Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	79,596	0.2	1.9
Nifty-50	24,167	0.2	2.2
Nifty-M 100	54,397	0.8	-4.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,288	2.5	-10.1
Nasdaq	16,300	2.7	-15.6
FTSE 100	8,329	0.6	1.9
DAX	21,294	0.4	7.0
Hang Seng	7,951	0.7	9.1
Nikkei 225	34,221	-0.2	-14.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	69	1.3	-6.9
Gold ($/OZ)	3,381	-1.3	28.8
Cu (US$/MT)	9,352	2.1	8.1
Almn (US$/MT)	2,347	0.7	-7.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.2	0.1	-0.5
USD/EUR	1.1	-0.8	10.3
USD/JPY	141.6	0.5	-9.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	0.00	-0.4
10 Yrs AAA Corp	7.1	-0.01	-0.2
Flows (USD b)	**22-Apr**	**MTD**	**CYTD**
FIIs	0.2	-1.09	-14.8
DIIs	-0.10	4.22	24.2
Volumes (INRb)	**22-Apr**	**MTD***	**YTD***
Cash	1,161	1029	1013
F&O	1,38,213	2,11,477	2,01,383

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Niva Bupa Health Insurance - Initiating Coverage: Citius, Altius, Fortius!

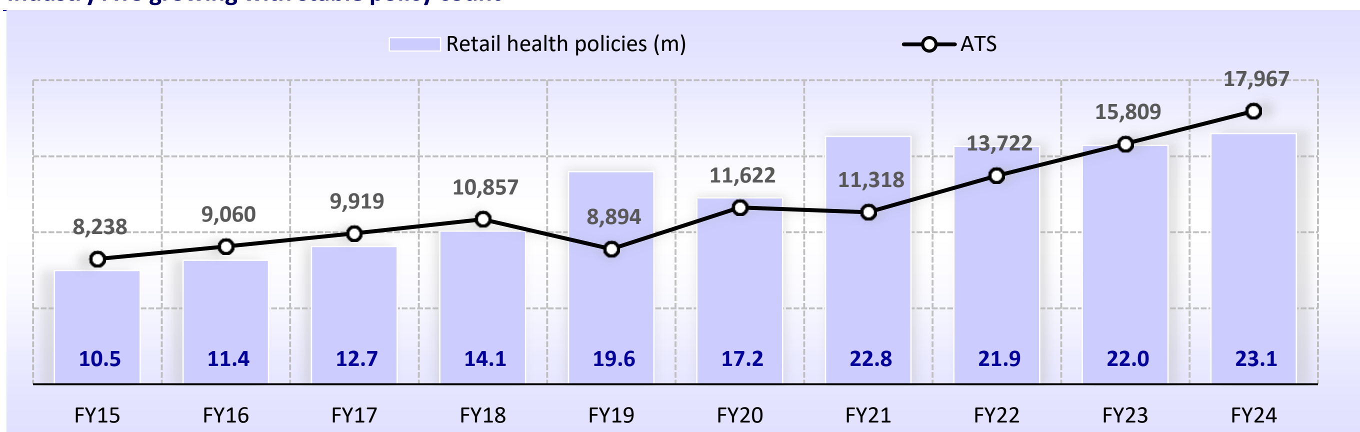
- Niva bupa, one of the fastest growing health insurers, is well positioned to capitalize on the expanding demand for health insurance on the back of a well established brand, robust distribution network and diverse product portfolio.
- The investments towards digital transformation, AI-driven underwriting and tech-enabled claim processing boosts the company's operational efficiency and enhances customer experience.
- The company's market share growth, improving underwriting margins and strong retention, reflects continued growth momentum and sustained profitability trends, going forward. We initiate coverage with a TP of INR100 based on 40x FY27E P/E on IFRS PAT.

Research covered

Cos/Sector	Key Highlights
Niva Bupa Health Insurance	Initiating Coverage - Citius, Altius, Fortius!
HCL Technologies	Measured optimism, backed by deal wins
Havells India	Steady margins; Llyod and cable drive growth
AU Small Finance Bank	Swiftly navigating through challenges; RoA expansion on track
Blue Dart Express	Drop in ATF price and price hikes to support margins
M & M Financial	Operationally weak; NIM contraction a negative surprise
Cyient DLM	Slowdown in orders stifles near-term growth visibility
Tata Communications	Growth recovers but weaker margins lead to 8% EBITDA miss

Chart of the Day: Niva Bupa Health Insurance - Initiating Coverage (Citius, Altius, Fortius!)

Industry ATS growing with stable policy count



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Trent's JV deal for Zara, Massimo has a 'put' edge

Inditex, the parent company of Zara, disclosed that Trent, its Indian partner, has the option to sell its stakes in their Zara and Massimo Dutti joint ventures.

2

Finally, deals back on the menu for QSRs, cafe chains

India's QSR and cafe industry is experiencing a resurgence in deal activity, fueled by recovering demand and evolving consumer preferences. Several homegrown chains like Mad Over Donuts and Theobroma are securing funding from PE investors.

3

Poonawalla Fincorp enters consumer durables loans market to accelerate growth and expand retail reach

Poonawalla Fincorp has entered the consumer durables loan market, introducing a digital EMI card to simplify purchases.

4

Bihar, NTPC in talks for Nawada nuclear power plant

Bihar is actively engaging with NTPC Ltd to establish a nuclear power plant in Nawada district, according to Chief Secretary Amrit Lal Meena.

5

India's battery-swapping boom hinges on deliveries and rickshaws

India's electric vehicle market is gaining momentum, particularly in two-and-three wheelers, driving the growth of battery swapping technology.

6

Airtel to buy 5G spectrum from Adani

Bharti Airtel is set to acquire 5G telecom spectrum from Adani Data Networks, a unit of Adani Enterprises, to bolster its 5G network capabilities.

7

Google contemplated exclusive Gemini AI deals with Android makers

At a US antitrust trial, it was revealed that Google considered exclusive deals with Android makers like Samsung for its Gemini AI app, Chrome, and search.

Niva Bupa Health Insurance

BSE Sensex	S&P CNX
79,596	24,167

CMP: INR78 **TP: INR100 (+29%)** **Buy**

Citius, Altius, Fortius!

Gaining market share in the retail health space

- **Niva Bupa Health Insurance (Niva) has emerged as one of the fastest-growing health insurers, delivering a CAGR of ~34% during FY22-25 and garnering the highest incremental market share in the retail health segment. We expect the growth momentum to remain strong and estimate a CAGR of 25% in gross written premium (GWP) over FY25-28E (Pre 1/n).**
- **Niva has a diversified product mix, with retail/group health accounting for 68%/31% as of 9MFY25. In the group segment, a one-third contribution comes from corporates and the remaining from credit-linked products. Consistent innovations and right pricing will boost momentum in its retail health segment (33.5% CAGR in FY22-24).**
- **Among standalone health insurers (SAHIs), Niva has one of the best claim settlement ratios (90% in FY24) thanks to its efficient claim management process, focus on transparency, quick AI-powered claim settlement, and high-quality healthcare network.**
- **Niva has undergone a digital transformation to enhance customer experience in areas of policy management, claims tracking, telemedicine, etc. These initiatives should help the company expand its reach, attract tech-savvy customers, reduce operational costs and improve servicing capabilities.**
- **The company has a well-diversified distribution model, with agents/corporate agents/ brokers/direct contributing 30%/28%/29%/13% of the mix in 9MFY25. While agent productivity has been one of the highest levels in the industry, its strong relationships with brokers, banks and web aggregators have helped Niva de-risk its mix.**
- **Niva benefits from an experienced management team and the strategic support of the global health conglomerate, Bupa. This association provides underwriting expertise, extensive experience in insurance and strong distribution management, which in turn boost the company's financial stability and growth prospects.**
- **We expect the company to report a CAGR of 25%/32% in pre-1/n GWP/PAT over FY25-28. We initiate coverage on Niva with a TP of INR100, based on 40x FY27E P/E on IFRS PAT.**

Citius – Growing "faster" than the industry

- Niva has delivered better growth than the insurance industry in health GWP/ retail health GWP with a CAGR of 34%/27% over FY22-25 (2x industry average). In FY25, there was an impact of 1/n accounting but the company performed better than the industry, with 20%/15% YoY growth in health/retail health.
- The company reported 23% YoY growth in lives covered with retail health policies to ~5m in FY24, which was faster than SAHIs and the industry.
- Niva has maintained strong growth in retail health insurance, driven by (a) superior customer experience, (b) growing agency force, (c) rapidly expanding hospital network, (d) innovative products, and (e) faster claim settlement.
- We expect the strategic emphasis on retail health, expanding customer base and continued innovation of products to continue to drive growth in premium for Niva. Excluding the impact of 1/n accounting, we expect Niva to deliver a CAGR of 25% in GWP over FY25-28.

Stock Info

Bloomberg	NIVABUPA IN
Equity Shares (m)	1827
M.Cap.(INRb)/(USDb)	141.8 / 1.7
52-Week Range (INR)	109 / 61
1, 6, 12 Rel. Per (%)	1/-/-
12M Avg Val (INR M)	303
Free float (%)	44.0

Financial Snapshot (INR b)

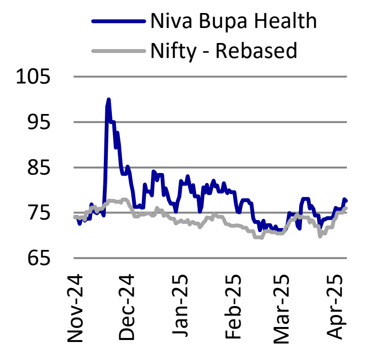
Y/E March	2025E	2026E	2027E
GWP	66.3	86.7	112.4
NEP	48.4	60.9	79.6
U/W Profit	-2.9	-4.2	-2.2
PBT	1.5	1.2	3.9
PAT	1.5	0.9	2.9
Ratios (%)			
Claims	61.4	63.7	62.2
Commission	20.6	19.9	19.8
Expense	20.6	18.1	16.2
Combined	102.5	101.6	98.2
RoE	6.0	3.0	8.9
EPS (Rs)	0.8	0.5	1.6
EPS Growth (%)	69.6	-40.0	217.0
Valuations			
P/E (x)	92.8	154.7	48.8
P/BV (x)	4.7	4.6	4.2

Shareholding Pattern (%)

As On	Mar-25	Dec-24
Promoter	56.0	56.0
DII	9.7	9.8
FII	8.9	8.9
Others	25.4	25.4

FII Includes depository receipts

Stock's performance (one-year)



Altius – “Higher” standard of customer servicing

- Niva’s customer-centric approach has helped the company garner a significant market share of 9.4% in retail health, making it the third largest retail health player in the country.
- It has maintained a claim settlement ratio of 90%+ consistently over the years and is one of the two SAHIs with 100% of claims paid out in less than three months for the past two years.
- Niva has one of the largest hospital networks, with 10,000+ hospitals providing cashless treatment, thereby presenting a more attractive claim settlement method compared to the claim reimbursement process.
- Among SAHIs, Niva has one of the highest ticket sizes for policies sold by the agency channel, reflecting the success of comprehensive training, incentive structure and digital tools in enhancing agent productivity. During 9MFY25, GWP per policy sold by agents, excluding 1/n impact, stood at INR25,097 (INR24,324 in 9MFY24).

