Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,116	0.7	2.5
Nifty-50	24,329	0.7	2.9
Nifty-M 100	55,041	1.2	-3.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,376	1.7	-8.6
Nasdaq	16,708	2.5	-13.5
FTSE 100	8,403	0.9	2.8
DAX	21,962	3.1	10.3
Hang Seng	8,116	2.1	11.3
Nikkei 225	34,869	1.9	-12.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	67	-3.0	-9.7
Gold ($/OZ)	3,288	-2.7	25.3
Cu (US$/MT)	9,363	0.1	8.2
Almn (US$/MT)	2,399	2.2	-5.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.4	0.3	-0.2
USD/EUR	1.1	-0.9	9.3
USD/JPY	143.5	1.3	-8.7
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	0.01	-0.4
10 Yrs AAA Corp	7.1	-0.01	-0.2
Flows (USD b)	**23-Apr**	**MTD**	**CYTD**
FIIs	0.4	-0.62	-14.5
DIIs	-0.14	4.18	24.0
Volumes (INRb)	**23-Apr**	**MTD***	**YTD***
Cash	1,230	1044	1016
F&O	2,74,128	2,15,952	2,02,340

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

360ONE WAM: Healthy ARR trends; strategy execution remains key

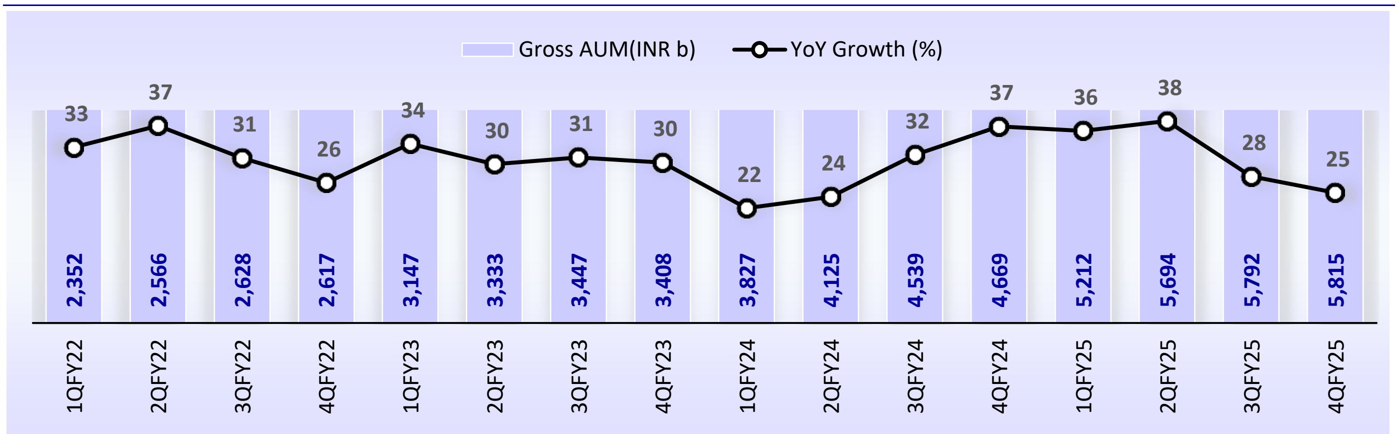
- 360 One WAM (360ONE) reported operating revenue of INR6.5b (11% beat), reflecting growth of 14% YoY, largely due to a 41% YoY growth in recurring revenue with ARR AUM growing 25% YoY to INR2.5t
- Opex grew 11% YoY to ~INR3.3b (in-line), reflecting a cost-to-income ratio of 51.3% in 4QFY25. Strong growth in revenue resulted in 7% beat in PAT at INR2.5b (+4% YoY).
- The strategic collaboration with UBS will support 360ONE's global business, enhance its domestic wealth proposition, and provide global distribution opportunities for its AMC products. We reiterate our BUY rating with a one-year TP of INR1,300.

Research covered

Cos/Sector	Key Highlights
360ONE WAM	Healthy ARR trends; strategy execution remains key
LTIMindtree	A weak quarter, but reset in progress
Tata Consumer Products	Margin under pressure YoY, improves QoQ with price hikes
Tata Communications	Weak margins take the sheen off growth recovery
Home First Finance	Well capitalized and ready to scale
Automobiles	Two-wheelers outperform other segments in FY25
India Life Insurance	Surrender regulations affect FY25 individual WRP growth
Spandana Sphoorty	Resignation of MD & CEO; appointment of Interim CEO
Bajaj Housing Finance	Healthy AUM growth of ~26% YoY; reported NIM stable QoQ
Dalmia Bharat	Lower volume leads to EBITDA miss
Can Fin Homes	Healthy disbursement momentum; NIMs down ~10bp QoQ

Chart of the Day: 360ONE WAM (Healthy ARR trends; strategy execution remains key)

Total AUM grew 25% YoY



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

India's top auto makers face market share decline as competition intensifies in FY25

India's leading passenger vehicle and two-wheeler manufacturers experienced market share declines in FY25, reaching multi-year lows due to increased competition.

2

Spandana Sphoorty MD Shalabh Saxena resigns, Ashish Damani takes charge as interim CEO

Spandana Sphoorty Financial's MD, Shalabh Saxena, has resigned to explore new career paths, prompting the appointment of Ashish Kumar Damani as interim CEO, effective April 23.

3

Chinese AC compressor import rules eased for a year to tackle shortage

To address a critical shortage, the Indian government has temporarily waived mandatory BIS certification for air-conditioner compressor imports (up to two tonnes) from China for one year.

4

Tata Consumers feel the burn as tea cost inflation in India hurts its profit margins

Tata Consumer Products witnessed a 59% surge in Q4FY25 consolidated net profit, reaching Rs 345 crore.

5

Industrial & warehousing demand surges 15% YoY in Q1 2025, touches 9 mn sq ft across top 8 cities

India's industrial and warehousing market began 2025 strongly, with leasing activity up 15% YoY across top cities, led by Delhi NCR and Chennai. Engineering and e-commerce sectors surpassed 3PL in demand, driving large-sized deals.

6

Zomato rejig: Rakesh Ranjan to step down as food delivery chief, CEO Deepinder Goyal to run operations

This is part of a scheduled shuffle that happens at Zomato every two years as it makes different senior executives lead separate verticals from time to time, sources told Moneycontrol.

7

Accenture acquires deep tech education firm TalentSprint

TalentSprint delivers its programmes through bootcamps, certifications and e-degrees, catering to learners across different career stages to build expertise in disruptive technologies and new-age management domains.

360ONE WAM

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	360ONE IN
Equity Shares (m)	388
M.Cap.(INRb)/(USDb)	416.6 / 4.9
52-Week Range (INR)	1318 / 691
1, 6, 12 Rel. Per (%)	8/6/30
12M Avg Val (INR M)	894

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Net Revenues	24.5	27.6	30.7
Opex	12.2	13.5	14.8
Core PBT	12.3	14.0	16.0
PAT	10.2	12.9	14.7
EPS	25.8	32.8	37.3
EPS Grw (%)	15.3	26.9	13.9
BV	179.7	192.8	200.3
Ratios			
RoE (%)	19.3	17.6	19.0
Div. Payout (%)	23.2	60.0	80.0
Valuations			
P/E (x)	37.1	29.2	25.7
P/BV (x)	5.3	5.0	4.8
Div. Yield (%)	0.6	2.1	3.1

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	14.2	14.8	17.8
DII	8.5	9.7	8.3
FII	67.2	66.2	63.2
Others	10.1	9.4	10.7

FII Includes depository receipts

CMP: INR1060 TP: INR1300 (+23%) Buy

Healthy ARR trends; strategy execution remains key

- 360 One WAM (360ONE) reported operating revenue of INR6.5b (11% beat), reflecting growth of 14% YoY, largely due to a 41% YoY growth in recurring revenue. For FY25, revenue grew 32% YoY to INR24.5b.
- Total AUM rose 25% YoY to INR5.8t (in line), driven by a 23% YoY growth in ARR AUM to INR2.5t (in line) and 26% YoY growth in TBR AUM to INR3.3t (in line) during the quarter.
- Opex grew 11% YoY to ~INR3.3b (in-line), reflecting a cost-to-income ratio of 51.3% in 4QFY25 (vs. our estimate of 54.6%). Strong growth in revenue resulted in 7% beat in PAT at INR2.5b (+4% YoY). For FY25, PAT grew 27% YoY to ~INR10.2b.
- Management aims to achieve an annual ARR flow growth of 12-15% and an MTM growth of 8-10%, targeting an overall AUM growth of 20-25%. This is expected to translate into revenue growth of 15-20% and PAT growth of 20-25%.
- The strategic collaboration with UBS will support 360ONE's global business, enhance its domestic wealth proposition, and provide global distribution opportunities for its AMC products.
- We adopt an SOTP approach to build in the optionality of inorganic initiatives such as B&K acquisition and UBS collaboration. Additionally, we build in potential profits from the utilization of funds raised through the warrants issued to UBS as part of the arrangement. We assume full-scale utilization by FY29, and hence, the PAT is discounted to FY27 using a 13% discounting rate. **We reiterate our BUY rating with a one-year TP of INR1,300.**

Multiple synergies from strategic collaboration with UBS

- 360ONE has entered into an exclusive collaboration with UBS AG, benefiting Indian and global clients of both companies.
- The transaction involves: 1) strategic collaboration between both institutions, providing clients with access to onshore and offshore wealth management solutions; 2) acquisition of 4.95% stake by UBS for INR2.1b via the issue of warrants; and 3) acquisition of UBS India onshore wealth management business for a consideration of INR3.1b.
- This collaboration will unfold global investment opportunities for 360ONE clients through UBS, while offering UBS clients access to India's domestic ecosystem. 360ONE AMC's products will benefit from global distribution through UBS' platform.

PAT beat driven by better-than-expected ARR yields

- 360ONE's ARR AUM at INR2.5t (in line) grew 23% YoY, driven by net ARR inflows of INR40b in 4QFY25. While wealth management ARR net flows declined 42% YoY due to outflows in the distribution business, AMC net flows grew 256% YoY, largely contributed by AIF and MF products.
- Wealth Management ARR AUM grew 27% YoY to INR1.62t, driven by 39%/19%/36% YoY growth in 360 One Plus/ Distribution/ Lending AUM.

- Wealth management ARR retention grew to 80bp (76bp in 4QFY24), driven by an improvement in discretionary and non-discretionary yields, the activation of previously non-active AUM, and stable lending yields.
- Asset management AUM grew 17% YoY to INR844b, driven by 29%/9%/20% YoY growth in discretionary/AIF/MF AUM.
- Asset management yields improved significantly to 90bp (74bp in 4QFY24), driven by carry income (INR497m in 4QFY25) and an improvement in AIF yields.
- The significant improvement in yields resulted in a 41% YoY growth in ARR income to ~INR5.0b (17% beat). During FY25, recurring revenue grew 28% YoY to INR17b, with yield improvement to 76bp (72bp in FY24).
- TBR income declined 31% YoY to INR1.5b (5% miss) owing to a slowdown in market activity. However, fixed income and real estate transactions helped mitigate the decline in transactional income. For FY25, TBR income grew 44% YoY to INR7.4b.
- Employee costs grew 13% YoY to INR2.5b (11% higher than estimate) and other admin costs grew 7% YoY to INR804m (13% below our estimate).
- Other income came in at INR65m.

Highlights from the management commentary

- 360ONE recorded its highest-ever annual PAT, with a cost-to-income ratio improvement to 45.9% for FY25. Management anticipates a gradual improvement in this ratio over the coming quarters as new business initiatives become more productive.
- The inbound wealth management opportunity through UBS is substantial, according to the management. 360ONE's own NRI book exceeds USD2b, despite not having an NRI sourcing office. The inward bound market is large, particularly for the alternates segment, and with growing awareness of GIFT City, the potential of achieving 3x growth in AUM in the coming years is high.
- Of the INR21b proceeds from the stake sale to UBS, INR3-3.5b is expected to be utilized for the UBS collaboration, INR2-2.5b for enhancing B&K capabilities, INR8-9b toward lending book, and the remaining amount directed toward addition to the alternates business.

