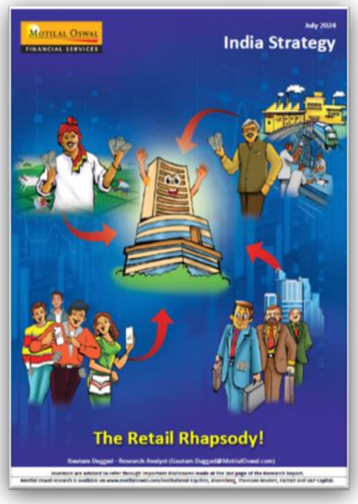
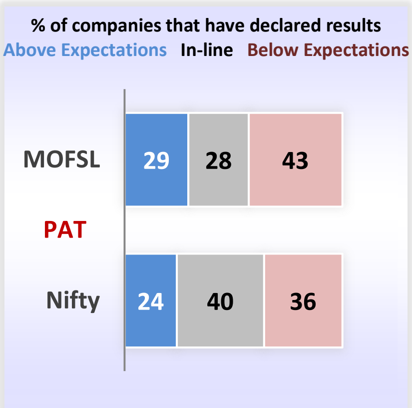
India Strategy

BSE Sensex: 79,106 | **Nifty-50: 24,144**

Refer to our Jun'24
Quarter Preview



1QFY25: Expectations vs. delivery



Earnings review – 1QFY25: A muted quarter, as expected!

OMC's drag 1Q; Nifty EPS cut 1.7%/1% for FY25/26

- **OMCs temper corporate earnings:** The 1QFY25 corporate earnings came in line, with overall growth primarily propelled once again by domestic cyclicals. Notable contributions were witnessed from the Healthcare, Real Estate, Capital Goods, and Metals sectors. In contrast, earnings growth was adversely affected by OMCs.
- **Domestic cyclicals ignite resilience:** The aggregate earnings of the MOFSL Universe companies were in line with our expectations and grew 1% YoY (vs. our est. of -1% YoY). Earnings for the Nifty-50 rose 4% YoY (vs. our est. of +3%). The aggregate performance was hit by a drag from OMCs. Excluding OMCs, the MOFSL Universe and Nifty posted 12% and 9% earnings growth vs. expectations of +10% and +7%, respectively. The overall earnings growth was fueled once again by domestic cyclicals, such as Automobiles (+28% YoY) and BFSI (+16% YoY), with improved contributions from Healthcare (+29% YoY), Real Estate (+62% YoY), and Capital Goods (+23% YoY). Metals also reported a strong earnings growth of 18% YoY (vs. our est. of 1% YoY drop), driven by Vedanta, Hindalco, and Tata Steel. Excluding BFSI, profits for the MOFSL Universe would have declined 6% YoY (vs. our est. of -8% YoY).
- **Heavyweights on the march:** Nifty delivered a 4% YoY PAT growth (vs. our est. of +3%). **Nifty reported first quarter of a single digit EBITDA growth (5%) in four years, (last time Nifty posted single digit EBITDA growth in Sep'20). Also, 4% PAT growth is the lowest since the Pandemic quarter (June'20).** Five Nifty companies – HDFC Bank, Tata Motors, ICICI Bank, Maruti Suzuki, and TCS – contributed 127% of the incremental YoY accretion in earnings. Conversely, BPCL, JSW Steel, ONGC, Reliance Industries, and Grasim Industries contributed adversely to the Nifty earnings.
- **The beat-miss dynamics:** The beat-miss ratio for the MOFSL Universe was unfavorable, with 43% of the companies missing our estimates, while 29% reported a beat at the PAT level. For the MOFSL Universe, the earnings upgrade-to-downgrade ratio has turned weaker for FY25E as 46 companies' earnings have been upgraded by >3%, while 107 companies' earnings have been downgraded by >3%. The earnings upgrade/downgrade ratio of 0.4x was the worst since 1QFY21. EBITDA margin of the MOFSL Universe (ex-Financials) contracted 120bp YoY to 16.3%.
- **Report card:** Of the 24 sectors under our coverage, 7/11/6 sectors reported profits above/in line/below our estimates. Of the 263 companies under coverage, 77 exceeded our profit estimates, 113 posted a miss, and 73 were in line.
- **FY25E earnings highlights:** The MOFSL Universe is likely to deliver sales/EBITDA/ PAT growth of 9%/9%/11% YoY in FY25. The Financials and Metals sectors are projected to be the key growth drivers, with 16% and 38% YoY earnings growth, respectively. They are likely to contribute 78% of the earnings growth.
- **Nifty EPS experiences a downgrade of 1.7%/1% for FY25E/FY26E:** The Nifty EPS estimate for FY25 was cut by 1.7% to INR1,115, largely owing to Reliance Industries, ONGC, and BPCL. FY26E EPS was also trimmed by 1% to INR1,316 (from INR1,330) as upgrades in Infosys, Coal India, Tata Motors, and Maruti were offset by downgrades in ONGC, Axis Bank, HDFC Bank, ICICI Bank, and Indusind Bank.

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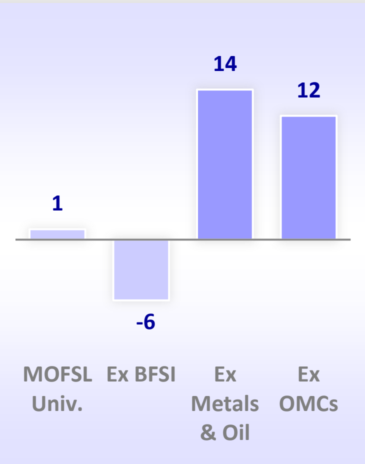
PAT growth YoY in 1QFY25 (%)



- **The top earnings upgrades in FY25E:** Coal India (10.8%), Dr. Reddy's Labs (6.7%), Apollo Hospital (4.4%), Adani Ports (4.3%), and Tata Steel (3.3%).
- **The top earnings downgrades in FY25E:** BPCL (-16.3%), Bharti Airtel (11%), Hero Motocorp (-9.4%), JSW Steel (-8.2%), and Indusind Bank (-7.7%).

Key sectoral highlights – 1) **Banks:** The banking sector reported a soft quarter amid tepid business growth, NIM moderation, and a slight increase in provisioning expenses, mainly for private banks. NIM contracted for most banks as cost pressures persisted amid intense competition for liabilities and continued pressure on CASA mix. Public sector banks (PSBs) reported a mild compression in margins as new investment guidelines led to better investment yields, which supported margins. 2) **Autos:** OEMs reported ~10% YoY volume growth in 1QFY25, with nearly all the OEMs contributing to this broad-based growth. 2Ws led the way with around 11% YoY growth, followed by PV at 6% YoY growth. CVs and tractors both posted 4% YoY growth. Demand is expected to stay robust during the upcoming festive season, driven by a favorable monsoon and new product launches. 3) **Consumer:** Our coverage universe posted revenue growth of 6% YoY (est. 8%) in 1QFY25 vs. 4% in 4QFY24, showing an improving consumption trend. In the staples sector, demand has been steadily increasing, with signs of growth in rural markets. There is a YoY improvement in volume growth, and further improvement is expected in the coming quarters. 4) **Oil & Gas:** The performance was below our estimate, due to OMCs. Though EBITDA was in line, HPCL, MRPL, PLNG, and AEGISLOG missed our estimates. However, GAIL, GUJS, IGL, IOC, and MGL beat our estimates. Adjusted PAT was 9% below our estimates (down 42% YoY). Adjusted PAT, excluding OMCs, was also 8% below our estimate (down 5% YoY). 5) **Technology:** The IT services companies (MOFSL Universe) reported healthy performance (beating our estimates) in 1QFY25 with a median revenue growth of 1.2% QoQ CC. With a mild recovery in discretionary spending among BFSI clients, their focus is now transitioning from the cost-takeout deals to "high-priority" transformation deals in some pockets. Nonetheless, the overall pressure on discretionary spending persists. 6) **Healthcare:** Our coverage companies (excluding hospitals) reported in-line sales, while EBITDA/PAT beat our estimates by 6% each in 1QFY25. The profitability was driven by: 1) lower raw material costs, 2) reduced intensity of price erosion in US generics, and c) launch of niche products.

- **Our view:** We anticipate the earnings momentum to continue; albeit, the magnitude of its growth is likely to moderate to ~15% over FY24-26. The corporate earnings scorecard for 1QFY25 has met expectations, with heavyweights such as HDFC Bank, Tata Motors, ICICI Bank, Maruti Suzuki, and TCS driving the aggregate. The earnings spread has been decent, with 57% of the MOFSL Coverage Universe either meeting or exceeding profit expectations. However, growth has primarily been led by the BFSI and Auto sectors. The Nifty is trading at a 12-month forward P/E of 20.1x, near to its own long-period average of 20.4x. **Industrials and Capex, Consumer Discretionary, Real Estate, and PSU Banks are our key preferred investment themes.** We remain OW on PSU Banks, Consumption, Industrials, and Real Estate. We recently raised IT to marginal OW from UW, while we cut Auto from OW to UW. We also turned OW on Healthcare from Neutral, while maintaining our UW stance on Private Banks and Energy within our model portfolio.

Exhibit 1: Preferred ideas

	MCap	CMP	EPS (INR)			EPS CAGR (%)	PE (x)			PB (x)			ROE (%)		
Company	(USDb)	(INR)	FY24	FY25E	FY26E	FY24-26	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Preferred large cap stocks															
ICICI Bank	96.7	1,162	58.4	64.1	73.2	12.0	18.8	18.1	15.9	3.3	3.0	2.5	18.9	17.7	17.3
State Bank	85.4	803	75.2	89.4	103.2	17.1	10.0	9.0	7.8	1.7	1.5	1.3	18.8	18.8	18.2
Hind. Unilever	76.2	2,724	43.7	47.9	53.6	10.8	51.9	56.8	50.8	10.4	12.3	11.9	20.2	21.8	23.7
Larsen & Toubro	58.0	3,544	94.5	105.8	136.0	20.0	39.9	33.5	26.1	6.0	5.0	4.3	14.8	15.8	17.8
HCL Technologies	52.6	1,626	57.9	62.5	68.5	8.8	26.7	26.0	23.7	6.1	6.6	6.7	23.5	25.4	28.2
Mahindra & Mahindra	40.7	2,746	88.7	106.4	124.7	18.5	21.7	25.8	22.0	4.4	5.3	4.4	22.3	22.3	21.9
Coal India	37.3	505	60.7	61.9	68.1	5.9	7.1	8.1	7.4	3.2	3.1	2.6	45.2	37.7	34.5
Titan Company	36.1	3,402	39.3	46.0	56.9	20.4	96.9	74.0	59.8	36.1	24.7	19.2	32.9	37.8	36.1
Hindalco	16.6	622	45.6	61.1	63.7	18.1	12.3	10.2	9.8	1.6	1.5	1.3	13.6	15.8	14.4
Mankind Pharma	10.6	2,215	47.8	54.5	62.4	14.4	48.1	40.6	35.5	9.8	8.1	6.9	22.8	21.4	20.9
Preferred midcap/smallcap stocks															
Indian Hotels	10.3	612	8.9	10.5	12.9	20.5	66.7	58.2	47.5	8.9	8.0	6.9	14.4	14.7	15.6
Godrej Properties	9.5	2,871	26.9	52.0	34.4	13.1	85.5	55.2	83.4	6.4	7.0	6.4	7.8	13.5	8.0
Persistent Systems	8.7	4,765	75.1	88.9	114.0	23.2	53.1	53.6	41.8	12.2	12.9	11.1	25.6	25.8	28.9
Ashok Leyland	8.6	246	9.1	11.8	14.6	26.3	18.7	20.8	16.9	5.7	6.9	5.7	31.1	35.9	36.8
Kalyan Jewellers	7.0	569	5.8	8.4	11.3	39.6	73.8	67.5	50.3	10.5	12.1	10.3	15.3	19.3	22.2
KEI Industries	4.6	4,282	64.4	80.0	99.1	24.0	53.7	53.5	43.2	9.9	10.1	8.3	18.5	18.9	19.2
Metro Brands	4.2	1,308	12.7	14.8	18.1	19.2	90.2	88.4	72.3	16.4	15.8	13.4	20.3	19.8	20.5
PNB Housing	2.6	831	58.1	69.8	88.8	23.7	10.8	11.9	9.4	1.1	1.3	1.1	11.6	11.4	13.0
Cello World	2.2	888	15.6	18.7	23.6	23.1	49.7	47.4	37.6	14.3	12.3	9.3	28.8	26.0	24.9
Angel One	2.1	2,114	135.9	179.9	205.8	23.1	22.4	11.8	10.3	8.3	2.9	2.5	43.3	32.9	26.1

Note: LP = Loss to profit; Large Cap, Mid Cap and Small Cap Stocks listed above are as per SEBI categorization

Performance in line: BFSI and Automobiles drive earnings; OMCs drag

- The MOFSL Universe's sales/EBITDA/PBT/PAT grew 7%/3%/2%/1% YoY (vs. est. of +9%/+2%/-1%/-1%). Excluding OMCs, the MOFSL Universe companies recorded sales/EBITDA/PBT/PAT growth of 8%/10%/12%/12% YoY (v/s est. of +9%/9%/9%/10%) in 1QFY25.
- The 1QFY25 corporate earnings met expectations, with overall growth primarily propelled once again by domestic cyclicals. Notable contributions were witnessed from the Healthcare, Real Estate, Capital Goods, and Metals sectors. In contrast, earnings growth was adversely affected by OMCs.
- The banking sector reported a soft quarter amid tepid business growth, NIM moderation, and a slight rise in provisioning expenses, mainly for private banks. NIM contracted for most banks as cost pressures persisted amid intense competition for liabilities and continued pressure on CASA mix. The public sector banks (PSBs) reported a mild compression in margins as new investment guidelines led to better investment yields, which supported margins.
- The EBITDA margin for the MOFSL Universe (ex-Financials) contracted 120bp YoY to 16.3%.
- The gross margin for half of the sectors contracted, while the margin for half expanded in 1QFY25. Seven of the 14 major sectors under MOFSL Coverage reported a contraction in gross margin YoY.

Exhibit 2: Sector-wise 1QFY25 performance of the MOFSL Universe companies (INRb)

Sector (no of companies)	Sales			EBIDTA			PBT			PAT		
	Jun-24	Chg. % YoY	Var. over Exp. (%)	Jun-24	Chg. % YoY	Var. over Exp. (%)	Jun-24	Chg. % YoY	Var. over Exp. (%)	Jun-24	Chg. % YoY	Var. over Exp. (%)
Automobiles (25)	2,903	10	2	410	20	5	304	29	9	223	28	5
Capital Goods (11)	832	13	1	93	20	0	84	19	0	55	23	-1
Cement (11)	527	-1	-2	75	-9	-10	43	-21	-15	33	-20	-6
Chemicals-Specialty (12)	163	3	2	30	-10	0	22	-18	0	16	-19	2
Consumer (18)	860	6	-1	214	5	-4	203	3	-5	151	3	-6
Consumer Durables (5)	193	25	7	19	32	6	19	31	10	14	34	10
EMS (5)	22	54	7	2	23	-10	1	19	-8	1	22	-6
Financials (50)	2,641	13	-2	1,563	13	1	1,271	15	1	946	16	1
Banks-Private (13)	915	17	0	688	18	3	575	17	1	433	17	2
Banks-PSU (6)	880	6	-2	601	4	0	480	11	2	347	13	2
Insurance (6)	501	13	-6	22	11	-13	24	27	-2	23	28	-3
NBFC - Lending (20)	318	20	-1	239	19	-1	177	13	-3	132	12	-4
NBFC - Non Lending (5)	27	74	5	13	90	13	14	92	20	10	69	9
Healthcare (24)	838	12	0	204	23	5	169	31	8	127	29	5
Infrastructure (3)	46	-3	-3	12	-2	-2	7	-5	0	4	-7	1
Logistics (8)	149	10	-3	56	11	-3	40	19	0	34	22	5
Media (3)	46	0	-1	9	-8	-4	8	-8	1	6	-5	6
Metals (10)	2,810	1	-2	535	17	5	380	19	18	267	18	19
Oil & Gas (15)	7,763	4	-6	851	-26	-3	524	-40	-10	369	-42	-9
Ex OMCs (12)	3,561	10	-2	688	1	-3	444	-5	-9	309	-5	-8
Real Estate (11)	117	21	-6	34	43	-4	36	79	29	28	62	18
Retail (19)	512	16	0	56	13	0	30	6	-6	22	6	-7
Staffing (4)	114	10	-2	4	9	-7	2	19	-14	2	7	-21
Technology (12)	1,881	4	0	428	7	2	397	8	3	292	8	2
Telecom (4)	620	3	-1	295	5	0	18	LP	1,894	-22	Loss	Loss
Others (13)	510	7	3	84	-3	19	34	-25	33	31	-30	45
MOFSL Universe (263)	**23,545**	**7**	**-2**	**4,975**	**3**	**1**	**3,589**	**2**	**2**	**2,597**	**1**	**2**
MOFSL Ex Financials (213)	**20,905**	**6**	**-2**	**3,412**	**-1**	**1**	**2,319**	**-4**	**3**	**1,651**	**-6**	**2**
MOFSL Ex Metals & Oil (238)	**12,973**	**9**	**0**	**3,589**	**11**	**1**	**2,686**	**15**	**3**	**1,961**	**14**	**2**
MOFSL Ex OMCs (260)	**19,344**	**8**	**-1**	**4,812**	**10**	**1**	**3,510**	**12**	**3**	**2,537**	**12**	**2**
Nifty (50)	**14,360**	**7**	**1**	**3,525**	**5**	**1**	**2,638**	**4**	**2**	**1,894**	**4**	**1**
Sensex (30)	**10,404**	**8**	**0**	**2,819**	**9**	**1**	**2,061**	**9**	**1**	**1,462**	**9**	**0**

LP: Loss to profit; PL: Profit to loss

Exhibit 3: Earnings at a glance for the MOFSL and Nifty Universes

Sector	PAT (INR b)	Growth (%)			PAT	
	Jun-24 (actual)	est YoY	actual YoY	QoQ	Var. over Exp. (%)	vs. Exp
MOFSL Universe (263)	2,597	-1	1	-6	2	In Line
MOFSL Ex OMCs (260)	2,537	10	12	-3	2	In Line
MOFSL Ex Metals & Oil (238)	1,961	12	14	-4	2	In Line
MOFSL Ex Financials (213)	1,651	-8	-6	-7	2	In Line
Nifty (50)	1,894	3	4	-7	1	In Line
Nifty Ex OMCs (49)	1,864	7	9	-6	1	In Line
Nifty Ex Metals & Oil (43)	1,457	11	13	-6	1	In Line
Nifty Ex Financials (39)	1,243	-1	0	-7	1	In Line
MOFSL Ex Nifty Companies	**822**	**-6**	**-4**	**-3**	**2**	**In Line**

Exhibit 4: PAT grew 1% YoY for the MOFSL Universe

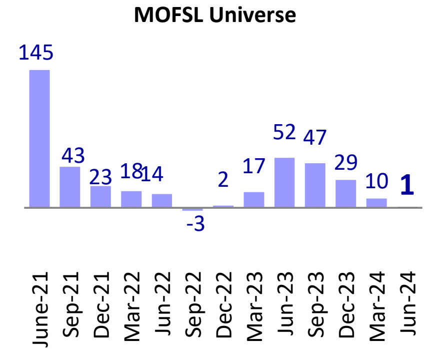


Exhibit 5: PAT declined 6% YoY for the MOFSL Universe, excluding Financials

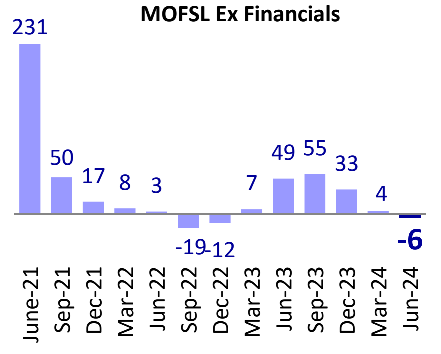


Exhibit 6: PAT rose 14% YoY for the MOFSL Universe, sans Metals & O&G

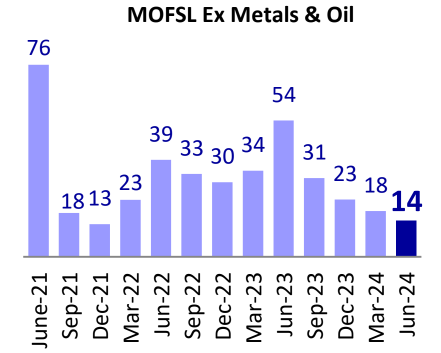


Exhibit 7: PAT growth for the Nifty Universe stood at 4% YoY

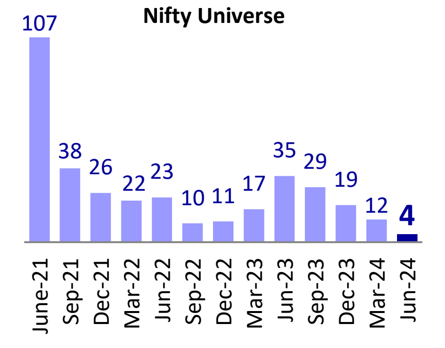


Exhibit 8: PAT for the Nifty Universe, sans Financials, was flat YoY

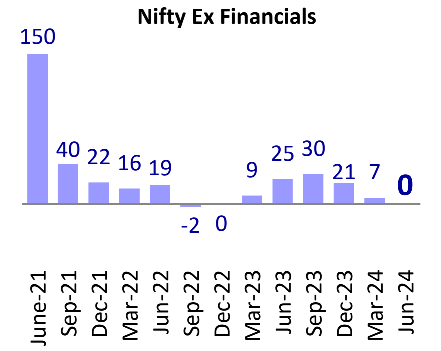
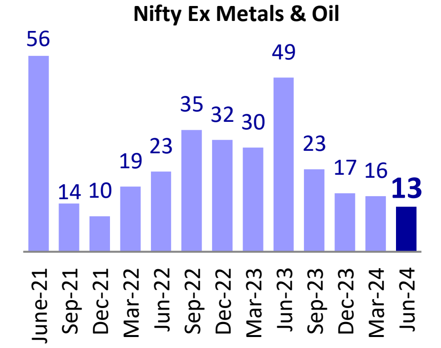


Exhibit 9: PAT grew 13% YoY for the Nifty Universe, sans Metals & O&G



Earnings upgrade-to-downgrade ratio unfavorable for FY25E

- For the MOFSL Universe, however, the earnings upgrade-to-downgrade ratio has turned weaker for FY25E as 46 companies' earnings have been upgraded by >3%, while 107 companies' earnings have been downgraded by >3%. The earnings upgrade/downgrade ratio of 0.4x was the worst since 1QFY21.
- The spread of earnings was satisfactory, with 57% of our Coverage Universe either meeting or exceeding profit expectations. Of the 263 companies under our coverage, 77 exceeded our estimates, 113 posted a miss, and 73 were in line on the PAT front.
- Of the 24 sectors under our coverage, 7/11/6 sectors reported profits above/in line/below our estimates.

Exhibit 10: The upgrade-to-downgrade ratio trend for the MOFSL Universe – worst since 1QFY21

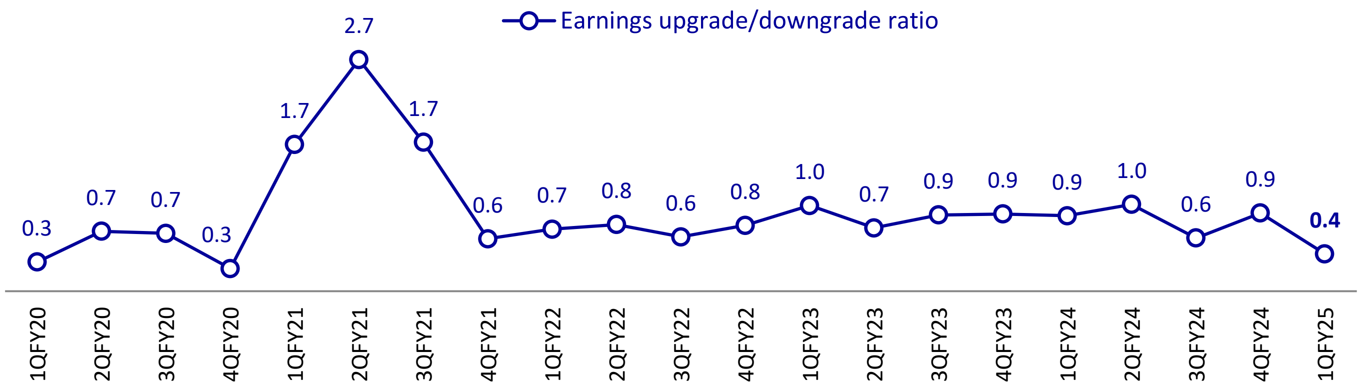


Exhibit 11: Surprise/miss ratio for the MOFSL Universe at 0.7x in 1QFY25

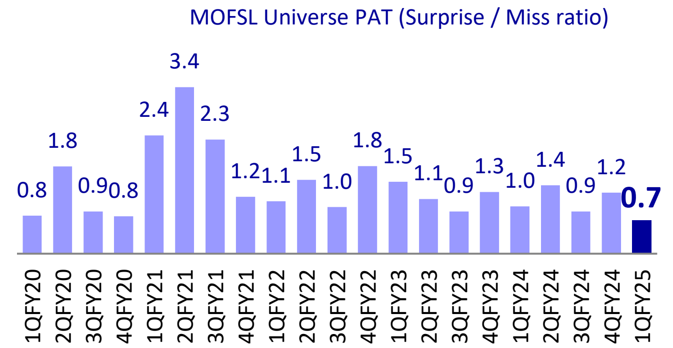


Exhibit 12: Sectoral surprise/miss ratio at 1.2x, for the MOFSL Universe, in 1QFY25

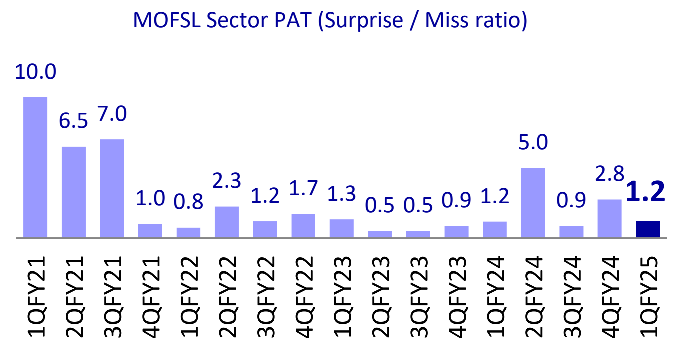


Exhibit 13: Two and three-year profit CAGR for the MOFSL Universe

	EBITDA (INR b)			CAGR (%)		PBT (INR b)			CAGR (%)		PAT (INR b)			CAGR (%)	
Sector	1QFY22	1QFY23	1QFY25	2-year	3-year	1QFY22	1QFY23	1QFY25	2-year	3-year	1QFY22	1QFY23	1QFY25	2-year	3-year
Automobiles	154	174	410	53	39	45	52	304	141	89	8	13	223	319	205
Capital Goods	42	60	93	25	30	31	49	84	31	40	18	31	55	33	46
Cement	91	82	75	-4	-6	70	60	43	-15	-15	51	44	33	-13	-13
Chemicals-Specialty	28	39	30	-12	2	23	33	22	-19	-2	18	25	16	-20	-3
Consumer	130	177	214	10	18	120	164	203	11	19	89	123	151	11	19
Consumer Durables	7	10	19	34	37	7	10	19	38	38	5	7	14	40	40
EMS	0	1	2	25	85	0	1	1	37	87	0	1	1	42	91
Financials	1,023	1,009	1,563	24	15	442	674	1,271	37	42	334	507	946	37	42
Banks-Private	430	442	688	25	17	229	361	575	26	36	174	272	433	26	36
Banks-PSU	451	383	601	25	10	166	182	480	62	42	123	133	347	61	41
Insurance	3	20	22	4	100	3	15	24	26	100	4	14	23	26	78
NBFC - Lending	136	158	239	23	21	39	110	177	27	66	29	82	132	27	65
NBFC - Non Lending	5	7	13	40	40	5	6	14	50	41	4	5	10	44	38
Healthcare	140	129	204	26	13	113	101	169	29	14	89	78	127	28	13
Infrastructure	12	17	12	-15	1	5	11	7	-23	8	3	8	4	-27	7
Logistics	36	47	56	9	15	24	33	40	10	19	21	29	34	7	16
Media	7	13	9	-15	10	6	10	8	-15	7	5	8	6	-14	6
Metals	665	638	535	-8	-7	526	494	380	-12	-10	373	333	267	-11	-11
Oil & Gas	609	676	851	12	12	416	371	524	19	8	301	244	369	23	7
Real Estate	15	25	34	16	31	8	18	36	40	66	7	15	28	38	59
Retail	6	51	56	5	112	-7	33	30	-5	LP	-6	25	22	-5	LP
Staffing	3	3	4	9	11	2	2	2	5	10	1	2	2	0	22
Technology	337	363	428	9	8	317	326	397	10	8	239	242	292	10	7
Telecom	212	242	295	10	12	-35	-24	18	LP	LP	-55	-48	-22	Loss	Loss
Others	7	39	84	47	129	-27	6	34	133	LP	-25	2	31	305	LP
MOFSL Universe	**3,526**	**3,794**	**4,975**	**15**	**12**	**2,087**	**2,426**	**3,589**	**22**	**20**	**1,475**	**1,688**	**2,597**	**24**	**21**
Nifty Universe	**2,387**	**2,759**	**3,525**	**13**	**14**	**1,538**	**1,937**	**2,638**	**17**	**20**	**1,096**	**1,352**	**1,894**	**18**	**20**

Exhibit 14: Sales for the MOFSL Universe up 7% YoY (est. 9%)

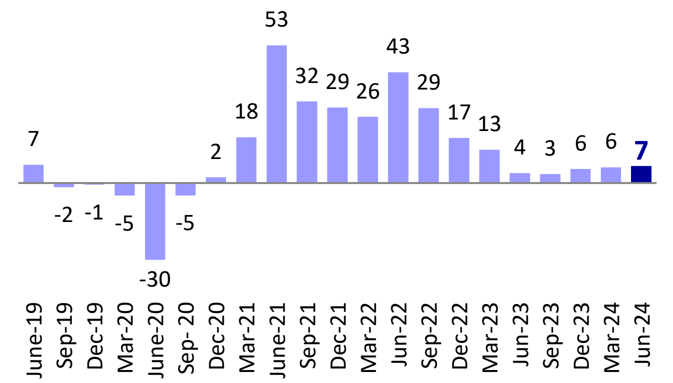


Exhibit 15: EBITDA for the MOFSL Universe up 3% YoY (est. 2%)

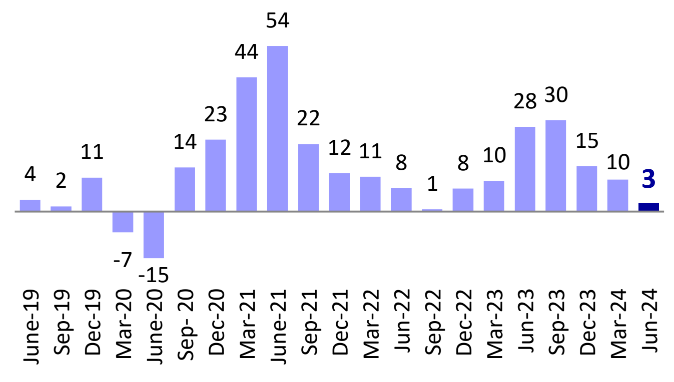


Exhibit 16: PAT growth for the MOFSL Universe at 1% YoY (est. -1%)

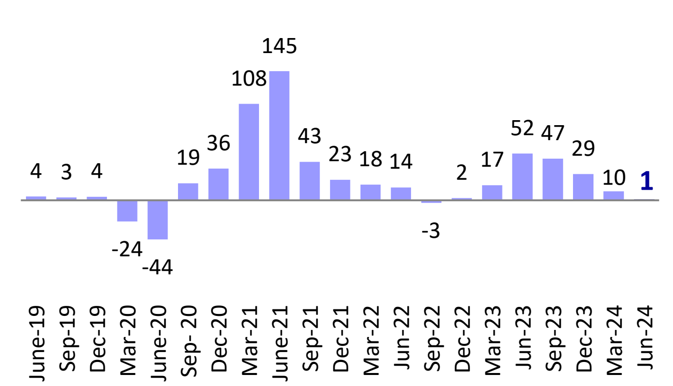


Exhibit 17: EBITDA margin, excluding Financials, contracted 120bp YoY to 16.3%

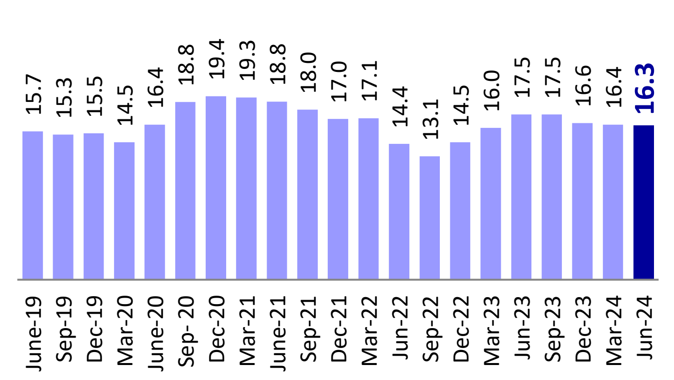


Exhibit 18: MOFSL Universe (ex-Nifty) posted a decline of 4% YoY in profits, due to OMCs

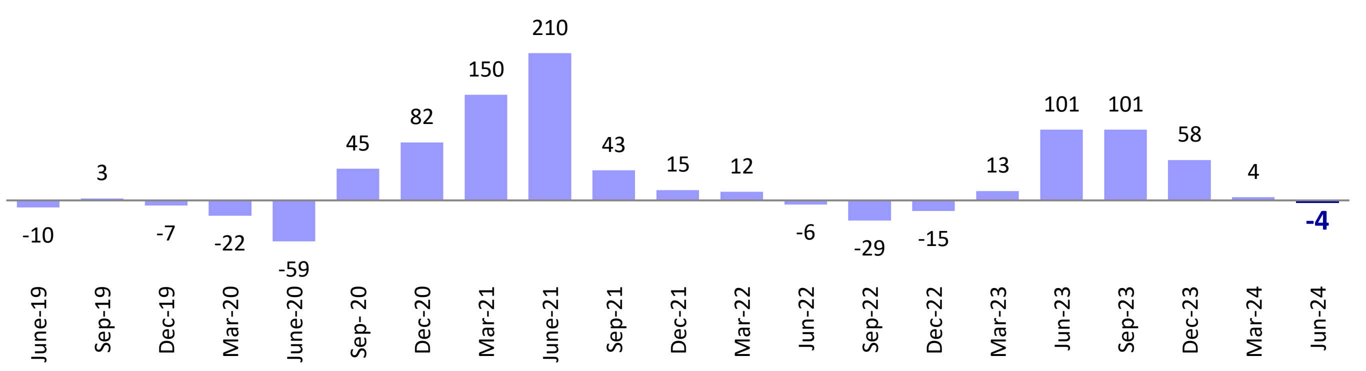


Exhibit 19: Sales growth for the MOFSL Universe, excluding Nifty companies, stood at 6% YoY

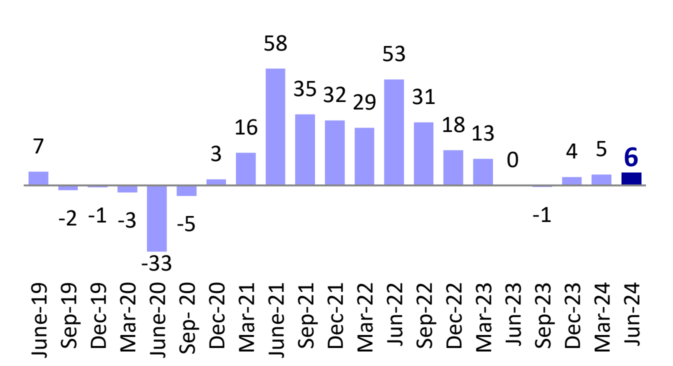
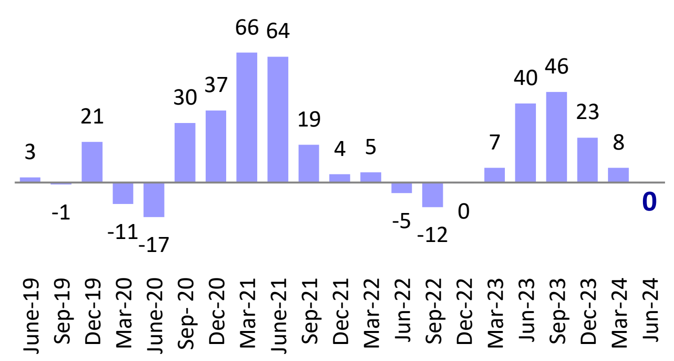


Exhibit 20: EBITDA growth was flat YoY for the MOFSL Universe, excluding Nifty companies



Margin contracts owing to a high base

- Sales for the MOFSL Universe companies grew 7% YoY (in line). Excluding Metals and O&G, sales growth was in line at 9% YoY (in line).
- Sectoral sales growth: EMS (54%), Consumer Durables (25%), NBFC-Lending (20%), Real Estate (21%), Private Banks (17%), Retail (16%), and Capital Goods (13%).
- EBITDA margin for the MOFSL Universe (ex-Financials) contracted 120bp YoY to 16.3%. Gross margins for half of the sectors contracted.
- In 1QFY25, seven of the 14 major sectors under MOFSL Coverage reported a contraction in gross margin YoY.

Exhibit 21: Gross margin contracted in several sectors due to a high base

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	Change in GM bps YoY
Real Estate	45.1	46.3	50.8	41.1	46.2	54.4	50.5	45.3	49.6	53.1	55.8	51.3	54.4	485
Healthcare	63.5	63.4	63.0	62.8	62.4	64.0	64.0	63.7	65.1	65.6	65.9	67.2	68.1	301
Infrastructure	35.3	40.8	41.4	36.0	40.7	71.4	39.1	36.6	36.7	40.2	51.7	33.0	39.5	273
Automobiles	30.8	29.1	29.8	29.3	31.6	32.0	33.3	34.0	34.9	34.7	36.0	36.4	36.5	167
Consumer	49.2	49.6	48.7	48.7	47.6	48.5	50.0	51.2	51.6	52.6	53.0	53.7	52.8	126
Technology	35.8	35.5	35.2	34.5	33.1	33.6	34.4	34.5	33.9	34.0	34.4	34.3	35.1	115
Retail	31.9	32.6	33.8	34.0	33.3	32.9	32.0	31.9	31.1	30.8	31.4	31.3	31.1	2
Metals	62.7	60.7	57.5	55.6	58.1	49.9	53.0	55.8	54.6	51.7	57.4	55.3	54.5	-6
Consumer Durables	19.6	16.7	16.0	14.8	18.8	18.5	19.5	18.4	25.4	27.2	26.6	25.4	25.1	-22
Others	42.3	40.0	44.5	41.7	44.1	39.6	44.7	42.8	50.5	45.3	46.3	46.4	49.5	-92
Logistics	15.8	18.5	18.6	18.5	51.5	49.9	48.4	50.8	52.7	51.7	52.0	52.2	51.8	-99
Chemicals-Specialty	54.5	51.5	53.2	53.8	53.3	51.0	54.8	54.3	54.6	53.3	54.1	54.2	52.6	-200
Oil & Gas	24.2	22.9	20.8	21.8	16.8	17.0	18.4	22.5	25.2	25.0	22.2	22.7	21.6	-364
Cement	65.5	61.5	56.2	55.1	54.5	50.4	51.1	51.0	58.1	53.8	55.6	53.7	53.9	-419

Source: 200 companies that form part of the MOFSL Universe, excluding Financials, Telecom, Media, and Staffing

Exhibit 22: Several sectors recovered YoY in terms of operating margin

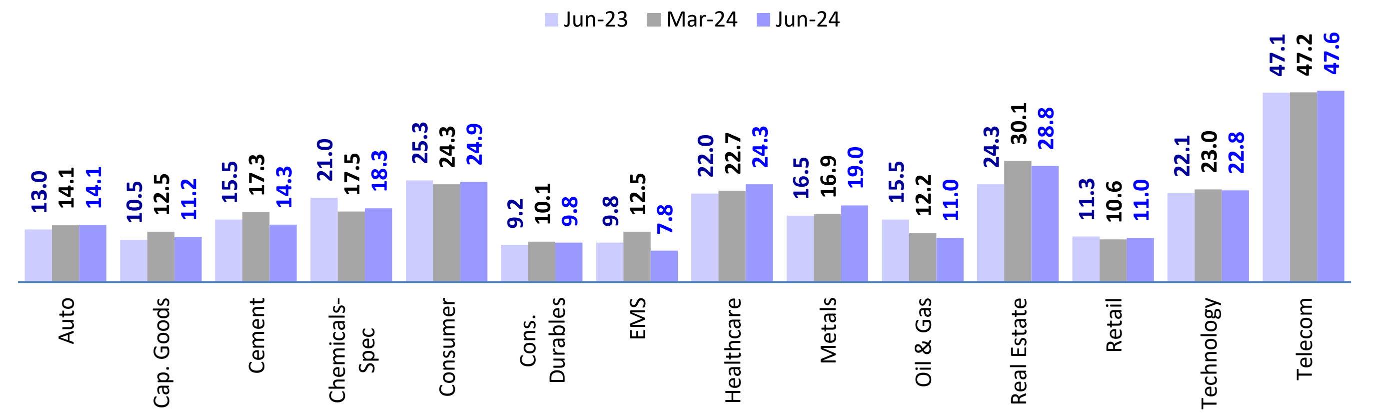


Exhibit 23: Financials' contribution was up in 1Q; it accounted for more than 1/3rd of the overall profit pool

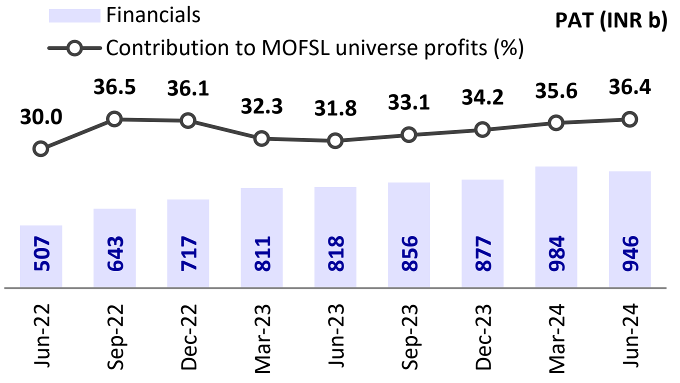


Exhibit 24: Auto sector's contribution to the overall profit pool declined marginally in 1QFY25

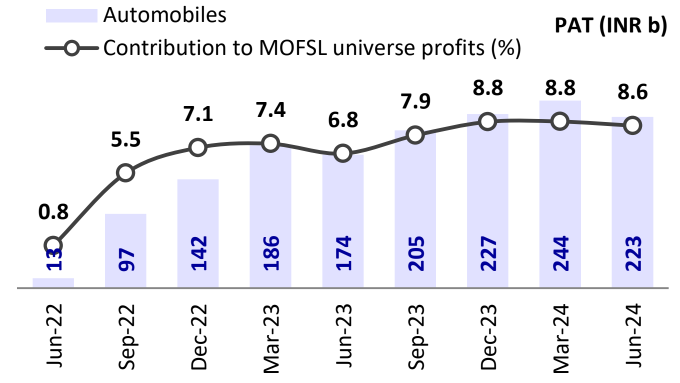


Exhibit 25: IT sector's contribution to the overall profit pool improved in 1QFY25

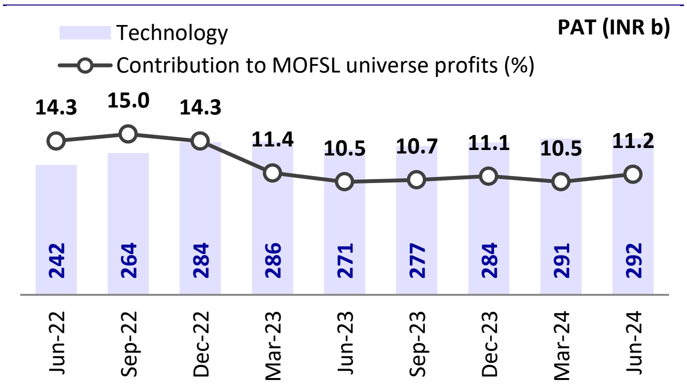


Exhibit 26: Consumer sector's contribution increased in 1QFY25

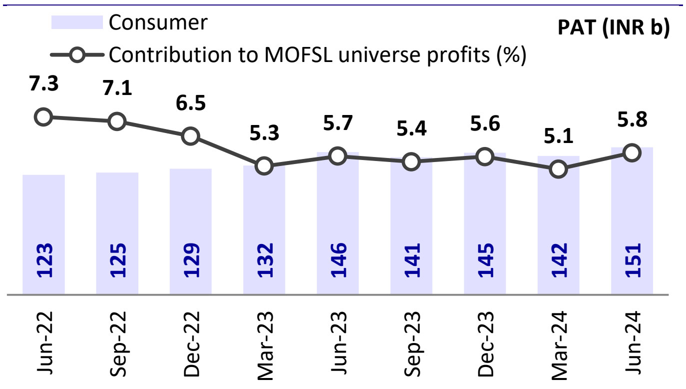


Exhibit 27: Metals' PAT contribution to the MOFSL Universe increased in 1QFY25

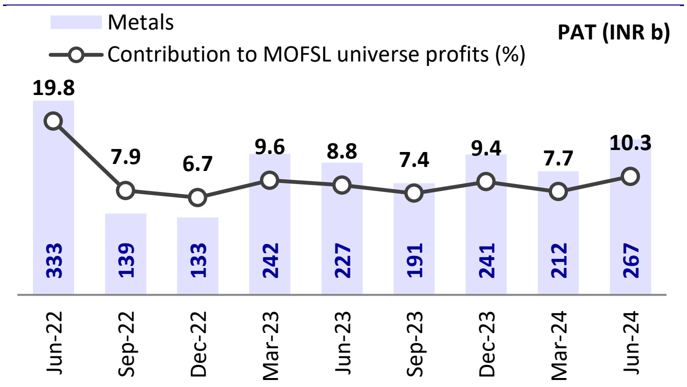
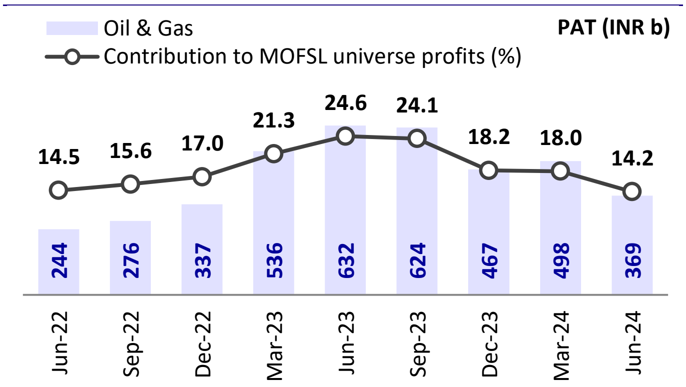


Exhibit 28: O&G's PAT contribution to the overall profit pool reduced in 1QFY25



Performance highlights of the Nifty constituents in 1QFY25

Top five stocks account for ~127% of the incremental profit YoY

- Sales/EBITDA/PBT/PAT growth for Nifty constituents was in line at +7%/+5%/ +4%/+4% YoY in 1QFY25. Excluding Financials, profits for Nifty constituents were flat YoY (vs. est. of -1%).
- Among Nifty constituents, 24% exceeded our PAT estimates, while 36% missed our estimates.
- Tata Motors, Maruti Suzuki, HCL Tech, Tata Steel, Sun Pharma, Adani Ports, Coal India, Eicher Motors, SBI Life Insurance, Dr. Reddy's Labs, and Ultratech Cement delivered higher-than-estimated earnings.
- In contrast, BPCL, JSW Steel, ONGC, Reliance Industries, Grasim Industries, Asian Paints, Titan Company, Tata Consumer, ITC, Bharti Airtel, Nestle, IndusInd Bank, HDFC Life Insurance, Divis Labs, Hero Motocorp, Axis Bank, and M&M missed our profit estimates.
- Two Nifty companies witnessed earnings upgrades of over 5% in their FY25 EPS estimates, while eleven companies witnessed downgrades of over 5%.