Fortius – Focus on “strengthening” profitability

- Niva has been able to optimize its cost structure through advanced technology integration, efficient claims management and low-cost distribution channels. Niva’s claim ratio is the best in the industry at 59.4% (as of FY24). During 9MFY25, the claim ratio was 63.4%, largely flat YoY.
- Solvency ratio of 300%+ (9MFY25) reflects an adequate capital buffer, giving Niva a strong position to withstand financial stresses and absorb shocks without compromising on its claim payout capability.
- Bupa's global expertise in health insurance, its financial stability, and its extensive resources ensure that Niva has access to global best practices, advanced technology, and a deep pool of knowledge in healthcare management. The association with Bupa, as well as a management with decades of experience, offers reassurance to customers about the quality of coverage and services.

Valuation and View

- We believe Niva has a strong position to harness the growth opportunity in the health insurance industry, backed by product innovation and customer base expansion. Investments in technology will give results in terms of operational efficiency and better profitability.
- Excluding the 1/n impact, we expect Niva to report FY25-28E GWP/PAT CAGR of 25%/32%. While the claim ratio is expected to rise with scale, operational efficiency will offset the impact, leading to a pre-1/n combined ratio of 93.4% in FY28 (from 98.8% in FY24).
- On IFRS basis, we expect a CAGR of 27%/34% in insurance revenue/PAT over FY25-28. We initiate coverage on the stock with a TP of INR100, based on 40x FY27E P/E on IFRS PAT.

22 April 2025

4QFY25 Results Update | Sector: Technology

HCL Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USDb)	4016 / 47.1
52-Week Range (INR)	2005 / 1231
1, 6, 12 Rel. Per (%)	-9/-18/-7
12M Avg Val (INR M)	5322

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	1,171	1,247	1,334
EBIT Margin (%)	18.3	18.5	18.6
PAT	174	187	204
EPS (INR)	63.9	68.8	75.0
EPS Gr. (%)	10.3	7.7	9.1
BV/Sh. (INR)	256	254	250
Ratios			
RoE (%)	25.2	27.1	29.8
RoCE (%)	22.9	25.0	27.3
Payout (%)	93.9	90.0	90.0
Valuations			
P/E (x)	23.3	21.6	19.8
P/BV (x)	5.8	5.9	5.9
EV/EBITDA (x)	15.5	14.2	13.2
Div Yield (%)	4.0	4.2	4.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	60.8	60.8	60.8
DII	15.5	15.2	15.0
FII	19.3	19.5	19.9
Others	4.4	4.4	4.3

FII Includes depository receipts

CMP: INR1,480 TP: INR1,800 (+22%) Buy

Measured optimism, backed by deal wins

Gives robust FY26 guidance amid an uncertain backdrop

- HCL Technologies (HCLT) reported 4QFY25 revenue of USD3.4b, down 0.8% QoQ and 2.9% YoY in constant currency (CC) vs. our estimate of 0.6% QoQ decline. EBIT margins came in at 18% vs. our estimate of 17.6%. New deal TCV stood at USD3b (up 43% QoQ) in 4QFY25. For FY26, HCLT provided revenue growth guidance of 2-5% YoY in CC (similar for Services). This exceeds expectations and implies a 1.3% CQGR over the next four quarters at the upper end. For FY25, revenue/EBIT/PAT grew 6.5%/7.0%/10.8% YoY in INR terms. We expect revenue/EBIT/PAT to grow by 8.2%/10.6%/1.4% YoY in 1QFY26. We reiterate our BUY rating on HCLT with a TP of INR1,800, implying a 22% potential upside.

Our view: Deal ramp-ups and wins provide leverage right from 1Q

- **FY26 guidance encouraging, pegs HCLT at the top of the growth pyramid again:** The lower end of the guidance (1.2% organic growth) assumes a deterioration in the demand environment, whereas the upper end of the guidance assumes a couple of large deal closures in the pipeline (which should close in 1Q as per management).
- We believe this guidance is encouraging. While putting the fears of a washout FY26 to rest, it implies HCLT would outperform both TCS and Infosys at the upper of its guidance range.
- **Deal TCV remained robust, with net bookings reaching the second-highest level in the past 16 quarters**—surpassed only by the mega deal-led TCV in 2QFY24. The pipeline continues to hover near all-time highs, with GenAI and AI capabilities embedded in every engagement. Management commentary on deal wins was uniformly positive.
- **4Q deal bookings portend strong 1Q:** Deal bookings were strong in 4Q as well at USD3b (up 43% QoQ/31% YoY), and we believe these ramp-ups imply a faster 1Q than usual for HCLT.
- **Cost takeout, but AI at the forefront:** HCLT's commentary resonated with our views in the report dated 4th Apr'25 (Liberation Day and Indian IT: Breaking point or turning point?). We believe enterprises could fast-track GenAI scale up as cost pressures escalate. It is still too early to say whether spends around GenAI would accelerate, but it is logical to assume that AI-led efficiencies will be a major driver of cost-takeout deals, compared to earlier cycles when plain vanilla re-badging was the norm.

Revenue and margins in line, FY26 growth guidance of 2-5% beats expectations

- Revenue was down 0.8% QoQ in CC (organic decline of 1.7% QoQ cc) vs. our estimate of 0.6% decline. For full year, the company reported USD13.8b in revenue, up 4.7% YoY CC, within the guidance of 4.5%-5% YoY CC.
- New deal TCV stood at USD3b (up 43%/31% QoQ/YoY) in 4QFY25. For FY25, deal TCV was USD9.2b vs. USD9.7b in FY24.

- IT business/P&P declined by 0.3%/12.9% QoQ CC, while ER&D reported 5.5% QoQ cc growth.
- For 4QFY25, EBIT margin was 18% vs. our estimate of 17.6%. For full year, EBIT margin stood at 18.3% (within guidance of 18-19%).
- For FY26, revenue growth guidance is 2-5% YoY in CC (similar for Services). This exceeds expectations and implies a 1.3% CQGR over the next four quarters at the upper end. We estimate an 80bp contribution from the HP CTG deal. Even on an organic basis, the 1.2-4.2% CC growth guidance is ahead of Infosys' 0-3% guidance.
- EBIT margin guidance is maintained at 18.0-19.0% in FY26.
- In 4QFY25, PAT was up 6.2% at INR43b (up 8.1% YoY) vs. our est. of INR43b.
- LTM attrition was down 20bp QoQ to 13%. Net employee headcount increased 1.2% QoQ in 4QFY25 and stood at 223,420 as at end of FY25 vs. 227,481 as of FY24. HCLT added 1,805 freshers in this quarter.
- LTM FCF to net income conversion stood at 123%. Management declared an interim dividend of INR18/share.

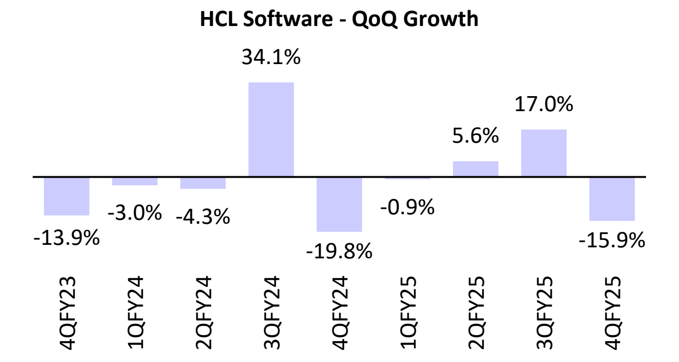
Key highlights from the management commentary

- Discretionary spending will remain subdued. Tariffs and de-globalization are expected to impact the IT sector, leading to potential budget cuts and deal re-negotiations.
- Clients are looking to diversify supply chains. The tariff impact will hit the Manufacturing and Consumer segments first, and eventually become broad-based (with a possible one-quarter lag).
- AI-driven efficiency will drive vendor consolidation. While it may lead to some deflation, HCLT is securing a higher wallet share during renewals — 95% of renewals included incremental business.
- 4Q revenue decline was primarily due to seasonality in the P&P (Products & Platforms) segment.
- TCV in 4QFY25 stood at USD3b, aided by a megadeal; bookings were well-balanced across service lines. About 50% of 4Q bookings came in Mar'25.
- FY26 revenue growth guidance: 2-5% YoY CC (same for Services), with 1% contribution from inorganic growth. Guidance is supported by strong 4Q bookings.
- GCC deals are signed at company-level profitability. In-sourcing is not expected in these deals for 3-5 years.
- FY26 EBIT margin guidance is maintained at 18-19%.
- Focused on building non-linearity in revenues — aiming for higher productivity and growth with a leaner workforce. Delivery model will be location-agnostic.
- ER&D bookings grew 75% YoY in FY25; upbeat outlook for FY26.