Valuation and view

- 360ONE maintains a strong position in the industry, reflected by robust flows and consistent performance. The company's plans to diversify across client segments (mass affluent) and geography (lower-tier cities) are gaining traction, while the global business is expected to boost performance on the back of UBS collaboration. With investments focused on new business segments, the improvement in productivity will bode well for the company's profitability. While we have not factored in incremental revenue from the B&K acquisition and UBS collaboration, both transactions are likely to be value-accretive.
- We adopt an SOTP approach to build in the optionality of inorganic initiatives, such as B&K acquisition and UBS collaboration. Additionally, we build in potential profits from the utilization of funds raised through the warrants issued to UBS as part of the arrangement. We assume full-scale utilization in FY29, and hence, the PAT is discounted to FY27 using a 13% discounting rate. We are positive on the overall wealth management space in India. As a leading player, 360ONE is well-placed to benefit from industry tailwinds. However, with multiple projects underway—including mid-segment HNI business expansion, global business growth, ET Money acquisition, B&K acquisition, and UBS collaboration—execution will be crucial. **We reiterate our BUY rating with a one-year TP of INR1,300.**

Quarterly performance — INR m

Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	Act. Vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Net Revenues	**4,055**	**4,275**	**4,395**	**5,731**	**6,002**	**5,886**	**6,050**	**6,518**	**18,456**	**24,456**	**5,859**	**11.3**	**14%**	**8%**
YoY Change (%)	8.2	11.8	5.9	45.8	48.0	37.7	37.7	13.7	17.9	32.5	2.2			
ARR Assets Income	3,217	3,108	3,377	3,568	3,756	3,973	4,262	5,022	13,270	17,011	4,288	17.1	41%	18%
TBR Assets Income	839	1,166	1,018	2,163	2,247	1,913	1,788	1,497	5,185	7,445	1,571	-4.7	-31%	-16%
Operating Expenses	**2,103**	**2,144**	**2,315**	**3,002**	**2,649**	**2,992**	**3,193**	**3,341**	**9,565**	**12,175**	**3,200**	**4.4**	**11%**	**5%**
YoY Change (%)	25.9	19.5	24.3	62.3	25.9	39.5	37.9	11.3	33.3	27.3	6.6			
Cost to Income Ratio (%)	51.9	50.2	52.7	52.4	44.1	50.8	52.8	51.3	51.8	49.8	54.6	-336bps	-113bps	-153bps
Operating Profits	**1,952**	**2,130**	**2,080**	**2,729**	**3,354**	**2,893**	**2,856**	**3,177**	**8,891**	**12,281**	**2,659**	**19.5**	**16%**	**11%**
YoY Change (%)	-6.0	4.9	-9.0	31.3	71.8	35.8	37.4	16.4	4.9	38.1	-2.6			
Other Income	287	137	271	500	969	298	732	65	1,195	2,063	337	**-80.6**	-87%	-91%
Profit Before Tax	**2,239**	**2,268**	**2,350**	**3,229**	**4,323**	**3,191**	**3,588**	**3,243**	**10,085**	**14,344**	**2,996**	**8.3**	**0%**	**-10%**
YoY Change (%)	11.0	0.5	5.3	61.4	93.1	40.7	52.7	0.4	18.6	42.2	-7.2			
PBT (after exceptional item)	**2,239**	**2,268**	**2,350**	**3,229**	**3,447**	**3,191**	**3,588**	**3,243**	**10,085**	**13,468**	**2,996**	**8.3**	**0%**	**-10%**
Tax	426	415	410	817	1,011	719	839	744	2,068	3,313	669			
Tax Rate (%)	19.0	18.3	17.4	25.3	23.4	22.5	23.4	23.0	20.5	23.1	22.3	63bps	-235bps	-41bps
PAT	**1,813**	**1,853**	**1,940**	**2,412**	**2,435**	**2,472**	**2,749**	**2,498**	**8,018**	**10,155**	**2,327**	**7.4**	**4%**	**-9%**
YoY Change (%)	15.6	6.3	13.1	55.2	34.3	33.4	41.7	3.6	21.8	26.7	-3.5			
PAT Margins (%)	44.7	43.3	44.1	42.1	40.6	42.0	45.4	38.3	43.4	41.5	39.7	-139bps	-376bps	-712bps
Key Operating Parameters (%)														
AUM (INR b)	**3,827**	**4,125**	**4,539**	**4,669**	**5,212**	**5,694**	**5,792**	**5,815**	**4,669**	**5,815**	**5,805**	**0.2**	**25%**	**0%**
YoY Change (%)	21.6	23.8	31.7	37.0	36.2	38.0	27.6	24.5	37.0	24.5	24.3			
ARR Assets	1,657	1,725	1,867	2,004	2,213	2,426	2,480	2,468	2,004	2,468	2,480	-0.5	23%	0%
TBR Assets	2,170	2,400	2,672	2,665	2,999	3,268	3,312	3,347	2,665	3,347	3,326	0.6	26%	1%
Yield on AUM - Calculated (%)	**0.45**	**0.43**	**0.41**	**0.50**	**0.49**	**0.43**	**0.42**	**0.45**	**0.46**	**0.47**	**0.40**			
ARR Assets	0.77	0.74	0.75	0.74	0.71	0.69	0.69	0.81	0.72	0.76	0.69			
TBR Assets	0.17	0.20	0.16	0.32	0.32	0.24	0.22	0.18	0.24	0.25	0.19			

Change in our estimates

INR b	New estimates		Old estimates		Change	
Y/E March	**2026E**	**2027E**	**2026E**	**2027E**	**2026E**	**2027E**
Net Revenues	27.6	30.7	26.2	30.1	5.1%	2.1%
Opex	13.5	14.8	12.9	14.5	5.3%	2.0%
Core PBT	14.0	16.0	13.4	15.6	5.0%	2.3%
PAT	12.9	14.7	12.6	14.7	2.1%	-0.1%
EPS	32.8	37.3	32.5	37.8	0.9%	-1.3%
EPS Grw (%)	26.9	13.9	21.3	16.4		
BV	192.8	200.3	175.9	183.5		
Ratios						
PBT margin (bp)	30.1	30.1	30.1	30.5		
PAT margin (bp)	27.6	27.6	28.4	28.7		
RoE (%)	17.6	19.0	19.2	21.0	-158bp	-205bp
Div. Payout (%)	60.0	80.0	60.0	80.0	0bp	0bp
Valuations						
P/E (x)	32.4	28.4	29.5	25.3		
P/BV (x)	5.5	5.3	5.4	5.2		
Div. Yield (%)	1.9	2.8	2.0	3.2		

LTIMindtree

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	LTIM IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	1771.4 / 20.5
52-Week Range (INR)	6768 / 4514
1, 6, 12 Rel. Per (%)	-6/13/-10
12M Avg Val (INR M)	2779

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	380.1	405.9	440.5
EBIT Margin (%)	14.5	15.0	15.6
PAT	46.0	51.1	57.3
EPS (INR)	155.3	172.4	193.6
EPS Gr. (%)	0.3	11.0	12.3
BV/Sh. (INR)	766.2	866.5	979.1
Ratios			
RoE (%)	23.3	21.1	21.0
RoCE (%)	19.0	17.4	17.5
Payout (%)	41.8	41.8	41.8
Valuations			
P/E (x)	29.2	26.3	23.4
P/BV (x)	5.9	5.2	4.6
EV/EBITDA (x)	19.0	16.8	15.0
Div Yield (%)	1.4	1.6	1.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	68.6	68.6	68.6
DII	15.6	15.0	13.6
FII	7.0	7.5	7.9
Others	8.8	9.0	10.0

FII Includes depository receipts

CMP: INR4,537 TP: INR5,150 (+14%) Buy

A weak quarter, but reset in progress

All eyes now on new management for turnaround

- LTIMindtree (LTIM) reported 4QFY25 revenue of USD1.1b, down 0.6% QoQ CC and below our estimate of flat QoQ CC. FY25 revenue stood at USD4.5b, up 5.0% YoY CC. 4Q EBIT margin at 13.8% was in line with our estimate of 13.8%. 4Q PAT stood at INR11.2b, up 3.9% QoQ/2.5% YoY and slightly below our estimate of INR12b. FY25 revenue grew 7.0% YoY, EBIT declined 1.2%, and PAT remained largely flat in INR terms. In 1QFY26, we expect revenue/EBIT/PAT to grow 8.3%/15.2%/7.3% YoY. We value LTIM at 26x FY27E EPS and our revised TP of INR5,150 implies a 14% upside potential.

Our view: Awaiting a concrete turnaround plan for growth and margins

- **Microsoft productivity gain episode now done, but macro uncertainty could limit growth upside in FY26:** There is no overhang of the Microsoft productivity pass-through beyond 4Q; however, we believe FY26 could be a year of mediocre growth. We expect LTIM to report ~5% CC growth in FY26E.
- **A new cost-saving initiative, however we await concrete margin expansion direction:** LTIM has launched its "Fit for Future" initiative to drive cost efficiency and improve profitability, starting in 1QFY26. This includes reassessing direct and indirect costs, optimizing delivery and sales structures, and continuing pyramid correction efforts. Though these steps align well with client demand for cost savings and modernization, management has not provided a tighter guidance range or timeline, which makes the margin expansion trajectory a tad vague, in our view.
- **Long way to go; cut target multiple:** We believe the new management has their task cut out, and the added macro uncertainty pushes back the prospect of a double-digit growth **rate** as well as normalized EBIT margins beyond FY27. We cut our target multiple by ~10%. A successful turnaround could lead to re-rating, and the current price offers valuation comfort. We thus maintain a BUY rating.

Miss on revenues and in-line margins (miss on consensus); deal TCV down ~5% QoQ

- Revenue stood at USD1.1b, down 0.6% QoQ CC and below our estimate of flat QoQ CC. Reported USD revenue was down 0.7% QoQ/up 5.8% YoY. For FY25, revenue stood at USD4.5b, up 5.0% YoY CC.
- Manufacturing & Resources grew 2.3% QoQ and BFSI was up 1.2% QoQ. Hi-Tech was down 1.5% QoQ, while Retail/Life Sciences declined 2.4%/14.0% QoQ.
- EBIT margin at 13.8% was in line with our estimate of 13.8%. For FY25, EBIT margin stood at 14.5% vs. 15.7% in FY24.
- Employee metrics: Software headcount declined by ~2,560 (-3.1% QoQ), utilization inched up 40bp QoQ to 85.8%, and attrition was up 10bp QoQ at 14.4%.

- PAT came in at INR11.2b, up 3.9% QoQ/2.5% YoY and slightly below our estimate of INR12b. FY25 PAT stood at INR46b, flat YoY.
- Order inflows stood at USD1.6b, down ~4.7% QoQ. FY25 order book stood at USD6b.
- The company declared a final dividend of INR45/share for FY25.

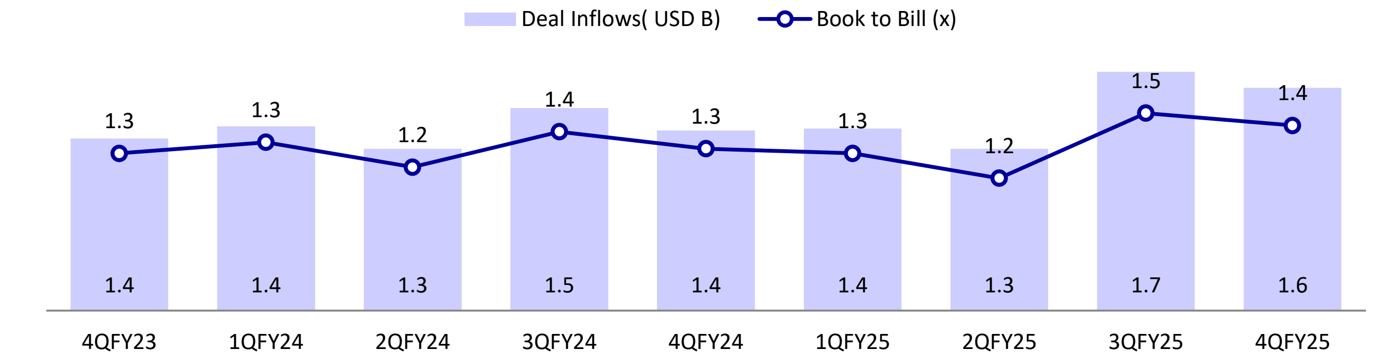
Key highlights from the management commentary

- FY25 was a year of consolidation; discretionary spending remained muted in 4Q.
- 2H momentum slowed due to ongoing macro uncertainty, which persisted in 4Q.
- Strategic initiatives for FY26: 1) Sales Transformation – Realignment of service lines and sales structure to target a broader portion of client spend via the AI economy. 2) Robust GTM – Focus on multi-service, multi-delivery, and multi-geography models. 3) Fit for Future – Drive agility and profitability by reassessing direct/indirect costs, improving efficiency across sales and delivery. Margin improvement is expected to start in 1QFY26.
- Clients were largely in "wait-and-watch" mode during 4Q, but they are opening up now for conversations.
- LTIM is adjusting its portfolio from a higher discretionary mix to longer-term efficiency programs. Some closed deals failed to ramp up as planned; certain 4Q deals got delayed.
- **Technology, Media, and Communications:** Productivity gains delivered to the top client in 3Q and 4Q. No pricing reset has happened and no future impact is expected on pass-backs.
- **Consumer:** There were some client-specific issues in the Travel, Transport & Hospitality portfolios. Those clients are now planning new initiatives. No material impact observed from tariff-related changes.
- Headcount was ramped up in 2Q/3Q in anticipation of 4Q deal execution, which did not materialize, leading to a drop in headcount.

Valuation and view

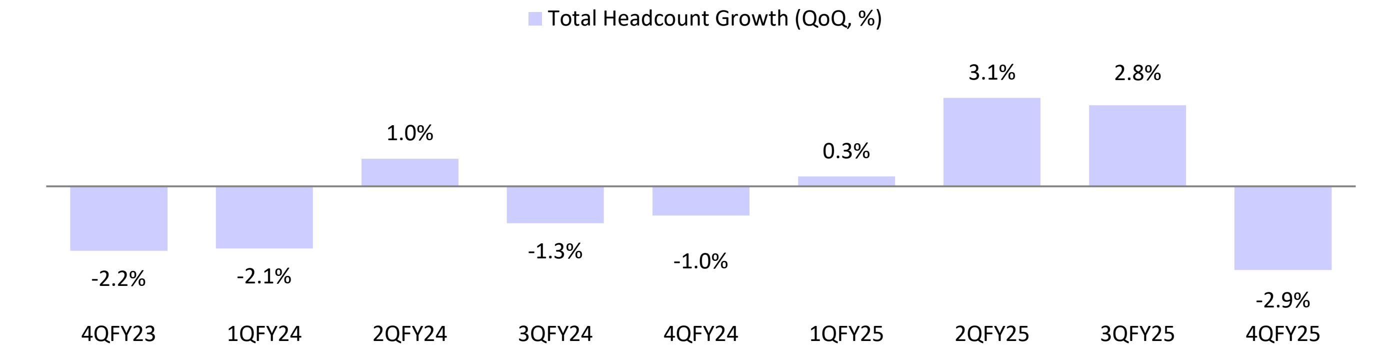
- **We maintain our BUY rating on LTIM, supported by its capabilities in data engineering and ERP modernization.** The current stock price also offers attractive valuation comfort. While our FY26 estimates remain largely unchanged, we lower our FY27 EPS estimate by ~5% to account for the current macroeconomic headwinds. We now value LTIM at 26x FY27E EPS (earlier 30x), leading to a revised TP of INR 5,150, implying a 14% upside from the current level.