Exhibit 29: Nifty sales up 7% YoY (in line) in 1QFY25

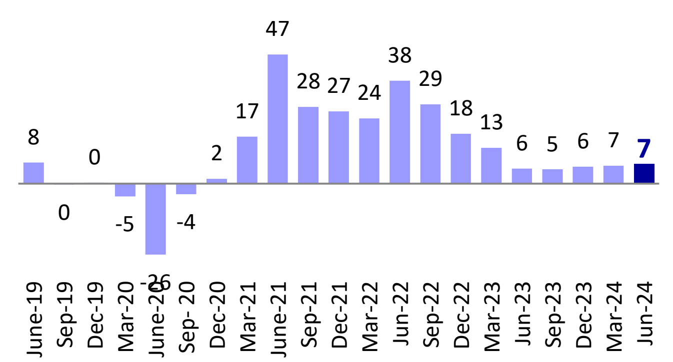


Exhibit 30: Nifty EBITDA up 5% YoY (est. 4%) in 1QFY25

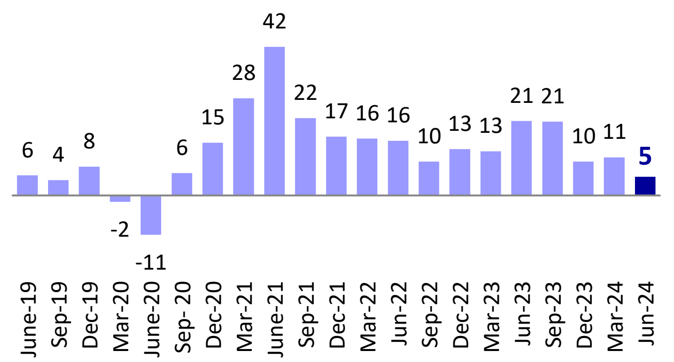


Exhibit 31: Nifty PAT up 4% YoY (est. 3%)

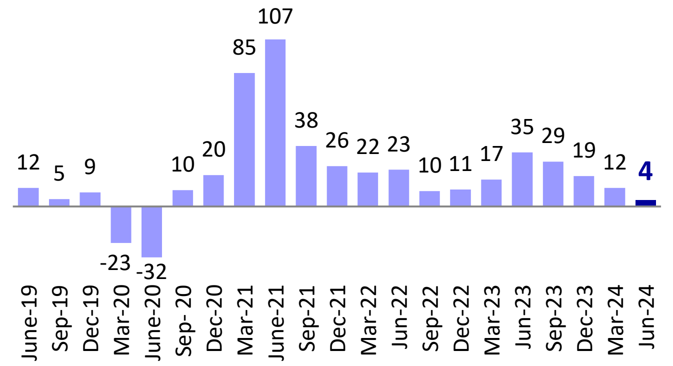


Exhibit 32: Nifty EBITDA margin (ex-Financials) contracted 80bp YoY to 19.7%

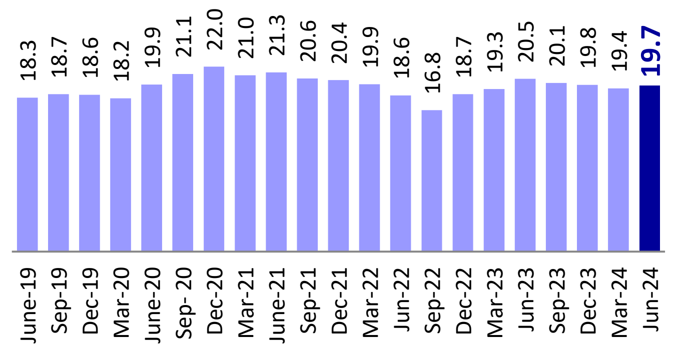


Exhibit 33: BFSI and Metals to drive FY25E earnings for the Nifty

Sector	PAT (INR b)						Growth YoY (%)					
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY21	FY22	FY23	FY24	FY25E	FY26E
Automobiles	179	76	289	624	678	793	74	-57	278	116	9	17
BFSI	1,044	1,433	2,026	2,541	2,894	3,381	25	37	41	25	14	17
Capital Goods	68	84	104	130	145	187	-23	24	24	25	12	29
Cement	100	130	115	134	135	168	0	31	-11	16	1	24
Consumer	292	319	386	438	460	511	1	9	21	13	5	11
Healthcare	129	172	181	220	259	301	38	33	6	21	18	16
Logistics	45	59	77	89	111	132	-10	30	30	16	24	19
Metals	344	926	540	599	777	923	45	169	-42	11	30	19
Oil & Gas	776	1,107	1,089	1,550	1,497	1,804	20	43	-2	42	-3	21
Retail	10	23	33	35	41	51	-35	138	40	7	17	24
Technology	836	958	1,022	1,055	1,165	1,316	7	15	7	3	10	13
Telecom	-7	35	82	113	181	309	Loss	Loss	LP	39	60	71
Utilities	271	303	310	369	381	419	21	12	3	19	3	10
Others	11	8	27	35	43	43	15	-29	249	29	22	0
Nifty	**4,098**	**5,634**	**6,281**	**7,931**	**8,768**	**10,340**	**19**	**38**	**11**	**26**	**11**	**18**

Exhibit 34: Sectoral upgrades/downgrades for the MOFSL Universe

	PAT (INR b) - preview		PAT (INR b) - review		Upgrade/downgrade (%)		Growth YoY (%)		
Sector	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24	FY25E	FY26E
Automobiles	980	1,153	963	1,152	-1.7	-0.1	94	13	20
Capital Goods	298	379	296	375	-0.7	-1.1	32	22	27
Cement	261	312	233	301	-10.7	-3.5	30	0	29
Chemicals-Specialty	76	96	75	99	-1.0	2.8	-29	10	31
Consumer	630	702	628	706	-0.4	0.5	16	8	12
Consumer Durables	54	69	55	69	1.8	-0.1	23	32	25
EMS	9	14	9	14	-0.6	2.7	33	58	59
Financials	4,233	5,023	4,163	4,896	-1.6	-2.5	30	16	18
Banks-Private	1,944	2,281	1,884	2,201	-3.1	-3.5	27	11	17
Banks-PSU	1,543	1,813	1,558	1,794	0.9	-1.1	34	20	15
Insurance	100	122	86	107	-14.1	-12.2	11	16	24
NBFC - Lending	598	751	588	739	-1.7	-1.6	30	18	26
NBFC - Non Lending	46	56	46	54	0.6	-2.2	43	48	17
Healthcare	517	616	532	631	2.9	2.4	25	24	19
Infrastructure	22	28	22	28	-0.6	-1.0	-12	24	28
Logistics	147	182	148	187	0.6	2.4	12	22	26
Media	27	34	26	32	-5.9	-5.7	17	7	26
Metals	1,176	1,459	1,197	1,472	1.8	0.9	0	38	23
Oil & Gas	2,133	2,451	1,993	2,440	-6.6	-0.4	80	-18	22
Excl. OMCs	1,736	2,012	1,681	2,005	-3.1	-0.4	21	6	19
Real Estate	123	160	130	159	5.5	-0.7	17	38	22
Retail	121	161	119	161	-1.1	-0.5	-1	38	35
Staffing	12	15	11	15	-6.0	-5.3	-3	61	30
Technology	1,230	1,381	1,234	1,400	0.3	1.4	4	10	13
Telecom	-30	103	-33	121	9.4	16.6	Loss	Loss	LP
Others	150	208	145	211	-3.9	1.7	98	15	46
MOFSL Universe	**12,169**	**14,548**	**11,945**	**14,467**	**-1.8**	**-0.6**	**34**	**11**	**21**

Note: PL: Profit to loss; LP: Loss to profit

Exhibit 35: Nifty delivered 4% YoY profit growth in 1QFY25

	Sales				EBITDA				PBT				PAT				EBITDA Margin	
Company	Jun 2024	Chg. YoY (%)	Chg. QoQ (%)	Var. (%)	Jun 2024	Chg. YoY (%)	Chg. QoQ (%)	Var. (%)	Jun 2024	Chg. YoY (%)	Chg. QoQ (%)	Var. (%)	Jun 2024	Chg. YoY (%)	Chg. QoQ (%)	Var. (%)	Jun 2024 (%)	Chg. YoY bp
High PAT growth																		
Adani Enterp.	255	12	-13	NA	37	47	44	NA	22	107	221	NA	15	**116**	124	NA	14.5	3.4
Tata Steel	548	-8	-7	-6	67	29	1	12	26	25	12	26	13	**112**	9	18	12.2	3.5
Apollo Hospitals	51	15	3	1	7	33	5	0	4	58	16	-1	3	**83**	20	2	13.3	1.8
Maruti Suzuki	355	10	-7	1	45	51	-4	7	47	47	-6	6	36	**47**	-6	7	12.7	3.4
Tata Motors	1,080	6	-10	5	155	14	-9	13	87	63	-6	59	55	**46**	-28	35	14.4	1.1
Hindalco	570	8	2	-2	75	31	12	7	52	56	25	11	34	**38**	7	-3	13.2	2.4
SBI Life Ins.	156	15	-38	0	10	11	-36	-2	5	34	-37	30	5	**36**	-36	31	6.2	-0.2
HDFC Bank	298	26	3	2	239	27	-18	2	213	34	35	3	162	**35**	-2	5	80.1	0.5
Adani Ports	70	11	1	-3	42	13	5	1	31	24	14	5	26	**29**	15	13	61.0	0.9
Sun Pharma	125	6	6	-5	35	11	21	8	35	24	17	13	29	**26**	3	9	28.2	1.3
NTPC	444	14	4	8	128	13	13	11	71	25	4	17	48	**26**	-6	7	28.8	-0.2
M&M	270	12	7	-4	40	22	22	4	34	2	30	-9	26	**23**	31	-12	14.9	1.3
HCL Tech.	281	7	-2	0	59	7	-4	2	57	22	8	15	43	**20**	7	13	20.9	0.1
Divis Labs	21	19	-8	-4	6	23	-15	-9	6	23	-15	-9	4	**20**	-20	-16	29.4	1.0
Eicher Motors	44	10	3	3	12	14	3	4	13	14	1	2	11	**20**	3	9	26.5	0.9
Med/Low PAT growth																		
Bajaj Auto	119	16	4	2	24	24	5	4	26	19	3	0	20	**19**	3	0	20.2	1.3
Hero Moto	101	16	7	-4	15	21	7	-9	15	19	11	-9	11	**19**	10	-10	14.4	0.6
Cipla	67	6	9	-1	17	15	30	-1	16	17	35	2	12	**18**	36	4	25.6	2.0
Shriram Finance	52	25	3	0	39	23	-1	-4	27	19	1	-2	20	**18**	2	-2	73.6	-0.8
Britannia	43	6	4	1	8	9	-4	-4	7	14	-4	-3	5	**16**	-1	0	17.7	0.6
HDFC Life Ins.	128	10	-39	-7	7	18	-42	0	5	16	7	-8	5	**15**	16	-8	5.6	0.4
ICICI Bank	196	7	2	0	160	13	7	5	147	14	3	4	111	**15**	3	4	82.0	4.4
Bajaj Finance	84	25	4	-1	69	25	8	3	53	16	3	-1	39	**14**	2	-1	83.1	0.5
L&T	551	15	-18	3	56	15	-22	4	47	8	-26	5	28	**12**	-36	3	10.2	0.0
Bajaj Finserv	259	34	-4	11	77	25	12	13	60	17	8	5	21	**10**	1	-4	29.6	-2.2
TCS	626	5	2	1	167	12	-3	1	162	8	-4	0	121	**9**	-3	0	26.7	1.5
Infosys	393	4	4	1	103	5	8	4	90	8	9	5	64	**7**	5	1	26.2	0.3
Nestle	48	3	-9	-5	11	5	-17	-7	10	7	-18	-7	7	**5**	-19	-8	23.3	0.4
Wipro	220	-4	-1	-1	44	6	1	2	40	6	4	6	30	**5**	6	5	20.2	1.9
Coal India	365	1	-3	0	115	3	17	18	141	5	24	45	110	**4**	26	49	31.7	0.6
Axis Bank	134	12	3	1	101	15	-4	3	81	4	-14	-6	60	**4**	-15	-6	75.1	1.4
HUL	157	1	3	1	37	2	6	1	36	2	7	1	26	**2**	6	0	23.8	0.2
IndusInd Bk	54	11	1	-3	40	3	-3	-6	29	2	-7	-7	22	**2**	-8	-7	73.1	-5.6
Dr Reddy's Labs	77	14	8	4	21	4	20	8	19	5	27	12	14	**2**	15	8	27.7	-2.6
Kotak Mah. Bk	68	10	-1	-4	53	6	-4	0	47	2	-10	-2	35	**2**	-15	-2	76.8	-2.6
SBI	411	6	-1	-4	264	5	-8	3	230	1	-15	1	170	**1**	-18	1	64.3	-0.7
Bharti Airtel	385	3	2	0	197	1	2	-3	53	0	1	-5	29	**1**	-1	-20	51.2	-1.2
Negative PAT Growth																		
ITC	185	8	3	1	67	1	2	-5	69	0	1	-6	51	**0**	-1	-6	36.6	-2.3
Ultratech Cem.	181	2	-12	0	30	0	-26	-6	21	-7	-34	-10	17	**-1**	-28	7	16.8	-0.4
LTIMindtree	91	5	3	2	16	-2	5	1	15	-1	5	0	11	**-1**	3	-2	17.6	-1.2
Power Grid Corp	100	1	-8	-6	87	0	-3	-7	42	5	-16	-3	34	**-2**	-17	-6	86.8	-0.7
Tata Consumer	44	16	11	-2	7	22	6	-2	5	-6	-9	-17	3	**-5**	-20	-21	15.3	0.8
Titan Co.	133	12	6	2	12	11	5	5	10	-3	-2	-7	7	**-5**	-7	-9	9.4	-0.1
Reliance Inds.	2,318	12	-2	-1	388	2	-9	-5	232	-4	-16	-11	151	**-5**	-20	-9	16.7	-1.6
ONGC	353	4	2	-5	186	-4	7	0	120	-11	-7	-9	89	**-11**	-9	-9	52.8	-4.7
Tech Mahindra	130	-1	1	0	16	-2	11	10	12	-4	-7	11	9	**-11**	-12	4	12.0	-0.1
Asian Paints	90	-2	3	-2	17	-20	0	-15	16	-24	-2	-17	12	**-25**	-7	-17	18.9	-4.2
JSW Steel	429	2	-7	2	55	-22	-10	-13	14	-60	-34	-30	8	**-64**	-35	-41	12.8	-3.9
BPCL	1,131	0	-3	11	57	-64	-39	-5	40	-71	-46	-8	30	**-71**	-46	-9	5.0	-9.0
Grasim Inds	69	11	2	0	3	-52	-38	-43	-1	PL	PL	PL	-1	**PL**	PL	PL	4.7	-6.1
Nifty Universe	**14,360**	**7**	**-4**	**1**	**3,525**	**5**	**-3**	**1**	**2,638**	**4**	**-2**	**2**	**1,894**	**4**	**-7**	**1**	**24.5**	**-0.4**

Note: PL: Profit to loss; LP: Loss to profit

Nifty EPS experiences a downward revision

- The Nifty EPS estimate for FY25 was cut 1.7% to INR1,115, largely owing to Reliance Industries, ONGC, and BPCL. FY26E EPS was also reduced by 1% to INR1,316 (from INR1,330) as upgrades in Infosys, Coal India, Tata Motors, and Maruti were offset by downgrades in ONGC, Axis Bank, HDFC Bank, ICICI Bank, and Indusind Bank.
- **The top earnings upgrades in FY25E:** Coal India (10.8%), Dr Reddy's Labs (6.7%), Apollo Hospital (4.4%), Adani Ports (4.3%), and Tata Steel (3.3%).
- **The top earnings downgrades in FY25E:** BPCL (-16.3%), Bharti Airtel (11%), Hero Motocorp (-9.4%), JSW Steel (-8.2%), and Indusind Bank (-7.7%).

Exhibit 36: FY25E EPS revisions – Two Nifty constituents saw upgrades of over 5%, while eleven witnessed downgrades of over 5%

Company	Current EPS (INR)			EPS Upgrade / Downgrade (%)		EPS Growth (%)		
	FY24	FY25E	FY26E	FY25E	FY26E	FY24	FY25E	FY26E
Coal India	60.7	61.9	68.1	10.8	3.2	18	2	10
Dr Reddy' s Labs	317.1	353.8	389.0	6.7	7.6	30	12	10
Apollo Hospitals	62.4	92.4	124.0	4.4	-1.5	30	48	34
Adani Ports	41.3	51.2	61.1	4.3	4.4	16	24	19
Tata Steel	2.7	9.9	13.7	3.3	3.1	-62	264	39
Infosys	63.3	65.4	78.1	3.1	5.9	10	3	19
Tata Motors	58.7	59.8	69.9	3.0	4.1	2628	2	17
Sun Pharma	41.4	49.3	58.4	2.6	1.5	16	19	18
Tech Mahindra	41.1	44.5	63.6	1.4	-1.1	-28	8	43
Hind. Unilever	43.7	47.9	53.6	1.2	2.4	1	10	12
State Bank	75.2	89.4	103.2	1.0	-0.9	21	19	15
TCS	126.3	143.5	155.4	0.3	0.1	10	14	8
Nestle	41.0	36.8	40.8	0.1	-0.9	62	-10	11
Maruti Suzuki	429.0	486.0	565.2	0.0	4.1	57	13	16
Larsen & Toubro	94.5	105.8	136.0	0.0	0.0	25	12	29
SBI Life Insurance	18.9	19.9	23.2	0.0	0.0	10	5	17
Hindalco	45.6	61.1	63.7	-0.1	0.2	1	34	4
HCL Technologies	57.9	62.5	68.5	-0.1	0.2	6	8	10
Shriram Finance	191.3	226.5	279.2	-0.3	-0.2	20	18	23
Cipla	52.5	58.7	65.6	-0.4	-0.4	39	12	12
LTIMindtree	154.8	166.8	198.8	-0.5	2.8	2	8	19
ITC	16.4	17.3	18.8	-0.7	-0.6	9	5	9
Wipro	20.4	22.0	24.5	-1.0	0.1	-2	8	11
Bajaj Finance	233.7	275.5	359.2	-1.0	-3.3	23	18	30
Britannia	88.7	101.2	113.9	-1.3	-1.0	10	14	12
Mahindra & Mahindra	88.7	106.4	124.7	-1.6	-3.1	34	20	17
Asian Paints	57.9	58.0	65.7	-1.8	-0.1	31	0	13
HDFC Bank	80.0	90.7	104.5	-1.8	-3.0	1	13	15
Divis Labs	60.0	77.7	95.1	-2.0	-1.4	-8	30	22
ICICI Bank	58.4	64.1	73.2	-2.3	-2.0	28	10	14
Titan Company	39.3	46.0	56.9	-2.4	-1.6	7	17	24
Kotak Mahindra Bank	91.6	97.4	113.5	-3.7	-1.9	22	6	17
Bajaj Auto	276.1	316.4	380.9	-3.9	-0.4	29	15	20
Reliance Inds.	102.9	113.9	144.8	-4.6	0.0	4	11	27
ONGC	46.3	47.9	53.5	-4.8	-4.4	45	3	12
Eicher Motors	146.3	155.6	172.8	-5.3	-3.0	37	6	11
Axis Bank	80.7	85.6	98.3	-5.6	-7.8	15	6	15
Tata Consumer	14.6	16.6	20.2	-6.3	0.8	29	13	22
Grasim Industries	95.6	91.0	105.2	-6.4	-3.3	-3	-5	16
Ultratech Cement	244.5	261.3	336.6	-6.6	-3.1	39	7	29
IndusInd Bank	115.5	122.4	151.1	-7.7	-8.0	20	6	24
JSW Steel	36.7	55.9	78.0	-8.2	-1.1	150	52	39
Hero MotoCorp	204.6	231.5	277.4	-9.4	-8.8	40	13	20
Bharti Airtel	19.7	31.4	53.8	-11.0	2.1	37	60	71
BPCL	63.3	29.0	35.4	-16.3	-2.4	1272	-54	22
HDFC Life Insur.	7.3	7.7	9.6	-23.3	-19.2	15	6	25
Nifty (50)	**1,006**	**1,115**	**1,316**	**-1.7**	**-1.0**	**24**	**11**	**18**

Exhibit 37: We estimate a 15% CAGR for the Nifty free-float PAT over FY24–26

	Sales (INR b)			Sales	EBITDA Margin (%)			EBITDA	PAT (INR b)			PAT	Contbn to
Company	**FY24**	**FY25E**	**FY26E**	**CAGR % 24-26**	**FY24**	**FY25E**	**FY26E**	**CAGR % 24-26**	**FY24**	**FY25E**	**FY26E**	**CAGR % 24-26**	**Delta %**
High PAT Growth (20%+)	**10,309**	**11,455**	**13,024**	**12**	**24**	**26**	**28**	**21**	**863**	**1,195**	**1,623**	**37**	**32**
Tata Steel	2,292	2,387	2,601	7	10	14	15	34	34	123	171	125	6
Bharti Airtel	1,500	1,650	1,896	12	52	53	56	17	113	181	309	65	8
JSW Steel	1,750	1,934	2,169	11	16	18	20	25	90	137	191	46	4
Apollo Hospitals	191	213	248	14	13	13	14	21	9	13	18	41	0
Bajaj Finserv	354	476	596	30	73	68	63	20	81	112	135	29	2
Divis Labs	78	91	106	16	28	31	32	24	16	21	25	26	0
Tech Mahindra	520	535	570	5	11	13	16	24	36	39	56	25	1
Bajaj Finance	296	368	472	26	81	81	80	26	144	171	223	24	3
Adani Ports	267	308	350	14	59	59	60	15	89	111	132	22	2
Shriram Finance	188	225	274	21	76	76	77	22	72	85	105	21	1
Titan Company	511	594	692	16	10	10	11	18	35	41	51	20	1
Larsen & Toubro	2,211	2,497	2,857	14	11	11	11	17	130	145	187	20	2
Tata Consumer	152	177	192	12	15	16	17	18	14	16	20	20	0
Medium PAT Growth (0-20%)	**45,974**	**48,375**	**52,783**	**7**	**24**	**25**	**27**	**12**	**6,757**	**7,413**	**8,526**	**12**	**73**
Sun Pharma	478	531	592	11	26	27	28	16	100	119	141	19	2
Reliance Inds.	9,011	9,340	10,163	6	18	19	21	16	696	771	979	19	12
Ultratech Cem.	709	733	884	12	18	19	20	17	71	75	99	19	1
M&M	991	1,156	1,345	17	13	14	14	19	106	128	150	19	2
Hindalco	2,160	2,369	2,456	7	11	12	12	9	101	136	141	18	2
Bajaj Auto	447	513	602	16	20	20	21	18	77	88	106	17	1
State Bank	1,599	1,717	1,946	10	54	64	66	21	671	797	921	17	10
Hero MotoCorp	375	410	467	12	14	15	15	15	41	46	56	17	1
Infosys	1,537	1,630	1,782	8	24	24	25	11	243	271	324	15	3
HDFC Life Ins.	620	737	880	19	6	6	6	18	16	17	21	15	0
Maruti Suzuki	1,419	1,521	1,689	9	13	14	14	15	135	153	178	15	2
IndusInd Bk	206	230	273	15	77	75	76	14	90	95	118	14	1
HDFC Bank	1,085	1,243	1,424	15	87	82	83	12	608	689	794	14	8
LTIMindtree	355	377	418	8	18	18	19	12	46	49	59	13	1
Britannia	168	182	200	9	19	19	19	11	21	24	27	13	0
ICICI Bank	743	830	952	13	78	79	81	15	409	450	514	12	4
Cipla	258	277	304	9	24	25	26	11	42	47	53	12	0
Kotak Mah. Bank	260	291	340	14	75	75	75	14	182	194	226	11	2
HUL	619	656	716	8	24	24	25	9	103	113	126	11	1
Dr Reddy's Labs	279	324	377	16	28	28	28	15	53	59	65	11	0
SBI Life Ins.	806	950	1,106	17	7	7	7	17	19	20	23	11	0
Adani Enterp.	994	1,022	1,022	1	11	12	12	5	35	43	43	11	0
Axis Bank	499	550	621	12	74	76	78	15	249	264	303	10	2
TCS	2,409	2,569	2,775	7	27	28	28	9	462	517	560	10	4
HCL Tech.	1,099	1,161	1,267	7	22	22	22	8	157	172	189	10	1
Eicher Motors	162	176	197	10	27	27	26	10	40	43	47	9	0
Wipro	896	891	936	2	19	20	20	5	110	116	128	8	1
ONGC	6,430	6,172	6,149	-2	17	18	20	7	583	603	674	7	4
Power Grid Corp	453	494	517	7	87	86	85	6	156	171	179	7	1
ITC	709	769	834	8	37	37	37	8	205	216	235	7	1
Tata Motors	4,379	4,495	5,092	8	14	14	14	9	225	220	257	7	1
Asian Paints	355	375	423	9	21	21	21	8	56	56	63	6	0
NTPC	1,785	1,867	1,997	6	29	28	29	6	213	211	241	6	1
Coal India	1,423	1,497	1,694	9	34	35	35	12	374	382	420	6	2
Grasim Inds.	258	319	342	15	9	7	9	18	63	60	69	5	0
PAT de-growth (<0%)	**4,725**	**4,463**	**4,549**	**-2**	**11**	**6**	**7**	**-19**	**310**	**159**	**191**	**-22**	**-5**
Nestle	244	210	233	-2	24	25	25	0	40	36	39	0	0
BPCL	4,481	4,253	4,316	-2	10	5	6	-22	271	124	151	-25	-5
Nifty (PAT free float)	**61,009**	**64,294**	**70,356**	**7**	**23**	**24**	**26**	**13**	**4,458**	**4,953**	**5,848**	**15**	**100**

FY25E earnings highlights: Metals, Banks, and Technology to drive the incremental earnings

- The MOFSL Universe is likely to deliver sales/EBITDA/PAT growth of 9%/9%/11% YoY in FY25E. The Metals, Banks, and Technology sectors are projected to be the key growth drivers, with 38%, 15%, and 10% YoY earnings growth, respectively. They are likely to contribute 78% to the earnings growth in FY25E.

Exhibit 38: Metals, Banks, and Technology to lead the incremental profits for FY25E (PAT, INR b)

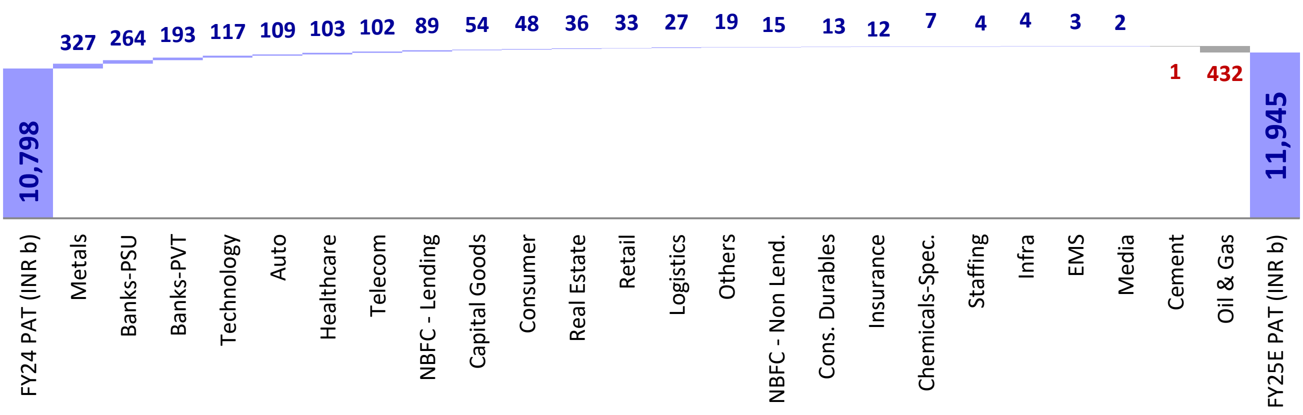
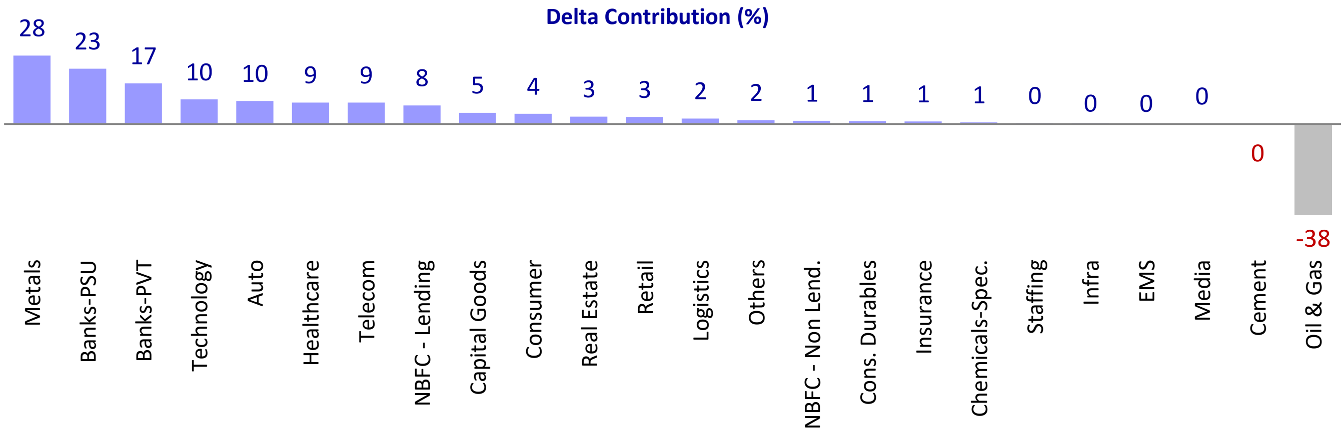


Exhibit 39: Delta contribution to FY25E profit for the MOFSL Universe (%)

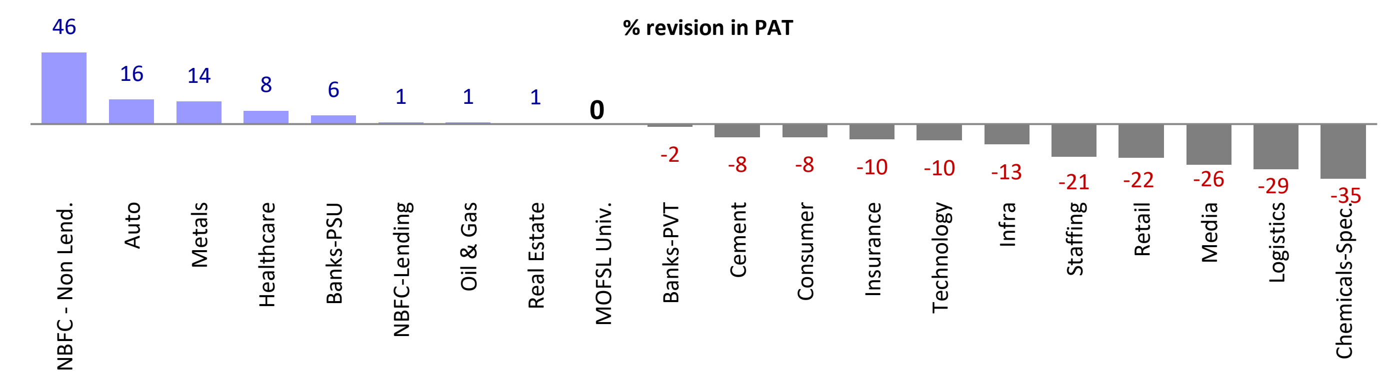


The 12M earnings revision stable for MOFSL Universe in FY25E

Autos, Metals, and Healthcare witness upgrades

- Over the last one year, earnings revisions for the MOFSL Universe remained flat.
- NBFC Non-lending, Autos, Metals, Healthcare, and PSU Banks saw major upgrades of 46%, 16%, 14%, 8%, and 6%, while Spec Chem, Logistics, and Media witnessed significant earnings downgrades of 35%, 29%, and 26%, respectively.

Exhibit 40: Autos, Metals saw major earnings upgrades, while Spec. Chemicals saw downgrades over the last one year



Note: Comparable MOFSL Universe of 226 companies

Exhibit 41: Annual Sales/EBITDA/PAT estimates for the MOFSL Universe

	Sales (INRb)			Gr. YoY (%)			EBITDA (INRb)			Gr. YoY (%)			PAT (INRb)			Gr. YoY (%)		
Sector	**FY24**	**FY25E**	**FY26E**	**FY24**	**FY25E**	**FY26E**	**FY24**	**FY25E**	**FY26E**	**FY24**	**FY25E**	**FY26E**	**FY24**	**FY25E**	**FY26E**	**FY24**	**FY25E**	**FY26E**
Automobiles	11,401	12,391	14,015	20	9	13	1,568	1,738	2,023	51	11	16	854	963	1,152	94	13	20
Capital Goods	3,380	3,877	4,507	19	15	16	388	470	572	20	21	22	241	296	375	32	22	27
Cement	2,264	2,390	2,744	3	6	15	380	396	518	26	4	31	233	233	301	30	0	29
Chemicals-Specialty	620	699	789	-8	13	13	119	134	166	-18	13	23	68	75	99	-29	10	31
Consumer	3,259	3,506	3,876	6	8	11	805	878	979	12	9	11	579	628	706	16	8	12
Consumer Durables	638	741	853	20	16	15	61	77	95	21	26	24	42	55	69	23	32	25
EMS	75	109	152	39	45	40	8	13	19	16	51	52	6	9	14	33	58	59
Financials	10,539	11,957	13,839	17	13	16	5,761	6,638	7,793	17	15	17	3,590	4,163	4,896	30	16	18
Banks-Private	3,358	3,836	4,437	21	14	16	2,574	2,897	3,407	23	13	18	1,691	1,884	2,201	27	11	17
Banks-PSU	3,411	3,645	4,077	12	7	12	2,171	2,513	2,867	8	16	14	1,294	1,558	1,794	34	20	15
Insurance	2,541	2,987	3,511	15	18	18	124	146	179	-3	18	23	74	86	107	11	16	24
NBFC - Lending	1,145	1,368	1,670	26	19	22	859	1,024	1,271	26	19	24	499	588	739	30	18	26
NBFC - Non Lending	84	121	143	36	45	18	34	58	69	21	70	18	31	46	54	43	48	17
Healthcare	3,137	3,497	3,934	14	11	12	701	841	970	22	20	15	429	532	631	25	24	19
Infrastructure	191	201	235	4	6	17	51	56	65	-4	10	17	17	22	28	-12	24	28
Logistics	580	661	779	16	14	18	215	248	299	18	15	21	121	148	187	12	22	26
Media	189	193	214	11	2	11	42	43	52	6	2	21	24	26	32	17	7	26
Metals	11,168	12,120	13,263	-2	9	9	1,884	2,357	2,775	-1	25	18	871	1,197	1,472	0	38	23
Oil & Gas	35,321	37,454	40,056	-5	6	7	4,623	4,135	4,854	55	-11	17	2,425	1,993	2,440	80	-18	22
Excl. OMCs	18,872	19,173	20,079	-3	2	5	3,164	3,394	3,947	19	7	16	1,589	1,681	2,005	21	6	19
Real Estate	463	569	675	11	23	19	132	170	219	19	28	29	94	130	159	17	38	22
Retail	1,885	2,288	2,755	21	21	20	212	267	333	11	26	25	86	119	161	-1	38	35
Staffing	431	485	559	12	12	15	15	18	22	14	23	23	7	11	15	-3	61	30
Technology	7,356	7,753	8,416	5	5	9	1,654	1,783	1,992	4	8	12	1,117	1,234	1,400	4	10	13
Telecom	2,422	2,642	3,017	6	9	14	1,142	1,272	1,525	12	11	20	-134	-33	121	Loss	Loss	LP
Others	2,027	2,252	2,589	4	11	15	310	359	460	31	16	28	126	145	211	98	15	46
MOFSL Universe	**97,347**	**1,05,785**	**1,17,270**	**4**	**9**	**11**	**20,071**	**21,893**	**25,729**	**22**	**9**	**18**	**10,798**	**11,945**	**14,467**	**34**	**11**	**21**

Source: MOFSL

SECTOR-WISE: Highlights / Surprise / Guidance

AUTOS: Healthy profitability in 1Q but emerging headwinds indicate caution

- **Growth moderating in PVs, tractors and CVs likely to see recovery in H2:** Auto OEMs reported ~10% YoY volume growth in 1QFY25, with nearly all OEMs contributing to this broad-based growth. 2Ws led the pack with 11% YoY growth, followed by PV with 6% YoY growth. CVs and tractors posted 4% YoY growth each. However, channel inventory is gradually rising, especially in PVs. Favorable monsoon and upbeat rural sentiments points towards a demand revival in the upcoming festive season. Overall, 2Ws are likely to post high single digit growth in FY25E. A positive rural sentiment is likely to help revive tractor demand from the festive season. Also, given the continued infra push by the Government, CV demand is likely to revive in H2, and is in line with OEMs guidance. On the other hand, PVs are likely to see low single digit growth in FY25E due to continued weakness in car demand.
- **Exports – demand outlook uncertain:** 2W exports volume grew ~12% YoY albeit over a low base, while 3W export volumes declined 2%. The 2W demand outlook remains uncertain due to ongoing macro challenges across key export regions of Africa. Even in developed regions like Europe and North America, demand outlook remains subdued with most global OEMs now reducing their forecasts for CY25. Thus, exports outlook remains subdued for FY25E across segments and in most of India's key export regions.
- **Beat on profitability driven by better gross margin and favorable mix:** Total revenue/EBITDA/PAT for our coverage universe grew ~10%/20%/28% YoY. While revenue was in line, we noted that the beat on EBITDA/PAT was driven largely by a favorable product mix. The outperformance was primarily driven by strong operational performance from TTMT. Excluding TTMT, results were mostly in line with our expectations. EBITDA margin for our coverage universe expanded 110bp YoY to 14.1% (est. 13.7%). For our OEM universe (excluding JLR), revenue grew ~9% YoY, largely aided by volume growth. Gross margin expanded 270bp YoY/80bp QoQ to 70.7%, while EBITDA margin expanded ~190bp YoY/20bp QoQ to 13.4%.
- **Expect margins to moderate in the coming quarters:** Commodity prices are seeing a gradual uptick, including aluminum, copper, lead, and rubber. Margins are also likely to be under pressure due to rising discounts, particularly in PVs. For companies with global operations, we anticipate persistent demand uncertainty and elevated freight costs due to issues in the Red Sea. As a result, we believe EBITDA margin has likely peaked at 14.1% in 1Q and will see some moderation in the coming quarters.
- **Several EPS downgrades amid incremental margin headwinds:** While this quarter has seen several downgrades in FY25 EPS estimates, downgrades have been higher in Auto Ancs than in Auto OEMs. Among OEMs, we saw EPS downgrades in HMCL (-9%), EIM (-5%) and ESCORTS (-5%) largely due to lower than expected operating performance. Amongst ancillary companies, the most notable earnings downgrades were for CRAFTSMA (-20%), EXID (-14%), APTY (-11%), ARENM (-10%), BHFC (-10%), BOS (-8%), HAPPYFORG (-9%). Most of these companies have seen higher earnings cut due to weaker Q1. Our ratings remained unchanged during the quarter.
- **Valuation and view**: It is now an established fact that the majority of easy gains in auto OEM stocks are now behind us, as we have witnessed significant volume growth across segments over the last two years, and input costs also appear to have bottomed out. Hence, one will have to make selective micro strategies to outperform from hereon. In this backdrop, MSIL is our top pick in Auto OEMs along with MM. Among Auto Ancillaries, our top picks are MOTHERSO and CRAFTSMA.
- **Surprises:** BIL, CIEINDIA, EIM, MSIL, MRF, MOTHERSO, TTMT
- **Misses:** APTY, AL, BOS, CRAFTSMA, EXID, HAPPYFORG, HMCL, MM, MSUMI, TIINDIA

Guidance highlights:

- **MSIL:** As per the company, 1Q volumes were affected by heatwaves and elections. However, the management has maintained its FY25 volume growth guidance for the industry at 4%, led by an expected pickup in demand amid good rainfall across India so far. Dealer inventory stands at 37 days as of 1Q end (vs. 30 days optimal inventory).

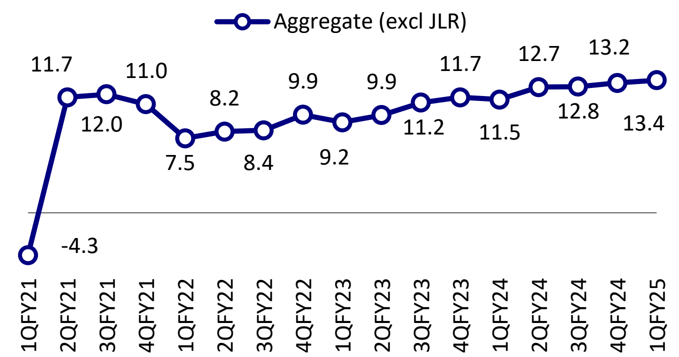
- **MM: Automotive –** MM has reiterated its FY25 volume growth guidance of mid- to high-teens YoY for its UV segment. Despite tepid demand, new launches should help MM outperform. **Tractors –** Reiterated its growth guidance of ~5% for FY25. Given positive trade terms, a good monsoon outlook, increased government spending in rural areas and Navratra in 2HFY25, there could be an upside risk to the current guidance.
- **TTMT: JLR-** Some of the markets, such as EU and China, are under pressure. North America is improving and demand in the UK is recovering. The current order book stands at ~104k units vs. ~133k units in 4QFY24. **CV –** While CV demand as of Jul'24 was weak, it is expected to bounce back in 2HFY25 as structural demand drivers remain intact. **PV-** Channel inventory for TTMT stood at 35-40 days (vs. 30 days normally).
- **AL:** Stable macro, normal monsoons and budget focus on infrastructure would drive growth in FY25. The management remained upbeat on MHCV demand recovery in FY25. Fleet age is at its peak currently at 10-11 years (vs. avg-7-8 years). It is expected to unlock replacement demand in the next 2-3 years.
- **BJAUT: Domestic –** It anticipates 6-8% YoY volume growth for the industry in FY25, with the 125cc and above category outperforming. EVs, including 2W and 3Ws, contributed 14% of the domestic revenue. **Exports –** Small but steady recovery visible. BJAUT expects 2Q to be better than 1Q. BJAUT anticipates 50-70bp cost inflation in the coming quarters.
- **HMCL:** The company indicated good recovery in both entry and 125cc segments in the last couple of quarters. Rural growth is ahead of urban growth for HMCL. The company plans to fill up dealer stocks ahead of an anticipated strong festive season. Inventory level relative to pre-festive period is under control, as per management.
- **TVSL**: With normal monsoon expected for this fiscal, TVSL expects rural recovery to drive momentum for the industry in the coming quarters. The management expects the 2W industry to post 10%+ growth in FY25. While African markets face currency devaluation, LATAM and the Middle East offer significant opportunities for TVSL. Despite some challenges in Bangladesh, management expects stabilization soon. **Norton:** It is going to launch six new products over the next three years, with the first launch likely by FY26 end.
- **EIM**: EIM is currently seeing improving conversion rates. Hence, the management is hopeful that demand for the middle-weight motorcycles, especially for RE, will pick up in the festive season. EIM is witnessing some green shoots in its key export regions. It is seeing healthy growth in Latin America. Even APAC demand is picking up. The company has also recently introduced the Super Meteor in Brazil. **VECV –** While near-term demand remains weak, the management expects CV demand to revive in 2H given the government's infra push and driven by steady replacement demand.
- **MOTHERSO**: 2Q automobile production will remain muted due to holidays in Aug'24. For FY25, global light vehicle production is likely to decline a bit or remain flat YoY.
- **BHFC:** CV – The management does not expect any major pick-up in 2Q but expects a good revival in 2H for domestic CVs, based on discussions with OEMs. Defense – The management indicated that India needs 4k guns of different platforms. Given the war going on in different regions globally, there is huge demand for replacement of various guns. Non-Auto exports – While aerospace remained muted in 1Q, the management expects this business to post 15-20% growth in FY25 and then strong double-digit growth from FY26 onward as the company starts executing orders (segment revenue stood at INR2.5b in FY24).
- **BIL**: After 24% YoY volume growth in 1Q, BIL has guided for minor volume growth YoY in FY25 as it expects demand headwinds in its key markets in Europe, North America and the Middle East in the coming quarters. There has been some channel filling as well by distributors due to increased transit time on account of the Red Sea crisis. The freight cost was 6.4% in 1Q and is expected to increase to 8-9% of revenue in 2Q, largely due to the Red Sea crisis. It also expects a 2-3% increase in RM costs in 2Q.