Valuation and view

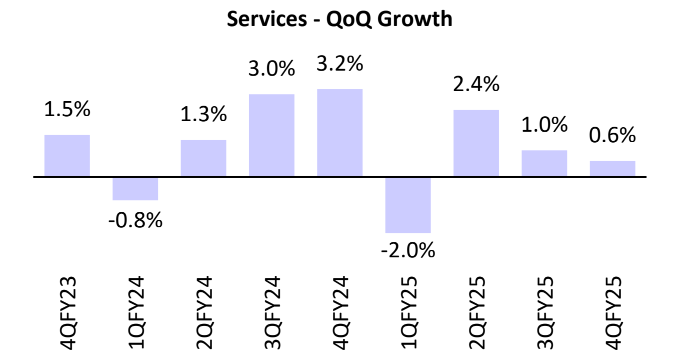
- We expect HCLT to deliver 18.5% EBIT margin in FY26, which should recover in FY27 as growth improves. We expect HCLT to deliver a CAGR of 5.9%/8.2% in USD revenue/INR PAT over FY25-27E. We keep our estimates largely unchanged. Reiterate **BUY** with a TP of INR1,800 (based on 24x FY27E EPS).

P&P business was weak due to seasonality



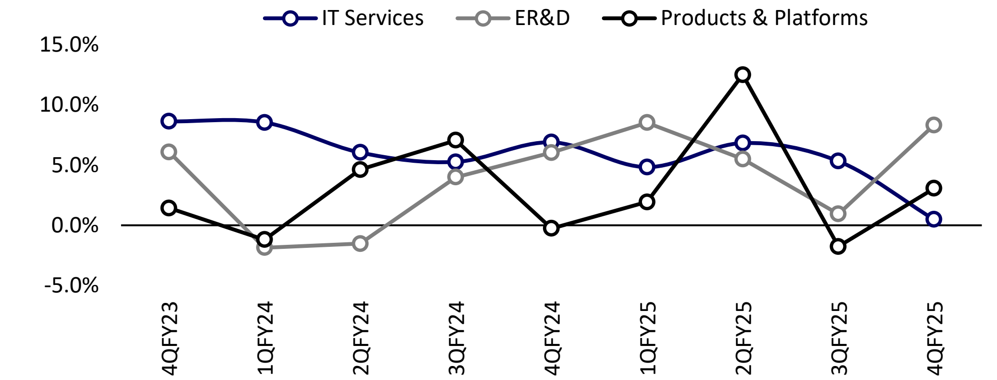
Source: MOFSL, Company

FY26 IT services growth guidance is at 2-5% YoY CC



Source: MOFSL, Company

All three service lines showed YoY growth , with ER&D leading race



Source: Company, MOFSL

Europe and ROW showed growth, while Americas remained flat

Geographies (YoY CC Growth, %)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25
Americas	13.0	17.5	18.2	12.3	10.0	7.3	3.9	6.7	6.8	8.0	7.5	6.2	0.1
Europe	13.6	22.5	21.8	23.3	14.6	10.5	3.9	1.7	5.5	3.0	4.2	2.6	4.3
ROW	15.0	18.2	13.7	11.6	1.4	-6.0	-3.6	-7.5	-7.1	-3.6	-2.6	2.9	23.2

Source: Company, MOFSL

Hi-tech and Telecom showing signs of recovery while healthcare remains soft

Verticals (YoY CC Growth, %)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25
Financial Services	10.2	16.4	15.4	8.8	9.6	14.4	12.5	12.9	12.1	-1.3	-4.5	-1.4	0.7
Manufacturing	16.6	19.1	21.8	21.2	11.8	16.5	3.3	5.8	9.8	3.5	7.1	0.0	-6.1
Technology & Services	14.3	34.2	26.6	19.3	17.9	-7.0	-9.5	-9.2	-8.6	2.7	5.6	7.6	10.8
Retail & CPG	6.0	5.8	11.9	-3.8	11.8	3.2	8.1	11.7	8.2	9.7	6.2	17.2	9.5
Telecommunications, Media, Publishing & Entertainment	20.2	29.2	27.1	27.9	8.9	-11.7	-10.4	8.3	6.5	69.2	61.2	33.1	24.3
Lifesciences & Healthcare	18.5	15.7	14.4	19.5	1.6	13.4	9.8	0.5	5.4	-4.1	-2.8	-1.1	-7.4
Public Services	7.8	15.2	17.6	16.7	7.6	6.8	1.7	-0.6	0.1	-3.7	-2.0	-4.6	-0.5

Source: Company, MOFSL

Quarterly Performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	Est.	Var. (% /
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY25	bp)
Revenue (USD m)	**3,200**	**3,225**	**3,415**	**3,430**	**3,364**	**3,445**	**3,533**	**3,498**	**13,270**	**13,840**	**3,502**	**-0.1**
QoQ (%)	-1.1	0.8	5.9	0.4	-1.9	2.4	2.5	-1.0	5.4	4.3	-0.9	-11bp
Revenue (INR b)	**263**	**267**	**284**	**285**	**281**	**289**	**299**	**302**	**1,099**	**1,171**	**304**	**-0.4**
YoY (%)	12.1	8.0	6.5	7.1	6.7	8.2	5.1	6.1	8.3	6.5	6.5	-41bp
GPM (%)	**35.6**	**36.2**	**36.7**	**35.0**	**34.5**	**34.9**	**35.6**	**34.7**	**35.9**	**34.9**	**34.0**	**73bp**
SGA (%)	13.6	12.4	11.5	12.0	12.4	11.5	11.3	11.8	12.4	11.7	11.5	29bp
EBITDA	**55**	**59**	**67**	**61**	**58**	**64**	**69**	**65**	**242**	**255**	**64**	**1.5**
EBITDA Margin (%)	20.8	22.3	23.5	21.4	20.6	22.1	23.0	21.5	22.0	21.8	21.1	39bp
EBIT	**45**	**49**	**56**	**50**	**48**	**54**	**58**	**54**	**200**	**214**	**53**	**1.9**
EBIT Margin (%)	17.0	18.5	19.7	17.6	17.1	18.6	19.5	18.0	18.2	18.3	17.6	41bp
Other income	2	2	3	3	9	3	3	3	9	18	4	-19.6
ETR (%)	24.8	25.3	25.9	24.2	25.4	25.5	25.1	24.9	25.1	25.2	25.0	-15bp
Adjusted PAT	**35**	**38**	**44**	**40**	**43**	**42**	**46**	**43**	**157**	**174**	**43**	**0.8**
QoQ (%)	-11.2	8.4	13.5	-8.4	6.8	-0.5	8.4	-6.2			-6.9	74bp
YoY (%)	7.6	9.8	6.2	0.1	20.5	10.5	5.5	8.1	5.7	10.8	7.2	85bp
EPS	**13.0**	**14.1**	**16.0**	**14.7**	**15.7**	**15.6**	**16.9**	**15.9**	**57.9**	**63.9**	**15.8**	0.8

Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	**-1.3**	**1.0**	**6.0**	**0.3**	**-1.6**	**1.6**	**3.8**	**-0.8**		
Costs (% of revenue)										
COGS	**64.4**	**63.8**	**63.3**	**65.0**	**65.5**	**65.1**	**64.4**	**65.3**	**64.1**	**65.1**
SGA	13.6	12.4	11.5	12.0	12.4	11.5	11.3	11.8	12.4	11.7
Margins										
Gross Margin	35.6	36.2	36.7	35.0	34.5	34.9	35.6	34.7	35.9	34.9
EBIT Margin	17.0	18.5	19.7	17.6	17.1	18.6	19.5	18.0	18.2	18.3
Net Margin	13.4	14.4	15.3	14.0	15.2	14.7	15.4	14.2	14.3	14.9
Operating metrics										
Headcount (k)	223	221	225	227	219	219	221	223	227	223
Attrition (%)	16.3	14.2	12.8	12.4	12.8	12.9	13.2	13.0	12.4	13.0
Key Verticals (YoY CC %)										
BFSI	14.4	12.5	12.9	12.1	-1.3	-4.5	-1.4	0.7	12.1	-1.6
Manufacturing	16.5	3.3	5.8	9.8	3.5	7.1	0.0	-6.1	9.8	0.9
Key Geographies (YoY CC %)										
North America	7.3	3.9	6.7	6.8	8.0	7.5	6.2	0.1	6.8	5.3
Europe	10.5	3.9	1.7	5.5	3.0	4.2	2.6	4.3	5.5	3.5

Havells India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HAVL IN
Equity Shares (m)	627
M.Cap.(INRb)/(USDb)	1043.7 / 12.3
52-Week Range (INR)	2106 / 1360
1, 6, 12 Rel. Per (%)	9/-5/-1
12M Avg Val (INR M)	1964
Free float (%)	40.6

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	217.8	247.4	284.9
EBITDA	21.3	25.3	31.2
Adj. PAT	14.7	17.3	21.4
EBITDA Margin (%)	9.8	10.2	10.9
Cons. Adj. EPS (INR)	23.5	27.6	34.2
EPS Gr. (%)	15.7	17.9	23.8
BV/Sh. (INR)	133.1	151.0	173.3
Ratios			
Net D:E	(0.4)	(0.3)	(0.4)
RoE (%)	17.6	18.3	19.7
RoCE (%)	17.2	18.0	19.4
Payout (%)	42.6	35.0	35.0
Valuations			
P/E (x)	71.2	60.4	48.8
P/BV (x)	12.6	11.1	9.6
EV/EBITDA (x)	47.5	40.2	32.3
Div Yield (%)	0.6	0.6	0.7
FCF Yield (%)	0.8	0.5	1.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	59.4	59.4	59.4
DII	12.8	11.6	9.9
FII	22.3	23.5	24.8
Others	5.5	5.6	5.9

FII Includes depository receipts

CMP: INR1,665 TP: INR1,710 (+3%) Neutral

Steady margins; Llyod and cable drive growth

The slow start to summer hampers early demand for the season

- Havells India (HAVL)'s 4QFY25 revenue grew 20% YoY to INR65.4b (5% beat), led by better-than-expected growth in the Lloyd/C&W segments. Higher margins in the Lloyd and ECD segments have resulted in ~19% YoY EBITDA growth to INR7.6b (+17% vs. our est.). OPM stood at 11.6% (flat YoY) vs. our est. of 10.4%. PAT grew ~16% YoY to INR5.2b (15% above our est.)
- Management highlighted that the large appliances and cables fueled revenue growth. The ramp-up of new capacity in the C&W segment is underway. HAVL's margin would reach a normalized level (ex-Lloyd) of 13.5-14.0%, as the benefits of operating leverage kick in. Delayed summer has affected secondary demand in the ongoing season and the growth trajectory in rest of the season needs to be seen.
- We marginally increase our EPS estimates by ~3% each for FY26/FY27 as we raise our margin assumption for the Lloyd segment by 150-200bp. HAVL's valuations at 60x/49x FY26/27E EPS remain expensive. **We reiterate our Neutral rating** with a revised TP of INR1,710 (based on 50x FY27E EPS).

