	**3,830**	**3,384**	**4,393**	**4,328**	**4,697**	**4,833**	**5,504**	**15,080**	**19,361**	**5,033**	**9**
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.8	25.3	44.2	28.4	14.6	
Key Operating Parameters (%)												
Rep. Yield on loans	10.59	10.58	10.19	10.08	10.03	10.05	10.12	10.03				
Rep. Cost of funds	7.97	7.99	8.07	7.98	7.92	7.84	7.83	7.84				
Spreads	2.62	2.59	2.12	2.10	2.11	2.21	2.29	2.19				
Net Interest Margins	3.86	3.95	3.49	3.65	3.65	3.68	3.70	3.75				
Cost to Income Ratio	23.2	23.6	25.4	23.9	26.2	26.5	26.2	24.7				
Credit Cost	0.40	0.30	0.38	0.04	-0.07	-0.27	-0.20	-0.35				
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	758				
Change YoY (%)	6.2	5.2	7.4	10.3	15.1	14.2	15.4	15.9				
AUM (INR B)	673	674	685	712	725	747	768	804				
Change YoY (%)	4.0	2.6	4.3	6.9	11.0	10.8	12.1	12.8				
Borrowings (Ex Assgn.) (INR B)	527	536	531	551	557	570	599	623				
Change YoY (%)	3.3	2.3	1.2	2.6	8.2	6.5	12.8	13.2				
Loans /Borrowings (%)	114.6	113.6	117.4	118.7	120.2	121.9	120.1	121.6				
Off BS loans/AUM (%)	10.4	9.7	9.1	8.3	10.7	7.0	6.4	5.8				
Debt/Equity (x)	3.8	3.8	3.7	3.7	3.6	3.6	3.7	3.7				
Asset Quality Parameters (%)												
GS 3 (INR Mn)	22,700	10,860	10,790	9,840	9,060	8,650	8,570	8,160				
Gross Stage 3 (% on loans)	3.76	1.78	1.73	1.51	1.35	1.24	1.19	1.08				
NS 3 (INR Mn)	15,430	7,170	7,080	6,160	6,120	5,820	5,720	5,220				
Net Stage 3 (% on loans)	2.59	1.19	1.14	0.95	0.92	0.84	0.80	0.69				
PCR (%)	32.0	34.0	34.4	37.40	32.5	32.7	33.3	36.03				

E: MOFSL Estimates

MRPL

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	MRPL IN
Equity Shares (m)	1753
M.Cap.(INRb)/(USDb)	237.8 / 2.8
52-Week Range (INR)	260 / 99
1, 6, 12 Rel. Per (%)	-3/-6/-54
12M Avg Val (INR M)	858

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	947	801	803
EBITDA	25	53	52
Adj. PAT	1	20	20
Adj. EPS (INR)	0.3	11.4	11.5
EPS Gr. (%)	-98.6	3,840.0	1.2
BV/Sh.(INR)	73.8	82.9	92.1
Ratios			
Net D:E	1.0	0.7	0.5
RoE (%)	0.4	14.5	13.2
RoCE (%)	2.3	10.2	10.1
Payout (%)	-	20.0	20.0
Valuation			
P/E (x)	467.8	11.9	11.7
P/BV (x)	1.8	1.6	1.5
EV/EBITDA (x)	14.6	6.3	6.0
Div. Yield (%)	-	1.7	1.7
FCF Yield (%)	3.9	18.3	14.1

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	88.6	88.6	88.6
DII	1.3	1.7	1.5
FII	1.3	1.4	2.7
Others	8.8	8.4	7.2

FII Includes depository receipts

CMP: INR136 TP: INR105 (-23%) Sell

Earnings to remain weak amid a sluggish refining cycle

- **MRPL's 4QFY25 EBITDA beat our estimates by 34%, as reported GRM came in ~USD1/bbl above our estimates at USD6.2/bbl. Adjusting for inventory gain, core GRM stood at ~USD5.8/bbl. However, PAT was affected by a higher-than-estimated tax rate. Refining throughput was in line with our estimate at 4.6mmt.**
- **Singapore GRM has weakened further in Apr'25TD, averaging USD3/bbl (vs. USD3.2/bbl in 4QFY25). We have a bearish stance on refining over FY26-1HFY28 due to strong ~2.5-3mb/d net refinery capacity additions globally over CY24-26, demand concerns led by rising trade tensions, and possibilities of a global macroeconomic slowdown.**
- **MRPL currently trades at 6.5x 1yr. fwd. EV/EBITDA and 1.7x 1yr. fwd. P/B. We value the stock at 5x FY27E EBITDA of INR51.6b to arrive at our TP of INR105. Reiterate Sell.**

GRMs to remain rangebound at USD6-6.5/bbl; planned shutdown ahead

- In the 4QFY25 earnings call, MRPL's management guided GRMs to remain in the range of USD6.0-6.5 per bbl. Further, while current marketing margins are higher, the company expects INR3/lit net marketing margins for MS and HSD in the long term.
- While MPRL posted the highest-ever refinery throughput of 18.2mmt in FY25, FY26 throughput is likely to be ~17mmt, amid planned refinery shutdowns.

Robust retail outlet expansion; INR10b p.a. capex guided for FY26/27

- During FY25, the company achieved marketing volumes of 230tkl, driven by robust growth in HSD volumes. MRPL targets to achieve 300tkl+ volumes in FY26. Further, while 170+ retail outlets are operational currently, 150+ retail outlets are planned to be added in FY26.
- Management guided a capex of INR10b p.a. during FY26-27. About 50% of the capex shall be spent towards refineries (shutdown capex and replacements). The remaining 50% shall be spent on marketing, power infra, and other projects. The company shall continue to incur capex on value-added products.

FY27 GRM estimate cut to USD6.5/bbl; FY26 throughput moderated

- We have a bearish stance on refining over FY26-1HFY28 due to strong ~2.5-3mb/d net refinery capacity additions globally over CY24-26, demand concerns due to rising trade tensions, and possibilities of a global macroeconomic slowdown. We forecast SG GRM to average USD5/bbl in both FY26 and FY27. Hence, we cut our FY27 GRM assumption to USD6.5/bbl (USD7/bbl earlier). Further, we reduce MRPL's FY26 throughput to 17mmt, accounting for planned maintenance (earlier: 18mmt).
- We believe that our FY26/FY27 GRM assumptions are at the higher end of what the company has delivered historically and provide further downside risk to our EBITDA estimates.

- Following this earnings revision, our revised TP stands at INR105, premised on 5x FY27E EV/EBITDA.
- We believe a strong FCF generation of ~NR76.6b over FY26-27 and a debt reduction will result in a decline in the net debt-to-equity ratio to 0.5x by end-FY27 (vs. 1x on 31 Mar'25).
- However, at 1.7x FY26E P/B (FY26E RoE: 14.5%), we believe valuations for MRPL remain elevated.

Beat on EBITDA and PAT driven by higher-than-estimated GRM

- While MRPL's 4QFY25 refining throughput was in line with our estimates at 4.6mmt, reported GRM came in above our estimates at USD6.2/bbl (our estimate of USD5.3/bbl).
  - The resultant EBITDA stood 34% above our estimate at INR11.2b.
- PAT came in 103% above our estimate at INR3.6b.
  - Profitability was also improved slightly by a forex gain of INR86m. However, the actual tax rate stood above our estimate.
- **In FY25**, net sales grew 5% to INR947b, while EBITDA/PAT stood at INR25b/INR506m (vs. INR78.3b/INR36b in FY24).
- **Other highlights:**
  - The Distillate yield reached a new peak of 81.93%, representing an improvement over the previous high of 78.77% recorded in FY24.
  - The highest-ever production of ATF/Benzene, at 2.72mmt/0.21mmt, was achieved during FY25, along with the record aromatic complex output of Reformate/95RON MS at 1.20mmt (previous best: 0.83mmt).
  - Bitumen train and PFCC wet gas scrubber projects were commissioned during the year.
  - The Devangonthi Marketing Terminal was commissioned, with dispatch of all three products (MS, HSD, and ATF) commencing during the year. Additionally, 66 new retail outlets (ROs) were commissioned, bringing the total to 167 ROs, including three new ROs in Tamil Nadu.