Exhibit 42: Key operating indicators

	Volumes ('000 units)					EBITDA Margins (%)					Adj PAT (INR M)				
	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	1QFY25	1QFY24	YoY (bp)	4QFY24	QoQ (bp)	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)
Bajaj Auto	1,102	1,027	7.3	1,069	3.1	20.2	19.0	130	20.1	20	19,884	16,648	19.4	19,360	2.7
Hero MotoCorp	1,535	1,353	13.5	1,392	10.3	14.4	13.8	60	14.3	10	11,226	9,462	18.6	10,161	10.5
TVS Motor	1,087	953	14.1	1,063	2.3	11.5	10.6	90	11.3	10	5,773	4,677	23.4	4,854	18.9
Maruti Suzuki	522	498	4.8	584	-10.6	12.7	9.2	340	12.3	40	36,499	24,851	46.9	38,778	-5.9
M&M	333	301	10.6	285	16.8	14.9	13.6	130	13.1	180	26,126	21,200	23.2	20,001	30.6
TTMT India CV**	94	89	5.8	111	-15.8	11.6	9.4	220	11.9	-30	15,350	9,360	64.0	19,840	-22.6
TTMT India PV**	139	140	-1.1	156	-10.8	5.8	5.2	50	7.3	-150	1,730	1,860	-7.0	5,330	-67.5
JLR	110	106	4.0	121	-8.4	15.8	16.3	-50	16.3	-50	496	323	53.6	789	-37.1
Ashok Leyland	44	41	6.2	56	-22.0	10.6	10.0	60	14.1	-350	5,256	5,768	-8.9	9,485	-44.6
Eicher - RE	226	228	-0.7	228	-0.7	27.9	26.0	190	27.6	30	10,880	9,139	19.1	9,833	10.6
Eicher - VECV	20	20	0.7	26	-23.4	7.6	7.8	-20	7.8	-20	2,329	1,810	28.7	2,702	-13.8
Aggregate **	**5,179**	**4,708**	**10.0**	**5,019**	**3.2**	**13.4**	**11.5**	**200**	**13.2**	**30**	**1,15,780**	**1,02,496**	**13.0**	**1,38,283**	**-16.3**

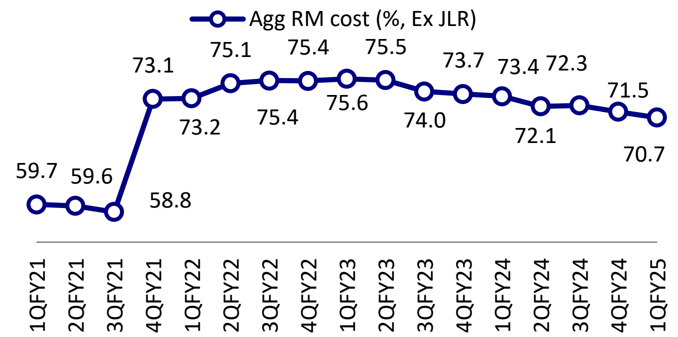
** PBT instead of PAT; JLR in GBP m; Source: MOFSL, Company

Exhibit 43: Aggregate EBITDA margin improved 20bp QoQ to 13.4% led by better mix, cost savings and favorable Fx



Source: MOFSL, Company

Exhibit 44: Gross margins improved 80bp QoQ led by improved mix



Source: MOFSL, Company

Revised EPS Estimates (INR)

	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	316.4	329.1	-3.9	380.9	382.4	-0.4
HMCL	231.5	255.4	-9.4	277.4	304.2	-8.8
TVSL	57.1	55.3	3.3	70.0	65.4	7.1
EIM *	155.6	164.3	-5.3	172.8	178.2	-3.0
MSIL *	484.9	485.8	-0.2	565.1	542.9	4.1
MM	106.4	108.2	-1.6	124.7	128.9	-3.3
TTMT *	59.8	58.1	3.0	69.9	67.2	4.1
AL	11.8	11.7	1.4	14.6	14.0	3.8
ESCORTS	97.2	102.6	-5.3	124.1	123.9	0.1
ARE&M	53.0	59.0	-10.2	62.3	66.5	-6.2
EXID	14.1	16.4	-13.9	18.0	19.6	-7.9
BOSCH	736	802	-8.2	872	938.9	-7.1
ENDU	62.1	65.5	-5.2	81.2	85.6	-5.1
CIEINDIA	23.7	23.5	0.8	28.9	29.6	-2.3
BHFC	34.8	38.7	-10.2	46.8	48.9	-4.3
MOTHERSO *	6.4	6.5	-0.8	8.2	8.5	-3.4
SONACOMS	10.6	10.6	0.0	13.3	13.3	0.0
CEAT	153.0	160.9	-4.9	192.6	197.5	-2.5
APTY *	26.5	29.8	-11.1	33.0	35.8	-7.7
BIL	84.1	87.8	-4.2	109.1	113.4	-3.8
MRF	4,752.7	4,582.8	3.7	5,557.1	5,113.5	8.7
MSUMI	1.7	1.8	-6.1	2.1	2.2	-4.9
TIINDIA	60.2	63.4	-4.9	75.1	79.2	-5.2
CRAFTSMA	142.2	176.6	-19.5	218.5	245.0	-10.8
HAPPYFORG	31.8	34.7	-8.5	44.4	45.2	-1.8

* Consolidated

CAPITAL GOODS: Better-than-expected ordering; execution surprises

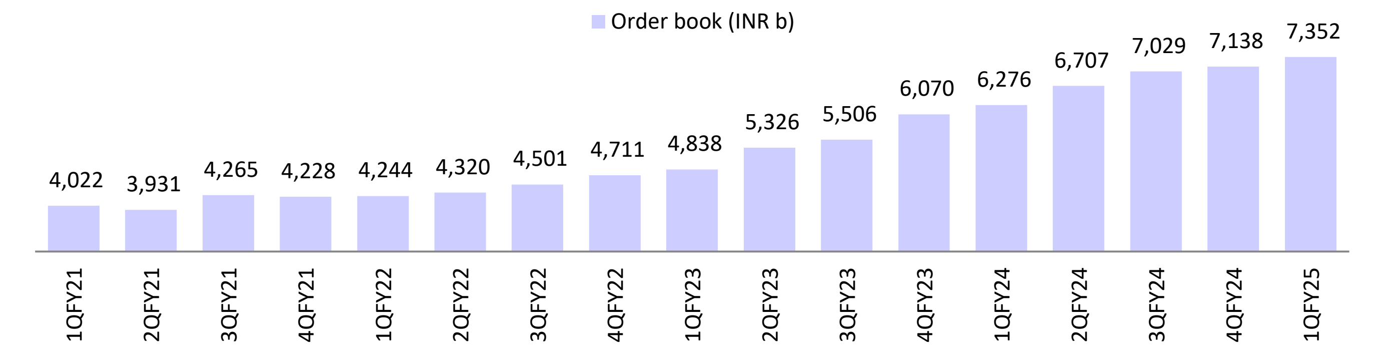
- **Ordering above expectations:** Order inflow momentum was largely unaffected by key events such as elections and budget, barring a few companies that are exposed to private capex (TMX, TRIV) and high base effect (BHE). Sectors such as power T&D, renewable energy, data centers, real estate, defense, etc. are seeing strong traction. Private investments have been selective, with sectors such as data centers, metals, real estate, automotive, etc. driving growth. Ordering activity is expected to see a healthy pick-up 2HFY25 onward, as enquiries are expected to translate into firm orders.
- **Execution growth largely above estimates:** For our coverage universe, execution grew by 13% YoY (vs. our estimate of 12%) on the back of healthy opening order books, with EPC companies posting 14% growth and product companies clocking 12% growth. Accordingly, LT, KKC, BHE saw healthy revenue growth, while SIEM, POWERIND, KPIL and ABB were noticeably weaker. ABB was affected by certain issues at clients' end, while SIEM missed estimates presumably owing to a higher share of government contracts. KPIL experienced labor shortage owing to elections and heatwaves, which had a bearing on execution.
- **Margin trajectory a mixed bag:** As commodity prices remained largely benign, EPC players witnessed sequential margin improvements, with 2HFY25 poised to see a healthy expansion. Product companies are relatively better placed with a shorter execution cycle, robust demand, and tech-led offerings, which enable them to enjoy better pricing power. Accordingly, aggregate EBITDA grew 20% YoY, in-line with our estimates. However, aggregate PAT growth of 20% YoY came in below our expectations of 24%. Notable examples include ABB, KKC, KOEL and TRIV, which reported healthy margin expansion in 1QFY25.
- **Export weakness persists:** While LT, TRIV and POWERIND reported an uptick in international ordering, KKC saw a 22% decline in export revenue owing to continued weakness in key markets amid high inflation and geopolitical tensions. Notably, there was a sequential improvement of 13%, suggesting that it could bottom out soon. However, sustainability of the same would be a key monitorable going ahead.
- **Top picks:** With the recent correction in stock prices, we remain positive on LT, ABB and BHE in our coverage universe.
- **Surprises:** KKC, KOEL, TRIV
- **Misses:** TMX, POWERIND, KPIL, SIEM

Guidance highlights:

Most managements remained positive on a strong order pipeline given the government's emphasis on capex-led growth. A meaningful uptick is expected in 2HFY25, with a healthy ramp-up seen in domestic ordering.

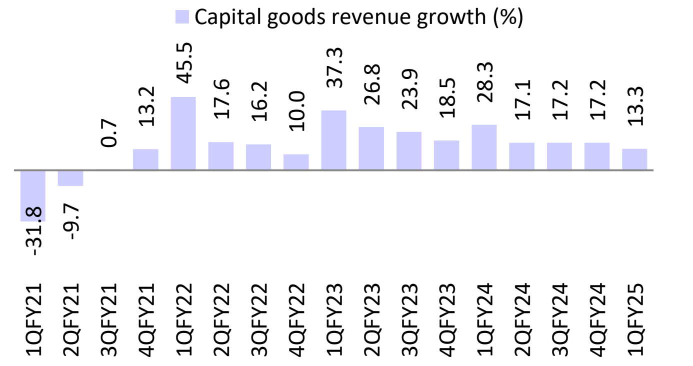
- **LT:** Maintained FY25 revenue and order inflow guidance at 15% and 10%, respectively, with core margin guidance of 8.25%. For the rest of FY25, the order pipeline is ~INR9t.
- **BHE:** Maintained FY25 revenue growth guidance of 15%, margin guidance of 23-25% and order inflow guidance of INR250b (excluding QRSAM).
- **KKC**: Maintained double-digit revenue growth guidance for FY25 at 2x the GDP growth rate.
- **KOEL**: Outlined its ambition – "2B2B" – to achieve USD2b size in the next five years. Margins to be in double digits.
- **KECI:** Maintained FY25 order inflow guidance at ~INR250b, revenue growth of 15% and margin guidance of 7.5%. Double-digit margin performance is expected in FY26.
- **KPIL:** Reiterated FY25 guidance of 20% revenue growth, PBT margin at 4.5-5%, NWC below 100 days and capex guidance at ~INR5b. Order inflow guidance is INR220-230b.
- **TRIV:** Domestic ordering expected to pick up 2HFY25 onward; export opportunities continue to be robust.

Exhibit 45: Aggregate order book seeing a steady build-up (INR b)



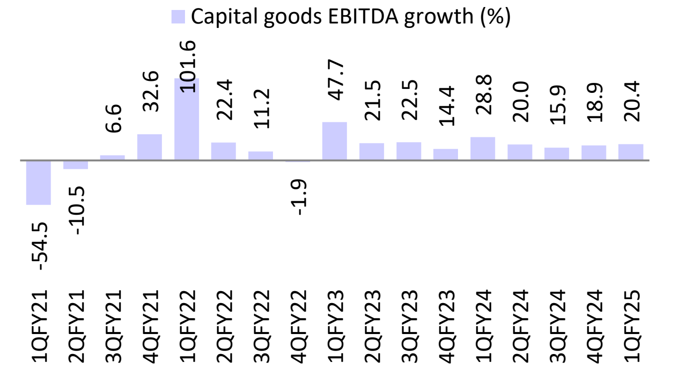
Source: Company, MOFSL

Exhibit 46: Aggregate revenue growth (%)



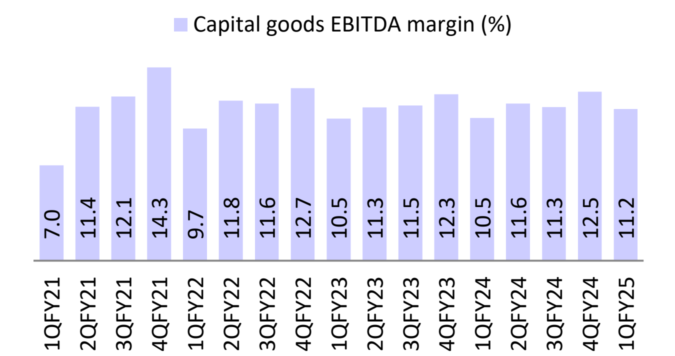
Source: Company, MOFSL

Exhibit 47: Aggregate EBITDA growth (%)



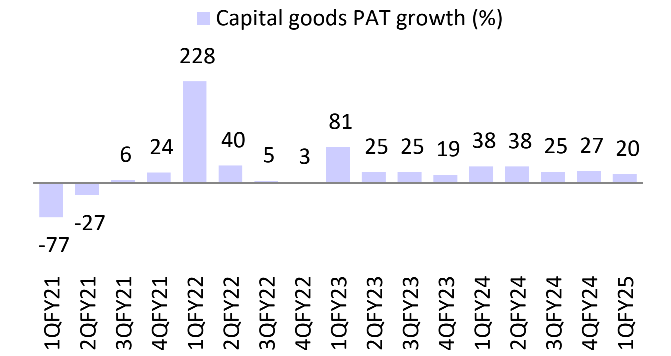
Source: Company, MOFSL

Exhibit 48: Aggregate EBITDA margin (%)



Source: Company, MOFSL

Exhibit 49: Aggregate PAT growth (%)



Source: Company, MOFSL

CEMENT: Volume growth moderates to ~4%; EBITDA/t at INR827 (est. INR895)

- **Lower realization (down 6% YoY vs. our estimate of 4% decline) led to a miss on EBITDA/t:** Blended realization for our coverage universe declined ~6% YoY (and 3% QoQ; ~2% below our estimate) due to price correction during the quarter. Volume growth for our coverage universe moderated to ~4% YoY (in line), amid general elections, labor unavailability, and extreme heat waves. ACC reported the highest volume growth of ~9% YoY, followed by SRCM/UTCEM, which posted 8%/7% YoY volume growth, and DALBHARA/JKCE, which clocked 6%/5% YoY growth. ACEM/TRCL's volume rose 2%/1% while, JKLC's volume was flat YoY. BCORP/ICEM's volume declined 1%/26% YoY. Consequently, revenue (excl. GRASIM) declined ~2% YoY. GRASIM's standalone revenue rose 11% YoY in 1QFY25, aided by incremental revenue from its new growth businesses (Birla Opus and Birla Pivot). Its VSF segment's revenue was up 6% YoY while, chemical segment's revenue declined 4% YoY due to lower volume (down 3% YoY).

- **Gross margin for our cement coverage improves marginally by 1.4pp YoY to 56.5%,** led by reduced input material costs (average variable cost/t declined 9% YoY). Freight cost/employee cost per ton declined 4%/3% YoY, while other expenses/t increased 3% YoY. **Aggregate EBITDA for coverage companies declined 9% YoY (including GRASIM, which registered an EBITDA decline of 52% YoY due to higher losses in new growth businesses), and OPM dipped 1.25pp YoY to 14.3% (est. 15.6%)**. The EBITDA of JKCE/JKLC/DALBHARA grew 19%/13%/8% YoY, while that of UTCEM was flat. The EBITDA of SRCM/TRCL declined 2%/6% YoY, while that of ACC/BCORP/ACEM declined 12%/13%/32% YoY. ICEM reported an operating loss of INR310m vs. EBITDA of INR50m in 1QFY24. **Average EBITDA/t stood at INR827 vs. INR907/INR1,010 in 1QFY24/4QFY24**.
- **PAT declines 20% YoY (ex-Grasim, PAT down ~11%):** Aggregate interest/depreciation expenses for our coverage universe grew 14%/18% YoY, and other income increased 21% YoY. **Aggregate profit declined 11% YoY to INR33.6b for cement companies (profit down 20% YoY to INR33.1b, including GRASIM, as it reported a loss of INR521m vs. PAT of INR3.6b in 1QFY24)**. DALBHARA/JKCE profit grew ~83%/49% YoY in 1QFY25. Conversely, PAT declined 45-55% for BCORP/SRCM/TRCL, ~10-21% for ACC/ACEM/JKLC, and ~1% YoY for UTCEM in 1QFY25. ICEM reported a net loss of INR1.2b (vs. a net loss of INR753m in 1QFY24).
- **Higher earnings downgrade due to continuing pricing pressure:** We cut our FY25 EBITDA estimates by ~6-8% for ACC/ACEM/TRCL/UTCEM and ~11-19% for BCORP/GRASIM/JKLC/SRCM. We cut our FY26 EBITDA estimates by ~4-6% for BCORP/SRCM/GRASIM. We largely maintained our earnings estimates for DALBHARA/JKCE.
- **Top picks:** UTCEM is our top pick in the sector followed by JKCE.
- **Surprises:** DALBHARA
- **Misses:** ACC, ACEM, BCORP, GRASIM, ICEM, JKLC, SRCM, and UTCEM

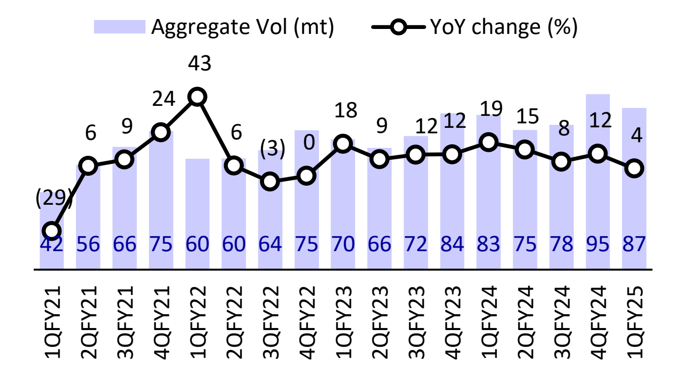
Guidance highlights:

Consolidation is intensifying in the industry, and this should benefit in the longer term. Cement demand is expected to improve in 2HFY25, backed by infrastructure and housing segments. Cement demand is estimated to grow between 6-7% YoY in FY25, considering muted growth in 1HFY25. Cement prices have further declined ~1-2% in Jul'24 vs. avg. of 1QFY25, and is likely to remain soft till CY24-end.

- **UTCEM:** Rural volumes for UTCEM grew ~9% YoY in 1Q, while there was lower demand from the infrastructure segment. Volume growth should be in double digits in FY25E vs. 7-8% for the Industry. Price improvement, if any, is expected only in 2HFY25. It anticipates cost savings to be around INR300/t over the next three years.
- **ACEM**: Consol. volume grew 3% YoY in 1QFY25. It reiterated its capacity target of 140mtpa and cost reduction targets of INR530/t by FY28. The acquisition process of Penna is at an advanced stage and likely to be completed in 2QFY25. Consol. capex was pegged at INR100b for the expansions (including Penna acquisition), cost efficiency, and maintenance capex. It expects cash and cash equivalent to be around INR100b by FY25-end.
- **SRCM:** SRCM expects volume growth to be in line with the industry in FY25. The share of green power stood at ~54% in 1QFY25, which is likely to increase to ~62% by 1QFY26. It is currently working on the 15.4mtpa grinding capacity addition at various locations, to be commissioned in phases until FY26-end.
- **DALBHARA**: Management reiterated DALBHARA's volume growth at 1.5x of the industry's growth rate. It identified areas of sustainable cost reduction of INR150-200/t in the next three years by reducing variable costs. The intermittent capacity target of 75mtpa is deferred to FY28 vs. the previous timeline of FY27. Further, it will share a detailed expansion plan, including the location and timeline of commissioning, after 12 months.
- **JKCE:** The company's Central India expansion achieved 93% capacity utilization. Reiterated its cost-saving target of INR150-200/t over the next two years through logistics cost optimization and the increasing share of green energy and alternative fuel. The company's long-term capacity target is 45-50mtpa vs. 24mtpa currently.
- **JKLC**: Lower volume and weak realization hurt overall performance. However, it has implemented various efficiency measures since the last one year, which helped to reduce costs. It is expecting further cost savings of INR50-75/t in the coming years. The announced merger of UCWL and other wholly owned subsidiaries with JKLC, will drive synergies, simplify corporate structure, and strengthen the balance sheet/cash flows for faster growth.

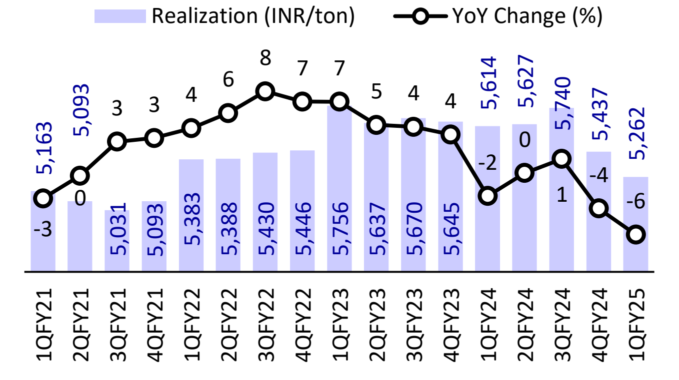
- **BCORP:** Lower realization was due to a change in market mix and a sharp correction in cement prices in BCORP's core markets (Rajasthan and Uttar Pradesh). Currently, it is increasing capacity in its core market (eastern UP) by expanding capacity at the Kundanganj plant. It is likely to be commissioned in 1HFY26. BCORP reiterated its capacity target of 25mtpa by FY27E vs. 20mtpa currently.

Exhibit 50: Sales volume grew ~4% YoY in 1QFY25



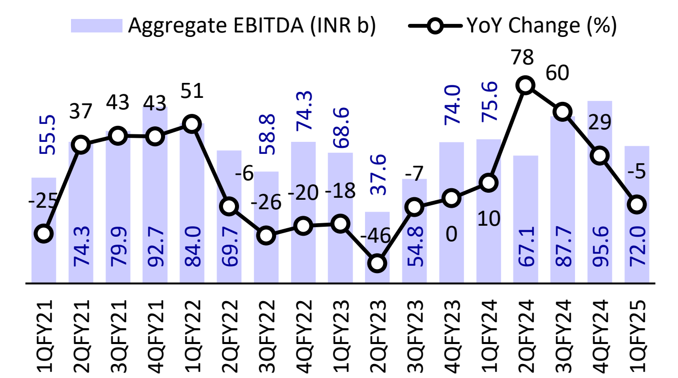
Source: Company, MOFSL

Exhibit 51: Blended realization was down 6% YoY



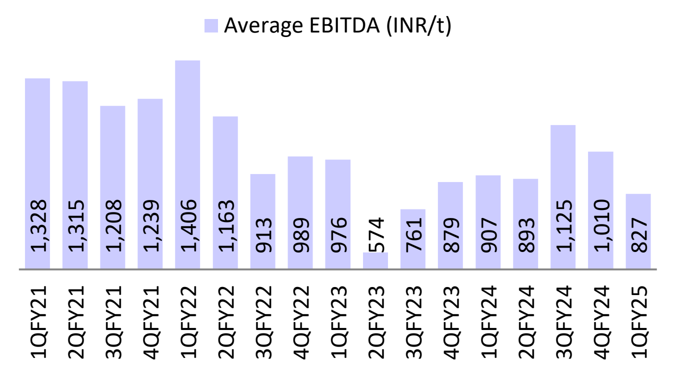
Source: Company, MOFSL

Exhibit 52: Aggregate EBITDA declined 5% YoY in 1QFY25



Source: Company, MOFSL; Note: *EBITDA excluding Grasim

Exhibit 53: Average EBITDA/t was down 9% YoY in 1QFY25



Source: Company, MOFSL

CHEMICALS: Margins still under pressure; revenue trend reverses

- **Overall performance:** Revenue was in line with our estimates (AACL, ATLP, DN, NFIL and SRF beat our estimates while PI and VO posted a miss). EBITDA was in line with our estimates too (AACL, ATLP, DN, GALSURF, NFIL beat our estimates, while CLEAN, NOCIL, TTCH and VO came in below our estimates). Adj. PAT was in line with our expectation (CLEAN, NOCIL, SRF, TTCH and VO missed our estimates, while the rest were above our estimates). Aggregate revenue was up 3% YoY to INR163.4b (reversing the decline trend of the past four quarters), EBITDA declined 10% YoY to INR30b and adj. PAT declined 19% YoY to INR16.2b.
- Aggregate gross margin for our coverage universe decreased 200bp YoY (vs. decline of 10bp YoY in 4QFY24). FINEORG, NFIL, NOCIL, SRF, TTCH and VO saw their gross margin decline YoY. Aggregate EBITDA margin dipped 260bp YoY. AACL, ATLP, CLEAN, DN, PI and VO showed expansion in their EBITDAM YoY, while there was a contraction for the rest of the companies in our coverage universe.
- **Ratings and earnings revisions:** After 1Q earnings, we upgraded ATLP, but there were no rating downgrades. However, we lowered our estimates for DN, NOCIL and TTCH and raised our estimates for ATLP.
- **Top picks: PI** is well-positioned for near-term growth, driven by strong CSM business momentum from a solid order book, new molecule commercialization, domestic product launches, and its recent pharma API and CDMO acquisition. We expect a CAGR of 16%/18%/ 13% in revenue/ EBITDA/adj. PAT over FY24-27. For **ATLP,** with end-user market demand improving, overall demand is expected to rise in 2HFY25, as the company undertakes projects to enhance plant efficiency, expand capacities, and increase market share.

- **Surprises:** AACL, ATLP, DN, GALSURF, NFIL
- **Misses:** CLEAN, NOCIL, TTCH, VO

Guidance highlights:

- **CLEAN:** The company anticipates improved margins within a few quarters as it scales up and covers fixed costs. CFCL has commenced production of 3 HALS products, namely HALS 622, HALS 944 and HALS 783, with another product to start production in Aug'24.
- **DN:** The management expects it to gain traction with the commissioning of the downstream products. Demand pressure on Benzene and Propylene could affect near-term Phenol spreads. Margin pressure would persist in the short term due to reduced dependency on single customer or single geography.
- **FINEORG:** Prices of some vegetable oils have risen and the company expects volatility to continue due to the weather impact on the crops. The overall lead time and freight costs are high due to the container availability issues because of the Red Sea crisis.
- **GALSURF**: A rise in rural spending owing to above-normal monsoons would drive strong demand in the Indian market. In the RoW region, improving household spending has slowly translated into strong demand for masstige categories. The management is confident of delivering high-single-digit growth in FY25 in the AMET region.
- **NFIL:** The AHF and R32 capex are on track to be commissioned by end FY25/early FY26 and Feb'25, respectively. The management has reiterated its target to achieve USD100m revenue in CDMO business by FY27. Phase I of cGMP4 plant is well on track to be commissioned by end CY25. The management expects demand in Spec Chem to recover in 2HFY25.
- **NOCIL:** The management is confident of the long-term prospects of the tire industry as it looks to invest in capacity expansion, technology upgrades, and R&D to enhance product quality and sustainability. NOCIL has been working on various new products in the pipeline.
- **PI:** The management maintains its revenue growth guidance of 15% in FY25, with gross/EBITDA margins of ~50-51%/25-26%. The company plans to incur a capex of ~INR8-9b in FY25. PI will focus on aggressive commercialization of new products in FY25 (~8-10 launches).
- **SRF:** The Chemical business is likely to witness a revival in 2HFY25. FY25 margins to be +/- 2% of FY24. SRF plans to incur a total capex of ~INR15-19b in FY25 (including INR6b toward the commissioning of three new fluoropolymer facilities).
- **TTCH:** Overall, soda ash demand is balanced and is expected to remain similar for the next couple of quarters. It will incur ~INR20b of capex over FY25-28E to increase soda ash capacity by ~20%, bicarb by ~30% and silica by 5x.

Exhibit 54: Revenue for our coverage universe

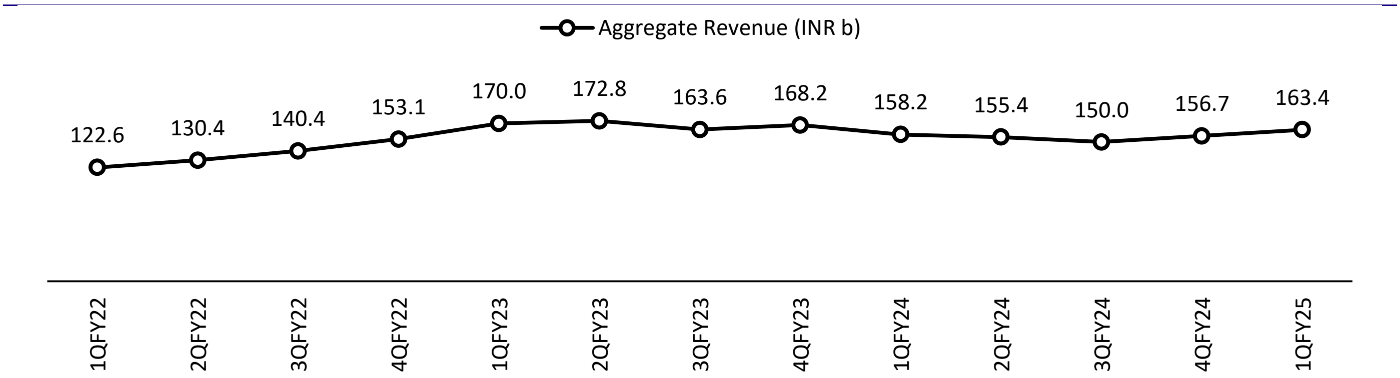


Exhibit 55: Gross margin for our coverage universe

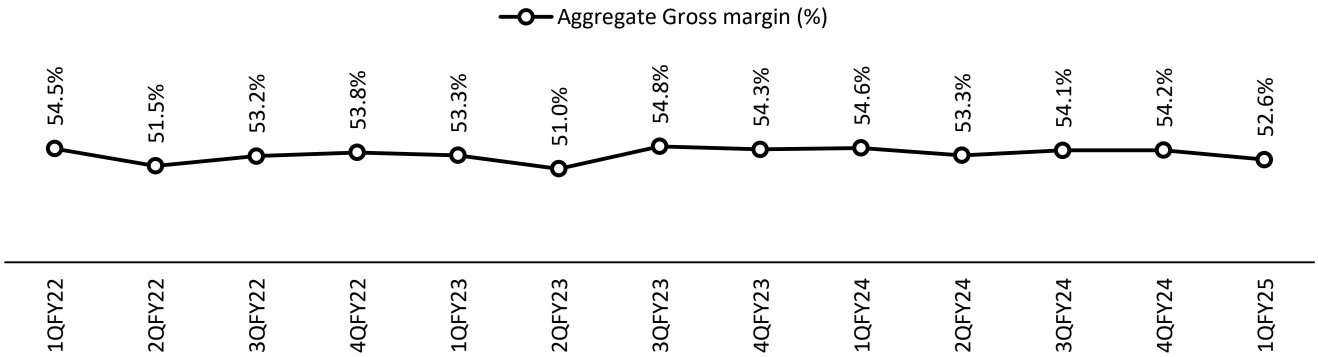


Exhibit 56: EBITDAM for our coverage universe

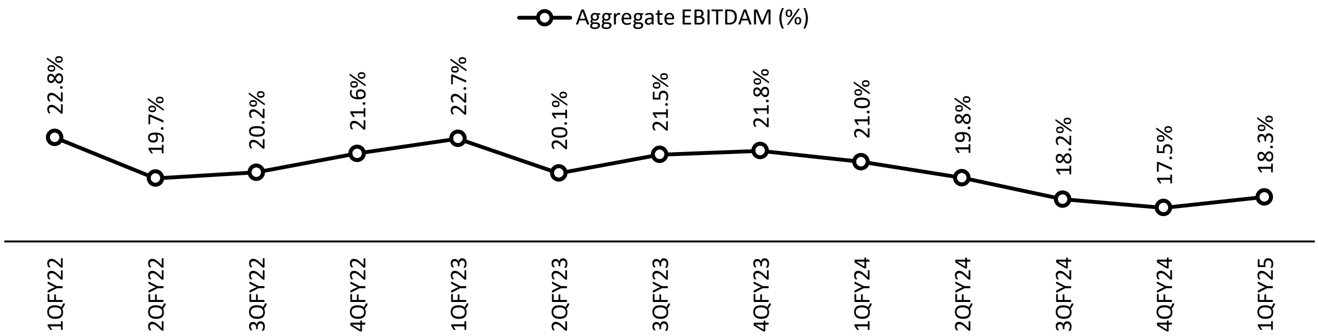


Exhibit 57: EBIT margin for our coverage universe

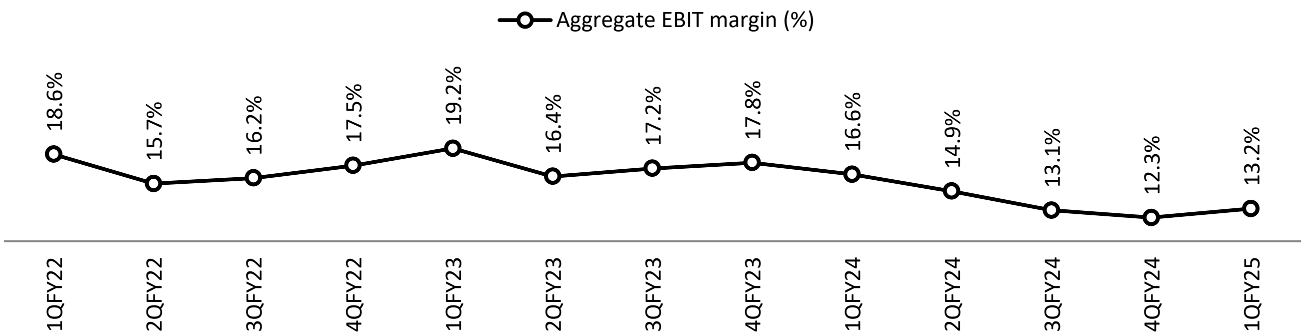
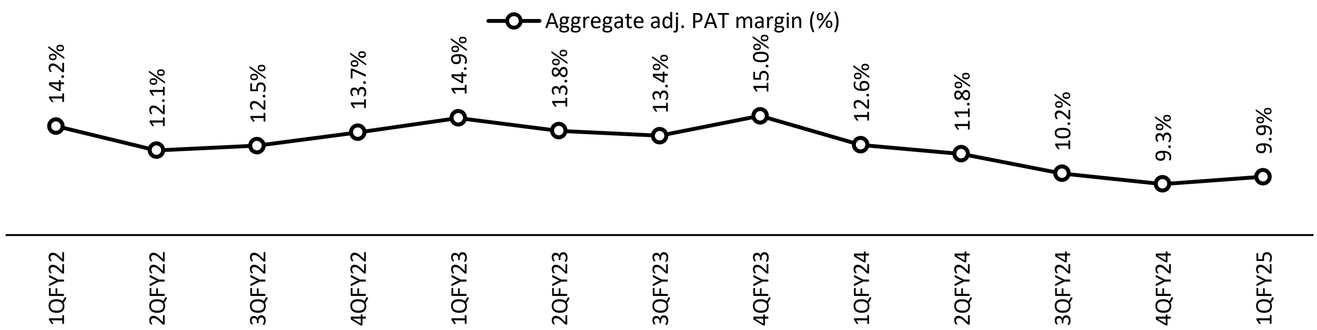


Exhibit 58: PAT margin for our coverage universe



CONSUMER - FMCG: Steady recovery in volume growth; sustains margin expansion

- **Improving demand in 1Q; promising outlook for 2HFY25**: Our coverage universe posted revenue growth of 6% YoY (est. 8%) in 1QFY25 vs. 4% in 4QFY24, showing an improving consumption trend. In the staples sector, demand has been steadily increasing, with signs of growth in rural markets. There was an improvement in volume growth YoY and further improvement is expected in coming quarters. Harsh summer conditions and election-related restrictions have affected out-of-home consumption in categories like HI, beverages, alcoholic beverages, and paints, while boosting demand for cooling products. The outlook for rural markets remains positive. In our coverage universe, four companies reported double-digit revenue growth, while two saw revenue contraction. Revenue growth was largely in line with our estimates for 15 out of 18 companies under our coverage. Godrej Consumer, UBBL and Varun Beverages missed our estimates.
- **Gross margin recovery intact; A&P spending remains high:** The trajectory of gross margin expansion was stable for most companies, with some companies beating our estimates. Companies continue to focus on marketing and distribution, which led to slower EBITDA margin expansion than the gross margin increase. There is expectation of a price hike in 2HFY25 to offset rising raw material prices. Our coverage universe posted EBITDA growth of 5% YoY (est. 9%) in 1QFY25. Excluding ITC, EBITDA growth was 7% in 1QFY25.
- **PBT and PAT below expectations:** For nine of the 18 coverage companies, PBT was either ahead of or in line with our estimates, with a better-than-expected performance by CLGT and UNSP. Conversely, there were notable misses by APNT, INDIGOPN, ITC, NESTLE, GCPL, VBL and UBBL. Aggregate PBT growth was 3% YoY (est. 9%). Aggregate PAT growth stood at 3% YoY (est. 10%).
- **Outperformer (1Q):** HMN, JYL, CLGT
- **Under performer (1Q):** APNT, VBL, NESTLE, PAGE, TATACONSUMER and UBBL
- **Near-term outlook:** With stable macro drivers along with expectation of favorable monsoon, we expect volume growth to continue to accelerate in FY25. Companies are focusing on the traditional framework (distribution reach, product launches, consumer offers, etc.) to gain the growth momentum. Some companies are expected to take a price hike in 2HFY25 to offset the recent RM inflation trend. Gross margin has already recovered well for most companies; hence, a further expansion in FY25 will be category/company-specific. EBITDA margins are expected to improve at a moderate pace over the medium term, supported by operating leverage, a better product mix, and growth in the premium portfolio. Local competition, rural pickup, pricing activities, and RM prices remain key monitorables.
- **Top picks – HUVR, GCPL and DABUR:** We are positive on **HUVR,** as we believe its wide product basket and presence across price segments should help the company achieve a steady growth recovery. Under the new leadership of Mr. Rohit Jawa, HUVR is expected to take corrective actions to address the white space, particularly in BPC and F&R. The company commands strong leadership in Home Care, which can be capitalized during improving macros. **GCPL** is consistently working to expand the total addressable market for its India business through product innovations to drive frequency. Besides, there has been a consistent effort to address the gaps in profitability and growth in its international business. We see margin headroom from the RCCL and Indonesia businesses. The valuation is expensive, but earnings are expected to outperform peers. **DABUR:** Recovery in rural markets should support its portfolio, as it is heavily skewed toward rural areas. In the domestic business, we expect healthcare, oral care, and food businesses to grow faster than others. The distribution drive will further contribute to rural growth. EBITDA margin has remained in the range of 19-20% for the past several years. The margin is expected to improve in the coming years due to a better mix of products (such as higher healthcare offerings) and increased pricing in high market-share brands.

Guidance highlights: Commentary on improvement in consumption is positive considering normal monsoons, improving macros, continued government spending, and lower inflation. Most of the companies are witnessing recovery in the rural markets and expect volume growth in FY25.

- **APNT:** The management expects double-digit volume growth for FY25. It expects a 5-6% gap in volume and value growth in the near term. It is anticipating 1.5% inflation in 2Q and may need to implement additional price increases in the future. EBITDA will be sustained in the range of 18-20%.
- **BRIT:** The company aspires to achieve double-digit volume growth in FY25, along with stable prices. The management remains positive on the growth outlook of the non-biscuit portfolio and expects it to outperform the biscuit portfolio by 1.5x. BRIT focuses on expanding distribution network, primarily in the rural, while also

innovating products and scaling up in related categories. The management anticipates 4% to 5% inflation in the coming months due to rising flour, sugar, and cocoa prices. EBITDA margin is expected to remain stable YoY in FY25.

- **DABUR:** The management expects volume growth in mid-to-high single digits and revenue growth in high single digits to low double digits in FY25. Revenue growth will be largely volume-led for the coming quarters. The management expects to achieve better EBITDA margin than 1Q's 19.6%.
- **HMN:** The company aims for double-digit revenue growth in FY25, mainly led by volume. Ad spending is expected to be aggressive due to new product launches in FY25. The effective tax rate will moderate for the remaining quarters and it will be at 10-11% for the next two years.
- **HUVR:** There will be a moderate pace of improvement in EBITDA margin in the near term at around 23-24%. The urban organized trade and premium portfolio stayed resilient and led growth for FMCG. The company expects gradual improvement in FMCG and rural demand and expects price growth in 2HFY25.
- **GCPL:** GCPL plans to increase its market share in rural areas by doubling outlet coverage and tripling village coverage through Project Vistaara 2.0. It has increased capex and is focusing on high single-digit volume growth in India and Indonesia. It aims to increase EBITDA margins in Indonesia from the current 20% to 25%. GUAM's EBITDA margins stood at 14% in 1Q, which GCPL aims to increase to 15%.
- **MRCO:** The company aims to deliver double-digit revenue growth in FY25. It expects volume trends to maintain the upward trajectory, supported by stable retail inflation, a favorable monsoon season, and government budget allocations aimed at boosting the rural economy. Another round of price increases can be taken if copra prices rise further.
- **PIDI:** The management has upheld its guidance for double-digit underlying volume growth for FY25. The gap between volume and value is anticipated to close in 2HFY25. Over the next 2-3 years, rural market growth is estimated to be 1.5x that of urban markets. EBITDA margin is expected to be 20-24% in the medium term.
- **UBBL:** Premium volume remained strong, with a 44% surge, particularly driven by Kingfisher Ultra, Ultramax and Heineken. UBBL aims to grow volume at 8-9% with market shares gains. The company is prioritizing its efforts to strengthen the portfolio over the next 1-2 years with incremental margin improvements.
- **VBL:** It expects strong double-digit growth in 3QCY24 and is on track to deliver healthy double-digit volume growth in CY24. The company witnessed almost ~100% utilization of plant in Apr'24 before the commissioning of new capacities.