ECD/Llyod's EBIT margins improve 1.3pp/3.4pp YoY to ~13%/6%

- HAVL's consolidated revenue/EBITDA/PAT stood at INR65.4b/INR7.6b/INR5.2b (+20%/+19%/+16% YoY and +5%/+17%/+15% vs. our estimates). Gross margin stood at ~32% (-65bp YoY). OPM flat YoY at 11.6%. Ad spending was at 2.2% of revenue vs. 2.4%/3.7% in 4QFY24/3QFY25.
- Segmental highlights: 1) HAVL revenue (excl. Lloyd) increased ~13% YoY to INR46.3b. The **C&W** revenue grew ~21% YoY to INR21.7b, and the EBIT margin flat YoY at ~12%. The **Switchgear** revenue rose ~6% YoY to INR6.9b, while the EBIT margin contracted 2.5pp YoY to ~26%. The **Lighting** revenue inched up 1% YoY to INR4.4b, while the EBIT margin dipped 1.6pp YoY to ~16%. The **ECD** revenue rose 10% YoY to INR10.0b, and the EBIT margin improved 1.3pp YoY to 13%. 2) **Lloyd's** revenue grew ~39% YoY to INR18.7b. Margin improved 3.4pp to ~6%, leading to a profit of INR1.1b.
- For FY25, HAVL's revenue/EBITDA/PAT grew 17%/16%/16% YoY. OPM margin flat YoY at ~10%. Among segments, Lloyd/ECD/C&W's revenue rose 35%/15%/14% YoY, while Switchgear/Lighting's revenue grew 7%/2% YoY. CFO declined 22% YoY to INR15.2b due to higher tax payments and an increase in WC. Capex stood at INR7.2b in FY25 vs. INR7.3b in FY24. FCF stood at INR7.9b in FY25 vs. INR12.3b in FY24.

Key highlights from the management commentary

- Low base of last year and inventory stocking led to higher revenues for Lloyd. However; delayed summer in both the South and North regions has hurt secondary sales, though there has been some accentuation of heatwaves recently in the North. So far there is no panic in the trade channel.
- In 4QFY25, half of the revenue growth in C&W was driven by volumes, while the rest was related to price hikes led by higher RM costs. HAVL witnessed more value growth in the wires segment, whereas volume growth was higher in underground cables.

- Measures taken in the Union Budget as well as by the RBI augur well for a pickup in consumption. Volume growth in the lighting segment was in high single digits in 4QFY25.

Valuation and view

- We believe the demand pickup in the summer season and the sustainability of Lloyd's margin will be key monitorables in the near term. Wires demand too, has been hit by the slow real estate demand. This has also hurt the margin of wires, and recovery needs to be monitored. We marginally raise our EPS estimates by ~3% each for FY26/27 by factoring in a 150-200bp increase in margins for Lloyd.
- We expect HAVL to report a revenue/EBITDA/PAT CAGR of 14%/21%/21% over FY25-27. We estimate OPM to reach 10.9% in FY27 vs. 9.8% in FY25. RoIC of the company is expected to improve to ~29% by FY27 from 24% in FY25, and its RoE is likely to be ~20% in FY27 vs. ~18% in FY25.
- The stock trades at rich valuations of 60x/49x FY26/27E EPS, and hence, **we reiterate our Neutral rating** with a revised TP of INR1,710 (premised on 50x FY27E EPS).

Quarterly performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Sales	**48,338**	**39,003**	**44,139**	**54,420**	**58,062**	**45,393**	**48,890**	**65,436**	**1,85,900**	**2,17,781**	**62,208**	**5%**
Change (%)	13.9	6.3	7.1	12.0	20.1	16.4	10.8	20.2	10.1	17.1	**14**	
Adj. EBITDA	**4,020**	**3,734**	**4,327**	**6,346**	**5,722**	**3,751**	**4,265**	**7,570**	**18,426**	**21,309**	**6,481**	**17%**
Change (%)	11.2	30.1	2.1	20.4	42.4	0.5	-1.4	19.3	15.2	15.6	**2**	
Adj. EBITDA margin (%)	8.3	9.6	9.8	11.7	9.9	8.3	8.7	11.6	9.9	9.8	**10.4**	**115**
Depreciation	763	812	877	934	920	946	1,041	1,097	3,385	4,004	**1,054**	**4%**
Interest	85	93	102	177	86	101	94	152	457	432	**100**	**53%**
Other Income	648	525	559	758	773	929	643	687	2,490	3,033	**723**	**-5%**
Extra-ordinary items	-	-	-	-	-	-	-	-	-	-	**0**	
PBT	**3,821**	**3,353**	**3,907**	**5,993**	**5,490**	**3,633**	**3,773**	**7,009**	**17,074**	**19,905**	**6,050**	**16%**
Tax	950	862	1,028	1,526	1,415	955	994	1,839	4,366	5,203	**1,543**	
Effective Tax Rate (%)	24.9	25.7	26.3	25.5	25.8	26.3	26.3	26.2	25.6	26.1	**26**	
Reported PAT	**2,871**	**2,491**	**2,879**	**4,467**	**4,075**	**2,678**	**2,780**	**5,170**	**12,708**	**14,702**	**4,507**	**15%**
Change (%)	18.1	33.3	1.4	24.8	42.0	7.5	(3.5)	15.7	18.5	15.7	**1**	
Adj. PAT	**2,871**	**2,491**	**2,879**	**4,467**	**4,075**	**2,678**	**2,780**	**5,170**	**12,708**	**14,702**	**4,507**	**15%**
Change (%)	18.1	33.3	1.4	24.8	42.0	7.5	(3.5)	15.7	18.5	15.7	**1**	

Segmental performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Sales												
Switchgear	5,409	5,336	5,206	6,513	5,768	5,513	5,769	6,918	22,463	23,968	6,986	-1%
Cables & Wires	14,852	14,702	15,727	17,896	15,212	18,052	16,879	21,694	63,176	71,836	20,930	4%
ECD	8,775	7,331	9,615	9,104	10,554	8,564	11,048	9,973	34,825	40,139	10,057	-1%
Lighting & Fixtures	3,710	3,999	4,335	4,353	3,876	3,951	4,464	4,417	16,398	16,708	4,599	-4%
Lloyd	13,109	4,974	6,561	13,459	19,287	5,896	7,422	18,736	38,103	51,341	16,167	16%
EBIT												
Switchgear	1,499	1,409	1,244	1,836	1,422	1,150	1,048	1,776	5,988	5,395	1,668	6%
Cables & Wires	1,691	1,707	1,625	2,154	1,711	1,548	1,870	2,586	7,175	7,715	2,476	4%
ECD	957	848	1,062	1,025	1,147	643	953	1,248	3,892	3,991	998	25%
Lighting & Fixtures	532	570	607	785	630	501	651	725	2,493	2,507	785	-8%
Lloyd	(616)	(745)	(654)	360	636	(243)	(361)	1,144	(1,655)	1,175	456	151%
EBIT Margin (%)												
Switchgear	27.7	26.4	23.9	28.2	24.6	20.9	18.2	25.7	26.7	22.5	23.9	179
Cables & Wires	11.4	11.6	10.3	12.0	11.2	8.6	11.1	11.9	11.4	10.7	11.8	9
ECD	10.9	11.6	11.0	11.3	10.9	7.5	8.6	12.5	11.2	9.9	9.9	259
Lighting & Fixtures	14.3	14.3	14.0	18.0	16.2	12.7	14.6	16.4	15.2	15.0	17.1	(67)
Lloyd	(4.7)	(15.0)	(10.0)	2.7	3.3	(4.1)	(4.9)	6.1	(4.3)	2.3	2.8	328

AU Small Finance Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	AUBANK IN
Equity Shares (m)	744
M.Cap.(INRb)/(USDb)	457 / 5.4
52-Week Range (INR)	755 / 478
1, 6, 12 Rel. Per (%)	10/-3/-7
12M Avg Val (INR M)	2062

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	80.1	96.3	120.0
PPoP	45.8	52.3	67.3
PAT	21.1	27.5	37.1
NIM (%)	6.0	5.5	5.5
EPS (INR)	29.8	36.9	49.7
EPS Gr. (%)	29.7	23.9	34.6
BV/Sh. (INR)	229	256	304
ABV/Sh. (INR)	223	250	296
Ratios			
RoA (%)	1.6	1.6	1.7
RoE (%)	14.3	15.2	17.7
Valuations			
P/E(X)	20.7	16.7	12.4
P/BV (X)	2.7	2.4	2.0
P/ABV (X)	2.8	2.5	2.1

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	22.9	22.9	25.5
DII	27.2	21.8	22.8
FII	35.6	39.4	39.4
Others	14.4	16.0	12.4

FII Includes depository receipts

CMP: INR614 TP: INR775 (+26%) Buy

Swiftly navigating through challenges; RoA expansion on track

PCR spikes to 68.1%

- AU Small Finance Bank (AUBANK) posted a 4QFY25 PAT of INR5.04b (7% beat; -5% QoQ), amid better other income partly offset by higher provisions.
- NII grew 3.5% QoQ to INR20.9b (in line), while NIM contracted 6bp QoQ to 5.8%, primarily on account of a change in asset mix.
- PPoP grew 7.2% QoQ to INR12.9b (7% beat) as other income was 12% higher than our estimate (with treasury gains of INR1t). Opex was broadly in line. The C/I ratio thus stood largely flat at 54.7% (vs. 54.4% during 3QFY25).
- Provisions came in higher at INR6.4b (11% higher than MOFSLe, 27% QoQ increase). The bank made an accelerated provision of INR1.5b to strengthen its PCR, which improved to 68% from 61.2% in 3QFY25.
- Business growth was healthy with strong advances growth of 8% QoQ to INR1.07t; deposits too came in very strong at 11% QoQ to INR1.24t. CD ratio thus moderated to 86.2% (88.7% in 3QFY25).
- Slippages stood at INR8.9b vs. INR9.6b in 3QFY25. GNPA/NNPA ratios improved 3bp/17bp QoQ to 2.28%/0.74%. PCR improved 683bp QoQ to 68.1%. Credit costs as % of total average assets stood at 1.3% for FY25.
- We raise our earnings estimates by 4%/6% for FY26/27 and expect the bank to deliver an RoA/RoE of 1.71%/17.7% by FY27. **Reiterate BUY with a TP of INR775 (based on 2.5x FY27E BV).**