Valuation and view

- The stock is currently trading at an FY26E EV/EBITDA of 6.3x. Additionally, the dividend yield is expected to be a meager 1.7% in FY26 at the current price. Our GRM assumptions of USD6.5 per bbl for both FY26 and FY27 are also at the higher end of what the company has delivered historically.
- We value the stock at 5x FY27E EBITDA of INR51.6b to arrive at our TP of INR105. **We reiterate our Sell rating on the stock, implying a 23% potential downside from the CMP.**

Standalone - Quarterly Earnings Model (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**211.7**	**192.3**	**246.7**	**253.3**	**232.5**	**249.7**	**218.7**	**246.0**	**904.0**	**946.8**	**221.4**	**11%**
YoY Change (%)	-40.4	-21.9	-7.1	-0.1	20.9	29.8	-11.3	-2.9	-16.9	4.7	-12.6	
EBITDA	**20.6**	**22.4**	**11.8**	**23.4**	**6.2**	**-4.3**	**11.9**	**11.2**	**78.3**	**25.0**	**8.4**	**34%**
Margin (%)	11.7	11.7	4.8	9.2	2.7	-1.7	5.5	4.6	8.7	2.6	3.8	
Depreciation	2.9	3.0	3.3	3.3	3.4	3.4	3.3	3.4	12.6	13.5	3.4	
Forex loss	-0.1	1.0	0.2	0.1	0.1	0.4	1.6	-0.1	1.3	2.0	0.0	
Interest	2.7	3.1	2.7	2.6	2.1	2.8	2.6	2.5	11.1	10.1	2.6	
Other Income	0.5	0.7	0.4	0.4	0.4	0.6	0.3	0.4	2.1	1.8	0.3	
PBT before EO expense	**15.6**	**16.1**	**5.9**	**17.7**	**1.0**	**-10.4**	**4.7**	**5.8**	**55.3**	**1.1**	**2.7**	**115%**
PBT	**15.6**	**16.1**	**5.9**	**17.7**	**1.0**	**-10.4**	**4.7**	**5.8**	**55.2**	**1.1**	**2.7**	**115%**
Tax	5.5	5.5	2.0	6.3	0.4	-3.6	1.7	2.2	19.3	0.6	0.9	
Rate (%)	35.0	34.0	34.5	35.6	34.8	34.5	35.2	37.9	34.9	55.3	34.0	
Reported PAT	**10.1**	**10.6**	**3.9**	**11.4**	**0.7**	**-6.8**	**3.0**	**3.6**	**36.0**	**0.5**	**1.8**	**103%**
YoY Change (%)	-62.6	LP	LP	-40.1	-93.8	PL	-21.4	-68.2	36.6	-98.6	-84.3	
Margin (%)	4.8	5.5	1.6	4.5	0.3	-2.7	1.4	1.5	4.0	0.1	0.8	
Key Assumptions												
Refining throughput (mmt)	4.4	3.2	4.4	4.6	4.4	4.6	4.6	4.6	12.2	18.2	4.6	2%
Reported GRM (USD/bbl)	9.8	17.1	5.0	11.4	4.7	0.6	6.2	6.2	11.2	4.4	5.3	17%

Year-end: March (INRm)	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Exchange Rate (USD/INR)	70.0	70.9	74.3	74.5	80.4	82.8	84.6	86.0	86.2
Brent Crude (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	78.6	65.0	65.0
Capacity (mmt)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Throughput (mmt)	16.4	14.2	11.5	14.9	17.2	16.0	18.2	17.0	18.0
Utilization (%)	*110%*	*94%*	*77%*	*99%*	*115%*	*107%*	*121%*	*113%*	*120%*
MRPL's Core GRM (USD/bbl)	4.1	(0.3)	3.0	7.9	9.7	10.8	4.4	6.5	6.5
Singapore	4.9	3.2	0.5	5.0	10.7	6.6	6.5	5.0	5.0
Premium/discount	(0.7)	(3.5)	2.5	2.9	(0.9)	4.2	(2.0)	1.5	1.5
EPS	**2.1**	**(23.6)**	**(4.3)**	**17.0**	**15.0**	**20.5**	**0.3**	**11.4**	**11.5**

Aditya Birla Sun Life AMC

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	ABSLAMC IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	185.3 / 2.2
52-Week Range (INR)	912 / 511
1, 6, 12 Rel. Per (%)	-3/-15/7
12M Avg Val (INR M)	336

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
AAUM	3,754	4,229	4,882
MF Yield (bps)	42.7	41.7	40.7
Rev from Ops	16.8	18.6	20.9
Core PAT	7.1	7.8	8.9
PAT	9.3	10.1	11.5
PAT (bps as AAUM)	25	24	24
Core EPS	24	27	31
EPS	32	35	40
EPS Grw. (%)	19	9	14
BVPS	129	145	160
RoE (%)	27	26	26
Div. Payout (%)	74	57	62
Valuations			
Mcap/AUM (%)	4.9	4.4	3.8
P/E (x)	19.9	18.3	16.0
P/BV (x)	5.0	4.4	4.0
Div. Yield (%)	3.7	3.1	3.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	74.9	74.9	75.3
DII	10.9	11.5	12.1
FII	5.3	5.0	4.4
Others	8.8	8.5	8.2

FII Includes depository receipts

CMP: INR642 TP: INR780 (+21%) Buy

Better-than-expected income leads to beat on PAT

- Aditya Birla Sun Life AMC's (ABSLAMC) 4QFY25 operating revenue grew 17% YoY to ~INR4.3b (in line), leading to a ~0.9bp YoY improvement in yield on management fees to 44.9bp (vs. our est. of 45.4bp). For FY25, revenue grew 25% YoY to INR16.8b.
- Total opex grew 15% YoY to INR1.8b (in line), with a cost-to-income ratio of 43.1% (vs. 44% in 4QFY24). EBITDA came in at INR2.4b (in line), up 19% YoY, with margins at 56.9% (vs 56% in 4QFY24 and our est. 57.6%).
- The better-than-expected other income led to a 12% beat on PAT to INR2.3b, up 10% YoY/2% QoQ. For FY25, PAT grew 19% YoY to INR9.3b.
- Market volatility led to a temporary dip in SIP flows. However, management remains confident that SIP momentum will recover as fund performance continues to improve (85% of funds are meeting the benchmarks).
- We have kept our estimates largely unchanged. **Reiterate a BUY rating with a TP of INR780, based on 25x Mar'27E core EPS.**

AUM growth remains flat QoQ; equity mix declines YoY

- Total MF QAAUM grew 15% YoY/flat QoQ to INR3.82t, led by 9%/13%/18%/16%/13% YoY growth in Equity/Debt/ETF/ Hybrid funds/Index. Equity QAAUM contributed 35% to the mix in 4QFY25 vs. 37% in 4QFY24.
- The alternate and offshore business is gaining traction, with AUM growing 16% YoY to INR153b in 4QFY25. PMS/AIF AUM grew 268% YoY to INR113b, driven by the inclusion of ESIC AUM from 4QFY25, while offshore AUM grew 14% YoY to INR121b. Several fundraising events are currently underway across the AIF/PMS, offshore, and real estate segments.
- SIP flows increased 5% YoY to INR13.2b. However, they declined 5% QoQ, mainly due to a 19% QoQ decline in SIP registrations to 543k in 4QFY25. About 95%/89% of total SIPs have a tenure of over 5/10 years.
- The distribution mix remained stable in overall AUM. The direct channel continued to dominate the mix with a 43% share, followed by MFDs (32%), national distributors (17%), and banks (8%). However, in equity AUM, MFDs contributed 54% to the distribution mix.
- Opex as a % of QAAUM remained flat YoY at 19.4bp in 4QFY25 (in line with estimates). Employee costs grew 17% YoY to INR988m (6% more than the estimate), while other expenses grew 11% YoY to INR739m (6% lower than the estimate).
- Other income improved 87% sequentially to INR720m, mainly due to benefits from rate cuts leading to an improvement in the MTM of debt funds.

Key takeaways from the management commentary

- Inflows into equity funds strengthened, driven by improved investment performance and a focused on-ground sales push. During the quarter, the company also organized an exclusive event to deepen relationships with key distribution partners.
- For 4QFY25, yields for Equity/Debt/Liquid stood at 68-69bp/24-25bp/12-13bp. For PMS/AIF, they stood at 1%+, for Offshore (GIFT City) at 1%+, and for other Offshore (except GIFT City) at 30-40bp.
- Management plans to add 30 new emerging locations in FY26 to the existing 89. ESOP costs for the quarter stood at INR13m. For next year, no material ESOP costs are expected as most of the costs have been absorbed.

