Global Markets Research

Q4FY24 Review

Ending FY24 on good note

Against the backdrop of mixed earnings performance in FY23, we had anticipated broad-based growth in FY24. Our expectations were not only met but surpassed, as we observed a notable improvement in earnings performance across-the-board. Earnings for Elara coverage universe grew by a healthy ~40% YoY in FY24, with domestic cyclicals once again leading growth.

FY24 ended on a high note, with Q4 earnings growing at 23% YoY, exceeding both our and consensus expectations despite our conservative stance. This robust performance was supported by significant upward revisions across various sectors. Auto, Energy, Financials, and Industrials sectors led with substantial earnings upgrades, reflecting their strong performance throughout the year. Although some sectors such as Consumer Discretionary and Metals faced downgrades, the overall earnings trajectory for Elara universe remained positive.

Beats across parameters

Within Elara coverage universe, 43% of the companies saw an earnings beat (actual results exceeded estimate by >5%), while 36% of the companies saw an earnings miss. This beat-to-miss ratio improved to 1.2x in Q4, with beats coming from Banks, Energy and Industrials. Media and Utilities led the misses. Diving deeper, large-cap companies demonstrated stronger resilience, with a beat-to-miss ratio of 2.1x, while mid-caps were less impressive.

Earnings outlook polarized

We downgrade our FY25E earnings expectations by a modest ~1% for our coverage universe. Earnings revision has been quite polar, with consumption-oriented sectors seeing positive earnings revision and commodity oriented sector negative. Interestingly, despite seeing a ~10% downward revision in earnings, Metals is expected to lead earnings growth for our coverage universe in FY25.

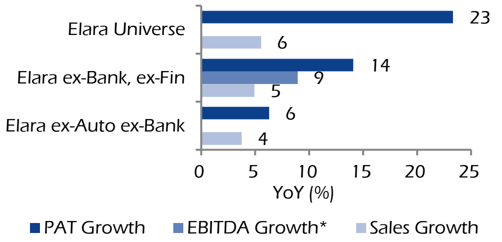
Within large-caps, HDFC Bank, Shree Cement, Zomato, Dr. Reddy's, Bharat Electronics, Hindustan Aeronautics, Hindalco Industries and Power Grid Corporation have seen a ratings upgrade, while Bajaj Auto, Maruti Suzuki, State Bank of India, GCPL, Reliance Industries, Bajaj Finance, ABB and InterGlobe Aviation have seen a ratings downgrade.

Inflows strong for Capital Goods; execution, key monitorable for RE

The Government's focus on capex in the past two years started an unabated rally in Capital Goods and Renewable Energy and was entirely disconnected from fundamentals in the past few months. Entering this quarter, we were keenly observing any signs of fundamentals realigning with the performance.

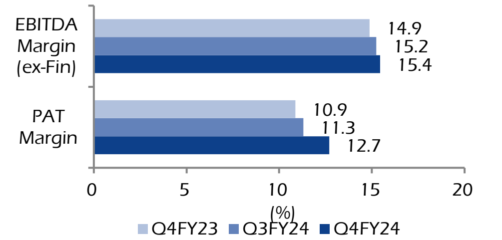
Within Capital Goods, inflows from defense and power equipment grew at a healthy pace, while industrial equipment witnessed a slowdown in orders. Inflow momentum also witnessed softness sequentially in some pockets, largely rail and EPC, although this can be attributed to deferrals amid the onset of general elections. While earnings beat for the sector came on the back of strong executions, the same did not hold true for companies within the Renewables space. NHPC and SJVN both faced delays in execution of key projects.

Strong growth in Q4FY24 – Auto and Banks lead



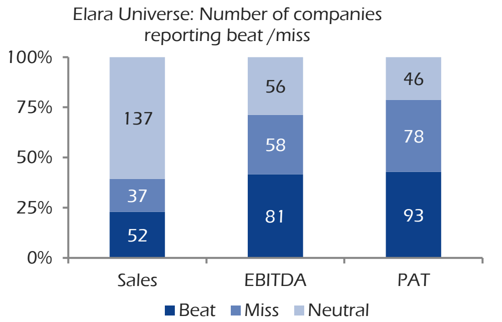
Note: *EBITDA growth is for Elara ex-Financials, Commodities include Materials and Energy; non-free float aggregate numbers; Source: Bloomberg, Elara Securities Research

PAT margins expand 183bps YoY



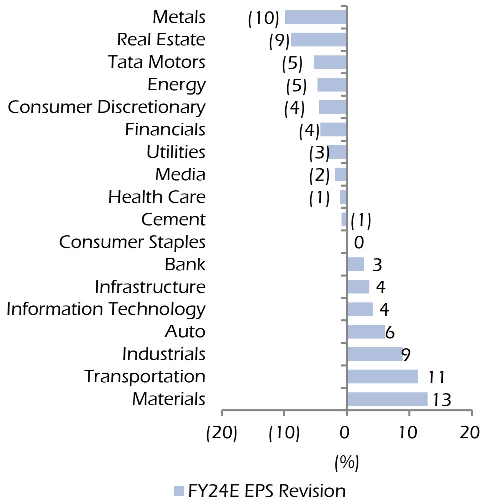
Note: Elara Universe aggregate; Source: Bloomberg, Elara Securities Research

Elara PAT beat-to-miss ratio* at 1.2x



Note: *Beat – actual earnings ahead of our estimates by >5%; miss – actual earnings below our estimates by >-5%; Source: Elara Securities Research

Metals see a sharp downgrade



Source: Bloomberg, Elara Securities Estimate

Dr Bino Pathiparampil • bino.pathiparampil@elaracapital.com • +91 22 6164 8689
Aditya Jaiswal • aditya.jaiswal@elaracapital.com • +91 22 4204 8683
Keval Shah • keval.shah@elaracapital.com • +91 22 4204 8669
Elara Securities (India) Private Limited

Earnings growth to moderate in FY25 on fading margin tailwinds

Indian markets excelled in FY24 with the BSE200 universe delivering 36% earnings growth, 2.7x its long-term CAGR growth of 12%. Our coverage universe surpassed this performance, delivering ~40% growth in earnings. However, expecting the same level of performance going forward may not be realistic. The market may need to contend with several challenges in FY25 such as: (a) volatility stemming from general elections, (b) heightened geopolitical tensions, and (c) potential slowdown in the global economy due to lower-than-expected rate cuts by the central banks.

We retain our CY25E Nifty target of 24340, with an upward bias stemming from post-election rally. We continue to be **Overweight** large banks, large pharma and Real Estate. We shift to **Overweight** for FMCG and turn Neutral for Cement. We are **Neutral** on other sectors.

Anticipating revenue recovery: Will FY25 turn the tide?

While sales growth moved in tandem with margin earlier, FY24 saw sales and margin follow opposite trajectories. Revenue growth has remained subdued over the past year (FY24). El-Nino conditions had hurt agriculture and real rural wage growth slowed, which with higher inflation had put a dampener to demand. As we look forward to the new financial year, the question that is a key ponderable for every investor is would revenue growth recover in FY25? With margin-led earnings growth expected to moderate, recovery in consumption is a necessity to sustain strong earnings growth.

Fortunately, rising board-based consumption trends are on the rise, suggesting that a recovery is imminent. Urban demand remained strong with extended heat wave condition in North India pushing up peak power demand to new highs. GST collections in May were up 10% YoY to INR 1.73tn. Demand for air traffic and credit card payments staged a comeback too after declining for two months and one month, respectively. On the rural side, better monsoon forecast by the India Meteorological Department (IMD) and Skymet would boost to farm income and bodes well for the current weak job scenario.

Margin outlook soft across most sectors…

Notwithstanding weak sales growth (+6%) in Q4FY24, companies within our universe managed to hold on to their EBITDA margin due to lower costs but with WPI back in the inflation zone and no big boost to sales in sight, delivering margin growth would not be easy going forward. With margin expansion tailwinds appearing to have run their course, margins outlook across most sectors looks soft amidst pressures from commodity inflation, competitive pricing and weak realization. While sectors such as Consumer Durables and Logistics expect margin improvement through cost optimization, others such as Chemicals and Infrastructure may face ongoing challenges due to demand recovery delays and competitive intensity.

…leading to moderation in earnings growth for FY25

We expect earnings of our coverage universe to moderate to ~13% in FY25E as favorable base effect and margin tailwinds dissipate. Though growth may continue to be broad-based this year as well, global cyclicals (Energy, Materials and Metals) may lead earnings growth of our universe, while that for domestic cyclicals may moderate.

- Earnings for our Metals universe is expected to grow by 61%, with major delta coming in from Tata Steel on expectations of a revival in its overseas operations. We expect the Netherland plant to turn EBITDA positive from Q1 while the UK facility may turn EBITDA positive in H2. With coking coal prices having fallen ~28% in the past four months, short-term margin tailwinds may also be expected to be realized in the short-term (Q2FY25) for our Metals universe, while widening domestic and international steel prices and capacity additions are likely to prevent a sharp recovery in margin in the medium-term. Ex-Tata Steel, earnings growth for our Metal universe still seem modest.
- We expect our Energy universe to contribute 30% to incremental earnings in FY25E versus FY24 and grow ~14% YoY despite paring our numbers by ~5%. Within this space, we remain bullish on upstream PSUs (ONGC and Oil India), downstream OMCs (BPCL and IOCL) and Gujarat Gas due to: (a) production growth; (b) visibility emerging on integrated margins of OMCs with lower government interference and; (c) upcoming global LNG supply glut.
- Within domestic cyclicals, we expect growth of Autos, ex-Tata Motors, to moderate to ~18% YoY in FY25E from 52%. While long-term drivers such as: (a) increasing content/vehicle, (b) increasing 2W and PV penetration and, (c) premiumization remain intact, commodity inflation in the near-term might lead to moderation in margin. Growth momentum of Banks remained intact in FY24 (+26% YoY growth), but towards the end of the fiscal year, banks faced increasing NIM pressure as credit growth remained robust while deposit growth lagged. We expect the pressure on NIMs to sustain in the ensuing quarters, which may put some pressure on core profitability. We would keenly watch:

(a) growth momentum post RBI directive and deposits support, (b) NIM impact with sustained pressure on deposits, (c) asset quality trends, especially on unsecured retail and (d) regulatory narrative around elevated CD ratios.