Deal win at USD1.6b, down ~5% QoQ; book-to-bill at 1.4x



Source: MOFSL, Company

Headcount normalization after anticipated 4Q deal execution did not materialize



Source: MOFSL, Company

North America and Europe declined QoQ

Geographies (QoQ %)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
North America	3.8	7.0	6.1	1.6	0.5	1.8	2.0	-0.2	0.2	4.3	2.6	0.7	-0.9
Europe	3.5	-6.7	-0.4	4.5	4.4	-1.2	2.3	-4.5	-0.6	1.1	2.8	-3.1	-2.1
RoW	-2.2	-0.2	0.3	4.9	0.2	-7.8	-1.9	14.1	-10.6	-7.2	3.8	9.7	2.8

Source: MOFSL, Company

Healthcare and Retail performed poorly in 4Q while BFSI and Manufacturing were defensive

Verticals (QoQ %)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
BFSI	4.0	5.7	4.6	5.8	2.7	-1.2	-1.1	-1.7	-2.7	2.8	3.9	3.3	1.2
Manufacturing	-2.2	-2.9	3.7	10.6	1.0	-1.0	5.1	14.3	-9.6	2.0	0.6	7.8	2.4
CPG, Retail & Pharma	3.5	3.7	2.3	1.1	2.4	-1.8	2.9	-3.2	1.4	-1.6	2.8	-0.3	-2.1
Technology, Media & Communications	4.1	5.3	3.9	-4.5	-1.5	3.2	2.0	-3.0	4.7	8.0	2.0	-5.7	-1.9
Healthcare	1.3	6.9	7.5	-5.1	-2.2	5.0	3.2	0.8	4.8	-7.9	6.1	-0.5	-13.3

Source: MOFSL, Company

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY25	(% / bp)
Revenue (USD m)	**1,059**	**1,076**	**1,084**	**1,069**	**1,096**	**1,127**	**1,139**	**1,131**	**4,287**	**4,493**	**1,136**	**(0.5)**
QoQ (%)	0.1	1.6	0.8	-1.3	2.5	2.8	1.1	-0.7	4.4	4.8	-0.2	(46)
Revenue (INR B)	**87**	**89**	**90**	**89**	**91**	**94**	**97**	**98**	**355**	**380**	**99**	**(0.8)**
YoY (%)	13.8	8.2	4.6	2.3	5.1	5.9	7.1	9.9	7.0	7.0	10.8	(89)
GPM (%)	**31.6**	**31.4**	**29.9**	**29.8**	**30.3**	**30.8**	**28.8**	**27.9**	**30.7**	**29.4**	**29.0**	**(109)**
SGA (%)	12.8	13.1	12.3	12.5	12.7	12.8	12.3	11.6	12.7	12.3	12.5	(92)
EBITDA	**16**	**16**	**16**	**15**	**16**	**17**	**16**	**16**	**64**	**65**	**16**	**(1.8)**
EBITDA Margin (%)	**18.8**	**18.3**	**17.6**	**17.3**	**17.6**	**18.0**	**16.5**	**16.3**	**18.0**	**17.1**	**16.5**	**(17)**
EBIT	**15**	**14**	**14**	**13**	**14**	**15**	**13**	**13**	**56**	**55**	**14**	**(1.0)**
EBIT Margin (%)	**16.7**	**16.0**	**15.4**	**14.7**	**15.0**	**15.5**	**13.8**	**13.8**	**15.7**	**14.5**	**13.8**	**(3)**
Other income	**0.9**	**1.0**	**1.6**	**1.4**	**1.5**	**2.3**	**1.4**	**1.8**	5	**7**	2	4
ETR (%)	25.0	23.5	24.3	24.0	25.6	25.8	26.2	26.2	24.2	25.9	25.0	
Adj PAT	**12**	**12**	**12**	**11**	**11**	**13**	**11**	**11**	**46**	**46**	**12**	**(2.1)**
QoQ (%)	3.4	0.9	0.6	-5.9	3.1	10.3	-13.2	3.9			6.1	
YoY (%)	4.1	-2.2	8.2	-1.2	-1.5	7.7	-7.1	2.5	2.1	0.4	4.7	
EPS (INR)	**38.9**	**39.2**	**39.4**	**37.1**	**38.2**	**42.2**	**36.6**	**38.0**	**154.5**	**155.0**	**38.9**	**(2.2)**

Key Perfor. Indicators

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	0.1	1.7	0.7	-1.3	2.6	2.3	1.8	-0.6		
Margins (%)										
Gross Margin	31.6	31.4	29.9	29.8	30.3	30.8	28.8	27.9	30.7	29.4
EBIT Margin	16.7	16.0	15.4	14.7	15.0	15.5	13.8	13.8	15.7	14.5
Net Margin	13.2	13.1	13.0	12.4	12.4	13.3	11.2	11.5	12.9	12.1
Operating metrics										
Headcount	82,738	83,532	82,471	81,650	81,934	84,438	86,800	84,307	81,650	84,307
Attrition (%)	17.8	15.2	14.2	14.4	14.4	14.5	14.3	14.4	14.4	14.4
Utilization (excl. trainees)	84.8	86.6	87.4	86.9	88.3	87.7	85.4	85.8	86.4	86.8
Key Verticals (QoQ %)										
BFSI	-1.2	-1.1	-1.7	-2.7	2.8	3.9	3.3	1.2	2.2	4.5
CMT	3.2	2.0	-3.0	4.7	8.0	2.0	-5.7	-1.9	1.7	8.5
MFG	-1.0	5.1	14.3	-9.6	2.0	0.6	7.8	2.4	14.6	7.2
Healthcare	5.0	3.2	0.8	4.8	-7.9	6.1	-0.5	-13.3	6.5	-2.8
CPG, Retail and Pharma	-1.8	2.9	-3.2	1.4	-1.6	2.8	-0.3	-2.1	1.9	-0.1
Key Geographies (QoQ %)										
North America	1.8	2.0	-0.2	0.2	4.3	2.6	0.7	-0.9	5.9	7.0
Europe	-1.2	2.3	-4.5	-0.6	1.1	2.8	-3.1	-2.1	3.4	-1.2

Tata Consumer Products

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	TATACONS IN
Equity Shares (m)	989
M.Cap.(INRb)/(USDb)	1138 / 13.3
52-Week Range (INR)	1247 / 883
1, 6, 12 Rel. Per (%)	15/14/-10
12M Avg Val (INR M)	1988
Free float (%)	66.2

Financials & valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	176.2	189.3	204.9
EBITDA	24.8	27.8	31.6
Adj. PAT	13.9	16.9	19.8
EBITDA Margin (%)	14.1	14.7	15.4
Cons. Adj. EPS (INR)	14.0	17.0	20.0
EPS Gr. (%)	-2.4	21.7	17.4
BV/Sh. (INR)	202.1	227.6	241.6
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	7.7	8.2	9.1
RoCE (%)	9.1	9.9	11.1
Payout (%)	46.6	38.1	32.5
Valuations			
P/E (x)	82.2	67.5	57.6
EV/EBITDA (x)	42.3	37.4	32.4
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.4	1.3	1.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	33.8	33.8	33.6
DII	22.0	19.5	17.4
FII	21.5	23.2	25.5
Others	22.7	23.5	23.6

Note: FII includes depository receipts

CMP: INR1,150 TP: INR1,360 (+18%) Buy

Margin under pressure YoY, improves QoQ with price hikes

Operating performance in line with estimates

- Tata Consumer Products (TATACONS) reported 17% revenue growth in 4QFY25, while EBIT declined 9% YoY. EBIT was affected by higher input costs (tea cost inflation) in Indian branded business, which declined 25% YoY, and a 4% EBIT drop in international branded beverage segment. However, these factors were partially offset by 22% YoY EBIT growth in non-branded business. Consolidated EBIT grew 13% QoQ, led by price hikes in the tea and salt portfolio.
- Going forward, Indian business margins are likely to recover as the company has increased prices of salt and tea (staggered price hikes to mitigate cost inflation) and as there are early signs of good tea crop in Mar/Apr'25.
- We largely maintain our FY26/FY27 EBITDA estimates and **reiterate BUY with an SoTP-based TP of INR1,360.**

Non-branded business continues to drive operating profitability

- 4Q consolidated revenue grew 17% YoY to ~INR46b (in line). EBITDA margin contracted YoY by 260bp to 13.5% (est. 12.9%), led by lower gross margins (down 420bp YoY). EBITDA remained largely flat YoY but improved 13% QoQ to INR6.2b (est. INR5.9b).
- Indian branded business grew 18% YoY to INR29.3b, led by revenue growth of 17%/20% YoY in the Indian branded beverage/Indian food businesses to INR15.5b/INR13.9b. EBIT declined 25% YoY to INR2.4b due to tea cost inflation.
- Organic underlying volume growth (UVG) for the India branded business was 5.9% in 4Q, driven by 2% volume growth in tea and 5% in salt. Salt segment's revenue grew 13% YoY, with mid-single-digit growth in volume and pricing. The Tata Sampann portfolio grew 30% YoY.
- RTD segment's (NourishCo) revenue grew ~10% YoY to ~INR2.1b, while the Premium business grew 29% in 4QFY25. Tata Starbucks revenue grew 5% YoY in FY25, driven by improving demand trends and addition of 6/58 stores in 4Q/FY25.
- International branded beverages revenue grew 13% YoY to ~INR12b, EBIT declined 4% YoY to INR1.5b, and EBIT margins stood at 13.2%, down 240bp YoY. Non-branded business revenue increased 25% YoY to INR5b, while EBIT jumped 22% YoY to INR1.1b.
- Adj. PAT declined 18% YoY to INR3.1b (in line).
- In FY25, revenue/EBITDA grew 16%/8.5% YoY to INR176b/INR24.8b. Adj. PAT stood at INR12.8b (down 18% YoY).

Highlights from the management commentary

- **Price calibration:** The company has implemented price hikes in tea and expects margin pressure to ease going forward. The price hike has compensated for 40% for 4Q and 30% for FY25 of the tea cost increase. Going forward, the company is focusing on gaining back the market share through volume growth. Guided mid-single digit volume growth in both tea and salt for FY26.
- **Impact of tariffs:** Since coffee is not produced in the US and is not a discretionary item, India is expected to be in an advantageous position if the US were to go ahead with its proposed import tariffs. No major competitive impact is expected; however, the impact of tariffs is yet to materialize.
- **NourishCo:** It generates 60-65% of revenue from Andhra Pradesh and Eastern India. Its existing network of ~40 plants offers ample growth room; expansion or capex will occur only upon a substantial demand increase.

Valuation and view

- We expect margin to recover in the Indian beverage business due to price hikes in tea and salt, stabilization of the input prices, and early signs of better tea crop growth this harvest season (Mar/Apr'25). International business is expected to continue delivering healthy operating performance. The premium portfolio in the RTD segment continues to gain traction.
- The continued synergy benefits from the integration of Capital Foods and Organic India are expected to be a key driver of growth for the Indian food business.
- We expect TATACONS to clock a CAGR of 8%/13%/20% in revenue/EBITDA/PAT during FY25-27. **Reiterate BUY with an SoTP-based TP of INR1,360.**

Consolidated - Quarterly Earning Model (INR M)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
Gross Sales	**37,412**	**37,338**	**38,039**	**39,269**	**43,521**	**42,145**	**44,436**	**46,082**	**152,059**	**176,183**	**45,891**	**0**
YoY Change (%)	12.5	11.0	9.5	8.5	16.3	12.9	16.8	17.3	10.3	15.9	16.9	
Total Expenditure	31,962	31,967	32,315	32,974	36,847	35,882	38,788	39,873	129,218	151,390	39,982	
EBITDA	**5,450**	**5,371**	**5,724**	**6,296**	**6,674**	**6,263**	**5,647**	**6,210**	**22,841**	**24,794**	**5,909**	**5**
Margins (%)	14.6	14.4	15.0	16.0	15.3	14.9	12.7	13.5	15.0	14.1	12.9	
Depreciation	820	939	855	1,158	1,480	1,493	1,503	1,531	3,772	6,007	1,509	
Interest	262	276	332	428	936	987	579	400	1,298	2,902	200	
Other Income	578	898	596	385	392	460	516	565	2,456	1,933	600	
PBT before EO expense	**4,946**	**5,054**	**5,133**	**5,095**	**4,650**	**4,242**	**4,081**	**4,844**	**20,228**	**17,817**	**4,801**	
Extra-Ord expense	-52	-146	-915	-2,158	-171	-272	-62	453	-3,270	-51	0	
PBT	**4,894**	**4,909**	**4,217**	**2,937**	**4,479**	**3,971**	**4,019**	**5,297**	**16,957**	**17,766**	**4,801**	
Tax	1,309	1,317	1,062	260	1,337	377	1,022	1,226	3,947	3,962	1,296	
Rate (%)	26.7	26.8	25.2	8.8	29.9	9.5	25.4	23.2	23.3	22.3	27.0	
Minority Interest	211	257	226	-44	-11	28	30	39	651	86	70.4	
Profit/Loss of Asso. Cos.	-209	47	-140	-555	-249	79	-178	-584	-856	-932	-326	
Reported PAT	**3,166**	**3,382**	**2,789**	**2,166**	**2,903**	**3,644**	**2,789**	**3,449**	**11,503**	**12,785**	**3,108**	
Adj PAT	**3,205**	**3,492**	**3,475**	**3,785**	**3,031**	**3,848**	**2,835**	**3,109**	**13,956**	**12,823**	**3,108**	**0**
YoY Change (%)	17.2	42.8	18.7	38.4	-5.4	10.2	-18.4	-17.9	28.7	-8.1	-17.9	
Margins (%)	8.6	9.4	9.1	9.6	7.0	9.1	6.4	6.7	9.2	7.3	6.8	

Tata Communications

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USDb)	451.6 / 5.3
52-Week Range (INR)	2175 / 1291
1, 6, 12 Rel. Per (%)	-6/-11/-18
12M Avg Val (INR M)	799

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Sales	229.9	251.2	270.7
EBITDA	44.5	51.5	58.1
Adj. PAT	8.2	15.0	19.9
EBITDA Margin (%)	19.4	20.5	21.5
Adj. EPS (INR)	28.7	52.6	69.7
EPS Gr. (%)	-32.0	82.9	32.5
BV/Sh. (INR)	106.0	131.8	178.5
Ratios			
Net D:E	3.5	2.5	1.5
RoE (%)	34.1	44.2	44.9
RoCE (%)	10.7	13.1	16.3
Payout (%)	69.2	40.0	38.9
Valuations			
EV/EBITDA (x)	12.5	10.6	9.1
P/E (x)	55.2	30.2	22.8
P/BV (x)	15.0	12.0	8.9
Div. Yield (%)	1.6	1.3	1.7
FCF Yield (%)	-0.4	2.6	3.5

