

Refer to our Sep'24
Quarter Preview



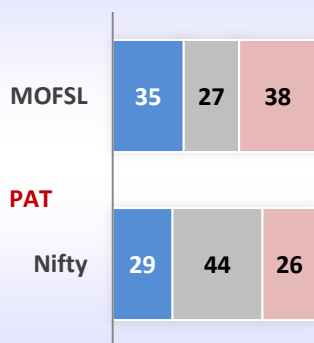
Interim earnings review: 2QFY25 soft; In-line Ex Commodities

Consumption weak; Nifty EPS see further downward revision

- In this report, we present our interim review of the 2QFY25 earnings season.
- As of 31st Oct'24, 166/34 companies within the MOFSL Universe/Nifty announced their 2QFY25 results. These companies constitute: i) 73% and 74% of the estimated PAT for the MOFSL and Nifty Universe, respectively; ii) 50% of India's market capitalization; and iii) 81% weightage in the Nifty.
- The earnings growth of the aforementioned 166 MOFSL Universe companies declined 8% YoY (est. -4% YoY) in 2QFY25 (lowest in 17 quarters). The aggregate performance was hit by a sharp drag from global commodities. Excluding Metals and O&G, the MOFSL Universe and Nifty clocked 9% and 11% earnings growth vs. expectations of +9% and +10%, respectively.
- The modest earnings growth was driven once again by BFSI, with positive contributions from Technology, Real Estate, Utilities, Telecom and Healthcare. Conversely, earnings growth was weighed down by global cyclicals, such as O&G (OMC's profit plunged 92% YoY), which saw a dip of 58% YoY, along with Metals (-28% YoY), Cement (-41% YoY), Chemicals (-23% YoY), and Consumer (+3%).
- Excluding BFSI, profits for the MOFSL Universe would have declined 19% YoY (vs. est. of -11% YoY). Until now, 25/70 companies within the MOFSL Coverage Universe have reported an upgrade/downgrade of more than 3% each, leading to an adverse upgrade-to-downgrade ratio for FY25E. Further, the EBITDA margin of the MOFSL Universe (ex-Financials) contracted 280bp YoY to 15.4%, primarily dragged down by OMCs.
- Earnings of the 34 Nifty companies that have declared results so far have been flat YoY (vs. est. of +2% YoY), fueled by ICICI Bank, Axis Bank, Bharti Airtel, NTPC, and HDFC Bank. Conversely, BPCL, JSW Steel, Coal India, IndusInd Bank, Reliance Industries, and Ultratech Cement contributed adversely to Nifty earnings. Nine companies within the Nifty reported profits below our expectations, while 10 recorded a beat and 15 registered in-line results.
- **Nifty EPS saw a downgrade of 1.2%/1% for FY25E/FY26E:** The Nifty EPS estimate for FY25 was cut by 1.2% to INR1,059, largely owing to BPCL, Reliance Industries, and Coal India. FY26E EPS was also reduced by 1% to INR1,256 (from INR1,269) led by downgrades in BPCL, Reliance Industries, Maruti Suzuki, Bajaj Finance, and IndusInd Bank.
- **Summary of the 2QFY25 performance thus far: 1) Banks:** Earnings growth for private banks was mixed, while PSBs reported a healthy earnings trajectory. Margins witnessed compression for both PSBs and Private Banks, with a few reporting double-digit NIM compression on a sequential basis. **2) NBFCs – Lending:** 2QFY25 was a weak quarter in terms of asset quality. Weak macros (particularly in MFI) and the regulator stance also prompted a cut in the AUM growth guidance for select players in the micro LAP segment. **3) Technology:** The IT Services companies (within MOFSL Universe) reported healthy performance (beating our estimates), with a median revenue growth of 2.0% QoQ CC in 2QFY25. While results were encouraging, the outlook remained slightly guarded, signaling persisting uncertainties. **4) Automobile:** The 2QFY25 results have generally aligned with expectations, mainly driven by domestic 2W volume growth and a sequential recovery in exports. Demand commentary

2QFY25: Expectations vs. delivery

% of companies that have declared results
ABOVE EXPECTATIONS IN-LINE BELOW EXPECTATIONS



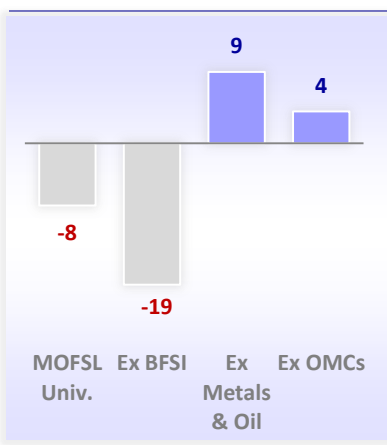
Gautam Duggad – Research Analyst (Gautam.Duggad@MotilalOswal.com)

Research Analyst: Deven Mistry (Deven@MotilalOswal.com) / Aanshul Agarawal (Aanshul.Agarawal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

remains moderate across categories. **5) Consumer:** The 2QFY25 results so far have been slightly lower than expected. Demand was subdued for the urban market, while rural growth contributed positively to overall growth. **6) Healthcare:** Earnings growth for pharma companies remained healthy. The domestic formulation business witnessed ~11% YoY growth for companies under our coverage. **7) Oil & Gas:** Our O&G Coverage Universe has so far reported weak results. RIL's 2QFY25 performance was in line but soft, owing to a weak performance in O2C and Reliance Jio (elevated subscriber churn). OMCs reported a significant miss on EBITDA estimates due to subdued refining margins. *Refer to page 8 for the detailed 2QFY25 sectoral trends.*

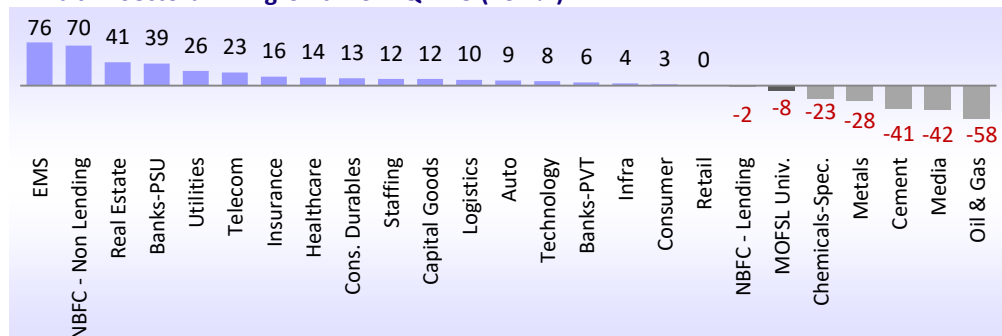
2QFY25: PAT growth YoY (%)



Key result highlights: 2QFY25

- As of 31st Oct'24, **34 Nifty stocks** reported a sales/EBITDA/PBT/PAT growth of 5%/1%/0%/0% YoY (vs. est. of +5%/4%/2%/2%). Of these, 10/9 companies surpassed/missed our PAT estimates. On the EBITDA front, 8/7 companies exceeded/missed our estimates during the quarter thus far.
- For the **166 companies within our MOFSL Universe**, sales/EBITDA/PBT/PAT were +5%/-4%/-7%/-8% YoY (vs. est. of +9%/-2%/-4%/-4%). Excluding Metals and O&G, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 9%/10%/10%/9% YoY (vs. est. of +9%/8%/9%/9%) in 2QFY25 so far.
- Among the Nifty constituents, ICICI Bank, Wipro, HCL Technologies, Bharat Electronics, Tech Mahindra, Maruti Suzuki, L&T, Cipla, Tata Consumer, and JSW Steel exceeded our profit estimates. Conversely, BPCL, Coal India, IndusInd Bank, Ultratech Cement, Nestle, Kotak Mahindra Bank, NTPC, and Bharti Airtel missed our profit estimates for 2QFY25.
- **View:** The corporate earnings scorecard for 2QFY25 has been weak but excluding commodities, it's broadly in-line. The earnings spread has deteriorated, with only 62% of MOFSL Coverage Universe either meeting or exceeding profit expectations. Consumption has emerged as a weak spot while select segments of BFSI are seeing asset-quality stress. Nifty FY25 EPS has seen another 1% cut after a 4% cut in preview. Overall Nifty EPS has seen 7% downward revision in last six months, reducing the expected FY25 earnings growth to just 5%, weakest since FY20. The Nifty is trading at a 12-month forward P/E of 20.7x, in-line with its long-period average (LPA) of 20.5x. Despite the recent 7-8% correction from the highs, the broader markets are still trading at expensive valuations (NSE Midcap 100 at ~30x forward P/E). We had made several important changes in our model portfolio in 2QFY25 preview where we raised the weights in BFSI, Technology, Healthcare with a distinct bias towards large-caps. Our [model portfolio](#) reflects our conviction in domestic structural as well as cyclical themes. We are OW on IT, Healthcare, BFSI, Consumer Discretionary, Industrials and Real Estate. In contrast, we are UW on Metals, Energy, and Automobiles.