Valuation and view

- Market share across segments is expected to improve with an improving fund performance (~85% of funds are beating benchmarks). The expansion of the alternate and offshore business, strong fund performance, market share improvement, and re-bounce in SIP flows will be beneficial for the company's profitability.
- We have kept our estimates largely unchanged. **Reiterate a BUY rating with a TP of INR780, based on 25x Mar'27E core EPS.**

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	4QFY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Revenue from Operations	**3,112**	**3,350**	**3,415**	**3,656**	**3,866**	**4,242**	**4,451**	**4,288**	**13,532**	**16,848**	**4,357**	**-2**	**17.3**	**(3.7)**
Change YoY (%)	2.2	7.7	8.7	23.1	24.3	26.6	30.4	17.3	10.3	24.5	19.2			
Fees & Commission	82	82	87	99	105	121	124	122	351	471	131.3	-7.4	22.6	(1.9)
Employee Expenses	774	798	794	842	892	894	877	988	3,208	3,652	929	6.4	17.4	12.7
Other expenses	557	550	591	666	667	723	707	739	2,364	2,836	787	-6.1	11.0	4.6
Total Operating Expenses	1,412	1,431	1,472	1,607	1,664	1,738	1,708	1,849	5,922	6,958	1,848	0	15.1	8.3
Change YoY (%)	15	11	12	16	18	21	16	15	13.5	17.5	15.0			
EBITDA	**1,700**	**1,919**	**1,943**	**2,049**	**2,203**	**2,504**	**2,743**	**2,439**	**7,610**	**9,890**	**2,509.6**	**-3**	**19.1**	**(11.1)**
EBITDA margin (%)	54.6	57.3	56.9	56.0	57.0	59.0	61.6	56.9	56.2	58.7	57.6	-72 bp	84 bp	-475 bp
Other Income	**778**	**557**	**795**	**745**	**948**	**958**	**384**	**720**	**2,874**	**3,010**	**346**	**108**	**(3.3)**	**87.2**
Depreciation/Reversal	66	92	88	101	91	98	111	98	346	398	115	-15	(3.0)	(12.5)
Finance Cost	8	17	15	17	14	14	17	11	56	57	18	-37	(34.9)	(36.0)
PBT	**2,403**	**2,368**	**2,635**	**2,676**	**3,045**	**3,351**	**2,999**	**3,050**	**10,082**	**12,445**	**2,724**	**12**	**14.0**	**1.7**
Tax Provisions	557	587	542	592	688	928	754	770	2,278	3,139	684	12	30.0	2.0
Net Profit	**1,846**	**1,781**	**2,093**	**2,084**	**2,357**	**2,423**	**2,245**	**2,281**	**7,804**	**9,306**	**2,040**	**12**	**9.5**	**1.6**
Change YoY (%)	79.4	-7.1	25.9	53.7	27.7	36.1	7.2	9.5	30.8	19.2	-2.1			
Core PAT	**1,249**	**1,362**	**1,462**	**1,504**	**1,623**	**1,730**	**1,957**	**1,743**	**5,579**	**7,055**	**1,780**	**-2**	**15.9**	**(11.0)**
Change YoY (%)	-0.4	2.5	12.8	34.9	30.0	27.0	33.9	15.9	11.4	26.5	18.4			

India Cements

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	90 / 1.1
52-Week Range (INR)	386 / 173
1, 6, 12 Rel. Per (%)	1/-19/19
12M Avg Val (INR M)	1321

Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	40.9	46.6	51.0
EBITDA	-3.8	2.9	5.4
Adj. PAT	-7.4	-1.2	0.9
EBITDA Margin (%)	-9.4	6.3	10.6
Adj. EPS (INR)	-24.0	-3.9	3.0
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	310.5	306.7	309.6
Ratios			
Net D:E	0.1	0.1	0.1
RoE (%)	-9.9	-1.3	1.0
RoCE (%)	-5.1	0.1	2.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	n/m	-75.0	98.2
P/BV (x)	0.9	0.9	0.9
EV/EBITDA(x)	n/m	35.1	19.1
EV/ton (USD)	80	82	82
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	81.5	55.5	28.4
DII	3.7	6.7	8.5
FII	4.9	14.5	13.3
Others	9.9	23.3	49.8

FII Includes depository receipts

CMP: INR290 TP: INR240 (-17%) Sell

Strong volume growth; profitability targets set for FY26-28

- India Cements (ICEM), following the recent change in management (the first quarter after UTCEM took control), has reported an improved performance in 4QFY25. It has reported an EBITDA of INR5m (vs. an estimate of an operating loss of INR1.2b) in 4QFY25. Sales volume grew ~8% YoY to 2.6mt (~12 above our est.). Net loss stood at INR736m (estimated loss of INR1.1b) vs. a loss of INR435m in 4QFY25.
- The company's capacity utilization stood at ~73% in 4QFY25 vs. ~61%/59% in 4QFY24/3QFY25. ICEM achieved an EBITDA break-even in the first quarter after the takeover. UTCEM's management has indicated that with the price improvement in the south region in Apr'25, ICEM's performance will further improve. It aims to achieve an EBITDA/t of INR500/INR700/INR1,000+ by FY26E/FY27E/FY28E.
- We broadly retain our EBITDA estimates for FY26/FY27. We value ICEM at an EV/t of USD70 to arrive at our TP of INR240. **Maintain Sell.**

Volume up ~8% YoY, realization down 11% YoY (up 5% QoQ)

- ICEM's revenue declined ~4% YoY to INR12.0b in 4QFY25 (~18% beat). Sales volume increased ~8% YoY (up ~27% QoQ; +12% vs. est.) to 2.6mt. Blended realization/t declined ~11% YoY to INR4,535 (up 5% QoQ; +6% vs. estimate).
- Variable cost/other expenses/freight cost per ton declined 6%/8%/11% YoY. Employee cost declined 16% YoY. Opex/t declined ~8% YoY to INR4,533 (~6% below our estimate). Finance costs declined ~25% YoY. It reported a net loss of INR736m vs. a net loss of INR435m in 4QFY24.
- **In FY25,** ICEM's revenue declined ~17% YoY to INR40.9b. Operating loss stood at INR3.8b vs. EBITDA of INR1.1b in FY24. Net loss stood at INR7.4b vs. a net loss of INR2.3b in FY24. Volume/realization declined 5%/13% YoY. OCF stood at INR602m vs. INR3.1b in FY24. The sale of assets stood at INR4.5b vs. capex of INR893m in FY24. FCF stood at INR5.1b vs. INR2.2b in FY24.

Highlights from UTCEM's management commentary

- Sales volume stood at 2.64mt and ICEM achieved 1mt+ in volume in Mar'25. After achieving an operating profit in 4QFY25, the target is to achieve an EBITDA/t of INR500/INR700/INR1,000+ by FY26W/FY27E/FY28E. Improvement in capacity utilization, logistics costs, overhead optimization, and cement prices would lead to profitability improvement for the company.
- Capex planned for ICEM is INR15b, out of which INR10b will be for WHRS (21.8MW) and efficiency improvement in FY26E/27E. The payback period for this capex will be three years, and benefits would start accruing from 4QFY27. Brownfield opportunities for expansion have been identified for ICEM, and the timing will be decided based on market demand.
- UTCEM will enter into tolling arrangements with the company first and then rebrand its products to UTCEM by FY27-end. However, UTCEM's holding in the company needs to be brought down to 75% to meet the regulatory requirements.

