

### Midnight News Update – May 02nd 2025

Ather Energy may have been India's first IPO after 75 days, but the response was tepid. The ₹2,981 crore IPO of Ather Energy got subscribed just 1.43 times overall. QIB portion got subscribed 1.70 times while retail portion got subscribed 1.78 times. The HNI / NII portion got just 66% subscription as funded bids were missing. Incidentally, Ather Energy IPO had raised ₹1,340 crore or 45% of the issue size from anchor investors, a day ahead of IPO opening. Investors are sceptical about loss-making new age business models.

When Mark Mobius talks, investors listen; so, investors are worried that he is sitting on 95% cash. Ideally, Mobius wants to sit out the current trade related uncertainty, which he expects to persist for, at least, 6 months. Mobius is a 30-year veteran of investing in emerging markets and most fund managers follow his views closely. Incidentally, Mobius expects that Indian economy would benefit at the expense of China, as global supply chains get reworked. However, Mobius does not foresee any major crash in the markets.

Eternal Ltd (the parent of Zomato) reported -77% lower net profits of ₹39 crore for Q4FY25. However, revenues from operations continued to grow at ₹5,833 crore in Q4. Its quick-commerce arm, Blinkit, is on track to reach 2,000 stores by December 2025. Eternal also announced that it was shutting Zomato Quick and Zomato Everyday service due to lack of clear path to profitability. Figures looked better for FY25. For fiscal FY25, operating revenues were up 67% at ₹20,243 crore, and net profits spiked 139% at ₹697 crore.

April 2025 saw Goods and Services Tax (GST) collections spike by 12.6% to an all-time high of ₹2.37 Trillion. This is the highest since GST was rolled out in July 2017. While domestic transactions contributed ₹1.90 Trillion, the balance ₹0.47 Trillion came from imported goods. Even after adjusting for refunds, the net GST collection were up 9.1% at ₹2.09 Trillion. It must be noted that April GST collections pertain to transactions of March 2025. It is a sign of economic resilience in the midst of global economic uncertainty.

Sridhar Vembu, the celebrated Indian entrepreneur and founder of Zoho, has put off their \$700 million plan to foray into chip manufacturing. This could be a setback to the ambitious semiconductor plans of the Indian government. According to Vembu, Zoho struggled to find the right technology partner to advise on the complex chip making process. Ironically, even the Adani group has paused its discussions with the Israel Tower Semiconductor for its \$10 billion chip project following an internal evaluation by its experts.

According to CRISIL Ratings, return on Assets (ROA) of Indian banks may have peaked at 1.3% last year and would gradually taper by up to 20 bps in next couple of years. This is likely to be driven by contraction in net interest margins (NIMs), as interest rates on loans will fall faster than deposit rates. Nearly 45% of loans are linked to an external benchmark, and get repriced rapidly after rate cuts. However, lower FD rates would only apply to incremental deposits and renewals. This is likely to create a negative ROA gap.

In the international market, gold has corrected more than 7% from \$3,500/oz to \$3,232/oz as the gold silver ratio has readjusted itself in the last few weeks. However, international gold prices are still up by over 40% in the last one year. Trump tariffs had fuelled economic uncertainty and that fuelled the rally in gold this year. However, the pause in tariffs and potential US trade deals with India, South Korea, and Japan, may limit the risk. The First advance estimate of Q1-2025 GDP saw real growth contract by -0.3%.

Adani Enterprises Ltd reported 7.5x higher net profits in Q4FY25 at ₹3,845 crore. However, this was driven by a one-time gain of ₹3,286 crore from stake sale in Adani Wilmar to its Singapore partner. Some help also came from strong growth in solar manufacturing and airports. Adani Enterprises is holding company and also the incubator of new businesses for the Adani group. EBITDA for the solar and airports business increased 73% and 44% respectively. While trading income fell, emerging infrastructure business offset it.

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