Exhibit 1: Large-caps see robust YoY growth, with mid-caps and small-caps taking a back seat

	Sales		EBITDA		PAT	
Sector (Elara classification)	YoY (%)	QoQ (%)	YoY (%)	QoQ (%)	YoY (%)	QoQ (%)
Auto	15.2	5.1	28.1	7.4	31.7	9.6
Tata Motors	13.3	8.5	30.7	11.1	211.1	149.1
Bank	10.1	3.7	NA	NA	54.2	25.9
Cement	7.0	15.0	30.8	9.1	30.3	9.2
Consumer Discretionary	13.7	5.1	8.3	(3.2)	13.8	0.4
Consumer Staples	3.0	2.2	5.1	4.9	3.6	(3.2)
Energy	2.7	2.0	(0.8)	3.9	(7.1)	7.9
Financials	22.4	6.0	NA	NA	22.0	8.8
Health Care	14.0	1.2	31.2	(0.1)	50.7	5.5
Industrials	18.4	44.6	32.3	94.7	59.1	112.9
Information Technology	42.3	1.5	42.0	1.3	40.3	13.9
Infrastructure	16.2	18.6	13.7	15.8	10.7	29.9
Materials	(15.6)	2.7	(18.6)	32.9	(32.2)	67.8
Media	7.9	(2.8)	11.1	(21.9)	TA	(45.6)
Metals	(6.1)	5.4	(1.6)	3.9	(15.0)	(1.4)
Real Estate	5.3	35.6	27.7	42.6	4.9	65.7
Transportation	22.7	(6.9)	57.8	(18.5)	151.9	(30.1)
Utilities	3.6	2.4	10.2	2.6	7.4	2.5
Commodities oriented sectors	0.4	3.3	(0.1)	4.7	(7.2)	7.3
Consumption oriented sectors ex TAMO	13.1	4.1	18.4	5.0	18.8	2.6
Defensives	3.5	2.0	4.1	3.1	1.0	5.0
Cyclicals	7.7	8.8	16.3	12.4	41.0	27.3
Large Cap	5.6	4.8	9.0	3.9	26.8	17.2
Mid Cap	6.1	6.5	12.5	18.1	8.2	23.7
Small Cap	3.5	6.7	3.7	21.6	7.4	24.5
Elara Universe	**5.5**	**5.3**	**NA**	**NA**	**23.3**	**18.2**
Elara ex-Bank, ex-Fin	**4.9**	**5.4**	**9.0**	**6.9**	**14.1**	**16.4**
Elara ex-Auto ex-Bank	**3.7**	**5.2**	**NA**	**NA**	**6.3**	**9.8**

Note: *EBITDA related numbers are ex-Financials; commodity sectors include Materials and Energy; consumption sectors include Consumer Staples and Discretionary, ex Tata Motors (as it is an exports-oriented stock); Defensives include Consumer Staples, Energy, Healthcare, Communication Services, Utilities; Cyclicals include Consumer Discretionary, Financials, Industrials, Information Technology and Materials; 'TA' indicates turnaround sector wherein losses may turn into profit; market capitalization based on AMFI classification; Source: Bloomberg, Elara Securities Research

Low growth **High growth**

Exhibit 2: EBITDA margin for Elara coverage universe, ex-Bank, ex-Financials flat QoQ

	EBITDA margin (%)			PAT margin (%)		
Sector (Elara classification)	Q4FY24	YoY (bps)	QoQ (bps)	Q4FY24	YoY (bps)	QoQ (bps)
Auto	13.7	138	30	8.9	111	37
Tata Motors	14.3	190	34	14.6	927	823
Bank	NA	NA	NA	49.1	1,404	868
Cement	18.4	335	(99)	8.6	154	(46)
Consumer Discretionary	13.8	(68)	(119)	8.4	1	(40)
Consumer Staples	25.9	51	68	18.6	10	(104)
Energy	12.8	(46)	23	7.2	(77)	40
Financials	NA	NA	NA	52.0	(17)	131
Health Care	23.8	314	(31)	16.5	402	68
Industrials	18.9	198	487	16.0	410	515
Information Technology	19.4	(3)	(3)	17.3	(25)	188
Infrastructure	14.6	(32)	(35)	8.7	(43)	76
Materials	13.1	(49)	298	5.1	(126)	199
Media	22.0	65	(538)	6.3	719	(500)
Metals	13.5	61	(20)	4.7	(50)	(33)
Real Estate	25.9	455	127	18.4	(6)	335
Transportation	22.7	504	(321)	11.5	588	(380)
Utilities	25.8	156	4	12.4	44	0
Commodities oriented sectors	13.3	(7)	18	6.9	(56)	26
Consumption oriented sectors ex TAMO	16.6	75	15	11.1	54	(16)
Defensives	15.8	10	16	9.1	(22)	26
Cyclicals	12.3	90	39	16.4	387	238
Large Cap	15.1	48	(13)	14.4	241	152
Mid Cap	12.2	69	120	8.0	15	111
Small Cap	12.0	2	146	7.6	27	109
Elara Universe	**NA**	**NA**	**NA**	**12.7**	**183**	**139**
Elara ex-Bank, ex-Fin	**15.4**	**58**	**22**	**9.1**	**73**	**86**
Elara ex-Auto ex-Bank	**NA**	**NA**	**NA**	**9.7**	**23**	**41**

Note: *EBITDA related numbers are ex-Financials; Commodity sectors include Materials and Energy; Consumption sectors include Consumer Staples and Discretionary, ex Tata Motors (as it is an exports-oriented stock); Defensives include Consumer Staples, Energy, Healthcare, Communication Services, Utilities; Cyclicals include Consumer Discretionary, Financials, Industrials, Information Technology and Materials; 'TA' indicates turnaround sector wherein losses may turn into profit; market capitalization based on AMFI classification; Source: Bloomberg, Elara Securities Research

Low-margin expansion **High-margin expansion**

Exhibit 3: About 43% of Elara Universe companies saw earnings beat, led by Industrials, Cements and Infrastructure

	Sales	EBITDA	PAT
Sector classification	Beat/miss ratio	Beat/miss ratio	Beat/miss ratio
Auto	0.3	1.0	1.3
Bank	3/0*	NA	7.0
Cement	0.3	4.5	2.5
Consumer Discretionary	0.8	0.5	0.4
Consumer staples	2/0*	5.0	0.4
Energy	3/0*	5.0	6.0
Financials	1.3	NA	2.0
Health Care	3.0	3.5	2.7
Industrials	3.0	4.3	7.0
Infrastructure	4/0*	6.0	2.5
Materials	1.3	4.5	1.4
Media	3/0*	0.3	0/4*
Metals	3.0	1.7	1.0
Real Estate	0.7	1.0	0.8
Transportation	0/0*	0/2*	0/1*
Utilities	0.3	0.3	0.3
Commodities oriented sectors	1.5	2.7	1.8
Consumption oriented sectors ex TAMO	0.9	0.9	0.7
Defensives	1.8	1.1	0.9
Cyclicals	1.3	1.6	1.3
Large Cap	1.7	2.5	2.1
Mid Cap	1.5	1.0	0.9
Small Cap	1.3	1.5	1.1
Elara Universe	**1.4**	**1.4**	**1.2**
Elara ex-Bank, ex-Fin	**1.3**	**1.4**	**1.1**
Elara ex-Auto ex-Bank	**1.4**	**1.4**	**1.1**

Note: Numbers represent the ratio of companies that beat expectations to those that missed; * indicates that there were either no misses or beats in that category; Source: Elara Securities Research