Valuation and view

- ICEM's operating performance has improved sequentially, led by strong volume growth, improvement in realization, and cost structure. It has shown improvement in working capital led by a reduction in loans and advances given to related parties and others. The company's net debt declined to INR10.8b in FY25 (net debt stood at INR8.9b as of Dec'24) from INR25.9b in FY24. The company utilized proceeds from the sale of fixed assets, divestment in a few associate companies, and recoveries from loans and advances to repay debt.
- We estimate the company's revenue CAGR at ~12% over FY25-27, fueled by a volume/realization CAGR of ~7%/5%. We estimate ICEM to achieve an EBITDA/t of INR310/520 in FY26/27. We value ICEM at an EV/t of USD70 to arrive at our TP of INR240. **Maintain Sell.**

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales Volumes (mt)	2.7	2.4	2.0	2.4	2.0	2.3	2.1	2.6	9.5	9.0	2.4	12
Change (YoY %)	(0.2)	5.1	(9.0)	(12.5)	(26.4)	(2.9)	5.0	8.4	(4.4)	(5.0)	(3.4)	
Realization (INR/ton)	**5,225**	**5,157**	**5,450**	**5,112**	**4,954**	**4,416**	**4,333**	**4,535**	**5,226**	**4,549**	**4,295**	6
Change (YoY %)	(3.5)	(7.4)	(2.5)	(2.5)	(5.2)	(14.4)	(20.5)	(11.3)	(3.9)	(13.0)	(16.0)	
Change (QoQ %)	(0.4)	(1.3)	5.7	(6.2)	(3.1)	(10.9)	(1.9)	4.6			(0.9)	
Net Sales	**13.9**	**12.2**	**10.8**	**12.5**	**9.7**	**10.2**	**9.0**	**12.0**	**49.4**	**40.9**	**10.1**	18
Change (YoY %)	(3.7)	(2.6)	(11.3)	(14.7)	(30.3)	(16.8)	(16.5)	(3.9)	(8.1)	(17.3)	(18.8)	
EBITDA	**0.1**	**0.1**	**0.5**	**0.5**	**(0.3)**	**(1.6)**	**(1.9)**	**0.0**	**1.1**	**(3.8)**	**(1.2)**	(100)
Change (YoY %)	(83.7)	NM	NM	NM	NM	NM	NM	NM	NM	NM	**NM**	
Margin (%)	0.4	0.7	4.5	3.8	(3.2)	(16.1)	(20.9)	0.0	2.2	(9.4)	(12.1)	
Depreciation	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.7	2.2	2.4	0.5	37
Interest	0.6	0.6	0.6	0.6	0.8	0.7	0.7	0.5	2.4	2.8	0.2	92
Other Income	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.5	0.5	0.1	92
PBT before EO expense	**(1.0)**	**(1.0)**	**(0.5)**	**(0.5)**	**(1.6)**	**(2.8)**	**(3.1)**	**(1.0)**	**(3.0)**	**(8.5)**	**(1.9)**	**(48)**
Extra-Ord. expense	-	-	(0.3)	(0.2)	(2.4)	(0.1)	1.9	0.0	(0.4)	(0.5)	-	
PBT	**(1.0)**	**(1.0)**	**(0.2)**	**(0.3)**	**0.8**	**(2.7)**	**(5.0)**	**(1.0)**	**(2.5)**	**(7.9)**	**(1.9)**	(46)
Tax	(0.2)	(0.2)	(0.1)	(0.0)	0.0	(0.3)	(0.7)	(0.3)	(0.5)	(1.3)	(0.8)	
Rate (%)	23.9	17.6	31.3	10.9	1.7	12.6	13.7	25.2	20.5	16.0	40.7	
Reported PAT	**(0.8)**	**(0.8)**	**(0.2)**	**(0.3)**	**0.8**	**(2.4)**	**(4.3)**	**(0.8)**	**(2.0)**	**(6.7)**	**(1.1)**	(32)
Tax	-	-	-	-	-	-	-	-	-	-	-	
Adj. PAT	**(0.8)**	**(0.8)**	**(0.3)**	**(0.4)**	**(1.6)**	**(2.5)**	**(2.6)**	**(0.7)**	**(2.3)**	**(7.4)**	**(1.1)**	(34)
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(5.4)	(6.7)	(3.2)	(3.5)	(16.4)	(24.2)	(29.3)	(6.2)	(4.7)	(18.2)	(11.1)	
Per tonne analysis												**(INR/t)**
RM Cost	1,068	918	989	930	951	982	1,052	860	978	955	969	(11)
Employee Expenses	345	416	434	402	534	410	418	339	396	418	408	(17)
Power, Oil, and Fuel	2,046	1,942	1,863	1,891	1,826	1,843	1,916	1,801	1,942	1,844	1,798	0
Freight cost	1,104	1,054	1,085	1,034	1,067	1,060	1,041	922	1,070	1,017	1,047	(12)
Other Expenses	643	793	832	663	735	834	810	612	725	741	591	4
Total Expense	**5,206**	**5,122**	**5,203**	**4,920**	**5,112**	**5,128**	**5,237**	**4,533**	**5,111**	**4,975**	**4,813**	(6)
EBITDA	**19**	**34**	**247**	**192**	**(158)**	**(712)**	**(904)**	**2**	**115**	**-426**	**(518)**	(100)
YoY (%)	(83.6)	NM	NM	NM	NM	NM	NM	(99.0)	NM	(469.5)	(369.2)	

Mahindra Lifespaces

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	MAHLIFE IN
Equity Shares (m)	155
M.Cap.(INRb)/(USDb)	51.9 / 0.6
52-Week Range (INR)	672 / 276
1, 6, 12 Rel. Per (%)	8/-32/-58
12M Avg Val (INR M)	160

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	3.7	4.9	8.2
EBITDA	-1.7	-0.9	-0.1
EBITDA (%)	NM	NM	NM
Net profit	0.6	0.5	2.6
EPS (INR)	4.0	3.3	16.9
EPS Growth (%)	-37.7	-17.0	414.8
BV/Share (INR)	122.3	122.7	136.8
Ratios			
Net D/E	0.6	0.3	0.1
RoE (%)	3.3	2.7	13.0
RoCE (%)	-3.4	-3.1	-0.2
Payout (%)	70.6	85.1	16.5
Valuations			
P/E (x)	84.5	101.9	19.8
P/BV (x)	2.7	2.7	2.4
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.8	0.8	0.8

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.1	51.2	51.2
DII	20.1	20.7	22.3
FII	9.6	10.0	9.1
Others	19.2	18.2	17.5

CMP: INR334 TP: INR382 (+14%) Neutral

Pre-sales beat; stable launch pipeline to drive growth

Healthy collections; net D/E declines

- **Pre-sales:** MLDL achieved bookings of INR10.5b in 4QFY25, down 3% YoY and up 3x QoQ (53% above estimates). FY25 bookings stood at INR28b, up 20% YoY (15% beat). This growth was driven by strong bookings of ~INR21b in 1QFY25 and 4QFY25 combined, following the successful launches of Vista Ph2, IvyLush, Zen, and Green Estates. The company aims to achieve its pre-sales target of ~INR95b by FY30.
- 4Q sales volume stood at 1.0msf, up 21% YoY and 2x QoQ (80% above estimate). For FY25, sales volume rose 28% YoY to 3.2msf (17% above estimate).
- Blended realization in 4QFY25 was down 20% YoY and up 38% QoQ at ~INR8,818 psf.
- **Collections:** The company achieved quarterly collections of INR4.7b, up 13% YoY/ 27% QoQ, and spent INR1.8b on construction. The net debt-to-equity ratio stood at 0.39x (vs. 0.5x in 3QFY25). The cost of debt was at 8.8%.
- In 4QFY25, MLDL added a project with a GDV of INR36.5b (Bengaluru – INR10b and MMR – INR26.5b). Additionally, the company plans to add projects with a GDV of ~INR59b to achieve its cumulative BD target of INR450b.
- The company launched 0.9msf in 4QFY25, bringing the total FY25 launches to 2.26msf. In FY25, 65% of sales came from new launches, while 35% were from sustenance. In the near term, launches are expected to remain strong, with a pipeline of ~17msf across new and existing projects.
- **IC&IC segment:** In the IC&IC segment, the company leased 85.1 acres, generating revenue of INR4.9b.
- The company has recommended a final dividend of INR2.8 per share on equity shares of INR10 each for FY25.
- **P&L performance:** In 4QFY25, MLDL's revenue stood at INR92m, down 35% YoY (75% below estimate). The company reported an operating loss of INR552m vs. a loss of INR541m in 4QFY24. PAT was up 19% YoY at INR851m due to a 15% YoY increase in other income and a considerably higher share of profit coming from JV & associates.
- For FY25, revenue grew 76% YoY to INR3.7b (7% below estimate). EBITDA loss stood at INR1.7b, flat compared to YoY, while PAT declined 38% YoY to INR613m (28% below estimate).

