4 April 2025

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,295	-0.4	-2.4
Nifty-50	23,250	-0.4	-1.7
Nifty-M 100	52,162	0.2	-8.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,397	-4.8	-8.2
Nasdaq	16,551	-6.0	-14.3
FTSE 100	8,475	-1.6	3.7
DAX	21,717	-3.0	9.1
Hang Seng	8,420	-1.3	15.5
Nikkei 225	34,736	-2.8	-12.9
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	72	-6.3	-2.3
Gold ($/OZ)	3,115	-0.6	18.7
Cu (US$/MT)	9,319	-3.5	7.7
Almn (US$/MT)	2,420	-1.8	-4.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.4	-0.1	-0.2
USD/EUR	1.1	1.8	6.7
USD/JPY	146.1	-2.2	-7.1
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	0.02	-0.3
10 Yrs AAA Corp	7.1	0.01	-0.1
Flows (USD b)	**3-Apr**	**MTD**	**CYTD**
FIIs	-0.3	-0.09	-13.7
DIIs	0.03	4.35	22.7
Volumes (INRb)	**3-Apr**	**MTD***	**YTD***
Cash	957	901	1004
F&O	3,73,873	2,33,660	2,00,854

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Financials – NBFCs | 4QFY25 Preview: Strong seasonality missing in the quarter

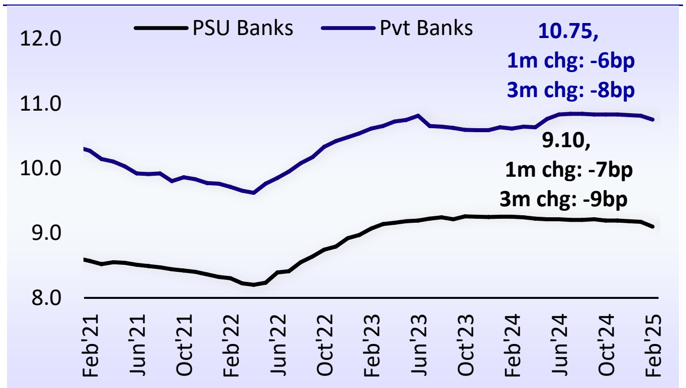
- For the NBFC sector, 4QFY25 is very unlike the typical 4Q of the fiscal year since the strong seasonality is missing in the quarter. The seasonality notwithstanding, collection and demand trend remained rather muted. Asset quality, which usually improves significantly in 4Q, is not clearly there in this quarter.
- Credit costs for vehicle financiers will be significantly higher in this quarter than in 4Q of the previous fiscal years. Earnings are flat YoY for our NBFC coverage universe owing to sticky credit costs and lower NII growth. Excluding NBFC-MFIs, we estimate ~5% YoY growth in PAT for our coverage universe.
- Our preference is for vehicle financiers (primarily to play NIM expansion from repo rate cuts), select affordable HFCs and diversified lenders (which have navigated the unsecured credit cycle and are now looking to grow their unsecured loan book again). Our top picks in the sectors are: SHFL, HomeFirst and PNBHF.

Research covered

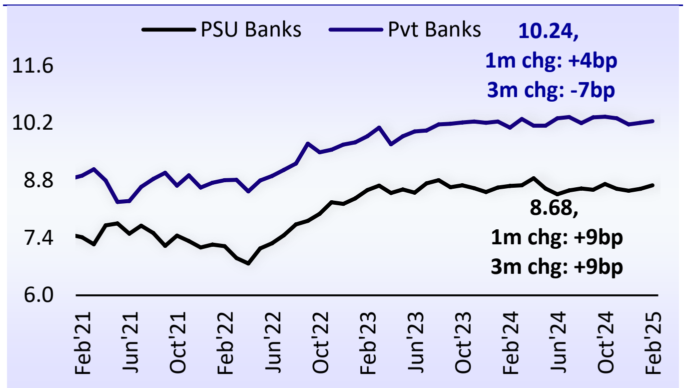
Cos/Sector	Key Highlights
Financials – NBFCs	4QFY25 Preview: Strong seasonality missing in the quarter
Financials	Rate transmission suppresses lending yields; margin bias negative
Prestige Estates	Significant launches to fuel FY26 presales
Aditya Birla Fashion	Prioritizing profitable and organic growth to unlock value
Other Updates	Real Estate | EcoScope - EAI | HDFC Bank | Bajaj Finance | Avenue Supermarts | Bank of Baroda | Marico | IDFC First Bank | AU Small Finance Bank | L&T Finance | Bandhan Bank | RBL Bank

Chart of the Day: Financials (Rate transmission suppresses lending yields; margin bias negative)

WALR on outstanding loans declines in Feb'25, for both PSBs and PVBs



WALR on fresh loans increases MoM for both PVBs and PSBs



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MORNING INDIA

In the news today

Kindly click on textbox for the detailed news link

1

Laurus Labs to invest ₹5,000 crore in new manufacturing plant in Andhra Pradesh

The State government will allot land for the proposed plant in Rambilli village, Anakapalli district

2

NCLAT approves Bharti Telecom's 2018 scheme for capital reduction

The NCLAT has approved Bharti Telecom's 2018 capital reduction scheme, dismissing claims of minority shareholders regarding unfair valuation.

3

SEBI exempts govt from open offer in Vodafone Idea deal

This decision follows the government's plan to acquire a 34 per cent stake in the telecom company by converting spectrum dues into equity, increasing its ownership from 22.6 per cent to nearly 49 per cent.

4

IndusInd had roped in Big Four for treasury review

IndusInd Bank's 2024 review by KPMG and EY highlighted discrepancies in treasury and derivatives accounting.

5

Hitachi Energy-BHEL consortium bags HVDC terminal contract

The contract is for designing and delivering HVDC terminals to transmit renewable energy from Bhadla (Rajasthan) to the industrial and transport hub in Fatehpur (Uttar Pradesh)

6

Sai Life Sciences sets up Peptide Research Center in Hyderabad

'The new Peptide Research Center reflects our commitment to meeting the growing demand for complex peptide synthesis and conjugation,' says Krishna Kanumuri, CEO & Managing Director

7

UltraTech acquires Wonder WallCare for ₹235 cr

Wonder WallCare's plant is one of the largest single-location putty manufacturing sites in India

Financials - NBFCs

Result Preview

Company
Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
CreditAccess Grameen
Five Star Business Finance
Fusion Microfinance
HomeFirst
IIFL Finance
L&T Finance Holdings
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Poonawalla Fincorp
Power finance Corporation
Repco Home Finance
Rural Electrification Corporation
Shriram Finance
Spandana Sphoorty

Strong seasonality missing in the quarter

Seasonality notwithstanding, collection and demand trend remained rather muted

- **Demand momentum remained weak in 4QFY25:** We expect ~9% YoY growth in AUM for our coverage HFCs, including both affordable and large HFCs. Vehicle financers are projected to report ~20% YoY AUM growth. Gold lenders (including non-gold products) are likely to record ~29% YoY growth. NBFC-MFIs are estimated to post a decline of ~15% YoY in AUM, while diversified lenders are expected to deliver ~21% YoY growth in AUM. For our NBFC coverage universe, we estimate loan growth of ~15% YoY/~4% QoQ as of Mar'25. Notwithstanding seasonality, demand trends and loan growth remained flat during the quarter due to calibrated growth in unsecured retail, muted disbursements in microfinance and low mortgage volumes.
- **Lag in transmission of repo rate cut; borrowing costs largely stable QoQ:** CoB for most NBFCs has either been stable or seen a minor decline because of the repricing of EBLR-linked borrowing. However, the transmission through bank MCLR cuts is yet to happen and most NBFCs are of the view that it will happen with a lag of 3-6 months. 4Q NIM for NBFCs would exhibit stability or a minor compression, primarily because of some pressure on yields. We expect NIM to remain stable or see a minor improvement for fixed-rate lenders like vehicle financiers, which will also benefit from any subsequent repo rate cuts over the next 3-6 months. We expect a sequential expansion in NIM for CIFC (from higher yields) and MFIs (from lower interest income reversals).
- **4Q collection trends weaker YoY; MFI CE improved but credit costs still high:** Asset quality remained largely stable or saw a minor improvement, driven by significant collection efforts during the quarter. Asset quality, which usually improves significantly in 4Q, is not clearly there in this quarter. Collection efficiencies for MFIs have improved MoM, and even Karnataka collections saw a sharp recovery in Mar'25 (vs. Feb'25). While credit costs for all MFIs under our coverage will decline sequentially, they still remain high at ~9%-34% in 4QFY25. Asset quality for HFCs (including affordable HFCs) is largely stable with an improvement bias. Power financiers are also expected to report improvement in asset quality, driven by the complete resolution of a stressed asset. Credit costs for vehicle financiers will be significantly higher in this quarter than in 4Q of the previous fiscal years.
- **Earnings flat YoY for our coverage universe owing to sticky credit costs and lower NII growth:** We estimate ~13%/15% YoY growth in NII/PPoP in 4QFY25 for our NBFC coverage universe, though PAT is expected to be flat YoY. Excluding NBFC-MFIs, we estimate ~5% YoY growth in PAT for our coverage universe. We remain underweight in microfinance and would closely monitor any impact on collections from the implementation of MFIN guardrails 2.0 from Apr'25. Our preference is for vehicle financiers (primarily to play NIM expansion from repo rate cuts), select affordable HFCs and diversified lenders (which have navigated the unsecured credit cycle and are now looking to grow their unsecured loan book again). Our top picks in the sectors are: SHFL, HomeFirst and PNBHF.

Demand remains sluggish in mid-ticket mortgages

- Disbursement momentum remained rather sluggish particularly in mid-ticket home loans, while the affordable segment still continues to see reasonably healthy demand. Delays in property registrations due to an issue in e-Khata in Karnataka have improved but not been completely normalized.
- NIMs are expected to remain largely stable for large HFCs, while they are expected to moderate sequentially for affordable HFCs due to an ongoing rise in CoF. Asset quality has not shown any signs of weakness and there is an improvement bias. Credit costs are expected to remain benign for HFCs.
- For LICHF, we expect credit costs at ~25bp (vs. -5bp in 3Q). Margins are likely to remain largely stable QoQ. We expect LICHF to report ~6% YoY growth in loans.
- We forecast HomeFirst to report ~14% YoY growth in disbursements, leading to healthy AUM growth of ~31% YoY. We expect NIM to contract ~10bp QoQ for Aavas and Homefirst due to the ongoing rise in portfolio CoB. Asset quality is also expected to remain stable for HomeFirst, while we estimate a minor improvement for Aavas.
- We estimate PNBHF to deliver ~15% YoY growth in total loan book and ~18% YoY growth in retail loans as of Mar'25. For PNBHF, we expect NIM to contract 5bp QoQ. Asset quality improvement and recoveries from the written-off pool in both Retail/Corporate may result in provision write-backs (like in prior quarters).
- For Five Star, we expect disbursements to grow ~8% YoY, translating into ~23% YoY growth in AUM. NIMs are likely to contract ~55bp sequentially due to higher leverage and a ~200bp cut in lending rates by the company since Nov'24. We expect a minor deterioration in GS3, resulting in credit costs rising to ~80bp (compared to ~70bp in 3QFY25).

Vehicle Finance – Collection trends not suggesting strong seasonality of 4Q

- MMFS reported disbursements of ~INR155b in 4QFY25 (up ~1% YoY), leading to ~16% YoY growth in business assets. We expect credit costs for MMFS to be at ~1.7% in 4QFY25 (vs. 5bp in 3QFY25 aided by provision release). MMFS also reported improvement of ~100bp QoQ in Stage 2+ Stage 3.
- For CIFC and SHTF, we expect sequential growth in disbursements, which should translate into ~26%/18% YoY growth in AUM for CIFC/SHTF as of Mar'25.
- We estimate NIM expansion for vehicle financiers in FY26, driven by a decline in CoB and a fixed-rate vehicle finance book. Asset quality is expected to remain largely stable QoQ (except for some technical write-offs, if any) and has not seen any meaningful improvement, which is generally seen in the seasonally strong 4Q of the fiscal year. As a result, we expect credit costs in Vehicle Finance will be significantly higher than they were in 4Qs of the previous fiscal years.

Gold Finance – Strong growth in gold loans with some NIM compression

- We expect gold loan financiers to deliver healthy gold loan growth and decent tonnage growth in 4QFY25. For MGFL, we expect the standalone entity to deliver ~4% QoQ gold loan growth, but the drag from its MFI and CV businesses would keep consol. loan growth muted during the quarter. We expect ~10% QoQ gold loan growth for MUTH.

- We expect margins for gold financiers to contract by ~15bp during the quarter. Asirvad MFI, subsidiary of MGFL, could exhibit further asset quality deterioration and high credit costs (higher than 3Q).

Microfinance – Credit costs decline sequentially but will remain elevated; collection efficiency improves in Feb-Mar’25

- Disbursements were muted (and lower QoQ) for Fusion and Spandana, while we expect CREDAG disbursements to have accelerated during the quarter. We expect AUM to grow ~4% QoQ and remain flat YoY for CREDAG and decline ~13%/24% QoQ for Fusion/Spandana in 4QFY25.
- Karnataka MFI ordinance had impacted collection efficiency in Feb’25, which recovered in Mar’25 and will likely take another two months to get normalized.
- For this quarter and the next two quarters, a significant proportion of the credit costs will be contributed by write-offs of loans that had slipped over the last 6-9 months. Credit cost is expected to decline sequentially for all three NBFC-MFIs in our coverage universe. However, it will remain elevated in 4Q and 1HFY26. We estimate annualized credit costs of ~9%/~14%/34% for CREDAG/Fusion /Spandana in this quarter.
- While MFIs reported early green shoots and improved collection efficiency in Jan-Mar’25, we expect normalization in the MFI sector only in 2HFY26. Additionally, the impact (if any) on collections from the implementation of MFIN Guardrails 2.0 from Apr’25 will be a critical factor to monitor.

Diversified Financiers: Readying for stronger growth in unsecured personal and business loans; credit costs expected to moderate slightly

- LTFH has reported ~19% YoY/3% QoQ growth in retail loans. Since the company is not growing its wholesale segments (such as real estate and infrastructure), we expect consolidated loan book to grow by ~3% QoQ in 4QFY25. We expect credit costs to decline ~20bp to 2.6% (vs. 2.8% in 3QFY25).
- BAF has reported ~26% YoY/5% QoQ growth in AUM. We estimate a ~5bp QoQ contraction in NIM for BAF with credit costs at ~205bp (vs. 212bp QoQ).
- Poonawalla posted AUM growth of 42% YoY/15% QoQ, with total AUM of INR355b. We expect credit costs to decline 220bp QoQ to 2.5% (vs. 4.7% in 3Q).
- For IIFL Finance, we expect the strong growth in gold loan AUM to sustain and estimate gold loan book to increase to ~INR215b as of Mar’25 (vs. ~INR150b as of Dec’24). While we expect a sequential decline in its MFI AUM, it would still exhibit ~11% QoQ growth in its consolidated AUM. We estimate PAT of INR2.2b in 4Q (vs. INR410m in 3Q).

