Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,688	-1.0	13.1
Nifty-50	25,015	-0.9	15.1
Nifty-M 100	58,474	-0.9	26.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,751	0.9	20.6
Nasdaq	18,138	1.2	20.8
FTSE 100	8,281	0.0	7.1
DAX	19,121	0.6	14.1
Hang Seng	8,157	3.1	41.4
Nikkei 225	38,636	0.2	15.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	79	1.9	2.3
Gold ($/OZ)	2,654	-0.1	28.6
Cu (US$/MT)	9,796	0.8	15.7
Almn (US$/MT)	2,642	0.9	12.6
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.0	0.0	0.9
USD/EUR	1.1	-0.5	-0.6
USD/JPY	148.7	1.2	5.4
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.06	-0.3
10 Yrs AAA Corp	7.3	0.01	-0.5
Flows (USD b)	**4-Oct**	**MTD**	**CYTD**
FIIs	-1.2	-3.65	8.6
DIIs	1.06	4.21	44.0
Volumes (INRb)	**4-Oct**	**MTD***	**YTD***
Cash	1,372	1324	1302
F&O	1,75,940	4,50,728	3,81,578

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

India Strategy | 2QFY25 Preview: The Tug-of-War!

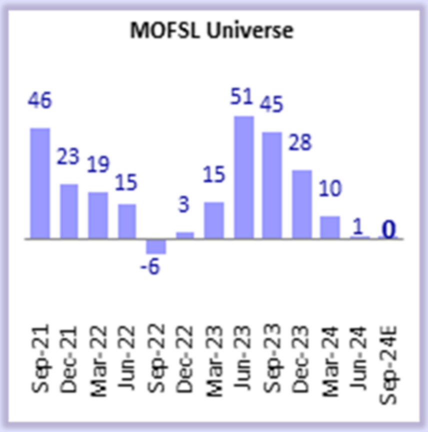
- We estimate the MOFSL Universe earnings to remain flat (lowest in eight quarters) and Nifty earnings to grow marginally by 2% YoY in 2QFY25 (lowest in 17 quarters). Ex-OMCs, we expect the MOFSL Universe and Nifty earnings to grow 7% YoY and 5% YoY, respectively.
- The overall earnings growth is anticipated to be primarily driven, once again, by BFSI (+11% YoY), along with Technology (+7% YoY), Healthcare (15% YoY), Utilities (+24% YoY), and the improved contribution of Telecom YoY. Conversely, earnings growth is likely to be weighed down by O&G (led by OMCs), which are anticipated to decline 33% YoY, along with Metals (+2% YoY), Cement (-41% YoY), and Auto (+7% YoY). Meanwhile, Real Estate (+44% YoY), and Retail (+17% YoY) are expected to deliver strong growth, while Capital goods (+13% YoY), Auto (+7% YoY) and Consumers (+4% YoY) are anticipated to post moderate earnings growth.
- The EBITDA margin (ex-Financials) is likely to contract 150bp YoY for the MOFSL Universe, reaching 16.4%, mainly dragged down by OMCs. Meanwhile, the margin is projected to contract 40bp for the Nifty-50 at 20%.
- We have cut our FY25E and FY26E Nifty EPS by 4.0% and 3.6% to INR1,072 and INR1,269, respectively. Metals and O&G have driven 80% of the 4% cut in FY25 earnings. We estimate the Nifty EPS to grow 7%/18% in FY25/FY26.

Research covered

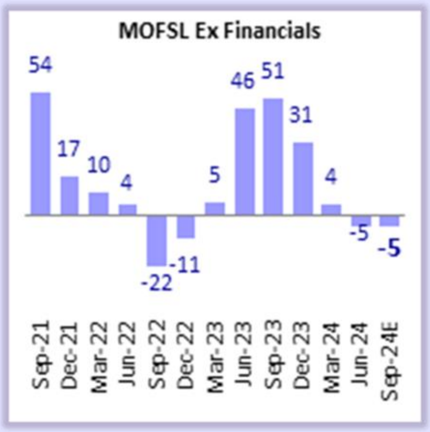
Cos/Sector	Key Highlights
India Strategy 2QFY25 Preview	The Tug-of-War
Other Updates	Kaynes Technologies | Gujarat State Petronet | Amber Enterprises | HDFC Bank | Titan Company | IndusInd Bank | AU Small Finance Bank | Federal Bank | L&T Finance | Bandhan Bank | Angle One | IDFC First Bank | RBL Bank | Equitas Small Finance | India Strategy - The Eagle Eye | EcoScope

Chart of the Day: 2QFY25E MOFSL earnings performance

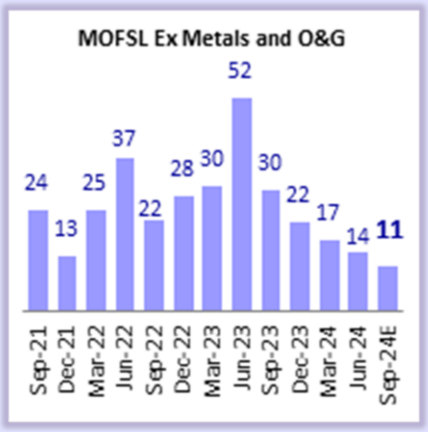
PAT expected to remain flat YoY for the MOFSL Universe



PAT likely to decline 5% YoY for the MOFSL Universe, excluding Financials



PAT to grow 11% YoY for the MOFSL Universe, sans Metals and O&G



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Adani Group lays bricks to buy Heidelberg's India cement unit

The Adani Group, India's second-biggest cement maker, had entered the sector by acquiring Holcim's India operations in 2022. As with Holcim, Adani intends to move fast to close the deal, said the people cited.

2

M&M may launch its first petrol-hybrid SUV in 2026

Mahindra & Mahindra plans to introduce its first petrol-hybrid model in 2026, aiming to capture a growing hybrid market currently led by Toyota and Maruti Suzuki. The automaker has committed a ₹27,000 crore investment, and may share its technology with Skoda Auto Volkswagen.

3

Godrej, Macrotech H1FY25 realty sales top Rs 22,000 cr

India's leading realty firms, Godrej Properties and Macrotech Developers, reported combined sales of over ₹22,120 crore during April-September, a 56% annual increase, driven by strong demand for premium homes. Godrej sold ₹13,800 crore worth of properties, while Macrotech's sales reached Rs. 8,320 Cr., primarily in housing units

4

DoT sends notice to Vi for not submitting bank guarantees

The Department of Telecommunications has issued a notice to Vodafone Idea for failing to submit bank guarantees for past spectrum auction dues. Despite initial rejections, a waiver is being reconsidered due to Vi's financial situation and recent reforms, potentially benefiting other companies as well

5

China stimulus raise hopes of lower dumping into India

The move is expected to reap short term benefits for the Indian steel companies as domestic HRC (hot rolled coil) prices become at par with Chinese import prices.

6

Colt DCS, RMZ in advanced talks to set up $1 billion joint data centre platform in India

Colt DCS, backed by Fidelity Investments, is in advanced talks with RMZ Corp to jointly invest over $1 billion in developing data centres across key Indian cities, starting with Mumbai and Chennai. Colt is planning a 125-130 MW data centre in Navi Mumbai

7

NCLT initiates insolvency proceedings against Jupiter Landscapes over Rs 573 cr debt

The National Company Law Tribunal has ordered the corporate insolvency resolution process for Jupiter Landscapes due to defaulting on non-convertible debentures worth Rs 573.98 crore. The default occurred in March 2023.

India Strategy

BSE Sensex: 81,688 **Nifty 50: 25,014**

The Tug-of-War

A breather following a relentless rise….

In recent years, the saga of Indian equities has been nothing short of a meteoric ascent, soaring higher and higher without a pause. This remarkable journey can be attributed to a trifecta of factors: robust corporate earnings, with a staggering 24% Nifty earnings CAGR over FY20-FY24; a surge in domestic flows into equities, amassing an impressive USD107b during CY21-CY24YTD; and a remarkably resilient macro landscape that has weathered the storms. Nifty/Nifty Midcap 100/Nifty Smallcap 100 indices have rallied 31%/48%/50% and 14%/26%/21% over the last 12 and 36 months, respectively. The markets have negotiated critical events such as the General Elections and the Budget with minimal volatility, as every minor dip has been met with robust buying activity. However, as we gaze into the horizon, it appears the waters may get a bit turbulent for Indian equities in the short term. The recent escalation in the Israel-Iran conflict only adds fuel to the fire of the already simmering geopolitical tensions from the ongoing Russia-Ukraine and Israel-Palestine conflicts.

The monetary stimulus unleashed by China has sparked a wave of tactical FII outflows from India. Corporate earnings, after four consecutive years of healthy double-digit growth, are moderating due to pressures from commodities and fading tailwinds from BFSI asset quality improvements. The earnings revisions have turned adverse with downgrades of ~6% in the Nifty EPS since Jul'24. The recent print from high-frequency indicators, such as power demand, PMI data, GST collections, and auto numbers, also indicates a softening in demand. The expensive broader market valuations (NSE Midcap index at 60% premium to Nifty-50 and market cap at 146% of GDP) and the narrowing of market breadth further complicate the risk-reward equation. Lastly, the outcomes of the recent state elections, while not a needle mover, may keep the markets on edge, as exit polls predict losses for the BJP in both Haryana and Jammu & Kashmir. Despite the challenges, the ongoing festive season, better-than-expected monsoon over Jul-Sep'24, and consequent pick-up in rural consumption provide a near-term catalyst for economic activity. Major global central banks, with the US Fed at the forefront, have decidedly pivoted towards a monetary easing cycle (not in response to an extant crisis – like Covid or GFC – but to normalize rates). This shift implies a favorable environment for risk assets. Consequently, markets appear to be experiencing a genuine tug-of-war between the headwinds and tailwinds.

Notwithstanding intermittent hiccups, the Domestic narrative remains intact

Despite the challenging near-term environment, India's medium-term growth narrative stands out in an extremely volatile global landscape. The Indian markets have remained vibrant, demonstrating remarkable resilience, and have experienced the emergence of a genuinely domestic retail equity story in the post-pandemic era. Strong macro-micro dynamics, healthy corporate and government balance sheets, buoyant retail participation (domestic equity inflows outnumbered the FII flows by a wide margin of ~5.5x over the last four years – DII inflows of USD107b vs. FII inflows of USD19b over CY21-CY24YTD – and DII flows of USD41b are almost ~2x of the entire CY23 flows of USD22b in CY24YTD) have been the fulcrum of India's outperformance and rising weights in key global indices. This, coupled with buoyant capital market activities, with a total fund raise (IPO+QIPs+FPO+OFS) of INR1.65t (USD20b) in CY24YTD – the highest in three years – signifies optimism on both the demand and supply sides of the market.

Recovery in rural consumption and rate cuts may be sentiment boosters

After three years of slowdown, there are some early signs of recovery in rural consumption. The CY24 monsoon season has concluded with rainfall 8% above the long period average (LPA). This augurs well for rural income, demand, and food inflation. Corporate commentary from various sectors indicates that rural demand may be bottoming out. This, coupled with the potential rate cuts by the RBI could lift the sentiments in 2HFY25. The US Fed has initiated the monetary easing cycle with a 50bp rate cut in Sep'24. China also embarked upon a significant monetary stimulus to revive its slowing economy. Our Economy team anticipates that the RBI will cut rates in CY25. Historically, FIIs have been net buyers of Indian equities during the previous rate-cut cycles. For example, when the Fed cut rates by 500bp during 2007-08, FIIs were net buyers into Indian equities to the tune of USD24b during CY07-09. Similarly, in 2019-20, when the Fed began its easing cycle, FIIs were net buyers by USD41b between CY19 and CY21. Therefore, a combination of reviving rural demand, healthy festive season sales, and potential easing by the RBI could augment growth in 2HFY25. Given this intriguing backdrop of *Tug-of-War,* we discuss the earnings outlook for 2QFY25.

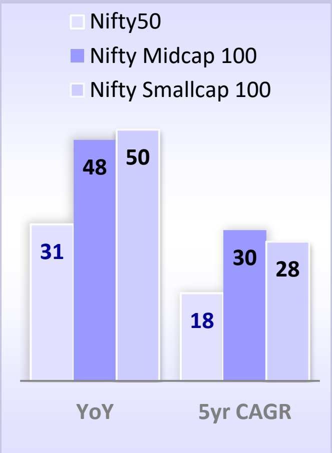
Earnings to remain flat in 2Q, at a multi-quarter low; Nifty EPS cut 4.0%/ 3.6% for FY25E/26E

We estimate the MOFSL Universe earnings to remain flat (lowest in eight quarters) and Nifty earnings to grow marginally by 2% YoY in 2QFY25 (lowest in 17 quarters). Ex-OMCs, we expect the MOFSL Universe and Nifty earnings to grow 7% YoY and 5% YoY, the lowest in 8 and 17 quarters, respectively. Margin tailwinds are likely to ebb due to a high base. The EBITDA margin (ex-Financials) is likely to contract 150bp YoY for the MOFSL Universe, reaching 16.4%, mainly dragged down by OMCs. Meanwhile, the margin is projected to contract 40bp for the Nifty-50 at 20%. The overall earnings growth is anticipated to be primarily driven, once again, by BFSI (+11% YoY), along with Healthcare (15% YoY), Utilities (+24% YoY), and the improved contribution of Telecom YoY (loss notably reducing to INR4b in Sep'24 from INR43b in Sep'23). Conversely, earnings growth is likely to be weighed down by global cyclicals, such as O&G (led by OMCs), which are anticipated to decline 33% YoY, along with Metals (+2% YoY), Cement (-41% YoY), and Auto (+7% YoY). Meanwhile, Real Estate (+44% YoY), and Retail (+17% YoY) are expected to deliver strong growth, while Capital goods (+13% YoY), Auto (+7% YoY) and Consumers (+4% YoY) are anticipated to post moderate earnings growth. We have cut our FY25E and FY26E Nifty EPS by 4.0% and 3.6% to INR1,072 and INR1,269, respectively. Metals and O&G have driven 80% of the 4% cut in FY25 earnings. We estimate the Nifty EPS to grow 7%/18% in FY25/FY26.

Annual earnings trend: FY25 to normalize as earnings converge with revenue growth

- The past two financial years experienced an interesting interplay of revenue and earnings growth, driven by global macros. In FY23, the MOFSL Universe experienced a sharp drag on margins as commodity prices surged during the Russia-Ukraine war. This resulted in just 11% earnings growth for MOFSL Universe, despite 24% revenue growth. FY24 saw a reversal of this trend, as commodity prices moderated and margins sharply rebounded. Thus, the MOFSL Universe delivered 30% earnings growth despite just 4% revenue growth. For FY25, we expect earnings to normalize and track the revenue trend. For FY25, we anticipate the MOFSL Universe to deliver 7% revenue growth and EBITDA/PAT growth of 8% YoY each. The Nifty-50 is likely to deliver 7% earnings growth in FY25 over a high base of FY24 (+26% YoY).