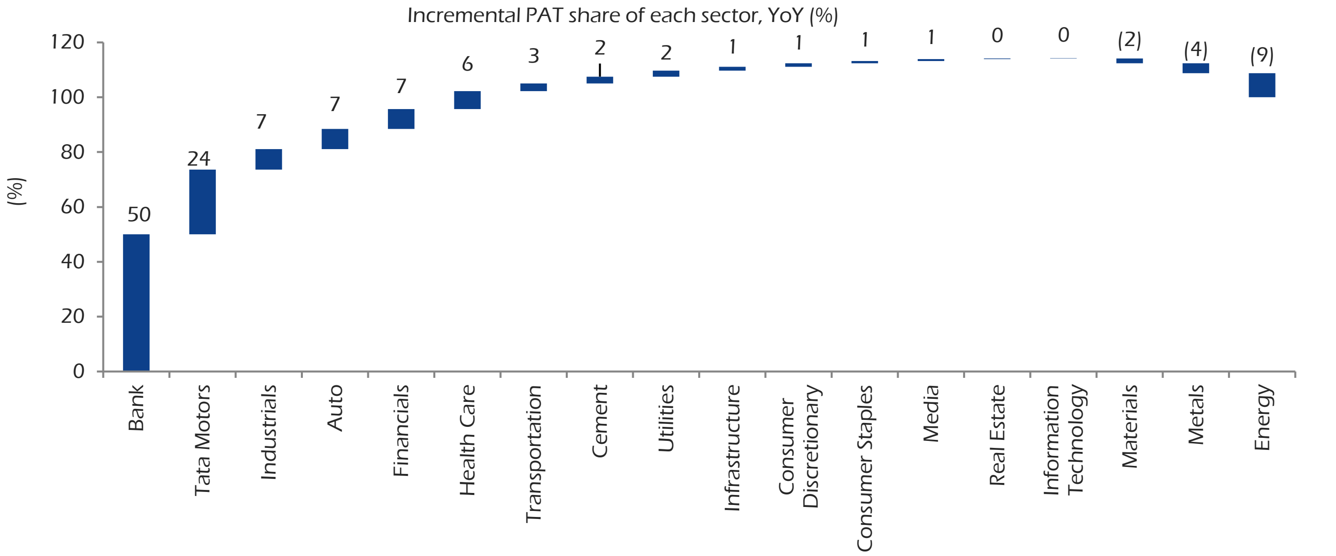
Low **High**

Exhibit 4: Top beats and misses

Company	Sector	Beat (%)	Company	Sector	Miss (%)
Elara universe			Elara universe		
Brigade Enterprises	Real Estate	318.9	Devyani International	Consumer Discretionary	(1,314.2)
Sudarshan Chemicals	Materials	156.0	Sobha	Real Estate	(94.0)
Tata Motors	Auto	134.1	Bandhan Bank	Bank	(93.2)
Navin Fluorine International	Materials	118.8	Westlife Foodworld	Consumer Discretionary	(92.4)
Sumitomo Chemicals	Materials	98.8	Zee Entertainment	Media	(83.8)
Large cap			Large Cap		
Tata Motors	Auto	134.1	Indian Oil Corporation	Energy	(58.8)
Hindustan Aeronautics	Industrials	76.5	Tata Steel	Metals	(26.4)
State Bank of India	Bank	69.4	Ambuja	Cement	(23.0)
Coal India	Energy	58.9	GAIL	Utilities	(19.4)
United Spirits	Consumer Discretionary	38.8	TVS Motors	Auto	(12.7)
Mid Cap			Mid Cap		
Samvardhana Motherson International	Auto	92.1	Devyani International	Consumer Discretionary	(1,314.2)
Oberoi Realty	Real Estate	79.2	Bandhan Bank	Bank	(93.2)
Cummins	Industrials	56.2	Zee Entertainment	Media	(83.8)
Deepak Nitrite	Materials	42.7	Prestige Estates Projects	Real Estate	(58.1)
Gujarat Gas	Utilities	33.6	SJVN	Utilities	(51.8)
Small Cap			Small Cap		
Brigade Enterprises	Real Estate	318.9	Sobha	Real Estate	(94.0)
Sudarshan Chemicals	Materials	156.0	Westlife Foodworld	Consumer Discretionary	(92.4)
Navin Fluorine International	Materials	118.8	Chambal Fertilisers	Materials	(57.3)
Sumitomo Chemicals	Materials	98.8	PSP Projects	Real Estate	(56.1)
PNC Infratech	Infrastructure	96.8	Ashoka Buildcon	Infrastructure	(50.7)

Source: Elara Securities Research

Exhibit 5: Banks and Autos lead incremental earnings contribution while Energy and Metals lag



Source: Company, Elara Securities Research

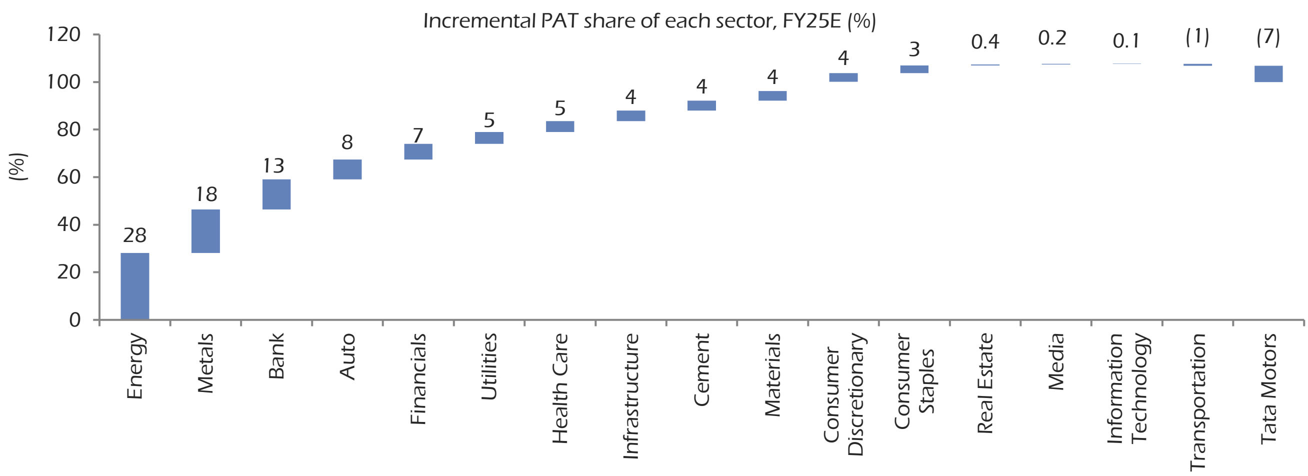
Exhibit 6: FY25 earnings growth to expected to moderate, Global Cyclicals to drive earnings growth

	Growth (%)	
Sector classification	FY24	FY25E
Auto	52	18
Tata Motors	3,830	(27)
Bank	41	6
Cement	50	30
Consumer Discretionary	30	25
Consumer staples	13	8
Energy	61	14
Financials	27	11
Health Care	29	18
Industrials	42	22
Information Technology	21	29
Infrastructure	7	24
Materials	(28)	48
Media	86	10
Metals	35	29
Tata Steel	(97)	4,058
Real Estate	28	7
Transportation	167	(10)
Utilities	7	10
Global Cyclicals	**44**	**21**
Domestic Cyclicals	**57**	**5**
Universe	**40**	**13**

Note: Global Cyclicals include Energy, Materials and Metals; Domestic Cyclicals include Autos and Banks; Source: Bloomberg, Elara Securities Research

Low **High**

Exhibit 7: Energy, Metals and Banks to lead incremental earnings contribution for FY25E



Source: Company, Elara Securities Research

Exhibit 8: Industrial and Banks see major upgrades for FY25E while Consumer Discretionary and Materials see steepest downgrades

	Revision (%)		Number of companies		
Sector (Elara Classification)	FY25E	FY26E	Upgrade	Downgrade	Neutral
Auto	6.1	6.2	6	5	9
Tata Motors	(5.3)	(3.5)			
Bank	2.7	1.1	7	0	7
Cement	(0.9)	1.7	4	7	4
Consumer Discretionary	(4.4)	(1.2)	3	23	8
Consumer Staples	0.1	(0.4)	4	5	8
Energy	(4.7)	(1.1)	3	5	2
Financials	(4.2)	(3.2)	2	6	7
Health Care	(1.1)	(0.7)	4	4	6
Industrials	8.9	10.8	8	3	6
Information Technology	4.2	2.2	1	0	0
Infrastructure	3.6	2.8	4	0	5
Materials	12.9	42.8	4	10	5
Media	(1.9)	(2.3)	3	2	0
Metals	(9.9)	(3.6)	1	5	3
Real Estate	(9.0)	(10.4)	0	7	2
Transportation	11.4	(13.2)	2	0	1
Utilities	(3.2)	(7.7)	2	7	4
Commodities oriented sectors	(4.7)	(0.2)	13	31	15
Consumption oriented sectors ex TAMO	2.8	2.8	12	26	22
Defensives	(3.1)	0.3	31	40	30
Cyclicals	0.5	1.0	40	66	56
Large Cap	(1.3)	(0.3)	23	20	22
Mid Cap	(1.0)	(0.9)	17	31	24
Small Cap	(0.6)	3.8	18	38	31
Elara Universe	**(1.2)**	**(0.2)**	**58**	**89**	**77**
Elara ex-Bank, ex-Fin	**(2.3)**	**(0.3)**	**49**	**83**	**63**
Elara ex-Auto ex-Bank	**0.1**	**0.1**	**55**	**84**	**75**

Source: Elara Securities Estimate

Low **High**

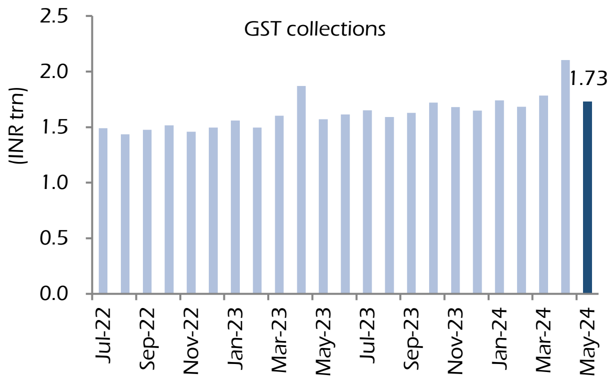
Exhibit 9: Top earnings upgrades and downgrades