Power Financiers: Loan growth weaker than earlier expectations; higher standard provisions on certain discoms

- Disbursements for power financiers could be subdued during the quarter (due to slowdown in economic activity), which we expect to result in lower-than-expected loan growth for both REC and PFC. Asset quality is expected to further improve, aided by the complete resolution of KSK Mahanadi.
- During the quarter, NCLT approved the resolution of KSK Mahanadi, which will result in provision write-backs for PFC. REC will also see some provision write-backs in 4Q from the resolution of this stressed exposure, but it had already

taken part of this benefit in 3Q. We also expect higher standard asset provisions on certain discoms, which saw rating downgrades earlier in 4Q.

- For PFC, we expect disbursement growth of ~14% YoY, leading to loan book growth of ~11% YoY. For REC, we expect disbursement growth of ~16% YoY, which could potentially result in loan book growth of ~13% YoY/2% QoQ.

Quarterly performance

Name	CMP (INR)	Rating	NII (INR m) Mar-25	NII Variance YoY (%)	NII Variance QoQ (%)	Operating profit (INR m) Mar -25	Op. Variance YoY (%)	Op. Variance QoQ (%)	Net profit (INR m) Mar -25	NP Variance YoY (%)	NP Variance QoQ (%)
AAVAS Financiers	2,084	Neutral	2,628	10.9	3.7	2,030	11.7	4.4	1,588	11.3	8.5
Bajaj Finance	8,697	Neutral	98,355	22.7	4.8	81,554	27.2	4.5	45,201	18.2	5.0
Can Fin Homes	663	Neutral	3,506	7.0	1.7	2,935	8.0	0.8	2,230	6.7	5.1
Chola. Inv & Fin.	1,468	Buy	31,034	31.8	7.5	21,787	33.8	2.4	12,268	15.9	12.9
CreditAccess	968	Buy	9,085	3.1	5.3	6,786	-0.6	8.9	698	-82.4	LP
Five-Star Business	698	Buy	5,483	18.8	1.6	3,947	18.7	1.6	2,763	17.0	0.9
Fusion Finance	142	Neutral	2,898	-19.8	29.1	1,323	-54.5	104.3	-1,379	PL	Loss
Home First Fin.	988	Buy	1,706	24.7	4.6	1,461	28.8	4.7	1,044	25.0	7.2
IIFL Finance	325	Buy	12,442	-24.4	0.7	8,309	5.3	40.2	2,227	-40.4	-
L&T Finance	151	Buy	22,555	13.5	0.8	14,244	4.6	-3.6	6,371	15.0	1.8
LIC Housing Fin	561	Buy	20,520	-8.3	2.6	17,320	-9.0	-1.0	12,763	17.0	-10.9
M & M Financial	276	Buy	19,730	8.9	3.2	12,806	9.2	4.8	5,725	-7.5	-36.4
Manappuram Finance	232	Neutral	15,882	6.3	-0.2	9,595	2.8	3.1	2,096	-62.8	-24.7
MAS Financial	258	Buy	2,149	27.9	4.5	1,437	27.7	3.9	838	23.1	7.3
Muthoot Finance	2,336	Neutral	29,277	37.1	7.6	21,486	42.3	4.3	15,159	43.5	11.2
PFC	405	Buy	46,350	9.4	-1.3	54,652	16.7	6.0	43,751	5.8	5.3
PNB Housing	875	Buy	7,009	12.5	1.5	6,085	7.4	5.0	5,033	14.6	4.1
Poonawalla Fincorp	349	Buy	6,965	23.8	13.4	4,517	10.3	21.1	1,824	-45.0	-
REC	417	Buy	52,061	16.0	1.4	51,577	16.3	2.7	35,146	-12.5	-12.8
Repco Home Fin	342	Neutral	1,831	12.5	2.7	1,496	16.2	3.6	1,155	6.8	8.4
Shriram Finance	638	Buy	57,847	13.7	3.5	42,802	9.6	4.8	21,619	11.1	3.9
Spandana Sphoorty	245	Buy	2,307	-40.2	-15.8	400	-84.9	-48.9	-4,142	PL	Loss
NBFC			**4,51,620**	**13.5**	**3.3**	**3,68,550**	**14.8**	**4.6**	**2,13,977**	**-0.5**	**4.6**

Financials

Month	SCBs WALR – O/s Loans	SCBs WALR - Fresh Loans	SCBs WATDR
Feb-24	9.81	9.36	6.86
Mar-24	9.83	9.37	6.88
Apr-24	9.81	9.55	6.91
May-24	9.86	9.45	6.92
Jun-24	9.89	9.32	6.91
Jul-24	9.89	9.40	6.92
Aug-24	9.89	9.41	6.93
Sep-24	9.88	9.37	6.95
Oct-24	9.88	9.54	6.96
Nov-24	9.87	9.40	6.98
Dec-24	9.86	9.25	7.00
Jan-25	9.85	9.32	7.02
Feb-25	9.78	9.40	7.02

Month	PSBs WALR – O/s Loans	PSBs WALR - Fresh Loans	PSBs WATDR
Feb-24	9.25	8.66	6.94
Mar-24	9.24	8.68	6.96
Apr-24	9.22	8.85	6.97
May-24	9.21	8.60	6.99
Jun-24	9.21	8.46	7.00
Jul-24	9.20	8.55	7.03
Aug-24	9.20	8.60	7.05
Sep-24	9.21	8.57	7.07
Oct-24	9.19	8.71	7.08
Nov-24	9.19	8.59	7.10
Dec-24	9.18	8.54	7.12
Jan-25	9.17	8.59	7.15
Feb-25	9.10	8.68	7.16

Month	Private Banks WALR - O/s Loans	Private Banks WALR - Fresh Loans	Private Banks WATDR
Feb-24	10.61	10.08	6.82
Mar-24	10.64	10.29	6.83
Apr-24	10.63	10.13	6.88
May-24	10.76	10.13	6.90
Jun-24	10.83	10.31	6.83
Jul-24	10.84	10.34	6.85
Aug-24	10.84	10.19	6.85
Sep-24	10.83	10.33	6.87
Oct-24	10.83	10.35	6.89
Nov-24	10.83	10.31	6.90
Dec-24	10.82	10.16	6.92
Jan-25	10.81	10.20	6.92
Feb-25	10.75	10.24	6.93

Rate transmission suppresses lending yields; margin bias negative

- **Marginal increase in WATDR points to controlled rise in funding costs**
- **The weighted average lending rate (WALR) on fresh loans increased 8bp MoM in Feb'25, following a 7bp increase in Jan'25. Public sector banks (PSBs) reported a 9bp increase MoM (up 5bp MoM in Jan'25), while private banks (PVBs) reported a mild increase of 4bp MoM (up 4bp MoM in Jan'25).**
- **WALR on outstanding loans, however, declined 7bp MoM to 9.78%, with both PSBs and PVBs reporting a 7bp and 6bp MoM decline, respectively.**
- **The weighted average term deposit rate (WATDR) for the system was flat MoM at 7.02%. During Nov'24-Feb'25, WADTDR rose 4bp (6bp for PSBs and 3bp for PVB), indicating intense competition for deposits as demand for credit moderates.**
- **Systemic credit growth continues to grow at a moderate pace at 11.1% YoY as of 7th Mar'25, amid stress in unsecured segments and a high CD ratio. We estimate credit growth for FY26 to sustain at ~12% YoY.**
- **The turn in repo-rate cycle has affected portfolio yields as banks have passed on the benefit of the rate cut to borrowers. The full impact of the same will be visible in subsequent months, which will keep the margin bias negative for the sector over 1HFY26.**
- **Our top picks are ICICI, HDFCB, SBIN, and AUBANK.**

WALR on fresh loans rises in Feb'25; decline in O/S WALR loans indicates NIM compression for banks

- WALR on fresh loans inched up 8bp MoM (up 7bp in Jan'25), with a 9bp increase for PSBs and 4bp for PVBs. During Nov'24-Feb'25, WALR on fresh loans was flat –up 9bp for PSBs and down 7bp for PVBs.
- With a 25bp decline in repo, fresh rupee loans over repo premium stood at 3.99% for PVBs and 2.43% for PSBs. Despite the repo cuts, banks have not seen a decline in fresh rupee loans, while further rate cuts will impact lending rates.
- **WALR on O/S loans declined by 7bp MoM** to 9.78% vs. flat trends in the previous nine months. With more repo cuts around the corner, banks can further see some decline in NIMs in FY26.
- One-year MCLR for most PVBs increased by 10-80bp, with Bandhan Bank reporting a maximum increase of 80bp. For large PVBs, MCLR expansion was range bound at 0-10bp YoY.

WATDR flat MoM for both PSBs and PVBs

- WATDR was flat MoM in Feb'25, with PSBs and PVBs both reporting flat trends. During Nov'24-Feb'25, WATDR rose 4bp: +6bp for PSBs and +3bp for PVBs – indicating intense competition in the industry and high CoF.
- With the RBI injecting liquidity to address the liquidity deficit, the revival of deposits should play an important role in easing the higher funding cost in the system. We estimate that CoF may start to see a downward trend from 2HFY26 onward as the repricing of deposits plays out amid repo cuts.

Credit growth moderates to 11.1% YoY; deposits growth crucial to drive credit growth

- Systemic credit growth has moderated to ~11.1% YoY, impacted by a slowdown in unsecured retail lending, subdued demand in select secured segments, and elevated CD ratios across banks.
- Deposit growth has stayed within a narrow 10-12% range over the past two years, with FY25 YTD deposit growth at 9.9% and credit growth at ~10.3%. Deposits remain crucial for supporting credit expansion as the systemic CD ratio remains high, compelling banks to focus on TD growth despite elevated rates. **We estimate credit growth to sustain at ~12% YoY in FY26.**

CD ratio remains high at 80.5%; select PSBs witness sharp expansion in CD ratios

- Outstanding LDR has reached an all-time high of 80.5%. While PVBs are already at elevated LDR levels, PSBs have also seen an increase over the past 1-2 years, though still lower than private peers.
- The outstanding CD ratio has increased for most banks, with PSBs leading the surge. Indian Bank and Union Bank saw the highest rise at 12% in CD ratio vs FY22 levels, followed by Canara at 10%. PSBs saw a greater increase compared to PVBs. Among PVBs, HDFCB recorded a 10.4% rise due to the merger, while RBL saw an 8.7% increase vs. FY22. Additionally, PSBs maintain a higher LCR than PVBs.

Rate transmission to affect lending yields; NIM bias negative

- The turn in repo-rate cycle has affected portfolio yield as banks passed on the benefit of the rate cut to borrowers. The full impact of the same will be visible in subsequent months, which will keep the margin bias negative for the sector over 1HFY26.
- Furthermore, data indicates that WALR on O/S loans is declining, suggesting that NIM contraction will continue while WATDR is increasing, albeit at a slower pace. This will keep NIMs in check for most banks.
- That said, a 50bp CRR cut in Dec'24 is expected to provide some relief, and MCLR adjustments by select PSBs could help to sustain NIMs in the near term.

Earnings growth to bottom out in FY26E; Top ideas: ICICIBC, HDFCB, SBI, and AUBANK

- WALR for outstanding loans declined in Feb'25, and with repo cuts now underway, banks' portfolio yields will be impacted in the coming months as the full effect is passed on to borrowers. Lower inflation and stable currency would provide necessary room to ease repo rates which will weigh on margins in coming quarters. Meanwhile, with deposit mobilization remaining a challenge retail deposit rates are likely to remain elevated keeping CoF high in 1HFY26.
- In line with the trend seen in 9MFY25, our checks suggest that asset quality will remain under stress for most MFI lenders (mainly mid-sized banks). We expect asset quality stress to remain higher for select banks like IIB, RBK, Bandhan, IDFCB, AU Bank and Equitas in the near term.
- We expect banks' NIMs to have a downward bias in the near term while growth will be slower particularly in unsecured loans. For MOFSL Banking Universe, we estimate earnings growth of 0.5% YoY in 4QFY25E, and an 11.8% CAGR over FY25-27E. We expect earnings growth to bottom-out in FY26E followed by a gradual recovery next fiscal.
- **Top picks: ICICI, HDFCB, SBI, and AUBANK.**

Prestige Estates

BSE SENSEX	S&P CNX
76,295	23,250

CMP: INR1,189 TP: INR1,725 (+45%) Buy

Significant launches to fuel FY26 presales

PEPL has a diverse portfolio with a presence in residential, office, retail, and hospitality segments. The company's 9MFY25 incremental BD of 15msf and the launch pipeline of INR800b would result in a presales CAGR of 14% over FY24-27E to reach INR315b by FY27E. PEPL is expanding its commercial segment (by 43msf) as well as its hospitality portfolio. Therefore, its commercial rental income is likely to clock a 53% CAGR to reach INR19.5b and its hospitality revenue would post a 20% CAGR to reach INR13.7b over FY24-27E. However, income from the commercial segment is likely to improve to INR33b by FY30E as all the under-construction assets are operationalized. PEPL has quickly started gaining market share in MMR; it now plans to enter and scale up NCR as well as Pune, which will generate an incremental income stream. Therefore, we are extremely confident about PEPL's growth prospects and reiterate our BUY rating with a revised TP of INR1,725.

Strong pipeline to result in ~1.5x growth in presales

- Presales stood at INR210b in FY24, primarily driven by significant launches (of 40msf), with the residential segment accounting for 80% of the total sales. However, FY25YTD has experienced a dip, with only 12msf of launches, which led to a sharp decline in sales. For 9MFY25, sales declined materially to INR100b compared to INR163b in 9MFY24 due to delays in launch-related approvals.
- However, management has shown confidence in launching projects with an estimated gross development value (GDV) of INR300b spread across various geographies in 4QFY25. Its reiterated FY25 guidance implies a jump of ~14% YoY in presales. However, we believe due to possible delays, FY25 presales will decline 4% YoY.
- These strategic launches will span key metropolitan regions, reinforcing the company's presence across India's high-growth real estate markets. The projects include Southern Star in Bengaluru - INR36b GDV, Indirapuram in NCR - INR115b GDV, Pallava Gardens in Chennai - INR31b GDV, Spring Heights in Hyderabad - INR32b GDV, and Nautilus in Mumbai - INR87b GDV. While all these projects are slated for Q4FY25, some may spill over to the next fiscal year due to regulatory roadblocks.
- The introduction of these large-scale developments, along with the ongoing inventory of INR136b, is expected to significantly boost PEPL's sales performance, with an estimated additional revenue generation of ~INR100b in 4QFY25 alone. This surge in sales will contribute to total projected sales of INR201b for FY25, reinforcing the company's strong market position.
- Beyond its upcoming launches, PEPL has built a robust project pipeline of ~INR500b, currently at various stages of planning and approval. This extensive pipeline is set to drive long-term growth, enabling the company to achieve INR315b in presales by FY27, translating into a 14% CAGR (1.5x growth from FY24 levels).

