Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,171	-0.2	-2.5
Nifty-50	23,045	-0.1	-2.5
Nifty-M 100	50,756	-0.3	-11.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,052	-0.3	2.9
Nasdaq	19,650	0.0	1.8
FTSE 100	8,807	0.3	7.8
DAX	22,148	0.5	11.2
Hang Seng	8,058	2.7	10.5
Nikkei 225	38,964	0.4	-2.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	76	-1.5	2.4
Gold ($/OZ)	2,904	0.2	10.7
Cu (US$/MT)	9,344	1.1	8.0
Almn (US$/MT)	2,630	-0.7	4.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	86.9	0.1	1.5
USD/EUR	1.0	0.2	0.3
USD/JPY	154.4	1.3	-1.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.7	0.00	-0.1
10 Yrs AAA Corp	7.3	0.00	0.1
Flows (USD b)	**12-Feb**	**MTD**	**CYTD**
FIIs	-0.6	-2.20	-10.0
DIIs	0.68	4.70	11.5
Volumes (INRb)	**12-Feb**	**MTD***	**YTD***
Cash	1,107	999	1013
F&O	2,66,545	1,67,316	1,85,053

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Vodafone Idea: 3Q operationally weak; downgrade to sell

- Vodafone Idea's (Vi) reported EBITDA (up 4% QoQ, vs. 3%/9% QoQ growth for RJio/Bharti India wireless) came in line with our estimates due to lower employee and SG&A costs.
- However, operationally, results were weaker as subscriber decline remained elevated (-5.2m QoQ vs our estimate of -4m), and reported ARPU came in ~1% below our estimate at INR163 (+5% QoQ vs. 4-5% QoQ growth for peers).
- Vi's capex increased sharply to INR32b (from INR14b in 2Q). Further, management has guided for INR100b capex for FY25 (vs. INR53b in 9M).
- Vi lost further market share to peers in 3Q, with continued data subscriber churn and weaker customer engagement metrics. Bharti was once again the biggest gainer, with ~80bp/45bp QoQ gains on Revenue Market Share (RMS) and Subscriber Market Share (SMS) in 3QFY25.
- Further, with GoI prepayments commencing from 1HFY26 and no break-through on debt raise, we believe Vi is likely to face a cash shortfall and may not be able to meet the capex guidance of INR500-550b by FY27.
- We cut our FY26-27E EBITDA by 7-8% on lower subscriber and ARPU assumptions. We downgrade Vi to Sell (from Neutral) with a revised TP of INR5, based on DCF implied ~14x FY27E EV/EBITDA.

Research covered

Cos/Sector	Key Highlights
Vodafone Idea	3Q operationally weak; downgrade to sell
Fund Folio	Equity AUM moderates amid volatilities; down 4.7% from peak of Sep'24
Other Updates	Siemens | Kotak Mahindra Bank | Power Finance Corporation | Muthoot Finance | Ashok Leyland | Bharat Forge | SAIL | Jubilant FoodWorks | Nuvama Wealth | Bata India | Kirloskar Oil Engine | Kolte Patil Developers | EcoScope | Aegis Logistics | Endurance Technologies | IIFL Finance | P N Gadgil Jewellers | Repco Home Finance | Fusion Microfinance

Chart of the Day: Vodafone Idea (3Q operationally weak)

Vi likely to face ~INR200b+ annual cash shortfall over FY27-31E; cash shortfall likely to start from 2HFY26

(INR b)	FY23	FY24	FY25E	FY26E	FY27E	FY25-27E	FY28-32E
Wireless subs (m)	226	213	197	192	190		
Wireless ARPU (INR/month)	132	143	157	173	193		
Cash inflows	**83**	**95**	**307**	**401**	**106**	**814**	**945**
Cash EBITDA	83	84	91	87	106	284	945
Other non-operational cashflows	—	11		64		64	
Equity fund raise			216			216	
Likely debt fund raise				250		250	
Cash outflows	**117**	**121**	**124**	**330**	**448**	**901**	**1,847**
External dues repayments	67	74	19	19	5	43	-
GoI debt repayments	17	19	22	312	446	779	2,049
Probable GoI equity conversion				**(122)**	**(174)**	**(296)**	**(786)**
Vendor past dues repayments	(20)	(2)	60	-		60	—
Capex	**34**	**19**	**19**	**92**	**142**	**252**	**441**
Likely interest on external dues	20	11	4	30	29	63	144
Gross cash surplus / (shortfall)	**(34)**	**(25)**	**183**	**72**	**(342)**	**(87)**	**(902)**
Change in cash and equivalents	(12)	(1)					
Net cash surplus / (shortfall)	**(22)**	**(25)**	**183**	**72**	**(342)**	**(87)**	**(902)**

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In the news today

Kindly click on textbox for the detailed news link

1

Warburg, other promoters to infuse capital in Fusion Finance despite its worseing financial health

Warburg held 32.83% in Fusion through its affiliate Honey Rose Investment as of December-end last year. Chicago-based Creation Investments, also listed as a promoter of Fusion, held 19.78%.

2

PACS to sell airline tickets soon, linked to 20-plus activities: Amit Shah

Amit Shah announced that soon primary agricultural credit societies (PACS) will sell airline tickets, following computerisation and other enhancements.

3

Prestige Group may raise Rs 1k cr to refinance costly debt

The secured debt facility, with a three-year tenor maturing in January 2028, will be raised at Bamboo Hotel and Global Centre (Delhi). (BHGCPL) a joint venture between Prestige Group and DB Realty, which is developing a large scale mixed-use project in New Delhi's Aerocity.

4

Tonnage Tax law to ship in big gains for domestic firms

Domestic shipping companies in India are set to benefit from the proposed expansion of the tonnage tax scheme in the new Income Tax Bill, 2025. The scheme, previously limited to seagoing ships, will now include inland vessels, encouraging investments in inland waterways.

5

India's electronics industry pushes for boosting US trade ties

The Indian electronics industry seeks enhanced trade ties with the US aiming for $750 billion in bilateral trade by 2032, including $100 billion in electronics. They highlight opportunities created by policies like the Production Linked Incentive (PLI) scheme and call for favorable trade concessions and technology partnerships from the US.

6

Engineers India in talks to enter nuclear space: CMD

The company also aims to expand its renewable energy base with plans to acquire assets in order to achieve its net zero targets.

7

RIL establishes REC sustainable energy solutions in Singapore to support new energy initiatives

Reliance Industries (RIL) has established a wholly owned subsidiary, REC Sustainable Energy Solutions, in Singapore to set up a global capability center (GCC) aimed at consolidating R&D activities, recruiting global talent, and supporting new energy initiatives.

Vodafone Idea

Estimate changes	↓
TP change	↓
Rating change	↓

Bloomberg	IDEA IN
Equity Shares (m)	69700
M.Cap.(INRb)/(USDb)	599 / 6.9
52-Week Range (INR)	19 / 7
1, 6, 12 Rel. Per (%)	10/-42/-49
12M Avg Val (INR M)	10072

Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Net Sales	435	454	494
EBITDA	180	183	206
Adj. PAT	-274	-310	-299
EBITDA Margin (%)	41.3	40.2	41.6
Adj. EPS (INR)	-3.8	-3.7	-3.0
BV/Sh. (INR)	-33.3	-39.2	-43.1
Ratios			
Net D:E	-2.1	-1.9	-1.8
RoE (%)	NM	NM	NM
RoCE (%)	-2.9	-3.1	-0.8
Payout (%)	0.0	0.0	0.0
Valuations			
EV/EBITDA (x)	15.1	15.6	14.2
P/E (x)	-2.2	-2.3	-2.8
P/B (x)	-0.3	-0.2	-0.2
Div. Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	38.8	37.3	50.4
DII	26.8	28.0	36.2
FII	9.9	12.7	2.3
Others	24.5	22.0	11.2

FII includes depository receipts

CMP: INR8 **TP: INR5 (-40%)** **Downgrade to sell**

3Q operationally weak; downgrade to sell

- Vodafone Idea's (Vi) reported EBITDA (up 4% QoQ, vs. 3%/9% QoQ growth for RJio/Bharti India wireless) came in line with our estimates due to lower employee and SG&A costs.
- However, operationally, results were weaker as subscriber decline remained elevated (-5.2m QoQ vs our estimate of -4m), and reported ARPU came in ~1% below our estimate at INR163 (+5% QoQ vs. 4-5% QoQ growth for peers).
- Vi's capex increased sharply to INR32b (from INR14b in 2Q). Further, management has guided for INR100b capex for FY25 (vs. INR53b in 9M).
- Vi lost further market share to peers in 3Q, with continued data subscriber churn and weaker customer engagement metrics. Bharti was once again the biggest gainer, with ~80bp/45bp QoQ gains on Revenue Market Share (RMS) and Subscriber Market Share (SMS) in 3QFY25.
- Vi's continued subscriber loss remains a key concern. Despite accelerated network investments in the interim, we believe regaining subscribers will remain a tall ask for Vi as its peers, with superior free cash flow generation and deeper pockets, can keep customer acquisition costs higher.
- Further, with GoI prepayments commencing from 1HFY26 and no break-through on debt raise, we believe Vi is likely to face a cash shortfall and may not be able to meet the capex guidance of INR500-550b by FY27.
- We cut our FY26-27E EBITDA by 7-8% on lower subscriber and ARPU assumptions. We **downgrade Vi to Sell (from Neutral) with a revised TP of INR5**, based on DCF implied ~14x FY27E EV/EBITDA.

Tariff hike boost partly offset by continued decline in subscriber base

- Vi's wireless ARPU was up 5% QoQ to INR163 (+10% YoY vs. +4%/+5% QoQ for RJio and Bharti) and was ~1% below our estimate of INR165.
- The company indicated that customer ARPU (excluding M2M) was up ~4% QoQ to INR173 (vs. INR245 for Bharti).
- Vi's overall subscriber base at 199.8m declined by a further 5.2m QoQ (vs. a 5.1m net decline in 2QFY25 and higher than our expectation of a 4m QoQ decline) due to churn remaining elevated post the tariff hikes.
- Monthly churn was stable QoQ at 4.5% (vs. a decline of ~75bp QoQ for Bharti) and remains a key monitorable.
- Wireless revenue at INR99b (+5% YoY, 2% below) was up 2% sequentially (vs. a 3%/6% QoQ increase for RJio/Bharti) as residual tariff hike benefits were partly offset by a continued decline in subscriber base.
- Reported EBITDA at INR47b (+4% QoQ, +8% YoY) was in line with our estimate due to lower employee costs (-6% QoQ) and SG&A costs (-1% QoQ).
- Pre-Ind-AS 116 EBITDA at INR24.5b improved ~6% QoQ (+15% YoY) and was in line with our estimate as margin expanded ~80bp QoQ to 22% (+200bp YoY and ~35bp higher vs. our estimate).

- Reported losses stood at INR66b (vs. INR72b QoQ and our estimate of INR71b), largely driven by lower net finance costs (11% below, -10% QoQ, certain one-offs pertaining to vendor dues).
- Vi's reported net debt (excluding leases but including interest accrued and not due) increased INR55b QoQ to INR2.18t. Vi owes ~INR2.27t to GoI for deferred spectrum and AGR dues. External/banking debt declined further to a modest ~INR23b (vs. INR33b QoQ, INR77b YoY).

Highlights from the management commentary

- **Subscriber trends:** Management indicated that it is seeing some green shoots from network rollouts, with VLR net adds in 11 circles in Dec'24 and Jan'25. Further, it expects trends to improve with the progress on network rollout and the upcoming 5G launch.
- **Network rollout:** Vi rolled out ~3.5k towers (~4k MBB towers) and ~21k net MBB sites during 3Q, leading to an increase in 4G population coverage by a further ~20m to 1.07b. Management expects to reach 4G population coverage of 1.1b by Mar'25 and 1.2b (~90%) over the medium term. Further, the company plans to commercially launch 5G services in Mumbai in Mar'25, followed by launches in Delhi, Bangalore, Chandigarh, and Patna in Apr'25.
- **Tariff hike:** Management noted that the benefits of tariff hikes are largely reflected in 3Q (~12% customer ARPU growth over the last two quarters). Further, management reiterated its stance on the need for further tariff hikes (possibly in the next 3-6 months) and a change in tariff construct to usage-based plans.
- **Debt raise:** Vi remains engaged with lenders for a debt raise. Further, management highlighted that recent Bank Guarantee (BG) waivers indicate GoI's commitment to a three-player market and have helped advance discussions with lenders.
- **Network opex:** Management indicated that it is looking to expand its tower presence to 215-220k (from ~187k currently). Typically, a new site addition results in a ~60-70k per month increase in network opex. However, there has been some offset from seasonally lower energy costs and green site initiatives in 3Q, which led to QoQ stable network opex.

Valuation and view

- Vi continues to lose market share to peers on account of lower ARPU translation, given its inferior subscriber mix and elevated subscriber churn.
- Vi plans to embark on a significant capex cycle (INR500-550b over the next 2-3 years) to bridge the network gap with peers.
- Despite the likely capex, we believe gaining back subscribers would be a tall ask for Vi, given its peers' superior free cash flow generation and deeper pockets.
- Further, we believe Vi's network investments remain contingent on debt raise, which in turn is dependent on continued support/relief from GoI (INR440b+ annual repayments to GoI starting from 1HFY26).
- Stabilization of the subscriber base, along with further relief from GoI, remains imperative for Vi's long-term survival.
- We cut our FY26-27E EBITDA by 7-8% on lower subscriber and ARPU assumptions. We **downgrade Vi to Sell (from Neutral) with a revised TP of INR5**, based on DCF implied ~14x FY27E EV/EBITDA.

Consolidated - Quarterly Earnings Model (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%)
Revenue	**107**	**107**	**107**	**106**	**105**	**109**	**111**	**109**	**427**	**435**	**113**	**-1.5**
YoY Change (%)	2.4	1.0	0.5	0.7	-1.4	2.0	4.2	3.1	1.1	2.0	-73.1	
Total Expenditure	65	64	63	63	63	64	64	64	255	255	65	-2.2
EBITDA	**42**	**43**	**44**	**43**	**42**	**45**	**47**	**45**	**171**	**180**	**47**	**-0.5**
YoY Change (%)	-4.0	4.5	4.1	3.0	1.1	6.2	8.3	3.9	1.8	4.9	-72.1	
Depreciation	56	57	56	58	54	54	56	56	226	220	54	4.2
Net Finance Costs	64	65	65	62	53	63	57	61	257	233	64	-10.9
PBT before EO expense	**-78**	**-79**	**-77**	**-77**	**-64**	**-72**	**-66**	**-72**	**-312**	**-274**	**-71**	**-6.3**
Extra-Ord expense	0	0	-8	0	0	0	0	0	-8	0	0	
PBT	**-78**	**-79**	**-70**	**-77**	**-64**	**-72**	**-66**	**-72**	**-304**	**-274**	**-71**	**-6.3**
Tax	0.0	8.2	0.0	0.1	0.1	0.1	0.0	0.0	8.3	0.1	0.0	
Rate (%)	0.0	-10.3	0.0	-0.1	-0.1	-0.1	0.0	0.0	-2.7	0.0	0.0	
Reported PAT	**-78**	**-87**	**-70**	**-77**	**-64**	**-72**	**-66**	**-72**	**-312**	**-274**	**-71**	**-6.3**
Adj PAT	**-78**	**-87**	**-77**	**-77**	**-64**	**-72**	**-66**	**-72**	**-320**	**-274**	**-71**	**-6.3**
YoY Change (%)	7.4	15.0	-3.1	20.0	-18.0	-17.9	-14.6	-6.5	9.3	-14.4	-8.9	

E: MOFSL Estimates

Fund Folio

Indian Mutual Fund Tracker

Equity AUM moderates amid volatilities; down 4.7% from peak of Sep'24

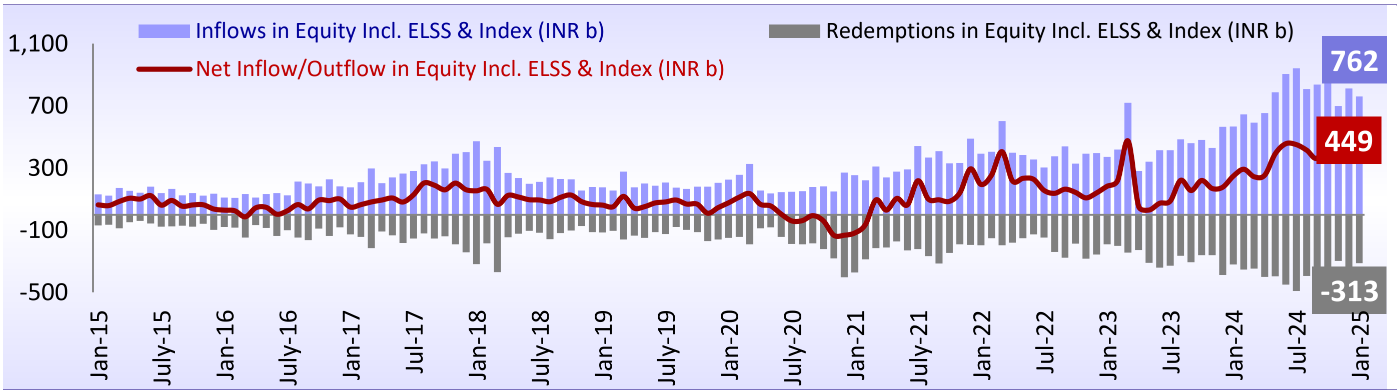
Key observations

- The Nifty-50 witnessed an additional correction of 0.6% MoM in Jan'25, following a 2% decline in Dec'24. The market closed in red for the fourth consecutive month. Notably, the index was extremely volatile and hovered around 1,440 points before closing 136 points lower. Notably, DII inflows (at USD10b) and FII outflows (at USD8.4b) were at second record highs in Jan'25 (DIIs inflows at USD12.8b and FIIs outflows at USD10.9b in Oct'24).
- Equity AUM of domestic MFs (including ELSS and index funds) decreased 3.3% MoM to INR32.3t in Jan'25, led by weak market sentiments (Nifty down 0.6% MoM). Notably, the month experienced a decrease in sales of equity schemes (down 6.3% MoM to INR762b). The pace of redemptions slowed down to INR313b (down 11.6% MoM). Consequently, net inflows moderated marginally in Jan'25 to INR449b from INR459b in Dec'24.
- Total AUM of the MF industry inched up 0.5% MoM to INR67.3t in Jan'25, primarily led by a MoM increase in AUM of liquid funds (INR1,181b), income funds (INR202b), and Gold ETFs (INR72b). Conversely, AUM of equity funds decreased INR1,099b MoM.
- Investors continued to park their money in mutual funds, with inflows and contributions in systematic investment plans (SIPs) at INR264b in Jan'25 (- 0.2% MoM and +40.1% YoY).

Some interesting facts

- The month experienced notable changes in the sector and stock allocation of funds. On a MoM basis, the weights of Private Banks, Technology, Automobiles, Oil & Gas, Consumer, NBFCs, Utilities, Telecom, Metals, Cement, and Insurance increased, while those of Capital Goods, Healthcare, Consumer Durables, PSU Banks, Retail, and Real Estate moderated.
- Private Banks' weight rose to a seven-month high in Jan'25 to 17.1% (+50bp MoM; +10bp YoY).
- Technology's weight climbed for the fourth consecutive month in Jan'25 to 9.6% (+20bp MoM; YoY).
- Capital Goods' weight continued to moderate in Jan'25 to 7.4% (-40bp MoM; flat YoY).
- Healthcare's weight, after touching a 48-month high in Dec'24, moderated in Jan'25 to 7.5% (-30bp MoM, +20bp YoY).
- In terms of value increase MoM, divergent interests were visible within sectors: The top 5 stocks that witnessed a maximum rise in value were Maruti Suzuki (+INR63.4b), Bajaj Finance (+INR54.4b), Kotak Mahindra Bank (+INR39.3b), TCS (+INR34.7b), and HUL (+INR34.2b).

Monthly trends in sales, redemptions, and net amount raised by MFs (equity)



Siemens

Estimate changes	↓
TP change	↓
Rating change	⟷

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	1851.5 / 21.3
52-Week Range (INR)	8130 / 4118
1, 6, 12 Rel. Per (%)	-13/-20/17
12M Avg Val (INR M)	2700

Financials Snapshot (INR b)

Y/E SEP	FY25E	FY26E	FY27E
Net Sales	239.1	275.5	317.9
EBITDA	33.5	40.8	48.1
PAT	27.4	33.8	40.2
EPS (INR)	76.9	94.9	112.9
GR. (%)	0.8	23.4	19.0
BV/Sh (INR)	488.1	558.2	641.6
Ratios			
ROE (%)	16.7	18.1	18.8
RoCE (%)	17.0	18.4	19.0
Valuations			
P/E (X)	67.6	54.8	46.1
P/BV (X)	10.7	9.3	8.1
EV/EBITDA (X)	51.4	41.6	34.7
Div Yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	75.0	75.0	75.0
DII	6.8	6.9	7.7
FII	8.8	8.7	7.9
Others	9.5	9.4	9.4

FII Includes depository receipts

CMP: INR5,199 TP: INR5,750 (+11%) Neutral

Demerger on track

Siemens has reported demerged financials for 1QFY25. For the combined entity, revenue was 9% below estimates and PAT was 3% above estimates. Revenue/PAT grew 4%/22% YoY, largely driven by the energy segment. The non-energy segments were impacted by a slowdown in the short-cycle private sector capex spending and the normalization of demand in digital industries business. The energy segment's demerger is on track. We lower our EPS estimates by 7%/8%/10% for FY25/FY26/FY27 to factor in a slower-than-expected pickup in the smart infrastructure, digital industries and mobility segments and slightly better growth in the energy segment. We will revisit our numbers once we have full-year details of the demerged business; hence, our current estimates are consolidated estimates for Siemens as a combined entity. We maintain Neutral rating on the stock with a revised TP of INR5,750, based on 55x Mar'27 estimates for the combined entity.

Revenue/PAT (combined entity) 9% below/3% ahead of our estimates

Siemens reported financials separately for non-energy business in the quarter. Performance of the company for this quarter was impacted by a slowdown in the short-cycle private sector capex spending and the normalization of demand in Digital Industries business. Revenue for non-energy business was down 3% YoY/20% QoQ, while revenue for the energy business was up 26% YoY. Combined revenues for Siemens were up by 4% YoY at INR50b vs. our estimate of INR55b. Gross margin for the non-energy segment grew by 330bp YoY to 32.5% in the quarter. EBITDA margin for non-energy business stood at 11.2%, down 100bp YoY and QoQ, and net profit was down by 10% YoY/29% QoQ. This was due to weaker-than-expected growth in the smart infrastructure, mobility segment and digital industries segments. All three segments' revenues were lower than our estimates. Digital industries segment continued to face pressure on both revenues and margins, which impacted overall margins for the non-energy business. For energy business, the implied EBITDA margin stood at 21.5% for 1QFY25. Combined entity PAT was 3% ahead of our estimates, mainly driven by energy segment. The company declared a dividend of INR12 for FY24.