		Revision (%)	
Top-five companies	**Sector**	**FY24**	**FY25E**
Elara Universe			
UPL	Materials	492.1	67.6
Sudarshan Chemicals	Materials	81.9	61.4
Kaynes Technology	Industrials	60.4	6.9
Zomato	Consumer Discretionary	56.8	46.0
Balrampur Chini Mills	Consumer Staples	45.3	8.6
Large Cap			
Zomato	Consumer Discretionary	56.8	46.0
ABB	Industrials	33.3	40.7
TVS Motors	Auto	28.1	21.4
Siemens	Industrials	19.6	25.2
Coal India	Energy	17.5	17.1
Mid Cap			
UPL	Materials	492.1	67.6
United Breweries	Consumer Discretionary	30.1	29.8
Gujarat Fluorochemicals	Materials	23.1	5.2
Samvardhana Motherson International	Auto	19.5	7.7
AU Small Finance Bank	Bank	16.3	31.4
Small Cap			
Sudarshan Chemicals	Materials	81.9	61.4
Kaynes Technology	Industrials	60.4	6.9
Balrampur Chini Mills	Consumer Staples	45.3	8.6
ENIL	Media	31.4	18.6
Chennai Petroleum	Energy	29.1	68.6

		Revision (%)	
Bottom-five companies	**Sector**	**FY24E**	**FY25E**
Elara Universe			
Prism Johnson	Cement	(77.2)	(49.5)
SJVN	Utilities	(57.5)	(68.3)
Gujarat State Petronet	Utilities	(53.2)	(55.6)
Jubilant Foodworks	Consumer staples	(44.2)	(34.4)
Paradeep Phosphates	Materials	(40.9)	
Large Cap			
JSW Steel	Metals	(29.0)	(21.9)
Macrotech Developers	Real Estate	(17.4)	(42.5)
Jindal Steel and Power	Metals	(14.2)	(5.9)
SBI Cards and Payment Services	Financials	(13.2)	(13.3)
Tata Power	Utilities	(13.1)	(18.6)
Mid Cap			
SJVN	Utilities	(57.5)	(68.3)
Jubilant Foodworks	Consumer staples	(44.2)	(34.4)
Dalmia Bharat	Cement	(31.8)	(20.2)
Ramco Cements	Cement	(25.2)	(24.6)
Devyani International	Consumer Discretionary	(21.9)	(19.4)
Small Cap			
Prism Johnson	Cement	(77.2)	(49.5)
Gujarat State Petronet	Utilities	(53.2)	(55.6)
Paradeep Phosphates	Materials	(40.9)	
India Cements	Cement	(35.0)	(1.8)
Westlife Foodworld	Consumer Discretionary	(34.2)	(28.9)

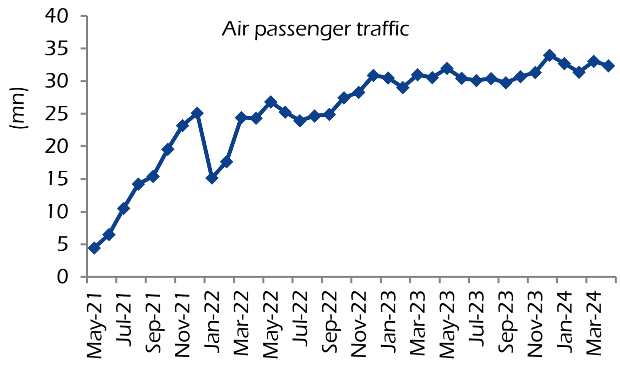
Source: Elara Securities Estimate

Exhibit 10: GST collections were up 10% YoY



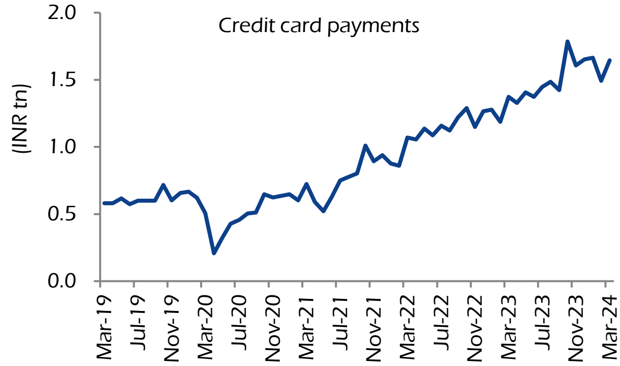
Source: Centre for Monitoring Indian Economy (CMIE)

Exhibit 11: Air passenger traffic up 6% YoY in April '24



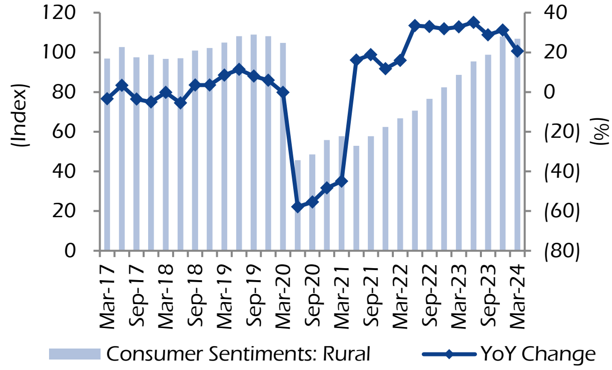
Source: Ministry of Commerce & Industry, NCC annual report

Exhibit 12: Credit card payments recover post a month's lull



Source: Centre for Monitoring Indian Economy (CMIE)

Exhibit 13: Consumer sectiments back in pre-COVID range



Source: Ministry of Commerce & Industry, NCC annual report

Exhibit 14: Major ratings upgrades

Company	Sector	Market cap	Pre earnings	Post earnings
HDFC Bank	Bank	Large Cap	Accumulate	Buy
Shree Cement	Cement	Large Cap	Accumulate	Buy
Zomato	Consumer Discretionary	Large Cap	Accumulate	Buy
Dr. Reddy's	Health Care	Large Cap	Reduce	Accumulate
Bharat Electronics	Industrials	Large Cap	Accumulate	Buy
Hindustan Aeronautics	Industrials	Large Cap	Accumulate	Buy
Hindalco Industries	Metals	Large Cap	Reduce	Accumulate
Power Grid Corporation	Utilities	Large Cap	Reduce	Accumulate
AU Small Finance Bank	Bank	Mid Cap	Reduce	Accumulate
Dalmia Bharat	Cement	Mid Cap	Accumulate	Buy
United Breweries	Consumer Discretionary	Mid Cap	Reduce	Accumulate
Supreme Industries	Industrials	Mid Cap	Reduce	Accumulate
UPL	Materials	Mid Cap	Reduce	Accumulate
Zee Entertainment	Media	Mid Cap	Sell	Buy
Godrej Properties	Real Estate	Mid Cap	Reduce	Buy
Prestige Estates Projects	Real Estate	Mid Cap	Accumulate	Buy
City Union Bank	Bank	Small Cap	Accumulate	Buy
Prism Johnson	Cement	Small Cap	Reduce	Accumulate
Radico Khaitan	Consumer Discretionary	Small Cap	Accumulate	Buy
Somany Ceramics	Consumer Discretionary	Small Cap	Accumulate	Buy
Emami	Consumer Staples	Small Cap	Accumulate	Buy
Jyothy Lab	Consumer Staples	Small Cap	Reduce	Accumulate
Aavas Financiers	Financials	Small Cap	Accumulate	Buy
Amber Enterprises	Industrials	Small Cap	Accumulate	Buy
RITES	Industrials	Small Cap	Sell	Accumulate
Kaynes Technology	Industrials	Small Cap	Accumulate	Buy
Affle India	Information Technology	Small Cap	Accumulate	Buy
Balaji Amines	Materials	Small Cap	Accumulate	Buy
Rallis India	Materials	Small Cap	Reduce	Accumulate