Key highlights from the management commentary

- MLDL is focusing on market consolidation by temporarily pulling back from NCR to strengthen its position in MMR, Pune, and Bengaluru. It is emphasizing high-impact projects like Bhandup and prioritizing land acquisitions and redevelopment opportunities.

- The company is expanding its capacity in line with project timelines, effectively managing channel partners across retail, institutional, and broader India models, while excelling in distribution and execution.
- Recent launches include Project Vista Phase 2, Project Ivy Lush, and Zen 2, with upcoming projects like Citadel, Project Navy, and Bhandup Phase 1 scheduled for future release.
- MLDL has signed projects worth INR48b from Jan-Apr’25 and has acquired INR390b of its INR450b GDV expansion target, with continued focus on Pune and Bangalore.
- The company is experiencing a significant shift toward premium residential sales, with premium projects expected to drive 97% of sales value by FY30, while affordable housing is being phased out.
- MLDL has approved a rights issue to raise INR15b for long-term debt repayment and funding future acquisitions, positioning itself for further growth with a projected net worth of INR34b post-issue.
- MLDL’s project-level IRR grew from 3% in FY18 to an average of 26% by FY24 across five projects worth INR50b. Currently, the company generates a ~16% IRR at the portfolio level.

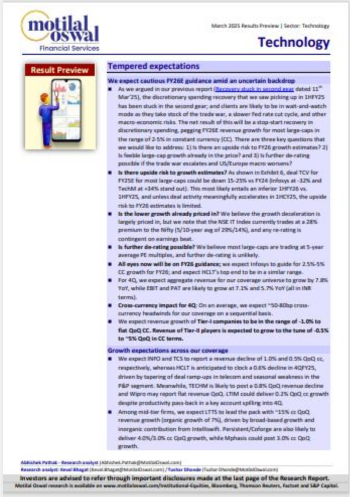
Valuation and view

- MLDL posted strong booking growth and is well-positioned to improve this momentum, given the healthy project pipeline across its key markets.
- We value the Residential business on a DCF basis, with a WACC of ~14% translating into INR44b.
- We reiterate our **NEUTRAL** rating on the stock with a revised TP of INR382, a 14% upside.

Quarterly performance (INRm)

Y/E March	FY24				FY25E				FY24	FY25	FY25E 4Q Est.	4QE Var (%/bp)	FY25 Est.	FY25E Var (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Income from Operations	**980**	**178**	**820**	**143**	**1,881**	**76**	**1,673**	**92**	**2,121**	**3,723**	**369**	**-75**	**3,999**	**-7**
YoY Change (%)	3.7	-74.5	-56.1	-94.4	91.9	-57.2	104.0	-35.3	-65.0	75.5	158.1		88.6	
Total Expenditure	1,412	527	1,210	684	2,297	554	1,927	644	3,832	5,422	1,023		5,800	
EBITDA	**-431**	**-349**	**-390**	**-541**	**-416**	**-478**	**-254**	**-552**	**-1,711**	**-1,699**	**-654**	**N/A**	**-1,801**	**N/A**
Margins (%)	-44.0	-196.5	-47.6	-378.6	-22.1	-627.5	-15.2	-597.2	-80.7	-45.6	-177.3		-45.0	
Depreciation	30	31	38	38	43	40	40	55	137	178	37		160	
Interest	42	2	3	26	60	70	42	21	74	194	116		288	
Other Income	120	79	68	403	186	84	185	462	670	916	146		600	
PBT before EO expense	**-383**	**-303**	**-364**	**-202**	**-334**	**-504**	**-151**	**-166**	**-1,252**	**-1,155**	**-661**	**N/A**	**-1,650**	**N/A**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0		0	
PBT	**-383**	**-303**	**-364**	**-202**	**-334**	**-504**	**-151**	**-166**	**-1,252**	**-1,155**	**-661**	**N/A**	**-1,650**	**N/A**
Tax	-94	-108	-109	-129	-97	0	173	15	-440	92	-489		-412	
Rate (%)	24.4	35.7	30.1	63.8	28.9	0.0	-114.6	-8.9	35.2	-7.9	74.0		25.0	
Minority Interest & Profit/Loss of Asso. Cos.	247	6	754	788	365	364	99	1,032	1,794	1,859	1,256		2,084	
Reported PAT	**-43**	**-189**	**500**	**715**	**127**	**-141**	**-225**	**851**	**982**	**613**	**1,085**	**-22**	**847**	**-28**
Adj PAT	**-43**	**-189**	**500**	**715**	**127**	**-141**	**-225**	**851**	**982**	**613**	**1,085**	**-22**	**847**	**-28**
YoY Change (%)	NM	NM	NM	NM	NM	NM	NM	19.0	NM	-37.6	51.8		-13.8	
Margins (%)	-4.4	-106.5	61.0	500.2	6.8	-184.6	-13.4	920.8	46.3	16.5	294.2		21.2	
Operational Performance														
Area sold (msf)	0.4	0.7	0.5	0.9	1.2	0.5	0.5	1.0	**2.5**	**3.2**	0.6	**80**	2.7	**17**
Booking value (INR b)	3.5	4.6	4.4	10.9	10.2	4.0	3.3	10.5	**23**	**28**	6.9	**53**	24.4	**15**
Avg Realization (INR)	8214	6691	8358	12776	8718	7491	7422	10223	**9,391**	**8,818**	12043	**-15**	8965	**-2**

Technology


Technology

Result Preview

Tempered expectations

What lies ahead for Indian IT: The good, the bad, and the unlikely

Of the 11 companies that have reported so far, 7 have missed revenue estimates; margin performance has been relatively decent, with ~70% of the companies beating or meeting expectations. That said, we have seen earnings cuts of 3-4% across our coverage universe, and in the meantime, the NSE IT index has still rallied ~9% since TCS kicked off the results season. Two things have possibly driven this: 1) earnings downgrades have been milder than feared, and 2) management commentary has remained broadly positive, particularly around near-term demand stability – especially in 1QFY26. We, however, believe that tariff risks have not fully been absorbed, and even if the tariff problem goes away, the sector is back to the base problem of a slower growth pick-up (refer to our report dated 11th Mar'25 - Recovery stuck in second gear).

As we look ahead, we outline three potential scenarios for the sector in the near term and highlight our preferred picks based on earnings resilience, relative valuations, and growth visibility into FY26.

Scenario 1 (normalized 1Q; US escapes recession; trade war de-escalates):

- This appears to be the base case implied by most earnings commentaries in 4QFY25: TCS was confident that trade war-related uncertainties will abate post 1Q, whereas Infosys expects normal seasonality in 1Q, implying a strong QoQ growth (refer to the details for 1Q comments in Exhibit 1).
- **We believe the market is currently pricing in this scenario, and there is a risk that the commentaries may have slightly over-committed on the current uncertainties easing.**
- Further, we believe the sector is fairly priced for a 4-6% earnings growth – as depicted in Exhibit 5, between 2015 and 2018, the sector went through a period of apathy where nothing major, good or bad, happened, and we see the sector underperforming the broader market if we witness a repeat of this phase.
- While the NSE IT now trades at only a 17% premium to the Nifty 50 (vs. a five-year average of 29%), it traded at an average discount of ~1% during 2015-18, as earnings growth remained depressed.

Scenario 2 (trade war escalates; US recessionary fears rise; client deferrals):

- In this scenario, the trade war escalates, US recessionary fears rise, and clients start deferring projects, leading to unanticipated revenue loss.
- The lower end of Infosys/HCLT guidance does bake this in. Considering most large caps within our coverage universe are now expected to grow between 0% and 4%, this scenario could see earnings estimates dip further.
- In such a scenario, a further correction over the next 2-3 quarters cannot be ruled out.

Scenario 3 (genAI implementation-led revenue push and major earnings upgrades):

- Scenarios 1 and 2 do not offer meaningful upside: scenario 1 could see some consolidation at current levels, whereas scenario 2 could see some correction. We look at what needs to happen for the sector to receive a major earnings push.
- A massive economic shock has in the past catapulted growth in the sector (view our report dated 4th Apr'25: Liberation Day and Indian IT: Breaking point or turning point?)
- However, we do acknowledge that such a revenue push seems a bit far-fetched for the sector at the current stage, and a sector-wide earnings upgrade cycle is not the most likely outcome as things stand.