Segmental performance

Energy segment financials were reported separately by the company, with revenue growing 26% YoY and implied PBIT margin expanding YoY to 21.5%. The outlook remains strong for India and overseas, emanating from the global shift toward renewables. The demerger is on track to be completed in CY25. **Digital Industries** continued to face challenges in the form of customer destocking and supply chain issues. Revenue decreased 24% YoY, while margins halved YoY to 6.1% in 1QFY25 vs. 12.7% in 1QFY24. Order inflows will start picking up once private capex sees a broad-based revival, which is currently tepid. **Mobility** revenue was down 4% YoY, while margins expanded ~60bp YoY to 8.1%, in line with estimates. **Smart Infra** revenue grew 6% YoY, while margins jumped ~140bp YoY to 12.0%.

Outlook across segments

We expect the **energy** segment of Siemens to benefit from continued focus on renewable capacity addition and T&D network. The company is selective across HVDC projects in terms of technology used, and hence, it will limit the large HVDC order inflow for Siemens. However, management remains optimistic on prospects for this segment, with a robust domestic and export opportunity pipeline converging with SIEM's wide range of offerings. **Smart infra** segment is expected to benefit from continued investments seen across data centers, EV charging infra, commercial real estate, and industrial investments. Siemens continues to face challenges in growing **digital industries** at a fast pace due to demand normalization of industrial automation products as supply chain snags eased; hence, growth in near to medium term may remain impacted. For **mobility segment**, as highlighted by the company earlier, the order pipeline is currently weak, as there are no imminent big-ticket railways orders. During the quarter, excl. energy business, order inflows grew by 20% YoY. However, revenue declined due to weak order inflows during FY24.

Financial outlook

We lower our estimates for the combined entity on account of lower growth in all segments, except Energy. We expect the company to clock a revenue/EBITDA/PAT CAGR of 13%/16%/14% over FY24-27E. We will revisit our numbers once we have full-year details of the demerged business; hence, our current estimates are consolidated estimates for Siemens as a combined entity.

Valuation and view

The stock is currently trading at a P/E of 68x/55x/46x on FY25E/FY26E/FY27E EPS. We value the stock at 55x on Mar'27E EPS and maintain our **Neutral** rating with a revised TP of INR5,750 (INR6,300 earlier).

Key risks and concerns

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

Consolidated - Quarterly Earning Model (non-energy) (INR m)

Y/E September	1QFY24	4QFY24	1QFY25
Net income from operations	**37,095**	**44,570**	**35,872**
Expenses	**-32,565**	**-39,122**	**-31,863**
Stock	*4,099*	*-1,462*	*1,051*
Raw material	*-30,369*	*-29,807*	*-25,260*
Employee	*-3,764*	*-4,068*	*-4,053*
Other Exp	*-2,531*	*-3,785*	*-3,601*
Operating profit	**4,530**	**5,448**	**4,009**
OPM%	12.2	12.2	11.2
Other income	1,618	2,355	1,723
EBIDT	6,148	7,803	5,732
Interest	-28	-178	-34
Depreciation	-605	-624	-689
PBT	**5,515**	**7,001**	**5,009**
Tax	-1,399	-1,776	-1,288
Net profit	**4,116**	**5,225**	**3,721**
Net profit margin (%)	11.1	11.7	10.4

Quarterly Performance **(INR m)**

	FY24				FY25E				FY24	FY25E
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2QE**	**3QE**	**4QE**		
Segmental revenue										
Energy	11,454	16,375	14,865	20,758	14,378	17,194	18,135	21,994	63,452	71,701
YoY (%)	-1.3	5.3	-2.1	12.4	25.5	5.0	22.0	6.0	4.4	13.0
Smart infrastructure	18,523	21,655	19,700	22,700	19,549	22,738	24,625	25,576	82,578	92,487
YoY (%)	21.9	25.5	14.5	7.6	5.5	5.0	25.0	12.7	16.7	12.0
Mobility	6,597	7,573	6,168	8,824	6,364	8,179	8,327	10,667	29,162	33,536
YoY (%)	71.9	55.7	6.8	23.9	-3.5	8.0	35.0	20.9	35.0	15.0
Digital industry*	10,379	10,419	9,644	10,519	7,901	8,856	8,872	9,187	40,961	34,817
YoY (%)	33.3	16.0	7.7	11.2	-23.9	-15.0	-8.0	-12.7	16.4	-15.0
Portfolio Companies	2,219	2,171	2,370	2,606	2,290	2,214	2,417	3,381	9,366	10,303
Total	**49,333**	**58,468**	**52,962**	**65,791**	**50,721**	**59,470**	**62,603**	**71,137**	**2,26,554**	**2,43,931**
Less: Intersegmental	-1,081	-969	-927	-1,180	-541	-1,189	-1,252	-1,896	-4,157	-4,879
Total revenues	**48,252**	**57,499**	**52,035**	**64,611**	**50,180**	**58,280**	**61,351**	**69,241**	**2,22,397**	**2,39,052**
Segmental EBIT (derived, not reported for 1QFY25)										
Energy#	1,251	2,243	1,903	3,701	3,095	2,407	2,630	3,340	9,098	11,472
Margin (%)	10.9	13.7	12.8	17.8	21.5	14.0	14.5	15.2	14.3	16.0
Smart infrastructure	1,964	3,097	2,772	3,045	2,351	2,956	3,324	3,392	10,878	12,023
Margin (%)	10.6	14.3	14.1	13.4	12.0	13.0	13.5	13.3	13.2	13.0
Mobility	492	698	161	723	513	712	749	1,044	2,074	3,018
Margin (%)	7.5	9.2	2.6	8.2	8.1	8.7	9.0	9.8	7.1	9.0
Digital industry	1,313	1,721	908	988	484	620	799	535	4,930	2,437
Margin (%)	12.7	16.5	9.4	9.4	6.1	7.0	9.0	5.8	12.0	7.0
Total	**5,034**	**7,769**	**5,782**	**8,484**	**6,454**	**6,719**	**7,521**	**8,348**	**27,069**	**29,042**

*Digital industry estimates include digital plus portfolio of companies; #Energy segment margins are implied margins for 1QFY25

Kotak Mahindra Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	KMB IN
Equity Shares (m)	1988
M.Cap.(INRb)/(USDb)	3864.9 / 44.5
52-Week Range (INR)	1971 / 1544
1, 6, 12 Rel. Per (%)	12/15/7
12M Avg Val (INR M)	10204

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	259.9	284.1	321.9
OP	195.9	215.4	243.3
NP	137.8	142.9	159.7
Cons. NP	182.1	190.9	218.2
NIM (%)	5.2	4.9	4.8
EPS (INR)	69.4	71.9	80.3
EPS Gr. (%)	25.9	3.7	11.7
ABV. (INR)	462	528	602
Cons. BV. (INR)	654	748	856
Ratios			
RoA (%)	2.5	2.2	2.2
RoE (%)	15.3	13.8	13.5
Cons. RoE (%)	14.0	12.8	12.8
Valuations			
P/BV (X) (Cons.)	3.0	2.6	2.3
P/ABV (X) (Adj)	2.7	2.4	2.1
P/E(X) (Adj)	18.3	17.7	15.8

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	25.9	25.9	25.9
DII	30.4	29.6	21.4
FII	30.8	31.8	39.7
Others	12.9	12.8	12.9

FII Includes depository receipts

CMP: INR1,944 TP: INR2,200 (+13%) Buy

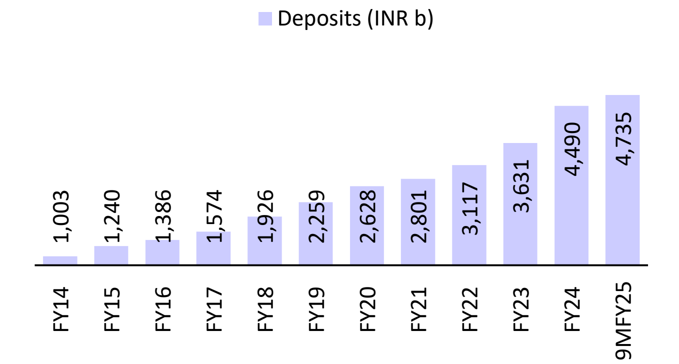
RBI lifts key restrictions; growth and profitability outlook strengthens

Consumer business growth to perk up; estimate RoA to sustain at 2.2% for FY26E

- **The RBI has lifted the business restrictions** that it imposed on Kotak Mahindra Bank on 24th Apr'24 in respect to (i) onboarding of new customers through its online and mobile banking channels, and, (ii) issuance of fresh credit cards.
- The development underscores the regulator's comfort about the remedial steps taken by the bank to plug the various gaps highlighted by the regulator.
- **It also ratifies the bank's resilience as well as the efficacy and strategic foresight** of the new management team to deftly handle such a critical situation that posed grave concerns about the bank, right after several changes in the top leadership team.
- **Credit card segment reported** softer growth, affected by a moderation in card spends for the industry and the regulatory restrictions on KMB related to the sourcing of new credit cards. The card segment has thus reported 1.7% YoY growth vs. 15.6% YoY growth for the industry and a growth range of 8.2%-17.9% for top four credit card players. KMB's credit card loan mix thus declined to 3.3% as of Dec'24 from 3.7% in Mar'24. The bank's market share in o/s cards thus declined to 4.6% in Dec'24 from 5.8% in Mar'24, while its market share in spends declined to 3.6% in Dec'24 from 4.4% in Mar'24. Personal loan segment, however, has still grown at a relatively healthy rate of 10.3% YoY, with the segment accounting for 4.9% of total advances. The unsecured retail mix thus stood at 10.5%.
- **Business growth to perk up; estimate KMB to deliver 16% loan CAGR over FY25-27E:** Over the past one year, KMB has reported a rather resilient performance, with steady growth and profitability, backed by robust margins. During 3QFY25, its loan book grew 15.1% YoY/3.6% QoQ, led by healthy traction in business banking, CV/CE and home loans. The mix of consumer loans, though, moderated as the wholesale portfolio grew 15% YoY. With the RBI lifting significant regulatory restrictions, we expect business growth and underlying profitability to pick up, with stronger traction in the consumer banking business. This will also support lending yields and margins, which have already compressed to 4.93% from the peak of 5.75% seen during 4QFY23.

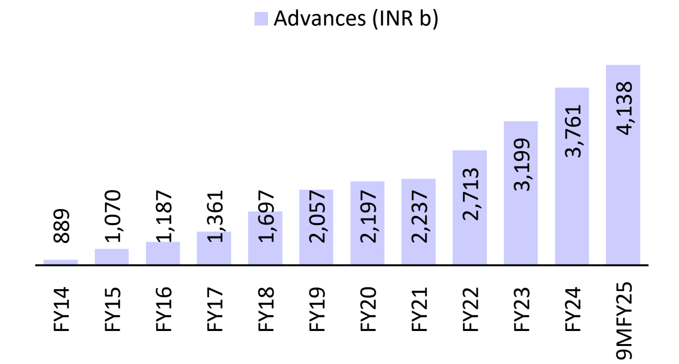
- **Valuation and view: Reiterate BUY after recent upgrade:** KMB has delivered a healthy operating performance amid challenging macro conditions and the regulatory limitations that it grappled with and deftly worked upon for the early resolution. The development underscores the regulator's comfort about the remedial steps taken by the bank to plug the various gaps. **It also ratifies the bank's resilience as well as the efficacy and strategic foresight** of the new management team to deftly handle such a critical situation, which posed grave concerns about the bank, right after several changes in the top leadership team. The reversal of credit card sourcing ban and the revival of customer onboarding via its advanced online and mobile banking channels will act as a powerful catalyst for business growth. This will thus also be pivotal in maintaining healthy margins and revenue growth, led by a recovery in synergistic cross-selling avenues. **After being Neutral on the stock for almost four and a half years, we had recently upgraded our rating on KMB and we maintain our positive view. Reiterate BUY with a TP of INR2,200 (premised on 2.3x Sep'26E).**

Deposits grew from INR1b in FY14 to INR4.7t in 9MFY25



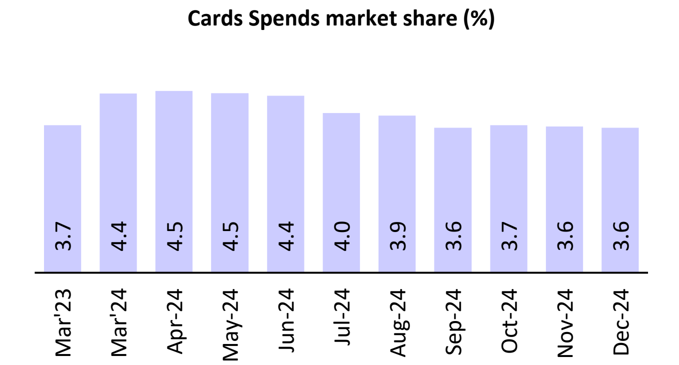
Source: MOFSL, Company

Bank reported a 16% CAGR in advances over FY14-FY24; stood at INR4.1t in 9MFY25



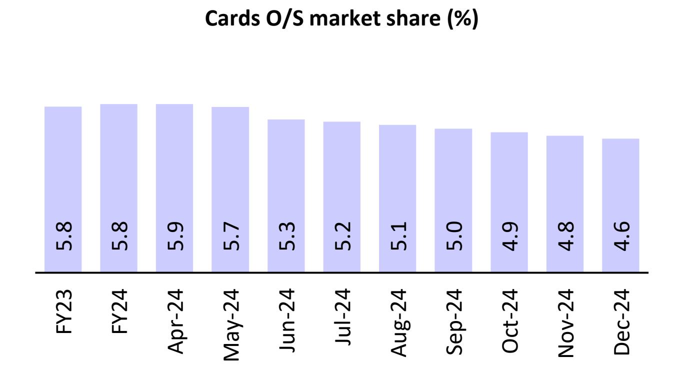
Source: MOFSL, Company

KMB credit card spends market share stood at 3.6% as at Dec'24



Source: MOFSL, Company

KMB credit card outstanding market share stood at 4.6% as at Dec'24



Source: MOFSL, Company

Power Finance Corporation

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USDb)	1233.7 / 14.2
52-Week Range (INR)	580 / 352
1, 6, 12 Rel. Per (%)	-6/-19/-18
12M Avg Val (INR M)	6583

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	182	201	227
PPP	203	225	255
PAT	168	186	200
EPS (INR)	50.8	56.3	60.7
EPS Gr. (%)	17	11	8
BV/Sh. (INR)	276	315	357
ABV/Sh. (INR)	232	271	313
RoAA (%)	3.2	3.1	3.0
RoAE (%)	19.7	19.1	18.0
Div Payout (%)	30.0	30.0	30.0
Valuations			
P/E (x)	7.3	6.6	6.1
P/BV (x)	1.4	1.2	1.0
Core P/E (x)	4.8	4.3	4.0
Core P/BV (x)	1.0	0.9	0.8
Div. Yld (%)	4.1	4.5	4.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.0	56.0	56.0
DII	17.2	17.5	17.5
FII	18.0	17.7	17.9
Others	8.8	8.8	8.6

FII Includes depository receipts

CMP: INR374 TP: INR475 (+27%) Buy

Weak loan growth due to lower disbursements; earnings in line

Asset quality broadly stable; reported NIMs rose ~8bp QoQ

- Power Finance Corporation (PFC)'s 3QFY25 PAT grew ~23% YoY to INR41.5b (in line). NII grew ~13% YoY to ~INR46.9b (in line). Other income grew ~2% YoY to~INR6b, which included dividend income of INR5.9b (PY: INR5b).
- Opex rose ~67% YoY to ~INR1.8b (~28% higher than MOFSLe), mainly driven by CSR expense of ~INR650m. The cost-income ratio stood at ~3.9% (PQ: 5.3% and PY: ~2.6%).
- Reported yields and CoB declined ~4bp and ~3bp QoQ to ~10.07% and ~7.47%, respectively, resulting in flat spreads QoQ at ~2.6%. Reported NIMs rose ~8bp QoQ to ~3.65%.
- GS3 improved ~3bp QoQ to ~2.68% and NS3 was largely stable QoQ at ~0.7%. PCR on Stage 3 remained healthy at ~73%. Provisions stood at INR745m, which translated into annualized credit costs of 1bp (PY: 6bp and PQ: -3bp).
- PFC management shared that its disbursements typically accelerate in the last quarter and reiterated its guidance of achieving loan growth similar to that in the previous year.
- Two projects with a total exposure of ~INR16.6b (Shiga Energy with an outstanding of INR5.2b and TRN Energy with an outstanding of INR11.4b) are in advanced stages of resolution. The company shared that it expects both these stressed exposures to be resolved in 4QFY25. It expects more than ~100% recovery on the Shiga Energy exposure.
- We estimate a CAGR of 18%/13%/12% in disbursement/advances/PAT over FY24- FY27, RoA/RoE of 3%/18% and a dividend yield of ~4.9% in FY27E.

Key highlights from the management commentary

- The forex market has been volatile since Jan'25, particularly with respect to USD/INR exchange rate movement. The company shared that for every INR1 depreciation, there will be a loss of INR450m in the P&L in 4QFY25. If the same depreciation trends continue, there can be some impact on the profitability in 4QFY25. However, PFC expects provision write-backs from stressed asset resolution, which will offset any currency translation losses.
- The company is not seeing any slowdown in renewable energy and it has sanctioned INR900b during 9MFY25 with ~50% of that in 3QFY25. PFC has disbursed ~INR60b toward RE projects in 3QFY25 and ~INR160b in 9MFY25.

Valuation and view

- PFC (standalone) trades at 0.8x FY27E P/BV and 4x FY27 P/E, and we believe that the risk-reward is attractive considering decent visibility on loan growth, earnings growth, stressed asset resolutions, and healthy return ratios.
- We reiterate our **BUY** rating with an SoTP (Sep'26E)-based TP of INR475 (based on 1x target multiple for the PFC standalone business and INR184/ share for PFC's stake in REC after a hold-co discount of 20%).
- **Key risks:** 1) rise in exposure to private infrastructure projects as these loans fall outside PFC's core expertise of lending to power projects; 2) increase in exposure to power projects without PPAs, 3) compression in spreads and margins due to aggressive competitive landscape, and 4) a slowdown in the offtake of renewable energy projects, driven by weak power demand.

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	v/s Est.
Particulars	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**				
Interest Income	1,01,241	1,06,921	1,13,313	1,14,937	1,18,270	1,19,090	1,24,172	1,28,339	4,36,411	4,89,872	1,23,853	0
Interest Expenses	66,207	69,631	71,735	72,564	74,990	75,007	77,231	80,713	2,80,138	3,07,940	78,307	-1
Net Interest Income	**35,034**	**37,289**	**41,578**	**42,373**	**43,280**	**44,083**	**46,942**	**47,627**	**1,56,274**	**1,81,932**	**45,546**	**3**
YoY Gr %	1.0	-3.1	16.4	21.9	23.5	18.2	12.9	12.4	8.8	16.4	9.5	
Other Income	**-2,111**	**11,904**	**5,875**	**7,165**	**3,160**	**14,655**	**5,971**	**6,725**	22,832	**30,512**	**5,301**	**13**
Net Operational Income	**32,923**	**49,193**	**47,452**	**49,538**	**46,440**	**58,738**	**52,913**	**54,352**	**1,79,106**	**2,12,444**	**50,847**	**4**
YoY Gr %	-8.9	7.6	20.6	14.3	41.1	19.4	11.5	9.7	8.9	18.6	7.2	
Exchange gain/(loss)	4,827	-1,188	-2,231	723	589	-3,100	457	354	2,131	-1,700	-2,000	-123
Total Net Income	**37,750**	**48,005**	**45,221**	**50,261**	**47,029**	**55,639**	**53,370**	**54,706**	**1,81,237**	**2,10,744**	**48,847**	**9**
YoY Gr %	32.6	22.5	23.2	24.3	24.6	15.9	18.0	8.8	25.2	16.3	8.0	
Operating Expenses	1,018	1,143	1,100	3,431	1,016	2,355	1,832	2,166	6,691	7,369	**1,430**	**28**
Operating Profit	**36,732**	**46,863**	**44,121**	**46,830**	**46,013**	**53,284**	**51,538**	**52,540**	**1,74,545**	**2,03,375**	**47,418**	**9**
YoY Gr %	35.5	22.6	24.1	23.7	25.3	13.7	16.8	12.2	25.8	16.5	7.5	
Provisions	22	-989	2,626	-3,370	620	-1,241	745	-2,845	-1,712	-2,721	-1,500	-150
PBT	**36,710**	**47,852**	**41,495**	**50,200**	**45,393**	**54,525**	**50,793**	**55,385**	**1,76,257**	**2,06,096**	**48,918**	**4**
Tax	6,641	9,377	7,723	8,845	8,214	10,821	9,244	10,262	32,587	38,540	9,294	-1
Tax Rate %	18.1	19.6	18.6	17.6	18.1	19.8	18.2	18.5	18.5	18.7	19.0	
PAT	**30,069**	**38,474**	**33,772**	**41,355**	**37,179**	**43,704**	**41,549**	**45,123**	**1,43,670**	**1,67,556**	**39,623**	**5**
YoY Gr %	42.5	28.3	12.4	18.4	23.6	13.6	23.0	9.1	23.5	16.8	17.3	

Key Parameters (Calc., %)	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25
Yield on loans	9.5	9.7	10.0	9.8	9.9	9.8	10.0
Cost of funds	7.3	7.4	7.4	7.2	7.4	7.3	7.4
Spread	2.2	2.3	2.6	2.6	2.5	2.5	2.6
NIM	3.4	3.5	3.8	3.7	3.6	3.6	3.8
C/I ratio	2.9	3.1	2.6	8.1	2.3	5.3	3.9
Credit cost	0.0	(0.02)	0.06	(0.1)	0.01	(0.03)	0.01
Balance Sheet Parameters							
Disbursements (INR b)	228	328	235	486	195	467	342
Growth YoY (%)	391	91	(7)	25	(15)	42	45
AUM (INR b)	4,313	4,495	4,570	4,815	4,750	4,934	5,038
Growth YoY (%)	17	19	16	14	10	10	10
Asset Quality Parameters							2.1
GS 3 (INR B)	165.0	165	161	160.7	161	134	135
GS 3 (%)	3.8	3.7	3.5	3.3	3.4	2.7	2.7
NS 3 (INR B)	45.0	44.8	41.1	41.1	41.1	35.3	35.9
NS 3 (%)	1.0	1.0	0.9	0.9	0.9	0.7	0.7
PCR (%)	72.7	72.8	74.4	74.4	74.4	73.6	73.4

E: MOSL Estimates

Lupin

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	LPC IN
Equity Shares (m)	456
M.Cap.(INRb)/(USDb)	924 / 10.6
52-Week Range (INR)	2403 / 1493
1, 6, 12 Rel. Per (%)	-6/2/20
12M Avg Val (INR M)	2316

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	223.5	252.1	277.9
EBITDA	52.3	56.2	61.1
Adj. PAT	32.8	35.5	38.4
EBIT Margin (%)	18.8	18.0	17.9
Cons. Adj. EPS (INR)	72.1	78.2	84.5
EPS Gr. (%)	73.6	8.4	8.1
BV/Sh. (INR)	381.6	456.9	541.4
Ratios			
Net D:E	0.0	-0.2	-0.3
RoE (%)	20.7	18.6	16.9
RoCE (%)	18.9	17.5	16.3
Payout (%)	4.2	3.7	0.0
Valuations			
P/E (x)	28.0	25.8	23.9
EV/EBITDA (x)	17.5	15.7	13.9
Div. Yield (%)	0.1	0.1	0.0
FCF Yield (%)	3.0	3.6	3.8
EV/Sales (x)	4.1	3.5	3.1

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	47.0	47.0	47.0
DII	24.8	25.1	29.7
FII	22.0	21.5	16.1
Others	6.3	6.4	7.1

FII Includes depository receipts

CMP: INR2,025 TP: INR2,150 (+6%) Neutral

India, the US, and controlled costs drive earnings

On track to sustain the growth momentum in the US market

- Lupin (LPC) delivered a better-than-expected performance for the quarter. LPC exhibited growth across focus markets except in emerging markets. New launches in the US/Domestic Formulation (DF) markets as well as increasing penetration in the branded prescription market and controlled opex led to profitable growth for the quarter.
- We raise our earnings estimates by 5%/3%/1% for FY25/FY26/FY27 to factor in: 1) the benefits from the PLI scheme, 2) a robust ANDA pipeline for the US market, and 3) an enhanced reach for prescription, trade generics as well as diagnostic businesses in the India market. We value LPC at 26x 12M forward earnings to arrive at our TP of INR2,150.
- With EBITDA reaching almost 3x over FY23-25E, we expect LPC to deliver 8% EBITDA CAGR over FY25-27, led by niche launches in the US market and superior execution in the DF market. The current valuation adequately captures the earnings upside, and **hence we reiterate our Neutral rating**.