Growth outlook robust; credit costs to dip sharply during FY26

- AUBANK reported 4QFY25 PAT of INR5.04b (7% beat to MOSLe, down 5% QoQ), amid better other income partially offset by higher provisions. In FY25, earnings grew 37% YoY to INR21b.
- NII grew 3.5% QoQ to INR20.9b (in line), while NIM contracted 6bp QoQ to 5.8%. Management expects margins to remain under pressure while it remains optimistic on the decline in credit costs as stress in the unsecured segment ebbs. Provisions were high at INR6.4b (11% higher; +27% QoQ) as the bank made an accelerated provision of INR1.5b to strengthen its PCR.
- Other income grew 23% YoY to INR7.61b (a strong beat of 12%) due to an increase in fee income and treasury gains. Opex stood broadly in line, up 9% QoQ to INR15.6b. The C/I ratio thus stood largely flat at 54.7%.
- Advances grew 8% QoQ, with commercial assets up 8.3% QoQ and retail up 7.5% QoQ. Deposits grew by 11% QoQ to INR1.24t. The CD ratio thus declined to 86.2%. However, the CASA mix moderated to 29.2%. Cost of funds increased slightly to 7.14% vs 7.06% in 3QFY25.
- Slippages stood at INR8.9b vs. INR9.6b in 3QFY25. GNPA/NNPA ratios dipped 3bp/17bp QoQ to 2.28%/0.74%. PCR improved 680bp QoQ to 68.1%. Credit costs as % of total average assets stood at 1.3% for FY25 (1.7% on loans).

Highlights from the management commentary

- AUBANK has cut term deposit rates by 25bp; the SA rate was rationalized, but it is difficult to cut the rate further due to competitive pressures.
- Of the incremental book, 70-80% of the book of MFI would be covered by the CGFMU scheme. Credit costs on credit cards should be in the range of 6-7% by 2HFY26, while 1H credit costs will remain elevated.
- Credit costs on total assets are expected to decline from 1.3% in FY25 to 85bp in FY26 and 75bp in FY27.

Valuation and view

AUBANK reported a healthy quarter with a beat in earnings fueled by healthy other income, which was partially offset by provisions that increased sharply as the bank strengthened its PCR. Margins contracted 6bp QoQ, and management remains watchful on NIM due to the pressure on yields amid the ongoing rate cuts by the RBI. On the business front, both advances and deposits grew at a healthy rate. As a result, the C/D ratio declined to 86.2%. Asset quality improved with slippages declining sequentially (though they stood elevated). Management expects credit costs to remain elevated in the near term, but they are likely to improve to 85bp (as % of avg. assets) in FY26. The conversion to a universal bank is expected in the current year, which will further enable healthy growth and strengthen the bank's market positioning. We raise our earnings estimates by 4%/6% for FY26/27 and expect the bank to deliver an RoA/RoE of 1.71%/17.7% by FY27. **Reiterate BUY with a revised TP of INR775 (based on 2.5x FY27E BV).**

Quarterly performance **(INR b)**

	FY24				FY25				FY25	FY26E	FY25E	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Interest Income	**12.5**	**12.5**	**13.2**	**13.4**	**19.2**	**19.7**	**20.2**	**20.9**	**80.1**	**96.3**	**21**	**0.7**
% Change (Y-o-Y)	27.7	15.3	14.9	10.2	54.1	58.1	52.7	56.6	55.4	20.2	55.5	
Other Income	3.2	4.1	4.5	5.6	5.1	6.4	6.2	7.6	25.3	30.6	7	12.1
Total Income	**15.6**	**16.6**	**17.7**	**18.9**	**24.3**	**26.1**	**26.4**	**28.5**	**105.4**	**126.9**	**28**	**3.5**
Operating Expenses	10.2	10.3	11.2	12.3	14.8	14.8	14.4	15.6	59.6	74.6	16	0.5
Operating Profit	**5.5**	**6.3**	**6.6**	**6.6**	**9.5**	**11.3**	**12.0**	**12.9**	**45.8**	**52.3**	**12**	**7.4**
% Change (Y-o-Y)	38.6	26.0	18.2	16.3	74.3	80.0	83.4	94.6	87.9	14.1	81.1	
Provisions	0.3	1.0	1.6	1.3	2.8	3.7	5.0	6.4	17.9	15.7	6	10.5
Exceptional item	-	-	-	0.8	-	-	-	-	-	-	0	
Profit before Tax	**5.1**	**5.3**	**5.0**	**4.5**	**6.7**	**7.6**	**7.0**	**6.6**	**27.9**	**36.6**	**6**	**4.6**
Tax	1.3	1.3	1.2	0.8	1.7	1.9	1.7	1.5	6.8	9.1	2	-1.4
Net Profit	**3.9**	**4.0**	**3.8**	**3.7**	**5.0**	**5.7**	**5.3**	**5.0**	**21.1**	**27.5**	**5**	**6.5**
% Change (Y-o-Y)	44.4	17.3	(4.5)	(12.7)	29.9	42.1	40.8	35.9	37.2	30.7	27.5	
Operating Parameters												
Deposit (INR b)	693.2	757.4	801.2	871.8	972.9	1,096.9	1,122.6	1,242.7	1,242.7	1,548.4	1,191.5	
Loan (INR b)	628.6	641.7	667.4	731.6	896.5	948.4	995.6	1,070.9	1,070.9	1,331.2	1,066.5	
Deposit Growth (%)	26.9	29.8	31.1	25.7	40.4	44.8	40.1	42.5	42.5	24.6	42.5	
Loan Growth (%)	29.2	24.0	20.0	25.2	42.6	47.8	49.2	46.4	46.4	24.3	46.4	
Asset Quality												
GNPA (%)	1.8	1.9	2.0	1.7	1.8	2.0	2.3	2.3	2.3	2.3	2.5	
NNPA (%)	0.6	0.6	0.7	0.6	0.6	0.8	0.9	0.7	0.7	0.7	0.9	
PCR (%)	69.0	69.1	66.0	67.6	65.1	62.8	61.2	68.1	68.0	71.0	62.2	

E: MOFSL Estimates

Blue Dart Express

BSE SENSEX	S&P CNX
78,553	23,852

BLUE DART

Stock Info

Bloomberg	BDE IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	150.8 / 1.8
52-Week Range (INR)	9489 / 5365
1, 6, 12 Rel. Per (%)	5/-20/-3
12M Avg Val (INR M)	268
Free float (%)	25.0

Financials Snapshot (INR b)

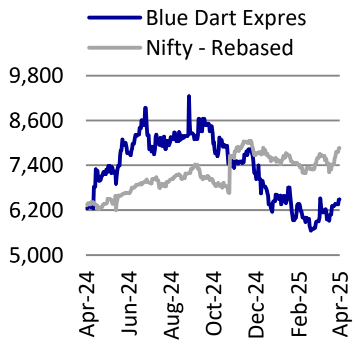
Y/E March	2025E	2026E	2027E
Net Sales	58.1	66.4	77.4
EBITDA	5.3	7.7	9.6
Adj. PAT	2.7	4.3	5.6
EBITDA Margin (%)	9.1	11.5	12.4
Adj. EPS (INR)	115.5	181.4	234.1
EPS Gr. (%)	-5.0	57.0	29.1
BV/Sh. (INR)	661.8	783.2	957.2
Ratios			
Net D/E (x)	-0.1	-0.1	-0.1
RoE (%)	18.2	25.1	26.9
RoCE (%)	20.1	26.7	28.2
Payout (%)	51.9	33.1	25.6
Valuations			
P/E (x)	56.2	35.8	27.7
P/BV (x)	9.8	8.3	6.8
EV/EBITDA (x)	27.8	18.9	14.8
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	1.4	1.9	2.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	13.0	12.5	11.7
FII	5.5	6.0	5.4
Others	6.5	6.5	7.9

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR6,492 TP: INR7,500 (+15%) Buy

Drop in ATF price and price hikes to support margins

Demand improvement and network expansion long-term growth drivers

- **Air express logistics companies benefit significantly from a reduction in the prices of aviation turbine fuel (ATF) as ATF costs account for 35-45% of their total operating costs. ATF price declined 6% MoM (-12% YoY) in Apr'25 to INR83,575/kl. A decline in ATF prices translates into lower per-flight operating expenses, leading to immediate improvements in EBITDA and operating margins.**
- **For a company like Blue Dart Express (BDE), which operates a fixed schedule of flights daily, these savings are realized at scale and can meaningfully enhance profitability.**
- **Moreover, reduced ATF prices contribute to higher aircraft utilization, as operating additional routes or increasing flight frequency becomes more cost-effective. This not only enhances the return on fixed assets like aircraft, but also allows the company to grow its network without proportionally increasing its cost base.**
- **Further, BDE has announced price hikes ranging from 9% to 12%, effective Jan'25. This would help cover several inflationary costs and improve its margin profile further. With improved demand, BDE expects the price hike to be comfortably passed on to its customers.**
- **With lower ATF prices and its annual general price increase, we expect BDE's margins to improve going forward. Volumes are projected to improve as new aircraft are stabilizing and routes like Guwahati have been added to the network. EBITDA margin has started to expand as capacity utilization has improved and BDE has shifted some volumes from the third-party cargo to its own aircraft. We reiterate our BUY rating with a TP of INR7,500 (based on 18x FY27E EV/EBITDA).**

New routes ramping up; strong growth in surface/ecommerce

- Capacity utilization of new aircraft is expected to pick up further, leading to better efficiency and higher margins. New routes, like Guwahati, are starting to ramp up and should pick up pace in the coming quarters.
- BDE continues to expand in the surface express segment, which forms 30% of its total revenues. The surface express segment is expected to be a key growth driver for BDE as it is expected to grow faster than the air segment.