Stock Info

Bloomberg	PEPL IN
Equity Shares (m)	431
M.Cap.(INRb)/(USDb)	511.9 / 6
52-Week Range (INR)	2075 / 1084
1, 6, 12 Rel. Per (%)	-5/-24/-12
12M Avg Val (INR M)	1904
Free float (%)	39.1

Financials Snapshot (INR b)

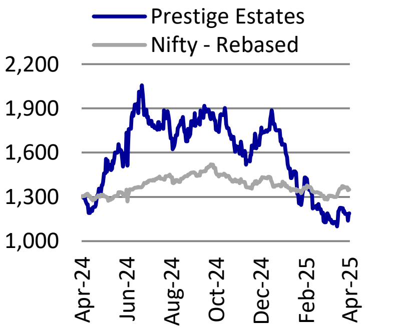
Y/E Mar	FY25E	FY26E	FY27E
Sales	104.2	114.3	140.7
EBITDA	27.9	30.6	33.5
EBITDA Margin (%)	26.8	26.8	23.8
PAT	8.1	8.3	9.9
EPS (INR)	21.7	22.2	26.5
EPS Gr. (%)	55.3	86.3	118.4
BV/Sh. (INR)	454.3	474.8	499.6
Ratios			
RoE (%)	5.7	4.8	5.4
RoCE (%)	8.4	6.8	7.2
Payout (%)	8.0	7.8	6.5
Valuations			
P/E (x)	54.8	53.5	44.8
P/BV (x)	2.6	2.5	2.4
EV/EBITDA (x)	18.1	16.7	16.0
Div yld (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	60.9	60.9	65.5
DII	16.7	16.8	13.2
FII	19.3	19.1	18.1
Others	3.0	3.2	3.3

FII Includes depository receipts

Stock Performance (1-year)



- By strategically expanding its portfolio across high-demand regions and maintaining a steady pipeline of future projects, PEPL aims to capitalize on emerging market opportunities, strengthen its revenue base, and sustain its leadership in India's real estate sector. The company's proactive approach to project execution and market demand assessment positions it for sustained growth and enhanced shareholder value in the coming years.

Commercial portfolio on track for rental scale-up at 64% CAGR

- PEPL reported a robust 90% occupancy rate across its commercial portfolio for 9MFY25. Exit rentals for this period were INR5.3b, reflecting strong demand and stability in the company's rental income streams.
- In 3QFY25, PEPL added two more office assets to its portfolio. The first is a new tower in Bengaluru, the Prestige Signature Tower (JRC), with a leasable area of 0.28msf. The second asset is on Kensington Road in Bengaluru, with a leasable area of 0.08msf. In both of these properties, PEPL holds 100% ownership, reinforcing its control over its assets and rental revenue.
- With these new additions, PEPL's office portfolio has expanded to 19 assets that are in various stages of development, including both ongoing and upcoming projects. Collectively, these assets represent a substantial 31 msf of potential leasable area, reinforcing the company's strong position in the commercial real estate sector.
- This growing pipeline is expected to be a key driver of PEPL's office rental income, which is projected to reach INR12.7b by FY27, reflecting a robust CAGR of 64% over FY24-FY27. This sharp growth highlights the company's ability to capitalize on increasing demand for high-quality office spaces in prime locations.
- Moreover, as under-construction assets are completed and reach optimal occupancy levels, PEPL's rental income is expected to accelerate further. At full operational capacity, office rentals are estimated to reach INR25b, representing an 8x increase from the FY24 exit rental levels. This strong growth trajectory underscores the company's potential to become a leading player in India's commercial real estate market, benefiting from rising office space demand, strategic project locations, and favorable market conditions.

Retail portfolio to deliver 3x rentals by FY27

- As of 9MFY25, the company's retail portfolio consists of 13 completed malls, with a total area of 10msf. Additionally, there are 12 ongoing and upcoming malls in the pipeline, which will add another 12msf to the portfolio once completed. Notably, in 3QFY25, the company added a new mall in Bengaluru with a significant area of 1.27msf. The company owns a 76% stake in this new mall, which is expected to be launched in FY28. This continued expansion strengthens the company's position in the growing retail space, allowing it to cater to rising consumer demand.
- The company's retail assets are performing well, with a high occupancy rate across the portfolio. As of 3QFY25, 99% of the malls in the portfolio were leased, demonstrating the strong demand for the company's retail spaces. The exit rentals for the quarter were reported at INR2.2b showcasing the solid rental income generated from its retail assets.

- Going forward, PEPL anticipates sustained growth in its retail portfolio, both through physical expansion and rental income. The company's strategic pipeline of upcoming malls is expected to achieve ~80% occupancy by FY27, playing a crucial role in driving rental revenue growth.
- As occupancy levels rise, rental income from these assets is projected to reach ~INR6.8b by FY27, reflecting a 3x increase compared to FY24 levels. This substantial growth underscores the company's ability to capitalize on increasing demand for high-quality retail spaces in key urban centers.
- Furthermore, as all under-construction retail projects are completed and integrated into PEPL's operational portfolio, rental income is projected to reach INR8.8b by FY30. This long-term growth trajectory highlights the strong potential of PEPL's retail segment, which is set to become a major revenue contributor in the coming years. With strategic asset expansion, improving occupancy rates, and rising consumer footfall in its retail properties, PEPL is well-positioned to establish itself as a leading player in the retail real estate market.

Hospitality portfolio to expand to 4,760 keys

- The hospitality portfolio currently comprises eight operating hotels, four hotels under development, and eleven hotels scheduled for launch shortly.
- Of the above, PEPL added two new hotels in 3QFY25 in Mumbai and Hyderabad, with a total of 258 keys. In the near term, PEPL's hotel pipeline is likely to expand to 4,760 keys.
- Out of 4,760 keys in the near term, we have considered ~3,000 keys for estimates and expect PEPL to generate a revenue of INR13.7b in FY27, indicating a ~20% CAGR over FY24-27. We also expect PEPL to achieve ~35% operating margin, indicating ~INR4.8b EBITDA.
- The incremental 1,760 keys will further take the revenue northward once operationalized.

Net debt to peak in FY27; revenue to post 21% CAGR

- PEPL's share of collections is anticipated to increase to INR220b in FY27, implying a 26% CAGR over FY24-27E.
- With projects ramping up and collections improving, revenue is estimated to post a 21% CAGR to reach INR141b, EBITDA to clock a 10% CAGR to reach INR33b, and PAT to record a 12% CAGR to reach INR9.9b over FY24-27E.
- Net debt is expected to peak at INR111b in FY27 as PEPL is in the process of developing 43msf of commercial assets and 15 hospitality assets. PEPL to generate a cumulative OCF of INR185b over FY25-27E.
- We estimate INR50b to be invested annually in land acquisition and ~INR31b in capex, leading to a shortfall of cash (at INR10.8b) in FY27.
- Debt will eventually reduce as rental income starts increasing with the commissioning of commercial assets at optimal occupancy.

Aditya Birla Fashion

BSE SENSEX	S&P CNX
76,295	23,250

CMP: INR264 TP:INR285(+8%) Neutral

Stock Info

Bloomberg	ABFRL IN
Equity Shares (m)	1140
M.Cap.(INRb)/(USDb)	322.1 / 3.8
52-Week Range (INR)	365 / 225
1, 6, 12 Rel. Per (%)	5/-15/8
12M Avg Val (INR M)	1478
Free float (%)	53.4

Financials Snapshot (INR b)

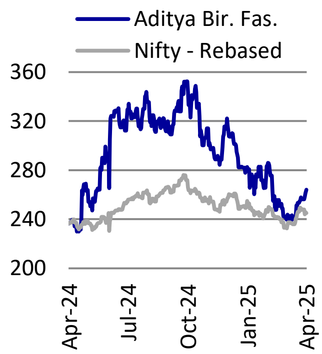
Y/E MARCH	2025E	2026E	2027E
Sales	148.9	158.4	171.0
EBITDA	17.6	19.7	22.7
Adj. PAT	-5.8	-0.7	-0.7
EBITDA Margin (%)	11.8	12.4	13.2
Cons. Adj. EPS (INR)	-4.8	-0.6	-0.6
BV/Sh. (INR)	83.1	82.3	81.7
Ratios			
Net D:E	0.3	0.2	0.2
RoE (%)	-8.9	-0.9	-0.8
RoCE (%)	1.0	2.1	2.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	-55.1	-434.0	-471.1
EV/EBITDA(x)	20.2	17.8	15.2
EV/Sales (x)	2.4	2.2	2.0
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	49.2	49.3	55.5
DII	14.6	14.8	17.0
FII	18.8	20.1	14.7
Others	17.4	15.9	12.9

FII Includes depository receipts

Stock Performance (1-year)



Prioritizing profitable and organic growth to unlock value

We attended ABFRL's Investor Day held on 3rd Apr'25. Below are the key takeaways:

- Over the last few years, ABFRL has built its portfolio around five key consumption themes – western wear, ethnic wear, masstige and value retail, luxury retail, and digital brands – through organic and inorganic routes.
- The company is gearing up for the demerger of its legacy lifestyle brands and athleisure portfolio under ABLBL, while demerged ABFRL would focus on high-growth segments with a large TAM (value and masstige, ethnic wear, luxury retail and digital-first brands).
- The two entities will be separately listed and would attract specific investors based on their differing growth paths and capital structure profiles to unlock value. The demerger is likely to be completed in the next 2-3 months.
- The biggest takeaway was the management's focus on 1) prioritizing organic growth in existing portfolio with no further M&A, 2) leveraging strong balance sheet with no additional fund raising (except for TMRW), and 3) driving profitable growth and improving return ratios.
- For ABLBL, the management has laid out the guidance to double revenue over FY24-30 (11%+ CAGR), driven by high single digit L2L & network expansion (250+ net store additions annually). Further, management aims to achieve ~300bp margin expansion, improve pre-INDAS RoCE to ~70% by FY30, and become debt free in the next 2-3 years. ABLBL's strong FCF generation should enable it to become a dividend-paying company.
- For the demerged ABFRL, management is aiming to triple revenue by FY30 (19%+ CAGR), driven by robust growth across consumption segments. Additionally, management expects significant (~700bp) margin expansion, driven by operating leverage at scale to enable FCF generation by FY29 and 18%+ pre-INDAS RoCE by FY30. The demerged ABFRL business will start operations with a cash balance of ~INR13b to fund growth initiatives.

Valuation and view:

- In the last few years, ABFRL has invested in multiple new businesses, with a long tail of businesses that are presently loss-making or yet to stabilize.
- While the debt concerns have been addressed with the recent fundraise, we believe that profitably scaling up the value fashion and ethnic wear and turning around the newly setup digital-first brands could be a bumpy ride.
- We build in a CAGR of 7%/16% in revenue/EBITDA over FY24-27E for ABFRL, with demerged ABFRL to record better ~11%/31% revenue/EBITDA CAGRs.
- We value ABFRL on the SOTP basis. We assign EV/EBITDA multiple of 14x to both ABLBL and Pantaloons business and EV/sales of 1x to other businesses of ABFRL (demerged) on FY27E. Our SoTP implies an enterprise value of INR203b (or ~INR166/share) for ABLBL and INR165b (or ~INR135/share) for the demerged ABFRL.
- We **reiterate our Neutral rating with a TP of INR285** as we await improvement in the demand environment and a profitable scale-up of ABFRL's loss-making businesses before we turn more constructive.

ABFRL: Prioritizing profitable and organic growth to unlock value

- Over the last few years, ABFRL has built its portfolio around five key consumption themes – western wear, ethnic wear, masstige and value retail, luxury retail, and digital brands – through organic and inorganic routes. Going ahead, management will focus on 1) prioritizing organic growth in existing portfolio with no further M&A, 2) leveraging strong balance sheet with no additional fund raising (except for TMRW), and 3) driving profitable growth and improving return ratios.
- ABFRL is implementing a three-pronged strategy to drive scale and profitability and thereby create long-term value. It is looking to 1) maintain and strengthen its CORE businesses (4 lifestyle brands, Pantaloons and Collective), with 10-15% growth target and minimal investment needs; 2) achieve cash profitability in GROWTH businesses to scale them up into future CORE (innerwear, Reebok, American Eagle, Designer led and Premium Ethnic brands), with 15-25% growth target and moderate investment needs; and 3) make EMERGING businesses self-reliant by attaining critical mass (Style Up, TMRW and Galaries Lafayette), with 25% growth target and significant investment needs.
- ABFRL is gearing up for the demerger of its legacy lifestyle brands and athleisure portfolio under ABLBL, while demerged ABFRL would focus on high-growth segments with a large TAM (value and masstige, ethnic wear, luxury retail and digital-first brands). The two entities will be separately listed and would attract specific investors based on their differing growth paths and capital structure profiles to unlock value. The demerger is likely to be completed in the next 2-3 months.

ABFRL's portfolio of brands across price points

Source: MOFSL, Company

Real Estate

Ready reckoner catching up with realization growth over past two years

Maharashtra hikes property circle rates by 3.9%

- On April 1, 2025, the Maharashtra government announced an increase in the Ready Reckoner (RR) rates for the financial year 2025-26. RR rates are the government's prescribed property valuation benchmarks used to calculate stamp duty, registration fees, and other property-related taxes.
- These rates play a crucial role in real estate transactions, as they determine the minimum property valuation for taxation purposes. The increase in RR rates is expected to have a direct impact on property buyers and developers, potentially leading to higher transaction costs.

RR rate hike across different cities

- **Mumbai:** The state's financial capital will see a 3.39% rise in RR rates, marking one of the lowest increases across Maharashtra. In contrast, the rest of the state will witness a higher average increase of 3.89%, with some cities experiencing even sharper hikes. Notably, Navi Mumbai, Thane, and Nashik will see rates rise by as much as 10.17%, making property transactions significantly costlier in these regions.
- **Urban vs. rural rates:** While the overall average RR rate hike across the state stands at 3.89%, urban areas governed by municipal corporations will experience a more substantial increase of 5.95%. This is expected to affect cities with high real estate activity, leading to a potential rise in property prices and transaction costs. Meanwhile, Mumbai's hike of 3.39% is the second lowest in the state, following Nanded, where the increase is even lower.
- **Highest RR rate hikes:** Among the cities witnessing the steepest rise in RR rates, Solapur tops the list with a massive 10.17% increase. This is followed by Ulhasnagar (9%), Amravati (8.03%), and Thane (7.72%). The significant hikes may impact real estate investments in these regions, especially for homebuyers and developers.