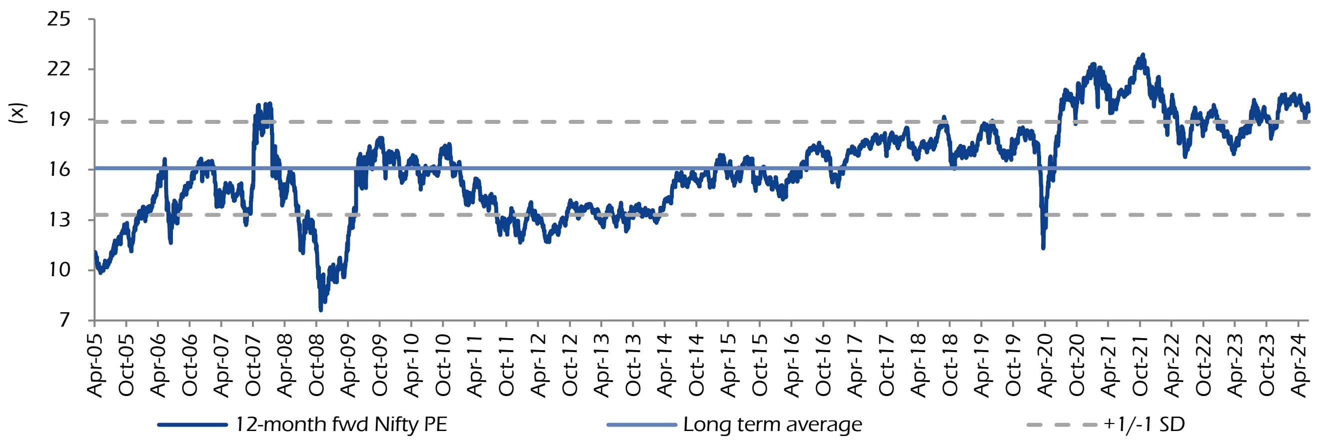
Source: Elara Securities Research

Exhibit 15: Major ratings downgrades

Company	Sector	Market cap	Pre earnings	Post earnings
Apollo Tyres	Auto	Mid Cap	Accumulate	Reduce
Bajaj Auto	Auto	Large Cap	Buy	Accumulate
Maruti Suzuki	Auto	Large Cap	Buy	Accumulate
Motherson Sumi Wiring India	Auto	Mid Cap	Reduce	Sell
State Bank of India	Bank	Large Cap	Buy	Accumulate
Star Cement	Cement	Small Cap	Buy	Accumulate
KPR Mills	Consumer Discretionary	Mid Cap	Buy	Accumulate
Go Fashions	Consumer Discretionary	Small Cap	Buy	Reduce
Voltas	Consumer Discretionary	Mid Cap	Reduce	Sell
Jubilant Foodworks	Consumer staples	Mid Cap	Accumulate	Reduce
Bajaj Consumer Care	Consumer Staples	Small Cap	Buy	Accumulate
Colgate	Consumer Staples	Mid Cap	Accumulate	Reduce
GCPL	Consumer Staples	Large Cap	Buy	Accumulate
Reliance Industries	Energy	Large Cap	Buy	Accumulate
Bajaj Finance	Financials	Large Cap	Buy	Accumulate
Can Fin Homes	Financials	Small Cap	Buy	Accumulate
Aurobindo Pharma	Health Care	Mid Cap	Buy	Accumulate
ABB	Industrials	Large Cap	Reduce	Sell
Thermax	Industrials	Mid Cap	Reduce	Sell
V-Guard Industries	Industrials	Small Cap	Buy	Accumulate
NCC	Infrastructure	Small Cap	Buy	Accumulate
PNC Infratech	Infrastructure	Small Cap	Buy	Accumulate
Coromandel International	Materials	Mid Cap	Buy	Accumulate
Dhanuka Agritech	Materials	Small Cap	Buy	Accumulate
Insecticides India	Materials	Small Cap	Buy	Accumulate
PI Industries	Materials	Mid Cap	Buy	Accumulate
H.G. Infra Engineering	Real Estate	Small Cap	Buy	Accumulate
InterGlobe Aviation	Transportation	Large Cap	Reduce	Sell
Gujarat State Petronet	Utilities	Small Cap	Accumulate	Reduce
Indian Hotels	Consumer Discretionary	Mid Cap	Accumulate	Sell

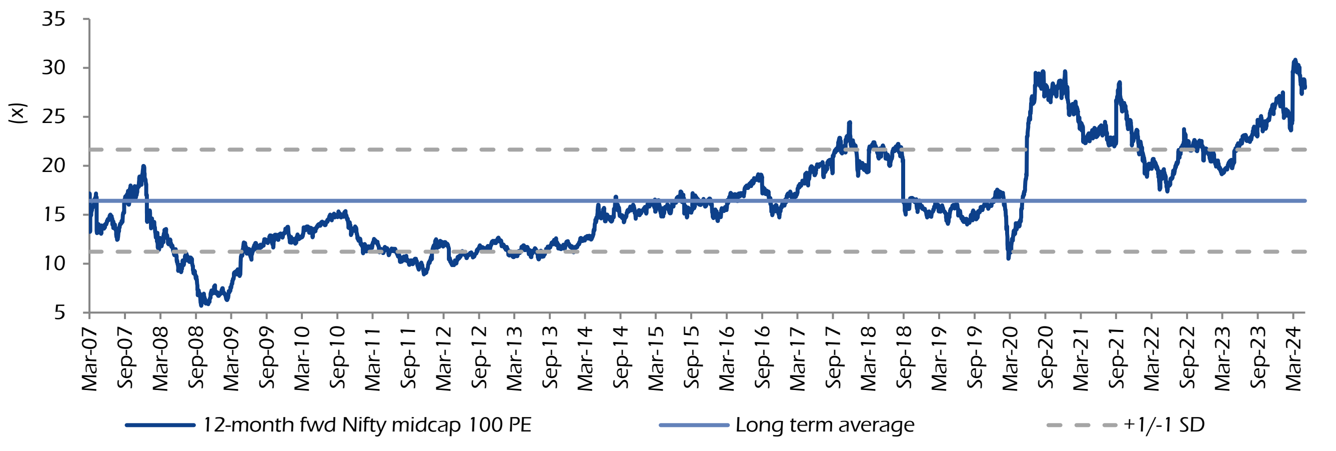
Source: Elara Securities Research

Exhibit 16: Nifty 50 trades at 19.5x, 3% above its upper 1 standard deviation



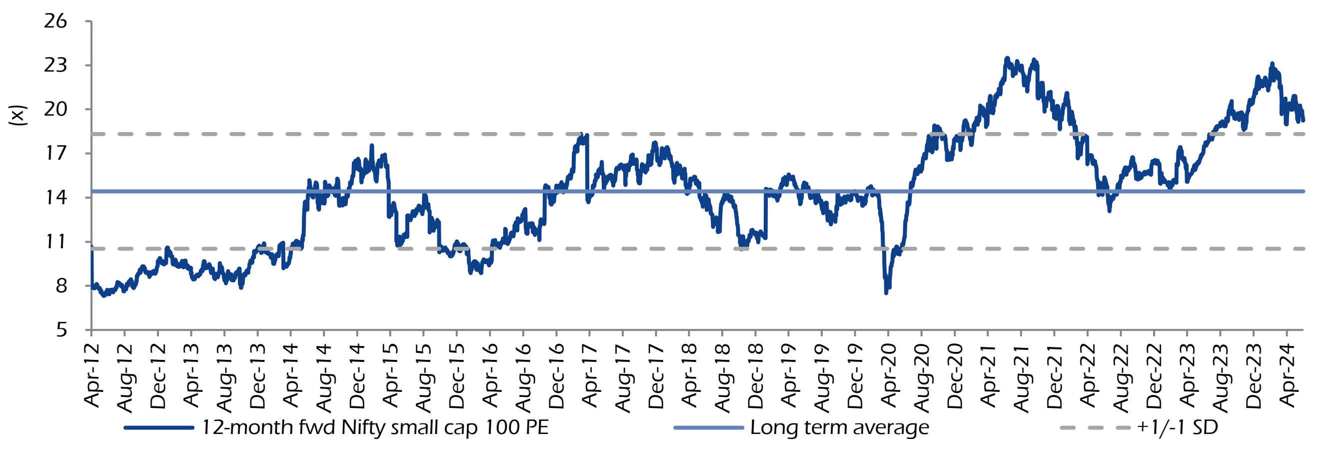
Source: Bloomberg, Elara Securities Research

Exhibit 17: Mid-caps continue to be expensive at 30% above upper 1 standard deviation…



Source: Bloomberg, Elara Securities Research

Exhibit 18: …while small-caps are relatively less expensive at 5% above upper 1 standard deviation



Source: Bloomberg, Elara Securities Research

Exhibit 19: Elara coverage universe – Q4FY24 review

Sector	Comments	Top picks
Agrochemicals	Agrochemical companies reported mixed results in Q4. Both domestic and international businesses continued to witness demand pressures but growing seed business came to the rescue for a few companies. Demand may recover sharply for domestic agrochemical companies in FY25 on expectations of above-normal rainfall. Global recovery continued to remain fragile and six months away.	Bayer CropScience, Dhanuka Agritech and Rallis India
Automobiles	Most companies posted decent YoY growth in revenues and profitability, driven by good volume growth in the 2W and PV segments YoY. The CV segment was weak YoY on a high base but revenue and profitability improved, driven by better realization and softened commodity costs. Going ahead, we see some commodity inflation in the near term, which may lead to a moderation in margin in the short term but long-term drivers such as increasing content/vehicle, increasing 2W and PV penetration and premiumization remain intact.	Maruti Suzuki, Bajaj Auto, TVS Motors, Mahindra & Mahindra, UNO Minda and SAMIL
Aviation	SpiceJet (SJET IN) has not yet reported Q4FY24 results. InterGlobe Aviation (INDIGO IN) witnessed a 14% YoY passenger volume growth coupled with a 209bps improvement in passenger load factor to 86.3% that was offset by an 11% YoY increase in unit fuel cost or CASK versus a 10% YoY rise in unit revenue (RASK). We are cautious on the Aviation sector and expect a pause in INDIGO's market share gain given that the latter's competitors are aggressively adding fleet since December 2023.	NA
Banks	Q4 saw varied performance across lenders. While growth momentum was steady, the key highlight was sustained pressure on NIM with anticipation of further pressure in the ensuing quarters. This would strain core profitability. That said, the asset quality trend continues to be benign across the sector, however, an uptick was seen across Agri and MSME slippages for PSUs. Profitability of PSU banks was better, supported by lower credit cost, although they were hit by higher opex (impact of a wage hike). The impact of a wage hike persisted in Q4 as well, which hit the core. The key discussion points hereon would be: 1) growth momentum post RBI directive and deposits support, 2) NIM impact with sustained pressure on deposits, 3) asset quality trends, especially on unsecured retail and 4) regulatory narrative around elevated CD ratios.	ICICI Bank, Axis Bank and SBI
Building materials	Plastic pipes sustained strong double-digit volume growth despite a high base line, driven by robust demand in the segment. Key players such as ASTRA and SI consistently outperformed their competitors, increasing their market share. Likely anti-dumping duty on PVC resins and CPVC compound should benefit organized players. Further, an increase in raw material price should drive EBITDA growth for both ASTRA and SI. Demand for building materials, particularly tiles and plywood, experienced a modest growth in mid-single digit. EBITDA margin for all the companies was affected by lower realizations due to price drops in pipes, high competition in tiles, and low-cost imports in MDF. We maintain a positive outlook on CPBI and ASTRA. SI has been upgraded from Reduce to Accumulate due to an improved outlook. SOMC has been upgraded from Accumulate to Buy based on favorable valuations.	Century Plyboards and Astral
Capital goods	Inflow momentum witnessed softness sequentially in some pockets, largely in rail and EPC orders, on account of deferrals amid the onset of general elections (as was highlighted by us in the prior quarter). However, the capex pipeline strength continues to trend upwards amid healthy macro, favourable policies, and an 11% rise in FY25BE capex budget to INR 11.1tn. Inflows from defence, and power equipment grew at a healthy pace, while industrial equipment saw a slowdown in orders. Until the general elections, we may see moderation in inflows in select infra sectors but expect the capex cycle to resume post elections. In the meantime, large-value orders in high voltage direct current (HVDC) transmission system may be awarded in Q1FY25. Overall, the domestic capex cycle would remain resilient notwithstanding the general elections and the global turmoil. Soaring order backlogs have aided capital goods companies in strong execution, leading to earnings beat in Q4FY24. As we enter FY25, companies remain conservative in their outlook and guidance amid deferrals of inflow due to general elections, upswing in commodity prices, US presidential elections in Q3FY25, and the ongoing geopolitical conflicts.	Bharat Dynamics, Hindustan Aeronautics, Siemens