Market leadership in air express; focusing on gaining market share in e-commerce

- BDE enjoys a ~60% market share in the organized air express segment (as of FY22) and has been gaining market share in the surface express segment.
- E-commerce plays a crucial role for BDE as it accounts for one-fourth of the company's total revenue. BDE's strong presence and focus on serving the e-commerce market allow it to leverage the growing online shopping trends.

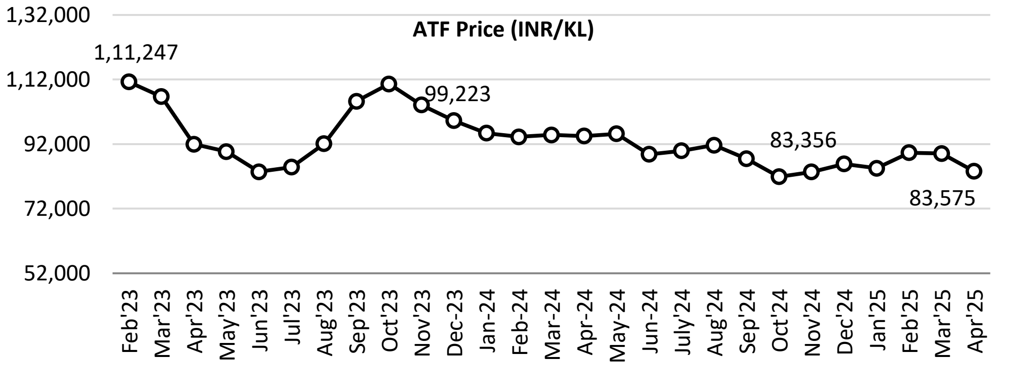
Valuation and view

- Drop in ATF prices, BDE's price hikes, enhanced utilization of newly added aircraft, increased volumes on newly introduced routes, and network expansion should lead to higher volumes and better margins for BDE.
- BDE's standalone EBITDA margin has started to expand as capacity utilization has improved and the company has shifted some volumes from third-party cargo to its own aircraft. **We reiterate our BUY rating with a TP of INR7,500 (based on 18x FY27E EV/EBITDA).**

Lower ATF price to boost margins

- ATF prices declined by 6% MoM (-12% YoY) to INR 83,575/kl in Apr'25, which is likely to support margin expansion for air express logistics companies like BDE.
- Historically, ATF prices tend to move in tandem with Brent crude prices. With Brent expected to remain range-bound amid a subdued global demand environment and relatively limited supply cuts by OPEC, ATF prices are likely to either decline further or remain stable over the next few quarters. This should provide continued cost relief and margin support for air express operators.
- In addition, lower fuel costs improve cash flows and reduce working capital requirements. With less capital tied up in day-to-day operations, air express companies like BDE have more financial flexibility to invest in strategic areas, such as network expansion, aircraft addition, infrastructure upgrade, or technology enhancement.

ATF price has been on a declining trend



Source: Company, MOFSL

Network presence

- BDE boasts a strong parentage and an enviable network that serves more than 56,000 locations, backed by a fleet of eight aircraft and 33,400+ vehicles.
- The company has 2,280+ facilities and hubs across India, which help BDE serve 99% of the pin codes. It plans to further strengthen and consolidate its air and ground infrastructure, expand its reach, and offer the best-in-class transit times.

Mahindra & Mahindra Financial

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	MMFS IN
Equity Shares (m)	1236
M.Cap.(INRb)/(USDb)	342.4 / 4
52-Week Range (INR)	343 / 238
1, 6, 12 Rel. Per (%)	-8/0/-9
12M Avg Val (INR M)	867

Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	97.1	113.4
PPP	47.7	58.9	70.5
PAT	23.5	28.8	36.2
EPS (INR)	19.0	23.3	29.3
EPS Gr. (%)	33	23	26
BV/Sh.(INR)	160	177	200
Ratios			
NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	39.3	37.9
RoA (%)	1.9	2.0	2.2
RoE (%)	12.4	13.8	15.6
Payout (%)	34.2	30.0	27.3
Valuations			
P/E (x)	14.6	11.9	9.4
P/BV (x)	1.7	1.6	1.4
Div. Yield (%)	2.3	2.5	2.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.2	52.2	52.2
DII	31.3	31.2	28.6
FII	10.7	10.5	12.1
Others	5.8	6.1	7.2

FII Includes depository receipts

CMP: INR277 TP: INR335 (+21%) Buy

Operationally weak; NIM contraction a negative surprise

Earnings in line; NIM contracted ~15bp QoQ

- Mahindra & Mahindra Financial's (MMFS) 4QFY25 PAT declined ~9% YoY to ~INR5.63b (in line), while FY25 PAT grew ~33% YoY to INR23.4b. NII in 4QFY25 stood at INR19.3b (in line) and grew ~6% YoY. Other income rose ~43% YoY to ~INR2.3b, aided by healthy improvement in fee income.
- NIM (calc.) contracted ~15bp QoQ to ~6.6%, primarily due to yield compression, which also reflected the impact of a one-time calibration in the computation of interest income. Annualized credit costs stood at ~1.6% (PQ: ~3bp and PY: ~1.4%).
- Opex stood at ~INR9.4b (up ~18% YoY) and the cost-income ratio stood at ~44% (PQ: ~42% and PY: ~40.5%). Management indicated that a few one-off expenses in 4Q contributed to elevated opex during the quarter. PPoP stood at ~INR12.1b (~5% miss) and grew ~3% YoY.
- Management expressed a cautiously optimistic outlook for FY26, considering recent demand trends and the sustained collection rigor in the Wheels segment (echoing the views outlined in our recent Vehicle Finance Report). MMFS guided for mid-to-high teen loan growth over the next 3-5 years (medium term). We model loan growth of ~15% in FY26 and ~14% loan CAGR over FY25-FY27E.
- MMFS acknowledged the challenging macro environment and noted that it has had to intensify its collection efforts. The company guided for through-cycle credit costs of ~1.3-1.7%. We have cut our FY26/FY27 PAT estimates by 5%/4% to factor in lower loan growth and slightly higher credit costs for MMFS. We estimate a ~24% PAT CAGR over FY25-FY27E, with FY27E RoA/RoE of 2.2%/16%. **Reiterate BUY with a TP of INR335 (based on 1.7x Mar'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity and a change in the product mix, b) weakening of auto demand resulting in muted loan growth, and 3) continued volatility in PCR and credit costs, consistent with prior trends.

NIM contracts ~15bp QoQ due to moderation in yields

- Yields (calc.) declined ~30bp QoQ to ~14.1%, while CoF (calc.) declined ~20bp QoQ at 7.7%, leading to a ~10bp contraction in spreads. MMFS implemented changes to its LOS and LMS during the year, along with a one-time recalibration to ensure that interest income is charged to customers from the disbursement date rather than the agreement date. This resulted in a one-time impact on yields during the quarter.
- NIM (calc.) contracted ~15bp QoQ to ~6.6%. Management believes that NIMs have bottomed out and will exhibit a gradual improvement. NIM recovery is expected to be supported by a combination of rising fee income, lower cost of funds, and an improved product mix driven by higher growth in tractors.
- We expect the company's NIM to improve in the current declining interest rate environment, with an estimated expansion of ~10bp each in FY26/FY27 to ~6.8%/6.9%.

Key takeaways from the management commentary

- Management indicated that a well-structured, calibrated plan is in place to drive sustainable growth in the non-wheels business segment. Over the next 3-5 years, the company targets to maintain the Wheels business at ~75% of the loan mix, while increasing the combined contribution of the SME, Leasing, and Mortgage businesses to ~25%.
- MMFS aims to increase the share of pre-owned vehicle disbursements to ~20% of the overall disbursement mix (up from the current level of 17%).
- The company plans to focus on reviving its housing subsidiary, MRHFL, with the intention of repositioning it as an affordable housing business. All necessary provisions have been recognized, and management expects the subsidiary's performance to improve going forward.

Valuation and view

- MMFS delivered a soft quarter with tepid disbursements, leading to subdued AUM growth. NIMs contracted sequentially due to a moderation in yields. Despite being the seasonally strongest quarter, the asset quality exhibited no significant improvement, while write-offs (and loan losses) remained elevated.
- MMFS currently trades at 1.4x FY27E P/BV. The outlook on loan growth and credit costs remains uncertain, with more clarity expected only at the end of 1QFY26. We believe this will be the true acid test for vehicle financiers. With a projected PAT CAGR of ~24% over FY25-FY27E and RoA/RoE of 2.2%/16% in FY27E, we **reiterate our BUY rating with a TP of INR335 (based on 1.7x Mar'27E BV).**