Expect nominal impact of RR rates on OCF margins

- **OBER:** The Mumbai-based developer Oberoi Realty is preparing to launch its luxury project in the NCR, which is projected to contribute 12-15% to its total portfolio sales starting from FY26. The remaining 85-88% will continue to stem from its Mumbai-based developments. The rise in RR rates in Mumbai is expected to exert pressure on the group's overall blended margin, reducing it by ~2.0%.
- **SRIN:** Sunteck Realty expects ~75% of its future sales to be derived from its Mumbai projects, while the remaining 25% is attributed to the upcoming Dubai launch. At a blended level, the company will see a decline of ~1.7% in its overall margins due to an increase in RR.

- **LODHA:** The company is projected to generate 85% of its sales from FY26 onwards through its Mumbai-based projects, with the remaining 15% coming from its developments in Pune and Bengaluru. The overall portfolio margins are expected to contract 2.2% due to the impact of revised RR rates.
- **MLDL:** Mahindra Lifespace's portfolio is predominantly concentrated in Mumbai and Pune, accounting for ~80% of its overall sales. The remaining 20% originates from NCR, Chennai, and other key regions. Due to the rise in RR rates, MLDL is expected to see a 1.7% reduction in its blended margins in the coming years.
- **KPDL:** Kolte Patil's revenue distribution is heavily skewed toward Maharashtra, with 90-95% of its sales generated from projects within the state. The remaining 5-10% comes from other regions. The company expects its blended margins to decline 2.2%, aligning with the broader industry trend.
- **DLF:** DLF is poised to derive ~18% of its future project sales from its upcoming development in the MMR, while the remaining sales will be driven by projects in Delhi NCR and Goa. The anticipated contraction in overall margins is negligible at 0.6%, a reduction that is expected to be absorbed seamlessly over the project lifecycle.
- **GPL:** Godrej Properties estimates that 22% of its future sales will be sourced from Maharashtra, specifically from MMR, Nagpur, and Pune, with the remaining 78% coming from other regions. The impact of RR rate hikes on blended margins is expected to be minimal, with a projected decline of 0.6%.
- **PEPL:** With 47% of its anticipated project sales coming from Mumbai, Prestige Estates is expected to be among the least affected developers, with OCF margins expected to decline by a modest 0.8%.
- **ARCP/BRGD/PHNX/SIGNATUR/SOBHA:** Developers such as Anant Raj, Brigade Enterprises, Phoenix Mills, Signature Global, and Sobha Limited have minimal to no exposure in Maharashtra, rendering the RR rate increase inconsequential to their OCF margins.
- Overall, across the coverage universe, the increase in RR rates will have no impact on the projects already completed. Only those under construction are expected to showcase a rise in cost.

Implications of revision in RR rates

- The Maharashtra government periodically updates RR rates to align with prevailing market trends and uphold a fair, transparent taxation framework for real estate transactions. These rates, which serve as the government's benchmark property valuations, are crucial in determining stamp duty, registration charges, and other real estate-related taxes.
- In its latest revision, the government has increased RR rates to bring official property valuations closer to actual market prices. While this upward adjustment will result in higher stamp duty and taxation costs for both buyers and sellers, it is not expected to cause immediate disruptions in property sales. Developers have already accounted for price escalations in their project pricing over the past two years, ensuring that the market is prepared to absorb the impact over the natural course of the project lifecycle.

- The revised RR rates take immediate effect and are expected to shape market dynamics throughout the financial year 2025-26. All key stakeholders - property buyers, sellers, investors, and developers will need to reassess their financial planning, pricing strategies, and investment decisions in light of these adjustments.
- Although the increase in government-assessed property values may lead to a marginal rise in transaction costs, industry experts remain optimistic that the overall impact on market demand and sales will be limited. Given that the sector has already adapted to rising property prices over the past two years, the revised RR rates are unlikely to significantly alter buyer sentiment. However, stakeholders must continue to monitor market movements and strategically navigate these regulatory changes to optimize their investments and maintain financial efficiency.
- Additionally, the upward revision of RR creates a level playing field for tier I developers by reducing cash transactions within the system.
- We remain cautiously positive on the sector and have a BUY rating on ARCP, BRGD, DLFU, GPL, KPDL, LODHA, PEPL, SIGNATUR, SOBHA, and SRIN. Meanwhile, we have a Neutral rating on MLDL, PHNX, and OBER. We prefer BRGD, PEPL, and SIGNATUR as our top picks.

EAI monthly dashboard: Economic activity improves slightly in Feb'25

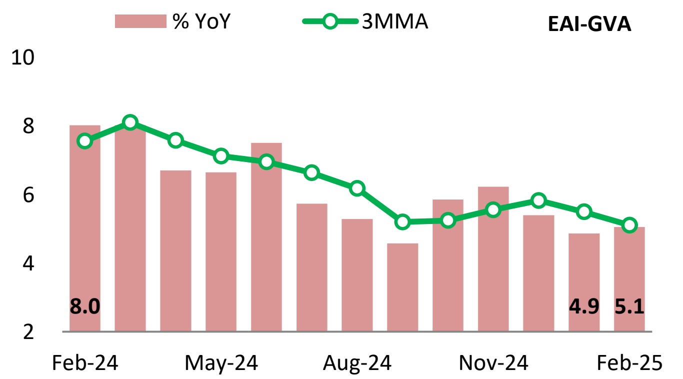
Expect real GVA growth at 6.0-6.5% in 4QFY25

- **Preliminary estimates indicate that India's EAI-GVA growth rose to 5.1% YoY in Feb'25 vs. 4.9%/8.0% in Jan'25/Feb'24. The slight acceleration (vis-à-vis Jan'25) was primarily due to stronger growth in services and five-month high growth in the farm sector. Conversely, growth in the industrial sector decelerated to a five-month low in Feb'25, mainly led by mining and construction sectors.**
- **EAI-GDP grew 3.1% YoY in Feb'25, similar to 3.0% YoY in Jan'25 but lower than 4.0% YoY in Feb'24. The positive contribution from external trade was almost entirely offset by lower consumption (lowest in five months) and investments (lowest in three months) growth. External trade added 0.7pp to EAI-GDP growth in Feb'25 vs. 2.2pp subtraction in Jan'25. Excluding fiscal spending, EAI-GDP grew 4.4% YoY in Feb'25 vs. 2% growth in Jan'25.**
- **Selected high-frequency indicators (HFIs) portrayed a mixed trend in economic activity for Mar'25. Toll collections growth decelerated to 11.9% in Mar'25; power generation growth decelerated slightly to 6.4% in Mar'25 (vs. 6.7% in Jan'25); and vaahan registrations growth improved but remained in contraction (-0.7% in Mar'25 vs. -6.6% in Feb'25). On the other hand, CV sales grew at an 11-month high rate of 6.2%, PV sales rose in double digits and PMIs remained resilient.**
- **Our in-house models suggest that economic growth improved slightly in Feb'25 (vs. Jan'25), with EAI-GVA reaching 5.1% (vs 4.9% YoY in Jan'25). Additionally, HFIs' mixed portrayal of economic activity in Mar'25 suggests that economic activity did not see a substantial pickup. As a result, we believe that real GVA growth could remain at 6.0-6.5% YoY in 4QFY25, lower than NSO's projection of 6.8% (and 6.2% YoY in 3QFY25).**

Preliminary estimates indicate that India's EAI-GVA growth rose to 5.1% YoY in Feb'25 vs. 4.9%/8.0% in Jan'25/Feb'24.

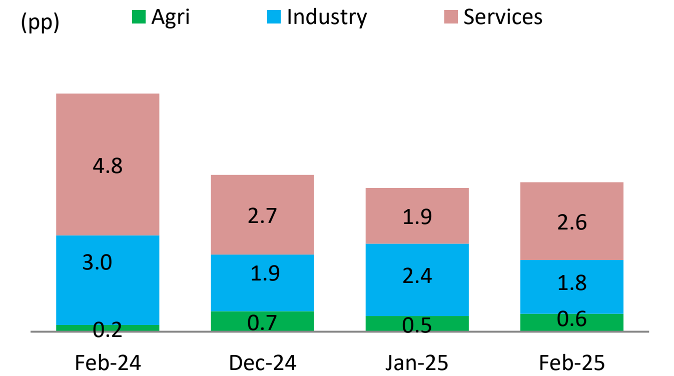
- **EAI-GVA growth picked up slightly in Feb'25:** Preliminary estimates indicate that India's EAI-GVA growth rose to 5.1% YoY in Feb'25 vs. 4.9%/8.0% in Jan'25/Feb'24. The slight acceleration was primarily due to stronger growth in services and five-month high growth in the farm sector. Conversely, growth in industrial sector decelerated to a five-month low in Feb'25 *(Exhibits 1 and 2)*.
- **EAI-GDP grew 3.1% in Feb'25:** EAI-GDP grew 3.1% YoY in Feb'25, similar to 3.0% YoY in Jan'25 but lower than 4.0% YoY in Feb'24. The positive contribution from external trade was almost entirely offset by lower consumption and investments growth. External trade added 0.7pp to EAI-GDP growth in Feb'25 vs. 2.2pp subtraction in Jan'25. Excluding fiscal spending, EAI-GDP grew 4.4% YoY in Feb'25 vs. 2% growth in Jan'25 *(Exhibits 3 and 4).*

Exhibit 1: EAI-GVA growth rose to 5.1% in Feb'25…



Please refer to our earlier report for details

Exhibit 2: …led by a pickup in services sector growth



Contribution of various components to EAI-GVA

Source: Various national sources, CEIC, MOFSL

3 April 2025

Update | Sector: Financials - Bank

HDFC Bank

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	HDFCB IN
Equity Shares (m)	7648
M.Cap.(INRb)/(USDb)	13734.6 / 160.7
52-Week Range (INR)	1880 / 1427
1, 6, 12 Rel. Per (%)	0/15/17
12M Avg Val (INR M)	29868
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E	FY24	FY25E	FY26E
NII	1,085	1,213	1,301
OP	944	992	1,073
NP	608	668	710
NIM (%)	3.4	3.4	3.4
EPS (INR)	80.0	87.9	93.5
EPS Gr. (%)	1.0	9.8	6.4
BV/Sh. (INR)	580	647	720
ABV/Sh. (INR)	555	617	685
Ratios			
RoA (%)	1.8	1.8	1.7
RoE (%)	14.6	14.3	13.7
Valuations			
P/E(X)	22.4	20.4	19.2
P/E(X)*	18.8	17.1	16.1
P/BV (X)	3.1	2.8	2.5
P/ABV (X)	2.7	2.4	2.2

*adj for subs

CMP: INR1792 — Buy

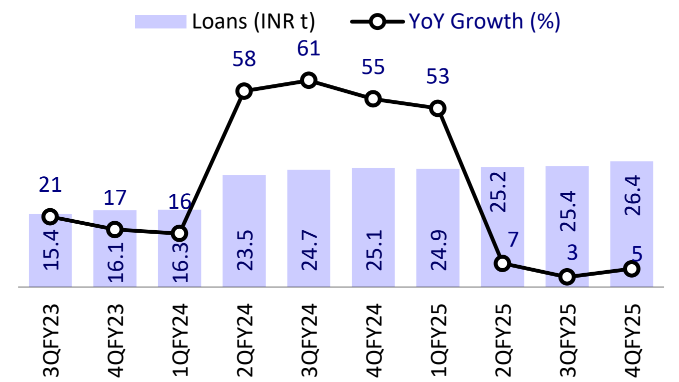
Strong business growth; CASA ratio improves

CD ratio drops to 96.5%

HDFCB released its 4QFY25 business update. Following are the key takeaways:

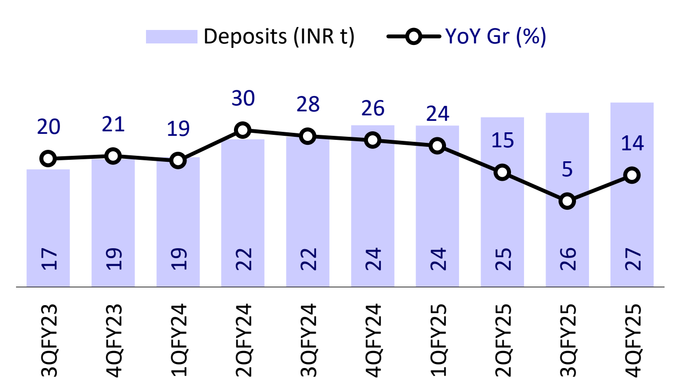
- **Gross advances increased by 5.4% YoY and 4.0% QoQ to INR26.4t. Excluding transfers via IBPCs and bills rediscounted, the loan book expanded by 7.7% YoY and 3.3% QoQ.**
- **Based on the bank's internal classification, retail loans rose by 9% YoY, Commercial & Rural banking grew by 12.8% YoY, whereas wholesale loans declined by 3.6% YoY.**
- **Deposits witnessed strong growth of 14.1% YoY and 5.9% QoQ to INR27.1t. CASA deposits saw robust growth of 8.2% QoQ (up 3.9% YoY) to INR9.4t, while term deposits increased by 20.3% YoY and 4.7% QoQ. Bank's average deposit growth remained modest at 3.1% QoQ (15.8% YoY), while average CASA growth was subdued at 1.4% QoQ (5.7% YoY).**
- **HDFC Bank's business growth remained solid, with advances growth surpassing our estimates. Deposit growth was strong, outperforming system deposit growth (in line with our estimates). CASA deposits saw robust expansion, driving the CASA ratio to 34.8% (up 79bp QoQ). Consequently, on a calculated basis, the CD ratio declined to 96.5% in 4QFY25, down 177bp QoQ.**