Exhibit 59: Quarterly volume growth

Volume growth (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Asian Paints	37.0	10.0	0.0	16.0	10.0	6.0	12.0	10.0	7.0
Britannia	-2.0	5.0	3.0	3.0	0.0	0.0	5.5	6.0	8.0
Colgate	-2.5	-2.5	-4.5	0.5	3.0	-1.0	-1.0	1.0	7.0
Dabur	5.0	1.0	-3.0	1.0	3.0	3.0	4.0	3.0	5.2
Emami	9.6	-1.0	-3.9	2.0	3.0	2.0	-1.0	6.4	8.7
Godrej Consumer	-6.0	-5.0	3.0	13.0	10.0	4.0	5.0	9.0	8.0
HUL	6.0	4.0	5.0	4.0	3.0	2.0	2.0	2.0	4.0
ITC	26.0	20.0	15.0	11.5	8.0	5.0	-1.0	2.0	3.0
Marico	-5.0	3.0	4.0	5.0	3.0	3.0	2.0	3.0	4.0
Nestle	7.0	8.8	-2.3	5.1	5.4	5.4	4.0	4.0	4.0
Page Industries	150.0	1.0	-11.0	-15.0	-11.5	-8.8	4.6	6.1	2.6
UBBL	121.0	23.0	4.0	3.1	-12.4	7.0	8.0	10.9	5.0
United spirits	17.9	8.3	-25.0	-27.3	5.8	1.0	-1.8	3.7	3.5

Source: Company, MOFSL

Exhibit 60: Revenue/EBITDA/PAT growth for 1QFY25

Company Name	Revenue	1QFY25 YoY %	EBITDA	1QFY25 YoY %	PAT	1QFY25 YoY %
Asian Paints	89,697	-2%	16,938	-20%	11,868	-25%
Britannia	42,503	6%	7,537	9%	5,295	16%
Colgate	14,967	13%	5,083	22%	3,640	26%
Dabur	33,491	7%	6,550	8%	5,084	8%
Emami	9,061	10%	2,165	14%	1,702	21%
Godrej Consumer	33,316	-3%	7,262	7%	4,649	25%
HUL	1,57,070	1%	37,440	2%	26,455	2%
Indigo Paints	3,110	8%	474	-4%	262	-16%
ITC	1,84,573	8%	67,484	1%	50,939	0%
Jyothy	7,418	8%	1,335	14%	1017	17%
Marico	26,430	7%	6,260	9%	4,640	9%
Nestle	48,140	3%	11,209	5%	7,377	5%
Page Industries	12,775	4%	2,433	2%	1,652	4%
Pidilite	33,954	4%	8,127	15%	5,721	21%
Tata consumer	43,521	16%	6,674	22%	3,031	-5%
United Breweries	24,730	9%	2,847	28%	1733	27%
United Spirits	23,520	8%	4,580	19%	2,990	25%
Varun Beverages	71,969	28%	19,912	32%	12,526	26%

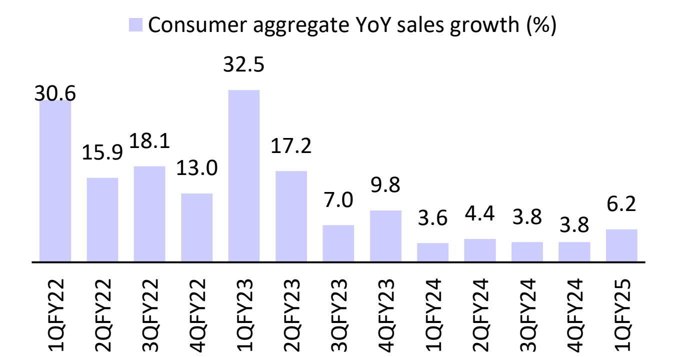
Source: Company, MOFSL

Exhibit 61: Gross and EBITDA margin expansion in 1QFY25

Companies	Gross Margin	YoY (bp)	QoQ (bp)	EBITDA Margin	YoY (bp)	QoQ (bp)
Asian Paints	42.5%	-40	-117	18.9%	-422	-49
Britannia	43.4%	147	-149	17.7%	56	-162
Colgate	70.6%	222	134	34.0%	238	-175
Dabur	47.8%	119	-81	19.6%	24	297
Emami	67.7%	226	188	23.9%	88	22
Godrej Consumer	55.9%	211	-26	21.8%	203	-66
Hind. Unilever	52.0%	152	-32	23.8%	19	60
Indigo Paints	46.6%	-73	-226	15.2%	-179	-675
ITC	60.5%	-130	-271	36.6%	-230	-41
Jyothy Labs	51.3%	342	179	18.0%	90	157
Marico	52.3%	227	67	23.7%	51	428
Nestle	57.6%	283	85	23.3%	39	-220
Page Industries	54.1%	90	-189	19.0%	-36	249
Pidilite Inds.	53.8%	479	38	23.9%	235	406
Tata Consumer	44.9%	274	-121	15.3%	77	-70
United Breweries	43.0%	247	131	11.5%	171	485
United Spirits	44.5%	85	115	19.5%	174	589
Varun Beverages	54.7%	222	-159	27.7%	74	477

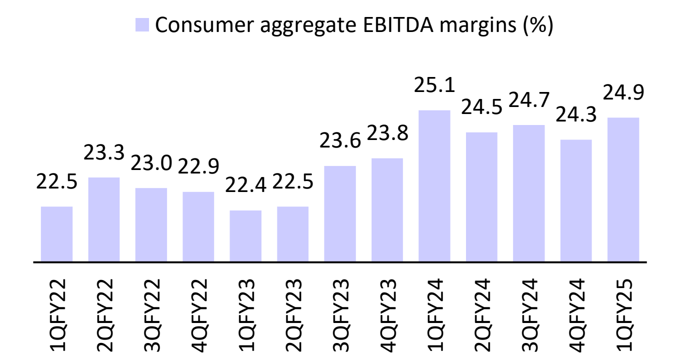
Source: Company, MOFSL

Exhibit 62: Sales grew 6.2% YoY for our consumer universe



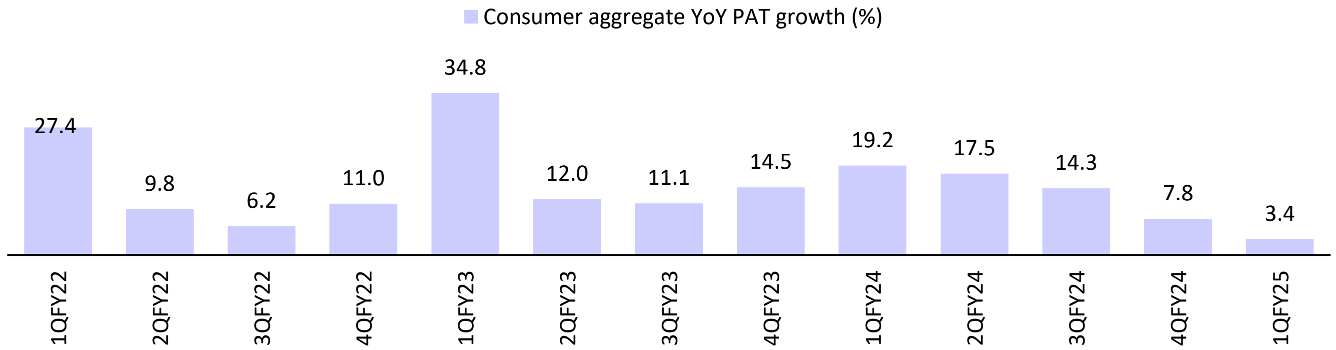
Source: Company, MOFSL

Exhibit 63: Aggregate EBITDA margin maintained in 1Q



Source: Company, MOFSL

Exhibit 64: Aggregate adjusted PAT up 3.4% YoY in 1QFY25



Source: Company, MOFSL

CONSUMER - QSR: Weakness persists; pressure on profitability

- **Sluggish demand trajectory**: The quick service restaurant (QSR) industry continues to face demand challenges, grappling with weak unit economics and intense market competition. There has been improvement in the delivery channel, as consumer traffic was positive, driven by consumer offers and heatwave impact. Dine-in demand remained weak, with most brands delivering a double-digit decline. Our coverage universe posted revenue growth of 6% YoY (organic growth) in 1QFY25 vs. 7% in 4QFY24 and 14% in 1QFY24. SSSG/ADS continued to decline, barring Restaurant Brand Asia (BK) and Jubilant, which reported SSSG/LFL of 3%/3%. Westlife/Devyani KFC/Devyani PH/Sapphire KFC/Sapphire PH registered same-store sales decline of 7%/7%/9%/6%/7%.
- **Slower store addition; expects stable momentum in FY25:** The store addition momentum slowed during the quarter due to sluggish unit economics across brands. The management has maintained their store addition guidance for FY25; however, we expect slower store openings in FY25.
- **Pressure on profitability:** With underlying growth remaining weak, companies witnessed a significant impact on their unit economics. Both restaurant margin and EBITDA margin contracted for most of the brands in 1Q. PBT was down >60% YoY during the quarter. PBT for Devyani, Sapphire, Westlife and Jubilant declined by 37%, 65%, 89% and 33% YoY, respectively. However, RBA reduced its loss from INR541m to INR522m.
- **Outperformer (1Q):** Jubilant Foodworks, RBA
- **Underperformer (1Q):** Sapphire, Devyani, Westlife
- **Near-term outlook:** We expect QSR companies to sustain growth weakness in the near term, which will likely keep operating margins under pressure. Following a sharp dip in margins, any further dips will be closely monitored. We are watchful for any recovery signs (particularly for dine-in) in 2HFY25 and pace of store addition in FY25.

Guidance highlights:

- **JUBI**: For FY25, Domino's plans to open 180 stores in India, 50 in Turkey and 20 in Bangladesh. It also aims to open 70 COFFY stores, 50 Popeyes stores, and 25 Hong's Kitchen outlets. The company has not increased prices in the last eight quarters and has no plan to raise prices. It focuses on giving more value to gain more share.
- **Devyani**: It expects that the demand scenario will improve during the festive season and the focus will be on the value-driven portfolio to fuel growth. The company is on track to reach 2,000 store network by FY25. The food court opening, in partnership with PVR, will start in 4QFY25.
- **Westlife**: The company has guided 15-18% operating margin (pre-Ind-AS) and 18-20% operating margin (Post-Ind-AS) in the medium term. It targets to open 45-50 stores in FY25 with a focus on South India, smaller towns, and drive-thru. It aims to reach 580-630 restaurants by FY27. The company aims for 15-18% contribution of McCafé to total business by FY27.

- **Sapphire**: The company is making efforts to improve dine-in, including specific menus, value offerings, and lunch advertising to attract customers. Sapphire aims to achieve 500 KFC stores by Dec'24 and remains cautious about the store expansion of PH. It added only 1 store so far in CY24.
- **RBA**: The companies aims to reach 510 restaurants by the end of FY25 and 700 stores by FY27. Indonesia operations are expected to achieve cash break-even in FY25. The management guides to achieve 69% GP margin by FY27, driven by increasing profitability in the delivery business.
- **Barbeque**: The management plans to open 100 new stores (10 in BBQ international, 40 stores in Premium CDR (Toscano and Salt) and 50 in BBQ India) over the next three years and reach 325 stores by FY27. The management guides ~68% GP margins for FY25.

Exhibit 65: Quarterly trends

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Revenue Growth									
Barbeque Nation	209%	41%	14%	12%	3%	-3%	1%	6%	-6%
Devyani	100%	45%	27%	28%	20%	10%	7%	5%	6%
Jubilant	41%	17%	10%	8%	6%	5%	3%	6%	10%
Sapphire	80%	36%	17%	13%	20%	14%	12%	13%	10%
Restaurant Brands	64%	47%	21%	29%	25%	19%	15%	16%	6%
Westlife	108%	49%	28%	22%	14%	7%	-2%	1%	0%
Total	**75%**	**34%**	**18%**	**17%**	**14%**	**9%**	**6%**	**7%**	**6%**
SSSG									
Barbeque Nation	182%	23%	-1%	-3%	-8%	-11%	-5%	1%	-7%
Devyani - KFC	64%	13%	3%	2%	-1%	-4%	-5%	-7%	-7%
Devyani - PH	32%	3%	-6%	-3%	-5%	-10%	-13%	-14%	-9%
Jubilant (LFL)	28%	8%	0%	-1%	-1%	-1%	-3%	0%	3%
Sapphire - KFC	65%	15%	3%	2%	0%	0%	-2%	-3%	-6%
Sapphire - PH	47%	23%	-4%	-4%	-9%	-20%	-19%	-15%	-7%
Restaurant Brands	66%	27%	9%	8%	4%	4%	3%	2%	3%
Westlife	97%	40%	20%	14%	7%	1%	-9%	-5%	-7%
Store (India)									
Barbeque Nation	195	205	212	216	212	212	210	211	213
Devyani	961	1,047	1,120	1,184	1,230	1,298	1,387	1,429	1,473
Jubilant	1,676	1,753	1,814	1,863	1,891	1,949	2,007	2,096	2,148
Sapphire	516	550	599	627	660	692	725	748	762
Restaurant Brands	328	334	379	391	396	404	441	455	456
Westlife	331	337	341	357	361	370	380	397	403
PBT (INR M)									
Barbeque Nation	208	69	67	(125)	(55)	(151)	75	(9)	(55)
Devyani	771	700	736	412	603	330	97	44	381
Jubilant	1,642	1,619	1,194	930	1,014	963	819	508	683
Sapphire	356	269	336	123	336	214	140	8	118
Restaurant Brands	(509)	(551)	(559)	(800)	(541)	(507)	(399)	(921)	(522)
Westlife	318	420	480	277	406	302	231	20	45
PBT Margins									
Barbeque Nation	7%	2%	2%	-4%	-2%	-5%	2%	0%	-2%
Devyani	11%	9%	9%	5%	7%	4%	1%	0%	3%
Jubilant	13%	13%	9%	7%	8%	7%	6%	4%	5%
Sapphire	7%	5%	6%	2%	5%	3%	2%	0%	2%
Restaurant Brands	-10%	-10%	-11%	-16%	-9%	-8%	-7%	-15%	-8%
Westlife	6%	7%	8%	5%	7%	5%	4%	0%	1%

CONSUMER DURABLES: Strong revenue growth; UCP segment outperforms

- **Revenue growth higher than our estimates:** Revenue for our consumer durables coverage universe increased 25% YoY in 1QFY25 (7% above our estimates), primarily led by higher-than-estimated growth in the AC segment. Revenue of VOLT/HAVL grew 46%/20% YoY, led by robust growth in the AC segment on a favorable base. Revenue growth for Polycab/KEII/RRKABEL stood at 21%/16%/13% YoY, supported by healthy demand growth in the Cables and Wires (C&W) segment. The RAC segment witnessed robust demand as a harsh summer season led to higher secondary as well as primary sales. Companies indicated that channel inventory also reduced significantly, leading to improvement in working capital. Revenue growth for VOLT (UCP)/Lloyd stood at 51%/48% YoY. In the C&W segment, a higher base of previous year, general elections and heatwaves impacted wires demand, whereas demand for cables remained strong. Aggregate C&W revenue grew ~11% YoY vs. our estimate of ~12% growth.

- **Aggregate EBITDA 6% higher than estimates; margin recovery seen:** Aggregate EBITDA for our coverage universe grew 32% YoY (~6% higher than our estimates). VOLT reported ~129% YoY growth in EBITDA, aided by a profit in its EMPS segment vs. a loss reported in 1QFY24 (~64% beat). HAVL's EBITDA grew 42% YoY as higher-than-estimated EBIT in Lloyd was offset by lower-than-estimated EBIT in C&W and switchgear segments. KEII/Polycab EBITDA grew 20%/6% YoY (in line), while RRKABEL EBITDA declined 16% YoY (~27% miss due to weak margins). Aggregate EBITDA margin improved 60bp YoY to ~10% (in line). Industry players have taken a price hike to offset a surge in input material costs. We expect margins to sustain at these levels in coming quarters.
- **Adjusted PAT above our estimates:** Aggregate PAT increased 34% YoY (10% higher than our estimate). PAT growth stood at 159% YoY for VOLT, followed by 42%/24% for HAVL/KEII. However, PAT of Polycab/RRKABEL declined 1%/13% YoY.
- **Upgrades/downgrades:** We upgraded VOLT's FY25/FY26 EPS estimates by 19%/4% given the outperformance in 1Q and higher profits in EMPS segment. We downgraded RRKABEL's FY25/FY26 EPS estimates by 11%/4% due to the underperformance in 1Q and continuing losses in FMEG business till FY26E. We maintained our earnings estimates and ratings for other coverage companies.
- **Surprises:** VOLT and KEII
- **Misses:** RRKABEL and Polycab

Guidance highlights:

- **Polycab:** Demand should pick up with the rise in government spending. Currently, commodity prices are stable, and channel inventory is at a normal level. Margins should improve going forward. Further, the new guidance as part of the project leap will be shared in FY25. Polycab has raised its focus on switches and switchgear segments, where the competitive intensity is low and margins are better.
- **KEII:** The company expects revenue growth of ~16-17% YoY in FY25, aided by brownfield expansion at Pathredi plant, likely to be completed in 2QFY25. Sales through dealers increased 29% YoY and contributed 53% to revenue vs. 47% in 1QFY24. It expects margin of ~11% in FY25, and an improvement of 1pp by FY27E.
- **RRKABEL:** Volumes of cables should grow ~30% YoY vs. 13-14% YoY growth for wires. Export volumes remained flat due to delayed shipments. However, volumes lost in 1Q were covered in Jul'24. It expects a 60-80bp improvement in margins in the C&W segment in FY25. In FMEG, there was additional A&P spending of INR120m due to the ongoing brand transition.
- **HAVL:** Demand for wires rebounded to normal levels in Jul'24, and there were price hikes across categories in 1QFY25. Though the management refrained from giving any guidance for Lloyd's FY25 profitability, it mentioned that Lloyd remains on a strong footing as its own manufacturing has helped in offering differentiated products and led to margin improvement. In the switchgear segment, the contribution margin will be around 38-41%.
- **VOLT:** UCP's overall volume grew 67% YoY in 1Q, and it maintained its leadership position in the RAC segment with an exit market share of 21.2% as of Jun'24. In EMPS, domestic projects continued to grow, and the outlook remains positive. In the international project, the UAE and Saudi Arabia delivered good performance, leading to revenue growth, which, along with strong execution and controlled costs, led to profits following losses in the last six quarters.

Exhibit 66: Aggregate* UCP revenue and growth

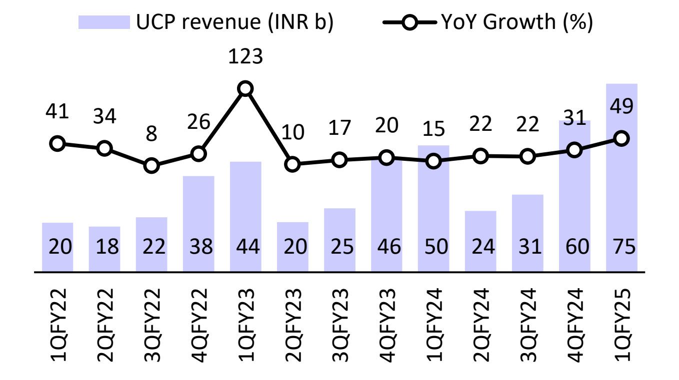
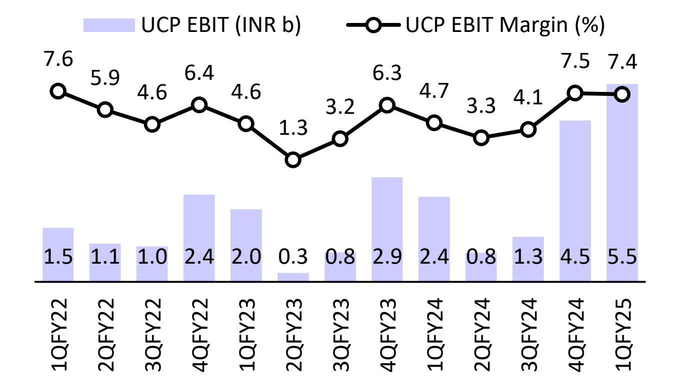


Exhibit 67: Aggregate* UCP EBIT and margin



Source: Company, MOFSL; Note: *In UCP revenue and EBIT we consider VOLT, HAVL, Blue star

Exhibit 68: Aggregate* C&W revenue and growth

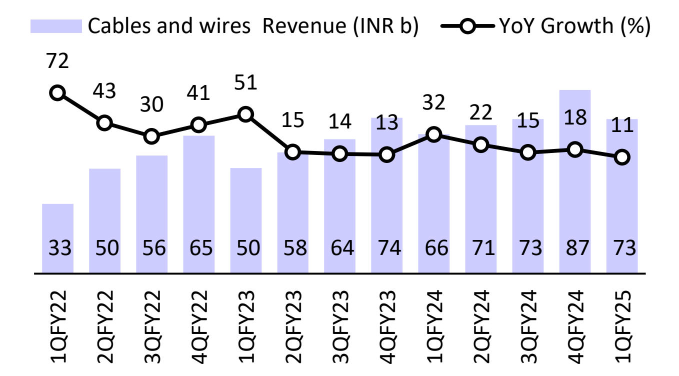
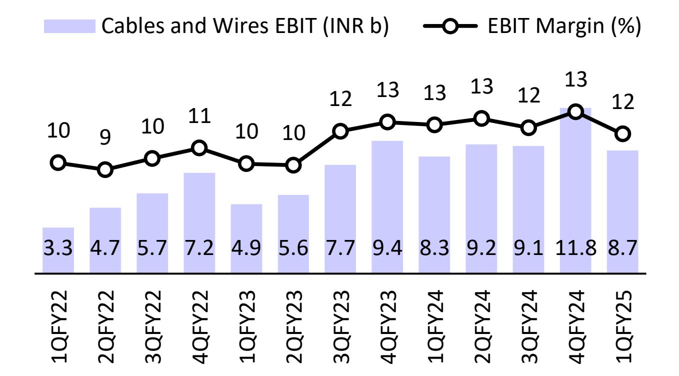


Exhibit 69: Aggregate* C&W EBIT and margin



Source: Company, MOFSL; Note: *In Cables and Wires revenue and EBIT we considered Polycab, KEII, HAVL

EMS: Strong revenue growth momentum continues with healthy order inflows

- **Strong revenue growth across EMS players:** The EMS sector reported another strong quarter with aggregate revenue growth of 75% YoY. This was driven by the execution of a strong order pipeline. The sector witnessed healthy order inflows, which rose 28% YoY (order book growth excludes Dixon and Amber). Dixon led the pack with 2x YoY revenue surge, followed by Syrma (93%), Kaynes (70%), Amber (41%), Cyient DLM (19%) and Data Pattern (16%). In contrast, Avalon posted a revenue decline of 15% YoY. For our coverage universe (ex. Dixon and Amber), revenue jumped 54% YoY vs. our est. of ~44% YoY.
- **The order book remains healthy with inflows across the end-user industries:** The order inflows were healthy across sectors. During the quarter, Kaynes secured three major long-term orders in Aerospace & Outerspace, Industrial & EVs, and Medical sectors. Avalon won orders in both the US and Indian markets across the mobility, clean energy, and industrial segments. Syrma posted a healthy growth in consumer order flows, followed by industrials and automotive. However, Cyient DLM witnessed a decline of 15% YoY in its order book due to the lumpy nature of its business. Among the EMS basket, Kaynes/Avalon/Syrma clocked the highest order inflow, up 68%/32%/29% YoY, followed by Data Patterns (up 5% YoY).
- **Gross margin remains muted due to the unfavorable product mix:** Gross margin for our coverage universe contracted ~530bp YoY to 23.3%. The companies that recorded the strongest growth (such as Dixon/Kaynes/ Syrma) have reported a gross margin contraction of 110bp/350bp/710bp YoY. This contraction was primarily due to a change in the product mix (towards low-margin products). Conversely, DATAPATT recorded a margin expansion of 1,000bp aided by the higher mix of production revenue, while CYIENTDL and AVALON reported a slight margin expansion of 30bp and 40bp YoY, respectively. Driven by strong revenue growth, EBITDA for the basket grew 23% YoY; EBITDA margin contracted 200bp YoY owing to gross margin contraction, partly offset by strong operating leverage.

- **The quarter witnesses one earnings upgrade and two downgrades:** We upgraded our earnings estimates for Kaynes by 8%/10% for FY25/FY26, while we downgraded our earnings estimates for Avalon (31%/12%) and Syrma (7% in FY25E; maintained our estimates for FY26E). We largely maintained our FY25/FY26 EPS estimates for Cyient DLM and Data Patterns.
- **Surprises:** Cyient DLM and KAYNES
- **Misses:** AVALON and SYRMA

Guidance highlights:

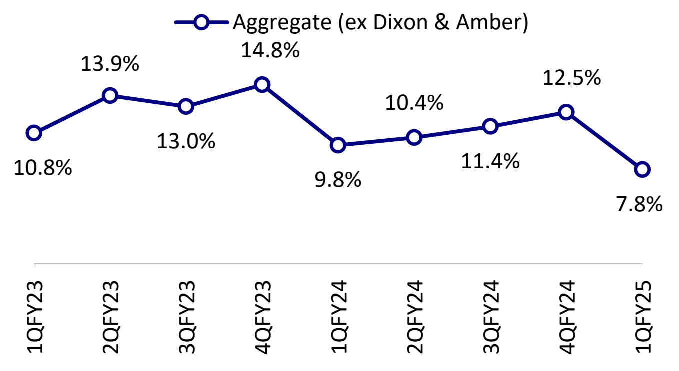
- **Kaynes:** The company expects revenue to surpass INR30b in FY25 and exceed previous guidance of 60% YoY growth. KAYNES expects strong EBITDA margins of ~15% in FY25. Export mix should increase to 20% by FY26.
- **Avalon:** Despite weak performance in 1Q, Avalon raised its FY25 revenue growth guidance to 16-20% vs. 14-16% earlier. It expects healthy growth from 2QFY25. Exports (US business) are likely to make up 60% of the revenue mix in FY25, which the company expects to reduce to 50% in the long term. Gross margin is likely to be ~33-35%
- **Syrma SGS:** Management maintained its revenue growth target of ~40-45% for FY25, with an EBITDA margin of ~7% (including PLI and forex gains/ losses). The increasing mix of industrial and healthcare segments and higher exports may boost its margins in the remainder of FY25.
- **Cyient DLM:** CYIENTDL retained its guidance for ~30% revenue CAGR with double-digit margins during the medium term.
- **DATAPATT:** The company expects healthy revenue growth in FY25. Its 2HFY25 is expected to be much stronger than 1H, due to the nature of orders received. The company maintained its guidance of ~20-25% revenue CAGR over the next two to three years, with EBITDA margin at ~35-40%.

Exhibit 70: Key operating indicators

	Revenue (INR m)					EBITDA margins (%)					Adj PAT (INR m)				
	1Q FY25	1Q FY24	YoY (%)	4Q FY24	QoQ (%)	1Q FY25	1Q FY24	YoY (bp)	4Q FY24	QoQ (bp)	1Q FY25	1Q FY24	YoY (%)	4Q FY24	QoQ (%)
Kaynes	5,040	2,972	69.6	6,373.04	-20.9	13.3	13.5	-30	14.9	-170	508	246	106.0	813	-37.5
Avalon	1,995	2,351	-15.2	2,168.10	-8.0	2.2	6.9	-470	7.9	-570	-23	71	-132.6	71	-132.7
Cyient DLM	2,579	2,171	18.8	3,618	-28.7	7.8	9.2	-150	10.5	-280	106	54	97.7	227	-53.4
Syrma SGS	11,599	6,013	92.9	11,341	2.3	3.8	6.1	-230	6.5	-270	193	285	-32.3	349	-44.8
Data Patterns	1,041	897	16.0	1,823	-42.9	35.7	31.0	470	51.0	-1530	328	258	26.9	711	-53.9
Dixon	65,798	32,715	101.1	46,580	41.3	3.8	4.0	-30	3.9	-10	1,337	688	94.2	952	40.4
Amber	24,013	17,020	41.1	28,055	-14.4	8.2	7.8	40	7.9	30	724	456	58.7	947	NA
Agg.	**1,12,064**	**64,139**	**74.7**	**99,958**	**12.1**	**5.5**	**6.3**	**-80**	**7.2**	**-170**	**3,172**	**2,059**	**54.1**	**4,070**	**-22.0**
Agg. (ex. Dixon, Amber)	**22,253**	**14,404**	**54.5**	**25,323**	**-12.1**	**7.8**	**9.8**	**-200**	**12.5**	**-470**	**1,112**	**914**	**21.6**	**2,171**	**-48.8**

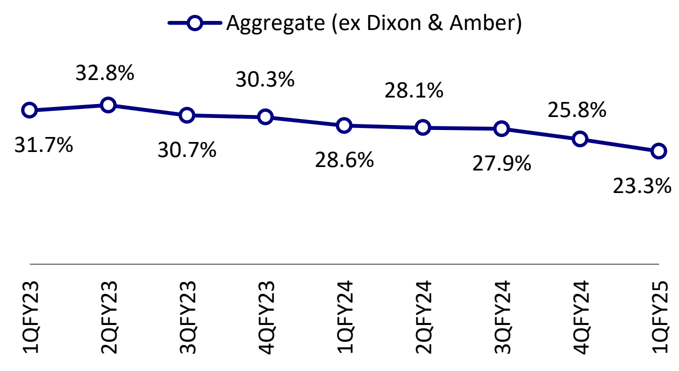
Source: MOFSL, Company

Exhibit 71: Aggregate EBITDA margin remained under pressure due to…



Source: MOFSL, Company

Exhibit 72: …unfavorable product mix that adversely impacted aggregate gross margin



Source: MOFSL, Company

Exhibit 73: Our revised EPS estimates (INR)

	FY25E			FY26E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Kaynes	54.3	50.3	8	90.6	82.5	10
Avalon	6.5	9.3	-31	14.0	15.9	-12
Cyient DLM	14.5	14.6	-1	21.9	21.9	0
Syrma SGS	9.0	9.7	-7	15.4	15.3	1
Data Patterns	39.9	39.7	1	53.1	54.0	-2

FINANCIALS – BANKS: Earnings trajectory hit by tepid business growth and NIM pressures; remains watchful on liability growth

- The banking sector reported a soft quarter amid tepid business growth, NIM moderation and a slight rise in provisioning expenses, mainly for private banks. NIM declined for most banks as cost pressure persisted amid intense competition for liabilities and continued pressure on CASA mix. Public sector banks (PSBs) reported a mild compression in margins as new investment guidelines led to better investment yields, which supported margins. Opex growth normalized after elevated wage/pension provisions, which lasted until 4QFY24. Credit growth was below our expectations for most banks, barring FB, which reported robust business growth. Growth in corporate segment was tepid, while unsecured retail loan growth also moderated. We have cut our growth estimates for many banks. We expect systemic credit growth of ~12% in FY25E as the CD ratio remains elevated, while growth in corporate and unsecured retail is likely to remain muted.
- NII growth was steady at 13% YoY for private banks (excluding HDFCB) and 6.5% YoY for PSBs. In our coverage universe, IDFCB reported highest NII growth at 25% YoY, followed by Bandhan at 21% YoY, which reported a healthy quarter. BOB and DCB reported lowest NII growth at 5.5% YoY. Further, we believe that NII growth should moderate as cost pressure keeps building. As a result, we believe that the NII growth trajectory should lag credit growth over the coming quarters. We remain watchful on the margin trajectory as the funding cost remains elevated and a potential turn in the rate cycle will moderate lending yields. Most banks witnessed a slight decline in margins, barring HDFCB, which reported a 3bp QoQ expansion in NIMs. KMB reported a sharp decline of 26bp QoQ. Most of the PSBs reported a mid-single-digit contraction in NIMs, supported by investment yields amid new investment norms.
- Fresh slippages increased slightly following a seasonal trend in 1Q, while recoveries and upgrades stood healthy. As a result, asset quality ratios were steady for most banks. While there was some deterioration in asset quality of unsecured loans, most lenders have adopted a cautious stance on underwriting and are growing slower in this segment. Most PSBs have guided for a controlled credit cost (PNB halved the FY25 credit cost guidance to 0.5%), supported by healthy recoveries and lower slippages. Private banks should see a slight increase as most of the recoveries are now behind. PCR increased slightly for select players but remained healthy, while the restructured book continued to follow a declining trend.
- **Private Banks – Business growth tepid; margin pressure continues:** Advances growth witnessed a decline in 1Q as it was a seasonally weaker quarter. However, ICICIBC saw healthy credit growth of 3.3% QoQ. Among mid-sized banks, FB reported a strong quarter, with both advances and deposits growing at 5.4% QoQ. The CASA ratio declined for most banks as many witnessed good inflows in CA deposits in 4Q, which unwound in 1QFY25. NIM compression was modest as deposits were largely repriced; however, the bias remains negative. Slippages inched up for select banks but were still under control, while steady recoveries and upgrades led to relatively stable asset quality ratios.
- **Public Sector Banks – Earnings momentum steady; asset quality improves further:** NII saw a marginal decline of 1% QoQ as NIMs declined for most banks even as investment yields improved on the back of revised investment guidelines. Slippages remained under control for most banks, though select banks reported higher agri slippages. Recoveries and upgrades also remained healthy. As a result, the GNPA ratio improved 3-75bp QoQ. Overall, PCR continued to be at healthy levels of ~71-88%. Restructured and SMA book too witnessed a sequential decline.

- **Small Finance Banks – Business growth healthy; asset quality trends mixed:** AUBANK reported healthy business growth as advances jumped 43% YoY (merged basis), led by growth in both retail and wholesale segments. The CASA ratio remained stable at 33% post-merger. Asset quality was stable with GNPA and NNPA ratios at 1.8% and 0.6%, respectively. EQUITASB reported healthy AUM growth of 16% YoY/3.1% QoQ, led by used CVs, SBL and HFs, while MFI declined as the management remains cautious amid rising delinquencies in the sector. Deposit growth stood at 3.1% QoQ. NIMs declined to 7.9% as the bank continued to witness a decline in the CASA ratio to 31% from the highs of 52% in FY22. The bank created accelerated provisions in 1Q to qualify for the universal banking license, which resulted in the sharp earnings decline.
- **Our view:** After 1QFY25 earnings, we have lowered our growth estimates for many banks. We estimate a 12.5% CAGR in loans over FY24-26E. We remain vigilant about margins and the delinquency cycle in unsecured loans and factor in a marginal increase in credit cost for private banks and SBI. We have cut our estimates for private banks by 3% for FY25 and FY26. For PSBs, we have raised our estimates by 1% for FY25 and reduced our earnings by 1% for FY26. Robust balance sheets, strong contingency buffers and reasonable sector valuations keep us positive on the sector, though the return outlook remains modest. **Our preferred picks** are ICICIBC, HDFCB, SBIN and FB.
- **Surprises: INBK, PNB, BANDHAN, AUSFB**
- **Misses: AXIS, SBIC, IIB, EQUITASB**

Guidance highlights

- **HDFCB** is focusing on deposits, which have fallen short of expectations due to seasonality. The bank emphasizes that it is not bound by any specific LDR, but lowering its LDR lies in the bank's interest. The bank is motivated to decrease its LDR swiftly while ensuring profitability.
- **KMB** is making efforts to build its strong and stable deposits franchise and focuses on garnering deposits at a lower cost. Due to excess liquidity at the end, the bank provided credit at lower yields, with slow disbursements in micro-credit loans. Due to the RBI order, there was no impact on the existing business operations, but Kotak 811 and credit card business were affected by the order.
- **ICICIBC** mentioned that there is no internal target for loan growth and that deposit growth should be sufficient to support loan growth. Consistent loan growth is anticipated, driven by retail, SME, and business banking segments. The bank noted that deposits remain tight, with wholesale deposits being even tighter, leading to some increases in deposit rates. However, deposits are not a constraint for loan growth, although there is competition for advances. On the draft discussion paper on LCR, the bank stated that LCR will impact advances and deposits, with an estimated 10-15% effect on LCR.
- **AXSB** remains well-capitalized and continues to pursue growth effectively. The bank has identified promising opportunities in corporate lending and is prepared to proceed as long as the underwriting standards are met. It has seen a rise in credit cost in 1Q, of which 55% of the increase was attributed to the timing differences; the effective credit costs would be 67bp (a 30bp impact). About 32% of gross slippages are linked accounts that are standard; as these slippages regularize, so does the linked provision.
- **SBIN** delivered a healthy performance with 16% credit growth and guides for 15% growth, backed by broad-based sector growth. The CD ratio is expected to be 70%, potentially rising to 72%, while credit cost should be controlled at 0.5%. The C/I ratio remains below 50%, and it expects income growth. The bank expects NIMs to stay at the current levels, with expected variation of +/-10bp. In terms of asset quality, there is no sign of stress build-up as underwriting remains strong, with some slippages in the agricultural sector.
- **IIB** targets 18%-23% loan growth, with retail loans making up 45%-50%. During 1Q, IIB was cautious about disbursements in vehicle and microfinance during the election phase; they have already picked up in Jul'24. In other segments, the bank expects ~18-20% YoY growth in vehicle finance, 28-30% growth in retail, ~18-20% growth in mid-corporate, ~10-12% growth in large corporate growth. The CD ratio stood at 87.2%, which IIB expects to maintain in range of 88-90% going forward.

- **BOB** advances dipped 1.7% QoQ, while the bank continues to focus on retail segment. There was a reclassification benefit of INR20-INR30m due to the RBI's revised investment guidelines. BOB has also reduced its bulk deposits in the current quarter. The bank expects NIMs to be steady at 3.15% (+/-5bp). The bank maintains its growth guidance of 12-14% for FY25 and deposit growth guidance of 10-12%. BOB expects to maintain its CD ratio in the range of 80-82%. Further, the bank expects the credit cost of less than 0.75%.

Exhibit 74: Earnings decline led by NIM moderation, muted business growth and rise in credit cost for select private banks

	NII			PPOP			PAT		
INR b	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)
AUBANK	19.2	54.1	43.6	9.9	80.9	48.8	5.0	29.9	35.5
AXSB	134.5	12.5	2.7	101.1	14.7	(4.1)	60.3	4.1	(15.4)
BANDHAN	30.1	20.7	4.8	19.4	24.2	5.6	10.6	47.5	1,846.8
BoB	116.0	5.5	(1.6)	71.6	(8.5)	(11.7)	44.6	9.5	(8.8)
CBK	91.7	5.8	(4.3)	76.2	0.2	3.1	39.1	10.5	3.9
DCBB	5.0	5.5	(2.1)	2.1	(1.6)	(12.1)	1.3	3.5	(15.6)
FB	22.9	19.5	4.4	15.0	15.2	35.2	10.1	18.2	11.4
HDFCB	298.4	26.4	2.6	238.8	27.2	(18.4)	161.7	35.3	(2.0)
ICICIBC	195.5	7.3	2.4	160.2	13.3	6.6	110.6	14.6	3.3
IDFCFB	46.9	25.4	5.1	18.8	25.5	13.1	6.8	(11.0)	(6.0)
IIB	54.1	11.1	0.6	39.5	3.1	(3.2)	21.7	2.2	(7.6)
INBK	61.8	8.3	2.7	45.0	8.9	4.6	24.0	40.6	7.0
KMB	68.4	9.8	(1.0)	52.5	6.2	(3.8)	35.2	2.0	(14.8)
PNB	104.8	10.2	1.1	65.8	10.3	2.6	32.5	159.0	8.0
RBK	17.0	19.5	6.3	8.6	32.7	(3.2)	3.7	29.0	5.4
SBIN	411.3	5.7	(1.3)	264.5	4.6	(8.0)	170.4	0.9	(17.7)
UNBK	94.1	6.5	(0.3)	77.9	8.4	19.2	36.8	13.7	11.1
Total Banking Coverage	**1779.6**	**11.5**	**1.0**	**1270.3**	**10.9**	**(4.2)**	**774.8**	**15.6**	**(5.0)**

Source: MOFSL, Company

Exhibit 75: NIMs continue to moderate though pace of decline has come-off

NIM (%)	4QFY24	1QFY25	YoY (bp)	QoQ (bp)
AUBANK	5.10	6.00	28	90
AXSB	4.06	4.05	(5)	(1)
BANDHAN	7.60	7.60	30	-
BoB	3.27	3.18	(9)	(9)
CBK	3.07	2.90	(15)	(17)
DCBB	3.62	3.39	(44)	(23)
FB	3.21	3.16	(4)	(5)
HDFCB	3.44	3.47	(63)	3
ICICIBC	4.40	4.36	(42)	(4)
IDFCFB	6.35	6.22	(11)	(13)
IIB	4.26	4.25	(4)	(1)
INBK	3.52	3.53	(8)	1
KMB	5.28	5.02	(55)	(26)
PNB	3.10	3.07	(1)	(3)
RBK	5.45	5.67	14	22
SBIN	3.30	3.22	(11)	(8)
UNBK	3.09	3.05	(8)	(4)

Source: MOFSL, Company

Exhibit 76: Loan growth remained tepid, deposit growth was also weak

	Loans			Deposits			CASA ratio (%)		
INR b	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)
AUBANK*	897	42.6	22.5	973	40.4	11.6	33.0	(200)	-
AXSB	9,801	14.2	1.6	10,625	12.8	(0.6)	42.0	(400)	(100)
BANDHAN	1,216	23.8	0.4	1,332	22.8	(1.5)	33.4	(264)	(372)
BoB	10,870	12.8	2.0	13,498	12.5	1.7	40.6	29	(71)
CBK	9,506	11.2	2.0	13,348	11.9	1.7	31.0	(202)	(131)
DCBB	422	18.9	3.1	517	20.2	4.7	25.4	(56)	(62)
FB	2,208	20.3	5.4	2,661	19.6	5.4	29.3	(258)	(11)
HDFCB	24,635	52.5	(0.9)	23,791	24.4	(0.0)	36.0	(650)	(220)
ICICIBC	12,232	15.7	3.3	14,261	15.1	0.9	40.9	(237)	(125)
IDFCFB	2,026	21.0	4.1	2,097	35.8	4.5	46.6	12	(65)
IIB	3,479	15.5	1.3	3,985	14.8	3.6	36.7	(323)	(121)
INBK	5,256	14.5	2.1	7,009	11.0	1.9	39.0	(123)	(174)
KMB	3,900	18.7	3.7	4,474	15.8	(0.3)	43.4	(560)	(210)
PNB	9,546	10.5	2.2	14,083	8.5	2.8	40.1	(182)	(136)
RBK	867	18.6	3.2	1,014	18.4	(2.1)	32.6	(474)	(266)
SBIN	37,928	17.2	2.4	50,055	10.5	1.8	40.7	(218)	(41)
UNBK	8,885	15.3	2.0	12,404	10.0	1.5	33.4	(120)	(80)
Total Banking Coverage	**1,43,673**	**20.4**	**1.9**	**1,76,127**	**13.7**	**1.5**	**39.4**		

* AU Bank Nos on merged with FIncare, Source: MOFSL, Company

Exhibit 77: Asset quality deteriorates for select banks; although credit cost remains broadly under control

Asset quality	4QFY24 (%)			1QFY25 (%)			QoQ change (bp)			1QFY25 (%)
(%)	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR	Slippage Ratio
AUBANK	1.67	0.55	67.6	1.78	0.63	67.6	11	8	-	3.46
AXSB	1.43	0.31	78.5	1.54	0.34	78.1	11	3	(45)	2.09
BANDHAN	3.84	1.11	71.8	4.23	1.15	73.7	39	4	184	3.24
BoB	2.92	0.68	77.3	2.88	0.69	76.6	(4)	1	(76)	0.29
CBK	4.23	1.27	70.9	4.14	1.24	71.0	(9)	(3)	12	0.39
DCBB	3.23	1.11	66.4	3.33	1.18	65.2	10	7	(123)	4.57
FB	2.13	0.60	72.3	2.11	0.60	71.9	(2)	-	(36)	0.84
HDFCB	1.24	0.33	74.0	1.33	0.39	71.2	9	6	(283)	1.55
ICICIBC	2.16	0.42	80.8	2.15	0.43	80.2	(1)	1	(56)	1.81
IDFCFB	1.88	0.60	68.8	1.90	0.59	69.4	2	(1)	59	NA
IIB	1.92	0.57	70.6	2.02	0.60	70.6	10	3	1	1.89
INBK	3.95	0.43	89.5	3.77	0.39	90.0	(18)	(4)	55	1.71
KMB	1.39	0.34	75.9	1.39	0.35	74.9	-	1	(104)	1.42
PNB	5.73	0.73	87.9	4.98	0.60	88.4	(75)	(13)	50	0.87
RBK	2.65	0.74	72.7	2.69	0.74	73.1	4	-	40	3.94
SBIN	2.24	0.57	75.0	2.21	0.57	74.4	(3)	-	(61)	1.08
UNBK	4.76	1.03	79.1	4.54	0.90	80.9	(22)	(13)	178	1.06

Exhibit 78: Snapshot of restructured book across Banks (%)

INR b	Restructured book									
	Absolute	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23	Mar'24	Jun'24
AXSB	14.1	0.45	0.38	0.3	0.22	0.21	0.2	0.18	0.16	0.14
BANDHAN	NA	2.35	0.2	NA	NA	NA	NA	NA	NA	NA
DCBB	9.9	6.1	5.45	4.94	4.51	3.97	3.4	3	2.62	2.34
HDFCB	NA	0.76	0.53	0.42	0.31	NA	0.22	NA	NA	NA
ICICIBC	27.4	0.8	0.7	0.5	0.4	NA	0.32	0.29	0.26	0.22
IIB	11.8	2.1	1.5	1.25	0.84	0.66	0.54	0.48	0.40	0.34
KMB	3.2	0.39	0.34	0.25	0.22	0.19	0.15	0.13	0.10	0.08
FB	18.3	2.22	2.03	1.81	1.62	1.4	1.3	1.1	0.97	0.83
RBK	3.8	2.9	2.21	1.67	1.21	1.05	0.89	0.63	0.51	0.44
AUBANK	3.6	2.1	1.7	1.4	1.2	1	0.8	0.7	0.60	0.40
BOB	NA	2.46	2.12	1.87	1.5	1.31	NA	1	NA	NA
SBIN	160.2	1	0.93	0.85	0.8	0.69	0.62	0.54	0.47	0.43
INBK	78.8	4.2	3.9	3.37	2.51	2.19	2.12	1.93	1.67	1.51
PNB	NA	2	1.8	1.54	1.32	NA	NA	NA	NA	NA
UNBK	118.6	2.92	2.6	2.38	2.2	2	1.71	1.57	1.48	1.30
CBK	NA	2.41	2.09	1.75	NA	NA	NA	NA	NA	NA

Exhibit 79: We cut our earnings estimate for private banks by ~3% for FY25-26E; while earnings for PSBs remain steady

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Private Banks						
AXSB	279.9	328.9	264.3	303.3	-5.6%	-7.8%
BANDHAN	38.5	44.0	42.3	48.8	10.0%	10.8%
DCBB	6.4	7.8	6.1	7.5	-4.3%	-3.8%
HDFCB	701.6	818.6	688.7	793.8	-1.8%	-3.0%
ICICIBC	460.4	524.4	450.0	514.1	-2.3%	-2.0%
IDFCFB	35.6	47.6	31.7	45.2	-10.8%	-5.0%
IIB	103.2	127.8	95.2	117.6	-7.8%	-8.0%
KMB	148.4	167.1	148.0	170.8	-0.3%	2.2%
FB	42.7	51.1	42.5	50.5	-0.6%	-1.2%
RBK	14.9	19.5	14.3	18.9	-4.3%	-3.2%
AUBANK	22.0	29.4	21.7	28.9	-1.2%	-1.7%
EQUITASB	9.2	12.5	7.1	11.4	-22.3%	-9.1%
Total Private Banks	**1,862.7**	**2,178.7**	**1,812.0**	**2,110.7**	**-2.7%**	**-3.1%**
YoY growth	**14.8%**	**17.0%**	**11.7%**	**16.5%**		
Total Private Banks (Ex HDFCB)	**1,161.1**	**1,360.1**	**1,123.2**	**1,316.9**	**-3.3%**	**-3.2%**
YoY growth	**14.4%**	**17.1%**	**10.7%**	**17.2%**		
PSU Banks						
BOB	197.8	228.2	194.3	220.7	-1.8%	-3.3%
CBK	167.4	192.3	165.0	189.0	-1.5%	-1.7%
INBK	97.7	116.2	101.8	115.2	4.2%	-0.8%
PNB	133.5	167.8	140.9	169.1	5.6%	0.8%
SBIN	705.6	810.7	713.2	802.6	1.1%	-1.0%
UNBK	157.3	180.0	158.3	179.0	0.6%	-0.6%
Total PSU Bank	**1,459.2**	**1,695.1**	**1,473.5**	**1,675.6**	**1.0%**	**-1.2%**
YoY growth	**18.3%**	**16.2%**	**19.4%**	**13.7%**		
Total for Banks	**3,322.0**	**3,873.8**	**3,285.5**	**3,786.2**	**-1.1%**	**-2.3%**
YoY growth	**16.3%**	**16.6%**	**15.0%**	**15.2%**		
Total for Banks (Ex of HDFCB)	**2,620.3**	**3,055.2**	**2,596.7**	**2,992.5**	**-0.9%**	**-2.1%**
YoY growth	**16.5%**	**16.6%**	**15.5%**	**15.2%**		
Other Financials						
SBICARD	29.1	39.6	26.7	35.8	-8.3%	-9.5%
PAYTM	-17.3	-7.2	-21.5	-9.1	NA	

FINANCIALS – NBFC: Seasonally muted quarter; NIM bottoming out; MFI impacted by over-leveraging

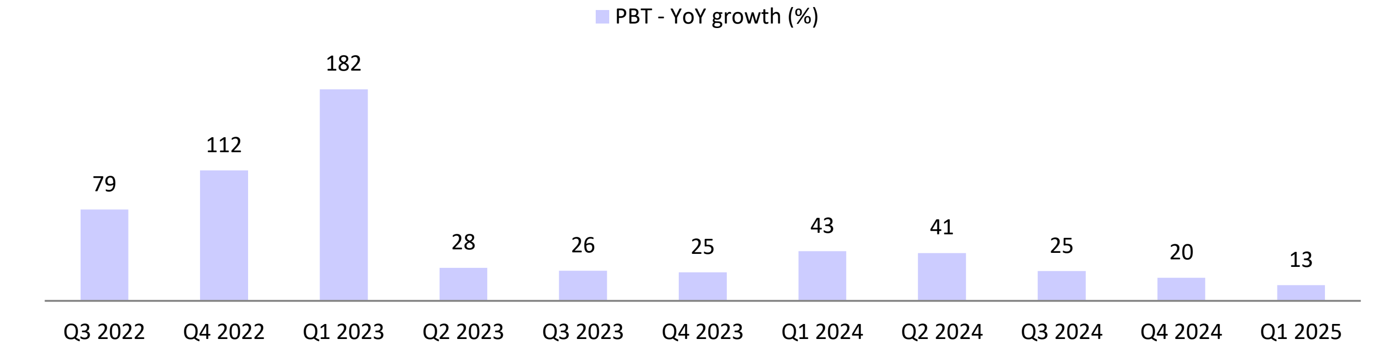
- NBFCs (incl. HFCs) under our coverage universe reported AUM growth of ~20% YoY/4% QoQ. Vehicle financiers clocked AUM growth of 26% YoY; large HFCs (PNBHF and LICHF) grew 5% YoY; affordable and small-ticket HFCs saw 15% YoY growth; NBFC-MFIs grew 24% YoY (flat QoQ); and gold loan NBFCs grew ~21% YoY. In 1QFY25, NII/PPoP/PAT grew 21%/19%/13% YoY for our coverage (excl. PIEL).
- In line with expectations, NIM for HFCs (including affordable HFCs) was either broadly stable QoQ or contracted because of pressure on yields and an increase in the portfolio cost of borrowings (CoB). Large HFCs, such as PNBHF, reported stable NIM QoQ, while LICHF reported a ~40bp QoQ decline in NIM, due to a decline in yields and lower recoveries from NPA accounts. Among small HFCs, CANF, AB Housing Finance and Aavas reported a sequential NIM compression in 1Q.
- For vehicle financiers, NIM was largely stable for CIFC and SHFL, with clear signs of NIM bottoming out, and we expect NIMs to start expanding in 2HFY25. NIM for MMFS declined ~40bp QoQ because of lower recoveries and interest income reversals on fresh slippages into Stage 3. Vehicle financiers continued to guide for NIM expansion in FY25, driven by stability in CoB and expected improvement in yields. An expected cut in global interest rates and repo rates would be incrementally positive for fixed-rate vehicle financing. Most VFs acknowledged that the economic activity, and consequently CV demand, remained relatively muted in Apr-May'24 because of general elections. CV demand is expected to recover when the festive season begins in India.
- A majority of NBFC/HFC/MFIs reported deterioration in asset quality due to seasonality and disruptions from elections/heatwaves. MFIs attributed the continued slippages to customer over-leveraging, low center meeting

attendance and high attrition at the branch manager/loan officer levels. Poonawalla, PNBHF and SHFL reported a QoQ improvement in GS3. Credit costs were significantly higher for NBFC-MFIs, which exhibited weaker loan growth and sharper deterioration in asset quality. Fusion and Spandana reported the highest sequential increase in GS3 of ~260bp and ~110bp, respectively, resulting in higher ECL provisioning.