Exhibit 1: Sectoral PAT growth for 2QFY25 (YoY %)



Of the 24 major sectors under MOFSL coverage, 18 have experienced a rise in profits YoY

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

- **Aggregate performance of the MOFSL Universe:** Sales/EBITDA/PBT/PAT were +5%/-4%/-7%/-8% YoY (vs. est. of +9%/-2%/-4%/-4%). Excluding Metals and O&G, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 9%/10%/10%/9% YoY (vs. est. of +9%/8%/9%/9%) in 2QFY25.
- **Nifty-50 companies that surpassed/missed our estimates** ICICI Bank, Wipro, HCL Technologies, Bharat Electronics, Tech Mahindra, Maruti Suzuki, L&T, Cipla, Tata Consumer, and JSW Steel exceeded our profit estimates. Conversely, BPCL, Coal India, IndusInd Bank, Ultratech Cement, Nestle, Kotak Mahindra Bank, NTPC, and Bharti Airtel missed our profit estimates for 2QFY25.
- **Top FY25E upgrades:** Bharti Airtel (16.3%), Tech Mahindra (8.8%), Tata Consumer (6.3%), L&T (2.9%), and ICICI Bank (2.8%).
- **Top FY25E downgrades:** BPCL (-34.3%), IndusInd Bank (-16.7%), Ultratech Cement (-15.5%), NTPC (-8.3%), and Coal India (-7.3%).

Exhibit 2: Sector wise 2QFY25 performance of the MOFSL Universe companies (INR b)

Sector (no of companies)	Sales				EBIDTA				PBT				PAT			
	Sep-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (8)	696	5.3	6.2	-0.5	99	1.3	3	-1.0	92	-2.3	0.7	-4.7	77	5.7	8.9	3.2
Capital Goods (4)	718	11.6	19.5	6.9	82	18.7	17.1	7.8	73	23	16.0	9.4	47	26.6	11.9	7.7
Cement (6)	354	-11.9	-1.9	1.7	45	-30.5	-22	1.4	23	-47.0	-43.1	-3.3	16	-47.3	-41.4	1.7
Chemicals-Specialty (5)	97	2.4	5.5	-2.1	16	0.5	-11.2	-7.0	9	9	-24.0	-13.1	7	10.6	-22.6	-10.8
Consumer (13)	711	0.8	8.1	2.0	176	-4.5	4	0.0	166	-5.8	1.9	-2.1	123	-5.4	2.5	-2.3
Consumer Durables (5)	167	-13.2	19.9	5.5	15	-21.9	7.1	-12.9	15	-21	11.9	-10.7	10	-22.7	13.0	-12.3
EMS (5)	150	37.7	107.5	17.4	7	25.9	91	12.2	7	81.8	203.0	46.9	3	8.6	75.9	-7.3
Financials (42)	2,342	8.1	10.5	-2.0	1,327	5.4	13.4	2.7	1,034	2	13.4	1.5	777	3.0	12.6	2.5
Banks-Private (12)	917	1.1	11.4	0.0	703	2.7	14	1.8	569	-0.9	6.9	-1.6	437	0.9	5.7	0.7
Banks-PSU (5)	467	-0.3	4.9	-1.5	368	9.5	10.3	8.0	291	16	33.4	14.5	210	18.6	38.8	15.8
Insurance (6)	655	31.6	10.1	-5.5	31	41.8	2	-13.1	23	-6.2	23.3	-1.9	22	-5.2	16.0	-1.2
NBFC - Lending (15)	280	3.1	16.9	-0.5	213	3.4	16.3	-0.1	138	-9	2.1	-7.7	99	-13.3	-2.3	-11.4
NBFC - Non Lending (4)	22	6.5	43.7	-1.4	12	19.4	70	-2.0	12	12.1	70.4	-1.4	9	25.3	70.4	-1.1
Healthcare (9)	332	5.9	9.1	0.7	87	9.1	15.9	4.0	71	10	17.9	5.0	53	10.9	14.2	1.8
Infrastructure (1)	16	-14.4	-9.1	-8.8	8	-10.5	-4	-4.7	3	-5.3	4.0	18.8	1	-28.6	4.3	16.1
Logistics (6)	133	3.8	7.6	-3.2	57	5.4	12.0	0.6	40	1	15.9	-3.0	32	-1.5	10.5	-3.5
Media (2)	36	9.1	-18.4	-1.3	5	117.3	-33	17.1	3	1,036.3	-47.2	38.1	2	2,083.0	-41.8	33.0
Metals (3)	786	-10.2	-6.6	-2.9	167	-20.4	-16.1	-8.6	124	-33	-25.0	-12.8	93	-34.2	-27.5	-13.4
Oil & Gas (10)	6,545	-6.1	0.8	-8.8	524	-11.1	-42	-19.2	296	-13.6	-55.2	-27.7	198	-15.3	-57.9	-29.9
Ex OMCs (7)	2,780	0.5	2.5	0.8	413	-2.9	-10.4	-5.0	266	1	-13.8	-2.8	178	2.2	-13.1	-1.7
Real Estate (7)	102	10.1	31.6	9.2	32	6.5	25	3.7	27	-22.7	24.0	6.7	25	-7.0	41.4	14.6
Retail (8)	188	1.6	12.9	-0.2	18	-10.1	7.4	-4.4	10	-19	1.6	-9.2	7	-21.3	0.2	-8.4
Staffing (3)	91	3.9	8.4	-2.2	4	4.7	12	-6.8	2	4.5	18.4	-21.6	2	7.0	12.1	-24.0
Technology (12)	1,944	3.3	6.2	1.1	435	4.1	6.7	2.2	409	3	9.3	2.4	300	2.9	8.3	1.1
Telecom (3)	547	6.2	11.5	0.7	278	9.8	16	2.3	100	21.9	32.5	3.7	55	21.7	23.2	-16.4
Utilities (4)	594	-8.2	-0.7	-7.8	152	-13.2	-1.3	-11.8	86	8	17.5	-1.6	62	10.8	25.8	-7.2
Others (10)	407	2.3	10.3	12.9	40	-39.7	-3	26.0	5	-86.6	-73.0	37.4	-1	PL	PL	Loss
MOFSL Universe (166)	16,958	-0.9	5.1	-3.3	3,573	-1.4	-4.1	-2.6	2,593	-3.7	-7.3	-3.8	1,891	-3.9	-8.2	-4.6
Ex Financials (124)	14,616	-2.2	4.2	-3.6	2,246	-5.0	-12.1	-5.5	1,559	-7.2	-17.3	-7.1	1,114	-8.1	-18.7	-8.9
Ex Metals & Oil (153)	9,626	3.8	9.3	0.7	2,882	2.0	9.7	1.6	2,173	0.4	10.2	1.3	1,600	0.5	9.5	0.5
Ex OMCs (163)	13,192	2.1	6.8	0.5	3,462	0.0	5.3	0.2	2,563	-1.9	4.8	0.1	1,870	-1.9	4.2	-0.5
Nifty (34)	10,392	0.4	4.5	-0.2	2,523	-0.2	1.4	-2.2	1,922	-1.1	-0.4	-2.4	1,390	-0.3	-0.3	-2.2
Sensex (23)	7,894	1.6	5.0	0.8	2,194	1.5	4.9	0.1	1,640	2.1	3.5	0.0	1,174	3.1	3.6	0.1

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

Aggregate performance of the MOFSL Universe companies that have announced results so far in 2QFY25

Exhibit 3: Sales grew in line at 5% YoY (vs. est. of +9% YoY)

