

Midnight News Update – Jan 17th 2025

Reliance Industries announced its Q3FY25 results with net profits up 7.4% to ₹18,540 crore. Revenues were also up 6.6% at ₹2.39 trillion. Both the top line and bottom line came ahead of street expectations. The big surge in profits came from the digital business, thanks to higher telecom tariffs, with ARPUs at ₹203 in the quarter. Retail was the second fastest growing business of Reliance. Even O2C reported 6% surge in revenues and 2.4% spike in EBITDA. However, O2C exports of Reliance was down 9.3% in Q3FY25.

RBI has said that the application by Tata Sons for de-registration as an NBFC was under review and its name has been included in the latest list of Upper Layer NBFCs in India. However, RBI clarified that a final decision on the subject was yet to be taken. RBI has classified Tata Sons as a core investment company (CIC) and if it is not de-registered as an NBFC, under RBI regulations, Tata Sons will have to come out with IPO by September 2025. RBI imposes stringent transparency & governance norms on upper layer NBFCs.

For the third quarter, Infosys announced 11.4% growth in net profits at ₹6,806 crore and 7.6% growth in its revenues at ₹41,764 crore. This has been largely driven by a pick-up in discretionary spending in the US and European markets. For the third time in recent quarters, Infosys has scaled up its constant currency guidance for revenue growth to the range of 4.5%-5.0%. Both revenues and profits were above street estimates. It also held its margin guidance at 20%-22%. Total Contract Value (TCV) in Q3 was \$2.5 billion.

For the second day in a row, shares of Adani group rallied by 8% to 10% on the back of Hindenburg winding up. The decision to liquidate Hindenburg was announced via X (formerly Twitter). Over the last 2 years, the Adani group had come for some heavy short selling by the Hindenburg group and its friends. The gains were seen across all Adani stocks, including Ambuja Cements and ACC also. Hindenburg had alleged that Adani group had indulged in stock manipulation. However, they never produced evidence to back claims.



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Axis Bank reported a 4% rise in net profits for Q3FY25 at ₹6,304 crore. Net interest income (NII) was up 8.6% yoy at ₹13,606 crore while the net interest margins (NIMs) stood at a relatively healthy level of 3.93% in the quarter. Core operating profits were up 14% at ₹10,102 crore. Both deposits and loans grew by 9% and 8.8% respectively, the lowest level seen in 15 quarters. Profits were lower than street estimates. Gross NPAs inched up to 1.46%, while net NPAs were flat at 0.35%; with 90% of the slippages being retail.

According to mutual funds data put out by AMFI, the Arbitrage funds (part of hybrid funds) have generated returns of 9% in 2024, the best returns ever generated in any year. Last year, arbitrage funds had given 8% returns. In the recent past, a lot of liquid fund money had been flowing into arbitrage funds due to the higher returns amidst volatility and the more favourable tax treatment of arbitrage fund gains. These funds typically buy in the cash market and sell equivalent futures to lock in the spread as assured return.

According to a report by PropTiger, housing sales in the top 8 cities in India was down 26% to 1,06,038 units in the Dec-24 quarter although the full year figure for 2024 was still up by 6%. The 8 cities included in the study were Mumbai, Delhi-NCR, Bengaluru, Hyderabad, Chennai, Kolkata, Pune, and Ahmedabad. The December quarter did see sequential growth due to the festive season, but yoy growth was still down due to high inflation and a liquidity crunch in the market. Home buying may be cautious amidst high rates.

The Indian Navy has signed a ₹2,960 crore deal for the supply of MRSAM missiles with Bharat Dynamics Ltd (BDL). This is a big leap for BDL in terms of improving its defence capability. Medium range surface to air missiles (MRSAM) with enhance maritime security. This is a counter measure against aerial attacks, drone attacks, and guided missiles. BDL manufactures the MRSAM under collaboration between DRDO and Israel Aerospace Industries. The missile is considered extremely versatile in various combat scenarios.



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