Cement	After a moderate volume growth of ~6% YoY in Q3FY24, Elara cement universe witnessed a healthy rebound with ~10% YoY volume growth in Q4FY24. Further, easing fuel prices, internal cost saving measures and operating leverage benefits led to a reduction in operating cost by ~6% YoY and ~4% QoQ. However, the benefits of healthy volume and lower operating cost were offset by weak realization, which fell ~6% QoQ, resulting in a QoQ contraction of ~10% in EBITDA/tonne for the Elara cement universe. Considering the weak demand and cement price trends in April and May, we expect the margin to remain under pressure in the near term. Also, we expect cement demand to decelerate in FY25 on a high base, general elections, and limited hike in cement-intensive capex by the government in the Union Budget of FY25.	Star Cement
Chemicals	Q4FY24 cumulative PAT for Elara Chemicals universe saw a sharp decline of 25% YoY. However, sequential recovery was strong as PAT increased 38% QoQ. Similarly, EBITDA fell 21% YoY but grew 18% QoQ, indicating continued impact of demand slowdown YoY. Growth on QoQ basis was on account of a gradual recovery from bottoming-out in Q3FY24. Based on companies; earning calls, the overall conclusion is that: 1) de-stocking was largely over in Q4FY24, 2) initial signs of demand recovery are expected to start from H1FY25/H2FY25 depending on end-user applications, 3) demand growth environment would be normalized in H2FY25, 4) new capex benefit has been delayed by a year for most of the Elara Chemicals universe and 5) demand for agrochem products is yet to see a pick-up.	Gujarat Fluorochemicals, Vinati Organics
Consumer Electrical and Durables	Consumer electrical companies witnessed steady growth in cables and wires due to healthy B2B demand. B2C demand remains subdued, however, early signs of demand revival are visible, with focus on premium and innovative products. Consumer durable companies saw very strong growth in the RAC segment, driven by a massive demand surge due to harsh summers. Non RAC segment continued to witness robust growth too. However, stiff price competition in RAC continues to prevail, resulting in companies relying on internal cost optimization to improve margin. EMS players are witnessing a transitional phase, with new acquisitions and diversifications into higher margin segments, which provide robust visibility in the future	Eureka Forbes, Kaynes Technology and Amber Enterprises
Consumer discretionary	Radico Khaitan continued to outperform United Spirits in the P&A category, surpassing United Spirits in both Q4 and FY24. United Breweries saw an 11% YoY volume growth, driven by a 21% YoY increase in the Premium segment as also strong growth for *Kingfisher Ultra* and *Kingfisher Ultra Max*. However, Radico faced pressures on gross margins YoY due to significant foodgrain inflation, whereas United Spirits reported a growth in gross margins due to stable glass prices and productivity benefits, which offset the hit from high extra neural alcohol (ENA) prices. Also, United Breweries reported a YoY drop in gross margin owing to a high injection of new bottles in the market. SSSG remained subdued yet again in the QSR industry in Q4, with demand continuing to remain sluggish and competitive intensity growing, especially in the pizza and burger categories. JUBI has attempted to arrest the decline in like-for-like (LFL) growth through margin-dilutive measures such as increased promotions/discounts and zero delivery charges. Westlife also had to grapple with other macro issues, *viz*. the FDA cheese probe in outlets in West India and negative sentiment due to Israel-Hamas war, which further dented SSSG. NYKAA's online Beauty, Personal Care (BPC) reported healthy GMV growth at 30.1% YoY in Q4FY24, but revenue grew just 24.0% YoY due to lower take rate (down 320bps YoY). NYKAA's luxury portfolio and high AOV moat versus peers augur well for the platform, so as to drive BPC revenue in the medium term. The online fashion reported good growth of 27.3% YoY in FY24, largely helped by user-led growth, as transacting users grew 20% YoY. Contribution margins in Fashion continued to move up (up 490bps in FY24), helped by: 1) scale in private labels, and 2) lower marketing and fulfilment costs. The eB2B segment too reported a strong growth of 59.3% YoY in FY24, with contribution losses declining 1,070bps to -10.6% in FY24.	Radico Khaitan
FMCG	Many companies have reported a gradual increase in rural demand. With the expectation of a normal monsoon and lower base of last year, the companies are optimistic as regards demand improvement in the next 2-3 quarters. FY25 could witness contribution of pricing growth in H2. An increase in input cost would benefit the organized space, which witnessed competitive pressure in FY24. Major companies such as HUVR, MRCO, and DABUR experienced subdued volume growth compared with JYL, HMN, and BECTOR. The trend of EBITDA margin expansion continued in Q4 due to lower commodity prices. However, companies are reinvesting some benefits from reduced input costs into brand investment and promotional activities to compete with regional players.	Godrej Consumer Products, Marico, Jyothy Labs and Mrs. Bectors

	In Q4, we upgraded HMN (from Accumulate to Buy) and JYL (from Reduce to Accumulate) due to stock corrections. We downgraded CLGT (from Accumulate to Reduce) due to steep valuation. We maintain a positive outlook on GCPL, MRCO, and BECTORS, and a negative outlook on BRIT and HUVR.	
Hotels	Hotels industry has entered into a seasonally soft season in H1. April and May months are expected to be soft, driven by less number of auspicious days for marriage, elections-related softness in business and leisure travel and excessive heat. On YoY basis, ARR may continue to be higher but the intensity of growth may reduce.	Juniper Hotels
Infrastructure	Amongst Elara Infrastructure universe, despite Q4 being the best quarter seasonally, companies reported lower growth in revenue at 11% YoY, majorly on account of lower orderbook available for execution due to delayed approvals from the authorities for newly awarded projects. Overall FY24 has been a strong year for Elara Infrastructure universe, in terms of execution, with average revenue up 20% YoY, in line with MoRTH, which recorded a 20% increase in construction of roads at 12,349kms (average of 34kms/day). Margins for infra companies has been witnessing a decreasing trend, with an average margin decline of 90bps YoY in Q4. Margin is likely to be under pressure going forward on increasing competitive intensity and aggressive bidding by the players to refill the depleting orderbook. Overall inflows for road infrastructure companies remained muted as MoRTH missed its awarding target by 30% for the year, resulting in inflow guidance miss by major companies such as PNC, KNR, and HG Infra. On the other hand, EPC companies such as NCC, L&T and PSP surpassed their inflow guidance led by better presence and diversification in various segments with beneficiaries from institutional projects. The average book to bill ratio decreased to 2.2x from 2.7x YoY. For FY25, inflows for road infra companies are likely to pick up again post general elections on anticipation of healthy budget allocation and also some states being on a spree for awarding state government projects of greenfield expressways. EPC companies are expecting lower inflows YoY on a higher base and a slowdown in awarding of developmental projects due to the elections. Though road infrastructure companies have struggled in terms of inflows in FY24, the silver lining has been in terms of resolutions of past arbitration claims (resolution of legacy projects issues under the government's new *Vivad se Vishwas* scheme). This results in a win-win situation for both the parties as companies gets early access to stuck funds and authorities can settle disputes at lower consideration of 30-40% compared with court settlements. Revival of BOT model: After a long pause, BOT toll projects are again likely to see a pick-up in awarding, with NHAI BOT pipeline of >INR 2tn consisting of 53 BOT projects and INR 1tn worth of 35 ToT projects. NHAI may award these projects in the next 12 -15 months and companies with deep pockets and healthy financials may be major beneficiaries from the likely awarding spree.	PSP Projects
Internet	Affle saw broad-based revenue growth across verticals, led by: 1) recovery in the FinTech vertical, 2) generative AI solutions, and 3) connected TV (CTV) ad spend in DM. In EM (ex-India), the company is bringing an integrated suite of capability of products and upselling and cross-selling, which are bolstering revenue growth. Zomato's food delivery segment continued to report strong growth, ahead of industry averages. GOV/revenue grew 22.5% YoY/40.3% YoY in FY24. Expect momentum to continue with GOV/revenue CAGR of 18%/21% in FY24-26E, led by drivers such as: 1) increased frequency, 2) user growth, 3) ad revenue, and 4) higher platform fee. Blinkit's GOV/revenue surged 93.3% YoY/116.4% YoY in FY24, as user-led growth was at 72.9% YoY. Further, take rates improved 200bps YoY to 18.5%, led by: 1) a change in product mix, 2) ad revenue, and 3) delivery charges. ZOMATO has guided to double its store count to >1,000 by end-FY25, which alone may drive potential GOV growth of 65% YoY in FY25E.	Zomato and Affle
Logistics	Amongst logistics majors, road logistics players witnessed steady volumes on stable demand in B2B and supply chain segments. B2C growth reduced on account of normalization of volumes post the festive season. B2B majors witnessed a steady growth (9% YoY) with better growth in Automobile, Engineering and Spare goods. Average realizations were hit (-3% YoY) broadly by competitive pricing attempting to take a pie away from volumes of LTL players, with part of realizations being compensated by lower diesel and ATF prices in Q4. Majority of the B2B companies have guided for an improvement in margins because of undergoing cost optimization with improved utilization of capacity, improved line haul and optimizing pick-up and delivery costs. The supply chain segment also reported healthy Q4 on better customer addition and improved utilization of warehousing capacity. Players have witnessed better customer addition and increase in	Delhivery, and VRL Logistics