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	58.9	58.9	58.9
DII	14.5	13.7	13.1
FII	17.0	17.8	18.2
Others	9.6	9.7	9.8

FII includes depository receipts

CMP: INR1,584 TP: INR1,660 (+5%) Neutral

Weak margins take the sheen off growth recovery

- **Tata Communications (TCOM)'s 4Q results were once again a mixed bag, as ~17% YoY revenue growth in the Digital portfolio was offset by a sharp ~125bp QoQ contraction in consolidated EBITDA margin.**
- **TCOM's consolidated EBITDA came in ~8% below our estimate on account of weaker gross margin and rising salience of the lower-margin digital business.**
- **Management indicated that following a strong 1HFY25, the order booking pace has normalized in 2H. Further, given the global macro uncertainties, there is an elevated level of caution among customers, which has led to a deferral of some deals from 4QFY25 to 1QFY26.**
- **Management remains committed to doubling data revenue to INR280b by FY27 and improving margins to 23-25% over the medium term.**
- **However, we build in ~9% data revenue CAGR over FY25-28, with data revenue reaching INR262b by FY28, and believe the ambition of doubling data revenue by FY27 would be a tall ask without further acquisition.**
- **We cut our FY26-27E EBITDA by 3-4% as we now assume a gradual margin expansion to 21.5% by FY27.**
- **We value TCOM's data business at 9x EV/EBITDA and voice & other businesses at 5x EV/EBITDA. Our SoTP-based TP remains unchanged at INR1,660 as our EBITDA cut is offset by the roll-forward of the valuation base to Jun'27 (from Mar'27). We reiterate our Neutral rating on the stock. Acceleration in data revenue growth along with margin expansion remains the key to re-rating.**

Growth recovers but weaker margins lead to an 8% miss on EBITDA

- TCOM's consolidated gross revenue was up ~4% QoQ (+6% YoY) to INR60b **(in line)**. However, consolidated net revenue at INR33.3b was flat QoQ (+3% YoY) due to a weaker gross margin in the digital portfolio.
- **Data revenue at INR51b (in line) grew 10% YoY (+4% QoQ)**, driven by ~17% YoY (~6% QoQ) growth in the digital portfolio and ~3% QoQ/YoY growth in Core connectivity.
- Consolidated adjusted EBITDA declined 3% QoQ (+4% YoY) to INR 11.2b **(~8% miss)** due to higher network costs (+8% QoQ), likely on account of higher costs on cable repairs and higher marketing expenses.
- **Consolidated adjusted EBITDA margin contracted 125bp QoQ (-35bp YoY) to 18.7% (175bp miss)** due to weaker gross margin (lower net revenue) and rising contribution of the lower-margin digital portfolio.
- Reported consolidated PAT, including discontinued operations, was INR10.4b driven by gains on the sale of land to STT Datacentres (INR6.6b). Further, TCOM booked gains of ~INR3.1b on the completion of the sale of TCPSL.
- Adjusted for the land sale and TCPSL divestment gains, PAT on a like-for-like basis was lower than our estimate due to lower EBITDA.
- Net debt moderated to INR94b (vs. INR105b QoQ), following the receipt of proceeds from the sale of land and TCPSL.
- TCOM delivered ~14% YoY growth in data revenue in FY25. This was driven by the full impact of Kaleyra consolidation, while EBITDA grew by a modest ~6% YoY as margin contracted another ~100bp YoY to 19.8% due to adverse mix and impact from consolidation of currently loss-making acquisitions.

Key takeaways from the management interaction

- **Order book and funnel additions:** The order book was relatively stronger in 1H, driven by a few large deals across sectors such as BFSI, OTT, World Athletics, etc., which led to high double-digit growth. However, the growth in order book normalized in 2H, with fewer large deal wins. Overall, the order book grew by double digits during FY25. Further, management indicated that the funnel continues to remain healthy with a good representation of deals across India and internationally.
- **Demand environment:** Given the global macro uncertainties, there is an elevated level of caution among customers. TCOM has faced deferrals in a few deals that were expected to close in 4QFY25 and have slipped to 1QFY26. However, the company is not seeing any knee-jerk reaction from the customers or deal cancellations and believes that the customers will continue to make investments.
- **Margin:** 4Q margins were hit by certain customer-specific issues, spillover costs from cable repairs, and higher marketing costs for new product launches. However, the core business's EBITDA margin (excl. subsidiaries and acquisitions) at 23.3% dipped marginally by 40bp YoY in FY25 and was within the management's guided range of 23-25%. The contraction in core margin was due to increased provisions for certain deals in the SAARC region (~50bp impact). Further, management remained committed to improving the margin to 23-25% over the medium term, driven by an uptick from the ongoing cost synergy programs in the acquisitions.
- **FX impact:** Adjusting for the rupee depreciation, consolidated revenue growth would have been ~2.3% QoQ and ~4% YoY, as compared to 3.3% sequential and ~6% YoY reported consolidated revenue growth.

Valuation and view

- We currently model ~13% CAGR in digital revenue over FY25-28 and expect digital to account for ~54% of TCOM's data revenue by FY28 (vs. ~48% in 4QFY25). An acceleration in digital revenue remains key for re-rating.
- We raise our FY26-27E revenue by ~1-2%, but we believe TCOM's ambition of doubling data revenue by FY27 remains a tall ask without further acquisitions. Overall, we build in ~9% data revenue CAGR over FY25-28, with data revenue reaching INR262b by FY28 (vs. TCOM's ambition of INR280b by FY27).
- We lower our FY26-27E EBITDA by ~3-4% each as we build in a more gradual margin expansion. We now assume the FY27 EBITDA margin at ~21.5% and believe that margin expansion to 23-25% by FY27 could be challenging, given a rising share of inherently lower-margin businesses in TCOM's mix.
- We ascribe 9X EV/EBITDA to TCOM's data business and 5X EV/EBITDA to voice and other businesses. We ascribe an INR30b (or INR104/share) valuation to TCOM's 26% stake in STT data centers. Our SoTP-based TP remains unchanged at INR1,660 as our EBITDA cut is offset by the roll forward of the valuation base to Jun'27 (from Mar'27 earlier). The stock currently trades at 10.7x one-year forward EV/EBITDA (~5% premium to LT average). We **reiterate our Neutral rating** as we await acceleration in data revenue along with margin expansion.

Consol. Quarterly Earnings (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**47.7**	**48.7**	**56.3**	**56.9**	**55.9**	**56.4**	**57.7**	**59.9**	**209.7**	**229.9**	**59.7**	0
YoY Change (%)	10.7	10.0	24.4	24.6	17.2	15.8	2.4	5.2	17.5	9.7	0.0	
Total Expenditure	37.5	38.6	45.0	46.4	44.6	46.0	46.2	48.7	167.4	185.4	47.5	2
EBITDA	**10.2**	**10.2**	**11.3**	**10.6**	**11.4**	**10.4**	**11.5**	**11.2**	**42.3**	**44.5**	**12.2**	-8
YoY Change (%)	-4.9	-10.1	5.3	2.1	11.0	2.7	1.6	6.2	-2.0	5.3	0.0	
Depreciation	5.8	6.1	6.2	6.7	6.3	6.5	6.4	6.7	24.7	25.9	6.7	0
Interest	1.3	1.4	1.9	1.9	1.7	1.9	1.9	1.8	6.4	7.3	1.9	-3
Other Income	1.9	0.3	0.1	0.6	0.2	0.1	0.3	0.7	2.8	1.3	0.3	135
PBT Before EO Expense	**5.0**	**3.0**	**3.4**	**2.6**	**3.5**	**2.2**	**3.6**	**3.4**	**14.0**	**12.6**	**3.9**	-15
Exceptional (gain)/loss	0.0	0.0	1.9	0.5	-0.9	-1.3	-0.1	-5.8	2.4	-8.1	0.0	
PBT	**5.0**	**3.0**	**1.5**	**2.1**	**4.4**	**3.4**	**3.7**	**9.1**	**11.6**	**20.7**	**3.9**	131
Tax	1.3	0.8	1.1	-1.1	0.9	1.0	1.3	1.8	2.1	4.9	0.9	
Rate (%)	25.9	26.1	73.8	-52.4	19.7	28.3	34.0	19.2	18.4	23.5	22.5	
MI & P/L of Asso. Cos.	-0.1	0.0	0.0	-0.1	0.2	0.2	0.1	-3.0	-0.2	-2.5	-0.1	
Reported PAT	**3.8**	**2.2**	**0.4**	**3.2**	**3.3**	**2.3**	**2.4**	**10.4**	**9.7**	**18.4**	**3.2**	229
Adj. PAT	**3.8**	**2.2**	**2.3**	**3.7**	**2.5**	**1.0**	**2.2**	**4.6**	**12.0**	**10.3**	**3.2**	46
YoY Change (%)	-30.2	-51.5	-41.5	14.5	-34.9	-55.8	-3.5	24.0	-30.0	-14.5	0.0	

E: MOFSL Estimates

Consolidated performance	**4QFY24**	**3QFY25**	**4QFY25**	**YoY**	**QoQ**	**4QFY25E**	**vs. est.**
Revenue	**56,451**	**57,696**	**59,904**	**6.1**	**3.8**	**59,739**	**0.3**
Network costs	23,313	25,134	27,125	16.3	7.9	25,762	5.3
Staff cost	11,465	11,240	11,361	(0.9)	1.1	12,343	(8.0)
Operating and other expenses	10,913	9,797	10,197	(6.6)	4.1	9,394	8.6
Total expenditure	45,691	46,171	48,683	6.5	5.4	47,498	2.5
EBITDA	**10,760**	**11,524**	**11,221**	**4.3**	**(2.6)**	**12,241**	**(8.3)**
Depreciation and amortization	6,507	6,371	6,725	3.4	5.5	6,701	0.4
EBIT	**4,253**	**5,153**	**4,496**	**5.7**	**(12.8)**	**5,540**	**(18.8)**
Other income	528	287	688	30.3	139.5	293	134.8
Interest expense	1,858	1,869	1,824	(1.8)	(2.4)	1,885	(3.2)
PBT	**2,924**	**3,571**	**3,360**	**14.9**	**(5.9)**	**3,949**	**(14.9)**
Income tax	(1,085)	1,262	1,759	(262.1)	39.4	888	98.0
PAT before exceptional items	**4,008**	**2,309**	**1,601**	**(60.1)**	**(30.7)**	**3,060**	**(47.7)**
Exceptional items	(521)	136	5,778			—	
PAT after exceptional items	**3,487**	**2,445**	**7,379**	**111.6**	**201.7**	**3,060**	**141.1**
Minority interest	(3)	(208)	2,795	(82,309)	(1,446)	(20)	(14,076)
Share of associates/JVs	58	122	233	299	91	120	94
Reported net income	**3,542**	**2,360**	**10,407**	**193.8**	**341.0**	**3,160**	**229.3**
Adjusted net income	**4,063**	**2,224**	**4,629**	**13.9**	**108.2**	**3,160**	**46.5**
Adjusted EPS (INR/share)	**14.3**	**7.8**	**16.2**	**13.9**	**108.2**	**11.1**	**46.5**
Margins (%)							
EBITDA	**19.1**	**20.0**	**18.7**	**(33)bps**	**(124)bps**	**20.5**	**(176)bps**
EBIT	7.5	8.9	7.5	(3)bps	(143)bps	9.3	(177)bps
PBT	5.2	6.2	5.6	43 bps	(58)bps	6.6	(100)bps
Adjusted PAT	7.2	3.9	7.7	53 bps	387 bps	5.3	244 bps

E: MOFSL Estimates

Home First Finance

BSE SENSEX	S&P CNX
80,116	24,329

Bloomberg	HOMEFIRS IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	133.9 / 1.6
52-Week Range (INR)	1383 / 777
1, 6, 12 Rel. Per (%)	14/17/43
12M Avg Val (INR M)	523

Financials &Valuations (INR b)

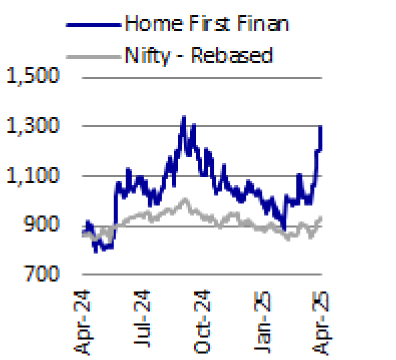
Y/E March	FY25E	FY26E	FY27E
NII	6.4	8.8	11.2
PPoP	5.3	7.4	9.1
PAT	3.8	5.3	6.5
EPS (INR)	43.0	52.0	63.8
EPS Gr. (%)	24.4	21.1	22.6
BV/Sh. (INR)	278	413	472
ABV/Sh. (INR)	267	402	459
Ratios			
NIM (%)	5.7	6.1	6.1
C/I ratio (%)	35.7	33.3	33.4
RoAA (%)	3.5	3.9	3.8
RoAE (%)	16.6	15.9	14.4
Valuations			
P/E (x)	30.3	25.0	20.4
P/BV (x)	4.7	3.2	2.8
P/ABV (x)	4.9	3.2	2.8
Div. yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	14.3	14.3	23.6
DII	19.8	18.3	11.9
FII	36.0	37.9	25.1
Others	29.9	29.5	39.5

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,301 TP: INR1,500 (+15%) Buy

Well capitalized and ready to scale

Equity capital raise of INR12.5b via QIP strengthens the balance sheet

- **Home First Finance (HomeFirst) in Apr'25 raised INR12.5b through a qualified institutional placement (QIP) at INR970 per share. This capital will help the company scale up its business for the next 3-4 years, accelerate growth, execute its strategic initiatives, and solidify its leadership in the affordable housing finance (AHF) segment.**
- **HomeFirst has been strengthening its presence in the AHF segment by leveraging its technology-focused underwriting approach. The company has delivered a strong AUM CAGR of ~33% over FY22-25E. Backed by its customer-centric approach and solid risk management framework, HomeFirst is well positioned to deliver an AUM CAGR of 26%+ over FY25-27E.**
- **The recent equity raise has reduced HomeFirst's leverage (assets to net worth ratio) from ~4.9x as of Dec'24 to ~3.3x (proforma) as of Apr'25 and increased its CRAR (capital to risk-weighted assets ratio) from ~33% as of Dec'24 to ~50% (proforma) as of Apr'25. The strong balance sheet will enable the company to engage with credit rating agencies for a potential rating upgrade, which could subsequently lead to an improvement in its cost of funds.**
- **HomeFirst aims to accelerate its growth through a combination of branch network expansion and deeper market penetration. It plans to open 30-40 branches in FY26 and aims to penetrate deeper in states like UP, MP and Rajasthan to tap into rising housing demand in tier 2 and tier 3 cities.**
- **While there was a marginal rise in early delinquencies in the previous quarter, primarily due to a weak macroeconomic environment, the company remains confident that this does not indicate any underlying stress. HomeFirst maintains a conservative risk profile through disciplined underwriting and robust risk management, which will enable it to maintain its healthy asset quality.**
- **We have incorporated the recent equity raise of ~INR12.5b in our estimates. HomeFirst trades at ~2.8x FY27E (post money), which is attractive for an AUM/PAT CAGR of ~26%/31% over FY25-27E with RoA/RoE of 3.8%/14.4% in FY27E. HomeFirst is our preferred pick in the AHF segment and we reiterate our BUY rating on the stock with a TP of INR1,500 (based on 3.2x Mar'27E P/BV).**

Capital-rich, growth-ready

- A strong balance sheet (bolstered by the recent equity raise) positions HomeFirst well to capitalize on the long-term growth opportunities in India's affordable housing finance sector. HomeFirst's focus on technological innovation continues to drive greater a customer outreach and operational efficiency, reinforcing its competitive edge in the market.
- The company has a diversified sourcing mix, which extensively leverages its connector network for sourcing home loans and other mortgage products.
- HomeFirst has pivoted away from predominantly developer-driven projects to self-construction loans. It adopts a well-diversified approach and avoids concentration risk by defining clear risk guardrails and restricting its appetite in each of the developers/projects. It will continue to expand its distribution through its foray into underserved segments with significant housing activity and high demand. We estimate an AUM CAGR of ~26%+ over FY25-27E.