Superior product mix and better operating leverage drive margins YoY

- LPC's revenue grew 11% YoY to INR57.7b. (our est. INR57.4b). The US sales grew 12.3% YoY to INR21.2b (up 11% YoY in CC to USD235m; 38% of sales). DF sales rose 11.9% YoY to INR19.3b (34% of sales). EMEA sales grew 20.9% YoY to INR6.2b (11% of sales). API sales increased 4% YoY to INR2.9b (5% of sales). ROW sales rose 1.8% YoY to INR2b (4% of sales). However, EM sales declined 4.7% YoY to INR4.5b (8% of sales).
- Gross margin expanded 340bp YoY to 70.2% due to a better product mix.
- EBITDA margin improved 550bp YoY to 25.2%, primarily led by better GM and supported by reduced other expenses (-210bp YoY as a % of sales).
- As a result, EBITDA grew 42% YoY to INR14.5b (vs our est: INR12.5b).
- Adjusting for the provision related to the ongoing disputes of INR856m and a forex loss of INR100m, adj. PAT grew 55.4% YoY INR9.3b (our est: INR7.6b).
- In 9MFY25, LPC's revenue/EBITDA/PAT grew 14%/56%/88% YoY to INR169b/ INR40.5b/INR26b.

Highlights from the management commentary

- LPC expects the EBITDA margin to be 23-23.5% for FY25. LPC delivered a 9MFY25 EBITDA margin of 24%.
- LPC expects a double-digit YoY growth in the US business vs. earlier guidance of a single-digit YoY growth for FY25.
- LPC indicated USD1b of US sales for FY26 assuming competition in Mirabegron and Albuterol, while additional business from Tolvaptan (1HFY26) and injectables (2HFY26).
- R&D spending will be INR18b for FY25, implying R&D to be higher for 4QFY25. Complex generics 5 nasal sprays are expected to be filed in 4Q.
- LPC filed Ranibizumab for the EU market.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Net Sales	**46,087**	**50,385**	**51,974**	**49,608**	**56,003**	**55,427**	**56,927**	**55,144**	**1,98,054**	**2,23,502**	**57,448**	-0.9
YoY Change (%)	23.1	21.5	20.2	12.0	21.5	10.0	9.5	11.2	19.0	12.8	10.5	
Total Expenditure	39,574	41,153	41,755	39,640	42,389	43,059	43,162	42,591	1,62,123	1,71,202	44,982	
EBITDA	**6,513**	**9,232**	**10,220**	**9,968**	**13,614**	**12,368**	**13,765**	**12,553**	**35,932**	**52,299**	**12,466**	10.4
YoY Change (%)	297.3	112.6	83.8	65.0	109.0	34.0	34.7	25.9	104.4	45.6	22.0	
Margins (%)	14.1	18.3	19.7	20.1	24.3	22.3	24.2	22.8	18.1	23.4	21.7	
Depreciation	2,347	2,479	2,572	2,559	2,477	2,569	2,715	2,495	9,956	10,256	2,575	
EBIT	**4,166**	**6,754**	**7,648**	**7,409**	**11,137**	**9,799**	**11,050**	**10,058**	**25,977**	**42,044**	**9,891**	11.7
YoY Change (%)	LP	192.7	127.9	117.9	167.3	45.1	44.5	35.7	196.0	61.9	29.3	
Margins (%)	9.0	13.4	14.7	14.9	19.9	17.7	19.4	18.2	13.1	18.8	17.2	
Interest	856	806	740	713	680	709	669	711	3,116	2,769	698	
Other Income	228	404	294	293	678	423	537	462	1,218	2,100	525	
EO Exp/(Inc)	-2,053	54	-160	2,012	1,204	-1,036	956	0	-147	1,124	0	
PBT	**5,591**	**6,298**	**7,361**	**4,977**	**9,930**	**10,549**	**9,963**	**9,808**	**24,227**	**40,251**	**9,718**	2.5
Tax	1,055	1,344	1,174	1,295	1,875	1,954	2,124	2,322	4,867	8,275	2,138	
Rate (%)	18.9	21.3	15.9	26.0	18.9	18.5	21.3	23.7	20.1	20.6	22.0	
Minority Interest	-11	-57	-56	-88	-42	-69	-37	51	-211	-97	-24	
Reported PAT	**4,525**	**4,898**	**6,131**	**3,594**	**8,013**	**8,526**	**7,802**	**7,536**	**19,149**	**31,879**	**7,556**	3.3
Adj PAT	**2,855**	**4,940**	**5,997**	**5,083**	**8,990**	**7,682**	**8,554**	**7,537**	**18,875**	**32,764**	**7,556**	13.2
YoY Change (%)	LP	319.9	256.1	95.0	214.9	55.5	42.6	48.3	382.1	73.6	26.0	
Margins (%)	6.2	9.8	11.5	10.2	16.1	13.9	15.0	13.7	9.5	14.7	13.2	
EPS	**6**	**11**	**13**	**11**	**20**	**17**	**19**	**17**	**42**	**72**	**17**	3.3

E: MOFSL estimates

Key Performance Indicators (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic formulations	16,384	16,915	17,251	16,015	19,259	20,096	19,305	18,361	66,564	77,021
YoY Change (%)	9.8	6.8	13.4	8.3	17.5	18.8	11.9	14.7	9.6	15.7
US formulations	15,905	18,666	18,885	19,006	20,408	19,711	21,213	21,514	72,462	82,846
YoY Change (%)	57.4	40.4	23.7	22.6	28.3	5.6	12.3	13.2	33.8	14.3
EMEA	3987	4759	5170	5318	5031	5693	6249	5724	19235	22697
YoY Change (%)	19.6	23.9	36.0	17.3	26.2	19.6	20.9	7.6	24.0	18.0
Emerging Market	4066	4378	4729	5093	5151	4896	4508	4442	18266	18997
YoY Change (%)	(4.0)	(1.6)	12.9	16.1	26.7	11.8	(4.7)	(12.8)	5.8	4.0
ROW	1,655	1,990	1,985	938	1,672	1,629	2,020	1,904	6,568	7,225
YoY Change (%)	85.3	101.8	71.4	8.1	1.0	(18.1)	1.8	103.0	68.2	10.0
API	3,371	2,684	2,779	2,581	3,622	2,944	2,891	2,757	11,415	12,214
YoY Change (%)	32.1	7.4	(1.3)	(20.0)	7.4	9.7	4.0	6.8	2.9	7.0
Cost Break-up										
RM Cost (% of Sales)	35.6	33.8	33.2	31.7	31.2	30.5	30.2	30.1	34.2	30.8
Staff Cost (% of Sales)	18.3	17.1	17.1	18.1	17.3	18.2	17.3	17.6	18.0	17.8
R&D Expenses(% of Sales)	8.0	7.5	6.9	8.6	6.2	8.1	7.6	8.9	7.8	7.8
Other Cost (% of Sales)	24.0	23.3	23.2	21.5	21.0	20.9	20.7	20.7	23.4	21.0
Gross Margin (%)	64.4	66.2	66.8	68.3	68.8	69.5	69.8	69.9	65.8	69.2
EBITDA Margin (%)	14.1	18.3	19.7	20.1	24.3	22.3	24.2	22.8	18.1	23.4
EBIT Margin (%)	9.0	13.4	14.7	14.9	19.9	17.7	19.4	18.2	13.1	18.8

E: MOFSL Estimates

Muthoot Finance

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	876.3 / 10.1
52-Week Range (INR)	2309 / 1262
1, 6, 12 Rel. Per (%)	4/21/55
12M Avg Val (INR M)	1142

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	104.1	123.9	140.2
PPP	78.0	92.2	102.5
PAT	52.2	65.4	73.2
EPS (INR)	130.1	163.0	182.3
EPS Gr. (%)	29.0	25.3	11.8
BV/Sh.(INR)	707	836	981
Ratios			
NIM (%)	11.7	11.2	11.1
C/I ratio (%)	26.8	27.2	28.4
RoA (%)	5.3	5.4	5.2
RoE (%)	19.8	21.1	20.1
Payout (%)	21.5	20.7	20.6
Valuations			
P/E (x)	16.8	13.4	12.0
P/BV (x)	3.1	2.6	2.2
Div. Yld. (%)	1.3	1.5	1.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	73.4	73.4	73.4
DII	13.0	13.3	14.6
FII	10.3	9.8	8.3
Others	3.4	3.5	3.7

FII includes depository receipts

CMP: INR2,183 TP: INR2,300(+5%) Neutral

Impressive gold loan growth; execution much better than peers

Gold loan AUM grew ~34% YoY; calc. NIM expanded ~5bp QoQ

- Muthoot Finance (MUTH)'s strong operating performance in 3QFY25 was characterized by: 1) strong gold loan growth of ~34% YoY to ~INR930b, without any trade-off in margins; 2) ~5bp QoQ expansion of NIM to ~11.9%; and 3) an increase in gold tonnage by ~2% QoQ to 202 tons.
- MUTH's 3QFY25 PAT grew 33% YoY and 9% QoQ to ~INR13.6b (in line). Reported RoA/RoE in 3QFY25 was healthy at 5.9%/21%.
- Net total income grew ~42% YoY to ~INR27.8b (~6% beat). Opex grew ~27% YoY to INR7.2b, resulting in a cost-to-income ratio of ~26% (PY: 29%). PPOP grew ~48% YoY to ~INR20.6b (~6% beat). Credit costs stood at ~INR2.1b and translated into annualized credit costs of ~0.9% in 3QFY25. [PY: ~0.1% and PQ: ~0.95%].
- Gold loan growth was supported by growth in gold tonnage (up 2% QoQ), along with an increase in the customer base (up 2% QoQ) to ~6.25m. Gold loan LTV rose ~310bp QoQ to ~66%.
- For FY26, MUTH maintained its conservative guidance of ~15% growth in gold loans. We increase our FY26/FY27 estimates by ~7% each to factor in higher gold loan growth and margins. We model a standalone AUM CAGR of ~20% over FY24-27E. This, we believe, will result in a PAT CAGR of ~22% over this period. We model an RoA/ RoE of ~5.2%/21% for FY27.
- MUTH now trades at 2.2x FY27E P/BV and, in our view, has benefited from the tailwinds of: 1) a sharp rise in gold prices; 2) an improvement in gold loan demand due to the industry-wide rationing in unsecured credit; and c) a lower competitive intensity in gold loans. MUTH is indeed one of the best franchises for gold loans in the country, as is evident from its ability to deliver industry-leading gold loan growth and best-in-class profitability. However, we believe that the positives are already factored in its valuations. **We reiterate our Neutral rating with a revised TP of INR2,300 (based on 2.5x Sep'26E P/BV).**

Belstar: Sequential decline in AUM; new branches opened in 3QFY25

- MUTH's microfinance subsidiary, Belstar, reported a ~10% QoQ decline in AUM to ~INR87b. Reported PAT stood at ~INR240m, down ~54% QoQ.
- Asset quality improved, with GS3 declining ~55bp QoQ to ~2.9%. The company views the MFI problem to be a transitory issue and expects the same to be resolved within the next two quarters.
- Belstar opened ~113 new branches in 3QFY25, and its CRAR stood at ~24%.

Highlights from the management commentary

- MUTH does not have any approvals for opening new branches in the listed entity. It has applied to the RBI for permission to open new gold loan branches. Meanwhile, it has started transforming Muthoot Money (earlier a vehicle finance subsidiary) into a gold finance company.
- The company has entered into partnerships with GPay and PhonePe for lead generation in personal loans and LAP Loans.
- There are no regulatory developments on LTV and rollover of loans at maturity. MUTH has not made any significant changes in its operations.
- The company guided for NPAs (Stage 3) to decline by Mar'25.

Valuation and view

- MUTH reported strong gold loan growth, aided by gold tonnage growth and stronger customer additions. However, provisions were slightly higher than expected (primarily due to a continued increase in absolute Stage 3) while NIMs and spreads improved sequentially.
- With a favorable demand outlook for gold loans driven by reduced competition from banks and limited availability of unsecured credit, the company is well-positioned to maintain its strong loan growth momentum.
- We believe that the positives are already factored in its valuations of 2.2x FY27E P/BV. We reiterate our Neutral rating with a revised TP of INR2,300 (based on 2.5x Sep'26E BVPS).

Quarterly Performance (INR M)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	29,577	30,147	31,176	33,575	36,560	40,685	43,690	46,357	1,24,476	1,67,291	42,190	4
Other operating income	410	450	501	514	478	489	545	606	1,874	2,118	551	-1
Total Operating income	**29,987**	**30,597**	**31,677**	**34,089**	**37,038**	**41,174**	**44,235**	**46,963**	**1,26,350**	**1,69,410**	**42,741**	**3**
YoY Growth (%)	19.8	22.5	19.1	19.5	23.5	34.6	39.6	37.8	20.2	34.1	34.9	
Other income	276	139	80	95	63	88	77	97	590	325	72	7
Total Income	**30,263**	**30,736**	**31,757**	**34,184**	**37,101**	**41,262**	**44,312**	**47,060**	**1,26,940**	**1,69,735**	**42,813**	**3**
YoY Growth (%)	20.6	22.8	19.1	19.4	22.6	34.2	39.5	37.7	20.4	33.7	34.8	
Interest Expenses	10,638	11,563	12,119	12,228	13,511	15,505	16,476	17,728	46,548	63,220	16,497	0
Net Income	**19,625**	**19,173**	**19,638**	**21,956**	**23,590**	**25,758**	**27,836**	**29,332**	**80,393**	**1,06,515**	**26,316**	**6**
Operating Expenses	5,620	5,751	5,696	6,861	6,437	6,608	7,243	8,216	23,927	28,504	6,872	5
Operating Profit	**14,006**	**13,422**	**13,942**	**15,095**	**17,153**	**19,150**	**20,593**	**21,116**	**56,466**	**78,011**	**19,444**	**6**
YoY Growth (%)	36.8	16.9	10.4	16.9	22.5	42.7	47.7	39.9	19.5	38.2	39.5	
Provisions	860	120	137	860	2,236	2,070	2,088	1,018	1,978	7,411	1,400	49
Profit before Tax	**13,145**	**13,302**	**13,805**	**14,236**	**14,917**	**17,080**	**18,505**	**20,098**	**54,488**	**70,600**	**18,044**	**3**
Tax Provisions	3,394	3,392	3,532	3,673	4,130	4,568	4,874	4,783	13,991	18,356	4,691	4
Net Profit	**9,751**	**9,910**	**10,273**	**10,563**	**10,787**	**12,511**	**13,631**	**15,315**	**40,497**	**52,244**	**13,353**	**2**
YoY Growth (%)	21.6	14.3	13.9	17.0	10.6	26.3	32.7	45.0	16.6	29.0	30.0	
Key Operating Parameters (%)												
Yield on loans (Cal)	18.3	17.9	18.1	18.6	18.5	18.9	18.9					
Cost of funds (Cal)	8.4	8.7	8.6	8.4	8.7	9.0	8.7					
Spreads (Cal)	9.9	9.24	9.53	10.2	9.84	9.91	10.13					
NIMs (Cal)	12.0	11.2	11.2	11.9	11.8	11.8	11.9					
Credit Cost	0.5	0.07	0.08	0.5	1.12	0.95	0.89					
Cost to Income Ratio	28.6	30.0	29.0	31.2	27.3	25.7	26.0					
Tax Rate	25.8	25.5	25.6	25.8	27.7	26.7	26.3					
Balance Sheet Parameters												
AUM (INR b)	676	690	712	758	843	902	975					
Change YoY (%)	19.3	20.6	23.3	20.0	24.7	30.7	37.0					
Gold loans (INR b)	**660**	**675**	**692**	**729**	**809**	**862**	**930**					
Change YoY (%)	17.6	19.50	21.8	17.8	22.54	27.62	34.3					
Gold Stock Holding (In tonnes)	182	183	184	188	194	199	202					
Avg gold loans per branch (INR m)	139	142	145	150	167	177	192					
Borrowings (INR b)	513	553	580	588	659	724	787					
Change YoY (%)	12.8	18.2	31.0	18.2	28.7	30.8	35.6					
Borrowings Mix (%)												
Listed secured NCDs	24.8	24.4	28.8	27.9	28.0	27.2	26.0					
Term loans	59.8	65.4	61.6	63.0	55.0	57.2	55.7					
Commercial Paper	7.7	8.3	8.0	7.9	7.2	5.9	4.9					
Others	2.6	1.9	1.6	1.3	1.6	1.0	0.9					
Debt/Equity (x)	2.3	2.3	2.2	2.3	2.6	2.7	2.8					
Asset Quality Parameters (%)												
GS 3 (INR m)	28,789	27,639	25,767	24,845	33,532	38,807	41,179					
Gross Stage 3 (% on Assets)	4.3	4.0	3.6	3.3	4.0	4.3	4.2					
Total Provisions (INR m)	11,422	11,486	11,542	12,304	14,413	16,327	18,165					
Return Ratios (%)												
RoAUM (Rep)	6.0	5.8	5.9	5.8	5.4	5.7	5.9					
RoE (Rep)	18.5	18.3	18.1	17.8	17.7	20.0	20.7					

E: MOFSL estimates

Ashok Leyland

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	AL IN
Equity Shares (m)	2937
M.Cap.(INRb)/(USDb)	644.1 / 7.4
52-Week Range (INR)	265 / 158
1, 6, 12 Rel. Per (%)	6/-8/21
12M Avg Val (INR M)	2678

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	381.6	423.1	464.2
EBITDA	46.7	52.8	59.5
Adj. PAT	29.1	34.4	39.7
Adj. EPS (INR)	9.9	11.7	13.5
EPS Gr. (%)	8.6	18.0	15.6
BV/Sh. (INR)	34.9	40.6	47.2
Ratios			
RoE (%)	30.6	31.0	30.8
ROCE (%)	24.9	26.0	26.7
Payout (%)	50.4	51.2	51.7
Valuations			
P/E (x)	22.1	18.8	16.2
P/BV (x)	6.3	5.4	4.7
EV/EBITDA (x)	13.3	11.4	9.7
Div. Yield (%)	2.3	2.7	3.2

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	51.1	51.1	51.1
DII	13.0	12.3	14.6
FII	24.7	25.0	21.1
Others	11.2	11.6	13.2

FII includes depository receipts

CMP: INR219 TP: INR255 (+16%) Buy

Strong margin performance amid demand weakness

Seeing market share recovery in high-margin MAVs and tippers

- Ashok Leyland (AL) delivered an encouraging 3QFY25 performance, surpassing estimates across all metrics. Despite a YoY volume decline, EBITDA margin expanded by 80bp YoY to 12.8% (est. 11.7%), supported by a favorable product mix and lower other operating expenses.
- AL's focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY25-27E. To factor in better than expected performance in Q3, we raise our FY25E/26E EPS estimates by 7%/4%. We reiterate BUY with a TP of INR255 (11x Dec'26E EV/EBITDA + ~INR18/sh for the NBFC).

EBITDA margin expansion driven by favorable mix and cost control

- AL's 3QFY25 revenue/EBITDA/PAT grew by ~2%/9%/31% YoY to INR94.8b/INR12.1b/7.6b (est. INR90.5b/INR10.5b/6.3b). 9MFY25 revenues declined 1% YoY while EBITDA/adj.PAT grew 4.1%/14% YoY.
- Net realizations grew by 4% YoY (6% QoQ) to INR2.04m (est. INR1.95m). Volumes declined 1.4% YoY. Net pricing impact (price hikes net of discounts) has been stable QoQ. Although the company raised prices in Jan, it had to claw back the hikes due to competitive pressure.
- Domestic trucks contributed about 55% of revenues, of which ILCVs accounted for 25%. Revenue contribution from Bus + LCV stands at 23-24%, while the non-CV segment mix (defense, spare parts, engines, etc) contributes 20%. Engine volumes were up 3.5% YoY, while spare parts revenues grew 14% YoY.
- Gross margin expanded 70bp YoY (-30bp QoQ) to 28.5% (est. 28.8%). The gross margin decline QoQ was driven by a reduction in defense offtake, from INR1.5b in 2Q to INR1b in 3Q. Gross margins were also partially impacted by an increase in tire costs.
- Lower other operating expenses led to EBITDA growth of 9% YoY to INR12.1b (est. INR10.55b).
- EBITDA margin expanded ~80bp YoY/ 120bp QoQ to 12.8%. Margin expansion in 3Q was driven by an improved mix in trucks towards MAVs and tippers, along with a reduction in other expenses, which the company was able to curb effectively.
- Healthy operating performance, coupled with lower interest cost and tax, led to Adj. PAT beat at INR7.6b (up 31% YoY, est. INR6.3b).