	demand from existing customers. Overall commentary remains positive for FY25 with major players such as TCI, TVS SCS and MLOG expecting ~15% growth each. LTL majors (VRL, TCI) reported a steady 10% growth in revenue. The focus remains on better network expansion via branch and hub addition (guidance of 10-15% growth – improved growth expectations in major sectors such as Agriculture, on better monsoon expectations, and Textiles with margin expansion from improved utilization of fleet capacity). Rail logistics companies continued to see both better EXIM and domestic volume demand. EXIM demand may remain strong with mid-teen growth, led by favorable global trade, better connectivity and development of DFCs at major ports, and increase in rail coefficient on better transit time. The DFC at JNPT is expected to be operational in the upcoming year. Domestic demand is also expected to pick up (high teens to mid-twenties) in FY25 on account of better demand from the shift to rail from road (with expectations of a rise in diesel prices post elections) and bulk cement transportation in containers. Margins could not see a pick-up in Q4, mainly due to absorption of haulage charges levied by the Railways. Going forward, margins are likely to improve with increased double stacking and capacity utilization. Private port operators (Adani Ports and JSW Infra) witnessed a steady increase in volumes in Q4 and FY24, with average growth of 18% and 20% respectively; thus, outperforming growth of 5% for major ports. The outperformance is likely to continue in the future with private ports providing better services and lower turnaround time for the shipping lines. Both companies are aggressively aiming for strong capex plans, with an increase in capacities at existing ports and acquisition of new ports. Key monitorable will be the expansion and integration of the logistics arm so as to provide end-to-end services to the customers, thus yielding higher market share and better operating margin on account of higher operating efficiencies.	
Media & entertainment	PVR and Inox experienced muted YoY occupancy in Q4 due to: 1) absence of large-scale English/regional content, and 2) below-par Box Office (BO) performance of large-budget Hindi films. Expect momentum to pick up towards Q2FY25, helped by strong come back in regional and English content. English BO contribution for PVRINOX declined 1,680bps from 25.2% in H1FY24 to 8.4% in H2FY24 due to Writer Association Strike (this could revive in H2FY25). DB Corp reported consolidated revenue growth of 16.2% YoY (down 4.3% QoQ) to INR 6,171mn in Q4, led by growth in ad revenue. This was driven by the Auto, Government, and Jewellery sectors, which continue to use print as the preferred medium to advertise. ENIL reported radio revenue growth of 26.3% YoY, led by ad spend from the government and retail & local advertisers (without government spends, radio revenue grew 13.7% YoY). Momentum in radio revenue growth may continue in the next quarter as well because of the positive impact from the general elections. The ongoing general elections will play a significant role in driving ad revenue growth for ENIL and DB Corp, respectively, in Q1FY25 as well. TV Today witnessed strong TV revenue growth of 16.4% YoY, driven by positive momentum from elections. Expect an incremental TV ad revenue of ~INR 300mn (3% of annual revenue) due to elections, split between Q4FY24 and Q1FY25. News, as a genre, may continue to be strong in the TV medium with TVTN as the leader in the Hindi news genre.	PVR Inox and Sun TV
Metals & mining	Elara Steel universe reported a mixed performance in Q4FY24, with Jindal Steel and Power and Steel Authority of India showing a YoY improvement in EBITDA/tonne, while JSW Steel and Tata Steel witnessed a YoY contraction primarily due to weak realization. In the past four months, coking coal prices have fallen ~28%, which is likely to drive margin for domestic steel companies in Q2FY25. However, the widening gap between domestic and international steel prices and capacity addition are likely to prevent further sharp recovery in margin in the medium term. On the aluminum front, high LME prices due to sanctions imposed on Russia and limited supply should bolster firms' margin in Q1FY25 (bouncing back to a two-year high).	Jindal Steel and Power
NBFC	Q4 earnings witnessed healthy growth backed by SME, retail and used CV financing. While the cost of funds movement was curbed, Q4 saw not so anticipated margin pressures. Credit cost although under control may raise its ugly head ahead, as the sector remains under regulatory headwinds. We continue to maintain positive stance on power and infrastructure financiers, namely, HUDCO, POWF and RECL followed by gold financiers such as MUTH.	Muthoot Finance and Housing & Urban Development Corp
Oil & Gas	Q4FY24 cumulative earnings growth for 14 oil & gas firms under our coverage decelerated 14% YoY on lower GRM of refiners and gas realization of upstream companies that was partially offset by increase in retail diesel gross margin of oil marketing companies (OMC).	Oil India, Bharat Petroleum and Gujarat Gas

	Retail diesel margin was at INR 4.5/liter from INR 2.5/liter in Q4FY23, and gasoline gross margin was at INR 8.1/liter versus INR 8.5/liter in Q3FY23. Q4FY24 cumulative earnings of 11 oil & gas firms under our coverage (excluding three OMCs) also witnessed a decline of 2% YoY due to reduced gas production and realization for ONGC, a fall in GRM of standalone refiners (MRPL and CPCL), though partially offset by strong gas transmission and marketing margins of GAIL. We are bullish on upstream PSUs (ONGC and Oil India), downstream OMCs (BPCL and IOCL) and Gujarat Gas due to production growth, visibility emerging on integrated margins of OMCs with lower government interference and upcoming global LNG supply glut.	
Paints	Despite decorative coatings experiencing double-digit volume growth in Q4, the value growth was hindered by price reductions, increased discounts, and downtrading. Project-based business is experiencing strong growth, outpacing retail growth, driven by sectors such as manufacturing, construction, and government projects. In the industrial coatings segment, performance coatings and the auto refinish sectors saw significant growth. Also, demand for two-wheeler automotive coatings rebounded in the latter half of the year. Although gross margins expanded by >100bps YoY, EBITDA margin contracted due to higher spending on brand investments and promotions, indicating potential increased competitive pressure with Grasim's market entry. We maintain a negative outlook on APNT, BRGR, and KNPL due to the anticipated challenges from a major new competitor entering the sector.	NA
Pharmaceutical	US generics business continued to be the major growth driver for the sector in Q4FY24. Guidance and commentary from managements indicate that the upcycle in that market is continuing. More high-value product launches should lead to continued upside surprises in that segment. Domestic market growth recovered from the weak levels seen in the earlier quarters of the year, but is still below what the stocks are pricing in, in our view. We do not see any major pick-up. CDMO companies continue to report numbers that underwhelmed the expectations built into the stock prices, but valuations have not corrected yet to make the stocks attractive. Major hospital companies' numbers mostly missed estimates. There are signs of slowing growth and softening margins. We see this trend continuing for the sector. Diagnostic chains started reporting a revival in growth rates. The excesses of the Covid pandemic is now completely out of the base. But the valuations seem to be already pricing in the revival.	Dr Reddy's Labs, Zydus Lifescience and Fortis Healthcare
Real estate	Demand has remained robust, reflecting strong sales performance in Q4. Majority of grade A developers reported their highest-ever sales performance in FY24, subsequently raising their sales guidance for FY25. Strong collections have bolstered cash flow, enabling these players to reduce their leverage. The supply shift towards mid-to-premium and luxury homes continued in Q4, a trend particularly evident in the National Capital Region (NCR). Prices have increased across most cities, with Hyderabad experiencing the sharpest rise.	Prestige Estate Projects and Godrej Properties
Retail	Retail companies reported weaker-than-expected performance in Q4, led by muted consumer sentiment. SSSG remained subdued for apparel and footwear companies in the quarter. However, companies remain confident on long-term growth and are continuing with store expansion strategy for FY25. Innerwear demand remained sluggish in the premium segment in Q4. Economy segment players witnessed double-digit volume growth, while pricing corrected on lower raw material prices. Margins improved on operating leverage. Outlook remains weak for H1FY25 due to fewer wedding dates, which may hit near-term sales. H2FY25 remains critical for full year performance of FY25.	Page Industries, Vedant Fashion and Dollar Industries
Sugar	Sugar companies reported subdued but in-line results. Domestic sugar prices continue to remain resilient, but ethanol profitability was hit by lack of price increases in juice ethanol and B-heavy ethanol. H1FY25 outlook is mixed as sugar prices may continue to remain resilient but ethanol volumes are expected to remain lower YoY.	Balrampur Chini

Textiles	Spinning industry witnessed a challenging year, led by weak demand from downstream segments (higher inventory with retailers) and Indian cotton at a premium to international cotton prices. However, with reversal in these factors, the scenario may improve in the current year. Exports demand recovered, while domestic demand was still recovering in Q4FY24. Operating margins improved, supported by increasing demand and improvement in spread. Home textile players witnessed improved buying from major retailers, driven by better-than-expected holiday season sales in the US. Demand in the garments business remained muted, especially for smaller players. Garment players witnessed margin pressure on account of weak demand. Garment players are expanding capacities and expect a double-digit revenue growth in FY25E, led by rising export volumes and the destocking situation at the retailers' end coming to an end. Overall, players witnessed gradual demand improvement, but pricing remains under pressure as global brands and retailers maintain a cautious stance. Lower price inventory with spinners and integrated players may provide support to margins. China Plus one policy may support exports and improve demand for Indian companies.	KPR Mills, Arvind
Utilities	We believe private players have outperformed and are overvalued. Current valuations are now close to the peak seen in the 2008-13 cycle. Also, most tailwinds are already priced in. Private players such as JSW Energy, Torrent Power and Tata Power are trading at 3.5x-5x P/B, which, we believe is expensive. We remain positive on regulated players such as NTPC, PGCIL and CESC, led by assured returns from regulated assets and sizable capacity addition pipeline. We continue to remain positive on IEX led by a rise in short-term power market share in India along with an increase in the market share of power exchanges. We are cautious on private players due to rich valuations. Long-term rerating of EPS may depend on timely project execution.	NTPC, Indian Energy Exchange