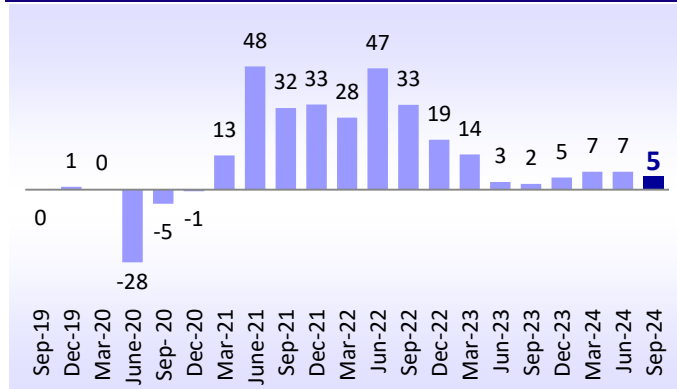


Exhibit 4: PAT declined 8% YoY (vs. est. of -4% YoY)

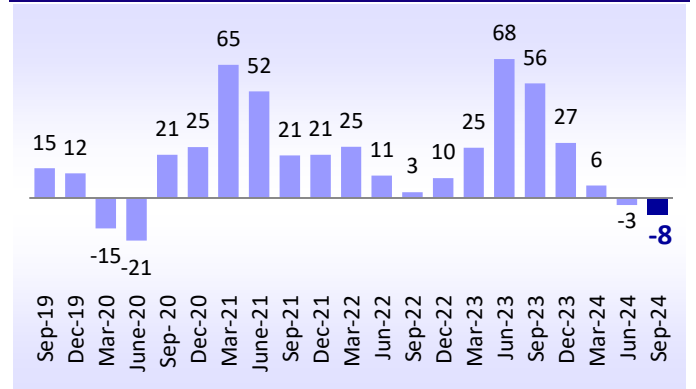
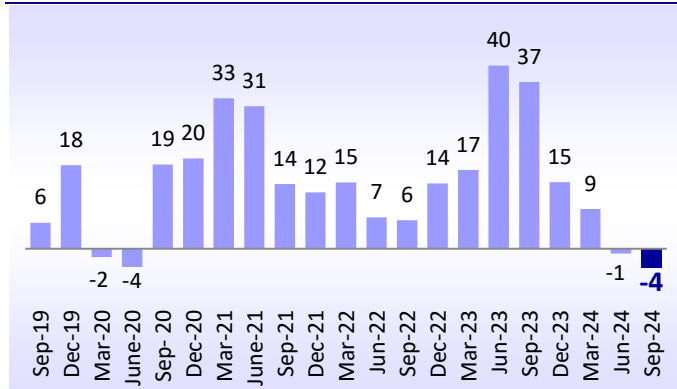
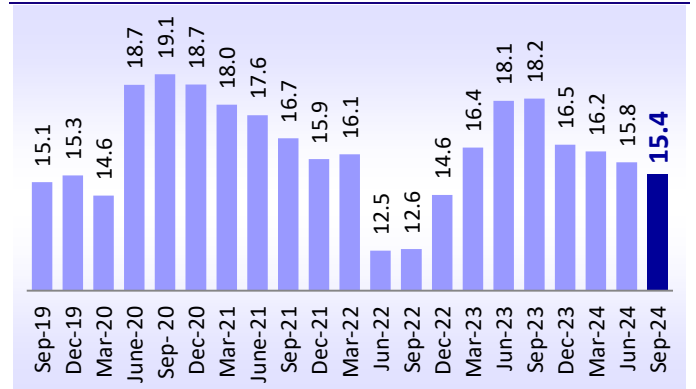


Exhibit 5: EBITDA declined 4% YoY (vs. est. of -2% YoY)



Source: Company, MOFSL

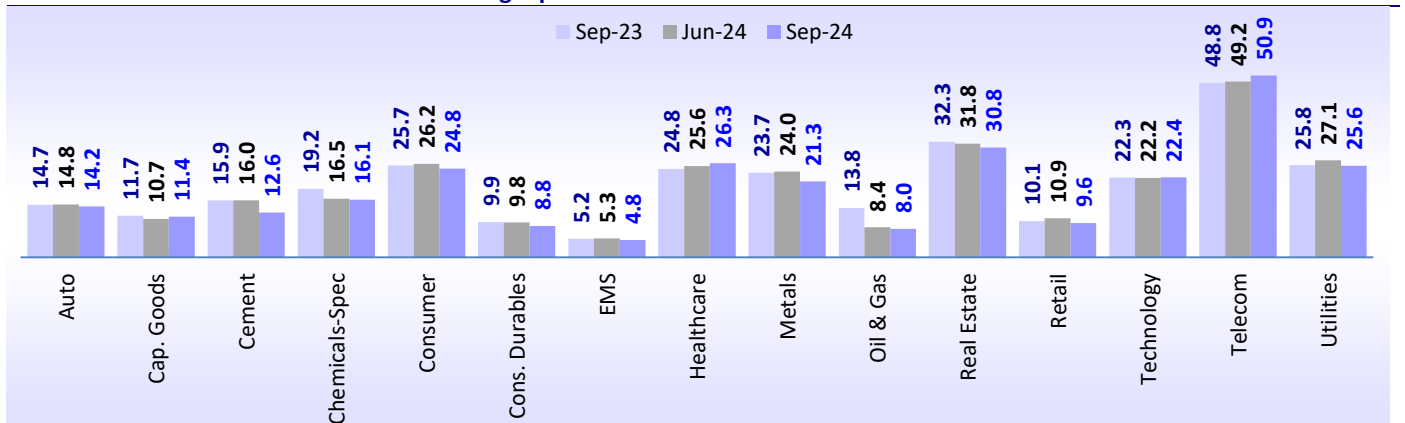
Exhibit 6: EBITDA margin (ex-Financials) down 280bp YoY to 15.4%



Source: Company, MOFSL

Sectoral EBITDA margin

Exhibit 7: MOFSL Universe – sector wise margin performance



Source: Company, MOFSL

Aggregate performance of 34 Nifty companies in 2QFY25

■ The Nifty stocks reported a sales/EBITDA/PBT/PAT growth of 5%/1%/0%/0% YoY (vs. est. of +5%/4%/2%/2%). Of these, 10/9 companies surpassed/missed our PAT estimates. On the EBITDA front, 8/7 companies exceeded/missed our estimates during the quarter thus far.

Exhibit 8: Nifty sales up 5% YoY (vs. est. of +5% YoY)

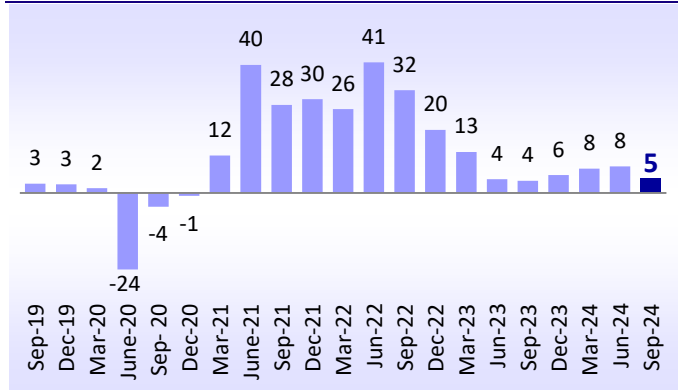


Exhibit 9: Nifty PAT flat YoY (vs. est. of +2% YoY)