Mid- and small-cap outperform Nifty-50 by a wide margin



Earnings highlights – 2QFY25E | BFSI to drive modest earnings growth aided by Healthcare, Utilities, and Telecom; Commodities to drag

- We predict **MOFSL earnings to remain flat, while those of Nifty** would grow 2% YoY in 2QFY25. Excluding global commodities (i.e., Metals and O&G), the MOFSL Universe and Nifty are likely to report 11% YoY and 10% YoY earnings growth, respectively, for the quarter .
- The modest earnings growth is likely to be driven once again by **BFSI,** with positive contributions from Technology, Utilities and Healthcare. Banks (Private + PSB) would mainly lead BFSI's earnings, with 10% YoY growth. The earnings growth of Private and PSU banks, at 5% and 17% YoY, respectively, while healthy, is the lowest for Private banks in 12 quarters. The **Auto** sector's earnings are likely to rise 7% YoY, the lowest in ten quarters.
- Sales and EBITDA of the MOFSL Universe are likely to grow 7% and 2% YoY; while for Nifty, we expect sales and EBITDA to improve 4% and 5% YoY, respectively. Ex-OMC's, EBITDA of the MOFSL Universe/Nifty is likely to grow 7% YoY each.
- The **Healthcare** universe is likely to report strong 15% YoY earnings growth; its sixth consecutive quarter of robust earnings growth.
- The **Metals** universe is projected to report modest 2% YoY earnings growth on a high 2QFY24 base.
- The **Capital Goods** sector is projected to report earnings growth of 13% YoY for the quarter (however, the lowest in ten quarters), dragged down by L&T. Ex-L&T, the MOFSL Capital Goods Universe is likely to post 29% YoY growth.
- The **Cement** universe is expected to report a 41% YoY earnings decline. The sector is likely to clock the second consecutive quarter of sharp earnings decline driven by low pricing and a high base of margins YoY.
- The **Specialty Chemicals** sector is likely to report a 5% YoY earnings decline; sixth consecutive quarter of decline.
- We expect EBITDA margin (ex-Financials and OMCs) for the MOFSL Universe to remain flat YoY at 19.4% in 2QFY25. However, EBITDA margin (ex-Financials) is projected to contract 150bp YoY for the MOFSL Universe to 16.4%. Conversely, for Nifty-50, excluding Financials, margin is likely to contract 40bp YoY to 20.0% during the quarter.

- The MOFSL Largecap Universe is likely to register a sales/EBITDA/PAT growth of 7%/2%/flat YoY during the quarter. The MOFSL Midcap Universe is estimated to report 8%/1%/2% YoY growth in sales/EBITDA/PAT. Conversely, the MOFSL Smallcap Universe is estimated to clock a sales/EBITDA growth of 9%/7% YoY. However, it expects to post a 4% YoY decline in PAT for 2QFY25.
- **Sales/EBITDA/PAT of the MOFSL Universe** are expected to report a two-year CAGR of 5%/ 15%/20% over Sep'22-Sep'24.
- **FY25E earnings highlights:** The MOFSL Universe is likely to deliver a sales/EBITDA/ PAT growth of 7%/8%/8% YoY. Financials, Healthcare, Capital Goods and Metals are likely to be the key earning drivers, with 14%, 24%, 24%, and 23% YoY growth, respectively. These three sectors are anticipated to contribute 100% of the incremental earnings for MOFSL Universe in FY25.
- **Nifty EPS cut for FY25E/26E:** We have reduced our FY25E and FY26E Nifty EPS estimates by 4%/3.6% to INR1,072 and INR1,269, respectively. Metals and O&G have driven 80% of the 4% cut in FY25E Nifty earnings. We estimate the Nifty EPS to grow 7%/18% in FY25/FY26.

- **MOFSL TOP IDEAS: Largecaps – ICICI Bank, HDFC Bank, L&T, HCL Tech, HUL, M&M, Power Grid, Titan, Bharti Airtel and Mankind Pharma; Midcaps and Smallcaps: Indian Hotels, Angel One, Godrej Properties, Persistent Systems, Metro Brands, PNB Housing, Global Health, Cello World, Dixon Tech, and Five Star Business Finance.**

Model portfolio: Key changes

- **Developing a model portfolio amidst a backdrop of moderating earnings growth, expensive valuations, and mounting geopolitical headwinds presents a distinct challenge than what we have encountered in the recent past. As always, we have made several adjustments to our model portfolio and sectoral stance. We have reduced the number of stocks in our portfolio while simultaneously increasing the weights of our high-conviction names. Overall, with broader markets trading at significant premiums vs. their own LPA and Nifty, we remain biased towards Largecaps with 75% allocation, while Midcaps and SmallCaps occupy the rest. We discuss the key changes in the model portfolio below:**
- **Key changes to our sectoral stance:** In 1QFY25, we had raised Technology to OW. Now, we are further raising our weights in IT and making it a bigger OW. We are also shifting BFSI from Neutral to OW within which we are raising Private banks from UW to OW and Diversified Financials from Neutral to OW. We cut weights in Consumption after its recent outperformance, while further raising weights in Healthcare and Industrials.
- In summary, we are OW on BFSI, IT, Industrials, Healthcare, and Real Estate, while we are UW on Oil & Gas, Cement, Automobiles, and Metals. We have also made several additions from a bottom-up viewpoint across sectors.
- **FINANCIALS:** We are raising our stance on Pvt Banks to OW as we believe that the large banks are positioned well to navigate through current uncertainties and deliver healthy growth and profitability. Sector valuations remain undemanding, and with growth visibility improving over the coming quarters, we expect the

sector to rerate. We have raised weights in HDFC Bank and ICICI Bank. We are introducing Kotak Mahindra Bank to our model portfolio. We estimate the bank to continue delivering industry-leading RoA at ~2.3% while the stock is trading at reasonable valuations of 2x FY26E ABV. We have raised weights in Angel One given the attractive valuations. We are introducing HDFC Life and Five Star Business Finance in the model portfolio. HDFC Life should gain from HDFC Bank's aggressive branch expansion strategy, especially in the lower-tier cities. Considering the conservative persistency assumptions, VNB margin hit on implementation of new surrender charges to be restricted to 100bp without any action. We estimate FIVESTAR to deliver a 30%/24% AUM/PAT CAGR over FY24-FY27, along with an RoA/RoE of 7.6%/19% in FY26. We believe that FIVESTAR's premium valuations will remain intact, given its niche market position, strong growth potential, superior underwriting practices, resilient asset quality, and high return metrics.

- **TECHNOLOGY**: We reiterate our OW stance on IT and add further weights – 100bp each in Infosys and HCL Tech – as well as raise the overall IT weight to 15% from 11% in 1QFY25. We continue to hold Persistent and now also add Coforge to the model portfolio. We believe the company's healthy executable order book and a rebound in BFS client spending bode well for its organic business. Cigniti could prove to be an effective long-term asset.
- **CONSUMPTION:** We trim our weights in Consumption given its recent outperformance but continue to prefer Discretionary Consumption over Staples. We continue to hold Titan, Zomato, and Indian Hotels while double our weights in Metro Brands and Cello World given the expected acceleration in discretionary demand around the festival season**.** Hindustan Unilever remains our singular bet in Staples, where we expect the benefit of pickup in rural consumption demand to manifest in 2HFY25**.**
- **AUTOMOBILES:** We maintain our UW stance on Automobiles and continue to hold **M&M** as our preferred idea. We are also adding **TVS Motors** given TVSL's strong earnings growth potential and proactive stance in the EV business. TVS is one of the rare names in our MOFSL Coverage Universe to have delivered 10 consecutive quarters of 20%+ earnings growth.
- **INDUSTRIALS:** Industrials remain our favorite theme. We add further weights in L&T given the attractive risk-reward on valuations. We are also introducing Dixon Tech to our model portfolio. We anticipate the mobile and EMS divisions to benefit from improved volumes from existing customers as well as Ismartu integration. The company is also constantly eyeing increasing wallet and market share in other segments beyond mobile as well as focusing on backward integration.
- **HEALTHCARE:** We maintain our OW stance on Healthcare and raise weights further in Mankind Pharma. Moreover, given the sharp price correction in Global Health (Medanta), we are reintroducing it in our model portfolio.

Note: Exhibit data is sourced from Bloomberg, Companies, and MOFSL research database

5 October 2024

Company Update | Sector: EMS

Kaynes Technologies

BSE SENSEX	S&P CNX
81,688	25,015

Stock Info

Bloomberg	KAYNES IN
Equity Shares (m)	64
M.Cap.(INRb)/(USDb)	323.2 / 3.8
52-Week Range (INR)	5811 / 2158
1, 6, 12 Rel. Per (%)	4/77/82
12M Avg Val (INR M)	1053
Free Float (%)	42.2

Financials Snapshot (INR b)

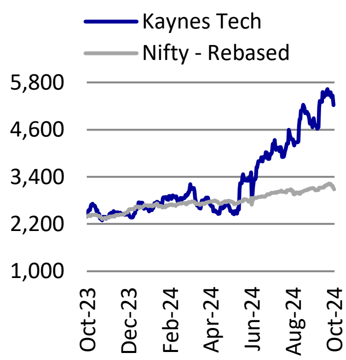
Y/E MARCH	FY25E	FY26E	FY27E
Sales	30.5	47.3	70.0
EBITDA	4.6	7.6	11.3
Adj. PAT	3.4	6.0	9.2
EBITDA Margin (%)	15.2	16.0	16.1
Cons. Adj. EPS (INR)	53.4	94.2	143.7
EPS Gr. (%)	86.2	76.3	52.6
BV/Sh. (INR)	442.5	536.7	680.4
Ratios			
Net D:E	-0.4	-0.4	-0.3
RoE (%)	12.8	19.2	23.6
RoCE (%)	13.8	18.9	23.2
Valuations			
P/E (x)	95	54	35
EV/EBITDA (x)	67	41	27

Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	57.8	57.8	63.6
DII	17.9	18.4	13.1
FII	14.3	14.2	8.0
Others	10.0	9.6	15.3

FII includes depository receipts

Stock Performance (1-year)



CMP: INR5,049 TP: INR6,400 (+27%) BUY

Scaling up the smart meter business amid growing market demand

Kaynes Technologies (KAYNES) is rapidly scaling up its smart meter business to tap the huge 250m (INR750b) smart meter market over the next few years. The company has recently inaugurated its electronics manufacturing facility in Hyderabad for the production of smart meters, and has acquired its client Iskraemeco.

- **Smart meters are gaining momentum due to India's RDSS scheme, which aims to replace 250m conventional meters by CY25. As of Sep'24, only 14.5m meters have been installed, but the installation rates are projected to rise, presenting a substantial INR632.8b opportunity for Advanced Metering Infrastructure Service Providers (AMISPs) and System Integrators (SIs).**
- **While KAYNES already manufactures smart meters for clients such as Iskraemeco and L&T from its Mysore facility, it has recently opened a large Hyderabad plant with a capacity of 4m meters annually. The company has also acquired Iskraemeco India (AMISPs/SI) for INR492.86m, enhancing its manufacturing and customer service capabilities. This acquisition enables KAYNES to offer installation and after-sales services while expanding into smart meters for other utilities (gas or water).**
- **KAYNES has launched a fully automated facility in Hyderabad, producing 3,000 smart meters daily (4m meters p.a.). The company's plans to add another building next year thereby increasing the capacity to 10m meters annually, supporting future expansions.**

Smart meters – a short-term boon

- Smart meters are gaining momentum following the Government of India's Revamped Distribution Sector Scheme (RDSS) launched in July'21, which focuses on replacing conventional meters with smart meters to reduce Aggregate Technical & Commercial (AT&C) losses and eliminate the cost-tariff gap for state distribution utilities (discoms).
- As of Sep'24, 222m meters have been sanctioned, of which 111.7m meters have been awarded to AMISPs or SIs.
- However, only 14.5m smart meters have been installed, falling far short of GOI's target to replace 250m conventional meters by CY25.
- Despite slow progress, we anticipate a sharp increase in installations over the next two years. Additionally, tendering activity is expected to remain high in the near to medium term due to the pending award of 104.7m meters, offering significant opportunities for AMISPs and SIs.
- **The total opportunity for AMISPs translates into ~INR632.8b, i.e. 207.9m meters (of the total 222m meters, 14.5m meters have already been installed) at a price of ~INR3,000 per meter (including the manufacturing cost of INR2,000-INR2,500 and the balance for services).**
- Of the 111.7m awarded meters, KAYNES expects to gain substantial market share in this segment (~20m meters opportunity; INR60b-INR65b over the next three to four years) as its customers include two of the best global companies.

- Further, KAYNES will have an additional revenue stream (post acquisition of Iskraemeco) in the form of a **maintenance charge** of INR100-INR125 per meter per month for 10 years, following the installation that AMISPs will charge to Discoms.

Strengthening its position in the smart meters universe

- KAYNES has been manufacturing smart meters from its Mysore facility in India for key clients such as Iskraemeco and L&T.
- With strong expertise in the EMS space, the company has also recently inaugurated a large facility (~46 acres in Hyderabad) dedicated to the manufacturing of smart meters (4m meters p.a.).
- To further strengthen its position in the fast-growing smart meter industry, **KAYNES has recently acquired 100% stake in Iskraemeco India Private Limited** for a purchase consideration of INR492.86m.
- Iskraemeco is engaged in the business supply, installation, operations, and maintenance of smart meters in India, with an annual turnover of INR654.2m in FY24. It is one of the AMISPs/SIs with an in-hand order book of ~3.5m meters from Power Grid Corporation of India Ltd (PGCIL) -Gujarat. This order is slated to be delivered over the next 1-1.5 years and would translate into a potential short-term revenue of ~INR10.5b for KAYNES.
- With this acquisition, KAYNES aims to become a full-fledged smart meter company, with offerings ranging from manufacturing to providing maintenance services. With this acquisition, the company will gain the technical know-how for smart meters (including the software part) and foray into the smart meter market for other end uses (gas or water).
- KAYNES, through Iskraemeco, has already received an order from PGCIL to install ~3.5m smart meters in Gujarat and is expecting more orders from other states such as West Bengal government.
- KAYNES will not only operate as an EMS company to manufacture smart meters for its clients but also provide installation and after-sales services for orders received through Iskraemeco.
- KAYNES expects to generate annual revenue of ~INR8b-INR10b from smart meters from FY26 onwards (i.e. ~17-21% of FY26E consolidated revenue), with anticipated revenue of ~INR4b-INR5b in FY25.
- The margins from this segment are better than the current margin profile of KAYNES, thus expecting to drive up overall margins going forward.
- The asset turn of this business will be 6-8x (mostly near 8x as it is a product-focused business) while working capital is ~90 days.

Advanced smart meter facility with potential for future growth

- KAYNES has set up a new facility in Hyderabad, which can produce 3,000 meters per day (one product to be made in every nine seconds) in one assembly line. The company will install two more lines going forward, taking the total capacity to 4m meters p.a.
- This is a fully automated facility with SMT lines, injection molding, and assembly units, involving minimal human intervention. Further, KAYNES uses robots to transport raw materials to the SMT line and pack the final products.

- The facility is only a small part of the large 46-acre land parcel that KAYNES owns and will incorporate further expansions going forward.
- The company plans to add another building next year, taking the total annual capacity to 10m meters.

Valuation and view

- KAYNES is a prominent end-to-end and IoT-enabled integrated electronics manufacturer with strong order book growth (85% CAGR over FY20-FY24) and a higher share of Box Build (~42% in FY24) and PCBA (~55%).
- We estimate a revenue/EBITDA/Adj. PAT CAGR of 57%/64%/71% over FY24-FY27, driven by a healthy order book growth trajectory and a better margin profile (increasing mix of high-value orders).
- **We reiterate our BUY rating on the stock with a TP of INR6,400 (premised on 60x Jun'26E EPS).**

Opportunity size of the smart meter industry

Particulars	million meters	Opportunity (INRb)		
		Manufacturing	AMC (annual)	Total
Total required meters	**250.0**	**750**	**25**	**775**
Sanctioned meters*	222.5	667	22	690
Awarded meters*	117.7	353	12	365
Pending sanctions	104.8	314	10	325
Installed meters to date	14.5	44	1	45
Meters yet to be installed	103.2	310	10	320
KAYNES' potential orders out of the awarded meters	**20**	**60**	**2**	**62**

*as of 2nd Oct'24

Source: National Smart Grid Mission, MOFSL

Gujarat State Petronet

BSE SENSEX	S&P CNX
81,688	25,015

Gujarat State Petronet Ltd.