Highlights from the management commentary

- **Outlook:** In Jan'25, the CV industry saw positive growth, and February is expected to show similar growth. As a result, AL is hopeful that the industry will continue to grow in 4Q. Key demand indicators for CVs are in place, including: 1) healthy fleet operator economics, supported by improving utilization levels and the ability to pass on freight rate increases, and 2) the beginning of the interest rate cut cycle.

- While the company has good visibility for the next 6 months, management is hopeful that all segments within the CV industry will post growth in FY26. Management has also indicated that it continues to make good progress toward its medium-term targets, which include: 1) a 35% share in MHCV, 2) mid-teens EBITDA margin, 3) strong growth in non-CV businesses, 4) leadership in alternate fuels, and 5) value unlocking in subsidiaries.
- **Defense:** Although the 3Q ramp-up from this segment was slower, management is confident of strong growth from this business in the long run, driven by its order backlog. It expects the Army will likely require 10-12k new trucks over the next 3-4 years.
- **Switch:** The Indian business continues to perform very well and now has an order backlog of 1,800 buses. Management is hopeful that Switch India can be EBITDA positive by 2QFY26 at the latest, though this will depend on its ability to execute the orders, which have an execution timeline of 12-18 months.

Valuation and view

- While ongoing CV demand remains under pressure, we still anticipate a demand recovery in FY26E, driven by stable fleet utilization, the government's focus on infrastructure, and rising replacement demand. Although the recovery may take a few more quarters, we view AL as the top investment choice in the CV growth cycle, given its positioning to expand revenue and profit pools. Moreover, its focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY25-27E.
- We raise our FY25E/FY26E EPS by ~7%/4% to factor in better profitability. **We reiterate our BUY rating with a TP of INR255 (based on 11x Dec'26E EV/EBITDA + ~INR18/sh for the NBFC).**

Qty Performance (S/A) (INR M)

	FY24				FY25E				FY24	FY25E	3QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Total Volumes (nos)	41,329	49,846	47,071	56,437	43,893	45,624	46,404	57,789	1,94,683	1,93,710	46,404	0.0
Growth %	4.2	10.0	-1.0	-5.5	6.2	-8.5	-1.4	2.4	1.3	-0.5	-1.4	
Realizations (INR '000)	1,981	1,934	1,970	1,996	1,959	1,922	2,043	1,959	1,971	1,970	1,951	4.7
Change (%)	8.8	6.0	3.8	2.5	-1.1	-0.6	3.7	-1.9	4.8	0.0	-1.0	
Net operating revenues	**81,893**	**96,380**	**92,730**	**1,12,667**	**85,985**	**87,688**	**94,787**	**1,13,182**	**3,83,670**	**3,81,643**	**90,525**	4.7
Change (%)	13.4	16.6	2.7	-3.1	5.0	-9.0	2.2	0.5	6.2	-0.5	**-2.4**	
RM/sales %	73.7	73.5	72.2	71.8	72.2	71.2	71.5	72.1	72.7	71.7	71.2	
Staff/sales %	6.6	5.9	6.1	4.9	6.4	6.8	6.4	5.5	5.8	6.2	6.5	
Other exp/sales %	9.7	9.3	9.6	9.1	10.9	10.4	9.4	9.0	9.4	9.8	10.6	
EBITDA	**8,208**	**10,798**	**11,139**	**15,921**	**9,109**	**10,173**	**12,114**	**15,275**	**46,066**	**46,671**	**10,553**	14.8
EBITDA Margins(%)	10.0	11.2	12.0	14.1	10.6	11.6	12.8	13.5	12.0	12.2	11.7	
Interest	699	587	616	592	591	607	501	563	2,494	2,261	590	
Other Income	512	475	300	1,179	223	973	247	367	2,466	1,810	250	
Depreciation	1,794	1,803	1,785	1,797	1,727	1,754	1,923	1,960	7,178	7,365	1,800	
PBT before EO Item	**6,227**	**8,883**	**9,039**	**14,711**	**7,014**	**8,785**	**9,938**	**13,118**	**38,859**	**38,855**	**8,413**	
EO Exp/(Inc)	6	229	6	697	0	-1,174	0	0	937	0	0	
PBT after EO	**6,221**	**8,654**	**9,033**	**14,014**	**7,014**	**9,958**	**9,938**	**13,118**	**37,922**	**38,855**	**8,413**	
Effective Tax Rate (%)	7.3	35.2	35.8	35.8	25.1	22.7	23.3	25.7	31.0	25.0	25.0	
Adj PAT	**5,768**	**5,768**	**5,804**	**9,485**	**5,256**	**6,933**	**7,617**	**9,741**	**26,826**	**29,141**	**6,310**	20.7
Change (%)	868.8	197.4	62.7	32.7	-8.9	20.2	31.2	2.7	102.5	8.6	8.7	

E: MOFSL Estimates

Bharat Forge

Estimate changes	↓
TP change	↓
Rating change	⟷

Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USDb)	528.1 / 6.1
52-Week Range (INR)	1826 / 1063
1, 6, 12 Rel. Per (%)	-7/-25/-9
12M Avg Val (INR M)	1916

Consol. Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	150.3	167.2	198.9
EBITDA (%)	18.0	19.1	19.5
Adj. PAT	9.9	15.6	21.1
EPS (INR)	21.0	32.6	44.2
EPS Gr. (%)	6.4	55.3	35.6
BV/Sh. (INR)	194	213	238
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	12.0	16.0	19.6
RoCE (%)	8.3	11.1	13.6
Payout (%)	47.8	43.1	43.2
Valuations			
P/E (x)	52.7	33.9	25.0
P/BV (x)	5.7	5.2	4.6
EV/EBITDA (x)	20.2	16.9	13.8
Div. Yield (%)	0.8	1.3	1.7

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	44.1	45.3	45.3
DII	28.5	26.5	27.9
FII	17.9	18.7	16.6
Others	9.6	9.6	10.2

FII Includes depository receipts

CMP: INR1,105 TP: INR1,155 (+5%) Neutral

Disappointing performance

Demand outlook for most businesses remains weak

- Bharat Forge (BHFC)'s 3QFY25 performance lagged our estimates, driven by slower growth across key segments as also a slower ramp-up of defense. Outlook for CV demand (both domestic and exports), PV exports and domestic non-auto remains weak. Even overseas subs are taking lot longer to turnaround. Its key growth drivers are likely to be defense and JSA.
- We sharply cut our FY25E/FY26E EPS by 25/17% to factor in the weak outlook in major segments, including CVs, slower-than-expected defense ramp up and also continued weakness in overseas subsidiary performance. The stock appears fairly valued at the current valuations of 33.9x/25.0x FY26E/FY27E consolidated EPS. We **reiterate our Neutral** rating with a TP of INR1,155 (based on 28x Dec'26E consolidated EPS).

Weak performance overall but margins steer ahead

- BHFC's 3QFY25 standalone revenue/EBITDA/adj. PAT declined 7.0%/5.5%/5.0% YoY at INR21b/INR6.1b/INR3.5b (est. INR24b/INR6.7b/INR3.9b). Its 9MFY25 revenue/EBITDA/adj. PAT grew 1%/4%/4% YoY to INR66.8b/INR18.9b/INR10.7b.
- While domestic revenue declined ~10% YoY to INR9.2b, exports declined 5% YoY to INR11.5b. The primary factor for the decline in performance is the anemic economic condition in the EU and the lumpy nature of the defense business during the quarter.
- Key growth drivers in Q3 includes defense/JS Auto businesses, which posted revenue of INR3.37b/INR1.66b, with growth of 87%/20% YoY.
- Gross margin expanded 180bp YoY/70bp QoQ to 59.9% (est. 58%).
- This was offset by higher other operating expenses, resulting in an EBITDA decline of 6% YoY to INR6.1b (est. 6.7b).
- However, the EBITDA margin was better at 29.1% (+60bp YoY/130bp QoQ; est. 27.8%), due to a favorable product mix (exports at 55% of revenues).
- Adj. PAT declined 5% YoY to INR3.5b (est. INR3.9b).
- The BOD declared an interim dividend of INR2.50 per share.

Highlights from the management interaction

- **CVs:** The Indian CV market is expected to post slightly better growth in 4Q QoQ while FY26 is likely to be flat. The US Class-8 CV demand is projected to grow 10% in FY26, largely back-ended. Uncertainty remains regarding potential tariff changes.
- **Global demand:** Weak demand in the EU and the US persists due to the industry transition to EVs and economic uncertainty. EU operations posted INR100m EBITDA, while US operations reduced losses to INR60m (with 60% utilization). Margin improvements in the US have been driven by cost reductions and efficiency. The company is conducting a comprehensive review of its European manufacturing footprint, with a clearer direction expected in six months.

- **Its aerospace segment** continues to be a key growth driver with a quarterly revenue run rate at INR5-6b currently and is likely to surpass triple digits per quarter in FY26. BHFC has approved new investments in landing gear machining and high-precision ring mill forgings. This facility is likely to commence production by FY27-end, and the segmental revenue can potentially double from there after this.
- JSA continues to see strong ramp-up and management expects this business to hit annualised run-rate of INR 10b in the next 6-8 quarters. They are also confident of margin expansion in this business by 250-300bp over next 2 years.
- **Defense revenue stood at INR3.4b** and the slower ramp-up was due to the lumpy nature of the business. For 9MFY25, defense revenue grew 49% YoY to INR14.9b. This segment has seen order wins of INR1b in 3Q with outstanding orders of INR57b. The domestic ATAG order is likely to be awarded in the next 3-4 months. However, serial production will commence 15-18 months from now

Valuation and view

- The bulk of BHFC's core segments, including CVs (both domestic and export), PV exports and domestic non-auto are currently witnessing a demand slowdown. Further, the ongoing slowdown in the European PV segment has hurt the ramp-up of its overseas subsidiaries. However, its Defense, JS Auto Cast, and Aerospace segments are anticipated to be the growth pillars in the near term.
- We cut our FY25E/FY26E EPS by 25/17% to factor in the weak outlook in major segments (including CVs) and a slower-than-expected defense ramp-up. We estimate a CAGR of 15%/20%/46% in consolidated revenue/EBITDA/PAT over FY25-27. The stock appears fairly valued at the current valuations of 33.9x/25x FY26E/FY27E consolidated EPS. **Reiterate Neutral with a TP of INR1,155 (based on 28x Dec'26E consolidated EPS).**

S/A Quarterly **(INR M)**

	FY24				FY25				FY24	FY25E		Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net operating income	**21,273**	**22,494**	**22,634**	**23,286**	**23,381**	**22,467**	**20,960**	**23,111**	**89,686**	**89,896**	**24,113**	**-13.1**
Change (%)	20.9	20.7	15.9	16.6	9.9	-0.1	-7.4	-0.8	18.4	0.2	6.5	
Total RM costs	9,420	9,744	9,491	9,647	9,777	9,167	8,401	9,368	38,301	36,714	10,127	
RM/Sales (%)	44.3	43.3	41.9	41.4	41.8	40.8	40.1	40.5	42.7	40.8	42.0	
Staff Cost	1,494	1,506	1,510	1,504	1,626	1,617	1,583	1,627	6,014	6,454	1,688	
Staff Cost (% of Sales)	7.0	6.7	6.7	6.5	7.0	7.2	7.6	7.0	6.7	7.2	7.0	
Other Expenditure	4,826	5,133	5,181	5,594	5,463	5,428	4,877	5,358	20,593	21,126	5,594	
Other Exp. (% of Sales)	22.7	22.8	22.9	24.0	23.4	24.2	23.3	23.2	23.0	23.5	23.2	
EBITDA	**5,534**	**6,111**	**6,453**	**6,541**	**6,515**	**6,255**	**6,099**	**6,758**	**24,777**	**25,603**	**6,703**	**-9.0**
EBITDA Margins (%)	26.0	27.2	28.5	28.1	27.9	27.8	29.1	29.2	27.6	28.5	27.8	
Non-Operating Income	472	424	346	382	446	348	314	353	1,623	1,461	400	
Interest	705	726	809	634	702	635	573	580	2,874	2,490	600	
Depreciation	1089	1128	1124	1079	1094	1083	1104	1139	4,420	4,421	1120	
EO Exp / (Inc)	47	63	-179	82	1,457	-135	9	0	154		0	
PBT after EO items	**4,165**	**4,616**	**5,044**	**5,127**	**3,708**	**5,019**	**4,727**	**5,392**	**18,952**	**20,154**	**5,383**	
Tax	1050	1156	1266	1231	1014	1407	1266	1452	4,703	5,139	1454	
Eff. Tax Rate (%)	25.2	25.0	25.1	24.0	27.3	28.0	26.8	26.9	24.8	25.5	27.0	
Rep. PAT	**3,115**	**3,460**	**3,778**	**3,897**	**2,694**	**3,612**	**3,461**	**3,940**	**14,250**	**15,014**	**3,930**	
Change (%)	42.4	28.7	21.6	85.7	-13.5	4.4	-8.4	1.1	36.3	5.4	4.0	
Adj. PAT	**3,150**	**3,508**	**3,644**	**3,958**	**3,787**	**3,510**	**3,468**	**3,940**	**14,250**	**13,693**	**3,930**	**-11.8**
Change (%)	19.0	30.9	32.3	31.4	20.2	0.1	-4.8	-0.5	36.3	-3.9	7.8	

E: MOFSL Estimates

SAIL

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SAIL IN
Equity Shares (m)	4130
M.Cap.(INRb)/(USDb)	436.8 / 5
52-Week Range (INR)	176 / 99
1, 6, 12 Rel. Per (%)	1/-14/-20
12M Avg Val (INR M)	4377
Free float (%)	35.0

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	973	1,154	1,279
EBITDA	76	103	141
APAT	4	28	56
EBITDA Margin (%)	8	9	11
Cons. Adj. EPS (INR)	1	7	13
EPS Gr. (%)	-65	640	101
BV/Sh. (INR)	141	145	153
Ratios			
Net D:E	0.5	0.5	0.5
RoE (%)	0.6	4.7	9.0
RoCE (%)	2.9	5.6	9.0
Payout (%)	40.0	40.0	40.0
Valuations			
P/E (x)	116.1	15.7	7.8
P/BV (x)	0.7	0.7	0.7
EV/EBITDA(x)	9.2	7.3	5.4
Div. Yield (%)	0.3	2.5	5.1
FCF Yield (%)	25.5	-5.4	6.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	65.0	65.0	65.0
DII	15.9	16.0	15.5
FII	2.6	2.8	4.3
Others	16.6	16.2	15.2

FII Includes depository receipts

CMP: INR106 TP: INR115 (+9%) Neutral

Lower input costs drive earnings beat

- SAIL reported a 3QFY25 revenue of INR245b (+5% YoY and +6% QoQ), in line with our estimate of INR257b. The growth was primarily led by better volume, which was partially offset by weak realization.
- Crude steel production stood at 4.6mt, down 3% YoY/QoQ. Sales volume grew 17% YoY and 8% QoQ to 4.4mt. The ASP stood at INR55,282/t, -10% YoY and -2% QoQ on account of weak domestic pricing during the quarter.
- EBITDA declined 5% YoY to INR20b (vs. our est. of INR11b) due to weak ASP, while it rose 59% QoQ driven by better volume and lower input costs. EBITDA/t stood at INR4,582 (vs. our est. of INR2,278), fueled by lower-than-expected costs. Adj. PAT was INR1b vs. our estimated loss of INR1.7b for 3Q.
- During 9MFY25, SAIL's revenue declined 5% YoY to INR715b. EBITDA dipped 7% YoY to INR55b, and APAT decreased 94% YoY to INR0.6b.

Highlights from the management commentary

- In 3QFY25, avg. landed coking coal costs stood at INR19,200/t vs. INR20,600/t in 2QFY25. For 4QFY25, the management expects coking coal costs to decline further by INR1,000/t QoQ.
- In Jan'25, the average realization for long steel was INR51,500/t, and flat was INR48,400/t. Management expects an upward trend in prices in the coming months, particularly in the flats segment.
- In Phase I, three plants (IISCO-Greenfield, Bokaro, and Durgapur) have received Stage-1 approvals, and SAIL will be adding ~7.5mtpa with a capex outlay of INR550-560b.
- The company expects to achieve a sales volume of 17.5mt for FY25.
- SAIL plans to add a new TMT mill capacity of 1mtpa at Durgapur (in the next 3-4 years), which will reduce the semi-steel share in the future.

Valuation and view

- SAIL's 3QFY25 performance has been strong, driven by lower costs despite weak realizations. We raise our FY25 estimates to incorporate the strong performance.
- While we expect domestic steel demand to grow fueled by infra investments and government policies, global uncertainties such as tariffs, weak global demand/price, and geopolitical risks could have an adverse impact. Considering these factors, we trim our FY26 revenue and EBITDA estimates by 15% and 35%, respectively, while we largely retain our FY27 estimates.
- SAIL plans to undertake 15mtpa expansions to increase its capacity to 35mt. As the capex intensity picks up, it would limit the deleveraging efforts ahead. At CMP, SAIL trades at 5.4x EV/EBITDA on FY27E and is fully priced at current levels. **We reiterate our Neutral rating on the stock with a revised TP of INR115 (premised on 5.5x EV/EBITDA on FY27E).**

Quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales (m tons)	**3.9**	**4.8**	**3.8**	**4.6**	**4.0**	**4.1**	**4.4**	**4.6**	**17.0**	**17.1**	**4.7**	**(6.6)**
Change (YoY %)	23.0	14.0	(8.5)	(2.6)	3.4	(14.6)	16.6	0.7	5.2	0.5		
Realization (INR ton)	**62,781**	**58,256**	**61,444**	**57,554**	**59,845**	**56,191**	**55,282**	**56,112**	**59,809**	**56,790**	**54,191**	**2.0**
Change (YoY %)	(17.6)	(6.5)	1.8	(7.5)	(4.7)	(3.5)	(10.0)	(2.5)	(7.3)	(5.0)		
Net Sales	**243.6**	**279.6**	**233.5**	**262.4**	**240.0**	**230.4**	**244.9**	**257.6**	**1,019.2**	**972.9**	**257.0**	**(4.7)**
Change (YoY %)	1.4	6.5	(6.8)	(9.9)	(1.5)	(17.6)	4.9	(1.8)	(2.4)	(4.5)		
Change (QoQ %)	(16.4)	14.8	(16.5)	12.4	(8.6)	(4.0)	6.3	5.2				
Total Expenditure	**227.1**	**258.4**	**212.1**	**244.8**	**217.8**	**217.6**	**224.6**	**236.4**	**942.3**	**896.4**		
EBITDA	**16.5**	**21.3**	**21.4**	**17.7**	**22.2**	**12.8**	**20.3**	**21.2**	**76.9**	**76.5**	**10.8**	**87.9**
Change (YoY %)	(28.4)	189.2	3.1	(39.5)	34.6	(40.0)	(5.3)	20.0	(4.4)	(0.5)		
Change (QoQ %)	(43.6)	28.9	0.8	(17.4)	25.5	(42.5)	59.1	4.6				
EBITDA (INR/t)	**4,250**	**4,429**	**5,638**	**3,879**	**5,536**	**3,111**	**4,582**	**4,622**	**4,511**	**4,464**	**2,278**	**101.1**
Interest	6.1	6.1	6.1	6.4	6.9	7.6	6.8	6.8	24.7	28.1		
Depreciation	12.8	13.3	13.2	13.6	14.0	13.0	14.2	14.4	52.8	55.7		
Other Income	4.6	1.5	1.4	3.1	1.8	1.7	2.3	2.5	10.7	8.3		
Share of Asso/JVs/Inv.	0.6	1.0	1.3	1.5	1.1	1.6	1.3	1.4	4.4	5.4		
PBT (before EO Inc.)	**2.9**	**4.4**	**4.9**	**2.3**	**4.1**	**(4.6)**	**2.9**	**3.9**	**14.4**	**6.3**		
EO Income (exp)	-	13.3	0.8	12.1	(3.1)	16.4	0.3	-	26.2	13.5		
PBT (after EO Inc.)	**2.9**	**17.7**	**5.6**	**14.4**	**1.0**	**11.7**	**3.2**	**3.9**	**40.6**	**19.9**		
Total Tax	0.8	4.6	1.4	3.2	0.2	2.8	1.8	0.8	10.0	5.6		
% Tax	26.3	26.2	24.8	21.9	16.6	23.5	56.1	21.1	24.5	28.0		
Reported PAT	**2.1**	**13.1**	**4.2**	**11.3**	**0.8**	**9.0**	**1.4**	**3.1**	**30.7**	**14.3**		
Adjusted PAT	**2.1**	**3.2**	**3.7**	**1.8**	**3.2**	**(3.8)**	**1.1**	**3.1**	**10.8**	**3.7**	**(1.7)**	**NA**
Change (YoY %)	(73.6)	LP	50.3	(84.9)	52.9	(219.3)	(69.1)	71.0	(43.8)	(65.3)		
Change (QoQ %)	(82.3)	49.7	15.1	(50.7)	80.0	(216.9)	(129.9)	172.4				

Source: MOFSL, Company

Jubilant FoodWorks

Estimate changes	↔
TP change	↓
Rating change	↔

Bloomberg	JUBI IN
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	423 / 4.9
52-Week Range (INR)	797 / 421
1, 6, 12 Rel. Per (%)	-11/4/28
12M Avg Val (INR M)	1587

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	80.0	90.8	102.5
Sales Gr. (%)	41.6	13.5	12.8
EBITDA	16.2	18.6	21.9
EBITDA Margin (%)	20.2	20.5	21.3
Adj. PAT	3.0	4.4	6.0
Adj. EPS (INR)	4.6	6.6	9.1
EPS Gr. (%)	16.8	43.4	37.5
BV/Sh.(INR)	33.1	33.1	34.8
Ratios			
RoE (%)	13.9	19.9	26.1
RoCE (%)	10.3	11.1	13.3
Valuation			
P/E (x)	137.3	95.8	69.7
P/BV (x)	19.1	19.1	18.2
EV/EBITDA (x)	27.9	24.2	20.5
EV/Sales (x)	5.7	5.0	4.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	41.9	41.9	41.9
DII	30.4	30.4	22.1
FII	21.6	21.4	28.0
Others	6.1	6.3	8.0

FII Includes depository receipts

CMP: INR641 TP: INR715 (+12%) Neutral

Robust order-driven delivery growth

- Jubilant FoodWorks (JUBI) posted 19% YoY growth in standalone revenue to INR16.1b (in line) in 3QFY25. Domino's orders grew 34%, with LFL growth of 12.5%. Delivery business saw strong 30% YoY revenue growth with 25% LFL growth, contributing 71% of total revenue. Dine-in revenue fell 2% YoY. The waiver of delivery charges continues to shift demand from dine-in to delivery.
- Domino's India added 60 new stores (+11% YoY) and entered 19 new cities in 3Q. The store expansion spree for Domino's and other brands will help JUBI broaden its customer reach and gain market share.
- Standalone gross margin was down 160bp YoY and 100bp QoQ at 75.1% (est. 76.2%), affected by higher festive-season discounts, increased cheese offerings and inflation. EBITDA margin contracted 150bp YoY to 19.4% and EBITDA was up by 11%. Pre-Ind-AS EBITDA margin contracted 50bp YoY to 12.4% and EBITDA rose 14%. Higher depreciation (+19%, investments in backend capabilities) and interest costs (+17%) led to a 4% decline in PBT.
- Domino's Turkey saw 3.2% LFL decline and COFFY's LFL fell 2.6%, primarily due to currency devaluation. DPEU margins remained under pressure with EBITDA margin at 18.3% (25.5% in 1HFY25) and PAT margin at 2.4% (9.8% in 1HFY25) in 3Q, impacted by negative operating leverage. Revenue growth was strong in Domino's Sri Lanka (65%) and Bangladesh (37%).
- JUBI has benefited from strong delivery traffic growth, outperforming peers. Delivery is expected to drive superior near-term growth, while operating margin recovery may be slower due to ongoing reinvestments in core capabilities. We reiterate our Neutral rating on stock with a TP of INR715 (implied 33x Dec'26E EV/EBITDA pre-Ind AS).