NIM expansion to be driven by decline in leverage and potential CoB benefit

- HomeFirst reported a decline in NIMs over the past few quarters, primarily due to a pressure on yields (from heightened competition), a rise in the company's cost of funds and high liquidity on the balance sheet. Consequently, reported NIMs dropped from ~6.1% in 4QFY23 to ~4.9% as of 3QFY25.
- However, with the recent capital infusion, HomeFirst is expected to report an improvement in its NIMs, supported by a reduction in leverage and a potential decline in its CoB. Having surpassed INR100b in AUM and following this capital raise, the company will likely re-engage with credit rating agencies for a potential credit rating upgrade. An improved credit rating would further help lower its cost of borrowings (CoB). We project NIMs (calc.) of ~6.1% each in FY26/FY27. (vs. ~5.7% in FY25E).

Efficient digital model to help sustain its cost leadership

- HomeFirst's cost ratios are expected to remain largely stable (and high at the current levels) because of its focus on growth and branch network expansion. Nevertheless, its cost metrics remain significantly better than those of most peers, underscoring the company's strong operational efficiency.
- In FY25E, the company's opex-to-AUM ratio stood at ~2.6%, positioning it favorably compared to peers, whose ratio ranged between ~2.5%-4.3%. This highlights the strength of its operating model, technology-led efficiencies, and prudent resource allocation. For HomeFirst, we model an opex-to-AUM ratio of 2.6%/2.5% in FY26/FY27.

Prudent risk management offers insulation from asset quality shocks

- HomeFirst has consistently upheld strong asset quality by concentrating on low-risk salaried customers, who constitute ~68% of its total AUM.
- The company's GNPA has improved from ~2.3% in Mar'22 to ~1.7% as of Dec'24. Moreover, its GNPA has remained largely stable over the past six quarters, reflecting the company's resilience and strong asset quality even amid tough macroeconomic conditions.
- The company recently tightened its underwriting norms by introducing additional screening measures. This move led to a minor slowdown in disbursements in the prior quarter but has notably enhanced the quality of its loan portfolio, reinforcing the company's commitment to prudent lending practices and long-term financial stability.
- HomeFirst utilizes a centralized underwriting system supported by data science-driven customer scoring models. This enables standardized credit assessments across all branches and geographies, ensuring consistent, efficient, and reliable underwriting of loans.
- We expect GNPA to improve to ~1.5%/1.4% in FY26/FY27 and credit costs to remain benign at ~25bp in each of FY26/FY27.

Accelerating digital adoption through a tech-first approach

- HomeFirst is committed to enhancing digital adoption as a cornerstone of its growth strategy. The company has made significant strides in integrating technology into its operations, aimed at providing a seamless and frictionless experience for its customers. Its strong technology infrastructure enables a turnaround time of just 48 hours, significantly faster than industry peers.
- As of Dec'24, ~96% of the company's customers were registered on its mobile app, and ~97% of collections are conducted through non-cash modes. The adoption of digital tools extends beyond customer interactions. Account

aggregator adoption has improved to ~61% within new approvals and digital fulfillment has reached ~80% with the use of digital agreements and e-NACH mandates.

- These technological advancements are not only enhancing the customer experience but also contributing to the company's strong asset quality and operational performance.

Valuation and view

- HomeFirst's disciplined cost management and a strong capital base should drive stable growth in the loan book. The company's robust fundamentals, healthy return ratios (even as RoE might decline in the near term because of lower leverage) and superior execution relative to peers reinforce its position as a high-quality franchise in the AHF segment. We believe HomeFirst has potential for scalable growth with strong risk-adjusted returns.
- HomeFirst currently trades at 2.8x FY27E BVPS (post money), which is at a slight discount to some of its peers in the AHF segment. HomeFirst has a strong governance framework, a validated business model led by a seasoned and transparent management team, a robust AUM growth outlook (2-year CAGR of ~26%) and superior asset quality. For a PAT CAGR of ~31% over FY25-27E and RoA/RoE of 3.8%/14.4% (post money), **we reiterate our BUY rating with a TP of INR1,500 (premised on 3.2x Mar'27E P/BV).**

Valuation matrix of affordable and large housing finance companies

Val summary	Rating	CMP	TP	Mkt. Cap	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
		(INR)	(INR)	(INRb)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Affordable HFCs																
HomeFirst	Buy	1,301	1,500	134	52.0	63.8	413	472	3.9	3.8	15.9	14.4	25.0	20.4	3.2	2.8
Aavas	Neutral	2,119	2,000	174	87.5	105.5	637	743	3.3	3.4	14.7	15.3	24.2	20.1	3.3	2.9
Aptus Housing*	Not rated	336	NA	169	18.2	22.3	99	116	7.0	6.8	19.5	20.5	18.4	15.1	3.4	2.9
Aadhar Housing*	Not rated	870	NA	206	41.1	51.3	289	340	4.2	4.1	14.8	15.6	21.2	17.0	3.0	2.6
India Shelter*	Not rated	479	NA	933	26.4	31.5	176	205	4.4	4.4	16.2	16.5	18.2	15.2	2.7	2.3
Large HFCs																
Bajaj Housing*	Not rated	132	NA	1,099	3.1	3.8	28	31	2.2	2.1	11.8	12.8	42.0	34.3	4.7	4.2
LIC HF	Buy	614	670	335	94.8	107.1	723	808	1.6	1.7	13.8	14.0	6.5	5.7	0.8	0.8
PNB HF	Buy	1,000	1,150	258	88.3	107.2	725	818	2.5	2.6	12.9	13.9	11.3	9.3	1.4	1.2
Can Fin Homes	Neutral	745	725	99	68.5	78.6	446	518	2.1	2.2	16.5	16.3	10.9	9.5	1.7	1.4

*based on Bloomberg consensus

Source: Company, MOFSL

Two-wheelers outperform other segments in FY25

Growth across segments slowing down in recent months

Tata Motors, Hyundai Motors India, Kia India, and MSIL have announced price hikes in PVs w.e.f. Apr'25 to pass on the rising input cost pressures.

- **Auto segmental growth for FY25: 2W ICE at 7.5%, PVs at 2%, and CVs at -1.2%.**
- **Within 2Ws, the ICE scooter segment outperformed with 13% growth in FY25, relative to 5% growth for motorcycles.**
- **For the domestic 2W ICE segment, HMCL's market share has fallen below 30% for the first time ever in FY25 and the market share gap between HMCL and HMSI has narrowed to just 120bp.**
- **Within the motorcycle category, the 125cc segment grew 12.7% YoY in FY25 and its contribution to motorcycles increased 200bp to 29.4%. On the other hand, the 150-250cc segment grew in line with the industry at 5%, while the 100cc segment posted flat growth in FY25.**
- **Within PVs, the UV segment grew 11% in FY25, while the cars segment declined 12.6%. As a result, the UV segment's contribution increased to 65% in PVs in FY25. Toyota and MM have been strong outperformers in PVs for FY25.**
- **In the CV segment, MHCV Goods declined 4% in FY25, while LCV Goods declined 3%. The buses category continued to witness strong demand, with MHCV buses up 23% and LCV buses up 6%.**
- **The FY26 outlook for most auto segments remains in the low- to mid-single digit mark. Our top picks in auto OEMs are MSIL, MM, and Hyundai.**

ICE 2Ws: Market share gap between HMCL and HMSI at just 120bp

- Domestic 2W industry's volumes grew 9% YoY in Mar'25 and 7.5% in FY25.
- The motorcycle segment grew 5% YoY in FY25, while the ICE scooters segment grew 13% YoY. As a result, scooters' contribution in domestic 2W volumes rose to 32%, up from 30.7% YoY.
- Among OEMs, HMSI has gained 240bp market share from HMCL and BJAUT in the 2W ICE segment. HMCL's market share has fallen below 30% for the first time ever in FY25 and the market share gap between HMCL and HMSI in domestic 2Ws has now narrowed to just 120bp.

Segmental trends: Scooter segment outperforms motorcycles in FY25

Motorcycle segment:

- As highlighted above, the domestic motorcycle industry grew 5% YoY in FY25.
- HMSI reported a 24% YoY growth in FY25, expanding its market share by 310bp to 20.3%. Excluding HMSI, the industry posted only 1.2% YoY growth.
- On the other hand, BJAUT experienced the steepest market share decline, losing 160bp to reach 16.6%. Additionally, TVS lost 70bp in market share, declining to 9.8%, while HMCL saw a 50bp decline to 42.6%.

100cc segment:

- This segment posted nil volume growth in FY25.
- HMCL has further strengthened its position in this market, gaining ~100bp in market share to reach 78.7%. Similarly, HMSI has gained about 70bp in market share, bringing it to 6.8%
- On the other hand, BJAUT lost 120bp share, reaching 9%, while TVS lost 40bp share, reaching 5.7%.
- For HMCL, Splendor remains the key growth driver, growing 8.8% YoY in FY25. On the other hand, HF/Passion posted a 6.1%/39.6% YoY decline in volumes in FY25.
- For HMSI, growth in the 100cc segment is driven by Livo (112% YoY growth) and Dream (+18.6%). Meanwhile, Shine100 sales declined 2% YoY in FY25.

125cc segment:

- As highlighted in recent months, the 125cc segment—a key growth driver for the motorcycle industry through H1—is now beginning to show signs of slowdown. The segment grew 6% YoY in Mar'25 but 12.7% in FY25.
- HMSI gained 440bp in market share in FY25, reaching 45.4%.
- Additionally, HMCL gained 230bp in market share, reaching 19.3%. It is important to highlight that while Xtreme125R has performed well in FY25, its monthly run rate has been stabilizing at lower levels, standing at 23,370 units in Mar'25 (peak of 39.7k units in Oct'24). Additionally, it seems to have cannibalized sales of its own models in the segment: Glamour sales were down 24% YoY and Super Splendor sales were down 20% YoY in FY25.
- BJAUT lost 290bp share in this segment, reaching 24.3%, while TVSL lost 390bp share, reaching 11.1%. Pulsar125/Raider volumes declined 6%/16% YoY in FY25.
- BJAUT's CNG bike, Freedom, continued to witness weak demand, with sales of just 1,394 units in Mar'25 (Q4 sales at 3,766 units).

150-250cc segment:

- This segment experienced ~1% YoY decline in Mar'25 (+5% YoY growth in FY25).
- Among top players, HMSI (+39%) and TVSL (+21%) outperformed the industry.
- As a result, HMSI gained 530bp share to 21.6%, while TVSL gained 330bp share to 24.6%.
- On the other hand, market leader BJAUT lost 440bp share to 30.2%.
- Additionally, India Yamaha lost 300bp share to 19.6%.
- Despite its low base, HMCL lost 80bp share to 3%, indicating a lack of any material pickup in traction in this segment.
- In this segment, TVS Ronin has seen a strong uptick in volumes over the past few months, with its FY25 volumes almost doubling on a YoY basis.

>250cc segment:

- RE ended FY25 with an 8% YoY volume growth, driven by a strong revival in H2 (having posted a 17.7% YoY growth in H2). The revival of the Bullet has been the key reason for this turnaround—Bullet sales ended with a 7% YoY growth in FY25 despite being down 20% YoY in H1.

- While its Classic350 grew 8.8% in FY25, Meteor and Hunter posted 3%/5% growth. Additionally, Guerilla 450 struggled to pick up, having sold just 10,327 units YTD since its launch in July'24.
- In FY25, RE's market share in the >250cc segment stood at approximately 87% (down 140bp YoY).
- Triumph's sales in Mar'25 stood at 3.9k units; it ended FY25 with 36,545 units.
- On the other hand, HMCL's HD X440 and Maverick reported nil sales in Mar'25, with a combined total of 13,963 units sold in FY25.