- **HFCs/AHFCs – Competitive intensity remains high; minor impact from the RBI's fair practices code circular:** HFCs saw weakness in disbursements in the seasonally weakest quarter of the year for the mortgage business. HomeFirst and AB Capital Housing Finance reported a sequential improvement in disbursements, while CANF attributed weaker disbursements to impacted states of AP and Telangana. Disbursements in LICHF were weaker than expectations, which will make the management's guidance for double-digit loan growth in FY25 difficult to achieve. For affordable HFCs in particular, there was a minor impact from the RBI's fair practices code circular, which guided that disbursements be booked and interest charged to customers only after the cheque was handed over. Competitive intensity remained high, which impacted incremental yields for HFCs. All affordable HFCs (except for HFFC and Repco) reported a sequential moderation in margins because of the pressure on yields and a rise in CoB (in some cases).
- **Vehicle financiers – NIM bottomed out and should expand in FY25; some fatigue seen in vehicle loan disbursements:** Disbursements grew 19% YoY for the cohort of three vehicle financiers. While SHFL and CIFC have a diversified AUM mix, we have classified them under vehicle financiers for this exercise. Asset quality deteriorated for CIFC and MMFS, while it was largely stable for SHFL. CIFC reported sequential improvement in NIM because of improvement in yields, while NIM for SHFL was impacted by weaker growth in higher-yielding product segments like personal loans and gold loans.
- **Diversified financiers – Stress from unsecured small-ticket personal loans running its course, resulting in growth calibration and higher credit costs:** Diversified lenders, including BAF, AB Capital, LTFH and even SHFL, continued to calibrate their growth in personal loans. Most of these lenders, including Poonawalla, acknowledged stress in small-ticket personal loans and the consequent risk aversion to this product segment. While LTFH did not exhibit any significant stress in rural business loans (MFI portfolio), it remains vulnerable given that the sector is going through a period of heightened uncertainty on improvement in collections.
- **Gold financiers – Strong gold loan growth along with decent tonnage growth and customer additions:** MUTH/MGFL reported ~11%/10% QoQ growth in gold loans. MGFL/MUTH reported a sequential decline in NIM of ~15bp/50bp, driven by moderation in yields and increase in CoB. Asirvad MFI (subsidiary of MGFL) and Belstar (subsidiary of MUTH) acknowledged the stress in the MFI segment, which resulted in higher credit costs.
- **Microfinance institutions (MFIs) – Asset quality deteriorated even as loan growth was muted; elevated credit costs impacted profitability:** Significant deterioration in asset quality across the microfinance sector, with FUSION, in addition to other reasons, acknowledging the problem of customer overleveraging, which resulted in defaults. Spandana attributed its asset quality deterioration to general elections, heatwaves and attrition in select geographies. CREDAG continued to see forward flows into higher buckets and reported a lower collection efficiency, resulting in a rise in GS3. Disbursement growth was healthy for FUSION/Spandana at ~31%/37% YoY. MFIs have aligned their business teams and have become compliant with the guardrails proposed by MFIN. All three MFIs could potentially increase their credit cost guidance in 1HFY25 results.
- **Our view:** There is an expectation of global interest rate cuts in 2HCY24, which (if and when it happens) will be positive for the NBFC sector (particular fixed-rate lending like vehicle finance and MSME). The microfinance sector could go through a difficult patch for the next few quarters because the problem of customer over-leveraging is broad-based (spread across different states) and this stress will run its course before things improve. We have a **positive** stance on the sector, driven by expectations of margin expansion for vehicle financiers in FY25 and benign credit costs. Vehicle financiers are better placed than other product segments as their margins have bottomed out and are expected to gradually expand as the existing book is replaced with higher-yielding new loans. PMAY CLSS announced in the Union budget will spur housing purchases and give a gradual fillip to demand for mortgages. Our preferred ideas are CIFC, SHFL and PNBHF.
- **Surprises:** PNBHF, CIFC, SHFL
- **Misses:** FUSION, Spandana, LICHF, CANF, Poonawalla
- **Rating Change:** Fusion

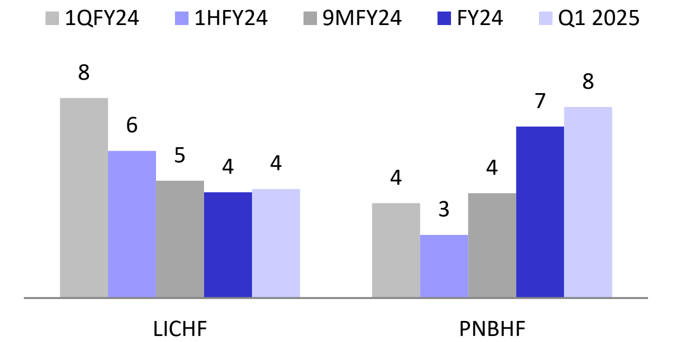
Guidance highlights: a) Vehicle financiers expects business momentum to improve during the festive season; b) MUTH continues to guide for ~15% YoY growth in gold loans in FY25, while MGFL reduces its guidance to ~15% YoY (from ~20% YoY) growth in consol. AUM; c) BAF guides for ~26-28% AUM growth, expects NIMs to stabilize over the next two quarters and credit costs of 1.75%-1.85%; and d) PNBHF guided for retail loan growth of ~17% in FY25 and guides that ~40%-42% of the incremental loans will come from emerging and affordable segments.

Exhibit 80: PBT up 13% YoY for our NBFC coverage universe*



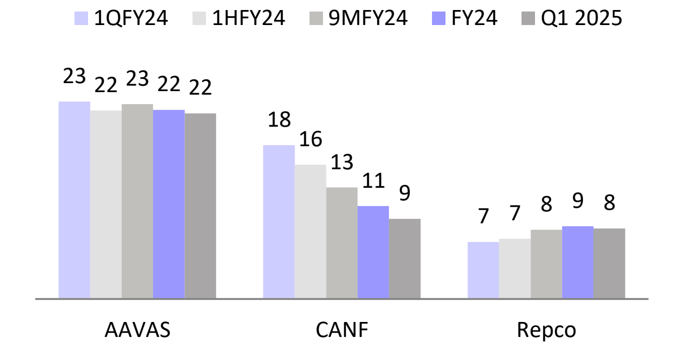
Source: MOFSL, Company, *MOFSL universe excl. PIEL and Indostar

Exhibit 81: LICHF loan growth has lagged the industry, while PNBHF retail loan growth has been gaining momentum



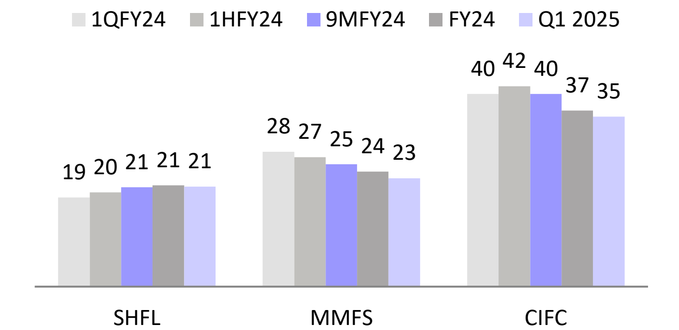
Source: MOFSL, Company;
Note: YoY AUM growth for large HFCs

Exhibit 82: Loan growth moderated for CANF and Repco while it was stable for Aavas



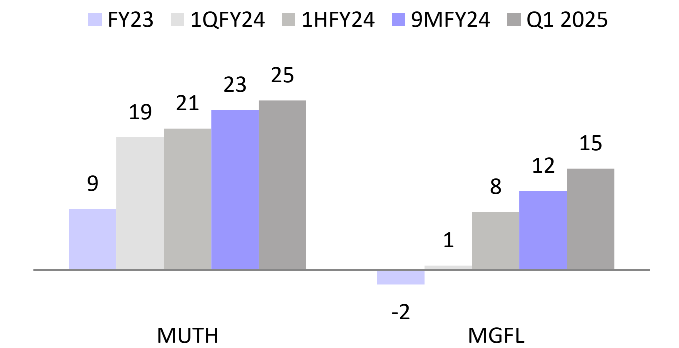
Source: MOFSL, Company;
Note: YoY AUM growth for affordable housing financiers

Exhibit 83: CIFC is best placed among vehicle financiers to exhibit strong growth in the subsequent quarters



Source: MOFSL, Company
Note: YoY AUM growth for vehicle financiers

Exhibit 84: Gold loan growth picking up pace, aided by higher gold prices, tonnage growth and customer additions



Source: MOFSL, Company
Note: YoY AUM growth for gold financiers

Exhibit 85: PAT (ex-PIEL) grew 13% YoY for our NBFC coverage universe*

INR m	NII			PPOP			PAT			NIM		
	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (%)	QoQ (%)	1QFY25	YoY (bp)	QoQ (bp)
AAVAS	2,446	8	3	1,695	15.8	-6.8	1,261	14.9	-11.6	6.9	-0.9	-0.1
ABCAP (NBFC)	17,089	19	1	12,009	20.5	5.1	6,210	20.3	6.2	6.4	-0.5	-0.2
ABCAP (HFC)	2,270	19	8	908	1.4	3.3	660	1.5	-8.3	4.2	-0.9	-0.2
BAF	83,653	25	4	69,475	25.3	8.4	39,120	13.8	2.3	9.8	-0.6	-0.2
CANF	3,214	13	-2	2,796	12.9	2.9	1,996	8.8	-4.5	3.6	0.1	-0.2
CIFC	25,738	40	9	18,499	38.1	13.6	9,422	29.8	-11.0	6.8	0.2	0.1
Fivestar	4,829	31	5	3,547	35.9	6.6	2,516	36.9	6.6	19.3	-1.0	-0.5
HomeFirst	1,464	18	7	1,191	21.9	4.9	878	27.0	5.2	5.8	-0.9	-0.0
IIFL Finance	14,381	10	-13	6,877	-14.9	-12.9	2,881	-32.3	-22.9	7.7	-0.2	-0.7
LTHF	24,330	31	4	14,676	18.9	7.8	6,853	29.2	23.9	11.2	1.8	-0.0
LICHF	19,891	-10	-11	17,715	-11.9	-7.0	13,002	-1.8	19.2	2.8	-0.4	-0.4
MMFSL	17,836	13	-2	11,345	13.5	-3.3	5,130	45.5	-17.1	6.8	-0.6	-0.4
MASFIN	1,237	32	8	1,183	25.0	5.2	704	23.0	3.5	6.8	0.2	0.0
MGFL	15,378	19	3	9,814	22.4	5.1	5,565	11.7	-1.2	14.5	-0.3	-0.5
Muthoot	23,049	22	8	17,153	22.5	13.6	10,787	10.6	2.1	11.8	-0.2	-0.2
PIEL	7,238	6	2	2,373	-75.5	-324.6	1,815	-64.3	32.4	5.0	-3.0	-1.0
PNBHF	6,421	4	3	5,422	6.9	-4.3	4,328	24.6	-1.5	3.7	-0.2	-
PFL	5,761	37	2	4,321	46.9	5.6	2,916	45.7	-12.1	10.0	-0.5	-0.9
REPCO	1,833	12	4	1,380	10.7	7.3	1,054	18.4	-2.4	5.1	-	-
SHFL	52,339	25	3	38,541	23.3	-1.3	19,806	18.2	1.8	9.1	0.3	-0.1
CREDAG	5,103	33	6	7,093	30.4	3.9	3,977	14.1	0.1	13.0	-	-0.1
FUSION	3,979	35	10	2,978	26.5	2.4	-356	-129.6	-126.8	11.6	0.7	0.0
SPANDANA	4,342	48	12	2,869	51.7	7.8	557	-53.4	-56.7	15.9	1.2	0.8
Total (ex Piramal)	**3,36,582**	**21**	**2**	**2,51,489**	**19.2**	**3.9**	**1,39,267**	**12.7**	**-0.7**			

Source: MOFSL, Company, *MOFSL universe excl. PIEL and Indostar

Exhibit 86: Advances/AUM growth

INR b	Advances/AUM		
	1QFY25	YoY (%)	QoQ (%)
AAVAS	178	21.8	3.1
ABCAP (NBFC)	1,073	24.9	1.6
ABCAP (HFC)	204	40.6	10.7
BAF	3,542	31.1	7.1
CANF	356	9.4	1.6
CIFC	1,554	35.4	6.8
Five Star	103	36.4	7.3
HomeFirst	105	34.7	8.0
IIFL Finance	696	2.1	-11.8
LTHF	887	12.9	3.7
LICHF	2,887	4.4	0.6
MMFSL	1,063	22.6	3.6
MASFIN	104	23.4	2.5
MGFL	449	21.2	6.8
Muthoot	843	24.7	11.2
PIEL	706	10.4	2.5
PNBHF	725	7.7	1.8
PFL	270	51.7	7.9
REPCO	137	8.3	1.4
SHFL	2,334	20.8	3.8
CREDAG	263	20.6	-1.5
FUSION	122	25.5	6.2
SPANDANA	117	32.5	-2.1
Total	**18,720**	**19.5**	**3.6**

Source: MOFSL, Company

Exhibit 87: Asset quality snapshot

	4QFY24			1QFY25			QoQ Change (bp)		
Asset Quality (%)	**GNPA**	**NNPA**	**PCR**	**GNPA**	**NNPA**	**PCR**	**GNPA**	**NNPA**	**PCR**
AAVAS	0.9	0.7	28.8	1.0	0.7	28.8	7	5	2
ABCAP (NBFC)	2.5	1.3	49.9	2.5	1.3	49.5	1	2	-40
ABCAP (HFC)	1.8	NA	NA	1.6	NA	NA	-22		
BAF	0.85	0.4	57.0	0.86	0.4	56.1	1	1	-97
CANF	0.8	0.4	48.6	0.9	0.5	47.0	9	7	-160
CIFC	2.5	1.4	46.4	2.6	1.5	45.5	14	10	-95
Fivestar	1.7	1.2	29.7	1.7	1.3	27.5	4	7	-221
HomeFirst	2.3	1.2	49.1	2.3	1.1	51.3	-5	-7	220
IIFL Finance	3.2	0.8	75.5	3.1	0.8	75.3	-1	0	-17
LTFH	3.3	1.6	51.4	3.3	1.7	49.6	-1	5	-172
LICHF	3.4	1.3	63.2	3.6	1.5	59.8	16	18	-337
MMFSL	2.4	1.5	38.9	2.5	1.5	39.1	12	7	23
MASFIN	1.9	1.7	NA	2.0	1.7	NA	10	0	
MGFL	3.3	NA	NA	4.0	NA	NA	70		
Muthoot	2.2	0.8	65.3	2.4	1.0	60.0	28	23	-535
PIEL	1.5	0.9	37.4	1.4	0.9	32.5	-15	-3	-495
PNBHF	1.2	0.6	49.3	0.7	0.3	52.4	-49	-27	316
PFL	4.1	1.5	65.2	4.3	1.7	61.8	17	21	-342
REPCO	5.5	2.7	51.8	5.4	2.7	51.1	-6	1	-64
SFL	1.2	0.4	70.8	1.5	0.5	69.2	28	11	-160
CREDAG	2.9	0.6	79.7	5.5	1.3	78.1	258	66	-157
FUSION	1.5	0.3	79.9	2.6	0.5	79.8	110	24	-9
SPANDANA	0.9	0.7	28.8	1.0	0.7	28.8	7	5	2

Source: MOFSL, Company

FINANCIALS – NON-LENDING: Strong volume growth for capital market players; mixed profitability trends for general insurers; subdued VNB margins for life insurers

- **Growth in F&O and cash volumes:** Activity in the capital market space was volatile during 1QFY25, with F&O and cash volumes scaling new highs, demat account addition touching 10.9m, and the number of NSE active clients increasing to 44.2m. This translated into strong revenue growth for Angel One (+76% YoY). However, operating margins continued to be under pressure, due to investments in customer acquisition, IPL advertisement costs and expansion of new businesses.
- **Exchanges continue to gain traction:** For BSE, stable momentum in derivatives products owing to increased member participation, rising awareness about products, and a shift in Bankex expiry led to share gains. Star MF continued to report a healthy performance, with 72% YoY jump in volumes and revenue surging 2x YoY to INR479m. MCX reported strong revenue growth, led by higher volume growth. Total volumes jumped 116.8% YoY to INR112.3t. Futures volumes stood at INR16.9t, up 27% YoY and 53% QoQ. Option volumes surged 148% YoY and 33% QoQ to INR95.4t. MCX will soon launch crude sunflower, gold 10 gram (monthly futures) and cotton wash sheet oil (currently under the testing phase).
- **VNB margins muted for life insurers:** Life insurance players reported healthy premium growth, led by ULIPs. IPRU/SBILIFE/HDFCLIFE reported APE growth of 34%/20%/23% YoY. However, VNB margins for IPRU/SBILIFE/HDFCLIFE contracted 590bp/200bp/120bp on a YoY basis. LIC in 1QFY25 reported APE growth of 21% YoY, with VNB margins expanding 20bp YoY to 13.9%. The margin expansion was restricted by an adverse product mix (lower non-par share and higher ULIP share) and pressure on non-par margins.
- **Profitability improved in the motor segment:** General insurance firms posted decent growth in premiums, underpinned by strong auto sales, steady high demand for health insurance, and commercial lines growing in line with economic growth. Profitability in the motor segment improved considerably, but the loss ratio in the health segment was elevated. For Star Health, the increased claims ratio led to an increase in the combined ratio (~350bp above our estimates). ICICIGI/STARHEAL posted YoY NEP growth of 16% each and PAT growth of 49%/11% YoY.
- **Strong performance by asset management firms:** AAUM of the MF Industry crossed INR61t as of 1QFY25, up 37% YoY/11.5% QoQ. Total equity AAUM grew 14.5% QoQ, while non-equity AUM rose 7.6% QoQ. Net inflows

stood at INR3.06t vs. INR822b in 4QFY24. SIP flows continued to gain traction, with INR625.4b flows in 1QFY25 vs. INR573b in 4QFY24. For CAMS, profitability was supported by a YoY increase in the share of non-MF business and an improving mix of equity AUM in the total MF AUM. 360ONE's total revenue surged on account of strong growth in TBR income. While ARR yields declined YoY, TBR yields doubled, which led to an increase in overall yields for 360ONE. The developments around new businesses (mid-market segment and launch of the global platform) are on track.

Valuation and view: Steady strong trajectories in F&O and cash volumes translated into strong performances by capital market-related players, such as brokers and exchanges. These trends have further strengthened with customer acquisitions and record-high turnover. Angel One, with its strategy to diversify its revenue base over the longer term, is well poised to leverage emerging trends. BSE should see strong business momentum with its rising share in derivatives volumes and the price hikes implemented for Sensex. The focus for MCX is on new product launches, which will boost its revenue and profitability over the medium term. General insurers have witnessed decent premium growth in line with economic growth, with scale benefits to follow. IRDAI has announced new regulations regarding surrender values, to be implemented from 1st Oct'24. The product and commission construct could undergo significant changes, leading to volatility in premium growth for the rest of FY25. Nevertheless, over the medium term, we believe these changes are favorable for customers and will bring back growth. **Our top picks are ANGELONE, STARHEAL and SBILIFE.**

- **Surprises:** 360ONE, Angel One, BSE
- **Misses:** STARHEAL

Guidance highlights:

- **360ONE:** The monetization of the mid-market segment starts in Aug'24. Objectives of the global platform are: 1) to become the preferred advisor for the India allocation part of the client's portfolio, and 2) become an advisor and effectively be able to help manage the entire global portfolio as an advisor rather than as a pure executor. Total net flows are expected at ~12-15% of ARR AUM (INR250-300b of net flows expected in FY25). In Asset Management, 360ONE expects to end the year with INR80-100b of net flows (INR130-140b of gross flows).
- **ANGELONE**: Regarding the true-to-label charges regulation, Angel One will eventually implement it using its levers to offset it. Despite the measures reported by media and SEBI's move to limit F&O volumes for the retail segment, the management is confident that it will be able to mitigate the volume impact through a number of levers, including pricing action. EBIDTA margins are likely to sustain at current levels (ex-IPL) in case of no action from the regulator. In case of an adverse impact of regulatory changes, the management believes it has levers to offset the impact, but margins can be hit for a short term. Excluding regulatory changes, the management is confident of reaching pre-QIP level RoE in the medium term.
- **BSE**: BSE is working on uniform charges across client segments, which will be announced separately. The charges will be closer to the unit realization earned and would not hit the company's revenue. BSE is facing challenges related to differential regulatory fees and clearing & settlement charges. It has requested the regulators to reconsider the differential regulatory fees and the reply is still awaited. Any relief would be positive for BSE.
- **CAMS:** CAMS announced a strategic partnership with Google Cloud to re-architect the RTA platform. The new platform will integrate state-of-the-art practices in service design, database design (and performance) and embed state-of-the-art security protocols. CAMS continues to make investments in Non-MF business and it does not expect any material changes in overall costs for FY25. It aspires to increase the non-MF share by ~2% every year. CAMS expects ~15-20% YoY growth in the AIF segment.
- **MCX:** The regulatory requirement to redesign the existing charge structure (INR17.5 to INR26 per million on futures contracts and INR400-500 per million of premium) to make it uniform and equal for all its members. The current slab-wise structure is dependent on volume or activity of members. The new structure will be in effect in Oct'24 and the exchange will issue further directions in this regard. MCX will soon launch crude sunflower, gold 10 gram (monthly futures) and cotton wash sheet oil, as they are under the testing phase. Electricity futures contract are in the pipeline, awaiting approval from the regulators.

- **ICICIGI:** ICICIGI maintains its combined ratio guidance of 101.5% (FY25 exit rate). The management guides that the loss ratio would remain ~65-70% for the retail health segment and ~94-95% for the corporate health segment. The corporate health segment has seen rationalization in terms of pricing, which has presented an opportunity for ICICIGI to grow in the segment.
- **STARHEAL:** More-than-expected frequency on account of fever and other cases resulted in higher loss ratios in 1QFY25. If regulation comes up on composite licenses, the company is ready to launch new protection plans in life and non-life segments. The management expects GWP of INR300b and PAT of INR25b by FY28. Loss ratio trends will inch up in the coming quarters vs. the previous year.
- **HDFCLIFE:** It aims to double its APE and VNB in the next four years. APE growth will be driven by the HDFC Bank channel and agency channel, where investments have been made. VNB growth will come from a favorable mix (share of ULIPs to decline) and higher rider attachments. It expects a 100bp impact on VNB margins from surrender charges, considering no changes by the company in the new environment. The impact is relatively lower as it assumes miniscule surrender profits in VNB margin calculations. HDFCLIFE expects moderation in share of ULIPs to continue as new product launches in other segments pick up momentum. Strong growth was seen in non-par products, especially in new variants in click-to-achieve segment.
- **IPRU:** PRU has recently launched a product in ULIP, which will have claim-based commissions, and it has seen good acceptance. The impact of surrender charges is not likely to be material as the share of non-linked business, and non-par within that, is significantly lower than the industry level. Any impact would be absorbed through changes in product and commissions. IPRU's own online channel and web aggregators are significant contributors to retail protection and this channel is seeing a high degree of competition. Pricing has been changed, which has affected the demand in the short term. IPRU expects growth to come back in the medium term.
- **LIC:** LIC has to make the products competitive, which might hurt margins; however, the introduction of new products might offset the impact. The medium-term target for VNB margins is 20%+, with the focus on Non-par business. On a policy basis, 13M persistency has improved. Persistency can improve further if the ticket sizes are increased; however, with the challenges of affordability, small ticket sizes still remain.
- **SBILIFE:** It has guided 18-20% premium growth and ~28% VNB margin for FY25. To revive the protection segment, SBILIFE is working actively with SBI and, based on its customer data, it will launch a protection product on the YONO app with pre-authorization, simple product features, and competitive pricing. Further, it plans to launch a new product in Aug'24 for the HNI segment with a higher sum assured. Higher non-medical limits are also being implemented.

INR m	Revenue			EBITDA			PAT		
Broking/Wealth/RTA	**1QFY25**	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**
ANGELONE	9,150	76	5	3,968	34	-14	2,927	33	-14
IIFLWAM	6,002	48	5	3,354	70	23	2,437	31	0
CAMS	3,314	27	7	1,498	36	5	1,070	41	4
Exchanges									
BSE	6,078	182	24	2,839	305	195	2,643	160	148
MCX	2,344	61	29	1,326	1,140	30	1,109	464	26
General Insurance	**Gross Premium**			**Underwriting Profit/(Loss)**			**PAT**		
	1QFY25	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**
ICICIGI	79,311	20	27	-3,466	NA	NA	5,804	49	12
STARHEAL	34,759	18	-30	1,404	-3	NA	3,189	11	124
Life Insurance	**APE**			**VNB**			**PAT**		
	1QFY25	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**	**1QFY25**	**YoY (%)**	**QoQ (%)**
HDFCLIFE	28,660	23	-39	7,180	18	-42	4,777	15	16
IPRU	19,630	34	-46	4,720	8	-39	2,254	9	30
SBILIFE	36,400	20	-32	9,700	11	-36	5,195	36	-36
LIC	1,15,600	21	-45	16,100	23	-56	1,04,611	10	-24

HEALTHCARE: Strong growth for pharma; hospitals witness muted YoY ARPOB growth

- Our coverage companies (excluding hospitals) reported in-line sales and higher-than-estimated EBITDA/PAT (6% beat each) in 1QFY25. Profitability was driven by lower raw material costs, reduced intensity of price erosion in US generics and the launch of niche products.
- On an aggregate basis, sales/EBITDA/PAT grew 11.4%/23.2%/27.1% YoY. EBITDA margins expanded 240bp YoY.
- Among hospitals, APHS/MAX/MEDANTA were largely in line with our estimates. On an aggregate basis, sales and EBITDA were in line with our estimates, while PAT was below our estimates by 6.3%. The performance was driven by an increased number of in-patient/out-patient treatment. ARPOB growth was meagre 2-3% YoY for the quarter. Sales/EBITDA/PAT grew 16%/21%/25% YoY on an aggregate basis.
- Out of 20 companies, nine reported a better-than-expected performance. Specifically, LPC/PIRPHARM/AJP/ZYDUS beat our earnings estimates by 41%/27%/26%/25%. Five out of 20 companies delivered a miss on estimates. BIOS/GLAND/LAURUS missed our estimates by 32%/26%/23%.
- **US sales** growth was robust at 10.2% YoY (in cc terms) to USD2.5b on an aggregate basis for our coverage companies. An improved segmental mix, increased niche launches, better traction in existing products, and lower price erosion in the base portfolio resulted in healthy YoY growth in US generics.
- Among our coverage companies, LPC delivered the highest YoY growth of 25.4% in US sales, led strong momentum in respiratory products, including Tiotropium/Albuterol and new product launches like Mirabegron/Doxycycline. Moreover, DRRD delivered 19% YoY growth in US sales, led by increased market share in the base portfolio, integration of Mayne portfolio, new launches, and higher volume off-take of differentiated products. ALPM's US segment delivered 17% YoY growth, led by market share gains in few products. However, GNP/TRP witnessed a 5%/14% YoY decline in US sales due to the lack of approvals, price erosion in the base business and regulatory issues at their respective facilities (GNP).
- On an overall basis, our coverage companies received approvals for 65 ANDAs (57 final approval and 8 tentative approvals) in 1QFY25.
- On an aggregate basis, **domestic formulation (DF)** saw YoY growth of 13% in 1QFY25, higher than the growth seen in the previous seven quarters. Among therapies, Cardiac/GI/Derma delivered 12%/11%/10% YoY growth, outperforming IPM (9% YoY growth). However, Respiratory/Anti-infective/Anti-diabetic underperformed IPM by 1.6%/6.4%/7.4%. Among our coverage companies, ERIS delivered the highest YoY growth of 54% (partly due to acquisition of portfolio), followed by LPC/SUNP/DRRD, which delivered 18%/16%/15%.
- Among our coverage companies, 4 companies have seen earnings upgrades, while two have seen earnings downgrades post 1QFY25 results. The maximum upgrades in FY25/FY26 earnings were seen in ZYDUS (13%/14%), LPC (17%/17%), IPCA (10%/9%), DRRD (7%/7%). Conversely, BIOS (22%/14%), LAURUS (8.5%/8.2%), and GLAND (5%/2%) witnessed maximum downgrades in earnings estimates.
- **Top picks: SUNP, MANKIND, MAXHEALTH**
- **Surprises:** AJP, ALKEM, DRRD, GRAN, IPCA, LPC, SUNP, ZYDUSLIF
- **Misses:** ALPM, BIOS, DIVI, GLAND, LAURUS

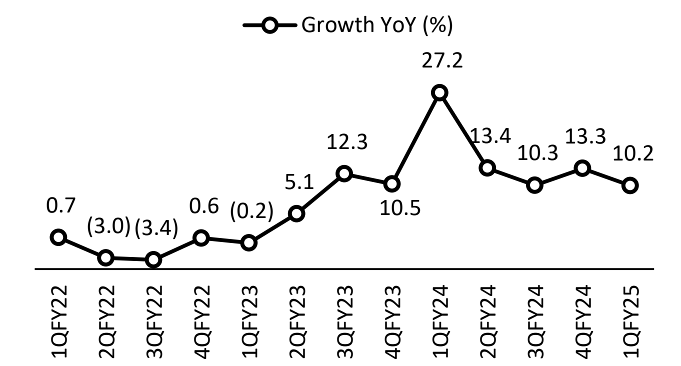
Guidance highlights

- **SUNP** intends to oppose the motion filed in the US court to prevent Leqselvi (Deuruxolotinib) launch. SUNP would start phase-II trial for GL0034 in 2HCY24. SCD-044 topline data readout would be 1HCY25 compared to 2HCY24. Phase-III for MM-II will start in 1HCY25 and phase-II of GL0034 will start in 2HCY25.
- **DRRD** expects Abatacept launch in Dec'26. The company expects SG&A expenses to be ~25-27% of revenue in FY25. DRRD launched three products in the US, which would see robust momentum in FY25.
- **DIVI** expects general API prices to stabilize in the next few quarters. The company ordered two reactors of 500L capacity for peptide manufacturing (GLP1 product). The Kakinada facility will start operations in 4QFY25. DIVI is planning to file DMFs for the products expiring in FY25, which will aid growth from FY26 onward.
- **CIPLA** has guided for 24.5%-25.5% EBITDA margin in FY25. It expects US generics quarterly sales run rate at USD230-245m in FY25. The company plans to launch g-Advair from the Invagen plant in 4QFY25.
- **BIOS** anticipates muted growth in 2Q due to pricing challenges but expects a rebound in 2H, driven by new formulation launches, including Liraglutide in the UK. Overall, generic business is expected to grow in high-single

digits in FY25. BIOS expects traction in b-adalimumab in CY25. The company will start the supply of Abflibercept in Canada in Jun'25. The management expects to launch Hulio in 2HFY25.

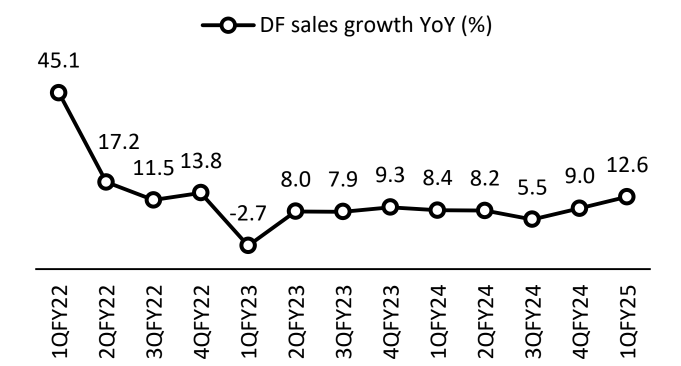
- **LPC** guided for high-single digit growth in the US in FY25. The company completed phase III clinical trial for biosimilar Lucentis (Ranibizumab). The potential launches for FY25 are Doxycycline, g Pred Forte, Doxorubicin HCL and a couple of ophthalmic products. R&D spending will be INR18b for FY25. LPC expects DF business to outperform IPM by 20-30%. The company plans to launch 20 products in FY25 in DF business.
- **ZYDUSLIF** expects 28-29% EBITDA margins in FY25. It has guided for double-digit YoY growth in the US in FY25. The company intends to launch 25+ products in the US market in FY25. ZYDUSLIF expects R&D spending to be 8% of sales in FY25. The company has 505b2 approval for all three NDAs related to Sitagliptin. Clinical trials for Sarglitazar PBC indication are expected to be complete by 2QFY26.
- **APHS** guided for GMV to grow by 50% YoY in FY25. Apollo 24/7 will breakeven in the next four to six quarters. APHS remains confident of achieving mid-teens revenue growth and EBITDA margin expansion of ~100bp in FY26.
- **LAURUS** maintained its outlook for FY25. The company expects ARV business revenue of INR25b in FY25. It plans to invest INR2b to build a fermentation facility, which will be operational in 1QFY27. Laurus intends to lower debt to 2.5x by Mar'25.
- **GLAND** expects mid-teens growth in the base business in FY25. It expects breakeven in Cenexi business by 4QFY25. Gland is witnessing traction in the biologics space for advanced stage CDMO contracts in monoclonal antibodies and novel plasma-based proteins. It is collaborating with big CDMO players for biosimilar CDMO and in-licensing opportunities.
- **TRP** expects growth in FY25 to be led by 7-8 approvals in US business, while Brazil business will grow by 12-13% in FY25. TRP plans to add 300-400 MRs in FY25. TRP aims to be net cash position by FY26.
- **IPCA** guided for standalone revenue growth of 9%, with EBITDA margins of 21-22% in FY25. IPCA targets to launch 5-6 products in FY25 and 6-7 products in FY26 in the US. IPCA is expanding Unichem's business across various geographies and expects benefits in 2HFY26.
- **MAXHEALTH** expects to sustain ARPOB growth (7% YoY for existing hospitals in 1Q), primarily driven by an increase in the surgical mix share in new hospitals and the optimization of case mix/payor mix in existing sites. ARPOB at Lucknow and Nagpur hospitals will increase by ~35-40% YoY to INR60-65k in FY25. Max Dwarka is expected to breakeven in next 6-8 months. The company is operationalizing additional 140 beds at Lucknow. Moreover, it will set up a 450-bed tower in Lucknow in 24 months for a capex of INR4.5b.
- **MEDANTA** is entering the Mumbai market by setting up 550+ bed super specialty hospital for a capex of INR12b+ and expects commercialization in next 3-4 years. Medanta has partnered with a real estate company in Indore to set up a 300-bed facility after the clearance of regulatory hurdles.

Exhibit 88: US sales grew 10.2% YoY in 1QFY25 (CC terms)



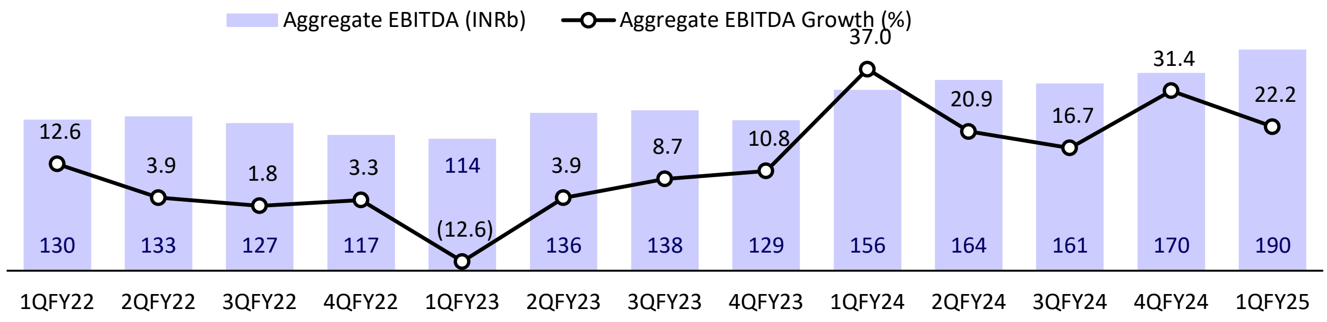
Ex-APHS/MAXHEALT/MEDANTA Source: MOFSL, Company

Exhibit 89: DF sales grew 12.6% YoY in 1QFY25



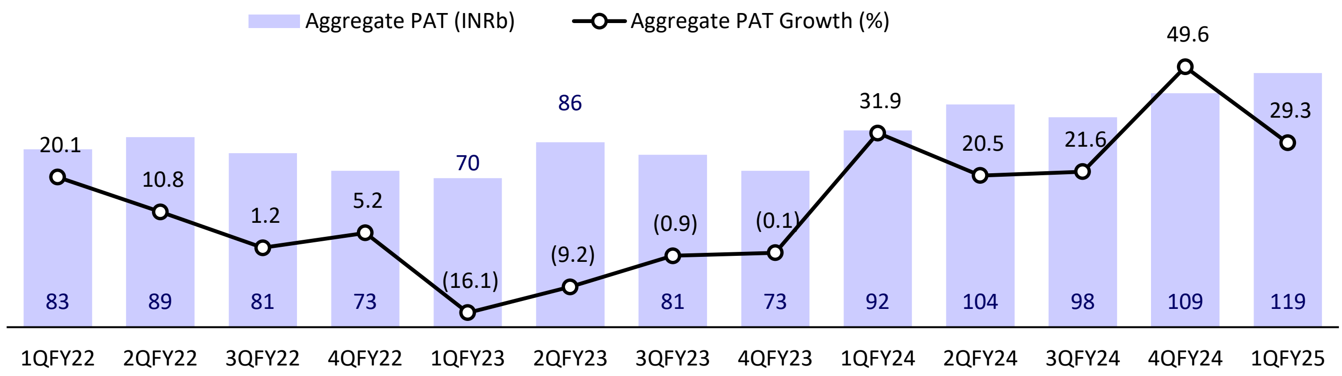
Ex-APHS/MAXHEALT/MEDANTA Source: MOFSL, Company

Exhibit 90: Aggregate EBITDA up 22.2% YoY to INR190b in 1QFY25 for pharma universe



Ex-APHS/MAXHEALT/MEDANTA/SOLARA Source: MOFSL, Company

Exhibit 91: Aggregate PAT up 29.3% YoY in 1QFY25 for pharma companies under coverage



Ex-APHS/MAXHEALT/MEDANTA/SOLARA Source: MOFSL, Company

INFRASTRUCTURE: General elections, monsoons hurt execution; subdued awarding activity by NHAI keeps order inflows muted

- **Execution declines YoY due to general elections and monsoons in many parts of the country:** Infrastructure companies within our coverage universe (excluding IRB) reported a revenue decline of 19% YoY in 1Q FY25, primarily because of general elections, monsoons, delays in land acquisition and subsequent delays in Appointed Dates (AD) for several projects. KNR/GRIL revenue declined 30%/12% YoY. NHAI awarding was sluggish in 1QFY25, and both the companies, KNR and GRIL, are exploring non-road infrastructure opportunities like power transmission projects, water projects and solar EPC projects in order to diversify their order book. The management of KNR and GRIL guided for flat growth or a decline in FY25. Execution is likely to improve in 2HFY25 across our coverage companies.
- **Awarding activity remains subdued in FY25; pipeline robust**: Awarding activity by NHAI has been subdued with only ~50km of projects awarded in YTDFY25 vs. the full-year target of ~5,000km. Since there is a huge tender pipeline, order inflows could kick in materially only in 2HFY25. The management of GRIL and KNR guided for order inflows of INR200b and INR50-60b, respectively, in FY25. In the face of sluggishness in awarding activity by NHAI, both the companies will focus on the diversification of order book toward non-roads segments.
- **Elevated input costs keep margins in check:** Companies within our coverage reported a 170bp YoY drop in EBITDA margin due to muted execution and elevated input costs in 1QFY25. Though steel and aluminum prices have corrected ~30% from their highs in Apr'22, the prices remain at elevated levels. Cement prices have decreased ~8% from their highs in Oct'23.
- **Focus on asset monetization:** NHAI's primary focus is on asset monetization as a means to generate funds beyond budgetary allocations. NHAI has set up an asset monetization cell and has a monetization target of INR540b in FY25. The cell will advise on planning, conduct market analysis, and identify high-revenue assets. In FY24, NHAI exceeded its target by awarding four ToT bundles worth INR159b. For FY25, NHAI plans to offer a dozen bundles for private bids, aiming to achieve significantly higher monetization than the INR400b reached in FY24

- **Top picks:** Awarding activities by NHAI and execution have been muted and are expected to improve only in 2HFY25. Companies with decent order backlogs, a solid financial position, and presence in multiple segments are well positioned to benefit in the near to medium term. Our preferred choice in the space is KNR.