Delivery LFL up 25%; miss on margin

- **Strong LFL growth at 12.5%:** JUBI reported sales growth of 19% YoY to INR16.1b (est. INR15.6b), led by Domino's order growth of 34%. Domino's LFL grew by 12.5% (delivery LFL up 25%).
- **Store expansion continues**: In India, JUBI opened 67 net stores, taking the total count to 2,266. Domino's opened 60 new Domino's Pizza stores, taking the count to 2,139. Popeyes opened four new stores, taking the count to 58. Hong's Kitchen opened one store, taking the count to 35. Dunkin' Donuts opened two stores, taking the count to 34.
- **Reinvestment continues to impact EBITDA margin:** Gross profit grew 16% YoY to INR12.1b (est. INR11.9b). GM declined 160bp YoY/100bp QoQ to 75.1% (est. 76.2%). EBITDA margins contracted 150bp YoY (flat QoQ) to 19.4% (est. 20.7%). Pre-Ind-AS EBITDA margin contracted 50bp YoY (up 70bp QoQ) to 12.4% (est. 12.7%). PBT margin stood at 4.9% vs. 6.0% in 3QFY24 and 4.8% in 2QFY25.
- **Decline in PBT/PAT:** EBITDA grew 11% YoY to INR3.1b (est. INR3.2b). PBT (before exceptional) continued to decline by 4% YoY to INR788m (est. INR985m). Adj. PAT fell 2% YoY to INR596m (est. 737m). There was an exceptional item of INR24.8m due to an impairment loss on investments in an associate company.
- In 9MFY25, net sales/EBITDA grew by 13%/4%, while APAT fell 22% YoY.

International business

- Domino's Sri Lanka revenue rose 65% YoY to INR213m. No store addition in Sri Lanka.
- Domino's Bangladesh revenue grew 39% YoY to INR173m. Two stores were opened in Bangladesh, taking the total count to 37 stores.

DPEU

- Domino's System Sales stood at INR7,544m. Domino's Turkey LFL growth was down 3%.
- COFFY's System Sales came in at INR801m. COFFY LFL growth was down 3%.
- Revenue for DPEU came in at INR5,044m with Op. EBITDA of 18.3% and PAT margin of 2.4%.
- In DP Eurasia, JUBI opened 61 stores in 3QFY25, taking the total count to 907 stores.

Highlights from the management commentary

- The demand environment remained soft during the quarter. However, JUBI is seeing a gradual pickup in demand.
- The shift from dine-in to delivery continues in both India and international markets. Thus, JUBI is recalibrating its store size to ~1,200 sq.ft., with more focus on delivery for its high-street stores.
- Introduced three new flavors in the Cheese Burst range and extended Cheesiken range across all regions.
- Popeyes continues to gain traction and the progress is in line with JUBI's internal estimates. Management alluded that ADS and margins for Popeyes are improving. JUBI remains cautious with its store locations and thus the store opening pace might seem a little slow.

Valuation and view

- There are no material changes to our EBITDA estimates for FY25 and FY26.
- JUBI has been the key beneficiary of healthy traffic growth for the delivery business. Delivery is expected to outperform in the near term, which will continue to lead to better growth metrics than those of its peers in the near term. Operating margin is likely to see a slower recovery owing to JUBI's continuous reinvestments in its core capabilities.
- We value India business at 40x EV/EBITDA (pre-IND AS) and international business at 18x EV/EBITDA (pre-IND AS) on Dec'26E to arrive at our TP of INR715 (implied 33x Dec'26E EV/EBITDA). We reiterate our Neutral rating on the stock.

Quarterly Standalone Perf.												(INR m)
Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
No of stores (Dominos)	**1,838**	**1,888**	**1,928**	**1,995**	**2,029**	**2,079**	**2,139**	**2,175**	**1,995**	**2,175**	**2,127**	
LFL growth (%)	**-1.3**	**-1.3**	**-2.9**	**0.1**	**3.0**	**2.8**	**12.5**	**10.0**	**-1.4**	**7.1**	**8.5**	
Net Sales	**13,097**	**13,448**	**13,551**	**13,313**	**14,396**	**14,669**	**16,111**	**15,644**	**53,409**	**60,819**	**15,583**	3.4%
YoY change (%)	5.6	4.5	2.9	6.3	9.9	9.1	18.9	17.5	4.8	13.9	15.0	
Gross Profit	**9,956**	**10,275**	**10,387**	**10,200**	**10,955**	**11,157**	**12,092**	**11,836**	**40,817**	**46,040**	**11,874**	1.8%
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	76.1	75.1	75.7	76.4	75.7	76.2	
EBITDA	**2,764**	**2,807**	**2,827**	**2,543**	**2,782**	**2,842**	**3,128**	**3,137**	**10,941**	**11,889**	**3,226**	-3.0%
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	1.3	10.6	23.4	-5.6	8.7	14.1	
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	19.4	20.1	20.5	19.5	20.7	
Depreciation	1,328	1,379	1,465	1,511	1,552	1,654	1,741	1,716	5,684	6,662	1,716	
Interest	513	534	583	609	619	640	682	699	2,239	2,641	650	
Other Income	91	69	40	86	73	150	83	144	285	450	125	
PBT	**1,014**	**963**	**819**	**508**	**683**	**698**	**788**	**866**	**3,303**	**3,035**	**985**	-20.0%
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-27.5	-3.8	70.5	-38.6	-8.1	**20.3**	
Tax	262	241	209	132	168	177	192	253	844	728	248	
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.4	24.3	29.2	25.6	24.0	25.2	
Adjusted PAT	**752**	**721**	**610**	**345**	**515**	**521**	**596**	**613**	**2,428**	**2,307**	**737**	-19.1%
YoY change (%)	-38.2	-39.5	-31.2	-44.38	-31.5	-27.8	-2.2	77.64	-38.0	-5.0	20.9	

E: MOFSL Estimates

12 February 2025

Company Update | Sector: Financials

Nuvama Wealth

BSE SENSEX	S&P CNX
76,171	23,045

Stock Info

Bloomberg	NUVAMA IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	194.2 / 2.2
52-Week Range (INR)	7648 / 3300
1, 6, 12 Rel. Per (%)	-17/-7/53
12M Avg Val (INR M)	883
Free float (%)	45.1

Financials Snapshot (INR b)

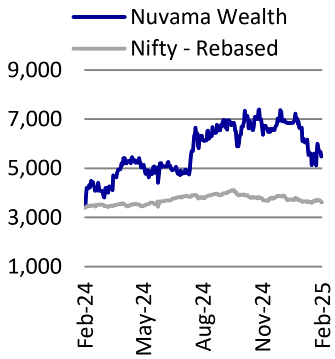
Y/E March	2025E	2026E	2027E
Revenues	28.6	33.0	38.1
Opex	15.6	18.4	21.6
PBT	13.1	14.6	16.4
PAT	9.7	11.0	12.4
EPS (INR)	274	310	349
EPS Gr. (%)	63	13	13
BV/Sh. (INR)	937	1,059	1,191
Ratios (%)			
C/I ratio	54.4	55.8	56.8
PAT margin	34.0	33.4	32.6
RoE	31.4	31.3	31.3
Div. Payout	54.4	57.6	59.7
Valuations			
P/E (x)	19.9	17.6	15.6
P/BV (x)	5.8	5.1	4.6
Div. Yield (%)	2.8	3.3	3.9

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	54.9	55.2	56.0
DII	4.7	1.5	0.9
FII	15.5	13.9	7.2
Others	24.9	29.4	36.0

FII includes depository receipts

Stock Performance (one-year)



CMP: INR5,414 TP: INR7,200 (+33%) Buy

A diversified play in the wealth management space

Strong presence across customer segments

- **Nuvama Wealth is a diversified play on multiple emerging themes in the capital market ecosystem, with a robust presence in UHNI Wealth Management, Mid-segment Wealth Management, Custody & Clearing business, and IE&IB business. Its AMC business is primed for strong growth going forward, with a strong foundation already laid.**
- **The Private segment has a strong focus on ARR AUM and expects its share to increase from the current level of 20%. This growth will stem from: 1) a 20% increase in the RM count from the current level of ~130+ and 2) a deepening geographical presence. With new product additions and improved efficiency of the RM base acquired in the past two years, we expect a strong AUM CAGR of 20% over FY25-27 and a significant improvement in the cost-to-income ratio for the segment to 64% in FY27E from 65.8% in FY25E.**
- **In the wealth segment, there has been an astute focus on increasing the share of managed products. Additionally, the company is adding significant RM force (900 as of Aug'23 to 1,200+ as of Dec'24), leading to a higher cost-to-income ratio. Over the next couple of years, as volumes increase, we anticipate significant scale benefits that will drive margins up by 100bp during FY25-27.**
- **The custody and clearing business is expected to continue to prosper as FPIs/AIFs continue to increase their trading activities in India. On the other hand, the IE & IB business will see steady growth as new IPOs and overall equity market sentiment remain buoyant.**
- **Its AMC business, primarily focused on AIFs, has three schemes currently and has garnered an AUM of INR113b. As it scales up through existing schemes and new launches, we anticipate significant improvement in profitability for the segment.**
- **Overall, we expect Nuvama's ex-capital market revenues/PBT to post a growth of 20%/12% over FY25-27. Additionally, we expect the cost-to-income ratio to improve from 62% in FY24 to 57% in FY27. With RoEs of 30%+, the stock is attractively trading at FY27 P/E of 17x. We reiterate our BUY rating on the stock with a one-year TP of INR7,200 (based on 22x Sept'26E EPS).**

Key industry trends driving significant growth in the Wealth industry

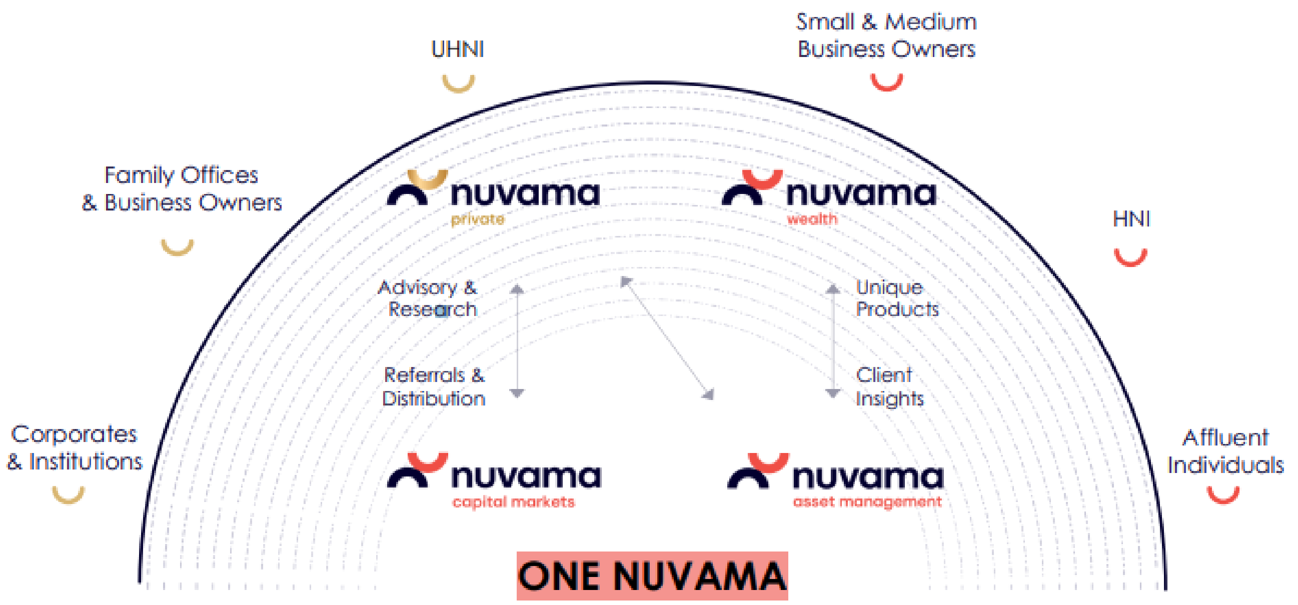
- The integration of digital platforms, AI, and machine learning is reshaping wealth management in India, enhancing client engagement and service efficiency.
- The rising market participation from younger investors, supported by accessible platforms and financial education, is driving equity market growth.
- Wealth management services are expanding into tier 2 and 3 cities, driven by economic growth and increasing wealth accumulation.
- Growing demand for comprehensive financial solutions is prompting wealth managers to offer personalized investment, tax, estate, and retirement planning services.
- Regulatory measures, including small-sized investment plans, are fostering financial inclusion and broadening market participation.

Nuvama business mix

Segment		% of Revenue (9MFY25)	Products offered	
Nuvama Private (UHNI)		20	1. Third-party products: MF, AIF, PMS, Insurance; 2. Fixed Income and Exchange traded products; 3. In-house AMC, Credit; 4. Advisory	❖ Primarily caters to clients with investible assets of > INR 250m; the company had ~4,200+ clients as of 3QFY25, serviced through a network of 130+ RMs
Nuvama Wealth (Mid-Market)		28		❖ Primarily caters to clients with an investible surplus of < INR 250m, serving ~1.2m+ HNIs, with 20% managed by RMs and external wealth managers
Nuvama Asset Management		2	AIF and PMS	❖ Diversified bouquet of AIFs (Private Equity, Long Short funds, and Commercial Real Estate) and PMS schemes; the company currently has ~20+ investment professionals
Capital Market	Institutional Equities	50	Broking	❖ Over two decades old and covers 280+ large and mid-cap companies
	Investment Banking		IB	❖ Full-service investment bank providing equity and debt market services and advisory for private equity and M&A across sectors
	Custody & Clearing Services		Service	❖ Provides a platform to FPIs, MFs, etc. for access to Indian equity markets, securities custody, derivatives clearing services, and fund accounting services

Source: MOFSL, Company

Unique business model



Source: MOFSL, Company

Bata India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BATA IN
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	174 / 2
52-Week Range (INR)	1633 / 1228
1, 6, 12 Rel. Per (%)	-3/1/-11
12M Avg Val (INR M)	560

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	35.4	37.8	40.2
EBITDA	7.6	8.4	9.3
Adj. PAT	2.8	3.2	3.9
EBITDA Margin (%)	21.4	22.3	23.2
Adj. EPS (INR)	22.1	25.0	30.4
EPS Gr. (%)	-3.2	13.2	21.8
BV/Sh. (INR)	136.1	148.6	163.8
Ratios			
Net D:E	0.3	0.2	0.1
RoE (%)	17.3	17.5	19.5
RoCE (%)	12.0	12.3	13.4
RoIC (%)	13.8	15.4	17.3
Valuations			
P/E (x)	61.4	54.2	44.5
EV/EBITDA (x)	23.8	21.3	19.1
EV/Sales (X)	5.1	4.8	4.4
Div. Yield (%)	0.8	0.9	1.1

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	50.2	50.2	50.2
DII	29.2	27.1	29.7
FII	7.5	8.8	7.9
Others	13.2	13.9	12.3

FII includes depository receipts

CMP: INR1,354 TP: INR1,225 (-10%) Neutral

Sustainable volume growth recovery remains key

- Bata India (BATA) delivered a tepid revenue growth of 2% YoY (4% miss) in 3QFY25, led by a volume uptick across channels.
- EBITDA was up 9% YoY (5% miss) as various cost-control initiatives led to margin expansion (gross margin +10bp YoY, EBITDA margin: +150bp YoY).
- The company delivered volume-led growth after a few quarters, driven by better execution on EoSS and improvement in customer value proposition. However, we believe BATA needs to deliver volume growth on a sustained basis over the medium term for the stock to re-rate.
- We trim our FY26-27E revenue by 2-3% and PAT by 2-4%. We build in a CAGR of 5%/6%/10% in revenue/EBITDA/adj. PAT over FY24-27E. **We reiterate our Neutral rating with a TP of INR1,225 (based on 40x Mar'27E EPS).**

Revenue growth muted; cost control drives margin improvement

- Revenue at INR9.2b (4% miss) grew by a modest ~2% YoY, majorly driven by volume growth.
- BATA closed net 2 stores during 3Q, taking the total store count to 1,953. Gross store addition was normal; however, the company closed a higher number of unprofitable stores during 3Q.
- Gross profit inched up 2% YoY to INR5.2b (~5% miss) as gross margin expanded ~10bp YoY to 56.2% (down ~40bp QoQ, 80bp miss).
- Gross margin was boosted by improved sourcing, efficient in-house production and lower salience of discounted product.
- EBITDA increased 9% YoY to INR2b (5% miss) on good cost control as SG&A cost declined ~4% YoY, while employee cost inched up only ~1% YoY.
- EBITDA margin expanded 150bp YoY to 21.7% (broadly in line).
- Reported PAT at INR587m was up by a modest ~1% YoY (22% miss). BATA reported ~INR108m of VRS cost as an exceptional item.
- Adjusted for the cost, PAT grew 15% YoY to INR669m, but missed our estimate by 11% due to lower EBITDA and lower other income (-11% YoY).

Key takeaways from the management interaction

- **Volume growth**: Management indicated that volume growth was broad-based across channels, majorly led by better execution of the EOSS calendar and the company's initiative on providing superior value proposition to customers.
- **Margins**: Gross margin improvement was driven by better sourcing, efficient in-house manufacturing, and lower salience of a discounted product. Benefits of IHM factory closure have also started to yield results as per management. Management indicated that gross margin may be lower amid the rising share of franchise in store mix, but EBITDA should not see any significant impact.
- **Store additions:** Gross store additions during 3Q remained normative, while the company closed a higher number of unprofitable stores. Management indicated that store closures will continue for the next couple of quarters. However, it intends to add 30-40 stores per quarter, including through the franchise model.

- **Zero Base Merchandising (ZBM)**: There are 17 stores under the initiative now (from 8 earlier). The benefits from ZBM include an ~8% increase in footfalls, a reduction in lines in these stores by 60%, ~7% increase in sales per sq.ft, inventory reduction (0.62x), and an increase in store RoIC. Initially, management aims to roll out the ZBM initiative in ~100 stores, which collectively contribute ~25% to BATA's turnover. Further, management indicated that a ~33% reduction in the planned range for stores led to clutter reduction and improved customer experience.

Valuation and view

- Over the last couple of years, following the change in management, a renewed focus on growth has been evident, characterized by a brand refresh, the introduction of new product lines (such as Sneakers), and enhancements in the backend supply-chain infrastructure.
- A robust balance sheet, marked by a net cash position, healthy FCF generation, and an impressive return profile, enables BATA well to tap the growth opportunities in the footwear category.
- BATA's focus on premiumization (Hush Puppies, Power), steady network rollout, and a product revamp (including apparel and sneakers) could boost growth and offset the weak demand trends in the value category.
- We trim our FY26-27E revenue by 2-3% and PAT by 2-4%. We build in a CAGR of 5%/6%/10% in revenue/EBITDA/adj. PAT over FY24-27E. **We reiterate our Neutral rating with a TP of INR1,225 (based on 40x Mar'27E EPS).** A sustainable volume recovery remains the key trigger for the stock.