Quarterly Performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25	4Q FY25E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	30,349	31,535	33,733	35,471	36,122	37,448	39,572	40,172	1,31,088	1,53,314	40,955	-2
Interest Expenses	14,505	15,665	16,750	17,351	18,286	19,343	20,459	20,896	64,269	78,983	21,225	-2
NII	**15,844**	**15,870**	**16,983**	**18,121**	**17,836**	**18,106**	**19,113**	**19,276**	**66,818**	**74,331**	**19,730**	-2
YoY Growth (%)	5.3	9.6	9.4	13.2	12.6	14.1	12.5	6.4	9.4	11.2	8.9	
Other income	905	870	1,172	1,590	1,480	1,802	1,872	2,279	4,537	7,433	2,343	-3
Net Total Income	**16,750**	**16,740**	**18,155**	**19,710**	**19,316**	**19,908**	**20,985**	**21,555**	**71,355**	**81,764**	**22,074**	-2
YoY Growth (%)	6.9	8.7	10.1	14.4	15.3	18.9	15.6	9.4	10.1	14.6	12.0	
Operating Expenses	6,750	7,312	7,530	7,980	7,970	7,947	8,768	9,427	29,572	34,113	9,268	2
Operating Profit	**10,000**	**9,428**	**10,625**	**11,730**	**11,345**	**11,961**	**12,217**	**12,128**	**41,783**	**47,651**	**12,806**	-5.29
YoY Growth (%)	5.7	9.2	6.4	24.2	13.5	26.9	15.0	3.4	11.4	14.0	9.2	
Provisions	5,264	6,266	3,284	3,415	4,482	7,035	91	4,571	18,228	16,179	5,119	-11
Profit before Tax	**4,735**	**3,163**	**7,341**	**8,315**	**6,864**	**4,927**	**12,126**	**7,557**	**23,555**	**31,473**	**7,686**	-2
Tax Provisions	1,209	811	1,813	2,126	1,734	1,232	3,131	1,925	5,959	8,022	1,962	-2
Net Profit	**3,527**	**2,352**	**5,528**	**6,190**	**5,130**	**3,695**	**8,995**	**5,631**	**17,596**	**23,450**	**5,725**	-2
YoY Growth (%)	58.2	-47.5	-12.1	-9.5	45.5	57.1	62.7	-9.0	-11.3	33.3	-7.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.9	14.6	14.7	14.7	14.3	14.2	14.4	14.1	14.7	14.2		
Cost of funds (Cal)	7.5	7.6	7.8	7.8	7.8	7.8	7.9	7.7	8.0	8.0		
Spreads (Cal)	7.4	6.9	6.9	7.0	6.5	6.4	6.5	6.4	6.7	6.2		
Credit Cost (Cal)	2.5	2.8	1.4	1.4	1.7	2.6	0.03	1.6	2.0	1.5		
Cost to Income Ratio	40.3	43.7	41.5	40.49	41.3	39.9	41.8	43.74	41.4	41.7		
Tax Rate	25.5	25.6	24.7	25.6	25.3	25.0	25.8	25.5	25.3	25.5		
Balance Sheet Parameters												
Loans (INR B)	832	899	934	992	1028	1085	1116	1162	992	1162		
Change YoY (%)	42.6	29.3	27.2	24.8	30.4	20.6	19.5	17.2	24.8	17.2		
Borrowings (INR B)	790	849	864	922	953	1032	1046	1129	922	1129		
Change YoY (%)	43.6	26.0	21.9	23.1	30.7	21.6	21.0	22.4	23.1	22.4		
Loans/Borrowings (%)	105.4	106.0	108.0	107.6	107.8	105.1	106.7	103.0	108	103		
Debt/Equity (x)	4.5	5.0	4.9	5.1	5.1	5.6	5.5	5.7	5.3	5.7		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.7	40.2	38.5	34.9	37.9	43.1	45.3	44.1	34.9	44.1		
Gross Stage 3 (% on Assets)	4.3	4.3	4.0	3.4	3.6	3.8	3.9	3.7	3.4	3.7		
NS 3 (INR B)	15.0	15.6	14.4	12.9	15.2	17.5	22.6	21.6	12.9	21.6		
Net Stage 3 (% on Assets)	1.8	1.7	1.5	1.3	1.5	1.6	2.0	1.8	1.3	1.8		
PCR (%)	66.9	61.2	62.7	63.2	73.5	59.5	50.1	51.2	63.2	51.2		
ECL (%)	4.0	4.0	3.8	3.3	3.3	3.5	3.0	2.9	3.8	3.2		
Return Ratios (%)												
ROAA	1.4	0.9	2.1	2.2	1.8	1.2	2.8	1.7	1.7	1.9		
ROAE	8.2	5.5	12.8	13.9	11.1	8.0	19.2	11.6	10.4	12.6		

E: MOFSL estimates

Cyient DLM

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	38.1 / 0.4
52-Week Range (INR)	873 / 350
1, 6, 12 Rel. Per (%)	12/-26/-36
12M Avg Val (INR M)	301

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	15.2	18.4	22.8
EBITDA	1.5	1.9	2.6
Adj. PAT	0.7	1.2	1.7
EBITDA Margin (%)	9.6	10.6	11.5
Cons. Adj. EPS (INR)	9.3	15.2	22.0
EPS Gr. (%)	20.8	63.6	44.5
BV/Sh. (INR)	119.7	135.0	157.0
Ratios			
Net D:E	-0.0	-0.3	-0.4
RoE (%)	8.0	12.0	15.1
RoCE (%)	9.1	11.7	15.0
Valuations			
P/E (x)	52	32	22
EV/EBITDA (x)	26	18	13

Shareholding pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	52.2	52.2	66.7
DII	28.7	29.4	12.6
FII	2.4	3.6	7.0
Others	16.8	14.8	13.7

Note: FII includes depository receipts

CMP: INR481 TP: INR600 (+25%) Buy

Slowdown in orders stifles near-term growth visibility

Earnings in line with estimates

- Cyient DLM's (CYIENTDL) 4QFY25 consolidated revenue/EBITDA grew ~18%/51% YoY. EBITDA margins surpassed our estimates, expanding 290bp YoY, led by a favorable product mix, operational efficiencies, and one-offs (~250bp). Standalone revenue (ex of Altek) declined ~6% YoY in 4QFY25.
- The consol. order book continued its downward trend, declining 12% YoY/11% QoQ in 4Q to INR19b. The order book growth continues to remain a key concern; however, the company continues to see strong traction in its pipeline (client additions), with order conversions remaining a key priority for the management.
- We largely maintain our earnings estimates for FY26/FY27. We reiterate our BUY rating on the stock with a TP of INR600 (27x FY27E EPS).

Margin expansion leads to a favorable business mix

- Consol. revenue grew 18% YoY to INR4.3b (est. INR4.6b) in 4QFY25, mainly led by the integration of Altek, while standalone revenue declined ~6% YoY to INR3.4b.
- The medical technology segment witnessed the highest growth (+3.7x YoY), followed by the industrial (+84% YoY) and aerospace (+56% YoY) segments. Meanwhile, the defense segment reported a decline of 43% YoY, driven by the completion of a large order from an Indian customer. The order book stood at ~INR19b as of 4QFY25 (down 12%/11% YoY/QoQ).
- EBITDA margin expanded 290bp YoY to 13.4% (est. 11.8%), while EBITDA grew 51% YoY to INR574m (est. in line). The expansion of EBITDA margin was driven by a favorable product mix, operational efficiencies, and a one-off benefit from purchase price variance claims received from customers (which resulted in a margin expansion of ~250bp). Excluding the one-off, margins expanded ~30bp YoY to 10.8%.
- Adjusted PAT grew 36.5% YoY to INR310m (est. in line).
- In FY25, revenue/EBITDA/adj. PAT grew 27%/31%/21% YoY to INR15.2b/INR1.5b/INR739m. Net debt stood at INR440m vs INR4b as of Mar'24.

Highlights from the management commentary

- **Outlook:** Margins are expected to remain in double digits on a full-year basis, though 1QFY26 may be softer. Debt levels have increased, but interest costs remain flat due to restructuring and the nature of the long-term, dollar-denominated debt.
- **Altek**: The integration of Altek is now fully complete. Cost pressures on the Altek side of the business are minimal as it is involved in high-value products, making it less price-sensitive compared to high-volume manufacturers.
- **Order book** remains under pressure as consumption growth by major clients outpaces new order growth. However, management anticipates strong traction in the North American market going forward, supported by ongoing discussions with three big global players.

Valuation and view

- We expect growth momentum to slow down in the near term due to subdued order book growth. However, the full integration of Altek is expected to drive healthy financial performance.
- In the medium to long term, CYIENTDL is set to benefit from industry tailwinds, with India expected to maintain its growth momentum, supported by a competitive advantage stemming from tariff wars. Additionally, with the acquisition of Altek, the company can mitigate tariffs by leveraging its facility for onshore production and final assembly. Through its manufacturing operations in India, CYIENTDL can offer a cost-effective, low-tariff alternative for sourcing key components and assemblies to its customers.
- We estimate CYIENTDL to report a CAGR of 22%/34%/54% in revenue/EBITDA/adj. PAT over FY25-27E. We reiterate our BUY rating on the stock with a TP of INR600 (27x FY27E EPS).

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Gross Sales	**2,171**	**2,918**	**3,210**	**3,618**	**2,579**	**3,895**	**4,442**	**4,281**	**11,919**	**15,196**	**4,632**	**-8**
YoY Change (%)	27.6	71.5	49.7	30.5	18.8	33.4	38.4	18.3	43.2	27.5	28.0	
Total Expenditure	1,972	2,683	2,916	3,238	2,379	3,578	4,081	3,706	10,809	13,745	4,087	
EBITDA	**200**	**235**	**294**	**380**	**200**	**316**	**361**	**574**	**1,110**	**1,452**	**545**	**5**
Margins (%)	9.2	8.1	9.2	10.5	7.8	8.1	8.1	13.4	9.3	9.6	11.8	
Depreciation	48	55	58	62	67	69	100	105	223	341	105	
Interest	91	76	83	94	80	110	100	86	344	375	105	
Other Income	9	93	93	83	89	71	69	33	278	262	99	
PBT before EO expense	**70**	**198**	**247**	**307**	**142**	**209**	**230**	**417**	**821**	**997**	**434**	
Extra-Ord expense	0	0	0	0	0	0	80	0	0	80	0	
PBT	**70**	**198**	**247**	**307**	**142**	**209**	**150**	**417**	**821**	**917**	**434**	
Tax	16	51	63	80	36	54	40	106	209	236	109	
Rate (%)	23.3	25.9	25.3	25.9	25.2	26.0	26.8	25.5	25.5	25.8	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**54**	**147**	**184**	**227**	**106**	**155**	**110**	**310**	**612**	**681**	**325**	
Adj PAT	**54**	**147**	**184**	**227**	**106**	**155**	**168**	**310**	**612**	**739**	**325**	**-4**
YoY Change (%)	-15.2	106.4	222.9	80.7	97.7	5.5	-8.7	36.5	92.9	20.8	42.7	
Margins (%)	2.5	5.0	5.7	6.3	4.1	4.0	3.8	7.3	5.1	4.9	7.0	