Scooters ICE segment

- As highlighted above, the scooters segment posted 13% YoY growth in FY25.
- TVS/Suzuki outperformed this segment in FY25, posting 22%/15% growth.
- As a result, TVS gained 190bp share to 25.3%, while Suzuki gained 25bp share to 16.9%.
- For TVS, its upgraded Jupiter110 is experiencing strong demand.
- On the other hand, market leader HMSI lost marginal 30bp share, reaching 46.7%. HMCL continues to underperform in this segment with a loss of 160bp share, reaching 5.5%

PV update – UV mix now stands at 65%

- The PV industry grew 3.6% YoY in Mar'25 and 2% in FY25.
- While UVs posted 11% growth, cars recorded a 12.6% YoY decline in FY25. As a result, the UV mix in PVs inched up to 65% in FY25 (from 60% in FY24).
- Within PVs, MM (+20%) and Toyota (+26%) have been the key growth drivers. This has resulted in a 190bp market share gain for MM, reaching 12.8%, and 140bp gain for Toyota, reaching 7.2%.
- However, while MSIL lost 80bps share, Hyundai and TTMT lost about 60bp share each.

Car segment:

- The car segment declined 12.6% YoY in FY25 and its contribution declined to 31.5% in PVs.
- Within cars, the mid-sized sedan segment remains the worst hit, experiencing a 26% YoY decline in volumes. Similarly, the premium compact segment (i-20, Baleno, and Altroz) saw a 21% YoY decline in volumes in FY25.
- Within cars, VW Virtus is the only model to experience a 1.6% YoY growth in FY25. Car models that posted flat volumes YoY include Wagon R, Dzire, and Aura.
- Within cars, MSIL has further strengthened its position by gaining about 360bp share to 66.9%.
- On the other hand, TTMT lost almost 300bp share in this segment, reaching 8.9%.

UV segment:

- As highlighted above, the UV segment posted 11% YoY growth in FY25.
- Toyota (+35.5%), MM (+20%), MSIL (+12%), and TTMT (11.4%) have outperformed industry growth.

- The key gainers are Toyota (+170bp to 9.2%) and MM (+150bp to 19.7%).
- On the other hand, both Korean players Hyundai and Kia lost 75/60bp share in FY25.
- In the micro SUV segment, Tata Punch posted a 15.5% growth, while Hyundai Exter posted an 8.5% YoY growth.
- In the compact SUV segment, MM's XUV3XO continues to emerge as a key growth driver, having posted a robust 86% YoY growth. Kia Sonet posted 22.6% YoY growth in FY25. MSIL's Brezza posted 11% YoY growth. On the other hand, Hyundai Venue sales were down 7.5% and TTMT Nexon sales were down 5% YoY in FY25. Among new launches, both Kia Syros and Skoda Kylaq are now averaging about 5K units per month.
- In the Creta segment, Creta continues to outperform its peers, posting a 20% YoY growth. Toyota's Urban Cruiser Hyryder posted a 23% YoY growth in FY25. On the other hand, MSIL GV sales were up 2% YoY, while Kia Seltos witnessed a 28% YoY decline.
- MSIL's Ertiga continues to be among the fastest growing seven-seater vehicles, posting 27.5% YoY growth in FY25.
- TTMT sold 34k units of Curvv in FY25 (since its launch in 2QFY25).
- In the mid-sized/large SUV segment, M&M's key growth drivers are Scorpio (+16.5% YoY) and XUV 700 (+17% YoY). The only other large seven-seater product that posted robust growth is Toyota Innova (+8% YoY).

CV update – Posts 1.2% YoY decline in FY25

- The domestic CV industry posted a 1% YoY decline in FY25.
- Within CVs, the MHCV Goods segment posted a 4% YoY decline, while the LCV Goods segment posted a 3% YoY decline.
- On the other hand, the bus segment continued to drive growth for the industry. While the MHCV bus segment grew 23% YoY, the LCV bus segment was up 6% YoY.

MHCV goods:

- As highlighted above, the MHCV Goods segment posted a 4% YoY decline in FY25.
- While VECV maintained flat volumes YoY, both TTMT and AL posted a 4% YoY decline in volumes.
- Overall, VECV gained about 70bp share in the segment to 17%.

LCV goods:

- This segment posted a 3% YoY decline in FY25.
- Players that recorded growth in this segment include MM (+2.6%), MSIL (+2%), and VECV (+2.6%).
- On the other hand, while TTMT saw an 11% decline in volumes, AL experienced a 3% decline.
- Overall, MM has been the largest gainer in this segment, having gained 250bp share to 49%, largely at the expense of TTMT.

Bus segment:

- In the passenger segment, the MHCV category posted a 23% YoY growth, while LCV bus volumes grew 6% in FY25.
- In MHCV buses, TTMT increased its market share by 280bp to 33%, gaining share from AL and VECV.
- In LCV buses, TTMT saw a 520bp loss in market share, falling to 25%, while Force Motors gained 390bp, reaching a share of 50%.

Valuation and view

- Demand momentum in both 2Ws and UVs has moderated post the festive season, and this weakness has continued towards the end of FY25 as well. The outlook for most auto segments remains in the low to mid-single digit mark for FY26.
- MSIL is our top pick among auto OEMs as it continues to benefit from rural recovery and offers attractive valuations. We like MM for its healthy demand momentum in both SUVs and tractors for FY25. We also like Hyundai as it appears well-aligned to benefit from industry trends toward UVs.

Insurance Tracker

Surrender regulations affect FY25 individual WRP growth

Industry's individual WRP inches up YoY in Mar'25; new business premium hit by LIC's weak growth momentum

- **In Mar'25, the individual weighted received premium (WRP) growth for private players continued to be in single digits at 3.2% YoY. The life insurance industry witnessed a 2.1% YoY growth in WRP, owing to a flattish performance by LIC. For FY25, individual WRP grew 11% YoY (15%/1% for private players/LIC)**
- **Among listed players, individual WRP for MAXLIFE continues to grow the fastest at 11% YoY, while HDFCLIFE/ SBILIFE posted 6%/4%% YoY growth. IPRULIFE/ BALIC reported a decline of 12%/4% YoY.**
- **The industry's new business premium grew 2% YoY in Mar'25 on the back of 3%/2% YoY growth for private players/LIC. For FY25, new business premium grew 5% YoY driven by 10%/2% YoY growth of private players/LIC.**
- **In terms of new business premium, HDFCLIFE/IPRULIFE/MAXLIFE reported a growth of 5%/18%/1%, while SBILIFE/BALIC reported a decline of 11%/7% YoY.**
- **Premium growth has been tepid since the implementation of surrender value regulations in Oct'24, but it witnessed a slight recovery in Mar'25 after declining last month. We expect a gradual recovery in FY26 with private insurers expanding reach through geographical penetration. HDFCLIFE and SBILIFE are our preferred picks.**

Individual WRP and YoY growth (%)

Individual WRP, INR m	Mar'25	YoY gr. (%)
Grand Total	**1,80,333**	**2.1%**
Total Private	**1,25,907**	**3.2%**
LIC	**54,425**	**-0.3%**
HDFC life	19,693	5.8%
SBI Life	16,883	3.8%
Max Life	15,688	11.0%
Tata AIA	14,275	1.8%
ICICI Prudential	13,194	-12.1%
Bajaj Allianz	11,283	-4.1%
Birla Sun life	7,656	36.9%
Kotak Life	6,677	-6.3%

Source: LI Council, MOFSL

Individual WRP market share improves in FY25 for private players

- The market share of private players declined MoM to 69.8% in Mar'25 (73.4% in Feb'25), and in FY25, the market share of private players was 70.6% (67.8% in FY24).
- In Mar'25, HDFCLIFE maintained the top position with 10.9% market share in individual WRP, followed by SBILIFE at 9.4% and MAXLIFE at 8.7%.
- On an unweighted premium basis also, HDFCLIFE was the largest private player with a market share of 7.9%, followed by SBILIFE at 6.3% and IPRULIFE at 6.2%.

Performance of key private players

On an individual WRP basis, the combined market share of private listed players – SBILIFE, HDFCLIFE, IPRULIFE, and MAXLIFE – accounted for 58% of the private insurance industry and 41% of the overall industry as of FY25. Among other prominent private insurers, TATA AIA and BALIC have a market share of 7.1% and 5.9%, respectively, in FY25.

Among key listed players based on individual WRP –

- **HDFCLIFE** grew 6% YoY in Mar'25 (up 17.5% YoY in FY25). The total unweighted premium grew 5% YoY (up 12.6% YoY in FY25).
- **SBILIFE** grew 4% YoY in Mar'25 (up 12.3% YoY in FY25). The total unweighted premium declined 11.4% YoY (down 7% YoY in FY25).
- **IPRULIFE** declined 12.1% YoY in Mar'25 (up 15.2% YoY in FY25). The total unweighted premium was up 18.1% YoY in Mar'25 (up 24.9% YoY in FY25).
- **MAXLIFE** rose 11% YoY in Mar'25 (up 19.7% YoY in FY25). The total unweighted premium increased 1% YoY in Mar'25 (up 10.5% YoY in FY25).

Spandana Sphoorty

BSE Sensex	S&P CNX
80,116	24,329

SPANDANA

Bloomberg	SPANDANA IN
Equity Shares (m)	71
M.Cap.(INRb)/(USDb)	21.8 / 0.3
52-Week Range (INR)	936 / 193
1, 6, 12 Rel. Per (%)	10/-34/-74
12M Avg Val (INR M)	247

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	12.9	9.5	11.8
Total Income	15.8	13.0	14.3
PPoP	6.3	5.0	5.4
PAT	-10.2	0.4	2.0
EPS (INR)	-142	5	28
EPS Gr. (%)	-	-	427
BV (INR)	369	374	403
Ratios (%)			
NIM	15.4	14.8	14.5
C/I ratio	59.9	61.6	62.6
Credit cost	23.8	7.0	3.2
RoA	-9.9	0.5	2.1
RoE	-32.4	1.4	7.3
Valuations			
P/E (x)	-	45.5	8.6
P/BV (x)	0.7	0.7	0.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	48.1	48.1	59.8
DII	6.5	6.3	10.5
FIIFIIFII	19.8	21.7	21.8
Others	25.6	23.9	7.9

FII Includes depository receipts

CMP: INR306 — Buy

Resignation of MD & CEO; appointment of Interim CEO

The company appointed its CFO Mr. Ashish Damani as the interim CEO

- Spandana Sphoorty (SPANDANA), through an exchange filing, announced that Mr. Shalabh Saxena, Managing Director and Chief Executive Officer, has tendered his resignation, effective 23rd Apr'25, to pursue other career opportunities. However, Mr. Saxena will continue to support the company during his notice period to ensure a seamless transition.
- The Board of the company, at its meeting, approved the appointment of Mr. Ashish Damani (currently serving as President and CFO), as the Interim CEO, due to his extensive MFI background.

SPANDANA hosted a conference call to address queries on the given development; following are the key takeaways:

- Mr. Saxena shared that he has been contemplating moving on from SPANDANA for the past 6-7 months and has been in active discussion with stakeholders for the past 6-7 months and that this was not a sudden decision. He chose to step down now given that the market and the MFI industry has started stabilizing and now that the fiscal year has now concluded. During his notice period, he will oversee the handover process to ensure a smooth transition.
- The appointment of the new CEO is a work in progress, and the Board will make a decision in due course.
- The company plans to raise INR5-7.5b as 'confidence capital', although not due to balance sheet stress, since it has a healthy capital adequacy of 36-37%. The format of the equity capital raise is still being evaluated by the company.

MFI industry

- The microfinance industry, after a challenging year, is now stabilizing. It is evolving toward more data-driven and customized lending approaches, while continuing to rely on the JLG model as its foundation. Collection efficiencies are improving, with Mar'25 performing strongly and a positive trend expected to continue.
- The implementation of guardrails 1.0 and 2.0 will have a positive impact on the collection efficiencies. The three-lender cap and other criteria will help improve asset quality, with customers returning to center meetings with an improved attitude. The industry is expected to recover and return to a healthy state within the next 1-2 quarters.
- The MFI industry's growth is expected to pick up in 2HFY26 and stabilize at 15-20% loan growth (lower than the previous 30-40% growth level).

Bajaj Housing Finance

BSE SENSEX	S&P CNX
80,116	24,329

CMP: INR132 **Not Rated**

Healthy AUM growth of ~26% YoY; reported NIM stable QoQ

PAT growth at ~54% YoY led by a lower effective tax rate; asset quality stable

- Bajaj Housing (BHFL)'s 4QFY25 PAT grew 54% YoY to ~INR5.9b. FY25 PAT rose ~25% YoY to INR21.6b. NII grew 31% YoY to ~INR8.2b in 4QFY25. Other income grew 51% YoY to ~INR1.3b, aided by higher assignment income, which stood at ~INR461m (PY: INR4m).
- BHFL's opex rose ~7% YoY to INR2.1b. The opex was slightly elevated as the company continued to invest in both the management team and its new business segments. PPoP grew ~43% YoY to INR7.5b for the quarter.
- Net credit costs stood at INR296m, which translated into annualized credit costs of ~11bp (PQ: ~13bp and PY: ~16bp). The company guided for steady-state credit costs of ~20-25bp.
- BHFL trades at 4.2x FY27 P/BV (based on Bloomberg consensus).

AUM jumps ~26% YoY; disbursements rise ~25% YoY

- AUM grew 26% YoY to ~INR1.15t, while disbursements rose ~25% YoY to ~INR143b. Home Loans grew ~22% YoY, LAP rose 28% YoY, LRD grew 24% YoY, and Developer Financing increased 49% YoY in 4QFY25.
- Management guided a medium-term AUM growth of ~24-26% and an RoA of ~2.0-2.2%.
- The company aims to increase developer financing in its loan mix to ~15% (from ~12% as of Mar'25). Within the new SBU of affordable housing finance, the primary focus will be on acquiring fresh home buyers, with only 10-15% of the business expected to come from balance transfers.

Reported NIM steady QoQ; asset quality broadly stable

- BHFL's reported NIM in 4QFY25 was stable QoQ at ~4.0%. Reported yields declined ~10bp QoQ to ~9.7%, while CoB was stable at ~7.9%. This led to ~10bp QoQ dip in spreads to ~1.8%.
- Management expects an NIM compression of ~10-15 bps in FY26 but aims to offset it through product improvement and growth in near-prime and affordable housing segments. Management shared that against an expected ~75bp repo rate cut, the company foresees a ~35bp decline in its CoB and a pass-through of ~45-50bp to customers.
- Asset quality was largely stable, with GS3/NS3 at 0.29%/0.11%. PCR rose ~5pp QoQ to ~60.3% (PQ: ~55.5%).
- Management guided an optimal leverage of 7-8x and credit costs of ~20-25bp in the medium term.
- The RoA/RoE stood at ~2.4%/12.0% in 4QFY25, and CRAR was ~28.2% as of Mar'25.