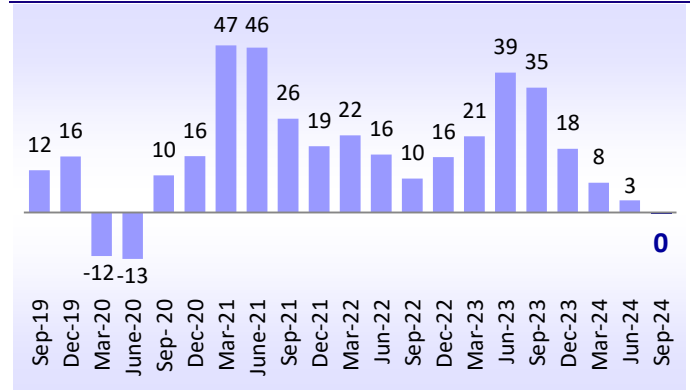
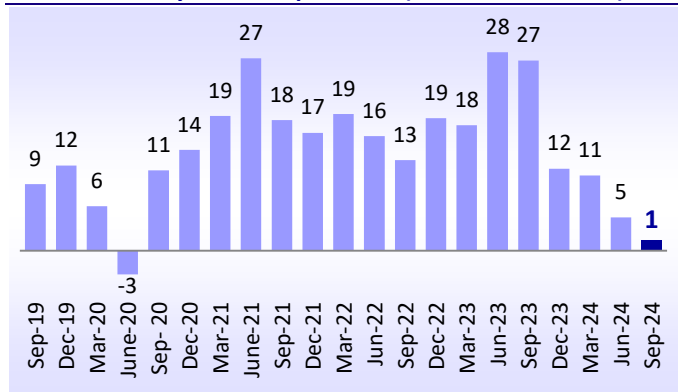
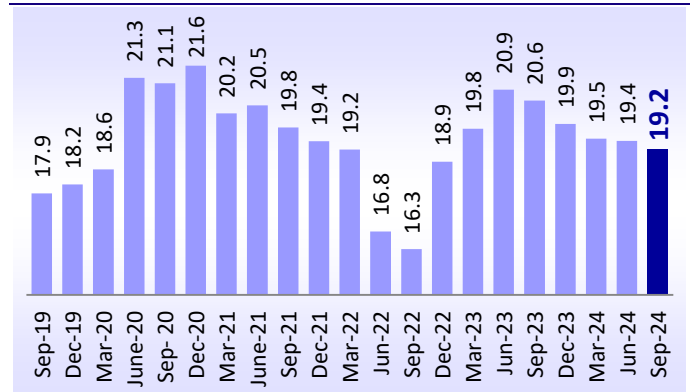


Exhibit 10: Nifty EBITDA up 1% YoY (vs. est. of +4% YoY)



Source: Company, MOFSL

Exhibit 11: Nifty EBITDA margin (ex-Financials) down 140bp YoY to 19.2%



Source: Company, MOFSL

Aggregate performance of the Nifty companies that have declared their 2QFY25 results thus far

Exhibit 12: 2QFY25 performance of 34 Nifty companies that have announced their results (INR b)

Company	Sector	Sales				EBITDA				PBT				PAT			
		Sep-24	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Sep-24	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Sep-24	Chg. % YoY	Chg. % QoQ	Var. over Exp. %	Sep-24	Chg. % YoY	Chg. % QoQ	Var. over Exp. %
Bajaj Auto	Automobiles	131	21.8	10.1	0.3	27	24.3	9.8	2.1	29	21.9	11.6	2.8	22	20.7	11.4	2.7
Maruti Suzuki	Automobiles	372	0.4	4.7	-0.1	44	-7.7	-1.9	-3.8	43	-11.2	-9.1	-10.7	39	5.1	7.0	5.7
Axis Bank	Banks-Private	135	9.5	0.3	-1.1	107	24.1	6.0	4.6	85	8.8	5.5	-4.0	69	18.0	14.6	4.4
HDFC Bank	Banks-Private	301	10.0	0.9	1.0	247	8.9	3.4	1.4	220	11.2	3.4	0.9	168	5.3	4.0	2.9
ICICI Bank	Banks-Private	200	9.5	2.5	0.6	167	17.5	4.4	5.6	155	13.5	5.4	6.9	117	14.5	6.2	7.7
IndusInd Bank	Banks-Private	53	5.3	-1.1	-1.9	36	-7.9	-8.9	-10.3	18	-39.4	-38.7	-35.5	13	-39.5	-38.7	-35.5
Kotak Mahindra Bank	Banks-Private	70	11.5	2.6	1.0	51	10.6	-2.9	-4.1	44	4.6	-5.1	-5.0	33	4.8	-5.0	-5.1
HDFC Life Insur.	Insurance	166	12.3	32.5	-9.4	9	17.1	30.6	-4.0	4	32.3	-12.0	1.6	4	14.9	-9.3	3.2
SBI Life Insurance	Insurance	204	1.2	31.1	-7.9	15	-2.7	49.5	-14.1	5	41.3	2.1	3.7	5	39.3	1.9	2.9
Bajaj Finance	NBFC - Lending	88	22.8	5.6	-0.2	73	25.2	5.2	1.8	54	13.5	2.5	-0.5	40	12.9	2.5	-0.3
Bajaj Finserv	NBFC - Lending	277	28.2	6.9	1.1	79	23.4	2.6	-0.9	60	12.7	0.0	-3.1	21	8.2	-2.4	-10.8
Shriram Finance	NBFC - Lending	55	18.9	4.4	-0.3	40	14.5	3.4	-4.1	27	16.9	3.1	-1.2	21	18.2	4.5	0.4
Bharat Electronics	Capital Goods	46	14.8	9.2	-3.1	14	38.2	48.2	26.0	15	35.2	39.9	18.4	11	34.3	40.6	18.2
Larsen & Toubro	Capital Goods	616	20.6	11.7	8.4	64	13.0	13.3	5.5	56	11.3	18.8	8.3	34	5.4	21.9	6.0
Ultratech Cement	Cement	156	-2.4	-13.5	0.0	20	-20.9	-33.6	-7.1	10	-39.6	-51.7	-18.0	8	-36.0	-50.9	-12.1
Hind. Unilever	Consumer	159	1.9	1.4	-0.4	38	-0.1	1.3	0.5	36	-0.9	-0.4	-1.2	26	-2.1	-1.6	-3.5
ITC	Consumer	207	16.7	12.3	10.5	68	4.8	0.2	0.7	68	2.8	-1.3	-1.3	50	2.0	-2.0	-2.5
Nestle	Consumer	51	1.3	6.0	-4.5	12	-4.7	6.1	-11.4	10	-8.4	2.6	-15.2	8	-6.9	1.7	-16.8
Tata Consumer	Consumer	42	12.9	-3.2	-0.6	6	16.6	-6.2	7.2	4	-16.1	-8.8	-8.2	4	10.2	26.9	14.3
Cipla	Healthcare	71	5.6	5.3	0.4	19	8.8	9.9	1.7	18	9.3	11.0	4.1	13	10.9	10.6	5.9
Sun Pharma	Healthcare	133	10.5	5.9	2.4	38	25.1	7.2	8.2	35	22.8	-0.1	3.1	29	21.9	1.9	2.2
Adani Ports	Logistics	71	6.3	1.6	-3.5	44	12.6	2.9	1.1	29	16.5	-5.3	-4.7	25	10.9	-6.5	-3.7
Coal India	Metals	307	-6.4	-15.9	-3.2	72	-19.6	-38.0	-27.7	80	-21.8	-43.0	-24.3	63	-21.9	-42.6	-22.1
JSW Steel	Metals	397	-11.0	-7.6	-4.2	54	-31.1	-1.3	19.7	12	-70.3	-14.3	84.7	6	-80.1	-27.9	34.7
BPCL	Oil & Gas	1,028	-0.2	-9.1	-4.0	45	-65.1	-19.6	-41.9	32	-71.8	-20.8	-48.6	24	-71.8	-20.5	-48.5
Reliance Inds.	Oil & Gas	2,315	-0.2	-0.1	0.4	391	-4.7	0.8	-1.7	250	-5.5	7.8	2.5	166	-4.8	9.4	3.7
HCL Technologies	Technology	289	8.2	2.9	1.9	64	7.5	10.3	7.4	57	10.9	-0.4	7.9	42	10.5	-0.5	8.6
Infosys	Technology	410	5.1	4.3	0.2	98	3.1	4.3	3.9	93	5.5	2.6	2.6	65	4.7	2.2	-1.2
TCS	Technology	643	7.7	2.6	0.5	168	6.7	0.3	-1.1	160	4.6	-1.2	-4.3	120	5.1	-1.2	-4.2
Tech Mahindra	Technology	133	3.5	2.4	1.6	18	24.4	11.9	6.9	17	54.6	45.7	36.8	13	27.8	46.8	31.1
Wipro	Technology	223	-1.0	1.5	1.1	46	7.8	2.7	4.5	43	21.9	6.4	11.9	32	21.3	6.8	11.1
Bharti Airtel	Telecom	415	12.0	7.7	1.0	218	12.0	10.9	0.9	68	22.5	27.6	-1.1	39	32.2	33.7	-12.3
NTPC	Utilities	403	-1.3	-9.2	-3.3	97	-8.2	-22.3	-19.0	61	13.6	-2.0	-3.9	42	28.9	0.2	-8.9
Adani Enterprises	Others	226	15.7	-11.2	0.0	38	60.6	1.6	0.0	24	203.8	7.7	0.0	17	543.3	19.8	0.0
Nifty Universe		10,392	4.5	0.4	-0.2	2,523	1.4	-0.2	-2.2	1,922	-0.4	-1.1	-2.4	1,390	-0.3	-0.3	-2.2
Ex Financials		8,843	3.2	-0.9	0.1	1,700	-3.8	-2.0	-3.6	1,249	-4.9	-2.3	-3.3	897	-4.5	-1.9	-3.9
Ex Metals & Oil		6,346	9.0	4.0	0.6	1,961	10.2	2.5	0.1	1,547	9.9	2.0	-0.2	1,132	10.5	3.4	0.1
Ex OMCs		9,364	5.0	1.6	0.2	2,478	5.1	0.2	-0.9	1,890	4.1	-0.7	-0.9	1,366	4.4	0.1	-0.7