How to play the sector: Positioning over predictability

- We prioritize correct positioning over predictability, favoring bottom-up transformation and margin-driven stories over top-down discretionary names.
- Among Tier-I players, we prefer **TECHM**, driven by early signs of transformation under new leadership and improving execution in BFSI. Margin expectations are now more reasonable, and niche offerings are resonating well. We believe TechM's transformation remains relatively decoupled from discretionary spending. With further scope for telecom recovery and operational efficiency, we see room for sustained margin improvement going forward. **We continue to like HCLT for its all-weather portfolio** and believe TCS offers a decent risk-reward balance.
- The previous downcycle showed that mid-tier firms can thrive in cost-focused environments. Coforge's recent deal with Sabre is a strong indicator that mid-tiers now have both the scale and the solution maturity to win cost-saving deals. Our bet is on mid-tier companies with strength in BPO, data, RPA, and GenAI acceleration—with **Coforge and Persistent emerging as early winners.**

Expert Speak

Expert Series 2: Key Takeaways

We hosted an expert session with Captain Vishal Kanwar on "Growth Potential of Aerospace Defense in India." Captain Kanwar is a Managing Director at PwC Advisory India. He has over 30 years of professional experience in military and corporate. He commanded two warships and the Mauritius Coast Guard. At PwC, he heads the company's Aerospace, Defense, and Space practice in India for the last five years, dedicated to serving institutional and commercial stakeholders in these sectors. His role focuses on growth strategy, market entry and business transformation projects. He spoke about the scope of defense spending in India, the positioning of the Indian aerospace segment, and how the aerospace manufacturing ecosystem is gradually developing in India. With a large potential available in domestic as well as export markets for defense aerospace, the domestic defense sector has a huge scope of growth over the long term. In the near to medium term, the government will have to take a balanced call on domestic manufacturing of bigger platforms and imports.

Capt Vishal Kanwar (Retd)

Captain Kanwar is a Managing Director at PwC India. He graduated from the National Defence Academy (NDA), Pune, and thereafter served in the Indian Navy for more than two decades. He joined PwC in 2018, spearheading Aerospace & Defense team. Before joining PwC, he was the Head of ASW Strategy and Operations - Naval Western Region in the Indian Navy.

Key highlights of the discussion

Defense spending in India to grow faster

In view of the changing global geopolitical landscape, many countries have started increasing their defense spending as a percentage of GDP, aiming for levels between 3%-5%. European nations like Germany, Spain, and even Japan are making significant upward adjustments. Similarly, Captain Kanwar stressed that India, which is currently spending about 1.9% of its GDP on defense, must strategically move toward a 4% target to meet its growing national security and technological needs. Given the increased threat perception in the South Asian region and the critical need to modernize its military capabilities, India must allocate more resources to defense to sustain technological superiority over its adversaries and to meet future operational demands.

Positioning of Indian aerospace market

India's aerospace sector is witnessing rapid growth, with major projects led by its top three DPSUs, namely Hindustan Aeronautics (HAL), Bharat Electronics (BHE) and Mazagon Dock Shipbuilders (MDL). HAL is already executing the Tejas Mk1A project and is expected to secure follow-on orders for 97 additional Tejas Mk1A units, along with future orders for Tejas Mk2. However, the timeline for the award of these future contracts will be closely linked to HAL's ability to meet its current delivery schedules. Building strong production capabilities and improving productivity are essential for HAL to maintain its role as the primary aerospace OEM and to foster the development of a vibrant aerospace industry in India. Other private players such as Tata Group, Mahindra Group, Aequs, Dynamatic and Bharat Forge have made a successful foray into aerospace manufacturing by leveraging their past experience and partnering with global OEMs.

Challenges and opportunities in India's aerospace manufacturing

India's aerospace manufacturing ecosystem is still in its early stages compared to the more mature ecosystems in the Army and Navy sectors. Indigenization levels in aerospace remain relatively lower, offering significant opportunities for domestic companies to increase local content across various components. HAL, for instance, has already outsourced critical sections like wings, front fuselage, rear fuselage, avionics, and radars to private players, focusing more on final integration. And, as per the expert, this strategic outsourcing is expected to help HAL scale up even faster. Nevertheless, the expert emphasized that India continues to rely heavily on imported engines, as critical gas turbine technologies have not yet been fully developed domestically, representing a major bottleneck in achieving complete self-reliance.

Marching on the path to be a key defense exporter

India's defense exports have witnessed remarkable growth in recent years, with a nearly 100% CAGR recorded for private companies over the past three years. Exports have primarily included subsystems and modules rather than full platforms, but the momentum is strong and sustainable. With government initiatives like the Defence Production and Export Promotion Policy (DPEPP) and a concerted push for 'Make in India,' India is emerging as a credible exporter of cost-effective and reliable defense equipment. As per the expert, India's defense exports are targeted to reach INR1.5t by 2047, focusing not just on traditional allies but also on the Global South, where Indian systems provide value-for-money alternatives.

Vision for 2047

Captain Kanwar claimed that by 2047, India aims to transform itself into the third-largest defense spender globally, following the US and China. The country aims to raise its defense spending to 4% of GDP, increase the number of defense MSMEs from 16,000 today to about 25,000, and boost defense exports to INR1.5t. As of now, 22% of the capex is going towards modernization of the Indian Armed Forced. Captain Kanwar is of the view that a major shift is expected with higher capex allocation towards the same, moving from the current 22% to 40% by 2047, with a corresponding rise in R&D expenditure from 1% to 10% of the defense budget. India's vision also includes nurturing more indigenous OEMs into the global top 100 list and taking a leadership role in emerging non-kinetic warfare technologies like AI, cyber warfare, and electromagnetic spectrum dominance.

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RESULTS FLASH

29 April 2025

4QFY25 Results Flash | Sector: Real Estate

Oberoi Realty

BSE SENSEX	S&P CNX
80,218	24,329

Conference Call Details

Date: 29th April 2025

Time: 16:00 IST

Dial-in details:

+91-22 6280 1244 /

+91-22 7115 8145

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	52.9	68.5	89.5
EBITDA	31.0	40.8	48.2
EBITDA Margin (%)	58.7	59.5	53.9
PAT	22.3	28.8	35.2
EPS (INR)	61.2	79.2	96.7
EPS Gr. (%)	15.5	29.5	22.1
BV/Sh. (INR)	431.9	503.2	591.9
Ratios			
RoE (%)	15.1	16.9	17.7
RoCE (%)	13.7	15.4	16.4
Payout (%)	13.1	10.1	8.3
Valuations			
P/E (x)	27.1	20.9	17.1
P/BV (x)	3.8	3.3	2.8
EV/EBITDA (x)	20.2	14.9	11.8
Div yld (%)	0.5	0.5	0.5

CMP: INR1,657 — Neutral

Poor operational performance

Office leasing increased

Operational performance

- In 4QFY25, the company achieved pre-sales of INR8.5b, down 52% YoY and ~49% below our estimates due to no residential launches in the quarter.
- FY25 saw pre-sales of INR52.6b, up 31% YoY due to sales coming in from the 3QFY25 launch of Jardin in Thane.
- The company has been appointed as the developer for a redevelopment project at Bandra Reclamation, with a free sale potential of 0.32msf of RERA carpet area.
- Oberoi Realty recently commenced the soft launch of Sky City Mall, located in Borivali East. This marks a significant milestone in the company's retail expansion strategy, with the mall expected to cater to a large catchment area and enhance the overall lifestyle and shopping experience for residents in the region.
- I-Ven Realty Limited entered into an agreement for a private equity investment of ~INR12.5b in exchange for a 21.74% equity stake.
- The company entered into a joint development agreement for ~81.05 acres in Alibaug and successfully concluded the transaction through NCLT for the acquisition of Mulund Asset in 3QFY25.
- **Leasing segment:** Following the Commerz-3 augmentation in 1QFY25, occupancy inched up to 81% from 65%, resulting in revenue growth of 10% QoQ to INR1.2b. This brought the total office revenue to INR1.7b (+7% QoQ), leading to an EBITDA margin of 82%.
- Commerz-I and II occupancy were stable at 96%. However, in 4QFY25, Commerz-III occupancy increased to 81% from 77% in 3QFY25.
- Oberoi Mall continued to deliver healthy performance with a 13% YoY increase in revenue to INR524m. EBITDA from the annuity portfolio stood at INR1.9b, with a blended margin of 85% (reduced by 6% from 3QFY25).
- In 4QFY25, The Westin hotel witnessed a 10% YoY growth in revenue to INR533m, aided by a 19% increase in ARR of INR17,610. Occupancy remained stable at 79%. EBITDA came in at INR235m with a margin of 44%.