Exhibit 92: Revenue down 19% YoY for our coverage universe

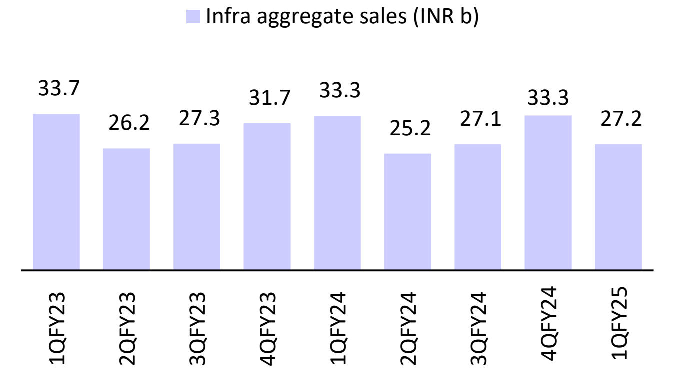


Exhibit 93: Gross margin contracts on YoY basis

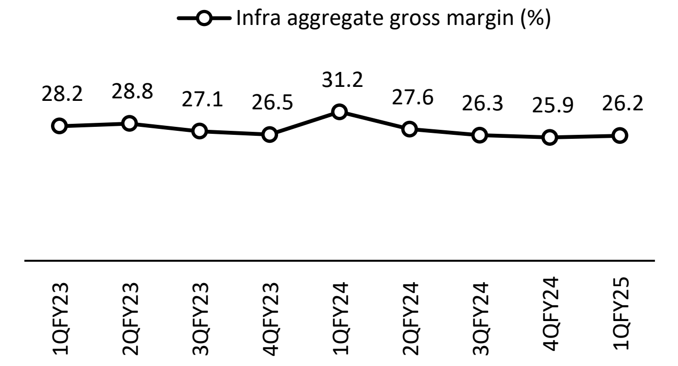


Exhibit 94: EBITDA contracts on YoY and QoQ basis

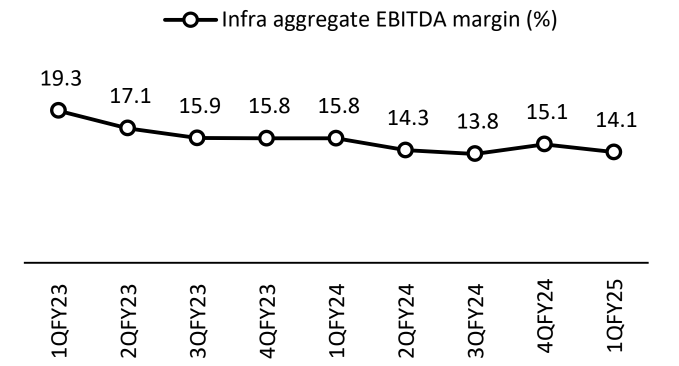
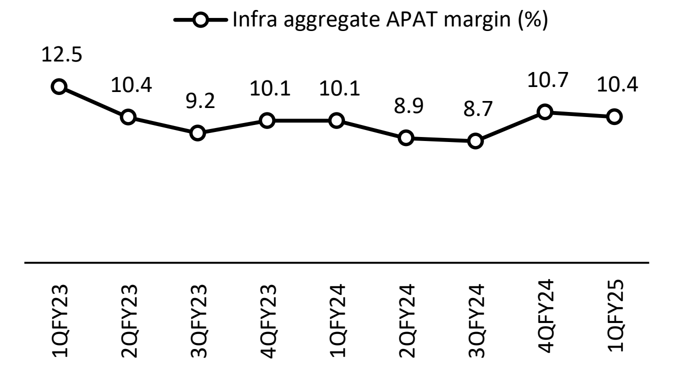


Exhibit 95: APAT margins improves on YoY basis



Note: Data in charts above is for our coverage universe excluding IRB

Logistics: Volumes remain muted amid elections; network expansion and technology adoption in focus for most of the companies; port operators continue to gain market share

- **Logistics activity remains muted in 1QFY25, private port operators' cargo grows faster than the industry:** Logistics activity remained subdued in 1QFY25 due to elections and a labor shortage. Logistics companies (excluding APSEZ and JSWINFRA) achieved ~9% YoY revenue growth. Revenue dropped ~4% QoQ, but organized freight operators expect better results for FY25. Multimodal logistics outperformed pure freight and express logistics. APSEZ and JSWINFRA reported ~8% and ~9% YoY growth in cargo volumes, respectively, with market share gains driven by efficiency and expansion.
- **Margins deteriorate YoY due to weak volumes, competitive pressure, and elevated operating expenses:** Gross margin for our coverage universe, barring APSEZ and JSWINFRA, stood at 28.9% in 1QFY25 (down 160bp YoY and 70bp QoQ). Elevated operating expenses, such as elevated fuel prices and high toll charges, continued to pressurize margins for fleet operators. EBITDA margin for our coverage universe, excluding APSEZ and JSWINFRA, contracted 70bp YoY and 100bp QoQ to 12.0%. APSEZ's margins stood at 61% in 1QFY25 (up 90bp YoY/240bp QoQ), and JSWINFRA's margin was 51% in 1QFY25 (down 40bp YoY and 200bp QoQ). With volume ramp-up at recently acquired ports/terminals, volumes are likely to be strong ahead for APSEZ and JSWINFRA.
- **Organized players with pan-india network and technological advantage to gain higher market share:** The introduction of GST, e-way bills, and reduced e-invoicing turnover limits have driven businesses to partner with organized logistics providers. Express companies are expanding their infrastructure and digitalizing operations.

This positions them to capture higher volumes. The government's port privatization efforts present opportunities, with APSEZ and JSWINFRA well-placed to benefit due to their strong balance sheets.

- **Top picks**: APSEZ is our preferred choice in this space.

Guidance

- **APSEZ:** In FY25, APSEZ expects cargo volumes of 460-480 MMT, revenue of INR 290-310b, EBITDA of INR 170-180b with a net debt-to-EBITDA ratio of 2.2-2.5x, and plans a capex of INR 115b, primarily for ports, logistics, and renewables, including 1,000 MW of solar and wind power with imported panels from China.
- **JSWINFRA:** The company expects cargo growth of 10-12% in FY25, with volumes recovering from 2QFY25 following the Dolvi facility shutdown, and targets a long-term cargo volume CAGR of 15-17% driven by opportunities in the government's port privatization scheme. While the Navkar acquisition may impact short-term RoCE, management anticipates long-term RoCE of 18-19% as part of its broader strategy to expand into full-service logistics and last-mile connectivity.
- **VRLL:** Management expects volume growth of around 10% in FY25 and 12-14% in FY26, driven by branch network expansion, including a net addition of 36 branches in 1Q and a target of at least 100 branches in FY25, with a focus on Eastern and Northeastern markets. Additionally, a good monsoon and a stronger rural economy, particularly in textile and agro-commodities, which account for ~40% of total tonnage, should boost volume growth for the remainder of FY25.
- **TRPC:** In FY25, TRPC expects revenue and PAT growth of 10-15%, with marginal margin improvement driven by the supply chain and freight businesses, supported by growth in the auto and infrastructure sectors. During 1QFY25, joint ventures performed well, with Concord achieving ~14% YoY revenue growth, the cold chain business growing ~33% despite profitability challenges from new truck depreciation and interest, and Transystem registering ~11% YoY revenue growth and 26% YoY PAT growth.
- **BDE:** As overall demand improves, a further pickup in volumes is anticipated in the remainder of FY25. The standalone EBITDA margin has started to expand as capacity utilization has improved and BDE has shifted some volumes from third-party cargo to its own aircraft. PBT margins are expected to remain in the 7-8% range going forward, with no margin impact from hub expansion, and management expects a healthy demand outlook to drive better profitability.
- **CCRI:** In FY25, EXIM volume is projected to grow by 15% and domestic volume by 25%, leading to an overall volume growth of 18-20%, with margins expected around 25%; the rail coefficient is anticipated to increase due to rising rice exports, softening ocean freight rates, and the commissioning of the DFC at Nava Sheva by March 2025. Domestic volume growth will be driven by new bulk cement initiatives, a long-term shipping line tie-up in September 2024, double stacking at Nava Sheva, and partnerships with major companies like Jindal, Tata, and Reliance for end-to-end logistics. The First Mile Last Mile (FMLM) mix, currently at 25% of volumes, is targeted to reach 50% in FY25 and 85% in FY26, with FMLM margins around 25%.
- **MAHLOG:** MLL targets revenue of INR 100b and a RoE of 18% by FY26, focusing on mid-teens growth in the 3PL business to generate INR 65b in revenue and rapidly expand its network services. The express business is expected to achieve 15% QoQ growth, with 8-9% of volumes returning from existing customers lost in 1Q FY25 and 7-8% from new accounts, with nearly half of the growth driven by the FMCG segment.
- **TCIE:** TCIE anticipates a 10% revenue growth in FY25 and 12-15% in FY26, with margins normalizing at 14% plus from 2QFY25; new value-added services are expected to contribute 20-25% to revenue by FY25, and by FY26, the company plans to have 7-8 fully automated centers, each requiring around INR 500m in capex.

Exhibit 96: Sales improved YoY for our coverage universe

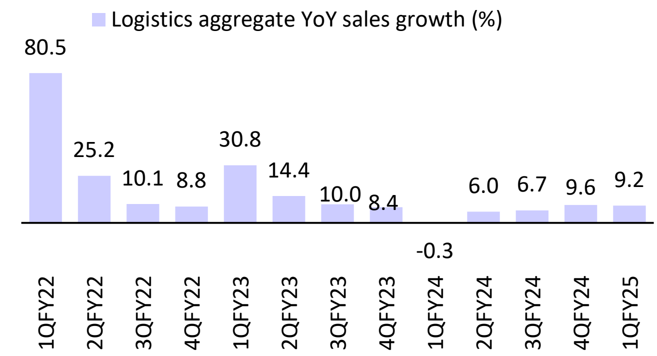


Exhibit 97: Margins contracted on a QoQ basis due to the drop in volumes amid elections

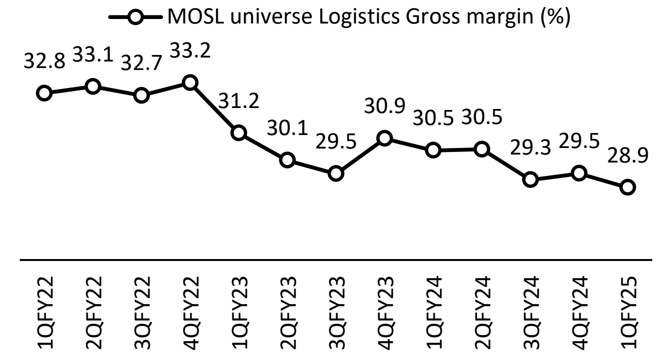
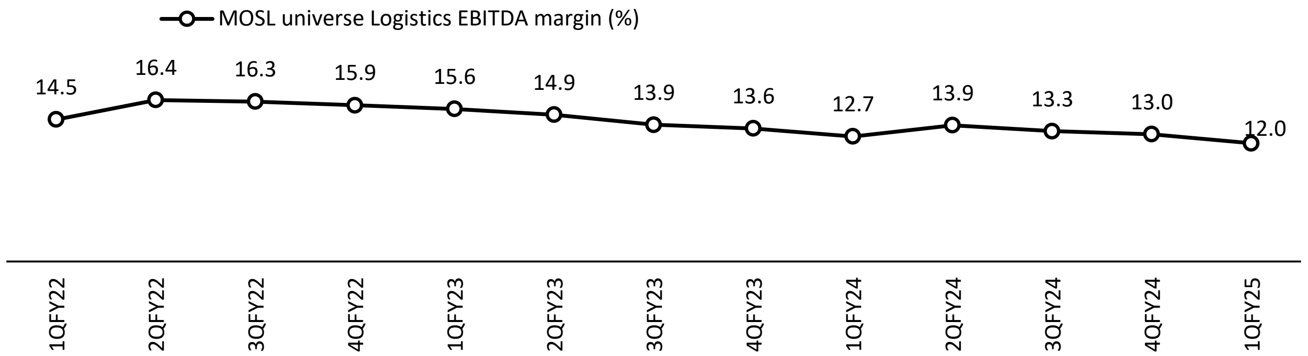


Exhibit 98: EBITDA margin continued to dip due to temporary weakness in volumes and competitive pressure



Note: Data in charts above is for our coverage universe excluding APSEZ & JSWINFRA Source: Company, MOFSL

METALS: Muted operating performance owing to weak volumes; decline in coal costs supports margins

- **Volume growth subdued across the board**

Ferrous: Companies within our coverage universe reported sales volume growth of +5% YoY, lower by 8% QoQ during the quarter. Volume growth was impacted due to high imports into the country.

Non-Ferrous: HNDL witnessed weak volume during the quarter, with domestic aluminum volumes declining 4% YoY whereas the copper volume remained flat YoY. However, its international aluminum business (Novelis) saw 8% YoY volume growth in 1QFY25, led by strong demand from the beverage can segment. HZ zinc volumes rose marginally by 2% YoY due to plant availability and pyro operations, while the silver volumes declined 7% YoY due to WIP build-up. Vedanta posted +3% YoY volume growth for aluminum business, while international zinc business saw a steep volume decline of 45% YoY during the quarter.

Mining: COAL's sales (dispatches) rose 5% YoY to 197mt, while NMDC's sales declined 8% YoY to 10.1mt.

- **ASP improved sequentially; declined YoY:** ASP for ferrous companies under coverage increased 2-4% QoQ, excluding JSP (down 3% QoQ). On a YoY basis, companies across our coverage posted ASP decline in the range of ~5-10% YoY. Even the non-ferrous companies such as HZ/VED/HNDL reported revenue growth of 7% YoY each, despite muted volumes.
- **EBITDA/t improved QoQ over favorable ASP and lower input costs: a) Ferrous**: EBITDA/t for our coverage companies (excl. JSTL) increased in 1QFY25, over muted coal cost. Tata Steel reported an EBITDA/t increase of 26% YoY and 10% QoQ as the operating losses from EU operations continues to narrow down. In 1QFY25, TSE reported EBITDA loss/t of USD28 vs. MOSL est. USD26 (vs. USD98 in 1QFY24 and USD38 in 4QFY24). EBITDA/t for JSTL declined 27% YoY and 1% QoQ on account of certain one-offs, including inventory valuation impact. **b) Non-ferrous**: EBITDA for non-ferrous companies spiked ~40% YoY on account of strong pricing and muted costs during the quarter. The biggest improvement was visible in VEDL.

Capacity enhancement: a) Ferrous: TATA is doubling its domestic crude steel capacity to 40mt from 21mt and the BF at Kalinganagar was commissioned in 4QFY24; its incremental benefits are expected to accrue in FY26. Similarly, JSP is doubling its finished steel capacity to 13.75mt by FY26 (with a capex INR310b) from 7.25mt and also commissioned the HSM plant. It is expected to end the year with a 50% capacity expansion rate. The BOF-II plant is under construction and delayed to complete by Mar25 (earlier 2QFY25) and BOF-III by 3QFY26. JSTL's 5mt Vijayanagar facility is expected to come on stream by 3QFY25 and the slurry pipeline is expected to be completed by FY26. SAIL plans to increase its capacity from 20mtpa of crude steel to 35mtpa by the end of FY31. SAIL plans to set up a 4.1mt Greenfield flat steel facility at IISCO, predominantly focused on HRC and CRC facility afterwards.
b) Non-ferrous: Novelis's (HNDL) Bay Minette facility is expected to be completed in 2HCY26 and would take 18-24 months to fully ramp up.

- **Top picks:** COAL, JSTL, and HNDL
- **Surprises:** TATA, NMDC and VEDL

Guidance highlights:
TATA: Management expects the NSR for domestic operations to decline INR1,500/t in 2QFY25 sequentially. ASP for the UK operation will remain flat QoQ, while the Netherlands could see GBP60/t QoQ reduction in 2QFY25. Coal costs for India operations are likely to be USD15/t lower QoQ, and in the Netherlands, the coal costs are anticipated to decline USD26/t QoQ in 2QFY25. Management guided that Sep'24 will be the last month of operating losses for the UK business and it will start reporting breakeven or marginal operating profit.

JSTL: Iron ore costs declined marginally QoQ, while coking coal costs declined by USD23/t sequentially during 1QFY25. For 2QFY25, management guided coal costs to decline further by USD22-28/t and the iron ore price to remain soft, which would lead to margin accretion.

JSP: Based on current price trends, management expects coking coal costs to moderate USD30-35/t in 2QFY25. Iron ore costs would reduce by ~INR500-INR1000/t in 2QFY25. Blended realization would soften 1% going forward, as the overall steel prices remain soft.

SAIL: For 2QFY25, management expects coking coal costs to remain flat QoQ, due to high cost coal inventory. The share of indigenous coking coal stands at 15%, and SAIL is aiming to reach the 20-25% levels, with the owned Tasra captive coal mine. For 2QFY25, management guided NSR to decline INR1,000-1,500/t QoQ. Rebar prices would rebound as the government infra spending picks up.

HNDL: Management expects coal costs to remain flat QoQ. Focus remains on downstream expansions at Silvassa Extrusion and Aditya FRP projects, which are currently on track and are expected to be commissioned by FY26. For FY25, the management expects capex of INR55-60b for India operation and USD1.4-2.1b for Novelis ongoing capex. Heavy flooding affected operations at Novelis' Sierre plant and it is expected to restart production by end-2Q. Due to this, an impact of USD30m to adj. EBITDA will be seen.

VEDL: Management expects to realize a higher premium going forward on account of the higher VAP product. Cost of aluminum is expected to be around USD1,600/t and zinc is likely to be ~USD1,000/t in the near to medium term. BALCO expansion is scheduled to be commissioned this year in 4QFY25 (earlier 3QFY25), and the operation is likely to commence from 1QFY26.

Exhibit 99: Domestic spot steel spreads (USD/t) contracted and are currently below the LTA

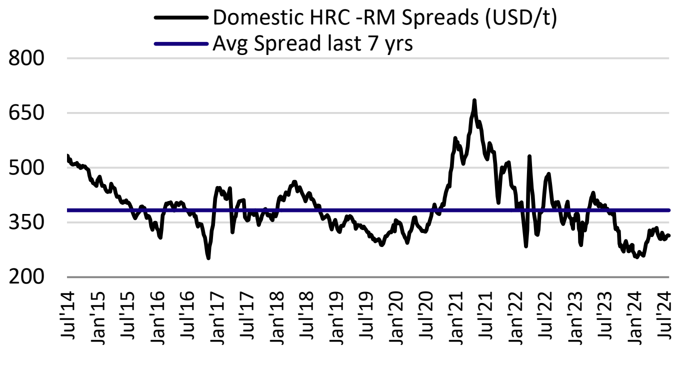
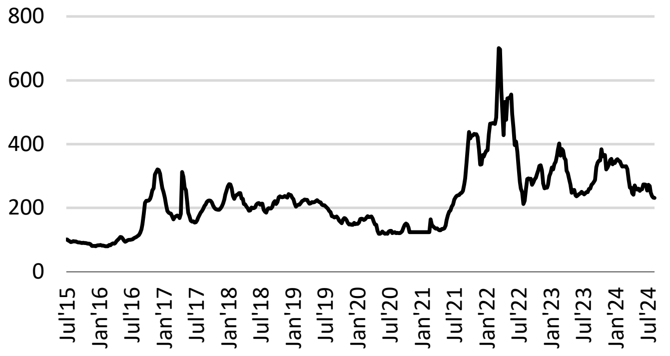
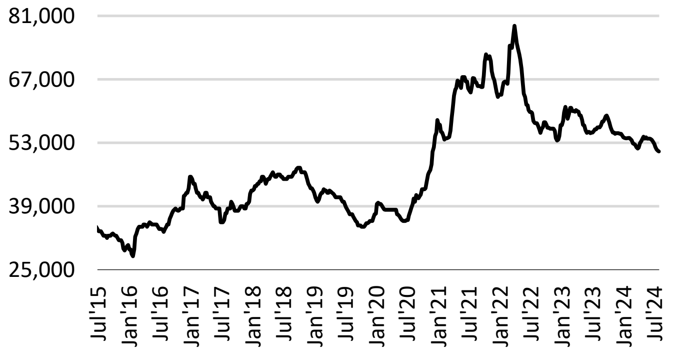


Exhibit 100: Coking coal (USD/t) moderated significantly from the peak



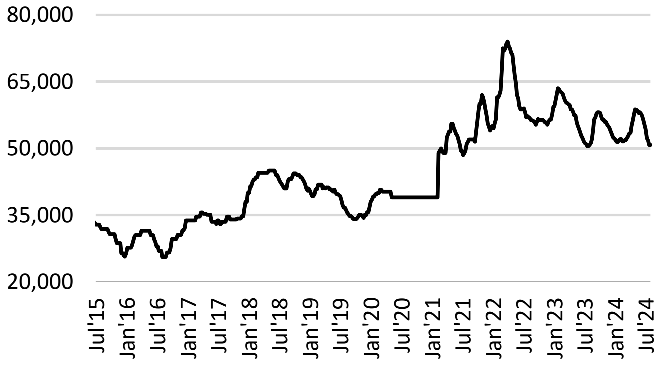
Source: MOFSL, Steelmint

Exhibit 101: HRC (INR/t) corrected after Jun'24 on account of increasing imports



Source: MOFSL, Steelmint

Exhibit 102: Rebar (INR/t) prices corrected owing to soft demand and monsoon season kicking in

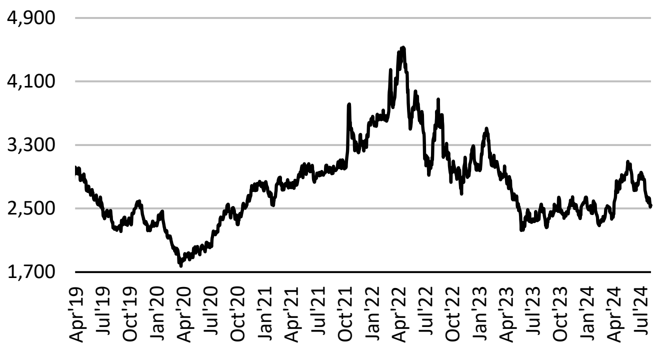


Source: MOFSL, Steelmint

Exhibit 103: Aluminum prices witnessed steep correction to USD2,200/t after peaking at USD2,600/t

Source: MOFSL, Bloomberg

Exhibit 104: Zinc prices reversed to USD2,500/t after hitting USD3,000/t

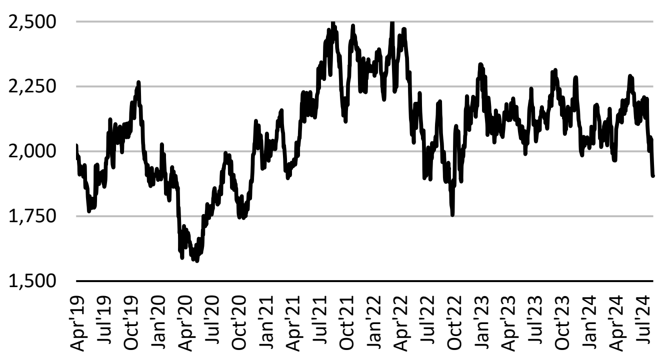


Source: MOFSL, Bloomberg

Exhibit 105: Copper prices back to USD8,500/t levels

Source: MOFSL, Bloomberg

Exhibit 106: Lead prices plunged to USD1,900/t



Source: MOFSL, Bloomberg

Exhibit 107: EBITDA/t for steel companies under our coverage (consolidated)

EBITDA/t	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
JSW Steel	7,963	12,158	12,340	12,341	11,967	9,100	9,003
Tata Steel	5,661	9,279	7,186	6,037	8,760	8,271	9,059
SAIL	5,007	6,247	4,245	4,429	5,638	3,879	5,536
JSPL	12,513	10,775	14,283	11,372	15,705	12,162	13,585

Source: MOFSL, Company

OIL & GAS: LPG losses drag down OMC performance; CGD margins robust, barring GUJGA

- **Overall performance:** Revenue came in 6% below our estimate (up 4% YoY). Excluding OMCs, revenue was in line with our estimate (up 10% YoY). EBITDA was in line with our estimate (down 26% YoY), with HPCL, MRPL, PLNG and AEGISLOG missing our estimates and GAIL, GUJS, IGL, IOC and MGL beating our estimates. Excluding OMCs, EBITDA was also in line with our estimate (up ~1% YoY). Adjusted PAT was 9% below our estimates (down 41% YoY). Adjusted PAT, excluding OMCs, was also 8% below our estimate (down 5% YoY).
- **RIL:** Jio's revenue/EBITDA/PAT increased ~2% QoQ each (in line) in 1QFY25, led by 7.9m subscriber additions. ARPU was flat QoQ. Reliance Retail posted soft revenue and EBITDA growth. RIL standalone missed our estimates mainly due to weak O2C performance, led by a sharp correction in refining cracks.
- **Upstream:** For ONGC and OINL, reported EBITDA came in line with our estimates. ONGC's production volumes were marginally low YoY, OINL's oil/gas production grew 6%/9.8% YoY.
- **OMCs – LPG under-recovery drags performance: IOCL's** beat was driven by strong marketing margins (INR4.8/lit vs. our est. of INR3.9/lit) and a turnaround in the petrochemical division. However, **HPCL** missed our estimate due to lower-than-expected marketing margin of INR3/lit (est. INR4.1/lit). **BPCL's** EBITDA came in line, with implied marketing margin 19% above our est. at INR4.8/lit. For OMCs, reported GRM was in line with or above our estimates. **OMCs'** 1Q earnings took a significant hit due to LPG under-recovery of INR41.2b/INR23.5b/INR20b for IOCL/HPCL/BPCL.
- **CGDs: MAHGL and IGL** beat our estimates thanks to higher-than-expected EBITDA/scm of INR11.9/INR7.4 (est. INR10.9/INR6.7). Volumes for MAHGL/IGL increased by 13%/5% YoY to 3.9/8.6mmscmd. However, **GUJGA's** reported EBITDA was in line with our estimate, as higher-than-estimated volumes were offset by low margin. EBITDA/scm stood at INR5.4/scm. Total volumes came in at 11mmscmd (up 19% YoY).
- **Gas Utilities – Robust transmission volumes drive performance**: **GAIL** beat EBITDA/PAT estimates by 32%/21%, driven by stronger performance in the gas transmission and natural gas marketing segments (natural gas transmission volume 6% above our estimate). **GUJS's** EBITDA was also 32% above our estimate at INR3b, led by strong transmission volume (10% beat in total volumes) and lower other expenses.
- **Ratings and earnings revisions: OMCs** – Owing to LPG under-recovery, we cut BPCL/HPCL FY25E PAT estimates by 16%/35%, conservatively accounting for the losses. **GAIL** – We raise our FY25/FY26 EPS estimates by 16%/6% as we increase trading EBIT to INR55b/INR53b in FY25/FY26 (from INR36b/INR47b earlier) after a strong 1Q

performance, and build in the impact of impending tariff hike in LPG pipelines. Following **MAHGL's** strong 1Q financial performance and 13% YoY volume growth, we raise our FY25/FY26 EPS estimates by 16%/17%.

- **Top picks: GAIL** – During FY24-26E, we estimate an 11% PAT CAGR driven by: 1) an increase in natural gas transmission volumes to 140mmscmd in FY26 (120mmscmd in FY24); 2) a substantial improvement in petchem segment's profitability over 2HFY25-FY26 as new petchem capacity will be operational and low inventories globally will drive re-stocking demand, thus improving spreads; and 3) healthy trading segment profitability with management guided EBIT of INR45b. **HPCL** – It remains our preferred pick among the three OMCs. We see the following as key catalysts for the stock: 1) demerger and potential listing of lubricant business, 2) the commissioning of its bottom upgrade unit, and 3) the start of Rajasthan refinery at 4QFY25 end. **ONGC –** ONGC has guided for 12%/27% growth in crude oil/gas production volume over the next three years, driven by rising production from KG 98/2 asset, Daman upside development, and monetization of stranded gas reserves. While volume guidance is upbeat, execution is vital, and should ONGC achieve guided volumes, we see upside risk to our and Street earnings estimates. **GUJS** – We expect volumes to jump to ~38.5mmscmd in FY26, as it is a beneficiary of: 1) the upcoming LNG terminals in Gujarat, and 2) an improved demand owing to the focus on reducing industrial pollution.
- **Surprises:** MAHGL, IGL, GUJS, GAIL, IOCL
- **Misses:** BPCL, HPCL, OINL, ONGC, RIL, OINL

Guidance highlights:

- **RIL**: The management expects the increase in global oil demand to normalize at ~1mb/d (vs. 2.1mb/d in the previous year). In the near to medium term, driving season shall increase gasoline demand, and ~1mbd/ capacity may get affected due to hurricane. Demand for both fuels and downstream in India is expected to remain resilient, which may lead to margin improvements. Geopolitical tensions and higher freight rates due to disruptions in the Red Sea have kept the markets volatile and might pose certain challenges.
- **GAIL**: The management expects natural gas transmission volumes to rise to 132/142/152mmscmd by the end of FY25/FY26/FY27. For the trading segment, the management guides EBIT of at least INR45b in FY25. For petchem, the management is hopeful of healthy FY25 profitability.
- **Upstream: ONGC** management expects total crude oil/gas production volume (incl. JV) to rise by 12%/27% to 23.1mmt/25.9mmt by FY27, mainly driven by KG-98/2 and Daman upside development. Gas production from the KG-98/2 asset, which will begin in 4QFY25, is expected to ramp up to 6mmscmd by FY25 end, while oil production could ramp up to 30,000bopd by 4QFY25. **OINL** management reiterated its target of increasing production from 6.5mmtoe in FY24 to 9mmtoe by FY26. Oil production is expected to ramp up from 3.4mmt in FY24 to 3.8mmt and more than 4mmt in FY25/FY26, while gas production is likely to be 5bcm by FY26. The company plans to drill 78 wells in FY25 and 100 wells in FY26/FY27.
- **OMCs**: **HPCL** management has guided for consol. EBITDA of INR400b by FY28. Chhara terminal shall be commissioned in Nov'24/Dec'24. HRRLs' refining portion will be commissioned in 4QFY25. The main petchem unit is 85% complete and shall achieve mechanical completion by 1HFY26. HPCL targets 700tmt-750tmt lube sales in FY25. At Visakh, throughput will go up to 3.5-4mmt per quarter in 4QFY25, and GRM benefits of USD3/bbl may be observed at peak utilization. The management guided for a capex of INR140-150b per year for the next 4-5 years. **BPCL** is looking to augment refining capacity further and exploring a 9-12mmtpa project on the East or West coast, over and above the plan of expanding the refining capacity to 45mmtpa.
- **CGDs**: **IGL** management guided for a robust 8-10% YoY growth in CNG volume. However, DTC volumes may continue to decline for the next few years, while buses still account for ~20% of overall volumes. **MAHGL** management's guidance on margin and volume growth remains conservative (7% volume growth ex-UEPL) with EBITDA/scm of INR10-12. Volume growth at UEPL was in mid-teens and can be sustained for the next 6-7 years. **GUJGA** management guided for a conservative annualized volume CAGR of ~5-7% for FY25. Capex shall be INR10b for FY25; For FY26/FY27/FY28, capex would range INR10b-15b per year. EBITDA/scm guidance of INR4.5-5.5 was maintained.

Exhibit 108: Implied gross marketing margin (INR/lit)

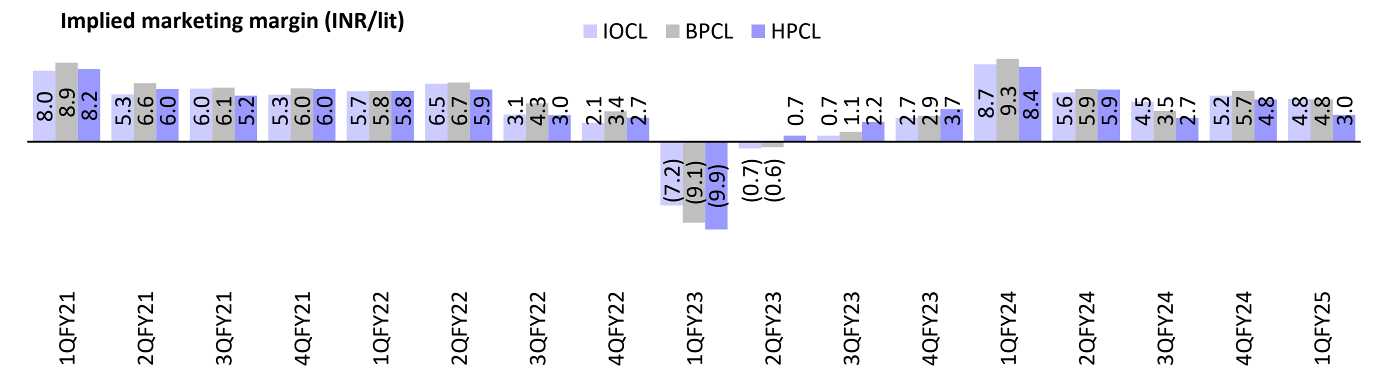


Exhibit 109: Reported refining margin (USD/bbl)

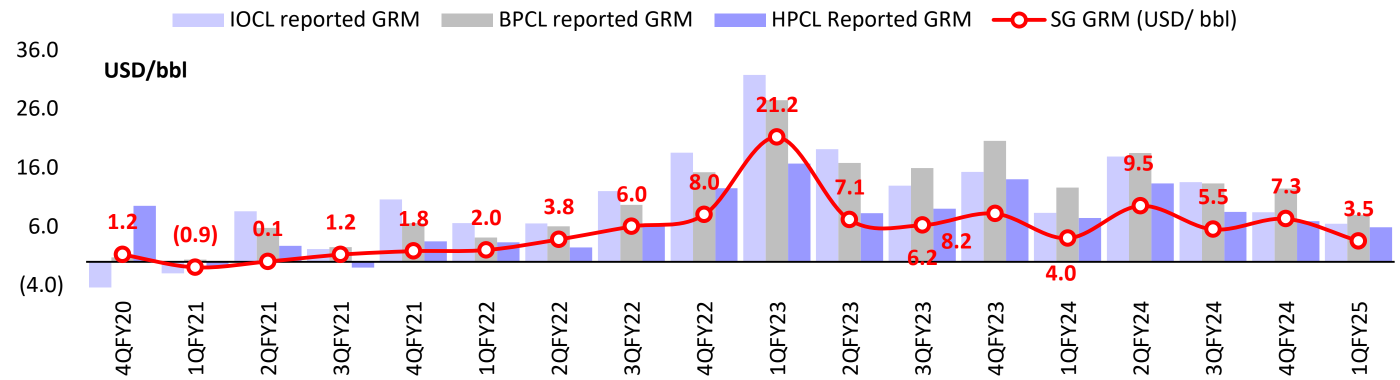


Exhibit 110: Exhibit 3: Sales volume of CGDs (mmscmd)

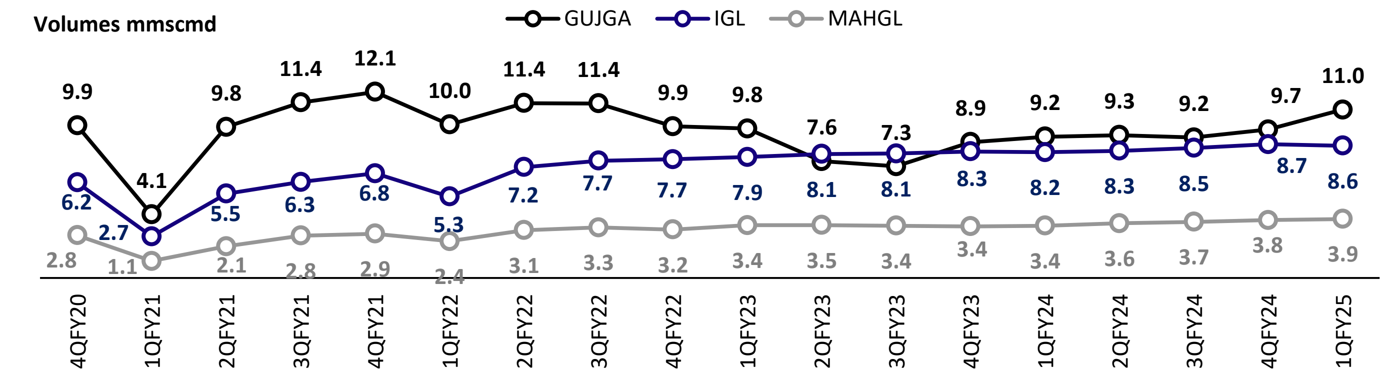
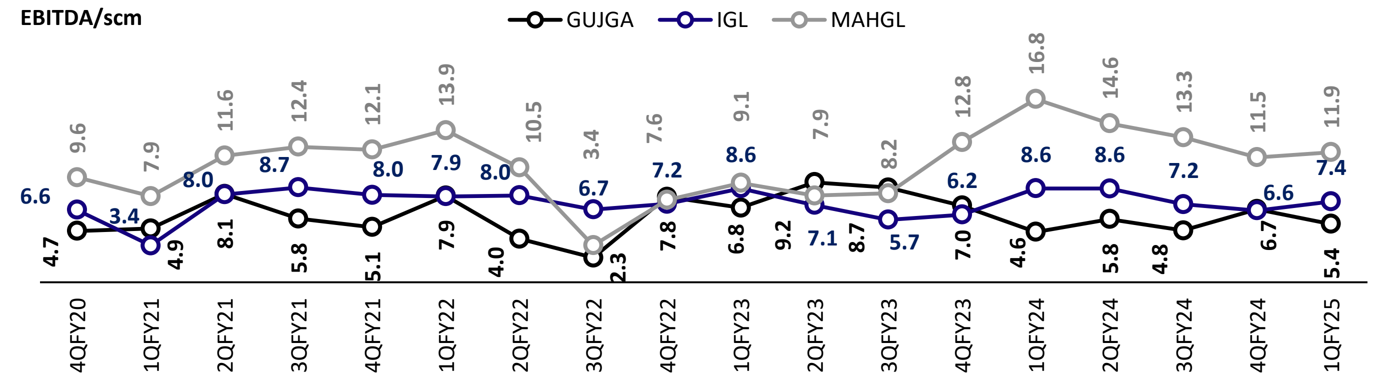


Exhibit 111: Exhibit 4: EBITDA/scm trend for CGDs (INR)



REAL ESTATE: Demand remained intact in seasonally weakest quarter

- **Sales up 78% YoY:** Our coverage universe reported bookings of INR283b, up 78% YoY, and despite seasonality, the traction sustained on a sequential basis. While the individual performance was healthy for most of the companies, timely launches for few companies like DLF, GPL, MLIFE and SOBHA enabled them to outperform peers. GPL reported the best performance with ~4x YoY increase in bookings, aided by a strong response to its premium project launch in NCR and Bengaluru.
- Pre-sales volume grew by 57% YoY and our coverage universe witnessed 13% YoY growth in realization, driven by price hikes and product mix change. For LfL product, the price hikes were calibrated at a low single digit.
- **Double-digit growth aspiration intact:** Our coverage universe posted a 43% CAGR in cumulative bookings over FY21-24 and they aspire for 20-30% growth in FY25 despite a high base. Over the last few quarters, business development has remained equally strong, led by GPL and LODHA, which added new projects worth GDV of INR212b and INR203b, respectively, and the traction sustained in 1QFY25 too. Consequently, companies have identified a vast launch pipeline for FY25, which can support their future growth aspirations.
- **Launches dominated by few players:** Unlike in 2HFY24, which saw broad-based launches from all key developers, only a handful of players like GPL, DLF and SOBHA successfully launched multiple new projects. Cumulative launches in 1QFY25 stood at 22msf (vs. 7msf in 1QFY24). FY24 saw 88msf of new launches from coverage universe (vs. 66msf in FY23), which will further pick up as most of them have less than 12 months of inventory. We expect our coverage universe to launch more than 130msf of projects in FY25.
- **Collections:** Total collections for 1QFY25 increased 30% YoY to INR169b. However, collection efficiency (collections-to-sales) was low at 65% vs. TTM average of 66%, due to a higher share of sales from new projects. With progress in construction, we expect efficiency to pick up going ahead resulting in higher collections.
- **P&L performance – mixed bag:** Aggregate revenue for coverage universe increased 18% YoY to INR113b (44% below our estimate). The individual performance was a mixed bag as LODHA/OBER/BRGD/PEPL reported healthy revenue growth and GPL/KOLTE/SOBHA/MLFIE were affected by lower project deliveries. Cumulative EBITDA stood at INR33.8b, up 35% YoY, with EBITDA margin of 29% (vs. 26% in 1QFY24).
- **View:** The operational performance of our coverage universe was in line with our expectations. We retain our FY25 pre-sales estimates for all the companies, except for KPDL, where we lower our expectation by 13% as we incorporate phase-wise launches of key projects. We continue to see re-rating potential in companies, which would provide further growth visibility on the back of strong business development through robust cash flows. We retain PEPL, SOBHA and GPL as our top picks.
- **Positive Surprises:** GPL
- **Negative Surprises**: BRGD

Company commentary:

- **LODHA:** LODHA noted that demand has been consistent across segments and a premiumization trend is emerging. The company had 24k footfalls with 8.2% conversion vs. 7.3% in 1QFY24. LODHA is approaching the end of its pilot phase in Bengaluru with the success of two projects. The management is now evaluating a new city that can be a potential market and will decide on it by FY25 end.
- **OBER:** The Pokhran Road project in Thane remains on schedule for launch during the festive season. Additionally, there are plans to launch a new tower in Borivali and Goregaon in 2HFY25. LODHA will launch its Gurugram, Adarsh Nagar, Worli and Tardeo projects in FY26.
- **DLF:** DLF targets to launch INR420b worth of projects in FY25 across all segments. The luxury project in Goa will be launched in 2Q; Luxe 5 and the Mumbai project will be launched in 3Q, and the subsequent phases of Privana in 4QFY25. The management maintained the earlier guidance of INR170-180b of bookings in FY25. However, it indicated that except for the ultra-luxury project in DLF 5, all the new projects are likely to follow the previous trend of monetizing significant (80-90%) inventory during the launch.
- **GPL:** The management remains confident about the sustainability of the demand for a couple of years and highlighted that we are in the early-to-mid-stage of the cycle. GPL remains on track to meet or exceed its guidance for all key parameters.
- **PEPL:** PEPL had minimal inventory to sell as the new launches were hit by regulatory delays, and hence, bookings were muted in 1QFY25. Demand remains strong, and the company has enough pipeline to capitalize on it. The

management is confident of meeting the 20-25% growth guidance in bookings and can even exceed it if launches occur on time.

- **BEL:** Launches during the quarter contributed 35% to total pre-sales during 1QFY25. The company maintained its 13msf launch guidance but it will be tilted toward the second half, with 2QFY25 launches to be similar to 1Q.
- **MLIFE:** The management aims to launch over INR35b worth of inventories across seven projects in the next three quarters. The key among them include Kandivali Phase 2, Malad redevelopment, Citadel, Pune phase 3, and the plotted project in Jaipur.
- **SOBHA:** The inventory of 9msf across the ongoing projects provides healthy visibility. Additionally, SOBHA plans to launch 6msf over the next three quarters across all markets, and it continues to target bookings of INR85b in FY25 with an upward bias. SOBHA now intends to foray into Mumbai and Noida but will remain calibrated in the approach.
- **KOLTE PATIL:** So far in FY25, the company has launched INR15b worth of projects and it remains on track to launch INR80b of inventory and achieve bookings of INR35b in FY25. As a result, the quarterly sales run rate of INR7-7.5b will increase in 2Q.

Exhibit 112: Pre-sales for coverage universe rose 78% YoY….