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

Source: Company, MOFSL

Exhibit 13: YoY change (%) in the PAT of Nifty companies – only eight companies posted a YoY decline in PAT

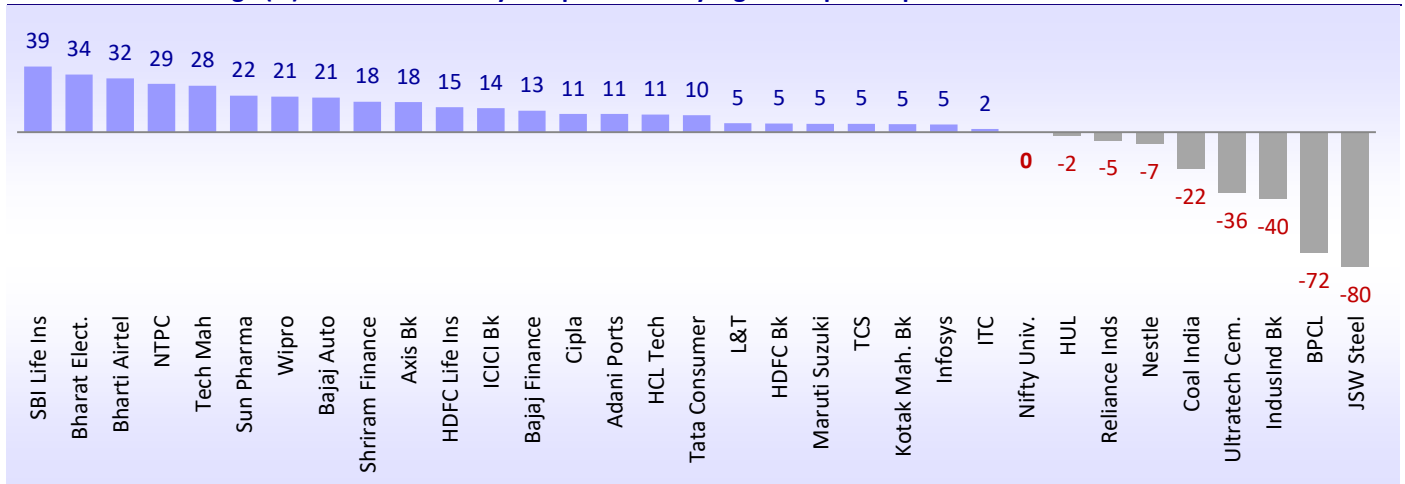


Exhibit 14: PAT for Nifty companies – actual vs. estimated variance (%)

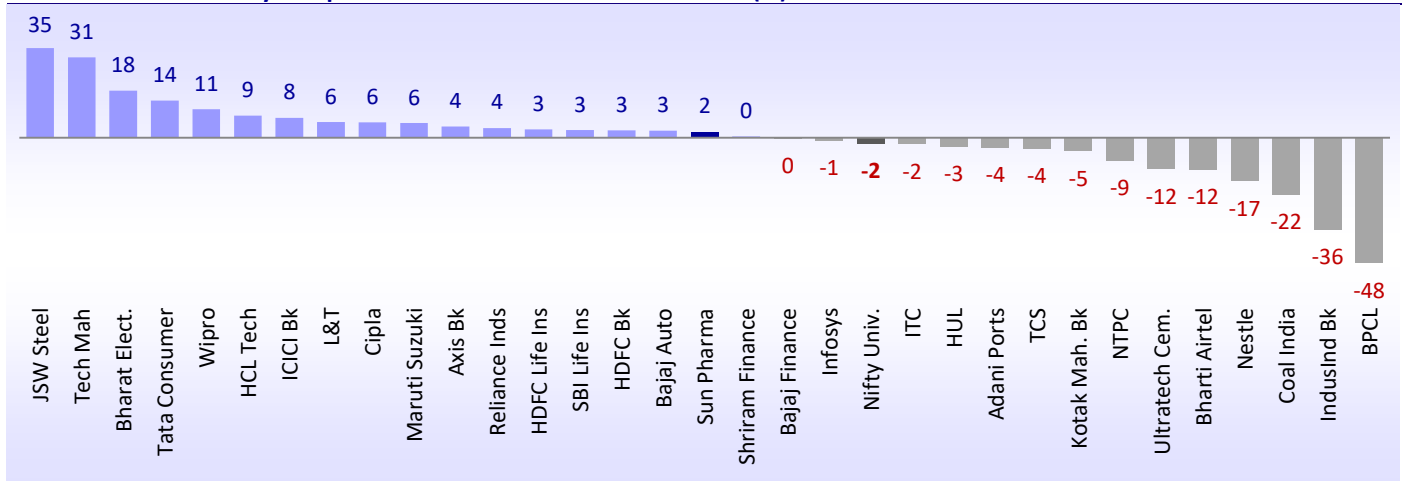


Exhibit 15: Nifty Universe – only three upgrades of more than 3% and ten downgrades of over 3% for FY25E