Stock Info

Bloomberg	GUJS IN
Equity Shares (m)	564
M.Cap.(INRb)/(USDb)	241.7 / 2.9
52-Week Range (INR)	470 / 255
1, 6, 12 Rel. Per (%)	-3/6/22
12M Avg Val (INR M)	997
Free float (%)	62.4

Financials Snapshot (INR b)

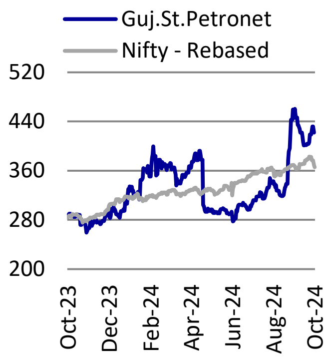
Y/E March	FY24	FY25E	FY26E
Sales	17.6	12.6	13.5
EBITDA	15.0	9.7	10.3
PAT	12.8	7.4	6.8
EPS (INR)	22.8	13.1	12.1
EPS Gr. (%)	35.9	-42.4	-7.7
BV/Sh.(INR)	182.1	191.3	199.8
Ratios			
Net D:E	0.0	-0.1	-0.1
RoE (%)	13.1	7.0	6.2
RoCE (%)	13.2	7.1	6.2
Payout (%)	21.9	30.0	30.0
Valuations			
P/E (x)	18.9	32.9	35.6
P/BV (x)	2.4	2.3	2.2
EV/EBITDA (x)	15.9	24.3	23.0
Div. Yield (%)	1.2	0.9	0.8
FCF Yield (%)	3.1	1.0	0.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	37.6	37.6	37.6
DII	25.6	26.8	27.2
FII	15.9	15.7	16.6
Others	20.9	20.0	18.6

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR428 TP: INR472 (+10%) Downgrade to Neutral

Merger key event to watch for in FY26

- **After a strong 1Q, 2Q will likely be a weak quarter for GUJS owing to fading power demand, a one-month shutdown at Morbi, and the full-quarter impact of the tariff cut. We build in EBITDA of INR2.4b and transmission volume of 34mmscmd (down 7% QoQ). We estimate EBITDA/PAT to decline by 21%/10% QoQ. However, we estimate transmission volumes to reach 38.5mmscmd by FY26 (12% CAGR over FY24-26), driven by upcoming LNG terminals in Gujarat and improved demand owing to the focus on reducing the industrial pollution.**
- **As part of the company's merger with Gujarat Gas (GUJGA), the swap ratio for GUJS was fixed at 10:13, i.e., 10 shares of GUJGA (FV INR2) will be issued for every 13 equity shares of GUJS (FV INR10). Based on this swap ratio, we revise our TP for GUJS to INR472/share and downgrade the stock to Neutral.**

2Q likely to be a weak quarter for GUJS

- Amid fading power demand, a one-month shutdown at Morbi and the full-quarter impact of the tariff cut, 2Q is likely be a weak quarter for GUJS.
  - We estimate transmission volumes to decline 7% QoQ and EBITDA/PAT to decline 21%/10% QoQ.
- We build in EBITDA of INR9.7b/INR10.3b for FY25/FY26.
  - We estimate transmission volumes to reach 38.5mmscmd by FY26 (12% CAGR over FY24-26), driven by upcoming LNG terminals in Gujarat and improved demand owing to the focus on reducing the industrial pollution.

Tariff-related uncertainty remains

- On 20th Apr'24, the PNGRB issued a tariff order for GUJS's HP gas network. The tariff was reduced to INR18.1/mmBtu from INR34.0/mmBtu (provisional), which was a major disappointment. Following the tariff order, we had cut our FY25E/FY26E EPS by ~41% each.
- However, GUJS has filed an appeal with APTEL challenging the tariff order and seeking to set aside the order. Even though we do not expect an early resolution in this matter, we understand that GUJS will continue to pursue a revision of this tariff order.

Start of new LNG terminals in Gujarat

- The available LNG capacity in Gujarat is expected to grow 55% to ~42.5mmtpa over the next two years and GUJS will be a key beneficiary of higher volume growth.
- HPCL's 5mmtpa Chhara terminal (expandable to 10mmtpa) would also be commissioned in Nov'24/Dec'24. Similarly, PLNG's Dahej terminal expansion from 17.5mmtpa to 22.5mmtpa is expected to be completed by Mar'25.
- Swan LNG's upcoming LNG regasification terminal at Jaffrabad is also a 5mmtpa terminal (expandable to 10mmtpa). A recent media article states that Swan Energy is planning to sell its stake in the floating LNG terminal through the sale of FSRU. This transaction is expected to be executed in six months, which is likely to cause further delay in the commissioning of the terminal.

GSPC, GUJS and GEL to amalgamate with GUJGA

In the board meeting held on 30th Aug'24, the board of GUJS approved the composite scheme of arrangement and amalgamation among the transferor companies - Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GUJS) and GSPC Energy Limited (GEL), transferee company - Gujarat Gas (GUJGA), and resultant company - GSPL Transmission Limited (GTL). The scheme results in the amalgamation of GSPC, GUJS and GEL with GUJGA, followed by the demerger of Gas Transmission Business Undertaking into GTL.

Following are the key details pertaining to the scheme:

- **Share Exchange Ratio:**
  - To shareholders of GSPC, 10 shares of GUJGA (FV INR2) shall be issued for every 305 equity shares of GSPC (FV INR1).
  - To shareholders of GUJS, 10 shares of GUJGA (FV INR2) shall be issued for every 13 equity shares of GUJS (FV INR10).
  - Post amalgamation, gas transmission business shall be demerged into GTL, and GUJGA's shareholders shall receive 1 equity share (FV INR10) of GTL for every 3 equity shares of GUJGA (FV INR2). GTL shall get listed subsequently.
- **Timeline**

Approval from SEBI and stock exchanges is expected by Dec'24. Approval of shareholders, regulatory authorities and MCA is expected by May'25. Shares pursuant to the scheme shall be issued within one month of receipt of all the approvals, post which, trading of GUJS shall be suspended. Listing of additional share of GUJGA and listing of GTL is expected to complete by Aug'25, marking completion of the scheme.

- **Benefits for the shareholders:**

Related-party transactions between GSPC and GUJGA will be eliminated. Shareholders of GUJS will experience value unlocking as they receive shares of both GUJGA and GTL. Also, the demerger shall facilitate an independent, market-driven valuation of GTL.

Valuation and View

- The available LNG capacity in Gujarat is expected to grow 55% to 42.5mmtpa over the next two years. Most of this volume is likely to flow through GUJS's network. We believe the company could post a 12% CAGR in transmission volumes over FY24-26.
- We expect volumes to jump to ~38.5mmscmd in FY26, as it is a beneficiary of: a) the upcoming LNG terminals in Gujarat, and b) an improved demand owing to the focus on reducing industrial pollution (Gujarat has five geographical areas identified as severely/critically polluted).
- Based on the announced share swap ratio of 10:13 (GUJS:GUJGA), we arrive at a TP of INR472 (basis 2nd Oct'24 price). Hence, we downgrade our rating on the stock to Neutral with a potential upside of 10%.

Amber Enterprises

BSE SENSEX	S&P CNX
81,688	25,015

Stock Info

Bloomberg	AMBER IN
Equity Shares (m)	34
M.Cap.(INRb)/(USDb)	166.1 / 2
52-Week Range (INR)	5365 / 2712
1, 6, 12 Rel. Per (%)	10/20/41
12M Avg Val (INR m)	839
Free float (%)	60.1

Financial Snapshot (INR b)

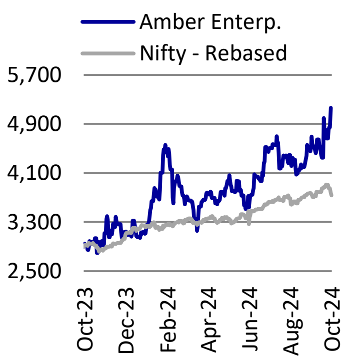
Y/E MARCH	FY25E	FY26E	FY27E
Sales	84.6	101.0	120.7
EBITDA	6.3	7.9	10.1
EBITDA Margin (%)	7.4	7.8	8.4
PAT	2.3	3.2	4.7
EPS (INR)	68.1	95.2	140.3
EPS Growth (%)	72.6	39.9	47.4
BV/Share (INR)	680.8	776.0	916.3
Ratios			
Net D/E	0.4	0.3	0.2
RoE (%)	10.5	13.1	16.6
RoCE (%)	9.8	11.3	13.9
Valuations			
P/E (x)	72.2	51.7	35.1
P/BV (x)	7.2	6.3	5.4
EV/EBITDA (x)	28.2	22.2	17.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	39.9	40.3	40.3
DII	15.7	15.8	12.7
FII	28.4	26.0	24.2
Others	16.0	17.9	22.8

FII Includes depository receipts

Stock performance (one-year)



CMP: INR4,919 TP: INR5,500 (+12%) Buy

Electronics segment to grow at a fast pace

We recently interacted with Amber Enterprises (AMBER) management to understand the scope of growth in the consumer durables, railways, and electronics segments. Management highlighted a positive view on the long-term growth of the RAC segment, particularly components expected to be driven by improved AC demand in the coming years and continuous addition of new segments and clients in consumer durables. For the electronics division, the company is adding new customers in segments such as automotive, defense, medical, and telecom and is targeting to grow its electronics division at a fast pace. The company is also continuously expanding the scope of addressable market in railways, though ordering remains slow in this segment. We maintain our positive stance on AMBER on account of its ability to grow other segments beyond RAC. We slightly revise our estimates on slower growth in railways and higher growth in electronics segment and expect revenue/ EBITDA/PAT CAGR of 21%/27%/52% over FY24-FY27. We reiterate BUY with a DCF-based TP of INR5,500, implying 42x P/E on two-year forward EPS (Dec'26).

Key investment thesis on the company

RAC industry is growing fast, thus aiding growth in consumer durables

The RAC market stood at 10m units in FY24 and is currently growing at a fast pace of 40%. The company has maintained its market share of 25-26% in the RAC market and expects a similar trend in future. Due to insourcing from various OEMs, realization and margins in this segment were impacted. However, AMBER, with its ability to cater to IDU/ODU as well as component requirements, is expecting to benefit from volume growth. With increased share of components in overall consumer durable sales, AMBER also expects some margin improvement in future.

Electronics segment will continue to remain on a high growth trajectory

The electronics market in India is expected to reach USD300b by FY30 from the current level of USD115b. PCBs form nearly 3-4% of the BoM of electronics and the PCB market in India currently stands at USD4b. With very small scale of PCB manufacturing taking place in India at INR30b, the scope of TAM expansion for PCB manufacturing in India is very high, at USD5b-USD6b, over the next few years. AMBER has expanded its presence in PCB assembly and PCB manufacturing across a wide range of industries in the electronics segment through ILJIN, Ever, and the acquisition of Ascent circuits. It currently holds 20% of total market share in PCB manufacturing. For PCB assembly, the company already caters to a wide range of segments, such as aerospace & defense, railways, industrial, telecom, automobile, healthcare, hearable & wearable, and consumer durables, and will move up the value chain to manufacture Flex, HDI, and Semiconductor substrate PCBs through its MoU with Korea Circuit. The company expects to grow this segment to INR18-20b in FY25 and at a 35% CAGR over the next few years. With a wide range of user industries, the scope of margin expansion in the electronics segment is also quite high.

Railways segment’s performance may remain weak in FY25

AMBER has already increased its addressable market from 3-4% of BoM per coach to 18-20% of BoM per coach through its JV with Titagarh. The company’s greenfield plant and brownfield plant will start offering prototypes by 1QFY26, with full production slated to commence from 4QFY26. Thus, a sharp ramp-up is expected in the mobility division from FY27 onwards.

Scope for further indigenization in the RAC industry

There is scope for further indigenization in the RAC industry as the import dependence is still higher for specific components. For instance, the import dependence is higher for key components of high-value intermediaries such as compressors, copper tubes, and aluminum stock. AC OEMs are already making investments in these areas. However, AMBER already caters to nearly 70% of the BoM of RAC and currently does not have plans to foray into compressor manufacturing.

Financial outlook

We expect AMBER’s revenue to clock a 21% CAGR over FY24-FY27, driven by 17%/ 36%/26% CAGR in the consumer durables/electronics/mobility segments. We revise our estimates to factor in slower growth in railways and higher growth in the electronics segment in FY26. We expect its gross margin to range around 18.3% and EBITDA margin to be 7.4%/7.8%/8.4% for FY25/FY26/FY27E. We expect 52% PAT CAGR over the same period, driven by improved revenue as well as margins. We model a capex of INR4b in FY25 and INR3.5b each for the next two years as Amber is continuously investing across components, electronics, and railways to widen its scope of offerings. With improvement in margins and stable working capital, we project an OCF of INR2.2b/INR6.4b/INR7.9b for FY25/FY26/FY27. However, FCF may remain weak at INR(1.8b)/INR2.9b/INR4.4b due to a higher capex over the next 2-3 years. We, thus, expect its RoE/RoCE to start moving up over the next 2-3 years.

Valuation and recommendation

The stock is currently trading at 72.2x/51.7x/35.1x P/E on FY25/26/27E earnings. We roll forward our valuations and reiterate a BUY rating on AMBER with a DCF-based TP of INR5,500, implying 42x P/E on a two-year forward EPS (Dec’26).

Key risk and concerns

Key risks and concerns include lower-than-expected demand growth in the RAC industry; change in BEE norms making products costlier; and increased competition across the RAC, mobility, and electronics segments.

HDFC Bank

BSE SENSEX	S&P CNX
81,688	25,015

Stock Info

Bloomberg	HDFCB IN
Equity Shares (m)	7608
M.Cap.(INRb)/(USDb)	12831.4 / 152.8
52-Week Range (INR)	1794 / 1363
1, 6, 12 Rel. Per (%)	3/1/-18
12M Avg Val (INR M)	33325
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E	FY24	FY25E	FY26E
NII	1,085	1,237	1,375
OP	944	1,017	1,146
NP	608	678	765
NIM (%)	3.4	3.5	3.5
EPS (INR)	80.0	89.3	100.7
EPS Gr. (%)	1.0	11.5	12.8
BV/Sh. (INR)	580	649	728
ABV/Sh. (INR)	555	622	698
Ratios			
RoE (%)	14.6	14.5	14.6
RoA (%)	1.8	1.8	1.8
Valuations			
P/E(X)	21.0	18.8	16.7
P/E(X)*	17.8	15.9	14.1
P/BV (X)	2.9	2.6	2.3
P/ABV (X)	2.6	2.3	2.0

***adj for subs**

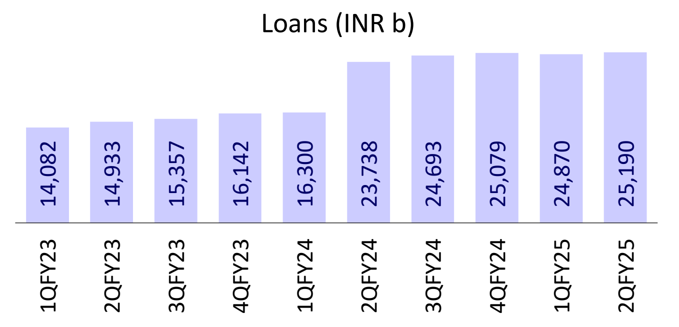
CMP: INR1,682 | Buy

Deposit growth robust (beats estimates); Advances up 1.3% QoQ

HDFCB released its 2QFY25 business update. Following are the key takeaways:

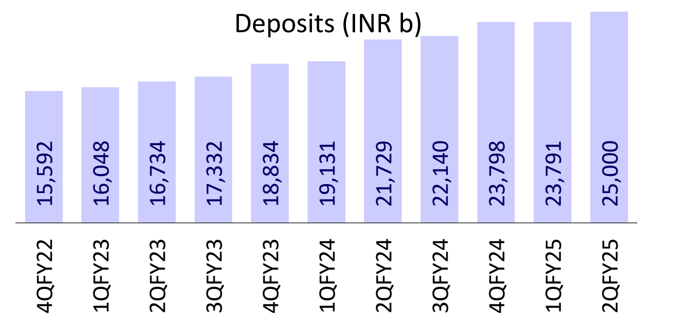
- **Gross advances grew 7.0% YoY (+1.3% QoQ) to INR25.2t. Gross of transfers through IBPCs and bills rediscounted, the loan book grew 8% YoY (+2.3% QoQ).**
- **According to the bank's internal classification, domestic retail loans grew 9.7% YoY (+2.6% QoQ), and commercial & rural banking grew 18.4% YoY (+5.3% QoQ). Other wholesale loans grew 9.1% YoY (-2.8% QoQ).**
- **Deposit growth was healthy at 15.1% YoY (+5.1% QoQ) to INR25t. CASA deposits grew 8% YoY (+2.3% QoQ), whereas term deposits rose 19.3% YoY (+6.7% QoQ) to INR16.2t.**
- **The liquidity coverage ratio (average) was around 127% for the quarter.**