Consolidated - Quarterly Earning (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Var (%)
Revenue	**9,581**	**8,191**	**9,035**	**7,979**	**9,446**	**8,371**	**9,188**	**8,409**	**34,786**	**35,415**	**9,584**	**-4.1**
YoY Change (%)	1.6	-1.3	0.4	2.5	-1.4	2.2	1.7	5.4	0.8	1.8	6.1	
Gross Profit	5,246	4,755	5,065	4,798	5,182	4,740	5,163	5,102	19,864	20,186	5,463	-5.5
Gross margin%	54.7	58.1	56.1	60.1	54.9	56.6	56.2	60.7	57.1	57.0	57.0	
Total Expenditure	7,186	6,375	7,210	6,156	7,597	6,625	7,193	6,421	26,927	27,836	7,495	-4.0
EBITDA	**2,395**	**1,817**	**1,824**	**1,823**	**1,849**	**1,746**	**1,995**	**1,988**	**7,859**	**7,579**	**2,089**	**-4.5**
EBITDA margin	25.0	22.2	20.2	22.8	19.6	20.9	21.7	23.6	22.6	21.4	21.8	
Change YoY (%)	-2.1	12.9	-11.5	0.2	-22.8	-3.9	9.4	9.1	-1.0	-3.6	14.5	
Depreciation	811	817	860	903	872	902	902	869	3,391	3,545	922	-2.2
Interest	281	284	295	310	308	318	311	301	1,170	1,238	327	-4.8
Other Income	133	155	111	219	162	172	99	246	617	679	170	-41.9
PBT before EO expense	**1,436**	**870**	**780**	**829**	**832**	**698**	**881**	**1,065**	**3,915**	**3,475**	**1,010**	**-12.8**
Extra-Ord expense	0	409	0	0	-1,340	0	108	0	409	-1,232	0	
PBT	**1,436**	**461**	**780**	**829**	**2,171**	**698**	**773**	**1,065**	**3,506**	**4,707**	**1,010**	**-23.5**
Tax	367	121	201	193	431	178	186	268	881	1,063	255	-26.9
Rate (%)	25.5	26.3	25.7	23.2	19.8	25.5	24.1	25.2	25.1	22.6	25.2	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0			0	
Reported PAT	**1,069**	**340**	**580**	**636**	**1,741**	**520**	**587**	**797**	**2,625**	**3,644**	**755**	**-22.3**
Adj PAT	**1,069**	**641**	**580**	**636**	**849**	**520**	**669**	**797**	**2,927**	**2,834**	**755**	**-11.5**
YoY Change (%)	-10	17	-30	-3	-21	-19	15	25	-9	-3	30	
Margins (%)	11%	8%	6%	8%	9%	6%	7%	9%	8%	8%	8%	

E: MOFSL Estimates

Kirloskar Oil Engines

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	KOEL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	108.6 / 1.3
52-Week Range (INR)	1450 / 691
1, 6, 12 Rel. Per (%)	-19/-36/-17
12M Avg Val (INR M)	340

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	50.1	58.1	68.6
EBITDA	6.5	7.8	9.6
PAT	4.2	5.1	6.4
EPS (INR)	28.9	35.4	44.3
GR. (%)	15.6	22.7	25.1
BV/Sh (INR)	202.3	228.3	260.8
Ratios			
ROE (%)	15.1	16.5	18.1
RoCE (%)	14.6	16.1	17.8
Valuations			
P/E (X)	25.9	21.1	16.9
P/BV (X)	3.7	3.3	2.9
EV/EBITDA (X)	16.7	13.5	10.7
Div Yield (%)	1.0	1.3	1.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	41.2	41.2	41.2
DII	25.0	24.9	24.4
FII	11.0	10.8	9.1
Others	22.8	23.1	25.4

FII Includes depository receipts

CMP: INR749 TP: INR1,200 (+60%) Buy

Tough quarter

Kirloskar Oil Engines (KOEL)'s 3QFY25 result was weaker than our expectation due to demand slowdown in B2B and lower volumes from the B2C segment because of facility transition. KOEL, being a key player in the low-to-mid-kVa power genset market, was hurt by demand volatility and competition in 3Q, leading to pressure on volumes and prices. We expect the demand and pricing environment to remain a bit volatile during 4QFY25 too. We anticipate the genset market to start maturing from 1QFY26. We also expect the B2C segment to start ramping up from 4QFY25, which can lead to better absorption of costs and higher margins. The company intends to increase its share of higher-margin segments such as HHP, distribution, and exports but is currently disrupted due to weak demand. We revise our estimates downward to factor in the 9MFY25 weakness of both B2B and B2C and bake in lower margins. The stock is trading at 21x/17x FY26/27E earnings. We value it at 25x Mar'27E earnings for the core business and add the value of subsidiaries to arrive at our TP of INR1,200. Reiterate BUY.

Weak performance due to demand slowdown

KOEL reported a weak quarter and was adversely impacted by a demand slowdown in powergen and increased costs for the B2C division. Revenue came in at INR11.6b, growing by 3% YoY as the company faced muted demand in the B2B segment (+3% YoY) owing to the CPCB 4+ transition, while B2C declined 3% YoY due to the continued impact of the consolidation of five of its plants into a single unit in Ahmedabad. EBITDA at INR1.2b declined 12% YoY, due to weak revenue and operating deleverage. Accordingly, EBITDA margin came in at 10.1%, a contraction of ~160bp YoY. PAT at INR650m declined 21% YoY, owing to weak operating performance and a higher effective tax (26.7% vs. 25.9% in 3QFY24). For 9MFY25, revenue/EBITDA/PAT grew 7%/24%/27% YoY.

Segmental performance weak in Powergen and B2C

B2B Powergen revenue stood at INR4.2b in 3QFY25 vs. INR4.8b in 2QFY25 and INR4.26b in 3QFY24 (our expectation at INR4.1b). This suggests that a 2% YoY dip in revenue is led by a sharp volume decline, which has even offset the impact of better pricing. As per management, volumes were down by nearly 40-45% YoY, and this could have offset the 35-40% price hike due to CPCB 4+ transition. While for Cummins, the similar comparable portfolio of low-kVa to mid-kVa has grown 24% YoY. So, we believe that KOEL might have ceded some market share to other players during the quarter. B2B industrial revenue has grown by 15.5% YoY, which is slightly lower than our estimates. B2B distribution revenue has grown 15.6% to INR2.1b. Exports were also down 17% YoY due to weak demand from its key markets and a lack of large-sized order inflows during 3QFY25.

Profitability hit by pricing pressure and higher costs for the B2C division

B2B's EBIT margin for 3QFY25 stood at 8.9% vs. 12.4% in 2QFY25 and 10.8% in 3QFY24. This indicates pricing and cost pressures in the B2B segment. B2C losses have widened during the quarter with a --9.3% EBIT margin due to initial ramp-up issues from the shift of facilities at one location. With the normalization of volumes in B2C, KOEL expects margins in the B2C segment to revert to previous levels.

Outlook on the Powergen market

The Powergen market demand was hit by emission norm change and inventory of the earlier CPCB 2-related products. With the inventory of CPCB 2 largely being over, demand for CPCB 4+ products is expected to revive. Industry volumes are gradually improving sequentially from 28,000 units in 2QFY25 to 32,000 units in 3QFY25, and there are expectations that industry volumes will be around 36,000-38,000 units in 4QFY25 vs. more than 40,000 units in 4QFY24. Pricing is dynamic in the industry currently and varies from node to node. KOEL is strategically not participating in demand from commoditized segments such as telecom and is focusing on increasing the share of HHP in the overall portfolio.

Outlook on industrial, distribution, and exports in the B2B segment

The industrial business reported a healthy growth of 16% YoY, aided by strong demand from construction, railways, mining, oil & gas, defense, etc. The company expects the momentum to continue, especially from defense with its close cooperation with the armed forces. The distribution segment clocked 15% growth, with improving penetration of its service network leading to continued traction. We see the momentum to sustain with the transition to CPCB 4+. Exports declined 17% YoY on a high base of 3QFY24, and the company has identified this segment as not having performed as envisaged in its 2X3Y strategy. It will focus on each geography separately on its merits and is confident of a pickup in the Middle East.

Arka Fincap's AUM surpasses INR67b

Arka's revenue grew 43% YoY to INR2.1b, while AUM stood at INR67.4b. Management continues to closely monitor the granularity of the loan book, spread of the risk, and return profile. Arka intends to grow its loan book by increasing its exposure to small-ticket loans against property, which are fully secured. Management does not contemplate hiving off the entity, and Arka will continue to be housed under the consolidated KOEL business for the foreseeable future.

Financial outlook

We reduce our estimates by 12%/17%/21% for FY25/26/27 to factor in lower revenue across segments as well as lower margins due to price volatility in B2B. We expect a revenue CAGR of 12% over FY24-27, driven by 11%/15%/15%/12%/10% CAGR in powergen/industrial/distribution/exports/B2C. Over FY24-27E, we bake in 240bp improvement in margins to build in better product mix and operating leverage benefits. We expect a PAT CAGR of 21% over the same period.

Valuation and recommendation

The stock is currently trading at 26x/21x/17x FY25/26/27E earnings. Adjusted with subsidiary valuation, KOEL is trading at 22x/18x/14x FY25/26/27E EPS, which is still at a significant discount to the market leader. **We reiterate our BUY on KOEL** as we expect it to benefit from improved sales from higher HP segments, exports, and improving the trajectory of the B2C segment.

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**12,647**	**10,590**	**11,352**	**13,917**	**13,429**	**11,944**	**11,636**	**13,132**	**48,505**	**50,140**	**13,140**	**(11)**
YoY Change (%)	26.5	4.8	13.5	20.7	6.2	12.8	2.5	-5.6	17.8	3.4	15.7	
Total Expenditure	11,102	9,603	10,023	12,135	11,452	10,294	10,466	11,410	42,864	43,622	11,589	
EBITDA	**1,545**	**986**	**1,329**	**1,782**	**1,977**	**1,650**	**1,170**	**1,722**	**5,642**	**6,518**	**1,550**	**(25)**
Margins (%)	12.2	9.3	11.7	12.8	14.7	13.8	10.1	13.1	11.6	13.0	11.8	
Depreciation	213	243	257	257	247	266	320	270	970	1,103	250	28
Interest	14	16	20	29	27	26	31	48	78	132	33	(6)
Other Income	70	64	57	85	108	118	68	58	274	351	96	(29)
PBT before EO expense	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**887**	**1,463**	**4,868**	**5,634**	**1,364**	**(35)**
PBT	**1,388**	**791**	**1,109**	**1,581**	**1,810**	**1,476**	**887**	**1,463**	**4,868**	**5,634**	**1,364**	**(35)**
Tax	355	205	287	405	462	365	236	389	1,252	1,453	352	
Rate (%)	25.6	25.9	25.9	25.6	25.5	24.7	26.7	26.6	25.7	25.8	25.8	
Reported PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**650**	**1,074**	**3,616**	**4,182**	**1,012**	**(36)**
Adj PAT	**1,032**	**586**	**822**	**1,176**	**1,347**	**1,111**	**650**	**1,074**	**3,616**	**4,182**	**1,012**	**(36)**
YoY Change (%)	59.9	-19.3	20.5	81.3	30.5	89.6	-20.9	-8.7	33.8	15.6	23.1	
Margins (%)	8.2	5.5	7.2	8.5	10.0	9.3	5.6	8.2	7.5	8.3	7.7	

Segmental revenue

	FY24				FY25E				FY24	FY25E	YoY (%)
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Powergen	6,030	3,600	4,260	5,180	5,280	4,810	4,180	5,352	19,050	19,622	3.0
Industrial	2,320	2,350	2,320	3,090	3,200	2,530	2,680	2,880	10,080	11,290	12.0
Distribution & After Market	1,750	1,840	1,800	2,100	1,980	2,020	2,080	2,309	7,490	8,389	12.0
Exports	860	1,250	1,350	1,730	1,060	1,230	1,120	1,270	5,200	4,680	-10.0
Total B2B	**10,960**	**9,040**	**9,730**	**12,100**	**11,520**	**10,590**	**10,060**	**11,810**	**41,820**	**43,980**	5.2
WMS	1,340	1,160	1,330	1,530	1,650	1,110	1,390	1,489	5,370	5,639	5.0
FMS	260	270	190	150	170	140	90	122	870	522	-40.0
Total B2C	**1,600**	**1,430**	**1,520**	**1,680**	**1,820**	**1,250**	**1,480**	**1,611**	**6,240**	**6,161**	-1.3
Total revenue (B2B+B2C)	**12,560**	**10,470**	**11,250**	**13,780**	**13,340**	**11,840**	**11,540**	**13,420**	**48,060**	**50,140**	4.3

Kolte Patil Developers

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	KPDL IN
Equity Shares (m)	76
M.Cap.(INRb)/(USDb)	22.5 / 0.3
52-Week Range (INR)	574 / 270
1, 6, 12 Rel. Per (%)	-6/-14/-45
12M Avg Val (INR M)	142

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	20.3	28.6	26.3
EBITDA	2.6	5.6	5.0
EBITDA (%)	12.8	19.6	19.1
PAT	1.1	3.1	2.8
EPS (INR)	15.1	41.5	36.4
EPS Gr. (%)	-265.1	174.4	-12.3
BV/Sh. (INR)	108.0	145.4	177.8
Ratios			
Net D/E	0.3	0.5	0.0
RoE (%)	14.8	32.7	22.5
RoCE (%)	10.3	19.1	15.3
Payout (%)	26.6	9.7	11.0
Valuations			
P/E (x)	19.6	7.1	8.1
P/BV (x)	2.7	2.0	1.7
EV/EBITDA (x)	12.2	6.1	5.6
Div Yield (%)	1.4	1.4	1.4

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	69.5	69.5	74.5
DII	6.0	5.2	4.5
FII	3.1	3.1	2.6
Others	21.5	22.2	18.5

CMP: INR296 TP: INR450 (+52%) Buy

Delays in launches impact bookings

Collection and realization improve

- Kolte Patil Developers (KPDL) reported pre-sales of INR6.8b in 3QFY25, down 9%/12% YoY/QoQ, (28% below estimate) due to delay in launches.
- Volumes also reduced 17%/21% YoY/QoQ to 0.8msf (28% below estimate).
- Realization increased 11%/12% YoY/QoQ to INR8.4b, due to higher realizations at the premium project 'Canvas' at Life Republic (LR) and 24K projects in Baner and Pimple Nilakh.
- Collections were up 15%/3% YoY/QoQ to INR5.7b (12% below estimate).
- According to its FY25 launch plan, KPDL could launch only 2.57msf, with an estimated GDV of INR20b, and planned launches may spill over to FY26 due to approval delays.
- The company reiterated its business development guidance of INR80b and expects a 25% CAGR in pre-sales over FY25-27 while FY25 to fall short.
- KPDL continues to increase its presence in Mumbai and Bangalore and targets to achieve a 30% contribution cumulatively from these cities, with the remaining 70% coming from Pune.
- It has a gross debt of INR1.2b and a net debt of INR5.5b.
- By the end of 9MFY25, KPDL had an operating cash flow of INR6.4b and a net surplus of INR7.68b
- **P&L performance:** For 3QFY25, revenue jumped 4.6x/13% YoY/QoQ to INR3.5b but came in 39% below our estimate. For 9MFY25, revenue was up 18% YoY to ~INR10b (49% of our FY25 revenue estimate).
- EBITDA of INR256m was up by 58% QoQ but was 65% below our estimate (vs a loss of INR367m in 3QFY24). EBITDA margin came in at 7.3% (vs. 5.2% in 2QFY25).
- PAT stood at INR253m vs. a net loss of INR629m in 3QFY24 (25% below our estimate).
- For 9MFY25, KPDL posted EBITDA of INR695m (up 20% YoY), while adjusted PAT declined to INR413m (vs a loss of INR422m in 9MFY24).

Key management commentary

- **Demand:** Demand stayed strong across its market of operations, and the income tax relief measures introduced in the budget are expected to positively influence demand generation.
- **Business Development:** A 22-acre JDA was recently signed in Wadgaon Khurd, Sinhagad Road, Pune (near Nanded City), with an anticipated GDV of INR40b and a total area of 5msf. The project is located in a prime market with well-established social infrastructure, upcoming IT parks, nearby malls, and easy access to the Mumbai-Pune-Bengaluru highway. The project is set to be launched within the next 8-10 months.
- **Guidance:** Management has reiterated its business development guidance of INR80b and expects a 25% CAGR in pre-sales over FY25-27.
- **Profitability**: KPDL expects to recognize ~INR18b in revenue in FY25 and would report a blended EBITDA margin of ~12.5%.
- KPDL's margin threshold for outright acquisition deals is 25%-28%, and for JV/JDA/redevelopment projects, it is 16-18%.

- **Launches:** The launches of Laxmi Ratan Versova, Jal Mangal Deep Goregaon, Vishwakarma Nagar, and Jal Nidhi project, with overall GDV of INR20b from the Mumbai portfolio, have been pushed to FY26 due to approval delays.
- Unsold inventory currently stands at INR25b, with 3.5msf of area. Of this, Life Republic contributes ~INR10b, with an area of 1.6msf.

Valuation and view

- KPDL reported stagnant pre-sales for the last nine quarters. Further, with Mumbai launches shifting to FY26, we expect FY25 pre-sales to decline 12% to INR30.7b from INR34.9b estimated earlier, followed by a decline in collections by 5%. This, in turn, will also impact the recognition of revenues in FY26 by 4%, thereby affecting PAT by 6%.
- Yet, we expect the company to deliver a 19% CAGR in pre-sales over FY24-27.
- We also increase the discount to 20% to 1x NAV (earlier 15%) due to the spillover in targeted launches to FY26, leading to a revised TP of INR450 (INR525 earlier). We continue to reiterate our **BUY** rating with a potential upside of 52%.

Financial and operational summary (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	(%/bp)
Gross Sales	**5,712**	**1,982**	**758**	**5,264**	**3,408**	**3,083**	**3,497**	**10,344**	**13,715**	**20,332**	**5,693**	**-39**
YoY Change (%)	185	61	-79	-34	-40	56	361	97	-7.9	48.2	651.1	
Total Expenditure	4,800	1,947	1,124	5,332	3,130	2,921	3,241	8,444	13,204	17,736	4,966	
EBITDA	**912**	**35**	**-367**	**-68**	**278**	**162**	**256**	**1,900**	**511**	**2,595**	**727**	**-65**
Margins (%)	16.0	1.8	-48.4	-1.3	8.2	5.2	7.3	18.4	3.7	12.8	12.8	
Depreciation	31	31	42	39	42	24	34	70	142	170	26	
Interest	366	94	308	210	187	107	61	623	979	978	274	**-78**
Other Income	74	67	79	13	95	127	196	22	233	440	123	**59**
PBT before EO expense	**588**	**-24**	**-637**	**-303**	**144**	**157**	**357**	**1,229**	**-377**	**1,887**	**550**	**-35**
Extra-Ord expense	0	124	0	111	0	0	0	0	-235	0	0	
PBT	**588**	**-147**	**-637**	**-414**	**144**	**157**	**357**	**1,229**	**-611**	**1,887**	**550**	**-35**
Tax	100	93	-42	-185	104	69	96	357	-34	626	183	
Rate (%)	17.0	-63.0	6.6	44.6	72.2	44.0	26.8	29.0	0.1	0.3	33.2	
MI & Profit/Loss of Asso. Cos.	29	13	34	41	-22	-10	8	140	116	116	33	
Reported PAT	**460**	**-253**	**-629**	**-270**	**62**	**97**	**253**	**732**	**-694**	**1,145**	**335**	**-25**
Adj PAT	**460**	**-253**	**-629**	**-270**	**62**	**97**	**253**	**732**	**-693**	**1,145**	**335**	**-25**
YoY Change (%)	116	188	134	-123	-86	-138	-140	-371	-167.6	-265.3	-153.3	
Margins (%)	8.0	-12.8	-83.0	-5.1	1.8	3.2	7.2	7.1	-5.0	5.6	5.9	135bp

Key operational performance

Key metrics	FY24				FY25E				FY24	FY25E	FY25E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	(%/bp)
Sale Volume (msf)	0.9	1.0	1.0	1.0	1.0	1.0	0.8	0.9	4.1	3.7	1.12	**-28**
Sale Value (INR m)	7,010	6,320	7,460	7,430	7,110	7,700	6,800	9,142	29,912	30,752	9500	**-28**
Collections (INR m)	5,130	4,720	4,930	5,920	6,120	5,500	5,670	6,051	20,128	23,341	6409	**-12**
Realization (INR/sft)	7,545	6,426	7,579	7,226	7,406	7,476	8,395	9,676	7,296	8,212	8,500	**-1**

Jan’25 inflation eases, IIP weakens in Dec’24

Expect ~6% real GDP growth in 3QFY25

- **Headline CPI inflation came down to a five-month low of 4.3% YoY in Jan'25 vs. 5.2% in Dec'24. The deceleration was mainly led by a five-month slowest growth in food inflation (6% in Jan'25 vs. 8.4% in Dec'24). However, core inflation remained broadly stable at ~3.7% during the month (Exhibit 1). On a sequential basis, inflation declined 1.0% in Jan'25 vs. 0.5% in Dec'24. The inflation number was slightly lower than the market consensus of 4.5% and our forecast of 4.7%. In Apr'24-Jan'25, inflation stood at 4.9% vs. 5.4% in the same period last year.**
- **Food inflation came down to 6% YoY in Jan’25 (lowest in five months) vs. 8.4% in Dec’24. Details suggest that lower food inflation (vs last month) was mainly attributed to a five-month slowest growth in prices of vegetables (11.4% in Jan’25 vs. 26.6% in Dec’24), 31-month lowest increase in cereal prices, 29-month lowest increase in pulse prices, and 27-month lowest increase in prices of eggs. On the other hand, prices of oil & fats surged to a 33-month high of 15.6% in Jan’25. CPI, excluding veggies, stood at a 12-month high of 3.8% in Jan’25. Notably, the prices of fuel & light items continued to contract in Jan’25 (-1.4% YoY in Jan’25 vs. -1.3% in Dec’24).**
- **Other details suggest that: 1) Services inflation remained broadly stable at 3.6% YoY in Jan'25, while goods inflation came down to a five-month low of 4.5% in Jan'25; 2) CPI, excluding veggies (weight 94%), stood at a 12-month high of 3.8% YoY; 3) Imported inflation jumped to a 23-month high of 5.5% in Jan'25, while domestically generated inflation came down to 4.1%, lowest in six months (vs. 5.2% in Dec'24); 4) Standard core inflation (excluding food & energy) remained broadly stable at ~4% YoY in Jan'25; and 5) Details confirm that 27% of the CPI basket posted 5%+ inflation in Jan'25 (vs. 29% in Dec'24).**
- **At the same time, industrial output grew at a three-month low pace of 3.2% YoY in Dec’24 (vs. 5%/4.4% in Nov’24/Dec’23). The deceleration in industrial output was mainly led by a four-month slow growth rate in manufacturing sector. The number was lower than the market consensus of 3.5% and our forecast of 4.7%. In Apr-Dec’24, IIP growth averaged 4% YoY, compared to 6.3% in the corresponding period last year.**
- **Manufacturing sector output grew 3.0% YoY in Dec’24 (lowest in four months) vs. 5.5% in Nov’24 and 4.6% in Dec’23. The details of the manufacturing sector suggest that 69% of the sub-sectors grew at a slower rate compared to Dec’23 (vs. 43% in Nov’24), 66% of the items grew less than 5% (vs. 52% in Nov'24), and 25% of the items posted a contraction (vs. only 14% in Nov’24). According to the use-based classification, the growth in the output of consumer goods stood at a 13-month low in Dec’24 (-2.1% in Dec’24 vs. 11.9% in Dec’23), led by a contraction in consumer non-durables output (worst in 26 months). At the same time, capital goods (at 10.3% in Nov’24 vs. 8.8%/3.7% in Nov’24/Dec’23) grew at a five-month high pace in Dec’24, though infrastructure & construction goods and consumer durables output grew at a slower pace in Dec’24 (vs. Nov’24).**
- **Overall, slower inflation and weak growth support the RBI’s rate cut last week. With IIP growth improving slightly to 3.9% YoY in 3QFY25 from 2.7% YoY in 2Q, we continue to expect a sub-6% real GDP growth in 3QFY25 vs 5.4% in 2Q.**

Aegis Logistics

BSE SENSEX	S&P CNX
76,171	23,045

Conference Call Details

Details awaited

CMP: INR767 **Neutral**

Miss on EBITDA and PAT

- EBITDA came in 20% below our estimate, at INR2.3b (+10% YoY and +4% QoQ).
- PAT also came in 15% below our estimate, at INR1.2b. However, other income was above our estimate.
- **In 9MFY25**, EBITDA increased 12% YoY to INR6.9b, while revenue/PAT remained flat YoY at INR50.6b/3.8b.
- In 3QFY25, standalone revenue stood at INR6.7b (-19% YoY, +2% QoQ).
- Standalone PAT came in at INR658m (-38% YoY, -9% QoQ).