Company Name	Sector	EPS PREVIEW (INR)			EPS REVIEW (INR)			% Upgrade / Downgrade			EPS Growth (%)			
		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Bharti Airtel	Telecom	30.8	46.7	61.1	35.9	45.4	60.6	16.3	-2.7	-0.8	36.7	82.5	26.6	33.5
Tech Mahindra	Technology	44.0	63.2	70.3	47.9	63.7	71.1	8.8	0.8	1.1	-28.2	16.5	33.1	11.5
Tata Consumer	Consumer	15.0	20.1	22.1	16.0	19.5	21.5	6.3	-3.0	-2.7	26.1	11.3	22.3	10.0
L&T	Capital Goods	108.0	135.7	158.1	111.1	137.2	160.3	2.9	1.0	1.4	24.5	17.6	23.4	16.9
ICICI Bank	Banks-Private	63.6	72.0	85.4	65.4	73.3	85.4	2.8	1.8	0.0	27.5	12.0	12.1	16.6
HCL Techn.	Technology	62.2	70.0	77.6	63.7	71.9	80.3	2.4	2.7	3.4	5.6	10.1	12.9	11.6
Wipro	Technology	22.1	24.4	25.7	22.6	24.5	25.9	2.3	0.1	0.8	-1.5	11.0	8.1	5.9
Kotak Mahindra Bank	Banks-Private	94.6	110.5	136.2	95.5	108.5	130.5	1.0	-1.8	-4.1	21.9	4.3	13.6	20.3
Sun Pharma	Healthcare	49.2	57.9	66.3	49.3	59.3	67.4	0.3	2.4	1.6	15.8	19.0	20.2	13.7
Bajaj Auto	Automobiles	302.0	387.9	492.8	302.1	387.9	492.8	0.0	0.0	0.0	28.9	9.4	28.4	27.0
Bharat Elect.	Capital Goods	6.7	8.2	9.9	6.7	8.2	9.9	0.0	0.0	0.0	33.7	21.0	22.7	20.9
Axis Bank	Banks-Private	85.5	98.6	115.9	85.1	98.2	115.5	-0.5	-0.4	-0.4	14.9	5.4	15.5	17.6
Shriram Finance	NBFC - Lending	224.9	272.7	331.2	223.3	264.7	321.6	-0.7	-2.9	-2.9	19.8	16.7	18.5	21.5
Infosys	Technology	64.0	72.2	80.5	63.4	71.1	79.6	-0.8	-1.5	-1.0	10.0	0.2	12.0	12.1
Adani Ports	Logistics	51.2	61.1	72.9	50.8	60.5	72.2	-0.9	-0.9	-0.9	16.5	23.0	19.2	19.3
TCS	Technology	142.5	156.7	171.8	141.0	156.8	172.0	-1.0	0.1	0.1	9.5	11.7	11.2	9.7
HDFC Bank	Banks-Private	89.3	100.7	114.9	88.2	100.1	115.6	-1.2	-0.6	0.5	1.0	10.2	13.5	15.4
ITC	Consumer	17.0	18.6	20.1	16.7	18.2	19.8	-1.9	-1.8	-1.7	9.0	1.9	9.2	8.4
HUL	Consumer	46.3	52.3	57.5	45.3	51.0	56.2	-2.1	-2.5	-2.2	0.7	3.7	12.5	10.1
Bajaj Finance	NBFC - Lending	273.2	363.5	475.4	266.7	343.8	441.2	-2.4	-5.4	-7.2	22.8	14.1	28.9	28.3
SBI Life Ins.	Insurance	24.5	25.0	27.9	23.9	24.8	27.7	-2.5	-0.8	-0.7	9.9	26.1	3.8	11.7
HDFC Life Insur.	Insurance	8.5	9.5	11.3	8.3	9.5	10.6	-2.7	-0.6	-6.5	15.3	13.2	14.8	11.5
JSW Steel	Metals	32.6	67.8	85.5	31.5	67.8	85.5	-3.1	0.0	0.0	148.7	-14.3	114.8	26.2
Cipla	Healthcare	58.7	65.6	68.3	56.8	62.7	66.1	-3.2	-4.4	-3.1	39.0	8.3	10.3	5.5
Reliance Inds.	Oil & Gas	51.2	67.1	75.0	48.4	64.8	73.5	-5.6	-3.4	-2.0	4.4	-6.0	34.1	13.4
Nestle	Consumer	36.2	40.2	45.5	34.0	38.6	43.6	-6.1	-3.9	-4.2	62.5	-17.1	13.5	12.8
Maruti Suzuki	Automobiles	475.1	550.4	621.6	444.6	500.6	566.9	-6.4	-9.0	-8.8	56.8	3.6	12.6	13.2
Coal India	Metals	61.2	67.4	70.5	56.8	67.4	70.5	-7.3	0.0	0.0	17.8	-6.5	18.7	4.7
NTPC	Utilities	23.6	26.4	28.7	21.6	25.7	27.8	-8.3	-2.8	-3.1	23.1	0.7	18.8	8.3
Ultratech Cem.	Cement	250.8	336.6	408.8	211.9	313.6	392.7	-15.5	-6.8	-3.9	39.4	-13.3	48.0	25.2
IndusInd Bk	Banks-Private	113.9	140.4	175.8	94.9	128.2	163.1	-16.7	-8.7	-7.2	20.3	-17.9	35.1	27.2
BPCL	Oil & Gas	32.6	35.5	36.1	21.4	26.2	26.9	-34.3	-26.3	-25.3	1272	-66.2	22.2	3.0

Source: Company, MOFSL

Key sectoral trends – 2QFY25

- **Automobiles:** The 2QFY25 results have generally aligned with expectations, with PAT growth for the coverage universe at ~9% YoY. Revenue also met our estimates, growing by ~6% YoY during the quarter, mainly driven by domestic 2W volume growth and a sequential recovery in exports. Demand commentary remains moderate across categories. While a slowdown in PV demand was anticipated, 2W volumes during the festive season were also lower than expected. Management remains cautiously optimistic regarding a recovery in export markets. EBITDA grew 3% YoY, with stable commodity prices, and we anticipate that the commodity basket will remain largely unchanged in the coming quarters. Among reported results, we have not upgraded any earnings estimates; we have, however, reduced our estimates for CEAT, CRAFTSMA, CIEINDIA, and MSIL, while maintaining EPS estimates for BJAUT, TVSL, SONACOMS, and BIL for FY25/26.
- **Banks:** Earnings growth for private banks was mixed, while PSBs reported a healthy earnings trajectory. Among private banks, IDFC, IIB, KMB, and RBL Bank

reported a miss on earnings. Margins witnessed compression for both PSBs and Private Banks, with a few reporting double-digit NIM compression on a sequential basis. Advances growth has been healthy at ~3-6% QoQ for most of the banks, led by healthy growth across the Retail segments. Given heightened focus on CD ratio, the banks are focusing more on liabilities, and therefore in the current quarter, deposit growth has been stronger (HDFC Bank reported ~5% QoQ deposit growth and AUBANK reported ~13% QoQ growth). CASA mix also showed resilience for many banks. Asset quality trends were mixed, with many private banks reporting a rise in slippages/credit costs, particularly lenders having a higher mix of unsecured segments such as MFI and credit cards. PSU Banks, on the other hand, reported controlled slippages and few guided for further moderation in credit costs. We remain watchful on margins as rate cycle turns and further stress in MFI, Cards, and PL segments for the private banks.

- **NBFCs – Lending:** The 2Q was a weak quarter in terms of asset quality, where the stress was compounded by extended monsoons, unseasonal rainfall in Sep-Oct'24 and floods across certain states in the country. The MFI sector continued to be plagued by customer over-leveraging of low-vintaged borrowers and high employee attrition. Weak macros (particularly in MFI) and the regulator stance also prompted a cut in the AUM growth guidance for select players in the micro LAP segment. Exacerbated by seasonality, the demand remained weak in new PV and CV. Affordable housing sector and used vehicle finance continued to exhibit healthy disbursement momentum. A power financier exhibited a healthy AUM growth even as asset quality continued to improve and credit costs remained benign. Most of the NBFCs/HFCs displayed a stabilization in their cost of borrowings and now expect a cut in domestic interest rates within the next 2-4 months. NIM is also showcasing stabilization aided by broadly stable yields. While competitive intensity remained high in the housing space, few HFCs have selectively taken PLR hikes to offset the compression in their NIM/spreads. Asset quality deterioration was attributed primarily to seasonality and unseasonal rainfall towards the end of the quarter. Credit costs in the MFI sector rose further, and there was a sharp deterioration in asset quality from continued forward flows and weak collection efficiencies. Diversified lenders displayed a weak performance, mainly due to stress in their unsecured loan portfolio. These lenders had calibrated their growth strategies in the unsecured segment but shared that they expect to resume better disbursement momentum in unsecured personal loans and business loans within the next couple of quarters.
- **NBFC non-lending:** Activity in the capital market space was mixed across segments during 2QFY25. F&O volumes scaled to new highs and were stronger towards the end of the quarter, while cash volumes declined after a strong 1QFY25. The momentum of demat account additions remained strong during the quarter, touching 13.1m (vs. 10.9m in 1QFY24) and NSE active clients increasing to 47.2m (vs. 44.4m in 1QFY24). Higher trading days led to all-time high orders for Angel One and strong revenue traction (+47% YoY). The impact on activity post-implementation of new F&O regulations (from 1st Nov'24) will be a key monitorable for capital market players. The general insurance players have seen a slowdown in growth due to weak auto sales offset by sustained high demand for health insurance and commercial lines growing in line with

economic growth. The second quarter was affected by NATCAT claims (floods, etc.) and higher severity/frequency of monsoon-related diseases, keeping loss ratios elevated. The increased claims ratio for STARHEAL led to an increase in the overall combined ratio (~300bp above our estimates). ICICIGI/STARHEAL registered a YoY NEP growth of 17%/16%, whereas their PAT grew 20%/dipped 11% YoY. The private life insurance players (except for SBILIFE) reported a strong premium growth led by ULIPs. However, the significant shift in product mix towards ULIPs led to pressure on VNB margins. HDFCLIFE/IPRU/SBILIFE/MAXFIN reported APE growth of 27%/21%/3%/31% YoY. VNB margins for HDFCLIFE/IPRU/SBILIFE/MAXFIN contracted 190bp/460bp/160bp/160bp YoY.