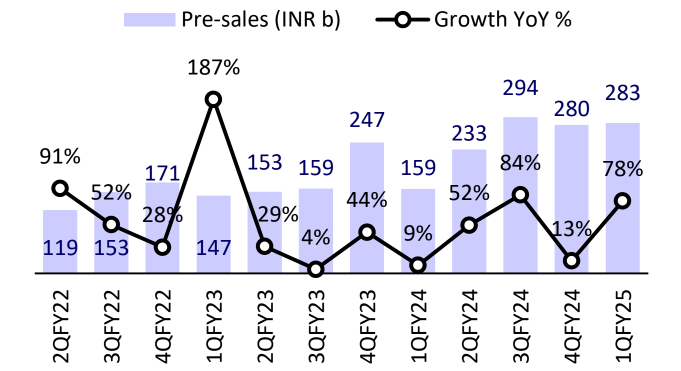


Exhibit 113: …while volumes were up 57% YoY

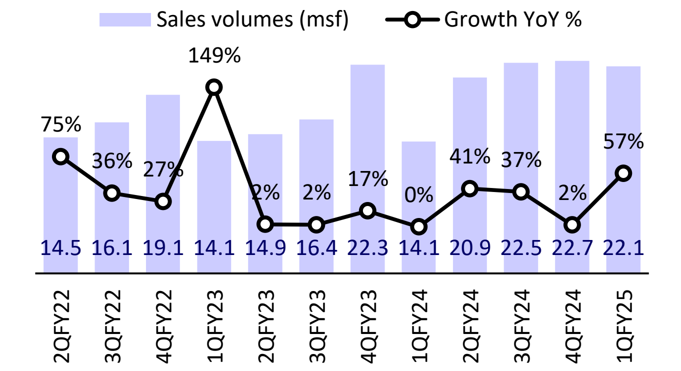


Exhibit 114: Collections improved 30% YoY in 1QFY25

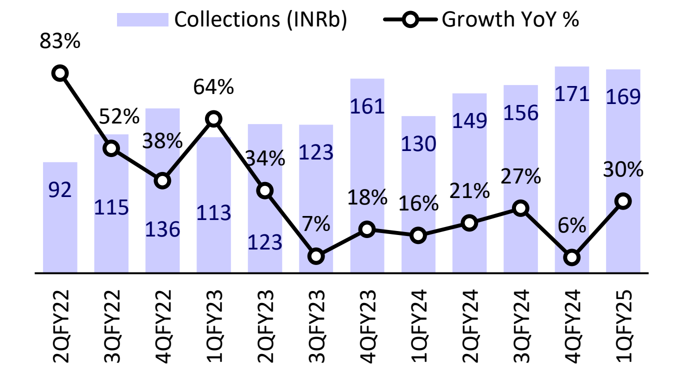


Exhibit 115: Expect coverage stocks to deliver 25% YoY growth in bookings

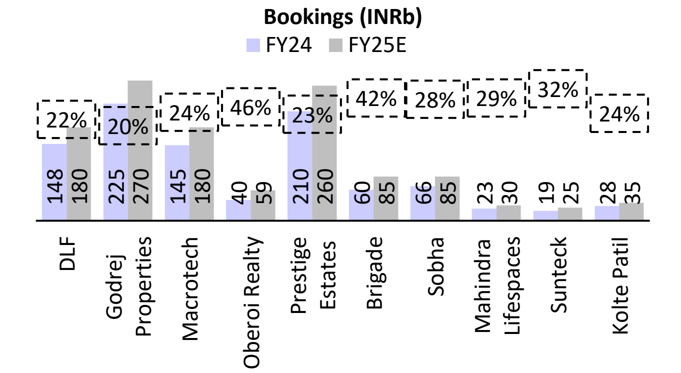


Exhibit 116: Estimate changes for our Coverage Universe

	Revenue					
	Old		New		Change	
INR b	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
DLF	74	80	74	80	0%	0%
Godrej Properties	35	37	35	37	0%	0%
Macrotech	138	181	138	181	0%	0%
Oberoi Realty	47	64	47	64	0%	0%
Prestige Estates	104	114	104	114	0%	0%
Brigade	50	50	50	50	0%	0%
Sobha	42	50	42	50	0%	0%
Mahindra Lifespaces	4	5	4	5	0%	0%
Sunteck	14	18	14	18	0%	0%
Kolte Patil	20	30	20	30	0%	-1%
	EBITDA					
	Old		New		Change	
INR b	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
DLF	27	30	27	30	0%	0%
Godrej Properties	3	2	2	2	-20%	0%
Macrotech	37	52	37	52	0%	0%
Oberoi Realty	26	35	26	35	0%	0%
Prestige Estates	28	32	28	32	0%	0%
Brigade	16	18	16	18	0%	0%
Sobha	6	11	6	11	0%	0%
Mahindra Lifespaces	-1	-1	-2	-1	58%	0%
Sunteck	4	5	3	5	0%	0%
Kolte Patil	3	6	3	6	0%	-1%
	PAT					
	Old		New		Change	
INR b	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
DLF	40	44	37	40	-8%	-9%
Godrej Properties	10	11	14	10	52%	-9%
Macrotech	23	34	23	34	-1%	0%
Oberoi Realty	18	26	18	26	0%	0%
Prestige Estates	7	10	7	10	0%	0%
Brigade	8	9	8	9	0%	0%
Sobha	3	7	3	7	0%	0%
Mahindra Lifespaces	1	1	1	1	-17%	-9%
Sunteck	2	3	2	3	-1%	1%
Kolte Patil	1	3	1	3	0%	-1%
	Pre-sales					
	Old		New		Change	
INR b	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
DLF	189	229	180	230	-5%	0%
Godrej Properties	270	321	270	321	0%	0%
Macrotech	178	213	178	213	0%	0%
Oberoi Realty	59	79	59	79	0%	0%
Prestige Estates	260	305	260	305	0%	0%
Brigade	85	105	85	105	0%	0%
Sobha	85	110	85	110	0%	0%
Mahindra Lifespaces	30	36	30	36	0%	0%
Sunteck	25	31	25	31	0%	-1%
Kolte Patil	40	45	35	43	-13%	-4%
	Collections					
	Old		New		Change	
INR b	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
DLF	117	147	101	135	-14%	-8%
Godrej Properties	218	263	218	263	0%	0%
Macrotech	125	144	125	144	0%	0%
Oberoi Realty	48	65	48	65	0%	0%
Prestige Estates	152	218	152	218	0%	0%
Brigade	56	78	56	78	0%	0%
Sobha	66	76	66	76	0%	0%
Mahindra Lifespaces	22	31	22	31	0%	0%
Sunteck	17	24	17	24	-1%	0%
Kolte Patil	26	36	25	34	-7%	-5%

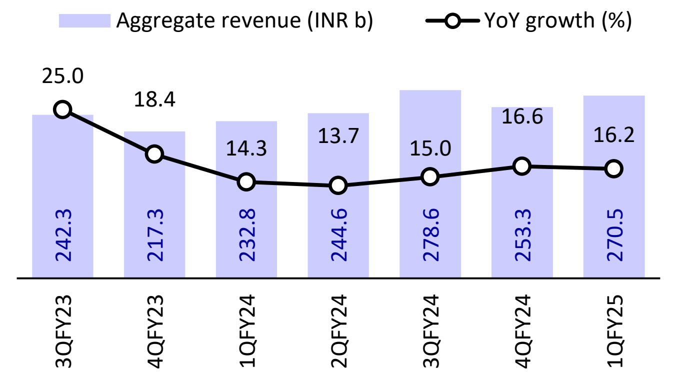
RETAIL: Demand momentum remains weak; recovery expected from 2HFY25

- **Revenue growth continues to be driven by footprint additions:** The aggregate revenue for the segment grew 16% YoY to INR270b for 1QFY25, which was mainly driven by 11% YoY footprint additions. LFL growth for the quarter continued to remain weak for most of the players, except Trent (double-digit SSSG), V-Mart (+11% SSSG), and DMart (+4% SSSG). Various management teams stated the quarter has witnessed lower footfalls due to heat waves, general elections, and a continuously weak consumption environment. Trent continues to remain an outlier, with 57% YoY revenue growth led by strong footprint additions and healthy LFL growth. In addition, V-Mart reported SSSG for the third consecutive quarter, leading to 16% YoY revenue growth.
- **Store additions ebb in 1QFY25:** Though store additions supported revenue growth, most of the retailers have slowed down the pace of additions, barring Zudio, Intune, and DMart. Weak demand environment and rationalization of the loss-making stores resulted in net closures/slow store additions. **Net store addition in 1QFY25 for the MOFSL Retail sector was 45 to reach 11,463 stores (vs. +119/+375 store adds QoQ/YoY).** This is largely led by net closure in Madhura, Pantaloons, Westside, and Manyavaar stores.
- **Weak LFL weigh on margins:** The moderation in RM prices and premiumization led to 60bp YoY improvement in gross margin (aggregate) to 30.3% (+140bp in 4QFY24). However, weak LFL for retailers resulted in a 60bp YoY contraction in operating margin to 11.6% (+10bp QoQ). Aggregate EBITDA grew 10.6% YoY to INR31.5b. With management confident on recovery from 2HFY25, the margins could improve. Consequently, aggregate PAT grew 21% YoY to INR11.5b led by Trent, as its PAT doubled YoY. Excluding Trent, the aggregate PAT was flat YoY.
- **Top picks:** TRENT and V-Mart
- **Surprises:** TRENT and V-Mart

Guidance highlights:

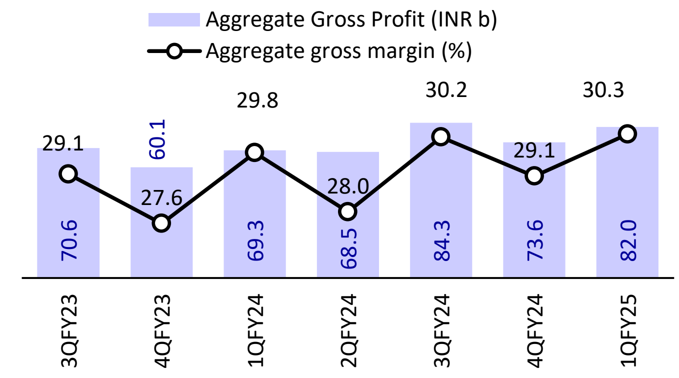
- **ABFRL:** a) It expects an improved demand environment in the upcoming wedding and festive season, and it guided to open ~25 Pantaloons stores during the year, and b) expects TCNS to turn profitable in 2HFY25.
- **Shoppers Stop:** a) Management expects double-digit revenue growth fueled by ~8-9% area additions and SSSG, and b) a mid-single-digit (pre-Ind-AS) EBITDA for FY25, which will be driven by rationalization of larger-sized stores and cost optimization.
- **Vedant Fashion:** a) Jul'24 saw positive LFL YoY and management anticipates the business to normalize, and b) expects higher area additions in 2HFY25, with consistent guidance of 14-15% additions.
- **VMART: a)** Management anticipates adding 40-50 stores in FY25, with the possibility of closing 5-7 stores and b) guiding for ~10% or high single digits SSSG, which should bring back pre-Ind-AS EBITDA margin of ~8.5%.
- **Campus Activewear:** The company has strengthened its distribution side by adding a few more superstockists and eight new distributors.
- **Metro Brands**: a) Expect to open 100/225 stores (excluding FILA but including Footlocker) in the next one/two fiscal years with long-term guidance of 30-33% EBITDA margin and 15-17% PAT margin, b) the management is noticing a pick-up in business environment QoQ. However, headwinds persist in some casual footwear, athletic footwear, and the Crocs range. It expects SSS to pick up in 3QFY25 as there are no headwinds regarding the marriage season weakness.

Exhibit 117: Revenue grew 16% YoY led by Trent, V-Mart, and DMart



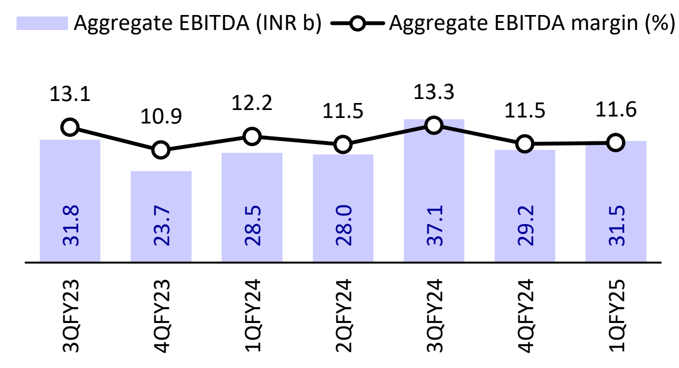
Source: Company, MOFSL

Exhibit 118: Gross margin improved 60bp YoY led by RM moderation and premiumization



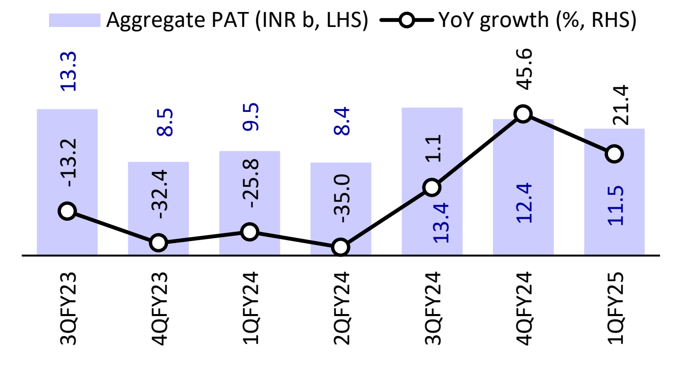
Source: Company, MOFSL

Exhibit 119: Margin contracted 60bp YoY due to weak SSS



Source: Company, MOFSL

Exhibit 120: Profitability improved YoY due to Trent



Source: Company, MOFSL

Exhibit 121: Snapshot of Retail store additions

Total Stores	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY	QoQ
ABFRL	4,188	4,056	4,753	4,664	4,607	10.0	-1.2
DMART	327	336	341	365	371	13.5	1.6
SHOP	276	281	290	306	320	15.9	4.6
TRENT	632	661	715	811	823	30.2	1.5
VMART	431	437	454	444	448	3.9	0.9
Raymond	1054	1065	1086	1065	1070	1.5	0.5
Branded Apparels	311	345	380	409	424	36.3	3.7
Vedant Fashion	662	669	673	676	662	0.0	-2.1
Metro	789	817	840	839	854	8.2	1.8
Campus	225	240	250	268	270	20.0	0.7
Bata	2,100	2,150	2,204	2,231	2,285	8.8	2.4
Relaxo	389	394	399	405	399	2.6	-1.5
Total coverage stores	**10,330**	**10,386**	**11,299**	**11,418**	**11,463**	**11.0**	**0.4**
YOY	21%	18%	17%	15%	11%		
Absolute adds QoQ	375	56	913	119	45		

Source: Company, MOFSL

Retail - Jewelry: Subdued revenue growth; improvement in margins

- Jewelry companies reported muted revenue growth during the quarter due to a rise in gold prices, extreme heatwaves, elections and fewer wedding days, except for Kalyan, which delivered 27% revenue growth. The pace of store addition will continue, with Titan (Jewelry), Kalyan, and Senco likely to add 37/24/6 stores during the quarter (taking total count to 974/277/165). Operating margin also expanded despite high gold prices and competitive pressure. In Kalyan jewelers, a higher revenue mix from franchise stores affected reported margin. The demand environment is healthy, and a revival in footfalls has been visible post-reduction in customs duty.

We remain optimistic about the jewelry category and expect a continued rapid shift in consumer purchasing behavior from unorganized/local to organized channels.

- **Outperformer (1Q):** Kalyan Jewelers, Senco
- **Under-performer (1Q):** Titan

Guidance highlights:

- **TTAN:** The company hopes that the recent moderation in gold prices will provide relief on gross margins, especially for studded products. It aims to open 40 to 50 Tanishq stores and 70 to 80 Mia/Caratlane stores in FY25. The company will transform 20 to 30 stores into significantly larger stores.
- **Kalyan Jewelers –** The company will open 80 showrooms in FY25, mainly in non-south and tier 2 and tier 3 cities. The management expects to reach 5% PBT margin (consolidated) in FY25.
- **Senco:** The company aims for 18-20% revenue growth in FY25, with 12-13% expected from SSSG and the rest from new store openings. The guidance of 18-20% profit growth may be moderated by the duty impact and expected to be 15-18%. Store guidance of 18 to 20 stores in FY25 is maintained.

TECHNOLOGY: Steady demand with positive bias for high-priority project spending

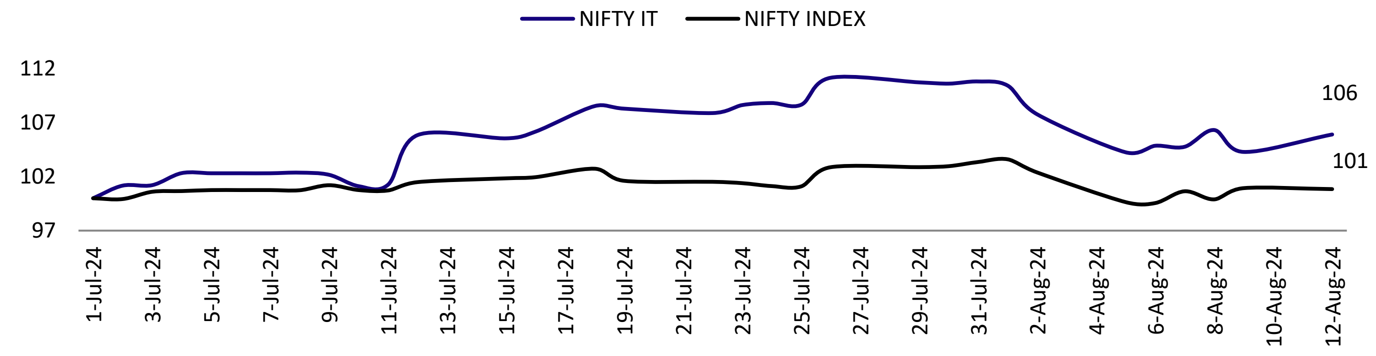
- **Aggregate performance:** The IT services companies within the MOFSL Universe reported healthy performance (beating our estimates) in 1QFY25 with median revenue growth of 1.2% QoQ CC. With a mild recovery in discretionary spending among BFSI clients, their focus is now slightly transitioning from cost-takeout deals to "high-priority" transformation deals in some pockets. Nonetheless, the overall pressure on discretionary spending persists. That said we believe the cycle could be turning and clients are beginning to reinvest their savings from cost-reduction programs to reduce technological debt.
- **Healthy revenue growth**: The Tier-1 players experienced a median revenue growth of 1.5% QoQ CC, while Tier-2 companies reported a growth of 0.8% QoQ CC dragged by CYL's weak performance of -5.0% QoQ CC. Excluding CYL, Tier-2 reported in-line growth of 1.6% QoQ CC. WPRO (-1.0% QoQ CC) and CYL (-5.0% QoQ CC) were clear disappointments. On the margins front, Tier-1 companies reported ~20bp QoQ decline, while Tier-2 companies posted a decline of ~150bp QoQ primarily due to a 250bp QoQ contraction in CYL's margin. The margin contraction for tier-1 was majorly attributed to wage hikes and reduction in ER&D margin (HCLT), while tier-2 reported weak margin owing to some one-offs, higher SG&A, and visa costs for selective names.
- **TCV back to normal run-rate:** The deal TCV growth normalized (down 23% QoQ) for Tier-1 companies, with Infosys being an exception in 1QFY25. The tier-2 companies followed the same trend with a 20% sequential decline. INFO's deal wins remained strong in 1Q as the company reported the highest number of large deal wins at 34, with a TCV of USD4.1b (57.6% net new deals). Within Tier-2, Coforge experienced moderate growth due to a high base in 4Q, while MPHL reported strong growth from a low base in 4Q. The 1Q book-to-bill was decent at 1.0x for both Tier-1 and Tier-2 players.
- **Headcount movement**: The hiring activities were muted in 1Q; the net headcount declined 1.7k for Tier-1, while Tier-2 saw a net addition of ~150. The attrition rate remained range bound at lower levels for the majority of companies, and utilization improved further across the board in 1QFY25.
- **Top picks:** We prefer HCLT and LTIM among large-caps and PSYS in the mid-cap space. HCLT managed seasonality well and is poised for a strong 2H with an achievable 2.5% growth target. Its FCF metrics have meaningfully improved and now match those of TCS and Infosys, justifying a premium valuation. LTIM is well-positioned for growth in data engineering and ERP modernization, positioning it well to capture the pre-GenAI expenditures. We anticipate LTIM to outperform its large-cap peers and expect a low double-digit CC growth for FY26. PSYS' strong earnings growth and strategic shift to platform-based services for GenAI spending support a projected 17% USD revenue CAGR and ~25%+ EPS CAGR, justifying a premium valuation multiple.
- **Significant Beat:** Infosys/LTIM (revenue growth), HCLT (revenue growth & margin), and Persistent (revenue growth)
- **Significant Miss:** Cyient (revenue growth & margin), Wipro (margin), and LTTS (revenue growth & margin)
- **Significant Surprise:** Cyient (revenue guidance cut)

- **Major EPS upgrades/downgrades:** Infosys' FY25E and FY26E EPS were upgraded by 3% and 6%, respectively. LTTS' FY25E/FY26E EPS were reduced by 5%/1%. Cyient's (DET business) FY25E and FY26E EPS were cut by 17% and 6%, respectively. ZENT's FY25E/FY26E EPS were upgraded by 6%/1%.

Guidance highlights

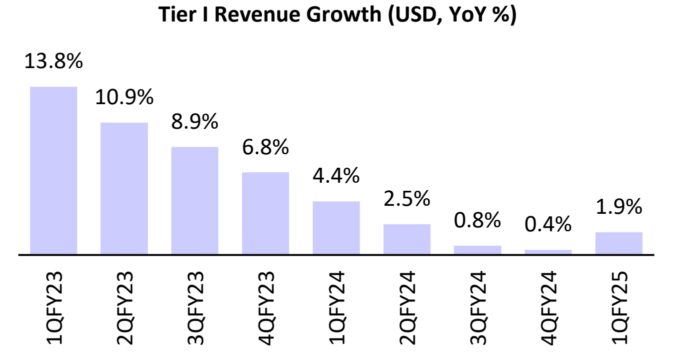
- **TCS:** The company remains cautious about the near-term demand amid adverse macros, while it is quite optimistic about the secular long-term demand. Management does not see a material change in customer behavior. Clients continue to prioritize high-ROI, cost-optimization projects over discretionary projects. Further, it stated that BFSI clients are expected to increase spending on an integrated cloud model, and the company sees some positive movement in BFSI. FY25 is likely to be better than FY24, with broad-based growth across verticals and geographies.
- **INFO:** Management revised its revenue growth guidance in this quarter to 3-4% CC for FY25 and maintained its margin guidance in the range of 20-22%.
- **WPRO:** Positive momentum is visible among the US consumers, Capco business, and BFSI sectors. The company believes WPRO is in a better position now than in 1QFY25. It expects revenue from the IT Services business to be in the range of -1.0% to +1.0% in CC terms for 2QFY25. The company expects margin to sustain to its current level with an upward bias.
- **HCLT:** Management is optimistic about growth improvement in 2QFY25 compared to 1Q, both at the company and IT services levels. Sequential growth is expected across verticals and geographies, except for the Financial Services vertical, which will be affected by State Street divestment (~80bp impact). HCLT maintained services organic revenue growth at 3-5% CC and EBIT margin at 18-19% for FY25.
- **TECHM:** Management anticipates the weakness in communications to continue; however, it expects to see improvement on a YoY basis going forward. TECHM is focused on the strategy pillar of better integration of portfolio companies and consistently working towards increasing its offshoring mix.
- **LTIM:** Management expects growth momentum to continue in 2QFY25 as deals won in the earlier quarter are ramping up according to the plan. Some verticals, especially BFSI, have high-priority projects kicking in as well, which renders confidence for a strong 2Q. The sustained deal TCV and healthy deal pipeline give confidence to the management to deliver better performance in FY25. LTIM expects margins to improve going forward as revenue growth itself serves as a key margin lever, alongside optimizing the pyramid structure.

Exhibit 122: Nifty IT rallied during 1Q results, but faced setbacks due to global uncertainty



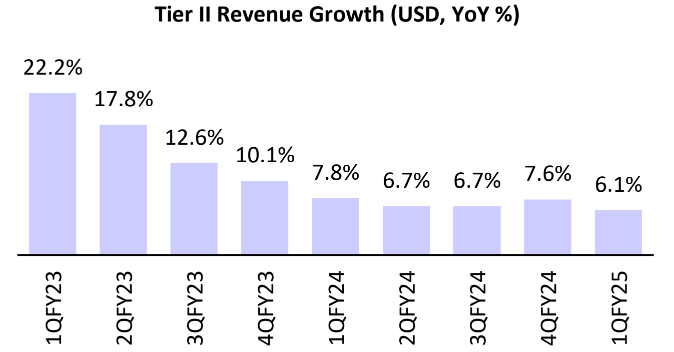
Source: Company, MOFSL

Exhibit 123: Tier-1 returned to decent revenue growth in 1Q



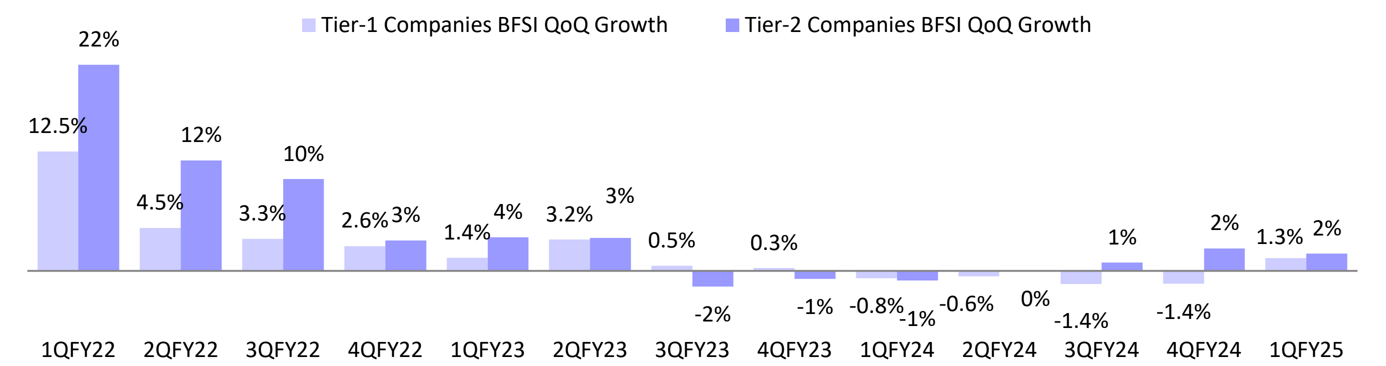
Source: Company, MOFSL

Exhibit 124: Tier-2's revenue growth continued to moderate



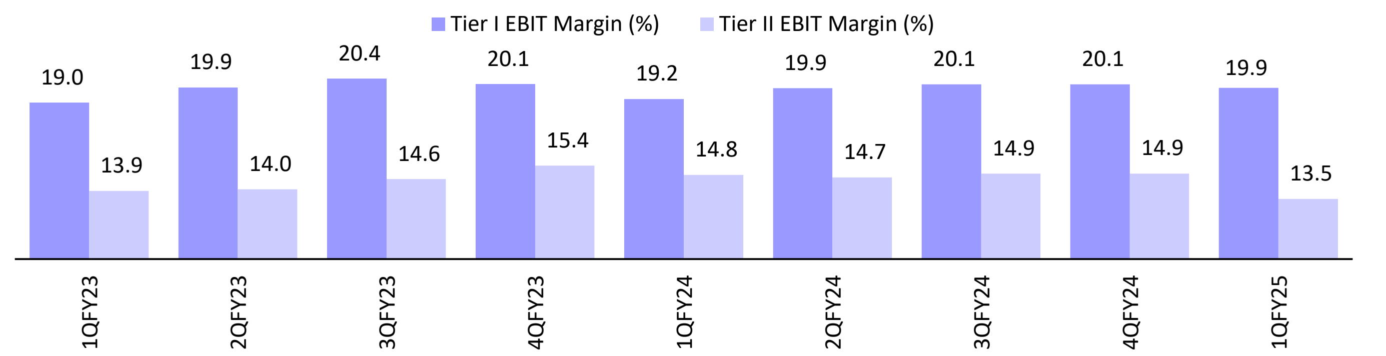
Source: Company, MOFSL

Exhibit 125: BFSI rebounded to growth in 1QFY25



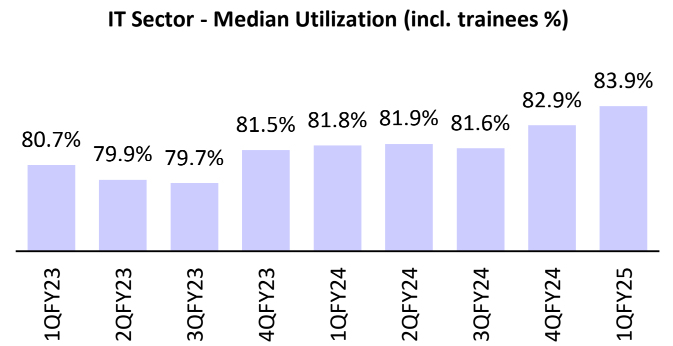
Source: Company, MOFSL

Exhibit 126: Margins moderated for both tier-1 and tier-2 players



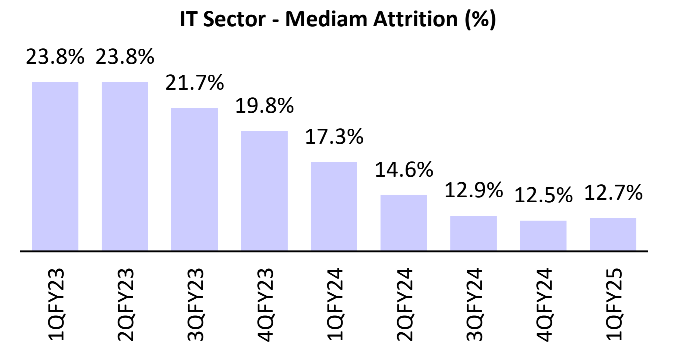
Source: Company, MOFSL

Exhibit 127: Median utilization (%) inched up 100bp QoQ in 1Q



Figures excl. TCS and HCLT; CYL excl. from 1QFY24; LTTS excl. from 1QFY23; MPHL (Offshore); Source: Company, MOFSL

Exhibit 128: Median attrition (%) inched up 20bp in 1Q



Figures exclude MPHL; Source: Company, MOFSL

TELECOM: Moderate growth due to flat ARPU, RJio continues to gain market share

The Indian telecom sector registered revenue/EBITDA growth of 1.5%/1.8% QoQ in 1QFY25, led by a 0.7% increase in subscribers (7.7m net adds QoQ). ARPU was flat. The market share shift continues, with RJio/BHARTI gaining subscribers. From 2QFY25 onward, the tariff hike (of 15-20%) should translate into the revenue increase (by 11%-13% in the next 2-3 quarters), which will also be aided by the ongoing transitions from prepaid to postpaid plans, the migration of subscribers from 2G to 4G networks, and effective data monetization strategies. The recent 5G ramp-up has not contributed meaningfully to revenue growth. Companies remain focused on deleveraging their balance sheets. Capex is expected to moderate in FY25 for BHARTI/RJio, while VIL's capex is likely to remain around INR500-550b over the three years to support network upgrade.

Market share gain continues by RJio/BHARTI; VIL subscriber loss slows down

RJio and BHARTI continued to gain subscriber market share and revenue, albeit at a slower pace. RJio/BHARTI added 8m/2m subscribers (vs. 11m/7m adds QoQ) against VIL's loss of 2.5m (vs. 2.6m loss QoQ). For VIL, the rate of subscriber loss has decelerated, with a loss of ~2.5m subscribers in the last two quarters vs. an average loss of 4m subscribers per quarter over the previous eight quarters. Companies continued to witness consistent growth in 4G subscribers, with both RJio/BHARTI gaining around 7.9m/6.3m 4G subscribers in 1QFY25. VIL's 4G subscriber base was flat sequentially. The churn remained elevated for RJio/BHARTI/VIL at 1.7%/2.8%/4.0%. With the higher mobile number portability and churn, we expect the consolidation to continue.

Margin profile remained stable

Incremental margin remained steady at ~62%. Margins have improved for BHARTI/RJio, led by subscriber adds-led operating leverage. BHARTI (India)/RJio reported 50bp/10bp QoQ margin improvements to 55.6%/52.6%. VIL's margins contracted by 60bp QoQ to 20%.
For RJio/VIL, ARPU remained flat QoQ at INR182/INR146 (vs. 2% growth in last eight quarters for VIL). Only BHARTI witnessed an increase in ARPU by 1% QoQ (INR2) to INR211, attributed to 4G and postpaid led mix improvement.

Capex moderating for BHARTI

- BHARTI (India) capex declined 20% sequentially to INR68b (vs. INR85b QoQ). As a result, BHARTI's consol capex also declined to INR80b (vs. INR105b QoQ).
- VIL capex slightly increased to INR7.6b (vs. INR5.5b QoQ).
- For BHARTI (India) /RJio, annual network capex stood at INR331b/INR533b in FY24, significantly above VIL, despite having higher capacity. Capex is expected to be moderate in FY25 for BHARTI/RJio.
- VIL's capex was significantly lower than that of BHARTI/RJio in last many years. With the fund raise, it is expected to be in the range of INR500b-INR550b over the next three years. BHARTI and RJio have already deployed 5G in the majority of their operating circles, while VIL expects to roll out 5G in the next six months and expand its 4G coverage.
- For 1QFY25, net debt of BHARTI/VIL stood at INR1.3t/INR2.0t. RJio's net debt stood at INR1.6t as of FY24.

VIL's fund raise aided Indus viability: VIL's fund raise and network investment will benefit Indus Towers in terms of towers and tenancy additions and will also give comfort in the collection of past dues (INR46b). Indus Towers reported revenue growth of +2.6% QoQ in 1QFY25, led by strong tower/rental adds of 6.2k/6.4k and INR7.6b in provision write-back. As a result, EBITDA/PAT grew 11%/4% QoQ. Tower additions were led by only one operator, which led to a decline in average sharing factor (ASF).
TCOM steady DPS segment growth offset others: TCOM reported a 1% decline in revenue QoQ (in line), led by a decline in all segments, except DPS, which grew 3% QoQ. EBITDA margin improved 140bp QoQ to 20%, led by M&A synergies and the termination of loss-making contracts. Organic business EBITDA margin remained in line with the long-term guidance at 23.3%.

- **Top picks:** BHARTI
- **Positive surprise:** Indus Towers

Guidance highlights:

- **BHARTI:** The company does not need to raise the Rights issue money. Overall capex for FY25 will be lower than FY24, and going forward, it will moderate. The organic FCF generation would be used in deleveraging and dividend payments.

- **VIL:** It expects the churn rate to come down after the next quarter as the capex deployment will commence. The management expects unique towers to increase to 210-220k from 183k. Capex guidance remains in the range of INR500-550b over the next three years, with the majority of the capex to be front-ended.
- **TCOM:** The company reiterated its long-term target of 23-25% EBITDA margin, but in the short-term, margin may remain under pressure. It aims to double data revenue by FY27. TCOM expects to maintain or improve EBITDA margins from 20% and expects ROCE to dilute further in 2Q. The order book, which has been flat for the past few quarters, saw good growth in 1Q, largely led by a couple of large deal wins.
- **Indus Towers:** It expects steady collections and recoveries of past dues. However, the increase in towers for VIL will require more clarity. BHARTI's plans to roll out 5G and add more towers will be a good opportunity for the company and it expects loading revenue to increase.

Exhibit 129: Operator-wise active subscriber market share (%)

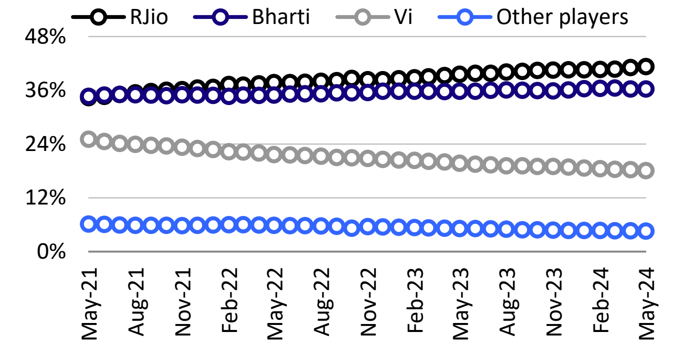


Exhibit 130: Operator-wise ARPU (INR)

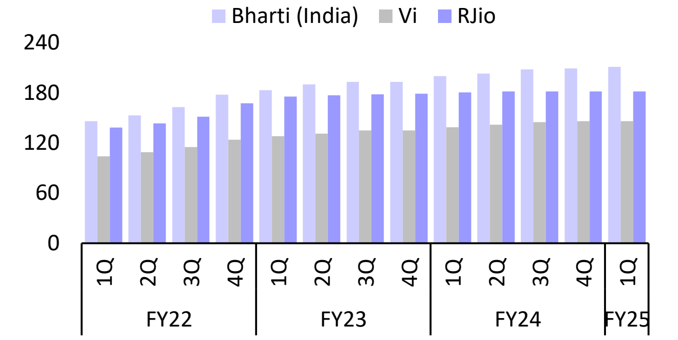


Exhibit 131: Wireless KPI comparison

	FY22				FY23				FY24				FY25	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	(%)	(%)
EOP Wireless SUBS (m)															
Bharti (India)	321	323	323	326	327	328	332	335	339	342	346	352	355	4.7	0.6
Idea	255	253	247	244	240	234	229	226	221	220	215	213	210	-5.1	-1.2
RJio	441	430	421	410	420	428	433	439	449	460	471	482	490	9.2	1.6
Avg. Wireless Subs (m)															
Bharti (India)	321	322	323	324	327	328	330	334	337	340	344	349	353	4.9	1.3
Idea	262	254	250	246	242	237	232	227	224	221	218	214	211	-5.5	-1.2
RJio	433	435	425	416	415	424	430	436	444	454	465	476	486	9.4	2.0
ARPU (INR/month)															
Bharti (India)	146	153	163	178	183	190	193	193	200	203	208	209	211	5.5	1.0
Vi	104	109	115	124	128	131	135	135	139	142	145	146	146	5.0	0.0
RJio	138	144	152	168	176	177	178	179	181	182	182	182	182	0.7	0.0
MOU/Sub (min)															
Bharti (India)	1,044	1,053	1,061	1,081	1,104	1,082	1,094	1,122	1,138	1,123	1,127	1,158	1,128	-0.9	-2.6
Idea	641	630	620	610	620	599	613	623	627	613	614	627	607	-3.2	-3.2
RJio	815	835	901	962	1004	968	984	1001	1006	976	981	1008	974	-3.2	-3.3
Wireless traffic (B min)															
Bharti (India)	1,002	1,020	1,030	1,051	1,079	1,063	1,082	1,124	1,149	1,148	1,161	1,210	1,195	4.0	-1.2
Idea	503	480	465	449	450	427	426	425	421	406	401	402	385	-8.5	-4.3
RJio	1060	1090	1150	1200	1250	1230	1270	1310	1340	1330	1370	1440	1420	6.0	-1.4
Data usage/Sub (Gb)															
Bharti (India)	18.9	19.1	18.7	19.2	19.9	20.8	20.8	20.8	21.6	22.2	22.5	23.1	24.3	12.3	4.9
Idea	13.3	13.5	12.8	12.9	13.3	14.1	14.2	14.2	14.7	14.9	14.6	14.7	15.4	4.8	5.0
RJio	15.6	17.6	18.3	19.7	20.8	22.2	22.5	23.2	24.9	26.6	27.3	28.6	30.3	21.4	5.7
Data traffic (B Gb)															
Bharti (India)	10.8	11.3	11.3	11.8	12.6	13.5	13.9	14.2	15.3	16.1	16.8	16.1	19.2	26.0	19.2
Idea	5.5	5.5	5.2	5.2	5.4	5.7	5.8	5.8	6.0	6.1	6.0	6.0	6.1	1.8	1.0
RJio	20.3	23.0	23.4	24.6	25.9	28.2	29.0	30.3	33.2	36.3	38.1	40.9	44.1	32.8	7.8

Source: MOFSL, Company

Exhibit 132: Financials

	FY22				FY23				FY24				FY25	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	(%)	(%)
Revenue (INR b)															
Bharti (India wireless)	143	152	161	176	182	190	194	195	204	210	216	221	225	10.5	2.1
Bharti (consolidated)	269	283	299	315	328	345	358	360	374	370	379	376	385	2.8	2.4
Idea	92	94	97	102	104	106	106	105	107	107	107	106	105	-1.4	-0.9
RJio	180	187	193	209	219	225	230	234	240	248	254	260	265	10.1	2.0
EBITDA (INR b)															
Bharti (India wireless)	70	75	79	89	93	99	104	105	112	115	119	122	125	12.2	3.0
Bharti (consolidated)	130	138	147	160	165	176	185	187	196	195	198	194	197	0.6	1.8
Idea	37	39	38	46	43	41	42	42	42	43	44	43	42	1.1	-3.0
RJio	86	90	95	105	110	115	120	122	126	130	133	136	139	10.7	2.3
EBITDA Margin (%)															
Bharti (India wireless)	49.2	49.2	49.4	50.6	51.2	52.4	53.8	53.8	54.8	54.9	55.1	55.1	55.6	85bps	50bps
Bharti (consolidated)	48.3	48.8	49.2	50.9	50.4	51.0	51.5	51.9	52.3	52.7	52.3	51.5	51.2	-117bps	-32bps
Idea	40.5	41.1	39.3	45.4	41.6	38.6	39.4	40.0	39.0	40.0	40.8	40.9	40.0	100bps	-86bps
RJio	47.9	48.0	49.2	50.3	50.1	51.0	52.2	52.2	52.3	52.3	52.3	52.4	52.6	26bps	14bps
PAT (INR b)															
Bharti (consolidated)	2.8	11.3	8.3	20.1	16.1	21.5	15.9	30.1	16.1	13.4	24.4	20.7	41.6	158.0	100.8
Idea	(73.2)	(71.3)	(72.3)	(65.6)	(73.0)	(76.0)	(79.9)	(64.2)	(78.4)	(87.4)	(69.9)	(76.7)	(64.3)	-18.0	-16.2
RJio	35.0	35.3	36.2	41.7	43.4	45.2	46.4	47.2	48.6	50.6	52.1	53.4	54.5	12.0	2.0
EPS (INR)															
Bharti	0.5	2.1	1.5	3.6	2.9	3.8	2.8	5.3	2.8	2.4	4.3	3.7	7.2	152.8	96.8
Idea	(2.5)	(2.5)	(2.5)	(2.0)	(2.3)	(2.4)	(2.5)	(1.3)	(1.6)	(1.8)	(1.4)	(1.5)	(0.9)	-41.2	-38.1
RJio	0.8	0.8	0.8	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	12.0	2.0

Source: MOFSL, Company

ANNEXURE: MOFSL UNIVERSE (ACTUAL V/S EXPECTATIONS)

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)
Automobiles	**2,903.1**	**10.3**	**-3.3**	**1.5**	**410.5**	**19.5**	**-3.0**	**5.1**	**222.6**	**28.2**	**-8.8**	**4.9**
Amara Raja Energy	31.3	13.0	12.0	4.7	4.3	16.7	5.6	-2.7	2.4	23.1	7.2	-4.1
Apollo Tyres	63.3	1.4	1.2	-0.6	9.1	-13.5	-15.8	-10.3	3.3	-19.4	-29.6	-23.4
Ashok Leyland	86.0	5.0	-23.7	-1.2	9.1	11.0	-42.8	-14.0	5.3	-8.9	-44.6	-19.6
Bajaj Auto	119.3	15.7	3.9	2.2	24.2	23.6	4.7	3.6	19.9	19.4	2.7	0.4
Balkrishna Inds	27.4	29.6	1.6	7.2	7.1	46.8	0.5	9.0	4.8	52.7	-2.3	15.7
Bharat Forge	23.4	9.9	0.4	-1.3	6.5	17.7	-0.4	-0.2	3.8	20.2	-4.3	-3.4
Bosch	43.2	3.8	2.0	-2.1	5.2	11.1	-6.7	-13.2	4.7	13.8	-17.5	-14.0
CEAT	31.9	8.8	6.7	4.6	3.8	-1.1	-2.2	3.7	1.5	2.8	-1.8	0.5
CIE Automotive	22.9	-1.2	-5.5	-2.0	3.6	-2.8	-0.2	3.0	2.2	1.3	-6.0	7.7
Craftsman Auto	11.5	10.9	4.1	2.6	2.0	-7.9	-4.6	-9.5	0.5	-28.6	-14.7	-33.6
Eicher Motors	43.9	10.2	3.2	3.4	11.7	14.2	3.3	4.2	11.0	19.9	2.9	9.1
Endurance Tech.	28.3	15.3	6.0	-0.2	3.7	16.4	1.3	-1.7	2.0	24.7	4.6	0.5
Escorts Kubota	22.9	-1.5	10.1	-3.8	3.3	0.1	23.0	-5.4	2.9	2.4	19.6	-3.4
Exide Inds.	43.1	5.9	7.6	-1.9	4.9	14.4	-4.2	-12.9	2.8	15.6	-1.5	-16.5
Happy Forgings	3.4	3.5	-0.5	-8.4	1.0	-2.6	0.5	-9.2	0.6	-0.3	-2.9	-7.9
Hero Motocorp	101.4	15.7	6.6	-4.3	14.6	21.0	7.4	-8.6	11.2	18.6	10.5	-9.8
Mahindra & Mahindra	270.4	12.0	7.4	-3.6	40.2	22.4	21.9	4.0	26.1	23.2	30.6	-12.3
Maruti Suzuki	355.3	9.9	-7.1	1.5	45.0	50.9	-3.9	6.7	36.5	46.9	-5.9	6.5
Motherson Wiring	21.8	16.7	-2.1	-1.2	2.4	15.3	-18.0	-12.8	1.5	20.9	-22.2	-16.1
MRF	70.8	11.9	13.9	10.8	11.4	2.1	13.2	17.6	5.6	-3.3	19.9	24.1
Samvardhana Motherson	288.7	28.5	7.5	-0.8	27.8	44.2	4.0	3.6	9.9	65.5	8.4	6.5
Sona BLW Precis.	8.9	22.0	0.9	-2.3	2.5	23.5	1.2	-1.5	1.4	24.0	-4.3	-3.6
Tata Motors	1,080.5	5.7	-9.9	4.5	155.1	14.4	-8.7	12.7	55.3	46.1	-28.4	34.7
Tube Investments	19.6	10.1	-0.1	-3.5	2.4	11.1	10.5	2.1	1.5	4.6	-37.7	-6.3
TVS Motor	83.8	16.0	2.5	-0.8	9.6	25.7	3.7	-3.2	5.8	23.4	18.9	-1.3
Capital Goods	**832.1**	**13.3**	**-20.3**	**1.0**	**93.2**	**20.4**	**-28.4**	**-0.4**	**55.4**	**22.6**	**-36.7**	**-1.4**
ABB India	28.3	12.8	-8.1	-11.1	5.4	55.6	-4.0	-2.3	4.4	49.6	-3.7	-2.8
Bharat Electronics	42.0	19.6	-50.8	11.0	9.4	41.0	-58.9	7.6	7.8	46.2	-56.5	4.0
Cummins India	23.0	4.3	-0.5	10.8	4.7	37.2	-14.1	13.0	4.2	33.0	-25.2	9.8
Hitachi Energy	13.3	27.6	-21.7	-3.1	0.5	42.3	-73.7	-61.1	0.1	332.4	-90.8	-85.0
Kalpataru Proj.	37.2	2.8	-27.7	-7.8	3.1	0.0	-21.5	-7.4	1.2	-7.1	-33.1	-9.7
KEC International	45.1	6.3	-26.8	0.2	2.7	10.6	-30.3	-9.1	0.9	106.9	-42.3	6.8
Kirloskar Oil	13.4	6.2	-3.5	12.3	2.0	28.0	10.9	37.8	1.3	30.5	14.5	46.2
Larsen & Toubro	551.2	15.1	-17.8	3.1	56.2	15.3	-22.4	4.3	27.9	11.7	-35.6	3.0
Siemens	52.0	6.8	-9.5	-15.3	6.9	22.1	-21.3	-26.0	5.8	26.9	-28.0	-22.1
Thermax	21.8	13.0	-21.0	-0.8	1.4	6.8	-48.3	-33.6	1.1	17.4	-41.7	-26.3
Triveni Turbine	4.6	23.1	1.1	8.6	1.0	34.8	6.4	13.1	0.8	31.9	5.5	13.4
Cement	**527.1**	**-0.6**	**-9.4**	**-2.1**	**75.3**	**-8.6**	**-25.4**	**-10.4**	**33.1**	**-19.6**	**-35.4**	**-6.0**
ACC	51.6	-0.9	-4.5	0.8	6.8	-11.9	-19.1	-7.2	3.7	-21.1	-25.5	-12.1
Ambuja Cements	45.2	-4.5	-5.5	-3.0	6.5	-31.9	-19.0	-10.6	5.8	-10.0	6.6	21.6
Birla Corporation	21.9	-9.1	-17.5	-10.7	2.6	-13.3	-45.3	-25.7	0.3	-45.4	-82.7	-65.4
Dalmia Bharat	36.2	-0.3	-15.9	-0.2	6.7	8.4	2.3	24.1	2.3	82.9	-11.1	115.3
Grasim Industries	68.9	10.5	1.9	-0.2	3.3	-51.7	-38.3	-43.3	-0.5	PL	PL	PL
India Cements	9.7	-30.3	-22.0	-15.7	-0.3	PL	PL	PL	-1.2	Loss	Loss	Loss
J K Cements	28.1	1.6	-9.6	-2.3	4.9	19.2	-13.2	3.7	1.9	49.3	-13.3	23.6
JK Lakshmi Cem.	15.6	-9.6	-12.2	-6.2	2.2	13.3	-33.9	-10.6	0.7	-10.4	-55.2	-29.7
Ramco Cements	20.9	-6.8	-21.9	-5.9	3.2	-6.5	-23.4	1.9	0.4	-55.0	-70.8	2.9
Shree Cement	48.3	-2.7	-4.7	-4.6	9.2	-1.7	-31.0	-22.6	3.2	-45.3	-52.0	-41.6
Ultratech Cement	180.7	1.9	-11.5	-0.2	30.4	-0.3	-26.1	-6.4	16.7	-1.0	-27.7	7.5
Chemicals-Specialty	**163.4**	**3.3**	**4.3**	**1.9**	**30.0**	**-9.7**	**9.1**	**0.0**	**16.3**	**-18.6**	**11.0**	**1.6**
Alkyl Amines	4.0	-2.5	12.1	6.3	0.8	6.9	14.8	13.2	0.5	-1.8	27.1	20.0
Atul	13.2	11.8	9.1	8.8	2.2	22.5	51.3	33.2	1.1	9.8	90.6	44.2