Cash flow performance

- Collections declined 29% YoY to INR7.6b (54% below estimates)
- Net debt during the year end was at 0.01x (flat vs. 3QFY25).

P&L highlights

- In 4QFY25, Revenue declined 13% YoY to INR11.5b (6% above estimates). Further, the company reported EBITDA of INR6.1b, down 22% YoY (9% above estimates), and the margin contracted by 6.2% YoY to 54%.
- Consequently, PAT declined 45% YoY to INR4.3b which was in line with our estimates.

- The company declared its 4rd interim dividend for FY24-25 at the rate of INR2/share, i.e. 20% of the face value of equity shares of INR10/share.
- In FY25, Revenue was up 18% YoY to INR52.8b. Further, the company reported EBITDA of INR31.0b, up 29% YoY, and the margin increased by 5% YoY to 59%.
- Consequently, PAT was up 16% YoY to INR22.3b. Reported FY25 top line, operating profit and PAT were all in line with our estimates.

Quarterly performance **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25	FY25E 4Q Est.	4QE Var (%/bp)	FY25 Est.	FY25E Var (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Net Sales	**9,100**	**12,174**	**10,536**	**13,148**	**14,052**	**13,199**	**14,111**	**11,501**	**44,958**	**52,863**	**10,807**	6%	**52,168**	1%
YoY Change (%)	-0.3	76.8	-35.3	36.8	54.4	8.4	33.9	-12.5	7.2	17.6	-17.8		16.0	
Total Expenditure	4,362	5,792	5,443	5,262	5,901	5,061	5,549	5,321	20,859	21,832	5,127		21,638	
EBITDA	**4,737**	**6,382**	**5,094**	**7,886**	**8,151**	**8,138**	**8,561**	**6,181**	**24,099**	**31,030**	**5,680**	9%	**30,530**	2%
Margins (%)	52.1	52.4	48.3	60.0	58.0	61.7	60.7	53.7	53.6	58.7	52.6	118bp	58.5	18bp
Depreciation	113	113	114	135	202	208	233	242	475	885	395		1,037	
Interest	615	565	501	504	589	517	745	801	2,184	2,652	368		2,219	
Other Income	236	264	292	2,438	368	387	492	632	3,230	1,879	57		1,304	
PBT before EO expense	**4,245**	**5,968**	**4,771**	**9,685**	**7,728**	**7,800**	**8,076**	**5,769**	**24,669**	**29,373**	**4,974**		**28,578**	
PBT	**4,245**	**5,968**	**4,771**	**9,685**	**7,728**	**7,800**	**8,076**	**5,769**	**24,669**	**29,373**	**4,974**	16%	**28,578**	3%
Tax	1,046	1,421	1,192	1,833	1,905	1,930	1,919	1,439	5,491	7,194	607		6,361	
Rate (%)	24.6	23.8	25.0	18.9	24.7	24.7	23.8	24.9	22.3	24.5	12.2		22.3	
MI & P/L of Asso. Cos.	17	21	22	28	23	25	27	2	89	76	-52		23	
Reported PAT	3,216	4,568	3,602	7,880	5,845	5,894	6,184	4,332	19,266	22,255	4,316	0%	22,239	0%
Adj PAT	**3,216**	**4,568**	**3,602**	**7,880**	**5,845**	**5,894**	**6,184**	**4,332**	**19,266**	**22,255**	**4,316**	0%	**22,239**	0%
YoY Change (%)	-20.2	43.4	-48.7	64.1	81.7	29.0	71.7	-45.0	1.2	15.5	-45.2		15.4	
Margins (%)	35.3	37.5	34.2	59.9	41.6	44.7	43.8	37.7	42.9	42.1	39.9		42.6	
Operational metrics														
Residential														
Sale Volume (msf)	0.15	0.22	0.26	0.45	0.21	0.28	0.66	0.14	1.1	1.3	0.58	-76%	1.7	-26%
Sale Value (INRm)	4,760	9,650	7,868	17,907	10,519	14,425	19,183	8,533	40,186	52,658	16,587	-49%	60,713	-13%
Collections (INRm)	11,091	11,013	8,915	10,821	10,114	12,112	13,950	7,653	41,840	43,829	16,736	-54%	52,912	-17%
Realization (INR/sft)	32,630	43,700	30,575	40,017	49,903	52,305	29,081	62,135	37,503	41,027	28,572	117%	35,161	17%

Source: MOFSL, Company

Note: The estimates are under review since we will revise them after the earnings call.

KFin Technologies

BSE Sensex	S&P CNX
80,218	24,329

Conference Call Details

Date: 29th April 2025

Time: 11:00 AM IST

Link for the call

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Revenue	11.2	13.3	15.6
EBITDA	5.1	6.4	7.9
PAT	3.6	4.6	5.8
EPS	20.9	26.8	33.8
EPS Grw. (%)	43.5	28.5	25.8
BVPS	71.7	86.5	106.2
RoE (%)	31.5	33.9	35.0
Div. Payout (%)	45.0	60.0	60.0
Valuations			
P/E (x)	52.6	40.9	32.5
P/BV (x)	15.3	12.7	10.3
Div. Yield (%)	0.9	1.5	1.8

CMP: INR1,239 **Neutral**

In-line performance across parameters

- KFin Technologies (KFIN) reported 24% YoY growth in operating revenue to INR2.8b in 4QFY25 (in line), driven by 23%/35%/16% YoY growth in domestic MF solutions/issuer solutions/international solutions. For FY25, revenue grew 30% YoY to ~INR10.9b.
- Total MF AAUM serviced during the quarter grew 26% YoY to INR21.9t. Equity AAUM grew 26% YoY to INR12.7t, accounting for 58% of total MF AAUM and reflecting a market share of 33.1% (33.4% in 4QFY24).
- In the issuer services business, KFIN's main board IPO market share (in terms of issue size) surged 1.7x YoY to 72.9% in 4QFY25. In the international investor solutions business, the number of clients reached 76, taking the total AUM serviced to INR813b. In the alternates and wealth business, its market share stood at 36.8% with AUM of INR1.5t. NPS market share continued to rise to 9.8% in 4QFY25 (8.3% in 4QFY24), with AUM of INR542b.
- Total operating expenses grew 30% YoY to INR1.6b (in line), with employee expenses growing 20% YoY to INR1b (in line) and other expenses increasing by 52% YoY to INR588m (in line). The cost-to-income ratio stood at 57% (54.2% in 4QFY24).
- EBITDA grew 17% YoY to INR1.2b (in line) with EBITDA margin of 43.2% (45.8% in 4QFY24). For FY25, EBITDA grew 31% YoY to INR4.8b, reflecting EBITDA margin of 43.9% (43.8% in FY24).
- KFIN reported a net profit of INR851m, up 14% YoY (in line), in 4QFY25. For FY25, PAT rose 35% YoY to INR3.3b.

Valuation and view

- Structural tailwinds in the MF industry will drive absolute growth in MF revenue. With its unique 'platform-as-a-service' business model that provides comprehensive end-to-end solutions enabled by proprietary technology solutions, KFIN is well positioned to benefit from strong growth across large markets in India and in the world.
- With the recent acquisition investment in Ascent Fund Services, KFIN will be recognized as the first global fund administrator in India with exposure to diversified geographies, leading to AUM expansions. **We have a Neutral rating with a TP of INR1,200 (based on 40x Mar'27E EPS).**
- We will update our estimates after the conference call scheduled for 29th Apr'25.