CONFERENCE CALL

Highlights from the management commentary

Yields and the impact of repo rate cuts

- In the repo-linked Home loan book, the entire ~50bp has been passed on to the customers, and on the non-repo book (linked to internal PLR) around ~15bp has been passed onto the customers (which is representative of the Repo rate cut of ~25bp in Feb'25). BHFL will decide on further lending rate cuts to pass on the benefit of the April Repo rate cut in its ALCO meeting in May'25.
- Repo-linked Home Loan book stood at ~INR135b (compared to the total Home loan book of ~INR640b).

NIM

- If there is a ~75bp rate cut, it foresees a ~34-35bp decline in the CoF and ~45-50bp pass-through in interest rates onto the customers.
- Guided for a NIM compression of ~10-15bp in FY26 but BHFL should be able to mitigate a large part of it through a product mix improvement and also its newer SBUs that will cater to the near-prime and affordable housing segment.
- Developer Book will go up from 12.5%-15%. Increase in contribution from SBUs which will cater to the near-prime segment and the Intent will be to compensate or mitigate a large part of the impact on NIM.

Liabilities

- Within its bank term loans, ~23% of loans are linked to MCLR, and the remaining are linked to Repo or EBLR.
- A few NCDs are raised on variable rate and some of them are hedged with OIS. INR23b of Bonds will behave like floating-rate bonds. BHFL does not hedge the 10-year bonds and only the 5-year Bonds are hedged
- Interest rate differential at ~50-60bp between three-year NCDs and the bank borrowings.

Asset quality and credit costs

- The company guided steady-state credit costs of ~20-25bp (with the assumption that it does not do any assignments). With assignments, the requirement for general provisions on the loan book that has been assigned comes down.

Opex

- Opex was elevated since it invested deep and it will continue to invest deeper in both the management team as well as the business.

Minimum public shareholding

- To get to the minimum public shareholding of 75%, the company has another ~2.5 years. No plans to raise new equity capital over the next 18-24 months and it will raise equity capital when it gets to 7.5x leverage (vs. ~5x as of Mar'25)

Developer book

- Contractually, there is a moratorium for a period of 36 months or till the time the project is completed.
- For the principal collections, the sweep on the sales collections starts from Day 1 itself. Interest is serviced by the developer monthly.

New SBU

- Within the new SBU, the focus will be on acquiring customers who purchase homes and only about 10-15% will be from Balance Transfer IN.
- In the near-Prime and affordable segment, the yield differential will be ~180bp with Prime Home Loans.

Competitive Landscape

- PSU Banks continue to be much more aggressive but private Banks have not been as aggressive. Yet to ascertain the aggressiveness of the Banks on the back of the Apr'25 repo rate cut.

Medium-term guidance on key financial indicators (three-year guidance)

- AUM growth of 24-26%, Opex to NTI of 14-15%, GNPA of 40-60bp, PCR of 40-50%, Credit costs of 20-25bp, Leverage of 7x-8x, RoA of 2.0-2.2% and RoE of 13-15%

Financial performance

- CoF remained flat QoQ at 7.9%.
- In 4QFY25, Opex to NTI improved to 21.7% as against 27.1% in 4QFY24. On a full-year basis, Opex to NTI stood at 20.8% for FY25 as against 24.0% in FY24.
- The company continues to leverage technology while digitalizing various processes. New initiatives of e-agreement and online customer onboarding have shown encouraging results crossing penetration of 93% and 80%, respectively, in Mar'25.
- Credit costs stood at 0.12% in 4QFY25 as against 0.18% in 4QFY24
- BHFL has re-evaluated its income tax position on the deductibility of certain expenditures. Accordingly, it has reversed INR244m in tax expense from previous years and reduced FY25 tax provisions by INR98m resulting in a total tax reduction of INR342m in 4QFY25
- Its net worth stood at INR199.3b as of Mar'25
- Portfolio yield has declined ~10bp QoQ to 9.7% and gross spreads declined by ~10bp QoQ to 1.8%
- Asset quality was stable with the GNPA remaining flat QoQ
- NCDs in the borrowing mix inched up by ~2.3% QoQ
- PCR has improved by ~5pp QoQ to 60%

Others

- The total employee count stood at 4,811 including 1,900 employees, who are on-roll. It has around 250 employees in collections.
- If the pre-closure (or fore-closure) charges on LAP are waived, there will be a minimal impact. In FY25, the foreclosure charges on LAP were INR120-130m.
- BHFL's home loan market share has been improving every quarter for the last 2-3 years. About 15-20% of the home loans are sourced from the developers which are funded by BHFL.
- Assignments will continue to remain an integral part and it will maintain 12-15% in the form of off-book loans.
- BHFL bought a portfolio of ~INR40b during FY25, which are assignments from other financial institutions. These portfolio buyouts are RoE-accretive to the business.

Quarterly performance INR m

Particulars	FY24				FY25E				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	16,682	17,823	18,455	19,076	20,635	22,269	23,220	23,737	72,036	89,862
Interest expense	10,622	11,508	12,004	12,793	13,988	15,137	15,159	15,509	46,926	59,793
Net interest income	**6,061**	**6,315**	**6,451**	**6,283**	**6,648**	**7,133**	**8,060**	**8,228**	**25,110**	**30,069**
Growth YoY (%)	*36.5*	*26.7*	*17.5*	*10.9*	*9.7*	*13.0*	*24.9*	*30.9*	*22.0*	*19.7*
Other operating income	964	1,292	1,008	889	1,452	1,833	1,270	1,343	4,152	5,898
Net total income	**7,025**	**7,607**	**7,459**	**7,172**	**8,100**	**8,966**	**9,331**	**9,571**	**29,262**	**35,967**
Growth YoY (%)	*18.2*	*28.9*	*16.9*	*13.6*	*15.3*	*17.9*	*25.1*	*33.4*	*19.2*	*23.0*
Operating expenses	1,695	1,674	1,735	1,937	1,701	1,840	1,846	2,078	7,040	7,464
Operating profits	**5,330**	**5,933**	**5,724**	**5,235**	**6,399**	**7,126**	**7,485**	**7,493**	**22,222**	**28,503**
Growth YoY (%)	*22.7*	*33.8*	*18.8*	*12.9*	*20.1*	*20.1*	*30.8*	*43.1*	*21.9*	*28.3*
Provisions	67	183	6	353	100	50	355	296	609	801
Profit before tax	**5,262**	**5,750**	**5,719**	**4,882**	**6,299**	**7,076**	**7,130**	**7,198**	**21,613**	**27,702**
Tax expenses	644	1,239	1,349	1,069	1,473	1,620	1,650	1,331	4,301	6,073
Net profit	**4,618**	**4,511**	**4,370**	**3,813**	**4,826**	**5,456**	**5,480**	**5,867**	**17,312**	**21,629**
Growth YoY (%)	*46.1*	*47.4*	*30.7*	*26.5*	*4.5*	*20.9*	*25.4*	*53.8*	*37.6*	*24.9*
Key Parameters (%)										
Reported Yields	10.1	10.0	9.89	9.9	9.8	9.90	9.80	9.7		
Reported Cost of funds	7.7	7.6	7.70	7.8	7.9	7.90	7.90	7.9		
Spread	2.4	2.3	2.20	2.0	1.9	1.90	1.90	1.8		
Reported NIMs	4.4	4.4	4.1	3.8	3.9	4.1	4.0	4.0		
Credit cost	0.0	0.1	0.0	0.16	0.0	0.0	0.13	0.11		
Cost to Income Ratio (%)	24.1	22.0	23.3	27.0	21.0	20.5	19.8	21.7		
Tax Rate (%)	12.2	21.5	23.6	21.9	23.4	22.9	23.1	18.5		
Balance Sheet Parameters										
AUM (INR B)	**741**	**812**	**859**	**914**	**971**	**1,026**	**1,083**	**1,147**		
Change YoY (%)	29.1	30.0	31.0	32.0	31.0	26.3	26.1	25.5		
Loans (INR B)	**663**	**710**	**732**	**793**	**853**	**899**	**956**	**995**		
% of AUM	89.5	87.4	85.2	86.8	87.9	87.6	88.2	86.8		
Disbursements (INR B)	**104**	**122**	**107**	**114**	**0**	**120**	**126**	**143**		
Change YoY (%)	0.0	0.0	0.0	0.0	-100.0	-1.2	17.2	25.1		
Borrowings (INR B)	**586**	**624**	**637**	**691**	**733**	**745**	**792**	**820**		
Change YoY (%)	32.9	32.8	19.6	28.6	25.3	19.3	24.3	18.6		
Asset Quality (%)										
GS 3 (INR M)	**1,520**	**1,710**	**1,860**	**2,160**	**2,360**	**2,580**	**2,810**	**2,870**		
G3 %	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3		
NS 3 (INR M)	**520**	**670**	**730**	790	**960**	**1,090**	**1,250**	1,140		
NS3 %	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
PCR (%)	65.9	60.7	60.7	**63.7**	59.3	57.8	55.5	**60.3**		
ECL (%)	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6		
Return Ratios - YTD (%)										
ROA (Rep)	2.9	2.6	2.4	2.0	2.3	2.5	2.4	2.4		
ROE (Rep)	17.2	16.1	15.0	12.7	14.3	13.0	11.5	12.1		

E: MOFSL Estimates

Dalmia Bharat

BSE Sensex	S&P CNX
80,116	24,329

Conference Call Details

Date: 24 April 2025
Time: 10:30 IST
Dial-in details:
+91 22 6280 1536,
+91 22 7115 8344
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	139.8	153.8	168.0
EBITDA	24.1	29.7	34.6
Adj. PAT	7.0	9.0	11.7
EBITDA Margin (%)	17.2	19.3	20.6
Adj. EPS (INR)	37.1	48.1	62.4
EPS Gr. (%)	-9.0	29.6	29.8
BV/Sh. (INR)	927	957	999
Ratios			
Net D:E	0.0	0.1	0.1
RoE (%)	4.1	5.1	6.4
RoCE (%)	4.8	5.3	6.5
Payout (%)	35.1	37.5	32.1
Valuations			
P/E (x)	51.1	39.4	30.4
P/BV (x)	2.0	2.0	1.9
EV/EBITDA(x)	13.9	12.0	10.3
EV/ton (USD)	82	83	83
Div. Yield (%)	0.7	1.0	1.1
FCF Yield (%)	-1.4	-0.2	1.9

CMP: INR1,894 **Buy**

Lower volume leads to EBITDA miss

- Dalmia Bharat's (DALBHARA) 4QFY25 EBITDA was below our estimate (~6% miss) due to lower-than-estimated volume (~3% miss). EBITDA grew ~21% YoY to INR7.9b and EBITDA/t increased ~24% YoY to INR922 (est. INR946). OPM increased 4.2pp YoY to ~19% (est. ~20%). PAT (adj. for prior-period tax reversals) was at INR3.6b (+41% YoY; +28% vs. estimates), backed by higher other income (up 2.5x QoQ) and lower depreciation expenses (-14% QoQ).
- The company commissioned 2.4mtpa cement capacity in Lanka (Assam) and 0.5mtpa in Rohtas (Bihar), taking its total cement capacity to 49.5mtpa. The company announced the next leg of expansions in Belgaum, Karnataka (IU), and Pune, Maharashtra (GU). The grinding capacity will rise to 55.5mtpa by FY27E vs. 49.5mtpa currently. Further, its clinker capacity will increase to 27.1mtpa/30.7mtpa by FY26E/FY27E from 23.5mtpa currently.
- Additionally, the company commissioned a 2.2MW captive solar plant in Assam and 13MW under a group captive model, taking its total operational renewable energy (RE) capacity to 267MW. RE consumption stood at ~36% (including third-party purchases) vs. ~33% in 3QFY25. RE power capacity will be increased to 594MW in FY26E from 267MW in FY25.

EBITDA/t stood at INR922 (vs. estimate of INR946)

- Consolidated revenue/EBITDA/adj. PAT stood at INR40.9b/INR7.9b/INR3.6b (-5%/+21%/+41% YoY and -4%/-6%/+28% vs. our estimate) in 4QFY25. Sales volumes declined 2% YoY to 8.6mt (3% below our estimate). However, sales volume ex-JPA was up ~5% YoY. Realization declined 3% YoY to INR4,757/t (flat QoQ; in line).
- Variable costs/t declined ~11% YoY (4% above estimate). Other expenses/Freight cost per ton declined ~12%/2% YoY (-13%/+4% vs. our estimate). Employee costs increased ~6% YoY to INR2.2b. Opex/t was down 8% YoY (in line with our estimate). OPM surged 4.2pp YoY to ~19%, and EBITDA/t increased 24% YoY to INR922.
- In FY25, consolidated revenue/EBITDA/PAT declined 5%/9%/9% YoY. Sales volume increased ~2% YoY to 29.4mt, while realization declined ~7% YoY. OPM dipped 80bp to ~17% and EBITDA/t declined 11% YoY to INR820. CFO declined ~20% to INR21.2b. Capex stood at INR26.3b vs. INR27.2b in FY24. It posted cash outflow of INR5.1b vs. cash outflow of INR880m in FY24.
- The company's net debt (including investment in IEX valued at INR23.4b vs. INR24.2b as of Dec'24) declined to INR7.2b from INR12.4b as of Dec'24. The net debt-to-EBITDA ratio stood at 0.30x vs. 0.55x as of Dec'24. Excl. MTM value of IEX investments, the ratio stood at 1.27x in Mar'25.

Valuation and View

- DALBHARA's profitability was largely in line with estimates; however, lower-than-estimated volume led to EBITDA miss. Recently, it announced capacity expansion in south and Maharashtra regions. In the earnings concall, we will seek management guidance on the demand environment, pricing trends in its core markets, and its expansion strategy. We have a **BUY** rating on the stock; however, we would review our assumptions after the concall on 24th Apr'25 at 10:30 IST (Link to the call).