Source: Elara Securities Estimate

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India	Europe	USA	Asia / Pacific
Elara Securities (India) Pvt. Ltd. One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500	Elara Capital Plc. 6th Floor, The Grove, 248A Marylebone Road, London, NW1 6JZ, United Kingdom Tel : +44 20 7486 9733	Elara Securities Inc. 230 Park Avenue, Suite 2415, New York, NY 10169, USA Tel: +1 212 430 5870 Fax: +1 212 208 2501	Elara Capital (Asia) Pte.Ltd. One Marina Boulevard, Level 20, Singapore 018989 Tel : +65 6978 4047

Harendra Kumar	Managing Director	harendra.kumar@elaracapital.com	+91 22 6164 8571
Sales			
Ashok Agarwal	India	ashok.agarwal@elaracapital.com	+91 22 6164 8558
Hitesh Danak	India	hitesh.danak@elaracapital.com	+91 22 6164 8543
Karan Rathod	India	karan.rathod@elaracapital.com	+91 22 6164 8570
Lekha Nahar	India	lekha.nahar@elaracapital.com	+91 22 6164 8512
Prashin Lalvani	India	prashin.lalvani@elaracapital.com	+91 22 6164 8544
Shraddha Shrikhande	India	shraddha.shrikhande@elaracapital.com	+91 22 6164 8567
Sudhanshu Rajpal	India	sudhanshu.rajpal@elaracapital.com	+91 22 6164 8508
Joshua Saldanha	Asia	joshua.saldanha@elaracapital.com	+91 22 6164 8541
Anita Nazareth	Corporate Access, Conference & Events	anita.nazareth@elaracapital.com	+91 22 6164 8520
Tina D'souza	Corporate Access	tina.dsouza@elaracapital.com	+91 22 6164 8595
Quantitative, Alternatives, Sales Trading & Dealing			
Sunil Jain	Quantitative & Alternates	sunil.jain@elaracapital.com	+91 22 6164 8531
Nandish Patel	Quantitative & Alternates	nandish.patel@elaracapital.com	+91 22 6164 8564
Biren Mehta	Head - Sales Trading	biren.mehta@elaracapital.com	+91 22 6164 8500
Kalpesh Parekh	India	kalpesh.parekh@ElaraCapital.com	+91 22 6164 8555
Manoj Murarka	India	manoj.murarka@elaracapital.com	+91 22 6164 8551
Anil Pawar	India	anil.pawar@elaracapital.com	+91 22 6164 8552
Nilesh Chheda	India	nilesh.chheda@elaracapital.com	+91 22 6164 8554
Nupur Barve	India	nupur.barve@elaracapital.com	+91 22 6164 8532

Research				
Dr Bino Pathiparampil	Head of Research	Healthcare, Pharmaceuticals, Strategy	bino.pathiparampil@elaracapital.com	+91 22 6164 8689
Amit Purohit	Analyst	Building Materials, FMCG, Paints	amit.purohit@elaracapital.com	+91 22 6164 8594
Ankita Shah	Analyst	Infrastructure, Ports & Logistics, Industrials	ankita.shah@elaracapital.com	+91 22 6164 8516
Biju Samuel	Analyst	Quantitative & Alternate Strategy	biju.samuel@elaracapital.com	+91 22 6164 8505
Gagan Dixit	Analyst	Aviation, Chemicals, Oil & Gas	gagan.dixit@elaracapital.com	+91 22 6164 8504
Garima Kapoor	Economist		garima.kapoor@elaracapital.com	+91 22 6164 8527
Harshit Kapadia	Analyst	Capital Goods, Consumer Electronics	harshit.kapadia@elaracapital.com	+91 22 6164 8542
Jay Kale, CFA	Analyst	Auto & Auto Ancillaries	jay.kale@elaracapital.com	+91 22 6164 8507
Karan Taurani	Analyst	Media & Entertainment, Alcobev, QSR, Internet	karan.taurani@elaracapital.com	+91 22 6164 8513
Prakhar Agarwal	Analyst	Banking & Financials	prakhar.agarwal@elaracapital.com	+91 22 6164 8502
Prashant Biyani	Analyst	Agrochemicals, Fertilisers, Hotels, Sugar	prashant.biyani@elaracapital.com	+91 22 6164 8581
Prerna Jhunjhunwala	Analyst	Textiles, Retail	prerna.jhunjhunwala@elaracapital.com	+91 22 6164 8519
Rahul Jain, CFA	Analyst	Real Estate	rahul.jain@elaracapital.com	+91 22 6164 8500
Ravi Sodah	Analyst	Cement, Metals & Mining	ravi.sodah@elaracapital.com	+91 22 6164 8517
Rupesh Sankhe	Analyst	Utilities, Renewables	rupesh.sankhe@elaracapital.com	+91 22 6164 8518
Shweta Daptardar	Analyst	Diversified Financials, Non Lending Financials	shweta.daptardar@elaracapital.com	+91 22 6164 8559
Saurabh Mitra	Sr. Associate	Cement, Metals & Mining	saurabh.mitra@elaracapital.com	+91 22 6164 8546
Aditya Jaiswal	Associate	Strategy	aditya.jaiswal@elaracapital.com	+91 22 4204 8683
Amogh Deshpande	Associate	Aviation, Chemicals, Oil & Gas	amogh.deshpande@elaracapital.com	+91 22 4204 8664
Bhavi Shah	Associate	Cement, Metals & Mining	bhavi.shah@elaracapital.com	+91 22 6164 8521
Devarshi Raj	Associate	Diversified Financials, Non Lending Financials	devarshi.raj@elaracapital.com	+91 22 6164 8500
Gnyan Thaker	Associate	Textiles, Retail	gnyan.thaker@elaracapital.com	+91 22 6164 8500
Jinesh Kothari	Associate	Infrastructure, Ports & Logistics	jinesh.kothari@elaracapital.com	+91 22 6164 8500
Kartik Bhandari	Associate	Aviation, Chemicals, Oil & Gas	kartik.bhandari@elaracapital.com	+91 22 6164 8500
Kartik Solanki	Associate	Banking & Financials	kartik.solanki@elaracapital.com	+91 22 4204 8604
Kashish Thakur	Associate	Healthcare, Pharmaceuticals	kashish.thakur@elaracapital.com	+91 22 6164 8569
Keval Shah	Associate	Strategy	keval.shah@elaracapital.com	+91 22 4204 8669
Mihir Vora	Associate	Auto & Auto Ancillaries	mihir.vora@elaracapital.com	+91 22 6164 8500
Mudit Kabra	Associate	Capital Goods, Consumer Electronics	mudit.kabra@elaracapital.com	+91 22 4204 8611
Nemish Sundar	Associate	Capital Goods, Consumer Electronics	nemish.sundar@elaracapital.com	+91 22 4204 8683
Nishant Chowhan, CFA	Associate	Auto & Auto Ancillaries	nishant.chowhan@elaracapital.com	+91 22 4204 8667
Palak Shah	Associate	Banking & Financials	palak.shah@elaracapital.com	+91 22 4204 8682
Ragini Pande	Associate	Utilities, Renewables	ragini.pande@elaracapital.com	+91 22 6164 8500
Rohit Harlikar	Associate	Building Materials, FMCG, Paints	rohit.harlikar@elaracapital.com	+91 22 6164 8562
Rounak Ray	Associate	Media & Entertainment, Alcobev, QSR, Internet	rounak.ray@elaracapital.com	+91 22 4204 8684
Runit Kapoor	Associate	Healthcare, Pharmaceuticals	runit.kapoor@elaracapital.com	+91 22 6164 8500
Shweta Roy	Associate	Economics	shweta.roy@elaracapital.com	+91 22 6164 8500
Subhankar Sanyal	Associate	Economics	subhankar.sanyal@elaracapital.com	+91 22 4204 8688
Tanvi Tambat	Associate	Real Estate	tanvi.tambat@elaracapital.com	+91 22 6164 8537
Ujwal Wadighare	Associate	Agrochemicals, Fertilisers, Hotels, Sugar	ujwal.wadighare@elaracapital.com	+91 22 4204 8684
Vidhi Puj	Associate	Building Materials, FMCG, Paints	vidhi.puj@elaracapital.com	+91 22 4204 8692
Vinayak Patil	Database		vinayak.patil@elaracapital.com	+91 22 6164 8510
Priyanka Sheth	Editor		priyanka.sheth@elaracapital.com	+91 22 6164 8568
Prakriti Singh	Editor		prakriti.singh@elaracapital.com	+91 22 6164 8500
Gurunath Parab	Production		gurunath.parab@elaracapital.com	+91 22 6164 8515
Jinesh Bhansali	Production		jinesh.bhansali@elaracapital.com	+91 22 6164 8537

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Elara Securities (India) Private Limited
Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg,
Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500
CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933
Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ 000 238236
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Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509
Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapial.com - Tel. +91 22 6164 8509