Segmental performance in 3QFY25

- The Liquids division revenue was INR1.4b (+9% YoY, +4% QoQ), and EBIT was INR720m (+12% YoY, +3% QoQ).
- The Gas division revenue stood at INR15.7b (-10% YoY, -3% QoQ), and EBIT was INR1.4b (+4% YoY, +7% QoQ).

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY24				FY25					Var	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	(%)	(%)	(%)
Net Sales	**21,005**	**12,349**	**18,734**	**18,372**	**16,013**	**17,504**	**17,070**	**26,500**	**20,006**	**-15%**	**-9%**	**-2%**
YoY Change (%)	*-6.0*	*-42.6*	*-10.2*	*-14.7*	*-23.8*	*41.8*	*-8.9*	*44.2*	*6.8*			
EBITDA	**1,959**	**2,083**	**2,118**	**3,068**	**2,323**	**2,239**	**2,329**	**4,145**	**2,905**	**-20%**	**10%**	**4%**
Margin (%)	*9.3*	*16.9*	*11.3*	*16.7*	*14.5*	*12.8*	*13.6*	*15.6*	*14.5*	*-0.1*	*0.2*	*0.1*
Depreciation	333	341	345	334	368	374	373	619	454			
Interest	298	266	302	292	313	300	514	883	499			
Other Income	374	444	446	632	435	395	600	250	360			
PBT before EO expense	**1,702**	**1,920**	**1,918**	**3,073**	**2,077**	**1,960**	**2,041**	**2,894**	**2,313**	**-12%**	**6%**	**4%**
PBT	**1,702**	**1,920**	**1,918**	**3,073**	**2,077**	**1,960**	**2,041**	**2,894**	**2,313**	**-12%**	**6%**	**4%**
Tax	375	420	396	700	496	440	446	810	583			
Rate (%)	*22.0*	*21.9*	*20.6*	*22.8*	*23.9*	*22.4*	*21.8*	*28.0*	*25.2*			
MI & P/L of Asso. Cos.	169	230	221	410	266	261	353	243	261	35%	60%	35%
Reported PAT	**1,158**	**1,270**	**1,301**	**1,963**	**1,315**	**1,260**	**1,243**	**1,840**	**1,469**	**-15%**	**-5%**	**-1%**
YoY Change (%)	-24.9	36.0	3.8	39.4	13.5	-0.8	-4.5	-6.2	*12.9*			
Margins (%)	5.5	10.3	6.9	10.7	8.2	7.2	7.3	6.9	7.3			

Endurance Technologies

BSE SENSEX	S&P CNX
76,171	23,045

Conference Call Details

Date: 13th Feb 2025
Time: 11am IST
Dial-in details: [Diamond pass link]

Financials & Valuations (INR b)

INR Billion	FY25E	FY26E	FY27E
Sales	116.8	134.2	153.0
EBITDA	15.6	18.3	21.0
Adj. PAT	8.5	10.6	12.7
EPS (INR)	60.2	75.4	90.6
EPS Growth (%)	27.2	25.4	20.1
BV/Share (INR)	403.0	464.5	538.1
Ratios			
Net Debt/Equity	-0.2	-0.2	-0.3
RoE (%)	15.9	17.4	18.1
RoCE (%)	14.6	16.1	17.0
Payout (%)	18.3	18.6	18.8
Valuations			
P/E (x)	31.1	24.8	20.6
P/BV (x)	4.6	4.0	3.5
Div. Yield (%)	17.0	14.5	12.6
FCF Yield (%)	0.6	0.7	0.9

CMP: INR1,869 — Buy

Operationally in-line; low other income & high tax lead to PAT miss

- 3QFY25 consol revenue grew ~12% YoY to INR28.6b (in-line). This was driven by a ~9% YoY growth in standalone (India) business (vs the 2W industry sales growth of 7%) and ~20% YoY growth in subsidiaries.
- The Europe business revenue grew ~22% YoY in Indian terms and ~21% in EUR terms against the new car registration growth of 1.3%. Maxwell reported a growth of 37% YoY to INR260m in 3QFY25.
- Aftermarket sales from Indian operations stood at INR3.5m vs. INR 3.3m in the corresponding period of last year.
- Gross margin expanded 300bp YoY/70bp QoQ to 42.9% (est. 42.4%). EBITDA grew ~25% YoY to INR3.7b (est. INR3.9b) while EBITDA margin expanded 130bp YoY (-10bp QoQ) to 13% (est. 13.3%).
- Standalone EBITDA expanded 90bp YoY to 12.5% (est. 13%). EBITDA margin for the EU business expanded 70bp YoY to 16.2%.
- While operating performance was in line, lower other income and higher tax led to a PAT miss at INR1.8b (+21% YoY, est. INR2.1b).

From the PR

India

- Cumulative order book stood at INR42.73b, with order wins of INR7.8b in 9MFY25. This includes INR3.6b for castings, INR3b for brakes, and INR0.8b for suspensions.
- EV order value as of 9MFY25 stood at INR3.9b, translating into 49% of the total order value in 9MFY25 (vs 8% in FY24). It has cumulative orders of INR9.6b in the India EV space, including Bajaj Auto.

Europe

- Cumulative order book in Europe stood at EUR244m, with order wins of EUR36m in 9MFY25. It has large orders in the hybrid segment from VW and BMW.
- Out of EUR244m of cumulative orders won in the last five years, EUR94m (39%) were for EV applications and EUR109m (45%) for Hybrid Applications. ICE end-use, currently at ~50% of Endurance Europe revenues, is expected to reduce to 25% in FY28.

Valuation view: The stock trades at ~24.8x/20.6x FY26E/27E consol EPS.

Consolidated - Quarterly

Y/E March	FY24				FY25E				FY24	FY25E		Var
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**24,500**	**25,450**	**25,611**	**26,648**	**28,255**	**29,127**	**28,592**	**30,867**	**1,02,209**	**1,16,840**	**29,333**	**-2.5**
YoY Change (%)	15.9	7.8	22.2	19.3	15.3	14.4	11.6	15.8	16.1	14.3	14.5	
EBITDA	**3,213**	**3,183**	**2,990**	**3,694**	**3,741**	**3,820**	**3,725**	**4,318**	**13,080**	**15,604**	**3,891**	**-4.3**
Margins (%)	13.1	12.5	11.7	13.9	13.2	13.1	13.0	14.0	12.8	13.4	13.3	
Depreciation	1,129	1,184	1,144	1,282	1,288	1,311	1,364	1,321	4,740	5,284	1,328	
Interest	90	98	109	129	112	116	115	97	427	441	109	
Other Income	166	155	270	265	339	265	219	404	856	1,228	300	
PBT before EO expense	**2,159**	**2,056**	**2,006**	**2,548**	**2,680**	**2,658**	**2,466**	**3,304**	**8,769**	**11,107**	**2,754**	
Exceptional Item	0	0	0	-200	0	0	0	0	0	0	0	
PBT after EO	**2,159**	**2,056**	**2,006**	**2,748**	**2,680**	**2,658**	**2,466**	**3,304**	**8,969**	**11,107**	**2,754**	
Eff. Tax Rate (%)	24.3	24.8	24.1	23.5	23.9	23.6	25.2	22.7	75.9	23.8	23.8	
Adj. PAT	**1,635**	**1,546**	**1,523**	**1,950**	**2,039**	**2,030**	**1,844**	**2,553**	**6,653**	**8,465**	**2,099**	**-12.1**
YoY Change (%)	47.0	17.5	40.7	42.9	24.7	31.3	21.1	30.9	36.5	27.2	37.8	

Standalone Performance

Y/E March	FY24				FY25E				FY24	FY25E		Var
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**18,254**	**19,736**	**19,934**	**20,586**	**21,204**	**22,995**	**21,773**	**24,269**	**78,510**	**90,241**	**22,924**	**-5.0**
YoY Change (%)	13.0	3.6	24.8	24.8	16.2	16.5	9.2	17.9	16.0	14.9	15.0	
RM Cost (% of sales)	66.0	65.9	66.3	63.9	64.6	65.2	65.0	65.0	65.5	65.0	65.0	
Staff Cost (% of sales)	5.0	4.8	4.8	4.8	5.1	4.7	5.0	4.6	4.8	4.8	4.8	
Other Expenses (% of sales)	16.4	16.8	17.3	17.9	17.4	17.2	17.5	16.6	17.1	17.2	17.2	
EBITDA	**2,302**	**2,478**	**2,311**	**2,773**	**2,742**	**2,984**	**2,729**	**3,345**	**9,863**	**11,801**	**2,990**	**-8.7**
Margins (%)	12.6	12.6	11.6	13.5	12.9	13.0	12.5	13.8	12.6	13.1	13.0	
Depreciation	643	651	658	673	692	727	735	729	2,625	2,883	728	
Interest	10	9	5	5	7	5	7	1	30	20	4	
Other Income	107	107	136	145	142	176	144	226	495	688	180	
PBT before EO expense	**1,756**	**1,924**	**1,783**	**2,240**	**2,185**	**2,429**	**2,131**	**2,841**	**7,703**	**9,586**	**2,438**	
Extra-Ord expense	0	0	0	-200	0	0	0	0	-200	0	0	
Tax Rate (%)	25.6	25.9	25.7	25.3	25.5	23.9	26.4	25.2	25.6	25.2	25.2	
Adj. PAT	**1,305**	**1,425**	**1,324**	**1,674**	**1,629**	**1,848**	**1,569**	**2,126**	**5,729**	**7,171**	**1,823**	**-14.0**
YoY Change (%)	47.4	8.6	43.6	60.2	24.8	29.7	18.5	26.9	37.5	25.2	37.7	
Margins (%)	7.2	7.2	6.6	8.1	7.7	8.0	7.2	8.8	7.3	7.9	8.0	

EU Subs

Y/E March	FY24				FY25E				FY24	FY25E		Var
EUR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**69**	**63**	**63**	**68**	**80**	**67**	**77**	**69**	**263**	**293**	**70**	**9.8**
YoY Change (%)	12.6	10.1	5.5	1.4	16.7	6.4	21.2	1.9	7.2	11.5	10.4	
EBITDA	**11.1**	**9.3**	**9.8**	**12.1**	**13.3**	**10.7**	**12.4**	**12.6**	**42.4**	**49.0**	**12**	**7.8**
Margins (%)	16.1	14.8	15.5	17.8	16.6	16.0	16.2	18.1	16.1	16.7	16.5	
PAT	**4.2**	**2.5**	**3.3**	**4.0**	**4.9**	**3.5**	**3.8**	**3.7**	**13.9**	**15.9**	**4**	
YoY Change (%)	44.8	47.1	9.9	-10.9	16.6	38.9	16.5	-6.9	15.8	-100.0	12.5	

E: MOFSL Estimates

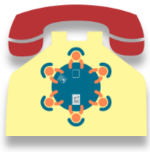
Maxwell

Y/E March	FY24				FY25E				FY24	FY25E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**160**	**170**	**190**	**110**	**30**	**190**	**260**	**140**	**630**	**620**
YoY Change (%)		325.0	227.6	37.5	-81.3	11.8	36.8	27.3	253.9	-1.6
EBITDA	**-28.0**	**-43.0**	**-34.0**	**-13.0**	**-42.0**	**-17.0**	**-9.0**	**-27.0**	**-118.0**	**-95.0**
Margins (%)	-17.5	-25.3	-17.9	-11.8	-140.0	-8.9	-3.5	-19.3	-18.7	-15.3
PAT	**-48.0**	**-64.2**	**-55.0**	**-37.0**	**-66.0**	**-44.0**	**-34.0**		**-205.0**	
YoY Change (%)										

IIFL Finance

BSE Sensex	S&P CNX
76,171	23,045

Conference Call Details



Date: 13th Feb 2025

Time: 02:30 PM IST

Dial-in details:

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Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	54.9	64.0	75.6
Total Income	62.6	76.0	89.7
PPoP	32.4	42.8	50.9
PAT (pre-NCI)	8.3	23.0	28.6
PAT (post-NCI)	5.6	19.8	24.8
EPS (INR)	13.3	46.7	58.4
EPS Gr. (%)	-71	252	25
BV (INR)	289	331	384
Ratios (%)			
NIM	7.0	7.4	7.3
C/I ratio	48.3	43.7	43.3
Credit cost	3.0	2.1	1.9
RoA	1.3	3.2	3.3
RoE	4.9	15.1	16.3
Valuations			
P/E (x)	25.3	7.2	5.8
P/BV (x)	1.2	1.0	0.9

CMP: INR336 — BUY

Earnings miss due to NIM compression and elevated credit costs

Healthy ~40% QoQ growth in gold loans; calc. NIMs decline ~70bp QoQ

- IIFL Finance's (IIFL) 3QFY25 NII declined ~22% YoY and ~8% QoQ to ~INR12.4b (~7% miss). Other Income stood at ~INR1.1b (PY: INR1.1b). This was because of higher loss on de-recognition of financial instruments and lower gain on fair value changes.
- Net total income (NTI) declined ~21% YoY to ~INR13.4b. Opex grew 3% YoY to INR7.5b (in line), with the cost-income ratio at 56% (PQ: 46% and PY: 43%). PPoP stood at INR6b and declined ~38% YoY (~28% miss).
- Credit costs rose to ~4.2% (PQ: ~3.6% and PY: ~2.1%), primarily because of the stress in the MFI and MSME segments. The quarter was challenging, with asset quality stress in microfinance, unsecured lending, and small-ticket LAP reflecting broader macroeconomic trends.
- PAT in 3QFY25 declined ~85% YoY to INR817m. IIFL (standalone) CRAR stood at ~22%.

Consol. AUM declines ~8% YoY; Gold loan AUM rose ~40% QoQ

- Consol. AUM declined 8% YoY while it grew ~7% QoQ to INR714b. On-book loans grew ~5% YoY. Off-book formed ~30% of the AUM mix, including co-lending, which formed ~13% of the AUM mix.
- Gold loan AUM stood at ~INR150b and rose ~39% QoQ.
- YoY AUM decline was driven by wholesale CRE book (-69%) and microfinance (-14%). Home loans rose ~19% YoY and MSME loans grew ~31% YoY.

NIMs contract ~70bp QoQ due to ~70bp QoQ decline in yields

- Consolidated yields and CoB declined ~70bp and 25bp QoQ to ~12.9% and ~9.5%, respectively. Calculated NIMs declined ~70bp QoQ.
- Gold loan portfolio yields remained under pressure as IIFL was working to regain customers.

Minor deterioration in asset quality; credit costs elevated

- GS3 rose ~2bp QoQ to ~2.42%, while NS3 declined ~5bp QoQ to ~1%, driven by a ~330bp increase in S3 PCR to 59%.
- **The company reported a deterioration in its MFI asset quality, with MFI GS3 increasing to 5.1% (PQ: 3.4%).**

Valuation and view

- IIFL reported a weak quarter, marked by elevated credit costs and a slight deterioration in asset quality. While consolidated AUM declined YoY, the company resumed growth in its gold loan portfolio, which grew by ~40% QoQ.
- The stock trades at 0.9x FY27E P/BV and ~6x P/E. Microfinance subsidiary reported muted disbursements and loan growth in the quarter and also exhibited asset quality stress like its NBFC-MFI peers. We might revise our estimates after the earnings call on 13th Feb'25.

IIFL Finance (Consolidated): Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	21,989	23,576	25,630	27,200	24,721	23,181	22,308	25,960	98,386	96,170	23,413	-5
Interest Expenses	8,878	9,321	9,885	10,744	10,340	9,788	9,957	11,187	38,829	41,272	10,081	-1
Net Interest Income	**13,111**	**14,255**	**15,745**	**16,456**	**14,381**	**13,394**	**12,351**	**14,772**	**59,557**	**54,898**	**13,332**	**-7**
YoY Growth (%)	*48.9*	*44.7*	*44.7*	*38.9*	*9.7*	*-6.0*	*-21.6*	*-10.2*	*43.6*	*-7.8*	*-15.3*	
Other Income	1,306	1,878	1,120	-873	-43	2,467	1,051	4,276	3,342	7,750	2,352	-55
Total Income	**14,417**	**16,134**	**16,865**	**15,584**	**14,338**	**15,861**	**13,402**	**19,048**	**62,899**	**62,648**	**15,683**	**-15**
YoY Growth (%)	*20*	*26*	*26*	*10*	*-1*	*-2*	*-21*	*22*	*20.4*	*-0.4*	*-7.0*	
Operating Expenses	6,332	6,772	7,272	7,691	7,461	7,329	7,478	7,994	28,067	30,261	7,679	-3
Operating Profit	**8,085**	**9,361**	**9,593**	**7,893**	**6,877**	**8,532**	**5,925**	**11,053**	**34,832**	**32,387**	**8,209**	**-28**
YoY Growth (%)	*18.4*	*29.0*	*24.9*	*-1.6*	*-14.9*	*-8.9*	*-38.2*	*40.0*	*16.9*	*-7.0*	*-14.4*	
Provisions & Loan Losses	1,901	2,526	2,430	2,356	2,516	4,063	4,914	4,167	9,113	15,660	4,673	5
Profit before Tax	**6,184**	**6,835**	**7,163**	**5,537**	**4,362**	**4,468**	**1,010**	**6,886**	**25,719**	**10,862**	**3,537**	**-71**
Exceptional items		**0**				**-5,865**						
Tax Provisions	1,455	1,580	1,711	1,231	980	-466	193	1,833	5,977	2,541	813	-76
PAT (Pre NCI)	**4,729**	**5,255**	**5,452**	**4,306**	**3,382**	**-931**	**817**	**5,053**	**19,742**	**8,321**	**2,723**	**-70**
NCI	475	513	548	572	501	646	410	1,143	2,107	2,700	711	*-42*
PAT (Post NCI)	**4,254**	**4,743**	**4,904**	**3,734**	**2,881**	**-1,577**	**407**	**3,910**	**17,635**	**5,621**	**2,013**	*-80*
YoY Growth (%)	*29*	*25*	*30*	*-10*	*-32*	*-133*	*-92*	*5*	*18*	*-68*	*-59*	
Key Parameters (%)												
Yield on AUM	13.2	13.4	13.62	13.9	13.31	13.6	12.90					
Cost of funds	9.1	9.5	9.49	9.7	9.46	9.7	9.45					
Spread	4.1	3.9	4.1	4.3	3.8	3.9	3.4					
NIM (on AUM)	7.9	8.1	8.4	8.4	7.7	7.8	7.1					
Credit cost	1.9	2.4	2.1	1.9	2.1	3.6	4.2					
Cost to Income Ratio (%)	43.9	42.0	43.1	49.4	52.0	46.2	55.8					
Tax Rate (%)	23.5	23.1	23.9	22.2	22.5	-10.4	19.1					
Balance Sheet Parameters				2.0	-11.8	-3.8						
Consol. AUM (INR B)	**682**	**731**	**774**	**790**	**696**	**670**	**714**					
Change YoY (%)	29	32	34	22	2	-8	-8					
Disbursements - Core (INR B)	**150**	**159**	**166**	**163**	**43**	**73**	**143**					
Change YoY (%)	30	32	27	-15	-71	-54	-14					
Borrowings (INR B)	**385**	**404**	**430**	**460**	**414**	**391**	**451**					
Change YoY (%)	11	16	19	16	8	-3	5					
Borrowings/AUM (%)	56.4	55.3	55.5	58.2	59.5	58.4	63.2					
Debt/Equity (x)	4.1	4.1	4.1	4.4	3.4	3.3	3.8					
Asset Quality (%)												
GS 3 (INR M)	**7,639**	**7,931**	**8,026**	**11,692**	**10,231**	**10,687**	**12,028**					
G3 %	1.8	1.8	1.70	2.30	2.25	2.40	2.42					
NS 3 (INR M)	**4,400**	**4,402**	**4,045**	**5,951**	**4,982**	**4,756**	**4,955**					
NS3 %	1.1	1.0	0.86	1.18	1.11	1.1	1.01					
PCR (%)	**42.4**	**44.5**	**49.6**	**49.1**	**51.3**	**55.5**	**58.8**					
ECL (%)	2.9	2.9	2.6	2.4	2.9	3.2	2.8					
Return Ratios - YTD (%)												
ROA (Rep)	3.6	3.9	3.8	3.4	2.3	0.8	0.8					
ROE (Rep)	19.1	20.1	19.7	18.4	10.3	2.3	2.0					

E: MOFSL Estimates

P N Gadgil Jewellers

BSE SENSEX	S&P CNX
76,171	23,045

Conference Call Details

Date: 13th February 2025

Time: 4:00 PM

Dial-in details:

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[Diamond Pass]

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	77.7	95.8	117.4
Sales Growth (%)	27.2	23.3	22.5
EBITDA	3.6	4.9	6.3
EBITDA Margin (%)	4.7	5.2	5.3
Adj. PAT	2.3	3.1	4.0
EPS (INR)	17.1	23.2	29.4
EPS Gr. (%)	30.4	36.1	26.8
BV/Sh. (INR)	119.1	142.3	171.7
Ratios			
Debt/Equity	-0.0	0.1	0.3
RoE (%)	21.5	17.8	18.8
RoIC (%)	21.8	19.9	18.8
Valuations			
P/E (x)	33.3	24.5	19.3
EV/EBITDA (x)	19.8	14.5	11.6

CMP: INR568

In-line operating performance; store expansion on track

- PNGJ's consolidated sales rose 24% YoY to INR24.4b in 3QFY25, led by strong demand during Navratri and Diwali.
- SSSG grew by 25.7% in 9MFY25.
- Stud ratio improved 80bp YoY to 7.4% in 3QFY25 vs 6.6% in 3QFY24.
- The company added 9 stores during the quarter, bringing the total count to 48 stores in 25 cities.
- Gross margin expanded by 130bp YoY to 9.8% (est. 10.3%).
- EBITDA margin was up 40bp YoY to 5% (est. 5.1%).
- Employee expenses were up 46% YoY and other expenses were up 56% YoY.
- EBITDA grew by 33% YoY to INR1.2b.
- PAT grew by 49% YoY to INR860m. PAT margin stood at 3.5% vs 2.9% in 3QFY25.
- In 9MFY25, net sales, EBITDA, and APAT grew by 33%, 42%, and 71%.