- **Capital Goods:** 1HFY25 was relatively muted on the domestic order inflow front, both for defense and EPC, owing to the elections and government formation. However, barring KPIL, execution has been robust as companies are sitting on healthy order books. While the domestic macros are a bit weak for L&T, it is being compensated by the strong traction in international geographies. There are no real concerns on the margin front, as the performance has largely been stable. Most companies have indicated that 2HFY25 will see an uptick in revenues and order inflows following the state elections. Except KPIL, other companies have maintained their FY25 guidance.
- **Cement:** So far, six cement companies within our Coverage Universe have announced their 2QFY25 results – ACC, ACEM, BCORP, DALBHARA, JKCE, and UTCCEM. As expected, the cement industry volume growth was muted (-1% to +1% YoY) during the quarter. The aggregate volume of cement companies under our coverage (for results announced so far) grew ~4% YoY (in line with our estimates). The blended realization declined 7% YoY and 1% QoQ (in line) due to continuing pricing pressure. Consequently, aggregate revenue declined 3% YoY. Opex/t decreased 3% YoY (up 3% QoQ), led by lower variable costs (down 6% YoY). EBITDA/t declined ~26% YoY to INR705/t (in line). Aggregate EBITDA dipped 23% YoY, and OPM contracted 3.4pp YoY to ~13%. Most of the management teams guided an industry demand growth of ~6-7% YoY in FY25E with demand growth of ~8-9% YoY in 2HFY25. Pent-up demand, pick up in construction activities, and infrastructure projects post festive period should lead to demand recovery going forward. Further, cement prices are marginally up and steady (so far) as compared to the 2QFY25 average. They expect profitability to improve in 2HFY25, led by positive operating leverage, favorable fuel prices, and cost-saving initiatives. We cut our FY25/FY26/FY27 EBITDA estimates for ACC, BCORP, DALBHARA, JKCE, and UTCCEM in the range of ~5-9% (each year). We maintain our FY25 EBITDA estimate for ACEM and reduce the same by ~4% for FY26/27.
- **Consumer Durables:** Revenue growth for consumer durable companies was 20% YoY (6% above our estimates). Revenue growth for the cables & wires (C&W) segment stood at ~21% YoY (~6% above our estimate). Aggregate EBITDA grew ~7% YoY (~13% miss) led by steep volatility in raw material costs during the quarter, which has impacted margins of C&W business. OPM dipped 1pp YoY to ~9% (2pp lower than our estimate). The C&W EBIT margin dipped 2.2pp YoY to ~10% (1.5pp below our estimate). Aggregate PAT grew ~13% YoY (~12% miss). KEII, RRKABEL, and HAVL's reported performance was below our estimates due to lower margins in the C&W segment. Polycab's earnings were in line as strong

volume growth offset the weak margin impact. In contrast, VOLT's earnings surprised due to higher revenue/EBIT in the UCP segment and a higher margin in EMPS. Most of the management teams guided that demand momentum to remain strong in the C&W segment and believe that 2H should be better than 1H. They expect margin should also improve in 2H, led by some stability in RM prices, a better product and geographic mix, and price hikes. They estimate other appliances business to do well, given the ongoing festive period. We cut our FY25E/26E EPS by 26%/13% for RRKABEL, 4-8% for HAVL, 3-6% for KEI, and 3-4% for Polycab. Conversely, we maintain our EPS estimates for VOLT.

- **Consumer/Consumer Discretionary:** The 2QFY25 results so far have been slightly lower than expected. Demand was subdued for the urban market, while rural growth contributed positively to overall growth. The upcoming festive season will be closely monitored for signs of demand recovery. Commodity prices have shown YoY inflation, prompting several companies to consider potential price increases going forward. The demand trends are expected to remain stable, with pricing growth to aid overall revenue growth in 2HFY25. Across the industry, all players face the challenge of rapid growth in e-commerce and quick commerce, which is slowing growth for general trade (GT). Among our coverage, UBBL and PIDI reported double-digit YoY EBITDA growth, while ITC, GCPL, CLGT, MRCO, PGHH, and UNSP posted single-digit YoY growth. HUVR's EBITDA growth was flat, whereas NEST and Dabur saw declines of 5% and 16%, respectively, in YoY EBITDA for 2QFY25.
- **Chemicals:** So far only four companies have reported their results within the MOFSL Chemicals Universe. ATLP reported an in-line EBITDA, while NOCIL and SRF missed our EBITDA estimates. NFIL reported an EBITDA that was marginally above our estimate. Margin remained under pressure for NOCIL and SRF. ATLP was the clear outperformer with a recovery in the discretionary segment and a pickup in demand in the international crop protection markets that led to its superlative show in 2QFY25. Companies in the sector have not been able to keep up with the sequential recovery story as pricing pressure continues for most of them, with no significant recovery visible in terms of the end-use industries. Some managements have highlighted that 2HFY25 is expected to be better than the 1HFY25 without giving any specific growth guidance as such.
- **Healthcare:** Earnings growth for pharma companies remained healthy. Out of the nine companies, three (SUNP, PIRPHARM, and GLXO) delivered better-than-estimated earnings, while two companies (TRP/BIOS) reported a slight miss on EBITDA. The remaining four companies (AJP/CIPLA/ERIS/LAURUS) posted in-line 2QFY25 earnings. On an aggregate basis, the **domestic formulation (DF)** business witnessed ~11% YoY growth to INR110b for companies under or coverage. This has been better than industry (up 8% YoY), led by sustained growth momentum in chronic therapies. Adverse seasonality continues to put pressure on acute therapies. Specifically, TRP/SUNP delivered strong growth of 13%/11% in DF business led by strong execution and new launches. ERIS reported a 47% rise in DF revenue led by recent acquisitions. However, CIPLA registered a moderate revenue growth of 5% in the DF business due to a slow seasonal growth in acute therapy, thereby affecting the branded prescription segment. On an aggregate basis, the **US** sales grew 13.4% YoY to USD786m, led by growth in specialty products. The majority of growth in US business is led by

SUNP (20% YoY growth in CC terms), while CIPLA posted a moderate growth of 3.5% due to the delayed launches of complex products. TRP witnessed a decline of 6% in the US business led by a slower offtake of the US business and lower approval rates. Price erosion intensity has been stable at the mid-single digit on a YoY basis. The gross margin of the DF business expanded due to reduced RM costs. In the **CDMO** space, the companies are witnessing increased RFQs and new order inflows led by the Biosecure Act, shifting the focus of innovators towards China plus one country to de-risk the supply chain, and rate cuts in the US. On an overall basis, we expect earnings growth momentum to sustain in the coming quarters, led by ongoing niche launches and improved operating leverage. We downgraded Cipla from Buy to Neutral post results considering modest 8% earnings CAGR over FY25-27. We upgraded our earnings estimates for GLXO (4.3%/5.2%/4.9% for FY25/FY26/FY27) and SUNP (0.3%/2.3%/1.9% for FY25/FY26/FY27) and downgraded our earnings estimate for CIPLA (3.2%/4.4%/3.1 for FY25/FY26/FY27), TRP (5.6%/3.3%/0% for FY25/FY26/FY27) and PIRPHARM (6.5%/2.9%/3.8% for FY25/FY26//FY27) during the quarter.