Exhibit 1: Loans grew 7.0% YoY/1.3% QoQ



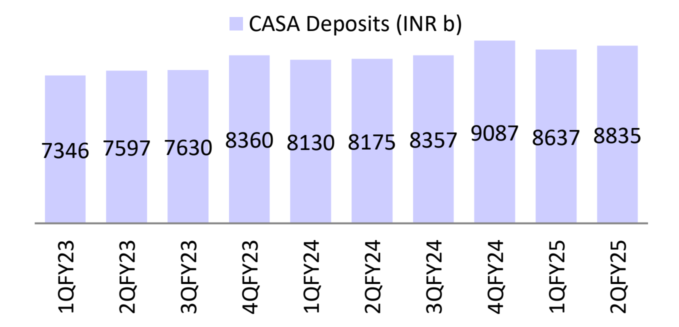
*merged nos Source: MOFSL, Company

Exhibit 2: Deposits grew 15.1% YoY/5.1% QoQ



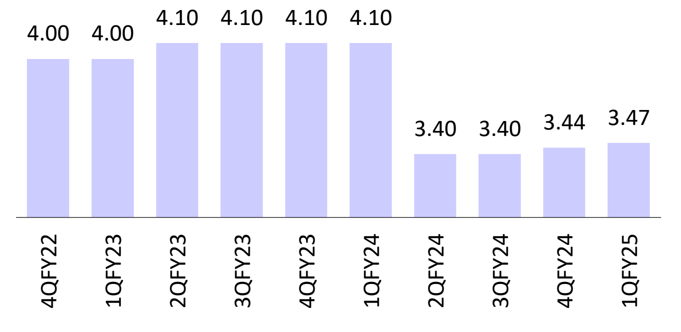
*merged nos Source: MOFSL, Company

Exhibit 3: CASA deposits grew 8.0% YoY/2.3% QoQ



Source: MOFSL, Company

Exhibit 4: Margins stood at 3.47% in 1QFY25



Source: MOFSL, Company

Titan Company

BSE SENSEX	S&P CNX
81,688	25,015

Financials Snapshot (INR b)

Y/E Mar	2024	2026E	2026E
Sales	510.8	590.3	688.4
Sales Gr. (%)	25.9	15.6	16.6
EBITDA	52.9	61.6	73.5
EBITDA Margin. %	10.4	10.4	10.7
Adj. PAT	35.0	40.5	50.2
Adj. EPS (INR)	39.3	45.5	56.4
EPS Gr. (%)	6.8	15.9	23.9
BV/Sh.(INR)	105.5	137.4	176.9
Ratios			
RoE (%)	32.9	37.5	35.9
RoCE (%)	17.3	17.3	17.9
Payout (%)	28.0	30.0	30.0
Valuation			
P/E (x)	93.5	80.7	65.1
P/BV (x)	34.8	26.7	20.8
EV/EBITDA (x)	62.5	53.3	44.6
Div. Yield (%)	0.3	0.4	0.5

CMP: INR3,670

Reports double-digit sales growth

TTAN released its pre-quarterly update for 2QFY25. Here are the key highlights:

TTAN added 75 stores during the quarter, and its total retail presence (including CaratLane) stood at 3,171 stores at the end of 2QFY25.

Jewelry division

- Standalone jewelry sales grew 26% YoY (ex-bullion) in 2QFY25 (vs. our estimates of 20% in 2QFY25 and 9% in 1QFY25 / 19% in 2QFY24).
- Consumer demand significantly picked up momentum after the reduction in custom duty on gold imports from 15% to 6%, leading to a strong double-digit uptick in gold (plain) for the quarter.
- The jewelry segment's domestic operations grew ~25% YoY. The LFL (secondary) sales growth for domestic operations came in the mid-teens (vs. our estimate of 14% for 2QFY25 and 3% in 1QFY25).
- The non-solitaire studded segment recorded growth in high double-digits.
- The solitaire segment saw a decline amidst price uncertainty and demand supply dynamics in the international markets, both together resulting in overall studded sales growth in low double-digits for the quarter.
- **Buyer growth was** ~11% YoY, driven by the launch of new collections, promotions, and marketing campaigns.
- The company added 24 stores in the jewelry segment. Mia added a new store in Abu Dhabi during the quarter.
- Domestic store additions were 23: 11 stores in Tanishq, 11 stores in Mia by Tanishq, and one store in Zoya.

Watches & Wearables division

- The watches and wearable segment's domestic business grew 19% YoY.
- Analog segment revenue grew by ~25% YoY, supported by both volume and value increases. Premiumization trend continued to drive growth across brands.
- The wearables segment experienced a low double-digit decline in revenue as the category continued to face a significant downturn.
- Store additions: 34 new stores (18 of Titan World, 14 of Helios, and two of Fastrack).

Eyecare division

- The division's domestic business grew 6% YoY. The secondary sales growth was nearly similar, with buyers growing marginally YoY.
- Titan Eye+ added two stores during the quarter.

Emerging businesses (Fragrances & Fashion Accessories and Indian Dress Wear)

- Taneira's sales grew 11% YoY. It opened four new stores, with two of them in the new cities of Indore and Prayagraj.
- F&FA revenue grew 17% YoY. Within the business, Fragrances grew ~19% YoY and Fashion Accessories rose ~11% YoY.

CaratLane

- The business grew ~28% YoY in 2QFY25, aided by activations and healthy growth in brand searches.
- Buyers grew ~24% YoY, and the LFL (secondary) growth was ~21% YoY.
- Studded ratio was higher compared to 2QFY24.
- It added 11 new domestic stores during the quarter, taking the total count to 286.

IndusInd Bank

BSE SENSEX	S&P CNX
81,688	25,015

CMP: INR1,383 **Buy**

Financials Snapshot (INR b)

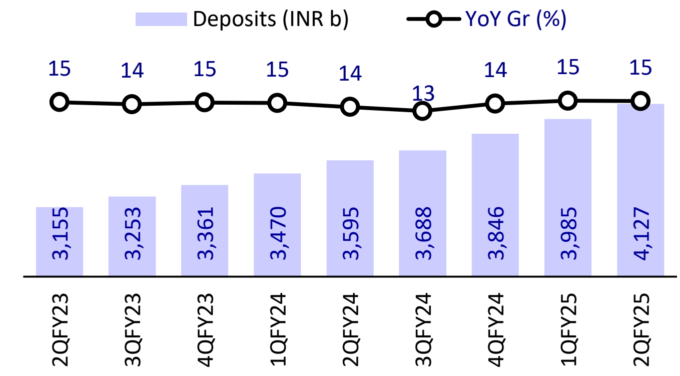
Y/E MARCH	FY24	FY25E	FY26E
NII	206.2	222.5	262.7
OP	158.6	165.5	197.6
NP	89.8	88.6	109.3
NIM (%)	4.2	4.0	4.1
EPS (INR)	115.5	113.9	140.4
EPS Gr. (%)	20.3	-1.4	23.3
BV/Sh. (INR)	810	908	1,031
ABV/Sh. (INR)	792	887	1,007
Ratios			
RoE (%)	15.3	13.3	14.5
RoA (%)	1.8	1.6	1.7
Valuations			
P/E (X)	12.0	12.2	9.9
P/BV (X)	1.7	1.5	1.3
P/ABV (X)	1.8	1.6	1.4

Deposits growth healthy; CASA mix moderates further

IndusInd Bank (IIB) released its quarterly update, highlighting the key business numbers for 2QFY25. The key takeaways are as follows:

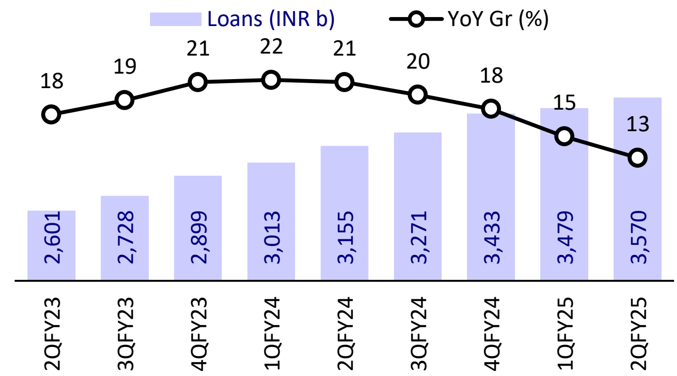
- Net advances grew 13.2% YoY and 2.6% QoQ to ~INR3.6t.
- The CD ratio for the bank moderated to 86.5% (down 80bp QoQ) in 2QFY25.
- Deposit growth was healthy at 3.6% QoQ (up 14.8% YoY to ~INR4.1t). Within deposits, the CASA mix moderated 77bp QoQ to 35.9%.
- Retail/Small Business deposits grew at 4.4% QoQ, reaching INR1,819b.
- IIB continued to report healthy growth in deposits; however, the CASA mix moderated further.

Deposits up 15% YoY (+3.6% QoQ) in 2QFY25



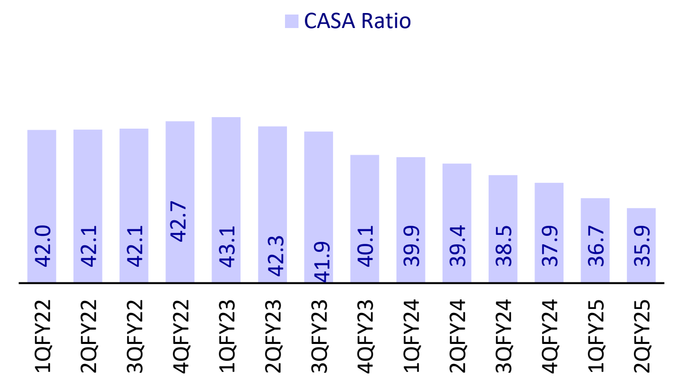
Source: MOFSL, Company

Loans up 13.2% YoY (+2.6% QoQ) in 2QFY25



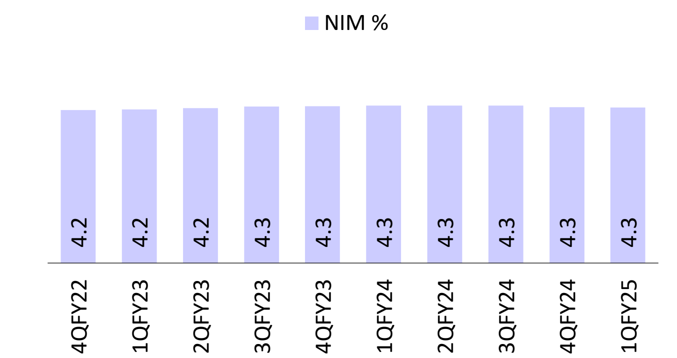
Source: MOFSL, Company

CASA ratio moderated to 35.9% in 2QFY25



Source: MOFSL, Company

NIM stood at 4.25% in 1QFY25



Source: MOFSL, Company

AU Small Finance Bank

BSE SENSEX	S&P CNX
81,688	25,015

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	51.6	80.5	101.2
PPoP	24.4	40.6	51.8
PAT	15.3	21.6	28.8
NIM (%)	5.2	6.2	6.0
EPS (INR)	23.0	30.6	38.8
EPS Gr. (%)	4.3	33.4	26.5
BV/Sh. (INR)	187	223	261
ABV/Sh. (INR)	183	218	254
Ratios			
RoE (%)	13.1	14.9	16.0
RoA (%)	1.5	1.7	1.7
Valuations			
P/E(X)	31.3	23.5	18.6
P/BV (X)	3.9	3.2	2.8
P/ABV (X)	3.9	3.3	2.8

CMP: INR719 BUY

Business growth robust; CD ratio declines

AUBANK has released its business update for 2QFY25. Here are the key highlights:

- AU Small Finance Bank (AUBANK) reported healthy growth of 5.9% QoQ in gross advances to ~INR960b. Including the securitized/assigned loan portfolio, the total loan portfolio grew 5.2% QoQ.
- The bank securitized its asset portfolio of INR9b in 2QFY25 and INR9b in 1QFY25, resulting in GLP growth of 5.2% QoQ in 2QFY25.
- On the liability front, total deposits grew at 12.7% QoQ to INR1,096b. The deposits grew at a healthy pace and surprised positively vs. our expectations of 9.7% QoQ growth.
- CASA deposits grew at an accelerated pace at 10.9% QoQ to INR355b. CASA ratio declined marginally to 32.4% in 2QFY25.
- Overall, business growth remained strong amid better-than-expected deposits growth. The bank witnessed a higher CD ratio in 1QFY25 amid its merger with Fincare SFB. The faster growth of deposits, backed by CASA deposits, resulted in a decline in the CD ratio to 86.5% (down 5-6% QoQ) on a calculated basis. AUBANK remains one of our top picks in the Banking coverage.

Key business trends

INR b	1QFY25	2QFY25	QoQ (%)
Total Deposits	9,72.9	10,96.9	12.7%
CASA Deposits	3,20.4	3,55.2	10.9%
CASA Ratio (%)	32.9%	32.4%	NA
Gross Advances	9,07.02	9,60.3	5.9%
Securitized/Assigned Loan Portfolio + IBPC	90.9	90	NA
Gross Loan Portfolio	9,97.92	10,50.3	5.2%

Note: Fincare SFB with AUBANK effective 1st Apr'24; Source: MOFSL, Company

Federal Bank

BSE SENSEX	S&P CNX
81,688	25,015

Financials Snapshot (INR b)

Y/E Mar	FY24	FY25E	FY26E
NII	82.9	96.8	117.5
OP	51.7	61.5	77.1
NP	37.2	41.2	49.8
NIM (%)	3.3	3.2	3.3
EPS (INR)	16.3	16.9	20.5
EPS Gr. (%)	14.5	3.5	20.9
BV/Sh. (INR)	119	134	152
ABV/Sh. (INR)	113	127	143
Ratios			
ROE (%)	14.7	13.4	14.3
ROA (%)	1.3	1.2	1.3
Valuations			
P/E(X)	11.9	11.5	9.5
P/BV (X)	1.6	1.4	1.3
P/ABV (X)	1.7	1.5	1.4

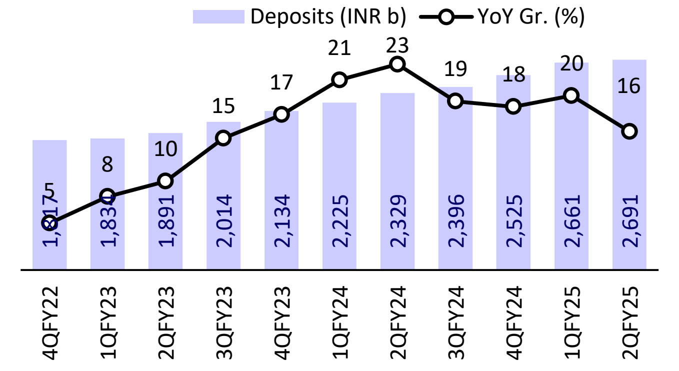
CMP: INR194 — Buy

Advances growth healthy; CASA ratio improved 80bp QoQ

Federal Bank (FB) released its quarterly update, underlining the 2QFY25 business numbers. The key highlights are as follows:

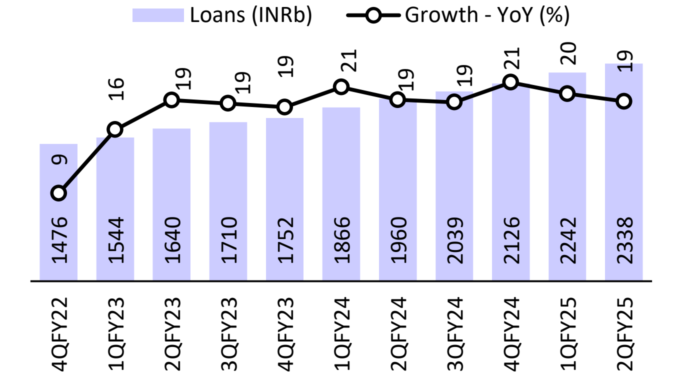
- Gross advances grew 19.3% YoY to ~INR2.34t (4.3% QoQ). According to the internal classification of the bank, retail credit grew 23% YoY, while wholesale book posted a 13% growth YoY. With this, the share of retail in the total loan mix stood at 57% in 2QFY25.
- The total deposit base grew 15.6% YoY (1.1% QoQ) to INR2.69t. Total customer deposits grew 16% YoY (0.8% QoQ), while the CASA growth stood at 11.5% YoY (3.9% QoQ). The CASA ratio stood at 30.07%, up 80bp QoQ.
- The Certificate of Deposit grew 19.9% YoY/11.4% QoQ, while interbank deposits declined 19.5% YoY (down 3.1% QoQ).