RESULTS FLASH

22 April 2025

Results Flash | Sector: Telecom

Tata Communications

BSE SENSEX	S&P CNX
79,596	24,167

Conference Call Details

Date: 23rd April 2025

Time: 12:30PM IST

Financials & Valuations

INR b	FY25	FY26E	FY27E
Net Sales	231.1	252.0	268.8
EBITDA	45.7	51.9	58.5
Adj. PAT	9.3	13.9	19.2
EBITDA Margin (%)	19.8	20.6	21.8
Adj. EPS (INR)	32.8	48.8	67.4
EPS Gr. (%)	-22.4	48.7	38.3
BV/Sh. (INR)	101.5	149.7	200.1
Ratios			
Net D:E	3.7	1.9	1.1
RoE (%)	39.9	38.8	38.6
RoCE (%)	11.4	12.6	15.2
Payout (%)	0.0	33.3	39.5
Valuations			
EV/EBITDA (x)	12.3	10.4	8.9
P/E (x)	48.7	32.8	23.7
P/BV (x)	15.7	10.7	8.0
Div. Yield (%)	0.0	1.0	1.7

CMP: INR1,599 — Neutral

Growth recovers but weaker margins lead to 8% EBITDA miss

- 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 weaker gross margins 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 and YoY growth in core-connectivity.
- Consolidated adjusted EBITDA declined 3% QoQ (+4% YoY) to INR 11.2b (~8% miss), driven by higher network costs (+8% QoQ), likely due to increased costs related to cable repairs.
  - **Consolidated adjusted EBITDA margin contracted 125bp QoQ (-35bp YoY) to 18.7%** (175bp miss), driven by a weaker gross margin (lower net revenue) and rising contribution of lower-margin digital portfolio.
- Reported consol. PAT including discontinued operations came in at INR10.4b, driven by gains on the sale of land to STT Telemedia (INR6.6b). Further, TCOM booked gains of ~INR3.1b on the completion of the sale of TCPSL (ATM business). Adjusted for the same, PAT on a like-for-like basis was lower than our estimate on account of lower EBITDA.
- Net debt moderated to INR94b (vs. INR105b QoQ) following the receipt of proceeds from the sale of land and TCPSL.
- Committed capex moderated to ~INR6 in 4Q (vs. INR7.5b in 3Q), while cash capex was up ~50% QoQ to INR7.4b.
- Reported RoCE (annualized) declined further to 15.9% vs 16% in 3Q.

Segmental details: 4Q data revenue up ~10% YoY, driven by ~17% YoY growth in the digital portfolio

Data segment:

- Gross revenue at INR51b (+4% QoQ, +10% YoY) came broadly in line with our estimates.
  - Core-connectivity revenue grew 3% QoQ to INR26.6b (+3% YoY) on account of a modest recovery in the Enterprise business (+4% QoQ, +6% YoY).
  - **Digital portfolio revenue was up 6% QoQ (+17% YoY)** to INR24.4b (~2% beat), driven by higher growth in Cloud (+29% YoY, 9% beat), Incubation (+50% YoY, 14% beat), and Media (+14% YoY, 12% beat). Next-gen connectivity grew 24% YoY (+4% QoQ, in line), while Collaboration and CPaaS grew 9% YoY (4% miss).
- However, net revenue at INR29.1b grew at a modest 2% YoY (-1% QoQ), as net revenue from the digital portfolio declined ~5% QoQ and increased by a modest ~2% YoY.
- Data EBITDA at INR8.9b (-5% QoQ, +4% YoY) was ~8% below our estimate. EBITDA margin contracted 170bp QoQ (-90bp YoY, 170bp miss), driven by lower gross margin and the rising share of lower-margin digital portfolio in the data mix.

Voice: Voice revenue at INR3.7b declined ~9% QoQ (and -13% YoY, 7% miss). Voice EBITDA declined 9% QoQ (flat YoY) to INR440m (7% miss), as margin remained stable QoQ at 11.8% (in line).

Others:

- The Campaign Registry (TCR) revenue was up by a further ~6% QoQ to INR1.8b (3% miss), while EBITDA declined ~2% QoQ to INR1.3b (11% miss), as margins contracted to ~73% (vs. 78% QoQ).
- TCTSL revenue was up ~15% QoQ (-20% YoY on the exit of an unprofitable contract), while EBITDA saw a sharper increase of ~62% QoQ to ~INR350m, as margin expanded ~340bp QoQ.

FY25 performance:

- Consolidated gross revenue rose 11% YoY to INR231b, driven by growth in the digital portfolio and also boost from the full-year consolidation of Switch and Kaleyra (consolidated from Oct'23).
- Data revenue was up ~14% YoY, driven by:
  - 29% YoY growth in the digital portfolio, supported by 12-13% YoY growth in the Cloud and Next-gen connectivity and full-year consolidation of Kaleyra.
  - Core-connectivity grew by a modest ~2.8% YoY, impacted by cable cuts in the Red Sea.
- Consolidated EBITDA was up ~6% YoY to INR45.7b, as margin contracted further ~100bp YoY to 19.8% due to an adverse mix and impact from loss-making acquisitions.
- Data EBITDA at INR36.5b declined ~3% YoY as margins contracted further ~320bp YoY to 18.7%

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

Segmental results (INR m, %)

	4QFY24	3QFY25	4QFY25	QoQ (%)	4QFY25	vs. est
Gross revenue	**56,917**	**57,981**	**59,903**	**3.3**	**59,739**	**0.3**
Voice	**4,290**	**4,105**	**3,741**	**(8.9)**	**4,022**	**(7.0)**
Data	**46,559**	**49,032**	**50,961**	**3.9**	**50,673**	**0.6**
Core connectivity	25,736	25,903	26,562	2.5	26,765	(0.8)
Digital portfolio	20,823	23,130	24,399	5.5	23,907	2.1
Digital Platforms and services	19,670	21,661	22,670	4.7	22,395	1.2
Incubation services	1,153	1,468	1,729	17.7	1,512	14.3
Others	**6,069**	**4,843**	**5,201**	**7.4**	**5,045**	**3.1**
Rentals	568	577	438	(24.2)	560	(21.8)
TCTSL	3,704	2,561	2,955	15.4	2,625	12.6
TCR	1,380	1,705	1,808	6.0	1,860	(2.8)
Net revenue	**32,378**	**33,342**	**33,305**	**(0.1)**	**34,530**	**(3.5)**
Voice	**991**	**981**	**916**	**(6.6)**	**968**	**(5.4)**
Data	**28,528**	**29,453**	**29,102**	**(1.2)**	**30,456**	**(4.4)**
Core connectivity	20,587	20,902	21,008	0.5	21,546	(2.5)
Digital portfolio	7,941	8,551	8,093	(5.4)	8,910	(9.2)
Others	**2,859**	**2,908**	**3,287**	**13.0**	**3,105**	**5.9**
Rentals	567	576	437	(24.2)	560	(22.0)
TCTSL	912	788	1,205	52.9	853	41.2
TCR	1,226	1,544	1,646	6.6	1,692	(2.8)
EBITDA	**10,563**	**11,810**	**11,221**	**(5.0)**	**12,241**	**(8.3)**
Voice	**440**	**483**	**440**	**(9.0)**	**474**	**(7.3)**
Data	**8,573**	**9,413**	**8,910**	**(5.3)**	**9,717**	**(8.3)**
Others	**1,550**	**1,914**	**1,871**	**(2.2)**	**2,050**	**(8.7)**
Rentals	329	364	207	(43.1)	350	(40.8)
TCTSL	152	215	350	62.4	230	51.7
TCR	1,013	1,334	1,314	(1.5)	1,469	(10.6)
EBITDA margin	**18.6**	**20.4**	**18.7**	**(164)bps**	**20.5**	**(176)bps**
Voice	**10.3**	**11.8**	**11.7**	**(2)bps**	**11.8**	**(4)bps**
Data	**18.4**	**19.2**	**17.5**	**(171)bps**	**19.2**	**(169)bps**
Others	**25.5**	**39.5**	**36.0**	**(354)bps**	**40.6**	**(466)bps**
Rentals	58	63	47	(1,576)bps	63	(1,514)bps
TCTSL	4.1	8.4	11.8	342 bps	8.8	305 bps
TCR	73.5	78.2	72.7	(556)bps	79.0	(632)bps

Paras Defense : Co will manufacture critical magnets for India's first indigenous MRI machines; Amit Mahajan, Director

- Magnets for MRI Machines: First Medical tech line starts with a core imaging component
- Co Has co – developed MRI Magnet technology in close consultation with IUAC and International experts
- Indian MRI Market is estimated at $326.85 m in 2025
- Expected to reach $439.67m by 2030 at CAGR of 6.5%

Read More

Federal Bank : Higher liquidity will be available to banks to manage loan growth; Harsh Dugar, ED

- Growth for banks to be come back from next 1 or 2 Quarter for Retail side
- 6% additional liquidity will boost overall growth of deposit
- Credit growth to be boosted, around 1-1.5% system growth
- Higher liquidity will be available to banks to manage loan growth

Read More

Rajratan Global Wire : Expect Capital Utilisation To Improve In Chennai In The Coming Quarters; Sunil Chordia, Chairman & MD

- Chennai capacity to grow from hereon, Will boost cos financials
- Chennai Business in coming FY should cross 15% volume growth
- Will take 1 year to complete new wire rope project
- No negative impact by US Tariffs

Read More

Interarch Building Solutions : Expect To Receive More Orders Next Year Due To Capacity Expansion; Arvind Nanda, Managing Director

- BIG Order Win: Gets Rs300 Cr order from a tyre manufacturing company
- Capacity Expansion: Next leg of expansion under finalization should be in west
- Execution should finish in next 12 months

Read More

Intl Gemmological Institute. : Natural Diamond Revenue Mix Is Seen At 15-18.5%; Eashwar Iyer, CFO

- Lab Grown Demand and Natural diamond jewellery seems to be positive from Indian Clients
- Average realised price at Rs950, 12% On LGD Certification pricing changes in April
- Lab Grown is more about volume game, Increasing customer pie due to affordability
- Natural Diamond Revenue Mix Is Seen At 15-18.5%

Read More

NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	**Companies where there is interest**
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under

applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.