Loans grew at 5.4% YoY/ 4.0% QoQ



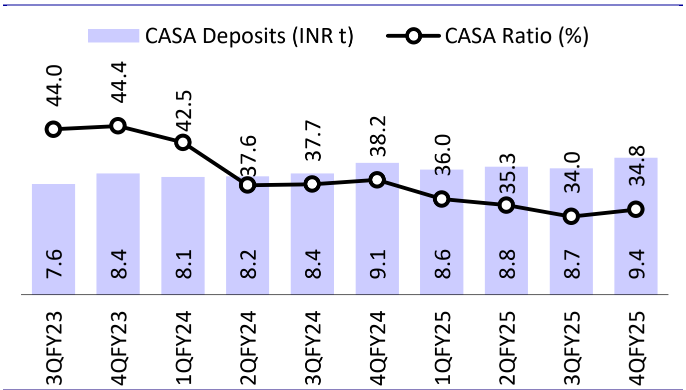
*merged nos — Source: MOFSL, Company

Deposits grew at 14.1% YoY/ up 5.9% QoQ



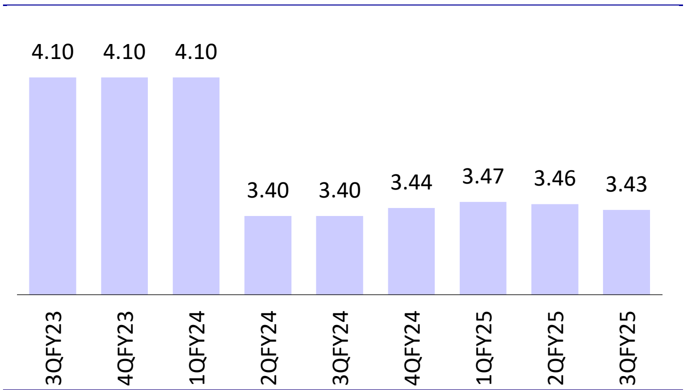
*merged nos — Source: MOFSL, Company

CASA deposits grew 8.2% QoQ (up 3.9% YoY)



Source: MOFSL, Company

Margins stood at 3.43% in 3QFY25



Source: MOFSL, Company

Bajaj Finance

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	BAF IN
Equity Shares (m)	619
M.Cap.(INRb)/(USDb)	5327.6 / 62.4
52-Week Range (INR)	9260 / 6376
1, 6, 12 Rel. Per (%)	-5/24/14
12M Avg Val (INR M)	9037
Free float (%)	45.3

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Income	453	556	688
PPP	302	371	463
PAT	167	209	264
EPS (INR)	270	337	426
EPS Gr. (%)	16	25	27
BV/Sh. (INR)	1,585	1,878	2,251
Ratios			
NIM (%)	9.9	9.9	9.8
C/I ratio (%)	33.3	33.2	32.8
RoA (%)	4.0	4.0	4.0
RoE (%)	19.2	19.5	20.6
Payout (%)	15.0	13.1	12.4
Valuations			
P/E (x)	31.8	25.5	20.2
P/BV (x)	5.4	4.6	3.8
Div. Yield (%)	0.5	0.5	0.6

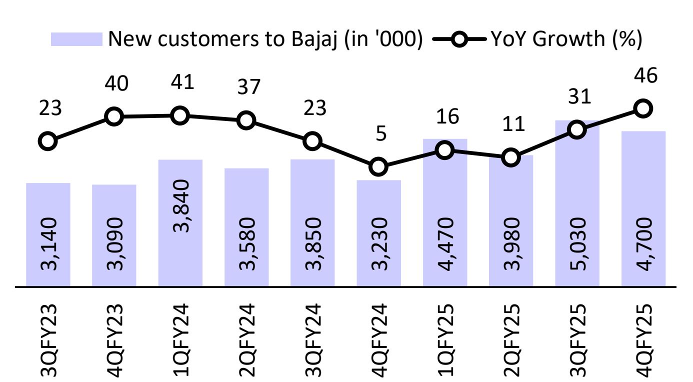
CMP:INR8,598 — Neutral

AUM growth at ~26% YoY marginally below estimates

Normalized new loan run rate was in line with recent trends

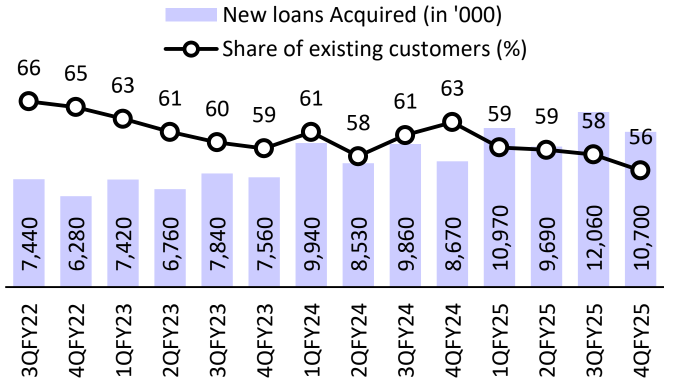
- Total customer franchise stood at ~101.8m, up ~22% YoY/5% QoQ.
- New customer acquisition was healthy at ~4.7m (vs. 3.23m YoY).
- New loans booked rose ~36% YoY to 10.7m (vs. 7.9m in 4QFY24). Normalized for the RBI ban on two BAF products in the base quarter, the new loans booked grew 23% YoY.
- AUM growth was marginally below estimates, with reported AUM at INR4.17t, up ~26% YoY/~5% QoQ. This was the slowest sequential AUM growth for BAF in the last 10 quarters.
- Deposit book stood at INR714b and grew 19% YoY/4% QoQ.

Strong new customer acquisitions



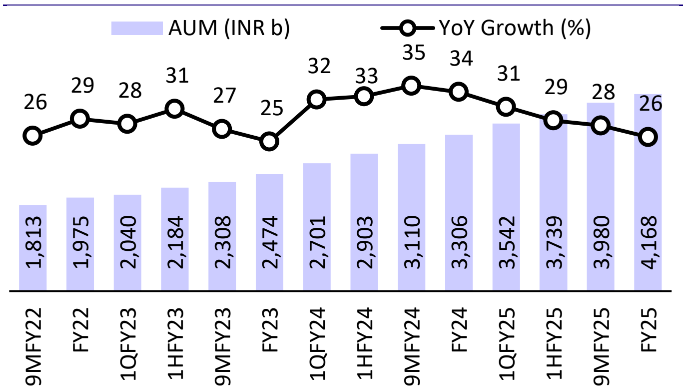
Source: MOFSL, Company

Healthy growth in new loan bookings



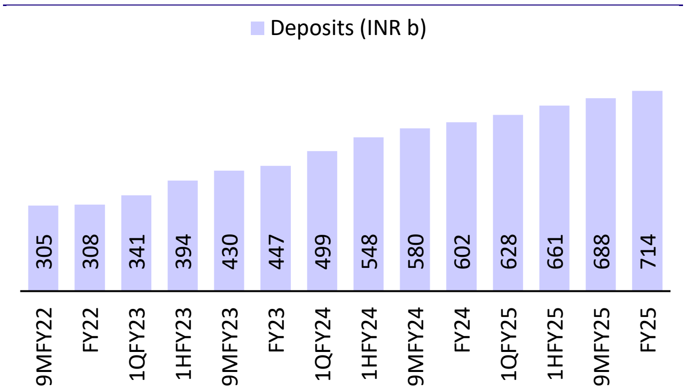
Source: MOFSL, Company

AUM rose 5% QoQ and 26% YoY



Source: MOFSL, Company

Deposits stood at INR714b, up 19% YoY



Source: MOFSL, Company

Avenue Supermarts

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	DMART IN
Equity Shares (m)	651
M.Cap.(INRb)/(USDb)	2705.6 / 31.7
52-Week Range (INR)	5485 / 3337
1, 6, 12 Rel. Per (%)	15/-8/-10
12M Avg Val (INR M)	2833
Free float (%)	25.4

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	591	690	811
EBITDA	46	54	64
Adj. PAT	27	33	39
EBITDA Margin (%)	7.7	7.8	7.9
Adj. EPS (INR)	42	50	60
EPS Gr. (%)	8	19	20
BV/Sh. (INR)	329	379	439
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	13.6	14.1	14.6
RoCE (%)	13.5	14.0	14.5
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	98.7	83.0	69.4
EV/EBITDA (x)	59.4	50.0	42.2
EV/Sales (X)	4.6	3.9	3.3

CMP: INR4,155 TP: INR 4,450(7%) BUY

4QFY25 pre-quarter update

Slightly weaker revenue growth of ~17% YoY (on high base); store additions accelerate

- DMART's 4QFY25 standalone revenue at INR145b grew **16.7% YoY** (vs. our estimate of ~20%), driven by 14% YoY store addition and likely mid- to high-single-digit SSSG. After a pickup to 17.5% YoY in 3Q, revenue growth moderated in 4Q, albeit on a high base of 20% in 4QFY24.
- However, store additions accelerated, with 28 stores opened during the quarter (vs. 22 stores opened in 9MFY25), taking the total count to 415 stores. We note that most of the store openings were back-ended and the full impact should be visible in the coming quarters.
- **Productivity in 4QFY25 impacted by back-ended store additions:**
  - Annualized revenue per store grew ~3% YoY to INR1.44b (vs. 4% YoY growth in 3Q).
  - Annualized revenue/sqft. (calculated) was up ~3% YoY on our estimate to INR34.8k/sqft (vs. 3.5% YoY growth in 3Q).

FY25 performance: 17% YoY revenue growth driven by ~14% store additions

- DMart's FY25 standalone revenue at INR578b grew ~**17% YoY** (vs. ~18% YoY in FY24), driven by 14% YoY store addition and likely slight moderation in SSSG.
- FY25 revenue per store grew 3% YoY to INR1.48b and our estimated revenue per sqft also improved 3% YoY to INR35.8k/sqft.
- DMART ramped up store additions in 4Q to end FY25 with 50 store additions (vs. ~40 in FY23-24). A further ramp-up in store additions and a scale-up of online (DMart Ready) business remain the key growth drivers for DMart amid rising competition from quick commerce.

Quarterly trend

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	4QFY25E	vs. est
Revenue (INR b)	116	123	132	124	137	141	156	145	148	-2.6
YoY growth	18.1%	18.5%	17.2%	19.9%	18.4%	14.2%	17.5%	16.7%	19.8%	
Store count	327	336	341	365	371	377	387	415	415	0.0
Store adds	3	9	5	24	6	6	10	28	28	
YoY growth	11%	11%	11%	13%	13%	12%	13%	14%	14%	
Total Area (mn sqft)	13.5	13.9	14.2	15.2	15.4	15.8	16.1	17.2*	17.2	0.0
YoY growth	12%	12%	13%	13%	14%	14%	13%	13%	13%	
Rev/Store (INR m)	1,424	1,485	1,565	1,404	1,490	1,503	1,630	1,443	1481	-2.6
YoY growth	5%	7%	5%	7%	5%	1%	4%	3%	5%	
Rev/sqft	34,465	35,935	37,728	33,793	35,907	36,026	39,035	34,797*	35,721	-2.6
YoY growth	4%	6%	4%	6%	4%	0%	3%	3%	6%	

**calculated number*

Bank of Baroda

BSE SENSEX	S&P CNX
76,617	23,332

Stock Info

Bloomberg	BOB IN
Equity Shares (m)	5171
M.Cap.(INRb)/(USDb)	1224.5 / 14.3
52-Week Range (INR)	300 / 191
1, 6, 12 Rel. Per (%)	16/5/-17
12M Avg Val (INR M)	3904
Free float (%)	36.0

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	447.2	463.0	505.4
OP	309.7	326.9	364.2
NP	177.9	194.3	202.7
NIM (%)	3.1	2.9	2.8
EPS (INR)	34.4	37.5	39.1
EPS Gr. (%)	26.1	9.2	4.3
BV/Sh. (INR)	211	241	271
ABV/Sh. (INR)	194	225	255
Ratios			
RoA (%)	1.2	1.2	1.1
RoE (%)	17.8	16.9	15.6
Valuations			
P/E(X)	6.5	5.9	5.7
P/BV (X)	1.1	0.9	0.8
P/ABV (X)	1.1	1.0	0.9

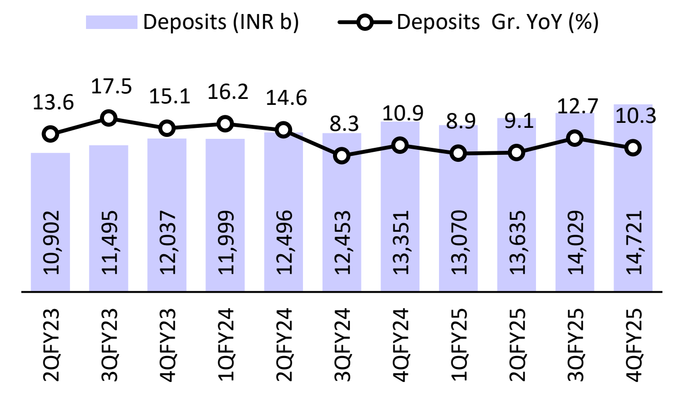
CMP: INR238 — Neutral

Business growth healthy; domestic CD ratio at 82.2%

BoB released its 4QFY25 business update. Following are the key takeaways:

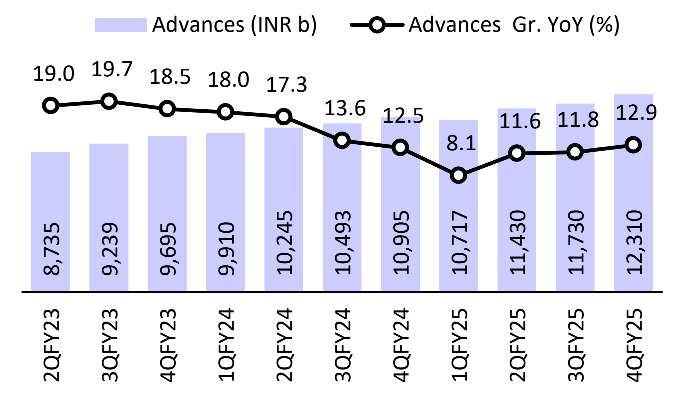
- Total advances grew 12.9% YoY (up 4.9% QoQ) to INR12.3t. Domestic advances rose 13.7% YoY (up 5.8% QoQ), and domestic retail loans grew 19.4% YoY.
- Total deposits grew 10.3% YoY (up 4.9% QoQ) to INR14.7t. Domestic deposits rose 9.3% YoY (up 5.6% QoQ).
- BoB's global business jumped 11.4% YoY to INR27t.
- As a result, the domestic C/D ratio stood at 82.2% (on a gross basis).