Deposits grew ~15.6% YoY (+1.1% QoQ)



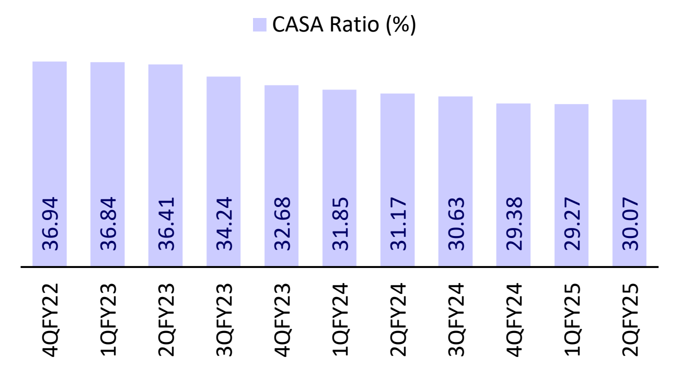
Source: MOFSL, Company

Gross advances grew 19.3% YoY (+4.3% QoQ)



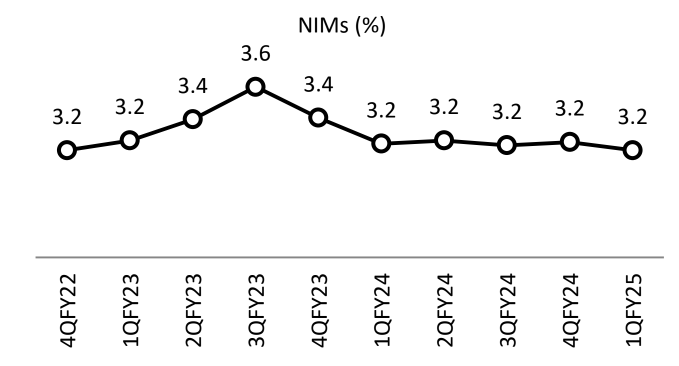
Source: MOFSL, Company

CASA ratio improved 80bp QoQ to 30.07%



Source: MOFSL, Company

NIM was at 3.16% as of 1QFY25



Source: MOFSL, Company

L&T Finance

BSE SENSEX	S&P CNX
81,688	25,015

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Income	91.1	112.5	139.7
PPP	61.9	78.1	99.8
PAT	28.3	35.4	45.8
EPS (INR)	11.4	14.2	18.4
EPS Gr. (%)	22.2	25.1	29.2
BV/Sh. (INR)	103	114	129
Ratios			
NIM (%)	10.0	9.8	9.7
C/I ratio (%)	40.1	38.0	35.4
RoA (%)	2.5	2.6	2.7
RoE (%)	11.5	13.1	15.1
Payout (%)	26.0	24.5	22.0
Valuations			
P/E (x)	15.4	12.3	9.5
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	1.7	2.0	2.3

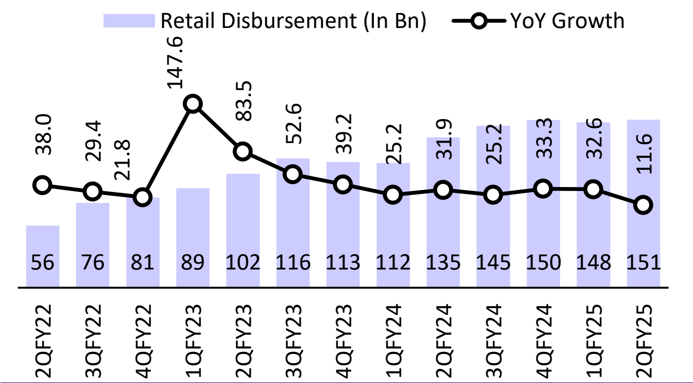
CMP:INR175 Buy

Retail loans grew ~28% YoY; retail mix now at ~96%

Wholesale loans could have potentially declined to ~INR37b

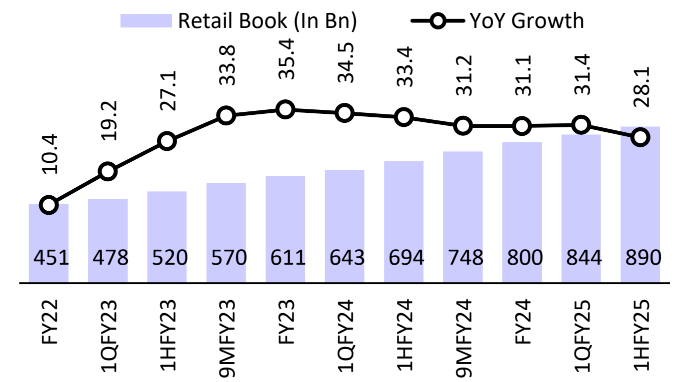
- Retail disbursements for 2QFY25 rose ~12% YoY and ~2% QoQ to INR151b (PY: INR148b).
- Rural business disbursements declined 5% YoY. Farmer finance disbursements grew 16% YoY and urban finance disbursements grew 29% YoY.
- MFI disbursements declined only ~6% QoQ. It is noteworthy that while there was a significant decline in disbursements across the MFI sector, LTFH's MFI business continued to remain healthy, exhibiting only a minor sequential decline in disbursements compared to the last quarter.
- Retail loan book grew 28% YoY and 5% QoQ to INR890b.
- Retail loan mix increased to ~96% (PQ: 95%) and was well ahead of Lakshya's FY26 retail mix target of over 80%. This implies that the wholesale book could have potentially declined to ~INR37b (PQ: ~INR43b).

Retail disbursements grew ~12% YoY



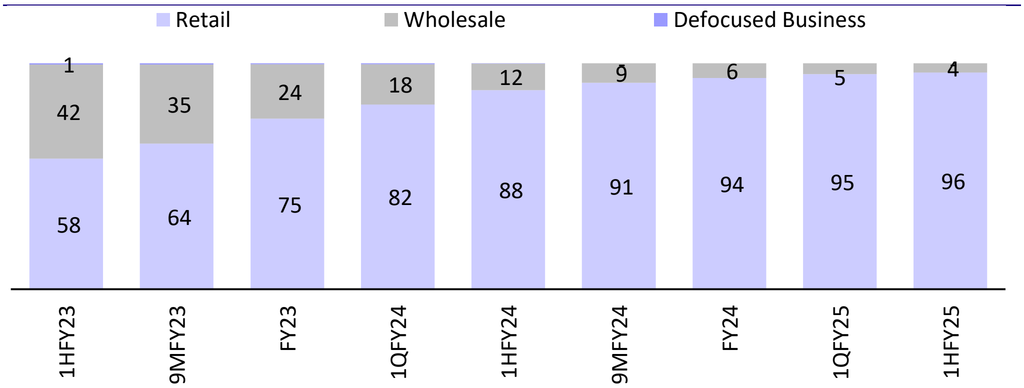
Source: MOFSL, Company

Retail loans grew ~28% YoY



Source: MOFSL, Company

Wholesale mix declined to ~4% (vs. 42% around two years ago)



Source: MOFSL, Company

Bandhan Bank

BSE SENSEX	S&P CNX
81,688	25,015

CMP: INR187 — **Neutral**

Financials Snapshot (INR b)

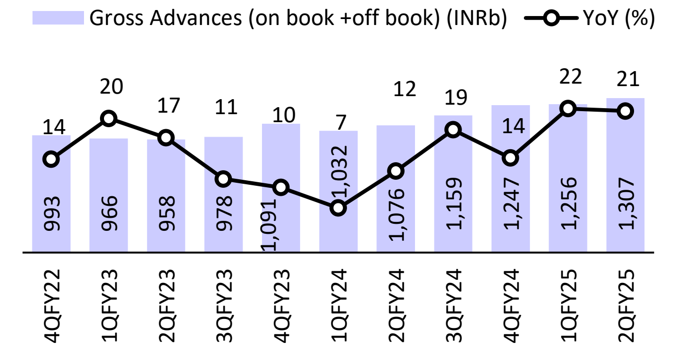
Y/E March	FY24	FY25E	FY26E
NII	103.3	124.5	141.6
OP	66.4	79.0	88.5
NP	22.3	39.3	46.0
NIM (%)	6.7	7.2	7.1
EPS (INR)	13.8	24.4	28.6
EPS Gr. (%)	1.6	76.3	17.0
BV/Sh. (INR)	134	152	175
ABV/Sh. (INR)	128	147	168
Ratios			
RoE (%)	10.8	17.1	17.5
RoA (%)	1.3	2.0	2.1
Valuations			
P/E(X)	13.5	7.7	6.5
P/BV (X)	1.4	1.2	1.1
P/ABV (X)	1.5	1.3	1.1

Deposits growth healthy; CASA ratio at 33.2%

BANDHAN released its quarterly business update, highlighting the key trends for 2QFY25:

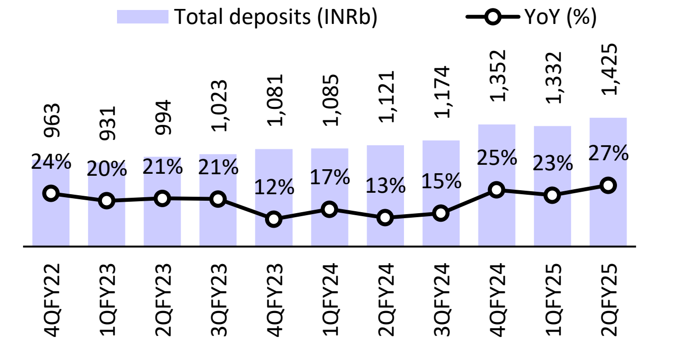
- Gross advances (on and off the book and TLTRO investments) grew 21.4% YoY (+4% QoQ) to ~INR1.3t.
- The deposit base stood at INR1.42t, growing 27.2% YoY (up 7% QoQ). CASA deposits grew 6.4% QoQ (up 9.5% YoY), resulting in CASA ratio at 33.2 (vs 33.45 in 1QFY25).
- Retail deposits (including CASA) grew 16.4% YoY, up 4.9% QoQ. The proportion of Retail deposits declined to 67.8% (vs. 69.1% in 1QFY25). LCR stood at 162.1%.
- On the asset quality front, the overall CE moderated QoQ to 98.2%, with collection efficiency in the Non-EEB segment at 98.7%.

Advances grew 21.4% YoY (4% QoQ) to ~INR1.3t



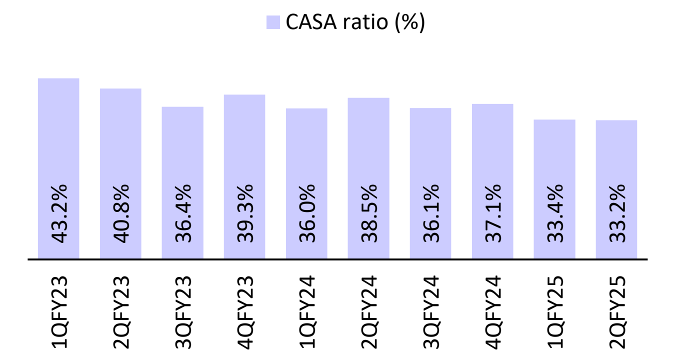
Source: MOFSL, Company

Deposits grew 27.2% YoY (7% QoQ) to INR1.42t



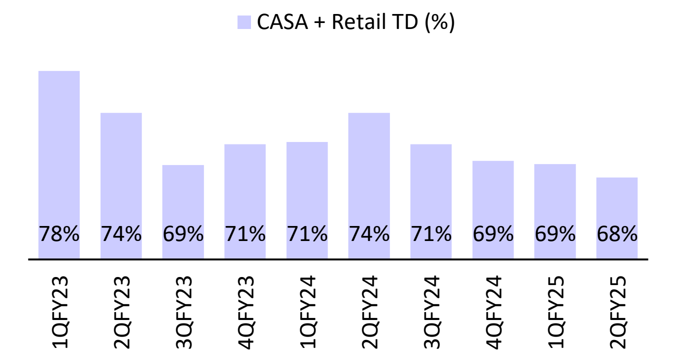
Source: MOFSL, Company

CASA ratio stood at 33.2% in 2QFY25



Source: MOFSL, Company

Retail deposit mix stood at 68% in 2QFY25



Source: MOFSL, Company

4 October 2024

Update | Sector: Capital Market

Angel One

BSE SENSEX	S&P CNX
72,500	21,983

Bloomberg	ANGELONE IN
Equity Shares (m)	83
M.Cap.(INRb)/(USDb)	233.6 / 2.8
52-Week Range (INR)	3900 / 999
1, 6, 12 Rel. Per (%)	-7/43/152
12M Avg Val (INR m)	1507
Free float (%)	61.8

CMP: INR2,742

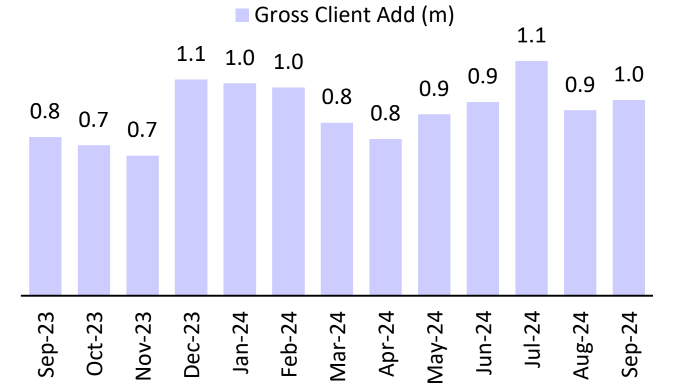
Growth in MTF book but per day order declines MoM

Angel One (ANGELONE) released its key business numbers for Sep'24. Here are the key takeaways:

- Gross client acquisition rose 5.6% MoM to ~0.95m in Sep'24 (+23.4% YoY).
- The total client base stood at 27.5m in Sep'24 (+3.2% MoM/+61% YoY).
- The average funding book was up 6.2% MoM to ~INR40.9b (+152.4% YoY).
- The number of orders declined MoM to 156.7m for Sep'24 (-2.8% MoM/ +36.4% YoY). The number of orders per day declined 2.9% MoM to 7.5m.
- The overall ADTO was up 6.9% MoM as the F&O segment's ADTO rose 6.9% MoM and the commodity segment's ADTO grew 9.7% MoM, while ADTO in the cash segment declined 5.2% MoM.
- Based on the option premium turnover, the overall market share increased 10bp MoM, while the F&O market share remained flat MoM at 19.4% and 20.7%, respectively. Market share for the cash segment increased 10bp MoM to 17.5%.
- The number of registered unique MF SIPs increased 10.3% MoM to ~0.81m in Sep'24 (+186.4% YoY).