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**
Clean Science	2.2	19.1	-1.5	-4.5	0.9	24.3	0.2	-5.9	0.7	11.9	-6.2	-18.9
Deepak Nitrite	21.7	22.5	1.9	16.4	3.1	47.4	2.7	11.5	2.0	35.1	3.4	15.1
Fine Organic	5.1	-4.5	-2.5	-4.8	1.2	-19.8	-7.9	-2.3	1.0	-13.3	-5.5	5.2
Galaxy Surfactants	9.7	3.4	4.9	0.2	1.2	0.7	22.1	12.2	0.8	6.0	2.9	20.3
Navin Fluorine	5.2	6.6	-13.0	9.3	1.0	-12.1	-8.8	20.9	0.5	-16.8	-27.3	30.8
NOCIL	3.7	-6.2	4.4	-0.4	0.4	-27.3	-8.3	-25.8	0.3	-18.9	-33.8	-19.3
P I Industries	20.7	8.3	18.8	-5.8	5.8	24.7	32.0	4.1	4.5	17.2	21.5	12.5
SRF	34.6	3.8	-3.0	5.4	6.2	-13.8	-12.8	-4.1	2.7	-29.6	-38.5	-12.3
Tata Chemicals	37.9	-10.2	9.0	-4.0	5.7	-45.0	29.6	-11.8	1.4	-73.8	LP	-24.8
Vinati Organics	5.2	19.6	-4.7	-6.4	1.3	24.6	-16.7	-16.7	0.9	23.9	-17.7	-19.0
Consumer	**860.2**	**6.2**	**7.5**	**-1.4**	**214.3**	**4.8**	**10.2**	**-3.9**	**150.6**	**3.4**	**6.3**	**-5.6**
Asian Paints	89.7	-2.3	2.7	-2.3	16.9	-20.2	0.1	-15.0	11.9	-24.6	-6.9	-17.2
Britannia	42.5	6.0	4.4	0.5	7.5	9.4	-4.3	-4.0	5.3	16.3	-1.3	-0.2
Colgate	15.0	13.1	0.4	3.7	5.1	21.6	-4.5	8.2	3.6	26.2	-4.2	9.1
Dabur	33.5	7.0	19.0	-0.5	6.6	8.3	40.3	-0.7	5.1	7.7	42.1	2.9
Emami	9.1	9.7	1.7	1.6	2.2	13.9	2.6	1.4	1.7	20.5	2.0	-3.8
Godrej Consumer	33.3	-3.4	-1.6	-8.0	7.3	6.5	-4.5	-7.4	4.6	24.6	-19.1	-7.4
Hind. Unilever	157.1	1.4	3.3	1.0	37.4	2.2	5.9	0.9	26.5	2.5	5.8	0.1
Indigo Paints	3.1	7.8	-19.2	-4.6	0.5	-3.5	-44.0	-21.1	0.3	-15.6	-51.2	-26.8
ITC	184.6	7.5	3.0	0.5	67.5	1.2	1.8	-4.5	50.9	-0.2	-0.6	-6.1
Jyothy Labs	7.4	8.0	12.4	-1.4	1.3	13.7	23.1	1.4	1.0	16.6	30.1	4.1
Marico	26.4	6.7	16.0	-1.1	6.3	9.1	41.6	-1.3	4.6	8.7	45.9	0.5
Nestle	48.1	3.3	-8.6	-4.9	11.2	5.1	-16.5	-7.1	7.4	5.1	-19.3	-7.6
Page Industries	12.8	3.9	28.7	-3.1	2.4	2.0	48.1	-7.3	1.7	4.3	52.7	-6.5
Pidilite Inds.	34.0	3.7	17.0	-3.1	8.1	15.0	40.9	0.1	5.7	20.5	51.4	1.2
Tata Consumer	43.5	16.3	10.8	-1.9	6.7	22.4	6.0	-1.5	3.0	-5.4	-19.9	-21.3
United Breweries	24.7	8.8	16.0	-5.6	2.8	27.8	100.5	-7.8	1.7	27.3	114.3	-14.4
United Spirits	23.5	8.3	-11.8	-0.1	4.6	18.9	26.5	11.2	3.0	24.8	-26.6	14.1
Varun Beverages	72.0	28.3	66.7	-5.2	19.9	31.8	101.4	-5.8	12.5	26.0	133.1	-12.0
Consumer Durables	**192.9**	**24.8**	**-0.1**	**7.1**	**18.9**	**32.4**	**-2.8**	**6.2**	**13.5**	**33.7**	**0.6**	**10.3**
Havells India	58.1	20.1	6.7	1.5	5.7	42.4	-9.8	-2.6	4.1	42.0	-8.8	4.5
KEI Industries	20.6	15.6	-11.0	3.2	2.1	20.4	-10.9	3.2	1.5	23.8	-11.0	10.2
Polycab India	47.0	20.8	-16.0	2.5	5.8	6.3	-23.4	-1.9	4.0	-0.9	-27.5	-6.0
R R Kabel	18.1	13.2	3.1	2.3	0.9	-15.9	-17.7	-27.2	0.6	-13.4	-18.2	-26.9
Voltas	49.2	46.5	17.1	24.8	4.2	128.6	122.4	63.6	3.3	158.5	222.0	75.9
EMS	**22.3**	**54.5**	**-12.1**	**7.0**	**1.7**	**22.5**	**-45.4**	**-9.6**	**1.1**	**21.6**	**-48.8**	**-5.9**
Avalon Tech	2.0	-15.2	-8.0	-8.8	0.0	-73.0	-74.6	-72.2	0.0	PL	PL	PL
Cyient DLM	2.6	18.8	-28.7	-1.0	0.2	0.0	-47.5	8.7	0.1	97.7	-53.4	13.3
Data Pattern	1.0	16.0	-42.9	-9.3	0.4	33.6	-60.0	-4.8	0.3	26.9	-53.9	3.9
Kaynes Tech	5.0	69.6	-20.9	4.7	0.7	66.2	-29.8	6.7	0.5	106.0	-37.5	14.6
Syrma SGS Tech.	11.6	92.9	2.3	15.5	0.4	20.7	-39.5	-19.5	0.2	-32.3	-44.8	-27.5
Financials	**2,640.6**	**13.2**	**-9.2**	**-1.8**	**1,563.0**	**12.6**	**-3.9**	**1.0**	**946.1**	**15.7**	**-3.9**	**0.8**
Banks-Private	**914.8**	**17.0**	**3.1**	**0.3**	**688.4**	**18.5**	**-5.7**	**2.6**	**433.4**	**17.4**	**-2.1**	**1.7**
AU Small Finance	19.2	54.1	43.6	-0.2	9.9	80.9	48.8	21.7	5.0	29.9	35.5	18.8
Axis Bank	134.5	12.5	2.7	1.0	101.1	14.7	-4.1	3.2	60.3	4.1	-15.4	-5.9
Bandhan Bank	30.1	20.7	4.8	2.9	19.4	24.2	5.6	13.7	10.6	47.5	1846.8	30.6
DCB Bank	5.0	5.5	-2.1	-5.6	2.1	-1.6	-12.1	-12.5	1.3	3.5	-15.6	-7.1
Equitas Small Fin.	8.0	7.9	2.0	-1.0	3.4	9.1	-9.2	1.5	0.3	-86.5	-87.6	-85.2
Federal Bank	22.9	19.5	4.4	0.1	15.0	15.2	35.2	3.5	10.1	18.2	11.4	3.9
HDFC Bank	298.4	26.4	2.6	1.7	238.8	27.2	-18.4	1.6	161.7	35.3	-2.0	4.6
ICICI Bank	195.5	7.3	2.4	0.1	160.2	13.3	6.6	4.7	110.6	14.6	3.3	4.0
IDFC First Bank	46.9	25.4	5.1	0.0	18.8	25.5	13.1	8.0	6.8	-11.0	-6.0	-0.1
IndusInd Bank	54.1	11.1	0.6	-3.1	39.5	3.1	-3.2	-5.7	21.7	2.2	-7.6	-7.2
Kotak Mahindra Bank	68.4	9.8	-1.0	-4.0	52.5	6.2	-3.8	0.2	35.2	2.0	-14.8	-1.9
RBL Bank	17.0	19.5	6.3	2.4	8.6	32.7	-3.2	-3.8	3.7	29.0	5.4	8.8

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**
SBI Cards	14.8	19.7	4.4	2.0	19.0	25.4	3.7	1.2	5.9	0.2	-10.3	-7.8
Banks-PSU	**879.6**	**6.5**	**-1.0**	**-2.1**	**600.9**	**3.6**	**-2.3**	**0.3**	**347.3**	**13.2**	**-8.4**	**1.5**
Bank of Baroda	116.0	5.5	-1.6	-0.2	71.6	-8.5	-11.7	-7.8	44.6	9.5	-8.8	-3.1
Canara Bank	91.7	5.8	-4.3	-5.1	76.2	0.2	3.1	-4.0	39.1	10.5	3.9	-1.3
Indian Bank	61.8	8.3	2.7	0.5	45.0	8.9	4.6	2.1	24.0	40.6	7.0	8.9
Punjab National Bank	104.8	10.2	1.1	1.2	65.8	10.3	2.6	-4.8	32.5	159.0	8.0	8.1
State Bank	411.3	5.7	-1.3	-3.7	264.5	4.6	-8.0	2.5	170.4	0.9	-17.7	1.0
Union Bank	94.1	6.5	-0.3	0.3	77.9	8.4	19.2	10.1	36.8	13.7	11.1	2.8
Insurance	**500.9**	**12.8**	**-37.3**	**-5.8**	**22.1**	**10.9**	**-45.1**	**-13.4**	**22.8**	**27.6**	**13.5**	**-3.2**
HDFC Life Insur.	128.1	9.7	-38.8	-6.7	7.2	17.7	-41.8	0.3	4.8	15.0	16.2	-8.2
ICICI Lombard	45.0	15.9	3.1	-7.4	-3.5	Loss	Loss	Loss	5.8	48.7	11.7	0.8
ICICI Pru Life	82.8	12.3	-45.3	-13.6	4.7	7.8	-39.2	-5.6	2.3	8.9	29.7	-6.0
Max Financial	54.0	10.8	-49.7	-8.0	2.5	2.8	-69.1	-22.0	1.6	51.4	LP	-25.3
SBI Life Insurance	155.7	14.9	-38.3	0.0	9.7	11.5	-35.8	-2.4	5.2	36.3	-35.9	30.5
Star Health	35.2	15.7	3.7	-0.3	1.4	-3.5	LP	-45.2	3.2	10.8	124.1	-22.4
NBFC - Lending	**318.4**	**20.4**	**2.5**	**-1.1**	**238.6**	**19.2**	**3.9**	**-1.0**	**132.4**	**12.5**	**-0.9**	**-3.7**
AAVAS Financiers	2.4	8.1	3.2	-3.1	1.7	15.8	-6.8	-5.2	1.3	14.9	-11.6	-6.3
Bajaj Finance	83.7	24.5	4.4	-0.9	69.5	25.3	8.4	2.9	39.1	13.8	2.3	-0.9
Can Fin Homes	3.2	12.7	-1.9	-4.2	2.8	12.9	2.9	-3.0	2.0	8.8	-4.5	-6.7
Chola. Inv & Fin.	25.7	39.7	9.3	0.9	18.5	38.1	13.6	7.7	9.4	29.8	-11.0	1.7
CreditAccess	9.3	28.7	5.2	0.7	7.1	30.4	3.9	-0.1	4.0	14.1	0.1	-2.1
Five-Star Business	4.8	31.4	4.6	0.0	3.5	35.9	6.6	-0.3	2.5	36.9	6.6	1.3
Fusion Micro	4.0	34.6	10.2	8.0	3.0	26.5	2.4	5.8	-0.4	PL	PL	PL
Home First Fin.	1.5	17.5	7.0	0.3	1.2	21.9	4.9	3.6	0.9	27.0	5.2	2.1
IIFL Finance	14.4	9.7	-12.6	-3.7	6.9	-14.9	-12.9	-14.6	2.9	-32.3	-22.9	-34.2
L&T Finance	21.0	19.9	5.7	0.0	14.7	18.9	7.8	-1.8	6.9	29.1	23.8	1.3
LIC Housing Fin	19.9	-10.0	-11.1	-7.5	17.7	-11.9	-7.0	-7.5	13.0	-1.8	19.2	4.4
M & M Financial	17.8	12.6	-1.6	-5.4	11.3	13.5	-3.3	-10.0	5.1	45.5	-17.1	-2.8
Manappuram Finance	15.4	19.4	2.9	-0.5	9.8	22.4	5.1	2.0	5.6	11.7	-1.2	-3.3
MAS Financial	1.8	27.5	4.2	-1.9	1.2	25.0	5.2	-2.6	0.7	23.0	3.5	-3.5
Muthoot Finance	23.0	21.7	8.0	2.7	17.2	22.5	13.6	3.9	10.8	10.6	2.1	-8.2
PNB Housing	6.4	3.7	3.0	-4.7	5.4	6.9	-4.3	-7.4	4.3	24.6	-1.5	-0.6
Poonawalla Fincorp	5.8	36.8	2.4	-5.2	4.3	46.9	5.6	-8.6	2.9	45.7	-12.1	-9.2
Repco Home Fin	1.7	8.5	3.0	1.8	1.4	10.7	7.3	5.4	1.1	18.4	-2.4	9.8
Shriram Finance	52.3	24.6	2.9	-0.2	38.5	23.3	-1.3	-4.5	19.8	18.2	1.8	-1.5
Spandana Sphoorty	4.3	48.0	12.5	5.1	2.9	51.7	7.8	9.1	0.6	-53.4	-56.7	-33.0
NBFC - Non Lending	**26.9**	**73.6**	**10.8**	**5.4**	**13.0**	**89.7**	**21.0**	**13.0**	**10.2**	**68.7**	**15.8**	**8.8**
360 ONE WAM	6.0	47.8	4.8	16.7	3.4	70.2	22.9	28.7	2.4	31.2	0.4	9.4
Angel One	9.2	76.0	4.7	2.5	4.0	33.7	-13.5	21.8	2.9	32.5	-13.9	21.2
BSE	6.1	181.9	24.4	2.9	2.8	305.2	195.2	4.6	2.6	159.6	148.3	6.5
Cams Services	3.3	26.8	6.7	0.7	1.5	36.1	4.5	-2.1	1.1	41.3	3.9	-0.3
MCX	2.3	60.8	29.4	4.2	1.3	1140.0	30.0	-4.1	1.1	464.2	26.3	-4.8
Healthcare	**837.8**	**11.6**	**3.6**	**-0.5**	**203.6**	**23.4**	**11.0**	**4.7**	**126.6**	**29.1**	**9.1**	**5.5**
Ajanta Pharma	11.4	12.1	8.6	3.9	3.6	28.1	29.5	26.2	2.6	30.8	39.3	33.2
Alembic Pharma	15.6	5.1	2.9	-0.3	2.4	19.2	-8.9	-10.6	1.3	11.6	-24.7	-19.1
Alkem Lab	30.3	2.2	3.3	-1.5	6.1	56.4	51.4	22.0	5.5	90.1	79.4	39.9
Apollo Hospitals	50.9	15.1	2.9	1.4	6.8	32.6	5.4	-0.3	3.1	83.2	20.3	2.3
Aurobindo Pharma	75.7	10.5	-0.2	-1.2	16.9	47.2	0.5	0.1	9.0	51.9	-10.7	-7.1
Biocon	34.3	0.3	-12.4	-13.3	6.2	-12.9	-32.2	-31.5	-1.6	PL	PL	PL
Cipla	66.9	5.8	8.6	-0.9	17.2	14.9	30.4	-1.2	11.8	18.3	35.5	3.8
Divis Labs	21.2	19.1	-8.0	-3.7	6.2	23.4	-14.9	-8.8	4.3	20.3	-20.0	-16.3
Dr Reddy' s Labs	76.7	13.9	8.3	3.7	21.3	4.0	20.4	7.7	13.9	2.0	14.9	8.2
ERIS Lifescience	7.2	54.2	30.6	2.8	2.5	47.3	47.2	2.6	0.8	-12.3	2.0	-6.8
Gland Pharma	14.0	16.0	-8.8	-7.4	2.6	-10.1	-26.3	-26.0	1.4	-25.9	-25.0	-32.2
Glenmark Pharma	32.4	6.9	5.9	-1.5	5.9	34.5	16.6	-4.0	3.4	206.4	102.6	16.6

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)
Global Health	8.6	11.4	6.5	4.8	1.9	3.7	0.1	-4.2	1.1	4.2	-16.6	-8.8
Granules India	11.8	19.7	0.3	-0.1	2.6	64.2	1.4	5.6	1.3	112.7	3.9	9.5
GSK Pharma	8.1	7.0	-12.4	0.6	2.3	60.2	-10.4	9.1	1.8	58.6	-5.1	7.3
Ipca Labs.	20.9	31.8	2.9	-3.0	3.9	33.5	22.0	7.1	1.9	24.9	106.7	11.6
Laurus Labs	11.9	1.1	-17.0	-16.4	1.7	2.7	-29.1	-23.3	0.1	-52.7	-83.2	-81.7
Lupin	56.0	21.5	12.9	11.3	13.6	109.0	36.6	40.9	9.0	214.9	76.9	77.6
Mankind Pharma	28.9	12.2	18.5	2.4	7.2	10.5	22.4	1.6	5.7	17.2	21.1	5.8
Max Healthcare	19.3	19.1	7.8	1.8	4.9	15.2	0.0	-3.9	3.1	1.0	-7.0	-12.7
Piramal Pharma	19.5	11.6	-23.6	-0.5	2.0	54.5	-61.4	27.1	-0.9	Loss	PL	Loss
Sun Pharma	125.2	6.3	6.0	-5.0	35.3	11.2	20.8	8.0	28.8	26.1	2.6	8.7
Torrent Pharma	28.6	10.3	4.2	-4.0	9.2	16.8	4.6	-1.8	4.7	24.6	4.9	-3.5
Zydus Lifesciences	62.1	20.8	12.2	9.8	21.1	37.6	29.8	24.8	14.4	28.2	22.5	24.2
Infrastructure	**45.7**	**-3.1**	**-15.3**	**-3.0**	**12.4**	**-2.1**	**-11.0**	**-2.0**	**4.2**	**-6.6**	**-22.8**	**0.7**
G R Infraproject	19.0	-11.9	-12.0	-3.0	2.5	-21.6	-17.5	-7.9	2.0	-3.2	-10.5	9.1
IRB Infra	18.5	13.4	-10.1	1.4	8.6	10.2	-3.7	2.7	1.4	4.6	-25.9	-0.1
KNR Constructions	8.2	-11.9	-30.5	-11.7	1.4	-21.7	-33.3	-16.0	0.8	-26.8	-39.2	-14.6
Logistics	**148.9**	**10.3**	**-2.3**	**-2.6**	**55.9**	**11.2**	**0.4**	**-2.5**	**33.6**	**22.2**	**5.5**	**4.5**
Adani Ports	69.6	11.3	0.9	-2.9	42.4	13.1	5.0	1.0	26.3	28.7	14.9	13.0
Blue Dart Express	13.4	8.5	1.5	-1.5	1.1	-3.4	-21.5	-27.3	0.5	-13.8	-32.2	-38.4
Concor	21.0	9.3	-9.5	-5.5	4.3	10.3	-11.7	-15.8	2.6	4.6	-13.3	-21.6
JSW Infra	10.1	15.0	-7.9	-2.5	5.1	14.0	-11.4	-7.7	3.0	16.9	-20.1	-9.8
Mahindra Logistics	14.2	9.8	-2.1	-1.6	0.7	-0.5	17.1	2.0	-0.1	Loss	Loss	PL
Transport Corp.	10.5	10.0	-3.1	1.2	1.0	3.0	-5.1	-2.8	0.9	10.6	-12.9	3.4
TCI Express	2.9	-3.9	-7.6	-6.7	0.3	-29.4	-27.0	-26.8	0.2	-31.0	-29.4	-28.0
VRL Logistics	7.3	7.9	-5.4	2.2	0.9	-14.7	-17.5	-6.1	0.1	-60.4	-37.6	-33.5
Media	**46.0**	**-0.2**	**5.6**	**-0.9**	**9.4**	**-8.0**	**30.6**	**-4.2**	**5.6**	**-5.3**	**34.4**	**6.3**
PVR Inox	11.9	-8.8	-5.2	1.9	-0.4	PL	PL	Loss	-1.4	Loss	Loss	Loss
Sun TV	12.8	-3.2	37.6	-7.7	7.1	-10.2	38.9	-15.0	5.5	-6.2	37.2	-10.5
Zee Entertainment	21.3	7.4	-1.8	2.1	2.7	75.3	29.2	33.8	1.5	195.9	38.5	47.9
Metals	**2,809.7**	**1.4**	**-3.5**	**-1.7**	**534.7**	**16.9**	**8.9**	**5.4**	**266.9**	**17.8**	**26.0**	**18.7**
Coal India	364.6	1.3	-2.5	0.3	115.4	3.4	17.3	18.1	109.6	4.1	26.2	48.8
Hindalco	570.1	7.6	1.8	-2.3	75.0	31.3	12.3	6.8	34.0	38.0	7.2	-3.1
Hindustan Zinc	81.3	11.6	7.7	3.4	39.5	17.9	8.1	4.6	23.5	19.4	15.1	8.4
JSPL	136.2	8.2	1.0	-0.4	28.4	8.0	16.2	-7.7	13.4	-20.7	43.0	-5.6
JSW Steel	429.4	1.7	-7.2	1.9	55.1	-21.8	-10.0	-12.9	8.5	-63.9	-34.9	-41.4
Nalco	28.6	-10.1	-20.2	-26.4	9.3	57.2	-15.6	-17.9	5.9	76.3	-13.0	-20.6
NMDC	54.1	0.4	-16.6	0.9	23.4	17.4	11.3	33.5	19.6	18.8	37.2	31.6
SAIL	240.0	-1.5	-8.6	-6.5	22.2	34.6	25.5	-9.7	3.2	52.9	80.0	-49.5
Tata Steel	547.7	-7.9	-6.7	-5.6	66.9	29.4	1.4	12.4	13.2	112.3	9.3	18.4
Vedanta	357.6	6.0	0.7	3.7	99.5	54.9	13.4	5.2	36.1	319.5	129.8	38.7
Oil & Gas	**7,762.6**	**4.0**	**-1.8**	**-6.1**	**851.3**	**-26.5**	**-11.8**	**-2.7**	**369.4**	**-41.5**	**-25.9**	**-8.9**
Oil Ex OMCs	**3,561.2**	**10.0**	**-1.4**	**-2.0**	**687.6**	**0.7**	**-4.2**	**-2.9**	**309.2**	**-5.4**	**-15.5**	**-8.0**
Aegis Logistics	16.0	-23.8	-12.8	-46.2	2.3	18.6	-24.3	-6.2	1.3	13.5	-33.0	2.5
BPCL	1,131.0	0.1	-3.0	11.4	56.5	-64.2	-39.0	-5.1	30.1	-71.4	-45.9	-8.6
Castrol India	14.0	4.8	5.5	1.3	3.2	4.1	9.8	-4.4	2.3	3.1	7.4	-6.4
GAIL	336.7	3.9	4.1	3.5	45.3	73.3	27.3	31.6	27.2	71.1	25.1	20.9
Gujarat Gas	44.5	17.7	7.6	9.4	5.4	38.1	-9.4	-2.7	3.3	53.3	-10.4	0.2
Gujarat State Petronet	3.4	-14.8	-26.2	11.6	3.0	-10.5	-20.4	32.3	2.1	-7.5	-18.8	45.4
HPCL	1,138.0	1.6	-0.7	7.8	20.8	-78.2	-57.3	-36.3	3.6	-94.3	-87.5	-71.4
Indraprastha Gas	35.2	3.3	-2.1	2.9	5.8	-9.4	11.3	7.9	4.0	-8.4	4.9	9.2
IOC	1,932.4	-2.2	-2.4	-24.6	86.3	-61.0	-19.2	15.6	26.4	-80.8	-45.4	11.5
Mahanagar Gas	15.9	3.4	1.4	5.6	4.2	-19.7	6.3	8.0	2.8	-22.8	7.4	9.8
MRPL	232.5	9.8	-8.2	-8.7	6.2	-72.5	-73.7	-56.4	0.7	-93.8	-94.3	-88.3
Oil India	58.4	25.7	1.4	-2.4	24.7	5.9	5.6	0.5	14.7	-9.1	-27.7	-19.5
ONGC	352.7	4.3	1.8	-5.2	186.2	-4.3	7.0	-0.2	89.4	-10.8	-9.4	-9.1

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**	**Jun-24**	**YoY**	**QoQ**	**Exp. (%)**
Petronet LNG	134.2	15.1	-2.7	-9.9	13.7	16.2	24.4	-10.4	10.0	26.5	35.4	-3.0
Reliance Inds.	2,317.8	11.7	-2.0	-0.8	387.7	1.8	-8.8	-5.5	151.4	-5.5	-20.1	-9.1
Real Estate	**116.8**	**20.7**	**-26.0**	**-5.7**	**33.7**	**43.3**	**-29.1**	**-4.3**	**28.3**	**62.0**	**-23.2**	**17.9**
Brigade Enterpr.	10.8	64.8	-36.7	-5.7	2.9	67.4	-32.4	-8.0	0.8	117.3	-59.4	-25.0
DLF	13.6	-4.3	-36.2	-7.7	2.3	-42.3	-69.7	-56.6	6.4	22.5	-29.9	-16.2
Godrej Properties	7.4	-21.0	-48.2	6.4	-1.3	Loss	PL	PL	5.2	288.3	8.5	171.3
Kolte Patil Dev.	3.4	-40.3	-35.3	-16.2	0.3	-69.5	LP	-7.2	0.1	-86.4	LP	23.9
Macrotech Developers	28.5	76.0	-29.2	-17.7	7.6	129.3	-27.7	-18.9	4.8	182.4	-28.0	-18.8
Mahindra Lifespace	1.9	91.9	1216.6	17.6	-0.4	Loss	Loss	Loss	0.1	LP	-82.2	7.1
Oberoi Realty	14.1	54.4	6.9	41.2	8.2	72.0	3.4	43.8	5.8	81.7	-25.8	46.5
Phoenix Mills	9.0	11.5	-30.8	-1.1	5.3	7.9	-15.3	2.5	2.3	-3.1	-28.7	7.5
Prestige Estates	18.6	10.8	-14.0	-3.7	8.0	51.2	-3.8	61.5	2.3	-12.9	66.1	912.7
Sobha	6.4	-29.5	-16.1	-33.7	0.6	-14.5	-9.9	-52.9	0.1	-49.8	-13.9	-88.4
Sunteck Realty	3.2	348.2	-25.9	28.0	0.3	LP	-79.5	-20.6	0.2	LP	-77.5	-10.0
Retail	**511.5**	**16.4**	**10.4**	**-0.1**	**56.1**	**13.3**	**14.2**	**-0.3**	**22.0**	**5.8**	**21.4**	**-6.9**
Aditya Birla Fashion	34.3	7.3	0.6	-1.5	3.6	22.6	26.3	12.3	-2.1	Loss	Loss	Loss
Avenue Supermarts	140.7	18.6	10.5	-0.1	12.2	18.0	29.4	-5.2	7.7	17.5	37.4	-6.1
Barbeque Nation	3.1	-5.6	2.6	-14.5	0.5	8.8	-7.0	-16.0	0.0	Loss	Loss	Loss
Bata India	9.4	-1.4	18.4	-7.1	1.8	-22.8	1.5	-32.4	0.8	-20.6	33.4	-33.1
Campus Activewear	3.4	-4.1	-6.8	-8.9	0.5	-21.8	-19.0	-20.6	0.3	-19.3	-22.5	-21.6
Devyani Intl.	12.2	44.3	16.7	2.4	2.2	28.8	28.5	11.3	0.3	-17.2	753.4	56.5
Jubilant Foodworks	14.4	9.9	8.1	1.3	2.8	0.6	9.4	0.2	0.5	-31.5	49.2	-11.1
Kalyan Jewellers	55.4	26.5	22.1	-0.8	3.8	16.4	22.8	0.2	1.8	23.4	29.0	-4.9
Metro Brands	5.8	-1.1	-1.2	-9.2	1.8	-3.3	13.7	-10.8	0.9	-1.7	6.1	-11.4
Relaxo Footwear	7.5	1.3	0.1	-3.7	1.0	-8.0	-17.8	-17.9	0.4	-21.2	-27.7	-28.0
Restaurant Brands	4.9	16.2	11.7	-3.1	0.6	29.0	13.5	-4.2	-0.3	Loss	Loss	Loss
Sapphire Foods	7.2	9.8	13.7	-2.0	1.2	2.3	20.6	-2.1	0.1	-67.1	301.5	-52.3
Senco Gold	14.0	7.5	23.4	-9.2	1.1	61.8	24.0	34.4	0.5	85.3	59.4	40.6
Shoppers Stop	10.3	5.3	3.4	-4.8	1.4	-17.5	-13.4	-26.4	-0.2	PL	PL	PL
Titan Company	132.7	11.5	6.2	1.7	12.5	10.8	4.7	5.3	7.2	-5.4	-7.3	-8.6
Trent	39.9	57.4	25.3	8.5	6.1	67.0	27.9	16.1	3.4	130.8	38.1	12.5
Vedant Fashions	2.4	-23.0	-34.0	-8.8	1.1	-23.9	-35.6	-3.2	0.6	-32.0	-46.0	-5.1
V-Mart Retail	7.9	15.9	17.6	0.0	1.0	88.7	146.0	47.5	0.1	LP	LP	LP
Westlife Foodworld	6.2	0.3	9.6	-3.7	0.8	-24.1	3.7	-7.4	0.0	-88.7	319.6	-66.1
Staffing	**113.6**	**10.1**	**2.3**	**-2.3**	**3.8**	**9.1**	**8.0**	**-7.2**	**2.0**	**6.9**	**44.9**	**-21.3**
Quess Corp	50.0	8.8	1.9	-0.1	1.8	19.4	-5.8	0.5	0.9	81.3	-13.4	1.9
SIS	31.3	5.1	-0.2	-8.6	1.4	-1.2	63.7	-19.7	0.6	-28.3	LP	-41.6
Team Lease Serv.	25.8	18.8	6.1	2.1	0.2	-15.5	-39.3	-32.2	0.2	-24.8	-29.3	-42.1
Updater Services	6.5	13.1	3.2	-4.2	0.4	24.5	1.6	50.3	0.3	27.2	32.0	25.8
Technology	**1,880.8**	**3.7**	**1.3**	**0.4**	**428.3**	**6.9**	**0.2**	**1.8**	**291.8**	**7.8**	**0.2**	**1.6**
Coforge	24.0	8.1	1.8	-1.2	3.1	-5.9	-24.7	-22.1	1.3	-27.3	-40.7	-43.3
Cyient	16.8	-0.6	-9.9	-5.9	2.7	-16.0	-20.9	-17.3	1.5	-16.9	-25.1	-23.1
HCL Technologies	280.6	6.7	-1.6	0.4	58.6	7.4	-3.9	1.8	42.6	20.5	6.8	13.3
Infosys	393.2	3.6	3.7	1.3	103.1	4.8	7.7	3.9	63.7	7.1	4.8	0.9
L&T Technology	24.6	7.0	-3.0	-2.7	4.6	0.8	-9.3	-6.1	3.1	0.8	-8.0	-7.4
LTIMindtree	91.4	5.1	2.8	1.8	16.1	-1.8	4.6	1.0	11.4	-1.5	3.1	-2.2
Mphasis	34.2	5.2	0.3	-1.2	6.2	5.4	-3.2	0.3	4.0	2.1	2.9	-4.9
Persistent Systems	27.4	17.9	5.7	0.5	4.6	7.6	0.2	-2.3	3.1	10.5	-2.8	-4.7
TCS	626.1	5.4	2.2	0.6	167.4	11.7	-2.6	1.3	121.1	8.9	-3.2	-0.3
Tech Mahindra	130.1	-1.2	1.0	0.3	15.6	-2.3	11.1	9.7	8.5	-10.9	-12.2	4.1
Wipro	219.6	-3.8	-1.1	-0.9	44.4	6.0	1.4	2.0	30.0	4.6	5.9	4.5
Zensar Tech	12.9	5.0	4.7	1.9	2.0	-14.8	-3.4	-5.4	1.6	1.1	-8.9	8.6
Telecom	**620.3**	**3.5**	**1.5**	**-0.7**	**295.4**	**4.5**	**2.5**	**0.2**	**-22.5**	**Loss**	**Loss**	**Loss**
Bharti Airtel	385.1	2.8	2.4	-0.4	197.1	0.6	1.8	-3.0	29.3	0.8	-0.9	-20.1
Indus Towers	73.8	4.3	2.6	-0.2	45.0	29.4	10.6	17.1	19.3	42.9	4.0	19.4

	Sales (INR b)				EBITDA (INR b)				PAT (INR b)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
Company	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)	Jun-24	YoY	QoQ	Exp. (%)
Tata Comm	56.3	18.1	-1.0	-3.5	11.2	9.8	6.4	1.9	2.5	-34.9	-33.8	2.1
Vodafone Idea	105.1	-1.4	-0.9	-0.9	42.0	1.1	-3.0	-0.7	-73.5	Loss	Loss	Loss
Others	**509.7**	**7.4**	**-5.1**	**3.0**	**84.0**	**-2.6**	**2.3**	**19.4**	**30.9**	**-30.3**	**-4.9**	**45.2**
APL Apollo Tubes	49.7	9.4	4.4	-0.5	3.0	-1.8	7.6	-7.5	1.9	-0.2	13.3	-5.5
Cello World	5.0	6.1	-2.3	-2.6	1.3	8.5	-3.0	-0.2	0.8	6.6	-7.0	-1.0
Coromandel International	47.3	-16.9	20.9	-15.4	5.1	-28.7	85.3	-27.0	3.1	-37.1	94.0	-33.7
EPL	10.1	10.7	-2.1	-1.2	1.9	16.9	-2.7	-1.5	0.6	18.2	-5.1	2.6
Godrej Agrovet	23.5	-6.4	10.1	-13.0	2.3	17.2	52.8	1.2	1.4	28.3	136.6	4.4
Indian Hotels	15.5	5.7	-18.6	-2.6	4.5	9.6	-31.9	-0.7	2.5	11.7	-40.5	3.5
Interglobe Aviation	195.7	17.3	9.8	12.9	57.7	11.8	32.0	49.2	27.3	-11.7	44.0	73.7
Kajaria Ceramics	11.1	4.6	-10.2	1.4	1.7	-1.3	-2.9	2.8	0.9	-16.4	-12.3	-4.1
Lemon Tree Hotel	2.7	20.6	-18.1	-3.4	1.2	10.1	-32.9	-8.0	0.2	-15.6	-70.4	-18.8
MTAR Tech	1.3	-15.9	-10.3	-1.1	0.2	-51.9	-8.9	-28.7	0.0	-78.2	-9.1	-67.6
One 97 Comm.	15.0	-35.9	-33.8	0.7	-7.9	Loss	Loss	Loss	-8.4	Loss	Loss	Loss
UPL	90.7	1.2	-35.6	1.3	11.5	-28.0	-40.7	-18.2	-2.0	PL	PL	Loss
Zomato	42.1	74.1	18.1	10.5	1.8	LP	105.8	-14.7	2.5	12550.0	44.6	15.1

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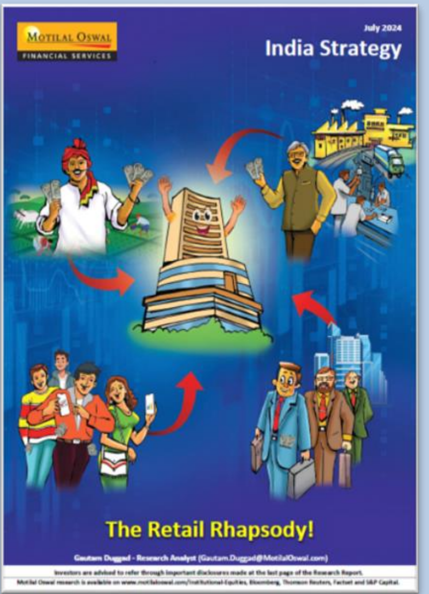
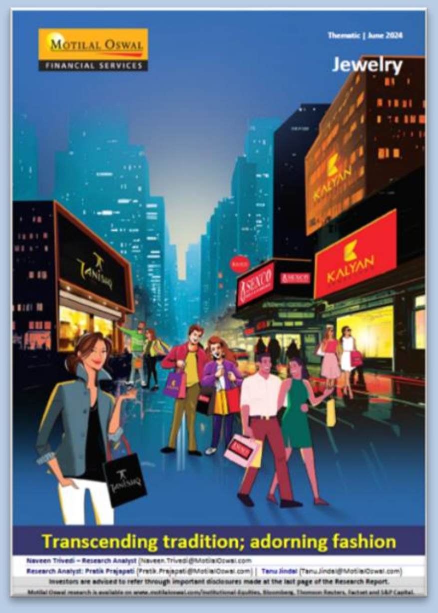
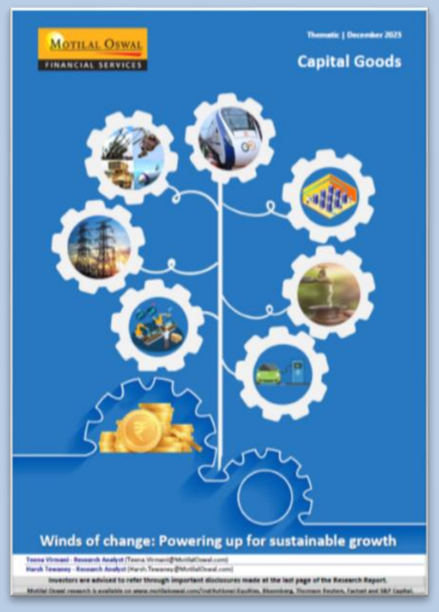
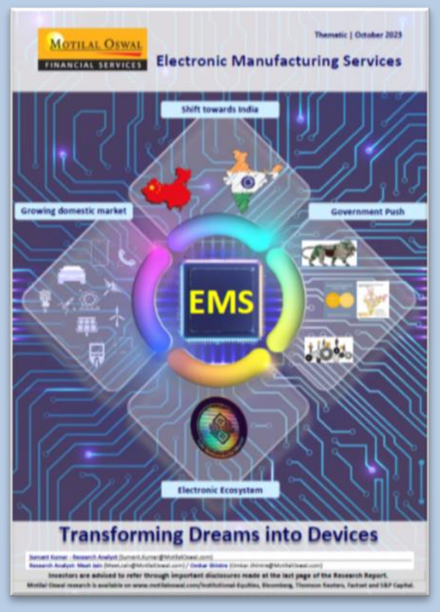
RECENT STRATEGY/THEMATIC REPORTS









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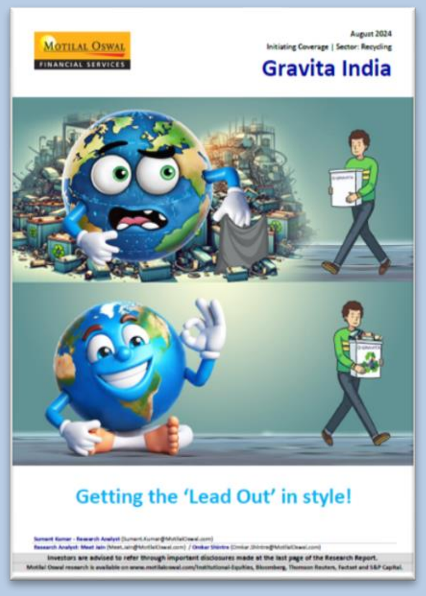

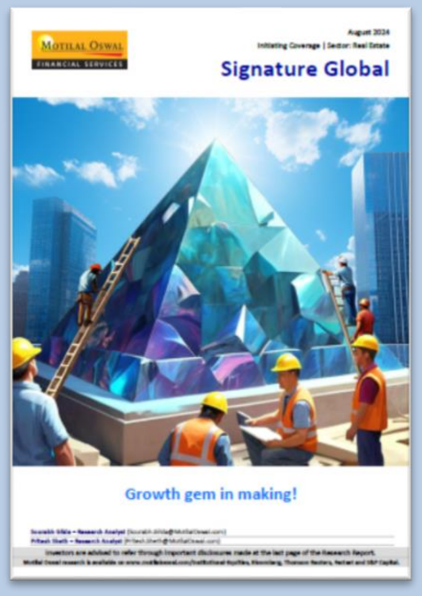

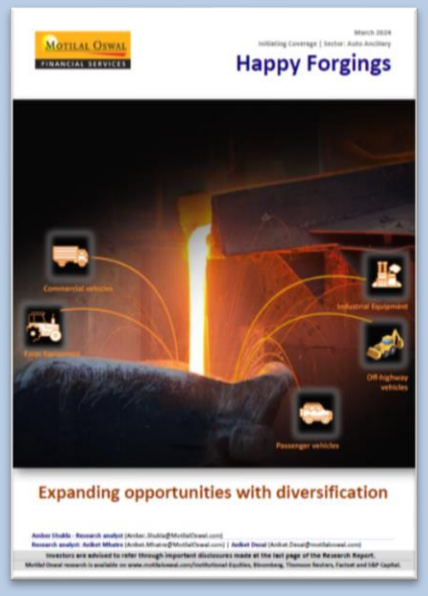

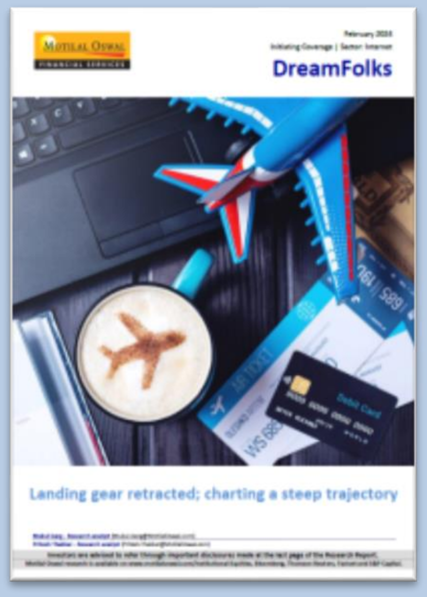

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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