Deposits grew 10.3% YoY and 4.9% QoQ



Source: MOFSL, Company

Advances grew 12.9% YoY and 4.9% QoQ



Source: MOFSL, Company

3 April 2025

Update | Sector: Consumer

Marico

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	MRCO IN
Equity Shares (m)	1295
M.Cap.(INRb)/(USDb)	856.3 / 10
52-Week Range (INR)	737 / 491
1, 6, 12 Rel. Per (%)	6/2/30
12M Avg Val (INR M)	1632
Free float (%)	40.9

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	107.8	119.3	131.3
Sales Gr. (%)	11.7	10.6	10.1
EBITDA	21.6	24.4	27.4
Margin (%)	20.0	20.5	20.9
Adj. PAT	16.3	18.1	19.9
Adj. EPS (INR)	12.6	14.0	15.3
EPS Gr. (%)	10.0	11.3	9.5
BV/Sh.(INR)	30.7	32.2	34.1
Ratios			
RoE (%)	41.8	44.6	46.3
RoCE (%)	35.6	37.7	39.4
Payout (%)	89.0	87.2	87.9
Valuations			
P/E (x)	52.1	46.8	42.7
P/BV (x)	21.4	20.4	19.3
EV/EBITDA (x)	38.8	34.2	30.3
Div. Yield (%)	1.8	1.9	2.1

CMP: INR660 Buy

Mid-teens revenue growth; operating profit to inch up

Below are the key highlights from Marico (MRCO)'s 4QFY25 pre-quarterly update:

Business overview: Mid-teens revenue growth (consolidated)

- During the quarter, the sector experienced stable demand trends amidst the improving trajectory in rural and mixed trends across mass and premium urban segments.
- **The domestic business** posted a sequential uptick in underlying volume growth with improving market shares across key franchises.
- **Consolidated revenue** grew in the mid-teens YoY, supplemented by incremental pricing interventions in the domestic business. The company is on track to deliver double-digit revenue growth on a full-year basis.
- MRCO expects gradual improvement in overall consumption sentiment on the back of moderating retail and food inflation as well as forecasts of a normal monsoon.

International business: Mid-teens growth in constant currency terms

- In 4QFY25, MRCO's international business delivered mid-teen growth in constant currency terms driven by broad-based growth across most markets.
- Bangladesh continued to demonstrate strong resilience with double-digit constant currency growth.
- MENA and South Africa continued their robust double-digit growth momentum.

Costs and margins

- Copra and vegetable oil prices remained firm at peak levels, while crude oil derivatives remained range bound.
- MRCO expects the contraction in gross margin to be largely in line with 3QFY25.
- Despite sharp input cost pressures and continued commitment towards A&P investments, MRCO expects marginal operating profit growth on a YoY basis.

Segments

- Parachute coconut oil experienced transient sluggishness in volumes due to titration in consumption amidst the steep rise in consumer pricing and the impact of ml-age reduction in certain packs. Management expects volumes to pick up gradually. The brand recorded a high teen revenue growth, aided by pricing interventions taken through FY25.
- Saffola Oils registered revenue growth in the twenties, led by pricing interventions implemented during the year.
- Value-added hair oils exhibited gradual improvement on a sequential basis, led by mid and premium segments. The franchise is expected to continue an improving growth trajectory over FY26.
- Foods and digital-first brands sustained their robust momentum, thus keeping the pace of diversification intact.

IDFC First Bank

BSE Sensex	S&P CNX
76,295	23,250

Stock Info

Bloomberg	IDFCFB IN
Equity Shares (m)	7321
M.Cap.(INRb)/(USDb)	441.9 / 5.2
52-Week Range (INR)	86 / 53
1, 6, 12 Rel. Per (%)	-1/-8/-27
12M Avg Val (INR M)	2628
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	164.5	193.8	228.3
OP	62.4	73.5	92.3
NP	29.6	15.1	29.3
NIM (%)	6.1	6.0	5.9
EPS (INR)	4.3	2.1	4.0
BV/Sh. (INR)	45	52	56
ABV/Sh. (INR)	44	50	54
Ratios			
RoA (%)	1.1	0.5	0.8
RoE (%)	10.2	4.3	7.4
Payout (%)			
Valuations			
P/E(X)	14.4	29.6	15.5
P/BV (X)	1.4	1.2	1.1

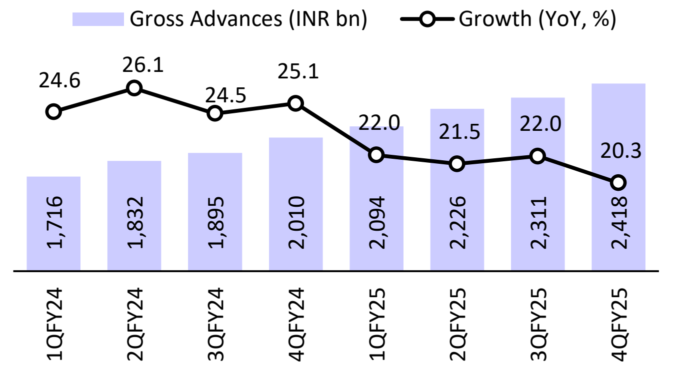
CMP: INR59 — Neutral

Business growth healthy; CD ratio at 93.8%

IDFCFB released its business update for 4QFY25. Here are the key highlights:

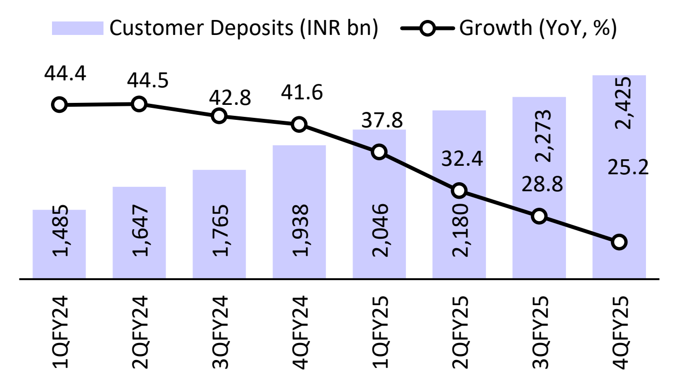
- IDFCFB reported a 20.3% YoY (+4.7% QoQ) growth in loans and advances to INR2.4t in 4QFY25.
- Customer deposits jumped 25.2% YoY to INR2.43t (+6.7% QoQ).
- CASA deposits increased 24.8% YoY/4.6% QoQ.
- CASA ratio moderated to 46.9% in 4QFY25 from 47.7% in 3QFY25.
- CD ratio stood at 93.8% vs. 95.7% in 3QFY25. The bank has been bringing down the CD ratio continuously by retiring legacy (pre-merger) bonds & borrowings and by scaling retail customer deposits.
- The incremental CD ratio for the trailing 12 months, i.e., from Mar'24 to Mar'25, stood at 75.7%.

Gross advances grew 20.3% YoY to INR2,418b



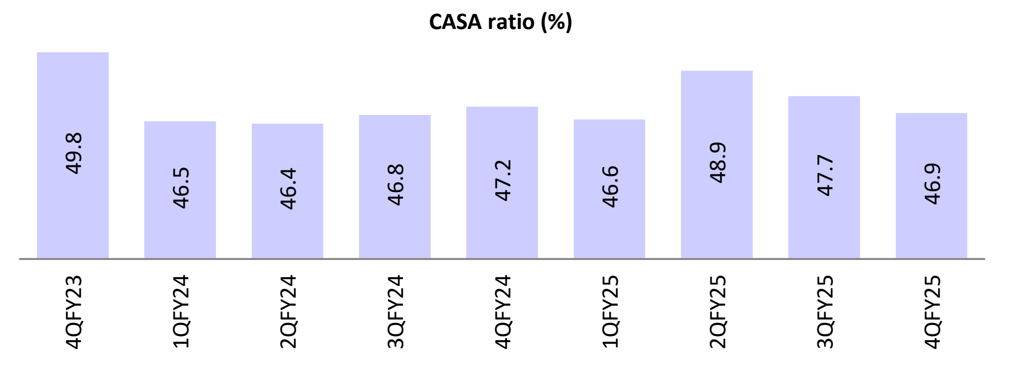
Source: MOFSL, Company

Customer deposits grew 25.2% YoY (+6.7% QoQ)



Source: MOFSL, Company

CASA ratio (%) moderated to 46.9% in 4QFY25



Source: MOFSL, Company

AU Small Finance Bank

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	AUBANK IN
Equity Shares (m)	744
M.Cap.(INRb)/(USDb)	419.5 / 4.9
52-Week Range (INR)	755 / 478
1, 6, 12 Rel. Per (%)	-4/-15/-11
12M Avg Val (INR M)	2109
Free float (%)	77.1

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	51.6	80.0	98.9
PPoP	24.4	44.9	54.3
PAT	15.3	20.7	26.6
NIM (%)	5.2	6.1	5.9
EPS (INR)	23.0	29.4	35.7
EPS Gr. (%)	4.3	27.9	21.6
BV/Sh. (INR)	187	221	255
ABV/Sh. (INR)	183	212	246
Ratios			
RoA (%)	1.5	1.6	1.6
RoE (%)	13.1	14.4	15.0
Valuations			
P/E(X)	24.0	18.7	15.4
P/BV (X)	3.0	2.5	2.2
P/ABV (X)	3.0	2.6	2.2

CMP: INR551 — Buy

Business growth strong; CD ratio declines

AUBANK released its business update for 4QFY25. Here are the key highlights:

- AUBANK has reported a strong 7.7% QoQ (+25.8% YoY) growth in gross advances to ~INR1.08t. Including the securitized/assigned + IBPC loan portfolio, the total loan portfolio grew 6.2% QoQ (19.9% YoY).
- The bank securitized its asset portfolio of INR69.3b in 4QFY25 and INR79.3b in 3QFY25, resulting in a GLP growth of 6.2% QoQ in 4QFY25.
- Deposit growth too was healthy at 10.7% QoQ to reach INR1.24t (clocked a strong growth of 27.2% YoY).
- CASA deposits grew healthy by 5.4% QoQ (+15.2% YoY) to INR362b. However, relatively slower growth in CASA vs. deposits resulted in a dip in the CASA ratio to 29.2% vs. 30.6% in 3QFY25 and 32.2% as of 1st Apr'24.
- Overall, business growth was strong, with advances growth being largely in-line with our expectations. In contrast, deposit growth was robust (reported growth of 10.7% QoQ vs. our estimate of +6.1% QoQ). Faster deposit growth led to a decline in the CD ratio to ~86.2% (down 2.5% QoQ, on a calculated basis).

Key business trends

INR m	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)
Total Deposits	9,77,040	11,22,600	12,42,700	27.2%	10.7%
CASA Deposits	3,14,560	3,44,020	3,62,500	15.2%	5.4%
CASA Ratio (%)	32.2%	30.6%	29.2%	NA	NA
Gross Advances	8,64,780	10,09,890	10,87,800	25.8%	7.7%
Securitized/assigned loan portfolio + IBPC	1,00,120	79,320	69,300	NA	NA
Gross Loan Portfolio	9,64,900	10,89,210	11,57,100	19.9%	6.2%

Note: Fincare SFB with AU SFB effective from April 1, 2024; Source: MOSL, Company

L&T Finance

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	LTF IN
Equity Shares (m)	2495
M.Cap.(INRb)/(USDb)	384.1 / 4.5
52-Week Range (INR)	194 / 129
1, 6, 12 Rel. Per (%)	6/-7/-13
12M Avg Val (INR M)	1273
Free float (%)	33.8

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Income	87.7	101.6	123.4
PPP	59.6	69.5	87.4
PAT	26.4	30.6	40.0
EPS (INR)	10.6	12.3	16.1
EPS Gr. (%)	14.1	15.8	30.5
BV/Sh. (INR)	102	112	124
Ratios			
NIM (%)	10.1	9.8	9.6
C/I ratio (%)	40.9	41.0	38.8
RoA (%)	2.4	2.4	2.6
RoE (%)	10.8	11.5	13.6
Payout (%)	28.0	26.0	21.5
Valuations			
P/E (x)	14.5	12.5	9.6
P/BV (x)	1.5	1.4	1.2
Div. Yield (%)	1.9	2.1	2.2

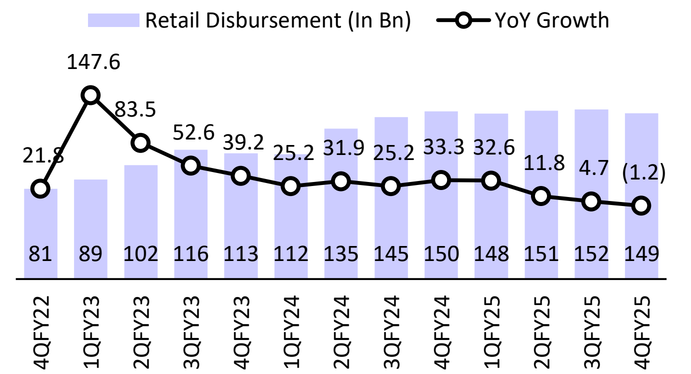
CMP:INR154 Buy

Retail loans grew ~19% YoY; retail mix now at ~97%

Wholesale loans could have potentially declined to ~INR29b

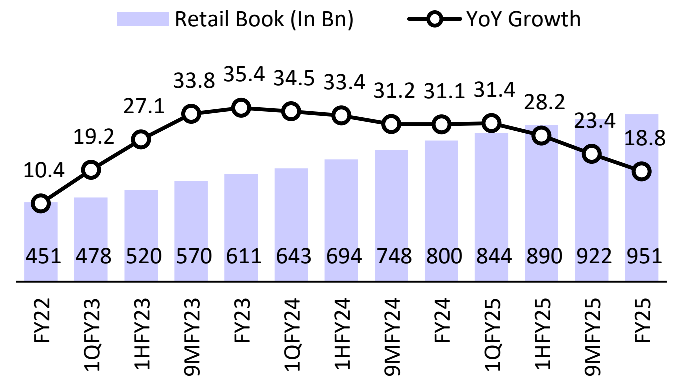
- 4QFY25 retail disbursements declined ~1% YoY/2% QoQ to INR148.7b (PY: INR150.4b). FY25 retail disbursements grew ~11% YoY to INR600b.
- Rural business disbursements declined 11% YoY. Farmer finance disbursements grew 14% YoY, urban finance disbursements rose 2% YoY, and SME disbursements increased ~25% YoY.
- Retail loan book grew 19% YoY and 3% QoQ to INR951b.
- Retail loan mix increased to ~97% (similar to previous quarter) and well ahead of Lakshya FY26 retail mix target of over 80%. This implies that the wholesale book could have declined to ~INR29b.
- Pan-India 0dpd collection efficiency in Mar'25 for rural group loans and MFI business stood at ~99.38%, and excl. Karnataka, it was at ~99.64%.