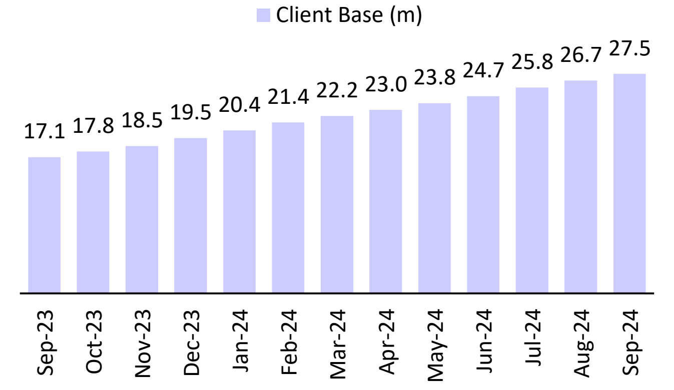
Key Metrics	Sep-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	% YoY	% MoM
No of Days	20	20	18	19	22	21	21		
Client Base (m)	17.1	19.5	22.2	24.7	25.8	26.7	27.5	61.0	3.2
Gross Client Add (m)	0.77	1.05	0.84	0.94	1.14	0.90	0.95	23.4	5.6
Avg MTF book (INR b)	16.2	18.4	18.0	30.4	37.3	38.5	40.9	152.4	6.2
Orders (m)	114.9	137.2	132.3	168.0	171.3	161.2	156.7	36.4	-2.8
Per day orders (m)	5.7	6.9	7.4	8.8	7.8	7.7	7.5	29.8	-2.9
Unique MF SIPs registered (In m)	0.28	0.4	0.43	0.58	0.77	0.74	0.81	186.4	10.3
Angel's ADTO (INR b)									
Overall	32,493	42,014	44,000	45,742	43,487	44,850	47,930	47.5	6.9
F&O	32,023	41,539	43,463	45,112	42,791	44,148	47,173	47.3	6.9
Cash	53	72	63	106	113	96	91	71.7	-5.2
Commodity	323	334	406	524	583	607	666	106.2	9.7
Angel's Premium T/O (INR b)									
Overall	578	609	684	823	858	854	904	56.4	5.9
F&O	107	135	147	193	162	151	147	37.4	-2.6
Retail T/o Market Share								**bps YoY**	**bps MoM**
Overall Equity	26.7	27.1	N.A	N.A	N.A	N.A	N.A		
F&O	26.7	27.2	N.A	N.A	N.A	N.A	N.A		
Overall Equity - based on option premium T/O	16.7	17.3	18.3	18.9	19.3	19.3	19.4	270	10
F&O - based on option premium T/O	18.0	18.9	20.0	20.7	20.7	20.7	20.7	270	0
Cash	14.7	14.9	15.3	16.4	17.5	17.4	17.5	280	10
Commodity	56.3	60.2	58.8	59.1	61.5	63.3	61.8	550	-150

Run rate in client additions increased MoM



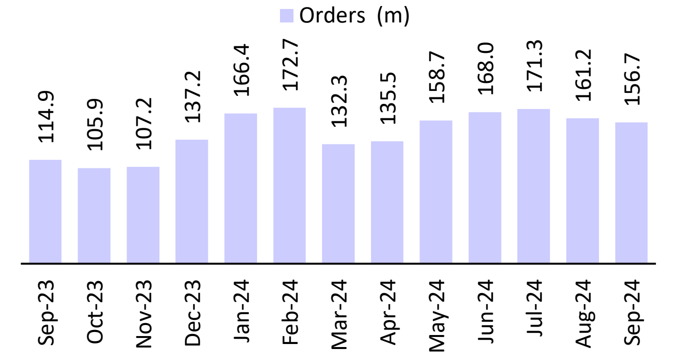
Source: MOFSL, Company

Total client base stood at 27.5m in Sep'24



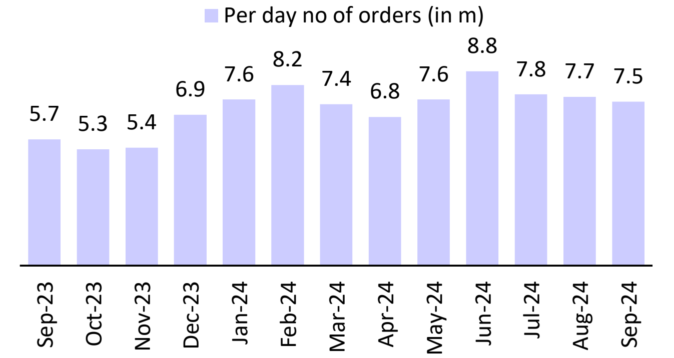
Source: MOFSL, Company

No. of orders declined MoM…



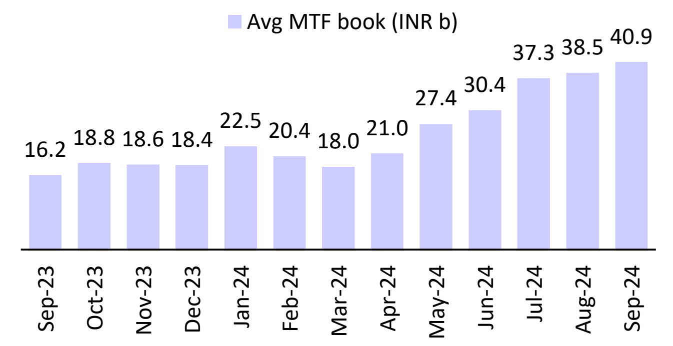
Source: MOFSL, Company

…thus, the no. of orders per day declined MoM



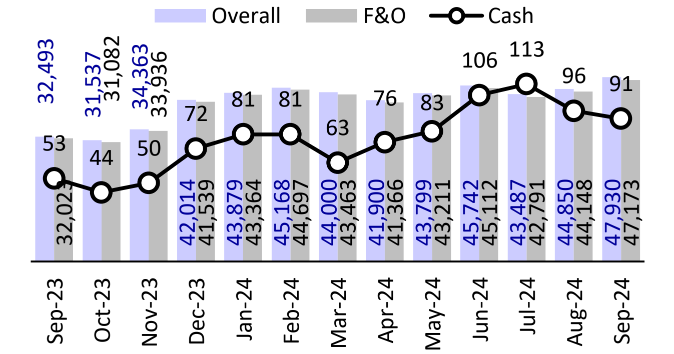
Source: MOFSL, Company

Client funding book increased MoM



Source: MOFSL, Company

ADTO trend (INR b)



Source: MOFSL, Company

IDFC First Bank

BSE Sensex	S&P CNX
81,688	25,015

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	164.5	199.8	237.7
OP	62.4	81.1	102.0
NP	29.6	29.9	42.2
NIM (%)	6.1	6.1	6.0
EPS (INR)	4.3	4.2	6.0
BV/Sh. (INR)	45	49	55
ABV/Sh. (INR)	44	47	53
Ratios			
RoE (%)	10.2	8.9	11.4
RoA (%)	1.1	0.9	1.1
Valuations			
P/E(X)	17.2	17.6	12.5
P/BV (X)	1.6	1.5	1.3
P/ABV (X)	1.7	1.6	1.4

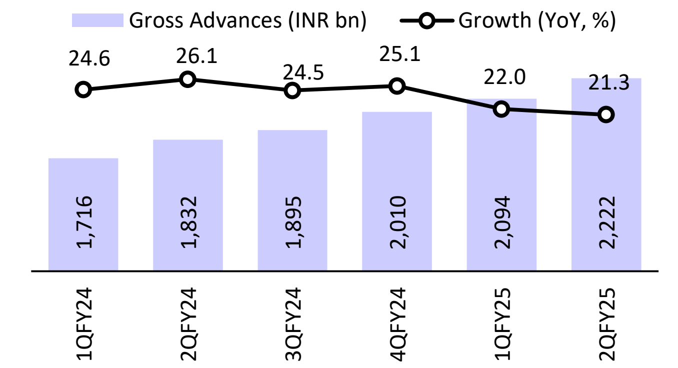
CMP: INR72 **Neutral**

Business traction strong, CASA ratio jumps to 48.9%

IDFC First Bank (IDFCFB) released its business update for 2QFY25. Here are the key highlights:

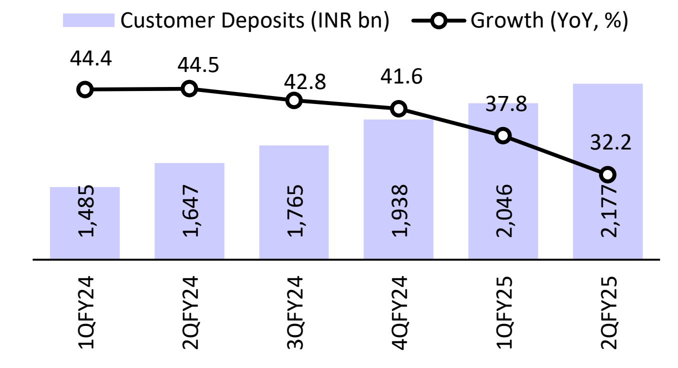
- IDFCFB reported a 21.3% YoY (+6.1% QoQ) growth in loans and advances to INR2.22t in 2QFY25.
- Customer deposits grew 32.2% YoY to INR2.17t (+6.4% QoQ).
- CASA deposits increased 37.6% YoY/11.9% QoQ.
- The CASA ratio increased sharply to 48.9% in 2QFY25 vs. 46.6%. The bank's TD was slower at 32% YoY/ 1.4% QoQ.
- Overall, IDFCFB reported a strong set of business numbers with both gross advances and customer deposits growing at 6%+ QoQ. The bank has performed well in terms of its CASA growth over the past few quarters. It remains well on track on its stated guidance for FY25.

Exhibit 1: Gross advances grew 21% YoY to INR2222b



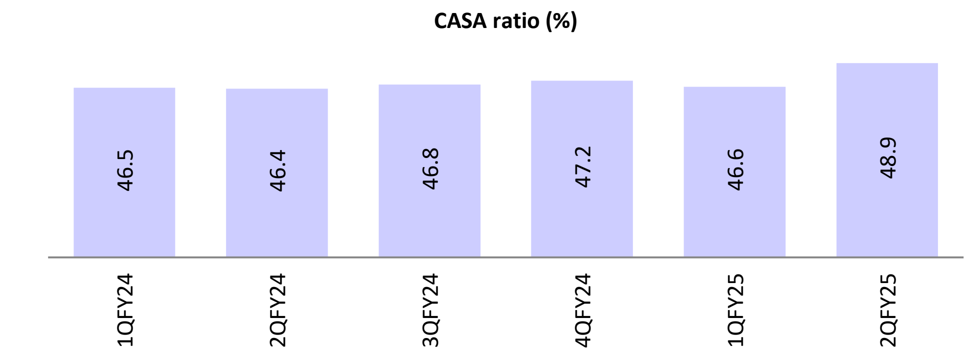
Source: MOFSL, Company

Exhibit 2: Customer deposits grew 32% YoY (+6.4% QoQ)



Source: MOFSL, Company

Exhibit 3: CASA ratio (%) increased sharply 48.9%



Source: MOFSL, Company

RBL Bank

BSE SENSEX	S&P CNX
81,688	25,015

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	60.4	69.5	82.0
OP	30.3	36.6	46.4
NP	11.7	12.7	17.9
NIM (%)	5.1	5.0	5.1
EPS (INR)	19.3	21.0	29.6
EPS Gr. (%)	31.1	8.8	40.7
BV/Sh. (INR)	245	259	279
ABV/Sh. (INR)	235	250	269
Ratios			
RoE (%)	8.2	8.3	11.0
RoA (%)	0.9	0.9	1.0
Valuations			
P/E(X)	10.2	9.4	6.7
P/BV (X)	0.8	0.8	0.7
P/ABV (X)	0.8	0.8	0.7

CMP: INR197 Neutral

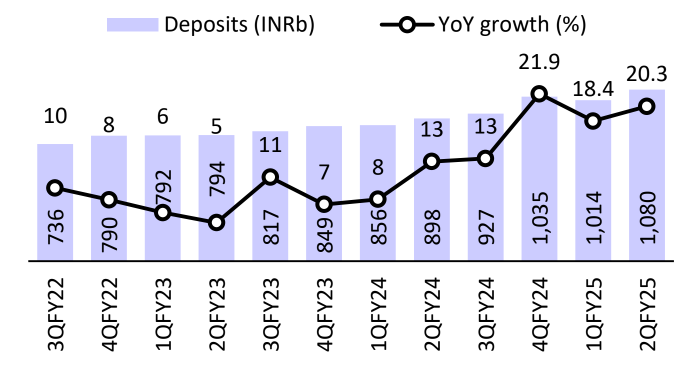
Deposit growth robust; CASA ratio improves

Retail to wholesale mix stood at 62:38

RBL Bank (RBK) released its quarterly business update for 2QFY25. Here are the key highlights:

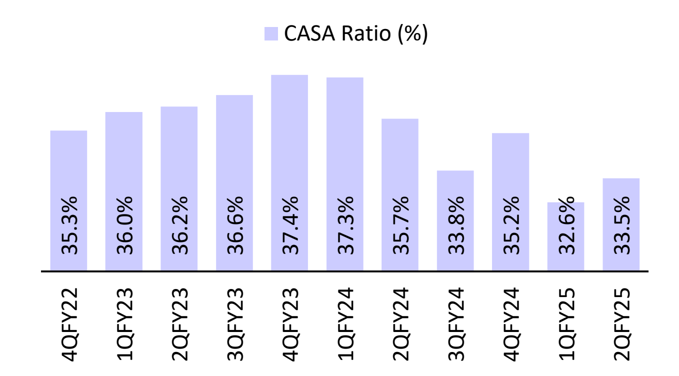
- RBK reported a 15% YoY/2% QoQ increase in gross advances to INR898b. Among segments, retail advances experienced robust growth of 24% YoY, while wholesale loans grew at a modest rate of 3% YoY. The mix of retail and wholesale stood at 62:38.
- The deposit base grew 20% YoY (up 7% QoQ) to INR1,080b. CASA deposits grew 13% YoY (up 10% QoQ). As a result, CASA ratio increased to 33.5% (vs. 32.6% in 1QFY25). Further, retail deposits < 30m experienced a growth of 4% QoQ. The retail deposits mix with deposits below INR3cr stood at 48.3%.
- LCR for the bank stood at 129% (vs. 137% in 1QFY25).