Quarterly Performance **(INR m)**

Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Revenue from Operations	1,815	2,090	2,187	2,283	2,376	2,805	2,900	2,827	8,375	10,908	2,781	1.6	24%	-3%
Change YoY (%)	7.6	16.0	16.3	24.7	30.9	34.2	32.6	23.8	16.3	30.2	21.8			
Employee expenses	756	760	831	850	958	1,018	1,040	1,017	3,197	4,033	1,044	-2.6	20%	-2%
Operating expenses														
Other Expenses	355	393	377	387	421	522	555	588	1,513	2,085	560	4.9	52%	6%
Total Operating Expenses	1,111	1,153	1,208	1,237	1,379	1,539	1,595	1,604	4,709	6,118	1,604	0.0	30%	1%
Change YoY (%)	4.6	5.7	12.5	24.6	24.1	33.5	32.0	29.7			29.6			
EBITDA	**704**	**937**	**979**	**1,046**	**997**	**1,265**	**1,306**	**1,223**	**3,666**	**4,790**	**1,177**	3.8	17%	-6%
Other Income	53	63	64	66	81	105	91	100	247	377	105	-4.6	52%	10%
Depreciation	124	126	134	146	148	165	164	167	530	645	170	-1.4	15%	2%
Finance Cost	29	32	12	11	12	11	11	13	84	47	12	3.7	16%	12%
PBT	**604**	**842**	**898**	**955**	**918**	**1,195**	**1,221**	**1,142**	**3,298**	**4,476**	**1,100**	3.8	20%	-6%
Change YoY (%)	18.0	41.5	25.5	25.5	52.1	41.9	36.0	19.6	27.7	35.7	15.2			
Tax Provisions	165	223	226	199	237	301	319	292	813	1,150	259	12.5	47%	-9%
Net Profit	**434**	**614**	**668**	**745**	**681**	**893**	**902**	**851**	**2,461**	**3,326**	**841**	1.2	14%	-6%
Change YoY (%)	15.9	28.1	25.2	30.6	56.9	45.5	34.9	14.2	25.7	35.2	12.9			
Key Operating Parameters (%)														
Revenue / AUM (bps)	5.4	5.6	5.6	5.3	5.0	5.2	5.2	5.2	5.5	6.5	5.6	-41bp	-9bp	-2bp
Opex / AUM (bps)	3.3	3.1	3.1	2.9	2.9	2.9	2.9	2.9	3.1	3.7	3.2	-28bp	8bp	8bp
PBT / AUM (bps)	1.8	2.3	2.3	2.2	1.9	2.2	2.2	2.1	2.2	2.7	2.2	-12bp	-11bp	-9bp
PAT / AUM (bps)	1.3	1.7	1.7	1.7	1.4	1.7	1.6	1.6	1.6	2.0	1.7	-13bp	-16bp	-6bp
Cost to Operating Income Ratio	61.2	55.2	55.2	54.2	58.0	54.9	55.0	56.8	56.2	56.1	57.7	-91bp	256bp	177bp
EBITDA Margin	38.8	44.8	44.8	45.8	42.0	45.1	45.0	43.2	43.8	43.9	42.3	91bp	-256bp	-177bp
PBT Margin	33.3	40.3	41.0	41.8	38.6	42.6	42.1	40.4	39.4	41.0	39.6	85bp	-141bp	-169bp
Tax Rate	27.3	26.5	25.2	20.8	25.9	25.2	26.1	25.5	24.7	25.7	23.6	196bp	469bp	-60bp
PAT Margin	23.9	29.4	30.6	32.6	28.7	31.8	31.1	30.1	29.4	30.5	30.2	-14bp	-253bp	-101bp
Opex Mix (%)														
Employee expenses	68.0	65.9	68.8	68.7	69.5	66.1	65.2	63.4	67.9	65.9	65.1	-169bp	-534bp	-184bp
Other Expenses	32.0	34.1	31.2	31.3	30.5	33.9	34.8	36.6	32.1	34.1	34.9	169bp	534bp	184bp

Castrol India

BSE SENSEX	S&P CNX
80,218	24,329

Conference Call Details

Date: 29 Apr'25
Time: 1215 hours IST
Dial-in details:
+91 22 6280 1164
+91 22 7115 8065

CMP: INR209 Buy

Earnings in line; EBITDA margin contracts QoQ

- Castrol's 1QCY25 revenue came in at ~INR14.2b, in line with our est.
- EBITDA was also in line with our est. at INR3b (up 5% YoY).
  - EBITDA margin contracted 55/615bp YoY/QoQ due to a rise in other expenses.
  - Gross margin dipped 423bp QoQ, however, it remained flat YoY.
- PAT was in line at INR2.3b.
- **Other key highlights:**
  - The relaunch of Castrol Activ, supported by a high-visibility campaign featuring Shah Rukh Khan, significantly contributed to volume growth. Additionally, the new range of rust-prevention products (Rustilo DW 800, 806, 809, 812) is gaining traction in the tube industry.
  - The company secured a supply agreement with Triumph for their fully synthetic Castrol POWER1 two-wheeler engine oil.
  - The network expanded nationwide to ~148,000 outlets.
  - Industrial product visibility improved along with a rise in new customer acquisitions; CMS services added a major gearbox manufacturer in 1Q, and IMTEX 2025 generated business leads.
  - The Patalganga plant received the ESG Global Award Gold for excellence in Occupational Health, Safety, Sustainability, and Industrial Hygiene. Castrol EDGE and CRB Turbomax Pragati Ki Paathshaala collectively won 11 EMVIE awards for impact. Two leaders, Rohit Talwar and Chikita Sobti, gained national recognition in marketing and communications.

Further details awaited.

Quarterly Performance (INR m)

Y/E December	CY24				CY25				1QE	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	**13,252**	**13,975**	**12,882**	**13,539**	**14,220**	**14,416**	**12,876**	**13,553**	**13,578**	**5%**	**7%**	**5%**
YoY Change (%)	*2.4*	*4.8*	*8.9*	*7.1*	*7.3*	*3.2*	*0.0*	*0.1*	*2.5*			
EBITDA	**2,937**	**3,224**	**2,861**	**3,759**	**3,074**	**3,396**	**2,945**	**3,409**	**3,151**	**-2%**	**5%**	**-18%**
YoY Change (%)	*-0.4*	*4.1*	*6.5*	*14.2*	*4.6*	*5.3*	*2.9*	*-9.3*	*7.3*			
Margin (%)	*22.2*	*23.1*	*22.2*	*27.8*	*21.6*	*23.6*	*22.9*	*25.1*	*23.2*	*-7%*	*-2%*	*-22%*
Depreciation	237	261	245	254	246	267	251	260	242			
Interest	21	26	20	27	23	27	21	28	22			
Other Income	241	204	209	232	322	209	214	238	248			
PBT	**2,921**	**3,142**	**2,805**	**3,709**	**3,127**	**3,312**	**2,888**	**3,358**	**3,134**	**0%**	**7%**	**-16%**
Tax	758	820	730	995	793	835	728	824	790			
Rate (%)	*26.0*	*26.1*	*26.0*	*26.8*	*25.3*	*25.2*	*25.2*	*24.5*	*25.2*			
Adj. PAT	**2,162**	**2,322**	**2,074**	**2,714**	**2,335**	**2,477**	**2,160**	**2,534**	**2,344**	**0%**	**8%**	**-14%**
YoY Change (%)	*6.8*	*3.1*	*6.7*	*12.2*	*8.0*	*6.7*	*4.1*	*-6.6*	*8.4*			
Margins (%)	16.3	16.6	16.1	20.0	16.4	17.2	16.8	18.7	17.3			

Shriram Finance : Redemption pressure seen in Gold; Y S Chakravarti, MD & CEO

- Excess Liquidity weighing on Margins
- Seeing greenshoots in rural economy and demand
- Next 2 years of focus will be on improvement of bottomline

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- Spreads likely to remain constant in next 4 QTRs
- Credit cost to remain below 1%
- Aims to grow book annually between 25-30%

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- Remain watchful of the microfinance sector
- Opex Growth rate will be t 13% in FY26 VS 16% Growth in FY25
- Toll account and MFI Biz impacted credit cost
- Cost of Deposits will come down in FY26

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- One off of Rs114 cr that Helped EBITDA
- We take price hike if there is any increase in Gas Prices
- SCM Impacted due to disruption in Third QTR
- Long-Term Guidance Remains Around ₹7-8/scm, But For 1-2 Quarters, It Can Be ₹6-7/scm

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- Volume have grown by 40-45% range
- Aims to grow faster than the markets and working on capacity expansion
- Expansion: 5% to 25% market share achieved in Gujarat aims to grow in other non-south Markets
- Servicing: Dealers have successfully created service points and build customer trust

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SELL	< - 10%
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