Retail disbursements declined ~1% YoY



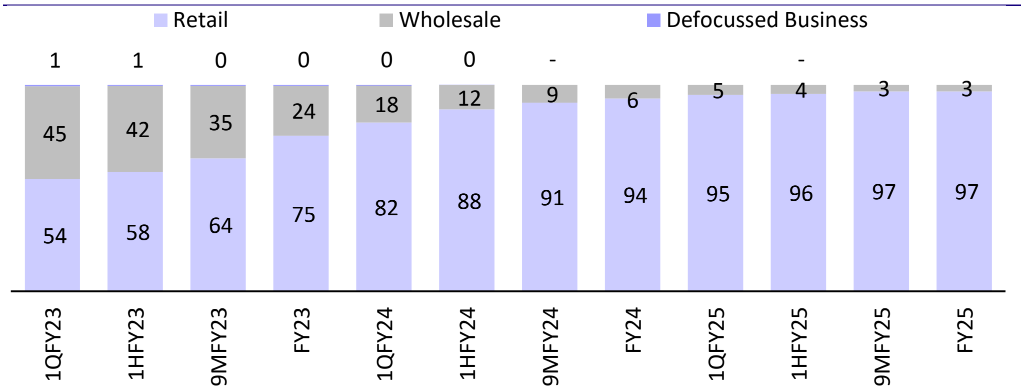
Source: MOFSL, Company

Retail loans grew ~19% YoY



Source: MOFSL, Company

Wholesale mix declined to ~3% (vs. 24% around two years ago)



Source: MOFSL, Company

Bandhan Bank

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	252.3 / 3
52-Week Range (INR)	222 / 128
1, 6, 12 Rel. Per (%)	7/-9/-21
12M Avg Val (INR M)	2684
Free float (%)	60.0

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	103.3	115.9	126.0
OP	66.4	75.3	78.2
NP	22.3	28.8	35.7
NIM (%)	6.7	6.8	6.7
EPS (INR)	13.8	17.9	22.2
EPS Gr. (%)	1.6	29.0	24.3
BV/Sh. (INR)	134	146	162
ABV/Sh. (INR)	128	138	154
Ratios			
RoA (%)	1.3	1.5	1.7
RoE (%)	10.8	12.8	14.4
Valuations			
P/E(X)	11.3	8.8	7.1
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.2	1.1	1.0

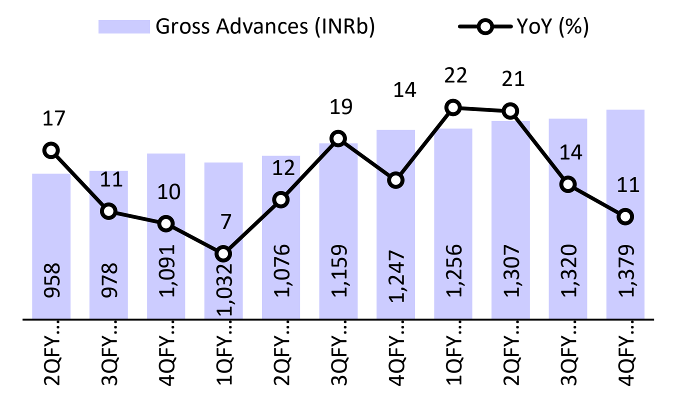
CMP: INR157 — Neutral

Deposits up 12% YoY; CASA ratio moderates to 31.4%

BANDHAN released its quarterly business update, highlighting the key trends for 4QFY25:

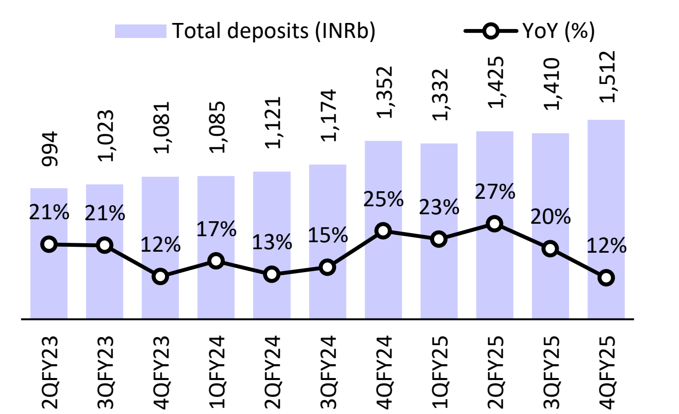
- Gross advances (on book + PTC) grew 10.6% YoY/4.5% QoQ to ~INR1.38t.
- Deposits grew by 7.2% QoQ (up 11.8% YoY). CASA deposits grew by 6.0% QoQ (down 5.4% YoY). As a result, CASA ratio declined to 31.4% (vs. 31.7% in 3QFY25).
- Retail deposits (incl CASA) grew 11% YoY/7.6% QoQ. The proportion of retail deposits stood at 68.9% (vs. 68.7% in 3QFY25). LCR for the bank stood at a healthy 177.5%.
- On the asset quality front, the overall CE increased slightly QoQ to 97.9%, with collection efficiency in the Non-EEB segment at 98.4% and EEB at 97.7%.

Advances grew 11% YoY (4.5% QoQ) to ~INR1.38t



Source: MOFSL, Company

Deposits grew 7.2% QoQ (up 11.8% YoY) to INR1.5t



Source: MOFSL, Company

RBL Bank

BSE SENSEX	S&P CNX
76,295	23,250

Stock Info

Bloomberg	RBK IN
Equity Shares (m)	608
M.Cap.(INRb)/(USDb)	106.6 / 1.2
52-Week Range (INR)	272 / 146
1, 6, 12 Rel. Per (%)	8/-4/-34
12M Avg Val (INR M)	1810
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	60.4	64.7	70.7
OP	30.3	36.0	38.6
NP	11.7	6.6	12.2
NIM (%)	5.1	4.9	4.8
EPS (INR)	19.3	10.8	20.1
EPS Gr. (%)	31.1	-43.9	85.9
BV/Sh. (INR)	245	252	265
ABV/Sh. (INR)	235	246	256
Ratios			
RoE (%)	0.9	0.5	0.8
RoA (%)	8.2	4.4	7.8
Valuations			
P/E(X)	7.7	25.0	30.0
P/BV (X)	9.1	16.1	8.7
P/ABV (X)	0.7	0.7	0.7

CMP: INR175 | Neutral

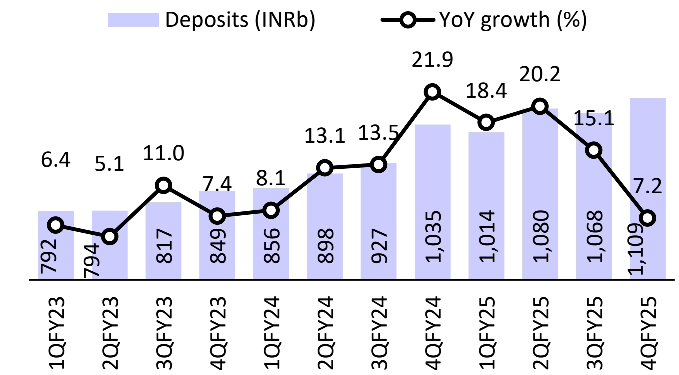
Business growth in line with estimates; CASA ratio improves

Retail to wholesale mix stood at 61:39

RBL Bank (RBK) released its quarterly business update for 4QFY25. Here are the key highlights:

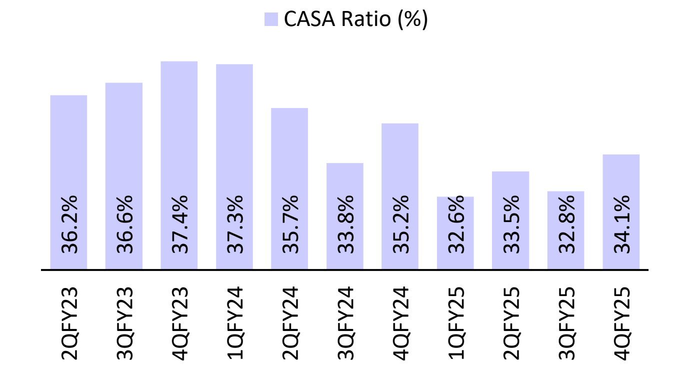
- RBK reported 11% YoY/3% QoQ growth in gross advances to INR949.7b, largely in line with estimates. Among segments, retail advances grew 15% YoY, while wholesale loans grew at a modest rate of 5% YoY. The mix of retail and wholesale stood at 61:39.
- Deposit base grew by 7% YoY/4% QoQ to INR1,109b. CASA deposits grew strongly by 8% QoQ (4% YoY). As a result, CASA ratio increased to 34.1% (vs. 32.8% in 3QFY25). Further, deposits <INR30m saw a growth of 3% QoQ (16% YoY). Retail deposit mix with below INR30m now forms 49.8% of total deposits.
- Collection efficiency for the JLG segment stood at 99% in Mar'25 vs. 98.4% in Dec'24. The current bucket collection, excluding Karnataka, stood at 99.3%.

Deposits grew 7% YoY (up 4% QoQ)



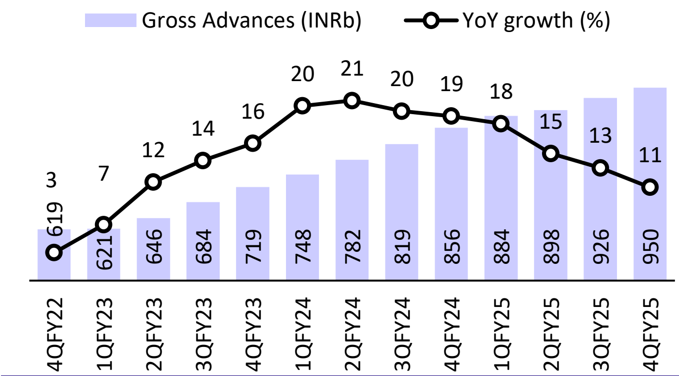
Source: MOSL, Company

CASA ratio improved to 34.1% in 4QFY25



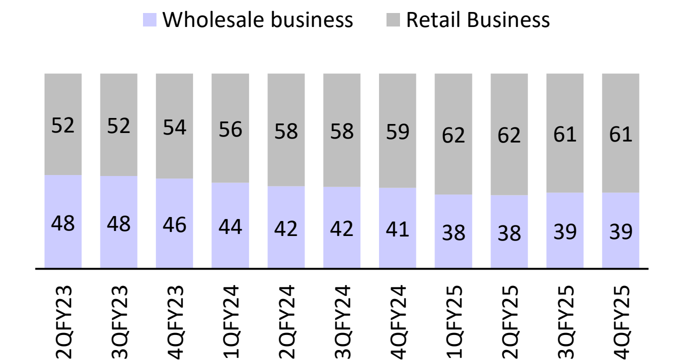
Source: MOSL, Company

Gross advances grew 11% YoY (up 3% QoQ)



Source: MOSL, Company

Retail: Wholesale mix stood at 61:39



Source: MOSL, Company

Baazar Style Retail: Will Achieve 14-15% Margin In FY25 And 15-16% In FY26; Shreyans Surana, MD

- Q4 revenue up 55% (₹345 crore); FY25 growth at 38%, exceeding guidance.
- 52 new stores in FY25; targeting 40-50 more in FY26, focusing on UP & Jharkhand.
- Margins at 15%, aiming for 15-16% in FY26; net debt cut from ₹1,700 crore to ₹100 crore.
- Net debt cut from ₹1,700 crore to ₹100 crore; aiming for debt-free status in 2-3 years.

Read More

Arvind Ltd: 27% Tariff Rate May Not Be Final, Depending On A Trade Deal With The US; Kulin Lalbhai, Vice-Chairman

- Bangladesh and Vietnam have taken market share from India in textiles.
- Lower tariffs on Indian textiles could boost exports to key markets.
- India is in talks with the US, UK, and EU to improve market access.
- The impact of tariffs on demand remains unclear; speeding up trade deals is crucial.

Read More

Index	1 Day (%)	1M (%)	12M (%)
Sensex	-0.4	4.4	3.3
Nifty-50	-0.4	5.1	3.6
Nifty Next 50	0.0	9.5	1.1
Nifty 100	-0.3	5.9	3.0
Nifty 200	-0.2	6.3	3.3
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Automobiles	**-1.1**	**3.0**	**-1.8**
Amara Raja Ener.	-1.7	7.0	26.1
Apollo Tyres	-1.2	9.3	-9.7
Ashok Leyland	0.6	0.5	20.5
Bajaj Auto	-2.0	2.6	-12.9
Balkrishna Inds	-3.3	-3.9	7.1
Bharat Forge	-3.1	8.4	-2.2
Bosch	-0.6	4.4	-9.6
CEAT	-0.9	20.7	8.2
Craftsman Auto	-2.3	4.4	6.1
Eicher Motors	0.4	9.6	36.7
Endurance Tech.	-1.3	10.6	-0.8
Escorts Kubota	1.3	10.9	8.8
Exide Inds.	0.2	7.5	18.7
Happy Forgings	-0.2	-2.7	-14.6
Hero Motocorp	-0.8	3.4	-17.6
Hyundai Motor	-1.7	-2.5	
M & M	-1.0	0.0	31.3
CIE Automotive	0.6	2.7	-18.3
Maruti Suzuki	-0.2	-0.7	-6.0
MRF	-0.2	9.2	-15.6
Sona BLW Precis.	-3.3	-7.4	-32.9
Motherson Sumi	-2.5	8.0	7.1
Motherson Wiring	1.5	7.5	-26.6
Tata Motors	-2.7	5.3	-35.2
TVS Motor Co.	-0.8	6.5	17.7
Tube Investments	-1.2	2.3	-27.0
Banks-Private	**0.3**	**6.5**	**8.2**
AU Small Fin. Bank	4.4	1.0	-6.9
Axis Bank	0.5	8.2	2.5
Bandhan Bank	3.3	11.7	-17.8
DCB Bank	2.4	13.6	-7.8
Equitas Sma. Fin	3.2	30.1	-15.3
Federal Bank	1.1	8.2	25.7
HDFC Bank	-0.1	5.5	21.1
ICICI Bank	-0.1	10.2	23.4
IDFC First Bank	5.5	4.6	-23.0
IndusInd Bank	1.0	-27.9	-54.0
Kotak Mah. Bank	-1.0	11.4	23.2
RBL Bank	2.4	13.0	-30.6
SBI Cards	-0.8	2.7	22.3
Banks-PSU	**1.9**	**14.1**	**-12.1**
BOB	2.3	20.9	-13.7
Canara Bank	3.6	15.9	-22.3
Indian Bank	3.7	9.8	3.9
Punjab Natl.Bank	1.7	13.4	-26.7
St Bk of India	0.4	12.1	1.1