Deposits grew 20.3% YoY (up 7% QoQ)



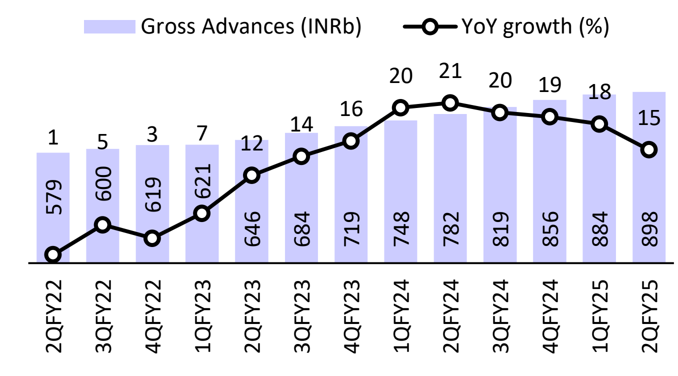
Source: MOFSL, Company

CASA ratio improved to 33.5% vs. 32.6% in 1QFY25



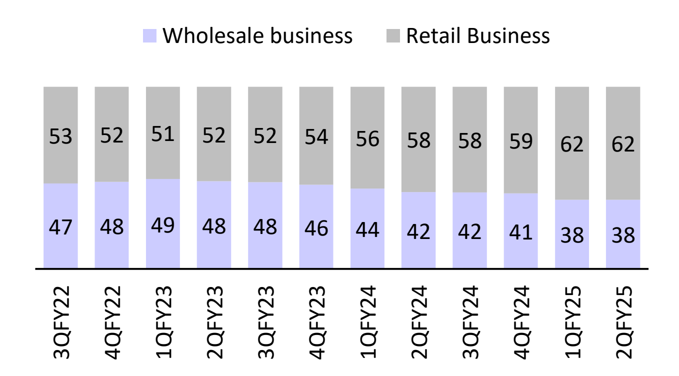
Source: MOFSL, Company

Gross advances grew at 15% YoY (up 2% QoQ)



Source: MOFSL, Company

Retail: Wholesale mix stood at 62:38



Source: MOFSL, Company

Equitas Small Finance

BSE Sensex	S&P CNX
81,688	25,015

CMP: INR75 **Buy**

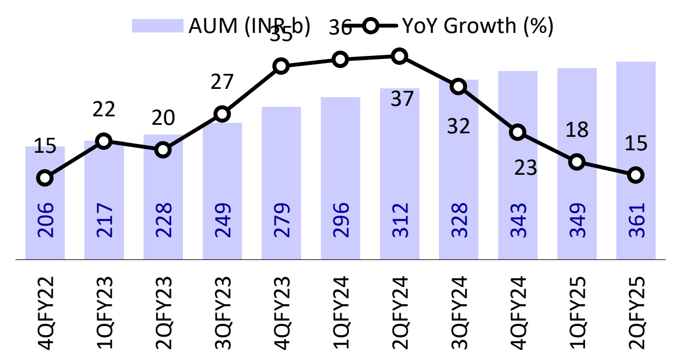
Financials & Valuations (INR b)			
Y/E March	FY24	FY25E	FY26E
NII	30.8	34.5	41.8
OP	13.8	15.0	19.3
NP	8.0	6.4	10.2
NIM (%)	8.5	7.6	7.5
EPS (INR)	7.1	5.6	8.9
BV/Sh. (INR)	53	57	64
ABV/Sh. (INR)	50	55	62
Ratios			
RoE (%)	14.4	10.3	14.8
RoA (%)	2.0	1.3	1.7
Valuations			
P/E(X)	10.5	13.3	8.4
P/BV (X)	1.4	1.3	1.2
P/ABV (X)	1.5	1.4	1.2

Deposit growth momentum healthy; CASA ratio moderates

Equitas Small Finance Bank (Equitas SFB) has released its business update for 2QFY25. Here are the key highlights:

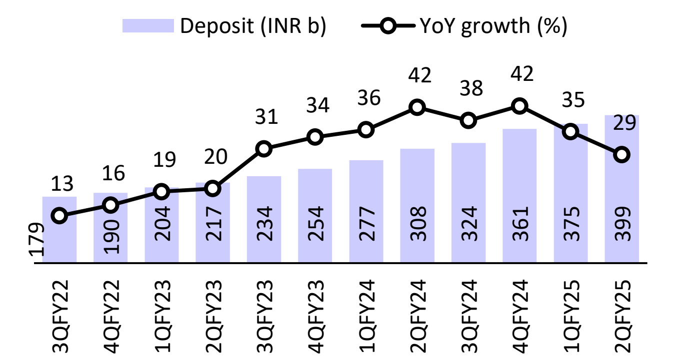
- Equitas SFB's gross advances grew 15.4% YoY (3.4% QoQ) to INR360.5b. MFI advances rose 5.65% QoQ, while non-MFI advances grew 5.25% sequentially.
- On the liability front, total deposits grew 29.2% YoY/6.2% QoQ to INR398.6b. CASA deposits rose 17.7% YoY/ 3.9% QoQ to INR121.8b and as a result, CASA ratio moderated to 30.6% in 2QFY25 from 31.2% in 1QFY25.
- Overall, the cost of funds increased slightly to 7.5% in 2QFY25 from 7.46% in 1QFY25.
- Equitas SFB reported healthy business growth led by a strong deposit growth and a slightly slower advances growth. However, CASA ratio has seen a slight moderation, leading to a minor increase in cost of funds to 7.50%.

Advances grew 3.4% QoQ (15.4% YoY) to INR361b



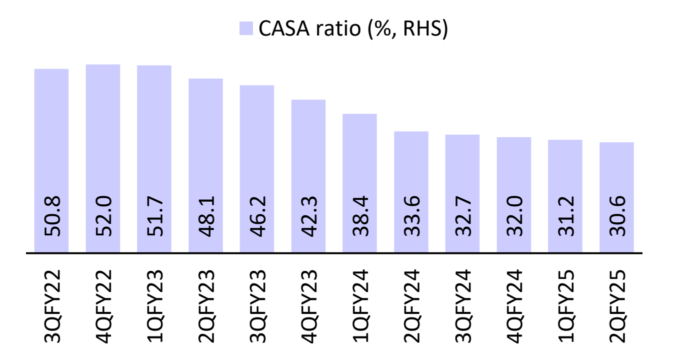
Source: MOFSL, Company

Deposits grew 29% YoY (6.2% YoY) to INR399b



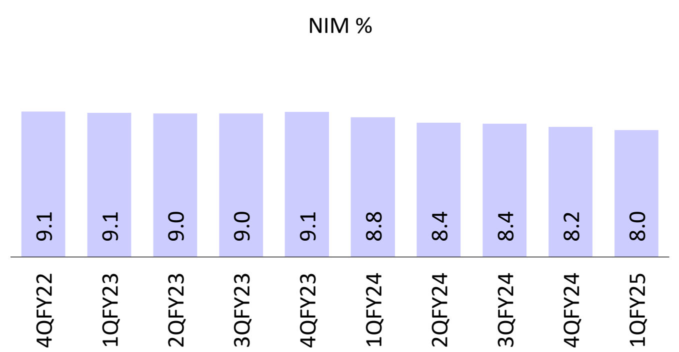
Source: MOFSL, Company

CASA ratio moderated to 30.6% in 2QFY25



Source: MOFSL, Company

NIM stood at 8.0% in 1QFY25



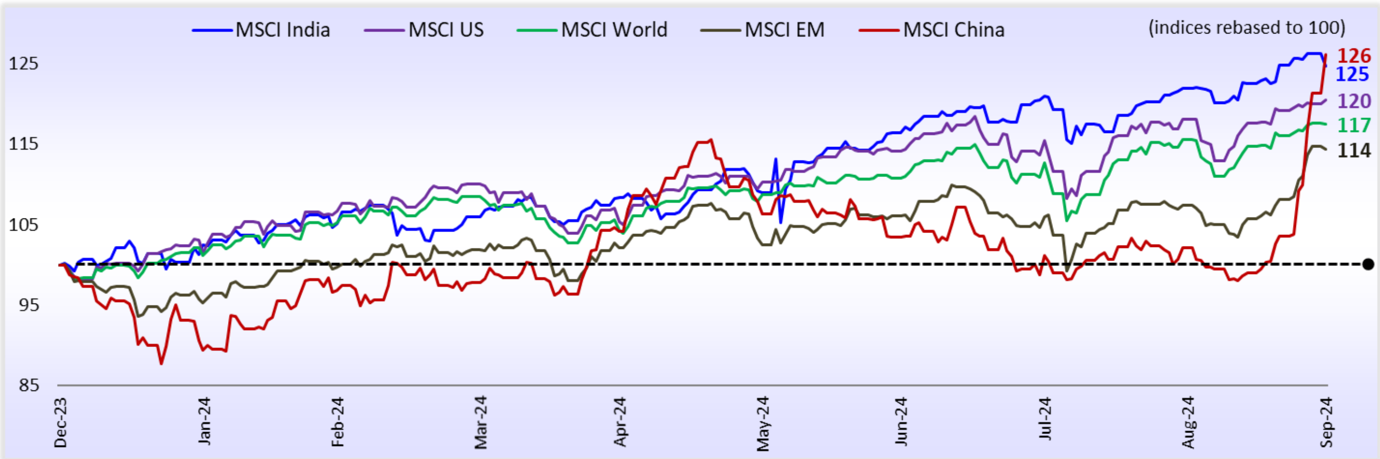
Source: MOFSL, Company

INDIA STRATEGY – Oct'24 (The Eagle Eye): Rate cuts lift global markets; China's ascent and geopolitical tension new developments

The key highlights of the 'The Eagle Eye' are as follows:

- a) Markets have remained positive during the Fed Rate cuts cycle in the absence of any global crisis; b) Indian market hits all-time high, China outperformed the key global market in Sep'24; c) MSCI China made a strong comeback in Sep'24; MSCI India continues to remain strong; d) FII flows strengthened during the month; DIIs clocked the highest-ever yearly flows YTD; e) Large caps outperformed; Metals, Real Estate and Consumer among the top gainers during the month; f) Forex reserves hit an all-time high of USD692b; g) Growing significance of the stock market in household financial assets; h) Rerating trends witnessed across sectors barring banks in various time periods, i) Size broadening witnessed across market caps; j) Broader market trades at a significant premium to the large caps.
- **Notable Published reports in Sep'24:** a) TECHNOLOGY: Bounce-back! Charting the path to revival for IT services; b) Power Utilities: EmPOWERING INDIA! c) PLI and Components: Crafting precision in every circuit;

Performance of the MSCI India index vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China in USD terms



Markets have remained positive during the Fed Rate cuts cycle in the absence of any global crisis

Scenario	Pre- and post-rate cut movement					S&P 500 performance from the date of the first Fed rate cut							
	Start	End	Period - years	Start Rate	End Rate	1M before	3M before	6M before	1M later	3M later	6M later	12M later	24M later
Deep Rate Cuts	Jun-89	Sep-92	3.25	9.75	3.0	5%	10%	17%	0%	9%	9%	14%	20%
Shallow Rate Cuts	Jul-95	Jan-96	0.6 (7 mos)	6	5.25	3%	9%	20%	1%	5%	11%	19%	66%
Quick Rate Cuts	Sep-98	Nov-98	0.1 (49 days)	5.5	4.75	2%	-9%	-5%	4%	17%	23%	21%	39%
Deep Rate Cuts	Jan-01	Jun-03	2.5	6.5	1.0	2%	-6%	-7%	0%	-15%	-10%	-14%	-33%
Deep Rate Cuts	Sep-07	Dec-08	1.2	5.25	0.25	5%	0%	8%	1%	-4%	-15%	-24%	-30%
Sharp Rate Cuts	Jul-19	Mar-20	0.6 (7 mos)	2.5	0.25	1%	2%	11%	-2%	2%	10%	9%	47%
Start of Rate Cuts	Sep-24	-		5.5	5.0*	1%	3%	8%	-	-	-	-	-

EAI – Monthly Dashboard: Economic activity remained soft in Aug'24

Expect real GDP growth at 6.0-6.5% in 2QFY25 vs. the RBI's projection of 7.2%

- **Preliminary estimates indicate that India's EAI-GVA growth decelerated to a 22-month low of 6.1% YoY in Aug'24 vs. 6.3%/9.0% in Jul'24/Aug'23. The deceleration in growth was primarily led by 22-month lowest growth in the industrial sector, which was partly offset by a pickup in services sector growth (vs. last month) and 23-month highest growth in the farm sector.**
- **On the other hand, EAI-GDP growth picked up to a four-month high of 3.1% YoY in Aug'24 vs. 1.9%/5.7% YoY in Jul'24/ Aug'23. Total consumption improved sharply in Aug'24 (led by the government); however, investment growth moderated sharply to an eight-month low, and the external sector was a big drag on EAI-GDP growth. Excluding fiscal spending, EAI-GDP contracted 0.3% YoY in Aug'24, marking its first decline in 22 months.**
- **Selected high-frequency indicators (HFIs) confirm that growth remained subdued in Sep'24. CV sales marked their fourth consecutive fall (the worst in 43 months), air cargo traffic contracted for the second consecutive month, vaahan registrations fell for the first time in 11 months, and power generation and PV sales saw sluggish growth. At the same time, manufacturing and services PMIs remained resilient, though the pace of expansion moderated.**
- **After growing at ~8% or more (close to or above 8%) in each of four quarters in FY24, real GDP growth decelerated to 6.7% in 1QFY25, marking the first miss (vs. RBI expectations) in five quarters. For Aug'24, our estimates suggest that EAI-GVA growth remained soft, which likely stayed subdued in Sep'24 as well. Accordingly, we believe that real GDP growth could soften further to 6.0-6.5% in 2QFY25, lower than the RBI's projection of 7.2%.**

Preliminary estimates indicate that India's EAI-GVA grew 6.1% YoY in Aug'24, the slowest in 22 months

- **EAI-GVA growth at 22-month low in Aug'24:** Preliminary estimates indicate that India's EAI-GVA growth decelerated to a 22-month low of 6.1% YoY in Aug'24 vs. 6.3%/9.0% in Jul'24/Aug'23. The deceleration in growth was primarily led by 22-month lowest growth in the industrial sector, which was partly offset by a pickup in services sector growth (vs. last month) and 23-month highest growth in the farm sector. *(Exhibits 1 and 2)*
- **EAI-GDP growth picked up to a four-month high of 3.1% in Aug'24:** On the other hand, EAI-GDP growth picked up to a four-month high of 3.1% YoY in Aug'24 vs. 1.9%/5.7% YoY in Jul'24/ Aug'23. Total consumption improved sharply in Aug'24 (led by the government); however, investment growth moderated sharply to an eight-month low and the external sector was a big drag on EAI-GDP growth. Excluding fiscal spending, EAI-GDP contracted 0.3% YoY in Aug'24, marking its first decline in 22 months. *(Exhibits 3 and 4)*

Bazaar Style Retail: Expect FY25 gross margin to be in the range of 33-34%; Pradeep Kumar Agarwal, Chairman

- FY25 gross margin is expected to be in the range of 33-34%.
- FY25 EBITDA margin is projected to be 16-17%.
- Q2 revenues increased by 65%, with strong demand on the ground.
- Targeting 25% growth for FY25, with a focus on supply chain and product development.

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V-Mart: Expects 15% revenue growth YoY; Anand Agarwal, CFO

- Strong festive season demand expected, with promising growth across categories and buoyant footfalls.
- Anticipating mid to high single-digit LFL growth, although double-digit growth in Q3 will be challenging due to a high base.
- Bullish on East and South India, with plans to significantly ramp up presence in the South.
- Targeting over 15% revenue growth for the full year.

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Lupin: Confident of opportunities from bladder drug Mybetriq Generic & kidney drug Jynarque Generic; Prasanna Kumar Motupalli, Chairman & MD

- Confident about launching Mybetriq and Jynarque generics, with Jynarque not being an at-risk launch.
- Expanding product range in the US, focusing on ophthalmic and injectable products, targeting $200-225M in sales in upcoming quarters.
- Margins may be slightly lower than Q1 but will remain around guided levels.
- Addressing issues at Pithampur Unit 1, while digital, OTC, and diagnostics will play roles but not be dominant themes.

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VECV: September sales beat estimates; decline in CV industry, factors impacting it? ; Vinod Aggarwal, MD and CEO

- September saw a 16% drop in CV sales, though a recovery is anticipated in H2 driven by positive economic signals.
- Geopolitical factors and rural sector shifts have made customers cautious, but improved freight rates may boost truck replacements.
- Eicher is expanding its electric truck and bus lineup, backed by government support and upcoming EV funding.
- CNG, LNG, electric, and hydrogen are key future fuels, though diesel remains critical until infrastructure for alternatives is built.