Quarterly performance (Consolidated) (INR b)

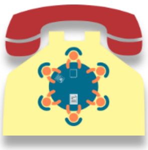
Y/E March	FY24				FY25				FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	(%)
Net Sales	**36.3**	**31.5**	**36.0**	**43.1**	**36.2**	**30.9**	**31.8**	**40.9**	**42.5**	**-4**
YoY Change (%)	10.0	6.0	7.4	10.1	-0.3	-2.0	-11.7	-5.0	-1.3	
Total Expenditure	30.1	25.6	28.3	36.5	29.5	26.5	26.7	33.0	34.1	-3
EBITDA	**6.2**	**5.9**	**7.8**	**6.5**	**6.7**	**4.3**	**5.1**	**7.9**	**8.4**	**-6**
Margins (%)	17.0	18.7	21.6	15.2	18.5	14.1	16.1	19.4	19.8	-43
YoY Change (%)	5.3	55.4	21.0	-7.5	8.4	-26.3	-34.4	21.3	28.8	
Depreciation	4.0	4.0	3.7	3.3	3.2	3.4	3.6	3.1	3.7	-15
Interest	0.8	1.0	1.1	0.9	1.0	1.0	1.0	1.1	1.1	-0
Other Income	0.5	0.9	0.6	1.2	0.5	0.7	0.4	0.9	0.6	54
PBT before EO Expense	**1.9**	**1.7**	**3.6**	**3.5**	**3.1**	**0.7**	**0.8**	**4.7**	**4.3**	**9**
Extra-Ordinary items	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	
PBT after EO Expense	**1.9**	**1.7**	**3.6**	**3.5**	**1.9**	**0.7**	**0.8**	**4.7**	**4.3**	**9**
Prior period tax adjustment	0.0	0.0	0.1	-0.6	0.0	0.1	0.0	-0.8	0.0	
Tax	0.4	0.5	1.0	0.3	0.5	0.2	0.2	0.3	1.4	
Rate (%)	22.2	27.9	24.7	26.7	16.0	20.5	22.9	22.9	31.9	
Reported PAT (pre-minority)	**1.4**	**1.2**	**2.7**	**3.2**	**1.5**	**0.5**	**0.7**	**4.4**	**2.9**	**51**
Minority + associate	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	
PAT Adj for EO items (post-MI)	**1.2**	**1.2**	**2.7**	**2.5**	**2.3**	**0.6**	**0.6**	**3.6**	**2.8**	28
YoY Change (%)	-36.9	325.0	33.8	-3.1	82.9	-53.8	-78.1	40.7	9.8	
Per ton analysis (blended) INR/t										
Sales Volumes (m ton)	**7.0**	**6.2**	**6.8**	**8.8**	**7.4**	**6.7**	**6.7**	**8.6**	**8.9**	-3
YoY Change (%)	12.4	6.9	7.9	18.9	6.2	8.1	-2.0	-2.3	1.1	
Net realisation	**5,209**	**5,079**	**5,300**	**4,894**	**4,893**	**4,607**	**4,773**	**4,757**	**4,775**	-0
YoY Change (%)	-2.2	-0.8	-0.5	-7.4	-6.1	-9.3	-9.9	-2.8	-2.4	
RM Cost	812	860	921	1,111	818	664	768	891	761	17
Employee Expenses	319	365	325	230	308	327	335	250	260	-4
Power, Oil & Fuel	1,294	1,126	1,068	898	1,023	1,055	999	899	957	-6
Freight and Handling Outward	1,161	1,018	1,093	1,159	1,122	1,099	1,122	1,130	1,088	4
Other Expenses	739	761	749	753	719	815	782	665	762	-13
Total Expenses	**4,324**	**4,129**	**4,154**	**4,151**	**3,989**	**3,960**	**4,006**	**3,835**	**3,828**	0
EBITDA	**885**	**950**	**1,146**	**743**	**904**	**648**	**767**	**922**	**946**	-3

Source: Company, MOFSL Estimates

Can Fin Homes

BSE Sensex	S&P CNX
80,116	24,329

Conference Call Details



Date: 24th April 2025
Time: 15:00 IST
Dial-in details:

Link for the call

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	13.5	14.6	17.0
PPP	11.5	12.2	14.3
PAT	8.6	9.0	10.6
EPS (INR)	64.4	67.5	79.9
EPS Growth (%)	14	5	18
BVPS (INR)	381	442	515
Ratios (%)			
NIM	3.7	3.6	3.7
C/I ratio	17.1	18.7	18.4
RoAA	2.2	2.1	2.2
RoE	18.2	16.4	16.7
Payout	9.3	9.6	8.1
Valuation			
P/E (x)	11.6	11.0	9.3
P/BV (x)	2.0	1.7	1.4
Div. Yield (%)	0.8	0.9	0.9

CMP: INR745 **Neutral**

Healthy disbursement momentum; NIMs down ~10bp QoQ

In-line earnings aided by lower tax rate; minor improvement in asset quality

- Can Fin Homes (CANF)'s 4QFY25 PAT grew ~12% YoY to ~INR2.3b (in line). FY25 PAT grew ~14% YoY to INR8.6b. 4Q NII grew ~6% YoY to ~INR3.5b (in line). Fee and other income stood at ~INR168m (PY: INR159m).
- Opex declined ~2% YoY to INR707m (~6% higher than MOFSLe). The cost-income ratio stood at ~19.4% (PQ: 16.9%, PY: 20.9%). PPoP grew ~8% YoY to INR2.95b (in line).
- Effective tax rate for the quarter stood at ~16% (PQ: 21% and PY: ~23%)
- 4Q RoA/RoE stood at ~2.6%/~18.5%.

Healthy momentum in disbursements; advances grew ~9% YoY

- CANF's 4QFY25 disbursements grew ~6% YoY and ~30% QoQ to INR24.5b. Disbursements saw healthy momentum during the quarter.
- Advances grew ~9% YoY to ~INR382b. Annualized run-off in advances stood at ~15% (PQ: 14% and PY: ~16%).

Reported NIMs down ~10bp QoQ; bank borrowings decline QoQ

- NIM (reported) declined ~10bp QoQ to ~3.64%. Reported spreads declined ~13bp QoQ due to a decline in yields and an increase in CoB.
- Bank term loans declined to ~52% in the borrowing mix (PQ: 60%). The majority of the borrowings during the quarter were through NCDs.

Minor improvement in asset quality; GS3 improves ~5bp QoQ

- Asset quality saw minor improvement, with GS3 declining by ~5bp QoQ to ~0.87% and NS3 declining ~4bp QoQ to ~0.45%. PCR on stage 3 loans rose ~260bp QoQ to ~47.7%.
- Provisions stood at INR154m (vs. est. INR69m), resulting in annualized credit costs of ~16bp [PQ: ~24bp and PY: ~2bp]. While there was a minor decline in PCR on standard loans, CANF increased the management overlay provisions to INR590m (PQ: ~INR340m).

DSA channel in sourcing mix rose to ~80%

- The average ticket size of incremental housing loans stood at INR2.4m (PQ: INR2.3m).
- DSA channel in the sourcing mix rose to ~80% (PQ: 76%).

Valuation and view

CANF reported a decent quarter as earnings were in line with estimates, driven by a lower effective tax rate. Disbursements saw strong sequential momentum, asset quality improved marginally, while NIMs contracted by ~10bp QoQ. CANF might look to use its margin levers to deliver stronger loan growth in FY26. We may revise our estimates and TP after the earnings call on 24th Apr'25.

Quarterly performance INR m

Y/E March	FY24				FY25E				FY24	FY25	4Q FY25E	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	8,181	8,652	8,948	9,117	9,242	9,553	9,803	9,829	34,899	38,426	9,911	-1
Interest Expenses	5,330	5,484	5,660	5,839	6,027	6,155	6,356	6,343	22,314	24,882	6,405	-1
Net Interest Income	**2,851**	**3,168**	**3,288**	**3,278**	**3,214**	**3,398**	**3,447**	**3,485**	**12,585**	**13,544**	**3,506**	-1
YoY Growth (%)	13.9	26.1	30.6	25.5	12.7	7.3	4.8	6.3	24.0	7.6	7.0	
Other income	60	58	71	159	70	74	58	168	348	370	98	72
Total Income	**2,911**	**3,226**	**3,359**	**3,437**	**3,284**	**3,472**	**3,506**	**3,653**	**12,933**	**13,915**	**3,604**	1
YoY Growth (%)	13.9	25.7	30.8	25.7	12.8	7.6	4.4	6.3	24.1	7.6	4.9	
Operating Expenses	435	524	494	720	488	594	593	707	2,173	2,382	669	6
YoY Growth (%)	7.4	29.5	12.7	39.3	12.3	13.3	20.0	-1.7	23.1	9.6	-7.0	
Operating Profits	**2,476**	**2,702**	**2,865**	**2,717**	**2,796**	**2,878**	**2,913**	**2,946**	**10,760**	**11,532**	**2,935**	**0**
YoY Growth (%)	15.2	25.0	34.6	22.5	12.9	6.5	1.7	8.4	24.3	7.2	8.0	
Provisions	137	722	308	18	245	137	221	154	1,185	758	69	123
Profit before Tax	**2,339**	**1,980**	**2,557**	**2,700**	**2,551**	**2,741**	**2,691**	**2,792**	**9,575**	**10,775**	**2,866**	-3
Tax Provisions	504	399	556	609	555	626	570	452	2,068	2,203	636	-29
Profit after tax	**1,835**	**1,581**	**2,001**	**2,090**	**1,996**	**2,115**	**2,121**	**2,339**	**7,507**	**8,572**	**2,230**	5
YoY Growth (%)	13.1	11.5	32.1	26.1	8.8	33.8	6.0	11.9	20.8	14.2	6.7	
Key Parameters (%)												
Yield on loans	10.2	10.5	10.6	10.6	10.5	10.6	10.6	10.4				
Cost of funds	7.3	7.3	7.3	7.4	7.5	7.4	7.6	7.1				
Spread	3.0	3.2	3.3	3.2	3.0	3.2	3.1	3.3				
NIM	3.6	3.8	3.9	3.80	3.6	3.8	3.7	3.70				
Credit cost	0.17	0.88	0.37	0.02	0.28	0.15	0.24	0.16				
Cost to Income Ratio (%)	14.9	16.2	14.7	20.9	14.9	17.1	16.9	19.4				
Tax Rate (%)	21.6	20.2	21.7	22.6	21.7	22.8	21.2	16.2				
Balance Sheet Parameters												
Loans (INR B)	**325.1**	**333.6**	**340.5**	**350.0**	**355.6**	**365.9**	**371.6**	**382.2**				
Growth (%)	18.0	15.7	13.1	10.9	9.4	9.7	9.1	9.2				
AUM mix (%)												
Home loans	89.1	89.1	89.1	88.9	88.9	88.5	88.3	87.8				
Non-housing loans	10.9	10.9	10.9	11.1	11.1	11.5	11.7	12.2				
Salaried customers	72.7	72.4	72.1	71.9	71.7	70.9	70.9	70.4				
Self-employed customers	27.2	27.5	27.8	28.0	28.3	29.1	29.0	29.5				
Disbursements (INR B)	**19.7**	**20.2**	**18.8**	**23.1**	**18.5**	**23.8**	**18.8**	**24.6**				
Change YoY (%)	14.2	-10.1	-23.1	-8.8	-5.7	17.9	0.0	6.1				
Borrowing mix (%)												
Banks	54.0	57.0	60.0	59.0	56.0	60.0	60.0	52.0				
NHB	22.0	19.0	19.0	16.0	16.0	14.0	14.0	17.0				
Market borrowings	23.0	23.0	20.0	24.0	27.0	25.0	25.0	30.0				
Deposits	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0				
Asset Quality												
GNPL (INR m)	2,052	2,540	3,088	2,860	3,250	3,200	3,410	3,330				
NNPL (INR m)	1,096	1,420	1,674	1,470	1,740	1,720	1,870	1,740				
GNPL ratio %	0.63	0.76	0.91	0.82	0.91	0.88	0.92	0.87				
NNPL ratio %	0.34	0.43	0.49	0.42	0.49	0.47	0.50	0.46				
PCR %	46.6	44.1	45.8	48.6	47.0	46.0	45.2	47.7				
Return Ratios (%)												
ROA (Rep)	2.2	1.9	2.3	2.5	2.2	2.3	2.3	2.6				
ROE (Rep)	19.2	16.0	19.4	19.3	17.6	18.0	17.6	18.5				

E: MOFSL Estimates

AU SFB : Credit Costs Are Expected To Decline In FY26, Supporting An Improvement In Return On Assets; Sanjay Agarwal, MD & CEO

- FY26 Will see reduction in credit cost in aid of improvement in ROA
- Past 2 years the situation has changed dramatically and was expecting the year to be tough one
- Need to build the organization around the current macro challenges
- MFI stress of the worst seems to be done and bank is well prepared for Situations ahead

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Havells : Looking At ₹2000 Cr-Plus Capex For Next 2 Years; Anil Rai Gupta, CMD

- Wires segment is expecting challenges in volume growth
- There are no concerns regarding the supply chain, especially for compressors
- Demand was coming back in rural and semi urban this QTR
- Growth led by C&W Segment and Lloyd

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Tata communication : Strategy For Margin Recovery; Amur Lakshminarayanan, MD & CEO

- Collaborates with NVIDA For AI Integration
- Partnership with JLR For data driven cars, Security business has done well and has good pipeline ahead
- Data services large deal are added in last few months as well
- Transformation of network and Cloud connectivity will be key drivers

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Waaree Energies : Strong Foundation in 2025 will drive next 2 years; Amit Paithankar, CEO

- Focus on execution and customer centric approach helped us boost our revenues
- Order book is very strong for each day
- FY26 Contribution from US Biz seen at 17-20%
- Capacity additional 3.2 GW of module manufacturing will be added
- Wait and Watch mode on US Tariffs

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Cyient DLM : Orderbook Will Reverse Its Downward Trajectory From Q2FY26; Anthony M, CEO

- Q1FY26 will be soft but overall positive outlook for FY26
- Expects double digit margin to be around 10-12%
- Orderbook will reverse its downward trajectory from Q2FY26
- Will see more balance products mix going forward

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NEUTRAL	> - 10 % to 15%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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