Other highlights from the press release

- The company experienced a good festive season, with Navratri sales up by 18% and Diwali sales up by 53%.
- Retail revenue increased by 42% YoY to INR18.8b in 3QFY25. The EBITDA margin was 6.8% and PAT margin was 4.6%.
- The E-commerce segment grew by 97% YoY to INR666m in 3QFY25.
- Franchise revenue grew by 87% YoY to INR2264m in 3QFY25.
- The transaction count grew by 21%, with a 22% increase in Average Transaction Value (ATV), reaching INR86k.
- The company plans to reach 53 stores by 4QFY25.
- The company hedged 83.6% through GML by Dec'24 and has now become fully hedged.

Consol. Quarterly Performance **(INR m)**

Y/E March	FY24				FY25				FY24	FY25	FY25	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY25	(%)
Net Sales	**12,568**	**13,715**	**19,722**	**15,120**	**16,682**	**20,013**	**24,358**	**16,652**	**61,109**	**77,705**	**23,358**	**4%**
YoY change (%)	N/A	N/A	N/A	N/A	32.7	45.9	23.5	10.1	35.6	27.2	18.5	
Gross Profit	**919**	**966**	**1,681**	**1,578**	**1,386**	**1,531**	**2,391**	**2,117**	**5,128**	**7,425**	**2,406**	**-1%**
Margins (%)	7.3	7.0	8.5	10.4	8.3	7.6	9.8	12.7	8.4	9.6	10.3	
EBITDA	**446**	**452**	**921**	**890**	**643**	**721**	**1,228**	**1,035**	**2,693**	**3,627**	**1,199**	**2%**
Margins (%)	3.5	3.3	4.7	5.9	3.9	3.6	5.0	6.2	4.4	4.7	5.1	
YoY growth (%)	N/A	N/A	N/A	N/A	44.2	59.4	33.3	16.4	119.4	34.7	32.5	
Depreciation	56	61	60	55	63	72	84	81	232	299	80	5%
Finance Cost	97	109	112	123	123	129	63	154	459	469	110	-42%
Other Income	10	23	24	22	19	118	70	-37	82	170	15	367%
PBT	**303**	**304**	**774**	**734**	**477**	**638**	**1,150**	**763**	**2,084**	**3,029**	**1,024**	**12%**
YoY growth (%)	N/A	N/A	N/A	N/A	57.3	110.2	48.6	4.0	76.5	45.4	37.9	
PAT	**222**	**219**	**576**	**549**	**353**	**529**	**860**	**573**	**1,543**	**2,315**	**768**	**12%**
Margins (%)	1.8	1.6	2.9	3.6	2.1	2.6	3.5	3.4	2.5	3.0	3.3	
YoY change (%)	N/A	N/A	N/A	N/A	59.5	141.1	49.4	4.2	64.7	50.0	38.9	

E: MOFSL estimates

Repco Home Finance

BSE Sensex	S&P CNX
76,171	23,045

Conference Call Details

Date: 13th Feb 2025

Time: 16:00 HRS IST

Dial-in details:

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Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	6.8	7.4	8.2
PPP	5.5	5.9	6.7
PAT	4.4	4.4	4.9
EPS (INR)	70.3	69.9	77.9
EPS Gr. (%)	11	-1	11
BV/Sh. (INR)	530	596	670
Ratios			
NIM (%)	5.0	4.9	4.9
C/I ratio (%)	26.6	26.3	25.3
RoAA (%)	3.1	2.8	2.8
RoE (%)	14.2	12.4	12.3
Payout (%)	4.7	4.7	4.7
Valuation			
P/E (x)	5.3	5.3	4.8
P/BV (x)	0.7	0.6	0.6
P/ABV (x)	0.7	0.6	0.6
Div. Yield (%)	0.9	0.9	1.0

CMP: INR373 **Neutral**

Muted loan growth and disbursements; earnings in line

Reported NIM improves ~40bp QoQ; asset quality continues to improve

- Repco's 3QFY25 PAT grew 7% YoY to INR1.1b (in line). NII grew ~9% YoY to ~INR1.8b (~5% beat). Other income grew 35% YoY to INR196m. Opex rose ~31% YoY to INR535m (~12% higher than MOFSLe).
- PPOP grew ~2% YoY to INR1.4b (in line). Provisions for the quarter stood at ~INR3m, translating into annualized credit costs of ~1bp (PY: 9bp and PQ: -45bp).
- GNPA declined ~10bp QoQ to ~3.85% while NNPA declined ~10bp QoQ to ~1.5%. The company increased the PCR on S3 loans by ~110bp QoQ to ~62%.

Subdued loan growth; disbursements weak

- Disbursements in 3QFY25 were flat YoY at INR7.6b. Loan book grew ~7% YoY to ~INR142b. Home loans grew 4% YoY. LAP grew 17% YoY. Run-offs were higher with repayment rates increasing ~100bp YoY to ~16.3%.
- The contribution of self-employed customers was largely stable at ~52%.

Reported NIM improves ~40bp QoQ; yields expand ~50bp QoQ

- Reported yields rose ~50bp QoQ to ~12.6%, and reported CoF also increased ~10bp QoQ to ~8.9%, leading to spreads increasing ~30bp QoQ to ~3.7%. Reported NIM rose ~40bp QoQ to 5.5%.
- The cost-to-income ratio (CIR) declined ~40bp QoQ to ~27%. (PY: ~23% and PQ: ~27.4%).

Other details

- Repco reported an RoA/RoE of 3.1%/15% in 3QFY25.
- CRAR was healthy at ~32.5% in 3QFY25.

Valuation and view

- While there was an improvement in asset quality, disbursements, and loan growth remained subdued during the quarter. It will be interesting to hear from the management about expected growth momentum and credit cost expectations in FY26.
- Repco trades at 0.6x FY27E P/BV. We look forward to the management's commentary on the demand environment, the impact of Karnataka e-Khata issues, and its strategies for increasing disbursements. We may review our estimates after the earnings conference call on 13th Feb'25.

Quarterly performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	3Q	Act v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY25E	est(%)
Interest Income	3,572	3,770	3,787	3,831	4,007	4,051	4,258	4,119	14,960	16,435	4,140	3
Interest Expenses	2,026	2,075	2,153	2,203	2,330	2,396	2,475	2,419	8,456	9,619	2,448	1
Net Income	**1,546**	**1,695**	**1,635**	**1,628**	**1,677**	**1,656**	**1,783**	**1,700**	**6,504**	**6,816**	**1,692**	**5**
YoY Growth (%)	16.5	23.6	17.8	10.5	8.5	-2.3	9.0	4.4	17.0	4.8	3.5	
Other income	93	69	145	141	155	229	196	48	448	627	170	15
Total Income	**1,639**	**1,765**	**1,779**	**1,769**	**1,833**	**1,884**	**1,978**	**1,748**	**6,952**	**7,443**	**1,862**	**6**
YoY Growth (%)	15.7	18.9	18.7	11.9	11.8	6.8	11.2	-1.2	16.2	7.1	4.6	
Operating Expenses	392	426	410	483	452	517	535	476	1,710	1,980	475	12
YoY Growth (%)	15.7	24.4	2.9	27.6	15.4	21.2	30.55	-1.3	17.3	15.8	16.1	
Operating Profits	**1,247**	**1,338**	**1,370**	**1,287**	**1,380**	**1,367**	**1,443**	**1,272**	**5,242**	**5,463**	**1,386**	**4**
YoY Growth (%)	15.7	17.3	24.5	6.9	10.7	2.2	5.4	-1.1	15.9	4.2	1.2	
Provisions	50	16	29	-100	14	-160	3	-241	-5	-384	-88	-
Profit before Tax	**1,198**	**1,322**	**1,341**	**1,387**	**1,366**	**1,528**	**1,440**	**1,513**	**5,247**	**5,847**	**1,475**	**-2**
Tax Provisions	307	341	346	306	312	403	375	361	1,300	1,450	383	-2
Profit after tax	**891**	**981**	**994**	**1,081**	**1,054**	**1,125**	**1,066**	**1,152**	**3,947**	**4,397**	**1,091**	**-2**
YoY Growth (%)	43.5	37.9	23.1	31.6	18.4	14.7	7.2	6.6	33.3	11.4	9.7	
Loan growth (%)	6.7	7.1	8.1	8.5	8.3	8.1	7.4	8.1	9.0	9.6	7.9	
Cost to Income Ratio (%)	23.9	24.2	23.0	27.3	24.7	27.4	27.0	27.2	24.6	26.6	25.5	
Tax Rate (%)	25.6	25.8	25.8	22.1	22.8	26.3	26.0	23.9	24.8	24.8	26.0	
Key Parameters (%)												
Yield on loans (Cal)	11.4	11.8	11.6	11.5	11.8	11.7	12.1	11.5	12.0	12.0		
Cost of funds (Cal)	8.2	8.3	8.4	8.4	8.6	8.6	8.8	8.5	8.2	8.6		
Spreads (Cal)	3.2	3.5	3.2	3.1	3.2	3.1	3.3	2.9	3.8	3.4		
NIMs (Reported)	5.1	5.4	5.3	5.1	5.1	5.1	5.5	0.0	5.2	5.0		
Credit Cost	0.16	0.05	0.09	-0.30	0.04	-0.46	0.01	-0.67	0.0	-0.3		
Cost to Income Ratio	23.9	24.2	23.0	27.3	24.7	27.4	27.0	27.2	24.6	26.6		
Tax Rate	25.6	25.8	25.8	22.1	22.8	26.3	26.0	23.9	24.8	24.8		
Balance Sheet												
AUM (INR B)	126.6	129.2	131.9	135.1	137.0	139.6	141.6	146.1	135.1	146.1		
Change YoY (%)	6.7	7.1	8.1	8.5	8.3	8.1	7.4	8.1	8.5	8.1		
AUM Mix (%)												
Non-Salaried	51.8	51.0	51.3	51.4	51.6	51.8	52.1	0.0	51.8	51.0		
Salaried	48.2	49.0	48.7	48.6	48.4	48.2	47.9	0.0	48.2	49.0		
AUM Mix (%)												
Home loans	76.9	76.2	75.6	74.7	74.3	73.8	73.5	0.0	74.7	73.0		
LAP	23.1	23.8	24.4	25.3	25.7	26.2	26.5	0.0	25.3	27.0		
Disbursements (INR B)	6.8	8.0	7.6	8.9	6.8	8.7	7.6	10.1	31.3	33.2		
Change YoY (%)	6.6	6.9	9.0	7.1	-0.6	8.8	0.3	13.4	7.4	6.0		
Borrowings (INR B)	99.1	100.5	103.6	107.0	109.1	114.6	110.8	116.4	107.0	116.4		
Change YoY (%)	6.4	4.3	7.9	7.9	10.2	14.1	6.9	8.8	7.9	8.8		
Loans/Borrowings (%)	127.8	128.6	127.3	126.3	125.5	121.8	127.8	125.5	126.3	125.5		
Borrowings Mix (%)												
Banks	74.1	75.6	77.7	79.2	79.8	81.4	82.2	0.0	74.1	75.6		
NHB	14.9	13.1	12.0	10.8	10.6	9.5	8.5	0.0	14.9	13.1		
Repco Bank	11.0	11.4	10.3	10.0	9.6	9.1	9.3	0.0	11.0	11.4		
NCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Asset Quality												
GS 3 (INR B)	6.9	6.4	6.2	5.5	5.8	5.5	5.5	0.0	5.5	4.9		
Gross Stage 3 (% on Assets)	5.5	4.9	4.7	4.1	4.3	3.96	3.86	0.0	4.1	3.4		
NS 3 (INR B)	3.4	2.72	2.47	1.9	2.23	2.17	2.09	0.0	1.9	1.7		
Net Stage 3 (% on Assets)	2.8	2.2	1.9	1.5	1.7	1.61	1.53	0.0	1.5	1.2		
PCR (%)	51.4	57.4	60.1	65.2	61.8	60.7	61.8		65.2	65.0		
Return Ratios (%)												
ROA (Rep)	2.8	3.1	3.1	3.2	3.1	3.3	3.1	0.0	3.0	3.1		
ROE (Rep)	15.8	16.1	15.8	16.5	16.3	16.0	14.6	0.0	14.6	14.2		

E: MOFSL Estimates

Fusion Microfinance

BSE Sensex	S&P CNX
76,171	23,045

Conference Call Details

Date: 13th Feb 2025
Time: 8:30 AM IST
Dial-in details:
+91 22 6280 1540
Link for the call

Financials & Valuation (INR b)

Y/E March	FY25E	FY26E	FY27E
Total Income	18.0	16.8	20.1
PPP	10.2	8.2	10.2
PAT	-6.6	3.1	5.2
EPS (INR)	-65	31	52
EPS Gr. (%)	-	-	68
BV (INR)	218	248	300
Valuations			
NIM (%)	15.2	13.3	13.5
C/I ratio (%)	43.4	51.4	49.1
RoAA (%)	-6.1	2.8	4.0
RoE (%)	-26.1	13.2	18.8
Valuations			
P/E (x)	-	5.6	3.3
P/BV (x)	0.8	0.7	0.6

CMP: INR172 | **Neutral**

Sharp deterioration in asset quality but early green shoots visible

Annualized credit costs at ~23%; reported NIM contracts ~260bp QoQ

- Fusion reported a net loss of ~INR7.2b in 3QFY25 (vs. MOFSLe loss of INR2b) because of NIM compression from interest income reversals and reversal of all net deferred tax assets (DTA) to date. At a normalized tax rate, Fusion would have reported a lower loss of ~INR3.8b, with a standard corporate tax rate applied on the PBT.
- NII declined ~34% YoY to ~INR2.2b (~39% miss), while PPoP declined ~75% YoY to ~INR648b.
- The cost-to-income ratio was elevated at ~76% (PQ: ~40% and PY: ~37%). Net credit costs stood at ~INR5.7b (vs MOFSLe of ~INR5.3b). Annualized credit costs in 3QFY25 stood at ~23% (PY: ~4% and PQ: ~26%).
- Disbursements declined ~57% QoQ to ~INR11.7b. AUM declined ~9% QoQ to ~INR106b.

Reported NIM contracts ~260bp QoQ; Yields decline ~6pp QoQ

- Yields (calc.) declined ~6pp QoQ to ~17.7% while CoF (calc.) rose ~50bp QoQ to ~10.7%. This led to a ~640bp QoQ decline in spreads to ~7%. Reported NIM contracted ~260bp QoQ to 8.9%.
- The share of foreign borrowings in the borrowing mix rose ~60bp to ~19% in 3QFY25 (PQ: 18.4%).

Sharp deterioration in asset quality; GS3 rises ~320bp QoQ

- GS3 rose ~320bp to ~12.6%, while NS3 declined ~70bp QoQ to 1.8%.
- Stage 2 rose ~35bp QoQ to 4.2%. The company increased the PCR across all Stage 1, 2, and 3 loans, resulting in ECL/EAD (incl. management overlay of ~INR595m) of ~16.4% (PQ: ~11%).
- Write-offs for the quarter stood at ~INR1.6b (PQ: INR2b). **The collection efficiency of the current portfolio stood at ~97.7% in Dec'24 (higher than ~96.1% in 2QFY25).**

Decline in borrower base; Moderation in Fusion + >=4 borrowers

- The borrower base declined to 3.65m as of Dec'24 (down from 3.85m as of Sep'24). Fusion + >=4 borrowers declined to 8.8% (vs. ~9.7% in 2QFY25).
- Fusion has successfully obtained covenant waivers for ~80% of its borrowings. The company is in discussion with the remaining lenders to obtain similar extensions, and no demand for immediate repayment of borrowed funds has been made by any lender to date.
- Fusion added 43 branches in the quarter and now has a presence across 22 states (including three UT) with a total branch count of 1,506.
- Capital adequacy stood at ~22.2% as of Dec'24 (vs. 24.4% as of Sep'24).

Valuation and view

- Fusion experienced another challenging quarter, marked by peak quarterly losses and further deterioration in asset quality. AUM and disbursements continued to decline, while credit costs remained high. However, the company witnessed some early green shoots, and the measures implemented have started yielding positive outcomes for the company.
- It will be interesting to hear from the management regarding its credit cost guidance, the overall stress in the MFI sector, and when it expects things to be normalized. We may revise our estimates and TP after the earnings call on

13th Feb'25.

Fusion: Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25E	3QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	4,790	4,968	5,400	5,761	6,213	6,261	4,382	6,176	20,919	23,032	5,854	-25
Interest Expenses	1,835	1,910	2,015	2,149	2,234	2,274	2,137	1,822	7,908	8,466	2,146	0
Net Interest Income	**2,955**	**3,058**	**3,386**	**3,612**	**3,979**	**3,987**	**2,245**	**4,354**	**13,011**	**14,565**	**3,708**	**-39**
YoY Growth (%)	*58.7*	*26.1*	*34.2*	*30.6*	*34.6*	*30.4*	*-33.7*	*20.6*	*35.9*	*11.9*	10	
Other Income	738	745	732	991	854	776	443	1,313	3,205	3,387	808	-45
Total Income	**3,693**	**3,803**	**4,118**	**4,603**	**4,833**	**4,764**	**2,688**	**5,668**	**16,216**	**17,952**	**4,516**	**-40**
YoY Growth (%)	*70.0*	*28.9*	*38.0*	*32.8*	*30.9*	*25.3*	*-34.7*	*23.1*	*40.1*	*10.7*	10	
Operating Expenses	1,339	1,385	1,515	1,696	1,855	1,925	2,041	1,967	5,935	7,788	1,979	3
Operating Profit	**2,354**	**2,418**	**2,603**	**2,907**	**2,978**	**2,838**	**648**	**3,701**	**10,281**	**10,165**	**2,537**	**-74**
YoY Growth (%)	*95.8*	*29.1*	*41.6*	*31.5*	*26.5*	*17.4*	*-75.1*	*27.3*	*44.3*	*-1.1*	-3	
Provisions & Loan Losses	759	762	938	1,190	3,485	6,941	5,723	2,810	3,649	18,958	5,275	8
Profit before Tax	**1,595**	**1,656**	**1,665**	**1,717**	**-507**	**-4,102**	**-5,075**	**891**	**6,633**	**-8,794**	**-2,738**	**-**
Tax Provisions	390	399	401	390	-151	-1,052	2,118	-3,131	1,580	-2,216	-687	-
Net Profit	**1,205**	**1,257**	**1,265**	**1,327**	**-356**	**-3,050**	**-7,193**	**4,022**	**5,053**	**-6,578**	**-2,050**	**-**
YoY Growth (%)	*60*	*32*	*23*	*16*	*-130*	*-343*	*-669*	*203*	*31*	*-230.2*	-262	
Key Parameters (%)												
Yield on loans	21.5	21.7	21.9	21.8	21.7	21.5	20.9					
Cost of funds	10.6	10.6	10.4	10.2	10.1	10.1	10.3					
Spread	10.9	11.1	11.5	11.6	11.6	11.4	10.6					
NIM	10.9	11.1	11.5	11.6	11.6	11.5	8.9					
Credit cost	0.8	0.79	1.00	1.2	3.28	6.55	5.70					
Cost to Income Ratio (%)	36.3	36.4	36.8	36.8	38.4	40.4	75.9					
Tax Rate (%)	24.5	24.1	24.1	22.7	29.8	25.6	-41.7					
Performance ratios (%)												
Avg o/s per borrower (INR '000)	26	26	27	29	30	29	27					
AUM/ RO (INR m)	14.0	14.0	13.0	13.0	1.2	1.1	1.1					
AUM/ Branch (INR m)	91	88	9	9	9	8	7					
Borrower/ Branch (INR m)	3,513	3,381	3,260	3,204	3,017	2,805	2,590					
Balance Sheet Parameters												
AUM (INR B)	**97.1**	**100.3**	**106.9**	**114.8**	**121.9**	**115.7**	**106.0**					
Change YoY (%)	31.4	24.6	23.6	23.5	25.5	15.4	-0.9					
Disbursements (INR B)	**22.8**	**23.4**	**27.1**	**29.5**	**29.9**	**16.6**	**11.7**					
Change YoY (%)	15.2	14.2	24.0	24.4	30.7	-29.1	-56.9					
Borrowings (INR B)	**71.9**	**75.3**	**80.2**	**86.2**	**91.2**	**86.4**	**73.1**					
Change YoY (%)	19.6	15.0	22.7	27.1	26.9	14.8	-8.9					
Borrowings/Loans (%)	85.5	86.6	85.8	86.6	89.0	94.6	92.3					
Debt/Equity (x)	2.9	2.9	3.0	3.0	3.2	3.4	4.0					
Asset Quality (%)												
GS 3 (INR M)	**2,790**	**2,411**	**2,939**	**2,973**	**5,952**	**9,672**	**11,920**					
G3 %	3.2	2.7	3.0	2.9	5.5	9.4	12.6					
NS 3 (INR M)	664	569	730	603	1,301	2,302	1,450					
NS3 %	0.8	0.65	0.78	0.61	1.27	2.52	1.83					
PCR (%)	**76.2**	**76.4**	**75.2**	**79.7**	**78.1**	**76.2**	**87.8**					
ECL (%)	3.8	3.3	3.2	3.4	5.9	11.1	16.4					
Return Ratios - YTD (%)												
ROA (Rep)	5.0	4.9	4.7	4.6	-1.2	-10.3	-27.6					
ROE (Rep)	20.2	20.0	19.1	19.1	-5.0	-45.7	-132.9					

E: MOFSL Estimates

Awfis Space :Currently 1.2 Lk Seats Are Operational & Another 25,000 Seats Will Come On Stream Soon; Amit Ramani, CMD

- Margins improved from 10.5% to 14.7% in Q3, exceeding guidance.
- Blended occupancy at 73%, mature centers at 84%, showing strong demand.
- 1.2 lakh seats operational, 25,000 more coming soon.
- Top-line growth expected to exceed 40%.
- Co-working demand surges, rents up 5%-50%.

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- EBITDA margin projected at 26-28% for FY25.
- Expansion in products and markets to drive growth.
- Focus on innovation and strategic partnerships.

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- Strategic initiatives to sustain long-term performance.

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- Margins expected to reach 15% FY26.
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