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	-0.1	6.8	3.1
Nifty Midcap 100	0.2	8.7	4.9
Nifty Smallcap 100	0.6	10.9	0.7
Nifty Midcap 150	0.2	8.2	4.7
Nifty Smallcap 250	0.7	11.1	1.5
Union Bank (I)	3.1	20.4	-16.6
NBFCs	**-0.1**	**7.7**	**16.6**
Aditya Birla Capital Ltd	1.1	17.3	-15.7
Bajaj Fin.	3.3	12.7	-28.9
Cholaman.Inv.&Fn	3.4	2.7	10.3
Can Fin Homes	2.1	-1.6	-70.4
CreditAcc. Gram.	4.4	20.1	2.6
Fusion Microfin.	0.2	37.0	39.9
Five-Star Bus.Fi	1.4	11.4	-9.5
Home First Finan	1.4	14.5	-10.6
Indostar Capital	0.0	17.7	20.8
IIFL Finance	-1.3	-1.9	-10.2
L&T Finance	0.0	11.3	-13.0
LIC Housing Fin.	1.2	10.4	45.4
MCX	-1.0	4.5	-29.7
M & M Fin. Serv.	2.2	22.4	27.5
Muthoot Finance	0.2	12.6	-10.3
Manappuram Fin.	4.1	32.4	-26.7
MAS Financial Serv.	1.3	11.0	1.0
PNB Housing	4.3	10.4	-21.8
Power Fin.Corpn.	2.9	-0.5	-70.6
REC Ltd	2.5	-6.8	26.5
Repco Home Fin	2.2	8.7	38.5
Shriram Finance	-2.6	-11.4	4.6
Spandana Sphoort	4.6	24.4	-22.4
Nippon Life Ind.	1.4	12.1	32.0
UTI AMC	-0.5	9.3	8.4
Nuvama Wealth	1.9	21.8	67.9
Prudent Corp.	-0.7	13.1	49.3
NBFC-Non Lending			
360 One	1.7	26.4	-5.3
Aditya AMC	1.8	22.0	21.4
Anand Rathi Wea.	-1.6	13.6	15.7
Angel One	-1.0	1.8	21.0
BSE	-0.2	6.6	-15.1
C D S L	4.6	18.2	23.5
Cams Services	0.8	-2.3	-5.4
HDFC AMC	-0.6	28.9	96.5
KFin Technolog.	-0.9	-0.4	17.6
MCX	-1.0	4.5	-29.7
Nippon Life Ind.	1.4	12.1	32.0
Nuvama Wealth	1.9	21.8	67.9
Prudent Corp.	-0.7	13.1	49.3
UTI AMC	-0.5	9.3	8.4
Insurance			
HDFC Life Insur.	-0.5	12.1	11.0
ICICI Pru Life	0.3	1.9	-9.0
ICICI Lombard	0.1	10.1	8.2

Company	1 Day (%)	1M (%)	12M (%)
Life Insurance	0.5	11.8	-18.3
Max Financial	0.5	16.5	14.2
SBI Life Insuran	-1.1	9.5	5.6
Star Health Insu	2.2	-4.0	-37.4
Chemicals			
Alkyl Amines	-0.9	8.6	-11.7
Atul	-3.6	1.9	-6.0
Clean Science	-0.6	5.6	-10.0
Deepak Nitrite	-1.4	8.3	-8.2
Fine Organic	-0.7	16.7	-0.9
Galaxy Surfact.	0.4	5.8	-9.4
Navin Fluo.Intl.	-1.3	9.6	33.3
NOCIL	1.6	10.5	-33.3
P I Inds.	-1.4	15.6	-11.4
SRF	-2.7	2.6	10.6
Tata Chemicals	-0.2	7.9	-22.2
Vinati Organics	-0.9	1.1	2.2
Capital Goods	**1.2**	**34.7**	**-29.9**
A B B	0.3	4.7	-18.1
Bharat Electron	1.8	11.7	29.8
Cummins India	-0.6	7.4	-0.5
Hitachi Energy	-0.2	5.5	79.1
K E C Intl.	-5.3	5.8	-0.3
Kalpataru Proj.	-1.2	14.2	-13.7
Kirloskar Oil	3.2	30.1	-15.3
Larsen & Toubro	0.0	7.0	-9.6
Siemens	-0.6	8.5	-7.0
Thermax	0.0	10.9	-19.9
Triveni Turbine	-1.2	11.9	-2.7
Zen Technologies	0.6	39.6	43.6
Cement			
Ambuja Cem.	1.2	14.6	-14.8
ACC	1.6	9.3	-24.3
Birla Corp.	4.7	22.5	-23.3
Dalmia Bhar.	2.2	8.5	-9.1
Grasim Inds.	1.4	11.5	15.0
India Cem	1.1	10.5	26.7
J K Cements	0.1	12.3	15.2
JK Lakshmi Cem.	1.6	19.0	-8.4
The Ramco Cement	2.7	11.9	10.0
Shree Cement	2.1	11.6	17.3
UltraTech Cem.	3.2	12.2	16.0
Consumer	**0.2**	**5.9**	**-0.1**
Asian Paints	1.9	8.4	-18.1
Britannia Inds.	0.7	10.4	4.9
Colgate-Palm.	1.9	-1.0	-13.9
Dabur India	-6.1	-5.4	-12.4
Emami	-1.9	10.3	31.4
Godrej Consumer	-0.1	16.4	-2.3
Hind. Unilever	0.3	3.1	-0.9
ITC	0.1	3.0	1.8
Indigo Paints	-0.7	0.3	-29.6
Jyothy Lab.	2.3	8.7	-22.7

Company	1 Day (%)	1M (%)	12M (%)
L T Foods	-0.9	9.7	77.7
Marico	0.7	11.2	33.2
Nestle India	1.6	2.7	-12.1
Page Industries	0.8	6.8	24.5
Pidilite Inds.	0.4	6.7	-4.7
P & G Hygiene	-0.7	1.0	-17.0
Tata Consumer	0.8	12.3	-3.1
United Breweries	0.1	3.1	9.5
United Spirits	-0.3	9.5	26.5
Varun Beverages	-0.4	19.2	-7.8
Consumer Durables	**0.5**	**2.0**	**3.0**
Polycab India	0.5	6.3	-2.1
R R Kabel	-1.9	-10.0	-18.5
Havells	-1.6	6.8	-1.1
Voltas	-0.5	5.8	-40.1
KEI Industries	0.5	-1.0	10.8
EMS			
Amber Enterp.	-0.9	22.5	83.3
Avalon Tech	0.5	19.5	55.7
Cyient DLM	0.7	15.8	-35.3
Data Pattern	1.0	21.3	-36.5
Dixon Technolog.	0.3	-4.0	75.2
Kaynes Tech	-1.6	19.9	83.0
Syrma SGS Tech.	0.1	11.6	-5.6
Healthcare	**2.2**	**7.8**	**11.9**
Alembic Pharma	0.2	19.2	-10.5
Alkem Lab	1.7	8.1	1.6
Apollo Hospitals	-0.9	8.1	4.6
Ajanta Pharma	0.1	7.2	16.2
Aurobindo	1.6	10.7	3.4
Biocon	1.1	13.3	26.8
Zydus Lifesci.	1.2	3.6	-8.7
Cipla	3.0	6.3	1.6
Divis Lab	1.7	4.0	56.4
Dr Reddy's	0.1	2.8	-6.0
Dr Agarwals Health	0.1	11.3	
ERIS Lifescience	-0.3	15.9	60.8
Gland Pharma	1.6	1.3	-12.8
Glenmark	-0.6	2.2	-7.4
Global Health	1.6	3.8	8.3
Granules	2.9	13.4	45.4
GSK Pharma	2.0	17.7	55.5
IPCA Labs	5.8	10.5	22.3
Laurus Labs	1.9	17.4	41.1
Lupin	4.3	7.3	30.5
Mankind Pharma	2.4	15.1	36.9
Max Healthcare	0.2	4.3	2.7
Piramal Pharma	0.9	20.6	70.1
Sun Pharma	3.3	11.7	9.3
Torrent Pharma	1.3	9.7	25.5
Infrastructure	**0.2**	**9.8**	**0.1**
G R Infraproject	0.5	7.2	-21.8
IRB Infra.Devl.	1.6	10.8	-25.1
KNR Construct.	1.8	8.6	-9.7

Company	1 Day (%)	1M (%)	12M (%)
Logistics			
Adani Ports	0.4	13.9	-14.1
Blue Dart Exp.	-1.2	3.4	0.7
Container Corpn.	0.7	13.7	-21.8
JSW Infrast	0.1	30.6	28.4
Mahindra Logis.	3.2	12.9	-36.3
Transport Corp.	-1.1	20.4	28.3
TCI Express	2.4	-3.2	-40.5
VRL Logistics	1.4	9.3	-13.5
Media	**1.1**	**11.9**	**-20.3**
PVR INOX	-0.9	7.2	-30.5
Sun TV	-0.1	14.5	3.7
Zee Ent.	5.2	19.1	-29.7
Metals	**-0.8**	**8.3**	**3.6**
Hindalco	-1.3	2.5	13.2
Hind. Zinc	-0.4	18.5	39.8
JSPL	-0.5	6.0	0.3
JSW Steel	-1.1	7.0	20.1
Nalco	-0.9	-3.8	-1.2
NMDC	0.3	11.7	-2.9
SAIL	-0.1	11.5	-20.0
Tata Steel	-0.7	10.9	-6.1
Vedanta	-4.0	7.4	47.1
Oil & Gas	**-0.6**	**12.3**	**-11.0**
Aegis Logistics	-2.0	31.6	61.2
BPCL	1.5	14.9	24.9
Castrol India	0.8	6.1	86.8
GAIL	0.0	18.3	-6.1
Gujarat Gas	-0.2	19.2	-2.9
Gujarat St. Pet.	-0.9	-7.5	-3.9
HPCL	1.3	11.0	-24.1
IOCL	1.6	11.4	-18.8
IGL	0.1	21.7	14.6
Mahanagar Gas	-0.2	14.4	-24.5
MRPL	2.4	13.9	-5.8
Oil India	-1.2	34.8	-42.5
ONGC	0.6	13.0	-0.7
PLNG	-1.5	13.0	-8.9
Reliance Ind.	-2.9	8.1	-11.6
Real Estate	**-0.1**	**5.7**	**-7.7**
Anant Raj	-0.5	7.6	47.3
Brigade Enterpr.	0.7	4.9	4.5
DLF	-0.5	5.1	-24.8
Godrej Propert.	0.2	7.4	-10.4
Kolte Patil Dev.	1.2	34.7	-29.9
Mahindra Life.	2.8	1.0	-48.8
Macrotech Devel.	-0.1	8.6	9.2
Oberoi Realty Ltd	-1.9	5.6	4.3
SignatureGlobal	1.2	6.6	-14.8
Sobha	0.9	4.0	-19.0
Sunteck Realty	1.2	13.2	-7.5
Phoenix Mills	-1.0	5.3	13.7
Prestige Estates	0.9	0.4	-8.7

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Aditya Bir. Fas.	1.1	10.0	11.7
Avenue Super.	0.9	20.4	-6.8
Bata India	-1.4	-1.0	-10.5
Campus Activewe.	3.7	-4.0	4.6
Barbeque-Nation	0.1	1.4	-46.9
Devyani Intl.	-0.2	-9.1	-1.5
Jubilant Food	1.5	9.4	50.5
Kalyan Jewellers	-0.4	15.6	18.7
Metro Brands	1.2	-7.0	-2.0
P N Gadgil Jewe.	2.6	1.2	
Raymond Lifestyl	-1.2	0.0	
Relaxo Footwear	1.6	2.4	-48.9
Sapphire Foods	2.0	-6.6	0.8
Senco Gold	5.0	7.5	-23.6
Shoppers St.	-1.1	7.2	-28.7
Titan Co.	0.9	1.5	-15.8
Trent	-0.1	14.7	44.7
V-Mart Retail	-2.1	8.2	46.5
Vedant Fashions	1.4	-4.7	-16.3
Westlife Food	0.0	1.8	-14.0
Technology	**-4.2**	**-7.6**	**-0.8**
Cyient	-2.7	-1.1	-41.2
HCL Tech.	-3.8	-6.5	-4.3
Infosys	-3.5	-12.4	1.1
LTIMindtree	-3.5	-10.2	-10.8
L&T Technology	-3.8	-2.3	-22.6
Mphasis	-4.1	4.8	-4.4
Coforge	-7.8	-2.7	26.4
Persistent Sys	-9.9	-9.4	20.7
TCS	-4.0	-2.6	-13.8
Tech Mah	-3.8	-8.3	9.1
Wipro	-2.8	-9.6	6.1
Zensar Tech	-4.4	-2.9	10.2
Telecom	**0.8**	**10.6**	**6.6**
Bharti Airtel	-0.5	9.4	42.4
Indus Towers	-0.9	9.6	19.1
Idea Cellular	-0.4	9.8	-39.6
Tata Comm	2.3	23.2	-20.6
Utiltites	**1.8**	**13.8**	**-4.6**
ACME Solar Hold.	5.0	7.6	
Coal India	-0.1	10.2	-10.9
Indian Energy Ex	2.3	17.7	26.6
JSW Energy	0.2	11.2	-9.3
NTPC	2.0	14.2	2.2
Power Grid Corpn	4.3	18.5	6.8
Suzlon Energy	0.1	15.5	32.2
Tata Power Co.	2.0	12.5	-6.5
Others			
APL Apollo Tubes	0.0	6.6	5.7
Cello World	0.4	9.8	-2.0
Coromandel Intl	1.8	0.2	11.4
Dreamfolks Servi	-2.6	-11.4	4.6

Company	1 Day (%)	1M (%)	12M (%)
EPL Ltd	0.1	-4.7	-22.9
Gravita India	-1.5	7.2	44.8
Godrej Agrovet	-3.7	-1.7	1.6
Havells	-1.6	6.8	-1.1
Indian Hotels	1.6	9.5	-18.0
Indiamart Inter.	1.9	21.8	67.9
Info Edge	-0.7	13.1	49.3
Interglobe	-2.8	-3.3	20.0
Kajaria Ceramics	-1.3	12.1	43.3
Lemon Tree Hotel	5.0	23.4	180.4
MTAR Technologie	2.1	14.2	0.6
One 97	2.3	15.1	103.6
Piramal Enterp.	0.3	13.2	17.5
Quess Corp	-1.3	15.9	21.3
SIS	-0.1	6.1	-24.0
Swiggy	0.2	5.8	
Team Lease Serv.	-1.4	-6.7	-39.2
UPL	-0.5	5.6	42.4
Updater Services	5.3	4.4	-6.8
Voltas	-0.5	5.8	-40.1
Zomato Ltd	-0.5	-5.1	18.3

NOTES

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

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