Read More

Index	1 Day (%)	1M (%)	12M (%)
Sensex	**-1.0**	**-0.8**	**25.2**
Nifty-50	**-0.9**	**-0.7**	**28.7**
Nifty Next 50	**-1.1**	**-1.1**	**67.5**
Nifty 100	**-0.9**	**-0.8**	**34.5**
Nifty 200	**-0.9**	**-0.9**	**36.2**
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Automobiles	**-1.4**	**0.0**	**64.3**
Amara Raja Ener.	1.7	-7.2	112.7
Apollo Tyres	-2.7	0.6	38.1
Ashok Leyland	-2.3	-10.0	30.3
Bajaj Auto	-0.3	7.4	139.4
Balkrishna Inds	-3.5	-3.2	13.1
Bharat Forge	-1.0	-8.2	38.9
Bosch	-1.0	13.2	96.0
CEAT	-0.5	5.4	45.7
Craftsman Auto	0.3	5.4	37.5
Eicher Motors	-1.6	-2.6	38.4
Endurance Tech.	-2.8	-10.7	44.2
Escorts Kubota	-3.3	6.3	25.7
Exide Inds.	1.2	3.8	95.8
Happy Forgings	-0.1	-0.5	
Hero Motocorp	-2.5	-2.9	84.7
M & M	-3.6	9.7	98.2
CIE Automotive	-0.9	-4.9	18.7
Maruti Suzuki	-0.3	2.2	24.4
MRF	-2.0	-1.4	24.8
Sona BLW Precis.	-1.4	-3.5	21.6
Motherson Sumi	-1.5	4.0	116.6
Motherson Wiring	-1.1	-3.7	7.1
Tata Motors	0.5	-13.9	51.7
TVS Motor Co.	-1.4	-3.1	79.6
Tube Investments	-2.6	-1.0	35.7
Banks-Private	**-0.8**	**-0.5**	**12.4**
AU Small Fin. Bank	-1.7	4.5	2.2
Axis Bank	0.2	0.1	18.4
Bandhan Bank	-1.1	-6.4	-26.4
DCB Bank	0.1	-2.6	-1.9
Equitas Sma. Fin	2.6	-3.7	106.6
Federal Bank	-0.1	3.1	31.5
HDFC Bank	-1.5	0.9	8.3
ICICI Bank	-1.3	0.3	33.3
IDFC First Bank	-0.2	-3.8	-21.7
IndusInd Bank	-0.4	-3.6	-1.3
Kotak Mah. Bank	-0.8	1.4	5.0
RBL Bank	-0.8	-8.9	-20.7
SBI Cards	-0.9	-3.3	-6.2
Banks-PSU	**0.5**	**-2.4**	**28.4**
BOB	2.3	2.9	18.0
Canara Bank	-0.3	-0.9	44.2
Indian Bank	1.4	-2.4	20.9
Punjab Natl.Bank	0.8	-6.3	32.7
St Bk of India	0.3	-2.4	35.9
Union Bank (I)	-0.1	-2.6	9.6

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	**-0.9**	**-0.9**	**37.4**
Nifty Midcap 100	**-0.9**	**-1.3**	**46.0**
Nifty Smallcap 100	**-1.0**	**-2.9**	**48.2**
Nifty Midcap 150	**-0.9**	**-0.8**	**44.9**
Nifty Smallcap 250	**-0.9**	**-1.6**	**48.1**
NBFCs	**-1.1**	**-0.9**	**20.7**
Aditya Birla Capital Ltd	-2.7	2.7	29.8
Angel One	-2.9	4.3	43.2
Bajaj Fin.	-3.0	-1.2	-8.2
BSE	3.9	48.8	220.9
Cholaman.Inv.&Fn	-1.2	0.7	23.8
Can Fin Homes	-4.2	-3.9	12.3
Cams Services	-3.5	-3.8	74.1
CreditAcc. Gram.	-1.7	-3.0	-12.8
Fusion Microfin.	-2.0	-24.0	-59.7
Five-Star Bus.Fi	-2.3	5.2	11.1
Home First Finan	5.6	11.3	51.9
Indostar Capital	-0.7	15.6	73.5
IIFL Finance	1.2	0.0	-22.5
L&T Finance	-3.5	3.5	35.6
LIC Housing Fin.	-0.3	-8.2	35.8
MCX	0.4	8.5	200.9
M & M Fin. Serv.	-6.8	-7.4	4.3
Muthoot Finance	-1.7	-1.4	58.8
Manappuram Fin.	-1.0	-9.6	33.2
MAS Financial Serv.	-0.9	-1.5	-7.8
360 One	5.8	-7.3	103.6
PNB Housing	0.6	-10.3	30.9
Repco Home Fin	-1.7	-0.8	31.1
Shriram Finance	-2.1	2.8	80.3
Spandana Sphoort	-0.1	-6.8	-30.7
Insurance			
HDFC Life Insur.	0.9	-6.6	13.3
ICICI Pru Life	-0.2	-1.8	35.5
ICICI Lombard	-0.4	-5.5	63.2
Life Insurance	0.4	-8.8	52.3
Max Financial	-0.8	2.4	31.3
SBI Life Insuran	-0.4	-6.0	41.5
Star Health Insu	-1.7	-7.9	-1.5
Chemicals			
Alkyl Amines	-2.1	5.5	1.9
Atul	-1.6	-2.9	10.6
Clean Science	-1.0	4.8	11.7
Deepak Nitrite	-2.1	-5.4	35.3
Fine Organic	-0.2	-3.4	4.4
Galaxy Surfact.	-1.7	1.0	10.1
Navin Fluo.Intl.	-1.2	2.5	-10.6
NOCIL	-1.8	-0.5	26.3
P I Inds.	-1.6	1.9	35.2
SRF	-2.9	-9.7	4.6
Tata Chemicals	-0.4	4.4	11.6
Vinati Organics	-3.0	5.3	7.8

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods	**-0.9**	**-6.1**	**-3.3**
A B B	-2.2	3.8	98.4
Bharat Electron	-0.5	-7.3	99.6
Cummins India	-1.6	-6.4	113.7
Hitachi Energy	-0.3	19.3	250.6
K E C Intl.	0.9	10.7	52.6
Kalpataru Proj.	2.6	-3.7	106.6
Kirloskar Oil	-1.7	-15.3	117.1
Larsen & Toubro	-0.1	-4.3	15.4
Siemens	-1.4	7.2	107.0
Thermax	5.6	20.0	64.9
Triveni Turbine	-2.2	-12.3	58.0
Zen Technologies	0.2	0.4	127.4
Cement			
Ambuja Cem.	-1.1	-2.6	42.1
ACC	-1.0	3.6	21.3
Birla Corp.	-1.8	-7.8	-0.8
Dalmia Bhar.	-0.6	0.6	-16.0
Grasim Inds.	-0.8	-0.5	45.4
India Cem	-0.8	-0.5	57.4
J K Cements	-0.1	-2.2	45.0
JK Lakshmi Cem.	-1.5	-1.1	19.9
The Ramco Cement	-0.5	3.5	-8.7
Shree Cement	-0.9	1.0	2.2
UltraTech Cem.	-2.3	-1.1	41.0
Consumer	**-1.7**	**-0.6**	**23.2**
Asian Paints	-2.4	-4.9	-3.1
Britannia Inds.	-2.0	4.7	36.9
Colgate-Palm.	-2.6	1.9	87.9
Dabur India	-1.3	-11.9	3.1
Emami	-0.2	-9.9	37.9
Godrej Consumer	-0.4	-9.0	35.6
Hind. Unilever	-1.5	0.3	13.6
ITC	-1.8	-0.6	15.5
Indigo Paints	-2.0	-5.2	-2.2
Jyothy Lab.	0.3	-2.6	49.1
Marico	-1.3	6.9	20.9
Nestle India	-2.9	2.5	13.0
Page Industries	-0.5	0.4	5.7
Pidilite Inds.	-2.8	-0.2	33.3
P & G Hygiene	-0.1	2.6	-6.5
Tata Consumer	-1.9	-5.4	32.3
United Breweries	-2.0	3.9	35.9
United Spirits	-2.1	2.1	55.3
Varun Beverages	-1.5	-4.9	57.2
Consumer Durables	**-1.4**	**3.1**	**44.9**
Polycab India	-2.0	7.0	35.2
R R Kabel	0.8	9.1	23.8
Havells	-1.9	1.7	38.8
Voltas	-2.0	1.6	107.4
KEI Industries	0.4	-4.5	61.4
EMS			
Amber Enterp.	-4.7	9.0	69.6

Company	1 Day (%)	1M (%)	12M (%)
Avalon Tech	-0.3	7.8	-4.0
Cyient DLM	-1.3	-5.8	3.8
Data Pattern	2.2	-15.9	11.9
Dixon Technolog.	0.1	6.7	161.4
Kaynes Tech	-3.4	3.3	111.1
Syrma SGS Tech.	-1.9	-5.0	-30.5
Healthcare	**-0.4**	**-0.4**	**53.3**
Alembic Pharma	0.1	11.3	59.8
Alkem Lab	0.6	-0.2	78.2
Apollo Hospitals	-1.9	-2.3	34.2
Ajanta Pharma	-0.8	2.9	87.3
Aurobindo	0.5	-5.4	66.2
Biocon	-2.9	-8.7	30.8
Zydus Lifesci.	-1.1	-6.3	75.2
Cipla	-2.0	-1.7	39.1
Divis Lab	-0.1	6.5	46.3
Dr Reddy's	-1.5	-2.3	22.4
ERIS Lifescience	1.5	-6.5	49.9
Gland Pharma	-1.9	-7.3	4.4
Glenmark	1.1	-1.4	106.0
Global Health	-0.7	-16.2	30.6
Granules	-4.3	-19.0	58.5
GSK Pharma	0.6	-3.4	76.3
IPCA Labs	1.4	5.6	61.8
Laurus Labs	-3.4	-6.4	13.8
Lupin	0.7	-3.5	90.9
Mankind Pharma	2.9	8.2	44.4
Max Healthcare	-1.7	5.1	62.5
Piramal Pharma	3.3	7.6	129.1
Sun Pharma	0.0	4.2	70.0
Torrent Pharma	2.4	0.3	86.3
Infrastructure	**-1.4**	**-2.3**	**48.3**
G R Infraproject	-0.5	5.0	38.7
IRB Infra.Devl.	-0.6	-5.6	92.2
KNR Construct.	-2.4	-6.7	15.8
Logistics			
Adani Ports	-0.8	-4.0	71.4
Blue Dart Exp.	-3.0	1.1	22.7
Container Corpn.	-1.1	-8.7	23.6
JSW Infrast	-0.7	6.8	100.6
Mahindra Logis.	1.0	2.2	26.9
Transport Corp.	-0.8	-2.4	34.3
TCI Express	-1.0	-4.6	-24.6
VRL Logistics	0.7	-6.1	-22.3
Media	**-2.6**	**0.2**	**-8.0**
PVR INOX	-1.9	4.7	-5.6
Sun TV	-0.4	1.4	33.8
Zee Ent.	-2.9	-2.9	-48.9
Metals	**-0.4**	**10.1**	**50.4**
Hindalco	0.1	12.2	58.0
Hind. Zinc	-1.1	6.5	67.9
JSPL	-2.8	8.0	50.4
JSW Steel	-0.5	10.8	36.6

Company	1 Day (%)	1M (%)	12M (%)
Nalco	-1.0	26.1	133.2
NMDC	-1.2	12.1	62.2
SAIL	1.4	6.6	55.8
Tata Steel	-0.1	10.3	33.1
Vedanta	-0.6	10.7	127.7
Oil & Gas	**-1.0**	**-6.2**	**63.9**
Aegis Logistics	-1.4	-14.6	121.5
BPCL	-2.5	-4.8	99.3
Castrol India	-3.1	-16.0	66.8
GAIL	-4.2	0.1	89.7
Gujarat Gas	1.1	-6.7	46.3
Gujarat St. Pet.	1.5	-3.9	50.9
HPCL	-2.0	-8.6	144.2
IOCL	-1.6	-4.7	89.3
IGL	-0.9	0.1	20.1
Mahanagar Gas	-1.9	3.9	70.2
MRPL	0.9	-11.1	83.3
Oil India	6.3	-16.0	192.2
ONGC	1.1	-6.1	61.6
PLNG	-1.8	-1.7	52.4
Reliance Ind.	-1.5	-8.5	19.8
Real Estate	**-1.6**	**-1.9**	**81.6**
Brigade Enterpr.	0.0	8.0	137.2
DLF	-2.3	-0.6	60.7
Godrej Propert.	-5.7	-0.2	85.1
Kolte Patil Dev.	-0.5	-8.8	-15.3
Mahindra Life.	-0.9	-6.1	-3.3
Macrotech Devel.	-0.2	-3.7	56.4
Oberoi Realty Ltd	-2.0	1.4	61.3
SignatureGlobal	-2.8	7.2	227.6
Sobha	-1.8	2.3	177.0
Sunteck Realty	-1.1	-1.2	30.2
Phoenix Mills	0.8	-7.7	84.5
Prestige Estates	-0.3	-6.3	179.7
Retail			
Aditya Bir. Fas.	-3.3	7.3	55.4
Avenue Super.	-4.1	-7.1	22.3
Bata India	-0.7	-5.7	-15.2
Campus Activewe.	-1.0	16.1	11.2
Barbeque-Nation	0.0	3.3	-13.2
Devyani Intl.	-4.4	-1.0	-17.8
Jubilant Food	-0.9	-3.2	17.7
Kalyan Jewellers	-2.4	9.0	214.9
Metro Brands	1.0	-2.6	5.3
Relaxo Footwear	-0.8	-2.3	-11.9
Restaurant Brand	0.4	4.3	-10.2
Sapphire Foods	0.0	4.1	24.1
Senco Gold	-1.4	17.9	113.2
Shoppers St.	0.5	-3.4	16.8
Titan Co.	-0.1	1.7	15.9
Trent	-1.8	3.0	263.6
V-Mart Retail	1.5	21.6	126.3
Vedant Fashions	-0.2	1.5	-1.1

Company	1 Day (%)	1M (%)	12M (%)
Westlife Food	1.8	9.9	-6.3
Technology	**0.4**	**-1.3**	**31.8**
Cyient	0.3	-5.3	12.9
HCL Tech.	-0.1	-0.5	43.3
Infosys	1.3	-0.2	32.8
LTIMindtree	-1.1	0.7	17.9
L&T Technology	-0.6	-10.8	11.4
Mphasis	-2.5	-7.8	17.3
Coforge	0.9	12.5	38.7
Persistent Sys	-2.1	-2.1	80.6
TCS	0.5	-5.1	20.2
Tech Mah	0.8	-1.8	34.1
Wipro	0.6	2.8	31.8
Zensar Tech	1.0	-14.7	28.8
Telecom	**-1.2**	**-6.8**	**45.4**
Bharti Airtel	-1.9	5.1	77.5
Indus Towers	-1.4	-14.3	99.3
Idea Cellular	-0.8	-34.0	-14.5
Tata Comm	-2.8	6.7	11.7
Utiltites	**-1.1**	**2.8**	**83.6**
Coal India	-1.0	-1.3	72.7
NTPC	-1.1	6.3	83.1
Power Grid Corpn	-1.5	1.8	70.3
Tata Power Co.	-1.1	10.9	81.8
JSW Energy	-1.3	0.1	67.0
Indian Energy Ex	-0.5	0.5	60.4
Others			
APL Apollo Tubes	0.1	10.6	0.4
Cello World	0.4	-0.6	
Coromandel Intl	-3.0	-6.0	41.6
Dreamfolks Servi	-1.7	-0.8	31.1
EPL Ltd	-1.7	2.3	37.3
Gravita India	2.6	3.8	163.6
Godrej Agrovet	-0.7	-8.3	54.0
Havells	-1.9	1.7	38.8
Indian Hotels	-1.9	0.2	62.6
Indiamart Inter.	-0.4	-5.5	63.2
Info Edge	0.4	-8.8	52.3
Interglobe	-2.3	-4.3	93.3
Kajaria Ceramics	-1.6	-0.2	8.1
Lemon Tree Hotel	0.1	-9.1	1.0
MTAR Technologie	0.7	-5.9	-34.8
One 97	-4.5	13.2	-19.5
Piramal Enterp.	-2.3	-2.4	-1.3
Quess Corp	-1.0	-8.5	77.5
SIS	-0.7	-1.7	-8.0
Team Lease Serv.	-1.2	-3.5	15.1
UPL	-1.0	-1.4	-0.6
Updater Services	1.0	1.1	30.5
Voltas	-2.0	1.6	107.4
Zomato Ltd	2.3	13.4	173.3

N O T E S

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

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

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