- **Metals:** Within our Coverage Universe, JSTL, COAL, and HZ reported their 2Q numbers to date, showcasing a mixed performance. JSTL and HZ delivered a healthy performance, while COAL came below estimates. JSTL reported sequential revenue decline due to weak volumes and realizations; however, muted operating costs offset the impact and led to flat EBITDA sequentially. HZ reported better-than-expected performance on all fronts, driven by healthy zinc and silver prices along with muted costs. COAL reported weak performance led by weak volumes and elevated cost. The e-auction volume stood weak at 15mt, while premiums were at ~69%. The FSA realization also came under pressure due to an unfavorable grade mix.
- **Oil & Gas:** In 2QFY25, our O&G Coverage Universe has so far reported weak results. **RIL** performance was in line with our estimates, led by weak performance in O2C (softer refining/petchem cracks) and Reliance Jio (elevated subscriber churn), offset by lower depreciation and higher other income. **OMCs:** **IOCL/HPCL/BPCL** posted a 57%/41%/42% miss on EBITDA estimates due to subdued refining margins, with reported GRMs coming in at USD1.6/USD4.4/USD3.1 per bbl. In addition, their earnings took a significant hit due to the LPG under-recovery, amounting to INR37b/INR21b/INR21b for IOCL/HPCL/BPCL. **CGD entities MAHGL and IGL** also miss our estimate due to lower-than-expected EBITDA/scm of INR10.7/6.5 (7%/11% miss on est.). Volumes for MAHGL/IGL increased by 13%/10% YoY to 4/9mmscmd. **PLNG** delivered a 9% miss on EBITDA; however, its total volumes stood at 239Tbtu (est. of 232.5Tbtu, +4% YoY). **MRPL** reported a substantial miss due to a weak refining performance, with GRM coming in at USD0.5/bbl (est.: USD5/bbl). **CSTR** and **AEGISLOG** reported 6%/17% misses on EBITDA, led by lower-than-estimated margins.
- **Real Estate:** So far, seven developers within our Coverage Universe declared results, and the performance has been in line, supported by steady demand across projects. **GPL** outperformed all the peers so far, as it had a strong quarter in terms of launches/bookings. **GPL** launched INR61b worth of projects across 5.6msf of saleable area, of which 45% of the inventory was sold during the quarter and contributed to 53% in pre-sales value. **PEPL** reported steady

bookings as most of the launches happened at the end of the quarter, with some regulatory delays in project approvals. As 1HFY25 pre-sales were weak when compared to the guidance for most of the companies, inevitably the 2HFY25 quarter turns out to be launch heavy. Hence, launches are extremely critical to monitor for companies to get a sense of whether companies are on track to meet their aspirational guidance or not. However, the management teams remain confident in meeting their guidance in most of the cases. Collections remained healthy, but elevated spending on BD resulted in higher debt vs. 1QFY25, though well below the guided level. Companies highlighted that the on-ground situation continues to remain strong and all of them have a strong pipeline for FY25, which would enable them to sustain the momentum going forward.

- **Technology:** The IT Services companies (within MOFSL Universe) reported healthy performance (beating our estimates), with a median revenue growth of 2.0% QoQ CC in 2QFY25 (1.0%/0.7%/1.2% in 3QFY24/4QFY24/1QFY25). While results were encouraging, the outlook remained slightly guarded, signaling persisting uncertainties. This indicates that despite client pessimism bottoming out, a solid lift-off in discretionary spending has yet to emerge. Nonetheless, we anticipate a gradual return of modernization and discretionary spending in selected pockets. The recovery in the US banking sector started taking shape, and this trend has persisted in this quarter's commentary as well. Apart from US banking, we anticipate growth in pockets such as healthcare and manufacturing as well as gradual recovery in data and ERP modernization. We believe the cycle is gradually turning (might not be a J-curve recovery) as clients are beginning to reinvest their savings from cost-reduction programs to reduce technological debt. The softness in some verticals and geographies continued through 2QFY25, with Communications and Hi-Tech reporting muted growth, while US banking performed well. Surprisingly, the manufacturing vertical faced some challenges among major companies due to weakness in European auto OEMs. Additionally, most companies anticipate that the furlough situation will remain unchanged from last year in 3Q. The Tier-1 players posted a median revenue growth of 1.6% QoQ CC, while Tier-2 companies recorded a strong growth of 3.0% QoQ CC. HCLT (+1.6 QoQ CC vs. est. of flat revenue) and Coforge (organic +5.5% QoQ CC vs. 4.0% est.) outperformed their peers with strong executions in 2Q. On an average basis, Tier-1 companies reported ~50bp QoQ improvement on the margins front, while Tier-2 companies posted an expansion of ~30bp QoQ (excluding Cigniti impact, Tier-2 reported 40bp QoQ margin improvement). The deal TCV growth has normalized for Tier-1 companies, with Infosys being an exception in 2Q (down 41.5% QoQ). Tier-2 companies also reported robust growth in TCV. We continue to like HCLT and LTIM in the Tier-1 space, and PSYS and COFORGE in the Tier-2 space.
- **Telecom:** 2QFY25 was expected to be a strong quarter on account of flow-through of the recent tariff hikes. Both Bharti and RJio reported a sequential spike in ARPUs/revenue, with full benefits from the tariff hikes likely to be reflected by 3QFY25. The impact of the tariff hike on subscriber churn was divergent, with RJio reporting ~12m wireless subs decline, while Bharti's subscriber loss was modest at ~3m. However, both companies indicated that the impact of SIM consolidation is largely behind and subscriber trends are now

normalizing. Bharti reiterated the need for further tariff hikes to ensure adequate returns for the industry. With the ramp-up in fixed wireless access, the subscriber net additions accelerated for both Bharti and RJio in the broadband space. We expect the fixed broadband segment to also turn into a duopoly over the medium term. We continue to prefer Bharti and RJio (through RIL) in the telecom space.

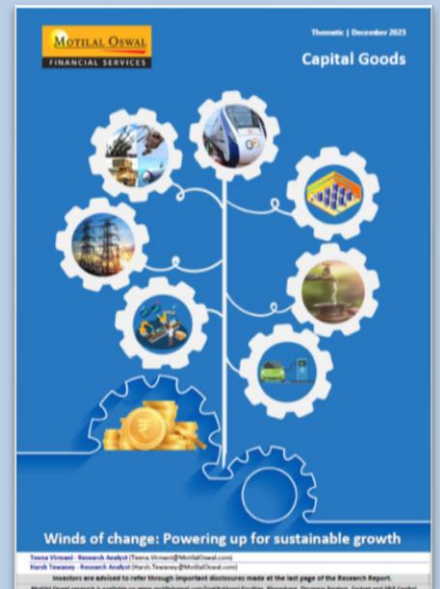
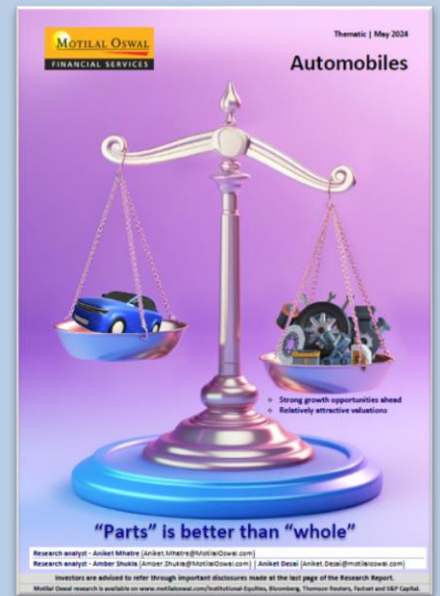
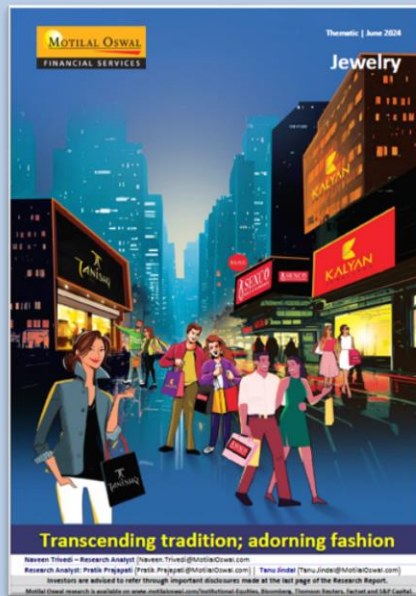
- **Utilities:** Within the MOFSL Coverage Universe, JSWE, NTPC, and IEX have reported their 2Q numbers until now, reflecting a mixed performance. **IEX's** standalone revenue was in line with our estimate, while PAT came in above our estimate, mainly led by higher other income. Notably, IEX's overall volumes increased 38% YoY in 2Q. **NTPC** missed our estimate at the standalone EBITDA level due to a spike in other opex and at the revenue level owing to a decrease in the average coal price, which dropped to INR3,584/tonne from INR3,791/tonne. **JSWE** missed our estimate at the EBITDA level as it was adversely affected by lower merchant spreads and a one-time tariff impact from the hydro business, while adjusted 2Q PAT beat our estimate mainly due to higher other income and a lower tax rate.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

REPORT GALLERY

RECENT STRATEGY/THEMATIC REPORTS



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 be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CD SL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.